

MARKETS ARE PUSHING THE FED AGAIN

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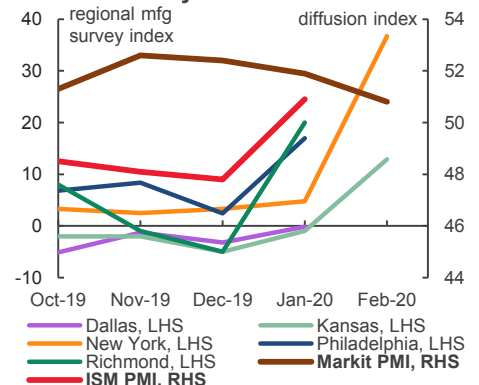
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Next Week's Risk Dashboard

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- Inflation: US, Eurozone
- US consumers, durables, GDP-r
- GDP: Canada, India, Sweden, Mexico-r
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- Fed-speak
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- Alberta, NS budgets
- BoK
- Japan macro

Chart of the Week
US Regional Manufacturing Survey Bounce May Not Translate to ISM


Sources: Scotiabank Economics, ISM, Markit, US Federal Reserve.

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

Markets Are Pushing The Fed Again

UNITED STATES—SANDERS VERSUS EVERYONE ELSE

A handful of macro reports will be the main focal point for US markets over the coming week. While probably not impactful to markets, political pundits will watch this Saturday's Nevada caucuses and Tuesday's 10th Democratic primary debate for further evidence on who has momentum in the race to face Trump in November. Recent polling indicates that Bernie Sanders is capturing the highest share of polling results for who will ultimately win the nomination as Joe Biden's fortunes have sagged (chart 1), but there may be greater odds of moderates pooling together to ultimately overcome Sanders who some view as too extreme to win against Trump in November.

Here is a rundown of the main macroeconomic releases.

1. PCE: The key question here is whether core PCE inflation remains stuck at 1.6% y/y. Core CPI inflation held unchanged at 2.3% y/y in January which might imply that January's core PCE reading will also hold steady. Measurement and methodological differences create uncertainty when translating CPI to PCE. Differing base effects and seasonality can also impact the spread between the measures. I've gone with a slight up-tick in core PCE inflation to 1.7% but with slightly greater odds of a flat 1.6% reading as opposed to a yet higher reading of 1.8%. Headline PCE inflation should follow gas prices and overall CPI higher toward 1.8% y/y. Modest consumption growth should follow the already-known retail report.

2. Consumer confidence: Tuesday's update by the Conference Board (CB) could register higher confidence notwithstanding the coronavirus concerns overhanging markets. Job growth has been strong with a gain of 225k payrolls in January. Wage growth is running at around 3% y/y. The CB measure weights labour market more than the UoM sentiment measure. Other drivers of cash flow nevertheless help. The thirty year fixed mortgage rate is running at about 3¼% which is toward cycle lows. The S&P500 is up by about 3% year-to-date despite recent volatility. Gasoline prices are falling with the average nationwide price for a gallon of regular unleaded down to US\$2.47 now. All of this is in the context of sparkling household balance sheets marked by record-low debt payments as a share of incomes, a 7.6% personal saving rate and rising real net worth per capita.

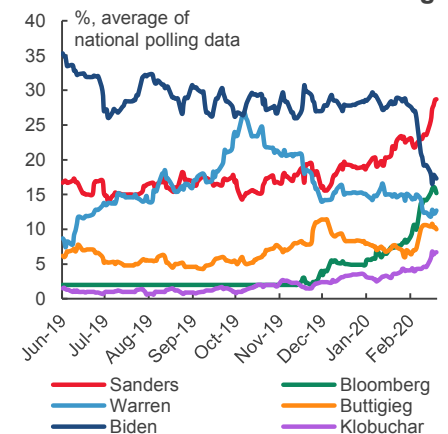
3. Durable goods orders: Thursday's headline orders are expected to retrench following the sizeable 2.4% gain in December that had been driven by the transportation sector and primarily defense orders. In January, Boeing received no plane orders after getting only 3 in December while its market share is rapidly eroding in favour of Airbus. Key will be whether core orders excluding defense and air can rebound from the 0.8% drop in December and the flat reading in November. It may well be that data over the coming months will reflect fresh headwinds to global supply chains and appetite for capital goods.

4. Q4 GDP Revision: Q4 GDP growth estimate will be revised on Thursday and while little change is expected there may be downside risk to the consensus estimate for a small uptick. The initial reading was 2.1% on January 30th. Since that first reading, the broad tone of fresh and revised Q4 data has been somewhat disappointing. Construction spending disappointed for December, the November trade balance was revised to be slightly worse and the deficit widened in December, wholesale sales fell in December and were revised lower, retail sales in December were revised a touch lower and so was industrial production. Only housing starts were revised up.

