

RED CARPETS & REFLATION

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Next Week's Risk Dashboard

- ▶ Yellen
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- ▶ Other Fed speak
- ▶ Trudeau-Trump meeting
- ▶ CBs: Chile, Indonesia, Riksbank
- ▶ US retail sales, CPI, industrial hits
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- ▶ Q4 GDP: Peru, Japan, Malaysia, Eurozone
- ▶ Inflation: China, India, Japan
- ▶ UK inflation, retail sales
- ▶ Eurozone macro hits
- ▶ Australian jobs
- ▶ Earnings

Chart of the Week
US Inflation Remains In Check


Sources: Scotiabank Economics, Bureau of Labor Statistics.

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

Red Carpets & Reflation

UNITED STATES—CONGRESS SHOULD ROLL OUT THE RED CARPET

Potentially key testimony from Fed Chair Yellen and a pair of important macro releases will concentrate US macro risk on Tuesday and Wednesday next week.

Before we get there, an influencing factor into the Monday Asian market open could be a speech this Saturday by Fed Vice-Chairman Stanley Fischer. He speaks in the UK about “The Process of Monetary Policy” early on Saturday morning. The title suggests a need for caffeine, but the risk lies in reference to rate guidance and criteria for evaluating reinvestment policies. So far, we’ve only heard regional Fed Presidents suggest that March may be in play and so all next week markets will be watching for signals from the top of the house. To be relevant, it would have to be stronger guidance than simply saying that all meetings are live which the Fed always says.

Fed Chair Yellen then delivers her semi-annual monetary policy testimony to Congress before the Senate Banking Panel on Tuesday and the House Financial Services Committee on Wednesday. So far in her recent public appearances, Yellen has been reluctant to offer updated views on the economy and markets in terms of fiscal, regulatory and trade policy developments. That’s in large part because, well, there haven’t been many! Rather, there haven’t been many positive potential policy developments. So in this respect at least, one should probably expect much of the same from Yellen compared to her earlier communications. Risks will be focused upon tracking developments in the economy thus far and hinting at criteria for re-evaluating reinvestment policy. Whether she repeats that the Fed will evaluate incoming data “over coming months” or not will be carefully watched to reaffirm that the Fed is on hold until our forecast for a hike no earlier than June (our base case).

Perhaps of equal if not greater importance will be the tone of the questioning and commentary. Will Republicans still chide the Fed for overly lax monetary policy? Yellen can obviously hold her own either way, but hopefully the Republican-controlled Congress may recall that a Federal Reserve that coaxes along economic expansion through gradual policy adjustments offers the new administration a better chance at prolonging the recovery than the alternative. A hawkish Fed, inflated dollar and rattled bond market would not be kind to Republicans into the next mid-terms. A cordial tone, red carpet and gold microphone might be in order.

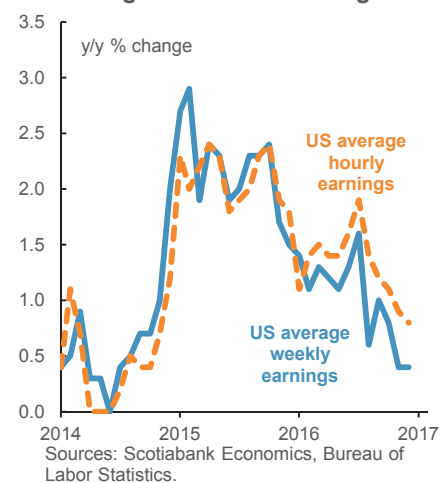
Retail sales (Wednesday) in January could face the risk of a dip given what we know happened to vehicle sales and gasoline prices over the month. Gas prices were up by 4% m/m in January over December and they carry about an 8% weight. This translates into roughly a 0.3% addition to headline retail sales assuming that the volume of gasoline was little changed. Auto sales were down -4.4% m/m in January over December with about a 21% weight so that translates into roughly a -0.9% drag to headline retail sales. On net, assuming flat gasoline volumes and auto prices, these two components would drag 0.6% off of headline retail sales. That would require a large gain in sales ex-autos and gas to put growth in headline sales in the black for the month, and/or much higher gasoline sales volumes and/or much higher auto prices.

Also on Wednesday, CPI is expected to be a non-event—which probably means watch out. Consensus expects headline CPI to remain at 2.1% y/y and core CPI ex-food-and-energy to also remain unchanged at 2.2% y/y. Whether the latest prints tick up or down, the Fed prefers the price deflators on total consumer expenditures because the PCE price deflator dynamically adjusts for changes in what consumers spend money on and where, whereas CPI uses periodic updates to fixed weights and thus CPI more slowly adjusts to substitution and income effects in response to relative price changes. Headline and core PCE excluding food and energy won’t be updated until March 1st, but the last readings were running a half percentage point behind the CPI measures.

