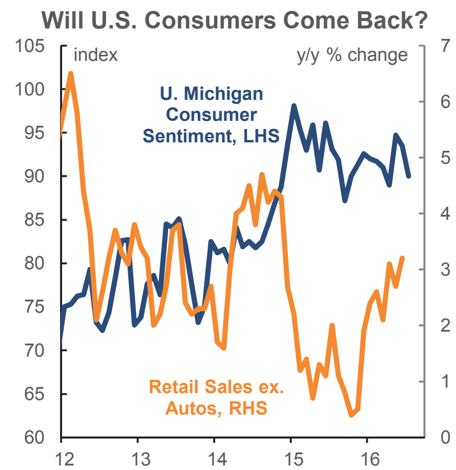
Weekly commentary on economic and financial market developments

August 5, 2016

Please see Scotiabank's Forecast Tables, August 3, 2016, for our latest economic, interest and exchange rate and commodity price forecasts.

This Week's Featured Chart



Source: Bloomberg, Scotiabank Economics.

Monetary Conditions Ease In Australia

- **The Reserve Bank of Australia lowered its benchmark cash rate by 25 basis points to 1.50% following the August 2nd monetary policy meeting.**
- **The decision reflects policymakers' concerns regarding an uncertain global economic environment, low inflationary pressures, and challenges related to Australia's economic transition.**

The Reserve Bank of Australia's (RBA) decision to loosen monetary conditions takes the benchmark cash rate to a new record low of 1.50%. The prior interest rate reduction took place in May 2016. The action was justified by low inflation and easing concerns regarding Australia's housing market imbalances. Moreover, monetary authorities' apparent aversion to a stronger Australian dollar likely played a role too; an appreciating currency would complicate the Australian economy's ongoing structural adjustment following the end of a recent resource investment boom. We do not foresee any further interest rate cuts over the coming months. We consider this week's decision to be a preemptive step targeted to underpin economic momentum over the coming quarters since current domestic conditions had not changed considerably since the early-July meeting when the policy rate was left unchanged. Indeed, the RBA's July and August statements are very similar despite the different policy actions taken.

Inflationary pressures remain muted in Australia, with the headline inflation rate dropping to 1.0% y/y in the second quarter of 2016 from the 1.3% print recorded in the January-March period. Price gains remain well below the central bank's 2-3% target. RBA Governor Glenn Stevens pointed out that policymakers expect inflation to stay weak for some time on the back of muted labour cost gains in Australia — wage growth is currently the lowest on record — and subdued cost pressures globally. While we assess that the annual inflation rate has reached its low point, base effects will lift price pressures only moderately over the second half of 2016; inflation will likely remain slightly below 1.5% y/y at the end of 2016.

In the past, the Australian monetary authorities had expressed concerns regarding potential undesirable developments in the housing market given the low interest rate environment. This week, the policymakers noted that supervisory measures have strengthened lending standards and a more cautious attitude among lenders is evident. These developments, along with moderating real estate price pressures, allowed the RBA to conclude that the probability of lower interest rates intensifying housing market risks has diminished, which paved the way for further monetary easing.

The Australian economy is going through a structural adjustment as its prospects are challenged by three key factors: 1) decreasing mining investment; 2) low commodity prices; and 3) China's slowing economic growth. During the domestic transition process, the Australian economy is seeking alternative sources of growth from non-resource investment, household spending, and the services sector while it is adjusting to weaker terms of trade and diversifying its trading partners. Against the challenging backdrop, accommodative monetary conditions will play a key role in supporting the domestic side of the economy. We expect the nation's real GDP growth to average 2.6% y/y in 2016-17.

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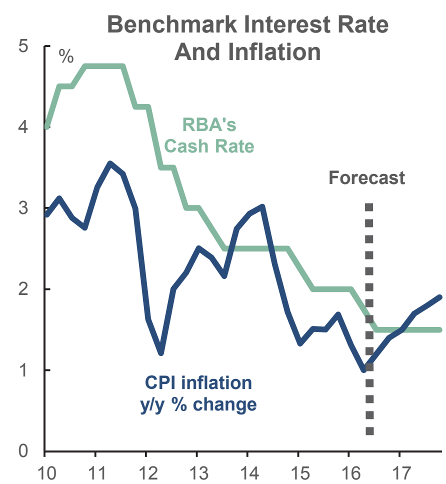
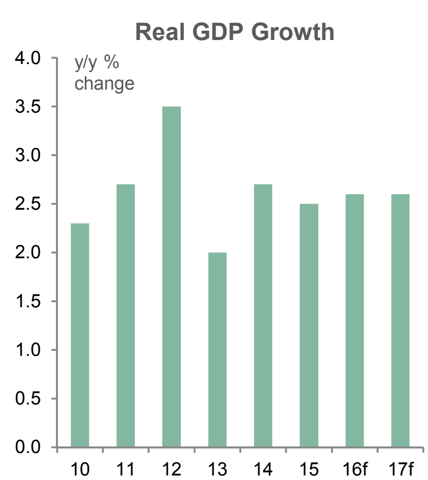
Chart 1



Source: Bloomberg, Scotiabank Economics.

Chart 2



Source: Scotiabank Economics.

UK: Super Thursday

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SUMMARY

- As expected, the Bank of England cut Bank Rate by 25bp.
- It augmented that with a GBP60bn expansion in gilt purchases under the Asset Purchase Facility (QE)…
- …with up to GBP10bn of corporate bond purchases as well.
- The Bank also introduced a Term Funding Scheme (TFS). This is along similar lines to the Funding for Lending Scheme. The intention is to ensure that by providing access to cheap funding, banks and building societies will have no excuses for not passing on the reduction in Bank Rate to end borrowers.
- The Bank slashed its growth projection by close to the biggest margin in the MPC's existence — although by less than we thought was possible.
- Inflation is expected to accelerate to 2% during 2017 and flat-lining at 2.4% y/y from 2 years ahead and beyond.
- If the economic data evolve as the MPC envisages, then a majority of its members would envisage a further cut in Bank Rate to just above zero.
- Governor Carney emphasised until he was blue in the face, interest rates should not turn negative. Carney is also not a fan of helicopter money.

UPDATED QUARTERLY INFLATION REPORT PROJECTIONS

Growth

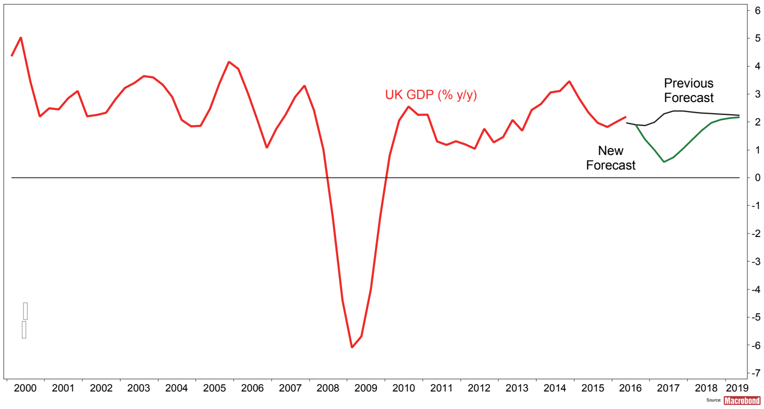
The Bank slashed its growth projection, but does not foresee a technical recession. Had the Bank not delivered this comprehensive package of easing measures the situation may have been different.

There was a hint that some members think that the latest PMI surveys (which suggest that the contraction during Q3 could be as deep as -0.5% q/q) may ultimately prove to be an over-reaction. We will have to see how things pan out at the start of September to see whether those surveys regain ground.

	May-16	Aug-16
Annual average for 2016	2.0	1.9
Annual average for 2017	2.3	0.8

Despite not forecasting a recession, the extent of the downgrade to the growth projection was pretty large. As a guide, the biggest downward revision to the growth profile at the height of the 2008-09 crisis came in November 2008, when the Bank pushed down the mid-2009 portion of the GDP growth projection by 2.04%. The Bank revised down the mid-2017 portion of its projection by around 1.7% points.

