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**FORECASTS & DATA**

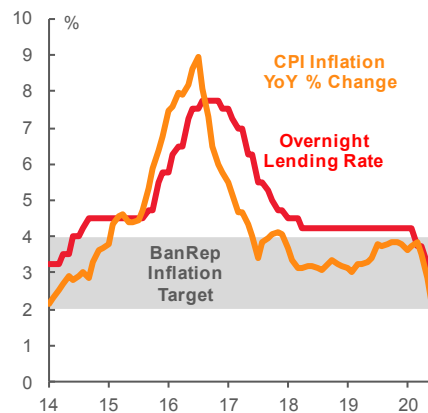
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**Next Week's Risk Dashboard**

- 3 key market debates
- Jobs: US, Canada
- PMIs: China, US, Canada, Eurozone-r, India
- CBs: BanRep, Chile, RBA
- Inflation: Eurozone-r, Peru, Indonesia, SK, Philippines
- Q2 GDP: Australia, India
- Other global macro releases

**Chart of the Week**
**Colombian Inflation Should Allow  
BanRep To Cut Towards ELB**


Sources: Scotiabank Economics, Bloomberg.

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

## Three Market Debates

Two of the most widely followed sets of global macro indicators will be squarely in market sights next week in the never-ending quest for the freshest signals of global economic momentum. In fact, this coming week will be one for the data nerds among us. Toss in a trio of regional central banks with a particular slant toward the Latin American monetary policy environment and that about sums up the coming week in terms of calendar-based risk. Headline risk is otherwise likely to be relatively low and focused upon the same old, same old by way of Brexit negotiations that are at a stalemate, US stimulus negotiations that are at a stalemate, ongoing US-China tensions and the two-month count down to the November 3<sup>rd</sup> US election.

**In the backdrop to these developments are more important market developments that strike to the heart of the global financial system.** One is a potentially **fundamental reassessment of inflation risk** that is ongoing in markets. Chart 1 shows the recovery in the Fed's preferred inflation measure that proxies expected long run inflation five years out and five years forward from that. It's a preferred measure in part due to fewer liquidity and other distortions that affect inflation break even rates derived from spreads between nominal Treasury bonds and CPI-indexed TIPS across maturities. This measure has risen by ¼% since the low in March, over 30bps in less than five weeks and by about 11bps in just the past week. The measure has returned to where it was at the start of the year before the pandemic. The Fed's relaxed posture toward inflation risk explains part of this move of late while preceding moves also encapsulated less deflationary fears in a recovering economy.

**Second is whether steepeners have further room to run.** The US 10 year yield has rise by about 0.25% to about ¾% during the month of August. The latest move this past week was driven by the Fed's more relaxed posture toward inflation risk. We had thought that our house view toward steepeners was fairly aggressive, but current yields are now on top of our forecast for the end of the year (chart 2). This may merit accelerating the steepening by bringing forward more of our 2020–21 house view that expects further curve steepening to gradually reflect a recovering economy and relaxed monetary policy concerns toward inflation risk alongside heavy supply to fund large fiscal deficits.

**The third fundamental market debate concerns the fate of the USD which is not particularly divorced from the prior two debates.** Its weakness against other currencies is demonstrated by chart 3. A currency backed by a dovish central bank that is more relaxed toward inflation risk at the same time as the economy is running large and rising twin deficits coupled with political risk would be viewed unfavourably across many moments in time and economies. The US advantage that insulates against some of this currency risk is the country's reserve currency status, but there is a limit to this advantage. A crowded consensus view is therefore that the USD will continue to sell off in linear fashion into next year. Maybe. I've heard enough currency forecasts over time to be wary of such crowded views. Key in this case is the tolerance of foreign central banks toward simply accepting a negative terms of trade shock through local currency appreciation given the implications for their economies that are proportionately more trade dependent than the US economy and for inflation. The international financial order—whatever that is these days—has also typically frowned upon large, abrupt and disorderly upheavals in currency markets.

