

COMEY WHAT MAY

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Derek Holt

FORECASTS & DATA

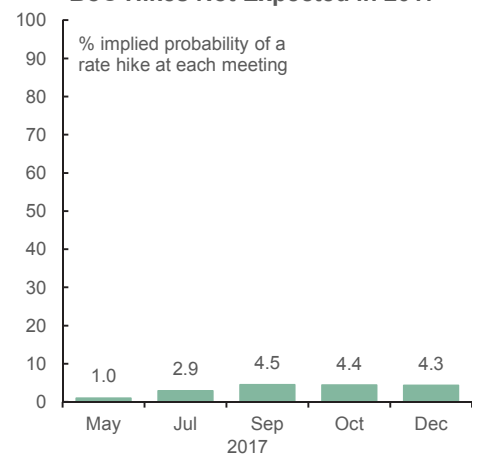
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Next Week's Risk Dashboard

- ▶ Comey's testimony
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- ▶ OPEC meeting
- ▶ Fed speak
- ▶ US housing, investment and GDP revision
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- ▶ Chinese profits
- ▶ Japanese CPI
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Chart of the Week
BoC Hikes Not Expected in 2017


Sources: Scotiabank Economics, Bloomberg.

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

Comey What May

UNITED STATES — DO NOT TAKE WEDNESDAY OFF

Conditions of late have been more supportive of scenario risk leaning toward fewer than three hikes from the Fed this year rather than more than the three that the Fed's 'dot plot' guides including the hike in March. Political risk must be among the publicly unspoken risks ringing through the halls at the Fed these days. To this effect, **next Wednesday may be a key event in that former FBI Director James Comey has been invited to testify by House Oversight Committee Chairman Jason Chaffetz on the same day that the FBI is to provide requested documents regarding Comey–Trump communications.** Even as the Federal Reserve has tended to speak to a base line view of the US economy's performance without fully factoring in potential policy adjustments, the risk that political uncertainty could pose to market stability, confidence and feedback effects on the Fed's dual mandate is likely to keep the Fed fairly cautious.

Enter the minutes to the May 3rd FOMC meeting as among the bigger considerations next week. None of Washington's trials and tribulations of late will receive a word of mention given a) avoidance of politics, and b) the risks are more recent. Weighed against more recent developments, however, Wednesday's minutes should reveal a fuller discussion of four considerations that were left lingering in the muted market aftermath of that statement:

1. Will there be a more explicit nod to a June hike? That was avoided in the May statement as expected but there is the risk that the Fed will more strongly signal as much in the minutes perhaps by using its language that is designed to capture the plurality of opinions cited (i.e., 'all', 'almost all', 'all but one', 'majority', 'generally agreed', 'most', 'several', 'many', 'some', 'a few', 'a couple', 'one', and perhaps one day we'll see 'who the heck said that?!'). Given markets have been priced for a hike in June for some time but that the probability has declined of late (chart 1), the somewhat bigger surprise would be no such reference even in the most veiled of fashions.

2. Do officials have less confidence in their inflation views? Recall that the FOMC flagged that "consumer prices declined in March" but resisted reference to this being a transitory phenomenon as it did fairly aggressively on growth. Since then, another soft CPI report was received and seasonally adjusted indices for headline and core inflation have not budged since January (chart 2).

3. What is the breadth of opinion on the extent to which FOMC officials view the economy's Q1 soft patch as transitory? Recall the statement said so explicitly: "The Committee views the slowing in growth during the first quarter as likely to be transitory..." To have inserted this in the statement, there must have been general agreement. I think there should be more of a question mark surrounding this view since a weak Q1 was driven by essentially no growth in consumer spending. When Q1 GDP has tended to disappoint, it is usually due to other components whereas there is no evidence of Q1 seasonal distortions that affect consumption (chart 3). Weak real wages might be a more powerful explanation than what is reflected in sentiment measures.

4. What is the latest breadth of opinion on reducing reinvestment 'later in the year'? Recall that on May 11th, NY Fed President Dudley reduced some confidence in this guidance when he left the timing a little more open through the following phrase: "I think if the economy continues to evolve in line with our expectations, sometime later this year or