Other macro reports will concentrate upon the industrial sector and will include regional manufacturing reports (Empire Wednesday, Philly Fed Thursday), industrial production (Wednesday) and producer prices (Tuesday). Housing starts (Thursday) and real wages (Wednesday) round out the hits.

Chart 1

Falling Growth In Real Wages



On the latter note, inflation-adjusted wage growth has been slowing for the past eighteen months to a nearly negligible pace (chart 1). Volatile growth in nominal wages that recently slowed again and rising consumer prices explain this so far. The issue at hand is whether real wage growth is being crimped by a temporary spurt of inflation, whether both are poised to decelerate, or whether greater inflationary pressure will start to flow through to faster nominal wage growth. The answer significantly depends upon the mixture of policy actions going forward and will take time to evaluate.

Five regional Fed Presidents also speak during the week including voters (Harker, Kaplan) alternates (Lacker, Lockhart) and a nonvoting FOMC member (Rosengren).

Fifty-five firms on the S&P500 release earnings reports including Molson Coors, AIG, PepsiCo, CBS and Deere & Co.

The US Treasury auctions 30 year TIPS on Thursday.

CANADA—ON PAUSE

Earnings and a pair of macro prints will be focal points in Canadian markets over the coming week. Before markets get to that, however, Monday's meeting between Prime Minister Trudeau and US President Trump in Washington may reveal risks facing the tone of relationship at this stage and related issues like risks to NAFTA. The data risk will likely be dovish in terms of potential market influences. External market risks could well prove dominant over the domestic calendar, however, and notably in terms of Fed speak and US data.

Manufacturing sales (Wednesday) probably slowed in line with cooler export growth in December. Since the numbers will reflect what happened to orders over prior months, it will be a dated report before trade policy uncertainty crept into the picture. Recall that the volume of manufacturing shipments advanced by 1.2% m/m in November but that wasn't enough to put the quarter into the black. Based upon the Q3 hand-off and the first two months of Q4, the volume of shipments is tracking a 3% q/q annualized and seasonally adjusted decline in Q4 and that could worsen with the December figures. One reason is that we already know that export volumes fell by 1.4% m/m in December for the third decline in the past four months (chart 2). Key manufacturing-related categories declined. Leading the way was a 5.2% m/m drop in the value of exports of autos and parts that represent about 10% of manufacturing GDP. Also note that the volume of new orders placed with manufacturers has trended lower over the past three months.

Existing home sales during January will be updated the same day. They never impact markets, and completed sales in January are usually soft given the timing would work out to moving in by late winter or early Spring before schools are out for the summer. That's controlled through seasonal adjustments to the national totals, but not the local/provincial results beforehand.

As US earnings season winds down, Canadian earnings season is ramping up. Forty-seven earnings reports are due out from companies like CAE, Colliers Int'l, Cineplex, Agnico Eagle Mines, Goldcorp, Barrick Gold, New Gold, Kinross Gold, Sun Life Financial, Encana Corp, Canadian Tire, West Fraser, CI Financial, Fortis, TransCanada, Bombardier, Air Canada and Enbridge.

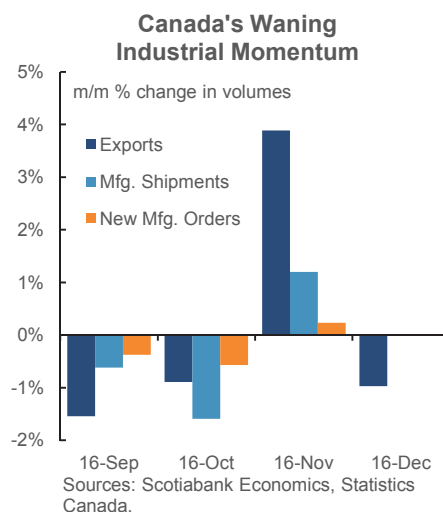
Canada holds a 5 year auction on Wednesday.

LATIN AMERICA—ANOTHER STEP TOWARD REGIONAL POLICY EASING

A possible rate cut and further policy guidance from Chile will combine with Peru's Q4 GDP performance to offer domestic twists to global influences on LatAm markets. Other data hits will concentrate growth-tracking risks upon Colombia and Brazil.

Banco Central de Chile started an easing cycle when it cut last month and a slim majority within consensus expect it to continue to ease next week. The overnight rate target is expected to decline by 25bps to 3% next Tuesday. Scotia's Chilean economist Benjamin Sierra expects a rate hold. What a wonderful Valentine's Day gift it would be to the economy. Nominal wage growth

Chart 2



recently accelerated to 4.9% y/y while real wage growth is running at 2%. Exports have been volatile but growth is running at 8.8% y/y while imports are up by 13.4%. The unemployment rate has fallen by a full percentage point since July and sits at 6.1%. CPI inflation is running at about 2½% y/y versus a 5.7% peak in October 2014 and presently lies well within the inflation target of 3% +/- two percentage points.

