

HAVE CROSSCURRENTS TURNED INTO TAILWINDS?

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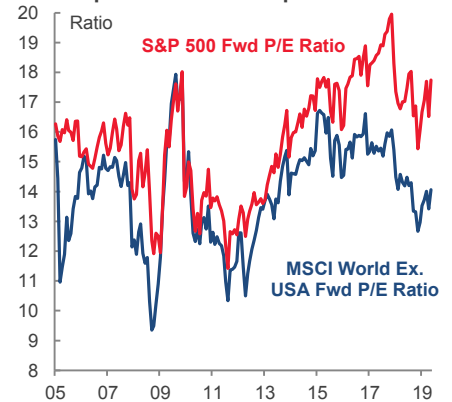
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Next Week's Risk Dashboard

- Powell's testimony
- FOMC minutes
- CBs: BoC, Peru, Negara
- CPI: US, China, India, Norway, Sweden...
- ...Mexico, Brazil, Chile
- ECB minutes
- Eurozone 'supercore'
- China trade, FDI, financing, reserves
- UK macro
- German macro
- US auctions

Chart of the Week

US Equities Maintaining Large P/E Ratio Spread Over Developed World



Sources; Scotiabank Economics, Bloomberg.

Chart of the Week: Prepared by: Evan Andrade, Research Analyst.

Have Crosscurrents Turned Into Tailwinds?

UNITED STATES—IF I CUT THERE MAY BE TROUBLE, IF I DON'T IT MAY BE DOUBLE

With decision day for the Fed approaching at month-end, the coming week should significantly inform prospects for a Fed rate cut. Wednesday and Thursday will be the days of concentrated risk to monitor.

There was nothing apparent in Fed communications around the June 19th decisions to suggest that next Wednesday's 2pmET minutes to that FOMC meeting will tee up a rate cut as soon as July. Please see the recap of those prior communications [here](#). If they do, then monitor for the risk of a majority referencing 'soon' by way of timing a July cut in keeping with the vernacular employed by the Fed. If they intended to tee up a July cut, however, then they went out of their way to botch such guidance. The dot plot provided at the June meeting indicated no median call for cuts this year and just one cut next year (chart 1). Seven out of seventeen FOMC members advocated two cuts this year, one favoured a single cut, eight preferred no easing and one still preferred a hike. On a power-weighted basis, Chair Powell applied heavy conditionality to easing and emphasized the following:

"We are going to be monitoring the crosscurrents but we'd like to see more going forward."

"We'd like to see if these risks materialize" or "add more to the downside" and "the committee wanted to see more"

"Some of these developments have been of recent vintage" such that "we'll be learning more" quite soon.

So you might say 'this indecision's bugging me'. Will Powell answer the question 'should I cut or just say no?' Easing for the wrong reasons could fan financial instability. Not easing and not accompanying such a decision with very cautious guidance could rock the bond market. It may help to ask what has been learned since the June FOMC? Nonfarm rebounded convincingly (recap [here](#)) and the G20 avoided further escalation of US-China tensions by indefinitely shelving further US tariffs and restarting negotiations. Markets still face considerable risk stemming from those negotiations, but the G20 was a mildly positive step in the right direction.

How Chair Powell interprets these developments will be the focal point to his semi-annual Congressional testimony that used to be referred to as the Humphrey-Hawkins testimony. Powell testifies before the House Financial Services Committee on Wednesday at 10amET and then repeats it all the next day before the Senate Banking Committee at the same time. **Because of the timing of his first appearance, the FOMC minutes could turn out to be very stale just hours later.** My hunch is that you'll hear a more upbeat-sounding Fed Chair but one who will continue to reference uncertainties. At a minimum, he can't fully disappoint bond market expectations for rate cuts in one fell swoop so emphasizing positives will have to be done in the context of the risks and ongoing "crosscurrents" as he puts it.

