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FRIDAY THE 13TH MARKS THE START OF ANOTHER EARNINGS SEASON

FORECASTS & DATA

CONTACTS

Derek Holt
416.863.7707
Scotiabank Economics
derek.holt@scotiabank.com

Next Week's Risk Dashboard

- US earnings
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- US retail sales, confidence
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- Italian court ruling
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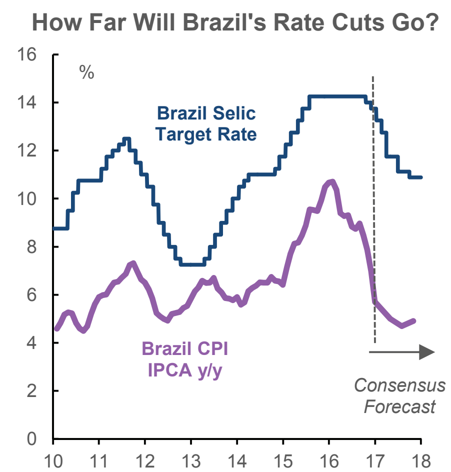
Chart of the Week



Source: Scotiabank Economics, Banco Central do Brasil, IBGE.

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

Friday The 13th Marks The Start Of Another Earnings Season

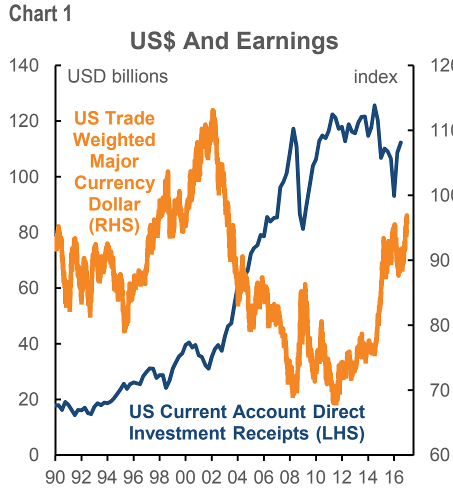
UNITED STATES — EARNINGS, THE FED AND THE WRAP ON HOLIDAY SHOPPING

How the holiday shopping season ended, the start of another earnings season and Fed-speak will be the main points of interest in US markets and each may impact the global market tone. Politics will be focused on the confirmation hearing for US Secretary of State candidate Rex Tillerson and his close ties to the energy sector, friendship with Russian President Putin, and his opposition to sanctions against Russia.

Earnings season starts later in the week. As usual, the early focus will be upon financials and then the sectors broaden out over coming weeks. Friday the 13th is the unofficial kick-off to this earnings season, and so if you own equities and happen to be superstitious, then get out that rabbit's foot or shine that horseshoe above the door. That day, we'll get Q4 and full-year results from JP Morgan, Bank of America, BlackRock, Wells Fargo and PNC Financial. That said, it's some of the nonfinancials with the greatest exposure to foreign sales that may be where the concern rests.

A major issue this season may be the effects of the USD — both in terms of immediate currency translation effects on foreign earnings of multinationals, and fresh forward earnings guidance that incorporates a changed picture for the dollar. This is likely to be more of an issue as the earnings season broadens into sectors like tech, industrials and consumer discretionary stocks. Since the end of Q3, the USD has appreciated by about 6% in terms of the Fed's major currencies index and, since mid-2014, the USD has appreciated by 26.5%. This research piece by Federal Reserve economists argues that there is a 10/4 rule in that every 10% appreciation in the USD index that is trade-weighted against major currencies results in about a 4% (3.8% to be precise) decline in direct investment receipts, a proxy for the earnings of US foreign subsidiaries. The dollar's massive depreciation from about 2002 until just before the Global Financial Crisis was a significant contributor to the large pick-up in foreign earnings of US companies (chart 1). There were some good products along the way, but corporate America also got a dose of good luck handed to it by currency markets. The dollar's large appreciation since 2014 has already had negative effects on some US earnings seasons since and is likely to have further negative effects going forward. **If the same estimates hold, then the appreciation in the USD in Q4 could shave earnings in the nonfinancial sector ex-oil and utilities by just over 2% this coming season and with potentially more to come.**