Chart 1: Revisions to Bank of England UK GDP Growth Projection



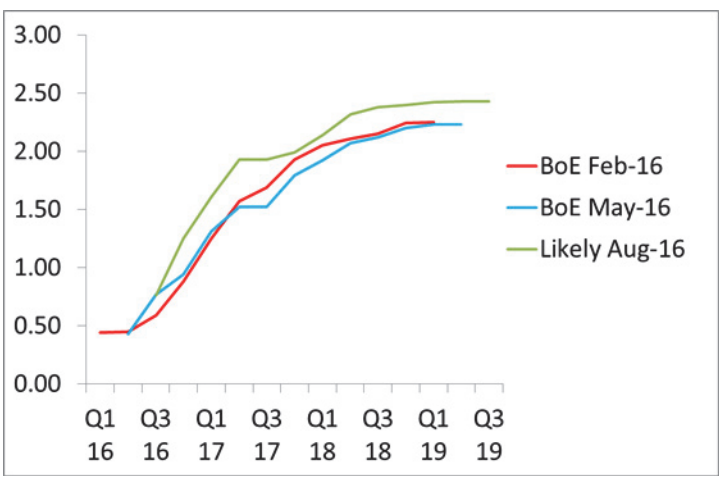
Inflation

The Bank revised up its inflation projection by 20-40bp across the entire profile. The upgrade was primarily due to the plunge in sterling. Previously the Bank's inflation projection rose to around 1.5% y/y by mid-2017. It now expects inflation to reach 1.95% at that point. The profile is on a persistent upward trajectory, before flat-lining at 2.4% y/y from Q3-2018 onwards (i.e., from 2-years ahead and beyond).

That was a smaller upward revision than we were expecting and somewhat lower than the market has priced in. We had expected the profile to be hump shaped for 2 reasons. Firstly, that the effects of currency depreciation would begin to wane after a couple of years. Secondly, in order to have a sufficiently low medium-term forecast in order to justify policy loosening.

In the event, the Bank noted that the fx pass-through to inflation tended to be protracted. Hence it foresees inflation remaining elevated even after a couple of years. Secondly, the MPC has made use of the wiggle room in its mandate to allow inflation to temporarily deviate from target in order to protect against unnecessary shocks to growth or unemployment.

Chart 2: Old vs New BoE Inflation Projection



Key Pointers from the Press Conference

- The lower bound for interest rates is close to, but slightly above zero.
- The MPC wants to avoid unintended consequences [this is crucial — see below].

- The committee can modify the scale and the variety of asset purchases at future meetings [linker purchases are still possible in our view].
- If the Bank had a projection for house price inflation, it would envisage small price falls over the coming year.

Our Take

This was a very well thought out package. The Bank wanted to avoid unintended consequences. Leading up to the announcement, we feared that further gilt purchases would push yields lower and hurt pension funds by swelling their deficits. We think that the decision to purchase corporate bonds goes some way to addressing this. The PPF Purple Book recommends that 48% of pension fund assets are fixed income. Of those, 20% of assets are gilts, 38% are corporate bonds and 42% are linkers. By purchasing corporate bonds, pension funds should get some benefit.

Secondly, the Term Funding Scheme (TFS) by providing up to £100bn of cheap funding to lenders, there should be no excuses for lenders not passing on the reduction in Bank Rate to mortgage borrowers. Around half of outstanding mortgages are variable rate, so households should feel the benefit of the rate cut.

Notwithstanding that we think that these policy measures will be effective, we suspect that GDP growth could still disappoint. As such, it seems more likely than not that the Bank will cut Bank Rate further to the new lower bound, of just above zero – probably around 0.1%.

Eurozone Inflation And Banks

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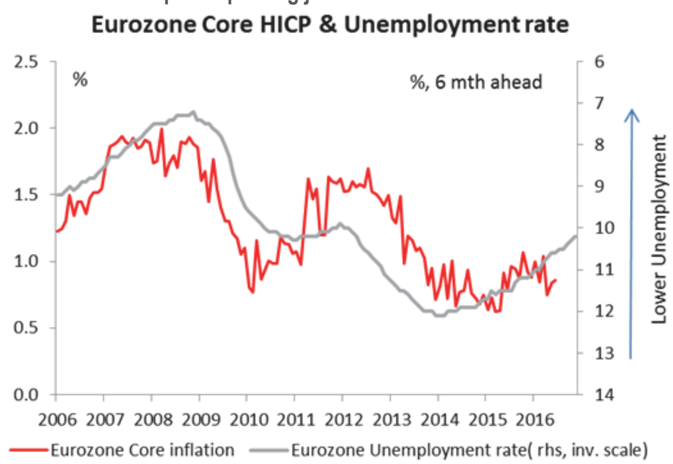
"With regard to recent developments in underlying measures of inflation,..., it remained at quite a low level and disappointed expectations of a somewhat stronger increase. So far, most measures of underlying inflation had yet to show clear signs of an upward trend, and members agreed that there was a need to analyse further the recent fall in core inflation rates" was stated in the minutes of the ECB's June Governing Council Meeting.

After reaching a record low at 0.6% y/y in April 2015, core inflation has remained roughly stable in the 0.8%/1.0% y/y range over the past year. This is rather surprising as we would have expected a stronger dynamic as the Eurozone recovery is now entering into its fourth year. While it is true that the pace of the recovery remains relatively modest, at roughly 1½% y/y, it is nonetheless stronger than the Eurozone's estimated potential growth at around 1.0% according to the EU Commission. So, the negative output gap is gradually closing with the unemployment rate also declining. Given the past relationship between unemployment and core inflation, we would have expected a stronger dynamic in core inflation at this stage of the cycle.

Chart 1: Ongoing stickiness in Eurozone core inflation despite improving job market



This ongoing stickiness could be linked to both cyclical and structural factors:

- **Cyclical factors** from the negative spillover of past lower oil prices. Indeed, as we previously mentioned in a recent article, looking across the main components of Eurozone core inflation over the past year, it seems that the main downside trend has come from lower non-durable goods prices and services transport prices. These two components are highly sensitive to swings in oil prices. As Brent prices have moved up since their lows seen in February, we would expect more favourable developments for core inflation in the months ahead.

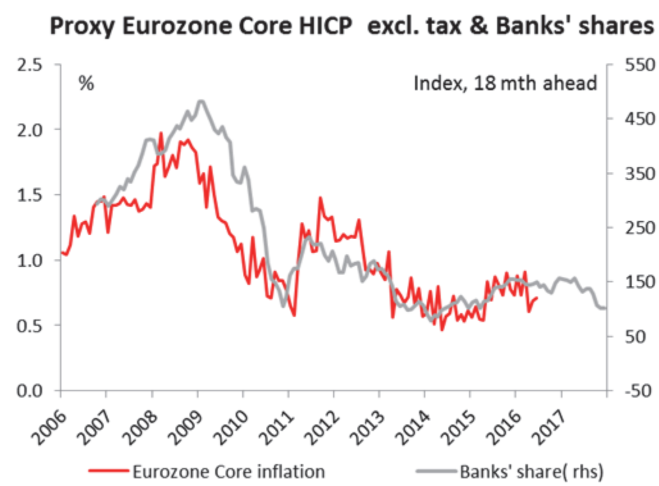
- **Structural factors** caused by elevated uncertainty surrounding the magnitude of the negative output gap. At the last ECB meeting, the ECB

Vice President recognised that there are various estimates for the Eurozone's negative output gap, ranging between -6% and -2.0% of GDP. This rather wide range could explain the looser elasticity between the improvement in the labour market and underlying price developments.

The ECB could provide more insight on the various factors constraining Eurozone core inflation at the September meeting when providing new macroeconomic projections. However, with core inflation remaining stuck below the 1.0% y/y line, there are concerns that any adverse shock could quickly refuel deflationary risk. The negative impact from Brexit as well as a renewed new banking crisis are likely among them. In this regard, falling banks' equity shares could raise downside risks for the outlook on medium-term inflation. Indeed, history has shown a decent correlation between banks' share prices and core inflation.

