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GLOBAL ECONOMICS

THE GLOBAL WEEK AHEAD

August 14, 2026

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With thanks for research support from: Jaykumar Parmar.

Next Week's Risk Dashboard

- **The bond market that I warned about and why it may be more attractive**
- **Deal or no deal? Tariffs and CUSMA crunch time**
- **US to impose 'never been seen' sanctions on Iran...**
- **...and how they could be destabilizing**
- **Canadian CPI — when core isn't core**
- **FOMC minutes — Stale and fresh…**
- **…with the focus on Warsh's four questions**
- **Canada's housing market is surging**
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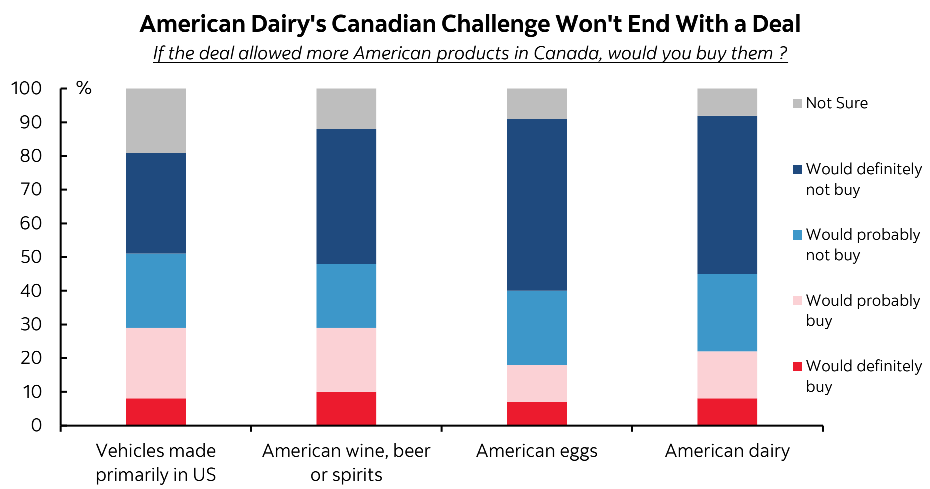
- **Australia wages and jobs still going strong?**
- **UK jobs & wages still cooling?**
- **Q2 GDP: Japan, Chile, Peru, Colombia**
- **Riksbank after the vote…**

Never Been Seen

FORECASTS & DATA

Chart of the Week



Sources: Scotiabank Economics, Angus Reid Institute.

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

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Never Been Seen

Tariffs and sanctions could well dominate market developments over the coming week over and above a bevy of global macro readings across many areas of the world. FOMC minutes will be mostly stale on arrival but with a twist, and only two regional central banks will weigh in with expected holds.

And yet front and centre in terms of market concerns is also how much further the bond selloff may go. It's what I warned about in writings dating back to before the US election in November 2024.

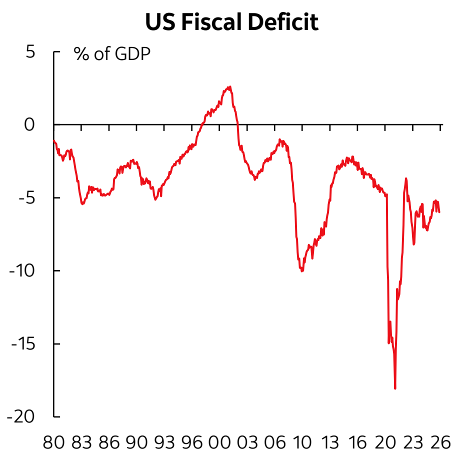
As procyclical fiscal policy began to be priced in on rising bets that Trump would win the election, the US 10-year Treasury yield climbed from about 3¾% in September 2024 to 4.7% now. At the time, I noted that "This isn't 2016 when bond markets didn't care about inflation and issuance. This is 2024, the US economy doesn't need pump priming, it's in excess demand and will remain there next year, and Trump's plans risk being highly destabilizing to world markets."

Yet the OBBA tried to repeat the TCJA of 2018 in a totally different backdrop for inflation risk and how bond markets would react and the result has been to rock bond markets and drive persistently high deficits (chart 1). The Trump administration delivered upon everything I said it would prior to the election from trade frictions to geopolitical risk to wider deficits and higher bond issuance, tighter immigration policy and more spirited attacks on federal agencies and the Fed.

Yet my belief is that we have a much more attractive entry point to US Treasuries with US 10s around 4.7% and 30s at 5¼%. Here are some supporting reasons:

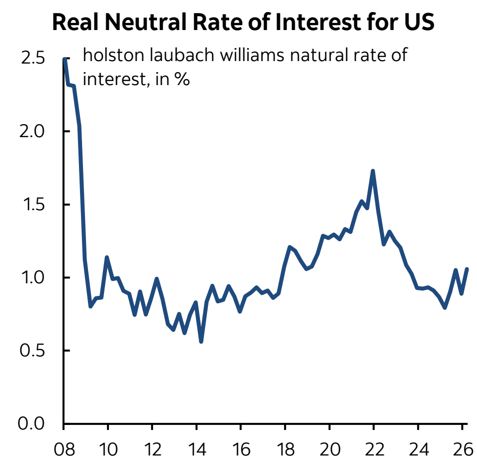
- I find it reasonable to continue to believe that the Fed's real neutral R* rate of interest is about 1% (chart 2).
- Five-year expected inflation is at or a little above 2% which is also probably reasonable if not a tad high (chart 3).
- The term premium has, in my opinion, gone far enough away from a low of -65bps in 2020 to over +80bps now and at the highest on a zero-coupon US 10-year bond since just after the GFC (chart 4). One reason it may have moved higher of late is because Chair Warsh's communications may have confused markets or created a heightened sense of uncertainty.
- Nominal US GDP growth can be correlated with the nominal US 10-year yield but a) there can be large deviations in the relationship at times, and b) today highlights the importance of viewing it in an expected sense. It's wrong to point to current NGDP growth of 6½% y/y as justification for a continued bond sell off at least given my view that real growth and expected inflation are likely to come in far below that on average over the next ten years. Applying the same simplistic logic coming out of the pandemic when NGDP growth accelerated to over 17% y/y would have made for a totally bonkers Treasury yield forecast.
- A limiting influence upon the US Treasury sell off is the yen carry trade. It has grown in its attractiveness as trend yen weakness funds interest in the front-end of the US Treasury market (chart 5). This may be part of why the US 2s sell off has moderated since late July.

Chart 1



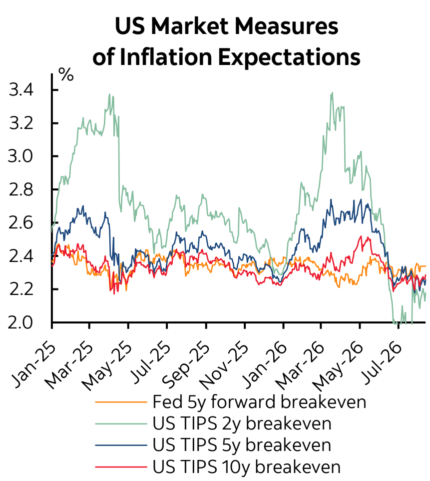
Sources: Scotiabank Economics, Bloomberg, US Treasury.

Chart 2



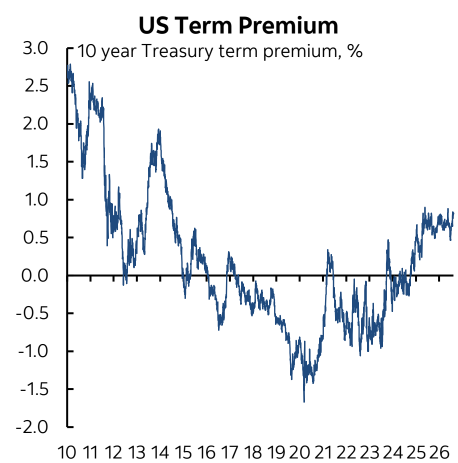
Sources: Scotiabank Economics, Federal Reserve Bank of New York.

Chart 3



Sources: Scotiabank Economics, Bloomberg.