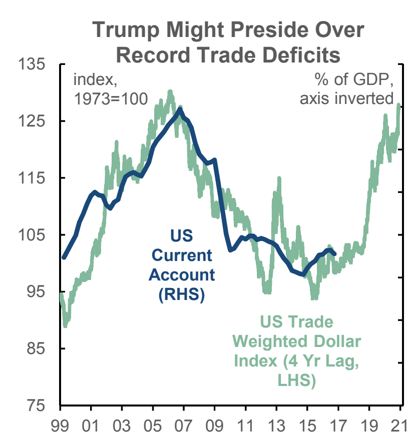
Chart 1



Source: Scotiabank Economics, Federal Reserve, Bureau of Economic Analysis.

That would be consistent with more of a macro argument that points to a large erosion in US trade competitiveness that risks returning the US economy to the largest current account deficits since 2006 (chart 2). The impact of dollar movements is long and variable as it works its way through trade channels into corporate earnings, but the drag on trade of late may be the beginning of this effect. As an aside, the more the Trump administration advocates strong USD policies like a more hawkish Fed and repatriated earnings, the more its master plan for growth, a repatriated manufacturing sector and faster job growth is likely to implode. Ironically, however, it could raise growth prospects across America's trading partners as their currencies depreciate versus the dollar as long as mutually assured trade destruction policies are not unleashed. That, of course, excludes the countries with currencies that have explicit dollar pegs, managed pegs and other dollarized economies. We're not just talking East Timor here, as the list includes China and Hong Kong.

Chart 2



Source: Scotiabank Economics, Federal Reserve, Bloomberg.

Friday's retail sales growth estimate for December could get a headline lift from auto sales and gas prices, but especially at this time of year it's the core sales figure that will be closely scrutinized. Were sales brought forward into strong gains in September and October this year, or can momentum be restored after a softer month of November? Regular and premium gasoline prices climbed by over 3% and almost 2% month-over-month and should support growth in the total value of retail sales given that price effects cannot be stripped out until after the CPI figures for the month arrive the following week. Ditto for a 3% m/m rise in auto sales that came in stronger than expected in December as they hit the highest level since July 2005. Consumer confidence has soared — and the UofM sentiment gauge will be updated with the first print of the new year on Friday — but there is always a tenuous connection with actual consumer spending. Actions speak louder than words.

Fed-speak will include Chair Yellen and a spate of regional Presidents. Yellen's town hall meeting with educators on Thursday evening is unlikely to broach topics of relevance to markets versus but the risk lies in a Q&A session.

Given the annual rotation of the voting members of the FOMC across regional Presidents, a new crop of weighted views comes into play. Next week's speakers who vote this year will include Kashkari, Harker (twice) and Evans. Rosengren, Bullard and Lockhart also speak but all three are non-voting members this year and Lockhart is retiring at the end of February with his successor yet to be named. With two vacant positions on the Board of Governors to be filled by the Trump administration, Chair Yellen's current term set to expire in early February next year and Vice Chair Fischer's term to expire in June of next year, the FOMC committee could well take a more hawkish turn over time but not because of the rotation of the regional Presidents.

The US auctions 3s, 10s and 30s next week. Sundry forms of more minor data risk will include the JOLTS unfilled jobs estimate on Tuesday, import prices on Thursday that will be watched more significantly over 2017 for signs of downward pressure due to USD strength, and that same day's weekly jobless claims that will remain difficult to decipher until we're out of the holiday season.

EUROPE — EUROPEAN POLITICAL RISK SHIFTS INTO HIGHER GEAR

This will be a year of potentially massive political upheaval in Europe that risks overshadowing last year's Brexit vote and the US election results. Tuesday might be an early kick-off to the intensification of political risk that had previously been expected to begin in March with the UK's Article 50 Brexit proposal and the first of several European elections.

