

THE GLOBAL WEEK AHEAD

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

Next Week's Risk Dashboard

- Trade risks move to front and center again...
- ...as the US Budget bill will take months to resolve
- OPEC+ to entertain another production cut
- US core PCE: Higher, and lower
- Canada's Throne Speech may contain a few more policy nuggets...
- ...that buy time until Fall
- Canadian GDP could continue to demonstrate resilience, for now
- Why Canadian core inflation is sticky
- FOMC minutes to repeat patience
- Eurozone core CPI expected to cool
- Tokyo core CPI is on a hot streak
- Aussie CPI likely to further embolden RBA's cut
- RBNZ to cut
- BoK going for an even 100
- SARB to cut after rand benefits from Ramaphosa's discipline
- Other global macro

There Can Only Be One King

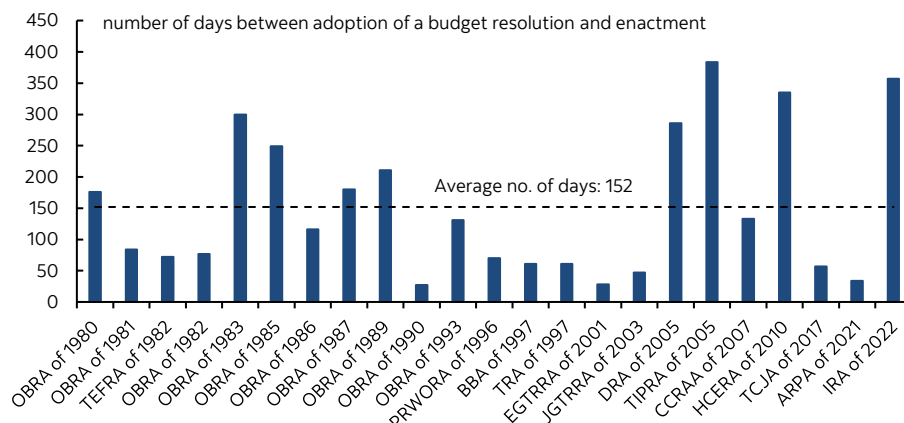
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Chart of the Week

Will the US House Bill Break a New Record?



Sources: Scotiabank Economics, Congress.gov.

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

There Can Only Be One King

Americans may need the Memorial Day long weekend to rest up ahead of an active week for global developments!

Off-calendar risks are omnipresent and could include further escalation of US-Europe trade wars after Trump's threat to impose a 50% tariff on June 1st. The pivot coincides with entering fiscal policy limbo as the House budget reconciliation bill now faces a deeply skeptical Senate that will drag out next steps over coming weeks. Jay Parmar's chart of the week shows how long budget reconciliation bills take to go from adoption to enactment; buckle up, it's going to take a long while from here. [These](#) folks estimate that the House bill would lift GDP by a cumulative 0.4% over ten years, thus severely challenging the administration's false claim it would raise growth rates to 3%, and they estimate that the bill widens deficits by US\$2.8T (ie: doesn't pay for itself) and in highly regressive fashion.

Plenty of calendar-based risks could lie ahead as well. One is the OPEC+ virtual meetings on Wednesday to review production quotas over 2025–26 that may result in cutting production targets for July at the full meeting on June 1st. Each of the US, Eurozone, Japan and Australia will update inflation readings. Three regional central banks may deliver cautious-sounding rate cuts as the FOMC minutes continue to signal patience and the BoC goes into blackout. Canada's economy will be a focus on Friday, but what to do about risks to the outlook and sovereignty will be the focus of Tuesday's Speech from the Throne to open the 45th session of the Canadian Parliament. Shall it be the King, or the Edmonton Oilers that unite Canadians?

GLOBAL INFLATION—INFORMING PATIENCE

A quartet of inflation readings will sweep across major world markets this week. For the most part, they are likely to remain relics of a bygone pre-tariff era, but they could incrementally inform central bank scorekeeping on the path toward evaluating much more important readings in future months and quarters. The readings out of the US, Eurozone, and Japan are not expected to result in nearer term policy implications while the Australian update is likely to merely reaffirm the RBA's cut.

US PCE—Higher, and Lower

Friday brings out the FOMC's preferred inflation readings—the price deflators for total consumption and core spending excluding food and energy.

Headline and core PCE prices are expected to be up by 0.1% m/m SA. That would land them both a tick below CPI and core CPI. One reason is that a little will be shaved off the CPI estimates by virtue of the different weights used on components in PCE versus CPI. Another reason is that the components from the producer price index that are included in PCE but not CPI will also shave a little off the CPI readings upon translation into PCE.

The year-over-year rates would therefore land at 2.1% for total PCE (from 2.3%) and 2.5% for core PCE (from 2.6%).

A caveat is that there may be a slight upward revision to March PCE and core PCE stemming from upward revisions to PPI and core PPI measures. March PCE could be revised up a tenth to 0.1 and core PCE up a tenth to 0.1. That could be enough to lift Q1 core PCE revisions the day before up to 3.6% q/q SAAR from 3.5% initially, and total PCE up to 3.7% from 3.5%.

Eurozone CPI—A Stable Path Ahead?

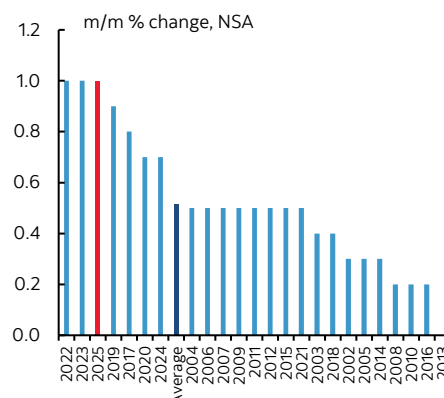
The Eurozone tally doesn't arrive until the following week, but by Friday we should have an advanced understanding of how May CPI is lining up for the whole of the Eurozone.

