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GLOBAL ECONOMICS

THE GLOBAL WEEK AHEAD

March 14, 2025

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

- **Canada election call, fast policy action likely**
- **Canada delivers carbon tax relief on energy bills…**
- **…but it may not be a boon to most households**
- **Canadian CPI to begin a trio of highly distorted reports**
- **Why the BoC is unlikely to cut again in April**
- **FOMC to hold, lean a little closer toward stagflation risk**
- **BoJ is unlikely to rush a hike**
- **BoE to hold, stick to "gradual and careful" guidance**
- **UK labour market conditions to be refreshed just before the BoE**
- **SNB likely to cut as it continues to fight CHF strength**
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- **Three more Canadian provinces to issue budgets**
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- **BCCh may balance the risks as the peso gains**
- **BI likely to hold amid rupiah volatility**
- **CBCT to hold on Taiwan dollar concerns**
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Chart of the Week

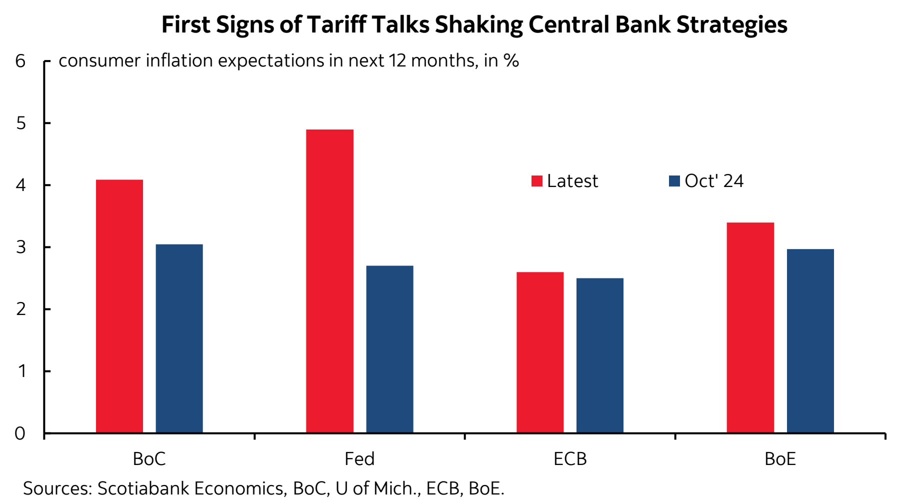

Chart of the Week: Prepared by: Jaykumar Parmar, Economic Analyst.

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Turning Points

Seriously? This is what is meant by central bank coordination?!

No fewer than eleven global central banks will weigh in with policy updates this week including three of the most powerful ones such as the Federal Reserve, Bank of Japan and the Bank of England. Many of them are expected to have less confidence in the path forward and partly because of you-know-who over on Pennsylvania Avenue. What they guided could dominate the week's market actions and possibly—just possibly—give crazy social media rants a run for their money for a change.

There will also be a bunch of top-level global indicators to consider. I'll explain thinking around Canadian inflation not just for this week's February update but also the following two reports and how they may muddy the waters for the Bank of Canada. US and Canadian retail sales, the state of UK and Australian job markets, and a select number of global GDP readings are also due out.

CANADIAN POLICY ACTION IS MOVING TOWARD AN ELECTION CALL

Keep a particular eye on Canada this week. Speculation is aimed at a potential election call at any moment. Freshly minted PM Mark Carney said at the end of this past week "There will be other news in the coming days with respect to ensuring that we have as strong a mandate that is needed for the time." For a PM who is used to speaking in the language of central bankers, that's about as close to saying expect an election call as it may get.

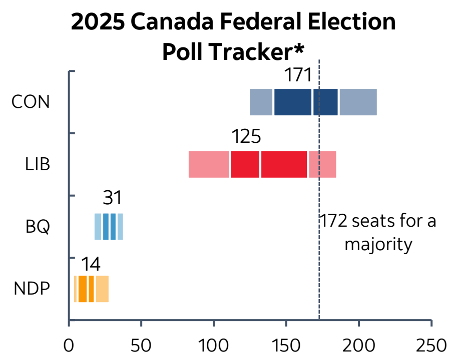
Charts 1–2 provide updated polling and seat mapping as the revamped Liberals close in on the Conservatives.

Carney has already—as of this past Friday afternoon—removed the consumer portion of the carbon tax effective immediately while allowing for one final carbon tax rebate cheque in April. Expect gasoline prices and home heating costs to begin falling soon. I go over the implications for Canadian inflation below.

The smaller cabinet of 24 ministers isn't quite as small as had been speculated but is a far cry from the bloat that previously existed with 37 cabinet ministers. I would expect this atrophy to extend to the civil service through leading by example at the highest executive levels of government.

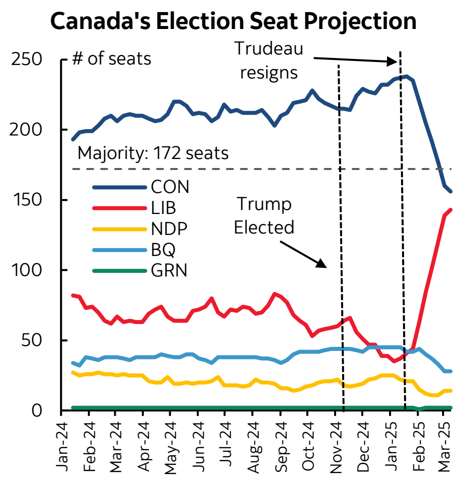
The Federal civil service exploded under PM Trudeau (chart 3) with the biggest areas of expansion shown in

Chart 1



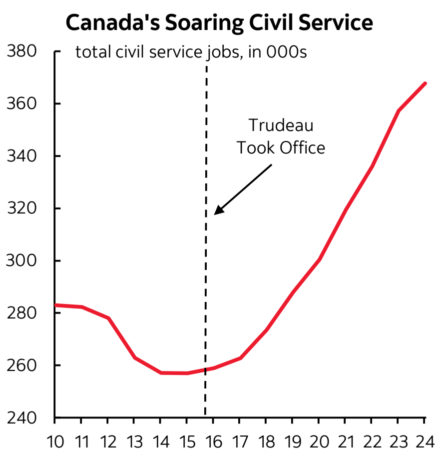
*Data points shown are the projected number of seats that would be won as of Mar 14, 2025. Dark shaded range shows likely result of the election. Light shaded range represents min. and max. number of projected seats.
Sources: Scotiabank Economics, CBC.

Chart 2



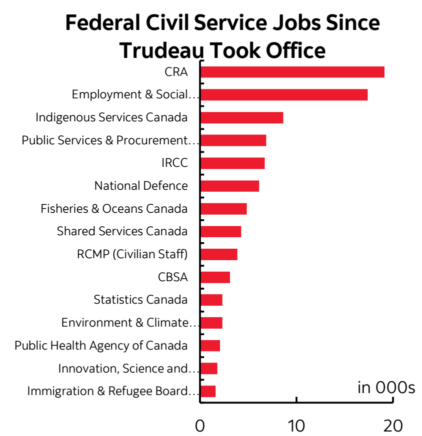
Sources: Scotiabank Economics, 338canada.com.

Chart 3



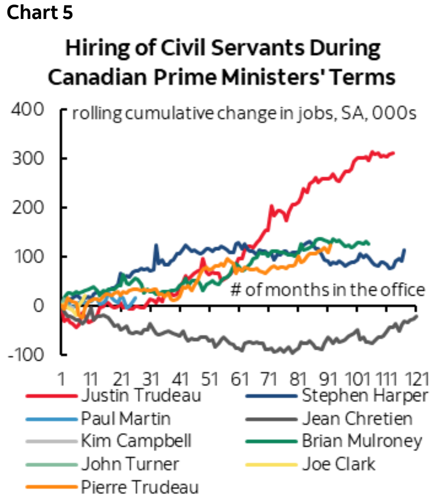
Sources: Scotiabank Economics, GoC.

