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*With thanks for research support from:  
Jaykumar Parmar.*

#### Next Week's Risk Dashboard

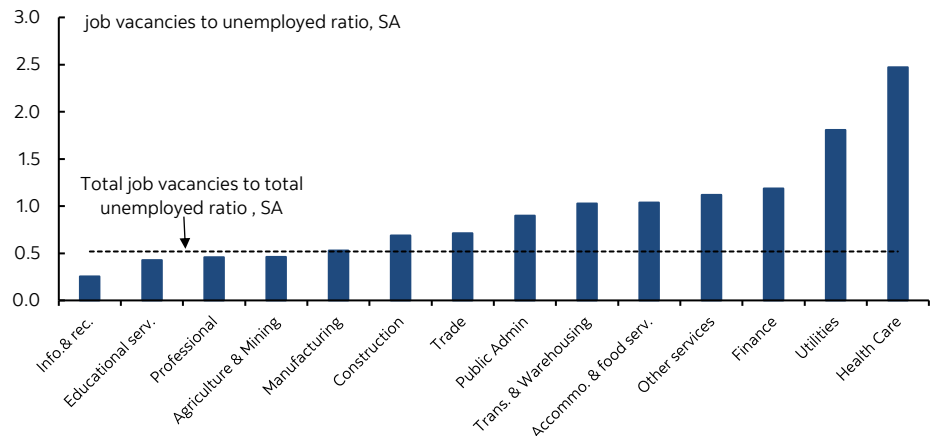
- Central bank divergence will be on full display
- RBA under hike pressure
- BoE to hold, inform path forward
- Banxico likely to pause ahead of election
- Peru's central bank expected to cut
- Will Brazil's central bank downshift the pace of easing?
- Sweden's Riksbank could cut
- Bank Negara to hold
- France kicks off the ECB's wage watch ahead of the June meeting
- Canadian jobs rebound?
- Canada's job market is rebalancing...
- ...but that doesn't mean wage pressures will go away
- Are US lending conditions still tightening?
- UK GDP expected to accelerate
- CPI: Chile, Colombia, Mexico, Brazil, Norway, Philippines, China, Taiwan, Thailand
- US macro risk goes quiet

#### The Gambler

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#### Chart of the Week

##### Canada's Uneven Labour Market !



Sources: Scotiabank Economics, Statistics Canada.

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

## The Gambler

This will be a fascinating week during which to monitor the risk of policy divergence across a significant array of global central banks not named the Fed, ECB or BoJ. Some could cut, some could hold and sound patient, some could hold and guide cuts, and one is faced with markets thinking it could resume hikes. A Fed-obsessed world has lost sight of the scope of greater relative central bank divergence. There is a gambling analogy here as central banks continue to deal with high uncertainties; like the song goes, knowing when to hold ‘em, fold ‘em, walk away or run will separate the central banks that choose the right path from the ones that mess up.

The global macro calendar will be lighter than it has been of late, but still populated by some key gauges. Canadian jobs and wages for one. The start of tracking Eurozone wages ahead of the June ECB decision for another. Are US credit conditions still tightening and adding to downside risk to growth? We'll find out at the start of the week. Canada may take further steps around implementing the Federal Budget as tensions with India flare. US-centric macro risk should be very low this week amid light calendar-based developments. The health of the UK economy will be a focal point at the end of the week. A round of global inflation reports is also due out with implications for regional markets.

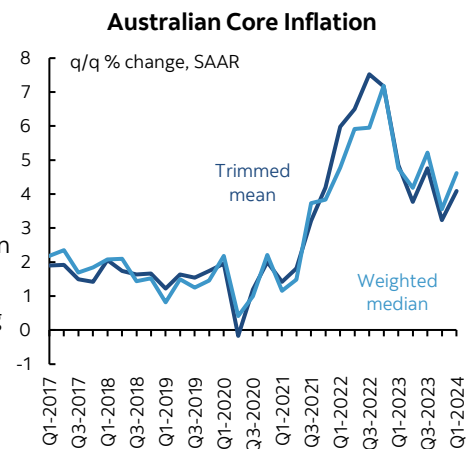
### CENTRAL BANKS—CUTS, HOLDS, KEY GUIDANCE AND...A HIKE??

This will be a big week for central banks not named the Fed, ECB or Bank of Japan. Seven banks will weigh in with policy decisions. Three might cut, two are expected to hold but might guide future cuts, one will hold outright and one is dealing with market sentiment that thinks the next move is more likely to be a hike.

Brief expectations are outlined in chronological order:

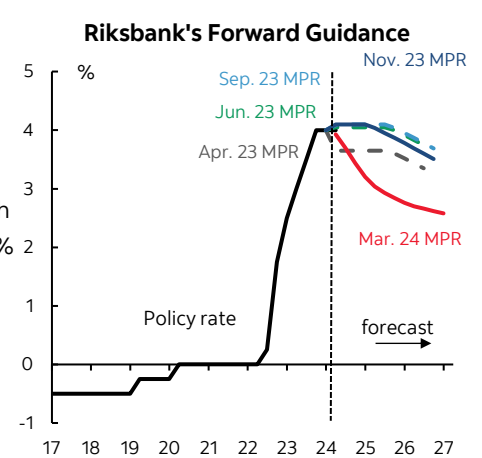
- RBA (Monday):** No one seriously expects a policy rate change at this meeting. One person out of 24 thinks they'll hike. Markets have nothing priced, so it would be a total surprise in an environment in which surprises are probably unwise. Markets are pricing most of a 25bps rate hike by the September meeting. The motivating consideration for additional tightening is persistent inflation after Q1 core measures surprised higher than expected (chart 1). Trimmed mean CPI increased by almost 4% q/q SAAR with weighted median CPI up by 4.6% q/q SAAR. Such a pace of underlying inflationary pressure is incompatible with achieving the RBA's 2–3% headline CPI target range. This will be the first meeting in reaction to the inflation readings.
- Riksbank (Wednesday):** Consensus is divided over whether Sweden's central bank may begin an easing cycle this week. A little over half of forecasters in a modest sample of 13 expect a 25bps cut. Six are not convinced. The uncertainty mostly rests upon whether they would cut at this meeting or the next one in June after the central bank said in its March statement that "If the inflation prospects remain favourable, the policy rate may well be cut in May or June" and the published forward rate path showed an expedited pace of easing (chart 2). Since then, underlying inflation came in materially weaker than expected for March at 0% m/m ex-energy (0.3% consensus) and the year-over-year rate fell beneath 3% at 2.9% for the first time since early 2022 while remaining on a steep downward descent.
- Banco Central do Brasil (Wednesday):** Brazil's central bank has been on auto pilot to date. 50 has been their favourite number as they have cut by this magnitude six consecutive times in lowering the Selic rate from 12.75% over a year ago to 10.75% now. This time, however, more forecasters expect a 25bps downshift in the pace of easing than another 50bps cut. Currency volatility is one consideration as the real fell sharply earlier in April but has since regained its footing.
- Banxico (Thursday):** All but one out of 16 forecasters expect Mexico's central bank to hold its overnight rate unchanged at 11% on Thursday. This follows the 25bps cut on March 21<sup>st</sup> that was strongly telegraphed in advance. The peso has depreciated by about 4% to

Chart 1



Sources: Scotiabank Economics, Australian Bureau of Statistics.

