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GLOBAL ECONOMICS

THE GLOBAL WEEK AHEAD

January 10, 2025

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With thanks for research support from: Jaykumar Parmar.

Play the Long Game on Tariffs

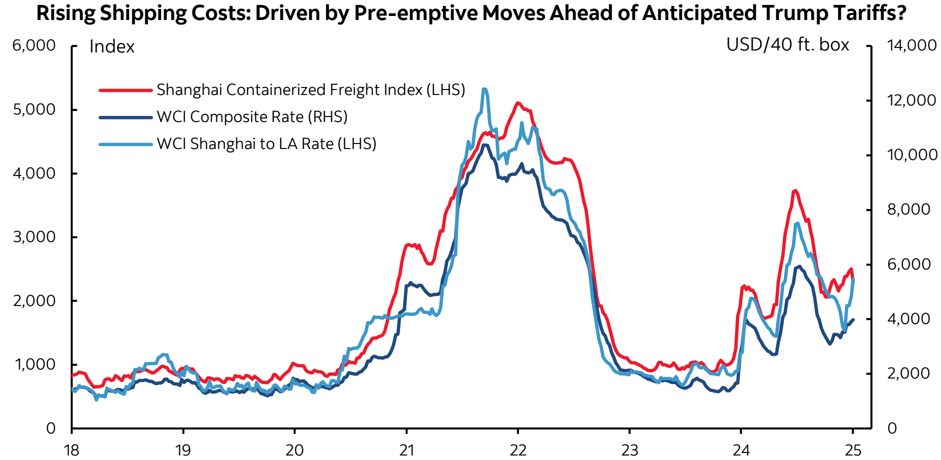
FORECASTS & DATA

Next Week's Risk Dashboard

- **Policy risk front and center as risks build**
- **Canada can't be a pushover amid the threat of tariffs**
- **How Trump's tariffs would weaken hemispheric security**
- **US CPI to reaffirm that the Fed is on hold**
- **US financials begin reporting season**
- **Canada's leadership race to heat up**
- **BoC to deliver an update on balance sheet plans…**
- **…and may face the difficult question of how to manage a surge of debt issuance**
- **Bank of Korea expected to cut**
- **Bank Indonesia's eye on the rupiah will keep it on hold**
- **How did the year in retail close out in the US, UK and China?**
- **China's economy may have posted firmer growth**
- **Is Australia's jobs juggernaut still rolling?**
- **Will UK core inflation register further progress?**
- **Global macro**

Chart of the Week

Rising Shipping Costs: Driven by Pre-emptive Moves Ahead of Anticipated Trump Tariffs?



Sources: Scotiabank Economics, Drewry World Container Index, Shanghai Shipping Exchange.

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

Play the Long Game on Tariffs

Markets will probably digest a fair number of off-calendar tape bombs this week if the first full week of the new year was any indication of what to expect. It's the last full week before President-elect Trump's inauguration on January 20th and the likelihood that he acts fast to deliver executive orders on numerous policy matters possibly including tariffs. It's also a period of relative calm for decisions by major central banks until they whir to action again into month-end.

There will still be a fair number of calendar-based risks to markets though. At the top of the list of the indicator hall of fame this week will be CPI from the US, UK and India, Chinese GDP, retail sales from the US, UK and China, and Australian jobs. The only central bank decisions on the docket will be from the Bank of Korea and Bank Indonesia. US financials will also begin reporting Q4 and full year earnings.

A potentially significant speech on balance sheet management and other topics will be delivered by the Bank of Canada. The race to become the next Liberal Party leader will also heat up with Mark Carney indicating he is entering, Christy Clark (former BC Premier) leaning in that direction, and an announcement expected from Chrystia Freeland as the three main names to watch. A vote will be held on March 4th ahead of the March 24th reopening of Parliament, a likely confidence vote before March 31st and a likely election in May.

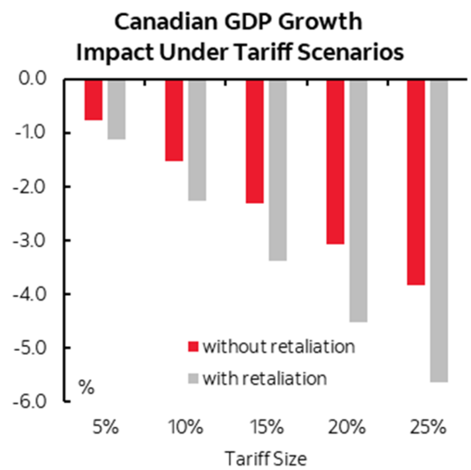
HOW SHOULD CANADA RESPOND TO TRUMP'S TARIFF THREATS?

Watch for more market-sensitive headlines on policy developments particularly concerning US-driven trade tensions with Canada, Mexico, Europe, China, Denmark, the UK, Panama, Greenland and I'm sure I've left off a bunch of others.

Anonymous officials with the Canadian government signalled through the press this past week their strong openness toward retaliating against US tariffs if the threat should turn to reality. By the end of the week, they indicated that everything was on the table, from a selective list of retaliatory tariffs to matching US tariffs dollar for dollar and maybe even export taxes on strategic commodities such as oil, uranium and potash. Are they right to do so?

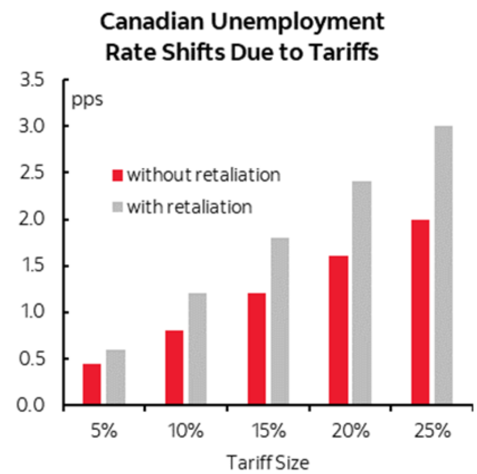
I'll give two schools of thought on the matter and indicate where I lean on the matter.