If Chile cuts the overnight rate, it will extend synchronous policy easing across several major LatAm economies over the past couple of months (chart 3). In 2017, Brazil has cut by 50bps and brought the Selic rate from a peak of 14.25% last year to 13% now. Colombia cut by 25bps in December for its first easing move of the cycle. Chile will have cut by 50bps in two meetings if it goes by another 25bps next week to reinforce its policy easing. Exceptions have included unchanged rates in Argentina and Peru, and of course 275bps of hikes in Mexico since the end of 2015 with probably more to come on March 30th.

Peru's economy has achieved fairly stable growth rates over the past year. Growth has steadily come in at around 4% y/y. Next week's Q4 figure is expected to land at about 4% or slightly lower.

Miscellaneous data risk will primarily focus upon Colombia next Friday when it releases trade, retail sales and industrial output. Softer growth in consumption after a recent rising trend, a smaller trade deficit and slight improvement in industrial output are expected. Brazil also releases retail sales for December on Wednesday. Renewed downside might follow the 2% m/m gain that was registered in November (the first month of notable growth since February 2016) and thereby keep the year-ago rate of contraction intact.

ASIA—A FLAWED REFLATION TRADE

The global reflation trade will be further informed by what happens to Chinese inflation readings next week. Inflation prints from India and Japan could also feed into the debate. On all three counts, the motivation for Asia's contribution to a global reflation trade has been on shaky foundations. Regional markets will also be influenced by localized developments.

Let's start with China. China's producer prices have been rising sharply over the past year and so have consumer prices to a lesser extent. The twin reports have been contributors to a global reflation trade. There is a strong case for why that's maturing if not downright inappropriate.

China's inflation readings have risen in large part due to the partial recovery in commodity prices including food but also energy. Year-over-year inflation readings lag commodity market developments and therefore have further room to run in the near-term as the readings continue to benchmark themselves to the trough in year-ago commodity price. Thus, next week's CPI and producer price reports for January on Tuesday will likely continue to rise.

However, the base effects in oil and other commodity prices will shake out by the middle of this year. Instead of comparing to WTI oil in the US\$35-45 range in Q1 of last year, by the middle of this year we will gradually move toward comparing against the recovery in oil prices to the US\$45-55 range since the middle of last year. That could well mean that Chinese inflation as reported in year-ago terms comes under renewed downward pressure into the back half of the year.

Enter chart 4. It shows the correlation to date between oil as a major commodities proxy for Chinese inflation and both CPI and PPI. It also splices our WTI forecast over the rest of 2017 onto the line for the year-ago percentage change in oil prices to

Chart 3

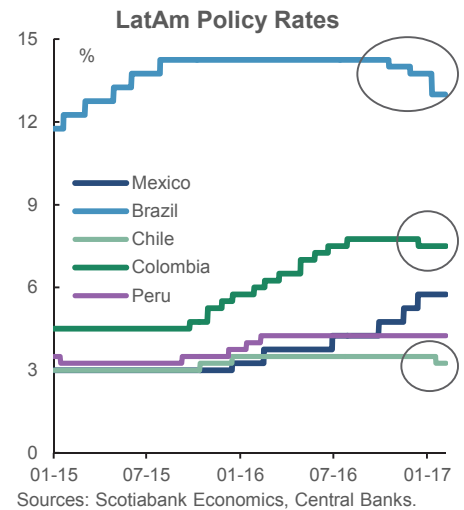
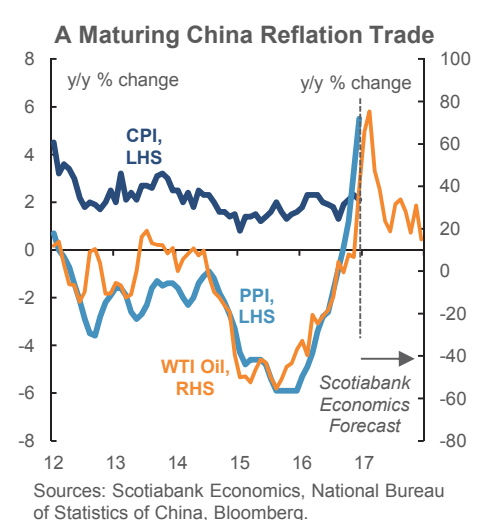


Chart 4



graphically reinforce the point about how dissipating year-ago WTI price changes will probably cap inflation readings.

China will also release aggregate financing (including new yuan loans) and money supply measures at some point over the coming week.

