

**GOLD'S GLIMMER IS A RECOVERY'S BEST FRIEND**

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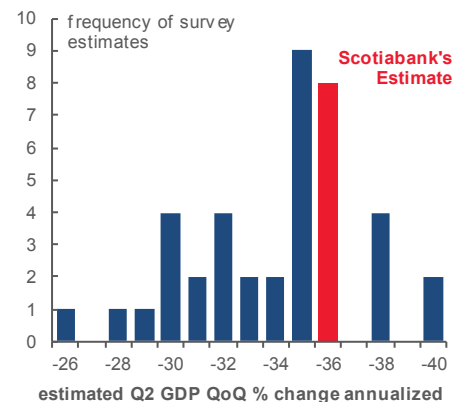
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**Next Week's Risk Dashboard**

- US stimulus negotiations
- FOMC meeting
- Chinese PMIs
- GDP: Eurozone, North America
- Global earnings
- Inflation: US, Eurozone, Down Under
- Other recovery tracking

**Chart of the Week**
**Range of Expected US Q2 GDP Losses to Set Benchmark for Recovery**


Sources: Scotiabank Economics, Bloomberg.

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

## Gold's Glimmer is a Recovery's Best Friend

Before diving into the trials and tribulations that may affect world markets over the week ahead, let's pause to take stock of the global recovery. Even with a consistently bullish view, I've been surprised by the speed of the rebounds across a variety of global indicators. Consumers, for one, are back with a vengeance. US retail sales are a hair's width away from fully recovering the pandemic hit. Canadian retail sales have fully recovered the pandemic hit and then some. The UK did likewise. Next week we'll likely get evidence that consumers in Germany and France have also driven a full recovery. Chart 1 shows that the demand side has rebounded much faster than pretty much anyone anticipated. **Against any perception that one country's evidence of a rebounding consumer looks fishy is the counter-observation that it's unlikely that all of them are providing false readings on the willingness of consumers to get back at it.** Many types of spending are rebounding strongly, although the effects cut unevenly across types of retailers and distribution channels.

On the production side, witness chart 2. Here too we have a rapid rebound that has witnessed purchasing managers' indices getting back to pre-pandemic levels. Are we going 'v'? No, we've *gone* 'v' on the global recovery despite best efforts in some quarters to talk it down. There are risks aplenty to the path forward and a lot more recovery road to travel, but acknowledging those risks cannot filter the evidence that says **both demand and supply sides are healing at a quicker than generally anticipated pace.** Millions remain unemployed with millions more underemployed, but a combination of a) pent-up demand and attractive buying and financing conditions for the vast majority who have held their jobs, and b) income and other supports for the most negatively affected, have been in the driver's seat.

**Financial markets have generally responded accordingly** by boosting equity prices, driving reflation trades including stable 1½% readings in the Fed's preferred 5y5y inflation market metric, narrowing spread differentials and driving a recovery across multiple commodities. Nowhere, however, is it perhaps most apparent that the data and market moves have been plagued by internal inconsistencies if not downright disbelief than in the case of gold.

Enter chart 3 that I've used for years. **Why is gold rallying? Purely because the USD isn't**—which is important to acknowledge for reasons I'll come back to. Be wary regarding other potential explanations as many of them offer up internally inconsistent narratives. Almost to the day that the US went into shutdown, the USD began to depreciate starting over the latter part of March. The FX market looked at the shutdowns and immediately began pricing a recovery. The USD has depreciated as part of a smoothed risk-on bias across asset classes that has embraced higher-risk alternative currencies. As the has dollar fallen, it's now the case that 1,900 greenbacks have to be given up in order to buy an ounce of gold versus just 1,500 toward the start of the year.

But is gold also rallying because of a feared pandemic blow-out? Because of concern that the global economy is stumbling or will stumble again? Because of concern that excess stimulus is being tossed onto the economy with inflation around the corner and the Fed might have to turn around sooner than generally believed? These scenarios would generally be cause for the USD to *appreciate*, not depreciate. **In short, don't take gold's rally as a sign that something awful lurks ahead when it**