Chart 4



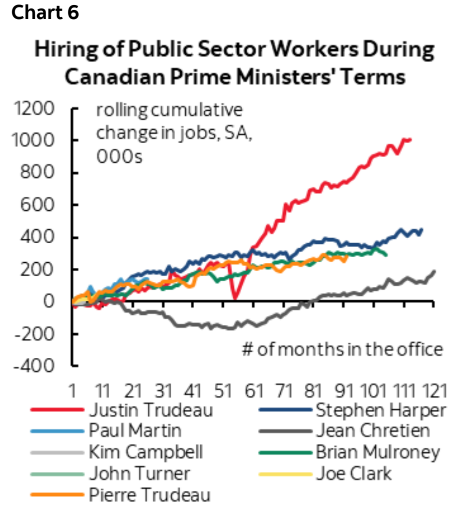
Sources: Scotiabank Economics, GoC.

Chart 5



Sources: Scotiabank Economics, Haver.

Chart 6



Sources: Scotiabank Economics, Statistics Canada.

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chart 4. Applying the usual population factor in comparing the US and Canada would turn the almost 370k Canadian federal civil servants into a figure almost 50% larger than the size of the federal civil service in the US. Canada is a more sparsely populated and huge country that makes delivery of services more difficult, but probably not 50% more difficult. Layer on the combined explosion of civil servants across all levels of government across the country (chart 5) and the massive expansion of public sector jobs not limited to civil servants (chart 6) and the outcome is ripe for some trimming. This debate long pre-dated DOGE in the US, just in case there is temptation to interpret Canadian developments through an American-centric lens.

Rapid movement on trade strategies is also expected with the Canadian side reporting progress. Carney will head off to Europe this week to draw on his extensive network of contacts in the UK and France with the main aim likely to be to round up coordinated support against US trade bullying. Carney may have his first call with President Trump, but an in-person meeting is likely quite some time away. Readers can say what they wish about outgoing PM Trudeau, but I give his administration high marks for handling US trade bullying in 2018 and recently and expect that to continue under PM Carney.

Also watch for guidance on tearing down interprovincial trade barriers, procurement plans, defence spending initiatives in addition to order warplanes, and broad infrastructure goals.

CANADIAN INFLATION—A WILD THREE-MONTH RIDE COULD MERIT BOC CAUTION

Canada updates CPI inflation figures for February on Tuesday. The overall reading is expected to jump sharply higher, but key will be the details.

Several forces may combine to put significant upward pressure on Canadian inflation over the next two reports but with the one after that potentially being a weaker one. In theory, the panoply of one-off distortions should have the BoC looking through their effects, but inflation is likely to be highly volatile through this period, thereby reducing the BoC's confidence toward reading the tea leaves and probably resulting in a cautious bias.

February CPI to Start Reversing the GST/HST Cut

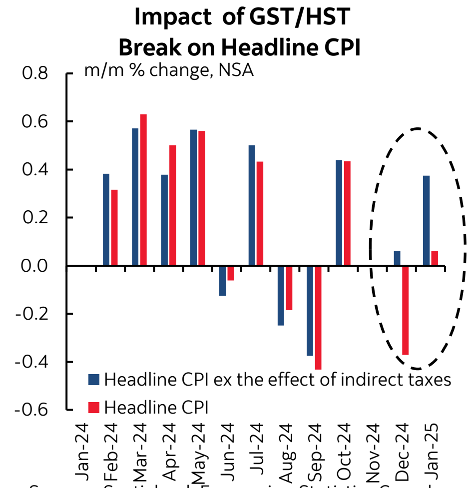
I've estimated total CPI in February will increase by 1.1% m/m on a seasonally unadjusted basis as per the polling convention. That could translate into a seasonally adjusted rise of about 0.9% m/m using the pattern of recently higher than usual seasonal adjustment factors for months of February. The year-over-year rate should rise to about 2.7%.

One key driver is that the temporary cut in the Goods and Services Tax and the HST (in provinces that have one) expired on Saturday February 15th. Statcan will capture this effect for about half of the month, which means that CPI should get a 0.4% lift from the tax effect. That's symmetrical to the estimated impact of the mid-December GST/HST cut as measured by the spread between the change in CPI excluding the effects of changes in indirect taxes and the overall CPI index that month (chart 7).

Another key driver behind the unadjusted estimate is that February is normally a strong up-month for prices in Canada. If you've been here in February, then that needs little to no further explanation. If not, then it's a time of year when retailers optimistically begin rolling out Spring lines on the expectation that Canadians will be in a rush to snap up new bathing suits and sundry other less weighty accoutrements, and so February's core CPI often rises by 0.6% to 0.8% m/m NSA. Major drivers typically include clothing and footwear prices plus the recreation, education and reading category. Gasoline prices were also a bit higher in February.

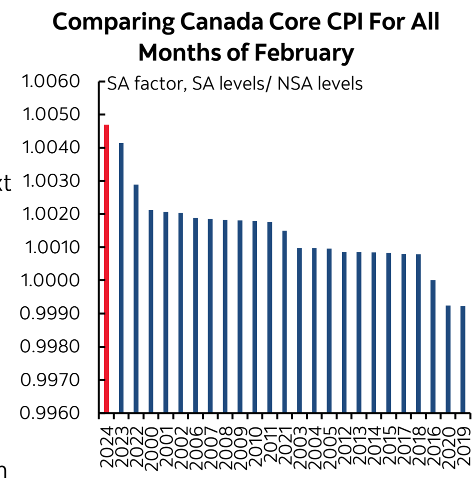
And when it comes to seasonal adjustments, chart 8 shows that the pandemic-era has seen the highest SA factors for like months of February on record which, assuming it continues this time, is likely to inflate the seasonally adjusted change.

Chart 7



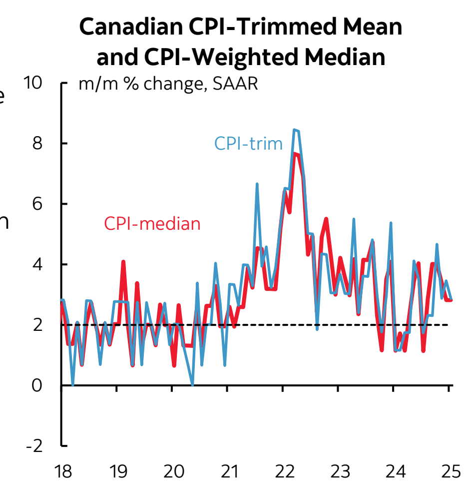
Sources: Scotiabank Economics, Statistics Canada.

Chart 8



Sources: Scotiabank Economics, Statistics Canada.

Chart 9

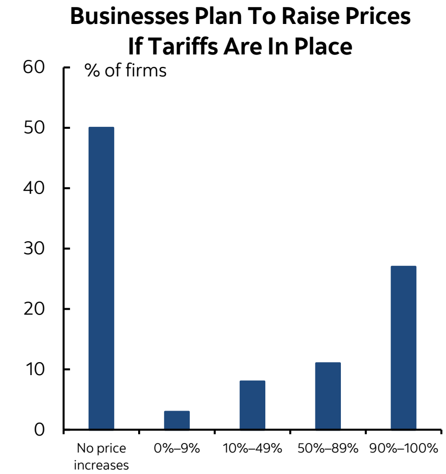


Sources: Scotiabank Economics, Statistics Canada.

Key, however, will be the Bank of Canada's preferred core measures of inflation—trimmed mean CPI and weighted median CPI that have been running at an elevated rate (chart 9). They exclude the direct effects of changes in sales taxes and so the end of the GST/HST cut shouldn't be the same driver that it is expected to be for headline CPI.

The core measures do not, however, exclude the indirect incidence effects of tax changes that are difficult to estimate. Key will be whether retailers, restaurants and bars and other consumer spending sectors shrink margins and prices to offset the tax increase, preserve margins they appeared to have padded when the tax was temporarily cut, or continue to raise core prices in keeping with the pattern over recent months. That boils down to an empirical question for which we lack adequate data to assess until we see the actual numbers and then any revisions.

Chart 10



Sources: Scotiabank Economics, BoC.