A pair of Q4 GDP reports will come from Japan and Malaysia. Japan's economy likely remains in the doldrums with quarterly growth around a similar pace to the prior quarter's 0.3% q/q (1.3% annualized). But the report will also update Japan's economy-wide GDP price deflator which has been dropping again (chart 5). Here too there is little to no support for Asia's contribution to a global reflation trade. Malaysia's economy is expected to continue to register year-ago growth just above 4%.

Did the Reserve Bank of India do the right thing by unexpectedly keeping rates unchanged for the second straight meeting against expectations for rate cuts? Next Tuesday's CPI inflation figures will further the debate. Consensus expects inflation to drop to about 3.2% y/y which would be the lowest in years (chart 5 again). So China's inflation readings may be peaking toward mid-year while India's and Japan's inflation readings are weakening and the three combined strike a serious blow to the reflation argument. Recall that the RBI targets inflation of 4% per year under a new 5-year targeting regime that was unveiled last year during former Governor Rajan's leadership.

Bank Indonesia issues a policy decision toward the end of next week. It will likely stay on hold with the 7-day reverse repo rate remaining at 4.75%. The central bank targets inflation in a 4% +/-1% target range. At 3.5% y/y, inflation has remained in the lower half of the band. Going forward, the staged removal of electricity subsidies could drive inflation higher but most central banks would tend to look through a policy-induced effect upon a relative price. Instead, they would monitor the risk of pass-through into other prices versus disinflationary second-round consequences as consumers spend more on what they have to (electricity) and less on everything else.

It's time to spin the wheel on another Australian jobs report! Next Wednesday offers up the January reading and will be watched for signs of whether the late 2016 momentum is carrying over into the new year. Australia created 67,000 jobs over the final three months of 2016. That was solid, but inadequate relative to the speed of entry into the workforce by people looking for work and so the unemployment rate ticked higher to 5.8%. Australia's labour force participation rate is only about 1 percentage point behind the all-time peak in late 2010 and so the country does not face the same debate about alternative measures of labour market slack as countries like the US.

Trade reports will be released by more Asian economies including India and Indonesia next week.

EUROPE—INFLATION DILEMMAS

Data risk should dominate as a driver of Eurozone markets in addition to external influences. A lone central bank policy decision should largely be a non-event.

Sweden's Riksbank is expected to stay on course with unchanged policy measures on Thursday. Much of the reason is that the ink has only just begun to dry on the stimulus measures that were extended in December. Recall that after the ECB extended stimulus, the Riksbank extended its QE program through to mid-2017 with an extra SEK30 billion in bond purchases. The vote was a close one, and that too suggests further stimulus extension may face an uphill battle when that becomes an issue within a few months' time. So might inflation. The central bank targets 2% y/y inflation, and as chart 6 demonstrates, inflation is rapidly converging toward target with further pressure possible in next Friday's update for January. After years of stubbornly low and falling inflation, some upside risk might be welcome for a time as the durability of the improvement is evaluated.

Chart 5

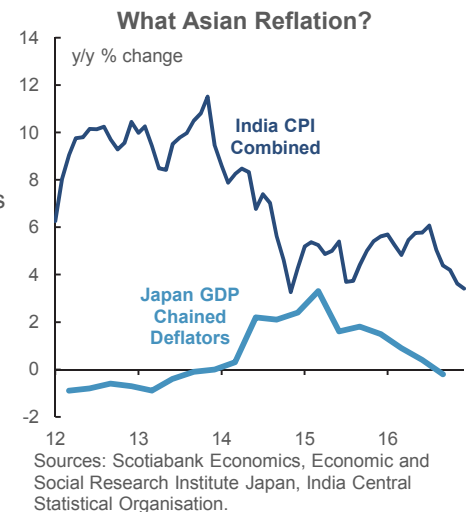
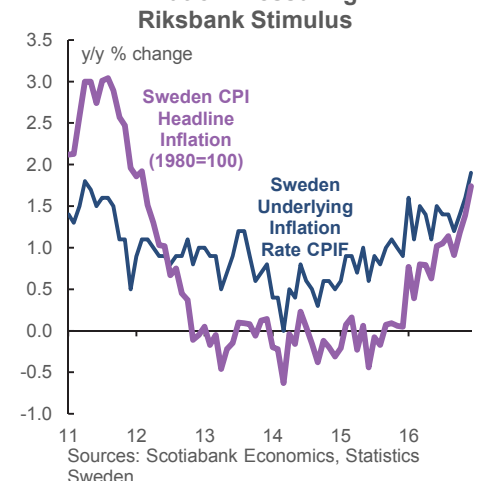


