

Contributors

Derek Holt

VP & Head of Capital Markets Economics
Scotiabank Economics
416.863.7707
derek.holt@scotiabank.com

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

Next Week's Risk Dashboard

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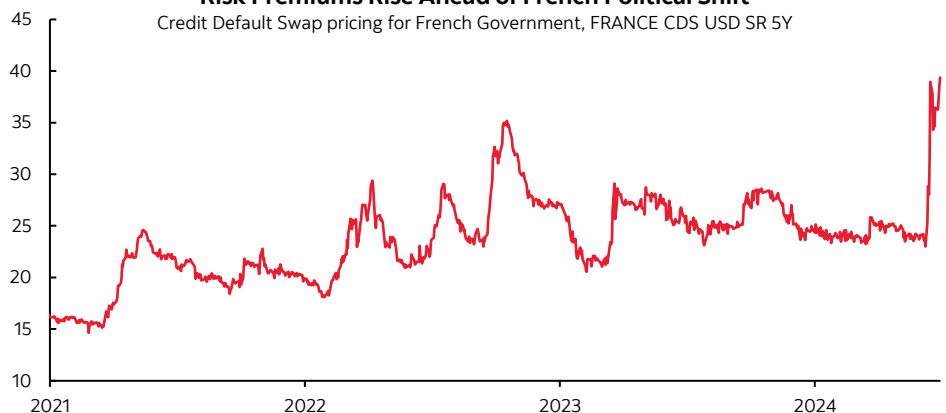
Happy Canada Day and Happy Independence Day !!!



Chart of the Week

Risk Premiums Rise Ahead of French Political Shift

Credit Default Swap pricing for French Government, FRANCE CDS USD SR 5Y



Sources: Scotiabank Economics, Bloomberg, CBIN.

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

Ranking the Presidents

The best gift that an economist can offer Canadians and Americans as they celebrate their birthdays is no central bank decisions this coming week. Canada Day on Monday and US Independence Day on Thursday including Wednesday’s early US market closes in bonds and equities could set a number of folks out on extended summer holidays but with several key macro developments to consider.

Political risk is clearly intensifying as will be showcased by European elections this week. Key macro developments will include Eurozone and German CPI, US nonfarm payrolls, Canadian jobs, FOMC minutes, and the ECB’s annual Sintra retreat that showcases a key debate at the ECB and with Powell also appearing.

Round 1 of France’s legislative assembly elections is on Sunday. Fresh polling is shown in chart 1. Round two will be one week later. Polls are showing that an outright majority by National Rally (formerly National Front) and its allies is within reach at the conclusion of the rounds. A fresh poll by Elabe indicates that National Rally et al could win between 260–295 seats; 289 are required to win a majority in the 577 seat National Assembly (chart 2). A strong showing and hint toward an outright majority could put markets on edge to start the week with EGBs selling off, French bond spreads over bunds widening, and potential spillover effects abroad. National Rally is trying to convince voters that it’s fundamentally different from the party Jean-Marie Le Pen founded and led from 1972 to 2011. His daughter, Marine, and 29-year-old

National Rally President Jordan Bardella are seeking to convince voters they are not as friendly toward Putin as they were, not quite as opposed to close ties with the rest of Europe as in the past, and that they are not the same fiscal expansionists. Markets are skeptical, which is why EGBs and particularly French bonds have been selling off. One constant appears to be divisive bigotry.

Thursday’s UK election is somewhat less of a mystery. PM Sunak’s Conservatives seemed destined to lose badly and not even the PM’s seat is safe. The BBC’s interactive poll tracker ([here](#)) shows Keir Starmer’s Labour Party firmly in the lead with about 40% support (chart 3). The conservatives are polling about half that while Reform UK has gained and is close behind the conservatives.

Political risk is also becoming more apparent in the US after a pathetic Presidential debate that was more about President Biden losing than Trump winning. Each candidate levied claims against the other that they have been the worst President. Historians have weighed in ([here](#)), but what about in terms of markets and economics? Enter charts 4–12 that track a variety of readings for decades of US Presidents starting at the beginning of their presidencies through to the freshest available readings.

- **GDP:** Score one for Biden in terms of overall economic growth (chart 4). Biden has been, well, about an average present for cumulative GDP growth to date in his term. Trump’s record on cumulative GDP growth was below Biden’s every step of the way at comparable points in their presidencies even before the pandemic hit.
- **Jobs:** Score another for Biden in terms of overall job growth (chart 5). Biden’s record on employment gains has been above average compared to other Presidents while Trump’s record was at best average even before the pandemic struck.
- **Unemployment rate:** Score a third one for Biden (chart 6).
- **Wage growth:** Biden wins here as well, but not by a whole lot over Trump (chart 7).
- **Fiscal deficit:** Score a fifth one for Biden (chart 8). Neither candidate is the poster boy for fiscal conservatism, and yet the fiscal deficit was widening under Trump even before the pandemic while it has decreased as a share of GDP through Biden’s term to date. Note that

