

NO TANTRUMS THIS TIME

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CONTACTS

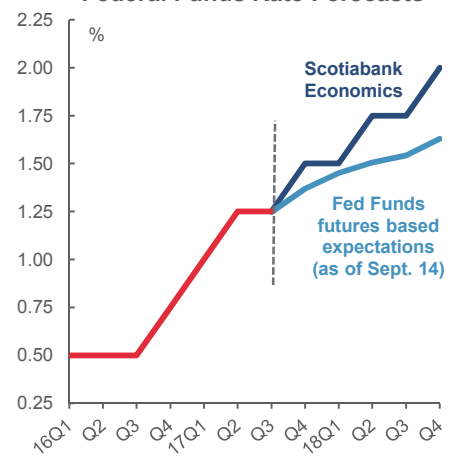
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Next Week's Risk Dashboard

- ▶ FOMC
- ▶ BoJ
- ▶ CDN CPI
- ▶ CDN retail, manufacturing
- ▶ BoE's Carney at IMF
- ▶ Eurozone PMIs, ZEW
- ▶ BoC's Lane
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- ▶ US housing, Philly Fed
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- ▶ Q2 GDP: Argentina, NZ
- ▶ Other CBs: Philippines, Indonesia, Taiwan

Chart of the Week

Federal Funds Rate Forecasts



Sources: Scotiabank Economics, Bloomberg.

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

No Tantrums This Time

UNITED STATES — FOMC LIKELY TO BEGIN REDUCING REINVESTMENT

The week's coming focus will be upon the FOMC meeting on Wednesday plus low data risk.

Wednesday's FOMC statement (2pmET) will be accompanied by a full forecast update and Chair Yellen's press conference a half hour later. No policy rate change is expected until December but announcement of the commencement of reduced reinvestment of Treasury and MBS/agency holdings is expected with implementation soon thereafter. Recall that the plan that was laid out in July set reinvestment caps at US\$6 billion and \$4 billion per month of Treasuries and MBS/agency product for the first three months with an escalator clause that raised the caps every three quarters in equal increments toward \$30 billion and \$20 billion caps a year after commencing reductions. Some reference to transitory influences of hurricanes on growth and inflation plus financial markets is possible. 'Dot plot' guidance to expect one further rate hike this year is expected to be retained. A downward revision to longer-run neutral policy rate guidance is expected in light of guidance from some FOMC members with a decline from a 3% long-run policy rate to 25–50bps lower being feasible. Lowered inflation forecasts are a possible accompaniment in light of uncertainty over the drivers of softer-than-expected inflation readings in 2017 while a transitory growth lift from hurricane rebuilding effects into 2018 may be possible.

I continue to think that the bias among FOMC officials to rely upon the rate equivalent effect of balance sheet reduction in lieu of further policy rate changes is misplaced. They are not likely to be effective substitutes. The crux of the issue is that FOMC officials are hoping that reduced reinvestment will raise the term premium in Treasuries and hence Treasury yields in an equivalent pace of policy rate hikes over time. There are good reasons to expect an asymmetric term premium response to attempting to unwind the balance sheet compared to the decline in term premium during the roll-out of QE1, 2 and 3. They include:

1. **Late cycle dynamics:** The third longest expansion on record that is soon to become the second longest may be facing the rising risk of running out of gas. A sense that financial markets are overdue for an adverse event also contradicts the steady state assumptions behind normalizing the balance sheet. Should such assumptions become violated, it is feasible that the Fed's plan to move toward reducing the balance sheet by US\$50 billion per month subject to available securities for reinvestment and up to US\$600 billion per year subject to the same constraint may be slowed, halted or even reversed. Thus, markets are implicitly hair-cutting the Fed's multi-year reinvestment plans.
2. **Foreign central banks' balance sheets:** Foreign central banks are behaving very differently than in May 2013 when Fed Chair Bernanke mused aloud that the Fed might reduce reinvestment later that year. Back then, for instance, the ECB's balance sheet was shrinking. Today, however, the ECB's and BoJ's balance sheets are expected to keep on expanding even if at a reduced combined pace in 2018 while the BoE's balance sheet is expected to remain steady for years to come. In other words, in a world of adjusted carry trades that link globalized bond markets, the Fed's ability to single-handedly engineer a bond market sell-off and thus tighten monetary policy is limited if everyone else is still trying to tamp down rate and currency pressures within their own markets which, as a result, retains the relative attractiveness of US yields.
3. **Stock markets:** Asset markets are disconnected in that the USD has given up prior gains and gone back toward pre-election levels, Treasury yields have reversed a prior deflation and Trumponomics effect—and yet stock market valuations are bloated. A cycle-smoothed S&P500 p/e ratio is the highest on record excluding periods like 1929 and the Global Financial Crisis when the bottom of the multiple fell out and drove the multiple to sky high levels (chart 1). Stock markets continue to price overly generous assumptions for tax relief that are unlikely to be delivered to the extent that is priced in—if at all. A stock market correction and concomitant adverse risk event could—if sustained—complicate the Fed's exit strategy. Even if ultimately delivered, I don't believe the pillars of Trumponomics (tax relief, regulatory easing, infrastructure investment and isolationist trade and

