

### THE GLOBAL WEEK AHEAD

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

#### Next Week's Risk Dashboard

- Bank of Canada preview
- Why inflation risk is not dead in Canada
- How this could be a very different Canadian consumer cycle
- BoC expected to leave QT on auto pilot
- BC, NB go to the polls
- PMIs: Eurozone, US, China, UK, India
- Russia's central bank expected to deliver another mega-hike
- IMF-World Bank meetings
- Global macro

#### BoC Preview—Be Careful What You Unleash

• <a href="#">Introduction</a>	2
• <a href="#">Bank of Canada Preview—More Bang to Rate Cuts This Cycle?</a>	2
• <a href="#">1. Unchanged QT</a>	3–4
• <a href="#">2. The First Mega-Cut Outside of a Crisis?</a>	4
• <a href="#">3. Why Inflation Risk Has Not Gone Away</a>	4–5
• <a href="#">4. Other Drivers of Inflation Risk</a>	6–7
• <a href="#">5. Other Upsizing Concerns</a>	7–8
• <a href="#">Provincial Elections—BC and NB</a>	8
• <a href="#">Global Macro—This and That</a>	8

#### FORECASTS & DATA

• <a href="#">Key Indicators</a>	A1–A2
• <a href="#">Global Auctions Calendar</a>	A3
• <a href="#">Events Calendar</a>	A4–A5
• <a href="#">Global Central Bank Watch</a>	A6

#### Chart of the Week

BoC Only Delivers Jumbo Cuts in Crisis Periods



Sources: Scotiabank Economics, Bank of Canada.

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

## BoC Preview—Be Careful What You Unleash

A quieter week than normal combined with the importance of this particular Bank of Canada meeting will have me dedicate this issue of the Global Week Ahead to assessing what the BoC may do now, in future, and what I think is the direction of risks stemming from this easing cycle by contrast to other easing cycles. It is a different narrative than you are likely to hear compared to all the Canada gloom that's out there, but it comes at the price of being very careful toward the size and pace of rate cuts given idiosyncratic factors unique to Canada.

Other considerations will include the October IMF-World Bank meetings in Washington that will attract central bankers and Ministers of Finance as the IMF presents a refreshed set of forecasts. A pair of Canadian provincial elections will unfold before the BoC. Global data risk will be fairly light. The only other central bank to deliver a decision will be Putin's.

### BANK OF CANADA EXPECTATIONS—MORE BANG TO RATE CUTS THIS CYCLE?

The Bank of Canada delivers a policy statement and freshened Monetary Policy Report including updated forecasts on Wednesday at 9:45amET. It will be followed by a press conference hosted by Governor Macklem and Senior Deputy Governor Rogers forty-five minutes later.

A 50bps rate cut is expected. 25bps would be preferred, but I would assign 65% odds to a 50bps cut, 25% odds to a quarter point, and the residual 10% odds to the risk of an even bigger cut.

50bps would take cumulative cuts to date to 125bps and leave the policy rate at 3.75%. Our forecast is marked by considerable uncertainty in both directions, but at this point we think the rate will decline to 3% by Spring and stay there throughout

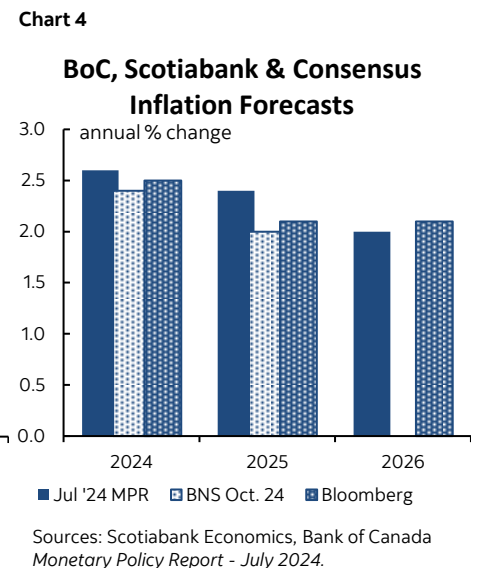
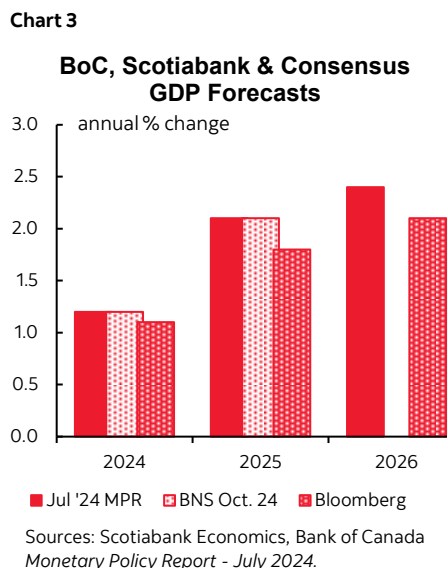
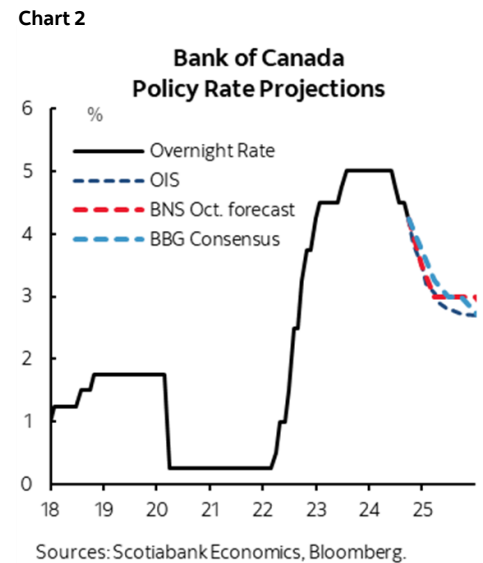
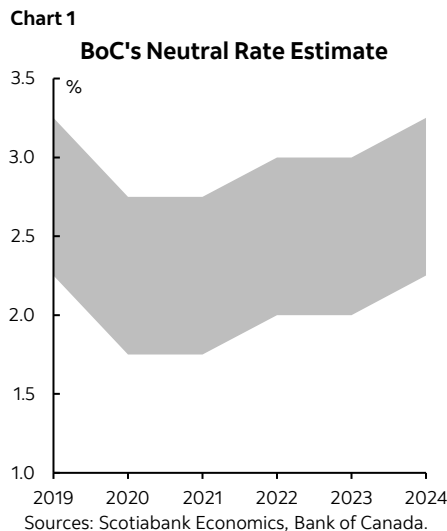
the rest of 2025 as the nearer-term terminal rate. That would bring the rate into the BoC's currently estimated neutral rate range of 2.25%–3.25% with a 2.75% midpoint (chart 1). The neutral rate speaks to equilibrium conditions in the economy absent shocks and is a longer-term guidepost. Chart 2 shows our forecast compared to consensus and market pricing.

