

US HAWKS DRIVING GEOPOLITICAL RISKS

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Chart of the Week

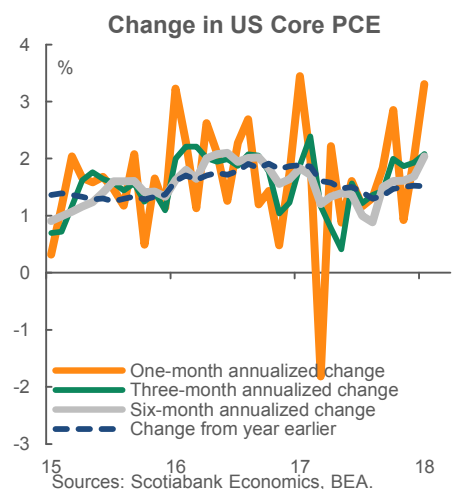


Chart of the Week: Prepared by: Raffi Ghazarian, Senior Research Analyst.

US Hawks Driving Geopolitical Risks

CANADA—MIND THE GAP FIRST, NAFTA SECOND

A first glimpse at growth to start off 2018 will be the main scheduled game in town for Canada macro watchers over the coming week. Major provincial budgets are also on tap. Bond markets will shut early on Thursday at 1pmET ahead of the Good Friday holiday.

January GDP arrives on Thursday. It may counter a stronger than expected backward looking inflation report ([here](#)). Current GDP growth is tracking a pace of just 1.2% q/q in Q1 at a seasonally adjusted and annualized rate. That's based on the monthly accounts and takes the Q4 hand-off plus my estimate for January GDP while assuming that the rest of the quarter turns out flat because of the need to keep the focus on the effects of what we know so far by way of data tracking.

For January, I'm figuring a monthly GDP gain of about 0.1% m/m. A large decline in hours worked plus a sharp drop in manufacturing shipment volumes and a flat housing starts print are offsets to figures like a decent gain in wholesale trade volumes plus a small gain in retail sales volumes. As well, large prior gains in real estate and finance (both partly on brought-forward housing demand ahead of tighter B-20 OSFI mortgage guidelines), utilities and mining may all prove difficult to sustain into January. The usual cautions apply including the fact that there is a lot of data yet to come in Q1 and given that monthly GDP tracking can deviate somewhat from the expenditure quarterly side accounts in part due to import leakage and inventory effects.

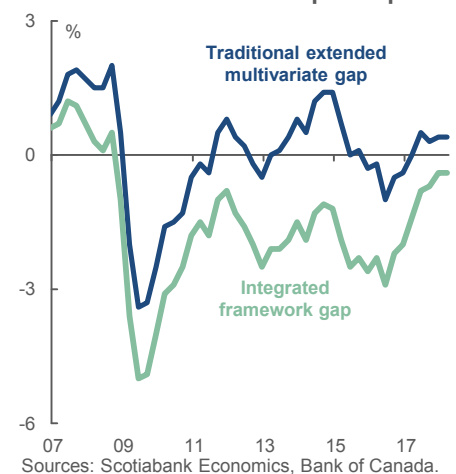
Nevertheless, that kind of soft Q1 growth tracking is below the Bank of Canada's estimate of potential GDP growth that the BoC had revised to 1.6% on average in 2018–19 in the January MPR. It is a lot below the BoC's forecast of 2.7% Q1 growth from the January MPR. That doesn't mean the forecast is pre-destined to be wrong at this preliminary stage, but if my estimate for January is close then it would take February and March gains approaching 0.4% m/m to get the monthly tracking up to the BoC's forecast. That would be fairly strong and with the same usual caveats on mapping monthlies onto quarterly growth. I still think it was unusual for the BoC's last statement to gloss over lost momentum in Q3 and Q4 that posted growth of only 1.7% in each quarter. Instead they pointed to the annual 2017 number which buries valuable information regarding waning growth momentum. Another quarter of growth within that range to start off 2018 would be hard for the BoC to continue looking through. **The closure of spare capacity and migration toward excess aggregate demand has essentially stalled for three straight quarters (chart 1).** The risk of once again underperforming its quarterly forecast may well come to spark greater concern at the central bank.

Could it become game on again if a) the risk to get a NAFTA-II-lite agreement comes through in April ahead of Mexican/US election campaigning and Congressional deadlines and if b) data evolves more favourably from here? It's possible that payback to supercharged prior growth (but still hardly bad) runs its course and firmer growth re-emerges. These arguments will take time and data to assess though.