Over the past few years, the trend in core inflation has been highly distorted by the impact of higher indirect taxes. This was especially the case during 2012/2013 when higher indirect taxes were aggressively used to reduce the budget deficit, boosting inflation by up to 0.4%. We thus used a proxy for core inflation excluding taxation in order to reduce the impact of this "artificial" bump seen in core consumer price developments during this period. It is thus interesting to see that banks' equity shares could be a leading indicator for Eurozone core inflation with a 12-18 month lead. While this could look surprising at first glance, it emphasises that banks are key for the sustainability and the strength of the growth recovery and therefore the capacity to "reflate" the economy in Europe. It is also worth noticing that these criteria could also explain the above-mentioned surprising low dynamic seen in core inflation over the past year. This explains the repeated comments made by the ECB on the relationship between the efficiency of the transmission of the monetary policy, the credit growth cycle and inflation.

Chart 2: Falling Banks' shares, renewing downside risk to core inflation?



While the ECB uses various indicators to assess the medium-term outlook on inflation (Brent prices, the exchange rate, GDP growth…), the ongoing weakness in banks' shares likely fuels downside risk. In its last economic bulletin, the ECB indicated that *"In the light of the prevailing uncertainties, it is essential that the bank lending channel continues to function well".* Falling banks' shares could challenge this view and force the ECB to once again downgrade its expectations on core inflation at its next meeting in September. This would justify further stimulus, at least by way of prolonging its QE program, as the ECB has made it clear that QE will continue "*until the Governing Council sees a sustained adjustment in the path of inflation consistent with its inflation aim".*

Market Tone & Fundamental Focus

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- **Despite recent stumble, the USD outlook remains constructive.**

Uneven global growth, diverging monetary policy risks, softer commodity prices and the ongoing fallout from the UK referendum are likely to be the key drivers of movement among the major currencies over the course of August. The US dollar (USD) has performed well in general since basing in May and we expect it to strengthen somewhat over the balance of the year as it remains a more compelling fundamental prospect than many other major currencies.

Despite relatively disappointing Q2 GDP growth in the US and the fact that we have revised down our own expectations for Fed policy moves (no tightening until 2017), US bond yields remain relatively elevated versus other G-7 jurisdictions where easy or easier central bank policy settings prevail. Investors remain very conservative with regard to the outlook for Fed policy tightening. Market-determined probabilities show that not even one 25bps tightening is fully expected to occur in 2017 and Scotiabank expects three. A re-pricing of tightening risks (to reflect earlier or more aggressive tightening) will provide additional support for the USD.

We have revised down our forecast for the pound (GBP) in the wake of UK's vote on EU membership (Brexit) to USD1.25 for year-end. The GBP has stabilized following the initial downdraft in the exchange rate. Additional BoE accommodation in response to the negative growth shock that appears to be manifesting itself in the UK economy and the heightened uncertainty regarding the broader UK economic outlook will depress the GBP further. Previous patterns of trade following significant shocks (in 1992/93 after the GBP was ejected from the Exchange Rate Mechanism and 2008 as the UK entered a prolonged recession) suggest the strong risk of a downside overshoot in the next few months. We think modest GBPUSD gains are an opportunity for sellers.

We retain a year-end forecast of USD1.05 for the euro (EUR) and expect the spillover over from Brexit to help EURUSD fall to that target. Eurozone growth will slow modestly in response to Brexit, at least, and may entail additional accommodation from the European Central Bank in September, once its staff has had an opportunity to review more fully the impact of the growth outlook on inflation. Short-term Euro zone/US interest rate differentials are already at punishing levels for the EUR (+130bps premium for the USD) and our regression modelling suggests that the spot rate should already be significantly lower than it is (near 1.08) in response. There is little prospect of the EUR recovering on a sustained basis under current circumstances and gains towards 1.1250 should attract selling interest.

The CAD is conforming largely to expectations. In June, we noted that risks were tilted to the upside for USDCAD towards 1.35 on a 1-3 month view and we continue to think the CAD is likely to struggle against the USD in the near-term before steadying later in the year. Weaker commodity prices (crude oil) and weaker than expected domestic growth in Q2 have weighed on CAD sentiment through July and will keep the CAD tone defensive near-term. The Bank of

Canada remains in neutral mode and prospects for rate increases remain extremely limited, even over the longer-term horizon (we see no change in policy settings through 2017). Recent trends have shifted against the major commodity currencies generally and we expect easier policy settings in both Australia and New Zealand to curb the Australian and New Zealand dollars respectively over H2 2016.

We look for USD to remain broadly stable versus the yen (JPY) through the balance of this year (we forecast a year-end rate of JPY105). The Bank of Japan's (BoJ) latest policy steps did not add materially to the aggressively easy stance it has been pursuing for the past three years, disappointing market expectations. The central bank announced a comprehensive review of its policy framework for its September meeting, suggesting the central bank's willingness or ability to take further action is limited. With the risk of additional BoJ easing measures reduced and the Fed likely on hold this year, USDJPY should stabilize around current levels supported by recent electoral developments. New fiscal stimulus measures have also fallen short of market expectations, weighing on local stocks and boosting the JPY. The Japanese authorities will remain wary of speculative or market-driven bouts of JPY appreciation but we think the risk of intervention to curb JPY gains is limited at the moment, even as USDJPY nears 100.

Relatively high local interest rates have attracted support for some developing market currencies in the past month (South African rand). Attractive spreads, benign global policy conditions and sliding market volatility make carry trades a more compelling prospect for currency investors at the moment. These trades are susceptible to a rapid unwind in the event of renewed market volatility or a jump in Fed tightening risks, however. Weaker crude oil prices have undermined the Russian ruble and Colombian peso (less so the Mexican peso, as policy settings remain supportive and valuation looks more compelling). Domestic political strife and the consequent sovereign downgrade have left the Turkish lira (TRY) weak among its major currency peers over the past month. We expect the Chinese yuan (CNY) to remain close to current levels through year end (our end-2016 forecast is CNY6.70) as the Chinese authorities reduce CNY volatility ahead of the September G-20 summit and the currency's participation in the IMF's Special Drawing Rights later in the year.

Key Data Preview

CANADA

Housing starts in Canada posted a very strong June at 218k. We're anticipating a less strong July, and expect that trend reversion will bring housing starts down to 185k annualized on the month. Our forecast is premised on a mix of the aforementioned return to what we think of as the long-run trend in supply as well as levels of permit issuance which, while strong, showed the level of issuance in May little changed vs. April – and both April and May little changed vs. earlier months.

UNITED STATES

U.S. **retail sales** for the month of July should show a modest increase on the order of +0.3% m/m. Our forecast is premised on: a) a 6.5% m/m increase in vehicle sales, and b) underlying momentum in consumer spending (+0.2% m/m ex-autos and gasoline) making up for a drop in gasoline pump prices, which fell by 5.7% m/m in July. The bigger picture question mark reflects the extent to which the consumer can continue to accelerate spending. Our answer is that wages, while not exactly stellar, remain solid. As the chart to the right shows, the quarter-on-quarter annualized pace of increase in aggregate wages paid has been slowing from more than 5% in late 2015 and into January 2016 to a more sedate 3%-ish number at present. Either wages will need to pick up… or consumer spending will need to slow somewhat in the months and quarters ahead. That said, the July wages figures offer some hope that Q3 might show some pick-up in wages.

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Chart 1

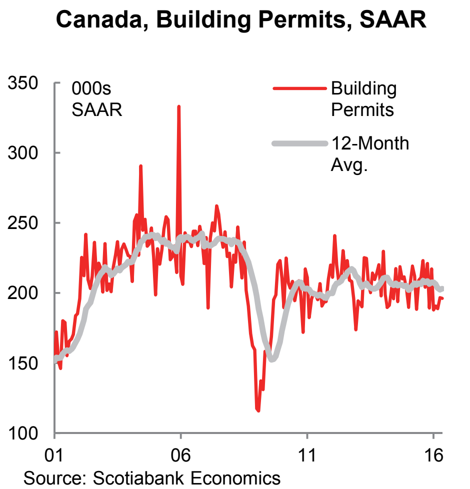
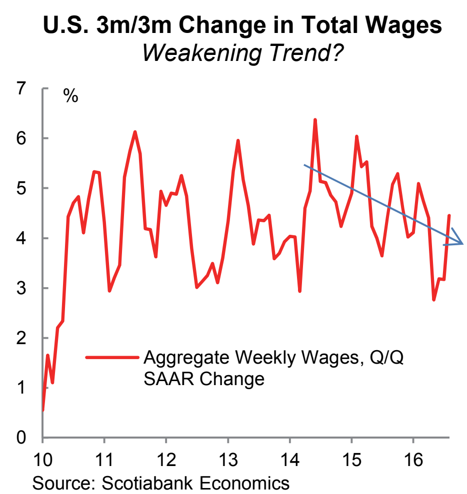


Chart 2



EUROPE

In the Eurozone, it is another light week in term of economic data to be released. The main focus will be on second quarter German growth as well as French industrial production for June. We expect German real GDP to increase 0.1%/0.2% q/q, a significant slowdown compared to the 0.7% q/q gain seen in Q1. This outcome would raise the risk of Eurozone GDP growth being revised downward from 0.3% to 0.2% q/q in Q2. While no details have been released as of yet, most of the support should come from net trade as export growth likely rebounded and imports moved down on the back of softer domestic demand. In view of the poor retail sales and industrial production data, German household consumption was likely come in roughly flat after a 0.7% q/q gain in Q1, while investment is expected to suffer due mainly to a setback in construction activity.