Chart 1 **Reflating Expectations**

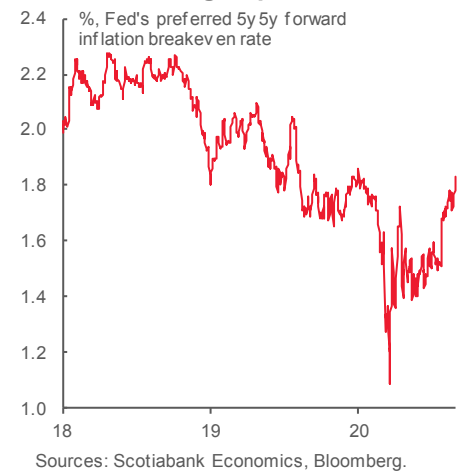


Chart 2 **US Yield Curve**

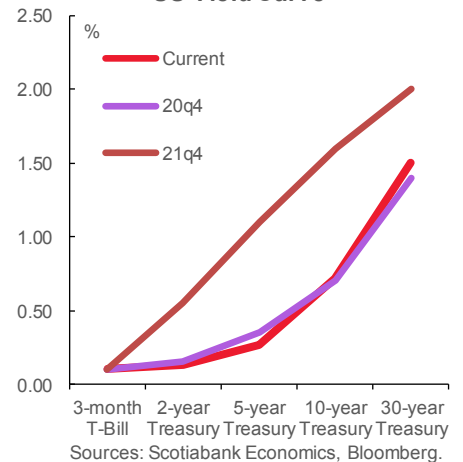
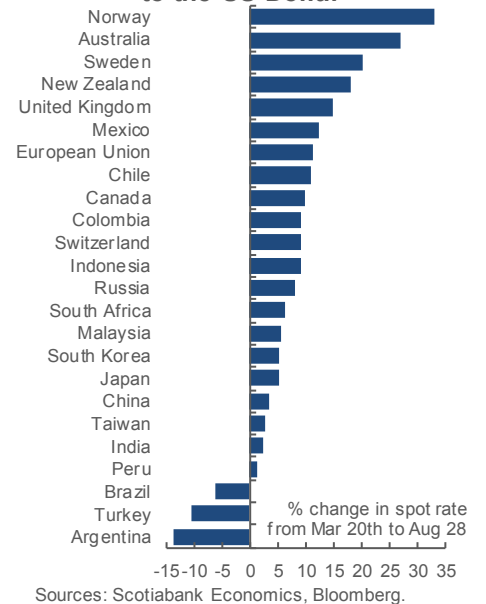


Chart 3 **Major Currencies Compared to the US Dollar**



## JOBS

The US and Canada both release estimates for job growth and broader labour market conditions during August on Friday.

### Nonfarm payrolls

Payrolls and the companion household survey are expected to post another solid gain of 1.5 million, another decline in the unemployment rate to 9.8% from 10.2% and a further deceleration in reported wage growth to 4.5% y/y. Initial jobless claims continued to decline between reference periods by several hundred thousand filings. Next week might reveal more about job market signals through the employment gauges in ISM readings and ADP, but that's doubtful. Decelerating wage growth continues to be mostly driven by lower wage service workers coming back into the job market after having borne the brunt of the pandemic hit.

### Canadian Jobs

It's that time again for the Great Canadian Jobs Skeet Shoot! **With the usual degree of trepidation, I went with +250k and a decline in the unemployment rate to 10.1% from 10.9%.** Wage growth should also slow again for the same reason as stateside, but this isn't the measure of wage growth that matters to the Bank of Canada that uses the wage common composite instead. The main reason to expect another gain is that Ontario's ongoing reopening plans shifted into higher gear at the end of the reference week for the July jobs report and Toronto joined subsequently to other regions of the province. Therefore, the call back effect should be skewed to Ontario in leading job gains. If so, it would be the fourth consecutive strong gain after +290k in May, +953k in June and +419k in July. If this estimate is on the mark, then it would mean that about two-thirds of the three million decline in jobs from February to April has been recovered.

## PURCHASING MANAGERS' INDICES

The poor cousin to jobs reports and particularly nonfarm is no slouch itself. **Several countries will release August versions of purchasing managers' indices that will inform growth momentum in the third quarter and potential transitions to the fourth quarter given their correlations with GDP movements.**

First up will be **China's state PMIs** on Sunday evening into the Asian Monday open. Little change from the mildly expansionary readings is expected. The private sector versions of China's PMIs arrive on Monday evening and Wednesday evening (all times eastern as usual).