And on NAFTA timelines, recall the unconfirmed guidance has been that the eighth round of talks may commence on April 8th in Washington. If so, and if it takes about 7–10 days for the round to be completed which seems to be the norm, then we might know by the week of April 16th whether there is any hope of getting NAFTA-II-lite. The BoC Policy Meeting is on April 18th. Spring housing risks, softening data, etc. would still weigh on near-term sentiment. There is the possibility that if by chance NAFTA-II-lite comes through then the April forecasts could be in for a sizeable upgrade to growth by removing some or all (more likely 'some') of the negative judgement applied to what their models are telling them at present. I highly doubt that would happen until the July round. One reason is that the BoC is more likely to say they want an inked deal passed or looking likely to pass before they begin to roll back negative forecast judgement and that will be a long and uncertain path. Another reason is that the staff forecasts begin to get submitted to the Governing Council far in advance of the meeting and then the Governing Council makes final adjustments

Chart 1

Canada's Stalled Output Gap



closer to game day and so they may not have time to incorporate anything into revised numbers. Regardless, they would still be near-term data dependent and 'cautious' as they put it. The best scenario for April is to hint at a little less concern on trade talks. Further, as US-China tensions build, any reduction of US-Canada trade policy risks may be countered by getting hit through the back door on global risk sentiment including but not limited to how that gets expressed through the currency and commodities.

Insofar as NAFTA negotiations are concerned, an agreement by April would give Trump the campaign fodder of saying he forced the two NAFTA partners to renegotiate and got his way, even if he mostly doesn't and each country winds up gaining something relatively minor while largely preserving the core of the NAFTA agreement. Nevertheless, uncertain progress on autos is still not accompanied by progress on other key sticking points in the negotiations (e.g., a sunset clause, dispute resolution mechanisms, mutual access to government procurement programs, dairy marketing boards etc.).

Mary Webb notes that sharply contrasting narratives are expected from Quebec's and Newfoundland and Labrador's 2018–19 Budgets on March 27 and Ontario's Budget on March 28. Chart 2 shows their fiscal paths to date. Overall we'll be looking to them for evidence of a fiscal impulse that may be of significance to the 2018–19 GDP forecasts. Newfoundland and Labrador, as of its *Fall Update*, expect a deficit of \$852 million (2.7% of GDP) in fiscal 2017–18 (FY18), a dramatic improvement on its FY17 and FY16 shortfalls of \$1.1 billion and \$2.2 billion, respectively. Though Brent oil prices have strengthened and production is ramping up at the province's fourth offshore oil field, provincial employment in calendar 2018 and 2019 is expected to further decline as work on major resource projects winds down, pointing to a cumulative 8% job loss over six years.

Ontario reports that it not only has balanced its books in fiscal 2017–18 (FY18) as scheduled, it also anticipates a surplus. In FY19, however, the government indicates a deficit of up to \$8 billion (1.0% of GDP) to accommodate multiple social program priorities, as outlined in their *Throne Speech* ([here](#)). Quebec's monthly data suggest a third consecutive hefty annual surplus in FY18, and the Province has announced a further stage in its substantive debt reduction that will remove \$2 billion annually for five years from its Generations Fund to retire maturing market debt.

After next week, only Saskatchewan and PEI are left to round off the year's budget season with most of the tone set for the provincial bond market by next week.

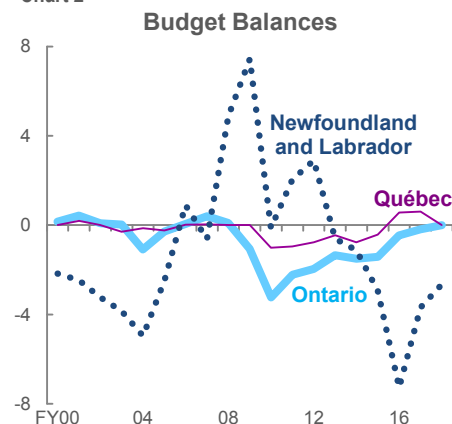
Canada auctions 2s on Tuesday.

UNITED STATES—INFLATION WATCH RESUMES

The post-FOMC market environment will largely focus upon fresh inflation figures over the coming week. There is relatively little else of major significance on the US calendar pending developments in US-China trade policy. The US bond market will shut early at 2pmET on Thursday ahead of the Good Friday holiday. Market risk appetite will continue to evolve with an eye on potential warning signs in the face of an increasingly insular U.S. government guided by a protectionist policy bias and increasingly hawkish foreign policy. This lies in the wake of the appointment of John Bolton to National Security Adviser ahead of negotiations with North Korea and risks to the Iran deal and possible reintroduction of sanctions. Some markets are repricing risk more aggressively than other measures (chart 3) and in such fashion as to risk sterilizing fiscal stimulus (more [here](#)).

