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Next Week's Risk Dashboard

- Chinese mobility sinks on the path to the Lunar New Year
- US CPI: flat headline, solid core?
- CPI: China, Australia, India, Tokyo, Norway, Sweden...
- ...Mexico, Brazil, Argentina
- Protests add to hike risk in Peru
- Bank of Korea not quite done
- BoC's Macklem's panel appearance is likely low risk
- Other global macro focuses upon the UK, China

From One New Year to Another

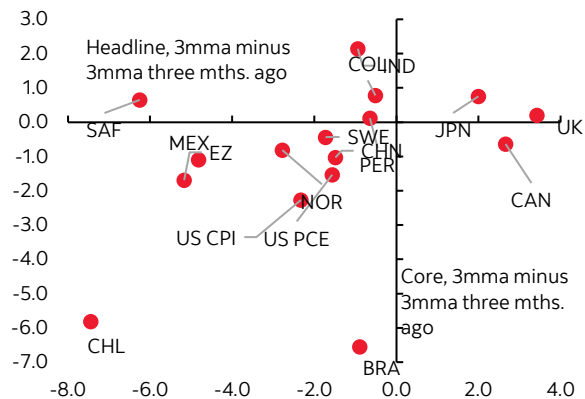
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Chart of the Week

Varying Progress Toward Lower Global Inflation*



*Measured in m/m % change, SAAR,
 Sources: Scotiabank Economics, Haver Analytics.

From One New Year to Another

If this past holiday-shortened week was any indication, then market participants can expect a continuation of high volatility around major releases given how central banks have programmed markets to be extremely data dependent on the path to upcoming decisions.

And so with a new year comes a fresh focus upon a batch of global inflation readings that will set the table for upcoming central bank meetings. Ten economies will offer up their latest readings including powerhouses like the US and China as the latter's health system, economy and its central bank transition toward preparing for its annual Lunar New Year starting on Sunday January 22nd.

Chinese mobility will be closely tracked leading up to this period given business closures and mass migration that used to precede the holiday period in pre-pandemic times and given the recent abandonment of restrictions. Figures up to the end of last year understandably showed sharply waning appetite for travel by any mode of transportation as covid has rapidly spread (chart 1). Whether there is pent-up demand for travel back home after years of suppressed abilities and recent weakness or whether there will be continued caution despite the relative freedom is a big question mark hanging over the performance of China's economy in the Q1/Q2 transition and hence for markets including commodities.

As the cover chart shows, there is a wide variation in the degree to which different measures of headline and core inflation are registering progress toward lower readings using three-month smoothed inflation minus the same measure for the prior three-month period to take out some of the volatility. Several LatAm economies are in the lower left quadrant of the chart which positions them as registering some of the biggest improvements albeit in some cases at some of the highest rates of inflation. Countries like Canada, the UK and Japan are laggards in terms of registering progress and are in the far right section of the chart. On average, there is more progress toward lower headline inflation than lower core inflation readings but with significant variations.

Labour market developments are a part of this narrative including in a forward-looking sense. A country like Canada, for instance, is in the most unfavourable quadrant in chart 2 with among the fastest periods of cumulative wage growth throughout the pandemic period alongside the worst performance on productivity.

Much of the impact upon global markets will be derived from what the US registers and how this impacts Fed expectations. Only two regional central banks will have to weigh in on developments before a barrage of decisions across major central banks starts to arrive later this month and through the first half of February.

US INFLATION—HOUSING AND CORE SERVICES ARE KEY

Another CPI reading rolls into town on Thursday and this one may help to further inform pricing for the FOMC decision on February 1st. At the time of publication, markets are pricing just a few basis points more than a quarter-point hike being delivered at that meeting in the wake of the recently softer wage growth figures and ISM-services reading ([here](#)).