France kicks off the estimates on Tuesday and then Germany, Italy and Spain release on Friday. Cooler readings are generally expected compared to the prior month's 0.6% m/m seasonally unadjusted surge.

It would take big surprises to impact pricing for about 50bps of ECB cuts through to year-end that would bring the policy rate toward 1.75%. Markets are priced for another 25bps cut on June 5th. Minutes to the ECB's April policy meeting noted that "Inflation was expected to hover close to the inflation target of 2% for the remainder of the year." The minutes noted that "uncertainty, the appreciation of the euro and the decline in oil and gas prices would further dampen the inflation outlook in the near term" but that "over the medium term, the picture for inflation remained more mixed." The next ECB forecast update is expected with the June decision.

Chart 1

Comparing Eurozone Core CPI for All Months of April



Sources: Scotiabank Economics, Eurostat.

Chart 2

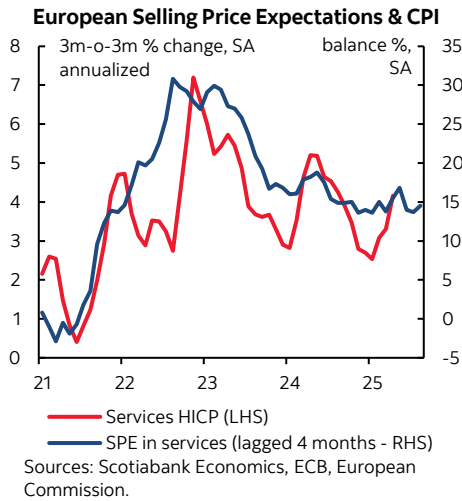


Chart 3

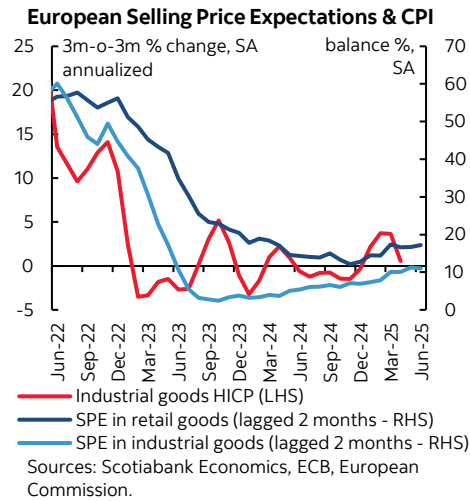
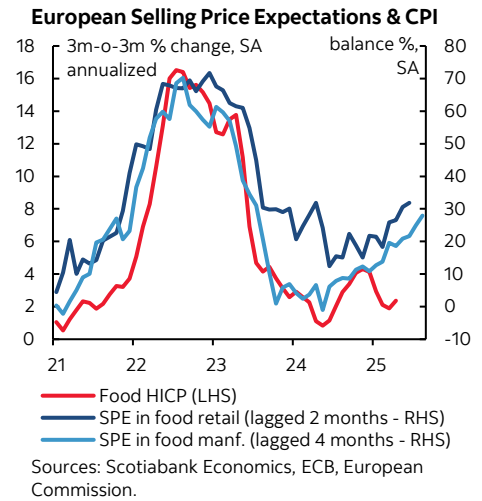


Chart 4



That said, core inflation in April was relatively warm ahead of May's update (chart 1). Offsetting this in the minds of ECB officials is that the Commissions' Business and Consumer Survey's measures of selling price expectations generally point to little incremental near-term pressure outside of food prices (charts 2–4). Whether that remains the case significantly depends upon the course of EU-US trade developments. If Europe doesn't retaliate, then further disinflation risk may lie ahead, whereas if it does, then greater imported price pressures could complicate the picture somewhat.

Tokyo CPI—Another Hot One Could Confront the BoJ's Caution

Thursday evening's (Friday in Japan) reading of the Tokyo CPI gauge for May could continue to buoy near-term inflationary pressures.

The April y/y core CPI measure jumped from 2.4% to 3.4%. It may fall back again this week, since the April jump was significantly driven by the year-ago cut to school fees that drove a low year-ago base effect.

That wasn't the only driver, however, and key will be whether momentum in core CPI on a m/m basis is maintained. As chart 5 shows, Tokyo core CPI has risen by 4.9% m/m SAAR in each of the prior two months.

In any event, the BoJ's increased caution toward the outlook presently means that nothing starts to be priced for a further BoJ hike until toward year-end.

Aussie CPI—Emboldening the RBA

The RBA's recent 25bps rate cut could be further emboldened by Tuesday's CPI reading for April. It is expected to drop again from 2.4% y/y the prior month. The next quarterly CPI figures for Q2 may be more influential when they arrive on July 29th in between the next decisions on July 8th and August 12th.

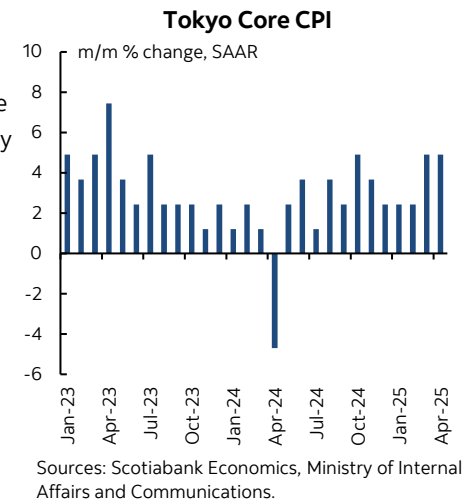
CANADA'S THRONE SPEECH—THROW BACK, OR A NEW ERA?