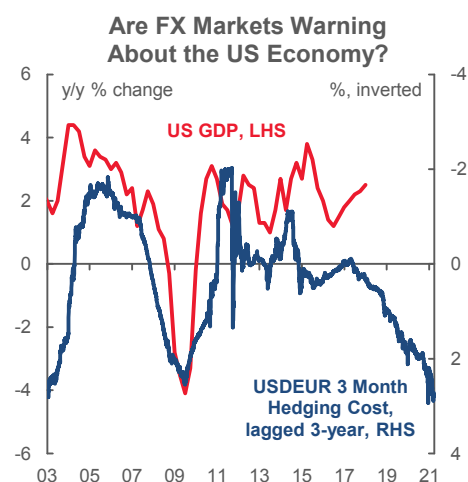
Thursday's inflation, consumption, income and personal saving rate updates will be the main data releases next week. Highlights may include:

Chart 2



Sources: Finances Québec; Newfoundland and Labrador Finance, Ontario Finance; Statistics Canada; nom. GDP fcsts: Scotiabank Economics.

Chart 3



Sources: Scotiabank Economics, Bloomberg.

- Another solid month for income growth is expected, given the combination of job growth, wage gains and limited company distributions to employees.
- The saving rate may move higher again from January's 3.2% as spending growth is expected to fall short of income gains. Whether income gains will drive the release of modest pent-up consumption gains into Q2 remains to be seen.
- We already know that retail sales slipped by -0.1% m/m in nominal terms during February and the retail sales control group was up by only 0.1%. The latter concept excludes auto dealers, building materials and gas stations and is used to more closely map onto consumption within GDP accounts. It would take a large rise in spending that is not well captured by retail sales, such as services, in order to witness faster consumption growth.
- Note that the theory that Q1 GDP growth is tracking softly simply due to longstanding problems with Q1 seasonal adjustments has no merit this time around. This time it is driven by soft consumption; as chart 4 shows, there is no evidence of persistently softer Q1 consumption growth on average over time compared to other quarters but this year's GDP weakness is being caused by disappointing Q1 consumption growth tracking. This allegation of so-called residual seasonality that is not compensated for in Q1 GDP accounts has been around for years and the last time they addressed the issue was last July in reference to a soft 2017Q1 ([here](#)).
- The bigger issue, however, will be whether core PCE inflation tracks higher than the 1.5% y/y reading in January where it has been stuck for three months given that core CPI was up by an unchanged 1.8% y/y pace in February. Core PCE and core CPI generally track one another but imperfectly so for reasons you can evaluate [here](#) and [here](#) if interested (chart 5).

At issue, however, is whether the recent upward trend in core PCE inflation is durable, or the product of transitory influences like exchange rate pass-through effects. The Fed's estimates point to a ½% rise/fall in core PCE inflation within six months following a 10% trade-weighted depreciation/appreciation in the USD that then reduces to a 0.3% impact after a full year. Mapping this sensitivity onto the dollar movements that we've seen over the past couple of years partially explains why inflation swooned until late last summer and then picked up somewhat thereafter. If the Fed's inflation goal is truly symmetrical, then it should be as inclined to look through a potentially transitory upswing driven partly by the dollar as the prior downswing.

The third round of Q4 GDP revisions lands Wednesday. This round always incorporates the Census Bureau's Quarterly Services Spending report that was released on March 8th. Because spending on services was stronger than the 2.5% second round of Q4 GDP growth estimates had assumed, this may point to an upward revision. When combined with other Q4 revisions, the net effect could be to add a few tenths and bring growth closer to the 3.1% and 3.2% pace registered in Q2 and Q3. Material growth revisions in the third round compared to the second round of estimates are not unusual (chart 6).

Other releases will include S&P Case-Shiller Core-Logic house prices for January on Tuesday (over 6% y/y). Also due out on Tuesday will be the Richmond Fed's regional

