

WANTED: SKILLED NEGOTIATORS

- [United States — Healthcare Reform To Dominate Market Risks](#) 2
- [Europe — Retreating Reflation As Brexit Formally Commences](#) 3
- [Canada — GDP Isn't Everything To BoC's Poloz](#) 3-4
- [Latin America — Will Banxico Take A Pass This Time?](#) 4
- [Asia — Clearer Growth Signals From China?](#) 5

FEATURE ARTICLE

- [Mexico: Monetary Tightening Amid Slow Economic Recovery](#) 6

Pablo Bréard

FORECASTS & DATA

- [Key Indicators](#) A1-A3
- [Global Auctions Calendar](#) A4
- [Events Calendar](#) A5
- [Global Central Bank Watch](#) A6

CONTACTS

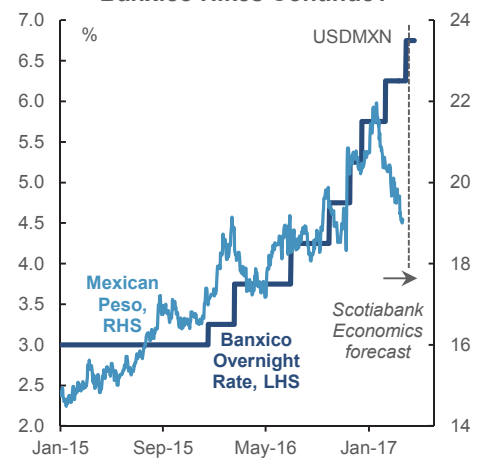
Derek Holt, VP & Head of Capital Markets Economics
416.863.7707
Scotiabank Economics
derek.holt@scotiabank.com

Next Week's Risk Dashboard

- ▶ US health care reform
- ▶ UK's "Article 50" application
- ▶ EU-27 Leaders meeting
- ▶ Chinese PMIs
- ▶ Eurozone inflation, consumer spending
- ▶ CDN GDP
- ▶ BoC's Poloz
- ▶ Banxico
- ▶ Quebec budget
- ▶ US macro hits
- ▶ Fed speak
- ▶ PBOC's Zhou
- ▶ Japan macro dump
- ▶ BoT

Chart of the Week

Banxico Hikes Continue?



Sources: Scotiabank Economics, Bloomberg.

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

Wanted: Skilled Negotiators

UNITED STATES — HEALTHCARE REFORM TO DOMINATE MARKET RISKS

As we go to print, the US House of Representatives is preparing to vote on the Trump administration's health care reforms yet both the timing and outcome of any vote are highly uncertain. Either way, the outcome could dominate market attention over the coming week above and beyond anything else on the calendar.

If the vote passes, it may reinforce expectations for expedited health care reform that could also lift prospects for tax cuts and regulatory reforms to be passed this year. If it fails to pass, then the market assumptions on tax and regulatory reforms may be dented as the road toward health care and tax reform becomes longer and more complicated. The best-case scenario for the House to pass the bill still leaves wide open risks on how it may fare in the Senate and the prospect for further and more protracted negotiations in the context of higher GOP defection risk given the 52-48 edge the Republicans hold in that chamber. As chart 1 demonstrates, the bill's passage is anything but assured with Republicans marked by internal divisions at least as great under President Trump as under former President Obama. Given that all Democrats are expected to vote against the bill, the number of GOP members joining them looks set to exceed the maximum 21 GOP 'no' votes that could still result in the bill's passage assuming all Democrats turn out for the vote. Nevertheless, even if a health care reform bill ultimately passes both the House and the Senate, the ultimate arbiters will be voters in the November 2018 mid-terms.

Clearly a modicum of data risk over the coming week is likely to pale in comparison to this core issue governing market pricing and so brief mention of the hits includes the following:

Conference Board's consumer confidence: Until tax cuts are actually delivered and we know how many people lose health care coverage, Tuesday's March reading may be hard pressed to build further upon what is already the highest reading since July 2001 and hence around the dot com period.

Pending home sales: Will the February reading flip the sign on the 2.8% drop in January and restore growth after falling for two of the past three months? A roughly three-quarters of a percentage point backing up in the 30 year fixed mortgage rate since late last summer could put downside risks to housing but the timing is uncertain. If mortgage purchase applications are holding up because of the fear that mortgage rates may rise further if purchase decisions are delayed, then home sales may be brought forward and then weaken. If income gains accelerate to offset mortgage costs then perhaps this won't happen.

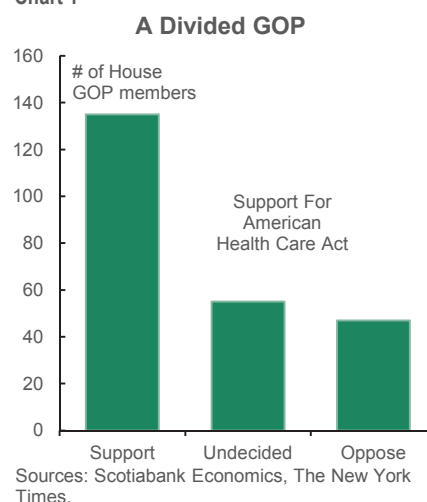
Q4 GDP growth will be subject to the third and 'final' estimate in the current round of quarterly revisions. The initial print of 1.9% GDP growth in Q1 was left intact in the first round of revisions. This next round will incorporate more complete services data ([here](#)).

