

Contributors

Derek Holt

VP & Head of Capital Markets Economics
Scotiabank Economics
416.863.7707
derek.holt@scotiabank.com

*With thanks for research support from:
Jaykumar Parmar.*

Next Week's Risk Dashboard

- Political risk is just getting started
- US Presidential debate could further inform polling
- Final polling before France's first round election
- The last full week of UK election campaigning
- Iran's faux election
- US core PCE could be very soft
- Canadian CPI may inform BoC July pricing...
- ...with basket changes and housing's rising effect
- Tracking Canadian GDP, and why it's better under the hood
- BoC's Macklem to speak about, well, everything!
- Key US Treasury auctions return
- Eurozone CPI: One of two before July's ECB
- Banxico expected to hold in the peso's election aftermath
- BanRep expected to deliver another large cut despite COP softening
- Riksbank expected to stick to its script
- BSP: Still thinking about August?
- Turkey's central bank likely to hold at a dizzying height
- CPI: Australia, Tokyo, Malaysia, Singapore
- Other global macro

Teeing Up July's Markets

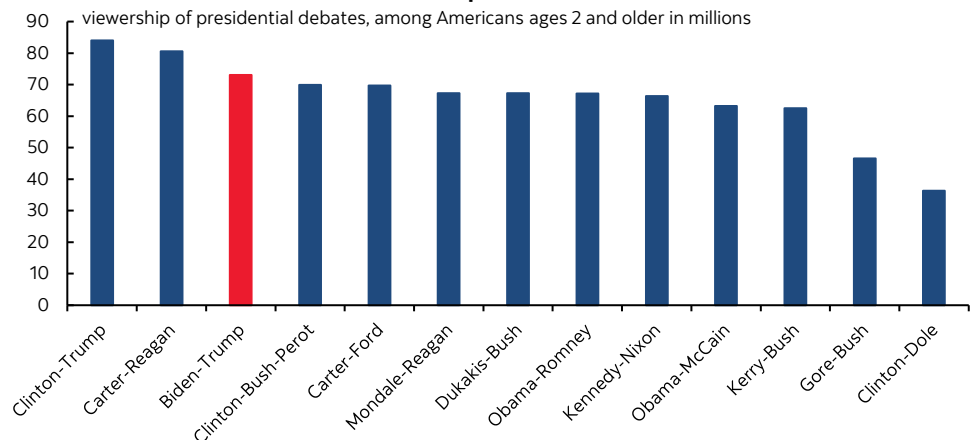
• Introduction	2
• US Core PCE—How Low Can it Go?	2
• Canadian Inflation—Housing's Return, Basket Weight Changes & The BoC	3-4
• Shelter CPI is Facing Growing Upside Risk	3-4
• Updated Basket Weights Could Lift Inflation	4
• CPI's Impact on the July BoC Decision	4
• Canadian GDP—Needlessly Talking Down the Economy and Consumer	4-5
• Central Banks—Five Regionals to Weigh in	5-6
• Banxico—Election Aftermath Limits Flexibility	5
• BanRep—Peso Pitfalls	5-6
• Riksbank—Still Three for the Year?	6
• Philippines Central Bank—Getting Closer to H2 Cuts?	6
• Central Bank of Turkey—Still Hawkish	6
• Global Macro—Politics and Data Continue To Intersect	6-7
• Politics—US Debate, Iran's Farcical Election	6
• Eurozone Inflation to Inform the ECB's July Decision	6-7
• US—Beyond Core PCE	7
• Asia-Pacific Markets Will Focus on Inflation	7

FORECASTS & DATA

• Key Indicators	A1-A3
• Global Auctions Calendar	A4
• Events Calendar	A5
• Global Central Bank Watch	A6

Chart of the Week

Can Biden & Trump Break The Record ?



Sources: Scotiabank Economics, Pew Research Centre, Nielsen Media Research.

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

Teeing Up July's Markets

This week may be a warm-up for what's to come by way of the intersection between political and policy risk, and effects on markets, central banks and the economy. Data and events will begin to inform next moves by central banks in July and over the duration of the summer.

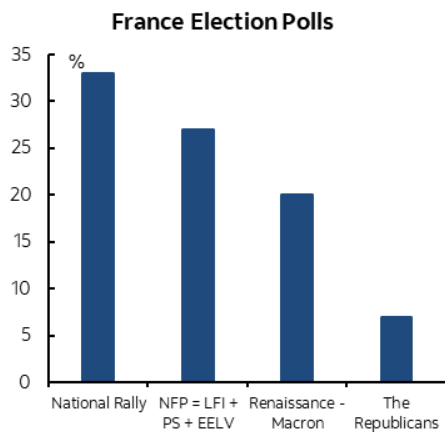
The sparring contestants might both need a nap in the middle of the first US Presidential debate that pundits remind us is often an uphill battle for the incumbent. This week's cover chart shows the viewership numbers they have to beat.

Iran's faux election is sure to bring more anti-western rhetoric with some potential risk to energy markets.

Final polling this week will segue into the Sunday June 30th French legislative election (chart 1) as French spreads over bunds added to the opportunity this week and are four times wider than in 2021 but a far cry from the crisis in 2012 to date (chart 2). The same is generally true of CDS default risk spreads that have widened a little but remain far below past crises. Last minute polling will also focus on the following week's July 4th UK election that has Labour's Starmer firmly in the lead but losing ground to Reform and the Liberal Democrats that is nevertheless splitting the conservative vote (chart 3). [This FT piece](#) for subscribers paints one unusual but entirely possible scenario for the UK election. Many Londoners are nevertheless more likely to be talking about Taylor Swift's concerts this weekend.

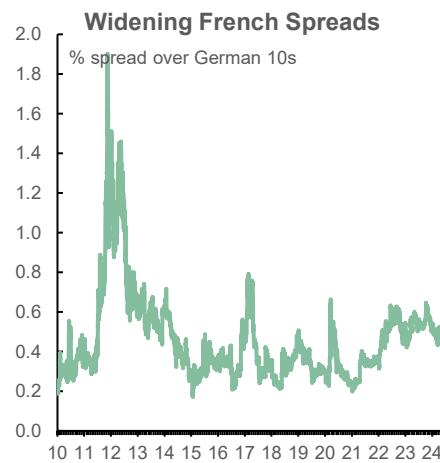
Most of the market attention, however, is likely to be upon several key macro updates and regional central bank decisions with many of our clients particularly focused upon a pair of Latin American decisions. US core PCE could further inform Fed sentiment, Canadian inflation could inform July BoC cut pricing, and the state of Canada's economy will be updated.

Chart 1



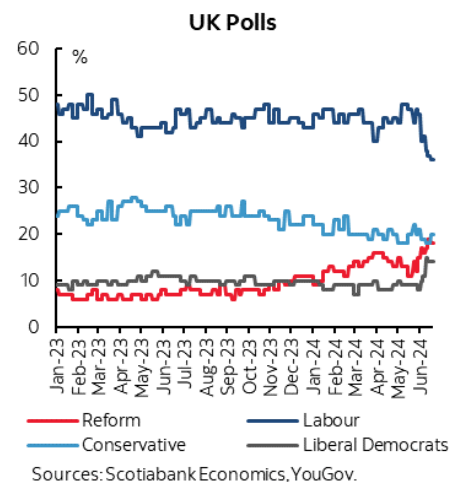
Sources: Scotiabank Economics, Politico.

Chart 2



Source: Scotiabank Economics, Bloomberg.

Chart 3



Sources: Scotiabank Economics, YouGov.

