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October 20, 2017

CENTRAL BANKS IN THE LIMELIGHT AGAIN

FORECASTS & DATA

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Next Week's Risk Dashboard

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Chart of the Week

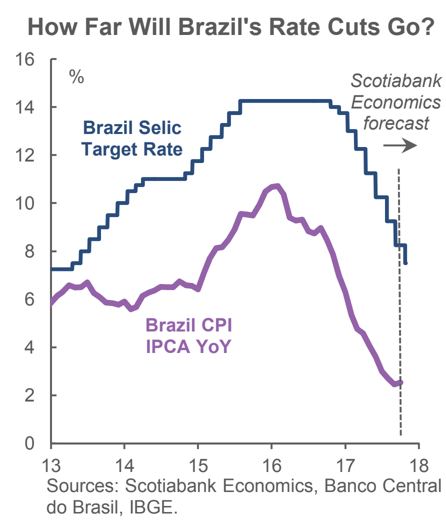


Chart of the Week: Prepared by: Raffi Ghazarian, Senior Research Analyst.

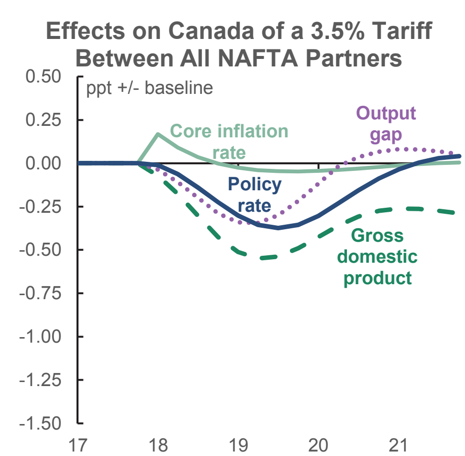
Central Banks In The Limelight Again

CANADA — NAFTA RISKS DELAY BANK OF CANADA HIKES

The Bank of Canada's monetary policy decisions and forecasts, a federal fiscal update and earnings reports will dominate attention placed upon Canadian markets over the coming week.

The Bank of Canada's decisions arrive on Wednesday at 10amET in the form of the policy statement and full Monetary Policy Report including updated forecasts to be followed by a press conference held by Governor Poloz and his Senior Deputy Governor Wilkins at 11:15amET. **No policy rate change is expected. While we continue to forecast a hike in December, I have reduced confidence in such expectations.** I firmly believe the underlying growth and inflation fundamentals of the Canadian economy in a status quo world for trade policies remain supportive of continued policy tightening. However, the risk of NAFTA negotiations becoming a macro event that lessens growth prospects has gone up appreciably of late from original expectations that negotiations would have been somewhat smoother, especially between Canada and the US. Indeed, it is conceivable that one cannot set the bar high enough for further Bank of Canada rate hikes by way of the central bank's stated data dependence. **What looms over data dependency—that by definition is a scorecard on the economy that was—is the state of NAFTA negotiations—which affects the economy of tomorrow.** Rules governing trade with the US, which accounts for about one-quarter of Canadian GDP plus associated investment, are faced with a degree of uncertainty unseen in at least twenty-five years. We still assume/hope that there will be a constructive outcome if for no other reason than the fact that domestic US political and business interests will check the bias of the President and his Commerce Secretary and that Trump may simply be using a negotiating ploy. An alternative possibility, however, follows on the heels of the US withdrawal from TPP and the Paris Agreement is that the US delivers a letter of intent to withdraw from NAFTA within the required six-month notification period and rejects a return to the Canada-US Free Trade Agreement that preceded NAFTA, or that Canada draws a line in the sand on what it is willing to give in to. It is not at all clear whether such a letter would be followed by actual withdrawal and whether the US Congress would permit this outcome. Nevertheless, in that case, average tariffs would revert to WTO most-favoured-nation standards assuming the US does not also abandon the WTO itself with potentially worse outcomes. The estimated impact upon growth, the output gap and inflation is shown in chart 1. Governor Poloz has emphasized the near impossibility of estimating a potential NAFTA shock but this alone reaffirms that a high degree of uncertainty exists and that counsels a potentially protracted period of cautious policy guidance. I'm not sure how one can have much confidence in extrapolating investment gains that could raise the economy's noninflationary speed limit or "potential" GDP growth, but expect such a move by the BoC. Doing so would push out concerns about tripping into material excess aggregate demand and connote greater policy flexibility while NAFTA negotiations are being evaluated and it would be a neutral/dovish. OSFI's tightened mortgage lending rules applied to federally regulated institutions under "B-20" guidelines may also give the BoC the flexibility to back off on raising borrowing costs as ongoing macroprudential rule tightening serves as a substitute for cooling housing markets, albeit in such fashion as to migrate lending risks elsewhere in the financial system. The continuation of a cautious tone by clients manifest through buying the front end and being leery regarding C$ prospects doesn't strike me as at all unreasonable.

