

SOLIDARIDAD!

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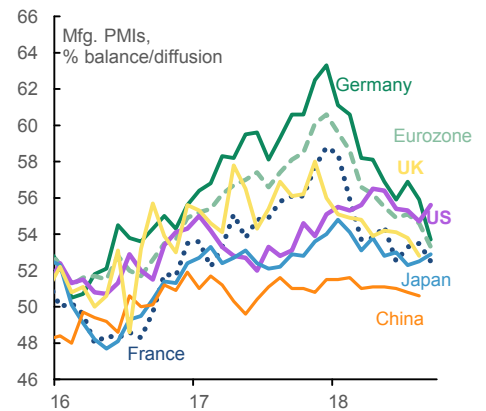
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Next Week's Risk Dashboard

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- ▶ Chinese PMIs
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- ▶ CBs: Banxico, RBA, RBI
- ▶ CPI: Brazil, Colombia...
- ▶ ...SK, Philippines, Indonesia...
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- ▶ Quebec's election
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Chart of the Week

Global Manufacturing



Sources: Scotiabank Economics, Markit, Bloomberg.

Chart of the Week: Prepared by: Sam Fraser, Research Analyst.

Solidaridad!

CANADA—ANOTHER FAKE DEADLINE PASSES

Another false NAFTA deadline will come and go and yet again nothing significant will happen. USTR Lighthizer has reportedly guided that March is the earliest timeframe for the US Congress to vote on any new NAFTA 2.0 agreement, even if achieved soon, with the door left open to Canada joining. That means presenting it to the new 2019 Congress that may be very different from the present Congress as the original desire of the US administration was to get it through the current Congress. We're long past the point at which the credibility of such deadlines is to be treated as beyond reproach. In any event, incoming Mexican President AMLO reportedly held a call with Canadian PM Trudeau this past Thursday (reported late on Friday) during which AMLO "insisted" on a trilateral NAFTA deal; this may be entirely about being practical given the limited likelihood that a US-Mexico agreement excluding Canada could proceed. Either way, it's a welcome renewed sign of solidarity in the negotiations in the face of US efforts to divide. **With that, the focus returns to tracking the fundamentals.** Quebec's election on Monday may affect provincial debt markets and clears a possible hurdle for NAFTA negotiations. A pair of top-shelf macro reports and a low-risk BoC speech will concentrate pretty much all of the macro Canada risk upon next Friday.

Ok, that may be an exaggeration. The two reports due out next Friday are not exactly a statistician's dream. Trade figures can often involve substantial revision risk. The 95% confidence interval for the Labour Force Survey is large at +/-54,000 around the initial estimate. Release, retract, revise.

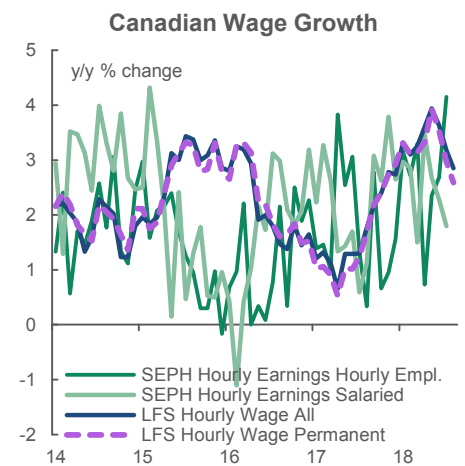
With that caveat on data quality in mind, **September's Labour Force Survey could offer a substantial up-month on the seesaw pattern** that has been observed especially this year. If one believes the figures, then we've seen down months as large as -88,000 (January) and -51,600 (August), as well as up months as large as +51,100 (July). The quality of any rebound may be discounted if it is reliant upon reversing much of the part-time drop of 92,000 in August as well as the gain of 40,400 full-time workers in August.