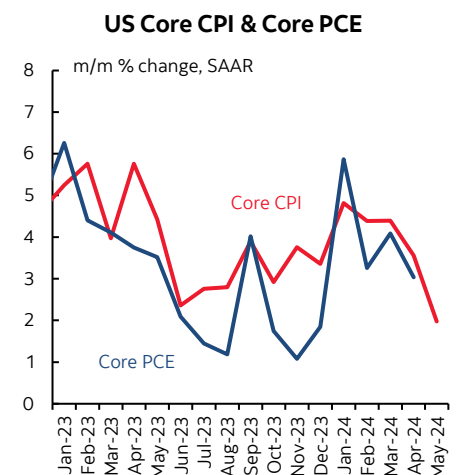
US CORE PCE—HOW LOW CAN IT GO?

The most potentially impactful US release will be Friday's core PCE estimate for May. The median consensus estimate is 0.1% m/m but it wouldn't take much to drive a weaker reading.

In fact, after core CPI landed at 0.16% m/m SA, core PCE could cough up a donut this time—or at least a very soft gain. Core PCE typically tracks beneath core CPI by varying degrees (chart 4) and because of differing methodologies. Core PCE's much lower weight on shelter that was hot in CPI (chart 5) and its higher weight on core services inflation that tumbled in CPI (chart 6) could drive a downside surprise. There is therefore a plausible case for core PCE to undershoot core CPI by a wider margin this time.

If that happens, it's just one reading for the Fed's preferred core inflation gauge, but it would be welcomed by officials. If it is weak and if another soft print were to arrive for the month of June on July 26th then it could very well keep alive greater pricing for a potential Fed cut five days later or have the Committee more confident in terms of their bias toward the September 18th full meeting including another SEP with a freshened dot plot.

Chart 4



Sources: Scotiabank Economics, BLS, BEA.

CANADIAN INFLATION—HOUSING’S RETURN, BASKET WEIGHT CHANGES & THE BOC

Canadian markets face double-barrelled action this week as CPI and GDP updates arrive. This will be one of two inflation reports before the next Bank of Canada decision on July 24th and the last GDP report before then.

Perhaps seeking to avoid awkward potentially questions in the aftermath, BoC Governor Macklem will speak on Monday—before the week’s data— about basically everything in a speech title that seems to lack focus but makes it clear that he’ll touch on a wide variety of topics. The title is ‘Workers, jobs, growth and inflation—Today and Tomorrow.’ Text will be available at 1:30pmET and there will be a press conference at 3pmET.

CPI for May arrives on Tuesday. Annual revisions to basket weights may throw a bit of a wrench into the works.

I’ve estimated a rise of 0.2% m/m in seasonally unadjusted terms. Traditional core should be similar since gasoline and food prices are not expected to be material contributors. The year-over-year headline CPI rate should ebb from 2.7% to about 2½%.

The year-over-year rate is not the key, however, as it is being heavily influenced by year-ago base effects and energy prices. Gasoline prices will be a particular powerful drag in the next CPI report for June as prices are tracking a 1–2% y/y decline this month compared to 7–10% y/y gains just a few weeks ago. The roughly 4% weight on gasoline means that on its own, this gas price swing will drag CPI lower by over a quarter percentage point in year-over-year terms.

Key will be whether breadth retains improvement to date, or whether the forces that guided inflation lower over the first four months of this year have further legs. Those forces included political pressure on quasi-regulated prices for categories like telecommunications and groceries, and a warmer and drier than usual winter that depressed demand for categories like clothing and footwear and travel.

Credible estimates for trimmed mean and weighted median CPI—the BoC’s preferred gauges—are impossible to estimate in m/m SA terms given the absent of the necessary data for dozens of CPI basket components.

Shelter CPI is Facing Growing Upside Risk

One upside risk is starting to look like house prices in addition to the pressures on shelter CPI that are coming from soaring rent (chart 7). Shelter ex-mortgage interest is about one-quarter of the CPI basket in Canada and therefore an inflation targeting central bank ignores it at its own peril. Recall that Canada captures housing in CPI using the replacement cost of housing and new builder prices (house only) are used to determine that. A full comparison of the different ways of capturing shelter in CPI and why Statistics Canada takes this approach is available [here](#). Canada’s treatment stands in contrast to the use of owners’ equivalent rent by the BLS in the US.

Statcan’s release of builder prices for May was up by another 3.8% m/m SAAR in May, matching April’s rise. Those are the strongest back-to-back monthly gains since June 2022. At about a 5% weight in the CPI basket, this is about 0.2 ppts to m/m SAAR inflation.

That’s small for now, but not inconsequential and it is likely to rise further, given my thesis that builders have all the pricing power in the world now. There are severe housing shortages. Immigration is excessive in relation to these shortages and requires an expansion of the housing stock (ie: building more homes, not just resale paper swaps). Demand stimulus is being skewed toward builders by Ottawa’s announcements to provide new build subsidies plus other pending changes like when 30-year insured mortgages for newly built homes become available in August given changes in the recent Federal budget.

Chart 5

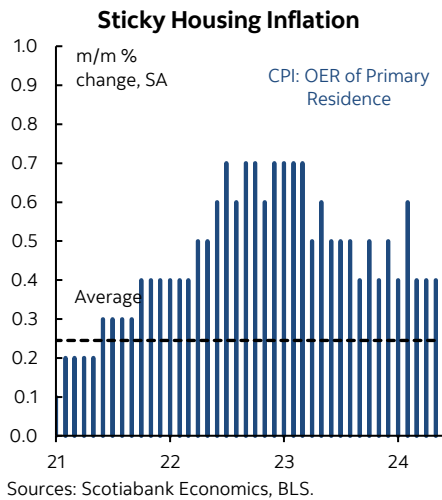


Chart 6

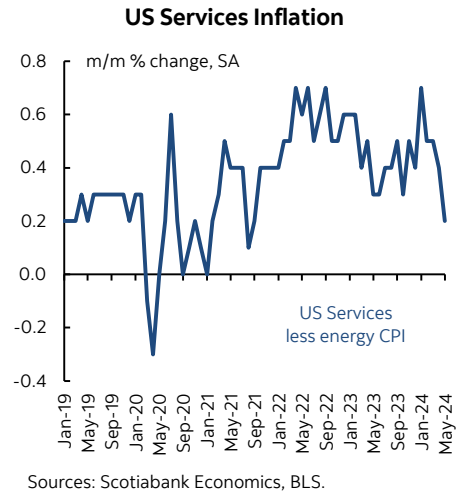
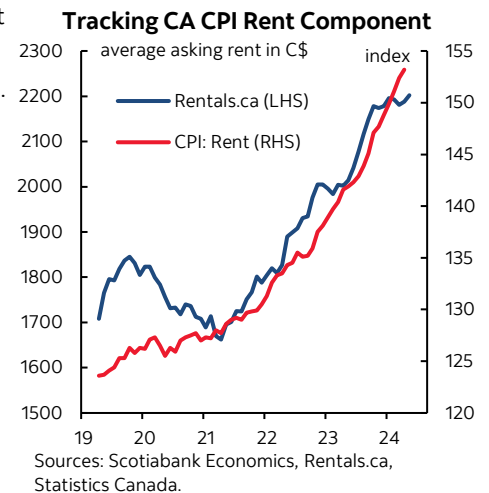


Chart 7



The incidence effects of combined supply and demand drivers are giving builders a boost in their pricing power. That should have been expected, but it's an unintended consequence to policymakers and one that, if it continues, may draw their ire.

In addition to the evidence at the margin (ie: m/m), the y/y measure is slowly turning. Builder prices have bottomed and now the question is how rapidly they rise going forward (chart 8).

