June 1, 2018

MORE TRADE TURBULENCE AHEAD

FORECASTS & DATA

CONTACTS

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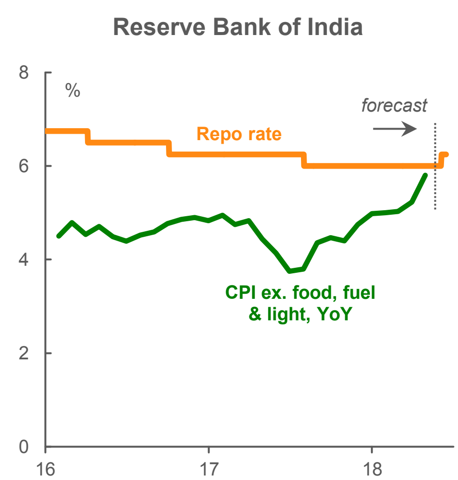
Next Week's Risk Dashboard

- Trade tensions
- BoC's Poloz
- CDN jobs, trade, housing
- CBs: RBA, RBI, Peru, Turkey
- CPI: China, Colombia, Mexico, Chile, Brazil
- Fed's blackout
- German macro updates
- China macro updates
- UK PMIs

Chart of the Week



Sources: Scotiabank Economics, Bloomberg.

Chart of the Week: Prepared by: Raffi Ghazarian, Senior Research Analyst.

More Trade Turbulence Ahead

CANADA—TWIN PRICE HIKES

The week may start with market influences stemming from Bank of Canada communications and end with the latest jobs and wage data. Headlines from NAFTA negotiations and external developments may be peppered throughout the week.

After dropping a hawkish statement (see here), Governor Poloz may expand upon his views this weekend. Poloz and Finance Minister Morneau are co-hosting the G7 meeting of finance ministers and central bank heads in Whistler, BC. The agenda is here. Poloz and Morneau will host a press conference on Saturday afternoon (exact time TBD). Governor Poloz will deliver a BNN Bloomberg TV interview on Saturday with comments available starting at 5pmET and then the full interview will air on Monday at 1:30pmET.

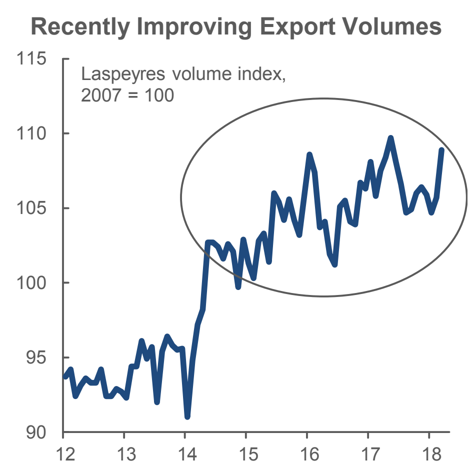
While it's not guaranteed that Poloz will provide market-relevant remarks and there are multiple possibilities if he chooses to, one consideration would be whether he elaborates upon **why 'cautious' was dropped** from the latest statement. Recall that Poloz himself defined cautious as meaning "you are careful and you watch for signs you are making a mistake." It would seem that dropping 'cautious' means the BoC has less concern about making a mistake by tightening monetary policy which is incrementally hawkish.

Another obvious possibility is whether Poloz wades into assessing tariff disputes between the US and Canada and their effect upon the macroeconomic outlook and policy framework. It's likely that the tariffs didn't come as a shock to the BoC given a) the June 1st deadline was well known, b) there had been no traction in negotiations to attain exemptions from US steel and aluminum tariffs for some time, and c) the BoC has already been flagging trade policy risks in its communications while nevertheless pointing to the risk of rate hikes. I'd be very surprised to hear Poloz suddenly sound more alarmed than previously.

Friday's jobs report for May could post a headline improvement in the pace of job creation and perhaps further upward pressure upon wage growth. Recall that the prior report for April was stronger in the details than the headline drop of 1,100 jobs indicated. Excluding youths, jobs were up 21.4k in April as the youth category has been distorting the overall figure throughout the year. Youth employment fell by about 22k in April. Solid underlying momentum in the ex-youths category has been observed every month this year and it's unclear why the youth category has been this soft. Wage growth is expected to rise somewhat, in part due to the fact that Quebec raised its minimum wage by 7% in May. BC will raise its minimum wage by over 11% in June, then Alberta's minimum wage goes up again in October and Ontario's increases again next January; so legislative changes could impact wage growth—and pass through to affected CPI categories like restaurants and home services—for quite some time yet.

