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

- Why US trade policy uncertainty has increased...
- ...and what could happen from this point forward
- Bank of Canada to hold & why
- ECB to deliver another guarded rate cut
- RBI to increase policy accommodation
- Russian central bank still grappling with high inflation
- Canadian jobs—three in a row, and why it doesn't matter
- Another resilient nonfarm payrolls report
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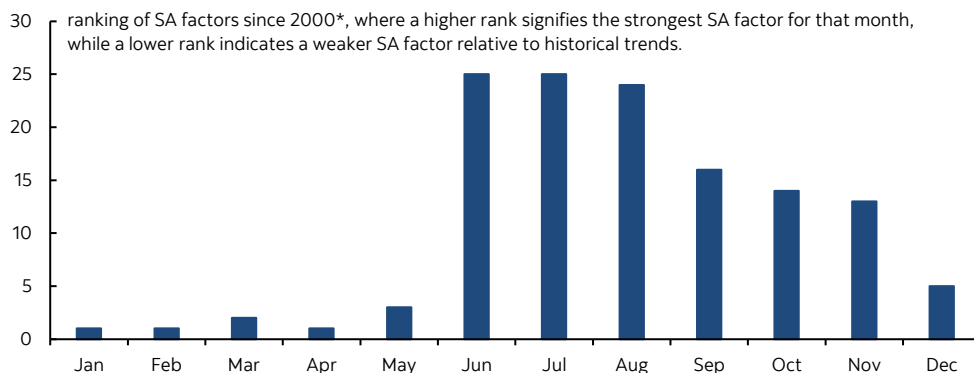
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#### Chart of the Week

##### Seasonally Adjusted ... or Seasonally Distorted?

*A Closer Look At Canada's Job Numbers*



\* SA factors for January–April are based on 2025, while those for May–December are based on 2024.

Sources: Scotiabank Economics, Statistics Canada.

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

Break it Twice

The best thing to do about a broken window is to repair it, then break it again. That’s the logic to the US administration’s response to having suffered a setback on its protectionist agenda.

A key risk into the Monday market open and beyond is centered upon the Trump administration’s efforts to plot a potentially new course for tariffs and trade negotiations after the setbacks against its agenda this past week. Peter Navarro-unelected trade advisor to Trump—has indicated that the US Trade Representative, Jamieson Greer, will offer broader trade policy options and possible next steps into the weekend.

The rest of the week will be jam-packed with developments including policy decisions by the Bank of Canada, ECB, RBI and Central Bank of Russia, plus Canadian and US jobs reports, the weekend OPEC+ decision that may raise July’s output level by over 400kbpd, and other macro readings.

US TRADE POLICY UNCERTAINTY HAS INCREASED

As for US trade policy, the issues were outlined in a morning note this past Thursday ([here](#)). Recall that the U.S. Court of International Trade—a federal court—ruled that Trump’s use of International Emergency Economic Power Act provisions to impose tariffs under fabricated emergency conditions while bypassing Congress exceeded his legal authority and ordered them to be “vacated,” meaning there is an injunction against using the Act to impose tariffs again. The ruling temporarily struck down ‘Liberation Day’ tariffs and Trump’s ‘fentanyl’ tariffs against Canada, Mexico and China. That is, until the Federal Circuit Court of Appeals stayed the decision as it considers an appeal by the administration—thereby leaving the tariffs in place for now.

Uncertainty has risen once again. At stake are whether the appeal succeeds, or whether the appeals court reinforces the Trade Court’s decision. If the appeal succeeds, then we’re still on the same uncertain timelines toward the threatened July 9<sup>th</sup> deadline for steeper tariffs against Europe and the expiration of the 90-day deal with China by mid-August. Along that path will be uncertain progress toward striking agreements. To that effect, Treasury Secretary Bessent has noted that US-China talks have stalled and the US has accused China of cheating on its agreement; not good by my reading.

If the appeal fails then it is likely to go to the Supreme Court. If that fails and the IEEPA tariffs are struck down for good, then as chart 1 demonstrates, there remain multiple other tariff tools for the administration to consider and it may not be possible to legally challenge their use. There are multiple other trade lawsuits against the US administration ([here](#), select ‘trade law’), but key may be whether these other tools could be challenged by the courts.

Chart 1

Review of Trump's Tariff Toolkit				
Tools the US President can use to Impose Tariffs without Congress Approval				
Tool	Requirements	Timeline before tariffs can be imposed	Comments	Trump Tariffs 1.0 (2018 - 2019)
Section 232 (Trade Expansion Act of 1962)	President finds a threat to national security; Dept. of Commerce has to conduct an investigation	270 days to issue the finding; President then has 90 days to determine the import adjustment	Commerce department investigates whether a product is being imported in the US that threatens to impair national security	25% Tariff on imported steel & 10% Tariff on imported aluminum (March 2018)
Section 201 (Trades Act of 1974)	USITC does an investigation and must submit a finding	120 - 150 days to submit a finding before tariffs can be implemented		Tariffs on washing machine imports for 3 years & solar cell and module imports for 4 years as a result of Section 201 Investigation (January 2018)
Section 301 (Trades Act of 1974)	USTR investigates unfair foreign practices; can cover a wide range of products	Likely months: Remediation actions reviewed every 4 years		25% Tariffs on up to \$60B of imports from China (March 2018). 10% Tariffs on up to \$200B worth of good from China (September 2018). Later increased to 25%. 10% Tariffs on approx. \$300B worth of additional Chinese goods (August 2019)
Section 338 (Trade Act of 1930)	Allows the President to impose new or additional tariffs of up to 50% from countries that have discriminated against US products; can also be applied to third countries that benefit from the conduct	Quick - via executive order	Can be challenged via the WTO though this is unlikely to be a strong deterrent to using it	
Section 122 (Trades Act of 1974)	President has right to address large and serious balance of payments deficits via import surcharges of up to 15% and import quotas	Can be done quickly but for maximum of 150 days, so it's a temporary measure; Congress can extend it	Actions taken must apply evenly to every country	
International Emergency Economic Powers Act (IEEPA)	Grants the President the authority to regulate international commerce after declaring a national emergency in response to any unusual and extraordinary threat to the national security, foreign policy, or economy of the US.	Soon after an emergency is declared		

Sources: Scotiabank Economics, Oxford Economics, Tax Foundation.

Navarro has noted that Section 122 tariffs could be used as a substitute albeit one at a lower 15% tariff cap with import quotas that must apply against everyone and only for 150 days. This provision only requires the allegation of 'large and serious balance of payments deficits' without proving their cause. Most economists would argue that the Trump administration ignores domestic policy drivers of large US current account deficits and capital account surpluses.

Section 232 tariffs are another option and require a lengthy investigation. Recall this is the provision used by Trump to apply tariffs on autos, steel and aluminum and so it's possible it is used to backfill any cancelled IEEPA tariffs. Don't count on court challenges to this one. Recall that on March 27<sup>th</sup> 2023, the Supreme Court refused to hear a petition against using this provision to impose steel tariffs. They had also denied a similar petition a year prior. This refusal to hear the petition followed a lower court ruling that upheld the right to apply these tariffs by saying they were not reviewable under federal law.

Navarro also indicated that Section 301 tariffs could be ramped up. They have been used by the Trump administration in other cases and could also be substituted for IEEPA tariffs. (HMTX Industries LLC v United States) addresses the use of Section 301 tariffs against China during Trump's first term. HMTX lost the initial case in the Court of International Trade but appealed. The US Court of Appeals for the Federal Circuit heard arguments in January of this year and its decision on using Section 301 tariffs against China is pending. Then that may be appealed and could also ultimately go to the Supreme Court. By my understanding, it's thought there are low odds of success.