Chart 1



*Tariff of 3.5% applied on all goods trade between the US, Canada, and Mexico.
Source: Scotiabank Economics.

Federal Finance Minister Bill Morneau releases the Fall fiscal update on Tuesday October 24th. Tracking deficits on the order of $17–18 billion plus contingency reserves that face an uncertain rule-versus-discretion future are better than initially projected amidst concern in the early going that considerable flexibility had been built into the size of the deficits. It is still two years until the next Federal election in October 2019 and there is ample scope for further fiscal measures, particularly in the face of potential US tax reforms.

Thirty-seven TSX-listed firms release earnings over the coming week. Some of the notable names include West Fraser, CN, Air Canada, New Gold, Barrick, Goldcorp, Potash, Shaw and Maple Leaf Foods. Canada auctions 10s on Thursday.

Lastly, Canada also releases wholesale trade for August on Monday. It will be the final piece of the GDP puzzle for the month and will be used to finalize an estimate for economic growth in August.

UNITED STATES — EARNINGS AND DATA COULD BE SIDE SHOWS

Some gems on the calendar of macroeconomic reports will combine with a wave of earnings reports and any further developments in the search for the next Fed Chair from an apparent list of five finalists to dominate US market interests over the coming week.

President Trump is expected to announce his nomination for Chair of the Federal Reserve before he leaves for a trip to Asia in early November and recently guided that he is nearing a decision. That could come as early as next week. GOP conservatives oppose the reappointment of current Chair Yellen despite what many economists, including this one, would rate to have been a fine job at the helm to date. The fact that her meeting with Trump was a) saved until last among the candidates, and b) only lasted a reported half hour may be seen as reducing chances she may stay on for a second term. Then again, said conservatives wish to see a “true outsider” replace Yellen which would only favour one or two on the short list that the Trump administration has guided to date. That short list includes Yellen, Fed Governor Powell, John Taylor, Kevin Warsh and Cohn. My view remains that the short-term market reaction would view Yellen and Powell as relatively dovish candidates, Cohn perhaps more so, and Warsh’s hawkishness perhaps only exceeded by Taylor’s mechanistic rules-based approach that he recently softened at the Boston Fed conference. The longer-term market reaction, in my opinion, would have a tough time viewing anyone—perhaps with the exception of Taylor—as being more hawkish than the current FOMC consensus that advocates four rate hikes between now and the end of next year and that has commenced unwinding of the balance sheet to the tune of a $600 billion annual theoretical reduction in the size of the balance sheet by the time the reinvestment caps have been fully implemented a year from now. I would think that Taylor’s strong faith in rules-based monetary policy would reduce his chances at building consensus within the Fed where most officials speak more in favour of discretionary policy. Warsh’s decision to quit the Fed and sharply criticize it in public may also reduce his chances as a consensus builder. My short list could well be wrong but it includes Yellen, Powell and Cohn.

Earnings risk escalates over the coming week, as 180 firms on the S&P500 list release Q3 results. Some of the more notable names include Caterpillar (often watched for guidance on heavy equipment demand), UPS (often watched for signals on broad business activity), Boeing (worth watching for remarks on its Bombardier-Airbus rivalry and protectionist US duties), Intel, Amazon (will it pick a winner for its new additional headquarters?), Microsoft, Alphabet, Ford, GM, VISA, Capital One, 3M, McDonald’s, AT&T, Coca-Cola, Xerox, State Street, American Airlines, Merck and Colgate Palmolive.

On the macro docket are the following.

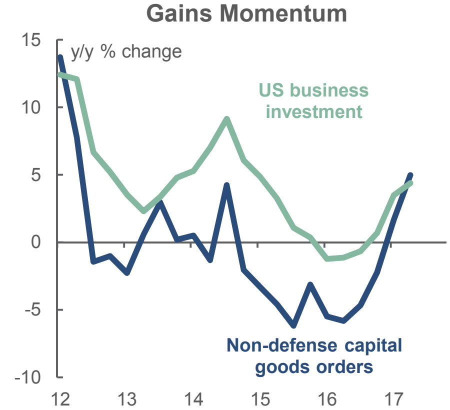
Q3 GDP: Friday at 8:30amET brings out the first estimate of third quarter growth in the US economy and it should be a decent print. Consensus estimates growth of about 2½% and anything in a 2–2.5% range is fairly reasonable. Growth will be reduced by the hurricanes in comparison to the 3.1% pace in Q2 but anything around the 2% zone and perhaps a little lower would be taken as resilient underlying growth. A transitory shock will nevertheless be looked through by the Fed as it keeps an eye on the expected rebuilding phase that typically boosts GDP growth in the aftermath of major natural disasters.