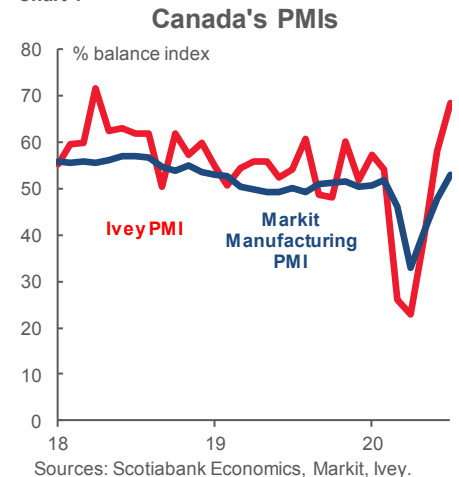
Next up will be the **US ISM-manufacturing (Tuesday) and ISM-services (Thursday)** readings. Based upon the regional manufacturing surveys and auto sales tracking, we're expecting a small gain in ISM-manufacturing but this could be offset by potential softening in the services gauge as reopening plans either stabilize or in some cases reverse in parts of the country.

**Canada's two PMIs will be updated on Tuesday (Markit's manufacturing gauge) and Friday (Ivey) for the month of August.** Both have sharply recovered (chart 4). Reopening plans across the country including lagging moves by Ontario could maintain a favourable trend. A caution is that Markit's gauge is purer relative to Ivey that covers all aspects of the private and public sector economies.

Italy and Spain release PMIs on Tuesday (manufacturing) and Thursday (services and composite PMIs) that may inform **revision risk to the flash estimate for the Eurozone composite PMI** that registered a deceleration from 54.9 in July to 51.6 in August.

**India's PMIs for August** will round it all out when they arrive on Tuesday (manufacturing) and Thursday (services and composite). The country's PMIs have lagged a global recovery with the July readings still deeply mired in contraction particularly on the services side of the economy.

Chart 4



## CENTRAL BANKS

**Three regional central banks will make policy decisions over the coming week and two of them are expected to ease.**

**The Reserve Bank of Australia is not expected to alter its cash target rate of 0.25% or bond purchase and liquidity programs on Tuesday.** Having said that, currency risk remains a consideration to the central bank and markets should watch the tone of comments on the currency. The A\$ has appreciated by 28% to the USD since the low in March. The appreciation is not just confined to the USD either (and hence the yuan and HK\$). The A\$ is up sharply against the yen, euro and most other major currencies over this same period.

**Colombia's central bank is widely expected to cut its overnight lending rate by 25bps when BanRep issues its decision on Monday.** The 9% appreciation in the Colombian peso to the USD and further risk if the USD continues to weaken in the wake of a dovish Fed could combine with recent downward pressure upon inflation to merit additional easing.

**Chile's central bank is also expected to cut by 25bps according to our Santiago-based economists but this is a more divided consensus call.** It would require a re-evaluation of the central bank's estimated effective lower bound to go below 0.5%. The 11% appreciation in the Chilean peso to the USD since March and a more dovish Fed could merit such a move.

## MISCELLANEOUS

I've got to come up with a better section header for this. Miscellaneous might as well be labelled by some as the irrelevant residual stuff. Maybe. Quite possibly from a market pricing standpoint. It's still nevertheless worth briefly flagging several other expected developments.

**Inflation reports will be released by several regions.** Eurozone CPI revisions will be captured on Tuesday and will incorporate potential revisions to figures from Germany, Italy and Spain on Monday. First inflation readings from Peru, Indonesia and South Korea arrive on Tuesday and the Philippines on Thursday.

**Q2 GDP releases** will be offered by India (Monday) and Australia (Tuesday) that will likely be treated as backward looking footnotes by markets that are more focused upon recovery signals.

**Several regions will provide updated assessments of consumer sector momentum** including updates for retail sales with August figures from Japan (Sunday), Germany (Wednesday), the Eurozone (Thursday) and Australia (Thursday).

