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This Week's Featured Chart

Will Jackson Hole Alter Fed Hike Expectations?



A Monetary Policy Re-Think?

- Please see our full indicator, central bank, auction and event calendars on pp. A2-A10.

UNITED STATES — TWIN PEAKS

A little county in Wyoming with a population of about 10,000 inhabitants that is known for its views of the Teton mountains south of Yellowstone National Park (and its fly fishing) will be over-run by global central bankers toward the end of next week. Discussions on cycle rate peaks will be set against the backdrop of mountain peaks. The Kansas City Federal Reserve hosts the annual symposium at **Jackson Hole** and it might be the show-stopper in global markets on the week. Or not. I suspect not and that expectations are somewhat overhyped, but will be keenly paying attention anyway and more for the research papers and presentations that come out of it. **The focal point for markets will be Chair Yellen's speech on Friday.** The title or theme for this year's symposium is "Designing Resilient Monetary Policy Frameworks For the Future." We'll find out the rest of the agenda on Thursday night by 6pm Mountain Time (8pmET) and the gathering lasts into Saturday. Given attendance by global central bankers, debates affecting other central banks may also be influenced.

The last time there was a resilience or stability focus was in 2008 when the conference theme was "Maintaining Stability in a Changing Financial System." **There are at least two main possibilities to consider into the conference:** a) the risk of a cue or signal on when the next rate hike may come; and b) the potentially more intriguing issue of whether a new policy framework will be debated among academics and central bankers.

The odds of a firm hint at when the Fed may hike for only the second time of the cycle are fairly modest. There are relatively low odds of a rate hike as soon as the September 21st FOMC meeting, in my opinion. For one thing, fed fund futures have only about a one in five chance of a hike by then and this Fed has a strong tendency to avoid any risk of a market surprise. With less than a month to go, a lot of work would have to be done to get markets on side. And what's the rush, with inflation and market-based inflation expectations still below target at a central bank that has demonstrated little tendency to be terribly forward looking, little economic growth over 2016H1, and uncertain risks still prevalent in Europe as well as in US politics and China's economy. Bank funding costs have already experienced a hike in market rates (chart 1) thanks to changed money market fund regulations that have driven buyers of short-term commercial paper markets into short-term government paper. Chart 2 also shows that 'shadow rate' measures of Fed policy have tightened materially over the past 2-3 years. One is the Wu-Xia estimate of the shadow rate that you can read about [here](#) and the other is provided by an economist at the Reserve Bank of New Zealand who has done a lot of work in this area and his international measures are [here](#).

There also appears to be building momentum in favour of a more open discussion on the longer run policy framework and options surrounding it in ways that go against policy orthodoxy. We saw evidence of this in two Fed policy speeches this past week. St. Louis Fed President James Bullard (voting)

CONTACTS

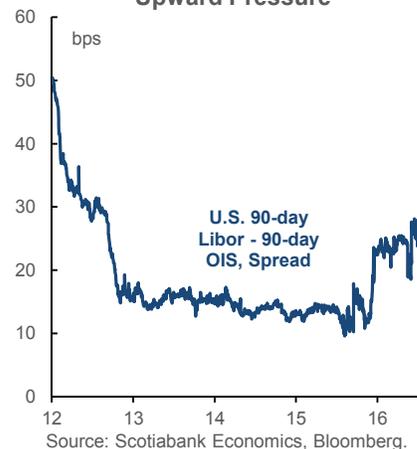
Derek Holt
 416.863.7707
 Scotiabank Economics
derek.holt@scotiabank.com

Next Week's Risk Dashboard

- ▶ Jackson Hole
- ▶ US housing, durables, GDP revision
- ▶ EU leaders on UK strategy
- ▶ CDN bank earnings
- ▶ European PMIs, IFO confidence
- ▶ European GDP revisions
- ▶ Chinese company profits
- ▶ Japanese inflation

Chart 1

Bank Funding Costs Under Upward Pressure



delivered [this](#) talk and [this](#) deck that emphasized the role of regime switches on monetary policy expectations. Recently ([here](#)), San Francisco Fed President Williams advanced potential support for a changed framework of thinking at the Fed rooted in ideas that have been around for years like raising the inflation target, price level targeting, nominal GDP targeting, negative nominal policy rates and increasing the automatic stabilizer component of fiscal policy levers. He also appears to be fairly hawkish near-term in that he noted a rate hike is needed “sooner rather than later.” That said, options he advocates are generally tagged as dovish in markets. For example, raising the inflation target would be perceived to be sharply more dovish. All of these options are fraught with high degrees of policy uncertainty. For instance, problems with price level targeting include the total arbitrariness of the starting point, the communications challenges with constantly changing the inflation target to return price levels back to a trend line, and the limited gain over flexible inflation targeting frameworks that also incorporate myriad other policy factors like full employment and financial stability.

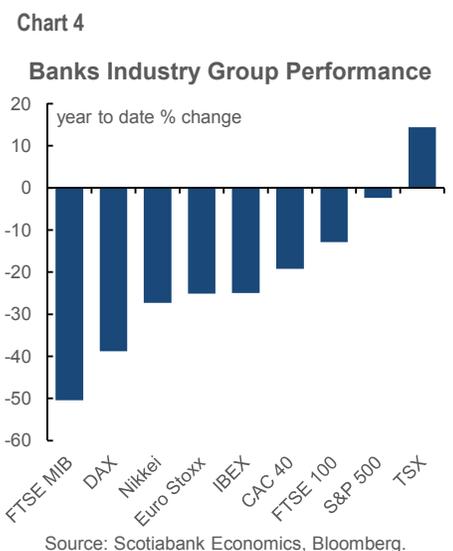
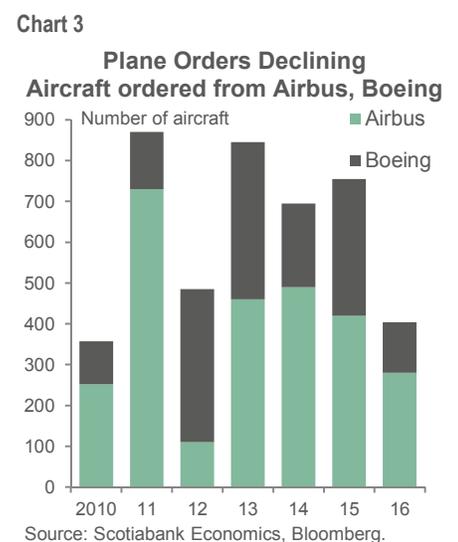
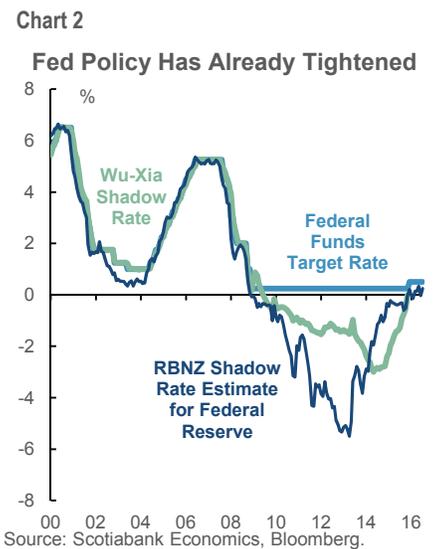
Data risk will also factor into the week’s market activities but the release schedule isn’t particularly heavy. Housing updates will come via new home sales during July on Tuesday and existing home sales on Wednesday. The readings have been at their high points since early 2008 and early 2007 respectively. Durable goods orders placed during July land on Thursday and we’re expecting a strong gain because of a sizeable pop higher in both aerospace orders and auto sector orders. That said, with credit to Bloomberg, global aircraft orders have been sharply waning this year including at the annual Farnborough Air Show in July that alternates with the Paris Air Show (chart 3). As usual, however, our ability to track core capital goods orders ex-defence and aerospace as a better proxy for business investment influences upon near-term economic growth is more limited ahead of the report. Finally, Friday’s Q2 GDP revisions are expected to be fairly modest and leave the annualized q/q growth print around 1% following the advance reading of 1.2%.

EUROPE — BANDING TOGETHER

Data risk will influence European markets next week until potential Fed guidance carries spillover effects across global markets by the end of the week.

What could also be influential may be **a meeting on how to deal with the UK** following its ‘leave’ vote. The meeting — near Berlin — will include German Chancellor Angela Merkel, French President François Hollande, Italian Prime Minister Matteo Renzi and EU President Donald Tusk. It’s in preparation for an EU leaders’ summit on September 16th — a day after the next BoE meeting. Merkel recently noted “Now we have to negotiate according to our own interests.” At the centre of the concerns rests the ongoing weakness in banks’ share prices this year notwithstanding the significant recovery in UK bank shares this month albeit with Canadian bank shares leading the way (chart 4). EU leaders have tended to say there will be no negotiations until the UK submits an ‘Article 50’ application to withdraw.

Perhaps frustratingly so — including for businesses grappling with the uncertainty — **speculation has increased that this application could be delayed for an extended period and stretching to late in the decade.** The tie-ups include the fact that the UK must develop negotiating capabilities after relying upon the EU to lead global trade negotiations, divisions within the UK Conservative Party, and a wave of political contests across Europe. Those elections include state elections in Germany next month and next Spring, an Italian referendum on structural reforms in government that could contest Renzi’s rule, Austria’s presidential election in early October, Dutch elections in March, France’s presidential election next Spring, and Germany’s parliamentary elections next September among



numerous others. Perhaps like divorce proceedings, a cooling off period until after such contests may be the more palatable option for the UK, but potentially at the expense of the climate for business planning relative to other global jurisdictions.

