*Weekly commentary on economic and financial market developments*

August 26, 2016

To our clients, colleagues & readers: Today's issue of *Global Views* will be the final issue. Instead of packaging some of our research in a weekly publication, we will disseminate individual research pieces more frequently. We will continue to publish *The Global Week Ahead* report on a weekly basis.

## Economics

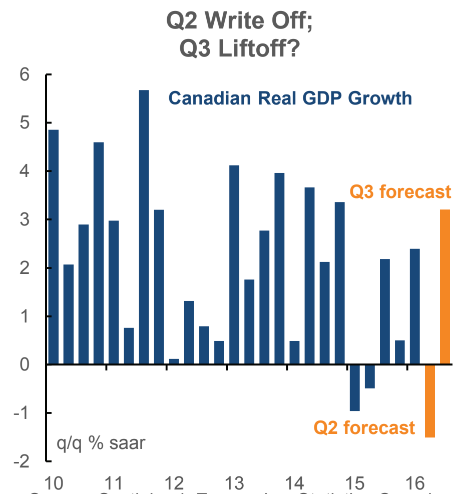


*Please see Scotiabank's Forecast Tables, August 3, 2016, for our latest economic, interest and exchange rate and commodity price forecasts.*

## FORECASTS & DATA



### This Week's Featured Chart



Source: Scotiabank Economics, Statistics Canada.

# It All Comes Down To Nonfarm

- **Please see our full indicator, central bank, auction and event calendars on pp. A2-A8.**

## CANADA — MOVING ON

**The conclusion of bank earnings season, GDP growth during June and the overall second quarter, and whether exports are on the mend in Q3 will combine to present significant risk on the domestic calendar.** The economy likely contracted in the second quarter but the Bank of Canada and markets in general have long since moved on toward expectations for a likely Q3 recovery. The debate that *should* exist is whether a recovery proves to be durable beyond transitory factors into the Fall. This debate would be much more informative to the risk of further Bank of Canada easing that we think is unlikely while markets themselves have been range bound for months in pricing the probability of a further rate cut by year-end (chart 1).

With the economy likely to have shrunk by 1-2% in Q2 at a seasonally adjusted and annualized rate, the **seeds of a recovery were already being sown before the quarter ended**. If we're in the right ballpark in expecting around a ½% m/m rise in GDP during June, then the hand-off to Q3 already bakes in about a half percentage point annualized expansion in Q3 on hand-off math assuming no monthly growth in July, August or September on average. That's tiny, but there is good reason to forecast further growth momentum into Q3:

- One is just the depths to which export volumes sank in Q2 as the roughly 20% contraction compared to Q1 (annualized, seasonally adjusted) is highly unlikely to repeat in Q3 in both the resource and nonresource sectors. Markets could see the first evidence of this on Friday when July's trade figures arrive; some growth is probable on the back of a stiff 1.2% m/m drop in export volumes during June and five consecutive monthly declines.

- Two is that the production and inventory shocks stemming from wildfires in Alberta and the ensuing stimulus will offer growth assists.

- Three is that some types of consumers got more take home pay due to the net effect of Federal and Provincial government taxes and benefits. Page 12 here breaks down the effects by income cohort, single/dual earner status, and number of kids. The next page in the same link shows how child benefit payment changes impact various types of households. Given that the higher child benefit cheques for some households began to be mailed out in late July, retail sales probably began to be positively impacted in August.

There are, however, downside risks to Q3 as well. For instance, we think that inventory accumulation added a significant amount to Q2 growth as a partial offset to the challenges but this effect is unlikely to repeat in Q3.

**Fiscal Q3 bank earnings** will be released by BNS on Tuesday, National Bank and Laurentian Bank on Wednesday, and Canadian Western Bank on Thursday following a string earnings beats by other banks.

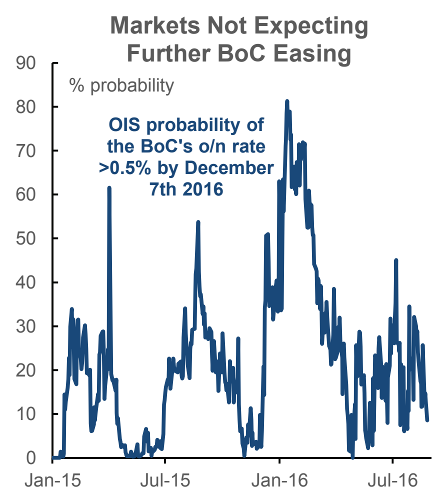
CONTACTS

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

**Next Week's Risk Dashboard**

- Nonfarm payrolls
- Fed speak
- CDN GDP, exports
- CDN bank earnings cont'd
- BoJ's Kuroda
- Japanese macro reports
- US macro reports
- Chinese profits, PMIs
- Eurozone inflation
- UK PMIs

Chart 1



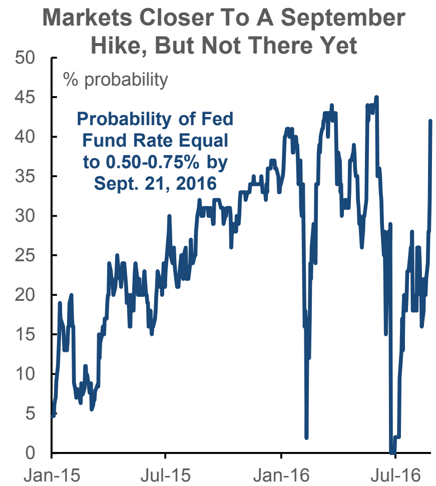

Source: Scotiabank Economics, Bloomberg.

## UNITED STATES — WAS FISCHER BAITED?

**Will the Federal Reserve hike the fed funds target rate when it meets again on September 21st?** As is often the case, recent Fed guidance has been mixed including from the top of the house. Chair Yellen's speech at Jackson Hole wasn't surprising and the only reference of relevance to near-term monetary policy matters was: "I believe the case for an increase in the federal funds rates has strengthened in recent months." Yellen's remark was not accompanied by any time-dependent language, while all but two of just over 17 pages of text were devoted to longer run issues concerning future policy flexibility. The absence of such a timing hint leaves open two possibilities: a) Yellen wishes to leave that decision to each game day before the full FOMC, or b) in itself it is a signal to rule out September as too soon given the Fed likes markets to be lined up perfectly for its decisions, or c) she is signalling extreme near-term data dependence. For a further assessment of her remarks, go here.

After Yellen's speech and in response to a reporter's question about whether a hike in September and possibly another before year-end was likely, Federal Reserve Vice Chair Stanley Fischer remarked that "What the chair said today was consistent with answering 'yes' to both of your questions." Markets reacted to this remark by driving short-term yields higher along with the dollar and the market probability of a hike in September increased but is still not a base case scenario (chart 2). **It's possible, however, that Fischer was, well, baited.** He could have given the exact same answer to alternative questions, like whether the Fed will hike only once this year in September, or whether the Fed will hike only once this year but not until December. Perhaps he agreed with the reporter on the question to ask ahead of time in full knowledge of what he wished to ask, in which case journalistic independence would be the issue, which I doubt.

Chart 2




Source: Scotiabank Economics, Bloomberg.

**The latest nonfarm print next Friday will therefore take on very elevated significance to markets in this debate for better or for worse.** Such extreme data dependence on a variable that is a random number generator and subject to large revisions may be disconcerting to many, but could provide the Fed with its cover to hike while it can. We think job growth slowed to about 190k from 255k the prior month and 292k the month before that. The acceleration in June and July likely reflected the release of pent-up hiring from depressed Spring levels and is at risk of mean-reverting lower again and back down to somewhere closer to the 186k monthly average so far this year. It would likely take a considerably weaker number yet — or dubious details — to concern the Fed.

Getting to that point of the week, however, won't be devoid of its own twists and turns. Fed speak will again dominate. Four Fed officials will speak over the coming week including two voting FOMC officials (Rosengren on Wednesday, Mester on Thursday) and two who don't vote this year (Kashkari Wednesday, Lacker Friday).

Other data risk will include consumer spending, income growth, and the Fed's preferred inflation gauges for July on Monday, ADP private payrolls and pending home sales on Wednesday, ISM-manufacturing on Thursday, and factory orders on Friday.

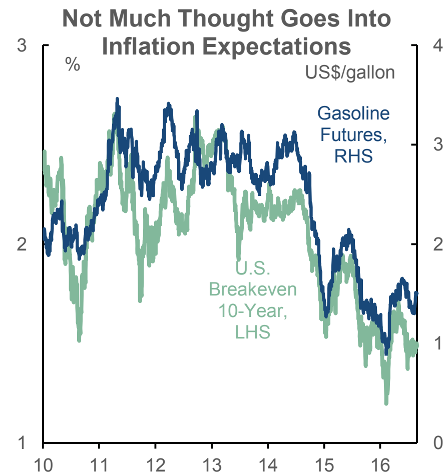
## EUROPE — SHIFTING THINKING ON INFLATION?

**Inflation updates could be the main focus on the domestic calendar across Eurozone markets next week, and they will land right in the midst of a debate over ECB policy credibility as it relates to anchoring inflation expectations.**

This recently release ECB staff research paper — that reflects the views of the authors, not necessarily the ECB — argues that "in recent years inflation expectations in the euro area have shown some signs of de-anchoring." Their argument emphasizes how longer-term inflation forecasts are more driven by short-term inflation forecasts. By way of comparison, a different twist on a comparable issue is the extent to which US market-based measures of inflation expectations have become so highly correlated with spot gasoline prices (chart 3). Such developments could well be disconcerting to central banks in that over-reacting to the near-term risks expectations becoming unmoored from inflation targets in such fashion as to challenge monetary policy credibility over time.

With this in mind, near-term inflation measures clearly matter to markets and perhaps to policy credibility over time and on the path to the next ECB meeting the week after next. Eurozone-wide inflation is expected to remain barely above zero on headline, and sub-1% on core. Each of Germany, France, Italy, and Spain will be among the major Eurozone economies with inflation reports due out. Germany is the inflation 'leader' with CPI up 0.5% y/y in July, France wasn't far behind at 0.4% y/y, while Italy (-0.1% y/y) and Spain (-0.3% y/y) were dragging down the average.

Chart 3




Source: Scotiabank Economics, Bloomberg.

**How consumers entered Q3 will be another main focal point as Q3 GDP growth tracking efforts intensify.** Each of France, Germany and Italy update consumer spending figures for July. **UK data pushes further into the post-Brexit period** with the main focal points being the purchasing managers' indices for both the manufacturing and construction sectors during August.

