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Jaykumar Parmar.*

#### Next Week's Risk Dashboard

- Balancing inflation risk and credit conditions
- Credit tightening versus systemic risk
- US & Canadian lender attitudes
- US core CPI expect to remain firm
- China just can't hit its inflation target
- Bank of England to hike and keep going
- CBs in Peru, Chile to extend pauses
- RBI pause may be vindicated by inflation
- Other CPI: Norway, Mexico, Chile, Argentina
- Australian Budget's temporary windfall effects
- GDP: UK, Norway, Malaysia, Philippines

## A Clumsy Dance

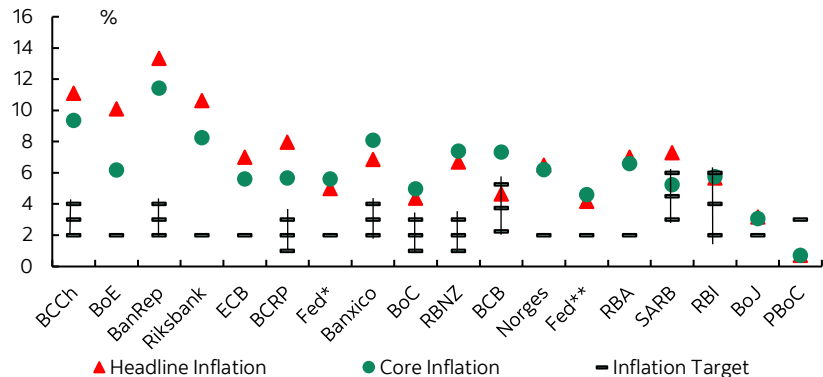
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### Chart of the Week

**Inflation is Still Well Above Most Central Banks' Target**



\*Using US CPI.

\*\*Using US PCE.

Sources: Scotiabank Economics, Central Banks.

Chart of the Week: Prepared by: Jaykumar Parmar, Economic Analyst.

## A Clumsy Dance

Central banks and markets alike are trying to balance assessments of inflation risk and credit conditions and frankly it's not a terribly pretty thing to watch of late. Cutting the rug with two left feet tripping over each other seems like an appropriate analog. To that effect, the week's primary focal points will include survey-based assessments of damage to lending attitudes in the context of ongoing challenges facing US regional banks in particular. If short selling has been excessive, evidence of systemic risk remains wanting, and a firm US CPI update follows up the strong US payrolls report then there may be further reductions of market pricing for easing by the Federal Reserve. The Bank of England's decision is likely to reinforce the bias of central banks toward focusing upon fighting inflation while Peru and Chile hang tight. Australia's Budget will be monitored in the same context as the inflation fight as numerous countries around the world update inflation readings.

### GAUGING CREDIT CONDITIONS—HOW BAD ARE THEY?

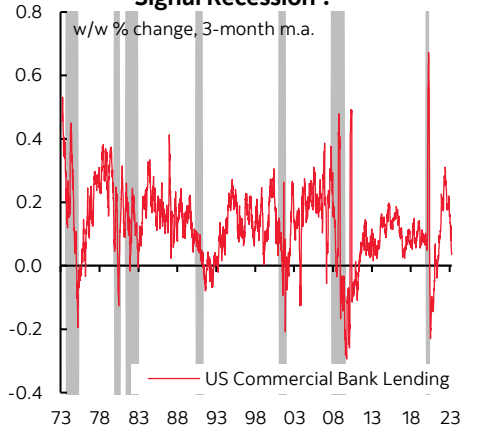
Turmoil across global financial markets and banks is driving debate over the degree of credit tightening and how much damage may be done to economic growth or the ultimate emergence of slack and hence the drivers of inflation and central bank policies. Estimating the impact on these variables is dependent upon the extent of tightening and its persistence and hence the cumulative amount of tightening over time. To a degree, tightening monetary policy was always expected to drive tightened financial and lending conditions but until recently those effects have been relatively modest. Chart 1 shows the importance of the matter given that bank lending tends to retreat in recessions, but often contemporaneously so and with wide variations across outcomes.

Fresher perspectives on the hit to global lending conditions will be offered by the Federal Reserve and Bank of Canada this week as they update their loan officer surveys. Many global lenders know full well that they have been tightening standards, but the measures are still relevant because they can inform the magnitude of the industry-wide and global response now and relative to history.

The Fed's and BoC's surveys will complement surveys that have already been released by the Bank of Japan, the Bank of England and the European Central Bank but the challenge facing all of them lies in being unable to keep up with quickly changing circumstances.

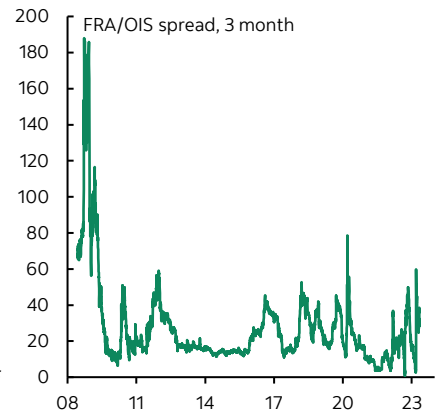
This is one reason why we need to complement such measures with fresher real-time gauges of market stress that can be more timely but also more volatile. There is a difference between

**Chart 1**  
**Will Tightening US Bank Lending Signal Recession ?**



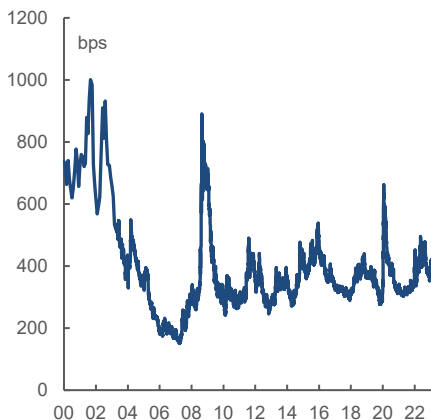
Sources: Scotiabank Economics, Bloomberg.

**Chart 2**  
**Interbank Lending Risk Proxy**



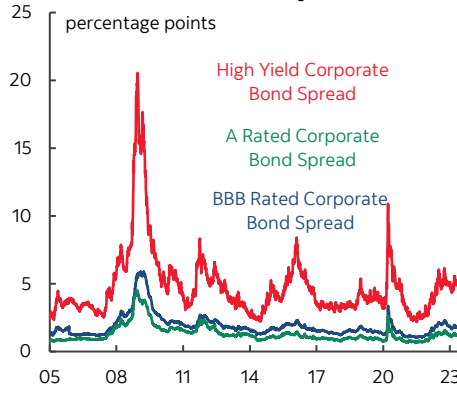
Sources: Scotiabank Economics, Bloomberg.