March CPI to Build Upon Inflationary Pressures

March CPI is likely to build upon such pressures through four combined effects.

One is that the other half of the reversal of the GST/HST cut will raise CPI by 0.4% m/m NSA through just that effect.

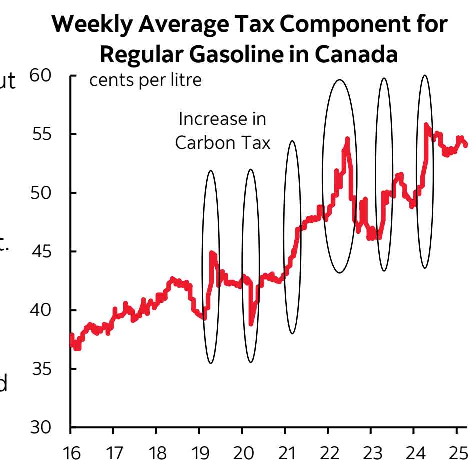
March also tends to be an up-month for seasonally unadjusted prices.

The other effect is that we may begin to see the pass through of retaliatory tariffs into CPI. The first effects will come from the $30B of imports from the US that are targeted with a 25% tariff starting on March 3rd, plus the extra roughly $30B of US imports targeted for a 25% tariff starting on March 13th.

That's no easy task, but it could add several tenths of further upward pressure on overall CPI. Some tariffs apply to business inputs with uncertain pass through, and some apply directly to consumer goods in CPI. How much of the tariff hike is passed through and when are uncertain, but the BoC's recent survey indicates that about half of businesses intend to pass through tariffs into higher prices, and the largest fraction of respondents within that 50% indicates they will pass on over 90% of the tariff hike (chart 10).

All tallied, March CPI would have been inching closer toward 2¾% or higher if not for this next effect.

Chart 11



Sources: Scotiabank Economics, Government of Canada.

April CPI to Capture Full Effect of the Carbon Tax Cancellation

PM Carney has already eliminated the consumer portion of the carbon tax as of this past Friday. This will begin to be a downward influence upon March CPI but with the complete effect captured in April's CPI reading as I'll explain. Also see toward the end of this publication an explanation of why the elimination of the carbon tax may not be a boon to most households depending upon how rebates are handled in future.

This move heads off the next hike on April 1st, when the carbon tax was slated to rise from C$152.50 per 10^3m^3 to $181.1 or by nearly 19%. Past increases quickly showed up in gasoline prices (chart 11) and the estimated impact of the carbon tax on gasoline prices is presently about 18 cents per litre but would have risen to about 21 cents a litre if the coming hike had not been abandoned (**here**). This thwarted carbon tax increase could have contributed around ½% m/m CPI on top of seasonal pressures and whatever other drivers emerge once we start to get more information on April prices.

Instead, and as a consequence to the carbon tax cancellation, gasoline prices could drop by up to 18 cents per litre assuming that all of the removal of the tax happens rapidly and flows through after-tax prices versus being absorbed by retail and upstream margins. If that happens, then the 4.1% CPI weight on gasoline applied to this roughly 12% drop in the price of a litre of gasoline could subtract 0.5 ppts from m/m CPI in total over March and April with probably roughly -0.2% effects in each month.

That's headline CPI. Core CPI measures could also be a little softer if lower gas taxes get passed along in various goods and services that use gasoline. Think of lawn cutters, transportation services etc.

And the effects of the carbon tax removal don't stop at gasoline prices. The impact on various energy prices is available **here** including what had been the planned increases.

Now for the punchline. March CPI lands on April 15th—one day before the next BoC policy decision. If CPI spikes through this combination of direct and indirect effects of tariffs, GST/HST reversals, seasonal effects, underlying residual pressures on inflation, and the carbon tax removal, then the optics of cutting the day after may be a bit much for the BoC to accept.

Normally, a central bank would seek to look through several of these one-off effects. The debate, however, is around how they all net out through incidence effects and what impact they have upon inflation expectations. The BoC may wish to wait and see, pending other developments that we'll evaluate as they roll in.

FOMC—EXTENDED PATIENCE

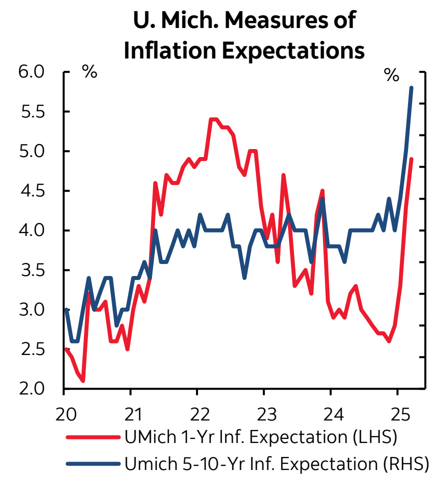
Wednesday afternoon brings out the FOMC's latest policy decision plus revised forecasts and guidance. No policy changes are expected at this meeting. A need for patience is likely to continue to dominate overall messaging. Scotiabank Economics expects the FOMC to remain on hold over at least the next two meetings into Q3.

Alongside the 2pmET statement, most of the attention will be placed upon the updated Summary of Economic projections including the so-called dot plot of policy rate projections by individual FOMC members, plus Chair Powell's press conference at 2:30pmET.

Chart 12

Sources: Scotiabank Economics, The Conference Board.

Chart 13



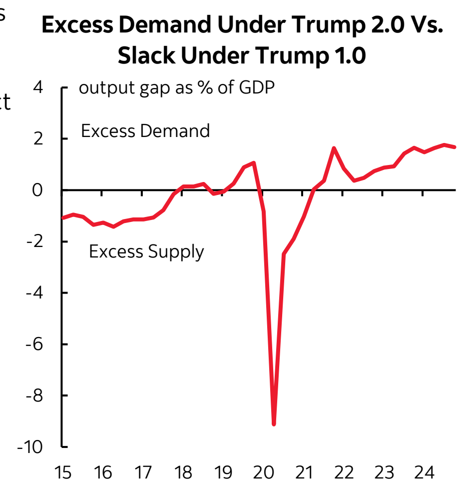
Sources: Scotiabank Economics, U of Mich.

Nobody expects a policy rate change at this meeting. The FOMC officials have been very clear that they will remain patient as they assess incoming data plus the evolution of policy measures introduced by the Trump administration.

Growth projections probably have to be cut given the way the year is starting off and the impact this will have on full-year math that influences the convention of forecasting GDP growth on a Q4/Q4 basis. The SEP has impure motives and the Committee may wish to err on the side of being conservative, but it's likely that 2025 growth will be significantly marked down from 2.1% in the December SEP.

Core PCE inflation could still land around 2½% as in their last projection but is more vulnerable to being marked up a few tenths than down. If not, then I would still expect the press conference to emphasize upside risks to inflation. Also disconcerting to the FOMC is that measures of inflation expectations remain high and rising (charts 12, 13).

Chart 14



Sources: Scotiabank Economics, CBO.

Why raise projected inflation beyond the risk that rising inflation expectations become self-fulfilling? The thesis I've had for a long time now remains that the US economy continues to operate in excess aggregate demand (chart 14) that can drive persistence of inflationary pressures. The next illustration of this point is likely to be February's core PCE reading on March 28th that should be up by the generous side of 0.3% m/m SA that would remain just shy of 4% when annualized. Further, the harm that Trump's policies are doing to confidence to invest is curtailing supply-side expansion and so is tighter immigration policy. Tariffs pose passthrough risks into core inflation especially in an economy in excess demand. Fiscal measures are delayed as the GOP argues internally over the appropriate net path ahead, and the balance between regulatory easing on the demand and supply sides of the economy remains to be determined.

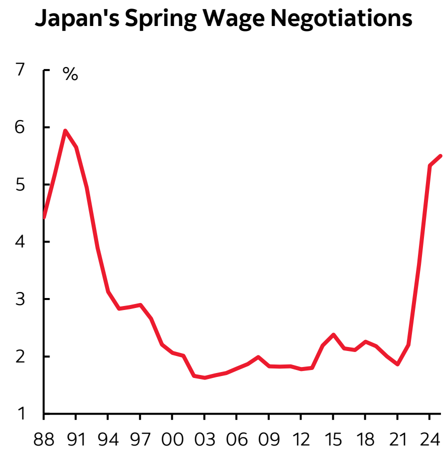
Little change is expected for the unemployment rate projections at 4.3–4.4%.

