

SETTING THE STAGE FOR THE BANK OF CANADA

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CONTACTS

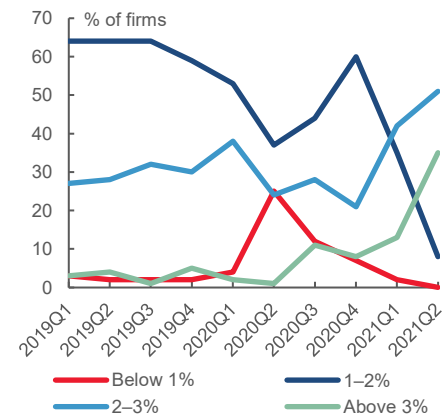
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Next Week's Risk Dashboard

- Canadian inflation set to rise again
- BoC's twin surveys to showcase inflation risk
- Is UK inflation cresting?
- How bad will Chinese GDP be...
- ...and will the PBOC react?
- Earnings season continues
- PMIs: EZ, UK, Australia, Japan, US (Markit)
- Canadian consumers still rebounding?
- CBs: PBOC, Indonesia, Russia, Turkey

Chart of the Week

Canadian Firms' Inflation Expectations Likely to Rise Again



Sources: Scotiabank Economics, Bank of Canada.

Chart of the Week: Prepared by: Marc Ercolao, Economic Analyst.

Setting The Stage For The Bank of Canada

CANADIAN INFLATION & EXPECTATIONS

The Bank of Canada goes into communications blackout on Tuesday, October 19th ahead of the policy communications on October 27th. Two key sets of information could further influence market expectations around the meeting, if not how the BoC itself views conditions. I continue to expect the BoC to shift toward the reinvestment phase of its balance sheet policies but to guide that the criteria for hiking the policy rate is still some ways off and likely later than aggressive market pricing.

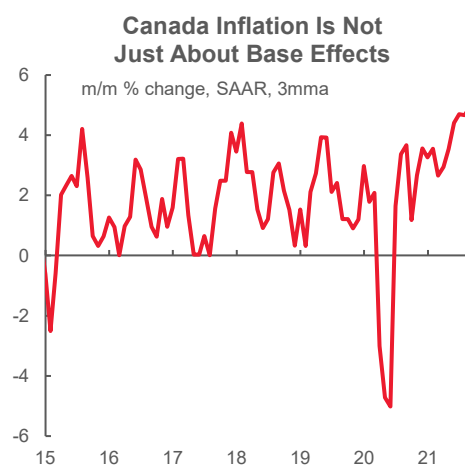
Canada updates CPI inflation figures for September on Wednesday. I've gone with an estimated increase in the year-over-year headline rate toward 4.4% from 4.1% in August, while the average of the three main core measures could increase again.

Base effects alone would bump up the rate to 4.2%. Month-over-month seasonally unadjusted CPI is forecast to rise by 0.3% which will add to the year-over-year pressures. Seasonal price pressures tend to be soft in September relative to August. Gasoline prices might add about 0.1% to the year-over-year rate. A modest reopening and supply chain effect is the more dominant influence upon the CPI estimates. Even a modest further pace of supply chain effects on CPI could lift the year-over-year CPI inflation rate toward 5% by year-end.

It may be worth going back and reviewing the drivers and outcomes in the prior CPI report for August ([here](#)). That's because of the considerable debate around Governor Macklem's assertions. My views are as follows:

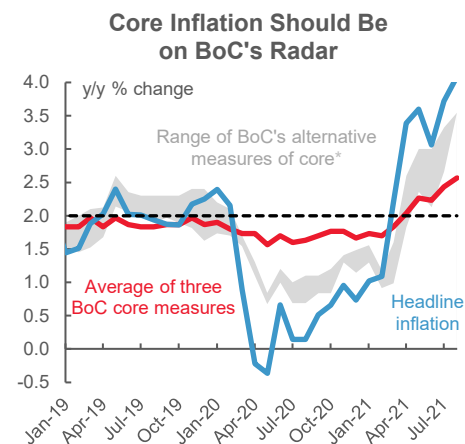
- Inflation is clearly not just being driven by base effects. Chart 1 shows this by taking the annualized month-over-month rates of price changes. This measure is soaring.
- Inflation is not narrowly driven. Multiple core measures of inflation have surged (chart 2). These measures all have their individual pros and cons, but as a group they make varying attempts at examining central tendencies precisely in order to weed out narrowly based drivers. Trimmed mean CPI, for example, lops off 40% of the price basket and has soared. It is not a base-effect driven measure either (nor is weighted median) as these measures are derived from compounded, annualized month-over-month weighted prices that then get reported as a year-over-year measure.
- It's false to argue that inflation is only being driven by reopening effects. For one thing, the way CPI captures housing in Canada is a cyclical source of pressure with further upside ahead on the homeowners' replacement cost and rental components. Shelter in total is a 30% weight in Canadian CPI.
- When speaking about transitory drivers, don't cherry pick. There are items like mortgage interest cost that are transitory drags on CPI because prior declines in mortgage rates are still migrating through the book.
- Don't be over-confident toward one's ability to forecast inflation. This argument cuts both ways. The BoC's past track record at forecasting inflation is rather weak and so when it says that inflation is definitely going to be transitory, it doesn't have much of a leg to stand on. Similarly, it shouldn't swing too far in the other direction with a permanently high inflation shock either. The way to balance this forecast uncertainty remains, in my view, in favour of a risk management approach to inflation *risk* that merits taking out insurance along a staggered hike path through gradually reducing stimulus. Otherwise, a central bank that goes all-in on one tail bet sounds more like a hedge fund.

Chart 1



Sources: Scotiabank Economics, Statistics Canada.

Chart 2



*Includes CPIX, CPIXFET, CPIW measures.
Sources: Scotiabank Economics, Statistics Canada.

Lastly, the main policy point remains that even if inflation falls back, the conditions that warranted extreme emergency stimulus have long since passed. In March 2020 through the Spring of that year, extreme monetary stimulus was put in place because fiscal

policy was an unreliable and fair-weather friend, vaccines were nowhere in sight, and depression/deflation fears were top of mind. With all of these assumptions violated, even if inflation returns toward something closer to target it wouldn't merit the policy extremes that persist at the Bank of Canada.

Before we get to CPI, however, the Bank of Canada's Business Outlook Survey and Survey of Consumer Expectations may prove to be more informative to perceptions around inflation risk. They both land on Monday and are closely watched by the BoC as they reveal measures of expectations around what corporate Canada and households think across a broad swath of readings.