Chart 4

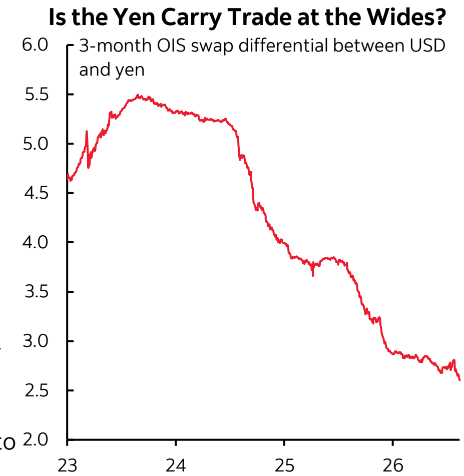


Sources: Scotiabank Economics, New York Federal Reserve.

- Last for now is that on a fundamentals basis, I still find it difficult to believe in the case for Fed tightening in terms of a wavering job market and various inflation arguments provided in last week's weekly.

At this point I don't see strong reason to back off our forecast for the US 10-year Treasury yield to continue to pull off the peaks toward 4½% at the end of Q3 and 4.35% end of Q4.

Chart 5



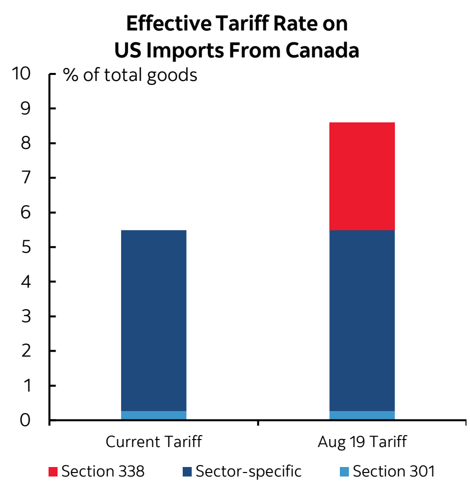
Sources: Scotiabank Economics, Bloomberg.

TARIFFS AND CUSMA—STAY TUNED

Wednesday at midnight is the deadline for an interim agreement to be struck between Canada and the US in order to avert new 50% tariffs on $20 billion of Canadian exports to the US. As previously noted, such a tariff hike could meaningfully raise the average effect tariff rate on Canadian exports (chart 6) while remaining below what is charged to virtually every other major US trading partner.

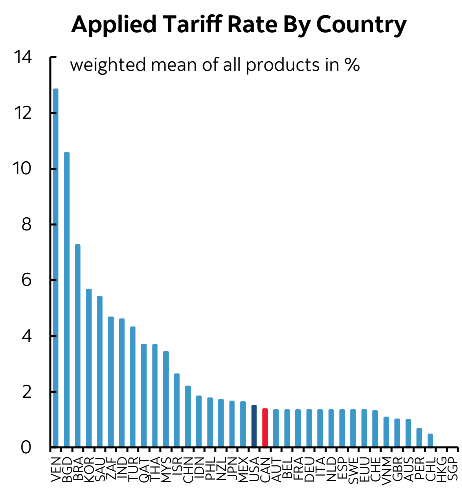
A grand all-encompassing agreement is unlikely at this stage. It's actually in Canada's interests to hold back some cards especially given the Trump administration's unreliability. For now, either Trump extends the deadline, or an interim agreement is struck. It's unclear which scenario will prevail, but we maintain cautious optimism. Why? Because going ahead with tariffs would exact a toll on both sides. The US administration would inflame tensions with a major trading partner and further harm how US voters view its foreign and affordability policies ahead of the November 7th midterms. The tariffs would likely invite retaliation that should be delivered in my view. Most economists would argue that retaliation only imposes further pain. Done properly in highly targeted fashion against politically influential areas of the US economy it can be the only language understood by the US administration.

Chart 6



Source: Scotiabank Economics.

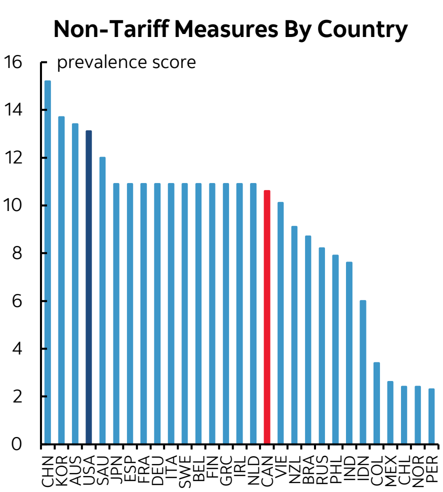
Chart 7



Sources: Scotiabank Economics, World Bank.

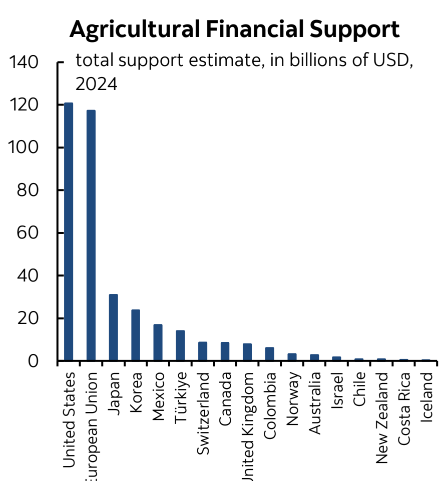
I wrote about this last week and since then we've seen fits and starts in terms of reported progress and tensions. Leakers on both sides are either punching above their weight, floating trial balloons, misinformed, or sharing genuine guidance. Flies on the wall left to sift through the volatility in media reports are best advised to simply see what comes.

Chart 8



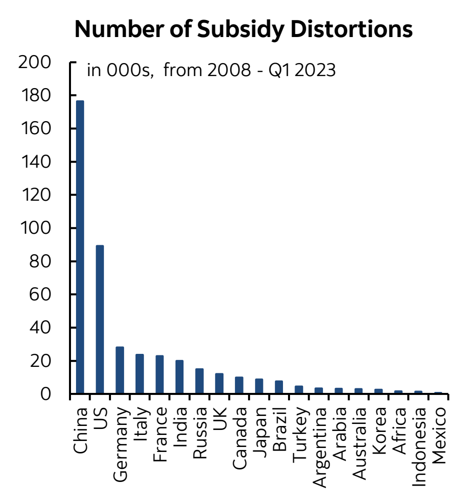
Sources: Scotiabank Economics, UNCTAD.

Chart 9



Sources: Scotiabank Economics, OECD.

Chart 10



Sources: Scotiabank Economics, The Hinrich Foundation.

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The US started a trade war—that it doesn't like calling a trade war—with multiple countries and has the nerve to complain about retaliation. It had no justification for doing so against Canada where the average tariff rate was the same as the US (chart 7), non-tariff barriers were the same (chart 8), and Canada subsidizes its economy much less so than the US (charts 9, 10).

Fwiw, I would fully support rejecting a bad deal on trade with overly expensive commitment to defence and security initiatives with taxpayers and bond markets left to foot the ball even if it meant a protracted period of uncertainty. This stance worked in 1988, 1992 and 2018 and today Canada holds many cards as argued last week. Canada should be prepared to walk.

ON ALERT FOR SANCTIONS

Watch for a potentially major escalation of trade and market tensions beginning this week. That's because US Treasury Secretary Bessent pledged to introduce "measures like have never been seen in the history of economic isolation of a country" over the coming week.

What could Bessent do to economically isolate Iran further and that has 'never been seen'? What could be the effects?

Target China and India: China is the main buyer of Iranian oil and is involved in undermining US sanctions. The US sanctions some individual Chinese entities and in April announced sanctions against Chinese "Teapot" refineries (**here**). The US could up the actions by sanctioning all—this time including large—Chinese banks and blocking access to the US and global financial systems. That would push China further away from the SWIFT system and block access to correspondent and other forms of banking. It could block access to US dollar funding markets. This would very likely enrage China and risk multiple forms of retaliation and escalation.

Broaden the scope of sanctions on Iran: This would extend the scope to any global group, company or entity that is involved in buying, financing, insuring or shipping Iranian oil. Looking at you, global banks, currency exchanges, commodity traders, shippers etc. Actions under this category would aim to entirely thwart the sale of oil from Iran to China in yuan and converted to dollars and other currencies via exchange houses in Iran and elsewhere. You target other Middle Eastern nations facilitating this trade by blocking their access to dollar funding and global banking markets. Like Dubai's one-foot-in-and-one-foot-out stance on the war that continues to facilitate Iranian transactions. Dubai fancies itself as a financial centre; you destroy such ambitions.