Finally, **the US, Germany, Canada and Japan will provide additional macro updates.** US releases will include vehicle sales and construction spending (Tuesday), ADP payrolls, factory orders and the Fed's Beige Book (Wednesday), weekly jobless claims and trade figures (Thursday). Germany updates job market conditions in August (Tuesday) and factory orders in July (Friday). Japan kicks off the week with Q2 cap-ex figures that may inform GDP revisions and July readings for industrial output, housing starts and the jobless rate. Canada updates export and import figures for July on Thursday to further inform Q3 growth tracking.

**Key Indicators for week of August 31 – September 4**
**NORTH AMERICA**

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	08/31	08:30	IPPI (m/m)	Jul	--	--	0.4
CA	08/31	08:30	Raw Materials Price Index (m/m)	Jul	--	--	7.5
US	08/31	10:30	Dallas Fed. Manufacturing Activity	Aug	--	0.0	-3.0
US	09/01	10:00	Construction Spending (m/m)	Jul	1.1	1.0	-0.7
US	09/01	10:00	ISM Manufacturing Index	Aug	55.0	54.5	54.2
US	09/01	09:00	Total Vehicle Sales (mn a.r.)	Aug	14.8	14.8	14.5
US	09/02	07:00	MBA Mortgage Applications (w/w)	Aug 28	--	--	-6.5
US	09/02	08:15	ADP Employment Report (000s m/m)	Aug	750	900	167
CA	09/02	08:30	Productivity (q/q a.r.)	2Q	--	6.0	3.4
US	09/02	10:00	Factory Orders (m/m)	Jul	7.00	5.9	6.2
CA	09/03	08:30	Merchandise Trade Balance (C\$ bn)	Jul	-4.0	-2.5	-3.2
US	09/03	08:30	Initial Jobless Claims (000s)	Aug 29	950	950	1006
US	09/03	08:30	Continuing Claims (000s)	Aug 22	--	14000	14535
US	09/03	08:30	Productivity (q/q a.r.)	2Q F	--	7.3	7.3
US	09/03	08:30	Trade Balance (US\$ bn)	Jul	-57.8	-54.0	-50.7
US	09/03	08:30	Unit Labor Costs (q/q a.r.)	2Q F	--	12.2	12.2
US	09/03	10:00	ISM Non-Manufacturing Composite	Aug	57.5	57.0	58.1
CA	09/04	08:30	Employment (000s m/m)	Aug	250	250.0	418.5
CA	09/04	08:30	Unemployment Rate (%)	Aug	10.1	10.2	10.9
US	09/04	08:30	Average Hourly Earnings (m/m)	Aug	0.1	0.0	0.2
US	09/04	08:30	Average Hourly Earnings (y/y)	Aug	4.5	4.5	4.8
US	09/04	08:30	Average Weekly Hours	Aug	--	35	35
US	09/04	08:30	Nonfarm Employment Report (000s m/m)	Aug	1500	1375	1763
US	09/04	08:30	Unemployment Rate (%)	Aug	9.8	9.8	10.2

