

THE JOBS OF CENTRAL BANKERS DEPEND ON JOBS

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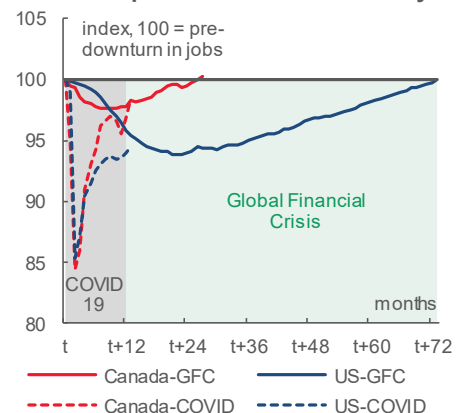
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Next Week's Risk Dashboard

- Jobs: US, Canada, NZ
- CBs: BoE, RBA, Norges, Brazil...
- ...Negara, BoT, Turkey
- PMIs: US, Canada, China, India...
- ...Italy, Spain, Mexico, Brazil
- Inflation across LatAm, Asia-Pacific
- How jobs markets affect the BoC versus Fed dynamic
- Assessing BoE taper risk

Chart of the Week

A Perspective on Jobs Recovery



Sources: Scotiabank Economics, Statistics Canada, BLS.

Chart of the Week: Prepared by: Marc Ercolao, Economic Analyst.

The Jobs of Central Bankers Depend on Jobs

JOBS—CANADA & US HEADED IN OPPOSITE DIRECTIONS, FOR NOW

The US, Canada and New Zealand update jobs reports on Friday. **Canada and the US could be going in starkly opposite directions this time.** New Zealand's figure is a lower frequency reading that lags for Q1 but it will probably garner relatively little attention amid expectations for little change. What follows is an explanation of how the US and Canadian jobs estimates were arrived at, but also how one should come to view the metrics for relative labour market performance and how they may influence Bank of Canada versus Federal Reserve policy.

US—THE FRUITS OF 'AMERICA FIRST'

Rapidly easing restrictions and callback effects are expected to drive another strong payroll gain of around 1¼ million on Friday with the unemployment rate dipping to 5.7% from 6%. Distorted wage growth will perversely go from over 4% y/y to roughly nothing in a nanosecond and mainly due to the year-ago rebasing effect to when lower-income workers disproportionately dropped out of the wage readings and popped higher the April 2020 average wage of employed workers.

We won't get several of the advance readings on labour market conditions that go into a nonfarm call until the coming week and therefore may revise these estimates. Wednesday's ADP payrolls figure plus Monday's ISM-manufacturing-employment and Wednesday's ISM-services-employment figures could swing the nonfarm estimates around in either direction, though strength is expected in those readings as well.

What we can observe is the sharp easing of COVID-19 restrictions into the end of March and through April (chart 1) that should translate into a strong reopening effect on employment particularly in the most affected service industries like restaurants (chart 2). As a consequence to reopening, weekly jobless claims fell by ~200k between the March and April nonfarm reference periods (chart 3). We also know that consumers indicated the single biggest improvement in jobs availability from one month to the next on record which may have revealed possibly greater upside to hiring than estimated (chart 4).

What explains all of this? Deficits and vaccine hoarding. Simply put, after doing one of the world's worst jobs at managing the pandemic, the US government is spending its way to medium-term growth while only now loosening its vaccine hoarding policies by sharing what it doesn't approve for its own people.

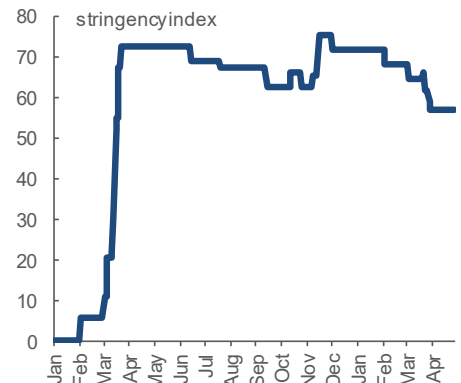
CANADA—A TEMPORARY PULLBACK

Canada, on the other hand, is likely to shed jobs on Friday and there will be four considerations behind the estimated 150,000 drop.

First, unlike the US, Canada has tightened restrictions to counter a third wave of COVID-19 cases (chart 5). The cumulative case rate per capita remains a fraction of the rate in the US, but new cases per capita took off in Canada while continuing to

Chart 1

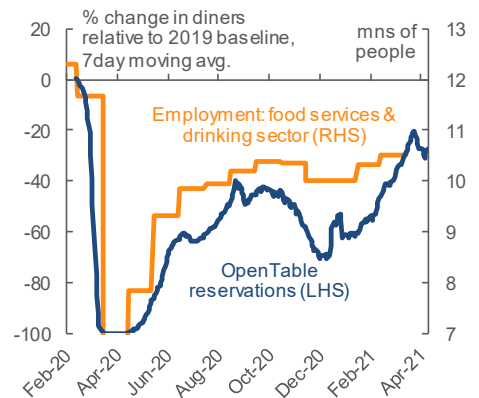
US Restrictions at Lowest Level Since Pandemic Start



Sources: Scotiabank Economics, University of Oxford.

Chart 2

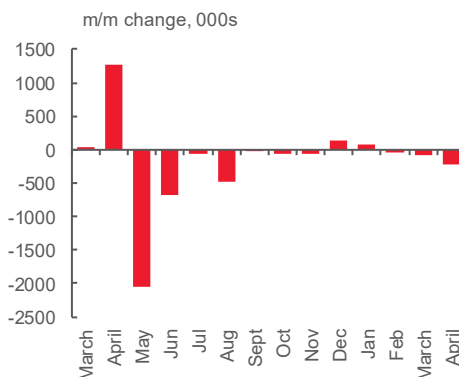
Will US Services Employment Continue to Push Forward?



Sources: Scotiabank Economics, OpenTable, BLS.

Chart 3

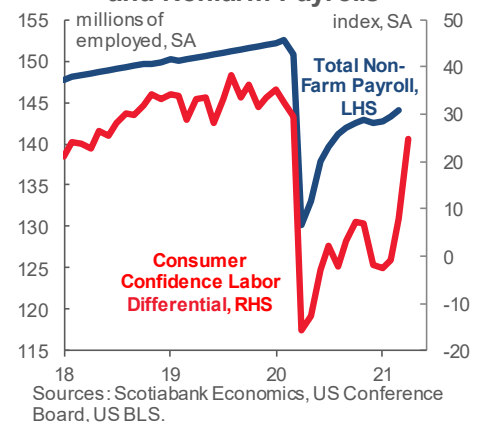
Change in US Initial Jobless Claims Between Non-Farm Reference Periods



Note: Reference week defined as containing the 12th of each month.
Sources: Scotiabank Economics, US BLS.

