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*With thanks for research support from:
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Next Week's Risk Dashboard

- **BoC: Probably 50bps, but a stronger case for less**
- **Canada can't & shouldn't solve an immigration problem with monetary policy**
- **US CPI A high bar for the FOMC to skip**
- **ECB to cut another quarter point**
- **The SNB is fast approaching the lower bound**
- **BSB expected to deliver a mega hike**
- **BCRP might cut again, nearing the end**
- **RBA still isn't ready to do anything**
- **China's targets and stimulus plans may be unveiled**
- **Key indicators: Aussie jobs, Chinese exports, UK macro, Tankan, Mexico CPI**

Whose Job Is It Anyway?

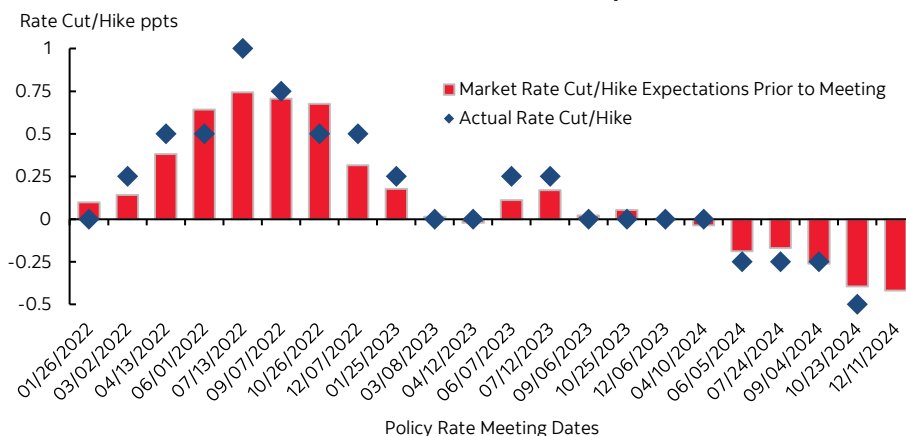
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Chart of the Week

Bank of Canada's Pattern of Surprises



Sources: Scotiabank Economics, Bloomberg.

Chart of the Week: Prepared by: Cesar Amador, Economic Analyst.

Whose Job Is It Anyway?

The coming week brings us one week closer to the holiday season in many parts of the world. It's also going to be a highly active week. At the top of the list will be the latest monetary policy decisions by the Bank of Canada, European Central Bank, the RBA, and the central banks of Peru and Brazil. Each one of those decisions has the potential to surprise which keeps it lively.

The Federal Reserve enters blackout ahead of its own decision the following week. Wednesday's CPI print might inform pricing for the decision, but there is likely a high bar set to knock markets off having already priced most of a quarter point reduction.

China's Central Economic Work Conference meeting starts on Wednesday and at stake are the targets for GDP growth and other measures alongside whatever stimulus plans are introduced or hinted at to deliver on the targets. There have been many false stimulus starts out of China alongside plenty of debate over their efficacy, but significant stimulus could be positively impactful to global risk assets with tariffs lurking ahead.

I'll write about other macro reports that are due out in daily notes over the course of the week, but some of the highlights will include Australia's jobs, Chinese exports, maybe Chinese aggregate financing figures, UK monthly indicators, Japan's Tankan reports, and CPI from Mexico, India, Brazil and Norway.

BANK OF CANADA—TO CUT -50BPS. BEGRUDGINGLY.

The Bank of Canada is expected to cut its overnight rate by another half percentage point on Wednesday. If they cut by only 25bps then it will have been the right thing to do in my opinion. This will be a statement-only affair (9:45amET) as the next Monetary Policy Report including updated forecasts is due out on January 29th. Governor Macklem and SDG Rogers will host a press conference afterward (10:30amET).

The Case for -50bps

I have to admit that I'm not entirely sold on the idea of cutting 50bps at this meeting. The case for doing so may concentrate upon the following points:

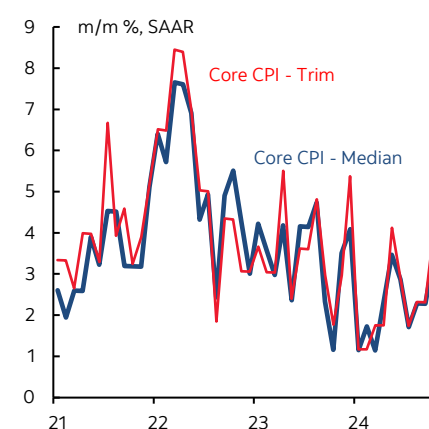
1. Markets are priced for almost all of a half point cut. It would be the simple thing to do, versus having to explain why the BoC is less dovish than markets into the holiday season. Short-term rates would probably rise and the Canadian dollar would likely appreciate which may be odd signals to send.
2. A risk management approach may be employed by Macklem. He might say that the costs to overdoing stimulus are outweighed by the costs to underdoing it and running the risk of inflation shooting well below 2% in 2025.
3. Cutting 50bps would bring the overnight rate down to 3.25% and hence still marginally in restrictive territory. That could retain bidirectional policy optionality for whatever 2025 brings.
4. While the BoC publicly says they don't act upon possibilities like tariffs until they become fact and incorporated into their outlook, they may wish to take out some insurance against the disinflationary effects. If the BoC thinks Canada may retaliate, then they wouldn't want to do this because the higher tariffs would stoke more imported inflation at least for a time.
5. Governor Macklem is fundamentally a dove. Others may disagree, but that's my strong belief. He waited far too long to begin hiking and after inflation was well on its way sharply higher. He acted very quickly in cutting upon the first signs of disinflation.