Chart 1



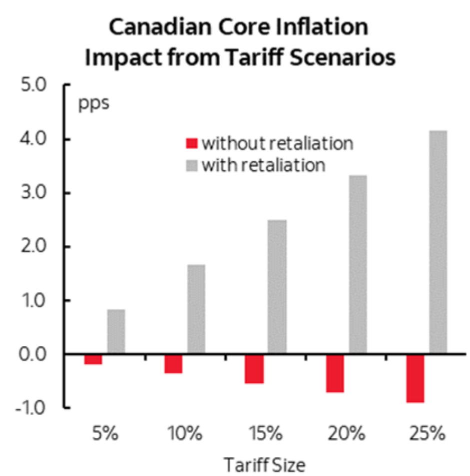
Sources: Scotiabank Economics.

Chart 2



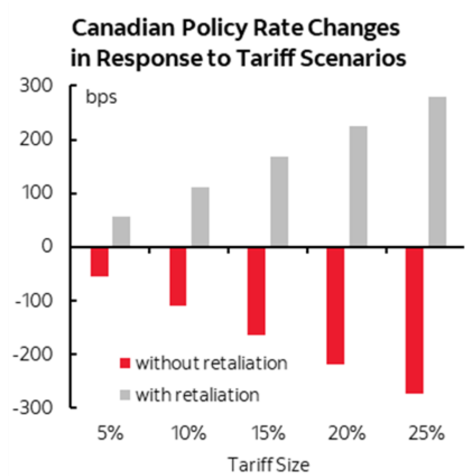
Sources: Scotiabank Economics.

Chart 3



Sources: Scotiabank Economics.

Chart 4



Sources: Scotiabank Economics.

The traditional economist response is to just take it when another country imposes trade restrictions. Don't retaliate. You'll make things worse. Tariffs on US imports into Canada will drive prices higher, squeezing purchasing power, imposing further damage on consumption, business investment, growth, unemployment, etc. An ugly situation would be made uglier. At least in the short-term, this school of thought is right about the effects. Charts 1–4 provide our estimates of the impact of across-the-board US tariffs on Canadian growth, inflation, unemployment, and the Bank of Canada's policy rate under both no-retaliation and full retaliation scenarios.

Now go to the local playground. Spot the kid being picked on the most each and every day and who does nothing about it. That picked on kid's gonna be an economist one day! That's what this traditional take basically says.

And it's not what I believe, nor how I think a sovereign nation should deal with an administration like the one taking power in the US. Just taking it might be more appropriate if this is a one-off occurrence for a short time that allows CAD and other effects to adjust and then it all goes away. That's not what I think we're facing here.

So what to do? In a multi-sequenced game theory sense with years of this ahead of us and being played against a seemingly highly irrational regime, you have to dig in and play the longer game. If you don't stand up now, you'll get your lunch stolen from you each and every single day. Pushed down in the playground over and over. Tariffs ad nauseam and other punitive measures. It's my belief that Trump's zero-sum framework of thinking has established a goal that aims to destroy the attractiveness of investment in Canada for the long haul through successive punitive measures without thinking through the consequences for the US because the US administration thinks that it will get the spoils. That cannot be allowed to happen for the sake of longer-run generational prosperity.

Canada stood up in Trump 1.0 with retaliatory tariffs. Canada stood its ground in NAFTA 2.0 negotiations. Trump backed down almost entirely from his original demands and went out with a whimper as Freeland's team competently stood its ground. It was made clear that Canada would punch back. It worked. The US electoral cycle that is in permanent election mode helped in this regard.

The stakes are far higher now. Trump 1.0 was mostly about metals tariffs and Canada retaliated with proportionate targeted tariffs starting on Canada Day and lasting until the next May. This time it's not about just targeting Kentucky bourbon or yogurt made at a plant in Paul Ryan's home state.

You've got to make it very, very clear to US businesses that Canada will not roll over and to raise awareness of the consequences to what is so far a checked-out US business community not using lobbying powers of influence to protect their supply chains from disruption and to protect their shareholders. Bourbon won't cut it this time. That requires causing maximum upheaval across US supply chains and turmoil into US mid-terms, waking up US businesses, and forcing the GOP senators and representatives in all the states that declare Canada to be their #1 trade partner to explain the turmoil to voters as shifts potentially get suspended, plants shut, layoffs occur etc. The incumbent always suffers a setback into mid-terms. Make it more so this time. A lame duck President into the second half of this mandate if not before as the GOP spends 2026 on the run. Mess with Canada's politics, and we'll come down and mess with yours.

Then sit back and let US domestic pressure reawaken and be applied against the administration with US businesses, workers and consumers leading the charge. That's also what happened the last time around as the US business lobby took over Washington's hotels including Trump's that his family is trying to pry back. Otherwise, it will be four years of this over and over and over at much greater longer-run cost to the economy and the welfare of Canadians. Make yourself someone who is easy to pick on and you'll be picked on over and over.

Strong retaliation would add to the pain of US tariffs against Canadian exports in the short-term which is hugely unfortunate and hopefully we find another way as the best option to avoid all of this. I haven't given up all hope that a better way can be achieved if not by avoiding tariffs, then by only having them for a short period, but it's looking more likely that the threat is larger and longer in nature. If so, then you've got to dig in and play the longer game. Mexico the same. And be prepared with a bevy of support measures ready to roll out immediately across provinces and the feds.

All of this is just my personal opinion but I'm much less convinced that the way to go is with the traditional economist's advice in this instance because of the nature of the threat and the danger of the threats becoming serial in nature at much greater long-run than short-run cost. It may be that the trade-off lies in a couple of quarters—maybe more—of economic pain in order to save the economy longer term. I also don't think it's politically realistic to assume that Canadian governments—federal and provincial—will not respond which makes it practical to consider the risk of bigger retaliation. They may well turn the other cheek, but not that one.

Furthermore, as argued **here** earlier this week, applying tariffs against Canada will arguably conflict with the Trump administration's goal of addressing hemispheric security. Tariffs would blow out the Federal government's deficit; in that scenario, the all-hands-on-deck crisis management would be no environment in which to raise Canadian defence spending from a paltry 1.3% of NGDP to the NATO target of 2% where it should be in living up to its commitments, and with Trump's 5% demand being wildly unrealistic. Trump's 5% demand would mean spending $1.5–2.0 trillion on defence over a decade for a C$3 trillion economy. Ain't gonna happen. In fact, defence spending would be more likely to go on the chopping block if things got bad enough.