Chart 4

US Job Availability and Nonfarm Payrolls



Sources: Scotiabank Economics, US Conference Board, US BLS.

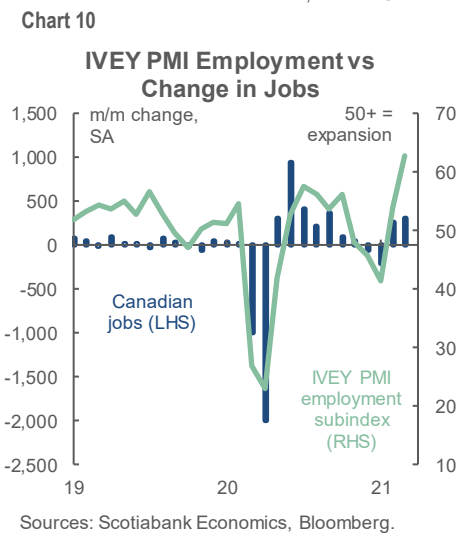
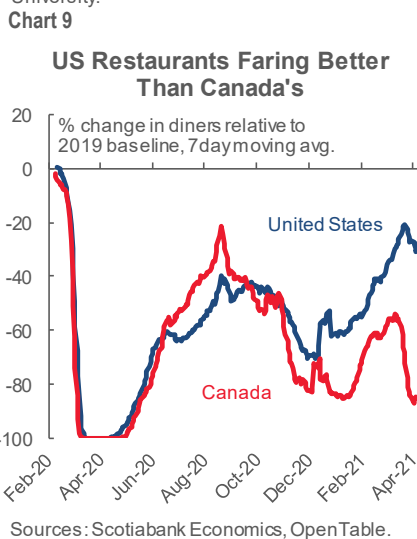
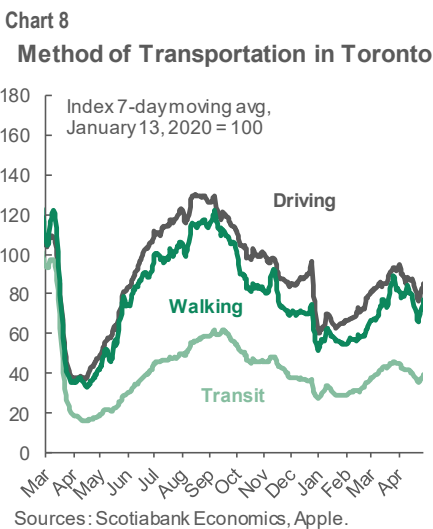
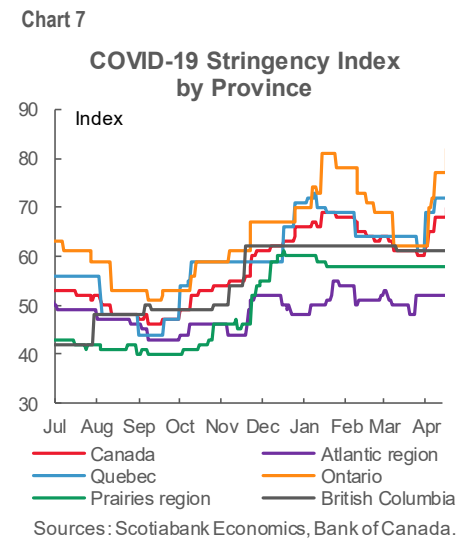
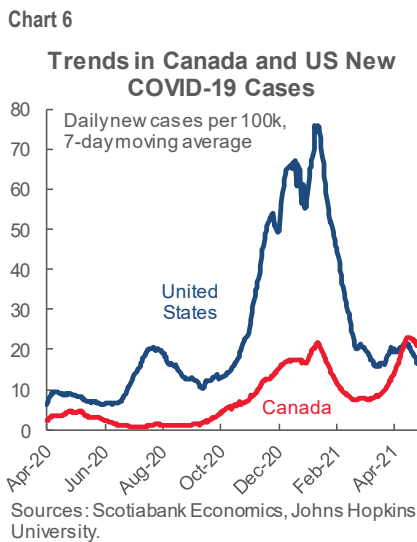
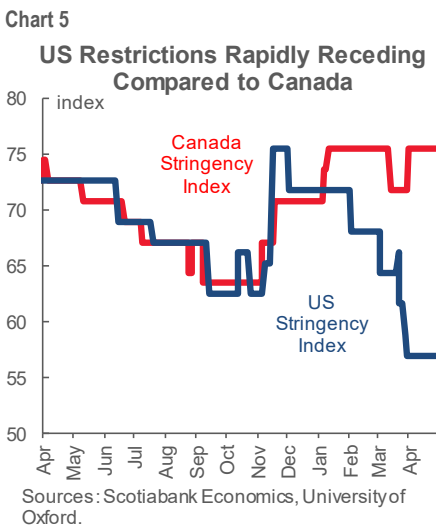
decline overall in the US though the differential between the two countries is nowhere nearly as large as one might think (chart 6). Tightened restrictions became particularly acute in the most population-dense regions of the country, like Ontario, Quebec and BC (chart 7). Mobility readings in the country's biggest city did about what one would have expected (chart 8). Restrictions, lockdowns and stay at home orders have had obvious effects on sectors like restaurants during April (chart 9). Expect categories like accommodation and food services, retail, information, culture and recreation to show significant retrenchments.

Second, Ontario's delayed 'Spring break' may drive lost jobs in the education sector. Ontario registered an unusual gain in education sector jobs during March that drove the national education jobs total up by 35k because teachers and support workers worked through the week that would have traditionally been the break. The delayed break in April was the same week as the Labour Force Survey's reference week and technically education sector employment will dip by probably ~30k this time around.

Third, Canada has been hiring 30–35k workers for the May 2021 Census. Enumerators and others may start to show up in April but with more of that transitory hiring likely in May. If so, then take out any surge in public administration employment in order to get a cleaner jobs reading.

There is also the matter of how employment performed outside of the service sectors that bear the brunt of the restrictions. We could continue to see some bright spots in resources and manufacturing to help guard against a much worse job reading.

In any event, this should be a transitory hit for April and likely May given that in Ontario's case the restrictions are expected to last through the next Labour Force Survey reference period. If Canada's COVID-19 new case curve continues to bend, then we could see restrictions ease as soon as later in May while the vaccine curve continues to rip higher. So far, employers are indicating such



expectations by looking through nearer-term disruptions as captured by hiring intentions (charts 10, 11).

