Scotiabank.

GLOBAL ECONOMICS

THE GLOBAL WEEK AHEAD

December 13, 2024

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

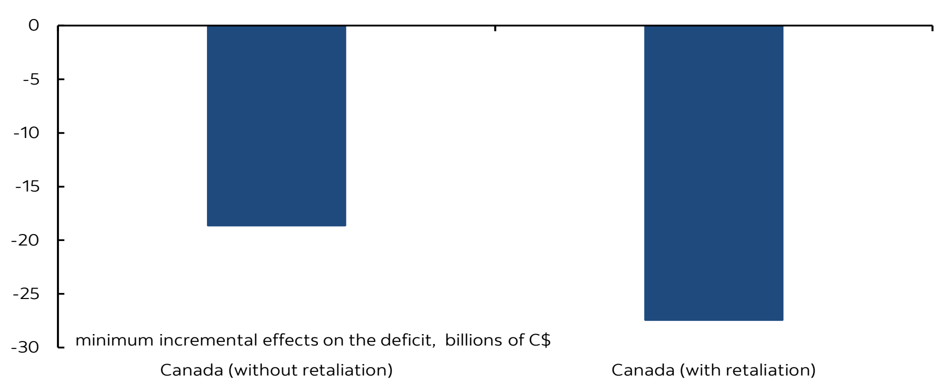
- **A week packed with central banks, fiscal updates, key data**
- **FOMC to cut, ignore the SEP**
- **US core PCE likely to validate the Fed's cut**
- **Canada's deficit under tariff scenarios**
- **Canadian CPI could soften**
- **BoC's Macklem kicks off mandate review**
- **BoJ likely to hold off on a hike**
- **Japanese inflation to follow Tokyo's hot print**
- **UK jobs, wages, CPI arrive before the BoE**
- **BoE: pause, while data may validate the dissenter**
- **Banxico: 25 or 50?**
- **BanRep teed up for another 50bps**
- **BCCh: cut with a careful bias**
- **Riksbank said it will cut, so it will cut!**
- **Norges Bank to stay on hold**
- **BoT unlikely to surprise again**
- **BI nervously watching the rupiah**
- **CBCT to extend pause**
- **BSP to cut a third time**
- **Central Bank of Russia to deliver mega -hike**
- **No change to China's lending rates, and it wouldn't matter anyway**
- **NZ fiscal update**
- **PMIs: EZ, UK, US, India**
- **Retail sales: US, Canada, UK**

You're Gonna Need That Holiday After This Week

FORECASTS & DATA

Chart of the Week

Canada's Fiscal Position Ill-Prepared for Tariff Wars



Sources: Scotiabank Economics, Budget 2024.

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

December 13, 2024

You're Gonna Need That Holiday After This Week

Deck the halls alright! There is no time or space for special topics in this week's issue given how packed the last full week before the holiday season and year-end is going to be. Over a dozen global central banks—including heavy hitters like the Fed, BoJ and BoE—but also several Latin American, European and Asian central banks will offer decisions with what is likely to be a highly guarded stance into 2025. A potentially key speech by BoC Governor Macklem on what he may seek in the five-year mandate review follows this past week's decision.

Major inflation reports from the US, Canada, UK and Japan will combine with global PMIs, retail sales reports from the US, Canada and UK, plus UK jobs and wages to offer elevated data risk.

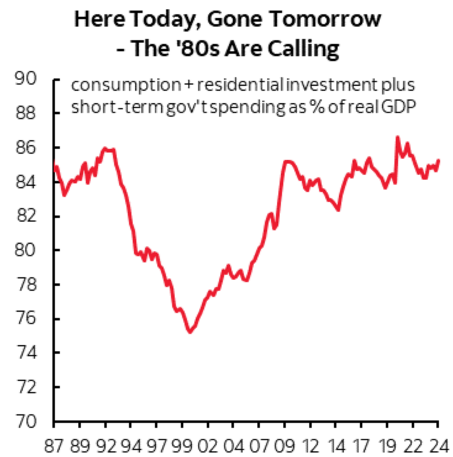
And of course, Canada's last Fall economic and fiscal update before next year's election will seek to build upon recent announcements including encouraging ones like **this** past Friday's announcements including more liberalized pension investment rules. The obsession with how big the current deficits are tracking is missing the point in terms of how tariff wars could inflame them much further—and carry much higher debt issuance along the way. The

CANADA'S BUDGET UPDATE—FISCAL GUARDRAILS SUPERSEDED BY TARIFF SCENARIOS

Canadian Deputy Prime Minister and Finance Minister Chrystia Freeland delivers the annual Fall Economic Statement (FES) on Monday. The issues to watch for will include the size of the current fiscal year deficit, the revised outlook for deficits, and any new initiatives into an election year. But it's what won't be incorporated into the numbers that will draw the most intense market speculation. Nearly a decade ago we heard from Ottawa that the budget would balance itself; it's nowhere close to doing so and it could dramatically widen further by tens of billions of dollars.

The fact that it is likely to be an election year combined with the probability that tariffs lie ahead mean that the numbers that are presented this week are likely to be mere placeholders ahead of an election-oriented Winter budget that incorporates the potential effects of tariffs. This round of numbers will incorporate the effects of policy announcements to date such as $1.6B for the GST/HST changes, while it's uncertain whether the government will grant the NDP's wish to sharply inflate the $4.5B cost of Trudeau bucks that are targeted to go out in April as the legislation even for that amount has yet to be passed.

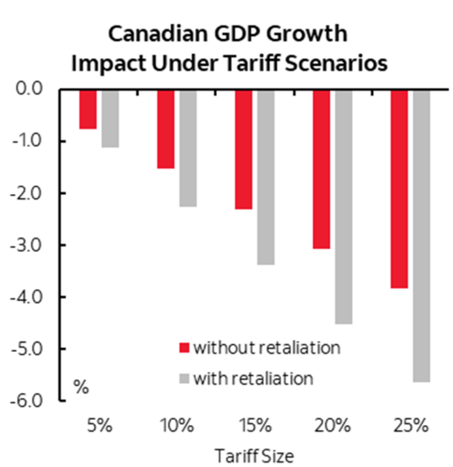
Chart 1



Sources: Scotiabank Economics, Statistics Canada.

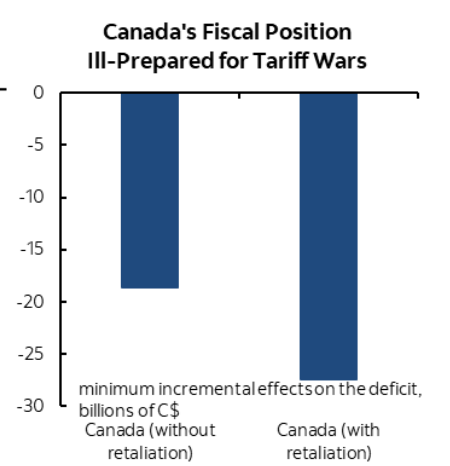
Estimates of the size of the federal government's deficit could range anywhere from the mid-$40s to mid-$50s in billions of dollars for FY23–24. Still, as a share of GDP Canada's deficit is very small at around 1½% to 1¾% of nominal GDP compared to other countries and notably the gargantuan size of the US imbalance US (-7.1%). Canada also has a fully funded national pension unlike the mess that is social security in the US. These are why Canada is rated AAA and the US is not. Disadvantages, however, include the absence of the reserve currency privileges the US enjoys, the US advantage in having a very large and highly liquid Treasury market, and the fact that abrupt global shocks tend to disproportionately disfavour Canadian assets as a high-beta market.

Chart 2



Sources: Scotiabank Economics.

Chart 3



Sources: Scotiabank Economics, Budget 2024.

And yet running deficits on a sustained basis over many years instead of repairing damage done during crises like the pandemic results in a mounting problem over time that reduces future flexibility. So does raising the share of the economy that is skewed toward shiny flashy things consumed by households and governments in the short-term instead of investing (chart 1). The stock of accumulated debt rises and with it the extent to which interest payments on the debt crowd out room to pursue other goals such as a productivity agenda.

It also leaves a country ill-prepared for further shocks. Using our estimates of the impact of tariff scenarios on GDP alone (chart 2) and combining them with Finance's estimates of the sensitivities of the budgetary balance to real GDP growth (table A1.14 **here**), the federal deficit could increase by somewhere between C$20B and $30B in the first year alone and depending on the extent to which Canada may retaliate (chart 3).

