GLOBAL ECONOMICS
| THE GLOBAL WEEK AHEAD

July 20, 2017

SUMMER IS NO TIME FOR A TANTRUM

FEATURE ARTICLE

FORECASTS & DATA

CONTACTS

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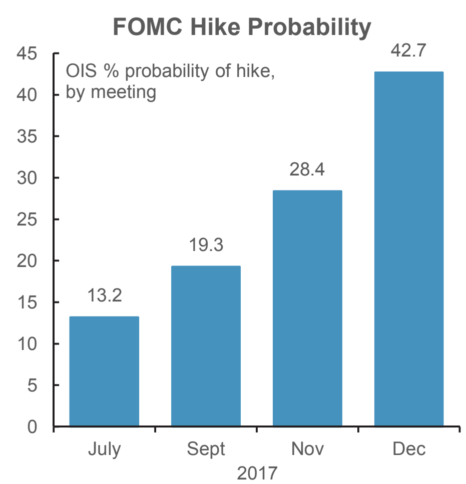
Next Week's Risk Dashboard

- FOMC
- Other CBs: Brazil, Colombia, Russia, Turkey
- GDP: US, Canada, UK, Eurozone, SK
- Global earnings reports
- Eurozone CPI, PMIs
- US: home sales, durables
- Japanese CPI

Chart of the Week



Sources: Scotiabank Economics, Bloomberg.

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

Summer Is No Time For A Tantrum

UNITED STATES — PREMATURE TAPER TALK

The biggest earnings week of the Q2 season, Wednesday's FOMC statement, and elevated data risk will combine to drive elevated US-centric risk to global and domestic markets over the coming week independent of whether or not (likely the latter) progress is made toward a new health bill in the Senate.

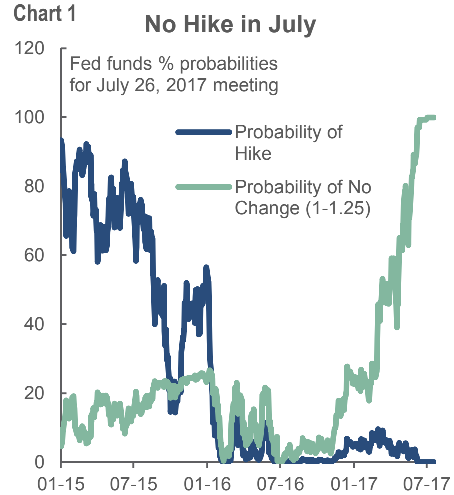
Clearly markets don't expect the Federal Reserve to change the fed funds target range next Wednesday when the statement-only affair hits the tapes (chart 1). The bigger question mark lies in terms of whether the FOMC will escalate concern over recently soft inflation figures or reinforce guidance that it is expected to be transitory. The bigger question is whether the Fed will implement a reduction of bond reinvestment flows outlined in the accompanying addendum to the June 14th statement (here). Recall that this plan stipulated an initial reduction of reinvestment flows equal to $6 billion per month escalating in steps of $6 billion in three-month intervals until a ceiling of $30 billion in allowed volumes of securities rolling off the balance sheet is achieved within a year. For MBS, the initial reduction of reinvestment flows is $4 billion per month rising in steps of $4 billion at three-month intervals until a ceiling of $20 billion per month is hit one year later.

While the initial amounts of reinvestment tapering are small and are likely priced, the starting point is uncertain and markets may have doubts about pricing in the speed of communicated increases independent of the risks facing the outlook. Within the first two full years of pursuing this plan, a theoretical US$540 billion of Treasuries could roll off the balance sheet and US$360 billion of MBS would roll off for a cumulative balance sheet reduction of about $900 billion. At a present size of US$4.47 trillion, that would represent a 20% reduction in the size of the balance sheet. Since some months will have fewer securities maturing than the reinvestment ceilings, the actual amount of balance sheet reduction could be materially lower assuming no alteration of Fed guidance. The issue at hand is to what extent this impacts term premia that are presently negative (chart 2). While we think the effects will be modest over time, starting out along a pre-set course for tapering reinvestment flows will test bond market appetite for a relatively significant retreat in the role played by the Federal Reserve in keeping rates low and with the risk of market dislocation effects (i.e., 'tantrums') along the way.

As written in the meeting preview on page 6 and available separately here, I don't see the big rush to implement a reduction of bond reinvestment now or to tee-up implementation at the next meeting on September 20th. What's the rush in the context of soft trend economic growth over 2017H1, falling inflation, having already hiked a cumulative 100bps to date and potentially staring at another government shutdown and/or significant fiscal policy shock of some other means? Furthermore, the ECB's clearly communicated desire to postpone any such discussion until later this autumn amid fairly dovish guidance may be a clue to the Fed to do likewise and go away peacefully over the summer after this meeting.

