

THE GLOBAL WEEK AHEAD

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Contributors

Derek Holt

VP & Head of Capital Markets Economics
Scotiabank Economics
416.863.7707
derek.holt@scotiabank.com

*With thanks for research support from:
Cesar Amador.*

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Chart of the Week

Real Neutral Rate of Interest for US

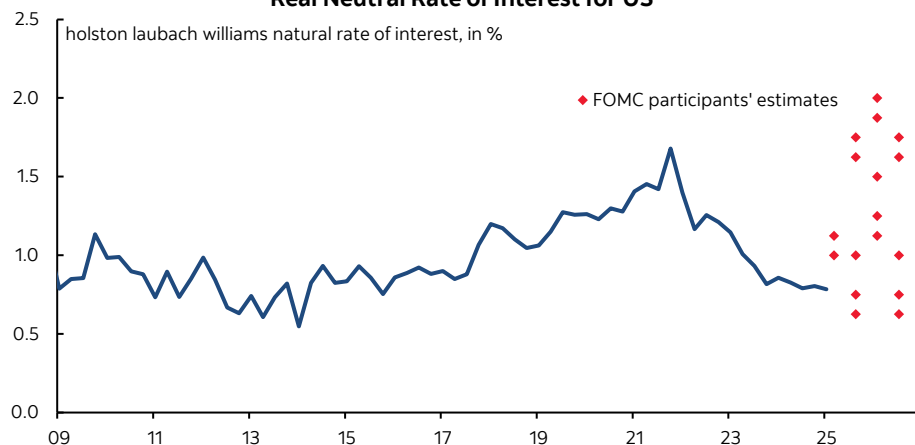


Chart of the Week: Prepared by: Cesar Amador, Economic Analyst.

This Fed Week May Matter More

Last week may have simply been a warm-up for what's to come. A dull FOMC meeting could give way to more impactful developments this week. Bank of Canada Governor Macklem's recent speech had little effect, but the clock starts ticking for his emphasis on the two CPI reports due out before the next decision. Developments in the Middle East remain tense, as Trump pushed out the timing of his at best thinly veiled threats and perhaps because his MAGA base is divided on what to do and unconvinced that success would be assured.

We'll hear a lot from the Federal Reserve, but also witness fresh decisions by a trio of regional central banks (Banxico, BanRep, BoT). A lot of data risk will be packed into the week with key ones including a wave of global PMIs that will offer fresh soft data on supply chains and tariffs, US core PCE inflation, Canadian GDP and CPI, early indications for Eurozone CPI, Australian CPI, Tokyo CPI and other readings.

CENTRAL BANKS—THIS WEEK'S FED MATTERS MORE TO MARKETS THAN LAST WEEK'S

A potentially more important week for Federal Reserve communications will combine with policy decisions by three regional central banks.

This Week's Fed Communications May be More Important than Last Week's

Federal Reserve Chair Powell delivers the semi-annual Monetary Policy Report ([here](#)) and Congressional testimony on Tuesday before the House Financial Services Committee and then repeats it on Wednesday before the Senate Committee on Banking, Housing, and Urban Affairs. For the most part, he may repeat many of the messages that were provided in this past week's communications (recap [here](#)). There could be two twists.

How Soon is Too Soon for a Cut?

He may be asked about whether July is a 'live' meeting that could deliver a cut. Powell's remarks sounded very much like the Committee is taking the summer off to assess developments and data. His remarks did not sound like he is amenable to easing as soon as the next July meeting. Powell's usual preference—particularly at potential turning points following long pauses—is to hold the market's hand, yet absent from his talk were references like how "it may soon be appropriate" to ease, or "somewhat soon" that could inform timing of cuts. Watch for a potential direct question asking him if such language is in his nearer-term toolkit.

And yet Governor Waller recently sounded open to a July cut, dismissive of inflation effects from tariffs, and (perhaps) prematurely declared there is no tariff effect showing up in inflation data despite plausible arguments for how such effects are merely delayed. Waller may be revealing that he is one of the two bottom dots for this year (ie: -75bps of cuts) which is against large number of colleagues who prefer either no cut or 50bps of cuts.

And yet is Waller saying these things because he truly believes them with a justifiable case? Maybe, there is a path to his views on inflation but a very high bar against his July cut. Or is he doing so because I think he has a tendency to misjudge inflection points? In my opinion, he enjoys playing in the tails of debates. For instance, recall his role in driving premature easing bets by early 2024 when he said in November 2023 that if inflation eases "for several more months—I don't know how long that might be—three months, four months, five months you could then start lowering the policy rate just because inflation is lower." Also recall his dissenting vote against tapering quantitative tightening at the March 2025 meeting that—with the partial benefit of hindsight given events that followed—turned out to probably have been the wrong stance.

Alternatively, while Governor is a respected official, it merits noting that his dovish stance is compatible with President Trump's views and that the President must choose a successor to Powell before the Chair's term is up next May.

How Might the Board Change Bank Capital Restrictions?

Powell could also be grilled about possible changes to the Supplementary Leverage Ratio. The notice for the Federal Reserve Board's public meeting next Wednesday at 2pmET included a brief reference ([here](#)) to consider "proposed revisions to the Board's supplementary leverage ratio standards." Powell's two rounds of testimony straddle this meeting and therefore offer an opportunity for the more adventurous members of Congress to grill him on it in between their political rants.

The supplementary leverage ratio was introduced in January 2018 as part of Basel III changes and requires large banks to hold 3% of on-balance sheet and many off-balance sheet assets such as derivatives in Tier 1 capital that itself includes common equity, preferred equity, and disclosed reserves. The smaller number of very large Global Systemically Important Banks (GSIBs) must hold 5% through an enhanced supplementary leverage ratio (eSLR). The ratio is risk-insensitive, meaning that it may result in too much capital being held for lower risk

assets relative to higher risk assets. For example, the capital requirement does not differentiate between some riskier assets and lower risk assets such as Treasury securities. The aim of the SLR was to improve safety and soundness of the financial system after the Global Financial Crisis by providing more of a capital buffer against adverse shocks.

