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*With thanks for research support from:  
 Marc Ercolao.*

#### Next Week's Risk Dashboard

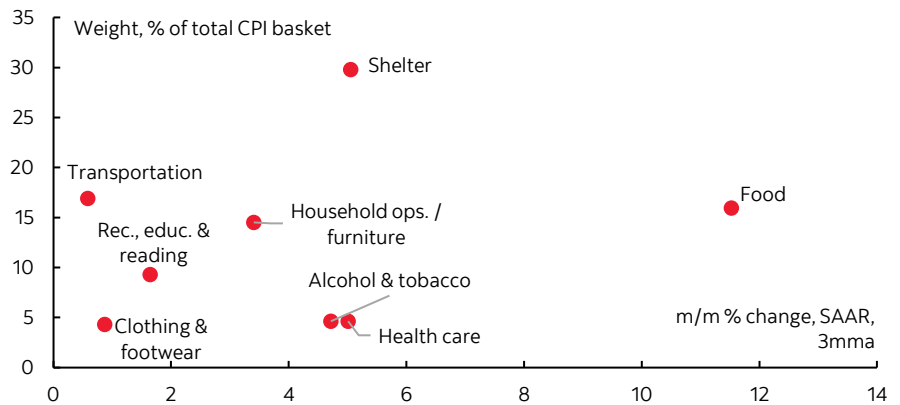
- China's tumbling mobility...
- ...and the risk of further supply shocks
- BoJ: No pivot yet...
- ...but the BoJ could disrupt world markets in 2023
- Chinese banks might cut lending rates
- Bank Indonesia likely to hike again
- Turkey's central bank is probably done messing up
- Canadian inflation: soft headline, solid core?
- Canadian economy: modest Q4 growth?
- US macro dump

## China Covid Gamble Keeps Inflation Risk Alive

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### Chart of the Week

#### Hard to Avoid Canadian Inflation



Sources: Scotiabank Economics, Statistics Canada.

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

## China Covid Gamble Keeps Inflation Risk Alive

An abridged version of this article owes itself to a combination of what is a relatively light coming week for global calendar-based developments, mercy toward readers after this past week's central bank—driven market turmoil, and having been a tad under the weather myself.

In fact, this week could bring a return to random off-calendar developments dominating calendar-based risk and especially slanted toward China's high stakes gamble to drop covid restrictions and further developments in the war in Ukraine.

That a covid surge in China is causing folks to withdraw from the economy is evidenced by alt-data such as tumbling use of subways in major cities (chart 1). Travel and trade linkages could once again make Covid China's fastest growing export into the new year. While the consequences would be a much more muted version of the start of the pandemic, the pattern of serial supply-side shocks could be further aggravated by disruptive and inflationary effects upon global supply chains and labour markets. I think this is among the reasons why we heard central banks guide this past week that they continue to judge inflation risk as skewed higher rather than lower.

### CENTRAL BANKS—COULD THE BOJ BE THE NEXT SHOE TO DROP?

It's next to impossible to top the impact that major central banks had upon global markets over this past week. Only four central banks will be on market radar over the coming week and none of them are expected to impact global markets but at least one of the could be at risk of a powerful pivot next year.

#### Bank of Japan—Stay Tuned!

The Bank of Japan delivers its latest policy decisions on Tuesday. While no changes are expected at this meeting, it's feasible that policy change may be afoot as 2023 unfolds.

The policy statement is expected to be very similar if not entirely identical to the one issued the last time on October 27<sup>th</sup> ([here](#)). The policy balance rate of -0.1% is expected to be unchanged. The statement is also likely to retain unchanged language on Yield Curve Control that says they will continue to buy 10-year JGBs in sufficient quantities so as to maintain a yield of "around zero percent" and implemented on a ceiling basis at 0.25%.

Key, however, is the potential intersection of faster wage growth and a new Governor next year. Governor Kuroda's decade-long term will be up in April and a successor is expected to be announced probably early next year. That coincides with annual Spring labour-management wage negotiations that may finally deliver the missing ingredient to durably achieving the BoJ's 2% inflation target.

