

#### Contributors

##### Derek Holt

VP & Head of Capital Markets Economics  
 Scotiabank Economics  
 416.863.7707  
[derek.holt@scotiabank.com](mailto:derek.holt@scotiabank.com)

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 Jaykumar Parmar.*

#### Next Week's Risk Dashboard

- Iran risks could escalate into next week
- Inflation risk is spreading with more to come
- How central banks should manage inflation risk more wisely this time
- Rewriting the narrative at commodity-driven central banks...
- ...as BCCh gets squeezed on copper and oil...
- ...Banxico's hawks might get a boost within a divided consensus...
- ...Norges may abandon prior guidance...
- ...and SARB faces unmoored inflation expectations
- Global PMIs to offer a first glimpse of the oil shock's effects
- BoC's Rogers to weigh in on the outlook
- Spain will be the first to offer a glimpse at March inflation
- Danes head to the polls

#### Inflation Insurance

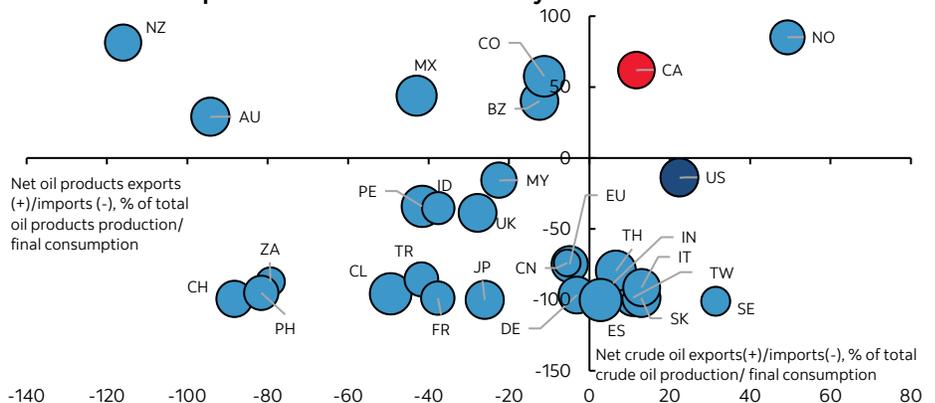
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#### Chart of the Week

**Net Crude Export Status Masks Vulnerability To Refined Oil Product Prices**



\* Bubble size reflects the share of Oil & Oil Products in total energy supply  
 Sources: Scotiabank Economics, IEA.

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

## Inflation Insurance

The key question now lurking in global financial markets is the extent to which widespread inflationary pressures may reemerge and how central banks may respond. Many of them should avoid making the same mistake they made by dithering around the last time. That’s especially so amid signs the war may intensify despite—or because of, if they’re seeking to lower the enemy’s guard—the administration’s words as more marines are being sent, Kharg Island appears to be in their sights, and Iran’s reaction could add to escalation risk. Enriched uranium stockpiles and scientists have yet to be secured which leaves the aims incomplete while leaving behind a potentially even more destabilized region amid long-term damage to energy infrastructure.

The inflation surge is already here but with consequences that may vary by market. Broadening inflationary pressures are being understated as they reach beyond energy markets (charts 1–3).

Food prices are on the verge of breaking out once more. Grocery prices are bound to become more of a headache for consumers, suppliers and governments. Two reasons for this are shown in chart 4. Input cost shocks to the agricultural sector are happening at the worst moment in the northern hemisphere as Spring planting season arrives. Fertilizer prices have risen by about two-thirds since the start of last year and are about 40% higher ytd. This is because the Iran war has restricted nitrogen and phosphorous exports through the Strait of Hormuz while higher energy costs are impacting shipping and mining. Diesel prices are up by about 50% since the start of the year.

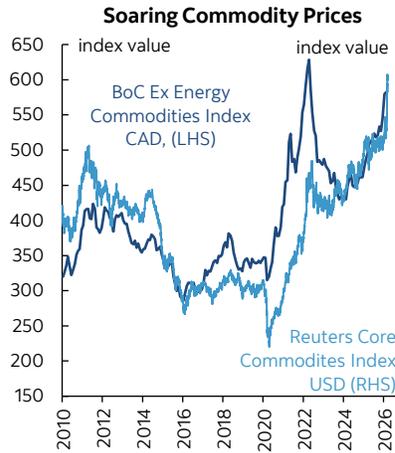
The war would have to settle down awfully fast in order to avoid sharply rising pass through to retail groceries throughout the next year or beyond. Farming is often a tight margin business dealing with perishable inventory. Perishable food industries gave less ability to absorb surging input costs in profit margins and by smoothing inventories than other sectors.

Some spillover effects of higher energy and food costs are already arising (chart 5). Food and livestock futures prices are rising and if input costs stay high then greater pass through is possible. Textiles futures prices are rising perhaps in part due to transportation costs.

Soaring jet fuel is rising to levels unseen even in the pandemic which, given lags, has only just begun to show up in airfare (chart 6). This is already sparking guidance from airlines to brace for fare hikes and flight cancellations due to fuel shortages.

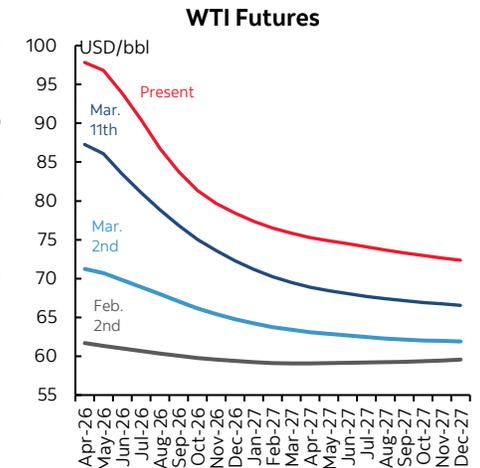
Commercial air freight costs are bound to experience the same outcome (chart 7). Expect the same for other modes of transportation—a mixture of higher prices and supply curtailment that will impact other sectors.