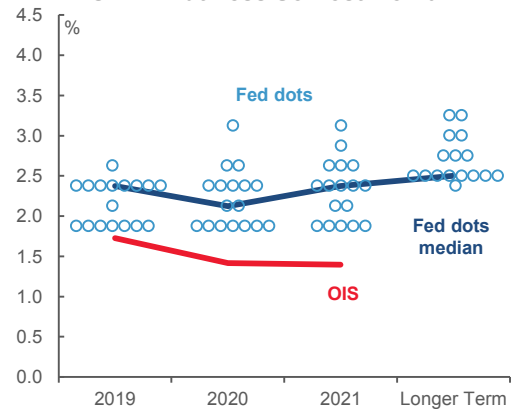
CPI for June arrives on Thursday but perhaps too late to matter given the prior day's barrage of Fed communications. Of course, this isn't even the Fed's preferred inflation metric, but it can serve as a guidepost. A combination of the shift in base effects, typical seasonality and declining gas prices could bring headline inflation down again to about 1.6% y/y (1.8% prior). Core inflation is forecast to remain unchanged at 2.0% y/y primarily due to seasonality and base effect arguments. Because CPI tends to overestimate core PCE by several tenths over time, such a reading for core CPI would suggest there is no progress toward getting core PCE inflation back up toward the 2% target. Producer prices on Friday will play little role in shaping inflation and rates markets after CPI and the Fed announcements.

Fed-speak will also feature appearances by several regional Presidents including St. Louis President Bullard (twice), Atlanta President Bostic (also twice), NY Fed President Williams, Minneapolis President Kashkari and Richmond President Barkin.

The US Treasury also auctions 3s, 10s and 30s next week.

Chart 1

Markets Still More Aggressive Than The FOMC - But Less So Post-Nonfarm



Sources: Scotiabank Economics, Bloomberg.

CANADA—SETTING THE AUTUMN TABLE

The Bank of Canada will have the opportunity to set a course of action or, more likely, inaction for some time at least into the Fall when it delivers its latest policy communications next week. Tuesday's housing starts will be a sideshow to developments the next day.

This will be the full deal with the BoC statement due Wednesday at 10amET along with fresh forecasts and guidance in the Monetary Policy Report, followed by the press conference led by Governor Poloz and Senior Deputy Governor Wilkins at 11:15amET.

No rate change is expected. **The broad concluding bias is likely to be something similar to how “the degree of accommodation being provided by the current policy interest rate remains appropriate” with a data dependent watch mode continuing.** The broad narrative in favour of a rebounding domestic economy in the second quarter is well on track. So is guidance provided in the May 29th statement that “Core inflation measures all remain close to 2 per cent” and indeed the latest figures average a tick north of that (chart 2). Recent releases for jobs ([here](#)), trade ([here](#)) and CPI ([here](#)) generally reinforce this perspective.

Key may be how the BoC views external risks that it warned had increased in May. Further, **watch for key guidance toward Q3 GDP.** Recall that the BoC only forecasts out a quarter at a time and the April MPR published quarterly GDP growth up to 2019Q2. While it has to revise up that 1.3% estimate for Q2 to something that would probably be deep in the 2s perhaps bordering upon 3%, how the BoC views the durability of this improvement relative to potentially temporary and distorted drivers is key by way of assessing 2019H2 risks.

In the meantime, the case for the BoC to stand pat on rates for some time is guided by the following points:

- The BoC is starting at a more relaxed policy stance than the Fed with slightly negative real rates and below its neutral rate. This gives the BoC more of a policy buffer against downside risks;
- The BoC's preferred core inflation measures are on- if not a smidge above-target at 2.1% y/y while the Fed's preferred gauge is well below 2% at 1.6%.
- C\$ weakness is the flip side to the implications of US dollar strength. The CAD rally of about a nickel since early June has been backed by firmer commodity prices. Further C\$ appreciation may be limited if the Fed cuts because US monetary policy easing is already significantly priced in;
- Canada's economy is on the rebound in Q2 whereas the US is decelerating;
- Domestic trade policy risks are less negative for Canada now given the CUSMA deal that is pending passage in the US and Canada (but passed in Mexico) and the reversal of steel and aluminum tariffs and reciprocal actions;
- housing markets are stabilizing in Canada, driven by job growth, lower mortgage rates and distance from B20;
- nonfarm payrolls disappointed in May but Canada's job growth has remained strong this year;
- Canada has imported bond market easing driven by Fed rate expectations and to a degree can ride along the Fed's coat tails.

