

**A DECEMBER TO REMEMBER?**

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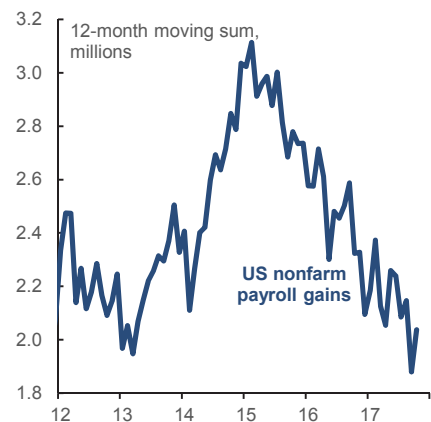
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**Next Week's Risk Dashboard**

- ▶ Bank of Canada
- ▶ US tax vote, further negotiations
- ▶ US debt ceiling, spending bill
- ▶ US nonfarm payrolls
- ▶ RBA
- ▶ RBI
- ▶ Banco Central do Brasil
- ▶ Asian inflation
- ▶ LatAm inflation
- ▶ CDN exports, housing
- ▶ UK, Eurozone growth signals

**Chart of the Week**
**US Hiring Still Moving South**


Source: Scotiabank Economics, Haver Analytics.

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

## A December To Remember?

### CANADA — WILL JOBS SWAY THE BoC?

**Next Wednesday's Bank of Canada statement had been expected to be of the placeholder variety but became more interesting in the wake of recent jobs and growth data.** How the BoC manages the delicate balance of mixed data versus its various uncertainties will be keenly watched by markets that pushed higher the odds of a hike next week to about one-in-five following jobs data. Scotia's call is for no rate change with a still cautious overall bias. Minor data risk and the conclusion of the bank earnings season will play second and third fiddle to the BoC in crafting near-term market risks to CAD and rates.

The BoC statement arrives Wednesday at 10amET and there will be no MPR, forecast updates or press conference this time around. BoC Governor Poloz recently countered criticism from former Governor Dodge who advised the BoC to continue raising rates by noting that the BoC had hiked twice in the span of weeks and wished to evaluate the effects before proceeding further. During this past week's press conference for the release of the Financial System Review, Poloz added that the rate hikes' effects were still being monitored and that it was too soon to tell what they might be given a 6–8 quarter lagged response of the economy to rate hikes. **That is fairly strong guidance not to expect a rate hike next week in favour of looking through the latest contemporaneous data prints albeit that some of the data arrived after his remarks.** Poloz's comments probably also suggest, however, that there is a very high bar for near-term data to matter to the BoC versus longer-term debates.

I would expect next Wednesday's statement to flag a softening consumption picture as the boost effect from increased child benefit payments wanes. With that would be guidance that growth is expected to continue along a softer trajectory in the near-term, though expected income gains should restore consumption growth once this post-stimulus adjustment effect has matured. Strong job gains will be acknowledged—or should be—but only a recency bias would ignore other more mixed data like how export volumes have been on a declining trend since Spring. As for how to respond to recent reports indicating very strong job gains ([here](#)) and modest GDP growth ([here](#)), I would suggest the following four points of caution in how they may impact the BoC's thinking:

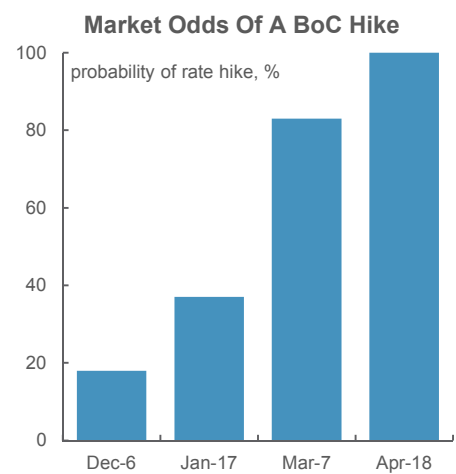
1. GDP growth somewhat disappointed BoC expectations through a mild downward revision in Q2 (4.3% from 4.5%), and Q3 GDP growth was slightly softer than the BoC expected (1.6% versus 1.8%). **That meant the level of GDP was almost a half percentage point lower than the BoC had anticipated by the end of Q3. In turn, this would mean slightly less pressure upon overall economic slack than the BoC was anticipating.** At a minimum, it would not make the BoC more hawkish in its thinking on growth, the output gap and inflation modelling than it was in the October and subsequent communications.

2. Job growth was strong and the unemployment rate fell sharply, but jobs are a contemporaneous measure and the unemployment rate is a lagging measure, so neither will capture the lagging effects of recent rate hikes or obviously forward-looking risks to the outlook. **We therefore cannot say with confidence that job markets remain resilient in the face of higher rates and uncertainties** especially with the 200bps B-20 stress-test-motivated rate shock coming down the pipeline to the uninsured mortgage book.

