

**BALANCING ACTS**

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**FORECASTS & DATA**

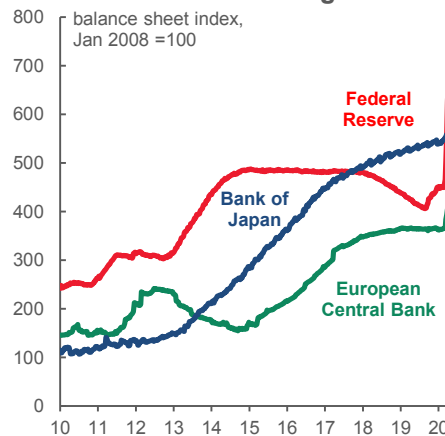
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**Next Week's Risk Dashboard**

- COVID-19 flattening watch
- CBs: Fed, ECB, BoJ, BanRep, Riksbank
- US state aid
- Chinese PMIs
- GDP: US, Canada, Mexico, Eurozone, Taiwan
- Inflation: US, Eurozone, Australia, Japan, Brazil, Peru
- US ISM, PCE, confidence
- Earnings
- Japan macro

**Chart of the Week**
**Central Banks Likely to Increase Asset Purchase Programs**


Sources: Scotiabank Economics, Bloomberg.

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

## Balancing Acts

### CANADA—THE REOPENING EXPERIMENT

What will dominate attention across Canadian market participants is likely to be a combination of evaluating when different regions of the economy may reopen after COVID-19 shutdowns, as well as ongoing developments in oil markets. Calendar-based risks will be subdued and only focused upon a backward-looking assessment of growth.

**Chart 1 demonstrates that some provinces are likely to reopen their economies in stages at an earlier point than others.** Indeed, some have already announced such intentions, like Saskatchewan and PEI. COVID-19 curves have been fairly clearly flattening in provinces like Saskatchewan, Manitoba, Newfoundland and Labrador, New Brunswick and PEI. Other provinces like Nova Scotia and British Columbia have witnessed their curves shift toward flatter slopes (slower pace of case growth) but are not flat as of yet. Large provinces like Ontario, Quebec and Alberta are trailing behind and this is why the national total has not necessarily reflected developments in other regions.

Saskatchewan will soon be monitored as a reopening test case. The province will commence a five-phase reopening plan on May 4<sup>th</sup>. The phases will gradually expand the types of businesses that are allowed to reopen while maintaining physical distancing and disinfection standards. PEI will also begin to relax COVID-19 restrictions starting on Friday May 1<sup>st</sup>. Expect some of the other ‘flattened’ provinces to follow suit. Evaluating the effects will take several weeks to months before we know if success has been achieved for others to emulate. At issue not only in Canada but also abroad is the delicate balancing act between opening out of economic necessity given limits upon how long governments can take their economies on balance sheet, versus not doing so too soon as to inflict greater long run damage.

**Canada will fill in the blank with one more month’s estimate of how bad the economy performed in the first quarter of the year when February GDP arrives on Thursday.** To markets, how Canada’s economy performed back in February isn’t likely to be a showstopper. It could nevertheless be a decent month—just before the wheels fell off. Growth of about 0.3% m/m probably occurred. That’s based upon a regression model that is driven by decent volume gains in retail sales (+0.2% m/m), wholesale trade (+0.6%), hours worked (+1.2%), manufacturing shipments (+0.8%) and with only housing starts moving lower (-2.8%). Don’t get too used to that, however, as readings for March include a 15% m/m plunge in hours worked and a 7% drop in housing starts. These were among the turns informing Statistics Canada’s ‘nowcast’ of -9% m/m for March GDP. The decision by CN to shut down its eastern Canada rail network on February 13<sup>th</sup> due to protests before the company began recalling workers in early March will serve to constrain activity in a number of other sectors.

An alternative approach, however, is to figure what is imputed for February from a) StatsCan’s guidance that the economy contracted by over 10% q/q in Q1 at an annualized and seasonally adjusted rate, b) StatsCan’s guidance that the economy contracted by 9% m/m (non-annualized) in March, and c) January GDP that we know grew by 0.1% m/m. What falls out of that is a 0.2% contraction in February. This approach should be downplayed principally because StatsCan’s -10% q/q estimate for Q1 is based upon a different measure of GDP on an expenditure basis versus the monthly GDP accounts that measure GDP from an income or production perspective. The difference in the two concepts could be inventory investment and import leakage effects that are captured in quarterly GDP, but not monthly.

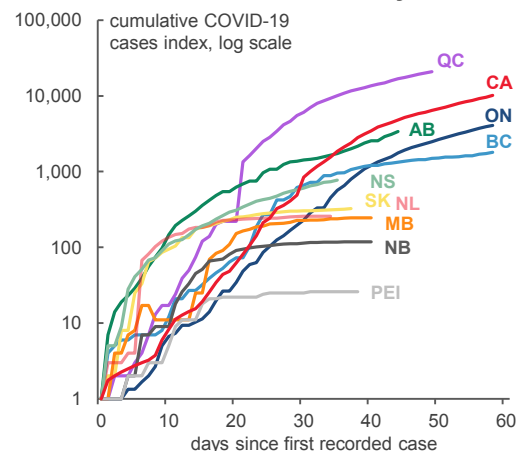
Thirty-six TSX-listed firms release earnings over the week including names like Loblaw, CN, West Fraser and Maple Leaf Foods.

