

THE GLOBAL WEEK AHEAD

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*With thanks for research support from:
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Careful What You Tease

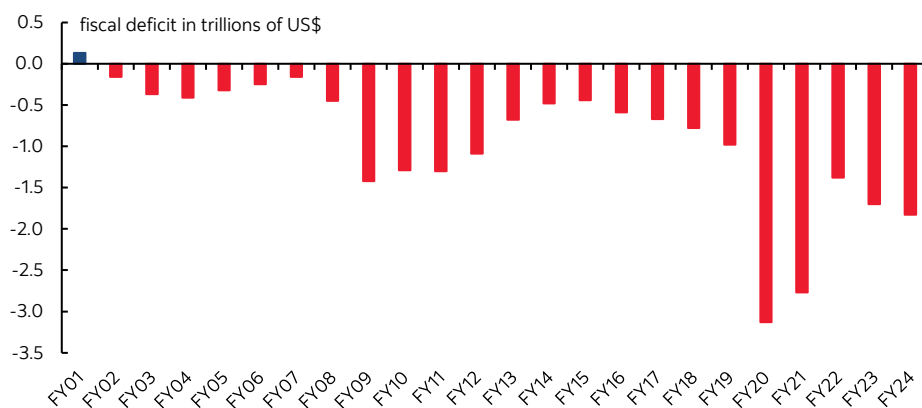
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Chart of the Week

Balancing the Budget: 23 Years of Deficit But Sure, Trump's Got It This Time!



Sources: Scotiabank Economics, US Treasury.

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

Careful What You Tease

I own two Dobermans. They don't share a whole lot in common with the bond market. Unlike bonds, they're highly loyal to their owners, faithful, and highly affectionate. They are very intelligent animals, and sometimes share this trait with the bond market. But shifty strangers who tease them may be better advised to think twice. President Trump teased the bond market this past week. He wouldn't make a good Doberman owner.

In this week's issue I'll go over the progress on US fiscal plans and how Trump's cavalier interjections are at risk of messing things up in a disharmonious manner with the clock ticking on a government shutdown.

Also on tap for the week will be elections in Germany and the Canadian province of Ontario. Two debates by candidates jockeying to be Canada's next Prime Minister—for a minimum of a few weeks—may seal their fates ahead of the March 9th party vote and maybe a quick election call. Three regional central banks will weigh in (Thailand, Korea, Israel) and maybe we'll hear a little more about the Bank of Canada's balance sheet plans. Top shelf global macro readings are also on deck, as are earnings reports from Canadian banks.

TRACKING PROGRESS ON U.S. FISCAL PLANS

How do you negotiate a massive overhaul of the US government's budget while the President is tossing bombs and rage bait in the middle of the exercise? Very good question.

The coming week will further advance the moves toward striking some sort of agreement in time to have a funding deal and avoid a government shutdown by the March 14th deadline. The House of Representatives is moving toward voting on its plan after the Senate just passed their slimmed down just-to-avoid-a-shutdown version. Somehow, they must agree on a joint bill and get it to Trump for his approval. Trump said he dislikes the Senate version. Beware the Ides of March in Washington.

Here's What's in the House Budget Proposals

You can find it [here](#) but since this effort is about using budget reconciliation to achieve fiscal aims you need to go to the section labelled "Title II — Reconciliation and Related Matters" as well as the section toward the top of page 40 on mandatory spending. A few observations can be gleaned from the generalities, but details are unavailable so far. Achieving the broad outlines would then go to individual Committees to fill in the blanks which is likely to be a rather Herculean task.

Chart 1 summarizes the proposed measures.

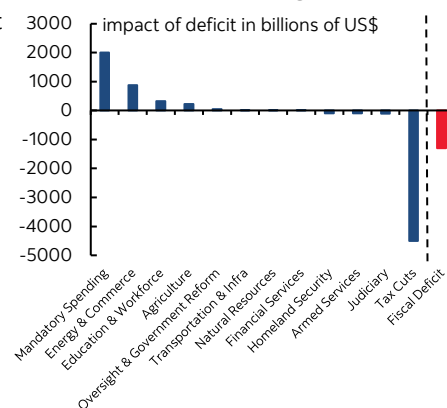
The first observation is that tax cuts totalling \$4½ trillion over ten years would be delivered. This is the document's entry for the tax-writing Ways and Means Committee. Key on this point is that what is being implied is a temporary extension of the provisions in the Tax Cuts and Jobs Act of 2018 that are set to expire at the end of this year. To extend all of the TCJA provisions for the full decade of the budget plan would carry a price tag of \$4.2 trillion as I went over in a prior weekly ([here](#)). Also key is that including Trump's other tax cuts including exempting social security benefits from income tax, exempting overtime income from tax, exempting tips from tax, and cutting the corporate tax rate on domestic income would cost another US\$2 trillion over ten years. The grand total for all of Trump's tax cuts if extended over a full decade would be about \$6.7 trillion. The House's plan falls well short of that, but we can't tell in the details how they fall short. It's likely that they are extending the TCJA provisions by several years shy of 10 years, maybe half that, which punts the issue on future tax liabilities to whomever wins the 2028 election. Hence why Trump keeps talking about a third term which the 22nd Amendment of the Constitution prohibits, but details, details.

The second observation is that the targeted cuts to discretionary spending would total \$1.2 trillion over ten years and are broken down by Committee as follows.

- Energy and Commerce: -\$880B over ten years
- Education and workforce: -\$330B over ten years
- Agriculture: -\$230B over ten years

Chart 1

The Wishful House Budget Proposal



Sources: Scotiabank Economics, US House Budget Committee.

- Oversight and gov't reform: -\$50B over ten years
- Transportation and Infrastructure: -\$10B over ten years
- Financial services: -\$1B over ten years
- Natural resources: -\$1B over ten years
- Judiciary: +\$110B over ten years
- Armed Services: +\$100B over ten years
- Homeland Security: +\$90B over ten years

On top of that \$1.2 trillion of cuts, the House seeks to reduce mandatory spending by \$2T over ten years. This category includes Medicaid, Medicare, Social Security etc. Trump has said he doesn't wish to touch those areas and so it's extremely unclear how this cut would be delivered. But if not achieved, then the House bill says that either fewer tax cuts or more spending cuts would be required. If more mandatory spending cuts are achieved than the \$2T mark, then more tax cuts would be allowed. Targeted areas for mandatory spending cuts appear to be the \$880B spent per year on Medicaid program for poorer individuals perhaps with work requirements, spending on student loan relief, spending on Supplemental Nutrition Assistance Program (aka food stamps), and spending by Homeland Security Committees.