Durable goods orders: September figures arrive Wednesday. Headline orders should get a boost from the increase in aircraft orders as Boeing secured 72 orders compared with 33 the month before and 22 the month before that. Greater consideration will once again be given to whether core orders excluding defense and aircraft continue to rise as an encouraging sign for business investment. Core orders had increased in each of the prior two months by about a cumulative 2% and have risen in four of the past five months. Indeed, global investment is on the rise (chart 2).

Home sales: New home sales (Wednesday) and pending home sales (Thursday) will advance understanding of how housing markets performed during September in the aftermath of hurricanes that struck the States of Texas and Florida. Pending home sales have fallen for two months and the latest decline in August showed weakness across each

Chart 2

Business Investment Gains Momentum



Sources: Scotiabank Economics, US Census Bureau, BEA.

region led by the northeast and followed by the hurricane-hit South. Similarly, new home sales fell in July and August across most regions, suggesting that the source of recent weakness is more broadly based than just a hurricane effect.

Richmond Fed manufacturing: October's report will complement the Philly Fed reading as the two measures more powerfully correlated with ISM manufacturing.

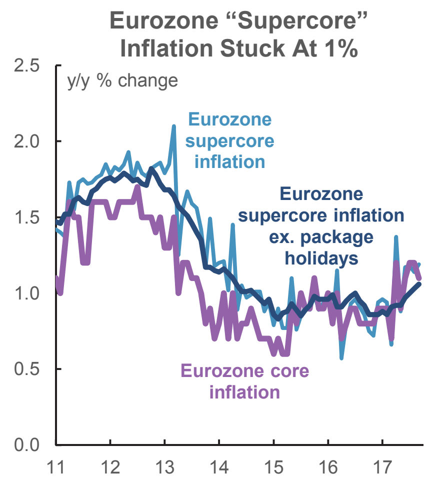
The US auctions 2s, 5s, 7s and two year FRNs.

EUROPE — BY CHOICE OR NECESSITY, ECB TAPERING LIES IN THE CARDS

Thursday's policy decisions and guidance from the European Central Bank will likely overshadow other European developments and potentially most if not all global developments. Data risk in the Eurozone and UK and internal tensions in Spain may also impact markets.

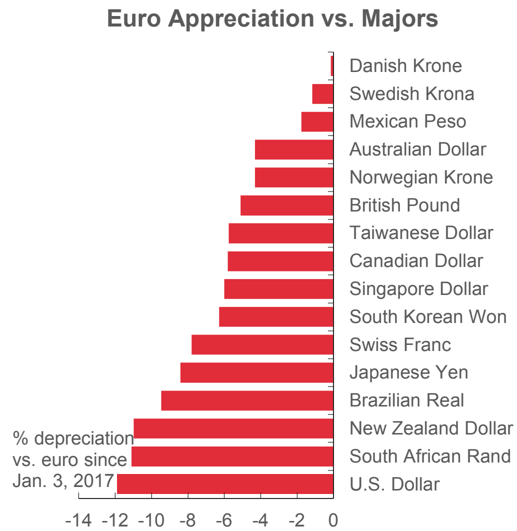
The ECB is widely expected to reduce the monthly pace of bond buying in next Thursday's decisions at 7:45amET, and President Draghi holds his customary press conference at 8:30amET. Improved growth, limits to further bond buying within the scope of the central bank's capital key, and limits on issuance shares are the prime motivations toward reducing bond purchases. Arguing against doing so, however, is that inflation—and particularly 'supercore' inflation that is a more stable indication of broad price pressures—remains very soft (chart 3) and below the ECB's target while currency strength could continue to weigh against any improvements to weak inflation (chart 4). This fundamental conflict between the motivations for reducing purchases has created uncertainty regarding how far below the current €60 billion monthly pace of bond buying purchases will go and how long the bond buying may continue. Some ECB officials recently suggested that the ECB is around €200 billion away from the limit to the bonds it can purchase which would be exhausted in about 3–4 months at the current pace of buying. The conflicting motivations for reducing purchases also raises the possibility that President Draghi may have additional policy options up his sleeve. Recall that the BoJ addressed concerns about the size of the bond market that it represents in part by shifting toward an "around 0%" nominal 10 year bond yield target with an implied option value to purchase should markets test this line. Regardless, the ECB's balance sheet is a long way from shrinking so talk of reversing stimulus is extraordinarily premature.

Chart 3



Sources: Scotiabank Economics, Bloomberg.