Chart 2



ASIA-PACIFIC—BEYOND MEAT

Several Chinese macro releases, Indian inflation that may inform the RBI’s next steps and a regional central bank may offer a combination of globally relevant and locally significant developments.

A product that rhymes with fork that is a staple in the Chinese diet and that economists find tough to chew on these days will be monitored for continued influence upon Chinese CPI next Friday. Said unspeakable item’s price was up by 18% y/y in May and this boosted food prices by 7.7% y/y. Other categories offered more tepid price pressures as non-food items were up by only 1.6% y/y. **The result is that core CPI has been falling for about a year and a half now (chart 3).** Expect something similar to arise in next week’s inflation update (unless some heartless souls hid *everyone’s* glasses!) If so, then the PBOC should be able to seek cover for an accommodative stance.

China also updates trade figures for June late in the week. At issue is whether the rebound in export growth during May could have been caused by efforts to move product out of China and abroad and also by stockpiling by China’s trade partners ahead of the June 1st tariff hike. Also at issue is whether invoice fudging as a way of managing currency hedges against yuan volatility in a world of capital account controls may have distorted the readings. If so, then **one might expect China’s June trade figures to pull off and send a bearish signal about the durability of China’s export improvement.**

Beyond the certainty of the CPI and trade reports, we face the uncertainty over whether China’s mercurial statisticians may get around to updating financing, foreign direct investment and foreign reserves data. Each of these releases may arrive either next week or the following week.

India’s inflation rate for June (Friday) is expected to continue to march higher. Consensus sits at about 3.2% y/y (3.05% prior). Like China, however, core inflation has been trending lower in India and was 4.2% y/y in May, down from a peak of 6.3% last July (chart 3 again). The Reserve Bank of India targets inflation between 2% and 6% and so core inflation has been approaching the mid-point of this range. It is this decelerating profile that has prompted the RBI to cut its repo rate three times in a row and to guide that more may be in the offing by stating:

“Hence, there is scope for the MPC to accommodate growth concerns by supporting efforts to boost aggregate demand, and in particular, reinvigorate private investment activity, while remaining consistent with its flexible inflation targeting mandate.”

Bank Negara Malaysia is widely expected to hold its policy rate at 3% on Tuesday. It cut the rate in May. Cut risk still exists, however, as the central bank warned:

“There are downside risks to growth from heightened uncertainties in the global and domestic environment, trade tensions and extended weakness in commodity-related sectors.”

Bear in mind, however, that such guidance was offered way back on May 7th and hence in the earlier stages of the derailment of US-China trade talks that have since been marked by at least a temporary truce at the G20.

EUROPE—‘R’ STANDS FOR ‘REBOUND’?

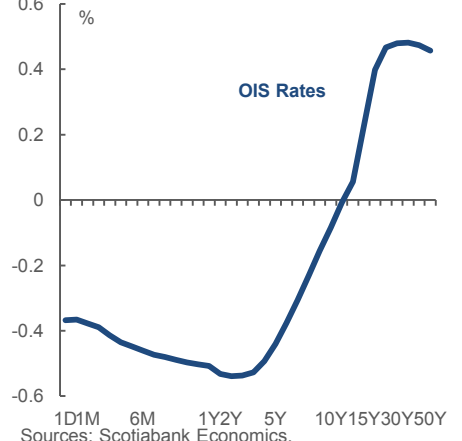
How hard are the economies in Germany and the UK falling and what might the ECB do about the risks to the global and European outlook? This important question will be further informed in a series of macro reports over the coming week that will focus the global markets’ attention upon Europe. Minutes to the June 5th–6th ECB meeting arrive on Thursday and could influence market expectations for renewed easing over coming meetings (chart 4).

Chart 3 Asia's Diminishing Inflation



Sources: Scotiabank Economics, Bloomberg.

Chart 4 Eonia Curve is Pricing Minimal ECB Rate Risk



Sources: Scotiabank Economics.