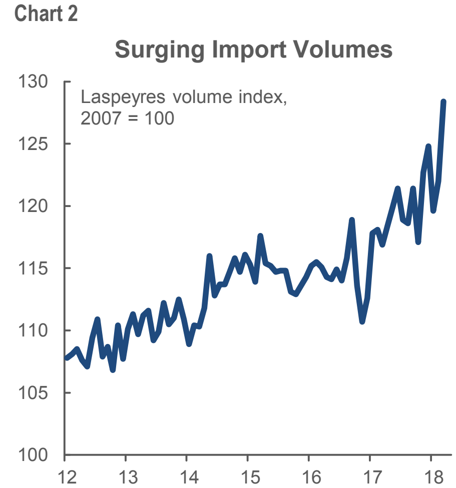
Wednesday's trade figures for April may be poised for a setback if for no other reason than the fact the prior month was so strong. That could still mean that the dollar value of the trade deficit narrows and I'm guesstimating -$3 billion for the monthly balance. The trade balance may improve as import growth may be more vulnerable to the downside than export growth. Recall that export volumes were up by 3% m/m in March for the strongest gain since July 2016 while import volumes were up by 5.2% for the strongest gain since July 2009. Nevertheless, the trends in both—especially imports—are likely to remain constructive. Imports may rise in the next report as companies attempt to front-load order books ahead of tariffs that Canada has imposed upon a variety of US goods that become effective on July 1st (Canada Day!). See charts 1–2.

Chart 1



Sources: Scotiabank Economics, Statistics Canada.

Chart 2



Sources: Scotiabank Economics, Statistics Canada.

Housing starts for the month of May round out the macro hits on Friday. Homebuilding permit volumes have remained strong and grew by about 3% m/m in March and 8% y/y albeit that increased multiple unit permits offset a decline in singles. Housing starts are likely to remain north of 200k for the twelfth consecutive time and seventeenth month out of the past eighteen.

The Q1 capacity utilization rate may also be worth a quick glance or a deeper look into the industry break-down on Friday. At the end of last year, **capacity utilization stood at 86% and hence about nine percentage points above the US.** Canada's utilization rate is at its highest since 2007Q2.

Canada auctions two year notes on Wednesday.

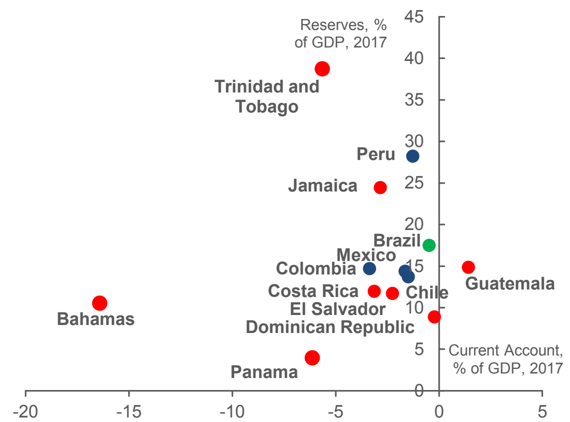
LATIN AMERICA—JUNE'S POLITICAL HOMESTRETCH

Any conceivable shock effect to markets is more likely to come from possible NAFTA developments as the calendar flips over into June, hence a) exhausting room to act on legislation in the US Congress this year and b) running out of room ahead of Mexico's Presidential election on July 1st. The tone of trade disputes with the US unilaterally applying tariffs has soured the negotiating spirit and likelihood of a NAFTA deal. Otherwise, the week is likely to be about central bank inaction and updates to inflation scorecards while Colombia's second and final round of Presidential elections arrives on June 17th and Mexico's election looms just a month away coincidentally on Canada Day.

Peru's central bank is expected to again leave its reference rate unchanged at 2.75% next Thursday. Peru's inflation rate for May built upon evidence that inflation has hit a trough. March's inflation print of 0.36% y/y marginally climbed to 0.48% y/y in April and then 0.9% in May driven partly by slower food price deflation and energy/transport costs. President Julio Velarde's board noted in its last decision on May 10th that it would stand pat until inflation had converged upon its 2% inflation target by the end of the year. Velarde also would like to see improved growth momentum. Q1 GDP growth of 3.2% y/y was a step in that direction when it was released after the prior decision.