That's because on Tuesday, **Italy's Constitutional Court reviews a request to hold yet another referendum.** The country's largest trade union is asking for a referendum on labour market reforms that were passed by ex-Premier Matteo Renzi whose failed referendum on Senate reforms led to his resignation. The Court had provided notice on December 14th that it would consider the request for another referendum which it might approve next week. Acting to delay or pre-empt the risk of a snap election call should the interim government of Paolo Gentiloni wish to seek a clearer mandate ahead of a possible referendum became more difficult when the mostly ceremonial President — Sergio Mattarella — recently remarked that before supporting an election (with his power to appoint a PM) Italy must have new electoral laws in place. An election would otherwise have to be held before May 23rd 2018.

What combination of a possible referendum and/or election would arise in Italy would add to a calendar of **potentially serious political risks to the EU experiment.** The Dutch election will be held on March 25th and the leading candidate has pledged to hold a referendum on EU membership. The first round of French elections will be held on April 23rd and the second round on May 7th and National Front leader Marine Le Pen has pledged to hold a referendum on EU membership if she wins what will nevertheless result in a right-wing turn for France's electorate. Then it's Germany's turn with its election in September.

Q4 economic growth tracking estimates will be further informed by industrial production figures for the month of November in Germany (Monday), France (Tuesday), Spain (Wednesday) and the UK (Wednesday). Export figures from Germany (Monday) and the UK (Wednesday) add to data risk.

LATIN AMERICA — LATAM CENTRAL BANKS WILL BE THE FIRST TO GET BACK TO WORK

A new year brings new policy challenges and, in the world of central banking, the first to rise to the task will be a pair of central banks in Brazil and Peru (and one in Asia discussed later in this article). Inflation updates in a couple of other LatAm markets will further inform debates on neighbouring central banks especially after Banxico intervened to strengthen the peso by selling US dollars.

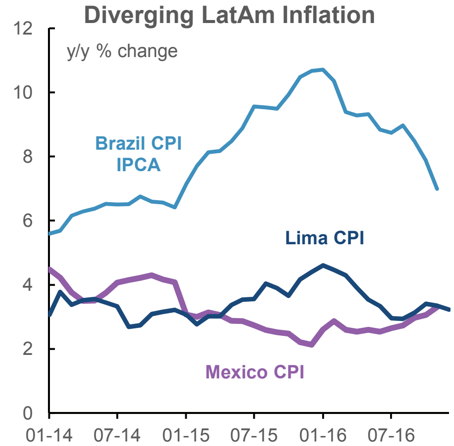
While the Fed is hiking, Banco Central do Brasil is likely to keep on cutting. The Selic rate peaked at 14.25% before two quarter point cuts were put through in October and November last year. Another 25-50bps cut seems likely next week. The 6-7%

appreciation in the Brazilian real over the month of December into the new year that returns its value versus the USD to where it stood around late October puts added pressure upon the central bank to be easing policy.

So might inflation. Brazil faces the opposite challenge to some other LatAm central banks as LatAm inflation pressures diverge across the major economies (chart 3). Brazil's main inflation metric has fallen back to about 7% y/y as of last November from a peak of 10.7% last January. That's actually pretty good by recent Brazilian standards as it is not far off the 6.1% average over the 2011-14 period before the sharp run-up occurred. **Further downward pressure on inflation in next week's update would strengthen the case for additional rate cuts.** Consensus expects inflation to ease back to under 5% later this year and for this to facilitate about 200bps of rate cuts.

The following day, it will be Peru's turn. **Banco Central de Reserva del Peru issues a rate decision** after having remained on hold at a 4.25% reference rate since last February. CPI inflation remains above the 2% policy target at 3.2% y/y and hence also above the upper limit of the 1-3% policy band. Inflation that is higher than target but potentially falling again may keep the central bank on hold next week.

Chart 3



Source: Scotiabank Economics, IBGE, INEGI, Instituto Nacional De Estadistica E Informatica De Peru.