3. The reliance upon a one percentage point addition to Q3 GDP growth from inventories may reinforce the BoC's caution to the drivers of near-term growth.

4. While wage gains have accelerated again to 2.7% y/y, two cautions are in order. One is that some of this acceleration might be a year-ago base effect bounce and more to come in 2018 will be significantly driven by higher minimum wages that will add about a full percentage point to average nationwide wage growth. They could be transitory lifts that then watch wage growth tumble back toward a more cycle-normal 2% benchmark thereafter. If so, then real wage growth would stop toward the end of 2018 into 2019 if the BoC is right in projecting a return to 2% inflation by that time frame. Second, given this observation coupled with the 12–18

Chart 1



Sources: Scotiabank Fixed Income Research.

month lag effects of monetary policy adjustments, would you hike today if real wages may already be set to post no growth a year from now?

5. It may be that NAFTA uncertainty at a point of strained industrial capacity is causing a shift toward labour relative to capital in meeting incremental demand. Hiring more workers and paying them more could be a substitute to laying down millions or billions on new cap-ex projects when the investment and trade rules of the game are in a state of flux. If so, the productivity implications going forward could be negative.

**In a grander sense, the BoC pause story continues to be informed by a heavy—though varying, and at times frustratingly so—emphasis upon various uncertainties that are clouding the outlook.** With those uncertainties, I certainly wouldn't push current OIS market pricing further than at present (chart 1). At the top of the list are ongoing NAFTA negotiations with greater clarity on the direction of this risk not likely to be forthcoming until late Winter or Spring. Core sticking points include a US proposal for a sunset clause, the elimination of dispute resolution mechanisms, higher targeted US auto import content and the elimination of Canadian dairy marketing boards, and there appears to be little progress toward resolving these thorny divides. Household debt sensitivities and the effects of tightened B-20 mortgage rule guidelines are also material considerations. Estimation difficulties surrounding spare capacity and potential growth estimates are coupled with a likely desire by the BoC to await harder evidence that inflation is on the rise in the wake of years of failed forecasts that prematurely anticipated as much. Of course, whether consumer spending growth can be restored—and when—following a spending binge that took a sharp increase in child benefit payments to the malls and on-line requires further time, data and patience to evaluate.

**Housing starts** (Friday) have exceeded 200k at a monthly annualized and seasonally adjusted pace for nine of the ten months so far this year. Will November's print make it ten of eleven? Think about this for a moment: in US-equivalent terms, average monthly housing starts this year have run at a pace of construction that would be around 2½ million homes being constructed this year, or about double the actual pace of US home construction. Such enormous strength is getting a lift from tight supply in the new build segment and higher demand stemming from strong job gains, increased national immigration targets and—in Ontario and BC—the return of workers coming back into the provinces from the energy patches in Alberta, Saskatchewan and Newfoundland. A downside risk is that the buy-to-let private investment condo units face a bleaker outlook because Ontario now imposes a 2% rent controlled annual increase upon them—which may drive more rental activity underground.

**This Tuesday's trade figures for October may be of greater importance to the BoC. After a mild rise in export volumes in September against a sharply declining trend, the issue is whether exports are putting up some growth momentum into Q4.** The trade figures will also add to early tracking evidence for October GDP growth by way of indirect signals for consumption through import figures, resource sector output given most gets exported, and export-oriented manufacturing activity. As consumption growth softens, the emphasis upon trade growth increases but with NAFTA risks making present export growth of lesser importance than future risks.

Bank earnings wrap up with BMO and Laurentian Bank releasing on Tuesday followed by Canadian Western Bank on Thursday.

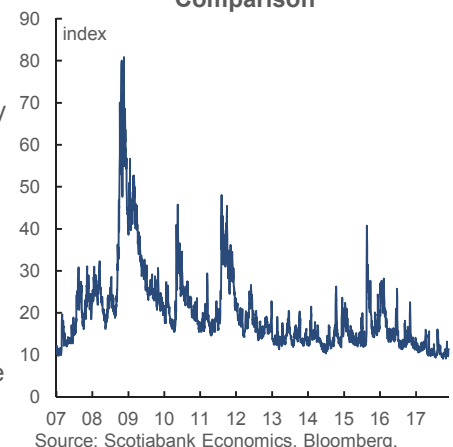
## UNITED STATES — POLITICAL RISK VS. TAX REFORM

While volatility has increased of late, it's worth putting it in perspective compared to real bouts of market volatility (chart 2). Today pales by comparison. Nevertheless, several key risks will combine with nonfarm payrolls to likely drive continued volatility plays over the coming week.