A round of CPI updates for the month of May will be released by Colombia (Tuesday), Mexico (Thursday), Chile (Friday) and Brazil (Friday). They will showcase the divergent performances across measures of regional price pressures that complement some diversity across regional measures of

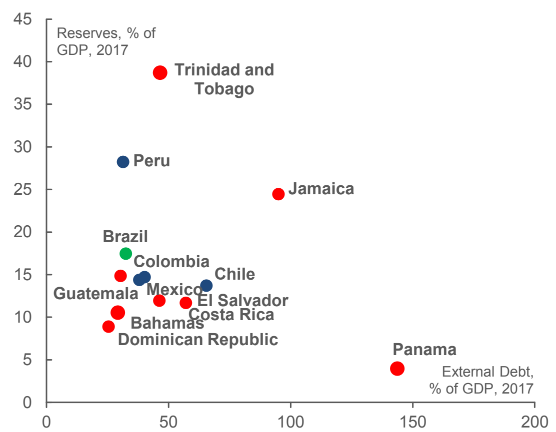
Chart 3 **Current Account Deficits vs Reserves**



Sources: Scotiabank Economics, IMF, Bloomberg.

Chart 4

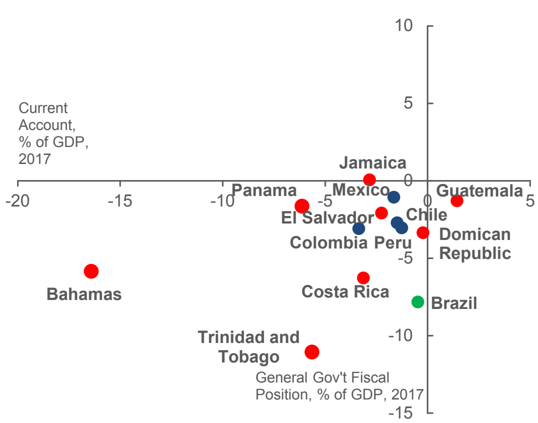
External Debt vs Reserves



Sources: Scotiabank Economics, IMF, World Bank, CIA World Fact Book.

Chart 5

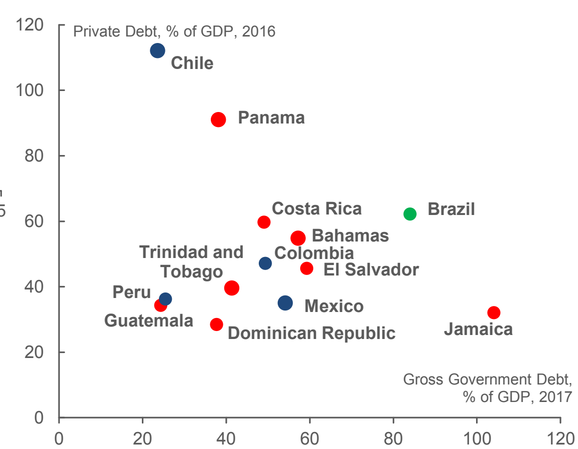
Current Account & Government Fiscal Position



Sources: Scotiabank Economics, IMF.

Chart 6

Private and Public Debt Burdens



Sources: Scotiabank Economics, IMF, Bloomberg.

Emerging Markets strains. **Mexico's inflation rate remains above Banxico's 2–4% target range at 4.55% y/y** but inflation is rapidly falling from a recent peak of 6.8% just this past December and is expected to slip back within the target range by the end of the year or into early next year. **Only one of them (Colombia, 3.1% y/y) is experiencing inflation comfortably within its target range of 2–4%. Each of Chile (1.9%) and Brazil (2.76%) face inflation below target ranges of 2–4% and 3–6% respectively** and in both cases the latest figures have been moving sideways. How the various countries compare to one another and others across LatAm markets and the Caribbean on other key metrics of financial distress is shown in charts 3–6 including current account balances, foreign reserves, external debt, fiscal deficits, public debt and private debt.

UNITED STATES—BLACKOUT BEFORE TARIFFS

Barring another tweet-fest or further escalation of tariffs, US markets should be fairly tame over the coming week at least as guided by the macro calendar.

The following week threatens to add to trade tensions when the US Trade Representative announces its final list of Chinese imports against which tariffs may be applied. The initial proposed list is available here. The recent White House guidance stated "The final list of covered imports will be announced by June 15, 2018, and tariffs will be imposed on those imports shortly thereafter." Expect China to immediately retaliate. Then we move on to a further expected tightening of investment restrictions on Chinese firms as soon as month's end and probably additional Chinese retaliation.