Chart 1

June's A Slam Dunk To Markets

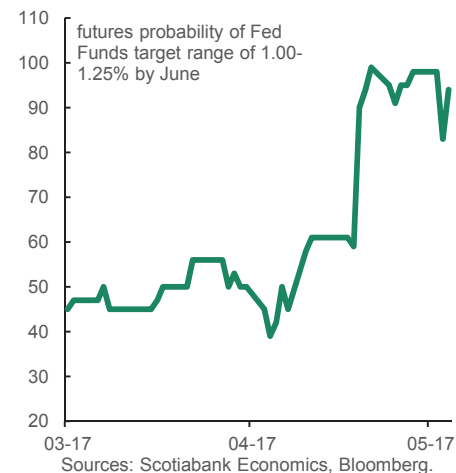


Chart 2

US CPI Has Stalled Out

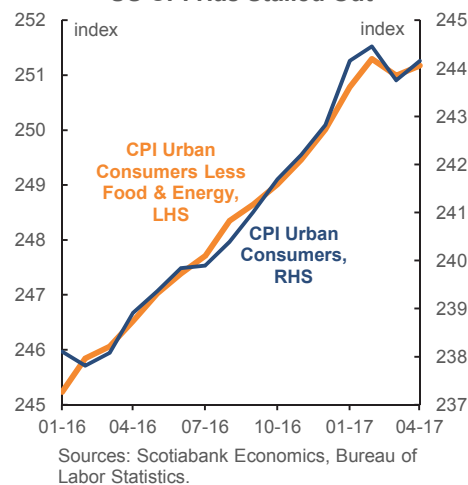
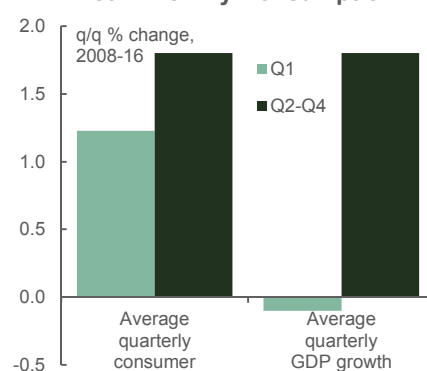


Chart 3

Q1 US GDP Seasonal Distortion Not Driven By Consumption



Sources: Scotiabank Economics, US BEA.

next year we will begin to gradually decide to normalize our balance sheet.” [emphasis added in italics]. I think this uncertainty—which preceded the intensification of concerns over the feasibility of the Trump administration’s policy agenda—has been a lesser contributing factor to the rally in Treasuries.

Five Fed officials—all but one of whom are voting FOMC members this year—will get a chance to provide further colour regarding their individual views and the freshness of the minutes over the coming week. Each of Philadelphia’s Harker (voting), Chicago’s Evans (voting), Minneapolis President Kashkari (voting, speaks three times), Dallas President Kaplan (voting) and St. Louis President Bullard (nonvoting) will speak.

Data risk should be fairly de minimis weighed against politics and Fed minutes:

- **New home sales:** April’s release on Tuesday is expected to reverse some of the nearly 6% m/m rise in March. An unexpected decline in April’s housing starts was the second in two months, third of the four months this year, and the fourth decline in the past six reports which would support trend softening in new home sales as the driver that lags housing starts in the reporting cycle;
- **Richmond Fed:** The May edition of this manufacturing index is expected to decline for a second month. Along with the Philly Fed’s gauge that soared but was mostly supportive of transitory gains ([here](#)), these are the best correlated measures to provide guidance ahead of the ISM-manufacturing report. If Richmond follows through on Philly’s upside, then there would be more confidence that ISM will arrest and possibly reverse its recent slide.
- **Existing home sales:** The April release on Wednesday is also expected to reverse some of the 4.4% rise of the prior month.
- **Q1 GDP revision:** Friday’s estimate is expected to hover beneath 1% annualized growth and roughly in line with the 0.7% figure that was originally reported.
- **Durable goods orders:** Friday’s print for April is expected to post a headline drop with flat core. Of particular note is that Boeing plane orders fell from 147 in March to 15 in April.

The US Treasury auctions 2s, 5s, 7s and 2 year floating rate notes over the coming week.

CANADA — NOT CONTAGIOUS

The Bank of Canada’s latest monetary policy statement and bank earnings reports will get most of next week’s local market attention in what should otherwise be a fairly quiet week. Markets will be closed on Monday for the annual Victoria Day holiday a.k.a. the unofficial start of summer.

The Bank of Canada meeting will end in a statement-only affair on Wednesday at 10amET sans forecast updates or press conference. The overnight lending rate is expected to remain at 0.5%. Governor Poloz has already largely dismissed emphasis upon Home Capital’s challenges by stating they are ‘unique’ and ‘idiosyncratic’ as opposed to representing system-wide contagion effects. That, in turn, means little likelihood of a material shift from a “decidedly neutral” stance that Poloz communicated at the April 12th press conference just because of recent turmoil in a tiny fraction of the mortgage market. Having just issued fresh forecasts in the April Monetary Policy Report, it’s highly unlikely that a material tone shift toward a more dovish stance may occur which may further challenge net short positions in CAD. Indeed, strong growth tracking for Q1 is likely to maintain cautious optimism at the central bank. The BoC is likely to repeat that weak Q1 US growth was transitory and “the drivers of growth remain solid” but clearly US political risks overhang the outlook for markets and the US economy such that the BoC won’t be signalling any greater optimism at this highly uncertain juncture. A risk mitigant has been the four cent depreciation in the C\$ versus the USD since the April 12th statement. Please see page 6 for a fuller preview of the BoC meeting. The first BoC official to speak after the decision will be Deputy Governor Sylvain Leduc on Thursday and his topic will be disclosed by early next week.