Chart 1



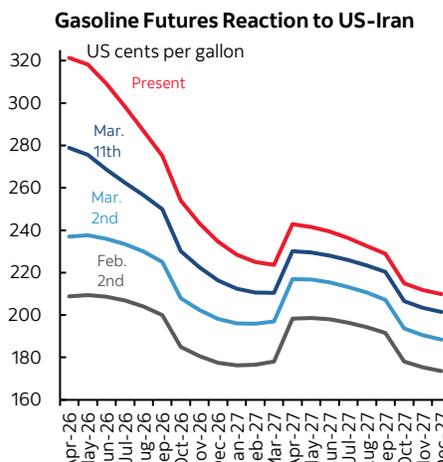
Sources: Scotiabank Economics, Bank of Canada, Thompson Reuters.

Chart 2



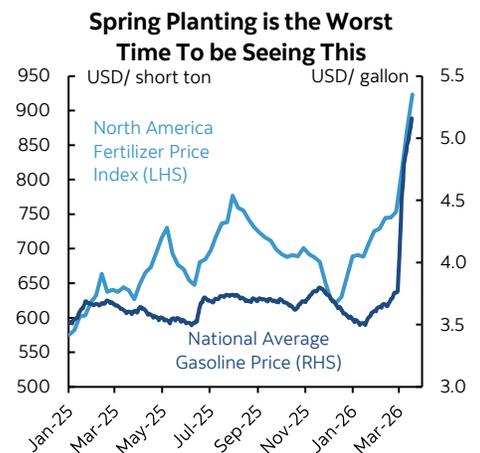
Sources: Scotiabank Economics, Bloomberg.

Chart 3



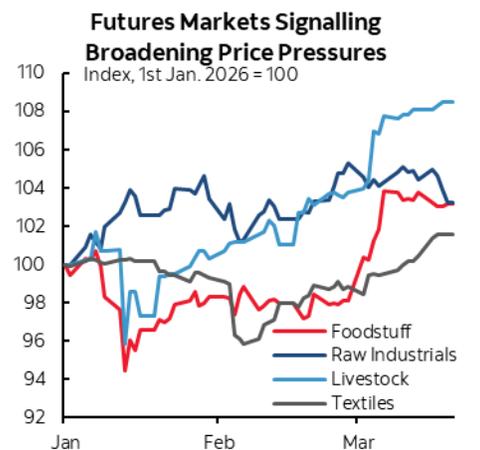
Sources: Scotiabank Economics, Bloomberg.

Chart 4



Sources: Scotiabank Economics, Green Markets, American Automobile Association.

Chart 5



Sources: Scotiabank Economics, Commodity Research Bureau.

Central banks focus more closely upon core inflation that excludes volatile food and energy and other core measures. The key here is whether pass through of higher energy and food prices will show up in wage expectations, broader prices and inflation expectations that feed upon themselves in order to cause a cycle of inflationary pressures. There is a lot of uncertainty around this, but I would brace for core measures surging very soon. It's nearly impossible to imagine that many businesses will not be passing on higher costs. Multiple studies showed pass through of US tariffs into US prices, so why not pass through the commodity, insurance and transportation surges?

There is mixed evidence on inflation expectations. Where inflation expectations are rising in the most pronounced ways are in the UK that had a pre-existing inflation problem that is getting shocked further (chart 8), and across multiple emerging markets that are highly dependent upon imported food and energy and faced with weakening currencies. US measures have picked up, but so far not alarmingly so (chart 9). Canadian measures are very poor quality as market measures are unreliable while survey measures are constantly playing catch-up as the BoC's April surveys will be stale on arrival.

How should central banks respond? Chart 10 shows market thinking around this issue. They're pushing central banks that are now in the awkward position of having to contemplate pushing back against hike pricing and thus easing more restrictive financial conditions in the face of an inflationary shock. They should not rely upon tighter financial conditions doing their work for them since that in turn is dependent upon monetary policy actually tightening.

They should not make the same mistake as last time. The Fed and the BoC among others looked through all signs of inflation coming out of the depths of the pandemic and emphasized pushing the frontiers of fully inclusive, maximum employment. By the time they caught onto the evidence on inflation it was too late. Being too late meant hiking more than may have been necessary with an earlier and more gradual risk management approach to the uncertainty. Waiting until they have firm data in hand that input costs are driving core inflation readings much higher risks making it too late for them all over again and into what is emerging to be another supply squeeze and hoarding activity.

The Federal Reserve may be able to take more time in assessing the right direction of movement because it is already in mildly restrictive territory on the policy rate and the measures of inflation expectations they follow tend to be contained. Further, the Fed's dual mandate is likely to face downside risk on the employment side given what happened to payrolls in past oil shocks (chart 11).