Markets will also have heightened sensitivity to any further signs of currency intervention by Mexico's central bank after it moved in to sell dollars in an effort to bolster the peso. The only problem is that it didn't work, or at least not for longer than a few hours. The intervention came ahead of next Monday's December CPI report that is expected to register further upward pressure on inflation toward the 3½% y/y range. That would be the highest inflation since December 2014 and currency pass-through is not over yet. Falling levels of industrial output compared to a year ago set an awkward growth backdrop for this surge of currency-induced imported inflation and next Wednesday's industrial figures will be viewed through this growth-inflation lens.

Argentina releases December's inflation figures on Wednesday but the country remains mired in the process of restoring data credibility. All we have so far since inflation reporting recommenced is seven months of inflation figures reported in month-ago terms with no year-ago reference data available until May. The country continues to face relatively high inflation averaging 1.7% m/m over the past three months.

Chilean exports for December, and Brazilian retail sales will round out macro hits.

ASIA — OVERSTATED CHINESE REFLATION

With the reflation trade dominant across global markets, expect to see the emphasis in Asian markets go to Chinese inflation figures next week.

On that note, much of the concern is regarding whether China will export waves of inflation going forward. This concern is focused upon two inflation gauges that will be updated next week and, in my opinion, it's not the least bit clear that this is what is happening:

1. CPI is expected to remain little changed around 2.2% y/y and hence about where it has been for the past three months following a mild acceleration since the June-September period that restored inflation to where it stood over the first half of the year. **Simply restoring inflation to around where it stood earlier in the year isn't terribly compelling evidence of reflation forces**. It's higher than the 1½% range that dominated 2015, but brings us back toward the 2.2% average rate of inflation that existed over the 2012H2-2014 period.

2. Producer prices have swung around from a 6% year-ago pace of decline until the end of 2015 to a rise of 3.3% y/y in November last year. **A breakdown of the components suggests that the issue is margin compression for Chinese firms more than pass-through into broader price measures.** As chart 4 demonstrates, the rise in prices in the mining sector dominates the pick-up in producer prices and is driven by higher commodity prices. Ditto for the second hottest category of producer prices — raw materials. Consumer goods prices charged by producers are essentially flat in year-ago terms, and manufacturing output prices are up by 2.9%.

Further, the fact that the onshore/offshore yuan has appreciated by about 8%/9% versus the yen and 2.5%/4% versus the Euro since the US election suggests that currency influences are modestly disinflationary in nature.

China is also expected to release export and import figures later in the week, and may release monthly aggregate financing and credit figures next week.

The Bank of Korea is unanimously expected to remain on hold at a 7-day repo rate of 1.25% next Friday. Recent BoK communications have emphasized maintaining financial stability and have placed greater importance upon fiscal policy actions versus relying upon monetary policy.

Australian retail sales, Indian exports and India's industrial production figures may impact regional market tone.

CANADA — THE WEEK AFTER WILL BE WHAT MATTERS

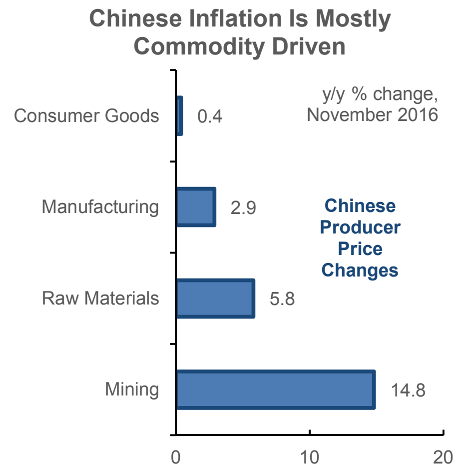
Canadian markets will follow the broad global market tone next week with little of note on the domestic calendar aside from a pair of surveys and a pair of housing releases.

The Bank of Canada releases its twin Business Outlook and Senior Loan Officer Surveys for Q4 on Monday. Existing home sales in December will be released on Friday and Canada auctions 2s on Wednesday.