The SLR is widely viewed to have had some unintended and undesired effects. For instance, it restrained the ability of banks to put their balance sheet to work in periods when market dysfunction may be rising as a response to shocks out of fear they could violate the rule as the denominator is revalued which would require increasing capital. It's not uncommon to overshoot the SLR/eSLR requirements out of fear that a shock could drive the ratio below the requirement and land banks in trouble with regulators. By not exempting Treasury securities, for example, the ability of banks to play the same important role as arbitrage players to restore equilibrium between the rates and FX markets in a covered interest parity framework was lessened and therefore the error term on this relationship—the basis—widens (chart 1). The SLR is also part of the plausible explanation for the deterioration of Treasury market liquidity as shown in chart 2 (higher is worse liquidity as pricing strays further from a measure of fair value).

To lower the ratio and exempt Treasuries could conceivably free up trillions of dollars for the Treasury market and lower yields by a material amount. What the Board discusses and decides, plus any comments during Powell's testimony, could inform the expected magnitude of change and its composition.

A key question, however, is how much of a potential change is not already priced in. There has long been talk of revisiting the SLR and eSLR. Changing it to address criticisms would hardly be a total surprise. Some of the possible changes are probably already priced in, but we cannot judge how much until we see important details. Ditto for other asset classes that may also be affected by SLR changes.

The SLR/eSLR is Among Reasons for Lower than Feared Treasury Yields

Still, this likely set of changes is among the reasons why I'm of the belief that crossing 5%++ on US 10-year Treasury yields—while not fleetingly impossible—is unlikely to be a durable outcome. Other supporting points include the following ones:

- We think pain still lies ahead for the US economy in forthcoming data that reflects the uncertainty and confidence shock plus the direct and indirect effects of tariffs and other policies like immigration changes. A safe haven premium may arise relative to what is likely the current case that has markets more prone to believing in the resilience of the US economy to date. 10s/90s usually flattens into soft patches and especially recessions (that we are not presently forecasting). Chart 3.
- Deficit projections have largely been factored into markets at present valuations.
- If Trump is adamant that he wants a baseline universal tariff against all—or significant countries—of, say, 5–10%, then these revenues could offset the CBO's projected cumulative deficit impact of the 'one big beautiful bill' of about \$2½ trillion over the next ten years. The CBO cannot include tariff revenues because they are driven by executive orders, not legislated actions by Congress. Tariffs are bad economic policy that could cost US growth but could divert revenue from US consumers and businesses into Treasury's coffers. That means less bond supply than taking the deficit projections literally.
- 5%++ 10s would probably require almost all estimates of the Fed's nominal neutral policy rate of around 3% to be far too low.
- the term premia in 10s has already risen, but as governments adjust issuance plans and some central banks (eg. BoJ) adjust purchase plans, it may be unlikely to keep rising to prior peaks in the 1980s through early 2000s.

Chart 1

The Widening Cross Currency Basis Reflects Modest Strains in Financial Markets

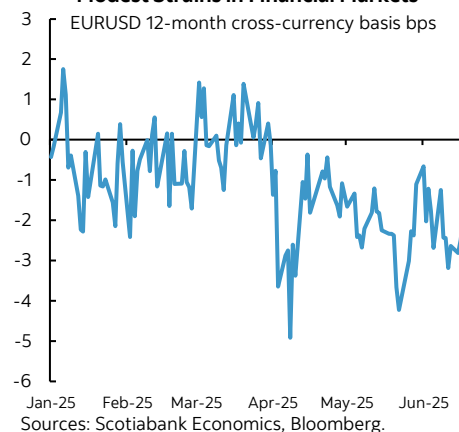


Chart 2

US Treasury Market Liquidity

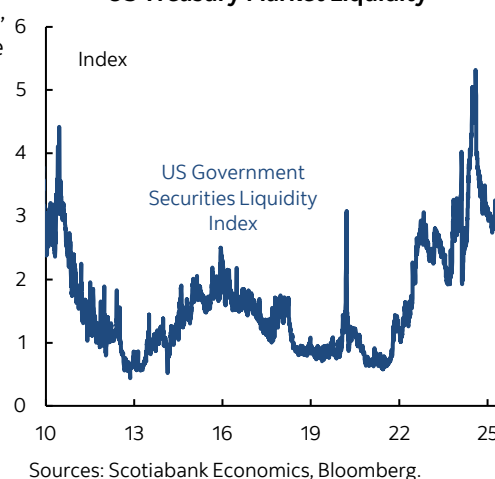
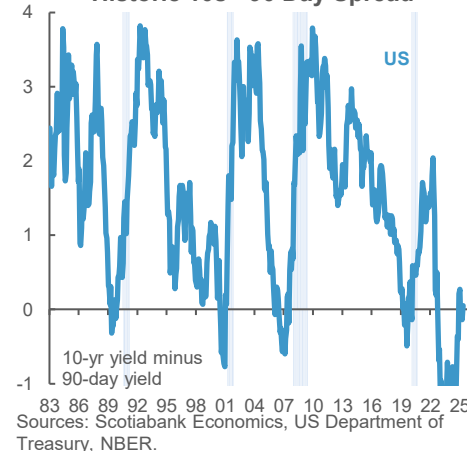


Chart 3

Historic 10s - 90 Day Spread



- we forecast that inflation will crest this year and—while remaining sticky in 2026—should pull off from first-round effects of tariffs that could last for several quarters.
- The Federal Reserve is expected to end its Quantitative Tightening program by late Winter or early Spring next year. That's uncertain, but it has already taken a major step back with the changes in March that reduced the amount of its Treasury holdings allowed to mature and roll off the balance sheet from \$25 billion to \$5B per month. This means less supply coming off the Fed's balance sheet into markets all else equal.
- Over time, US 10s should be roughly correlated with longer-run nominal GDP growth. The relationship is hardly airtight (chart 4), but it serves as a broad guide. Therefore, 5%++ US 10s would require believing that NGDP growth could sustainably accelerate toward such levels. Outside of some US politicians, most economists would probably find that to be a stretch.
- External influences on carry into the US Treasury market have become less harmful. In particular, carry out of Japan's bond market into US Treasuries was becoming a negative influence as heavy longer-end issuance and plans to sharply curtail BoJ buying of JGBs were pushing through markets while JGB auction results were deteriorating. Since then, altered issuance signals and reduced pullback of JGB buying by the BoJ have contained the upward pressure on JGB yields and the translation effect into US Treasury yields.

BanRep—One Surprise Too Many?