This inflation report might reveal a relatively elevated core reading against a soft headline figure. I've estimated December's CPI print to ease to 6½% y/y from 7.1% and with no change in month-over-month seasonally adjusted terms. Core inflation, however, is forecast to land

Chart 1

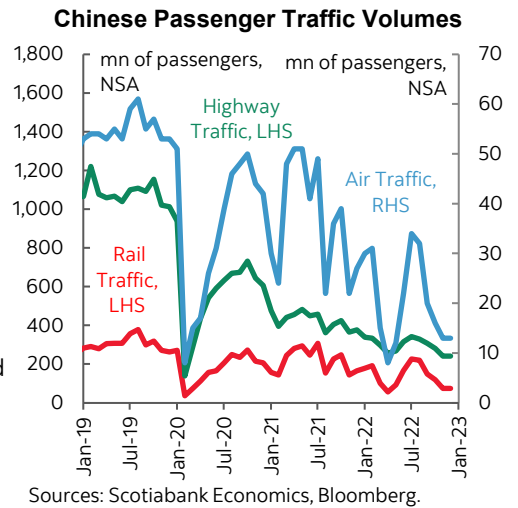


Chart 2

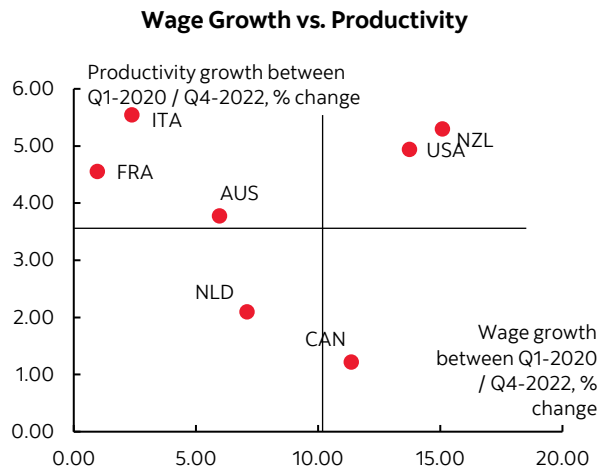
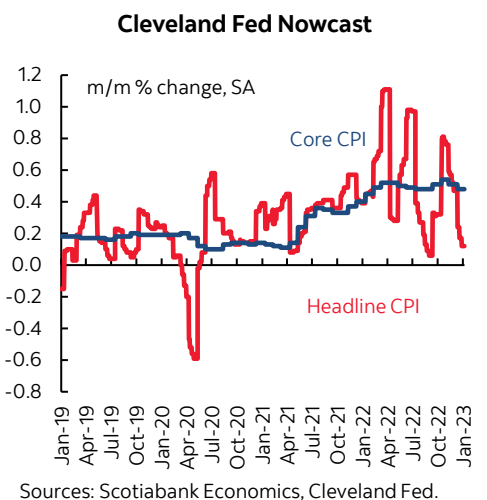


Chart 3



at 0.4% m/m SA while the year-over-year rate ebbs by a couple of tenths to 5.8%. That forecast for core CPI is slightly softer than the Cleveland Fed's core CPI inflation 'nowcast' (chart 3).

The main drag on headline CPI is expected to be gasoline prices that fell by about 9% m/m in seasonally adjusted terms. At about a 4% weight that should be enough to knock about 0.4 percentage points off total m/m CPI. Food prices are expected to register ongoing sharp gains as a slight offset. Bear in mind that December is also usually a mild month for seasonal price pressures.

New and used vehicle prices appear to have both risen by approximately 1% m/m that when combined could add up to 0.1 ppts to core inflation.

Housing is expected to continue to buoy inflation, but in different ways according to CPI versus the Fed's preferred measure of inflation which is the PCE gauge that arrives later. [This](#) useful piece by economists at the Cleveland Fed put some meat on the bone in terms of analytics behind Chair Powell's remarks for some time now about how market-based measures of housing inflation have lagging influences upon inflation. Rents charged for new tenants have been softening and should begin to show up as a drag effect on rent of primary residence in CPI with about a four-quarter lag which probably means fairly soon (chart 4). This measure reflects marginal price changes, whereas the fuller effects of changes to what all new *and* existing renters pay will take longer to work its way through as reflected by subbing out the average rent index for the new tenant price series in chart 5. We haven't begun to see the all-renters gauge turn lower yet which means that most of the softening of inflation through rental market developments won't arise until later this year into next.