If all goes well, Canada could therefore wind up back at full employment later this summer.

RELATIVE LABOUR MARKETS AND CENTRAL BANKS

One question I'm often asked of late concerns **how Canada may be able to achieve such a full employment milestone so far ahead of the US and how that would jive with an unemployment rate that is still so much higher than the US.** Wouldn't that signal that Canada has much more labour slack than the US? If so, given inclusive full employment mantras across central banks these days, why would the BoC even dream of hiking before the Fed?

Let's first tackle the differences in unemployment rates. **Much of the official gap between the 8.1% Canadian rate and the 6.0% US rate is due to measurement differences** as explained [here](#) and shown in chart 12. When Canada's unemployment rate is measured in a way that is comparable to the US methodology, the Canadian rate measured along US lines drops to 6.9% ([here](#)). The US applies stricter criteria to defining who is in the labour force, who is unemployed, and who is not—on both counts; or perhaps the US undercounts the

unemployed and this results in an artificially low unemployment rate—you pick! I think it's a touch of both which might also help an American audience understand how the US job market could get so tight in past years at least when measured by the official unemployment rate without stoking wage pressures. In any event, that's still a little higher unemployment rate in Canada than the US, but nowhere near the apparent 2.1 point spread in the official rates.

Going further, the so-called U-6 US measure of unemployment and underemployment stands at 10.7% versus the official Canadian R8 analog that stands at 11.4%. The 2.1 spread in official unemployment rates before adjusting to comparable concepts only translates into a 0.7% gap between the two countries' underemployment rates. After accounting for measurement differences in the official unemployment rates, it's likely that Canada's underemployment rate measured along US lines could be lower than the US rate.

Another key is to acknowledge that **Canada tends to have a higher natural rate of unemployment than the US even at the best of times.** Canada's NAIUR (non-accelerating inflation rate of unemployment) is higher than the US as shown in OECD estimates (chart 13). Canada's NAIUR stands at 6.2% versus 4.1% in the US. Canada would be expected to witness full employment and begin to court faster wage growth and the cost-push variety of inflation at a higher unemployment rate than the US.

As for the separate issue of why Canada has experienced an apparent jobs miracle that has outpaced US jobs, perhaps don't cheer quite as loudly as there may be a cost to having done so. There are at least four plausible explanations. One is that Canada implemented job market support programs and steadily extended them in more convincing fashion than the US did last year,

Chart 11
Full-time Staffing Plans, Next 3-4 Months

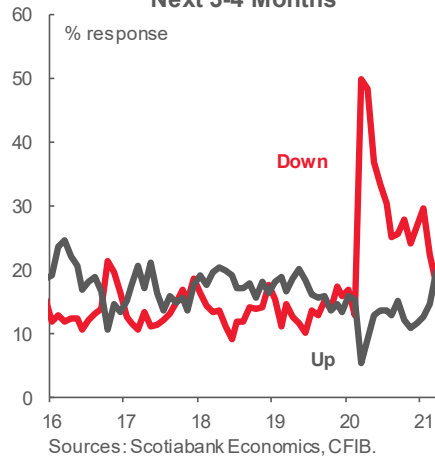


Chart 13
Canada's NAIUR is Higher Than the US

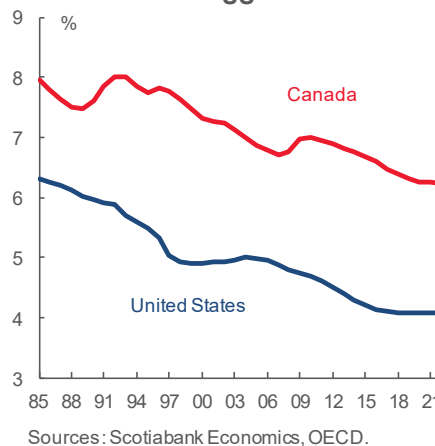
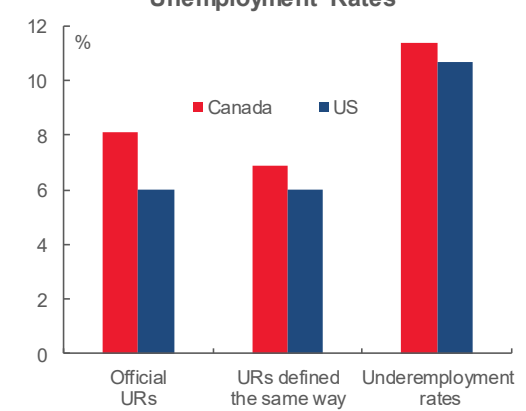
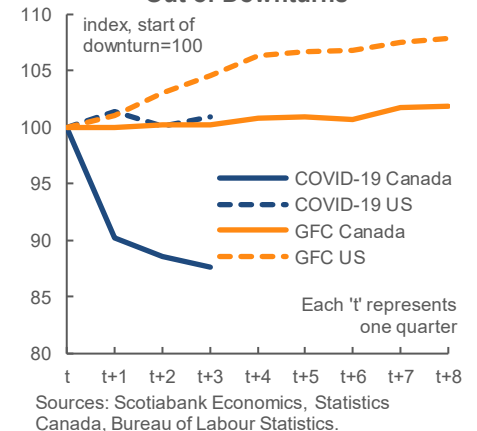


Chart 12
Reconciling Canadian & US Unemployment Rates



Sources: Scotiabank Economics, Statistics Canada, BLS.

Chart 14
Canadian Productivity Lags US Out of Downturns



though this relative outperformance has been changed by the last couple of enacted US stimulus bills. Second is that Canada applied much more stimulus as a share of the economy and as indicated by deficits during 2020 than the US and multiple other countries, though this is also changing as the US embraces a heavy spending bias. Third is that Canada also benefits from an upturn in the commodity cycle and more so than the US.

But chart 14 may be the ultimate explanation. **Coming out of the GFC and pandemic, US employers tended to emphasize faster productivity growth than Canada experienced.** I won't attach a normative assessment of which approach is better, but where Canada may do a better job at regaining lost employment sooner than the US, the US may outperform on productivity growth and hence profits and stock market returns. You pick which system you like best. Still, the US advantage may well hold up better in the long run across all of these measures.

To bring this section full circle, **the punch-line is this:** Canada may recoup all jobs lost to the pandemic earlier than the US while achieving full employment sooner in relation to a lower standard before courting potential inflation. If that's the case, then the BoC's take on the relative performance of the job market could well have it hiking ahead of the Fed even independently of other arguments such as relative spare capacity.