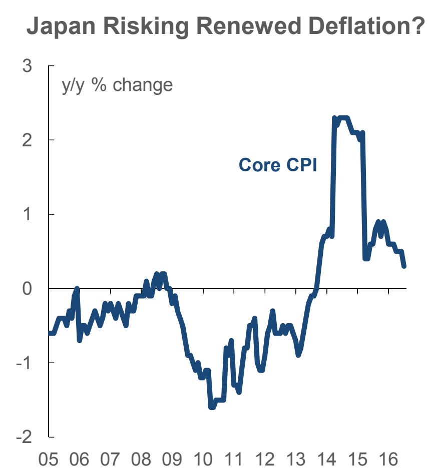
## ASIA — EYES ON KURODA

**An indication of whether China's economy is continuing to stabilize and a batch of Japanese data that will inform risks on the path to the September 21st BoJ meeting will combine to dominate Asia's potential contributions to global market developments.**

Before the Japanese macro updates arrive, however, **markets may be impacted on Monday morning by a weekend speech by BoJ Governor Kuroda.** He speaks at the Federal Reserve's Jackson Hole symposium on Saturday before the week gets started. Kuroda speaks in the wake of the latest update on Japanese inflation. July's national headline CPI print was -0.4% y/y and on expectations but the +0.3% y/y core CPI reading was a little softer than expected and the weakest since October 2013 (chart 4). The fresh CPI reading just for the city of Tokyo in August played further to the theme of softening price readings as headline was -0.5% y/y and core was 0.1% y/y and at its weakest since May of last year. My personal view is that BoJ policy will indefinitely fail to achieve sustainably faster inflation; indeed, it risks repeating the cycle of temporary improvements only to unleash second-round disinflationary effects. An example of the latter would be another effort to debase the yen which leads to temporary import price inflation, followed by disinflationary effects when weaker real wages result in less spending on discretionary items as tight credit and soft wage growth force consumers to spend more upon what they have to (e.g., imported food and energy) and less on everything else. **July updates on consumer spending, industrial production, housing starts, capital expenditures and labour markets will add to tracking evidence on the growth side of the equation.** There has been precious little growth in Japan again this year as Q2 GDP was up by only 1.2% y/y and Q3 is expected to be in the similar 1½% range.

**What China watchers will be interested in will be profit growth and the health of the manufacturing sector over the coming week.** Industrial profits are going to be updated this weekend and may inform the debate over risks to the corporate sector. Purchasing managers' indices for the month of August — hence post-Brexit — will be released by the state covering the manufacturing and services sectors on Thursday, while the private sector manufacturing PMI will come out that same day. Manufacturing is probably still neither expanding nor contracting, while the larger services sector remains in a mild growth environment.

Chart 4




Source: Bloomberg, Scotiabank Economics.

**India's economy** probably grew at a sub-8% y/y pace again in Q2 (Wednesday). **Solid growth and rising inflation with CPI printing at 6.1% y/y in July make it a bit of a mystery why the government wished to replace former RBI Governor Rajan** who had made addressing India's high past rates of inflation a policy priority.

Other data risks will include CPI releases from South Korea, Indonesia and Thailand, Australian new home sales and retail sales, exports from some Asian economies like South Korea and Thailand, and Korean industrial output.

# World Trade Turns Higher — But Slowly And From A Low Base

Global output growth may be showing some early signs of reviving. The volume of world trade increased a comparatively solid 0.7% in June, with exports and imports ringing up equally impressive 0.7% gains.

Both advanced and emerging economies reported solid gains in export volumes in June. Among the advanced economies, exports were led by the U.S., though all regions outside of the euro area posted respectable gains. Central and Eastern Europe and Latin America registered the largest monthly advances, followed by a more modest gain in Asia. From an import perspective, the U.S. continued to exhibit comparatively strong demand for imported materials for the third month in a row, followed by a solid increase among 'other' smaller advanced nations. Japan and the Euro area recorded relatively weaker monthly gains.

A number of factors are reinforcing expectations for a stronger and more sustained rebound in world trade volumes.

First, U.S. demand for imported products should continue to rise. After an exceptionally weak economic performance which averaged a paltry 1% in the first half of the year, early indications point to a at least a 2½% annualized rate of growth in Q3, if not more. U.S. consumer and residential activity continues to be quite robust, the massive inventory liquidation of recent months appears to have run its course, and the contraction in energy-related business investment has moderated significantly.

Second, the pace of output growth in China has stabilized as key sectors of the economy — autos and housing, public sector infrastructure, and State Owned Enterprises — have responded favourably to the latest monetary and fiscal stimulus despite ongoing efforts to reduce overcapacity in a number of industries.

And third, the Brexit fallout on U.K. confidence and investment has been moderated by the lower-valued sterling which has buoyed the spending power of tourists and retail sales, alongside the ramped up monetary stimulus provided by the Bank of England. Activity in the euro zone had been showing moderate growth.

Nevertheless, it may be premature to expect that a strong and sustained turnaround in world trade is developing. June's uptick in volumes followed three successive months of decline. Coupled with the tepid and uneven performance of prior months, the year-over-year growth in world trade volumes has remained unchanged over the past year. Recent revisions to the global exports and imports have tended to favour more downside than upside adjustments. And anecdotal evidence — seaborne container traffic and port activity in many regions, for example — remains on the softer side.

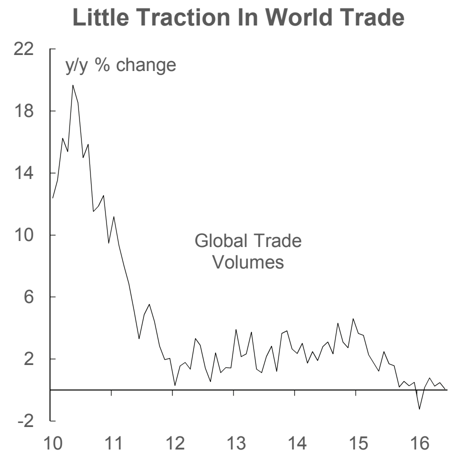
There are a number of factors — both cyclical as well as structural — which are likely to limit the extent of the rebound in world trade volumes.

First, the global economy has been hobbled by a combination of self-reinforcing slowdowns. China's output growth has effectively been cut in half in recent years,

CONTACTS

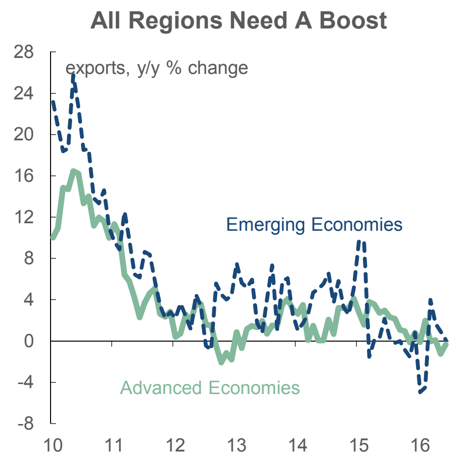
**Aron Gampel**
416.866.6259
Scotiabank Economics
aron.gampel@scotiabank.com

Chart 1




Source: CPB Netherlands Bureau For Economic Policy Analysis, Scotiabank Economics.

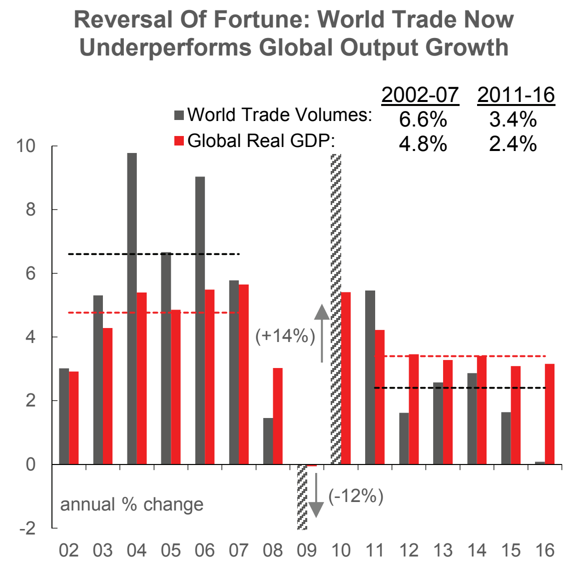
Chart 2




Source: CPB Netherlands Bureau For Economic Policy Analysis, Scotiabank Economics.

reducing demand for imported resources and intermediate and final products. The resulting oversupply conditions and weak commodity prices among the world's major commodity producers, including the U.S., triggered an unprecedented global contraction in business investment. Although there are indications that the momentum of the downturn in business capital spending has moderated, the rebalancing underway has yet to fully run its course. The U.S. economy has not fully recovered from a prolonged period of export weakness, attributed to the persistent sluggishness in global growth and a strong U.S. dollar.

Chart 3




Second, event risk is on the rise, further aggravating the sub-par growth performance around the world. These include geopolitical problems associated with Brexit, the recent coup attempt in Turkey, debt-related legacy government and financial sector strains in the euro zone, repeated international terrorist strikes, the refugee crisis in the Middle East, increasing civil strife in more and more countries experiencing widening income disparities, as well as aberrant weather. Not surprisingly, global output growth is expected to average close to a meagre 3.2% this year and next, down from the average of 3.4% in the 2011-16 period which excluded the post-great recession stimulus-induced rebound, and well below the 4.8% average in the six years prior to the downturn.

Third, potential output has been lowered considerably, notwithstanding the unprecedented monetary stimulus that continues to support worldwide activity. Cyclical factors are being reinforced by structural ones. Productivity gains across advanced and emerging economies alike have continued to moderate. In many countries, demographic trends are also less supportive with populations aging and labour force participation rates sharply reduced.

Fourth, protectionist sentiment is creeping higher in the slower international growth environment. According to the World Trade Organization and the International Monetary Fund, local content rules and subsidies for domestic industries are becoming more prevalent. The raising of non-tariff barriers flies in the face of the prolonged effort to lower tariff barriers, and continued efforts to ratify trade deals, CETA and TPP for example. Populist policies being offered in an increasing number of countries facing national elections have raised the spectre of re-evaluating and rejigging existing trade initiatives as a means to redress economic and social underperformance.

Fifth, there are signs that many companies and countries are 'shortening supply chains'. Intermediate parts used in the manufacturing production process are increasingly being fabricated closer to the final assembly point or concentrated in larger markets, thereby reducing imports and trade. This change reflects a variety issues related to costs and security (for example, significant exchange rate fluctuations and the building of redundancy to offset potential production and delivery interruption).

And sixth, technological developments, including 3D, are contributing to the reduced demand for the global trade in goods. Precision parts — new and replacement — can now be manufactured on-site, negating the need for international shipments.

The volume of world trade expanded almost 2 percentage points faster than the globe's real GDP in the six years leading up to the great recession, but has underperformed the globe's output growth by 1 percentage point over the past six years of expansion (2011-16). Although many of the factors listed have added to the drag on trade, the prolonged weakness in business investment and the resulting falloff in imports appear largely responsible. World trade is largely dominated by goods production, with the precipitous slide in the advanced economies cascading through the emerging nations.

Generating stronger and more sustained global growth and investment spending will likely continue to prove difficult in the medium term. Monetary policymakers are running out of manoeuvring room. Many governments are reluctant to implement more expansionary fiscal policies. And efforts to further liberalize international trade are meeting resistance.

Sources: CPB Netherlands Bureau for Economic Policy Analysis, Centre for Economic Policy Research, International Monetary Fund, Peterson Institute For International Economics, World Trade Organization.