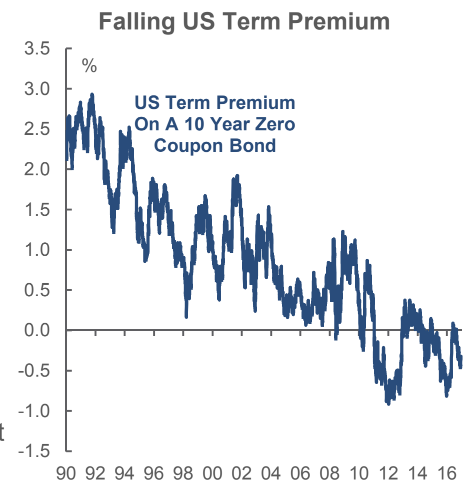
Earnings will play a significant role in shaping the equity market tone over the coming week. One hundred and eighty-four S&P500 firms release Q2 earnings in what will be the single heaviest week of the season. Some of the key names will include Alphabet (formerly Google), Newmont Mining, McDonald's, 3M, Eli Lilly, Caterpillar, GM, AT&T, Coca-Cola, Ford, State Street, Boeing, Facebook, Procter & Gamble, UPS, Mastercard, Intel, Amazon, Starbucks, Mattel, Merck, Xerox and American Airlines.

Chart 1



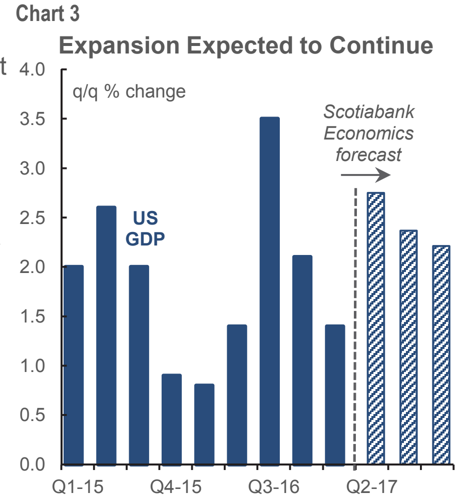
Sources: Scotiabank Economics, Bloomberg.

Chart 2



Sources: Scotiabank Economics, Federal Reserve.

Chart 3



Sources: Scotiabank Economics, Bureau of Economics Analysis.

Significant data risk will be focused upon the first swing at Q2 GDP growth as well as investment and housing reports.

Existing home sales: June's release arrives on Monday. A small decline is expected and this would be in keeping with three consecutive declines in pending home sales that turn up in completed resales within 30–90 days after all paperwork has been finalized. S&P/Case-Shiller/CoreLogic repeat-sales home prices for the month of May will complement this housing focus on Tuesday. This measure of house prices has risen for eleven consecutive months and is up by 5.5% y/y.

New home sales: June's reading hits on Wednesday. A big 2.9% rise the prior month could be a tough act to follow with downside risk. This matters much more to tracking housing starts as a construction linkage to GDP than resales that are mostly paper swaps with relatively little value-added through ancillary services.

Durable goods orders: June's update on Thursday will further inform the debate over how business investment is performing. A big pick-up in plane orders with Boeing going from just 13 orders in May to 184 in June should assist in driving a sizeable jump in headline orders. More important, however, will be underlying orders excluding defense and aircraft for purposes of tracking future investment growth, and shipments by the same definition for purposes of tracking current growth. After more encouraging momentum late last year and early this year, the data on both orders and shipments has since softened perhaps as companies postpone investment on hopes of deferring it until tax cuts and accelerated write-offs possibly get introduced. Whether said tax stimulus arrives or not, it is possible that pent-up investment demand may be unleashed into 2018.

Q2 GDP: The week saves what could be the best (or worst…) for last when the first estimate of GDP growth in the second quarter lands at 8:30amET on Friday. After registering just 1.4% annualized growth in Q1, Bloomberg consensus expects 2.6% for Q2 (Scotia: 2.7%). The St. Louis Federal Reserve's 'nowcast' estimate of 2.5% matches the Atlanta Federal Reserve's estimate and both are above the New York Fed's nowcast estimate of 1.9%. Our house view expects improved growth over coming quarters (chart 3).

The US auctions 2s on Tuesday, 5s and two year floating rate notes on Wednesday, and sevens on Thursday.

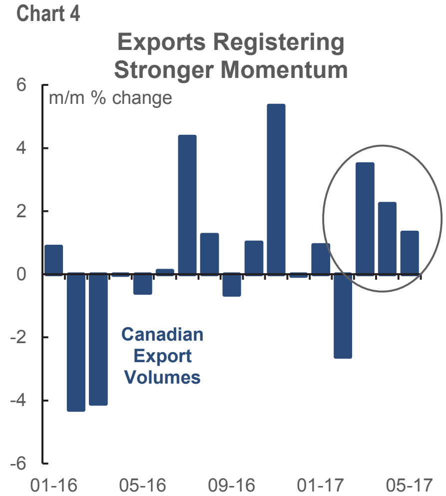
CANADA — GROWTH IN THE ECONOMY AND EARNINGS

Next Friday's GDP print for May will be the only expected macro development that could affect Canadian markets. Earnings reports and external risks will also be factors.