Chart 1



immigration policies) are likely to generate materially more rapid economic growth to justify multiples. This position is consistent with the one I laid out in November last year soon after the election results.

In other words, just as markets have been unconvinced about the Fed's rate hike plans for years, they are perhaps rationally hair-cutting the Fed's balance sheet reduction plans. They are listening to the Fed's plans, but not in isolation of other risks and expected influences. The early days of unwinding the balance sheet are not the material issue to the markets versus the feasibility of the multi-year plan.

Data risk will include housing starts for August on Tuesday, existing home sales for the same month on Wednesday, the Philly Fed's diffusion index of regional business conditions on Thursday along with weekly jobless claims that same day which are expected to continue to jump higher on hurricane effects. The Fed's Q2 financial accounts of the US economy that include household net worth will be released on Friday.

A 10 year TIPS reopening occurs on Thursday ahead of further Fed-speak the next day from San Francisco Fed President John Williams, Kansas City Fed President Esther George and Dallas Fed President Kaplan.

CANADA — MOVE ON PEOPLE!!

Data risk takes over next week in driving the path toward timing the next Bank of Canada rate hike. That will shift the focus back away from the tendency within the economics community of late to blame the Bank of Canada for not making their jobs a walk in the park by explicitly stating the central bank's policy intentions in advance of the meeting. The BoC said all that it needed to in June with the speech by Senior Deputy Governor Wilkins and interviews by Governor Poloz plus the July MPR and press conference. Economists should not have needed to be hit over the head with the same hammer in the lead-up to the September meeting. Prior communications that set out the case for commencing a tightening campaign plus an out-sized and much better-than-expected Q2 GDP report offered ample information to take some risk and make a call. The path to the next move will be informed by BoC speak and data over the coming week.

Before turning to this, **I've rarely witnessed such elevated fascination with the Canadian rates story across Asian clients as this past week** given it's just 2% of the world and thus not a market that one is going to be able to use to beat global benchmarks. In fact, there have been few times when I've seen such levels of interest with the focus upon what is guiding monetary policy tightening and where to from here. Across two dozen meetings over five days in five cities (Tokyo, Taipei, Beijing, Bangkok and Seoul), even traditionally US and globally focused accounts were curious about Canada without exception. I would say that at first there was skepticism toward how and why Canada can be raising rates while no one else is, but there was clear openness toward understanding why and much less skepticism by the end of each meeting. Still, the overwhelming uncertainties in the minds of globally oriented accounts remain focused upon US markets with the mindset being that the relative risk-reward balance had tilted in favour of selling US rates relative to Canada.

A speech on Monday by BoC Deputy Governor Tim Lane ahead of the data may further inform markets and economists, if they listen. Lane's topic will be "How Canada's International Trade Is Changing With The Times." Speech headlines hit the wires at 1pmET and there will be audience Q&A but no press conference. Given the topic, one issue to watch for will be the BoC's perspective on currency risk to exports.

By Friday we'll have all we need to firm up a July GDP call and most of the tracking for the third quarter's inflation performance.

That data risk includes the following reports:

1. **Manufacturing sales:** Tuesday's report for July will likely follow lower the recently released export figures. Recall that exports fell by 4.9% m/m in July in value terms and 1% in volume terms such that most of the weakness came through price effects. Exports don't perfectly translate into prospects for manufacturers' sales and production because domestic sales are unobservable before the report and because of inventory adjustments. Still, a soft report is expected. That said, look through monthly volatility to the trend. Export volumes were up by a massive and unsustainable 11% in Q2 over Q1 at an annualized rate and Q3 is giving back just over half of that to leave intact mild trend growth. The swing in manufacturing sales volumes has been less pronounced with volumes up 7% in Q1, another 2% in Q2 and with very early tracking pointing to a decline of 1% in Q3 and therefore still leaving intact trend growth.