Governor Macklem is likely to repeat the line that it is reasonable to expect further rate reductions and otherwise let his team's forecasts do the talking on the bias. That bias is less data dependent now than it is driven by a quest to normalize rates.

We do not expect changes to balance sheet management.

Forecast revisions for Canadian growth and inflation are expected to be relatively modest compared to the BoC's July MPR and our current BNS Economics forecasts (chart 3, 4). In essence, there is a whole lot of consensus hugging going in the Canadian forecasting community. Where the BoC will have to revise its projections is more around near-term growth as they are likely to revise down their prior 2024Q3 growth projection from 2.8% to more than a percentage point weaker. They could leave the rest largely intact.

What follows is a rundown of more detailed expectations and drivers.



## 1. UNCHANGED QT

The BoC's balance sheet management plans are expected to be unchanged. That means an ongoing preference toward allowing full roll-off of maturing holdings of Government of Canada bonds from its balance sheet. The quest is to normalize the balance sheet by reducing holdings of GoC bonds in a cleaner balance sheet dominated by them, while reducing settlement balances—deposits held at the BoC by members of Payments Canada—to the BoC's stated goal of \$20–60 billion. The BoC remains far away from both goals and prefers to communicate in advance of any balance sheet shifts.

The pace is dictated by the lumpy profile of maturing holdings shown in chart 5.

Chart 6 shows how this translates into projected levels for BoC GoC bond holdings over coming years assuming no other changes. Chart 7 does the same thing as a share of nominal GDP. Present holdings stand at about C\$218B. If full-roll-off persists, then the BoC's holdings would only return toward pre-pandemic levels by the turn of the new decade.

Scaled to GDP, however, GoC holdings could arrive at pre-pandemic levels by 2028 assuming NGDP growth of about 4% per year (2% inflation, 2% real growth).

Settlement balances—the analog to reserves in the US banking system that are held at the Fed—presently sit at about C\$120 billion which is double the upper limit of the BoC's \$20–60B target range.

That range may be too low. Chart 8 shows the balances as a share of NGDP; as a share of NGDP it is vastly lower than the Federal Reserve's target range. That could be because what the Federal Reserve does spills over into Canada to its benefit by propping up liquidity in a North American capital market. It could also be because of the sentiment that Canada is special relative to the US including a more stable banking system. Among the counters to this claim is that a higher-beta market sells off more than the US in the face of shocks and changes in risk tolerance which may necessitate more of a liquidity buffer.

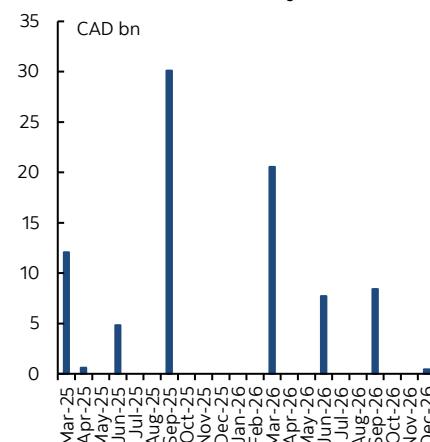
In any event the BoC's interpretation of the persistent spread between market pricing of the policy rate (CORRA) and the administered policy rate (chart 9) is that it is driven by an increase in speculative long positions requiring repo market financing including around expected rate cuts ([here](#)).

Because of this, the BoC has tended to reject a role being played by its QT plans in widening this market spread which imperils its ability to steer the short-term rates complex toward its policy rate. This is why it has opted for other balance sheet management tools—or the threat of using them—such as repo operations, receiver general auctions and cash management bills.

The persistence of the CORRA market rate overshoot to the policy rate dates back to August 2023. I find it a stretch to argue that the BoC's QT plans have played no role in driving a persistent spread throughout the whole period in which rate speculation has ebbed and flowed

Chart 5

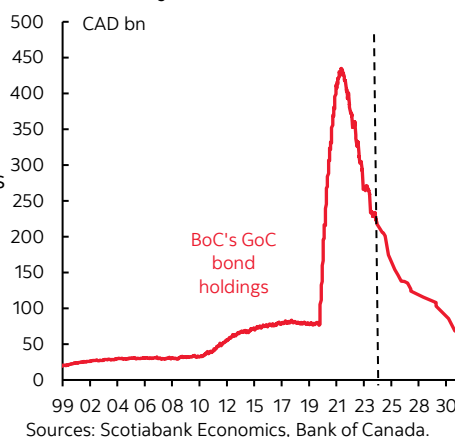
BoC Bond Maturity Profile



Sources: Scotiabank Economics, Bank of Canada.

Chart 6

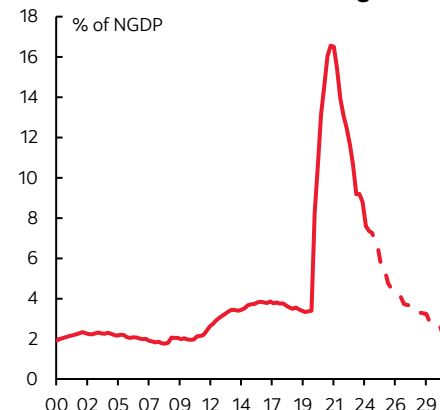
The BoC's QT Path If No Adjustments Are Made



Sources: Scotiabank Economics, Bank of Canada.

Chart 7

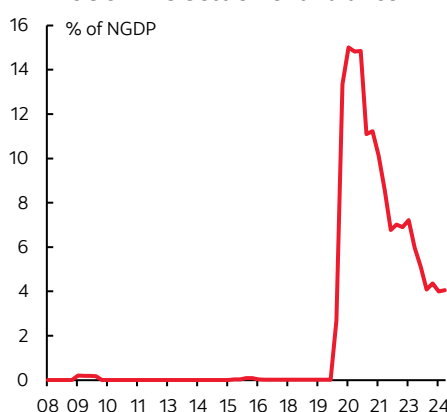
BoC's GoC Bond Holdings



Sources: Scotiabank Economics, Statistics Canada, Bank of Canada.

Chart 8

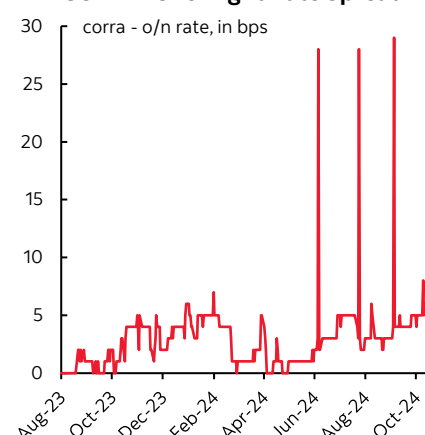
BoC's LVTS Settlement Balance



Sources: Scotiabank Economics, Statistics Canada, Bank of Canada.

