

A WEEK AHEAD IN THREE DECADES

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FORECASTS & DATA

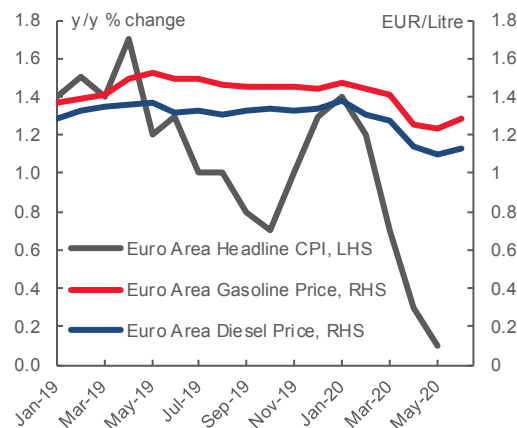
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Next Week's Risk Dashboard

- Speed of the US rebound
- FOMC cohesion
- China's rebound
- US-Canada trade friction
- CBs: BanRep, Riksbank

Chart of the Week
Gas Prices at the Pump Could Buoy June Euro Area Inflation


Sources: Scotiabank Economics, European Commission.

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

A Week Ahead In Three Decades

A holiday-interrupted trading week will face a handful of main global risk factors and a sprinkling of regional market considerations. US markets will shut on Friday July 3rd ahead of Independence Day and there will be an early 2pmET bond market close on the Thursday. Canadian markets will shut early at 1pmET on Tuesday and all day on Wednesday for Canada Day. Canadian markets are therefore likely to be relatively quiet for much of the week.

The main risks over the coming week will be:

- evidence on how quickly US jobs and manufacturing are coming back;
- further important colour derived from the FOMC's recent meeting that contributed to market uncertainty;
- evidence on the durability of China's rebound;
- potential flaring of US trade aggression against Canada; and
- regional considerations will include a pair of central bank decisions, a stale Canadian GDP reading and Eurozone CPI.

Notice there are no tweets on this list. No COVID-19 statistics. No scandalous books that will hit the shelves. You may find those to be the more dominant considerations, at least in terms of day-to-day market volatility. These can be material short-term developments. It can be appropriate to be cautious as they unfold. One's timeframe for managing to such events can make paying attention to them very important. A transactional bias can require being very sensitive to them.

But such uncertainties more often than not bear little to no influence upon the longer run insofar as how they may guide medium- to longer-run concerns, like will the economy rebound and continue to do so and what should I do with my business or portfolio. Twenty-six years and my own share of mistakes later, I think I've learned that lesson in spades.

So to demonstrate this point, I'll draw upon my own career experiences. Graduating into the early 1990s in Canada coincided with the worst recession in three decades. I had nothing to do with the decision in 1968 that caused this bad timing. One-in-five workers were out of the workforce, short-term rates were through the roof because of an effort to wrestle the inflation tax to the ground, fiscal positions were in terrible shape, and the country's uncompetitive manufacturing sector was a sitting duck for global forces. Books were written about how demographics meant there would never again be a housing boom. Nobody would ever again make anything in this economy. We were told to buckle up as the decade would be a write-off with a fifty-cent piece for a currency that added insult by ruling out southern jaunts when the mercury hits -30C. Yet the consumer came back. So did housing markets. Balance sheets were cleaned up. Policy nurtured the recovery. We recovered.

Ever since then, it has been one shock after another. It has become a clichéd fact of life. Every time, the economy and markets got through it all and wound up in a better place. Like how Japan Inc did not put everyone else out of business. Or when the Exchange Rate Mechanism stumbled and George Soros 'broke' the Bank of England. Or the Tequila Crisis. Or the Asian financial crisis that kicked off in Thailand. Or Russia's technical default. Or LTCM. Or how the world would end with Y2K. Tech was never going to recover from the dot-com period of course. Then there were Enron, Orange County and many other regional government and accounting scandals. Let alone the Global Financial Crisis from which we were supposedly never going to recover from compounding leverage atop other shaky forms of leverage. Or the Eurozone debt crisis and forecasts of how the euro experiment would fail (usually from US economists) until Draghi's 'whatever it takes' dogged determination. Throughout it all there have been countless geopolitical developments including ones that have repeatedly roiled energy markets. I'm sure I've missed a few dozen.

Every time, without fail, you can predictably line up the prognosticators along a continuum from cautious optimists to the bears that quite remarkably always have at the ready a depression narrative that this time will be different, a depression lies ahead, pack up your lemonade stand and just forget about springing out of bed each morning to give it all another go.