Also on tap will be the Richmond Fed's manufacturing index on Tuesday and whether it follows the Philly and Empire gauges higher or it reflects the disappointing Markit PMI manufacturing gauge. New home sales in January (Wednesday), repeat home sales prices in December (Tuesday) and pending home sales in January (Thursday) will maintain somewhat of a housing focus over the week.

Chart 1

US Democratic Candidate Polling



Sources: Scotiabank Economics, Real Clear Politics.

Fed-speak will continue with Vice Chair Clarida on Tuesday and regional Presidents Mester (Monday), Evans (Thursday) and Bullard (Friday) also speaking. **Markets are pushing the Fed toward easing again in a near replay of what happened over much of the first half of last year** during which Fed communications tried to lean against markets until ultimately capitulating by cutting in July and twice more thereafter. As this publication is being printed, Fed funds futures have two cuts priced by year-end with the first one fully priced by July.

CANADA—IS IT BAD ENOUGH YET?

The main—but not only—event will be Friday's GDP prints for Q4 and how the year ended in December and segued into 2020. Bank earnings season kicks into high gear and will set much of the tone for the TSX given that banks have a 21% weight in the index. The BoC speaks one last time before muzzling itself. A pair of provincial budgets will bring the total so far to three out of ten provincial updates. We are closely monitoring the balance between potential progress toward ending the illegal rail blockades that have divided the Wet'suwet'en community, damaged the economy and impaired Canada's reputation abroad versus the risk of escalation.

A key issue affecting the outlook for monetary policy is whether the economy disappoints by more than the BoC's forecast in the January Monetary Policy Report (MPR) and by enough to risk courting potentially greater financial stability concerns. Recall that at the last press conference on January 22nd, Governor Poloz said "In this regard, Governing Council will be watching closely to see if the recent slowdown in growth is more persistent than forecast." He also said:

"In forming this view, we weighed the risk that inflation could fall short of target against the risk that a lower interest rate path would lead to higher financial vulnerabilities, which could make it even more difficult to attain the inflation target further down the road. Clearly, this balance can change over time as the data evolve."

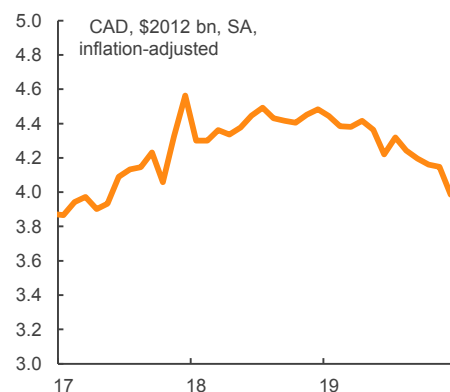
Enter GDP. In the January MPR, the BoC had revised down its projection for 2020Q1 GDP growth from 1.3% to 0.3%. The implied guidance is that the data has to deteriorate by more than the BoC anticipates to bring them around to easing. Therefore, the first step toward assessing this risk is to assess how the economy ended 2019 and handed off to 2020. Our 'nowcast' of GDP growth estimates close to no growth during Q4 ([here](#)). Tracking a monthly GDP add-up for the quarter leans toward a similar outcome. Bidirectional risks can be derived from incomplete sampling of key sectors like services, plus uncertainty toward inventory effects. What also matters is what drove Q4 GDP, not least of which is whether investment showed continued momentum; figures for imported machinery and equipment suggest not and they typically comprise the bulk of business equipment investment (chart 2).

It's not clear that a small downside miss to Q4 GDP would mean a lot to the BoC which is where part two of the tracking comes in. **The subsequent step involves estimating the magnitude of a potential rebound in 2020Q1—onward.** The BoC played it somewhat cautiously back on January 22nd when it forecast Q1 GDP growth of 1.3%. Since then, developments have probably taken a turn for the worse. The evolving impact of the coronavirus and rail disruptions pose the latest risks of serial disappointment to the domestic economy. With world growth likely to come in under 3% again this year, hopes for a stronger rebound may be at least delayed.

These could well prove to be transitory developments, but they nevertheless probably further widen the amount of slack in the economy while making it more difficult to return slack to zero over a lengthier period of time ahead. By corollary—and to the limited extent to which output gaps drive inflation—this may further challenge the BoC's ability to stay on its inflation target especially after core inflation just ebbed a touch and given that several of the top drivers of inflation are probably driven by transitory idiosyncratic factors.

Chart 2

Canadian Imports of Industrial Machinery & Equipment



Sources: Scotiabank Economics, Statistics Canada.

The incremental question then becomes whether potential disappointments to 2019Q4–2020Q1 growth will be enough to allay concerns about financial stability risks should the BoC ease. As previously written ([here](#) and [here](#)), there is good reason to believe that these concerns are exaggerated.

The fiscal Q1 bank earnings season will kick into higher gear over the coming week. Scotiabank (my employer) releases on Tuesday and so does BMO. CIBC releases on Wednesday followed by National Bank and TD on Thursday and then Laurentian Bank on Friday.