Additional tools that could be employed include Section 201 tariffs that require lengthy investigations but that may draw upon prior inquiries, and Section 338 tariffs. The latter appears to offer broad flexibility to determine when other countries have discriminated against US products and allows tariffs of up to 50% to be applied by executive order.

### BANK OF CANADA—THEY'VE NEVER CUT LIKE THIS

The Bank of Canada delivers its latest policy statement and rate decision on Wednesday at 9:45amET along with the publication of the Governor's opening remarks to his press conference that itself follows forty-five minutes later. There will be no MPR with this one so the next forecast update will come with the July 30<sup>th</sup> decision that occurs on the same day as the FOMC.

Deputy Governor Kozicki will deliver a roundtable chat on communications the next day. A first playful question could be when do you expect to return to communicating an actual forecast?!

The policy rate is expected to be kept unchanged at 2.75% which has long been our view throughout all of 2025. Markets now only have a one-in-five chance of a cut priced after backing away from what had been pricing for more than a quarter point cut around early April. All other major Canadian banks' economics shops had a cut for this meeting until recently but are now more divided while using GDP figures as an excuse to re-write their expectations.

Here is a summary of the influencing factors behind the call. They build upon many prior notes including recent ones such as [this](#) one and [this](#) one.

### Inflation is Still too High

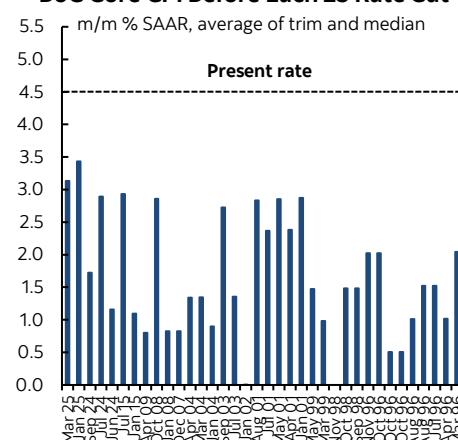
Ever since it adopted the current benchmark policy rate in 1996, the Bank of Canada has never cut when core inflation in the immediately preceding and freshest report was as high as it is this time. At 4½% m/m at a seasonally adjusted and annualized rate, the average of the trimmed mean and weighted median measures of inflation in April was off the charts compared to every time the BoC has cut in the past three decades (chart 2). The BoC has only twice cut when this measure was over 3%. Twenty-two out of thirty-six times when they've cut inflation has been under 2% including nine when it was at 1% or less.

And it's not just the latest report. It would be a mistake for the Bank of Canada to ignore the evidence before them. Chart 3 shows this measure has been elevated for an extended period of time. Arguments for why inflation remains sticky were offered in last week's weekly [here](#).

Absent extremely good arguments, it would be disconcerting if an inflation-targeting central bank already at—or possibly below—neutral were to see fit to add more to monetary policy stimulus without a shred of evidence that they've been able to bring this measure within the target zone.

Chart 2

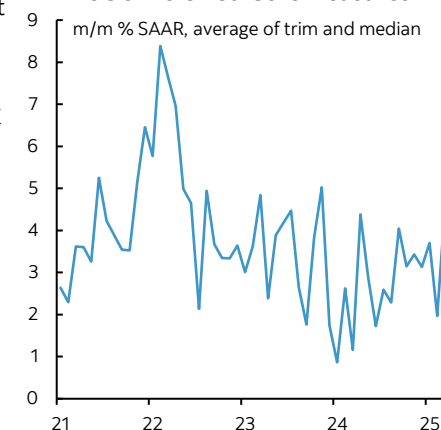
#### BoC Core CPI Before Each 25 Rate Cut



Sources: Scotiabank Economics, Statistics Canada.

Chart 3

#### BoC's Preferred Core Measures



Sources: Scotiabank Economics, Statistics Canada.

## Policy is Already Neutral/Easy

Unless Macklem thinks he's going to be plumbing the lower bound again he has only a limited number of bullets left in the chamber. The policy rate of 2.75% is in the neutral zone and possibly either slightly restrictive or slightly easy. It's not like the Federal Reserve that is still strongly restrictive.

## Wonky Jobs Data

Should the BoC cut because of what appears to be a weak job market? Canada has only added just over 50k jobs ytd in 2025 including one bad report for March (-33k) and even April's tally that recorded about a 30k drop excluding temporary election-related hiring. The next jobs report two days after the BoC decision is likely to post another loss as argued in the section of this report that previews the Canadian jobs release.

The concern I have lies in the extent to which these numbers rely upon faith in Statcan's extreme seasonal adjustments for every month this year so far. This is explained more fully in the jobs report preview in this weekly. Those SA factors will soon pivot toward overstating job growth. The BoC would be silly to overreact to a few jobs readings this year in the face of such concerns over data quality as opposed to evaluating a fuller set of readings over coming months.

## Too Soon to Have More Confidence

The Bank of Canada had so little confidence in the outlook at its last decision on April 16<sup>th</sup> that it boycotted the forecasting game. Instead, they embraced two scenarios and said they didn't know which one to pick (chart 4). Can they really say that six weeks later they suddenly have confidence to forecast especially when they don't have to face the decision of whether to resume publication of a base case projection until late July?

Governor Macklem remarked on May 22<sup>nd</sup> at the conclusion of the G7 Finance Ministers and Central Bankers meeting in Banff, Alberta that uncertainty has come down somewhat and that the more uncertainty comes down, the more forward looking they can be. That could be construed as a sign they are leaning further toward confidence to assemble a base case projection and in appropriate next steps. Any such confidence bounce, however, may have been dented by the fact we're entering a fresh set of unknowns by way of how the Trump administration could handle its response to a federal court's ruling against the use of IEEPA tariffs.

The BoC's next forecasts are due on July 30<sup>th</sup> and that may be a more suitable moment for re-evaluating uncertainty. It would also take us past whatever may happen around the July 9<sup>th</sup> expiration of the delayed US tariffs on the EU and closer to the expiration of the 90-day suspension of more punitive tariffs on China by mid-August.

For now, GDP is tracking a little firmer than the BoC had anticipated and puts them in no rush to have to react.

## Supply Side Challenges

Yes, the demand side is softening as evidenced by readings from housing markets and soft data like confidence gauges to name a few. But the supply side is also getting hit through probably diminished appetite to invest and what over time is emerging to be more restrictive immigration policy all the while productivity challenges remain. The BoC's job is to align supply with demand, not to just focus upon the demand side. The mistake made by many coming out of the pandemic was to craft policy rate forecasts by downplaying if not ignoring supply side developments and the potential effects on inflation.

## Inflation Expectations Remain Too High

Various measures of inflation expectations remain elevated (charts 5–7).