### UNITED STATES—TOO SOON

**As more and fresher estimates of the economic impact of the COVID-19 shock roll in, will the Federal Reserve and Federal government unveil further stimulus next week?**

Chart 1

### Cumulative COVID-19 Cases by Province



Note: day of first case indexed to equal 1.

Sources: Scotiabank Economics, Government of Canada.

What may help to inform the picture will be further evidence on whether or not COVID-19 curves are flattening across the US. So far, they are flattening across all major regions, but not yet flat (chart 2). **Contingency planning for reopening parts of the economy in phases is prudent to undertake, but it's premature to be implementing** absent more convincing evidence that the curve counts are getting under control. Some experiments across the world may fail quickly where others succeed and the impact upon global confidence and supply chains is likely to be uneven. About the only thing that should be obvious is that one can't get a tattoo from six feet apart! That's called darts.

The Federal Reserve returns to a more typical communications schedule when its two-day meeting commences on Tuesday and results in a statement the next day at 2pmET followed by Chair Powell's press conference at 2:30pmET. Even though it skipped forecasts that would have ordinarily been delivered in March, it is likely to hold off providing them until the next scheduled round in June but a glimpse at expectations may be on offer. The entire statement needs to be rewritten as the last one on March 23<sup>rd</sup> and the truncated statement on March 31<sup>st</sup> are no longer timely assessments.

**Here are possible developments to expect from the Fed on Wednesday:**

**a) A hike in IOER:** Given that the effective fed funds rate is once again tracking beneath the Interest on Excess Reserves rate that—through arbitrage—is essentially the anchor point for the whole short-term rates complex, the Fed might chose to coax market rates further away from zero and going negative and closer toward the middle of the fed funds target range of 0–0.25%. See chart 3.

**b) Forward guidance:** The FOMC has guided that it will maintain the fed funds target range of 0–0.25% “until it is confident that the economy has weathered recent events and is on track to achieve its maximum employment and price stability goals.” This could be strengthened. In fact, not doing so might not play out all that well. Markets have priced rate changes out of the picture for years in part through doing their own homework but also perhaps on the assumption that the March 15<sup>th</sup> guidance is somewhat dated nearly one-and-a-half months later. The Fed could easily remove “on track” and declare that it won't consider moving rates until the economy is close to its full employment goals.

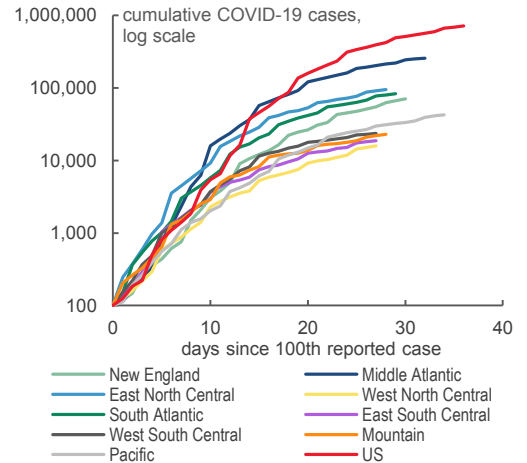
**c) Another facility:** What?? Another facility on top of the eleven that the Federal Reserve has already introduced since it embarked upon its COVID-19 easing path on March 3<sup>rd</sup> might seem a bit rich. The volume and breadth of the facilities speaks to the scale and scope of the COVID-19 shock. If more are added, then possibilities include a liquidity program for nonbank mortgage servicers, but that's unlikely.

**d) Program alterations:** The Fed could adjust the scale and scope of existing facilities such as more types of municipal securities or longer term securities than its present focus.

**e) Yield Curve targeting:** I wouldn't say this gets a whole lot of attention these days and it may be premature to expect such a policy, but it's feasible that Powell at least speaks about the concept of yield curve control. Governor Brainard made the biggest splash among FOMC officials on this topic in a speech back in February ([here](#)). The BoJ adopted this tool relatively late in its stimulus plans and focused upon the 10 year JGB yield by targeting 'around' 0% +/-20bps. The RBA targeted the 3 year Aussie bond yield recently. During its strategic review and as reported in minutes to each Fed meeting since last summer, the FOMC has leaned in favour of shorter-term yield curve control and away from longer term yield curve controls. With the Treasury curve priced bang on the upper bound of the fed funds target range through maturities out to the Spring of 2023, the benefits of shorter-term yield curve targeting at this point would seem to be pretty muted. The prospect of influencing longer yields with shorter-term yield

Chart 2

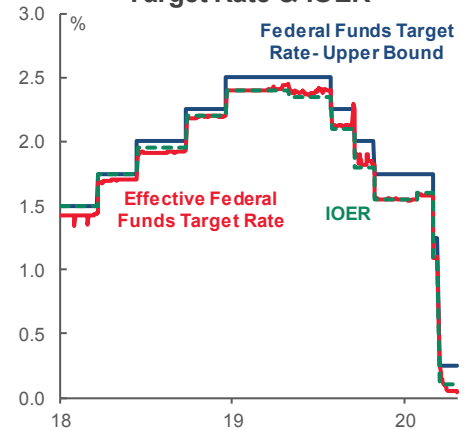
COVID-19 Cases by US Census Region



Sources: Scotiabank Economics, Johns Hopkins.

Chart 3

The Effective Federal Funds Target Rate & IOER



Sources: Scotiabank Economics, Bloomberg.

caps is also limited with the 10 year T at 60bps. It may be that this is more of a tool to deploy in the recovery phase if the Fed wishes to impose a normative judgement upon where bond yields should be at a later stage.

**f) Negative rates:** There is no real appetite for this option on the FOMC as revealed through discussions during its strategic review.

