Scotiabank™

GLOBAL ECONOMICS

THE GLOBAL WEEK AHEAD

January 31, 2025

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Tithes to the King

FORECASTS & DATA

Next Week's Risk Dashboard

- **US tariffs to land this weekend…**
- **…and so will retaliation**
- **The whys, hows, what to dos and implications of tariffs**
- **Understanding the core drivers of tariffs is key to shaping the response**
- **Why strong retaliation is imperative**
- **Bank of Canada implications: Pandemic redux?**
- **Canadian jobs: What goes up, doesn't have to come down**
- **US nonfarm payrolls: if only it mattered**
- **BoE expected to cut**
- **Banxico likely to cut, but tariff and market risks caution**
- **RBI expected to ease as inflation risks ebb**
- **Another big week for earnings**
- **Global macro indicators**

Chart of the Week: Trump's Tariff Toolkit to Annoy Canada Using the Constitution

Tools the US President can use to Impose Tariffs without Congress Approval

Tool	Requirements	Timeline before tariffs can be imposed	Comments	Trump Tariffs 1.0 (2018 - 2019)
Section 232	President finds a threat to national security: Dept. of Commerce has to conduct an investigation	270 days to issue the finding: President then has 90 days to determine the import adjustment	Commerce department investigates whether a product is being imported in the US that threatens to impair national security	25% Tariff on imported steel & 10% Tariff on imported aluminum (March 2018)
Section 201	USITC does an investigation and must submit a finding	120 - 150 days to submit a finding before tariffs can be implemented		Tariffs on washing machine imports for 3 years & solar cell and module imports for 4 years as a result of Section 201 Investigation (January 2018)
Section 301	USTR investigates unfair foreign practices; can cover a wide range of products	Likely months: Remediation actions reviewed every 4 years		25% Tariffs on up to $60B of imports from China (March 2018). 10% Tariffs on up to $200B worth of good from China (September 2018). Later increased to 25%. 10% Tariffs on approx. $300B worth of additional Chinese goods (August 2019)
Section 338 (of Tariff Act)	Allows the President to impose new or additional tariffs of up to 50% from countries that have discriminated against US products; can also be applied to third countries that benefit from the conduct	Quick - via executive order	Can be challenged via the WTO though this is unlikely to be a strong deterrent to using it	
Section 122 (of Trade Act, 1974)	President has right to address large and serious balance of payments deficits via import surcharges of up to 15% and import quotas	Can be done quickly but for maximum of 150 days, so it's a temporary measure; Congress can extend it	Actions taken must apply evenly to every country	
International Emergency Economic Powers Act (IEEPA)	Grants the President the authority to regulate international commerce after declaring a national emergency in response to any unusual and extraordinary threat to the national security, foreign policy, or economy of the US.	Soon after an emergency is declared		

Sources: Scotiabank Economics, Oxford Economics, Tax Foundation.

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

January 31, 2025

Tithes to the King

Are all the founding beliefs behind 250 years of American history about to be rewritten by executive order? This is, after all, a country that rebelled against paying tithes without representation. Its actions today could be interpreted as taxing countries viewed as colonies—except that's not quite how to describe Canada, Mexico, China, and European countries.

Nor will they view themselves as such if the tariffs hit the fan after a head spinning, conflicting and amateurish round of headlines from mixed sources to end this past week and transition to the next one. The week ended with Trump stating that he will impose a 25% tariff on Canada and Mexico this weekend, a tariff on Canadian oil exports possibly at a lower rate, tariffs on copper, steel and aluminum, and is moving toward applying tariffs on China and Europe. I'm unsure of the exact meaning but he also said tariffs on sectors and countries will be cumulative which is the most unglued threat to date.

Expect retaliation. Today's countervailing tariff dump is the tea of 250 years ago. The politics alone dictate such a rejection. The economics back up such a stance. I'll explain both points in this weekly as by far the dominant consideration facing this week—and subsequent ones.

The possible, likely, probable, maybe announcement of US tariffs against Canada, Mexico and China this weekend will dominate developments. If so, there is no doubt that they will be the hugest, bestest, unpresidented (sp!), never been done before, they said I couldn't do it and I did, tariffs that the world has never been seen.

Except 1930 (Smoot-Hawley). 1890 (McKinley Tariff). A few centuries during Europe's mercantilist days from the 1500s through 1800s. History buffs know that there is nothing novel to Trump's plans. That's why you read history! They also know the critics of those times, including famous names like Adam Smith and David Ricardo who challenged the prevailing wisdom and set the intellectual foundations for abandoning mercantilist policies.

I was fortunate enough to have taken courses a long time ago on the history of economic thought taught by Samuel Hollander and while very precious few in the world can hold a torch to his grasp of the field, it at least imparted a sense that most things in economics have been seen and heard many times over. When people claim novel thoughts on economic policy directions, they're almost never novel at all.

This week won't be all about tariffs. Just 90% of it. The other 10% will consider nonfarm payrolls, Canadian jobs, a trio of central bank decisions by the BoE, Banxico and RBI, a wave of earnings reports, a wave of global economic indicators and India's budget. Much of Asia returns from the Lunar New Year holiday week and faces catch-up to the week's developments which may amplify market reactions into the Monday market open.

TARIFFS—THE WHYS, HOWS, WHAT TO DOS AND IMPLICATIONS

Tariffs are on. Off. On. Exemptions. No exemptions.

That was the wave of headlines that whipsawed markets on Friday. An assortment of 'people familiar with the matter' sought to weigh in with conflicting policy guidance from the US administration.

As this publication is being finalized, it appears likely that tariffs will be announced or imposed this weekend. President Trump's guidance was already flagged above.

Be careful with the interpretations as headlines potentially roll. I'll flag a few reasons for such care, state a case for how retaliation is highly likely, remind readers why I think it is necessary and the right thing to do, and end with a strong caution on the Bank of Canada.

Implementation Lags Are Normal

An implementation lag is not assured but is possible. This is an important point because it informs whether or not to draw meaning from any lag between an announcement and an effective date. On March 8th 2018, Trump first announced that there would be steel and aluminum tariffs against imports but that Canada would be exempted. He dropped that exemption on May 31st and announced they would take effect immediately (**here**). That same day, Canada then announced it would retaliate with a July 1st implementation date (**here**). Both countries preserved the tariffs for the better part of a year.

So Are Exemptions—But Not Necessarily Big Ones

Furthermore, exemptions are also normal and there will probably be a process outlined for how to apply. This too is important in terms of informing whether or not the establishment of an exemption process carries meaning for big items, like, say, Canadian oil that may or may not be exempt. In 2018, both countries put in place a process for businesses to apply for exemptions. Reasons could include everything from doing favours for particularly influential folks, to making sure there are no unintended effects like, say, hitting or blocking something of critical life and death importance. In fact, trade lawyers in Canada have for some time now been advising their clients to prepare for the exemptions process by gathering data, presenting research on their markets such as product substitutes, and identifying advocates in the US.