## Fiscal Stimulus

Fiscal stimulus is coming and the BoC may be leery toward combining additional monetary stimulus given the recent history of overdoing it on both counts. A modest amount is being delivered in the near-term given provincial government stimulus and federal government actions ([here](#)). A 1% reduction in the lowest income tax bracket is scheduled for Canada Day that is estimated to save up to \$840/year. The GST on new home sales up to \$1 million by first time buyers has already been eliminated and the GST on new home sales valued between \$1–1.5 million has been reduced in linear fashion starting from no tax on \$1 million to the full GST on homes valued at \$1.5 million and up. The

Chart 4

### Bank of Canada's GDP Projection

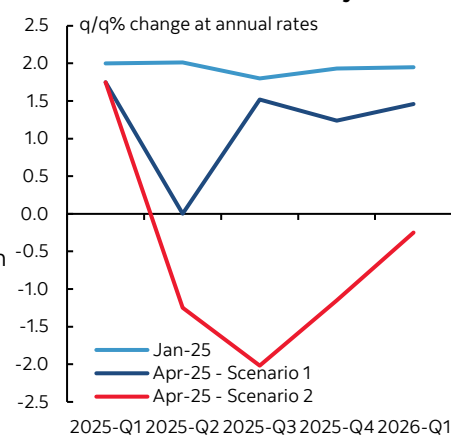
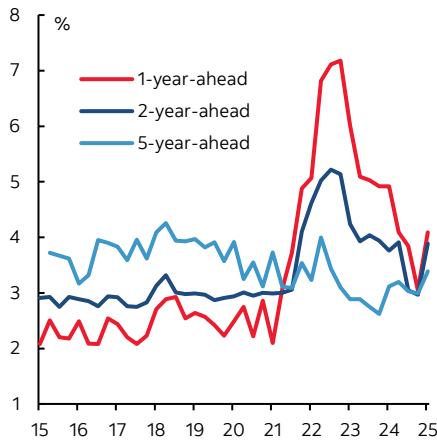


Chart 5

### Consumer Inflation Expectations Rising



consumer portion of the carbon tax was eliminated at the start of April. Further tax relief for housing is expected. Bigger amounts of stimulus are forthcoming in a Fall federal budget and are expected to be substantial at 1%+ of GDP.

### Labour Markets Are Still Supporting Inflation Risk

Jobs, the unemployment rate, wages and productivity are all subject to varying lags in reaction to developments. However, one million workers face expiring collective bargaining agreements in Canada (chart 8) when it's already the case that wage settlements continue to be high (chart 9). About 30% of Canadian workers

are unionized—triple the US rate—and so the lagging effects of labour market developments may take years to unfold and against the backdrop of further upward wage resets from agreements set in the pandemic that are now expiring. These higher wage settlements are not supported by productivity (chart 10) and therefore at least present a floor to inflation risk.

### Tariffs to Pass Through to Inflation

There will be modest pass through via three channels. One is limited retaliation. More important may be pass through from crazy US import tariffs via their supply chains into Canada's. Three is the impact on supply chains and product availability that in some categories may be drying up as we speak. Until you know more about pass through via complex channels a central bank mandated to target low and stable inflation shouldn't be doing anything.

### There is No Pressure to Act from Markets

Markets have only 5bps of a cut priced for this decision. They couldn't care less if the BoC whiffs. They are putting no pressure whatsoever on the BoC to cut. I'd be the first to say that the BoC should do the right thing without caring about markets, but at least we can say the BoC shouldn't be worried about any market dislocation effects if it did nothing this time. For that matter, they can do it on the bias if they so choose, though I doubt they would be comfortable doing so.

Chart 6

### Firms' Inflation Expectations

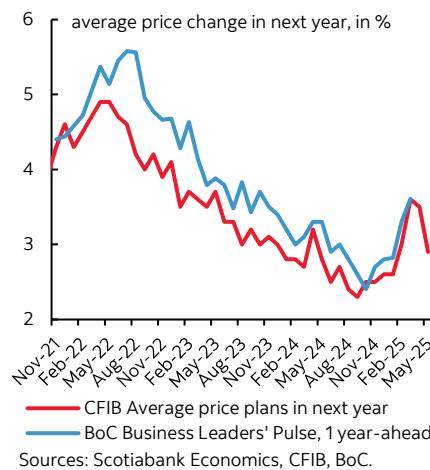


Chart 8

### Expiring Collective Agreements in 2025

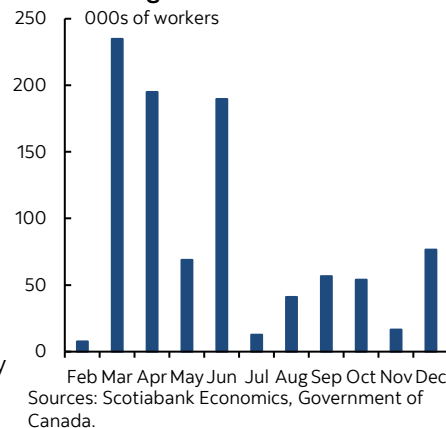


Chart 7

### Inflation Expectations Have Risen

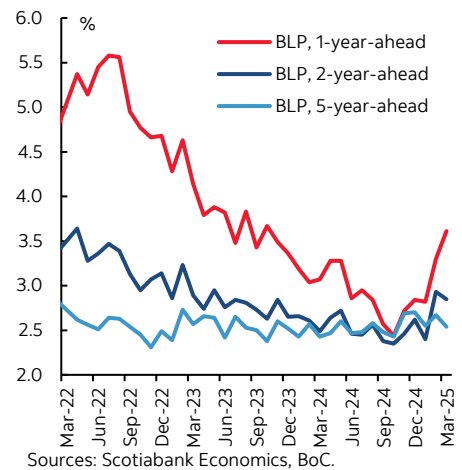


Chart 9

### Canadian Wage Settlements

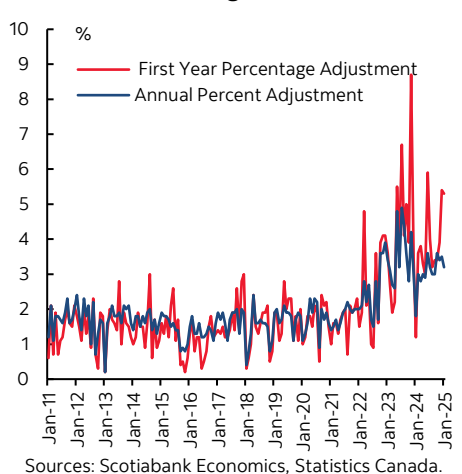
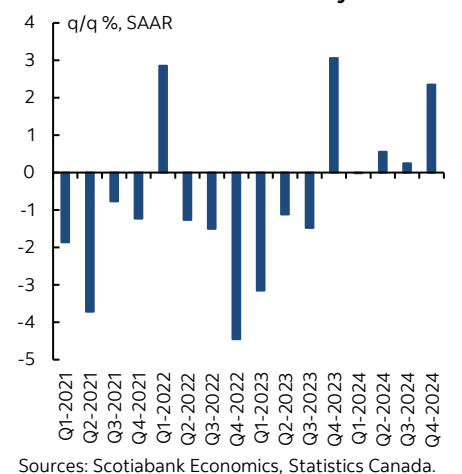


Chart 10

### Canadian Labour Productivity Growth



But cutting now when it's nowhere close to being priced and after holding since March could motivate markets to think that the BoC is priming for another round of easing. You can't just take one chip out of the bag. Markets would probably price another cut for the July meeting and maybe add more later. You'd better have a lot of confidence that a cut now is the right thing to do given the risk that it could spark outsized easing of financial conditions compared to the policy rate adjustment itself.

### ECB—ANOTHER GUARDED CUT

The European Central Bank is widely expected to cut its policy rate by 25bps at 8:15amET on Thursday, followed by a press conference with ECB President Christine Lagarde at 8:45amET. Markets have fully priced in this rate cut and anticipate another by the end of the year.

At its April meeting, the ECB noted that the disinflation process was well on track, with underlying **Chart 11** inflation indicators suggesting a gradual stabilization around the 2% target on a sustained basis. Additionally, the bank removed the term "restrictive" from its statement, and President Lagarde highlighted increased downside risks to economic growth. Since then, April's inflation reading showed an uptick. However, Tuesday's upcoming May report is expected to reflect a cooler inflation reading and ECB wage indicators also point to slowing wage growth (charts 11). Furthermore, while Q1 economic growth exceeded consensus expectations (0.3% q/q SA vs. 0.2%), ongoing trade disputes and rising tariff uncertainties stemming from the U.S. are likely to weigh on the economic outlook.