# The Fed, Asset Bubbles And The Reach For Yield

- **Evidence of widespread asset bubbles is weak in housing and stocks, while the Fed can't control the Treasury curve as it once did.**

Is a broadly based asset bubble emerging in the US economy that could require monetary policy to lean against it?

There are actually two separate questions here. One is a lean-versus-clean debate among central bankers with respect to whether they should attempt to pre-emptively lean against asset bubbles via tighter monetary policy and in light of the experience of the past decade, or apply their policy tools toward cleaning up the aftermath.

For now, however, the more primary question concerns **evidence of asset bubbles as a motivator for Fed hikes in the first place.** This has to be done in somewhat more rigorous fashion than pointing to absolute price levels that get used and abused in headlines about record or near-record this and that. Everything has to be valued or benchmarked relative to something else and that's why Economics is all about ratios in one form or another.

## HOUSE PRICES ARE STILL WELL BELOW THEIR PEAKS

First, look at housing. The US S&P CoreLogic Case-Shiller measure of house prices is now only 2% lower than the 2006 peak. Some interpret that as evidence of froth.

The problem is that there has been growth in the fundamentals that have been driving valuations over time. Enter charts 1-3. They benchmark prices to rents, inflation, and incomes respectively. On average, they are nowhere close to record valuations. **Real house prices are still about 15% below the December 2006 peak, house-price-to-income is still about 26% lower than the July 2005 peak, and house price-to-rent is still about 36% below the June 2007 peak.** The desired aim should not be to reflate housing to the point of causing renewed imbalances, but the relative valuation metrics suggest that we remain considerably away from such a point. With house prices currently rising at about a 5% y/y nominal pace and growth occurring across these fundamental drivers — and others like local construction costs — the point of regaining prior valuation peaks likely lies years into the future.

## STOCKS AREN'T CHEAP, BUT THEY'RE NO BUBBLE EITHER

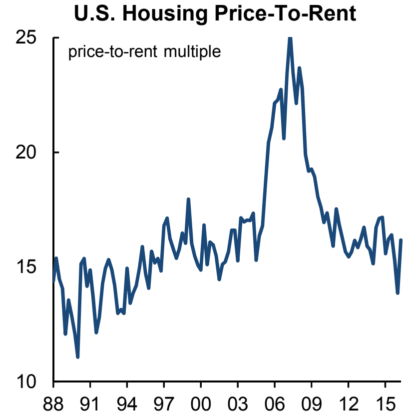
The same logic applies to stock valuations. The S&P500 nominal price index currently sits at its highest level on record. Again, however, it is ratios that rule over index illusion. Multiple ratios need to be used given that no one single measure is perfect. Enter charts 4 through 8. **Stocks are not cheap, but they've been more expensive in the past. On average, the measures suggest stocks are at the upper end of the fair value range. That makes the argument for popping a stock bubble weaker than looking at index levels, even if a) the Fed *could* do so, and b) the Fed *should* so do.**

**Therefore, if a reason that the Fed believes it should hike rates is that evidence of financial froth is rampant, then a) it may be generally wrong in**

CONTACTS

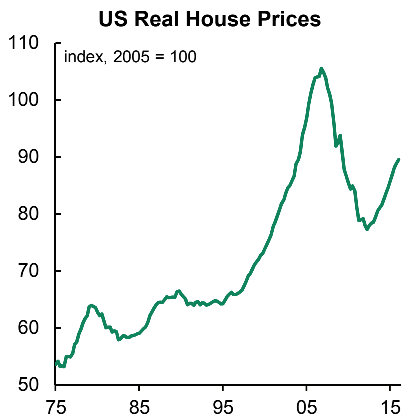
Derek Holt
416.863.7707
Scotiabank Economics
derek.holt@scotiabank.com

Chart 1



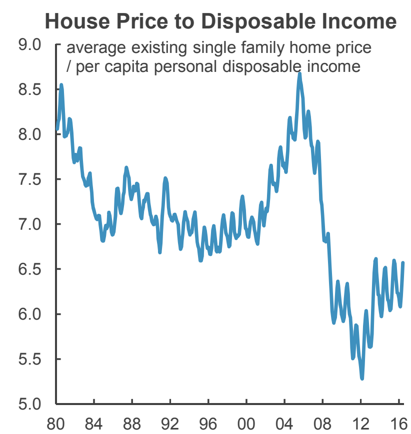

Source: Scotiabank Economics, U.S. Census Bureau.

Chart 2




Source: Scotiabank Economics, Federal Reserve Bank of Dallas.

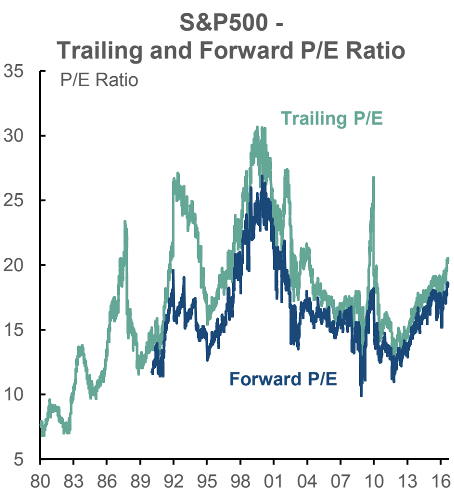
Chart 3




Source: Scotiabank Economics, Realtor, BEA.

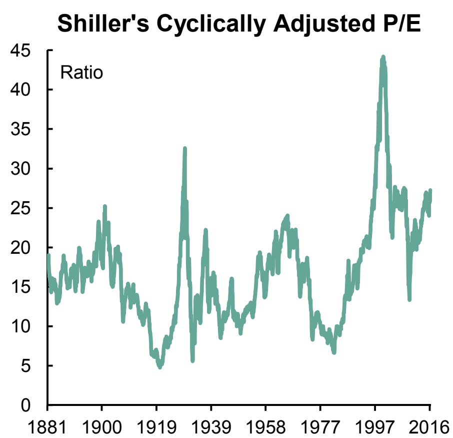
**some of the key asset classes that matter most—except for bonds that the Fed may very well be unable to control, and b) central bankers arguably have as bad a track record at trying to pre-emptively cool asset bubbles as they do cleaning up the aftermath.** The search-for-yield global bond market environment likely sets a cap on Treasury yields further up the curve that is more driven by relative carry influences including the impact of relative central bank policies. As the BoJ continues to buy a rising share of JGBs, ditto for the ECB and EGBs, the BoE has re-joined the bond buying party, and no one at the Fed is talking about halting reinvestment of maturing flows for a very long time, global scarcity of tradable fixed income product is going to continue to get worse. Supply on the open market will remain a challenge of greater significance than a quarter point hike here or there while demand for fixed income assets from investors such as pensions and life insurance companies continues to rise. In fact, hiking in such fashion as to add to USD strength could further improve expected returns into US yields and thus intensify appetite for US fixed income assets. This is not the bond market of 1994 or even a decade later and it's not clear the Fed is as powerful an influence upon it as it once was in a less globalized world for central bank policies. Raising short-term rates in this environment risks courting the influences of a flat or possibly inverted curve.

Chart 4



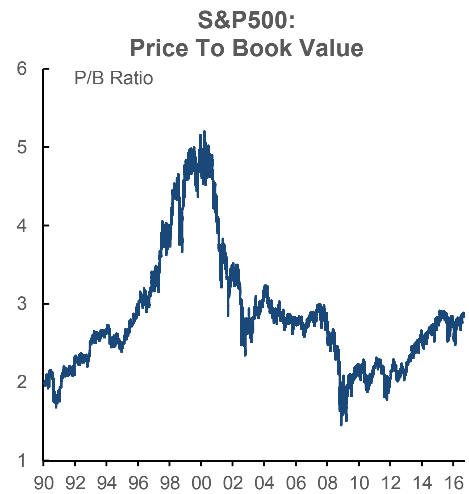

Source: Scotiabank Economics, Bloomberg

Chart 5



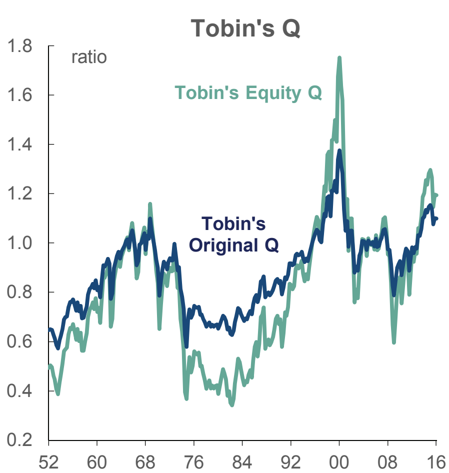

Source: Scotiabank Economics, Shiller, Robert, "Irrational Exuberance", Princeton University Press, 2005

Chart 6



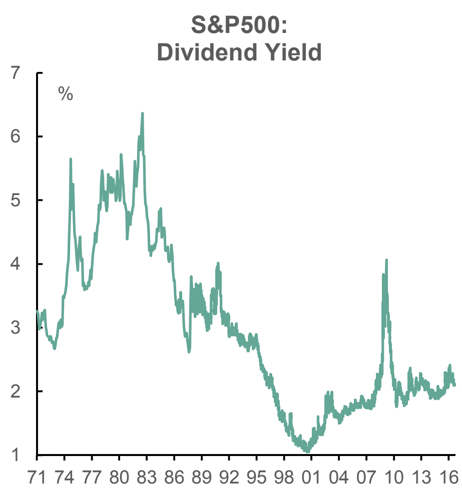

Source: Scotiabank Economics, Bloomberg

Chart 7




Source: Scotiabank Economics, U.S. Federal Reserve Board.

Chart 8




Source: Scotiabank Economics, Bloomberg

# Global Auto Sales Accelerate To Record Highs — Emerging Markets Rebound

Global car sales have gained momentum this year, rising a stronger-than-expected 5% through July. The improvement reflects a rebound in purchases across emerging markets following a 2% decline last year — the first fall-off since 2001 — as well as a modest acceleration among the G7, especially Western Europe. This represents the seventh consecutive annual sales increase and surpasses the previous upcycle which lasted six years. Strengthening labour markets and improving financial conditions suggest that the upswing will continue in 2017.

Purchases in China shifted into double-digit growth in 2016, supported by a 50% reduction in the sales tax to 5% from 10% for new vehicles with engine capacity of less than 1.6 litres, as well as improvement in most key leading indicators of auto sales. Money supply and lending activity have gained momentum in response to interest rate reductions by the central bank over the past year, house prices have rebounded and consumer confidence has stabilized. Vehicle pricing has also steadied as sales gains have outpaced the advance in production, reducing inventories.

Double-digit sales gains will continue through year-end in China, and are being led by second-tier cities with vehicle penetration rates much lower than Beijing and Shanghai. Vehicle ownership averages less than 75 cars/light trucks per 1000 people in the five major cities with the fastest growth in car sales, less than one-third the penetration in Beijing and nearly 30% below the national average.

