

THE HOLIDAY HOMESTRETCH

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- ▶ CDN CPI, GDP, retail
- ▶ US PCE inflation
- ▶ Chile's election
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- ▶ Argentina's GDP
- ▶ Chinese property prices
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Chart of the Week

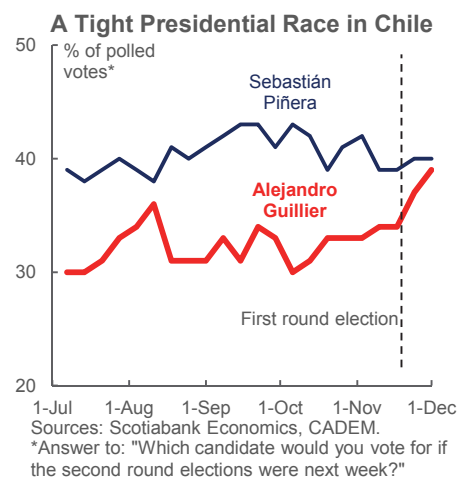


Chart of the Week: Prepared by: Sam Fraser, Research Analyst.

The Holiday Homestretch

CANADA — FOURTH TIME LUCKY?

All the attention over the coming week will be upon inflation and growth tracking which obviously matters to a central bank that describes itself as data dependent.

I think consensus is going too high on headline Canadian CPI. Base effects will be the dominant upward influence upon headline CPI inflation next Thursday. Holding seasonally unadjusted CPI constant in November at October's level would yield a swing from 1.4% y/y CPI inflation in October to 1.8% while also holding everything else constant. The problem is that November CPI in seasonally unadjusted month-go terms is usually a negative month that has averaged out to a -0.2% m/m seasonally unadjusted decline over the past five Novembers. If this November is an average month for seasonality then this would knock about two-tenths off the year-ago rate and so now we're at 1.6% y/y. With gas prices up by about 10% y/y so far in December and carrying about a 3.4% weight in CPI, the deceleration from a 19% y/y increase in November should drag a few additional tenths off of headline CPI. Chart 1 shows the upward trend softening in December.

Regardless, one would hope that a central bank wouldn't find a lot of information in changes in CPI inflation that are motivated by base effects, gas prices and seasonality. That can matter to people who trade inflation product keyed off CPI, but not to monetary policy.

For that, we need to focus upon the average of the three core CPI measures. That average has been flat over the past three months after rising by three-tenths from May to August (chart 2). At 1.6% y/y, however, the average of the core measures remains below the BoC's inflation target. A lot is riding on the next couple of readings. Recall the BoC noted in its latest policy statement that "measures of core inflation have edged up in recent months" which seemed like a stale observation. Can you still say that if average core turns out flat for a fourth time? At what point would such an observation have to be struck should the average of the core measures not cooperate?

The rest of the week's focus will be upon growth readings culminating in October GDP on Friday. With what we have to play with thus far, I'd peg October GDP at either flat or up a tenth. Thursday's retail sales and Wednesday's wholesale trade figures will be incorporated into a final estimate for October GDP.

Tax first. Then get data. That about sums up the policy approach to managing foreign buyers in Canada's housing markets. Most evidence to date has demonstrated that foreign buyers are an over-hyped segment (chart 3). **Statistics Canada will wade into the debate with its own estimates on foreign ownership of Canadian property next week.** Often times it seems people fail to draw a distinction between non-resident buyers and first-generation Canadians and their offspring.

NAFTA negotiations go quiet with the US focus upon passing the Tax Cuts and Jobs Act. I agree with [this](#) piece produced by Scotia's Brett House and Juan Manuel Herrera.

Canada conducts a thirty year auction on Wednesday.