The ECB's updated forecast will be crucial in assessing the potential impact, especially given that this will be its first revision following the latest round of tariffs imposed by former U.S. President Donald Trump on Liberation Day. Given that the ECB is approaching a neutral setting, the bias may continue to be expressed in guarded, careful, data dependent fashion.

### RBI—MORE ACCOMMODATING

The Reserve Bank of India is unanimously expected to further cut its repo rate by 25bps on Friday, marking the third consecutive reduction in 2025 for a total cumulative cut of 75 bps so far.

At its last meeting, after gaining greater confidence that inflation was aligning with the 4% target, the bank shifted its stance from 'neutral' to 'accommodative' to further support growth amid a moderate economic outlook.

Since then, headline inflation has continued to ease, driven by a correction in food prices, reinforcing the bank's confidence in supporting growth while keeping inflation in check (chart 12). Key will be to watch whether the bank provides further guidance on additional policy support for the rest of the year.

### RUSSIAN CENTRAL BANK— DELIVERING ON GUIDANCE

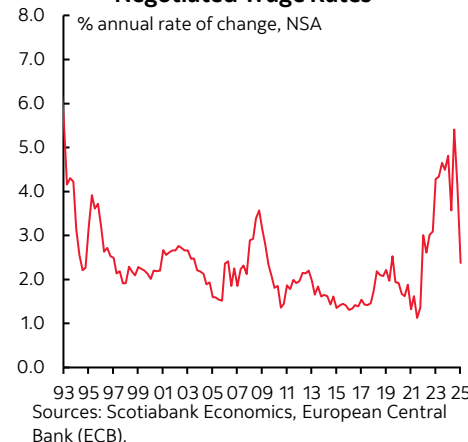
The Russian central bank is expected to maintain its one-week auction rate at 21% on Friday for the fifth consecutive time, as inflation and inflation expectations remain elevated. At its last meeting, the bank did not discuss monetary easing, and the governor stated, "We will maintain tight monetary policy conditions for a lengthy period" with the baseline forecast for the policy rate to be in the range of 19.5 – 21.5% in 2025.

### CANADA'S JOB MARKET—THREE IN A ROW? AND WHY IT DOESN'T MATTER

Canada probably lost jobs for a third month in a row, but with a big caveat that I'll come back to while explaining why I don't believe the job market numbers we're getting from Statcan. We'll find out on Friday when the Labour Force Survey for May arrives at the same time as US nonfarm payrolls.

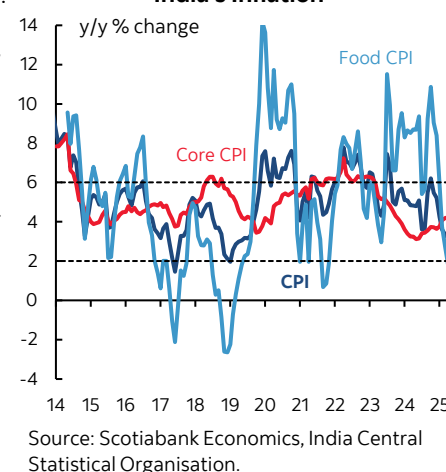
I've estimated a drop of about 25k jobs. A big driver will be the reversal of the extra 37k public administration jobs that were recorded the prior month because April's reference week included two of the days of advance polling before the April 28<sup>th</sup> federal election. Chart 13 shows the evidence from past elections.

**ECB's Indicator of Negotiated Wage Rates**



**Chart 12**

**India's Inflation**





Youth employment could also be a significant drag. [These](#) folks are flagging that summer job postings this year are tracking lower than recent years but still above pre-pandemic levels. An added complication is that efforts to reduce the number of temporary residents in Canada have not yet borne fruit (chart 14). They are relatively more likely to fill jobs in seasonal occupations. In seasonally adjusted terms, employment for youths aged 15–24 has dropped by 9k last May and 68k the prior May as the temporary resident category mushroomed.

Third is the fact that seasonal adjustment factors tend to subtract from hiring at this time of year for reasons beyond just youth employment as the country emerges from its prolonged winter. Seasonally unadjusted job growth is usually substantial (chart 15) but seasonal adjustments in recent years have been doing more than usual to compensate given a recency bias in how they are calculated (chart 16).

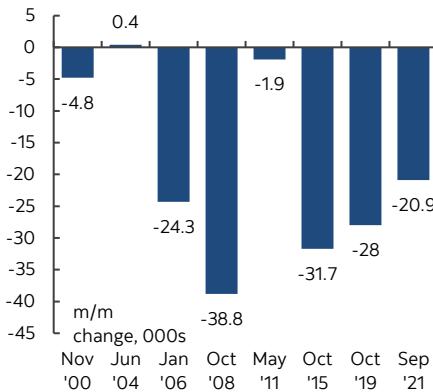
Even the seasonally unadjusted figure might be on the weak side this time around. One reason is the weather. This has been a lousy Spring in many parts of Canada. It has been cooler and wetter than usual, with this May being the coldest month of May since 1967. That could have restrained or delayed seasonal hiring and not just for youths.

Now for the trust factor in Statcan's employment figures. I don't trust the seasonal adjustment factors Statcan has been employing and they've been a major reason for weakness in reported jobs. Each of the first four months of this year has employed the lowest seasonal adjustment factor on record compared to like months in history (charts 17–20). There is a strong recency bias to how they are calculated by way of emphasizing the narrow and distorted experience of the pandemic era which is why they're all trending downward over recent years.

Using Statcan's reported numbers, Canadian employment is up 52k over the first four months of 2025. If we instead applied historically average SA factors for each month this year, then year-to-date job growth would be about 185k, or roughly three-and-a-half times as much.

Chart 13

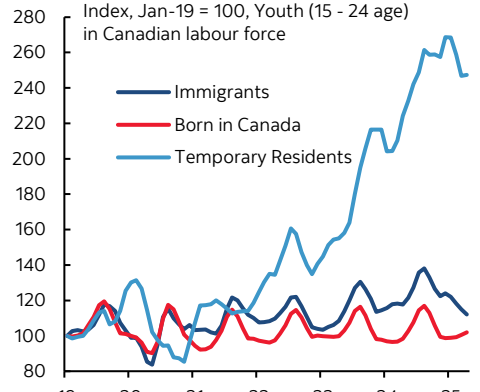
**Changes in Public Admin Employment in the Month After Advance Polling**



Sources: Scotiabank Economics, StatsCan.

Chart 14

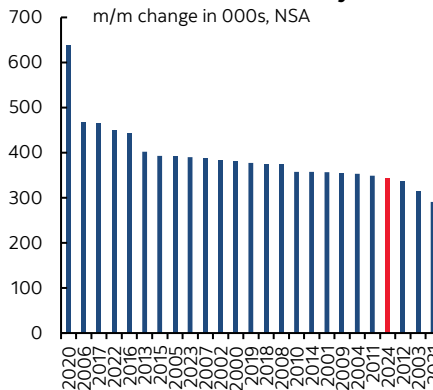
**Temps Are Swamping the Canadian Summer Job Market !**



Sources: Scotiabank Economics, Statistics Canada.