Sales in Western Europe have advanced 7% y/y through July, the strongest gain in nearly two decades. The improvement is being supported by a strengthening labour market which is reducing unemployment at the fastest pace in nearly a decade. In particular, the jobless rate in Germany is at the lowest level since the 1990 reunification. Income gains are on the upswing across the continent, and credit creation is being buoyed by ECB initiatives, including interest rate reductions, enhanced quantitative easing and additional measures to encourage lending.

North American vehicle sales exceeded 20 million units last year for the first time on record and have increased an additional 3% y/y through July. Gains are expected to continue as most U.S. indicators remain positive. U.S. job growth is advancing by nearly 2% y/y, vehicle affordability remains near record highs and there is no evidence of deterioration in the automotive finance market. Replacement demand also still remains significant, with more than 40% of the U.S. fleet at least 13 years old.

Car sales in the emerging markets are also rebounding from last year's slide, even as Russia and Brazil continue to report double-digit declines. The recovery has been greatest in Asia with purchases (excluding Japan) jumping 9% so far this year. However, some improvement is also evident across South America. Chile is leading the way, with sales advancing 6.5% this year, a sharp reversal from a 16% slide in 2015. However, an additional 22% y/y slump through July in Brazil — which accounts for nearly 60% of overall sales across South America — confirms that the region will lag for the third consecutive year.

CONTACTS

**Carlos Gomes**
416.866.4735
Scotiabank Economics
carlos.gomes@scotiabank.com

Chart 1

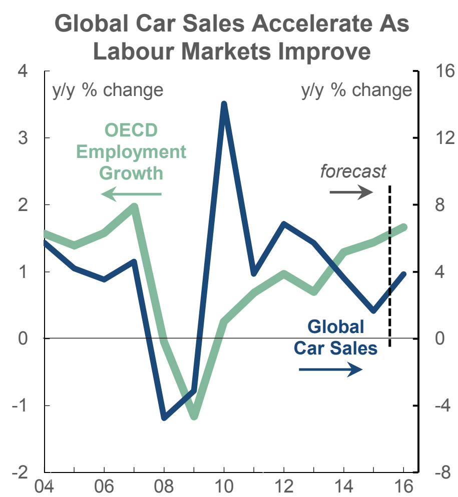
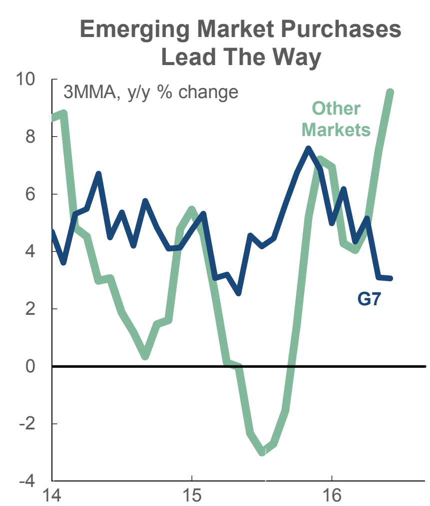



Chart 2



# Key Data Preview

## EUROPE

The economic calendar in Europe is quite busy this week. Flash inflation figures for August will be published in Germany and Spain on Tuesday, August 30th, followed by France, Italy, and the euro area aggregate on Wednesday, August 31th. We expect that Eurozone flash HICP inflation will remain stable at 0.2% y/y in August as favourable base effects from energy prices are partly offset by softer core consumer prices. Indeed, growth in Eurozone core inflation is forecast to ease slightly from 0.9% y/y in July to 0.8% in August due to softer service prices. Energy price base effects should lift August inflation in Germany and France slightly to 0.5% y/y from 0.4% in the prior month and 0.3% y/y from 0.2%, respectively.

## LATIN AMERICA

Colombia's DANE will release second quarter GDP data on Monday. We forecast Colombian output to have grown by 2.4% y/y following a slightly larger 2.5% expansion in Q1, marking a significant slowdown from growth of around 6% y/y as recently as 2014. The country's economy has been affected by a steep deceleration in mining output and exports coupled with fiscal restraint to tackle a widening budget deficit. Brazil will also publish GDP figures, expected to show a contraction of around 4% y/y in Q2, slowly bouncing back from a massive 5.9% drop in the last quarter of 2015. Brazil and Colombia's central banks will announce their policy rate decisions on Wednesday, where we expect policymakers to leave rates unchanged at 14.25% and 7.75%, respectively. Year-on-year inflation remains high in both countries, running at close to 9% y/y. This is close to two times the 4.5% midpoint of Banco Central do Brasil's target inflation range of 2.5-6.5%, though appears on track to reach the center of the band in 2017 after cresting at 10.7% y/y in January. Inflation in Colombia, however, has steeply increased from under 2% in late 2013 to 9% y/y in July with no clear signs of abating and excessively above the 4% upper bound of the central bank's range. Banrep has strongly sought out to tackle rising inflation expectations before the increase in prices, mainly in agricultural products, seeps through to rising wages; thus exacerbating inflationary pressures.

## ASIA

India will release second quarter GDP data on August 31st. We estimate that the economy expanded by 7½% y/y following a 7.9% gain in the January-March period. While India's outlook remains favourable, growth will likely slow from the first quarter pace due to base effects. India is the fastest growing major economy in the world. Against the backdrop of muted global trade activity, the Indian economy is able to outperform because it differs from its peers by being more dependent on domestic demand instead of exports. We expect India's real GDP growth to average 7½% y/y in 2016-17, driven by household spending. Rainfall of the ongoing southwest monsoon has been above average, which will boost agricultural output and support rural incomes and consumption over the coming quarters. The administration's commitment to improving road, rail, and energy infrastructure will provide further support. Nevertheless, India is expected to continue to struggle with a lack of private-sector investment until the nation's business environment improves further.

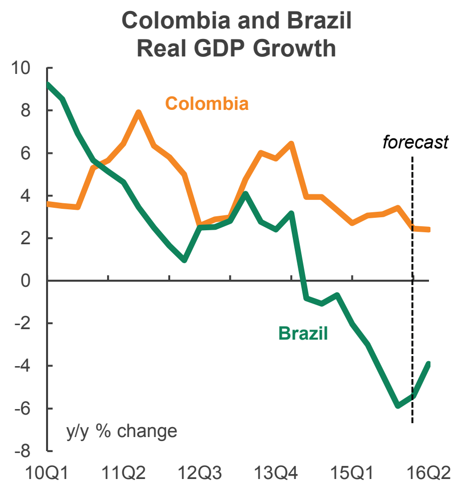
**CONTACTS**

**Erika Cain**
416.866.4205
Scotiabank Economics
erika.cain@scotiabank.com

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

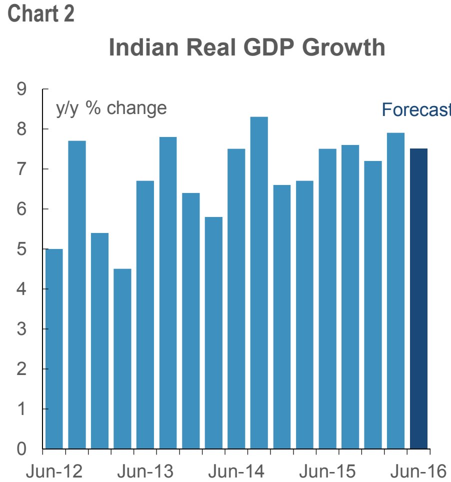
**Tuuli McCully**
65.6305.8313
Scotiabank Economics
tuuli.mccully@scotiabank.com

Chart 1




Source: Scotiabank Economics, DANE, IBGE.

Chart 2




Source: Bloomberg, Scotiabank Economics.

August 26, 2016

## Key Indicators for the week of August 29 – September 2

### NORTH AMERICA

| Country | Date | Time | Indicator | Period | BNS | Consensus | Latest |
|---|---|---|---|---|---|---|---|
| US | 08/29 | 08:30 | PCE Deflator (m/m) | Jul | 0.0 | 0.0 | 0.1 |
| US | 08/29 | 08:30 | PCE Deflator (y/y) | Jul | 0.8 | 0.8 | 0.9 |
| US | 08/29 | 08:30 | PCE ex. Food & Energy (m/m) | Jul | 0.1 | 0.1 | 0.1 |
| US | 08/29 | 08:30 | PCE ex. Food & Energy (y/y) | Jul | 1.5 | 1.5 | 1.6 |
| US | 08/29 | 08:30 | Personal Spending (m/m) | Jul | 0.2 | 0.3 | 0.4 |
| US | 08/29 | 08:30 | Personal Income (m/m) | Jul | 0.4 | 0.4 | 0.2 |
| MX | 08/29 | 09:00 | Unemployment Rate (%) | Jul | -- | -- | 3.9 |
| US | 08/29 | 10:30 | Dallas Fed. Manufacturing Activity | Aug | -- | -3.0 | -1.3 |
| CA | 08/30 | 08:30 | Current Account (C$ bn a.r.) | 2Q | -- | -- | -16.8 |
| CA | 08/30 | 08:30 | IPPI (m/m) | Jul | -- | -- | 0.6 |
| CA | 08/30 | 08:30 | Raw Materials Price Index (m/m) | Jul | -- | -- | 1.9 |
| US | 08/30 | 09:00 | S&P Core Logic Case-Shiller Home Price Index (m/m) | Jun | -- | -0.1 | -0.1 |
| US | 08/30 | 09:00 | S&P CoreLogic Case-Shiller Home Price Index (y/y) | Jun | -- | 5.1 | 5.2 |
| US | 08/30 | 10:00 | Consumer Confidence Index | Aug | 97.0 | 97.0 | 97.3 |
| US | 08/31 | 07:00 | MBA Mortgage Applications (w/w) | AUG 26 | -- | -- | -2.1 |
| US | 08/31 | 08:15 | ADP Employment Report (000s m/m) | Aug | 170.0 | 175.0 | 178.6 |
| CA | 08/31 | 08:30 | Real GDP (m/m) | Jun | 0.5 | 0.5 | -0.6 |
| CA | 08/31 | 08:30 | Real GDP (q/q a.r.) | 2Q | -1.5 | -1.5 | 2.4 |
| US | 08/31 | 09:45 | Chicago PMI | Aug | -- | 54.0 | 55.8 |
| US | 08/31 | 10:00 | Pending Home Sales (m/m) | Jul | -- | 0.7 | 0.2 |
| US | 09/01 | 08:30 | Initial Jobless Claims (000s) | AUG 27 | 260 | 265 | 261 |
| US | 09/01 | 08:30 | Continuing Claims (000s) | AUG 20 | -- | -- | 2145 |
| US | 09/01 | 08:30 | Productivity (q/q a.r.) | 2Q F | -- | -0.6 | -0.5 |
| US | 09/01 | 08:30 | Unit Labor Costs (q/q a.r.) | 2Q F | -- | 2.0 | 2.0 |
| US | 09/01 | 10:00 | Construction Spending (m/m) | Jul | 0.4 | 0.6 | -0.6 |
| US | 09/01 | 10:00 | ISM Manufacturing Index | Aug | 52.0 | 52.0 | 52.6 |
| US | 09/01 | | Domestic Vehicle Sales (mn a.r.) | Aug | -- | 13.5 | 13.8 |
| US | 09/01 | | Total Vehicle Sales (mn a.r.) | Aug | 17.3 | 17.2 | 17.8 |
| CA | 09/02 | 08:30 | Merchandise Trade Balance (C$ bn) | Jul | -3.5 | -3.2 | -3.6 |
| CA | 09/02 | 08:30 | Productivity (q/q a.r.) | 2Q | -- | -- | 0.4 |
| US | 09/02 | 08:30 | Trade Balance (US$ bn) | Jul | -43.0 | -43.0 | -44.5 |
| US | 09/02 | 08:30 | Nonfarm Employment Report (000s m/m) | Aug | 190.0 | 185.0 | 255.0 |
| US | 09/02 | 08:30 | Unemployment Rate (%) | Aug | 4.8 | 4.8 | 4.9 |
| US | 09/02 | 08:30 | Household Employment Report (000s m/m) | Aug | -- | -- | 420 |
| US | 09/02 | 08:30 | Average Hourly Earnings (m/m) | Aug | -- | 0.2 | 0.3 |
| US | 09/02 | 08:30 | Average Weekly Hours | Aug | -- | 34.5 | 34.5 |
| US | 09/02 | 10:00 | Factory Orders (m/m) | Jul | 1.5 | 2.0 | -1.5 |

