Scotiabank

GLOBAL ECONOMICS

THE GLOBAL WEEK AHEAD

November 17, 2023

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Next Week's Risk Dashboard

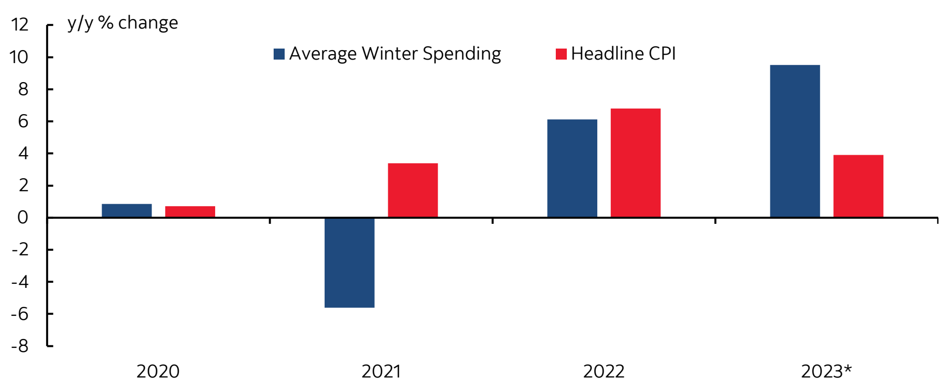
- Markets will monitor US holiday shopping
- Market pressures on the BoC risk reigniting inflation
- Canadian governments are driving inflation and rate hikes...
- ...and cutting prematurely would embolden them to spend more
- Premature BoC cuts would worsen housing affordability
- Canadian federal fiscal update will probably heap on more spending...
- ...but the provinces and municipalities are the bigger causes of inflation
- Canadian inflation to focus upon core gauges
- BoC's Macklem to speak on inflation's costs
- FOMC minutes will probably be stale
- PMIs to inform Q4 global growth
- Argentina's election could create spillover effects
- Riksbank may hike again
- So will Turkey's central bank
- Chinese banks to leave LPRs unchanged
- RBA minutes will probably be stale
- Bank Indonesia might hike
- SARB expected to be on hold
- Global macro

Was It All For Naught?

FORECASTS & DATA

Chart of the Week

Canadians are Expected to Spend Above the Rate of Inflation !



* Scotiabank Economics Forecast for 2023 Headline CPI as of October 23, 2023.
Sources: Scotiabank Economics, CPA 2023 Holiday Spending Study, Statistics Canada.

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

November 17, 2023

Was It All For Naught?

Global markets will primarily focus upon how the US holiday shopping season is kicking off and hence how the US consumer is behaving as an important driver of world growth. FOMC minutes, a round of global purchasing managers' indices, potential spillover effects of Argentina's election upon neighbouring markets, several regional central bank decisions, and a few other data gems are also on deck.

Canada will be a focal point in what could be an intense two days of price action on Tuesday and Wednesday before local markets experience a drop off in liquidity as the US goes on its Thanksgiving break. CPI, a Federal Budget update and then a potentially key speech by BoC Governor Macklem will pack in a fair amount of new information to the nearer term outlook. Some may be looking for the overall takeaway to drive an emboldened belief in pricing near-term rate cuts. That risks being highly premature and making the pain incurred to date having been all for naught if only to reignite the pressures that have driven inflation to date while trend core inflation gauges remain too hot. Canadian market developments this week may be a test of what faces other global central banks into 2024.

CANADIAN INFLATION—KEY WILL BE CORE READINGS

Canada updates CPI for the month of October on Tuesday morning. It's the last inflation report before the BoC's next decision on December 6th sans MPR. It could set a new trend in the gauges that matter, or light them up again and with potential consequences for the policy bias.

I've estimated that headline CPI will land flat (0% m/m NSA) and at -0.1% m/m at a seasonally adjusted rate. That's not the figure that will matter though.

Headline is likely to be dragged lower by a 0.3% weighted NSA drag from lower gasoline prices while food prices will probably offer little net effect.

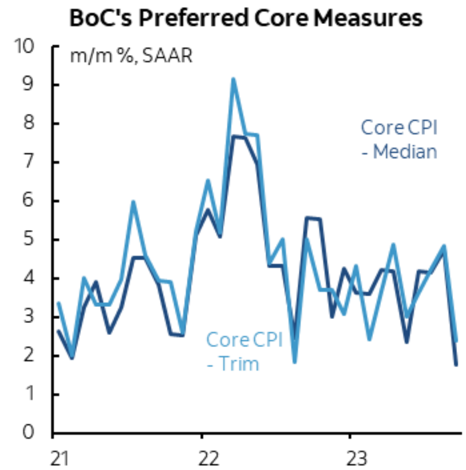
What will matter is the month-over-month trimmed mean and weighted median measures of CPI. Forget the year-over-year rates that don't capture the freshest information as they compound weighted m/m price changes over the full twelve-month period. I once tried to forecast these measures, but that is next to impossible to do in the way that matters most which is to predict the m/m rate of change in the average of those measures at a seasonally adjusted and annualized rate. Models that seek to forecast change in these measures over time have wide forecast bands around them and are totally unsuited toward predicting shorter-run variations.

The problem is that the calculations are extremely sensitive to the price that lands at the 50th percentile of the 55 CPI components (weighted median) and to exactly what should be lopped off the 20% top and bottom of the basket (trimmed mean). We just don't have adequate information on the 55 price components going into it, let alone how they may have been revised.