**As this note goes to print, a possible Senate vote on the Tax Cuts And Jobs Act awaits.** If it passes, then the Senate's version and the House's version go into 'conference' during which committees from the House and Senate hash out a common agreement to bridge differences in the plans and re-submit a single proposal to both chambers for renewed votes. We're still a fair distance from enacting a tax plan, while the debt ceiling and spending appropriations deadlines loom alongside government shutdown risks. All the while the Mueller investigation has intensified political risks.

Chart 2

Today's Volatility Is Nothing By Comparison



Source: Scotiabank Economics, Bloomberg.

**Data risk will be overwhelmingly focused upon nonfarm payrolls.** Scotia expects a moderated pace of job gains down to the 200k monthly pace in Friday's report for November with the primary thinking being that the pent-up post-hurricane hiring demand that was evident in October will likely wane. Wage growth is expected to accelerate but entirely upon a fairly upbeat take on the month-ago pace of change as year-ago base effects suggest a flat reading. The less widely watched ADP private payrolls report will be released two days prior to nonfarm.

**Other data risk will be comparatively mild.** Factory orders (Monday) likely shrank marginally in aggregate given the already known decline in durable goods orders that fell by 1.2% m/m. The trade deficit (Tuesday) is expected to widen, partly given higher oil prices during October. ISM services (also Tuesday) will be challenged to maintain the steep upward rise since July that has taken this growth signal to its highest reading since 2005. That has propelled the US services sector ahead of much of the rest of the pack that themselves have witnessed firmer service sector growth readings (chart 3).

### EUROPE — IS GROWTH IMPROVING?

European markets will largely only have data risk to mull over, most of which will be focused upon the UK and Germany. **The issue at hand will be establishing greater clarity on how growth across much of the industrial and trade complex handed off from Q3 and is tracking in Q4.**

**The UK will issue four main macro reports that will touch upon most of the main industries and provide much greater colour on whether there is a mixed improvement in overall growth.** First up will be the purchasing managers' index for the construction sector in November that had been on a multi-month cooling trend backed up by soft construction spending tallies until the surprise up-tick in that sector's PMI in October and so the issue is whether or not that was a red herring by way of growth signals. The services PMI will then be updated on Tuesday for the same month and this one has accelerated for the past couple of months. Put these two PMI readings in the context of what we recently learned by way of an unexpectedly stronger manufacturing PMI reading that climbed to its highest since 2013 (chart 4). Friday's industrial output figures for October will round out the picture of indicators being watched for signs that the UK economy is improving into Q4. Recall that industrial output has risen every month since March and growth accelerated in September with some of the catalysts being the lagged effects of past depreciation in pound sterling and improving global growth signals. The caper on it all will be Friday's trade figures for October after trade was a drag on overall economic growth in Q3.

**A similar batch of data will arrive in Germany.** Factory orders have risen by about 5% over the most recent two months which saw an acceleration to end Q3 and set up a good hand-off to Q4. October's figures will help determine whether that momentum is continuing. In year-ago terms, German factory orders are up by almost 10%. Industrial output has been more erratic as a large gain in August saw more than half of that taken back in September. Finally, trade figures for October follow on Friday and they have also been volatile although a pullback in export growth wouldn't be a surprise following the 5% m/m surge in export volumes during September.

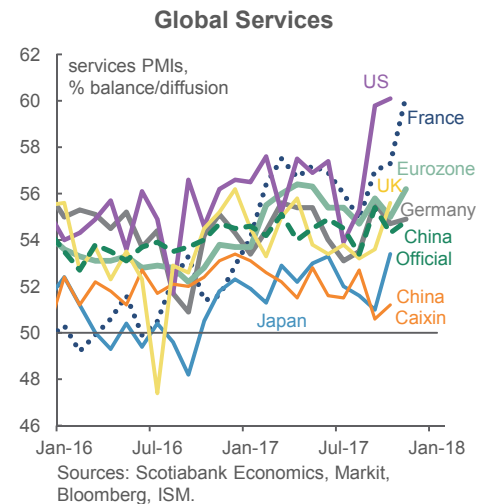
**French trade and industrial output figures** arrive Thursday and Friday and here too the issue is one of establishing a trend into Q4. Industrial output growth has been oscillating between positives and negatives throughout the year. The net effect has been modest 3% y/y output growth.

### LATIN AMERICA — ONE MORE FOR INSURANCE?

**A major regional central bank decision and four inflation reports should whet the appetite of LatAm market participants over the coming week.** The pattern of divergent inflation readings is expected to continue especially in relation to central bank policy targets.