Well, phooey. I still spring out of bed, maybe just a touch slower. If there's one piece of advice I can give it is to stray more toward the cautious optimists. The opposite end of the continuum makes the same mistakes over and over. They fail to incorporate policy

responses, or when they do, fall short of how policy responds and its efficacy. They don't allow for the possibility that previously unheard of policy responses could be in the offing. They ignore automatic market stabilizers, with a case in point being a look at the US long bond over the decades. They pay short shrift to how businesses and consumers adapt. Technological, behavioural and institutional changes are all given at best casual references when, in fact, they arguably dominate over the longer run and nobody can model those. We humans are an adaptive species.

What follows will tick the box for a week ahead look at the main events, but as your head spins through the shrill cries and shouts of the journalists, pundits and politicians while monitoring short-run risks, take appropriate precautions (please!!), have empathy toward those who are bearing the brunt of this terrible shock often with great emotional and financial hardship. Just be sure to keep at least a little part of your mind open to the cautiously optimistic narrative while you enjoy the US and Canadian holidays. I will. Publishing will resume when I'm back on July 6th.

1. HOW QUICKLY ARE US JOBS AND MANUFACTURING COMING BACK?

The latest batch of readings will tell us the speed and extent to which US manufacturers and jobs are coming back from the worst effects of the COVID-19 shock.

It starts with the ISM-manufacturing report for June on Wednesday. A best guess is that the composite headline reading jumps higher by about five points to a 48 reading. Being still below the 50 dividing line between expansion (above) and contraction (below) means that the pace of shrinkage is expected to ebb but outright expansion still lies ahead. To inform this expectation for ISM, we can point to how Markit's purchasing managers' index for the manufacturing sector climbed by nearly eleven points to 49.6, or the regional Fed surveys like the twenty-seven point jump in the Richmond Fed's metric, the nearly 50 point rise in the Empire gauge, or the Philly Fed's 71 point surge. There might even be upside risk to the ISM reading.

Friday's nonfarm payrolls lottery will be the next major piece of evidence of an economic recovery. Here too we are talking about best guesses. I've figured 4 million jobs were recovered in June, but at these elevated levels of changes and volatility it wouldn't surprise me in the least to be off by a million—perhaps many—but hopefully still well into positive territory.

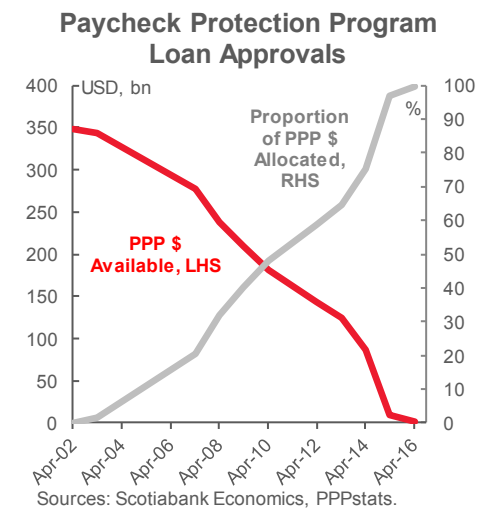
The old drivers to an employment call were often only modestly useful to begin with, while they are of very limited use now. Initial jobless claims have amounted to around ten million more folks claiming assistance between the May and June reference periods for the report and so that doesn't lean toward job growth. Continuing claims have fallen by around one million which suggests either benefits ran out or they went back to work. Neither gauge was useful in terms of predicting the 2.5 million jobs created in the May nonfarm payrolls report or the 3.8 million that the companion household survey registered. The employment sub-indices to the ISM-manufacturing and ISM non-manufacturing reports during the previous round also increased a touch which may suggest improvement, but hiring is one thing; recalling already hired workers is another.

And so what complicates the predictive abilities of these other labour market signals when it comes to nailing nonfarm are considerations like the paycheck protection program that encourages small businesses to retain workers, or the expanded jobless benefits. The explosive growth in the paycheck protection program indicates that many businesses were eager to secure the financing by recalling or retaining workers (chart 1).

2. WHY IS THE FED HOLDING BACK?

The Fed left behind many unanswered questions following the suite of communications that landed on June 10th. Minutes to the June 9th–10th meeting will be released on Wednesday at 2pmET and could offer further insight. They may be treated as stale given recovery evidence alongside a resurgence of cases in the US South, but any discussions around policy options could still be useful.