Most expect Banco Central de la República de Colombia to hold its overnight rate at 9.25% on Friday. Our local economists are in the minority that is expecting a 25bps cut. BanRep surprised consensus with a 25bps cut at its last decision on April 30th and emphasized "a cautious approach to monetary policy" and that "Future decisions will be determined based on the latest information available." This data dependence has since been informed by mixed releases including Q1 GDP that slightly disappointed expectations but after a sharp upward revision to Q4, and a pair of CPI readings that at first came in warmer than expected and then cooler than expected, leaving CPI at about where it was at the last decision (5.1% y/y).

Banxico—Adhering to Guidance

Banco de México is widely expected to cut its overnight rate by another 50bps on Thursday. Our Mexican economists agree. That would take the rate down by a cumulative 325bps since rate cuts started in March of last year. Guidance provided in the last statement in May was that "looking ahead it could continue calibrating the monetary policy stance and consider adjusting it in similar magnitudes" of 50bps a clip. Complicating the outlook may be that headline inflation and core goods inflation have been rising of late (chart 5).

Bank of Thailand—Enough?!

The BoT has cut three times in the past four months down to 1.75% and the last cut was by a 5–2 vote. It may well opt to take a breather this time as the policy rate sits on the easy side of neutral, a potential oil shock lies ahead pending further developments in the Middle East, and the outcome of trade talks with the US is in limbo while core CPI at 1.1% recently may be on a gentle upswing.

CANADIAN CPI—A LOW STANDARD

Canada refreshes CPI for the month of May on Tuesday. It's one of two inflation readings before the next Bank of Canada policy decision on July 30th. Governor Macklem's conflicting guidance has been that on the one hand they don't have confidence in the outlook amid all of the uncertainty in order to be able to provide guidance, but they'll be closely watching the next two inflation reports before that meeting nonetheless. Does that mean July is a 'live' meeting?

Chart 4

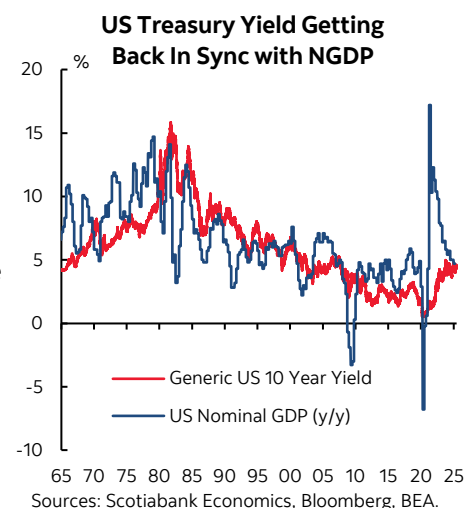


Chart 5

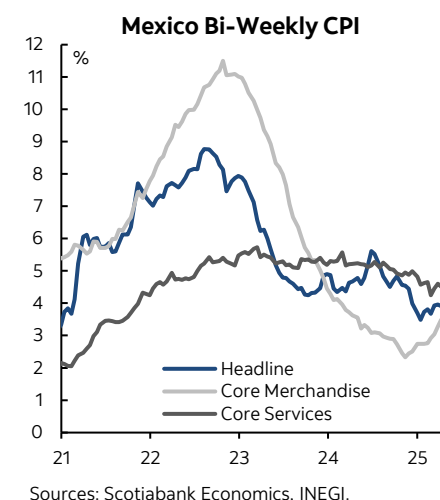
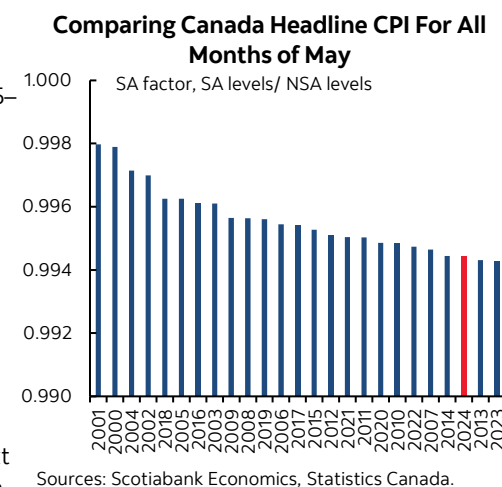


Chart 6



Next up is what to expect. Headline CPI won't really be what matters, but my guesstimate is for a 0.4% m/m NSA rise that would mean the year-over-year rate would slip to 1.6%. Here are a few reasons for this estimate:

- May is normally a seasonal up-month for CPI. Normally, folks come out of hibernation and in a rite of passage for new Canadians start doing things like eating on patios and planting gardens. Seasonal price pressures in those areas can be significant.
- Notwithstanding the prior point, seasonal adjustment factors have recently been lower than for like months of May in history. 2024 and 2023 saw the lowest SA factors on record compared to like months of May (chart 6). SA factors are calculated with a recency bias rooted in the pandemic and immediate post-pandemic era that may not be suitable to now and going forward. Being lower than normal tamps down seasonally adjusted CPI.
- There will be basket weight changes introduced by this report as part of Statistics Canada's annual exercise to refresh spending weights to the latest year's figures which means 2024 in this case. No material effect is expected from this factor. Chart 7 shows the spending weight changes by major CPI category. Applying the new 2024 weights in lieu of the 2023 weights for the prior month of April assuming no price changes themselves would have meant no material difference to that month's 1.7% y/y and -0.2% m/m SA readings. Expect Statcan to include a sentence in their summary of the data like last year's: "The headline CPI for May 2024 would have been the same using the 2022 basket weights."
- Across other components, shelter cost inflation has been ebbing and with help from the elimination of the consumer portion of the carbon tax and the effects on home energy bills, but not because of rent inflation that remains sticky. Gasoline is not expected to be a material driver ex-taxes, but energy in general won't be the same carbon-tax driven drag on m/m CPI that it was the prior month. Key will be services that were a significant part of the contributions to April CPI in categories like travel, rent, and health care.

Now for two wildcard effects. May was wet and cold across much of Canada and more so than usual. This probably explains part of why Statcan's guidance for May retail sales was a nominal decline of over 1% m/m SA. Less activity in weather-affected categories could be disinflationary, but June has improved and so some of that price pressure might just be pushed out.