Four of Canada’s largest banks release fiscal Q2 earnings for the period ending April 30th next week. BMO releases on May 24th and then RBC, CIBC and TD release the day after. BNS (my employer) and Laurentian release on May 30th. With the market focus on the housing and mortgage markets, one might think guidance and communications will be particularly active around these areas.

As Scotia's Mary Webb notes, BC's incredibly tight May 9th election left the incumbent Liberals one vote shy of a majority, though results from absentee ballots and judicial recounts, due May 22nd to May 24th, could yield a Liberal majority or affirm the current result or less likely, leave the Liberals tied with the NDP. The Green Party, with three seats, holds the balance of power, and its platform is aligned with the NDP on a number of issues, including opposition to the Trans Mountain pipeline expansion, already approved by Ottawa and Victoria, that increases ocean access for Alberta's oil sands.

Data risk will be minor and only includes wholesale trade for March on Tuesday. Canada conducts a 5 year auction on Thursday.

LATIN AMERICA — MANAGING COLOMBIAN EXPECTATIONS

Another round of Colombian policy easing of debatable magnitude is likely to garner the most attention across Latin American markets.

Banco Central de la Republica de Colombia issues a policy decision late next Friday and consensus is divided on whether it will cut its overnight lending rate by 25bps or 50bps from 6.5% at present. Three of its four cuts since December have been of the quarter-point variety, with the notable exception of last month's ½ point cut.

What leans toward a small cut—if any—is guidance provided very recently by Governor Juan Jose Echavarria that pit weak growth against inflation risks. Upon presenting the central bank's quarterly inflation report, Echavarria reaffirmed expectations that inflation will slow to 4% toward year-end and 3% by the end of 2018. The central bank targets inflation of 3% +/- 1% and so inflation is forecast to remain in the upper half of the target range over 2017–18. He attributed the decline in inflation to date to food prices but sounded a note of caution on the food price outlook. Echavarria also repeated forecast growth of 1.8% this year which would remain toward the lower end of the post-Global Financial Crisis period. The central bank cautioned that "Economic figures for the first quarter of 2017 suggest that the dynamic of internal demand was weaker than what was estimated three months ago."

Mexico will issue Q1 GDP revisions on Monday after initially reporting growth of 2.7% y/y on the first pass and 0.6% q/q in seasonally adjusted but non-annualized terms. The country also updates retail sales and trade figures.

ASIA — CENTRAL BANK INACTION

Absent considerations of relevance to global markets, a pair of regional central bank decisions will be the focal point next week. That may even be a stretch since neither one of them is expected to do anything.

Bank of Korea is expected to leave its official bank rate at 1.25% on Thursday. The median forecast in a recent Bloomberg poll was for no change until 2018H2 at which point gradual rate hikes are expected. At its last meeting, the central bank slightly increased growth and inflation forecasts for 2017 to 2.6% and 1.9%, respectively. In the wake of the election of President Moon Jae-in, the focus will shift to fiscal policy going forward. Moon's election campaign promised a 10 trillion won (roughly US\$9 billion, or C\$12 billion) stimulus program of comparable magnitude to last year's stimulus plan and focused upon job creation.

Bank of Thailand is unanimously expected to keep its benchmark rate at 1.5% on Wednesday. With inflation running at 0.4% y/y and well below the bottom of the central bank's inflation target of 2.5% +/- 1.5%, the policy risk going forward is clearly more skewed toward easing than hiking. That policy risk continues to be driven primarily by events abroad including the Federal Reserve outlook and the impact upon the currency. Since the start of this year, the Thai baht has appreciated by about 4% versus the USD and has been trading around its strongest levels since mid-2015.

China releases industrial profits next Friday evening after global markets shut for the week and the establishment of a trend remains uncertain (chart 4). Profit growth had been cooling somewhat over the back half of last year but then accelerated to about 24% y/y again in Q1 of this year just as credit growth accelerated on the path to potentially setting a new all-time record for credit growth.