Target Iranian crypto assets: **This** Treasury announcement last month targeted individuals and entities under a specific Iranian person's name. The US could broaden this action to include freezing access to all Iranian global holdings of crypto, gold, real estate, foreign accounts etc.

Target global ports: Anyone foreign port that facilitates trade and transactions with shipping companies that transited Iranian ports could be targeted.

And there may well be other creative options in scale and scope. The broad point is to escalate the economic and financial blockade of the Iranian economy and financial system by enveloping all parts of the global economy—namely China—and global financial system that allow Iran to continue to sell oil and access funding markets.

Would it work? I'm not sure but I doubt it. Iran knows suffering. Iran is used to being a pariah. Iran still has friends in low places. Iran, and the proxies it supports, have their own means of escalating including unleashing unspeakable terror.

The consequences to the global economy and financial system could also limit or entirely thwart chances at success. I'm sure they know the risks (errr…..), but Treasury would sharply amplify tensions with China (and India) and could potentially cripple individual banks while not ruling out increased systemic risk within the broader financial system. That could boomerang back upon major central banks across the world including the Fed. Cutting off access to dollar funding markets could destabilize major players in the financial system. The spillover effects through a complicated web of connections shouldn't be treated lightly.

The US is finally getting that it can't just bash and bomb its way to victory against Iran. I'm not sure it gets the limitations and risks that could be associated with escalating broader measures at an all-encompassing global level. It could well take a bungled war that the US and Israel went into without much thought, without a strategy, and without an exit plan while not consulting Congress or allies and compound the missteps even further and potentially more seriously.

CANADIAN INFLATION—WHEN CORE ISN'T CORE

Canada refreshes CPI for the month of July on Monday morning. This is the last reading before the Bank of Canada's next decision on September 2nd at which we expect the BoC to hold its overnight rate unchanged at 2.25% in a statement-only affair. The October MPR will present fresh forecasts.

Total CPI is estimated to have risen by 0.5% m/m seasonally unadjusted that would translate into about a 0.3% m/m SA rise. The year-over-year rate is projected to increase to 3.0% from 2.8% previously.

Year-ago base effects would drop the y/y total CPI rate to about 2½% if there were no other price changes. July is normally a seasonal up-month across several categories. Gasoline prices will add a bit to m/m CPI and food prices are also expected to contribute. In my view, there is a strong case for ending the gasoline tax holiday on schedule after Labour Day because refineries have grabbed the space for themselves (chart 11). To the downside, core service prices ex-shelter are expected to retrench from the prior two strong readings (chart 12), although core goods inflation may be ripe for a rebound (chart 13). Some of that surge was driven by travel services which was partly driven by the release of pent-up demand for travel and partly by World Cup effects on Vancouver and Toronto.

Key, however, will be the core measures of inflation that have been diverging somewhat. In May and June, traditional core CPI (ex-food and energy) climbed by 3.1% m/m SAAR and 3.9% respectively. The three-month moving average of this measure has been running at 2.6%.

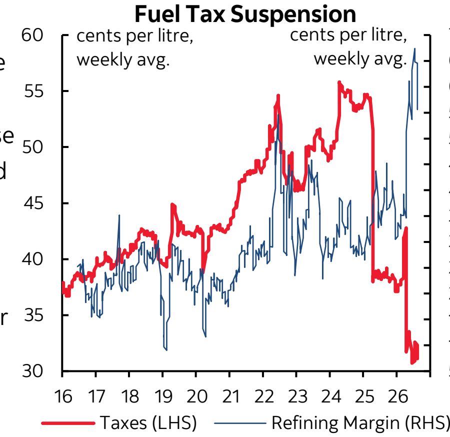
By contrast, trimmed mean and weighted median CPI have been volatile. March and April saw both measures accelerate out of the prior soft patch, only to stumble somewhat again in May and June. The average increase in trimmed mean CPI over the prior two months was 1.6% m/m SAAR and it was 1.7% for weighted median CPI.

It's impossible to credibly forecast month-over-month changes in trimmed mean and weighted median CPI given the lack of enough price data and the extreme sensitivity of the calculations. We want a smoothed measure for recent price changes as opposed to the year-over-year trimmed and weighted median measures that are slowing moving, compounded, month-over-month changes in prices.

Inflation risk remains elevated going forward. Survey measures indicate building price pressures with pass through risk (charts 14, 15). Core industrial product price inflation points to lagging upside to core CPI (chart 16). Inflation expectations remain elevated (chart 17). Gas prices

Chart 11

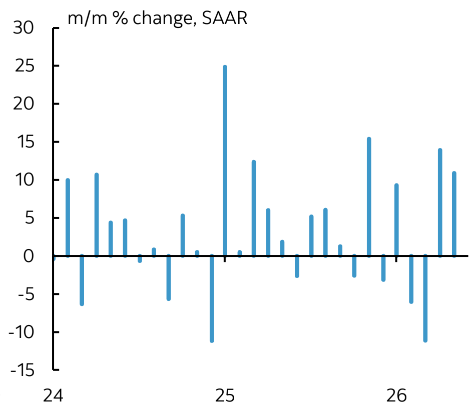
Refining Margin Offsetting Federal Fuel Tax Suspension



Sources: Scotiabank Economics, GoC.

Chart 12

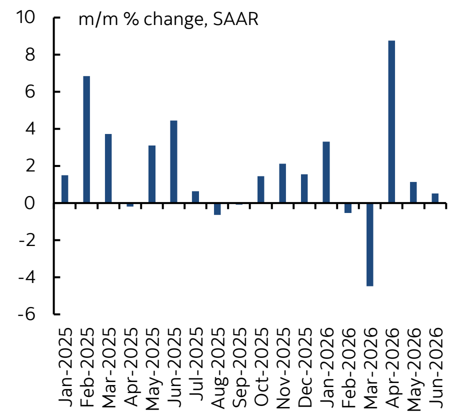
Canadian Services ex Shelter Inflation



Sources: Scotiabank Economics, Statistics Canada, Haver.

Chart 13

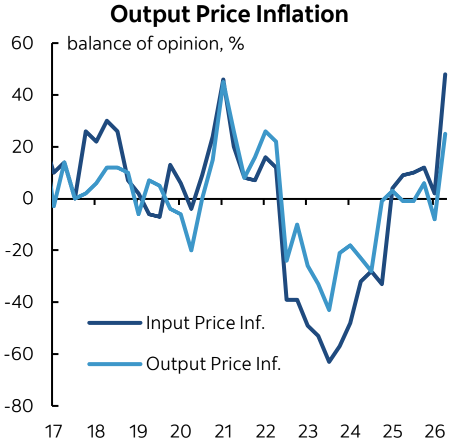
Canadian Core Goods Inflation



Sources: Scotiabank Economics, Statistics Canada, Haver.

Chart 14

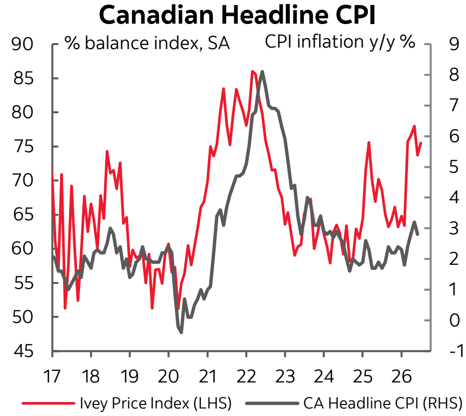
Canadian Business Input vs Output Price Inflation



Sources: Scotiabank Economics, Bank of Canada.

Chart 15

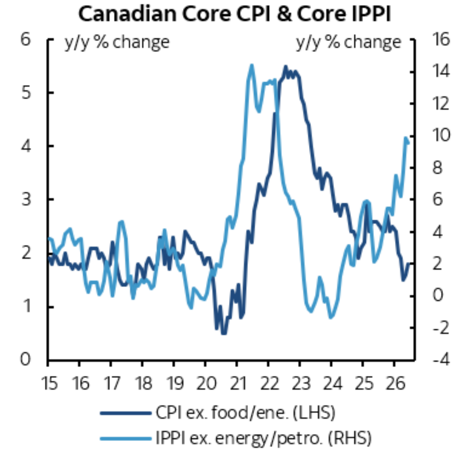
Canada's Ivey PMI & Canadian Headline CPI



Sources: Scotiabank Economics, Purchasing Management Association of Canada .

