EUROPE'S ILLUSORY REBOUND

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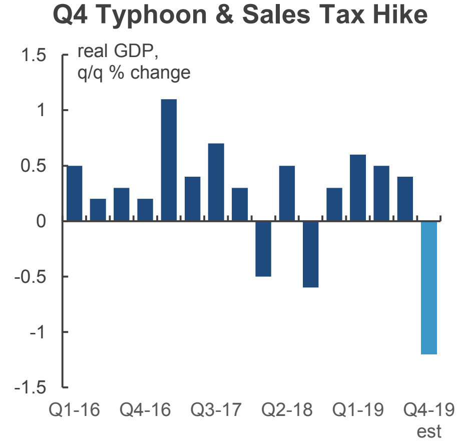
Next Week's Risk Dashboard

- Coronavirus
- PMIs: Eurozone, UK, US (Markit)
- GDP: Japan, Peru, Thailand
- CBs: PBOC, BI, Turkey
- CPI: Canada, Japan, Brazil, Sweden, Malaysia
- China financing
- Australian jobs
- Fed minutes
- CDN retail sales, manufacturing
- US industrial, housing data
- Other Fed-speak
- ECB account of meeting
- British Columbia budget
- CDN rail blockade
- CDN, US markets shut on Monday

Chart of the Week

Japanese Growth to Drop After Q4 Typhoon & Sales Tax Hike



Sources: Scotiabank Economics, Bloomberg.

Chart of the Week: Prepared by: Evan Andrade, Research Analyst.

Europe's Illusory Rebound

CANADA—TRACKING GROWTH AND INFLATION

Canadian markets start the week off slowly by being shut for Family Day, but developments quickly heat up thereafter. By week's end, we'll have more information on how the economy ended 2019 and entered 2020 as well as fresh inflation figures and the start of the months-long provincial budget season. Base case expectations include a rebound in manufacturing activity howsoever transitory, soft retail sales, higher headline CPI inflation but potentially softer core inflation and the first provincial budget to address higher risks to the outlook. We will also be closely monitoring whether the CN rail disruption is of long enough duration and magnitude to negatively impact growth tracking for February and Q1 as it comes at an especially inopportune moment for the nation's economy and its reputation abroad.

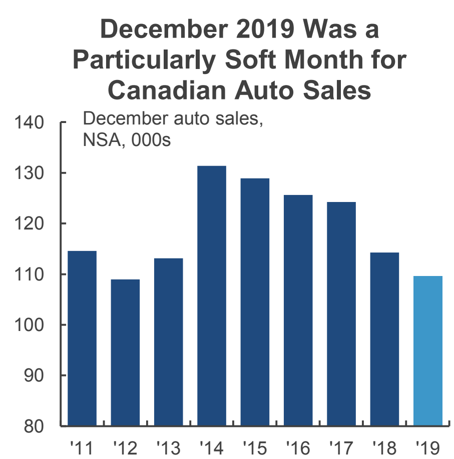
There will be three forms of indicator risk. The first one will be on Tuesday with the release of **manufacturing sales** for December. They will probably pop substantially higher and I've guesstimated a 1% gain in the value of sales. We already know that the value of exports climbed by about 2% m/m and the volume was up by 2.8% m/m. The gain was fed by a variety of drivers that may have partially reflected the rebound from the prior month's rail strike. Exports were higher for energy products, metal ores, chemicals, forestry products, industrial machinery, vehicles and consumer goods. There are three risks associated with translating this export gain in manufacturing-related categories to a rise in manufacturing shipments. One is that goods could have left factory gates beforehand and gotten stuck on the way to the border during the rail strike. In that case, shipments might not be as strong as exports once the wheels were back in motion. Another is that we have limited ability to track domestic shipments. Third is that total new manufacturing orders have fallen for the prior two months and six of the past seven months in which case trend growth in shipments is probably still weak even if next week coughs up a rebound.

CPI inflation for January arrives Wednesday. My estimates include an acceleration in headline inflation to 2.4% y/y (2.2% prior) but a slight deceleration in the average of the three core CPI readings. A shift in year-ago base effects to comparing against January 2019 could exert mild downward pressure on year-over-year inflation all else equal. Typical seasonality will likely boost seasonally unadjusted prices higher in January which would add a few tenths to the headline year-over-year inflation rate. That seasonality in January might be somewhat tempered by the fact that the prior month was stronger than is seasonally normal for a month of December, hence perhaps limiting further percentage price gains in January. Higher gasoline prices are likely to add about a tenth to CPI pressures. Last, there were a lot of idiosyncratic movements the prior month that are unlikely to repeat, such as a 23% m/m seasonally unadjusted jump in airfare in part owing to the shortage of planes given the grounding of the Boeing 737Max.