Canadian housing starts for December might face some upside compared to the recent trend. That's because there was a surge of approved permits for both single and multiple housing units over the late Summer and early Fall period that have yet to translate into an accelerated pace of shovels going into the ground. Witness chart 5 that shows a decent correlation between permit volumes for dwelling units, and housing starts — and how starts have been lagging the recent surge in permits.

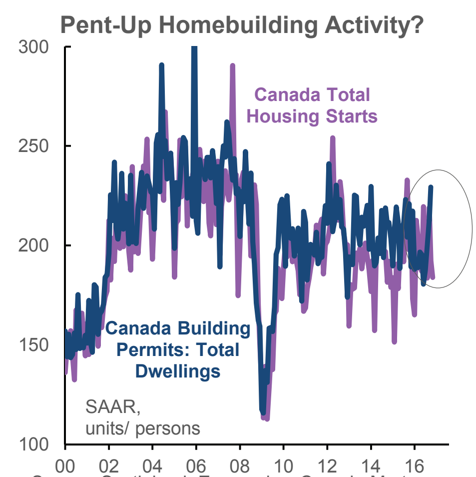
Rest up if the domestic calendar is your main point of focus, as the following week shifts into higher gear with another Bank of Canada rate decision, CPI for the month of December, manufacturing sales in November, and retail sales during November.

Chart 4



Source: Scotiabank Economics, National Bureau of Statistics of China.

Chart 5



Source: Scotiabank Economics, Canada Mortgage and Housing Corporation, Statistics Canada.

Key Indicators for the week of January 9 – 13

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
MX	01/09	09:00	Bi-Weekly Core CPI (% change)	Dec 31	0.13	0.16	0.47
MX	01/09	09:00	Bi-Weekly CPI (% change)	Dec 31	0.12	0.20	0.42
MX	01/09	09:00	Consumer Prices (m/m)	Dec	0.54	0.46	0.78
MX	01/09	09:00	Consumer Prices (y/y)	Dec	3.44	3.40	3.31
MX	01/09	09:00	Consumer Prices Core (m/m)	Dec	0.41	0.50	0.22
CA	01/09	10:30	BoC Senior Loan Officer Survey	4Q	--	--	3.3
CA	01/09	10:30	Business Outlook Future Sales	4Q	--	--	12.0
US	01/09	15:00	Consumer Credit (US$ bn m/m)	Nov	--	18.2	16.0
CA	01/10	08:15	Housing Starts (000s a.r.)	Nov	200	190.0	184.0
CA	01/10	08:30	Building Permits (m/m)	Nov	--	--	8.7
US	01/10	10:00	JOLTS Job Openings (000s)	Nov	--	--	5534
US	01/10	10:00	Wholesale Inventories (m/m)	Nov F	--	0.9	0.9
US	01/11	07:00	MBA Mortgage Applications (w/w)	JAN 6	--	--	0.1
MX	01/11	09:00	Industrial Production (m/m)	Nov	--	--	0.1
MX	01/11	09:00	Industrial Production (y/y)	Nov	0.5	--	-1.4
CA	01/12	08:30	New Housing Price Index (m/m)	Nov	--	--	0.4
CA	01/12	08:30	Teranet - National Bank HPI (y/y)	Dec	--	--	11.9
US	01/12	08:30	Export Prices (m/m)	Dec	--	0.8	-0.3
US	01/12	08:30	Import Prices (m/m)	Dec	--	0.8	-0.3
US	01/12	08:30	Initial Jobless Claims (000s)	JAN 7	260	--	235
US	01/12	08:30	Continuing Claims (000s)	DEC 31	2120	--	2112
US	01/13	08:30	PPI (m/m)	Dec	--	0.3	0.4
US	01/13	08:30	PPI ex. Food & Energy (m/m)	Dec	--	0.1	0.4
US	01/13	08:30	Retail Sales (m/m)	Dec	0.6	0.5	0.1
US	01/13	08:30	Retail Sales ex. Autos (m/m)	Dec	0.4	0.5	0.2
CA	01/13	09:00	Existing Home Sales (m/m)	Dec	--	--	-5.3
US	01/13	10:00	Business Inventories (m/m)	Nov	--	0.3	-0.2
US	01/13	10:00	U. of Michigan Consumer Sentiment	Jan P	99.5	98.6	98.2
US	01/13	14:00	Treasury Budget (US$ bn)	Dec	--	-21.0	-136.7