Chart 6 Fuel Pass Through to Airfare

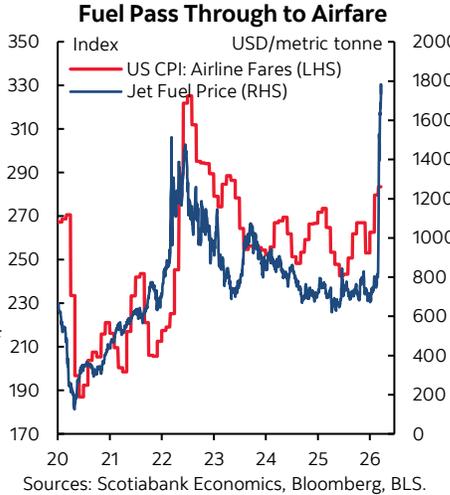


Chart 7 Fuel Pass Through to Air Freight

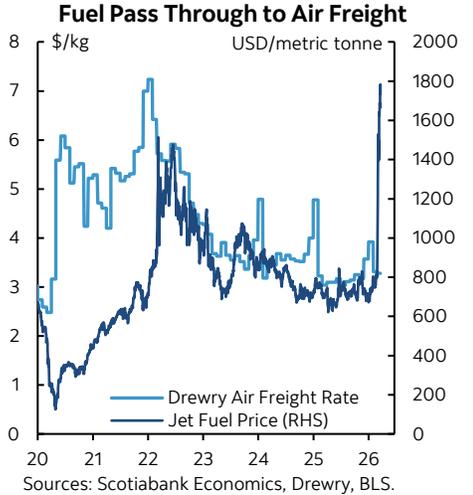


Chart 8 UK's Market Inflation Expectations



Chart 9 US Market Measures of Inflation Expectations

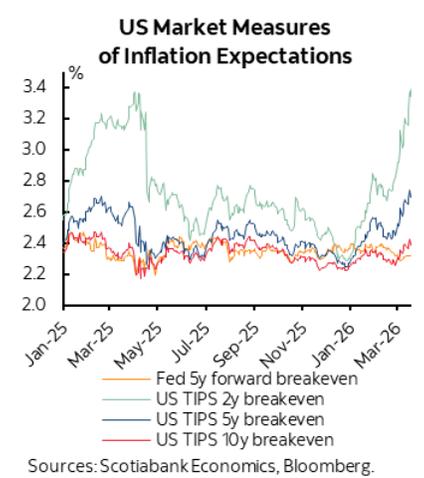


Chart 10 Market Pricing of CBs' Policy Rate

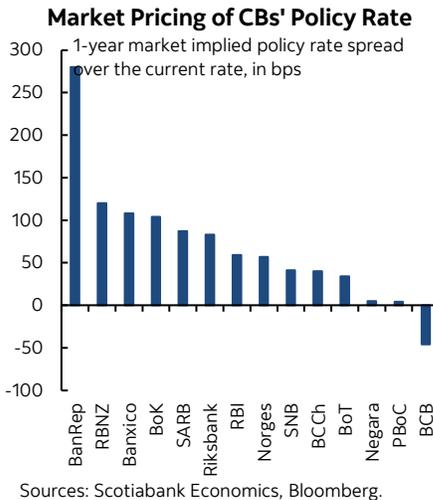
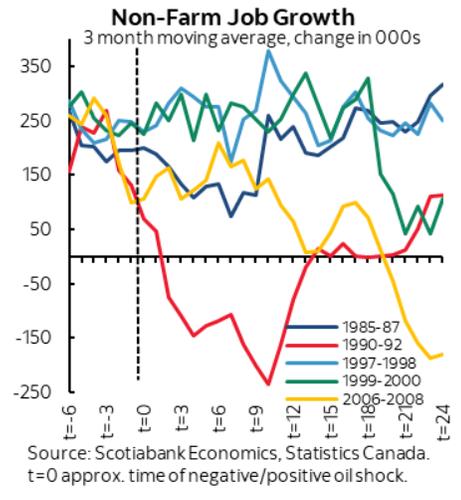


Chart 11 Non-Farm Job Growth



As for the Bank of Canada, they must not repeat the same mistakes of the pandemic. Their policy rate is likely to be pushing further negative in real terms, effectively adding stimulus in an inflationary shock in a marked distinction from the Fed. The BoC has a purer inflation target. Fiscal policy additions to growth are more direct and likely to grow in future. Trade uncertainty poses bidirectional risks and I just can't fathom a major trade shock on top of an energy shock into the US midterms without the GOP being utterly destroyed on November 7<sup>th</sup>. There is a bit of time to judge, but don't assume that you have a lot.

Don't wait until you have a clear answer on how long the conflict will endure and how far it will reach. Don't wait until you're staring straight in the whites of the eyes of another inflation shock. Don't wait until it's fully evident in headline and core inflation readings. If—and emphasis upon if—this is a durable energy shock for a commodity-dependent economy and the oil futures curve is anywhere close to being correct over 2026–27, then deal with the uncertainty by staggering the policy rate adjustments. There is still time ahead of the next 2–3 meetings, but if energy markets don't abruptly cool off, then we should all be open-minded toward insurance hikes, over waiting until its lights out. Get control of the bond market in terms of the belly and long-end parts of the term structure.

My worry about Governor Macklem is that he waits and waits and waits and then we're back in another devastating inflation problem with political consequences. Insurance hikes leave open the door to stop and/or reverse if needed while also leaving open the door toward doing more while lessening the risk of a massive catch-up overshoot on the policy rate like the last time when moving too late meant going from 0.25% to 5%. Insurance hikes don't put all of your eggs in one basket in hoping for an ultimately peachy outcome. That, in my opinion, would be the bigger sin if repeated by the BoC.

**CENTRAL BANKS—REWRITING THE NARRATIVE AT COMMODITY-SENSITIVE CENTRAL BANKS**

Four more central banks will weigh in with decisions this week following the fourteen who updated their views over the past week. None are expected to change their current policies, but the bias may be key. They are all commodity sensitive central banks and so their guidance could further inform policy attitudes across other commodity sensitive central banks.

There will also be a speech on the economic outlook provided by BoC SDG Rogers on Thursday. Market risk may be low given recent BoC communications (recap [here](#)) and ahead of next month's Spring fiscal update from the Federal government and the Bank of Canada's next decision on April 29<sup>th</sup> including fresh forecasts.