**Chart 3**  
**Emerging Market Bond Spreads**



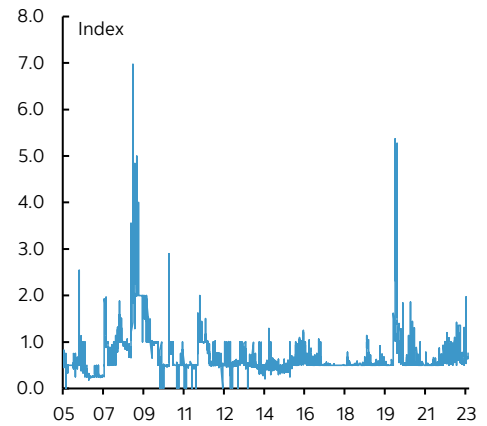
Sources: Scotiabank Economics, Bloomberg.

**Chart 4**  
**Spread between 10 Year US Corporate Bonds & US Treasury Bonds**



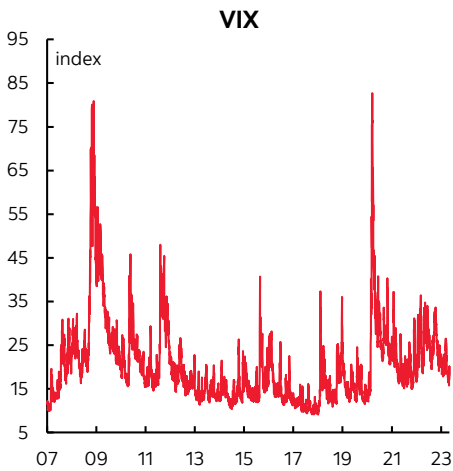
Sources: Scotiabank Economics, Bloomberg.

**Chart 5**  
**US Investment Grade Bid-Ask Spread**



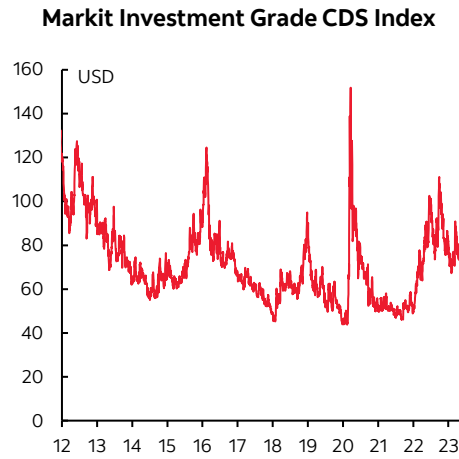
Sources: Scotiabank Economics, Bloomberg.

Chart 6



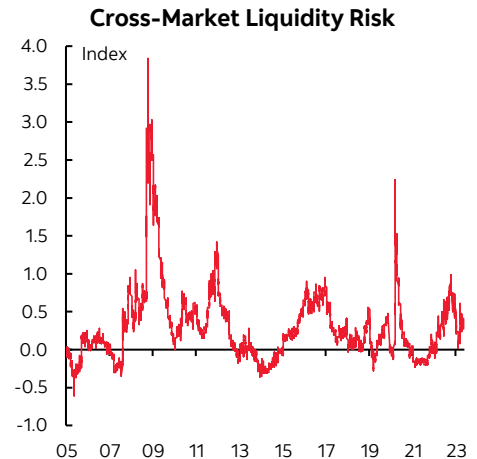
Sources: Scotiabank Economics, Bloomberg.

Chart 7



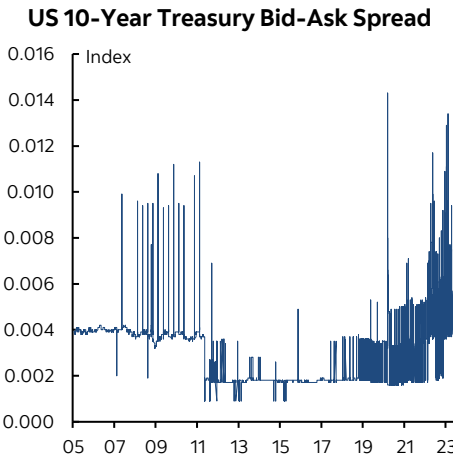
Sources: Scotiabank Economics, Bloomberg.

Chart 8



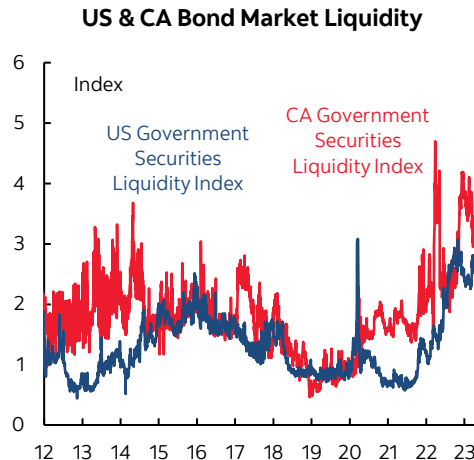
Sources: Scotiabank Economics, BofA Bloomberg.

Chart 9



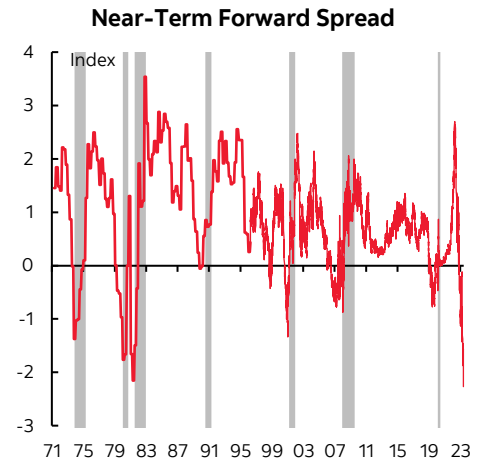
Sources: Scotiabank Economics, Bloomberg.

Chart 10



Sources: Scotiabank Economics, Bloomberg.

Chart 11



Sources: Scotiabank Economics, Bloomberg.

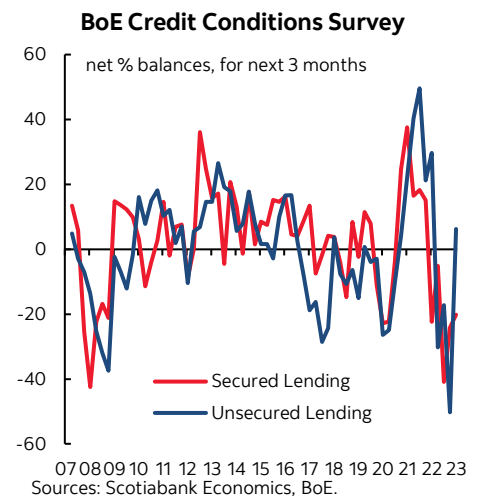
marking down risk appetite within functioning markets—which is happening—versus widespread market dysfunction that can be destabilizing or lead to outright dysfunction—which is not happening to this point.