Chart 1 shows how volatile these measures have been. September's readings fell back to 1.75% m/m SAAR and 2.4% m/m SAAR for weighted median and trimmed mean respectively. While it didn't happen immediately, the days after that prior release saw Canada's front-end become richer as the two-year GoC yield fell from about 4.9% toward under 4½% now. That reversed the market whippiness around the prior prints for August released on September 18th that landed at about 4 ¾% m/m SAAR for both measures and drove a sharp increase in the two-year yield.

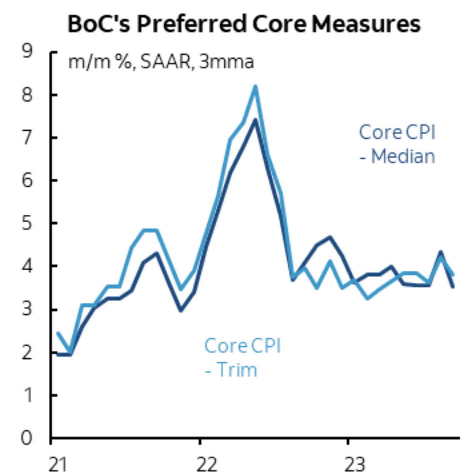
Markets are overly sensitive to the latest readings in both directions. They need to look at trends as the BoC tends to do. On that count, the three-month moving average of the m/m SAAR rates of increase in these measures are shown in chart 2. They average at 3.7% which is progress compared to peak rates of increase in the 6–8% m/m SAAR range through the Spring of 2022, but hardly light and still well above what is necessary in order to give the BoC confidence that it is moving toward sustainably achieving its 2% headline inflation target.

Chart 1



Sources: Scotiabank Economics, Statistics Canada.

Chart 2



Sources: Scotiabank Economics, Statistics Canada.

WILL BOC'S MACKLEM LEAN AGAINST EASING EXPECTATIONS?

The CPI update will be taken alongside other evidence on the path to the next BoC decision such as the November 30th Q3 GDP print and the next day's update on growth in jobs and wages during November plus market developments.

In the meantime, however, BoC Governor Macklem will weigh in the day after CPI with a speech titled "The cost of high inflation." This will land at 11:30amET and will be followed by a full press conference at 1pmET. He didn't choose as his topic mortgage resets or a soft economy or any such allusions. He chose high inflation and its costs as the focal point which is probably an immediate tip with respect to the tone.

This has spawned all manner of speculation toward why the Governor has chosen to weigh in with a speech with that title the day after CPI and the Fall budget update. The possibilities may include the following points.

The BoC has a lot of economists and access to information including through Statcan economists and perhaps they are bracing for an upside surprise. That could make it an opportune moment at which to reinforce inflation concerns.

The opposite case is that perhaps they expect a weak print and wish to lean against markets getting too far ahead of themselves on pricing rate cuts.

An entirely different (and more reasonable imo) possibility is that the Governor wants to dissuade markets from being so obsessed with the latest readings. The Governor won't lock horns with markets in any specific way, but he may speak to the magnitude and duration of evidence that is required before giving the BoC enough comfort to pivot. To date, that guidance has been that they expect inflation to arrive at 2% over 2025H2 and may begin easing in advance of this in a way that implies perhaps as soon as 2024H2, but probably not Springtime.

A further possibility is that Macklem will be speaking the day after—in fact, hours after—Minister Freeland delivers the government's Fall fiscal and economic update. Macklem wagged a finger at governments for spending so much and making his job more difficult in his last press conference. If Freeland adds yet more spending as is likely, then perhaps he'll escalate some of the concern.

What Governor Macklem may indirectly seek to do is to lean against market pricing for rate cuts to begin arriving within the next 4–5 months as markets are pricing. Cutting so soon would be a terrible policy error in my view.

To cut that soon means teeing it up in advance and hence driving a further richening of 2s and 5s on the path between now and then. A lower 5 year GoC yield would flow through mortgage rate cuts. That would be right into two very seasonal things if one knows anything at all about Canada.

Winter Budgets

Macklem just wagged a finger at Federal and provincial governments for *current* plans to grow spending and complicating the job of getting inflation on target. A recent piece by Scotia Economics (**here**) reinforces the magnitude of rate hikes that have been required to counter the inflationary consequences of government spending at all levels but particularly by provincial and municipal governments, some of which have been sharply critical of the BoC's rate hikes. To then set up a cut as they are delivering Budgets from about February to April/May would send a signal to governments not to worry as much about their interest expense and projected bond yields.

One of the ways in which monetary policy works to tighten conditions and to bring inflation lower is to raise interest expense for the public sector and dampen its other spending. To reverse this would light up that other spending that needs no such help—especially with a Federal election looming some time by October 2025 and with the current government sharply down in the polls. Governments may not like it—as indicated by their sharp political criticisms of the BoC—but I expect the Governor to show his steely resolve toward cooling inflationary pressures on all fronts including run away government spending.

The Spring Housing Market

To set up a cut by March/April in advance would put downward pressure on the 5-year fixed mortgage rate through the mortgage pre-approvals season commencing around 2024Q1. Good one. Repeat what they did last year with the premature pause that contributed (along with the US regional banking crisis) to the 5s rally and lowered fixed mortgage rates. That lit up the Spring housing market, putting further pressure upon household affordability and broader inflationary pressures. The BoC came back and hiked twice more right after.