The Case for Less

While our call is -50bps, I think the case for what they should do is more compellingly in favour of a smaller cut. I'd even prefer a pause, but they won't do that, so a virtual pat on the back would be given if the BoC cuts less than traders wish. The chart of the week on the front cover vividly shows that the BoC often does not do what markets expect.

1. Stubborn core inflation: Have we forgotten about [this](#)? If the BoC is at all data dependent, then it can't really ignore the fact that its preferred measures of core inflation hit a bottom in early 2024

Chart 1
BoC's Preferred Core Measures



Sources: Scotiabank Economics, Statistics Canada.

and have been on a highly volatile upward path since then with recent m/m figures well above the 2% target in seasonally adjusted and annualized terms (chart 1).

2. FDD or GDP? The BoC is more likely to place emphasis upon strong final domestic demand (chart 2) and consumption (chart 3) than disappointing GDP growth. The latter is being significantly weighed down by inventory disinvestment. More [here](#).

3. Canada's job market is not weak. Further explanation is [here](#).

4. Monpol Versus Immigration Policy: The rise in Canada's unemployment rate is being driven by factors that should be fixed by immigration policy. Simply put, it's the immigration minister's job, not the central banker's. To

instead use the blunt instrument of monetary policy to stoke faster growth to create more jobs for temps risks creating unintended consequences that could stoke worsened productivity and greater inflation risk. The rise in the unemployment rate is being overwhelmingly driven by ongoing excessive immigration of international students and temporary foreign workers who can't get jobs. Temps are driving the bulk of the rise in unemployment over time (chart 4). Cutting rates so they get jobs risks overheating spending by the vast majority of people who are attached to the job market and doing much better, and risks dragging productivity lower given temps have lower productivity than others.

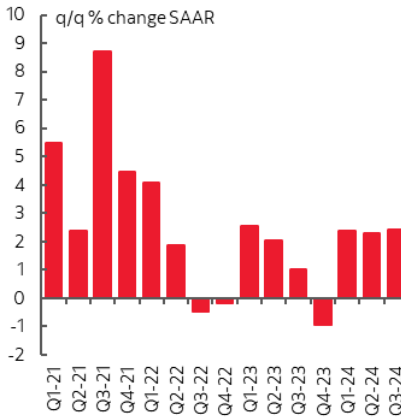
5. Less spare capacity: GDP revisions over 2021–23 and into 2024 resulted in less spare capacity in the economy to this point than was previously understood before the revisions. We figure that the output gap was reduced from a negative -1% or so of potential GDP pre-revisions to about -0.6 to -0.7%. Less spare capacity means less disinflationary pressure going forward than the BoC previously understood.

6. Households are spending: They are already responding to rate cuts by driving auto sales sharply higher (chart 5), ditto for home sales (chart 6), while retail sales volumes are tracking the largest back-to-back gains in volumes in about a decade (chart 7), and consumption has rebounded as previously flagged.

7. Pent-up spending: Canadians have been saving much more of their paycheques than Americans for an extended period. This has driven a large half-trillion overshoot of excess saving compared to pre-pandemic trend lines (chart 8). Broader savings measured by household net

Chart 2

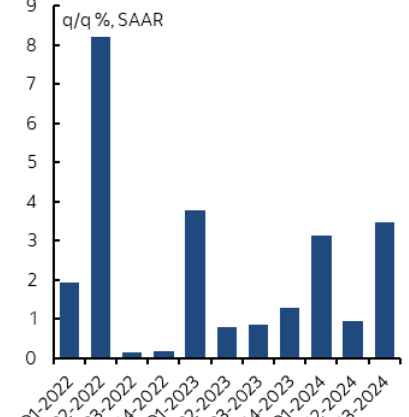
Canadian Final Domestic Demand



Sources: Scotiabank Economics, Statistics Canada.

Chart 3

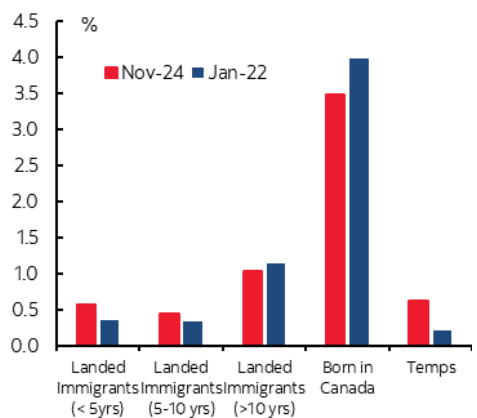
Canadian Real Consumption Growth



Sources: Scotiabank Economics, Statistics Canada.

Chart 4

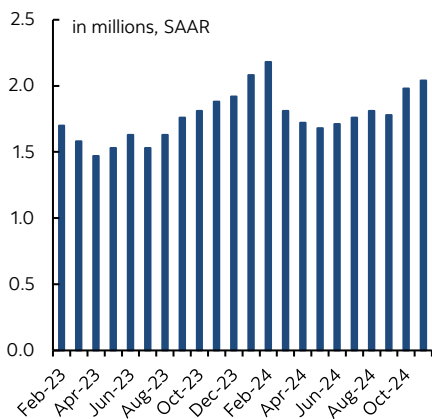
Weighted Contributions to the Canadian Unemployment Rate



Sources: Scotiabank Economics, Statistics Canada.