Furthermore, housing is treated very differently in CPI than in the Fed's preferred PCE gauge. The weight on housing in PCE is less than half of the 33% weight in CPI (chart 6) and so PCE inflation is less likely to be dragged lower by housing developments than the CPI gauge. This will be an important distinction to bear in mind as inflation data arrives later in the year since core CPI will likely cool faster than core PCE via the housing component.

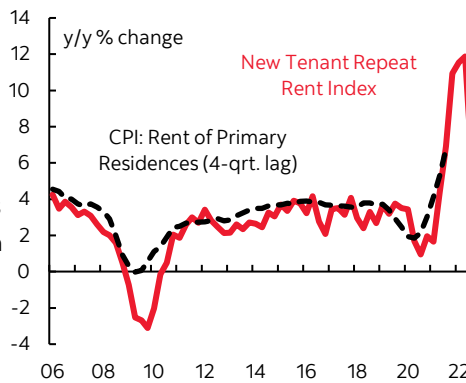
Broader service price inflation is also expected to remain hot by contrast to cooling core goods inflation (chart 7). Services excluding energy and shelter equal one-quarter of the CPI basket and almost one-third of the core CPI basket. Core services excluding housing represent over half of the core PCE inflation basket. Chair Powell's recent speech ([here](#)) made a point of observing that wages are the largest cost of delivering such services which is one reason why the Fed has a close eye on wages. Since the latest data including revisions showed cooler wage inflation, the implication is that this component may not be quite as firm as it would be otherwise. A counterpoint to this, however, remains that the US labour market is extremely tight and there is probably still upside risk to wage growth going forward.

CENTRAL BANKS—PERU'S INFLATION RISK

This should be a relatively quiet week for major central banks as they gradually swing into higher gear ahead of pending decisions starting later in the month and into early February. Only two regional central banks will weigh in alongside probably low risk communications from the Bank of Canada.

Chart 4

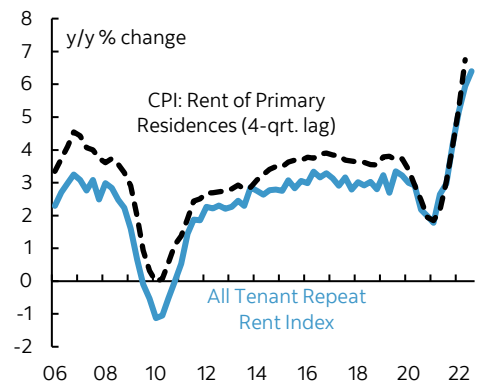
Cooler Housing Market Will Soon Show Up in Official Inflation Data



Sources: Scotiabank Economics, Federal Reserve

Chart 5

Fuller Effects of a Cooler Housing Market Will Take Longer to Show Up



Sources: Scotiabank Economics, Federal Reserve

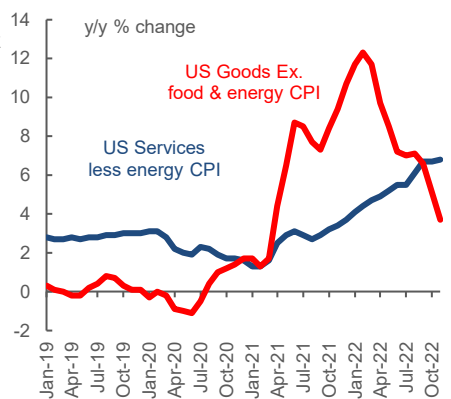
Chart 6

Shelter Comparison*		
	CPI	PCE
Shelter / Housing	32.93	14.83
Rent of primary residence	7.45	3.56
Owners' equivalent rent	24.04	11.11

*Excludes subcomponents of rent and OER that are not directly relateable

Chart 7

US Goods vs. Services Inflation



Sources: Scotiabank Economics, BLS.