Recent Defeats Might Dampen Enthusiasm Toward Executive Orders

An added point to consider is that how tariffs are imposed and associated implementation lags could be affected by the lessons learned through this past week's embarrassing defeats for the US administration at the hands of the courts that struck down a hastily arranged funding suspension. That is new information.

There is renewed unease toward using executive order powers drawn from past pieces of legislation like the IEEPA because of the administration's concern that the courts could strike them down. Maybe, just maybe, it could take the courts to bring the facts on fentanyl, migrants, and trade balances into the light of the alleged national security crisis. The test of a 'reasonable person' might not think so. The point is that going the route of using executive powers might face newfound risk and this might mean taking slower approaches.

Politics Will Dictate Retaliation

And if—or rather when—the US imposes tariffs, expect retaliation from every country. Have the debate on coulda, shoulda, woulda, but anchor your thought processes in the world of pragmatic realities.

For starters, there is extremely high support for retaliatory tariffs across Canadian businesses—including in Alberta (**here**). The survey questions indicate that businesses are aware of the consequences and support strong fiscal policy supports. This adds to an earlier poll by Ipsos-Reid of Canadians in general that showed 82% support for retaliatory tariffs (**here**).

And it's an election year in Canada. Ontario goes to the polls in about a month. A Federal election beckons in May. The PM Trudeau, NDP Leader Singh, and Conservative Leader Poilievre all support dollar-for-dollar retaliation. The federal NDP is saying they'll hold off on bringing down the government in a confidence vote when Parliament returns on March 24th long enough to pass a stimulus support package. Canadian politics will not cripple the ability to respond. The stimulus and support package is probably ready to hit 'send' on.

The dark positive of the pandemic, if you can call it that, is that it made Canada ready for a future shock like this. The experience of rolling out whatever it takes from job and income supports to targeted stimulus to households and businesses to supporting facilities is still fresh on the minds of the politicians and bureaucrats who enacted it all.

If you know anything at all about my country including its founding history, then you know that it's political suicide for any leader to appease a belligerent US President.

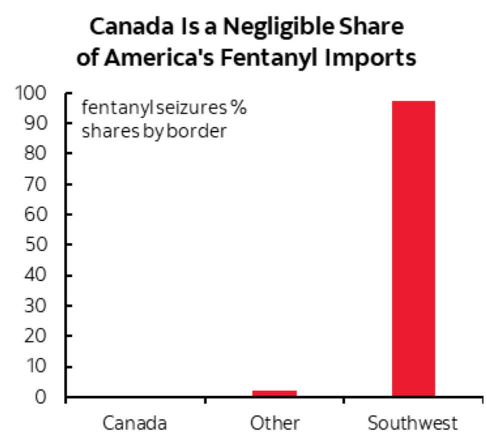
Understanding the Motives is Key to Understanding How to Respond

In my opinion, the motivating forces behind this US administration's appetite for tariffs against multiple countries must be understood to be more fundamental than merely attempting to secure token victories on alleged national security issues.

On that note, enough with humiliating ourselves by running around hopelessly trying to appease this US administration. Trump's latest malleable justification for tariffs is based on three points:

1. To make Canada address its fentanyl export problem. This is a lie, backed by US data itself (chart 1). When Canada finds a fentanyl plant, it shuts it down, and last I checked the plural of anecdote is not data. It's a small issue on the Canadian side and instead of confronting its domestic drivers and doing something meaningful about it, the US administration is sloping off blame onto Canada. It's a tragic problem, it's not new, even former Fed Chair Yellen referenced the associated labour market problems, but it's the latest incarnation of America's severe drug problem that was once more about cocaine and heroin (**here**). Blame is the one thing that is in abundant supply in Washington.

Chart 1



*YTD Share Jan-Oct 2024

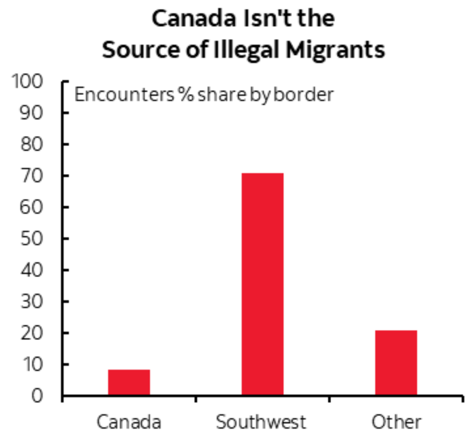
Sources: Scotiabank Economics, U.S. Customs and Border Protection.

2. To make Canada address its cross-border migrant problem. This too is a lie, backed again by US data (chart 2). Chart 3 shows that the volumes are coming down very rapidly and were driven primarily by the southern border on the way up and the way down. TV cameras that

spot a half dozen migrants scurrying across the prairie border in the dark of night are not data. Anecdotes don't prove a large problem. And the bigger problem is likely to be in the other direction if the US fails to properly secure its side of the border against what could be a rush of migrants hopping across as the US tightens immigration policy. Canada also has concerns about lax US border controls around the issue of illegal gun exports to Canada that every policy association in the country pinpoints as the source of guns used in crimes.

3. To address Canada's trade imbalance with the US. Lie #3. Trump claims a $200–$250 billion Canadian trade surplus with the US and the number changes all the time. Try more like one quarter of that, depending on which number you take from Trump. Take energy out, and Canada runs a trade deficit with the US. And I would say the US administration needs to understand what drives trade balances and causes them but that falls on deaf ears. I would encourage you to have a look at this **deck** prepared by my colleagues as a fact backgrounder on trade statistics and perspectives.

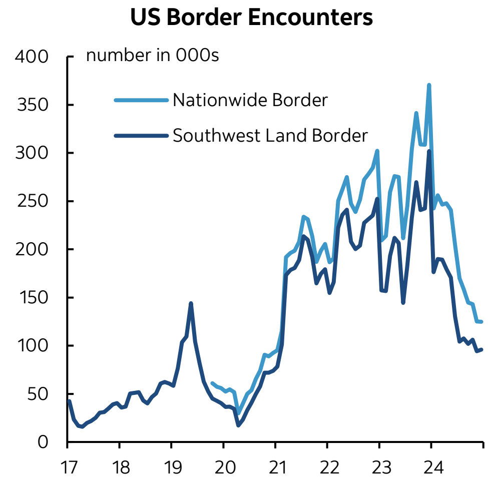
Chart 2



*YTD Share Jan-Oct 2024

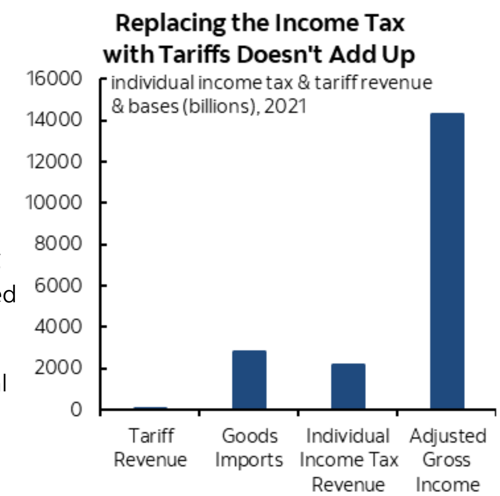
Sources: Scotiabank Economics, U.S. Customs and Border Protection.