Consumption growth, income growth and the Fed's preferred inflation gauge: These estimates land Friday for the month of February. After mild retail sales growth of only 0.1% in dollar terms and no growth in inflation-adjusted terms during February, don't expect a buoyant overall report that more completely captures services spending. The price deflator for core personal spending is likely to remain stuck in the 1.7% y/y range.

Fed-speak will continue and will be dominated by regional Presidents including two 2017 voters (Evans twice, Kaplan three times), one alternate FOMC member (Williams) and two nonvoting FOMC members (Rosengren, George).

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

Chart 1



EUROPE — RETREATING REFLATION AS BREXIT FORMALLY COMMENCES

Eurozone inflation reports and consumer spending updates will inform growth tracking and ECB monetary policy risks over the coming week, while political risk may intensify via the formal commencement of Brexit negotiations.

UK PM Theresa May has set next Wednesday as the day her government will formally put forth an **Article 50 application** under the Treaty of Lisbon to commence negotiations to withdraw from the European Union. It is supposed to be a two-year process at most unless all member governments agree to extend it. To stop the process and have a change of heart once an application has been set forth also requires all member governments to agree and so exit is triggered unilaterally but exiting the exit must achieve unanimous consent. Any negotiated settlement has to be approved by every parliament while Scotland moves toward another referendum and elections are pending in France, Germany and Italy. With none of its own experienced trade negotiators to call upon, the UK must negotiate not only a new framework with the EU but also replace its involvement in EU treaties with the rest of the world with its own such treaties but from a less powerful negotiating position. All of this begins after this **Saturday’s EU-27 Leaders Summit in Rome** that celebrates the 60th anniversary of the founding Treaty of Rome that was signed by France, Italy, West Germany and the Benelux countries. **A soft Brexit option seems remote at this point versus a hard Brexit that perhaps brings forth greater EU unity, sends a strong message at the UK’s expense on how other exit candidates could be treated in future, and puts the UK on the defensive in the negotiations.**

CPI updates for the month of March will come from Germany (Thursday) and then on Friday from France, Italy and Spain. The year-ago readings may continue to come under mild upward pressure for the next couple of months. Afterward it could be a very different picture for two reasons. One is that the year-ago base effects will probably begin to put downward pressure upon inflation since CPI will be moving past the trough that occurred in the February to April readings (chart 2). Second is that with energy prices under renewed weakness, CPI pressures may diminish in year-ago and month-ago terms. **I’ve long maintained the view that the reflation trade was mostly about gas prices and base effects and that both influences would dissipate over the back half of 2017.** We’re close to entering the trial phase of this argument in terms of hard inflation data, while markets continue to gently back off inflation expectations (chart 3).

How Eurozone consumers are faring will also be refreshed through a series of data releases. **Consumers have hardly been a bright spot in the overall picture thus far.** German inflation-adjusted retail sales are up only 2.3% y/y and have declined in four of the past six months. French inflation-adjusted consumer spending is up by only 1.4% y/y and has been flat for the past three months overall. Spanish inflation-adjusted retail sales are flat at -0.1% y/y.

Interwoven between these three main developments will be updates on German business confidence and broader Eurozone confidence readings, Q4 UK GDP revisions and services data, Italian industrial sales and orders, and German unemployment.

CANADA — GDP ISN’T EVERYTHING TO BOC’S POLOZ

Tuesday and Friday will be the key days for Canada-watchers next week for three reasons.

Tuesday brings out both macro risk and more concentrated potential risk for Quebec investors. **Bank of Canada Governor Stephen Poloz speaks Tuesday afternoon** before the Vancouver Board of Trade. His topic will be “Canada’s Economic History” which pretty much leaves the door wide open on market and policy risks. There will be audience Q&A and a press conference.

Chart 2

Year-Ago Comparisons Are About To Change

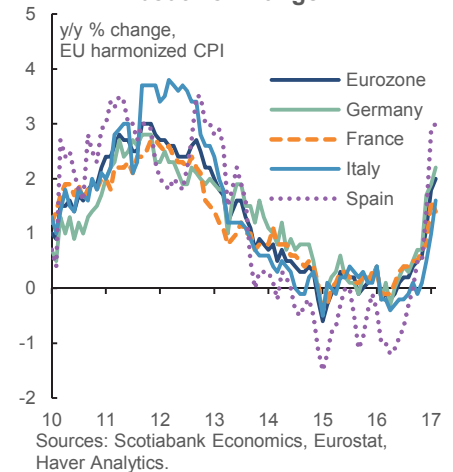


Chart 3

Easing Eurozone Inflation Expectations



Quebec presents its budget close to Poloz's speech and Scotia's Mary Webb will be covering while offering the following remark. In advance of Quebec's Budget on March 28th, the government's monthly updates report a \$2.3 billion cumulative surplus for the first nine months of fiscal 2016-17 (FY17) to December. For Q1-Q3, General Fund y/y revenue growth of 2.9% is ahead of Quebec's estimate last Fall of a 2.6% annual gain, while the y/y rise in its General Fund total expenditures is held to 0.9%, a fraction of the government's forecast of a 3.5% annual jump. In Q4, however, a number of expenditures may be recorded, possibly to create some room in FY18 for Quebec to respond to US trade and tax developments. After its \$2.2 billion surplus and accelerated debt reduction in FY16, and its fiscal flexibility this year, the Province's release next week is expected to be upbeat.