CENTRAL BANKS—BAILEY'S CIRCUMSTANCES SHARPLY DIFFER FROM MACKLEM'S

Seven central banks will deliver policy decisions over the coming week. The main event may be the Bank of England, but Brazil is expected to hike, there is a bit of buzz around the RBA, and Norges will be monitored for tweaks to a tightening bias. The other three should be largely non-events.

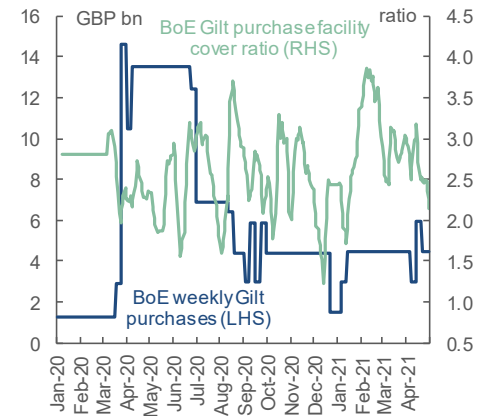
Bank of England—Why Now?

The Bank of England delivers its decisions on Thursday at 12pmGMT (7amET). **The key is whether the BoE will join the Bank of Canada in reducing purchases of gilts, also known as tapering.** It has been buying at a £4.4 billion pace per week (chart 15). There is a range of opinions on whether to taper now or at a subsequent meeting into the summer. One can't rule out the possibility that the BoE does so now, but **I just don't see the parallels between conditions faced by the two central banks and so it seems premature to expect the BoE to become an early-taper central bank relative to others.** My comfort zone is defined closer to the North American side of the pond, but it may be worth drawing parallels between circumstances in the UK and Canada.

For one thing, unlike Canada, the UK has not had a material jobs recovery to date with most of the plunge since the pandemic struck still largely and rather unfortunately intact (chart 16). That removes one fundamental argument that the UK economy no longer needs as much nonconventional monetary policy stimulus.

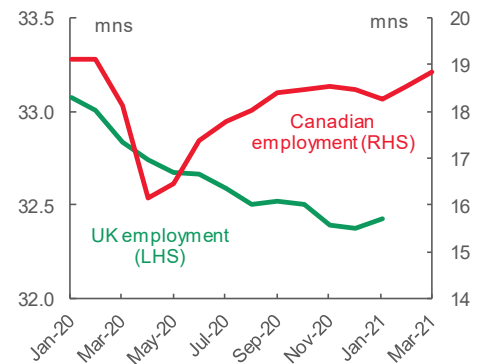
Furthermore, Governor Bailey must be terribly green with envy toward the kind of economic growth his counterpart in Governor Macklem is lapping up in Canada. The UK economy posted decent but much milder growth in Q4 than Canada, and the UK economy contracted again in 2021Q1 whereas Canada grew at an estimated 6–7% q/q annualized clip. As a consequence, the UK economy has a considerably wider output gap—and hence more slack—than Canada does at present.

Chart 15
The BoE's Gilts Purchases



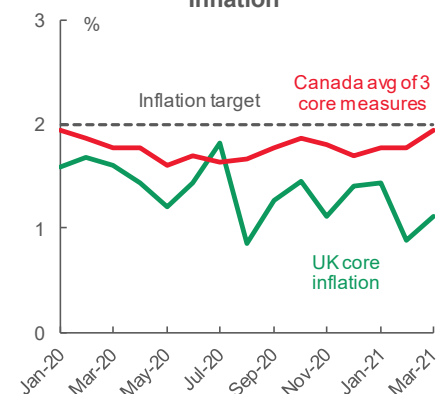
Sources: Scotiabank Economics, Bloomberg.

Chart 16
The UK is Still Awaiting a Jobs Recovery



Sources: Scotiabank Economics, Statistics Canada, ONS.

Chart 17
The BoC is Ahead of the BoE on Inflation



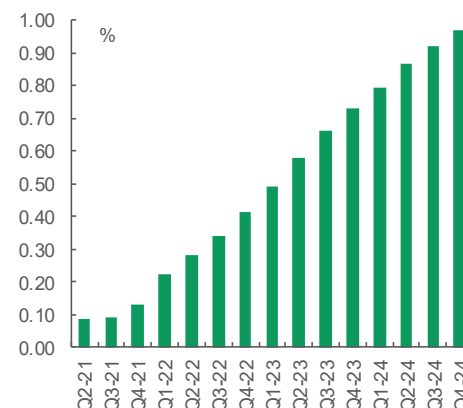
Sources: Scotiabank Economics, Statistics Canada, ONS.

As a partial reflection of more spare capacity, UK inflation remains at just over half the BoE's 2% target on both a headline and core basis versus the higher core reading in Canada that serves as the operational guide to achieving the 2% headline target (chart 17). In short, I would think that Governor Bailey is likely to say that not enough progress has been achieved to merit pulling back on the throttle just yet.

On the plus side, however, the BoE is likely to upgrade forecasts because of vaccine progress, plunging new COVID-19 cases and the recent budget delivered by Chancellor of the Exchequer Rishi Sunak that added more nearer-term stimulus. Restrictions are easing at a quicker pace than the BoE incorporated into expectations for Q2 and Q3 GDP growth averaging around 5%, so watch for possible upgrades. That leaves the door open for Bailey to, say, sound like the BoC did on the path to when it eventually tapered by saying something like if the outlook were to evolve as we expect then it's feasible we will be having a more serious discussion about reducing stimulus at a later date.

In any event, talk of negative rates is out the window (at least in the market's mind) in favour of hike signals. Markets will keep a keen eye out for when the BoE signals it expects to durably achieve its inflation target in relation to market pricing for rate hikes (chart 18).

Chart 18

BoE Implied Policy Rate


Sources: Scotiabank Economics, Bloomberg.

Brazil—Don't Say We Didn't Tell You!

Consensus is unanimous in expecting a 75bps hike in the Selic rate to 3.5% on Wednesday. What conviction during unusual times! Why? Well, you see, it helps when the central bank tells you in advance what they will do which removes much of the intrigue and mystique that often surrounds the game. In its last statement when they hiked 75bps to 2.7% on March 17th ([here](#)) they said:

“For the next meeting, unless there is a significant change in inflation projections or in the balance of risks, the Committee foresees the continuation of the partial normalization process with another adjustment, of the same magnitude, in the degree of monetary stimulus. The Copom emphasizes that its view for the next meeting will continue to depend on the evolution of economic activity, the balance of risks, and inflation projections and expectations.”

If there is much intrigue left, then it centers upon how to define “partial normalization” as a guide to the magnitude and pace of future hikes and that's the part that may be watched the most closely.