Chart 1

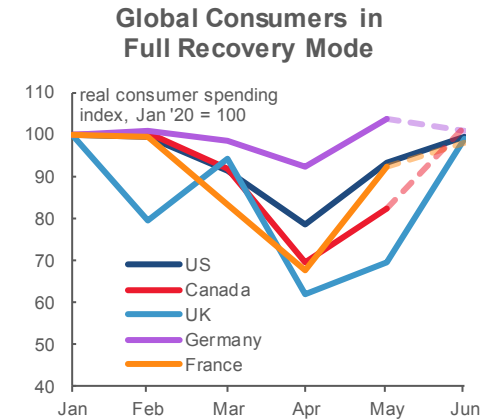


Chart 2

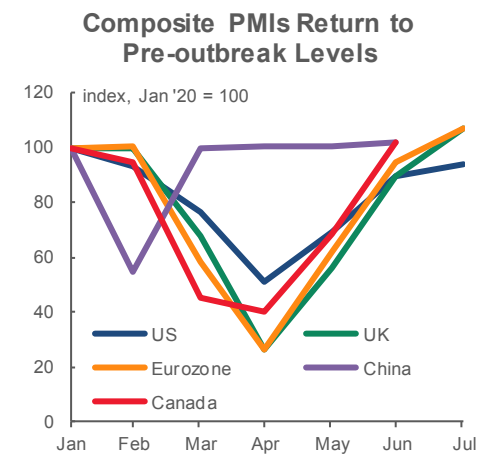
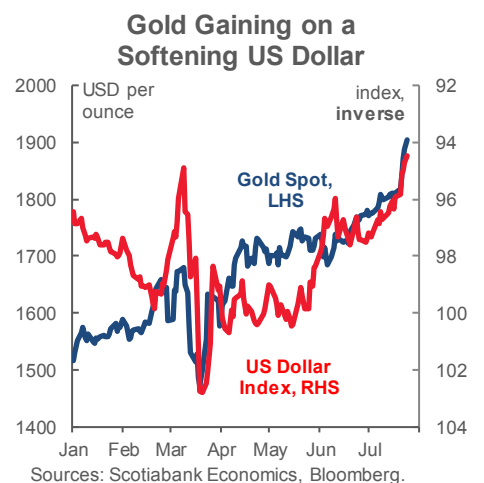


Chart 3



quite arguably represents the opposite despite a confused narrative that seeks to throw all possible explanations at the wall hoping they can all stick when in reality they lack internal consistency with one another.

That said, I'm leery toward calls for the imminent sustained collapse of the USD partly because I've been hearing that for years! Maybe this will be the year. If so, I'll happily take it because it will mean the recovery is intact.

## THE WEEK'S MAIN CONSIDERATIONS

What is on tap for the week ahead should further reinforce recovery evidence with the focus skewed more toward US fiscal policy's willingness to nurture it along rather than material shifts in US monetary policy. The top considerations that lurk ahead include:

- US fiscal stimulus negotiations;
- The FOMC's last scheduled meeting until mid-September;
- A fresh batch of Chinese PMIs that will inform growth momentum;
- A round of GDP reports from across the Eurozone and North America;
- Ongoing earnings seasons;
- A series of inflation reports from the US, Eurozone and Down Under;
- Other recovery tracking focused upon the US in particular.

### 1. US STIMULUS DEADLINE

Americans on jobless benefits will see the taps significantly turned back next week. The extra US\$600/week benefits above the average pre-COVID amounts that vary widely by state will be lost with the final cheques having gone out.

The pressure that arises as realization of the effects sinks in should help to focus Washington's minds and **we might see the outline of a stimulus bill over the coming week before Congress goes on August recess.** Likely candidates for inclusion in another stimulus bill are another round of stimulus cheques (but probably more on a lowered means-tested basis compared to the first round that distributed US\$1,200 per recipient), expanded funding for the Paycheck Protection Program, limited aid to states and local governments, and probably lowered but extended additional jobless benefits. Gone as either too contentious, too divisive or too unlikely to have a material effect at least in the shorter-run are targeted infrastructure spending and a payroll tax cut.

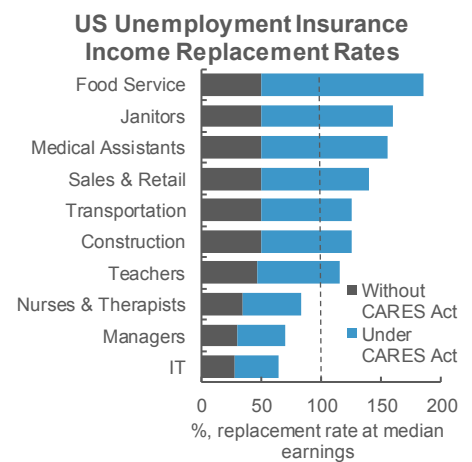
The aim with the latter measure is to still offer stimulus to unemployed Americans, but at lowered amounts. That many occupations receive jobless benefits under the CARES Act that exceed what they were previously making while employed (chart 4) was partly aimed at providing a stimulus overshoot to generate consumption growth. There is now increased focus upon the unintended consequence of slowing reabsorption back into the labour force.

### 2. CENTRAL BANKS

**Two central banks will offer policy decisions next week. While the Fed likely stands pat, BanRep probably won't.**

The FOMC meets on Tuesday and Wednesday and this time around it all concludes with just a 2pmET statement and Chair Powell's press conference a half hour later. There will be no forecasts or dot plots out of this one after having delivered best guesses at the June meeting. Barring exigent circumstances, the Fed will then hit snooze on formal policy deliberations until the next scheduled announcements on September 16<sup>th</sup>.