On Friday, **Canada releases the latest monthly GDP growth report** for January. It's likely to be a fairly decent number and my estimate is for about 0.3% m/m growth. That's not iron clad by any means, but a model based on high frequency activity measures like manufacturing sales volumes (+0.7% m/m), housing starts (+1% m/m but driven by lower value-added multiple units), hours worked (-0.5% m/m), retail sales volumes (+1.3% m/m) and wholesale volumes (+3.4% m/m) has an average prediction error of 0.1%. That average masks some fairly large outliers in both directions but it's a starting point. Other considerations may include difficulty in adding to utility output following strong growth in December, that other sectors reflecting domestic demand might follow higher the 2.5% m/m spike in import volumes, and that services related to facilitating export activity could get a lift from the 1% rise in export volumes.

After posting fake growth of 2.6% in Q4, 2017Q1 could be tracking more meaningful growth in the 2.7% range based upon the Q4 hand-off and this assumption for January GDP. Recall that Q4 registered 'fake' growth because it was driven by a contribution of 4.6 percentage points to top line GDP growth from collapsing imports while investment has retreated at a rapid pace for the past two quarters and trend export growth has been very mild. That has left what may be largely just transitory factors supporting consumption in an extension of a bloated spending cycle; like tax cuts, higher child benefits, job growth that is likely to slow, a weak C\$ that is supporting spending within Canada and attracting tourists, higher immigration, and waning effects of BoC rate cuts. Several of these policy measures have boosted consumption and housing demand relative to what would have otherwise been the case but they may be transitory arguments. I remain of the view that the strength in consumption and in some regional housing markets like Toronto's remains backed by solid fundamentals that have clearly strengthened since mid-2015 but that are likely to dissipate as positive influences on growth.

Canada conducts a two year bond auction on Wednesday.

LATIN AMERICA — WILL BANXICO TAKE A PASS THIS TIME?

Banxico isn't likely finished hiking rates but consensus is divided on whether or not the next move may come as soon as next Thursday's policy decision. Across LatAm markets, the Banxico meeting will be the most watched development over the coming week.

Scotia's Pablo Bréard expects a 50bps hike in Banxico's overnight rate that presently sits at 6.25%. Please see his preview on page 6 that also positions the call in the context of elections and fiscal policy considerations. One influencing factor in which Banxico can seek some comfort is that the peso has been strong of late and against all comers since the last Banxico decision on February 9th (chart 5). The central bank's swap arrangements with the Federal Reserve, rate hikes to date, and stumbling blocks facing the Trump administration's grander policy plans have all benefited the currency. As a consequence, inflation risk via exchange rate pass-through has diminished at the margin even though pass-through effects are not over.

Data risk may offer incremental market opportunities across a few LatAm markets. It will include trade figures from Mexico on Monday, industrial production figures from Chile and Argentina, and Brazilian readings on inflation and retail sales (that have been falling by about 5% y/y).

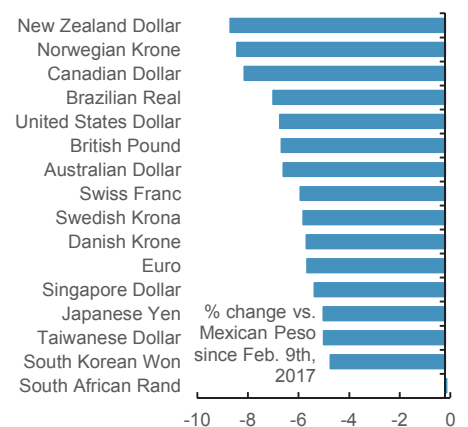
Chart 4 Mostly Positive Drivers Of January GDP



Sources: Scotiabank Economics, Statistics Canada.

Chart 5

Does Peso Strength Lessen Pressure For Rate Hikes?



Sources: Scotiabank Economics, Bloomberg.

ASIA — CLEARER GROWTH SIGNALS FROM CHINA?

China will be the focal point for Asian sources of risk to global markets, while regional Asian markets face a variety of domestic influences over the coming week. It's often the case that Chinese macro watching is skewed at the start of the year due to various seasonality arguments that impact macro and credit variables, but next week begins to move into a period for more reliable signals. Whereas alternate measures of growth in the Chinese economy than GDP have signalled a potential top of late—such as a Keqiang Index that tracks electricity output, railcar loadings and credit growth (chart 6)—the signals can be less dependable early in the year.

One reason to focus upon China will be Friday's purchasing managers' indices. They will be the state versions for both the manufacturing and the far larger non-manufacturing sectors. **We may begin to get 'cleaner' data** given the period covered will be the month of March. Recall that the earlier than normal Lunar New Year may have biased the January print lower when production shuts down leading up to it and for the full holiday week and the February print higher when production resumed. March should shake out this influence to give a purer sense of what's going on in China's manufacturing sector that has been posting milder growth than the non-manufacturing sector.

Second, China should release industrial profits next week. **The sharp recovery in profits that occurred over 2016 and that mitigated concerns about the credit cycle may be in the process of succumbing to weaker growth in 2017** simply by virtue of the year-ago comparisons being to the profit recovery versus the prior period of weakness in 2015.