LATIN AMERICA

On Monday, we forecast Chilean inflation in July to have increased by 3.9% y/y, returning to Banco Central de Chile's (BCCh) 2-4% tolerance range for the first time since November 2015. We expect Chilean CPI to continue on a downward trend for the remainder of 2016, closing the year at 3.3% y/y. Mexico's INEGI will also publish inflation figures on Tuesday. Data for the first half of the month showed a 2w/2w growth rate of 0.3%, though inflation in the second half of July was probably softer (at 0.1%), thus leaving the m/m gain to around 0.3% and 2.7% y/y from July 2015. On Thursday, Mexican industrial production figures are forecast to show a modest gain of 0.6% y/y. Brazilian retail sales data out on Tuesday is expected to remain heavily depressed at -6.7% y/y in June, marking fifteen consecutive months of annual declines. With confidence surveys pointing to an improvement in consumer sentiment, we expect retail sales to slowly recover to positive territory next year.

ASIA

The Reserve Bank of India (RBI) will hold a bi-monthly monetary policy meeting on August 9th. RBI Governor Raghuram Rajan will step down in early September and his successor has yet to be announced. Mr. Rajan continues to emphasize the importance of maintaining inflation-focused monetary policy beyond his term, as it is vital for policy credibility and investor confidence. Within the next few months, the RBI's monetary policy decision is expected to be made by a monetary policy committee (consisting of three government representatives and three from the central bank), instead of by the governor alone; however, the timeline for this change and the names of the policymakers have yet to be confirmed. We expect the RBI to leave the benchmark interest rate unchanged at 6.50% next week given that it is Governor Rajan's last meeting. Once the new RBI structure is in place, the key rate will likely be cut by 25 basis points to 6.25%. Inflation remained at 5.8% y/y in June, but has accelerated from the 4.8% reading three months earlier due to higher food prices. July inflation data will be released on August 12th; we estimate that price gains picked up to 6.1% y/y. Nevertheless, the inflation rate will likely return to the RBI's long-term target of 4% ±2%-points over the next couple of months.

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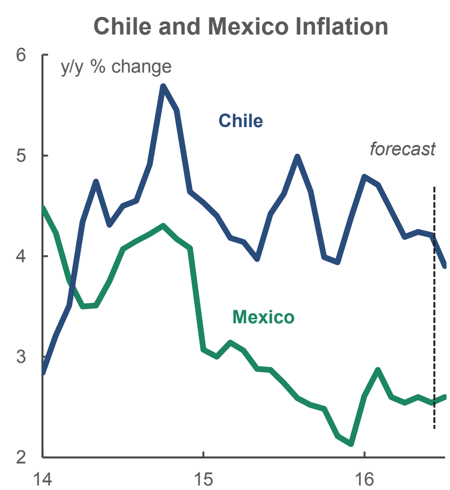
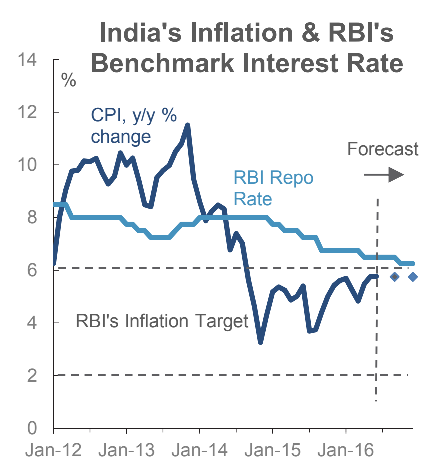
Chart 1



Source: Scotiabank Economics, INE, INEGI.

Chart 2



Source: Bloomberg, Scotiabank Economics.

Key Indicators for the week of August 8 – 12

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	08/08	08:30	Building Permits (m/m)	Jun	--	--	-1.9
CA	08/09	08:15	Housing Starts (000s a.r.)	Jul	185.0	195.0	218.3
US	08/09	08:30	Productivity (q/q a.r.)	2Q P	0.4	0.5	-0.6
US	08/09	08:30	Unit Labor Costs (q/q a.r.)	2Q P	1.8	1.8	4.5
MX	08/09	09:00	Bi-Weekly Core CPI (% change)	Jul 31	--	0.1	0.1
MX	08/09	09:00	Bi-Weekly CPI (% change)	Jul 31	--	0.1	0.3
MX	08/09	09:00	Consumer Prices (m/m)	Jul	0.3	0.3	0.1
MX	08/09	09:00	Consumer Prices (y/y)	Jul	2.7	2.7	2.5
MX	08/09	09:00	Consumer Prices Core (m/m)	Jul	0.2	0.2	0.3
US	08/09	10:00	IBD/TIPP Economic Optimism Index	Aug	--	--	45.5
US	08/09	10:00	Wholesale Inventories (m/m)	Jun	--	0.0	0.0
US	08/10	07:00	MBA Mortgage Applications (w/w)	AUG 5	--	--	-3.5
US	08/10	10:00	JOLTS Job Openings (000s)	Jun	--	--	5500
US	08/10	14:00	Treasury Budget (US$ bn)	Jul	--	-129.5	6.3
CA	08/11	08:30	New Housing Price Index (m/m)	Jun	--	--	0.7
US	08/11	08:30	Export Prices (m/m)	Jul	--	-0.4	0.2
US	08/11	08:30	Import Prices (m/m)	Jul	--	-0.4	0.2
US	08/11	08:30	Initial Jobless Claims (000s)	AUG 6	270	265	269
US	08/11	08:30	Continuing Claims (000s)	JUL 30	2130	--	2138
MX	08/11	09:00	Industrial Production (m/m)	Jun	--	--	0.3
MX	08/11	09:00	Industrial Production (y/y)	Jun	0.6	--	0.4
MX	08/11	14:00	**Overnight Rate (%)**	**Aug 11**	**4.25**	**4.25**	**4.25**
CA	08/12	08:30	Teranet - National Bank HPI (y/y)	Jul	--	--	10.0
US	08/12	08:30	PPI (m/m)	Jul	0.1	0.1	0.5
US	08/12	08:30	PPI ex. Food & Energy (m/m)	Jul	0.2	0.2	0.4
US	08/12	08:30	Retail Sales (m/m)	Jul	0.3	0.4	0.6
US	08/12	08:30	Retail Sales ex. Autos (m/m)	Jul	0.2	0.2	0.7
US	08/12	10:00	Business Inventories (m/m)	Jun	--	0.1	0.2
US	08/12	10:00	U. of Michigan Consumer Sentiment	Aug P	91.0	91.5	90.0