Chart 3



Sources: Scotiabank Economics, Customs & Border Protection.

Chart 4



Sources: Scotiabank Economics, Tax Foundation.

I believe that the motivating forces are more about how this administration is embracing a highly insular, protectionist and isolationist stance on everything to do with international relations from trade to climate policy to healthy policy and immigration. The ideology guiding this US administration will not be swayed by facts, or by jumping through hoops on the alleged reasons for tariffs.

A sign of this is also coming from murmuring around incorporating tariff revenue into a formal budget for the US federal government. Peter Navarro, an advisor to the US administration, admitted as much in a CNBC interview, saying that the goal of the US administration is to replace revenue sources with tariffs which signals moving toward incorporation into budget proposals as a broader package. If this truly is the intent of the US administration, then it would signal a desire to use tariffs not as a temporary tool to address specific grievances howsoever legitimate but rather as a permanent source of targeted revenue which is a game changer that reveals what this US administration is all about.

Said goal of tariff revenues funding tax cuts is doomed to fail. The tax base for tariffs—the value of imports—is vastly smaller than the tax base for personal income taxes—personal income itself (chart 4). Raising tariffs diminishes appetite for imports, thus likely shrinking the tax base further.

I think an added motive behind tariffs is that this administration employs zero-sum thinking on trade and investment. You win, I lose. I crush your economy, they'll invest more in mine. This is classic mercantilism, minus stockpiling gold or launching foreign conquests to obtain more of it.

Furthermore, not retaliating will send a signal of indifference to the US administration when it may have the power to hike tariffs up to 50% under executive order. Not responding risks being stuck with high tariffs forever, while responding applies pain to US supply chains and pressure on the US administration.

If you accept these interpretations of the US administration's goals, then tariffs must be forcefully countered. Canada, Mexico, China, Europe, and whomever else have to make it clear to Americans what the costs to this approach will be. Negotiating with Washington is pointless. Disrupt the lives of American businesses and American consumers and let the political process take over. Mess with our politics, we'll come down and mess with yours into US midterms. A government allegedly elected to be better stewards of the economy will have to explain why prices are soaring, jobs are being lost, plant shifts are being cancelled, and plants are being shuttered. Suddenly, the incumbent that often suffers a setback into US midterms may be faced with losing one or both chambers with executive orders being challenged by the courts into the lame duck second half of Trump's presidency.

Bypass the US administration and go straight to the pocketbooks of Americans through almost any means necessary.

As for the largely moot point of how Canada should not retaliate, well, I'm not convinced by any arguments I've heard.

We're asked to believe it wouldn't be bad because CAD would plunge. More Americans would fill up Canadian hotel rooms. Well, I don't view that the path to prosperity for Canada to be that of a banana republic serving up $20 cocktails sans beaches. Or maybe beaches but the hotel will provide a snow shovel. CAD depreciation carries competing effects. Our modeling suggests tariffs and retaliation could drive the currency much weaker. Maybe a couple of dimes weaker, but the uncharted waters aspect of the shock could be very destabilizing. For a country that imports much of what it consumes and much of its capital goods, a cut to the purchasing power of consumers and businesses would harm consumer spending and derail business investment. We're trying to improve productivity through investment so that wouldn't help living standards.

Further, we need to be very cautious toward the currency. Canada is 2% of the world, give or take, depending on what. Global portfolio managers don't tend to dither around and hem and haw over what to do about a country facing a large spike in uncertainty. They hit sell. Ask questions later. This takes us outside of the world of modeling and into the unknown, driven by animal spirits and momentum. A world of potential market instability. A world that risks forcing the BoC's hand to act in such fashion as to stem destabilizing market dislocation effects.

We're also asked to believe that retaliating wouldn't have an effect on the US. Our scenarios suggest otherwise in portraying a meaningful impact on US growth, US inflation, and Fed policy. And you can't estimate the impact on the US by merely taking the export share going to Canada either of total US exports or US GDP.

To that effect, Adam Posen—who heads the Peterson Institute and is a past external member of the BoE's MPC—is among the few American economists I've heard talk about this who get what I've been saying. He noted that tariffs are not just a one-off price hike as he emphasized deep ripple effects of tariffs throughout highly integrated supply chains that could well cause pandemic-style shortages; this is exactly what I've been arguing. The supply side is highly vulnerable to tariff wars that would be very disruptive.

THE BANK OF CANADA—PANDEMIC REDUX?

As for the Bank of Canada coming to the rescue, I haven't changed my thinking on how they may respond. My recap of this past week's decision is **here**. The politically expedient thing for Governor Macklem to do was to avoid a headline on how they may not ease as much, or may not ease at all, or may even hike in a world with tariffs. That would risk being unhelpful to 'Team Canada'—or most of it—as it crafts plans to deal with US trade aggression.

But smack supply chains with two-way tariffs, damage and shrink the supply side, crater the currency, and heap on gobs of fiscal stimulus and presto, pandemic redux. Extra so, if the BoC eases materially on top of these other points.

The BoC may be vulnerable to doing the same thing it did by talking through inflation risk and letting it rip, only to have to slam the brakes on harder later. I don't know why that is being so stridently opposed by some competitors including the ones who fundamentally didn't get those forces in the pandemic—and still don't. Cut into those forces as one scenario, and the curve steepens through both nearer term rates and higher inflation curve across the rest of the curve until the BoC gets the memo.

CANADIAN JOBS—WHAT GOES UP, DOESN'T HAVE TO GO DOWN

Canada updates jobs, wages and associated readings for the month of January on Friday. I went with +35k and a stable unemployment rate of 6.7% on a proportionately similar change in the size of the labour force.

There is a high bar for this release mattering a whole lot during a week with major risk from tariffs that will dominate.

After a strong 91k jump, it's worth a reminder that what goes up doesn't have to go back down the next time. The historical evidence strongly leans against this bias (chart 5). There has only been one single occasion when a strong gain of 90k+ one month was subsequently followed by a large loss.