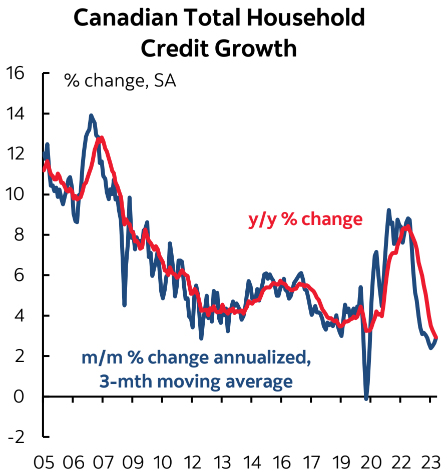
This time the consequences could be more severe. One reason is that the Feds are adding housing stimulus and with higher transfers and subsidies likely on the way this week. Another is that we've had two years of excessive immigration into a housing market with no supply.

Mortgage Resets

Some suggest that cuts will be required to address coming fixed rate mortgage resets and because household credit growth has slowed (chart 3). It has been similarly slow before and yet I think a flaw to that thinking is that the whole purpose of tighter monetary policy is to cause some pain in order to bring inflation durably lower. To then turn around and say 'just kidding' and deliver rate cuts would set the country back in its fight against inflation. If cuts prematurely reignite debt growth then all of this will have been for nothing and the regressive inflation pain will persist for longer and for the people who can least afford to deal with it.

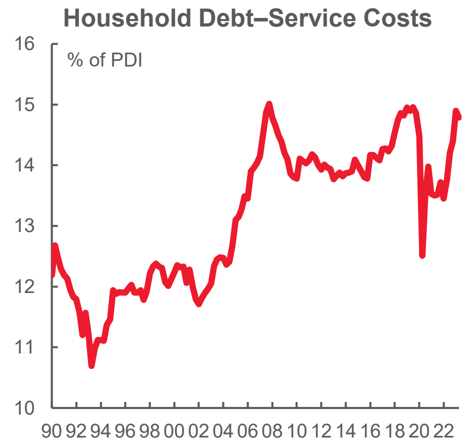
What impact may mortgage resets have upon the share of personal disposable income going toward total debt payments? At present, the share of PDI going toward all interest and principal payments on all types of household debt is about 15% (chart 4). 60% of households don't even have a mortgage in Canada which is much higher than in the US (chart 5). I figure that this share of PDI spent on debt payments will rise to the high teens, depending upon what happens to wage growth that has been strong, and to mortgage rates that are bound to eventually come down even if not just yet. That's a few percentage points higher from here but I cannot stress this calculation to be remotely close to some of the absurd claims that I've seen others making. In fact, I think some of them slipped by putting the decimal point on the change from here one spot too far to the right!

Chart 3



Sources: Scotiabank Economics, Statistics Canada.

Chart 4



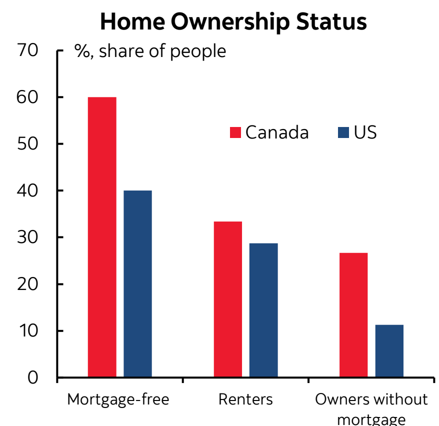
Sources: Scotiabank Economics, Statistics Canada.

Consequences of a Policy Error

So now let's say they do cut by March/April and tee it up before then and play devil's advocate. Beyond the above points, what else could be the consequences?

I think it would be a policy error that would be followed by one of two things. The lower probability scenario following such a cut would be to have to come back and reverse it later when they realize what they've done in setting back progress toward lower inflation. The higher probability scenario would be to thwart chances at further, deeper cuts later. I'd rather they take their time, be patient, set a very, very high bar for timing cuts so that they can really deliver them later, rather than cut too early and potentially less later or never again.

Chart 5



Sources: Scotiabank Economics, Statistics Canada,

All the while the relative central bank risks remain slanted toward greater trend inflation risk in Canada going forward than elsewhere in my opinion. This isn't just a one-trick-pony mortgage resets narrative. I haven't seen anything to change that broader narrative that includes the following points.

BoC surveys continue to show unmoored inflation expectations at 3%+ for years to come. This is changing behaviour which makes it difficult to durably get inflation down to 2%.

As evidence of changed behaviour, wages are ripping at among the fastest pace anywhere, whether trend m/m SAAR average hourly earnings or wage settlements. One-third of Canada's workforce is unionized and still going through collective bargaining exercises cementing wage gains at 2–3 times the BoC's 2% inflation target for years to come. 10% unionization in the US. Pass through into other non-unionized sectors in Canada still awaits in a "hey, me too!" sense. IMF research supports this.

Productivity is downright shameful. Rapid wage growth and falling outright productivity reinforce one another in terms of inflation risk. Unit Labour Costs are skyrocketing.

Company pricing behaviour remains slanted toward passthrough. What nobody talks about is how this is occurring at the small business level that dominates the business community in Canada. Anecdotally every time I turn around I'm stunned at the price hikes that small businesses and the trades are passing through, but politics is solely focused upon large companies.

Fiscal policy remains excessively stimulative across all federal and provincial governments combined.

CAD remains undervalued.

The terms of trade remain supportive, including via energy prices. This serves as an imported positive income shock.

Supply chains remain pressured. They've improved on the industrial production side, but not in autos and housing where inventories are lean and these are the two biggest things most households buy.

Corporate balance sheets remain solid which is a support for job markets. So is the dominance of public sector hiring (one out of two jobs created since the pandemic began) absent any hint at fiscal austerity.

All tallied up, I continue to think the market is prematurely pricing cuts and still think there is excessive confidence that hikes are over. If it were me, I'd honestly keep hiking especially if markets continue to ease financial conditions at the pace at which we've been seeing of late; that risks setting us back to square one in the inflation fight and having to endure greater pain for longer.