Two more provincial budgets are on the docket next week and what follows are the views of Scotia's Rebekah Young. Over the coming weeks, we will be watching how fiscal policy responds across the country to a divergent set of circumstances (chart 3). The general government balance (i.e., taking into account federal and provincial stances) was only mildly accommodative in FY19 at about 0.1% of GDP. Tallying up governments' own projections, this should step up to closer to 0.2% of GDP by the end FY20 despite consolidation in major provinces and surpluses in several smaller ones.

A growing federal government balance sheet largely drives the change, but recall that over a fifth of this balance is a pension accounting provision that won't actually feed into the real economy. **The general government balance is closer to 0.15% of GDP in FY20 once that is netted out, and a mere 0.05% increase over FY19 which is unlikely the magnitude of fiscal support the Bank of Canada can lean on.**

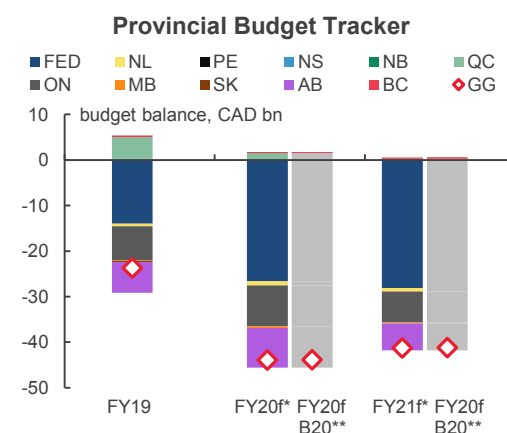
Nova Scotia's Liberal government will table its budget on Tuesday. It should be a good-news (fiscal) story with a fifth-consecutive budgetary surplus expected for FY20 supported by a stronger-than-anticipated economic outlook. Its capital plan released earlier this week foreshadows a more optimistic take on the province's fiscal health with capital spending topping an historic \$1B in FY21. This increase of more than 50% will be invested in schools, hospitals and highways. Strengthened economic growth likely means net debt as a share of the economy will remain on a downward trajectory. With an economy operating close to full-speed and some headwinds on the horizon, including trade exposure to China, we do not expect major new spending in this budget. Rather, we look for targeted measures that further support business development and diversification that has been a theme of past budgets.

Alberta's Kenney government will unveil its second budget on Thursday, just four months after its first budget. There is no shortage of uncertainty on the horizon for Alberta: from unknowns pertaining to coronavirus to major project approvals to rail disruptions. A softening of the economy over the last couple of months despite more favourable oil prices prior to the coronavirus outbreak, particularly evident in labour market metrics, adds to the uncertainty. However, one thing is evident: the government is firmly resolved to deliver on its fiscal austerity agenda amidst challenging negotiations on the education and healthcare fronts. The October budget announced a path to balance by FY23 and we expect that will not shift substantially in this budget though further details on the expenditure-driven consolidation will likely be tabled.

Alberta had been anticipating a deficit of \$8.7B this year. The government recently announced it would require less financing this year than previously forecast with further details to be disclosed in the budget. There were a few buffers built into the October budget that may reduce financing needs including a \$680 mn risk factor and a \$200 mn savings from the crude-by-rail provisioning. But prudent provisioning around oil prices and differentials will likely be absorbed by fiscal year-end as year-to-date averages are close to budget assumptions despite high volatility owing to a host of competing factors. Meanwhile calls for an "equalization rebate"—amounting to \$2.4B in Premier's Kenney's view—have been relatively quiet as federal Finance Minister Morneau promised changes to the fiscal stabilization transfer in the near future.

Bank of Canada Deputy Governor Tim Lane speaks on Tuesday just before the BoC goes into blackout the next day and ahead of the March 4th policy decision. It should be a low risk speech. The topic is "Money and Payments in the Digital Age." The text embargo lifts at 12:15pmET, there will be audience Q&A but no press conference.

Chart 3



* Latest available prior to Budget 2020; ** 1 of 10 provinces reported.

Sources: Scotiabank Economics, Prov Budget Documents

ASIA-PACIFIC—OBSESSIONS GONE VIRAL

The ability of Asia-Pacific markets to impact the global risk trade will continue to be derived from coronavirus concerns. Everything else on tap over the coming week will be of a more regional market flavour until key data at the end of the week that will take until the following Monday market open to be potentially impactful.

China updates the state’s version of the purchasing managers’ indices next Friday evening (eastern time). Markets won’t get a chance to react until after the weekend. The question isn’t whether it will be a bad set of readings. Rather, the issue is exactly how bad will they be? A collapse in China’s Sales Managers Index by World Economics offered a disturbing preview of what lies ahead for other sentiment-based gauges. The February readings combine the effects of the extended shutdowns following the Lunar New Year and the ongoing coronavirus hit to the economy. Contraction signals are feasible for both the manufacturing and non-manufacturing PMIs.