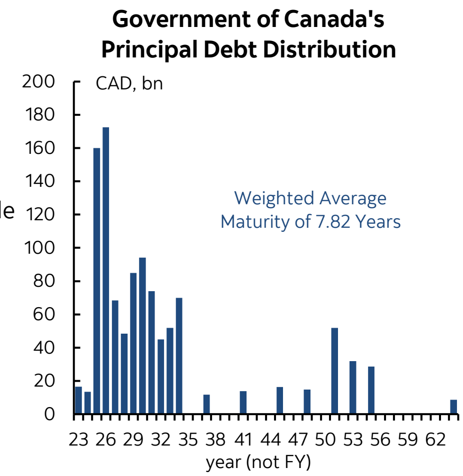
This calculation rests solely upon the GDP sensitivities without considering other shocks to borrowing costs, inflation and the exchange rate. These other shocks are not additive but depend upon assumptions such as retaliation. Without retaliation, borrowing costs would probably be lowered in bull steepener fashion, but with retaliation would raise them in a bear flattener sense. Without retaliation would lower the GDP deflator, with retaliation would raise it, which matters because the deficit is ultimately driven by nominal GDP.

There are two other important assumptions. One is how long tariffs are applied. In 2018–19, Canada applied them on Canada Day after the US applied tariffs, and lifted them the following May. Tariffs this time may be short lived, or they may persist into NAFTA 3.0 negotiations.

Second is that the deficit effects noted thus far only cover automatic effects. A tariff war scenario could conceivably bring out stimulus measures directionally akin to measures undertaken at the start of the pandemic including much larger stimulus cheques. Canada is likely to allow the fiscal balance to accommodate whatever is deemed necessary to manage the effects of tariffs alongside other stabilizers like the impact on the Canadian dollar.

Nevertheless, the surprise about the surprises from Freeland's deficit guidance is that folks are surprised! How's that for a mouthful! My narrative throughout the past year was that deficits and issuance would be bigger than guided even before we knew of the tariff risks. An election year beckons. Governments throw money around into election years even when they're not polling poorly. Governments that are polling as badly as this one get even more desperate in that sense.

Chart 4



Sources: Scotiabank Economics, Bloomberg.

And with that was the guidance that issuance would be greater than the projections from the street and government. Get used to it. It's not over yet. A twelve-figure annual deficit cannot be ruled out. How it is issued depends upon how long the tensions may persist, but the distribution of issuance is likely to be shorter-term in nature. This adds to what is already a challenging debt distribution profile (chart 4).

To sum up, fiscal guardrails may be the current obsession as folks sharpen their pencils on exactly how large (or small as a % of GDP) the deficit may be now. In a tariff world, we'll soon forget about guardrails.

CENTRAL BANKS—WHAT LURKS BEYOND THE HOLIDAY SEASON?

Over a dozen global central banks weigh in this week plus a potentially important BoC speech. Apparently, they have their collective sights set on quieter times through the holiday season and year-end. Expectations are laid out below.

BoC's Macklem—Kicking Off the Mandate Review

Bank of Canada Governor Macklem delivers the customary pre-holiday Governor's speech on Monday. Yes, Monday. Should be a blast. The title is "Economic factors shaping Canada's monetary policy." Text at 3:20pmET, no presser, but there will be time for probably light audience Q&A.

Macklem hinted this past week that a focus of the speech will be upon the process leading up to the next 5-year mandate review. He did so by responding to a question on the mandate by saying "I'll have more to say about this next Monday in my year-end speech as we launch the review next year to be ready for 2026."

The current Monetary Policy Framework Renewal agreement with the Federal Government expires in December 2026. The process toward a new agreement is long and arduous and typically ends with no material changes. But they have to do it.

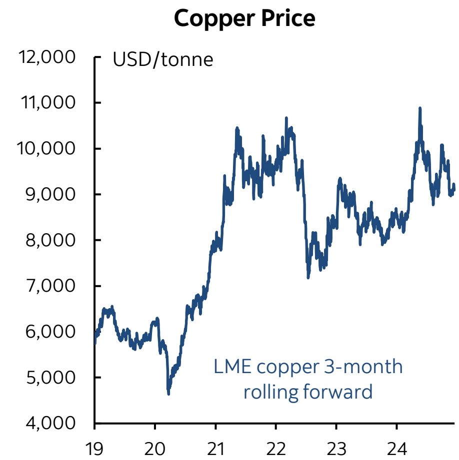
The last one ran a "horse race" between competing monetary policy regimes including price level targeting, nominal GDP targeting, average inflation targeting, tweaking the inflation target itself, and a dual mandate like the Fed's. That review indicated there would be an open mind, and concluded that the current system was largely best left (mostly) unchanged as per widely held expectations. The last five-year agreement is **here** and **here** were my thoughts on it at the time.

I say mostly unchanged because that prior review said that inflation targeting was only a "primary" goal of monetary policy and was peppered with references toward maximum employment and inclusion goals. Every central banker takes into account labour market conditions, but rates rallied on that day because of the references to maximum employment that made it appear as if the BoC's 2% inflation target since 1991 was suddenly being downplayed somewhat. The fact that Finance Minister Freeland dominated the press conference with Macklem largely looking on didn't help the optics.

This must be placed in the proper international context. Recall that the changes in governments in New Zealand led to messy volatility in the RBNZ's mandate. The RBNZ was a pioneer—so was the BoC—at inflation targeting, but a change in government added a dual employment mandate, only for another change in government to go back to just inflation targeting. The RBI's mandate has changed or been threatened to change many times.

As Canada's economy goes into a period of magnified uncertainty, it needs a stable monetary policy regime. Now is not the time to experiment—or to seriously hint at changes—by adding further risk to the outlook. Every one of the seven reviews since the initial agreement in 1991 has largely left the framework intact; all of them are **here** if interested. And yet Macklem's dovish bias and greater focus upon maximum employment than his predecessors could be put to the test should some tariff-related scenarios add to inflation while reducing employment. Such a scenario is feasible in tariff wars depending upon assumptions such as the degree and nature of Canadian retaliation. Markets might be confused by any mandate experimentation at the BoC.

Chart 5



Sources: Scotiabank Economics, Bloomberg.

BCCh—A Careful Cut

Chile's central bank is expected to cut its overnight rate by 25bps on Tuesday. Consensus is nearly unanimous.

The central bank conveyed a bias toward future easing at its last decision on October 17th when they cut by 25bps. Since then, there has been a lot of new information. The Chilean peso has depreciated with CLP down about 4% to the dollar and faces an uncertain outlook related to commodities and world growth. CPI inflation has continued to trend lower at 4.2% y/y in November, though wage growth is running at over 8% y/y. The economy grew a touch stronger than expected in Q3 (0.7% q/q SA nonannualized). Copper prices have moved somewhat lower since the middle of this year, but still remain fairly elevated against an uncertain outlook related to the strength of the Chinese economy and trade tensions (chart 5).

FOMC—S.E.P. Will Be D.O.A.

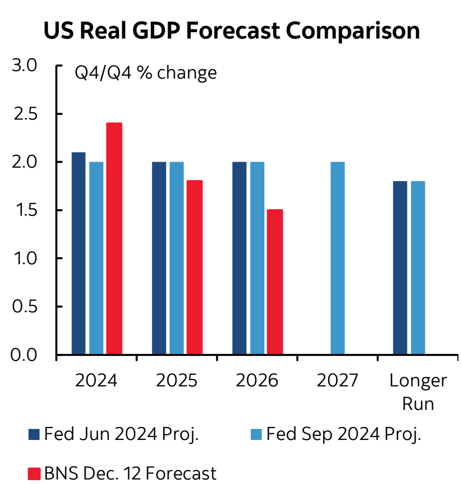
The two-day FOMC meeting starting on Tuesday will culminate in the delivery of the policy statement and revised Summary of Economic Projections including the dot plot at 2pmET on Wednesday. Then Powell takes to the podium thirty minutes later.

A 25bps cut is expected. It's also basically fully priced. No changes to balance sheet management plans are expected as quantitative tightening is expected to remain on autopilot for now.

While more likely at the January FOMC or even later, there is the risk of at least further discussion around potentially tweaking relative rates of interest to funding markets. Recall that in the minutes to the prior meeting on November 6th–7th there was the following reference:

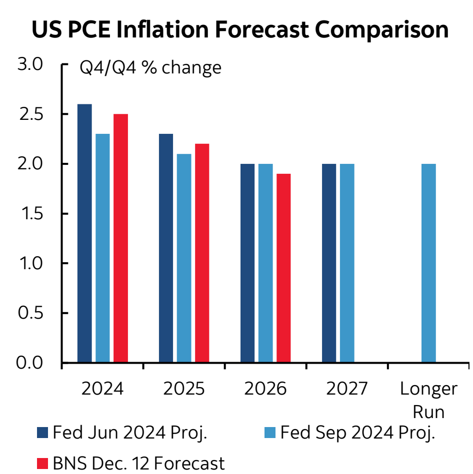
"Some participants remarked that, at a future meeting, there would be value in the Committee considering a technical adjustment to the rate offered at the ON RRP facility to set the rate equal to the bottom of the target range for the federal funds rate, thereby bringing the rate back into an alignment that had existed when the facility was established as a monetary policy tool."