After Germany's factory orders plunged in May, there is heightened concern toward what may have happened to the country's exports (Monday) and industrial output (also Monday) to round out a suite of top-shelf indicators. These readings had been on softening trends prior to May when factory orders fell (chart 5). **In fact, the plunge of 3.7% m/m in German exports during April and the 1.9% drop in industrial output during that same month preceded the decline in factory orders and may pose soft base effects off of which to restore some stability.** A softening Chinese economy may be exerting less of a pull effect on German industry, while some categories of German exports might have suffered from trade diversion toward stockpiling Chinese substitutes ahead of the June 1st US tariffs.

The UK will provide similar macro updates in concentrated fashion on Wednesday including industrial output, trade, monthly GDP and a monthly services index. However, a UK rebound is expected in industrial output after a sharp decline in April that had been fed in part by unwinding advance stockpiling ahead of what were previously perceived to be hard Brexit risks.

CPI for June will be updated by Norway (Wednesday) and Sweden (Thursday) while Eurozone figures will be revised starting on Thursday at the country level and culminating in Friday's revised Eurozone tally. Watch so-called 'supercore' inflation that sterilizes the volatility to the multi-month trend in core inflation that the shifting timing of the Easter holiday can affect each April and with spillover effects that shake out thereafter.

LATIN AMERICA—DECELERATING INFLATION

In addition to external risks potentially spilling over into LatAm markets, a round of regional inflation reports and information of pertinence to the outlook for central bank policy in Peru and Mexico all lie ahead.

Chile (Monday), Mexico (Tuesday) and Brazil (Wednesday) all release updated inflation figures for June. The latest trends in inflation readings across the main anchor economies within Latin America are shown in chart 6. Each of next week's three updates is expected to decelerate but with varying consequences.

In Brazil, inflation well within the 3–6% inflation target range could bolster Banco Central do Brasil's recent dovish stance.

In Chile, inflation falling toward the lower end of the 2–4% target range could inform risks to that country's central bank's guidance that the surprise 50bps cut on June 30th might be a one and done affair.

In Mexico, further downside pressure will add to market debate over potential easing by Banxico following the one dissenting vote on June 27th that favoured easing against the consensus hold at 8.25%. Minutes to that meeting arrive on Thursday and could add further colour to the debate.

Banco Central de Reserva del Peru is widely expected to hold its policy reference rate at 2.75% on Thursday. After inflation during June pulled back to 2.3% y/y (2.7% prior), it has more closely approached the mid-point of the 1–3% inflation target range.

Chart 5

Germany's Troubled Economy

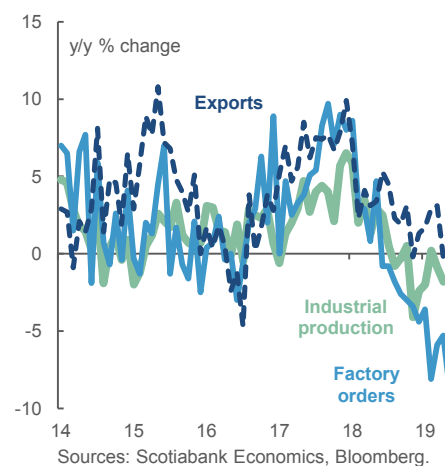
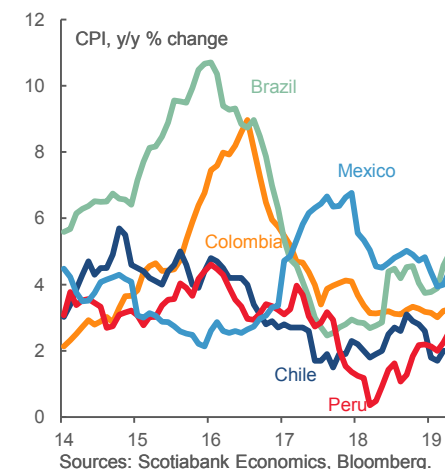