A tangential issue to China’s growth shock is how it will affect compliance with the US-China ‘phase 1’ trade deal. It’s early going and it is possible that near-term compliance issues could be settled when a post-virus rebound is expected to occur. That said, there is some understandable evidence of how demand is being disrupted, albeit difficult to separate out Lunar New Year from virus effects (chart 4).

India logs Q4 GDP estimates on Friday. Consensus expects a figure of around 4 ½% y/y. For India, that’s pretty soft. The country hasn’t seen growth that weak since the start of 2013. A mild conundrum facing the Reserve Bank of India is that as growth has waned, recent inflation has picked up. Core CPI has accelerated from a trough of 3.4% y/y last October to 4.2% last month. Therefore, it’s not the case that only headline CPI has risen from 2.0% about a year ago to 7.6% y/y now because of the crop shock that pushed prices for staples like onions much higher. The RBI targets inflation around 4% +/- 2%.

Consensus is split toward what the Bank of Korea might do on Thursday with the median expecting the central bank to hold its seven day repo rate at 1.25%. Those who expect a hold this time around—like Scotiabank’s Tuuli McCully—think that the central bank might more assertively set up a cut for the next meeting. She cites the fact that Governor Lee Ju-yeol leans toward requiring more time and data with an easing bias.

Japan conducts its monthly data dump next week. Tokyo CPI for February arrives Thursday and should remain around ½% y/y. The jobless rate is expected to hover around 2.2%. Retail sales are expected to give back some of the mild rebound in December. Industrial production is expected to post a softer print than the December gain of 1.2% with downside risk.

EUROPE—LOWER EUROZONE INFLATION LIES AHEAD

Inflation will be the main focus of the coming week alongside any ongoing spillover of coronavirus effects on export market prospects.

Spain updates CPI for February on Thursday ahead of Germany, France and Italy the next day. By week’s end, we’ll have the ingredients to firm up an estimate for Eurozone inflation that is due the following Tuesday. Headline inflation readings are expected to be flat to possibly lower. That should translate into Eurozone-wide CPI inflation somewhat under the prior month’s rise to 1.4% y/y. Chart 5 demonstrates that swings in Eurozone average gasoline pump prices including tax have been a notable contributor to changes in overall inflation. In year-over-year terms, headline inflation will probably come under downward pressure over coming months.

Chart 4

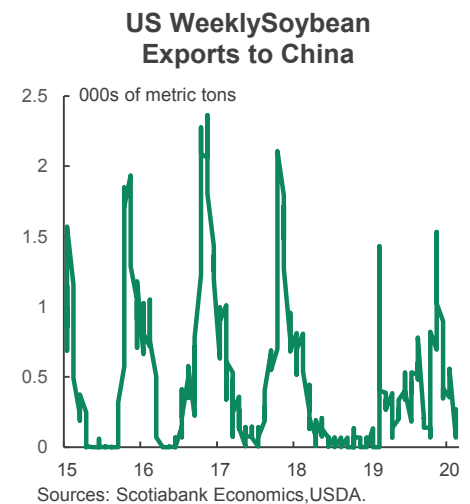
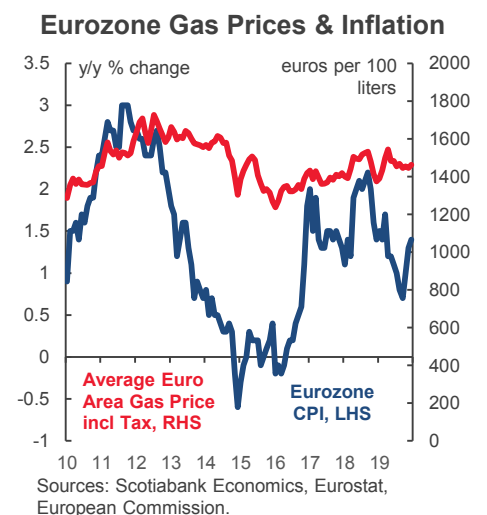


Chart 5



So far, German sentiment readings have been a bit of a mixed bag during February. The tie-breaker arrives on Monday with **IFO business confidence**. The ZEW investor confidence metric soured. The composite purchasing managers' index was down only a tick to 51.1 that signals weak growth as manufacturing's contraction ebbed somewhat but growth in services softened.