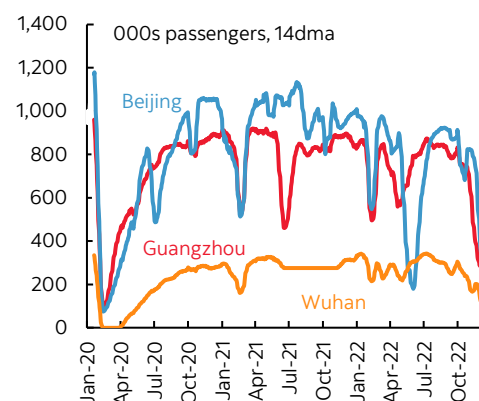
At the moment, inflation is running at nearly double that pace (3.7% y/y) with a November update due on Wednesday evening (eastern time as always in this article). Kuroda has downplayed the sources of this inflation as incompatible with durably achieving the central bank's inflation target given its transitory drivers including yen depreciation plus food and energy price inflation in the absence of stronger wage growth. Real wages continue to be crushed (chart 2).

Unlike concerns about the potential for a wage-price spiral that could unfold elsewhere such as the US, Eurozone and Canada, the BoJ would welcome such a development to a degree. This was clearly expressed in the Summary of Opinions published after the October meeting ([here](#)) that stated the following:

"While there is concern over a wage-price spiral in Europe and the United States, a virtuous cycle between wages and prices has not been achieved in Japan. Including this factor, the Bank needs to carefully explain the reasons behind the differing direction of monetary policy between Japan and overseas economies."

Chart 1

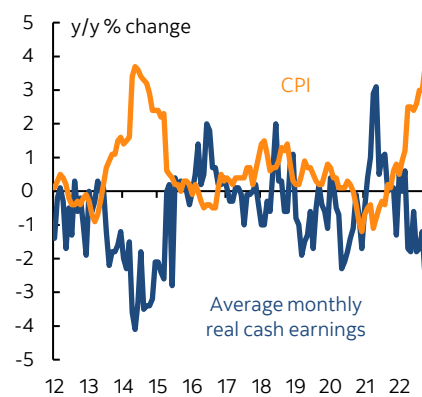
#### Chinese Mobility is Tumbling



Sources: Scotiabank Economics, Weibo.

Chart 2

#### Japan: Rising Inflation, Low Wages



Sources: Scotiabank Economics, Bloomberg.

“If firms' current price-setting behavior and moves to increase wages take hold and a virtuous cycle between prices and wages operates, sustainable and stable achievement of the price stability target of 2 percent will come in sight.”

The BoJ has also made clear that it will be following annual Spring wage negotiations for evidence that this is unfolding:

“From the second half of fiscal 2023, underlying inflation is projected to gain momentum on the back of improvement in the output gap and rises in inflation expectations and in wage growth. The key to this outlook is wage developments reflecting the annual spring labor-management wage negotiations.”

“For wages to increase, it is crucial that firms' growth expectations rise.”

Such evidence may be unfolding. The Japanese Trade Union Confederation (“Rengo”) recently finalized a plan to seek a pay hike of about 5% in the upcoming shuntō spring labour management negotiations, up a percentage point from prior years. What could weigh against this target is the dampened confidence of the business community’s growth expectations in the face of a deteriorating global outlook.

For now, however, the central bank says that “In order to achieve the price stability target while increasing the likelihood of wage inflation being realized, it is appropriate for the Bank to continue with the current monetary easing” and how “it is undesirable to make premature changes to monetary policy because they have a risk of disrupting the formation of a virtuous cycle between prices and wages.”

The chance to reassess this dynamic isn’t likely to occur before Kuroda’s term is up in April. At that point it’s feasible that talk of a policy review gains traction and may lead to a pivot with uncertain consequences. A BoJ policy pivot could offer powerful effects across world markets through the implications for carry out of very low yielding JGBs into sovereign benchmarks elsewhere and depending upon how market assessments of the cost of hedging yen versus dollars and euros may evolve.