Chart 6



Sources: Scotiabank Economics, Federal Reserve Summary of Economic Proj. (Sep. 18, 2024).

Chart 7



Sources: Scotiabank Economics, Federal Reserve Summary of Economic Proj. (Sep. 18, 2024).

This discussion would have been led by FOMC members with a closer interest in funding markets, such as Dallas Fed President Logan (formerly the markets head at the NY Fed), Governor Waller, and NY's Williams. The reference to "future meeting" as opposed to, say, 'soon' may indicate some patience.

But the bigger issue may be how the Committee alters the Summary of Economic Projections this time compared to the last full forecast update in September. A lot has changed since then. Don't expect it all to be fully reflected in the refreshed forecasts. In fact, I wouldn't pay that much serious attention to anyone's forecast rounds just yet.

The FOMC's last projections are compared to our current forecasts in charts 6–10. At a minimum, the Committee is likely to acknowledge data to date and revised up estimates for this year's GDP growth. We expect weaker US growth next year and in 2026. The Committee has to revise up inflation estimates for this year, and we are slightly higher in 2026 than their prior projection. The same pattern applies in terms of core PCE. Finally, on the unemployment rate, the Committee is getting positively surprised this year and we think that may persist next year.

It's likely that the FOMC reduces the amount of projected easing next year, but not by much while remaining on a path toward a neutral rate of around 3% in the outer years. Instead of a fed funds upper limit of 3.5% being conveyed for the end of 2025 (implying 100bps of cuts after this one), look for maybe 25bps to at most 50bps of fewer cuts (hence 50–75bps of cuts in 2025). Recent strength in the US economy including prices and wage figures (chart 11) lends toward a higher for longer bias. Our own projection estimates that the fed funds upper limit will end 2025 at 4%, implying 50bps of cuts in 2025 after this week's.

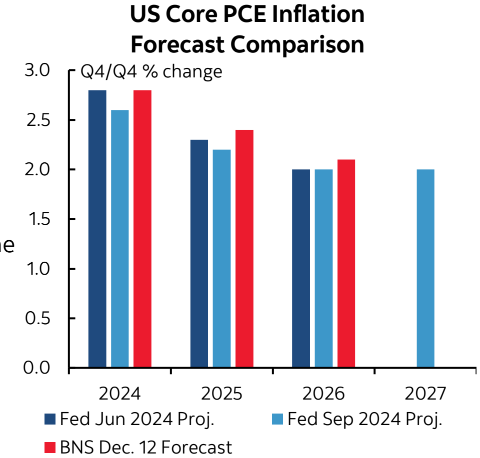
The rub lies in the fact that—like many other forecasters—the FOMC and particularly Chair Powell don't know what assumptions to make about policy shifts in 2025 by the Trump administration and are probably going to be unwilling to incorporate many of them now. If they do know, or think they know, then the fall back among central bankers is to only incorporate such expectations when they become fact or at least highly probable. Upgrading projections only on known information to date including data and wealth effects from financial market conditions should be treated carefully. It's very unlikely that Committee members will incorporate any assumptions on tariffs, regulatory change, immigration policy shifts, and net fiscal policy shifts on the tax and spending sides combined. If they do, it will be a partial exercise maybe incorporating lower taxes for longer.

Because of this massive uncertainty surrounding the incoming administration's policies, what effect they may have on markets and data, when such effects may arise, and how other countries may respond, the SEP and the dot plot shouldn't be treated with much seriousness at this point. The bigger focus will be upon how the FOMC shifts at the next decision on January 29th—nine days after inauguration day—and in the next SEP and dot plot in March.

Bank of Thailand—No More Surprises?

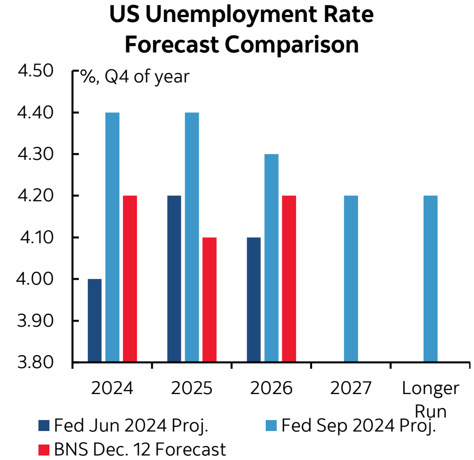
Thailand's central bank is widely expected to hold its benchmark rate unchanged at 2.25% on Wednesday. It cut by 25bps in October in a surprise move. Following that move, Assistant Governor Panyanukul remarked that it was not the start of an easing cycle and was "just recalibrating the policy interest rate." Like many other central banks, the US election and risks it poses to conditions across Asia may merit a wait and see approach.

Chart 8



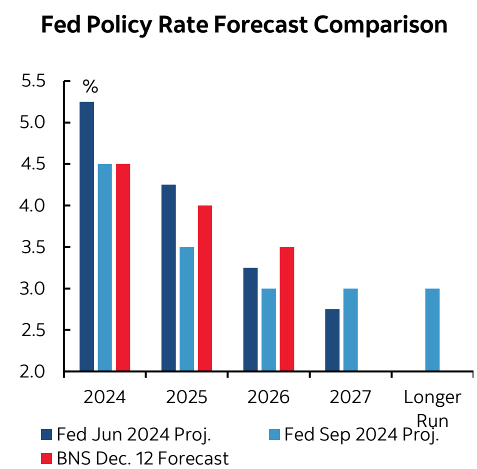
Sources: Scotiabank Economics, Federal Reserve Summary of Economic Proj. (Sep. 18, 2024).

Chart 9



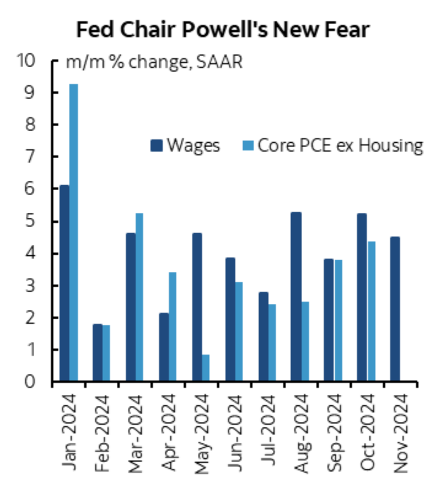
Sources: Scotiabank Economics, Federal Reserve Summary of Economic Proj. (Sep. 18, 2024).

Chart 10



Sources: Scotiabank Economics, Federal Reserve Summary of Economic Proj. (Sep. 18, 2024).

Chart 11



Sources: Scotiabank Economics, BLS, BEA.

Bank Indonesia—Rupiah Stability Remains the Focus

Consensus is somewhat divided toward Bank Indonesia's next move on Wednesday. A little over half of forecasters expect a 25bps cut while the rest expect a hold at 6%. BI has held since a surprise 25bps cut back in September. Since then, however, the rupiah has depreciated by about 4% to the dollar and has recently continued along a mildly depreciating path. The central bank treats currency and broader market stability seriously including because of the implications for inflation given high import propensities. Uncertainty toward when the incoming US administration's policies may be will likely retain a cautious bias at this meeting.

BoE—See You in 2025

The Bank of England delivers a policy decision on Thursday. Markets and consensus unanimously expect a hold with Bank Rate staying at 4.75%. A hold would extend the "gradual" guidance that has been marked by the first cut in August, then a skip in September, then another cut in November.

DepGov Swati Dhingra is expected to dissent in favour of another cut at this meeting. Depending on what happens in the CPI figures the day before, Dhingra's view might get a boost especially in light of the pattern of broadening weakness in the UK economy that has only posted growth once in the past five months (chart 12).

Forward guidance is also unlikely to surprise. In a recent FT interview (**here**), Governor Andrew Bailey said "We always condition what we publish in terms of the projection on market rates, and so as you rightly say, that was effectively the view the market had." When the interviewer asked if that meant the central forecast for 2025 was four cuts, he said "Yup. We've been looking at a number of potential paths ahead—and some of them are better than others." Going in "gradual" fashion is Bailey's mantra.

Bank of Japan—Maybe Waiting Would be Wise

The Bank of Japan delivers a fresh policy decision on Thursday. Markets have dramatically backed off pricing a decent shot at a hike this time (chart 13). About three-quarters of consensus expects a hold, but a notable one-quarter still expects a 25bps hike. The BoJ is not averse to delivering surprises.