Our Lima-based economist Guillermo Arbe expects another 25bps reference rate hike by Banco Central de Reserve del Perú on Thursday. Peru's core inflation rate climbed by another 0.5% m/m NSA which is above seasonal norms for the month, and this raised the year-over-year rate to 5.7% for its highest since July 2000 (chart 8). Protests that erupted following the December 7th arrest of former President Castillo have disrupted transportation networks and supply chains which adds to upside risks to inflation. Those protests have returned this month.

Another 25bps base rate hike is expected from the Bank of Korea on Thursday. Local analysts

interpreted comments by Governor Rhee Chang-yong on November 24th after the previous hike decision to intimate that the terminal rate could be 3.5% which could make this the last of the hikes after a steep climb that began in 2021 (chart 9). A complicating factor may be that since those comments were delivered, core inflation continued to climb to 4.8% y/y which is the highest since February 2009. The Fed also delivered a more hawkish message at its December meeting and Governor Rhee recently emphasized the importance of working with government toward a soft landing while remaining focused upon inflation.

Bank of Canada Governor Macklem participates on a panel at a Riksbank-sponsored symposium on central bank independence on Tuesday (agenda [here](#)). The panel will be focused upon new risks that arise from climate change and will be moderated by BoE Governor Bailey and include BoJ Governor Kuroda, Isabel Schnabel from the ECB and an academic. The panel is unlikely to present material nearer term risks to potential monetary policy actions. That said, there is the low risk that the Governor updates guidance he provided in December before hotter core inflation ([here](#)) and a hot jobs report landed ([here](#)). If he chooses not to do so, then the present BoC calendar does not offer the opportunity to weigh in ahead of the January 25th decision.

OTHER MACRO—GLOBAL INFLATION FOCUS

A wave of other countries will also offer updated inflation readings that will matter to expectations for coming central bank policy rate decisions. Recall the cover chart that shows the varying degrees of progress toward cooling inflation on a global basis across both headline and core readings.

Nine countries will update inflation readings starting with Mexico and Japan (Tokyo CPI) on Monday followed by Australia's monthly gauge and readings from Norway and Brazil on Tuesday. China's CPI inflation on Wednesday is expected to see slightly firmer headline inflation of under 2% y/y while core CPI remains weak at around ½% y/y. India's inflation rate is forecast to remain sub-6% y/y on Thursday with Argentina 92% y/y inflation poised for an update later that day. Sweden gets the final say on Friday.

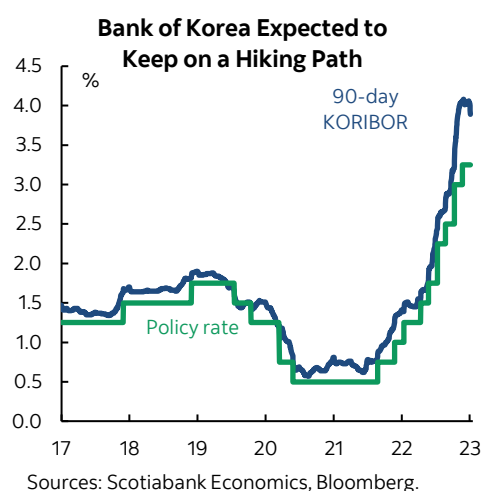
Several China indicators will include export figures for December toward the end of the week and perhaps financing figures including broad social credit and domestic currency loans but they may not be updated until the following week. That following week will be the bigger one for China watchers when Q4 GDP, the PBoC's policy rates and decisions on rolling over volumes in its Medium-Term Lending Facility, and other releases from retail sales to industrial production will be offered ahead of the Lunar New Year. This period typically tends to involve significant liquidity injections to smooth through the holiday effects.

UK markets will take down somewhat stale readings for November including monthly GDP, producer prices, industrial production, services activity, construction output and trade mostly toward the end of the week.