On core CPI, we've modelled a slight deceleration from 2.1% y/y in December to 2.0% y/y in January as the average of the trimmed mean, common component and weighted median metrics. Shifting the basket of 55 price categories that go into determining these measures by one month to drop December 2018 out of the sample is one reason for downward pressure. A one-month-out-of-sample mathematical model reinforces this outcome. Nevertheless, our confidence in this approach is not high. One reason is that new CPI basket weights are introduced in January of each year and we won't know them until we see them. Revisions to multiple months of the 55 items in the CPI basket represent another uncertainty. Small changes to the distribution of individual prices are also very difficult to anticipate and yet the three core gauges can be highly sensitive to these.

Friday then closes the week with retail sales for December. The guesstimates are for no growth in the dollar value of retail sales and only slight growth in sales ex-autos. The prior month was quite strong with sales up 0.9% m/m and driven primarily by higher auto sales. This could be a tough act to follow. Further, the autos component probably weakened in December. Seasonally adjusted passenger vehicle prices in CPI were down 0.9% m/m SA with a 22% weight on new car dealers in total retail sales so this price effect alone knocks 0.2% m/m off of retail sales growth. Vehicle sales volumes were probably down, with DesRosiers Automotive Consultants Inc.'s estimate pointing to among the weakest Decembers of the past decade (chart 1). Note, however, that individual months are heavily inferred since the US 'big 3' firms shifted to quarterly sales and with several

Chart 1



Sources: Scotiabank Economics, DAC.

others shifting to this reporting frequency into 2020. Finally, gas prices were up 2.9% m/m SA in December and, with a 10.7% weight on gasoline stations in total retail sales, therefore adds 0.3% m/m SA to total retail sales.

Finally, Marc Desormeaux notes that **Tuesday marks the third BC budget released under the NDP-Green Party power sharing agreement.** That will kick off the provincial budget season with the next one being Alberta on February 27th. Marc observes that, while BC maintains an enviable economic and fiscal position relative to other jurisdictions in Canada, downside risks to the outlook have become more heightened. BC's strong Asian trade ties make it especially vulnerable to diminished tourism and industrial activity via COVID-19 containment measures. Forestry sector concerns have intensified. And uncertainty has surfaced about the course of the LNG Canada megaproject following protests and rail service disruptions. Given the more sensitive risk environment, we expect a largely stay-the-course fiscal plan that focuses on maintaining surpluses and low debt levels and emphasizes efforts already underway with respect to child care, fighting climate change, and addressing housing affordability.

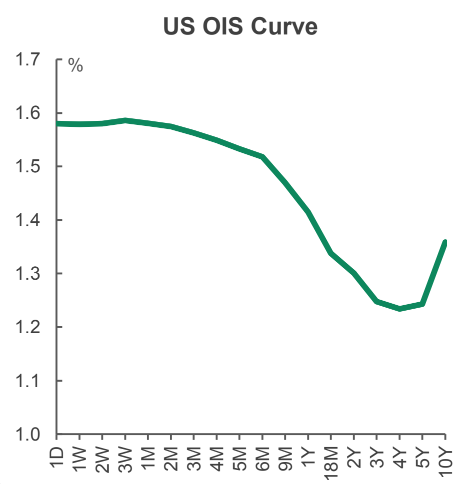
UNITED STATES—IN THIS CASE, BEING 'AVERAGE' SETS A HIGHER BAR

Markets will be closed on Monday for Presidents' Day (plural form…). The rest of the week should be fairly tame by way of the limited ability of the US to be in the driver's seat of world market developments.

Minutes to the January 28th–29th FOMC meeting will be released at 2pmET on Wednesday. A recap of the results of that meeting is available here. There could be the odd eyebrow raising moment or two, but for the most part the minutes may be treated as stale following Chair Powell's semi-annual testimony before Congress. Here are expectations for the minutes.

Watch for frequency of citation references to how the committee views downside risks to the outlook. Recent references to downside risks have fanned market pricing for easing (chart 2).

Chart 2



Sources: Scotiabank Economics, Bloomberg.

During the press conference on January 29th, Powell guided that there had been a **further discussion of the ongoing strategic review at this meeting.** This would continue the discussions they've had at the July, September, October and December meetings. **Further clues regarding expectations for the mid-year announcement of the strategic review are possible.**

Several observations have been gleaned from the minutes to those prior meetings by way of potential changes to the framework and tools in order to address future challenges. The FOMC **embraces forward guidance** of either a qualitative, date-based or outcome-based form depending upon the circumstances. **The FOMC emphasizes that LSAP/QE programs are likely to figure prominently** in future stimulus programs. There is **little support for rate caps on longer-term rates but majority support for considering caps on short-term rates**. There is **little support for negative rates** as a tool. **Inflation makeup strategies (e.g. price level targeting, nominal GDP targeting) are generally downplayed** by the FOMC in favour of the current flexible approach to inflation targeting. On that note, **watch for further discussion of the merits of average inflation targeting** around a 2% goal.

