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GLOBAL ECONOMICS

THE GLOBAL WEEK AHEAD

October 20, 2023

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With thanks for research support from: Jaykumar Parmar.

Hope and Worry

FORECASTS & DATA

Next Week's Risk Dashboard

- Financial markets are functioning well through the risks
- ECB expected to pause, but will it preserve optionality?
- BoC still faces upside risks to inflation
- US Q3 GDP to showcase a strong economy
- US PCE, Tokyo, Aussie inflation updates
- Chile's central bank to cut again, peso a concern
- Tumbling shekel limits Bank of Israel's options
- Turkey's central bank still struggles with the lira
- Russian central bank to hike as inflation reaccelerates
- PMIs to inform Q4 global growth momentum
- The UK's weakening job market
- earnings roll on

Chart of the Week

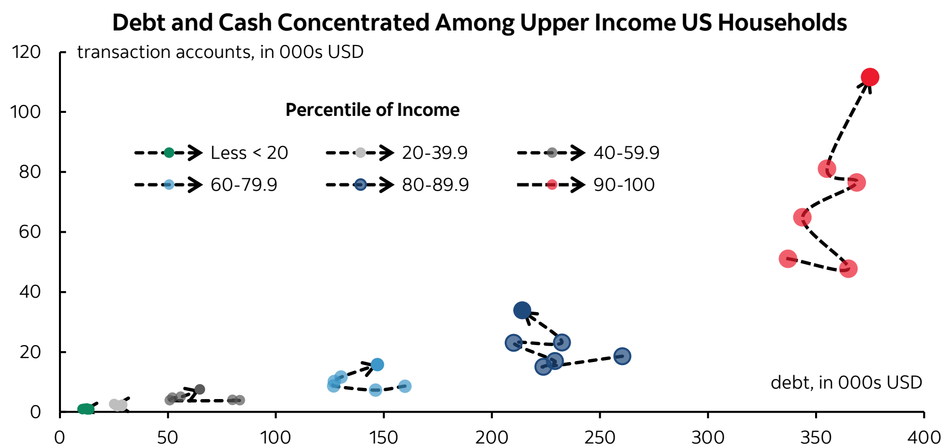


Chart plots data for 2007, 2010, 2013, 2016, 2019 & 2022. Solid circle's are the latest data for 2022.
Sources: Scotiabank Economics, Federal Reserve.

Chart of the Week: Prepared by: Jaykumar Parmar, Economic Analyst.

October 20, 2023

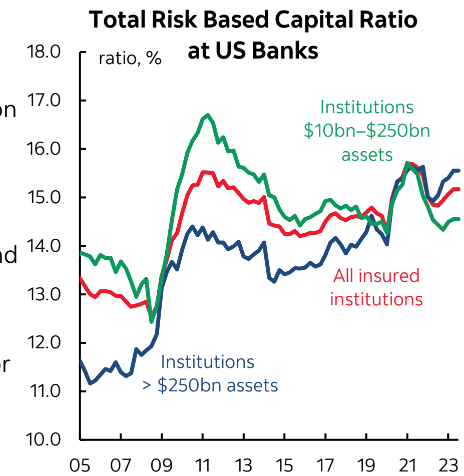
Hope and Worry

The coming week will offer a mixture of optimism and concern toward the global economy and geopolitical developments.

A week of extremes could well include intensification of the war in Israel with the risk of spillover effects. The US House of Representatives remains in limbo, unable to advance a Speaker, and hence unable to process required bills not least of which ones to fund war efforts and avert a government shutdown by mid-November. Maybe a cathartic process is underway as one by one the leftovers from the prior regime face their days of reckoning.

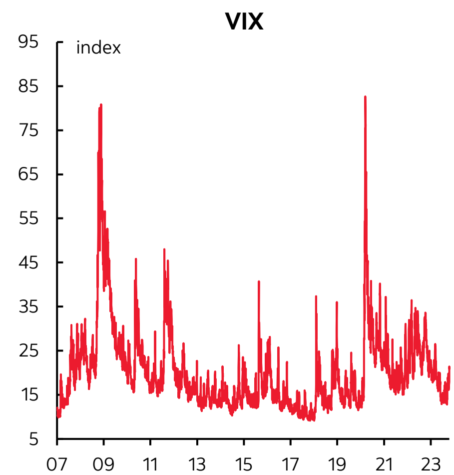
For the audience of a publication such as this one, it's important to stress the supporting factors into such risks and uncertainties to help assuage some of the very legitimate concerns. For one thing, banks are well capitalized and hence well positioned to adapt with one example being the position of US banks in chart 1. You could add Canadian banks, among others. Financial markets continue to function very well as evidenced by measures of equity market volatility (chart 2), corporate bond spreads (chart 3), cross-market liquidity risk (chart 4) and emerging market debt spreads (chart 5). Even during the bond market sell off, markets have been functioning well while pursuing price discovery toward what should perhaps be new equilibrium resting points.

Chart 1



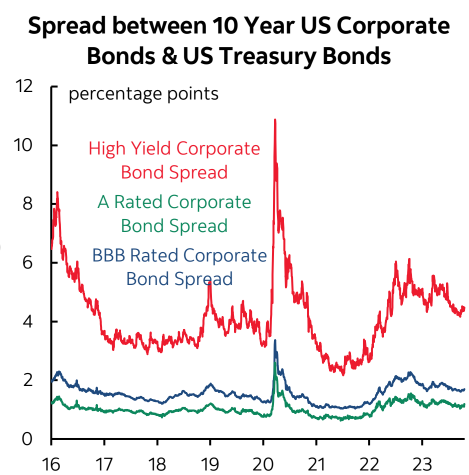
Sources: Scotiabank Economics, Bloomberg.

Chart 2



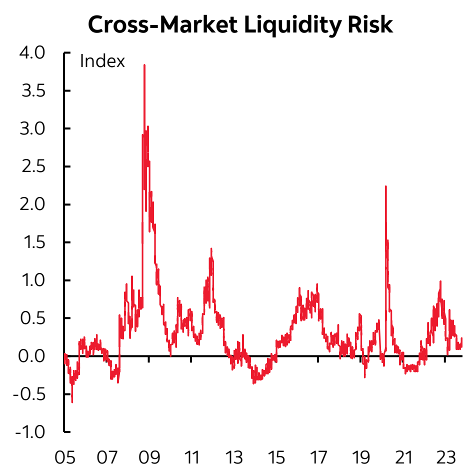
Sources: Scotiabank Economics, Bloomberg.