Chart 15

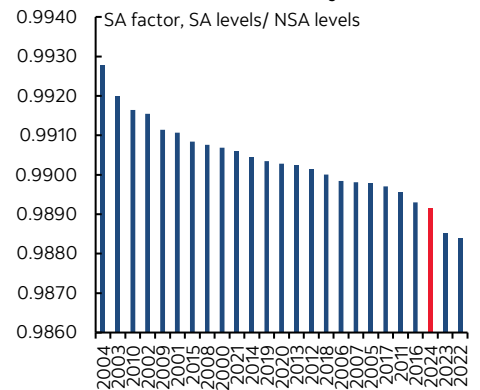
**Comparing Canada LFS for All Months of May**



Sources: Scotiabank Economics, Statistics Canada.

Chart 16

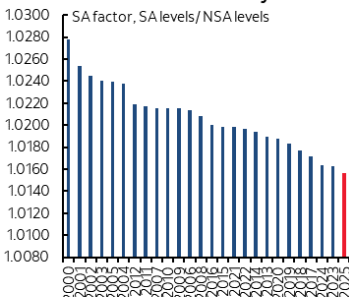
**Comparing Canada LFS for All Months of May**



Sources: Scotiabank Economics, Statistics Canada.

Chart 17

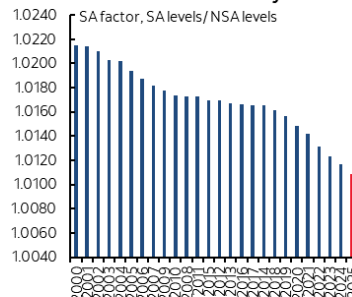
**Comparing Canada LFS for All Months of January**



Sources: Scotiabank Economics, Statistics Canada.

Chart 18

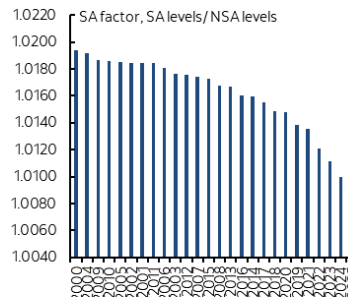
**Comparing Canada LFS for All Months of February**



Sources: Scotiabank Economics, Statistics Canada.

Chart 19

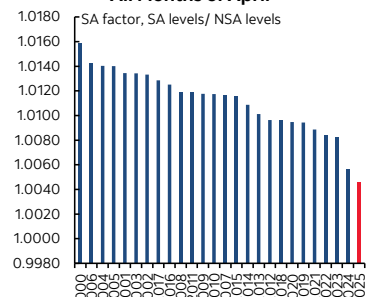
**Comparing Canada LFS for All Months of March**



Sources: Scotiabank Economics, Statistics Canada.

Chart 20

**Comparing Canada LFS for All Months of April**



Sources: Scotiabank Economics, Statistics Canada.

Adjust accordingly to somewhere in the middle and split the difference. Go high on the SA factors **Chart 21** and job growth would have blown out the lights so far this year.

There is likely to be one more month of this as May's SA factor is likely to be low again, before the SA factors shift toward being among the highest on record compared to like months in history over June, July and August.

Canada also refreshes labour productivity figures for Q1 on Wednesday. They are expected to be weak.

### NONFARM PAYROLLS—IT'S NOT JUST ABOUT HIRING APPETITE

Another monthly payrolls report arrives on Friday, this time for May. I've estimated a gain of 180k with the usual trepidation given the wide 90% confidence band of +/-136k around monthly job change estimates.

The reading is tentative ahead of a series of other labour market updates that will arrive before nonfarm. They include JOLTS job openings for April (Tuesday), ADP private payrolls for May (Wednesday), Challenger mass layoffs for May (Thursday), and ISM employment subindices on Monday (manufacturing) and Wednesday (Thursday). NFIB small business hiring measures don't arrive until after payrolls. Still, consumers are indicating that jobs are becoming harder to come by (chart 21).

One reason for an elevated reading is that we're still in an environment in which seasonal adjustment factors will overstate payrolls. The SA factors for recent months of May have been among the highest compared to like months of May in history (chart 22).

These SA factors applied against seasonal hiring patterns as the weather turns in significant parts of the country (chart 23) could combine to provide a meaningful lift to payrolls.

Given the longer-run correlations between GDP growth and employment growth in a variant of Okun's 'law', the fact that Q2 nowcasts continue to point to solid growth may be supporting hiring appetite.

Since payrolls count jobs instead of job holders the climate of economic uncertainty may continue to motivate double counting of more positions as the number of multiple job holders trends higher (chart 24).

With each passing month it becomes more likely that federal civil servant layoffs will show up, but I would expect them to continue to be offset by state and local government hiring (chart 25).

A bigger risk is when the year-to-date pick-up in layoffs outside of government begins to show up more significantly in payrolls (chart 26). For this reason, I've capped the upside to payrolls.

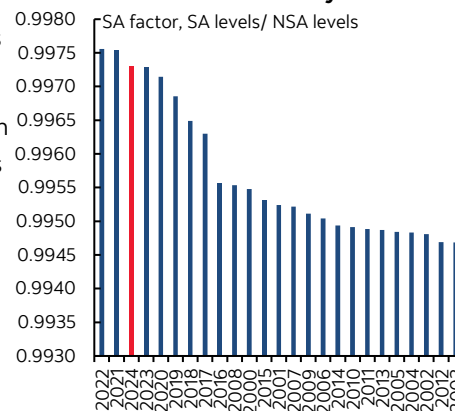
### Conference Board Jobs Plentiful



Sources: Scotiabank Economics, Bloomberg.

Chart 22

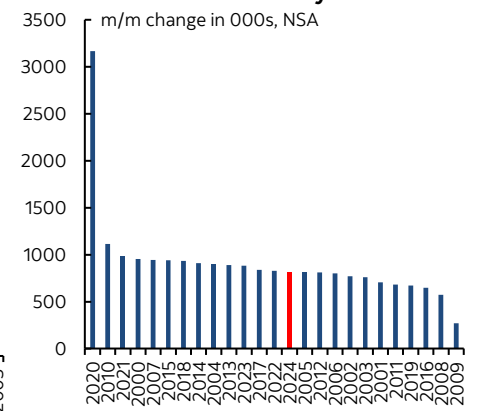
### Comparing US Payroll SA Factor for All Months of May



Sources: Scotiabank Economics, BLS.

Chart 23

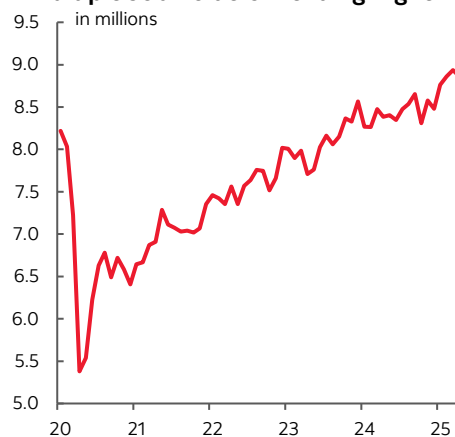
### Comparing US Payroll NSA for All Months of May



Sources: Scotiabank Economics, BLS.

Chart 24

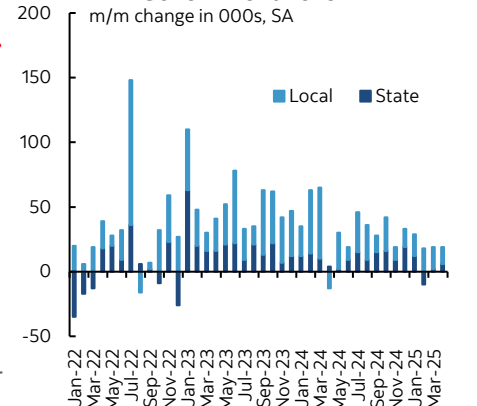
### Multiple Job Holders Trending Higher



Sources: Scotiabank Economics, BLS.