### EUROPE

| Country | Date | Time | Indicator | Period | BNS | Consensus | Latest |
|---|---|---|---|---|---|---|---|
| UK | AUG 23 - SEP 03 | | Nationwide House Prices (m/m) | Aug | -- | -0.2 | 0.5 |
| GR | 08/29 | 05:00 | Real GDP NSA (y/y) | 2Q F | -- | -0.1 | -0.1 |
| GE | AUG 29 - SEP 03 | | Retail Sales (m/m) | Jul | -- | 0.5 | -0.1 |

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

## Key Indicators for the week of August 29 – September 2

### EUROPE *(continued from previous page)*

| Country | Date | Time | Indicator | Period | BNS | Consensus | Latest |
|---|---|---|---|---|---|---|---|
| SP | 08/30 | 03:00 | CPI (m/m) | Aug P | -- | 0.1 | -0.7 |
| SP | 08/30 | 03:00 | CPI (y/y) | Aug P | -- | -0.3 | -0.6 |
| SP | 08/30 | 03:00 | CPI - EU Harmonized (m/m) | Aug P | -- | 0.0 | -1.3 |
| SP | 08/30 | 03:00 | CPI - EU Harmonized (y/y) | Aug P | -- | -0.3 | -0.7 |
| PD | 08/30 | 04:00 | GDP (y/y) | 2Q F | -- | -- | 3.1 |
| UK | 08/30 | 04:30 | Net Consumer Credit (£ bn) | Jul | -- | 1.7 | 1.8 |
| EC | 08/30 | 05:00 | Business Climate Indicator | Aug | -- | 0.4 | 0.4 |
| EC | 08/30 | 05:00 | Consumer Confidence | Aug F | -8.5 | -8.5 | -8.5 |
| EC | 08/30 | 05:00 | Economic Confidence | Aug | 104.0 | 104.2 | 104.6 |
| EC | 08/30 | 05:00 | Industrial Confidence | Aug | -3.0 | -2.7 | -2.4 |
| GE | 08/30 | 08:00 | CPI (m/m) | Aug P | 0.1 | 0.1 | 0.3 |
| GE | 08/30 | 08:00 | CPI (y/y) | Aug P | 0.5 | 0.5 | 0.4 |
| GE | 08/30 | 08:00 | CPI - EU Harmonized (m/m) | Aug P | 0.1 | 0.1 | 0.4 |
| GE | 08/30 | 08:00 | CPI - EU Harmonized (y/y) | Aug P | 0.5 | 0.5 | 0.4 |
| UK | 08/30 | 19:05 | GfK Consumer Confidence Survey | Aug | -- | -8.0 | -12.0 |
| FR | 08/31 | 02:45 | Consumer Spending (m/m) | Jul | 0.5 | 0.3 | -0.8 |
| FR | 08/31 | 02:45 | CPI (m/m) | Aug P | 0.4 | 0.4 | -0.4 |
| FR | 08/31 | 02:45 | CPI (y/y) | Aug P | 0.3 | 0.3 | 0.2 |
| FR | 08/31 | 02:45 | CPI - EU Harmonized (m/m) | Aug P | 0.4 | 0.4 | -0.4 |
| FR | 08/31 | 02:45 | CPI - EU Harmonized (y/y) | Aug P | 0.4 | 0.4 | 0.4 |
| FR | 08/31 | 02:45 | Producer Prices (m/m) | Jul | -- | -- | 0.4 |
| GE | 08/31 | 03:55 | Unemployment (000s) | Aug | -5.0 | -4.0 | -7.0 |
| GE | 08/31 | 03:55 | Unemployment Rate (%) | Aug | 6.1 | 6.1 | 6.1 |
| NO | 08/31 | 04:00 | GDP (q/q) | 2Q | -- | 0.1 | 1.0 |
| SP | 08/31 | 04:00 | Current Account (€ bn) | Jun | -- | -- | 2.8 |
| EC | 08/31 | 05:00 | Euro zone CPI Estimate (y/y) | Aug | 0.2 | 0.3 | 0.2 |
| EC | 08/31 | 05:00 | Euro zone Core CPI Estimate (y/y) | Aug A | 0.8 | 0.9 | 0.9 |
| EC | 08/31 | 05:00 | Unemployment Rate (%) | Jul | 10.1 | 10.0 | 10.1 |
| IT | 08/31 | 05:00 | CPI (m/m) | Aug P | -- | 0.3 | 0.2 |
| IT | 08/31 | 05:00 | CPI (y/y) | Aug P | -- | 0.0 | -0.1 |
| IT | 08/31 | 05:00 | CPI - EU Harmonized (m/m) | Aug P | -- | -0.1 | -1.9 |
| IT | 08/31 | 05:00 | CPI - EU Harmonized (y/y) | Aug P | -- | -0.1 | -0.2 |
| PO | 08/31 | 06:00 | Real GDP (q/q) | 2Q F | -- | 0.2 | 0.2 |
| SP | 08/31 | | Budget Balance YTD (€ mn) | Jul | -- | -- | -21340 |
| IT | 09/01 | 03:45 | Manufacturing PMI | Aug | 51.0 | 51.2 | 51.2 |
| FR | 09/01 | 03:50 | Manufacturing PMI | Aug F | 48.5 | 48.5 | 48.5 |
| GE | 09/01 | 03:55 | Manufacturing PMI | Aug F | 53.6 | 53.6 | 53.6 |
| EC | 09/01 | 04:00 | Manufacturing PMI | Aug F | 51.8 | 51.8 | 51.8 |
| UK | 09/01 | 04:30 | Manufacturing PMI | Aug | -- | 49.0 | 48.2 |
| IT | 09/01 | | Budget Balance (€ bn) | Aug | -- | -- | 4.4 |
| IT | 09/01 | | Budget Balance YTD (€ bn) | Aug | -- | -- | -22.9 |
| IT | 09/02 | 04:00 | Real GDP (q/q) | 2Q F | 0.0 | 0.0 | 0.0 |
| UK | 09/02 | 04:30 | PMI Construction | Aug | -- | 46.5 | 45.9 |
| EC | 09/02 | 05:00 | PPI (m/m) | Jul | -- | 0.1 | 0.7 |

### ASIA-PACIFIC

| Country | Date | Time | Indicator | Period | BNS | Consensus | Latest |
|---|---|---|---|---|---|---|---|
| AU | 08/28 | 21:00 | HIA New Home Sales (m/m) | Jul | -- | -- | 8.2 |
| HK | 08/29 | 04:30 | Retail Sales - Volume (y/y) | Jul | -- | -7.3 | -9.6 |
| JN | 08/29 | 19:30 | Household Spending (y/y) | Jul | -- | -1.4 | -2.2 |
| JN | 08/29 | 19:30 | Jobless Rate (%) | Jul | 3.1 | 3.1 | 3.1 |
| JN | 08/29 | 19:50 | Large Retailers' Sales (y/y) | Jul | -- | 0.9 | -1.5 |
| JN | 08/29 | 19:50 | Retail Trade (y/y) | Jul | -- | -0.9 | -1.3 |
| AU | 08/29 | 21:30 | Building Approvals (m/m) | Jul | -- | 1.1 | -2.9 |

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

## Key Indicators for the week of August 29 – September 2

### ASIA-PACIFIC *(continued from previous page)*

| Country | Date | Time | Indicator | Period | BNS | Consensus | Latest |
|---|---|---|---|---|---|---|---|
| SK | 08/30 | 17:00 | Business Survey- Manufacturing | Sep | -- | -- | 71.0 |
| SK | 08/30 | 17:00 | Business Survey- Non-Manufacturing | Sep | -- | -- | 70.0 |
| SK | 08/30 | 19:00 | Industrial Production (y/y) | Jul | -- | 0.6 | 0.8 |
| SK | 08/30 | 19:00 | Cyclical Leading Index Change | Jul | -- | -- | -0.1 |
| JN | 08/30 | 19:50 | Industrial Production (y/y) | Jul P | -- | -3.0 | -1.5 |
| AU | 08/30 | 21:30 | Private Sector Credit (y/y) | Jul | -- | 6.1 | 6.2 |
| JN | 08/31 | 00:00 | Vehicle Production (y/y) | Jul | -- | -- | -1.0 |
| JN | 08/31 | 01:00 | Housing Starts (y/y) | Jul | -- | 7.5 | -2.5 |
| JN | 08/31 | 01:00 | Construction Orders (y/y) | Jul | -- | -- | -2.4 |
| TH | 08/31 | 03:30 | Exports (y/y) | Jul | -- | -- | 1.9 |
| TH | 08/31 | 03:30 | Imports (y/y) | Jul | -- | -- | -9.3 |
| TH | 08/31 | 03:30 | Trade Balance (US$ mn) | Jul | -- | -- | 3791 |
| TH | 08/31 | 03:30 | Current Account Balance (US$ mn) | Jul | -- | 2821 | 2978 |
| IN | 08/31 | 08:00 | Real GDP (y/y) | 2Q | 7.5 | 7.6 | 7.9 |
| NZ | 08/31 | 18:45 | Terms of Trade Index (q/q) | 2Q | -- | -1.5 | 4.4 |
| SK | 08/31 | 19:00 | Current Account (US$ mn) | Jul | -- | -- | 12168 |
| SK | 08/31 | 19:00 | CPI (y/y) | Aug | 0.8 | 0.7 | 0.7 |
| SK | 08/31 | 19:00 | Core CPI (y/y) | Aug | -- | -- | 1.6 |
| JN | 08/31 | 19:50 | Capital Spending (y/y) | 2Q | -- | 5.5 | 4.2 |
| SK | 08/31 | 20:00 | Exports (y/y) | Aug | -- | -0.5 | -10.2 |
| SK | 08/31 | 20:00 | Imports (y/y) | Aug | -- | -4.0 | -14.0 |
| SK | 08/31 | 20:00 | Trade Balance (US$ mn) | Aug | -- | 5600 | 7792 |
| CH | 08/31 | 21:00 | Manufacturing PMI | Aug | -- | 49.9 | 49.9 |
| CH | 08/31 | 21:00 | Non-manufacturing PMI | Aug | -- | -- | 53.9 |
| AU | 08/31 | 21:30 | Retail Sales (m/m) | Jul | -- | 0.3 | 0.1 |
| AU | 08/31 | 21:30 | Private Capital Expenditure | 2Q | -- | -4.1 | -5.2 |
| CH | 08/31 | 21:45 | Caixin China Manufacturing PMI | Aug | -- | 50.1 | 50.6 |
| JN | 08/31 | 22:00 | Markit/JMMA Manufacturing PMI | Aug F | 49.6 | -- | 49.6 |
| TH | 08/31 | 23:30 | Consumer Confidence Economic | Aug | -- | -- | 61.4 |
| PH | AUG 30 - 31 | | Bank Lending (y/y) | Jul | -- | -- | 16.6 |
| JN | 09/01 | 01:00 | Vehicle Sales (y/y) | Aug | -- | -- | -0.2 |
| TH | 09/01 | 03:30 | Business Sentiment Index | Aug | -- | -- | 49.4 |
| SK | 09/01 | 19:00 | GDP (y/y) | 2Q F | 3.2 | 3.2 | 3.2 |
| JN | 09/01 | 19:50 | Monetary Base (y/y) | Aug | -- | -- | 24.7 |
| ID | AUG 31 - SEP 01 | | CPI (y/y) | Aug | 3.2 | 3.2 | 3.2 |
| ID | AUG 31 - SEP 01 | | Core CPI (y/y) | Aug | -- | -- | 3.5 |
| JN | AUG 31 - SEP 07 | | Official Reserve Assets (US$ bn) | Aug | -- | -- | 1264.8 |
| TH | AUG 31 - SEP 01 | | CPI (y/y) | Aug | 0.4 | 0.4 | 0.1 |
| TH | AUG 31 - SEP 01 | | Core CPI (y/y) | Aug | -- | 0.8 | 0.8 |
| JN | 09/02 | 01:00 | Consumer Confidence | Aug | -- | 41.5 | 41.3 |
| SI | 09/02 | 09:00 | Purchasing Managers Index | Aug | -- | -- | 49.3 |