CANADIAN FISCAL UPDATE—CONFUSING SUPPLY AND DEMAND

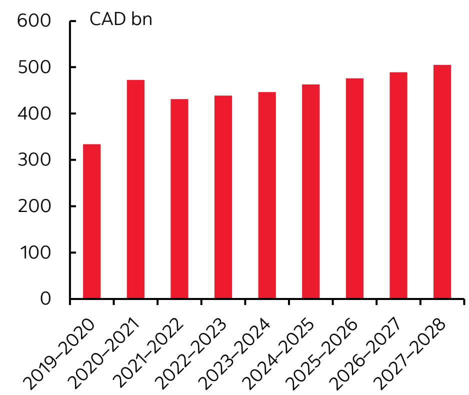
Canada's federal government delivers its Fall economic and fiscal update on Tuesday. Expect more spending and lots of doublespeak. Prudence will be used to curiously describe lots of excess. A supply side focus will be emphasized to describe distorting subsidies in the billions of dollars.

Even if not one further budgeted dollar of spending is added, there is still higher spending ahead. Micro efficiency goals won't change that. Chart 6 shows the prior budget's plan to increase program spending excluding COVID supports. From the pre-pandemic fiscal year of FY19–20 to the current one, spending was slated to increase by 105%. By FY 2028, program spending is projected to rise by a cumulative 170% over FY19–20 levels even if no further spending is added to this projection beyond what this past year's Budget projected.

More spending is likely, along with bigger deficits. Minister Freeland has indicated that there will be a focus upon housing affordability with further housing measures including subsidies, and upon making lives more affordable which may mean more transfers and admonishing companies for allegedly driving inflation.

Chart 6

Program Spending Ex-COVID



Sources: Scotiabank Economics, Federal Budget 2023.

Further, the government has to incorporate new spending announcements since the last Budget including the aggressive settlement with striking Federal civil service workers earlier this Spring, subsidies to makers of batteries for electric cars at an enormous cost per job created to dubious benefit, and higher interest expense. At least the pharmacare program appears to be shelved for now as not even the NDP that supports the idea expects further developments at this time.

This update will be billed as being about 'supply, supply, supply' when more spending and excessive immigration levels are more about 'demand, demand, demand' that adds to inflation risk and with that BoC hike risk.

US HOLIDAY SALES—MORE SERVICES THIS TIME?

Eat, then shop. The great annual American tradition starts with Thanksgiving on Thursday. Markets may be sensitive to early sales tracking toward the end of the week and into the following week both at the individual company level and in broader terms while assessing the durability of consumer spending. So far, 2023 sales revenue is tracking closely to 2022 on a year-to-date basis (chart 7).

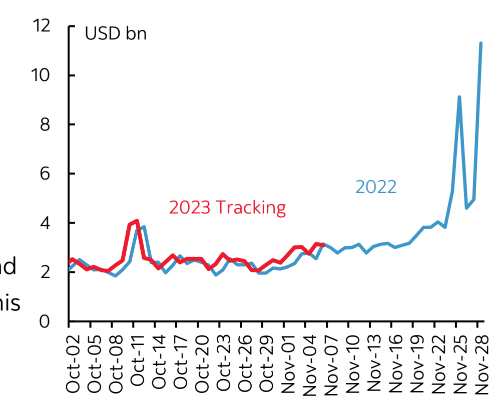
More retailers are opting not to open on Thanksgiving this year, but some will. Then Black Friday and Cyber Monday may inform holiday shopping momentum. US markets will be closed on Thursday and the bond market will close at 2pmET the following day.

The National Retail Federation forecasts nominal sales growth of just 3–4% y/y (**here**). They say they base this forecast upon an economic model related to jobs, wages, confidence, incomes, and consumer credit while weather may be a wildcard especially given the relatively strong El Niño this year. If they're right, then this implies little to no growth in inflation-adjusted terms.

It's also possible that this holiday season will be more about experiences and services spending versus goods spending notwithstanding the relatively balanced growth in these types of spending of late.

Chart 7

Estimated Revenue by Day



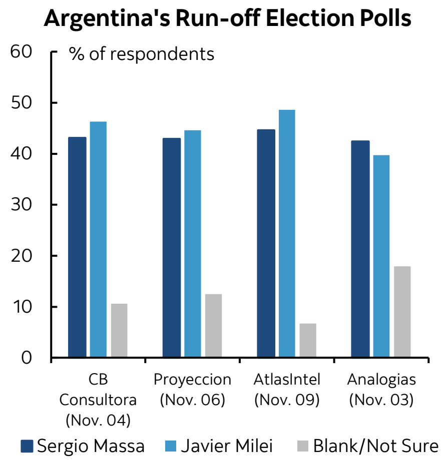
Sources: Scotiabank Economics, Adobe *2022 Holiday Shopping Report.*

ARGENTINA'S ELECTION—SPILLOVERS?

Argentinians go to the polls again on Sunday to choose a President in the final run-off election. The two candidates offer radically different options and whomever 'wins' the prize will inherit a mess.

All three major polls are indicating that the libertarian candidate, Javier Milei, will be victorious over Sergio Massa, an economy minister in the current Peronist government (chart 8). Massa is offering much of the same that the current administration has been delivering. Milei would be a radical experiment if he follows through on abolishing the central bank and the currency in favour of using the dollar. The short-run market effect may evolve into something very different over time as either scenario is expected to be following by high risk of another default.

