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*With thanks for research support from:
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Next Week's Risk Dashboard

- Will Trump's investment haul be an economic bonanza?
- Canadian CPI may see core prices crowding in the carbon tax cut
- RBA could cut, but data could drive another surprise
- Bank Indonesia has the rupiah on its side, but also loves a good surprise
- BoC's last chance to influence June expectations
- Global PMIs to offer further soft data evidence on tariff effects
- UK CPI to spike on higher energy price cap
- NZ Budget to add blended stimulus
- China prime rates to be lowered
- Canadian markets shut on Monday
- Other global macro

Investment Bonanza or Shimmering Mirage?

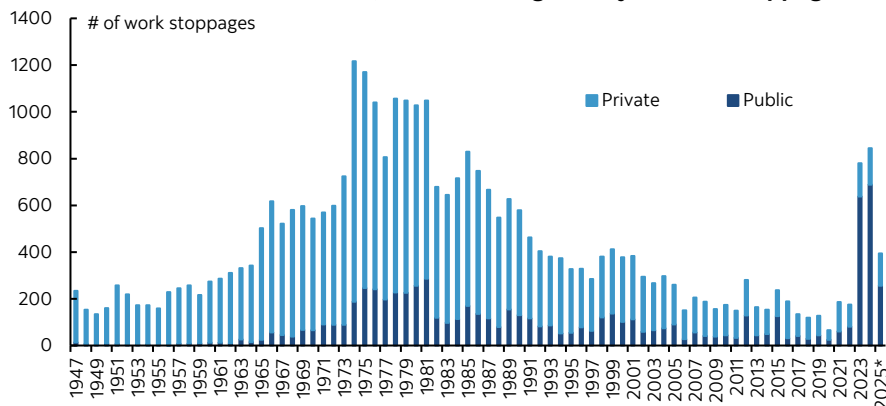
• Introduction	2
• Is Trump's Investment Haul an Economic Bonanza?	2-3
• Canadian Inflation—Crowding in the Carbon Tax Cut?	4-5
• Central Banks—Where Surprise is More the Norm	5-6
• RBA—Emulating the BoE	5
• Bank Indonesia—A Window to Cut	5
• BoC—The Last Chance Saloon!	6
• Global Macro—The Rest!	6

FORECASTS & DATA

• Key Indicators	A1-A3
• Global Auctions Calendar	A4
• Events Calendar	A5
• Global Central Bank Watch	A6

Chart of the Week

From Posties to Protests, Canada's Long History of Work Stoppages



Sources: Scotiabank Economics, Statistics Canada.

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

Investment Bonanza or Shimmering Mirage?

As markets skip past the denial and anger stages of dealing with tariffs into the bargaining and acceptance phases, an issue of growing interest is whether President Trump's goal of diverting untold riches toward investment in America behind a damaging tariff wall is working. Obviously, it's too early to tell with clear evidence, but the richness of the claims can be subject to tests that seek to sniff out the reasonableness of the claims being made.

Enter this week's special feature alongside coverage of expected developments over the course of the coming week. Post-CPI Bank of Canada communications could influence expectations for the June 4th decision. As Canada cuts its carbon tax, the UK will see the impact of another energy price cap increase on CPI. The RBA and Bank Indonesia's decisions share one thing in common—the element of surprise. Global PMIs will offer important and fresh reassessments of tariff effects. The kiwi budget and rate cuts out of China should round out calendar-based developments. And as Jay Parmar's chart of the week shows, a possible Canada Post strike only adds to work stoppages.

IS TRUMP'S INVESTMENT HAUL AN ECONOMIC BONANZA?

The US administration—namely President Trump—frequently cites massive numbers when describing announced investment intentions coming into the United States. They went up again during his swing through the Middle East this past week. Trying to ascertain the potential macroeconomic impact of these announcements is fraught with difficulty and this poses significant challenges to the forecasting community.

We can, however, make some effort toward spit balling some estimates and generally discussing knock on macroeconomics effects stemming from the feasibility of seeing such investments.

A first challenge is to nail down an estimate for the numbers. Trump cites higher numbers each time he speaks, but the latest tally seems to be about \$10 trillion. That is about double the running (and conflicting) tallies that the White House posts ([here](#), [here](#)), although in fairness they do state that it is a 'non-comprehensive running list.' So, umm, where is Trump getting his numbers?

Many have noted that some of these tallies include prior announcements and therefore an uncertain share is not new. Many have also noted that intentions and reality often don't line up so well. I don't think we'll actually see anywhere close to his tally. I'll come back to other caveats.

But let's go with Trump's number by sweeping aside reliability and accuracy for a moment that still allows room for making key observations. The next challenge is how to distribute the amount over time. Some of the projects appear to be shorter-term, while others seem to stretch over the long-term such as 10-year horizons, but it's impossible to determine a weighted average time horizon, much less how to divvy up the numbers each year. That leaves us making arbitrary assumptions in scenarios.

One approach for purposes of making some key points is to assume that it all appears roughly over Trump's second term, say within about 5 years—which is likely too short—and under one of three simple scenarios (chart 1).

If we apply linear interpolation of the amount of investment which means \$2T/year over five years and starting almost immediately, then the first-round effect along with an assumed multiplier effect of 1.25 permanently lifts nominal GDP (nominal, since the investment figures are nominal) as each year's investment flow works through the economy and is replaced the next year. The impact on GDP *growth* is a one-off that is entirely concentrated in the first year because the surge in investment then merely replaces itself each year thereafter.

Alternatively, if we gradually ramped up back-end loaded investment flows each year to arrive at the same \$10 trillion total over the same five years including the same assumed in-year multiplier effects, then there would be a repeated annual positive effect on GDP growth each year, but a fairly modest one.

Yet another possibility is that the proverbial 'shovels' hit the ground very quickly such that investment flies out of the gates and then dissipates. Growth is front-loaded early in Trump's term, but then falls off thereafter as the amount of investment each year fails to sustainably replace what was previously spent.