Updated Basket Weights Could Lift Inflation

With this report, Statcan will update CPI basket weights to reflect the composition of the spending basket in 2023 instead of 2022. This is a regular exercise ever since Statcan changed to annual updates of basket weights in 2022 compared to every three years in 2020, every two until 2017 and every four years until 2009. With the exception of the step backward at the start of the pandemic, the aim to more frequently reassessing the weights is to reduce measurement bias in CPI that was due to using weights that reflected consumption patterns from years ago.

Chart 9 shows the revised weights by main category and more detail is available [here](#). Prior months do not get revised, but we can give an idea of how the revisions could affect estimates.

If April CPI had been calculated using the revised weights, then y/y headline CPI would have been 2.8% y/y instead of 2.7% as initially reported (chart 10). Traditional core CPI (ex-food and energy) would have been 2.8% instead of 2.6%. We estimate that headline and core would have been unaffected in m/m terms. It's unclear how trimmed mean and weighted median may have been affected.

April will not be revised. The only purpose to these calculations is to show the effect of weight changes assuming the same detailed data on prices. That said, since the weight changes get incorporated in the May data, we could see an upward bias in the y/y calculations through this effect independent of others.

CPI's Impact on the July BoC Decision

This week's update won't make or break a call for another 25bps rate cut at the BoC's meeting on July 24th. The BoC has decided to put a lot of stock in the prior four months of soft core inflation figures after watching inflation's rise over the prior four years. This week's tally is one of two updates before the July decision with the next one out on July 16th for June CPI. Barring back-to-back upside surprises to them and backed by firm details they are likely to continue easing. A soft report now would probably downplay the importance of the next inflation update on a trend basis.

CANADIAN GDP—NEEDLESSLY TALKING DOWN THE ECONOMY AND CONSUMER

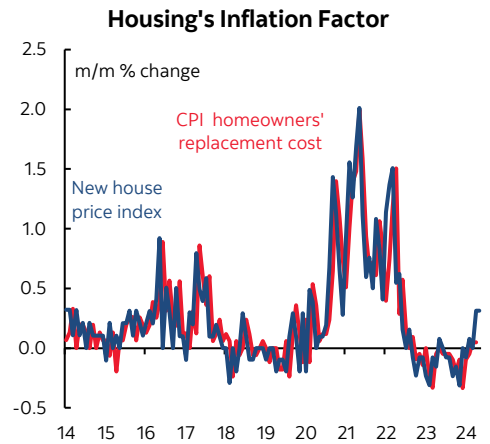
The state of Canada's economy will be updated when monthly GDP for April and May arrive on Friday. April should post solid growth, but May is an open question.

Statcan had guided on May 31st that April GDP was tracking an estimated 0.3% m/m seasonally adjusted gain. I've estimated a similar rise of 0.4% m/m SA based on a combination of standard macroeconomic indicators skewed toward the goods side of the economy and alt-data tracking for the services side of the economy. Statcan guidance for April on May 31st indicated that growth was driven by "increases in manufacturing, mining, quarrying, and oil and gas extraction and wholesale trade," and these gains were partially offset by utilities.

May GDP is much more uncertain but limited evidence thus far suggests that little growth may be posted. Hours worked were flat which matters since GDP is an identity defined as hours times labour productivity. Housing starts jumped 10% m/m higher, but entirely due to volatile multiples as single-family detached housing starts were flat.

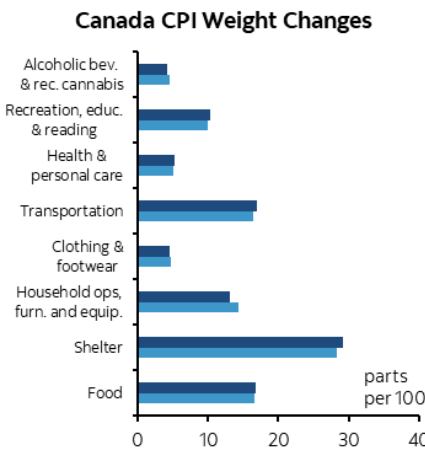
If these estimates are close to reality, then Q2 GDP growth could be tracking around 2% q/q SAAR.

Chart 8



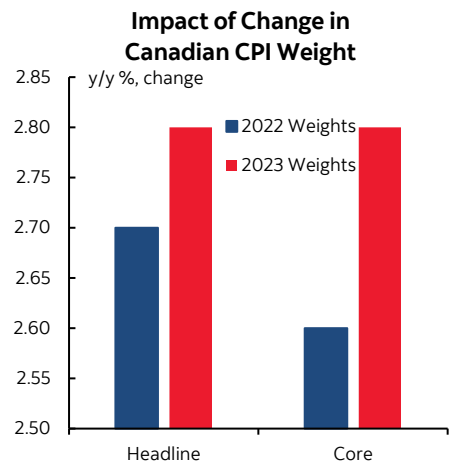
Sources: Scotiabank Economics, Statistics Canada.

Chart 9



Sources: Scotiabank Economics, Statistics Canada.

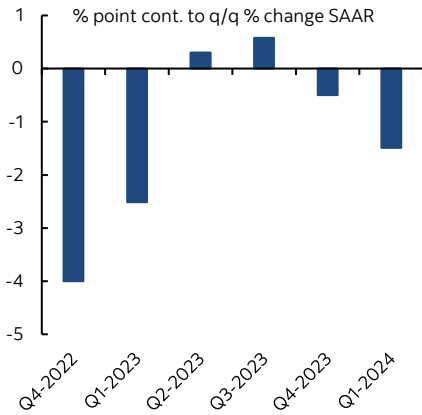
Chart 10



Sources: Scotiabank Economics, Statistics Canada.

Chart 11

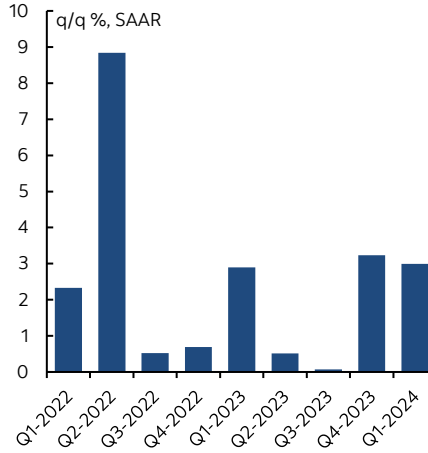
Inventories Are Dragging on Canadian GDP Growth



Sources: Scotiabank Economics, Statistics Canada.

Chart 12

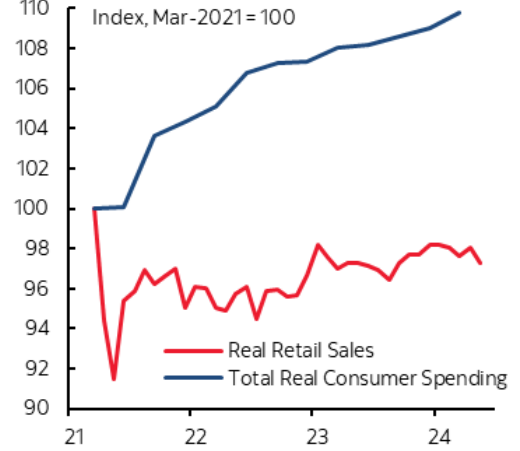
Canadian Real Consumption Growth



Sources: Scotiabank Economics, Statistics Canada.

Chart 13

Retail Sales Understate Consumption in Canada



Sources: Scotiabank Economics, Statistics Canada.