There may be a more granular discussion of the decision to slightly alter the reference to inflation in the January statement. Powell guided during the post-statement press conference that "yes there is something to that change" and how it was intended to flag that the FOMC would not be comfortable with inflation below 2% and the 2% is not an inflation ceiling. **Further discussion on the merits of average inflation targeting accompanied by the Fed's usual way of referring to the breadth of support by employing frequency of citation language is possible.**

Chair Powell gave more detailed balance sheet policy guidance at the January press conference and we might develop a further understanding of the range of FOMC opinions.

Powell also noted that the Fed is monitoring the **coronavirus and its potential impact**. Watch for any further discussion and the range of views on the implications for world and domestic growth and inflation.

Fed-speak will also include a number of officials from Wednesday onward. Regional Presidents Bostic, Mester, Kashkari, Kaplan and Barkin speak on Wednesday. Barkin speaks again on Thursday. Friday brings out Vice Chair Clarida, Governor Brainard, Bostic, Mester and Kaplan.

Macro indicator risk should be fairly light on balance and focused upon manufacturing and housing. Tracking of regional metrics that are of use in forecasting the next ISM-manufacturing report (due March 2nd) will commence with the Empire gauge on Tuesday followed by the Philly Fed metric on Thursday and then the Markit PMI measures on Friday. Producer prices (Wednesday), housing starts (Wednesday) and existing home sales (Friday) are also on the docket. In general, the housing data is expected to come in weaker as December's surge in housing starts unwinds and existing home sales resume tracking a soft trend in pending home sales.

EUROPE—GETTING SENTIMENTAL

European markets will be fixated upon how sentiment-based clues to near-term economic growth are holding up in the face of fresh risks to global growth including the coronavirus impact upon China. It's likely that we'll see some softening of the readings that could inform expectations for the Bank of England and ECB.

OIS markets continue to price about 50–50 odds of a Bank of England rate cut by summer. This bias may be informed—in either direction—by the coming week's heavy line-up of macro releases.

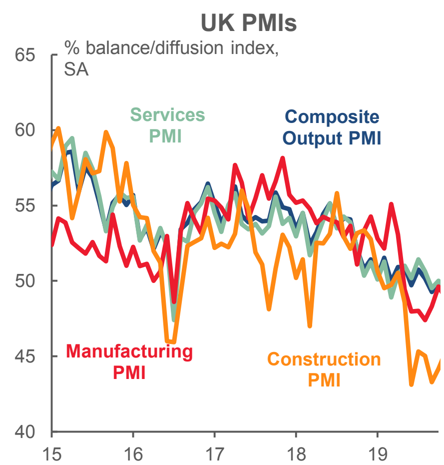
First out of the gates will be jobs and wages in December on Tuesday; wage growth is expected to ease a touch along with employment growth.

Second will be UK CPI for January on Wednesday; headline inflation could face some temporary sources of upward pressure but the greater focus will be upon core inflation that is expected to accelerate by a tick or two from the 1.4% reading in December that was the lowest print since November 2016.

Next up will be Thursday's retail sales figures for January that are expected to rebound from the prior month's weakness.

What may be the most important release of the week to the BoE arrives on Friday. That's when purchasing managers' indices will be updated. Recall that the large gains in January were a major factor in driving the central bank's decision to keep the policy rate unchanged (chart 3). Consensus expects some moderation.

Chart 3



Sources: Scotiabank Economics, Haver Analytics, Markit.

Sentiment readings will also be all the rage across the Eurozone. Purchasing managers' indices for February arrive on Friday and are expected to remain soft with the manufacturing sector still in contraction and moderate growth in services. The ZEW investor expectations survey will offer an advance sentiment teaser (Tuesday) along with Germany's reading. Germany also updates the GfK consumer confidence measure on Thursday.

Depending upon the course of developments across these fresh readings, the ECB's account of its January 23rd meeting may or may not be stale.

ASIA-PACIFIC—START WITH DESSERT!

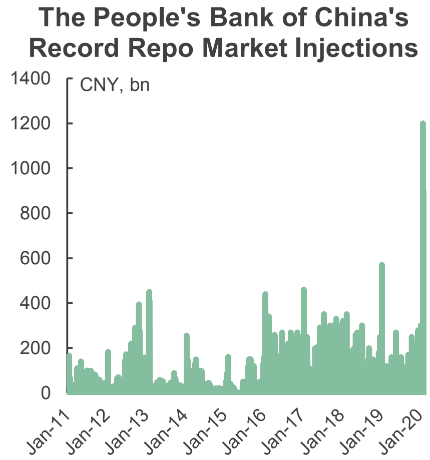
As in the recent past, coronavirus concerns could continue to overhang global and Asia-Pacific markets. The coronavirus case count stands at about 65k as of when this publication is being finalized on Friday February 14th with about 600 outside of mainland China. The number of patients who have totally recovered stands at just over 7,000 and the mortality rate is 2.15% (here). It's feasible that by the start of the week there will be between 75–80k cases, but confidence in the estimates is not high.