\$10 trillion of investment sounds like a lot of money, but in a US\$30 trillion annual US economy (in nominal terms), how it gets distributed over time may not be such a big deal to sustainable GDP growth as GDP tallies a cumulative amount of over \$160 trillion over the five years.

Chart 1

How to Distribute \$10 Trillion of Investments			
	Linear	Back-ended	Front-loaded
2025	2500	1250	3750
2026	2500	1875	3125
2027	2500	2500	2500
2028	2500	3125	1875
2029	2500	3750	1250

And there are plenty of caveats as follows and that on net probably rein in the math rather sharply:

- As Trump de-escalates including the recent promise of further sweeping tariff reductions over the next 2-3 weeks, the incentive to invest in the US to get around a tariff wall would decline.
- The actual amount of investment commitments could continue to go up from here.
- The tallies could also be seriously overstated through double counting and if intentions fail to turn into reality because of a desire to please the President.
- The multiplier effects from such investments is highly uncertain. A dollar of investment could generate a little more than a dollar of economic activity by encouraging employment, related spending, tax revenues etc. This effect critically depends upon the types of investment.
- By contrast, a dollar of such investment could crowd out other investments that might have otherwise occurred.
- This latter point could occur if such investment competes for similar labour and materials within an economy that is marked by excess demand conditions (chart 2), a tight labour market (chart 3) an aging population, and restrictive immigration policy.
- Where would savings come from to finance this investment activity? Given that the domestic economy is likely to be saving less as fiscal deficits rise, household saving rates remain low and the outlook for retained earnings is probably subdued in trade wars, the source of this saving is likely to come from abroad. That means a bigger capital account surplus and bigger current account deficit. Trump won't like that given the extent to which the deficit has been increasing (chart 4).
- Partly depending upon the source of such savings to finance this investment, there could be influences upon financial markets including the USD as more capital flows into the US.
- Where would labour and materials come from to build all of the structures and equipment and how much may be imported? The plans would need more workers, but Trump doesn't like immigration and the US labour market is relatively tight.
- Because of the knock-on effects, there may be consequences for inflation. This, in turn, depends upon the composition of investment and hence how much of an effect there may be on the supply side (hence potential GDP).
- Because of the potential consequences to prices, wages and perhaps borrowing costs and the dollar, there may be crowding out of other investments.
- Just as the US is seeking to attract more investment at home behind a tariff wall, so are other nations in the midst of trade wars. The effect may pull some offsetting investment out of the US into those other countries rather than serving their markets through production in the US.
- And of course, the granddaddy of all of the complicating factors is that heightened economic policy uncertainty could sap investment appetite in heavily offsetting fashion to the Trump administration's lauded hopes.

Chart 2

US Economy in Excess Demand



Chart 3

US Labour Market Remains Tight

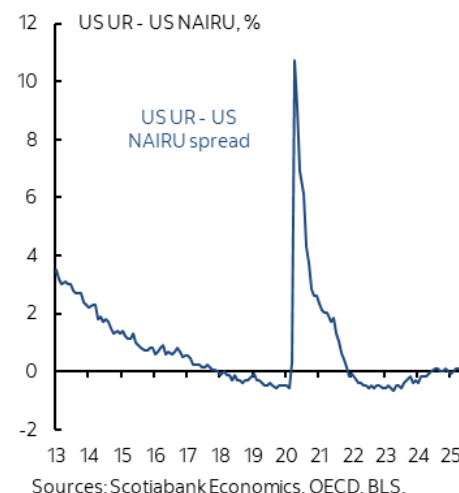
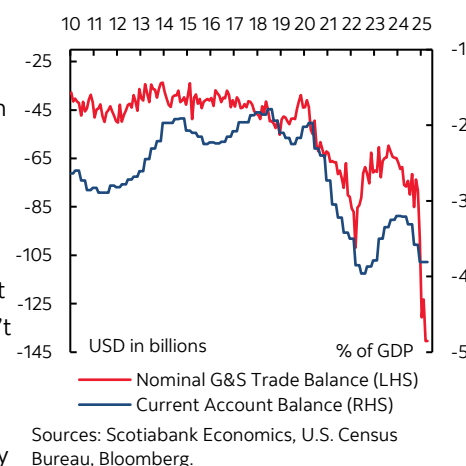


Chart 4

US External Deficits



CANADIAN INFLATION—CROWDING IN THE CARBON TAX CUT?

Canada updates CPI inflation figures for April on Tuesday when domestic clients return bright eyed and bushy tailed after the long weekend.

I went with -0.2% m/m for total CPI in seasonally unadjusted fashion as per polling convention. That would translate into about -0.5% m/m SA since April is normally a seasonal up-month for prices and the seasonal adjustment factor compensates for this. The year-over-year rate would drop from 2.3% to 1.6% if the month-over-month estimate is accurate.

The key driver is the elimination of the consumer portion of the carbon tax on April 1st. Earlier guesswork in terms of the impact on gasoline prices has been removed because we now know how gas prices evolved. Lower gasoline prices should shave about 0.3 ppts off m/m NSA CPI. Another -0.1 is roughly estimated to be the impact of the removal of the carbon tax on home heating fuels.

Retaliatory tariffs on imports also kicked in during April but are much more modest than ones the US imposed upon itself (chart 5) and directly on Canada (chart 6). Canada's effective average tariff rate on goods imports is 2.9% now, or 4.7% on just imports from the US. It's highly uncertain how much of an effect tariffs may have in this report—if any—given that tariffs could take some time to work through inventories, supply chains and profit margins.

How the BoC's preferred core inflation gauges evolve is even more difficult to ascertain this time around. Charts 7–8 show what happened to trimmed mean and weighted median CPI when carbon taxes were raised each April since 2019. There is no clear pattern and so there may be no clear effect when carbon taxes are cut.