2. **Wholesale trade:** This is only about 6% of the economy, but a soft prior month could make it easier to witness moderate growth in this July update.
3. **Retail sales:** Friday's July report will be parsed for slowing evidence. Just like the previous report and the one before that. In fact, just like the past several quarters. Starting with the fourth quarter of last year, retail sales volumes have risen by about 8–9% in each of the past three quarters (chart 2). If nothing else happens in Q3 of this year then volumes could be up another 3% just based upon hand-off math from the prior quarter. At some point consumption may slow. But the issue is that the commodity effect on incomes was exaggerated and arguably excess stimulus was applied. A good example of that was the sharp increase in child benefit payments that raised payments to anyone with kids under 17 under the income threshold (and hence the vast majority of households) by almost \$400 per month per child and with the amounts made tax free, indexed to inflation and with no strings attached over their use. Within one year, parents were left wondering where an extra \$4½ thousand per child came from in their bank accounts and they spent it. Consumption growth went vertical after this program was rolled out.
4. **CPI:** The August reading may come under slightly firmer headline pressure via gasoline prices but further progress toward firmer core inflation readings will be the more closely scrutinized part of the report. That should be done in the context of the trend over time and not individual reports with most of the expectation that core CPI readings average out higher into next year.

Canada conducts a two year auction on Thursday.

LATIN AMERICA — SOME UNFINISHED BUSINESS

Latin American markets will be primarily guided by external developments over the coming week with little on the domestic calendars to influence local markets. **A pair of mild exceptions will include Argentina's Q2 GDP growth rate and Brazil's quarterly inflation report.** Mexico updates retail sales on Thursday.

Argentina's economy may struggle in Q2 in the wake of the strong growth in Q1.

The first quarter saw the strongest growth (1.1% q/q seasonally adjusted, non-annualized) since the first half of 2015. The year-ago growth rate is nevertheless expected to accelerate from 0.3% y/y to over 2½%.

Also on Thursday, Banco Central do Brasil releases the Q3 inflation report. Inflation has been sharply falling from a peak of 10.7% y/y in January 2016 to about 2½% in the latest reading for August. In the wake of the minutes to the September 6th policy decision that lowered the Selic rate by 100bps to 8.25%, additional colour on the 2018 inflation outlook will further inform how much more the policy rate could decline. After cutting the rate by six percentage points over just under the past year, it's pretty obvious that the low point for the rate lies in sight. All but one percentage point of the seven point rise in the policy rate from 2013 to 2015 has been unwound.

EUROPE — DRAFTING A LETTER

Data risk will further inform growth momentum across the Eurozone but the arguably greater focus may be upon BoE communications at the start of the week.

Gilts and pound sterling will be principally focused upon a speech by Bank of England Governor Mark Carney on Monday and mild data risk two days later when retail sales may struggle to post further material growth in the wake of the prior month's

Chart 2 **Canadian Consumers Spending Child Benefits**

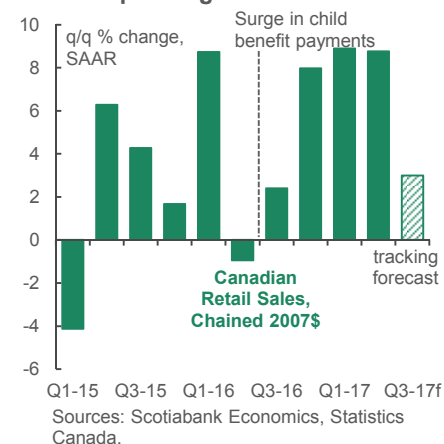
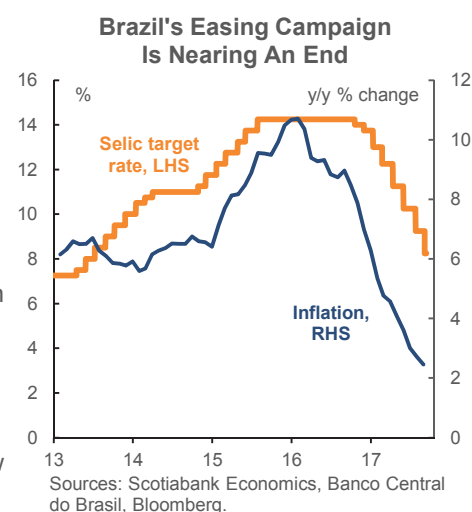


Chart 3



solid ½% m/m rise in sales ex-fuels. Carney speaks at 11amET at the IMF meetings in Washington and follows this up with an open discussion with IMF head Christine Lagarde. At 2.9% y/y, UK CPI inflation is running very close to the 3% threshold that requires Carney to send a letter of explanation to the Chancellor of the Exchequer. In the face of Brexit uncertainties, more hawkish voices on the MPC are getting agitated and a hike in the Bank rate may be likely into early 2018 in a best-case scenario for the evolution of sustained inflation risk and tamped down Brexit risks. A reduction of the balance sheet lies well beyond that point when rate normalization may be well underway.