This correlation between current and past monthly readings could be explained by one or two arguments. One is that it reflects hiring momentum across employers rather than an erratic boom-bust approach to managing workforces. Two is that the Labour Force Survey uses a sample rotation approach to sampling jobs in 'primary sampling units' described **here** and with this snippet:

"Every month, one sixth of the sample rotates and five sixths remain. Hence, under this rotation scheme, once a rotation panel enters in the sample, it stays 6 months in the sample before it rotates out."

The sample turns over slowly and while hard to prove consistently over time, it may introduce some momentum bias at key points.

Next, consider that when GST/HST cuts have been delivered in the past—like July 2006 and January 2008—the second month after the cut was implemented generally saw positive job growth (chart 6). Restaurants Canada—an industry association—flagged a boost in restaurant traffic in the wake of the suspension of the GST sales tax and the HST in Ontario and the four Atlantic provinces.

Further, it's likely too soon to see tariff uncertainty effects on employment. Much more modest tariffs in 2018–19 barely impacted aggregate employment changes but were at least correlated with lost momentum in manufacturing (chart 7).

Other indicators support job market expansion. Job postings have stabilized and turned up a bit (chart 8). The CFIB small business survey shows reasonably stable net hiring attitudes.

For GDP purposes, key may be a gain in hours worked as the end of labour disruptions in the postal, rail and port sectors returns things to normal after the large loss of hours worked in December (chart 9).

A downside risk, however, could be what Statcan chooses to do with seasonal adjustments. A recency bias toward a lower seasonal adjustment factor in recent months of January is evident in chart 10 and could shave job growth. If that happens again, we'll provide scenarios around other SA factors not as subject to a post-pandemic recency bias.

US NONFARM PAYROLLS—IF ONLY IT MATTERED

The first US nonfarm payrolls report of the year lands on Friday and will reveal what happened in January. I went with a gain of 205,000 and a slight uptick in the unemployment rate to 4.2%.

Chart 5

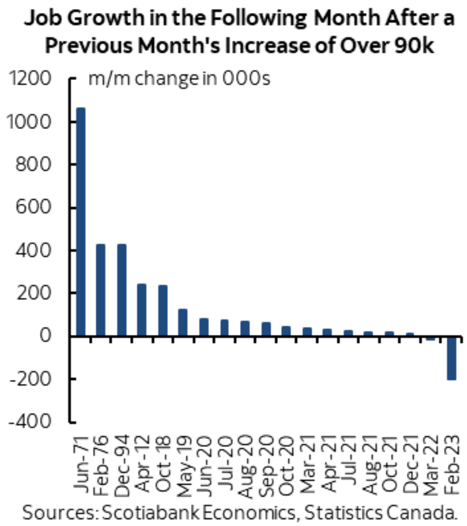


Chart 6

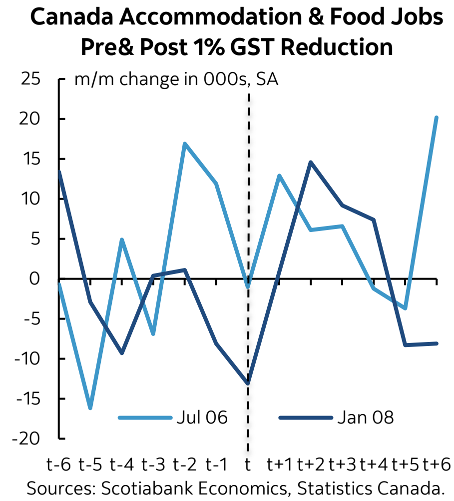


Chart 7

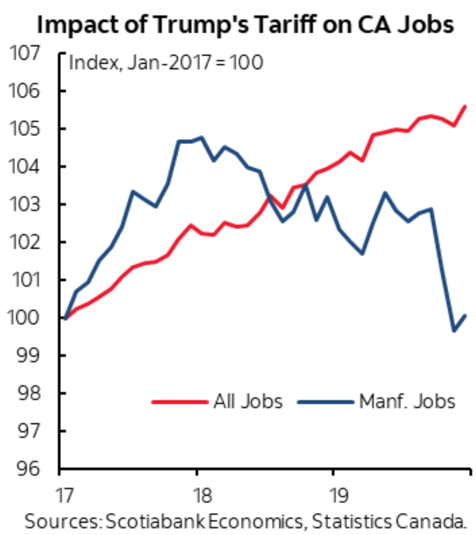


Chart 8

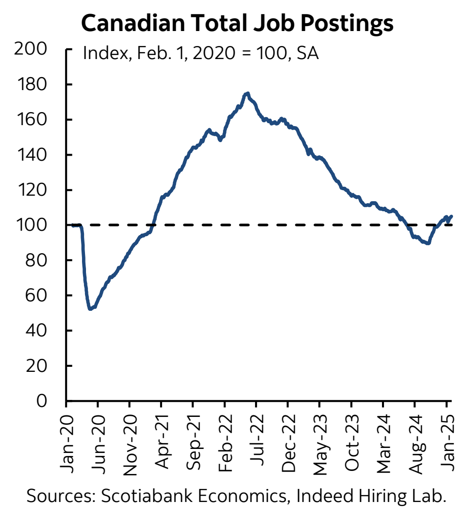
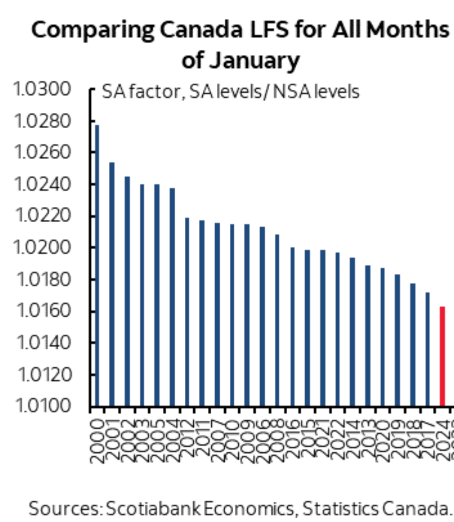


Chart 9

Chart 10



The unemployment rate may rise because it is drawn from the companion household survey that registered a massive 478k rise in employment in December and a more modest 243k rise in the labour force. Mean reversion is assumed to impact employment more than the labour force for now and at least until tighter immigration policy gradually begins to be impactful later.

The report is unlikely to carry the day for Fed watchers or market participants. The FOMC is signalling a patient stance as it takes in much more data and more information on developments within an economy that is in excess aggregate demand. A positive output gap risks keeping inflationary pressures alive—thereby discounting limited recent inflation progress—while setting the stage for more inflationary pressures if fiscal and regulatory easing are applied and for greater passthrough risk of tariffs in an economy absent slack.