Chart 16

Canadian Core CPI & Core IPPI



Sources: Scotiabank Economics, Statistics Canada.

are likely to remain high. Transportation costs have been under upward pressure (chart 18).

Further, Scotia Economics continues to anticipate narrowing excess capacity as growth rebounds smartly (chart 19) while cost pressures remain significant. Wages are volatile but wage settlements drawn from the one-third of the workforce that is unionized continue to rise above the BoC's inflation target (chart 20) while productivity trends remain soft. Thus, unlike the US where only 10% of the workforce is unionized and facing real wage compression, Canada's wage settlements suggest real wages will keep pace for years to come.

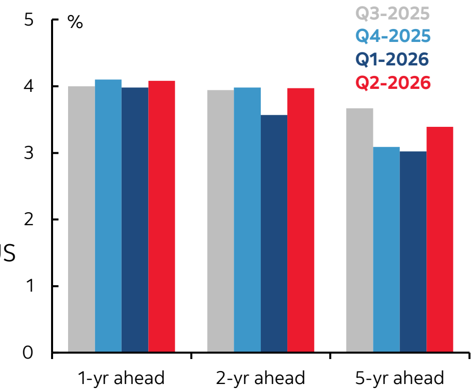
Beyond slack, added uncertainties include high cash positions and profit margins in the corporate sector that give the flexibility to absorb some cost pressures at least for a time until shareholders get tired of absorbing higher costs (charts 21, 22). Retail inventory-to-sales levels are off the pandemic lows but still toward the low end of history (chart 23), implying there isn't much of a buffer of older product at earlier prices to sell down.

Going forward, if monetary policy is unchanged at a very low inflation-adjusted policy rate and fiscal pump priming continues in the context of a commodity surge while a trade agreement is within reach, then there remains a case for a forward-looking central bank to embrace insurance hikes in the face of upside risk to inflation while sitting at the lower bound of neutral.

As for AI, it's too early to matter much in Canada. Electricity prices and prices for electrical components have been soaring, but they have very low weights in Canadian CPI.

Chart 17

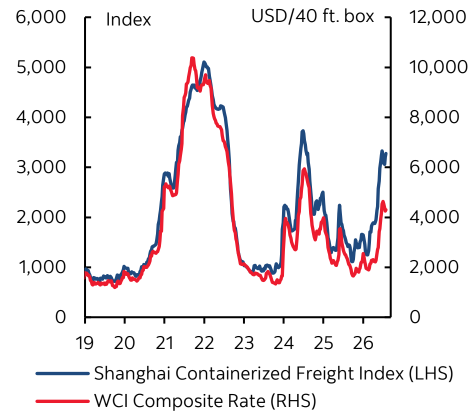
Canadian Consumers Inflation Expectations



Sources: Scotiabank Economics, Bank of Canada.

Chart 18

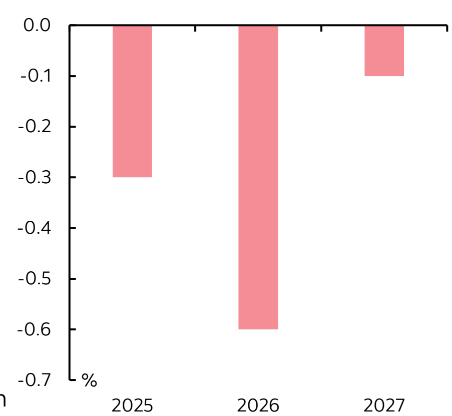
Global Shipping Costs



Sources: Scotiabank Economics, Drewry World Container Index, Shanghai Shipping Exchange.

Chart 19

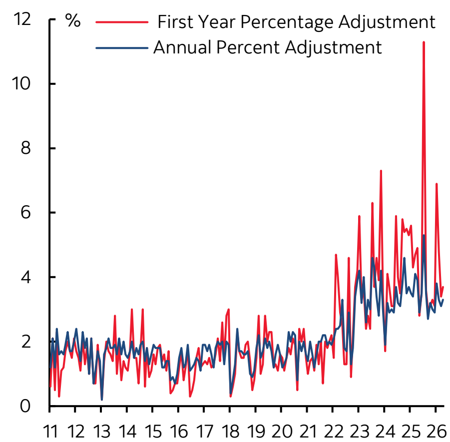
Canada Output Gap



Source: Scotiabank Economics.

Chart 20

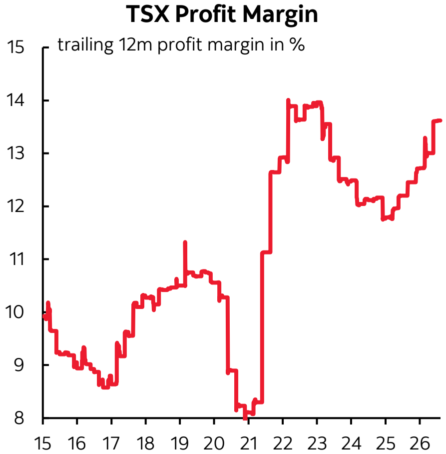
Canadian Wage Settlements



Sources: Scotiabank Economics, Statistics Canada.

Chart 21

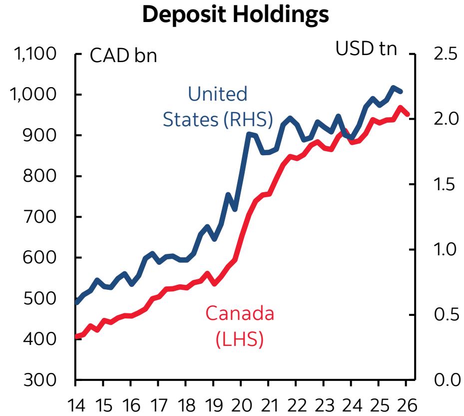
TSX Profit Margin



Sources: Scotiabank Economics, Bloomberg.

Chart 22

Non-Financial Corporate Cash and Deposit Holdings



Sources: Scotiabank Economics, Statistics Canada, Federal Reserve Board.

Chart 23

Inventory to Sales Ratio: Retail Trade

Sources: Scotiabank Economics, Statistics Canada.

CENTRAL BANKS—WARSH'S FOUR QUESTIONS

Two regional central banks weigh in with decisions over the coming week but could be overshadowed in global markets by the minutes to the July FOMC meeting.

FOMC Minutes—Stale and Fresh

The only thing that may be of interest in Wednesday's 2pmET publication of minutes to the July 28th–29th FOMC meeting may be the deeper discussion on four main questions that Chair Warsh laid out in his press conference. Those questions included:

1. What are the implications of the past five years of high inflation on the current policy conjuncture?

2. The economic shocks of recent years were considered including the pandemic, military conflict, energy shocks, AI surge and tariffs. Do they differ in their effects?

3. We took up the issue of changes in prices and whether they are generalized or narrow.

4. We focused upon monetary policy strategies to achieve price stability.

While the range of opinions referenced in the frequency of citations language employed by the minutes may be useful, what they think about potential near-term policy decisions may be less so.

The reason for that is that data and developments since that meeting have made the discussion a bit stale. Nonfarm payrolls have been weak for the past three months including a revised 63k gain in May, then 20k in June, and then a -23k drop in July. Core CPI inflation has been on a three-month softening trend. Pricing for rate hikes by the Federal Reserve has followed our advice to receive a temporary overshoot of short-term market interest rates. July's meeting had 8bps priced that vapourized after the hold. September's meeting was priced for about 27bps of a hike and is now at just 8bps. October was at 35bps in late July and now sits at half of a quarter-point hike. Year-end pricing has been cut from 44bps to 23bps now.

Bank Indonesia—Rebuilding Credibility

Consensus unanimously expects Indonesia's central bank to hold at an unchanged policy rate of 5.75% on Wednesday after surprising markets with a hold against hike expectations in July. Since the prior meeting, the rupiah has been relatively stable and despite the resignation of Governor Perry Warjiyo. There continues to be a pall cast upon the central bank under the new leadership of Governor Destry Damayanti who must build market credibility.