### LATIN AMERICA

| Country | Date | Time | Indicator | Period | BNS | Consensus | Latest |
|---|---|---|---|---|---|---|---|
| CO | 08/29 | 12:00 | GDP (y/y) | 2Q | 2.4 | 2.4 | 2.5 |
| CL | 08/30 | 08:00 | Industrial Production (y/y) | Jul | -- | -2.7 | -2.4 |
| CL | 08/30 | 08:00 | Retail Sales (y/y) | Jul | -- | 2.5 | 1.1 |
| BZ | 08/31 | 08:00 | GDP (IBGE) (q/q) | 2Q | -0.5 | -0.5 | -0.3 |
| BZ | 08/31 | 08:00 | GDP (IBGE) (y/y) | 2Q | -3.9 | -3.9 | -5.4 |
| CL | 08/31 | 08:00 | Unemployment Rate (%) | Jul | -- | 7.0 | 6.8 |
| CO | 08/31 | 11:00 | Urban Unemployment Rate (%) | Jul | -- | 10.0 | 10.2 |
| BZ | 08/31 | | **SELIC Target Rate (%)** | **Aug 31** | **14.25** | **14.25** | **14.25** |
| CO | 08/31 | | **Overnight Lending Rate (%)** | **Aug 31** | **7.75** | **7.75** | **7.75** |
| PE | 09/01 | 01:00 | Consumer Price Index (m/m) | Aug | -- | -- | 0.1 |
| PE | 09/01 | 01:00 | Consumer Price Index (y/y) | Aug | -- | -- | 3.0 |
| BZ | 09/01 | 09:00 | PMI Manufacturing Index | Aug | -- | -- | 46.0 |
| BZ | 09/01 | 14:00 | Trade Balance (FOB) - Monthly (US$ mn) | Aug | -- | 4150 | 4578 |
| BZ | 09/02 | 08:00 | Industrial Production SA (m/m) | Jul | -- | -0.3 | 1.1 |
| BZ | 09/02 | 08:00 | Industrial Production (y/y) | Jul | -- | -7.0 | -6.0 |

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

# Global Auctions for the week of August 29 – September 2

## NORTH AMERICA

| Country | Date | Time | Event |
|---|---|---|---|
| US | 08/29 | 11:30 | U.S. to Sell 3-Month Bills |
| US | 08/29 | 11:30 | U.S. to Sell 6-Month Bills |
| US | 08/30 | 11:30 | U.S. to Sell 4-Week Bills |
| CA | 08/31 | 12:00 | Canada to Sell 2-Year Bonds |

## EUROPE

| Country | Date | Time | Event |
|---|---|---|---|
| IT | 08/29 | 05:00 | Italy to Sell EUR6 Bln 181-Day Bills |
| CC | 08/29 | 05:00 | Cyprus to Sell Bills |
| NO | 08/29 | 06:00 | Norway Bond Auction Announcement |
| FR | 08/29 | 08:50 | France to Sell Bills |
| DE | 08/30 | 04:30 | Denmark to Sell Bills |
| IT | 08/30 | 05:00 | Italy to Sell Bonds |
| MB | 08/30 | 05:00 | Malta to Sell 91-Day Bills |
| MB | 08/30 | 05:00 | Malta to Sell 364-Day Bills |
| BE | 08/30 | 05:30 | Belgium to Sell 6-Month Bills |
| BE | 08/30 | 05:30 | Belgium to Sell 3-Month Bills |
| SZ | 08/30 | 06:15 | Switzerland to Sell 91-Day Bills |
| GR | 08/31 | 05:00 | Greece to Sell Bills |
| SW | 08/31 | 05:03 | Sweden to Sell SEK5 Bln 110-Day Bills |
| SW | 08/31 | 05:03 | Sweden to Sell SEK10 Bln 194-Day Bills |
| NO | 08/31 | 05:05 | Norway to Sell Bonds |
| NO | 08/31 | 05:05 | Norway Bond Auction |
| EC | 08/31 | 05:10 | ECB Long-Term Refinancing Operation Result |
| GE | 08/31 | 06:30 | Germany to Sell EUR4 Bln 0% 2018 Bonds |
| FR | 09/01 | 04:50 | France to Sell Bonds |
| SW | 09/01 | 05:03 | Sweden to Sell I/L Bonds |
| UK | 09/01 | 05:30 | U.K. to Sell GBP2.75 Bln 0.5% 2022 Bonds |
| NO | 09/01 | 06:00 | Norway Bills Auction Announcement |
| UK | 09/02 | 06:00 | U.K. to Sell Bills |

Source: Bloomberg, Scotiabank Economics.

## Global Auctions for the week of August 29 – September 2

### ASIA-PACIFIC

| Country | Date | Time | Event |
|---|---|---|---|
| JN | 08/29 | 23:45 | Japan to Sell 2-Year Bonds |
| CH | 08/30 | 22:35 | China to Sell CNY26 Bln 2-Yr Upsized Bonds |
| CH | 08/30 | 22:35 | China to sell CNY35 Bln 7-Yr Bonds |
| CH | 08/30 | 23:00 | China Plans to Sell 7-Year Bonds |
| JN | 08/31 | 23:35 | Japan to Sell 3-Month Bills |
| JN | 08/31 | 23:45 | Japan to Sell 10-Year Bonds |

### LATIN AMERICA

| Country | Date | Time | Event |
|---|---|---|---|
| BZ | 08/30 | 11:00 | Brazil to Sell I/L Bonds - 05/15/2021 |
| BZ | 08/30 | 11:00 | Brazil to Sell I/L Bonds - 08/15/2026 |
| BZ | 08/30 | 11:00 | Brazil to Sell I/L Bonds - 05/15/2035 |
| BZ | 08/30 | 11:00 | Brazil to Sell I/L Bonds - 05/15/2055 |
| BZ | 09/01 | 11:00 | Brazil to Sell LFT - 09/01/2022 |
| BZ | 09/01 | 11:00 | Brazil to Sell Bills LTN - 10/01/2017 |
| BZ | 09/01 | 11:00 | Brazil to Sell Bills LTN - 10/01/2018 |
| BZ | 09/01 | 11:00 | Brazil to Sell Bills LTN - 07/01/2020 |

Source: Bloomberg, Scotiabank Economics.

## Events for the week of August 29 – September 2

### NORTH AMERICA

| Country | Date | Time | Event |
|---|---|---|---|
| US | 08/31 | 03:15 | Fed's Rosengren to Address Financial Conference in Beijing |
| US | 08/31 | 08:00 | Fed's Kashkari Speaks on Fed Structure in St. Paul |
| US | 09/01 | 12:25 | Fed's Mester Speaks to Kentucky Philanthropy Initiative |
| US | 09/02 | 13:00 | Fed's Lacker Speaks on Interest Rate Benchmarks in Richmond |

### EUROPE

| Country | Date | Time | Event |
|---|---|---|---|
| GE | 08/27 | 08:00 | Deputy Foreign Minister Roth Discusses Brexit at Public Forum |
| EC | 08/27 | 12:25 | ECB's Coeure Speaks at Jackson Hole, Wyoming |
| GE | 08/28 | 09:00 | Schaeuble Speaks at Finance Ministry's Open House in Berlin |
| EC | 08/31 | 08:45 | ECB's Villeroy speaks at conference in Frankfurt |
| AS | 09/01 | 12:00 | ECB's Nowotny Speaks on Panel in Alpbach, Austria |
| EC | 09/02 | 12:00 | ECB's Hansson Speaks in Tallinn on Brexit Impact for EU |

### ASIA-PACIFIC

| Country | Date | Time | Event |
|---|---|---|---|
| SK | 08/30 | 03:00 | Bank of Korea Policy Meeting Minutes |
| AU | 08/30 | 21:00 | RBA's Debelle Gives Speech |
| JN | 08/30 | 21:30 | BOJ board member Funo speech |

### LATIN AMERICA

| Country | Date | Time | Event |
|---|---|---|---|
| BZ | 08/31 | | **Selic Rate** |
| CO | 08/31 | | **Overnight Lending Rate** |

Source: Bloomberg, Scotiabank Economics.

