

To our clients, colleagues & readers: We've expanded *The Global Week Ahead* to cover more of the major regions of the global economy and to consolidate indicator forecasts & data tables. In addition, there will often be one or more feature articles each week that highlight an upcoming event in the global economy.

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- ▶ Chinese exports, CPI, more PMIs
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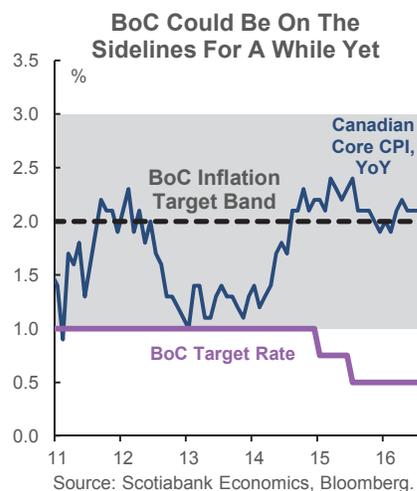
**Chart of the Week**


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

## Can The Fed Hike If Everyone Else Eases First?

### EUROPE — MORE STIMULUS EXPECTED FROM THE ECB

The key event on tap for next week — and likely until at least the FOMC meeting on September 21<sup>st</sup> — will be Thursday's **ECB meeting**. I've invited our crack Paris-based Eurozone fixed income strategist/economist Frédéric Prêtet to share his views on page 7. He convincingly explains his expectations for further stimulus measures to be announced alongside a further downgrade of macroeconomic forecasts. Fred thinks the most likely outcome would be for the ECB to increase the upper threshold of highly-rated government/supranational bonds that it can buy from 33% to 50% which would enable it to extend QE beyond March 2017. Other options could be a change in the capital key to favour peripheral economies, cutting the deposit rate again, and/or introducing a two-tier deposit rate.

### The day before the ECB meeting, Sweden's Riksbank issues a rate decision.

The timing is a tad awkward, given the next day's ECB meeting and the co-dependence of Swedish markets — namely the currency — and Eurozone markets — namely the euro. That said, the krona isn't under the same pressure it was earlier in the year (chart 1). Versus the euro, Sweden's currency has depreciated by about 8% since early May. If the ECB's deposit rate (-0.4% presently) undershoots the Riksbank's repo rate (-0.5%) via a possible ECB cut next week, then the relative yield currency influence doesn't slam the door shut on possible future Riksbank actions. It would be the first time since March of last year that the ECB's rate could undershoot the Riksbank's (chart 2). A limiting factor with respect to policy flexibility remains housing. Sweden's house prices are up by about 6½% y/y for single and dual family homes, and showing no signs of cooling. The cumulative house price gain since the Riksbank began cutting rates in late 2011 has been almost 50%.

Data risk may also incrementally factor into the picture but, apart from US jobs, markets are likely to remain less data-obsessed than focused upon the actions of major central banks this month. That includes the ECB and BoC next week, the BoE the following week, then the Fed and the BoJ on the same day the week after. **The next three weeks of central bank actions — or inactions — could well set the market tone for much of the remainder of 2016.** For the scorekeepers, the more significant releases will be German exports (Friday), factory orders (Tuesday) and industrial output (Wednesday). France, the UK and Spain also release industrial output readings, and both the UK and France update trade figures. Eurozone add-ups for retail sales and another look at Q2 GDP round things out.

### CANADA — BoC LIKELY TO STICK TO SCRIPT

The prime focal points in Canadian markets next week will include the Bank of Canada's latest pronouncements next Wednesday and possible spillover effects from global developments. Markets start the week shut for the annual Labour Day holiday, and end the week with data risk.

### I don't expect the Bank of Canada to alter policy or materially change its tune.

This will be a statement-only affair at 10amET on Wednesday, sans forecasts and press conference. Drop and run, and clear the dance floor for the ECB, BoE, BoJ and Fed over the ensuing two weeks. There is little upside to the Bank of Canada altering anything at this point as a holding pattern is in place while the durability of a likely Q3 growth rebound is assessed later this year and into early next year. For now, the story line of a Q3 rebound that the BoC and everyone else is telling sits intact. Even at that, markets have lessened their conviction toward the prospect of future rate cuts (chart 3). Please see page 6 for a fuller preview of the BoC meeting.

Chart 1

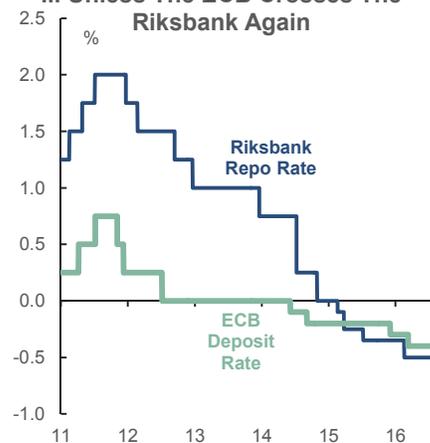
#### SEK Not Under Earlier Pressures...



Source: Scotiabank Economics, Bloomberg.

Chart 2

#### ... Unless The ECB Crosses The Riksbank Again



Source: Scotiabank Economics, Bloomberg.

Then it's on to the August reports for job markets and new home construction that arrive on Friday.