Chart 6

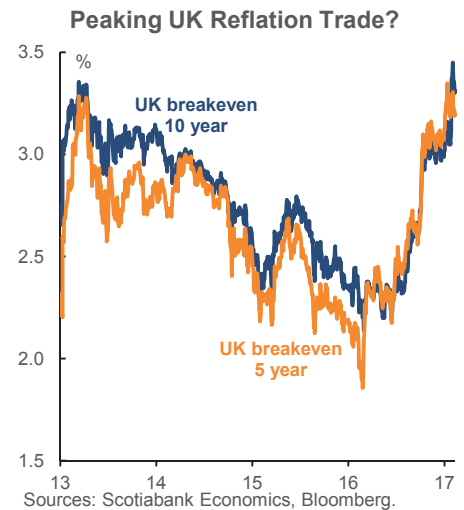


The second estimate of Eurozone GDP growth for Q4 will be determined by the first estimates for Germany and Italy. The initial Eurozone growth estimate was 0.5% q/q at a seasonally adjusted and annualized rate. France dragged down the headline a little with 0.4% growth, while smaller economies contributed to upside influences as captured within the EU28 that grew by 0.6%. Germany's economy is thought to have grown by just under ½% in Q4 and Italy's is thought to have grown by about half that rate.

UK data risk will also be front and centre. Inflation figures will offer contrasting signals between expectations for a month-ago drop in prices versus further upward pressure upon year-ago inflation toward 2% y/y with core inflation possibly rising beyond the prior 1.6% y/y gauge. In month-ago terms, UK inflation was fairly tepid throughout most of 2016 with the sole exception of the December print that itself is expected to reverse lower in next week's January reading. Should this subdued month-ago pattern persist, then the year-ago rates may be plateauing fairly soon as base effects shake out. That, in turn, could serve as further geographical evidence to de-motivate the reflation trade as seen across other world regions (as discussed throughout this report). Whether that transpires or not as a cap on the large run-up in UK inflation break-evens significantly depends upon the outlook for pound sterling and hence hard Brexit concerns (chart 7). Retail sales will end the week amidst expectations for stabilization if not a bounce back from the 2% m/m decline in December excluding gasoline.

Sundry data risk for Q4/Q1 growth and sentiment tracking purposes will include: the ZEW investor expectations survey on Wednesday that combines with PMIs, IFO and broader Eurozone confidence gauges as sentiment measures; Eurozone trade figures toward the end of the week; industrial production from the Eurozone by mid-week and Russia toward the end of the week; and job market updates from France and the UK.

Chart 7



Key Indicators for the week of February 13 – 17
NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	02/14	08:30	Teranet - National Bank HPI (y/y)	Jan	--	--	12.3
US	02/14	08:30	PPI (m/m)	Jan	--	0.3	0.3
US	02/14	08:30	PPI ex. Food & Energy (m/m)	Jan	--	0.2	0.2
US	02/15	07:00	MBA Mortgage Applications (w/w)	FEB 10	--	--	2.3
CA	02/15	08:30	Manufacturing Shipments (m/m)	Dec	-0.5	--	1.5
US	02/15	08:30	CPI (m/m)	Jan	0.3	0.3	0.3
US	02/15	08:30	CPI (y/y)	Jan	2.4	2.4	2.1
US	02/15	08:30	CPI (index)	Jan	--	--	241.4
US	02/15	08:30	CPI ex. Food & Energy (m/m)	Jan	0.2	0.2	0.2
US	02/15	08:30	CPI ex. Food & Energy (y/y)	Jan	2.2	2.2	2.2
US	02/15	08:30	Empire State Manufacturing Index	Feb	--	6.5	6.5
US	02/15	08:30	Retail Sales (m/m)	Jan	0.0	0.1	0.6
US	02/15	08:30	Retail Sales ex. Autos (m/m)	Jan	0.2	0.4	0.2
CA	02/15	09:00	Existing Home Sales (m/m)	Jan	--	--	2.2
US	02/15	09:15	Capacity Utilization (%)	Jan	--	75.5	75.5
US	02/15	09:15	Industrial Production (m/m)	Jan	-0.1	0.0	0.8
US	02/15	10:00	Business Inventories (m/m)	Dec	--	0.4	0.7
US	02/15	10:00	NAHB Housing Market Index	Feb	--	67.0	67.0
US	02/15	16:00	Total Net TIC Flows (US\$ bn)	Dec	--	--	23.7
US	02/15	16:00	Net Long-term TIC Flows (US\$ bn)	Dec	--	--	30.8
US	02/16	08:30	Building Permits (000s a.r.)	Jan	--	1230	1228
US	02/16	08:30	Housing Starts (000s a.r.)	Jan	1200	1228	1226
US	02/16	08:30	Housing Starts (m/m)	Jan	-2.1	0.2	11.3
US	02/16	08:30	Initial Jobless Claims (000s)	FEB 11	240	249	234
US	02/16	08:30	Continuing Claims (000s)	FEB 4	2065	2058	2078
US	02/16	08:30	Philadelphia Fed Index	Feb	18.0	15.0	23.6
CA	02/17	08:30	International Securities Transactions (C\$ bn)	Dec	--	--	7.2
US	02/17	10:00	Leading Indicators (m/m)	Jan	--	0.4	0.5