The Canadian economy is stronger under the hood than the GDP numbers suggest. I maintain that view that stands in contrast to how the BoC views things. Q1 GDP growth of 1.7% q/q SAAR lost 1½ percentage points due to inventory drag that has plagued the readings about the past six quarters (chart 11), while consumer spending was up by 3% q/q SAAR in volume terms for each of the latest two quarters (chart 12). Chart 13 shows that measures like retail sales—that in Canada exclude all services—understate the strength of the consumer. Last year’s GDP softness was partly about tighter monetary policy, but also messed up by wildfires and strikes that resulted in a large loss of hours worked and associated production.

CENTRAL BANKS—FIVE REGIONALS TO WEIGH IN

Five regional central banks weigh in with decisions this week including two in the heartland of Scotiabank’s client footprint.

Banxico—Election Aftermath Limits Flexibility

Mexico’s central bank delivers another policy decision on Thursday afternoon. While every meeting is ‘live,’ Banxico is expected to hold its overnight rate at 11% again for the second consecutive meeting after it delivered a 25bps cut in March, beating the BoC in North America.

The nearly 10% slide in the peso’s value to the USD since May 17th and including the aftermath of the general election on June 2nd merits caution in terms of pass through risk into inflation. Governor Victoria Rodriguez indicated that this risk should be evaluated “with caution” which doesn’t sound like a central banker on the verge of further easing.

Furthermore, nominal wage growth has since accelerated further to over 9% y/y (chart 14). The stubborn persistence of strong wage gains since 2022 is a complicating risk facing the ability to get inflation down from 4.7% y/y (4.2% core) to Banxico’s 3% +/- 1% inflation target.

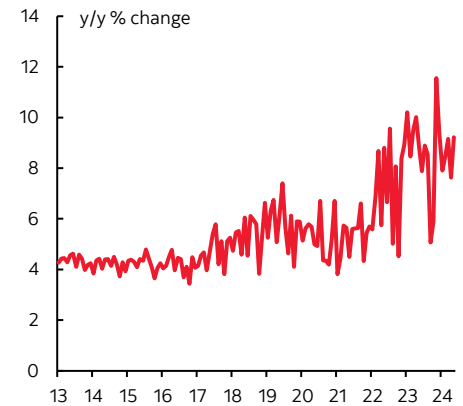
BanRep—Peso Pitfalls

Colombia’s central bank gets the final word for the week when it weighs in on Friday at 2pmET. BanRep has already cut by 150bps after starting from the dizzying height of 13.25% last December. Another 50bps cut is expected this week along with data dependent guidance on the size of future easing steps.

Since the last 50bps cut on April 30th, core inflation has fallen from 8¾% y/y to 7.8% and remains on a downward trajectory from a peak of 11.6% last year. Core inflation at the margin has nevertheless been a bit warmer than typical like months in history (eg. chart 15) while Q1 GDP growth disappointed expectations (1.1% q/q, consensus 2.1%).

Chart 14

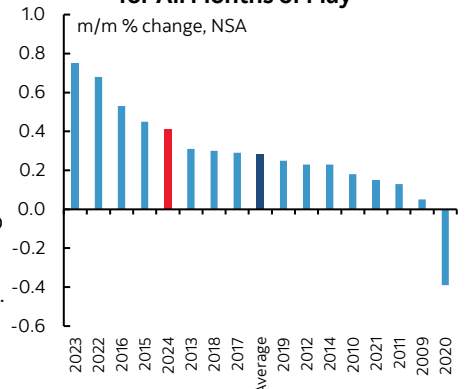
Mexico Wage Growth



Sources: Scotiabank Economics, Secretaria del Trabajo y Previsión Social.

Chart 15

Comparing Colombia Core CPI for All Months of May



Sources: Scotiabank Economics, Departamento Administrativo Nacional de Estadística (DANE).

If anything leans against either the size of this week’s cut or forward guidance, then the nearly 10% depreciation in the COP since early April could do it by way of imported inflation risk. Part of this currency depreciation has been externally driven by dollar strength against numerous LatAm pairs, but some of it has also been due to an increase in Peru’s debt ceiling that raises perceptions toward country risk.

Riksbank—Still Three for the Year?

Sweden’s central bank is expected to hold its policy rate unchanged at 3.75% on Thursday. The Riksbank cut its policy rate by 25bps back on May 8th and said at the time that the policy rate may be reduced twice more in 2024, but in the back half as a nod to probably holding at this meeting.

Fresh forecasts will be offered this week and with that will be updated explicit forward rate guidance (chart 16). Data since the May meeting has supported a pause this week. It has included an uptick in underlying inflation excluding energy to 3% y/y, although partly and temporarily driven by Taylor Swift concert ticket prices. The economy also beat expectations by posting growth of 0.7% q/q in Q1, although April GDP was weak at -0.7% m/m.

Philippines Central Bank—Getting Closer to H2 Cuts?

Bangko Sentral ng Pilipinas is expected to hold its overnight rate at 6.5% on Thursday. Governor Eli Remolona had guided on May 16th following another hold decision that BSP could cut by 25bps as soon as the August meeting and by another 25bps before year-end. Since then, the peso has depreciated by over 2% to the dollar and has been among Asia’s weaker currency crosses.

Central Bank of Turkey—Still Hawkish

The Central Bank of Turkey is expected to hold its 1-week repo rate unchanged at 50% on Thursday. The bias is likely to remain hawkish with inflation still running at 75% y/y and upside risks such as renewed depreciation of the lira this month.

GLOBAL MACRO—POLITICS AND DATA CONTINUE TO INTERSECT

Politics and data will make up the rest of the week’s line-up.

Politics—US Debate, Iran’s Farcical Election

The first of the US presidential debates will occur on Thursday at 9pmET on CNN. The rule changes for this debate are significant including commercial breaks (for naps...), muted mics, no audience and no opening monologues ([here](#)). Relative performances could impact polling in the immediate aftermath with Trump still predicted to win by betting sites but slipping to an almost dead heat in polls ([chart 17](#)). Pundits often remind us that the first debate is often a setback for the incumbent. Of course, the only poll that really matters is the one that follows the outcome of the November 5th election and it’s the Electoral College that will determine things. Trump lost the popular vote in 2016 but won the presidency, and then lost to Biden in 2020 on both counts and his party underperformed in the 2022 mid-terms.

Iran’s Presidential ‘election’ will be held the day after. Don’t expect a sea change of Iran’s attitudes to the west. The candidates are rigged, with five conservatives and one reformer that stands little to no chance. Of course, there are no opinion polls where the media takes its marching orders from the regime. In any event, Ayatollah Ali Khamenei is the supreme leader who holds true power.

Eurozone Inflation to Inform the ECB’s July Decision

Eurozone markets will focus upon a round of inflation figures. There will be two Eurozone CPI prints due before the July 18th ECB decision. France, Italy and Spain update CPI for June on Friday. Germany is not due out until July 1st and the Eurozone tally will be released on July 2nd by which point the country-level figures will leave little residual intrigue.

Also on Friday will be the ECB’s latest 1- and 3-year measures of inflation expectations. April’s figures were riding in the 2½% to 3% zone. Further progress would be welcomed by the ECB as a continuation of the trend (chart 18). This is the last measure of expectations before the July ECB decision.