In terms of data risk, first up will be another monthly round of purchasing managers' indices for August on Tuesday that will provide **a deeper look at how the Eurozone economy is faring post-Brexit**. Expect a continuation of the theme of growth in Germany's manufacturing and services sectors as a major region buoying mild expansions in both industries across the aggregate Eurozone economy, while French manufacturing contracts and the service sector is roughly flat.

Toward the end of the week, the focus shifts more toward Q2 GDP revisions from the UK and Eurozone anchor economies like Germany, France and Spain. Recall that the first pass involved no growth in France, mild growth in Germany, and the strongest growth rates in Spain and the UK. Germany's IFO reading on business confidence in August will be among the gauges that could show a post-Brexit knock on the economy.

CANADA — HERE COME THE BANKS

Bank earnings will be the only material source of risk on the domestic calendar next week. In local currency terms as noted above, Canadian banks' share prices have led banking sectors in other major economies (chart 4 again).

The data calendar only consists of wholesale trade for June that a) is only about one-twentieth of the economy, and b) is the last piece of the puzzle for GDP estimates covering the month of June and the full second quarter. Further, Bank of Canada communications will be quiet until the next rate decision on September 7th as the black-out period probably covers what would otherwise be the possibility of remarks by Governor Poloz at G-20 meetings in China a few days before that.

Each of BMO (Tuesday), RBC (Wednesday), TD and CIBC (Thursday) release earnings. BNS (our employer) and Laurentian release the following Tuesday and National wraps things up on the Wednesday. Scotia's Sumit Malhotra will be covering the releases.

Canada auctions 3 year notes on Wednesday.

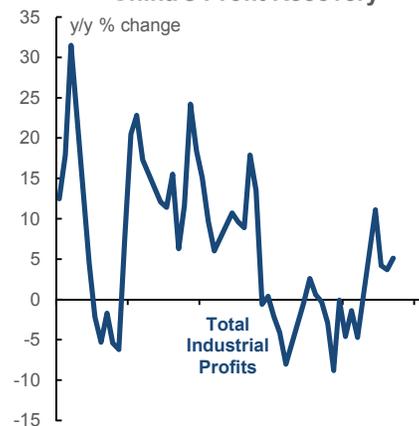
ASIA — CHINA'S PROFITS ON THE MEND

Asia will be watching, not driving developments across world markets over the coming week. There is just a pair of developments to consider and neither is expected to be particularly impactful.

Indeed, one of them lands outside of the week's trading hours next Friday night and so if it elicits any market reaction it would only do so the following Monday. **China's industrial profits for the month of July will be watched for continued signs of a profit recovery** (chart 5). The recovery is being weighed down by commodity prices with profits in the mining sector down by 84% year-to-date over the same period last year. Profits have been on the mend in aggregate thanks to a 12% ytd recovery in manufacturing sector profits with broad-based involvement across manufacturing subsectors. This profit recovery has helped to mitigate risks in China's credit market and was a factor flagged in [this](#) earlier research piece. Nonperforming loans remain much better contained than in the past according to official estimates (chart 6) while the debate rages over whether the figures are accurate or potentially many orders or magnitude higher. Even if so, then within limits, in my opinion this doesn't negate macro arguments presented in the earlier referenced research note.

Also on Friday, but within trading hours, will be Japan's inflation print for July and the fresher August reading for the city of Tokyo. Years after the introduction of Abenomics following Prime Minister Shinzo Abe's victory in September 2012, Japan is still plagued by very weak inflation. Headline inflation is expected to remain around -½% y/y and prices excluding food and energy are expected to be up by only about +½%.

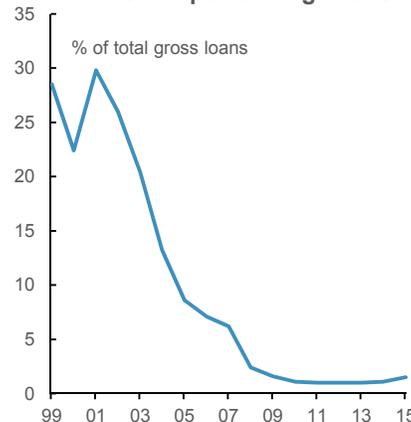
Chart 5
China's Profit Recovery



Source: Scotiabank Economics, Bloomberg.

Chart 6

China's Nonperforming Loans



Source: Scotiabank Economics, World Bank Bloomberg.

Interprovincial Free Trade — In Progress

- Revised approach includes negative list and regulatory harmonization.

To replace the *Agreement on Internal Trade*, in place for more than two decades, the Provinces and Territories are finalizing the details for a more comprehensive *Canadian Free Trade Agreement*. Taking the *New West Partnership* of British Columbia, Alberta and Saskatchewan as one framework for more seamless transfers of goods, services, labour and capital, the few details available on the proposed *Agreement* are encouraging. The attention to trade in services, for example, acknowledges current growth trends, and a reduction in administrative and regulatory barriers is overdue. A negative list approach, which specifies a limited number of restricted sectors instead of attempting an exhaustive list of deregulated industries, offers a broader, flexible base for the future. Yet traditional hurdles remain, as indicated by the creation of a working group on alcoholic beverages, with Ontario, Quebec and BC reaching a side deal to ease restrictions on wine and e-wine sales. Also controversial is opening up provincial, territorial and local government procurement to firms across Canada. An intended benefit of Alberta's extensive *Capital Plan* is to help sustain local businesses and local employment.

Why is greater interprovincial economic interaction so important? Not surprisingly, estimates of the boost to Canada's real GDP from eliminating internal barriers vary, in part due to the underlying assumptions. Chart 1, however, indicates the disappointing progress to 2014 in interprovincial trade volumes relative to international trade. Other countries' experiences are instructive — Australia and Switzerland embarked upon a reduction of internal barriers and domestic market reforms in response to competition from foreign imports. Initially driving recent interprovincial negotiations was the catch-up required to match the liberalized frameworks of the *Comprehensive Economic and Trade Agreement* that Canada negotiated with the EU and the *Trans-Pacific Partnership*. With the uncertainty now surrounding the ratification of these agreements, growth opportunities still exist from greater interprovincial interaction. This benefit has been referenced by some of the smaller Provinces, such as Prince Edward Island, which have a greater reliance on interprovincial trade (Chart 2). A recent report by the Standing Senate Committee on Banking, Trade and Commerce¹ calls for expanded internal trade data and a greater role for Canada's Internal Trade Secretariat in reporting and researching interprovincial interaction.

With the clock ticking from the original March 2016 deadline for a new interprovincial trade agreement, the Senate Committee report also proposes that if a sufficiently comprehensive new internal trade agreement is not concluded by July 1, 2017 (Canada's 150th birthday), the federal government should make a reference to the Supreme Court of Canada on the applicability of Section 21 of the *Constitution Act, 1867*, which states: "All Articles of the Growth, Produce or Manufacture of any one of the Provinces shall, from and after the Union, be admitted into each of the other Provinces". In the interim, the intergovernmental compromise and collaboration that will anchor the implementation of internal trade reforms may succeed in finalizing a new agreement.

¹ Government of Canada, The Standing Senate Committee on Banking, Trade and Commerce, *Tear Down These Walls: Dismantling Canada's Internal Trade Barriers*, June 2016.

CONTACTS

Juan Manuel Herrera
416.862.3174
Scotiabank Economics
juanmanuel.herrera@scotiabank.com

Mary Webb
416.866.4202
Scotiabank Economics
mary.webb@scotiabank.com

Chart 1

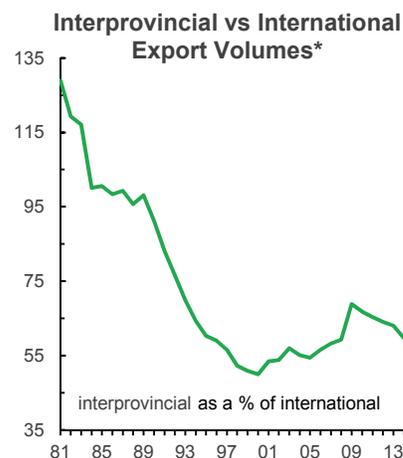
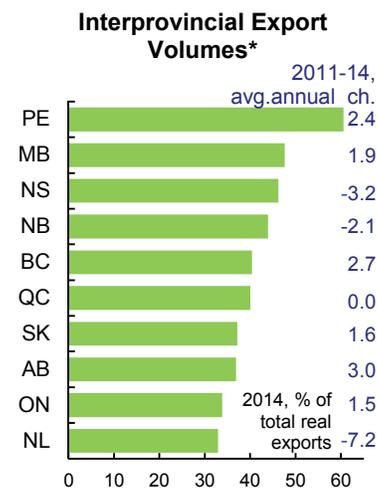


Chart 2



Source for Charts 1 and 2: Statistics Canada.
*includes goods & services.

UK: Brexit 2 Months Later

WHAT DO WE KNOW? AND WHAT DON'T WE KNOW?