Riksbank—Let's Get the Vote Over with First

Sweden's central bank is widely expected to stay on hold at 1.75% on Thursday. Markets are priced for a 25bps rate hike by year-end with gradually escalating probabilities over the next four meetings. Swedes go to the polls on September 13th and it's the rare central banker that wishes to make an election about himself or herself! They previously said at the last decision on June 17th that "the probability of the rate being raised later this year has increased compared to the assessment in March." The bank is likely to wait out the election and seize the opportunity presented by publication of the next round of forecasts on September 24th to refresh its guidance.

GLOBAL MACRO—SOMETHING FOR EVERYONE

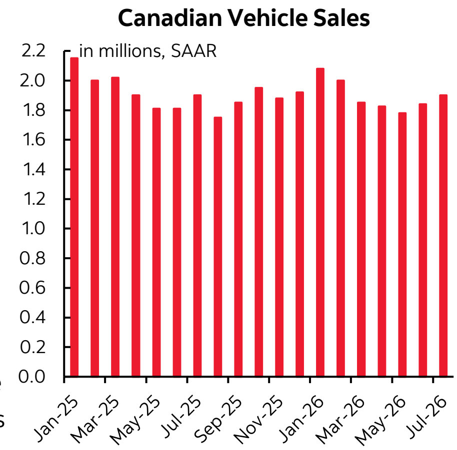
A wave of global macro indicators will be unleashed across many markets. The US will focus upon sustained housing weakness and soft manufacturing. Canada will focus upon rebounding housing and volatile retail sales. Global PMIs, UK jobs and inflation, Aussie jobs and inflation and several GDP reports from LatAm and Asian economies are all on the docket. I've partnered with my colleague Jay Parmar on what follows.

Canada—Surging Housing, Volatile Retail

Canada refreshes a handful of readings in addition to CPI this week. Key is Friday's retail sales report for June with more of the attention upon preliminary guidance for July. Statcan guided on July 23rd that the nominal value of sales during June was tracking a 0.4% m/m SA rise. That would mean very little if any growth in sales volumes. If so—and barring revisions that are common—then Q2 sales volumes are tracking a dip of under -1% q/q SAAR. This follows a surge of 5.4% q/q SAAR in Q1 that probably brought forward some momentum. One contributor to the volatility has been auto sales that peaked in January, slipped for the next four months and have risen for the past two months (chart 24). That could be helping to set up a more favourable Q3.

Canada also refreshes existing home sales for July (Tuesday) that have posted three consecutive monthly gains. Housing starts may rebound in July's reading (Tuesday); new home sales in Ontario reportedly surged by 130% y/y according to BILD as the government eliminated the 13% HST on sales. This is likely to drive a major surge in housing starts.

Chart 24



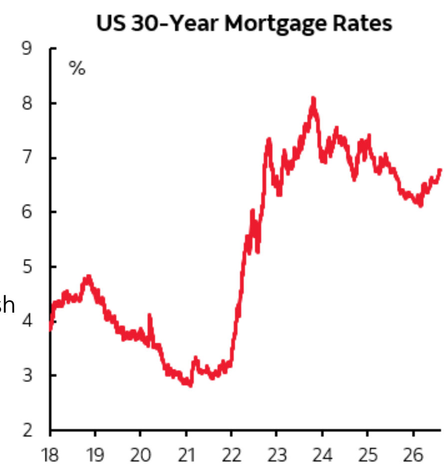
Sources: Scotiabank Economics, DesRosiers Automotive Consultants Inc.

US—Get Used to Weak Housing Markets

This will be a light data week in the US. Enjoy it while it lasts.

Housing will figure prominently. Homebuilder confidence in August (Monday) will tell us more about model home foot traffic that has been hugging around the lows of the post-GFC period. Housing starts during July (Tuesday) are likely to drop after a 19% m/m prior surge despite relatively tame building permits, suggesting volatile weather patterns are among the drivers. Pending home sales have been floating around the lowest readings since the series started at the turn of the century. Why? Chart 25 offers an answer. The other part of the answer is that whereas the Tax Cuts and Jobs Act primed the pump on growth in Trump 1.0, it was delivered in an environment of slack in the economy. The OBBA that was passed last year was not; the US economy remains in excess aggregate demand. Stimulus today lit up inflation fears and bond markets acted to sterilize it, thereby driving the 30-year fixed mortgage rate higher. The administration's policies have impaired housing.

Chart 25



Sources: Scotiabank Economics, Bankrate.com.

Also keep an eye on industrial gauges. The NY Fed's Empire manufacturing readings for August (Monday) kicks off the regional surveys on the path to the next ISM-manufacturing print. The Philly Fed's measures then arrives on Thursday. Industrial production may post a mild gain but manufacturing output has been flat for the past two months.

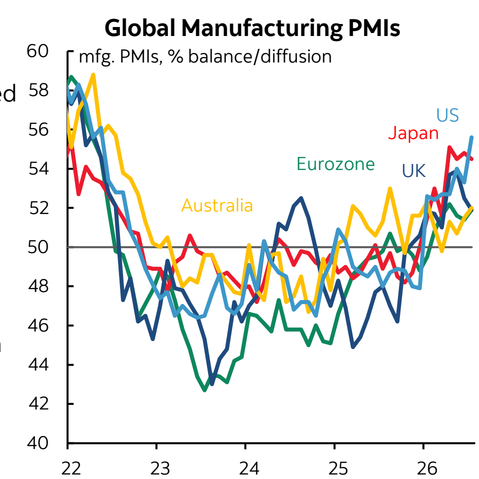
Global PMIs—Front-Loaded Strength?

To help gauge global growth momentum in Q3, markets will receive another round of August flash PMI releases this week. The data begin with Australia and Japan on Wednesday, followed by India, Europe, the UK, and the US on Thursday.

Global supply chain disruptions, strong demand for AI-related products, and a precautionary inventory build-up have driven significant front-loading of orders, supporting robust manufacturing activity across major economies since the start of the year (chart 26). More recently, however, there have been tentative signs that manufacturing momentum is moderating, as inventory accumulation slows amid adequate stock levels and demand softens in response to higher prices and elevated uncertainty. Meanwhile, services activity, which weakened sharply following the outbreak of the Middle East conflict, showed signs of stabilization in June before strengthening more broadly in July (chart 27), buoyed by summer events and tourism. Stronger demand for services has also kept inflationary pressures elevated.

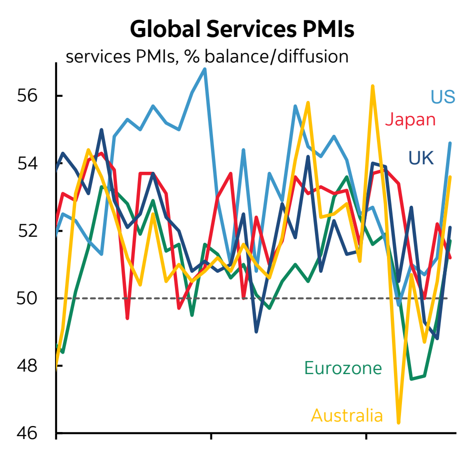
Taken together, global composite PMIs are expected to continue pointing to solid growth momentum heading into Q3 despite geopolitical uncertainty, while inflationary pressures remain elevated.

Chart 26



Sources: Scotiabank Economics, S&P Global.

Chart 27



Sources: Scotiabank Economics, Markit, Bloomberg, ISM.

UK—Not Much is Riding on Jobs and Inflation

After the BoE's more hawkish-than-expected 6–3 vote split to hold rates at its last meeting, attention will shift to incoming data ahead of September's policy decision.