**EUROPE**

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
SP	08/31	03:00	CPI (m/m)	Aug P	--	--	-0.9
SP	08/31	03:00	CPI (y/y)	Aug P	--	-0.5	-0.6
SP	08/31	03:00	CPI - EU Harmonized (m/m)	Aug P	--	0.1	-1.6
SP	08/31	03:00	CPI - EU Harmonized (y/y)	Aug P	--	-0.6	-0.7
GE	08/31	03:00	Retail Sales (m/m)	Jul	--	0.5	-2.0
IT	08/31	04:00	Real GDP (q/q)	2Q F	--	-12.4	-12.4
PD	08/31	04:00	GDP (y/y)	2Q F	--	--	-8.20
SP	08/31	04:00	Current Account (€ bn)	Jun	--	--	0.8
IT	08/31	05:00	CPI (m/m)	Aug P	--	0.3	-0.2
IT	08/31	05:00	CPI (y/y)	Aug P	--	-0.5	-0.4
IT	08/31	05:00	CPI - EU Harmonized (m/m)	Aug P	--	-1.1	-0.7
IT	08/31	05:00	CPI - EU Harmonized (y/y)	Aug P	--	-0.3	0.8
PO	08/31	06:00	Real GDP (q/q)	2Q F	--	-13.90	-13.90
GE	08/31	08:00	CPI (m/m)	Aug P	--	0.0	-0.5
GE	08/31	08:00	CPI (y/y)	Aug P	--	0.1	-0.1
GE	08/31	08:00	CPI - EU Harmonized (m/m)	Aug P	--	0.0	-0.5
GE	08/31	08:00	CPI - EU Harmonized (y/y)	Aug P	--	0.1	0.0
IT	09/01	03:00	Budget Balance (€ bn)	Aug	--	--	-7.2
IT	09/01	03:00	Budget Balance YTD (€ bn)	Aug	--	--	-102.4
IT	09/01	03:45	Manufacturing PMI	Aug	--	52.0	51.9
FR	09/01	03:50	Manufacturing PMI	Aug F	--	49.0	49.0
GE	09/01	03:55	Manufacturing PMI	Aug F	--	53.0	53.0
GE	09/01	03:55	Unemployment (000s)	Aug	--	0.0	0.0
GE	09/01	03:55	Unemployment Rate (%)	Aug	--	6.4	6.4
EC	09/01	04:00	Manufacturing PMI	Aug F	--	51.7	51.7
UK	09/01	04:30	Manufacturing PMI	Aug F	--	55.3	55.3
UK	09/01	04:30	Net Consumer Credit (£ bn)	Jul	--	0.8	-0.1
EC	09/01	05:00	CPI (m/m)	Aug P	--	0.0	-0.4
EC	09/01	05:00	Euro zone CPI Estimate (y/y)	Aug	--	0.2	0.4
EC	09/01	05:00	Euro zone Core CPI Estimate (y/y)	Aug P	--	0.9	1.2
EC	09/01	05:00	Unemployment Rate (%)	Jul	--	8.0	7.8

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

**Key Indicators for week of August 31 – September 4**
**EUROPE (continued from previous page)**

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
EC	09/02	05:00	PPI (m/m)	Jul	--	0.5	0.7
UK	09/03	02:00	Official Reserves Changes (US\$ bn)	Aug	--	--	3990
IT	09/03	03:45	Services PMI	Aug	--	49.5	51.6
FR	09/03	03:50	Services PMI	Aug F	--	51.9	51.9
GE	09/03	03:55	Services PMI	Aug F	--	50.8	50.8
EC	09/03	04:00	Composite PMI	Aug F	--	51.6	51.6
EC	09/03	04:00	Services PMI	Aug F	--	50.1	50.1
UK	09/03	04:30	Services PMI	Aug F	--	60.1	60.1
EC	09/03	05:00	Retail Trade (m/m)	Jul	--	1.4	5.7
GE	09/04	02:00	Factory Orders (m/m)	Jul	--	5.0	27.9
FR	09/04	02:45	Central Government Balance (€ bn)	Jul	--	--	-124.9
FR	09/04	02:45	Current Account (€ bn)	Jul	--	--	-8409
UK	09/04	04:30	PMI Construction	Aug	--	58.5	58.1
GR	09/04	05:00	Real GDP NSA (y/y)	2Q	--	--	-1.2