**Chinese Banks & the PBoC**

After the People’s Bank of China left its 1-year medium-term lending facility rate unchanged at 2.75% this past week, the odds of a cut to the one-year Loan Prime Rate on Monday moved to near zero. Cuts in LPRs often, but not always, require the central bank to lead with reductions in the facility rate (chart 3).

It’s possible that commercial banks may deliver a token cut to the five-year Loan Prime Rate which is more consequential to the property market. This could reflect policy efforts to ease financing in targeted fashion including toward the beleaguered property sector. Those efforts have included reductions in required reserve ratios and an acceleration of lending volumes through the medium-term facility in excess of maturities.

Nevertheless, shorter-term funding pressures have continued to become more acute and further policy action may be needed in support of property markets (chart 4).

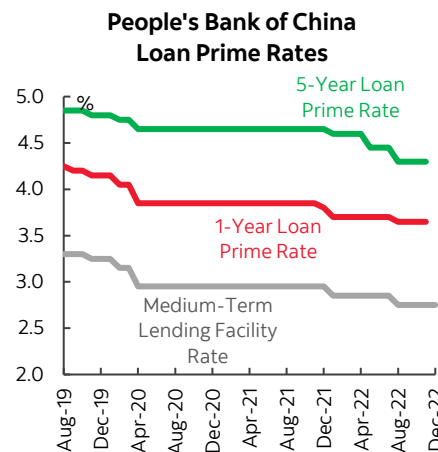
**Bank Indonesia Likely to Hike Again**

Bank Indonesia is widely expected to deliver another rate hike of at least 25bps on Thursday. Inflation is running at 5.4% y/y with core at 3.3%, both of which are above the mid-point of the central bank’s 2–4% inflation target rate. While it has stabilized in the most recent estimates, the rupiah has depreciated by about 5% to the USD since September and may pose further lagging effects to inflation and stability.

**Turkey’s Inept Central Bank**

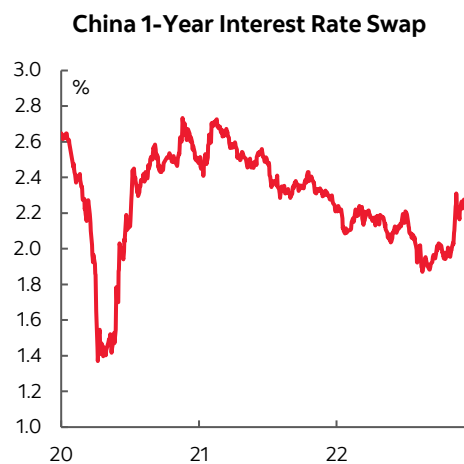
After President Erdogan succeeded in his quest to drive Turkey’s central bank to cut the one-week report rate into single digits, most within consensus don’t expect further reductions to the 9% rate on Thursday. Easing should have never occurred in the first place with inflation running at 84% y/y and the lira having collapsed in value to the USD from about 8 in September 2021 to almost 19 now. The country’s

Chart 3



Sources: Scotiabank Economics, People's Bank of China.

Chart 4



Sources: Scotiabank Economics, Bloomberg.

central bank is the poster child for what could go wrong when critics of tightened monetary policy elsewhere who would prefer easier monetary policy at home would be courting by way of the devastating consequences.

### CANADIAN INFLATION AND GDP GROWTH COULD INFORM BOC PRICING

Updated inflation and growth estimates might be at least temporarily impactful to market pricing for the Bank of Canada's next policy rate decision on January 25<sup>th</sup> given the central bank's conditioning around extreme data dependence. Much more information will arrive in the new year with another inflation report on January 17<sup>th</sup>, another set of the BoC's quarterly surveys for Q4 on January 16<sup>th</sup> that include measures of expectations for inflation and wage growth and another report on jobs and wages on January 5<sup>th</sup>.

At the margin, however, this heightened data dependence is out of sync with more hawkish central banks elsewhere such as the Fed and ECB. Those central banks have adopted a stronger tendency to offset previously easing financial conditions they probably felt were getting ahead of policymakers' comfort zone. Differences of opinions across these central banks around the direction and magnitude of inflation risk and implications for markets could settle in such a way as to risk further weakening of the Canadian dollar into the first few meetings of the new year and this may yet force the BoC's hand after having left the door partially open to further rate adjustments at its recent meeting and subsequent communications.