**g) Make-up strategies:** There is little appetite on the FOMC for price level or nominal GDP targeting as ways of making up past periods of undershooting inflation.

Four main macroeconomic releases will include the following (see estimates in the tables):

**i) Q1 GDP growth (Wednesday):** The speed at which the economy shut down over March into April will play a dominant role in driving how weak Q1 growth will be. A contraction of around 7% seems reasonable but is bracketed by wide bands. Recall that states began shutting down by early April and the US, Canada and Mexico announced a joint limit on all non-essential travel across borders on March 21<sup>st</sup>.

**ii) ISM-manufacturing for April (Friday):** A sharp contraction is universally expected and informed not only by common sense given the business closures in April but also by what we already know through other readings. Recall that the Empire gauge plunged by about 57 points to -78.2 into deep contraction, the Philly Fed metric dove by about 44 points to -56.6, the Markit manufacturing PMI fell by over eleven points to 36.9 and the KC Fed's measure plunged to -30.

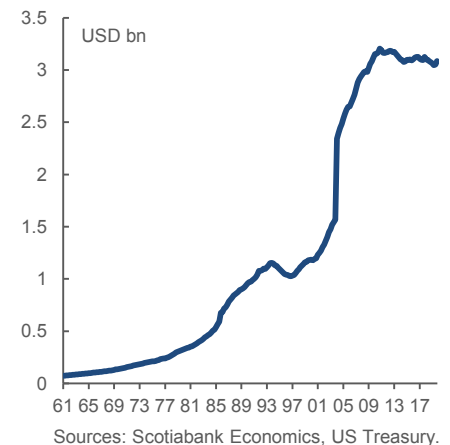
**iii) Consumer confidence in April (Tuesday):** Obviously a much less confident consumer sector is to be expected, but whether we test the lows of the GFC is uncertain. That would be a massive drop to go from around cycle highs in the reading and drop by 110 points in one meeting so we've played it somewhat more conservatively.

**iv) Inflation, consumer spending and incomes in March (Thursday):** Less, a lot less, and less. Done!

Beyond the top-shelf hits will be a series of releases of secondary or tertiary significance. Tuesday brings out the Richmond Fed regional manufacturing gauge for April as well as the advance merchandise trade balance for March and repeat sales home prices for February. Wednesday will focus on the FOMC with just pending home sales for March due out. Thursday reveals this past week's jobless claims that hopefully remain pointed lower. Friday closes out with vehicle sales in April (at least one or two...) and construction spending in March.

**Also carefully monitor the debate over Federal aid to states.** Senate Majority Leader McConnell rocked the boat this past week when he indicated Republicans advocated allowing states to go bankrupt. Trump later indicated he would discuss and review the matter. Chart 4 indicates the sheer magnitude of the problem. The President has indicated that the most strained states tend to be run by Democrats and so partisanship is at the root of the challenge. As a reminder, former Governor Schwarzenegger was a Republican and was in office from November 2003 to January 2011 which was the period over which California's debt ballooned.

Chart 4 **Total Debt of State & Local Governments**



A heavy week for earnings will see 171 firms report including the following: Alphabet, Facebook, Twitter, Apple, Microsoft, Amazon, Ford, Starbucks, eBay, McDonald's, United, Exxon Mobil, Chevron, Mastercard, Visa, Merck, Pfizer, Caterpillar, UPS, GE and Boeing.

### LATIN AMERICA—A NO-BRAINER CALL?

Another central bank rate cut and a sprinkling of macro reports will offer local themes on imported global influences upon LatAm markets while COVID-19 curves are monitored (chart 5).

**BanRep is expected to cut by 50bps on Thursday, bringing the overnight lending rate down to 3.25%.** It last eased on March 27<sup>th</sup> when it cut 50bps. This one may be kind of a no-brainer. Colombia's central bank Governor Juan Jose Echavarria said

on April 22<sup>nd</sup> that he will cut “to where it’s needed” and “We won’t hesitate to do what’s needed” only to go on and be more explicit by stating “rate cuts of 50 basis points will possibly continue.” So far, the policy rate has been reduced from a peak of 7.75% back in 2016 to 400bps lower now—and counting.

The main macro release will be Mexican GDP for Q1 on Thursday. Our team of economists based in Mexico City expect Q1 GDP to contract by about 3½% y/y. Inflation readings in Brazil (Tuesday) and Peru (Friday) probably won’t get a great deal of market attention given the focus upon downside risks to growth and uncertain recoveries. Chile updates industrial output and retail sales for March on Thursday.

**ASIA-PACIFIC—GROUND ZERO IS NOT IN THE CLEAR YET**

To global markets, the main focal points across Asia-Pacific markets will be three-fold. **Will the BoJ add stimulus and will anyone really care? Will conventional Chinese macro indicators confirm unconventional readings that point toward recovery?** Third, will key parts of the region begin to more successfully tamp down their COVID-19 curves? The incremental focus is upon ongoing upward pressure on the curve in countries like Japan, India and Singapore that sum up to a total population of just under 1.5 billion (chart 6).

You may not believe official Chinese data or you may at least take it with a salt shaker or two, but **it’s feasible that China continues to rebound from the worst of its virus shock and extended Lunar New Year in February.** Wednesday’s purchasing managers’ indices for April will inform this bias.