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
GE	01/09	02:00	Current Account (€ bn)	Nov	--	20.0	18.4
GE	01/09	02:00	Industrial Production (m/m)	Nov	--	0.7	0.3
GE	01/09	02:00	Trade Balance (€ bn)	Nov	--	20.5	19.4
UK	01/09	03:30	Halifax House Price (3 month, y/y)	Dec	--	5.8	6.0
EC	01/09	05:00	Unemployment Rate (%)	Nov	--	9.8	9.8
FR	01/10	02:45	Industrial Production (m/m)	Nov	--	0.5	-0.2
FR	01/10	02:45	Industrial Production (y/y)	Nov	--	-0.1	-1.8
FR	01/10	02:45	Manufacturing Production (m/m)	Nov	--	0.3	-0.6
SP	01/11	03:00	Industrial Output NSA (y/y)	Nov	--	--	-2.2
UK	01/11	04:30	Industrial Production (m/m)	Nov	--	0.5	-1.3
UK	01/11	04:30	Manufacturing Production (m/m)	Nov	--	0.4	-0.9
UK	01/11	04:30	Visible Trade Balance (£ mn)	Nov	--	-11400	-9711
GE	01/12	04:00	Real GDP NSA (y/y)	2016	--	1.9	1.7
GE	01/12	04:00	Budget (Maastricht) (% of GDP)	2016	--	0.6	0.7
IT	01/12	04:00	Industrial Production (m/m)	Nov	--	--	0.0
EC	01/12	05:00	Industrial Production (m/m)	Nov	--	0.5	-0.1
EC	01/12	05:00	Industrial Production (y/y)	Nov	--	1.3	0.6

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

Key Indicators for the week of January 9 – 13

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CH	JAN 6-7		Foreign Reserves (US$ bn)	Dec	3010	3010.0	3051.6
AU	01/08	19:30	Building Approvals (m/m)	Nov	--	4.6	-12.6
AU	01/08	19:30	ANZ Job Advertisements (m/m)	Dec	--	--	1.7
AU	01/09	00:30	Foreign Reserves (AUD bn)	Dec	--	--	69.9
TA	01/09	03:00	Exports (y/y)	Dec	--	10.8	12.1
TA	01/09	03:00	Imports (y/y)	Dec	--	10.2	3.0
TA	01/09	03:00	Trade Balance (US$ bn)	Dec	--	4.4	4.3
SI	01/09	04:00	Foreign Reserves (US$ mn)	Dec	--	--	247784
AU	01/09	19:30	Retail Sales (m/m)	Nov	--	0.4	0.5
CH	01/09	20:30	CPI (y/y)	Dec	2.2	2.2	2.3
CH	01/09	20:30	PPI (y/y)	Dec	--	4.6	3.3
CH	JAN 9-15		Aggregate Financing (CNY bn)	Dec	--	1350	1737
CH	JAN 9-15		New Yuan Loans (bn)	Dec	--	663	795
IN	JAN 9-16		Exports (y/y)	Dec	--	--	2.3
IN	JAN 9-16		Imports (y/y)	Dec	--	--	10.4
JN	01/10	00:00	Consumer Confidence	Dec	--	--	40.9
NZ	01/10	11:30	QV House Prices (y/y)	Dec	--	--	12.4
JN	01/10	18:50	Official Reserve Assets (US$ bn)	Dec	--	--	1219
MA	01/10	23:00	Industrial Production (y/y)	Nov	--	--	4.2
JN	01/11	00:00	Coincident Index CI	Nov P	--	115.1	113.5
JN	01/11	00:00	Leading Index CI	Nov P	--	102.7	100.8
JN	01/11	18:50	Bank Lending (y/y)	Dec	--	--	2.4
JN	01/11	18:50	Current Account (¥ bn)	Nov	--	1504	1720
JN	01/11	18:50	Trade Balance - BOP Basis (¥ bn)	Nov	--	249.4	587.6
JN	JAN 11-12		Eco Watchers Survey (current)	Dec	--	--	48.6
JN	JAN 11-12		Eco Watchers Survey (outlook)	Dec	--	--	49.1
IN	01/12	04:30	CPI (y/y)	Dec	3.6	--	3.63
IN	01/12	07:00	Industrial Production (y/y)	Nov	--	--	-1.90
JN	01/12	18:50	Japan Money Stock M2 (y/y)	Dec	--	4.1	4.0
JN	01/12	18:50	Japan Money Stock M3 (y/y)	Dec	--	3.5	3.4
CH	JAN 12-13		Exports (y/y)	Dec	--	-4.0	-1.6
CH	JAN 12-13		Imports (y/y)	Dec	--	3.0	4.7
CH	JAN 12-13		Trade Balance (USD bn)	Dec	--	47.6	44.2
SK	JAN 12-13		**BoK Base Rate (%)**	**Jan 13**	**1.25**	**1.25**	**1.25**
SI	01/13	00:00	Retail Sales (y/y)	Nov	--	--	2.2