It is almost two months since the UK voted to leave the EU and we still have precious little clue as to how the economy is performing in the aftermath. Growth forecasts have been slashed, and inflation forecasts jacked up. But we are yet to find out whether these revisions have been justified or are an over-reaction. The following is a summary of what developments there have been so far, and the key waypoints to look out for in the coming months.

SURVEYS

These are typically the best early guide to how the economy will evolve in the aftermath of a shock. The key developments on this front have been:

- i) **CIPS** manufacturing and services surveys have both dived, standing in upper-40 territory consistent with GDP shrinking by around ½% q/q from Q3 onwards;
- ii) **GfK** consumer confidence has fallen to the lowest since early-2014;
- iii) **RICS** housing market survey has slumped, is teetering on the brink of a negative reading; and
- iv) **Lloyds Bank Business Barometer** fell sharply in the immediate aftermath of the referendum result, but subsequently recovered almost all of the lost ground.

One potential pitfall of the CIPS surveys (known as PMIs outside the UK) is that the surveys gauge the breadth, not depth of a downturn / upturn. In other words, if every firm surveyed were to respond that conditions were a tiny tiny bit worse on the month, then we would get a PMI reading of zero implying Armageddon for GDP growth. Yet, in the context of GDP, a tiny tiny deceleration in output across the board would probably only be consistent with a mildly negative growth rate. So the CIPS surveys may be exaggerating the downside risks to growth. That being said, the CIPS surveys have been pretty reliable in the past, so we are loathe to abandon them now.

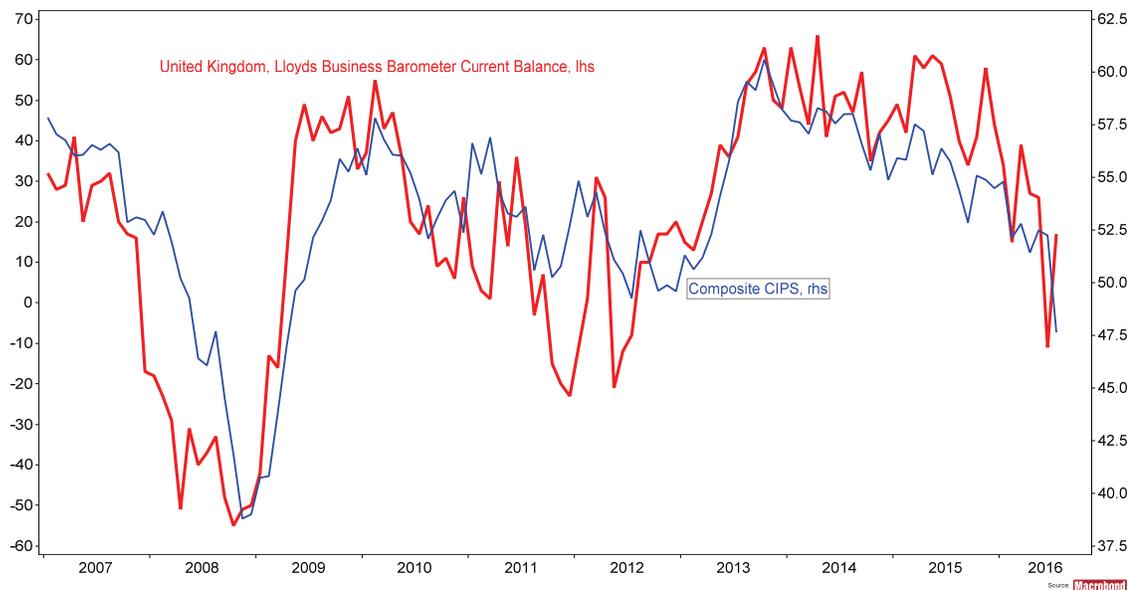
The Lloyds index for June was released just ahead of the CIPS surveys and correctly flagged the extent of downside for the latter. However, a month later, the Lloyds index bounced back, regaining virtually all of the lost ground. In turn, this suggests that the CIPS surveys could do the same (Chart 1). The BoE appears to have sympathy with this outcome given that it does not expect a technical recession and expects only a moderate slowdown in GDP growth during 2017.

Admittedly, we have only observed the Lloyds index in real time for two months, having overlooked it in the past. In a fist fight, surely the CIPS surveys will win? We will find out at the start of September.

CONTACTS

Alan Clarke
44.207.826.5986
Fixed Income Strategy
alan.clarke@scotiabank.com

Chart 1: Composite CIPS vs Lloyds Business Barometer



The RICS house price index has fallen in the aftermath of the Brexit vote, but it was falling anyway. The downside that was already underway was the result of the increase in stamp duty on second homes and the upcoming removal of tax relief on buy-to-let interest. So it would be harsh to blame all of the downside on Brexit. That said, a slump in house price inflation does seem likely irrespective of the cause and that could exacerbate the downside for consumer confidence and hence spending growth.

HARD ECONOMIC DATA

The impact of pre-Brexit jitters on the hard economic data has been virtually non-existent:

- **Q2 GDP** grew by more than expected, up by 0.6% q/q. That was an acceleration compared with Q1 and ran contrary to expectations for between 0 and ¼% q/q.
- **Labour data** — have completely shrugged off pre-Brexit jitters. Ahead of the 2015 General Election, firms sat on their hands with regards to hiring as they awaited the outcome of what looked to be a close result and uncertain aftermath. The two months immediately prior to the election saw a combined 89k fall in employment. By contrast, employment has surged by a cumulative 156k in the two months leading up to the referendum.
- **Investment** — this is a prime candidate to have been affected by pre-Brexit jitters. Reports suggested that firms were holding back from making major investment decisions ahead of the vote in case the outcome was not business friendly. We will get the first official business investment data on 26 August as part of the revised Q2 GDP release. Even then, the figures are often revised significantly after the initial guess.

NO NEWS IS GOOD NEWS?

We simply don't have any pure, unpoluted hard economic data, which cover the period since the result of the Brexit vote. This week's robust retail sales data were essentially a weather report — it was sunny so clothing and food sales boomed.

We will have to wait until mid-September for the first labour report covering the post-Brexit period. While the monthly industrial and construction output data that feed into the Q3 GDP calculation will be released in early September, these make up only around ¼ of the economy. The first post-Brexit reading for monthly services output (around 75% of the economy) will not be released until 30 September.

There is a danger that even when these data are released, they will be treated with the same early scepticism as the survey data have been. Namely, there might have been a kneejerk reaction to the Brexit result, but that may well prove to be temporary.

The bottom line is that we will only start to get the first clues about how the hard economic data have behaved in the aftermath of Brexit in September / October. Even then, it will probably not be until end-2016 that we can be confident about what trajectory economic growth is on.

Is it really a case of no news is good news? We trust the PMI surveys. They are pointing to contracting GDP output and the expectations component of the services survey points to further downside. So while we may not see a contraction as big as -0.5% q/q, we do expect to see a recession. That is a more pessimistic projection than our peers and we suspect more pessimistic than the market. So for now, no news is good news. We expect some disappointing hard economic data to surface — albeit slowly.

The 'What to Watch' section below lists the key indicators that will shed early light on the outlook, alongside their release dates.

PATIENCE IS A VIRTUE

Hopefully it has become clear from the above that gauging the impact of Brexit is going to take a considerable amount of time. The slowdown in GDP growth that we envisage is centred on an abrupt weakening in consumer spending growth. In turn, that is because we expect household real disposable income growth to suffer.

- Over the past year or so, household real incomes have risen by close to 4% y/y. That reflected close to 2% employment growth, plus 2% wage inflation, minus zero inflation.
- A year from now, we would expect to see near-zero employment growth, 2% wage inflation and 2% CPI inflation. That implies that real disposable income growth screeches to a halt. Consumer spending growth could slow by even more, especially if consumer confidence continues to deteriorate — aided and abetted by falling house prices.

The mechanism described above is not something that is going to happen overnight. Firms are not likely to have shut up shop overnight and abandoned business plans just because of the Brexit result. As the dust settles, they may refrain from hiring a little, but probably not immediately. After all, if it takes until late-2019 for the UK to leave the EU, then what's the rush?

Similarly, inflation is on a rising trajectory right now, mainly due to petrol price base effects. The impact of currency weakness on inflation is most likely to be visible around mid-2017. So the erosion of household real incomes is going to emerge gradually, not overnight.

The point is that while there may be a confidence-induced setback for growth in the immediate quarter or two, the more fundamentally driven headwinds to growth (if they do appear) will only hit home 6 months or so from now.