Chart 1 Gas Prices Climbed Slower In December

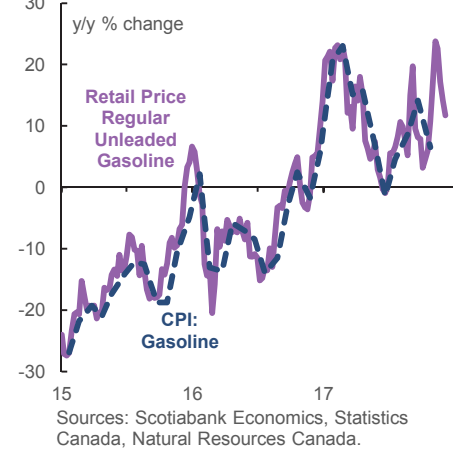


Chart 2 Average 'Core' Inflation

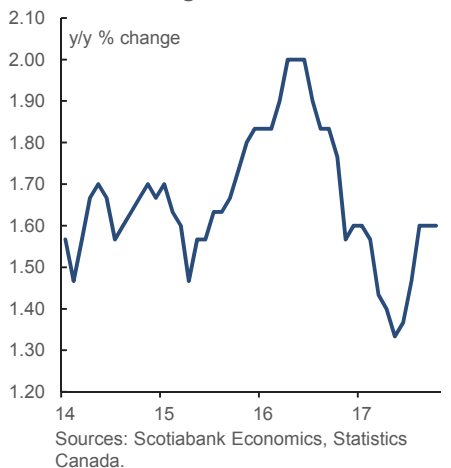
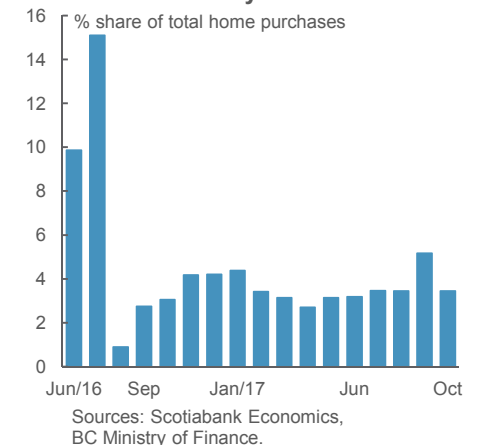


Chart 3 Metro Vancouver Home Purchases By Non-Residents



LATIN AMERICA — THREE DEBATES BEFORE HOLIDAYS TAKE OVER

There are only three economic or market events that may vie for attention as the focal point during the holiest time of the year in Latin America. An estimated roughly 70% of Latin Americans identify themselves as Catholic which makes up 40% of the world's Catholic population while a further 19% say they are Protestants ([here](#)).

First is that Chile holds round two of its Presidential election this Sunday. It's a classic case of right versus left as former President Sebastian Piñera (2010–2014) is up against the left wing party New Majority's leader Alejandro Guillier. Piñera is campaigning on classic right wing foundations by being tough on crime including drug trafficking, promising to reduce the size of government and the number of public sector workers, hard lines on some social issues and open to further supply-side reforms affecting labour, education and pensions. A Piñera victory would probably be taken more favourably by the peso and markets in general. Guillier is a relatively novice politician who nevertheless represents the coalition (that includes the communist party) that has ruled for most of the time since the end of Augusto Pinochet's military dictatorship back from 1973–1990. His campaign is more classically left of center by targeting full employment and expanded social programs. Voter apathy has been a major problem for poll reliability since only 45% of eligible voters participated in the first round of elections that narrowed a scattered field down to Sunday's two choices. Unreliable voter turnout is therefore a major source of the risk into Sunday's election while a divided Congress is thought to hamper the successful candidate's powers.

Second is **Argentina's Q3 GDP growth rate** next Wednesday. Consensus sits on either side of a 4% y/y estimate in inflation-adjusted terms that could be the fastest growth since a brief spurt in 2013Q2. The economy has previously come close to such growth in fleeting fashion only to slip back each time in an oscillating pattern over the past decade. The issue is whether a more sustainable acceleration can be registered this time around. Consensus thinks so and markets are even more convinced. Bloomberg's tally puts median growth expectations at 3.2% in 2018 and 3% in 2019 (chart 4). Argentina has not registered back-to-back years of 3-handled GDP growth since 2011. The whole 2017–19 period could be the strongest consecutive three years for growth since 2008. President Mauricio Macri has succeeded in implementing a more pro-growth agenda of reforms including restoring data credibility, adjusting monetary policy to target a reduction of inflation expectations and liberalizing trade and capital accounts. As a consequence, inflation remains high but progress is being recorded while Argentina's stock market has been among the strongest performers anywhere in the world this year in both local currency (+62%) and USD terms (+48%) that have blown US equities out of the water in nominal terms but not adjusted for local inflation. Following a successful election for the center-right coalition, Macri has targeted structural reforms including vague proposals to reform labour markets, the education sector and system of taxation. Sustainability of the improved growth picture depends on it.