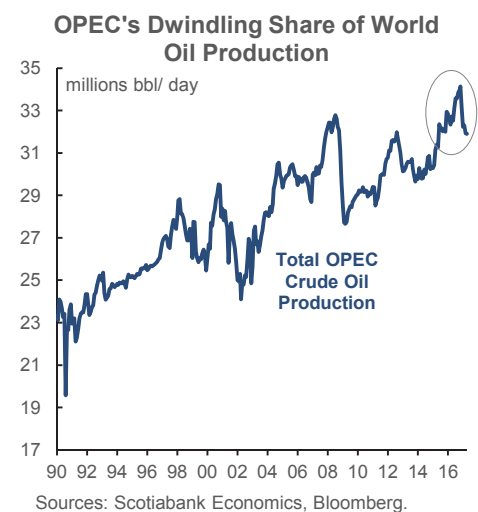
Miscellaneous developments will include updated **Japanese CPI inflation** for April that is expected to continue to remain very low. The March reading for national CPI was 0.2% y/y and the May reading for Tokyo was -0.1% y/y. Japan is among the regions of the world for which there is no reflation evidence in terms of broad price pressures. Japan also updates trade figures at the start of the week. Singapore's CPI release for April arrives on Tuesday (+0.7% y/y in March and expected to remain sub-1% next week).

EUROPE — FOOL ME ONCE...

Oil markets will be keeping a keen eye on Vienna as the Organization of Petroleum Exporting Countries (OPEC) meets to discuss extending production cuts next Thursday. Combined with a few significant macro releases—namely Eurozone PMIs—there is ample scope for developments in Europe to carry global market consequences.

OPEC's prior agreement reached late last year cut oil production by 1.8 million barrels per day but with an expiration date of June 30th. Given that this is now just six weeks away, the scramble is on to buoy prices by extending the agreement. The Russian and Saudi oil ministers recently indicated support for extending the cuts to March of next year and this has been met with some support. The magnitude of the production cuts (same? More?) and the agreed upon time frame will be closely scrutinized. There is, however, a bit of the 'bigger fool' theory driving the market's reading of the rolling agreements. WTI oil dropped about US\$10 from late December through to the low point earlier this month and unwound all of the brief price rise following the initial agreement in late November before more recently regaining some of this. That may be because transitory production cuts don't sustainably fool anyone as an ongoing solution for addressing supply and demand balances particularly as OPEC's oil production still remains elevated even in the wake of recent cuts (chart 5). Supply and demand imbalances are also not the only consideration affecting oil and other commodity prices as the interplay with the USD is a key consideration amidst safe-haven seeking.

Chart 5



Will Eurozone purchasing managers' indices for the month of May keep soaring? The composite PMI has been on a tear of sorts ever since it hit an almost two-year low last September. The 4+ point rise to 56.8 in April signalled accelerated growth given 50 is the dividing line between contraction (below) and expansion (above). Both the services and manufacturing PMIs have contributed in a remarkable convergence of all three readings around the 56–57 range. Of note, however, is that broad Eurozone GDP growth did not noticeably accelerate over the period during which the PMIs were soaring. Q3 Eurozone GDP growth was 0.4%, Q4 came in at 0.5% and Q1 was unchanged at the same 0.5% rate.

Sundry other developments of proportionately less influence will include the breakdown of Q1 German GDP growth on Tuesday. The country releases headline growth first but keeps markets guessing on the components which isn't terribly methodical but definitely raises the intrigue. That initial print was 0.6% q/q non-annualized growth which was the strongest since Q1 of last year. Germany also updates business confidence on Tuesday which in April sat at its highest level in about six years.

UK GDP revisions after an initial Q1 print of 0.3% q/q and a monthly services gauge arrive Thursday. Spain's Q1 GDP will be revised on Thursday following the initial 0.8% q/q print. French confidence readings and Italian industrial sales and orders round out the hits.

Feature Article

BoC Preview — Too Early For Shorts

Next Wednesday's Bank of Canada meeting will end in a statement-only affair at 10amET sans forecast updates or a press conference. The overnight lending rate is universally expected to remain at 0.5% both in terms of the consensus of economists and market-derived probabilities. The bigger issue is whether the bias will be incrementally altered, particularly in the context of a pile-on that has been shorting the Canadian dollar (chart 1) and going long on the front-end of the Canada curve at least until very recent developments. This has been in anticipation of incrementally more bearish news for the economy and financial system—and the Bank of Canada's possible response.

I think such expectations are likely to be disappointed next week. For one thing, Governor Poloz has already largely dismissed emphasis upon Home Capital's challenges by stating they are 'unique' and 'idiosyncratic' as opposed to representing system-wide contagion effects. In tipping his hand before the main event, it was a pretty strong signal that, while the BoC remains concerned about various risks to financial stability and particularly housing, that concern has not escalated of late when compared to the full set of communications offered on April 12th. That approach makes sense.