The FOMC goes into black-out on Saturday June 2nd ahead of the following week's FOMC decision, statement, forecasts and Chair Powell's press conference. Relatively minor forecast changes to the Summary of Economic Projections are expected on June 13th including small upward revisions to near-term PCE inflation projections to reflect higher energy prices since the last forecasts in March. **Core PCE inflation is unlikely to be altered over time but may be revised up in the near-term on transitory tariff considerations.** The bigger issue will be **whether the FOMC consensus swings the median projection for the number of rate hikes toward one more this year**. The current projections (here) point to two hikes this year and three next year, but it would only take small changes to this year's 'dot plot' to add another hike bringing the total to 4 instead of 3 at present. I would think that if the Fed did not have conviction back in March to add another hike this year, then developments since then probably have not raised such conviction given trade tensions and recently stable core PCE inflation at 1.8% y/y. It would make for awkward optics for the Fed to signal faster hikes only to then immediately observe a further escalation of global trade tensions. Further, it's the same FOMC today that it was in March so compositional shifts that have influenced prior dot plots won't be a factor. Also note that the Federal Reserve releases the flow of funds accounts ("Financial Accounts of the United States") on Thursday for 2018Q1 including balance sheet figures for all sectors of the economy.

Data releases will be light. Monday's **factory orders** for April are expected to reverse some of the prior month's rise. We already know that durable goods orders fell due to a decline in volatile aircraft orders, but the new information will be orders for nondurables that generally have economic lives of under a year. Tuesday's ISM services for May and Wednesday's trade figures for April round out the releases.

EUROPE—DAS IST ZU SCHÖN, UM WAHR ZU SEIN

Next week's two main considerations are both data oriented and will speak to momentum—or lack thereof—in the UK and German economies. **German data may be poised to take back some of the optimism that had crept back into the prior round of macro indicators.** Along an uncertain timeline may be further escalation of Europe's counter measures to US tariffs and the prospect of US retaliation. The US administration has few friends among allies these days.

Is Germany's economy establishing new momentum or will a round of updates next week renew disappointment? There is a fairly high bar to see another round of solid reports on factory orders, exports and industrial production for the month of April after a strong 1.7% rise in exports in March and a 1% rise in industrial production. Even at that, much of the gain in the March readings was due to a large decline in February's prints as the indicator pattern has oscillated between hope and disappointment.

The remainder of the UK purchasing managers' indices arrive on Monday and Tuesday for the month of May. Monday's construction PMI and Tuesday's services PMI are more heavily weighted than the modest upside surprise to the manufacturing PMI that is already known. That said, the manufacturing gain went straight to inventories which dented its strength as a guide to future production momentum. Nevertheless, it may be enough when combined with the service and construction PMIs to make for a second consecutive monthly improvement in the composite reading after it fell in March to the lowest reading since just after the Brexit vote.

Other releases will be less consequential to the overall European and global market tone. CPI updates arrive from the Netherlands and Switzerland, France updates trade and industrial production, Italy reports retail sales and that enables updating the Eurozone add-up.

ASIA-PACIFIC—RBI IS A TEST CASE OF EM MONETARY POLICY

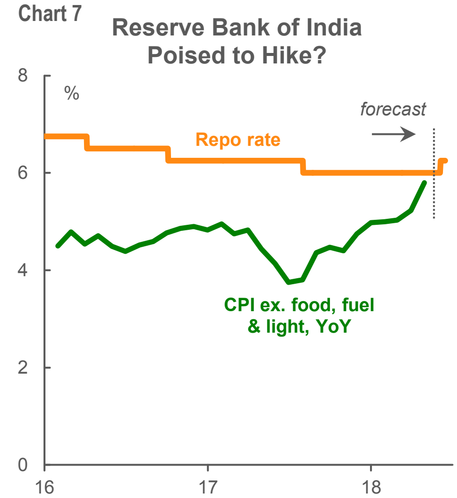
A week before US-China trade tensions may intensify, the week's more significant forms of regional market risk could be focused upon the Reserve Bank of India's policy decision.

Scotia's Tuuli McCully notes that she forecasts the Reserve Bank of India to hike on Wednesday morning (ET) but that it is a close call. She believes that the fact growth in Q1 recently surprised on to the upside of expectations (7.7%, 7.4% consensus) and restores growth to where it was prior to a temporary swoon lends support to the hike case. Tuuli balances this against other considerations and notes the following:

- India's inflation outlook is worsening. Headline inflation picked up to 4.6% y/y in April from 4.3% a month earlier (vs. the RBI's mid-point target of 4%); meanwhile, core inflation accelerated more notably, reaching 5.8% y/y in April from 5.2% in March (chart 7). Increasing housing rental prices and miscellaneous costs (such as household goods, health, transport, education, and personal care) are the key drivers of core inflation. We estimate that headline inflation will pick up further over the coming months—peaking at 5¾% in June 2018—before easing to 4.6% y/y by year-end.