Theory would support such an indeterminate outcome. TM and WM prices could go down if carbon tax savings are passed on through lower transportation costs into categories significantly dependent upon fuel charges, like groceries and some household services. Alternatively, TM and WM prices could go up if there is significant evidence of crowding in behind carbon tax cuts by raising prices elsewhere in the economy because people have more money to spend on other things.

As evidence of the latter incidence effect, chart 9 shows that refinery margins have gone up sharply—perhaps coincidentally for other reasons.

Chart 5

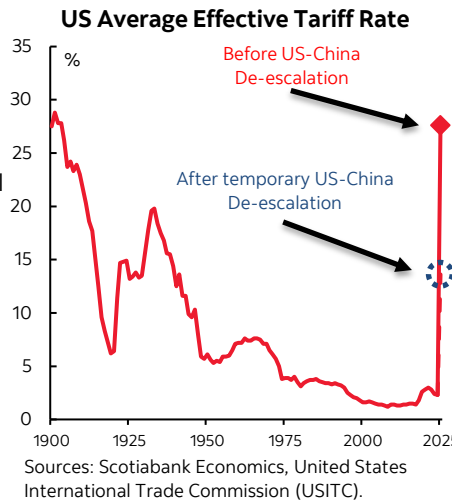


Chart 6

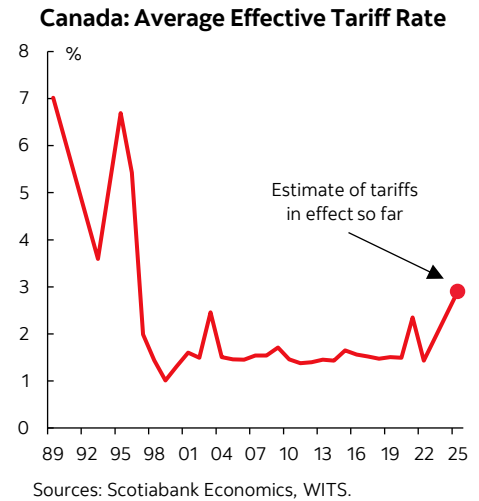


Chart 7

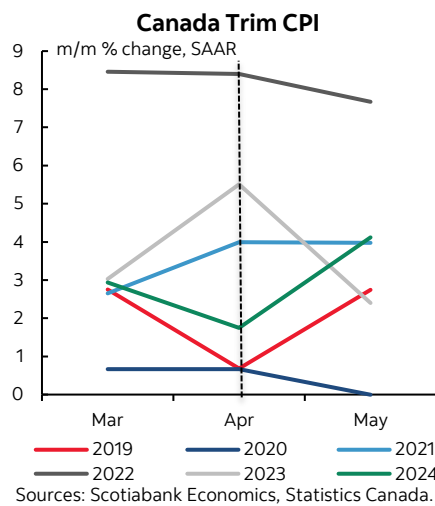


Chart 8

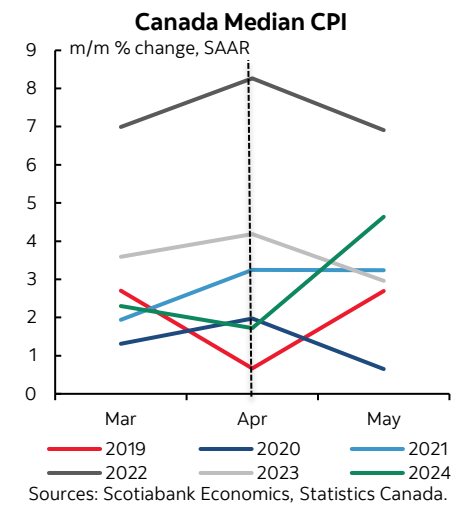


Chart 9

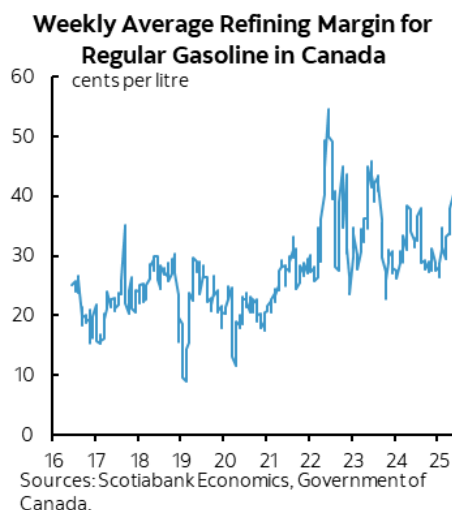
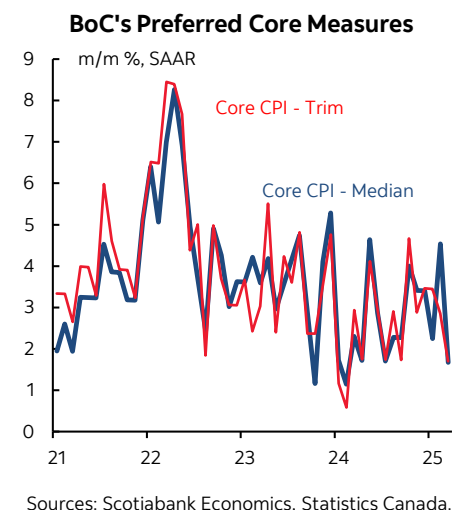


Chart 10



My hunch is that TM and WM will spike higher this time, thus returning the oscillating pattern of ups and downs back toward a strong rise (chart 10). I would hope, however, that the BoC will be patient as it evaluates muddled evidence on inflation in the wake of direct and indirect effects of GST/HST cuts and hikes and the removal of the carbon tax. A cleaner environment within which to evaluate Governor Macklem's concerns about how inflation may evolve during trade wars may be needed.

If so—and just ahead of the government's planned implementation of a tax cut on Canada Day—pricing for the BoC's decision on June 4th could be high at about -17bps of a quarter point cut baked in at the time of writing.