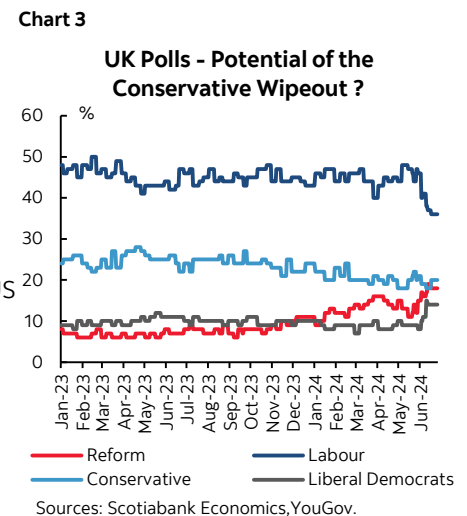
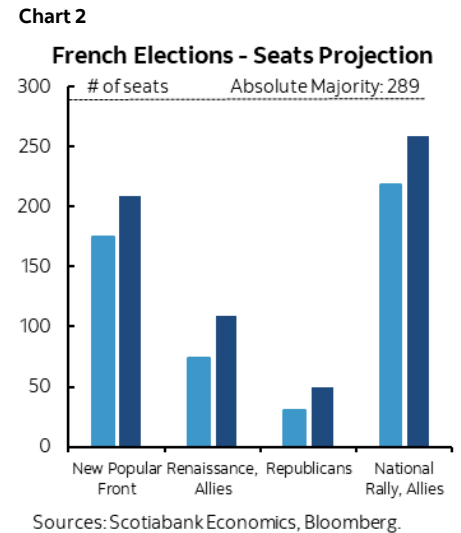
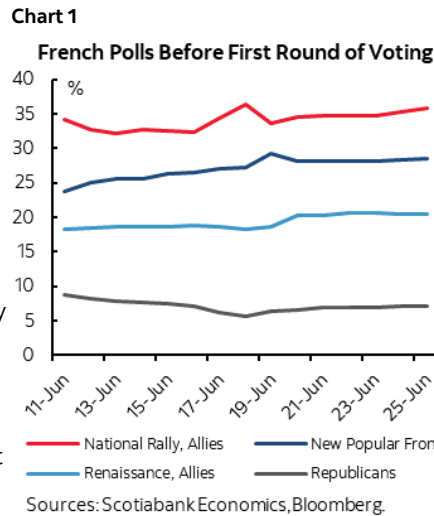
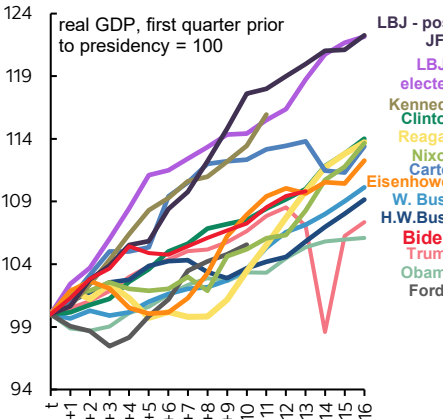


Chart 4

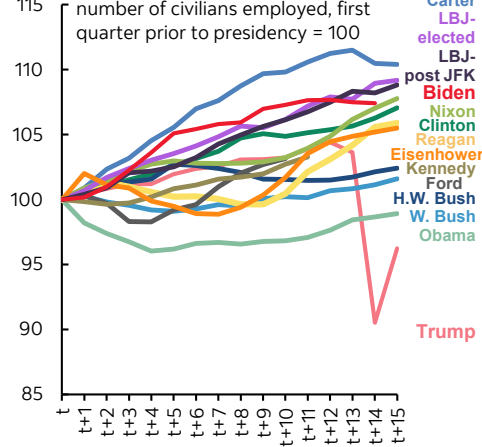
Real GDP Growth Among Presidents



Sources: Scotiabank Economics, US BEA.

Chart 5

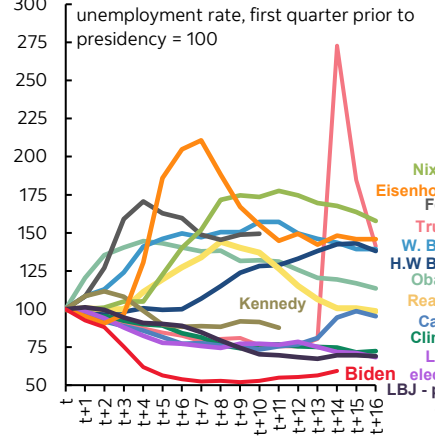
Comparing US Job Markets



Sources: Scotiabank Economics, BLS.

Chart 6

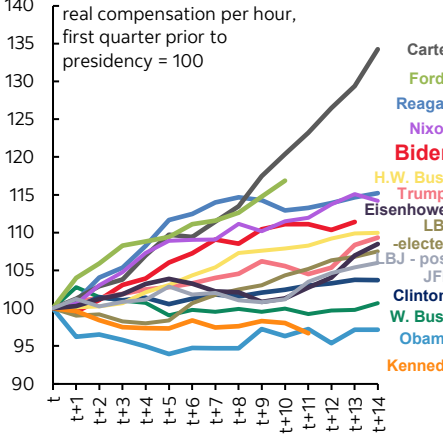
Comparing Unemployment



Sources: Scotiabank Economics, BLS.

Chart 7

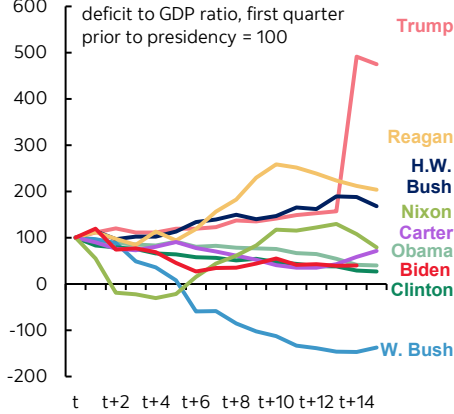
Comparing Wage Gains



Sources: Scotiabank Economics, BLS.

Chart 8

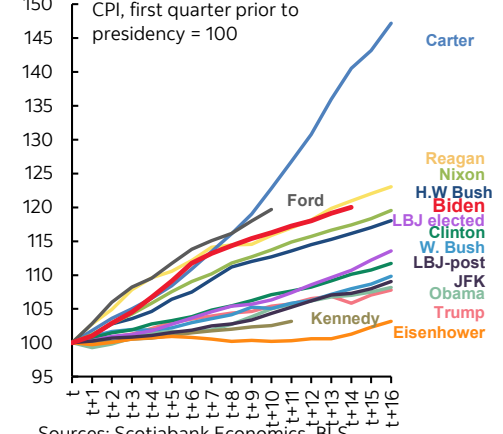
Comparing Fiscal Deficits



Sources: Scotiabank Economics, Bloomberg.

Chart 9

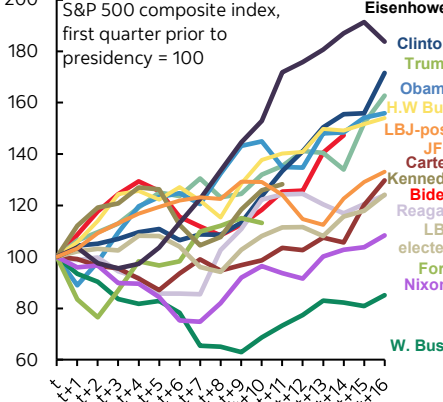
Comparing Inflation



Sources: Scotiabank Economics, BLS.