Second, growth is ripping. Growth is presently tracking around a 4% annualized print which is in line with revised BoC expectations last month and materially higher than the 2.5% forecast in January. Growth has exceeded everyone's expectations in Q1 compared to the start of the year. That, in turn, would be the third consecutive quarter of solid growth albeit with heavy import distortions. Contrast that to the stronger case for a serially disappointing economy in 2015 when only one single quarter notched growth over 1% (chart 2). As a consequence, the traditional 'extended multivariate filter' definition of the output gap is likely shut, while the 'integrated framework' measure still signals significant slack.

Third, the BoC is likely to repeat that weak Q1 US growth was transitory and "the drivers of growth remain solid." That remains to be proven, but very early tracking of Q2 growth data is supportive of a materially stronger economy than the paltry 0.7% annualized growth in Q1. Clearly US political and policy risks overhang the outlook for markets and the US economy such that the BoC won't be signaling any greater optimism at this highly uncertain juncture. Also consider that the nearly four cent depreciation in the C\$ versus the USD since the April 12th statement is a risk mitigant to financial conditions.

So why not go the other direction with a hawkish bias?

- Core inflation measures have been trending down and further beneath the BoC's target for headline inflation over the past year (chart 3). The connection between output gaps and inflation is modest and should not drive mechanistic policy rules.
- The ink is barely dry on the April MPR forecasts and the next one is due in July.
- Accommodative monetary policy is needed in the face of a very mature household cycle absent convincing signs that exports and investment can take over.
- A 90-day consultation period has been triggered by the US administration to begin renegotiation of NAFTA in the context of a soft backdrop for exports.

All of which means little likelihood of a material shift from a "decidedly neutral" stance.

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Chart 1



Chart 2

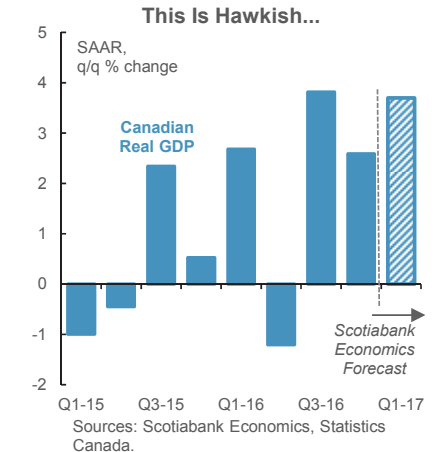
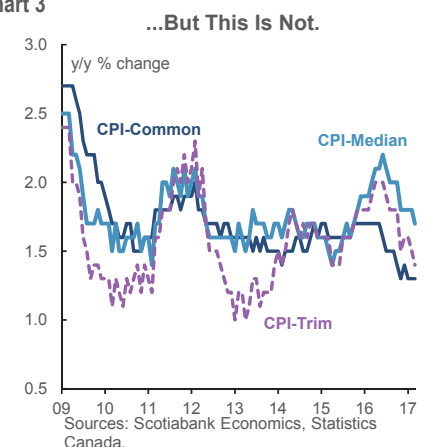


Chart 3



Key Indicators for the week of May 22 – 26
NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
MX	05/22	09:00	GDP (q/q)	1Q F	0.6	0.6	0.6
MX	05/22	09:00	GDP (y/y)	1Q F	2.7	2.7	2.7
MX	05/22	09:00	Global Economic Indicator IGAE (y/y)	Mar	4.0	4.0	1.0
CA	05/23	08:30	Wholesale Trade (m/m)	Mar	--	--	-0.2
MX	05/23	09:00	Retail Sales (INEGI) (y/y)	Mar	1.9	--	3.6
US	05/23	10:00	New Home Sales (000s a.r.)	Apr	610	620	621
US	05/23	10:00	Richmond Fed Manufacturing Index	May	--	15.0	20.0
US	05/24	07:00	MBA Mortgage Applications (w/w)	MAY 19	--	--	-4.1
MX	05/24	09:00	Bi-Weekly Core CPI (% change)	May 15	0.2	0.1	0.1
MX	05/24	09:00	Bi-Weekly CPI (% change)	May 15	-0.3	-0.3	0.3
CA	05/24	10:00	BoC Interest Rate Announcement (%)	May 24	0.50	0.50	0.50
US	05/24	10:00	Existing Home Sales (mn a.r.)	Apr	5.6	5.7	5.7
US	05/24	10:00	Existing Home Sales (m/m)	Apr	-2.0	-0.7	4.4
US	05/25	08:30	Initial Jobless Claims (000s)	MAY 20	240	240	232
US	05/25	08:30	Continuing Claims (000s)	MAY 13	1930	1950	1898
US	05/25	08:30	Wholesale Inventories (m/m)	Apr P	--	--	0.2
MX	05/25	09:00	Trade Balance (US\$ mn)	Apr	-3654.3	--	-182.9
US	05/26	08:30	Durable Goods Orders (m/m)	Apr P	-1.5	-1.5	0.9
US	05/26	08:30	Durable Goods Orders ex. Trans. (m/m)	Apr P	0.0	0.3	0.0
US	05/26	08:30	GDP (q/q a.r.)	1Q S	0.8	0.9	0.7
US	05/26	08:30	GDP Deflator (q/q a.r.)	1Q S	--	2.3	2.3
MX	05/26	09:00	Unemployment Rate (%)	Apr	3.2	--	3.2
US	05/26	10:00	U. of Michigan Consumer Sentiment	May F	--	97.5	97.7