## Global Central Bank Watch

### NORTH AMERICA

| Rate | Current Rate | Next Meeting | Scotia's Forecasts | Consensus Forecasts |
|---|---|---|---|---|
| Bank of Canada – Overnight Target Rate | 0.50 | September 7, 2016 | 0.50 | 0.50 |
| Federal Reserve – Federal Funds Target Rate | 0.50 | September 21, 2016 | 0.50 | 0.50 |
| Banco de México – Overnight Rate | 4.25 | September 29, 2016 | 4.25 | -- |

### EUROPE

| Rate | Current Rate | Next Meeting | Scotia's Forecasts | Consensus Forecasts |
|---|---|---|---|---|
| European Central Bank – Refinancing Rate | 0.00 | September 8, 2016 | 0.00 | -- |
| Bank of England – Bank Rate | 0.25 | September 15, 2016 | 0.50 | -- |
| Swiss National Bank – Libor Target Rate | -0.75 | September 15, 2016 | -0.75 | -- |
| Central Bank of Russia – One-Week Auction Rate | 10.50 | September 16, 2016 | 10.50 | -- |
| Sweden Riksbank – Repo Rate | -0.50 | September 7, 2016 | -0.50 | -- |
| Norges Bank – Deposit Rate | 0.50 | September 22, 2016 | 0.50 | -- |

### ASIA PACIFIC

| Rate | Current Rate | Next Meeting | Scotia's Forecasts | Consensus Forecasts |
|---|---|---|---|---|
| Bank of Japan – Policy Rate | -0.10 | September 21, 2016 | -0.15 | -- |
| Reserve Bank of Australia – Cash Target Rate | 1.50 | September 6, 2016 | 1.50 | 1.50 |
| Reserve Bank of New Zealand – Cash Rate | 2.00 | September 21, 2016 | 2.00 | 2.00 |
| People's Bank of China – Lending Rate | 4.35 | TBA | -- | -- |
| Reserve Bank of India – Repo Rate | 6.50 | October 4, 2016 | 6.25 | -- |
| Bank of Korea – Bank Rate | 1.25 | September 9, 2016 | 1.25 | -- |
| Bank of Thailand – Repo Rate | 1.50 | September 14, 2016 | 1.50 | 1.50 |
| Bank Indonesia – 7-Day Reverse Repo Rate | 5.25 | September 22, 2016 | 5.00 | -- |

### LATIN AMERICA

| Rate | Current Rate | Next Meeting | Scotia's Forecasts | Consensus Forecasts |
|---|---|---|---|---|
| Banco Central do Brasil – Selic Rate | 14.25 | August 31, 2016 | 14.25 | 14.25 |
| Banco Central de Chile – Overnight Rate | 3.50 | September 15, 2016 | 3.50 | -- |
| Banco de la República de Colombia – Lending Rate | 7.75 | August 31, 2016 | 7.75 | 7.75 |
| Banco Central de Reserva del Perú – Reference Rate | 4.25 | September 8, 2016 | 4.25 | -- |

### AFRICA

| Rate | Current Rate | Next Meeting | Scotia's Forecasts | Consensus Forecasts |
|---|---|---|---|---|
| South African Reserve Bank – Repo Rate | 7.00 | September 22, 2016 | 7.00 | -- |

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

## Economic Statistics

### NORTH AMERICA

| Canada | 2015 | 16Q1 | 16Q2 | Latest | |
|---|---|---|---|---|---|
| Real GDP (annual rates) | 1.1 | 2.4 | | | |
| Current Acc. Bal. (C$B, ar) | -62.6 | -67.1 | | | |
| Merch. Trade Bal. (C$B, ar) | -22.5 | -25.7 | -42.7 | -43.6 | (Jun) |
| Industrial Production | -0.8 | -0.4 | -1.1 | -0.8 | (Jun) |
| Housing Starts (000s) | 194 | 198 | 198 | 195 | (Jul) |
| Employment | 0.8 | 0.7 | 0.7 | 0.3 | (Jul) |
| Unemployment Rate (%) | 6.9 | 7.2 | 6.9 | 6.9 | (Jul) |
| Retail Sales | 1.7 | 5.5 | 3.5 | 2.7 | (Jun) |
| Auto Sales (000s) | 1897 | 1991 | 1948 | 1969 | (Jun) |
| CPI | 1.1 | 1.5 | 1.6 | 1.3 | (Jul) |
| IPPI | -0.8 | -0.4 | -1.1 | 0.8 | (Jun) |
| Pre-tax Corp. Profits | -15.8 | -9.1 | | | |

| United States | 2015 | 16Q1 | 16Q2 | Latest | |
|---|---|---|---|---|---|
| Real GDP (annual rates) | 2.6 | 0.8 | 1.1 | | |
| Current Acc. Bal. (US$B, ar) | -463 | -499 | | | |
| Merch. Trade Bal. (US$B, ar) | -763 | -746 | -747 | -792 | (Jun) |
| Industrial Production | 0.3 | -1.9 | -0.9 | -0.5 | (Jul) |
| Housing Starts (millions) | 1.11 | 1.15 | 1.16 | 1.21 | (Jul) |
| Employment | 2.1 | 1.9 | 1.8 | 1.7 | (Jul) |
| Unemployment Rate (%) | 5.3 | 4.9 | 4.9 | 4.9 | (Jul) |
| Retail Sales | 1.6 | 2.2 | 2.3 | 1.9 | (Jul) |
| Auto Sales (millions) | 17.4 | 17.3 | 17.1 | 17.8 | (Jul) |
| CPI | 0.1 | 1.1 | 1.1 | 0.8 | (Jul) |
| PPI | -3.3 | -1.8 | -1.9 | -2.2 | (Jul) |
| Pre-tax Corp. Profits | -5.5 | -5.7 | -1.9 | | |

| Mexico | | | | | |
|---|---|---|---|---|---|
| Real GDP | 2.5 | 2.4 | 2.5 | | |
| Current Acc. Bal. (US$B, ar) | -32.7 | -30.4 | -31.4 | | |
| Merch. Trade Bal. (US$B, ar) | -14.6 | -15.9 | -12.5 | -21.9 | (Jul) |
| Industrial Production | 0.9 | 0.3 | 1.0 | 0.6 | (Jun) |
| CPI | 2.7 | 2.7 | 2.6 | 2.7 | (Jul) |

### EUROPE

| Euro Zone | 2015 | 16Q1 | 16Q2 | Latest | |
|---|---|---|---|---|---|
| Real GDP | 1.3 | 1.3 | | | |
| Current Acc. Bal. (US$B, ar) | 366 | 267 | 408 | 506 | (Jun) |
| Merch. Trade Bal. (US$B, ar) | 393.1 | 358.5 | 471.4 | 513.8 | (Jun) |
| Industrial Production | 2.1 | 1.2 | 0.8 | 0.4 | (Jun) |
| Unemployment Rate (%) | 10.9 | 10.4 | | 10.2 | (Apr) |
| CPI | 0.0 | 0.0 | -0.1 | 0.2 | (Jul) |

| Germany | 2015 | 16Q1 | 16Q2 | Latest | |
|---|---|---|---|---|---|
| Real GDP | 1.5 | 1.8 | 1.7 | | |
| Current Acc. Bal. (US$B, ar) | 256.1 | 325.0 | 332.9 | 354.5 | (Jun) |
| Merch. Trade Bal. (US$B, ar) | 274.7 | 261.4 | 323.0 | 333.3 | (Jun) |
| Industrial Production | 0.5 | 1.5 | 0.2 | 0.5 | (Jun) |
| Unemployment Rate (%) | 6.4 | 6.2 | 6.1 | 6.1 | (Jul) |
| CPI | 0.2 | 0.3 | 0.1 | 0.4 | (Jul) |

| France | | | | | |
|---|---|---|---|---|---|
| Real GDP | 1.2 | 1.4 | 1.4 | | |
| Current Acc. Bal. (US$B, ar) | -4.8 | -23.9 | -6.2 | 43.1 | (Jun) |
| Merch. Trade Bal. (US$B, ar) | -40.8 | -47.2 | -38.9 | -36.8 | (Jun) |
| Industrial Production | 1.6 | 0.6 | 0.4 | -1.3 | (Jun) |
| Unemployment Rate (%) | 10.4 | 10.1 | 9.9 | 9.9 | (Jun) |
| CPI | 0.0 | 0.0 | 0.0 | 0.2 | (Jul) |

| United Kingdom | | | | | |
|---|---|---|---|---|---|
| Real GDP | 2.2 | 2.0 | 2.2 | | |
| Current Acc. Bal. (US$B, ar) | -100.3 | -130.4 | | | |
| Merch. Trade Bal. (US$B, ar) | -193.1 | -196.3 | -197.2 | -211.4 | (Jun) |
| Industrial Production | 1.3 | 0.3 | 1.8 | 1.6 | (Jun) |
| Unemployment Rate (%) | 5.4 | 5.1 | | 4.9 | (May) |
| CPI | 0.0 | 0.3 | 0.4 | 0.6 | (Jul) |

| Italy | | | | | |
|---|---|---|---|---|---|
| Real GDP | 0.6 | 1.0 | 0.7 | | |
| Current Acc. Bal. (US$B, ar) | 36.0 | 19.7 | 60.8 | 86.2 | (Jun) |
| Merch. Trade Bal. (US$B, ar) | 49.8 | 40.5 | 64.2 | 62.8 | (Jun) |
| Industrial Production | 1.0 | 1.5 | 0.2 | -0.2 | (Jun) |
| CPI | 0.0 | -0.1 | -0.4 | -0.1 | (Jul) |

| Russia | | | | | |
|---|---|---|---|---|---|
| Real GDP | | | | | |
| Current Acc. Bal. (US$B, ar) | 69.0 | | | | |
| Merch. Trade Bal. (US$B, ar) | 12.4 | 7.5 | 7.5 | 8.1 | (Jun) |
| Industrial Production | -3.7 | -0.7 | 1.0 | -0.3 | (Jul) |
| CPI | 15.5 | 8.3 | 7.4 | 7.2 | (Jul) |

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

Source: Bloomberg, IHS Global, Scotiabank Economics.