Norges Bank—Ah, if Only Others Were as Clear!

Norges is not expected to alter policy on Thursday, but timing potential rate hikes may be further informed by the tone of the communications and any alterations to forward rate guidance. Recall that it brought forward rate hike guidance at the March meeting when it said that “The policy rate forecast implies a gradual rise from the latter half of 2021.” Norway's much greater reliance upon oil than Canada coupled with the fact that proxies like Brent crude have nearly doubled since the pandemic low leaves a greater share of its economy more exposed to greater upside risk.

RBA—Also Not Looking Very Canadian

Tuesday's decision may inform expectations in the market that the central bank may be predisposed toward extending its nonconventional monetary policies—including bond buying and yield curve control—in subsequent meetings. For now, the main risk is whether it alters the benchmark bond used to implement its 3 year yield target of 0.1% perhaps toward the November 2024 note which would imply slightly greater reach up the curve by its target. Unlike the BoC that tapered a second time this past month, the RBA faces somewhat different circumstances including less direct exposure to the booming US economy, a different commodity cycle, and the recent weaker-than-expected Q1 inflation reading. Inflation only climbed two-tenths to 1.1% y/y (1.4% consensus) with trimmed mean and weighted median measures at 1.3% and 1.3% which results in a more significant shortfall to a 2–3% inflation target than is the case for Canadian inflation in relation to the BoC's theoretically symmetric 2% inflation target as the midpoint of a 1–3% range.

The Bank of Thailand (Wednesday), Bank Negara Malaysia (Thursday) and Turkey's colourful central bank (Thursday) are all expected to stay on hold.

GROWTH AND INFLATION SIGNALS

While there will be a multitude of macro reports released by countries across the world over the coming week, the main batches of potential consequence to global and regional markets will be purchasing managers' indices and inflation readings.

PMIs—Divergent Growth Prospects

The US updates ISM manufacturing (Monday) and services (Wednesday) for April. Both are expected to increase and be driven by reopening of the US economy. Monday's manufacturing reading should follow higher the gain in regional surveys (chart 19) that under-represent auto sales that are expected to climb to 18 million. The services PMI should benefit from relaxed restrictions as previously noted.

India's tragic experience with soaring COVID-19 cases is a human toll that cannot be described by mere statistics. There is likely to be downside risk to purchasing managers' indices that are due out on Monday and Wednesday. Chart 20 shows the connection to Indian GDP growth.

Eurozone PMIs will be revised on Monday for the month of April by including estimates from Italy and Spain plus any revisions to German and French figures.

China completes the round of PMIs with the missing private services and composite readings on Thursday night (eastern time as usual). They will be watched for further signs of cooling as indicated by the state's PMIs but not the private manufacturing PMI.

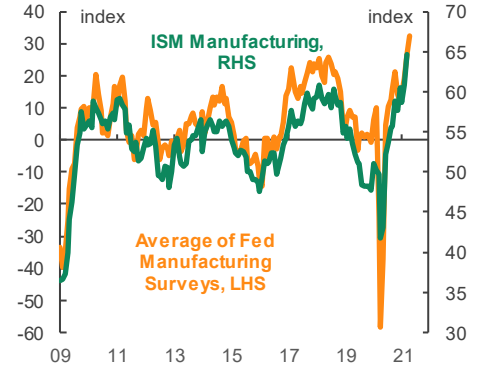
Mexico will update its manufacturing PMI that has been edging closer toward growth as shown in chart 21 (Monday), Canada updates its manufacturing PMI (Monday) and its Ivey gauge (Friday, chart 22) and Brazil will round out the suite of readings with estimates on Monday and Wednesday set against the backdrop of a tumbling PMI (chart 23)

Inflation

A round of inflation reports arrives mainly from across Asia-Pacific and Latin American economies. Peru kicks it off over the weekend, followed by South Korea and Indonesia on Monday, Thailand on Tuesday, Switzerland and Colombia (Wednesday), Taiwan on Thursday and then Mexico and Chile on Friday.

Chart 19

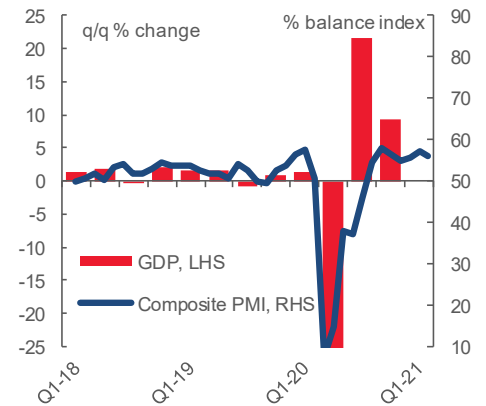
Regional Surveys Point to Another Solid ISM-Mfg Report



Sources: Scotiabank Economics, Federal Reserve System, ISM.

Chart 20

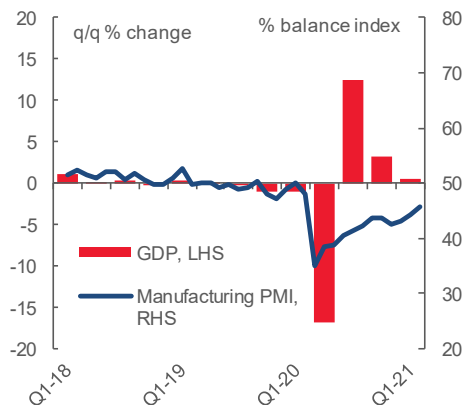
India Composite PMI & Quarterly Real GDP



Sources: Scotiabank Economics, IHS Markit, Bloomberg.

Chart 21

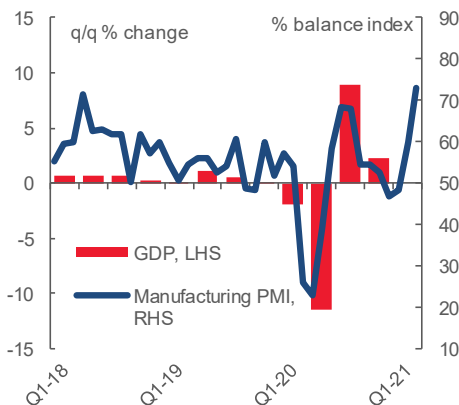
Mexico Manufacturing PMI & Quarterly Real GDP



Sources: Scotiabank Economics, IHS Markit, Bloomberg.