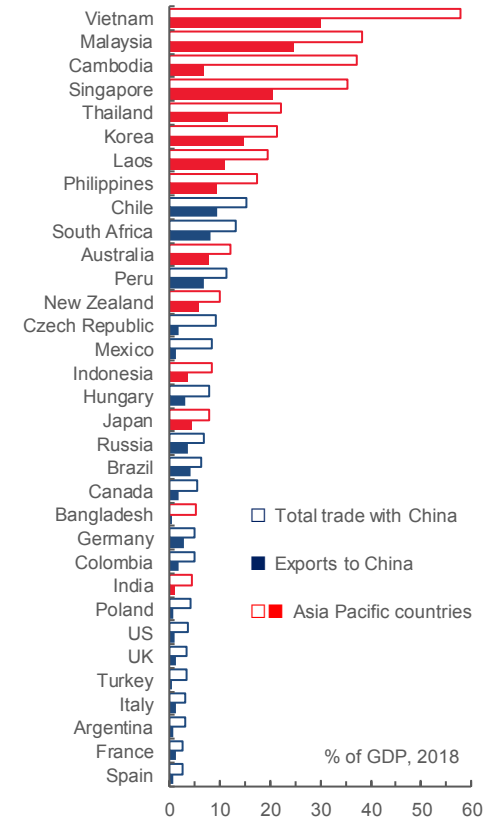
Other releases will include Swedish Q4 GDP growth on Friday that is expected to soften, French consumer spending in January on the same day that is expected to be flat, and Q4 GDP revisions by Germany and France.

LATIN AMERICA—IMPACT ASSESSMENT

Latin America will be primarily buffeted by developments abroad. That includes additional assessments of the impact of the coronavirus on export prospects given the significant shares of GDP exposed to trade with China as noted in our coronavirus piece [here](#) and in chart 6.

The only semi-notable other developments will include Mexican Q4 GDP revisions to the original estimate of no growth (Tuesday) and retail sales for December (Wednesday).

Chart 6 Strong Regional Integration in Asia-Pacific



Sources: Scotiabank Economics, IMF.

Key Indicators for week of February 24 – 28
NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
MX	02/24	07:00	Bi-Weekly Core CPI (% change)	Feb 15	0.3	0.3	0.2
MX	02/24	07:00	Bi-Weekly CPI (% change)	Feb 15	0.3	0.2	0.1
CA	02/24	08:30	Wholesale Trade (m/m)	Dec	--	0.4	-1.2
US	02/24	10:30	Dallas Fed. Manufacturing Activity	Feb	--	0.0	-0.2
MX	02/25	07:00	GDP (q/q)	4Q F	--	-0.1	0.0
MX	02/25	07:00	GDP (y/y)	4Q F	-0.3	-0.4	-0.3
MX	02/25	07:00	Global Economic Indicator IGAE (y/y)	Dec	0.82	0.5	-1.2
US	02/25	09:00	S&P/Case-Shiller Home Price Index (m/m)	Dec	--	0.4	0.5
US	02/25	09:00	S&P/Case-Shiller Home Price Index (y/y)	Dec	2.7	2.8	2.6
US	02/25	10:00	Consumer Confidence Index	Feb	132.5	132.0	131.6
US	02/25	10:00	Richmond Fed Manufacturing Index	Feb	--	11.0	20.0
MX	02/26	07:00	Retail Sales (INEGI) (y/y)	Dec	--	--	2.1
US	02/26	07:00	MBA Mortgage Applications (w/w)	Feb 21	--	--	1.1
US	02/26	10:00	New Home Sales (000s a.r.)	Jan	700	710	694
MX	02/27	07:00	Unemployment Rate (%)	Jan	3.3	--	2.9
CA	02/27	08:30	Current Account (C\$ bn a.r.)	4Q	--	-8.9	-9.9
US	02/27	08:30	Durable Goods Orders (m/m)	Jan P	-2.0	-1.5	2.4
US	02/27	08:30	Durable Goods Orders ex. Trans. (m/m)	Jan P	0.1	0.2	-0.1
US	02/27	08:30	GDP (q/q a.r.)	4Q S	2	2.1	2.1
US	02/27	08:30	GDP Deflator (q/q a.r.)	4Q S	--	1.4	1.4
US	02/27	08:30	Initial Jobless Claims (000s)	Feb 22	210	211	205
US	02/27	08:30	Continuing Claims (000s)	Feb 15	1725	--	1698
US	02/27	10:00	Pending Home Sales (m/m)	Jan	2.0	1.9	-4.9
MX	02/28	07:00	Trade Balance (US\$ mn)	Jan	2000	--	3068
CA	02/28	08:30	IPPI (m/m)	Jan	--	--	0.1
CA	02/28	08:30	Raw Materials Price Index (m/m)	Jan	--	--	2.8
CA	02/28	08:30	Real GDP (m/m)	Dec	0.1	0.1	0.1
CA	02/28	08:30	Real GDP (q/q a.r.)	4Q	0.1	0.3	1.3
US	02/28	08:30	PCE Deflator (m/m)	Jan	0.1	0.1	0.3
US	02/28	08:30	PCE Deflator (y/y)	Jan	1.8	1.8	1.6
US	02/28	08:30	PCE ex. Food & Energy (m/m)	Jan	0.1	0.2	0.2
US	02/28	08:30	PCE ex. Food & Energy (y/y)	Jan	1.7	1.7	1.6
US	02/28	08:30	Personal Spending (m/m)	Jan	0.3	0.3	0.3
US	02/28	08:30	Personal Income (m/m)	Jan	0.2	0.3	0.2
US	02/28	08:30	Wholesale Inventories (m/m)	Jan P	--	-0.1	-0.2
US	02/28	09:45	Chicago PMI	Feb	--	45.8	42.9
US	02/28	10:00	U. of Michigan Consumer Sentiment	Feb F	--	100.6	100.9