## Economic Statistics

### ASIA-PACIFIC

| Australia | 2015 | 16Q1 | 16Q2 | Latest |
|---|---|---|---|---|
| Real GDP | 2.5 | 3.1 | | |
| Current Acc. Bal. (US$B, ar) | -58.9 | -57.0 | | |
| Merch. Trade Bal. (US$B, ar) | -12.9 | -13.9 | -5.1 | -14.7 (Jun) |
| Industrial Production | 1.6 | 4.8 | | |
| Unemployment Rate (%) | 6.1 | 5.8 | 5.7 | 5.7 (Jul) |
| CPI | 1.5 | 1.3 | 1.0 | |

| Japan | 2015 | 16Q1 | 16Q2 | Latest |
|---|---|---|---|---|
| Real GDP | 0.6 | 0.1 | 0.6 | |
| Current Acc. Bal. (US$B, ar) | 135.5 | 206.9 | 172.6 | 110.8 (Jun) |
| Merch. Trade Bal. (US$B, ar) | -23.1 | 19.3 | 37.6 | 36.7 (Jul) |
| Industrial Production | -1.2 | -3.2 | -1.7 | -1.4 (Jun) |
| Unemployment Rate (%) | 3.4 | 3.2 | 3.2 | 3.1 (Jun) |
| CPI | 0.8 | 0.0 | -0.3 | -0.5 (Jul) |

| South Korea | 2015 | 16Q1 | 16Q2 | Latest |
|---|---|---|---|---|
| Real GDP | 2.6 | 2.8 | 3.2 | |
| Current Acc. Bal. (US$B, ar) | 105.9 | 96.3 | 103.6 | 146.0 (Jun) |
| Merch. Trade Bal. (US$B, ar) | 90.3 | 87.5 | 108.3 | 91.2 (Jul) |
| Industrial Production | -0.9 | -0.2 | 1.2 | 1.1 (Jun) |
| CPI | 0.7 | 1.0 | 0.9 | 0.7 (Jul) |

| China | 2015 | 16Q1 | 16Q2 | Latest |
|---|---|---|---|---|
| Real GDP | 6.9 | 6.7 | 6.7 | |
| Current Acc. Bal. (US$B, ar) | 330.6 | | | |
| Merch. Trade Bal. (US$B, ar) | 593.9 | 475.1 | 553.2 | 627.7 (Jul) |
| Industrial Production | 5.9 | 6.8 | 6.2 | 6.0 (Jul) |
| CPI | 1.6 | 2.3 | 1.9 | 1.8 (Jul) |

| Thailand | 2015 | 16Q1 | 16Q2 | Latest |
|---|---|---|---|---|
| Real GDP | 2.8 | | | |
| Current Acc. Bal. (US$B, ar) | 31.7 | 16.6 | 8.4 | |
| Merch. Trade Bal. (US$B, ar) | 2.9 | 4.4 | 3.2 | 3.8 (Jun) |
| Industrial Production | 0.4 | -1.0 | 1.5 | 0.8 (Jun) |
| CPI | -0.9 | -0.5 | 0.3 | 0.1 (Jul) |

| India | 2015 | 16Q1 | 16Q2 | Latest |
|---|---|---|---|---|
| Real GDP | 6.9 | | | |
| Current Acc. Bal. (US$B, ar) | -22.4 | | | |
| Merch. Trade Bal. (US$B, ar) | -10.5 | -6.2 | -6.4 | -7.8 (Jul) |
| Industrial Production | 3.2 | 0.2 | 0.6 | 2.1 (Jun) |
| WPI | -2.7 | -0.8 | 1.2 | 3.5 (Jul) |

| Indonesia | 2015 | 16Q1 | 16Q2 | Latest |
|---|---|---|---|---|
| Real GDP | 4.8 | | | |
| Current Acc. Bal. (US$B, ar) | -17.7 | | | |
| Merch. Trade Bal. (US$B, ar) | 0.6 | 0.6 | 0.6 | 0.6 (Jul) |
| Industrial Production | 4.8 | 4.1 | 5.5 | 9.1 (Jun) |
| CPI | 6.4 | 4.3 | 3.5 | 3.2 (Jul) |

### LATIN AMERICA

| Brazil | 2015 | 16Q1 | 16Q2 | Latest |
|---|---|---|---|---|
| Real GDP | -3.8 | -5.4 | | |
| Current Acc. Bal. (US$B, ar) | -58.8 | -30.5 | -3.5 | |
| Merch. Trade Bal. (US$B, ar) | 19.7 | 33.5 | 61.1 | 54.9 (Jul) |
| Industrial Production | -8.2 | -11.6 | -7.7 | -5.8 (Jun) |
| CPI | 9.0 | 10.1 | 9.1 | 8.7 (Jul) |

| Chile | 2015 | 16Q1 | 16Q2 | Latest |
|---|---|---|---|---|
| Real GDP | 2.3 | 2.2 | 1.5 | |
| Current Acc. Bal. (US$B, ar) | -15.9 | 2.0 | -2.5 | |
| Merch. Trade Bal. (US$B, ar) | -3.0 | 8.6 | 6.9 | -1.1 (Jul) |
| Industrial Production | -0.3 | -0.8 | -3.1 | -3.8 (Jun) |
| CPI | 4.3 | 4.6 | 4.2 | 4.0 (Jul) |

| Peru | 2015 | 16Q1 | 16Q2 | Latest |
|---|---|---|---|---|
| Real GDP | 3.3 | | | |
| Current Acc. Bal. (US$B, ar) | -8.4 | | | |
| Merch. Trade Bal. (US$B, ar) | -0.2 | -0.2 | -0.1 | -0.3 (Jun) |
| Unemployment Rate (%) | 6.4 | 6.9 | 7.0 | 7.1 (Jul) |
| CPI | 3.5 | 4.5 | 3.6 | 3.0 (Jul) |

| Colombia | 2015 | 16Q1 | 16Q2 | Latest |
|---|---|---|---|---|
| Real GDP | 3.1 | | | |
| Current Acc. Bal. (US$B, ar) | -18.8 | | | |
| Merch. Trade Bal. (US$B, ar) | -1.3 | -1.2 | -0.9 | -0.8 (Jun) |
| Industrial Production | 1.3 | 5.3 | 6.5 | 6.6 (Jun) |
| CPI | 5.0 | 7.7 | 8.2 | 9.0 (Jul) |

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

Source: Bloomberg, IHS Global, Scotiabank Economics.

## Financial Statistics

### Interest Rates (%, end of period)

| Canada | 16Q1 | 16Q2 | Aug/19 | Aug/26* | United States | 16Q1 | 16Q2 | Aug/19 | Aug/26* |
|---|---|---|---|---|---|---|---|---|---|
| BoC Overnight Rate | 0.50 | 0.50 | 0.50 | 0.50 | Fed Funds Target Rate | 0.50 | 0.50 | 0.50 | 0.50 |
| 3-mo. T-bill | 0.45 | 0.49 | 0.50 | 0.51 | 3-mo. T-bill | 0.20 | 0.26 | 0.30 | 0.31 |
| 10-yr Gov't Bond | 1.23 | 1.06 | 1.08 | 1.04 | 10-yr Gov't Bond | 1.77 | 1.47 | 1.58 | 1.55 |
| 30-yr Gov't Bond | 2.01 | 1.72 | 1.69 | 1.64 | 30-yr Gov't Bond | 2.61 | 2.28 | 2.29 | 2.23 |
| Prime | 2.70 | 2.70 | 2.70 | 2.70 | Prime | 3.50 | 3.50 | 3.50 | 3.50 |
| FX Reserves (US$B) | 82.2 | 83.5 | 82.9 | (Jul) | FX Reserves (US$B) | 108.7 | 109.2 | 109.4 | (Jul) |
| **Germany** | | | | | **France** | | | | |
| 3-mo. Interbank | -0.24 | -0.27 | -0.29 | -0.29 | 3-mo. T-bill | -0.42 | -0.57 | -0.59 | -0.59 |
| 10-yr Gov't Bond | 0.15 | -0.13 | -0.03 | -0.09 | 10-yr Gov't Bond | 0.49 | 0.18 | 0.19 | 0.15 |
| FX Reserves (US$B) | 60.8 | 61.8 | 62.1 | (Jul) | FX Reserves (US$B) | 57.2 | 54.8 | 51.4 | (Jul) |
| **Euro Zone** | | | | | **United Kingdom** | | | | |
| Refinancing Rate | 0.00 | 0.00 | 0.00 | 0.00 | Repo Rate | 0.50 | 0.50 | 0.25 | 0.25 |
| Overnight Rate | -0.30 | -0.29 | -0.34 | -0.34 | 3-mo. T-bill | 0.48 | 0.45 | 0.27 | 0.25 |
| FX Reserves (US$B) | 340.7 | 344.3 | 342.5 | (Jul) | 10-yr Gov't Bond | 1.42 | 0.87 | 0.62 | 0.54 |
| | | | | | FX Reserves (US$B) | 125.2 | 128.7 | 132.3 | (Jul) |
| **Japan** | | | | | **Australia** | | | | |
| Discount Rate | 0.30 | 0.30 | 0.30 | 0.30 | Cash Rate | 2.00 | 1.75 | 1.50 | 1.50 |
| 3-mo. Libor | -0.07 | -0.08 | -0.08 | -0.09 | 10-yr Gov't Bond | 2.49 | 1.98 | 1.86 | 1.85 |
| 10-yr Gov't Bond | -0.03 | -0.22 | -0.08 | -0.07 | FX Reserves (US$B) | 46.1 | 48.3 | 46.2 | (Jul) |
| FX Reserves (US$B) | 1231.6 | 1232.9 | 1231.7 | (Jul) | | | | | |

### Exchange Rates (end of period)

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| USDCAD | 1.30 | 1.29 | 1.29 | 1.29 | ¥/US$ | 112.57 | 103.20 | 100.22 | 100.84 |
| CADUSD | 0.77 | 0.77 | 0.78 | 0.77 | US¢/Australian$ | 0.77 | 0.75 | 0.76 | 0.76 |
| GBPUSD | 1.436 | 1.331 | 1.308 | 1.319 | Chinese Yuan/US$ | 6.45 | 6.65 | 6.65 | 6.67 |
| EURUSD | 1.138 | 1.111 | 1.133 | 1.126 | South Korean Won/US$ | 1143 | 1152 | 1118 | 1114 |
| JPYEUR | 0.78 | 0.87 | 0.88 | 0.88 | Mexican Peso/US$ | 17.279 | 18.280 | 18.220 | 18.258 |
| USDCHF | 0.96 | 0.98 | 0.96 | 0.97 | Brazilian Real/US$ | 3.592 | 3.213 | 3.205 | 3.194 |

### Equity Markets (index, end of period)

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| United States (DJIA) | 17685 | 17930 | 18553 | 18536 | U.K. (FT100) | 6175 | 6504 | 6859 | 6843 |
| United States (S&P500) | 2060 | 2099 | 2184 | 2184 | Germany (Dax) | 9966 | 9680 | 10544 | 10583 |
| Canada (S&P/TSX) | 13494 | 14065 | 14687 | 14728 | France (CAC40) | 4385 | 4237 | 4401 | 4443 |
| Mexico (IPC) | 45881 | 45966 | 48297 | 47709 | Japan (Nikkei) | 16759 | 15576 | 16546 | 16361 |
| Brazil (Bovespa) | 50055 | 51527 | 59099 | 58536 | Hong Kong (Hang Seng) | 20777 | 20794 | 22937 | 22910 |
| Italy (BCI) | 1056 | 949 | 973 | 993 | South Korea (Composite) | 1996 | 1970 | 2056 | 2038 |

### Commodity Prices (end of period)

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Pulp (US$/tonne) | 950 | 1000 | 1000 | 1000 | Copper (US$/lb) | 2.20 | 2.19 | 2.17 | 2.10 |
| Newsprint (US$/tonne) | 545 | 560 | 575 | 575 | Zinc (US$/lb) | 0.81 | 0.95 | 1.04 | 1.05 |
| Lumber (US$/mfbm) | 303 | 316 | 329 | 316 | Gold (US$/oz) | 1237.00 | 1320.75 | 1346.40 | 1318.75 |
| WTI Oil (US$/bbl) | 38.34 | 48.33 | 48.52 | 47.81 | Silver (US$/oz) | 15.38 | 18.36 | 19.42 | 18.67 |
| Natural Gas (US$/mmbtu) | 1.96 | 2.92 | 2.58 | 2.85 | CRB (index) | 170.52 | 192.57 | 188.78 | 186.94 |

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

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