Chart 4



By that point, we'll know whether or not the kids are alright or whether that's just a dated lyric. By corollary, the Fed should have greater evidence on the pace and durability of recovery, how the virus is tracking and how behaviour is adapting.

**Until then, Chair Powell has already made it abundantly clear that nothing much will change.** Recall what he said at the June FOMC press conference (recap [here](#)):

- Policy is well positioned to support the economy at this point in time and all of the Fed's tools are in use in a strong way.
- The Fed is in watch mode as he stated bluntly that "Now we're waiting. Nonfarm was a big surprise and is a good example of the uncertainty."
- The FOMC will learn more "over the coming months" and is generally "in learning mode" which matches to his purchase guidance.
- Powell also downplayed the Fed's ability to move inflation up which may further inform an unwillingness to go further.
- Powell revealed his bias is that "ultimately we do see a full recovery over time" and that "we could see significant job growth over coming months."

This could help to alleviate concern about long-term damage from extended periods of unemployment and business bankruptcies. Powell noted that with efforts to "keep people in their homes and keep them supported while out of work" it was "way too early to change longer run forecasts."

**None of this is the language of a Fed Chair who is on the verge of springing major developments in terms of strengthened forward guidance or LSAP changes or yield caps or alternative targeting frameworks.** As NY Fed President Williams guides, the Fed may get to rolling out its strategic review toward year-end. Such a review is likely to continue to emphasize reliance upon LSAPs, the policy rate, forward guidance, possibly shorter-term yield curve targets and more likely average inflation targeting than price level targeting that the FOMC downplayed in prior discussions.

In the meantime, the Fed's best course of action likely involves walking the middle ground between continuing to implement existing programs and tweaking their features, but not going overboard until it has a stronger sense of the recovery's legs. The FOMC guided in its dot plot that it would remain on hold for at least 30 months up to the end of its year-by-year forecast horizon in 2022 (chart 5). Beyond that, the Fed shifts to a long-run neutral rate forecast and leaves markets guessing the in-between point at which the FOMC thinks policy may need to be tightened.

**By contrast, Friday's BanRep decision is likely to cut the policy rate by 25bps.** Our Bogota-based economist Sergio Olarte is on consensus. The central bank had left its bias open to doing more at the previous meeting. Core inflation has sunk to 1.4% y/y, growth concerns abound and the country's COVID-19 case count is showing no signs of flattening.

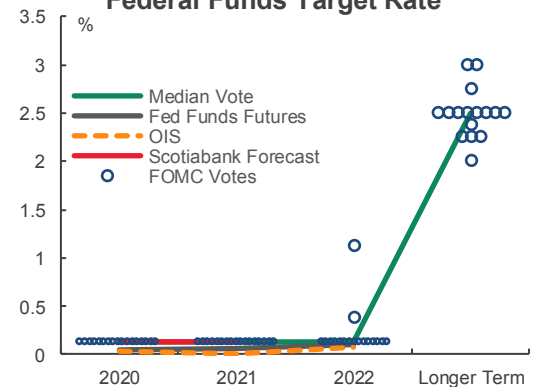
### 3. SOOO, EXACTLY HOW BAD WAS IT GRANDPA??

There is little use in telling folks that major world economies stumbled last quarter. Shocking, that. Government statisticians will fill in the first round of estimates of exactly how bad it was when they release GDP figures over the coming week. Beyond games played among economists trying to out-guess one another on the exact print before several rounds of revisions kick in, the forward-looking usefulness will be in terms of resetting the starting points to the GDP recovery in such fashion as to further inform expectations for a Q3 GDP rebound once we know the size of the pit from which the economy has to emerge.

**Canada:** While under normal circumstances, Friday's release would cover GDP just for the month of May, we may nevertheless get much of what we need for June and Q2 overall. StatsCan had guided on June 30<sup>th</sup> that its preliminary estimate for May GDP

Chart 5

#### June FOMC Projections for the Federal Funds Target Rate



Note: OIS & Fed Fund Futures as of June 10th, 2020.  
Sources: Scotiabank Economics, US Federal Reserve.

was a 3.0% m/m rise. We might see upside risk to that earlier guidance because data has been very constructive since then. Retail sales were updated for May and June and have had a full recovery with strong gains across almost every type of spending ([here](#)). Almost one million jobs were recovered in June after nearly 300k were regained in May. Housing starts recovered by nearly 30% from the low in April. Manufacturing shipments climbed by about 11% in May. Existing home sales soared by 63% in June after a 57% rise in May. The Ivey PMI posted a full recovery. There is relatively little by way of hard evidence to use in formulating expectations for June GDP other than jobs, hours worked and housing data but StatsCan could once again reveal a preliminary estimate for June GDP growth based upon its internal unpublished preliminary estimates.