But the key will come down to how all of this translates into the Committee's guidance on future rate changes. The Committee had already marked down projected easing this year in its December projections, from 100bps to just 50bps followed by another 50bps in 2026 and one more cut in 2017 toward a long-run neutral rate of 3%.

The Committee may well just leave it at that and reassess in the June projections. Standing by that earlier projection would be a touch more hawkish than markets are presently pricing as they are on the fence between 50–75bps of cuts this year. Upside risk to inflation would merit reducing projected easing. If the Committee felt that a significant and prolonged recession beckoned, then the impact upon reducing excess demand could merit more easing and yet it's highly unlikely that the Committee will have the confidence to make that call at this point especially if the outcome leans toward stagflation.

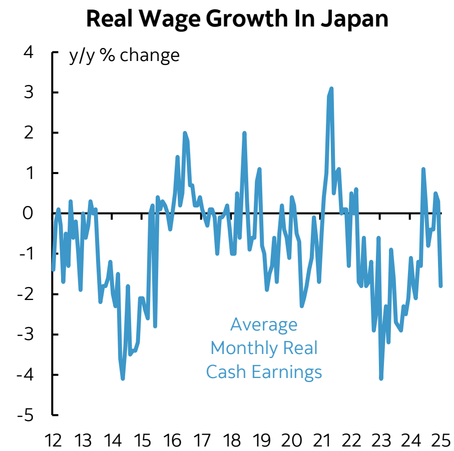
Given the enormous uncertainty surrounding the volatile Trump administration's policy measures, both present and future, the best course of action for the FOMC would be to stand firm against changing much of anything for a while and to reassess after multiple rounds of data and policy developments.

Chart 15



Sources: Scotiabank Economics, Ministry of Health, Labor & Welfare.

Chart 16



Source: Scotiabank Economics, Ministry of Health, Labour and Welfare, Japan.

BANK OF JAPAN—NO RUSH TO HIKE

The Bank of Japan is expected to leave its target rate unchanged at 0.5% on Wednesday. Key will be guidance that is provided in relation to market expectations there may not be another rate hike for some time. Half of a 25bps hike is priced for the June meeting, but a full hike is not priced until the October meeting.

Japan continues to make headway toward wage-driven achievement of the BoJ's 2% inflation target. Rengo—the dominant trade union—just secured a 5.5% average wage gain for its members in the annual Shunto round of wage negotiations. That is a new high over the past 3+ decades (chart 15). The hike, however, only influences about one-fifth of workers and so greater pass through into broader wage growth is still needed especially in the context of soft inflation-adjusted average earnings growth (chart 16).

Where the rub lies may be in terms of how the BoJ views other drivers of inflation. The yen's appreciation so far this year from about 158 to the dollar to 148 now lessens confidence that import price inflation will persist. So does the decline in global oil prices, including WTI that is about $10/barrel cheaper than in January.

We may hear Governor Ueda continue to indicate a preference for evaluating US policy and growth risks. Like the Fed itself, that's probably going to take a while yet. The next chance at a fuller reassessment will come at the May 1st meeting when the BoJ will present fresh forecasts compared to what are now getting to be increasingly stale projections from late January.

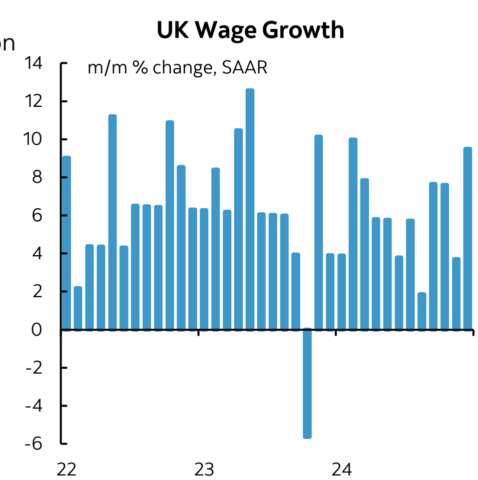
BANK OF ENGLAND—IN BETWEEN CUTS

The Bank of England is expected to remain on hold on Thursday if for no other reason than an extension of the cut-hold-cut oscillating pattern since the BoE began easing last July.

Key will be whether they reinforce market pricing toward a cut at the next meeting on May 8th. That is when the BoE will issue its next Monetary Policy Report including updated projections to the last forecasts that were issued back on February 6th.

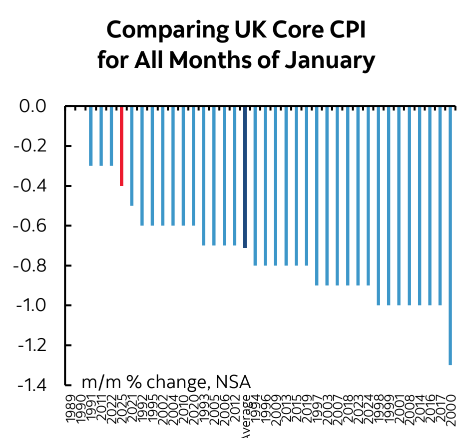
The bias is likely to lean that way with communications reinforcing that "a gradual and careful approach to the further withdrawal of monetary policy restraint is appropriate."

Chart 17



Sources: Scotiabank Economics, UK ONS.

Chart 18



Sources: Scotiabank Economics, UK Office for National Statistics.

For now, wage growth remains too warm (chart 17) and January's core inflation was a weaker seasonally unadjusted drop than normal (chart 18).

Bailey recently indicated they expect a pick-up in inflation this year, but asked "is this going to have second-round effects or not?" to which he responded "set against a weakening pattern of the economy, probably less likely."

OTHER CENTRAL BANKS

A slew of other central banks will also weigh in alongside the three most influential that have been covered. Here are expectations in chronological order.

Bank Indonesia—Likely to Hold

Wednesday's decision faces a somewhat divided consensus. Most expect the policy rate to stay at 5.75%, but a significant minority thinks there could be a 25bps cut.

What may carry the day is the fact that the rupiah has continued to depreciate so far this year, though at a slower pace than last year's slide. Further, Indonesia's headline inflation is very soft at -0.1% y/y due to a one-off cut in electricity rates, but core inflation moved up to 2½%.

CBCT—Taiwan Dollar Concerns to Dominate

No change is expected for Taiwan's central bank rate on Thursday as an extension of the hold since last March. Recent weakening of the Taiwan dollar is likely to trade off against a softer than expected February inflation report that saw inflation fall back to 1.6% y/y with core at about 1%. Governor Yang Chin-long recently warned, however, that "Together with Trump 2.0-induced uncertainties, concentrated and massive short-term foreign capital flows bring challenges to the stability of our foreign exchange market." Accordingly, CBCT is unlikely to do anything that would risk rocking the boat further.

BCB—Will it Signal Downshifting?

Banco Sentral do Brasil's decision on Wednesday is an easy one. The central bank continues to hold forecasters' hands with explicit forward rate guidance. The last time it hiked by 100bps on January 29th, BCB said "In light of the continuation of the adverse scenario for inflation convergence, the Committee anticipates another adjustment of the same magnitude in the next meeting, if the scenario evolves as expected." Since then, inflation has crossed above 5% y/y and inflation expectations remain elevated (chart 19).

Guidance at this meeting may not repeat this expectation for the next decision on May 7th. That's because the January decision sounded more data dependent beyond March, partly as the lagging effects of what will be a cumulative 325bps of hikes since September work through the economy.