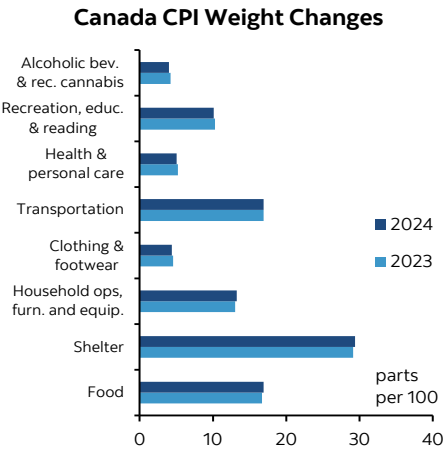
And then we have tariffs. Canada's retaliatory tariffs have been fairly small as a share of overall imports. Like the US, it's unclear when to expect some pass-through into prices paid by consumers given inventory being sold at pre-tariff prices, lagging supply chain responses, and at least a short-term tendency to absorb some tariffs in profit margins.

What will matter to the BoC, however, is what happens to the preferred core inflation readings—trimmed mean and weighted median CPI. You can't look at them in y/y terms (3.2% and 1.5% for median and trimmed mean respectively) because they are not spot calculations. They are slow moving month-over-month compounded readings that take in one new month and drop the earliest month out of 12 at a time. They adapt slowly, and I don't have a great answer for why BoC officials or much of the street quotes such measures that are so slow to adjust to new information.

I've always emphasized m/m seasonally adjusted and annualized rates for these measures. They capture new information at the margin and stand a better chance at adapting quickly to fresh developments like tariff shocks.

The second thing I don't understand is why BoC officials talk of core inflationary pressures as potentially just recent volatility, or 'ups and downs' as one deputy governor puts it. That's not true. Look at the data in charts 8 and 9. For about a year now these measures have been far above the BoC's 2% headline inflation target. The BoC has no evidence to lean on that this has been temporary or just a recent phenomenon.

Chart 7



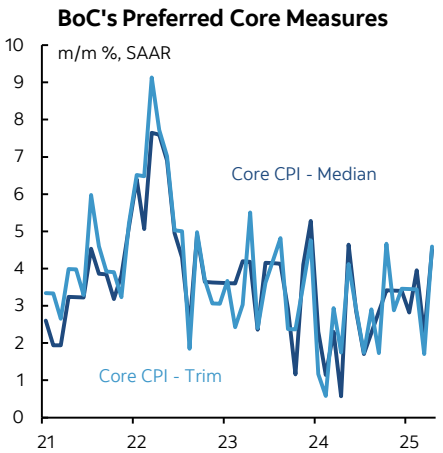
Sources: Scotiabank Economics, Statistics Canada.

Chart 8

Canadian Core CPI Measures		
Month	Weighted Median	Trimmed Mean
Jan-2024	2.3	1.2
Feb-2024	1.1	0.6
Mar-2024	2.3	2.9
Apr-2024	0.6	1.7
May-2024	4.6	4.1
Jun-2024	2.9	2.9
Jul-2024	1.7	1.7
Aug-2024	2.3	2.9
Sep-2024	2.8	1.7
Oct-2024	3.4	4.7
Nov-2024	3.4	2.9
Dec-2024	3.4	3.5
Jan-2025	2.8	3.4
Feb-2025	4.0	3.4
Mar-2025	2.2	1.7
Apr-2025	4.5	4.6

Sources: Scotiabank Economics, Statistics Canada.

Chart 9



Sources: Scotiabank Economics, Statistics Canada.

The third thing I don't understand is why the BoC remarks that these measures may overstate inflation. They should be a little more careful. If they overstate by a lot in serially correlated fashion, then show the evidence. Otherwise, I think they might be a touch overstated but not by anywhere enough to dismiss such a prolonged overshoot.

And so back to Governor Macklem's emphasis on the next two inflation readings before the next decision on July 30th. It's feasible we see cooler m/m SAAR pressures in May off of the strong readings in April and effects cited above. The measures exclude all taxes including tariffs and so there will be no direct effect of tariffs on the core gauges, but there could well be indirect ones. A lousy two months of inflation data after overshooting for a year and with long and variable lags surrounding global supply chain responses to trade wars should merit setting a higher standard for evaluating pressures than just two months.

CANADA'S ECONOMY—PROBABLY SOFTER THAN GUIDED

Canada refreshes GDP figures on Friday. Due out is a potential revision to advance guidance for April GDP growth along with details by sector that are not provided with that advance guidance, plus the first 'flash' reading—sans details—of GDP growth in May.

StatCan had indicated on May 30th that April GDP was likely up by 0.1% m/m SA. The agency said at the time that "Increases in mining, quarrying, and oil and gas extraction and finance and insurance were partially offset by decreases in manufacturing." Since then, data has been softer than advance readings from the agency had suggested in areas like manufacturing shipments, wholesale sales, and retail sales. How these disappointments translate into value-added GDP by sector is uncertain, but they point to more downside than upside risk to April GDP which is why I've gone with 0% m/m with risk of a small negative. Any election effect is likely to be very small at under 0.1% m/m on a weighted contribution basis.

As for May GDP, the limited number of advance readings we have to go by suggest another soft month. Hours worked were flat, the prior surge in housing starts levelled off, and limited other readings were soft (eg. the retail sales flash).

April and May were also cooler than usual months on average in the population dense regions in central Canada but warmer than usual across the prairies that have been dealing with forest fires that may weigh on growth by affecting large projects, tourism, agriculture and other affected industries (charts 10, 11). Much of the country was also drier than a usual month of May (chart 12). That likely explained some of the softness in the retail sales flash estimate for May, but there could be more underlying weakness in other weather-affected sectors.

Bear in mind, however, that monthly GDP is measured on a production basis as opposed to quarterly expenditure-based GDP that the BoC follows more closely. This is important because quarterly GDP captures influences like inventory and net import swings on GDP. After Q1 saw a large rise of imports that serve as a leakage from GDP accounts and hence a drag on growth, much of that went into higher inventories that added to GDP growth along with higher exports. These swings reflected tariff front-running effects by the trade sector and are likely to reverse into Q2 with the key question being how they net out, and more importantly, what happens to Final Domestic Demand that excludes trade and inventory effects to focus on consumption plus investment plus government spending as a measure of the domestic economy.