Chart 10

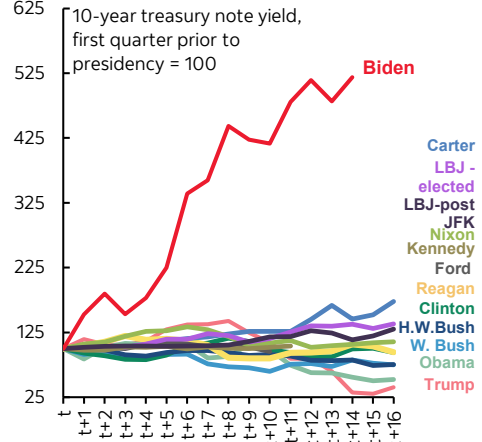
Comparing Stock Market Performances



Note: For Biden, up to 2023Q4
Sources: Scotiabank Economics, S&P, Bloomberg.

Chart 11

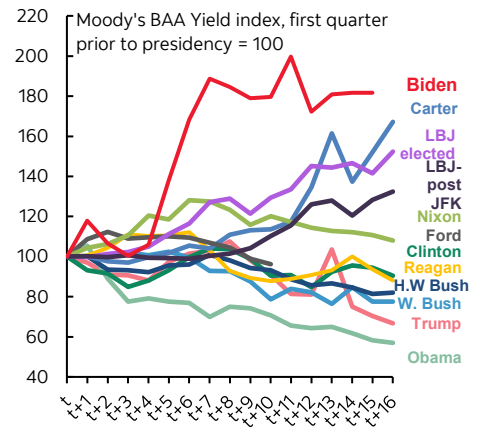
Comparing Bond Markets



Sources: Scotiabank Economics, Federal Reserve.

Chart 12

Comparing Corporate Bond Yield Performances



Sources: Scotiabank Economics, S&P, Bloomberg.

the fiscal deficit to GDP ratio was about 2½% just before Trump won the 2016 election and had roughly doubled after the Tax Cuts and Jobs Act was passed but before the pandemic hit.

- **Inflation:** Now the worm begins to turn! Biden is fourth worst among US Presidents when it comes to inflation and Trump as among the better ones (chart 9). In fairness to Biden, that's because all of the complicated global drivers of inflation kicked in after he won in 2020 while the Federal Reserve mismanaged inflation risk thereafter, but we can't let Biden's role off the hook given the magnitude and longevity of his spending.
- **Stocks:** Score one for Trump here, but not by a wide margin over Biden (chart 10).
- **Bonds:** The bond market performed miserably under Biden compared to every other president in chart 11. It performed better under Trump but partly because of the impact of the pandemic.
- **Corporate bonds:** Didn't like what you saw in the prior chart? Well then, maybe don't look at this one (chart 12). Biden was no friend to corporate bonds but with the same caveats by way of the unique global circumstances of his presidency.

Does all of this mean that a Biden win this November would be better over the whole term in office for the US economy, jobs, wages and deficits while a Trump win would be better for stocks and bonds? Not necessarily. These are casual observations that at best put a bit of data discipline to the wild claims made against each other in the debate, but they do not seek to control for things like the pandemic and sundry other influences that are either only partially under the control of Presidents—or not at all.

Furthermore, that's the past. As argued [here](#) in a previous week ahead article, I believe that Trump's fiscal plans would be worse for the bond market as Trump's plans entail giving up more tax revenues than Biden that will clearly widen the deficit. The US economy today is in excess aggregate demand and does not need further fiscal pump priming while applying more stimulus could add to inflation risk. That could stymie or thwart prospects for easing by the Federal Reserve. Bond markets are totally different today than in 2016 when the US 10-year yield was around 1.85% versus 4.3% today. That's because bonds are much more attuned to inflation risk and Treasury supply than they were back in 2016. The combination of another surge in debt issuance fed by taking the US fiscal deficit from roughly 6% of GDP toward 7–8% or maybe higher along with renewed upside risk to inflation could drive a major bond market sell off. The highest 30-year fixed mortgage rate since the early- to mid-1990s is a risk as is the first return to double digits since 1990. A popular investment thesis that assumes Trump would benefit markets is a tad rusty and needs to be updated for present realities.

By extension, discount rates for equities would likely rise whereas the incremental impact of potential corporate tax rate reductions are vastly smaller this time (21% to 20% under Trump's proposal) than the much larger reduction passed with the TCJA.

US JOB MARKET—WHO'S TELLING THE TRUTH?

It may be the last nonfarm payrolls report before the Fed's July 31st decision, but it's one of three before the September 18th decision and our tentative call for the first cut to be delivered. That makes this Friday's set of numbers for June a mere placeholder along the path toward a lot more summertime data even though any surprises are sure to elicit a market response.

I've tentatively gone with a gain of 210k for nonfarm payrolls. The unemployment rate may tick a touch lower as it is derived from the household survey if it shows a greater rebalancing of the bigger drop in employment than the labour force the prior month.

The path to nonfarm could be informed by other job market readings beforehand. We know that the consumer confidence measure of jobs availability increased in June and that there was only a marginal risk in weekly jobless claims between the May and June nonfarm reference periods.

On tap will be Wednesday's Challenger job cuts in June and ADP payrolls for June. JOLTS job openings in May (Tuesday) and employment indices from ISM-manufacturing (Monday) and ISM-services (Wednesday) could also inform developments in the US job market.

Still, with a 90% confidence interval of +/-130k, the change in nonfarm payrolls has a lot of statistical noise to it that usually envelopes most estimates within consensus.

The exceptionally volatile household survey may swing back toward a large rebound if the oscillating pattern is any guide. It had registered a decline of 408k jobs in May and a 250k drop in the size of the labour force seeking employment. That loss versus nonfarm's gain may reflect several factors, but how the composition swings may be informative. There is much more statistical noise to the household survey than nonfarm payrolls. The household survey includes off-payroll employers.

Also watch wage growth that has been volatile but posted gains of 0.4–0.5% m/m SA in three of the five months so far this year including May’s warm reading (chart 13).

ECB’S SINTRA—THE LAST MILE KILOMETRE

The European Central Bank’s version of the Fed’s Jackson Hole Symposium occurs in Sintra, Portugal on July 1st to 3rd. The Forum on Central Banking attracts global central bankers and is often an opportunity for the ECB to deliver a fresh stance. The full agenda is [here](#).

ECB President Lagarde delivers the introductory speech on Monday at 3pmET and appears on a panel the next day at 9:30amET along with Federal Reserve Chair Powell and Banco Central do Brasil Governor Roberto Campos Neto.

It’s likely that Lagarde will continue to sound data dependent and avoid prejudging decisions on the path forward. Some at the conference will suggest that she’s too cautious and that the ECB faces an “easy last kilometre” on the path to achieving 2% inflation and that the central bank should continue to ease with confidence. [This](#) paper takes such a stance and will be presented at the conference. Watch for the risk of debate around its theme as it goes against what several ECB officials guide in terms of the difficulty of getting that last bit of inflation risk out of the system.