**ASIA-PACIFIC**

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
SK	08/30	19:00	Industrial Production (y/y)	Jul	--	-2.0	-0.5
SK	08/30	19:00	Cyclical Leading Index Change	Jul	--	--	0.4
JN	08/30	19:50	Large Retailers' Sales (y/y)	Jul	--	-4.2	-3.4
JN	08/30	19:50	Retail Trade (y/y)	Jul	--	-1.7	-1.3
JN	08/30	19:50	Industrial Production (y/y)	Jul P	--	-17.5	-18.2
SK	08/30	20:00	Department Store Sales (y/y)	Jul	--	--	-3.4
CH	08/30	21:00	Manufacturing PMI	Aug	51.0	51.2	51.1
CH	08/30	21:00	Non-manufacturing PMI	Aug	--	54.2	54.2
HK	08/30	21:00	Govt Monthly Budget Surp/Def (HKD bn)	Jul	--	--	-64.3
AU	08/30	21:30	Private Sector Credit (y/y)	Jul	--	2.6	2.9
IN	08/30	23:30	Fiscal Deficit (INR Crore)	Jul	--	--	196020
JN	08/31	00:00	Vehicle Production (y/y)	Jun	--	--	-61.1
JN	08/31	01:00	Consumer Confidence	Aug	--	28.5	29.5
JN	08/31	01:00	Housing Starts (y/y)	Jul	--	-12.5	-12.8
JN	08/31	01:00	Construction Orders (y/y)	Jul	--	--	-13.5
TH	08/31	03:00	Current Account Balance (US\$ mn)	Jul	--	1000.0	-247.0
TH	08/31	03:30	Exports (y/y)	Jul	--	--	-24.6
TH	08/31	03:30	Imports (y/y)	Jul	--	--	-18.2
TH	08/31	03:30	Trade Balance (US\$ mn)	Jul	--	--	2320
IN	08/31	08:00	Real GDP (y/y)	2Q	-16.0	-19.2	3.1
NZ	08/31	18:45	Terms of Trade Index (q/q)	2Q	--	0.6	-0.7
SK	08/31	19:00	GDP (y/y)	2Q F	-2.9	-2.9	-2.9
JN	08/31	19:30	Jobless Rate (%)	Jul	2.8	3.0	2.8
JN	08/31	19:50	Capital Spending (y/y)	2Q	--	-3.8	0.1
SK	08/31	20:00	Exports (y/y)	Aug	--	-10.0	-7.1
SK	08/31	20:00	Imports (y/y)	Aug	--	-15.0	-11.6
SK	08/31	20:00	Trade Balance (US\$ mn)	Aug	--	3700	4134
JN	08/31	20:00	Official Reserve Assets (US\$ bn)	Aug	--	--	1402
JN	08/31	20:30	Markit/JMMA Manufacturing PMI	Aug F	--	--	46.6
AU	08/31	21:30	Building Approvals (m/m)	Sep	--	-1.0	-4.9
AU	08/31	21:30	Current Account (AUD bn)	2Q	--	13	8400
AU	08/31	21:30	Australia Net Exports of GDP	2Q	--	1.0	0.5
CH	08/31	21:45	Caixin Manufacturing PMI	Aug	52.5	52.5	52.8
ID	09/01	00:00	CPI (y/y)	Aug	1.4	1.4	1.5
ID	09/01	00:00	Core CPI (y/y)	Aug	--	2.0	2.1
<b>AU</b>	<b>09/01</b>	<b>00:30</b>	<b>RBA Cash Target Rate (%)</b>	<b>Sep 1</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>
JN	09/01	01:00	Vehicle Sales (y/y)	Aug	--	--	-20.4
TH	09/01	03:30	Business Sentiment Index	Aug	--	--	42.9
HK	09/01	04:30	Retail Sales - Volume (y/y)	Jul	--	-24.1	-25.4
NZ	09/01	13:00	QV House Prices (y/y)	Aug	--	--	7.5

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.



**Key Indicators for week of August 31 – September 4**
**ASIA-PACIFIC (continued from previous page)**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
SK	09/01	19:00	CPI (y/y)	Aug	0.4	0.4	0.3
SK	09/01	19:00	Core CPI (y/y)	Aug	--	0.6	0.7
JN	09/01	19:50	Monetary Base (y/y)	Aug	--	--	9.8
AU	09/01	21:30	GDP (y/y)	2Q	-6.1	-5.2	1.4
HK	09/02	20:30	Purchasing Managers Index	Aug	--	--	44.5
AU	09/02	21:30	Trade Balance (AUD mn)	Jul	--	5000	8202
CH	09/02	21:45	Caixin Services PMI	Aug	--	54.0	54.1
SI	09/03	09:00	Purchasing Managers Index	Aug	--	50.0	50.2
SK	09/03	19:00	Current Account (US\$ mn)	Jul	--	--	6880
PH	09/03	21:00	CPI (y/y)	Aug	3.0	2.7	2.7
PH	09/03	21:00	Unemployment Rate (%)	Jul	--	--	17.7
AU	09/03	21:30	Retail Sales (m/m)	Jul	--	3.3	2.7
TH	09/03	22:00	Consumer Confidence Economic	Aug	--	--	42.6
IN	09/03	23:30	Current Account Balance	2Q	--	--	0.58
SI	09/04	01:00	Retail Sales (y/y)	Jul	--	-11.3	-27.8
MA	09/04	03:00	Foreign Reserves (US\$ bn)	Aug 28	--	--	104.3