Chart 16

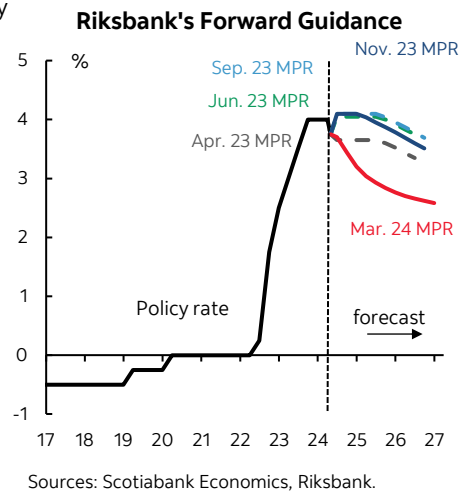
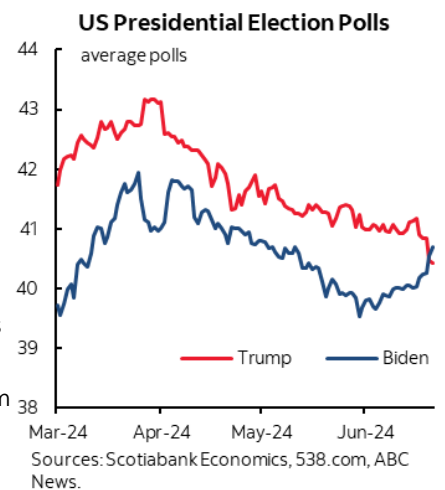


Chart 17



At present, markets are pricing little to no chance of a cut at the July 18th meeting. One thing that officials emphasize is a desire to see Q3 figures for Euro Area negotiated wage rates on August 22nd. ECB officials had hoped to see softer Q1 wage figures before deciding to cut at the June meeting anyway, but another strong reading could be too much for the more hawkish-minded officials (chart 19).

Some, like Governing Council Member Klaas Knot, think that there is a “strong case” for making policy rate decisions only once per quarter when new forecasts are delivered. That probably won’t resonate with other members who would prefer greater flexibility.

Other than data, political developments are also on the ECB’s collective mind as President Lagarde reserved her assessment to date by saying they are “attentive” to the developments.

US—Beyond Core PCE

The most potentially impactful US release will be Friday’s core PCE estimate for May but there will be several other potentially impactful releases.

That same day will bring out estimates for consumer spending and incomes in May. Retail sales and a likely assist from services are expected to support another modest gain in consumption but with little change in volumes. Trend growth in US consumer spending remains healthy (chart 20) but slanted more toward less interest-sensitive services than goods and the latter’s performance gets more coverage through reports like retail sales.

Consumer confidence (Tuesday), new home sales (Wednesday), the third estimate for Q1 GDP growth of 1.3% q/q SAAR (Thursday), durable goods orders for May (Thursday) and pending home sales for May (Thursday) are also on tap. US housing data has been soft over recent months in lagging reaction to the prior surge in mortgage rates that has since abated somewhat.

The US also brings out renewed auction risk with 2s on Tuesday, 2 year FRNs on Wednesday, 5s on Wednesday and 7s on Thursday. The return of significant auctions follows a relatively lighter schedule this past week that only brought out 20s and 5-year TIPS.

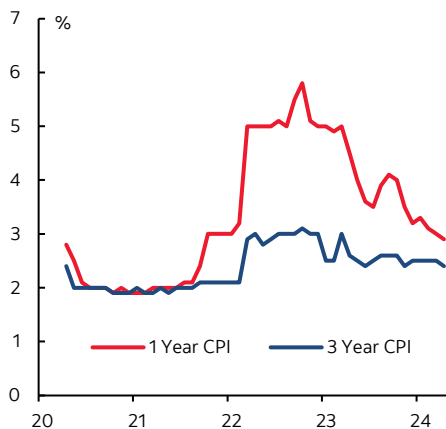
Asia-Pacific Markets Will Focus on Inflation

Four countries update CPI figures for May.

Australia’s CPI figures for May (Tuesday) will be a warm-up to the Q2 figures that are due on July 30th and just before the next RBA decision on August 6th. RBA Governor Bullock placed high emphasis upon the Q2 figures this past week when she revealed that the Board discussed a possible hike and there was no discussion of a cut. Some improvement in inflation data was flagged, but that it was proving to be persistent. The preferred trimmed mean and weighted median measures remain uncomfortably high (chart 21).

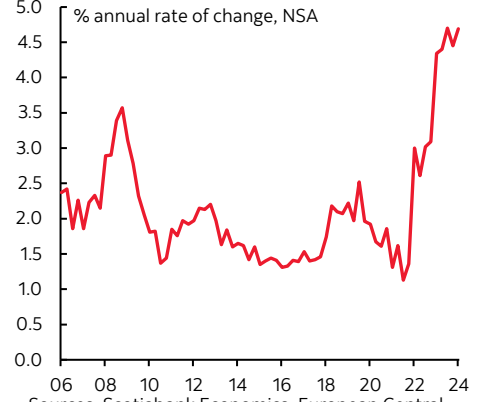
The next Bank of Japan policy decision arrives on July 31st and there will be two rounds of the freshest inflation figures for Tokyo available by then. The first round for June arrives on Thursday night (ET as always). Core Tokyo CPI inflation remains very weak in m/m SAAR terms. Singapore (Monday) and Malaysia (Tuesday) will also update CPI figures.

Chart 18
ECB Measure of Inflation Expectations



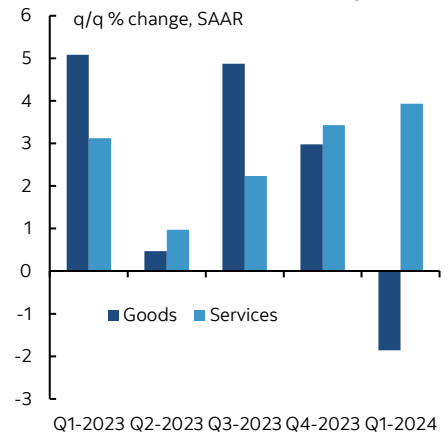
Sources: Scotiabank Economics, ECB.

Chart 19
ECB’s Indicator of Negotiated Wage Rates



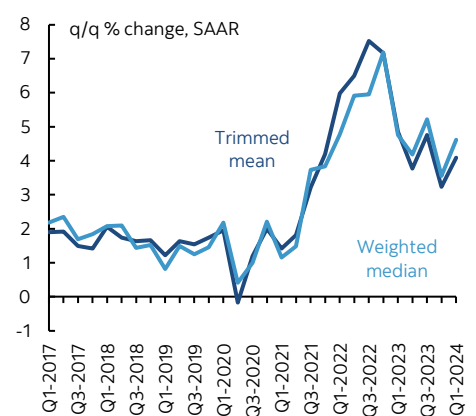
Sources: Scotiabank Economics, European Central Bank (ECB).

Chart 20
US Consumer Spending



Sources: Scotiabank Economics, BEA.

Chart 21
Australian Core Inflation



Sources: Scotiabank Economics, Australian Bureau of Statistics.