The last time a British monarch read Canada's Speech from the Throne to mark a new session of Parliament was nearly a half century ago. PM Carney has resurrected the tradition as King Charles III will read it on Tuesday at around 11amET for up to half an hour.

Support for the monarchy in Canada is mixed at best ([here](#)). The symbolism of ties to the British Empire as insurance against Trump's assaults was weakened by UK PM Starmer's extension of open arms to Trump.

Regardless, some will question the message that kind of seems like 'hey, we're not a 51st state, we're still a colony!' The challenge to Canadians lies in asserting their identity in the modern era by not merely enslaving it anew to someone else.

Chart 5



Others may point to how the last time a British Monarch delivered this Speech—Queen Elizabeth II in 1977—the context was partly around sovereignty on the path toward repatriating the Constitution in 1982, although the government of Pierre Trudeau wasn't especially enamoured of the monarchy.

Nevertheless, the Speech is a generally worded wish list that is high on platitudes and short on specifics in terms of the new session's goals. Expect it to contain a symbolic nod of support to the former colony, and maybe there will be a focus on the King's wardrobe and token Canadiana accoutrements. [This](#) is a good piece on the process and timing steps for the duration of the current sitting of Parliament that expires on June 20th.

There is only so much that the Carney administration has committed to delivering in the short-term before delivering a full Budget in the vaguely defined window of sometime this Fall. It's possible that fiscal stimulus equates to 1%+ of GDP, thereby substituting fiscal policy easing for monetary policy easing. Ways and means legislation is expected to deliver Carney's promised 1% tax cut to the lowest income bracket. Fiscal numbers have to be updated in the Government Expenditure Plan and Main Estimates (past issues [here](#)) and approved before skipping out for Summer; they will lay out funding needs and plans before the grander package of initiatives later.

That means that the outlines of policy priorities in the Speech are likely to be general in nature before presenting bills, debating them, and then passing them by Fall. Expect generalities on interprovincial trade barriers and broad fiscal policy plans.

A key emerging uncertainty is the plan for defence spending and how it fits into the government's desire to strike a new economic and security arrangement with the US. The clear goal here is to tie Canada more closely to the US despite the rhetoric of how everything has fundamentally pivoted away from the US. Carney has committed Canada to achieving the NATO agreement of 2% of GDP spent on defence by 2030.

What's unclear is whether this also includes recent 'Golden Dome' discussions with the Trump administration. Canadians have a right to know much more about the reliability of the technology behind an elaborate space-based missile defence system, the likely efficacy now and against future technologies, whether or not it would escalate geopolitical risks including through a new arms race or worse, and the costs. Yes, the costs. To date, all we know is that Trump has said Canada would pay its 'fair share'—whatever that means. As previously explained in daily notes, this could be tens or even hundreds of billions of dollars and Canadians should know how the government would plan on funding such an initiative. Further, if this is the cost to getting the US to de-escalate tariff wars, then how much faith can Canadians have in any such agreement with the US given the erosion of the worthiness of the US signature?

CANADA'S ECONOMY—AND WHY INFLATION REMAINS STICKY

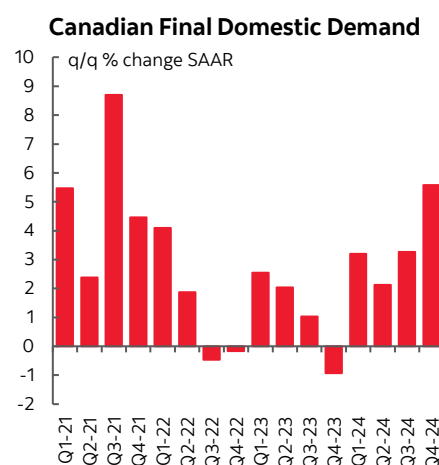
GDP for Q1 and the start of Q2 will inform the starting point for capacity pressures of relevance to the Bank of Canada before heading into the consequences of the global trade war that the US started.

Q1 GDP is estimated to have grown by 1.7% q/q SAAR. March GDP is estimated to have grown by 0.2% m/m, or one-tenth quicker than Statcan initially guided with its preliminary estimate on April 30th. The preliminary estimate for April GDP will also be provided sans details, and is very tentatively estimated to have grown by 0.3% based on limited readings such as a solid gain in hours worked but also the possibility of a small and temporary lift from the election. You will want to remove inventory and import leakage effects to get around tariff front-running influences and focus on final domestic demand that was previously been trending strongly (chart 6).

If all that comes to fruition, then it could leave Q2 GDP tracking growth of around 1½% q/q SAAR.

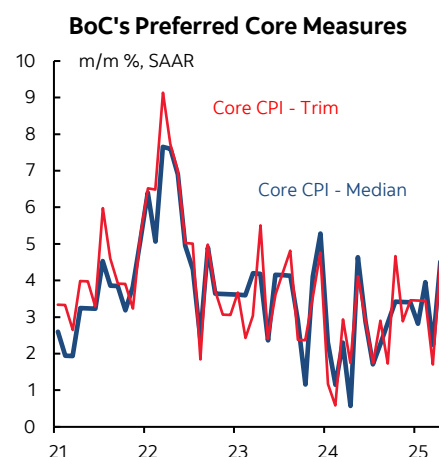
The effects would mean that slack in the economy remained quite small. The output gap ended 2024 at around -½% of GDP. The BoC's April MPR estimated that slack was between 0% and 1% in 2025Q1. One of the perennial difficulties lies in how to estimate the supply side, namely potential GDP.

