

GEOPOLITICAL RISK SUPERSEDING CALENDAR RISK

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CONTACTS

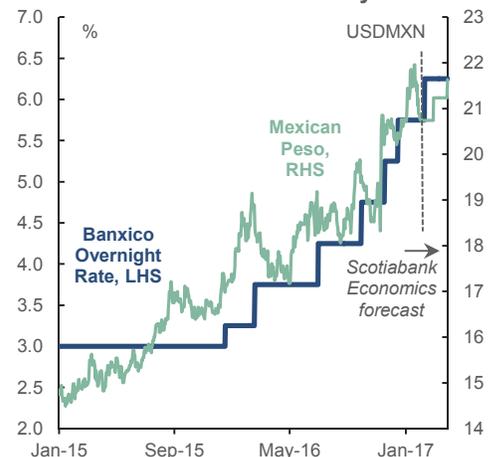
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Next Week's Risk Dashboard

- ▶ CBs: Banxico, Peru, RBA, RBI, RBNZ, BoT, BSP
- ▶ Fed speak
- ▶ Chinese PMIs, exports, financing
- ▶ CDN jobs, trade, housing
- ▶ More earnings
- ▶ US confidence peaking?
- ▶ UK trade & industry moderation?
- ▶ Dovish Eurozone data?
- ▶ LatAm inflation
- ▶ Mexican industrial output
- ▶ Indonesian GDP
- ▶ Australian retail and home sales
- ▶ Asian trade, industrial output
- ▶ Auctions: US Treasuries, CDN RRBs

Chart of the Week

Rate Hikes Still Likely?



Sources: Scotiabank Economics, Bloomberg.

Chart of the Week: Prepared by: Samantha Cameron, Research Assistant.

Geopolitical Risk Superseding Calendar Risk

As much as the global calendar of scheduled developments will be fairly heavy over the coming week, geopolitical risks are mounting and increasingly catching market attention in such fashion as to risk overshadowing most other developments.

The S&P500 has done precious little since mid-December. The ten year Treasury note has been moving sideways and halted the clear cheapening that existed from October through to December. The broad trade-weighted USD has been depreciating this year in a mild reversal of the appreciation over October through December that took it to heights not seen since the dot-com era. All of these signs may suggest that the post-US-election honeymoon for the risk trade may be mature if not over and that perhaps sovereign bonds have cheapened too much too fast in the near-term.

Concrete stimulus actions debated and approved by Congress remain some distance away. In the meantime, key events on the coming week's accompanying risk dashboard may well be subverted to rising geopolitical headline risk. This perspective does not share a slavish deference to market wisdom in light of the market's two-tailed failures to anticipate risks; stocks have historically terribly over-predicted downturns, and terribly underestimated them when they do occur such as when the S&P rallied to all-time highs in September 1929 months after the House of Representatives passed the Smoot-Hawley tariff before the Senate did likewise the following March. Markets are at a fork in the road, waiting for good policy actions to surpass what has been priced, and hoping that the assumption to date that bad policy options would be held at bay was correct all along.

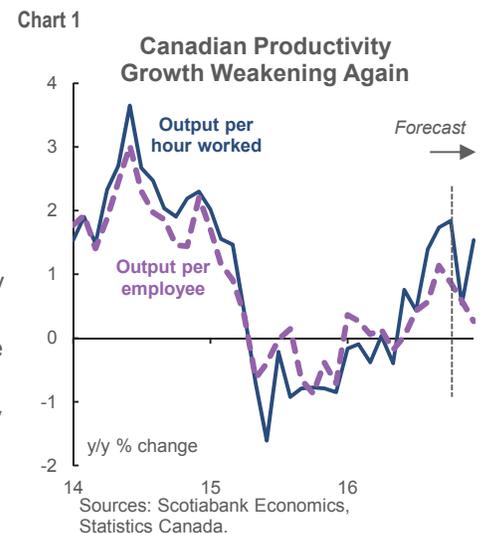
CANADA—EVERYTHING IN MODERATION

Top shelf macro data and intensifying earnings risk should dominate Canadian market attention along with ever-present external risks including US trade policy signals. The fact that the US calendar is fairly quiet should lead to purer and more easily discerned market reactions to Canadian developments in relative rates and USDCAD. For the rates and currency complex, the broad tone of the week is likely to be focused upon downside risk to macro data primarily due to the difficulty in building upon strong prior gains.

First up is the final trade report for 2016 on Tuesday. Recall that exports were up by 4.3% m/m in dollar terms and 3.9% m/m in volume terms during November. It's not impossible to follow up either of these large gains with further gains, but it is improbable especially in terms of volumes. Out of 22 times over the past twenty years when monthly export growth exceeded 4% in dollar terms, 12 of those times were followed by additional growth albeit at a slower rate. Over the same period, however, there were 17 episodes of growth in export volumes that exceeded 3.9% but only 5 of those were followed by additional volume gains. Given the serial frustration in the export figures, a downside risk seems prudent to expect but view it in the context of a gradually improving export picture over the past couple of quarters in the face of US trade policy risks.