Chart 4

Soft Q1 US Consumption Is Not A Seasonal Distortion Behind Weak GDP

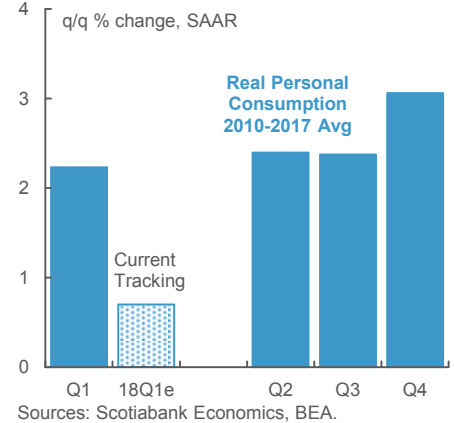


Chart 5

Fed's Preferred Core Inflation Measure Is Rising More Than CPI

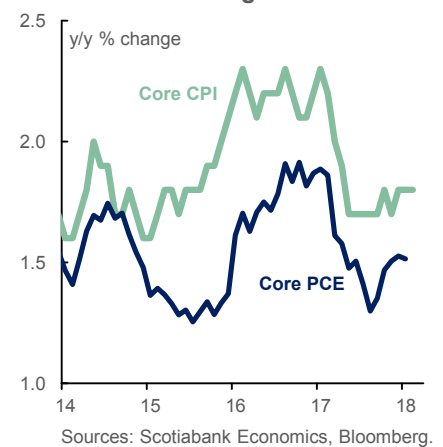
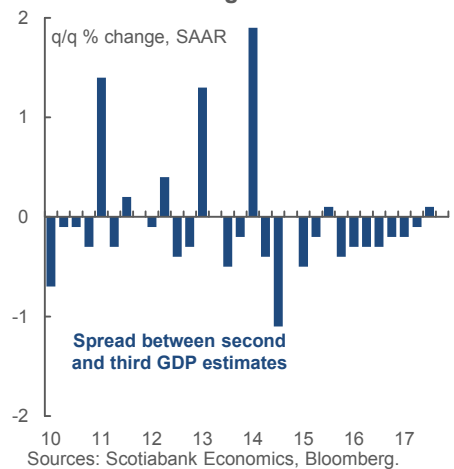


Chart 6

The Third Swing Can Be Material



manufacturing gauge on Tuesday that serves as a leading indicator for ISM-manufacturing and the Conference Board's consumer confidence index that will be watched to see whether it follows the UofM gauge higher (though entirely on present conditions). Wednesday's pending existing home sales during February follows a large 5% m/m decline in January as higher mortgage rates, lowered mortgage interest deductibility and the elimination of HELOC interest deductibility all hit.

Post-FOMC Fed-speak will include NY Fed President Dudley, Cleveland Fed President Mester, Atlanta Fed President Bostic and Philadelphia Fed President Harker.

The US auctions 2s, 5s, 7s and 2 year floating rate notes next week.

EUROPE — SUBDUED INFLATION

Europe is not expected to be an epicentre of global market developments over the coming week. There are relatively few developments that are expected and the main one will be a round of inflation updates from core Eurozone economies before Europe goes quiet on Friday.

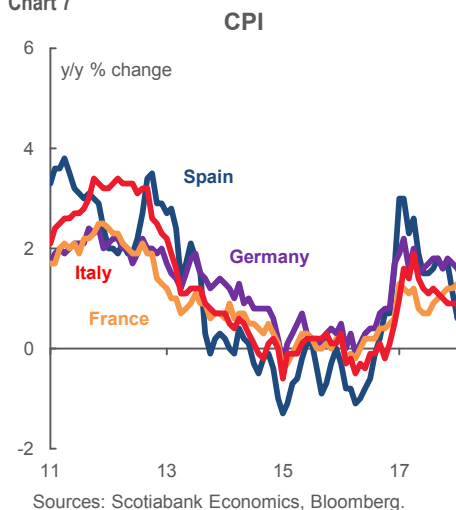
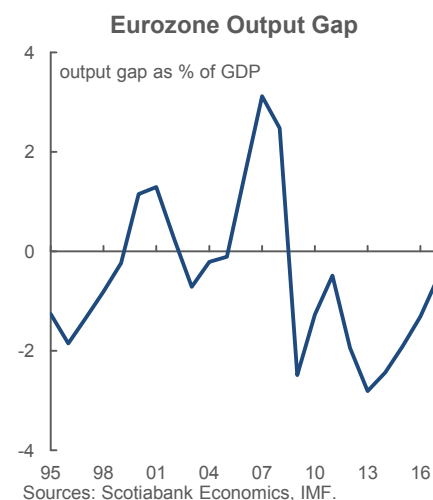
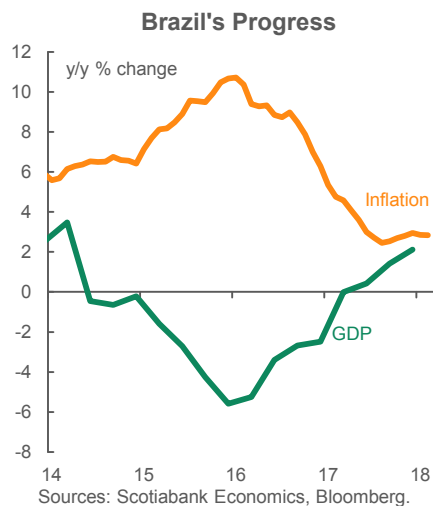
CPI inflation updates will come from Spain on Tuesday, Germany on Thursday and then both France and Italy on Friday. **None of these countries have witnessed material upward pressure upon inflation (chart 7).** The persistence of modest economic slack across the Eurozone (chart 8) combined with euro strength still pose challenges to greater progress toward the ECB's "below 2%" inflation goal in the near- to medium-term.