Whatever the outcome, Sintra often provokes greater euro volatility in its aftermath (chart 14).

CANADA’S JOB MARKET—THE BOC’S EXAGGERATED NARRATIVE

Canada updates the state of the job market for the month of June on Friday when the Labour Force Survey lands. It’s the last labour market reading before the BoC’s next policy decision on July 24th.

I’ve gone with a gain of 25k and an up-tick in the unemployment rate from 6.2% to 6.4%. I wouldn’t be surprised if volatility drives a cooler wage growth figure than the powerful 8.4% m/m jump in wages of permanent employees that occurred in May at a seasonally adjusted and annualized rate.

One driver of an expected job gain is likely to be continued growth in the labour force that is filling job vacancies. Vacancies have come down but remain elevated above pre-pandemic levels. Canada’s population continues to explode and new arrivals are helping to fill these spots along with the born in Canada population.

Still, jobs numbers in Canada are more about the clean-up in the aftermath rather than having great conviction behind one’s estimates. There is a lot of statistical noise in the household survey, as indicated by the fact that the 95% confidence interval around monthly changes in employment is about +/-57,000!

The job market has been on fire so far this year. Almost 200k jobs have been created in the first five months of the year. That puts Canada on track toward achieving something similar to the 488k jobs that were created in 2023. Somehow these facts get ignored amid the excessive pessimism toward the state of the Canadian economy.

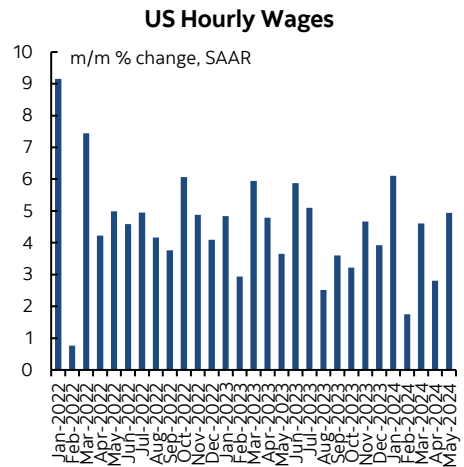
The BoC’s Job Market Narrative...

I believe that Governor Macklem’s recent [speech](#) overstated a few things about the job market. There is no disagreement that the so-called Beveridge Curve is moving away from extreme imbalances (chart 15). The job vacancy rate has fallen and the unemployment rate has risen. There is, however, room for disagreement on the drivers of the higher unemployment rate and whether this will persist, and whether wage growth is truly slowing.

...May Be Too Pessimistic

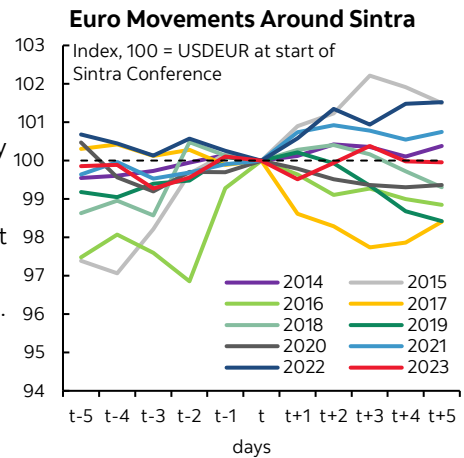
The rise in the unemployment rate could well be temporary as immigration policy shifts, but it will take time to evaluate this argument.

Chart 13



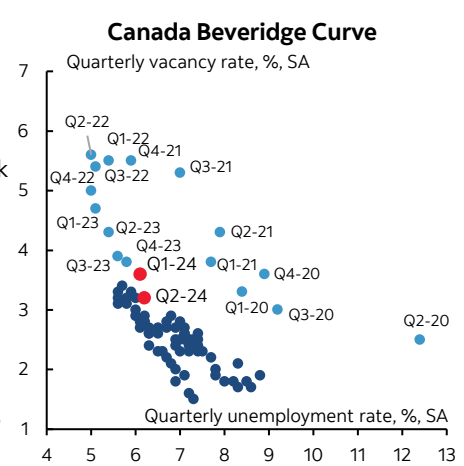
Sources: Scotiabank Economics, Statistics Canada.

Chart 14



Sources: Scotiabank Economics, Bloomberg.

Chart 15



Sources: Scotiabank Economics, Statistics Canada.

The biggest weighted contribution to the rise in the national unemployment rate since 2022 has been the nonpermanent resident category (chart 16). Take temps out of the picture and Canada's unemployment rate would have been unchanged over this period.

Why take them out? Because they soon will be. Temp residents have exploded in number in Canada as this part of immigration policy was totally mismanaged. As these temporary residents—comprised of international students, temporary foreign workers, and asylum seekers—go down in number under the government's proposals (chart 17), this should tighten that part of the labour market and put renewed downward pressure on the overall national unemployment rate.

The slightly smaller weighted contribution to the higher national unemployment rate that has come from permanent residents here for less than five years has been offset by downward influence from born in Canada unemployed people and unemployed permanent residents here for longer than five years.

Wage Growth Isn't Cooling

The BoC contends that wage growth has been cooling. That's debatable.

First, Macklem's recent speech only presented wage growth figures in nominal terms. Chart 18 shows that Canadians are enjoying accelerating real wage gains as nominal wage growth outpaces CPI.

One argument is that nominal wage growth reacts in lagging fashion to inflation and therefore wage growth may cool. Maybe, and yet wage growth has been outpacing inflation dating back to even before inflation surged (chart 19). Real wage gains have been occurring for many years in defiance of the argument that they are only happening now in lagging fashion to the pandemic surge in inflation.

Further, this argument may give short shrift to labour market power. Almost one-third of Canada's labour market is unionized which is triple the US rate. Union negotiators have power over the outcomes as we've seen by shutting down workplaces. Canada is still seeing collective bargaining wage settlement figures that are well above 2% inflation in each of the first year of agreements and the full contract periods. Millions of workers continue to face expiring collective bargaining agreements (chart 20).

We should also look at employment costs adjusted for productivity. Most economists would argue that real wage gains need productivity gains to support them over time and without causing labour market imbalances and competitiveness problems. Chart 21 screams competitiveness problems in Canada. Unit Labour Costs continue to skyrocket.