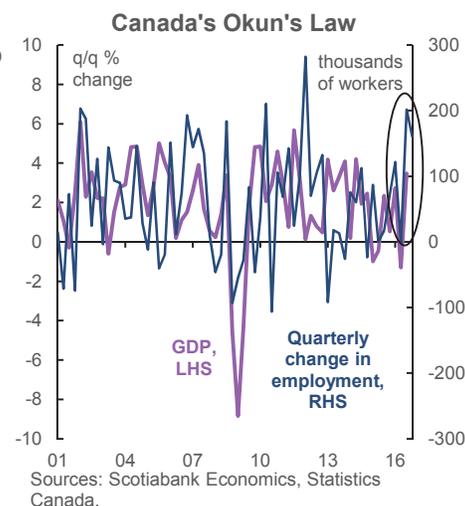
Then it's on to housing starts for January on Wednesday. If you know anything at all about Canada and certainly if you've been there in January, then you know that not a whole lot of homes get placed under construction that month. So, seasonal adjustment factors can dominate at this time of year, and with that goes some concern over the stability of those adjustments. Next week's print is for January, and the seasonal adjustment for that month adds about one-third to compensate for, well, unpleasant weather (with apologies to skiers). Except that it hasn't been all that terribly unpleasant so far this winter across several of the major population centres, which could explain why the volume of housing permits has soared over recent months. That could point to continued trend strength but, for months now, the pattern has been one of oscillating ups and downs with a down leg following December's 207k print likely next week.

The week closes with the next jobs print. I'm asked all the time whether one should believe the jobs numbers. My answer is usually not to get too hung up on the latest reading, but look to the trend instead. That trend has been explosive of late. 202,000



jobs have been created in Canada over the August through December period. Annualizing that tally would yield a year of almost a half-million jobs having been created. This has never happened in the history of the Labour Force Survey dating back to 1976. The closest was in 1979 when 445,000 jobs were created which was truly spectacular because the labour force was a little over half the size that it is today. The early 1980s fixed that. The strongest year during the post-crisis period was in 2011 when 254,000 jobs were created and so for years now the tally has not come close to the annualized figures that we've seen over roughly the past half-year period. Sustainability is therefore the issue, and with that goes the issue of productivity growth. Simply put, Canada's productivity growth disappeared with the collapse in commodity prices as output suffered more than the workforce. After a recent fillip that was more illusory than substantive given the rebound effect in resource production following temporary disruptions, productivity growth seems to be waning again (chart 1). Okun's Law posits that GDP growth and employment growth should ride roughly in tandem over the cycle but it's more of a statistical relationship than an immutable 'law' per se (chart 2). Out-sized employment growth relative to trend GDP growth that is probably around only 1.6% q/q over the past four quarters may lean toward one of two things happening. Either GDP growth is set to be fairly explosive to catch up to job growth, which I doubt. Or employment growth figures are likely to moderate, which is more likely. The question is by how much they may moderate. Following the net creation of 53,700 jobs in December of which 81,300 jobs were full-time, the beginning of that moderation could well arrive next week in the tally for January.

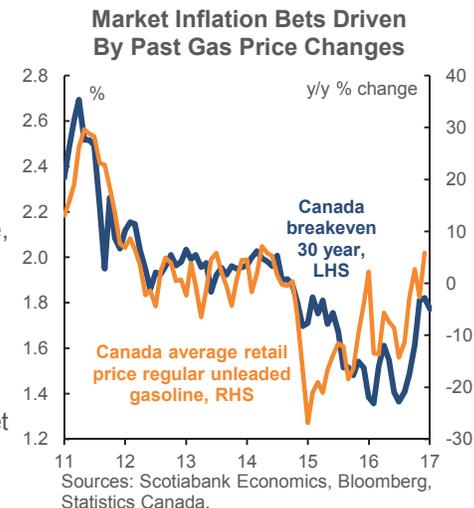
Chart 2



As US earnings season winds down, the Canadian earnings season is just swinging into higher gear. Banks are on a different fiscal year which is part of the explanation for a lagging earnings season versus the US, having set their year-end at October 31st decades ago purportedly as a merciful gift to accounting firms in order to spread the work flow more evenly. Banks are about one-quarter of the TSX and also set the tone for much of the credit space. Until banks release at the end of the month and in early March, the focus will be upon 30 earnings reports next week. Key names will include WestJet, Colliers International, Genworth, Suncor, Home Capital Group, Manulife, Telus, Great-West Life, Hydro One and Cameco.

Canada auctions 30 year real return bonds on Wednesday. Get 'em if you can and it's usually longer-term investors like pensions that do. Since the start of 2015, there have only been 6 RRB auctions and all of them have had 30 year maturities. Note the strong correlation between the 30 year breakeven inflation rate as one measure of long-term market inflation expectations and the year-ago change in retail gasoline prices and judge the merits of market-based measures of inflation expectations accordingly (chart 3).