Perhaps the bigger issue may be developments in wage growth. In July, three out of four main wage growth measures were at 3% y/y or higher (chart 1). The two measures drawn from the payrolls survey that just got updated to July point to 4.2% y/y growth for hourly earnings of employees paid by the hour and 1.8% y/y growth for hourly earnings of salaried employees. Next week's measures will be for growth of hourly wages of all workers as well as permanent workers drawn from the softer household survey (SEPH) for the month of September after the August report showed some moderation in wage growth. In both cases, the latter two figures have softened over recent months partly on less favourable year-ago base effects. The BoC used to prefer the wage measures in the LFS but now prefers a measure for wage common that relies heavily—both directly and indirectly—upon what the SEPH survey says.

As for the trade figures, monthly volatility shouldn't cause one to lose sight of the main points regarding how international trade is driving Canadian GDP growth. The second quarter's explosive growth is moderating into Q3. Q2 export volumes were up by about 16% at a seasonally adjusted and annualized rate while import volumes were up by about 7.8%. So far, Q3 is tracking an annualized drop of 0.4% for export volumes and a decline of 5.4% for import volumes based upon the Q2 hand-off and July while assuming the rest of the quarter comes in flat. Thus far, that means three things. First, **net trade is contributing to Q3 GDP growth** but only because of a lowered import leakage effect. Second, **most of the explosive export growth in Q2 is being preserved in terms of volumes.** Third, at least so far, **exports are tracking better in Q3 than the BoC had anticipated and that is one reason why the BoC's 1.5% GDP growth forecast for Q3 may have gone too low.**

One of the BoC's Deputy Governors—Tim Lane—speaks on Monday. His speech is less likely to carry macroeconomic or policy messages from the BoC, given that the topic is "What's All the Commotion About Crypto Cash?" He speaks at 1:15pmET with remarks available at 1pm.

Chart 1



Sources: Scotiabank Economics, Statistics Canada.

Quebec’s provincial election on Monday may be a close call. The latest entry in [this](#) poll tracker shows the ruling Liberals and the fledgling centre-right Coalition Avenir Québec (CAQ) neck and neck with each polling 30% of the popular vote. The average of recent polls of the popular vote gives a statistically insignificant advantage to the CAQ. However, the effort toward translating the popular vote into seat projections takes account of the distribution of voter sentiment, and the same source gives the edge to the CAQ but on the boundary between a majority versus minority government. The CAQ prefers more restrictive policies applied to immigration targets and the French language skills of immigrants. The Liberals are relatively pro-immigration and at a time of increased border crossings. The sovereigntist PQ is widely expected to put in a poor showing based upon polling throughout the election, leaving the federalist Liberals and the somewhat more federally indifferent CAQ to duke it out. The election may also indirectly influence NAFTA negotiations particularly given the concentration of dairy farmers in the province and the controversy surrounding US demands for freer access to Canada’s dairy market. The political deadlines facing the US and Mexico are not the only ones in operation. Current Liberal Premier Couillard made that clear during the campaign when he remarked:

“Supply management, in Canada, is Quebec in large part, along with Ontario and the Maritime provinces. We are opposed—not just my party, but the majority of the Quebec population—are opposed to concessions on supply management. If there are some who think they can go around Quebec ... there will be serious political consequences. Just watch me.”

EUROPE—GROWTH VS BREXIT

Europe will be focused upon modest data risk that will be mostly skewed toward the UK. With weeks to go before the mid-November deadline for Brexit talks, the nearer term focus will remain on signals that the economy is holding up reasonably well.

Another monthly batch of purchasing managers’ indices arrives in the UK. On balance, the readings have been fairly stable of late (chart 2). The composite measure has been trending largely sideways since recovering following the immediate aftermath of the initial Brexit vote. The reading has tended to indicate moderate growth in the overall UK economy which is fairly consistent with the fact that GDP growth has been running at a 0.2–0.4% q/q non-annualized pace since the start of last year.

German factory orders have been experiencing somewhat of a freefall of late. They fell by 3.9% m/m in June and then another 0.9% in July. They’ve fallen in every single month this year except for May and the effect has been to reverse all of the optimism that had driven the order book higher last year (chart 3). Friday brings August’s update.

LATIN AMERICA—HALCONES!

A key central bank decision and a pair of inflation reports will be focal points in local currency and rates markets.