Chart 6

LatAm Inflation



Key Indicators for the week of July 8 – 12

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	07/08	15:00	Consumer Credit (US\$ bn m/m)	May	--	17.0	17.5
MX	07/09	07:00	Bi-Weekly Core CPI (% change)	Jun 30	0.12	0.2	0.2
MX	07/09	07:00	Bi-Weekly CPI (% change)	Jun 30	0.13	0.1	0.0
MX	07/09	07:00	Consumer Prices (m/m)	Jun	0.06	0.1	-0.3
MX	07/09	07:00	Consumer Prices (y/y)	Jun	3.94	4.0	4.3
MX	07/09	07:00	Consumer Prices Core (m/m)	Jun	0.31	0.3	0.2
CA	07/09	08:15	Housing Starts (000s a.r.)	Jun	215	209	202
CA	07/09	08:30	Building Permits (m/m)	May	--	--	14.7
US	07/09	10:00	JOLTS Job Openings (000s)	May	--	7465	7449
US	07/10	07:00	MBA Mortgage Applications (w/w)	JUL 5	--	--	-0.1
US	07/10	08:30	Initial Jobless Claims (000s)	JUL 5	220	220	221
US	07/10	08:30	Continuing Claims (000s)	JUN 28	1685	1683	1686
CA	07/10	10:00	BoC Interest Rate Announcement (%)	Jul 10	1.75	1.75	1.75
US	07/10	10:00	Wholesale Inventories (m/m)	May F	--	0.4	0.4
CA	07/11	08:30	New Housing Price Index (m/m)	May	--	--	0.0
US	07/11	08:30	CPI (m/m)	Jun	0.1	0.0	0.1
US	07/11	08:30	CPI (y/y)	Jun	1.6	1.6	1.8
US	07/11	08:30	CPI (index)	Jun	--	256	256
US	07/11	08:30	CPI ex. Food & Energy (m/m)	Jun	0.1	0.2	0.1
US	07/11	08:30	CPI ex. Food & Energy (y/y)	Jun	2.0	2.0	2.0
US	07/11	14:00	Treasury Budget (US\$ bn)	Jun	--	-23	-208
MX	07/12	07:00	Industrial Production (m/m)	May	--	-0.2	1.5
MX	07/12	07:00	Industrial Production (y/y)	May	-0.23	-1.5	-2.9
US	07/12	08:30	PPI (m/m)	Jun	0.1	0.1	0.1
US	07/12	08:30	PPI ex. Food & Energy (m/m)	Jun	0.2	0.2	0.2

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
GE	07/08	02:00	Current Account (€ bn)	May	--	12.6	22.6
GE	07/08	02:00	Industrial Production (m/m)	May	-0.5	0.4	-1.9
GE	07/08	02:00	Trade Balance (€ bn)	May	--	17.0	17.9
FR	07/10	02:45	Industrial Production (m/m)	May	--	0.3	0.4
FR	07/10	02:45	Industrial Production (y/y)	May	--	1.6	1.1
FR	07/10	02:45	Manufacturing Production (m/m)	May	--	0.3	0.0
IT	07/10	04:00	Industrial Production (m/m)	May	--	0.2	-0.7
UK	07/10	04:30	Index of Services (m/m)	May	--	0.1	0.0
UK	07/10	04:30	Industrial Production (m/m)	May	--	1.5	-2.7
UK	07/10	04:30	Manufacturing Production (m/m)	May	--	2.2	-3.9
UK	07/10	04:30	Visible Trade Balance (£ mn)	May	--	-12550	-12113
GE	07/11	02:00	CPI (m/m)	Jun F	0.3	0.3	0.3
GE	07/11	02:00	CPI (y/y)	Jun F	1.6	1.6	1.6
GE	07/11	02:00	CPI - EU Harmonized (m/m)	Jun F	0.1	0.1	0.1
GE	07/11	02:00	CPI - EU Harmonized (y/y)	Jun F	1.3	1.3	1.3
FR	07/11	02:45	CPI (m/m)	Jun F	0.2	0.2	0.2
FR	07/11	02:45	CPI (y/y)	Jun F	1.2	1.2	1.2
FR	07/11	02:45	CPI - EU Harmonized (m/m)	Jun F	0.3	0.3	0.3
FR	07/11	02:45	CPI - EU Harmonized (y/y)	Jun F	--	1.4	1.4
SP	07/12	03:00	CPI (m/m)	Jun F	-0.1	-0.1	-0.1
SP	07/12	03:00	CPI (y/y)	Jun F	0.4	0.4	0.0
SP	07/12	03:00	CPI - EU Harmonized (m/m)	Jun F	-0.1	-0.1	-0.1
SP	07/12	03:00	CPI - EU Harmonized (y/y)	Jun F	0.6	0.6	0.6
EC	07/12	05:00	Industrial Production (m/m)	May	-0.2	0.2	-0.5
EC	07/12	05:00	Industrial Production (y/y)	May	-1.8	-1.6	-0.4