Also note one final wildcard. Statcan will offer 'an enhanced methodology for calculating the passenger vehicle and homeowners' home insurance price indexes' with this release. It's unclear what impact this may have, but auto insurance has a 2.4% weight in CPI at present and homeowners' insurance has a weight of 1.5% while both have been soaring since the pandemic (chart 11).

CENTRAL BANKS—WHERE SURPRISE IS MORE THE NORM

Only two central banks weigh in with decisions this week alongside expected reductions of 1- and 5-year Loan Prime Rates set by Chinese banks on Monday as follow through on the PBOC's recent policy easing. Bank of Canada communications may offer a last chance at influencing policy expectations.

RBA—Emulating the BoE

The Reserve Bank of Australia is widely expected to cut by another 25bps on Tuesday. Markets are fully priced for it. The RBA cut 25bps in February, held in March, and this would only be the second cut of the cycle. The 'gradual' path is similar to the guidance offered by the Bank of England.

The problem in terms of the uncertainty is two-fold. First, as chart 12 shows, this is a central bank that loves to surprise, so never be too confident into each of its decisions.

Second, data is mixed. Core inflation readings are within the 2–3% headline target range in quarter-over-quarter annualized terms, but toward the top end and with their year-over-year rates still at or close to 3% (chart 13). The RBA's fear is easing prematurely and thus unleashing renewed inflation risk. Further, the job market is Making Australia Great Again with 125k jobs created in the past two months including about 60% in full-time spots. Wage growth remains high (chart 14). Australia has not meaningfully retaliated against US protectionism, it is more dependent upon China, and the election returned a more moderate government in terms of relations with China.

Bank Indonesia—A Window to Cut

BI also loves a good surprise (chart 15). Enter Wednesday's decision that some think will result in a 25bps cut, while others think will deliver a hold. Guidance offered at the last meeting noted "room to cut rates further." Their concern over rupiah stability has seen the currency modestly strengthen since the last decision on April 23rd. Q1 GDP shrank by 1% q/q SA nonannualized. And yet core CPI remains sticky at 2½% over the past three months.

Chart 11

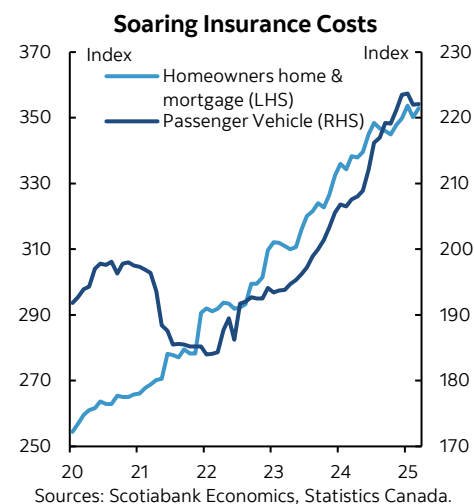


Chart 12

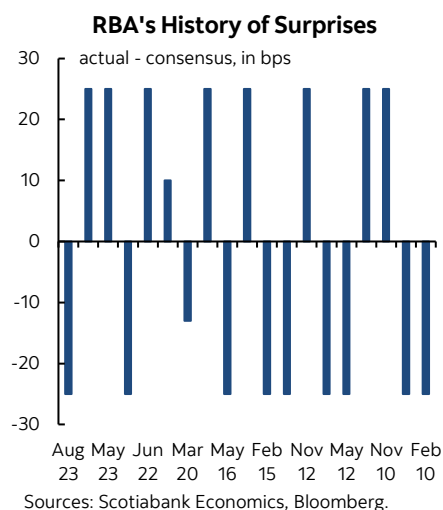


Chart 13

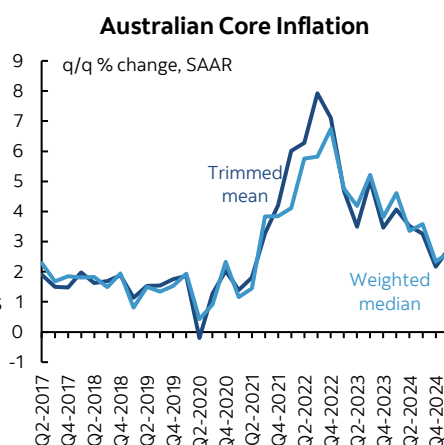
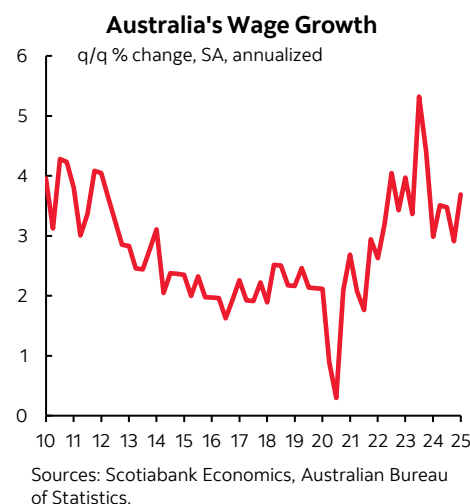


Chart 14



BoC—The Last Chance Saloon!

Thursday will bring out a pair of Bank of Canada events as the last communications before communications blackout the following Wednesday ahead of the June 4th decision. If the BoC wishes to influence market expectations that lean toward a cut, then this will be the time to do it.

Deputy Governor Toni Gravelle will participate in a panel discussion at the Federal Reserve Bank of New York on Thursday at 3 PM EST. The discussion will explore the topic, "Monetary Policy Implementation around the World: More Similarities than Differences?"

On Thursday afternoon, BoC Governor Macklem and Finance Minister Champagne will host a joint press conference at the G7 Finance Ministers and Central Bank Governors meeting in Banff, Alberta. Recall that Canada holds the Presidency this year and will host the meeting of heads of state in Banff from June 15th – 17th.

GLOBAL MACRO—THE REST!

