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Jaykumar Parmar.*

#### Next Week's Risk Dashboard

- Taiwan's election could stoke tensions with China
- Comparing Biden to past Presidents on the economy and markets
- Trump is poised to crush the start of the US election calendar
- Why Biden's base is deserting him
- Middle East tensions on heightened alert
- Canadian inflation expectations likely to remain too high
- Will underlying Canadian inflation come in hot again?
- US earnings season accelerates
- China's central bank is expected to ease
- Chinese GDP, activity readings to inform momentum
- Are UK wages and CPI still trending cooler?
- Australian job market has been on fire ahead of an update
- Hoping for stability in Eurozone inflation expectations
- Bank Indonesia likely to stay on hold
- Global macro reports
- US shut for M.L.K. Jr Day on Monday

## Geopolitical Risk Shifts Into Higher Gear

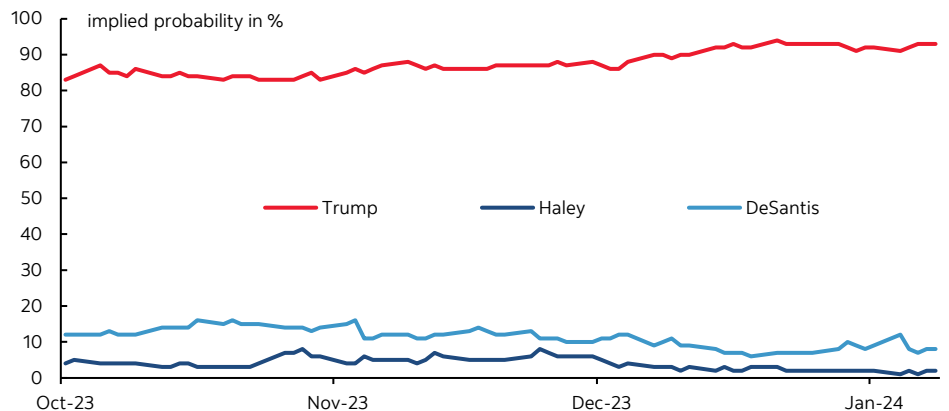
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### Chart of the Week

#### Trump Predicted to Destroy his Competitors in Iowa Caucus



Sources: Scotiabank Economics, PREDICTIT.

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

## Geopolitical Risk Shifts Into Higher Gear

An active year in the markets is likely to see plenty of action over the coming week. And no, I'm not speaking to the bar tab in Davos where they'll try to solve all the world's problems at the 54<sup>th</sup> World Economic Forum throughout the week (agenda [here](#)).

Substantive developments of relevance to markets will include the US earnings season, political events like Taiwan's election and the first event on the US election calendar, the risk of conflict escalation in the Red Sea, the first arrival of a key central bank decision when China weighs in, plus several top-shelf macro reports that touch upon most major regions of the world economy.

### TAIWAN'S ELECTION—TENSIONS WITH CHINA COULD RISE

Taiwan holds its Presidential election on Saturday January 13<sup>th</sup> and elects all 113 members of its legislature and so the result is likely to be known by the time many folks read this publication. Outgoing President Tsai Ing-wen has hit her term limit and at stake is whether her Democratic Progressive Party and its candidate Lai Ching-te can hold on.

Lai has advocated stronger ties with the US and agitated the relationship with China while seeking to build up Taiwan's military defences. It is widely believed that China could respond with aggression either through economic policy tools or militarily if Lai wins.

It's Lai's election to lose according to the final polls that were published before the pre-election blackout (chart 1).

As for market reactions, it's likely to be tricky to navigate between potential PBOC easing on the one hand, versus potentially intensified geopolitical risk into the Monday Asian market open.

### US ELECTION SEASON COMMENCES

The candidates have been in election mode for quite a while now, but the US election season begins in earnest on Monday with the Iowa Caucus. The full timeline of primaries and caucuses is [here](#) including Super Tuesday on March 5<sup>th</sup> and the Republican and Democratic conventions.

Trump is running away with it to this point. He is predicted to win the Iowa Caucus in a landslide that begs asking why the other candidates would even still be bothering at this stage for any reason other than to possibly get a role in cabinet or some cushy post abroad (chart 2).

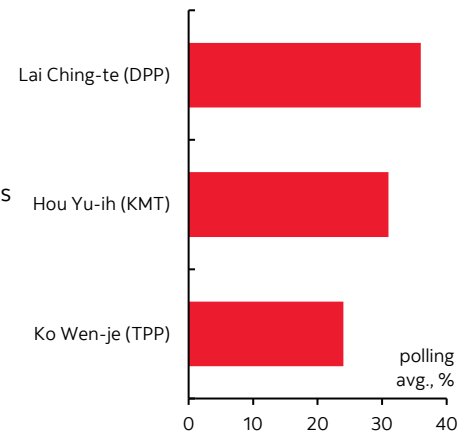
Chart 3 shows that Trump is polling the biggest margin of support over his Republican rivals in the suite of GOP Caucuses of any Republican presidential candidate in decades. He owns the Republican party.

It's safe to say that Trump will be the nominee, barring the probably small risk that the Supreme Court and his litany of legal challenges changes his prospects.

On the flip side, Biden has lost the support of his own base. Chart 4 shows that Biden's approval rating among Democrats and Democrat-leaning voters has gone from over 90% in early 2021 to about 60% now. That's a spectacular collapse in support among voters who are naturally inclined to vote for a Democratic candidate.

Chart 1

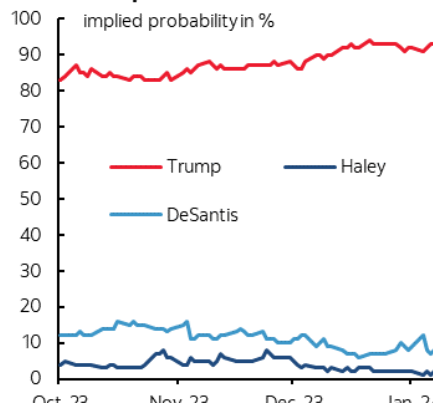
#### Next President of Taiwan ?



Sources: Scotiabank Economics, The Economist.