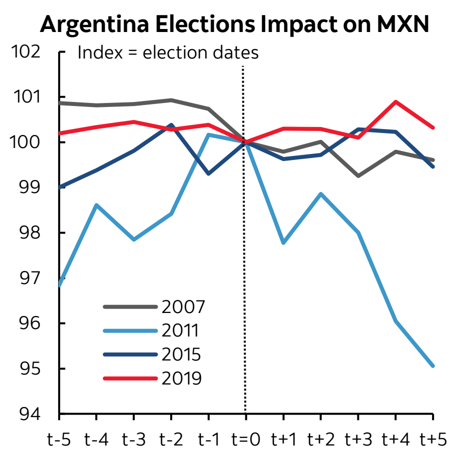
Chart 8



Sources: Scotiabank Economics, CB Consultora, Proyeccion, AtlasIntel, Analogias.

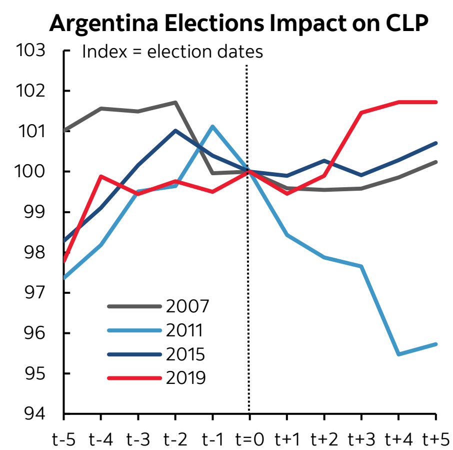
Most of our clients—and certainly my employer—probably have little interest in the direct outcome. I'm not sure we can say that so confidently about the potential short- and longer-run ripple effects upon other LatAm markets and the broader EM space. Charts 9–12 show what happened to some of the regional currencies following prior elections in Argentina. The election in 2011 brought in the left of center Front for Victory and President Cristina Fernández de Kirchner in a landslide victory and then announced foreign exchange controls to try to control capital flight. The result was to drive other regional currencies to appreciate to the dollar as one example of ripple effects.

Chart 9



t=0 represents Election Day in Argentina.
Sources: Scotiabank Economics, Bloomberg.

Chart 10



t=0 represents Election Day in Argentina.
Sources: Scotiabank Economics, Bloomberg.

CENTRAL BANKS—HIKES ON THE FRINGE

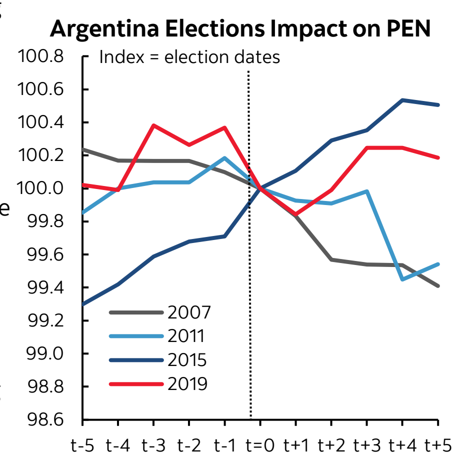
Global central banks will offer mostly regional market risk with probably little spillover across global markets. Several developments are briefly highlighted below.

- **China (Monday):** After the PBOC recently held its Medium-Term Lending Facility rate, China's banks are expected to leave the 1-year and 5-year Loan Prime Rates unchanged at 3.45% and 4.2% respectively.

- **RBA minutes (Monday):** Recall that the RBA hiked by 25bps on November 7th. The minutes are likely to offer further explanation of the reasoning. They may be somewhat stale, however, given the strong rise in wages during Q3 and the 55k increase in employment that occurred since that meeting.

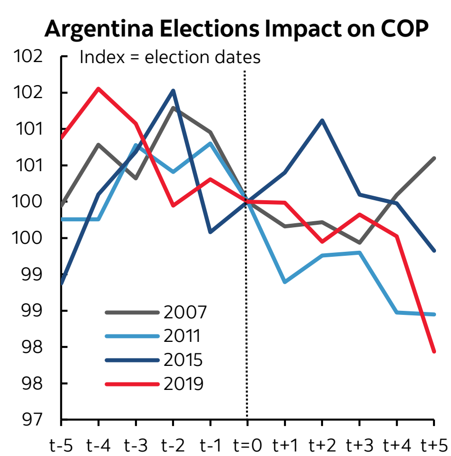
- **FOMC Minutes (Tuesday):** A recap of what happened at the October 31st – November 1st meeting is **here**. The minutes may be stale after the market reaction to the recent CPI reading (recap **here**). The FOMC is likely keeping their powder dry to come back with a more substantive update on December 13th when they deliver their next decision along with a full forecast update including a fresh 'dot plot'.

Chart 11



t=0 represents Election Day in Argentina.
Sources: Scotiabank Economics, Bloomberg.

Chart 12



t=0 represents Election Day in Argentina.
Sources: Scotiabank Economics, Bloomberg.

- **Bank Indonesia (Thursday):** A minority thinks that BI could hike its 7-day reverse repo rate 25bps to 6.25% in a continuation of the bias that sparked a surprise hike on October 19th. Inflation recently jumped to 2.6% y/y in October from 2.3% previously but with core inflation dipping to 1.9% y/y.

- **Riksbank (Thursday):** Consensus is split with just under half expecting a hold at 4% and just over half expecting a 25bps hike and there is also uncertainty over whether balance sheet plans will be adjusted to accelerate to pace of unwinding.
- **SARB (Thursday):** No policy rate change is expected on Thursday with the rate expected to remain at 8 ¼%.
- **Turkey (Thursday):** Another big rate hike is expected. By how much is anyone's guess for an exceptionally volatile central bank dealing with a protracted currency crisis. The one-week repo rate presently stands at 35%.