Sundry other releases will include Q4 GDP revisions by France and the UK, updated consumer spending figures from France, Germany and Spain, UK monthly services growth, and Italian industrial sales and orders.

LATIN AMERICA — BRAZIL'S BIAS

Most of the action next week will be centered upon further colour from Brazil's central bank on how it views inflation risks that will inform expectations for further monetary policy easing.

On Tuesday, **Banco Central do Brasil** releases minutes to the March 21st policy meeting at which the Monetary Policy Committee (Copom) decided to cut the Selic rate by 25bps. More important was that the bias was more dovish than anticipated when the central bank bluntly stated: "Regarding the next meeting, at this time, the Copom views an additional moderate monetary easing as appropriate." That was a surprise because of the massive amount of easing that has already been conducted to date and because inflation and growth evidence has been improving at the margin out of the depths of recession (chart 9). The real depreciated by over 1% versus the USD following the cut into the week's close. The central bank will also more fully explain its inflation views when it releases the Q1 Inflation Report on Thursday. Clearly the central bank wishes to foster this expansion and may also be considering political risks at home and abroad plus the impact of protectionist US policies that did not exempt Brazilian steel exports.

Chart 7

Chart 8

Chart 9


While Mexico's election campaign officially kicks off next Friday after the final registration deadline, the campaigning has been underway for some time in more practical terms and there is a long road on the path to the July 1st election. In the meantime, data risk should be relatively light next week with just retail sales for January on Monday, followed by trade and unemployment figures for February the next day.

ASIA — EYES ON CHINA

China will be front and centre in terms of global market attention not only in the aftermath of trade tensions with the US that may illicit further responses, but also in terms of key macro data to see how business and sentiment are holding up to the tensions.

China releases the state versions of the purchasing managers indices for the manufacturing and service sectors on Friday. These are March readings and so they start out along the path toward cleaner assessments following the Chinese Lunar New Year distortions. That said, since the New Year was later this year in mid-February, a soft jumping off point when factories shut for a good portion of the month may give rise to a rebound in the March assessments to the extent to which fully adjusting for shifting seasonality is incomplete. The complicating factor this time around is whether or not the trade skirmish with the US weighs on sentiment. Personally I would look to the April readings for a combination of cleaner readings in terms of the lunar new year effect and any fuller effects of trade policy developments.

Japan releases most of its monthly round of macro reports for February over the back half of the week including retail sales, industrial output, housing starts, the jobless rate and Tokyo CPI for March. The broad tone of the releases is expected to be constructive if for no other reason than the fact that the prior month was pretty bleak across most of these readings! Tokyo CPI will inform expectations for the national tally for March after the recent February print showed some traction. The Tokyo gauge is expected to stabilize if not slightly dip.

Bank of Thailand is unanimously expected to keep its policy rate unchanged at 1.5% on Wednesday. By contrast to the concerns expressed by some other Asian central banks, note that the Thai bhat has been unaffected by the post-Fed trade. By contrast, the won has depreciated along with the Philippine peso while the yen has picked up safe haven flows.

Other developments will be comparatively minor. South Korea updates industrial output and revises Q4 GDP growth. Trade figures arrive from New Zealand, Thailand and Hong Kong.