**Banco Central do Brasil is expected to cut its Selic rate by 50bps on Wednesday.** Minutes to the October 25<sup>th</sup> policy meeting provided guidance that a modest reduction in the pace of easing would be appropriate at the December meeting. Recall that the

Chart 3



central bank had slowed the pace of monetary easing from 100 point drops at each meeting since May until it slowed the pace of easing to a 75 bps cut in October. If the pace of easing reduces further as advised, then a 50bps cut would seem logical. **A few days later on Friday the optics of continued policy easing may prove to be a little more awkward.** Inflation has been rising a little from a trough of 2.5% y/y in August to 2.7% in October, with November CPI inflation expected to rise by another tenth or two. That will still leave inflation below the target range of 4.5% +/- 1.5%, but marginally beneath the lower bound and so the policy focus may be upon taking out additional easing insurance to raise the odds of getting inflation back on target.

Speaking of inflation, that will be the main focus across the rest of the week's reports. **CPI inflation for November will be updated by Colombia (Tuesday), Chile (Thursday) and Mexico (Thursday).** Mexican inflation is likely to continue to crest but at over double the mid-point of Banxico's 3% +/-1% inflation target range. Colombia's inflation is expected to hold just over 4% y/y and hence slightly above the central bank's 3% +/- 1% target range. Only Chile is expected to continue observing inflation slightly below the lower end of the central bank's 3% +/-1% inflation target range.

### ASIA — THE THREE Rs

Two regional central banks (RBA, RBI) update their policy bias while a series of reports will further inform Asian reflation risks and potential spillover effects exported abroad.

**No one expects the Reserve Bank of Australia to alter its policy rate on Monday while only a minority expect the Reserve Bank of India to ease on Wednesday.** On the RBA, however, the focus will be upon the bias which may be mildly hawkish. Recall that Governor Lowe passed the following remarks on November 21<sup>st</sup> and they put upward pressure upon the A\$ because they signalled a patient hiking bias:

1. *"If the economy continues to improve as expected, it is more likely that the next move in interest rates will be up, rather than down. But the continuing spare capacity in the economy and the subdued outlook for inflation mean that there is not a strong case for a near-term adjustment in monetary policy. We will, of course, continue to keep that judgement under review."*
2. In reference to inflation: *"We're not too far away from 2 percent and I think we'll get there, we're just not getting there as quickly as we would like to. We're prepared to be patient. We're getting there, we're making progress, we're patient and we'll continue to be patient."*
3. On wages, Lowe stated *"I think eventually the forces of supply and demand will win out and wage growth will pick up, it's just taking time."*

Please see chart 4 for OIS market expectations regarding the probability of an RBA rate hike by meeting.

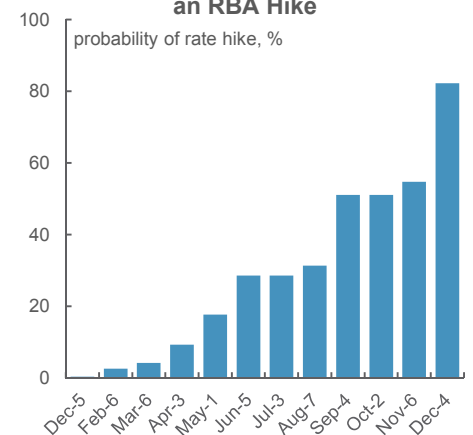
**On the RBI, the consensus is going against a cut call because of signs that growth may be improving while inflation is rising.** Q3 growth rose to 6.3% y/y from the Q2 trough of 5.7%. Inflation has also been rising over recent months from a low of 1.5% y/y in June to 3.6% in October which brings it back within the 4% +/-2% inflation target range.

**Next week is likely to yield little evidence of firming Asian inflation readings and hence pass-through risks to western inflation.** Chinese CPI is expected to hold at a sub-2% y/y pace with producer price inflation expected to continue ebbing. Indonesian inflation is expected to decline somewhat but still remain in the bottom half of the 4% +/-1% inflation target range. Philippines CPI is expected to ease back toward the mid-point of the 3% +/-1% inflation target range. Last, Taiwan's year-ago CPI inflation rate is expected to remain slightly negative while core inflation remains mild at around the 1% y/y mark.

Other data risk will be fairly minor and regional in nature with the only possible exception being Chinese trade figures that will be updated for November on Friday. China's private services PMI (Monday night ET), India's trade figures (Friday) and Australian retail sales round out the calendar.

Chart 4

#### Markets Are In No Rush To Project an RBA Hike



Sources: Scotiabank Economics, Bloomberg.