**BCCh—A Double Whammy on the Terms of Trade**

Chile's central bank will be first out of the gates with its decision on Tuesday (5pmET).

Markets and consensus expect the overnight rate to remain at 4.5% in an extension of the on-hold narrative since cutting in December. The quandary facing the central bank is achievement of its inflation goals—which may merit easing—in the face of rising upside risk to future inflation. BCCh may elect to take its time in assessing conditions.

BCCh had forecast in December that CPI would land on its 3% objective in 2026Q1. This happened sooner than expected as the latest reading for February fell back to 2.4%. CPI excluding volatile items is running at 3.4% and so the central bank can claim to be broadly on track.

Still, copper prices are dropping back to where they were at year-end which means less money coming into the country while oil prices are rising which means more money leaving given the country's net oil importer status ([here](#)). The combined terms of trade effects imply a squeeze on incomes.

Further, the 6% depreciation of the peso since February 25<sup>th</sup> adds some upside risk to imported inflation (chart 12).

**Norges—Course Correction?**

Norway's central bank is expected to stay on hold at a deposit rate of 4% on Thursday. What it does on the bias could be instructive to other central banks in commodity exporting countries.

Chart 12

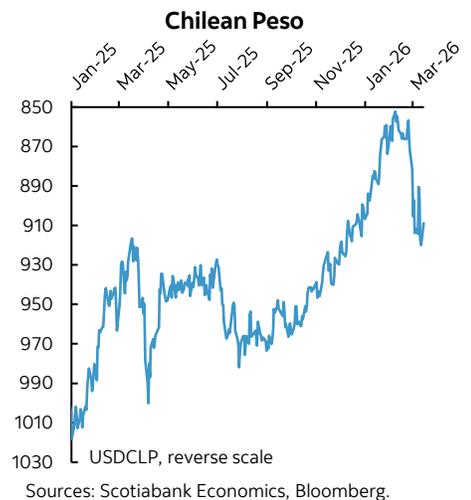
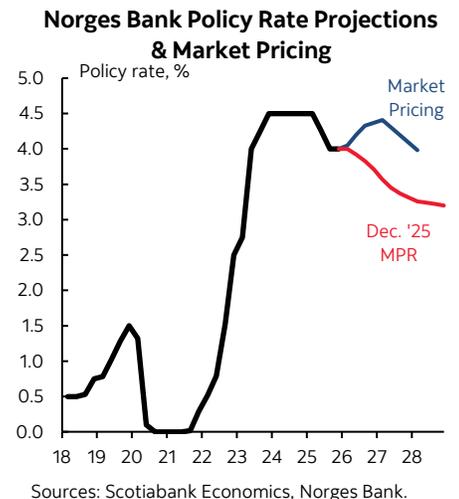


Chart 13



Key, however, is whether the central bank’s prior guidance in January will be rewritten in fresh forecasts and forward guidance. Recall that on January 21<sup>st</sup>, Norges Bank guided that “if the economy evolves broadly as currently envisaged, the policy rate will be reduced further in the course of the year.”

Granted, even that guidance was cautious in nature as Governor Ida Wolden Bache stated “We are not in a hurry to reduce the policy rate further. Inflation is still too high.” Soon after saying so, mind you, inflation tumbling from 3.6% y/y to 2.7% and underlying CPI inflation slipped to 3% (3.4% previously).

Enter the oil shock and Norway’s status as a significant net energy exporter. Markets are pricing most of one quarter point hike by summer. This shouldn’t necessarily surprise, given the connection between Brent and the deposit rate over time albeit with often lagging adjustments that may make nearer term tightening premature (chart 13).

**SARB—Unmoored**

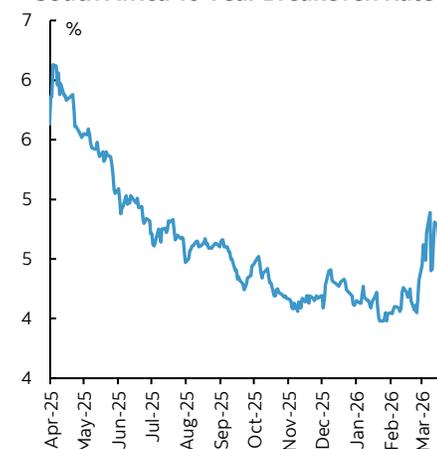
South Africa’s central bank is expected to stay on hold at a repo rate of 6.75% on Thursday. It has been cutting the policy rate since September 2024 and now faces market pressure to pivot toward tightening policy by the second half of the year.

At 3% y/y, headline inflation’s continued descent into February might be construed as providing room for policy easing. That’s unlikely as backward data is put on the backburner in the face of forward-looking risks.

South Africa is dependent upon energy imports ([here](#)). The rand has been among the worst currency performers in the world, having lost about 6% of its value to the dollar since late January. The combination of higher oil prices and a falling currency adds to imported inflation risk.

That hasn’t exactly gone unnoticed by markets. Longer term inflation expectations have been rising sharply (chart 14). SARB is sure to take note, putting in place either the risk of a hike and/or hawkish forward guidance.

**Chart 14**  
**South Africa 10 Year Breakeven Rate**



Sources: Scotiabank Economics, Bloomberg.