Chart 1



Recall that markets did not receive the communications very well at first or into the subsequent market session. The recap ([here](#)) noted this was because Chair Powell's press conference sounded rather noncommittal toward next steps and emphasized the higher degree of conditionality upon developments in the near term. Examples of what Powell noted included:

Policy is well positioned to support the economy at this point.

- "The next few months will be very important to understand what we'll see"
- "Now we're waiting. Nonfarm was a big surprise and is a good example of the uncertainty."
- The FOMC will learn more "over coming months" and is generally "in learning mode"

Perhaps the range of participants' discussions will emphasize scenarios and potential options under each scenario with a particular emphasis upon the following.

- **Yield curve control:** Recall that Powell appeared to downplay the concept by saying they have reviewed the international experience but they are unsure about "whether these tools would complement our existing ones." At present there is likely little motivation to consider YCC given where yields presently sit, but Powell's skepticism appeared to run deeper.
- **Forward guidance:** It's possible we may see further discussion of forward guidance practices and principles. The so-called dot plot showed a policy hold for at least 30 months through the remainder of this year, next year and 2022 after which the forecast horizon swings to the long run that shows a 2.5% neutral rate but without guidance regarding the intervening path. At issue could be an updated discussion on calendar-based, condition-based or hybrid guidance.
- **Asset purchase guidance:** Against some expectations, the FOMC did not provide parameters about a QE program as opposed to simply noting that purchases of Treasuries and agency MBS would occur "over coming months" and "at least at the current pace" with the schedule to be updated on a monthly basis.

Overall, while it's understandable to take a pause while still implementing 11 facilities in response to the COVID-19 shock, why wouldn't the Fed embrace all options sooner than later given that it appears to be convinced that there will be a large and persistent output gap over the years ahead with high unemployment and sub-target inflation.

3. HAS CHINA'S REBOUND STALLED?

China has already had its 'V' (chart 2). Now what?

As the economy has rebounded from the plunge in February that owed itself to the pandemic and the resulting extension to the annual Lunar New Year, there has been no follow-through by way of a further acceleration in purchasing managers' indices. The composite PMI has been stuck at about 53 for three consecutive months which returns it right back to where it had been signalling moderate growth throughout the trade war with the US. We've also seen that in some other stalled readings (chart 3).

On Monday evening, we'll see if this observation still holds when **the state's version of the PMIs will be updated for June**. They are not expected to materially deviate from the recent trend, and the path forward is uncertain. There may be upside risk in coming months as the lagging effects of reopening export markets in the US and Europe unfold, but the strength and durability of the recovery beyond this initial bounce is uncertain. China's private PMIs are likely to mirror the state's in this sense when they arrive on Thursday evening.

Chart 2

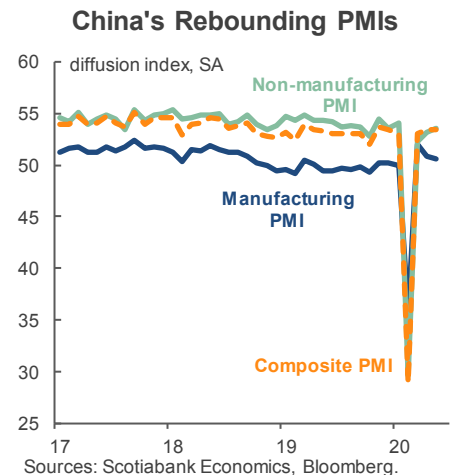


Chart 3



In essence, aside from the inane and inappropriate nature of Trump’s assertion that China intentionally unleashed a virus that walloped its own economy, the irony here is that the very outlook for China’s export engine depends in no small part upon the willingness of Americans to take protective measures that avert the self-destruction of their own economy.

4. US TRADE AGGRESSION

The little-changed NAFTA 2.0/CUSMA deal will be implemented on Wednesday, July 1st. Unfortunately, **Canada braces for a re-escalation of a trade fight with the US over a matter that was thought to be settled as the criteria for getting Canada’s signature in the first place.**

Some US industry representatives with vested interests support US tariffs on exports of Canadian aluminum. Other industry representatives in the US ([here](#)) argue that USTR Lighthizer is simplistically interpreting a so-called ‘surge’ of primary aluminum exports from Canada to the US. Total aluminum exports from Canada to the US remain flat. Chart 4 annualizes year-to-date unwrought aluminum exports to the US over the January-April period this year which continues to hold toward cycle highs despite the entry into recession. Unwrought aluminum exports simply reflect a shift in the composition of exports. Following Lighthizer’s recent testimony, anonymous sources noted that the US may announce aluminum tariffs on Canada by the coming week and perhaps on the culturally uber-insensitive Canada Day.