Chart 3



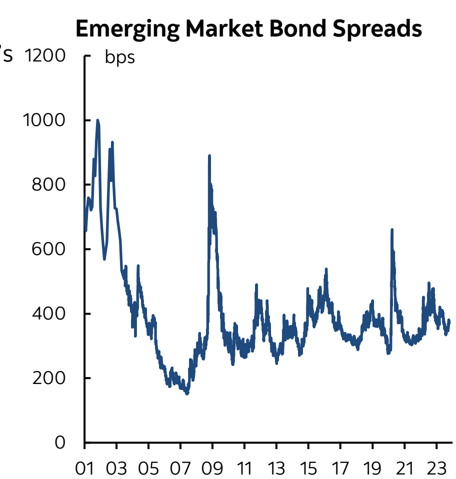
Sources: Scotiabank Economics, Bloomberg.

Chart 4



Sources: Scotiabank Economics, BofA Bloomberg.

Chart 5



Sources: Scotiabank Economics, Bloomberg.

The week's main developments other than potential geopolitical matters will focus upon the ECB's narrative (Thursday) that may sound awfully like September's sans forecasts this time. The Bank of Canada (Wednesday) is probably going to sound commitment phobic. Chile's central bank is likely to continue easing with a nervous eye on the peso. Q4 GDP will showcase the US economy's ability to mitigate some of the downside risks to the world economy while several other global indicators speak to tracking of current economic growth and inflation.

ECB—IT'S A LESS BEAUTIFUL PLAY NOW

The European Central Bank is widely expected to keep its main policy rates on hold again on Thursday. Markets are pricing no chance of a move and the consensus of forecasters is in broad agreement. No changes are expected to balance sheet plans either. After issuing fresh forecasts at the September meeting, the next update will come with the December 14th communications.

This one may be an open and shut case, especially because core CPI was quite soft since the last decision. Furthermore, bond yields have risen quite sharply, Italian and peripheral spreads have widened over bunds, and Europe's close proximity to two wars in Ukraine and Israel plus the surrounding region amplify geopolitical risks and spillover effects (charts 6, 7).

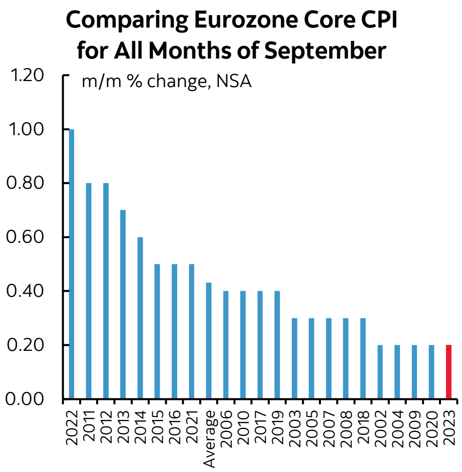
Lagarde may sound like Fed Chair Powell and other central bankers who require evidence of persistence before becoming more concerned about bond market developments. Nevertheless, bond market developments make it very unlikely that she will broach the topic of ending reinvestments within the Pandemic Emergency Purchase Programme. The PEPP is treated as the first line of defence against spread widening across EGBs. Prior to the bond sell off, there had been rising speculation that the ECB might bring forward a previously planned end to reinvesting the PEPP's maturing proceeds from the end of 2024. That seems rather unlikely at this point.

It's also worth noting that bond markets matter relatively less to European credit conditions than bank lending conditions compared to the US and Canada. Lagarde cannot, however, go too far with that argument since bank lending terms to households and businesses are also tightening (chart 8).

Key, however, is whether Lagarde preserves optionality toward possible future moves on the policy rate, or perhaps sounds more definitive by guiding a more prolonged holding period that somewhat more significantly fends off the hawks.

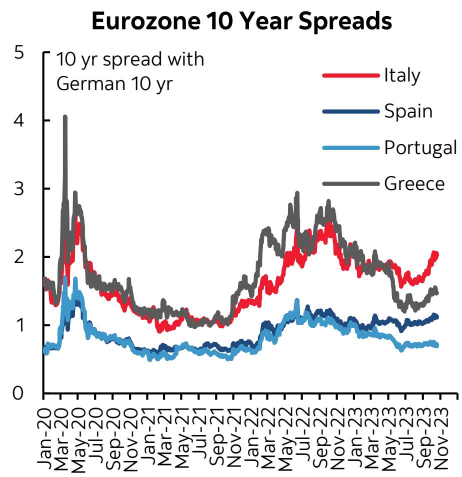
Alternatively, she may retain flexibility because the ECB will have considerably more information at its disposal by the next meeting on December 14th and a fresh opportunity to reassess staff forecasts at that time. Oil has been on the rise. And wage pressures continue to threaten (chart 9). Both of these developments suggest that inflation risk has not gone away and the ECB's prime mandate is price stability.

Chart 6



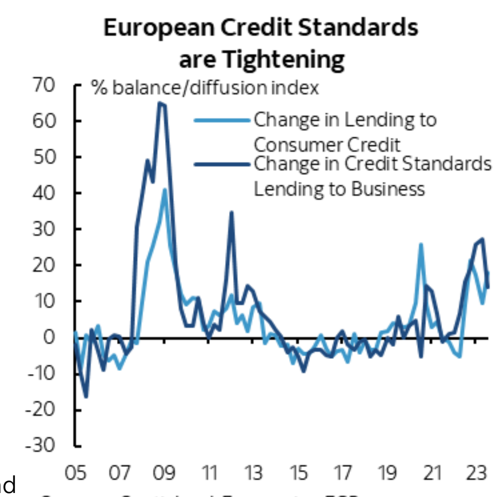
Sources: Scotiabank Economics, Eurostat.