**Banxico—Energy Shock May Further Embolden the Hawks**

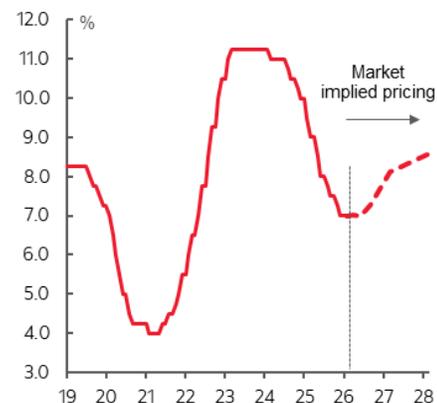
When Mexico’s central bank last weighed in on February 6<sup>th</sup>, they paused the easing cycle because Governing Council was concerned about ongoing inflation risk. The easing campaign before that meeting was dividing members who pivoted toward full agreement to halt cuts.

You might think they would be hesitant to restart it now. Hawks like Deputy Governor Heath—who was previously warning and dissenting against easing—have already weighed in. He said about a week ago that “I think we should have paused in March, and now, taking into account a more complex scenario due to the armed conflict in the Middle East, even more so.”

The further unmooring of market-based measures of inflation expectations is bound to be of concern to Banxico and to markets that are pricing the next moves to be upward as soon as later in the year (chart 15).

Yet consensus is split between a cut and a hold.

**Chart 15**  
**Mexico Market Implied Policy Rate**



Sources: Scotiabank Economics, Bloomberg.

**GLOBAL MACRO—DANES VOTE, PMIS IN FOCUS**

The Danish general election will determine who squares off against Trump if and when his attention returns to demanding Greenland, while the macro release line-up contains a few gems.

**Denmark’s General Election—Same Leader, Different Coalition?**

Danes go to the polls in a general election on Tuesday. PM Mette Frederiksen is enjoying a bit of a wind in her sails brought on by President Trump’s demands to take Greenland. She has also pivoted further left with her policies including a proposed 0.5% wealth tax. Her Social Democrats party is polling ahead of others, but attempts at modelling coalitions suggest that the existing one between the Social Democrats, Venstre and Moderates may not survive ([here](#)).

**PMIs—Soft Data to Inform Early Reactions to the War with Iran**

The global line-up of other macro risks is looking pretty light over the coming week. Purchasing managers’ indices will feature prominently toward the end of the week.

PMIs are useful as soft data guides to momentum in the global economy. They provide details like growth in new orders, order backlogs, inventories, prices, and hiring intentions. Since they are survey-based they can be sentiment driven, but their timeliness often provides an early reading on how the economy is holding up in the face of fresh shocks like, well, now.

Before the war, most of the PMIs were signalling moderate growth with above-50 readings except for France. India was the strongest growing performer but is well off its growth peak of last August.

Australian and Japan kick it off on Monday evening and then through the overnight into Tuesday each of the Eurozone, Germany, France, the UK, India and eventually the US will release.

**Other Releases**

Among the few inflation readings watch Spain’s the closest (Friday). That’s because it will start the round of Eurozone readings for March that will extend into the following week. Markets will be watching for early signs of the extent to which energy prices lift total inflation and whether there are very early signs of pass through into core inflation ex-food and energy.

February inflation readings from Japan (Monday), Australia (Tuesday) and the UK (Wednesday) just won’t cut it by way of much market focus in light of forward-looking risks.

The same lack of freshness might have markets looking through Friday’s UK retail sales figures, although the prior month’s 2% jump in sales ex-fuel will be a tough act to follow. Subsequent reports will inform how consumers are reacting to the surge in energy prices.

Ditto if we get German retail sales for February at the end of the week or the following week, plus Mexican retail sales but in this case for back in January (Monday) just ahead of the GDP proxy for January the next day.

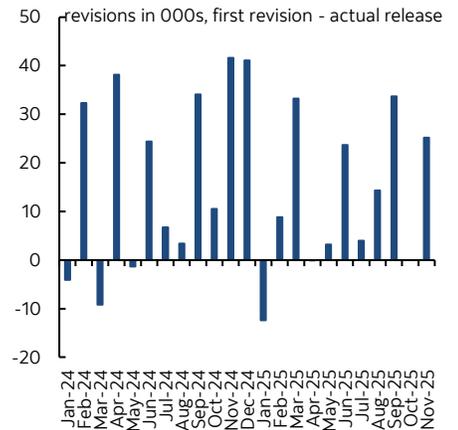
Canada only refreshes the payrolls survey for January. It lags. It’s incomplete because it doesn’t include jobs off formal payrolls that are important in Canada given the size of the small business sector. And it’s frequently and heavily revised on first pass (chart 16) and final estimates. Can’t wait.

Other US macro readings will include construction spending during January (Monday), the weekly ADP private payrolls measure into the first part of March with the prior report leaning toward the monthly gauge being up by around 40k when it arrives later. Import prices for February (Wednesday) will be worth watching because of expected heat, but the next month’s reading will more fully capture commodity influences.

Chart 17 summarizes the line-up.

**Chart 16**

**Canada SEPH First Revisions**



Sources: Scotiabank Economics, Statistics Canada.

**Chart 17**

Other Global Macro Indicators (March 23rd - March 27th)			
US	CA	CPI	Other Macro
<i>Monday</i>			
Construction Spending		SI	MX Retail Sales
		JN	EC Consumer Confidence
			SK PPI
			JN PMI
<i>Tuesday</i>			
Richmond Fed Manf. Index			MX Global Economic Indicator
			FR PMI
			GE PMI
			EC PMI
			UK PMI
<i>Wednesday</i>			
MBA Mort. App		UK	GE IFO Survey
Current Account			
Export & Import Prices			
<i>Thursday</i>			
Claims			UK Consumer Confidence
			TA UR
<i>Friday</i>			
		SP	MX Trade, UR
			UK Retail Sales
			GE Retail Sales

Sources: Scotiabank Economics, Bloomberg.