There are plenty of hurdles to these wish lists. One is some of the responsibility would be downloaded to state and local governments. The courts might have a thing or two to say. The House cuts to mandatory spending could require Trump to drop his campaign pledge. There would likely be serious political and social blowback. Some voices have advocated unleashing Elon Musk's DOGE on defence spending, but that too is getting strong pushback from GOP defence hawks. Like many of Trump's early initiatives, many of these pledges could stumble at the execution stage.

The House plan also calls for a \$4 trillion increase in the statutory debt ceiling from \$36 trillion now to \$40 trillion. That's a further 11% rise in US debt from here (chart 2).

And Here's How Trump is Complicating Things

President Trump is famous for moving the goalposts around on a high frequency basis. He's doing that in the budget negotiations.

Trump now says that the US might balance the budget this year—yes, this year—and also disburse DOGE savings on spending cuts by giving 20% of them back to Americans presumably in the form of a rebate cheque, although he didn't say, and putting another 20% of DOGE savings toward reducing the debt.

Trump's budget claim is ridiculous. First, the US is running a deficit to GDP ratio of 7.2% now. Nothing in the House budget outline remotely supports such a claim that the budget will be immediately balanced; in fact, it would increase the debt ceiling and add to the deficit over time but by well shy of what would happen if Trump's tax wish list were delivered for the full decade projection period.

Second, to contract the deficit by that magnitude in one year while delivering his sought-after tax cuts—assuming they would be immediately implemented—would require about \$2½ trillion of immediate spending cuts this year, or over a one-third reduction in total annual US government spending now. That amounts to over 8% of nominal annual GDP and the spillover negative multiplier effects on the rest of the economy would add to this which would make for a large revenue hit and hence more self-defeating austerity to balance the budget. Hello recession, it's been a while, you look worse than the GFC and pandemic.

Third, DOGE cuts have thus far been trivial judging by how daily Treasury outlays are tracking relative to prior years (chart 3).

Chart 2

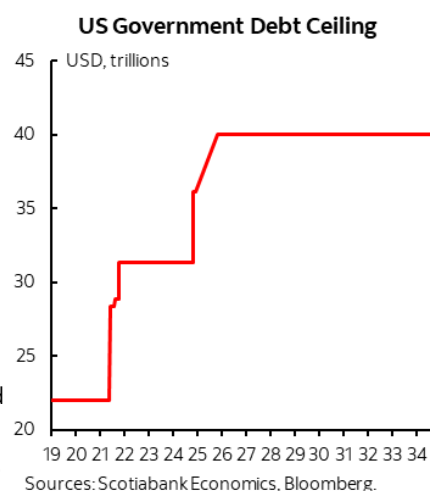
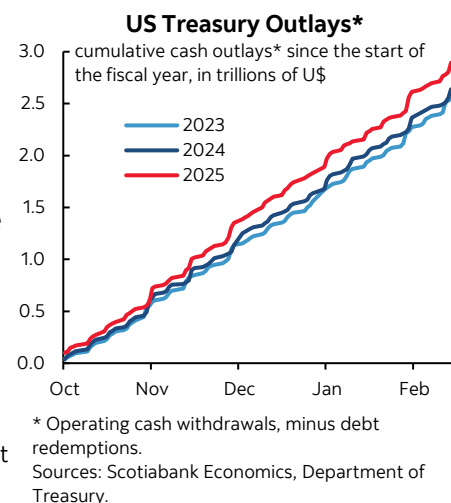


Chart 3



Fourth, the House plan assumes aggressive DOGE cuts but still finances the overall picture with more deficits and more debt. That's a net injection of stimulus into the economy that the bond market wouldn't relish from an inflation and issuance standpoint. The lump sum paydown of debt would fall shy of the higher deficits and bigger debt ceiling.

ELECTIONS—SORRY MR. MUSK, YOU WON'T GET YOUR WAY

Elections in Germany and the Canadian province of Ontario will warm up political risk this week. The next major global election will then be Canada's.

Germany's Election—Musk is Unlikely to Get His Way

German voters cast their ballots on Sunday. Incumbent Chancellor Olaf Scholz's Social Democrats are trailing well behind in the polls after their coalition collapsed late last year, triggering an election over proposals to ease fiscal rules (chart 4). The election wasn't supposed to have been until September.

Friedrich Merz's conservative Christian Democrats (CDU) are likely to win the largest share of the vote. They are well ahead in the polls.

Nipping at both of their heels is the far-right Alternative for Germany (AfD) party and its leader, Alice Weidel. AfD is in second place. Most believe it would be highly surprising if she won. Ms. Weidel curries favour with foreign supporters like Elon Musk. She backs ending Russian sanctions, mass deportations, and is opposed to green energy. You can see the parallels to the Trump administration.

Other parties could play king (or queen) maker but have no real chance at governing.

The leading CDU/CSU parties have clearly stated they will not form a coalition with AfD which means that while the party could siphon off support and drive greater fragmentation, Musk is very unlikely to see his championed party to victory. And yet who among the SPD, Greens and the rest may combine to form a coalition is uncertain. Chart 5 depicts the share of seats that could be won based on polling by various coalitions. For descriptions of the various coalitions shown in the chart (and others) go [here](#).

Ontario's Election—It's Ford's to Lose

Ontarians are already casting their advance ballots, and the rest will head to the polls on Thursday. An early election was called toward the end of January—fifteen months earlier than it needed to have been held. Progressive Conservative Party Leader and Premier Doug Ford was seeking to capitalize upon his lead in the polls and greater presence as a household name than the opposition leaders.

Attempts at translating polling numbers into seat projections show that Ford will either maintain or add to the number of seats his majority government holds (chart 6). Ontario elections have been known to have their big surprises.

Ford would represent continuity to stable Ontario spreads and maintain his presence as a leading voice against US trade aggression.

Canada the Next Step for Global Election Risks

Next up on the list of global political risk and how it could cross into the realm of shifting policy priorities will be Canada's election. First will be the Liberal Party's decision on who to elect as their new leader by March 9th. While there are technically five candidates, the race is basically between Mark Carney (former Governor of the BoC and BoE and political newbie) and Chrystia Freeland (former Finance Minister). The candidates will face off in French and English language debates on on Monday and Tuesday respectively.