Chart 2

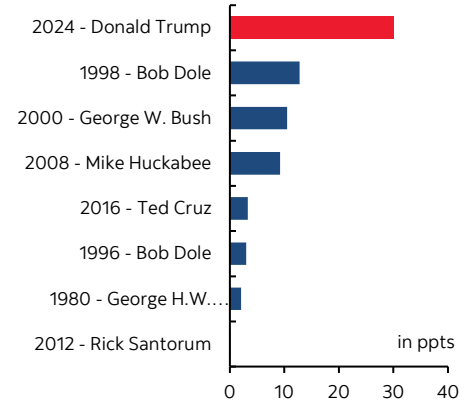
#### Trump Predicted to Destroy his Competitors in Iowa Caucus



Sources: Scotiabank Economics, PREDICTIT.

Chart 3

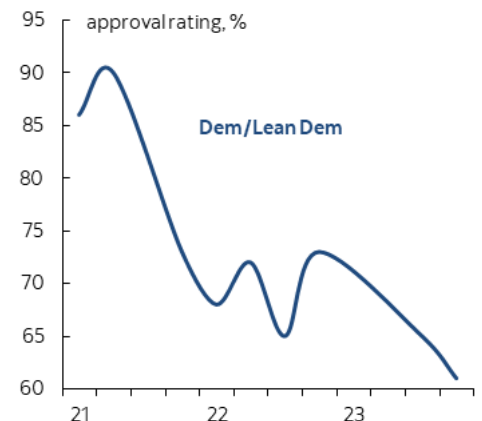
#### Margin of Victory Over Second-Place Finisher in GOP Caucuses



Sources: Scotiabank Economics, NBC News.

Chart 4

#### Biden's Base is Deserting Him

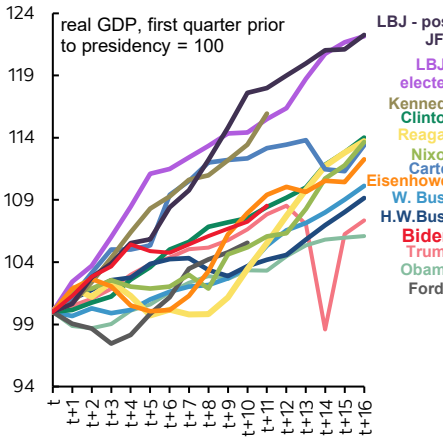


Sources: Scotiabank Economics, Pew Research Center.

I maintain that while both candidates pose their own mixture of risks and opportunities to the economic and market outlook, economics can explain these developments without getting into character issues howsoever entertaining or distressing it may be to do so. Charts 5–13 compare Biden’s performance compared to all other past Presidents in reasonably modern times in terms of GDP growth, job growth, the unemployment rate, wage gains, inflation, fiscal deficit changes, Treasury yields, corporate bond yields, and the stock market. By some of

Chart 5

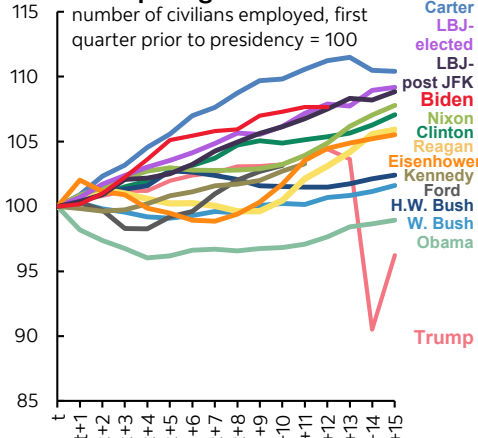
**Real GDP Growth Among Presidents**



Sources: Scotiabank Economics, US BEA.

Chart 6

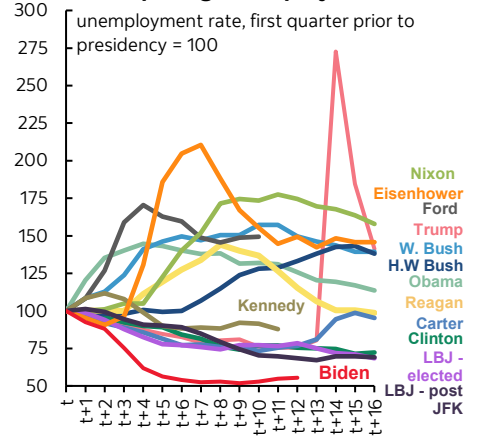
**Comparing US Job Markets**



Sources: Scotiabank Economics, BLS.

Chart 7

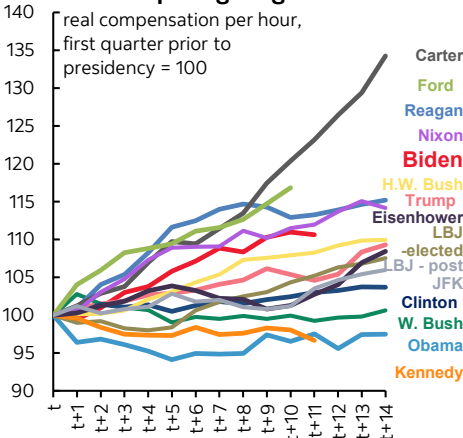
**Comparing Unemployment**



Sources: Scotiabank Economics, BLS.

Chart 8

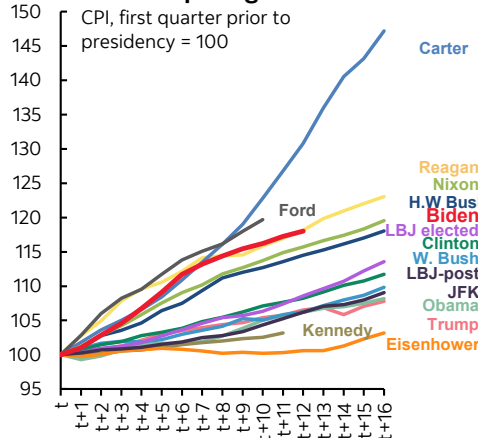
**Comparing Wage Gains**



Sources: Scotiabank Economics, BLS.

Chart 9

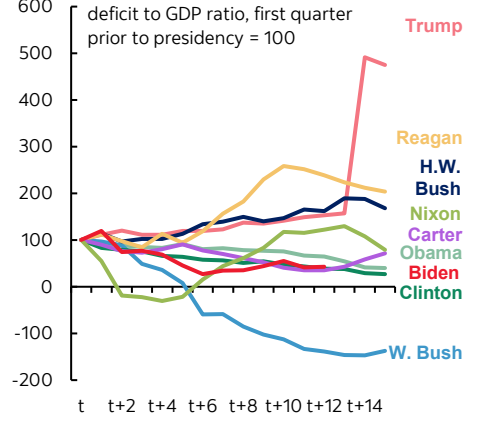
**Comparing Inflation**



Sources: Scotiabank Economics, BLS.