Chart 3



UNITED STATES—WAITING FOR THE BOSS

What? A boring week in the U.S. of A.?! Perhaps thank the heavens for a brief respite, or brace yourself for tweets and executive orders to fill the void and get focused market attention. In the meantime, wait for testimony the following week from the person who's really in charge.

Fed speak may bring out more individual opinions regarding what was discussed at the FOMC meeting on January 31st–February 1st. Key may be any revelations on the criteria surrounding reinvestment decisions that may gradually come out ahead of either Chair Yellen's semi-annual testimony to Congress the following week on February 15th or the minutes to the last meeting when they land on February 22nd—if they're not stale by then. Go [here](#) for a review of the recent FOMC meeting and [here](#) for a discussion of the reinvestment issue. Each of Philly Fed President Harker (voting), Chicago Fed President Evans (voting) and St. Louis Fed President Bullard (nonvoting) speak next week. More of the content risk is skewed toward the latter two who will speak directly on the economy and policy while most of Harker's remarks are expected to be about the payments system.

Earnings risk is entering the later innings of the season. 81 S&P500 firms release earnings including names like Walt Disney, GM, Loews, Time Warner, Coca-Cola and Kellogg. We're way past the financials, techs and most of the key industrials with only 56 firms releasing the week after, 45 the week after that, followed by 23 after that. At this juncture, we know enough about the tone of the earnings season to draw reasonable conclusions about the sample so far. 73% of firms beat analysts' earnings expectations. That's the norm in the post-SOX and post-dot-com world in which fear of lawsuits and being professionally pilloried made analysts too pessimistic season-after-season. That said, a slim majority of firms that have released so far have missed revenue expectations and more of the attention has turned toward managing currency risk and sector-specific policy risks.

Data risk is confined to Friday and only upon the University of Michigan's consumer sentiment metric. That will be watched for whether it tracks the Conference Board's gauge lower, including the lowest buying intentions since last summer after a brief post-election bump (chart 4). The Conference Board's metric is signalling a plateau, but a rather high one.

The US auctions 3s, 10s and 30s next week.

EUROPE—EUROPE PEAKING?

Data watch, earnings and an eye on the Trump camp's efforts to further divide Europe will keep some of the attention on the continent particularly given little by way of developments in the US. **The core question in terms of market implications is whether the data leans on balance toward evidence of European growth signals having peaked even before anti-trade rhetoric became amplified.**

Several key earnings reports will come from names like Commerzbank, BNP Paribas, Societe Generale, Thyssenkrupp, TOTAL, ArcelorMittal, Renault, GlaxoSmithKline and Rio Tinto.

Data risk will include the following:

UK: Estimates close out 2016 with the final readings on trade, industrial output construction output. A monthly GDP estimate for January also arrives from the UK National Institute of Economic & Social Research. **The challenge by way of the broad tone of the data releases is that several of them are coming off of pretty solid prior readings.** The economy grew by 0.5% in each of the final two months of 2016, while industrial output surged ahead by 2.1% m/m in November. Export volumes powered ahead by 5.1% m/m and, excluding oil, were up by 1.8%. The trade balance nevertheless deteriorated because import volume soared by more (+9.3%). With the UK manufacturing PMI signalling a potential top over the past couple of months, will trade and industrial readings follow suit?

Eurozone industry: Germany, France, Italy and Spain will clock updates on industrial production in December. Following recently encouraging signals, the updates will inform hand-off risks and momentum arguments for Q1 growth. Following the biggest monthly plunge since November 2014, eyes will also be on German factory orders that fell by 2.5% m/m in the November reading.

Eurozone trade: Germany and France release trade figures for December. In this case, the challenge will be to keep up prior momentum. German exports grew at the fastest rate since May 2012 in the November reading (+3.9%), and imports also had a solid month with growth at its fastest (3.5% m/m) since June 2014. French exports leapt ahead by 5.3% m/m in November for the fastest increase since June 2015 and imports climbed by 2.8% (toward the upper end of monthly reports over recent years).

In all, the European data will be interpreted through the lens of recently mixed global PMI readings that show potential plateaus in China, the UK and France, but continued momentum in the US and Germany (chart 5).

Chart 4

So Much For A 'Trump Bump' To Buyer Intentions

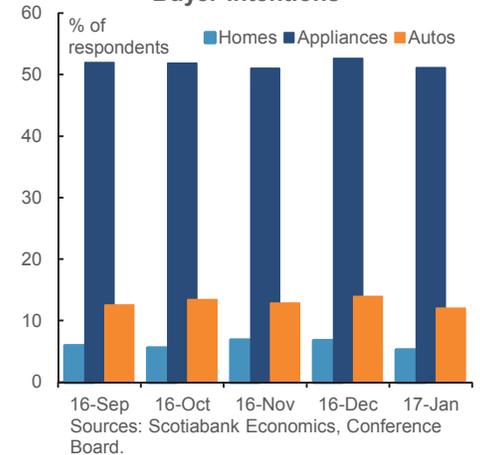
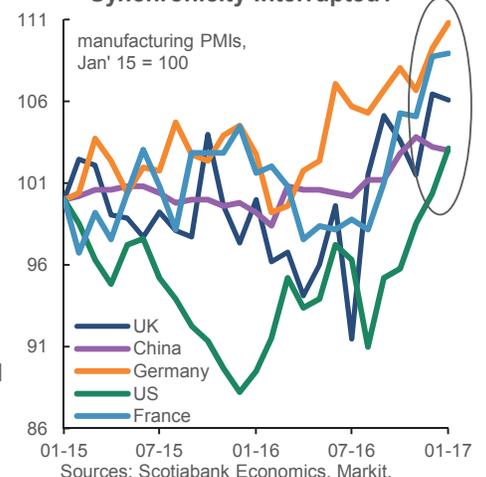