Chart 6



Sources: Scotiabank Economics, Statistics Canada.

Chart 7



Sources: Scotiabank Economics, Statistics Canada.

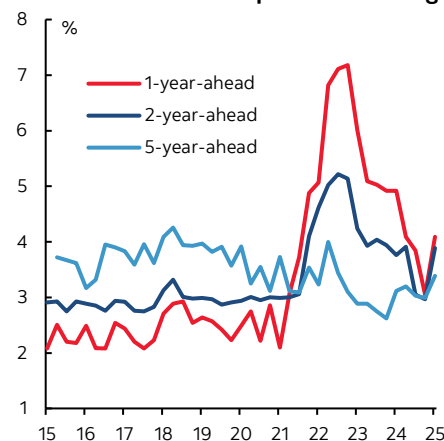
This view that there may be no, or very little slack in the economy, along with other arguments, could help to understand why core inflation remains sticky at elevated levels. There just isn't enough disinflationary slack to be driving inflation lower, especially in light of the lagged effects. Gaps are often overstated drivers of inflation anyway in my view. April's trimmed mean and weighted median CPI measures came in at about 4½% m/m SAAR and the trend has been too warm for a lengthy period (chart 7).

Other possible reasons for sticky inflation readings are as follows:

- Canadian monetary policy is roughly neutral, maybe either slightly restrictive or slightly stimulative based on a 2.25–3.25% neutral rate range. It's feasible that the Bank of Canada has already gone a little too far with its policy easing which has been my bias for some time now.
- Depending upon how one defines the real policy rate, it has either fallen back toward estimates of the real neutral rate, or below if survey-based expectations are used.
- On the latter note, inflation expectations remain high in Canada and there is evidence that when this is the case it's more likely to perpetuate inflation risk (chart 8).
- fiscal policy continues to prime the pump in serial fashion and we expect stimulus measures in the near-term (like the Canada Day tax cut) will increase in a Fall budget. We could get stimulus equal to 1%+ of GDP.
- It's not only capacity considerations in Canada that matter. The US economy remains in excess aggregate demand that gives pricing power to US exporters. The degree of integration of the Canadian and US economies means that passes across the border into still elevated inflation readings in Canada.
- Canadian consumption has been trending strongly and provided little to no reason to firms to ease up on prices. In inflation-adjusted terms, consumer spending grew by 3.6% q/q SAAR in 2024Q1, 1% in Q2, 4.2% in Q3, and 5.6% in Q4. Growth is likely softer to nonexistent now, but mainly on the goods side as services remain buoyant partly on a reallocation of travel budgets toward the domestic market.
- Increased border risk to global supply chains in a more fragmented world takes years to be fully incorporated, resulting in higher costs being passed on.
- As an offshoot of the supply chain argument, inventory buffers have been pushing higher and the costs are getting passed along (chart 9).
- wage growth is excessive relative to productivity growth and this may be part of what is passing along some of the effects into prices. Chart 10 shows various wage growth measures. Chart 11 shows wage settlements in collective bargaining agreements that are very important to Canada where about 30% of the workforce is unionized versus about 10% in the US. High wage growth and poor labour productivity growth combine to reinforce labour market supports for inflation.
- CAD depreciation passes through slowly with modest effects as USDCAD went from 1.20 in 2021 to 1.45 and back down to about 1.39 now. Each 10% trade weighted depreciation adds an estimated few tenths to CPI temporarily.

Chart 8

Consumer Inflation Expectations Rising



Sources: Scotiabank Economics, Bank of Canada.

Chart 9

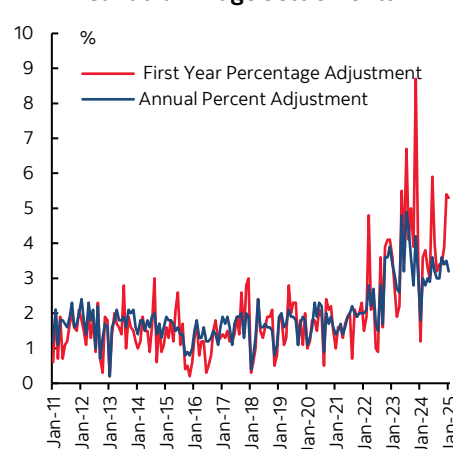
Canada Economy-Wide Inventories



Source: Scotiabank Economics, Statistics Canada.

Chart 11

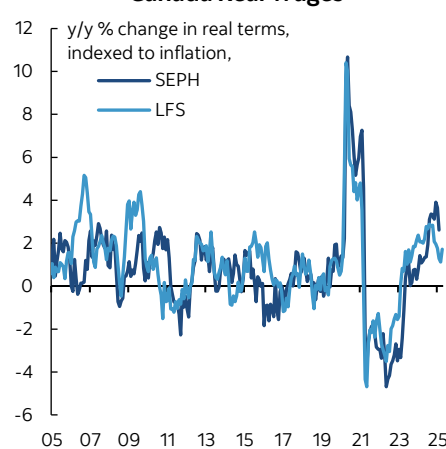
Canadian Wage Settlements



Sources: Scotiabank Economics, Statistics Canada.

Chart 10

Canada Real Wages



Sources: Scotiabank Economics, Statistics Canada.

- Tariffs are a very recent influence and likely to roil inflation readings across N.A. as the effects ripple through supply chains, but it's a big stretch to argue they have been meaningfully influential to date.

CENTRAL BANKS—REGIONALS TO EASE WITH CAUTION

Three regional central banks will weigh in with decisions this week as the Federal Reserve releases minutes to the May FOMC meeting minutes and the BoC goes into communications blackout ahead of its June 4th decision.