Chart 5

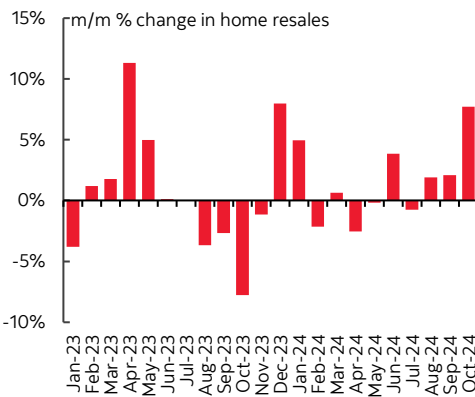
Canadian Vehicle Sales



Sources: Scotiabank Economics, DesRosiers Automotive Consultants Inc.

Chart 6

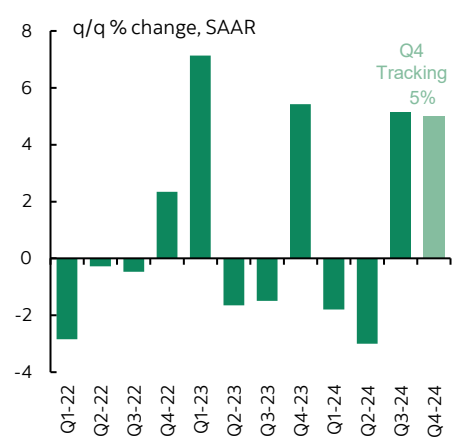
Canada's Existing Home Sales



Sources: Scotiabank Economics, Canadian Real Estate Association.

Chart 7

Canadian Real Retail Sales Growth



Sources: Scotiabank Economics, Statistics Canada.

worth are overshooting trend line expectations by about \$2 trillion (chart 9). That savings war chest is waiting to be unleashed by rate cuts. High household leverage cost Canadian growth when rates were rising and high, but high household leverage means more passthrough effects of falling rates into consumption and housing demand than in countries with less leverage.

8. Canada is heaping on other stimulus: Governments are adding significant stimulus into the economy with the effects likely to bear fruit into 2025. The list includes:

- The Government of Canada will eliminate the 5% GST on a list of items starting on December 14th and some provinces with HSTs (Ontario, NB, NS, PEI) will do likewise for two months until February 15th. We believe this temporary cut will be made permanent, partly given the awkwardness of a price hike closer to a federal election. The temporary cost is expected to be around \$3½ billion and many billions more if made permanent.
- The Government of Canada will give \$250 next April to about 19 million working Canadians earning less than \$150k per year at a cost of C\$4.5 billion. The NDP opposes this measure solely because it wants cheques to be given to more people. We are treating C\$4.5B as the minimum amount.
- Ontario’s government is handing out \$200 to every resident of Ontario in January at a \$3B cost.
- The BC government aims to spend \$1.8 billion on \$1000 cheques likely to be distributed by Spring.
- Easier mortgage finance rules that kick in on December 15th and hence about the same time as the GST/HST cut. They include an increase to the house price ceiling for insured mortgages to \$1.5 million from \$1 million, raising amortization periods from 25- to 30-years for all first-time insured homebuyers in both the resale and new build markets as opposed to just new builds that was announced in August, and allowing 30-year insured mortgages for all buyers of new builds (not just first-timers that were previously announced). We estimate just under a 1% rate equivalence effect of the amortization changes alone.
- A \$2.5 billion Federal carbon rebate is going out to small businesses in December.

The sum total of the dollar amounts for these initiatives that have been announced thus far is pushing toward about \$16 billion plus the effects of the easier mortgage rules plus any further expansion of Federal stimulus cheques and extension of GST/HST cuts.

9. Tariffs, anyone? If US President-elect Trump imposes a 25% tariff on all exports from Canada shortly after inauguration day on January 20th then the effects will be disinflationary through the damage caused to the Canadian economy. If he does not perhaps because Canada addresses his concerns, then the disinflation threat will subside. If Canada retaliates, then tariffs will drive higher imported prices and hence inflation at first. It might be best for the BoC to wait until its next decision and full forecast update on January 29th to weigh in on this given the divergent effects upon inflation (chart 10) and the policy rate (chart 11).