The rest of the global line-up for this week will be relatively light (chart 17). The main focal points will be PMIs, UK inflation, and some light US and Canadian data plus New Zealand’s mid-week Budget that is expected to increase spending on services and capital projects.

Global purchasing managers’ indices are poised to be updated with May readings. It starts with readings from Australia, Japan and India on Wednesday night (eastern time as always in this report), followed by the Eurozone PMIs including ones for Germany and France the next morning plus the UK and S&P US measures a few hours later. Across the composite readings, India’s economy is leading the charge with the fastest growth, followed by muted growth in Australia, Japan, the Eurozone and US, and a mild contraction in the UK.

Canada also updates retail sales for March on Friday that Statcan guided back on April 25th could rise by 0.7% m/m. Having said that, industry data shows no tariff front-running for auto sales in Canada.

Other US readings will be light and mainly focused upon the housing market including an expected rise in existing home sales (Thursday) and a drop in new home sales (Friday) both for April.

UK CPI (Wednesday) and retail sales (Friday) —both for April—follow this past week’s batch of data on the UK economy. It all faces a high bar to influence the Bank of England after having cut 25bps while sticking to a gradual mantra that has markets pricing a hold for the June 19th decision. Gasoline prices have been ebbing (chart 16), but key will be influences of Ofgem’s latest 6.4% energy price cap increase for the April to June period ([here](#)). Since the UK did not materially retaliate against US tariffs—largely out of desperation to have a trade agreement it has been seeking since the Brexit vote—there should be little direct effect of tariffs on core prices.

Chart 15

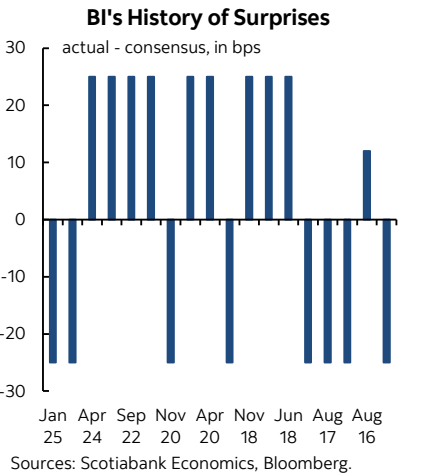


Chart 16

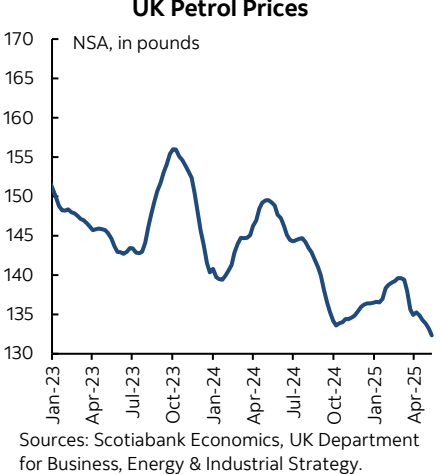


Chart 17

Other Global Macro Indicators (May 19th - May 23rd)			
US	CA	CPI	Other Macro
<u>Monday</u>			
Leading Indicators		BZ	Economic Activity
		CL	GDP
		CO	Trade
<u>Tuesday</u>			
CPI		GE	Producer Prices
		EC	Current Account, Consumer Confidence
<u>Wednesday</u>			
MBA Mortgage Applications		UK	MX Retail Sales
			JN PMI
<u>Thursday</u>			
Claims	IPPI	MA	FR PMI
Existing Home Sales	Raw Materials Price I	HK	GE PMI, IFO Survey
S&P PMI		JN	EC PMI
		UK	PMI, GfK Consumer Confidence
<u>Friday</u>			
New Home Sales	Retail Sales	SI	MX Trade
		UK	Retail Sales

Sources: Scotiabank Economics, Bloomberg.

Key Indicators for the week of May 19 – 23
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>
US	05-19	10:00	Leading Indicators (m/m)	Apr	--	-0.8	-0.7
CA	05-20	08:30	Core CPI - Median (y/y)	Apr	--	--	2.9
CA	05-20	08:30	Core CPI - Trim (y/y)	Apr	--	--	2.8
CA	05-20	08:30	CPI, All items (m/m)	Apr	-0.2	0.5	0.3
CA	05-20	08:30	CPI, All items (y/y)	Apr	1.6	2.3	2.3
CA	05-20	08:30	CPI, All items (index)	Apr	--	--	163.5
CA	05-20	08:30	Core CPI - Common (y/y)	Apr	--	--	2.3
CA	05-20	08:30	CPI SA, All items (m/m)	Apr	--	--	0.0
US	05-21	07:00	MBA Mortgage Applications (w/w)	May 16	--	--	1.1
MX	05-21	08:00	Retail Sales (INEGI) (y/y)	Mar	--	--	-1.1
CA	05-22	07:00	CFIB Business Barometer	May	--	--	34.8
MX	05-22	08:00	Bi-Weekly Core CPI (% change)	May 15	--	--	0.1
MX	05-22	08:00	Bi-Weekly CPI (% change)	May 15	--	--	0.2
MX	05-22	08:00	GDP (q/q)	1Q F	--	--	0.2
MX	05-22	08:00	GDP (y/y)	1Q F	--	--	0.8
MX	05-22	08:00	Global Economic Indicator IGAE (y/y)	Mar	--	--	-0.7
CA	05-22	08:30	IPPI (m/m)	Apr	--	--	0.5
CA	05-22	08:30	Raw Materials Price Index (m/m)	Apr	--	--	-1.0
US	05-22	08:30	Initial Jobless Claims (000s)	May 17	225	--	229.0
US	05-22	08:30	Continuing Claims (000s)	May 09	1900	--	1881.0
US	05-22	09:45	S&P Global US Manufacturing PMI	May P	--	--	50.2
US	05-22	09:45	S&P Global US Services PMI	May P	--	--	50.8
US	05-22	09:45	S&P Global US Composite PMI	May P	--	--	50.6
US	05-22	10:00	Existing Home Sales (mn a.r.)	Apr	4.15	4.2	4.0
US	05-22	10:00	Existing Home Sales (m/m)	Apr	3.8	3.2	-5.9
MX	05-23	08:00	Trade Balance (US\$ mn)	Apr	--	--	3442.0
CA	05-23	08:30	Retail Sales (m/m)	Mar	0.7	-0.3	-0.4
CA	05-23	08:30	Retail Sales ex. Autos (m/m)	Mar	--	--	0.5
US	05-23	10:00	New Home Sales (000s a.r.)	Apr	700	700.0	724.0