Chart 7



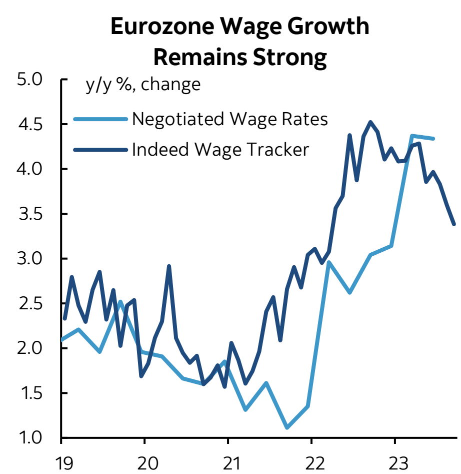
Sources: Scotiabank Economics, Bloomberg.

Chart 8



Sources: Scotiabank Economics, ECB.

Chart 9



Sources: Scotiabank Economics, ECB, Indeed.

For further context, it may be worth a recap of the communications that were delivered at the time of the last decision on September 14th when they hiked by another 25bps and delivered noncommittal forward guidance. The statement preserved optionality around future decisions in what read very much like a committee-written statement that tried to please everyone, hawks and doves alike. President Lagarde emphasized the precise wording of the statement and appeared to call attention to "substantial" (instead of, say, complete) and "will be set" (instead of, saying they already are) in the following sentences:

> "Based on its current assessment, the Governing Council considers that the key ECB interest rates have reached levels that, maintained for a sufficiently long duration, will make a substantial contribution to the timely return of inflation to the target."

And

> "The Governing Council's future decisions will ensure that the key ECB interest rates will be set at sufficiently restrictive levels for as long as necessary."

When further pressed to opine on the prospects of additional tightening in less ambiguous terms, Lagarde shot back with a reference to a "beautiful" 1730 French play—Pierre Carlet de Chamblain de Marivaux's "The Game of Love and Chance"—and said that saying the door must be either open or closed is theater, not central banking.

Furthermore, recall that the opening line to the statement started by emphasizing that inflation “is still expected to remain too high for too long.” The concluding paragraph emphasized that they “will continue to follow a data-dependent approach” to making decisions.

There were dissenting views at the meeting, as indicated by Lagarde’s remark that “Some members did not draw the same conclusion. Some would have preferred to pause and reserve future decisions. But I can tell you that there was a solid majority that agreed" with what was done today. If there were members that advocated a pause instead of hiking at the last meeting, then their number probably grew since then given CPI and bond market developments.

That the ECB is not discussing balance sheet adjustments was clear when Lagarde said in her September press conference that they have not discussed the Asset Purchase Programme and outright sales while the Pandemic Emergency Purchase Programme is the first line of defence in terms of flexibility in any event.

On forward guidance should the terminal rate have been reached, Lagarde said they “did not discuss how long we would need to be sufficiently restrictive. We will need to be data dependent and test data against projections.” She went on to say, somewhat defensively, that “I am not changing anything I said at Sintra” in reference to the ECB’s annual Forum on Central Banking on June 26th, and “We are not saying we are now at peak. The focus is probably going to shift a bit more to the duration, but we cannot say that we are now at peak.”

BANK OF CANADA—A COMMITMENT PHOBIC PAUSE

The Bank of Canada is widely expected to hold its policy rate unchanged at 5% on Wednesday. It will deliver a statement and full forecast update in the Monetary Policy Report at 10amET. Governor Macklem and Senior Deputy Governor Rogers will host a press conference about one hour later.

I also expect the statement to retain reference to how “Governing Council remains concerned about the persistence of underlying inflationary pressures, and is prepared to increase the policy interest rate further if needed.” Such guidance is likely to remain highly data dependent.

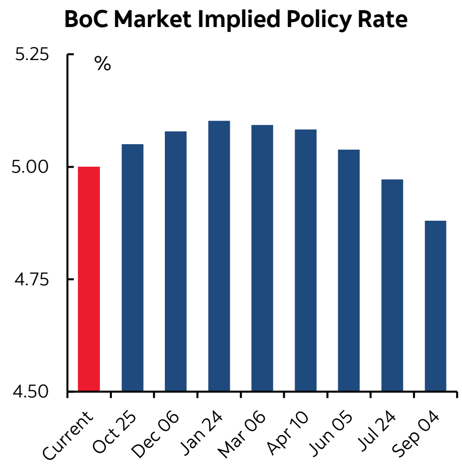
One reason for this bias continues to be market management. Markets being markets would pounce upon a clearer signal that the central bank thinks it is done and could move more aggressively toward pricing rate cuts. It’s too soon for the Governing Council to be open to such a discussion. At present, volatile markets are pricing modest risk of a further rate hike, so to signal otherwise could ease financial conditions (chart 10).

But are financial conditions excessively tight when judged through the lens of Governing Council? Macklem’s recent remarks at IMF and World Bank meetings in Morocco indicated that he thinks higher bond yields reflect central bank guidance and hence they are not a substitute for tighter monetary policy rather than reflecting such expectations. That suggests he does not think bond market conditions have become excessively tight relative to their intentions. He did, however, also note that recent bond market developments could be taken into account during deliberations.

One reason Macklem can adopt this posture more so than, say, the Federal Reserve, is because of the shorter terms in Canadian mortgage markets. The BoC is less concerned about, say, the 10-year segment of the curve that drives pricing for US mortgages before tacking on spreads. The BoC’s policy rate influences are concentrated in shorter-term rates but can influence yields through the belly of the curve which is the sweet spot for fixed term mortgages in Canada.

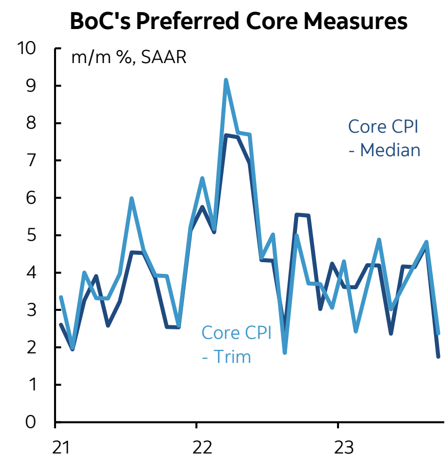
Another, more dominant rationale for a continued tightening bias is that inflation *risk* remains slanted higher notwithstanding the first indication that underlying inflation softened in September (chart 11). Those arguments have not gone away after a single, solitary CPI report that keeps a three month moving average still well above the BoC’s 2% headline CPI target over the medium-term. I don’t see any reason for Governor Macklem to drop his prior line about how the easy part of the disinflationary experience has been achieved and that the next phase is going to be more challenging. Some of the reasons are as follows.