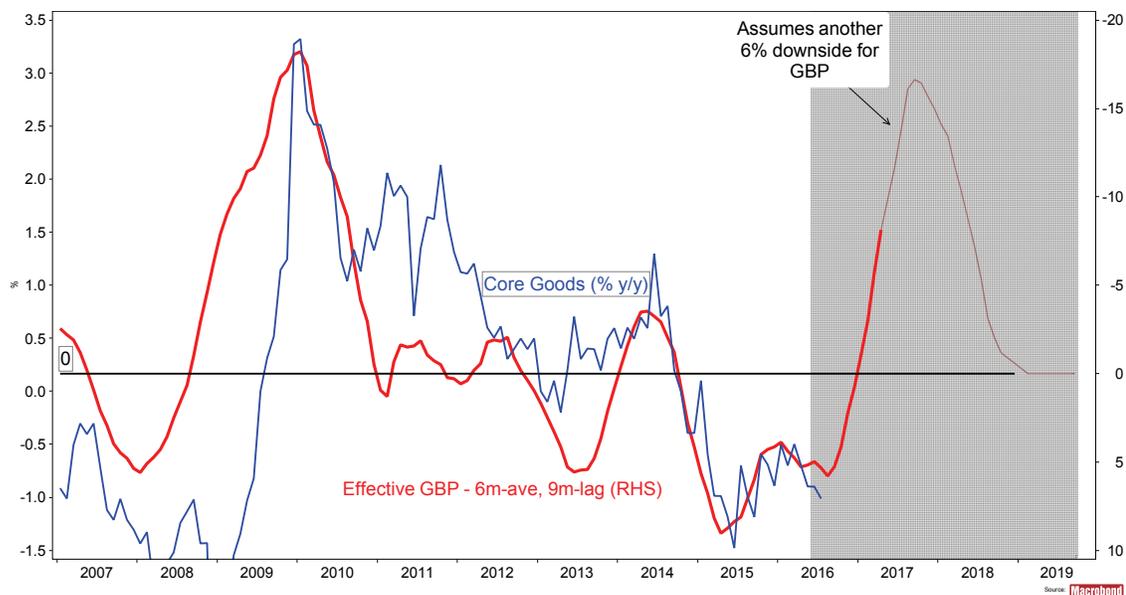
INFLATION

Pretty much everyone has pushed up their inflation projection aggressively as a result of the dive in Sterling. We have done the same, albeit to a lesser extent than others. Our view is that while core goods inflation will be pushed higher by the impact of the weaker GBP exchange rate, domestically generated inflation (particularly services) is more likely to be more subdued as a result of slowing GDP growth.

Furthermore, the impact of currency movements on inflation tends to be a drawn out process. By way of illustration, the pound fell heavily in the 6 months leading up to the Brexit vote. Yet the components of inflation that tend to be sensitive to the exchange rate have hardly budged. That is perfectly normal. The earliest that we would expect to see the impact of the currency on CPI inflation is towards the tail end of this year (Chart 2).

Essentially the chart shows two things. Firstly, there is around a 9 month lag between an exchange rate move and pass-through into core goods inflation. Secondly, given the move in Sterling, core goods inflation should accelerate from -1% y/y to around 3% y/y. Given a weight of 30% in the CPI basket, that represents an addition to inflation of 1.3%. From a starting point of 0.6% y/y on the CPI currently, that would take CPI close to 2% y/y. That is far lower than some forecasts that we have seen.

Chart 2: Core Goods Inflation vs Effective GBP Exchange Rate



FINANCIAL MARKETS

The main lasting impact of Brexit on financial markets has been the slump in the GBP exchange rate and the fall in UK gilt yields. Meanwhile, equities have more than reversed their initial slump. To summarise:

- The FTSE 100 index is 10% above the pre-Brexit result high;
- The more domestically focussed FTSE 250 is 2.5% above the pre-Brexit high;
- GBP/USD is just below 1.30 — having been in the region of 1.47 just before the referendum.
- In trade-weighted terms, the GBP fell by 11% since the referendum result...
- ...and around 18% since end-2015.
- 10-year gilt yields have slumped from a steady level of close to 1.4% during the first half of 2016, down to just below 0.6%.

POLITICS / MONETARY POLICY

On the politics front, we have:

- a new Prime Minister, Theresa May;
- a new Chancellor, Philip Hammond;
- abandoned the commitment to eradicate the budget deficit during this parliament; and

- We have hints that triggering Article 50 will be delayed such that the UK will not leave the EU until late-2019.
- Given the slump in government bond yields, the Chancellor is likely to have a windfall of at least GBP10bn to use to provide fiscal policy stimulus at the upcoming autumn statement. The inflation linked gilt market will be particularly interested to see if there will be a VAT cut announced in the Autumn Statement. If that does happen, it could subtract around ¾% from headline inflation.

IN TERMS OF MONETARY POLICY:

- Bank Rate has been cut from 0.5% to 0.25%...
- ...and hints that it will fall to 0.1% (but no lower) — probably in November;
- A GBP60bn expansion in the Asset Purchase Facility (QE)...
- ...with up to GBP10bn of corporate bond purchases.
- A new Term Financing Scheme, to provide cheap funding to lenders and ensure that the rate cuts are passed on to end customers.

WHAT TO WATCH

| When | What | Why do we care? |
|-----------|------------------------------|--|
| 26-Aug | Q2 GDP Breakdown | Tells us how weak investment was during Q2 |
| 01-Sep | CIPS Manufacturing | Was it all an over-reaction? Will the PMI surveys follow the Lloyds survey and |
| 05-Sep | CIPS Services | recover last month's losses? |
| 07-Sep | Industrial Production | First monthly hard economic data that feeds into Q3 GDP |
| 09-Sep | Construction Output | Feeds into Q3 GDP and can be volatile / vulnerable to post-Brexit weakness |
| 15-Sep | Labour Report | First labour data to cover post-Brexit period |
| 30-Sep | Monthly Services | Covering 80% of the economy, this will be the most important clue to how weak (or not) Q3 GDP data might be |
| 10-Oct | Industrial Production | More clues to Q3 GDP |
| 14-Oct | Construction Output | Ditto |
| 19-Oct | Labour Report | Confirmation of post-Brexit labour market trends |
| 27-Oct | Q3 GDP 1st Estimate | Are we headed for recession, or was it all overblown? |
| 03-Nov | Super Thursday | Likely BoE Rate cut and possibly more QE |
| Nov / Dec | Autumn Statement | Will outline extent of fiscal stimulus. For the inflation market, the focus will be whether there will be a VAT cut or not |

LATIN AMERICA

Mexico's INEGI will publish June retail sales data on Tuesday. Previously released figures from the country's retail stores association showed an acceleration in the annual pace of growth in June at 8.6% y/y from 6.2% the prior month, with clothing and shoe stores posting the largest gains at 11.9% following a weak performance in May. In addition, auto sales recorded a massive 27.5% y/y increase for the month and will again provide a boost to the headline, all-retailers, reading. Yet, next week's data is at risk of showing a softer consumption picture than previous months as base effects from last year's June reading, which was stronger than what is seasonally customary, will likely be reflected in a softer y/y figure. Therefore, we forecast retail sales volumes to continue on a fast pace of expansion, though soften slightly, to around 7% y/y in June from 8.6% in May. While consumer confidence metrics have decreased for six consecutive months, retail sales remain strong and appear to contradict the negative trend in sentiment, averaging close to 8% y/y growth in inflation-adjusted terms in the first half of 2016 versus 5% during the same period last year.

ASIA

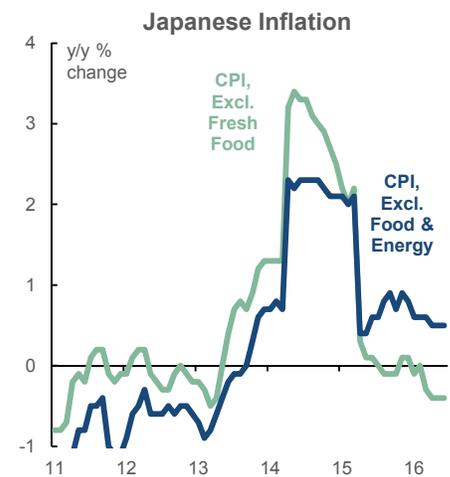
Japan will release July inflation data on August 26th. Both the headline rate and the CPI excluding fresh food returned to negative territory in March and recorded -0.4% y/y readings in June. When energy costs are also stripped out of the measure, prices rose by 0.5% y/y. We estimate that the July figures will remain virtually unchanged from the prior month. The Bank of Japan expects mild deflation to persist in the near term, yet it remains optimistic that inflation will reach the 2% y/y target during the second half of fiscal year 2017. In contrast, we do not anticipate the inflation target to be met in the foreseeable future given subdued wage growth and muted inflation expectations that reflect consumers' persistent deflationary mindset. Safe-haven flows due to global uncertainties could exacerbate these challenges by supporting the yen, which in turn will pass through to lower import prices. We expect headline inflation to stay below 0.5% y/y at the end of this year and do not surpass 1% in 2017.