Chart 4

Sustainable Rebound in Argentina?



Source: Scotiabank Economics, Bloomberg.

Third is that Banco Central do Brasil releases its Q4 Quarterly Inflation Report on Thursday that will update growth and inflation expectations. The Q3 report had forecast inflation of 3.2% in 2017 and it is averaging about 3½% while 2018 is expected to bring inflation to 4.3% y/y compared to the present Bloomberg consensus expectation of 3.9%. That same report forecast growth of 2.2% in 2018 after growth was forecast at 0.7% for 2017. The private Bloomberg consensus is presently similar at 0.8% in 2017 and 2½% in 2018. Forecast revisions will help incrementally inform monetary policy expectations and with most forecasters thinking that the policy Selic rate of 7% is at or very near a cyclical low.

UNITED STATES — COULD WASHINGTON GIVE WITH ONE HAND, TAKE WITH THE OTHER?

Will Christmas be greeted by a federal government shutdown? Will tax reforms land on the President's desk after passage in both the House of Representatives and the Senate? These two questions will dominate the week's focus. Data risk will be relatively less important with the prime focus being upon the latest update to the Fed's preferred inflation gauge.

I've asked Mary Webb to share her thoughts on US tax reforms in what follows. As legislation is drafted on the US tax reform package for the next decade and the Joint Committee on Taxation assesses the package's net revenue impact, final votes by the

House of Representatives and the Senate are likely next week. Early discussion of the agreement indicates compromises such as dropping the federal general corporate income tax rate from 35% to 21% as of 2018, on schedule but slightly higher than the promised 20% rate. **As we go to print, it seems that opposing Senators are being brought on side with the bill's passage.**

Entwined with the tax reform process next week is the need to approve overall spending limits, hopefully for both fiscal 2018 and fiscal 2019, balancing defense and non-defense discretionary spending demands. The two-week expenditure stopgap measure expires December 22nd. Meanwhile, in lieu of a debt ceiling agreement, the US Treasury is pursuing extraordinary measures that will likely not be exhausted until late March or early April, according to Congressional Budget Office estimates.

Friday's price deflator for total consumer expenditures (the PCE deflator) will be closely watched by the Fed and markets as the week's main data risk. After this past week's soft CPI report, the issue is whether or not core inflation is already stalling out after very nascent signs of its rise. That won't be settled in one or a few data points (and this shouldn't be expected anyway), but at the margin the Fed's preferred inflation report will inform its bias that soft inflation readings are transitory. CPI climbed from 2.0% y/y to 2.2% in November but core inflation pulled back again to 1.7% which is where it has been for six of the past seven reports with the one exception being October's 1.8%. The problem is that CPI and PCE trends often diverge as shown in the updated chart. Further, PCE is preferred by the Fed because it responds more readily to shifts in consumer behaviour with dynamic weight adjustments compared with CPI's periodic weight adjustments. Within that same report will be spending and income updates for the same month that will further inform Q4 growth.

Other economic reports will focus upon housing and investment in a barrage of data to clear the decks before the holiday season. Housing starts (Tuesday), existing home sales (Wednesday) and new home sales (Friday) will materially advance tracking of housing market momentum in the wake of the recent acceleration across all three indicators (chart 6).

The issue at hand is whether this acceleration is simply post-hurricane pent-up demand or has legs to it, particularly in light of a modest decline in the lowest thirty-year fixed mortgage rate since the March peak.