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
GE	08/08	02:00	Industrial Production (m/m)	Jun	0.3	0.7	-1.3
GE	08/09	02:00	Current Account (€ bn)	Jun	--	23.0	17.5
GE	08/09	02:00	Trade Balance (€ bn)	Jun	--	23.0	21.0
FR	08/09	02:45	Central Government Balance (€ bn)	Jun	--	--	-65.7
UK	08/09	04:30	Industrial Production (m/m)	Jun	0.2	0.1	-0.5
UK	08/09	04:30	Manufacturing Production (m/m)	Jun	0.2	-0.2	-0.5
UK	08/09	04:30	Visible Trade Balance (£ mn)	Jun	-11500	-10075	-9879
FR	08/10	02:45	Industrial Production (m/m)	Jun	0.9	0.1	-0.5
FR	08/10	02:45	Industrial Production (y/y)	Jun	0.4	-0.5	0.5
FR	08/10	02:45	Manufacturing Production (m/m)	Jun	0.4	0.2	0.0
FR	08/11	02:45	CPI (m/m)	Jul F	-0.4	-0.4	-0.4
FR	08/11	02:45	CPI (y/y)	Jul F	0.2	0.2	0.2
FR	08/11	02:45	CPI - EU Harmonized (m/m)	Jul F	-0.4	-0.4	-0.4
FR	08/11	02:45	CPI - EU Harmonized (y/y)	Jul F	0.4	0.4	0.4
IT	08/11	04:00	CPI - EU Harmonized (y/y)	Jul F	-0.1	-0.1	-0.1
RU	AUG 11-12		Real GDP (y/y)	2Q A	--	-0.90	-1.20

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

Key Indicators for the week of August 8 – 12

EUROPE *(continued from previous page)*

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
GE	08/12	02:00	CPI (m/m)	Jul F	0.3	0.3	0.3
GE	08/12	02:00	CPI (y/y)	Jul F	0.4	0.4	0.4
GE	08/12	02:00	CPI - EU Harmonized (m/m)	Jul F	0.4	0.4	0.4
GE	08/12	02:00	CPI - EU Harmonized (y/y)	Jul F	0.4	0.4	0.4
GE	08/12	02:00	Real GDP (q/q)	2Q P	0.2	0.2	0.7
FR	08/12	02:45	Non-Farm Payrolls (q/q)	2Q P	--	0.2	0.3
HU	08/12	03:00	GDP (y/y)	2Q P	--	2.0	0.9
SP	08/12	03:00	CPI (m/m)	Jul F	--	-0.7	-0.7
SP	08/12	03:00	CPI (y/y)	Jul F	--	-0.6	-0.6
SP	08/12	03:00	CPI - EU Harmonized (m/m)	Jul F	-1.3	-1.3	-1.3
SP	08/12	03:00	CPI - EU Harmonized (y/y)	Jul F	-0.6	-0.6	-0.6
IT	08/12	04:00	Real GDP (q/q)	2Q P	0.2	0.2	0.3
PD	08/12	04:00	GDP (y/y)	2Q P	--	3.30	3.00
PO	08/12	04:30	Real GDP (q/q)	2Q P	--	0.40	0.20
EC	08/12	05:00	GDP (q/q)	2Q P	0.3	0.3	0.3
EC	08/12	05:00	Industrial Production (m/m)	Jun	--	0.5	-1.2
EC	08/12	05:00	Industrial Production (y/y)	Jun	--	0.7	0.5
GR	08/12	05:00	Real GDP NSA (y/y)	2Q A	--	--	-1.3

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CH	AUG 06-07		Foreign Reserves (US$ bn)	Jul	3200.0	3200.0	3205.2
JN	08/07	19:50	Bank Lending (y/y)	Jul	--	--	2.0
JN	08/07	19:50	Current Account (¥ bn)	Jun	--	1103.5	1809.1
JN	08/07	19:50	Trade Balance - BOP Basis (¥ bn)	Jun	--	773.3	39.9
AU	08/07	21:30	ANZ Job Advertisements (m/m)	Jul	--	--	0.5
CH	AUG 07-08		Exports (y/y)	Jul	--	-3.5	-4.8
CH	AUG 07-08		Imports (y/y)	Jul	--	-7.0	-8.4
CH	AUG 07-08		Trade Balance (USD bn)	Jul	--	47.3	48.1
ID	AUG 07-08		Consumer Confidence Index	Jul	--	--	113.7
JN	08/08	01:00	Eco Watchers Survey (current)	Jul	--	42.5	41.2
JN	08/08	01:00	Eco Watchers Survey (outlook)	Jul	--	42.0	41.5
TA	08/08	04:00	Exports (y/y)	Jul	--	-2.0	-2.1
TA	08/08	04:00	Imports (y/y)	Jul	--	-5.0	-10.0
TA	08/08	04:00	Trade Balance (US$ bn)	Jul	--	3.8	3.6
SI	08/08	05:00	Foreign Reserves (US$ mn)	Jul	--	--	248859
JN	08/08	19:50	Japan Money Stock M2 (y/y)	Jul	--	3.3	3.4
JN	08/08	19:50	Japan Money Stock M3 (y/y)	Jul	--	2.9	2.9
CH	08/08	21:30	CPI (y/y)	Jul	1.8	1.8	1.9
CH	08/08	21:30	PPI (y/y)	Jul	--	-2.0	-2.6
IN	08/09	01:30	**Repo Rate (%)**	**Aug 9**	**6.50**	**6.50**	**6.50**
IN	08/09	01:30	**Reverse Repo Rate (%)**	**Aug 9**	**6.00**	**6.00**	**6.00**
IN	08/09	01:30	**Cash Reserve Ratio (%)**	**Aug 9**	**4.00**	**4.00**	**4.00**
JN	08/09	02:00	Machine Tool Orders (y/y)	Jul P	--	--	-19.9
SK	08/09	19:00	Unemployment Rate (%)	Jul	3.6	3.6	3.6
JN	08/09	19:50	Machine Orders (m/m)	Jun	--	3.3	-1.4
PH	08/09	21:00	Exports (y/y)	Jun	--	-14.9	-3.8
AU	08/09	21:30	Home Loans (%)	Jun	--	2.3	-1.0
AU	08/09	21:30	Investment Lending (% change)	Jun	--	--	3.9

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

Key Indicators for the week of August 8 – 12

ASIA-PACIFIC *(continued from previous page)*

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CH	AUG 09-15		Aggregate Financing (CNY bn)	Jul	--	1024.0	1629.3
CH	AUG 09-15		New Yuan Loans (bn)	Jul	--	900.0	1380.0
IN	AUG 09-16		Exports (y/y)	Jul	--	--	1.3
IN	AUG 09-16		Imports (y/y)	Jul	--	--	-7.3
JN	08/10	00:30	Tertiary Industry Index (m/m)	Jun	--	0.3	-0.7
NZ	08/10	17:00	**RBNZ Official Cash Rate (%)**	**Aug 11**	**2.00**	**2.00**	**2.25**
SI	08/10	20:00	Real GDP (y/y)	2Q F	2.2	2.2	2.2
SK	AUG 10-11		**BoK Base Rate (%)**	**Aug 11**	**1.25**	**1.25**	**1.25**
MA	08/11		Industrial Production (y/y)	Jun	--	2.4	2.7
PH	08/11	04:00	**Overnight Borrowing Rate (%)**	**Aug 11**	**3.00**	**3.00**	**3.00**
NZ	08/11	18:30	Business NZ PMI	Jul	--	--	57.7
NZ	08/11	18:45	Retail Sales Ex Inflation (q/q)	2Q	--	1.0	0.8
CH	08/11	22:00	Fixed Asset Investment YTD (y/y)	Jul	--	8.9	9.0
CH	08/11	22:00	Industrial Production (y/y)	Jul	6.1	6.2	6.2
CH	08/11	22:00	Retail Sales (y/y)	Jul	10.5	10.5	10.6
ID	AUG 11-12		Current Account Balance (US$ mn)	2Q	--	--	-4668.0
MA	08/12		Current Account Balance (MYR bns)	2Q	--	3.9	5.0
MA	08/12		GDP (y/y)	2Q	4.0	4.0	4.2
HK	08/12	04:30	Real GDP (y/y)	2Q	--	0.9	0.8
IN	08/12	08:00	CPI (y/y)	Jul	6.1	5.90	5.77
IN	08/12	08:00	Industrial Production (y/y)	Jun	--	1.50	1.20