Third, **People's Bank of China Governor Zhou Xiaochuan speaks three times on three different topics** at the annual Boao Forum this weekend (agenda [here](#)). His first panel topic will be "Globalization and Free Trade: The Asian Perspectives." His second panel topic will be the next day on "Testing the Limits of Monetary Policy." His final panel topic later in the day will be "Looking at the Economy from the Supply Side." With such wide-ranging topics, the scope for policy relevant remarks could be significant and also set against the backdrop of recent PBOC efforts to inject liquidity and offset upward pressures on short-term market rates (chart 7).

Japan conducts its monthly data dump next week. It will release updates for CPI, retail sales, the jobless rate, household spending, industrial production and housing starts. The more important of the measures will be CPI that is expected to continue to hover slightly above 0% in year-ago headline and core ex-fresh food and energy terms.

Bank of Thailand is expected to leave its repurchase rate unchanged at 1.5% on Wednesday. Macro hits of possible regional market relevance will include South Korean industrial production and exports plus Q4 GDP revisions, Australian new home sales, and both exports and retail sales in Hong Kong.

Chart 6

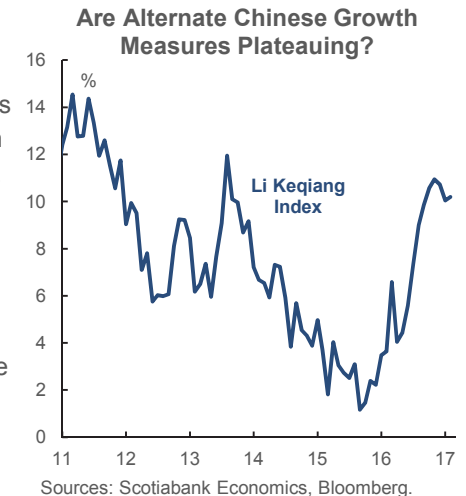
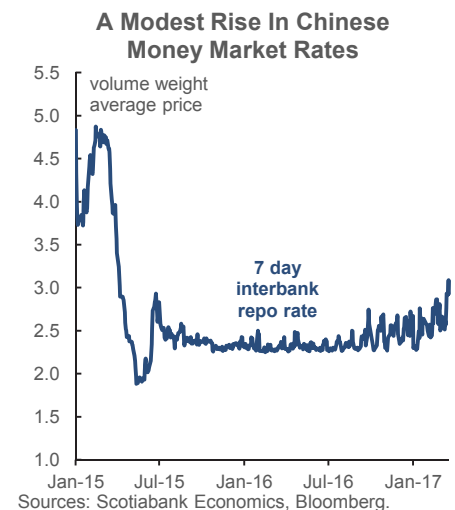


Chart 7



Feature Article

Mexico: Monetary Tightening Amid Slow Economic Recovery

The Mexican central bank remains in tightening mode. In response to escalating inflationary pressures fed by swift adjustments to transport fuel prices and currency market volatility in the wake of the US presidential elections, Banco de Mexico maintained a bias towards tightening monetary conditions which caused a gradual unwinding of the recent depreciation of the Mexican peso (MXN). Looking ahead, it is our view that the central bank reference rate will most likely be increased by 50 basis points (bps) to 6.75% at the next policy-setting meeting scheduled for March 30th.

The growth and inflation outlook has been subject to adverse risk factors over the past few months. The steady erosion in public sector finance indicators has accelerated the process of fiscal consolidation to avert a potential credit rating downgrade. Please note that all international credit agencies have placed Mexico's long-term foreign-currency ratings on "negative outlook" watch over the past 12 months. The associated fiscal restraint resulting from a sharp reduction in oil-related fiscal revenue and multiple budget cuts deepened an already weak situation in the construction sector, with substantial moderating effects in economic activity. We estimate that real GDP will expand by merely 1.4% in 2017. On a positive note, private consumption remains robust, strongly aided by favourable employment conditions.

The adjustment in administered prices earlier in the year fuelled inflationary pressures pushing the headline rate to 4.9% y/y by the end of February, up from 2.5% y/y in Jun-2016 (see chart 1). The latest survey conducted by the central bank calls for an end-year inflation rate of 5.4% (while we project a slightly higher rate of 5.9% y/y). In a strict orthodox response, the central bank has decisively acted by increasing its reference rate by 325 bps to 6.25% over the past 14 months. Derivatives markets contracts discount further rate hikes in the coming months. We project that the central bank reference rate will close the year at 7.25%, which is 100 bps higher than the current reading (see chart 2).

The combined effect from currency strength and higher domestic interest rates has been an irresistible magnet to keep (if not increase) foreign investors' exposure to peso-denominated government securities. The Mexican peso experienced a rapid recovery from the elevated stress (and associated overshooting) occurred over the past three months (see chart 3). Looking ahead, however, the peso might regain a volatile trading range as investors incorporate policy shifts to be adopted by the newly elected US administration and, increasingly, uncertainties regarding the electoral cycle at home.

Presidential elections, scheduled for July 2018, will be the dominant local event affecting the political environment in the coming months. However, the June 2017 elections in the state of Mexico will provide a gauge of electoral sentiment towards the current leadership and potential demands from society ahead of the July 2018 vote. On the domestic policy front, fiscal consolidation is a key priority of the current government to boost investor confidence in the near term. Irrespective of uncertainties regarding potential shifts in US policies at the regional level, Mexico will likely benefit from a strengthening North American economy, as the USA will remain the key structural source of capital flows and trade activity.