Chart 4



Sources: Scotiabank Economics, Bloomberg.

Tensions between Spain and the province of Catalonia will come to a head in the very near term. A deputy for the PDeCAT party in Spain's parliament recently guided that a decision on proclaiming independence was likely in the near term and stated "The decision could be obviously the declaration of independence maybe in one week or in two weeks." Spain may not give Catalonia this amount of time. Prime Minister Mariano Rajoy recently invoked article 155 of the Constitution in order to unilaterally take control of Catalonia's regional government and the precise mechanisms by which to exercise this power are expected to be discussed this weekend.

Second to the ECB decision will be survey-based evidence on the Eurozone's growth prospects into Q4. A fresh round of purchasing managers' indices for the manufacturing and service sectors arrive on Tuesday and their October print will be supplemented by German IFO business confidence that is due out the next day along with retail sales. I've made the point previously but will emphasize once again that the Eurozone is not alone in registering improved global growth signals and at issue is whether this is a transitory improvement or whether next week's readings will demonstrate that the story has legs to it.

UK GDP growth in Q3 will be released on Wednesday. A similar pace of growth to the 0.3% expansion in Q2 is expected by consensus but with the range of estimates running between 0.1–0.7%. It would take a large disappointment that is outside of tracking risks to potentially reduce the odds of the Bank of England hiking bank rate next month.

Sweden's Riksbank issues a policy decision on Thursday that is expected to have solid dovish undertones. Governor Stefan Ingves recently noted that "after such a long time with inflation rates below target, it is not a serious issue if the inflation is above target for a while." He also remarked that "It is simply too early and too risky to change our policy" and "we must not and we should not begin the monetary policy turnaround at the very first time 2% is reached." Ingves conditioned the policy outlook by saying "we are looking closely at what the ECB is doing. If we were to tighten our policy too early or pursue a policy that would be dramatically different from that in the euro area, there would probably be a significant appreciation" in the currency.

Norway's Norges Bank also delivers a policy decision next Thursday and no change is expected. Governor Oystein Olsen recently remarked that "the key policy rate will remain at today's level in the period ahead" and that he sees little change in forecasts from the June edition of the Monetary Policy Report.

The Russian central bank delivers a policy decision on Friday. Consensus expects a 25bps rate cut following the larger cut in September. Governor Elvira Nabiullina, however, emphasized inflation risks at the last press conference and guidance from the central bank was noncommittal as the option to pause or cut was retained on the apparent bias.

ASIA — JAPAN'S ELECTION SHOULD PRESERVE THE STATUS QUO

The main event to watch across Asian markets will be Japan's election this Sunday. Incumbent Prime Minister Shinzo Abe is expected to secure a majority. If so, his chances at a leadership review next year would go up commensurately and with that his odds of staying in power through to 2021. Alongside Chinese President Xi Jinping, Abe would offer stable leadership to Asia's two most powerful economies. At issue are the possible reappointment of BoJ Governor Kuroda, sticking to plans to hike the national sales tax again, and plans to use some of the proceeds to subsidize education for lower income families. The opposition Party of Hope is optimistically named in relation to its polling results. Sankei newspaper recently indicated that the incumbent Liberal Democratic Party could win up to 300 seats out of 465 that are up for grabs and the Komeito coalition party could add another 35. That would be a large margin of victory for Abe and solidify his power base. Circumstances have aided Abe's early election gamble that attempted to capitalize upon an opposition in disarray. As Abe put it himself, "This is an election about how we can defend our country from the North Korean threat." Given the polling results, markets including the yen would clearly be more impacted by a disappointing outcome for the LDP. By comparison, Thursday's national CPI figures for September and the Tokyo figures for October will be largely dismissed by markets.

Australia's Q3 CPI report on Tuesday is expected to show further traction toward achieving the RBA's inflation goals amidst ongoing concern over A$ strength. The three month moving average of a monthly inflation gauge estimate by the Melbourne Institute of Applied Economic and Social Research accelerated to 0.5% in September. Headline CPI is expected to accelerate from the prior quarter but more of the focus will be upon the central tendency inflation measures including the trimmed mean.

Other developments will include the release of third-quarter GDP growth figures by South Korea on Wednesday, Chinese industrial profits that will be updated for September on Thursday and Malaysia's budget on Friday.

LATIN AMERICA — FOSTERING RECOVERIES

Monetary policy decisions by the central banks of Brazil and Colombia will dominate domestic influences upon regional market developments over the coming week. NAFTA negotiations are on a month-long pause, so while nothing material is expected by way of developments and concomitant effects on Mexican markets, there is of course the potential for guidance on the prospects of breaking a deadlock in the negotiations between the three economies.