And if damage to the economy is great enough, then maybe Canada needs to re-think its openness to investment in critical minerals and other resources by regimes that don't quite share the same values and goals as the US and Canada. The number one goal of politicians is to put bread on the electorate's table. Out of necessity may come the need to rethink economic and geopolitical alliances which I honestly think would be an unfortunate but perhaps unavoidable outcome.

U.S. CPI—REAFFIRMING THE FED ON HOLD

The December CPI inflation report arrives on Wednesday. It's likely just a placeholder to pass the time given strong signals from FOMC officials that they will be patient before taking further steps. That implies skipping the January decision and with markets pricing little chance of action at the March 19th decision when fresh forecasts are delivered. A lot will happen between now and then as the new US administration takes power.

Still, if estimates are on the mark, then this report may reinforce sentiment that the FOMC is likely to remain on hold for some time. I've estimated headline CPI at 0.4% m/m SA and core at 0.3% which would mean that the year-over-year rates would climb to 2.9% for headline and remain at 3.3% for CPI ex-food and energy. Seasonally unadjusted gasoline prices (all grades) were down by about 1% m/m in December but that was less than seasonally normal, and so a gasoline SA factor of around 1.07 or so should translate into a decent seasonally adjusted rise in gas prices with about a 0.1% weighted contribution to headline CPI.

The Cleveland Fed's 'nowcast' for total CPI leans toward a 0.4% m/m rise with core at 0.3% (chart 5).

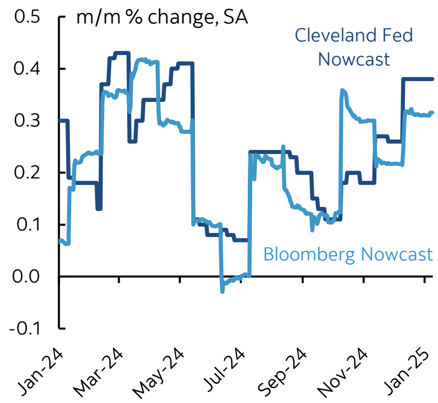
Seasonal adjustments are likely to favour a reasonable strong rise in core CPI. As chart 6 shows, the four highest SA factors for core CPI during like months of December have all been in the pandemic era. This reflects the recency bias that creeps into calculations for seasonal adjustment factors that has them more heavily weighted to recent years in which the pandemic's openings and closings and rebound distorted price signals compared to previous periods.

I'm expecting core services CPI ex-housing to remain elevated (chart 7). Goods inflation has been picking up (chart 8) and small business signals point to slightly more coming inflation pressure (chart 9). The weighted ISM price gauges also point to a pick-up in inflation (chart 10).

Since the producer price index for December lands the day before CPI I'll use that combined with CPI to estimate the Fed's preferred PCE measures. PPI components feed into PCE.

Chart 5

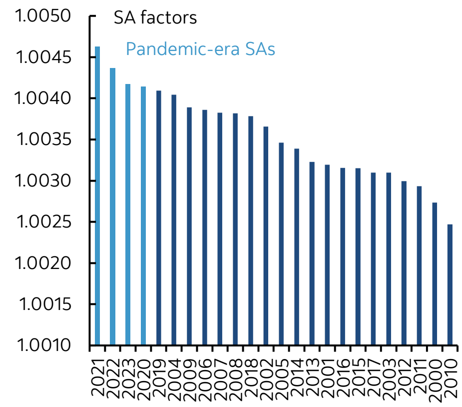
US CPI Nowcast



Sources: Scotiabank Economics, Cleveland Fed, Bloomberg Economics.

Chart 6

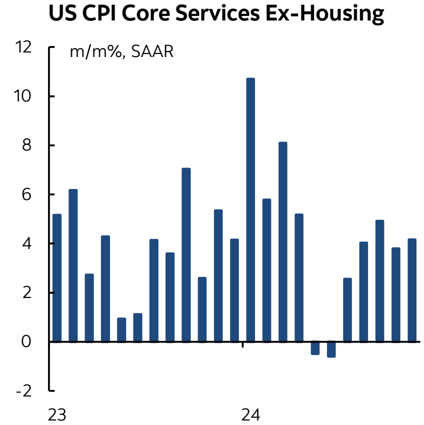
Comparing US Core CPI SA Factors for All Months of December



Sources: Scotiabank Economics, BLS

Chart 7

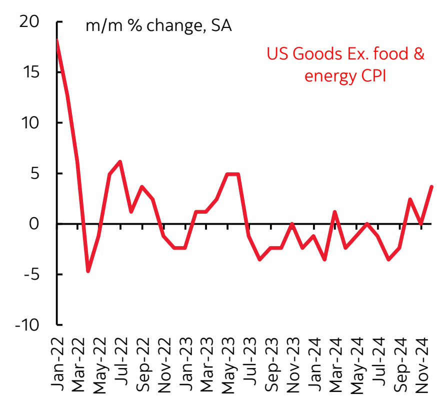
US CPI Core Services Ex-Housing



Sources: Scotiabank Economics, BLS.

Chart 8

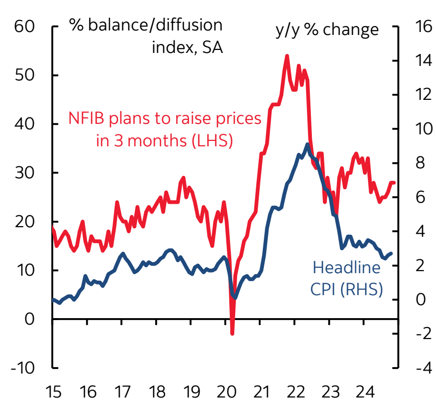
US Goods Inflation Picking Up!



Sources: Scotiabank Economics, BLS.

Chart 9

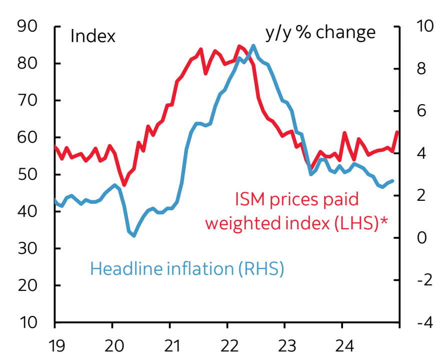
NFIB Prices Index vs Headline CPI



Sources: Scotiabank Economics, Bloomberg, NFIB.