Chart 9

CORRA-Overnight Rate Spread



Sources: Scotiabank Economics, Bank of Canada.

with markets now aggressively priced for easing. Whereas a literal interpretation of the BoC's projected settlement balances and GoC bond holdings would suggest that tapering and ending QT may be a long way off, I lean toward this becoming a more pressing matter for the BoC to address over 2025.

## 2. THE FIRST MEGA-CUT OUTSIDE OF A CRISIS?

In addition to not seeking tighter financial conditions by delivering a smaller cut than the 50bps that is largely priced, the case for upsizing the size and pace of BoC cuts centers around two main reasons. One is excess capacity in the economy measured by a negative output gap that indicates supply exceeds demand which is one driver of disinflationary pressures (chart 10). Second is that the preferred measures of core inflation are on the BoC's 2% headline inflation target in m/m terms at a seasonally adjusted and annualized rate (chart 11). Excess capacity and recently decelerating core inflation are likely to shift the BoC's attention toward the rising risk of undershooting its 2% inflation target. If so, then this merits a quicker pace of rate cuts in isolation of other arguments.

The first counterargument to this is shown in my colleague Jay Parmar's chart of the week on the front cover to this publication. It shows that the Bank of Canada tends to only deliver upsized rate cuts (more than 25bps) during crisis points. That's been the experience so far this century. Cuts of 50bps or more were confined to the dot com and GFC periods. Absent a crisis, upsizing can invite volatility and erratic policy guidance and actions as the Federal Reserve has discovered since its 50bps cut in September.

Is this a crisis? Not in my books. Not in the slightest. The constant gloom that is pumped by our competitors is exaggerated and unhelpful. The narrow, insatiable self-interest of the most vocal supporters of aggressive easing in the real estate sector is not considering the broader ramifications. This is an economy that has been remarkably resilient in the pace of a nearly five percentage point rise in short-term borrowing costs. If there is an emergency, then it would lie on the other side of overly aggressive easing by the BoC that validates market pricing if not going beyond.

Why that's the case is the focus of the next section. The economy's response to falling rates is arguably going to be much more powerful than in the past, such that reliance upon macroeconomic models that derive growth sensitivities from historic tendencies are at risk of underestimating the effects.

## 3. WHY INFLATION RISK HAS NOT GONE AWAY

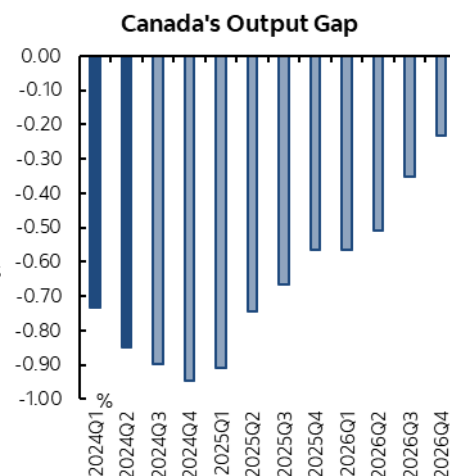
Leverage works in both directions during a monetary policy cycle.

Today's more leveraged household sector than in the past and compared to other countries has cost Canada some growth over the period during which the Bank of Canada began sharply raising its policy rate starting in March 2022. It hasn't been the only explanation of tepid growth given a multitude of shocks (strikes, wildfires, pandemic restrictions, productivity, retooling and maintenance activities in key sectors, etc), but it has been a major one. Canada has been unable to generate quick enough income and productivity gains to compensate for the effects.

Leverage cuts both ways, however, such that by the same principle, a more leveraged household sector is likely to see more flow through of rate cuts into spending than less leveraged household sectors elsewhere, such as the US. You can't have it both ways by estimating underperformance by the household sector and broader economy in both rising and falling interest rate environments.

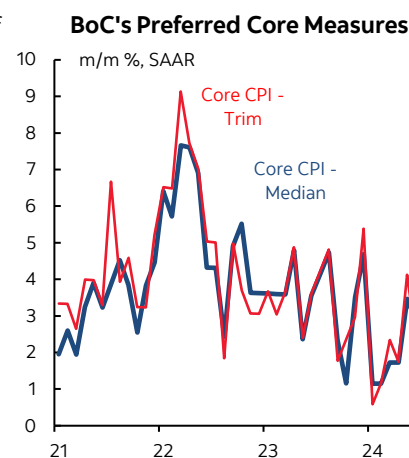
This recent period of growth underperformance has created pent-up demand relative to supply shortfalls that counsel against using long-run rate sensitivities for household demand versus cyclically boosted sensitivities. Spending and homebuying were deferred in a higher rate environment. Canadian consumption went down harder than it did in the US and climbed more slowly as the pandemic hit—and in its

Chart 10



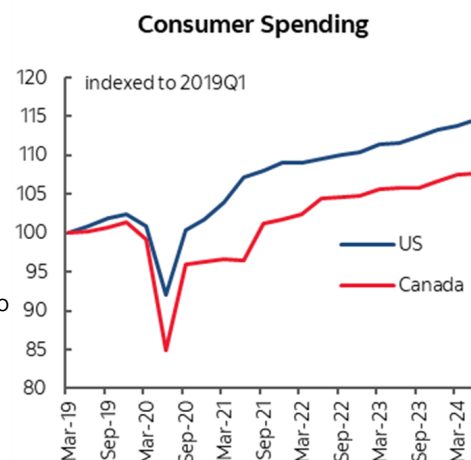
Sources: Scotiabank Economics.

Chart 11



Sources: Scotiabank Economics, Statistics Canada.

Chart 12



Sources: Scotiabank Economics, BEA, Statistics Canada.

aftermath (chart 12). Buying intentions show a significant amount of pent-up housing demand (chart 13). At the same time, supply will fall short in serial fashion. The Government of Canada's homebuilding targets are laughably unachievable; Canada would have to nearly triple its annual pace of homebuilding and do so every year throughout the rest of the decade into the early 2030s to hit them. Immigration and affordability challenges have driven upward pressure on rent that faces more favourable ownership conditions in a falling rate environment.

Of course, households need to have the means to fund the release of this pent-up demand. One mechanism for achieving this is rate cuts themselves. Another is that for years now—including at present—Canadians have been saving in ham fisted fashion. The personal saving rate of about 7¼% is about 4¼% above the US personal saving rate. The cumulative rolling amount of savings above what an extrapolated trend line would have predicted sits at about half a trillion dollars (chart 14). This doesn't include gains in wealth derived from investments in stocks, bonds, and real estate net of changes in debt; using net worth relative to a trend line shows about C\$2 trillion in net worth above a trend line (chart 15) and as argued [here](#) it is spread across all income cohorts.

Some of this idled savings is due to precautionary demand amid uncertainties, some is due to an aging population with an eye on retirement and some may be due to the small share of households most pressured by mortgage resets.