Chart 10



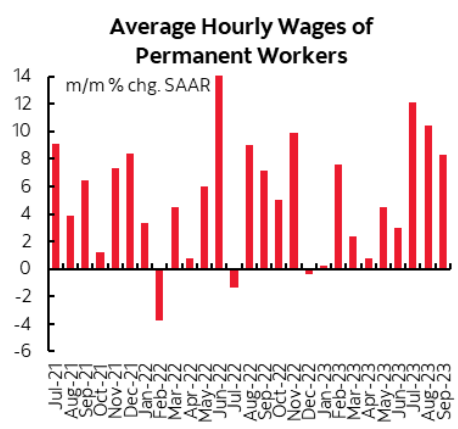
Sources: Scotiabank Economics, Bloomberg.

Chart 11



Sources: Scotiabank Economics, Statistics Canada.

Chart 12



Sources: Scotiabank Economics, Statistics Canada, Haver.

Wage growth is explosive (chart 12) and has been outpacing inflation for over a year now. Wage growth has also been vastly outpacing labour productivity that itself has been tumbling throughout the pandemic.

This past week's updated surveys show that inflation expectations remain unmoored (charts 13, 14). Workers in a country where one-in-three are unionized and resetting wages higher through multi-year contracts are signalling changed behaviour because they don't believe that the BoC will be able to durably achieve 2% inflation (chart 15).

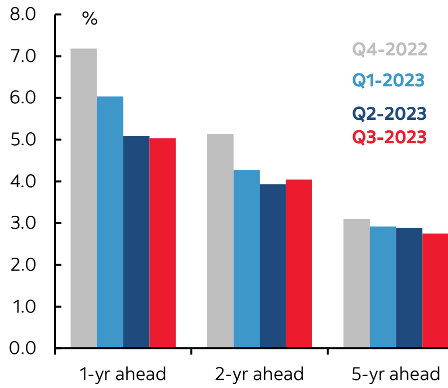
The terms of trade remains supportive of the economy by presenting an imported positive income shock with trickle down benefits. High oil prices on Middle East tensions are supportive and important to an oil producing and exporting country like Canada.

We do not as yet know how supply chains may evolve in the face of geopolitical tensions across multiple theaters. We cannot rule out another round of disruptive effects to global production on top of the risk of a bigger oil price shock. Domestic supply chains remain constrained in key sectors like housing and autos that are experiencing tight inventories.

Fiscal policy remains excessively stimulative and with risk of becoming more so as previously announced spending plans continue to get rolled out, as new measures targeting housing are added, and should demands for added spending become further amplified, such as a highly contentious national pharmacare program.

Chart 13

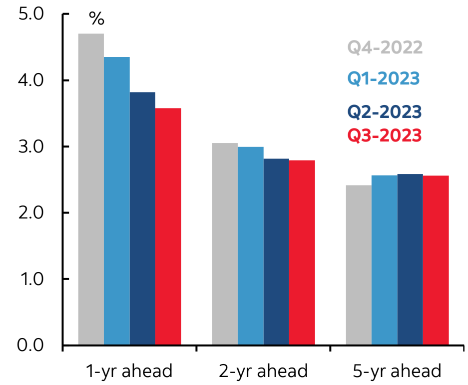
Canadian Consumers Inflation Expectations



Sources: Scotiabank Economics, Bank of Canada.

Chart 14

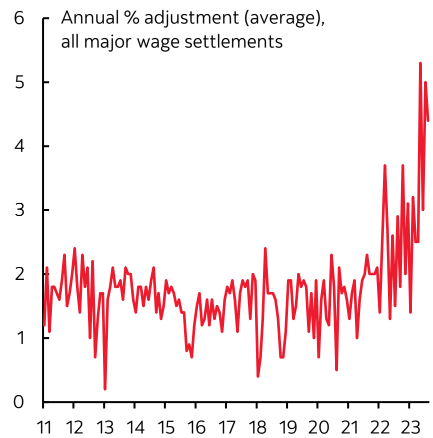
Canadian Businesses' Inflation Expectations Remain High



Sources: Scotiabank Economics, Bank of Canada.

Chart 15

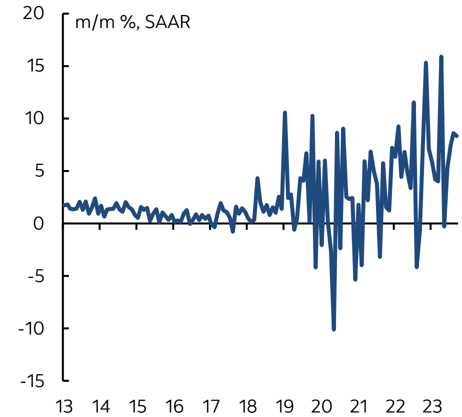
Canadian Wage Settlements



Sources: Scotiabank Economics, Statistics Canada

Chart 16

Rents Soaring in Canada



Sources: Scotiabank Economics, Statistics Canada, Haver.

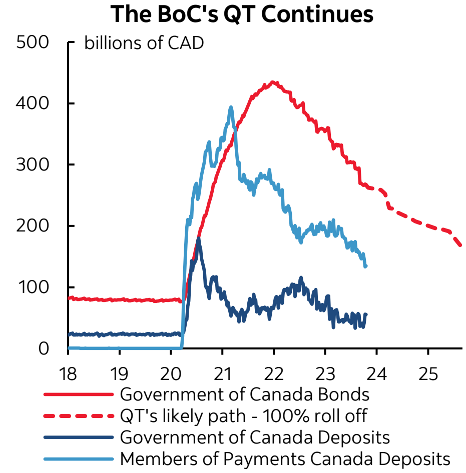
Immigration is well in excess of the country's ability to absorb new arrivals relative to its ability to provide shelter and other necessities without stoking ongoing price pressures. Rent is one obvious example that is being driven higher by residents hesitant to enter owner occupied housing markets, plus new arrivals (chart 16).

The US economy continues to vastly outpace forecasts for a fifth consecutive quarter. There remain solid arguments in favour of further resilience.

The Canadian dollar is significantly undervalued.

Chart 17

The BoC's QT Continues



Sources: Scotiabank Economics, Bank of Canada.