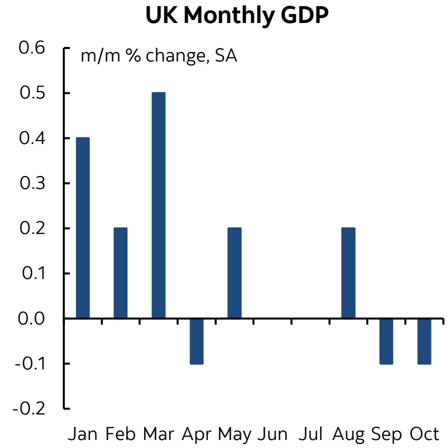
The volatility in market pricing for this meeting has followed the somewhat erratic BoJ communications. After the last decision that held the policy rate unchanged on October 31st, Governor Ueda indicated that the December meeting was 'live', code language for a possible hike. More recently, newswires have reported anonymous officials familiar with the BoJ's thinking to be favouring a hold as it evaluates US policy risks, how the Japanese government's stimulus plans may take shape, further risks to the yen after it has significantly depreciated since mid-September, more data, and further developments toward the Spring round of wage negotiations.

And yet the heated gains in core CPI combined with expectations for a third straight season of hot gains coming out of the Spring "Shunto" wage negotiations could give rising confidence in favour of tightening if not at this meeting, then the next one on January 24th that is significantly priced for a hike. Four days after US inauguration day.

Central Bank of China Taiwan—Still Holding

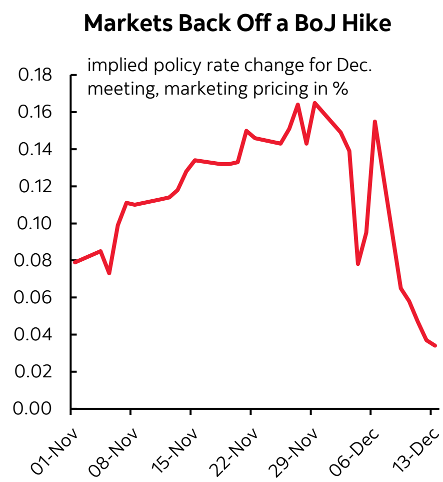
CBCT is unanimously expected to leave its benchmark rate unchanged at 2% on Thursday. At 2.1% y/y, inflation remains comfortably near the 2% inflation target.

Chart 12



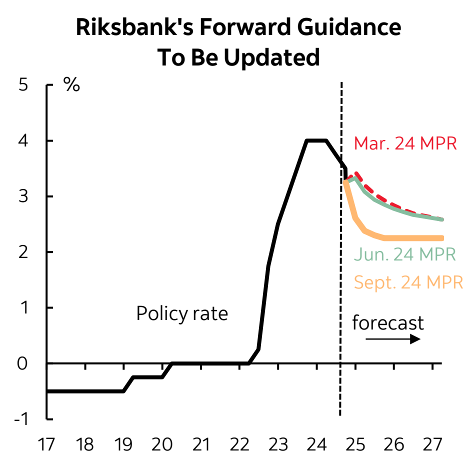
Sources: Scotiabank Economics, UK Office for National Statistics.

Chart 13



Sources: Scotiabank Economics, Bloomberg.

Chart 14



Sources: Scotiabank Economics, Riksbank.

BSP—A Third Cut

The central bank of the Philippines is unanimously expected to cut by another 25bps on Thursday. It began easing with a 25bps cut in August followed by another in October. Typhoons have contributed to growth undershooting the 6–7% GDP target.

Riksbank—Central Bank Aligned with Markets, or Vice Versa?

Sweden's central bank is widely expected to cut its policy rate by 25bps to 2.5% on Thursday. There will also be refreshed projections including explicit forward guidance for the policy rate.

The last statement in November that delivered a cut said "the policy rate may also be cut in December." Love it. Clarity from a central bank, imagine that. The prior rate projections in September pointed toward achievement of about a 2% policy rate by fairly early in 2025 which is about where markets are now priced (chart 14).

Norges Bank—Not Yet!

Norway's central bank is widely expected to hold its deposit rate unchanged at 4.5% on Thursday. That would extend the policy rate hold for a full year since the last move which was a 25bps hike one year ago. Consensus and markets are unanimous toward the decision, and markets are also priced for no change in January either. Refreshed forward guidance will be offered at this meeting (chart 15).

Speaking of central bank clarity, this one told us at the last decision that "The policy rate will most likely be kept at 4.5 percent to the end of 2024." They had the results of the US election since the decision was on November 7th. Norges has also observed a greater than expected increase in inflation with underlying CPI rising to 3% y/y in November.

PBOC—It's Not Working So Far

China is not expected to alter banks' loan prime rates on Thursday. They are expected to remain at 3.1% for the 1-year and 3.6% for the 5-year that is important to the property market. More easing has been guided by policymakers going into 2025 on both the monetary and fiscal policy fronts, but the outcome of this past week's meetings was somewhat disappointing.

Credit demand has not responded well so far to a series of rate cuts that have lowered the 5-year rate by 105bps since October 2021 (chart 16). We can see this in the year-to-date growth in yuan-denominated loans (chart 17). Would you borrow if you felt house prices were still likely to remain in freefall (chart 18)? Would you go out on a limb when faced with potentially massive trade tensions? The sensitivity of money demand to falling rates is impaired to say the least.

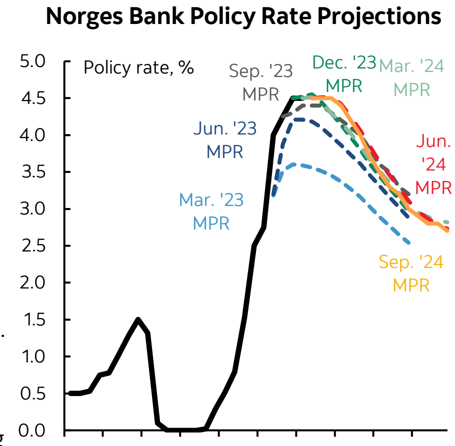
Banxico—How Judgemental Will it Be?

Our economists in Mexico City expect the central bank to cut by another 25bps on Thursday. That would take the overnight rate down to 10%. A significant minority within consensus thinks the central bank might cut by 50bps.

Inflation has continued to decline, hitting 4.6% y/y in October. Core inflation has also fallen to 3.6% y/y, extending the nearly two-year streak of decelerating readings (chart 19). A continued easing bias was conveyed in the last decision on November 14th—after the US election—when the statement said "Looking ahead, the Board expects that the inflationary environment will allow further reference rate adjustments."

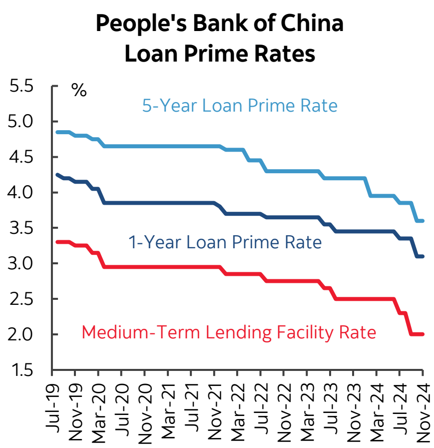
A 50bps cut may be delivered if Banxico wishes to pre-judge US tensions including prospects for a disinflationary surge in Mexico's labour supply as migrants return but may be avoided until greater clarity emerges on prospects of US tariffs and how Mexico may retaliate.

Chart 15



Sources: Scotiabank Economics, Norges Bank.

Chart 16

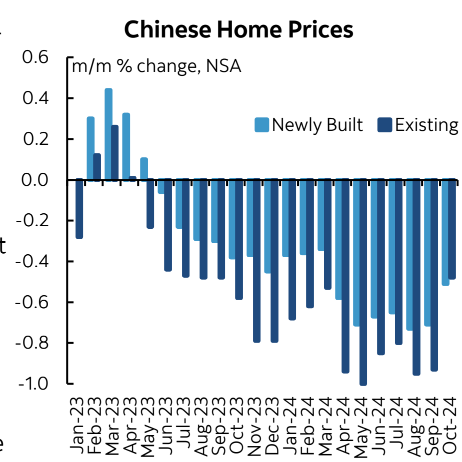


Sources: Scotiabank Economics, People's Bank of China.

Chart 17

Sources: Scotiabank Economics, Bloomberg.

Chart 18



Sources: Scotiabank Economics, Bloomberg Intelligence.

BanRep—Follow the Trend

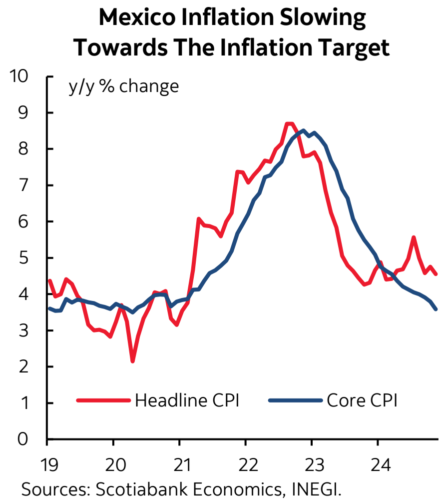
Colombia's central bank is almost unanimously expected to cut its policy rate by 50bps on Friday. Our Bogota-based economist Jackeline Piraján Diaz is among the forecasters who are leaning that way.