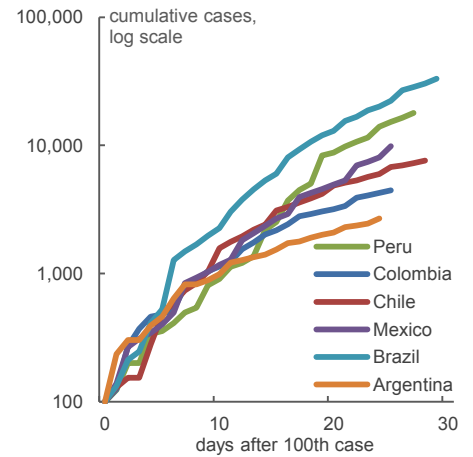
**Suddenly, the upcoming Bank of Japan meeting has become considerably more interesting. It took the media rumour mill and a planted comment or two to achieve this. If the aim was to debase the yen, however, then it didn’t work.** Japanese press reports indicated that the Bank of Japan will announce that it will drop its ¥80 trillion JGB target and replace it with an open-ended program of potentially unlimited amounts. The reports also indicated that the BoJ could increase purchases of corporate bonds and CP by a factor of two while nevertheless keeping the negative policy rate of 0.1% and retaining the ‘around 0’ +/- 20bps target range for the 10 year JGB. The BoJ has encountered stiff opposition from financial institutions over its negative rate policy, the effects of which have been mitigated by tiering of reserves to reduce the share against which the negative rate applies.

But why didn’t the yen and JGBs move on the unlimited buying headline? For one thing, the efficacy of buying was replaced by the yield target. The option to buy in the face of threats to the target is enough, especially in a largely closed bond market, and that enabled the central bank to back away from its actual purchases. When the central bank already owns 44% of the JGBs market (chart 7), it courts dysfunction should its share rise too high which may serve as a check against the credibility of unlimited buying. Nevertheless, a motivator to such a policy change would be to offset the massive draw on liquidity from JGB issuance to fund fiscal programs by matching it with injected central bank liquidity.

Distanced from these considerations in terms of significance to world markets will be a series of macro reports that update growth and inflation across the region. CPI gets updated in Australia for Q1 on Tuesday and Japan through the Tokyo measure in April on Thursday. Q1 GDP will be reported by Taiwan (Thursday). Japan conducts its monthly data dump across a series of indicators on Wednesday through Friday.

Chart 5

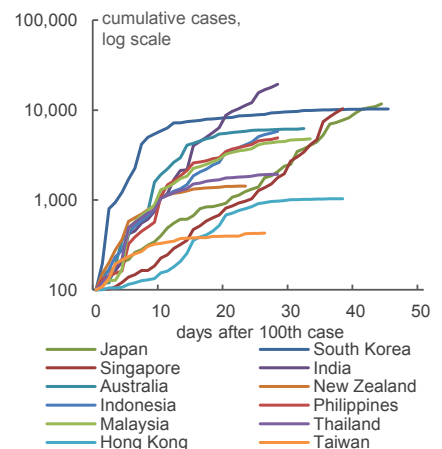
**Latin American COVID-19 Cases**



Sources: Scotiabank Economics, Johns Hopkins.

Chart 6

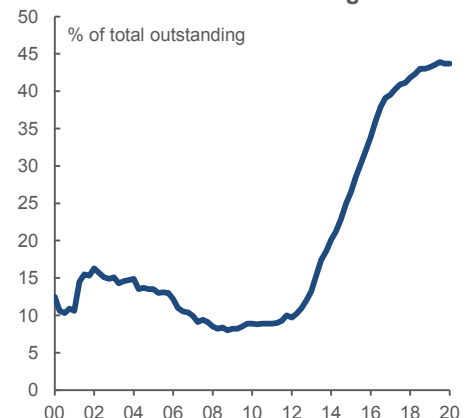
**Asia-Pacific COVID-19 Cases**



Sources: Scotiabank Economics, Johns Hopkins.

Chart 7

**Bank of Japan Government Bond & T-bill Holdings**



Sources: Scotiabank Economics, Bank of Japan.



**EUROPE—TURNING BACK THE CLOCK**

After ECB President Lagarde warned European politicians that the Eurozone economy might contract by 15% this year, she also set the stage for a more spirited debate over what the ECB itself might do next week. This question mark will dominate over fundamentals and a similar challenge facing Sweden’s central bank. Still, however, the dominant matter to markets will remain whether or not COVID-19 curves are flattening in Europe on the path toward staggered re-openings commencing in early May. As chart 8 shows, some parts of Europe are there ahead of others.

**Thursday’s ECB meeting will bring out fresh forecasts and at a minimum a discussion of expanded stimulus.** The central bank has had a tendency to lag rather than lead dysfunction after its leadership transition. Nevertheless, the March 18<sup>th</sup> introduction of the sizeable Pandemic Emergency Purchase Programme (PEPP) that targets purchases of €750 billion through to the end of this year or “until the COVID-19 crisis phase is over” will bring total asset purchases by the ECB this year to about €1.1 trillion. It marked a resumption of large purchase activity after the ECB’s balance sheet had previously levelled off. As chart 9 demonstrates, the PEPP would expand the sum total of the ECB’s stock of assets held in its five purchase programmes (public sector, corporate, ABS, covered bonds plus the PEPP) from about €2.67 trillion at the end of March to about €3.7 trillion by the end of this year for a new record high. The PEPP also included Greek government debt and expanded eligible assets to include non-financial investment grade CP. **It is feasible—but perhaps premature—that the ECB may choose to expand the size of the program and/or to broaden purchase targets further, such as through the inclusion of some types of junk bonds.**

**Sweden’s Riksbank can’t catch much of a break over the years.** It just made an effort to get away from negative rates with the hike back to 0% in December and then whammo, chaos theory strikes. So far, it has been hesitant to court negative rates again and has preferred to run up asset purchases and inflate its balance sheet (chart 10). There might be a high bar set against returning to negative rates so quickly as opposed to either continuing to implement recently expanded purchase plans or increasing them further.