Chart 5

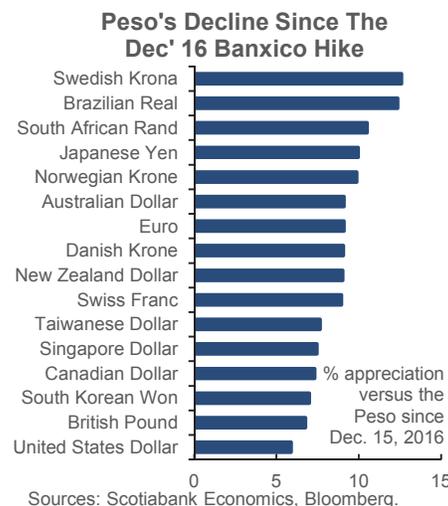
Synchronicity Interrupted?



LATIN AMERICA—LIMITS TO BANXICO HIKES?

Banxico's first rate decision since December 15th (when it hiked by 50bps) will be delivered next Thursday. It will probably be the main event across regional markets. Consensus expects another 50bps in tightening this quarter and that might be light given there is another meeting on March 30th. The median forecast expects a 6.75% overnight rate by year-end (presently 5.75%). Scotiabank's Mario Correa expects further rate pressure with the overnight rate rising to 7½% into 2018H1. Among the key issues is a need to offset peso depreciation in the context of the central bank's inflation mandate given import content in Mexican consumption. Since the last monetary policy decision, the peso has depreciated against all other major and semi-major currencies such that the effects of monetary belt-tightening to date may have slowed but not negated peso depreciation (chart 6). Ditto for inflation; the January 9th release of December CPI showed inflation rising to about 3.4% y/y. That's above the central bank's 3% inflation target with the January estimate on tap for release next Thursday. All that noted, Governor Carstens—who leaves his post for the BIS in July—recently suggested a limit to expectations for rate hikes. He remarked that the peso is undervalued and guided that Banxico will “look through a temporary rise of inflation and we will not impose excessive costs on the economy. But we have to be very watchful.” Carstens is also concerned about pass-through or second-round effects of imported inflationary pressures through broadened inflation readings.

Chart 6



Banco Central de Reserva del Peru is expected to hold its reference rate at 4.25% again next week. It has been stuck there since last February. CPI inflation remains above the 2% policy target at 3.1% y/y and hence also slightly above the upper limit of the 1-3% policy band. Inflation that is higher than target but potentially falling again may keep the central bank on hold next week. That said, the spike back up to 3.4% y/y in October from an August low of 2.9% y/y seems to have shaken out of the data as progress toward falling inflation has been restored. Scotiabank expects the central bank to remain on hold throughout 2017-18.

Several other LatAm economies will update inflation readings over the week. **Argentina** continues to register strong month-ago price increases but it will take until May before we can start getting year-ago figures given the reporting was reinstated only last May. **Chile's** inflation rate is expected to continue to ease to about 2½% y/y from the peak of 5.7% more than two years ago. **Colombia's** inflation rate is also expected to continue cooling but it is still at among Latin America's hottest inflation rates (5.75% y/y, down from a 9% peak last July).

Other macro hits will include updates on Mexican vehicle production and broader industrial output plus Chilean trade.

ASIA—ASIAN CENTRAL BANKS & CHINESE MACRO RISK TO DOMINATE

Five central banks will issue rate decisions and provide some colour on how they presently view risks. Over the coming week, that could be the dominant influence upon regional markets alongside **macro data risk that will be skewed toward China** with possible implications for global markets.

Consensus thinks only the Reserve Bank of India (RBI) will cut rates next week while each of the Reserve Bank of Australia (RBA), the Reserve Bank of New Zealand (RBNZ), the Bank of Thailand (BoT) and Bangko Sentral ng Pilipinas (BSP) hold policy. Among the more significant of the debates are the following.

- **The RBI's expected rate cut** would be oriented toward stimulating an economy hit by the demonetization policies pursued last year. Recall that in an effort to crack down on tax evasion and corruption, the RBI declared higher-value currency notes to be invalid and withdrew them from circulation. That's all very well and fine, except it trashed money supply (chart 7) and weakened the economy. A pyrrhic victory? A lasting one against evasion and corruption? Time will tell but the immediate task at hand lies in terms of resuscitating the economy.
- **At the RBNZ,** the bigger news may be a pending announcement on the future of Governor Graeme Wheeler as he approaches the end of his term in September. The Finance Minister recently stated that Wheeler is likely to say something “fairly soon.”