Chart 10

ISM Prices Paid vs Inflation



*Weighted at 75% of ISM-services prices paid index and 25% of ISM-mfg. prices paid index.
Sources: Scotiabank Economics, BLS, ISM.

THE BANK OF CANADA'S BALANCE SHEET—WHY NOW?

The Bank of Canada will deliver a speech on "the balance sheet normalization process and how the Bank will manage its balance sheet once normalization ends" on Thursday. I have a feeling there will be more to it than that. The speech will be delivered in Toronto by Deputy

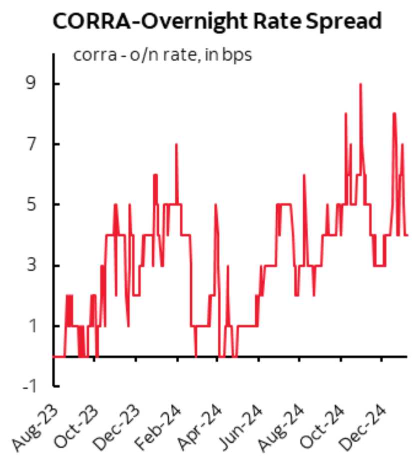
Governor Toni Gravelle who is head of the Financial Markets Department and the Banking and Payments Department. He is brought out any time the BoC feels it necessary to update or alter its balance sheet management plans and has delivered several important speeches on the topic, like **this** one last March that I would encourage interested readers to review as a refresher.

But why now? I don't have a great answer for that speaking first in terms of balance sheet developments. If it's just to say everything is going tickety-boo, no reason to change, then why deliver a speech?

If it's to signal a change in direction or a tweak to their plans, then why?

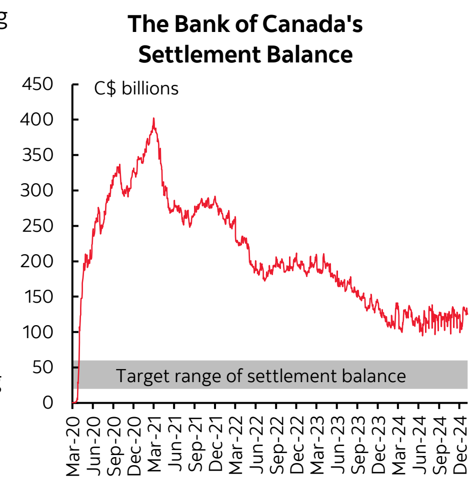
- There is no greater pressure on the Canadian Overnight Repo Rate Average relative to the policy overnight rate (chart 11). The spread is small at +3bps, and there has been a small positive spread for almost a year-and-a-half since the late summer of 2023. It's neither widening or narrowing and it hasn't caused much concern at the BoC before. The BoC has basically indicated it can live with a small deviation and it's not changing.
- To date, the BoC has tended to dismiss concern that this spread may signal they are tightening liquidity too far and putting more upward pressure on market rates than the policy rate is trying to steer by instead saying that at times it has been a function of other things like liquidity and funding pressures in repo markets having to do with market speculation over future policy rate changes. They've said nothing to indicate greater concern.
- To date, the BoC has relied upon the use—or threatened use—of other tactics in order to steer the market measures of its policy rate more closely toward the administered policy rate, or to avoid allowing it to deviate further. Cash management bills, receiver general auctions, repo operations and forward guidance are included on this list, though the last one has been kind of sketch imo.
- The BoC is far away from its outlined goals for determining when to end quantitative tightening—the process of allowing the bonds it bought during the pandemic to mature and drop off the balance sheet at a 100% rate with no reinvestment. The BoC has said it wants settlement balances to fall back to a range of C$20 billion to $60 billion before ending QT. And yet they are nowhere close to this target with balances at almost double the upper end of this range and holding remarkably steady throughout the past year for various reasons not fully related to their QT program (chart 12).
- And Canada is heading into a period of potentially heightened uncertainty with possible tariff threats and retaliation around the corner. A steady hand is required, so maybe the speech will offer assurances that the BoC will do what it takes to preserve market functioning.

Chart 11



Sources: Scotiabank Economics, Bank of Canada.

Chart 12



Sources: Scotiabank Economics, Bank of Canada.

It's also possible that the reference to balance sheet management as a topic isn't the real focus. This is the last scheduled opportunity for a Governing Council member to speak before the communications blackout kicks in on the following Tuesday, January 21st before the decision on January 29th. A robust jobs report offers some assurances on the economy (recap **here**).

And so one other possibility could be to offer a sneak peek at the plans to offer more detailed modelling of a tariff threat in the January MPR. Governor Macklem indicated they would be doing so when he spoke in December. Any attempt at that is likely to be similar to our own (ie: multiple scenarios and ranges) since we don't know exactly what will happen.

Embedded within that may also be a reminder of how the BoC may act in response to tariff wars in that its primary focus will be upon achieving 2% inflation over the medium-term come what may. Stronger easing may be likely if Canada faces tariffs but doesn't retaliate; less easing or tightening may be likely if Canada does retaliate in a significant way. I would also expect assurances that the BoC will ensure proper market functioning throughout this period and do whatever is necessary.

Finally, it would be interesting to hear what Gravelle may say by way of how the BoC could manage the balance sheet if a surge of deficit financing in response to tariff wars results in much greater bond issuance. There is a high bar to bringing back QE in Canada and so this is more likely the sort of thing to park in the back of your minds for now. But to allow ongoing QT to dump bonds back on the market while issuance is surging—if this is a sustained scenario—could be a tough pill to swallow for bond market participants. The BoC would be less likely to weigh in on the topic if surging bond financing was due to profligate policies, but a crisis brought on by trade wars?

CENTRAL BANKS—ENJOY IT WHILE IT LASTS

Enjoy it while it lasts. By that I'm referencing the relative absence of major central banks weighing in with fresh communications and decisions. That will soon change when the Bank of Japan delivers a decision at the end of the week after next, followed by the Fed and the BoC that issue decisions on January 29th following by the ECB the day after and the BoE the week after that. The Fed's bias has turned relatively more hawkish (chart 13) and is likely to turn even further in this direction following a strong jobs report (recap **here**).