RBNZ—A Cautious Cut

Markets and consensus are aligned toward expecting New Zealand's central bank to cut by 25bps on Tuesday. Recent central bank remarks have mentioned that "the balance of risks has shifted to the downside" regarding inflation. This is entirely a forward-looking view partly on informed perspectives and one part on a lark. Q1 CPI figures were still quite warm (chart 12) while inflation expectations have edged up. We'll get freshened forecasts including explicit forward guidance compared to the prior round (chart 13).

Bank of Korea—Going for an Even 100

Consensus unanimously expects another 25bps base rate cut from the Bank of Korea on Thursday. That would deliver a cumulative 100bps of easing since the BoK began to cut in October last year.

Expect forward guidance to be cautious if it does cut again after pausing at the prior meeting. Q1 GDP contracted by -0.2% q/q nonannualized, with the dip driven by manufacturing and construction while even services were flat. However, core CPI inflation has been back on an upswing over recent months to a still modest 2.4% y/y ahead of the fuller impact of US-motivated global trade wars on domestic inflation (chart 14).

SARB—Much Has Changed

Most expect the South African Reserve Bank to cut 25bps to 7.25% on Thursday. A minority expects a hold. A slight weakening of core CPI inflation to 3% this past week may have tipped the balance to a cut as it extends the downward trend over the past two years. A great deal has changed in the world since the last decision way back on March 20th when SARB held. The rand has slightly appreciated since then and readings like retail sales and manufacturing output have been weakening. Trump's deplorable ambush of President Ramaphosa this past week was based on distorted and false facts, but Ramaphosa showed composure and discipline that supported the currency whereas he could well have turned the spotlight back on US race issues.

FOMC Minutes—Counting the Ways to Say 'Patience'

Minutes to the May 6th–7th FOMC meeting arrive on Wednesday. They are likely to reinforce Chair Powell's core message that the Committee will be patient as it evaluates competing effects on its dual mandate goals of price stability and full employment before determining an appropriate course of action. This requires reams of data and much further evidence on US policy priorities across trade, fiscal, immigration and regulatory initiatives.

OTHER GLOBAL READINGS

Chart 15 summarizes the rest of the global line-up of releases not already covered.

Chart 12

New Zealand's Inflation

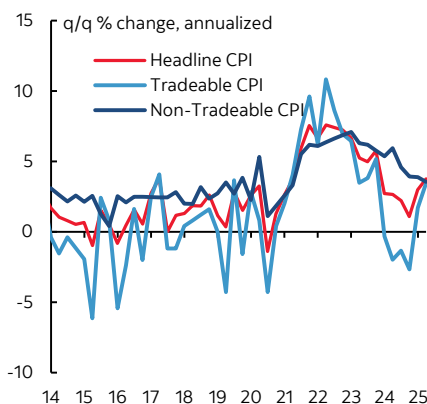


Chart 13

RBNZ Official Cash Rate Projections

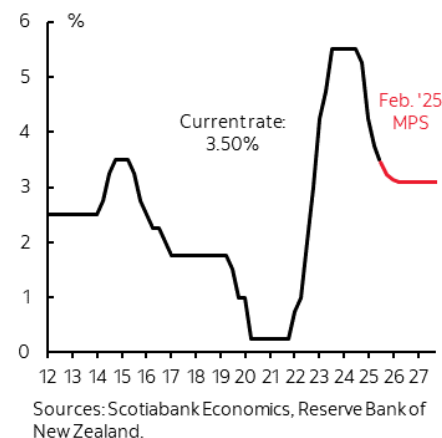
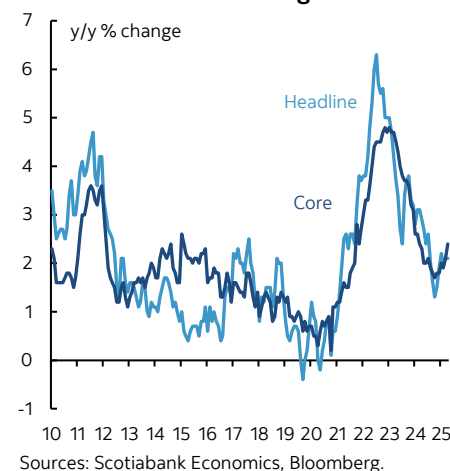


Chart 14

South Korea's CPI Ticking Above 2%



Key US highlights will be Friday's US consumer spending figures that are expected to be weak alongside decent income growth, Tuesday's consumer confidence figures that may dip again, and Tuesday's durable goods orders.

Relatively minor other gauges will mainly emphasize consumer spending figures for April such as Australian retail sales (Thursday), Japanese retail sales (Thursday), French consumer spending (Wednesday) and maybe German retail sales.

China refreshes the state's PMIs shortly after this note is being published.

Chart 15

Other Global Macro Indicators (May 26th - May 30th)				
US	CA	CPI	Other Macro	
<u>Monday</u>				
CH Industrial Profits				
<u>Tuesday</u>				
Durable Goods		FR	GE Consumer Confidence, Retail Sales	
S&P Home Price Index			EC Economic & Industrial Confidence	
Consumer Confidence Index				
Dallas Fed. Manf. Activity				
<u>Wednesday</u>				
MBA Mortgage App.			FR Consumer Spending, Producer Prices	
Richmond Fed. Manf.			GE UR	
<u>Thursday</u>				
GDP	SEPH	Tokyo	CL	UR
Claims			JN	Consumer Confidence, Jobless Rate, IP, Retail
Pending Home Sales			AU	Retail Sales
<u>Friday</u>				
PCE	GDP	SP	MX	UR
Personal Income & Spending		IT	SW	GDP
Wholesale & Retail Inventories		GE	UK	House Prices
			BZ	GDP
			CL	IP, Retail Sales
			CO	UR
			JN	Housing Starts
			CH	State PMI
Sources: Scotiabank Economics, Bloomberg.				