**Our best guess is that Canadian job growth reverts back toward a run rate in the 10-15k pace of gains next week**, after last month's 31,200 drop that reflected a loss of 71,400 full-time positions alongside an increase of 40,200 part-time positions. Scotia's Mary Webb expects some positive drivers in August, such as the buoyant summer tourism season reported in many regions, and the July decrease of 42,000 public-sector jobs, overwhelmingly in Ontario, may not be completely reversed. While health care employment should continue to expand, the July public-sector decline may mirror a further winding up of the contract *Census* workforce, and the response of seasonal adjustment factors to a steeper summer decline in public-sector Education employment than the experience in recent years, an effect that likely persisted through the August 14-20 survey reference period. Also complicating the August release is the resumption in August of the survey for the census agglomeration of Wood Buffalo, after the May-July suspension due to the wildfires. As workers return to Northern Alberta, and clean-up/repairs proceed into the Fall, Alberta's 2.5% year-over-year employment decline over the three months to July is expected to moderate, albeit slowly. Unfortunately, even an August recovery of 25,000 national jobs leaves Canada's average monthly employment gains to date in 2016 averaging just below 5,000, less than half of the 2015 average of 13,000.

Housing starts have been resilient so far this year, but an 8% m/m drop in the volume of housing permits that was driven by a 14% drop in multiple housing units is likely to begin to weigh on new home construction. In fact, permit volumes were down 14% y/y in June with multis down 20% and singles down 3%. Also note that Bank of Canada Deputy Governor Timothy Lane speaks on Thursday but the topic won't be known until the start of the week given the usual three day advisory period in use by the BoC.

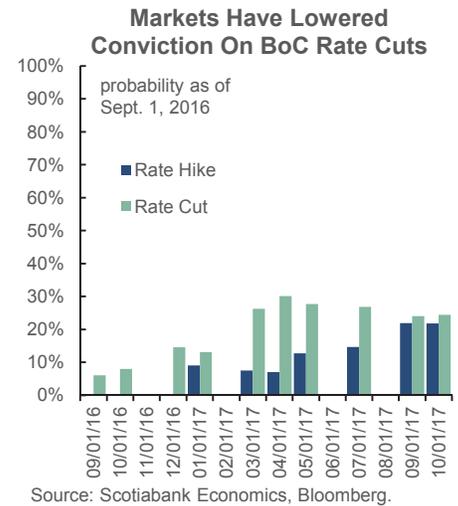
### ASIA — MORE CENTRAL BANK SURPRISES IN STORE?

Political leaders from across the leading industrial nations — and a few others — will swoop down on China and specifically Hangzhou City this weekend into the start of the week for G-20 meetings. There will also be some serious work being done by central banks in the region with three significant ones issuing fresh policy decisions. China macro data will also further inform momentum arguments in the context of mixed recent data.

Hangzhou apparently went on the television show 'Extreme Makeover.' Ahead of the arrival of presidents, prime ministers, central bank heads and their staffers, a fortune has been spent to prepare the city for the world's cameras ([here](#)). Sending the migrant workers packing and shutting factories is likely to distort the next round of Chinese data including manufacturing PMIs after a mixed batch of August readings. The theme of the G20 meeting is "Toward an Innovative, Invigorated, Interconnected and Inclusive World Economy." Donald Trump is not invited. The loose outline of the agenda is available [here](#). **If you are looking for a practical, unifying theme of relevance to markets to arise from the G20 summit and the wrap-up press conference and statement, then don't hold your breath.** Past precedent informs low expectations, and a number of competing agendas will probably dilute the overall outcome. They include China's ambitions with respect to leadership on the world stage, the threat of global protectionism, lip service given to world growth and policy measures to support it, geopolitical tensions such as the South China Sea dispute, Brexit aftermath, Europe's immigration crisis and the risk the US might invent one after November 8th, and the usual exclusion of most emerging markets.

**Chinese macro releases will be parsed for evidence that provides a clearer depiction of momentum than arose from the latest batch of sentiment surveys.** Exports are expected to marginally improve in the August reading but, like the last time around, be careful regarding very different readings in local currency and USD terms that are reportedly simultaneously. Chinese CPI is thought to face marginal downside risk along the cooling trend from 2.3% y/y in April to 1.8% in July, while the pace of producer price declines is expected to continue to ebb and is overwhelmingly driven by commodity markets. Also watch for the private sector version of the purchasing managers index for the services sector and the composite PMI.

Chart 3



**A trio of central bank meetings will also occur.** None of the Reserve Bank of Australia, Bank of Korea, and Bank Negara Malaysia is expected to alter policy. However, each of them has surprised economists and markets with rate cuts this year and **the risk of further easing remains alive whether at these meetings or subsequent gatherings and due in large part to among the softest inflation readings in years (chart 4).**

Korea's inflation rate unexpectedly tumbled to be tied with April 2015 for the lowest reading since February 1999 and hence around the time of the Asian financial crisis while the country's core inflation rate sits at its lowest since January 2000. Shipping and ship building are in freefall in South Korea, led by the collapse of the country's largest container shipping firm, Hanjin Shipping Co.

**A move by the RBA is not expected, but not out of the question at some point over the duration of this year.** The A\$ has weakened somewhat since mid-August as Fed rate hike expectations have helped, but it is little changed versus the USD since the last meeting on August 2<sup>nd</sup> when the central bank flagged strength in the A\$ up to that point as something that could "complicate" the outlook. The last inflation reading for Q2 also continued to demonstrate downside pressures as headline CPI was 1% y/y and hence the weakest reading since the Asian financial crisis in tandem with Korea's reading. As if that's not enough, growth is also expected to come in softer in Wednesday's Q2 GDP print. From the quickest quarterly growth rate in about four years during the first quarter of this year, Q2 is expected to return to something more in line with the average growth rate over this period.