Chart 10

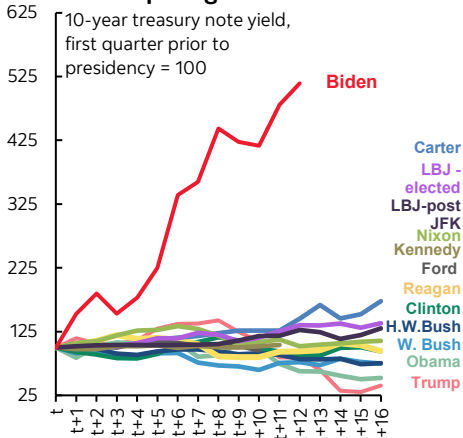
**Comparing Fiscal Deficits**



Sources: Scotiabank Economics, Bloomberg.

Chart 11

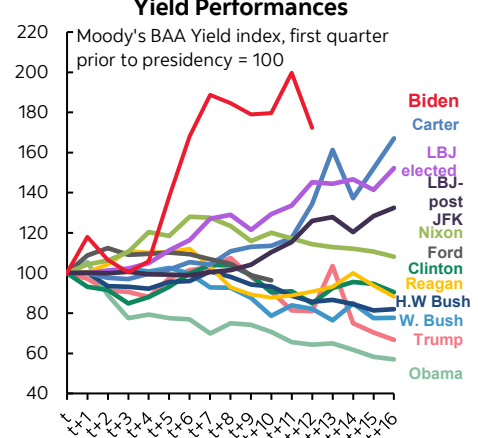
**Comparing Bond Markets**



Sources: Scotiabank Economics, Federal Reserve.

Chart 12

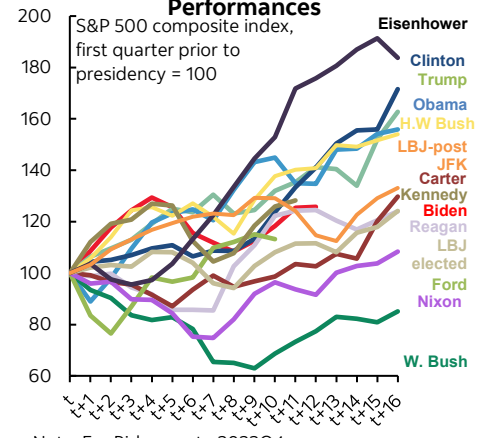
**Comparing Corporate Bond Yield Performances**



Sources: Scotiabank Economics, S&P, Bloomberg.

Chart 13

**Comparing Stock Market Performances**



Note: For Biden, up to 2023Q4  
Sources: Scotiabank Economics, S&P, Bloomberg.

these measures, Biden has done well. By others, well, not so much. Some need to be interpreted carefully; for instance, Biden may not have changed the deficit much, but he has maintained it at a high level throughout his term.

But the distributional considerations are another matter. Where Bidenomics failed was in its promise to deliver the gains to lower- and middle-income Americans. Some of that is due to unfortunate circumstances derived from the pandemic and the initial responses he inherited, but that's not a complete excuse by any means. Some of it is due to ongoing fiscal stimulus that far outstayed its welcome and that buoyed inflation and with it, higher borrowing costs through a massive ongoing surge in spending (chart 14) and indebtedness (chart 15), both of which involve regressive effects. A surging inflation-tax with its demand- and supply-side drivers coupled with higher borrowing costs serve to harm lower income households disproportionately compared to upper income households.

That's the record to date, but what about the future? Biden's tax proposals would impose trillions of dollars worth of added tax hikes summarized [here](#). Many Americans are naturally predisposed to viewing tax hikes as anathema, even when most of the hikes don't necessarily directly affect them on an individual basis! One reason for this is because of trickle down effects of tax hikes on corporations and wealth that raise the after-tax cost of capital and disincentivize investment and hiring. Another is perhaps best simply explained as a cultural bias with the benefit of Uncle Sam's reserve currency status.

The roles of the USD and Treasuries in global leveraged financing vehicles connote advantages that paper over US fiscal largesse—to a point. With among the highest public debt to GDP ratios among peer group economies, the US is getting closer toward pushing its luck with the bond market (chart 16). The bond market is grappling with bigger and more frequent debt auctions that are showing signs of presenting funding strains in the US economy including via repo market gauges that put the Federal Reserve in the awkward position of potentially re-evaluating its Quantitative Tightening stance earlier than it judged to be likely even a relatively short time ago.

**CANADIAN INFLATION—SURVEYS AND HARD DATA**

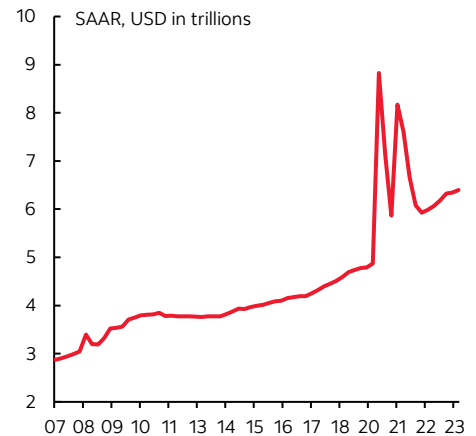
Canadian inflation and Bank of Canada watchers will see things spice up a bit at the start of the week. Survey measures and hard data will combine to incrementally inform progress on the BoC's inflation goals.

The Bank of Canada updates its Business Outlook Survey and Consumer Expectations Survey plus the timelier Business Leaders' Pulse survey on Monday. While numerous soft-data sentiment readings will be updated, key will be the measures of inflation expectations since they are among the relatively few things that Governor Macklem has said he is closely following. Others include momentum in core inflation, the demand-supply balance, company price-setting behaviour, wages and productivity.

Chart 17 provides a sense of what may be revealed. The line for the CFIB's small business survey shows that members plan to raise prices by 3.1% over 2024 based on a survey conducted between December 5<sup>th</sup> to 8<sup>th</sup>. That's still a month old by now, but the BoC's surveys will also lag as they were conducted between mid-November to early December. Given the correlation between the CFIB and BoC 1- year ahead

Chart 14

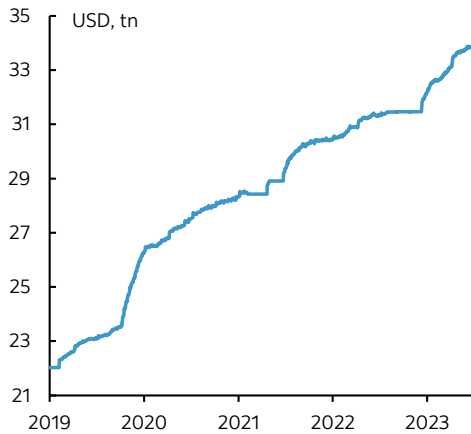
**The US Has a Spending Problem**



Sources: Scotiabank Economics, BEA.