Chart 16

Weighted Contributions to the Canadian Unemployment Rate

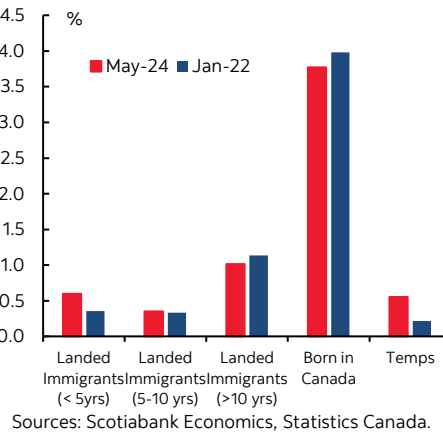


Chart 17

Canada Stabilizing Immigration Targets ?

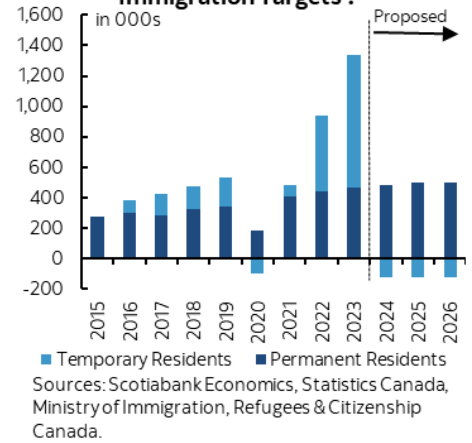


Chart 18

Canada Real Wages

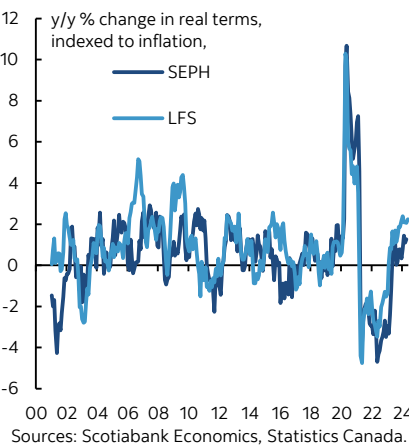


Chart 19

Wages Outpacing Inflation in Canada

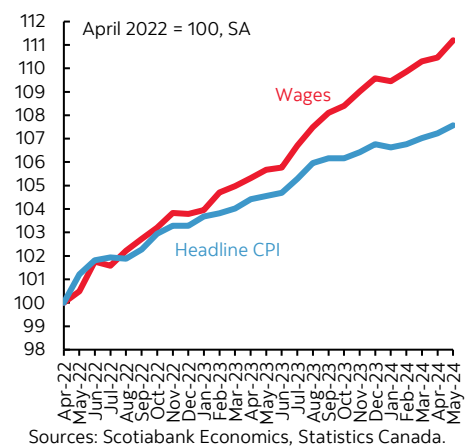


Chart 20

Expiring Collective Agreements in 2024

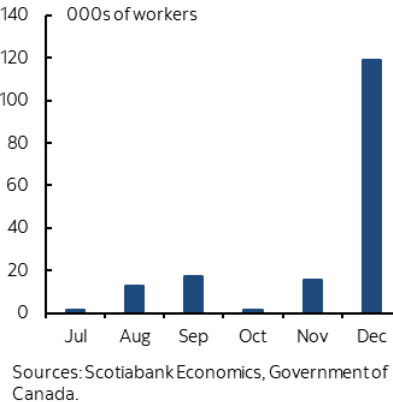
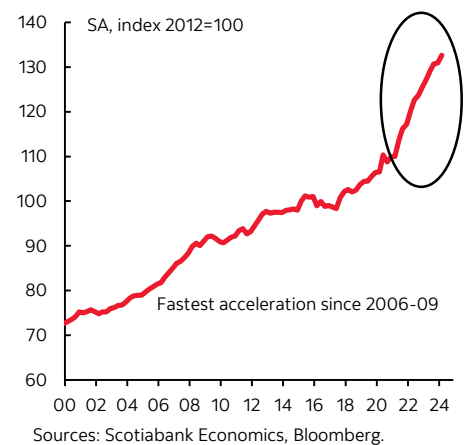


Chart 21

Canada: Unit Labour Costs



When Governor Macklem referred to ULCs in his speech he cited a slower rate of growth in the past six months. C'mon. That's entirely because of the 2023Q4 distortion that he should have controlled against. In Q4, hours worked tumbled due to strikes (chart 22) and this made productivity look better for that one single quarter. By corollary, it depressed growth in unit labour costs for that one single quarter. Controlling for that one single quarter in 2023Q4 shows no cooling trend in unit labour costs (chart 23). Canada has been stuck in a persistent pattern of growth in ULCs between about 5% and 6¼% in five of the past six quarters. The BoC has been playful with the numbers.

Further, what matters in evaluating wage growth is evidence at the margin, not y/y measures that are distorted by base effects. Chart 24 shows wage growth using the Labour Force Survey's measure of average hourly earnings of permanent employments in m/m seasonally adjusted and annualized terms. The figures are volatile but it's anything but clear to me that wage growth is cooling.

We get a similar outcome using the Survey of Employment, Earnings and Payrolls (SEPH) figures for average weekly earnings. Chart 25 shows that the same approach to measuring wage growth is also volatile, but not showing clear signs of cooling.

INFLATION DOMINATES THE REST

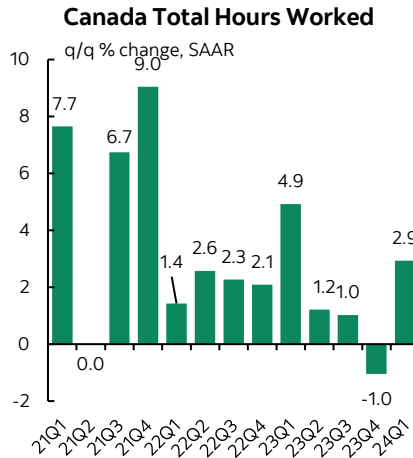
This will be a heavy week for global inflation readings. Across major markets the main focus will be upon Monday's German CPI print and then Tuesday's Eurozone tally with core inflation being the key following some signs that it remains too warm as in Spain's case after Spain, Italy and France already released. Spanish m/m core CPI NSA was the third hottest month of June on record. Switzerland's CPI figures are expected to be soft and support a continued SNB easing bias (Thursday). Peru, Indonesia and South Korea update Monday, Philippines and Taiwan come out on Thursday and then Taiwan releases on Friday.