Canada can be expected to retaliate. **A trade dispute with Canada, another with the EU and still another with Germany over Nord Stream—all while struggling to implement the US-China phase 1 trade deal—represent policy risks that the world economy and markets don’t need amidst all else.**

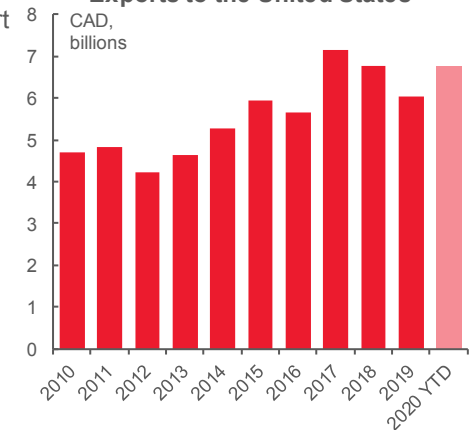
5. HONOURABLE MENTIONS

Four honourable mentions won’t have a material impact upon the global market tone and maybe not even upon local markets, but they’re worth noting briefly.

- Canadian GDP (April):** Tuesday’s report will be stale as it covers what happened during the month of April. Hint: not so good. StatsCan offered a flash estimate for April GDP back on May 29th and figured back then that the economy shrank by a record 11% m/m. They had readings like hours worked, jobs, housing starts and home resales to go by at that point, plus internal tracking estimates for a panoply of other sectors of the economy including ones that are difficult to track in the hard-hit services sector.
- BanRep:** Colombia’s central bank is expected to cut its overnight lending rate on Tuesday. By how much? Scotia’s Bogota-based economist Sergio Olarte expects a 25bps cut. Others within consensus expect a 50bps reduction. Colombia’s COVID-19 case count has been tragically rising at an exponential growth pace. In three months, over 80,000 cases have emerged with cases tripling over the past month as the case counts rose across LatAm (chart 5). This recently prompted the government to extend its quarantine to July 15th. Since the end of March, BanRep has cut its policy rate by 1.5 percentage points to 2.75%; easing assists near-term cash flow and contributes to a future recovery.
- Eurozone CPI (June):** Tuesday’s reading for June is expected to see core CPI continue to slide from the 1.3% recent peak late last year to about ¾% y/y. Germany and Spain release on Monday while Italy and France update the next day.
- Riksbank:** No change is expected to the policy rate set at 0%, but the central bank may expand its asset purchase program from SEK300 billion at present either at this meeting or possibly tee up such a move at a subsequent meeting. Sweden’s COVID-19 case curve has been sharply accelerating of late as case growth picked up in June.

Chart 4

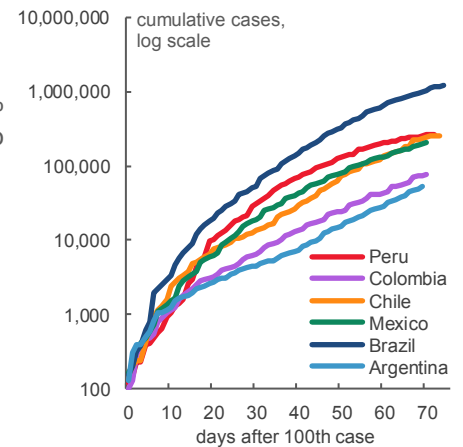
Canadian Unwrought Aluminum Exports to the United States



Sources: Scotiabank Economics, ISED Canada.

Chart 5

Latin American COVID-19 Cases



Sources: Scotiabank Economics, Johns Hopkins.