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CL	08/08	08:00	CPI (m/m)	Jul	0.1	0.1	0.4
CL	08/08	08:00	CPI (y/y)	Jul	3.9	3.9	4.2
BZ	08/09	08:00	Retail Sales (m/m)	Jun	--	-0.4	-1.0
BZ	08/09	08:00	Retail Sales (y/y)	Jun	-6.7	-6.4	-9.0
PE	AUG 09-11		Trade Balance (USD mn)	Jun	--	--	35.0
BZ	08/10	08:00	IBGE Inflation IPCA (m/m)	Jul	0.5	0.5	0.4
BZ	08/10	08:00	IBGE Inflation IPCA (y/y)	Jul	8.6	8.7	8.8
BZ	08/10		Economic Activity Index SA (m/m)	Jun	--	0.0	-0.5
BZ	08/10		Economic Activity Index NSA (y/y)	Jun	--	-3.5	-4.9
CL	08/11	17:00	**Nominal Overnight Rate Target (%)**	**Aug 11**	**3.50**	**3.50**	**3.50**
PE	08/11	19:00	**Reference Rate (%)**	**Aug 11**	**4.25**	**--**	**4.25**

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

Global Auctions for the week of August 8 – 12

NORTH AMERICA

Country	Date	Time	Event
US	08/08	11:30	U.S. to Sell USD40 Bln 3-Month Bills
US	08/08	11:30	U.S. to Sell USD34 Bln 6-Month Bills
CA	08/09	10:30	Canada to Sell CAD7.1 Bln 98-Day Bills
CA	08/09	10:30	Canada to Sell CAD2.7 Bln 168-Day Bills
CA	08/09	10:30	Canada to Sell CAD2.7 Bln 350-Day Bills
US	08/09	11:30	U.S. to Sell 4-Week Bills
US	08/09	13:00	U.S. to Sell USD24 Bln 3-Year Notes
CA	08/10	12:00	Canada to Sell CAD3.9 Bln 0.5% 2018 Bonds
US	08/10	13:00	U.S. to Sell USD23 Bln 10-Year Notes
US	08/11	13:00	U.S. to Sell USD15 Bln 30-Year Bonds

EUROPE

Country	Date	Time	Event
GE	08/08	05:30	Germany to Sell EUR3 Bln 189-Day Bills
FR	08/08	08:50	France to Sell Up to EUR3 Bln 85-Day Bills
FR	08/08	08:50	France to Sell Up to EUR1.1 Bln 161-Day Bills
FR	08/08	08:50	France to Sell Up to EUR900 Mln 343-Day Bills
MB	08/09	05:00	Malta to Sell 91-Day Bills
MB	08/09	05:00	Malta to Sell 273-Day Bills
SZ	08/09	05:15	Switzerland to Sell 91-Day Bills
AS	08/09	05:15	Austria to Sell EUR550 Mln 0.75% 2026 Bonds
BE	08/09	05:30	Belgium to Sell 91-Day Bills
BE	08/09	05:30	Belgium to Sell 364-Day Bills
IT	08/10	05:00	Italy to Sell 367-Day Bills
GR	08/10	05:00	Greece to Sell EUR875 Mln 91-Day Bills
SW	08/10	05:03	Sweden to Sell SEK2.5 Bln 2.5% 2025 Bonds
GE	08/10	05:30	Germany to Sell EUR5 Bln 0% 2026 Bonds
UK	08/11	05:30	U.K. to Sell GBP850 Mln 0.125% I/L 2036 Bonds
IC	08/11	06:00	Iceland to Sell Bills
UK	08/12	06:00	U.K. to Sell GBP500 Mln 28-Day Bills
UK	08/12	06:00	U.K. to Sell GBP2.5 Bln 91-Day Bills
UK	08/12	06:00	U.K. to Sell GBP3 Bln 182-Day Bills

Source: Bloomberg, Scotiabank Economics.

Global Auctions for the week of August 8 – 12

ASIA-PACIFIC

Country	Date	Time	Event
JN	08/07	23:35	Japan to Sell 6-Month Bills
CH	08/08	02:00	Zhejiang to Sell General and Special Bonds
AU	08/08	21:00	Australia Plans to Sell AUD150Mln 2030 I/L Bonds
CH	08/08	21:20	Hebei to Sell General and Special Bonds
JN	08/08	23:45	Japan to Sell 30-Year Bonds
AU	08/09	21:00	Australia Plans to Sell AUD1 Bln 4.75% 2027 Bonds
CH	08/09	22:35	China to Sell CNY35 Bln 5-Yr Upsized Bonds
CH	08/09	23:00	China Plans to Sell 5-Year Saving Bonds
JN	08/09	23:35	Japan to Sell 3-Month Bills
AU	08/10	20:30	Australia Plans to Sell AUD500 Mln 119-Day Bills
CH	08/11	02:00	Shanxi to Sell General and Special Bonds
AU	08/11	21:00	Australia Plans to Sell AUD900 Mln 5.5% 2023 Bonds
CH	08/11	21:20	Hubei to Sell General Bonds
NZ	08/11	22:05	New Zealand Plans to Sell NZD100 Mln 2.5% 2035 I/L Bonds

LATIN AMERICA

Country	Date	Time	Event
BZ	08/11	11:00	Brazil to Sell Fixed Rate Bonds - 01/01/2023
BZ	08/11	11:00	Brazil to Sell Fixed Rate Bonds - 01/01/2027
BZ	08/11	11:00	Brazil to Sell Bills LTN - 10/01/2016
BZ	08/11	11:00	Brazil to Sell Bills LTN - 04/01/2018
BZ	08/11	11:00	Brazil to Sell Bills LTN - 01/01/2020

Source: Bloomberg, Scotiabank Economics.

Events for the week of August 8 – 12

NORTH AMERICA

Country	Date	Time	Event
MX	08/11	14:00	**Overnight Rate**

EUROPE

Country	Date	Time	Event
GE	08/07	12:30	German Vice Chancellor Gabriel Speaks in ARD Interview

ASIA-PACIFIC

Country	Date	Time	Event
JN	08/07		BoJ Summary of Opinions at July 28-29 Meeting
IN	08/09	01:30	**RBI Repurchase Rate**
IN	08/09	01:30	**RBI Reverse Repo Rate**
IN	08/09	01:30	**RBI Cash Reserve Ratio**
AU	08/09	23:05	RBA Governor Stevens Speech in Sydney
NZ	08/10	17:00	**RBNZ Official Cash Rate**
NZ	08/10	21:10	RBNZ's Wheeler at Parliament Select Committee
SK	AUG 10-11		**BoK 7-Day Repo Rate**
PH	08/11	04:00	**BSP Overnight Borrowing Rate**
PH	08/11	04:00	**BSP Standing Overnight Deposit Facility Rate**

LATIN AMERICA

Country	Date	Time	Event
CL	08/11	17:00	**Overnight Rate Target**
PE	08/11	19:00	**Reference Rate**
CO	08/12	14:00	Colombia Monetary Policy Minutes

Source: Bloomberg, Scotiabank Economics.

Global Central Bank Watch

NORTH AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Canada – Overnight Target Rate	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	August 11, 2016	4.25	4.25

Fed: We continue to expect the FOMC to hold the Federal Funds rate at current levels through 2016. Strong jobs data for July, do, however, add to the case for the FOMC to raise rates sooner as a result of a strengthening labor market. We maintain our forecast for more reserve from the FOMC as a) weak economic growth readings, b) a lack of inflation urgency, c) prospects for policy easing by other central banks (which could impact the USD), c) uncertainty surrounding the investment climate in the U.S. and globally, and d) asymmetrical flexibility of monetary policy (i.e. it's easier for the FOMC to tighten policy than to ease), may be more important in the Fed's calculus. **BoC**: We continue to expect the BoC to remain on hold through Q4 2017. Recent downsides to Canadian trade data point to a perhaps bigger miss on the BoC's forecast for Q2 2016 GDP than we had initially anticipated (the BoC forecast a -1% q/q SAAR print). We don't expect this to cause the BoC to amend its policy bias, though we do expect more caution from the BoC in its communications moving forward. Following the results of the EU membership referendum in the UK, **Banco de México** considerably increased its policy overnight rate by 50 bps to 4.25% at its June meeting. As such, we expect no changes in Banxico's rate at the bank's meeting on Thursday.