How the economy performed in May is somewhat of an open question at the time of writing and distributing this article. Figures for retail sales (due out July 21st) and wholesale trade (due out on Monday) are pending and while they combine to represent only about an evenly-split 12% of GDP, this is a big enough weight to potentially represent a swing factor on estimated GDP growth during the month.

At present, the evidence on GDP growth during May is fairly mixed. To the downside is a 9.2% m/m drop in housing starts including a 12.1% drop in multiple housing units and an 8.6% m/m drop in singles. Singles have higher economic value-added on average and tend to involve more concentrated near-term construction spending per unit so the drop in this type of construction is not helpful to very near-term growth. Also note that total hours worked slipped 0.1% m/m in May after three consecutive decent monthly gains. To the upside was a 1.1% m/m gain in manufacturing shipment volumes that correlated well with a 2% rise in export volumes that have been on a steady path toward improvement this year (chart 4). Also note that import volumes were up 1.7% m/m in May. That matters because it may signal strength in domestic consumption and investment during the month given high import shares of capital and consumer goods. Running what we know so far and flat-lining what we don't in a simple regression equation turns out a modest 0.2–0.3% m/m rise in GDP during May but this may be revisited pending data. If that is anywhere in the right ball park then current tracking for Q2 GDP growth is likely to remain around 2½% which would be a fourth straight quarter of growth beyond the estimated non-inflationary speed limit.

Chart 4



Sources: Scotiabank Economics, Statistics Canada.

Forty-six firms release earnings for Q2 over the coming week. Some of the better-known names will include CN, Loblaw, Goldcorp, Barrick Gold, Agnico Eagle Mines, New Gold, Potash Corp, AltaGas, Maple Leaf Foods, Bombardier, TransCanada Corp, Fortis and George Weston.

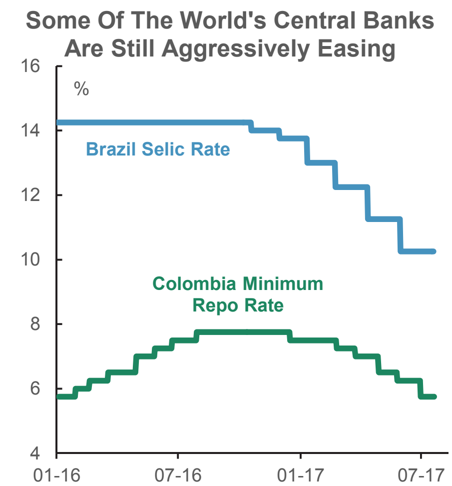
Canada conducts a 10 year auction on Thursday.

LATIN AMERICA — CENTRAL BANKS STILL IN EASING MODE

A pair of central bank meetings will be the main events over the coming week in addition to feedback effects of external risks onto local markets.

Banco Central do Brasil is expected to cuts its Selic policy rate by 100bps next Wednesday. It's a nearly unanimous call among private forecasters and it would follow up a 100bps cut on May 31st. If it happens, then it would bring cumulative easing since last October to five full percentage points from a cycle peak of 14.25%. A slightly larger-than-anticipated drop in inflation to 2.8% y/y in July continues to bring inflation down from a peak of 10.8% in February of last year. Brazil's growth rate turned positive in Q1 in q/q terms for the first time in nine quarters, but consensus expects growth to disappear with a flat print in Q2. It is therefore premature to declare the country free of recession's grip particularly in the context of seemingly never-ending political turmoil.

Chart 5



Sources: Scotiabank Economics, Central Banks.

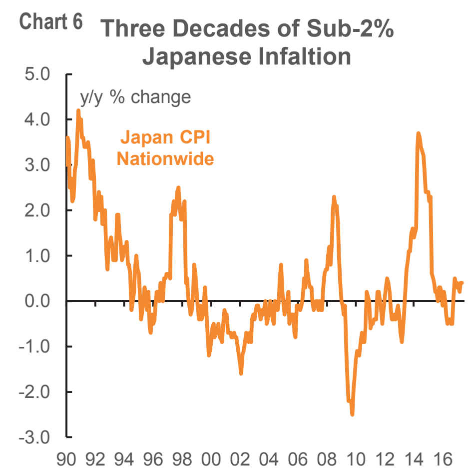
Colombia's central bank is also expected to ease monetary policy when it issues a rate decision next Thursday. Not by Brazilian standards, mind you (chart 5), but Colombia doesn't have Brazil's troubles either. Consensus is divided between calling a 25bps or 50bps cut to an overnight lending rate of 5.25–5.5%. That would drive the cumulative amount of policy easing to 225–250bps since December. An approaching end of the policy cycle was indicated by Colombian Finance Minister Mauricio Cardenas' recent direct remarks on monetary policy in ways that would not be tolerated in many other jurisdictions: "Interest rates have already fallen by 2 percentage points from December to today. And, simply, I want markets to be very clear that they can't expect an additional reduction of that magnitude. There could be an additional reduction, but it will be a reduction more at the margin, and we'll have to see how inflation is going, and the data over the next months."