GLOBAL MACRO—US, JAPAN LEADING THE PACK

The rest of the week's line-up of macro indicators will be short but potentially impactful.

The monthly wave of global purchasing managers' indices will inform Q4 GDP tracking, supply chain developments, hiring appetite and pricing pressures. Only the US and Japan are still in positive growth territory, but modestly so as their composite PMIs remain just above the 50 dividing line. Australia kicks it off on Tuesday followed by Eurozone and UK on Thursday and then Japan and the US S&P (not ISM) gauges on Friday.

Other than CPI, Canada will only update retail sales for September and October on Friday. Statcan already provided advance guidance on September's tally when, on October 20th, they said sales were "unchanged." While this report will fill in greater detail and possible revisions to the September tally, the new information is more likely to be focused upon advance guidance for October's sales.

Given the holiday-themed week, US markets will face little by way of economic data to consider. Existing home sales for October (Tuesday) will probably post a small dip based upon softening pending home sales. Durable goods orders are expected to dip partly as Boeing's plane orders dipped to a still high 123 in October from 224 in September. Weekly initial claims are due out on Wednesday instead of the usual Thursday given the holiday and will be monitored for signs that the recent mild increase isn't the start of a trend.

A few countries will update GDP figures. Chile's economy is expected to post low growth of 0.3% q/q SA nonannualized on Monday (0.2% y/y). Peru's economy is expected to continuing contracting in year-over-year terms at -0.9% (Thursday). Norway is expected to stay on the plus side at 0.8% y/y (Thursday). Germany will revise Q3 growth that was initially reported at -0.1% q/q SA and fill in the details (Friday).

Japan's national CPI reading for October will probably follow higher the already-released Tokyo measure on Thursday. Recall that the Tokyo core CPI measure climbed to 2.7% y/y (2.5% prior) but was soft in month-ago seasonally adjusted terms at +0.1% m/m.

Key Indicators for the week of November 20 – 24

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	11-20	10:00	Leading Indicators (m/m)	Oct	--	-0.7	-0.7
CA	11-21	08:30	Core CPI - Median (y/y)	Oct	--	3.6	3.8
CA	11-21	08:30	Core CPI - Trim (y/y)	Oct	--	3.6	3.7
CA	11-21	08:30	CPI, All items (m/m)	Oct	0.0	0.2	-0.1
CA	11-21	08:30	CPI, All items (y/y)	Oct	3.1	3.2	3.8
CA	11-21	08:30	CPI, All items (index)	Oct	--	158.9	158.5
CA	11-21	08:30	Core CPI - Common (y/y)	Oct	--	--	4.4
US	11-21	10:00	Existing Home Sales (mn a.r.)	Oct	3.9	3.9	4.0
US	11-21	10:00	Existing Home Sales (m/m)	Oct	-1.5	-1.5	-2.0
MX	11-22	07:00	Retail Sales (INEGI) (y/y)	Sep	--	4.0	3.2
US	11-22	07:00	MBA Mortgage Applications (w/w)	Nov 17	--	--	2.8
US	11-22	08:30	Durable Goods Orders (m/m)	Oct P	-3.0	-3.2	4.6
US	11-22	08:30	Durable Goods Orders ex. Trans. (m/m)	Oct P	0.4	0.2	0.4
US	11-22	10:00	U. of Michigan Consumer Sentiment	Nov F	--	61.0	60.4
MX	11-23	07:00	Bi-Weekly Core CPI (% change)	Nov 15	--	0.2	0.2
MX	11-23	07:00	Bi-Weekly CPI (% change)	Nov 15	--	0.6	0.1
US	11-23	08:30	Initial Jobless Claims (000s)	Nov 18	220	225.5	231.0
US	11-23	08:30	Continuing Claims (000s)	Nov 11	1875	1875.0	1865.0
MX	11-24	07:00	GDP (q/q)	3Q F	--	0.8	0.9
MX	11-24	07:00	GDP (y/y)	3Q F	--	3.2	3.3
MX	11-24	07:00	Global Economic Indicator IGAE (y/y)	Sep	--	3.0	3.7
CA	11-24	08:30	Retail Sales (m/m)	Sep	0.1	0.0	-0.1
CA	11-24	08:30	Retail Sales ex. Autos (m/m)	Sep	--	-0.3	0.1

EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
GE	11-20	02:00	Producer Prices (m/m)	Oct	0.0	-0.2
UK	11-21	02:00	PSNB ex. Interventions (£ bn)	Oct	14.4	14.3
UK	11-21	02:00	Public Finances (PSNCR) (£ bn)	Oct	--	-11.8
UK	11-21	02:00	Public Sector Net Borrowing (£ bn)	Oct	--	13.5
EC	11-22	10:00	Consumer Confidence	Nov P	-17.7	-17.9
NO	11-23	02:00	GDP (q/q)	3Q	--	0.00
FR	11-23	03:15	Manufacturing PMI	Nov P	43.1	42.8
FR	11-23	03:15	Services PMI	Nov P	45.5	45.2
GE	11-23	03:30	Manufacturing PMI	Nov P	41.1	40.8
GE	11-23	03:30	Services PMI	Nov P	48.4	48.2
SW	**11-23**	**03:30**	**Riksbank Interest Rate (%)**	**Nov 23**	**4.25**	**4.00**
EC	11-23	04:00	Composite PMI	Nov P	46.9	46.5
EC	11-23	04:00	Manufacturing PMI	Nov P	43.3	43.1
EC	11-23	04:00	Services PMI	Nov P	48.0	47.8
UK	11-23	04:30	Manufacturing PMI	Nov P	45.0	44.8
UK	11-23	04:30	Services PMI	Nov P	49.5	49.5
TU	**11-23**	**06:00**	**Benchmark Repo Rate (%)**	**Nov 23**	**37.50**	**35.00**
UK	11-23	19:01	GfK Consumer Confidence Survey	Nov	-27.0	-30.0
GE	11-24	02:00	Real GDP (q/q)	3Q F	-0.1	-0.1
GE	11-24	04:00	IFO Business Climate Survey	Nov	87.5	86.9
GE	11-24	04:00	IFO Current Assessment Survey	Nov	89.5	89.2
GE	11-24	04:00	IFO Expectations Survey	Nov	85.7	84.7