Chart 15

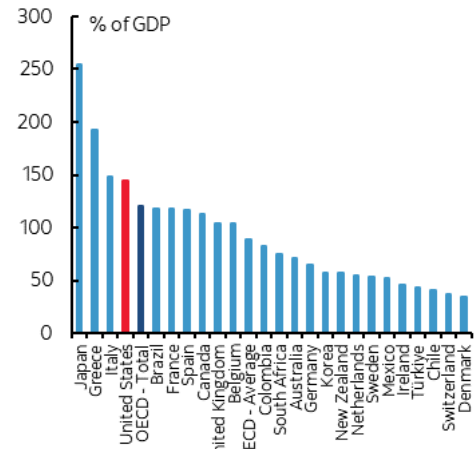
**US Public Debt Levels**



Sources: Scotiabank Economics, US Treasury

Chart 16

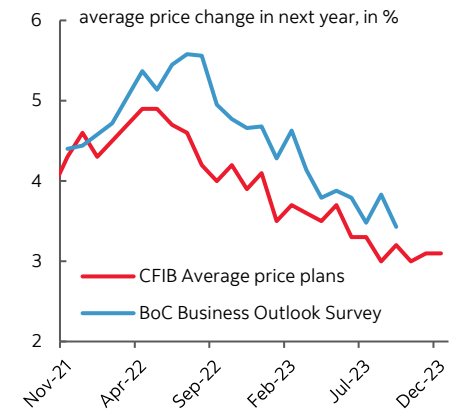
**General Government Debt**



Sources: Scotiabank Economics, OECD.

Chart 17

**Firms' Inflation Expectations Expected to be Sticky**



Sources: Scotiabank Economics, CFIB.

measures it is reasonable to expect that the BoC's surveys will indicate that inflation expectations will remain at or above the upper end of the BoC's 1–3% inflation target range. That could be especially true since the BoC measures that are skewed more toward larger businesses have tended to land a little higher than the CFIB measures.

Next up will be CPI for December on Tuesday. I have estimated that CPI will dip by -0.3% m/m in seasonally unadjusted terms as per the consensus polling convention that is similar to Europe (US polling is for seasonally adjusted estimates). Since December is normally a seasonal down-month for the overall CPI index, we need to apply standard seasonal adjustments to this estimate. Upon doing so, CPI is expected to rise by 0.3% m/m SA.

Far trickier is the task of estimating the BoC's preferred core gauges of underlying inflation pressures. They are Trimmed Mean and Weighted Median CPI. Trimmed mean lops off the top and bottom 20% of the basket while weighted median is the weighted 50<sup>th</sup> percentile price. Neither includes measures like mortgage interest costs or other outliers to the upside or down and the BoC relies on these gauges to reflect central tendency price pressures. Don't look at the year-over-year readings so much as the month-over-month seasonally adjusted changes at annualized rates and on a spot and trend basis.

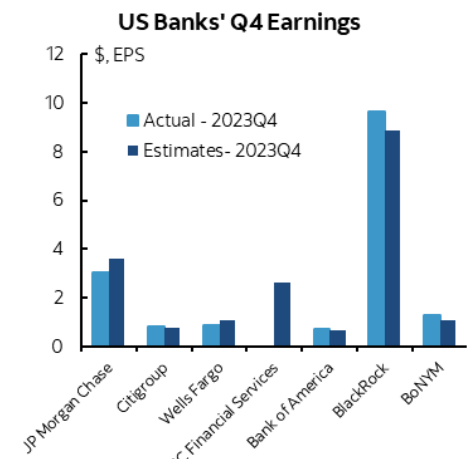
When these measures came in fairly hot in December for November, they started the market's re-evaluation of rate cut pricing by the March and April BoC meetings. They are very difficult to estimate on a short-term basis because of the inherent volatility to the 55 CPI components as small changes within their distribution can drive significant swings in the overall readings.

**EARNINGS—STILL FOCUSED UPON BANKS**

US earnings season accelerates somewhat with twenty-three companies listed on the S&P500 set to release Q4 results. Among the key names will be Goldman Sachs and Morgan Stanley that arrive at the same time into Tuesday morning's pre-market.

Earnings breadth picks up the week after next week when 75 S&P500 firms release across more sectors. It's very, very early in the season thus far, but the kick-off has been unfavourable (chart 18).

Chart 18



Sources: Scotiabank Economics, Bloomberg.

**CENTRAL BANKS—EYES ON CHINA**

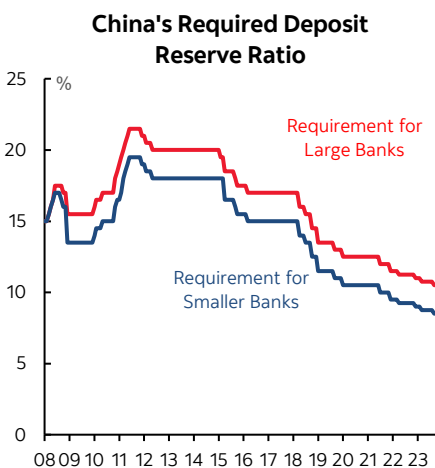
Big names in central banking begin to weigh in again this week but the real deluge beings to arrive the following week. In fact, we'll only hear from two central banks, one with potential global effects and one that is more impactful to regional markets.

**PBOC—What to Cut?**

Consensus expects the People's Bank of China to reduce the One-year Medium-Term Lending Facility Rate by 10bps to 2.4% on Monday. At the time of writing, four expected a hold, thirteen forecast a 10bps reduction and one thinks a 15bps cut could be offered.

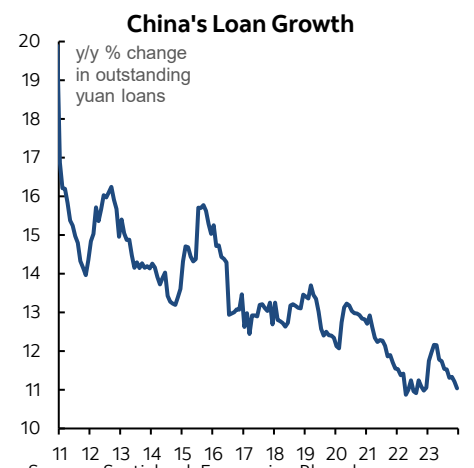
If they cut, then it would be the first reduction since last August. The PBOC has cut this key policy reference rate by a cumulative 80bps since late 2019 of which 45bps have been delivered since the end of 2021. Forecasters are keying off of comments by central bank officials that have intimated openness toward easing.