Key Indicators for the week of June 24 – 28

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
MX	06-24	08:00	Bi-Weekly Core CPI (% change)	Jun 15	0.2	0.2	0.0
MX	06-24	08:00	Bi-Weekly CPI (% change)	Jun 15	0.2	0.2	-0.2
US	06-24	10:30	Dallas Fed. Manufacturing Activity	Jun	--	--	-19.4
CA	06-25	08:30	Core CPI - Median (y/y)	May	--	2.6	2.6
CA	06-25	08:30	Core CPI - Trim (y/y)	May	--	2.8	2.9
CA	06-25	08:30	CPI, All items (m/m)	May	0.2	0.3	0.5
CA	06-25	08:30	CPI, All items (y/y)	May	2.5	2.6	2.7
CA	06-25	08:30	CPI, All items (index)	May	--	161.1	160.6
CA	06-25	08:30	Core CPI - Common (y/y)	May	--	--	2.6
US	06-25	09:00	S&P/Case-Shiller Home Price Index (m/m)	Apr	0.3	--	0.3
US	06-25	09:00	S&P/Case-Shiller Home Price Index (y/y)	Apr	7.1	--	7.4
US	06-25	10:00	Consumer Confidence Index	Jun	99.5	100.0	102.0
US	06-25	10:00	Richmond Fed Manufacturing Index	Jun	--	--	0.0
US	06-26	07:00	MBA Mortgage Applications (w/w)	Jun 21	--	--	0.9
US	06-26	10:00	New Home Sales (000s a.r.)	May	625	650.0	634.0
MX	06-27	08:00	Trade Balance (US\$ mn)	May	--	--	-3746.2
MX	06-27	08:00	Unemployment Rate (%)	May	--	--	2.6
US	06-27	08:30	Durable Goods Orders (m/m)	May P	0.0	0.0	0.6
US	06-27	08:30	Durable Goods Orders ex. Trans. (m/m)	May P	0.2	0.1	0.4
US	06-27	08:30	GDP (q/q a.r.)	1Q T	1.4	1.5	1.3
US	06-27	08:30	GDP Deflator (q/q a.r.)	1Q T	--	--	3.0
US	06-27	08:30	Initial Jobless Claims (000s)	Jun 22	215	--	238
US	06-27	08:30	Continuing Claims (000s)	Jun 15	1800	--	1828
US	06-27	08:30	Wholesale Inventories (m/m)	May P	--	--	0.1
US	06-27	10:00	Pending Home Sales (m/m)	May	--	--	-7.7
MX	06-27	15:00	Overnight Rate (%)	Jun 27	11.00	11.00	11.00
CA	06-28	08:30	Real GDP (m/m)	Apr	0.4	0.3	0.0
US	06-28	08:30	PCE Deflator (m/m)	May	0.0	0.0	0.3
US	06-28	08:30	PCE Deflator (y/y)	May	2.5	2.6	2.7
US	06-28	08:30	PCE ex. Food & Energy (m/m)	May	0.0	0.1	0.3
US	06-28	08:30	PCE ex. Food & Energy (y/y)	May	2.5	2.6	2.8
US	06-28	08:30	Personal Spending (m/m)	May	0.3	0.3	0.2
US	06-28	08:30	Personal Income (m/m)	May	0.4	0.4	0.3
US	06-28	09:45	Chicago PMI	Jun	--	--	35.4
US	06-28	10:00	U. of Michigan Consumer Sentiment	Jun F	--	--	65.6

EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
GE	06-24	04:00	IFO Business Climate Survey	Jun	89.6	89.3
GE	06-24	04:00	IFO Current Assessment Survey	Jun	88.5	88.3
GE	06-24	04:00	IFO Expectations Survey	Jun	90.8	90.4
SP	06-25	03:00	Real GDP (q/q)	1Q F	0.7	0.7
GE	06-26	02:00	GfK Consumer Confidence Survey	Jul	-20.0	-20.9
SP	06-27	03:00	Real Retail Sales (y/y)	May	--	2.7
SW	06-27	03:30	Riksbank Interest Rate (%)	Jun 27	3.75	3.75
EC	06-27	05:00	Economic Confidence	Jun	96.4	96.0
EC	06-27	05:00	Industrial Confidence	Jun	-9.5	-9.9
TU	06-27	07:00	Benchmark Repo Rate (%)	Jun 27	50.00	50.00
UK	06-28	02:00	Business Investment (q/q)	1Q F	--	0.9
UK	06-28	02:00	Current Account (£ bn)	1Q	-17.7	-21.2
UK	06-28	02:00	GDP (q/q)	1Q F	0.6	0.6
FR	06-28	02:45	Consumer Spending (m/m)	May	--	-0.8
FR	06-28	02:45	CPI (m/m)	Jun P	0.1	0.0
FR	06-28	02:45	CPI (y/y)	Jun P	2.2	2.3
FR	06-28	02:45	CPI - EU Harmonized (m/m)	Jun P	0.1	0.1
FR	06-28	02:45	CPI - EU Harmonized (y/y)	Jun P	2.5	2.6
FR	06-28	02:45	Producer Prices (m/m)	May	--	-3.6

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for the week of June 24 – 28

EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	Consensus	Latest
SP	06-28	03:00	CPI (m/m)	Jun P	0.3	0.3
SP	06-28	03:00	CPI (y/y)	Jun P	3.3	3.6
SP	06-28	03:00	CPI - EU Harmonized (m/m)	Jun P	0.2	0.2
SP	06-28	03:00	CPI - EU Harmonized (y/y)	Jun P	3.5	3.8
GE	06-28	03:55	Unemployment (000s)	Jun	15.0	25.0
GE	06-28	03:55	Unemployment Rate (%)	Jun	6.0	5.9
SP	06-28	04:00	Current Account (€ bn)	Apr	--	4.0
GE	06-28	05:00	Retail Sales (m/m)	May	0.0	-0.2
IT	06-28	05:00	CPI (m/m)	Jun P	--	0.2
IT	06-28	05:00	CPI (y/y)	Jun P	1.1	0.8
IT	06-28	05:00	CPI - EU Harmonized (m/m)	Jun P	0.2	0.2

ASIA PACIFIC

Country	Date	Time	Indicator	Period	Consensus	Latest
NZ	06-23	18:45	Trade Balance (NZD mn)	May	--	91.3
NZ	06-23	18:45	Exports (NZD bn)	May	--	6420.0
NZ	06-23	18:45	Imports (NZD bn)	May	--	6325.0
SK	06-23	20:00	Discount Store Sales (y/y)	May	--	-6.7
SK	06-23	20:00	Department Store Sales (y/y)	May	--	-2.0
PH	06-23	21:00	Budget Deficit/Surplus (PHP bn)	May	--	42.7
IN	06-23	23:30	Current Account Balance	1Q	4.55	-10.50
SI	06-24	01:00	CPI (m/m)	May	0.7	0.1
SI	06-24	01:00	CPI (y/y)	May	3.1	2.7
JN	06-24	01:30	Nationwide Department Store Sales (y/y)	May	--	8.9
MA	06-24	03:00	Foreign Reserves (US\$ bn)	Jun 14	--	113.6
TA	06-24	04:00	Industrial Production (y/y)	May	8.0	14.6
TA	06-24	04:00	Unemployment Rate (%)	May	3.4	3.4
SK	06-24	17:00	Consumer Confidence Index	Jun	--	98.4
MA	06-25	00:00	CPI (y/y)	May	1.9	1.8
JN	06-25	01:00	Coincident Index CI	Apr F	--	115.2
JN	06-25	01:00	Leading Index CI	Apr F	--	111.6
JN	06-25	01:00	New Composite Leading Economic Index	Apr F	--	111.6
JN	06-25	02:00	Machine Tool Orders (y/y)	May F	--	4.2
HK	06-25	04:30	Exports (y/y)	May	--	11.9
HK	06-25	04:30	Imports (y/y)	May	--	3.7
HK	06-25	04:30	Trade Balance (HKD bn)	May	--	-10.2
SI	06-26	01:00	Industrial Production (m/m)	May	1.6	7.1
SI	06-26	01:00	Industrial Production (y/y)	May	1.4	-1.6
SK	06-26	17:00	Business Survey- Manufacturing	Jul	--	76.0
SK	06-26	17:00	Business Survey- Non-Manufacturing	Jul	--	72.0
NZ	06-26	18:00	ANZ Consumer Confidence Index	Jun	--	84.9
JN	06-26	19:50	Large Retailers' Sales (y/y)	May	--	2.7
JN	06-26	19:50	Retail Trade (m/m)	May	0.8	0.8
JN	06-26	19:50	Retail Trade (y/y)	May	2.0	2.0
CH	06-26	21:30	Industrial Profits YTD (y/y)	May	--	4.0
PH	06-27	03:00	Overnight Borrowing Rate (%)	Jun 27	6.50	6.50
SK	06-27	19:00	Industrial Production (m/m)	May	0.5	2.2
SK	06-27	19:00	Industrial Production (y/y)	May	3.9	6.1
SK	06-27	19:00	Cyclical Leading Index Change	May	--	0.1
JN	06-27	19:30	Jobless Rate (%)	May	2.6	2.6
JN	06-27	19:30	Tokyo CPI (y/y)	Jun	2.3	2.2
JN	06-27	19:50	Industrial Production (m/m)	May P	2.0	-0.9
JN	06-27	19:50	Industrial Production (y/y)	May P	-0.1	-1.8
PH	06-27	21:00	Bank Lending (y/y)	May	--	10.2
AU	06-27	21:30	Private Sector Credit (m/m)	May	0.4	0.5
AU	06-27	21:30	Private Sector Credit (y/y)	May	--	5.2