**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	08/31	09:00	Industrial Production (y/y)	Jul	--	-9.8	-8.3
CL	08/31	09:00	Retail Sales (y/y)	Jul	20.0	-20.6	-24.0
<b>CO</b>	<b>08/31</b>	<b>10:00</b>	<b>Overnight Lending Rate (%)</b>	<b>Aug 31</b>	<b>2.00</b>	<b>2.00</b>	<b>2.25</b>
CO	08/31	11:00	Urban Unemployment Rate (%)	Jul	23.2	23.5	24.9
PE	09/01	01:00	Consumer Price Index (m/m)	Aug	-0.1	-0.1	0.5
PE	09/01	01:00	Consumer Price Index (y/y)	Aug	1.7	1.6	1.9
BZ	09/01	08:00	GDP (IBGE) (q/q)	2Q	--	-9.5	-1.5
BZ	09/01	08:00	GDP (IBGE) (y/y)	2Q	-12.6	-10.8	-0.3
CL	09/01	08:30	Economic Activity Index SA (m/m)	Jul	--	--	1.7
CL	09/01	08:30	Economic Activity Index NSA (y/y)	Jul	-11.0	-12.4	-12.4
BZ	09/01	09:00	PMI Manufacturing Index	Aug	--	--	58.2
BZ	09/01	14:00	Trade Balance (FOB) - Monthly (US\$ mn)	Aug	--	6948	8060
<b>CL</b>	<b>09/01</b>	<b>18:00</b>	<b>Nominal Overnight Rate Target (%)</b>	<b>Sep 1</b>	<b>0.25</b>	<b>--</b>	<b>0.50</b>
BZ	09/03	08:00	Industrial Production SA (m/m)	Jul	--	5.7	8.9
BZ	09/03	08:00	Industrial Production (y/y)	Jul	--	-7.0	-9.0

**Global Auctions for week of August 31 – September 4****NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	09/02	12:00	Canada to Sell 30-Year Inflation Linked Bonds
CA	09/03	12:00	Canada to Sell 5-Year Bonds

**EUROPE**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
GE	09/01	05:30	Germany to Sell I/L Bonds
DE	09/02	04:30	Denmark to Sell Bonds
UK	09/02	05:00	U.K. to Sell 0.125% I/L 2056 Bonds
GE	09/02	05:30	Germany to Sell 4 Billion Euros of 0% 2025 Bonds
SP	09/03	04:45	Spain to Sell Sr Unsecured Bonds
FR	09/03	04:50	France to Sell Bonds
SW	09/03	05:00	Sweden to Sell I/L Bonds
UK	09/03	05:00	U.K. to Sell 0.125% 2028 Bonds
UK	09/03	06:30	U.K. to Sell 1.25% 2041 Bonds
IC	09/04	07:30	Iceland to Sell Bonds

**ASIA-PACIFIC**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CH	08/31	02:00	Jiangsu to Sell CNY13.9 Bln 10-Year Bonds
JN	08/31	23:35	Japan to Sell 10-Year Bonds
CH	09/01	23:00	China Plans to Sell 3-Year Government Bond
CH	09/01	23:00	China Plans to Sell 7-Year Upsized Government Bond
JN	09/02	23:35	Japan to Sell 30-Year Bonds



**Events for week of August 31 – September 4****NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	09/02	12:00	Fed's Mester to Discuss U.S. Outlook and Monetary Policy
US	09/02	14:00	U.S. Federal Reserve Releases Beige Book
US	09/03	12:30	Fed's Evans Discusses Economy and Monetary Policy

**EUROPE**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	09/01	14:00	De Nederlandsche Bank's Knot Speaks on the Economy
SW	09/02	05:00	Riksbank's Jansson Gives Speech
SW	09/03	03:50	Riksbank's Skingsley Gives Speech

**ASIA-PACIFIC**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	09/01	00:30	RBA Cash Rate Target & 3-Year Yield Target

**LATIN AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CO	08/31	10:00	Overnight Lending Rate
CO	09/01	14:00	Colombia Monetary Policy Minutes
CL	09/01	18:00	Overnight Rate Target