Chart 8

Canada's Cumulative Aggregate Pandemic-Era Excess Savings

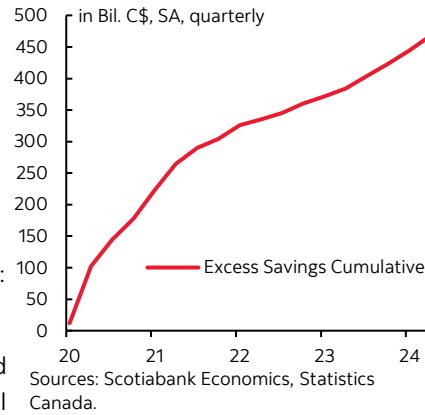


Chart 9

Canada Net Worth

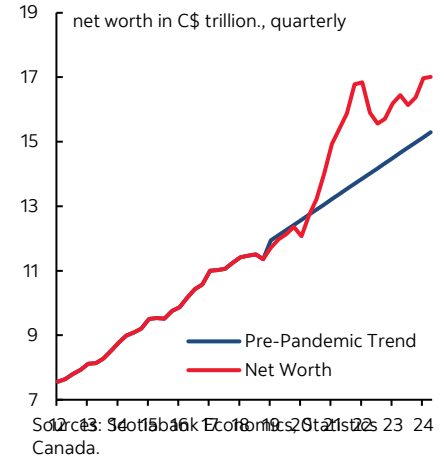


Chart 10

Canadian Core Inflation Impact from Tariff Scenarios

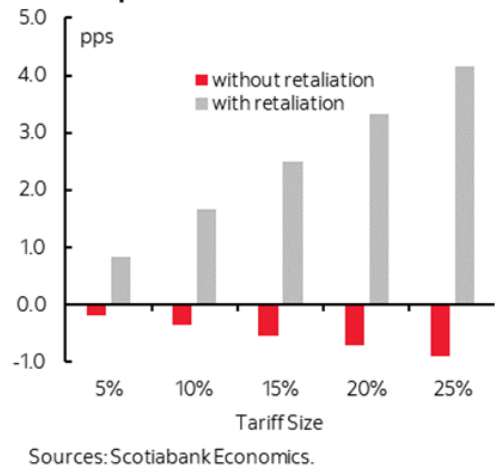
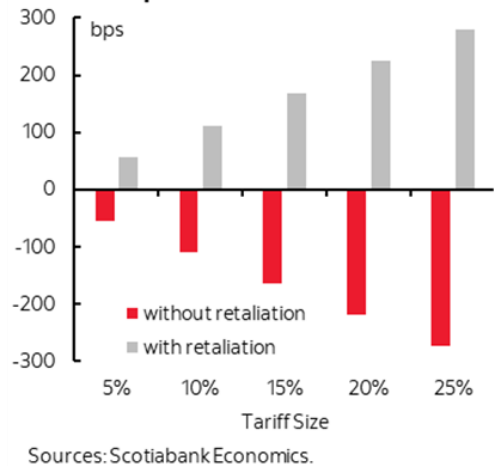


Chart 11

Canadian Policy Rate Changes in Response to Tariff Scenarios



US CPI—A HIGH BAR FOR A HOLD

The final inflation reading before the FOMC’s decision on December 18th will arrive on Wednesday. On the heels of the solid payrolls report, if my inflation estimates are on the mark, then it could at a minimum drive some dissenting voices at this meeting. With over 20bps of a cut priced in fed funds futures, there may be a high bar for core CPI to be strong enough to tilt the balance of risks toward a hold. The reading may also be the last piece of evidence to influence what guesses the Committee members put down on paper for the Summary of Economic Projections.

I expect November’s readings for both headline and core (ex-food and energy) CPI to rise by 0.3% m/m SA. That would translate into 2.7% y/y for headline and 3.3% for core. That’s still warm but tracking higher than the Fed’s preferred inflation gauges and particularly the price deflator for total consumer spending excluding food and energy.

In terms of drivers, gasoline prices were down by about 2½% m/m (3% m/m SA) and should shave about -0.1% m/m SA off of headline CPI in weighted terms.

New vehicle prices were up 1.3% m/m (1.7% SA) and used vehicle prices were up an estimated 0.5% m/m NSA (2.4% SA) which means they should contribute another roughly tenth to m/m headline CPI and at a different weight and with generous rounding could add 0.2% m/m to core CPI.

Another 0.3–0.4% gain in core services CPI ex-housing is assumed alongside a continuation of the pattern of 0.3-0.4% m/m increases in rent of primary residence and OER as the key components of the 36% CPI weight on shelter.

A 0.3% rise in headline and core CPI is also being tracked by the Cleveland Fed’s ‘nowcast’ measures (chart 12).

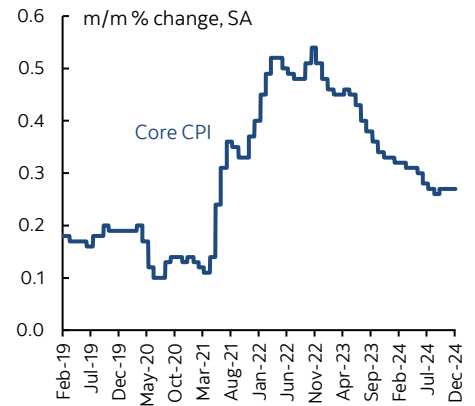
And yet the bigger picture concerns at the Fed go beyond just the latest inflation reading. Chart 13 shows the resurrection of price and wage pressures since Chair Powell’s unusual 50bps opening salvo in September. Chart 14 shows that the US economy remains in a state of excess demand that counsels caution in terms of inflation risk going forward. Chart 15 shows our estimated impact of Trump’s threatened 25% tariffs on goods from Mexico and Canada that would set a higher floor for the policy rate (chart 16).

EUROPEAN CENTRAL BANK—IT’S UNANIMOUS!

We expect the European Central Bank to deliver a 25bps cut to all of its policy rates on Thursday. Markets are priced for this outcome. Consensus is overwhelmingly in the 25bps camp.