Key Indicators for the week of March 26 – 30
NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
MX	03/26	10:00	Retail Sales (INEGI) (y/y)	Jan	-2.4	--	-2.0
US	03/26	10:30	Dallas Fed. Manufacturing Activity	Mar	--	33.5	37.2
US	03/27	09:00	S&P/Case-Shiller Home Price Index (m/m)	Jan	0.1	0.6	0.6
US	03/27	09:00	S&P/Case-Shiller Home Price Index (y/y)	Jan	6.0	6.1	6.3
MX	03/27	10:00	Trade Balance (US\$ mn)	Feb	--	252.4	-4408
MX	03/27	10:00	Unemployment Rate (%)	Feb	3.9	3.2	3.4
US	03/27	10:00	Consumer Confidence Index	Mar	131.5	131.0	130.8
US	03/27	10:00	Richmond Fed Manufacturing Index	Mar	--	22.0	28.0
US	03/28	07:00	MBA Mortgage Applications (w/w)	MAR 23	--	--	-1.1
US	03/28	08:30	GDP (q/q a.r.)	4Q T	2.8	2.7	2.5
US	03/28	08:30	GDP Deflator (q/q a.r.)	4Q T	--	2.3	2.3
US	03/28	08:30	Wholesale Inventories (m/m)	Feb P	--	--	0.8
US	03/28	10:00	Pending Home Sales (m/m)	Feb	1.0	2.0	-4.7
CA	03/29	08:30	IPPI (m/m)	Feb	--	--	0.4
CA	03/29	08:30	Raw Materials Price Index (m/m)	Feb	--	--	3.3
CA	03/29	08:30	Real GDP (m/m)	Jan	0.1	0.1	0.1
US	03/29	08:30	Initial Jobless Claims (000s)	MAR 24	230	230	229
US	03/29	08:30	Continuing Claims (000s)	MAR 17	1880	--	1828
US	03/29	08:30	PCE Deflator (m/m)	Feb	0.2	0.2	0.4
US	03/29	08:30	PCE Deflator (y/y)	Feb	1.7	1.7	1.7
US	03/29	08:30	PCE ex. Food & Energy (m/m)	Feb	0.1	0.2	0.3
US	03/29	08:30	PCE ex. Food & Energy (y/y)	Feb	1.5	1.6	1.5
US	03/29	08:30	Personal Spending (m/m)	Feb	0.4	0.2	0.2
US	03/29	08:30	Personal Income (m/m)	Feb	0.3	0.4	0.4
US	03/29	09:45	Chicago PMI	Mar	--	62.0	61.9
US	03/29	10:00	U. of Michigan Consumer Sentiment	Mar F	--	102	102

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
FR	03/26	02:45	GDP (q/q)	4Q F	--	0.6	0.6
SP	03/27	03:00	CPI (m/m)	Mar P	--	0.4	0.1
SP	03/27	03:00	CPI (y/y)	Mar P	--	1.4	1.1
SP	03/27	03:00	CPI - EU Harmonized (m/m)	Mar P	--	1.7	0.1
SP	03/27	03:00	CPI - EU Harmonized (y/y)	Mar P	--	1.6	1.2
EC	03/27	05:00	Business Climate Indicator	Mar	--	1.4	1.5
EC	03/27	05:00	Economic Confidence	Mar	--	113.4	114.1
EC	03/27	05:00	Industrial Confidence	Mar	--	7.0	8.0
SP	03/27	07:00	Budget Balance YTD (€ mn)	Feb	--	--	-18217
GE	MAR 27-30		Retail Sales (m/m)	Feb	--	0.7	-1.0
GE	03/28	02:00	GfK Consumer Confidence Survey	Apr	--	10.7	10.8
SP	03/28	03:00	Real Retail Sales (y/y)	Feb	--	--	2.5
SP	03/28	04:00	Current Account (€ bn)	Jan	--	--	2.6
UK	03/28	19:01	GfK Consumer Confidence Survey	Mar	-9.0	-10.0	-10.0
UK	MAR 28- APR 3		Nationwide House Prices (m/m)	Mar	0.2	0.2	-0.3
GE	03/29	03:55	Unemployment (000s)	Mar	--	-15.0	-22.0
GE	03/29	03:55	Unemployment Rate (%)	Mar	--	5.3	5.4
UK	03/29	04:30	Business Investment (q/q)	4Q F	--	0.0	0.0
UK	03/29	04:30	Current Account (£ bn)	4Q	--	-24.0	-22.8
UK	03/29	04:30	GDP (q/q)	4Q F	0.4	0.4	0.4
UK	03/29	04:30	Index of Services (m/m)	Jan	0.2	0.2	0.0
UK	03/29	04:30	Net Consumer Credit (£ bn)	Feb	--	1.4	1.4
GE	03/29	08:00	CPI (m/m)	Mar P	--	0.5	0.5
GE	03/29	08:00	CPI (y/y)	Mar P	--	1.7	1.4
GE	03/29	08:00	CPI - EU Harmonized (m/m)	Mar P	--	0.5	0.5
GE	03/29	08:00	CPI - EU Harmonized (y/y)	Mar P	--	1.6	1.2

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

Key Indicators for the week of March 26 – 30
EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
FR	03/30	02:45	Consumer Spending (m/m)	Feb	--	2.2	-1.9
FR	03/30	02:45	CPI (m/m)	Mar P	--	0.8	0.0
FR	03/30	02:45	CPI (y/y)	Mar P	--	1.4	1.2
FR	03/30	02:45	CPI - EU Harmonized (m/m)	Mar P	--	0.8	0.0
FR	03/30	02:45	CPI - EU Harmonized (y/y)	Mar P	--	1.5	1.3
FR	03/30	02:45	Producer Prices (m/m)	Feb	--	--	0.1
IT	03/30	05:00	CPI (m/m)	Mar P	--	0.1	0.0
IT	03/30	05:00	CPI (y/y)	Mar P	--	0.8	0.5
IT	03/30	05:00	CPI - EU Harmonized (m/m)	Mar P	--	2.2	-0.5
IT	03/30	05:00	CPI - EU Harmonized (y/y)	Mar P	--	0.8	0.5