Chart 10

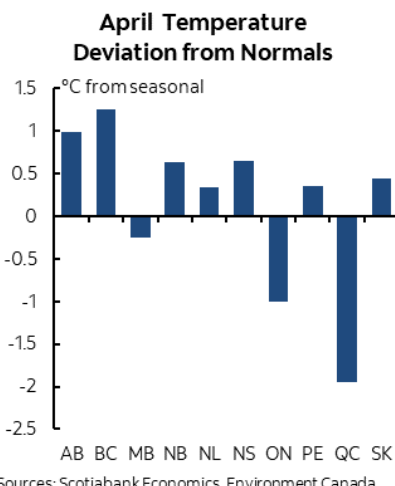


Chart 11

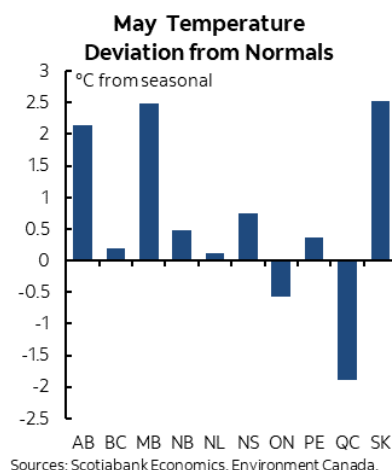


Chart 12

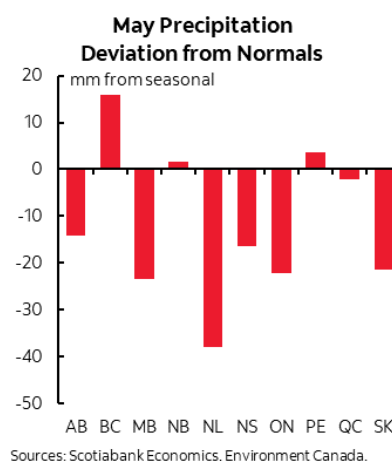
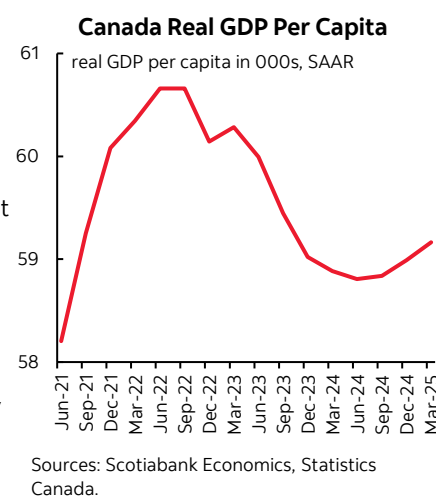


Chart 13



As an interesting aside, per capita GDP is perhaps carving out an unheralded bottom (chart 13). Per capita GDP had been one-part dragged lower by poor productivity, but also one part by the first-round shock effects of an immigration surge. The second-round effects are likely to see greater economic integration of this wave of immigration into the economy alongside curtailment of population growth through tightening immigration policy that has been put in place over the past 3–4 quarters. Funny, but I don't hear the folks who were all over this measure when it was declining suddenly restoring much needed balance to their pessimism!

GLOBAL MACRO ROUND-UP

Chart 14 shows the round up of global economic indicators not already discussed. More will be written about them over the course of the week and estimates for the main US and Canadian ones are included in the indicator tables. The key readings are as follows.

Another batch of global purchasing managers' indices for June arrive at the start of the week. The soft, survey-based data will inform growth in new orders, hiring intentions, prices paid, and other supply chain metrics. The readings and subcomponents plus anecdotes could inform tariff effects earlier than hard data. First up will be Australia on Sunday evening 9pmET, followed by Japan ninety minutes later, then India overnight, followed by the Eurozone and UK into the early morning hours before the N.A. market open. The US S&P PMIs arrive 15 minutes after the S&P open.

Several countries will report fresh inflation gauges.

- The US updates core PCE for May. Most expect 0.1% m/m SA, several are at 0.2%, and a couple of us are at 0.0%. Core CPI was only 0.1% m/m SA off of which my estimate knocks a generously rounded 0.1% given weighting differences between CPI and PCE and given how the pertinent categories in the producer price index translate into PCE.
- Eurozone CPI won't arrive until July 1st after Germany and Italy refresh on June 30th, but this coming week will shape expectations when France and Spain update on Friday. Both countries are expected to see firmer price pressures across headline and core components partly as the June readings begin to bring out possible tariff effects with the same uncertainty as elsewhere.
- Was Australia's uptick in trimmed mean CPI in April to 2.8% y/y an aberration or a small step toward a new trend into tariff wars? Australia has not offered meaningful tariff retaliation.
- Tokyo core CPI has been on a hot trend (chart 15). Watch Thursday's update to see if that continues as one of two readings before the next BoJ policy decision on July 31st.

Chart 15

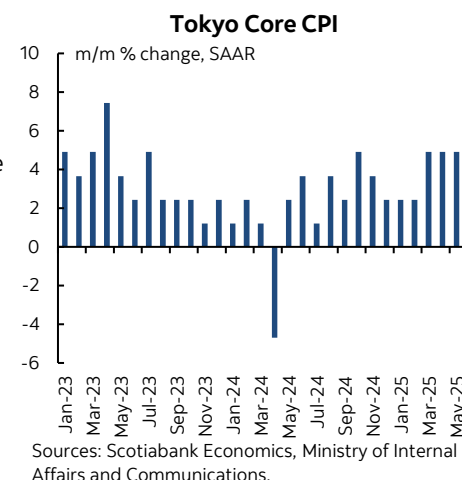


Chart 14

Other Global Macro Indicators (Jun 23rd - Jun 27th)			
US	CA	CPI	Other Macro
<i>Monday</i>			
Existing Home Sales		SI	MX Retail Sales, Activity
			FR PMI
			GE PMI
			EC PMI
			UK PMI
			TA UR
			JN PMI
			SK Consumer Confidence
			IN Current Account
<i>Tuesday</i>			
Current Account	CPI	MX	GE IFO Survey
Home Price		MA	TA Industrial Production
Consumer Confidence			NZ Trade
Manufacturing Index			
<i>Wednesday</i>			
MBA Mort. App.			BZ Current Account
Initial Jobless Claims			SP GDP
Continuing Claims			GE Consumer Confidence
New Home Sales			JN Machine Tool Order
			TH Overnight Rate
<i>Thursday</i>			
Durable Goods		BZ	MX Overnight Rate, Trade Balance
GDP		JN	SI Industrial Production
Wholesale Inventories			HK Trade
Pending Home Sales			NZ Consumer Confidence
			JN UR, Retail Sales, Retail Trade
			PH Trade
<i>Friday</i>			
PCE	GDP	FR	MX UR
Personal Spending		SP	CO Overnight Rate, UR
Personal Income			FR Consumer Spending, Producer Prices
Consumer Sentiment			SP Retail Sales
			EC Economic Confidence, Industrial Confidence
			GE Retail Sales
			IN Industrial Production

Sources: Scotiabank Economics, Bloomberg.