September updates of Eurozone purchasing managers' indices arrive at week's end. From a peak in April/May, the composite Eurozone PMI has declined by about one point up to August and **signalled a potential plateau in growth momentum during Q3 and into Q4**. Much of that has been due to a deceleration in the services sector but manufacturing momentum may be at risk in the face of euro strength (chart 4). The September version of the ZEW measure of Eurozone investor confidence also arrives on Tuesday and it too has been softening over recent reports. As Germany's industrial and export engines of growth have stumbled into Q3 and Eurozone inflation (CPI revisions due Monday) remains contained, **it's unlikely that ECB President Draghi will be satisfied enough to simply taper bond purchases next month and leave it at that without a trick or two up his sleeve**. Revisions to Eurozone inflation readings in August also land on Monday.

Norges Bank delivers a policy decision on Thursday and no policy rate change is expected. The deposit rate has been unchanged at 0.5% since March after a previous commodity-induced easing campaign. In the wake of a decline in underlying inflation to 0.9% y/y and hence the lowest pace of price pressures in over four years, it's clear that the aftermath of the oil shock is not over but the central bank is likely to be inclined to look through it as the commodity shock's effects wane into 2018.

ASIA — WILL BANK INDONESIA CUT AGAIN?

Central bank decisions led by the Bank of Japan will shape much of the market focus over the coming week.

In fact, four Asian central banks deliver policy decisions over the coming week including three on Thursday (BoJ, Philippines, Taiwan) and then Bank Indonesia on Friday. Perhaps none of them will alter policy but there is more confidence in three of the cases than the fourth. Indeed, the BoJ's balance sheet is forecast to continue expanding over the forecast horizon (chart 5). The one to watch may be Bank Indonesia's decision following the surprise 25bps cut in August that has markets wondering what would be the point to a single rate cut in the face of concerns regarding the strength of the rupiah in the face of postponed market bets on Fed rate tightening.

New Zealand's general election will be held next Saturday September 23rd and the lead-up will see the release of Q2 GDP figures at mid-week. The year-ago growth rate is expected to remain stable around 2 ½% while the quarter-ago growth rate is expected to accelerate back to the solid clip that had been in place prior to Q4 of last year (chart 6).

Chart 4

Waning Eurozone Momentum?

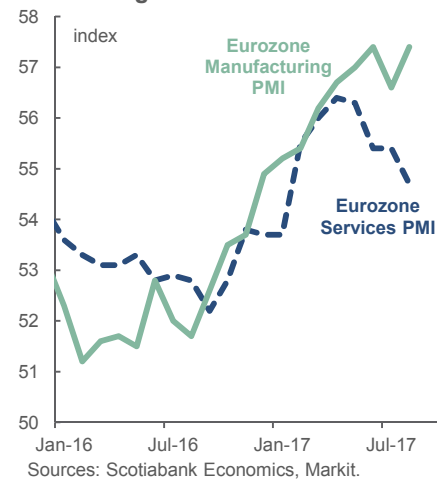


Chart 5

The BoJ's Balance Sheet Is Furthest From Flat-Lining

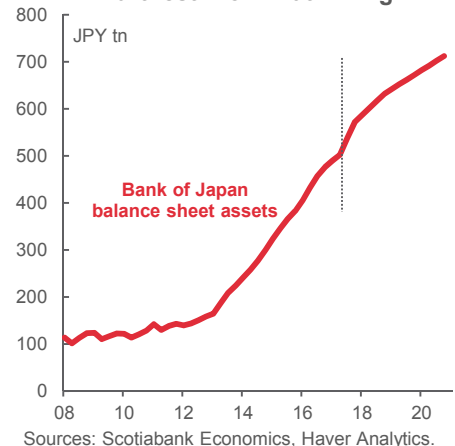
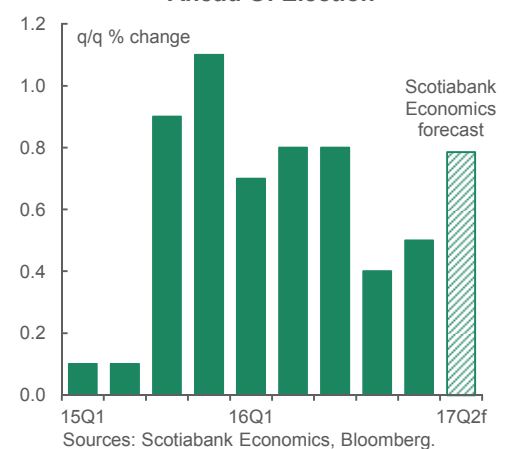