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
PE	JAN 9-11		Trade Balance (USD mn)	Nov	250	--	237.0
BZ	01/10	06:00	Retail Sales (m/m)	Nov	--	--	-0.8
BZ	01/10	06:00	Retail Sales (y/y)	Nov	--	--	-8.2
BZ	01/11	06:00	IBGE Inflation IPCA (m/m)	Dec	--	0.3	0.2
BZ	01/11	06:00	IBGE Inflation IPCA (y/y)	Dec	--	6.3	7.0
BZ	01/11		**SELIC Target Rate (%)**	**Jan 11**	**13.50**	**13.25**	**13.75**
PE	01/12	18:00	**Reference Rate (%)**	**Jan 12**	**4.25**	**--**	**4.25**
BZ	01/13	05:30	Economic Activity Index SA (m/m)	Nov	--	--	-0.5
BZ	01/13	05:30	Economic Activity Index NSA (y/y)	Nov	--	--	-5.3

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

Global Auctions for the week of January 9 – 13

NORTH AMERICA

Country	Date	Time	Indicator
US	01/10	13:00	U.S. to Sell 3-Year Notes
CA	01/11	12:00	Canada to Sell 2-Year Bonds
US	01/11	13:00	U.S. to Sell 10-Year Notes Reopening
US	01/12	13:00	U.S. to Sell 30-Year Bonds Reopening

EUROPE

Country	Date	Time	Indicator
AS	01/10	05:15	Austria to Sell 1.5% 2047 Bonds
AS	01/10	05:15	Austria to Sell 0.75% 2026 Bonds
UK	01/10	05:30	U.K. to Sell GBP750 Mln 0.125% I/L 2046 Bonds
NE	01/10	05:30	Netherlands to Sell 2.75% 2047 Bonds
DE	01/11	04:00	Denmark to Sell Bonds
SZ	01/11	05:15	Switzerland to Sell Bonds
GE	01/11	05:30	Germany to Sell EUR5 Bln 2027 Bonds
IT	01/12	05:00	Italy to Sell Bonds
UK	01/12	05:30	U.K. to Sell GBP2.25 Bln 2% 2025 Bonds

ASIA-PACIFIC

Country	Date	Time	Indicator
JN	01/10	22:45	Japan to Sell 30-Year Bonds
JN	01/13	03:00	Japan Auction for Enhanced-Liquidity

LATIN AMERICA

Country	Date	Time	Indicator
BZ	01/10	09:00	Brazil to Sell I/L Bonds
BZ	01/12	09:00	Brazil to Sell LFT

Source: Bloomberg, Scotiabank Economics.