Chart 2

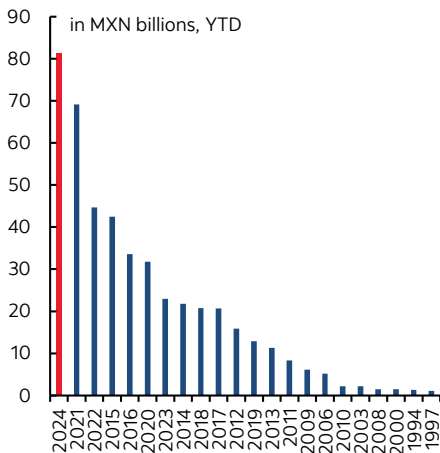


Sources: Scotiabank Economics, Riksbank.

the USD since earlier in April as expectations for rate cuts by the Federal Reserve were pushed out. This is likely to keep the Governing Board led by Governor Victoria Rodríguez Ceja sounding careful but with an ongoing forward easing bias conditional upon CPI that arrives on the morning of Banxico's decision. Complicating matters is strong fiscal easing ahead of June elections (chart 3).

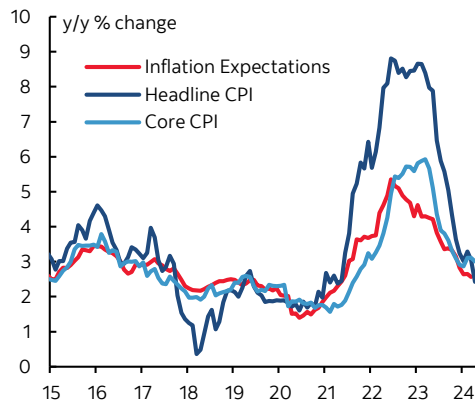
- **BCRP (Thursday):** Most forecasters expect another 25bps cut by Banco Central de Reserva del Peru on Thursday. That would extend the easing path that started in September at a -25bps pace from 7.75% to a policy reference rate of 6% now. Inflation recently surprised lower in April with the Lima CPI reading falling to 2.4% y/y (3.1% prior, 2.7% consensus) to the lowest reading since about mid -2021 before a big surge of inflationary pressure began to unfold (chart 4).
- **Bank of England (Thursday):** Consensus and markets unanimously expect Bank Rate to be held at 5.25% on Thursday. Key will be forward guidance as markets are pricing a 50–50 chance at a 25bps cut at the next decision on June 20<sup>th</sup> and a full 25bps reduction by the next meeting on August 1<sup>st</sup> followed by a path of gradual easing (chart 5).
- **Bank Negara Malaysia (Thursday):** Malaysia's central bank is widely expected to continue holding its overnight policy rate at 3% on Thursday. Watch forward guidance, however, as inflation at 1.8% y/y is low and the ringgit has been relatively stable.

**Chart 3**  
**Mexican Government Expenditure**



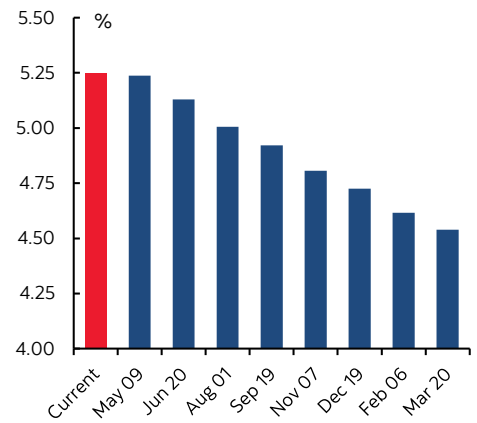
Sources: Scotiabank Economics, Banco de Mexico.

**Chart 4**  
**Peru's Inflation & Inflation Expectations Eases**



Sources: Scotiabank Economics, Central Bank of Peru.

**Chart 5**  
**BoE's Markets Pricing**



Sources: Scotiabank Economics, Bloomberg.

**WAGE WATCH AT THE ECB**

A key consideration for the ECB as it considers whether to ease at the June meeting is wage growth. The figures are not seasonally adjusted and that matters because collective bargaining has its biggest effects during Q1. We see that in the French figures that post clear seasonality with the biggest gains in Q1 each year (chart 6). A key sensitivity for the ECB is whether this year will repeat or come close to the magnitude of the gains witnessed over the past couple of years.

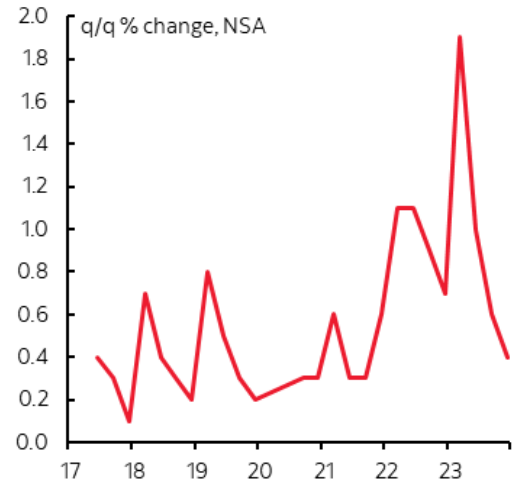
The ECB's concern is that if negotiated wage rates continue their steep ascent (chart 7) then it could be more difficult to get inflation risk under control. Given high proportions of Euro area countries subject to collective bargaining exercises (chart 8), the wage resets in these agreements could be more powerful influences than indicates that wage growth for new job postings has been ebbing (chart 9).