The industrial complex should be the source of more positive readings. **Durable goods orders** during November (Friday) probably increased on the back of a 2.5 times increase in new plane orders at Boeing that marked the strongest month for plane sales since June. The bigger issue is whether the streak of four consecutive increases in core capital goods orders (ex-defense and air) can be sustained especially after October only registered a slight advance. The volatile **Philly Fed business outlook survey** arrives the day before and—along with the Richmond Fed gauge—will inform ISM-manufacturing expectations.

Finally, the third estimate of **Q3 GDP growth** arrives Thursday. Recall that the second estimate revised growth up to 3.3% from the initial 3% print. This round incorporates more complete service sector data with consensus expecting little if any change.

Auction risk is confined to a five year TIPS reopening on Thursday.

EUROPE — RIKSBANK RISKS

European markets face little incremental risk over the coming week. Largely inconsequential data and one regional central bank's decision will be about as active as things get.

Chart 5

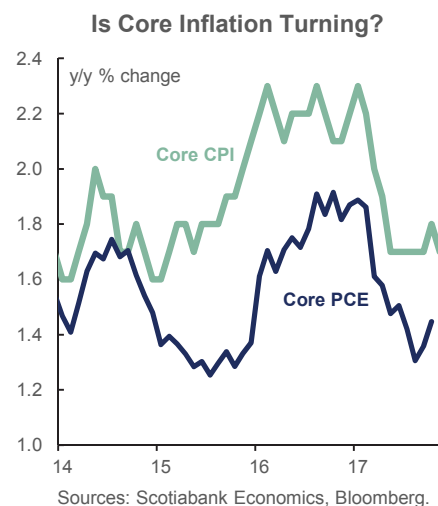
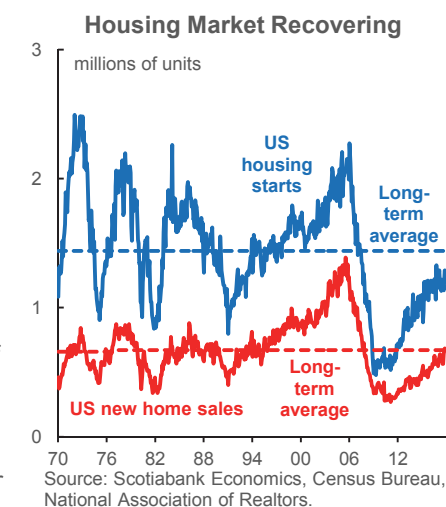


Chart 6



Wednesday's Riksbank decision won't alter the policy repo rate (-0.5%) but guidance on timing the first rate hike since 2011 will be carefully scrutinized. At its last meeting on October 26th, the Riksbank guided that a rate hike would occur around mid-2018. Since then, inflation dipped and then recovered over the next two reports to present little new information on net. Given the volatility of recent inflation readings, the Riksbank may wish to resist the urge to alter rate guidance and possibly resist ending bond purchases at the end of this year in part given that the ECB extended its purchases at the October meeting and given recent softening of the housing market.

Data risk will be fairly light and focused upon Eurozone CPI revisions that bring out enough detail to calculate so-called 'supercore' inflation readings. As the accompanying chart 7 demonstrates, supercore inflation remains very soft but at this point matters little in the context of future directions for ECB policy given stimulus extension. French consumer spending for November, Germany's IFO business confidence metric for December and Italian industrial orders and sales round out relatively minor updates.

ASIA — ABSTRACT BoJ OPTIONS

While no big changes are expected at the Bank of Japan, the dialogue that occurs may be the most watched development in Asian markets next week and the week after when the Summary of Opinions to the meeting arrive on December 27th.

The Bank of Japan is likely to maintain mostly unchanged stimulus measures next week. The policy rate will likely remain at -0.1%, the 10 year nominal bond yield target will likely remain at 0% and the bond purchase program will likely remain at ¥80 trillion yen per year. It's possible the central bank extends a credit facility to motivate higher lending if not now, then before the existing programs expire in March. Tail debates that are unlikely to see the light of day at this point include a proposal by board member Goushi Kataoka and an academic critic—Masazumi Wakatabe, rumoured to be a candidate for Deputy Governor—to increase stimulus now in advance of the proposed sales tax increase in 2019. Wakatabe indicated that increased stimulus could include a higher ¥90 trillion per year bond purchase target and raising the inflation target by a point to 3%. Stimulus expansion is against the majority view of the BoJ including Governor Kuroda and most of the board.