This will be a more complicated report than usual, as if the standard +/-130k 90% confidence interval around estimates of the change in payrolls isn't enough to contend with. That's because of two sets of revisions we'll get on top of the standard rolling two-month revision process.

The final benchmark revision to March 2024 payrolls will be issued on Thursday, one day before payrolls. These revisions benchmark payrolls to counts of employment using data from state unemployment insurance tax records. The preliminary revision shaved 818,000 jobs off the level of nonfarm payrolls for a ½% decline (**here**). Usually, the final revisions to the preliminary revisions are modest. They will affect the level of employment as at March last year but not the subsequent months until the next annual benchmarking exercises this summer. Thus, while this effect may adjust the level of total employment a touch more, it won't impact December payrolls over November payrolls.

Further, there will be quarterly revisions owing to changes to the birth-death model used to estimate nonfarm payrolls (**here**). I don't expect them to be material to the level of employment. These revisions incorporate changes to Quarterly Census of Employment and Wages (QCEW) data which is based on unemployment insurance tax records. They are designed to adjust payrolls for firm openings and closings that the existing sampling cannot capture. Past estimates of the impact on seasonally unadjusted payrolls are **here**. These revisions to the initially estimated effect in December may be a touch more negative which may make for a lower jumping off point from which to post job growth in January.

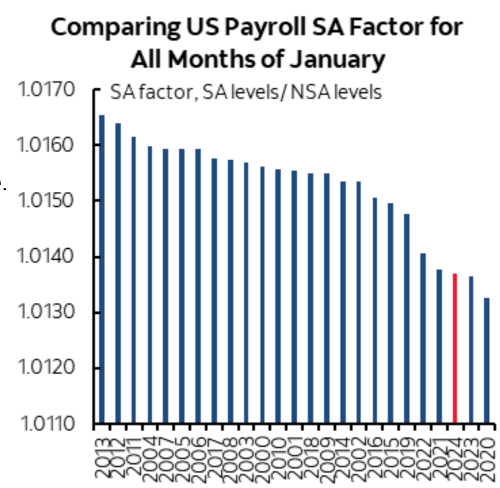
Beyond that, it's feasible that there will be some hiring momentum to front-run tariffs.

There is a very limited set of advance readings to go by. JOLTS arrives Tuesday, ADP private payrolls Wednesday, and then Challenger job cuts on Thursday. Unrelated to nonfarm but relevant to the Fed's take on the labour market will be Thursday's Q4 productivity and unit labour costs.

Indicators we can point to are limited. The jobs plentiful reading within consumer confidence slipped to 33 from 37.1, signalling that consumers think there are fewer job openings available. The NFIB small business hiring plans reading was rising from August to December, but we don't have January yet. JOLTS job vacancies increased in October and November. Loose correlations between strong growth in GDP or Final Domestic Demand and employment suggest significant trend gains.

California fires are expected to have a small negative impact on employment growth. Weekly initial jobless claims fell this past week primarily because of California which may be one way of assessing the damage to the labour market. But the first may have a bigger effect on household survey estimates which are used to derive the unemployment rate, than on nonfarm payrolls. As long as one stayed on payroll through the reference period, then disruptive effects wouldn't result in a significant loss of nonfarm payroll positions.

Chart 11



Sources: Scotiabank Economics, BLS.

Seasonal adjustment factors are lower than normal for recent months of January than like months in history (chart 11). This could restrain employment growth in January before SA factors begin overstating job growth again.

GLOBAL DEVELOPMENTS

Three central bank meetings will combine with a large further wave of earnings reports and global macro indicators and India's budget to round out the week's developments.

124 S&P500 firms will release earnings over the course of this week as the season broadens out across sectors and names. Seventeen TSX names also release this week.

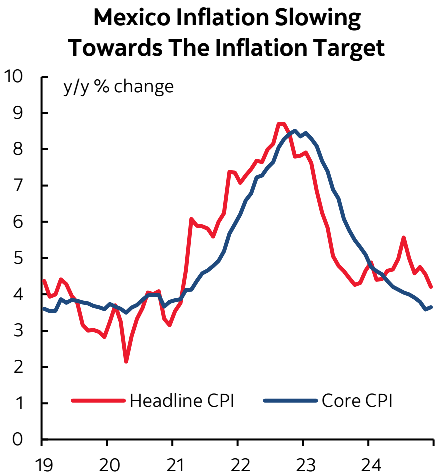
The Bank of England is unanimously expected to cut Bank Rate by 25bps on Thursday with markets fully priced.

Banxico is (almost) unanimously expected to cut its overnight rate by 50bps on Thursday, taking it down to 9.5%. Inflation continues to make progress (chart 12). There is obviously high risk surrounding tariff developments and market reactions into the meeting. MXN has depreciated from about 16.7 to the dollar last Spring to about 20.7 now.

The RBI is expected to cut its repo rate by 25bps to 6.25% on Thursday with a minority expecting a hold. Food price drivers of inflation have ebbed sharply (chart 13). It may wish to evaluate the contents of this weekend's Indian budget. As my colleague Jay Parmer noted, one question concerns whether they provide a stimulus boost to the economy and whether the government remains on the same broad fiscal path (chart 14). The Finance Minister said at her last 2024 budget that they wish to "keep fiscal deficit each year such that the central government debt would be on a declining path as a percentage of GDP".

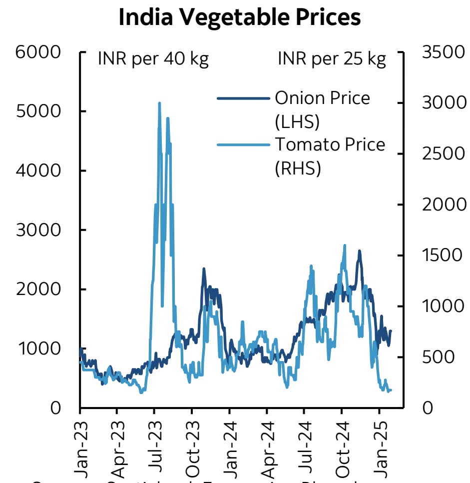
Chart 15 summarizes other global indicators not already covered. I'll write more about them in regular daily notes. For now, the key ones will be US ISM gauges (Monday, Wednesday), several inflation reports including the Eurozone tally (Monday) and across LatAm and Asia-Pacific markets, and New Zealand's Q4 readings for job growth and wages.

Chart 12



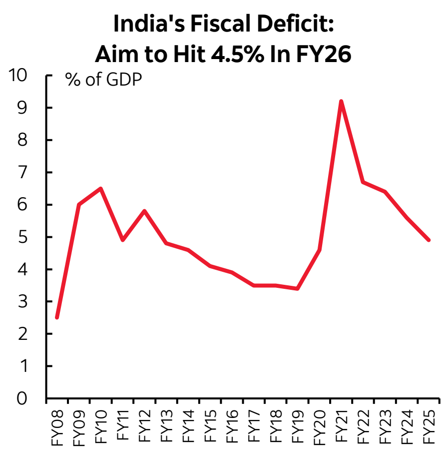
Sources: Scotiabank Economics, INEGI.