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
GE	02/14	02:00	CPI (m/m)	Jan F	--	--	-0.6
GE	02/14	02:00	CPI (y/y)	Jan F	--	--	1.9
GE	02/14	02:00	CPI - EU Harmonized (m/m)	Jan F	--	--	-0.8
GE	02/14	02:00	CPI - EU Harmonized (y/y)	Jan F	--	--	1.9
GE	02/14	02:00	Real GDP (q/q)	4Q P	--	--	0.2
HU	02/14	03:00	GDP (y/y)	4Q P	--	1.4	2.2
IT	02/14	04:00	Real GDP (q/q)	4Q P	--	--	0.3
PD	02/14	04:00	GDP (y/y)	4Q P	--	2.5	2.5
PO	02/14	04:30	Real GDP (q/q)	4Q P	--	--	0.8
UK	02/14	04:30	CPI (m/m)	Jan	-0.4	-0.5	0.5
UK	02/14	04:30	CPI (y/y)	Jan	2	1.9	1.6
UK	02/14	04:30	PPI Input (m/m)	Jan	--	--	1.8
UK	02/14	04:30	PPI Output (m/m)	Jan	--	0.4	0.1
UK	02/14	04:30	RPI (m/m)	Jan	-0.2	-0.3	0.6
UK	02/14	04:30	RPI (y/y)	Jan	3	2.9	2.5
EC	02/14	05:00	GDP (q/q)	4Q P	--	--	0.5
EC	02/14	05:00	Industrial Production (m/m)	Dec	--	--	1.5
EC	02/14	05:00	Industrial Production (y/y)	Dec	--	--	3.2
EC	02/14	05:00	ZEW Survey (Economic Sentiment)	Feb	--	--	23.2
GE	02/14	05:00	ZEW Survey (Current Situation)	Feb	--	--	77.3
GE	02/14	05:00	ZEW Survey (Economic Sentiment)	Feb	--	--	16.6
GR	02/14	05:00	Real GDP NSA (y/y)	4Q A	--	--	1.6
SP	02/15	03:00	CPI (m/m)	Jan F	--	--	-0.5
SP	02/15	03:00	CPI (y/y)	Jan F	--	--	3.0
SP	02/15	03:00	CPI - EU Harmonized (m/m)	Jan F	--	--	-0.9
SP	02/15	03:00	CPI - EU Harmonized (y/y)	Jan F	--	--	3.0

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

Key Indicators for the week of February 13 – 17

EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
SW	02/15	03:30	Riksbank Interest Rate (%)	Feb 15	--	--	-0.50
UK	02/15	04:30	Average Weekly Earnings (3-month, y/y)	Dec	2.8	--	2.8
UK	02/15	04:30	Employment Change (3M/3M, 000s)	Dec	23	--	-9.0
UK	02/15	04:30	Jobless Claims Change (000s)	Jan	-5	--	-10.1
UK	02/15	04:30	ILO Unemployment Rate (%)	Dec	4.8	4.8	4.8
EC	02/15	05:00	Trade Balance (€ mn)	Dec	--	--	25.9
EC	02/17	04:00	Current Account (€ bn)	Dec	--	--	36.1
IT	02/17	04:30	Current Account (€ mn)	Dec	--	--	4640
UK	02/17	04:30	Retail Sales ex. Auto Fuel (m/m)	Jan	1.1	--	-2.0
UK	02/17	04:30	Retail Sales with Auto Fuel (m/m)	Jan	1.2	--	-1.9