CONTACTS

Pablo Bréard, VP & Head of International Economics
 416.862.3876
 Scotiabank Economics
pablo.breard@scotiabank.com

Chart 1



Chart 2

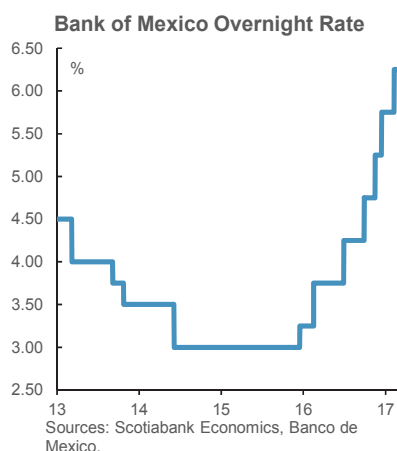


Chart 3



Key Indicators for the week of March 27 – 31
NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
MX	03/27	10:00	Global Economic Indicator IGAE (y/y)	Jan	1.18	--	2.08
MX	03/27	10:00	Trade Balance (US\$ mn)	Feb	-2123	--	-3294
US	03/27	10:30	Dallas Fed. Manufacturing Activity	Mar	--	21.0	24.5
US	03/28	08:30	Wholesale Inventories (m/m)	Feb P	--	0.2	-0.2
US	03/28	09:00	S&P/Case-Shiller Home Price Index (m/m)	Jan	--	0.7	0.9
US	03/28	09:00	S&P/Case-Shiller Home Price Index (y/y)	Jan	--	5.6	5.6
MX	03/28	10:00	Unemployment Rate (%)	Feb	3.59	--	3.59
US	03/28	10:00	Consumer Confidence Index	Mar	114.0	113.0	114.8
US	03/28	10:00	Richmond Fed Manufacturing Index	Mar	--	14.0	17.0
US	03/29	07:00	MBA Mortgage Applications (w/w)	MAR 24	--	--	-2.7
US	03/29	10:00	Pending Home Sales (m/m)	Feb	--	2.4	-2.8
CA	03/30	08:30	IPPI (m/m)	Feb	--	--	0.5
CA	03/30	08:30	Raw Materials Price Index (m/m)	Feb	--	--	1.7
US	03/30	08:30	GDP (q/q a.r.)	4Q T	1.9	2.0	1.9
US	03/30	08:30	GDP Deflator (q/q a.r.)	4Q T	--	2.0	2.0
US	03/30	08:30	Initial Jobless Claims (000s)	MAR 25	240	--	258
US	03/30	08:30	Continuing Claims (000s)	MAR 18	2040	--	2000
MX	03/30	15:00	Overnight Rate (%)	Mar 30	6.75	--	6.25
CA	03/31	08:30	Real GDP (m/m)	Jan	0.3	--	0.3
US	03/31	08:30	PCE Deflator (m/m)	Feb	0.1	0.1	0.4
US	03/31	08:30	PCE Deflator (y/y)	Feb	2.1	2.1	1.9
US	03/31	08:30	PCE ex. Food & Energy (m/m)	Feb	0.2	0.2	0.3
US	03/31	08:30	PCE ex. Food & Energy (y/y)	Feb	1.8	1.8	1.7
US	03/31	08:30	Personal Spending (m/m)	Feb	0.2	0.2	0.2
US	03/31	08:30	Personal Income (m/m)	Feb	0.3	0.3	0.4
US	03/31	09:45	Chicago PMI	Mar	--	57.0	57.4
US	03/31	10:00	U. of Michigan Consumer Sentiment	Mar F	--	97.6	97.6

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
GE	03/27	04:00	IFO Business Climate Survey	Mar	110.9	--	111.0
GE	03/27	04:00	IFO Current Assessment Survey	Mar	117.2	--	118.4
GE	03/27	04:00	IFO Expectations Survey	Mar	105.0	--	104.0
GE	MAR 27-APR 3		Retail Sales (m/m)	Feb	--	--	-1.0
UK	MAR 28-APR 3		Nationwide House Prices (m/m)	Mar	--	--	0.6
UK	03/29	04:30	Net Consumer Credit (£ bn)	Feb	--	--	1.4
SP	03/30	03:00	CPI (m/m)	Mar P	--	--	-0.4
SP	03/30	03:00	CPI (y/y)	Mar P	--	--	3.0
SP	03/30	03:00	CPI - EU Harmonized (m/m)	Mar P	1.8	--	-0.3
SP	03/30	03:00	CPI - EU Harmonized (y/y)	Mar P	2.8	--	3.0
EC	03/30	05:00	Business Climate Indicator	Mar	--	--	0.8
EC	03/30	05:00	Economic Confidence	Mar	107.9	--	108.0
EC	03/30	05:00	Industrial Confidence	Mar	1.3	--	1.3
GE	03/30	08:00	CPI (m/m)	Mar P	0.8	--	0.6
GE	03/30	08:00	CPI (y/y)	Mar P	2.0	--	2.2
GE	03/30	08:00	CPI - EU Harmonized (m/m)	Mar P	0.8	--	0.7
GE	03/30	08:00	CPI - EU Harmonized (y/y)	Mar P	2.0	--	2.2
UK	03/30	19:01	GfK Consumer Confidence Survey	Mar	--	--	-6.0
FR	03/31	02:45	Consumer Spending (m/m)	Feb	0.4	--	0.6
FR	03/31	02:45	CPI (m/m)	Mar P	0.8	--	0.1
FR	03/31	02:45	CPI (y/y)	Mar P	1.3	--	1.2
FR	03/31	02:45	CPI - EU Harmonized (m/m)	Mar P	0.8	--	0.2
FR	03/31	02:45	CPI - EU Harmonized (y/y)	Mar P	1.5	--	1.4
FR	03/31	02:45	Producer Prices (m/m)	Feb	--	--	0.7
SP	03/31	03:00	Real Retail Sales (y/y)	Feb	--	--	-0.1