Key Indicators for week of June 29 – July 3

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	06/29	08:30	IPPI (m/m)	May	--	--	-2.3
CA	06/29	08:30	Raw Materials Price Index (m/m)	May	--	--	-13.4
US	06/29	10:00	Pending Home Sales (m/m)	May	--	18.9	-21.8
US	06/29	10:30	Dallas Fed. Manufacturing Activity	Jun	--	-29.5	-49.2
CA	06/30	08:30	Real GDP (m/m)	Apr	-11.0	-10.5	-7.2
US	06/30	09:00	S&P/Case-Shiller Home Price Index (m/m)	Apr	--	0.5	0.5
US	06/30	09:00	S&P/Case-Shiller Home Price Index (y/y)	Apr	--	--	3.9
US	06/30	09:45	Chicago PMI	Jun	--	42.0	32.3
US	06/30	10:00	Consumer Confidence Index	Jun	90.0	90.0	86.6
US	07/01	07:00	MBA Mortgage Applications (w/w)	Jun 26	--	--	8.0
US	07/01	08:15	ADP Employment Report (000s m/m)	Jun	3000	3000	-2760
US	07/01	10:00	Construction Spending (m/m)	May	1.5	1.0	-2.9
US	07/01	10:00	ISM Manufacturing Index	Jun	48.0	49.0	43.1
US	07/01	10:00	Total Vehicle Sales (mn a.r.)	Jun	12.5	13.0	12.2
CA	07/02	08:30	Merchandise Trade Balance (C\$ bn)	May	-4.5	--	-3.3
US	07/02	08:30	Average Hourly Earnings (m/m)	Jun	-1.0	-0.5	-1.0
US	07/02	08:30	Average Hourly Earnings (y/y)	Jun	5.3	5.5	6.7
US	07/02	08:30	Average Weekly Hours	Jun	--	34.5	34.7
US	07/02	08:30	Nonfarm Employment Report (000s m/m)	Jun	4000	3000	2509
US	07/02	08:30	Initial Jobless Claims (000s)	Jun 27	1380	--	1480
US	07/02	08:30	Continuing Claims (000s)	Jun 20	19000	--	19522
US	07/02	08:30	Trade Balance (US\$ bn)	May	-53.0	-52.0	-49.4
US	07/02	08:30	Unemployment Rate (%)	Jun	12.5	12.5	13.3
US	07/02	10:00	Factory Orders (m/m)	May	10.0	8.0	-13.0

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
UK	06/28	04:00	Nationwide House Prices (m/m)	Jun	--	-0.8	-1.7
SP	06/29	03:00	CPI (m/m)	Jun P	--	--	0.0
SP	06/29	03:00	CPI (y/y)	Jun P	--	--	-0.9
SP	06/29	03:00	CPI - EU Harmonized (m/m)	Jun P	--	0.4	0.1
SP	06/29	03:00	CPI - EU Harmonized (y/y)	Jun P	--	-0.5	-0.9
UK	06/29	04:30	Net Consumer Credit (£ bn)	May	--	-3.0	-7.4
EC	06/29	05:00	Consumer Confidence	Jun F	--	--	-14.7
EC	06/29	05:00	Economic Confidence	Jun	--	80.3	67.5
EC	06/29	05:00	Industrial Confidence	Jun	--	-18.5	-27.5
GE	06/29	08:00	CPI (m/m)	Jun P	--	0.3	-0.1
GE	06/29	08:00	CPI (y/y)	Jun P	--	0.6	0.6
GE	06/29	08:00	CPI - EU Harmonized (m/m)	Jun P	--	0.4	0.0
GE	06/29	08:00	CPI - EU Harmonized (y/y)	Jun P	--	0.6	0.5
UK	06/29	19:01	GfK Consumer Confidence Survey	Jun F	--	-29.0	-30.0
UK	06/30	02:00	Business Investment (q/q)	1Q F	--	0.0	-0.1
UK	06/30	02:00	Current Account (£ bn)	1Q	--	-15.0	-5.6
UK	06/30	02:00	GDP (q/q)	1Q F	--	-2.0	-2.0
FR	06/30	02:45	Consumer Spending (m/m)	May	--	30.0	-20.2
FR	06/30	02:45	CPI (m/m)	Jun P	--	0.4	0.1
FR	06/30	02:45	CPI (y/y)	Jun P	--	0.5	0.4
FR	06/30	02:45	CPI - EU Harmonized (m/m)	Jun P	--	0.3	0.2
FR	06/30	02:45	CPI - EU Harmonized (y/y)	Jun P	--	0.5	0.4
FR	06/30	02:45	Producer Prices (m/m)	May	--	--	-2.9
SP	06/30	03:00	Real GDP (q/q)	1Q F	--	-5.2	-5.2
SP	06/30	04:00	Current Account (€ bn)	Apr	--	--	-1.1