**CANADA'S JOB MARKET—A FIRST STEP TO THE JUNE BOC MEETING**

Canada updates jobs, wages and other labour market readings within the household survey for April on Friday. It will be the only calendar-based form of macro risk to the Canadian market this week.

I went with a gain of 25k in April and a slight up-tick in the unemployment rate to 6.2% on the view that continued rapid population growth will drive greater growth in the labour force than employment. For instance, the labour force grew by 58k in March and 76k the month

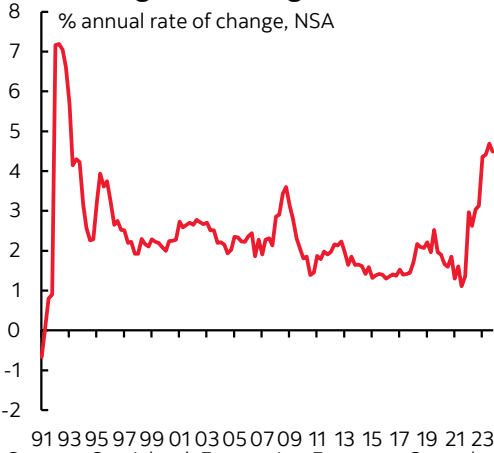
**Chart 6**  
**France Wage Growth**



Sources: Scotiabank Economics, French Labor Office.

Chart 7

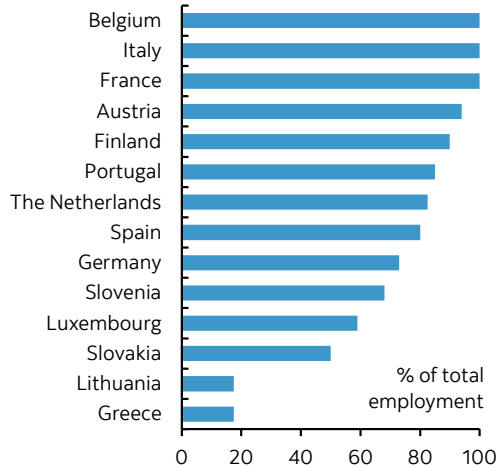
**ECB's Indicator of Negotiated Wage Rates**



Sources: Scotiabank Economics, European Central Bank (ECB).

Chart 8

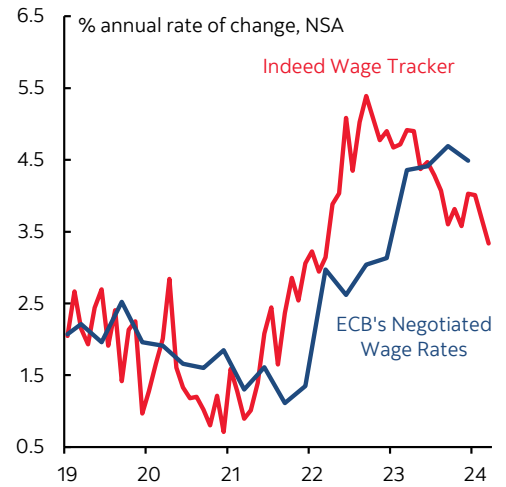
**Collective Agreement Coverage in the Euro Area**



Sources: Scotiabank Economics, ECB.

Chart 9

**Euro Area Wage Tracking**



Sources: Scotiabank Economics, Indeed, ECB.

before that and has averaged 37k new entrants in search of work per month since the start of 2022 when the immigration surge began.

Why a rebound in job growth? I'm loosely going with a narrative that says the prior month's distorted softness should stabilize or reverse and feed the condition for a rebound in April. A key driver of weakness in March was the youth category. Those aged 15–24 lost 28k jobs that month while men and women aged 25+ both saw significant gains (chart 10). That could have been a March break timing issue relative to the reference week for the LFS survey which was the week of March 10<sup>th</sup> to the 16<sup>th</sup>. Spring break occurred in Quebec and New Brunswick before that week, while it was later than that week in BC, Alberta, Saskatchewan, Manitoba, Newfoundland and Labrador and PEI. Provinces with Spring breaks outside of the LFS reference week accounted for about 80% of the 'lost' youth jobs in March.

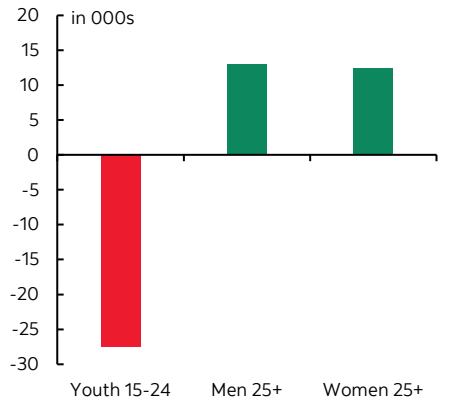
Unlike other macro indicators, however, the LFS should not be impacted by the different timing of the Good Friday and Easter holidays since they landed in between the March and April LFS reference weeks and therefore should not have spawned debate about whether the seasonal factors would control for this.

Even in other cases it's unclear what's going on with some SA factors. Take Toronto's existing home sales figures. Real estate agents still worked and were available throughout the Good Friday and Easter holiday weekend so it's unclear how many sales were lost due to the holiday and pushed into April instead, and yet the Toronto Real Estate Board applied one of the lowest SA factors for a month of April on record while reporting a sales decline of over 3% m/m SA (chart 11). Going with a higher SA factor more in line with history would have registered an SA gain in April.

In any event, Canada's labour market is gradually rebalancing. We see that in measures like the so-called Beveridge curve that relates job vacancies to unemployment rates over time (chart 12). The extreme imbalances in the upper left of the chart back in 2022 (ie: high vacancies, low unemployment) are gradually giving way to the red dot showing 2024Q1 and more of a movement toward less excess demand for labour.

Chart 10

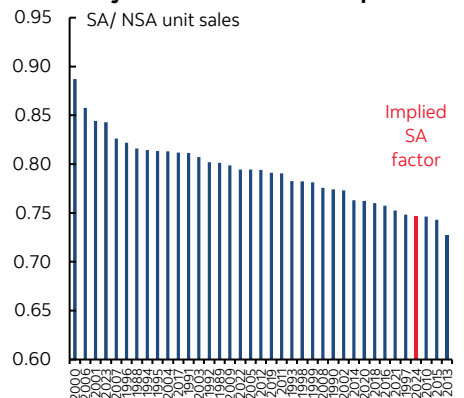
**All the Lost Jobs in Canada Were Youths**



Sources: Scotiabank Economics, Statistics Canada.