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	0.00	September 8, 2016	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	--
Norges Bank – Deposit Rate	0.50	September 22, 2016	0.50	--

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	September 21, 2016	-0.20	--
Reserve Bank of Australia – Cash Target Rate	1.50	September 6, 2016	1.50	1.50
Reserve Bank of New Zealand – Cash Rate	2.25	August 10, 2016	2.00	2.00
People's Bank of China – Lending Rate	4.35	TBA	--	--
Reserve Bank of India – Repo Rate	6.50	August 9, 2016	6.50	6.50
Bank of Korea – Bank Rate	1.25	August 11, 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	August 19, 2016	5.00	--

The Reserve Bank of India (RBI), the Reserve Bank of New Zealand (RBNZ), and the Bank of Korea will hold monetary policy meetings on August 9th, 10th, and 11th, respectively. For insights regarding the RBI's expected policy decision, please refer to Asia Key Data Preview on page A2. We assess that the RBNZ will likely lower its benchmark cash rate by 25 basis points to 2.00% in order to support the economy. Low inflation, 0.4% y/y in Q2, allows for further monetary easing in New Zealand. The BoK will likely leave its benchmark interest rate unchanged at 1.25% as authorities assess the impact of recent easing and monitor how global events unfold following the UK's vote to leave the EU. While the BoK may consider further monetary stimulus should domestic economic conditions turn worse, Governor Lee Ju-yeol has emphasized that accommodative monetary policy should not undermine financial stability.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	14.25	August 31, 2016	14.25	--
Banco Central de Chile – Overnight Rate	3.50	August 11, 2016	3.50	3.50
Banco de la República de Colombia – Lending Rate	7.75	August 31, 2016	7.75	--
Banco Central de Reserva del Perú – Reference Rate	4.25	August 11, 2016	4.25	--

We expect **Banco Central de Chile** (BCCh) and **Banco Central de Reserva del Perú** to leave their policy rates unchanged at their meetings next week, at 3.50% and 4.25% respectively. Chilean inflation is on its way to converge to BCCh's 2-4% tolerance range in the coming months and end the year at 3.3%, though the weak performance of the Chilean economy will likely keep BCCh from increasing its overnight rate until the first half of 2017.

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	7.00	September 22, 2016	7.00	--

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

Economic Statistics

NORTH AMERICA

Canada	2015	16Q1	16Q2	Latest	
Real GDP (annual rates)	1.1	2.4			
Current Acc. Bal. (C$B, ar)	-62.6	-67.1			
Merch. Trade Bal. (C$B, ar)	-22.5	-25.7	-42.7	-43.6	(Jun)
Industrial Production	-0.8	-0.4	-1.1	-0.8	(Jun)
Housing Starts (000s)	194	198	198	218	(Jun)
Employment	0.8	0.7	0.7	0.3	(Jul)
Unemployment Rate (%)	6.9	7.2	6.9	6.9	(Jul)
Retail Sales	1.7	5.5		3.6	(May)
Auto Sales (000s)	1897	1991		1865	(May)
CPI	1.1	1.5	1.6	1.5	(Jun)
IPPI	-0.8	-0.4	-1.1	0.8	(Jun)
Pre-tax Corp. Profits	-15.8	-9.1			

United States	2015	16Q1	16Q2	Latest	
Real GDP (annual rates)	2.6	0.8	1.2		
Current Acc. Bal. (US$B, ar)	-463	-499			
Merch. Trade Bal. (US$B, ar)	-763	-746	-747	-792	(Jun)
Industrial Production	0.3	-1.9	-0.9	-0.4	(Jun)
Housing Starts (millions)	1.11	1.15	1.16	1.19	(Jun)
Employment	2.1	1.9	1.8	1.7	(Jul)
Unemployment Rate (%)	5.3	4.9	4.9	4.9	(Jul)
Retail Sales	1.6	2.2	2.3	2.4	(Jun)
Auto Sales (millions)	17.4	17.3	17.1	17.8	(Jul)
CPI	0.1	1.1	1.1	1.0	(Jun)
PPI	-3.3	-1.7	-1.9	-2.0	(Jun)
Pre-tax Corp. Profits	-5.5	-5.7			

Mexico					
Real GDP	2.5	2.6			
Current Acc. Bal. (US$B, ar)	-31.9	-28.0			
Merch. Trade Bal. (US$B, ar)	-14.6	-15.9	-12.5	-6.3	(Jun)
Industrial Production	0.9	0.4		0.4	(May)
CPI	2.7	2.7	2.6	2.5	(Jun)

EUROPE

Euro Zone	2015	16Q1	16Q2	Latest	
Real GDP	1.3	1.3			
Current Acc. Bal. (US$B, ar)	366	267	233	209	(May)
Merch. Trade Bal. (US$B, ar)	393.1	358.5	297.4	422.8	(May)
Industrial Production	1.5	1.4		-0.9	(May)
Unemployment Rate (%)	10.9	10.4		10.2	(Apr)
CPI	0.0	0.0	-0.1	0.2	(Jul)

Germany	2015	16Q1	16Q2	Latest	
Real GDP	1.4	1.6			
Current Acc. Bal. (US$B, ar)	256.1	326.7		237.8	(May)
Merch. Trade Bal. (US$B, ar)	274.7	262.6		285.4	(May)
Industrial Production	0.5	1.6		0.9	(May)
Unemployment Rate (%)	6.4	6.2	6.1	6.1	(Jul)
CPI	0.2	0.3	0.1	0.4	(Jul)

France					
Real GDP	1.2	1.3	1.4		
Current Acc. Bal. (US$B, ar)	-4.8	-23.9	-6.2	43.1	(Jun)
Merch. Trade Bal. (US$B, ar)	-40.8	-47.2	-38.9	-36.8	(Jun)
Industrial Production	1.7	0.4		1.8	(May)
Unemployment Rate (%)	10.4	10.1	9.9	9.9	(Jun)
CPI	0.0	0.0	0.0	0.2	(Jun)

United Kingdom					
Real GDP	2.2	2.0	2.2		
Current Acc. Bal. (US$B, ar)	-100.3	-130.4			
Merch. Trade Bal. (US$B, ar)	-193.1	-196.3	0.0	-172.2	(May)
Industrial Production	1.3	0.3		3.2	(May)
Unemployment Rate (%)	5.4	5.1		4.9	(Apr)
CPI	0.0	0.3	0.4	0.5	(Jun)

Italy					
Real GDP	0.6	1.0			
Current Acc. Bal. (US$B, ar)	36.0	19.7	31.3	38.3	(May)
Merch. Trade Bal. (US$B, ar)	49.8	40.5		68.3	(May)
Industrial Production	1.0	1.5	0.2	-0.2	(Jun)
CPI	0.0	-0.1	-0.4	-0.1	(Jul)

Russia					
Real GDP					
Current Acc. Bal. (US$B, ar)	69.0				
Merch. Trade Bal. (US$B, ar)	12.4	7.5		7.5	(May)
Industrial Production	-3.7	-0.7	1.0	1.7	(Jun)
CPI	15.5	8.3	7.4	7.2	(Jul)

All data expressed as year-over-year % change unless otherwise noted.

Source: Bloomberg, IHS Global, Scotiabank Economics.

Economic Statistics

ASIA-PACIFIC

Australia	2015	16Q1	16Q2	Latest
Real GDP	2.5	3.1		
Current Acc. Bal. (US$B, ar)	-58.9	-57.0		
Merch. Trade Bal. (US$B, ar)	-12.9	-13.9	-5.1	-14.7 (Jun)
Industrial Production	1.6	4.8		
Unemployment Rate (%)	6.1	5.8	5.7	5.8 (Jun)
CPI	1.5	1.3	1.0	

Japan	2015	16Q1	16Q2	Latest
Real GDP	0.6	0.0		
Current Acc. Bal. (US$B, ar)	135.5	206.9		198.9 (May)
Merch. Trade Bal. (US$B, ar)	-23.1	19.2	38.5	38.1 (Jun)
Industrial Production	-1.2	-3.2	-1.9	-1.8 (Jun)
Unemployment Rate (%)	3.4	3.2	3.2	3.1 (Jun)
CPI	0.8	0.1	-0.4	-0.5 (Jun)

South Korea	2015	16Q1	16Q2	Latest
Real GDP	2.6	2.8	3.2	
Current Acc. Bal. (US$B, ar)	105.9	96.3	103.6	146.0 (Jun)
Merch. Trade Bal. (US$B, ar)	90.3	87.9	109.3	93.5 (Jul)
Industrial Production	-0.9	-0.2	1.2	1.1 (Jun)
CPI	0.7	1.0	0.9	0.7 (Jul)