The Bank of Thailand is unanimously expected to leave its benchmark rate at 1.5% on Wednesday. It has been on hold since April 2015. A hike is out of the question with inflation running at about 1% y/y and hence at the very lower end of the 1–4% inflation target range. At the same time, financial stability concerns including household finances stand in the way of easing.

China also updates property prices for November on Sunday night. Despite the measures taken and the hype about cooling property and credit markets, there is little evidence it's happening. Resale and new prices (chart 8) are still rising at a fair clip and this year is setting a record for new financing activity (chart 9).

New Zealand's Q3 GDP report is expected to put in similar growth to the 2½% y/y performance of the prior quarter. **Minutes to the December 4th RBA meeting** and trade figures for Japan and New Zealand round out the week's expected developments.

Chart 7 Eurozone "Supercore" Inflation Stuck At 1%



Sources: Scotiabank Economics, Bloomberg.

Chart 8 You Say China Is Cooling Credit Growth??



Sources: Scotiabank Economics, Bloomberg.

Chart 9 China's House Prices Aren't Cooling Much



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

Key Indicators for the week of December 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	12/18	08:30	International Securities Transactions (C\$ bn)	Oct	--	--	16.8
US	12/18	10:00	NAHB Housing Market Index	Dec	--	70.0	70.0
US	12/19	08:30	Building Permits (000s a.r.)	Nov	--	1275.0	1316.0
US	12/19	08:30	Current Account (US\$ bn)	3Q	--	-116.4	-123.1
US	12/19	08:30	Housing Starts (000s a.r.)	Nov	1240	1248	1290
US	12/19	08:30	Housing Starts (m/m)	Nov	-3.9	-3.3	13.7
US	12/20	07:00	MBA Mortgage Applications (w/w)	DEC 15	--	--	-2.3
CA	12/20	08:30	Wholesale Trade (m/m)	Oct	--	0.5	-1.2
MX	12/20	09:00	Retail Sales (INEGI) (y/y)	Oct	--	-0.2	-0.3
US	12/20	10:00	Existing Home Sales (mn a.r.)	Nov	5.5	5.5	5.5
US	12/20	10:00	Existing Home Sales (m/m)	Nov	0.4	0.7	2.1
CA	12/21	08:30	Core CPI - Common (y/y)	Nov	--	1.7	1.6
CA	12/21	08:30	Core CPI - Median (y/y)	Nov	--	--	1.7
CA	12/21	08:30	Core CPI - Trim (y/y)	Nov	--	--	1.5
CA	12/21	08:30	CPI, All items (m/m)	Nov	0.1	0.2	0.1
CA	12/21	08:30	CPI, All items (y/y)	Nov	1.8	2.0	1.4
CA	12/21	08:30	CPI, All items (index)	Nov	--	131.1	130.9
CA	12/21	08:30	Retail Sales (m/m)	Oct	0.2	0.4	0.1
CA	12/21	08:30	Retail Sales ex. Autos (m/m)	Oct	0.3	0.4	0.3
US	12/21	08:30	GDP (q/q a.r.)	3Q T	3.3	3.3	3.3
US	12/21	08:30	GDP Deflator (q/q a.r.)	3Q T	--	2.1	2.1
US	12/21	08:30	Initial Jobless Claims (000s)	DEC 16	235	233	225
US	12/21	08:30	Continuing Claims (000s)	DEC 9	1900	--	1886
US	12/21	08:30	Philadelphia Fed Index	Dec	22.0	21.0	22.7
MX	12/21	09:00	Bi-Weekly Core CPI (% change)	Dec 15	--	0.4	0.0
MX	12/21	09:00	Bi-Weekly CPI (% change)	Dec 15	--	0.4	0.0
MX	12/21	09:00	Global Economic Indicator IGAE (y/y)	Oct	--	0.6	0.5
US	12/21	10:00	Leading Indicators (m/m)	Nov	--	0.4	1.2
CA	12/22	08:30	Real GDP (m/m)	Oct	0.1	0.1	0.2
US	12/22	08:30	Durable Goods Orders (m/m)	Nov P	2.0	2.1	-0.8
US	12/22	08:30	Durable Goods Orders ex. Trans. (m/m)	Nov P	0.7	0.5	0.9
US	12/22	08:30	PCE Deflator (m/m)	Nov	0.3	0.3	0.1
US	12/22	08:30	PCE Deflator (y/y)	Nov	1.8	1.8	1.6
US	12/22	08:30	PCE ex. Food & Energy (m/m)	Nov	0.1	0.1	0.2
US	12/22	08:30	PCE ex. Food & Energy (y/y)	Nov	1.5	1.5	1.4
US	12/22	08:30	Personal Spending (m/m)	Nov	0.4	0.5	0.3
US	12/22	08:30	Personal Income (m/m)	Nov	0.3	0.4	0.4
MX	12/22	09:00	Unemployment Rate (%)	Nov	--	3.3	3.5
US	12/22	10:00	New Home Sales (000s a.r.)	Nov	660.0	650.5	685.0
US	12/22	10:00	U. of Michigan Consumer Sentiment	Dec F	--	97.2	96.8