The BoC will also continue along with its quantitative tightening program that entails allowing full roll-off of maturing Government of Canada bonds that dominate its balance sheet. Chart 17 depicts the projected trajectory of its holdings should the BoC continue to allow 0% reinvestment of maturing holdings. An objective of QT plans is to tighten funding conditions for banks and with that deposits of Members of Payments Canada, also shown on the chart. Expect Macklem to be asked whether the prospect of surging debt issuance as deficits deteriorate complicates aggressive withdrawal from the bond market by the BoC. I would expect him to stand by QT plans and remind us that balance sheet tweaks are not supposed to be about accommodating debt issuance in well functioning markets. Balance sheet tools like bond buying are supposed to be confined to moments when markets are dysfunctional and especially when the policy rate is constrained by a lower bound that is probably positive in Canada's financial system.

As for forecasts, the MPR may downgrade growth projections relative to the projections that were offered in July. It's very unlikely that we'll hear the 'R' word from them. Their 1.8% Q4/Q4 2023 real GDP forecast is somewhat above what is more likely to come in at around 1% by our estimates. By contrast, however, they may need to revise up their 2.9% Q4/Q4 CPI projection for this year toward being materially above 3%.

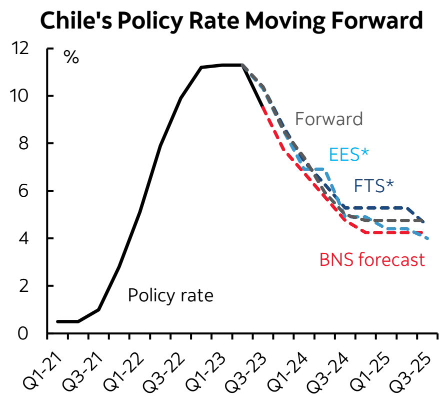
BANCO CENTRAL DE CHILE—FRESH WRINKLES TO THE PLAN?

Another 75bps reduction with 100bps risk is expected on Thursday. That would take the overnight rate down to 8.75% for a cumulative 250bps of easing since it began in July. Fresh forecasts were delivered in September with the next batch due in December.

Inflation has continued to ease since the prior 75bps reduction on September 5th, landing at 5.1% y/y and 6.6% ex-volatile items in September. The central bank has said it expects inflation to converge upon the 3% target by 2024H2. Policy easing today is viewed as necessary to land upon the target instead of undershooting it by that time, assuming they or anyone else can forecast inflation that far out which I'll return to in a moment.

Forward guidance in September, that was extended from June's quarterly projections and July's meeting, indicated openness to at least 75bp reductions in each of the decisions in October and December. The September MPR stated that if developments unfold as expected, then the BCCh will reduce the policy rate to between 7.75% and 8% from 9.5% at present. This implies risk of one of those moves being another -100bps reduction like the one that began easing in July. Chart 18 shows the longer run expected path.

Chart 18



EES - Economic Expectations Survey, FTS - Financial Traders Survey.
Sources: Scotiabank Economics, Banco Central de Chile.

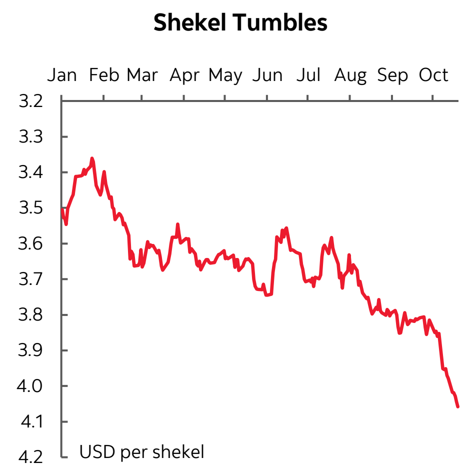
To upsize once again at these meetings—or perhaps even to deliver back-to-back 75bps moves—would have to be driven by conviction that inflation is tumbling at least as quickly if not faster than anticipated. That could be viewed with fresh skepticism. For one thing, volatile commodity, and especially oil prices, add uncertainty, although copper prices have been softening. For another, the Chilean peso has depreciated by another roughly 7% to the USD since the last cut and is the worst performer among major LatAm crosses. The peso has depreciated by about 15% since last June, second only to the Argentine peso among the worst LatAm performers. Such performance raises risks to imported inflation.

BANK OF ISRAEL—TUMBLING SHEKEL LIMITS OPTIONS

Israel's central bank will deliver a previously scheduled policy decision on Monday. A hold is widely expected.

Intuitively, perhaps one might think that a war is a prime opportunity to ease monetary policy. That logic had been prompting a minority of forecasters to anticipate easing, although they have since revised this view. The offset is that it's also typically a reason to sell the currency. The shekel has been tumbling (chart 19). This has prompted Deputy Governor Andrew Abir to guide that the central bank wishes to avoid anything that would further destabilize the currency as it continues to intervene in open markets.

Chart 19



Sources: Scotiabank Economics, Bloomberg.

CENTRAL BANK OF THE REPUBLIC OF TURKEY

Major increases in the repo rate since June that have totalled 225bps to a one-week repo rate of 30% have done nothing to stem the tide of a weakening currency and concomitant effects upon imported inflation. That might not stop the central bank from trying it again on Thursday, as the market signal may well be that the damage to Turkey's central bank credibility and underlying inflationary forces are so powerful that they merit significant further tightening.

CENTRAL BANK OF THE RUSSIAN FEDERATION

There is significant risk of a further rate hike on Friday. The last decision to raise the key rate by 100bps on September 15th was accompanied by guidance that there may be another hike at a coming meeting. Since then, CPI climbed by more than expected to 6% y/y with core CPI increasing to 4.6%. The ruble has also weakened since the last hike, thereby further raising inflation risk.

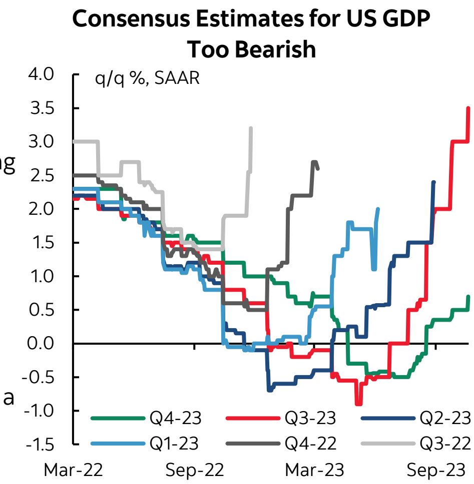
GLOBAL MACRO—IN A CLASS BY ITSELF

The strength of the US economy, an updated batch of global purchasing managers indices and several inflation reports will dominate the fundamentals calendar over the coming week. Earnings season will remain a heavy focus.