**Then we have the wildcard represented by Bank Negara.** Governor Ibrahim delivered a surprise rate cut in July which was only his second meeting since assuming office. Since then, another inflation report drifted lower, and July's CPI print of 1.1% y/y was the lowest since early 2015 which had been the lowest since the Global Financial Crisis.

Additional releases will include Philippine CPI which is rising this year against the trend of some other Asian economies, Japanese Q2 GDP growth revisions after capital spending figures just disappointed, and trade figures from India and Malaysia plus factory output from the latter country.

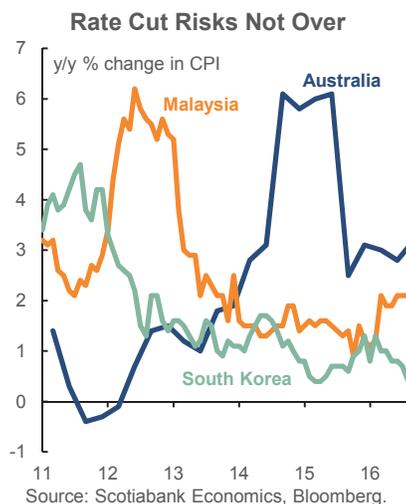
## UNITED STATES — A WELCOME REPRIEVE

Take Monday off. Go ahead, you'll have a whole nation of folks keeping you company as the week starts with Labor Day. In fact, you can focus on other demands on your long to-do lists over the duration of the week as the domestic calendar will be largely devoid of anything that matters. US market participants will spend the week focused upon spillover effects from developments abroad.

Fed-speak will be light not only next week, but straight up to game day on September 21<sup>st</sup>. There are no top-of-house FOMC officials on the line-up of speakers before the next meeting. Before the communications black-out starts on September 13<sup>th</sup>, four regional Presidents will offer their views including San Fran's Williams (nonvoting) on Tuesday, Boston's Rosengren (voting) on Friday, and on the following Monday we'll hear from Atlanta's Lockhart (nonvoting) and Minneapolis President Kashkari (alternate). The Fed also releases the Summary of Commentary on Current Economic Conditions (a.k.a. the "Beige Book") on Wednesday. It is likely that the nonfarm payrolls report was strong enough for the Fed on balance ([here](#)), but other complicating factors may result in it keeping its powder dry later this month. They include the likelihood that other central banks could ease before hand such as the ECB next week and/or the BoE and BoJ, still sub-target inflation, and mixed growth signals including a weak ISM-manufacturing report and company guidance that softer vehicle sales have "plateaued." Further, markets are priced for a fairly modest probability of a hike this month, whereas we think the Fed prefers to avoid market surprises and therefore has further work to do in order to convince markets that a hike is imminent. Toss in the elections that don't matter to the Fed, except they do. Then again, Fed communications have been mixed at best for a prolonged period.

Data risk will be minor and confined to ISM-services on Tuesday, and a pair of minor labor market readings including the Fed's Labor Market Conditions Index on Tuesday and the JOLTS vacancies report on Wednesday (chart 5).

Chart 4



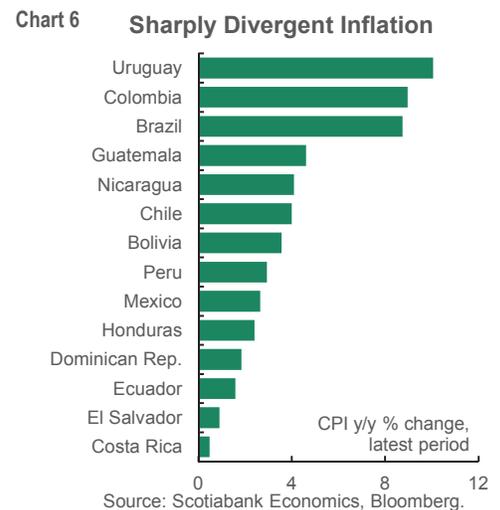
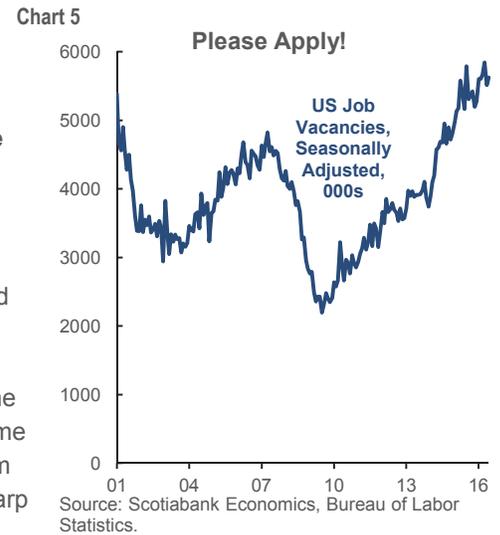
**LATIN AMERICA — PERU LIKELY TO HOLD POLICY AMIDST DIVERGENT REGIONAL INFLATION RISKS**

Latin American markets will be influenced by a) global developments that were previously explored, b) inflation reports from a number of countries, and c) a rate decision by Peru’s central bank.