Much of it, in my opinion, reflects the role of high interest rates that discouraged consumption.

In summation, more debt than in the past coupled with aggressive rate cuts, excess savings, and pent-up demand risk a larger than usual response by consumer spending and housing demand to monetary easing than in history. Models rooted in the past will not capture this, yet the BoC is using just such models.

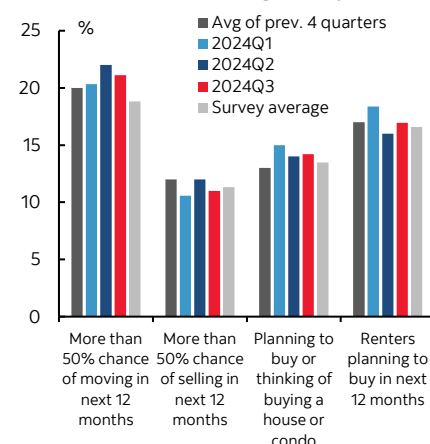
As an illustration of how this could matter, chart 16 shows two scenarios for how the output gap is expected to evolve. One is our model's base case that shows the output gap persisting with GDP growth of between 2.1–2.5% q/q SAAR throughout 2025 which is in our base case. The other scenario shows that the output gap would shut if growth was a mere 0.2 q/q SA percentage points faster than we project per quarter on average in nonannualized terms throughout 2025. The result would be full closure of the output gap by the end of 2025 under the same assumptions used by the Bank of Canada for how potential GDP evolves. In this scenario, it's feasible that the economy begins to push into excess aggregate demand again into 2026 which would mean that the output gap turns toward driving more inflation risk.

It would not take much to get that kind of growth overshoot to our forecasts. It would likely require consumption to grow materially faster than our tepid 1.6% model-based base case next year that matches consensus, and for housing investment to rebound by more than our 5% projection. That may not be hard to do at all under the conditions that are outlined above. In fact, projected base case consumption derived from our model is the weakest pace of consumption growth since 2009 excluding the immediate effects of the pandemic (chart 17), yet it is occurring in the context of aggressive policy easing.

The catalysts to this narrative about inflation risk don't stop with households.

Chart 13

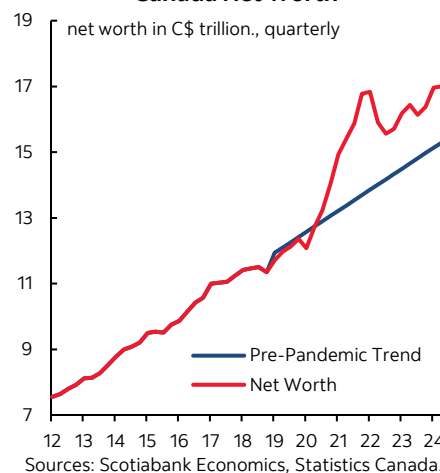
### More People Planning to Buy A Home



Sources: Scotiabank Economics, Bank of Canada.

Chart 15

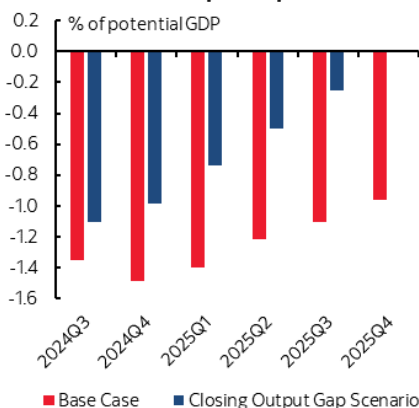
### Canada Net Worth



Sources: Scotiabank Economics, Statistics Canada.

Chart 16

### Canada's Output Gap Scenario



Sources: Scotiabank Economics.



#### 4. OTHER DRIVERS OF INFLATION RISK

Fiscal policy in Canada continues to prime the pump. Years after the emergency has passed, fiscal policy remains stimulative. Even if the upcoming Fall Economic Statement offers no new initiatives, the Federal Government will still be adding more spending into the economy year after year for many years to come as a by product of the expensive programs they will continue to roll out (chart 18). Canada will hold an election no later than next October and I still think that a government that is severely down in the polls is likely to engage in expansionist fiscal policies just as governments of all stripes do.

Then layer on the provinces. Ontario's election must occur by June 2026, but signs point to an early election. Conservative Premier Ford's vote-grabbing promise to give every one of the province's 16 million residents a \$200 cheque is obviously about populist politics probably on the path to an early election and is likely to be accompanied by a more expansionary Winter budget. Alberta's conservative government is adding more spending, as are other provinces that have abandoned fiscal restraint such as manifested by this coming week's provincial elections.

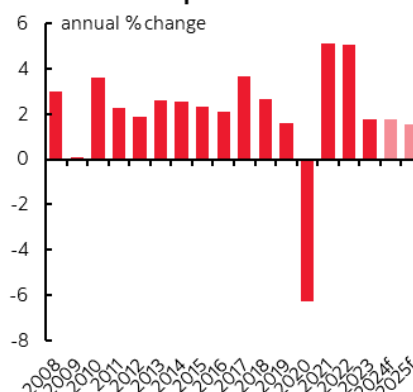
Wage growth in Canada continues to outpace inflation throughout the whole pandemic era which invalidates the make-up pay defence (chart 19), while labour productivity has continued to tumble (chart 20). The combined effects squeeze corporate profit margins and some of that effect gets passed onto various stakeholders from shareholders to government tax revenues—and consumers.

Corporate balance sheets are healthier than they've been in decades (chart 21). Canada suffered massive job losses coming off the late 1980s for multiple reasons—rates being one of them—but an added one was the impaired state of corporate balance sheets. Today's economy has been relatively less rate sensitive in part because of healthier corporate balance sheets that did not incite the same degree of downsizing panic.

Structural inflation drivers that will probably be with us for many years entail acknowledging that global supply chains are at a highly nascent stage of change. For years, companies outsourced to the local cost jurisdictions without having to worry about financial distress costs including not being able to get product and outright bankruptcy should border barriers flare. The rise of protectionism, geopolitical risk, shipping costs and challenges to key routes, the pandemic, and environmental trade barriers have thrown out this one-way outsourcing model. Supply chains are likely to continue to adopt higher levels of inventories and greater concentration near key markets. That doesn't happen overnight. Just as China's accession to the WTO took two decades to have its full disinflationary effects, the changes over recent years are likely to have their influences in passing on higher costs of more expensive supply chain management for a long time yet.

Chart 17

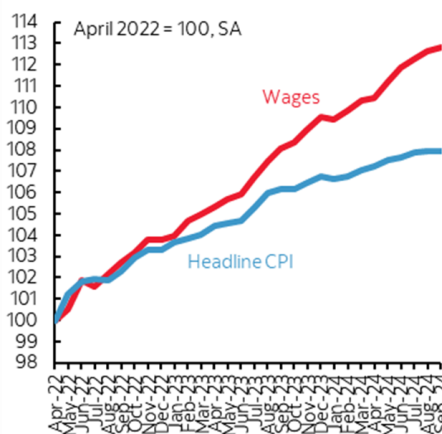
##### Upside Risk to a Conservative Consumption Forecast



Sources: Scotiabank Economics, Statistics Canada.