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

Key Indicators for the week of November 20 – 24

ASIA PACIFIC

Country	Date	Time	Indicator	Period	Consensus	Latest
PH	11-19	20:00	Balance of Payments (US$ mn)	Oct	--	-414.0
CH	**11-19**	**20:15**	**PBoC Loan Prime Rate 1-Year (%)**	**Nov 20**	**3.45**	**3.45**
TH	11-19	21:30	GDP (q/q)	3Q	1.3	0.2
TH	11-19	21:30	GDP (y/y)	3Q	2.1	1.8
MA	11-19	23:00	Exports (y/y)	Oct	--	-13.7
MA	11-19	23:00	Imports (y/y)	Oct	--	-11.1
MA	11-19	23:00	Trade Balance (MYR bn)	Oct	17.4	24.5
TA	11-20	03:00	Export Orders (y/y)	Oct	--	-15.6
TA	11-20	03:20	Current Account Balance (US$ mn)	3Q	--	22243.0
SK	11-20	16:00	PPI (y/y)	Oct	--	1.3
NZ	11-20	16:45	Trade Balance (NZD mn)	Oct	--	-2329.2
NZ	11-20	16:45	Exports (NZD bn)	Oct	--	4870.0
NZ	11-20	16:45	Imports (NZD bn)	Oct	--	7200.0
ID	11-20	22:00	Current Account Balance (US$ mn)	3Q	-921.0	-1900.0
HK	11-21	03:30	CPI (y/y)	Oct	2.1	2.0
SI	11-21	19:00	Real GDP (y/y)	3Q F	0.7	0.7
SI	11-21	19:00	GDP (q/q)	3Q F	0.7	0.7
MA	11-22	02:00	Foreign Reserves (US$ bn)	Nov 15	--	108.5
TA	11-22	03:00	Unemployment Rate (%)	Oct	--	3.4
TH	11-22	21:00	Customs Exports (y/y)	Oct	--	2.1
TH	11-22	21:00	Customs Imports (y/y)	Oct	--	-8.3
TH	11-22	21:00	Customs Trade Balance (US$ mn)	Oct	--	2090.0
SI	11-23	00:00	CPI (m/m)	Oct	--	0.5
SI	11-23	00:00	CPI (y/y)	Oct	4.5	4.1
ID	**11-23**	**02:20**	**BI 7-Day Reverse Repo Rate (%)**	**Nov 23**	**6.00**	**6.00**
TA	11-23	03:00	Industrial Production (y/y)	Oct	-7.9	-6.7
NZ	11-23	16:45	Retail Sales Ex Inflation (q/q)	3Q	-0.8	-1.0
JN	11-23	18:30	National CPI (y/y)	Oct	3.4	3.0
JN	11-23	19:30	Markit/JMMA Manufacturing PMI	Nov P	--	48.7
MA	11-23	23:00	CPI (y/y)	Oct	1.8	1.9
JN	11-24	00:00	Coincident Index CI	Sep F	--	114.7
JN	11-24	00:00	Leading Index CI	Sep F	--	108.7
JN	11-24	00:00	New Composite Leading Economic Index	Sep F	--	108.7
SI	11-24	00:00	Industrial Production (m/m)	Oct	--	10.7
SI	11-24	00:00	Industrial Production (y/y)	Oct	--	-2.1
JN	11-24	00:30	Nationwide Department Store Sales (y/y)	Oct	--	9.2

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CL	11-20	06:30	GDP (q/q)	3Q	0.3	--	-0.3
CL	11-20	06:30	GDP (y/y)	3Q	0.2	--	-1.1
PE	11-23	09:00	GDP (y/y)	3Q	-1.0	--	-0.5

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

Global Auctions for the week of November 20 – 24

NORTH AMERICA

Country	Date	Time	Event
US	11-20	13:00	U.S. To Sell USD16 Bln 20-Year Bonds
US	11-21	13:00	U.S. To Sell USD15 Bln 10-Year TIPS Reopening

EUROPE

Country	Date	Time	Event
GE	11-21	05:30	Germany to Sell EU3.5 Billion of 2.4% 2028 Bonds
FI	11-21	06:00	Finland to Sell Bonds
DE	11-22	04:15	Denmark to Sell Bonds
NO	11-22	05:00	Norway to Sell Bonds
SW	11-22	05:00	Sweden to Sell Bonds
GE	11-22	05:30	Germany to Sell Bonds
IT	11-24	05:00	Italy to Sell Bonds

ASIA PACIFIC

Country	Date	Time	Event
JN	11-20	22:35	Japan to Sell 20-Year Bonds
AU	11-21	19:00	Australia to Sell A$800 Million 3.5% 2034 Bonds
CH	11-21	21:35	China to Sell Bonds

LATIN AMERICA

Country	Date	Time	Event
No Scheduled Auctions			

Sources: Bloomberg, Scotiabank Economics.