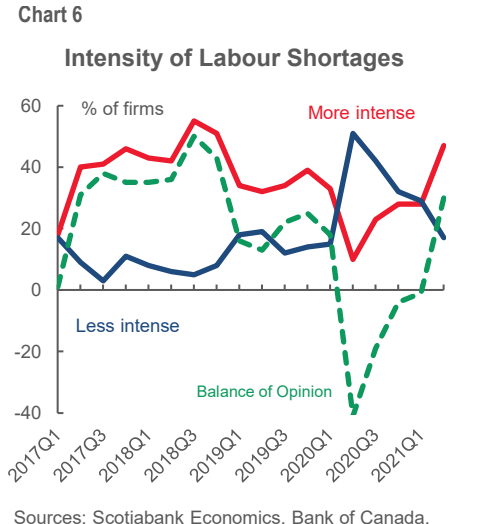
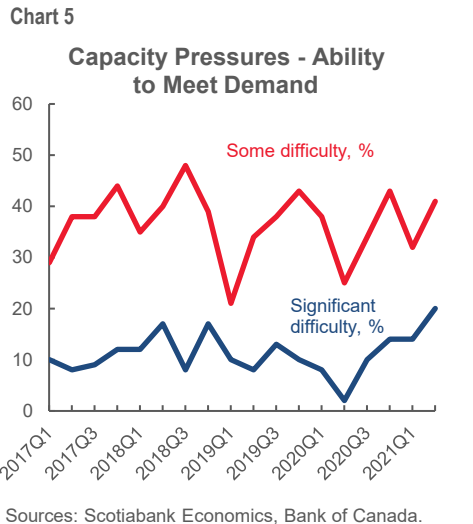
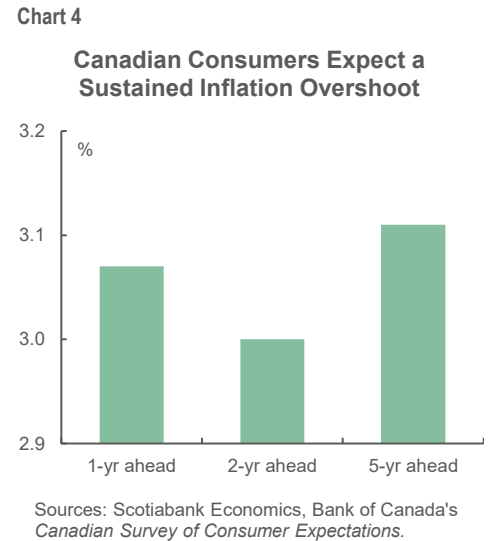
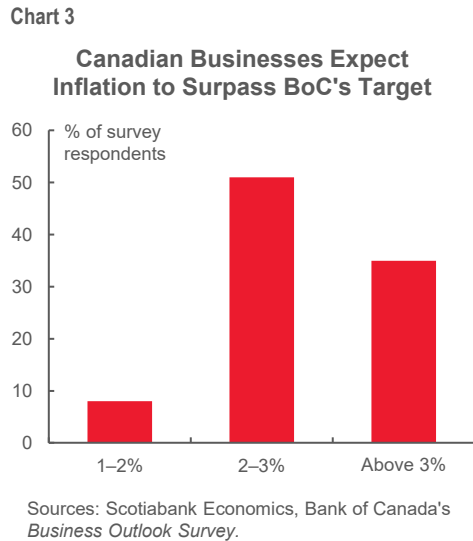
We could see further increases in the percentage of survey respondents saying they expect sustained inflation above the upper limit of the BoC's 1–3% flexible target range. The Summer editions showed an overwhelming majority of businesses and consumers think that inflation will remain elevated (charts 3, 4). Consumers' expectations are the most elevated and for years to come, but even one-third of businesses thought inflation would ride above 3% over the coming year. The survey period would have been roughly between late August through mid-September and may not capture the full extent of the recent re-intensification of inflation worries.

Also watch for other updated measures such as capacity pressures (chart 5), intensity of labour shortages (chart 6) and wage growth expectations (chart 7). All of these may become more acute in the Fall edition of the BOS.

EARNINGS—THE BEAT GOES ON

A deluge of earnings reports hits the markets as US earnings season intensifies. Seventy-eight S&P500 firms will release earnings including names like Intel, Netflix, AT&T and Johnson & Johnson. The season will diversify and broaden in subsequent weeks across all sectors.

At this nascent stage of the season and on the heels of spectacular earnings beats by US banks, the overall beat ratio remains in record territory (chart 8). Before SOX legislation and the dot com experience, the beat odds were a coin toss. SOX had some laudable features in the wake of various accounting scandals and the dot com episode, like banning the practice of seeking target management's pre-approval before publishing reports, establishing walls within the sell side as well as changes to who controls analyst compensation.



Since SOX legislation and the dot com experience, the beat ratio has become laughably lopsided. Why? Well, I suppose if you told economists they risk being sued, pilloried, flogged in a public square or worse for being too bullish, then we too would respond by always forecasting 50k for nonfarm payrolls and acting surprised toward a persistent beat ratio!

CENTRAL BANKS—PBOC STABILITY RISKS CUT BOTH WAYS

Most of the week's central bank risks to markets are likely to be regional in nature.