Asia-Pacific markets will also offer among the more interesting developments in other respects.

The People's Bank of China is expected to cut its one and five year Loan Prime Rates again on Wednesday evening, eastern time. The fiver is expected to be cut by 5–10bps and the one year rate by 10 in a mild steepening of policy rates. Market rates have already been pushed lower including a ½% decline in the five and ten year bond yield since late October. Such a reduction in the administered rates would partly reinforce market movements. In fact, in a certain sense, the way China does this is somewhat backward to elsewhere. Large open market liquidity injections have been occurring in order to drive market rates lower (chart 4) and then the administered policy rates are subsequently cut. It's the central banker's version of starting with dessert. Most central banks will cut the policy reference rate or range and instruct their market desks to engineer market rates toward the policy levels.

The move is expected to come after China updates credit and financing figures for January sometime around the start of the week. Loan growth is expected to have sharply accelerated because of the combined effects of the start of a new year for China's regulated lending marketplace and the earlier-than-normal Lunar New Year. The figures should be looked through ahead of readings in February and March that will inform the trend net of these effects and the impact of the coronavirus on consumer spending and credit demand.

Chart 4



Sources: Scotiabank Economics, Bloomberg.

What's interesting about **Japan's expected contraction in Q4 GDP** into the start of the new week is that it wasn't preceded by a sharp acceleration. Recall that Japan hiked its sales tax by 2% to 10% in October. The move was telegraphed long in advance, and yet consumers did not drive a notable acceleration in GDP growth leading up to the hike (see the chart on the front cover). Instead, GDP growth was range-bound in Q3 and yet the debate is focused upon exactly how bad the decline will be in the aftermath. Most estimates range from a Q4 GDP contraction of between 2½% and 5%. Tuesday's trade figures for January will then inform early Q1 GDP tracking amid dampened prospects for a rebound given coronavirus worries. Thursday's Japanese CPI estimate for January is—wait for it—expected to remain low around ¾% y/y.

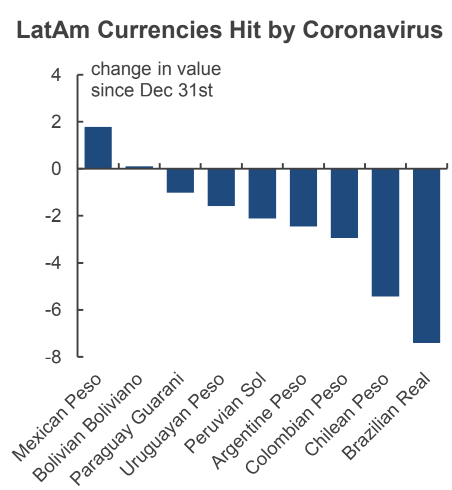
Other regional market developments will focus upon **Australia's latest jobs reading** for January (Wednesday night ET) and **minutes to the RBA's February 3rd meeting** on Monday. Hiring has remained resilient, but the first print of the new year may be more influenced by economic uncertainty stemming in part from factors like the coronavirus and fires. The meeting minutes are unlikely to shed new information after Governor Lowe has stated that the balance of risks to further easing is more tilted to the downside than the upside at this point.

Bank Indonesia is expected to join the herd and cut on Thursday. Scotiabank's Singapore-based Tuuli McCully is among the economists anticipating a 25bps reduction in the seven day reverse repo rate to 4.75%. Thailand's Q4 GDP release into the start of the week is likely to be faded by markets as a backward-looking acceleration that will give way to the sharp coronavirus hit to its tourism industry among others during Q1.

LATIN AMERICA—EXTERNALLY DRIVEN

Latin American markets will play follow-the-leader over the coming week. They will be buffeted by developments abroad as their domestic calendars will be lightly populated. In particular, the impact of the coronavirus has hit Latin American currencies through the commodities trade and China exposures and they will remain vulnerable. Chart 5 demonstrates the currency movements since December 31st when the World Health Organization first received reports from China about pneumonia cases in the Wuhan area.

Chart 5



Sources: Scotiabank Economics, Bloomberg.

Brazil will provide a first mid-month partial glimpse at inflation during February with the release of the IPCA-15 inflation report for February (Thursday). Inflation has been trending around 4.2% y/y and hence around the mid-point of the inflation target range. Another reading within that range is likely. This would reinforce Banco Sentral do Brasil's shift to the sidelines after it cut the Selic rate by 25bps on February 6th. The central bank's statement (here) noted "In light of the lagged effects of the monetary easing cycle that began in July 2019, the Committee deems appropriate to interrupt the monetary easing process."