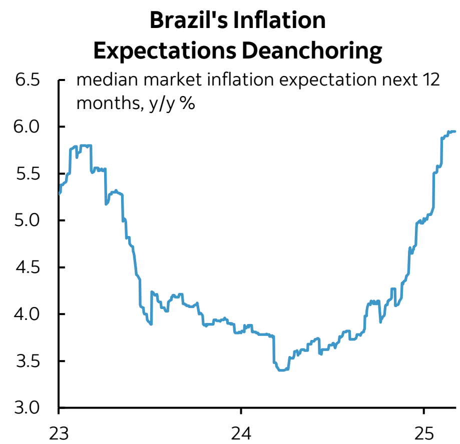
SNB—Another Step to the Lower Bound

Thursday's decision by the Swiss National Bank is expected to deliver another 25bps policy rate cut. This will be the fifth rate cut since easing began from a 1.75% policy rate peak last March.

The Swiss franc's stubborn strength so far this year is an ongoing catalyst for further easing. So is the fact that core inflation is running under 1% y/y with headline inflation just over 0% y/y.

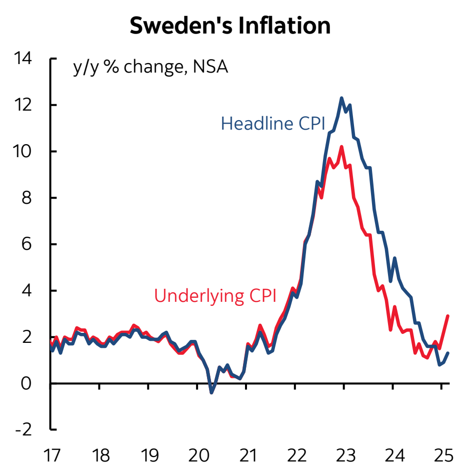
President Schlegel has indicated that inflation is expected to remain within the target range over the next three years. He did not rule out a return to negative rates that "fulfilled their most important purpose, namely to make the Swiss franc less attractive compared to other currencies and thus ensure price stability."

Chart 19



Sources: Scotiabank Economics, Banco Central do Brasil.

Chart 20



Sources: Scotiabank Economics, Statistics Sweden.

Riksbank—Will They Nix the Last Cut?

Thursday's decision is widely expected to keep the policy rate unchanged at 2.25% across both consensus and market pricing. Fresh forecasts and explicit forward rate guidance are expected at this meeting. The prior decision in January indicated one more cut over 2025H1 and then a prolonged hold.

Markets are presently pricing no further cuts. One reason for this is that inflation has begun turning upward again (chart 20).

SARB—Budget Tiff Adds a Domestic Twist to Trade Tensions

Consensus is divided on what the South African Reserve Bank may do on Thursday. A majority expects a hold at a repo rate of 7.5% with a sizeable minority expecting a cut. The dominant hold camp believes that the central bank will sit out developments in global trade tensions and a national budget debate for now.

BCCh—The Peso's Turn May Balance the Risks

Friday's decision by Banco Central de Chile is widely expected to keep the overnight rate unchanged at 5% as an extension of the holding pattern since December.

The last hold back on January 28th expressed concern about upside risks to inflation not least of which due to peso depreciation. That has since reversed as the peso is up by about 7% to the dollar so far this year.

Russia CB—Inflation to Keep Policy Tight

Russia's central bank is expected to keep its key rate unchanged at 21% on Friday. Any hope that policy easing could commence in the near term was likely thwarted by a further upward move in inflation. February's CPI move up to just over 10% y/y and core inflation crossed 9 ½% y/y.

GLOBAL MACRO

The rest of the global line-up is included in chart 21. Key indicators are summarized below.

The key US release this week will be retail sales in February (Monday). A decent rise is expected on the back of a 2.5% m/m SA rise in vehicle sales and following weakness in January that was partly driven by worse than usual weather but also by LA's fires. Some of those effects are likely to persist in February.

Canada also releases housing starts for February that are expected to jump based on higher permit volumes. Retail sales for January (Friday) were previously guided by Statcan to have slipped by 0.4% m/m, albeit after the large 2.5% rise in December.

Other US releases will be focused upon housing and the industrial sector. Housing starts might post somewhat of a rebound from the roughly 10% drop in January (Tuesday). Industrial production could continue to benefit from higher utilities output given harsh weather. The Empire (Monday) and Philly (Thursday) manufacturing surveys from the Federal Reserve's district banks could continue to highlight difficulties dealing with tariff uncertainties. Existing home sales in February are expected to fall based on weaker pending home sales (Thursday).

Chart 21

Other Global Macro Indicators (March 17th - March 21st)

US	CA	CPI	Other Macro
		Monday	
Empire State Manf. Index	Housing Starts		BZ Economic Activity
Retail Sales	Existing Home Sales		
Business Inventories			
NAHB Housing Market Index			
		Tuesday	
Building Permits		CA	EC Trade, ZEW Survey
Housing Starts			CL GDP
Capacity Utilization			JN Machine Orders, Trade
Industrial Production			
		Wednesday	
MBA Mortgage App.			EC Labour Cost
			CO Trade
			JN Capacity Utilization
			NZ GDP
			AU Jobs
		Thursday	
Current Account	IPPI	HK	UK Jobs, Wages, GfK Consumer Conf.
Claims	Raw Materials Price I	JN	
Existing Home Sales			
		Friday	
	Retail Sales	MA	EC Consumer Confidence

Sources: Scotiabank Economics, Bloomberg.

Australia's job market has been on a tear for a persistent period. February's update (Wednesday) will be watched by RBA observers to see if an eleventh straight gain is recorded as consensus expects.

UK jobs, wages and jobless claims for the combined months of January and February (Thursday) will be updated just before the Bank of England's expected hold.

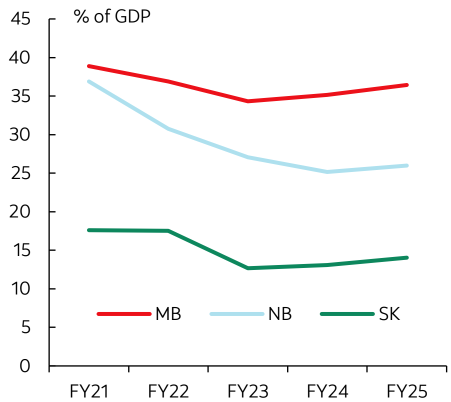
Five countries will issue GDP and GDP-proxy reports starting with Brazil's economic activity index for January (Monday), Colombia's on Tuesday, Chilean Q4 GDP on Tuesday, and then New Zealand's Q4 figures that may post a mild rebound from Q4 contraction (Wednesday) and Argentina's economy that is expected to register mild growth (Wednesday).

THREE MORE CANADIAN PROVINCIAL BUDGETS

Provincial government budget season continues next week with releases by New Brunswick (Mar 18), Saskatchewan (March 19), and Manitoba (March 20). Scotia's Mitch Villeneuve argues that, in line with other provincial budgets released to date, he expects some deteriorations in their fiscal outlooks due to downgraded economic outlooks and/or increased amounts set aside to absorb potential tariff war-related impacts. All three provinces go into this budget season with fairly stable debt burdens, which position them well to withstand a period of potential fiscal turbulence—especially Saskatchewan and New Brunswick, which have lower existing debt levels (chart 22). In the three provincial budgets released so far this Spring (Nova Scotia, Alberta, and BC), the respective governments have set aside an average of 0.4% of GDP in extra contingencies in each of the next two fiscal years (chart 23)—representing (so far) roughly $8 billion in potential extra annual issuance.

Chart 22

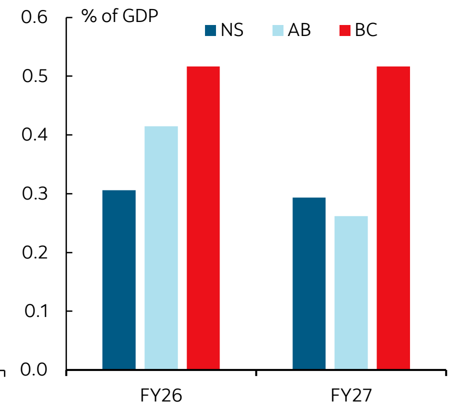
Net Debt Stocks



Sources: Scotiabank Economics, Statistics Canada, provincial ministries of finance.