Canada updates CPI for the month of November on Wednesday. It's one of two inflation readings that the Bank of Canada will receive before its next decision on January 25<sup>th</sup>, 2023. With this one it may be more important than recently usual to look past the headline number to the details.

I've estimated a drop of -0.2% m/m for total CPI measure in seasonally unadjusted terms as per the survey convention. That would translate into a roughly flat change for total CPI in seasonally adjusted terms. That's because November is typically a down month for seasonal price influences. For example, it seems that if you haven't bought a new winter coat when it's still hot out then by November there is usually less choice and sales tend to kick in. Gasoline prices will also weigh on the headline as they fell by about 2½% m/m. Food prices may have offset some of that by adding a weighted 0.1% to m/m CPI.

Traditional core inflation, however, might be a different story and will further inform the recently softening trend (chart 5). Seasonally adjusted CPI ex-food and energy is estimated at +0.3% m/m. That would remain down from the super elevated readings earlier in the year but would still be running at about a 4% annualized rate and hence double the BoC's 2% headline CPI target.

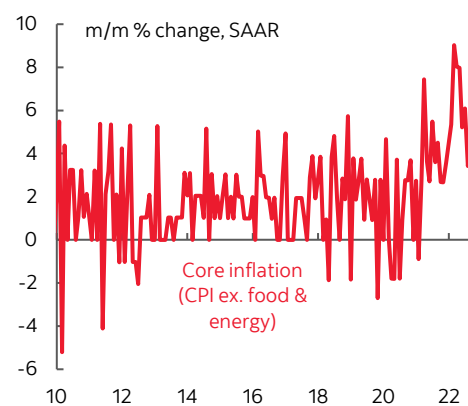
If market participants fail to look beneath the headline inflation reading to the underlying details in terms of core inflation and breadth, then a weak reading could chip away at pricing toward half of a quarter point rate hike on January 25<sup>th</sup>. That might be the instant reaction, especially if there is a further downside surprise, but there may be room for a second trade upon looking at the details.

Canada will also update growth figures. Friday's GDP release for October was initially guided toward being "essentially unchanged" by Statcan back on November 29<sup>th</sup>. That usually suggests something between about -0.1% m/m and +0.1% m/m and I've estimated the latter. We know that hours worked were up by a powerful 0.7% m/m for the biggest monthly gain since June. Since GDP is an identity defined as hours times labour productivity this gain in hours is a strong starting point for estimating growth. There were also several activity readings that pointed to strengths in the goods sector.

The same GDP report should release the preliminary estimate of GDP growth in November. So far we have very little tracking information but one-handed Q4 growth is feasible and would continue to point toward economic resilience that has been the envy of many other economies (chart 6).

Chart 5

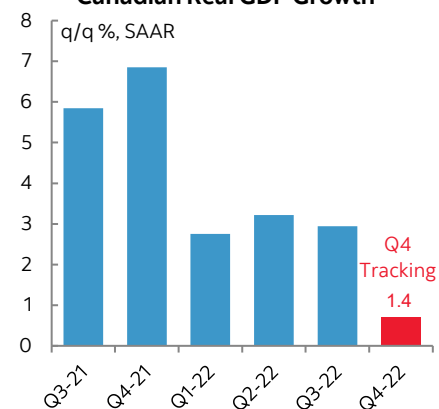
#### Canada Core Inflation



Sources: Scotiabank Economics, Statistics Canada.

Chart 6

#### Canadian Real GDP Growth



Sources: Scotiabank Economics, Statistics Canada.

**OTHER MACRO—TIMING ONLY SCROOGE WOULD APPRECIATE!**

The rest of the global line-up of calendar-based risk to markets will be pretty light.

The US updates a series of indicators as follows and put your best indicators on Christmas Eve I always say!!