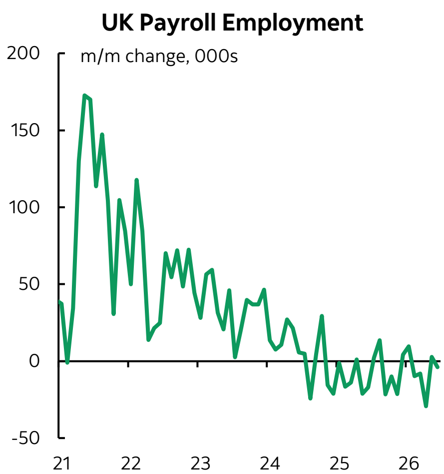
Following modest 0.4% q/q GDP growth in Q2, this week's focus will be on the first of two-labour market and inflation releases before the September meeting. Tuesday's labour market report is expected to reinforce the picture of gradual easing of job growth, with payroll employment contracting in four of the past six months (chart 28), vacancies trending lower and wage growth moderating (chart 29). In contrast, the Labour Force Survey continues to signal a more resilient labour market, with unemployment falling from 5.2% to 4.9% and expected to ease further to 4.7%. Given persistent concerns around response rates and the volatility of LFS estimates, policymakers are likely to focus on the broader trend rather than any single data point.

On the following day (Wednesday), attention will turn to CPI for further evidence of underlying disinflation. Recall that the BoE has highlighted "clear signs" of easing price pressures and little evidence of second-round effects from higher energy prices. While both core and services inflation are expected to moderate further on a year-over-year basis, greater attention should be paid to the month-over-month core readings, where favourable base effects are less influential. Indeed, despite the softer headline June inflation print, monthly core inflation remained relatively firm compared with seasonal patterns in previous years (chart 30). A second consecutive firm core reading could revive hawkish expectations and sharpen focus on the final inflation report due just ahead of the September policy meeting.

Australia—Aussie Jobs & Wages

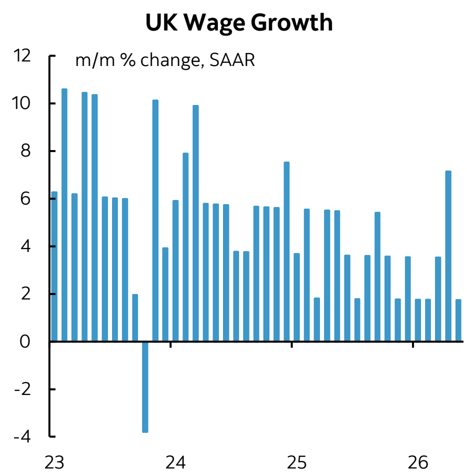
Australia will also refresh one of the two jobs market readings before the next monetary policy meeting on September 29th, alongside Q2 wage growth data on Tuesday. Following back-to-back upside surprises in employment growth (chart 31), labour market momentum remains resilient, with vacancies and job advertisements pointing to further job gains in July while keeping the unemployment rate at 4.4%. Wage growth is also expected to remain steady at over 3% q/q SAAR in Q2, although upside risks persist, supported by large increases across several enterprise agreements and the flow-through of the 4.75% annual wage review increase that came into effect on July 1st.

Chart 28



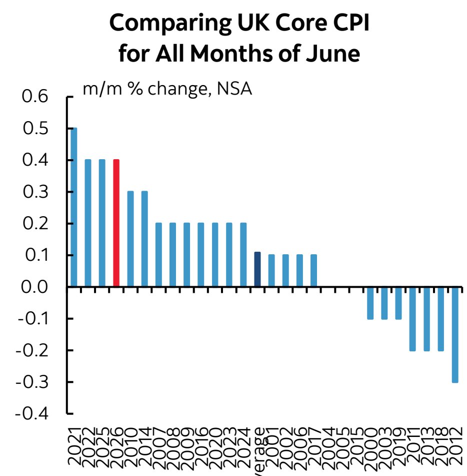
Sources: Scotiabank Economics, UK ONS.

Chart 29



Sources: Scotiabank Economics, UK ONS.

Chart 30



Sources: Scotiabank Economics, Bloomberg.

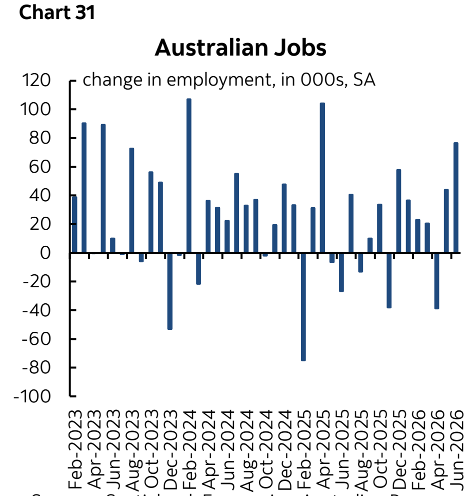
However, despite resilient employment growth, the RBA has emphasized that labour market conditions have eased slightly more than anticipated, with the unemployment rate rising to 4.4%, above its May forecast of 4.2%, largely due to stronger labour force growth. As such, a single data release is unlikely to alter the broader narrative. Instead, the focus will be on whether incoming data evolve in line with the RBA's expectation of slower employment growth and a gradual rise in unemployment, with any signs of renewed labour market tightening likely to reinforce a more hawkish policy stance.

Global GDP Readings—LatAm & Asia

On the growth front, Q2 GDP figures from Japan and Thailand are due on Sunday, followed by Chile and Colombia on Tuesday, while Brazil will release its June economic activity index on Monday.

Japan's economy is expected to deliver another solid quarter, with consensus forecasting annualized GDP growth of 2.1% in Q2 (chart 32). As in Q1, growth is likely to be supported by

Chart 31

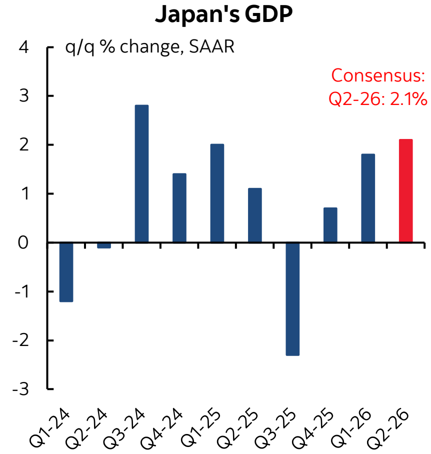


Sources: Scotiabank Economics, Australian Bureau of Statistics.

net exports and private consumption, while business investment is expected to rebound after a weak start to the year.

In Latam, monthly economic activity indicators suggest Chile narrowly avoided a technical recession, with Q2 GDP expected to grow just 0.1% y/y after contracting 0.5% y/y in Q1. Beyond the headline, the expenditure breakdown will be closely watched for signs of any weakness in household consumption following softer labour market data. Colombia, meanwhile, is expected to post a pick-up in growth, with GDP expanding by above 3% y/y in Q2.

Chart 32



Sources: Scotiabank Economics, Economic and Social Research Institute Japan.

Key Indicators for the week of August 17 – 21

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	08-17	08:30	Core CPI - Median (y/y)	Jul	--	2.0	1.9
CA	08-17	08:30	Core CPI - Trim (y/y)	Jul	--	1.8	1.8
CA	08-17	08:30	CPI, All items (m/m)	Jul	0.5	0.5	-0.4
CA	08-17	08:30	CPI, All items (y/y)	Jul	3.0	3.0	2.8
CA	08-17	08:30	CPI, All items (index)	Jul	--	--	169.0
CA	08-17	08:30	International Securities Transactions (C$ bn)	Jun	--	--	7.9
US	08-17	08:30	Empire State Manufacturing Index	Aug	--	10.0	15.6
CA	08-17	08:30	Core CPI - Common (y/y)	Jul	--	--	2.6
CA	08-17	08:30	CPI SA, All items (m/m)	Jul	--	--	-0.1
US	08-17	10:00	NAHB Housing Market Index	Aug	--	33.0	34.0
US	08-17	16:00	Total Net TIC Flows (US$ bn)	Jun	--	--	132.2
US	08-17	16:00	Net Long-term TIC Flows (US$ bn)	Jun	--	--	232.7
CA	08-18	05:00	Existing Home Sales (m/m)	Jul	--	--	0.5
CA	08-18	08:15	Housing Starts (000s a.r.)	Jul	245	247.5	239.0
US	08-18	08:30	Building Permits (000s a.r.)	Jul P	--	1370.0	1374.0
US	08-18	08:30	Export Prices (m/m)	Jul	--	0.0	-0.6
US	08-18	08:30	Housing Starts (000s a.r.)	Jul	1370	1350.0	1427.0
US	08-18	08:30	Housing Starts (m/m)	Jul	-4.0	-5.7	19.0
US	08-18	08:30	Import Prices (m/m)	Jul	--	0.1	0.3
US	08-18	09:15	Capacity Utilization (%)	Jul	--	76.3	76.1
US	08-18	09:15	Industrial Production (m/m)	Jul	0.2	0.3	0.1
US	08-18	10:00	Pending Home Sales (m/m)	Jul	--	0.4	-5.4
US	08-19	07:00	MBA Mortgage Applications (w/w)	Aug 14	--	--	3.6
CA	08-20	08:30	IPPI (m/m)	Jul	--	--	-1.4
CA	08-20	08:30	Raw Materials Price Index (m/m)	Jul	--	--	-6.9
US	08-20	08:30	Initial Jobless Claims (000s)	Aug 15	200	210.0	209.0
US	08-20	08:30	Continuing Claims (000s)	Aug 08	1790	--	1777.0
US	08-20	08:30	Philadelphia Fed Index	Aug	--	25.0	41.4
US	08-20	10:00	Leading Indicators (m/m)	Jul	--	0.1	-0.2
MX	08-21	08:00	Retail Sales (INEGI) (y/y)	Jun	--	--	1.6
CA	08-21	08:30	Retail Sales (m/m)	Jun	0.4	0.4	1.0
CA	08-21	08:30	Retail Sales ex. Autos (m/m)	Jun	--	0.4	1.2

EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
UK	08-18	02:00	Average Weekly Earnings (3-month, y/y)	Jun	4.0	4.3
UK	08-18	02:00	Employment Change (3M/3M, 000s)	Jun	117.0	147.0
UK	08-18	02:00	Jobless Claims Change (000s)	Jul	--	6.7
UK	08-18	02:00	ILO Unemployment Rate (%)	Jun	4.8	4.9
EC	08-18	05:00	ZEW Survey (Economic Sentiment)	Aug	--	23.4
GE	08-18	05:00	ZEW Survey (Current Situation)	Aug	-69.0	-77.6
GE	08-18	05:00	ZEW Survey (Economic Sentiment)	Aug	30.0	26.3
UK	08-19	02:00	CPI (m/m)	Jul	0.4	0.1
UK	08-19	02:00	CPI (y/y)	Jul	2.9	2.6
UK	08-19	02:00	RPI (m/m)	Jul	0.8	0.3
UK	08-19	02:00	RPI (y/y)	Jul	3.4	3.0
EC	08-19	04:00	Current Account (€ bn)	Jun	--	25.1
IT	08-19	04:00	Current Account (€ mn)	Jun	--	593.9
EC	08-19	05:00	CPI (m/m)	Jul F	0.2	0.2
EC	08-19	05:00	CPI (y/y)	Jul F	2.9	2.9
EC	08-19	05:00	Euro zone Core CPI Estimate (y/y)	Jul F	2.5	2.5
EC	08-19	05:00	Labour Costs (y/y)	2Q P	--	3.2

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

Key Indicators for the week of August 17 – 21

EUROPE *(continued from previous page)*

Country	Date	Time	Indicator	Period	Consensus	Latest
GE	08-20	02:00	Producer Prices (m/m)	Jul	0.3	-0.3
SW	**08-20**	**03:30**	**Riksbank Interest Rate (%)**	**Aug 20**	**1.75**	**1.75**
UK	08-20	19:01	GfK Consumer Confidence Survey	Aug	-18.0	-17.0
UK	08-21	02:00	PSNB ex. Interventions (£ bn)	Jul	--	16.0
UK	08-21	02:00	Public Finances (PSNCR) (£ bn)	Jul	--	15.2
UK	08-21	02:00	Public Sector Net Borrowing (£ bn)	Jul	-0.3	16.0
UK	08-21	02:00	Retail Sales ex. Auto Fuel (m/m)	Jul	-0.4	1.1
UK	08-21	02:00	Retail Sales with Auto Fuel (m/m)	Jul	-0.4	1.0
FR	08-21	03:15	Manufacturing PMI	Aug P	50.1	49.8
FR	08-21	03:15	Services PMI	Aug P	49.4	49.6
GE	08-21	03:30	Manufacturing PMI	Aug P	52.0	52.2
GE	08-21	03:30	Services PMI	Aug P	50.2	49.8
EC	08-21	04:00	Composite PMI	Aug P	51.7	52.0
EC	08-21	04:00	Manufacturing PMI	Aug P	51.8	51.9
EC	08-21	04:00	Services PMI	Aug P	51.5	51.7
UK	08-21	04:30	Manufacturing PMI	Aug P	51.5	51.9
UK	08-21	04:30	Services PMI	Aug P	52.0	52.1
EC	08-21	10:00	Consumer Confidence	Aug P	-16.2	-15.9

ASIA PACIFIC

Country	Date	Time	Indicator	Period	Consensus	Latest
JN	08-16	19:50	GDP (q/q)	2Q P	0.5	0.5
JN	08-16	19:50	GDP Deflator (y/y)	2Q P	2.3	3.2
SI	08-16	20:30	Exports (y/y)	Jul	26.5	20.7
CH	08-16	22:00	Fixed Asset Investment YTD (y/y)	Jul	-6.2	-5.7
CH	08-16	22:00	Industrial Production (y/y)	Jul	5.0	5.3
CH	08-16	22:00	Retail Sales (y/y)	Jul	1.5	1.0
TH	08-16	22:30	GDP (q/q)	2Q	-0.4	0.7
TH	08-16	22:30	GDP (y/y)	2Q	1.8	2.8
MA	08-17	00:00	CPI (y/y)	Jul	1.9	1.9
JN	08-17	00:30	Capacity Utilization (m/m)	Jun	--	0.1
JN	08-17	00:30	Industrial Production (m/m)	Jun F	--	1.3
JN	08-17	00:30	Tertiary Industry Index (m/m)	Jun	-1.0	1.1
JN	08-17	00:30	Industrial Production (y/y)	Jun F	--	4.2
PH	08-17		Overseas Remittances (y/y)	Jun	2.0	2.0
NZ	08-18	18:45	Producer Price - Inputs (q/q)	2Q	--	1.4
NZ	08-18	18:45	Producer Price - Outputs (q/q)	2Q	--	0.8
JN	08-18	19:50	Machine Orders (m/m)	Jun	7.8	-12.4
AU	08-18	21:30	Wage Cost Index (q/q)	2Q	0.8	0.8
ID	**08-19**	**03:20**	**BI 7-Day Reverse Repo Rate (%)**	**Aug 19**	**5.75**	**5.75**
JN	08-19	19:50	Merchandise Trade Balance (¥ bn)	Jul	-649.0	-409.9
JN	08-19	19:50	Adjusted Merchandise Trade Balance (¥ bn)	Jul	-417.9	-881.9
JN	08-19	19:50	Merchandise Trade Exports (y/y)	Jul	20.1	19.3
JN	08-19	19:50	Merchandise Trade Imports (y/y)	Jul	25.1	25.4
CH	08-19	21:00	PBoC Loan Prime Rate 1-Year (%)	Aug 20	3.0	3.0
AU	08-19	21:30	Employment (000s)	Jul	12.0	76.3
AU	08-19	21:30	Unemployment Rate (%)	Jul	4.4	4.4
PH	08-19		Balance of Payments (US$ mn)	Jul	--	3403.0

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

Key Indicators for the week of August 17 – 21

ASIA PACIFIC *(continued from previous page)*

Country	Date	Time	Indicator	Period	Consensus	Latest
MA	08-20	00:00	Exports (y/y)	Jul	35.4	45.4
MA	08-20	00:00	Imports (y/y)	Jul	32.0	43.9
MA	08-20	00:00	Trade Balance (MYR bn)	Jul	21.1	14.9
TA	08-20	04:00	Export Orders (y/y)	Jul	54.7	59.4
TA	08-20	04:20	Current Account Balance (US$ mn)	2Q	--	62530.0
HK	08-20	04:30	CPI (y/y)	Jul	1.7	2.0
HK	08-20	04:30	Unemployment Rate (%)	Jul	3.7	3.7
SK	08-20	17:00	PPI (y/y)	Jul	--	8.6
NZ	08-20	18:45	Trade Balance (NZD mn)	Jul	--	22.7
NZ	08-20	18:45	Exports (NZD bn)	Jul	--	8093.0
NZ	08-20	18:45	Imports (NZD bn)	Jul	--	8070.3
JN	08-20	19:30	National CPI (y/y)	Jul	1.9	1.7
JN	08-20	20:30	Markit/JMMA Manufacturing PMI	Aug P	--	54.5
ID	08-20	23:00	Current Account Balance (US$ mn)	2Q	-11784.0	-4008.0
MA	08-21	03:00	Foreign Reserves (US$ bn)	Aug 14	--	132.1
TH	08-21		Customs Exports (y/y)	Jul	21.0	20.8
TH	08-21		Customs Imports (y/y)	Jul	42.4	50.3
TH	08-21		Customs Trade Balance (US$ mn)	Jul	--	-6534.7