ASIA — WILL A FOURTH DECADE BRING MORE LUCK?

Nothing out of Asian markets is likely to influence the global market tone over the coming week barring a further escalation of trade tensions between the US and China.

Japanese CPI inflation for June and fresher data for Tokyo in July are unlikely to register material progress when they are issued next Thursday night in the eastern time zone. National CPI is expected to be 0.4% y/y and Tokyo is expected to soften to 0.1%. The Bank of Japan just pushed out expected achievement of its 2% inflation target to the fiscal year starting in April 2019. Over the past three decades, Japan has only fleetingly hit 2% inflation on three occasions following the popping of its real estate and stock market bubble (chart 6) and most of those occasions were due to the transitory effects of sales tax hikes with another one potentially looming in about two years from now. Japan also updates retail sales following a large drop in May. As the country moves to auction 40 year bonds on Monday, the crushed yield curve is demanding only just over a 1% nominal yield to lend to the country for four decades thanks in large part to no inflation and central bank policy.

Chart 6



Sources: Scotiabank Economics, Ministry of Internal Affairs and Communications.

South Korea's economy has been registering growth in the 2½%–3% y/y range fairly steadily over the past 5+ years and expectations for next week's Q2 print are not materially different. If that were any one of a number of relatively mature economies then it wouldn't be a bad achievement at all. But it's South Korea and the economy had been conditioned to expect much stronger growth—including 6–7% range growth as recently as 2010. That was a temporary rebound from the 2008–09 Global Financial Crisis but the trend over recent years has been among the weakest in the country's modern history.

Taiwan also issues Q2 GDP and it too is expected to land around 2 ½% in year-ago terms.

EUROPE — TOP SHELF DATA RISK

A mess of earnings reports and top tier data risk plus a pair of central bank decisions by Russia and Turkey should be enough for European-focused clients to have their appetites satiated. Recently higher-than-expected Russian inflation has dampened expectations for a rate cut at the end of next week.

Earnings reports will pose stock market risks throughout the week and across Europe. Twenty-four firms on London's FTSE100 release including names like Rio Tinto, GlaxoSmithKline, Lloyds Banking Group, AstraZeneca and Barclays. Seven firms listed on Germany's DAX report earnings including Daimler AG, Bayer AG, Deutsche Bank, Volkswagen and BASF. Just over half of the CAC40 in Paris report earnings including Peugeot, Total SA, Airbus, L'Oreal, Renault and BNP Paribas.

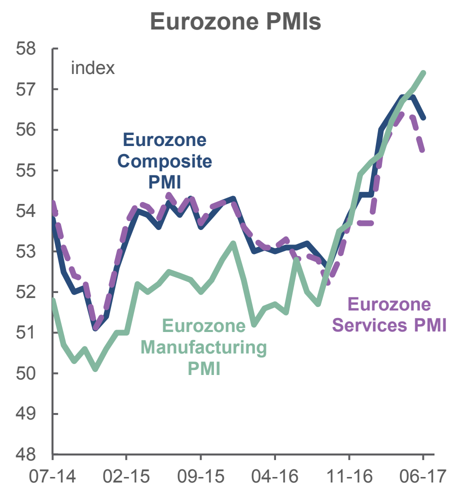
Data risk will be high including the following:

Inflation: The Eurozone CPI print for July arrives only by Monday July 31st but next Friday brings out estimates for Germany, France and Spain. Core Eurozone inflation has been on a slight, volatile upward trend over recent months but at 1.1% y/y it is hardly threatening the ECB's guidance that a very substantial degree of accommodation is still needed as measures of underlying inflation have yet to show convincing signs of a pick-up and wage pressures remain subdued.

PMIs: Purchasing managers' indices for the manufacturing and service sectors arrive this Monday for the Eurozone. Will they restore upward momentum to the services and composite measures and add to upward momentum in manufacturing, or are all three readings getting to a mature point in the cycle? See chart 7. German IFO business confidence on Tuesday will add to the sentiment gauges.

UK GDP: The second quarter is expected to register similar if not faster growth in quarter-ago terms (around 0.2–0.3%) but still fairly subdued growth in year-ago terms of 2% or less. As Brexit negotiations stumble over the size of the UK's potential divorce bill on the path to the EU Leaders Summit in the autumn, Q2 GDP looks set as simply a placeholder on the calendar in the meantime.

Chart 7



Sources: Scotiabank Economics, Markit.

Eurozone GDP: While the Eurozone aggregate growth rate for Q2 doesn't arrive until the following Tuesday, France, Spain and Austria release their estimates next Friday. Eurozone growth is expected to come in at around ½% q/q in seasonally adjusted non-annualized terms with Spain leading the way at about ¾% q/q.

Feature Article

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FOMC Preview — The Fed Versus The Debt Ceiling

Can the Fed either hike or begin to reduce the size of its balance sheet with another potentially nasty debt ceiling fight looming?