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

Key Indicators for the week of March 27 – 31

EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
GE	03/31	03:55	Unemployment (000s)	Mar	-10.0	--	-15.0
GE	03/31	03:55	Unemployment Rate (%)	Mar	5.9	--	5.9
SP	03/31	04:00	Current Account (€ bn)	Jan	--	--	3.4
UK	03/31	04:30	Business Investment (q/q)	4Q F	--	--	-1.1
UK	03/31	04:30	Current Account (£ bn)	4Q	--	--	-25.5
UK	03/31	04:30	GDP (q/q)	4Q F	--	--	0.7
UK	03/31	04:30	Index of Services (m/m)	Jan	--	--	0.2
EC	03/31	05:00	Euro zone CPI Estimate (y/y)	Mar	1.9	--	2.0
EC	03/31	05:00	Euro zone Core CPI Estimate (y/y)	Mar A	1.0	--	0.9
IT	03/31	05:00	CPI (m/m)	Mar P	--	--	0.4
IT	03/31	05:00	CPI (y/y)	Mar P	--	--	1.6
IT	03/31	05:00	CPI - EU Harmonized (m/m)	Mar P	2.1	--	0.2
IT	03/31	05:00	CPI - EU Harmonized (y/y)	Mar P	1.6	--	1.6
SP	03/31		Budget Balance YTD (€ mn)	Feb	--	--	-26410

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
VN	MAR 24-31		Exports (y/y)	Mar	--	--	15.4
VN	MAR 24-31		Imports (y/y)	Mar	--	--	19.6
VN	MAR 24-31		Industrial Production (y/y)	Mar	--	--	15.2
VN	MAR 24-31		Real GDP YTD (y/y)	1Q	--	--	6.2
CH	03/26	21:30	Industrial Profits YTD (y/y)	Feb	--	--	2.3
SK	MAR 26-31		Department Store Sales (y/y)	Feb	--	--	4.6
HK	03/27	04:30	Exports (y/y)	Feb	--	--	-1.2
HK	03/27	04:30	Imports (y/y)	Feb	--	--	-2.7
HK	03/27	04:30	Trade Balance (HKD bn)	Feb	--	--	-12.3
SK	03/27	19:00	GDP (y/y)	4Q F	2.3	--	2.3
SK	03/28	17:00	Business Survey- Manufacturing	Apr	--	--	81.0
SK	03/28	17:00	Business Survey- Non-Manufacturing	Apr	--	--	77.0
JN	03/28	19:50	Large Retailers' Sales (y/y)	Feb	--	--	-1.1
JN	03/28	19:50	Retail Trade (y/y)	Feb	--	1.0	1.0
TH	03/29	03:00	BoT Repo Rate (%)	Mar 29	1.50	1.50	1.50
AU	03/29	20:00	HIA New Home Sales (m/m)	Feb	--	--	-2.2
HK	03/30	04:30	Retail Sales - Volume (y/y)	Feb	--	--	-1.4
SK	03/30	19:00	Industrial Production (y/y)	Feb	--	--	1.7
SK	03/30	19:00	Cyclical Leading Index Change	Feb	--	--	0.1
JN	03/30	19:30	Household Spending (y/y)	Feb	--	-1.7	-1.2
JN	03/30	19:30	Jobless Rate (%)	Feb	3.0	3.0	3.0
JN	03/30	19:30	National CPI (y/y)	Feb	0.3	0.2	0.4
JN	03/30	19:30	Tokyo CPI (y/y)	Mar	--	-0.2	-0.3
JN	03/30	19:50	Industrial Production (y/y)	Feb P	--	4.0	3.7
AU	03/30	20:30	Private Sector Credit (y/y)	Feb	--	5.3	5.4
CH	03/30	21:00	Manufacturing PMI	Mar	51.5	51.6	51.6
CH	03/30	21:00	Non-manufacturing PMI	Mar	54.0	--	54.2
PH	MAR 30-31		Bank Lending (y/y)	Feb	--	--	16.2
JN	03/31	00:00	Vehicle Production (y/y)	Feb	--	--	3.8
JN	03/31	01:00	Housing Starts (y/y)	Feb	--	-1.0	12.8
JN	03/31	01:00	Construction Orders (y/y)	Feb	--	--	1.1
TH	03/31	03:30	Exports (y/y)	Feb	--	--	8.5
TH	03/31	03:30	Imports (y/y)	Feb	--	--	11.3
TH	03/31	03:30	Trade Balance (US\$ mn)	Feb	--	--	1891
TH	03/31	03:30	Current Account Balance (US\$ mn)	Feb	--	3500	5008
IN	03/31	07:00	Fiscal Deficit (INR Crore)	Feb	--	--	62942
SK	03/31	20:00	Exports (y/y)	Mar	--	10.2	20.2
SK	03/31	20:00	Imports (y/y)	Mar	--	--	23.3
SK	03/31	20:00	Trade Balance (US\$ mn)	Mar	--	--	7223