Chart 19

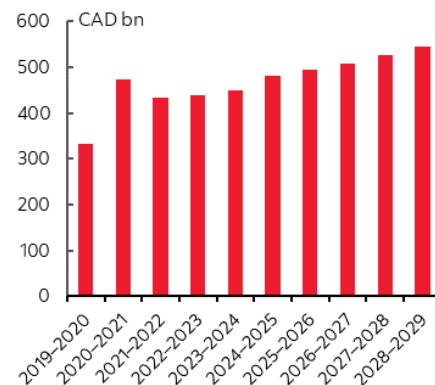
##### Wages Outpacing Inflation in Canada



Sources: Scotiabank Economics, Statistics Canada.

Chart 18

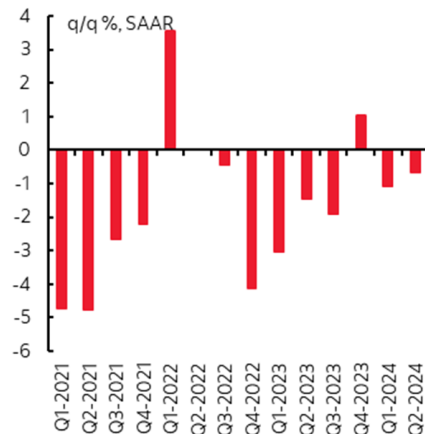
##### Program Spending Ex-COVID



Sources: Scotiabank Economics, Federal Budget 2023 FES.

Chart 20

##### Canadian Labour Productivity Growth



Sources: Scotiabank Economics, Statistics Canada.

Chart 21

##### Canadian Interest Coverage Ratio



Sources: Scotiabank Economics, Statistics Canada.

It's also feasible that the BoC would be wrong to harp on weak per capita GDP growth. This is being driven by excessive growth in the temporary resident category of immigration in addition to long-term weakness in productivity. Removing the temporary resident category yields a stark difference in GDP per capita trends (chart 22). There are two reasons for doing so. One is that the federal government is tightening this category of immigration to some effect so far (chart 23) and this will likely drive population growth to around 1% y/y next year and in 2026. Another reason is that temps—comprised of international students, temporary foreign workers, and asylum seekers—represent a transient population that should not be expected to contribute to GDP levels in proportionate terms to others at least until the ones who stay become more integrated into the economy.

## 5. OTHER UPSIZING CONCERNS

The case against upsizing and aggressively cutting thereafter goes further yet.

Save upsizing for potentially more exigent circumstances, like an uncertain shock or the consequences of the US election or market dysfunction.

The bond market does not need to be jolted with an outsized move. Canada's 2-year GoC yield of about 3% and the roughly 2.9% 5-year yield are already primed for cutting toward the neutral rate range. The FOMC might have felt a need to jolt bonds with the US rates curve still well above Canada's, but that's not the case for the BoC.

With markets already aggressively priced for easing, up-sizing even just once would have markets price another up-sized move and perhaps more. The BoC may not be comfortable with being pushed into this position by markets while presenting the risk of having to disappoint markets at some point. This should matter to Governing Council, though it tends to be aloof toward markets.

The BoC's forward guidance has said the path down wouldn't be the same as the path upward. This means that the big hikes wouldn't be followed by out-sized cuts and hence the paths up and down would not be symmetrical to one another. The BoC's forward guidance has performed poorly over the years and violating current guidance would do nothing to improving guidance while further damaging its credibility.

Up-sizing cuts could be treated as a case to raise inflation forecasts over 2025–26 and potentially introduce erratic monetary policy over time.

Chart 22

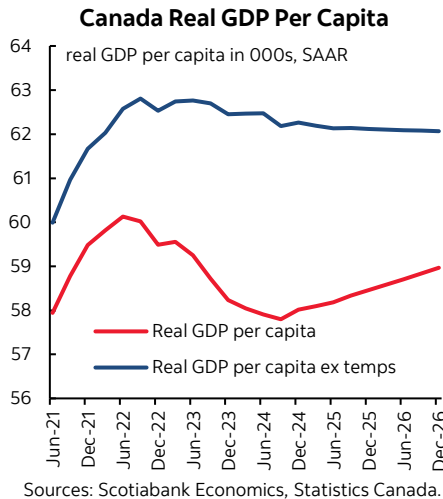


Chart 23

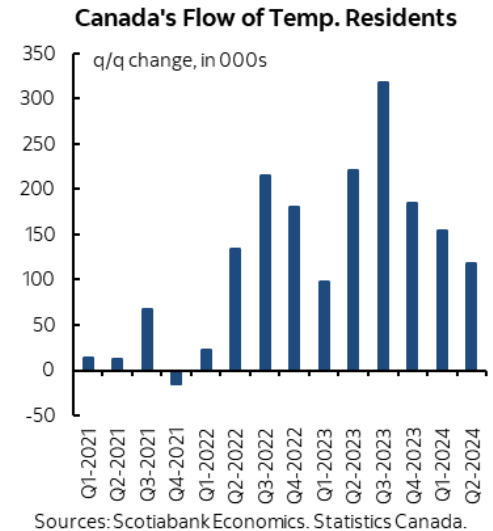


Chart 24

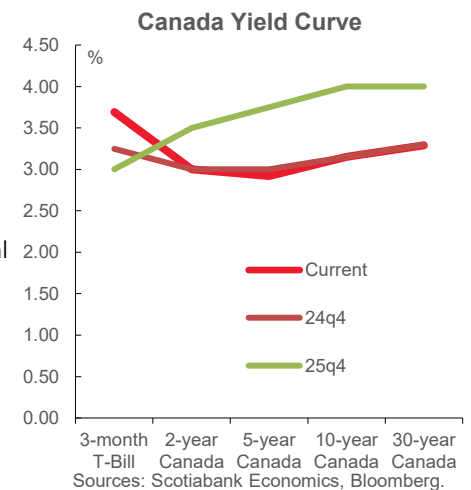


Chart 25

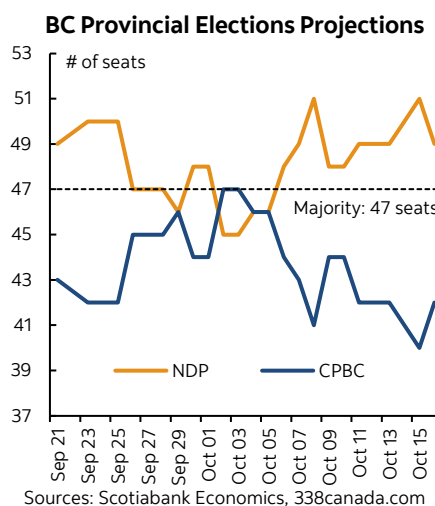
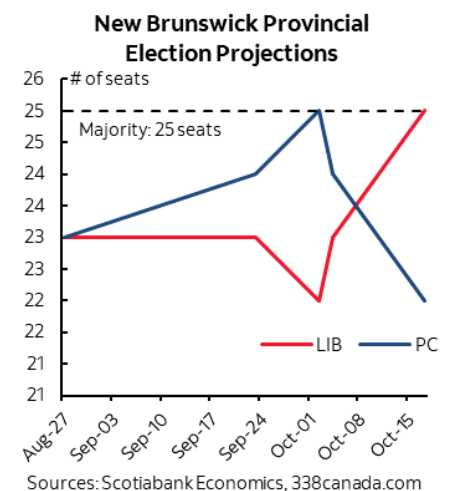