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	12/18	05:00	CPI (m/m)	Nov	--	0.1	0.1
EC	12/18	05:00	CPI (y/y)	Nov F	--	1.5	1.5
EC	12/18	05:00	Euro zone Core CPI Estimate (y/y)	Nov F	--	0.9	0.9
GE	12/19	04:00	IFO Business Climate Survey	Dec	--	117.6	117.5
GE	12/19	04:00	IFO Current Assessment Survey	Dec	--	124.7	124.4
GE	12/19	04:00	IFO Expectations Survey	Dec	--	110.8	111.0
EC	12/19	05:00	Labour Costs (y/y)	3Q	--	--	1.8
GE	12/20	02:00	Producer Prices (m/m)	Nov	--	0.2	0.3
SW	12/20	03:30	Riksbank Interest Rate (%)	Dec 20	--	-0.5	-0.5
EC	12/20	04:00	Current Account (€ bn)	Oct	--	--	37.8
UK	12/20	19:01	GfK Consumer Confidence Survey	Dec	-12	-12.0	-12.0
UK	12/21	04:30	PSNB ex. Interventions (£ bn)	Nov	9.5	9.0	8.0
UK	12/21	04:30	Public Finances (PSNCR) (£ bn)	Nov	--	--	-3.8
UK	12/21	04:30	Public Sector Net Borrowing (£ bn)	Nov	--	8.5	7.5
EC	12/21	10:00	Consumer Confidence	Dec A	--	0.2	0.1

Forecasts at time of publication.

Key Indicators for the week of December 18 – 22

EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
GE	12/22	02:00	GfK Consumer Confidence Survey	Jan	--	10.7	10.7
FR	12/22	02:45	Consumer Spending (m/m)	Nov	--	1.4	-1.9
FR	12/22	02:45	GDP (q/q)	3Q F	--	0.5	0.5
FR	12/22	02:45	Producer Prices (m/m)	Nov	--	--	0.2
UK	12/22	04:30	Business Investment (q/q)	3Q F	--	0.2	0.2
UK	12/22	04:30	Current Account (£ bn)	3Q	--	-21.4	0.0
UK	12/22	04:30	GDP (q/q)	3Q F	0.4	0.4	0.4
UK	12/22	04:30	Index of Services (m/m)	Oct	0.2	0.2	0.1