Peru might update Q4 GDP growth as soon as the end of next week or any time the following week. Our Lima-based economists Guillermo Arbe and Pablo Nano expect growth to decelerate to 1.7% y/y from 3.0% the prior quarter.

Key Indicators for week of February 17 – 21

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	02/17	08:30	International Securities Transactions (C$ bn)	Dec	--	--	-1.8
CA	02/18	08:30	Manufacturing Shipments (m/m)	Dec	1.0	0.7	-0.6
US	02/18	08:30	Empire State Manufacturing Index	Feb	--	5.0	4.8
US	02/18	10:00	NAHB Housing Market Index	Feb	--	75.0	75.0
US	02/18	16:00	Total Net TIC Flows (US$ bn)	Dec	--	--	73.1
US	02/18	16:00	Net Long-term TIC Flows (US$ bn)	Dec	--	--	22.9
US	02/19	07:00	MBA Mortgage Applications (w/w)	Feb 14	--	--	5.0
CA	02/19	08:30	Core CPI - Common (y/y)	Jan	2.0	2.0	2.0
CA	02/19	08:30	Core CPI - Median (y/y)	Jan	2.0	2.2	2.2
CA	02/19	08:30	Core CPI - Trim (y/y)	Jan	2.0	2.1	2.1
CA	02/19	08:30	CPI, All items (m/m)	Jan	0.3	0.2	0.0
CA	02/19	08:30	CPI, All items (y/y)	Jan	2.4	2.3	2.2
CA	02/19	08:30	CPI, All items (index)	Jan	--	136.8	136.4
US	02/19	08:30	Building Permits (000s a.r.)	Jan	--	1450	1420
US	02/19	08:30	Housing Starts (000s a.r.)	Jan	1450	1410	1608
US	02/19	08:30	Housing Starts (m/m)	Jan	-9.8	-12.3	16.9
US	02/19	08:30	PPI (m/m)	Jan	0.1	0.1	0.1
US	02/19	08:30	PPI ex. Food & Energy (m/m)	Jan	0.1	0.2	0.1
CA	02/20	08:30	Teranet - National Bank HPI (y/y)	Jan	--	--	2.0
US	02/20	08:30	Initial Jobless Claims (000s)	Feb 15	210	210	202
US	02/20	08:30	Continuing Claims (000s)	Feb 8	1725	1717	1751
US	02/20	08:30	Philadelphia Fed Index	Feb	12	11.0	17.0
US	02/20	10:00	Leading Indicators (m/m)	Jan	--	0.4	-0.3
CA	02/21	08:30	Retail Sales (m/m)	Dec	0.0	0.1	0.9
CA	02/21	08:30	Retail Sales ex. Autos (m/m)	Dec	0.1	0.4	0.2
US	02/21	10:00	Existing Home Sales (mn a.r.)	Jan	5.3	5.5	5.5
US	02/21	10:00	Existing Home Sales (m/m)	Jan	-4.3	-1.6	3.6

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
UK	02/18	04:30	Average Weekly Earnings (3-month, y/y)	Dec	--	3.0	3.2
UK	02/18	04:30	Employment Change (3M/3M, 000s)	Dec	--	170	208
UK	02/18	04:30	Jobless Claims Change (000s)	Jan	--	--	14.9
UK	02/18	04:30	ILO Unemployment Rate (%)	Dec	--	3.8	3.8
EC	02/18	05:00	ZEW Survey (Economic Sentiment)	Feb	--	--	25.6
GE	02/18	05:00	ZEW Survey (Current Situation)	Feb	--	-10.0	-9.5
GE	02/18	05:00	ZEW Survey (Economic Sentiment)	Feb	--	22.0	26.7
EC	02/19	04:00	Current Account (€ bn)	Dec	--	--	33.9
IT	02/19	04:00	Current Account (€ mn)	Dec	--	--	4921
UK	02/19	04:30	CPI (m/m)	Jan	--	-0.4	0.0
UK	02/19	04:30	CPI (y/y)	Jan	--	1.6	1.3
UK	02/19	04:30	PPI Input (m/m)	Jan	--	-0.4	0.1
UK	02/19	04:30	PPI Output (m/m)	Jan	--	0.1	0.0
UK	02/19	04:30	RPI (m/m)	Jan	--	-0.6	0.3
UK	02/19	04:30	RPI (y/y)	Jan	--	2.6	2.2
TU	**02/19**	**06:00**	**Benchmark Repo Rate (%)**	**Feb 19**	**10.75**	**10.75**	**11.25**
GE	02/20	02:00	GfK Consumer Confidence Survey	Mar	--	9.8	9.9
GE	02/20	02:00	Producer Prices (m/m)	Jan	--	0.1	0.1
FR	02/20	02:45	CPI (m/m)	Jan F	--	-0.4	-0.4
FR	02/20	02:45	CPI (y/y)	Jan F	--	1.5	1.5
FR	02/20	02:45	CPI - EU Harmonized (m/m)	Jan F	--	-0.5	-0.5
FR	02/20	02:45	CPI - EU Harmonized (y/y)	Jan F	--	1.6	1.6
UK	02/20	04:30	Retail Sales ex. Auto Fuel (m/m)	Jan	--	0.8	-0.8
UK	02/20	04:30	Retail Sales with Auto Fuel (m/m)	Jan	--	0.7	-0.6
EC	02/20	10:00	Consumer Confidence	Feb A	--	-8.2	-8.1