Chart 13



Sources: Scotiabank Economics, Bloomberg.

Chart 14



Sources: Scotiabank Economics, Central Statistics Office India.

Chart 15

Other Global Macro Indicators (February 3rd - February 7th)

US	CA	CPI	Other Macro
		Monday	
Construction Spending		EC	CL Economic activity
ISM Manf.		IT	AU Retail Sales
Vehicle Sales		ID	CH Pvt. PMI
			HK GDP
		Tuesday	
Factory Orders		SK	ID GDP
Jolts		PH	NZ Jobs
		Wednesday	
ADP	Trade	VN	EC PPI
Trade		TH	FR IP, Manf.
ISM Serv.			BZ IP
		Thursday	
Claims			EC Retail Trade
Productivity			GE Factory Orders
ULC			
		Friday	
Jobs	Jobs	CO	GE IP
U of Mich.		TA	

Sources: Scotiabank Economics, Bloomberg.

Key Indicators for the week of February 3 – 7

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	02-03	09:00	Total Vehicle Sales (mn a.r.)	Jan	15.5	16.1	16.8
US	02-03	10:00	Construction Spending (m/m)	Dec	0.5	0.2	0.0
US	02-03	10:00	ISM Manufacturing Index	Jan	50.2	50.0	49.2
US	02-04	10:00	Factory Orders (m/m)	Dec	0.2	-0.7	-0.4
US	02-04	10:00	JOLTS Job Openings (000s)	Dec	--	8000.0	8098.0
US	02-05	07:00	MBA Mortgage Applications (w/w)	Jan 31	--	--	-2.0
US	02-05	08:15	ADP Employment Report (000s m/m)	Jan	150	150.0	122.0
CA	02-05	08:30	Merchandise Trade Balance (C$ bn)	Dec	--	0.4	-0.3
US	02-05	08:30	Trade Balance (US$ bn)	Dec	-97.0	-96.9	-78.2
US	02-05	10:00	ISM Non-Manufacturing Composite	Jan	54.5	54.3	54.0
US	02-06	08:30	Initial Jobless Claims (000s)	Feb 01	230	213.5	207.0
US	02-06	08:30	Continuing Claims (000s)	Jan 25	1895	1880.0	1858.0
US	02-06	08:30	Productivity (q/q a.r.)	4Q P	--	1.5	2.2
US	02-06	08:30	Unit Labor Costs (q/q a.r.)	4Q P	--	3.4	0.8
MX	**02-06**	**14:00**	**Overnight Rate (%)**	**Feb 6**	**9.75**	**9.5**	**10.0**
MX	02-07	07:00	Bi-Weekly Core CPI (% change)	Jan 31	--	0.2	0.3
MX	02-07	07:00	Bi-Weekly CPI (% change)	Jan 31	--	0.2	0.2
MX	02-07	07:00	Consumer Prices (m/m)	Jan	--	0.3	0.4
MX	02-07	07:00	Consumer Prices (y/y)	Jan	--	3.6	4.2
MX	02-07	07:00	Consumer Prices Core (m/m)	Jan	--	0.4	0.5
CA	02-07	08:30	Employment (000s m/m)	Jan	35	22.9	91.0
CA	02-07	08:30	Unemployment Rate (%)	Jan	6.7	6.8	6.7
US	02-07	08:30	Average Hourly Earnings (m/m)	Jan	0.3	0.3	0.3
US	02-07	08:30	Average Hourly Earnings (y/y)	Jan	3.7	3.8	3.9
US	02-07	08:30	Average Weekly Hours	Jan	--	34.3	34.3
US	02-07	08:30	Nonfarm Employment Report (000s m/m)	Jan	205	165.0	256.0
US	02-07	08:30	Unemployment Rate (%)	Jan	4.2	4.1	4.1
US	02-07	08:30	Household Employment Report (000s m/m)	Jan	--	--	478.0
US	02-07	10:00	U. of Michigan Consumer Sentiment	Feb P	72.0	72.0	71.1
US	02-07	15:00	Consumer Credit (US$ bn m/m)	Dec	--	15.0	-7.5

EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
IT	02-03	03:45	Manufacturing PMI	Jan	46.9	46.2
FR	02-03	03:50	Manufacturing PMI	Jan F	45.3	45.3
GE	02-03	03:55	Manufacturing PMI	Jan F	44.1	44.1
EC	02-03	04:00	Manufacturing PMI	Jan F	46.1	46.1
UK	02-03	04:30	Manufacturing PMI	Jan F	48.2	48.2
EC	02-03	05:00	CPI (m/m)	Jan P	-0.4	0.4
EC	02-03	05:00	Euro zone CPI Estimate (y/y)	Jan P	2.4	2.4
EC	02-03	05:00	Euro zone Core CPI Estimate (y/y)	Jan P	2.6	2.7
IT	02-03	05:00	CPI (m/m)	Jan P	0.5	0.1
IT	02-03	05:00	CPI (y/y)	Jan P	1.4	1.3
IT	02-03	05:00	CPI - EU Harmonized (m/m)	Jan P	-1.1	0.1
IT	02-03	05:00	CPI - EU Harmonized (y/y)	Jan P	1.4	1.4
IT	02-03		Budget Balance (€ bn)	Jan	--	8.0
IT	02-03		Budget Balance YTD (€ bn)	Jan	--	-124.9
FR	02-04	02:45	Central Government Balance (€ bn)	Dec	--	-172.5
FR	02-05	02:45	Industrial Production (m/m)	Dec	-0.1	0.2
FR	02-05	02:45	Industrial Production (y/y)	Dec	-1.1	-1.1
FR	02-05	02:45	Manufacturing Production (m/m)	Dec	0.2	0.2
IT	02-05	03:45	Services PMI	Jan	50.4	50.7
FR	02-05	03:50	Services PMI	Jan F	48.9	48.9
GE	02-05	03:55	Services PMI	Jan F	52.5	52.5
EC	02-05	04:00	Composite PMI	Jan F	50.2	50.2
EC	02-05	04:00	Services PMI	Jan F	51.4	51.4

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

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Key Indicators for the week of February 3 – 7