**Key Indicators for the week of December 4 – 8**
**NORTH AMERICA**

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	12/04	10:00	Durable Goods Orders (m/m)	Oct F	--	-1.0	-1.2
US	12/04	10:00	Durable Goods Orders ex. Trans. (m/m)	Oct F	--	--	0.4
US	12/04	10:00	Factory Orders (m/m)	Oct	-0.5	-0.4	1.4
CA	12/05	08:30	Merchandise Trade Balance (C\$ bn)	Oct	-2.5	-2.7	-3.2
US	12/05	08:30	Trade Balance (US\$ bn)	Oct	-47.0	-47.4	-43.5
US	12/05	10:00	ISM Non-Manufacturing Composite	Nov	59.5	59.0	60.1
US	12/06	07:00	MBA Mortgage Applications (w/w)	DEC 1	--	--	-3.1
US	12/06	08:15	ADP Employment Report (000s m/m)	Nov	195.0	190.0	234.9
CA	12/06	08:30	Productivity (q/q a.r.)	3Q	--	--	-0.1
US	12/06	08:30	Productivity (q/q a.r.)	3Q F	--	3.3	3.0
US	12/06	08:30	Unit Labor Costs (q/q a.r.)	3Q F	--	0.3	0.5
CA	12/06	10:00	<b>BoC Interest Rate Announcement (%)</b>	<b>Dec 6</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>
CA	12/07	08:30	Building Permits (m/m)	Oct	--	--	3.8
US	12/07	08:30	Initial Jobless Claims (000s)	DEC 2	235	240	238
US	12/07	08:30	Continuing Claims (000s)	NOV 25	1900	1893	1957
MX	12/07	09:00	Bi-Weekly Core CPI (% change)	Nov 30	--	--	0.3
MX	12/07	09:00	Bi-Weekly CPI (% change)	Nov 30	--	--	0.9
MX	12/07	09:00	Consumer Prices (m/m)	Nov	--	--	0.6
MX	12/07	09:00	Consumer Prices (y/y)	Nov	--	--	6.4
MX	12/07	09:00	Consumer Prices Core (m/m)	Nov	--	--	0.3
US	12/07	15:00	Consumer Credit (US\$ bn m/m)	Oct	--	16.4	20.8
CA	12/08	08:15	Housing Starts (000s a.r.)	Nov	205.0	215.0	222.8
CA	12/08	08:30	Capacity Utilization (%)	3Q	--	--	85.0
US	12/08	08:30	Nonfarm Employment Report (000s m/m)	Nov	190.0	200.0	261.0
US	12/08	08:30	Unemployment Rate (%)	Nov	4.1	4.1	4.1
US	12/08	08:30	Household Employment Report (000s m/m)	Nov	--	--	-484.0
US	12/08	08:30	Average Hourly Earnings (m/m)	Nov	--	0.3	0.0
US	12/08	08:30	Average Hourly Earnings (y/y)	Nov	2.6	2.7	2.4
US	12/08	08:30	Average Weekly Hours	Nov	--	34.4	34.4
US	12/08	10:00	U. of Michigan Consumer Sentiment	Dec P	99.0	99.0	98.5

**EUROPE**

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
UK	12/04	04:30	PMI Construction	Nov	--	51.0	50.8
EC	12/04	05:00	PPI (m/m)	Oct	--	0.3	0.6
GR	12/04	05:00	Real GDP NSA (y/y)	3Q F	--	--	0.7
SP	12/05	03:00	Industrial Output NSA (y/y)	Oct	--	--	0.2
IT	12/05	03:45	Services PMI	Nov	--	53.2	52.1
FR	12/05	03:50	Services PMI	Nov F	--	60.2	60.2
GE	12/05	03:55	Services PMI	Nov F	--	54.9	54.9
EC	12/05	04:00	Composite PMI	Nov F	--	57.5	57.5
EC	12/05	04:00	Services PMI	Nov F	--	56.2	56.2
UK	12/05	04:30	Official Reserves Changes (US\$ bn)	Nov	--	--	30.0
UK	12/05	04:30	Services PMI	Nov	56.0	55.0	55.6
EC	12/05	05:00	Retail Trade (m/m)	Oct	--	-0.7	0.7
GE	12/06	02:00	Factory Orders (m/m)	Oct	--	-0.2	1.0
GE	12/07	02:00	Industrial Production (m/m)	Oct	--	1.0	-1.6
FR	12/07	02:45	Current Account (€ bn)	Oct	--	--	-3090
FR	12/07	02:45	Trade Balance (€ mn)	Oct	--	-4675	-4669
UK	12/07	03:30	Halifax House Price (3 month, y/y)	Nov	3.9	3.9	4.5
IT	12/07	04:00	Unemployment Rate (%)	3Q	--	11.2	11.2
EC	12/07	05:00	GDP (q/q)	3Q F	0.6	0.6	0.6