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

Key Indicators for week of February 17 – 21

EUROPE *(continued from previous page)*

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
FR	02/21	03:15	Manufacturing PMI	Feb P	51.0	50.8	51.1
FR	02/21	03:15	Services PMI	Feb P	51.5	51.3	51.0
GE	02/21	03:30	Manufacturing PMI	Feb P	45.0	44.8	45.3
GE	02/21	03:30	Services PMI	Feb P	53.0	53.9	54.2
EC	02/21	04:00	Composite PMI	Feb P	51.0	51.0	51.3
EC	02/21	04:00	Manufacturing PMI	Feb P	47.5	47.5	47.9
EC	02/21	04:00	Services PMI	Feb P	52.0	52.3	52.5
UK	02/21	04:30	Manufacturing PMI	Feb P	49.5	49.7	50.0
UK	02/21	04:30	PSNB ex. Interventions (£ bn)	Jan	--	-11.4	4.8
UK	02/21	04:30	Public Finances (PSNCR) (£ bn)	Jan	--	--	16.6
UK	02/21	04:30	Public Sector Net Borrowing (£ bn)	Jan	--	-12.0	4.0
UK	02/21	04:30	Services PMI	Feb P	53.0	53.4	53.9
EC	02/21	05:00	CPI (m/m)	Jan F	--	-1.0	-1.0
EC	02/21	05:00	CPI (y/y)	Jan	--	1.4	1.4
EC	02/21	05:00	Euro zone Core CPI Estimate (y/y)	Jan F	--	1.1	1.1
IT	02/21	05:00	CPI - EU Harmonized (y/y)	Jan F	--	0.5	0.5

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
JN	02/16	18:50	GDP (q/q)	4Q P	-1.2	-1.0	0.4
SI	02/16	19:00	Real GDP (y/y)	4Q F	0.8	0.8	0.8
SI	02/16	19:30	Exports (y/y)	Jan	--	-2.9	2.4
TH	02/16	21:30	GDP (y/y)	4Q	2.0	2.0	2.4
TH	02/16	21:30	Annual GDP (y/y)	2019	2.4	2.4	4.1
ID	02/16	23:00	Exports (y/y)	Jan	--	1.4	1.3
ID	02/16	23:00	Imports (y/y)	Jan	--	-4.9	-5.6
ID	02/16	23:00	Trade Balance (US$ mn)	Jan	--	-288.0	-28.2
JN	02/16	23:30	Capacity Utilization (m/m)	Dec F	--	--	-0.3
JN	02/16	23:30	Industrial Production (y/y)	Dec F	--	--	-3.0
PH	02/16-02/17		Overseas Remittances (y/y)	Dec	--	3.1	2.0
HK	02/18	03:30	Unemployment Rate (%)	Jan	3.4	3.4	3.3
JN	02/18	18:50	Machine Orders (m/m)	Dec	--	-8.9	18.0
JN	02/18	18:50	Merchandise Trade Balance (¥ bn)	Jan	--	-1684.8	-154.6
JN	02/18	18:50	Adjusted Merchandise Trade Balance (¥ bn)	Jan	--	-568.0	-102.5
JN	02/18	18:50	Merchandise Trade Exports (y/y)	Jan	--	-7.0	-6.3
JN	02/18	18:50	Merchandise Trade Imports (y/y)	Jan	--	-2.0	-4.9
AU	02/18	19:30	Wage Cost Index (q/q)	4Q	--	0.5	0.5
PH	02/18-02/19		Balance of Payments (US$ mn)	Jan	--	--	1572
SK	02/19	16:00	PPI (y/y)	Jan	--	--	0.7
NZ	02/19	16:45	Producer Price - Inputs (q/q)	4Q	--	--	0.9
NZ	02/19	16:45	Producer Price - Outputs (q/q)	4Q	--	--	1.0
AU	02/19	19:30	Employment (000s)	Jan	20	10.0	28.9
AU	02/19	19:30	Unemployment Rate (%)	Jan	5.1	5.2	5.1
CH	**02/19**	**20:30**	**China 1 Year Loan Prime Rate**	**Feb**	**4.10**	**4.05**	**4.15**
JN	02/19-02/23		Supermarket Sales (y/y)	Jan	--	--	-3.3
ID	**02/20**	**02:20**	**BI 7-Day Reverse Repo Rate (%)**	**Feb 20**	**4.75**	**4.75**	**5.00**
TA	02/20	03:00	Export Orders (y/y)	Jan	--	-7.3	0.9
TA	02/20	03:20	Current Account Balance (US$ mn)	4Q	--	--	12480
HK	02/20	03:30	CPI (y/y)	Jan	3.1	3.1	2.9
JN	02/20	18:30	National CPI (y/y)	Jan	0.7	0.7	0.8
JN	02/20	19:30	Markit/JMMA Manufacturing PMI	Feb P	--	--	48.8
MA	02/20	23:00	CPI (y/y)	Jan	1.5	1.8	1.0
JN	02/20	23:30	All Industry Activity Index (m/m)	Dec	--	0.3	0.9
JN	02/21	00:30	Nationwide Department Store Sales (y/y)	Jan	--	--	-5.0