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
VN	MAR 24-31		CPI (y/y)	Mar	--	--	3.2
VN	MAR 24-31		Exports (y/y)	Mar	--	--	22.9
VN	MAR 24-31		Imports (y/y)	Mar	--	--	15.3
VN	MAR 24-31		Industrial Production (y/y)	Mar	--	--	8.0
VN	MAR 24-31		Real GDP YTD (y/y)	1Q	--	--	6.8
NZ	03/25	17:45	Trade Balance (NZD mn)	Feb	--	-100.0	-566
NZ	03/25	17:45	Exports (NZD bn)	Feb	--	4.6	4309
NZ	03/25	17:45	Imports (NZD bn)	Feb	--	4.6	4875
SK	MAR 25-30		Department Store Sales (y/y)	Feb	--	--	-9.6
SI	03/26	01:00	Industrial Production (y/y)	Feb	--	1.0	17.9
SK	03/26	17:00	Consumer Confidence Index	Mar	--	--	108.2
HK	03/27	04:30	Exports (y/y)	Feb	--	10.0	-3.0
HK	03/27	04:30	Imports (y/y)	Feb	--	7.3	23.8
HK	03/27	04:30	Trade Balance (HKD bn)	Feb	--	-47.3	-31.9
SK	03/27	19:00	GDP (y/y)	4Q F	3.0	--	3.0
PH	MAR 27-28		Bank Lending (y/y)	Feb	--	--	18.4
TH	03/28	03:05	BoT Repo Rate (%)	Mar 28	1.50	1.50	1.50
IN	03/28	07:00	Fiscal Deficit (INR Crore)	Feb	--	--	55610
SK	03/28	17:00	Business Survey- Manufacturing	Apr	--	--	82.0
SK	03/28	17:00	Business Survey- Non-Manufacturing	Apr	--	--	82.0
JN	03/28	19:50	Large Retailers' Sales (y/y)	Feb	--	0.9	0.4
JN	03/28	19:50	Retail Trade (y/y)	Feb	--	1.7	1.5
AU	03/28	20:30	Private Sector Credit (y/y)	Feb	--	4.9	4.9
HK	MAR 28-29		Govt Monthly Budget Surp/Def (HKD bn)	Feb	--	--	54.7
SK	03/29	19:00	Industrial Production (y/y)	Feb	--	--	4.6
SK	03/29	19:00	Cyclical Leading Index Change	Feb	--	--	0.1
JN	03/29	19:30	Jobless Rate (%)	Feb	2.4	2.6	2.4
JN	03/29	19:30	Tokyo CPI (y/y)	Mar	--	1.3	1.4
JN	03/29	19:50	Industrial Production (y/y)	Feb P	--	2.3	2.5
JN	03/30	01:00	Housing Starts (y/y)	Feb	--	-4.2	-13.2
JN	03/30	01:00	Construction Orders (y/y)	Feb	--	--	0.9
TH	03/30	03:30	Exports (y/y)	Feb	--	--	16.7
TH	03/30	03:30	Imports (y/y)	Feb	--	--	22.5
TH	03/30	03:30	Trade Balance (US\$ mn)	Feb	--	--	1331
TH	03/30	03:30	Current Account Balance (US\$ mn)	Feb	--	--	5211
CH	03/30	21:00	Manufacturing PMI	Mar	50.5	--	50.3
CH	03/30	21:00	Non-manufacturing PMI	Mar	--	--	54.4

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CO	03/28	11:00	Urban Unemployment Rate (%)	Feb	--	--	13.5
CL	03/29	08:00	Industrial Production (y/y)	Feb	4.6	4.7	5.7
CL	03/29	08:00	Unemployment Rate (%)	Feb	6.5	6.7	6.5

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

Global Auctions for the week of March 26 – 30**NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	03/26	13:00	U.S. to Sell USD30 Bln 2-Year Notes
CA	03/27	12:00	Canada to Sell 2-Year Bonds
US	03/27	13:00	U.S. to Sell USD35 Bln 5-Year Notes
US	03/28	11:30	U.S. to Sell USD15 Bln 2-Year Floating Rate Notes Reopening
US	03/28	13:00	U.S. to USD29 Bln Sell 7-Year Notes