Charts 2–8 provide various ways of illustrating this point. FRA-OIS spreads—a measure of interbank lending strains—have increased but remain far below crisis proportions. Emerging market debt spreads are holding firm. Corporate bond spreads offer a similar picture as cyclical risk gets repriced. Investment-grade corporate bond bid-ask spreads and high-yield bid-ask spreads indicate still functioning markets. Equity market volatility remains relatively low.

Where there is rising risk lies in liquidity and bid-ask spreads in government bond markets (charts 9–10). Furthermore, a superior predictor of recession risk—the spread between the current 90-day t-bill yield and the implied forward rate eighteen months forward—is flashing deepening warning signs (chart 11). When this measure inverts as much as it does it signals widespread market expectations that policy easing is required to address deepening recession risk ([here](#)). To rely upon this measure as a recession gauge nevertheless poses a chicken-and-egg challenge in that means relying upon market pricing for easing—and hence whether that proves to be correct!

Enter assessments of what lenders are thinking. We have already received surveys of lender attitudes from the ECB, Bank of England and the Bank of Japan, but the North American versions may highlight important divergences due to the pronounced difficulties across regional

Chart 12



Sources: Scotiabank Economics, BoE.

banks in the US versus the relative stability in Canada's banking system. The other central banks' surveys are also not as fresh.

The Bank of England's survey came out on April 13<sup>th</sup> and while it was conducted over the period from February 27<sup>th</sup> to March 17<sup>th</sup>, lenders were asked to report changes in the three months to the end of February 2023 relative to the three-month period from September 2022 to November and as such this period did not capture much of the turmoil ([here](#)). Still, lenders reported at that time that they expected credit availability to households and businesses to deteriorate over the coming three months (chart 12). The next Credit Conditions Survey won't be out until July 13<sup>th</sup>.

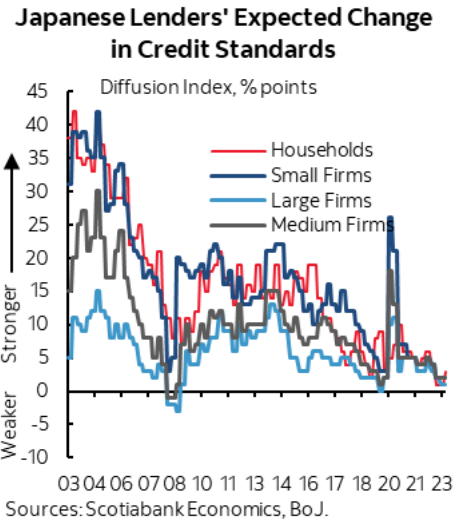
The Bank of Japan's Senior Loan Officer Opinion Survey on Bank Lending Practices was released on April 21<sup>st</sup> covering the period from March 9<sup>th</sup> to April 12<sup>th</sup> ([here](#)). Japanese lenders indicated that they had left credit standards "basically unchanged" over the past three months and—more importantly—planned to keep it that way over the next three months across sectors (chart 13). Japanese lenders face different monetary policy and banking dynamics at home, but are not immune to global developments given Japan's economic and financial ties.

The ECB's survey was released on May 2<sup>nd</sup> ([here](#)) **Chart 14**

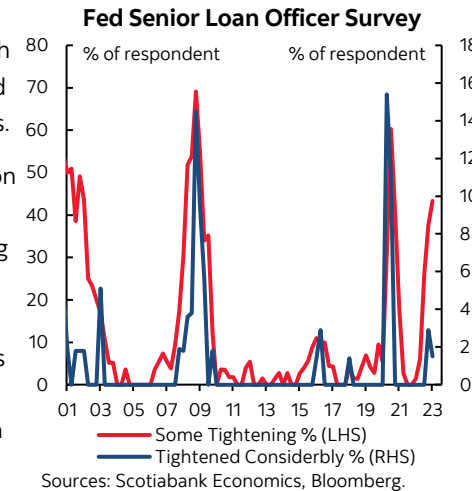
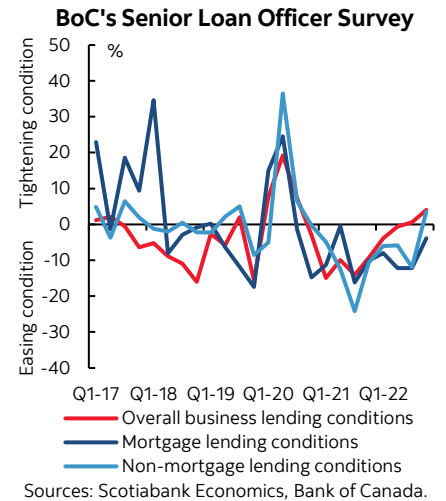
and indicated a further tightening in credit standards but it surveyed lenders between March 22<sup>nd</sup> and April 6<sup>th</sup> which puts the freshness ahead of the BoE's measure but a little behind the BoJ's.

The Federal Reserve's Senior Loan Officer Opinion Survey will be released on Monday. It could well show the fastest pace of net tightening of lending standards since the Global Financial Crisis by building upon prior momentum (chart 14). If so, then watch for headlines to this effect, but that is not to be confused with saying that credit conditions are as tight as they became back then as the measures estimate net tightening at the margin.