**US:** The first swing at Q2 GDP will be released on Thursday. It won't be the last, as two rounds of revisions always follow. The first round of estimates is based upon incomplete information particularly on the services side of the picture that gets filled in with the lagging Quarterly Services Survey that informs the final Q2 revision we'll get at the end of September. That could be key since so much of the shutdown and social distancing effect has impaired the large service sector. Enter the chart of the week on the cover. A relatively wide distribution of potential outcomes is centered upon a median consensus call for a 35% annualized contraction that is similar to Scotia's estimate.

**Mexico:** The first estimate of Q2 GDP arrives on Friday and revisions are expected at the end of August. Scotia's Mexico City-based economist Mario Correa expects about a 19% rate of contraction in year-over-year terms. Chart 6 shows the range of expectations. The Mexican economy has contracted in seasonally adjusted quarter-over-quarter terms for four consecutive quarters that Q2 will extend to five. There has been only one quarterly expansion in the past seven quarters as the economy was grappling with a prolonged recession before the COVID-19 shock hit.

**Eurozone:** Q2 GDP will be updated by Germany on Thursday and then by France, Italy and Spain alongside the Eurozone add-up on Friday. Chart 7 shows the range of consensus estimates. The non-annualized rate of contraction is expected to hover around 12% q/q in seasonally adjusted terms, or nearly 60% as Europe's economies went into virus lockdown mode ahead of the US.

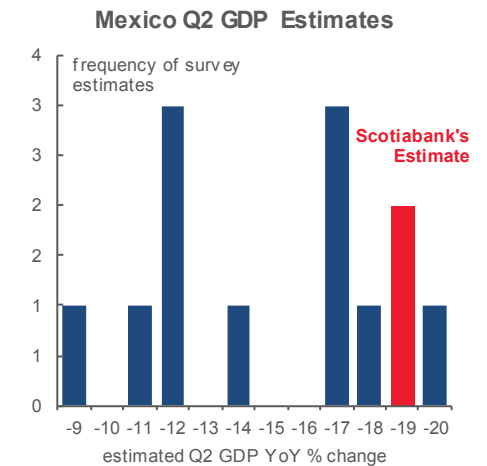
#### 4. CHINA WAITING FOR A SECOND ROUND GROWTH CATALYST

China updates the state's versions of its purchasing managers' indices for July on Thursday night eastern time. **Little further traction is expected compared to the 'V' shaped recovery that has already occurred** (chart 8). That said, it has so far been a return to at best the status quo, rather than a great unleashing of pent-up activity. The second leg of China's recovery may be dependent upon clearing inventories and driving stronger order books across its western customers in a hopefully sustained economic recovery.

#### 5. EARNINGS WILL INFORM THE MAINSTREET HIT

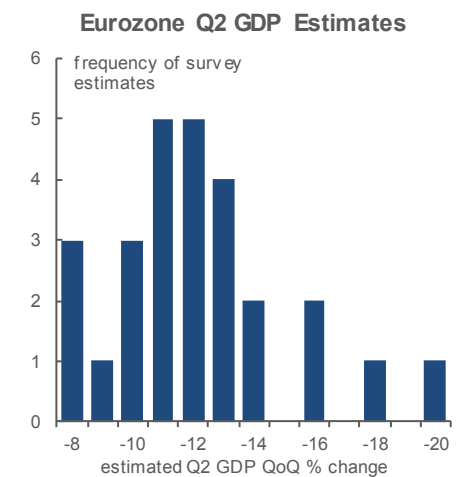
**A wave of earnings should keep markets on their toes.** The rubber hits the road on the impact of the COVID-19 shock upon the North American real economy compared to the emphasis upon financials earlier in the season. The earnings calendar also fills in globally.

Chart 6



Sources: Scotiabank Economics, Bloomberg.

Chart 7



Sources: Scotiabank Economics, Bloomberg.

Chart 8



Sources: Scotiabank Economics, China National Bureau of Statistics.

In the US, no fewer than about 180 S&P500 firms will offer Q2 earnings estimates. Some of the names will include Apple, Amazon, Facebook, Alphabet, eBay, Pfizer, 3M, McDonald's, Starbucks, GM, Ford, Merck, GE, Boeing, UPS, Caterpillar and 3M. Chart 9 provides the updated earnings beat ratio so far in the season compared to history.

Canada will see over 50 TSX-listed companies release. Names on tap will include Shopify, George Weston Ltd., Air Canada, TransAlta and Maple Leaf. Twenty FTSE100 firms will release along with 55 German companies, 136 French firms, over 80 companies in Italy and more than 85 on Japan's Nikkei 225.