Events for the week of January 9 – 13

NORTH AMERICA

Country	Date	Time	Event
US	01/07	11:15	Fed's Kashkari Speaks on Too Big to Fail in Chicago
US	01/07	11:15	Fed's Powell Speaks in Chicago
US	01/09	09:00	Fed's Rosengren Speaks in Hartford, Connecticut
CA	01/09	10:30	BoC Business Outlook Future Sales
CA	01/09	10:30	BoC Senior Loan Officer Survey
US	01/09	12:45	Fed's Lockhart Speaks to the Rotary Club of Atlanta
US	01/12	08:30	Fed's Harker Speaks in Malvern, Pennsylvania
US	01/12	08:30	Fed's Evans and Lockhart Take Part in Panel in Naples, Florida
US	01/12	12:30	Fed's Lockhart Speaks to Naples, Florida Chamber of Commerce
US	01/12	13:15	Fed's Bullard Speaks in New York on U.S. Outlook
US	01/12	19:00	Yellen to Host Town Hall with Educators
US	01/13	09:30	Fed's Harker Speaks on Economic Mobility in Philadelphia

EUROPE

Country	Date	Time	Event
SW	01/12	03:30	Riksbank Publishes Minutes from Dec. Meeting
NO	01/12	05:45	Norges Bank Deputy Governor Nicolaisen in Panel Debate
EC	01/12	07:30	ECB Publishes Account of Monetary Policy Meeting
PO	01/13		Portugal Sovereign Debt to be rated by Moody's
IR	01/13		Ireland Sovereign Debt to be rated by Fitch
IT	01/13		Italy Sovereign Debt to be rated by DBRS
GE	JAN 13-14		Merkel's CDU Party Leadership Holds Election-Year Retreat

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	January 18, 2017	0.50	0.50
Federal Reserve – Federal Funds Target Rate	0.75	February 1, 2017	0.75	0.75
Banco de México – Overnight Rate	5.75	February 9, 2017	5.75	--

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	0.00	January 19, 2017	0.00	--
Bank of England – Bank Rate	0.25	February 2, 2017	0.25	--
Swiss National Bank – Libor Target Rate	-0.75	March 16, 2017	-0.75	--
Central Bank of Russia – One-Week Auction Rate	10.00	February 3, 2017	10.00	--
Sweden Riksbank – Repo Rate	-0.50	February 15, 2017	-0.50	--
Norges Bank – Deposit Rate	0.50	March 16, 2017	0.50	--

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	January 31, 2017	-0.10	--
Reserve Bank of Australia – Cash Target Rate	1.50	February 6, 2017	1.50	1.50
Reserve Bank of New Zealand – Cash Rate	1.75	February 8, 2017	1.75	1.75
People's Bank of China – Lending Rate	4.35	TBA	--	--
Reserve Bank of India – Repo Rate	6.25	February 8, 2017	6.00	--
Bank of Korea – Bank Rate	1.25	January 13, 2017	1.25	1.25
Bank of Thailand – Repo Rate	1.50	February 8, 2017	1.50	1.50
Bank Indonesia – 7-Day Reverse Repo Rate	4.75	January 19, 2017	4.75	--

Bank of Korea: The BoK is unanimously expected to remain on hold at a 7-day repo rate of 1.25% next Friday. Recent BoK communications have emphasized maintaining financial stability and placed greater importance upon fiscal policy actions.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	13.75	January 11, 2017	13.50	13.25
Banco Central de Chile – Overnight Rate	3.50	January 19, 2017	3.50	--
Banco de la República de Colombia – Lending Rate	7.50	January 30, 2017	7.25	--
Banco Central de Reserva del Perú – Reference Rate	4.25	January 12, 2017	4.25	--

Banco Central do Brasil: A 25-50bps cut would extend monetary easing that began last year and that is driven by a) declining inflation pressures, and b) a strengthening real versus the USD.
Banco Central de Reserva del Peru: No change in policy is expected next week as inflation remains above the central bank's 2% target.

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	7.00	January 24, 2017	7.00	--

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

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