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for week of June 29 – July 3
EUROPE (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>
EC	06/30	05:00	CPI (m/m)	Jun P	--	0.3	-0.1
EC	06/30	05:00	Euro zone CPI Estimate (y/y)	Jun	--	0.1	0.1
EC	06/30	05:00	Euro zone Core CPI Estimate (y/y)	Jun P	--	0.8	0.9
IT	06/30	05:00	CPI (m/m)	Jun P	--	--	-0.2
IT	06/30	05:00	CPI (y/y)	Jun P	--	-0.1	-0.2
IT	06/30	05:00	CPI - EU Harmonized (m/m)	Jun P	--	0.1	-0.3
IT	06/30	05:00	CPI - EU Harmonized (y/y)	Jun P	--	-0.3	-0.3
GE	07/01	02:00	Retail Sales (m/m)	May	--	3.5	-6.5
IT	07/01	03:00	Budget Balance (€ bn)	Jun	--	--	-25.5
IT	07/01	03:00	Budget Balance YTD (€ bn)	Jun	--	--	-74.4
SW	07/01	03:30	Riksbank Interest Rate (%)	Jul 1	0.00	0.00	0.00
IT	07/01	03:45	Manufacturing PMI	Jun	--	47.6	45.4
GE	07/01	03:55	Unemployment (000s)	Jun	--	110.0	238.0
GE	07/01	03:55	Unemployment Rate (%)	Jun	--	6.5	6.3
RU	07/02	02:00	Real GDP (y/y)	1Q F	--	--	1.60
EC	07/02	05:00	PPI (m/m)	May	--	-0.4	-2.0
EC	07/02	05:00	Unemployment Rate (%)	May	--	7.7	7.3
FR	07/03	02:45	Central Government Balance (€ bn)	May	--	--	-92.1
IT	07/03	03:45	Services PMI	Jun	--	46.6	28.9
UK	07/03	04:30	Official Reserves Changes (US\$ bn)	Jun	--	--	946.0

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
VN	06/26	22:00	CPI (y/y)	Jun	--	2.2	2.4
VN	06/26	22:00	Industrial Production (y/y)	Jun	--	--	-3.1
CH	06/27	21:30	Industrial Profits YTD (y/y)	May	--	--	-4.3
JN	06/28	19:50	Large Retailers' Sales (y/y)	May	--	-18.2	-22.1
JN	06/28	19:50	Retail Trade (y/y)	May	--	-11.6	-13.9
SK	06/28	20:00	Department Store Sales (y/y)	May	--	--	-14.8
HK	06/29	04:30	Exports (y/y)	May	--	-5.2	-3.7
HK	06/29	04:30	Imports (y/y)	May	--	-7.0	-6.7
HK	06/29	04:30	Trade Balance (HKD bn)	May	--	-20.3	-23.3
SK	06/29	17:00	Business Survey- Manufacturing	Jul	--	--	49.0
SK	06/29	17:00	Business Survey- Non-Manufacturing	Jul	--	--	56.0
SK	06/29	19:00	Industrial Production (y/y)	May	--	-4.5	-4.5
SK	06/29	19:00	Cyclical Leading Index Change	May	--	--	-0.5
JN	06/29	19:30	Jobless Rate (%)	May	2.8	2.8	2.6
JN	06/29	19:50	Industrial Production (y/y)	May P	--	-23.2	-15.0
CH	06/29	21:00	Manufacturing PMI	Jun	50.4	50.5	50.6
CH	06/29	21:00	Non-manufacturing PMI	Jun	--	53.7	53.6
PH	06/29	21:00	Bank Lending (y/y)	May	--	--	10.9
AU	06/29	21:30	Private Sector Credit (y/y)	May	--	3.4	3.6
IN	06/29	23:30	Fiscal Deficit (INR Crore)	May	--	--	-100850
JN	06/30	00:00	Vehicle Production (y/y)	Apr	--	--	-8.0
JN	06/30	01:00	Housing Starts (y/y)	May	--	-14.7	-12.9
JN	06/30	01:00	Construction Orders (y/y)	May	--	--	-14.2
TH	06/30	03:30	Exports (y/y)	May	--	--	-3.3
TH	06/30	03:30	Imports (y/y)	May	--	--	-17.0
TH	06/30	03:30	Trade Balance (US\$ mn)	May	--	--	2530.0
TH	06/30	03:30	Current Account Balance (US\$ mn)	May	--	-998.0	-654.0
HK	06/30	04:30	Retail Sales - Volume (y/y)	May	--	-33.7	-37.5
NZ	06/30	13:00	QV House Prices (y/y)	Jun	--	--	7.7

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for week of June 29 – July 3