Chart 12

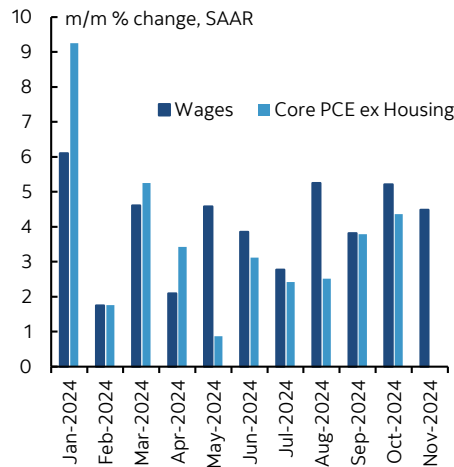
Cleveland Fed Nowcast



Sources: Scotiabank Economics, Cleveland Fed.

Chart 13

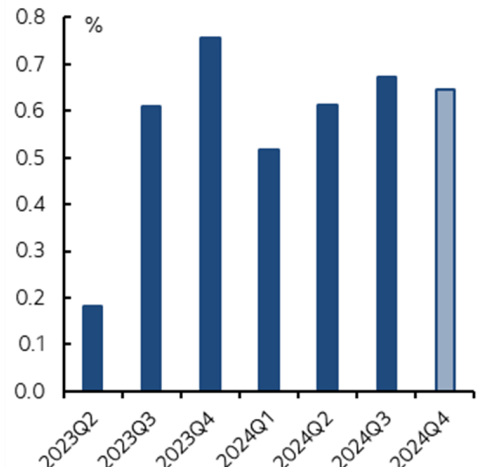
Fed Chair Powell's New Fear



Sources: Scotiabank Economics, BLS, BEA.

Chart 14

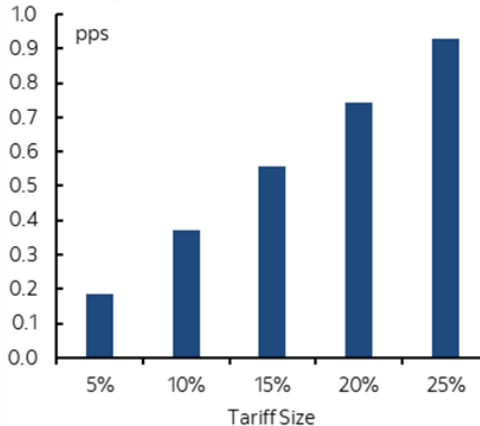
US Output Gap



Sources: Scotiabank Economics.

Chart 15

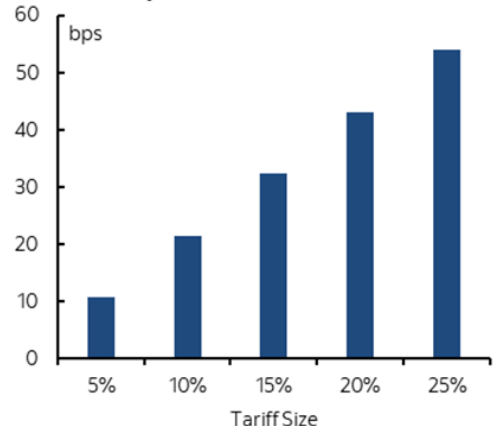
US Core PCE Inflation Impact from Tariff Scenarios



Sources: Scotiabank Economics.

Chart 16

US Policy Rate Changes in Response to Tariff Scenarios



Sources: Scotiabank Economics.

RBA—STILL PUSHING BACK

No one expects the Reserve Bank of Australia to do anything on Monday night (ET). It is expected to hold its cash rate target unchanged at 4.35%. It might have a keen eye on the next evening’s jobs report, but in the context of a very strong Australian labour market to date. Expect guidance to continue to push back against any pressure to ease policy in the near term.

SWISS NATIONAL BANK—ZERO FAST APPROACHING

This one could be interesting. The SNB’s decision on Thursday pits camps against one another on the size of the rate cut that will be delivered with the policy rate already very low at just 1%.

Markets are on the fence between a quarter- and half-point rate hike with pricing right up the middle. Consensus has most economists expecting a 25bps cut, but a sizeable one-quarter of economists expecting a half-point reduction. The pressure of Swiss Franc appreciation has abated somewhat over the past couple of months but largely because markets expect a significant cut toward the lower zero bound.

BRAZIL’S CENTRAL BANK—MEGA HIKE

This one continues to go the other way. Banco Central do Brasil’s decision on Wednesday is expected to deliver another significant hike with most forecasters expecting 75bps and some a full percentage point. Inflation and inflation expectations remain the concerns and both are partly related to the tumbling real.

PERU’S CENTRAL BANK—NEARING AN END

Banco Central de Reserva del Peru (BCRP) is expected to hold its reference rate unchanged at 5% on Thursday. A minority believes it might deliver another cut.

Why the uncertainty? Because after its last rate cut on November 7th, BCRP said that “The real interest rate is approaching the level estimated as neutral.”

Other global indicators are summarized in chart 17 and will be covered in daily publications throughout the week.