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
GE	05/23	02:00	Real GDP (q/q)	1Q F	0.6	--	0.6
FR	05/23	03:00	Manufacturing PMI	May P	--	--	55.1
FR	05/23	03:00	Services PMI	May P	--	--	56.7
GE	05/23	03:30	Manufacturing PMI	May P	--	--	58.2
GE	05/23	03:30	Services PMI	May P	--	--	55.4
EC	05/23	04:00	Composite PMI	May P	57.2	--	56.8
EC	05/23	04:00	Manufacturing PMI	May P	57.2	--	56.7
EC	05/23	04:00	Services PMI	May P	57.0	--	56.4
GE	05/23	04:00	IFO Business Climate Survey	May	113.5	--	112.9
GE	05/23	04:00	IFO Current Assessment Survey	May	120.5	--	121.1
GE	05/23	04:00	IFO Expectations Survey	May	107.0	--	105.2
UK	05/23	04:30	PSNB ex. Interventions (£ bn)	Apr	--	--	5.1
UK	05/23	04:30	Public Finances (PSNCR) (£ bn)	Apr	--	--	34.3
UK	05/23	04:30	Public Sector Net Borrowing (£ bn)	Apr	--	--	4.4
GE	05/24	02:00	GfK Consumer Confidence Survey	Jun	--	--	10.2
SP	05/25	03:00	Real GDP (q/q)	1Q F	0.8	--	0.8
UK	05/25	04:30	Business Investment (q/q)	1Q P	--	--	-0.9
UK	05/25	04:30	GDP (q/q)	1Q P	0.2	--	0.3
UK	05/25	04:30	Index of Services (m/m)	Mar	0.1	--	0.2
FR	05/25	12:00	Total Jobseekers (000s)	Apr	3458.0	--	3508.1
FR	05/25	12:00	Jobseekers Net Change (000s)	Apr	-50.0	--	43.7

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

Key Indicators for the week of May 22 – 26

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
SK	05/21	17:00	PPI (y/y)	Apr	--	--	4.2
JN	05/21	19:50	Merchandise Trade Balance (¥ bn)	Apr	--	520.0	614.0
JN	05/21	19:50	Adjusted Merchandise Trade Balance (¥ bn)	Apr	--	123.9	172.2
JN	05/21	19:50	Merchandise Trade Exports (y/y)	Apr	--	7.2	12.0
JN	05/21	19:50	Merchandise Trade Imports (y/y)	Apr	--	14.8	15.8
TA	05/21	20:30	Unemployment Rate (%)	Apr	3.8	--	3.8
JN	05/22	01:00	Coincident Index CI	Mar F	114.6	--	114.6
JN	05/22	01:00	Leading Index CI	Mar F	105.5	--	105.5
MA	05/22	03:00	Foreign Reserves (US\$ bn)	May 15	--	--	96.1
TA	05/22	04:00	Export Orders (y/y)	Apr	--	--	12.3
JN	05/23	00:30	All Industry Activity Index (m/m)	Mar	--	-0.5	0.7
JN	05/23	01:00	Supermarket Sales (y/y)	Apr	--	--	-1.8
SI	05/23	01:00	CPI (y/y)	Apr	0.9	--	0.7
JN	05/23	02:00	Machine Tool Orders (y/y)	Apr F	34.7	--	34.7
JN	05/23	02:00	Nationwide Department Store Sales (y/y)	Apr	--	--	-0.9
TA	05/23	04:00	Industrial Production (y/y)	Apr	--	--	3.2
HK	05/23	04:30	CPI (y/y)	Apr	--	1.7	0.5
NZ	05/23	18:45	Trade Balance (NZD mn)	Apr	--	233.0	331.5
NZ	05/23	18:45	Exports (NZD bn)	Apr	--	4.3	4646.5
NZ	05/23	18:45	Imports (NZD bn)	Apr	--	4.1	4315.0
JN	05/23	20:30	Markit/JMMA Manufacturing PMI	May P	--	--	52.7
VN	MAY 23-24		CPI (y/y)	May	--	--	4.3
TH	05/24	03:00	BoT Repo Rate (%)	May 24	1.50	1.50	1.50
SK	MAY 24-25		BoK Base Rate (%)	May 25	1.25	1.25	1.25
SK	MAY 24-31		Department Store Sales (y/y)	Apr	--	--	2.3
VN	MAY 24-31		Exports (y/y)	May	--	--	15.4
VN	MAY 24-31		Imports (y/y)	May	--	--	24.9
VN	MAY 24-31		Industrial Production (y/y)	May	--	--	7.4
HK	05/25	04:30	Exports (y/y)	Apr	--	11.0	16.9
HK	05/25	04:30	Imports (y/y)	Apr	--	--	13.0
HK	05/25	04:30	Trade Balance (HKD bn)	Apr	--	--	-42.3
SK	05/25	17:00	Consumer Confidence Index	May	--	--	101.2
JN	05/25	19:30	National CPI (y/y)	Apr	0.3	0.4	0.2
JN	05/25	19:30	Tokyo CPI (y/y)	May	--	0.0	-0.1
SI	05/26	01:00	Industrial Production (y/y)	Apr	--	--	10.2
TA	05/26	04:00	Real GDP (y/y)	1Q F	2.6	--	2.6
CH	05/26	21:30	Industrial Profits YTD (y/y)	Apr	--	--	23.8