ASIA-PACIFIC (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
JN	06/30	19:50	Tankan All Industries Index	2Q	--	1.3	1.8
JN	06/30	19:50	Tankan Manufacturing Index	2Q	--	-30.0	-8.0
JN	06/30	19:50	Tankan Non-Manufacturing Index	2Q	--	-20.0	8.0
SK	06/30	20:00	Exports (y/y)	Jun	--	-7.3	-23.6
SK	06/30	20:00	Imports (y/y)	Jun	--	-9.4	-21.0
SK	06/30	20:00	Trade Balance (US\$ mn)	Jun	--	3651.0	446.0
JN	06/30	20:30	Markit/JMMA Manufacturing PMI	Jun F	--	--	37.8
JN	06/30	20:00	Official Reserve Assets (US\$ bn)	Jun	--	--	1378.2
AU	06/30	21:30	Building Approvals (m/m)	May	--	-8.0	-1.8
CH	06/30	21:45	Caixin Manufacturing PMI	Jun	50.5	50.7	50.7
ID	07/01	00:00	CPI (y/y)	Jun	2.1	1.9	2.2
ID	07/01	00:00	Core CPI (y/y)	Jun	--	2.4	2.7
JN	07/01	01:00	Consumer Confidence	Jun	--	28.5	24.0
JN	07/01	01:00	Vehicle Sales (y/y)	Jun	--	--	-40.2
TH	07/01	03:30	Business Sentiment Index	Jun	--	--	34.4
SK	07/01	19:00	CPI (y/y)	Jun	-0.3	-0.2	-0.3
SK	07/01	19:00	Core CPI (y/y)	Jun	--	0.4	0.5
JN	07/01	19:50	Monetary Base (y/y)	Jun	--	--	3.9
AU	07/01	21:30	Trade Balance (AUD mn)	May	--	9000.0	8800.0
AU	07/02	21:30	Retail Sales (m/m)	May	--	16.3	-17.7
CH	07/02	21:45	Caixin Services PMI	Jun	--	53.3	55.0
TH	07/02	23:30	CPI (y/y)	Jun	-3.1	-3.0	-3.4
TH	07/02	23:30	Core CPI (y/y)	Jun	--	0.0	0.0
MA	07/03	00:00	Exports (y/y)	May	--	-20.2	-23.8
MA	07/03	00:00	Imports (y/y)	May	--	-18.9	-8.0
MA	07/03	00:00	Trade Balance (MYR bn)	May	--	4.2	-3.5
SI	07/03	01:00	Retail Sales (y/y)	May	--	-47.0	-40.5
SI	07/03	09:00	Purchasing Managers Index	Jun	--	47.0	46.8

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CL	06/30	09:00	Industrial Production (y/y)	May	--	--	-5.9
CL	06/30	09:00	Retail Sales (y/y)	May	-32.0	--	-31.3
CL	06/30	09:00	Unemployment Rate (%)	May	9.8	9.8	9.0
CO	06/30	11:00	Urban Unemployment Rate (%)	May	--	--	23.5
CO	06/30		Overnight Lending Rate (%)	Jun 30	2.50	2.25	2.75
PE	07/01	01:00	Consumer Price Index (m/m)	Jun	-0.1	0.0	0.2
PE	07/01	01:00	Consumer Price Index (y/y)	Jun	1.8	1.6	1.8
CL	07/01	08:30	Economic Activity Index SA (m/m)	May	--	--	-8.7
CL	07/01	08:30	Economic Activity Index NSA (y/y)	May	-17.0	--	-14.1
BZ	07/01	09:00	PMI Manufacturing Index	Jun	--	--	38.3
BZ	07/01	14:00	Trade Balance (FOB) - Monthly (US\$ mn)	Jun	--	--	4548.0
BZ	07/02	08:00	Industrial Production SA (m/m)	May	--	--	-18.8
BZ	07/02	08:00	Industrial Production (y/y)	May	--	--	-27.2

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

Global Auctions for week of June 29 – July 3

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	07/02	12:00	Canada to Sell 2 Year Bonds
US	07/02	13:00	U.S. to Sell 3 Year Notes