Chart 25

### US Hiring At State & Local Government Level



Sources: Scotiabank Economics, BLS.



Weather isn't likely to be a factor with this report. The San Francisco Fed's weather-adjusted payrolls for April only added about 23k to the officially reported estimate and therefore may have a minor hand-off effect on May payrolls. Ditto for the companion household survey of employment's measure of unable to work due to weather in April. There isn't likely to be a meaningful impact of weather in the May nonfarm reference period.

Strike effects are likely to be minor with only 7,000 workers on strike in May which was little changed compared to April.

GLOBAL MACRO ROUND-UP

Chart 27 highlights whatever hasn't been considered to this point in this publication with brief, select highlights to follow.

In the US, the main releases other than nonfarm will be the pair of ISM reports covering the month of May. ISM-manufacturing is due on Monday and will probably remain in contraction, with ISM-services on Wednesday expected to continue to show mild growth. Vehicle sales during May are expected to pull back as tariff front-running effects ebb.

China will refresh the state's PMIs for May shortly after this publication is distributed. Little growth is expected.

Eurozone CPI for May (Tuesday) should offer muted market effects with the readings from the main anchor economies already known. A soft tone is expected that is conducive to another rate cut on Thursday.

In Canada, there will be little else to consider beyond the dominance of the Bank of Canada and jobs report. Trade figures for April on Thursday will help us understand whether tariff front-running effects are ebbing and the consequences for Q2 growth.

Chart 26

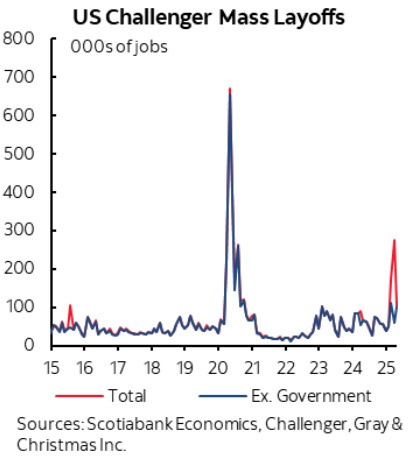


Chart 27

Other Global Macro Indicators (Jun 2nd - Jun 6th)			
US	CA	CPI	Other Macro
<u>Monday</u>			
ISM Manf	Manf. PMI	ID	CL Economic Activity
Construction Spending			UK Home Prices
			NZ Terms of Trade Index
			CH PMI
<u>Tuesday</u>			
Factory Orders		EC	BZ IP
JOLTS		SK	EC UR
Vehicle Sales			AU GDP
			SK GDP
<u>Wednesday</u>			
MBA Mort. App	Productivity	PH	SK GDP
ISM Serv.	Composite PMI		CH PMI
<u>Thursday</u>			
Challenger Job Cuts	Trade	TA	GE Factory Orders
Claims	Ivey PMI	VN	UK PMI Construction
Trade		TH	EC PPI
			JN Household Spending
<u>Friday</u>			
Jobs & Wages	Jobs & Wages		GE IP
			FR IP, Manf. Production, Trade
			EC Retail Trade

Sources: Scotiabank Economics, Bloomberg.

## Key Indicators for the week of June 2 – 6

## NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	06-02	09:30	S&P Global Canada Manufacturing PMI	May	--	--	45.3
US	06-02	10:00	Construction Spending (m/m)	Apr	0.5	0.3	-0.5
US	06-02	10:00	ISM Manufacturing Index	May	49.0	49.5	48.7
US	06-03	10:00	Factory Orders (m/m)	Apr	-3.0	-3.1	3.4
US	06-03	10:00	JOLTS Job Openings (000s)	Apr	--	7100.0	7192.0
US	06-03		Total Vehicle Sales (mn a.r.)	May	15.8	16.4	17.3
US	06-04	07:00	MBA Mortgage Applications (w/w)	May 30	--	--	-1.2
US	06-04	08:15	ADP Employment Report (000s m/m)	May	110	110.0	62.0
CA	06-04	08:30	Productivity (q/q a.r.)	1Q	0.1	--	0.6
CA	06-04	09:30	S&P Global Canada Composite PMI	May	--	--	41.7
<b>CA</b>	<b>06-04</b>	<b>09:45</b>	<b>BoC Interest Rate Announcement (%)</b>	<b>Jun 4</b>	<b>2.75</b>	<b>2.5</b>	<b>2.8</b>
US	06-04	10:00	ISM Non-Manufacturing Composite	May	51.5	52.0	51.6
US	06-05	07:30	Challenger Job Cuts (in 000s)	May	--	--	105.4
CA	06-05	08:30	Merchandise Trade Balance (C\$ bn)	Apr	--	-1.5	-0.5
US	06-05	08:30	Initial Jobless Claims (000s)	May 31	225	235.0	240.0
US	06-05	08:30	Continuing Claims (000s)	May 24	1885	--	1919.0
US	06-05	08:30	Productivity (q/q a.r.)	1Q F	--	-0.8	-0.8
US	06-05	08:30	Trade Balance (US\$ bn)	Apr	-64.5	-89.0	-140.5
US	06-05	08:30	Unit Labor Costs (q/q a.r.)	1Q F	--	5.7	5.7
CA	06-05	10:00	Ivey Purchasing Managers Index SA	May	--	--	47.9
CA	06-06	08:30	Employment (000s m/m)	May	-25	-10.0	7.4
CA	06-06	08:30	Unemployment Rate (%)	May	6.9	7.0	6.9
US	06-06	08:30	Average Hourly Earnings (m/m)	May	0.3	0.3	0.2
US	06-06	08:30	Average Hourly Earnings (y/y)	May	3.7	3.7	3.8
US	06-06	08:30	Average Weekly Hours	May	--	34.3	34.3
US	06-06	08:30	Nonfarm Employment Report (000s m/m)	May	180	128.0	177.0
US	06-06	08:30	Unemployment Rate (%)	May	4.2	4.2	4.2
US	06-06	08:30	Household Employment Report (000s m/m)	May	--	--	436.0
US	06-06	15:00	Consumer Credit (US\$ bn m/m)	Apr	--	10.0	10.2

## EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
IR	06-01		Real GDP (q/q)	1Q P	--	3.2
UK	06-02	02:00	Nationwide House Prices (m/m)	May	0.0	-0.6
SZ	06-02	03:00	GDP (y/y)	1Q	1.6	1.5
IT	06-02	03:45	Manufacturing PMI	May	49.6	49.3
FR	06-02	03:50	Manufacturing PMI	May F	49.5	49.5
GE	06-02	03:55	Manufacturing PMI	May F	48.8	48.8
EC	06-02	04:00	Manufacturing PMI	May F	49.4	49.4
PD	06-02	04:00	GDP (y/y)	1Q F	--	3.20
UK	06-02	04:30	Manufacturing PMI	May F	45.1	45.1
UK	06-02	04:30	Net Consumer Credit (£ bn)	Apr	1.2	0.9
IT	06-02		Budget Balance (€ bn)	May	--	-20.5
IT	06-02		Budget Balance YTD (€ bn)	May	--	-5.4
FR	06-03	02:45	Central Government Balance (€ bn)	Apr	--	-47.0
EC	06-03	05:00	CPI (m/m)	May P	0.0	0.6
EC	06-03	05:00	Euro zone CPI Estimate (y/y)	May P	2.0	2.2
EC	06-03	05:00	Euro zone Core CPI Estimate (y/y)	May P	2.5	2.7
EC	06-03	05:00	Unemployment Rate (%)	Apr	6.2	6.2