Chart 11

**Toronto Home Sales Seasonal Adjustment Factors for April**



Sources: Scotiabank Economics, CREA.

The same is true in chart 13 that makes the same point in a slightly different way. And chart 14 shows that the official unemployment rate is now close to the OECD's guesstimate for Canada's natural equilibrium rate of unemployment that speaks to the rate at which the labour market would be judged to be in equilibrium given structural factors.

Chart 12

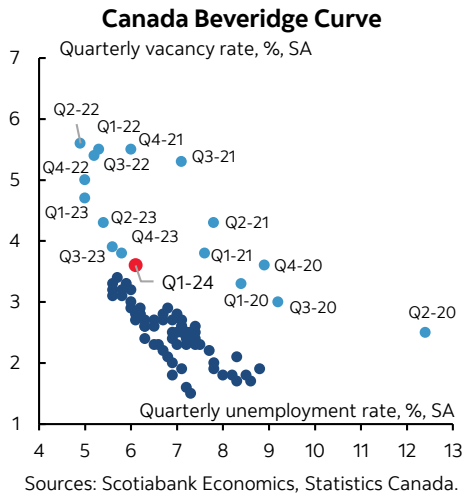


Chart 13

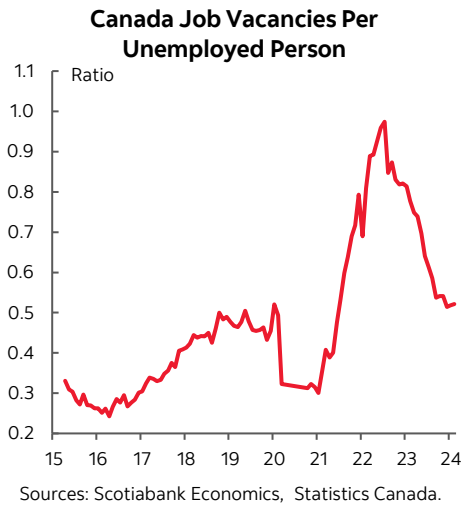
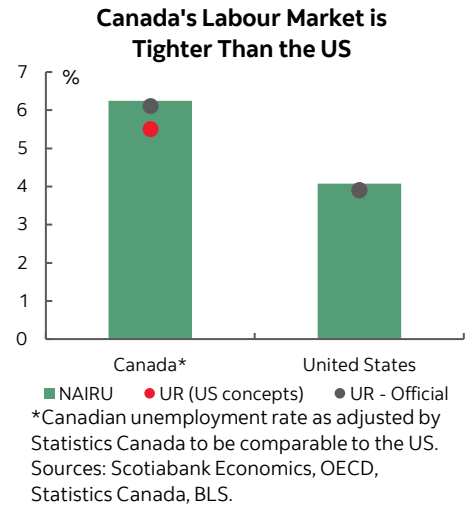


Chart 14



That could mean that wage growth may soon peak, but it isn't yet as the pace of m/m seasonally adjusted wage gains at an annualized rate is still tracking at about double the Bank of Canada's 2% inflation target (chart 15). Furthermore, Canada is still in the midst of a wave of renegotiations of expiring labour contracts in a labour market in which one-in-three workers are unionized (10% in the US). The trend in wage settlements remains pointed sharply higher and since it sets wages for coming years this has yet to begin showing up in backward-looking wage data (chart 16). The unfortunate thing about wage settlements data is how long it takes the government to report the figures as they only go up to December.

Chart 15

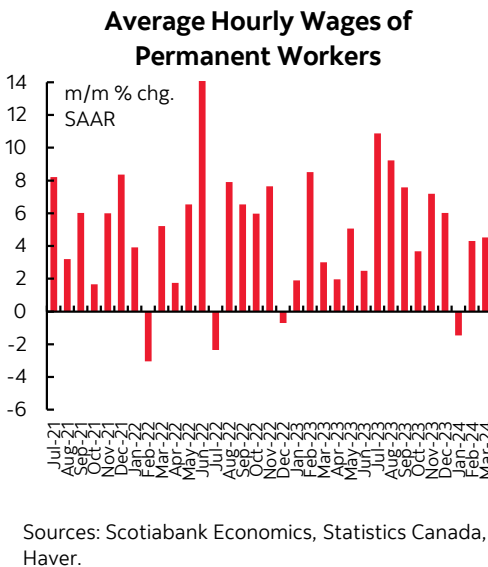
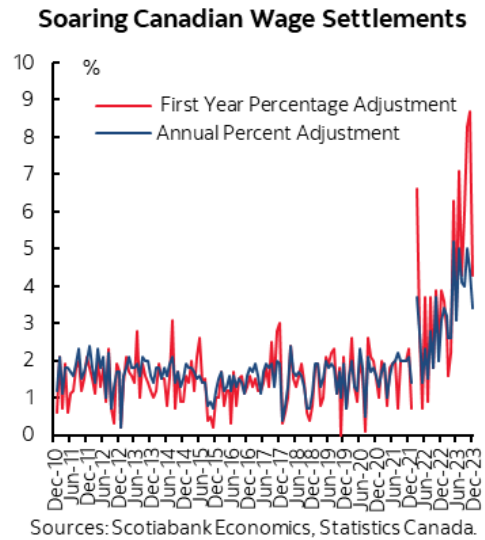


Chart 16



It might not peak either. The narrative that more unemployed new arrivals will drive wage growth lower is somewhat naïve. For one, it ignores the role of collective bargaining that is a much bigger issue in Canada. For another, it assumes that the new arrivals are direct competition for the rest of the workforce rather than reflecting a different blend of skilled and unskilled workers. Another point is that there may be lags as new arrivals find work while it's unclear at what wages.

**ARE US CREDIT CONDITIONS STILL TIGHTENING?**

The Federal Reserve's quarterly Senior Loan Officer Opinion Survey on Bank Lending Practices will be updated on Monday. It helps to inform credit conditions through the lens of lenders (as opposed to financial markets). It's unlikely that there will be sizeable market effects, but the survey informs Fed thinking on credit conditions and therefore serves as input into discussing the path for monetary policy.