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
GE	02/24	04:00	IFO Business Climate Survey	Feb	--	95.3	95.9
GE	02/24	04:00	IFO Current Assessment Survey	Feb	--	98.6	99.1
GE	02/24	04:00	IFO Expectations Survey	Feb	--	92.1	92.9
GE	02/25	02:00	Real GDP (q/q)	4Q F	--	0.0	0.0
SP	02/27	03:00	CPI (m/m)	Feb P	--	-0.1	-1.0
SP	02/27	03:00	CPI (y/y)	Feb P	--	0.8	1.1
SP	02/27	03:00	CPI - EU Harmonized (m/m)	Feb P	--	-0.2	-1.4
SP	02/27	03:00	CPI - EU Harmonized (y/y)	Feb P	--	0.8	1.1
EC	02/27	05:00	Business Climate Indicator	Feb	--	-0.3	-0.2
EC	02/27	05:00	Economic Confidence	Feb	--	102.6	102.8
EC	02/27	05:00	Industrial Confidence	Feb	--	-7.5	-7.3
UK	02/27	19:01	GfK Consumer Confidence Survey	Feb	--	-8.0	-9.0
GE	02/27-03/02		Retail Sales (m/m)	Jan	--	0.7	-2.0
FR	02/28	02:45	Consumer Spending (m/m)	Jan	--	0.1	-0.3
FR	02/28	02:45	GDP (q/q)	4Q F	--	-0.1	-0.1
FR	02/28	02:45	Producer Prices (m/m)	Jan	--	--	0.0

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for week of February 24 – 28
EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
SW	02/28	03:30	GDP (y/y)	4Q	--	0.7	1.6
GE	02/28	03:55	Unemployment (000s)	Feb	--	5.0	-2.0
GE	02/28	03:55	Unemployment Rate (%)	Feb	--	5.0	5.0
PD	02/28	04:00	GDP (y/y)	4Q F	--	--	3.10
SP	02/28	04:00	Current Account (€ bn)	Dec	--	--	3.4
EC	02/28	05:00	Euro zone CPI Estimate (y/y)	Feb	--	1.2	1.4
IT	02/28	05:00	CPI (m/m)	Feb P	--	--	0.2
IT	02/28	05:00	CPI (y/y)	Feb P	--	0.6	0.6
IT	02/28	05:00	CPI - EU Harmonized (m/m)	Feb P	--	-0.3	-1.7
PO	02/28	06:00	Real GDP (q/q)	4Q F	--	0.60	0.60
GE	02/28	08:00	CPI (m/m)	Feb P	--	0.3	-0.6
GE	02/28	08:00	CPI (y/y)	Feb P	--	1.7	1.7
GE	02/28	08:00	CPI - EU Harmonized (m/m)	Feb P	--	0.4	-0.8
GE	02/28	08:00	CPI - EU Harmonized (y/y)	Feb P	--	1.6	1.6
UK	02/28-03/03		Nationwide House Prices (m/m)	Feb	--	0.4	0.5