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

## Key Indicators for the week of June 2 – 6

## EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	Consensus	Latest
SP	06-04	03:00	Industrial Output NSA (y/y)	Apr	--	8.5
IT	06-04	03:45	Services PMI	May	52.1	52.9
FR	06-04	03:50	Services PMI	May F	47.4	47.4
GE	06-04	03:55	Services PMI	May F	47.2	47.2
EC	06-04	04:00	Composite PMI	May F	49.5	49.5
EC	06-04	04:00	Services PMI	May F	48.9	48.9
UK	06-04	04:30	Official Reserves Changes (US\$ bn)	May	--	4115.0
UK	06-04	04:30	Services PMI	May F	50.2	50.2
GE	06-05	02:00	Factory Orders (m/m)	Apr	-1.5	3.6
UK	06-05	04:30	PMI Construction	May	47.2	46.6
EC	06-05	05:00	PPI (m/m)	Apr	-1.8	-1.6
<b>EC</b>	<b>06-05</b>	<b>08:15</b>	<b>ECB Main Refinancing Rate (%)</b>	<b>Jun 5</b>	<b>2.15</b>	<b>2.40</b>
GE	06-06	02:00	Industrial Production (m/m)	Apr	-0.9	3.0
FR	06-06	02:45	Current Account (€ bn)	Apr	--	1352.0
FR	06-06	02:45	Industrial Production (m/m)	Apr	0.0	0.2
FR	06-06	02:45	Industrial Production (y/y)	Apr	-0.3	0.2
FR	06-06	02:45	Manufacturing Production (m/m)	Apr	--	0.6
FR	06-06	02:45	Trade Balance (€ mn)	Apr	--	-6248.0
EC	06-06	05:00	Employment (q/q)	1Q F	--	0.3
EC	06-06	05:00	GDP (q/q)	1Q T	0.4	0.3
EC	06-06	05:00	Retail Trade (m/m)	Apr	0.2	-0.1
GR	06-06	05:00	Real GDP NSA (y/y)	1Q	--	2.7
<b>RU</b>	<b>06-06</b>	<b>06:30</b>	<b>One-Week Auction Rate (%)</b>	<b>Jun 6</b>	<b>20.50</b>	<b>21.00</b>

## ASIA PACIFIC

Country	Date	Time	Indicator	Period	Consensus	Latest
JN	06-01	19:50	Capital Spending (y/y)	1Q	3.8	-0.2
JN	06-01	20:30	Markit/JMMA Manufacturing PMI	May F	--	49.0
AU	06-01	21:30	ANZ Job Advertisements (m/m)	May	--	0.5
ID	06-02	00:00	Exports (y/y)	Apr	5.3	3.2
ID	06-02	00:00	Imports (y/y)	Apr	6.5	5.3
ID	06-02	00:00	Trade Balance (US\$ mn)	Apr	2850.0	4327.2
ID	06-02	00:00	CPI (y/y)	May	1.9	2.0
ID	06-02	00:00	CPI (m/m)	May	-0.1	1.2
ID	06-02	00:00	Core CPI (y/y)	May	2.5	2.5
TH	06-02	03:30	Business Sentiment Index	May	--	47.1
HK	06-02	04:30	Retail Sales - Value (y/y)	Apr	3.2	-3.5
HK	06-02	04:30	Retail Sales - Volume (y/y)	Apr	3.5	-4.8
SI	06-02	09:00	Purchasing Managers Index	May	--	49.6
NZ	06-02	18:45	Terms of Trade Index (q/q)	1Q	3.5	3.1
JN	06-02	19:50	Monetary Base (y/y)	May	--	-4.8
AU	06-02	21:30	Current Account (AUD bn)	1Q	-13.0	-12547.0
AU	06-02	21:30	Australia Net Exports of GDP	1Q	0.0	0.2
CH	06-02	21:45	Caixin Flash China Manufacturing PMI	May	50.7	50.4
CH	06-02	21:45	Caixin Manufacturing PMI	May	50.7	50.4
SK	06-03	19:00	CPI (m/m)	May	0.1	0.1
SK	06-03	19:00	CPI (y/y)	May	2.1	2.1
SK	06-03	19:00	GDP (q/q)	1Q P	-0.2	-0.2
SK	06-03	19:00	GDP (y/y)	1Q P	-0.1	-0.1
HK	06-03	20:30	Purchasing Managers Index	May	--	48.3
AU	06-03	21:30	GDP (q/q)	1Q	0.4	0.6
AU	06-03	21:30	GDP (y/y)	1Q	1.5	1.3

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

## Key Indicators for the week of June 2 – 6

## ASIA PACIFIC (continued from previous page)

Country	Date	Time	Indicator	Period	Consensus	Latest
SK	06-04	19:00	Current Account (US\$ mn)	Apr	--	9144.6
PH	06-04	21:00	CPI (y/y)	May	1.3	1.4
PH	06-04	21:00	CPI (m/m)	May	-0.1	-0.4
AU	06-04	21:30	Trade Balance (AUD mn)	Apr	6000.0	6900.0
CH	06-04	21:45	Caixin Services PMI	May	51.0	50.7
SI	06-05	01:00	Retail Sales (m/m)	Apr	--	-2.8
SI	06-05	01:00	Retail Sales (y/y)	Apr	1.7	1.1
TA	06-05	04:00	CPI (y/y)	May	1.8	2.0
JN	06-05	19:30	Household Spending (y/y)	Apr	1.5	2.1
PH	06-05	21:00	Unemployment Rate (%)	Apr	--	3.9
VN	06-05	22:05	CPI (y/y)	May	3.2	3.1
VN	06-05	22:05	Industrial Production (y/y)	May	--	8.8
SI	06-05		Foreign Reserves (US\$ mn)	May	--	389229.3
TH	06-05		CPI (y/y)	May	-0.8	-0.2
TH	06-05		CPI (m/m)	May	0.0	-0.2
TH	06-05		Core CPI (y/y)	May	0.9	1.0
IN	06-06	00:30	Repo Rate (%)	Jun 6	5.75	6.00
IN	06-06	00:30	Cash Reserve Ratio (%)	Jun 6	4.00	4.00
AU	06-06	02:30	Foreign Reserves (AUD bn)	May	--	102.4

## LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
PE	06-01	11:00	Consumer Price Index (m/m)	May	--	0.1	0.3
PE	06-01	11:00	Consumer Price Index (y/y)	May	--	1.9	1.7
CL	06-02	08:30	Economic Activity Index SA (m/m)	Apr	--	--	0.8
CL	06-02	08:30	Economic Activity Index NSA (y/y)	Apr	--	2.1	3.8
BZ	06-02	09:00	PMI Manufacturing Index	May	--	--	50.3
BZ	06-03	08:00	Industrial Production SA (m/m)	Apr	--	0.4	1.2
BZ	06-03	08:00	Industrial Production (y/y)	Apr	--	0.6	3.1
BZ	06-05	14:00	Trade Balance (FOB) - Monthly (US\$ mn)	May	--	8100.0	8153.4