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>Consensus</u>	<u>Latest</u>
EC	05-19	05:00	CPI (m/m)	Apr F	0.6	0.6
EC	05-19	05:00	CPI (y/y)	Apr F	2.2	2.2
EC	05-19	05:00	Euro zone Core CPI Estimate (y/y)	Apr F	2.7	2.7
GE	05-20	02:00	Producer Prices (m/m)	Apr	-0.3	-0.7
EC	05-20	04:00	Current Account (€ bn)	Mar	--	34.3
IT	05-20	04:30	Current Account (€ mn)	Mar	--	1604.5
EC	05-20	10:00	Consumer Confidence	May P	-15.7	-16.7
UK	05-21	02:00	CPI (m/m)	Apr	1.1	0.3
UK	05-21	02:00	CPI (y/y)	Apr	3.3	2.6
UK	05-21	02:00	RPI (m/m)	Apr	1.4	0.3
UK	05-21	02:00	RPI (y/y)	Apr	4.2	3.2
UK	05-22	02:00	PSNB ex. Interventions (£ bn)	Apr	--	16.4
UK	05-22	02:00	Public Finances (PSNCR) (£ bn)	Apr	--	2.7
UK	05-22	02:00	Public Sector Net Borrowing (£ bn)	Apr	18.9	16.4
FR	05-22	03:15	Manufacturing PMI	May P	49.0	48.7
FR	05-22	03:15	Services PMI	May P	47.7	47.3

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for the week of May 19 – 23

EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	Consensus	Latest
GE	05-22	03:30	Manufacturing PMI	May P	48.8	48.4
GE	05-22	03:30	Services PMI	May P	49.7	49.0
EC	05-22	04:00	Composite PMI	May P	50.7	50.4
EC	05-22	04:00	Manufacturing PMI	May P	49.3	49.0
EC	05-22	04:00	Services PMI	May P	50.5	50.1
GE	05-22	04:00	IFO Business Climate Survey	May	87.5	86.9
GE	05-22	04:00	IFO Current Assessment Survey	May	86.8	86.4
GE	05-22	04:00	IFO Expectations Survey	May	88.0	87.4
UK	05-22	04:30	Manufacturing PMI	May P	46.0	45.4
UK	05-22	04:30	Services PMI	May P	50.5	49.0
UK	05-22	19:01	GfK Consumer Confidence Survey	May	-21.0	-23.0
GE	05-23	02:00	Real GDP (q/q)	1Q F	0.2	0.2
UK	05-23	02:00	Retail Sales ex. Auto Fuel (m/m)	Apr	0.3	0.5
UK	05-23	02:00	Retail Sales with Auto Fuel (m/m)	Apr	0.4	0.4

ASIA PACIFIC

Country	Date	Time	Indicator	Period	Consensus	Latest
NZ	05-18	18:45	Producer Price - Inputs (q/q)	1Q	--	-0.9
NZ	05-18	18:45	Producer Price - Outputs (q/q)	1Q	--	-0.1
CH	05-18	22:00	Fixed Asset Investment YTD (y/y)	Apr	4.3	4.2
CH	05-18	22:00	Industrial Production (y/y)	Apr	5.7	7.7
CH	05-18	22:00	Retail Sales (y/y)	Apr	6.0	5.9
TH	05-18	22:30	GDP (q/q)	1Q	0.5	0.4
TH	05-18	22:30	GDP (y/y)	1Q	2.9	3.2
JN	05-19	00:30	Tertiary Industry Index (m/m)	Mar	-0.2	0.0
CH	05-19	21:00	PBoC Loan Prime Rate 1-Year (%)	May 20	3.0	3.1
PH	05-19		Balance of Payments (US\$ mn)	Apr	--	-1966.0
MA	05-20	00:00	Exports (y/y)	Apr	7.8	6.8
MA	05-20	00:00	Imports (y/y)	Apr	2.3	-2.8
MA	05-20	00:00	Trade Balance (MYR bn)	Apr	14.7	24.7
TA	05-20	04:00	Export Orders (y/y)	Apr	9.3	12.5
TA	05-20	04:20	Current Account Balance (US\$ mn)	1Q	--	34397.0
HK	05-20	04:30	Unemployment Rate (%)	Apr	3.2	3.2
NZ	05-20	18:45	Trade Balance (NZD mn)	Apr	--	970.0
NZ	05-20	18:45	Exports (NZD bn)	Apr	--	7594.6
NZ	05-20	18:45	Imports (NZD bn)	Apr	--	6620.0
JN	05-20	19:50	Merchandise Trade Balance (¥ bn)	Apr	215.3	559.4
JN	05-20	19:50	Adjusted Merchandise Trade Balance (¥ bn)	Apr	-181.2	-233.6
JN	05-20	19:50	Merchandise Trade Exports (y/y)	Apr	2.5	4.0
JN	05-20	19:50	Merchandise Trade Imports (y/y)	Apr	-4.2	1.8
AU	05-20		RBA Cash Target Rate (%)	May 20	3.85	4.10
ID	05-21	03:20	BI 7-Day Reverse Repo Rate (%)	May 21	5.50	5.75
JN	05-21	19:50	Machine Orders (m/m)	Mar	-1.7	4.3
JN	05-21	20:30	Markit/JMMA Manufacturing PMI	May P	--	48.7
ID	05-21	23:00	Current Account Balance (US\$ mn)	1Q	-100.0	-1145.0
TH	05-21		Customs Exports (y/y)	Apr	9.6	17.8
TH	05-21		Customs Imports (y/y)	Apr	7.8	10.2
TH	05-21		Customs Trade Balance (US\$ mn)	Apr	-959.0	973.0
MA	05-22	00:00	CPI (y/y)	Apr	1.4	1.4
MA	05-22	03:00	Foreign Reserves (US\$ bn)	May 15	--	118.7
TA	05-22	04:00	Unemployment Rate (%)	Apr	3.4	3.4
HK	05-22	04:30	CPI (y/y)	Apr	1.6	1.4
SK	05-22	17:00	PPI (y/y)	Apr	--	1.3