**Banco Central de Reserva del Peru is expected to leave its policy reference rate unchanged at 4.25% on Thursday.** It is, however, not a central bank that hesitates to surprise expectations. Recall that it surprised with a hike back in March of this year, and surprised markets twice in 2015 when it cut in September and hiked in January of last year. I’d say the risk of a surprise is low this time around. Recall that the reason the central bank left rates unchanged on August 11th was that it felt inflation was back in the target range and earlier than it had anticipated. Since then, another inflation update came in at 2.9% y/y. The early motivation for hiking has dissipated as inflation has ebbed from over 4½% y/y at the start of the year. That earlier inflation spike had been driven by sharp currency depreciation and the effects on import prices; the new sol has since depreciated from the peak at the end of February but is more recently on the rise again which bears monitoring for future risks.

Not all of Peru’s LatAm neighbours are in the same boat. **Inflation updates from Mexico, Brazil, Colombia, Chile, Costa Rica, Ecuador, Bolivia, Honduras, Dominican Republic, El Salvador, Nicaragua, Guatemala and Uruguay will continue to show marked divergence across the broad region (chart 6).**

Mexican industrial output volumes (Friday) are set for a July update and contrary to US political assertions, have been struggling to post growth this year.



## Feature Article

### Bank of Canada's Story Is Intact — For Now

The Bank of Canada can rest assured that its broad story of a pending economic rebound is likely to occur in the current quarter and therefore no policy change or significant change in the accompanying story are required. That still leaves open a vibrant debate on the policy risks toward year-end and throughout our forecast horizon.

Because this will be a statement-only affair at 10amET on Wednesday, sans forecasts and press conference, the more informative meeting will be on October 19th when the statement will be accompanied by fresh forecasts and Governor Poloz's press conference.

One of the contributing factors to the dialogue is the outlook for broad economic growth. Canada's economy largely performed in line with expectations during the second quarter and contracted by 1.6% q/q at a seasonally adjusted and annualized rate for reasons far beyond just wildfire effects. The way the quarter ended off — with a solid 0.6% m/m gain in June — already bakes in just under 1% annualized growth in Q3 before most of the data.

The composition of growth in Q2 hints both at reasons to expect a rebound in Q3 and reasons to be cautious regarding the magnitude of the rebound. In weighted terms, consumer spending contributed about 1.3 percentage points to Q2 growth. Inventories added 2.1 percentage points. Exports subtracted 5.6 points and imports subtracted just 0.4 points. Government spending added a full percentage point to growth while housing made a negligible contribution. Business investment knocked two-tenths off of GDP growth in Q2.

Into Q3, it's possible the consumer will repeat with a comparable contribution to growth fed in part by a policy shift that resulted in bigger child benefit cheques for lower- and middle-income households. Exports are also likely to be a sizeable contribution to growth in Q3 largely because a repeat of the horrible 17% plunge in Q2 is highly unlikely and for reasons well beyond the Alberta wildfires. The offsets, however, may include difficulty in repeating the high contributions from inventories and government spending while we expect investment to remain soft. The net effect, in our judgement, puts downside risk to the BoC's 3½% Q3 growth forecast while nevertheless retaining a decent rebound.

**The bigger issue will be whether transitory factors that weighed on Q2 and the transitory factors that should lift Q3 give way to renewed weakness thereafter.** It will take until the end of the year and into next year to test this by the time material Q4 data begins to arrive. Key in this regard will be healthy caution toward the longer-term outlook for exports as the low hanging fruit of the post-2009 export recovery has been picked. Now the issue is whether capacity expansion in key sectors occurs in Canada — and drives further sustainable export gains over coming quarters and years — or whether the legacy assets have run their course and capacity expansion goes elsewhere. The BoC has tended to be on the rather optimistic side of this debate for an extended period.

Even if growth returns to disappointing, inflated housing markets (albeit temporarily cooling in Vancouver), concerns about financial imbalances, core inflation already on target, external developments, and the risks of courting negative rates will limit policy flexibility. Overall, our cautious forecasts don't have the output gap closing by the end of 2017 as the BoC expects (chart 2). That implies a sustained period of monetary accommodation. For now, markets lack conviction on the direction of the next policy move by the BoC, and its timing (chart 3). Our house view foresees a hike by Q4 of next year; achieving this requires a lot to go right.

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Chart 1

#### Money Supply - Canada and U.S.



Chart 2

#### Canadian Output Gap

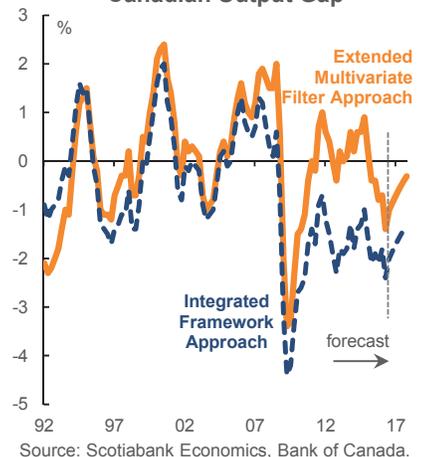
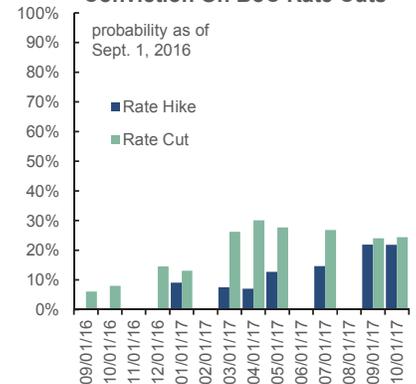


Chart 3

#### Markets Have Lowered Conviction On BoC Rate Cuts



## Feature Article

### ECB: Finding Options To Prolong QE

Following the Brexit vote, the European Central Bank (ECB) made it clear that it was waiting for additional economic data to become available before it can decide to recalibrate its monetary policy stance. In this regard, the ECB President Mario Draghi suggested that the new macroeconomic forecasts released in September could be an important input. We believe that the ECB will push back the timing by which it expects inflation to return to its price stability target of close to, but below, 2.0% y/y. As such, this will likely trigger the need to announce new measures to prolong the ECB's QE program beyond its current end-date of March 2017.