China	2015	16Q1	16Q2	Latest
Real GDP	6.9	6.7	6.7	
Current Acc. Bal. (US$B, ar)	330.6			
Merch. Trade Bal. (US$B, ar)	593.9	475.1	553.2	574.9 (Jun)
Industrial Production	5.9	6.8	6.2	6.2 (Jun)
CPI	1.6	2.3	1.9	1.9 (Jun)

Thailand	2015	16Q1	16Q2	Latest
Real GDP	2.8			
Current Acc. Bal. (US$B, ar)	31.7	16.6	8.4	
Merch. Trade Bal. (US$B, ar)	2.9	4.4	3.2	3.8 (Jun)
Industrial Production	0.4	-1.0	1.5	0.8 (Jun)
CPI	-0.9	-0.5	0.3	0.1 (Jul)

India	2015	16Q1	16Q2	Latest
Real GDP	6.9			
Current Acc. Bal. (US$B, ar)	-22.4			
Merch. Trade Bal. (US$B, ar)	-10.5	-6.2	-6.4	-8.1 (Jun)
Industrial Production	3.2	0.2		1.2 (May)
WPI	-2.7	-0.8	1.1	1.6 (Jun)

Indonesia	2015	16Q1	16Q2	Latest
Real GDP	4.8			
Current Acc. Bal. (US$B, ar)	-17.7			
Merch. Trade Bal. (US$B, ar)	0.6	0.6	0.6	0.9 (Jun)
Industrial Production	4.8	4.4		7.5 (May)
CPI	6.4	4.3	3.5	3.2 (Jul)

LATIN AMERICA

Brazil	2015	16Q1	16Q2	Latest
Real GDP	-3.8	-5.4		
Current Acc. Bal. (US$B, ar)	-59.3	-30.5	-3.5	
Merch. Trade Bal. (US$B, ar)	19.7	33.5	61.1	54.9 (Jul)
Industrial Production	-8.2	-11.6	-7.7	-5.8 (Jun)
CPI	9.0	10.1	9.1	8.8 (Jun)

Chile	2015	16Q1	16Q2	Latest
Real GDP	2.1	2.0		
Current Acc. Bal. (US$B, ar)	-15.9	2.1		
Merch. Trade Bal. (US$B, ar)	-3.0	8.4	5.1	-0.4 (Jun)
Industrial Production	-0.3	-0.8	-3.1	-3.8 (Jun)
CPI	4.3	4.6	4.2	4.2 (Jun)

Peru	2015	16Q1	16Q2	Latest
Real GDP	3.3			
Current Acc. Bal. (US$B, ar)	-8.4			
Merch. Trade Bal. (US$B, ar)	-0.2	-0.2		0.0 (May)
Unemployment Rate (%)	6.4	6.9	7.0	7.0 (Jun)
CPI	3.5	4.5	3.6	3.0 (Jul)

Colombia	2015	16Q1	16Q2	Latest
Real GDP	3.1			
Current Acc. Bal. (US$B, ar)	-18.8			
Merch. Trade Bal. (US$B, ar)	-1.3	-1.2		-0.7 (May)
Industrial Production	0.9	5.4		4.5 (May)
CPI	5.0	7.7	8.2	8.6 (Jun)

All data expressed as year-over-year % change unless otherwise noted.

Source: Bloomberg, IHS Global, Scotiabank Economics.

Financial Statistics

Interest Rates (%, end of period)

Canada	16Q1	16Q2	Jul/29	Aug/05*	United States	16Q1	16Q2	Jul/29	Aug/05*
BoC Overnight Rate	0.50	0.50	0.50	0.50	Fed Funds Target Rate	0.50	0.50	0.50	0.50
3-mo. T-bill	0.45	0.49	0.54	0.51	3-mo. T-bill	0.20	0.26	0.25	0.26
10-yr Gov't Bond	1.23	1.06	1.03	1.06	10-yr Gov't Bond	1.77	1.47	1.45	1.56
30-yr Gov't Bond	2.01	1.72	1.64	1.67	30-yr Gov't Bond	2.61	2.28	2.18	2.29
Prime	2.70	2.70	2.70	2.70	Prime	3.50	3.50	3.50	3.50
FX Reserves (US$B)	82.2	83.5	83.5	(Jun)	FX Reserves (US$B)	108.7	109.2	109.2	(Jun)
Germany					**France**				
3-mo. Interbank	-0.24	-0.27	-0.29	-0.29	3-mo. T-bill	-0.42	-0.57	-0.58	-0.58
10-yr Gov't Bond	0.15	-0.13	-0.12	-0.06	10-yr Gov't Bond	0.49	0.18	0.10	0.16
FX Reserves (US$B)	60.8	61.8	61.8	(Jun)	FX Reserves (US$B)	57.2	54.8	54.8	(Jun)
Euro Zone					**United Kingdom**				
Refinancing Rate	0.00	0.00	0.00	0.00	Repo Rate	0.50	0.50	0.50	0.25
Overnight Rate	-0.30	-0.29	-0.32	-0.33	3-mo. T-bill	0.48	0.45	0.30	0.30
FX Reserves (US$B)	340.7	344.3	344.3	(Jun)	10-yr Gov't Bond	1.42	0.87	0.69	0.67
					FX Reserves (US$B)	125.2	128.7	128.7	(Jun)
Japan					**Australia**				
Discount Rate	0.30	0.30	0.30	0.30	Cash Rate	2.00	1.75	1.75	1.50
3-mo. Libor	-0.07	-0.08	-0.07	-0.08	10-yr Gov't Bond	2.49	1.98	1.87	1.87
10-yr Gov't Bond	-0.03	-0.22	-0.19	-0.09	FX Reserves (US$B)	46.1	48.3	48.3	(Jun)
FX Reserves (US$B)	1231.6	1232.9	1232.9	(Jun)					

Exchange Rates (end of period)

USDCAD	1.30	1.29	1.30	1.32	¥/US$	112.57	103.20	102.06	101.83
CADUSD	0.77	0.77	0.77	0.76	US¢/Australian$	0.77	0.75	0.76	0.76
GBPUSD	1.436	1.331	1.323	1.306	Chinese Yuan/US$	6.45	6.65	6.64	6.66
EURUSD	1.138	1.111	1.117	1.108	South Korean Won/US$	1143	1152	1120	1111
JPYEUR	0.78	0.87	0.88	0.89	Mexican Peso/US$	17.279	18.280	18.753	18.876
USDCHF	0.96	0.98	0.97	0.98	Brazilian Real/US$	3.592	3.213	3.249	3.185

Equity Markets (index, end of period)

United States (DJIA)	17685	17930	18432	18514	U.K. (FT100)	6175	6504	6724	6794
United States (S&P500)	2060	2099	2174	2181	Germany (Dax)	9966	9680	10338	10363
Canada (S&P/TSX)	13494	14065	14583	14639	France (CAC40)	4385	4237	4440	4411
Mexico (IPC)	45881	45966	46661	47043	Japan (Nikkei)	16759	15576	16569	16254
Brazil (Bovespa)	50055	51527	57308	57383	Hong Kong (Hang Seng)	20777	20794	21891	22146
Italy (BCI)	1056	949	993	967	South Korea (Composite)	1996	1970	2016	2018

Commodity Prices (end of period)

Pulp (US$/tonne)	950	1000	1000	1000	Copper (US$/lb)	2.20	2.19	2.20	2.17
Newsprint (US$/tonne)	545	560	575	575	Zinc (US$/lb)	0.81	0.95	1.01	1.03
Lumber (US$/mfbm)	303	316	329	329	Gold (US$/oz)	1237.00	1320.75	1342.00	1340.40
WTI Oil (US$/bbl)	38.34	48.33	41.60	41.31	Silver (US$/oz)	15.38	18.36	20.04	20.22
Natural Gas (US$/mmbtu)	1.96	2.92	2.88	2.79	CRB (index)	170.52	192.57	181.01	180.97

* Latest observation taken at time of writing.
Source: Bloomberg, Scotiabank Economics.

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