Chart 23

Increases In Fiscal Contingencies



Sources: Scotiabank Economics, provincial ministries of finance.

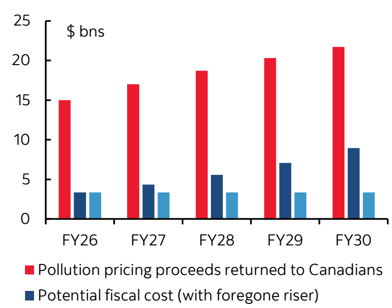
WIPING OUT THE CANADIAN CARBON TAX MAY NOT BE A BOON TO MOST HOUSEHOLDS

At issue with the elimination of the Canadian government's consumer carbon tax is how the government may attempt to replace household income losses for those that had been in a net-positive position. Scotia's Rebekah Young shares her thoughts on the matter.

The federal fuel tax (or "carbon tax") was designed to be net-neutral fiscally as proceeds from the federal fuel charge are returned to households (e.g., the "carbon rebate") on a progressive basis according to household income. This consumer tax is expected to raise $14.7 bn this year (FY25) and would have risen to an estimated $21.7 bn by FY30 (the charge stood at $80 per tonne in 2024 and was expected to rise by $10 per year through 2030). The PBO estimates the average household in backstop provinces sees a net gain in direct fiscal impacts (i.e., rebate received less fuel charge paid). If the current or future government were to aim to keep those households whole (i.e., only households that receive more than they pay were to receive an equivalent transfer via other measures), this could translate into a $16.7 bn fiscal cost (5-yr) based on 2024 fuel charge level. If the intent was to replace hypothetical net gains in future years had the charge continued to rise, the fiscal cost could be closer to $29 bn. Both leading parties heading into the next federal election have promised tax cuts. This could provide a benchmark for eventual sizing of future tax cuts. Assuming any future tax cuts or transfers were income-tested, they would likely be largely neutral from a fiscal impulse or average household income perspective but would carry a fiscal cost for the government. Watch for further potential announcements on how to address these issues into an election campaign.

Chart 24

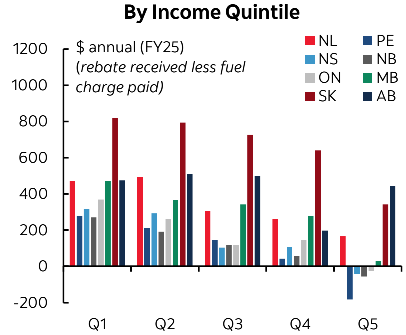
Potential Cost of Keeping Households Whole on Carbon Tax Rebates



Sources: Scotiabank Economics. Finance Canada, PBO (direct costs only).

Chart 25

Net Fiscal Impact Per Household By Income Quintile



Sources: Scotiabank Economics. Finance Canada, PBO (direct costs only).

Key Indicators for the week of March 17 – 21

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	03-17	08:15	Housing Starts (000s a.r.)	Feb	280	248.8	239.7
CA	03-17	08:30	International Securities Transactions (C$ bn)	Jan	--	--	14.4
US	03-17	08:30	Empire State Manufacturing Index	Mar	--	-2.0	5.7
US	03-17	08:30	Retail Sales (m/m)	Feb	0.6	0.7	-0.9
US	03-17	08:30	Retail Sales ex. Autos (m/m)	Feb	0.3	0.4	-0.4
CA	03-17	09:00	Existing Home Sales (m/m)	Feb	--	--	-3.3
US	03-17	10:00	Business Inventories (m/m)	Jan	--	0.3	-0.2
US	03-17	10:00	NAHB Housing Market Index	Mar	--	42.0	42.0
CA	03-18	08:30	Core CPI - Median (y/y)	Feb	--	--	2.7
CA	03-18	08:30	Core CPI - Trim (y/y)	Feb	--	--	2.7
CA	03-18	08:30	CPI, All items (m/m)	Feb	1.1	0.6	0.1
CA	03-18	08:30	CPI, All items (y/y)	Feb	2.7	2.2	1.9
CA	03-18	08:30	CPI, All items (index)	Feb	--	--	161.3
US	03-18	08:30	Building Permits (000s a.r.)	Feb P	--	1450.0	1473.0
US	03-18	08:30	Export Prices (m/m)	Feb	--	-0.3	1.3
US	03-18	08:30	Housing Starts (000s a.r.)	Feb	1390	1375.0	1366.0
US	03-18	08:30	Housing Starts (m/m)	Feb	1.8	0.7	-9.8
US	03-18	08:30	Import Prices (m/m)	Feb	--	-0.1	0.3
CA	03-18	08:30	Core CPI - Common (y/y)	Feb	--	--	2.2
CA	03-18	08:30	CPI SA, All items (m/m)	Feb	--	--	0.1
US	03-18	09:15	Capacity Utilization (%)	Feb	--	77.8	77.8
US	03-18	09:15	Industrial Production (m/m)	Feb	0.4	0.2	0.5
US	03-19	07:00	MBA Mortgage Applications (w/w)	Mar 07	--	--	11.2
US	**03-19**	**14:00**	**FOMC Interest Rate Meeting (%)**	**Mar 19**	**4.50**	**4.50**	**4.50**
US	03-19	16:00	Total Net TIC Flows (US$ bn)	Jan	--	--	87.1
US	03-19	16:00	Net Long-term TIC Flows (US$ bn)	Jan	--	--	72.0
CA	03-20	08:30	IPPI (m/m)	Feb	--	--	1.6
CA	03-20	08:30	Raw Materials Price Index (m/m)	Feb	--	--	3.7
US	03-20	08:30	Current Account (US$ bn)	4Q	--	-334.0	-311.0
US	03-20	08:30	Initial Jobless Claims (000s)	Mar 08	225	225.0	220.0
US	03-20	08:30	Continuing Claims (000s)	Mar 01	1920	--	1870.0
US	03-20	08:30	Philadelphia Fed Index	Mar	--	8.0	18.1
US	03-20	10:00	Existing Home Sales (mn a.r.)	Feb	3.9	3.9	4.1
US	03-20	10:00	Existing Home Sales (m/m)	Feb	-4.4	-3.4	-4.9
US	03-20	10:00	Leading Indicators (m/m)	Feb	--	-0.3	-0.3
CA	03-21	08:30	Retail Sales (m/m)	Jan	-0.4	-0.4	2.5
CA	03-21	08:30	Retail Sales ex. Autos (m/m)	Jan	--	--	2.7

EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
IT	03-17	05:00	CPI - EU Harmonized (y/y)	Feb F	1.7	1.7
EC	03-18	06:00	Trade Balance (€ mn)	Jan	--	15467.7
EC	03-18	06:00	ZEW Survey (Economic Sentiment)	Mar	--	24.2
GE	03-18	06:00	ZEW Survey (Current Situation)	Mar	-80.5	-88.5
GE	03-18	06:00	ZEW Survey (Economic Sentiment)	Mar	50.3	26.0
EC	03-19	06:00	CPI (m/m)	Feb F	0.5	0.5
EC	03-19	06:00	CPI (y/y)	Feb F	2.4	2.4
EC	03-19	06:00	Euro zone Core CPI Estimate (y/y)	Feb F	2.6	2.6
EC	03-19	06:00	Labour Costs (y/y)	4Q	--	4.6