Macro reports will primarily focus upon setting the stage for more firmly estimating the magnitude of the Q2 contraction in the Eurozone economy. Before we can do that, we need a better idea of the starting point and that will come with Thursday’s Q1 GDP estimates for the Eurozone overall, as well as France, Italy and Spain. A contraction in the vicinity of 2 ½% to 5% is expected for the Eurozone as a whole with much of the range of uncertainty owing to the sudden swiftness of the shut-ins for nonessential activities. Of secondary importance in this environment is another batch of inflation readings for April on Thursday for the Eurozone composite, France, Italy and Spain. Germany updates inflation the day before.

Chart 8

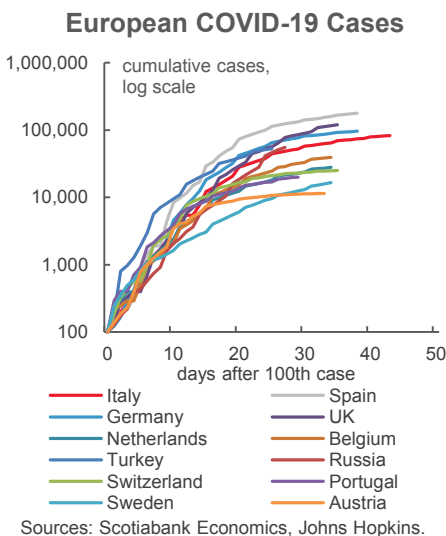


Chart 9

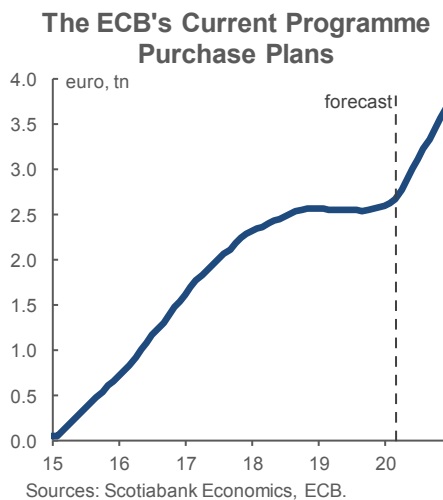
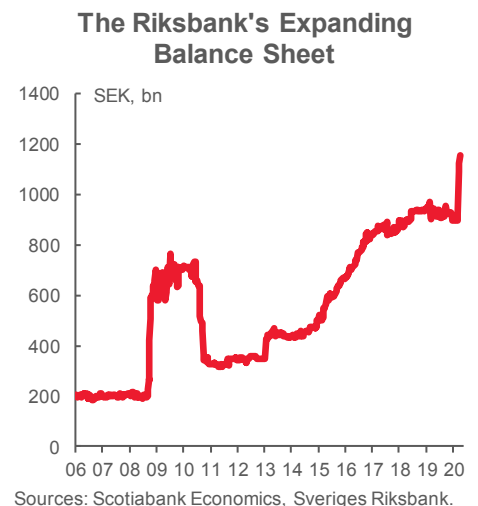


Chart 10



## Key Indicators for week of April 27 – May 1

### NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
MX	04/27	07:00	Unemployment Rate (%)	Mar	3.7	--	3.6
US	04/27	10:30	Dallas Fed. Manufacturing Activity	Apr	--	-71.5	-70.0
MX	04/28	07:00	Trade Balance (US\$ mn)	Mar	956	--	2911
US	04/28	08:30	Wholesale Inventories (m/m)	Mar P	--	--	-0.7
US	04/28	09:00	S&P/Case-Shiller Home Price Index (m/m)	Feb	0.3	0.4	0.3
US	04/28	09:00	S&P/Case-Shiller Home Price Index (y/y)	Feb	3.1	--	3.1
US	04/28	10:00	Consumer Confidence Index	Apr	90	90.0	120.0
US	04/28	10:00	Richmond Fed Manufacturing Index	Apr	--	-35.0	2.0
US	04/29	07:00	MBA Mortgage Applications (w/w)	Apr 24	--	--	7.3
US	04/29	08:30	GDP (q/q a.r.)	1Q A	-7.0	-3.7	2.1
US	04/29	08:30	GDP Deflator (q/q a.r.)	1Q A	--	0.9	1.3
US	04/29	10:00	Pending Home Sales (m/m)	Mar	--	-10.0	2.4
<b>US</b>	<b>04/29</b>	<b>14:00</b>	<b>FOMC Interest Rate Meeting (%)</b>	<b>Apr 29</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>
MX	04/30	07:00	GDP (q/q)	1Q P	--	--	-0.1
MX	04/30	07:00	GDP (y/y)	1Q P	-3.4	--	-0.5
CA	04/30	08:30	IPPI (m/m)	Mar	--	--	-0.5
CA	04/30	08:30	Raw Materials Price Index (m/m)	Mar	--	--	-4.7
CA	04/30	08:30	Real GDP (m/m)	Feb	0.2	0.0	0.1
US	04/30	08:30	Employment Cost Index (q/q)	1Q	0.5	0.7	0.7
US	04/30	08:30	Initial Jobless Claims (000s)	Apr 25	3700	--	5245
US	04/30	08:30	Continuing Claims (000s)	Apr 18	--	--	11976
US	04/30	08:30	PCE Deflator (m/m)	Mar	-0.3	-0.3	0.1
US	04/30	08:30	PCE Deflator (y/y)	Mar	1.3	1.4	1.8
US	04/30	08:30	PCE ex. Food & Energy (m/m)	Mar	-0.1	-0.1	0.2
US	04/30	08:30	PCE ex. Food & Energy (y/y)	Mar	1.6	1.5	1.8
US	04/30	08:30	Personal Spending (m/m)	Mar	-6.0	-4.2	0.2
US	04/30	08:30	Personal Income (m/m)	Mar	-2.5	-1.5	0.6
US	04/30	09:45	Chicago PMI	Apr	--	40.0	47.8
US	05/01	10:00	Construction Spending (m/m)	Mar	-3.0	-3.6	-1.3
US	05/01	10:00	ISM Manufacturing Index	Apr	33	37.5	49.1
US	05/01	09:00	Total Vehicle Sales (mn a.r.)	Apr	5.5	6.5	11.4

### EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
GE	04/27	03:00	Retail Sales (m/m)	Mar	--	-10.5	0.8
SP	04/28	03:00	Unemployment Rate (%)	1Q	--	15.7	13.8
<b>SW</b>	<b>04/28</b>	<b>03:30</b>	<b>Riksbank Interest Rate (%)</b>	<b>Apr 28</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
UK	04/28	04:00	Nationwide House Prices (m/m)	Apr	--	-0.3	0.8
SP	04/29	03:00	Real Retail Sales (y/y)	Mar	--	--	5.5
EC	04/29	05:00	Economic Confidence	Apr	--	75.0	94.5
EC	04/29	05:00	Industrial Confidence	Apr	--	-25.0	-10.8
GE	04/29	08:00	CPI (m/m)	Apr P	--	0.1	0.1
GE	04/29	08:00	CPI (y/y)	Apr P	--	0.6	1.4
GE	04/29	08:00	CPI - EU Harmonized (m/m)	Apr P	--	0.1	0.1
GE	04/29	08:00	CPI - EU Harmonized (y/y)	Apr P	--	0.5	1.3
FR	04/30	01:30	GDP (q/q)	1Q P	--	-4.0	-0.1
FR	04/30	02:45	Consumer Spending (m/m)	Mar	--	-4.5	-0.1
FR	04/30	02:45	CPI (m/m)	Apr P	--	-0.2	0.1
FR	04/30	02:45	CPI (y/y)	Apr P	--	0.2	0.7
FR	04/30	02:45	CPI - EU Harmonized (m/m)	Apr P	--	-0.2	0.1
FR	04/30	02:45	CPI - EU Harmonized (y/y)	Apr P	--	0.1	0.8
FR	04/30	02:45	Producer Prices (m/m)	Mar	--	--	-0.6
SP	04/30	03:00	CPI (m/m)	Apr P	--	--	-0.4
SP	04/30	03:00	CPI (y/y)	Apr P	--	-0.3	0.0
SP	04/30	03:00	CPI - EU Harmonized (m/m)	Apr P	--	0.2	0.6
SP	04/30	03:00	CPI - EU Harmonized (y/y)	Apr P	--	-0.8	0.1
SP	04/30	03:00	Real GDP (q/q)	1Q P	--	-4.4	0.4

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

**Key Indicators for week of April 27 – May 1**
**EUROPE (continued from previous page)**

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
GE	04/30	03:55	Unemployment (000s)	Apr	--	50.0	1.0
GE	04/30	03:55	Unemployment Rate (%)	Apr	--	5.2	5.0
SP	04/30	04:00	Current Account (€ bn)	Feb	--	--	-1.7
EC	04/30	05:00	CPI (m/m)	Apr P	--	0.1	0.5
EC	04/30	05:00	Euro zone CPI Estimate (y/y)	Apr	--	0.1	0.7
EC	04/30	05:00	Euro zone Core CPI Estimate (y/y)	Apr P	--	0.7	1.0
EC	04/30	05:00	GDP (q/q)	1Q A	--	-3.8	0.1
EC	04/30	05:00	Unemployment Rate (%)	Mar	--	7.7	7.3
IT	04/30	05:00	CPI (m/m)	Apr P	--	-0.2	0.1
IT	04/30	05:00	CPI (y/y)	Apr P	--	-0.3	0.1
IT	04/30	05:00	CPI - EU Harmonized (m/m)	Apr P	--	0.0	2.2
IT	04/30	05:00	CPI - EU Harmonized (y/y)	Apr P	--	-0.3	0.1
IT	04/30	06:00	Real GDP (q/q)	1Q P	--	-5.2	-0.3
<b>EC</b>	<b>04/30</b>	<b>07:45</b>	<b>ECB Main Refinancing Rate (%)</b>	<b>Apr 30</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>EC</b>	<b>04/30</b>	<b>07:45</b>	<b>ECB Marginal Lending Facility (%)</b>	<b>Apr 30</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>
<b>EC</b>	<b>04/30</b>	<b>07:45</b>	<b>ECB Deposit Facility Rate (%)</b>	<b>Apr 30</b>	<b>-0.50</b>	<b>-0.50</b>	<b>-0.50</b>
UK	05/01	04:30	Net Consumer Credit (£ bn)	Mar	--	0.6	0.9