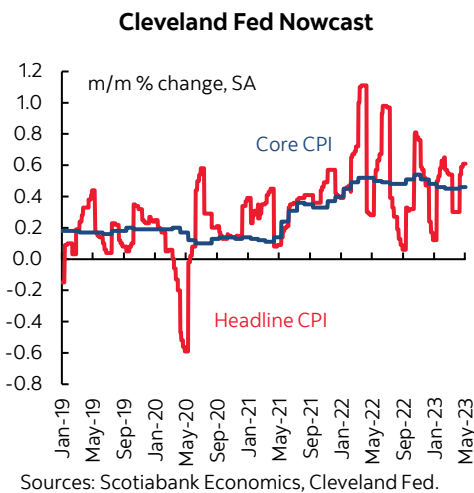
**Chart 13**



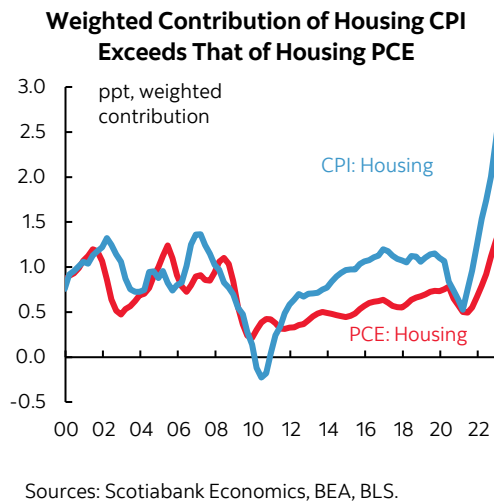
**Chart 15**



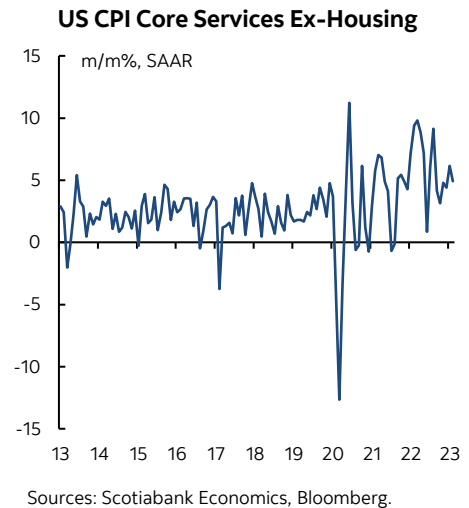
**Chart 16**



**Chart 17**



**Chart 18**



The Bank of Canada may also shed further light on the appetite for credit tightening among Canadian lenders this week. It will update its quarterly Senior Loan Officer Survey on Friday ahead of the following week's fuller Financial System Survey on the 15<sup>th</sup> and the release of the Financial System Review on May 18<sup>th</sup> that will be accompanied by a press conference hosted by Governor Macklem. Chart 15 shows that in the prior survey's edition, lenders had been reporting a slight net tightening of business lending terms primarily in price terms, a slight net tightening of non-mortgage household lending conditions using variables other than price and easing mortgage lending conditions primarily on price terms. The 2023Q1 survey was conducted toward the end of the quarter but still may not be entirely fresh given developments over April and May.

**US INFLATION—KEY WILL BE STICKY CORE SERVICES**

On the heels of a strong employment report (recap [here](#)) the next catalyst for potentially revisiting aggressive market bets that the Federal Reserve may cut as soon as this summer may arrive on Wednesday when another inflation report lands.

CPI for the month of April is forecast to post a rise of 0.4% m/m SA with core prices (ex-food and energy) up 0.3%. The year-over-year rates are forecast to dip a touch to 4.9% y/y for headline CPI and 5.3% for core. Both estimates are slightly below the Cleveland Fed's 'nowcast' estimates of 0.6% m/m SA and 0.5% m/m SA for headline and core measures respectively (chart 16).

Among the drivers are a nearly 5% m/m increase in gasoline prices (~3% m/m SA) that could add about 0.1 percentage points to month-over-month total CPI. Used vehicle prices moved higher and could add about 0.1% m/m to CPI and slightly more to core CPI, but this effect should be cancelled out by a drop in new vehicle prices using industry sources. Food is estimated to make a minor contribution.

The one-quarter weight on owners' equivalent rent will probably continue to add 0.1–0.2 percentage points to m/m CPI and slightly more for core with a small assist from rent of primary residence. It remains too soon to expect weakening market measures of these components to be pushing through CPI. Also recall that the Fed's preferred PCE gauge attaches half the weight to OER compared to CPI and so it has not been as influenced to the upside by housing to date and won't be as influenced by housing to the downside as CPI going forward (chart 17).

Service prices will remain the wild card and the bigger sensitivity in terms of connecting back to the Federal Reserve. CPI services ex-energy services and excluding both rent and OER is among Chair Powell's preferred areas of focus and while the year-over-year rate has been ebbing somewhat, the same cannot be said for the month-over-month measure (chart 18). Within CPI this measure of core services carries only about a 25% weight in total CPI but it accounts for about half in core PCE which is why Powell pays such close attention to it.

**CENTRAL BANKS—THE KING OF INFLATION**

Three central banks will deliver policy decisions toward the end of the week with most of the focus upon the 'Old Lady of Threadneedle Street'.

**Bank of England—Not Done Yet**

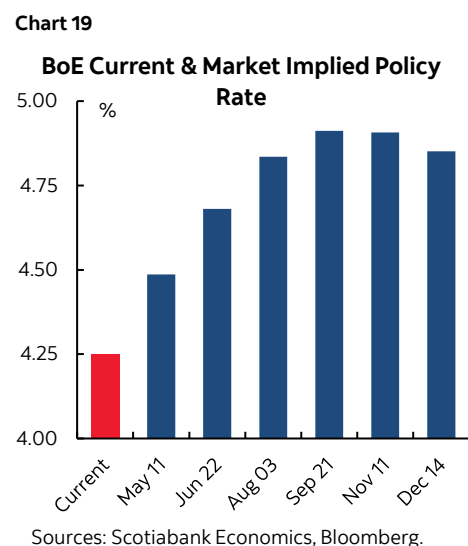
Markets are mostly priced for another 25bps hike on Thursday and with a cumulative 50–75bps of hikes by the third quarter (chart 19). Fresh forecasts in an updated Monetary Policy Report will be issued with this decision and Governor Bailey will host a press conference thirty minutes after the 7amET decision. The UK has a more acute inflation challenge than elsewhere as headline inflation is topping 10% y/y and CPI excluding food and energy is over 6% y/y and proving to be sticky at this rate.

**Banco Central de Chile (BCCH)—Still Waiting**

Chile's central bank has been on hold since October and is expected to keep its policy rate unchanged at 11.25% on Friday. Inflation will probably remain over 10% y/y in Monday's update on both a headline and ex-volatile items basis thereby extending the period of tight policy.

**Banco Central de Reserva del Peru (BCRP)—Still Too Hot**

Peru's central bank has been on hold at a policy reference rate of 7.75% since January and is expected to stay there on Thursday. The most recent inflation figures for April showed slight progress with the year-over-year rate ebbing to about 8% from a cycle peak of 8.8% last year, but its persistence plus the fact that core inflation is running at 5.7% y/y will keep monetary policy tight for some time yet.



**AUSTRALIAN BUDGET—TEMPORARY WINDFALL EFFECTS?**

Australia’s Federal Budget arrives on Tuesday and some of its themes to be delivered by Labour’s Treasurer Jim Chalmers are likely to be well worn by now across the fiscal policy world.

A “responsible” budget has been promised with a focus upon restraint in the context of still elevated inflation. Australia’s government has enjoyed a commodities-driven revenue windfall—illustrated by last October’s budget update to the earlier FY2022–23 Budget in chart 20 and pending a further update this week—with the assistance of a robust job market that may be enough to bring the deficit close to 0% of GDP if not posting a small surplus. Many believe that could be transitory as lagging effects of global monetary tightening take root and in the context of a surge in debt that has driven interest expense to be “one of the fastest growing pressures on Tuesday’s budget” as Chalmers put it. Some targeted tax measures and targeted inflation assistance such as higher unemployment benefits for older workers, energy relief and childcare supports are likely.

**OTHER MACRO—INFLATION TO DOMINATE**

A wave of global inflation readings plus macro reports out of the UK highlight the rest of the week’s line-up.

Beyond CPI, the US line-up of calendar-based risks will be light over the coming week. Producer prices during April (Thursday) will probably pop higher given that oil prices were up in April over March, but the more recent slide might have markets looking through this; core producer prices are expected to post a more subdued rise. University of Michigan consumer sentiment might soften in May’s reading (Friday) on banking turmoil.