Chart 4

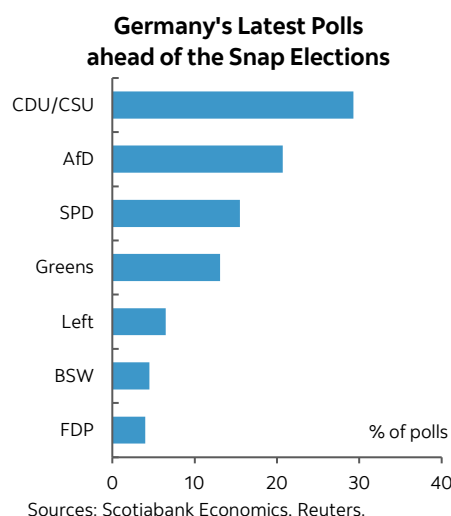


Chart 5

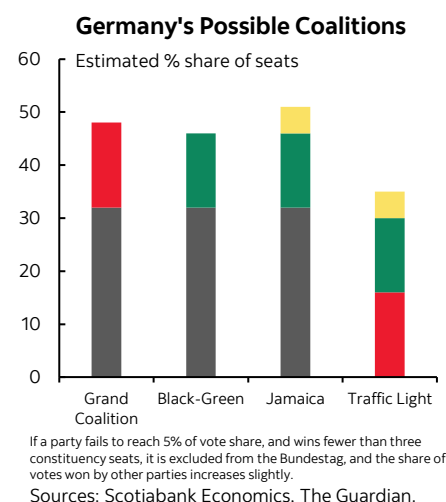
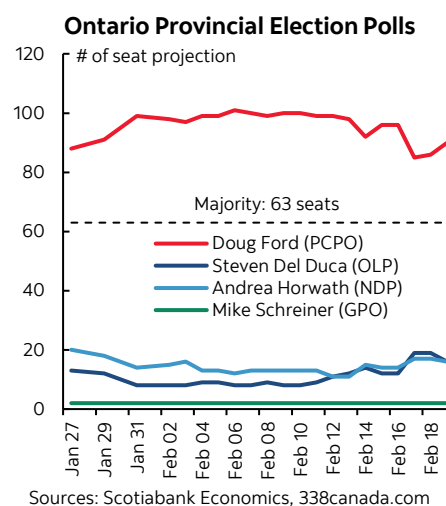


Chart 6



Carney appears to be in the lead with the majority support of Liberal cabinet members among others (chart 7). Chart 8 shows he would put up a fair fight. Jay Parmar and I offer table 1 as a summary of their policy stances.

Developments may move quickly after March 9th given considerable traction behind the possibility that Carney—if victorious—may call a snap election shortly after the vote. If so, then an election as soon as April may be feasible and hence well ahead of when the prorogued parliament is slated to return on March 24th.

CANADA'S ECONOMY—HELLO CONSUMERS!

The Canadian consumer is the (late) Rodney Dangerfield of the world of economics—both get no respect. This point may shine through in a tonne of Canadian GDP data that lands on Friday that will inform how 2024 ended and 2025 began.

The figures are expected to be reasonably constructive and could add to the tone of strong job market readings ([here](#)) and persistent core inflation ([here](#)). BoC watchers will then shift their attention to one more jobs report before the March 12th decision, and whether or not Trump is bluffing about threatened tariffs that he delayed until early March. At present, markets only have about a one-in-three chance at a cut priced for the next meeting.

I've estimated a 0.3% m/m SA rise for December GDP and 1.7% q/q SAAR for Q4 GDP. Statcan had guided that December GDP was tracking at 0.2% m/m back on January 31st. Data since then suggests upside risk.

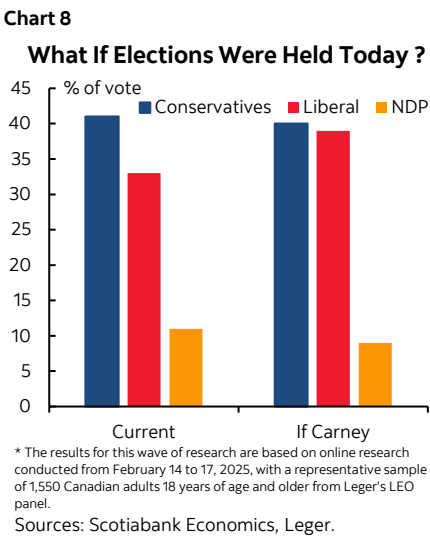
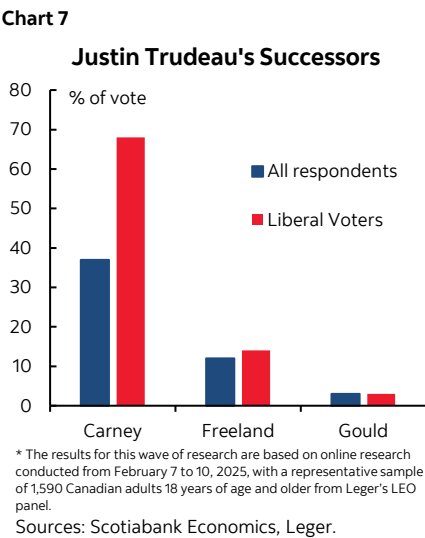


Table 1

Race for Liberal Leader So Far		
Economic Policy	Mark Carney	Chrystia Freeland
Capital Gains Tax	Scrap	Scrap
Carbon Pricing	Will immediately remove the consumer carbon tax and replace it with incentives to reward people for greener choices. Have big polluters pay Canadians to make their green choices while paying their fair share for emissions.	Abandon consumer carbon pricing and replace it "with a system that will work within our federation and will be developed collaboratively with provinces and territories". Still supports industrial carbon pricing.
Immigration	-	Tie the number of new immigrants to housing availability
Spending	Boost defense spending to 2% of GDP by 2030 Spend less in government but keep new programs - dental care & child care etc.	Bring up military spending up to 2% of GDP by 2027
Taxes	Cut middle-class taxes & boost the incomes of young Canadians	Cut income taxes - will cut the second income tax bracket rate
Fiscal Discipline	Run a small deficit "to invest & grow" and balance its operational spending over the course of three years	-
Jobs	Shrinking Civil service	Reduce the size of Cabinet to no more than 20 Ministers & reduce the size of the PMO by 50%
Housing	Boost Construction of New Homes & lower building costs	Freeland announced her 10-point plan to tackle Canada's housing crisis. Her proposal includes tying the number of new immigrants to housing availability, bringing back rent-to-own programs, giving renters credit for on-time rent payments, building more affordable housing and kick-starting modular housing factories.
Business Incentives	-	Removing 30% cap on Canadian pension fund investments in Canadian entities & reinstating the accelerated investment incentive. Fast-track at least 10 major projects a year
Interprovincial Trade Barriers	Quickly convene the country's premiers to work on the issue in the service of making "one economy here, not 13."	Reduce internal trade barriers by using federal transfers as leverage to force provinces to make changes. Urgent focus on agriculture, transportation, & alcohol
US Tariffs	Supports dollar-for-dollar retaliatory tariffs	Supports dollar-for-dollar retaliatory tariffs
Energy Sector	Supports the concept of a west-east oil pipeline Accelerate approvals for such pipelines and for clean energy	Enhance tax incentives for the critical minerals sector

Sources: Scotiabank Economics, Campaign websites, Media & Newspaper and various articles.

January GDP is a tough call but may peek out a small gain not least of which because hours worked soared for the second straight month.