Chart 8



Chart 9



Key Indicators for the week of January 9 – 13

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
MX	01-09	07:00	Bi-Weekly Core CPI (% change)	Dec 31	--	0.2	0.6
MX	01-09	07:00	Bi-Weekly CPI (% change)	Dec 31	--	0.1	0.4
MX	01-09	07:00	Consumer Prices (m/m)	Dec	--	0.4	0.6
MX	01-09	07:00	Consumer Prices (y/y)	Dec	--	7.8	7.8
MX	01-09	07:00	Consumer Prices Core (m/m)	Dec	--	0.7	0.5
CA	01-09	08:30	Building Permits (m/m)	Nov	--	--	-1.4
US	01-09	15:00	Consumer Credit (US\$ bn m/m)	Nov	--	25.0	27.1
US	01-10	10:00	Wholesale Inventories (m/m)	Nov F	--	1.0	1.0
MX	01-11	07:00	Industrial Production (m/m)	Nov	--	--	0.4
MX	01-11	07:00	Industrial Production (y/y)	Nov	--	2.8	3.1
US	01-11	07:00	MBA Mortgage Applications (w/w)	Jan 6	--	--	-10.3
US	01-12	08:30	CPI (m/m)	Dec	0.0	0.0	0.1
US	01-12	08:30	CPI (y/y)	Dec	6.5	6.5	7.1
US	01-12	08:30	CPI (index)	Dec	--	296.7	297.7
US	01-12	08:30	CPI ex. Food & Energy (m/m)	Dec	0.4	0.3	0.2
US	01-12	08:30	CPI ex. Food & Energy (y/y)	Dec	5.8	5.7	6.0
US	01-12	08:30	Initial Jobless Claims (000s)	Jan 7	220	215	204
US	01-12	08:30	Continuing Claims (000s)	Dec 31	1,725	1,718	1,694
US	01-12	14:00	Treasury Budget (US\$ bn)	Dec	--	-70.0	-248.5
US	01-13	08:30	Export Prices (m/m)	Dec	--	-0.7	-0.3
US	01-13	08:30	Import Prices (m/m)	Dec	--	-0.9	-0.6
CA	01-13	09:00	Existing Home Sales (m/m)	Dec	--	--	-3.3
US	01-13	10:00	U. of Michigan Consumer Sentiment	Jan P	61.0	60.5	59.7

EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
GE	01-09	02:00	Industrial Production (m/m)	Nov	0.3	-0.1
FR	01-09	02:45	Current Account (€ bn)	Nov	--	-3800.0
FR	01-09	02:45	Trade Balance (€ mn)	Nov	--	-12150.4
EC	01-09	05:00	Unemployment Rate (%)	Nov	6.5	6.5
FR	01-10	02:45	Industrial Production (m/m)	Nov	0.6	-2.6
FR	01-10	02:45	Industrial Production (y/y)	Nov	-1.0	-2.7
FR	01-10	02:45	Manufacturing Production (m/m)	Nov	--	-2.0
SP	01-10	03:00	Industrial Output NSA (y/y)	Nov	--	2.2
GE	01-12	03:00	Current Account (€ bn)	Nov	--	5.9
UK	01-13	02:00	Index of Services (m/m)	Nov	-0.1	0.6
UK	01-13	02:00	Industrial Production (m/m)	Nov	-0.3	0.0
UK	01-13	02:00	Manufacturing Production (m/m)	Nov	-0.2	0.7
UK	01-13	02:00	Visible Trade Balance (£ mn)	Nov	-14900.0	-14476.0
SP	01-13	03:00	CPI (m/m)	Dec F	0.3	0.3
SP	01-13	03:00	CPI (y/y)	Dec F	5.8	5.8
SP	01-13	03:00	CPI - EU Harmonized (m/m)	Dec F	0.1	0.1
SP	01-13	03:00	CPI - EU Harmonized (y/y)	Dec F	5.6	5.6
GE	01-13	04:00	Real GDP NSA (y/y)	2022	1.8	2.6
GE	01-13	04:00	Budget (Maastricht) (% of GDP)	2022	--	-3.7
IT	01-13	04:00	Industrial Production (m/m)	Nov	0.3	-1.0
EC	01-13	05:00	Industrial Production (m/m)	Nov	0.5	0.0
EC	01-13	05:00	Industrial Production (y/y)	Nov	0.5	3.4
EC	01-13	05:00	Trade Balance (€ mn)	Nov	--	-26519.4