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

Key Indicators for week of February 17 – 21

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
PE	02/15	00:00	Economic Activity Index NSA (y/y)	Dec	1.0	--	1.9
PE	02/15	00:00	Unemployment Rate (%)	Jan	--	--	5.4
CO	02/17	10:00	Trade Balance (US$ mn)	Dec	--	-511	-1660
BZ	02/20	07:00	IBGE Inflation IPCA-15 (m/m)	Feb	--	0.2	0.7
BZ	02/20	07:00	IBGE Inflation IPCA-15 (y/y)	Feb	--	4.2	4.3
BZ	02/21	07:30	Current Account (US$ mn)	Jan	--	-11200	-5691
PE	02/21-02/27		GDP (y/y)	Q4	1.7	--	3.0

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

Global Auctions for week of February 17 – 21

NORTH AMERICA

Country	Date	Time	Event
CA	02/19	12:00	Canada to Sell 5 Year Bonds
US	02/20	13:00	U.S. to Sell 30-Year TIPS

EUROPE

Country	Date	Time	Event
GE	02/18	06:30	Germany to Sell 5 Billion Euros of 2022 Bonds
DE	02/19	04:30	Denmark to Sell Bonds
GE	02/19	05:30	Germany to Sell EUR 1.5 Bln of 1.25% 2048 Bonds
SP	02/20	04:45	Spain to Sell Bonds
FR	02/20	04:50	France to Sell Bonds
SW	02/20	05:00	Sweden to Sell I/L Bonds
UK	02/20	05:30	U.K. to Sell 3.25 Billion Pounds of 1.5% 2026 Bonds
FR	02/20	05:50	France to Sell I/L Bonds
IC	02/21	05:00	Iceland to Sell Bonds

ASIA-PACIFIC

Country	Date	Time	Event
SK	02/16	21:30	Korea to Sell KRW 2.7 Tln 10-Year Bond
JN	02/17	22:35	Japan to Sell 5-Year Bonds
TA	02/17	23:30	Taiwan to Sell 1 & 10 Year Bonds
PH	02/18	00:00	Philippine to Sell PHP30Bln 10 Year Bonds
ID	02/18	04:00	Indonesia to Sell 5,10,15,20, & 30 Year Bonds
SK	02/18	20:30	Korea Central Bank to Sell KRW 2.5Tln 2 Year Bonds
CH	02/18	22:00	China Plans to sell 1 & 10 Year Upsized Government Bonds
TH	02/18	22:00	Thailand to Sell THB3 Bln Bonds Due 2049
JN	02/18	22:30	Japan to Sell 1 Year Notes
NZ	02/19	20:05	New Zealand to Sell NZD200 Mln 2.75% 2037 Bonds
TH	02/19	22:00	Bk of Thailand to Sell THB35 Bln 2 Year Bonds
JN	02/19	22:35	Japan to Sell 20 Year Bonds

Sources: Bloomberg, Scotiabank Economics.

Events for week of February 17 – 21

NORTH AMERICA

Country	Date	Time	Event
US	02/19	08:10	Fed's Bostic Speaks on U.S. Economic Outlook in Atlanta
US	02/19	11:45	Fed's Kashkari Speaks in Mankato, Minnesota
US	02/19	13:30	Fed's Kaplan Speaks in Dallas
US	02/19	14:00	FOMC Meeting Minutes
US	02/19	16:30	Fed's Barkin Discusses Monetary Policy Framework
US	02/21	09:35	Fed's Kaplan Speaks in Dallas
US	02/21	10:15	Fed's Brainard and Bostic Take Part on Panel Policy Forum
US	02/21	12:00	ECB's Lane Gives Speech at Booth Policy Forum in New York
EC	02/21	12:00	ECB Board Member Lane Speaks in New York
US	02/21	13:30	Fed's Clarida Takes Part in Panel at Booth Forum in New York