Chart 17

Other Global Macro Indicators (December 9th - December 13th)			
US	CA	CPI	Other Macro
<i>Monday</i>			
Wholesale Trade		MX	RBA Cash Rate Target
NY Fed 1-Yr Inflation Expectations		NO	NO PPI
Wholesale Inventories			AU RBA Cash Target Rate
			MA IP
<i>Tuesday</i>			
Nonfarm Productivity		NE	SW IP
Unit Labor Costs		GE	JN PPI
		BZ	IT IP
		JN	SK UR
<i>Wednesday</i>			
MBA Mortgage Appl.	BoC Rate Decision		BZ Selic Rate
CPI			AU UR
Real Avg Earning			
Federal Budget Balance			
<i>Thursday</i>			
PPI	Building Permits	SW	ECB Rates
Initial Jobless Claims		IN	Peru Reference Rate
Continuing Claims			IT UR
			JN IP
			HK IP
			IN IP
<i>Friday</i>			
Import Price Index	Manufacturing Sales	FR	UK GDP, IP, Manuf. Prod.
Export Price Index	Wholesale Sales	SP	BZ Economic Activity
			EC IP
			RU GDP

Sources: Scotiabank Economics, Bloomberg.

Key Indicators for the week of December 9 – 13

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
MX	12-09	07:00	Bi-Weekly Core CPI (% change)	Nov 30	--	0.0	0.0
MX	12-09	07:00	Bi-Weekly CPI (% change)	Nov 30	--	-0.1	0.4
MX	12-09	07:00	Consumer Prices (m/m)	Nov	--	0.5	0.6
MX	12-09	07:00	Consumer Prices (y/y)	Nov	--	4.6	4.8
MX	12-09	07:00	Consumer Prices Core (m/m)	Nov	--	0.1	0.3
US	12-09	10:00	Wholesale Inventories (m/m)	Oct F	--	--	0.2
US	12-10	08:30	Productivity (q/q a.r.)	3Q F	--	2.2	2.2
US	12-10	08:30	Unit Labor Costs (q/q a.r.)	3Q F	--	1.4	1.9
US	12-11	07:00	MBA Mortgage Applications (w/w)		--	--	2.8
US	12-11	08:30	CPI (m/m)	Nov	0.3	0.3	0.2
US	12-11	08:30	CPI (y/y)	Nov	2.7	2.7	2.6
US	12-11	08:30	CPI (index)	Nov	--	315.3	315.7
US	12-11	08:30	CPI ex. Food & Energy (m/m)	Nov	0.3	0.3	0.3
US	12-11	08:30	CPI ex. Food & Energy (y/y)	Nov	3.3	3.3	3.3
CA	12-11	09:45	BoC Interest Rate Announcement (%)	Dec 11	3.25	3.25	3.75
US	12-11	14:00	Treasury Budget (US\$ bn)	Nov	--	--	-257.5
MX	12-12	07:00	Industrial Production (m/m)	Oct	--	--	0.6
MX	12-12	07:00	Industrial Production (y/y)	Oct	--	-0.6	-0.4
CA	12-12	08:30	Building Permits (m/m)	Oct	--	--	11.5
US	12-12	08:30	Initial Jobless Claims (000s)		215	--	224.0
US	12-12	08:30	Continuing Claims (000s)		1960	--	1871.0
US	12-12	08:30	PPI (m/m)	Nov	0.3	0.3	0.2
US	12-12	08:30	PPI ex. Food & Energy (m/m)	Nov	0.2	0.2	0.3
CA	12-13	08:30	Capacity Utilization (%)	3Q	--	--	79.1
CA	12-13	08:30	Manufacturing Shipments (m/m)	Oct	1.3	--	-0.5
CA	12-13	08:30	Wholesale Trade (m/m)	Oct	0.5	--	0.8
US	12-13	08:30	Export Prices (m/m)	Nov	--	-0.3	0.8
US	12-13	08:30	Import Prices (m/m)	Nov	--	-0.3	0.3

EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
GE	12-10	02:00	CPI (m/m)	Nov F	-0.2	-0.2
GE	12-10	02:00	CPI (y/y)	Nov F	2.2	2.2
GE	12-10	02:00	CPI - EU Harmonized (m/m)	Nov F	-0.7	-0.7
GE	12-10	02:00	CPI - EU Harmonized (y/y)	Nov F	2.4	2.4
IT	12-10	04:00	Industrial Production (m/m)	Oct	-0.1	-0.4
IT	12-12	04:00	Unemployment Rate (%)	3Q	--	6.8
EC	12-12	08:15	ECB Main Refinancing Rate (%)	Dec 12	3.15	3.40
UK	12-12	19:01	GfK Consumer Confidence Survey	Dec	-18.0	-18.0
GE	12-12		Current Account (€ bn)	Oct	--	22.6
UK	12-13	02:00	Index of Services (m/m)	Oct	0.1	0.0
UK	12-13	02:00	Industrial Production (m/m)	Oct	0.3	-0.5
UK	12-13	02:00	Manufacturing Production (m/m)	Oct	0.2	-1.0
UK	12-13	02:00	Visible Trade Balance (£ mn)	Oct	-16200.0	-16321.0
FR	12-13	02:45	CPI (m/m)	Nov F	-0.1	-0.1
FR	12-13	02:45	CPI (y/y)	Nov F	1.3	1.3
FR	12-13	02:45	CPI - EU Harmonized (m/m)	Nov F	-0.1	-0.1
FR	12-13	02:45	CPI - EU Harmonized (y/y)	Nov F	1.7	1.7
SP	12-13	03:00	CPI (m/m)	Nov F	0.2	0.2
SP	12-13	03:00	CPI (y/y)	Nov F	2.4	2.4
SP	12-13	03:00	CPI - EU Harmonized (m/m)	Nov F	0.0	0.0
SP	12-13	03:00	CPI - EU Harmonized (y/y)	Nov F	2.4	0.0
EC	12-13	05:00	Industrial Production (m/m)	Oct	-0.1	-2.0
EC	12-13	05:00	Industrial Production (y/y)	Oct	-2.3	-2.8
RU	12-13	11:00	Real GDP (y/y)	3Q P	3.10	3.10