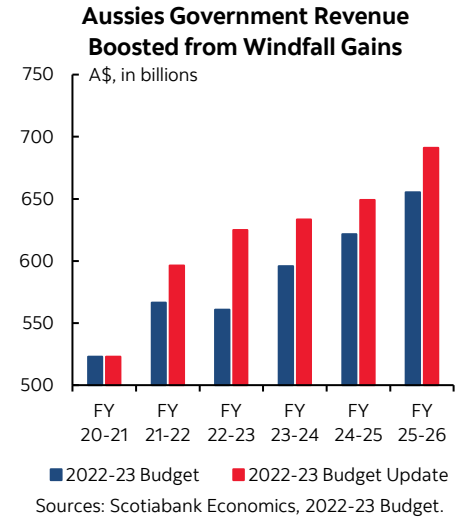
There are no other developments expected in Canada as local markets are likely to primarily follow the global tone.

UK markets will be shut on Monday for the coronation of King Charles III and will then get down to more serious business when the day after the Bank of England we’ll get a series of macro reports that are expected to be soft. Q1 GDP is barely expected to stay positive for a second straight quarter and end the quarter with no growth during March (chart 21). Industrial output is one source of weakness and is expected to be flat. The monthly services index and construction output are not expected to offer much greater relief either.

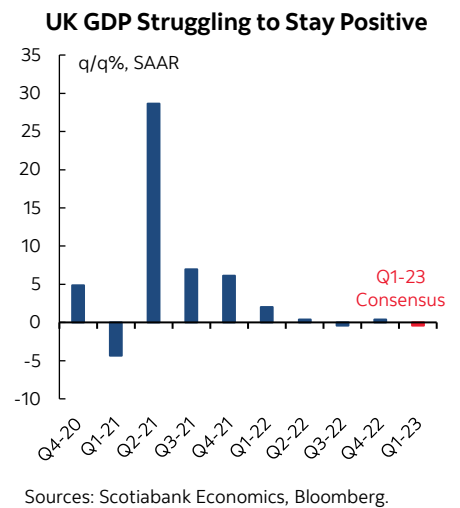
While US CPI will dominate, multiple countries will update various inflation readings over the week as follows:

- **China:** CPI inflation is expected to get closer toward 0% y/y from the prior month’s 0.7% reading (Wednesday). Core CPI has also been tracking at a very low 0.7% y/y. The People’s Bank of China targets 3% inflation and almost never hits it (chart 22). A further weakening could reinforce state directives to major banks to ease their lending rates. The PBoC sets its key 1-year Medium-Term Lending Facility Rate the following week (May 14<sup>th</sup>). China also updates producer prices for April on the same day as CPI.
- **India (Friday):** India’s inflation rate has been ebbing over the past year and from 5.7% y/y in March is expected to decelerate toward a full point cooler reading than recent history (chart 23). That could bring it closer toward the middle of the RBI’s liberal 2–6% target range. The RBI paused at a 6.5% repurchase rate on April 6<sup>th</sup> against expectations for a hike and partly in anticipation of easing inflationary pressures. This week’s reading may validate and perpetuate that stance.

**Chart 20**



**Chart 21**



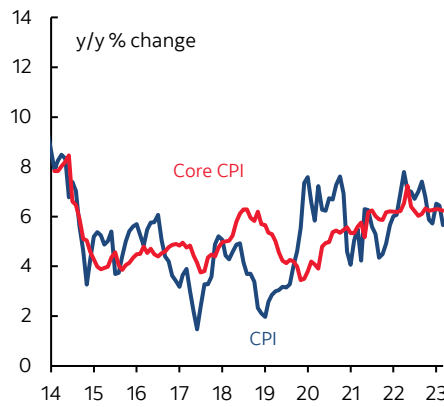
**Chart 22**



- Norway (Wednesday):** After Norges Bank hiked by 25bps this past week while guiding that it is likely to revise up its terminal rate projection, this week's CPI reading for April could help to further inform how high and over what time. Underlying inflation has not exhibited any relief from year-over-year readings around 6%.
- New Zealand (Thursday):** An RBNA survey of inflation expectations over the next two years will arrive at the end of the week. It has remained north of 3% on a consistent basis since early last year. Persistent stickiness could reinforce pricing for at least one more hike of 25bps on May 24<sup>th</sup> out of concern that expectations remain well above the 2% target.

Chart 23

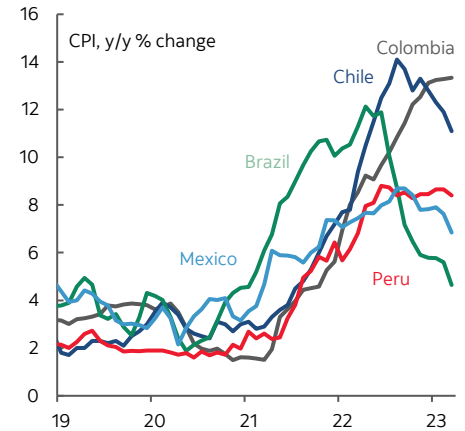
India's Sticky Inflation



Source: Scotiabank Economics, India Central Statistical Organisation.

Chart 24

LatAm Inflation



Sources: Scotiabank Economics, Bloomberg.

- LatAm:** Chile (Monday), Mexico (Tuesday), Brazil (Friday) and Argentina (Friday) all update inflation readings this week. The readings all remain above central bank targets with the greatest progress being registered by Brazil's central bank. Inflation is falling across much of the region (chart 24).

We could also get China's aggregate financing including yuan-denominated loan growth figures for April this week or next.

Q1 GDP figures from Philippines (Wednesday), Malaysia (Friday) and Norway (Friday) are also due out plus German industrial production (Monday) and Australian retail sales during Q1 (Monday).