Chart 6

NZ Economy To Accelerate Ahead Of Election



Key Indicators for the week of September 18 – 22
NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
CA	09/18	08:30	International Securities Transactions (C\$ bn)	Jul	--	--	-0.9
US	09/18	10:00	NAHB Housing Market Index	Sep	--	67.0	68.0
US	09/18	16:00	Total Net TIC Flows (US\$ bn)	Jul	--	--	7.7
US	09/18	16:00	Net Long-term TIC Flows (US\$ bn)	Jul	--	--	34.4
CA	09/19	08:30	Manufacturing Shipments (m/m)	Jul	--	--	-1.8
US	09/19	08:30	Building Permits (000s a.r.)	Aug	--	1215.0	1230.0
US	09/19	08:30	Current Account (US\$ bn)	2Q	--	-108.5	-116.8
US	09/19	08:30	Export Prices (m/m)	Aug	--	0.3	0.1
US	09/19	08:30	Housing Starts (000s a.r.)	Aug	1175	1185	1155
US	09/19	08:30	Housing Starts (m/m)	Aug	1.7	2.6	-4.8
US	09/19	08:30	Import Prices (m/m)	Aug	--	0.3	0.1
US	09/20	07:00	MBA Mortgage Applications (w/w)	SEP 15	--	--	9.9
US	09/20	10:00	Existing Home Sales (mn a.r.)	Aug	5.50	5.48	5.44
US	09/20	10:00	Existing Home Sales (m/m)	Aug	1.8	0.7	-1.3
US	09/20	14:00	FOMC Interest Rate Meeting (%)	Sep 20	1.25	1.25	1.25
CA	09/21	08:30	Wholesale Trade (m/m)	Jul	--	--	-0.5
US	09/21	08:30	Initial Jobless Claims (000s)	SEP 16	340	--	284
US	09/21	08:30	Continuing Claims (000s)	SEP 9	--	--	1944
US	09/21	08:30	Philadelphia Fed Index	Sep	17.0	16.2	18.9
MX	09/21	09:00	Retail Sales (INEGI) (y/y)	Jul	--	--	0.4
US	09/21	10:00	Leading Indicators (m/m)	Aug	--	0.2	0.3
CA	09/22	08:30	Core CPI - Common (y/y)	Aug	--	--	1.4
CA	09/22	08:30	Core CPI - Median (y/y)	Aug	--	--	1.7
CA	09/22	08:30	Core CPI - Trim (y/y)	Aug	--	--	1.3
CA	09/22	08:30	CPI, All items (m/m)	Aug	--	--	0.0
CA	09/22	08:30	CPI, All items (y/y)	Aug	--	--	1.2
CA	09/22	08:30	CPI, All items (index)	Aug	--	--	130.4
CA	09/22	08:30	Retail Sales (m/m)	Jul	--	--	0.1
CA	09/22	08:30	Retail Sales ex. Autos (m/m)	Jul	--	--	0.7
MX	09/22	09:00	Bi-Weekly Core CPI (% change)	Sep 15	--	--	0.1
MX	09/22	09:00	Bi-Weekly CPI (% change)	Sep 15	--	--	0.1