The very issue of a government shutdown amidst a fight over the debt ceiling halted the Fed in its tracks just two years ago. Back then, we were in the tiny minority of shops to correctly predict that then-Chairman Bernanke would call time out on expected plans to taper the pace of bond purchases at the September meeting until the dust had settled into the December FOMC meeting. Could Chair Yellen's Fed do likewise?

One difference between then and now is that we haven't heard Yellen even remark on the topic. In 2013, Bernanke had specifically referenced the debt ceiling issue as an impediment in his semi-annual monetary policy testimony to Congress in July of that year. Recall his direct warning in that testimony:

"The risks remain that tight federal fiscal policy will restrain economic growth over the next few quarters by more than we currently expect or that the debate concerning other fiscal policy issues, such as the status of the debt ceiling, will evolve in a way that could hamper the recovery."

It was such guidance that we latched onto in deferring consideration of a taper decision until after the shutdown issue was settled. The absence of similar guidance now could lead one to conclude that either the Fed doesn't think it's the same risk today or that it is wishing it will just go away, or perhaps it isn't even on their radar yet.

Such thinking may be wishful. This Congress and administration appear to be less able to advance significant policy imperatives than any prior Congress or administration. President Trump has openly referenced a willingness to shut government down if that's what it takes, and the GOP and Democrats can't agree on advancing health care, taxation and spending reforms—let alone a funding arrangement or broader budget. Yet markets are priced in part for the assumption that material tax relief will be enacted, and not priced for shutdown risk.

It is possible that postponing the August recess is a sign of the determination to get things done. Congress seems to relish the opportunity to engage in brinkmanship tactics such as in 2013 or the New Year's Day fiscal cliff funding deal that I still recall fouled up new year's plans.

But should the Fed court the idea of tightening monetary policy and thus perhaps adding to uncertainty over the effects precisely when fiscal policy uncertainties including perhaps an adverse shock from another government shutdown are in play? That wouldn't be terribly prudent. The Fed should be the steadier hand on the wheel amidst dysfunction in Congress.

In all, I hope and think that next week's FOMC meeting will be a non-event. It will be a statement-only affair absent any scheduled press conference or forecast updates that could be combined to guide markets. No rate hike is expected. It is possible but improbable that the FOMC may tee-up a September implementation of a pre-announced reduction of Treasury and MBS reinvestment. Several FOMC officials have signalled greater comfort toward reducing reinvestment before hiking again. The right thing to do, however, would be to keep its powder dry until later in the year when hopefully we have more information on how cool heads in Congress may be. That's at least in terms of shutdown risk, given a need to raise the ceiling by October, but quite possibly not in terms of agreement on health care, taxes, infrastructure and spending reforms. Financial stability could be at risk in a narrowing window before campaigning for the 2018 mid-terms fully takes over.

Besides, what's the rush for the Fed to do otherwise? The US economy posted one-handled GDP growth over 2017H1 and so it can hardly be convincingly argued that the economy is materially outstripping estimates of its non-inflationary potential growth rate. The output gap is still negative, signalling disinflationary slack. Inflation is still falling and explaining it away in terms of mobile telephone service and drug prices is a pretty rudimentary dismissal of the broader sources of weakness as well as potentially transitory upside influences. Unlike the BoC and its much stronger domestic growth trend, the Fed has already hiked by 100bps which connotes some flexibility to take a breath and not rush next steps for any reason other than stubbornly sticking to script.

And finally, if financial stability is truly the goal of monetary policy of late, then would one wish to potentially and needlessly add monetary policy as a driver of financial instability through uncertain effects of reduced reinvestment upon term premia on the eve of what may be history repeating itself in terms of Congress's toying with the nation's creditworthiness? Leave the dialogue on hikes and tapers for the meeting minutes and retain the option to gather more information for some time to come. There is the risk of rewarding bad behaviour in Congress but not taking this risk by instead plowing ahead with tightened monetary policy risks courting damage to the economy and markets to stake out a costly principle. There should simply be no rush to implement anything on Maiden Lane.