Key Indicators for the week of May 26 – 30
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	05-27	08:30	Durable Goods Orders (m/m)	Apr P	-9.0	-8.2	7.5
US	05-27	08:30	Durable Goods Orders ex. Trans. (m/m)	Apr P	0.2	0.0	-0.4
US	05-27	09:00	S&P/Case-Shiller Home Price Index (m/m)	Mar	0.4	0.4	0.4
US	05-27	09:00	S&P/Case-Shiller Home Price Index (y/y)	Mar	4.4	--	4.5
US	05-27	10:00	Consumer Confidence Index	May	85.0	87.0	86.0
US	05-27	10:30	Dallas Fed. Manufacturing Activity	May	--	--	-35.8
US	05-28	07:00	MBA Mortgage Applications (w/w)	May 23	--	--	-5.1
US	05-28	10:00	Richmond Fed Manufacturing Index	May	--	--	-13.0
CA	05-29	08:30	Payroll Employment Change - SEPH	Mar	--	--	-49.0
CA	05-29	08:30	Current Account (C\$ bn a.r.)	1Q	--	--	-5.0
US	05-29	08:30	GDP (q/q a.r.)	1Q S	-0.3	-0.3	-0.3
US	05-29	08:30	GDP Deflator (q/q a.r.)	1Q S	--	3.7	3.7
US	05-29	08:30	Initial Jobless Claims (000s)	May 24	230	--	227.0
US	05-29	08:30	Continuing Claims (000s)	May 17	1890	--	1903.0
US	05-29	10:00	Pending Home Sales (m/m)	Apr	--	-1.1	6.1
MX	05-30	08:00	Unemployment Rate (%)	Apr	--	--	2.2
CA	05-30	08:30	Real GDP (m/m)	Mar	0.2	--	-0.2
CA	05-30	08:30	Real GDP (q/q a.r.)	1Q	1.7	--	2.6
US	05-30	08:30	PCE Deflator (m/m)	Apr	0.1	0.1	0.0
US	05-30	08:30	PCE Deflator (y/y)	Apr	2.1	2.2	2.3
US	05-30	08:30	PCE ex. Food & Energy (m/m)	Apr	0.1	0.1	0.0
US	05-30	08:30	PCE ex. Food & Energy (y/y)	Apr	2.5	2.5	2.6
US	05-30	08:30	Personal Spending (m/m)	Apr	0.2	0.2	0.7
US	05-30	08:30	Personal Income (m/m)	Apr	0.4	0.3	0.5
US	05-30	08:30	Wholesale Inventories (m/m)	Apr P	--	--	0.4
US	05-30	09:45	Chicago PMI	May	--	45.0	44.6
US	05-30	10:00	U. of Michigan Consumer Sentiment	May F	--	50.8	50.8

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>Consensus</u>	<u>Latest</u>
GE	05-27	02:00	GfK Consumer Confidence Survey	Jun	-20.0	-20.6
FR	05-27	02:45	CPI (m/m)	May P	0.1	0.6
FR	05-27	02:45	CPI (y/y)	May P	0.9	0.8
FR	05-27	02:45	CPI - EU Harmonized (m/m)	May P	0.1	0.7
FR	05-27	02:45	CPI - EU Harmonized (y/y)	May P	0.9	0.9
EC	05-27	05:00	Economic Confidence	May	94.1	93.6
EC	05-27	05:00	Industrial Confidence	May	-10.6	-11.2
GE	05-27		Retail Sales (m/m)	Apr	0.2	0.4
FR	05-28	02:45	Consumer Spending (m/m)	Apr	0.8	-1.0
FR	05-28	02:45	GDP (q/q)	1Q F	0.1	0.1
FR	05-28	02:45	Producer Prices (m/m)	Apr	--	-0.6
GE	05-28	03:55	Unemployment (000s)	May	13.5	4.0
GE	05-28	03:55	Unemployment Rate (%)	May	6.3	6.3
SP	05-29	03:00	Real Retail Sales (y/y)	Apr	--	3.7
SW	05-30	02:00	GDP (y/y)	1Q	1.6	2.4
SP	05-30	03:00	CPI (m/m)	May P	0.1	0.6
SP	05-30	03:00	CPI (y/y)	May P	2.1	2.2
SP	05-30	03:00	CPI - EU Harmonized (m/m)	May P	0.0	0.6
SP	05-30	03:00	CPI - EU Harmonized (y/y)	May P	2.0	2.2
IT	05-30	04:00	Real GDP (q/q)	1Q F	0.3	0.3
SP	05-30	04:00	Current Account (€ bn)	Mar	--	2.3

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for the week of May 26 – 30

EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	Consensus	Latest
IT	05-30	05:00	CPI (m/m)	May P	0.1	0.1
IT	05-30	05:00	CPI (y/y)	May P	1.8	1.9
IT	05-30	05:00	CPI - EU Harmonized (m/m)	May P	0.1	0.4
IT	05-30	05:00	CPI - EU Harmonized (y/y)	May P	1.9	2.0
PO	05-30	06:00	Real GDP (q/q)	1Q F	--	-0.50
GE	05-30	08:00	CPI (m/m)	May P	0.1	0.4
GE	05-30	08:00	CPI (y/y)	May P	2.1	2.1
GE	05-30	08:00	CPI - EU Harmonized (m/m)	May P	0.1	0.5
GE	05-30	08:00	CPI - EU Harmonized (y/y)	May P	2.0	2.2
UK	05-30		Nationwide House Prices (m/m)	May	--	-0.6