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
JN	02/12	18:50	GDP (q/q)	4Q P	0.2	0.3	0.3
JN	02/12	18:50	GDP Deflator (y/y)	4Q P	--	-0.2	-0.2
IN	02/13	07:00	CPI (y/y)	Jan	3.2	3.2	3.4
CH	02/13	20:30	CPI (y/y)	Jan	2.4	2.4	2.1
CH	02/13	20:30	PPI (y/y)	Jan	--	6.6	5.5
JN	02/13	23:30	Capacity Utilization (m/m)	Dec	--	--	3.0
JN	02/13	23:30	Industrial Production (y/y)	Dec F	3.0	--	3.0
IN	02/14	01:30	Monthly Wholesale Prices (y/y)	Jan	--	4.4	3.4
SK	02/14	18:00	Unemployment Rate (%)	Jan	3.4	--	3.4
AU	02/14	19:30	New Motor Vehicle Sales (m/m)	Jan	--	--	0.3
ID	FEB 14-15		Exports (y/y)	Jan	--	--	15.6
ID	FEB 14-15		Imports (y/y)	Jan	--	--	5.8
ID	FEB 14-15		Trade Balance (US\$ mn)	Jan	--	853.0	992.1
SI	02/15	00:00	Retail Sales (y/y)	Dec	--	1.6	1.1
TA	02/15	03:00	Real GDP (y/y)	4Q F	2.6	2.6	2.6
NZ	02/15	19:00	ANZ Consumer Confidence Index	Feb	--	--	128.7
AU	02/15	19:30	Employment (000s)	Jan	--	10.0	13.5
AU	02/15	19:30	Unemployment Rate (%)	Jan	5.8	5.8	5.8
MA	02/15	23:00	Current Account Balance (MYR bns)	4Q	--	--	6.0
MA	02/15	23:00	Annual GDP (y/y)	2016	4.1	4.1	5.0
MA	02/15	23:00	GDP (y/y)	4Q	--	--	4.3
PH	02/15		Overseas Remittances (y/y)	Dec	--	--	18.5
ID	FEB 15-16		BI 7-Day Reverse Repo Rate (%)	Feb 16	4.75	4.75	4.75
NZ	02/16	16:30	Business NZ PMI	Jan	--	--	54.5
NZ	02/16	16:45	Retail Sales Ex Inflation (q/q)	4Q	--	1.0	0.9
SI	02/16	19:30	Exports (y/y)	Jan	--	3.3	9.4
HK	FEB 16-17		Composite Interest Rate (%)	Jan	--	--	0.3
JN	FEB 16-20		Nationwide Department Store Sales (y/y)	Jan	--	--	-1.7
SI	FEB 16-24		Real GDP (y/y)	4Q F	1.8	--	1.8

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
BZ	02/14	06:00	Retail Sales (m/m)	Dec	--	--	2.0
BZ	02/14	06:00	Retail Sales (y/y)	Dec	--	--	-3.5
CL	02/14	16:00	Nominal Overnight Rate Target (%)	Feb 14	3.25	3.00	3.25
PE	02/15		Economic Activity Index NSA (y/y)	Dec	2.8	--	3.2
PE	02/15		GDP (y/y)	4Q	2.7	--	4.4
PE	02/15		Unemployment Rate (%)	Jan	--	--	6.2
BZ	02/16	05:30	Economic Activity Index SA (m/m)	Dec	--	--	0.2
BZ	02/16	05:30	Economic Activity Index NSA (y/y)	Dec	--	--	-2.0
BZ	02/17	07:30	Current Account (US\$ mn)	Jan	--	--	-5881
CO	02/17	10:00	Trade Balance (US\$ mn)	Dec	--	-850	-1289
CO	02/17	14:00	Retail Sales (y/y)	Dec	--	2.0	4.9

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

Global Auctions for the week of February 13 – 17

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
MX	02/14	12:30	30Y Fixed Yield
MX	02/14	12:30	5Y Floating-Rate Spread
CA	02/15	12:00	Canada to Sell 5-Year Bonds
US	02/16	13:00	U.S. to Sell 30-Year TIPS

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
IT	02/13	05:00	Italy to Sell Bonds
NO	02/15	05:05	Norway to Sell Bonds
UK	02/15	05:30	U.K. to Sell GBP1.25 Bln 0.125% I/L 2026 Bonds
SP	02/16	04:30	Spain to Sell Bonds
FR	02/16	04:50	France to Sell Bonds
SW	02/16	05:03	Sweden to Sell I/L Bonds
FR	02/16	05:50	France to Sell I/L Bonds
IC	02/17	06:30	Iceland to Sell Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	02/13	19:00	Australia Plans to Sell Inflation Linked Bonds
JN	02/13	22:45	Japan to Sell 5-Year Bonds
CH	02/14	22:00	China Plans to Sell 5-Year Upsized Government Bond
NZ	02/15	20:05	New Zealand Plans to Sell NZD200 Mln 2.75% 2025 Bonds
JN	02/16	03:00	Japan Auction for Enhanced-Liquidity
CH	02/16	22:00	China Plans to Sell 30-Year Government Bond

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BZ	02/16	09:00	Brazil to Sell Fixed Rate Bonds

Source: Bloomberg, Scotiabank Economics.