- At the last **RBA** policy meeting in December, the RBA hinted that it's done easing for now as it balances the pros and cons of easing. At that time, it said "The board has sought to balance the benefits of lower rates in supporting growth and achieving the inflation target with the potential risks to household balance sheets."

Chinese data and policy decisions clearly lack transparency much more so than other major regions of the world economy. Ergo, exactly what gets released next week is uncertain. Let's start with what we do know will be released. First up will be **China's private sector purchasing managers' indices** for the services sector and the broad composite reading on Monday night eastern time. The state PMIs signalled tops both in the manufacturing and non-manufacturing sectors and so the focus will be upon whether the private PMIs confirm or refute this in either direction.

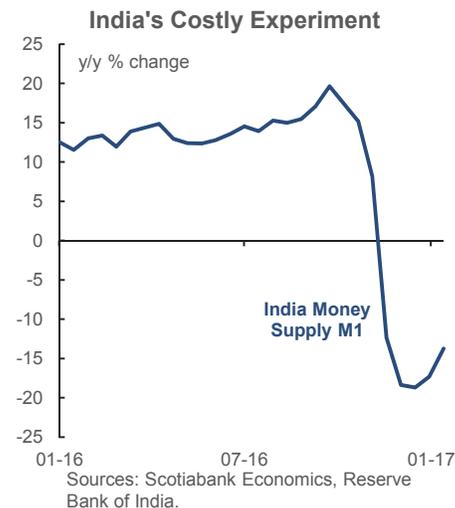
Next will be **China's foreign reserves** sometime early in the week. China's stockpiled savings have fallen by about US\$1 trillion since mid-2014. A brief pause in the declining trend over much of last year has since given way to a renewed declining trend over recent months. Being the January tally when seasonality on USD conversion limits get reset and given sundry other ways in which China's capital account is leaky (not closed), **the issue will be whether reserves fell again like they did last January.**

Then it's on to **China's trade figures** later in the week with the focus upon how weak export growth has been of late depending upon whether measured in yuan or USD terms.

At some point next week or the week after, we should also get foreign direct investment (which has been rising of late). I would also watch for the solid possibility that aggregate financing figures will leap forward as they typically do in each year's January print given that's when fresh loan quotas are handed out to the state banks and another year of highly seasonal loan growth sets in motion. The headline risk—given seasonality is often under-appreciated in the financial press—may exacerbate concerns about Chinese credit growth until the headlines fade later in the year in almost perfectly predictable ways. China bears appear to come out of hibernation at the start of each year and hide later on.

In terms of other macro data, Australia releases retail sales and new home sales. Indonesia's Q4 GDP growth rate is expected to remain at about 5% y/y. Trade updates will come from India, Malaysia and the Philippines but all for December and hence backward-looking assessments of trade risks in the face of rising US protectionism. Japanese machine orders have been volatile but encouraging of late but orders might moderate following the large December gain. Industrial production in India and Malaysia and CPI in the Philippines will round out the hits.

Chart 7



Key Indicators for the week of February 6 – 10
NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	02/07	08:30	Building Permits (m/m)	Dec	--	--	-0.1
CA	02/07	08:30	Merchandise Trade Balance (C\$ bn)	Dec	-0.20	--	0.5
US	02/07	08:30	Trade Balance (US\$ bn)	Dec	-44.0	-45.0	-45.2
US	02/07	10:00	JOLTS Job Openings (000s)	Dec	--	--	5522
US	02/07	15:00	Consumer Credit (US\$ bn m/m)	Dec	--	20.0	24.5
US	02/08	07:00	MBA Mortgage Applications (w/w)	FEB 3	--	--	-3.2
CA	02/08	08:15	Housing Starts (000s a.r.)	Jan	190	--	207.0
CA	02/09	08:30	New Housing Price Index (m/m)	Dec	--	--	0.2
US	02/09	08:30	Initial Jobless Claims (000s)	FEB 4	250	250	246
US	02/09	08:30	Continuing Claims (000s)	JAN 28	--	2063	2064
MX	02/09	09:00	Bi-Weekly Core CPI (% change)	Jan 31	0.21	--	0.37
MX	02/09	09:00	Bi-Weekly CPI (% change)	Jan 31	0.15	--	1.51
MX	02/09	09:00	Consumer Prices (m/m)	Jan	1.43	--	0.46
MX	02/09	09:00	Consumer Prices (y/y)	Jan	4.44	--	3.36
MX	02/09	09:00	Consumer Prices Core (m/m)	Jan	0.55	--	0.45
US	02/09	10:00	Wholesale Inventories (m/m)	Dec F	--	1.0	1.0
MX	02/09	14:00	Overnight Rate (%)	Feb 9	6.25	--	5.75
CA	02/10	08:30	Employment (000s m/m)	Jan	-10	--	53.7
CA	02/10	08:30	Unemployment Rate (%)	Jan	6.9	--	6.9
US	02/10	08:30	Export Prices (m/m)	Jan	--	0.3	0.4
US	02/10	08:30	Import Prices (m/m)	Jan	--	0.3	0.4
MX	02/10	09:00	Industrial Production (m/m)	Dec	--	--	0.0
MX	02/10	09:00	Industrial Production (y/y)	Dec	-1.69	--	1.34
US	02/10	10:00	U. of Michigan Consumer Sentiment	Feb P	97.0	97.7	98.5
US	02/10	14:00	Treasury Budget (US\$ bn)	Jan	--	33.0	-27.5