Key Indicators for the week of July 31 – August 4

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	07/24	08:30	Wholesale Trade (m/m)	May	--	--	1.0
MX	07/24	09:00	Bi-Weekly Core CPI (% change)	Jul 15	--	--	0.1
MX	07/24	09:00	Bi-Weekly CPI (% change)	Jul 15	--	--	0.0
MX	07/24	09:00	Global Economic Indicator IGAE (y/y)	May	--	--	-0.7
US	07/24	10:00	Existing Home Sales (mn a.r.)	Jun	5.5	5.6	5.6
US	07/24	10:00	Existing Home Sales (m/m)	Jun	-2.1	-0.9	1.1
MX	07/25	09:00	Retail Sales (INEGI) (y/y)	May	--	--	1.4
US	07/25	09:00	S&P/Case-Shiller Home Price Index (m/m)	May	--	--	0.3
US	07/25	09:00	S&P/Case-Shiller Home Price Index (y/y)	May	--	--	5.7
US	07/25	10:00	Consumer Confidence Index	Jul	115	116.0	118.9
US	07/25	10:00	Richmond Fed Manufacturing Index	Jul	--	7.0	7.0
US	07/26	07:00	MBA Mortgage Applications (w/w)	JUL 21	--	--	-7.4
US	07/26	10:00	New Home Sales (000s a.r.)	Jun	601	615.5	610.0
US	07/26	14:00	**FOMC Interest Rate Meeting (%)**	**Jul 26**	**1.25**	**1.25**	**1.25**
US	07/27	08:30	Durable Goods Orders (m/m)	Jun P	4.0	2.7	-0.8
US	07/27	08:30	Durable Goods Orders ex. Trans. (m/m)	Jun P	0.5	0.4	0.3
US	07/27	08:30	Initial Jobless Claims (000s)	JUL 22	240	--	247
US	07/27	08:30	Continuing Claims (000s)	JUL 15	1980	--	1945
US	07/27	08:30	Wholesale Inventories (m/m)	Jun P	--	--	0.4
MX	07/27	09:00	Trade Balance (US$ mn)	Jun	--	--	-1079
CA	07/28	08:30	Real GDP (m/m)	May	0.2	--	0.2
US	07/28	08:30	Employment Cost Index (q/q)	2Q	--	0.6	0.8
US	07/28	08:30	GDP (q/q a.r.)	2Q A	2.7	2.6	1.4
US	07/28	08:30	GDP Deflator (q/q a.r.)	2Q A	--	1.4	1.9
US	07/28	10:00	U. of Michigan Consumer Sentiment	Jul F	--	93.3	93.1

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
FR	07/24	03:00	Manufacturing PMI	Jul P	--	--	54.8
FR	07/24	03:00	Services PMI	Jul P	--	--	56.9
GE	07/24	03:30	Manufacturing PMI	Jul P	--	--	59.6
GE	07/24	03:30	Services PMI	Jul P	--	--	54.0
EC	07/24	04:00	Composite PMI	Jul P	--	--	56.3
EC	07/24	04:00	Manufacturing PMI	Jul P	--	--	57.4
EC	07/24	04:00	Services PMI	Jul P	--	--	55.4
FR	07/25	02:45	Producer Prices (m/m)	Jun	--	--	-0.6
GE	07/25	04:00	IFO Business Climate Survey	Jul	--	--	115.1
GE	07/25	04:00	IFO Current Assessment Survey	Jul	--	--	124.1
GE	07/25	04:00	IFO Expectations Survey	Jul	--	--	106.8
FR	07/25	12:00	Total Jobseekers (000s)	Jun	--	--	3494
FR	07/25	12:00	Jobseekers Net Change (000s)	Jun	--	--	22.3
SP	07/26	03:00	Real Retail Sales (y/y)	Jun	--	--	3.8
UK	07/26	04:30	GDP (q/q)	2Q A	0.3	0.3	0.2
UK	07/26	04:30	Index of Services (m/m)	May	0.2	--	0.2
GE	07/27	02:00	GfK Consumer Confidence Survey	Aug	--	--	10.6
SP	07/27	03:00	Unemployment Rate (%)	2Q	--	--	18.8
TU	07/27	07:00	**Benchmark Repo Rate (%)**	**Jul 27**	**--**	**--**	**8.00**
UK	07/27	19:01	GfK Consumer Confidence Survey	Jul	-12	--	-10
GE	JUL 27- AUG 03		Retail Sales (m/m)	Jun	--	--	0.5
SP	07/27		Budget Balance YTD (€ mn)	Jun	--	--	-16161

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

Key Indicators for the week of July 31 – August 4

EUROPE *(continued from previous page)*

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
FR	07/28	01:30	GDP (q/q)	2Q A	--	--	0.5
FR	07/28	02:45	Consumer Spending (m/m)	Jun	--	--	1.0
FR	07/28	02:45	CPI (m/m)	Jul P	--	--	0.0
FR	07/28	02:45	CPI (y/y)	Jul P	--	--	0.7
FR	07/28	02:45	CPI - EU Harmonized (m/m)	Jul P	--	--	0.0
FR	07/28	02:45	CPI - EU Harmonized (y/y)	Jul P	--	--	0.8
SP	07/28	03:00	CPI (m/m)	Jul P	--	--	0.0
SP	07/28	03:00	CPI (y/y)	Jul P	--	--	1.5
SP	07/28	03:00	CPI - EU Harmonized (m/m)	Jul P	--	--	0.1
SP	07/28	03:00	CPI - EU Harmonized (y/y)	Jul P	--	--	1.6
SP	07/28	03:00	Real GDP (q/q)	2Q P	--	--	0.8
SW	07/28	03:30	GDP (y/y)	2Q P	--	--	2.2
EC	07/28	05:00	Business Climate Indicator	Jul	--	--	1.2
EC	07/28	05:00	Economic Confidence	Jul	--	--	111.1
EC	07/28	05:00	Industrial Confidence	Jul	--	--	4.5
RU	07/28	06:30	**One-Week Auction Rate (%)**	**Jul 28**	**--**	**8.75**	**9.00**
GE	07/28	08:00	CPI (m/m)	Jul P	--	--	0.2
GE	07/28	08:00	CPI (y/y)	Jul P	--	--	1.6
GE	07/28	08:00	CPI - EU Harmonized (m/m)	Jul P	--	--	0.2
GE	07/28	08:00	CPI - EU Harmonized (y/y)	Jul P	--	--	1.5
UK	JUL 28- AUG 03		Nationwide House Prices (m/m)	Jul	0	--	1.1