Having spent part of this past week in Brazil for client meetings, I frequently heard on-the-ground support for renewed confidence in the outlook for the beleaguered economy that is recovering from recession. A turning point for growth and inflation dynamics is at hand, but the work is not done yet in order to further support the recovery. To that effect, **Banco Central**

do Brasil will deliver a fresh monetary policy decision on Wednesday. A reduced pace of easing may be in the cards following the prior four consecutive full percentage point reductions in the Selic policy rate. A 75bps reduction in the Selic rate to 7.5% is expected to be delivered by Copom. The possibility of a lessened pace of easing is informed by two considerations. One is that a massive easing campaign to date has returned the policy rate to only 100bps above the previous cycle low back in March 2013. The central bank may feel it is coming to the close of an easing cycle by almost having completed the full unwind of prior tightening. After a very dry year in parts of the country, green shoots are welcome. Secondly, there is some consideration given to the possibility that Brazilian inflation may be bottoming. The IPCA inflation index climbed ever so slightly from 2.46% y/y to 2.54% y/y in September. Of course it's ridiculous to be quoting inflation rates beyond the first decimal point in my opinion, but the convention to do so is the secondary matter to the first order reality that at least inflation may have finally stopped declining.

Next up will be a monetary policy decision on Friday by Banrep, Colombia's central bank. A tussle of sorts is occurring between conflicting opinions on the next step following unchanged policy in September for the first time during an easing campaign. Banrep Governor Juan Jose Echavarria recently hinted at a fairly prolonged holding period for the policy rate. He remarked: "The markets are talking about stable rate until the end of the year, that's kind of what I perceive, but let's see what happens. If we have room for maneuver, because inflation is doing very well, next year, March, which is our prediction, we will continue decreasing rates." Echavarria went on to remark that "The main message is that we moved from very restrictive monetary policy which helped inflation to come down and, if we have room in inflation terms, we will continue." That fairly clearly signals a period of time during which the central bank will monitor inflation data.

By contrast, Colombia's Finance Minister Mauricio Cardenas bluntly stated that "The economy needs another rate cut" and in leaning upon monetary policy to address growth concerns and broader slack opined that "fiscal policy cannot play that role." Sure enough, most forecasters are reserved about the economy's growth prospects from currently soft readings. Cardenas is a board member on the central bank, something that is typically frowned upon across global central banks in the name of their independence, but the practical consideration is that his voice clearly matters. Stay tuned.

Key Indicators for the week of October 23 – 27

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	10/23	08:30	Wholesale Trade (m/m)	Aug	--	--	1.5
MX	10/24	09:00	Bi-Weekly Core CPI (% change)	Oct 15	--	--	0.0
MX	10/24	09:00	Bi-Weekly CPI (% change)	Oct 15	--	--	-0.2
MX	10/24	09:00	Global Economic Indicator IGAE (y/y)	Aug	--	--	1.0
US	10/24	10:00	Richmond Fed Manufacturing Index	Oct	--	16.0	19.0
US	10/25	07:00	MBA Mortgage Applications (w/w)	OCT 20	--	--	3.6
US	10/25	08:30	Durable Goods Orders (m/m)	Sep P	1.5	1.0	2.0
US	10/25	08:30	Durable Goods Orders ex. Trans. (m/m)	Sep P	0.5	0.5	0.5
MX	10/25	09:00	Retail Sales (INEGI) (y/y)	Aug	--	0.3	0.4
CA	10/25	10:00	**BoC Interest Rate Announcement (%)**	**Oct 25**	**1.00**	**1.00**	**1.00**
US	10/25	10:00	New Home Sales (000s a.r.)	Sep	550.0	555.0	560.0
US	10/26	08:30	Initial Jobless Claims (000s)	OCT 21	230	235	222
US	10/26	08:30	Continuing Claims (000s)	OCT 14	1885	--	1888
US	10/26	08:30	Wholesale Inventories (m/m)	Sep P	--	--	0.9
MX	10/26	09:00	Trade Balance (US$ mn)	Sep	--	--	-2732.5
US	10/26	10:00	Pending Home Sales (m/m)	Sep	--	0.6	-2.6
US	10/27	08:30	GDP (q/q a.r.)	3Q A	2.3	2.6	3.1
US	10/27	08:30	GDP Deflator (q/q a.r.)	3Q A	--	1.8	1.0
US	10/27	10:00	U. of Michigan Consumer Sentiment	Oct F	--	101.0	101.1