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
IT	03/26	05:00	Italy to Sell Up to 3 Billion Euros of 2020 Zero Bonds
IT	03/26	05:00	Italy to Sell 2.5 Billion Euros of 0.1% 2023 Linkers
UK	03/27	05:30	U.K. to Sell 600 Million Pounds of 0.125% 2056 Linkers

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	03/26	20:00	Australia To Sell AUD150 Mln 1.25% 2040 Bonds
JN	03/26	23:45	Japan to Sell 40-Year Bonds
AU	03/27	20:00	Australia To Sell AUD500 Mln 3.25% 2029 Bonds
NZ	03/28	21:05	New Zealand To Sell NZD150 Mln 3.5% 2033 Bonds
JN	03/28	23:45	Japan to Sell 2-Year Bonds

Events for the week of March 26 – 30**NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	03/26	12:30	Fed's Dudley Speaks on the Future of Financial Regulation
US	03/26	16:30	Fed's Mester Speaks on Monetary Policy
US	03/26	19:10	Fed's Quarles to Speak in Atlanta
US	03/27	11:00	Fed's Bostic Speaks at Economic Conference in Atlanta
US	03/28	12:00	Fed's Bostic Speaks to Finance Professionals in Atlanta
US	03/29	13:00	Fed's Harker Speaks on the Economic Outlook
MX	03/30		2018 Election campaign begins

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AS	03/26	05:30	ECB's Weidmann Gives Speech in Austrian Central Bank
SW	03/26	06:00	Riksbank's Skingsley Gives Speech
FI	03/27	04:00	Bank of Finland Press Briefing on Monetary Policy, Economy
AS	03/27	05:00	ECB's Nowotny Presents Austrian Central Bank's Annual Report
HU	03/27	08:00	Central Bank Rate Decision

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CH	03/25	02:30	PBOC Governor Yi Gang Speaks at China Development Forum
CH	03/27	21:00	People's Bank of China Deputy Governor Pan Gongsheng
TH	03/28	03:05	BoT Benchmark Interest Rate

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BZ	03/29	07:00	Central Bank Q1 Inflation Report

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	1.25	April 18, 2018	1.25	1.25
Federal Reserve – Federal Funds Target Rate	1.75	May 2, 2018	1.75	1.75
Banco de México – Overnight Rate	7.50	April 12, 2018	7.50	--

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 26, 2018	0.00	--
Bank of England – Bank Rate	0.50	May 10, 2018	0.50	--
Swiss National Bank – Libor Target Rate	-0.75	June 21, 2018	-0.75	--
Central Bank of Russia – One-Week Auction Rate	7.25	April 27, 2018	7.25	--
Sweden Riksbank – Repo Rate	-0.50	April 26, 2018	-0.50	--
Norges Bank – Deposit Rate	0.50	May 3, 2018	0.50	--
Central Bank of Turkey – Benchmark Repo Rate	8.00	April 25, 2018	8.00	--

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, 2018	-0.10	--
Reserve Bank of Australia – Cash Target Rate	1.50	April 3, 2018	1.50	1.50
Reserve Bank of New Zealand – Cash Rate	1.75	May 9, 2018	1.75	1.75
People's Bank of China – Lending Rate	4.35	TBA	--	--
Reserve Bank of India – Repo Rate	6.00	April 5, 2018	6.00	--
Bank of Korea – Bank Rate	1.50	April 12, 2018	1.50	--
Bank of Thailand – Repo Rate	1.50	March 28, 2018	1.50	1.50
Bank Negara Malaysia – Overnight Policy Rate	3.25	May 10, 2018	3.25	--
Bank Indonesia – 7-Day Reverse Repo Rate	4.25	April 19, 2018	4.25	--

The Bank of Thailand (BoT) will hold a monetary policy meeting on March 28. We expect the central bank to leave the benchmark interest rate at 1.50% over the coming months. Inflationary pressures remain weak in Thailand with prices at the headline level rising by 0.4% y/y in February, below the lower boundary of the BoT's medium-term inflation target of 2.5% y/y \pm 1.5%.

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	6.50	May 16, 2018	6.50	--
Banco Central de Chile – Overnight Rate	2.50	May 3, 2018	2.50	--
Banco de la República de Colombia – Lending Rate	4.50	April 27, 2018	4.50	--
Banco Central de Reserva del Perú – Reference Rate	2.75	April 12, 2018	2.75	--

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	6.75	March 28, 2018	6.50	6.50

SARB: A 25bps rate cut is expected on Wednesday. Rapidly falling inflation to 4% y/y relative to a target of 3-6% and weak one-handed GDP growth over the past year favour further policy easing.

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