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

Key Indicators for the week of March 27 – 31

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>
BZ	03/30	07:30	Economic Activity Index SA (m/m)	Jan	--	--	-0.3
BZ	03/30	07:30	Economic Activity Index NSA (y/y)	Jan	--	--	-1.8
BZ	03/30	08:00	Retail Sales (m/m)	Jan	--	--	-2.1
BZ	03/30	08:00	Retail Sales (y/y)	Jan	--	--	-4.9
CL	03/30	08:00	Industrial Production (y/y)	Feb	-1.5	--	-1.2
CL	03/31	08:00	Unemployment Rate (%)	Feb	6.5	--	6.2
CO	03/31	11:00	Urban Unemployment Rate (%)	Feb	--	--	13.4

Global Auctions for the week of March 27 – 31

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	03/27	13:00	U.S. to Sell 2-Year Notes
US	03/28	13:00	U.S. to Sell 5-Year Notes
US	03/29	11:30	U.S. to Sell 2-Year Floating Rate Notes Reopening
CA	03/29	12:00	Canada to Sell 2-Year Bonds
US	03/29	13:00	U.S. to Sell 7-Year Notes

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
IT	03/28	05:00	Italy to Sell Bonds
UK	03/28	05:30	U.K. to Sell 0.5% 2022 Bonds
GE	03/28	05:30	Germany to Sell EUR4 Bln 0% 2019 Bonds
NO	03/29	05:05	Norway to Sell Bonds
IT	03/30	05:00	Italy to Sell Bonds
SW	03/30	05:03	Sweden to Sell I/L Bonds
UK	03/31	06:00	U.K. to Sell Bills

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	03/27	20:00	Australia Plans to Sell I/L Bonds
JN	03/29	23:45	Japan to Sell 2-Year Bonds

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BZ	03/30	11:00	Brazil to Sell Fixed Rate Bonds

Events for the week of March 27 – 31

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	03/27	13:15	Fed's Evans Speaks on Economy and Policy in Madrid
US	03/27	18:30	Fed's Kaplan Speaks in College Station, Texas
CA	03/28	10:10	Bank of Canada Governor Stephen Poloz Speech in Oshawa
CA	03/28	11:10	Bank of Canada Governor Stephen Poloz Press Conference
US	03/28	12:45	Fed's George Speaks in Midwest City, OK
US	03/28	13:00	Fed's Kaplan Speaks in Dallas
US	03/29	09:20	Fed's Evans Speaks on Economy and Policy in Frankfurt
US	03/29	11:30	Fed's Rosengren Speaks at Economic Club of Boston
US	03/29	13:15	Fed's Williams Speaks to Forecaster's Club of New York
US	03/30	09:45	Fed's Mester Speaks in Chicago on Payment System Improvement
US	03/30	11:00	Dallas Fed's Kaplan Speaks in Washington
US	03/30	11:15	Fed's Williams Speaks at Learning Community Event in New York
MX	03/30	15:00	Overnight Rate
US	03/31	10:00	Fed's Kashkari Answers Questions at Banking Conference

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	03/25	04:00	EU Summit in Rome
EC	03/27	13:15	ECB's Praet takes part in panel discussion in Madrid
EC	03/28	02:00	EU's Katainen Speaks at Politico Event in Brussels
RU	03/28	03:00	Bank of Russia Governor Nabiullina Speaks at Bankers' Meeting
SW	03/28	03:05	Riksbank Governor Stefan Ingves Gives Speech
IT	03/28	11:30	Bank of Italy Governor Visco Speaks at Book Presentation
SZ	03/28	12:30	SNB's Maechler Speaks in Geneva
EC	03/28	00:00	EU's Arias Canete Visits China March 28 - April 2
IT	03/30	00:00	G7 Culture Ministers Meet in Italy
EC	03/31	04:30	ECB's Coeure speaks in Brussel
SP	03/31		Spain Sovereign Debt to be rated by S&P
NO	03/31		Norway Sovereign Debt to be rated by Fitch
RU	03/31		Russia Sovereign Debt to be rated by Fitch
SZ	03/31		Switzerland Sovereign Debt to be rated by Fitch
FR	03/31		France Sovereign Debt to be rated by DBRS

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
HK	03/25	20:00	Hong Kong Chief Executive vote
CH	03/25	21:00	PBOC's Zhou Speaks on Monetary Policy at Boao Forum
CH	03/26	01:30	PBOC's Zhou Speaks on Supply-Side Economics at Boao Forum
JN	03/26	19:50	BOJ Summary of Opinions at March 15-16 Meeting
AU	03/27	18:00	RBA's Debelle Speech in Sydney
TH	03/29	03:00	BoT Benchmark Interest Rate

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	April 12, 2017	0.50	0.50
Federal Reserve – Federal Funds Target Rate	1.00	May 3, 2017	1.00	1.00
Banco de México – Overnight Rate	6.25	March 30, 2017	6.75	--

Banco de México: Scotia expects the central bank to hike by 50bps on Thursday as inflation continues to edge higher. Please see Pablo Bréard's preview on page 6.