Chart 26



While I don't think the connection to politics is clear, aggressively cutting ahead of a Federal election could put the BoC into the political crosshairs and with its next inflation renewal agreement with the Federal government due in 2026 before Governor Macklem's term expires in 2027.

Chart 24 shows how the yield curve is expected to evolve as markets increasingly look ahead.

### PROVINCIAL ELECTIONS—BC AND NB

British Columbians go to the polls this Saturday ahead of New Brunswick's election on Monday. Attempts at translating polling into seat projections show that the BC conservatives lost ground this month (chart 25), while the Liberals and Conservatives are locked in a tight race in New Brunswick (chart 26). Last week's Global Week Ahead had more on the BC election [here](#).

### GLOBAL MACRO—THIS AND THAT

Chart 27 shows the line-up of other global indicators over the coming week.

The main data focal points will be purchasing managers' indices from Australia and Japan (Wednesday), the US, Eurozone, UK and India (Thursday),

Canada also updates retail sales for August that are expected to rise by 0.5% m/m SA in accordance with Statcan's advance estimate that is subject to revision. We'll also get the first preliminary estimate for September to give us the whole quarter.

The US macro line-up will be light which will keep the focus on a heavy earnings season. Key highlights will be existing (Wednesday) and new home (Thursday) sales, durable goods orders (Friday) and whether a bigger hurricane effect shows up in Thursday's initial claims.

Tokyo CPI will give markets the last core inflation reading before the BoJ's October 31<sup>st</sup> decision that is expected to be a hold.

LatAm markets face Mexico's monthly GDP reading for August (Tuesday) plus retail sales (Wednesday), and Brazil's inflation reading on Thursday.

European markets will only have Germany's IFO business confidence (Friday) and the ECB's 1- and 3-year inflation expectations (Friday) to consider. Russia's central bank is expected to hike by another 100bps on Friday.

Chart 27

Other Global Macro Indicators (October 21st - October 25th)			
US	CA	CPI	Other Macro
<u>Monday</u>			
Leading Index			MA GDP
<u>Tuesday</u>			
Richmond Fed Manf. Index			SK Consumer Confidence
<u>Wednesday</u>			
Existing Home Sales			AU PMI
Beige Book			SK GDP
			JN PMI
			EC Consumer Confidence
			MX Retail Sales
<u>Thursday</u>			
Claims		Tokyo	IN PMI
S&P PMI			FR PMI
New Home Sales			GE PMI
			EC PMI
			UK PMI, Consumer Confidence
<u>Friday</u>			
Durables	Retail Sales		GE IFO Survey
			EC ECB 1 & 3 Year CPI Exp.
Sources: Scotiabank Economics, Bloomberg.			



## Key Indicators for the week of October 21 – 25

## NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	10-21	10:00	Leading Indicators (m/m)	Sep	--	-0.3	-0.2
MX	10-22	08:00	Global Economic Indicator IGAE (y/y)	Aug	--	0.8	3.8
CA	10-22	08:30	IPPI (m/m)	Sep	--	--	-0.8
CA	10-22	08:30	Raw Materials Price Index (m/m)	Sep	--	--	-3.1
US	10-22	10:00	Richmond Fed Manufacturing Index	Oct	--	--	-21.0
US	10-23	07:00	MBA Mortgage Applications (w/w)	OCT 18	--	--	-17.0
MX	10-23	08:00	Retail Sales (INEGI) (y/y)	Aug	--	--	-0.6
CA	10-23	09:45	BoC Interest Rate Announcement (%)	Oct 23	3.75	3.75	4.25
US	10-23	10:00	Existing Home Sales (mn a.r.)	Sep	3.9	3.9	3.9
US	10-23	10:00	Existing Home Sales (m/m)	Sep	0.0	1.0	-2.5
MX	10-24	08:00	Bi-Weekly Core CPI (% change)	Oct 15	--	--	0.1
MX	10-24	08:00	Bi-Weekly CPI (% change)	Oct 15	--	--	0.0
US	10-24	08:30	Initial Jobless Claims (000s)	OCT 19	295	--	241.0
US	10-24	08:30	Continuing Claims (000s)	OCT 12	1910	--	1867.0
US	10-24	10:00	New Home Sales (000s a.r.)	Sep	700	713.0	716.0
CA	10-25	08:30	Retail Sales (m/m)	Aug	0.5	0.5	0.9
CA	10-25	08:30	Retail Sales ex. Autos (m/m)	Aug	--	0.3	0.4
US	10-25	08:30	Durable Goods Orders (m/m)	Sep P	-1.0	-1.0	0.0
US	10-25	08:30	Durable Goods Orders ex. Trans. (m/m)	Sep P	0.0	-0.1	0.5
US	10-25	10:00	U. of Michigan Consumer Sentiment	Oct F	--	69.5	68.9

## EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
GE	10-21	02:00	Producer Prices (m/m)	Sep	-0.2	0.2
UK	10-22	02:00	PSNB ex. Interventions (£ bn)	Sep	17.5	13.7
UK	10-22	02:00	Public Finances (PSNCR) (£ bn)	Sep	--	4.9
UK	10-22	02:00	Public Sector Net Borrowing (£ bn)	Sep	17.5	13.7
EC	10-23	10:00	Consumer Confidence	Oct P	-12.5	-12.9
FR	10-24	03:15	Manufacturing PMI	Oct P	45.0	44.6
FR	10-24	03:15	Services PMI	Oct P	50.0	49.6
GE	10-24	03:30	Manufacturing PMI	Oct P	40.8	40.6
GE	10-24	03:30	Services PMI	Oct P	50.7	50.6
EC	10-24	04:00	Composite PMI	Oct P	49.7	49.6
EC	10-24	04:00	Manufacturing PMI	Oct P	45.3	45.0
EC	10-24	04:00	Services PMI	Oct P	51.5	51.4
UK	10-24	04:30	Manufacturing PMI	Oct P	51.5	51.5
UK	10-24	04:30	Services PMI	Oct P	52.4	52.4
UK	10-24	19:01	GfK Consumer Confidence Survey	Oct	-21.0	-20.0
SP	10-25	03:00	Unemployment Rate (%)	3Q	--	11.3
GE	10-25	04:00	IFO Business Climate Survey	Oct	85.6	85.4
GE	10-25	04:00	IFO Current Assessment Survey	Oct	84.4	84.4
GE	10-25	04:00	IFO Expectations Survey	Oct	87.0	86.3
RU	10-25	06:30	One-Week Auction Rate (%)	Oct 25	20.00	19.00