The week kicks off with multiple countries releasing purchasing managers' indices. Australia and Japan typically kick it off each month and will release on Monday evening eastern time. Each of the Eurozone, UK and US will update their own readings the next day. The readings are correlated with in-quarter GDP growth and therefore fresh, provide soft data evidence on economic momentum. Details also inform supply chain developments.

US Q3 GDP arrives Thursday. Scotiabank Economics figures that the economy grew by around 4% q/q at a seasonally adjusted and annualized pace. That would make for the fifth consecutive quarter in which consensus has had to sharply revise estimates higher (chart 20). The US economy continues to grow much faster than the noninflationary speed limit, or potential GDP growth. It's also outpacing many other major industrialized economies. Consumer spending is expected to figure prominently as a key driver of such strength ahead of the key holiday shopping season.

Chart 20



Sources: Scotiabank Economics, Bloomberg.

A batch of key global inflation readings will consist of the following:

- US core PCE: Friday's update for September is likely to closely follow the already known up-tick in core CPI to 0.3% m/m SA.
- Tokyo CPI: Watch this gauge on Thursday evening eastern time. The Bank of Japan delivers a policy decision on Halloween amid speculation that it might abandon negative rates by raising its -0.1% policy balance rate. Tokyo CPI is fresher than national CPI but highly correlated. Any surprise up-tick could further inform such policy expectations.
- Australian CPI: The Q3 print arrives on Tuesday evening (ET). A seasonally unadjusted rise of 1.1% q/q nonannualized is expected. Similar gains are expected for weighted median and trimmed mean CPI that weed out the more volatile and often commodity-derived components. The RBA delivers another policy decision on November 6th. At present, markets are pricing around a one-in-four chance of a rate hike, particularly in the wake of new Governor Bullock's recent remarks. Bullock recently remarked that "it's going to be difficult to get inflation down." Any upside surprise in underlying inflation would only add to such difficulties and perhaps her stance.

The UK is updating its labour market readings in two waves this time. It already released payrolls for September and wages for August, both of which slipped. Next up is the total employment report for August that factors in a more complete accounting of small business employment conditions. Overall employment has been mildly slipping of late.

Other US macro readings will include durable goods orders that will probably soar on nondefence airplane orders given the surge on Boeing's order book (Thursday). New home sales (Wednesday) have been more resilient than resales, partly because people don't want to move and give up their juicy mortgage rates and so the housing stock is expanding.

Other key readings will include South Korean Q3 GDP (Wednesday). Spanish Q3 GDP (Friday) leads off the path to the next Eurozone GDP report with other countries releasing the following week. China reports monthly industrial profits for September (Thursday).

Key Indicators for the week of October 23 – 27

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
MX	10-23	08:00	Global Economic Indicator IGAE (y/y)	Aug	--	3.5	3.2
MX	10-24	08:00	Bi-Weekly Core CPI (% change)	Oct 15	--	0.2	0.1
MX	10-24	08:00	Bi-Weekly CPI (% change)	Oct 15	--	0.3	0.1
US	10-24	10:00	Richmond Fed Manufacturing Index	Oct	--	3.0	5.0
US	10-25	07:00	MBA Mortgage Applications (w/w)	Oct 20	--	--	-6.9
CA	**10-25**	**10:00**	**BoC Interest Rate Announcement (%)**	**Oct 25**	**5.00**	**5.00**	**5.00**
US	10-25	10:00	New Home Sales (000s a.r.)	Sep	650	682	675
MX	10-26	08:00	Unemployment Rate (%)	Sep	--	--	3.0
US	10-26	08:30	Durable Goods Orders (m/m)	Sep P	1.5	1.5	0.1
US	10-26	08:30	Durable Goods Orders ex. Trans. (m/m)	Sep P	0.4	0.3	0.4
US	10-26	08:30	GDP (q/q a.r.)	3Q A	3.8	4.3	2.1
US	10-26	08:30	GDP Deflator (q/q a.r.)	3Q A	--	2.7	1.7
US	10-26	08:30	Initial Jobless Claims (000s)	Oct 21	210	208	198
US	10-26	08:30	Continuing Claims (000s)	Oct 14	1710	1733	1734
US	10-26	08:30	Wholesale Inventories (m/m)	Sep P	--	0.1	-0.1
US	10-26	10:00	Pending Home Sales (m/m)	Sep	--	-1.0	-7.1
MX	10-27	08:00	Trade Balance (US$ mn)	Sep	--	-371.9	-1377.1
US	10-27	08:30	PCE Deflator (m/m)	Sep	0.3	0.3	0.4
US	10-27	08:30	PCE Deflator (y/y)	Sep	3.4	3.4	3.5
US	10-27	08:30	PCE ex. Food & Energy (m/m)	Sep	0.3	0.3	0.1
US	10-27	08:30	PCE ex. Food & Energy (y/y)	Sep	3.7	3.7	3.9
US	10-27	08:30	Personal Spending (m/m)	Sep	0.5	0.5	0.4
US	10-27	08:30	Personal Income (m/m)	Sep	0.4	0.4	0.4
US	10-27	10:00	U. of Michigan Consumer Sentiment	Oct F	--	63.0	63.0

EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
EC	10-23	10:00	Consumer Confidence	Oct P	-18.4	-17.8
GE	10-24	02:00	GfK Consumer Confidence Survey	Nov	-27.0	-26.5
UK	10-24	02:00	Employment Change (3M/3M, 000s)	Aug	-200.0	-207.0
UK	10-24	02:00	Jobless Claims Change (000s)	Sep	--	0.9
UK	10-24	02:00	ILO Unemployment Rate (%)	Aug	4.3	4.3
FR	10-24	03:15	Manufacturing PMI	Oct P	44.4	44.2
FR	10-24	03:15	Services PMI	Oct P	44.4	44.4
GE	10-24	03:30	Manufacturing PMI	Oct P	40.1	39.6
GE	10-24	03:30	Services PMI	Oct P	50.0	50.3
EC	10-24	04:00	Composite PMI	Oct P	47.3	47.2
EC	10-24	04:00	Manufacturing PMI	Oct P	43.7	43.4
EC	10-24	04:00	Services PMI	Oct P	48.6	48.7
UK	10-24	04:30	Manufacturing PMI	Oct P	44.7	44.3
UK	10-24	04:30	Services PMI	Oct P	49.3	49.3
GE	10-25	04:00	IFO Business Climate Survey	Oct	85.9	85.7
GE	10-25	04:00	IFO Current Assessment Survey	Oct	88.5	88.7
GE	10-25	04:00	IFO Expectations Survey	Oct	83.4	82.9
SP	10-26	03:00	Unemployment Rate (%)	3Q	11.5	11.6
TU	**10-26**	**07:00**	**Benchmark Repo Rate (%)**	**Oct 26**	**35.00**	**30.00**
EC	**10-26**	**08:15**	**ECB Main Refinancing Rate (%)**	**Oct 26**	**4.50**	**4.50**
SP	10-27	03:00	Real GDP (q/q)	3Q P	0.3	0.0
SP	10-27	03:00	Real Retail Sales (y/y)	Sep	--	7.0
GE	10-27	03:00	Retail Sales (m/m)	Sep	0.6	-1.2
RU	**10-27**	**06:30**	**One-Week Auction Rate (%)**	**Oct 27**	**14.00**	**13.00**

Forecasts at time of publication.
Sources: Bloomberg, Scotiabank Economics.

Key Indicators for the week of October 23 – 27

ASIA PACIFIC

Country	Date	Time	Indicator	Period	Consensus	Latest
TH	10-22	22:00	Customs Exports (y/y)	Sep	-2.0	2.6
TH	10-22	22:00	Customs Imports (y/y)	Sep	-5.6	-12.8
TH	10-22	22:00	Customs Trade Balance (US$ mn)	Sep	990.0	359.9
SI	10-23	01:00	CPI (m/m)	Sep	--	0.9
SI	10-23	01:00	CPI (y/y)	Sep	4.1	4.0
TA	10-23	04:00	Industrial Production (y/y)	Sep	-8.4	-10.5
TA	10-23	04:00	Unemployment Rate (%)	Sep	--	3.4
SK	10-23	17:00	PPI (y/y)	Sep	--	1.0
JN	10-23	20:30	Markit/JMMA Manufacturing PMI	Oct P	--	48.5
JN	10-24	01:30	Nationwide Department Store Sales (y/y)	Sep	--	11.8
SK	10-24	17:00	Consumer Confidence Index	Oct	--	99.7
SK	10-24	20:00	Discount Store Sales (y/y)	Sep	--	-8.4
SK	10-24	20:00	Department Store Sales (y/y)	Sep	--	-4.9
AU	10-24	20:30	Consumer Prices (y/y)	3Q	5.3	6.0
AU	10-24	20:30	Consumer Prices (q/q)	3Q	1.1	0.8
PH	10-24	21:00	Budget Deficit/Surplus (PHP bn)	Sep	--	-133.0
JN	10-25	01:00	Coincident Index CI	Aug F	--	114.3
JN	10-25	01:00	Leading Index CI	Aug F	--	109.5
JN	10-25	01:00	New Composite Leading Economic Index	Aug F	--	109.5
SK	10-25	17:00	Business Survey- Manufacturing	Nov	--	67.0
SK	10-25	17:00	Business Survey- Non-Manufacturing	Nov	--	77.0
SK	10-25	19:00	GDP (q/q)	3Q A	0.6	0.6
SK	10-25	19:00	GDP (y/y)	3Q A	1.1	0.9
SI	10-25	21:00	Unemployment Rate (%)	Sep	--	2.0
SI	10-26	01:00	Industrial Production (m/m)	Sep	--	-10.5
SI	10-26	01:00	Industrial Production (y/y)	Sep	--	-12.1
JN	10-26	02:00	Machine Tool Orders (y/y)	Sep F	--	-11.2
HK	10-26	04:30	Exports (y/y)	Sep	--	-3.7
HK	10-26	04:30	Imports (y/y)	Sep	--	-0.3
HK	10-26	04:30	Trade Balance (HKD bn)	Sep	--	-25.6
NZ	10-26	17:00	ANZ Consumer Confidence Index	Oct	--	86.4
JN	10-26	19:30	Tokyo CPI (y/y)	Oct	2.7	2.8
AU	10-26	20:30	Producer Price Index (q/q)	3Q	--	0.5
AU	10-26	20:30	Producer Price Index (y/y)	3Q	--	3.9
CH	10-26	21:30	Industrial Profits YTD (y/y)	Sep	--	17.2

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
BZ	10-26	07:30	Current Account (US$ mn)	Sep	--	-1000.0	-778.4
BZ	10-26	08:00	IBGE Inflation IPCA-15 (m/m)	Oct	--	0.2	0.4
BZ	10-26	08:00	IBGE Inflation IPCA-15 (y/y)	Oct	--	5.0	5.0
CL	**10-26**	**17:00**	**Nominal Overnight Rate Target (%)**	**Oct 26**	**8.75**	**8.75**	**9.50**

Forecasts at time of publication.
Sources: Bloomberg, Scotiabank Economics.

Global Auctions for the week of October 23 – 27

NORTH AMERICA

Country	Date	Time	Event
US	10-24	13:00	U.S. To Sell USD51 Bln 2-Year Notes
US	10-25	11:30	U.S. To Sell USD26 Bln 2-Year FRN
US	10-25	13:00	U.S. To Sell USD52 Bln 5-Year Notes
US	10-26	13:00	U.S. To Sell USD38 Bln 7-Year Notes

EUROPE

Country	Date	Time	Event
EC	10-23	05:30	EU to Sell Bonds
BE	10-23	06:00	Belgium to Sell Bonds
NE	10-24	04:00	Netherlands to Sell Up to EU2.5B of 2.5% 2033 Bonds
GE	10-24	05:30	Germany to Sell EU4 Billion of 2.4% 2028 Bonds
IT	10-25	05:00	Italy to Sell Bonds
NO	10-25	05:00	Norway to Sell Bonds
SW	10-25	05:00	Sweden to Sell SEK2 Billion of 0.75% 2028 Bonds
UK	10-25	05:00	U.K. to Sell GBP3 Billion of 3.75% 2038 Bonds
SW	10-25	05:00	Sweden to Sell SEK500 Million of 0.5% 2045 Bonds
GE	10-25	05:30	Germany to Sell 0% 2035 Bonds
GE	10-25	05:30	Germany to Sell 1% 2038 Bonds

ASIA PACIFIC

Country	Date	Time	Event
CH	10-23	22:35	China to Sell Bonds

LATIN AMERICA

Country	Date	Time	Event
No Scheduled Auctions			

Sources: Bloomberg, Scotiabank Economics.