CONTACTS

Juan Manuel Herrera
 416.862.3174
 Scotiabank Economics
juanmanuel.herrera@scotiabank.com

Tuuli McCully
 65.6305.8313
 Scotiabank Economics
tuuli.mccully@scotiabank.com

Chart 1



Key Indicators for the week of August 22 – 26

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 | 08/22 | 08:30 | Wholesale Trade (m/m) | Jun | -- | 0.1 | 1.8 |
| MX | 08/22 | 09:00 | GDP (q/q) | 2Q F | -- | -- | -0.3 |
| MX | 08/22 | 09:00 | GDP (y/y) | 2Q F | 2.2 | -- | 2.4 |
| MX | 08/22 | 09:00 | Global Economic Indicator IGAE (y/y) | Jun | 1.5 | -- | 2.2 |
| MX | 08/23 | 09:00 | Retail Sales (INEGI) (y/y) | Jun | 7.0 | -- | 8.6 |
| US | 08/23 | 10:00 | New Home Sales (000s a.r.) | Jul | 580 | 579 | 592 |
| US | 08/23 | 10:00 | Richmond Fed Manufacturing Index | Aug | -- | 6.0 | 10.0 |
| US | 08/24 | 07:00 | MBA Mortgage Applications (w/w) | AUG 19 | -- | -- | -4.0 |
| MX | 08/24 | 09:00 | Bi-Weekly Core CPI (% change) | Aug 15 | 0.2 | 0.2 | 0.0 |
| MX | 08/24 | 09:00 | Bi-Weekly CPI (% change) | Aug 15 | 0.4 | 0.3 | 0.0 |
| US | 08/24 | 10:00 | Existing Home Sales (mn a.r.) | Jul | 5.5 | 5.5 | 5.6 |
| US | 08/24 | 10:00 | Existing Home Sales (m/m) | Jul | 1.3 | -0.8 | 1.1 |
| US | 08/25 | 08:30 | Durable Goods Orders (m/m) | Jul P | 4.5 | 3.5 | -3.9 |
| US | 08/25 | 08:30 | Durable Goods Orders ex. Trans. (m/m) | Jul P | 0.5 | 0.4 | -0.4 |
| US | 08/25 | 08:30 | Initial Jobless Claims (000s) | AUG 20 | 270 | 265 | 262 |
| US | 08/25 | 08:30 | Continuing Claims (000s) | AUG 13 | 2170 | 2155 | 2175 |
| US | 08/26 | 08:30 | GDP (q/q a.r.) | 2Q S | 1.0 | 1.1 | 1.2 |
| US | 08/26 | 08:30 | GDP Deflator (q/q a.r.) | 2Q S | -- | 2.2 | 2.2 |
| MX | 08/26 | 09:00 | Trade Balance (US\$ mn) | Jul | -1250 | -- | -524 |
| US | 08/26 | 10:00 | U. of Michigan Consumer Sentiment | Aug F | -- | 90.6 | 90.4 |

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> |
|----------------|-------------|-------------|--------------------------------|---------------|------------|------------------|---------------|
| FR | 08/23 | 03:00 | Manufacturing PMI | Aug P | -- | 48.8 | 48.6 |
| FR | 08/23 | 03:00 | Services PMI | Aug P | -- | 50.4 | 50.5 |
| GE | 08/23 | 03:30 | Manufacturing PMI | Aug P | -- | 53.6 | 53.8 |
| GE | 08/23 | 03:30 | Services PMI | Aug P | -- | 54.3 | 54.4 |
| EC | 08/23 | 04:00 | Composite PMI | Aug P | -- | 53.1 | 53.2 |
| EC | 08/23 | 04:00 | Manufacturing PMI | Aug P | -- | 52.0 | 52.0 |
| EC | 08/23 | 04:00 | Services PMI | Aug P | -- | 52.8 | 52.9 |
| TU | 08/23 | 07:00 | Benchmark Repo Rate (%) | Aug 23 | -- | 7.50 | 7.50 |
| EC | 08/23 | 10:00 | Consumer Confidence | Aug A | -- | -7.7 | -7.9 |
| GE | 08/24 | 02:00 | Real GDP (q/q) | 2Q F | -- | 0.4 | 0.4 |
| FR | 08/24 | 12:00 | Total Jobseekers (000s) | Jul | -- | -- | 3526 |
| FR | 08/24 | 12:00 | Jobseekers Net Change (000s) | Jul | -- | -- | 5.4 |
| SP | 08/25 | 03:00 | Real GDP (q/q) | 2Q F | -- | 0.7 | 0.7 |
| GE | 08/25 | 04:00 | IFO Business Climate Survey | Aug | -- | 108.5 | 108.3 |
| GE | 08/25 | 04:00 | IFO Current Assessment Survey | Aug | -- | 114.9 | 114.7 |
| GE | 08/25 | 04:00 | IFO Expectations Survey | Aug | -- | 102.5 | 102.2 |
| GE | 08/26 | 02:00 | GfK Consumer Confidence Survey | Sep | -- | 10.0 | 10.0 |
| FR | 08/26 | 02:45 | GDP (q/q) | 2Q P | -- | 0.0 | 0.0 |
| SP | 08/26 | 03:00 | Real Retail Sales (y/y) | Jul | -- | -- | 6.0 |
| UK | 08/26 | 04:30 | Business Investment (q/q) | 2Q P | -- | -0.9 | -0.6 |
| UK | 08/26 | 04:30 | GDP (q/q) | 2Q P | -- | 0.6 | 0.6 |
| UK | 08/26 | 04:30 | Index of Services (m/m) | Jun | -- | 0.1 | -0.1 |

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

Key Indicators for the week of August 22 – 26

ASIA-PACIFIC

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Indicator</u> | <u>Period</u> | <u>BNS</u> | <u>Consensus</u> | <u>Latest</u> |
|----------------|-------------|-------------|---------------------------------|---------------|------------|------------------|---------------|
| TA | 08/21 | 20:30 | Unemployment Rate (%) | Jul | 4.0 | 4.0 | 4.0 |
| JN | 08/22 | 01:00 | Supermarket Sales (y/y) | Jul | -- | -- | -0.5 |
| MA | 08/22 | 03:00 | Foreign Reserves (US\$ bn) | Aug 15 | -- | -- | 97.3 |
| TA | 08/22 | 04:00 | Export Orders (y/y) | Jul | -- | -1.3 | -2.4 |
| HK | 08/22 | 04:30 | CPI (y/y) | Jul | -- | 2.3 | 2.4 |
| JN | 08/22 | 22:00 | Markit/JMMA Manufacturing PMI | Aug P | -- | -- | 49.3 |
| SI | 08/23 | 01:00 | CPI (y/y) | Jul | -0.4 | -0.5 | -0.7 |
| TA | 08/23 | 04:00 | Industrial Production (y/y) | Jul | -- | 1.8 | 0.9 |
| NZ | 08/23 | 18:45 | Trade Balance (NZD mn) | Jul | -- | -325.0 | 127.0 |
| NZ | 08/23 | 18:45 | Exports (NZD bn) | Jul | -- | 4.1 | 4.3 |
| NZ | 08/23 | 18:45 | Imports (NZD bn) | Jul | -- | 4.5 | 4.1 |
| VN | AUG 23-24 | | CPI (y/y) | Aug | -- | 2.5 | 2.4 |
| TH | AUG 23-27 | | Customs Exports (y/y) | Jul | -- | -3.3 | -0.1 |
| TH | AUG 23-27 | | Customs Imports (y/y) | Jul | -- | -5.5 | -10.1 |
| TH | AUG 23-27 | | Customs Trade Balance (US\$ mn) | Jul | -- | 1045.0 | 1966 |
| MA | 08/24 | 00:00 | CPI (y/y) | Jul | 1.2 | 1.1 | 1.6 |
| JN | 08/24 | 01:00 | Coincident Index CI | Jun F | 110.5 | -- | 110.5 |
| JN | 08/24 | 01:00 | Leading Index CI | Jun F | 98.4 | -- | 98.4 |
| PH | 08/24 | 21:00 | Imports (y/y) | Jun | -- | 14.7 | 39.3 |
| PH | 08/24 | 21:00 | Trade Balance (US\$ mn) | Jun | -- | -1930.0 | -2021 |
| VN | AUG 24-31 | | Exports (y/y) | Aug | -- | 5.2 | 5.3 |
| VN | AUG 24-31 | | Imports (y/y) | Aug | -- | -0.8 | -0.9 |
| VN | AUG 24-31 | | Industrial Production (y/y) | Aug | -- | -- | 7.2 |
| HK | 08/25 | 04:30 | Exports (y/y) | Jul | -- | -2.0 | -1.0 |
| HK | 08/25 | 04:30 | Imports (y/y) | Jul | -- | -2.4 | -0.9 |
| HK | 08/25 | 04:30 | Trade Balance (HKD bn) | Jul | -- | -27.7 | -45.6 |
| SK | 08/25 | 17:00 | Consumer Confidence Index | Aug | -- | -- | 101.0 |
| JN | 08/25 | 19:30 | National CPI (y/y) | Jul | -0.4 | -0.4 | -0.4 |
| JN | 08/25 | 19:30 | Tokyo CPI (y/y) | Aug | -- | -0.4 | -0.4 |
| SI | 08/26 | 01:00 | Industrial Production (y/y) | Jul | -- | 0.8 | -0.3 |
| CH | 08/26 | 21:30 | Industrial Profits YTD (y/y) | Jul | -- | -- | 5.1 |
| SK | AUG 25-31 | | Department Store Sales (y/y) | Jul | -- | -- | 11.8 |

LATIN 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> |
|----------------|-------------|-------------|---------------------------|---------------|------------|------------------|---------------|
| PE | 08/22 | | GDP (y/y) | 2Q | -- | -- | 4.4 |
| BZ | 08/23 | 09:30 | Current Account (US\$ mn) | Jul | -- | -- | -2479 |