BanRep has cut by 50bps at each of the past six decisions and so the trend is your friend here. Still, at 9.75%, the policy rate remains elevated as inflation has continued to decline and growth has recently disappointed with Q3 GDP up by just 0.2% q/q SA, or half of consensus.

Central Bank of Russia—Paying the Price

Russia's central bank closes out the week with another large rate hike expected. Estimates of how large range from 100–300bps. Inflation has risen to nearly 9% y/y. The tumbling ruble points to further import price pressures as it has been on a steadily depreciating path of 23% to the dollar since August.

Chart 19



INFLATION—SOME MATTER MORE THAN OTHERS

Inflation reports from Canada, the US, Japan and the UK arrive this week. They will offer a combination of influences ranging from being very little to potentially impactful.

Canada—Renewed Softening Might Temporarily Validate the BoC's Moves

Canada updates CPI for November on Tuesday, one day after Macklem's speech and Freeland's FES.

Not much hangs directly on this inflation update, but it may temporarily validate the BoC's 50bps rate cut albeit that came with a more neutral/hawkish bias than previous decisions. There will be another CPI report on January 21st before the BoC's next decision on January 29th. Another jobs report is due out on January 10th. And, of course, there is the issue of whether tariffs arrive on or shortly after US inauguration day on January 20th. And so this inflation report may drive market volatility but not much by way of imminent decisions.

Chart 20

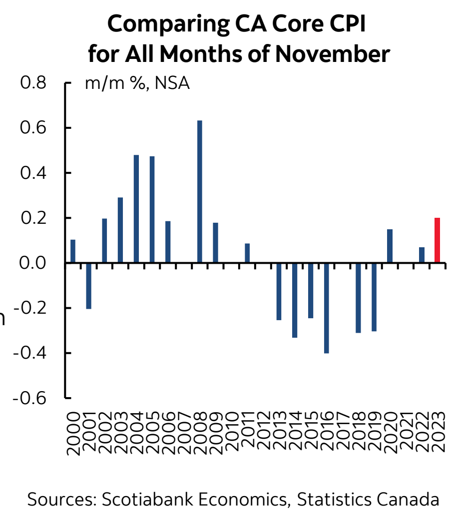
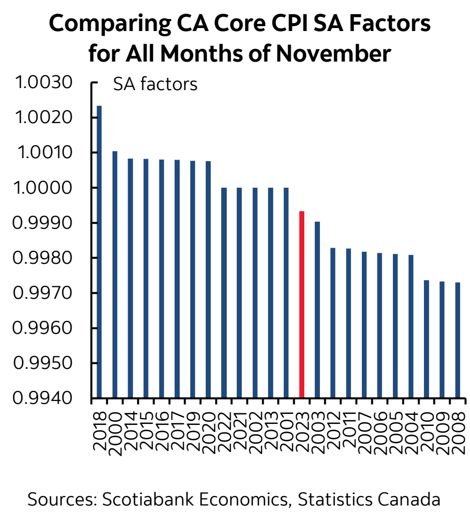


Chart 21



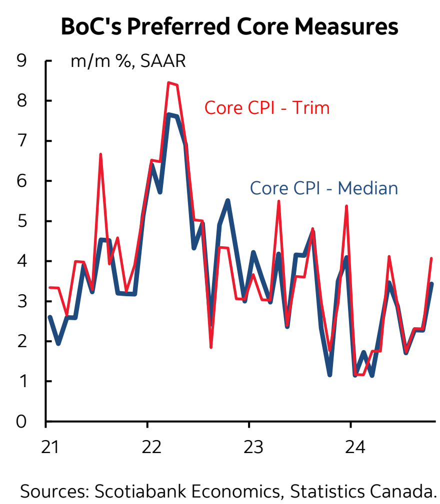
A headline reading of -0.3% m/m (seasonally unadjusted per convention) and 1.6% y/y (from 2% prior) is forecast. That would translate into seasonally adjusted dips of about -0.1% m/m for both headline CPI and traditional core CPI (ex-food and energy).

These estimates are uncertain, but I think there is a compelling rationale to expect a soft tone.

A shift in year-ago base effects as the comparison month moves from October 2023 to November 2023 would on its own lower CPI inflation a tick to 1.9% y/y. Further, November is a seasonally soft month for prices in Canada in m/m terms and that's especially true in modern times (chart 20). November's seasonal adjustment factors have not been displaying the kind of recency bias observed in the US for recent years (chart 21). Gasoline prices are unlikely to be a material unadjusted effect.

And yet most of what I've used to arrive at a soft reading is a reversal of some outsized jumps the prior month. Shelter being one, particularly as seasonal property tax hikes were large at 6% m/m NSA, contributing a weighted 0.15% to the m/m rise in total CPI in October. Clothing and footwear is another as new seasonal lines rolled out in October and incorporate lagging cost and price changes. Ditto for passenger vehicle prices.

Chart 22



Key, however, will be the BoC's preferred core gauges—trimmed mean CPI and weighted median CPI. They both accelerated the prior month. If the recent oscillating pattern holds in the context of mild slack in the economy, then this round might be set up for renewed softening (chart 22).

United States—An Afterthought to the FOMC

Speaking of meaningless updates, the Fed's preferred inflation readings will be updated for November on Thursday and Friday. Meaningless because the FOMC will have had a very good idea of the number beforehand based on CPI and PPI, and because a great deal of information lies ahead before its next decision on January 29th right after the BoC's decision.

Chart 23

Category in PCE	Weight	PPI Components for PCE	m/m % change	Contribution to PCE (m/m % change)
Air transportation	0.957	Airline Passenger services	-2.1	-0.020
Portfolio management & investment advice services	1.504	Portfolio management	-0.6	-0.009
Outpatient Serv	7.997	Hospital outpatient care	0	0.000
- Physician Services	4.024	Physician care	0	0.000
- Home Health Care	0.937	Home health, hospice care	0.1	0.001
Hospital & Nursing Home Serv	8.839	Hospital inpatient care	0.2	0.018
- Nursing Homes	1.254	Nursing Home care	0.1	0.001
Total	**19.297**			**-0.011**

Thursday brings out Q3 core PCE revisions that may impact hand-off math for Friday's estimate for November. What's expected are a gain of 0.2% m/m for the total price deflator for aggregate consumer spending and a 0.2% m/m rise for core prices (ex-food and energy).

The known 0.3% m/m SA rise in core CPI tends to overshoot core PCE inflation. Further, the components to the producer price index that feed into PCE inflation will not be impactful this time (chart 23).

UK—Further Softening Before the BoE?

Here's an inflation report that might matter a touch, notwithstanding fairly strong guidance recently offered by the Bank of England. The UK reading for November on Wednesday comes a day before the BoE's policy decision. Markets expect no change at that meeting, but the reading could slightly impact the bias and the BoE is known to surprise markets.

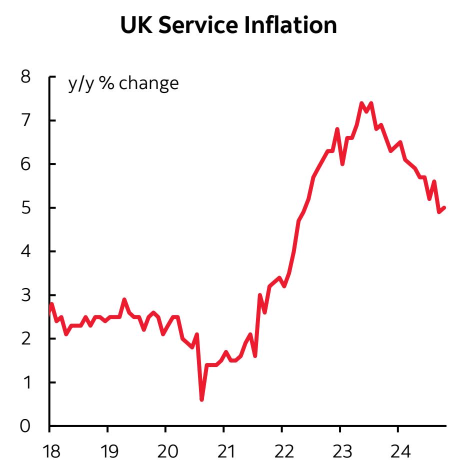
At issue is whether core CPI will extend the pattern of soft readings of late. The month-over-month changes in seasonally unadjusted fashion per convention have been averaging below seasonal norms compared to like months in history for October, September and August. Consensus expects core CPI to pick up the pace toward around 3½% y/y, but it's the evidence at the margin that will matter (ie: m/m). Continued progress on services inflation is needed but is headed in the right direction (chart 24). This time, however, a shift year-ago base effects could drive the y/y core reading to a bit higher, but the key will be the core m/m gauge.

Japan—An Ex-Post BoJ Reading

National CPI for November is slated to be updated on Thursday evening. It won't matter much at all for two reasons.