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
EC	10/23	10:00	Consumer Confidence	Oct A	--	-1.1	-1.2
FR	10/24	03:00	Manufacturing PMI	Oct P	--	56.0	56.1
FR	10/24	03:00	Services PMI	Oct P	--	56.9	57.0
GE	10/24	03:30	Manufacturing PMI	Oct P	--	60.0	60.6
GE	10/24	03:30	Services PMI	Oct P	--	55.6	55.6
EC	10/24	04:00	Composite PMI	Oct P	--	56.5	56.7
EC	10/24	04:00	Manufacturing PMI	Oct P	58.0	57.8	58.1
EC	10/24	04:00	Services PMI	Oct P	56.0	55.6	55.8
FR	10/24	12:00	Total Jobseekers (000s)	Sep	--	--	3540.4
FR	10/24	12:00	Jobseekers Net Change (000s)	Sep	--	--	22.3
GE	10/25	04:00	IFO Business Climate Survey	Oct	115.5	115.0	115.2
GE	10/25	04:00	IFO Current Assessment Survey	Oct	123.8	123.5	123.6
GE	10/25	04:00	IFO Expectations Survey	Oct	108.0	107.3	107.4
UK	10/25	04:30	GDP (q/q)	3Q A	0.3	0.3	0.3
UK	10/25	04:30	Index of Services (m/m)	Aug	0.3	0.3	-0.2
GE	10/26	02:00	GfK Consumer Confidence Survey	Nov	--	10.8	10.8
SP	10/26	03:00	Unemployment Rate (%)	3Q	--	16.6	17.2
SW	10/26	03:30	**Riksbank Interest Rate (%)**	**Oct 26**	**-0.50**	**-0.50**	**-0.50**
NO	10/26	04:00	**Norwegian Deposit Rates (%)**	**Oct 26**	**0.50**	**0.50**	**0.50**
TU	10/26	07:00	**Benchmark Repo Rate (%)**	**Oct 26**	**8.00**	**8.00**	**8.00**
EC	10/26	07:45	**ECB Main Refinancing Rate (%)**	**Oct 26**	**0.00**	**0.00**	**0.00**
SP	10/27	03:00	Real Retail Sales (y/y)	Sep	--	1.6	1.7
RU	10/27	06:30	**One-Week Auction Rate (%)**	**Oct 27**	**8.25**	**8.25**	**8.50**
GE	OCT 27-NOV 11		Retail Sales (m/m)	Sep	0.5	0.5	-0.2

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

Key Indicators for the week of October 23 – 27

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
SK	10/22	17:00	PPI (y/y)	Sep	--	--	3.2
JN	10/23	01:00	Coincident Index CI	Aug F	117.6	--	117.6
JN	10/23	01:00	Leading Index CI	Aug F	106.8	--	106.8
SI	10/23	01:00	CPI (y/y)	Sep	0.4	0.4	0.4
JN	10/23	01:30	Nationwide Department Store Sales (y/y)	Sep	--	--	2.0
TA	10/23	04:00	Industrial Production (y/y)	Sep	--	4.5	3.3
TA	10/23	04:00	Unemployment Rate (%)	Sep	3.8	3.8	3.8
HK	10/23	04:30	CPI (y/y)	Sep	2.0	2.0	1.9
JN	10/23	20:30	Markit/JMMA Manufacturing PMI	Oct P	--	--	52.9
VN	OCT 23-31		CPI (y/y)	Oct	--	--	3.4
JN	10/24	01:00	Supermarket Sales (y/y)	Sep	--	--	-0.5
SK	10/24	17:00	Consumer Confidence Index	Oct	--	--	107.7
AU	10/24	20:30	Consumer Prices (y/y)	3Q	2.0	2.0	1.9
SK	OCT 24-31		Department Store Sales (y/y)	Sep	--	--	-0.8
VN	OCT 24-31		Exports (y/y)	Oct	--	--	19.8
VN	OCT 24-31		Imports (y/y)	Oct	--	--	23.1
VN	OCT 24-31		Industrial Production (y/y)	Oct	--	--	13.2
NZ	10/25	17:45	Trade Balance (NZD mn)	Sep	--	-900.0	-1234.7
NZ	10/25	17:45	Exports (NZD bn)	Sep	--	3.9	3.7
NZ	10/25	17:45	Imports (NZD bn)	Sep	--	4.9	4.9
SK	10/25	19:00	GDP (q/q)	3Q P	0.6	0.8	0.6
SK	10/25	19:00	GDP (y/y)	3Q P	2.8	3.0	2.7
SI	10/26	01:00	Industrial Production (y/y)	Sep	--	10.4	19.1
HK	10/26	04:30	Exports (y/y)	Sep	--	6.6	7.4
HK	10/26	04:30	Imports (y/y)	Sep	--	5.0	7.7
HK	10/26	04:30	Trade Balance (HKD bn)	Sep	--	-38.5	-35.5
JN	10/26	19:30	National CPI (y/y)	Sep	0.7	0.7	0.7
JN	10/26	19:30	Tokyo CPI (y/y)	Oct	--	0.1	0.5
AU	10/26	20:30	Producer Price Index (y/y)	3Q	--	--	1.7
CH	10/26	21:30	Industrial Profits YTD (y/y)	Sep	--	--	24.0
SI	10/26	22:30	Unemployment Rate (%)	3Q	2.2	2.2	2.2