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

## Key Indicators for the week of October 21 – 25

## ASIA PACIFIC

Country	Date	Time	Indicator	Period	Consensus	Latest
CH	10-20	21:00	PBoC Loan Prime Rate 1-Year (%)	Oct 21	3.2	3.4
TA	10-21	04:00	Export Orders (y/y)	Sep	5.2	9.1
SK	10-21	17:00	PPI (y/y)	Sep	--	1.6
NZ	10-21	17:45	Trade Balance (NZD mn)	Sep	--	-2203.0
NZ	10-21	17:45	Exports (NZD bn)	Sep	--	4970.0
NZ	10-21	17:45	Imports (NZD bn)	Sep	--	7170.0
MA	10-22	03:00	Foreign Reserves (US\$ bn)	Oct 15	--	119.7
HK	10-22	04:30	CPI (y/y)	Sep	2.4	2.5
SK	10-22	17:00	Consumer Confidence Index	Oct	--	100.0
SI	10-23	01:00	CPI (m/m)	Sep	0.2	0.7
SI	10-23	01:00	CPI (y/y)	Sep	1.9	2.2
TA	10-23	04:00	Industrial Production (y/y)	Sep	11.0	13.4
SK	10-23	17:00	Business Survey- Manufacturing	Nov	--	73.0
SK	10-23	17:00	Business Survey- Non-Manufacturing	Nov	--	71.0
SK	10-23	19:00	GDP (q/q)	3Q A	0.4	-0.2
SK	10-23	19:00	GDP (y/y)	3Q A	2.0	2.3
JN	10-23	20:30	Markit/JMMA Manufacturing PMI	Oct P	--	49.7
PH	10-23	21:00	Budget Deficit/Surplus (PHP bn)	Sep	--	-54.2
TH	10-23	22:00	Customs Exports (y/y)	Sep	3.5	7.0
TH	10-23	22:00	Customs Imports (y/y)	Sep	5.5	8.9
TH	10-23	22:00	Customs Trade Balance (US\$ mn)	Sep	1970.0	264.9
MA	10-24	00:00	CPI (y/y)	Sep	1.9	1.9
JN	10-24	02:00	Machine Tool Orders (y/y)	Sep F	--	-6.5
TA	10-24	04:00	Unemployment Rate (%)	Sep	3.4	3.4
NZ	10-24	17:00	ANZ Consumer Confidence Index	Oct	--	95.1
JN	10-24	19:30	Tokyo CPI (y/y)	Oct	1.8	2.1
JN	10-25	01:00	Coincident Index CI	Aug F	--	113.5
JN	10-25	01:00	Leading Index CI	Aug F	--	106.7
JN	10-25	01:00	New Composite Leading Economic Index	Aug F	--	106.7
SI	10-25	01:00	Industrial Production (m/m)	Sep	-4.1	6.7
SI	10-25	01:00	Industrial Production (y/y)	Sep	3.0	21.0
JN	10-25	01:30	Nationwide Department Store Sales (y/y)	Sep	--	3.9

## LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CO	10-21	11:00	Trade Balance (US\$ mn)	Aug	--	-1190.0	-617.9
BZ	10-24	08:00	IBGE Inflation IPCA-15 (m/m)	Oct	--	--	0.1
BZ	10-24	08:00	IBGE Inflation IPCA-15 (y/y)	Oct	--	--	4.1

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

## Global Auctions for the week of October 21 – 25

## NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	10-23	13:00	U.S. To Sell USD13 Bln 20-Year Bond Reopening
CA	10-24	12:00	Canada to Sell C\$2 Billion of 2.75% 2055 Bonds
US	10-24	13:00	U.S. To Sell USD24 Bln 5-Year TIPS

## EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
IC	10-18	07:00	Iceland to Sell 8% 2027 Bonds
EC	10-21	05:30	EU to Sell Bonds
BE	10-21	06:00	Belgium to Sell Bonds
GE	10-22	05:30	Germany to Sell EU5 Billion of 2026 Bonds
DE	10-23	04:15	Denmark to Sell Bonds
SW	10-23	05:00	Sweden to Sell SEK3 Billion of 0.75% 2029 Bonds
UK	10-23	05:00	U.K. to Sell GBP4 Billion of 3.75% 2027 Bonds
SW	10-23	05:00	Sweden to Sell SEK1 Billion of 2.25% 2035 Bonds
GE	10-23	05:30	Germany to Sell EU4 Billion of 2.6% 2034 Bonds
PO	10-23	05:30	Portugal to Sell Bonds
FI	10-24	06:00	Finland to Sell Ori Bonds
IT	10-25	05:00	Italy to Sell I/L Bonds

## ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	10-20	20:00	Australia to Sell A\$700 Million 3.25% 2029 Bonds
SK	10-20	21:30	Bank of Korea to Sell 800 Billion Won 91-Day Bonds
SK	10-20	21:30	South Korea to Sell 600 Billion Won 10-Year Bonds
SK	10-20	22:30	South Korea to Sell 900 Billion Won 10-Year Bonds
JN	10-21	23:35	Japan to Sell 10-Year Climate Transition Bonds
AU	10-22	20:00	Australia to Sell A\$800 Million 4.25% 2035 Bonds
CH	10-23	22:35	China Plans to Sell Bonds
JN	10-23	23:35	Japan to Sell Bonds
AU	10-24	20:00	Australia to Sell A\$300 Million 4.25% 2034 Bonds
CH	10-24	22:35	China Plans to Sell 30 Year Bonds (Special)

## LATIN AMERICA

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

## Events for the week of October 21 – 25

## NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	10-18	09:30	Fed's Bostic Presents to High School Students
US	10-18	10:00	Fed's Kashkari Moderates Panel Event
US	10-18	12:10	Fed's Waller Speaks on Decentralized Finance
US	10-18	12:30	Fed's Bostic Participates in Moderated Conversation
US	10-21	08:55	Fed's Logan Speaks at SIFMA Annual Meeting
US	10-21	13:00	Fed's Kashkari Participates in Townhall Event
US	10-21	17:05	Fed's Schmid Speaks on Economic and Monetary Policy Outlook
PO	10-22	09:00	ECB's Centeno Speaks in Washington
US	10-22	10:00	Fed's Harker Speaks at Fintech Conference
US	10-22	10:00	Fed's Harker Gives Opening Remarks
US	10-23	09:00	Fed's Bowman Gives Opening Remarks
<b>CA</b>	<b>10-23</b>	<b>09:45</b>	<b>Bank of Canada Rate Decision</b>
US	10-23	12:00	Fed's Barkin Speaks About Community Colleges
US	10-23	14:00	Federal Reserve Releases Beige Book
US	10-24	08:45	Fed's Hammack Gives Welcome Remarks
US	10-24	08:45	Fed's Hammack Gives Welcoming Remarks

## EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	10-18	04:00	ECB Survey of Professional Forecasters
EC	10-18	04:00	ECB Survey of Professional Forecasters
EC	10-21	03:00	ECB's Simkus Speaks in Vilnius
PO	10-22	09:00	ECB's Centeno Speaks in Washington
EC	10-22	09:05	ECB's Knot Speaks in New York
UK	10-22	09:15	BOE's Greene Speaks
UK	10-22	09:25	BOE's Bailey Speaks
EC	10-22	09:45	ECB's Holzmann Participates in Panel
EC	10-22	13:00	ECB's Villeroy speaks in New York
FI	10-22	14:00	ECB' Rehn speaks at Peterson Institute event in Washington, DC
EC	10-22	14:00	ECB's Rehn Speaks in Washington
UK	10-22	15:15	BOE's Breeden Speaks
SW	10-23	07:30	Riksbank Deputy Governor Per Jansson speaks
UK	10-23	09:00	BOE's Breeden Speaks
EC	10-23	10:00	ECB's Lagarde Speaks in Washington
EC	10-23	10:00	ECB's Lane Speaks in Washington
EC	10-23	11:30	ECB's Cipollone Speaks in Washington
EC	10-23	12:00	ECB's Escriva Speaks in Washinton
EC	10-23	14:15	ECB's Knot Speaks in Washington
EC	10-23	15:00	ECB's Centeno Speaks in Washington
UK	10-23	16:30	BOE's Bailey Speaks
NO	10-24	04:00	Norges Bank 3Q Survey of Bank Lending
UK	10-24	09:00	BOE's Mann Speaks
EC	10-24	09:00	ECB's Kazaks Speaks in Washington
EC	10-24	13:00	ECB's Lane Speaks
NO	10-24	13:15	Wolden Bache speaks at Peterson Institute event in Washington
EC	10-25	04:00	ECB 1 Year CPI Expectations
EC	10-25	04:00	ECB 3 Year CPI Expectations

Sources: Bloomberg, Scotiabank Economics.

Events for the week of October 21 – 25

ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CH	10-20	21:00	5-Year Loan Prime Rate
CH	10-20	21:00	1-Year Loan Prime Rate
AU	10-20	21:00	RBA's Hauser-Fireside Chat
NZ	10-21	19:00	RBNZ Assistant Governor Silk Speaks on Financial Markets
NZ	10-23	13:00	RBNZ Governor Speaks on Monetary Policy
AU	10-24	00:30	RBA-Annual Report
UZ	10-24		Key Rate

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
PY	10-21		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	4.25	October 23, 2024	3.75	3.75
Federal Reserve – Federal Funds Target Rate	5.00	November 7, 2024	4.75	4.75
Banco de México – Overnight Rate	10.50	November 14, 2024	10.25	10.25

**Bank of Canada (BoC):** We expect the Bank of Canada to cut its overnight target rate by 50bps on Wednesday, following the latest CPI report and other recent data, which shows that the Bank's preferred core measures are at the 2% target. However, there's a small risk of a 25bps cut. The domestic bank consensus is mostly expecting a 50bps cut. The bank will deliver an updated statement at 9:45am ET, along with updated forecasts in the quarterly Monetary Policy Report, followed by a press conference at 10:30am ET by Governor Macklem and Senior Deputy Governor Rogers.

### EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	3.40	December 12, 2024	3.40	3.40
European Central Bank – Marginal Lending Facility Rate	3.65	December 12, 2024	3.65	3.65
European Central Bank – Deposit Facility Rate	3.25	December 12, 2024	3.25	3.25
Bank of England – Bank Rate	5.00	November 7, 2024	4.75	4.75
Swiss National Bank – Sight Deposit Rate	1.00	December 12, 2024	1.00	1.00
Central Bank of Russia – One-Week Auction Rate	19.00	October 25, 2024	20.00	20.00
Sweden Riksbank – Repo Rate	3.25	November 7, 2024	3.00	3.00
Norges Bank – Deposit Rate	4.50	November 7, 2024	4.50	4.50
Central Bank of Turkey – Benchmark Repo Rate	50.00	November 21, 2024	50.00	50.00

**Central Bank of Russia:** The Central Bank of Russia is expected to further hike its one-week auction rate by 100bps to 20% on Friday, following hints of another rate hike at the September meeting. During the September meeting, both the bank and the Governor reiterated that further monetary policy tightening is required. A recent report by the bank warned that 2024 inflation may exceed July's forecast range of 6.5%-7%. Currently, both headline and core inflation are around the 8-9% range, above the bank's 4% target. The bank will update its forecast at this meeting.

### ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	0.25	October 31, 2024	0.25	0.25
Reserve Bank of Australia – Cash Rate Target	4.35	November 4, 2024	4.35	4.35
Reserve Bank of New Zealand – Cash Rate	4.75	November 26, 2024	4.50	4.50
People's Bank of China – 1-Year Medium-Term Lending Facility Rate	2.00	October 25, 2024	2.00	2.00
Reserve Bank of India – Repo Rate	6.50	December 5, 2024	6.50	6.50
Bank of Korea – Base Rate	3.25	November 28, 2024	3.25	3.25
Bank of Thailand – Repo Rate	2.25	December 18, 2024	2.25	2.25
Bank Negara Malaysia – Overnight Policy Rate	3.00	November 6, 2024	3.00	3.00
Bank Indonesia – BI-Rate	6.00	November 20, 2024	6.00	6.00
Central Bank of Philippines – Overnight Borrowing Rate	6.00	December 19, 2024	5.75	5.75

**People's Bank of China (PBoC):** Following the announcement of several policy measures on September 24, 2024, and the shift of its key policy rate from the MTLFR to the 7-day repo rate, the People's Bank of China is not expected to make further changes next week. The 1-year MTLFR is anticipated to remain at 2%, while the one- and five-year loan prime rates will be reduced by 20bps to 25bps, as previously guided in the last announcement.

### LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	10.75	November 6, 2024	11.25	11.25
Banco Central de Chile – Overnight Rate	5.25	December 17, 2024	5.00	5.00
Banco de la República de Colombia – Lending Rate	10.25	October 31, 2024	9.75	9.75
Banco Central de Reserva del Perú – Reference Rate	5.25	November 7, 2024	5.00	5.00

### AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	8.00	November 21, 2024	7.75	7.75

Sources: Bloomberg, Scotiabank Economics.



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