Chart 22

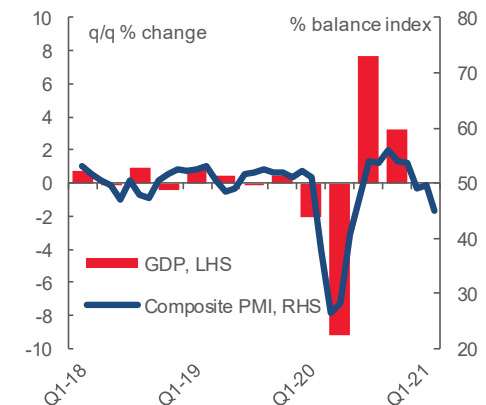
Canada Ivey PMI & Quarterly Real GDP



Sources: Scotiabank Economics, Ivey PMAC, Bloomberg.

Chart 23

Brazil Composite PMI & Quarterly Real GDP



Sources: Scotiabank Economics, IHS Markit, Bloomberg.

Key Indicators for week of May 3 – 7

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	05/03	10:00	Construction Spending (m/m)	Mar	1.9	1.8	-0.8
US	05/03	10:00	ISM Manufacturing Index	Apr	67.0	65.0	64.7
US	05/03		Total Vehicle Sales (mn a.r.)	Apr	18.0	17.5	17.8
CA	05/04	08:30	Building Permits (m/m)	Mar	--	--	2.1
CA	05/04	08:30	Merchandise Trade Balance (C\$ bn)	Mar	1.06	--	1.0
US	05/04	08:30	Trade Balance (US\$ bn)	Mar	-73.3	-74.0	-71.1
US	05/04	10:00	Durable Goods Orders (m/m)	Mar F	--	--	0.5
US	05/04	10:00	Durable Goods Orders ex. Trans. (m/m)	Mar F	--	--	1.6
US	05/04	10:00	Factory Orders (m/m)	Mar	0.5	1.5	-0.8
US	05/05	07:00	MBA Mortgage Applications (w/w)	Apr 30	--	--	-2.5
US	05/05	08:15	ADP Employment Report (000s m/m)	Apr	1000	862.5	516.8
US	05/05	10:00	ISM Non-Manufacturing Composite	Apr	--	64.2	63.7
US	05/06	08:30	Initial Jobless Claims (000s)	May 1	540	540.0	553.0
US	05/06	08:30	Continuing Claims (000s)	Apr 24	3,640	3,610	3,660
US	05/06	08:30	Productivity (q/q a.r.)	1Q P	3.2	4.0	-4.2
US	05/06	08:30	Unit Labor Costs (q/q a.r.)	1Q P	-0.6	-1.0	6.0
MX	05/07	07:00	Bi-Weekly Core CPI (% change)	Apr 30	--	--	0.2
MX	05/07	07:00	Bi-Weekly CPI (% change)	Apr 30	--	--	0.1
MX	05/07	07:00	Consumer Prices (m/m)	Apr	--	--	0.8
MX	05/07	07:00	Consumer Prices (y/y)	Apr	4.9	--	4.7
MX	05/07	07:00	Consumer Prices Core (m/m)	Apr	--	--	0.5
CA	05/07	08:30	Employment (000s m/m)	Apr	-150	--	303.1
CA	05/07	08:30	Unemployment Rate (%)	Apr	7.8	--	7.5
US	05/07	08:30	Average Hourly Earnings (m/m)	Apr	0.3	0.0	-0.1
US	05/07	08:30	Average Hourly Earnings (y/y)	Apr	-0.1	-0.4	4.2
US	05/07	08:30	Average Weekly Hours	Apr	--	34.9	34.9
US	05/07	08:30	Nonfarm Employment Report (000s m/m)	Apr	1300	950.0	916.0
US	05/07	08:30	Unemployment Rate (%)	Apr	5.7	5.8	6.0
US	05/07	15:00	Consumer Credit (US\$ bn m/m)	Mar	--	20.3	27.6
US	05/07		Household Employment Report (000s m/m)	Apr	--	--	609.0

EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
GE	05/03	02:00	Retail Sales (m/m)	Mar	3.1	2.7
IT	05/03	03:45	Manufacturing PMI	Apr	61.0	59.8
FR	05/03	03:50	Manufacturing PMI	Apr F	59.2	59.2
GE	05/03	03:55	Manufacturing PMI	Apr F	66.4	66.4
EC	05/03	04:00	Manufacturing PMI	Apr F	63.3	63.3
IT	05/03		Budget Balance (€ bn)	Apr	--	-26.8
IT	05/03		Budget Balance YTD (€ bn)	Apr	--	0.0
FR	05/04	02:45	Central Government Balance (€ bn)	Mar	--	-47.5
UK	05/04	04:30	Manufacturing PMI	Apr F	60.7	60.7
UK	05/04	04:30	Net Consumer Credit (£ bn)	Mar	-0.5	-1.2
IT	05/05	03:45	Services PMI	Apr	50.0	48.6
FR	05/05	03:50	Services PMI	Apr F	50.4	50.4
GE	05/05	03:55	Services PMI	Apr F	50.1	50.1
EC	05/05	04:00	Composite PMI	Apr F	53.7	53.7
EC	05/05	04:00	Services PMI	Apr F	50.3	50.3
EC	05/05	05:00	PPI (m/m)	Mar	1.0	0.5
GE	05/06	02:00	Factory Orders (m/m)	Mar	1.5	1.2
UK	05/06	02:00	Official Reserves Changes (US\$ bn)	Apr	--	-392.0
NO	05/06	04:00	Norwegian Deposit Rates (%)	May 6	0.00	0.00
UK	05/06	04:30	Services PMI	Apr F	60.1	60.1
EC	05/06	05:00	Retail Trade (m/m)	Mar	1.4	0.0
TU	05/06	07:00	Benchmark Repo Rate (%)	May 6	19.00	19.00
UK	05/06	07:00	BoE Asset Purchase Target (£ bn)	May	875.0	875.0
UK	05/06	07:00	BoE Policy Announcement (%)	May 6	0.10	0.10

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

Key Indicators for week of May 3 – 7

EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	Consensus	Latest
GE	05/07	02:00	Current Account (€ bn)	Mar	20.8	17.6
GE	05/07	02:00	Industrial Production (m/m)	Mar	2.0	-1.6
GE	05/07	02:00	Trade Balance (€ bn)	Mar	21.0	18.2
FR	05/07	02:45	Current Account (€ bn)	Mar	--	-2,622
FR	05/07	02:45	Industrial Production (m/m)	Mar	2.0	-4.7
FR	05/07	02:45	Industrial Production (y/y)	Mar	15.3	-6.6
FR	05/07	02:45	Manufacturing Production (m/m)	Mar	--	-4.6
FR	05/07	02:45	Trade Balance (€ mn)	Mar	--	-5,249
SP	05/07	03:00	Industrial Output NSA (y/y)	Mar	--	-3.4
UK	05/07	04:30	PMI Construction	Apr	62.1	61.7