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
EC	09/18	05:00	CPI (m/m)	Aug	--	--	0.3
EC	09/18	05:00	CPI (y/y)	Aug F	--	--	1.5
EC	09/18	05:00	Euro zone Core CPI Estimate (y/y)	Aug F	--	--	1.2
EC	09/19	04:00	Current Account (€ bn)	Jul	--	--	21.2
IT	09/19	04:00	Current Account (€ mn)	Jul	--	--	5257.0
EC	09/19	05:00	ZEW Survey (Economic Sentiment)	Sep	--	--	29.3
GE	09/19	05:00	ZEW Survey (Current Situation)	Sep	--	--	86.7
GE	09/19	05:00	ZEW Survey (Economic Sentiment)	Sep	--	--	10.0
GE	09/20	02:00	Producer Prices (m/m)	Aug	--	--	0.2
UK	09/20	04:30	Retail Sales ex. Auto Fuel (m/m)	Aug	--	0.1	0.5
UK	09/20	04:30	Retail Sales with Auto Fuel (m/m)	Aug	--	0.2	0.3
NO	09/21	04:00	Norwegian Deposit Rates (%)	Sep 21	0.50	--	0.50
UK	09/21	04:30	PSNB ex. Interventions (£ bn)	Aug	--	--	-0.2
UK	09/21	04:30	Public Finances (PSNCR) (£ bn)	Aug	--	--	-3.9
UK	09/21	04:30	Public Sector Net Borrowing (£ bn)	Aug	--	--	-0.8
EC	09/21	10:00	Consumer Confidence	Sep A	--	--	-1.5

Key Indicators for the week of September 18 – 22

EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
FR	09/22	02:45	GDP (q/q)	2Q F	--	--	0.5
FR	09/22	03:00	Manufacturing PMI	Sep P	--	--	55.8
FR	09/22	03:00	Services PMI	Sep P	--	--	54.9
GE	09/22	03:30	Manufacturing PMI	Sep P	--	--	59.3
GE	09/22	03:30	Services PMI	Sep P	--	--	53.5
EC	09/22	04:00	Composite PMI	Sep P	--	--	55.7
EC	09/22	04:00	Manufacturing PMI	Sep P	--	--	57.4
EC	09/22	04:00	Services PMI	Sep P	--	--	54.7

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
SI	09/17	20:30	Exports (y/y)	Aug	--	--	8.5
AU	09/17	21:30	New Motor Vehicle Sales (m/m)	Aug	--	--	-2.0
HK	09/18	04:30	Unemployment Rate (%)	Aug	3.1	3.2	3.1
SK	09/18	17:00	PPI (y/y)	Aug	--	--	3.0
AU	09/18	21:30	House Price Index (y/y)	2Q	--	9.5	10.2
JN	09/19	19:50	Merchandise Trade Balance (¥ bn)	Aug	--	104.4	421.7
JN	09/19	19:50	Adjusted Merchandise Trade Balance (¥ bn)	Aug	--	400.0	337.4
JN	09/19	19:50	Merchandise Trade Exports (y/y)	Aug	--	13.0	13.4
JN	09/19	19:50	Merchandise Trade Imports (y/y)	Aug	--	10.8	16.3
HK	09/19		Composite Interest Rate (%)	Aug	--	--	0.3
PH	09/19		Balance of Payments (US\$ mn)	Aug	--	--	-678.0
PH	09/19		Budget Deficit/Surplus (PHP bn)	Aug	--	--	-50.5
MA	09/20	00:00	CPI (y/y)	Aug	2.9	3.1	3.2
TA	09/20	04:00	Export Orders (y/y)	Aug	--	--	10.5
NZ	09/20	18:45	GDP (y/y)	2Q	2.5	2.5	2.5
JN	09/21	00:30	All Industry Activity Index (m/m)	Jul	--	-0.1	0.4
JN	09/21	01:00	Supermarket Sales (y/y)	Aug	--	--	0.0
PH	09/21	04:00	Overnight Borrowing Rate (%)	Sep 21	3.00	3.00	3.00
TA	09/21	04:00	Benchmark Interest Rate	Sep 21	1.375	1.375	1.375
HK	09/21	04:30	CPI (y/y)	Aug	1.7	2.0	2.0
HK	09/21	04:30	BoP Current Account (HK\$ bns)	2Q	--	--	16.9
JN	09/21		BoJ Policy Rate (%)	Sep 21	-0.10	--	-0.10
TA	09/22	04:00	Industrial Production (y/y)	Aug	--	--	2.4
TA	09/22	04:00	Unemployment Rate (%)	Aug	3.8	--	3.8
ID	09/22		BI 7-Day Reverse Repo Rate (%)	Sep 22	4.50	4.50	4.50
TH	09/22		Customs Exports (y/y)	Aug	--	6.4	10.5
TH	09/22		Customs Imports (y/y)	Aug	--	16.0	18.5
TH	09/22		Customs Trade Balance (US\$ mn)	Aug	--	698.0	-187.5