The upside surprise to Canada's retail sales numbers gave me a little more confidence in my GDP estimates. Normally retail's small weight in GDP doesn't affect much, but the 2.5% m/m volume increase was a lot higher than what I had figured based on their advance nominal retail guidance and relevant CPI categories. Retail sales volumes are tracking a third straight quarterly expansion starting in Q3 into Q4 and with enough momentum built into the math to provide a strong running head start into Q1 (chart 9).

Therefore, total consumer spending that was up by 3% q/q SAAR or better in each of Q1 and Q3 last year might have performed well again in Q4. Whether retail volumes under- or over-state consumption growth is unclear but we have limited ability to track services spending volumes. Retail sales are not a value-added concept like GDP, so there is translation risk. The surge in retail might have been at the expense of spending on services. But then again, since Canadian retail numbers include no spending on any services, this means that a likely surge in spending at restaurants that benefited from the GST/HST cut could add upside risk to the retail depiction of overall consumer spending. Watch Tuesday's December reading on spending at restaurants and bars from Statistics Canada in the context of recent strength with the caution that the numbers are nominal (chart 10).

And if tracking for December and January Canadian GDP is reasonably close with no material prior revisions, then Q1 GDP is VERY tentatively tracking 1.5% q/q SAAR.

That's not great growth, but it's hardly bad and I'm still waiting for the recession that some thought was for sure going to happen. Details behind the Q4 GDP headline number will be important. There could be a net trade contribution (chart 11). Inventories are uncertain, but have been running relatively hot on a combination of trend growth and post-pandemic tolerance toward holding relatively high inventories relative to sales.

Some will claim that a recession already kind of did happen by citing per capita GDP numbers, but I've never accepted that reasoning. Per capita GDP may stabilize if not begin to turn higher going forward. One reason why it was depressed was excessive immigration especially of temps, but this is going to reverse going forward (chart 12). Population growth is already reversing (chart 13). No doubt shocks lie ahead, such as potential tariffs, but if they can be avoided, then per capita GDP may bounce back but still be restrained by competitiveness challenges and weak productivity. And in any event, since temps have been the biggest driver of population growth, it's important to constantly emphasize they—international students, temporary foreign workers, and asylum seekers—shouldn't be expected to contribute proportionately to GDP other population segments do.

Chart 9

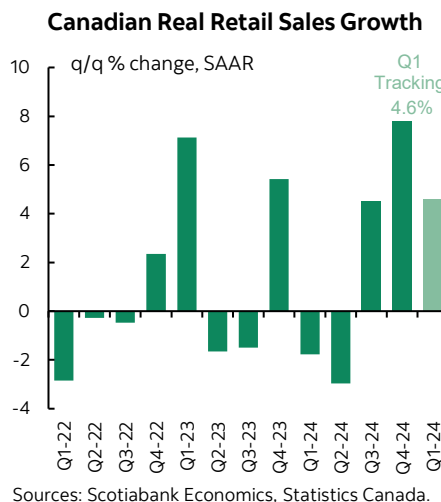


Chart 10

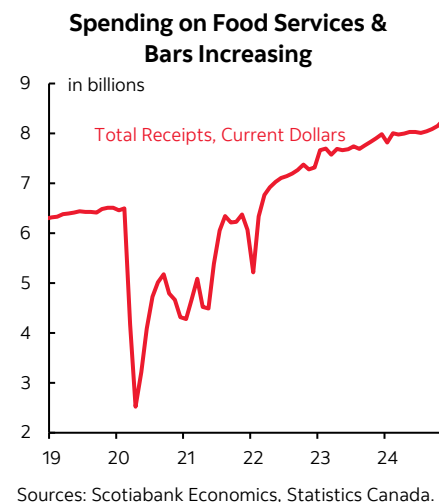


Chart 11

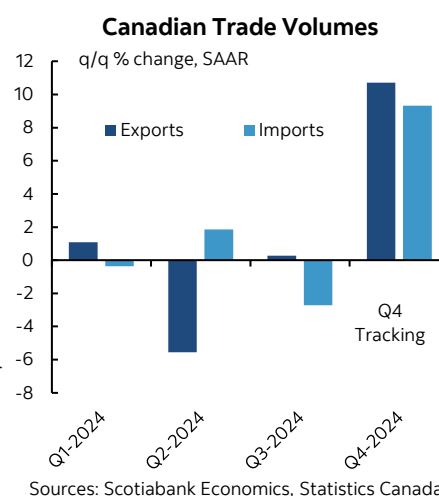


Chart 12

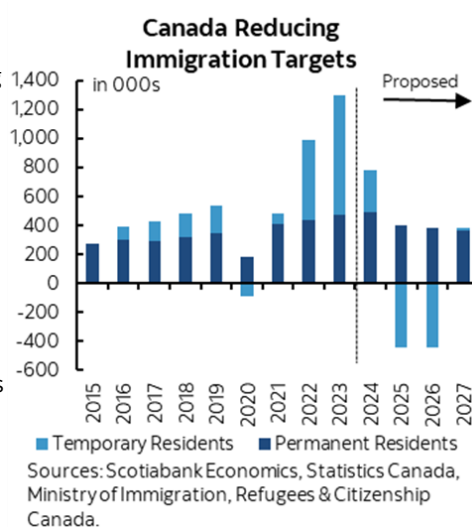
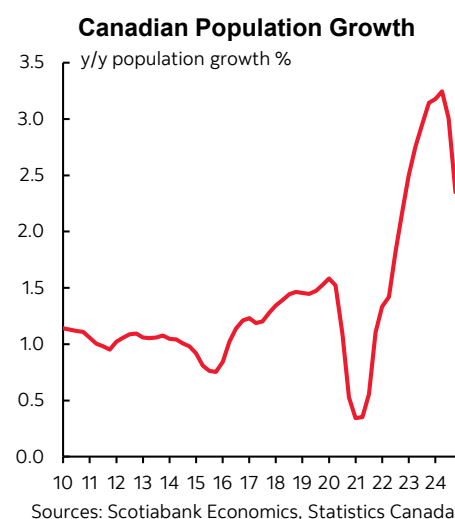


Chart 13



CENTRAL BANKS—REGIONAL CENTRAL BANKS UNDER PRESSURE

Three regional central bank decisions may be influential to local markets, but the big central banks are on ice until the ECB's next decision on March 6th kicks off another round of decisions. The ECB will be followed by the Bank of Canada (12th), the FOMC and the BoJ (19th), and the BoE (20th). This week will also bring out further BoC communications on balance sheets.

BoC on Balance Sheets

There should be very low risk out of his appearance, but Bank of Canada Deputy Governor Toni Gravelle—who heads the financial markets division—appears on an 8:15amET Monday morning panel at the Bank of England's conference on central bank balance sheets (agenda [here](#)). There will be no published remarks or media. Gravelle is likely to repeat the themes from his speech on the topic in January before the BoC then announced the end of Quantitative Tightening. Go [here](#) for my attempt at projecting out the balance sheets and its key components over time.