The prior edition for January covering responses over the December 18<sup>th</sup> to January 9<sup>th</sup> period ([here](#) and [here](#)) was released way back on February 5<sup>th</sup>. This updated survey will cover responses from late March to early April. Much of the recent bond market sell off and pushed-out easing bets accelerated after that period. Since late March, markets have reduced pricing for cumulative Fed rate cuts this year by half a percentage point and the 10-year Treasury yield has gone up by almost as much.

The last survey continued to show tightening standards at an ebbing pace for commercial and industrial loans (chart 17), commercial real estate loans and consumer loans, but easing conditions for residential mortgages. Since then, the 30-year fixed mortgage rate has increased and this may translate into tightened mortgage lending conditions not fully captured in Monday's release. Mortgage lending rates have risen further since.

The surveys matter because of evidence that tighter lending conditions can negatively impact broad GDP growth (examples, [here](#), [here](#)).

Tighter credit conditions and their lagging effects on growth are part of the reason why markets should not give up on the narrative of slowing US GDP growth. Other parts include ebbing fiscal policy contributions to growth, the strong dollar's lagging effects on US net trade in a softly growing global economy, recent tightening of financial conditions including the fact that rate cut pricing for this year has been dramatically reduced,

**GLOBAL MACRO—A BIG WEEK FOR THE UK**

The global calendar of macro indicator releases will be on the lighter side this week, but there will still be a few gems.

**UK GDP Follows the BoE**

This will be a big week for the UK not only in terms of the Bank of England's decision but also macro releases. Q1 GDP on Friday is expected to post a gentle rebound from the prior quarter's soft patch (chart 18). Higher frequency gauges for March will inform mathematical hand-off effects into Q2 with updates on industrial production that could step back from the prior month's gain, and an expected flat reading for the services sector plus trade readings.

**Global Inflation**

A round of inflation reports will be offered by several predominantly Asian and LatAm countries. China's CPI update doesn't arrive until next Friday evening. Chile and Colombia (Wednesday), Mexico (Thursday) and Brazil (Friday) will release after Thailand, Philippines and Taiwan early in the week. Norway's figures on Friday follow Norges Bank's recent guidance against nearer term easing.

China also updates exports and imports for April by Thursday and we might get the latest batch of monthly financing figures for April either this week or the following week.

**Canada—Beyond Jobs**

Canada will be mostly focused upon the aforementioned jobs report with little else on the docket.

Watch for implementing legislation for the Federal government's plan to increase taxes on capital gains and movement toward a parliamentary vote on the budget. [This](#) editorial from a guy who knows a thing or two about taxes should be read by anyone and everyone who thinks the relatively well off are tax freeloaders and that includes everyone in Cabinet and the Finance Department.

Canada-India relations are also likely to flare in the wake of developments late on Friday ([here](#), [here](#)) which is unfortunate. We were met with warmth, kindness and professionalism on a recent trip to our valued clients in Mumbai. As important issues are addressed between sovereign governments, it is vital to maintain professionalism and warmth between the citizens and businesses of the two countries. On the path to India's election in June may be heightened tensions with the international community should Canada's allegations be proven.

The Ivey PMI for April (Tuesday) and the Bank of Canada's financial system review (Thursday) won't offer a whole lot of excitement.

**US—A Nearly Empty Calendar**

US macro risk goes dead quiet this week with only weekly initial jobless claims (Thursday) and the University of Michigan's consumer sentiment update for May (Friday) on tap.

Chart 17

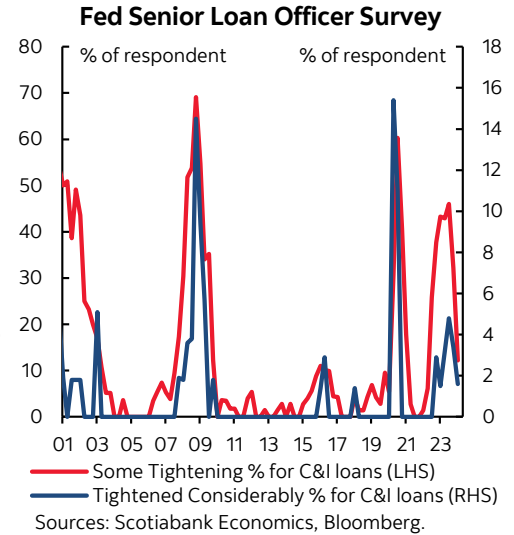
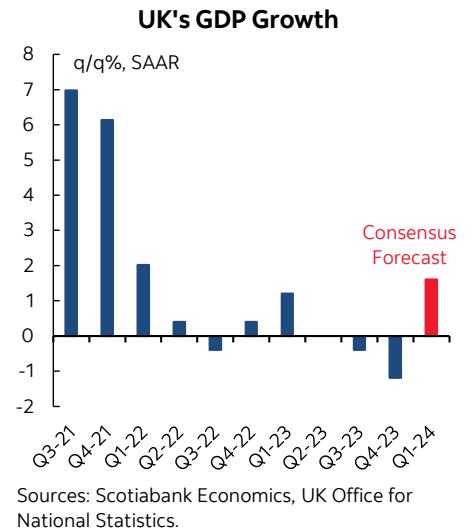


Chart 18



## Key Indicators for the week of May 6 – 10

## NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	05-07	15:00	Consumer Credit (US\$ bn m/m)	Mar	--	15.0	14.1
US	05-08	07:00	MBA Mortgage Applications (w/w)	Mar 03	--	--	-2.3
US	05-08	10:00	Wholesale Inventories (m/m)	Mar F	--	-0.4	-0.4
MX	05-09	08:00	Bi-Weekly Core CPI (% change)	Apr 30	--	0.1	0.2
MX	05-09	08:00	Bi-Weekly CPI (% change)	Apr 30	--	0.2	0.1
MX	05-09	08:00	Consumer Prices (m/m)	Apr	--	0.2	0.3
MX	05-09	08:00	Consumer Prices (y/y)	Apr	--	4.6	4.4
MX	05-09	08:00	Consumer Prices Core (m/m)	Apr	--	0.2	0.4
US	05-09	08:30	Initial Jobless Claims (000s)	Mar 04	210	212.0	208.0
US	05-09	08:30	Continuing Claims (000s)	Apr 27	1790	1785.0	1774.0
<b>MX</b>	<b>05-09</b>	<b>15:00</b>	<b>Overnight Rate (%)</b>	<b>May 9</b>	<b>11.00</b>	<b>11.00</b>	<b>11.00</b>
MX	05-10	08:00	Industrial Production (m/m)	Mar	--	0.9	-0.4
MX	05-10	08:00	Industrial Production (y/y)	Mar	--	-3.0	3.3
CA	05-10	08:30	Employment (000s m/m)	Apr	25.0	20.0	-2.2
CA	05-10	08:30	Unemployment Rate (%)	Apr	6.2	6.2	6.1
US	05-10	10:00	U. of Michigan Consumer Sentiment	May P	76.0	76.2	77.2
US	05-10	14:00	Treasury Budget (US\$ bn)	Apr	--	--	-236.5

## EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
SP	05-05	03:00	Industrial Output NSA (y/y)	Mar	--	4.1
IT	05-06	03:45	Services PMI	Apr	54.6	54.6
FR	05-06	03:50	Services PMI	Apr F	50.5	50.5
GE	05-06	03:55	Services PMI	Apr F	53.3	53.3
EC	05-06	04:00	Composite PMI	Apr F	51.4	51.4
EC	05-06	04:00	Services PMI	Apr F	52.9	52.9
EC	05-06	05:00	PPI (m/m)	Mar	-0.4	-1.0
GE	05-07	02:00	Factory Orders (m/m)	Mar	0.5	0.2
FR	05-07	02:45	Current Account (€ bn)	Mar	--	879.0
FR	05-07	02:45	Trade Balance (€ mn)	Mar	--	-5243.8
UK	05-07	04:30	PMI Construction	Apr	50.5	50.2
EC	05-07	05:00	Retail Trade (m/m)	Mar	0.7	-0.5
GE	05-08	02:00	Industrial Production (m/m)	Mar	-0.9	2.1
<b>SW</b>	<b>05-08</b>	<b>03:30</b>	<b>Riksbank Interest Rate (%)</b>	<b>May 8</b>	<b>3.75</b>	<b>4.00</b>
<b>UK</b>	<b>05-09</b>	<b>07:00</b>	<b>BoE Policy Announcement (%)</b>	<b>May 9</b>	<b>5.25</b>	<b>5.25</b>
UK	05-10	02:00	Business Investment (q/q)	1Q P	--	1.4
UK	05-10	02:00	GDP (q/q)	1Q P	0.4	-0.3
UK	05-10	02:00	Index of Services (m/m)	Mar	0.0	0.1
UK	05-10	02:00	Industrial Production (m/m)	Mar	-0.5	1.1
UK	05-10	02:00	Manufacturing Production (m/m)	Mar	-0.5	1.2
UK	05-10	02:00	Visible Trade Balance (£ mn)	Mar	-14450.0	-14212.0
IT	05-10	04:00	Industrial Production (m/m)	Mar	0.3	0.1

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

## Key Indicators for the week of May 6 – 10

## ASIA PACIFIC

Country	Date	Time	Indicator	Period	Consensus	Latest
HK	05-05	20:30	Purchasing Managers Index	Apr	--	50.9
AU	05-05	21:30	ANZ Job Advertisements (m/m)	Apr	--	-1.0
CH	05-05	21:45	Caixin Services PMI	Apr	52.5	52.7
ID	05-06	00:00	Real GDP (q/q)	1Q	-0.9	0.5
ID	05-06	00:00	Real GDP (y/y)	1Q	5.1	5.0
PH	05-06	21:00	CPI (y/y)	Apr	4.0	3.7
PH	05-06	21:00	CPI (m/m)	Apr	0.2	0.1
CH	05-06	21:00	Foreign Reserves (US\$ bn)	Apr	--	3245.7
TH	05-06	23:30	CPI (y/y)	Apr	--	0.2
TH	05-06	23:30	CPI (m/m)	Apr	--	0.9
TH	05-06	23:30	Core CPI (y/y)	Apr	--	0.4
<b>AU</b>	<b>05-07</b>	<b>00:30</b>	<b>RBA Cash Target Rate (%)</b>	<b>May 7</b>	<b>4.35</b>	<b>4.35</b>
AU	05-07	02:30	Foreign Reserves (AUD bn)	Apr	--	89.7
TA	05-07	04:00	CPI (y/y)	Apr	2.1	2.1
SI	05-07	05:00	Foreign Reserves (US\$ mn)	Apr	--	368494.3
PH	05-07	21:00	Exports (y/y)	Mar	-1.8	15.7
PH	05-07	21:00	Imports (y/y)	Mar	-4.8	6.3
PH	05-07	21:00	Trade Balance (US\$ mn)	Mar	-4100.0	-3648.0
PH	05-07	21:00	Unemployment Rate (%)	Mar	--	3.5
MA	05-08	03:00	Foreign Reserves (US\$ bn)	Apr 30	--	113.4
TA	05-08	04:00	Exports (y/y)	Apr	9.7	18.9
TA	05-08	04:00	Imports (y/y)	Apr	7.7	7.1
TA	05-08	04:00	Trade Balance (US\$ bn)	Apr	8.0	8.7
SK	05-08	19:00	Current Account (US\$ mn)	Mar	--	6858.3
CH	05-08	21:00	Exports (y/y)	Apr	1.5	-7.5
CH	05-08	21:00	Imports (y/y)	Apr	4.0	-1.9
CH	05-08	21:00	Trade Balance (USD bn)	Apr	81.4	58.6
PH	05-08	21:00	Bank Lending (y/y)	Mar	--	9.6
PH	05-08	22:00	Real GDP (q/q)	1Q	1.0	2.1
PH	05-08	22:00	Real GDP (y/y)	1Q	5.9	5.5
TH	05-08	23:30	Consumer Confidence Economic	Apr	--	56.9
JN	05-09	01:00	Coincident Index CI	Mar P	114.0	111.6
JN	05-09	01:00	Leading Index CI	Mar P	111.1	111.8
JN	05-09	01:00	New Composite Leading Economic Index	Mar P	111.1	111.8
<b>MA</b>	<b>05-09</b>	<b>03:00</b>	<b>Overnight Rate (%)</b>	<b>May 9</b>	<b>3.00</b>	<b>3.00</b>
NZ	05-09	18:30	Business NZ PMI	Apr	--	47.1
JN	05-09	19:30	Household Spending (y/y)	Mar	-2.3	-0.5
JN	05-09	19:50	Bank Lending (y/y)	Apr	--	3.2
JN	05-09	19:50	Current Account (¥ bn)	Mar	3440.7	2644.2
JN	05-09	19:50	Trade Balance - BOP Basis (¥ bn)	Mar	523.0	-280.9
MA	05-10	00:00	Industrial Production (y/y)	Mar	1.8	3.1
IN	05-10	08:00	Industrial Production (y/y)	Mar	5.30	5.70
CH	05-10	21:30	CPI (y/y)	Apr	0.1	0.1
CH	05-10	21:30	PPI (y/y)	Apr	-2.3	-2.8

## LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
BZ	05-07	14:00	Trade Balance (FOB) - Monthly (US\$ mn)	Apr	--	9300.0	7482.7
BZ	05-08	08:00	Retail Sales (m/m)	Mar	--	-0.3	1.0
BZ	05-08	08:00	Retail Sales (y/y)	Mar	--	4.9	8.2
<b>BZ</b>	<b>05-08</b>	<b>17:30</b>	<b>SELIC Target Rate (%)</b>	<b>May 8</b>	<b>10.25</b>	<b>10.50</b>	<b>10.75</b>
CO	05-08	19:00	Consumer Price Index (m/m)	Apr	0.59	0.6	0.7
CO	05-08	19:00	Consumer Price Index (y/y)	Apr	7.16	7.2	7.4
<b>PE</b>	<b>05-09</b>	<b>19:00</b>	<b>Reference Rate (%)</b>	<b>May 9</b>	<b>5.75</b>	<b>5.75</b>	<b>6.00</b>
BZ	05-10	08:00	IBGE Inflation IPCA (m/m)	Apr	--	0.4	0.2
BZ	05-10	08:00	IBGE Inflation IPCA (y/y)	Apr	--	3.7	3.9

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.



## Global Auctions for the week of May 6 – 10

## NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	05-07	13:00	U.S. To Sell USD58 Bln 3-Year Notes
CA	05-08	12:00	Canada to Sell C\$5 Billion of 3.5% 2029 Bonds
US	05-08	13:00	U.S. To Sell USD42 Bln 10-Year Notes
US	05-09	13:00	U.S. To Sell USD25 Bln 30-Year Bonds

## EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AS	05-07	05:00	Austria to Sell 0.7% 2071 Bonds
AS	05-07	05:00	Austria to Sell 2.9% 2034 Bonds
DE	05-08	04:15	Denmark to Sell Bonds
SZ	05-08	05:00	Switzerland to Sell Bonds
UK	05-08	05:00	U.K. to Sell GBP2.5 Billion of 1.5% 2053 Bonds
SP	05-09	04:30	Spain to Sell Bonds
IR	05-09	05:00	Ireland to Sell Bonds
IT	05-10	05:00	Italy to Sell Bonds

## ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	05-07	21:00	Australia to Sell A\$800 Million 3.25% 2029 Bonds
CH	05-07	22:35	China to Sell 121 Billion Yuan 2026 Bonds
JN	05-07	23:35	Japan to Sell 10-Year Bonds
JN	05-09	23:35	Japan to Sell 30-Year Bonds

## LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
No Scheduled Auctions			

## Events for the week of May 6 – 10

## NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	05-04	09:20	Fed's Cook Gives Commencement Speech
US	05-04	14:20	Fed's Cook Gives Commencement Speech
US	05-06	12:50	Fed's Barkin Speaks on Economic Outlook
US	05-06	13:00	Fed's Williams Participates in Fireside Chat
US	05-06	14:00	Senior Loan Officer Opinion Survey on Bank Lending Practices
US	05-07	11:30	Fed's Kashkari Participates in Fireside Chat
US	05-08	11:00	Fed's Jefferson Speaks About Careers in Economics
US	05-08	11:45	Fed's Collins Speaks to MIT Students
US	05-08	13:30	Fed's Cook Speaks on Financial Stability
CA	05-09	10:00	Bank of Canada releases Financial System Review
<b>MX</b>	<b>05-09</b>	<b>15:00</b>	<b>Overnight Rate</b>
US	05-10	09:00	Fed's Bowman Speaks on Financial Stability Risks
US	05-10	12:45	Fed's Goolsbee Speaks in Moderated Q&A
US	05-10	13:30	Fed's Barr Gives Commencement Speech

## EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	05-05	18:00	ECB's Simkus, Vujcic, Muller, Vasle speak at forum in Vilnius
EC	05-06	07:15	ECB's Villeroy Speaks at BIS Innovation Summit
EC	05-06	07:30	ECB's Nagel, Panetta, RBI's Das Speak at BIS Innovation Summit
SZ	05-06	08:25	SNB's Jordan Speaks at BIS in Basel on Digital Currency Pilot
EC	05-07	09:00	ECB's De Cos, MAS's Chia, HKMA's Yue Speak at BIS Summit
<b>SW</b>	<b>05-08</b>	<b>03:30</b>	<b>Riksbank Policy Rate</b>
NO	05-08	04:00	Norges Bank 1H Financial Stability Report
<b>IC</b>	<b>05-08</b>	<b>04:30</b>	<b>7-Day Term Deposit Rate</b>
EC	05-08	08:00	ECB's Wunsch Speaks in Frankfurt
<b>UK</b>	<b>05-09</b>	<b>07:00</b>	<b>Bank of England Bank Rate</b>
UK	05-09	07:30	BOE Governor Press Conference
EC	05-09	08:15	ECB's Cipollone Speaks
EC	05-09	08:15	ECB's Guindos Speaks
UK	05-09	09:00	BOE decision maker panel survey
UK	05-09	12:15	BOE Chief Economist Huw Pill Q&A
EC	05-10	03:00	ECB's Cipollone Speaks
UK	05-10	07:15	BOE's Huw Pill speaks
EC	05-10	07:30	ECB Publishes Account of April Policy Meeting

## ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	05-06	07:30	ECB's Nagel, Panetta, RBI's Das Speak at BIS Innovation Summit
<b>AU</b>	<b>05-07</b>	<b>00:30</b>	<b>RBA Cash Rate Target</b>
AU	05-07	00:30	RBA-Statement on Monetary Policy
EC	05-07	09:00	ECB's De Cos, MAS's Chia, HKMA's Yue Speak at BIS Summit
JN	05-08	19:50	BOJ Summary of Opinions (April MPM)
<b>MA</b>	<b>05-09</b>	<b>03:00</b>	<b>BNM Overnight Policy Rate</b>

## LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CO	05-06	18:00	Colombia Monetary Policy Minutes
<b>BZ</b>	<b>05-08</b>	<b>17:30</b>	<b>Selic Rate</b>
<b>MX</b>	<b>05-09</b>	<b>15:00</b>	<b>Overnight Rate</b>
<b>PE</b>	<b>05-09</b>	<b>19:00</b>	<b>Reference Rate</b>