Canada will focus on jobs with little else to consider. Markets are shut on Monday for Canada Day. The S&P manufacturing (Tuesday), services and composite (Thursday) and Ivey (Friday) purchasing managers indices are due out along with trade figures for May (Tuesday).

Several other US will be offered this week. Minutes to the June 11th – 12th FOMC meeting will be delivered on Wednesday afternoon (recap [here](#)). ISM-manufacturing and construction spending are due out on Monday. Vehicle sales could be quite soft on Tuesday based on first-half tracking for June from industry sources plus the negative impact of the CDK hack. A wider US trade deficit (Wednesday), small gain in factory orders (Wednesday) and possible softening of ISM-services (Friday) will complete the line-up.

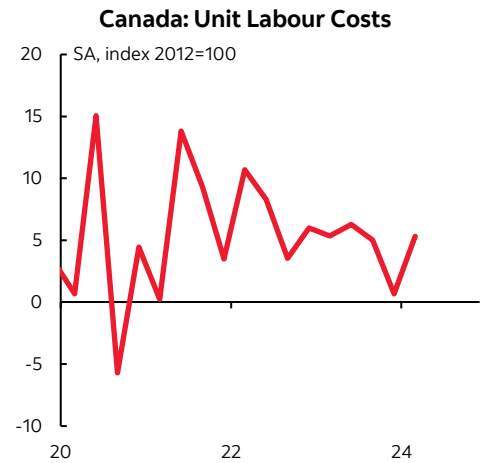
Three other significant reports will include the Bank of England's lending survey on Thursday, China's private PMIs on Tuesday, RBA minutes on Monday, and German industrial figures on Thursday and Friday.

Chart 22



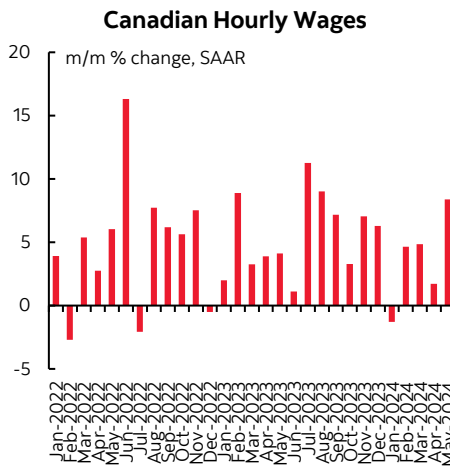
Sources: Scotiabank Economics, Statistics Canada.

Chart 23



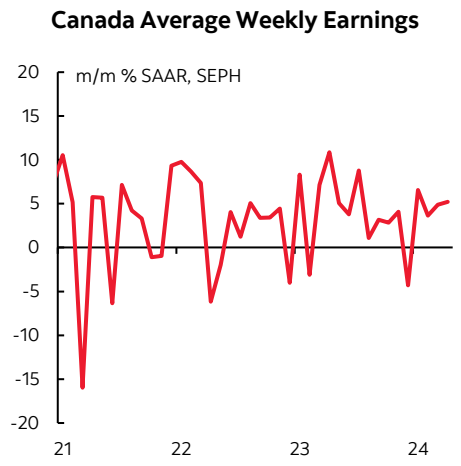
Sources: Scotiabank Economics, Statistics Canada.

Chart 24



Sources: Scotiabank Economics, Statistics Canada.

Chart 25



Sources: Scotiabank Economics, Statistics Canada.

Key Indicators for the week of July 1 – 5

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	07-01	10:00	Construction Spending (m/m)	May	0.2	0.3	-0.1
US	07-01	10:00	ISM Manufacturing Index	Jun	49.5	49.2	48.7
US	07-02	09:00	Total Vehicle Sales (mn a.r.)	Jun	14.9	15.9	15.9
US	07-02	10:00	JOLTS Job Openings (000s)	May	--	7864.0	8059.0
US	07-03	07:00	MBA Mortgage Applications (w/w)	Jun 28	--	--	0.8
US	07-03	08:15	ADP Employment Report (000s m/m)	Jun	175	157.5	152.0
CA	07-03	08:30	Merchandise Trade Balance (C\$ bn)	May	--	-1.3	-1.0
US	07-03	08:30	Trade Balance (US\$ bn)	May	-76.0	-76.0	-74.6
US	07-03	10:00	Factory Orders (m/m)	May	0.1	0.3	0.7
US	07-03	10:00	ISM Non-Manufacturing Composite	Jun	53.0	52.5	53.8
US	07-04	08:30	Initial Jobless Claims (000s)	Jun 29	235	235.0	233.0
US	07-04	08:30	Continuing Claims (000s)	Jun 22	1845	--	1839.0
CA	07-05	08:30	Employment (000s m/m)	Jun	25.0	25.0	26.7
CA	07-05	08:30	Unemployment Rate (%)	Jun	6.4	6.3	6.2
US	07-05	08:30	Average Hourly Earnings (m/m)	Jun	0.3	0.3	0.4
US	07-05	08:30	Average Hourly Earnings (y/y)	Jun	3.9	3.9	4.1
US	07-05	08:30	Average Weekly Hours	Jun	--	34.3	34.3
US	07-05	08:30	Nonfarm Employment Report (000s m/m)	Jun	210	188.0	272.0
US	07-05	08:30	Unemployment Rate (%)	Jun	3.9	4.0	4.0
US	07-05	08:30	Household Employment Report (000s m/m)	Jun	--	--	-408.0

EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
UK	07-01	02:00	Nationwide House Prices (m/m)	Jun	-0.1	0.4
IT	07-01	03:45	Manufacturing PMI	Jun	44.3	45.6
FR	07-01	03:50	Manufacturing PMI	Jun F	45.3	45.3
GE	07-01	03:55	Manufacturing PMI	Jun F	43.4	43.4
EC	07-01	04:00	Manufacturing PMI	Jun F	45.6	45.6
UK	07-01	04:30	Manufacturing PMI	Jun F	51.4	51.4
UK	07-01	04:30	Net Consumer Credit (£ bn)	May	1.5	0.7
GE	07-01	08:00	CPI (m/m)	Jun P	0.2	0.1
GE	07-01	08:00	CPI (y/y)	Jun P	2.3	2.4
GE	07-01	08:00	CPI - EU Harmonized (m/m)	Jun P	0.2	0.2
GE	07-01	08:00	CPI - EU Harmonized (y/y)	Jun P	2.6	2.8
IT	07-01	03:00	Budget Balance (€ bn)	Jun	--	-12.7
IT	07-01	03:00	Budget Balance YTD (€ bn)	Jun	--	-81.8
EC	07-02	05:00	CPI (m/m)	Jun P	0.2	0.2
EC	07-02	05:00	Euro zone CPI Estimate (y/y)	Jun	2.5	2.6
EC	07-02	05:00	Euro zone Core CPI Estimate (y/y)	Jun P	2.8	2.9
EC	07-02	05:00	Unemployment Rate (%)	May	6.4	6.4
FR	07-03	02:45	Central Government Balance (€ bn)	May	--	-91.6
IT	07-03	03:45	Services PMI	Jun	53.8	54.2
FR	07-03	03:50	Services PMI	Jun F	48.8	48.8
GE	07-03	03:55	Services PMI	Jun F	53.5	53.5
EC	07-03	04:00	Composite PMI	Jun F	50.8	50.8
EC	07-03	04:00	Services PMI	Jun F	52.6	52.6
UK	07-03	04:30	Official Reserves Changes (US\$ bn)	Jun	--	1647.0
UK	07-03	04:30	Services PMI	Jun F	51.2	51.2
EC	07-03	05:00	PPI (m/m)	May	-0.1	-1.0
RU	07-03	12:00	Real GDP (y/y)	1Q F	5.40	5.40
GE	07-04	02:00	Factory Orders (m/m)	May	0.6	-0.2
UK	07-04	04:30	PMI Construction	Jun	54.0	54.7

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for the week of July 1 – 5

EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	Consensus	Latest
GE	07-05	02:00	Industrial Production (m/m)	May	0.2	-0.1
FR	07-05	02:45	Current Account (€ bn)	May	--	-1818.0
FR	07-05	02:45	Industrial Production (m/m)	May	-0.5	0.5
FR	07-05	02:45	Industrial Production (y/y)	May	-1.1	0.9
FR	07-05	02:45	Manufacturing Production (m/m)	May	--	0.4
FR	07-05	02:45	Trade Balance (€ mn)	May	--	-7578.8
SP	07-05	03:00	Industrial Output NSA (y/y)	May	--	13.4
EC	07-05	05:00	Retail Trade (m/m)	May	0.2	-0.5

ASIA PACIFIC

Country	Date	Time	Indicator	Period	Consensus	Latest
JN	06-30	19:50	Tankan All Industries Index	2Q	13.8	4.0
JN	06-30	19:50	Tankan Manufacturing Index	2Q	11.0	11.0
JN	06-30	19:50	Tankan Non-Manufacturing Index	2Q	33.0	34.0
SK	06-30	20:00	Exports (y/y)	Jun	4.5	11.5
SK	06-30	20:00	Imports (y/y)	Jun	-4.0	-2.0
SK	06-30	20:00	Trade Balance (US\$ mn)	Jun	5661.0	4855.0
JN	06-30	20:30	Markit/JMMA Manufacturing PMI	Jun F	--	50.1
AU	06-30	21:30	Retail Sales (m/m)	May	0.3	0.1
AU	06-30	21:30	ANZ Job Advertisements (m/m)	Jun	--	-2.1
CH	06-30	21:45	Caixin Flash China Manufacturing PMI	Jun	51.5	51.7
CH	06-30	21:45	Caixin Manufacturing PMI	Jun	51.5	51.7
ID	07-01	00:00	CPI (y/y)	Jun	2.7	2.8
ID	07-01	00:00	CPI (m/m)	Jun	0.1	0.0
ID	07-01	00:00	Core CPI (y/y)	Jun	2.0	1.9
JN	07-01	01:00	Consumer Confidence	Jun	36.4	36.2
TH	07-01	03:30	Business Sentiment Index	Jun	--	48.0
SK	07-01	19:00	CPI (m/m)	Jun	0.1	0.1
SK	07-01	19:00	CPI (y/y)	Jun	2.6	2.7
JN	07-01	19:50	Monetary Base (y/y)	Jun	--	0.9
HK	07-02	04:30	Retail Sales - Value (y/y)	May	--	-14.7
HK	07-02	04:30	Retail Sales - Volume (y/y)	May	--	-16.5
SI	07-02	09:00	Purchasing Managers Index	Jun	--	50.6
AU	07-02	21:30	Building Approvals (m/m)	May	1.7	-0.3
CH	07-02	21:45	Caixin Services PMI	Jun	53.4	54.0
HK	07-03	20:30	Purchasing Managers Index	Jun	--	49.2
SI	07-03	21:00	Foreign Reserves (US\$ mn)	Jun	--	370541.8
AU	07-03	21:30	Trade Balance (AUD mn)	May	6300.0	6548.0
SK	07-04	19:00	Current Account (US\$ mn)	May	--	-285.2
JN	07-04	19:30	Household Spending (y/y)	May	0.2	0.5
PH	07-04	21:00	CPI (y/y)	Jun	3.9	3.9
PH	07-04	21:00	CPI (m/m)	Jun	--	0.1
TH	07-04	23:30	CPI (y/y)	Jun	1.1	1.5
TH	07-04	23:30	CPI (m/m)	Jun	0.1	0.6
TH	07-04	23:30	Core CPI (y/y)	Jun	0.4	0.4
SI	07-05	01:00	Retail Sales (m/m)	May	--	-2.7
SI	07-05	01:00	Retail Sales (y/y)	May	--	-1.2
AU	07-05	02:30	Foreign Reserves (AUD bn)	Jun	--	91.3
TA	07-05	04:00	CPI (y/y)	Jun	2.3	2.2

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for the week of July 1 – 5

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
CL	07-01	08:30	Economic Activity Index SA (m/m)	May	--	--	-0.3
CL	07-01	08:30	Economic Activity Index NSA (y/y)	May	3.0	2.4	3.5
BZ	07-01	09:00	PMI Manufacturing Index	Jun	--	--	52.1
PE	07-01	11:00	Consumer Price Index (m/m)	Jun	-0.02	0.1	-0.1
PE	07-01	11:00	Consumer Price Index (y/y)	Jun	2.2	2.3	2.0
BZ	07-03	08:00	Industrial Production SA (m/m)	May	--	--	-0.5
BZ	07-03	08:00	Industrial Production (y/y)	May	--	--	8.4
BZ	07-04	14:00	Trade Balance (FOB) - Monthly (US\$ mn)	Jun	--	--	8534.4

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Global Auctions for the week of July 1 – 5