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

Key Indicators for the week of March 17 – 21

EUROPE *(continued from previous page)*

Country	Date	Time	Indicator	Period	Consensus	Latest
GE	03-20	03:00	Producer Prices (m/m)	Feb	0.2	-0.1
UK	03-20	03:00	Average Weekly Earnings (3-month, y/y)	Jan	5.8	6.0
UK	03-20	03:00	Employment Change (3M/3M, 000s)	Jan	91.0	107.0
UK	03-20	03:00	Jobless Claims Change (000s)	Feb	--	22.0
UK	03-20	03:00	ILO Unemployment Rate (%)	Jan	4.4	4.4
SW	**03-20**	**04:30**	**Riksbank Interest Rate (%)**	**Mar 20**	**2.25**	**2.25**
UK	**03-20**	**08:00**	**BoE Policy Announcement (%)**	**Mar 20**	**4.50**	**4.50**
UK	03-20	20:01	GfK Consumer Confidence Survey	Mar	-21.0	-20.0
UK	03-21	03:00	PSNB ex. Interventions (£ bn)	Feb	--	-15.4
UK	03-21	03:00	Public Finances (PSNCR) (£ bn)	Feb	--	-22.5
UK	03-21	03:00	Public Sector Net Borrowing (£ bn)	Feb	7.0	-15.4
EC	03-21	05:00	Current Account (€ bn)	Jan	--	38.4
IT	03-21	05:30	Current Account (€ mn)	Jan	--	4227.7
RU	**03-21**	**06:30**	**One-Week Auction Rate (%)**	**Mar 21**	**21.00**	**21.00**
EC	03-21	11:00	Consumer Confidence	Mar P	-13.0	-13.6

ASIA PACIFIC

Country	Date	Time	Indicator	Period	Consensus	Latest
SI	03-16	20:30	Exports (y/y)	Feb	10.2	-2.1
CH	03-16	22:00	Fixed Asset Investment YTD (y/y)	Feb	3.2	3.2
ID	03-17	00:00	Exports (y/y)	Feb	7.0	4.7
ID	03-17	00:00	Imports (y/y)	Feb	1.8	-2.7
ID	03-17	00:00	Trade Balance (US$ mn)	Feb	2082.0	3450.0
IN	03-17	02:30	Monthly Wholesale Prices (y/y)	Feb	2.3	2.3
PH	03-17		Overseas Remittances (y/y)	Jan	2.9	3.0
JN	03-18	00:30	Tertiary Industry Index (m/m)	Jan	-0.1	0.1
HK	03-18	04:30	Unemployment Rate (%)	Feb	3.1	3.1
JN	03-18	19:50	Machine Orders (m/m)	Jan	-0.1	-1.2
JN	03-18	19:50	Merchandise Trade Balance (¥ bn)	Feb	688.3	-2736.6
JN	03-18	19:50	Adjusted Merchandise Trade Balance (¥ bn)	Feb	509.3	-856.6
JN	03-18	19:50	Merchandise Trade Exports (y/y)	Feb	12.6	7.3
JN	03-18	19:50	Merchandise Trade Imports (y/y)	Feb	0.8	16.2
PH	03-18		Budget Deficit/Surplus (PHP bn)	Jan	--	-329.5
JN	03-19	00:30	Capacity Utilization (m/m)	Jan	--	-0.2
JN	03-19	00:30	Industrial Production (m/m)	Jan F	--	-1.1
JN	03-19	00:30	Industrial Production (y/y)	Jan F	--	2.6
ID	**03-19**	**03:20**	**BI 7-Day Reverse Repo Rate (%)**	**Mar 19**	**5.75**	**5.75**
NZ	03-19	17:45	GDP (q/q)	4Q	0.4	-1.0
NZ	03-19	17:45	GDP (y/y)	4Q	-1.4	-1.5
AU	03-19	20:30	Employment (000s)	Feb	30.0	44.0
AU	03-19	20:30	Unemployment Rate (%)	Feb	4.1	4.1
CH	**03-19**	**21:00**	**PBoC Loan Prime Rate 1-Year (%)**	**Mar 20**	**3.10**	**3.10**
TA	**03-19**	**21:00**	**Benchmark Interest Rate**	**Mar 20**	**2.00**	**2.00**
PH	03-19		Balance of Payments (US$ mn)	Feb	--	-4078.0
MA	03-20	00:00	Exports (y/y)	Feb	6.5	0.3
MA	03-20	00:00	Imports (y/y)	Feb	9.6	6.2
MA	03-20	00:00	Trade Balance (MYR bn)	Feb	7.9	3.6
TA	03-20	04:00	Export Orders (y/y)	Feb	28.2	-3.0
HK	03-20	04:30	CPI (y/y)	Feb	2.1	2.0
SK	03-20	17:00	PPI (y/y)	Feb	--	1.7

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

Key Indicators for the week of March 17 – 21

ASIA PACIFIC *(continued from previous page)*

Country	Date	Time	Indicator	Period	Consensus	Latest
NZ	03-20	17:45	Trade Balance (NZD mn)	Feb	--	-486.0
NZ	03-20	17:45	Exports (NZD bn)	Feb	--	6190.0
NZ	03-20	17:45	Imports (NZD bn)	Feb	--	6680.0
JN	03-20	19:30	National CPI (y/y)	Feb	3.5	4.0
MA	03-21	00:00	CPI (y/y)	Feb	1.5	1.7
HK	03-21	04:30	BoP Current Account (HK$ bns)	4Q	--	119.9
IN	03-21		Current Account Balance	4Q	-12.10	-11.16
TH	03-21		Customs Exports (y/y)	Feb	--	13.6
TH	03-21		Customs Imports (y/y)	Feb	--	7.9
TH	03-21		Customs Trade Balance (US$ mn)	Feb	--	-1880.2

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
BZ	03-17	08:00	Economic Activity Index SA (m/m)	Jan	--	--	-0.7
BZ	03-17	08:00	Economic Activity Index NSA (y/y)	Jan	--	--	2.4
CL	03-18	07:30	GDP (q/q)	4Q	--	--	0.7
CL	03-18	07:30	GDP (y/y)	4Q	--	--	2.3
CO	03-19	11:00	Trade Balance (US$ mn)	Jan	--	--	-835.9
BZ	**03-19**	**17:30**	**SELIC Target Rate (%)**	**Mar 19**	**14.25**	**14.25**	**13.25**
CL	**03-21**	**17:00**	**Nominal Overnight Rate Target (%)**	**Mar 21**	**5.00**	**5.00**	**5.00**

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

Global Auctions for the week of March 17 – 21

NORTH AMERICA

Country	Date	Time	Event
US	03-18	01:00	U.S. To Sell USD13 Bln 20-Year Bond Reopening
US	03-20	01:00	U.S. To Sell USD18 Bln Sell 10-Year TIPS Reopening

EUROPE

Country	Date	Time	Event
UK	03-18	06:00	UK to Sell Bonds
FI	03-18	07:00	Finland to Sell Bonds
NO	03-19	06:00	Norway to Sell Bonds
GR	03-19	06:00	Greece to Sell Bonds
GE	03-19	06:30	Germany to Sell Bonds
SP	03-20	05:30	Spain to Sell Bonds
FR	03-20	05:50	France to Sell Bonds
SW	03-20	06:00	Sweden to Sell I/L Bonds
FR	03-20	06:50	France to Sell I/L Bonds
UK	03-21	07:00	U.K. to Sell Bills

ASIA PACIFIC

Country	Date	Time	Event
SK	03-16	09:10	Bank of Korea to Sell 500 Billion Won 91-Day Bonds
SK	03-16	10:00	South Korea to Sell 2.8 Trillion Won 10-Year Bonds
AU	03-18	08:00	Australia to Sell A$800 Million 4.25% 2035 Bonds
SK	03-18	09:10	Bank of Korea to Sell 1 Trillion Won 3-Year Bonds
CH	03-18	11:35	China to Sell 167 Billion Yuan 2028 Bonds
AU	03-20	08:00	Australia to Sell A$700 Million 2.75% 2029 Bonds
SK	03-20	10:00	South Korea to Sell 1.2 Trillion Won 1-Year Bonds

LATIN AMERICA

Country	Date	Time	Event
No Scheduled Auctions			

Sources: Bloomberg, Scotiabank Economics.