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for the week of June 24 – 28

ASIA PACIFIC (continued from previous page)

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>Consensus</u>	<u>Latest</u>
JN	06-28	01:00	Housing Starts (y/y)	May	-6.2	13.9
TH	06-28	03:00	Current Account Balance (US\$ mn)	May	500.0	-40.0
TH	06-28	03:30	Exports (y/y)	May	--	5.8
TH	06-28	03:30	Imports (y/y)	May	--	6.4
TH	06-28	03:30	Trade Balance (US\$ mn)	May	--	265.0

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	06-24	07:30	Current Account (US\$ mn)	May	--	--	-2515.8
BZ	06-26	08:00	IBGE Inflation IPCA-15 (m/m)	Jun	--	--	0.4
BZ	06-26	08:00	IBGE Inflation IPCA-15 (y/y)	Jun	--	--	3.7
CL	06-28	09:00	Industrial Production (y/y)	May	--	--	5.1
CL	06-28	09:00	Retail Sales (y/y)	May	--	--	3.6
CL	06-28	09:00	Unemployment Rate (%)	May	--	--	8.5
CO	06-28	11:00	Urban Unemployment Rate (%)	May	--	--	10.4
CO	06-28	14:00	Overnight Lending Rate (%)	Jun 28	11.25	11.25	11.75

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Global Auctions for the week of June 24 – 28

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	06-25	13:00	U.S. To Sell USD69 Bln 2-Year Notes
US	06-26	11:30	U.S. To Sell USD28 Bln 2-Year FRN Reopening
US	06-26	13:00	U.S. To Sell USD70 Bln 5-Year Notes
CA	06-27	12:00	Canada to Sell C\$5.5 Billion of 4% 2026 Bonds
US	06-27	13:00	U.S. To Sell USD44 Bln 7-Year Notes

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	06-24	05:30	EU to Sell Up to EU2.5 Billion of 3% 2034 Bonds
EC	06-24	05:30	EU to Sell Up to EU2.5 Billion of 2.75% 2026 Bonds
NE	06-25	04:00	Netherlands to Sell Bonds
IT	06-25	05:00	Italy to Sell Up to EU2.5 Billion of 3.2% 2026 Bonds
GE	06-25	05:30	Germany to Sell EU4.5 Billion of 2.9% 2026 Bonds
NO	06-26	05:00	Norway to Sell Bonds
UK	06-26	05:00	U.K. to Sell GBP3 Billion of 3.75% 2038 Bonds

ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	06-23	21:00	Australia to Sell A\$900 Million 3.25% 2029 Bonds
CH	06-23	22:35	China to Sell 145 Billion Yuan 2031 Bonds
CH	06-23	22:35	China to Sell 145 Billion Yuan 2025 Bonds
AU	06-24	21:00	Australia to Sell A\$100M 0.25% 2032 Inflation-Linked Bonds
JN	06-24	23:35	Japan to Sell 20-Year Bonds
AU	06-25	21:00	Australia to Sell A\$600 Million 3.5% 2034 Bonds
JN	06-26	23:35	Japan to Sell 2-Year Bonds

LATIN AMERICA

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

Events for the week of June 24 – 28

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	06-24	03:00	Fed's Waller Gives Opening Remarks
CA	06-24	13:30	Bank of Canada Governor Tiff Macklem Speaks in Winnipeg
US	06-24	14:00	Fed's Daly Gives Remarks on Economy, Policy
CA	06-24	15:00	Bank of Canada's Macklem -- Press Conference
US	06-25	07:00	Fed's Bowman Speaks on Monetary Policy, Bank Capital Reform
US	06-25	12:00	Fed's Lisa Cook Speaks on Economic Outlook
US	06-25	14:10	Fed's Bowman Gives Recorded Opening Remarks
MX	06-27	15:00	Overnight Rate
US	06-28	06:00	Fed's Barkin Gives Keynote Speech
US	06-28	12:00	Fed's Bowman Speaks in Moderated Q&A

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	06-24	06:10	ECB's Nagel Speaks
EC	06-24	08:30	ECB's Villeroy Speaks
EC	06-24	11:30	ECB's Schnabel Speaks
GR	06-25	05:00	ECB's Stournaras Speaks
EC	06-25		ECB's Nagel Speaks
EC	06-26	05:30	ECB's Rehn Speaks
EC	06-26	06:00	ECB's Panetta Speaks
EC	06-26	06:40	ECB's Lane Speaks
EC	06-26	07:45	ECB's Kazaks, Denmark's Krogstrup on Panel in Helsinki
SW	06-27	03:30	Riksbank Policy Rate
EC	06-27	04:00	ECB's Kazimir Speaks
UK	06-27	05:00	BOE financial stability report
UK	06-27	05:30	BOE releases financial stability report and FPC summary
EC	06-28	04:00	ECB 1 Year CPI Expectations
EC	06-28	04:00	ECB 3 Year CPI Expectations
EC	06-28	06:00	ECB's Villeroy speaks in Paris

ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	06-23	19:50	BOJ Summary of Opinions (June MPM)
AU	06-25	19:35	RBA's Kent-Speech
PH	06-27	03:00	BSP Overnight Borrowing Rate
PH	06-27	03:00	BSP Standing Overnight Deposit Facility Rate
AU	06-27	06:00	RBA's Hauser-Speech

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
GU	06-26		Leading Interest Rate
MX	06-27	15:00	Overnight Rate
CO	06-28	14:00	Overnight Lending Rate
TR	06-28		Central Bank Repurchase Rate

Global Central Bank Watch

NORTH AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Canada – Overnight Target Rate	4.75	July 24, 2024	4.50	4.75
Federal Reserve – Federal Funds Target Rate	5.50	July 31, 2024	5.50	5.50
Banco de México – Overnight Rate	11.00	June 27, 2024	11.00	11.00

Banco de Mexico: Banco de Mexico is expected to hold its overnight rate at 11% for the second consecutive time on Thursday, following a 25bps rate cut in March 2024. Although inflation has been slowing down, significant upside risks to inflation are emerging. Core services inflation stands at 5.2% y/y, exceeding the 3% inflation target, and is expected to remain stubbornly high. The most recent nominal wage data for May indicates wage growth at 9.2% y/y, while the Mexican peso is experiencing a sharp decline due to the unexpectedly strong performance of the ruling party in the latest general elections and the Fed's new dot plot which reduces the number of rate cuts for this year. **Bank of Canada (BoC):** On Monday, Governor Macklem will speak before the Winnipeg Chamber of Commerce on "Workers, jobs, growth and inflation – Today and tomorrow" at 1:45pm (EST) and hold a press conference at 3:00pm (EST).