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for the week of May 19 – 23
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>
NZ	05-22	18:45	Retail Sales Ex Inflation (q/q)	1Q	0.0	0.9
JN	05-22	19:30	National CPI (y/y)	Apr	3.6	3.6
SI	05-22		Real GDP (y/y)	1Q F	3.6	3.8
SI	05-22		GDP (q/q)	1Q F	3.6	3.8
SI	05-23	01:00	CPI (m/m)	Apr	-0.3	-0.1
SI	05-23	01:00	CPI (y/y)	Apr	0.9	0.9
JN	05-23	01:30	Nationwide Department Store Sales (y/y)	Apr	--	-2.8
TA	05-23	04:00	Industrial Production (y/y)	Apr	13.1	13.7

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	05-19	08:00	Economic Activity Index SA (m/m)	Mar	--	0.3	0.4
BZ	05-19	08:00	Economic Activity Index NSA (y/y)	Mar	--	2.7	4.1
CL	05-19	08:30	GDP (q/q)	1Q	--	--	0.4
CL	05-19	08:30	GDP (y/y)	1Q	--	--	4.0
CO	05-19	11:00	Trade Balance (US\$ mn)	Mar	--	--	-1241.0

Global Auctions for the week of May 19 – 23

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	05-21	12:00	Canada to Sell 30 Year Bonds
US	05-21	01:00	U.S. To Sell USD16 Bln 20-Year Bonds
US	05-22	01:00	U.S. To Sell USD18 Bln 10-Year TIPS Reopening

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	05-19	05:30	EU to Sell Bonds
GE	05-20	05:30	Germany to Sell Bonds
FI	05-20	06:00	Finland to Sell Bonds
DE	05-21	04:15	Denmark to Sell Bonds
SW	05-21	05:00	Sweden to Sell SEK250 Million of 1.375% 2071 Bonds
GR	05-21	05:00	Greece to Sell Bonds
NO	05-21	05:00	Norway to Sell Bonds
UK	05-21	05:00	UK to Sell GBP4.25 Billion of 4% 2031 Bonds
SW	05-21	05:00	Sweden to Sell SEK4.75 Billion of 1% 2026 Bonds
GE	05-21	05:30	Germany to Sell EU4 Billion of 2.5% 2035 Bonds
SP	05-22	04:30	Spain to Sell Bonds
FR	05-22	04:50	France to Sell Bonds

ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SK	05-18	09:00	South Korea to Sell 1.25 Trillion Won 10-Year Bonds
SK	05-18	09:10	Bank of Korea to Sell 500 Billion Won 91-Day Bonds
SK	05-18	10:00	South Korea to Sell 1.25 Trillion Won 10-Year Bonds
JN	05-19	11:35	Japan to Sell 20-Year Bonds
SK	05-20	09:10	Bank of Korea to Sell 1 Trillion Won 3-Year Bonds
CH	05-20	11:35	China to Sell 71 Billion Yuan 2055 Bonds
JN	05-21	11:35	Japan to Sell 10-Year Linker Bonds

LATIN AMERICA

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

Events for the week of May 19 – 23

NORTH AMERICA

Country	Date	Time	Event
US	05-18	05:20	Fed's Williams Gives Commencement Address
US			Federal Reserve Bank of Atlanta's 2024 Financial Markets Conference
US	05-19	08:30	Fed's Bostic Gives Opening Remarks
US	05-19	08:45	Fed's Jefferson Gives Keynote, Bostic Moderates
US	05-19	08:45	Fed's Williams Speaks in Moderated Discussion
US	05-19	01:15	Fed's Logan Gives Remarks, Moderates Panel
US	05-20	09:00	Fed's Bostic Gives Opening Remarks
US	05-20	09:00	Fed's Barkin Gives Speech at Richmond Fed Conference
US	05-20	09:30	Fed's Collins Hosts Fed Listens Event in New Hampshire
US	05-20	01:00	Fed's Musalem Speaks on Economy, Policy
US	05-20	07:00	Fed's Hammack, Daly Give Keynote, Bostic Moderates
US	05-21	12:15	Fed's Barkin, Bowman Participate in Fed Listens
US	05-22	02:00	Fed's Williams Gives Keynote Remarks
CA	05-22	02:30	Macklem and Champagne Press Conference in Banff Alberta

EUROPE

Country	Date	Time	Event
EC	05-17	03:30	ECB's Vujcic Speaks in Shenzhen
EC	05-19	05:30	ECB's Muller Speaks in Tallinn
SZ	05-19	12:30	SNB's Schlegel Speaks in Lucerne
EC	05-20	02:55	ECB's Wunsch Speaks at AFME Event in Frankfurt
UK	05-20	04:00	BOE's Pill Speaks
EC	05-20	06:00	ECB's Knot Presents DNB's Financial Stability Overview
SW	05-21	02:00	Riksbank's Seim Holds Speech
IC	05-21	04:30	7-Day Term Deposit Rate
EC	05-21	12:00	ECB's Lane Speaks on NIRP in Madrid
EC	05-21		ECB's Guindos Presents Financial Stability Review
AS	05-22	03:00	ECB's Holzmann Speaks in Vienna
EC	05-22	04:20	ECB's Vujcic Speaks in Opatija, Croatia
UK	05-22	06:50	BOE's Breeden Speaks
UK	05-22	07:00	BOE's Dhingra Speaks
EC	05-22	07:30	ECB Publishes Account of April 16-17 Policy Meeting
UK	05-22	08:30	BOE Chief Economist Huw Pill Speaks in Vienna
EC	05-22	09:30	ECB's Nagel Gives Press Conference at G-7
EC	05-23	04:30	ECB's Lane Speaks in Florence