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

Key Indicators for the week of July 8 – 12

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CH	07/06-07/07		Foreign Reserves (US\$ bn)	Jun	--	3110	3101
JN	07/07	19:50	Bank Lending (y/y)	Jun	--	--	2.6
JN	07/07	19:50	Current Account (¥ bn)	May P	--	1381	1707
JN	07/07	19:50	Machine Orders (m/m)	May	--	-3.7	5.2
JN	07/07	19:50	Trade Balance - BOP Basis (¥ bn)	May P	--	-758.8	-98.2
AU	07/07	21:30	ANZ Job Advertisements (m/m)	Jun	--	--	-8.4
ID	07/07	22:00	Consumer Confidence Index	Jun	--	--	128.2
TA	07/08	04:00	Exports (y/y)	Jun	--	-4.4	-4.8
TA	07/08	04:00	Imports (y/y)	Jun	--	-1.5	-5.9
TA	07/08	04:00	Trade Balance (US\$ bn)	Jun	--	4.5	4.5
JN	07/08	19:50	Japan Money Stock M2 (y/y)	Jun	--	2.6	2.7
JN	07/08	19:50	Japan Money Stock M3 (y/y)	Jun	--	2.3	2.3
CH	07/08	21:00	New Yuan Loans (bn)	Jun	1800	1675	1180
JN	07/09	02:00	Machine Tool Orders (y/y)	Jun P	--	--	-27.3
MA	07/09	03:00	Overnight Rate (%)	Jul 9	3.00	3.00	3.00
SK	07/09	19:00	Unemployment Rate (%)	Jun	4.0	4.0	4.0
PH	07/09	21:00	Exports (y/y)	May	--	-1.0	0.4
PH	07/09	21:00	Imports (y/y)	May	--	-1.1	-1.9
PH	07/09	21:00	Trade Balance (US\$ mn)	May	--	-3765	-3499
CH	07/09	21:30	CPI (y/y)	Jun	2.8	2.7	2.7
CH	07/09	21:30	PPI (y/y)	Jun	--	0.3	0.6
JN	07/11	00:30	Tertiary Industry Index (m/m)	May	--	-0.1	0.8
NZ	07/11	18:30	Business NZ PMI	Jun	--	--	50.2
CH	07/11	21:00	Exports (y/y)	Jun	--	-0.6	1.1
CH	07/11	21:00	Imports (y/y)	Jun	--	-4.6	-8.5
CH	07/11	21:00	Trade Balance (USD bn)	Jun	--	45.3	41.7
MA	07/12	00:00	Industrial Production (y/y)	May	--	3.5	4.0
JN	07/12	00:30	Capacity Utilization (m/m)	May	--	--	1.6
JN	07/12	00:30	Industrial Production (y/y)	May F	--	--	-1.8
SI	07/12	01:00	Retail Sales (y/y)	May	--	-3.5	-1.8
IN	07/12	08:00	CPI (y/y)	Jun	3.2	3.2	3.1
IN	07/12	08:00	Industrial Production (y/y)	May	--	3.1	3.4

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CL	07/08	08:00	CPI (m/m)	Jun	--	--	0.6
CL	07/08	08:00	CPI (y/y)	Jun	--	--	2.8
PE	07/09	10:00	Trade Balance (USD mn)	May	--	--	220
BZ	07/10	08:00	IBGE Inflation IPCA (m/m)	Jun	--	0.0	0.1
BZ	07/10	08:00	IBGE Inflation IPCA (y/y)	Jun	--	3.3	4.7
BZ	07/11	08:00	Retail Sales (m/m)	May	--	0.1	-0.6
BZ	07/11	08:00	Retail Sales (y/y)	May	--	1.3	1.7
PE	07/11	19:00	Reference Rate (%)	Jul 11	2.75	2.75	2.75
BZ	07/12	08:00	Economic Activity Index SA (m/m)	May	--	--	-0.5
BZ	07/12	08:00	Economic Activity Index NSA (y/y)	May	--	--	-0.6