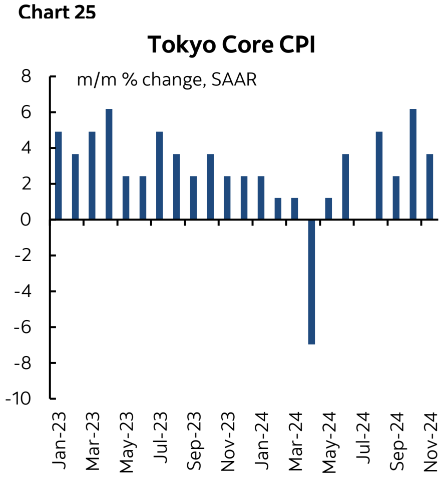
For one, the Bank of Japan will have already made its decision hours before. For another, we already know that the fresher Tokyo core CPI reading picked up in November (chart 25). Tokyo core CPI rang in at 3.7% m/m SAAR and after a string of warm readings is clocking in at a three-month moving average of 4.1% m/m SAAR.

Chart 24



Sources: Scotiabank Economics, UK Office for National Statistics.

Chart 25



Sources: Scotiabank Economics, Ministry of Internal Affairs and Communications.

GLOBAL MACRO—SOME OTHER GEMS

Chart 26 summarizes the week's global macro indicators that have not already been covered. The main areas of emphasis are as follows and with more to be offered about them via regular publishing throughout the week:

Canada should get a decent retail sales report for October on Friday, but flash guidance for November's sales may matter more. Statcan had guided October sales were tracking a 0.7% m/m rise in nominal terms but this may be revised. Canada is tracking the biggest back-to-back quarterly gains in retail sales volumes in about a decade (chart 27).

US retail sales are expected to post a significant gain of about ½% m/m or more on Tuesday. November's tally is likely to be lifted by a rise in gasoline prices and a roughly 3% increase in vehicle sales. Key will be core sales ex-food and energy as a guide to how the holiday shopping season is going. This will further inform expectations for Friday's total consumer spending numbers that are also expected to post about a ½% m/m gain.

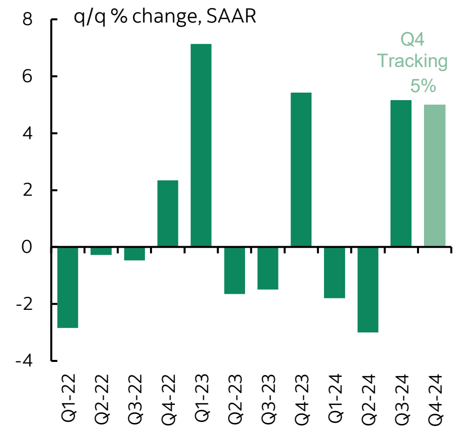
Global purchasing managers indices will be refreshed with December readings. Australia, Japan, the UK, Eurozone, US and India are all due out at the start of the week.

UK jobs and wages (Tuesday) may also carry implications for the BoE's decision on Thursday. The UK also refreshes retail sales on Friday.

New Zealand will join Canada with its own half-year economic and fiscal update at the start of the week just ahead of Q3 GDP on Wednesday that may mark entry into a technical recession.

Chart 27

Canadian Real Retail Sales Growth



Sources: Scotiabank Economics, Statistics Canada.

Chart 26

Other Global Macro Indicators (December 16th - December 20th)

US	CA	CPI	Other Macro	
		Monday		
PMI	Housing Starts		CO	IP, Manf. Prod, Retail Sales
	Existing Home Sales		CH	New Yuan Loans, Agg. Financing
			IN	PMI
			FR	PMI
			GE	PMI
			EZ	PMI
			UK	PMI
		Tuesday		
Retail Sales			MX	Retail Sales
IP			JN	Trade
			UK	Wages, Jobs
			GE	IFO, ZEW Survey
		Wednesday		
Building Permits		UK	CO	Trade, Economic Activity
Housing Starts			NZ	GDP
		Thursday		
Jobless Claims	SEPH	JN	NZ	Trade
Existing Home Sales	CFIB	MA	GE	GfK Consumer Confidence
		Friday		
Personal Income & Spending	Retail Sales		UK	Retail Sales
PCE				

Sources: Scotiabank Economics, Bloomberg.

Key Indicators for the week of December 16 – 20

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	12-16	08:15	Housing Starts (000s a.r.)	Nov	250	245.1	240.8
US	12-16	08:30	Empire State Manufacturing Index	Dec	--	9.8	31.2
CA	12-16	09:00	Existing Home Sales (m/m)	Nov	--	--	7.7
MX	12-17	07:00	Retail Sales (INEGI) (y/y)	Oct	--	-1.0	-1.5
CA	12-17	08:30	Core CPI - Median (y/y)	Nov	--	2.4	2.5
CA	12-17	08:30	Core CPI - Trim (y/y)	Nov	--	2.6	2.6
CA	12-17	08:30	CPI, All items (m/m)	Nov	-0.3	0.1	0.4
CA	12-17	08:30	CPI, All items (y/y)	Nov	1.6	2.0	2.0
CA	12-17	08:30	CPI, All items (index)	Nov	--	161.9	161.8
CA	12-17	08:30	International Securities Transactions (C$ bn)	Oct	--	--	29.3
US	12-17	08:30	Retail Sales (m/m)	Nov	0.6	0.5	0.4
US	12-17	08:30	Retail Sales ex. Autos (m/m)	Nov	0.4	0.4	0.1
CA	12-17	08:30	Core CPI - Common (y/y)	Nov	--	--	2.2
CA	12-17	08:30	CPI SA, All items (m/m)	Nov	--	--	0.3
US	12-17	09:15	Capacity Utilization (%)	Nov	77.2	77.3	77.1
US	12-17	09:15	Industrial Production (m/m)	Nov	0.1	0.3	-0.3
US	12-17	10:00	Business Inventories (m/m)	Oct	--	0.2	0.1
US	12-17	10:00	NAHB Housing Market Index	Dec	--	47.0	46.0
US	12-18	07:00	MBA Mortgage Applications (w/w)		--	--	5.4
US	12-18	08:30	Building Permits (000s a.r.)	Nov	--	1430.0	1416.0
US	12-18	08:30	Current Account (US$ bn)	3Q	--	-288.6	-266.8
US	12-18	08:30	Housing Starts (000s a.r.)	Nov	1330	1344.0	1311.0
US	12-18	08:30	Housing Starts (m/m)	Nov	1.5	2.5	-3.1
US	**12-18**	**14:00**	**FOMC Interest Rate Meeting (%)**	**Dec 18**	**4.50**	**4.50**	**4.75**
US	12-19	08:30	GDP (q/q a.r.)	3Q T	2.8	2.8	2.8
US	12-19	08:30	GDP Deflator (q/q a.r.)	3Q T	--	1.9	1.9
US	12-19	08:30	Initial Jobless Claims (000s)		220	220.0	242.0
US	12-19	08:30	Continuing Claims (000s)		1890	--	1886.0
US	12-19	08:30	Philadelphia Fed Index	Dec	--	3.3	-5.5
US	12-19	10:00	Existing Home Sales (mn a.r.)	Nov	4.15	4.1	4.0
US	12-19	10:00	Existing Home Sales (m/m)	Nov	4.8	3.4	3.4
US	12-19	10:00	Leading Indicators (m/m)	Nov	--	-0.1	-0.4
MX	**12-19**	**14:00**	**Overnight Rate (%)**	**Dec 19**	**10.00**	**10.00**	**10.25**
US	12-19	16:00	Total Net TIC Flows (US$ bn)	Oct	--	--	398.4
US	12-19	16:00	Net Long-term TIC Flows (US$ bn)	Oct	--	--	216.1
CA	12-20	08:30	Retail Sales (m/m)	Oct	0.7	0.7	0.4
CA	12-20	08:30	Retail Sales ex. Autos (m/m)	Oct	0.3	0.5	0.9
US	12-20	08:30	PCE Deflator (m/m)	Nov	0.2	0.2	0.2
US	12-20	08:30	PCE Deflator (y/y)	Nov	2.5	--	2.3
US	12-20	08:30	PCE ex. Food & Energy (m/m)	Nov	0.2	0.2	0.3
US	12-20	08:30	PCE ex. Food & Energy (y/y)	Nov	2.9	2.9	2.8
US	12-20	08:30	Personal Spending (m/m)	Nov	0.5	0.5	0.4
US	12-20	08:30	Personal Income (m/m)	Nov	0.3	0.4	0.6
US	12-20	10:00	U. of Michigan Consumer Sentiment	Dec F	--	74.2	74.0

EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
FR	12-16	03:15	Manufacturing PMI	Dec P	43.0	43.1
FR	12-16	03:15	Services PMI	Dec P	46.9	46.9
GE	12-16	03:30	Manufacturing PMI	Dec P	43.1	43.0
GE	12-16	03:30	Services PMI	Dec P	49.3	49.3

Forecasts at time of publication.
Sources: Bloomberg, Scotiabank Economics.