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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	0.25	September 9, 2020	0.25	0.25
Federal Reserve – Federal Funds Target Rate	0.25	September 16, 2020	0.25	0.25
Banco de México – Overnight Rate	4.50	September 24, 2020	4.50	4.50

### EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	0.00	September 10, 2020	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	0.25	September 10, 2020	0.25	0.25
European Central Bank – Deposit Facility Rate	-0.50	September 10, 2020	-0.50	-0.50
Bank of England – Bank Rate	0.10	September 17, 2020	0.10	0.10
Swiss National Bank – Libor Target Rate	-0.75	TBA	-0.75	-0.75
Central Bank of Russia – One-Week Auction Rate	4.25	September 18, 2020	4.00	4.00
Sweden Riksbank – Repo Rate	0.00	September 22, 2020	0.00	0.00
Norges Bank – Deposit Rate	0.00	September 24, 2020	0.00	0.00
Central Bank of Turkey – Benchmark Repo Rate	8.25	September 24, 2020	8.25	8.25

### ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	September 17, 2020	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	0.25	September 1, 2020	0.25	0.25
Reserve Bank of New Zealand – Cash Rate	0.25	September 22, 2020	0.25	0.25
People's Bank of China – 1-Year Loan Prime Rate	3.85	September 20, 2020	3.85	3.85
Reserve Bank of India – Repo Rate	4.00	October 1, 2020	4.00	3.75
Bank of Korea – Bank Rate	0.50	October 14, 2020	0.50	0.50
Bank of Thailand – Repo Rate	0.50	September 23, 2020	0.50	0.50
Bank Negara Malaysia – Overnight Policy Rate	1.75	September 10, 2020	1.75	1.50
Bank Indonesia – 7-Day Reverse Repo Rate	4.00	September 17, 2020	4.00	4.00
Central Bank of Philippines – Overnight Borrowing Rate	2.25	October 1, 2020	2.25	2.25

**Reserve Bank of Australia (RBA):** We expect Australian monetary authorities to leave the RBA's policy stance unchanged following the September 1 meeting. In March, the RBA responded to the COVID-19 shock with notable conventional and unconventional monetary policy measures. The benchmark cash rate has been lowered by a total of 50 bps this year to 0.25%, following cuts of 75 bps in 2019. The RBA has also adopted yield targeting, aiming to keep the 3-year Australian government bond yield at around 0.25% by buying government bonds in the secondary market as needed. The RBA's government bond purchases total around AUD55 billion so far, with most of them conducted in April and May. Policymakers remain prepared to scale up the purchases when needed. In addition to the benchmark interest rate cuts and yield targeting, the RBA has also established a term funding facility for the banking system in order to lower funding costs and incentivize banks to provide credit to businesses. As the Australian economy is responding to the stimulus measures and starting to gather momentum, we do not expect any further monetary easing to be unveiled in the near future.

### LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	2.00	September 16, 2020	1.75	2.00
Banco Central de Chile – Overnight Rate	0.50	September 1, 2020	0.25	0.50
Banco de la República de Colombia – Lending Rate	2.25	August 31, 2020	2.00	2.00
Banco Central de Reserva del Perú – Reference Rate	0.25	September 10, 2020	0.25	0.25

**Central Bank of Chile (BCCh):** Our Chilean economists believe that the central bank will deliver a 25 basis point cut next week, bringing the overnight rate to 0.25%. This goes against consensus which sees the benchmark rate already at the ELB. Our team believes a re-estimation of the effective lower bound will leave the central bank room to for one last cut and help keep conditions as accommodative as possible. Details on BCCh's review of their monetary policy strategy are expected to be included in their MPR, which is scheduled to be released the following day. No additional expansion to asset purchase programs is expected to be announced.

**Central Bank of Colombia (BanRep):** We expect a cut of 25 basis points to the overnight rate, bringing it to 2.00%. Our team in Colombia expects annual growth in 2020 to fall 7.5% in 2020. This additional cut is supported by downward facing risks to the outlook and inflation continuing its deceleration in July. With this move, BanRep will join other central banks who face the challenge of maintaining accommodative policy while at or near the effective lower bound.

### AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	3.50	September 17, 2020	3.50	3.50

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

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