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

Global Auctions for the week of July 8 – 12

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	07/09	13:00	U.S. to Sell 3-Year Notes
US	07/10	13:00	U.S. to Sell 10-Year Notes Reopening
US	07/11	13:00	U.S. to Sell 30-Year Bonds Reopening

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
GE	07/08	05:30	Germany to Sell 2 Billion Euros of 154-day
NE	07/09	05:00	Netherlands to Sell Bonds
AS	07/09	05:15	Austria to Sell Bonds
EC	07/09	05:30	ECB Main Refinancing Operation Result
GE	07/09	05:30	Germany to Sell I/L Bonds
SZ	07/10	05:15	Switzerland to Sell Bonds
GE	07/10	05:30	Germany to Sell 4 Billion Euros of 0% 2029 Bonds
IT	07/11	05:00	Italy to Sell Bonds
IR	07/11	05:00	Ireland to sell Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SK	07/07	21:30	Korea to Sell KRW 550Bln 5-Year Bonds
SK	07/07	21:30	Korea Central Bank to Sell KRW 900Bln 1-Year Bonds
SK	07/07	22:30	Korea to Sell KRW 600Bln 5-Year Bonds
CH	07/07	22:30	Hubei to Sell CNY15.06841 Bln 7Y Bonds
SK	07/08	01:00	Korea Central Bank to Sell KRW 900Bln 91-Days Bonds
JN	07/08	23:35	Japan to Sell 5-Year Bonds
ID	07/09	05:00	Indonesia to Sell 6Mo Islamic Bills & 2,4,15,30Yr Bonds
CH	07/09	23:00	China to Sell 2Yr & 5Yr Government Bonds
TH	07/09	23:00	Thailand to Sell THB20 Bln Bonds Due 2028
TH	07/09	23:00	Thailand to Sell THB8 Bln Bonds Due 2046
NZ	07/10	22:05	New Zealand To Sell NZD250 Mln 3% 2029 Bonds
TH	07/10	23:00	Bk of Thailand to Sell THB25 Bln Bonds Due 2021
TA	07/12	00:30	Taiwan to Sell TWD25 Bln 5-Yr Bonds
TA	07/12	00:30	Taiwan to Sell TWD40 Bln 2-Yr NCD

Source: Bloomberg, Scotiabank Economics.

Events for the week of July 8 – 12

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	07/09	10:10	Fed's Bullard to Make Welcoming Comments in St. Louis
US	07/09	14:00	Fed's Bostic Speaks at Washington University in St. Louis
CA	07/10	10:00	Bank of Canada Rate Decision
US	07/10	10:00	Fed's Powell Testifies Before House Financial Services Panel
US	07/10	13:30	Fed's Bullard To Speak at Washington University in St. Louis
US	07/10	14:00	FOMC Meeting Minutes
MX	07/11	10:00	Central Bank Monetary Policy Minutes
US	07/11	10:00	Fed's Powell Testifies Before Senate Banking Committee
US	07/11	11:10	Fed's Williams To Speak on Revitalization in Albany, New York
US	07/11	12:15	Fed's Bostic Speaks on Monetary Policy at Fiscal Conference
US	07/11	12:30	Fed's Barkin to Speak at Rocky Mountain Economic Summit
US	07/11	17:00	Fed's Kashkari Speaks at Townhall Event in South Dakota

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
UK	07/10	13:10	BOE's Tenreyro speaks in London
UK	07/11	05:30	BOE publishes Financial Stability Report.
SW	07/12	03:30	Riksbank Publishes Minutes From July 2 Meeting
UK	07/12	04:30	BOE's Vlieghe speaks in London.
IT	07/12	05:00	ECB's Visco, Italy's Tria Speak in Milan
IT	07/12	09:00	Bank of Italy Releases the Quarterly Economic Bulletin

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	07/07	20:30	Kuroda Speaks at Branch Managers Meeting
MA	07/09	03:00	BNM Overnight Policy Rate
NZ	07/10		RBNZ's Orr Scheduled to Speak on Phase 2 Review
AU	07/11	09:10	RBA's Debelle Speech Via Videolink at New York Conference
JN	07/11	21:10	BOJ Outright Bond Purchase

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
PE	07/11	19:00	Reference Rate

Source: Bloomberg, Scotiabank Economics.