- The RBI's Monetary Policy Committee has repeatedly highlighted various upside risks to inflation while it considers India's economic growth outlook to be fairly favourable. Our analysis of the minutes of the MPC meeting on April 4–5 shows that the six-member MPC is about to become significantly more hawkish. While only one member (Dr. Patra) voted for a hike in April—and the others for maintaining the policy rate at 6.0%—another member (RBI Deputy Governor Acharya) said he will vote for a hike in June. In addition, we assess that another two members were close to switching to a policy tightening mode. With core inflation having picked up substantially since then, we believe that those members will vote for a hike in June, taking the policy rate to 6.25%. Moreover, policy credibility regarding inflation-targeting is very high on the MPC's priority list.

Chart 7



Sources: Scotiabank Economics, Bloomberg.

One might add that India's rupee has been considerably more challenged this year. The rupee had depreciated by about 7% this year until about a week ago. Its more recent strength is partly predicated upon the prospect of a rate hike.

It is not such a close call for the Reserve Bank of Australia. Consensus is unanimous that its policy decision on Tuesday will be to hold the cash rate target at 1.5%. Australian GDP growth may accelerate on Tuesday but global trade policy risks will preserve caution with markets not pricing rate hikes until into 2019.

Key macro updates will be focused on Chinese CPI that has ebbed from a peak of 2.9% y/y in February to 1.8% the next month with volatile base effects likely to become relatively more stable over coming months. Chinese trade, foreign reserves, foreign direct investment and the remainder of the private PMIs are all due for updates. CPI figures will be updated for Indonesia and Philippines early in the week.

Key Indicators for the week of June 4 – 8

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	06/04	10:00	Durable Goods Orders (m/m)	Apr F	--	--	-1.7
US	06/04	10:00	Durable Goods Orders ex. Trans. (m/m)	Apr F	--	--	0.9
US	06/04	10:00	Factory Orders (m/m)	Apr	-0.9	-0.5	1.6
CA	06/05	08:30	Productivity (q/q a.r.)	1Q	--	--	0.2
US	06/05	10:00	ISM Non-Manufacturing Composite	May	57.5	57.7	56.8
US	06/05	10:00	JOLTS Job Openings (000s)	Apr	--	6300	6550
US	06/06	07:00	MBA Mortgage Applications (w/w)	JUN 1	--	--	-2.9
CA	06/06	08:30	Building Permits (m/m)	Apr	--	-1.0	3.1
CA	06/06	08:30	Merchandise Trade Balance (C$ bn)	Apr	-3.0	-3.3	-4.1
US	06/06	08:30	Trade Balance (US$ bn)	Apr	-49.5	-49.2	-49.0
US	06/06	08:30	Productivity (q/q a.r.)	1Q F	--	0.6	0.7
US	06/06	08:30	Unit Labor Costs (q/q a.r.)	1Q F	--	2.8	2.7
US	06/07	08:30	Initial Jobless Claims (000s)	JUN 2	225	225	221
US	06/07	08:30	Continuing Claims (000s)	MAY 26	1740	1750	1726
MX	06/07	09:00	Bi-Weekly Core CPI (% change)	May 31	0.1	--	0.1
MX	06/07	09:00	Bi-Weekly CPI (% change)	May 31	0.1	--	-0.3
MX	06/07	09:00	Consumer Prices (m/m)	May	-0.3	--	-0.3
MX	06/07	09:00	Consumer Prices (y/y)	May	4.5	--	4.6
MX	06/07	09:00	Consumer Prices Core (m/m)	May	0.2	--	0.2
US	06/07	15:00	Consumer Credit (US$ bn m/m)	Apr	--	14.0	11.6
CA	06/08	08:15	Housing Starts (000s a.r.)	May	215.0	221.3	215.3
CA	06/08	08:30	Employment (000s m/m)	May	30.0	21.1	-1.1
CA	06/08	08:30	Unemployment Rate (%)	May	5.7	5.8	5.8
CA	06/08	08:30	Capacity Utilization (%)	1Q	86.4	86.2	86.0