ASIA PACIFIC

Country	Date	Time	Indicator	Period	Consensus	Latest
JN	05-26	01:00	Coincident Index CI	Mar F	--	116.0
JN	05-26	01:00	Leading Index CI	Mar F	--	107.7
JN	05-26	01:00	New Composite Leading Economic Index	Mar F	--	107.7
SI	05-26	01:00	Industrial Production (m/m)	Apr	6.1	-3.6
SI	05-26	01:00	Industrial Production (y/y)	Apr	2.4	5.8
HK	05-26	04:30	Exports (y/y)	Apr	--	18.5
HK	05-26	04:30	Imports (y/y)	Apr	--	16.6
HK	05-26	04:30	Trade Balance (HKD bn)	Apr	--	-45.4
SK	05-26	17:00	Consumer Confidence Index	May	--	93.8
CH	05-26	21:30	Industrial Profits YTD (y/y)	Apr	--	2.6
SK	05-26		Discount Store Sales (y/y)	Apr	--	-0.2
SK	05-26		Department Store Sales (y/y)	Apr	--	-2.1
NZ	05-27	22:00	RBNZ Official Cash Rate (%)	May 28	3.25	3.50
PH	05-27		Budget Deficit/Surplus (PHP bn)	Apr	--	-375.7
IN	05-28	06:30	Industrial Production (y/y)	Apr	0.80	3.00
SK	05-28	20:00	BoK Base Rate (%)	May 29	2.50	2.75
AU	05-28	21:30	Private Capital Expenditure	1Q	0.5	-0.2
JN	05-29	01:00	Consumer Confidence	May	31.8	31.2
TA	05-29	04:00	Real GDP (y/y)	1Q P	5.4	5.4
NZ	05-29	18:00	ANZ Consumer Confidence Index	May	--	98.3
SK	05-29	19:00	Industrial Production (m/m)	Apr	0.4	2.9
SK	05-29	19:00	Industrial Production (y/y)	Apr	3.9	5.3
SK	05-29	19:00	Cyclical Leading Index Change	Apr	--	0.2
JN	05-29	19:30	Jobless Rate (%)	Apr	2.5	2.5
JN	05-29	19:30	Tokyo CPI (y/y)	May	3.4	3.4
JN	05-29	19:50	Industrial Production (m/m)	Apr P	-1.5	0.2
JN	05-29	19:50	Large Retailers' Sales (y/y)	Apr	--	1.7
JN	05-29	19:50	Retail Trade (m/m)	Apr	0.5	-1.2
JN	05-29	19:50	Retail Trade (y/y)	Apr	3.0	3.1
JN	05-29	19:50	Industrial Production (y/y)	Apr P	0.1	1.0
PH	05-29	21:00	Exports (y/y)	Apr	0.7	5.9
PH	05-29	21:00	Imports (y/y)	Apr	-0.7	11.9
PH	05-29	21:00	Trade Balance (US\$ mn)	Apr	-4700.0	-4128.0
AU	05-29	21:30	Building Approvals (m/m)	Apr	3.0	-8.8
AU	05-29	21:30	Retail Sales (m/m)	Apr	0.3	0.3
AU	05-29	21:30	Private Sector Credit (m/m)	Apr	0.5	0.5
AU	05-29	21:30	Private Sector Credit (y/y)	Apr	--	6.5

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for the week of May 26 – 30
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>
JN	05-30	01:00	Housing Starts (y/y)	Apr	-18.1	39.1
TH	05-30	03:00	Current Account Balance (US\$ mn)	Apr	--	2328.0
TH	05-30	03:30	Exports (y/y)	Apr	--	17.8
TH	05-30	03:30	Imports (y/y)	Apr	--	9.4
TH	05-30	03:30	Trade Balance (US\$ mn)	Apr	--	3405.0
IN	05-30	06:30	Real GDP (y/y)	1Q	6.7	6.2
CH	05-30	21:30	Manufacturing PMI	May	49.5	49.0
CH	05-30	21:30	Non-manufacturing PMI	May	50.6	50.4
PH	05-30		Bank Lending (y/y)	Apr	--	13.4

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	05-26	07:30	Current Account (US\$ mn)	Apr	--	--	-2244.6
BZ	05-27	08:00	IBGE Inflation IPCA-15 (m/m)	May	--	--	0.4
BZ	05-27	08:00	IBGE Inflation IPCA-15 (y/y)	May	--	--	5.5
CL	05-29	09:00	Unemployment Rate (%)	Apr	--	--	8.7
BZ	05-30	08:00	GDP (IBGE) (q/q)	1Q	--	--	0.2
BZ	05-30	08:00	GDP (IBGE) (y/y)	1Q	--	--	3.6
CL	05-30	09:00	Industrial Production (y/y)	Apr	--	--	5.4
CL	05-30	09:00	Retail Sales (y/y)	Apr	--	--	6.9
CO	05-30	11:00	Urban Unemployment Rate (%)	Apr	--	--	9.3

Global Auctions for the week of May 26 – 30

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	05-27	01:00	U.S. To Sell USD69 Bln 2-Year Notes
US	05-28	11:30	U.S. To Sell USD28 Bln 2-Year FRN Reopening
CA	05-28	12:00	Canada to Sell C\$5.25 Billion of 3.25% 2035 Bonds
US	05-28	01:00	U.S. To Sell USD70 Bln 5-Year Notes
US	05-29	01:00	U.S. To Sell USD44 Bln 7-Year Notes