Key Indicators for the week of June 23 – 27
NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
MX	06-23	08:00	Global Economic Indicator IGAE (y/y)	Apr	--	-1.9	2.5
MX	06-23	08:00	Retail Sales (INEGI) (y/y)	Apr	--	-0.5	4.3
US	06-23	10:00	Existing Home Sales (mn a.r.)	May	4.05	4.0	4.0
US	06-23	10:00	Existing Home Sales (m/m)	May	1.3	-1.3	-0.5
MX	06-24	08:00	Bi-Weekly Core CPI (% change)	Jun 15	--	0.2	0.2
MX	06-24	08:00	Bi-Weekly CPI (% change)	Jun 15	--	0.1	0.2
CA	06-24	08:30	Core CPI - Median (y/y)	May	--	3.0	3.2
CA	06-24	08:30	Core CPI - Trim (y/y)	May	--	3.0	3.1
CA	06-24	08:30	CPI, All items (m/m)	May	0.4	0.5	-0.1
CA	06-24	08:30	CPI, All items (y/y)	May	1.6	1.7	1.7
CA	06-24	08:30	CPI, All items (index)	May	--	164.2	163.4
US	06-24	08:30	Current Account (US\$ bn)	1Q	--	-444.8	-303.9
US	06-24	09:00	S&P/Case-Shiller Home Price Index (m/m)	Apr	0.2	0.2	-0.1
US	06-24	09:00	S&P/Case-Shiller Home Price Index (y/y)	Apr	4.0	--	4.1
US	06-24	10:00	Consumer Confidence Index	Jun	99.0	99.0	98.0
US	06-24	10:00	Richmond Fed Manufacturing Index	Jun	--	--	-9.0
CA	06-24		Core CPI - Common (y/y)	May	--	--	2.5
CA	06-24		CPI SA, All items (m/m)	May	--	--	-0.2
US	06-25	07:00	MBA Mortgage Applications (w/w)	20-Jun	--	--	-2.6
US	06-25	08:30	Initial Jobless Claims (000s)	21-Jun	250	246.5	245.0
US	06-25	08:30	Continuing Claims (000s)	14-Jun	1960	--	1945.0
US	06-25	10:00	New Home Sales (000s a.r.)	May	700	690.5	743.0
MX	06-26	08:00	Trade Balance (US\$ mn)	May	--	360.0	-88.1
US	06-26	08:30	Durable Goods Orders (m/m)	May P	8.0	8.3	-6.3
US	06-26	08:30	Durable Goods Orders ex. Trans. (m/m)	May P	0.2	0.0	0.2
US	06-26	08:30	GDP (q/q a.r.)	1Q T	-0.2	-0.2	-0.2
US	06-26	08:30	GDP Deflator (q/q a.r.)	1Q T	--	3.7	3.7
US	06-26	08:30	Wholesale Inventories (m/m)	May P	--	--	0.2
US	06-26	10:00	Pending Home Sales (m/m)	May	--	0.0	-6.3
MX	06-26	15:00	Overnight Rate (%)	Jun 26	8.00	8.00	8.50
MX	06-27	08:00	Unemployment Rate (%)	May	--	2.6	2.5
CA	06-27	08:30	Real GDP (m/m)	Apr	0.0	0.0	0.1
US	06-27	08:30	PCE Deflator (m/m)	May	0.0	0.1	0.1
US	06-27	08:30	PCE Deflator (y/y)	May	2.2	2.3	2.1
US	06-27	08:30	PCE ex. Food & Energy (m/m)	May	0.0	0.1	0.1
US	06-27	08:30	PCE ex. Food & Energy (y/y)	May	2.4	2.6	2.5
US	06-27	08:30	Personal Spending (m/m)	May	0.3	0.1	0.2
US	06-27	08:30	Personal Income (m/m)	May	0.2	0.3	0.8
US	06-27	10:00	U. of Michigan Consumer Sentiment	Jun F	--	60.5	60.5

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>Consensus</u>	<u>Consensus</u>	<u>Latest</u>
FR	06-23	03:15	Manufacturing PMI	Jun P	--	49.8	49.8
FR	06-23	03:15	Services PMI	Jun P	--	49.1	48.9
GE	06-23	03:30	Manufacturing PMI	Jun P	--	49.0	48.3
GE	06-23	03:30	Services PMI	Jun P	--	47.9	47.1
EC	06-23	04:00	Composite PMI	Jun P	--	50.5	50.2
EC	06-23	04:00	Manufacturing PMI	Jun P	--	49.8	49.4
EC	06-23	04:00	Services PMI	Jun P	--	50.0	49.7
UK	06-23	04:30	Manufacturing PMI	Jun P	--	46.9	46.4
UK	06-23	04:30	Services PMI	Jun P	--	51.3	50.9
GE	06-24	04:00	IFO Business Climate Survey	Jun	--	88.2	87.5
GE	06-24	04:00	IFO Current Assessment Survey	Jun	--	86.5	86.1
GE	06-24	04:00	IFO Expectations Survey	Jun	--	90.0	88.9

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for the week of June 23 – 27

EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	Consensus	Consensus	Latest
SP	06-25	03:00	Real GDP (q/q)	1Q F	--	0.6	0.6
GE	06-26	02:00	GfK Consumer Confidence Survey	Jul	--	-19.2	-19.9
FR	06-27	02:45	Consumer Spending (m/m)	May	--	0.1	0.3
FR	06-27	02:45	CPI (m/m)	Jun P	--	0.2	-0.1
FR	06-27	02:45	CPI (y/y)	Jun P	--	0.8	0.7
FR	06-27	02:45	CPI - EU Harmonized (m/m)	Jun P	--	0.3	-0.2
FR	06-27	02:45	CPI - EU Harmonized (y/y)	Jun P	--	0.7	0.6
FR	06-27	02:45	Producer Prices (m/m)	May	--	--	-4.3
SP	06-27	03:00	CPI (m/m)	Jun P	--	0.5	0.0001
SP	06-27	03:00	CPI (y/y)	Jun P	--	2.0	2
SP	06-27	03:00	CPI - EU Harmonized (m/m)	Jun P	--	0.6	0
SP	06-27	03:00	CPI - EU Harmonized (y/y)	Jun P	--	2.2	2
SP	06-27	03:00	Real Retail Sales (y/y)	May	--	--	3.6
EC	06-27	05:00	Economic Confidence	Jun	--	95.0	94.8
EC	06-27	05:00	Industrial Confidence	Jun	--	-9.9	-10.3
GE	06-27		Retail Sales (m/m)	May	--	0.5	-0.9