Global Auctions for the week of August 22 – 26

NORTH AMERICA

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u> |
|----------------|-------------|-------------|---|
| US | 08/22 | 11:30 | U.S. to Sell 3-Month Bills |
| US | 08/22 | 11:30 | U.S. to Sell 6-Month Bills |
| CA | 08/23 | 10:30 | Canada to Sell CAD5.775 Bln 98-Day Bills |
| CA | 08/23 | 10:30 | Canada to Sell CAD2.175 Bln 182-Day Bills |
| CA | 08/23 | 10:30 | Canada to Sell CAD2.175 Bln 364-Day Bills |
| US | 08/23 | 11:30 | U.S. to Sell 4-Week Bills |
| US | 08/23 | 13:00 | U.S. to Sell 2-Year Notes |
| US | 08/24 | 11:30 | U.S. to Sell 2-Year Floating Rate Notes Reopening |
| CA | 08/24 | 12:00 | Canada to Sell 3-Year Bonds |
| US | 08/24 | 13:00 | U.S. to Sell 5-Year Notes |
| US | 08/25 | 13:00 | U.S. to Sell 7-Year Notes |

EUROPE

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u> |
|----------------|-------------|-------------|--|
| NO | 08/22 | 05:05 | Norway to Sell Bills |
| NO | 08/22 | 05:05 | Norway Bills Auction |
| GE | 08/22 | 05:30 | Germany to Sell EUR1.5 Bln 364-Day Bills |
| FR | 08/22 | 08:50 | France to Sell Bills |
| SP | 08/23 | 04:30 | Spain to Sell Bills |
| MB | 08/23 | 05:00 | Malta to Sell 91-Day Bills |
| MB | 08/23 | 05:00 | Malta to Sell 182-Day Bills |
| EC | 08/23 | 05:10 | ECB Main Refinancing Operation Result |
| SZ | 08/23 | 05:15 | Switzerland to Sell 91-Day Bills |
| SW | 08/24 | 05:03 | Sweden to Sell SEK3 Bln 3.5% 2022 Bonds |
| SW | 08/24 | 05:03 | Sweden to Sell SEK500 Mln 2.25% 2032 Bonds |
| GE | 08/24 | 05:30 | Germany to Sell EUR4 Bln 0% 2021 Bonds |
| IT | 08/26 | 05:00 | Italy to Sell Bonds |
| UK | 08/26 | 06:00 | U.K. to Sell Bills |

Source: Bloomberg, Scotiabank Economics.

Global Auctions for the week of August 22 – 26

ASIA-PACIFIC

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u> |
|----------------|-------------|-------------|--|
| CH | 08/21 | 22:00 | Hunan to Sell Bonds |
| AU | 08/22 | 21:00 | Australia Plans to Sell I/L Bonds |
| CH | 08/22 | 21:20 | Fujian to Sell Bonds |
| JN | 08/22 | 23:45 | Japan to Sell 20-Year Bonds |
| CH | 08/23 | 22:35 | China to Sell CNY35 Bln 3-Yr Upsized Bonds |
| CH | 08/23 | 23:00 | China Plans to Sell 3-Year Upsized Bonds |
| NZ | 08/24 | 22:05 | New Zealand Plans to Sell NZD150 Mln 3.5% 2033 Bonds |
| JN | 08/24 | 23:35 | Japan to Sell 3-Month Bills |
| JN | 08/25 | 04:00 | Japan Auction for Enhanced-Liquidity |

LATIN AMERICA

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u> |
|----------------|-------------|-------------|--|
| BZ | 08/25 | 11:00 | Brazil to Sell Fixed Rate Bonds - 01/01/2023 |
| BZ | 08/25 | 11:00 | Brazil to Sell Fixed Rate Bonds - 01/01/2027 |
| BZ | 08/25 | 11:00 | Brazil to Sell Bills LTN - 10/01/2016 |
| BZ | 08/25 | 11:00 | Brazil to Sell Bills LTN - 04/01/2018 |
| BZ | 08/25 | 11:00 | Brazil to Sell Bills LTN - 01/01/2020 |

Events for the week of August 22 – 26

NORTH AMERICA

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u> |
|----------------|-------------|-------------|--|
| MX | 08/25 | 10:00 | Central Bank Monetary Policy Minutes |
| US | 08/26 | | Fed Chair Yellen to Speak at Jackson Hole Policy Symposium |

EUROPE

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u> |
|----------------|-------------|-------------|--|
| SW | 08/21 | 08:00 | Swedish PM Loefven Gives Speech |
| SW | 08/22 | 09:45 | Riksbank Deputy Governor Floden in Panel Debate |
| UK | 08/22 | | Ballot Papers Sent Out in Labour Leadership Election |
| UK | 08/23 | 05:40 | BOE Indexed Long-Term Repo Operation Results |
| PO | 08/23 | 06:00 | Portugal Reports Second-Quarter New Construction Orders |
| TU | 08/23 | 07:00 | Benchmark Repurchase Rate |
| TU | 08/23 | 07:00 | Overnight Lending Rate |
| TU | 08/23 | 07:00 | Overnight Borrowing Rate |
| HU | 08/23 | 08:00 | Central Bank Rate Decision |
| NO | 08/24 | 04:30 | Norway's Industry Minister Meets Business on Brexit Impact |
| FR | 08/24 | 12:00 | Total Jobseekers |
| PO | 08/25 | | Portugal Releases Year-to-Date Budget Report |
| UK | 08/25 | | Corbyn, Smith Hold Labour Leadership Debate in Glasgow |
| SW | 08/25 | | US Vice President Biden Meets Swedish PM Loefven |
| SW | 08/26 | 02:00 | Swedish State Secretary Ekholm in Panel Debate |
| SW | 08/26 | | Sweden Sovereign Debt to Be Rated by Fitch |

ASIA-PACIFIC

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u> |
|----------------|-------------|-------------|---|
| JN | 08/23 | 00:00 | Kuroda Speaks at BOJ's Fintech Conference |
| JN | 08/23 | 00:00 | Cabinet Office Monthly Economic Report for August |

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 | September 7, 2016 | 0.50 | 0.50 |
| Federal Reserve – Federal Funds Target Rate | 0.50 | September 21, 2016 | 0.50 | 0.50 |
| Banco de México – Overnight Rate | 4.25 | September 29, 2016 | 4.25 | -- |

BoC: Next week is not expected to advance any material aspect of the debate over future BoC policy. Bank earnings will be the focus, and material data will arrive only with the following week's Q2 GDP report. The BoC is in watch mode, anticipating a solid Q3 rebound likely driven by a recovery of oil production post-wildfires, the return of the consumer, and modest fiscal stimulus. The durability of improved growth may be tested again in Q4 and beyond.

Fed: The annual Jackson Hole symposium from Thursday night through to Saturday will be a focal point in world markets. Chair Yellen's address is not expected to provide a firmer hint about when the Fed may next raise rates. The focus is expected to be upon the merits of alternative monetary policy regimes and financial stability. Housing sales, durable goods orders and Q2 GDP revisions are also due out.

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 | September 8, 2016 | 0.00 | -- |
| Bank of England – Bank Rate | 0.25 | September 15, 2016 | 0.50 | -- |
| Swiss National Bank – Libor Target Rate | -0.75 | September 15, 2016 | -0.75 | -- |
| Central Bank of Russia – One-Week Auction Rate | 10.50 | September 16, 2016 | 10.50 | -- |
| Sweden Riksbank – Repo Rate | -0.50 | September 7, 2016 | -0.50 | -- |
| Norges Bank – Deposit Rate | 0.50 | September 22, 2016 | 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 | September 21, 2016 | -0.20 | -- |
| Reserve Bank of Australia – Cash Target Rate | 1.50 | September 6, 2016 | 1.50 | 1.50 |
| Reserve Bank of New Zealand – Cash Rate | 2.00 | September 21, 2016 | 2.00 | 2.00 |
| People's Bank of China – Lending Rate | 4.35 | TBA | -- | -- |
| Reserve Bank of India – Repo Rate | 6.50 | October 4, 2016 | 6.25 | -- |
| Bank of Korea – Bank Rate | 1.25 | September 9, 2016 | 1.25 | -- |
| Bank of Thailand – Repo Rate | 1.50 | September 14, 2016 | 1.50 | 1.50 |
| Bank Indonesia – 7-Day Reverse Repo Rate | 5.25 | September 22, 2016 | 5.00 | -- |

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 | 14.25 | August 31, 2016 | 14.25 | -- |
| Banco Central de Chile – Overnight Rate | 3.50 | September 15, 2016 | 3.50 | -- |
| Banco de la República de Colombia – Lending Rate | 7.75 | August 31, 2016 | 7.75 | 7.75 |
| Banco Central de Reserva del Perú – Reference Rate | 4.25 | September 8, 2016 | 4.25 | -- |

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 | 7.00 | September 22, 2016 | 7.00 | -- |