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
BZ	05/23	09:30	Current Account (US\$ mn)	Apr	--	--	1396.5
CO	05/26		Overnight Lending Rate (%)	May 26	6.50	6.25	6.50

Global Auctions for the week of May 22 – 26**NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	05/23	13:00	U.S. to Sell 2-Year Notes
US	05/24	11:30	U.S. to Sell 2-Year Floating Rate Notes Reopening
US	05/24	13:00	U.S. to Sell 5-Year Notes
CA	05/25	12:00	Canada to Sell 5-Year Bonds
US	05/25	13:00	U.S. to Sell 7-Year Notes

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
GE	05/23	05:30	Germany to Sell EUR5 Bln 2019 Bonds
UK	05/23	05:30	U.K. to Sell 0 1/8% 2036 I/L Bonds
GE	05/24	05:30	Germany to Sell EUR3 Bln 0.25% 2027 Bonds
IT	05/26	05:00	Italy to Sell Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CH	05/21	19:00	Sichuan to Sell Special Bonds
CH	05/21	21:30	Inner Mongolia to Sell General Bonds
CH	05/22	02:00	Sichuan to Sell General Bonds
JN	05/23	04:00	Japan Auction for Enhanced-Liquidity
JN	05/24	23:45	Japan to Sell 40-Year Bonds
NZ	05/25	22:05	New Zealand Plans to Sell NZD150 Mln 2.75% 2037 Bonds

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BZ	05/25	11:00	Brazil to Sell Fixed Rate Bonds

Events for the week of May 22 – 26

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SR	05/20	00:00	Trump to Visit Riyadh, Tel Aviv, Rome, Then G-7, NATO Meetings
US	05/22	10:00	Fed's Harker Speaks in Philadelphia
US	05/22	10:30	Fed's Kashkari to Speak at Minneapolis Fed Conference
US	05/22	21:10	Fed's Evans Speaks in Shanghai
US	05/23	09:00	Fed's Kashkari Speaks with Reporters in Minneapolis
US	05/23	15:15	Fed's Kashkari Speaks in Minneapolis
US	05/23	17:00	Fed's Harker Speaks in New York
IT	05/23	18:00	Donald Trump meets Italian President, Premier
IT	05/24	02:30	Donald Trump meets Pope Francis
CA	05/24	10:00	Bank of Canada Rate Decision
US	05/24	14:00	FOMC Meeting Minutes
US	05/24	18:00	Fed's Kaplan Speaks in Toronto
US	05/24	18:30	Fed's Kashkari Speaks in Wisconsin
GE	05/25	05:00	Merkel, Obama Meet at German Church Event in Berlin
CA	05/25	17:20	Bank of Canada Deputy Governor Sylvain Leduc Speech
US	05/25	22:00	Fed's Bullard Speaks on U.S. economy in Tokyo
US	05/25		OPEC Meeting
EC	05/25		EU's Tusk, Juncker Meet With U.S.'s Trump in Brussels