If there is an exception to this then it may be out of China. After leaving its one-year Medium-Term Lending Facility Rate unchanged at 2.95%, the People's Bank of China is expected to leave its one-year and 5-year Loan Prime Rates unchanged at 3.85% and 4.65%, respectively, on Tuesday night (eastern time). For some time now there has been speculation toward a cut to the required reserve ratios, although the PBOC's briefing this past week provided no hints to this effect. A risk is whether Monday's Q3 GDP estimate offers a suitable setting for such an easing step. In the meantime, the PBOC continues to maintain among the world's highest real policy rates. While Chinese authorities are concerned about financial stability risks attached to easing, this argument cuts both ways. There are also financial stability risks around tight monetary policy as evidenced by weakening growth, rising problems in the property finance market and intensifying market concerns (chart 9).

Bank Indonesia is expected to hold its seven-day reverse repo rate at 3.5% on Tuesday given stability risks around the rupiah.

Russia's central bank is forecast to raise its policy rate by 25–50bps on Friday as inflation continues to rise well above target to 7.4% y/y. It has already raised the key rate by 250bps since commencing a tightening cycle earlier this year.

The tragicomedy known as the Central Bank of Turkey is also expected to cut by 50–100bps on Thursday. President Erdogan just sacked three more hawkish deputies at the central bank because he is guided by the rather unorthodox belief that high interest rates are driving Turkish inflation. By contrast to his view, note the collapse of the lira as the central bank eased over 2019 through much of 2020 which prompted an inflationary spiral with core inflation now running at 17% y/y.

CHINA COULD START THE WEEK WITH A BANG

Several significant global indicators are also ahead. China kicks it off when it updates Q3 GDP on Sunday evening (10pmET) and hence into the week's Asian market open. COVID-19 restrictions, supply chain bottlenecks and a relatively tight policy stance are expected to drive year-over-year growth down to 5% which would be the weakest since 2020Q2. Seasonally adjusted quarter-over-quarter growth is expected to dip below ½%. Monitor policy risks around the release as noted above.

Global purchasing managers' indices will be updated with October readings across multiple economies toward the end of the week. The Eurozone and UK update on Friday, the US updates its Markit (not ISM) gauges that same day, Australia reports the day before and so does Japan.

UK CPI inflation for September arrives on Wednesday. This one is not expected to put Governor Bailey's pen to work on another explanatory letter to the Chancellor of the Exchequer for why inflation topped 3%. That happened in the last reading, but the forces that drove a large spike in inflation during August were transitory and included basing off a year-ago cut to the sales tax alongside voucher programs. Reopening impulse effects on CPI inflation have also been a factor, but on net the year-over-year rate is expected to dip back below 3%. Another upside surprise could intensify market pricing for a rate hike as soon as either the November or December meetings.

Chart 8

Record US Earnings Beats

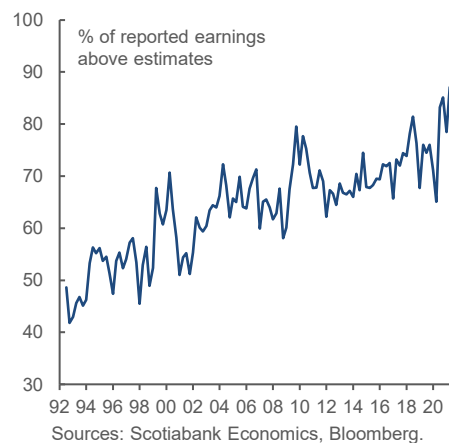


Chart 9

China High Yield USD Index



Canada updates retail sales for August on Friday. They should add evidence to the rebound narrative. StatCan's previous 'flash' guidance pointed toward a gain of 2.1% m/m in August. That is subject to revision risk, and ex-autos may be stronger given our tracking of a decline in auto sales that month. More important will be flash guidance for September that will further inform the trend.

US releases will be light including industrial production that probably registered a decent rise in September and with utilities offering an assist (Monday), housing starts that are expected to moderate after a strong prior gain, plus existing home sales during September that could post a healthy gain given the prior increase in pending home sales. Thursday's weekly jobless claims will help to inform whether the drop in initial claims to the lowest reading since March 2020 was a flash in the pan around holiday weekend effects or a more durable sign.