Events for the week of February 13 – 17

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	02/11	07:30	Fed's Fischer to Address Economics Conference in U.K.
US	02/14	08:50	Fed's Lacker to Speak at University of Delaware
US	02/14	10:00	Fed's Yellen Appears Before Senate Banking Panel
US	02/14	13:00	Dallas Fed's Kaplan Speaks in Houston
US	02/14	13:15	Fed's Lockhart to Speak on Economy in Huntsville, Alabama
US	02/15	10:00	Fed Chair Yellen Delivers Semi-Annual Testimony to House Panel
US	02/15	12:00	Fed's Rosengren to Address NY Assoc for Business Economics
US	02/15	12:45	Fed's Harker Speaks in Philadelphia
US	02/17		United States Sovereign Debt to be rated by Moody's

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
GE	02/12		Special Assembly Elects Germany's Federal President
PO	02/14	04:30	Portugal Reports Fourth-Quarter GDP Estimate
PO	02/14	06:00	Portugal Reports Fourth-Quarter Labor Cost Index
GE	02/14	11:45	Schaeuble Delivers Remarks on Promoting Growth Inclusive
PO	02/14		Bank of Portugal Releases Data on Banks
SW	02/15	03:30	Riksbank Rate Decision, Monetary Policy Report
SW	02/15	05:00	Riksbank Press Conference on Rate Decision
EC	02/16	07:30	ECB account of the monetary policy meeting
AS	02/16	08:00	EU's Moscovici, ECB's Nowotny on panel in Vienna
GE	02/16	00:00	Germany Hosts G-20 Foreign Ministers' Meeting, Bonn
SP	02/17		Spain Sovereign Debt to be rated by Moody's
UK	02/17	00:00	UKIP Spring Conference in Bolton

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	02/14	15:50	RBA'S Heath Speech at ABE Conference in Sydney
ID	02/14	19:00	Jakarta Governor Election
AU	02/15	17:00	RBA's Ellis Panel Participation
NZ	02/15	18:00	Finance Minister Joyce Speaks
AU	02/15	19:30	RBA FX Transactions Market
ID	02/15	00:00	Bank Indonesia 7D Reverse Repo
HK	02/16	00:00	Composite Interest Rate

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CL	02/14	16:00	Overnight Rate Target

Global Central Bank Watch

NORTH AMERICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Canada – Overnight Target Rate	0.50	March 1, 2017	0.50	0.50
Federal Reserve – Federal Funds Target Rate	0.75	March 15, 2017	0.75	0.75
Banco de México – Overnight Rate	6.25	March 30, 2017	6.25	--

Federal Reserve: The focus over the coming week will be upon Chair Yellen's semi-annual testimony to Congress on Tuesday and Wednesday, and Vice-Chair Fischer's speech this Saturday. Key may be rate guidance and whether recent comments by St. Louis Fed President James Bullard on reinvestment policy are supplemented by top-of-the-house perspectives.

EUROPE

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
European Central Bank – Refinancing Rate	0.00	March 9, 2017	0.00	--
Bank of England – Bank Rate	0.25	March 16, 2017	0.25	--
Swiss National Bank – Libor Target Rate	-0.75	March 16, 2017	-0.75	--
Central Bank of Russia – One-Week Auction Rate	10.00	March 24, 2017	10.00	--
Sweden Riksbank – Repo Rate	-0.50	February 15, 2017	-0.50	-0.50
Norges Bank – Deposit Rate	0.50	March 16, 2017	0.50	--

Riksbank: Sweden's central bank is expected to leave policy intact after having just extended quantitative easing policies at the December meeting through to mid-2017. Inflation is also on the mend as support for policy measures to date.

ASIA PACIFIC

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Japan – Policy Rate	-0.10	March 16, 2017	-0.10	--
Reserve Bank of Australia – Cash Target Rate	1.50	March 6, 2017	1.50	1.50
Reserve Bank of New Zealand – Cash Rate	1.75	March 22, 2017	1.75	1.75
People's Bank of China – Lending Rate	4.35	TBA	--	--
Reserve Bank of India – Repo Rate	6.25	April 6, 2017	6.00	--
Bank of Korea – Bank Rate	1.25	February 23, 2017	1.25	--
Bank of Thailand – Repo Rate	1.50	March 29, 2017	1.50	1.50
Bank Indonesia – 7-Day Reverse Repo Rate	4.75	February 16, 2017	4.75	4.75

Bank Indonesia: BI will hold a monetary policy meeting on February 16th and it is expected to leave the benchmark interest rate unchanged at 4.75%. The central bank will maintain an accommodative policy stance over the coming months, yet it remains vigilant regarding financial market volatility. Therefore, we do not foresee any further rate cuts in Indonesia.

LATIN AMERICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Banco Central do Brasil – Selic Rate	13.00	February 22, 2017	12.50	--
Banco Central de Chile – Overnight Rate	3.25	February 14, 2017	3.25	3.00
Banco de la República de Colombia – Lending Rate	7.50	February 24, 2017	7.25	--
Banco Central de Reserva del Perú – Reference Rate	4.25	March 9, 2017	4.25	--

Banco Central de Chile: Consensus is somewhat divided on expectations for a rate cut to 3% versus maintaining the overnight target rate at 3.25%. Scotia expects no policy move. Inflation lies within the target range, but several activity readings suggest less urgency to ease.

AFRICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
South African Reserve Bank – Repo Rate	7.00	March 30, 2017	7.00	--

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