EUROPE

Country	Date	Time	Event
EC	02/17	09:00	ECB Board Member Lane Speaks in Lisbon
RU	02/17		Bank of Russia releases quarterly monetary report
SW	02/18	12:30	Riksbank's Ingves Talks About Economy, Policy in New York
SW	02/19	03:00	Riksbank's Ohlsson Participates in Seminar on Payment Market
TU	**02/19**	**06:00**	**One-Week Repo Rate**
NO	02/20	04:00	Norges Bank 1Q Expectations Survey
EC	02/20	05:30	ECB Vice President Guindos Speaks in Frankfurt
EC	02/20	07:30	Publication of account of ECB's Monetary Policy Meeting
SW	02/21	03:30	Riksbank Publishes Minutes From Feb.11 Meeting
SW	02/21	06:30	Riksbank's Ohlsson Speaks on Economic Situation and Policy
UK	02/21	13:30	BOE's Tenreyro Speaks on Panel in New York

ASIA-PACIFIC

Country	Date	Time	Event
AU	02/17	19:30	RBA Minutes of Feb. Policy Meeting
AU	02/19	19:30	RBA FX Transactions Market
CH	**02/19**	**20:30**	**China 1 Year Loan Prime Rate**
ID	**02/20**	**02:20**	**Bank Indonesia 7D Reverse Repo**

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	1.75	March 4, 2020	1.50	1.75
Federal Reserve – Federal Funds Target Rate	1.75	March 18, 2020	1.75	1.75
Banco de México – Overnight Rate	7.00	March 26, 2020	7.00	7.00

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	0.00	March 12, 2020	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	0.25	March 12, 2020	0.25	0.25
European Central Bank – Deposit Facility Rate	-0.50	March 12, 2020	-0.50	-0.50
Bank of England – Bank Rate	0.75	March 26, 2020	0.75	0.75
Swiss National Bank – Libor Target Rate	-0.75	TBA	-0.75	-0.75
Central Bank of Russia – One-Week Auction Rate	6.00	March 20, 2020	6.00	6.00
Sweden Riksbank – Repo Rate	0.00	April 28, 2020	0.00	0.00
Norges Bank – Deposit Rate	1.50	March 19, 2020	1.50	1.50
Central Bank of Turkey – Benchmark Repo Rate	11.25	February 19, 2020	10.75	10.75

Central Bank of Turkey: Turkey's benchmark repo rate will be set on February 19th. We believe the central bank will ease an additional 50 basis points, bringing the repo rate to 10.75%. The bank has aggressively cut rates in every meeting since June of last year when the repo rate stood at 24%. Inflation rose in January to 12.15% y/y from a recent low of 8.5% y/y in October. Despite rising inflation, President Erdogan has stated that the interest rate will fall to single digits in 2020.

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	March 19, 2020	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	0.75	March 2, 2020	0.75	0.75
Reserve Bank of New Zealand – Cash Rate	1.00	March 24, 2020	1.00	1.00
People's Bank of China – 1-Year Loan Prime Rate	4.15	February 20, 2020	4.10	4.05
Reserve Bank of India – Repo Rate	5.15	April 3, 2020	5.15	5.15
Bank of Korea – Bank Rate	1.25	February 27, 2020	1.25	1.25
Bank of Thailand – Repo Rate	1.00	March 25, 2020	1.00	1.25
Bank Negara Malaysia – Overnight Policy Rate	2.75	March 3, 2020	2.75	2.75
Bank Indonesia – 7-Day Reverse Repo Rate	5.00	February 20, 2020	4.75	4.75
Central Bank of Philippines – Overnight Borrowing Rate	3.75	March 19, 2020	3.75	3.75

People's Bank of China (PBoC): China's new benchmark Loan Prime Rates (LPR) will be set on February 20. We expect the 1-year LPR to be guided 5 basis points lower to 4.10% in order to support the economy that is facing significant downward pressure because of the coronavirus.

Bank Indonesia (BI): Indonesian monetary authorities will make a policy decision on February 20. We expect the central bank to cut the 7-day reverse repo rate by 25 bps to 4.75% on the back of concerns regarding the adverse impact of the coronavirus on the Indonesian and regional economies. We assess that contained inflationary pressures (the CPI rose by 2.9% y/y in January) provide room to ease monetary policy.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	4.25	March 18, 2020	4.25	4.25
Banco Central de Chile – Overnight Rate	1.75	March 31, 2020	1.75	1.50
Banco de la República de Colombia – Lending Rate	4.25	March 27, 2020	4.25	4.25
Banco Central de Reserva del Perú – Reference Rate	2.25	March 12, 2020	2.25	2.25

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	6.25	March 19, 2020	6.25	6.25

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