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for the week of December 9 – 13

ASIA PACIFIC

Country	Date	Time	Indicator	Period	Consensus	Latest
JN	12-08	18:50	Bank Lending (y/y)	Nov	--	2.7
JN	12-08	18:50	Current Account (¥ bn)	Oct	2347.1	1717.1
JN	12-08	18:50	GDP (q/q)	3Q F	0.3	0.2
JN	12-08	18:50	GDP Deflator (y/y)	3Q F	2.5	2.5
JN	12-08	18:50	Trade Balance - BOP Basis (¥ bn)	Oct	-295.0	-315.2
CH	12-08	20:30	CPI (y/y)	Nov	0.4	0.3
CH	12-08	20:30	PPI (y/y)	Nov	-2.8	-2.9
ID	12-08	22:00	Consumer Confidence Index	Nov	--	121.1
TA	12-09	03:00	Exports (y/y)	Nov	8.5	8.4
TA	12-09	03:00	Imports (y/y)	Nov	18.5	6.5
TA	12-09	03:00	Trade Balance (US\$ bn)	Nov	7.3	6.9
JN	12-09	18:50	Japan Money Stock M2 (y/y)	Nov	--	1.2
JN	12-09	18:50	Japan Money Stock M3 (y/y)	Nov	--	0.7
PH	12-09	20:00	Exports (y/y)	Oct	-3.3	-7.6
PH	12-09	20:00	Imports (y/y)	Oct	5.8	9.9
PH	12-09	20:00	Trade Balance (US\$ mn)	Oct	-4994.0	-5087.0
MA	12-09	23:00	Industrial Production (y/y)	Oct	2.9	2.3
AU	12-09		RBA Cash Target Rate (%)	Dec 10	4.35	4.35
TH	12-09		Consumer Confidence Economic	Nov	--	49.6
JN	12-10	01:00	Machine Tool Orders (y/y)	Nov P	--	9.4
NZ	12-10	16:45	Manufacturing Activity	3Q	--	0.1
SK	12-10	18:00	Unemployment Rate (%)	Nov	2.9	2.7
CH	12-10		Exports (y/y)	Nov	8.9	12.7
CH	12-10		Imports (y/y)	Nov	0.7	-2.3
CH	12-10		Trade Balance (USD bn)	Nov	93.9	95.7
AU	12-11	19:30	Employment (000s)	Nov	25.0	15.9
AU	12-11	19:30	Unemployment Rate (%)	Nov	4.2	4.1
HK	12-12	03:30	Industrial Production (y/y)	3Q	--	0.7
IN	12-12	05:30	CPI (y/y)	Nov	5.54	6.21
IN	12-12	05:30	Industrial Production (y/y)	Oct	3.60	3.10
NZ	12-12	16:30	Business NZ PMI	Nov	--	45.8
JN	12-12	18:50	Tankan All Industries Index	4Q	10.0	10.6
JN	12-12	18:50	Tankan Manufacturing Index	4Q	13.0	13.0
JN	12-12	18:50	Tankan Non-Manufacturing Index	4Q	33.0	34.0
JN	12-12	23:30	Capacity Utilization (m/m)	Oct	--	4.4
JN	12-12	23:30	Industrial Production (m/m)	Oct F	--	3.0
JN	12-12	23:30	Industrial Production (y/y)	Oct F	--	1.6
IN	12-13		Exports (y/y)	Nov	--	17.2
IN	12-13		Imports (y/y)	Nov	--	3.9

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
BZ	12-10	07:00	IBGE Inflation IPCA (m/m)	Nov	--	0.4	0.6
BZ	12-10	07:00	IBGE Inflation IPCA (y/y)	Nov	--	4.8	4.8
BZ	12-11	16:30	SELIC Target Rate (%)	Dec 11	11.75	12.00	11.25
BZ	12-12	07:00	Retail Sales (m/m)	Oct	--	--	0.5
BZ	12-12	07:00	Retail Sales (y/y)	Oct	--	--	2.1
PE	12-12	18:00	Reference Rate (%)	Dec 12	5.00	5.00	5.00
BZ	12-13	07:00	Economic Activity Index SA (m/m)	Oct	--	-0.1	0.8
BZ	12-13	07:00	Economic Activity Index NSA (y/y)	Oct	--	4.5	5.1

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Global Auctions for the week of December 2 – 6

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	12-10	13:00	U.S. To Sell 3-Year Notes
US	12-11	13:00	U.S. To Sell 10-Year Notes Reopening
CA	12-12	12:00	Canada to Sell 10 Year Bonds
US	12-12	13:00	U.S. To Sell 30-Year Bond Reopening

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AS	12-10	05:00	Austria to Sell Bonds
SZ	12-11	05:00	Switzerland to Sell Bonds
UK	12-11	05:00	UK to Sell 4.25% 2034 Bonds
PO	12-11	05:30	Portugal to Sell Bonds
SP	12-12	04:30	Spain to Sell Bonds
IT	12-12	05:00	Italy to Sell Bonds
BE	12-13	06:00	Belgium to Sell Bonds through Ori Auction
IC	12-13	06:00	Iceland to Sell Bonds

ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	12-09	22:35	Japan to Sell 5-Year Bonds
CH	12-10	21:35	China Plans to Sell 3 Year Bonds
CH	12-10	21:35	China Plans to Sell 10 Year Bonds
CH	12-12	21:35	China Plans 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 December 2 – 6

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	12-11	09:45	Bank of Canada Rate Decision

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SZ	12-09	04:00	Domestic Sight Deposits CHF
SZ	12-09	04:00	Total Sight Deposits CHF
UK	12-09	08:00	BOE's Ramsden Speaks
SZ	12-12	03:30	SNB Policy Rate
SZ	12-12	04:00	SNB's Schlegel Speaks After Rate Decision
EC	12-12	08:15	ECB Deposit Facility Rate
EC	12-12	08:15	ECB Main Refinancing Rate
EC	12-12	08:15	ECB Marginal Lending Facility
EC	12-12	08:45	ECB President Christine Lagarde Holds Press Conference
NO	12-13	02:30	Norges Bank Publishes 2025 Borrowing Program
AS	12-13	04:00	ECB's Holzmann Speaks in Vienna

ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	12-09	22:30	RBA Cash Rate Target
AU	12-11	02:00	RBA's Hauser-Speech
AU	12-11	17:15	RBA's Jones-Speech
UZ	12-11	00:00	Key Rate

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BZ	12-11	16:30	Selic Rate
PE	12-12	18:00	Reference Rate

Global Central Bank Watch

NORTH AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Canada – Overnight Target Rate	3.75	December 11, 2024	3.25	3.25
Federal Reserve – Federal Funds Target Rate	4.75	December 18, 2024	4.50	4.50
Banco de México – Overnight Rate	10.25	December 19, 2024	10.00	10.00

Bank of Canada: We expect a 50bps cut on Wednesday with the risk of less and believe the BoC should deliver less than markets have priced.

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	3.40	December 12, 2024	3.15	3.15
European Central Bank – Marginal Lending Facility Rate	3.65	December 12, 2024	3.40	3.40
European Central Bank – Deposit Facility Rate	3.25	December 12, 2024	3.00	3.00
Bank of England – Bank Rate	4.75	December 19, 2024	4.50	4.50
Swiss National Bank – Sight Deposit Rate	1.00	December 12, 2024	0.75	0.75
Central Bank of Russia – One-Week Auction Rate	21.00	December 20, 2024	21.00	21.00
Sweden Riksbank – Repo Rate	2.75	December 19, 2024	2.50	2.50
Norges Bank – Deposit Rate	4.50	December 19, 2024	4.50	4.50
Central Bank of Turkey – Benchmark Repo Rate	50.00	December 26, 2024	50.00	50.00

European Central Bank (ECB): We expect the ECB to deliver a 25bps cut to all of its policy rates on Thursday. Markets are priced for this outcome and consensus strongly leans that way. **Swiss National Bank (SNB):** Markets and consensus are divided on whether a 25bps or 50bps cut will be delivered on Thursday. The franc's appreciation has abated somewhat over the past couple of months but largely because markets expect a significant cut toward the lower zero bound.

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	0.25	December 19, 2024	0.25	0.25
Reserve Bank of Australia – Cash Rate Target	4.35	December 9, 2024	4.35	4.35
Reserve Bank of New Zealand – Cash Rate	4.25	February 18, 2025	3.75	4.00
People's Bank of China – 1-Year Medium-Term Lending Facility Rate	2.00	December 25, 2024	2.00	2.00
Reserve Bank of India – Repo Rate	6.50	February 6, 2025	6.50	6.50
Bank of Korea – Base Rate	3.00	January 16, 2025	3.00	3.00
Bank of Thailand – Repo Rate	2.25	December 18, 2024	2.25	2.25
Bank Negara Malaysia – Overnight Policy Rate	3.00	January 22, 2025	3.00	3.00
Bank Indonesia – BI-Rate	6.00	December 18, 2024	5.75	5.75
Central Bank of Philippines – Overnight Borrowing Rate	6.00	December 19, 2024	5.75	5.75

Reserve Bank of Australia (RBA): The RBA is expected to stay on hold on Monday night and to push back against expectations for any nearer term easing.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	11.25	December 11, 2024	12.00	12.00
Banco Central de Chile – Overnight Rate	5.25	December 17, 2024	5.00	5.00
Banco de la República de Colombia – Lending Rate	9.75	December 20, 2024	9.25	9.25
Banco Central de Reserva del Perú – Reference Rate	5.00	December 12, 2024	5.00	4.75

Banco Central do Brasil (BCB): Brazil's central bank is expected to hike by at least 75bps and perhaps as much as 100bps on Wednesday. Inflation and inflation expectations remain concerns and both are partly related to the tumbling real. **Banco Central de Reserva del Peru (BCRP):** Peru's central bank is expected to hold its reference rate unchanged at 5% on Thursday with a minority expecting a 25bps cut. BCRP previously said that "The real interest rate is approaching the level estimated as neutral" which may indicate that cuts are coming close to ending.

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	7.75	January 30, 2025	7.50	7.25

Sources: Bloomberg, Scotiabank Economics.

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