ASIA PACIFIC

Country	Date	Time	Indicator	Period	Consensus	Consensus	Latest
JN	06-22	20:30	Markit/JMMA Manufacturing PMI	Jun P	--	--	49.4
SI	06-23	01:00	CPI (m/m)	May	--	--	-0.3
SI	06-23	01:00	CPI (y/y)	May	--	0.8	0.9
TA	06-23	04:00	Unemployment Rate (%)	May	--	3.4	3.36
SK	06-23	17:00	Consumer Confidence Index	Jun	--	--	101.8
IN	06-23		Current Account Balance	1Q	--	3.00	-11.457
MA	06-24	00:00	CPI (y/y)	May	--	1.4	1.4
JN	06-24	01:30	Nationwide Department Store Sales (y/y)	May	--	--	-4.5
TA	06-24	04:00	Industrial Production (y/y)	May	--	18.4	22.31
NZ	06-24	18:45	Trade Balance (NZD mn)	May	--	--	1426.04
NZ	06-24	18:45	Exports (NZD bn)	May	--	--	7843.51
NZ	06-24	18:45	Imports (NZD bn)	May	--	--	6420
SK	06-24		Discount Store Sales (y/y)	May	--	--	-3.1
SK	06-24		Department Store Sales (y/y)	May	--	--	-2.9
JN	06-25	01:00	Coincident Index CI	Apr F	--	--	115.5
JN	06-25	01:00	Leading Index CI	Apr F	--	--	103.4
JN	06-25	01:00	New Composite Leading Economic Index	Apr F	--	--	103.4
JN	06-25	02:00	Machine Tool Orders (y/y)	May F	--	--	3.4
TH	06-25	03:00	BoT Repo Rate (%)	Jun 25	--	1.75	1.75
SI	06-26	01:00	Industrial Production (m/m)	May	--	-2.4	5.3
SI	06-26	01:00	Industrial Production (y/y)	May	--	2.6	5.9
HK	06-26	04:30	Exports (y/y)	May	--	--	14.7
HK	06-26	04:30	Imports (y/y)	May	--	--	15.8
HK	06-26	04:30	Trade Balance (HKD bn)	May	--	--	-16.007
NZ	06-26	18:00	ANZ Consumer Confidence Index	Jun	--	--	92.9
JN	06-26	19:30	Jobless Rate (%)	May	--	2.5	2.5
JN	06-26	19:30	Tokyo CPI (y/y)	Jun	--	3.3	3.4
JN	06-26	19:50	Large Retailers' Sales (y/y)	May	--	--	1.5
JN	06-26	19:50	Retail Trade (m/m)	May	--	0.3	0.7
JN	06-26	19:50	Retail Trade (y/y)	May	--	2.5	3.5
PH	06-26	21:00	Exports (y/y)	May	--	4.9	7
PH	06-26	21:00	Imports (y/y)	May	--	-2.9	-7.2
PH	06-26	21:00	Trade Balance (US\$ mn)	May	--	-3875.0	-3495
CH	06-26	21:30	Industrial Profits YTD (y/y)	May	--	--	3
PH	06-26		Budget Deficit/Surplus (PHP bn)	May	--	--	67.299
IN	06-27	06:30	Industrial Production (y/y)	May	--	2.40	2.7

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for the week of June 23 – 27

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
BZ	06-25	07:30	Current Account (US\$ mn)	May	--	-3900.0	-1347.4
BZ	06-26	08:00	IBGE Inflation IPCA-15 (m/m)	Jun	--	0.3	0.4
BZ	06-26	08:00	IBGE Inflation IPCA-15 (y/y)	Jun	--	5.3	5.4
CO	06-27	11:00	Urban Unemployment Rate (%)	May	--	8.7	8.7
CO	06-27	14:00	Overnight Lending Rate (%)	Jun 27	9.00	9.25	9.25

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

Global Auctions for the week of June 23 – 27

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	06-24	01:00	U.S. To Sell USD69 Bln 2-Year Notes
CA	06-25	12:00	Canada to Sell 10 Year Bonds
US	06-25	01:00	U.S. To Sell USD70 Bln 5-Year Notes
CA	06-26	12:00	Canada to Sell 2 Year Bonds
US	06-26	01:00	U.S. To Sell USD44 Bln 7-Year Notes

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	06-23	05:30	EU to Sell Up to EU2.5 Billion of 3.375% 2035 Bonds
EC	06-23	05:30	EU to Sell Up to EU2 Billion of 2.875% 2029 Bonds
EC	06-23	05:30	EU to Sell Up to EU1.5 Billion of 0.7% 2051 Bonds
BE	06-23	06:00	Belgium to Sell 0.1% 2030 Bonds
BE	06-23	06:00	Belgium to Sell 3.1% 2035 Bonds
BE	06-23	06:00	Belgium to Sell 0.4% 2040 Bonds
GE	06-24	05:30	Germany to Sell EU4 Billion of 1.7% 2027 Bonds
IT	06-25	05:00	Italy to Sell Bonds
NO	06-25	05:00	Norway to Sell Bonds
UK	06-25	05:00	UK to Sell GBP3.25 Billion of 4.375% 2040 Bonds
SW	06-25	05:00	Sweden to Sell SEK1.5 Billion of 1.75% 2033 Bonds
SW	06-25	05:00	Sweden to Sell SEK4.5 Billion of 2.25% 2035 Bonds
FI	06-26	06:00	Finland to Sell Ori Bonds
IT	06-27	05:00	Italy to Sell Bonds

ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	06-23	11:35	Japan to Sell 20-Year Bonds
CH	06-23	11:35	China to Sell 71 Billion Yuan 2055 Bonds
JN	06-25	11:35	Japan to Sell 2-Year Bonds