## Key Indicators for the week of March 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	03-23	08:00	Retail Sales (INEGI) (y/y)	Jan	--	--	4.3
US	03-23	10:00	Construction Spending (m/m)	Jan	0.2	0.1	0.3
MX	03-24	08:00	Bi-Weekly Core CPI (% change)	Mar 15	--	0.2	0.2
MX	03-24	08:00	Bi-Weekly CPI (% change)	Mar 15	--	0.3	0.3
MX	03-24	08:00	Global Economic Indicator IGAE (y/y)	Jan	--	--	3.3
US	03-24	08:30	Productivity (q/q a.r.)	4Q F	1.9	2.4	2.8
US	03-24	08:30	Unit Labor Costs (q/q a.r.)	4Q F	4.0	3.4	2.8
US	03-24	10:00	Richmond Fed Manufacturing Index	Mar	--	--	-10.0
US	03-25	07:00	MBA Mortgage Applications (w/w)	Mar 20	--	--	-10.9
US	03-25	08:30	Current Account (US\$ bn)	4Q	--	--	-226.4
US	03-25	08:30	Export Prices (m/m)	Feb	--	--	0.6
US	03-25	08:30	Import Prices (m/m)	Feb	--	--	0.2
US	03-26	08:30	Initial Jobless Claims (000s)	Mar 21	215	--	205.0
US	03-26	08:30	Continuing Claims (000s)	Mar 14	1860	--	1857.0
<b>MX</b>	<b>03-26</b>	<b>15:00</b>	<b>Overnight Rate (%)</b>	<b>Mar 26</b>	<b>6.75</b>	<b>6.75</b>	<b>7.00</b>
MX	03-27	08:00	Trade Balance (US\$ mn)	Feb	--	--	-6481.1
MX	03-27	08:00	Unemployment Rate (%)	Feb	--	--	2.7
US	03-27	10:00	U. of Michigan Consumer Sentiment	Mar F	--	--	55.5

## EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>Consensus</u>	<u>Latest</u>
EC	03-23	11:00	Consumer Confidence	Mar P	-14.6	-12.2
FR	03-24	04:15	Manufacturing PMI	Mar P	49.0	50.1
FR	03-24	04:15	Services PMI	Mar P	49.0	49.6
GE	03-24	04:30	Manufacturing PMI	Mar P	49.4	50.9
GE	03-24	04:30	Services PMI	Mar P	52.4	53.5
EC	03-24	05:00	Composite PMI	Mar P	51.0	51.9
EC	03-24	05:00	Manufacturing PMI	Mar P	49.2	50.8
EC	03-24	05:00	Services PMI	Mar P	50.8	51.9
UK	03-24	05:30	Manufacturing PMI	Mar P	50.8	51.7
UK	03-24	05:30	Services PMI	Mar P	53.2	53.9
UK	03-25	03:00	CPI (m/m)	Feb	0.4	-0.5
UK	03-25	03:00	CPI (y/y)	Feb	3.0	3.0
UK	03-25	03:00	RPI (m/m)	Feb	0.5	-0.5
UK	03-25	03:00	RPI (y/y)	Feb	3.7	3.8
GE	03-25	05:00	IFO Business Climate Survey	Mar	85.9	88.6
GE	03-25	05:00	IFO Current Assessment Survey	Mar	86.0	86.7
GE	03-25	05:00	IFO Expectations Survey	Mar	86.0	90.5
GE	03-26	03:00	GfK Consumer Confidence Survey	Apr	-27.5	-24.7
SP	03-26	04:00	Real GDP (q/q)	4Q F	--	0.8
<b>NO</b>	<b>03-26</b>	<b>05:00</b>	<b>Norwegian Deposit Rates (%)</b>	<b>Mar 26</b>	<b>4.00</b>	<b>4.00</b>
UK	03-26	20:01	GfK Consumer Confidence Survey	Mar	-24.0	-19.0
UK	03-27	03:00	Retail Sales ex. Auto Fuel (m/m)	Feb	-0.7	2.0
UK	03-27	03:00	Retail Sales with Auto Fuel (m/m)	Feb	-0.3	1.8
SP	03-27	04:00	CPI (m/m)	Mar P	--	0.4
SP	03-27	04:00	CPI (y/y)	Mar P	--	2.3
SP	03-27	04:00	CPI - EU Harmonized (m/m)	Mar P	--	0.4
SP	03-27	04:00	CPI - EU Harmonized (y/y)	Mar P	--	2.5
GE	03-27		Retail Sales (m/m)	Feb	--	-1.0

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

## Key Indicators for the week of March 23 – 27

## ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>Consensus</u>	<u>Latest</u>
SI	03-23	01:00	CPI (m/m)	Feb	0.5	-0.5
SI	03-23	01:00	CPI (y/y)	Feb	1.2	1.4
SK	03-23	17:00	PPI (y/y)	Feb	--	1.9
JN	03-23	19:30	National CPI (y/y)	Feb	1.5	1.5
JN	03-23	20:30	Markit/JMMA Manufacturing PMI	Mar P	--	53.0
JN	03-24	01:30	Nationwide Department Store Sales (y/y)	Feb	--	2.3
TA	03-24	04:00	Industrial Production (y/y)	Feb	15.0	28.5
SK	03-24	17:00	Consumer Confidence Index	Mar	--	112.1
JN	03-25	01:00	Coincident Index CI	Jan F	--	116.8
JN	03-25	01:00	Leading Index CI	Jan F	--	112.4
JN	03-25	01:00	New Composite Leading Economic Index	Jan F	--	112.4
JN	03-25	02:00	Machine Tool Orders (y/y)	Feb F	--	24.2
SK	03-25		Discount Store Sales (y/y)	Feb	--	-18.8
SK	03-25		Department Store Sales (y/y)	Feb	--	13.4
SI	03-26	01:00	Industrial Production (m/m)	Feb	-0.8	5.3
SI	03-26	01:00	Industrial Production (y/y)	Feb	14.1	16.6
TA	03-26	04:00	Unemployment Rate (%)	Feb	--	3.4
HK	03-26	04:30	Exports (y/y)	Feb	--	33.8
HK	03-26	04:30	Imports (y/y)	Feb	--	38.1
HK	03-26	04:30	Trade Balance (HKD bn)	Feb	--	-14.1
NZ	03-26	17:00	ANZ Consumer Confidence Index	Mar	--	100.1
PH	03-26	21:00	Exports (y/y)	Feb	3.4	7.9
PH	03-26	21:00	Imports (y/y)	Feb	3.6	-3.1
PH	03-26	21:00	Trade Balance (US\$ mn)	Feb	-3100.0	-4050.0

## LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
CL	03-24	17:00	Nominal Overnight Rate Target (%)	Mar 24	4.50	4.50	4.50
BZ	03-26	08:00	IBGE Inflation IPCA-15 (m/m)	Mar	--	--	0.8
BZ	03-26	08:00	IBGE Inflation IPCA-15 (y/y)	Mar	--	--	4.1
BZ	03-27	07:30	Current Account (US\$ mn)	Feb	--	--	-8360.3

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

## Global Auctions for the week of March 23 – 27

## NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	03-24	13:00	U.S. To Sell USD69 Bln 2-Year Notes
US	03-25	11:30	U.S. To Sell USD28 Bln 2-Year FRN Reopening
CA	03-25	12:00	Canada to Sell C\$5.25 Billion of 3.25% 2036 Bonds
US	03-25	13:00	U.S. To Sell USD70 Bln 5-Year Notes
US	03-26	13:00	U.S. To Sell USD44 Bln 7-Year Notes

## EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	03-23	06:30	EU to Sell Bonds
BE	03-23	07:00	Belgium to Sell Bonds
NE	03-24	05:00	Netherlands to Sell Up to EU2B of 3.5% 2056 Bonds
UK	03-24	06:00	UK to Sell GBP2.25 Billion of 4.75% 2035 Bonds
GE	03-24	06:30	Germany to Sell EU5 Billion of 2.5% 2031 Bonds
IT	03-25	06:00	Italy to Sell I/L Bonds
SW	03-25	06:00	Sweden to Sell SEK6 Billion of 2.5% 2036 Bonds
SW	03-25	06:00	Sweden to Sell SEK2 Billion of 2.25% 2035 Bonds
GE	03-25	06:30	Germany to Sell EU1 Billion of 0% 2052 Bonds
GE	03-25	06:30	Germany to Sell EU1 Billion of 2.6% 2041 Bonds
FI	03-26	07:00	Finland to Sell Ori Bonds
IT	03-27	06:00	Italy to Sell Bonds

## ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	03-23	23:35	Japan to Sell 40-Year Bonds
CH	03-23	23:35	China to Sell 175 Billion Yuan 2033 Bonds

## LATIN AMERICA

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

## Events for the week of March 23 – 27

## NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	03-21	13:30	Fed's Powell Award Acceptance Remarks
CA	03-26	12:00	BoC Senior Deputy Governor Rogers Speaks in Brandon. MB
<b>MX</b>	<b>03-26</b>	<b>15:00</b>	<b>Overnight Rate</b>
US	03-26	19:00	Fed's Jefferson Speaks on the US Economy
US	03-27	11:30	Fed's Daly Speaks at Monetary Policy Conference
US	03-27	11:40	Fed's Paulson Speaks on Macroeconomics and Monetary Policy

## EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	03-23	12:00	ECB's Lane Speaks in Frankfurt
EC	03-24	06:00	ECB's Kocher Presents OeNB Annual Report
EC	03-24	08:00	ECB's Sleijpen Speaks in Amsterdam
EC	03-24	09:30	ECB's Cipollone Speaks to European Lawmakers
SZ	03-24	11:15	SNB's Tschudin Speaks in Zurich
EC	03-24	11:45	ECB's Lane Gives Closing Remarks at ECB Event on AI
SZ	03-24	13:00	SNB President Schlegel Speaks in Zurich
EC	03-25	04:45	ECB's Lagarde at ECB and Its Watchers Conference
EC	03-25	05:00	ECB Wage Tracker
EC	03-25	05:15	ECB's Lane at ECB and Its Watchers Conference
UK	03-25	08:00	BOE Rate-Setter Megan Greene Speaks on Panel
EC	03-25	08:00	ECB's Rehn at ECB and Its Watchers Conference
EC	03-25	09:45	ECB's Kocher at ECB and Its Watchers Conference
<b>NO</b>	<b>03-26</b>	<b>05:00</b>	<b>Deposit Rates</b>
EC	03-26	05:00	ECB's Guindos, Muller Speak in Tallinn
UK	03-26	05:30	BOE Deputy Governor Sarah Breeden Speaks
UK	03-26	12:00	BOE Rate-Setter Alan Taylor Speaks in New York
UK	03-26	12:30	BOE Rate-Setter Megan Greene Speaks in Berlin
EC	03-27	05:00	ECB 1 Year CPI Expectations
EC	03-27	05:00	ECB 3 Year CPI Expectations

## ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
NZ	03-23	16:00	RBNZ Publishes Governor Anna Breman Speech
NZ	03-24	18:10	RBNZ Chief Economist Paul Conway Speaks
JN	03-24	19:50	BOJ Minutes of Jan. Meeting
<b>SL</b>	<b>03-24</b>	<b>22:00</b>	<b>CBSL Overnight Policy Rate</b>
AU	03-24	22:40	RBA's Jones-Remarks
AU	03-25	18:15	RBA's Kent-Speech

## LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BZ	03-24	07:00	Central Bank Meeting Minutes
<b>CL</b>	<b>03-24</b>	<b>17:00</b>	<b>Overnight Rate Target</b>
<b>GU</b>	<b>03-25</b>		<b>Leading Interest Rate</b>
BZ	03-26	07:00	Central Bank Monetary Policy Report
<b>MX</b>	<b>03-26</b>	<b>15:00</b>	<b>Overnight Rate</b>
<b>TR</b>	<b>03-27</b>		<b>Central Bank Repurchase Rate</b>

Global Central Bank Watch

NORTH AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Canada – Overnight Target Rate	2.25	April 29, 2026	2.25	2.25
Federal Reserve – Federal Funds Target Rate	3.75	April 29, 2026	3.75	3.75
Banco de México – Overnight Rate	7.00	March 26, 2026	6.75	6.75

**Bank of Canada (BoC):** Senior Deputy Governor Rogers will deliver remarks on the Canadian economic outlook at a luncheon hosted by Brandon University in Manitoba. Her speech will be published on the bank's website at 12pm EST, accompanied by links to the live audio and video webcasts. **Banco de México:** After pausing its easing cycle in January, consensus is split between a 25bps cut and a hold. Our LatAm team is in the cut camp, while markets have no cut priced in for this meeting. Headline and core inflation remain above target and were already picking up before the Middle East conflict, with the associated increase in energy prices now adding further upside risk. In addition, taking into consideration the policy spread with the Fed funds rate, the recent peso depreciation and the Fed's hawkish tilt, Banxico may maintain its policy rate at the current level. On the other hand, the cut camp expects that Board members still have room to cut at this meeting.

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	2.15	April 30, 2026	2.15	2.15
European Central Bank – Marginal Lending Facility Rate	2.40	April 30, 2026	2.40	2.40
European Central Bank – Deposit Facility Rate	2.00	April 30, 2026	2.00	2.00
Bank of England – Bank Rate	3.75	April 30, 2026	3.75	3.75
Swiss National Bank – Sight Deposit Rate	0.00	June 18, 2026	0.00	0.00
Central Bank of Russia – One-Week Auction Rate	15.00	April 24, 2026	15.00	15.00
Sweden Riksbank – Repo Rate	1.75	May 7, 2026	1.75	1.75
Norges Bank – Deposit Rate	4.00	March 26, 2026	4.00	4.00
Central Bank of Turkey – Benchmark Repo Rate	37.00	April 22, 2026	37.00	37.00

**Norges Bank:** Norges Bank is unanimously expected to keep its deposit rate at 4% on Thursday where it will provide an update on its policy rate forward guidance. At its last meeting, the Governor conveyed that, "We are not in a hurry to reduce the policy rate further. Inflation is still too high. Inflation excluding energy prices has been close to 3 percent since autumn 2024". Since then, things have added to the upward risk to inflation, mainly due to the ongoing Middle East conflict. Norway is a net exporter of both oil & natural gas to the world. As a result, on top of the domestic gasoline price, it also faces positive income shock from higher terms of trade. Therefore, patience will be essential, while markets closely monitor the updated forward guidance and the assumptions behind the forecast.

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	0.75	April 28, 2026	1.00	1.00
Reserve Bank of Australia – Cash Rate Target	4.10	May 5, 2026	4.35	4.35
Reserve Bank of New Zealand – Cash Rate	2.25	April 7, 2026	2.25	2.25
People's Bank of China – 7-Day Reverse Repo Rate	1.40	TBA	1.40	1.40
Reserve Bank of India – Repo Rate	5.25	April 8, 2026	5.25	5.25
Bank of Korea – Base Rate	2.50	April 10, 2026	2.50	2.50
Bank of Thailand – Repo Rate	1.00	April 29, 2026	1.00	1.00
Bank Negara Malaysia – Overnight Policy Rate	2.75	May 7, 2026	2.75	2.75
Bank Indonesia – BI-Rate	4.75	April 22, 2026	4.75	4.75
Central Bank of Philippines – Overnight Borrowing Rate	4.25	April 23, 2026	4.25	4.25

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	14.75	April 29, 2026	14.50	14.50
Banco Central de Chile – Overnight Rate	4.50	March 24, 2026	4.50	4.50
Banco de la República de Colombia – Lending Rate	10.25	March 31, 2026	11.25	11.25
Banco Central de Reserva del Perú – Reference Rate	4.25	April 9, 2026	4.25	4.25

**Banco Central de Chile:** Consensus has quickly reversed a 25bps cut call and now expects the Banco Central de Chile to keep their overnight rate unchanged on Tuesday. Despite the slowing trend of inflation, it's the forward looking upward risk in inflation in terms of global energy price shock which will keep the bank on hold. The key concern is its heavy reliance on the imported energy needs. On net, Chile imports 80-90% of its total oil and gas supply. Hence, the bank will stand pat for now before it can analyzed the persistence of the Middle East conflict and its impact on the economy.

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	6.75	March 26, 2026	6.75	6.75

**South African Reserve Bank (SARB):** Consensus expects the South African Reserve Bank to leave its repo rate unchanged on Thursday, even though inflation has eased back to its 3% target. In recent remarks, SARB Governor Lesetja Kganyago acknowledged the inflationary impact of elevated energy prices but placed greater emphasis on currency weakness. As he noted, "the impact for us on inflation gets felt more strongly with the depreciation of the currency than with the rise in the oil price".

Sources: Bloomberg, Scotiabank Economics.

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