Events for the week of November 20 – 24

NORTH AMERICA

Country	Date	Time	Event
US	11-20	12:00	Fed's Barkin Speaks on Fox Business
US	11-21	14:00	FOMC Meeting Minutes
MX	11-23	10:00	Central Bank Monetary Policy Minutes

EUROPE

Country	Date	Time	Event
SZ	11-18	04:00	SNB President Thomas Jordan Speaks in Zurich
EC	11-20	04:10	ECB's Vujcic Speaks
EC	11-20	08:00	ECB's Hernandez de Cos in Madrid
UK	11-20	09:00	BOE releases article on financial stability
UK	11-20	13:45	BOE's Bailey speaks
EC	11-20	14:00	ECB's Villeroy speaks
UK	11-21	05:15	Bank of England Governor testifies to UK Parliament
EC	11-21	11:00	ECB's Lagarde, Germany's Lindner Speaks in Berlin
EC	11-21	12:00	ECB's Schnabel Speaks
EC	11-21	12:35	ECB's Centeno Speaks at Conference in Oporto, Portugal
IC	**11-22**	**03:30**	**7-Day Term Deposit Rate**
SW	**11-23**	**03:30**	**Riksbank Policy Rate**
EC	11-23	07:30	ECB Publishes Account of October Policy Meeting
SW	11-24	04:30	Riksbank publishes FX sales
EC	11-24	05:00	ECB's Lagarde Speaks
SW	11-24	06:00	Riksbank's Floden speech on monetary policy
EC	11-24	08:00	ECB's De Guindos at S'Agaro conference in Spain
EC	11-24	10:00	ECB's De Cos at S'Agaro conference in Spain

ASIA PACIFIC

Country	Date	Time	Event
CH	**11-19**	**20:15**	**5-Year Loan Prime Rate**
CH	**11-19**	**20:15**	**1-Year Loan Prime Rate**
AU	11-20	18:00	RBA's Bullock-Panel
AU	11-20	18:45	RBA's Schwartz-Speech
AU	11-20	19:30	RBA Minutes of Nov. Policy Meeting
AU	11-22	03:35	RBA's Bullock-Speech
ID	**11-23**	**02:20**	**Bank Indonesia 7D Reverse Repo**
SL	**11-23**	**21:00**	**CBSL Standing Lending Rate**
SL	**11-23**	**21:00**	**CBSL Standing Deposit Rate**
KZ	**11-24**	**01:00**	**Key Rate**

LATIN AMERICA

Country	Date	Time	Event
PY	**11-22**		**Monetary Policy Rate**

Sources: Bloomberg, Scotiabank Economics.

Global Central Bank Watch

NORTH AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Canada – Overnight Target Rate	5.00	December 6, 2023	5.00	5.00
Federal Reserve – Federal Funds Target Rate	5.50	December 13, 2023	5.50	5.50
Banco de México – Overnight Rate	11.25	December 14, 2023	11.25	11.25

FOMC Meeting Minutes: Minutes from the Oct. 31 - Nov. 01 FOMC meeting will be out on Tuesday at 2pm. The minutes are likely to be stale on arrival given a recently soft inflation report but also easier financial conditions since that meeting. **Bank of Canada:** Governor Macklem will speak on the 'high costs of inflation' on Wednesday and host a press conference.

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	4.50	December 14, 2023	4.50	4.50
European Central Bank – Marginal Lending Facility Rate	4.75	December 14, 2023	4.75	4.75
European Central Bank – Deposit Facility Rate	4.00	December 14, 2023	4.00	4.00
Bank of England – Bank Rate	5.25	December 14, 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	15.00	December 15, 2023	n/a	n/a
Sweden Riksbank – Repo Rate	4.00	November 23, 2023	4.25	4.25
Norges Bank – Deposit Rate	4.25	December 14, 2023	4.50	4.50
Central Bank of Turkey – Benchmark Repo Rate	35.00	November 23, 2023	n/a	37.50

Riksbank: Consensus is divided on the Riksbank's next decision, with most expecting the bank to raise its policy rate by 25bps while others expect it to hold. At the last meeting, the bank was biased toward raising the policy rate further as inflationary pressures are still too high. **Central Bank of Turkey:** Consensus expects Central bank of Turkey to hike its benchmark repo rate by 250bps to 37.50% on Thursday while one estimate expects a third consecutive hike of 500bps.

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	December 19, 2023	-0.10	-0.10
Reserve Bank of Australia – Cash Rate Target	4.35	December 4, 2023	4.35	4.35
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	December 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	January 24, 2024	3.00	3.00
Bank Indonesia – 7-Day Reverse Repo Rate	6.00	November 23, 2023	6.00	6.00
Central Bank of Philippines – Overnight Borrowing Rate	6.50	December 14, 2023	6.50	6.50

Bank Indonesia: After a surprise hike of 25bps last meeting, consensus expects Bank Indonesia to hold its 7-day reverse repo rate at 6.00% on Thursday. BI's surprise hike was mainly to strengthen the Rupiah to mitigate imported inflation and keep inflation under control.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	12.25	December 13, 2023	11.75	11.75
Banco Central de Chile – Overnight Rate	9.00	December 19, 2023	8.50	8.00
Banco de la República de Colombia – Lending Rate	13.25	December 19, 2023	12.75	12.75
Banco Central de Reserva del Perú – Reference Rate	7.00	December 14, 2023	6.75	6.75

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

South African Reserve Bank (SARB): The South African Reserve Bank is expected to hold its repo rate at 8.25% on Thursday. At the last meeting, the bank emphasized that the fight against inflation is still on. However, since then core cpi has slowed down and reached the midpoint of its target range (3 % - 6%).

Sources: Bloomberg, Scotiabank Economics.