- **Housing starts (Tuesday):** November's tally will probably slip again and continue to follow building permits lower.
- **Existing home sales (Wednesday):** Falling pending home sales (contract signings) will likely continue to drag completed resales lower when November's estimate lands.
- **Consumer confidence (Wednesday):** It's possible that there will be a small improvement given waning gasoline prices and strong job markets as mitigating factors to rising concern toward the economic outlook.
- **Q3 GDP (Thursday):** No further revisions is expected to the second estimate that registered growth of 2.9%. This third and final estimate incorporates fuller information on the services sector.
- **Jobless claims (Thursday):** Was the 20k drop to 211k the prior week a fluke as claims returned to their lowest since September?
- **PCE inflation (Friday):** In the wake of the soft CPI report for November, the Fed's preferred measures of inflation are likely to record soft changes of about 0% to +0.1% on headline PCE and core PCE gauges.
- **Spending and incomes (Friday):** Strong wage gains and resilient job growth could pop income growth materially higher but the previously soft retail sales report suggests total consumption growth may register little to no nominal growth.
- **New home sales (Friday):** Falling model home foot traffic is a decent proxy for what to expect to happen by way of an expected decline in new home sales during November.
- **Durable goods orders (Friday):** Boeing's plane orders from US airlines plummeted to basically nothing last month and should weigh down on total durable goods orders, but core orders ex-defence and air will be shooting for the 9<sup>th</sup> gain in 11 months so far this year.

## Key Indicators for the week of December 19 – 23

## NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	12-19	08:30	IPPI (m/m)	Nov	--	--	2.4
CA	12-19	08:30	Raw Materials Price Index (m/m)	Nov	--	--	1.3
CA	12-19	08:30	Teranet - National Bank HPI (y/y)	Nov	--	--	6.5
US	12-19	10:00	NAHB Housing Market Index	Dec	--	34.0	33.0
MX	12-20	07:00	Retail Sales (INEGI) (y/y)	Oct	--	--	3.3
CA	12-20	08:30	Retail Sales (m/m)	Oct	1.5	1.5	-0.5
CA	12-20	08:30	Retail Sales ex. Autos (m/m)	Oct	--	1.5	-0.7
US	12-20	08:30	Building Permits (000s a.r.)	Nov	--	1,485	1,512
US	12-20	08:30	Housing Starts (000s a.r.)	Nov	1,411	1,400	1,425
US	12-20	08:30	Housing Starts (m/m)	Nov	-1.0	-1.8	-4.2
US	12-21	07:00	MBA Mortgage Applications (w/w)	Dec 16	--	--	3.2
CA	12-21	08:30	Core CPI - Median (y/y)	Nov	--	4.9	4.8
CA	12-21	08:30	Core CPI - Trim (y/y)	Nov	--	5.3	5.3
CA	12-21	08:30	CPI, All items (m/m)	Nov	-0.2	-0.1	0.7
CA	12-21	08:30	CPI, All items (y/y)	Nov	6.3	6.5	6.9
CA	12-21	08:30	CPI, All items (index)	Nov	--	153.9	153.8
US	12-21	08:30	Current Account (US\$ bn)	3Q	--	-224.0	-251.1
US	12-21	10:00	Consumer Confidence Index	Dec	100.5	101.0	100.2
US	12-21	10:00	Existing Home Sales (mn a.r.)	Nov	4.2	4.2	4.4
US	12-21	10:00	Existing Home Sales (m/m)	Nov	-5.2	-5.2	-5.9
MX	12-22	07:00	Bi-Weekly Core CPI (% change)	Dec 15	--	--	0.0
MX	12-22	07:00	Bi-Weekly CPI (% change)	Dec 15	--	--	-0.1
US	12-22	08:30	GDP (q/q a.r.)	3Q T	2.9	2.9	2.9
US	12-22	08:30	GDP Deflator (q/q a.r.)	3Q T	--	4.3	4.3
US	12-22	08:30	Initial Jobless Claims (000s)	Dec 17	220	225	211
US	12-22	08:30	Continuing Claims (000s)	Dec 10	1,695	1,695	1,671
US	12-22	10:00	Leading Indicators (m/m)	Nov	--	-0.5	-0.8
MX	12-23	07:00	Global Economic Indicator IGAE (y/y)	Oct	--	--	5.2
MX	12-23	07:00	Trade Balance (US\$ mn)	Nov	--	--	-2,012
CA	12-23	08:30	Real GDP (m/m)	Oct	0.1	0.1	0.1
US	12-23	08:30	Durable Goods Orders (m/m)	Nov P	-1.0	-0.9	1.0
US	12-23	08:30	Durable Goods Orders ex. Trans. (m/m)	Nov P	0.2	0.0	0.5
US	12-23	08:30	PCE Deflator (m/m)	Nov	0.0	0.1	0.3
US	12-23	08:30	PCE Deflator (y/y)	Nov	5.4	5.5	6.0
US	12-23	08:30	PCE ex. Food & Energy (m/m)	Nov	0.1	0.2	0.2
US	12-23	08:30	PCE ex. Food & Energy (y/y)	Nov	4.6	4.6	5.0
US	12-23	08:30	Personal Spending (m/m)	Nov	0.1	0.2	0.8
US	12-23	08:30	Personal Income (m/m)	Nov	0.5	0.3	0.7
US	12-23	10:00	New Home Sales (000s a.r.)	Nov	594	600.0	632.0
US	12-23	10:00	U. of Michigan Consumer Sentiment	Dec F	--	59.1	59.1

## EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
GE	12-19	04:00	IFO Business Climate Survey	Dec	87.5	86.3
GE	12-19	04:00	IFO Current Assessment Survey	Dec	93.5	93.1
GE	12-19	04:00	IFO Expectations Survey	Dec	82.0	80.0
EC	12-19	05:00	Labour Costs (y/y)	3Q	--	4.0
GE	12-20	02:00	Producer Prices (m/m)	Nov	-1.7	-4.2
EC	12-20	04:00	Current Account (€ bn)	Oct	--	-8.1
IT	12-20	04:30	Current Account (€ mn)	Oct	--	-2,018
EC	12-20	10:00	Consumer Confidence	Dec P	-22.0	-23.9

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for the week of December 19 – 23

EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	Consensus	Latest
GE	12-21	02:00	GfK Consumer Confidence Survey	Jan	-38.0	-40.2
UK	12-21	02:00	PSNB ex. Interventions (£ bn)	Nov	14.8	13.5
UK	12-21	02:00	Public Finances (PSNCR) (£ bn)	Nov	--	9.7
UK	12-21	02:00	Public Sector Net Borrowing (£ bn)	Nov	12.0	12.7
UK	12-22	02:00	Business Investment (q/q)	3Q F	-0.5	-0.5
UK	12-22	02:00	Current Account (£ bn)	3Q	-20.1	-33.8
UK	12-22	02:00	GDP (q/q)	3Q F	-0.2	-0.2
<b>TU</b>	<b>12-22</b>	<b>06:00</b>	<b>Benchmark Repo Rate (%)</b>	<b>Dec 22</b>	<b>9.00</b>	<b>9.00</b>
FR	12-23	02:45	Producer Prices (m/m)	Nov	--	-0.1
SP	12-23	03:00	Real GDP (q/q)	3Q F	0.2	0.2