## Key Indicators for the week of May 8 – 12

## NORTH AMERICA

| Country | Date  | Time  | Indicator                         | Period | BNS  | Consensus | Latest |
|---------|-------|-------|-----------------------------------|--------|------|-----------|--------|
| US      | 05-08 | 10:00 | Wholesale Inventories (m/m)       | Mar F  | --   | 0.1       | 0.1    |
| MX      | 05-09 | 08:00 | Bi-Weekly Core CPI (% change)     | Apr 30 | --   | 0.2       | 0.2    |
| MX      | 05-09 | 08:00 | Bi-Weekly CPI (% change)          | Apr 30 | --   | 0.2       | -0.2   |
| MX      | 05-09 | 08:00 | Consumer Prices (m/m)             | Apr    | --   | -0.1      | 0.3    |
| MX      | 05-09 | 08:00 | Consumer Prices (y/y)             | Apr    | --   | 6.2       | 6.9    |
| MX      | 05-09 | 08:00 | Consumer Prices Core (m/m)        | Apr    | --   | 0.4       | 0.5    |
| US      | 05-10 | 07:00 | MBA Mortgage Applications (w/w)   | Apr 28 | --   | --        | -1.2   |
| CA      | 05-10 | 08:30 | Building Permits (m/m)            | Mar    | --   | -2.2      | 8.6    |
| US      | 05-10 | 08:30 | CPI (m/m)                         | Apr    | 0.4  | 0.4       | 0.1    |
| US      | 05-10 | 08:30 | CPI (y/y)                         | Apr    | 4.9  | 5.0       | 5.0    |
| US      | 05-10 | 08:30 | CPI (index)                       | Apr    | --   | 303.5     | 301.8  |
| US      | 05-10 | 08:30 | CPI ex. Food & Energy (m/m)       | Apr    | 0.3  | 0.3       | 0.4    |
| US      | 05-10 | 08:30 | CPI ex. Food & Energy (y/y)       | Apr    | 5.3  | 5.5       | 5.6    |
| US      | 05-10 | 14:00 | Treasury Budget (US\$ bn)         | Apr    | --   | 235.0     | -378.1 |
| US      | 05-11 | 08:30 | Initial Jobless Claims (000s)     | Apr 29 | 240  | 245.0     | 242.0  |
| US      | 05-11 | 08:30 | Continuing Claims (000s)          | Apr 22 | 1825 | 1820.0    | 1805.0 |
| US      | 05-11 | 08:30 | PPI (m/m)                         | Apr    | 0.5  | 0.3       | -0.5   |
| US      | 05-11 | 08:30 | PPI ex. Food & Energy (m/m)       | Apr    | 0.3  | 0.2       | -0.1   |
| MX      | 05-12 | 08:00 | Industrial Production (m/m)       | Mar    | --   | -0.3      | 0.7    |
| MX      | 05-12 | 08:00 | Industrial Production (y/y)       | Mar    | --   | 2.5       | 3.5    |
| US      | 05-12 | 08:30 | Export Prices (m/m)               | Apr    | --   | 0.3       | -0.3   |
| US      | 05-12 | 08:30 | Import Prices (m/m)               | Apr    | --   | 0.3       | -0.6   |
| US      | 05-12 | 10:00 | U. of Michigan Consumer Sentiment | May P  | 63.0 | 63.0      | 63.5   |

## EUROPE

| Country   | Date         | Time         | Indicator                          | Period        | Consensus   | Latest      |
|-----------|--------------|--------------|------------------------------------|---------------|-------------|-------------|
| GE        | 05-08        | 02:00        | Industrial Production (m/m)        | Mar           | -1.5        | 2.0         |
| FR        | 05-09        | 02:45        | Current Account (€ bn)             | Mar           | --          | -2989.0     |
| FR        | 05-09        | 02:45        | Trade Balance (€ mn)               | Mar           | --          | -9903.7     |
| GE        | 05-10        | 02:00        | CPI (m/m)                          | Apr F         | 0.4         | 0.4         |
| GE        | 05-10        | 02:00        | CPI (y/y)                          | Apr F         | 7.2         | 7.2         |
| GE        | 05-10        | 02:00        | CPI - EU Harmonized (m/m)          | Apr F         | 0.6         | 0.6         |
| GE        | 05-10        | 02:00        | CPI - EU Harmonized (y/y)          | Apr F         | 7.6         | 7.6         |
| IT        | 05-10        | 04:00        | Industrial Production (m/m)        | Mar           | 0.3         | -0.2        |
| UK        | 05-11        | 02:00        | Business Investment (q/q)          | 1Q P          | -0.4        | -0.2        |
| UK        | 05-11        | 02:00        | GDP (q/q)                          | 1Q P          | 0.1         | 0.1         |
| UK        | 05-11        | 02:00        | Index of Services (m/m)            | Mar           | 0.0         | -0.1        |
| UK        | 05-11        | 02:00        | Industrial Production (m/m)        | Mar           | 0.0         | -0.2        |
| UK        | 05-11        | 02:00        | Manufacturing Production (m/m)     | Mar           | -0.1        | 0.0         |
| UK        | 05-11        | 02:00        | Visible Trade Balance (£ mn)       | Mar           | -17500.0    | -17534.0    |
| <b>UK</b> | <b>05-11</b> | <b>07:00</b> | <b>BoE Policy Announcement (%)</b> | <b>May 11</b> | <b>4.50</b> | <b>4.25</b> |
| NO        | 05-12        | 02:00        | GDP (q/q)                          | 1Q            | --          | 0.20        |
| FR        | 05-12        | 02:45        | CPI (m/m)                          | Apr F         | 0.6         | 0.6         |
| FR        | 05-12        | 02:45        | CPI (y/y)                          | Apr F         | 5.9         | 5.9         |
| FR        | 05-12        | 02:45        | CPI - EU Harmonized (m/m)          | Apr F         | 0.7         | 0.7         |
| FR        | 05-12        | 02:45        | CPI - EU Harmonized (y/y)          | Apr F         | 6.9         | 6.9         |
| SP        | 05-12        | 03:00        | CPI (m/m)                          | Apr F         | 0.6         | 0.0         |
| SP        | 05-12        | 03:00        | CPI (y/y)                          | Apr F         | 4.1         | 4.1         |
| SP        | 05-12        | 03:00        | CPI - EU Harmonized (m/m)          | Apr F         | 0.5         | 0.5         |
| SP        | 05-12        | 03:00        | CPI - EU Harmonized (y/y)          | Apr F         | 3.8         | 3.8         |
| GE        | 05-12        | 03:00        | Current Account (€ bn)             | Mar           | --          | 22.6        |

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.