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

## Global Auctions for the week of June 2 – 6

## NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	06-05	12:00	Canada to Sell C\$5.25 Billion of 2.75% 2030 Bonds

## EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	06-02	05:30	EU to Sell Up Bonds
DE	06-03	04:15	Denmark to Sell 2.25% 2035 Bonds
AS	06-03	05:00	Austria to Sell 2.9% 2029 Bonds
UK	06-03	05:00	UK to Sell GBP1.25 Billion of 4% 2063 Bonds
AS	06-03	05:00	Austria to Sell 2.95% 2035 Bonds
GE	06-03	05:30	Germany to Sell EU4.5 Billion of 1.7% 2027 Bonds
UK	06-04	05:00	UK to Sell GBP4.75 Billion of 4.375% 2028 Bonds
SW	06-04	05:00	Sweden to Sell SEK6 Billion of 2.5% 2036 Bonds
SP	06-05	04:30	Spain to Sell Bonds
FR	06-05	04:50	France to Sell Bonds

## ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	06-02	11:35	Japan to Sell 10-Year Bonds
CH	06-03	11:35	China to Sell 105 Billion Yuan 2032 Bonds
JN	06-04	11:35	Japan to Sell 30-Year Bonds
CH	06-05	11:35	China to Sell 100 Billion Yuan 2035 Bonds
CH	06-05	11:35	China to Sell 71 Billion Yuan 2055 Bonds

## LATIN AMERICA

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

## Events for the week of June 2 – 6

## NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	06-01	08:00	Fed's Waller Speaks on Economic Outlook
US	06-02	10:15	Fed's Logan Participates in Moderated Q&A
US	06-02	12:45	Fed's Goolsbee Participates in Moderated Q&A
US	06-02	01:00	Fed's Powell Gives Opening Remarks
US	06-03	12:45	Fed's Goolsbee Participates in Moderated Q&A
US	06-03	01:00	Fed's Cook Discusses Economic Outlook
US	06-03	03:30	Fed's Logan Gives Opening Remarks at Fed Listens
US	06-04	08:30	Fed's Bostic, Cook Moderate Fed Listens Event
<b>CA</b>	<b>06-04</b>	<b>09:45</b>	<b>Bank of Canada Rate Decision</b>
US	06-05	12:00	Fed's Kugler Speaks on Economic Outlook, Policy
US	06-05	01:30	Fed's Harker Speaks on Economic Outlook

## EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SW	06-02	06:00	Riksbank's Thedeen Holds Speech
UK	06-02	05:30	BOE's Mann Speaks
SZ	06-03	12:15	SNB's Tschudin Speaks in Bern
UK	06-05	03:45	BOE's Greene Speaks
UK	06-05	04:30	BOE's Breeden Speaks
<b>EC</b>	<b>06-05</b>	<b>08:15</b>	<b>ECB Deposit Facility Rate</b>
<b>EC</b>	<b>06-05</b>	<b>08:15</b>	<b>ECB Main Refinancing Rate</b>
<b>EC</b>	<b>06-05</b>	<b>08:15</b>	<b>ECB Marginal Lending Facility</b>
EC	06-05	08:45	ECB President Christine Lagarde Holds Press Conference
EC	06-06	04:00	ECB's Holzmann Speaks in Vienna
EC	06-06	07:00	ECB's Centeno Speaks at Event in Lisbon

## ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	06-02	09:30	RBA Minutes of May Policy Meeting
AU	06-02	11:05	RBA's Hunter-Speech
JN	06-03	03:50	BOJ Governor Ueda Speech
<b>KZ</b>	<b>06-05</b>	<b>03:00</b>	<b>Key Rate</b>
SL			Gross Official Reserves
<b>IN</b>	<b>06-06</b>	<b>12:30</b>	<b>RBI Repurchase Rate</b>
IN	06-06	12:30	RBI Cash Reserve Ratio

## LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
DR	05-31		Overnight Rate



## 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):** The Bank of Canada is expected to hold fire again at 2.75% on Wednesday when it issues a fresh statement, written remarks by Governor Macklem, and then delivers the press conference. **Federal Reserve:** Chair Powell will deliver opening remarks at the 75th Anniversary Conference of the Federal Reserve's International Finance Division on Monday at 1:00 PM EST. However, his speech is expected to provide limited new insights into monetary policy, given the recent commentary he has already shared. Additionally, the event will not include a Q&A session.

### 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

**European Central Bank (ECB):** The European Central Bank is widely expected to cut its policy rate by 25bps on Thursday, followed by a press conference with ECB President Christine Lagarde at 8:45 AM EST. Markets have fully priced in this rate cut and anticipate another by the end of the year. At its April meeting, the ECB noted that the disinflation process was well on track, with underlying inflation indicators suggesting a gradual stabilization around the 2% target on a sustained basis. Additionally, the bank removed the term "restrictive" from its statement, and President Lagarde highlighted increased downside risks to economic growth. Since then, April's inflation reading showed an uptick. However, Tuesday's upcoming May report is expected to reflect a cooler inflation reading and ECB wage indicators also point to slowing wage growth. Furthermore, while Q1 economic growth exceeded consensus expectations (0.3% q/q SA vs. 0.2%), ongoing trade disputes and rising tariff uncertainties stemming from the U.S. are likely to weigh on the economic outlook. The ECB's updated forecast will be crucial in assessing the potential impact, especially given that this will be its first revision following the latest round of tariffs imposed by former U.S. President Donald Trump on Liberation Day.

**Central Bank of Russia:** The Russian central bank is expected to maintain its one-week auction rate at 21% on Friday for the fifth consecutive time, as inflation and inflation expectations remain elevated. At its last meeting, the bank did not discuss monetary easing, and the governor stated, "We will maintain tight monetary policy conditions for a lengthy period" with the baseline forecast for the policy rate to be in the range of 19.5 – 21.5% in 2025. Since then, although Q1 economic growth has slowed to 1.4%, inflation risks remain skewed to the upside. As a result, the bank is likely to keep rates unchanged and adopt a wait-and-watch approach until it gains confidence that inflation is consistently moving toward its 4% target. However, the consensus is split between a 100bps cut and a hold.

### 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	3.25	July 8, 2025	3.25	3.25
People's Bank of China – 7-Day Reverse Repo Rate	1.40	TBA	1.40	1.40
Reserve Bank of India – Repo Rate	6.00	June 6, 2025	5.75	5.75
Bank of Korea – Base Rate	2.50	July 10, 2025	2.25	2.25
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 India (RBI):** The Reserve Bank of India is unanimously expected to further cut its repo rate by 25bps on Friday, marking the third consecutive reduction in 2025 for a total cumulative cut of 75 bps so far. This follows a two-year period of maintaining the rate at 6.50%. The expected cut would bring the repo rate down to 5.75%, the lowest level since mid-2010, excluding the Covid-19 pandemic. At its last meeting, after gaining greater confidence that inflation was aligning with the 4% target, the bank shifted its stance from 'neutral' to 'accommodative' to further support growth amid a moderate economic outlook. Since then, headline inflation has continued to ease, driven by a correction in food prices, reinforcing the bank's confidence in supporting growth while keeping inflation in check. Key will be to watch whether the bank provides further guidance on additional policy support for the rest of the year. **Reserve Bank of Australia (RBA):** The Reserve Bank of Australia will release the minutes of its May monetary policy meeting, during which it lowered the cash rate by 25bps to 3.85%, in line with market expectations. The minutes will provide further insight into discussions around a potential hold or a cut, as well as arguments on a possible 50bps cut. In addition, it might offer guidance on how the bank views the balance between a tight labour market and inflation, given the labour market's remarkable resilience. **Bank of Japan (BoJ):** BoJ's Governor Kazuo Ueda is scheduled to speak at the Naigai Chosa Kai event on Tuesday. However, the significance of his remarks may be limited, given that no further rate hikes are anticipated for the year.

### 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	7.25	July 31, 2025	7.00	7.00

Sources: Bloomberg, Scotiabank Economics.

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