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
UK	06/04	04:30	PMI Construction	May	--	52.0	52.5
EC	06/04	05:00	PPI (m/m)	Apr	--	0.2	0.1
GR	06/04	05:00	Real GDP NSA (y/y)	1Q F	--	--	1.8
FR	06/05	02:45	Central Government Balance (€ bn)	Apr	--	--	-33.1
IT	06/05	03:45	Services PMI	May	--	53.0	52.6
FR	06/05	03:50	Services PMI	May F	--	54.3	54.3
GE	06/05	03:55	Services PMI	May F	--	52.1	52.1
EC	06/05	04:00	Composite PMI	May F	--	54.1	54.1
EC	06/05	04:00	Services PMI	May F	--	53.9	53.9
UK	06/05	04:30	Official Reserves Changes (US$ bn)	May	--	--	-17.0
UK	06/05	04:30	Services PMI	May	53.5	53.0	52.8
EC	06/05	05:00	Retail Trade (m/m)	Apr	--	0.5	0.1
SP	06/06	03:00	Industrial Output NSA (y/y)	Apr	--	--	-3.6
GE	06/07	02:00	Factory Orders (m/m)	Apr	--	0.8	-0.9
FR	06/07	02:45	Current Account (€ bn)	Apr	--	--	-1269
FR	06/07	02:45	Trade Balance (€ mn)	Apr	--	-5100	-3840
UK	06/07	03:33	Halifax House Price (3 month, y/y)	May	1.8	1.9	2.2
EC	06/07	05:00	GDP (q/q)	1Q F	--	0.4	0.4
TU	06/07	07:00	**Benchmark Repo Rate (%)**	**Jun 7**	**16.75**	**16.75**	**16.50**
GE	06/08	02:00	Current Account (€ bn)	Apr	--	19.7	29.1
GE	06/08	02:00	Industrial Production (m/m)	Apr	--	0.3	0.0
GE	06/08	02:00	Trade Balance (€ bn)	Apr	--	20.1	24.7
FR	06/08	02:45	Industrial Production (m/m)	Apr	--	0.3	-0.4
FR	06/08	02:45	Industrial Production (y/y)	Apr	--	3.0	1.8
FR	06/08	02:45	Manufacturing Production (m/m)	Apr	--	1.3	0.1

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

Key Indicators for the week of June 4 – 8

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
JN	06/03	19:50	Monetary Base (y/y)	May	--	--	7.8
PH	06/03	21:00	Unemployment Rate (%)	Apr	5.3	--	5.3
AU	06/03	21:30	Retail Sales (m/m)	Apr	--	0.3	0.0
AU	06/03	21:30	ANZ Job Advertisements (m/m)	May	--	--	-0.2
ID	06/04	00:00	CPI (y/y)	May	3.4	3.3	3.4
ID	06/04	00:00	Core CPI (y/y)	May	--	2.8	2.7
SI	06/04	09:00	Purchasing Managers Index	May	--	--	52.9
SK	06/04	19:00	Current Account (US$ mn)	Apr	--	--	5180
JN	06/04	19:30	Household Spending (y/y)	Apr	--	0.8	-0.7
HK	06/04	20:30	Purchasing Managers Index	May	--	--	49.1
PH	06/04	21:00	CPI (y/y)	May	4.9	4.9	4.5
AU	06/04	21:30	Current Account (AUD bn)	1Q	--	-10	-14000
AU	06/04	21:30	Australia Net Exports of GDP	1Q	--	0.5	-0.5
CH	06/04	21:45	HSBC Services PMI	May	--	52.9	52.9
IN	JUN 4-29		Current Account Balance	1Q	--	-12.4	-13.5
MA	06/05	00:00	Exports (y/y)	Apr	--	5.6	2.2
MA	06/05	00:00	Imports (y/y)	Apr	--	3.1	-9.6
MA	06/05	00:00	Trade Balance (MYR bn)	Apr	--	13.5	14.7
TA	06/05	04:00	CPI (y/y)	May	2.0	2.1	2.0
AU	06/05	21:30	GDP (y/y)	1Q	2.6	2.7	2.4
AU	06/05	00:30	**RBA Cash Target Rate (%)**	**Jun 5**	**1.50**	**1.50**	**1.50**
ID	JUN 5-6		Consumer Confidence Index	May	--	--	122.2
IN	06/06	05:00	**Repo Rate (%)**	**Jun 6**	**6.25**	**6.00**	**6.00**
IN	06/06	05:00	**Reverse Repo Rate (%)**	**Jun 6**	**6.00**	**5.75**	**5.75**
IN	06/06	05:00	**Cash Reserve Ratio (%)**	**Jun 6**	**4.00**	**4.00**	**4.00**
NZ	06/06	13:00	QV House Prices (y/y)	May	--	--	7.6
AU	06/06	21:30	Trade Balance (AUD mn)	Apr	--	1000.0	1527.0
TH	06/06	23:30	Consumer Confidence Economic	May	--	--	67.8
CH	JUN 6-7		Foreign Reserves (US$ bn)	May	--	3106	3125
JN	06/07	01:00	Coincident Index CI	Apr P	--	117.8	116.3
JN	06/07	01:00	Leading Index CI	Apr P	--	105.6	104.4
AU	06/07	02:30	Foreign Reserves (AUD bn)	May	--	--	72.8
MA	06/07	03:00	Foreign Reserves (US$ bn)	May 31	--	--	109.4
SI	06/07	05:00	Foreign Reserves (US$ mn)	May	--	--	287734
JN	06/07	19:50	Bank Lending (y/y)	May	--	--	2.1
JN	06/07	19:50	Current Account (¥ bn)	Apr	--	2148	3122
JN	06/07	19:50	GDP (q/q)	1Q F	0.0	-0.2	-0.2
JN	06/07	19:50	Trade Balance - BOP Basis (¥ bn)	Apr	--	746	1191
PH	06/07	21:00	Exports (y/y)	Apr	--	-3.2	-8.2
PH	06/07	21:00	Imports (y/y)	Apr	--	12.0	0.1
PH	06/07	21:00	Trade Balance (US$ mn)	Apr	--	-2800	-2608
CH	JUN 7-8		Exports (y/y)	Mar	--	11.1	12.7
CH	JUN 7-8		Imports (y/y)	May	--	19.6	21.5
CH	JUN 7-8		Trade Balance (USD bn)	Mar	--	32.5	28.4
TA	06/08	04:00	Exports (y/y)	May	--	12.0	10.0
TA	06/08	04:00	Imports (y/y)	May	--	6.2	4.9
TA	06/08	04:00	Trade Balance (US$ bn)	May	--	5.1	4.2
CH	06/08	21:30	CPI (y/y)	May	1.8	1.9	1.8
CH	06/08	21:30	PPI (y/y)	May	--	3.9	3.4