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
AU	05/02	21:30	ANZ Job Advertisements (m/m)	Apr	--	--	7.4
ID	05/03	00:00	CPI (y/y)	Apr	1.4	1.5	1.4
ID	05/03	00:00	Core CPI (y/y)	Apr	--	1.3	1.2
HK	05/03	04:30	Real GDP (y/y)	1Q A	4.0	3.6	-3.0
SI	05/03	09:00	Purchasing Managers Index	Apr	--	50.9	50.8
SK	05/03	19:00	CPI (y/y)	Apr	2.1	2.1	1.5
SK	05/03	19:00	Core CPI (y/y)	Apr	--	1.2	1.0
AU	05/03	21:30	Trade Balance (AUD mn)	Mar	--	8,300	7,529
HK	05/04	04:30	Retail Sales - Volume (y/y)	Mar	--	34.4	31.7
NZ	05/04	18:45	Unemployment Rate (%)	1Q	--	4.9	4.9
NZ	05/04	18:45	Employment Change (y/y)	1Q	--	-0.1	0.7
HK	05/04	20:30	Purchasing Managers Index	Apr	--	--	50.5
PH	05/04	21:00	CPI (y/y)	Apr	4.7	4.7	4.5
AU	05/04	21:30	Building Approvals (m/m)	Mar	--	3.0	21.6
TH	05/04	23:30	CPI (y/y)	Apr	2.5	2.6	-0.1
TH	05/04	23:30	Core CPI (y/y)	Apr	--	0.2	0.1
AU	05/04	00:30	RBA Cash Target Rate (%)	May 4	0.10	0.10	0.10
ID	05/05	00:00	Real GDP (y/y)	1Q	-0.8	-0.8	-2.2
SI	05/05	01:00	Retail Sales (y/y)	Mar	--	7.1	5.2
TH	05/05	03:05	BoT Repo Rate (%)	May 5	0.50	0.50	0.50
TH	05/05	03:30	Business Sentiment Index	Apr	--	--	50.1
PH	05/05	21:00	Unemployment Rate (%)	Mar	8.8	--	8.8
TH	05/05	23:30	Consumer Confidence Economic	Apr	--	--	42.5
MA	05/06	00:00	Industrial Production (y/y)	Mar	--	8.7	1.5
JN	05/06	01:00	Vehicle Sales (y/y)	Apr	--	--	2.4
MA	05/06	03:00	Overnight Rate (%)	May 6	1.75	1.75	1.75
TA	05/06	04:00	CPI (y/y)	Apr	1.4	1.7	1.3
SK	05/06	19:00	Current Account (US\$ mn)	Mar	--	--	8,034
JN	05/06	19:50	Monetary Base (y/y)	Apr	--	--	20.8
CH	05/07	21:00	Foreign Reserves (US\$ bn)	Apr	--	3,200	3,170
CH	05/07	21:00	Exports (y/y)	Apr	--	23.5	30.6
CH	05/07	21:00	Imports (y/y)	Apr	--	43.9	38.1
CH	05/07	21:00	Trade Balance (USD bn)	Apr	--	28.0	13.8
PH	05/06	21:00	Exports (y/y)	Mar	--	11.5	-4.8
PH	05/06	21:00	Imports (y/y)	Mar	--	5.1	2.7
PH	05/06	21:00	Trade Balance (US\$ mn)	Mar	--	-2,425	-2,877
CH	05/06	21:45	Caixin Services PMI	Apr	--	54.2	54.3
AU	05/07	02:30	Foreign Reserves (AUD bn)	Apr	--	--	63.2
MA	05/07	03:00	Foreign Reserves (US\$ bn)	Apr 30	--	--	109.3
TA	05/07	04:00	Exports (y/y)	Apr	--	27.9	27.1
TA	05/07	04:00	Imports (y/y)	Apr	--	25.9	27.0
TA	05/07	04:00	Trade Balance (US\$ bn)	Apr	--	3.2	3.7
SI	05/07	05:00	Foreign Reserves (US\$ mn)	Apr	--	--	381,979

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

Key Indicators for week of May 3 – 7

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>
PE	05/01	11:00	Consumer Price Index (m/m)	Apr	0.1	0.2	0.8
PE	05/01	11:00	Consumer Price Index (y/y)	Apr	2.5	2.6	2.6
CL	05/03	07:30	Economic Activity Index SA (m/m)	Mar	--	--	0.9
CL	05/03	08:30	Economic Activity Index NSA (y/y)	Mar	2.0	--	-2.2
BZ	05/03	09:00	PMI Manufacturing Index	Apr	52.3	--	52.8
BZ	05/03	14:00	Trade Balance (FOB) - Monthly (US\$ mn)	Apr	--	--	1,482
BZ	05/05	08:00	Industrial Production SA (m/m)	Mar	--	--	-0.7
BZ	05/05	08:00	Industrial Production (y/y)	Mar	0.9	--	0.4
BZ	05/05	17:30	SELIC Target Rate (%)	May 5	3.50	3.50	2.75
CO	05/05	20:00	Consumer Price Index (m/m)	Apr	0.3	0.3	0.5
CO	05/05	20:00	Consumer Price Index (y/y)	Apr	1.6	1.7	1.5
BZ	05/07	08:00	Retail Sales (m/m)	Mar	--	--	0.6
BZ	05/07	08:00	Retail Sales (y/y)	Mar	-4.2	--	-3.8

Global Auctions for week May 3 – 7

NORTH AMERICA

Country Date Time Event

No Scheduled Auctions.

EUROPE

Country Date Time Event

AS	05/04	05:15	Austria to Sell Bonds
DE	05/05	04:30	Denmark to Sell 0% 2024 Bonds
SW	05/05	05:00	Sweden to Sell Bonds
UK	05/05	05:00	U.K. to Sell 2.75 Billion Pounds of 0.25% 2031 Bonds
GE	05/05	05:30	Germany to Sell EUR 4 Bln of 0% 2026 Bonds
UK	05/05	06:30	U.K. to Sell 2 Billion Pounds of 0.875% 2046 Bonds
SP	05/06	04:30	Spain to Sell Bonds
FR	05/06	04:50	France to Sell Bonds
BE	05/07	06:00	Belgium to Sell Bonds via ORI Auction

ASIA-PACIFIC

Country Date Time Event

CH	05/06	22:30	Hainan to Sell CNY5.5608 Bln 7Y Bonds
CH	05/07	02:00	Dalian to Sell CNY1.9 Bln 5Y Bonds
CH	05/07	03:00	Xiamen to Sell CNY2.2 Bln 7Y Bonds

LATIN AMERICA

Country Date Time Event

No Scheduled Auctions.