For now, there will only be decisions on offer by a pair of regional Asian central banks that while important to their markets, don't hold much ability to sway global sentiment.

Bank Indonesia goes first (Wednesday) and is universally expected to hold its policy rate unchanged at 6%. Key is concern around the weakening rupiah that has depreciated by about 7% to the USD since the end of September. Concern toward financial stability risks and imported inflation won't give confidence to ease while trade policy risks are overhanging the global outlook.

The Bank of Korea will deliver a policy decision on Thursday. It's expected to cut by 25bps to 2.75% after cutting twice before, taking the policy rate down by a cumulative 75bps since October if they cut this week. Since the last meeting in late-November, both headline and core inflation have picked up from 1.3% to 1.9% and 1.7% to 1.8% respectively, although they are still below the 2% target. In addition, the won has been tumbling since October by a cumulative 12% depreciation to the dollar both on domestic political developments and external concerns related to a less dovish Federal Reserve and trade policy risks (chart 14).

GLOBAL INDICATORS—SEVERAL GEMS ON OFFER

Several other global macro readings will primarily focus upon retail sales estimates from the US, UK and China to end the year, Chinese Q4 GDP, Australian jobs, UK CPI and a possible upward revision to Eurozone CPI.

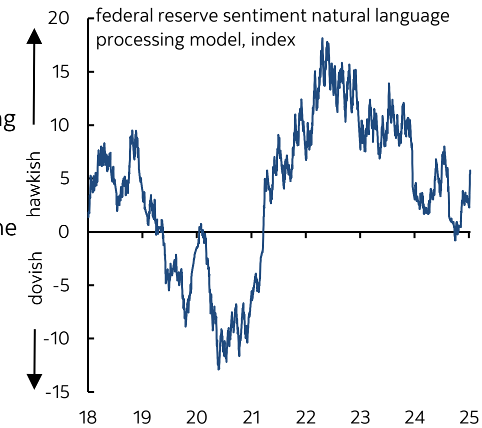
China's economy may have modestly accelerated to end 2024 (chart 15). Q4 GDP will be offered on Thursday evening (ET). Consensus estimates range from about 1.3 to 2% q/q at a seasonally adjusted but nonannualized rate. Equally important in terms of informing momentum into Q1 will be monthly indicators for December, especially retail sales and industrial output. Expect new and resale home prices to keep falling.

The main US indicator other than CPI will be Thursday's retail sales for December. Headline is expected to rise by 0.6% m/m SA with sales ex-autos expected to gain by 0.4%. Vehicle sales were up by 1.8% m/m SA in December to their highest level since May 2021 and could two- or three-tenths to headline sales. It's unclear that this is due to front loading of sales before tariff risks. Core sales will provide the first complete assessment of the holiday retail season but we'll have to wait until January 31st to get full consumer spending figures including more of the services side of the picture.

The US will also update the Empire (Wednesday) and Philadelphia (Thursday) Fed measures of manufacturing activity in January plus industrial production for December (Friday). Higher industrial output is expected to raise the capacity utilization rate back above 77% and arrest a multi-month downward trend.

Chart 13

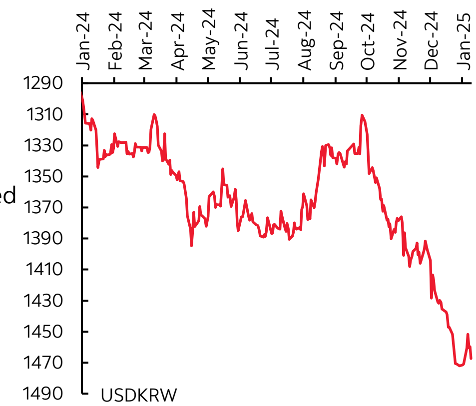
Fed Tunes Up its Hawkish Tone



Sources: Scotiabank Economics, Bloomberg.

Chart 14

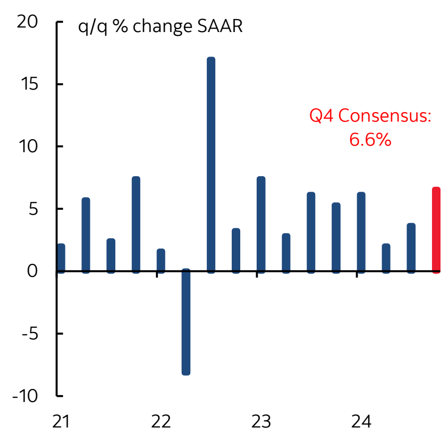
South Korean Won Faces Downward Pressure Amid Political Chaos



Sources: Scotiabank Economics, Bloomberg.

Chart 15

China Real GDP Growth



Sources: Scotiabank Economics, National Bureau of Statistics of China.

Canada will update few relatively harmless indicators with usually low market risk. Manufacturing sales were previously guided to have risen by 0.5% m/m in November but may be revised (Wednesday). Preliminary estimates for wholesale sales suggested a drop of -0.7% m/m during November and may also be revised (Wednesday). A pair of housing reports will include existing home sales during December (Wednesday) that may end or at least interrupt a four-month long upswing, but earlier snowstorms than in past years and the holiday period always caution against interpreting too much into this. Housing starts are expected to pull back from the prior month's gain (Thursday).

Is Australia's jobs juggernaut still steaming full speed ahead? We'll find out when December numbers arrive on Wednesday. Jobs have increased every month since April and almost 400,000 jobs were created over the first eleven months of 2024. Like Canada, Australia's job market has been offering very strong supports to the economy. If unfilled job vacancies are any indication then Australia could keep on posting solid job growth (chart 16).

The last UK CPI report before the Bank of England's decision on February 6th will arrive on Wednesday. Key here will be whether the softer core CPI reading in November will extend into December (chart 17). If so, then it could reinforce market leanings toward a 25bps cut by the Bank of England on February 6th. Also watch for holiday retail sales during December on Friday.

Watch for Eurozone CPI revisions. The main driver may be Germany that refreshes the initial CPI estimate of 0.4% m/m as it may be revised up a tick in light of the more recent data from individual states. Then Eurozone CPI could follow suit with a possible upward revision from 0.4% on Friday.