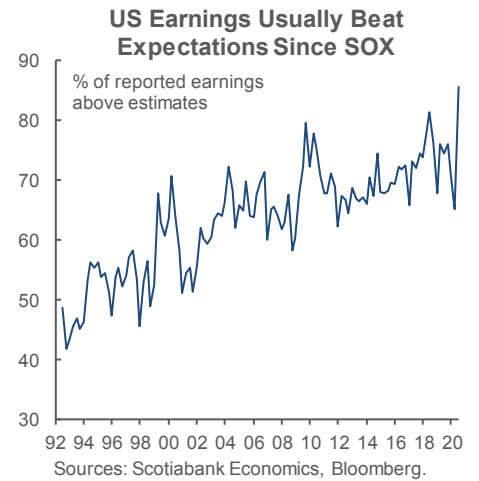
**6. THE RECOVERY GRAB BAG!**

File this one under miscellaneous. **Additional recovery evidence and tracking of inflation will be offered by a variety of global readings.**

Inflation reports will include the Fed's preferred PCE gauges on Friday along with Eurozone CPI that day after Australia registers Q2 inflation on Tuesday. **Little change is expected from the prior month US and Eurozone core readings** of 1% y/y and 0.8% y/y, respectively.

US recovery tracking will register a series of reports starting with an expected rise in durable goods orders on Monday, a likely decline in the Conference Board's consumer confidence reading on Tuesday that would follow UofM sentiment, and consumption and income figures for June on Friday that are likely to show a sharply lower saving rate as spending continues to recover while income growth falters. Job market sentiment will be informed by Thursday's weekly claims after they increased the prior week.

Chart 9



## Key Indicators for week of July 27 – 31

### NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
MX	07/27	07:00	Trade Balance (US\$ mn)	Jun	1763	--	-3522.6
MX	07/27	07:00	Unemployment Rate (%)	Jun	4.7	--	2.9
US	07/27	08:30	Durable Goods Orders (m/m)	Jun P	10.0	6.8	15.7
US	07/27	08:30	Durable Goods Orders ex. Trans. (m/m)	Jun P	5.0	3.6	3.7
US	07/27	10:30	Dallas Fed. Manufacturing Activity	Jul	--	-5.0	-6.1
US	07/28	09:00	S&P/Case-Shiller Home Price Index (m/m)	May	--	0.3	0.3
US	07/28	09:00	S&P/Case-Shiller Home Price Index (y/y)	May	--	4.1	4.0
US	07/28	10:00	Consumer Confidence Index	Jul	93.0	94.5	98.1
US	07/28	10:00	Richmond Fed Manufacturing Index	Jul	--	5.0	0.0
US	07/29	07:00	MBA Mortgage Applications (w/w)	Jul 24	--	--	5.1
US	07/29	08:30	Wholesale Inventories (m/m)	Jun P	--	-0.7	-1.2
US	07/29	10:00	Pending Home Sales (m/m)	Jun	--	15.0	44.3
<b>US</b>	<b>07/29</b>	<b>14:00</b>	<b>FOMC Interest Rate Meeting (%)</b>	<b>Jul 29</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>
MX	07/30	07:00	GDP (q/q)	2Q P	--	--	-1.2
MX	07/30	07:00	GDP (y/y)	2Q P	-19.3	-21.2	-1.4
US	07/30	08:30	GDP (q/q a.r.)	2Q A	-36.0	-35.0	-5.0
US	07/30	08:30	GDP Deflator (q/q a.r.)	2Q A	--	0.1	1.4
US	07/30	08:30	Initial Jobless Claims (000s)	Jul 25	1400	1400	1416
US	07/30	08:30	Continuing Claims (000s)	Jul 18	--	--	16197
CA	07/31	08:30	IPPI (m/m)	Jun	--	1.1	1.2
CA	07/31	08:30	Raw Materials Price Index (m/m)	Jun	--	7.0	16.4
CA	07/31	08:30	Real GDP (m/m)	May	3.5	3.5	-11.6
US	07/31	08:30	Employment Cost Index (q/q)	2Q	--	0.6	0.8
US	07/31	08:30	PCE Deflator (m/m)	Jun	0.5	0.5	0.1
US	07/31	08:30	PCE Deflator (y/y)	Jun	1.0	0.9	0.5
US	07/31	08:30	PCE ex. Food & Energy (m/m)	Jun	0.2	0.2	0.1
US	07/31	08:30	PCE ex. Food & Energy (y/y)	Jun	1.0	1.0	1.0
US	07/31	08:30	Personal Spending (m/m)	Jun	5.0	5.4	8.2
US	07/31	08:30	Personal Income (m/m)	Jun	0.0	-0.7	-4.2
US	07/31	09:45	Chicago PMI	Jul	--	43.9	36.6
US	07/31	10:00	U. of Michigan Consumer Sentiment	Jul F	--	72.8	73.2

### EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
GE	07/27	03:00	Retail Sales (m/m)	Jun	--	-3.0	12.7
GE	07/27	04:00	IFO Business Climate Survey	Jul	--	89.3	86.2
GE	07/27	04:00	IFO Current Assessment Survey	Jul	--	85.0	81.3
GE	07/27	04:00	IFO Expectations Survey	Jul	--	93.4	91.4
SP	07/28	03:00	Unemployment Rate (%)	2Q	--	16.1	14.4
UK	07/28	04:00	Nationwide House Prices (m/m)	Jul	--	-0.1	-1.4
SP	07/29	03:00	Real Retail Sales (y/y)	Jun	--	--	-20.2
UK	07/29	04:30	Net Consumer Credit (£ bn)	Jun	--	-1.9	-4.6
GE	07/30	02:00	Real GDP (q/q)	2Q P	--	-9.0	-2.2
FR	07/30	02:45	Producer Prices (m/m)	Jun	--	--	-0.1
SP	07/30	03:00	CPI (m/m)	Jul P	--	--	0.5
SP	07/30	03:00	CPI (y/y)	Jul P	--	-0.3	-0.3
SP	07/30	03:00	CPI - EU Harmonized (m/m)	Jul P	--	-1.0	0.4
SP	07/30	03:00	CPI - EU Harmonized (y/y)	Jul P	--	-0.1	-0.3
GE	07/30	03:55	Unemployment (000s)	Jul	--	45.0	69.0
GE	07/30	03:55	Unemployment Rate (%)	Jul	--	6.5	6.4
EC	07/30	05:00	Economic Confidence	Jul	--	81.0	75.7
EC	07/30	05:00	Industrial Confidence	Jul	--	-17.0	-21.7
EC	07/30	05:00	Unemployment Rate (%)	Jun	--	7.7	7.4
GE	07/30	08:00	CPI (m/m)	Jul P	--	-0.3	0.6
GE	07/30	08:00	CPI (y/y)	Jul P	--	0.1	0.9
GE	07/30	08:00	CPI - EU Harmonized (m/m)	Jul P	--	-0.2	0.7
GE	07/30	08:00	CPI - EU Harmonized (y/y)	Jul P	--	0.3	0.8

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

**Key Indicators for week of July 27 – 31**
**EUROPE (continued from previous page)**

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
FR	07/31	01:30	GDP (q/q)	2Q P	--	-15.2	-5.3
FR	07/31	02:45	Consumer Spending (m/m)	Jun	--	6.5	36.6
FR	07/31	02:45	CPI (m/m)	Jul P	--	-0.1	0.1
FR	07/31	02:45	CPI (y/y)	Jul P	--	0.3	0.2
FR	07/31	02:45	CPI - EU Harmonized (m/m)	Jul P	--	-0.1	0.1
FR	07/31	02:45	CPI - EU Harmonized (y/y)	Jul P	--	0.3	0.2
SP	07/31	03:00	Real GDP (q/q)	2Q P	--	-16.0	-5.2
IT	07/31	04:00	Real GDP (q/q)	2Q P	--	-15.3	-5.3
SP	07/31	04:00	Current Account (€ bn)	May	--	--	-1.5
EC	07/31	05:00	CPI (m/m)	Jul P	--	-0.5	0.3
EC	07/31	05:00	Euro zone CPI Estimate (y/y)	Jul	--	0.3	0.3
EC	07/31	05:00	Euro zone Core CPI Estimate (y/y)	Jul P	--	0.8	0.8
EC	07/31	05:00	GDP (q/q)	2Q A	--	-12.0	-3.6
IT	07/31	05:00	CPI (m/m)	Jul P	--	0.1	0.1
IT	07/31	05:00	CPI (y/y)	Jul P	--	-0.1	-0.2
IT	07/31	05:00	CPI - EU Harmonized (m/m)	Jul P	--	-1.4	0.0
IT	07/31	05:00	CPI - EU Harmonized (y/y)	Jul P	--	-0.1	-0.4