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CO	09/18	11:00	Trade Balance (US\$ mn)	Jul	--	--	-832.1
BZ	09/21	08:00	IBGE Inflation IPCA-15 (m/m)	Sep	--	--	0.4
BZ	09/21	08:00	IBGE Inflation IPCA-15 (y/y)	Sep	--	--	2.7
AR	09/21	15:00	GDP (y/y)	Sep	--	--	0.3

Global Auctions for the week of September 18 – 22

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	09/21	12:00	Canada to Sell 2-Year Bonds
US	09/21	13:00	U.S. to Sell 10-Year TIPS Reopening

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BE	09/18	05:30	Belgium to Sell 0.5% 2024 Bonds
BE	09/18	05:30	Belgium to Sell 0.8% 2027 Bonds
BE	09/18	05:30	Belgium to Sell 3% 2034 Bonds
UK	09/19	05:30	U.K. to Sell GBP2.5 Bln 1.5% 2047 Bonds
DE	09/20	04:30	Denmark to Sell Bonds
SW	09/20	05:03	Sweden to Sell SEK2 Bln 1.5% 2023 Bonds
SW	09/20	05:03	Sweden to Sell SEK500 Mln 2.25% 2032 Bonds
GE	09/20	05:30	Germany to Sell EUR2 Bln 2048 Bonds
SP	09/21	04:30	Spain to Sell Bonds
FR	09/21	04:50	France to Sell Bonds
FR	09/21	05:50	France to Sell I/L Bonds
IC	09/22	06:30	Iceland to Sell Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CH	09/17	21:30	Tibet to Sell Bonds
CH	09/17	22:30	Tibet to Sell Bonds
CH	09/17	22:35	China To Sell CNY36 Bln 5-Yr Special Government Bonds
CH	09/18	21:30	Henan to Sell Bonds
CH	09/18	22:30	Henan to Sell Bonds
CH	09/19	02:00	Henan to Sell Bonds
CH	09/19	03:00	Henan to Sell Bonds
CH	09/19	22:35	China to Sell CNY40 Bln 3-Yr Upsized Bonds
CH	09/19	22:35	China To Sell CNY40 Bln 7-Yr Bonds
NZ	09/20	22:05	New Zealand Plans to Sell NZD200 Mln 2.75% 2025 Bonds

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BZ	09/19	11:00	Brazil to Sell I/L Bonds - 08/15/2022
BZ	09/19	11:00	Brazil to Sell I/L Bonds - 08/15/2026
BZ	09/19	11:00	Brazil to Sell I/L Bonds - 05/15/2035
BZ	09/19	11:00	Brazil to Sell I/L Bonds - 05/15/2055
BZ	09/21	11:00	Brazil to Sell LFT - 09/01/2023

Events for the week of September 18 – 22

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	09/18	14:15	Speech by Bank of Canada Deputy Governor Tim Lane
US	09/20	14:00	FOMC Rate Decision
US	09/20	14:30	Federal Reserve Board Chairwoman Janet Yellen holds news conference
US	09/22	06:00	Fed's Williams Speaks to Media at Swiss National Bank Event
US	09/22	09:30	Fed's George Speaks at Conference on Outlook for Oil
US	09/22	13:30	Fed's Kaplan Speaks at Dallas/Kansas City Fed Oil Conference

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
IT	09/18	04:30	Angeloni, Padoan at Italian Banking Conference in Rome
UK	09/18	11:00	BOE Governor Carney Speaks at IMF in Washington, DC
SW	09/20	08:00	Riksbank's Floden Gives Speech
EC	09/21	02:55	ECB's Frank Smets speaks in Frankfurt
SW	09/21	03:30	Riksbank Publishes Minutes from September Meeting
EC	09/21	04:00	ECB Publishes Economic Bulletin
NO	09/21	04:00	Deposit Rates
EC	09/21	05:30	ECB Executive Board member Praet chairs a panel in Frankfurt
EC	09/21	09:30	ECB President Mario Draghi speaks in Frankfurt
IT	09/21	18:00	Theresa May Gives Brexit Speech in Florence
NO	09/22	05:00	Norway Central Bank Governor Oystein Olsen Speaks in Trondheim
SZ	09/22	05:00	SNB's D. Moser Speaks at SIX & SFAA event in Zurich
SW	09/22	06:15	Riksbank's Floden Speech in Linköping, Sweden
EC	09/22	07:15	ECB Vice-President Constancio speaks in Frankfurt
UK	09/22		United Kingdom Sovereign Debt to be rated by Moody's
RU	09/22		Russia Sovereign Debt to be rated by Fitch