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BE	05-26	06:00	Belgium Cancels Auction to Sell Bonds
NE	05-27	04:00	Netherlands to Sell Up to EU2.5 Billion of 0% 2030 Bonds...
IT	05-27	05:00	Italy to Sell Up to EU2.75 Billion of 2.55% 2027 Bonds On...
NO	05-28	05:00	Norway to Sell Bonds
UK	05-28	05:00	UK to Sell GBP2.75 Billion of 0.875% 2033 Bonds On May 28
GE	05-28	05:30	Germany to Sell EU500 Million of 4.75% 2040 Bonds On May 28
GE	05-28	05:30	Germany to Sell EU1.5 Billion of 1% 2038 Bonds On May 28
IT	05-29	05:00	Italy to Sell Bonds

ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	05-27	11:35	Japan to Sell 40-Year Bonds
JN	05-29	11:35	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 May 26 – 30

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	05-25	02:40	Fed's Powell Gives Baccalaureate Remarks
US	05-27	04:00	Fed's Kashkari Speaks at Bank of Japan Event
US	05-27	08:00	Fed's Williams Speaks in Moderated Discussion in Tokyo
US	05-28	04:00	Fed's Kashkari Participates in Moderated Q&A
US	05-28	02:00	FOMC Meeting Minutes
US	05-29	08:30	Fed's Barkin Participates in Fireside Chat
US	05-29	10:40	Fed's Goolsbee Participates in Moderated Q&A
MX	05-29	11:00	Central Bank Monetary Policy Minutes
US	05-29	04:00	Fed's Daly Speaks in a Fireside Chat
US	05-29	08:25	Fed's Logan Gives Remarks, Speaks in Q&A
US	05-30	07:30	Fed's Goolsbee on The Interview Show

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	05-26	09:30	ECB's Nagel Speaks in Berlin
EC	05-26	10:30	ECB's Lagarde Speaks in Berlin
SW	05-27	02:30	Riksbank's Jansson Gives Presentation
EC	05-27	03:00	ECB's Villeroy Speaks in Paris
EC	05-27	12:00	ECB's Nagel Speaks in Mannheim
SZ	05-27	12:20	SNB's Schlegel Speaks in Basel
SW	05-28	03:30	Riksbank Financial Stability Report, Press Conference
SW	05-28	03:30	Riksbank's Financial Stability Report
EC	05-28	04:00	ECB 3 Year CPI Expectations
EC	05-28	04:00	ECB 1 Year CPI Expectations
EC	05-30	04:30	ECB's Panetta Speaks in Rome
EC	05-30		ECB's Vujcic Speaks in Dubrovnik

ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
NZ	05-27	10:00	RBNZ Monetary Policy Statement
NZ	05-27	10:00	RBNZ Official Cash Rate
SK	05-28	20:00	BOK Base Rate

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
UR	05-27		Monetary Policy Rate
GU	05-28		Leading Interest Rate
MX	05-29	11:00	Central Bank Monetary Policy Minutes

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

Federal Reserve: Minutes to the May 6th–7th FOMC meeting arrive on Wednesday. They are likely to reinforce Chair Powell's core message that the Committee will be patient as it evaluates competing effects on its dual mandate goals of price stability and full employment before determining an appropriate course of action. This requires reams of data and much further evidence on US policy priorities across trade, fiscal, immigration and regulatory initiatives. **Bank of Canada:** The BoC enters communications blackout on Wednesday ahead of its June 4th decision.

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	0.00	0.00
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	3.85	July 8, 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	5.50	June 18, 2025	5.50	5.50
Central Bank of Philippines – Overnight Borrowing Rate	5.50	June 19, 2025	5.25	5.25

Reserve Bank of New Zealand (RBNZ): The Reserve Bank of New Zealand is expected to further cut its cash rate by 25bps on Tuesday. Both market pricing and consensus point to a 25bps rate cut at this meeting. At its last meeting, the bank noted that the trade barriers pose downside risks to the outlook for economic growth and inflation. Furthermore, in recent speeches, bank members have communicated that tariffs uncertainty suggests weaker growth, while the inflation balance of risks shifted to downside. However, recent data has been somewhat surprising. Inflation measures at the margin have jumped above the upper-end of the 1–3% inflation target range, and both 1-year & 2-year inflation expectations have ticked up slightly. Nonetheless, the job market remains weak. Hence, the key focus will be on the bank's updated forecast and forward guidance on its policy rate. **Bank of Korea (BoK):** The Bank of Korea is expected to deliver a 25bps cut to its base rate on Thursday after holding it steady at its last meeting. The primary reason for the cut is the Q1 GDP growth figure (-0.2% q/q SA) which came in significantly weaker than expected (+0.1% q/q SA), with the economic outlook already looking dim following the US tariffs, particularly on autos. Additionally, the won is regaining strength after a sharp depreciation in the fourth quarter of 2024. However, the bank may remain cautious about inflation, as recent data shows it rising above the bank's 2% target.

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

South African Reserve Bank (SARB): The South African Reserve Bank is expected to cut its repo rate by 25bps to 7.25% on Thursday with a small probability of a hold. At its last meeting, the key reason for maintaining the repo rate—despite inflation under control and weak growth—was rising economic uncertainty both globally and domestically, resulting in an unpredictable outlook and calls for a cautious policy stance. Since then, economic uncertainty has remained elevated, prompting the bank to convey that they remain cautious on inflation risks and sees policy rates likely remaining higher for longer. Additionally, the South African rand has been quiet volatile. However, recent inflation readings have been slowing down near the lower end of the inflation target range while the economic outlook is looking weak amidst rising geopolitical tensions with the US. Hence, the consensus are favouring a 25bps rate cut with a small minority of them expecting the the bank to maintain the repo rate.

Sources: Bloomberg, Scotiabank Economics.

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