**ASIA-PACIFIC**

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
SK	07/26	08:00	Department Store Sales (y/y)	Jun	--	--	-7.4
CH	07/26	21:30	Industrial Profits YTD (y/y)	Jun	--	--	6.0
VN	07/26	22:00	CPI (y/y)	Jul	--	--	3.2
VN	07/26	22:00	Industrial Production (y/y)	Jul	--	--	7.0
JN	07/27	00:30	All Industry Activity Index (m/m)	May	--	-3.5	-6.4
JN	07/27	01:00	Coincident Index CI	May F	--	--	74.6
JN	07/27	01:00	Leading Index CI	May F	--	--	79.3
HK	07/27	04:30	Exports (y/y)	Jun	--	4.2	-7.4
HK	07/27	04:30	Imports (y/y)	Jun	--	-5.5	-12.3
HK	07/27	04:30	Trade Balance (HKD bn)	Jun	--	-30.2	-13.7
MA	07/28	00:00	Exports (y/y)	Jun	--	-13.6	-25.5
MA	07/28	00:00	Imports (y/y)	Jun	--	-11.4	-30.4
MA	07/28	00:00	Trade Balance (MYR bn)	Jun	--	11.9	10.4
SK	07/28	17:00	Consumer Confidence Index	Jul	--	--	81.8
AU	07/28	21:30	Consumer Prices (y/y)	2Q	1.8	-0.5	2.2
HK	07/29	04:30	Real GDP (y/y)	2Q A	-8.0	-7.7	-8.9
SK	07/29	17:00	Business Survey- Manufacturing	Aug	--	--	51.0
SK	07/29	17:00	Business Survey- Non-Manufacturing	Aug	--	--	59.0
JN	07/29	19:50	Large Retailers' Sales (y/y)	Jun	--	-5.5	-16.9
JN	07/29	19:50	Retail Trade (y/y)	Jun	--	-6.0	-12.5
SI	07/29	21:00	Unemployment Rate (%)	2Q	--	--	2.4
AU	07/29	21:30	Building Approvals (m/m)	Jun	--	-2.0	-16.4
HK	07/30	04:30	Retail Sales - Volume (y/y)	Jun	--	--	-33.9
NZ	07/30	18:00	ANZ Consumer Confidence Index	Jul	--	--	104.5
SK	07/30	19:00	Industrial Production (y/y)	Jun	--	-2.7	-9.6
SK	07/30	19:00	Cyclical Leading Index Change	Jun	--	--	-0.3
JN	07/30	19:30	Jobless Rate (%)	Jun	3.2	3.0	2.9
JN	07/30	19:50	Industrial Production (y/y)	Jun P	--	-19.1	-26.3
CH	07/30	21:00	Manufacturing PMI	Jul	50.9	50.8	50.9
CH	07/30	21:00	Non-manufacturing PMI	Jul	--	54.5	54.4
HK	07/30	21:00	Govt Monthly Budget Surp/Def (HKD bn)	Jun	--	--	28.6
PH	07/30	21:00	Bank Lending (y/y)	Jun	--	--	10.3
AU	07/30	21:30	Private Sector Credit (y/y)	Jun	--	3.0	3.2
AU	07/30	21:30	Producer Price Index (y/y)	2Q	--	--	1.3
IN	07/30	23:30	Fiscal Deficit (INR Crore)	Jun	--	--	186831

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.



**Key Indicators for week of July 27 – 31**
**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>
JN	07/31	00:00	Vehicle Production (y/y)	May	--	--	-46.1
JN	07/31	01:00	Housing Starts (y/y)	Jun	--	-12.6	-12.3
JN	07/31	01:00	Construction Orders (y/y)	Jun	--	--	-6.1
TH	07/31	03:30	Exports (y/y)	Jun	--	--	-23.6
TH	07/31	03:30	Imports (y/y)	Jun	--	--	-34.2
TH	07/31	03:30	Trade Balance (US\$ mn)	Jun	--	--	3192.0
TH	07/31	03:30	Current Account Balance (US\$ mn)	Jun	--	1200.0	64.0
TA	07/31	04:00	Real GDP (y/y)	2Q P	-1.5	0.4	1.6
SK	07/31	20:00	Exports (y/y)	Jul	--	-11.1	-10.9
SK	07/31	20:00	Imports (y/y)	Jul	--	-12.2	-11.2
SK	07/31	20:00	Trade Balance (US\$ mn)	Jul	--	3700.0	3632.0

**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>
BZ	07/28	09:30	Current Account (US\$ mn)	Jun	--	--	1326.4
CL	07/31	09:00	Industrial Production (y/y)	Jun	--	--	-13.3
CL	07/31	09:00	Retail Sales (y/y)	Jun	-26.0	--	-28.7
CL	07/31	09:00	Unemployment Rate (%)	Jun	12.0	--	11.2
CO	07/31	11:00	Urban Unemployment Rate (%)	Jun	25.6	--	24.5
CO	07/31		<b>Overnight Lending Rate (%)</b>	<b>Jul 31</b>	<b>2.25</b>	<b>2.25</b>	<b>2.50</b>

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**Global Auctions for week of July 27 – 31****NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	07/27	13:00	U.S. to Sell 5-Year Notes
US	07/28	11:30	U.S. to Sell 2-Year FRN Notes
US	07/28	13:00	U.S. to Sell 7-Year Notes
CA	07/30	12:00	Canada to Sell 3-Year Bonds