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
BZ	08-17	08:00	Economic Activity Index SA (m/m)	Jun	--	-0.4	0.1
BZ	08-17	08:00	Economic Activity Index NSA (y/y)	Jun	--	2.3	0.8
PE	08-17		GDP (y/y)	2Q	--	--	3.5
CL	08-18	08:30	GDP (q/q)	2Q	--	--	-0.3
CL	08-18	08:30	GDP (y/y)	2Q	--	--	-0.5
CO	08-19	11:00	Trade Balance (US$ mn)	Jun	--	--	-1222.7

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

Global Auctions for the week of August 17 – 21

NORTH AMERICA

Country	Date	Time	Event
CA	08-19	12:00	Canada to Sell 2 Year Bonds
US	08-19	13:00	U.S. To Sell 20-Year Bonds
US	08-20	13:00	U.S. To Sell 30-Year TIPS Reopening

EUROPE

Country	Date	Time	Event
UK	08-18	05:00	UK to Sell GBP4 Billion of 4.875% 2036 Bonds
DE	08-19	04:15	Denmark to Sell Bonds
NO	08-19	05:00	Norway to Sell Bonds
SW	08-19	05:00	Sweden to Sell SEK5 Billion of 2.5% 2036 Bonds
GE	08-19	05:30	Germany to Sell EU6 Billion of 3% 2036 Bonds
SW	08-20	05:00	Sweden to Sell I/L Bonds
FR	08-20	05:50	France to Sell I/L Bonds
IC	08-21	07:00	Iceland to Sell Bonds

ASIA PACIFIC

Country	Date	Time	Event
JN	08-17	23:35	Japan to Sell 5-Year Bonds
CH	08-18	23:35	China to Sell 24 Billion Yuan 2.24% 2046 Bonds
JN	08-19	23:35	Japan to Sell 20-Year Bonds
CH	08-20	22:35	China To Sell 10-Year Additional Bonds
CH	08-20	22:35	China To Sell 2-Year Additional Bonds
CH	08-20	22:35	China To Sell 5-Year Additional Bonds

LATIN AMERICA

Country	Date	Time	Event
No Scheduled Auctions			

Sources: Bloomberg, Scotiabank Economics.

Events for the week of August 17 – 21

NORTH AMERICA

Country	Date	Time	Event
US	08-19	14:00	FOMC Meeting Minutes
MX	08-20	11:00	Central Bank Monetary Policy Minutes

EUROPE

Country	Date	Time	Event
EC	08-17	05:30	ECB's Lane Speaks in Dublin
EC	08-18	07:45	ECB's Lane Speaks in Dublin
IC	**08-19**	**04:30**	**7-Day Term Deposit Rate**
SW	**08-20**	**03:30**	**Riksbank Policy Rate**
EC	08-21	04:00	ECB 1 Year CPI Expectations
EC	08-21	04:00	ECB 3 Year CPI Expectations
EC	08-21	05:00	Negotiated Wages

ASIA PACIFIC

Country	Date	Time	Event
AU	08-18	22:45	RBA's Hauser-Fireside Chat
ID	**08-19**	**03:20**	**BI-Rate**
CH	08-19	21:00	1-Year Loan Prime Rate
CH	08-19	21:00	5-Year Loan Prime Rate

LATIN AMERICA

Country	Date	Time	Event
UR	**08-18**		**Monetary Policy Rate**
MX	08-20	11:00	Central Bank Monetary Policy Minutes

Sources: Bloomberg, Scotiabank Economics.

Global Central Bank Watch

NORTH AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Canada – Overnight Target Rate	2.25	September 2, 2026	2.25	2.25
Federal Reserve – Federal Funds Target Rate	3.75	September 16, 2026	3.75	3.75
Banco de México – Overnight Rate	6.50	September 24, 2026	6.50	6.50

Federal Reserve: The Federal Open Market Committee will release the minutes of its July 28th–29th monetary policy meeting on Wednesday at 2:00 pm EST. While the minutes may be somewhat stale upon release—given that policymakers have since received an additional set of inflation and labour market data with another round of key economic releases due before the next meeting—the focus will be on the detailed discussion of the four key questions that Fed Chair Warsh highlighted in his opening statement at the post-meeting press conference.

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	2.40	September 10, 2026	2.65	2.65
European Central Bank – Marginal Lending Facility Rate	2.65	September 10, 2026	2.90	2.90
European Central Bank – Deposit Facility Rate	2.25	September 10, 2026	2.50	2.50
Bank of England – Bank Rate	3.75	September 17, 2026	3.75	3.75
Swiss National Bank – Sight Deposit Rate	0.00	September 24, 2026	0.00	0.00
Central Bank of Russia – One-Week Auction Rate	14.00	September 11, 2026	14.00	14.00
Sweden Riksbank – Repo Rate	1.75	August 20, 2026	1.75	1.75
Norges Bank – Deposit Rate	4.25	September 24, 2026	4.25	4.25
Central Bank of Turkey – Benchmark Repo Rate	37.00	September 10, 2026	37.00	37.00

Riksbank: Sweden's Riksbank is expected to keep its policy rate unchanged at 1.75% on Thursday while delivering hawkish guidance, supported by stronger-than-expected inflation and economic activity data since the last meeting. Markets are currently pricing in less than a 20% probability of a 25 bp rate hike at this meeting but continue to fully price a 25 bp increase by year-end. The likelihood of the Riksbank beginning a tightening cycle this week remains low given that Sweden's general election is only a month away. However, the central bank is unlikely to ignore the recent run of firm inflation data. Inflation has surprised to the upside over the past two months, while Q2 GDP growth has remained robust. In addition, the rebound in oil prices poses an upside risk to inflation, considering its net-importer status of oil & gas.

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	1.00	September 18, 2026	1.00	1.00
Reserve Bank of Australia – Cash Rate Target	4.35	September 29, 2026	4.35	4.35
Reserve Bank of New Zealand – Cash Rate	2.50	September 1, 2026	2.75	2.75
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	October 7, 2026	5.25	5.25
Bank of Korea – Base Rate	2.75	August 27, 2026	2.75	2.75
Bank of Thailand – Repo Rate	1.00	August 26, 2026	1.00	1.00
Bank Negara Malaysia – Overnight Policy Rate	2.75	September 3, 2026	2.75	2.75
Bank Indonesia – BI-Rate	5.75	August 19, 2026	5.75	5.75
Central Bank of Philippines – Overnight Borrowing Rate	4.75	August 27, 2026	5.00	5.00

Bank Indonesia: Barring any surprises, Bank Indonesia is expected to keep its policy rate unchanged at 5.75% on Wednesday after unexpectedly holding rates steady at its previous meeting, despite a market consensus that leaned toward a hike. The subsequent resignation of Governor Perry Warjiyo added pressure on the rupiah, but concerns have eased for now, since incoming Governor Destry Damayanti reaffirmed the central bank's commitment to currency stability and policy continuity. In addition, the latest stronger-than-expected Q2 GDP growth has also helped support the rupiah against the US dollar. Although inflation remains within the central bank's target range, leadership changes have raised concerns about the future independence of monetary policy. As a result, the markets will focus closely on the new governor's communication for any indications of shifting away from the current policy path.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	14.00	September 16, 2026	14.00	14.00
Banco Central de Chile – Overnight Rate	4.50	September 8, 2026	4.50	4.50
Banco de la República de Colombia – Lending Rate	12.00	September 30, 2026	12.50	12.50
Banco Central de Reserva del Perú – Reference Rate	4.25	September 10, 2026	4.25	4.25

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	7.00	September 23, 2026	7.25	7.25

Sources: Bloomberg, Scotiabank Economics.