Chart 19



Sources: Scotiabank Economics, PBOC.

Chart 20



Sources: Scotiabank Economics, Bloomberg.

They could instead opt for another reduction in the required reserve ratio—the share of bank capital

set aside as a contingency instead of supporting lending (chart 19). Recently softer than expected growth in new yuan loans suggests that softness in China's economy could require a lending boost (chart 20) as long as borrowers show a willingness to respond.

So why the change in sentiment when there has been discussion in the markets about potential further easing for some time now? It could be that the central bank has more confidence that the Federal Reserve is done hiking and will at some uncertain point shift toward easing which takes some of the pressure off of the yuan. China's currency has appreciated along with many others relative to the dollar since the USD began to soften after early October.

**Bank Indonesia—Inflation Ok, Rupiah Less So**

Bank Indonesia is widely expected to stay on hold at a policy rate of 6% on Wednesday.

Inflation is running at 2.6% y/y with core at 1.8% which is within the target range of 2% +/-1.5%. The central bank is likely to continue to be sensitive to doing anything that could destabilize the rupiah. It has underperformed other Asian crosses since the USD began looking toppish after early October and may be perceived to be vulnerable to unwanted instability should BI cut prematurely.

**GLOBAL MACRO—TOUCHING ALL THE BASES**

There will be numerous key macroeconomic reports due out from across multiple major markets over the coming week.

**China's Economy—Barely Holding it Together**

China's economy just might be holding it together. Barely. We'll find out Tuesday night (eastern time) when it releases Q4 GDP plus higher frequency activity readings for December. Growth is expected to be about 1% q/q SA at a nonannualized pace (chart 21). At 4% annualized and probably just over 5% y/y, that's barely adequate by China's standards.

Also key will be how the year ended because that will inform the hand-off effects into 2024Q1 and full year growth. Industrial production, retail sales, the jobless rate and fixed investment will all be updated with December readings at the same time as GDP.

**UK Wages and CPI—Still Disinflationary?**

The main risk in European markets will be UK CPI on Wednesday as well as UK jobs the day before and then UK retail sales to end the week. All job market readings will be updated including jobless claims, payroll employees and wages. Wage growth has been very slightly cooling in year-over-year terms to 7.3% in October but key will be whether the sudden weakness in October's m/m figures was the start of a more troublesome trend (chart 22). That could nevertheless assuage the Bank of England's concerns about bringing inflation down as core CPI is expected to dip to just under 5% y/y with the key there being whether November's much lighter than normal month-over-month reading was the start of more intense downward pressure (chart 23).

**Eurozone Inflation Expectations**

The ECB's 1- and 3-year measures of inflation expectations picked up over the course of 2023 and that puts some interest behind what happens in November's reading on Tuesday (chart 24). It's stale, however, and so ECB officials are likely to rely upon other fresher gauges in market expectations and developments such as rising shipping costs. Also watch for any further insights when the ECB releases minutes to the meeting leading up to the December 14<sup>th</sup> decision on Thursday.

Chart 21

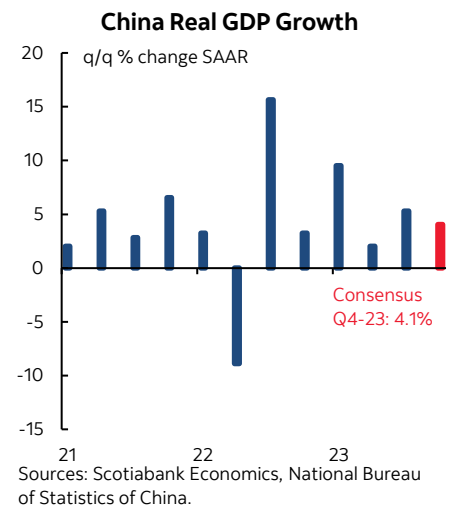


Chart 22

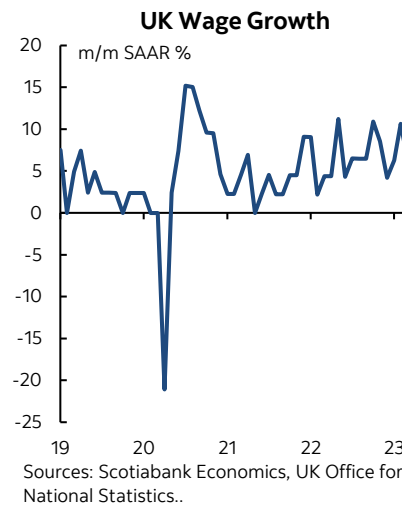


Chart 23

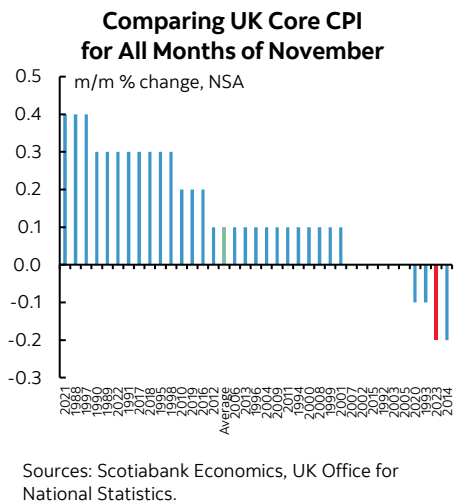
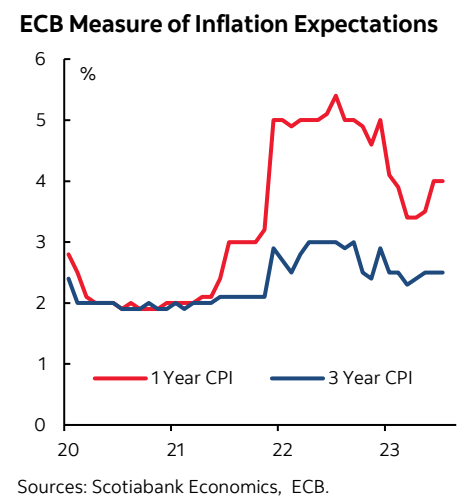


Chart 24



**Canada Mainly Focused Upon Inflation**

Canada will mainly focus upon inflation as outlined above, but there will be other releases on the docket. Monday's manufacturing sales are expected to rebound and also watch Monday's existing home sales tally for December. December's housing starts could rise on Tuesday in keeping with the trend in residential building permits and seasonally warmer and drier weather in parts of the country. Advance guidance points to a gain in Canadian retail sales during November on Friday, but more important may be advance guidance for December.