Bank of Israel—On a Prolonged Hold

Consensus unanimously expects Israel's central bank to hold its Base Rate at 4.5% on Monday. Governor Yaron had guided on January 28th that one or two base rate cuts could be delivered by 2025H2 conditioned on achieving their forecasts notwithstanding what he described at "great uncertainty." That implies a protracted hold through at least the next three meetings over 2025H1.

Bank of Korea—A Stable Won Opens the Door to Easing

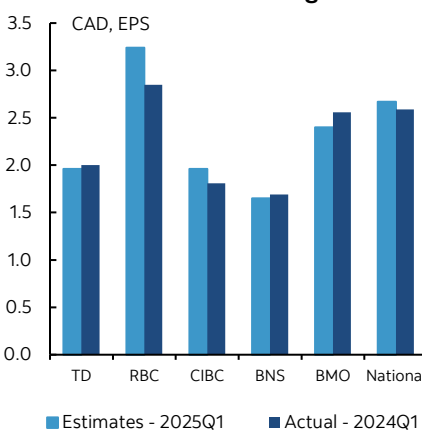
Following its surprise hold on January 16th, consensus unanimously expects the Bank of Korea to cut its policy rate by 25bps on Tuesday. With the economy stumbling with little to no growth over the past three quarters and core inflation still running at just under 2% y/y, the BoK can turn its attention back to easing in the context of a more stable won than was the case at its last meeting. The won has slightly appreciated so far this year (chart 14).

Bank of Thailand—Under Pressure

Thailand's central bank is widely expected to hold its repo rate at 2.25% on Wednesday but a modest minority thinks that it could cut 25bps. When the BoT surprised by cutting 25bps at its October meeting it clearly communicated that the move was just a policy tweak and not the start of an easing cycle. The policy rate is close to being neutral. A case for a cut would rest upon CPI inflation running at just 1.2% y/y with core at 0.8% y/y, the appreciation of the Thai baht over recent weeks, and political pressure. PM Paetongtarn Shinawatra recently said "I want the BOT to consider cutting interest rate to help reduce people's expenses. This is possible because inflation remains low." She seeks greater collaboration between monetary and fiscal authorities.

Chart 15

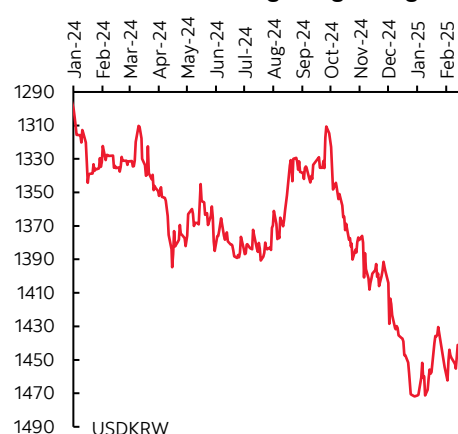
Canadian Earnings



Sources: Scotiabank Economics. Bloomberg.

Chart 14

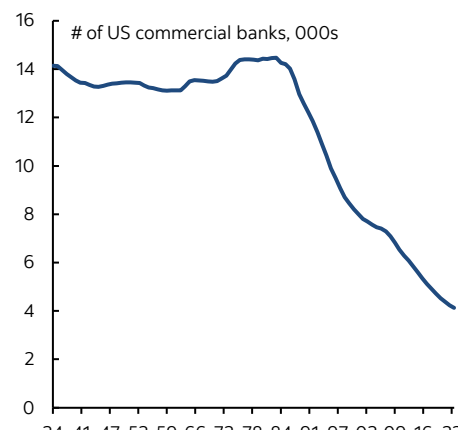
South Korean Won Regaining Strength



Sources: Scotiabank Economics, Bloomberg.

Chart 16

Let This Trend Continue



Sources: Scotiabank Economics, FDIC.

CANADIAN BANK EARNINGS—MAKING THE BOC'S JOB EASIER

Canada's big banks report earnings for the first fiscal quarter of 2025 ending January 31st.

First up will be my employer (BNS) and BMO on Wednesday. TD, CIBC, RBC and National follow on Thursday and Laurentian Bank wraps it up on Friday. Chart 15 shows analysts' earnings expectations.

One point that may come up is a comparison of the Canadian and US banking systems on the heels of Trump's remarks. Speaking as an economist, the nationwide consolidate nature of the Canadian banking system maximizes the efficiency with which monetary policy

changes transmit through the financial system and economy. They are learning this in the United States ([here](#)). As the US banking system continues to consolidate after about seventy years of restrictions against nationwide banking and branching from the McFadden Act of 1927 to the Riegle-Neal Act of 1994 (chart 16), evidence is emerging that this is aiding the transmission of monetary policy changes through the economy.

GLOBAL MACRO—WATCH THIS HALF DOZEN INDICATORS

The main global macro releases not already covered are summarized in table 2. Six in particular may stand out.

One will be updated readings on the Fed's preferred inflation gauges on Friday. US core PCE is expected by most shops to be 0.3% m/m SA that, when annualized, would retain considerable upward pressure on underlying inflation and further inform the FOMC's patient stance toward future policy rate adjustments. Recall that core CPI was up 0.445% m/m in January. Adjustments for different weights would lower that estimate's translation into PCE. Further, softness in the components within producer prices that get captured by PCE—one in particular—should also weigh down PCE somewhat. But key is that core PCE has been biased toward very strong readings to start off recent years and if this pattern persists then it could negate the other influences. This pattern may be due to a shift in company pricing decisions toward larger than usual seasonally unadjusted price hikes at the start of the year and/or to inadequate seasonal adjustment factors that overstate inflation at the beginning of the year.

Two is revised Q4 US GDP (2.3% q/q SAAR) and Q4 core PCE (2.5% q/q SAAR) on Thursday. No major revisions are expected, but we can never rule them out.

Three will be Friday's consumer spending and income figures. Spending could be quite weak given what we know about retail sales last month.

Fourth, watch each week's initial jobless claims (Thursday) for signs that job cuts by the US government begin showing up.

Fifth, China reports the state versions of the purchasing managers' indices for February on Friday. They could post an artificial improvement from the somewhat earlier than normal Lunar New Year in January.

Sixth, Eurozone inflation readings for February will begin to roll in starting with Germany and Spain (Thursday) and then France and Italy (Friday). The Eurozone add-up won't arrive until the following week.