Other readings I'll write more about during the week will include New Zealand's Q3 inflation print at the start of the week, plus UK and Mexican retail sales.

Key Indicators for week of October 18 – 22

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	10/18	08:15	Housing Starts (000s a.r.)	Sep	250	256.5	260.2
CA	10/18	08:30	International Securities Transactions (C\$ bn)	Aug	--	--	14.2
US	10/18	09:15	Capacity Utilization (%)	Sep	76.5	76.5	76.4
US	10/18	09:15	Industrial Production (m/m)	Sep	0.3	0.2	0.4
US	10/18	10:00	NAHB Housing Market Index	Oct	--	75.0	76.0
CA	10/18	10:30	Business Outlook Future Sales	3Q	--	--	47.0
US	10/18	16:00	Total Net TIC Flows (US\$ bn)	Aug	--	--	126.0
US	10/18	16:00	Net Long-term TIC Flows (US\$ bn)	Aug	--	--	2.0
US	10/18		Treasury Budget (US\$ bn)	Sep	--	-100.1	-170.6
US	10/19	08:30	Building Permits (000s a.r.)	Sep	--	1,680	1,721
US	10/19	08:30	Housing Starts (000s a.r.)	Sep	1,620	1,620	1,615
US	10/19	08:30	Housing Starts (m/m)	Sep	0.3	0.3	3.9
US	10/20	07:00	MBA Mortgage Applications (w/w)	Oct 15	--	--	0.2
CA	10/20	08:30	Core CPI - Common (y/y)	Sep	--	1.9	1.8
CA	10/20	08:30	Core CPI - Median (y/y)	Sep	--	2.6	2.6
CA	10/20	08:30	Core CPI - Trim (y/y)	Sep	--	3.3	3.3
CA	10/20	08:30	CPI, All items (m/m)	Sep	0.3	0.1	0.2
CA	10/20	08:30	CPI, All items (y/y)	Sep	4.4	4.3	4.1
CA	10/20	08:30	CPI, All items (index)	Sep	--	142.7	142.6
CA	10/20	08:30	Teranet - National Bank HPI (y/y)	Sep	--	--	18.4
MX	10/21	07:00	Retail Sales (INEGI) (y/y)	Aug	--	--	9.9
US	10/21	08:30	Initial Jobless Claims (000s)	Oct 16	290	303	293
US	10/21	08:30	Continuing Claims (000s)	Oct 9	2,550	2,550	2,593
US	10/21	08:30	Philadelphia Fed Index	Oct	--	25.0	30.7
US	10/21	10:00	Existing Home Sales (mn a.r.)	Sep	6.12	6.0	5.9
US	10/21	10:00	Existing Home Sales (m/m)	Sep	4.0	2.6	-2.0
US	10/21	10:00	Leading Indicators (m/m)	Sep	--	0.4	0.9
MX	10/22	07:00	Bi-Weekly Core CPI (% change)	Oct 15	--	--	0.1
MX	10/22	07:00	Bi-Weekly CPI (% change)	Oct 15	--	--	0.2
CA	10/22	08:30	Retail Sales (m/m)	Aug	2.1	1.9	-0.6
CA	10/22	08:30	Retail Sales ex. Autos (m/m)	Aug	2.4	2.4	-1.0

EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
GE	10/20	02:00	Producer Prices (m/m)	Sep	1.1	1.5
UK	10/20	02:00	CPI (m/m)	Sep	0.4	0.7
UK	10/20	02:00	CPI (y/y)	Sep	3.2	3.2
UK	10/20	02:00	RPI (m/m)	Sep	0.2	0.6
UK	10/20	02:00	RPI (y/y)	Sep	4.7	4.8
EC	10/20	04:00	Current Account (€ bn)	Aug	--	21.6
IT	10/20	04:30	Current Account (€ mn)	Aug	--	7,947
EC	10/20	05:00	CPI (m/m)	Sep F	0.5	0.5
EC	10/20	05:00	CPI (y/y)	Sep F	3.4	3.4
EC	10/20	05:00	Euro zone Core CPI Estimate (y/y)	Sep F	1.9	1.9
UK	10/21	02:00	PSNB ex. Interventions (£ bn)	Sep	23.1	20.5
UK	10/21	02:00	Public Finances (PSNCR) (£ bn)	Sep	--	5.8
UK	10/21	02:00	Public Sector Net Borrowing (£ bn)	Sep	23.2	19.8
TU	10/21	07:00	Benchmark Repo Rate (%)	Oct 21	17.00	18.00
EC	10/21	10:00	Consumer Confidence	Oct A	-5.0	-4.0
UK	10/21	19:01	GfK Consumer Confidence Survey	Oct	-16.0	-13.0
UK	10/22	02:00	Retail Sales ex. Auto Fuel (m/m)	Sep	-0.1	-1.2
UK	10/22	02:00	Retail Sales with Auto Fuel (m/m)	Sep	0.6	-0.9
FR	10/22	03:15	Manufacturing PMI	Oct P	54.0	55.0
FR	10/22	03:15	Services PMI	Oct P	55.5	56.2

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

Key Indicators for week of October 18 – 22

EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	Consensus	Latest
GE	10/22	03:30	Manufacturing PMI	Oct P	56.7	0.1
GE	10/22	03:30	Services PMI	Oct P	55.2	56.2
EC	10/22	04:00	Composite PMI	Oct P	55.2	56.2
EC	10/22	04:00	Manufacturing PMI	Oct P	57.0	58.6
EC	10/22	04:00	Services PMI	Oct P	55.4	56.4
UK	10/22	04:30	Manufacturing PMI	Oct P	56.0	57.1
UK	10/22	04:30	Services PMI	Oct P	54.5	55.4
RU	10/22	06:30	One-Week Auction Rate (%)	Oct 22	7.00	6.75

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
NZ	10/17	17:45	Consumer Prices (y/y)	3Q	4.1	4.2	3.3
SI	10/17	20:30	Exports (y/y)	Sep	--	8.5	2.7
CH	10/17	22:00	Fixed Asset Investment YTD (y/y)	Sep	7.8	7.8	8.9
CH	10/17	22:00	Industrial Production (y/y)	Sep	3.8	3.8	5.3
CH	10/17	22:00	Real GDP (y/y)	3Q	4.6	5.0	7.9
CH	10/17	22:00	Retail Sales (y/y)	Sep	3.5	3.5	2.5
ID	10/19	03:20	BI 7-Day Reverse Repo Rate (%)	Oct 19	3.50	3.50	3.50
JN	10/19	19:50	Merchandise Trade Balance (¥ bn)	Sep	--	-510	-637
JN	10/19	19:50	Adjusted Merchandise Trade Balance (¥ bn)	Sep	--	-586	-272
JN	10/19	19:50	Merchandise Trade Exports (y/y)	Sep	--	10.3	26.2
JN	10/19	19:50	Merchandise Trade Imports (y/y)	Sep	--	34.4	44.7
CH	10/19	21:30	PBoC Loan Prime Rate 1-Year (%)	Oct 20	3.85	3.85	3.85
TA	10/20	04:00	Export Orders (y/y)	Sep	--	16.6	17.6
SK	10/20	17:00	PPI (y/y)	Sep	--	--	7.3
JN	10/21	01:00	Supermarket Sales (y/y)	Sep	--	--	-0.1
JN	10/21	02:00	Machine Tool Orders (y/y)	Sep F	--	--	71.9
HK	10/21	04:30	Unemployment Rate (%)	Sep	--	4.7	4.7
JN	10/21	19:30	National CPI (y/y)	Sep	-0.1	0.2	-0.4
JN	10/21	20:30	Markit/JMMA Manufacturing PMI	Oct P	--	--	51.5
TH	10/21	23:30	Customs Exports (y/y)	Sep	--	12.4	8.9
TH	10/21	23:30	Customs Imports (y/y)	Sep	--	33.3	47.9
TH	10/21	23:30	Customs Trade Balance (US\$ mn)	Sep	--	-1,100	-1,216
MA	10/22	00:00	CPI (y/y)	Sep	2.1	2.2	2.0
TA	10/22	04:00	Unemployment Rate (%)	Sep	--	4.0	4.1
HK	10/22	04:30	CPI (y/y)	Sep	3.9	3.7	1.6