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for the week of January 9 – 13

ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>Consensus</u>	<u>Latest</u>
TA	01-07	03:00	Exports (y/y)	Dec	-15.8	-13.1
TA	01-07	03:00	Imports (y/y)	Dec	-11.3	-8.6
TA	01-07	03:00	Trade Balance (US\$ bn)	Dec	3.1	3.4
CH	01-07	20:00	Foreign Reserves (US\$ bn)	Dec	3150.0	3117.5
AU	01-08	19:30	Building Approvals (m/m)	Nov	0.0	-6.0
AU	01-09	00:30	Foreign Reserves (AUD bn)	Dec	--	86.8
MA	01-09	02:00	Foreign Reserves (US\$ bn)	Dec 30	--	110.3
SI	01-09	04:00	Foreign Reserves (US\$ mn)	Dec	--	291274.7
PH	01-09	17:58	Trade Balance (US\$ mn)	Nov	-4523.0	-4843.0
SK	01-09	18:00	Current Account (US\$ mn)	Nov	--	883.4
JN	01-09	18:30	Household Spending (y/y)	Nov	0.5	1.2
JN	01-09	18:30	Tokyo CPI (y/y)	Dec	4.0	3.7
PH	01-09	20:00	Exports (y/y)	Nov	11.5	7.1
PH	01-09	20:00	Imports (y/y)	Nov	3.1	14.4
CH	01-09	20:00	New Yuan Loans (bn)	Dec	1150.0	1213.6
SK	01-10	18:00	Unemployment Rate (%)	Dec	3.0	2.9
AU	01-10	19:30	Retail Sales (m/m)	Nov	0.7	-0.2
MA	01-10	23:00	Industrial Production (y/y)	Nov	3.3	4.6
JN	01-11	00:00	Coincident Index CI	Nov P	99.1	99.6
JN	01-11	00:00	Leading Index CI	Nov P	97.6	98.6
JN	01-11	00:00	New Composite Leading Economic Index	Nov P	97.6	98.6
JN	01-11	18:50	Bank Lending (y/y)	Dec	--	2.7
JN	01-11	18:50	Current Account (¥ bn)	Nov	476.1	-64.1
JN	01-11	18:50	Trade Balance - BOP Basis (¥ bn)	Nov	-1647.0	-1875.4
AU	01-11	19:30	Trade Balance (AUD mn)	Nov	11300.0	12217.0
CH	01-11	20:30	PPI (y/y)	Dec	-0.1	-1.3
CH	01-11	20:30	CPI (y/y)	Dec	1.8	1.6
IN	01-12	07:00	CPI (y/y)	Dec	5.80	5.88
IN	01-12	07:00	Industrial Production (y/y)	Nov	3.30	-4.00
JN	01-12	18:50	Japan Money Stock M2 (y/y)	Dec	--	3.1
JN	01-12	18:50	Japan Money Stock M3 (y/y)	Dec	--	2.7
SK	01-12	19:00	BoK Base Rate (%)	Jan 12	3.50	3.25
IN	01-13	06:30	Exports (y/y)	Dec	--	0.6
IN	01-13	06:30	Imports (y/y)	Dec	--	5.4

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>
BZ	01-10	07:00	IBGE Inflation IPCA (m/m)	Dec	--	0.5	0.4
BZ	01-10	07:00	IBGE Inflation IPCA (y/y)	Dec	--	5.6	5.9
BZ	01-11	07:00	Retail Sales (m/m)	Nov	--	-0.3	0.4
BZ	01-11	07:00	Retail Sales (y/y)	Nov	--	2.0	2.7
PE	01-12	18:00	Reference Rate (%)	Jan 12	7.75	7.75	7.50
BZ	01-13	07:00	Economic Activity Index SA (m/m)	Nov	--	-0.4	-0.1
BZ	01-13	07:00	Economic Activity Index NSA (y/y)	Nov	--	2.1	3.7

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Global Auctions for the week of January 9 – 13

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	01-11	12:00	Canada to Sell 5 Year Bonds
CA	01-12	12:00	Canada to Sell 2 Year Bonds