## Key Indicators for the week of May 8 – 12

## ASIA PACIFIC

| Country | Date  | Time  | Indicator                            | Period | Consensus | Latest  |
|---------|-------|-------|--------------------------------------|--------|-----------|---------|
| CH      | 05-06 | 21:00 | Foreign Reserves (US\$ bn)           | Apr    | 3193.8    | 3183.9  |
| PH      | 05-07 | 21:00 | Unemployment Rate (%)                | Mar    | --        | 4.8     |
| AU      | 05-07 | 21:30 | Building Approvals (m/m)             | Mar    | 3.0       | 4.0     |
| TA      | 05-08 | 04:00 | Exports (y/y)                        | Apr    | -19.4     | -19.1   |
| TA      | 05-08 | 04:00 | Imports (y/y)                        | Apr    | -19.9     | -20.1   |
| TA      | 05-08 | 04:00 | Trade Balance (US\$ bn)              | Apr    | 4.0       | 4.2     |
| JN      | 05-08 | 19:30 | Household Spending (y/y)             | Mar    | 0.8       | 1.6     |
| PH      | 05-08 | 21:00 | Exports (y/y)                        | Mar    | -18.8     | -18.1   |
| PH      | 05-08 | 21:00 | Imports (y/y)                        | Mar    | -10.4     | -12.1   |
| PH      | 05-08 | 21:00 | Trade Balance (US\$ mn)              | Mar    | -4503.0   | -3877.0 |
| CH      | 05-08 | 21:00 | New Yuan Loans (bn)                  | Apr    | 1400.0    | 3890.0  |
| CH      | 05-08 | 21:00 | Exports (y/y)                        | Apr    | 7.5       | 14.8    |
| CH      | 05-08 | 21:00 | Imports (y/y)                        | Apr    | -0.1      | -1.4    |
| CH      | 05-08 | 21:00 | Trade Balance (USD bn)               | Apr    | 70.3      | 88.2    |
| MA      | 05-09 | 00:00 | Industrial Production (y/y)          | Mar    | 0.5       | 3.6     |
| MA      | 05-09 | 03:00 | Foreign Reserves (US\$ bn)           | Apr 28 | --        | 115.9   |
| SK      | 05-09 | 19:00 | Current Account (US\$ mn)            | Mar    | --        | -518.4  |
| SK      | 05-09 | 19:00 | Unemployment Rate (%)                | Apr    | 2.9       | 2.7     |
| JN      | 05-10 | 01:00 | Coincident Index CI                  | Mar P  | 98.7      | 98.6    |
| JN      | 05-10 | 01:00 | Leading Index CI                     | Mar P  | 97.9      | 98.0    |
| JN      | 05-10 | 01:00 | New Composite Leading Economic Index | Mar P  | 97.9      | 98.0    |
| JN      | 05-10 | 19:50 | Bank Lending (y/y)                   | Apr    | --        | 3.0     |
| JN      | 05-10 | 19:50 | Current Account (¥ bn)               | Mar    | 2890.7    | 2197.2  |
| JN      | 05-10 | 19:50 | Trade Balance - BOP Basis (¥ bn)     | Mar    | -450.0    | -604.1  |
| CH      | 05-10 | 21:30 | CPI (y/y)                            | Apr    | 0.3       | 0.7     |
| CH      | 05-10 | 21:30 | PPI (y/y)                            | Apr    | -3.2      | -2.5    |
| ID      | 05-10 | 22:00 | Consumer Confidence Index            | Apr    | --        | 123.3   |
| PH      | 05-10 | 22:00 | Real GDP (q/q)                       | 1Q     | 0.7       | 3.3     |
| PH      | 05-10 | 22:00 | Real GDP (y/y)                       | 1Q     | 6.2       | 7.1     |
| TH      | 05-10 | 23:00 | Consumer Confidence Economic         | Apr    | --        | 48.0    |
| NZ      | 05-11 | 18:30 | Business NZ PMI                      | Apr    | --        | 48.1    |
| JN      | 05-11 | 19:50 | Japan Money Stock M2 (y/y)           | Apr    | --        | 2.6     |
| JN      | 05-11 | 19:50 | Japan Money Stock M3 (y/y)           | Apr    | --        | 2.1     |
| MA      | 05-12 | 00:00 | Current Account Balance (MYR mns)    | 1Q     | --        | 25700.0 |
| MA      | 05-12 | 00:00 | GDP (y/y)                            | 1Q     | 5.1       | 7.0     |
| IN      | 05-12 | 08:00 | CPI (y/y)                            | Apr    | 4.80      | 5.66    |
| IN      | 05-12 | 08:00 | Industrial Production (y/y)          | Mar    | 3.20      | 5.60    |

## LATIN AMERICA

| Country | Date  | Time  | Indicator                         | Period | BNS   | Consensus | Latest |
|---------|-------|-------|-----------------------------------|--------|-------|-----------|--------|
| BZ      | 05-10 | 08:00 | Industrial Production SA (m/m)    | Mar    | --    | 0.9       | -0.2   |
| BZ      | 05-10 | 08:00 | Industrial Production (y/y)       | Mar    | --    | 0.5       | -2.4   |
| PE      | 05-11 | 19:00 | Reference Rate (%)                | May 11 | 7.75  | 7.75      | 7.75   |
| BZ      | 05-12 | 08:00 | IBGE Inflation IPCA (m/m)         | Apr    | --    | 0.5       | 0.7    |
| BZ      | 05-12 | 08:00 | IBGE Inflation IPCA (y/y)         | Apr    | --    | 4.1       | 4.7    |
| CO      | 05-12 | 11:00 | Retail Sales (y/y)                | Mar    | --    | -3.0      | 0.1    |
| CL      | 05-12 | 18:00 | Nominal Overnight Rate Target (%) | May 12 | 11.25 | 11.25     | 11.25  |

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

## Global Auctions for the week of May 8 – 12

## NORTH AMERICA

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u>  |
|----------------|-------------|-------------|---|
| US             | 05-09       | 08:30       | Fed's Jefferson Speaks to Atlanta Black Chamber           |
| US             | 05-09       | 12:05       | Fed's Williams Speaks to Economic Club of New York        |
| US             | 05-11       | 10:15       | Fed's Waller Discusses Financial Stability and Climate... |
| US             | 05-12       | 19:45       | Fed's Bullard and Jefferson Take Part in Panel Discussion |

## EUROPE

| <u>Country</u> | <u>Date</u>  | <u>Time</u>  | <u>Event</u>  |
|----------------|--------------|--------------|---|
| SZ             | 05-08        | 04:00        | Domestic Sight Deposits CHF                                 |
| SZ             | 05-08        | 04:00        | Total Sight Deposits CHF                                    |
| SW             | 05-08        | 04:30        | Riksbank's Floden speaks on competition and inflation       |
| EC             | 05-08        | 10:00        | ECB's Lane Speaks   |
| EC             | 05-09        | 02:00        | ECB's Rehn Speaks   |
| SW             | 05-09        | 03:30        | Riksbank Minutes From April Monetary Policy Meeting         |
| EC             | 05-09        | 04:00        | ECB's Lane Speaks   |
| SW             | 05-09        | 06:00        | Riksbank's Floden speaks on monetary policy                 |
| EC             | 05-09        | 06:00        | ECB's Vasle, Vujcic Speak                                   |
| EC             | 05-09        | 13:00        | ECB's Schnabel Speaks                                       |
| EC             | 05-10        | 07:20        | ECB's Centeno Makes Closing Remarks at Conference in Lisbon |
| SW             | 05-10        | 11:00        | Riksbank's Bunge speaks on economic development             |
| EC             | 05-11        | 06:30        | ECB's De Cos Speaks   |
| <b>UK</b>      | <b>05-11</b> | <b>07:00</b> | <b>Bank of England Bank Rate</b>                            |
| SW             | 05-11        | 07:10        | Riksbank's Floden speaks on monetary policy                 |
| UK             | 05-11        | 07:30        | BOE governor press conference                               |
| EC             | 05-11        | 08:00        | ECB's Schnabel Speaks                                       |
| EC             | 05-11        | 10:45        | ECB's De Cos Speaks   |
| EC             | 05-11        | 13:30        | ECB's Guindos Speaks  |
| EC             | 05-12        | 04:00        | ECB's Guindos Speaks  |
| SW             | 05-12        | 06:00        | Riksbank's Jansson speech                                   |
| UK             | 05-12        | 07:15        | BOE's Huw Pill speaks                                       |