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
NZ	02/23	16:45	Retail Sales Ex Inflation (q/q)	4Q	--	0.8	1.6
TH	02/23	22:30	Customs Exports (y/y)	Jan	--	-2.9	-1.3
TH	02/23	22:30	Customs Imports (y/y)	Jan	--	-14.8	2.5
TH	02/23	22:30	Customs Trade Balance (US\$ mn)	Jan	--	-448	596
SK	02/23-02/28		Department Store Sales (y/y)	Jan	--	--	-0.8
SI	02/24	00:00	CPI (y/y)	Jan	1.0	0.9	0.8
TA	02/24	03:00	Industrial Production (y/y)	Jan	--	-4.3	6.0
TA	02/24	03:00	Unemployment Rate (%)	Jan	3.7	3.7	3.7
SK	02/24	16:00	Consumer Confidence Index	Feb	--	--	104.2
PH	02/24-02/25		Budget Deficit/Surplus (PHP bn)	Dec	--	--	-60.9
JN	02/25	00:00	Coincident Index CI	Dec F	--	--	94.7
JN	02/25	00:00	Leading Index CI	Dec F	--	--	91.6
HK	02/25	03:30	Exports (y/y)	Jan	--	-4.4	3.3
HK	02/25	03:30	Imports (y/y)	Jan	--	-4.9	-1.9
HK	02/25	03:30	Trade Balance (HKD bn)	Jan	--	-12.5	-32.5
SK	02/25	16:00	Business Survey- Manufacturing	Mar	--	--	77.0
SK	02/25	16:00	Business Survey- Non-Manufacturing	Mar	--	--	74.0
JN	02/26	00:00	Supermarket Sales (y/y)	Jan	--	--	-3.3
SI	02/26	00:00	Industrial Production (y/y)	Jan	--	-5.8	-0.7
HK	02/26	03:30	Real GDP (y/y)	4Q F	-2.9	-2.9	-2.9
NZ	02/26	16:45	Trade Balance (NZD mn)	Jan	--	-533	547
NZ	02/26	16:45	Exports (NZD bn)	Jan	--	4	5544
NZ	02/26	16:45	Imports (NZD bn)	Jan	--	5	4997
AU	02/26	19:30	Private Capital Expenditure	4Q	--	0.5	-0.2
VN	02/26-02/29		CPI (y/y)	Feb	--	5.6	6.4
VN	02/26-02/29		Industrial Production (y/y)	Feb	--	--	-5.5
NZ	02/27	16:00	ANZ Consumer Confidence Index	Feb	--	--	122.7
SK	02/27	18:00	Industrial Production (y/y)	Jan	--	0.1	4.2
SK	02/27	18:00	Cyclical Leading Index Change	Jan	--	--	0.4
JN	02/27	18:30	Jobless Rate (%)	Jan	2.2	2.2	2.2
JN	02/27	18:30	Tokyo CPI (y/y)	Feb	--	0.5	0.6
JN	02/27	18:50	Industrial Production (m/m)	Jan P	--	0.2	1.2
JN	02/27	18:50	Large Retailers' Sales (y/y)	Jan	--	-1.7	-2.8
JN	02/27	18:50	Retail Trade (y/y)	Jan	--	-1.0	-2.6
JN	02/27	18:50	Industrial Production (y/y)	Jan P	--	-3.1	-3.1
AU	02/27	19:30	Private Sector Credit (y/y)	Jan	--	--	2.4
JN	02/27	23:00	Vehicle Production (y/y)	Dec	--	--	-9.3
SK	02/27		BoK Base Rate (%)	Feb 27	1.25	1.25	1.25

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for week of February 24 – 28

ASIA-PACIFIC (continued from previous page)

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
HK	02/27-02/28		Govt Monthly Budget Surp/Def (HKD bn)	Jan	--	--	95.1
IN	02/27-02/28		Fiscal Deficit (INR Crore)	Jan	--	--	123891
PH	02/27-02/28		Bank Lending (y/y)	Jan	--	--	10.8
JN	02/28	00:00	Housing Starts (y/y)	Jan	--	-5.3	-7.9
JN	02/28	00:00	Construction Orders (y/y)	Jan	--	--	21.4
TH	02/28	02:30	Exports (y/y)	Jan	--	--	-1.7
TH	02/28	02:30	Imports (y/y)	Jan	--	--	1.8
TH	02/28	02:30	Trade Balance (US\$ mn)	Jan	--	--	1889
TH	02/28	02:30	Current Account Balance (US\$ mn)	Jan	--	--	4109
IN	02/28	07:00	Real GDP (y/y)	4Q	5.0	4.7	4.5
CH	02/28	20:00	Manufacturing PMI	Feb	49.0	47.4	50.0
CH	02/28	20:00	Non-manufacturing PMI	Feb	--	50.0	54.1

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
CL	02/28	07:00	Industrial Production (y/y)	Jan	--	--	4.2
CL	02/28	07:00	Retail Sales (y/y)	Jan	--	-1.9	-2.8
CL	02/28	07:00	Unemployment Rate (%)	Jan	--	7.2	7.0
CO	02/28	10:00	Urban Unemployment Rate (%)	Jan	--	13.8	10.5

Global Auctions for week of February 24 – 28

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	02/25	13:00	U.S. to Sell 2 Year Notes
US	02/26	11:30	U.S. to Sell 2 Year FRNs Reopening
CA	02/26	12:00	Canada to Sell 3 Year Bonds
US	02/26	13:00	U.S. to Sell 5 Year Notes
US	02/27	13:00	U.S. to Sell 7 Year Notes

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
IT	02/25	05:00	Italy to Sell Bonds
UK	02/25	05:30	U.K. to Sell 3.25 Billion Pounds of 0.875% 2029 Bonds
SW	02/26	05:00	Sweden to Sell Bonds
NO	02/26	05:00	Norway to Sell Bonds
GE	02/26	06:30	Germany to Sell 4 Billion Euros of 0% 2025 Bonds
IT	02/27	05:00	Italy to Sell Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SK	02/23	20:30	Korea Central Bank to Sell KRW 800Bln 1 Year Bonds
CH	02/23	20:30	Jiangxi to Sell CNY22 Bln 10 Year Bonds
SK	02/23	21:30	Korea to Sell KRW 650 Bln 20 Year Bonds
TA	02/24	23:30	Taiwan to Sell TWD40 Bln 2 Year NCD
ID	02/25	04:00	Indonesia to Sell 2, 4, & 25 Year Islamic Bonds
TH	02/25	22:00	Thailand to Sell THB17 Bln Bonds Due 2029
NZ	02/26	20:05	New Zealand To Sell NZD250 Mln 2.75% 2025 Bonds
JN	02/27	22:35	Japan to Sell 2 Year Bonds

Sources: Bloomberg, Scotiabank Economics.