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
BZ	10/25		**SELIC Target Rate (%)**	**Oct 25**	**7.50**	**7.50**	**8.25**
BZ	10/26	08:30	Current Account (US$ mn)	Sep	--	200.0	-302.5
CO	10/27		**Overnight Lending Rate (%)**	**Oct 27**	**5.25**	**5.25**	**5.25**

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

Global Auctions for the week of October 23 – 27

NORTH AMERICA

Country	Date	Time	Event
US	10/25	11:30	U.S. to Sell USD15 Bln 2-Year Floating Rate Notes
US	10/25	13:00	U.S. to Sell USD34 Bln 5-Year Notes
CA	10/26	12:00	Canada to Sell 10-Year Bonds
CA	10/26	12:00	Canada to Sell CAD3 Bln 2% 2028 Bonds
US	10/26	13:00	U.S. to Sell USD28 Bln 7-Year Notes

EUROPE

Country	Date	Time	Event
BE	10/23	05:30	Belgium to Sell 0.2% 2023 Bonds
BE	10/23	05:30	Belgium to Sell 4.5% 2026 Bonds
BE	10/23	05:30	Belgium to Sell 1.6% 2047 Bonds
UK	10/24	05:30	U.K. to Sell GBP650 Mln 0.625% I/L 2042 Bonds
GE	10/25	05:30	Germany to Sell EUR3 Bln 0.5% 2027 Bonds
IT	10/26	05:00	Italy to Sell Bonds
IT	10/26	05:00	Italy to Sell I/L Bonds
SW	10/26	05:03	Sweden to Sell SEK750 Mln 1% I/L 2025 Bonds

ASIA-PACIFIC

Country	Date	Time	Event
AU	10/22	20:00	Australia Plans to Sell AUD700 Mln 2.75% 2027 Bonds
CH	10/22	21:30	Sichuan to Sell Bonds
CH	10/23	02:00	Inner Mongolia to Sell Bonds
CH	10/23	03:00	Inner Mongolia to Sell Bonds
CH	10/24	02:00	Guangxi to Sell Bonds
CH	10/24	03:00	Guangxi to Sell Bonds
CH	10/24	22:35	China To Sell CNY36 Bln 3-Yr Bonds
CH	10/24	22:35	China to Sell CNY36 Bln 7-Yr Upsized Bonds
JN	10/25	23:45	Japan to Sell 2-Year Bonds
CH	10/26	02:00	Liaoning to Sell Bonds
CH	10/26	03:00	Liaoning to Sell Bonds
AU	10/26	20:00	Australia Plans to Sell AUD1 Bln 2.75% 2028 Bonds

LATIN AMERICA

Country	Date	Time	Event
BZ	10/26	10:00	Brazil to Sell Fixed Rate Bonds - 01/01/2023
BZ	10/26	10:00	Brazil to Sell Fixed Rate Bonds - 01/01/2027

Source: Bloomberg, Scotiabank Economics.

Events for the week of October 23 – 27

NORTH AMERICA

Country	Date	Time	Event
CA	10/25	10:00	**Bank of Canada Rate Decision**
CA	10/25	10:00	Bank of Canada Releases October Monetary Policy Report
CA	10/25	11:15	BOC's Poloz and Wilkins Hold Press Conference in Ottawa