Table 2

Other Global Macro Indicators (February 24th - February 28th)			
US	CA	CPI	Other Macro
<i>Monday</i>			
Dallas Fed. Manf. Activity		SI	GE IFO Survey
<i>Tuesday</i>			
S&P/Case-Shiller Home Price Index		BZ	
Consumer Confidence Index			
Richmond Fed Manufacturing Index			
<i>Wednesday</i>			
MBA Mortgage App.			MX Trade, UR
New Home Sales			GE GfK Consumer Confidence Survey
<i>Thursday</i>			
Durable Goods Order	Current Account	SP	EC Economic & Industrial Confidence
GDP 4Q S		Tokyo	GE Retail Sales
Claims			JN Retail Trade, IP
Pending Home Sales			
<i>Friday</i>			
PCE	Real GDP	IT	UK House Prices
Personal Spending & Income		GE	GE UR
Wholesale Inventories			CL IP, Retail Sales, UR
			CO UR
			IN GDP
			CH PMI
Sources: Scotiabank Economics, Bloomberg.			

Key Indicators for the week of February 24 – 28
NORTH 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>
MX	02-24	07:00	Bi-Weekly Core CPI (% change)	Feb 15	--	0.3	0.2
MX	02-24	07:00	Bi-Weekly CPI (% change)	Feb 15	--	0.2	0.1
US	02-24	10:30	Dallas Fed. Manufacturing Activity	Feb	--	--	14.1
US	02-25	09:00	S&P/Case-Shiller Home Price Index (m/m)	Dec	0.3	--	0.4
US	02-25	09:00	S&P/Case-Shiller Home Price Index (y/y)	Dec	4.4	--	4.3
US	02-25	10:00	Consumer Confidence Index	Feb	103.5	103.0	104.1
US	02-25	10:00	Richmond Fed Manufacturing Index	Feb	--	--	-4.0
US	02-26	07:00	MBA Mortgage Applications (w/w)	Feb 14	--	--	-6.6
US	02-26	10:00	New Home Sales (000s a.r.)	Jan	640	678.0	698.0
MX	02-27	07:00	Trade Balance (US\$ mn)	Jan	--	1000.0	2566.8
MX	02-27	07:00	Unemployment Rate (%)	Jan	--	--	2.4
CA	02-27	08:30	Current Account (C\$ bn a.r.)	4Q	--	--	-3.2
US	02-27	08:30	Durable Goods Orders (m/m)	Jan P	0.7	1.8	-2.2
US	02-27	08:30	Durable Goods Orders ex. Trans. (m/m)	Jan P	0.2	0.4	0.3
US	02-27	08:30	GDP (q/q a.r.)	4Q S	2.3	2.3	2.3
US	02-27	08:30	GDP Deflator (q/q a.r.)	4Q S	--	--	2.2
US	02-27	08:30	Initial Jobless Claims (000s)	Feb 15	215	--	219.0
US	02-27	08:30	Continuing Claims (000s)	Feb 08	1875	--	1869.0
US	02-27	10:00	Pending Home Sales (m/m)	Jan	--	-1.2	-5.5
CA	02-28	08:30	Real GDP (m/m)	Dec	0.3	--	-0.2
CA	02-28	08:30	Real GDP (q/q a.r.)	4Q	1.7	--	1.0
US	02-28	08:30	PCE Deflator (m/m)	Jan	0.3	0.3	0.3
US	02-28	08:30	PCE Deflator (y/y)	Jan	2.4	2.5	2.6
US	02-28	08:30	PCE ex. Food & Energy (m/m)	Jan	0.3	0.3	0.2
US	02-28	08:30	PCE ex. Food & Energy (y/y)	Jan	2.6	2.6	2.8
US	02-28	08:30	Personal Spending (m/m)	Jan	0.0	0.2	0.7
US	02-28	08:30	Personal Income (m/m)	Jan	0.3	0.3	0.4
US	02-28	08:30	Wholesale Inventories (m/m)	Jan P	--	--	-0.5
US	02-28	09:45	Chicago PMI	Feb	--	--	39.5

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>Consensus</u>	<u>Latest</u>
GE	02-24	04:00	IFO Business Climate Survey	Feb	85.8	85.1
GE	02-24	04:00	IFO Current Assessment Survey	Feb	86.2	86.1
GE	02-24	04:00	IFO Expectations Survey	Feb	85.0	84.2
EC	02-24	05:00	CPI (m/m)	Jan F	-0.3	-0.3
EC	02-24	05:00	CPI (y/y)	Jan F	2.5	2.5
EC	02-24	05:00	Euro zone Core CPI Estimate (y/y)	Jan F	2.7	2.7
GE	02-25	02:00	Real GDP (q/q)	4Q F	-0.2	-0.2
GE	02-26	02:00	GfK Consumer Confidence Survey	Mar	-21.4	-22.4
FR	02-27	02:45	Producer Prices (m/m)	Feb	--	1.0
SP	02-27	03:00	CPI (m/m)	Feb P	--	0.2
SP	02-27	03:00	CPI (y/y)	Feb P	--	2.9
SP	02-27	03:00	CPI - EU Harmonized (m/m)	Feb P	--	-0.1
SP	02-27	03:00	CPI - EU Harmonized (y/y)	Feb P	3.0	2.9
SZ	02-27	03:00	GDP (y/y)	4Q	1.7	2.0
PD	02-27	04:00	GDP (y/y)	4Q F	--	3.20
EC	02-27	05:00	Economic Confidence	Feb	95.9	95.2
EC	02-27	05:00	Industrial Confidence	Feb	-12.0	-12.9

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for the week of February 24 – 28

EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	Consensus	Latest
GE	02-28	02:00	Retail Sales (m/m)	Jan	0.0	-1.1
SW	02-28	02:00	GDP (y/y)	4Q	1.1	0.7
UK	02-28	02:00	Nationwide House Prices (m/m)	Feb	0.2	0.1
FR	02-28	02:45	Consumer Spending (m/m)	Jan	-0.7	0.7
FR	02-28	02:45	GDP (q/q)	4Q F	-0.1	-0.1
GE	02-28	03:55	Unemployment (000s)	Feb	15.0	11.0
GE	02-28	03:55	Unemployment Rate (%)	Feb	6.2	6.2
SP	02-28	04:00	Current Account (€ bn)	Dec	--	1.3
IT	02-28	05:00	CPI (m/m)	Feb P	--	0.6
IT	02-28	05:00	CPI (y/y)	Feb P	--	1.5
IT	02-28	05:00	CPI - EU Harmonized (m/m)	Feb P	0.1	-0.8
PO	02-28	06:00	Real GDP (q/q)	4Q F	--	1.50
GE	02-28	08:00	CPI (m/m)	Feb P	0.4	-0.2
GE	02-28	08:00	CPI (y/y)	Feb P	2.3	2.3
GE	02-28	08:00	CPI - EU Harmonized (m/m)	Feb P	0.5	-0.2
GE	02-28	08:00	CPI - EU Harmonized (y/y)	Feb P	2.6	2.8