Global Central Bank Watch

NORTH AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Canada – Overnight Target Rate	5.00	June 5, 2024	5.00	4.75
Federal Reserve – Federal Funds Target Rate	5.50	June 12, 2024	5.50	5.50
Banco de México – Overnight Rate	11.00	May 9, 2024	11.00	11.00

**Banco de México (Banxico):** Members of Banxico have recently adopted a more hawkish tone. Consequently, Banxico is expected to maintain its overnight rate at 11% on Thursday. In the previous meeting, they made a fine adjustment by cutting the rate by 25 basis points. However, before considering further rate cuts, Banxico may want to analyze additional data on nominal wages and the April inflation print next week. Since the last meeting, the Mexican peso has weakened against the strong dollar, while the Q1 GDP print indicated continued strength in the services sector. The labour market remains tight, and the March CPI print was above average for the month in month-on-month terms. Additionally, with elections approaching in June, the government has been spending aggressively.

EUROPE

	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	4.50	June 6, 2024	4.50	4.50
European Central Bank – Marginal Lending Facility Rate	4.75	June 6, 2024	4.75	4.75
European Central Bank – Deposit Facility Rate	4.00	June 6, 2024	4.00	4.00
Bank of England – Bank Rate	5.25	May 9, 2024	5.25	5.25
Swiss National Bank – Sight Deposit Rate	1.50	June 20, 2024	1.50	1.50
Central Bank of Russia – One-Week Auction Rate	16.00	June 7, 2024	16.00	16.00
Sweden Riksbank – Repo Rate	4.00	May 8, 2024	3.75	3.75
Norges Bank – Deposit Rate	4.50	June 20, 2024	4.50	4.50
Central Bank of Turkey – Benchmark Repo Rate	50.00	May 23, 2024	50.00	50.00

**Bank of England (BoE):** The Bank of England is unanimously expected to maintain its bank rate at 5.25% on Thursday. During this meeting, they may signal the timing of the start of a cutting cycle and whether the possibility of a June reduction is in play. Recent core inflation prints have been slightly higher than average for the month, while the three-month average wage growth has been hovering around 6% annually. However, the UK economy has stalled at pre-pandemic levels, and cracks are emerging in the labour market. Negative job growth over the past two months and an unemployment rate at pre-pandemic levels contribute to these concerns. Despite markets already pricing in approximately a 50-bps cut for this year, policymakers within the BoE appear to be quite divided. As a result, investors and economists are left guessing about the forward guidance the bank will provide on Thursday. **Sweden Riksbank:** The Riksbank is expected to cut its repo rate by 25 bps on Wednesday. In their last meeting, the Riksbank indicated that the policy rate could be reduced in either May or June if inflation remains under control. Since that meeting, March's inflation print was lower than expected, and the economy contracted by 0.1% quarter-on-quarter (seasonally adjusted). This situation creates a soft patch for the bank, allowing it to deliver its first rate cut since 2016. However, there is a risk that guiding for more than two rate cuts this year could weaken the krona, especially considering that the markets have already priced in such expectations.

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	0.10	June 14, 2024	0.10	0.10
Reserve Bank of Australia – Cash Rate Target	4.35	May 7, 2024	4.35	4.35
Reserve Bank of New Zealand – Cash Rate	5.50	May 21, 2024	5.50	5.50
People's Bank of China – 1-Year Medium-Term Lending Facility Rate	2.50	May 14, 2024	2.50	2.50
Reserve Bank of India – Repo Rate	6.50	June 7, 2024	6.50	6.50
Bank of Korea – Base Rate	3.50	May 23, 2024	3.50	3.50
Bank of Thailand – Repo Rate	2.50	June 12, 2024	2.50	2.50
Bank Negara Malaysia – Overnight Policy Rate	3.00	May 9, 2024	3.00	3.00
Bank Indonesia – BI-Rate	6.25	May 22, 2024	6.00	6.00
Central Bank of Philippines – Overnight Borrowing Rate	6.50	May 16, 2024	6.50	6.50

**Reserve Bank of Australia (RBA):** The Reserve Bank of Australia is expected to maintain its cash rate at 4.35% on Tuesday following an uptick in Q1 inflation prints. In the previous meeting, the bank leaned slightly dovish by removing the reference to “further interest rate increases cannot be ruled out” from their statement. Instead, they replaced it with “the Board is not ruling anything in or out.” However, the bank may now want to reverse that stance and adopt a more hawkish tone, possibly discussing rate hikes. Market expectations have shifted from pricing in two rate cuts this year to anticipating no cuts and even a chance of a rate hike. **Bank Negara Malaysia:** Bank Negara Malaysia is expected to maintain its overnight policy rate at 3% on Thursday, which is consistent with its pre-pandemic level. This rate appears to be supporting economic growth and keeping inflation in check. Interestingly, despite the Federal Reserve's pivot to a more hawkish tone, the Malaysian ringgit has outperformed its peers during the recent surge in the dollar.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	10.75	May 8, 2024	10.25	10.50
Banco Central de Chile – Overnight Rate	6.50	May 23, 2024	6.00	N/A
Banco de la República de Colombia – Lending Rate	11.75	June 28, 2024	11.25	11.25
Banco Central de Reserva del Perú – Reference Rate	6.00	May 9, 2024	5.75	5.75

**Banco Central do Brasil (BCB):** The Banco Central do Brasil is expected to further reduce its Selic rate by another 50 basis points (bps) to 10.25% on Wednesday. Afterward, the pace of rate cuts will slow down to 25 bps, according to the bank's latest forecast. However, there is a split consensus for the next week's meeting, with some expecting a 50 bps cut and others anticipating a 25 bps cut. This divergence in opinion comes amidst currency weakness and a change of tone from the bank's officials. **Banco Central de Reserva del Perú:** Following a surprise 25 bps cut in the last meeting, the Banco Central de Reserva del Perú is expected to reduce its reference rate by another 25 bps to 5.75% on Thursday. This decision aligns with the latest inflation print, which has slowed down and now falls within the inflation target range. Additionally, economic activity rebounded in the first two months of the year, growing at 1.4% year-on-year (y/y) and 2.9% y/y, respectively.

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	8.25	May 30, 2024	8.25	8.25

Sources: Bloomberg, Scotiabank Economics.

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