EUROPE

Country	Date	Time	Event
SP	10/21		Prime Minister Rajoy Convenes A Special Meeting
EC	10/23	03:00	ECB's Praet Speaks in Frankfurt
EC	10/23	13:30	ECB's Nouy Speaks in London
SW	10/25	03:00	Swedish FSA's Thedeen Gives Speech
SW	10/25	03:30	Swedish Debt Office Publishes New Forecasts
UK	10/25	04:15	Brexit Secretary Davis Questioned by U.K. Lawmakers
SW	10/26	03:30	**Riksbank Interest Rate**
SW	10/26	03:30	Riksbank Monetary Policy Report
NO	10/26	04:00	**Deposit Rates**
SW	10/26	05:00	Riksbank's Ingves Holds Press Conference
NO	10/26	05:00	Norway Central Bank Governor Olsen Speaks in Oslo
TU	10/26	07:00	**Benchmark Repurchase Rate**
TU	10/26	07:00	**Overnight Lending Rate**
TU	10/26	07:00	**Overnight Borrowing Rate**
EC	10/26	07:45	**ECB Main Refinancing Rate**
EC	10/26	07:45	**ECB Marginal Lending Facility**
EC	10/26	07:45	**ECB Deposit Facility Rate**
EC	10/26	08:30	ECB press conference after Governing Council meeting
NO	10/27	03:00	Norway Central Bank Deputy Governor Matsen Speaks in Oslo
EC	10/27	03:15	ECB's Praet Speaks in Frankfurt
RU	10/27	06:30	**Key Rate**
EC	10/27	06:45	ECB's Angeloni Speaks in Frankurt
EC	10/27	07:00	ECB's Weidmann Speaks in Paris
GE	10/27		Germany Sovereign Debt to be rated by S&P
UK	10/27		United Kingdom Sovereign Debt to be rated by S&P
IT	10/27		Italy Sovereign Debt to be rated by S&P
UK	10/27		United Kingdom Sovereign Debt to be rated by Fitch

ASIA-PACIFIC

Country	Date	Time	Event
AU	10/26	03:45	RBA's Debelle Gives Speech in Sydney
MA	10/27	03:00	Malaysia Budget Day

LATIN AMERICA

Country	Date	Time	Event
BZ	10/25		**Selic Rate**
CO	10/27		**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	1.00	October 25, 2017	1.00	1.00
Federal Reserve – Federal Funds Target Rate	1.25	November 1, 2017	1.25	1.25
Banco de México – Overnight Rate	7.00	November 9, 2017	7.00	--

Bank of Canada: No policy change is expected but a neutral/dovish bias will be emphasized in the statement and accompanying MPR. The BoC is shifting to the sidelines for a time to evaluate data and NAFTA negotiations while recent B-20 OSFI guidelines tightened mortgage lending conditions.

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	0.00	October 26, 2017	0.00	0.00
Bank of England – Bank Rate	0.25	November 2, 2017	0.25	0.50
Swiss National Bank – Libor Target Rate	-0.75	December 14, 2017	-0.75	--
Central Bank of Russia – One-Week Auction Rate	8.50	October 27, 2017	8.25	8.25
Sweden Riksbank – Repo Rate	-0.50	October 26, 2017	-0.50	-0.50
Norges Bank – Deposit Rate	0.50	October 26, 2017	0.50	0.50
Central Bank of Turkey – Benchmark Repo Rate	8.00	October 26, 2017	8.00	8.00

ECB: A material reduction in the pace of bond buying from €60 billion per month at present is expected alongside no changes in policy rates. The arguments for reducing purchases speak to improving growth and limits to the share of Eurozone bond markets that can be purchased by the ECB. The arguments against reducing purchases include supercore inflation stuck at a soft 1% y/y and euro currency appreciation this year. We wouldn't be surprised to see other policy tools substituted for a reduction in bond purchases. No policy changes are expected from the Riksbank, Norges Bank or Turkey's central bank while Russia may entertain further rate cuts albeit in the face of more cautious guidance out of the last meeting.

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	October 31, 2017	-0.10	--
Reserve Bank of Australia – Cash Target Rate	1.50	November 6, 2017	1.50	1.50
Reserve Bank of New Zealand – Cash Rate	1.75	November 8, 2017	1.75	--
People's Bank of China – Lending Rate	4.35	TBA	--	--
Reserve Bank of India – Repo Rate	6.00	December 6, 2017	6.00	--
Bank of Korea – Bank Rate	1.25	November 30, 2017	1.25	--
Bank of Thailand – Repo Rate	1.50	November 8, 2017	1.50	1.50
Bank Negara Malaysia – Overnight Policy Rate	3.00	November 9, 2017	3.00	3.00
Bank Indonesia – 7-Day Reverse Repo Rate	4.25	November 16, 2017	4.25	--

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	8.25	October 25, 2017	7.50	7.50
Banco Central de Chile – Overnight Rate	2.50	November 14, 2017	2.50	--
Banco de la República de Colombia – Lending Rate	5.25	October 27, 2017	5.25	5.25
Banco Central de Reserva del Perú – Reference Rate	3.50	November 9, 2017	3.50	--

Banco Central do Brasil: A reduced pace of rate cuts is expected as the central bank approaches the prior low point in 2013 and inflation shows signs of stabilizing. **Banrep:** is not expected to reduce its policy rate again next week but guidance from the Governor (against cuts until well into next year) and the Finance Minister (who prefers continued easing and sits on the board) stand in conflict to one another and presents the risk of continued easing against the backdrop of soft growth.

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	6.75	November 23, 2017	6.75	--

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