Events for the week of October 23 – 27

NORTH AMERICA

Country	Date	Time	Event
CA	**10-25**	**10:00**	**Bank of Canada Rate Decision**

EUROPE

Country	Date	Time	Event
EC	10-24	04:00	Euro Area Bank Lending Survey
NO	10-26	04:00	Norges Bank 3Q Survey of Bank Lending
EC	**10-26**	**08:15**	**ECB Main Refinancing Rate**
EC	**10-26**	**08:15**	**ECB Marginal Lending Facility**
EC	**10-26**	**08:15**	**ECB Deposit Facility Rate**
EC	10-26	08:45	ECB President Lagarde Holds Press Conference in Athens
UK	10-26	12:45	BOE's Jon Cunliffe speaks
SW	10-27	04:30	Riksbank publishes FX sales

ASIA PACIFIC

Country	Date	Time	Event
AU	10-24	04:00	RBA's Bullock-Speech

LATIN AMERICA

Country	Date	Time	Event
PY	**10-24**		**Monetary Policy Rate**
CL	**10-26**	**17:00**	**Overnight Rate Target**

Sources: Bloomberg, Scotiabank Economics.

October 20, 2023

Global Central Bank Watch

NORTH AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Canada – Overnight Target Rate	5.00	October 25, 2023	5.00	5.00
Federal Reserve – Federal Funds Target Rate	5.50	November 1, 2023	5.50	5.50
Banco de México – Overnight Rate	11.25	November 9, 2023	11.25	11.25

Bank of Canada (BoC): The Bank of Canada is likely going to keep its overnight lending rate unchanged at 5% on Wednesday. A full set of communications including updated forecasts in the MPR and a press conference will be offered. Recent inflation and activity readings will likely provide the BoC with enough cover to extend its pause. Unease toward future upside risks to inflation is likely to result in repeated willingness to hike again if necessary.

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	4.50	October 26, 2023	4.50	4.50
European Central Bank – Marginal Lending Facility Rate	4.75	October 26, 2023	4.75	4.75
European Central Bank – Deposit Facility Rate	4.00	October 26, 2023	4.00	4.00
Bank of England – Bank Rate	5.25	November 2, 2023	5.25	5.25
Swiss National Bank – Sight Deposit Rate	1.75	December 14, 2023	1.75	1.75
Central Bank of Russia – One-Week Auction Rate	13.00	October 27, 2023	n/a	n/a
Sweden Riksbank – Repo Rate	4.00	November 23, 2023	4.00	4.00
Norges Bank – Deposit Rate	4.25	November 2, 2023	4.50	4.50
Central Bank of Turkey – Benchmark Repo Rate	30.00	October 26, 2023	n/a	n/a

European Central Bank (ECB): The ECB is expected to keep its main policy rates on hold again on Thursday. September's decision invoked language that preserved optionality into this coming meeting, but since then, measures of core inflation have continued to ebb and bond yields have risen, thereby providing cover for another skip. The ECB will have considerably more information at its disposal by the next meeting on December 14th and a fresh opportunity to reassess staff forecasts. **Central Bank of Turkey:** Major increases in the repo rate since June that have totalled 225bps to a one-week repo rate of 30% have done nothing to stem the tide of a weakening currency and concomitant effects upon imported inflation. That might not stop the central bank from trying it again, as the market signal may well be that the damage to Turkey's central bank credibility and underlying inflationary forces are so powerful that they merit significant further tightening. **Central Bank of Russia:** There is significant risk of a further rate hike on Friday. The last decision to raise the key rate by 100bps on September 15th was accompanied by guidance that there may be another hike at a coming meeting. Since then, CPI climbed by more than expected to 6% y/y with core CPI increasing to 4.6%. The ruble has also weakened since the last hike, thereby further raising inflation risk.

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	October 31, 2023	-0.10	-0.10
Reserve Bank of Australia – Cash Rate Target	4.10	November 6, 2023	4.10	4.10
Reserve Bank of New Zealand – Cash Rate	5.50	November 28, 2023	5.50	5.50
People's Bank of China – 1-Year Medium-Term Lending Facility Rate	2.50	November 14, 2023	2.50	2.50
Reserve Bank of India – Repo Rate	6.50	December 7, 2023	6.50	6.50
Bank of Korea – Base Rate	3.50	November 30, 2023	3.50	3.50
Bank of Thailand – Repo Rate	2.50	November 29, 2023	2.50	2.50
Bank Negara Malaysia – Overnight Policy Rate	3.00	November 2, 2023	3.00	3.00
Bank Indonesia – 7-Day Reverse Repo Rate	6.00	November 23, 2023	5.75	5.75
Central Bank of Philippines – Overnight Borrowing Rate	6.25	November 16, 2023	6.25	6.25

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	12.75	November 1, 2023	12.75	12.75
Banco Central de Chile – Overnight Rate	9.50	October 26, 2023	8.75	n/a
Banco de la República de Colombia – Lending Rate	13.25	October 31, 2023	13.25	13.25
Banco Central de Reserva del Perú – Reference Rate	7.25	November 9, 2023	7.00	7.00

Banco Central de Chile: Another 75bps reduction with 100bps risk is expected on Thursday. Inflation has eased since the prior 75bps reduction on September 5th, landing at 5.1% y/y and 6.6% ex-volatile items in September. Forward guidance in September that was extended from June's quarterly projections indicated openness to 75bps reductions in each of October and the next decision in December. If delivered, then that would amount to 325bps of rate cuts this year since they began in July.

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	8.25	November 23, 2023	8.25	8.25

Sources: Bloomberg, Scotiabank Economics.