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
JN	07/23	20:30	Markit/JMMA Manufacturing PMI	Jul P	--	--	52.4
VN	JUL 23-24		CPI (y/y)	Jul	--	--	2.5
JN	07/24	01:00	Coincident Index CI	May F	115.5	--	115.5
JN	07/24	01:00	Leading Index CI	May F	104.7	--	104.7
JN	07/24	01:00	Supermarket Sales (y/y)	Jun	--	--	-1.8
SI	07/24	01:00	CPI (y/y)	Jun	0.7	--	1.4
TA	07/24	04:00	Industrial Production (y/y)	Jun	--	1.5	0.8
TA	07/24	04:00	Unemployment Rate (%)	Jun	3.8	3.8	3.8
SK	07/24	17:00	Consumer Confidence Index	Jul	--	--	111.1
SK	JUL 24-31		Department Store Sales (y/y)	Jun	--	--	-1.9
VN	JUL 24-31		Exports (y/y)	Jul	--	--	18.9
VN	JUL 24-31		Imports (y/y)	Jul	--	--	24.1
VN	JUL 24-31		Industrial Production (y/y)	Jul	--	--	8.6
NZ	07/25	18:45	Trade Balance (NZD mn)	Jun	--	--	103.2
NZ	07/25	18:45	Exports (NZD bn)	Jun	--	--	5.0
NZ	07/25	18:45	Imports (NZD bn)	Jun	--	--	4.8
AU	07/25	21:30	Consumer Prices (y/y)	2Q	2.3	--	2.1

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

Key Indicators for the week of July 31 – August 4

ASIA-PACIFIC *(continued from previous page)*

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
SI	07/26	01:00	Industrial Production (y/y)	Jun	--	--	5.0
SK	07/26	19:00	GDP (y/y)	2Q P	2.6	--	2.9
CH	07/26	21:30	Industrial Profits YTD (y/y)	Jun	--	--	16.7
HK	07/27	04:30	Exports (y/y)	Jun	--	--	4.0
HK	07/27	04:30	Imports (y/y)	Jun	--	--	6.6
HK	07/27	04:30	Trade Balance (HKD bn)	Jun	--	--	-35.6
SK	07/27	17:00	Business Survey- Manufacturing	Aug	--	--	80.0
SK	07/27	17:00	Business Survey- Non-Manufacturing	Aug	--	--	76.0
SK	07/27	19:00	Industrial Production (y/y)	Jun	--	--	0.1
SK	07/27	19:00	Cyclical Leading Index Change	Jun	--	--	0.2
JN	07/27	19:30	Household Spending (y/y)	Jun	--	--	-0.1
JN	07/27	19:30	Jobless Rate (%)	Jun	--	--	3.1
JN	07/27	19:30	National CPI (y/y)	Jun	0.5	--	0.4
JN	07/27	19:30	Tokyo CPI (y/y)	Jul	--	--	0.0
JN	07/27	19:50	Large Retailers' Sales (y/y)	Jun	--	--	-0.6
JN	07/27	19:50	Retail Trade (y/y)	Jun	--	--	2.1
AU	07/27	21:30	Producer Price Index (y/y)	2Q	--	--	1.3
SI	07/27	22:30	Unemployment Rate (%)	2Q	2.2	--	2.2
TA	07/28	04:00	Real GDP (y/y)	2Q P	2.3	2.4	2.6

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
BZ	07/26		**SELIC Target Rate (%)**	**Jul 26**	**9.25**	**9.25**	**10.25**
CO	07/27		**Overnight Lending Rate (%)**	**Jul 27**	**5.50**	**5.50**	**5.75**
CL	07/28	09:00	Industrial Production (y/y)	Jun	1.0	--	1.9

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

Global Auctions for the week of July 31 – August 4

NORTH AMERICA

Country	Date	Time	Event
US	07/25	13:00	U.S. to Sell 2-Year Notes
US	07/26	11:30	U.S. to Sell 2-Year Floating Rate Notes
US	07/26	13:00	U.S. to Sell 5-Year Notes
CA	07/27	12:00	Canada to Sell 10-Year Bonds
US	07/27	13:00	U.S. to Sell 7-Year Notes

EUROPE

Country	Date	Time	Event
BE	07/24	05:30	Belgium to Sell Bonds
UK	07/25	05:30	U.K. to Sell 1.5% 2047 Bonds
IT	07/26	05:00	Italy to Sell Bonds
IT	07/28	05:00	Italy to Sell Bonds

ASIA-PACIFIC

Country	Date	Time	Event
JN	07/24	23:45	Japan to Sell 40-Year Bonds
CH	07/25	23:00	China Plans to Sell 3-Year Government Bond
NZ	07/26	22:05	New Zealand Plans to Sell NZD150 Mln 3.5% 2033 Bonds
JN	07/26	23:45	Japan to Sell 2-Year Bonds

LATIN AMERICA

Country	Date	Time	Event
BZ	07/25	11:00	Brazil to Sell I/L Bonds

Source: Bloomberg, Scotiabank Economics.