Events for week of May 3 – 7

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	05/05	09:30	Fed's Evans Speaks on Economy on Monetary Policy
US	05/05	12:00	Fed's Mester Speaks to Boston Economic Club
US	05/06	10:00	Fed's Kaplan Takes Part in Moderated Q&A
US	05/06	13:00	Fed's Mester Speaks at UC Santa Barbara Event

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SW	05/04	01:00	SEB Publishes Nordic Outlook
EC	05/04	04:00	ECB's Villeroy speaks at EIB event
EC	05/05	10:00	ECB's Lane Speaks
NO	05/06	04:00	Deposit Rates
UK	05/06	07:00	Bank of England Bank Rate
TU	05/06	07:00	One-Week Repo Rate
EC	05/06	09:15	ECB's Schnabel Speaks
NO	05/06	13:00	Norges Bank Governor Olsen Speech for Regional Network
UK	05/06		Scotland Elections
UK	05/06		U.K. local elections
EC	05/07	06:00	ECB's Lagarde Speaks

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	05/04	00:30	RBA Cash Rate Target
AU	05/04	00:30	RBA 3-Yr Yield Target
NZ	05/04	17:00	RBNZ Publishes Financial Stability Report
NZ	05/04	19:00	RBNZ Governor News Conference on Financial Stability Report
TH	05/05	03:05	BoT Benchmark Interest Rate
JN	05/05	19:50	BOJ Minutes of March Meeting
MA	05/06	03:00	BNM Overnight Policy Rate
AU	05/06	05:00	RBA's Debelle Gives Speech in Perth
AU	05/06	21:30	RBA Statement on Monetary Policy

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CO	05/03	18:00	Colombia Monetary Policy Minutes
BZ	05/05	17:30	Selic Rate

Sources: Bloomberg, Scotiabank Economics.

Global Central Bank Watch

NORTH AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Canada – Overnight Target Rate	0.25	June 9, 2021	0.25	0.25
Federal Reserve – Federal Funds Target Rate	0.25	June 16, 2021	0.25	0.25
Banco de México – Overnight Rate	4.00	May 13, 2021	4.00	4.00

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	0.00	June 10, 2021	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	0.25	June 10, 2021	0.25	0.25
European Central Bank – Deposit Facility Rate	-0.50	June 10, 2021	-0.50	-0.50
Bank of England – Bank Rate	0.10	May 6, 2021	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	5.00	June 11, 2021	5.25	--
Sweden Riksbank – Repo Rate	0.00	July 1, 2021	0.00	0.00
Norges Bank – Deposit Rate	0.00	May 6, 2021	0.00	0.00
Central Bank of Turkey – Benchmark Repo Rate	19.00	May 6, 2021	19.00	19.00

Bank of England (BoE): It is likely premature to expect the pace of 4.4B/week in gilt purchases to be reduced just yet, but greater forward-looking optimism is likely to be expressed in forecasts and general guidance. **Norges Bank:** The deposit rate is expected to be held at 0.00% at the May 6 meeting. Norway will likely be the first rich world country to begin raising rates, as last meeting's guidance brought forward the expected timing of its first hike to the second half of 2021. **Central Bank of Turkey (CBoT):** The first meeting under newly appointed Governor Kavcioglu saw a hold of the benchmark rate at 19.00%. The initial statement removed the pledge to deliver additional tightening, a dovish move, but the more recent *Quarterly Inflation Report* promised tight policy to help curb inflation while stating the rate will remain above the "actual and expected rate of inflation". It is likely the rate will be held at 19.00% to dampen price pressures as April CPI jumped to 16.2% y/y.

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	June 18, 2021	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	0.10	May 4, 2021	0.10	0.10
Reserve Bank of New Zealand – Cash Rate	0.25	May 25, 2021	0.25	0.25
People's Bank of China – 1-Year Loan Prime Rate	3.85	May 19, 2021	3.85	3.85
Reserve Bank of India – Repo Rate	4.00	June 4, 2021	4.00	4.00
Bank of Korea – Bank Rate	0.50	May 27, 2021	0.50	0.50
Bank of Thailand – Repo Rate	0.50	May 5, 2021	0.50	0.50
Bank Negara Malaysia – Overnight Policy Rate	1.75	May 6, 2021	1.75	1.75
Bank Indonesia – 7-Day Reverse Repo Rate	3.50	May 25, 2021	3.50	3.50
Central Bank of Philippines – Overnight Borrowing Rate	2.00	May 13, 2021	2.00	2.00

Reserve Bank of Australia (RBA): Australian monetary authorities will likely leave monetary policy parameters unchanged following the policy meeting on May 4. We expect the RBA to maintain an accommodative monetary policy stance through 2023, reflecting persisting slack in the Australian economy and muted inflationary pressures. **Bank of Thailand (BoT):** The BoT will make a monetary policy announcement on May 5; we expect the central bank to leave the benchmark interest rate unchanged at 0.50%. Accommodative monetary conditions are needed in Thailand as the country is facing another surge in COVID-19 infections. Inflation will likely pick up significantly over the next few months due to base effects, yet the acceleration is expected to be a temporary phenomenon. **Bank Negara Malaysia (BNM):** The next monetary policy announcement in Malaysia is scheduled for May 6. We expect the Overnight Policy Rate to be left unchanged at 1.75% as the Malaysian economy gradually recovers. Nevertheless, we note that the BNM has monetary policy space left for further stimulus in case the current surge in COVID-19 cases threatens the economic outlook.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	2.75	May 5, 2021	3.50	3.50
Banco Central de Chile – Overnight Rate	0.50	May 13, 2021	0.50	0.50
Banco de la República de Colombia – Lending Rate	1.75	June 28, 2021	1.75	1.75
Banco Central de Reserva del Perú – Reference Rate	0.25	May 12, 2021	0.25	0.25

Banco Central do Brasil (BCB): On March 17, the monetary policy committee began its Selic tightening cycle with a 75 bps hike and signalled a continuation of tightening, likely at the same pace. Scotia's views are in line with consensus, anticipating another 75 bps hike to 3.50% at the May 5 meeting. As per the March statement, a front-loaded hiking cycle will improve the probability of meeting the 2021 inflation objective, while headline inflation for March clocked in at 6.1% y/y, above the Bank's 3.75 +/- 1.5% target.

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	3.50	May 20, 2021	3.50	3.50

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

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