**EUROPE**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BE	07/27	05:30	Belgium to Sell Bonds
IT	07/28	05:00	Italy to Sell Bonds
UK	07/28	05:00	U.K. to Sell 2.75 Billion Pounds of 1.25% 2027 Bonds
GE	07/28	05:30	Germany to Sell 4 Billion Euros of 0% 2027 Bonds
UK	07/28	06:30	U.K. to Sell 1.5 Billion Pounds of 1.625% 2054 Bonds
UK	07/29	05:00	U.K. to Sell 0.125% 2023 Bonds
SW	07/29	05:00	Sweden to Sell Bonds
GE	07/29	05:30	Germany to Sell EUR 3.5 Bln of 0% 2035 Bonds
UK	07/29	06:30	U.K. to Sell 1.625% 2028 Bonds
IT	07/30	05:00	Italy to Sell Bonds

**ASIA-PACIFIC**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CH	07/27	02:00	Sichuan to Sell 5-Year Bonds
CH	07/27	23:00	China to Sell 10-Year Upsized Special Government Bond
JN	07/27	23:35	Japan to Sell 40-Year Bonds
NZ	07/29	22:05	New Zealand To Sell 5, 11, & 20 Year Bonds
CH	07/29	23:00	China to Sell 10-Year Upsized Special Government Bond
JN	07/29	23:35	Japan to Sell 2-Year Bonds

**Events for week of July 27 – 31****NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	07/29	14:00	FOMC Rate Decision
US	07/29	14:30	Powell Holds Post-FOMC Meeting Press Conference

**EUROPE**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	07/30	04:00	ECB Publishes Economic Bulletin

**ASIA-PACIFIC**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	07/26	19:50	BOJ Summary of Opinions
AU	07/26	20:00	RBA's Kent Gives Speech

**LATIN AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CO	07/31		Overnight Lending Rate

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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	0.25	September 9, 2020	0.25	0.25
Federal Reserve – Federal Funds Target Rate	0.25	July 29, 2020	0.25	0.25
Banco de México – Overnight Rate	5.00	August 13, 2020	4.75	4.50

**Federal Reserve:** No material policy changes are anticipated. The FOMC likely remains in 'learning mode' as Chair Powell described it on June 10th during his press conference following the previous policy decision. At that time, he also indicated that more would be learned "over the coming months" during which the Fed would be evaluating the recovery and how the covid-19 virus progresses. He summed it up best when he said "Now we're waiting." The Fed is perhaps more likely to address topics like strengthened forward guidance and yield curve control later in the year in the context of revealing the main elements of its strategic review that is also likely to more formally embrace average inflation targeting.

### 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	September 10, 2020	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	#NAME?	September 10, 2020	0.25	0.25
European Central Bank – Deposit Facility Rate	#NAME?	September 10, 2020	-0.50	-0.50
Bank of England – Bank Rate	0.10	August 6, 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	4.25	September 18, 2020	4.00	4.00
Sweden Riksbank – Repo Rate	0.00	September 22, 2020	0.00	0.00
Norges Bank – Deposit Rate	0.00	August 20, 2020	0.00	0.00
Central Bank of Turkey – Benchmark Repo Rate	8.25	August 20, 2020	8.25	8.25

### 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	September 17, 2020	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	0.25	August 4, 2020	0.25	0.25
Reserve Bank of New Zealand – Cash Rate	0.25	August 11, 2020	0.25	0.25
People's Bank of China – 1-Year Loan Prime Rate	3.85	August 20, 2020	3.85	3.85
Reserve Bank of India – Repo Rate	4.00	August 6, 2020	3.75	3.75
Bank of Korea – Bank Rate	0.50	August 27, 2020	0.50	0.50
Bank of Thailand – Repo Rate	0.50	August 5, 2020	0.50	0.25
Bank Negara Malaysia – Overnight Policy Rate	1.75	September 10, 2020	1.75	1.75
Bank Indonesia – 7-Day Reverse Repo Rate	4.00	August 19, 2020	4.00	4.00
Central Bank of Philippines – Overnight Borrowing Rate	2.25	August 20, 2020	2.25	2.50

### 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	2.25	August 5, 2020	2.00	2.75
Banco Central de Chile – Overnight Rate	0.50	September 1, 2020	0.25	0.50
Banco de la República de Colombia – Lending Rate	2.50	July 31, 2020	2.25	2.25
Banco Central de Reserva del Perú – Reference Rate	0.25	August 13, 2020	0.25	0.25

**BanRep:** Colombia's central bank is expected to cut its overnight lending rate by 25bps on Friday after leaving its bias open to doing more at the previous meeting. Core inflation has sunk to 1.4% y/y, growth concerns abound and the country's covid-19 case count is showing no signs of flattening.

### 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	3.50	September 17, 2020	3.50	3.50

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

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