## ASIA PACIFIC

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u>                        |
|----------------|-------------|-------------|-------------------------------------|
| JN             | 05-07       | 19:50       | BOJ Minutes of March Meeting        |
| JN             | 05-10       | 19:50       | BOJ Summary of Opinions (April MPM) |

## LATIN AMERICA

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u>          |
|----------------|-------------|-------------|-----------------------|
| PE             | 05-11       | 19:00       | Reference Rate        |
| CL             | 05-12       | 18:00       | Overnight Rate Target |

## Events for the week of May 8 – 12

## NORTH AMERICA

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u>                                       |
|----------------|-------------|-------------|--|
| US             | 05-09       | 13:00       | U.S. To Sell USD40 Bln 3-Year Notes                |
| CA             | 05-10       | 12:00       | Canada to Sell C\$4.75 Billion of 3.75% 2025 Bonds |
| US             | 05-10       | 13:00       | U.S. To Sell USD35 Bln 10-Year Notes               |
| US             | 05-11       | 13:00       | U.S. To Sell USD21 Bln 30-Year Bonds               |

## EUROPE

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u>                                    |
|----------------|-------------|-------------|---|
| AS             | 05-09       | 05:00       | Austria to Sell Bonds                           |
| GE             | 05-09       | 05:30       | Germany to Sell EU5 Bln of 2.2% 2028 Bonds      |
| DE             | 05-10       | 04:15       | Denmark to Sell Bonds                           |
| SW             | 05-10       | 05:00       | Sweden to Sell SEK2 Billion of 1.75% 2033 Bonds |
| SZ             | 05-10       | 05:00       | Switzerland to Sell Bonds                       |
| NO             | 05-10       | 05:00       | Norway to Sell Bonds                            |
| EC             | 05-10       | 05:30       | EU to Sell Bonds                                |
| GE             | 05-10       | 05:30       | Germany to Sell EU1.5 Billion of 2053 Bonds     |
| IC             | 05-10       | 07:00       | Iceland to Sell Bonds                           |
| IT             | 05-11       | 05:00       | Italy to Sell Bonds                             |

## ASIA PACIFIC

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u>                                      |
|----------------|-------------|-------------|---|
| JN             | 05-08       | 23:35       | Japan to Sell 10-Year Bonds                       |
| AU             | 05-09       | 21:00       | Australia to Sell A\$800 Million 3.25% 2029 Bonds |
| CH             | 05-09       | 22:35       | China Plans to Sell Bonds                         |
| JN             | 05-10       | 23:35       | Japan to Sell 30-Year Bonds                       |
| CH             | 05-11       | 22:35       | China Plans to Sell CNY 3Y Bond                   |

## LATIN AMERICA

No Scheduled Auctions

## 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      | 4.50                | June 7, 2023        | 4.50                      | 4.50                       |
| Federal Reserve – Federal Funds Target Rate | 5.25                | June 14, 2023       | 5.25                      | 5.25                       |
| Banco de México – Overnight Rate            | 11.25               | May 18, 2023        | 11.50                     | 11.25                      |

## 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               | 3.75                | June 15, 2023       | 4.00                      | 4.00                       |
| European Central Bank – Marginal Lending Facility Rate | 4.00                | June 15, 2023       | 4.25                      | 4.25                       |
| European Central Bank – Deposit Facility Rate          | 3.25                | June 15, 2023       | 3.50                      | 3.50                       |
| Bank of England – Bank Rate                            | 4.25                | May 11, 2023        | 4.50                      | 4.50                       |
| Swiss National Bank – Sight Deposit Rate               | 1.50                | June 22, 2023       | 1.50                      | 1.50                       |
| Central Bank of Russia – One-Week Auction Rate         | 7.50                | June 9, 2023        | 7.50                      | 7.75                       |
| Sweden Riksbank – Repo Rate                            | 3.50                | June 29, 2023       | 3.50                      | 3.50                       |
| Norges Bank – Deposit Rate                             | 3.25                | June 22, 2023       | 3.50                      | 3.50                       |
| Central Bank of Turkey – Benchmark Repo Rate           | 8.50                | May 25, 2023        | 8.50                      | 8.50                       |

**Bank of England (BoE):** Another 25bps hike is expected on Thursday along with probably hawkish forward guidance in light of the fact that the UK has among the most serious inflation problems of any major industrialized economy. Fresh forecasts in a new Monetary Policy Report and a full press conference held by Governor Bailey are also due.

## 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               | June 16, 2023       | -0.10                     | -0.10                      |
| Reserve Bank of Australia – Cash Rate Target           | 3.85                | June 6, 2023        | 3.85                      | 3.85                       |
| Reserve Bank of New Zealand – Cash Rate                | 5.25                | May 23, 2023        | 5.50                      | 5.50                       |
| People's Bank of China – 1-Year Loan Prime Rate        | 3.65                | May 21, 2023        | 3.65                      | 3.65                       |
| Reserve Bank of India – Repo Rate                      | 6.50                | June 8, 2023        | 6.50                      | 6.50                       |
| Bank of Korea – Base Rate                              | 3.50                | May 25, 2023        | 3.50                      | 3.50                       |
| Bank of Thailand – Repo Rate                           | 1.75                | May 31, 2023        | 2.00                      | 1.75                       |
| Bank Negara Malaysia – Overnight Policy Rate           | 3.00                | July 6, 2023        | 3.25                      | 3.00                       |
| Bank Indonesia – 7-Day Reverse Repo Rate               | 5.75                | May 25, 2023        | 5.75                      | 5.75                       |
| Central Bank of Philippines – Overnight Borrowing Rate | 6.25                | May 18, 2023        | 6.25                      | 6.25                       |

## 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               | June 21, 2023       | 13.75                     | 13.75                      |
| Banco Central de Chile – Overnight Rate            | 11.25               | May 12, 2023        | 11.25                     | 11.25                      |
| Banco de la República de Colombia – Lending Rate   | 13.25               | June 30, 2023       | 13.25                     | 13.25                      |
| Banco Central de Reserva del Perú – Reference Rate | 7.75                | May 11, 2023        | 7.75                      | 7.75                       |

**Banco Central de Chile:** Amidst strong service sector activity and above-target inflation, the Central Bank of Chile is likely to maintain its benchmark rate at 11.25% sticking with its hawkish stance. **Banco Central de Reserva del Peru:** Central Bank of Peru is expected to be on a conditional pause until it sees a clear downward trend in inflation.

## 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 | 7.75                | May 25, 2023        | 7.75                      | 7.75                       |

Sources: Bloomberg, Scotiabank Economics.

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