Other global indicators are summarized in chart 18.

Finally, a large number of top-tier US financials will report Q4 and full year results this week. Wednesday (Goldman, JP Morgan, Citi) and Thursday (BofA, Morgan Stanley) will be the two main days to watch. Analysts estimates are shown in chart 19.

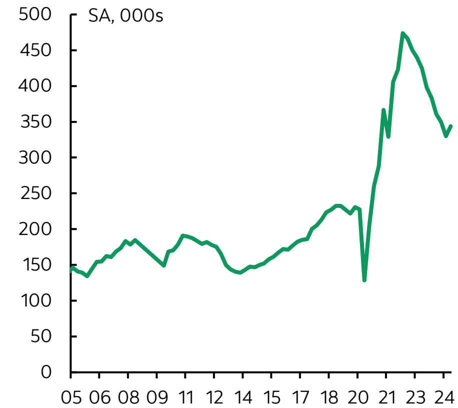
Chart 18

Other Global Macro Indicators (January 13th - January 17th)			
US	**CA**	**CPI**	**Other Macro**
		Monday	
NY Fed 1-Yr Inf Exp		IN	CH Trade
		Tuesday	
NFIB			IT IP
PPI			
		Wednesday	
Empire Manf	Manf Sales	UK	PE Economic Activity, UR
Beige Book	Wholesale Sales		EC IP
	Existing Home Sales		SK UR
		Thursday	
Retail Sales	Housing Starts		BZ Economic Activity
Claims			UK IP, Manf. Prod., Trade
NAHB Housing Market Index			EC Trade
Import & Export Price Index			AU Jobs
		Friday	
Housing Starts			CO Retail Sales, Trade
Building Permits			UK Retail Sales
IP			CH Fixed Asset Inv., IP, GDP, Retail Sales
Capacity Utilization			

Sources: Scotiabank Economics, Bloomberg.

Chart 16

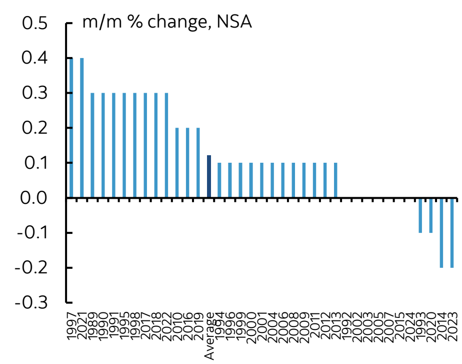
Australia Job Vacancies Still High



Sources: Scotiabank Economics, Australian Bureau of Statistics.

Chart 17

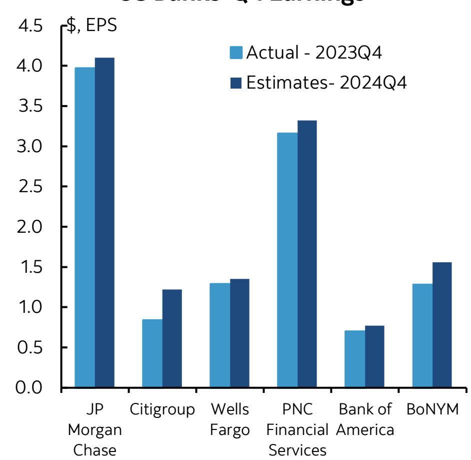
Comparing UK Core CPI for All Months of November



Sources: Scotiabank Economics, UK Office for National Statistics.

Chart 19

US Banks' Q4 Earnings



Sources: Scotiabank Economics. Bloomberg.

Key Indicators for the week of January 13 – 17

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	01-13	14:00	Treasury Budget (US$ bn)	Dec	--	--	-366.8
US	01-14	08:30	PPI (m/m)	Dec	0.3	0.3	0.4
US	01-14	08:30	PPI ex. Food & Energy (m/m)	Dec	0.2	0.2	0.2
US	01-15	07:00	MBA Mortgage Applications (w/w)	Jan 10	--	--	-3.7
CA	01-15	08:30	Manufacturing Shipments (m/m)	Nov	0.5	0.5	2.1
CA	01-15	08:30	Wholesale Trade (m/m)	Nov	-0.7	--	1.0
US	01-15	08:30	CPI (m/m)	Dec	0.4	0.3	0.3
US	01-15	08:30	CPI (y/y)	Dec	2.9	2.9	2.7
US	01-15	08:30	CPI (index)	Dec	--	315.6	315.5
US	01-15	08:30	CPI ex. Food & Energy (m/m)	Dec	0.3	0.2	0.3
US	01-15	08:30	CPI ex. Food & Energy (y/y)	Dec	3.3	3.3	3.3
US	01-15	08:30	Empire State Manufacturing Index	Jan	--	-2.0	0.2
US	01-15	08:30	Initial Jobless Claims (000s)	Jan 11	220	--	201.0
US	01-15	08:30	Continuing Claims (000s)	Jan 04	1885	--	1867.0
CA	01-15	09:00	Existing Home Sales (m/m)	Dec	--	--	2.8
CA	01-16	08:30	Housing Starts (000s a.r.)	Dec	240	250.0	262.4
US	01-16	08:30	Export Prices (m/m)	Dec	--	--	0.0
US	01-16	08:30	Import Prices (m/m)	Dec	--	--	0.1
US	01-16	08:30	Philadelphia Fed Index	Jan	--	-8.0	-10.9
US	01-16	08:30	Retail Sales (m/m)	Dec	0.6	0.5	0.7
US	01-16	08:30	Retail Sales ex. Autos (m/m)	Dec	0.4	0.5	0.2
US	01-16	10:00	Business Inventories (m/m)	Nov	--	0.1	0.1
US	01-16	10:00	NAHB Housing Market Index	Jan	--	--	46.0
CA	01-17	08:30	International Securities Transactions (C$ bn)	Nov	--	--	21.5
US	01-17	08:30	Building Permits (000s a.r.)	Dec P	--	1458.0	1493.0
US	01-17	08:30	Housing Starts (000s a.r.)	Dec	1350	1315.0	1289.0
US	01-17	08:30	Housing Starts (m/m)	Dec	4.7	2.0	-1.8
US	01-17	09:15	Capacity Utilization (%)	Dec	77.1	77.0	76.8
US	01-17	09:15	Industrial Production (m/m)	Dec	0.3	0.3	-0.2
US	01-17	16:00	Total Net TIC Flows (US$ bn)	Nov	--	--	203.6
US	01-17	16:00	Net Long-term TIC Flows (US$ bn)	Nov	--	--	152.3

EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
FR	01-14	02:45	Central Government Balance (€ bn)	Nov	--	-157.4
IT	01-14	04:00	Industrial Production (m/m)	Nov	0.2	0.0
UK	01-15	02:00	CPI (m/m)	Dec	0.4	0.1
UK	01-15	02:00	CPI (y/y)	Dec	2.7	2.6
UK	01-15	02:00	RPI (m/m)	Dec	0.6	0.1
UK	01-15	02:00	RPI (y/y)	Dec	3.7	3.6
SP	01-15	03:00	CPI (m/m)	Dec F	0.4	0.4
SP	01-15	03:00	CPI (y/y)	Dec F	2.8	2.8
SP	01-15	03:00	CPI - EU Harmonized (m/m)	Dec F	0.4	0.4
SP	01-15	03:00	CPI - EU Harmonized (y/y)	Dec F	2.8	2.8
GE	01-15	04:00	Real GDP NSA (y/y)	2024	-0.2	-0.3
GE	01-15	04:00	Budget (Maastricht) (% of GDP)	2024	-2.2	-2.4
EC	01-15	05:00	Industrial Production (m/m)	Nov	0.3	0.0
EC	01-15	05:00	Industrial Production (y/y)	Nov	-1.8	-1.2
UK	01-16	02:00	Index of Services (m/m)	Nov	0.1	0.0
UK	01-16	02:00	Industrial Production (m/m)	Nov	0.1	-0.6
UK	01-16	02:00	Manufacturing Production (m/m)	Nov	0.2	-0.6
UK	01-16	02:00	Visible Trade Balance (£ mn)	Nov	-18000.0	-18969.0
EC	01-16	05:00	Trade Balance (€ mn)	Nov	--	6811.4
UK	01-17	02:00	Retail Sales ex. Auto Fuel (m/m)	Dec	0.3	0.3
UK	01-17	02:00	Retail Sales with Auto Fuel (m/m)	Dec	0.4	0.2
EC	01-17	04:00	Current Account (€ bn)	Nov	--	25.8
IT	01-17	04:30	Current Account (€ mn)	Nov	--	5627.7
EC	01-17	05:00	CPI (y/y)	Dec F	2.4	2.4

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

Key Indicators for the week of January 13 – 17

ASIA PACIFIC

Country	Date	Time	Indicator	Period	Consensus	Latest
AU	01-12	19:30	ANZ Job Advertisements (m/m)	Dec	--	-1.3
CH	01-12	21:00	Exports (y/y)	Dec	7.5	6.7
CH	01-12	21:00	Imports (y/y)	Dec	-1.1	-3.9
CH	01-12	21:00	Trade Balance (USD bn)	Dec	100.0	97.4
IN	01-12	22:30	Exports (y/y)	Dec	--	-4.8
IN	01-12	22:30	Imports (y/y)	Dec	--	27.0
IN	01-13	05:30	CPI (y/y)	Dec	5.29	5.48
JN	01-13	18:50	Bank Lending (y/y)	Dec	--	3.0
JN	01-13	18:50	Current Account (¥ bn)	Nov	2654.0	2456.9
JN	01-13	18:50	Trade Balance - BOP Basis (¥ bn)	Nov	-19.1	-155.7
IN	01-14	01:30	Monthly Wholesale Prices (y/y)	Dec	2.2	1.9
SK	01-14	18:00	Unemployment Rate (%)	Dec	2.9	2.7
JN	01-14	18:50	Japan Money Stock M2 (y/y)	Dec	--	1.2
JN	01-14	18:50	Japan Money Stock M3 (y/y)	Dec	--	0.7
PH	01-14	20:00	Overseas Remittances (y/y)	Nov	3.0	2.7
ID	01-14	23:00	Exports (y/y)	Dec	7.6	9.1
ID	01-14	23:00	Imports (y/y)	Dec	5.4	0.2
ID	01-14	23:00	Trade Balance (US$ mn)	Dec	3818.0	4366.5
JN	01-15	01:00	Machine Tool Orders (y/y)	Dec P	--	3.0
ID	**01-15**	**02:20**	**BI 7-Day Reverse Repo Rate (%)**	**Jan 15**	**6.00**	**6.00**
SK	**01-15**	**19:00**	**BoK Base Rate (%)**	**Jan 16**	**2.75**	**3.00**
AU	01-15	19:30	Employment (000s)	Dec	15.0	35.6
AU	01-15	19:30	Unemployment Rate (%)	Dec	4.0	3.9
NZ	01-16	16:30	Business NZ PMI	Dec	--	45.5
SI	01-16	19:30	Exports (y/y)	Dec	8.1	3.4
CH	01-16	21:00	Fixed Asset Investment YTD (y/y)	Dec	3.3	3.3
CH	01-16	21:00	Industrial Production (y/y)	Dec	5.4	5.4
CH	01-16	21:00	Real GDP (y/y)	4Q	5.0	4.6
CH	01-16	21:00	Retail Sales (y/y)	Dec	3.5	3.0
MA	01-16	23:00	Annual GDP (y/y)	2024 A	5.1	3.7
MA	01-16	23:00	GDP (y/y)	4Q A	5.0	5.3

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
PE	01-15	10:00	Economic Activity Index NSA (y/y)	Nov	--	--	3.4
PE	01-15	10:00	Unemployment Rate (%)	Dec	--	--	5.7
BZ	01-16	07:00	Economic Activity Index SA (m/m)	Nov	--	--	0.1
BZ	01-16	07:00	Economic Activity Index NSA (y/y)	Nov	--	--	7.3
CO	01-17	10:00	Retail Sales (y/y)	Nov	--	--	9.0
CO	01-17	10:00	Trade Balance (US$ mn)	Dec	--	--	-1052.0

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

Global Auctions for the week of January 13 – 17

NORTH AMERICA

Country	Date	Time	Event
CA	01-15	12:00	Canada to Sell C$6 Billion of 2.75% 2030 Bonds