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	09/18	21:30	RBA Sept. Rate Meeting Minutes
HK	SEP 18-19		Composite Interest Rate
AU	SEP 19-20		RBA's Ellis Gives Speech in Sydney
AU	SEP 20-21		RBA Governor Lowe Gives Speech in Perth
JN	SEP 20-21		BOJ Policy Balance Rate
JN	SEP 20-21		BOJ Monetary Policy Statement
JN	09/21	02:30	BOJ Kuroda speaks at press conference after MPM
TA	09/21	04:00	CBC Benchmark Interest Rate
PH	09/21	04:00	BSP Overnight Borrowing Rate
PH	09/21	04:00	BSP Standing Overnight Deposit Facility Rate
ID	09/21	00:00	Bank Indonesia 7D Reverse Repo
NZ	09/22	19:00	New Zealand general election

Global Central Bank Watch

NORTH AMERICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Canada – Overnight Target Rate	1.00	October 25, 2017	1.00	1.00
Federal Reserve – Federal Funds Target Rate	1.25	September 20, 2017	1.25	1.25
Banco de México – Overnight Rate	7.00	September 28, 2017	7.00	--

Federal Reserve: No policy rate change is expected until December but we expect the Fed to announce plans for its bond reinvestment reduction strategy at this meeting and to implement it shortly thereafter. Reduced long-run rate neutral guidance is expected as an off-set to staying on course for one more hike this year.

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	October 26, 2017	0.00	--
Bank of England – Bank Rate	0.25	November 2, 2017	0.25	--
Swiss National Bank – Libor Target Rate	-0.75	December 14, 2017	-0.75	--
Central Bank of Russia – One-Week Auction Rate	9.00	September 15, 2017	8.50	8.50
Sweden Riksbank – Repo Rate	-0.50	October 26, 2017	-0.50	--
Norges Bank – Deposit Rate	0.50	September 21, 2017	0.50	--
Central Bank of Turkey – Benchmark Repo Rate	8.00	October 26, 2017	8.00	--

Norges Bank: No policy rate change is expected. The deposit rate has been unchanged at 0.5% since March. In the wake of a decline in underlying inflation to 0.9% y/y and hence the lowest in over four years, it's clear that the aftermath of the oil shock is not over but the central bank is likely to be inclined to look through it as the commodity shock's effects wane into 2018.

ASIA PACIFIC

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Japan – Policy Rate	-0.10	September 21, 2017	-0.10	--
Reserve Bank of Australia – Cash Target Rate	1.50	October 2, 2017	1.50	--
Reserve Bank of New Zealand – Cash Rate	1.75	September 27, 2017	1.75	1.75
People's Bank of China – Lending Rate	4.35	TBA	--	--
Reserve Bank of India – Repo Rate	6.00	October 4, 2017	6.00	--
Bank of Korea – Bank Rate	1.25	October 19, 2017	1.25	--
Bank of Thailand – Repo Rate	1.50	September 27, 2017	1.50	1.50
Bank Negara Malaysia – Overnight Policy Rate	3.00	November 9, 2017	3.00	3.00
Bank Indonesia – 7-Day Reverse Repo Rate	4.50	September 22, 2017	4.50	4.50

The Bank of Japan (BoJ): The BoJ will hold a monetary policy meeting on September 21. Given that Japan's inflationary pressures are muted (the headline rate remained at 0.4% y/y in July) and far below the BoJ's 2% inflation target, we expect the central bank to maintain a stimulative monetary policy stance over the coming months. Despite Japan's relatively strong economic growth and tight labour market, wage inflation remains low (real earnings have grown by 0.5% y/y on average over the past three months), keeping demand-driven inflationary pressures at bay.

Bank Indonesia: Indonesian monetary authorities will meet on September 22. Following the August meeting, the central bank delivered a surprise 25 basis point cut, taking the benchmark interest rate to 4.5%. Given policymakers' apparent concerns regarding financial stability, we do not expect the key rate to be lowered further.

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	8.25	October 25, 2017	8.00	--
Banco Central de Chile – Overnight Rate	2.50	September 14, 2017	2.50	--
Banco de la República de Colombia – Lending Rate	5.25	September 29, 2017	5.25	--
Banco Central de Reserva del Perú – Reference Rate	3.75	September 14, 2017	3.50	--

AFRICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
South African Reserve Bank – Repo Rate	6.75	September 21, 2017	6.50	6.50

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

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