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#### DOWNSIDE RISKS TO SEPTEMBER MACROECONOMIC FORECASTS

Over the past two months, both Eurozone business and consumers surveys have eased. With a slowdown in real GDP growth already taking hold in the second quarter, this raises concerns on the pace of the Eurozone recovery in H2 2016. Eurozone inflation data has also proved to be weaker than expected during the summer months with the y/y trend remaining stable at 0.2% in August. While favourable base effect in energy prices should push headline inflation higher in the months ahead, core inflation (excluding food and energy) has been stuck at a low level, at 0.8% y/y in August. Therefore, underlying economic momentum and price developments remain muted in the Eurozone, challenging the European Central Bank's medium-term outlook. As a result, there is a growing probability that the ECB will be forced to revise down its macroeconomic forecasts for the 2016-18 period at the September meeting.

- **On growth:** Despite the support of lower interest rates, a weaker growth dynamic in the second half of this year and the possible negative impact of Brexit (estimated to be between 0.2% and 0.5% by the EU Commission for 2017) raises the risk that Eurozone real GDP growth will remain stuck at around 1.5%.
- **On inflation:** Despite the positive impact of higher oil prices, the lack of acceleration in core inflation and lower-than-expected real GDP growth could, once again, postpone projected inflation from moving back up towards the ECB's price target of 2.0%.

Table 1: Potential change in September forecast

Growth			
GDP % y/y	2016	2017	2018
<b>ECB (June)</b>	<b>1.6</b>	<b>1.7</b>	<b>1.7</b>
Base effect/lower Global growth	-0.1	-0.2	-0.2
Interest rates	0.0	0.1	0.1
Oil prices	0.0	0.0	0.0
EUR	0.0	0.0	0.0
<b>Potential forecast</b>	<b>1.5</b>	<b>1.5/1.6</b>	<b>1.5/1.6</b>

Inflation			
HICP % y/y	2016	2017	2018
<b>ECB (June)</b>	<b>0.2</b>	<b>1.3</b>	<b>1.6</b>
Lower GDP	0.0	-0.1	-0.1
Interest rates	0.0	0.0	0.0
Oil prices	0.0	0.1	0.1
EUR	0.0	0.0	0.0
<b>Potential forecast</b>	<b>0.2</b>	<b>1.2/1.3</b>	<b>1.5/1.6</b>

#### HOW TO PROLONG THE QE?

A further downgrade to the ECB's macroeconomic forecasts could justify prolonging QE beyond March 2017, especially at a time when financial markets are increasingly questioning the ECB's credibility in restoring price stability. Indeed, the 5y in 5y forward inflation swap is back near its historical low of below 1.3%. However, under the current capital key and the criteria that yields are above the -0.4% deposit rates and an ECB ownership limit of 33%, the possibility of buying German, Dutch, Finnish bonds beyond this date could become more and more difficult. So, there could be a need to adjust some parameters of the current QE program.

As such, we expect that the ECB will announce additional measures in order to prolong its QE program beyond March 2017. The most effective and powerful way to do this would be to change the capital key. According to our calculations, this would enable the ECB's QE program to be extended by almost one and a half years. This could also be seen as a way to further improve the transmission of the monetary policy to the periphery with more aggressive buying of peripheral Eurozone government bonds. However, we think that this option is least likely as it could face strong political opposition inside the board. The most likely outcome for us would be for the ECB to increase the upper threshold of high-rated government/supranational bonds that it can buy from 33% to 50%. In our view, this could prolong the QE program by 6 months. Also, cutting the deposit rate further into negative territory and adopting a two-tiered system on the deposit rate (in order to lessen the negative impact on banks' profitability) could also be an option.

## Key Indicators for the week of September 5 – 9

### NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	09/06	10:00	IBD/TIPP Economic Optimism Index	Sep	--	--	48.4
US	09/06	10:00	ISM Non-Manufacturing Composite	Aug	55.0	55.3	55.5
US	09/07	07:00	MBA Mortgage Applications (w/w)	SEP 2	--	--	2.8
CA	09/07	10:00	<b>BoC Interest Rate Announcement (%)</b>	<b>Sep 7</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>
US	09/07	10:00	JOLTS Job Openings (000s)	Jul	--	--	5624
CA	09/08	08:30	Building Permits (m/m)	Jul	--	--	-5.5
CA	09/08	08:30	Capacity Utilization (%)	2Q	--	--	81.4
CA	09/08	08:30	New Housing Price Index (m/m)	Jul	--	--	0.1
US	09/08	08:30	Initial Jobless Claims (000s)	SEP 3	265	265	263
US	09/08	08:30	Continuing Claims (000s)	AUG 27	2160	--	2159
MX	09/08	09:00	Bi-Weekly Core CPI (% change)	Aug 31	--	0.1	0.1
MX	09/08	09:00	Bi-Weekly CPI (% change)	Aug 31	--	0.0	0.3
MX	09/08	09:00	Consumer Prices (m/m)	Aug	--	0.3	0.3
MX	09/08	09:00	Consumer Prices (y/y)	Aug	--	2.8	2.7
MX	09/08	09:00	Consumer Prices Core (m/m)	Aug	--	0.2	0.2
US	09/08	15:00	Consumer Credit (US\$ bn m/m)	Jul	--	15.2	12.3
CA	09/09	08:15	Housing Starts (000s a.r.)	Aug	180.0	--	195.0
CA	09/09	08:30	Employment (000s m/m)	Aug	10.0	--	-31.2
CA	09/09	08:30	Unemployment Rate (%)	Aug	6.8	--	6.9
MX	09/09	09:00	Industrial Production (m/m)	Jul	--	-0.1	0.1
MX	09/09	09:00	Industrial Production (y/y)	Jul	--	-0.3	0.6
US	09/09	10:00	Wholesale Inventories (m/m)	Jul F	--	0.1	0.0

### EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
IT	09/05	03:45	Services PMI	Aug	--	51.8	52.0
FR	09/05	03:50	Services PMI	Aug F	--	52.0	52.0
GE	09/05	03:55	Services PMI	Aug F	--	53.3	53.3
EC	09/05	04:00	Composite PMI	Aug F	--	53.3	53.3
EC	09/05	04:00	Services PMI	Aug F	--	53.1	53.1
UK	09/05	04:30	Official Reserves Changes (US\$ bn)	Aug	--	--	219.0
UK	09/05	04:30	Services PMI	Aug	--	50.0	47.4
EC	09/05	05:00	Retail Trade (m/m)	Jul	--	0.5	0.0
SZ	09/06	01:45	GDP (y/y)	2Q	--	0.8	0.7
GE	09/06	02:00	Factory Orders (m/m)	Jul	--	0.6	-0.4
HU	09/06	03:00	GDP (y/y)	2Q F	--	2.6	2.6
EC	09/06	05:00	GDP (q/q)	2Q F	--	0.3	0.3
GE	09/07	02:00	Industrial Production (m/m)	Jul	--	0.1	0.8
FR	09/07	02:45	Current Account (€ bn)	Jul	--	--	-0.6
FR	09/07	02:45	Trade Balance (€ mn)	Jul	--	-3600	-3440
SW	09/07	03:30	<b>Riksbank Interest Rate (%)</b>	<b>Sep 7</b>	<b>--</b>	<b>-0.50</b>	<b>-0.50</b>
UK	09/07	03:30	Halifax House Price (3 month, y/y)	Aug	--	7.0	8.4
UK	09/07	04:30	Industrial Production (m/m)	Jul	--	-0.2	0.1
UK	09/07	04:30	Manufacturing Production (m/m)	Jul	--	-0.3	-0.3
FR	09/08	01:30	Non-Farm Payrolls (q/q)	2Q F	--	0.2	0.2
EC	09/08	07:45	<b>ECB Main Refinancing Rate (%)</b>	<b>Sep 8</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

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

## Key Indicators for the week of September 5 – 9

### EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
GE	09/09	02:00	Current Account (€ bn)	Jul	--	24.5	26.3
GE	09/09	02:00	Trade Balance (€ bn)	Jul	--	23.7	24.7
FR	09/09	02:45	Central Government Balance (€ bn)	Jul	--	--	-61.8
FR	09/09	02:45	Industrial Production (m/m)	Jul	--	0.3	-0.8
FR	09/09	02:45	Industrial Production (y/y)	Jul	--	1.0	-1.3
FR	09/09	02:45	Manufacturing Production (m/m)	Jul	--	0.7	-1.2
SP	09/09	03:00	Industrial Output NSA (y/y)	Jul	--	--	1.0
TU	09/09	03:00	Real GDP (y/y)	2Q	--	3.70	4.81
UK	09/09	04:30	Visible Trade Balance (£ mn)	Jul	--	-11750.0	-12409
RU	SEPT 9-12		Real GDP (y/y)	2Q P	--	-0.60	-0.60

### ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
AU	09/04	21:30	ANZ Job Advertisements (m/m)	Aug	--	--	-0.8
CH	09/04	21:45	Caixin China Composite PMI	Aug	--	--	51.9
CH	09/04	21:45	Caixin China Services PMI	Aug	--	--	51.7
HK	09/04	22:30	Purchasing Managers Index	Aug	--	--	47.2
ID	SEPT 4-5		Consumer Confidence Index	Aug	--	--	114.2
IN	SEPT 4-30		Current Account Balance	2Q	--	--	-0.32
NZ	09/05	20:00	QV House Prices (y/y)	Aug	--	--	14.1
TA	09/05	20:30	CPI (y/y)	Aug	1.0	1.0	1.2
PH	09/05	21:00	CPI (y/y)	Aug	2.0	1.9	1.9
PH	09/05	21:00	Core CPI (y/y)	Aug	--	1.9	1.9
PH	09/05	21:00	CPI (m/m)	Aug	--	0.2	0.1
AU	09/05	21:30	Current Account (AUD bn)	2Q	--	-20.0	-20.8
AU	09/05	21:30	Australia Net Exports of GDP	2Q	--	0.0	1.1
AU	09/06	00:30	<b>RBA Cash Target Rate (%)</b>	<b>Sep 6</b>	<b>1.50</b>	<b>1.50</b>	<b>1.50</b>
MA	09/06	03:00	Foreign Reserves (US\$ bn)	Aug 30	--	--	97.5
NZ	09/06	18:45	Manufacturing Activity	2Q	--	--	-2.6
JN	09/06	19:50	Official Reserve Assets (US\$ bn)	Aug	--	--	1265
AU	09/06	21:30	GDP (q/q)	2Q	3.1	0.4	1.1
AU	09/06	21:30	GDP (y/y)	2Q	--	3.2	3.1
CH	SEPT 6-7		Foreign Reserves (US\$ bn)	Aug	--	3191	3201
MA	09/07	00:00	Exports (y/y)	Jul	--	0.0	3.4
MA	09/07	00:00	Imports (y/y)	Jul	--	-1.6	8.3
MA	09/07	00:00	Trade Balance (MYR bn)	Jul	--	3.8	5.5
JN	09/07	01:00	Coincident Index CI	Jul P	--	111.7	111.1
JN	09/07	01:00	Leading Index CI	Jul P	--	98.6	99.2
JN	09/07	01:00	New Composite Leading Economic Index	Jul P	--	98.6	99.2
AU	09/07	02:30	Foreign Reserves (AUD bn)	Aug	--	--	66.0
MA	09/07	03:00	<b>Overnight Rate (%)</b>	<b>Sep 7</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>
TA	09/07	04:00	Exports (y/y)	Aug	--	-0.5	1.2
TA	09/07	04:00	Imports (y/y)	Aug	--	-4.8	-0.2
TA	09/07	04:00	Trade Balance (US\$ bn)	Aug	--	4.2	3.6
SI	09/07	05:00	Foreign Reserves (US\$ mn)	Aug	--	--	251429