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	07-03	12:00	Canada to Sell C\$5 Billion of 3.5% 2029 Bonds

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
UK	07-02	05:00	U.K. to Sell GBP4 Billion of 3.75% 2027 Bonds
GE	07-02	05:30	Germany to Sell 0% 2050 Bonds
NO	07-03	05:00	Norway to Sell Bonds
GE	07-03	05:30	Germany to Sell EU5 Billion of 2034 Bonds
SP	07-04	04:30	Spain to Sell Bonds
FR	07-04	04:50	France to Sell Bonds
BE	07-05	06:00	Belgium to Sell Bonds through Ori Auction
IC	07-05	07:00	Iceland to Sell Bonds

ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	07-02	21:00	Australia to Sell A\$600 Million 3.75% 2037 Bonds
CH	07-02	22:35	China Plans to Sell 3 Year Bonds
CH	07-02	22:35	China to Sell 93 Billion Yuan 2027 Bonds
JN	07-03	23:35	Japan to Sell 30-Year Bonds
AU	07-04	21:00	Australia to Sell A\$900 Million 2.25% 2028 Bonds
CH	07-04	22:35	China Plans to Sell 30 Year Bonds (Special)
CH	07-04	22:35	China to Sell 58 Billion Yuan 2054 Bonds

LATIN AMERICA

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

Events for the week of July 1 – 5

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	06-30	09:00	Fed's Williams Speaks at Bank for International Settlements
EC	07-02	09:30	Powell, Lagarde, Campos Neto Speak in Sintra
US	07-03	07:00	Fed's Williams Speaks on Panel at ECB Forum
US	07-03	14:00	FOMC Meeting Minutes
US	07-05	05:40	Fed's Williams Gives Keynote Remarks

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	07-01	08:15	ECB's Nagel Speaks
EC	07-01	15:00	ECB's Lagarde Speaks in Sintra
EC	07-01	00:00	ECB Forum on Central Banking in Sintra
EC	07-02	03:30	ECB's Guindos Chairs Sintra Discussion
EC	07-02	04:30	ECB's Elderson Chairs Sintra Discussion
EC	07-02	06:30	ECB's Schnabel Chairs Sintra Panel
EC	07-02	09:30	Powell, Lagarde, Campos Neto Speak in Sintra
SW	07-03	03:30	Riksbank minutes from June meeting published
EC	07-03	04:00	ECB's Guindos Chairs Sintra Panel
EC	07-03	05:00	ECB's Cipollone Chairs Sintra Panel
EC	07-03	06:30	ECB's Lane Chairs Sintra Panel
SZ	07-03	07:30	SNB's Martin Speaks in Zurich
EC	07-03	09:30	ECB's Knot, SARB's Kganyago Speak in Sintra
EC	07-03	10:15	ECB'S Lagarde Speaks
EC	07-04	07:30	ECB Publishes Account of June Policy Meeting
EC	07-04	10:15	ECB's Cipollone speaks at Istat event in Rome
SZ	07-05	03:00	Foreign Currency Reserves
EC	07-05	03:00	ECB's Nagel Speaks
EC	07-05	13:15	ECB's Lagarde Speaks in Aix

ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	07-01	21:30	RBA Minutes of June Policy Meeting
SL	07-04	00:00	Gross Official Reserves

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
DR	06-30		Overnight Rate
EC	07-02	09:30	Powell, Lagarde, Campos Neto Speak in Sintra
CO	07-04	18:00	Colombia Monetary Policy Minutes

Global Central Bank Watch

NORTH AMERICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Canada – Overnight Target Rate	4.75	July 24, 2024	4.50	4.75
Federal Reserve – Federal Funds Target Rate	5.50	July 31, 2024	5.50	5.50
Banco de México – Overnight Rate	11.00	August 8, 2024	11.00	11.00

Federal Reserve (Fed): The FOMC will release its meeting minutes for June 11th - 12th on Wednesday when the policy rate was left unchanged as widely expected. However, the median projection for rate cuts was lowered by more than most expected for this year, although the mode stayed at -75bps.

EUROPE

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
European Central Bank – Refinancing Rate	4.25	July 18, 2024	4.25	4.25
European Central Bank – Marginal Lending Facility Rate	4.50	July 18, 2024	4.50	4.50
European Central Bank – Deposit Facility Rate	3.75	July 18, 2024	3.75	3.75
Bank of England – Bank Rate	5.25	August 1, 2024	5.25	5.25
Swiss National Bank – Sight Deposit Rate	1.25	September 26, 2024	1.25	1.25
Central Bank of Russia – One-Week Auction Rate	16.00	July 26, 2024	16.00	16.00
Sweden Riksbank – Repo Rate	3.75	August 20, 2024	3.75	3.75
Norges Bank – Deposit Rate	4.50	August 15, 2024	4.50	4.50
Central Bank of Turkey – Benchmark Repo Rate	50.00	July 23, 2024	50.00	50.00

ASIA PACIFIC

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Japan – Policy Rate	0.10	July 31, 2024	0.10	0.10
Reserve Bank of Australia – Cash Rate Target	4.35	August 6, 2024	4.35	4.35
Reserve Bank of New Zealand – Cash Rate	5.50	July 9, 2024	5.50	5.50
People's Bank of China – 1-Year Medium-Term Lending Facility Rate	2.50	July 14, 2024	2.50	2.50
Reserve Bank of India – Repo Rate	6.50	August 8, 2024	6.50	6.50
Bank of Korea – Base Rate	3.50	July 11, 2024	3.50	3.50
Bank of Thailand – Repo Rate	2.50	August 21, 2024	2.50	2.50
Bank Negara Malaysia – Overnight Policy Rate	3.00	July 11, 2024	3.00	3.00
Bank Indonesia – BI-Rate	6.25	July 17, 2024	6.25	6.25
Central Bank of Philippines – Overnight Borrowing Rate	6.50	August 15, 2024	6.50	6.50

LATIN AMERICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Banco Central do Brasil – Selic Rate	10.50	July 31, 2024	10.50	10.50
Banco Central de Chile – Overnight Rate	5.75	July 31, 2024	5.50	N/A
Banco de la República de Colombia – Lending Rate	11.25	July 31, 2024	10.75	N/A
Banco Central de Reserva del Perú – Reference Rate	5.75	July 11, 2024	5.75	N/A

AFRICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
South African Reserve Bank – Repo Rate	8.25	July 18, 2024	8.25	8.25

Sources: Bloomberg, Scotiabank Economics.

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