**ASIA-PACIFIC**

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
SK	04/26	20:00	Department Store Sales (y/y)	Mar	--	--	-21.4
CH	04/26	21:30	Industrial Profits YTD (y/y)	Mar	--	--	-6.3
VN	04/26	22:00	CPI (y/y)	Apr	--	3.9	4.9
VN	04/26	22:00	Industrial Production (y/y)	Apr	--	--	5.4
HK	04/27	04:30	Exports (y/y)	Mar	--	-14.6	4.3
HK	04/27	04:30	Imports (y/y)	Mar	--	-16.1	-0.1
HK	04/27	04:30	Trade Balance (HKD bn)	Mar	--	-38.2	-38.6
SK	04/27	17:00	Consumer Confidence Index	Apr	--	--	78.4
JN	04/27	19:30	Jobless Rate (%)	Mar	2.5	2.5	2.4
<b>JN</b>	<b>04/27</b>	<b>20:00</b>	<b>BoJ Policy Rate (%)</b>	<b>Apr 28</b>	<b>-0.10</b>	<b>-0.10</b>	<b>-0.10</b>
SK	04/28	17:00	Business Survey- Manufacturing	May	--	--	54.0
SK	04/28	17:00	Business Survey- Non-Manufacturing	May	--	--	52.0
NZ	04/28	18:45	Trade Balance (NZD mn)	Mar	--	700	594
NZ	04/28	18:45	Exports (NZD bn)	Mar	--	6	4921
NZ	04/28	18:45	Imports (NZD bn)	Mar	--	5	4327
SK	04/28	19:00	Industrial Production (y/y)	Mar	--	-2.0	11.4
SK	04/28	19:00	Cyclical Leading Index Change	Mar	--	--	0.0
HK	04/28	21:00	Govt Monthly Budget Surp/Def (HKD bn)	Mar	--	--	-5.9
AU	04/28	21:30	Consumer Prices (y/y)	1Q	1.8	2.0	1.8
AU	04/28	21:30	Consumer Prices (q/q)	1Q	0.0	0.2	0.7
JN	04/29	19:50	Large Retailers' Sales (y/y)	Mar	--	-8.3	0.2
JN	04/29	19:50	Retail Trade (y/y)	Mar	--	-4.6	1.6
JN	04/29	19:50	Industrial Production (y/y)	Mar P	--	-7.3	-5.7
CH	04/29	21:00	Manufacturing PMI	Apr	51.0	51.0	52.0
CH	04/29	21:00	Non-manufacturing PMI	Apr	--	52.8	52.3
PH	04/29	21:00	Bank Lending (y/y)	Mar	--	--	11.4
AU	04/29	21:30	Private Sector Credit (y/y)	Mar	--	2.8	2.8
JN	04/30	00:00	Vehicle Production (y/y)	Feb	--	--	-3.5
JN	04/30	01:00	Consumer Confidence	Apr	--	31.5	30.9
JN	04/30	01:00	Housing Starts (y/y)	Mar	--	-16.3	-12.3
JN	04/30	01:00	Construction Orders (y/y)	Mar	--	--	0.7
TH	04/30	03:30	Exports (y/y)	Mar	--	--	3.6
TH	04/30	03:30	Imports (y/y)	Mar	--	--	-7.8
TH	04/30	03:30	Trade Balance (US\$ mn)	Mar	--	--	5394
TH	04/30	03:30	Current Account Balance (US\$ mn)	Mar	--	3158	5382
TA	04/30	04:00	Real GDP (y/y)	1Q P	--	1.7	3.3
NZ	04/30	18:00	ANZ Consumer Confidence Index	Apr	--	--	106.3

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.



## Key Indicators for week of April 27 – May 1

### ASIA-PACIFIC (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
JN	04/30	19:30	Tokyo CPI (y/y)	Apr	--	0.2	0.4
SK	04/30	20:00	Exports (y/y)	Apr	--	-23.0	-0.7
SK	04/30	20:00	Imports (y/y)	Apr	--	-14.8	0.3
SK	04/30	20:00	Trade Balance (US\$ mn)	Apr	--	1000	4594
JN	04/30	20:00	Official Reserve Assets (US\$ bn)	Apr	--	--	1366
AU	04/30	21:30	Producer Price Index (y/y)	1Q	--	--	1.4
JN	05/01	01:00	Vehicle Sales (y/y)	Apr	--	--	-10.2

### LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
BZ	04/28	08:00	IBGE Inflation IPCA-15 (m/m)	Apr	--	0.0	0.0
BZ	04/28	08:00	IBGE Inflation IPCA-15 (y/y)	Apr	3.5	2.9	3.7
CL	04/30	09:00	Industrial Production (y/y)	Mar	--	--	3.7
CL	04/30	09:00	Retail Sales (y/y)	Mar	--	--	4.5
CL	04/30	09:00	Unemployment Rate (%)	Mar	--	--	7.8
<b>CO</b>	<b>04/30</b>	<b>10:00</b>	<b>Overnight Lending Rate (%)</b>	<b>Apr 30</b>	<b>3.25</b>	<b>3.25</b>	<b>3.75</b>
CO	04/30	11:00	Urban Unemployment Rate (%)	Mar	12.2	--	11.5
PE	05/01	01:00	Consumer Price Index (m/m)	Apr	0.0	--	0.7
PE	05/01	01:00	Consumer Price Index (y/y)	Apr	1.7	--	1.8

**Global Auctions for week of April 27 – May 1****NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	04/27	13:00	U.S. to Sell 2 & 5 Year Notes
US	04/28	11:30	U.S. to Sell 2 Year FRNs
US	04/28	13:00	U.S. to Sell 7 Year Notes
CA	04/30	12:00	Canada to Sell 2 Year Bonds