December 13, 2024

Key Indicators for the week of December 16 – 20

EUROPE *(continued from previous page)*

Country	Date	Time	Indicator	Period	Consensus	Latest
EC	12-16	04:00	Composite PMI	Dec P	48.2	48.3
EC	12-16	04:00	Manufacturing PMI	Dec P	45.4	45.2
EC	12-16	04:00	Services PMI	Dec P	49.5	49.5
UK	12-16	04:30	Manufacturing PMI	Dec P	48.5	48.0
UK	12-16	04:30	Services PMI	Dec P	51.0	50.8
EC	12-16	05:00	Labour Costs (y/y)	3Q	--	4.7
IT	12-16	05:00	CPI - EU Harmonized (y/y)	Nov F	1.6	1.6
UK	12-17	02:00	Average Weekly Earnings (3-month, y/y)	Oct	4.7	4.3
UK	12-17	02:00	Employment Change (3M/3M, 000s)	Oct	5.0	219.0
UK	12-17	02:00	Jobless Claims Change (000s)	Nov	--	26.7
UK	12-17	02:00	ILO Unemployment Rate (%)	Oct	4.3	4.3
GE	12-17	04:00	IFO Business Climate Survey	Dec	85.5	85.7
GE	12-17	04:00	IFO Current Assessment Survey	Dec	84.0	84.3
GE	12-17	04:00	IFO Expectations Survey	Dec	87.5	87.2
EC	12-17	05:00	Trade Balance (€ mn)	Oct	--	12544.3
EC	12-17	05:00	ZEW Survey (Economic Sentiment)	Dec	--	12.5
GE	12-17	05:00	ZEW Survey (Current Situation)	Dec	-93.0	-91.4
GE	12-17	05:00	ZEW Survey (Economic Sentiment)	Dec	6.6	7.4
UK	12-18	02:00	CPI (m/m)	Nov	0.1	0.6
UK	12-18	02:00	CPI (y/y)	Nov	2.6	2.3
UK	12-18	02:00	RPI (m/m)	Nov	0.2	0.5
UK	12-18	02:00	RPI (y/y)	Nov	3.7	3.4
EC	12-18	05:00	CPI (m/m)	Nov F	-0.3	-0.3
EC	12-18	05:00	CPI (y/y)	Nov F	2.3	2.3
EC	12-18	05:00	Euro zone Core CPI Estimate (y/y)	Nov F	2.7	2.7
GE	12-19	02:00	GfK Consumer Confidence Survey	Jan	-22.8	-23.3
SW	**12-19**	**03:30**	**Riksbank Interest Rate (%)**	**Dec 19**	**2.50**	**2.75**
EC	12-19	04:00	Current Account (€ bn)	Oct	--	37.0
NO	**12-19**	**04:00**	**Norwegian Deposit Rates (%)**	**Dec 19**	**4.50**	**4.50**
IT	12-19	04:30	Current Account (€ mn)	Oct	--	1067.9
UK	**12-19**	**07:00**	**BoE Policy Announcement (%)**	**Dec 19**	**4.75**	**4.75**
GE	12-20	02:00	Producer Prices (m/m)	Nov	0.3	0.2
UK	12-20	02:00	PSNB ex. Interventions (£ bn)	Nov	13.3	17.4
UK	12-20	02:00	Public Finances (PSNCR) (£ bn)	Nov	--	11.1
UK	12-20	02:00	Public Sector Net Borrowing (£ bn)	Nov	--	17.4
UK	12-20	02:00	Retail Sales ex. Auto Fuel (m/m)	Nov	0.5	-0.9
UK	12-20	02:00	Retail Sales with Auto Fuel (m/m)	Nov	0.5	-0.7
FR	12-20	02:45	Producer Prices (m/m)	Nov	--	0.9
RU	**12-20**	**05:30**	**One-Week Auction Rate (%)**	**Dec 20**	**22.00**	**21.00**
EC	12-20	10:00	Consumer Confidence	Dec P	-14.0	-13.7

ASIA PACIFIC

Country	Date	Time	Indicator	Period	Consensus	Latest
JN	12-15	18:50	Machine Orders (m/m)	Oct	1.0	-0.7
JN	12-15	19:30	Markit/JMMA Manufacturing PMI	Dec P	--	49.0
CH	12-15	21:00	Fixed Asset Investment YTD (y/y)	Nov	3.5	3.4
CH	12-15	21:00	Industrial Production (y/y)	Nov	5.4	5.3
CH	12-15	21:00	Retail Sales (y/y)	Nov	5.0	4.8
ID	12-15	23:00	Exports (y/y)	Nov	6.1	10.3
ID	12-15	23:00	Imports (y/y)	Nov	6.4	17.5
ID	12-15	23:00	Trade Balance (US$ mn)	Nov	2215.0	2475.2

Forecasts at time of publication.
Sources: Bloomberg, Scotiabank Economics.

Key Indicators for the week of December 16 – 20

ASIA PACIFIC *(continued from previous page)*

Country	Date	Time	Indicator	Period	Consensus	Latest
JN	12-15	23:30	Tertiary Industry Index (m/m)	Oct	-0.1	-0.2
IN	12-16	01:30	Monthly Wholesale Prices (y/y)	Nov	2.1	2.4
SI	12-16	19:30	Exports (y/y)	Nov	-0.7	-4.6
JN	12-16		Nationwide Department Store Sales (y/y)	Nov	--	-0.7
PH	12-16		Overseas Remittances (y/y)	Oct	3.2	3.3
HK	12-17	03:30	Unemployment Rate (%)	Nov	--	3.1
JN	12-17	18:50	Merchandise Trade Balance (¥ bn)	Nov	-688.9	-462.1
JN	12-17	18:50	Adjusted Merchandise Trade Balance (¥ bn)	Nov	-440.0	-357.7
JN	12-17	18:50	Merchandise Trade Exports (y/y)	Nov	2.5	3.1
JN	12-17	18:50	Merchandise Trade Imports (y/y)	Nov	0.9	0.4
MA	12-17	23:00	Exports (y/y)	Nov	1.2	1.6
MA	12-17	23:00	Imports (y/y)	Nov	3.8	2.6
MA	12-17	23:00	Trade Balance (MYR bn)	Nov	8.8	12.0
TH	**12-18**	**02:00**	**BoT Repo Rate (%)**	**Dec 18**	**2.25**	**2.25**
ID	**12-18**	**02:20**	**BI 7-Day Reverse Repo Rate (%)**	**Dec 18**	**5.75**	**6.00**
NZ	12-18	16:45	GDP (q/q)	3Q	-0.2	-0.2
NZ	12-18	16:45	GDP (y/y)	3Q	-0.4	-0.5
PH	**12-19**	**02:00**	**Overnight Borrowing Rate (%)**	**Dec 19**	**5.75**	**6.00**
NZ	12-19	16:00	ANZ Consumer Confidence Index	Dec	--	99.8
SK	12-19	16:00	PPI (y/y)	Nov	--	1.0
NZ	12-19	16:45	Trade Balance (NZD mn)	Nov	--	-1544.0
NZ	12-19	16:45	Exports (NZD bn)	Nov	--	5770.0
NZ	12-19	16:45	Imports (NZD bn)	Nov	--	7310.0
JN	12-19	18:30	National CPI (y/y)	Nov	2.9	2.3
AU	12-19	19:30	Private Sector Credit (m/m)	Nov	0.5	0.6
AU	12-19	19:30	Private Sector Credit (y/y)	Nov	--	6.1
CH	12-19	20:00	PBoC Loan Prime Rate 1-Year (%)	Dec 20	3.1	3.1
MA	12-19	23:00	CPI (y/y)	Nov	2.0	1.9
PH	12-19		Balance of Payments (US$ mn)	Nov	--	-724.0
TA	**12-19**		**Benchmark Interest Rate**	**Dec 19**	**2.00**	**2.00**
MA	12-20	02:00	Foreign Reserves (US$ bn)	Dec 13	--	118.3
TA	12-20	03:00	Export Orders (y/y)	Nov	6.8	4.9
HK	12-20	03:30	CPI (y/y)	Nov	--	1.4
HK	12-20	03:30	BoP Current Account (HK$ bns)	3Q	--	100.3

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
PE	12-15	10:00	Economic Activity Index NSA (y/y)	Oct	--	2.9	3.2
PE	12-15	10:00	Unemployment Rate (%)	Nov	--	5.7	5.7
CO	12-16	10:00	Retail Sales (y/y)	Oct	--	4.0	1.6
CL	**12-17**	**16:00**	**Nominal Overnight Rate Target (%)**	**Dec 17**	**5.00**	**5.00**	**5.25**
CO	12-18	10:00	Trade Balance (US$ mn)	Oct	--	-1017.0	-687.9
CO	**12-20**	**13:00**	**Overnight Lending Rate (%)**	**Dec 20**	**9.25**	**9.25**	**9.75**

Forecasts at time of publication.
Sources: Bloomberg, Scotiabank Economics.