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BZ	06-24	11:00	Brazil to Sell 08/15/2032 NTN-B Bonds
BZ	06-24	11:00	Brazil to Sell 05/15/2045 NTN-B Bonds
BZ	06-24	11:00	Brazil to Sell 08/15/2028 NTN-B Bonds
CO	06-25	11:00	Colombia to Sell 08/22/2029 COLTES Pesos Bonds
CO	06-25	11:00	Colombia to Sell 11/28/2040 COLTES Pesos Bonds
CO	06-25	11:00	Colombia to Sell 02/09/2033 COLTES Pesos Bonds
BZ	06-26	11:00	Brazil to Sell 01/01/2031 NTN-F Bonds
BZ	06-26	11:00	Brazil to Sell 01/01/2035 NTN-F Bonds

Events for the week of June 23 – 27

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	06-22	01:15	Fed's Daly Gives Remarks on Monetary Policy
US	06-23	01:10	Fed's Goolsbee Speaks in Moderated Discussion
US	06-23	02:30	Fed's Williams, Kugler Host Fed Listens Event
US	06-24	09:15	Fed's Hammack Speaks on Monetary Policy
US	06-24	10:00	Fed's Powell to Deliver Semiannual Policy Testimony
US	06-24	12:30	Fed's Williams Gives Keynote Remarks
US	06-26	08:45	Fed's Barkin Speaks on the Economy
US	06-26	09:00	Fed's Hammack Gives Opening Remarks
US	06-26	01:15	Fed's Barr Speaks on Community Development
MX	06-26	03:00	Overnight Rate
US	06-27	07:30	Fed's Williams Serves as Session Chair
US	06-27	09:15	Fed's Hammack, Cook Participate in Fed Listens

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SZ	06-23	04:00	Domestic Sight Deposits CHF
SZ	06-23	04:00	Total Sight Deposits CHF
EC	06-23	11:00	ECB's Nagel Speaks in Freiburg
UK	06-24	05:30	BOE's Greene Speaks
UK	06-24	09:35	BOE's Ramsden Speaks
EC	06-24	09:55	ECB's Lane Gives Speech in London
UK	06-24	10:00	BOE's Bailey at House of Lords hearing
EC	06-24	10:15	ECB's Lane on Panel in London
UK	06-24	11:50	BOE's Breeden Speaks
SW	06-25	03:30	Riksbank Minutes From Monetary Policy Meeting
UK	06-25	04:45	BOE's Lombardelli Speaks
UK	06-26	04:30	BOE's Breeden Speaks
UK	06-26	07:00	BOE's Bailey Speaks
FI	06-27	07:00	ECB's Rehn Speaks at Bank of Finland, ESRB Conference on AI
FI	06-27	07:15	Nobel Laureate Simon Johnson Speaks in Helsinki
FI	06-27	08:00	ECB's Rehn, Nobel Laureate Simon Johnson Speak

ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	06-24	07:50	BOJ Summary of Opinions (June MPM)
JN	06-24	09:00	BOJ Board Tamura Speech in Fukushima
TH	06-25	03:00	BoT Benchmark Interest Rate

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BZ	06-24	07:00	Central Bank Meeting Minutes
PY	06-24		Monetary Policy Rate
GU	06-25		Leading Interest Rate
BZ	06-26	07:00	Central Bank Monetary Policy Report
MX	06-26	03:00	Overnight Rate
CO	06-27	02:00	Overnight Lending Rate
TR	06-27		Central Bank Repurchase 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	July 30, 2025	2.75	2.75
Federal Reserve – Federal Funds Target Rate	4.50	July 30, 2025	4.50	4.50
Banco de México – Overnight Rate	8.50	June 26, 2025	8.00	8.00

Federal Reserve: Chair Powell delivers his semi-annual testimony on monetary policy to Congress this week. It is likely to closely echo his remarks at the recent press conference but may be influenced by any potential further developments in the Middle East. The Fed's Board holds an open hearing on the Supplementary Leverage Ratio on Wednesday that may be impactful to markets. **Banxico:** Banco de México is widely expected to cut its overnight rate by another 50bps on Thursday. That would take the rate down by a cumulative 325bps since rate cuts started in March of last year. Guidance provided in the last statement in May was that "looking ahead it could continue calibrating the monetary policy stance and consider adjusting it in similar magnitudes" of 50bps a clip.

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	2.15	July 24, 2025	2.15	2.15
European Central Bank – Marginal Lending Facility Rate	2.40	July 24, 2025	2.40	2.40
European Central Bank – Deposit Facility Rate	2.00	July 24, 2025	2.00	2.00
Bank of England – Bank Rate	4.25	August 7, 2025	4.00	4.00
Swiss National Bank – Sight Deposit Rate	0.00	September 25, 2025	0.00	0.00
Central Bank of Russia – One-Week Auction Rate	20.00	July 25, 2025	20.00	20.00
Sweden Riksbank – Repo Rate	2.00	August 20, 2025	2.00	2.00
Norges Bank – Deposit Rate	4.25	August 14, 2025	4.25	4.25
Central Bank of Turkey – Benchmark Repo Rate	46.00	July 24, 2025	46.00	46.00

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	0.50	July 31, 2025	0.50	0.50
Reserve Bank of Australia – Cash Rate Target	3.85	July 8, 2025	3.65	3.65
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	5.50	August 6, 2025	5.50	5.50
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	July 16, 2025	5.50	5.50
Central Bank of Philippines – Overnight Borrowing Rate	5.25	August 28, 2025	5.25	5.25

Bank of Thailand: The BoT has cut three times in the past four months down to 1.75% and the last cut was by a 5-2 vote. It may well opt to take a breather this time as the policy rate sits on the easy side of neutral, a potential oil shock lies ahead pending further developments in the Middle East, and the outcome of trade talks with the US is in limbo while core CPI at 1.1% recently may be on a gentle upswing.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	15.00	July 30, 2025	15.00	15.00
Banco Central de Chile – Overnight Rate	5.00	July 29, 2025	4.75	5.00
Banco de la República de Colombia – Lending Rate	9.25	June 27, 2025	9.00	9.25
Banco Central de Reserva del Perú – Reference Rate	4.50	July 10, 2025	4.50	4.50

BanRep: Most expect Banco Central de la República de Colombia to hold its overnight rate at 9.25% with cut risk on Friday. BanRep surprised consensus with a 25bps cut at its last decision on April 30th and emphasized "a cautious approach to monetary policy" and that "Future decisions will be determined based on the latest information available." This data dependence has since been informed by mixed releases including Q1 GDP that slightly disappointed expectations but after a sharp upward revision to Q4, and a pair of CPI readings that at first came in warmer than expected and then cooler than expected, leaving CPI at about where it was at the last decision (5.1% y/y).

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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