EUROPE *(continued from previous page)*

Country	Date	Time	Indicator	Period	Consensus	Latest
UK	02-05	04:30	Official Reserves Changes (US$ bn)	Jan	--	-1262.0
UK	02-05	04:30	Services PMI	Jan F	51.2	51.2
EC	02-05	05:00	PPI (m/m)	Dec	0.5	1.6
GE	02-06	02:00	Factory Orders (m/m)	Dec	1.8	-5.4
UK	02-06	04:30	PMI Construction	Jan	53.7	53.3
EC	02-06	05:00	Retail Trade (m/m)	Dec	-0.1	0.1
UK	**02-06**	**07:00**	**BoE Policy Announcement (%)**	**Feb 6**	**4.5**	**4.8**
GE	02-07	02:00	Industrial Production (m/m)	Dec	-0.7	1.5
FR	02-07	02:45	Current Account (€ bn)	Dec	--	-1700.0
FR	02-07	02:45	Trade Balance (€ mn)	Dec	--	-7084.9
SP	02-07	03:00	Industrial Output NSA (y/y)	Dec	--	-3.4

ASIA PACIFIC

Country	Date	Time	Indicator	Period	Consensus	Latest
SK	02-02	18:00	Industrial Production (m/m)	Dec	0.3	-0.7
SK	02-02	18:00	Industrial Production (y/y)	Dec	1.2	0.1
SK	02-02	18:00	Cyclical Leading Index Change	Dec	--	0.1
AU	02-02	19:30	Building Approvals (m/m)	Dec	1.0	-3.6
AU	02-02	19:30	Retail Sales (m/m)	Dec	-0.8	0.8
AU	02-02	19:30	ANZ Job Advertisements (m/m)	Jan	--	0.3
JN	02-02	19:30	Markit/JMMA Manufacturing PMI	Jan F	--	48.8
CH	02-02	20:45	Caixin Flash China Manufacturing PMI	Jan	50.6	50.5
CH	02-02	20:45	Caixin Manufacturing PMI	Jan	50.6	50.5
ID	02-02	23:00	CPI (y/y)	Jan	1.9	1.6
ID	02-02	23:00	CPI (m/m)	Jan	0.4	0.4
ID	02-02	23:00	Core CPI (y/y)	Jan	2.3	2.3
TH	02-03	02:30	Business Sentiment Index	Jan	--	48.4
HK	02-03	03:30	Annual GDP	2024 A	--	3.3
HK	02-03	03:30	Real GDP (q/q)	4Q A	--	-1.1
HK	02-03	03:30	Real GDP (y/y)	4Q A	2.7	1.8
HK	02-03	03:30	Retail Sales - Value (y/y)	Dec	--	-7.3
HK	02-03	03:30	Retail Sales - Volume (y/y)	Dec	--	-8.3
SI	02-03	08:00	Purchasing Managers Index	Jan	--	51.1
JN	02-03	18:50	Monetary Base (y/y)	Jan	--	-1.0
NZ	02-04	16:45	Unemployment Rate (%)	4Q	5.1	4.8
NZ	02-04	16:45	Employment Change (y/y)	4Q	-0.9	-0.4
SK	02-04	18:00	CPI (m/m)	Jan	0.5	0.4
SK	02-04	18:00	CPI (y/y)	Jan	2.0	1.9
HK	02-04	19:30	Purchasing Managers Index	Jan	--	51.1
PH	02-04	20:00	CPI (y/y)	Jan	2.8	2.9
PH	02-04	20:00	CPI (m/m)	Jan	0.3	0.6
CH	02-04	20:45	Caixin Services PMI	Jan	52.4	52.2
ID	02-04	23:00	Annual GDP (y/y)	2024	5.0	5.1
ID	02-04	23:00	Real GDP (q/q)	4Q	0.5	1.5
ID	02-04	23:00	Real GDP (y/y)	4Q	5.0	5.0
SI	02-05	00:00	Retail Sales (m/m)	Dec	--	-2.8
SI	02-05	00:00	Retail Sales (y/y)	Dec	--	-0.7
SK	02-05	18:00	Current Account (US$ mn)	Dec	--	9299.4
AU	02-05	19:30	Trade Balance (AUD mn)	Dec	6650.0	7079.0
PH	02-05	20:00	Unemployment Rate (%)	Dec	--	3.2
VN	02-05	21:05	CPI (y/y)	Jan	3.1	2.9
VN	02-05	21:05	Industrial Production (y/y)	Jan	--	8.8
TH	02-05		CPI (y/y)	Jan	1.3	1.2
TH	02-05		CPI (m/m)	Jan	0.1	-0.2
TH	02-05		Core CPI (y/y)	Jan	0.8	0.8
JN	02-06	18:30	Household Spending (y/y)	Dec	0.3	-0.4
MA	02-06	23:00	Industrial Production (y/y)	Dec	4.6	3.6
IN	**02-06**	**23:30**	**Repo Rate (%)**	**Feb 7**	**6.25**	**6.50**
IN	02-06	23:30	Cash Reserve Ratio (%)	Feb 7	4.00	4.00

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

Key Indicators for the week of February 3 – 7

ASIA PACIFIC *(continued from previous page)*

Country	Date	Time	Indicator	Period	Consensus	Latest
AU	02-07	00:30	Foreign Reserves (AUD bn)	Jan	--	102.3
MA	02-07	02:00	Foreign Reserves (US$ bn)	Jan 31	--	115.5
TA	02-07	03:00	CPI (y/y)	Jan	2.5	2.1
TA	02-07	03:00	Exports (y/y)	Jan	5.8	9.2
TA	02-07	03:00	Imports (y/y)	Jan	4.5	30.4
TA	02-07	03:00	Trade Balance (US$ bn)	Jan	3.5	6.1
SI	02-07	04:00	Foreign Reserves (US$ mn)	Jan	--	371433.2
CH	02-07		Foreign Reserves (US$ bn)	Jan	--	3202.4
TH	02-07		Consumer Confidence Economic	Jan	--	51.4

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CL	02-03	06:30	Economic Activity Index SA (m/m)	Dec	--	1.0	0.3
CL	02-03	06:30	Economic Activity Index NSA (y/y)	Dec	--	4.5	2.1
BZ	02-03	08:00	PMI Manufacturing Index	Jan	--	--	50.4
BZ	02-05	07:00	Industrial Production SA (m/m)	Dec	--	-1.1	-0.6
BZ	02-05	07:00	Industrial Production (y/y)	Dec	--	-0.3	1.7
BZ	02-07	13:00	Trade Balance (FOB) - Monthly (US$ mn)	Jan	--	2950.0	4803.3
CO	02-07	18:00	Consumer Price Index (m/m)	Jan	--	0.8	0.5
CO	02-07	18:00	Consumer Price Index (y/y)	Jan	--	5.1	5.2

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

Global Auctions for the week of February 3 – 7

NORTH AMERICA

Country	Date	Time	Event
US	02-05	08:30	US Treasury quarterly refunding announcement
CA	02-05	12:00	Canada to Sell 2 Year Bonds
CA	02-06	12:00	Canada to Sell 10 Year Bonds