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
GE	02/06	02:00	Factory Orders (m/m)	Dec	1.4	--	-2.5
GE	02/07	02:00	Industrial Production (m/m)	Dec	0.3	--	0.4
FR	02/07	02:45	Central Government Balance (€ bn)	Dec	--	--	-93.3
FR	02/07	02:45	Current Account (€ bn)	Dec	--	--	-2.3
FR	02/07	02:45	Trade Balance (€ mn)	Dec	--	--	-4377
UK	02/07	03:30	Halifax House Price (3 month, y/y)	Jan	6.1	--	6.5
SP	02/08	03:00	Industrial Output NSA (y/y)	Dec	--	--	4.6
GE	02/09	02:00	Current Account (€ bn)	Dec	--	--	24.6
GE	02/09	02:00	Trade Balance (€ bn)	Dec	--	--	22.7
NO	02/09	02:00	GDP (q/q)	4Q	--	--	-0.50
FR	02/10	02:45	Industrial Production (m/m)	Dec	-0.3	--	2.2
FR	02/10	02:45	Industrial Production (y/y)	Dec	0.7	--	1.8
FR	02/10	02:45	Manufacturing Production (m/m)	Dec	-0.5	--	2.3
FR	02/10	02:45	Non-Farm Payrolls (q/q)	4Q P	--	--	0.3
IT	02/10	04:00	Industrial Production (m/m)	Dec	--	--	0.7
UK	02/10	04:30	Industrial Production (m/m)	Dec	0.5	--	2.1
UK	02/10	04:30	Manufacturing Production (m/m)	Dec	0.3	--	1.3
UK	02/10	04:30	Visible Trade Balance (£ mn)	Dec	-11000	--	-12163

Key Indicators for the week of February 6 – 10
ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
AU	02/05	19:30	Retail Sales (m/m)	Dec	--	0.3	0.2
AU	02/05	19:30	ANZ Job Advertisements (m/m)	Jan	--	--	-1.9
ID	FEB 05-06		Annual GDP (y/y)	2016	5.0	5.0	4.8
ID	FEB 05-06		Real GDP (y/y)	4Q	5.0	5.1	5.0
ID	FEB 05-06		Consumer Confidence Index	Jan	--	--	115.4
PH	02/06	20:00	CPI (y/y)	Jan	2.9	2.7	2.6
PH	02/06	20:00	Core CPI (y/y)	Jan	--	2.8	2.5
CH	02/06	20:45	Caixin China Composite PMI	Jan	--	--	53.5
CH	02/06	20:45	Caixin China Services PMI	Jan	--	--	53.4
AU	02/06	22:30	RBA Cash Target Rate (%)	Feb 7	1.50	1.50	1.50
CH	FEB 06-07		Foreign Reserves (US\$ bn)	Jan	3000	3009	3011
JN	02/07	00:00	Coincident Index CI	Dec P	--	115.2	115.0
JN	02/07	00:00	Leading Index CI	Dec P	--	105.5	102.8
AU	02/07	00:30	Foreign Reserves (AUD bn)	Jan	--	--	76.1
MA	02/07	02:00	Foreign Reserves (US\$ bn)	Jan 31	--	--	94.3
TA	02/07	03:00	Exports (y/y)	Jan	--	10.0	14.0
TA	02/07	03:00	Imports (y/y)	Jan	--	11.1	13.2
TA	02/07	03:00	Trade Balance (US\$ bn)	Jan	--	3.7	4.9
SI	02/07	04:00	Foreign Reserves (US\$ mn)	Jan	--	--	246575
JN	02/07	18:50	Bank Lending (y/y)	Jan	--	--	2.6
JN	02/07	18:50	Current Account (¥ bn)	Dec	--	1183	1416
JN	02/07	18:50	Trade Balance - BOP Basis (¥ bn)	Dec	--	770.0	313.4
TA	02/07	19:30	CPI (y/y)	Jan	2.1	2.0	1.7
MA	02/07	23:00	Exports (y/y)	Dec	--	--	7.8
MA	02/07	23:00	Imports (y/y)	Dec	--	--	11.2
MA	02/07	23:00	Trade Balance (MYR bn)	Dec	--	--	9.0
TH	02/08	02:00	BoT Repo Rate (%)	Feb 8	1.50	1.50	1.50
IN	02/08	04:00	Repo Rate (%)	Feb 8	6.00	6.00	6.25
IN	02/08	04:00	Reverse Repo Rate (%)	Feb 8	5.50	5.50	5.75
IN	02/08	04:00	Cash Reserve Ratio (%)	Feb 8	--	4.00	4.00
NZ	02/08	15:00	RBNZ Official Cash Rate (%)	Feb 9	1.75	1.75	1.75
JN	02/08	18:50	Machine Orders (m/m)	Dec	--	3.5	-5.1
JN	02/08	18:50	Japan Money Stock M2 (y/y)	Jan	--	4.0	4.0
JN	02/08	18:50	Japan Money Stock M3 (y/y)	Jan	--	3.5	3.4
AU	02/08	19:00	HIA New Home Sales (m/m)	Dec	--	--	6.1
JN	02/09	01:00	Machine Tool Orders (y/y)	Jan P	--	--	4.4
PH	02/09	03:00	Overnight Borrowing Rate (%)	Feb 9	3.00	3.00	3.00
AU	02/09	19:30	Home Loans (%)	Dec	--	1.0	0.9
AU	02/09	19:30	Investment Lending (% change)	Dec	--	--	4.9
PH	02/09	20:00	Exports (y/y)	Dec	--	2.6	-7.5
PH	02/09	20:00	Imports (y/y)	Dec	--	9.9	19.7
PH	02/09	20:00	Trade Balance (US\$ mn)	Dec	--	-2038	-2566
MA	02/09	23:00	Industrial Production (y/y)	Dec	--	--	6.2
JN	02/09	23:30	Tertiary Industry Index (m/m)	Dec	--	-0.3	0.2
CH	FEB 09-15		Aggregate Financing (CNY bn)	Jan	--	3200	1626
CH	FEB 09-15		New Yuan Loans (bn)	Jan	--	2440	1040
CH	FEB 09-10		Exports (y/y)	Jan	--	4.0	-6.2
CH	FEB 09-10		Imports (y/y)	Jan	--	9.8	3.1
CH	FEB 09-10		Trade Balance (USD bn)	Jan	--	51.0	40.7
ID	FEB 09-10		Current Account Balance (US\$ mn)	4Q	--	--	-4493
IN	FEB 09-15		Exports (y/y)	Jan	--	--	5.7
IN	FEB 09-15		Imports (y/y)	Jan	--	--	0.5
IN	02/10	07:00	Industrial Production (y/y)	Dec	--	1.40	5.70