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
HU	05/22	03:15	Hungary Central Bank's Palotai Speaks at Conference on China
GE	05/22	05:00	Merkel Attends Groundbreaking of Car Battery Plant in Saxony
NO	05/22	09:00	Norges Bank Governor Olsen Speaks
EC	05/22	00:00	EU/Euro-Area Finance Ministers Meet in Brussels
NO	05/23	03:00	Norges Bank Governor Olsen Speaks
HU	05/23	08:00	Central Bank Rate Decision
GE	05/25	08:30	Merkel Attends NATO Summit in Brussels
EC	05/25		NATO Leaders Meet in Brussels
IT	05/26	00:00	G7 Leaders Meet in Taormina, Sicily

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AR	05/19	00:00	Argentina's Macri to Meet with Abe, Akihito
PK	05/20	00:00	SBP Rate Decision (Target)
AU	05/22	13:30	RBA's Debelle Speech in Basel
NZ	05/23	20:00	RBNZ Governor Wheeler Speaks in Hamilton (Not Public)
JN	05/23	20:00	BOJ Kuroda speaks in Tokyo
TH	05/24	03:00	BoT Benchmark Interest Rate
SK	05/24	00:00	BoK 7-Day Repo Rate
AU	05/25	04:00	RBA's Debelle Opening Remarks in London
AU	05/25	06:30	RBA's Debelle Panel Participation in London
AU	05/26	00:30	RBA's Richards Panel Participation

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CO	05/26		Overnight Lending Rate

Source: Bloomberg, Scotiabank Economics.

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	May 24, 2017	0.50	0.50
Federal Reserve – Federal Funds Target Rate	1.00	June 15, 2017	1.25	1.25
Banco de México – Overnight Rate	6.50	June 23, 2017	6.75	6.63

Bank of Canada: No policy change is expected. Please see page 6 for a fuller preview.

Federal Reserve: Minutes to the May 3rd FOMC meeting will be released on Wednesday. Whether a hike is more strongly signalled for June, timing partial reductions of bond reinvestment, conviction toward a growth rebound, and views on how transitory a soft patch for inflation may be will be closely examined.

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	June 8, 2017	0.00	--
Bank of England – Bank Rate	0.25	June 15, 2017	0.25	--
Swiss National Bank – Libor Target Rate	-0.75	June 15, 2017	-0.75	--
Central Bank of Russia – One-Week Auction Rate	9.25	June 16, 2017	9.25	--
Sweden Riksbank – Repo Rate	-0.50	July 4, 2017	-0.50	--
Norges Bank – Deposit Rate	0.50	June 22, 2017	0.50	--

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	June 16, 2017	-0.10	--
Reserve Bank of Australia – Cash Target Rate	1.50	June 6, 2017	1.50	1.50
Reserve Bank of New Zealand – Cash Rate	1.75	June 22, 2017	1.75	1.75
People's Bank of China – Lending Rate	4.35	TBA	--	--
Reserve Bank of India – Repo Rate	6.25	June 7, 2017	6.25	--
Bank of Korea – Bank Rate	1.25	May 25, 2017	1.25	--
Bank of Thailand – Repo Rate	1.50	May 24, 2017	1.50	1.50
Bank Negara Malaysia – Overnight Policy Rate	3.00	July 13, 2017	3.00	3.00
Central Bank of Philippines – Overnight Borrowing Rate	3.00	June 22, 2017	3.00	--
Bank Indonesia – 7-Day Reverse Repo Rate	4.75	June 15, 2017	4.75	4.75

Bank of Korea (BoK): South Korean monetary authorities will meet on May 25. We expect the BoK to leave the benchmark interest rate at the current level of 1.25% until the second quarter of 2018 when a cautious monetary tightening phase will likely commence. Inflation remains contained: the headline inflation rate has been hovering near 2% y/y so far this year (1.9% y/y in April), while core inflation remains at slightly below 1.5% y/y. **Bank of Thailand (BoT):** Thailand's monetary policymakers will meet on May 24. We expect that they will leave the benchmark interest rate unchanged at 1.50% over the coming quarters. Inflationary pressures remain muted in Thailand with prices at the headline level rising 0.4% y/y in April, below the BoT's medium-term inflation target of 2.5% y/y \pm 1.5%-point.

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	11.25	May 31, 2017	10.50	--
Banco Central de Chile – Overnight Rate	2.75	June 16, 2017	2.75	2.50
Banco de la República de Colombia – Lending Rate	6.50	May 26, 2017	6.50	6.25
Banco Central de Reserva del Perú – Reference Rate	4.00	June 9, 2017	4.00	--

Banco de la Republica de Colombia: Consensus is divided between expectations for a 25-50bps cut. Above target inflation may counsel a small cut if any in the wake of guidance provided by Governor Echavarría.

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	May 25, 2017	7.00	7.00

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

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