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CO	10/19	11:00	Trade Balance (US\$ mn)	Aug	--	--	-1,209
BZ	10/22	08:30	Current Account (US\$ mn)	Sep	--	1,400	1,684

Global Auctions for week October 18 – 22**NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	10/20	13:00	U.S. To Sell 20-Year Bonds
US	10/21	13:00	U.S. To Sell 5-Year TIPS

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
FI	10/19	06:00	Finland to Sell Bonds
DE	10/20	04:30	Denmark to Sell Bonds
SW	10/20	05:00	Sweden to Sell Bonds
UK	10/20	05:00	U.K. to Sell 0.25% 2031 Bonds
GE	10/20	05:30	Germany to Sell 3 Billion Euros of 0% 2031 Bonds
SP	10/21	04:30	Spain to Sell Bonds
FR	10/21	04:50	France to Sell Bonds
IC	10/22	07:30	Iceland to Sell Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CH	10/18	02:00	Shandong to Sell Bonds
CH	10/18	21:30	Jiangsu to Sell Bonds
JN	10/18	23:35	Japan to Sell 20-Year Bonds
CH	10/19	04:00	Jiangxi to Sell Bonds
CH	10/19	23:00	China Plans to Sell 2-Yr Bond
CH	10/19	23:00	China Plans to Sell 5-Yr Upsize Bond

LATIN AMERICA

No Scheduled Auctions.

Events for week of October 18 – 22

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	10/18	10:30	BoC Business Outlook Future Sales
US	10/19	11:00	Fed's Daly Makes Introductory Remarks at Regional Bank Forum
US	10/19	14:50	Fed's Bostic Interviewed About Long-Term Unemployment
US	10/20	12:00	Fed's Bostic, Kashkari, Evans and Bullard on Racism and...
US	10/22	10:00	Fed's Daly Discusses the Fed and Climate Change Risk

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	10/16	09:00	BOE's Andrew Bailey and PBOC's Yi Gang speak on panel
EC	10/16	10:00	ECB's Lagarde Speaks
UK	10/17	09:00	BOE's Bailey on Panel at Group of 30
UK	10/18	10:30	BOE's Jon Cunliffe speaks on digital currencies
EC	10/19	04:15	ECB's Rehn Speaks at Online Conference
UK	10/19	06:00	BOE's Catherine Mann speaks on panel
EC	10/19	08:00	ECB's Panetta Speaks at Online Conference
EC	10/19	09:00	ECB's Lane Speaks at Online Conference
NO	10/19		Norges Bank Deputy Governor Bache Speaks at Housing Conference
EC	10/20	03:20	ECB's Elderson Delivers Speech in Vienna
EC	10/20	09:40	ECB's Holzmann Speaks at Financial Regulation Conference
SW	10/20	12:00	Jansson, panel discussion on inflation
TU	10/21	07:00	One-Week Repo Rate
EC	10/22	04:00	ECB Survey of Professional Forecasters
RU	10/22	06:30	Key Rate

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	10/17	23:00	RBA's Heath Participates in Online Panel
AU	10/18	20:30	RBA Minutes of Oct. Policy Meeting
ID	10/19	03:20	Bank Indonesia 7D Reverse Repo
CH	10/19	21:30	1-Year Loan Prime Rate
CH	10/19	21:30	5-Year Loan Prime Rate
AU	10/21	15:00	RBA Governor Lowe Participates in Online Panel

LATIN AMERICA

No Scheduled Events.