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
IT	06/30	05:00	Italy to Sell Bonds
GE	06/30	05:30	Germany to Sell EUR 3 Bln of 0% 2027 Bonds
DE	07/01	04:30	Denmark to Sell Bonds
NO	07/01	05:00	Norway to Sell Bonds
UK	07/01	05:00	U.K. to Sell 2028 Bonds
SW	07/01	05:00	Sweden to Sell Bonds
UK	07/01	06:30	U.K. to Sell 2050 Bonds
SP	07/02	04:45	Spain to Sell Sr Unsecured Bonds
FR	07/02	04:50	France to Sell Bonds
UK	07/02	05:00	U.K. to Sell 0.625% 2025 Bonds
UK	07/02	06:30	U.K. to Sell 4.5% 2034 Bonds
IC	07/03	07:30	Iceland to Sell Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CH	06/28	21:30	Inner Mongolia to Sell 3, 10, 15, & 20 Year Bonds
CH	06/28	22:30	Jilin to Sell 10, 20, & 30 Year Bonds
JN	06/29	23:35	Japan to Sell 2-Year Bonds
CH	06/30	23:00	China Plans to Sell 3 & 7 Year Upsized Government Bond
CH	07/01	02:00	Hubei to Sell 5 & 15 Year Bonds
CH	07/01	03:00	Guizhou to Sell 15 & 30 Year Bonds
CH	07/01	04:00	Sichuan to Sell 30 Year Bonds
JN	07/01	23:35	Japan to Sell 10 Year Bonds

Sources: Bloomberg, Scotiabank Economics.

Events for week of June 29 – July 3**NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	06/30	11:00	Fed's Williams Speaks on Central Banking in the Age of Covid
US	07/01	14:00	FOMC Meeting Minutes

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	06/27	05:05	ECB's Schnabel Speaks in a Panel
UK	06/29	05:30	BOE's Bailey, Breeden Speak at Climate Financial Risk Forum
UK	06/29	08:30	BOE's Vlieghe Speaks on Macroeconomic Tail Risk, Asset Prices
EC	06/30	07:00	ECB's Schnabel Speaks at IIF event
UK	06/30	10:00	BOE's Cunliffe Speaks on Central Banking in the Covid-19 Age
IT	06/30		Bank of Italy to Release 1Q Credit Conditions and Risk
SW	07/01	03:30	Riksbank Interest Rate
UK	07/01	07:00	BOE Policy Maker Haskel Speaks on Webinar
EC	07/03	08:00	ECB's Knot Speaks at Bloomberg EU Policy Series Event

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	06/29	22:30	RBA's Debelle Speech at Webinar Event

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CO	06/30		Overnight Lending Rate
CO	07/01	14:00	Colombia Monetary Policy Minutes

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	July 15, 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	5.00

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	July 16, 2020	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	0.25	July 16, 2020	0.25	0.25
European Central Bank – Deposit Facility Rate	-0.50	July 16, 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	4.50	July 24, 2020	4.25	4.25
Sweden Riksbank – Repo Rate	0.00	July 1, 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	July 23, 2020	8.25	8.25

Riksbank: Sweden's central bank will make their monetary policy announcement early Wednesday morning. The bank will maintain its 0% Repo Rate and likely provide guidance on the future of the bank's asset purchase programs including possible expansion.

ASIA PACIFIC

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Japan – Policy Rate	-0.10	July 15, 2020	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	0.25	July 7, 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	July 20, 2020	3.80	3.85
Reserve Bank of India – Repo Rate	4.00	August 6, 2020	3.75	4.00
Bank of Korea – Bank Rate	0.50	July 16, 2020	0.50	0.50
Bank of Thailand – Repo Rate	0.50	August 5, 2020	0.50	0.50
Bank Negara Malaysia – Overnight Policy Rate	2.00	July 7, 2020	2.00	2.00
Bank Indonesia – 7-Day Reverse Repo Rate	4.25	July 16, 2020	4.00	4.25
Central Bank of Philippines – Overnight Borrowing Rate	2.25	August 20, 2020	2.25	2.75

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	1.75	2.75
Banco Central de Chile – Overnight Rate	0.50	July 15, 2020	0.50	0.50
Banco de la República de Colombia – Lending Rate	2.75	June 30, 2020	2.50	2.25
Banco Central de Reserva del Perú – Reference Rate	0.25	July 9, 2020	0.25	0.25

Banco de la República de Colombia (BanRep): Colombia's central bank will make a monetary policy announcement on Tuesday. Our Colombian economist Sergio Olarte has forecast a 25-basis point cut, bringing the Minimum Repo Rate to 2.50%. With consensus split between 25 or 50 basis points of easing, he believes that the high uncertainty surrounding the macroeconomic outlook will force Banrep to take a more gradual approach. The statement should maintain their dovish tone which leaves the possibility for more easing.

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	3.75	July 23, 2020	3.75	3.75

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

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