EUROPE

Country	Date	Time	Event
IT	01-13	05:00	Italy to Sell Bonds
NE	01-14	04:00	Netherlands to Sell Up to EU2 Billion of 2% 2054 Bonds
GE	01-14	05:30	Germany to Sell EU5 Billion of 2030 Bonds
UK	01-15	05:00	U.K. to Sell GBP4 Billion of 4.25% 2034 Bonds
NO	01-15	05:00	Norway to Sell Bonds
SW	01-15	05:00	Sweden to Sell SEK3 Billion of 2.25% 2035 Bonds
GR	01-15	05:00	Greece to Sell Bonds
SW	01-15	05:00	Sweden to Sell SEK2 Billion of 1% 2026 Bonds
GE	01-15	05:30	Germany to Sell Bonds

ASIA PACIFIC

Country	Date	Time	Event
JN	01-13	22:35	Japan to Sell 5-Year Bonds
CH	01-13	22:35	China to Sell 30 Billion Yuan 2055 Bonds
SK	01-14	20:10	Bank of Korea to Sell 2 Trillion Won 3-Year Bonds
JN	01-15	22:35	Japan to Sell 20-Year Bonds
AU	01-16	19:00	Australia to Sell A$700 Million 2.75% 2027 Bonds

LATIN AMERICA

Country	Date	Time	Event
No Scheduled Auctions			

Sources: Bloomberg, Scotiabank Economics.

Events for the week of January 13 – 17

NORTH AMERICA

Country	Date	Time	Event
US	01-14	10:00	Fed's Schmid Gives Remarks in Kansas City
US	01-14	15:05	Fed's Williams Gives Opening Remarks
US	01-15	09:20	Fed's Barkin Speaks in Annapolis
US	01-15	10:00	Fed's Kashkari Participates in Q&A
US	01-15	11:00	Fed's Williams Gives Keynote Remarks
US	01-15	12:00	Fed's Goolsbee Speaks at Midwest Economic Forecast Forum
CA	01-16	12:45	BoC's Deputy Governor Speaks at VersaFi

EUROPE

Country	Date	Time	Event
EC	01-12	22:15	ECB's Lane & Rehn Speak at AFF in Hong Kong
SW	01-14	02:00	Riksbank Deputy Governor Aino Bunge Speak on Panel
EC	01-14	03:00	ECB's Holzmann Speaks
UK	01-14	03:30	BOE's Breeden Speaks
SW	01-15	03:10	Riksbank's Aino Bunge Speaks on the economy, stability
EC	01-15	03:30	ECB's Villeroy speaks in Paris
EC	01-15	03:35	ECB's Vujcic, Hungary's Matolcsy Speak in Vienna
SW	01-15	09:30	Riksbank's Thedeen on economic situation, monetary policy
UK	01-15	11:30	BOE's Taylor Speaks
EC	01-16	07:30	ECB Releases Account of Dec. 11-12 Meeting

ASIA PACIFIC

Country	Date	Time	Event
SI	01-09	00:00	Singapore MAS Jan. 2025 Monetary Policy Statement
JN	01-13	20:30	BOJ Deputy Governor Himino Speech in Kanagawa
ID	**01-15**	**02:20**	**BI-Rate**
SK	**01-15**	**00:00**	**BOK Base Rate**
KZ	**01-17**	**02:00**	**Key Rate**

LATIN AMERICA

Country	Date	Time	Event
UR	**01-16**		**Monetary Policy 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	3.25	3.00
Federal Reserve – Federal Funds Target Rate	4.50	January 29, 2025	4.50	4.50
Banco de México – Overnight Rate	10.00	February 6, 2025	9.75	9.75

Bank of Canada: Bank of Canada Deputy Governor Toni Gravelle will be providing an update on the BoC's balance sheet normalization process and how the bank will manage its balance sheet once normalization ends on Thursday in a speech at VersaFi. The Deputy Governor's speech will be published on the bank's website at 12:30pm EST.

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	February 6, 2025	4.50	4.50
Swiss National Bank – Sight Deposit Rate	0.50	March 20, 2025	0.25	0.25
Central Bank of Russia – One-Week Auction Rate	21.00	February 14, 2025	21.00	21.00
Sweden Riksbank – Repo Rate	2.50	January 29, 2025	2.25	2.25
Norges Bank – Deposit Rate	4.50	January 23, 2025	4.50	4.50
Central Bank of Turkey – Benchmark Repo Rate	47.50	January 23, 2025	45.50	45.50

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	0.25	January 24, 2025	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	January 27, 2025	2.00	2.00
Reserve Bank of India – Repo Rate	6.50	February 6, 2025	6.25	6.25
Bank of Korea – Base Rate	3.00	January 16, 2025	2.75	2.75
Bank of Thailand – Repo Rate	2.25	February 26, 2025	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	January 15, 2025	6.00	6.00
Central Bank of Philippines – Overnight Borrowing Rate	5.75	February 20, 2025	5.50	5.50

Bank of Korea (BoK): After slashing base rate by 25bps each in two consecutive meetings and defying market expectations for a pause at its last meeting, the consensus expects the Bank of Korea to cut the base rate further by 25bps on Thursday with a small chance of a surprise hold. Since the last meeting in late-November, both headline and core inflation has picked up from 1.3% to 1.9% and 1.7% to 1.8% respectively, although still below 2% target. In addition, the won has depreciated sharply further due to the recent political chaos which can put pressure on the bank. On the other hand, the finance ministry sharply cut its economic growth forecasts for 2025. Governor Rhee Chang-yong recently conveyed at its New Year's address that the bank will take a flexible approach to future rate cuts amidst increased political and economic uncertainty. **Bank Indonesia (BI):** Bank Indonesia is expected to continue holding its BI rate at 6% on Wednesday until it gains further confidence on the stability of the rupiah. Both headline and core inflation still remains within the inflation target range of 1.5% to 3.5%.

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	13.25
Banco Central de Chile – Overnight Rate	5.00	January 28, 2025	5.00	N/A
Banco de la República de Colombia – Lending Rate	9.50	January 31, 2025	9.50	9.25
Banco Central de Reserva del Perú – Reference Rate	4.75	February 13, 2025	4.75	4.75

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.