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

## Key Indicators for the week of 4 – 8

### EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
GE	12/08	02:00	Current Account (€ bn)	Oct	--	20.0	25.4
GE	12/08	02:00	Trade Balance (€ bn)	Oct	--	21.9	0.0
FR	12/08	02:45	Central Government Balance (€ bn)	Oct	--	--	-76.3
FR	12/08	02:45	Industrial Production (m/m)	Oct	--	-0.1	0.6
FR	12/08	02:45	Industrial Production (y/y)	Oct	--	2.9	3.2
FR	12/08	02:45	Manufacturing Production (m/m)	Oct	--	--	0.4
UK	12/08	04:30	Industrial Production (m/m)	Oct	-0.2	0.0	0.7
UK	12/08	04:30	Manufacturing Production (m/m)	Oct	-0.2	0.0	0.7
UK	12/08	04:30	Visible Trade Balance (£ mn)	Oct	-12000	-11500	-11253

### ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
JN	12/03	18:50	Monetary Base (y/y)	Nov	--	--	14.5
AU	12/03	19:30	ANZ Job Advertisements (m/m)	Nov	--	--	1.4
ID	12/03	23:00	CPI (y/y)	Nov	3.4	3.4	3.6
ID	12/03	23:00	Core CPI (y/y)	Nov	--	3.1	3.1
JN	12/04	00:00	Consumer Confidence	Nov	--	44.9	44.5
SI	12/04	08:00	Purchasing Managers Index	Nov	--	--	52.6
SK	12/04	18:00	Current Account (US\$ mn)	Oct	--	--	12205
AU	12/04	19:30	Current Account (AUD bn)	3Q	--	-9	-9562
AU	12/04	19:30	Retail Sales (m/m)	Oct	--	0.3	0.0
AU	12/04	19:30	Australia Net Exports of GDP	3Q	--	0.3	0.3
HK	12/04	19:30	Purchasing Managers Index	Nov	--	--	50.3
PH	12/04	20:00	CPI (y/y)	Nov	3.3	3.2	3.5
PH	12/04	20:00	Core CPI (y/y)	Nov	--	3.2	3.2
CH	12/04	20:45	HSBC Services PMI	Nov	--	--	51.2
AU	12/04	22:30	<b>RBA Cash Target Rate (%)</b>	<b>Dec 5</b>	<b>1.50</b>	<b>1.50</b>	<b>1.50</b>
TA	12/05	03:00	CPI (y/y)	Nov	-0.3	-0.2	-0.3
AU	12/05	19:30	GDP (y/y)	3Q	3.1	3.0	1.8
MA	12/05	23:00	Exports (y/y)	Oct	--	17.5	14.8
MA	12/05	23:00	Imports (y/y)	Oct	--	19.7	15.2
MA	12/05	23:00	Trade Balance (MYR bn)	Oct	--	9.6	8.6
IN	12/06	04:00	<b>Repo Rate (%)</b>	<b>Dec 6</b>	<b>6.00</b>	<b>6.00</b>	<b>6.00</b>
IN	12/06	04:00	<b>Reverse Repo Rate (%)</b>	<b>Dec 6</b>	<b>5.75</b>	<b>5.75</b>	<b>5.75</b>
IN	12/06	04:00	<b>Cash Reserve Ratio (%)</b>	<b>Dec 6</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>
AU	12/06	19:30	Trade Balance (AUD mn)	Oct	--	1400.0	1745.0
TH	12/06	22:30	Consumer Confidence Economic	Nov	--	--	64.1
CH	DEC 6-7		Foreign Reserves (US\$ bn)	Nov	--	3122.0	3109.2
ID	DEC 6-7		Consumer Confidence Index	Nov	--	--	120.7
JN	12/07	00:00	Coincident Index CI	Oct P	--	116.2	116.2
JN	12/07	00:00	Leading Index CI	Oct P	--	106.1	106.4
AU	12/07	00:30	Foreign Reserves (AUD bn)	Nov	--	--	78.1
MA	12/07	02:00	Foreign Reserves (US\$ bn)	Nov 30	--	--	101.5
SI	12/07	04:00	Foreign Reserves (US\$ mn)	Nov	--	--	276012.5
NZ	12/07	16:45	Manufacturing Activity	3Q	--	--	3.9
JN	12/07	18:50	Bank Lending (y/y)	Nov	--	2.8	2.8
JN	12/07	18:50	GDP (q/q)	3Q F	0.3	0.4	0.3
JN	12/07	18:50	GDP Deflator (y/y)	3Q F	--	0.1	0.1
AU	12/07	19:30	Home Loans (%)	Oct	--	-2.0	-2.3
AU	12/07	19:30	Investment Lending (% change)	Oct	--	--	-6.2
CH	DEC 7-8		Exports (y/y)	Nov	--	5.1	6.9
CH	DEC 7-8		Imports (y/y)	Nov	--	12.0	17.2
CH	DEC 7-8		Trade Balance (USD bn)	Nov	--	34.7	38.2
IN	DEC 7-15		Exports (y/y)	Nov	--	--	-1.1
IN	DEC 7-15		Imports (y/y)	Nov	--	--	7.6