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
JN	12/17	18:50	Merchandise Trade Balance (¥ bn)	Nov	--	-40.0	284.6
JN	12/17	18:50	Adjusted Merchandise Trade Balance (¥ bn)	Nov	--	265.0	322.9
JN	12/17	18:50	Merchandise Trade Exports (y/y)	Nov	--	14.7	14.0
JN	12/17	18:50	Merchandise Trade Imports (y/y)	Nov	--	18.0	18.9
NZ	12/17	19:00	ANZ Consumer Confidence Index	Dec	--	--	123.7
AU	12/17	19:30	New Motor Vehicle Sales (m/m)	Nov	--	--	-0.4
SI	12/17	19:30	Exports (y/y)	Nov	--	6.4	20.9
HK	12/18	03:30	Unemployment Rate (%)	Nov	3.0	3.1	3.0
SK	12/18	16:00	PPI (y/y)	Nov	--	--	3.5
JN	12/19	01:00	Machine Tool Orders (y/y)	Nov F	--	--	46.9
NZ	12/19	16:45	Trade Balance (NZD mn)	Nov	--	-550.0	-871.1
NZ	12/19	16:45	Exports (NZD bn)	Nov	--	4.6	4.6
NZ	12/19	16:45	Imports (NZD bn)	Nov	--	5.1	5.4
MA	12/19	23:00	CPI (y/y)	Nov	3.1	3.4	3.7
JN	12/19	23:30	All Industry Activity Index (m/m)	Oct	--	0.3	-0.5
HK	DEC 18-19		Composite Interest Rate (%)	Nov	--	--	0.5
PH	DEC 18-19		Balance of Payments (US\$ mn)	Nov	--	--	-368.0
TH	12/20	02:05	BoT Repo Rate (%)	Dec 20	1.50	1.50	1.50
TA	12/20	03:00	Export Orders (y/y)	Nov	--	7.5	9.2
NZ	12/20	16:45	GDP (y/y)	3Q	2.5	2.4	2.5
JN	DEC 19-25		Supermarket Sales (y/y)	Nov	--	--	-1.9
JN	12/21	00:30	Nationwide Department Store Sales (y/y)	Nov	--	--	-1.8
HK	12/21	03:30	CPI (y/y)	Nov	1.4	1.4	1.5
HK	12/21	03:30	BoP Current Account (HK\$ bns)	3Q	--	--	18.0
JN	DEC 20-21		BoJ Policy Rate (%)	Dec 21	-0.10	--	-0.10
TA	Dec 20-21		Benchmark Interest Rate	Dec 21	1.38	1.38	1.38
TA	12/22	03:00	Industrial Production (y/y)	Nov	--	1.3	2.9
TA	12/22	03:00	Unemployment Rate (%)	Nov	3.7	3.7	3.7
SK	DEC 21-29		Department Store Sales (y/y)	Nov	--	--	-3.7
TH	DEC 21-25		Customs Exports (y/y)	Nov	--	7.8	13.1
TH	DEC 21-25		Customs Imports (y/y)	Nov	--	12.8	13.5
TH	DEC 21-25		Customs Trade Balance (US\$ mn)	Nov	--	795.2	214.4

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
BZ	12/16	05:30	Economic Activity Index SA (m/m)	Oct	--	-0.1	0.4
BZ	12/16	05:30	Economic Activity Index NSA (y/y)	Oct	--	2.6	1.3
CO	12/18	10:00	Trade Balance (US\$ mn)	Oct	--	-552.0	-274.5
BZ	12/20	07:30	Current Account (US\$ mn)	Nov	--	-2044.5	-343.0
BZ	12/21	06:00	IBGE Inflation IPCA-15 (m/m)	Dec	--	0.4	0.3
BZ	12/21	06:00	IBGE Inflation IPCA-15 (y/y)	Dec	--	2.9	2.8

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

Global Auctions for the week of December 18 – 22**NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	12/20	12:00	Canada to Sell 30-Year Bonds
US	12/21	13:00	U.S. to Sell 5-Year TIPS Reopening

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
IC	12/22	06:30	Iceland to Sell Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	12/17	22:35	Japan to Sell 1-Year Bonds
CH	12/19	21:35	China To Sell CNY26 Bln 7-Yr Bonds
CH	12/19	21:35	China to Sell CNY26 Bln 3-Yr Upsized Bonds