**US Calendar Also Highlighted by Retail Sales**

US releases are also expected to be constructive on balance. It mostly comes down to the state of the consumer when retail sales get updated for December on Wednesday. A rise in auto sales offers a running head start alongside expectations for a modest increase in sales ex-autos and gas as the holiday shopping season concluded. Industrial production is expected to be soft that same day and ahead of the Fed's Beige Book that will offer regional anecdotes on the state of the US Economy later in the afternoon. Thursday's housing starts are expected to give back some of the large 15% m/m surge during the prior month. On Friday, existing home sales are likely to be little changed given advance pending home sales data, but the week will end with reliance upon the University of Michigan's consumer sentiment reading including measures of confidence and inflation expectations.

**Asia-Pacific—Aussie Jobs and Japanese CPI**

Australia's job market has been on fire but will it continue? An uninterrupted string of job gains dating back to May has driven almost 300k more jobs. The effect has driven the labour force participation rate to a record high of 67.2% while keeping the unemployment rate around the record low range of 3.5–3.9%. Wednesday's tally for December is forecast to keep the momentum going with a mild gain in employment.

Japan's national CPI reading will probably just follow the already known Tokyo gauge that was soft for the month of December. The bias behind the Bank of Japan's latest decision the following week is therefore likely to remain on the cautious side.

**Light LatAm Developments**

LatAm markets face light calendar-based risks. Brazilian (Wednesday) and Mexican (Friday) retail sales numbers for November are on tap.

Key Indicators for the week of January 15 – 19

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	01-15	08:30	Manufacturing Shipments (m/m)	Nov	1.2	1.0	-2.8
CA	01-15	08:30	Wholesale Trade (m/m)	Nov	0.8	0.8	-0.5
CA	01-15	09:00	Existing Home Sales (m/m)	Dec	--	--	-0.9
CA	01-15	10:30	Business Outlook Future Sales	4Q	--	--	14.0
CA	01-16	08:15	Housing Starts (000s a.r.)	Dec	245	247.5	212.6
CA	01-16	08:30	Core CPI - Median (y/y)	Dec	--	3.3	3.4
CA	01-16	08:30	Core CPI - Trim (y/y)	Dec	--	3.4	3.5
CA	01-16	08:30	CPI, All items (m/m)	Dec	-0.3	-0.3	0.1
CA	01-16	08:30	CPI, All items (y/y)	Dec	3.4	3.4	3.1
CA	01-16	08:30	CPI, All items (index)	Dec	--	158.3	158.8
US	01-16	08:30	Empire State Manufacturing Index	Jan	--	-5.0	-14.5
CA	01-16	08:30	Core CPI - Common (y/y)	Dec	--	--	3.9
US	01-17	07:00	MBA Mortgage Applications (w/w)	Jan 12	--	--	9.9
CA	01-17	08:30	International Securities Transactions (C\$ bn)	Nov	--	--	-15.8
CA	01-17	08:30	IPPI (m/m)	Dec	--	--	-0.4
CA	01-17	08:30	Raw Materials Price Index (m/m)	Dec	--	--	-4.2
US	01-17	08:30	Export Prices (m/m)	Dec	--	-0.7	-0.9
US	01-17	08:30	Import Prices (m/m)	Dec	--	-0.5	-0.4
US	01-17	08:30	Retail Sales (m/m)	Dec	0.5	0.4	0.3
US	01-17	08:30	Retail Sales ex. Autos (m/m)	Dec	0.3	0.2	0.2
US	01-17	09:15	Capacity Utilization (%)	Dec	78.7	78.7	78.8
US	01-17	09:15	Industrial Production (m/m)	Dec	-0.1	-0.1	0.2
US	01-17	10:00	Business Inventories (m/m)	Nov	--	-0.1	-0.1
US	01-17	10:00	NAHB Housing Market Index	Jan	--	39.0	37.0
US	01-18	08:30	Building Permits (000s a.r.)	Dec	--	1475.0	1467.0
US	01-18	08:30	Housing Starts (000s a.r.)	Dec	1440	1425.0	1560.0
US	01-18	08:30	Housing Starts (m/m)	Dec	-7.7	-8.7	14.8
US	01-18	08:30	Initial Jobless Claims (000s)	Jan 13	205	205.0	202.0
US	01-18	08:30	Continuing Claims (000s)	Jan 06	1840	1845.0	1834.0
US	01-18	08:30	Philadelphia Fed Index	Jan	--	-7.0	-12.8
MX	01-19	07:00	Retail Sales (INEGI) (y/y)	Nov	--	3.6	3.4
CA	01-19	08:30	Retail Sales (m/m)	Nov	0.1	0.0	0.7
CA	01-19	08:30	Retail Sales ex. Autos (m/m)	Nov	--	-0.1	0.6
US	01-19	10:00	Existing Home Sales (mn a.r.)	Dec	3.82	3.8	3.8
US	01-19	10:00	Existing Home Sales (m/m)	Dec	0.0	0.3	0.8
US	01-19	10:00	U. of Michigan Consumer Sentiment	Jan P	70.0	70.0	69.7
US	01-19	16:00	Total Net TIC Flows (US\$ bn)	Nov	--	--	-83.8
US	01-19	16:00	Net Long-term TIC Flows (US\$ bn)	Nov	--	--	3.3

EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
GE	01-15	04:00	Real GDP NSA (y/y)	2023	-0.3	1.8
GE	01-15	04:00	Budget (Maastricht) (% of GDP)	2023	-2.2	-2.5
EC	01-15	05:00	Industrial Production (m/m)	Nov	-0.3	-0.7
EC	01-15	05:00	Industrial Production (y/y)	Nov	-6.0	-6.6
EC	01-15	05:00	Trade Balance (€ mn)	Nov	--	11091.0
GE	01-16	02:00	CPI (m/m)	Dec F	0.1	0.1
GE	01-16	02:00	CPI (y/y)	Dec F	3.7	3.7
GE	01-16	02:00	CPI - EU Harmonized (m/m)	Dec F	0.2	0.2
GE	01-16	02:00	CPI - EU Harmonized (y/y)	Dec F	3.8	3.8
UK	01-16	02:00	Average Weekly Earnings (3-month, y/y)	Nov	6.8	7.2
UK	01-16	02:00	Employment Change (3M/3M, 000s)	Nov	--	-207.0
UK	01-16	02:00	Jobless Claims Change (000s)	Dec	--	16.0
UK	01-16	02:00	ILO Unemployment Rate (%)	Nov	4.2	4.3
IT	01-16	04:00	CPI - EU Harmonized (y/y)	Dec F	0.5	0.5
EC	01-16	05:00	ZEW Survey (Economic Sentiment)	Jan	--	23.0
GE	01-16	05:00	ZEW Survey (Current Situation)	Jan	-77.0	-77.1
GE	01-16	05:00	ZEW Survey (Economic Sentiment)	Jan	12.0	12.8

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.