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

Key Indicators for the week of June 4 – 8

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
BZ	06/05	08:00	Industrial Production SA (m/m)	Apr	--	0.4	-0.1
BZ	06/05	08:00	Industrial Production (y/y)	Apr	--	7.8	1.3
CL	06/05	08:30	Economic Activity Index SA (m/m)	Apr	--	--	0.5
CL	06/05	08:30	Economic Activity Index NSA (y/y)	Apr	--	5.3	4.6
CO	06/05	20:00	Consumer Price Index (m/m)	May	--	0.3	0.5
CO	06/05	20:00	Consumer Price Index (y/y)	May	--	3.2	3.1
PE	06/07	19:00	**Reference Rate (%)**	**Jun 7**	**2.75**	**2.75**	**2.75**
BZ	06/08	08:00	IBGE Inflation IPCA (m/m)	May	--	0.3	0.2
BZ	06/08	08:00	IBGE Inflation IPCA (y/y)	May	--	2.7	2.8
CL	06/08	08:00	CPI (m/m)	May	--	0.3	0.3
CL	06/08	08:00	CPI (y/y)	May	--	2.1	1.9

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

Global Auctions for the week of June 4 – 8

NORTH AMERICA

Country	Date	Time	Event
CA	06/06	12:00	Canada to Sell CAD3 Bln 1.75% 2020 Bonds

EUROPE

Country	Date	Time	Event
AS	06/05	05:15	Austria Bond Auction
GE	06/05	05:30	Germany to Sell EUR250 Mln 0.1% I/L 2046 Bonds
GE	06/05	05:30	Germany to Sell EUR500 Mln 0.5% I/L 2030 Bonds
DE	06/06	04:30	Denmark to Sell Bonds
GE	06/06	05:30	Germany to Sell EUR2 Bln 0% 2023 Bonds (DE0001141778)
UK	06/06	05:30	U.K. to Sell 2.75 Billion Pounds of 0.75% 2023 Bonds On Jun 6
SP	06/07	04:30	Spain to Sell Bonds
FR	06/07	04:50	France to Sell Bonds
SW	06/07	05:03	Sweden to Sell I/L Bonds
IC	06/08	06:30	Iceland to Sell Bonds

ASIA-PACIFIC

Country	Date	Time	Event
CH	06/03	21:30	Xinjiang to Sell Bonds
JN	06/04	23:35	Japan to Sell 10-Year Bonds
CH	06/05	22:35	China To Sell Bonds
CH	06/06	04:00	Guangxi to Sell Bonds
NZ	06/06	22:05	New Zealand Plans To Sell NZD100Mln Inflation Bonds
AU	06/07	21:00	Australia To Sell AUD2500 Mln 2.5% 2030 Bonds;

Source: Bloomberg, Scotiabank Economics.