Events for the week of December 18 – 22**EUROPE**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
ES	12/19	04:00	ECB's Hansson speaks on outlook for Estonia, euro area
IT	12/19	04:30	Bank of Italy Governor Visco Speaks To Lawmakers
NO	12/19	04:35	Norway Central Bank Governor Olsen Speaks in Oslo
SW	12/19	05:00	Swedish Government Publishes New Forecasts
NO	12/19	06:00	Norway Central Bank Governor Olsen Speaks in Oslo
SW	12/20	03:30	Riksbank Rate Decision, Monetary Policy Report
SW	12/20	05:00	Riksbank's Ingves Holds Press Conference
EC	12/20	09:00	ECB Supervisory Board's Angeloni Speaks to Italian Lawmakers

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	12/18	19:30	RBA Dec. Rate Meeting Minutes
HK	DEC 18-19		Composite Interest Rate
TH	12/20	02:05	BoT Benchmark Interest Rate
TA	DEC 20-21		CBC Benchmark Interest Rate
JN	DEC 20-21		BOJ Monetary Policy Statement
JN	DEC 20-21		BOJ Policy Balance Rate
JN	DEC 20-21		BOJ 10-Yr Yield Target
JN	12/21	01:30	BOJ Kuroda speaks at press conference after MPM

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	January 17, 2018	1.00	1.25
Federal Reserve – Federal Funds Target Rate	1.50	January 31, 2018	1.50	1.50
Banco de México – Overnight Rate	7.25	February 8, 2018	7.25	--

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	January 25, 2018	0.00	--
Bank of England – Bank Rate	0.50	February 8, 2018	0.50	--
Swiss National Bank – Libor Target Rate	-0.75	March 15, 2018	-0.75	--
Central Bank of Russia – One-Week Auction Rate	7.75	February 9, 2018	7.75	--
Sweden Riksbank – Repo Rate	-0.50	December 20, 2017	-0.50	-0.50
Norges Bank – Deposit Rate	0.50	January 25, 2018	0.50	--
Central Bank of Turkey – Benchmark Repo Rate	8.00	January 18, 2018	8.00	--

Riksbank: No policy rate change is expected but guidance on rate hike timing that currently sits at mid-2018 and future asset purchases will be closely scrutinized.

ASIA PACIFIC

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Japan – Policy Rate	-0.10	December 21, 2017	-0.10	--
Reserve Bank of Australia – Cash Target Rate	1.50	February 5, 2018	1.50	1.50
Reserve Bank of New Zealand – Cash Rate	1.75	February 7, 2018	1.75	1.75
People's Bank of China – Lending Rate	4.35	TBA	--	--
Reserve Bank of India – Repo Rate	6.00	February 7, 2018	6.00	--
Bank of Korea – Bank Rate	1.50	TBA	1.50	--
Bank of Thailand – Repo Rate	1.50	December 20, 2017	1.50	1.50
Bank Negara Malaysia – Overnight Policy Rate	3.00	January 25, 2018	3.25	--
Bank Indonesia – 7-Day Reverse Repo Rate	4.25	TBA	4.25	--

The Bank of Japan (BoJ): BoJ will hold a monetary policy meeting on December 21. Given that Japan's inflationary pressures remain muted (at 0.2% y/y in October), we expect the BoJ 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, keeping demand-driven inflationary pressures at bay for an extended period of time. **The Bank of Thailand (BoT):** The BoT will make a monetary policy decision on December 20. We expect the central bank to leave the benchmark interest rate at 1.50% over the coming months. Inflationary pressures remain weak in Thailand with prices at the headline level rising by 1.0% y/y in November, in line with the lower boundary of the BoT's medium-term inflation target of 2.5% y/y \pm 1.5%.

LATIN AMERICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Banco Central do Brasil – Selic Rate	7.00	February 7, 2018	7.00	--
Banco Central de Chile – Overnight Rate	2.50	February 1, 2018	2.50	--
Banco de la República de Colombia – Lending Rate	4.75	TBA	4.75	--
Banco Central de Reserva del Perú – Reference Rate	3.25	TBA	3.25	--

AFRICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
South African Reserve Bank – Repo Rate	6.75	January 18, 2018	6.75	--

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

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