Global Auctions for the week of December 16 – 20

NORTH AMERICA

Country	Date	Time	Event
US	12-17	13:00	U.S. To Sell USD13 Bln 20-Year Bond Reopening
CA	12-19	12:00	Canada to Sell C$5 Billion of 2.75% 2030 Bonds
US	12-19	13:00	U.S. To Sell USD22 Bln 5-Year TIPS Reopening

EUROPE

Country	Date	Time	Event
UK	12-17	05:00	U.K. to Sell GBP3.75 Billion of 4.125% 2029 Bonds
SW	12-18	05:00	Sweden to Sell SEK2 Billion of 2.25% 2035 Bonds
SW	12-18	05:00	Sweden to Sell SEK2 Billion of 1% 2026 Bonds

ASIA PACIFIC

Country	Date	Time	Event
JN	12-16	22:35	Japan to Sell 20-Year Bonds
AU	12-17	19:00	Australia to Sell A$800 Million 2.75% 2035 Bonds
AU	12-19	19:00	Australia to Sell A$700 Million 2.25% 2028 Bonds

LATIN AMERICA

Country	Date	Time	Event
No Scheduled Auctions			

Sources: Bloomberg, Scotiabank Economics.

Events for the week of December 16 – 20

NORTH AMERICA

Country	Date	Time	Event
CA	12-16	15:35	Speech: Tiff Macklem, Governor
US	**12-18**	**14:00**	**FOMC Rate Decision**
MX	**12-19**	**14:00**	**Overnight Rate**

EUROPE

Country	Date	Time	Event
EC	12-16	02:15	ECB's Lagarde, Simkus Speak in Vilnius
EC	12-16	03:10	ECB's Simkus Speaks in Vilnius
EC	12-16	03:15	ECB's Lagarde Speaks in Vilnius
EC	12-16	03:30	ECB's Lagarde Speaks in Vilnius
EC	12-16	03:45	ECB's Guindos Speaks in Madrid
EC	12-16	07:00	ECB's Wunsch Speaks in Brussels
SP	12-16	07:30	ECB's Escriva Speaks in Madrid
EC	12-16	11:30	ECB's Schnabel Speaks in Paris
FI	12-17	04:00	Finnish Economic Forecast by the Bank of Finland
EC	12-17	04:00	ECB's Kazimir Gives Press Conference in Bratislava
EC	12-17	04:00	ECB's Rehn Speaks at Bank of Finland Event in Helsinki
EC	12-18	02:35	ECB's Muller Speaks in Tallinn
SW	**12-18**	**03:00**	**Riksbank monetary policy meeting**
EC	12-18	04:00	ECB's Lane Speaks in MNI Webcast
EC	12-18	04:30	ECB's Nagel Speaks in Karlsruhe
SW	**12-19**	**03:30**	**Riksbank Policy Rate**
NO	**12-19**	**04:00**	**Deposit Rates**
UK	**12-19**	**07:00**	**Bank of England Bank Rate**

ASIA PACIFIC

Country	Date	Time	Event
PK	**12-15**	**00:00**	**SBP Rate Decision (Target)**
TH	**12-18**	**02:00**	**BoT Benchmark Interest Rate**
ID	**12-18**	**02:20**	**BI-Rate**
TA	**12-18**	**00:00**	**CBC Benchmark Interest Rate**
JN	**12-18**	**00:00**	**BOJ Target Rate**
PH	**12-19**	**02:00**	**BSP Overnight Borrowing Rate**
PH	**12-19**	**02:00**	**BSP Standing Overnight Deposit Facility Rate**
CH	12-19	20:00	5-Year Loan Prime Rate
CH	12-19	20:00	1-Year Loan Prime Rate

LATIN AMERICA

Country	Date	Time	Event
CL	**12-17**	**16:00**	**Overnight Rate Target**
MX	**12-19**	**14:00**	**Overnight Rate**
PY	**12-19**		**Monetary Policy Rate**
CO	**12-20**	**13:00**	**Overnight Lending Rate**

Sources: Bloomberg, Scotiabank Economics.

Global Central Bank Watch

NORTH AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Canada – Overnight Target Rate	3.25	January 29, 2025	3.00	3.00
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: Governor Tiff Macklem will be speaking at the Greater Vancouver Board of Trade on "Economic factors shaping Canada's monetary policy" for his annual address to Canadians on 16th December 2024 at 15:20 EST. Remarks will be published on the bank's website and there will be an audience Q&A period with no media availability. **Federal Reserve:** The Federal Reserve is expected to cut its federal funds target rate by another 25bps on Wednesday. The monetary policy statement, along with updated forecast and a new dot plot, will be released at 2pm EST on Wednesday, followed by Chair Powell's press conference at 2:30pm EST. **Banco de México:** Banco de México is expected to cut its overnight rate by 25bps on Thursday, with a couple of forecasters expecting a 50bps cut. Core inflation further slowed down to 3.58% y/y in November, while the Mexican peso is stabilized for now.

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	3.15	January 30, 2025	2.90	2.90
European Central Bank – Marginal Lending Facility Rate	3.40	January 30, 2025	3.15	3.15
European Central Bank – Deposit Facility Rate	3.00	January 30, 2025	2.75	2.75
Bank of England – Bank Rate	4.75	December 19, 2024	4.75	4.75
Swiss National Bank – Sight Deposit Rate	0.50	March 20, 2025	0.50	0.50
Central Bank of Russia – One-Week Auction Rate	21.00	December 20, 2024	23.00	23.00
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

Bank of England (BoE): The Bank of England is unanimously expected to maintain its bank rate at 4.75% on Thursday after delivering a 25bps rate cut at the November meeting and maintain its gradual policy approach to removing policy restraint. Service inflation still remains elevated and core inflation is still a bit warm compared to other years for the month of October. However, economic growth is losing steam. **Central Bank of Russia:** After raising its policy rate by 200bps to its highest on record to 21% in October, the Central Bank of Russia further signaled to hike its policy rate in the December meeting. Consensus expects the bank to hike its policy rate between 100bps to 300bps on Friday. Furthermore, inflation shows no sign of slowing down as the currency tumbles. **Sweden Riksbank:** After guiding rate cuts at the two remaining monetary policy meetings this year, the Riksbank reduced its repo rate by 50bps at the November meeting and is expected to further reduce its repo rate by 25bps on Thursday. Key will be to watch for updated forward guidance for future rate cuts after the bank communicated that "the policy rate needs to be cut somewhat faster than was assessed in September". **Norges Bank:** Norges bank is expected to stay on hold at 4.50% on Thursday, as guided by Governor Ida Wolden Bache at the November meeting. The bank stated that a restrictive monetary policy is still required to bring inflation down to the 2% target within a reasonable time horizon. Additionally, the bank will update its forecasts and forward guidance.

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	February 17, 2025	4.35	4.35
Reserve Bank of New Zealand – Cash Rate	4.25	February 18, 2025	3.75	3.75
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

Bank of Japan (BoJ): Similar to the previous two meetings, all the hype for another policy rate hike by the Bank of Japan has gone in vain in the last couple of weeks leading up to the policy meeting. Tokyo core inflation has been on par with the 2% inflation target but rising in m/m core terms. Additionally, real wage growth is gaining momentum. Key will be to see if Governor Ueda offers some hint at a January rate hike or delivers a surprise on Thursday. **Bank of Thailand (BoT):** After a surprise 25bps rate cut at the October meeting, the Bank of Thailand is expected to keep its repo rate on hold at 2.25% on Wednesday, with just a single forecaster expecting another 25bps rate cut. The bank had communicated earlier that the surprise rate cut was not the start of an easing cycle. Additionally, 3Q GDP growth showed strong growth, beating consensus. **Bank Indonesia (BI):** After staying on hold for two consecutive meetings to bolster the stability of the rupiah, the consensus expects Bank Indonesia to cuts its BI rate by 25bps on Wednesday. However, the consensus is fairly divided (11-9) between a 25bps rate cut and another hold at 6%. Headline inflation has further eased, while core inflation rebounded but remains below the midpoint of the inflation target range. **Central Bank of Philippines:** The Central bank of the Philippines is unanimously expected to further reduce its overnight borrowing rate for the third consecutive time by 25bps on Thursday to 5.75% considering both headline and core inflation still remains below the midpoint of the inflation target range i.e., 3%.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	12.25	January 29, 2025	13.25	N/A
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	TBA	N/A	N/A

Banco Central de Chile: Chile's Central Bank is expected to further cut its overnight rate by another 25bps on Tuesday after unanimously reducing the policy interest rate at its last meeting and signaling further rate cuts. **Banco de la República de Colombia:** BanRep is expected to reduce its lending rate by 50bps on Friday after inflation showed further progress towards the inflation target of 3% and 3Q economic growth was lower than expected.

AFRICA

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

Sources: Bloomberg, Scotiabank Economics.