ASIA PACIFIC

Country	Date	Time	Indicator	Period	Consensus	Latest
MA	12-18	23:00	Exports (y/y)	Nov	13.2	15.0
MA	12-18	23:00	Imports (y/y)	Nov	21.8	29.2
MA	12-18	23:00	Trade Balance (MYR bn)	Nov	15.2	18.1
NZ	12-19	16:45	Trade Balance (NZD mn)	Nov	--	-1,696
NZ	12-19	16:45	Exports (NZD bn)	Nov	--	6,137
NZ	12-19	16:45	Imports (NZD bn)	Nov	--	7,633
<b>CH</b>	<b>12-19</b>	<b>20:15</b>	<b>PBoC Loan Prime Rate 1-Year (%)</b>	<b>Dec 20</b>	<b>3.65</b>	<b>3.65</b>
TA	12-20	03:00	Export Orders (y/y)	Nov	-12.9	-6.3
HK	12-20	03:30	CPI (y/y)	Nov	1.7	1.8
NZ	12-20	16:00	ANZ Consumer Confidence Index	Dec	--	80.7
<b>JN</b>	<b>12-20</b>	<b>00:00</b>	<b>BoJ Policy Rate (%)</b>	<b>Dec 20</b>	<b>-0.10</b>	<b>-0.10</b>
HK	12-21	03:30	BoP Current Account (HK\$ bns)	3Q	--	30.0
SK	12-21	16:00	PPI (y/y)	Nov	--	7.3
TH	12-21	22:30	Customs Exports (y/y)	Nov	-5.2	-4.4
TH	12-21	22:30	Customs Imports (y/y)	Nov	-1.9	-2.1
TH	12-21	22:30	Customs Trade Balance (US\$ mn)	Nov	300.0	-596.4
JN	12-22	00:00	Coincident Index CI	Oct F	--	100.8
JN	12-22	00:00	Leading Index CI	Oct F	--	98.2
JN	12-22	00:00	New Composite Leading Economic Index	Oct F	--	98.2
MA	12-22	02:00	Foreign Reserves (US\$ bn)	Dec 15	--	109.7
<b>ID</b>	<b>12-22</b>	<b>02:20</b>	<b>BI 7-Day Reverse Repo Rate (%)</b>	<b>Dec 22</b>	<b>5.50</b>	<b>5.25</b>
TA	12-22	03:00	Unemployment Rate (%)	Nov	--	3.6
JN	12-22	18:30	National CPI (y/y)	Nov	3.9	3.7
MA	12-22	23:00	CPI (y/y)	Nov	3.9	4.0
SI	12-23	00:00	CPI (m/m)	Nov	--	-0.4
SI	12-23	00:00	CPI (y/y)	Nov	6.5	6.7
SI	12-23	00:00	Industrial Production (m/m)	Nov	--	0.9
SI	12-23	00:00	Industrial Production (y/y)	Nov	-1.0	-0.8
JN	12-23	00:30	Nationwide Department Store Sales (y/y)	Nov	--	11.4
TA	12-23	03:00	Industrial Production (y/y)	Nov	-4.9	-3.6
SK	12-23	19:00	Discount Store Sales (y/y)	Nov	--	-0.5
SK	12-23	19:00	Department Store Sales (y/y)	Nov	--	8.0

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CO	12-20	10:00	Trade Balance (US\$ mn)	Oct	--	-1,290	-1,401
BZ	12-21	07:30	Current Account (US\$ mn)	Nov	--	--	-4,625
BZ	12-23	07:00	IBGE Inflation IPCA-15 (m/m)	Dec	--	0.5	0.5
BZ	12-23	07:00	IBGE Inflation IPCA-15 (y/y)	Dec	--	5.9	6.2

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

**Global Auctions for the week of December 19 – 23****NORTH AMERICA****Country Date Time Event**

CA	12-22	12:00	Canada to Sell 10 Year Bonds
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**EUROPE****Country Date Time Event**

UK	12-20	05:00	U.K. to Sell 0¼% 2025 Bonds
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**ASIA PACIFIC****Country Date Time Event**

CH	12-20	21:35	China Plans to Sell CNY 10Y Upsized Bond
CH	12-22	21:35	China Plans to Sell CNY 2Y Bond

**LATIN AMERICA**

No Scheduled Auctions.



## Events for the week of December 19 – 23

### NORTH AMERICA

No Scheduled Events.

### EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	12-19	03:00	ECB's Guindos Speaks
EC	12-20	04:00	ECB's Kazimir Speaks

### ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	12-19	19:30	RBA Minutes of Dec. Policy Meeting
<b>CH</b>	<b>12-19</b>	<b>20:15</b>	<b>1-Year Loan Prime Rate</b>
<b>CH</b>	<b>12-19</b>	<b>20:15</b>	<b>5-Year Loan Prime Rate</b>
<b>JN</b>	<b>12-19</b>	<b>00:00</b>	<b>BOJ Policy Balance Rate</b>
JN	12-19	00:00	BOJ 10-Yr Yield Target
<b>ID</b>	<b>12-22</b>	<b>02:20</b>	<b>Bank Indonesia 7D Reverse Repo</b>
JN	12-22	18:50	BOJ Minutes of Oct. Meeting

### LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CO	12-20	17:00	Colombia Monetary Policy Minutes

## 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	4.25	January 25, 2023	4.25	4.25
Federal Reserve – Federal Funds Target Rate	4.50	February 1, 2023	5.00	5.00
Banco de México – Overnight Rate	10.50	February 9, 2023	10.75	10.75

## 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	2.50	February 2, 2023	3.00	3.00
European Central Bank – Marginal Lending Facility Rate	2.75	February 2, 2023	3.25	3.25
European Central Bank – Deposit Facility Rate	2.00	February 2, 2023	2.50	2.50
Bank of England – Bank Rate	3.50	February 2, 2023	4.00	4.00
Swiss National Bank – Sight Deposit Rate	1.00	March 23, 2023	1.50	1.50
Central Bank of Russia – One-Week Auction Rate	7.50	February 10, 2023	7.50	7.50
Sweden Riksbank – Repo Rate	2.50	February 9, 2023	2.75	2.75
Norges Bank – Deposit Rate	2.75	January 19, 2023	3.00	3.00
Central Bank of Turkey – Benchmark Repo Rate	9.00	December 22, 2022	9.00	9.00

**Central Bank of Turkey (CBRT):** The central bank is finally expected to stop their string of rate cuts next week after cutting the policy rate by 150 bps to 9.00% at the last meeting. The bank has cut rates by a cumulative 500 bps since July despite soaring inflation at 85% y/y. The unorthodox policy has battered the lira while 'alternative' tools have only offered minimum respite.

## 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	December 20, 2022	-0.10	-0.10
Reserve Bank of Australia – Cash Rate Target	3.10	February 6, 2023	3.25	3.25
Reserve Bank of New Zealand – Cash Rate	4.25	February 21, 2023	4.50	4.50
People's Bank of China – 1-Year Loan Prime Rate	3.65	December 19, 2022	3.65	3.65
Reserve Bank of India – Repo Rate	6.25	February 7, 2023	6.25	6.25
Bank of Korea – Base Rate	3.25	January 13, 2023	3.50	3.50
Bank of Thailand – Repo Rate	1.25	January 25, 2023	1.50	1.50
Bank Negara Malaysia – Overnight Policy Rate	2.75	TBA	2.75	2.75
Bank Indonesia – 7-Day Reverse Repo Rate	5.25	December 22, 2022	5.50	5.50
Central Bank of Philippines – Overnight Borrowing Rate	5.50	TBA	5.50	5.50

**Bank of Japan (BoJ):** The bank is expected to hold firm on its -0.10% policy rate next week. Inflation in the region has accelerated to 3.7% y/y and 3.6% y/y for headline and core readings, respectively, but the BoJ is seeking signs of durable price gains. The yen rally coupled with cooling oil prices since early July may put downward pressure on CPI in the coming months. **People's Bank of China (PBoC):** No changes are expected in the 1-year loan prime rate (3.65%) and 10 bps might be shaved off of the 5-year loan prime rate bringing it to 4.30%. The cut in the 5-year LPR would be a direct effort to stabilize the property markets. LPR quotes usually track changes in the MLF rate, which was held last week at 2.75%. **Bank Indonesia (BI):** Consensus expects the bank to raise the 7-day reverse repo rate by 25 bps to 5.50% but a minority expects a 50 bps move. Headline inflation's deceleration from its recent peak of 6.00% is a welcome development, but core inflation pressures have not followed suit, unchanged in November from last month's reading of 3.30%. Lagging effects of prior depreciation of the rupiah may also influence the central bank's fresh interpretation of risks to stability.

## 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	13.75	February 1, 2023	13.75	13.75
Banco Central de Chile – Overnight Rate	11.25	January 26, 2023	11.25	11.25
Banco de la República de Colombia – Lending Rate	12.00	TBA	12.50	12.50
Banco Central de Reserva del Perú – Reference Rate	7.50	TBA	7.50	7.50

## 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	7.00	TBA	7.00	7.00

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

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