## Key Indicators for the week of January 15 – 19

## EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	Consensus	Latest
UK	01-17	02:00	CPI (m/m)	Dec	0.2	-0.2
UK	01-17	02:00	CPI (y/y)	Dec	3.8	3.9
UK	01-17	02:00	RPI (m/m)	Dec	0.4	-0.1
UK	01-17	02:00	RPI (y/y)	Dec	5.1	5.3
FR	01-17	02:45	Central Government Balance (€ bn)	Nov	--	-177.7
EC	01-17	05:00	CPI (m/m)	Dec F	0.2	0.2
EC	01-17	05:00	CPI (y/y)	Dec F	2.9	2.9
EC	01-17	05:00	Euro zone Core CPI Estimate (y/y)	Dec F	3.4	3.4
EC	01-18	04:00	Current Account (€ bn)	Nov	--	33.8
IT	01-18	04:30	Current Account (€ mn)	Nov	--	3315.0
GE	01-19	02:00	Producer Prices (m/m)	Dec	-0.4	-0.5
UK	01-19	02:00	Retail Sales ex. Auto Fuel (m/m)	Dec	-0.6	1.3
UK	01-19	02:00	Retail Sales with Auto Fuel (m/m)	Dec	-0.5	1.3

## ASIA PACIFIC

Country	Date	Time	Indicator	Period	Consensus	Latest
JN	01-14	18:50	Japan Money Stock M2 (y/y)	Dec	--	2.3
JN	01-14	18:50	Japan Money Stock M3 (y/y)	Dec	--	1.7
AU	01-14	19:30	ANZ Job Advertisements (m/m)	Dec	--	-4.6
PH	01-14	20:00	Overseas Remittances (y/y)	Nov	2.9	3.0
IN	01-14	22:30	Exports (y/y)	Dec	--	-2.8
IN	01-14	22:30	Imports (y/y)	Dec	--	-4.3
ID	01-14	23:00	Exports (y/y)	Dec	-8.4	-8.6
ID	01-14	23:00	Imports (y/y)	Dec	0.3	3.3
ID	01-14	23:00	Trade Balance (US\$ mn)	Dec	1830.0	2410.0
JN	01-15	01:00	Machine Tool Orders (y/y)	Dec P	--	-13.6
IN	01-15	01:30	Monthly Wholesale Prices (y/y)	Dec	1.2	0.3
SI	01-16	19:30	Exports (y/y)	Dec	2.6	1.0
CH	01-16	21:00	Fixed Asset Investment YTD (y/y)	Dec	2.9	2.9
CH	01-16	21:00	Industrial Production (y/y)	Dec	6.8	6.6
CH	01-16	21:00	Real GDP (y/y)	4Q	5.2	4.9
CH	01-16	21:00	Retail Sales (y/y)	Dec	8.0	10.1
<b>ID</b>	<b>01-17</b>	<b>02:20</b>	<b>BI 7-Day Reverse Repo Rate (%)</b>	<b>Jan 17</b>	<b>6.00</b>	<b>6.00</b>
JN	01-17	18:50	Machine Orders (m/m)	Nov	-0.8	0.7
AU	01-17	19:30	Employment (000s)	Dec	15.0	61.5
AU	01-17	19:30	Unemployment Rate (%)	Dec	3.9	3.9
JN	01-17	23:30	Capacity Utilization (m/m)	Nov	--	1.5
JN	01-17	23:30	Industrial Production (m/m)	Nov F	--	-0.9
JN	01-17	23:30	Industrial Production (y/y)	Nov F	--	-1.4
HK	01-18	03:30	Unemployment Rate (%)	Dec	--	2.9
NZ	01-18	16:30	Business NZ PMI	Dec	--	46.7
JN	01-18	18:30	National CPI (y/y)	Dec	2.6	2.8
MA	01-18	20:00	GDP (y/y)	4Q A	4.3	3.3
PH	01-18	20:00	Balance of Payments (US\$ mn)	Dec	--	-216.0
MA	01-18	23:00	Exports (y/y)	Dec	-4.8	-5.9
MA	01-18	23:00	Imports (y/y)	Dec	4.0	1.7
MA	01-18	23:00	Trade Balance (MYR bn)	Dec	17.1	12.4
JN	01-18	23:30	Tertiary Industry Index (m/m)	Nov	0.2	-0.8

## LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
PE	01-15	09:00	Economic Activity Index NSA (y/y)	Nov	0.0	0.2	-0.8
PE	01-15	09:00	Unemployment Rate (%)	Dec	6.8	--	6.6
BZ	01-17	07:00	Retail Sales (m/m)	Nov	--	0.0	-0.3
BZ	01-17	07:00	Retail Sales (y/y)	Nov	--	1.5	0.2
CO	01-17	10:00	Retail Sales (y/y)	Nov	-7.7	-6.0	-11.0
BZ	01-18	07:00	Economic Activity Index SA (m/m)	Nov	--	-0.2	-0.1
BZ	01-18	07:00	Economic Activity Index NSA (y/y)	Nov	--	1.9	1.5

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

## Global Auctions for the week of January 15 – 19

## NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	01-17	13:00	U.S. To Sell USD13 Bln 20-Year Bond Reopening
CA	01-18	12:00	Canada to Sell C\$5 Billion of 4% 2029 Bonds
US	01-18	13:00	U.S. To Sell USD18 Bln 10-Year TIPS

## EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
GE	01-16	05:30	Germany to Sell EU4 Billion of 2029 Bonds
SW	01-17	05:00	Sweden to Sell SEK3 Billion of 1.75% 2033 Bonds
NO	01-17	05:00	Norway to Sell Bonds
GR	01-17	05:00	Greece to Sell Bonds
GE	01-17	05:30	Germany to Sell Bonds
UK	01-17	06:30	U.K. to Sell GBP3.75 Billion of 4.625% 2034 Bonds
SP	01-18	04:30	Spain to Sell Bonds
FR	01-18	04:50	France to Sell Bonds

## ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	01-15	22:35	Japan to Sell 5-Year Bonds
AU	01-16	19:00	Australia to Sell A\$800 Million 3.5% 2034 Bonds
CH	01-16	21:35	China to Sell Bonds
JN	01-17	22:35	Japan to Sell 20-Year Bonds

## LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
No Scheduled Auctions			

## Events for the week of January 15 – 19

## NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	01-15	10:30	BoC Business Outlook Future Sales
US	01-16	11:00	Fed's Waller Speaks on Economic Outlook and Monetary Policy
US	01-17	09:00	Fed's Barr Speaks at Conference on Cyber Risk
US	01-17	09:00	Fed's Bowman Speaks About Future of Bank Capital Reform
US	01-17	14:00	Federal Reserve Releases Beige Book
US	01-17	15:00	Fed's Williams Speaks at NY Fed Event
US	01-18	07:30	Fed's Bostic Speaks on Economic Outlook
US	01-18	11:30	Fed's Bostic Speaks on Economic Outlook
US	01-19	13:00	Fed's Barr Speaks About Bank Regulation
US	01-19	16:15	Fed's Daly Speaks in Fireside Chat

## EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	01-15	09:15	ECB's Holzmann Speaks in Davos
EC	01-16	02:15	ECB's Villeroy, IMF's Gopinath on Davos Panel
EC	01-16	04:00	ECB 1 Year CPI Expectations
EC	01-16	04:00	ECB 3 Year CPI Expectations
UK	01-16	10:00	BOE's Bailey testifies to Lords
SW	01-17	03:10	Riksbank's Breman speech on monetary policy
EC	01-17	03:30	ECB's Cipollone Speaks
EC	01-17	03:35	ECB's Vasle, Hungary's Virag Speaks
EC	01-17	04:15	ECB's Simkus Speaks
EC	01-17	06:30	ECB's Vujcic Speaks
EC	01-17	07:15	ECB's Knot speaks at WEF in Davos
EC	01-17	10:15	ECB's Lagarde in Davos
EC	01-17	13:30	Bundesbank Chief Nagel Speaks in Davos
SZ	01-18	05:30	SNB's Jordan Speaks in Davos
EC	01-18	07:30	ECB Publishes Account of December Meeting
EC	01-18	10:15	ECB's Lagarde speaks at WEF panel in Davos
SW	01-18	10:30	Riksbank's Thedeen speaks
SW	01-19	04:30	Riksbank FX Sales
EC	01-19	05:00	ECB's Lagarde, IMF's Georgieva, Germany's Lindner in Davos

## ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
ID	01-17	02:20	BI-Rate
KZ	01-19	01:00	Key Rate

## LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
PY	01-19		Monetary Policy Rate

Global Central Bank Watch

NORTH AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Canada – Overnight Target Rate	5.00	January 24, 2024	5.00	5.00
Federal Reserve – Federal Funds Target Rate	5.50	January 31, 2024	5.50	5.50
Banco de México – Overnight Rate	11.25	February 8, 2024	11.25	11.25

**Bank of Canada (BoC):** BoC will be releasing the fourth quarter issues of their Business Outlook Report and the Canadian Survey of Consumer Expectations on Monday at 10:30 am. The surveys will further inform us about firms' and consumers' inflation expectations. **Federal Reserve:** The Fed will release the Beige Book on Wednesday at 2:00 pm which will provide commentary on current economic conditions.

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	4.50	January 25, 2024	4.50	4.50
European Central Bank – Marginal Lending Facility Rate	4.75	January 25, 2024	4.75	4.75
European Central Bank – Deposit Facility Rate	4.00	January 25, 2024	4.00	4.00
Bank of England – Bank Rate	5.25	February 1, 2024	5.25	5.25
Swiss National Bank – Sight Deposit Rate	1.75	March 21, 2024	1.75	1.75
Central Bank of Russia – One-Week Auction Rate	16.00	February 16, 2024	16.00	16.00
Sweden Riksbank – Repo Rate	4.00	February 1, 2024	4.00	4.00
Norges Bank – Deposit Rate	4.50	January 25, 2024	4.50	4.50
Central Bank of Turkey – Benchmark Repo Rate	42.50	January 25, 2024	N/A	N/A

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	January 23, 2024	-0.10	-0.10
Reserve Bank of Australia – Cash Rate Target	4.35	February 5, 2024	4.35	4.35
Reserve Bank of New Zealand – Cash Rate	5.50	February 27, 2024	5.50	5.50
People's Bank of China – 1-Year Medium-Term Lending Facility Rate	2.50	January 14, 2024	2.40	2.40
Reserve Bank of India – Repo Rate	6.50	February 7, 2024	6.50	6.50
Bank of Korea – Base Rate	3.50	February 22, 2024	3.50	3.50
Bank of Thailand – Repo Rate	2.50	February 7, 2024	2.50	2.50
Bank Negara Malaysia – Overnight Policy Rate	3.00	January 24, 2024	3.00	3.00
Bank Indonesia – BI-Rate	6.00	January 17, 2024	6.00	6.00
Central Bank of Philippines – Overnight Borrowing Rate	6.50	February 15, 2024	6.50	6.50

**People's Bank of China (PBoC):** Consensus has slanted toward a 10 bps policy rate cut by the PBoC on Sunday after a PBoC official did signal that the bank is prepared to further ease monetary policy using various tools to provide "strong" support for credit growth. The bank, in the past, did follow with RRR cuts after official comments though not immediately. **Bank Indonesia (BI):** Bank Indonesia is expected to hold its policy rate at 6% on Wednesday after headline and core inflation ended the year at 2.6% and 1.8% y/y which is close to the BI's new target range of 2.5% +/- 1%. The rupiah has weakened a bit since last meeting mostly due to a strong USD as Fed officials pushed back on aggressive rate cut bets.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	11.75	January 31, 2024	11.25	11.25
Banco Central de Chile – Overnight Rate	8.25	January 31, 2024	7.25	N/A
Banco de la República de Colombia – Lending Rate	13.00	January 31, 2024	12.50	12.50
Banco Central de Reserva del Perú – Reference Rate	6.50	February 8, 2024	6.25	6.25

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	8.25	January 25, 2024	8.25	8.25

Sources: Bloomberg, Scotiabank Economics.

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