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

## Key Indicators for the week of September 5 – 9

### ASIA-PACIFIC (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
JN	09/07	19:50	Bank Lending (y/y)	Aug	--	--	2.1
JN	09/07	19:50	Current Account (¥ bn)	Jul	--	2073.3	974.4
JN	09/07	19:50	GDP (q/q)	2Q F	0.0	0.0	0.0
JN	09/07	19:50	GDP Deflator (y/y)	2Q F	--	0.8	0.8
JN	09/07	19:50	Trade Balance - BOP Basis (¥ bn)	Jul	--	579.4	763.6
AU	09/07	21:30	Trade Balance (AUD mn)	Jul	--	-2700	-3195
CH	SEPT 7-8		Exports (y/y)	Aug	--	-3.9	-4.4
CH	SEPT 7-8		Imports (y/y)	Aug	--	-5.0	-12.5
CH	SEPT 7-8		Trade Balance (USD bn)	Aug	--	58.4	52.3
JN	09/08	19:50	Japan Money Stock M2 (y/y)	Aug	--	3.3	3.3
JN	09/08	19:50	Japan Money Stock M3 (y/y)	Aug	--	2.9	2.9
PH	09/08	21:00	Exports (y/y)	Jul	--	-10.8	-11.4
PH	09/08	21:00	Unemployment Rate (%)	Jul	6.1	--	6.1
AU	09/08	21:30	Home Loans (%)	Jul	--	-1.5	1.2
AU	09/08	21:30	Investment Lending (% change)	Jul	--	--	3.2
CH	09/08	21:30	CPI (y/y)	Aug	1.8	1.7	1.8
CH	09/08	21:30	PPI (y/y)	Aug	--	-1.0	-1.7
IN	SEPT 8-15		Exports (y/y)	Aug	--	--	-6.8
IN	SEPT 8-15		Imports (y/y)	Aug	--	--	-19.0
SK	SEPT 8-9		<b>BoK Base Rate (%)</b>	<b>Sep 9</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>
JN	SEPT 7-8		Eco Watchers Survey (current)	Aug	--	45.2	45.1
JN	SEPT 7-8		Eco Watchers Survey (outlook)	Aug	--	46.8	47.1
MA	09/09	00:00	Industrial Production (y/y)	Jul	--	3.5	5.3
JN	09/09	00:30	Tertiary Industry Index (m/m)	Jul	--	0.4	0.8

### LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CL	09/05	07:30	Economic Activity Index SA (m/m)	Jul	--	0.6	0.2
CL	09/05	07:30	Economic Activity Index NSA (y/y)	Jul	0.7	1.0	0.8
CO	09/05	20:00	Consumer Price Index (m/m)	Aug	--	0.1	0.5
CO	09/05	20:00	Consumer Price Index (y/y)	Aug	--	8.6	9.0
CL	09/08	07:00	CPI (m/m)	Aug	0.1	0.0	0.2
CL	09/08	07:00	CPI (y/y)	Aug	3.4	3.3	4.0
PE	09/08	19:00	<b>Reference Rate (%)</b>	<b>Sep 8</b>	<b>4.25</b>	<b>4.25</b>	<b>4.25</b>
BZ	09/09	08:00	IBGE Inflation IPCA (m/m)	Aug	--	0.4	0.5
BZ	09/09	08:00	IBGE Inflation IPCA (y/y)	Aug	--	9.0	8.7
PE	SEPT 9-12		Trade Balance (USD mn)	Jul	--	--	-325.0

## Events for the week of September 5 – 9

### NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	09/06	21:15	Fed's Williams Speaks on Outlook in Reno, Nevada
CA	09/07	10:00	<b>Bank of Canada Rate Decision</b>
US	09/07	14:00	U.S. Federal Reserve Releases Beige Book
CA	09/08	12:05	Bank of Canada's Tim Lane Presentation in Thunder Bay
US	09/09	07:45	Fed's Rosengren to Deliver Economic Forecast in Boston

### EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	09/03	02:30	ECB's Mersch speaks in Cernobbio, Italy
GE	09/06	04:00	Schaeuble Presents Germany's 2016 Budget to Parliament
SZ	09/06	12:15	SNB's Jordan Speaks in Lucerne
EC	09/06	13:00	Dijsselbloem Speaks at Bruegel in Brussels
SW	09/07	03:30	<b>Riksbank Interest Rate</b>
EC	09/07	05:15	BOE's Cunliffe on Panel at Bruegel Think Tank in Brussels
EC	09/07	07:45	EU's Barnier Speaks at Bruegel Conference in Brussels
UK	09/07	09:15	BOE's Carney, Cunliffe, Forbes, McCafferty Speak in London
EC	09/07	11:00	EU's Sefcovic Speaks at Bruegel Think Tank in Brussels
NE	09/08	04:00	Dijsselbloem Discusses Eurogroup Agenda in Dutch Parliament
SW	09/08	04:15	Riksbank Deputy Governor Jansson Speaks
EC	09/08	07:45	<b>ECB Main Refinancing Rate</b>
EC	09/08	07:45	<b>ECB Deposit Facility Rate</b>
EC	09/08	07:45	<b>ECB Marginal Lending Facility</b>
UK	09/09	02:00	Riksbank Deputy Governor Floden in London
EC	09/09	03:00	Euro-Area Finance Chiefs, Central Bankers Meet in Bratislava

### ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CH	SEPT 3-5		G-20 Leaders Meet in Hangzhou, China
JN	09/04	22:30	Kuroda Speaks at a Kyodo News event
AU	09/06	00:30	<b>RBA Cash Rate Target</b>
MA	09/07	03:00	<b>BNM Overnight Policy Rate</b>
AU	09/07	18:55	RBA's Lowe Introductory Remarks at Sydney Conference
JN	09/08	00:30	BOJ Nakaso makes a speech at ACCJ in Tokyo
SK	SEPT 8-9		<b>BoK 7-Day Repo Rate</b>

### LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
PE	09/08	19:00	<b>Reference Rate</b>

Source: Bloomberg, Scotiabank Economics.

## Global Central Bank Watch

### NORTH AMERICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Canada – Overnight Target Rate	0.50	September 7, 2016	0.50	0.50
Federal Reserve – Federal Funds Target Rate	0.50	September 21, 2016	0.50	0.50
Banco de México – Overnight Rate	4.25	September 29, 2016	4.25	--

**Bank of Canada:** We expect the BoC to hold steady in the coming week's decision on Wednesday (statement only, 10am, no forecasts or press conference). The BoC can rest assured that its broad story of a pending economic rebound is likely to occur in the current quarter and therefore no policy change or shift in the storyline is required. That still leaves open a vibrant debate on the policy risks toward year-end and throughout our forecast horizon.

**Federal Reserve:** Nonfarm payrolls were probably strong enough for the Fed, but other factors may result in it keeping its powder dry later this month. They include the likelihood that other central banks could ease beforehand such as the ECB next week and/or the BoE and BoJ, still sub-target inflation, and mixed growth signals including a weak ISM and softer vehicle sales. Markets are not priced for a hike just yet and the election does indeed matter.

### EUROPE

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
European Central Bank – Refinancing Rate	0.00	September 8, 2016	0.00	0.00
Bank of England – Bank Rate	0.25	September 15, 2016	0.50	--
Swiss National Bank – Libor Target Rate	-0.75	September 15, 2016	-0.75	--
Central Bank of Russia – One-Week Auction Rate	10.50	September 16, 2016	10.50	--
Sweden Riksbank – Repo Rate	-0.50	September 7, 2016	-0.50	-0.50
Norges Bank – Deposit Rate	0.50	September 22, 2016	0.50	--

**ECB:** We expect the ECB to ease policy at its meeting on Thursday September 8th. Please see the accompanying article for further elaboration.

### ASIA PACIFIC

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Japan – Policy Rate	-0.10	September 21, 2016	-0.15	--
Reserve Bank of Australia – Cash Target Rate	1.50	September 6, 2016	1.50	1.50
Reserve Bank of New Zealand – Cash Rate	2.00	September 21, 2016	2.00	2.00
People's Bank of China – Lending Rate	4.35	TBA	--	--
Reserve Bank of India – Repo Rate	6.50	October 4, 2016	6.25	--
Bank of Korea – Bank Rate	1.25	September 9, 2016	1.25	1.25
Bank of Thailand – Repo Rate	1.50	September 14, 2016	1.50	1.50
Bank Indonesia – 7-Day Reverse Repo Rate	5.25	September 22, 2016	5.00	--

Monetary policymakers of the **Reserve Bank of Australia** (RBA) and the **Bank of Korea** (BoK) will meet on September 6th and 9th, respectively. We do not expect the RBA to cut the Cash Rate this month as it was lowered by 25 basis points to 1.50% following the August policy meeting. However, we have revised our RBA forecast and now expect further monetary easing to take place in Q1 2017. The BoK will likely leave the 7-Day Repo Rate unchanged at 1.25% next week; the most recent rate cut took place in June. Further monetary easing will likely be implemented in the fourth quarter of this year.

### 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	14.25	October 19, 2016	14.25	--
Banco Central de Chile – Overnight Rate	3.50	September 15, 2016	3.50	3.50
Banco de la República de Colombia – Lending Rate	7.75	September 30, 2016	7.75	--
Banco Central de Reserva del Perú – Reference Rate	4.25	September 8, 2016	4.25	4.25

**Peru:** No change in rates is expected this week and the scope for surprise is lower than at other prior moments. Please see the Global Week Ahead text for further elaboration.

### 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	September 22, 2016	7.00	--

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

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