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	4.25	July 18, 2024	4.25	4.25
European Central Bank – Marginal Lending Facility Rate	4.50	July 18, 2024	4.50	4.50
European Central Bank – Deposit Facility Rate	3.75	July 18, 2024	3.75	3.75
Bank of England – Bank Rate	5.25	August 1, 2024	5.25	5.25
Swiss National Bank – Sight Deposit Rate	1.25	September 26, 2024	1.25	1.25
Central Bank of Russia – One-Week Auction Rate	16.00	July 26, 2024	16.00	16.00
Sweden Riksbank – Repo Rate	3.75	June 27, 2024	3.75	3.75
Norges Bank – Deposit Rate	4.50	August 15, 2024	4.50	4.50
Central Bank of Turkey – Benchmark Repo Rate	50.00	June 27, 2024	50.00	50.00

Sweden Riksbank: Sweden's Riksbank is expected to maintain its repo rate at 3.75% on Thursday, following its first rate cut of 25bps at its May meeting. The Riksbank will be looking more confident to guide a couple of rate cuts during the second half of the year, given recent data showing inflation slowing down and approaching the 2% target. **Central Bank of Turkey:** Central Bank of Turkey is expected to hold its benchmark repo rate at 50% while maintaining a hawkish stance on Thursday. The bank will keep financial conditions tight by removing excess liquidity using other monetary policy tools. Although headline inflation surged in recent prints, primarily due to food & non-alcoholic beverage, core inflation has slowed slightly. Additionally, service inflation remains elevated. Governor Karahan anticipates that the headline inflation will decelerate for the rest of the year, but will keep the option open for another rate hike if there's a significant deviation.

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	0.10	July 31, 2024	0.10	0.10
Reserve Bank of Australia – Cash Rate Target	4.35	August 6, 2024	4.35	4.35
Reserve Bank of New Zealand – Cash Rate	5.50	July 9, 2024	5.50	5.50
People's Bank of China – 1-Year Medium-Term Lending Facility Rate	2.50	July 14, 2024	2.50	2.50
Reserve Bank of India – Repo Rate	6.50	August 8, 2024	6.50	6.50
Bank of Korea – Base Rate	3.50	July 11, 2024	3.50	3.50
Bank of Thailand – Repo Rate	2.50	August 21, 2024	2.50	2.50
Bank Negara Malaysia – Overnight Policy Rate	3.00	July 11, 2024	3.00	3.00
Bank Indonesia – BI-Rate	6.25	July 17, 2024	6.25	6.25
Central Bank of Philippines – Overnight Borrowing Rate	6.50	June 27, 2024	6.50	6.50

Central Bank of Philippines (CBP): The Central Bank of Philippines is unanimously expected to hold its overnight borrowing rate at 6.50% on Thursday. Governor Eli Remolona, in recent speeches, has signaled that the bank is on track for a possible 25bps rate cut in August and another later this year, regardless of whether the Fed eases or not. Consequently, investors have pushed the peso to its record low level. While inflation has remained within the bank's inflation target range, recent headline inflation prints have started to pick up. We'll have to see whether the Governor changes his dovish stance to support the peso's recovery or sticks to his plan to guide investors for a 25bps rate cut ahead of the Fed's actions at its August meeting.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	10.50	July 31, 2024	10.50	10.50
Banco Central de Chile – Overnight Rate	5.75	July 31, 2024	5.50	N/A
Banco de la República de Colombia – Lending Rate	11.75	June 28, 2024	11.25	11.25
Banco Central de Reserva del Perú – Reference Rate	5.75	July 11, 2024	5.50	N/A

Banco de la Republica de Colombia: Consensus is unanimously expecting the Banco de la Republica de Colombia to cut its lending rate by another 50bps on Friday after the bank had previously indicated its intention to continue rate cuts, with a magnitude depending on the economic data. However, recent core inflation prints for the month of April and May have been on the warmer side, while the local currency (the peso) is weakening due to an increase in the debt ceiling. These factors may prompt the bank to consider a smaller rate cut of 25bps or adopt a slightly more hawkish tone. On the other hand, weak economic growth, as evidenced by Q1 GDP growth of 1.1% q/q (lower than the expected 2.1% q/q) could still favour a 50bps cut.

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	8.25	July 18, 2024	8.25	8.25

Sources: Bloomberg, Scotiabank Economics.

This report has been prepared by Scotiabank Economics as a resource for the clients of Scotiabank. Opinions, estimates and projections contained herein are our own as of the date hereof and are subject to change without notice. The information and opinions contained herein have been compiled or arrived at from sources believed reliable but no representation or warranty, express or implied, is made as to their accuracy or completeness. Neither Scotiabank nor any of its officers, directors, partners, employees or affiliates accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

These reports are provided to you for informational purposes only. This report is not, and is not constructed as, an offer to sell or solicitation of any offer to buy any financial instrument, nor shall this report be construed as an opinion as to whether you should enter into any swap or trading strategy involving a swap or any other transaction. The information contained in this report is not intended to be, and does not constitute, a recommendation of a swap or trading strategy involving a swap within the meaning of U.S. Commodity Futures Trading Commission Regulation 23.434 and Appendix A thereto. This material is not intended to be individually tailored to your needs or characteristics and should not be viewed as a “call to action” or suggestion that you enter into a swap or trading strategy involving a swap or any other transaction. Scotiabank may engage in transactions in a manner inconsistent with the views discussed this report and may have positions, or be in the process of acquiring or disposing of positions, referred to in this report.

Scotiabank, its affiliates and any of their respective officers, directors and employees may from time to time take positions in currencies, act as managers, co-managers or underwriters of a public offering or act as principals or agents, deal in, own or act as market makers or advisors, brokers or commercial and/or investment bankers in relation to securities or related derivatives. As a result of these actions, Scotiabank may receive remuneration. All Scotiabank products and services are subject to the terms of applicable agreements and local regulations. Officers, directors and employees of Scotiabank and its affiliates may serve as directors of corporations.

Any securities discussed in this report may not be suitable for all investors. Scotiabank recommends that investors independently evaluate any issuer and security discussed in this report, and consult with any advisors they deem necessary prior to making any investment.

This report and all information, opinions and conclusions contained in it are protected by copyright. This information may not be reproduced without the prior express written consent of Scotiabank.

™ Trademark of The Bank of Nova Scotia. Used under license, where applicable.

Scotiabank, together with “Global Banking and Markets”, is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, including: Scotiabank Europe plc; Scotiabank (Ireland) Designated Activity Company; Scotiabank Inverlat S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Derivados S.A. de C.V. – all members of the Scotiabank group and authorized users of the Scotiabank mark. The Bank of Nova Scotia is incorporated in Canada with limited liability and is authorised and regulated by the Office of the Superintendent of Financial Institutions Canada. The Bank of Nova Scotia is authorized by the UK Prudential Regulation Authority and is subject to regulation by the UK Financial Conduct Authority and limited regulation by the UK Prudential Regulation Authority. Details about the extent of The Bank of Nova Scotia's regulation by the UK Prudential Regulation Authority are available from us on request. Scotiabank Europe plc is authorized by the UK Prudential Regulation Authority and regulated by the UK Financial Conduct Authority and the UK Prudential Regulation Authority.

Scotiabank Inverlat, S.A., Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, and Scotia Inverlat Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities.

Not all products and services are offered in all jurisdictions. Services described are available in jurisdictions where permitted by law.