Events for the week of March 17 – 21

NORTH AMERICA

Country	Date	Time	Event
US	**03-19**	**02:00**	**FOMC Rate Decision**
US	03-21	09:05	Fed's Williams Speaks in Bahamas

EUROPE

Country	Date	Time	Event
SZ	03-18	02:15	SNB Publishes Annual Report
EC	03-18	05:00	ECB's Rehn Speaks at MNI Event
IC	**03-19**	**04:30**	**7-Day Term Deposit Rate**
EC	03-19	06:45	ECB's Villeroy speaks in Paris
EC	03-19	07:30	ECB's Centeno Speaks at Financial Education Event in Lisbon
EC	03-19	08:00	ECB's Guindos Speaks
EC	03-19	09:00	ECB's Elderson Speaks in London
EC	03-20	04:00	ECB's Lagarde in EU Parliament Hearing
SZ	**03-20**	**04:30**	**SNB Policy Rate**
SW	**03-20**	**04:30**	**Riksbank Policy Rate**
SZ	03-20	05:00	SNB's Schlegel Speaks After Rate Decision
EC	03-20	05:00	ECB Publishes Economic Bulletin
UK	**03-20**	**08:00**	**Bank of England Bank Rate**
EC	03-20	08:00	ECB's Lane Speaks in Cork
EC	03-20	09:00	ECB's Villeroy speaks in Paris
EC	03-21	04:15	ECB's Escriva speaks at IESE banking event in Barcelona

ASIA PACIFIC

Country	Date	Time	Event
AU	03-17	07:20	RBA's Hunter-Speech
JN	**03-18**		**BOJ Target Rate**
ID	**03-19**	**03:20**	**BI-Rate**
CH	**03-19**	**09:00**	**1-Year Loan Prime Rate**
CH	**03-19**	**09:00**	**5-Year Loan Prime Rate**
TA	**03-19**		**CBC Benchmark Interest Rate**
UZ	**03-20**		**Key Rate**

LATIN AMERICA

Country	Date	Time	Event
BZ	**03-19**	**05:30**	**Selic Rate**
CL	**03-21**	**05:00**	**Overnight Rate Target**
PY	**03-21**		**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	2.75	April 16, 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	9.00

Federal Open Market Committee (FOMC): The Federal Open Market Committee (FOMC) is widely expected to hold the federal funds target rate steady at 4.50% during its meeting on Wednesday. At 2:00 PM EST, the FOMC will release an updated policy statement, along with revised economic forecasts and a new dot plot. This will be followed by Fed Chair Jerome Powell's press conference at 2:30 PM EST. Market attention will center on the updated dot plot, particularly whether it maintains the projection of two rate cuts for this year, as outlined in December, or shifts to more or less.

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	2.65	April 17, 2025	2.40	2.65
European Central Bank – Marginal Lending Facility Rate	2.90	April 17, 2025	2.65	2.90
European Central Bank – Deposit Facility Rate	2.50	April 17, 2025	2.25	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	42.50	April 17, 2025	40.00	40.00

Bank of England (BoE): The Bank of England is expected to maintain Bank rate at 4.50% on Thursday and follow its "gradual and careful approach to the further withdrawal of monetary policy restraint is appropriate." The consensus among analysts overwhelmingly predicts no change in the rate, with only a few exceptions, and market pricing aligns with this expectation. Core inflation for January showed a weaker drop than in previous years, while service inflation also increased and remains elevated. Wages surged by 9.5% q/q annualized. However, despite an upward surprise to 4Q GDP, recent economic indicators suggest growing concerns about weakening economic growth. Governor Andrew Bailey recently remarked that "the demand weakness argument may be getting stronger," while also noting that "the underlying inflation path is downwards." He further emphasized that the "vote for cut based on disinflation story holding", suggesting we might see a dovish hold. **Swiss National Bank (SNB):** Following an unexpected 50bps rate cut that surpassed market expectations for a 25bps reduction, the Swiss National Bank is anticipated to lower its sight deposit rate by an additional 25bps on Thursday. The consensus is unanimously forecasting a 25bps cut, while markets are pricing most of the move. Key factors behind this expectation include a decline in headline inflation, which dropped from 0.7% year-on-year in November to 0.3% in February while core inflation hovering just below 1%. Additionally, the recent appreciation of the Swiss franc by approximately 1% adds on to the argument for further easing. **Central Bank of Russia:** All eyes are on whether the Central Bank of Russia will maintain its patient stance or revert to a rate hike for its one-week auction rate on Friday. Consensus expectations point to the bank keeping its policy rate steady at 21% for the third consecutive meeting. Following an unexpected hold in December, the bank has aimed to remain calm, anticipating some progress in the disinflation process. However, up until the February meeting, the bank had considered both a rate hike and a hold and stated that it "will assess the need for a key rate increase at its upcoming meeting." Since then, both headline and core inflation have risen while the 12-month median inflation expectations remained elevated at 13.7% y/y in February. **Riksbank:** The Riksbank is widely expected to maintain its repo rate at 2.25% on Thursday, having already executed the single cut anticipated for the first half of this year. The bank will also update its forecasts and forward guidance on the policy rate, with no further monetary easing expected since both headline and core inflation have rebounded, approaching the 2% target. Headline inflation reached 1.3% y/y, while core inflation hit 2.9% y/y in February 2025. Additionally, 4Q growth exceeded expectations, expanding by 0.8% q/q (consensus: 0.3%), and 3Q growth was revised up from 0.3% to 0.6% q/q. Furthermore, the Swedish krona has recovered strongly, erasing all its weakness since September last year.

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	March 24, 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	2.75	April 17, 2025	2.75	2.75
Bank of Thailand – Repo Rate	2.00	April 30, 2025	2.00	2.00
Bank Negara Malaysia – Overnight Policy Rate	3.00	May 8, 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 Japan (BoJ): The Bank of Japan is expected to maintain its policy rate at 0.50% during Wednesday's meeting. Both consensus and market expectations indicate no rate hikes are anticipated at this meeting. The focus will be whether the bank provides additional guidance on its policy stance, as well as its interpretation of recent data amid an uncertain global economic environment. Inflation is around the upper end of the 2% inflation target, while 4Q GDP growth surprised to the upside, coming in at double the consensus estimate. Additionally, the spring Shunto wage negotiations resulted in a notable 5.5% annual wage growth for this year. However, real cash earnings continue to register below zero. **Bank Indonesia (BI):** Bank Indonesia is expected to maintain its policy rate at 5.75% on Wednesday to avoid disrupting the rupiah, which has remained stable since the previous meeting. However, some anticipate the possibility of a 25bps rate cut. While headline inflation plunged below zero in February due to a temporary reduction in electricity tariffs, core inflation remains steady at approximately 2.5%, the midpoint of the central bank's target range.

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	9.50	9.25
Banco Central de Reserva del Perú – Reference Rate	4.75	April 10, 2025	4.75	4.75

Banco Central do Brasil: Banco Central do Brasil is unanimously expected to hike its selic rate by 100bps on Wednesday, reaching the highest level since mid-2015, after guiding the same it at its previous meeting. Since then we have seen inflation expectations continue to deanchor and inflation measures still soaring above the 3% inflation target. Hence, the bank will unanimously go ahead with a 100bps hike. However, the key will be whether they provide further forward guidance on whether they plan to hold at this level or anticipate further adjustment to selic rate. **Banco Central de Chile:** Our latam based economists expect Banco Central de Chile to maintain its overnight rate on Friday for the second time in a row. Since the last meeting inflation has further carried its upward trend while the economic activity is looking strong. In addition, the annual wage growth still remains elevated. However, the peso has rebounded back from its recent downward rally. Hence, suggesting the bank will just be in the watch mode for now.

AFRICA

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

South African Reserve Bank (SARB): Consensus on the South African Reserve Bank's monetary policy meeting is divided, with a 11-6 split between holding the rate steady and implementing a 25bps rate cut on Thursday. Despite the inflation being near the lower end of the SARB's inflation target range of 3-6%, a strengthening rand, and a weaker than expected 4Q economic growth, the central bank might just keep the repo rate at 7.50% mainly due to rising geopolitical tensions with the US and an uncertainty around the increasing of the VAT in the latest budget speech. In addition to the VAT, the national energy regulator has approved a 12.74% hike in electricity tariffs, set to take effect on April 1st. However, there remains a significant possibility that the central bank may proceed with a 25bps rate cut while adopting a cautious stance to monitor whether any inflationary pressure turns out to be a one-off spike.

Sources: Bloomberg, Scotiabank Economics.