ASIA PACIFIC

Country	Date	Time	Event
CH	05-19	09:00	1-Year Loan Prime Rate
CH	05-19	09:00	5-Year Loan Prime Rate
AU	05-20	12:30	RBA Cash Rate Target
AU	05-20	12:30	RBA-Statement on Monetary Policy
ID	05-21	03:20	BI-Rate
JN	05-21	09:30	BOJ Board Noguchi Speech in Miyazaki
SL	05-21	10:00	CBSL Overnight Policy Rate
AU	05-22	04:30	RBA's Hauser-Speech

LATIN AMERICA

Country	Date	Time	Event
UR	05-20		Monetary Policy Rate
PY	05-23		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	June 4, 2025	2.75	2.50
Federal Reserve – Federal Funds Target Rate	4.50	June 18, 2025	4.50	4.50
Banco de México – Overnight Rate	8.50	June 26, 2025	8.00	8.00

Bank of Canada (BoC): Deputy Governor Toni Gravelle will participate in a panel discussion at the Federal Reserve Bank of New York on Thursday at 3 PM EST. The discussion will explore the topic, "Monetary Policy Implementation around the World: More Similarities than Differences?" Also on Thursday afternoon, BoC Governor Macklem and Finance Minister Champagne will host a press conference at the G7 Finance Ministers and Central Bank Governors meeting in Banff, Alberta.

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	2.40	June 5, 2025	2.15	2.15
European Central Bank – Marginal Lending Facility Rate	2.65	June 5, 2025	2.40	2.40
European Central Bank – Deposit Facility Rate	2.25	June 5, 2025	2.00	2.00
Bank of England – Bank Rate	4.25	June 19, 2025	4.25	4.25
Swiss National Bank – Sight Deposit Rate	0.25	June 19, 2025	0.25	0.25
Central Bank of Russia – One-Week Auction Rate	21.00	June 6, 2025	21.00	21.00
Sweden Riksbank – Repo Rate	2.25	June 18, 2025	2.25	2.25
Norges Bank – Deposit Rate	4.50	June 19, 2025	4.50	4.50
Central Bank of Turkey – Benchmark Repo Rate	46.00	June 19, 2025	46.00	46.00

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	0.50	June 17, 2025	0.50	0.50
Reserve Bank of Australia – Cash Rate Target	4.10	May 20, 2025	3.85	3.85
Reserve Bank of New Zealand – Cash Rate	3.50	May 27, 2025	3.25	3.25
People's Bank of China – 1-Year Medium-Term Lending Facility Rate	2.00	TBA	1.90	1.90
Reserve Bank of India – Repo Rate	6.00	June 6, 2025	6.00	6.00
Bank of Korea – Base Rate	2.75	May 29, 2025	2.50	2.50
Bank of Thailand – Repo Rate	1.75	June 25, 2025	1.75	1.75
Bank Negara Malaysia – Overnight Policy Rate	3.00	July 9, 2025	3.00	3.00
Bank Indonesia – BI-Rate	5.75	May 21, 2025	5.75	5.75
Central Bank of Philippines – Overnight Borrowing Rate	5.50	June 19, 2025	5.25	5.25

Reserve Bank of Australia (RBA): The Reserve Bank of Australia is expected to deliver a 25bps rate cut on Tuesday, following its decision to hold rates at the March meeting. Be careful, however, as surprise is almost the norm when it comes to the RBA. Both market pricing and consensus strongly favour this cut, primarily due to the downside risks to economic growth while inflation remains within the 2–3% target range. Although core inflation over the past two quarters stayed within the target range, wages remain elevated while job figures have rebounded significantly in the past two months. At its last meeting, the governor noted that the decision to hold rates was based on consensus and that "the board did not explicitly discuss rate cut". Furthermore, policymakers emphasized the need for patience during this period of uncertainty, stating that they do not want to jeopardize CPI gains with premature easing. They also acknowledged the possibility that a tight labour market could drive up wages and inflation. Given these factors, there remains a small chance that the bank could surprise markets by maintaining the current policy rate. However, one statement from the governor suggests openness to a rate cut—when they remarked that the May meeting could be an opportune time to revisit policy setting. **Bank Indonesia (BI):** Bank Indonesia is expected to cut its BI rate to 5.5% on Wednesday with some probability of a hold—and this central bank also loves a good surprise. After holding the policy rate at its last meeting, the bank communicated that it is committed to maintain rupiah stability—which is crucial for their economy and financial system. However, it also reiterated that the bank "still sees room to cut rates further". Additionally, the bank had lowered its growth forecast. Since then, the rupiah has regained some strength, while core inflation remains near the mid-point of the 1.5% to 3.5% inflation target range. Hence, key will be how the bank balances the risk of a rate cut stabilizing the rupiah against the risk of further dampening growth outlook. Economists anticipate a 25bps cut this quarter, with another meeting scheduled for June, where consensus remains mixed.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	14.75	June 18, 2025	15.00	15.00
Banco Central de Chile – Overnight Rate	5.00	June 17, 2025	5.00	5.00
Banco de la República de Colombia – Lending Rate	9.25	June 27, 2025	9.00	9.00
Banco Central de Reserva del Perú – Reference Rate	4.50	June 12, 2025	4.50	4.50

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	7.50	May 29, 2025	7.25	7.25

Sources: Bloomberg, Scotiabank Economics.

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