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

Key Indicators for the week of February 6 – 10

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>
CO	02/04	12:00	Consumer Price Index (m/m)	Jan	--	0.9	0.4
CO	02/04	12:00	Consumer Price Index (y/y)	Jan	--	5.4	5.8
CL	02/06	06:30	Economic Activity Index SA (m/m)	Dec	--	--	0.7
CL	02/06	06:30	Economic Activity Index NSA (y/y)	Dec	1.7	1.2	0.8
BZ	02/08	06:00	IBGE Inflation IPCA (m/m)	Jan	--	0.4	0.3
BZ	02/08	06:00	IBGE Inflation IPCA (y/y)	Jan	--	5.4	6.3
CL	02/08	06:00	CPI (m/m)	Jan	0.2	0.2	-0.2
CL	02/08	06:00	CPI (y/y)	Jan	2.4	2.4	2.7
PE	02/09	18:00	Reference Rate (%)	Feb 9	4.25	4.25	4.25

Global Auctions for the week of February 6 – 10

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	02/07	13:00	U.S. to Sell 3-Year Notes
CA	02/08	12:00	Canada to Sell 30-Year Real Return Bonds
US	02/08	13:00	U.S. to Sell 10-Year Notes
US	02/09	13:00	U.S. to Sell 30-Year Bonds

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SW	02/06	05:03	Sweden to Sell I/L Bonds
SW	02/07	05:03	Sweden to Sell I/L Bonds
AS	02/07	05:15	Austria to Sell 0.75% 2026 Bonds
AS	02/07	05:15	Austria to Sell 1.75% 2023 Bonds
UK	02/07	05:30	U.K. to Sell GBP3 Bln 1.75% 2019 Bonds
NE	02/07	05:30	Netherlands to Sell Up to EUR6 Bln 2027 Bonds
DE	02/08	04:00	Denmark to Sell Bonds
SW	02/08	05:03	Sweden to Sell Bonds
SZ	02/08	05:15	Switzerland to Sell Bonds on Feb. 8
GE	02/08	05:30	Germany to Sell EUR3 Bln 0.25% 2027 Bonds
UK	02/09	05:30	U.K. to Sell GBP2.5 Bln 1.5% 2047 Bonds
IR	02/09	05:30	Ireland to Sell Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	02/06	22:45	Japan to Sell CPI Linked 10-Year Bonds
CH	02/07	21:35	China to Sell CNY20Bln 1-Yr Bonds
CH	02/07	21:35	China to Sell CNY20 Bln 10-Yr Bonds
JN	02/08	22:45	Japan to Sell 30-Year Bonds
NZ	02/09	20:05	New Zealand Plans to Sell NZD100 Mln 2.5% 2035 I/L Bonds

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BZ	02/07	09:00	Brazil to Sell I/L Bonds
BZ	02/09	09:00	Brazil to Sell LFT

Source: Bloomberg, Scotiabank Economics.