Events for the week of June 4 – 8

NORTH AMERICA

Country	Date	Time	Event
US	06/05		Alabama state primary
US	06/05		California state primary
US	06/05		Iowa state primary
US	06/05		Mississippi state primary
US	06/05		Montana state primary
US	06/05		New Jersey state primary
US	06/05		New Mexico state primary
US	06/05		South Dakota state primary

EUROPE

Country	Date	Time	Event
SW	06/04	06:00	Riksbank's Ingves Gives Speech on E-money
EC	06/04	07:30	ECB's Nowotny Speaks at Conference in Vienna
EC	06/05	05:30	ECB's Nowotny Chairs Panel at Slovak Central Bank Conference
EC	06/05	09:00	ECB's Draghi Speaks in Frankfurt
EC	06/06	03:00	ECB's Praet Speaks in Berlin
PO	06/06	05:00	EBA's Enria Speaks on Supervision in Lisbon
EC	06/06	09:30	ECB's Hakkarainen Speaks on Supervision in Lisbon
EC	06/06	13:10	ECB's Angeloni Speaks on Panel in Brussels
RU	06/07	02:00	Bank of Russia Governor Nabiullina speaks in St. Petersburg
SW	06/07	03:40	Riksbank's af Jochnick Gives Speech
TU	06/07	07:00	**Benchmark Repo Rate**
EC	06/08	03:15	ECB's Mersch Speaks in Paris

ASIA-PACIFIC

Country	Date	Time	Event
AU	06/05	00:30	**RBA Cash Rate Target**
IN	06/06	05:00	**RBI Repurchase Rate**
IN	06/06	05:00	**RBI Reverse Repo Rate**
IN	06/06	05:00	**RBI Cash Reserve Ratio**

LATIN AMERICA

Country	Date	Time	Event
PE	06/07	19:00	**Reference Rate**

Source: 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	1.25	July 11, 2018	1.25	1.50
Federal Reserve – Federal Funds Target Rate	1.75	June 13, 2018	2.00	2.00
Banco de México – Overnight Rate	7.50	June 21, 2018	7.50	7.50

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	0.00	June 14, 2018	0.00	0.00
Bank of England – Bank Rate	0.50	June 21, 2018	0.50	0.50
Swiss National Bank – Libor Target Rate	-0.75	June 21, 2018	-0.75	-0.75
Central Bank of Russia – One-Week Auction Rate	7.25	June 15, 2018	7.25	7.25
Sweden Riksbank – Repo Rate	-0.50	July 3, 2018	-0.50	-0.50
Norges Bank – Deposit Rate	0.50	June 21, 2018	0.50	0.50
Central Bank of Turkey – Benchmark Repo Rate	16.50	June 7, 2018	16.75	16.75

Central Bank of Turkey: An additional rate hike is anticipated following the massive increase of 850bps on May 28th. The central bank will move toward a single reference rate — (the one-week repo rate) at this meeting that will replace its blend of prior rates.

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	June 15, 2018	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	1.50	June 5, 2018	1.50	1.50
Reserve Bank of New Zealand – Cash Rate	1.75	June 27, 2018	1.75	1.75
People's Bank of China – Lending Rate	4.35	TBA	--	4.35
Reserve Bank of India – Repo Rate	6.00	June 6, 2018	6.25	6.00
Bank of Korea – Bank Rate	1.50	July 12, 2018	1.50	1.50
Bank of Thailand – Repo Rate	1.50	June 20, 2018	1.50	1.50
Bank Negara Malaysia – Overnight Policy Rate	3.25	July 11, 2018	3.25	3.25
Bank Indonesia – 7-Day Reverse Repo Rate	4.75	June 28, 2018	4.75	4.75

The Reserve Bank of India (RBI) will hold a policy meeting on June 4–6. Rising inflationary pressures at the core level may prompt the RBI to tighten monetary policy and raise the benchmark rate by 25 bps to 6.25%. Indeed, our analysis of the minutes from the most recent meeting in April show that several monetary policy committee members are close to switching to a policy tightening mode. **The Reserve Bank of Australia (RBA)** will hold a monetary policy meeting on June 5. We do not expect any changes to the benchmark interest rate as Australia's inflation remains contained (1.9% y/y in Q1 2018). We forecast that wage pressures and demand-driven inflation will strengthen modestly over the course of 2018, which will likely prompt the RBA to commence a tightening cycle in Q4 2018.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	6.50	June 20, 2018	6.50	6.50
Banco Central de Chile – Overnight Rate	2.50	June 13, 2018	2.50	2.50
Banco de la República de Colombia – Lending Rate	4.25	June 29, 2018	4.25	4.25
Banco Central de Reserva del Perú – Reference Rate	2.75	June 7, 2018	2.75	2.75

Banco Central de Reserva del Perú: No rate change is expected on Thursday. Peru's inflation rate has risen over the past couple of months which fits the central bank's narrative that a transitory soft patch was being looked through.

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	6.50	July 19, 2018	6.50	6.50

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