Economic Statistics

NORTH AMERICA

| Canada | 2015 | 16Q1 | 16Q2 | Latest | United States | 2015 | 16Q1 | 16Q2 | Latest |
|------------------------------|-------------|-------------|-------------|---------------|-------------------------------|-------------|-------------|-------------|---------------|
| Real GDP (annual rates) | 1.1 | 2.4 | | | Real GDP (annual rates) | 2.6 | 0.8 | 1.2 | |
| Current Acc. Bal. (C\$B, ar) | -62.6 | -67.1 | | | Current Acc. Bal. (US\$B, ar) | -463 | -499 | | |
| Merch. Trade Bal. (C\$B, ar) | -22.5 | -25.7 | -42.7 | -43.6 (Jun) | Merch. Trade Bal. (US\$B, ar) | -763 | -746 | -747 | -792 (Jun) |
| Industrial Production | -0.8 | -0.4 | -1.1 | -0.8 (Jun) | Industrial Production | 0.3 | -1.9 | -0.9 | -0.5 (Jul) |
| Housing Starts (000s) | 194 | 198 | 198 | 195 (Jul) | Housing Starts (millions) | 1.11 | 1.15 | 1.16 | 1.21 (Jul) |
| Employment | 0.8 | 0.7 | 0.7 | 0.3 (Jul) | Employment | 2.1 | 1.9 | 1.8 | 1.7 (Jul) |
| Unemployment Rate (%) | 6.9 | 7.2 | 6.9 | 6.9 (Jul) | Unemployment Rate (%) | 5.3 | 4.9 | 4.9 | 4.9 (Jul) |
| Retail Sales | 1.7 | 5.5 | 3.5 | 2.7 (Jun) | Retail Sales | 1.6 | 2.2 | 2.3 | 1.9 (Jul) |
| Auto Sales (000s) | 1897 | 1991 | 1948 | 1969 (Jun) | Auto Sales (millions) | 17.4 | 17.3 | 17.1 | 17.8 (Jul) |
| CPI | 1.1 | 1.5 | 1.6 | 1.3 (Jul) | CPI | 0.1 | 1.1 | 1.1 | 0.8 (Jul) |
| IPPI | -0.8 | -0.4 | -1.1 | 0.8 (Jun) | PPI | -3.3 | -1.8 | -1.9 | -2.2 (Jul) |
| Pre-tax Corp. Profits | -15.8 | -9.1 | | | Pre-tax Corp. Profits | -5.5 | -5.7 | | |

| Mexico | | | | |
|-------------------------------|-------|-------|-------|------------|
| Real GDP | 2.5 | 2.6 | | |
| Current Acc. Bal. (US\$B, ar) | -31.9 | -28.0 | | |
| Merch. Trade Bal. (US\$B, ar) | -14.6 | -15.9 | -12.5 | -6.3 (Jun) |
| Industrial Production | 0.9 | 0.3 | 1.0 | 0.6 (Jun) |
| CPI | 2.7 | 2.7 | 2.6 | 2.7 (Jul) |

EUROPE

| Euro Zone | 2015 | 16Q1 | 16Q2 | Latest | Germany | 2015 | 16Q1 | 16Q2 | Latest |
|-------------------------------|-------------|-------------|-------------|---------------|-------------------------------|-------------|-------------|-------------|---------------|
| Real GDP | 1.3 | 1.3 | | | Real GDP | 1.5 | 1.8 | 1.7 | |
| Current Acc. Bal. (US\$B, ar) | 366 | 267 | 408 | 506 (Jun) | Current Acc. Bal. (US\$B, ar) | 256.1 | 324.9 | 333.6 | 354.5 (Jun) |
| Merch. Trade Bal. (US\$B, ar) | 393.1 | 358.5 | 471.4 | 513.8 (Jun) | Merch. Trade Bal. (US\$B, ar) | 274.7 | 261.4 | 323.0 | 333.3 (Jun) |
| Industrial Production | 2.1 | 1.2 | 0.8 | 0.4 (Jun) | Industrial Production | 0.5 | 1.5 | 0.2 | 0.5 (Jun) |
| Unemployment Rate (%) | 10.9 | 10.4 | | 10.2 (Apr) | Unemployment Rate (%) | 6.4 | 6.2 | 6.1 | 6.1 (Jul) |
| CPI | 0.0 | 0.0 | -0.1 | 0.2 (Jul) | CPI | 0.2 | 0.3 | 0.1 | 0.4 (Jul) |

| France | | | | | United Kingdom | | | | |
|-------------------------------|-------|-------|-------|-------------|-------------------------------|--------|--------|--------|--------------|
| Real GDP | 1.2 | 1.3 | 1.4 | | Real GDP | 2.2 | 2.0 | 2.2 | |
| Current Acc. Bal. (US\$B, ar) | -4.8 | -23.9 | -6.2 | 43.1 (Jun) | Current Acc. Bal. (US\$B, ar) | -100.3 | -130.4 | | |
| Merch. Trade Bal. (US\$B, ar) | -40.8 | -47.2 | -38.9 | -36.8 (Jun) | Merch. Trade Bal. (US\$B, ar) | -193.1 | -196.3 | -197.2 | -211.4 (Jun) |
| Industrial Production | 1.6 | 0.6 | 0.4 | -1.3 (Jun) | Industrial Production | 1.3 | 0.3 | 1.8 | 1.6 (Jun) |
| Unemployment Rate (%) | 10.4 | 10.1 | 9.9 | 9.9 (Jun) | Unemployment Rate (%) | 5.4 | 5.1 | | 4.9 (May) |
| CPI | 0.0 | 0.0 | 0.0 | 0.2 (Jul) | CPI | 0.0 | 0.3 | 0.4 | 0.6 (Jul) |

| Italy | | | | | Russia | | | | |
|-------------------------------|------|------|------|------------|-------------------------------|------|------|-----|------------|
| Real GDP | 0.6 | 1.0 | 0.7 | | Real GDP | | | | |
| Current Acc. Bal. (US\$B, ar) | 36.0 | 19.7 | 60.8 | 86.2 (Jun) | Current Acc. Bal. (US\$B, ar) | 69.0 | | | |
| Merch. Trade Bal. (US\$B, ar) | 49.8 | 40.5 | 64.2 | 62.8 (Jun) | Merch. Trade Bal. (US\$B, ar) | 12.4 | 7.5 | 7.5 | 8.1 (Jun) |
| Industrial Production | 1.0 | 1.5 | 0.2 | -0.2 (Jun) | Industrial Production | -3.7 | -0.7 | 1.0 | -0.3 (Jul) |
| CPI | 0.0 | -0.1 | -0.4 | -0.1 (Jul) | CPI | 15.5 | 8.3 | 7.4 | 7.2 (Jul) |

All data expressed as year-over-year % change unless otherwise noted.

Source: Bloomberg, IHS Global, Scotiabank Economics.

Economic Statistics

ASIA-PACIFIC

| | 2015 | 16Q1 | 16Q2 | Latest | | 2015 | 16Q1 | 16Q2 | Latest |
|-------------------------------|-------|-------|-------|-------------|-------------------------------|-------|-------|-------|-------------|
| Australia | | | | | Japan | | | | |
| Real GDP | 2.5 | 3.1 | | | Real GDP | 0.6 | 0.1 | 0.6 | |
| Current Acc. Bal. (US\$B, ar) | -58.9 | -57.0 | | | Current Acc. Bal. (US\$B, ar) | 135.5 | 206.9 | 172.6 | 110.8 (Jun) |
| Merch. Trade Bal. (US\$B, ar) | -12.9 | -13.9 | -5.1 | -14.7 (Jun) | Merch. Trade Bal. (US\$B, ar) | -23.1 | 19.3 | 37.6 | 36.7 (Jul) |
| Industrial Production | 1.6 | 4.8 | | | Industrial Production | -1.2 | -3.2 | -1.7 | -1.4 (Jun) |
| Unemployment Rate (%) | 6.1 | 5.8 | 5.7 | 5.7 (Jul) | Unemployment Rate (%) | 3.4 | 3.2 | 3.2 | 3.1 (Jun) |
| CPI | 1.5 | 1.3 | 1.0 | | CPI | 0.8 | 0.0 | -0.3 | -0.3 (Jun) |
| South Korea | | | | | China | | | | |
| Real GDP | 2.6 | 2.8 | 3.2 | | Real GDP | 6.9 | 6.7 | 6.7 | |
| Current Acc. Bal. (US\$B, ar) | 105.9 | 96.3 | 103.6 | 146.0 (Jun) | Current Acc. Bal. (US\$B, ar) | 330.6 | | | |
| Merch. Trade Bal. (US\$B, ar) | 90.3 | 87.5 | 108.3 | 91.2 (Jul) | Merch. Trade Bal. (US\$B, ar) | 593.9 | 475.1 | 553.2 | 627.7 (Jul) |
| Industrial Production | -0.9 | -0.2 | 1.2 | 1.1 (Jun) | Industrial Production | 5.9 | 6.8 | 6.2 | 6.0 (Jul) |
| CPI | 0.7 | 1.0 | 0.9 | 0.7 (Jul) | CPI | 1.6 | 2.3 | 1.9 | 1.8 (Jul) |
| Thailand | | | | | India | | | | |
| Real GDP | 2.8 | | | | Real GDP | 6.9 | | | |
| Current Acc. Bal. (US\$B, ar) | 31.7 | 16.6 | 8.4 | | Current Acc. Bal. (US\$B, ar) | -22.4 | | | |
| Merch. Trade Bal. (US\$B, ar) | 2.9 | 4.4 | 3.2 | 3.8 (Jun) | Merch. Trade Bal. (US\$B, ar) | -10.5 | -6.2 | -6.4 | -7.8 (Jul) |
| Industrial Production | 0.4 | -1.0 | 1.5 | 0.8 (Jun) | Industrial Production | 3.2 | 0.2 | 0.6 | 2.1 (Jun) |
| CPI | -0.9 | -0.5 | 0.3 | 0.1 (Jul) | WPI | -2.7 | -0.8 | 1.2 | 3.5 (Jul) |
| Indonesia | | | | | | | | | |
| Real GDP | 4.8 | | | | | | | | |
| Current Acc. Bal. (US\$B, ar) | -17.7 | | | | | | | | |
| Merch. Trade Bal. (US\$B, ar) | 0.6 | 0.6 | 0.6 | 0.6 (Jul) | | | | | |
| Industrial Production | 4.8 | 4.1 | 5.5 | 9.1 (Jun) | | | | | |
| CPI | 6.4 | 4.3 | 3.5 | 3.2 (Jul) | | | | | |