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
NE	01-10	04:00	Netherlands to Sell Bonds
UK	01-10	05:00	U.K. to Sell 3.25% 2033 Bonds
AS	01-10	05:00	Austria to Sell Bonds
SZ	01-11	05:00	Switzerland to Sell Bonds
NO	01-11	05:00	Norway to Sell Bonds
GE	01-11	05:30	Germany to Sell EU5 Bln of 2033 Bonds
GE	01-11	05:30	Germany to Sell EUR 5 Bln of 2033 Bonds
SP	01-12	04:30	Spain to Sell Bonds
IT	01-12	05:00	Italy to Sell Bonds

ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CH	01-08	21:30	Xiamen to Sell CNY1.4 Bln 10Y Bonds
JN	01-10	22:35	Japan to Sell 30-Year Bonds
JN	01-12	22:35	Japan to Sell 5-Year Bonds

LATIN AMERICA

No Scheduled Auctions.

Events for the week of January 9 – 13**NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	01-09	12:30	Fed's Bostic Takes Part in Moderated Discussion

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
UK	01-07	11:15	BOE's Catherine Mann speaks
UK	01-08	08:00	BOE's Huw Pill speaks
SP	01-10	10:35	ECB's de Cos speaks at central bank event in Sweden
EC	01-11	03:35	ECB's Holzmann, Vujcic Speak in Vienna
EC	01-12	04:00	ECB Consumer Expectations Survey (November)

ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SK	01-12	19:00	BoK 7-Day Repo Rate

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
PE	01-12	18:00	Reference Rate

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	4.50
Federal Reserve – Federal Funds Target Rate	4.50	February 1, 2023	4.75	4.75
Banco de México – Overnight Rate	10.50	February 9, 2023	10.75	10.75

Bank of Canada: Governor Macklem speaks on a low-risk panel at a Riksbank conference on Tuesday. He's unlikely to weigh in with fresh views in the wake of the blow-out jobs report and the hot pre-holidays core inflation reading, but may choose to do so. We will be evaluating our forecast for the upcoming meeting after CPI on January 17th and BoC surveys the day before.

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	3.00	3.00
Norges Bank – Deposit Rate	2.75	January 19, 2023	3.00	3.00
Central Bank of Turkey – Benchmark Repo Rate	9.00	January 19, 2023	9.00	9.00

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	January 18, 2023	-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	5.00	5.00
People's Bank of China – 1-Year Loan Prime Rate	3.65	January 19, 2023	3.65	3.65
Reserve Bank of India – Repo Rate	6.25	February 7, 2023	6.50	6.50
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	January 19, 2023	3.00	3.00
Bank Indonesia – 7-Day Reverse Repo Rate	5.50	January 19, 2023	5.75	5.75
Central Bank of Philippines – Overnight Borrowing Rate	5.50	February 16, 2023	5.75	5.75

Bank of Korea (BoK): Another 25bps base rate hike is expected on Friday. Local analysts interpreted comments by Governor Rhee Chang-yong on November 24th after the previous hike decision to intimate that the terminal rate could be 3.5% which could make this the last of the hikes. A complicating factor may be that since those comments were delivered, core inflation continued to climb to 4.8% y/y which is the highest since February 2009. The Fed also delivered a more hawkish message at its December meeting and Governor Rhee recently emphasize the importance of working with government toward a soft landing while remaining focused upon inflation.

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	January 27, 2023	12.50	12.50
Banco Central de Reserva del Perú – Reference Rate	7.50	January 12, 2023	7.75	7.75

Banco Central de Reserva del Perú (BCRP): Our Lima-based economist Guillermo Arbe expects another 25bps reference rate hike on Thursday. Peru's core inflation rate climbed by another 0.5% m/m NSA which is above seasonal norms for the month and this raise the year-over-year rate to 5.7% for its highest since July 2000. Protests that erupted following the December 7th arrest of former President Castillo have disrupted transportation networks and supply chains which adds to upside risks to inflation. Those protests have returned this month.

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	January 26, 2023	7.50	7.50

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

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