**EUROPE**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
NE	04/28	05:00	Netherlands to Sell Bonds
UK	04/28	05:00	U.K. to Sell 0.875% 2029 Gilt
UK	04/28	06:30	U.K. to Sell 0.125% 2028 Bonds
IT	04/29	05:00	Italy to Sell Bonds
NO	04/29	05:00	Norway to Sell Bonds
UK	04/29	05:00	U.K. to Sell 2.75% 2024 Gilt
GE	04/29	05:30	Germany to Sell EUR 4 Bln of 0% 2030 Bonds
UK	04/29	06:30	U.K. to Sell 1.75% 2049 Gilt

**ASIA-PACIFIC**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
PH	04/28	01:00	Philippines to sell 2 Year Bonds
ID	04/28	05:00	Indonesia to Sell 5, 10, 15, 20, & 30 Year Bonds
NZ	04/29	22:05	New Zealand To Sell 3, 9, & 17 Year Bonds

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Sources: Bloomberg, Scotiabank Economics.

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**Events for week of April 27 – May 1****NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	04/28		CT, DE, MD, NY, PA, & RI Primaries
US	04/29	14:00	<b>FOMC Rate Decision</b>
US	04/29	14:30	Powell Holds Post-FOMC Meeting Press Conference

**EUROPE**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SW	04/27	05:45	Riksbank weekly extraordinary market operation
SW	04/28	03:30	<b>Riksbank Interest Rate</b>
NO	04/29	04:00	Norges Bank Regional Network Phone Survey
TU	04/30	03:30	Central Bank Inflation Report
EC	04/30	07:45	<b>ECB Main Refinancing Rate</b>
EC	04/30	07:45	<b>ECB Marginal Lending Facility</b>
EC	04/30	07:45	<b>ECB Deposit Facility Rate</b>

**ASIA-PACIFIC**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	04/27	20:00	BOJ Policy Balance Rate

**LATIN AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CO	04/30		Overnight Lending Rate

## 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	0.25	June 3, 2020	0.25	0.25
Federal Reserve – Federal Funds Target Rate	0.25	April 29, 2020	0.25	0.25
Banco de México – Overnight Rate	6.00	May 14, 2020	5.50	5.50

**Federal Reserve:** We expect the fed funds target rate to remain unchanged in the outcome to Wednesday's communications that will include a statement and press conference. Possible policy changes are summarized in the US section of the Global Week Ahead.

### 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	April 30, 2020	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	0.25	April 30, 2020	0.25	0.25
European Central Bank – Deposit Facility Rate	-0.50	April 30, 2020	-0.50	-0.50
Bank of England – Bank Rate	0.10	May 7, 2020	0.10	0.10
Swiss National Bank – Libor Target Rate	-0.75	TBA	-0.75	-0.75
Central Bank of Russia – One-Week Auction Rate	5.50	June 19, 2020	5.50	5.50
Sweden Riksbank – Repo Rate	0.00	April 28, 2020	0.00	0.00
Norges Bank – Deposit Rate	0.25	May 7, 2020	0.25	0.25
Central Bank of Turkey – Benchmark Repo Rate	8.75	May 21, 2020	8.75	9.00

**ECB:** The ECB meeting on Thursday will be monitored for either action toward expanding stimulus or further discussion toward such an aim. Possible candidates include expanding the size and/or scope of the Pandemic Emergency Purchase Programme on the path toward what is already going to be a sum total of assets held across five purchase programmes of €3.7 trillion by year-end. Eligibility criteria may be relaxed such as to enable inclusion of higher quality subinvestment grade corporate bonds. **Riksbank:** The central bank is likely loath to revisit negative rates but may choose to further expand its purchase program.

### 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	April 27, 2020	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	0.25	May 5, 2020	0.25	0.25
Reserve Bank of New Zealand – Cash Rate	0.25	May 12, 2020	0.25	0.25
People's Bank of China – 1-Year Loan Prime Rate	3.85	May 20, 2020	3.85	3.85
Reserve Bank of India – Repo Rate	4.40	June 5, 2020	4.00	4.00
Bank of Korea – Bank Rate	0.75	May 28, 2020	0.50	0.75
Bank of Thailand – Repo Rate	0.75	May 20, 2020	0.50	0.75
Bank Negara Malaysia – Overnight Policy Rate	2.50	May 5, 2020	2.25	2.50
Bank Indonesia – 7-Day Reverse Repo Rate	4.50	May 19, 2020	4.25	4.25
Central Bank of Philippines – Overnight Borrowing Rate	2.75	June 25, 2020	2.75	3.50

**Bank of Japan (BoJ):** Japanese monetary authorities will hold a policy meeting on April 27. We expect the BoJ to leave the policy rate and the 10-year JGB yield target unchanged at -0.1% and 0.0%, respectively. Nevertheless, the central bank may consider other ways to ease monetary conditions further, such as increasing its purchases of corporate or government bonds.

### 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	3.75	May 6, 2020	3.25	3.25
Banco Central de Chile – Overnight Rate	0.50	May 6, 2020	0.50	0.50
Banco de la República de Colombia – Lending Rate	3.75	April 30, 2020	3.25	3.25
Banco Central de Reserva del Perú – Reference Rate	0.25	May 7, 2020	0.25	1.00

**BanRep:** A 50bps rate reduction is expected in no small part due to strong clues dropped by Governor Juan Jose Echavarria.

### 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	4.25	May 21, 2020	4.25	3.75

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

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