EUROPE

Country	Date	Time	Event
UK	02-04	05:00	UK to Sell GBP4.25 Billion of 4.375% 2030 Bonds
AS	02-04	05:00	Austria to Sell Bonds
DE	02-05	04:15	Denmark to Sell 2.25% 2035 Bonds
UK	02-05	05:00	UK to Sell GBP2 Billion of 1.5% 2053 Bonds
FR	02-06	04:50	France to Sell Bonds
FI	02-06	06:00	Finland to Sell Ori Bonds
BE	02-07	06:00	Belgium to Sell Bonds through Ori Auction

ASIA PACIFIC

Country	Date	Time	Event
JN	02-03	22:35	Japan to Sell 10-Year Bonds
JN	02-05	22:35	Japan to Sell 30-Year Bonds
CH	02-06	22:35	China to Sell 30 Billion Yuan 2055 Bonds
CH	02-06	22:35	China to Sell 107 Billion Yuan 2026 Bonds

LATIN AMERICA

Country	Date	Time	Event

No Scheduled Auctions

Sources: Bloomberg, Scotiabank Economics.

Events for the week of February 3 – 7

NORTH AMERICA

Country	Date	Time	Event
US	02-03	12:30	Fed's Bostic Speaks on Economic Outlook
US	02-03	18:30	Fed's Musalem Gives Welcoming Remarks
US	02-04	11:00	Fed's Bostic Speaks in Moderated Conversation on Housing
US	02-04	14:00	Fed's Daly Speaks in Moderated Panel
US	02-05	09:00	Fed's Barkin Speaks in a Fireside Chat
US	02-05	13:00	Fed's Goolsbee Gives Remarks at Auto Conference
US	02-06	02:30	Fed's Waller Gives Remarks on the Future of Payments
MX	**02-06**	**14:00**	**Overnight Rate**

EUROPE

Country	Date	Time	Event
SW	02-04	03:30	Riksbank minutes from the monetary policy meeting
IC	**02-05**	**03:30**	**7-Day Term Deposit Rate**
EC	02-05	09:00	ECB's Lane Speaks at Peterson Institute
UK	**02-06**	**07:00**	**Bank of England Bank Rate**
SZ	02-07	03:00	Foreign Currency Reserves
EC	02-07	03:45	ECB's Guindos Speaks in Madrid
UK	02-07	07:15	BOE's Pill Speaks

ASIA PACIFIC

Country	Date	Time	Event
JN	02-02	18:50	BOJ Summary of Opinions (Jan. MPM)
JN	02-05	20:30	BOJ Board Tamura Speech in Nagano
IN	**02-06**	**23:30**	**RBI Repurchase Rate**
IN	**02-06**	**23:30**	**RBI Cash Reserve Ratio**
SL	02-06	00:00	Gross Official Reserves

LATIN AMERICA

Country	Date	Time	Event
BZ	02-04	06:00	Central Bank Meeting Minutes
CO	02-05	17:00	Colombia Monetary Policy Minutes
KN	**02-05**		**Benchmark Interest Rate**
MX	**02-06**	**14:00**	**Overnight 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	3.00	March 12, 2025	3.00	3.00
Federal Reserve – Federal Funds Target Rate	4.50	March 19, 2025	4.50	4.50
Banco de México – Overnight Rate	10.00	February 6, 2025	9.50	9.50

Banco de México: Banco de México is anticipated to cut its overnight rate by 50 basis points due to the continued decline in both headline and core inflation, which are moving closer to the bank's 3% midpoint target. Additionally, fourth-quarter GDP growth contracted by -0.6% quarter-over-quarter, falling short of consensus expectations of -0.2%. In its last meeting, the bank indicated that given the progress in disinflation, larger downward adjustments could be considered in some meetings, while maintaining a restrictive stance. A key risk into the meeting is tariffs and how markets - including MXN- respond.

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	2.90	March 6, 2025	2.65	2.65
European Central Bank – Marginal Lending Facility Rate	3.15	March 6, 2025	2.90	2.90
European Central Bank – Deposit Facility Rate	2.75	March 6, 2025	2.50	2.50
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	2.25	March 20, 2025	2.00	2.00
Norges Bank – Deposit Rate	4.50	March 27, 2025	4.25	4.25
Central Bank of Turkey – Benchmark Repo Rate	45.00	March 6, 2025	43.50	43.50

Bank of England (BoE): Both consensus and market expectations indicate that the Bank of England will likely cut its bank rate by 25 basis points on Thursday, following a steady rate in December. The decision to maintain the rate at the last meeting was influenced by rising inflation, inflation expectations, elevated service inflation, and strong consecutive wage growth. However, headline, core, and service inflation have since slowed down more than anticipated. Additionally, economic activity indicators are declining, with third-quarter economic growth revised downward and the monthly GDP posting a 0.1% month-on-month increase in November GDP after two consecutive months of negative 0.1% growth. Moreover, the UK's job market has experienced consecutive months of negative growth. Hence, a case for a 25 basis point rate cut has emerged. However, a few concerns persist, prompting the BoE to adopt a cautious approach. Continued strong wage growth and worries about rising inflation expectations remain significant. Furthermore, the bank will update its forecasts, last revised in November.

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	0.50	March 19, 2025	0.50	0.50
Reserve Bank of Australia – Cash Rate Target	4.35	February 17, 2025	4.10	4.10
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	February 25, 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	February 25, 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	March 6, 2025	3.00	3.00
Bank Indonesia – BI-Rate	5.75	February 19, 2025	5.75	5.75
Central Bank of Philippines – Overnight Borrowing Rate	5.75	February 13, 2025	5.50	5.50

Reserve Bank of India (RBI): Consensus expects the RBI to reduce its repo rate by 25bps on Thursday after maintaining the rate for the past two years due to concerns about weak economic growth. With both headline and core inflation now within the 2-6% target range, the latest economic growth projection shows the economy will grow at 6.4% in FY25, below the RBI's expectation of 6.6%. The Economic Survey, released on January 31, 2025, also projects the economy to grow at 6.4% in FY25 and remain between 6.3% and 6.8% in FY26. Another focus will be on the Fiscal Budget, announced on Saturday, to see how the government plans its expenditure while aiming for fiscal consolidation. A major concern for the central bank is the weak currency, which has further depreciated since the last meeting, and the lack of liquidity in the economy, for which the RBI has recently injected Rs.1.5 lakh crore into the banking system.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	13.25	March 19, 2025	14.25	14.25
Banco Central de Chile – Overnight Rate	5.00	March 21, 2025	5.00	5.00
Banco de la República de Colombia – Lending Rate	9.50	March 31, 2025	9.25	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	7.50	March 20, 2025	7.25	7.25

Sources: Bloomberg, Scotiabank Economics.