Events for the week of February 6 – 10

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	02/06	16:30	Fed's Harker Speaks About Payment Systems in San Diego
US	02/09	09:10	Fed's Bullard Speaks in St. Louis
US	02/09	13:10	Fed's Evans Speaks on Economy and Policy in Chicago
MX	02/09	14:00	Overnight Rate

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	02/06	05:30	ECB's Smets, BIS's Caruana Speak at Conference in Brussels
UK	02/06	00:00	U.K. House of Commons Completes Debate on Article 50 Bill
SZ	02/07	03:00	Foreign Currency Reserves
FR	02/10		France Sovereign Debt to be rated by Moody's
IT	02/10		Italy Sovereign Debt to be rated by Moody's
SW	02/10		Sweden Sovereign Debt to be rated by Fitch

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	02/06	22:30	RBA Cash Rate Target
SL	02/06	00:00	CBSL Standing Deposit Rate
SL	02/06	00:00	CBSL Standing Lending Rate
JN	02/07	18:50	BOJ Summary of Opinions at Jan. 30-31 Meeting
TH	02/08	02:00	BoT Benchmark Interest Rate
IN	02/08	04:00	RBI Repurchase Rate
IN	02/08	04:00	RBI Reverse Repo Rate
IN	02/08	04:00	RBI Cash Reserve Ratio
NZ	02/08	15:00	RBNZ OCR decision - mps
NZ	02/08	15:00	RBNZ Official Cash Rate
SK	02/08	23:00	Bloomberg Feb. South Korea Economic Survey
PH	02/09	03:00	BSP Overnight Borrowing Rate
PH	02/09	03:00	BSP Standing Overnight Deposit Facility Rate
AU	02/09	03:15	RBA Governor Lowe Speech in Sydney
AU	02/09	19:30	RBA Statement on Monetary Policy

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
PE	02/09	18:00	Reference Rate
CO	02/10	13:00	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	0.50	March 1, 2017	0.50	0.50
Federal Reserve – Federal Funds Target Rate	0.75	March 15, 2017	0.75	0.75
Banco de México – Overnight Rate	5.75	February 9, 2017	6.25	6.25

Banxico: Scotia expects Mexico's central bank to raise its policy rate by 50bps to 6.25% next week. Further depreciation in the peso since the last meeting and more evidence of rising inflation will continue to drive the central bank to defend its 3% inflation target.

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	March 9, 2017	0.00	--
Bank of England – Bank Rate	0.25	March 16, 2017	0.25	--
Swiss National Bank – Libor Target Rate	-0.75	March 16, 2017	-0.75	--
Central Bank of Russia – One-Week Auction Rate	10.00	March 24, 2017	10.00	10.00
Sweden Riksbank – Repo Rate	-0.50	February 15, 2017	-0.50	--
Norges Bank – Deposit Rate	0.50	March 16, 2017	0.50	--

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	March 16, 2017	-0.10	--
Reserve Bank of Australia – Cash Target Rate	1.50	February 6, 2017	1.50	1.50
Reserve Bank of New Zealand – Cash Rate	1.75	February 8, 2017	1.75	1.75
People's Bank of China – Lending Rate	4.35	TBA	--	--
Reserve Bank of India – Repo Rate	6.25	February 8, 2017	6.00	6.00
Bank of Korea – Bank Rate	1.25	February 23, 2017	1.25	--
Bank of Thailand – Repo Rate	1.50	February 8, 2017	1.50	1.50
Bank Indonesia – 7-Day Reverse Repo Rate	4.75	February 16, 2017	4.75	--

The **Reserve Banks of Australia (RBA)**, **New Zealand (RBNZ)**, and **India (RBI)**, as well as the **Bank of Thailand (BoT)** will make monetary policy decisions next week. We do not expect the RBA, the RBNZ, or the BoT to alter monetary conditions next week. Meanwhile, we anticipate that the RBI will cut the benchmark repo and reverse repo rates by 25 bps to 6.0% and 5.50%, respectively, following the next policy meeting on February 7th-8th. The combination of India's favourable inflation outlook, reasonably prudent fiscal policies in the Union Budget unveiled on February 1st, and an adverse short-term economic growth shock from the government's recent demonetization efforts will likely prompt the RBI to ease monetary conditions. We assess that the window of opportunity to inject additional monetary stimulus into the economy will close after the February policy meeting and that there will not be any further interest rate cuts in the foreseeable future; this reflects the facts that inflation in India will start accelerating gradually over the coming months and the short-term adverse impact on the economy from demonetization will fade away after Q1-2017.

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	13.00	February 22, 2017	12.50	--
Banco Central de Chile – Overnight Rate	3.25	February 14, 2017	3.25	--
Banco de la República de Colombia – Lending Rate	7.50	February 24, 2017	7.25	--
Banco Central de Reserva del Perú – Reference Rate	4.25	February 9, 2017	4.25	4.25

Peru: Scotia expects no change in the reference rate next week as inflation remains above the central bank's target.

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	7.00	March 30, 2017	7.00	--

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

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