Events for the week of July 31 – August 4

NORTH AMERICA

Country	Date	Time	Event
US	JUL 25-26		The Federal Open Market Committee (FOMC) holds a closed meetir
US	07/26	14:00	FOMC Rate Decision
US	07/27	10:00	Fed nominee Quarles confirmation hearing at Senate Banking
US	07/28	13:20	Fed's Kashkari Speaks at Townhall Event

EUROPE

Country	Date	Time	Event
EC	07/24	12:00	ECB's Frank Smets Speaks in Munich
SP	07/26	03:30	Spanish PM Mariano Rajoy to Testify in Person in Graft Case
TU	07/27	07:00	**Benchmark Repurchase Rate**
TU	07/27	07:00	**Overnight Lending Rate**
TU	07/27	07:00	**Overnight Borrowing Rate**
RU	07/28	06:30	**Key Rate**
FR	07/28		France Sovereign Debt to be rated by Fitch

ASIA-PACIFIC

Country	Date	Time	Event
PK	07/22	00:00	**SBP Rate Decision (Target)**
JN	07/24	19:50	BOJ Minutes of June 15-16 Meeting
JN	07/25	21:30	BOJ Nakaso speaks in Hiroshima
AU	07/25	23:05	RBA's Lowe Speech in Sydney
AZ	07/28		Azerbaijan Sovereign Debt to be rated by S&P

LATIN AMERICA

Country	Date	Time	Event
BZ	07/26		**Selic Rate**
CO	07/27		**Overnight Lending Rate**

Source: Bloomberg, Scotiabank Economics.

Global Central Bank Watch

NORTH AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Canada – Overnight Target Rate	0.75	September 6, 2017	0.75	0.75
Federal Reserve – Federal Funds Target Rate	1.25	July 26, 2017	1.25	1.25
Banco de México – Overnight Rate	7.00	August 10, 2017	7.00	--

FOMC: No rate change is expected and it may be premature to expect implementation of a reduction in reinvestment of Treasuries and MBS or guidance to do so at the September meeting for that matter. Please see the US section of the Global Week Ahead and the separate FOMC preview for more.

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	0.00	September 7, 2017	0.00	--
Bank of England – Bank Rate	0.25	August 3, 2017	0.25	0.25
Swiss National Bank – Libor Target Rate	-0.75	September 14, 2017	-0.75	--
Central Bank of Russia – One-Week Auction Rate	9.00	July 28, 2017	9.00	8.75
Sweden Riksbank – Repo Rate	-0.50	September 7, 2017	-0.50	--
Norges Bank – Deposit Rate	0.50	September 21, 2017	0.50	--
Central Bank of Turkey – Benchmark Repo Rate	8.00	July 27, 2017	--	--

Russia: Consensus is divided on the prospects for another rate cut next week but a recently higher than expected CPI inflation report may have dampened such prospects.

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	September 21, 2017	-0.10	--
Reserve Bank of Australia – Cash Target Rate	1.50	August 1, 2017	1.50	1.50
Reserve Bank of New Zealand – Cash Rate	1.75	August 9, 2017	1.75	1.75
People's Bank of China – Lending Rate	4.35	TBA	--	--
Reserve Bank of India – Repo Rate	6.25	August 2, 2017	6.25	--
Bank of Korea – Bank Rate	1.25	August 31, 2017	1.25	--
Bank of Thailand – Repo Rate	1.50	August 16, 2017	1.50	1.50
Bank Negara Malaysia – Overnight Policy Rate	3.00	September 7, 2017	3.00	3.00
Bank Indonesia – 7-Day Reverse Repo Rate	4.75	August 22, 2017	4.75	--

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	10.25	July 26, 2017	9.25	9.25
Banco Central de Chile – Overnight Rate	2.50	August 17, 2017	2.50	--
Banco de la República de Colombia – Lending Rate	5.75	July 27, 2017	5.50	5.50
Banco Central de Reserva del Perú – Reference Rate	3.75	August 10, 2017	3.75	--

Brazil: Consensus expects a full 100bps rate cut next week that would bring cumulative rate reductions to five full percentage points. Falling inflation and the return of weakness in Q2 following the first quarter of economic growth in nine continue to foster an easing bias.
Colombia: Consensus is divided between a 25bps and 50bps rate cut on guidance that relatively minor additional stimulus may be provided as the end of the easing cycle approaches.

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	7.00	September 21, 2017	7.00	--

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