Bank of Canada: Governor Poloz speaks on Tuesday but the topic has yet to be disclosed.

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	April 27, 2017	0.00	--
Bank of England – Bank Rate	0.25	May 11, 2017	0.25	--
Swiss National Bank – Libor Target Rate	-0.75	June 15, 2017	-0.75	--
Central Bank of Russia – One-Week Auction Rate	10.00	April 28, 2017	10.00	10.00
Sweden Riksbank – Repo Rate	-0.50	April 27, 2017	-0.50	--
Norges Bank – Deposit Rate	0.50	May 4, 2017	0.50	--

ASIA PACIFIC

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Japan – Policy Rate	-0.10	April 27, 2017	-0.10	--
Reserve Bank of Australia – Cash Target Rate	1.50	April 4, 2017	1.50	1.50
Reserve Bank of New Zealand – Cash Rate	1.75	May 10, 2017	1.75	1.75
People's Bank of China – Lending Rate	4.35	TBA	--	--
Reserve Bank of India – Repo Rate	6.25	April 6, 2017	6.25	--
Bank of Korea – Bank Rate	1.25	April 13, 2017	1.25	--
Bank of Thailand – Repo Rate	1.50	March 29, 2017	1.50	1.50
Bank Indonesia – 7-Day Reverse Repo Rate	4.75	April 20, 2017	4.75	--

Bank of Thailand: The BoT is expected to stay on hold on Wednesday. Currency strength concerns are offset by upward revisions to the BoT's projections for growth.

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	12.25	April 12, 2017	11.75	--
Banco Central de Chile – Overnight Rate	3.00	April 13, 2017	2.75	--
Banco de la República de Colombia – Lending Rate	7.25	March 24, 2017	7.00	7.00
Banco Central de Reserva del Perú – Reference Rate	4.25	April 6, 2017	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	March 30, 2017	7.00	7.00

South African Reserve Bank: A policy hold with the repo rate remaining at 7% is expected in next Thursday's decision.

This report has been prepared by Scotiabank Economics as a resource for the clients of Scotiabank. Opinions, estimates and projections contained herein are our own as of the date hereof and are subject to change without notice. The information and opinions contained herein have been compiled or arrived at from sources believed reliable but no representation or warranty, express or implied, is made as to their accuracy or completeness. Neither Scotiabank nor any of its officers, directors, partners, employees or affiliates accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

These reports are provided to you for informational purposes only. This report is not, and is not constructed as, an offer to sell or solicitation of any offer to buy any financial instrument, nor shall this report be construed as an opinion as to whether you should enter into any swap or trading strategy involving a swap or any other transaction. The information contained in this report is not intended to be, and does not constitute, a recommendation of a swap or trading strategy involving a swap within the meaning of U.S. Commodity Futures Trading Commission Regulation 23.434 and Appendix A thereto. This material is not intended to be individually tailored to your needs or characteristics and should not be viewed as a “call to action” or suggestion that you enter into a swap or trading strategy involving a swap or any other transaction. Scotiabank may engage in transactions in a manner inconsistent with the views discussed this report and may have positions, or be in the process of acquiring or disposing of positions, referred to in this report.

Scotiabank, its affiliates and any of their respective officers, directors and employees may from time to time take positions in currencies, act as managers, co-managers or underwriters of a public offering or act as principals or agents, deal in, own or act as market makers or advisors, brokers or commercial and/or investment bankers in relation to securities or related derivatives. As a result of these actions, Scotiabank may receive remuneration. All Scotiabank products and services are subject to the terms of applicable agreements and local regulations. Officers, directors and employees of Scotiabank and its affiliates may serve as directors of corporations.

Any securities discussed in this report may not be suitable for all investors. Scotiabank recommends that investors independently evaluate any issuer and security discussed in this report, and consult with any advisors they deem necessary prior to making any investment.

This report and all information, opinions and conclusions contained in it are protected by copyright. This information may not be reproduced without the prior express written consent of Scotiabank.

™ Trademark of The Bank of Nova Scotia. Used under license, where applicable.

Scotiabank, together with “Global Banking and Markets”, is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, including, Scotiabanc Inc.; Citadel Hill Advisors L.L.C.; The Bank of Nova Scotia Trust Company of New York; Scotiabank Europe plc; Scotiabank (Ireland) Limited; Scotiabank Inverlat S.A., Institución de Banca Múltiple, Scotia Inverlat Casa de Bolsa S.A. de C.V., Scotia Inverlat Derivados S.A. de C.V. – all members of the Scotiabank group and authorized users of the Scotiabank mark. The Bank of Nova Scotia is incorporated in Canada with limited liability and is authorised and regulated by the Office of the Superintendent of Financial Institutions Canada. The Bank of Nova Scotia is authorised by the UK Prudential Regulation Authority and is subject to regulation by the UK Financial Conduct Authority and limited regulation by the UK Prudential Regulation Authority. Details about the extent of The Bank of Nova Scotia's regulation by the UK Prudential Regulation Authority are available from us on request. Scotiabank Europe plc is authorised by the UK Prudential Regulation Authority and regulated by the UK Financial Conduct Authority and the UK Prudential Regulation Authority.

Scotiabank Inverlat, S.A., Scotia Inverlat Casa de Bolsa, S.A. de C.V., and Scotia Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities.

Not all products and services are offered in all jurisdictions. Services described are available in jurisdictions where permitted by law.