Events for week of February 24 – 28

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	02/22		Nevada Democratic Caucuses
US	02/24	15:00	Fed's Mester Speaks on Economy at NABE Conference
WO	02/25	08:00	World Bank's Malpass Speaks in Washington
CA	02/25	12:30	Bank of Canada's Lane Gives Speech in Montreal
US	02/25	15:15	Fed's Clarida Speaks at NABE Conference in Washington
US	02/25		Tenth Democratic Primary Debate (Charleston, SC)
MX	02/27	10:00	Central Bank Monetary Policy Minutes
US	02/27	11:30	Fed's Evans Speaks in Mexico City
US	02/28	09:15	Fed's Bullard Discusses the Economy and Monetary Policy

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	02/24	03:20	ECB's Lagarde Speaks at ECB and Its Watchers Conference
UK	02/24	13:30	BOE Chief Economist Haldane Speaks in London
SW	02/25	04:30	Riksbank's Jansson Gives Speech In London
HU	02/25	08:00	Central Bank Rate Decision
HU	02/25	08:00	Overnight Deposit Rate
SW	02/26	03:00	Riksbank's Ingves Visits Nasdaq to Discuss Payment Market
UK	02/27	05:30	BOE's Cunliffe Speaks on a Panel in London
EC	02/28	05:00	Bundesbank President Weidmann Speaks in Frankfurt
UK	02/28	06:15	BOE Chief Economist Haldane Speaks in Oxford

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SK	02/27		BoK 7-Day Repo Rate

Sources: 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	March 4, 2020	1.50	1.75
Federal Reserve – Federal Funds Target Rate	1.75	March 18, 2020	1.75	1.75
Banco de México – Overnight Rate	7.00	March 26, 2020	7.00	7.00

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	March 12, 2020	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	0.25	March 12, 2020	0.25	0.25
European Central Bank – Deposit Facility Rate	-0.50	March 12, 2020	-0.50	-0.50
Bank of England – Bank Rate	0.75	March 26, 2020	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	6.00	March 20, 2020	6.00	6.00
Sweden Riksbank – Repo Rate	0.00	April 28, 2020	0.00	0.00
Norges Bank – Deposit Rate	1.50	March 19, 2020	1.50	1.50
Central Bank of Turkey – Benchmark Repo Rate	10.75	March 19, 2020	10.75	10.75

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	March 19, 2020	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	0.75	March 2, 2020	0.75	0.75
Reserve Bank of New Zealand – Cash Rate	1.00	March 24, 2020	1.00	1.00
People's Bank of China – 1-Year Loan Prime Rate	4.05	March 20, 2020	4.00	4.05
Reserve Bank of India – Repo Rate	5.15	April 3, 2020	5.15	5.15
Bank of Korea – Bank Rate	1.25	February 27, 2020	1.25	1.25
Bank of Thailand – Repo Rate	1.00	March 25, 2020	1.00	1.25
Bank Negara Malaysia – Overnight Policy Rate	2.75	March 3, 2020	2.75	2.75
Bank Indonesia – 7-Day Reverse Repo Rate	4.75	March 19, 2020	4.75	4.75
Central Bank of Philippines – Overnight Borrowing Rate	3.75	March 19, 2020	3.75	3.75

Bank of Korea (BoK): Korean monetary authorities will make a policy decision on February 27. Given that the South Korean economy will be adversely affected by the coronavirus outbreak, the likelihood of additional monetary easing has risen lately. Economic data releases over the course of next week will play a key role in the monetary policy decision as they are early indicators of the shock to the economy. Barring significant downside surprises on the data front, we expect the BoK to leave the Base Rate unchanged at 1.25% this month, yet a rate cut will likely be announced at the following meeting. Governor Lee Ju-yeol recently pointed out that more time and data are needed to assess the virus's impact on the economy. Meanwhile, he also highlighted that the central bank has policy space left for further easing if needed.

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	4.25	March 18, 2020	4.25	4.25
Banco Central de Chile – Overnight Rate	1.75	March 31, 2020	1.75	1.75
Banco de la República de Colombia – Lending Rate	4.25	March 27, 2020	4.25	4.25
Banco Central de Reserva del Perú – Reference Rate	2.25	March 12, 2020	2.25	2.25

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	6.25	March 19, 2020	6.25	6.25

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

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