Global Central Bank Watch

NORTH AMERICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Canada – Overnight Target Rate	1.75	July 10, 2019	1.75	1.75
Federal Reserve – Federal Funds Target Rate	2.50	July 31, 2019	2.50	2.50
Banco de México – Overnight Rate	8.25	August 15, 2019	8.25	8.25

Bank of Canada: No policy rate change is expected and the bias should remain neutral as a data dependent watch mode continues. One key will be how the BoC sees growth after evidence of a significant economic rebound in the second quarter.

Federal Reserve: The focus will be upon Chair Powell's Congressional testimony and the publication of the minutes to the June meeting. Powell's bias in the wake of an upside surprise to nonfarm and better-than-feared outcome of the G20 will combine with the minutes to inform whether the Fed is on track to cut its fed funds target rate at month-end.

EUROPE

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
European Central Bank – Refinancing Rate	0.00	July 25, 2019	0.00	0.00
Bank of England – Bank Rate	0.75	August 1, 2019	0.75	0.75
Swiss National Bank – Libor Target Rate	-0.75	TBA	-0.75	-0.75
Central Bank of Russia – One-Week Auction Rate	7.50	July 26, 2019	7.75	7.50
Sweden Riksbank – Repo Rate	-0.25	September 5, 2019	-0.25	-0.25
Norges Bank – Deposit Rate	1.25	August 15, 2019	1.00	1.25
Central Bank of Turkey – Benchmark Repo Rate	24.00	July 25, 2019	24.00	24.25

ASIA PACIFIC

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Japan – Policy Rate	-0.10	July 30, 2019	-0.10	--
Reserve Bank of Australia – Cash Target Rate	1.25	August 6, 2019	1.00	1.00
Reserve Bank of New Zealand – Cash Rate	1.50	August 6, 2019	1.50	1.75
People's Bank of China – Lending Rate	4.35	TBA	--	--
Reserve Bank of India – Repo Rate	5.75	August 7, 2019	5.50	5.75
Bank of Korea – Bank Rate	1.75	July 17, 2019	1.75	1.75
Bank of Thailand – Repo Rate	1.75	August 7, 2019	1.75	1.75
Bank Negara Malaysia – Overnight Policy Rate	3.00	July 9, 2019	3.00	3.25
Bank Indonesia – 7-Day Reverse Repo Rate	6.00	July 18, 2019	6.00	6.00
Central Bank of Philippines – Overnight Borrowing Rate	4.50	August 8, 2019	4.25	4.50

Bank Negara Malaysia (BNM): We expect the Overnight Policy Rate to be left unchanged at 3.00% on July 9. The key interest rate was cut by 25 bps in May in effort to provide support to the economy as both domestic and global growth prospects face downside risks due to persisting trade uncertainties. We expect the BNM to stay on the sidelines in the near future, assessing the impact of the May rate cut and the need for further policy support. Inflation remains low in Malaysia, at 0.2% y/y in May, yet we expect it to rebound slightly in H2 2019.

LATIN AMERICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Banco Central do Brasil – Selic Rate	6.50	July 31, 2019	6.50	6.50
Banco Central de Chile – Overnight Rate	2.50	July 18, 2019	3.00	3.00
Banco de la República de Colombia – Lending Rate	4.25	July 26, 2019	4.25	4.25
Banco Central de Reserva del Perú – Reference Rate	2.75	July 11, 2019	2.75	2.75

Banco Central de Reserva del Peru: No policy rate change is expected with inflation pulling back closer toward the mid-point of the 1-3% inflation target range.

AFRICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
South African Reserve Bank – Repo Rate	6.75	July 18, 2019	6.75	6.75

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

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