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

## Key Indicators for the week of 4 – 8

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

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
TA	12/08	03:00	Exports (y/y)	Nov	--	9.8	3.0
TA	12/08	03:00	Imports (y/y)	Nov	--	5.7	0.1
TA	12/08	03:00	Trade Balance (US\$ bn)	Nov	--	4.9	5.2
CH	12/08	20:30	CPI (y/y)	Nov	1.8	1.8	1.9
CH	12/08	20:30	PPI (y/y)	Nov	--	5.8	6.9

### LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
BZ	12/05	06:00	Industrial Production SA (m/m)	Oct	--	0.1	0.2
BZ	12/05	06:00	Industrial Production (y/y)	Oct	--	5.2	2.6
CL	12/05	06:30	Economic Activity Index SA (m/m)	Oct	--	0.0	-0.1
CL	12/05	06:30	Economic Activity Index NSA (y/y)	Oct	3.0	2.9	1.3
CO	12/05	19:00	Consumer Price Index (m/m)	Nov	--	0.1	0.0
CO	12/05	19:00	Consumer Price Index (y/y)	Nov	--	4.1	4.1
BZ	12/06		<b>SELIC Target Rate (%)</b>	<b>Dec 6</b>	<b>7.00</b>	<b>7.00</b>	<b>7.50</b>
CL	12/07	06:00	CPI (m/m)	Nov	0.0	0.1	0.6
CL	12/07	06:00	CPI (y/y)	Nov	1.8	1.9	1.9
BZ	12/08	06:00	IBGE Inflation IPCA (m/m)	Nov	--	0.4	0.4
BZ	12/08	06:00	IBGE Inflation IPCA (y/y)	Nov	--	2.9	2.7
PE	DEC 8-11		Trade Balance (USD mn)	Oct	500.0	--	934.5



## Global Auctions for the week of 4 – 8

### EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
NO	12/04	06:00	Norway to Sell Bonds
UK	12/05	05:30	U.K. to Sell GBP2.75 Bln 0.75% 2023 Bonds
DE	12/06	04:30	Denmark to Sell 0.25% 2020 Bonds
DE	12/06	04:30	Denmark to Sell 0.5% 2027 Bonds
NO	12/06	05:05	Norway to Sell Bonds
GE	12/06	05:30	Germany to Sell EUR2 Bln 0.5% 2027 Bonds
SP	12/07	04:40	Spain To Sell 2021 I/L Bonds
FR	12/07	04:50	France to Sell 0.25% 2026 Bonds
FR	12/07	04:50	France to Sell 5.5% 2029 Bonds
FR	12/07	04:50	France to Sell 1.75% 2039 Bonds
SW	12/07	05:03	Sweden to Sell SEK500 Mln 0.125% I/L 2026 Bonds
SW	12/07	05:03	Sweden to Sell I/L Bonds
UK	12/07	05:30	U.K. to Sell GBP2.25 Bln 1.5% 2047 Bonds
FR	12/07	05:50	France to Sell I/L Bonds
IC	12/08	06:30	Iceland to Sell Bonds

### ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	12/03	20:00	Australia To Sell AUD400 Mln 3.25% 2029 Bond
CH	12/04	20:30	Tianjin to Sell Bonds
CH	12/04	21:30	Tianjin to Sell Bonds
JN	12/04	22:45	Japan to Sell 10-Year Bonds
AU	12/05	19:00	Australia To Sell AUD900 Mln 2.25% 2028 Bond
CH	12/05	21:35	China to Sell CNY26 Bln 1-Yr Upsized Bonds
CH	12/05	21:35	China to Sell CNY26 Bln 10-Yr Upsized Bonds
NZ	12/06	20:05	New Zealand Plans to Sell NZD100 Mln 2.5% 2040 I/L Bonds
JN	12/06	22:45	Japan to Sell 30-Year Bonds
AU	12/07	19:00	Australia To Sell AUD500 Mln 2.00% 2021 Bond
CH	12/07	20:30	Gansu to Sell Bonds

## Events for the week of 4 – 8

### NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	DEC 3-7		Canadian Prime Minister Trudeau Visits China
CA	12/06	10:00	<b>Bank of Canada Rate Decision</b>

### EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
PO	12/04	04:00	Bank of Portugal's Costa Speaks at Conference on Investment
BE	12/04	07:00	Euro-Area Finance Ministers Discuss Greece's Bailout
SW	12/05	07:30	Swedish Financial Stability Council Press Conference
SW	12/05	09:00	Riksbank's Ingves Gives Speech
SW	12/06	02:30	Riksbank's Ohlsson Gives Speech
UK	12/06	04:15	UK Brexit Secretary Davis Addresses Brexit Parliamentary Committee
EC	12/06	05:30	ECB Executive Board member Yves Mersch speaks in Frankfurt
GE	12/06	05:30	ECB's Mersch Speaks in Frankfurt
SW	12/06	06:00	Riksbank's Jansson Gives Speech
GE	12/06	12:30	Macron Aide Pisani-Ferry on Europe Panel in Berlin
SW	12/07	02:00	Riksbank's Floden Gives Speech
SW	12/07	04:00	Riksbank's Skingsley Gives Speech
EC	12/07	11:00	Draghi holds conference as GHOS chair in Frankfurt
SW	12/08	02:00	Riksbank's Ingves Gives Speech

### ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	12/04	22:30	<b>RBA Cash Rate Target</b>
JN	12/05	20:30	BOJ Masai makes a speech
IN	12/06	04:00	<b>RBI Repurchase Rate</b>
IN	12/06	04:00	<b>RBI Reverse Repo Rate</b>
IN	12/06	04:00	<b>RBI Cash Reserve Ratio</b>
IN	12/06	04:00	Reserve Bank of India Governor Patel Gives Press Conference

### LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BZ	12/06		<b>Selic Rate</b>
CO	12/07	14:00	Colombia Monetary Policy Minutes

## Global Central Bank Watch

### NORTH AMERICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Canada – Overnight Target Rate	1.00	December 6, 2017	1.00	1.00
Federal Reserve – Federal Funds Target Rate	1.25	December 13, 2017	1.50	1.50
Banco de México – Overnight Rate	7.00	December 14, 2017	7.00	--

**Bank of Canada:** No rate change is expected. Markets increased the risk of a hike in the wake of solid job gains, but slightly softer GDP growth including negative revisions compared with BoC expectations put slightly less pressure upon the output gap and inflation framework. The BoC is likely to continue emphasizing various forward-looking uncertainties while nevertheless flagging recent mixed data.

### 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	December 14, 2017	0.00	--
Bank of England – Bank Rate	0.50	December 14, 2017	0.50	0.50
Swiss National Bank – Libor Target Rate	-0.75	December 14, 2017	-0.75	--
Central Bank of Russia – One-Week Auction Rate	8.25	December 15, 2017	8.25	--
Sweden Riksbank – Repo Rate	-0.50	December 20, 2017	-0.50	--
Norges Bank – Deposit Rate	0.50	December 14, 2017	0.50	--
Central Bank of Turkey – Benchmark Repo Rate	8.00	December 14, 2017	8.00	--

### 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	December 21, 2017	-0.10	--
Reserve Bank of Australia – Cash Target Rate	1.50	December 4, 2017	1.50	1.50
Reserve Bank of New Zealand – Cash Rate	1.75	February 7, 2018	1.75	1.75
People's Bank of China – Lending Rate	4.35	TBA	--	--
Reserve Bank of India – Repo Rate	6.00	December 6, 2017	6.00	6.00
Bank of Korea – Bank Rate	1.50	TBA	1.50	--
Bank of Thailand – Repo Rate	1.50	December 20, 2017	1.50	--
Bank Negara Malaysia – Overnight Policy Rate	3.00	January 25, 2018	3.00	--
Bank Indonesia – 7-Day Reverse Repo Rate	4.25	December 14, 2017	4.25	--

**The Reserve Bank of Australia (RBA)** will hold a monetary policy meeting on December 5 (local time); we do not expect any changes to the benchmark interest rate. The RBA will likely maintain accommodative monetary conditions over the coming quarters in order to support domestic demand as Australia's inflationary pressures remain contained (1.8% y/y in Q3). **The Reserve Bank of India (RBI)** will make a monetary policy decision on December 6. The benchmark repo rate will likely be left at 6.0%. Two key factors will prevent the RBI from loosening monetary policy further: 1) India's inflation has started to accelerate in recent months and 2) there is a risk that the government's fiscal goals may be relaxed in the near future.

### 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	7.50	December 6, 2017	7.00	7.00
Banco Central de Chile – Overnight Rate	2.50	December 14, 2017	2.50	2.50
Banco de la República de Colombia – Lending Rate	4.75	December 14, 2017	4.75	4.50
Banco Central de Reserva del Perú – Reference Rate	3.25	December 14, 2017	3.25	--

**Banco Central do Brasil:** Another rate cut appears likely with consensus unanimous in this regard and calling for a 50bps cut that would bring the Selic rate down beneath where it was at the previous cycle trough in 2013. The consensus bias is informed by minutes to the October 24-25 policy meeting.

### 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	6.75	January 18, 2018	6.75	--

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

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