LATIN AMERICA

| | 2015 | 16Q1 | 16Q2 | Latest | | 2015 | 16Q1 | 16Q2 | Latest |
|-------------------------------|-------|-------|------|------------|-------------------------------|-------|------|------|------------|
| Brazil | | | | | Chile | | | | |
| Real GDP | -3.8 | -5.4 | | | Real GDP | 2.3 | 2.2 | 1.5 | |
| Current Acc. Bal. (US\$B, ar) | -59.3 | -30.5 | -3.5 | | Current Acc. Bal. (US\$B, ar) | -15.9 | 2.0 | -2.5 | |
| Merch. Trade Bal. (US\$B, ar) | 19.7 | 33.5 | 61.1 | 54.9 (Jul) | Merch. Trade Bal. (US\$B, ar) | -3.0 | 8.6 | 6.9 | -1.1 (Jul) |
| Industrial Production | -8.2 | -11.6 | -7.7 | -5.8 (Jun) | Industrial Production | -0.3 | -0.8 | -3.1 | -3.8 (Jun) |
| CPI | 9.0 | 10.1 | 9.1 | 8.7 (Jul) | CPI | 4.3 | 4.6 | 4.2 | 4.0 (Jul) |
| Peru | | | | | Colombia | | | | |
| Real GDP | 3.3 | | | | Real GDP | 3.1 | | | |
| Current Acc. Bal. (US\$B, ar) | -8.4 | | | | Current Acc. Bal. (US\$B, ar) | -18.8 | | | |
| Merch. Trade Bal. (US\$B, ar) | -0.2 | -0.2 | -0.1 | -0.3 (Jun) | Merch. Trade Bal. (US\$B, ar) | -1.3 | -1.2 | | -0.7 (May) |
| Unemployment Rate (%) | 6.4 | 6.9 | 7.0 | 7.1 (Jul) | Industrial Production | 1.3 | 5.3 | 6.5 | 6.6 (Jun) |
| CPI | 3.5 | 4.5 | 3.6 | 3.0 (Jul) | CPI | 5.0 | 7.7 | 8.2 | 9.0 (Jul) |

All data expressed as year-over-year % change unless otherwise noted.

Source: Bloomberg, IHS Global, Scotiabank Economics.

Financial Statistics

Interest Rates (% , end of period)

| Canada | 16Q1 | 16Q2 | Aug/12 | Aug/19* | United States | 16Q1 | 16Q2 | Aug/12 | Aug/19* |
|---------------------|--------|--------|--------|---------|-----------------------|-------|-------|--------|---------|
| BoC Overnight Rate | 0.50 | 0.50 | 0.50 | 0.50 | Fed Funds Target Rate | 0.50 | 0.50 | 0.50 | 0.50 |
| 3-mo. T-bill | 0.45 | 0.49 | 0.49 | 0.50 | 3-mo. T-bill | 0.20 | 0.26 | 0.27 | 0.30 |
| 10-yr Gov't Bond | 1.23 | 1.06 | 1.01 | 1.09 | 10-yr Gov't Bond | 1.77 | 1.47 | 1.51 | 1.58 |
| 30-yr Gov't Bond | 2.01 | 1.72 | 1.62 | 1.70 | 30-yr Gov't Bond | 2.61 | 2.28 | 2.23 | 2.30 |
| Prime | 2.70 | 2.70 | 2.70 | 2.70 | Prime | 3.50 | 3.50 | 3.50 | 3.50 |
| FX Reserves (US\$B) | 82.2 | 83.5 | 83.5 | (Jun) | FX Reserves (US\$B) | 108.7 | 109.2 | 109.2 | (Jun) |
| Germany | | | | | France | | | | |
| 3-mo. Interbank | -0.24 | -0.27 | -0.29 | -0.29 | 3-mo. T-bill | -0.42 | -0.57 | -0.60 | -0.59 |
| 10-yr Gov't Bond | 0.15 | -0.13 | -0.11 | -0.04 | 10-yr Gov't Bond | 0.49 | 0.18 | 0.11 | 0.18 |
| FX Reserves (US\$B) | 60.8 | 61.8 | 61.8 | (Jun) | FX Reserves (US\$B) | 57.2 | 54.8 | 54.8 | (Jun) |
| Euro Zone | | | | | United Kingdom | | | | |
| Refinancing Rate | 0.00 | 0.00 | 0.00 | 0.00 | Repo Rate | 0.50 | 0.50 | 0.25 | 0.25 |
| Overnight Rate | -0.30 | -0.29 | -0.35 | -0.34 | 3-mo. T-bill | 0.48 | 0.45 | 0.27 | 0.22 |
| FX Reserves (US\$B) | 340.7 | 344.3 | 344.3 | (Jun) | 10-yr Gov't Bond | 1.42 | 0.87 | 0.52 | 0.61 |
| Japan | | | | | Australia | | | | |
| Discount Rate | 0.30 | 0.30 | 0.30 | 0.30 | Cash Rate | 2.00 | 1.75 | 1.50 | 1.50 |
| 3-mo. Libor | -0.07 | -0.08 | -0.08 | -0.08 | 10-yr Gov't Bond | 2.49 | 1.98 | 1.91 | 1.86 |
| 10-yr Gov't Bond | -0.03 | -0.22 | -0.10 | -0.08 | FX Reserves (US\$B) | 46.1 | 48.3 | 48.3 | (Jun) |
| FX Reserves (US\$B) | 1231.6 | 1232.9 | 1232.9 | (Jun) | | | | | |

Exchange Rates (end of period)

| | | | | | | | | | |
|--------|-------|-------|-------|-------|-----------------------|--------|--------|--------|--------|
| USDCAD | 1.30 | 1.29 | 1.30 | 1.29 | ¥/US\$ | 112.57 | 103.20 | 101.30 | 100.24 |
| CADUSD | 0.77 | 0.77 | 0.77 | 0.78 | US¢/Australian\$ | 0.77 | 0.75 | 0.77 | 0.76 |
| GBPUSD | 1.436 | 1.331 | 1.292 | 1.306 | Chinese Yuan/US\$ | 6.45 | 6.65 | 6.64 | 6.65 |
| EURUSD | 1.138 | 1.111 | 1.116 | 1.132 | South Korean Won/US\$ | 1143 | 1152 | 1103 | 1118 |
| JPYEUR | 0.78 | 0.87 | 0.88 | 0.88 | Mexican Peso/US\$ | 17.279 | 18.280 | 18.260 | 18.263 |
| USDCHF | 0.96 | 0.98 | 0.97 | 0.96 | Brazilian Real/US\$ | 3.592 | 3.213 | 3.192 | 3.219 |

Equity Markets (index, end of period)

| | | | | | | | | | |
|------------------------|-------|-------|-------|-------|-------------------------|-------|-------|-------|-------|
| United States (DJIA) | 17685 | 17930 | 18576 | 18565 | U.K. (FT100) | 6175 | 6504 | 6916 | 6860 |
| United States (S&P500) | 2060 | 2099 | 2184 | 2182 | Germany (Dax) | 9966 | 9680 | 10713 | 10542 |
| Canada (S&P/TSX) | 13494 | 14065 | 14747 | 14700 | France (CAC40) | 4385 | 4237 | 4500 | 4398 |
| Mexico (IPC) | 45881 | 45966 | 48364 | 48333 | Japan (Nikkei) | 16759 | 15576 | 16920 | 16546 |
| Brazil (Bovespa) | 50055 | 51527 | 58298 | 58956 | Hong Kong (Hang Seng) | 20777 | 20794 | 22767 | 22937 |
| Italy (BCI) | 1056 | 949 | 1008 | 988 | South Korea (Composite) | 1996 | 1970 | 2050 | 2056 |

Commodity Prices (end of period)

| | | | | | | | | | |
|--------------------------|-------|-------|-------|-------|------------------|---------|---------|---------|---------|
| Pulp (US\$/tonne) | 950 | 1000 | 1000 | 1000 | Copper (US\$/lb) | 2.20 | 2.19 | 2.15 | 2.17 |
| Newsprint (US\$/tonne) | 545 | 560 | 575 | 575 | Zinc (US\$/lb) | 0.81 | 0.95 | 1.02 | 1.04 |
| Lumber (US\$/mfbm) | 303 | 316 | 330 | 329 | Gold (US\$/oz) | 1237.00 | 1320.75 | 1352.20 | 1346.40 |
| WTI Oil (US\$/bbl) | 38.34 | 48.33 | 44.49 | 48.04 | Silver (US\$/oz) | 15.38 | 18.36 | 19.87 | 19.42 |
| Natural Gas (US\$/mmbtu) | 1.96 | 2.92 | 2.59 | 2.59 | CRB (index) | 170.52 | 192.57 | 182.68 | 188.46 |

* Latest observation taken at time of writing.
Source: Bloomberg, Scotiabank Economics.

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