ASIA PACIFIC

Country	Date	Time	Indicator	Period	Consensus	Latest
NZ	02-23	16:45	Retail Sales Ex Inflation (q/q)	4Q	0.5	-0.1
SK	02-23	19:00	Discount Store Sales (y/y)	Jan	--	-6.6
SK	02-23	19:00	Department Store Sales (y/y)	Jan	--	1.1
SI	02-24	00:00	CPI (m/m)	Jan	--	0.3
SI	02-24	00:00	CPI (y/y)	Jan	2.3	1.6
SK	02-24	19:00	BoK Base Rate (%)	Feb 25	2.75	3.00
JN	02-25	00:30	Nationwide Department Store Sales (y/y)	Jan	--	2.8
JN	02-25	01:00	Machine Tool Orders (y/y)	Jan F	--	4.7
TA	02-25	03:00	Industrial Production (y/y)	Jan	10.0	20.0
HK	02-25	03:30	Exports (y/y)	Jan	-2.9	5.2
HK	02-25	03:30	Imports (y/y)	Jan	-2.7	-1.1
HK	02-25	03:30	Trade Balance (HKD bn)	Jan	-13.8	-34.5
HK	02-25	20:00	Annual GDP	2024 F	--	2.5
HK	02-25	20:00	Real GDP (q/q)	4Q F	--	0.8
HK	02-25	20:00	Real GDP (y/y)	4Q F	2.4	2.4
JN	02-26	00:00	Coincident Index CI	Dec F	--	116.8
JN	02-26	00:00	Leading Index CI	Dec F	--	108.9
JN	02-26	00:00	New Composite Leading Economic Index	Dec F	--	108.9
SI	02-26	00:00	Industrial Production (m/m)	Jan	-3.5	-0.7
SI	02-26	00:00	Industrial Production (y/y)	Jan	9.8	10.6
TH	02-26	02:00	BoT Repo Rate (%)	Feb 26	2.25	2.25
TA	02-26	03:00	Unemployment Rate (%)	Jan	3.4	3.4
TA	02-26	03:30	Real GDP (y/y)	4Q P	1.8	1.8
AU	02-26	19:30	Private Capital Expenditure	4Q	0.5	1.1
NZ	02-27	16:00	ANZ Consumer Confidence Index	Feb	--	96.0
JN	02-27	18:30	Tokyo CPI (y/y)	Feb	3.2	3.4
JN	02-27	18:50	Industrial Production (m/m)	Jan P	-1.0	-0.2
JN	02-27	18:50	Large Retailers' Sales (y/y)	Jan	--	2.9
JN	02-27	18:50	Retail Trade (m/m)	Jan	0.6	-0.8
JN	02-27	18:50	Retail Trade (y/y)	Jan	3.9	3.5
JN	02-27	18:50	Industrial Production (y/y)	Jan P	3.0	-1.6
AU	02-27	19:30	Private Sector Credit (m/m)	Jan	0.5	0.6
AU	02-27	19:30	Private Sector Credit (y/y)	Jan	--	6.5

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for the week of February 24 – 28
ASIA PACIFIC *(continued from previous page)*

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>Consensus</u>	<u>Latest</u>
PH	02-27	20:00	Exports (y/y)	Jan	-7.2	-2.2
PH	02-27	20:00	Imports (y/y)	Jan	0.5	-1.7
PH	02-27	20:00	Trade Balance (US\$ mn)	Jan	-4800.0	-4136.0
PH	02-27	20:00	Bank Lending (y/y)	Jan	--	10.1
PH	02-27	20:00	Budget Deficit/Surplus (PHP bn)	Dec	--	-213.0
JN	02-28	00:00	Housing Starts (y/y)	Jan	-2.7	-2.5
TH	02-28	02:00	Current Account Balance (US\$ mn)	Jan	1646.0	2925.0
TH	02-28	02:30	Exports (y/y)	Jan	--	8.4
TH	02-28	02:30	Imports (y/y)	Jan	--	13.4
TH	02-28	02:30	Trade Balance (US\$ mn)	Jan	--	1882.0
IN	02-28	05:30	Real GDP (y/y)	4Q	6.2	5.4
SK	02-28	19:00	Exports (y/y)	Feb	5.6	-10.2
SK	02-28	19:00	Imports (y/y)	Feb	2.8	-6.4
SK	02-28	19:00	Trade Balance (US\$ mn)	Feb	5080.0	-1860.0
CH	02-28	20:30	Manufacturing PMI	Feb	50.0	49.1
CH	02-28	20:30	Non-manufacturing PMI	Feb	50.3	50.2

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>
BZ	02-25	07:00	IBGE Inflation IPCA-15 (m/m)	Feb	--	--	0.1
BZ	02-25	07:00	IBGE Inflation IPCA-15 (y/y)	Feb	--	--	4.5
BZ	02-27	06:30	Current Account (US\$ mn)	Jan	--	--	-9033.2
CL	02-28	07:00	Industrial Production (y/y)	Jan	--	--	8.4
CL	02-28	07:00	Retail Sales (y/y)	Jan	--	--	5.8
CL	02-28	07:00	Unemployment Rate (%)	Jan	--	--	8.1
CO	02-28	10:00	Urban Unemployment Rate (%)	Jan	--	13.0	9.0

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Global Auctions for the week of February 24 – 28
NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	02-24	13:00	U.S. To Sell USD69 Bln 2-Year Notes
US	02-25	13:00	U.S. To Sell USD70 Bln 5-Year Notes
US	02-26	11:30	U.S. To Sell USD28 Bln 2-Year FRN Reopening
US	02-26	13:00	U.S. To Sell USD44 Bln 7-Year Notes
CA	02-27	12:00	Canada to Sell C\$2.5 Billion of 3.5% 2057 Bonds

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	02-24	05:30	EU to Sell Up to EU2.5 Billion of 2.875% 2027 Bonds
EC	02-24	05:30	EU to Sell Up to EU2.5 Billion of 3.375% 2039 Bonds
BE	02-24	06:00	Belgium to Sell 1.9% 2038 Bonds
BE	02-24	06:00	Belgium to Sell 2.7% 2029 Bonds
BE	02-24	06:00	Belgium to Sell 3% 2034 Bonds
IT	02-25	05:00	Italy to Sell Up to EU2.75 Billion of 2.55% 2027 Bonds
GE	02-25	05:30	Germany to Sell EU1.5 Billion of 1.8% 2053 Bonds
NO	02-26	05:00	Norway to Sell Bonds
GE	02-26	05:30	Germany to Sell EU1.5 Billion of 1% 2038 Bonds
GE	02-26	05:30	Germany to Sell EU500 Million of 0% 2036 Bonds
UK	02-27	05:00	UK to Sell GBP3.25 Billion of 4.375% 2040 Bonds
IT	02-27	05:00	Italy to Sell Bonds

ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SK	02-23	20:00	South Korea to Sell 1.4 Trillion Won 5-Year Bonds
SK	02-23	20:10	Bank of Korea to Sell 500 Billion Won 91-Day Bonds
SK	02-23	21:00	South Korea to Sell 1.4 Trillion Won 5-Year Bonds
CH	02-23	22:35	China to Sell 102 Billion Yuan 2030 Bonds
SK	02-24	21:00	South Korea to Sell 700 Billion Won 20-Year Bonds
JN	02-26	22:35	Japan to Sell 2-Year Bonds

LATIN AMERICA

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

Events for the week of February 24 – 28

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	02-24	08:15	Panel: Toni Gravelle, Deputy Governor
US	02-25	04:20	Fed's Logan Speaks at Balance Sheet Conference
US	02-25	11:45	Fed's Barr Gives Remarks With Q&A
US	02-25	13:00	Fed's Barkin Speaks on Inflation
US	02-26	08:30	Fed's Barkin Repeats Speech on Inflation
US	02-26	12:00	Fed's Bostic Speaks on Economic Outlook, Housing
US	02-27	09:15	Fed's Schmid Gives Remarks at USDA Event
US	02-27	13:15	Fed's Hammack Gives Keynote Speech at Conference
US	02-27	15:15	Fed's Harker Gives Speech on Economic Outlook
US	02-27		Fed's Barkin Repeats Speech on Inflation
US	02-28	22:15	Fed's Goolsbee Speaks in Moderated Q&A

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
UK	02-24	04:00	BOE's Lombardelli Speaks
UK	02-24	08:15	BOE's Ramsden Speaks
UK	02-24	13:00	BOE's Dhingra Speaks
EC	02-25	05:00	Bundesbank Chief Nagel Presents Annual Report
EC	02-25	08:00	ECB's Schnabel Speaks in London
UK	02-25	09:00	BOE's Pill Speaks
UK	02-26	11:30	BOE's Dhingra Speaks
EC	02-27	07:30	ECB Publishes Account of Jan. 29-30 Policy Meeting
UK	02-28	02:00	BOE's Ramsden Speaks
EC	02-28	04:00	ECB 3 Year CPI Expectations
EC	02-28	04:00	ECB 1 Year CPI Expectations

ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	02-24	21:45	RBA's Jones-Fireside Chat
SK	02-24	00:00	BOK Base Rate
TH	02-26	02:00	BoT Benchmark Interest Rate
AU	02-26	16:00	RBA's Plumb-Speech

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
DR	02-28		Overnight Rate

Global Central Bank Watch

NORTH AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Canada – Overnight Target Rate	3.00	March 12, 2025	2.75	2.75
Federal Reserve – Federal Funds Target Rate	4.50	March 19, 2025	4.50	4.50
Banco de México – Overnight Rate	9.50	March 27, 2025	9.00	N/A

Bank of Canada (BoC): BoC's Deputy Governor Toni Gravelle will be on a policy panel on Monday at the Bank of England's 2025 BEAR Conference on the topic of "Managing the Central Bank's Balance Sheet in a Period of Quantitative Tightening". Remarks will be published on the bank's website at 8:15am EST.

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	2.90	March 6, 2025	2.65	2.65
European Central Bank – Marginal Lending Facility Rate	3.15	March 6, 2025	2.90	2.90
European Central Bank – Deposit Facility Rate	2.75	March 6, 2025	2.50	2.50
Bank of England – Bank Rate	4.50	March 20, 2025	4.50	4.50
Swiss National Bank – Sight Deposit Rate	0.50	March 20, 2025	0.25	0.25
Central Bank of Russia – One-Week Auction Rate	21.00	March 21, 2025	21.00	21.00
Sweden Riksbank – Repo Rate	2.25	March 20, 2025	2.25	2.25
Norges Bank – Deposit Rate	4.50	March 27, 2025	4.25	4.25
Central Bank of Turkey – Benchmark Repo Rate	45.00	March 6, 2025	43.50	43.50

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	0.50	March 19, 2025	0.50	0.50
Reserve Bank of Australia – Cash Rate Target	4.10	March 31, 2025	4.10	4.10
Reserve Bank of New Zealand – Cash Rate	3.75	April 8, 2025	3.50	3.50
People's Bank of China – 1-Year Medium-Term Lending Facility Rate	2.00	February 25, 2025	2.00	2.00
Reserve Bank of India – Repo Rate	6.25	April 9, 2025	6.00	6.00
Bank of Korea – Base Rate	3.00	February 25, 2025	2.75	2.75
Bank of Thailand – Repo Rate	2.25	February 26, 2025	2.25	2.25
Bank Negara Malaysia – Overnight Policy Rate	3.00	March 6, 2025	3.00	3.00
Bank Indonesia – BI-Rate	5.75	March 19, 2025	5.75	5.75
Central Bank of Philippines – Overnight Borrowing Rate	5.75	April 3, 2025	5.50	5.50

Bank of Korea (BoK): Consensus expects the Bank of Korea to deliver a 25bps rate cut to its base rate on Tuesday after it surprised the market at its previous meeting by holding the base rate at 3%. Although the bank noted that downside risks to economic growth have risen, it maintained its base rate due to increasing FX market uncertainties and the weakening of the Korean won due to both the domestic political situation and global policies. However, since then, inflation has remained under control while economic growth ended the year at 0.1% q/q SA, below consensus at 0.2%. Economic growth has remained stagnant over the last three quarters, following a robust performance in Q1 of the previous year. In addition, the won has been rebounding from its recent low in the latter half of 2022. Hence, the BoK may find room for another 25bps rate cut. However, in his latest public appearance, BoK Governor Rhee mentioned that the decision on the next monetary policy meeting will depend on various factors, including market conditions and the exchange rate, and that a cut is not inevitable. **Bank of Thailand (BoT):** Bank of Thailand is expected to maintain its repo rate at 2.25% on Wednesday and maintain its neutral stance. Since its last meeting, both headline and core inflation has picked up but are still near the lower-end of the bank's inflation target range of 1-3%. In addition, 4Q economic growth disappointed a bit, growing at 0.4% q/q SA (consensus: 0.5%) and 2.5% y/y annually (consensus & BoT's forecast: 2.7%). Plus, recent comments by the Governor affirmed that the 2.25% policy rate is appropriate.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	13.25	March 19, 2025	14.25	14.25
Banco Central de Chile – Overnight Rate	5.00	March 21, 2025	5.00	5.00
Banco de la República de Colombia – Lending Rate	9.50	March 31, 2025	9.25	9.25
Banco Central de Reserva del Perú – Reference Rate	4.75	March 13, 2025	4.75	4.75

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	7.50	March 20, 2025	7.25	7.25

Sources: Bloomberg, Scotiabank Economics.

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