Global Central Bank Watch

NORTH AMERICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Canada – Overnight Target Rate	0.25	October 27, 2021	0.25	0.25
Federal Reserve – Federal Funds Target Rate	0.25	November 3, 2021	0.25	0.25
Banco de México – Overnight Rate	4.75	November 11, 2021	5.00	5.00

EUROPE

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
European Central Bank – Refinancing Rate	0.00	October 28, 2021	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	0.25	October 28, 2021	0.25	0.25
European Central Bank – Deposit Facility Rate	-0.50	October 28, 2021	-0.50	-0.50
Bank of England – Bank Rate	0.10	November 4, 2021	0.10	0.10
Swiss National Bank – Libor Target Rate	-0.75	November 4, 2021	-0.75	-0.75
Central Bank of Russia – One-Week Auction Rate	6.75	October 22, 2021	7.00	7.25
Sweden Riksbank – Repo Rate	0.00	November 25, 2021	0.00	0.00
Norges Bank – Deposit Rate	0.25	November 4, 2021	0.50	0.50
Central Bank of Turkey – Benchmark Repo Rate	18.00	October 21, 2021	17.50	17.00

Central Bank of Turkey (CBRT): A surprise 100 bps cut to 18.00% last meeting flipped real rates negative and much further from the CBRT's 2–3% real rate target. In the wake of President Erdogan's firing of three central bank deputies, a further rate cut of 50-100bps is generally expected on Thursday. September core inflation clocked in at 17.00% y/y making further rate cuts harder to fathom. The TRY continues to slide, remaining one of the worst performing EM currencies this year. **Central Bank of Russia (CBR):** The MPC is expected to continue tightening next week as inflation continues to surge above target (7.4% y/y in September). Markets are split on a 25–50 bps hike in the key rate, but in any event, expect the committee to still strike a hawkish tone, keeping further rate hikes on the table.

ASIA PACIFIC

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Japan – Policy Rate	-0.10	October 28, 2021	-0.10	0.00
Reserve Bank of Australia – Cash Target Rate	0.10	November 1, 2021	0.10	0.10
Reserve Bank of New Zealand – Cash Rate	0.50	November 23, 2021	0.50	0.50
People's Bank of China – 1-Year Loan Prime Rate	3.85	October 19, 2021	3.85	3.85
Reserve Bank of India – Repo Rate	4.00	December 7, 2021	4.00	4.00
Bank of Korea – Bank Rate	0.75	November 25, 2021	1.00	0.75
Bank of Thailand – Repo Rate	0.50	November 10, 2021	0.50	0.50
Bank Negara Malaysia – Overnight Policy Rate	1.75	November 3, 2021	1.75	1.75
Bank Indonesia – 7-Day Reverse Repo Rate	3.50	October 19, 2021	3.50	3.50
Central Bank of Philippines – Overnight Borrowing Rate	2.00	November 18, 2021	2.00	2.00

People's Bank of China (PBoC): We expect the PBoC's Loan Prime Rate fixings to remain unchanged in the foreseeable future. Conducting monetary policy in China is a balancing act between supporting the economy and addressing rising financial imbalances, such as weaker quality of debt. As Chinese domestic demand has room to strengthen, the PBoC will likely reduce banks' reserve requirement ratio before the end of the year.

Bank Indonesia (BI): Indonesian monetary authorities will make a policy decision on October 19. We expect BI to leave the benchmark 7-day reverse repo rate unchanged at 3.50% for the time being. Financial stability considerations are increasingly important for Indonesian policymakers. Accordingly, we expect a monetary tightening cycle to begin in early 2022.

LATIN AMERICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Banco Central do Brasil – Selic Rate	6.25	October 27, 2021	7.25	7.25
Banco Central de Chile – Overnight Rate	2.75	December 14, 2021	3.75	3.75
Banco de la República de Colombia – Lending Rate	2.00	October 29, 2021	2.25	2.25
Banco Central de Reserva del Perú – Reference Rate	1.50	November 11, 2021	1.50	1.50

AFRICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
South African Reserve Bank – Repo Rate	3.50	November 18, 2021	3.50	3.50

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

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