Scotia’s Mario Correa expects a 25bps hike from Banxico on Thursday. Mexico’s central bank has been on pause since last hiking in June for a cumulative 425bps of rate hikes since late 2015. There remains a decent probability of a hike next week

Chart 2

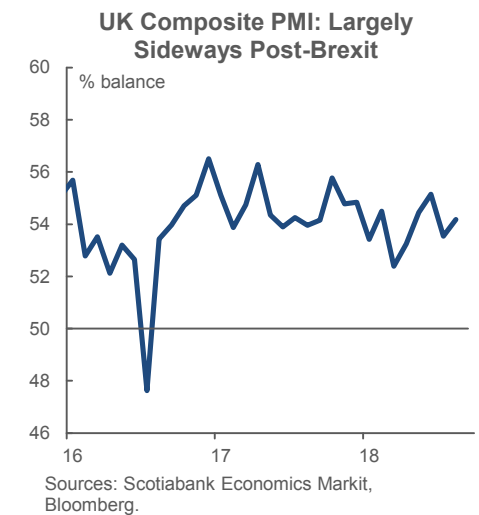
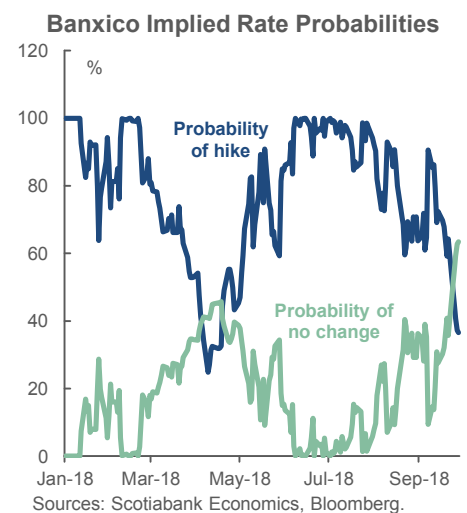


Chart 3



Chart 4



(chart 4). Inflation has resumed rising over recent months and one driver of hike expectations is that inflation is on the rise again. Since the recent bottom of 4.5% y/y in May, inflation has risen by almost half a point through to August and is therefore tracking above the 2–4% inflation target range. (chart 5). Some catalysts to the inflation picture are gasoline prices and electricity tariffs for businesses. Managing risks to the currency as the Fed continues to tighten policy may be a further consideration.

Brazil releases its main inflation reading for September next Friday. Colombia updates its CPI reading on the same day. Scotia's Eduardo Suárez thinks both measures will be under upward pressure. Brazil's IBGE inflation rate spiked up in June by 1.5 percentage points to 4.4% before pulling back a touch. Even a rise to 4½% y/y next week would keep inflation well within Banco Central do Brasil's 3–6% target range, but it could further momentum toward a rate hike into 2019—if not sooner. Colombia's inflation rate is expected to move up a little to about 3.3% y/y which would keep it within Banrep's 2–4% inflation target range. A depreciating Colombian peso since April could carry lagging positive effects on inflation.

UNITED STATES—1983?

The passage of another artificial NAFTA deadline that wasn't achieved will barely raise an eyebrow as Washington will be gripped by the controversy swirling around Judge Kavanaugh's candidacy for the Supreme Court. That will mean **markets will be primarily focused upon top-tier data risk and no fewer than twelve appearances by ten Federal Reserve officials** including at the very top of the chain of command.

There will be two top-tier releases and several others.

- Nonfarm payrolls and wages:** Friday's release for September may show two things. One is that wage growth is expected to slow a little in year-ago terms to about 2.8%. If so, then I wouldn't read much into that because a major driver would be the volatility in the base effect around this time last year. From July 2017 when wage growth was 2.5% y/y to August's 2.6%, wage growth then temporarily shot higher to 2.8% a year ago. The wage figure could well rebound into the next nonfarm report for October when the year-ago base effect becomes more favourable again. Second, we should see resilient hiring activity despite Florence because of the nonfarm reference period—which is the pay period that includes the 12th of each month. That was before Florence made landfall just two days later and before the full effects were felt into the next week. Any disrupted hiring activity may show up in the next nonfarm report. Also note that the less widely watched ADP private payrolls report is due out on Wednesday.
- ISM manufacturing:** Monday's reading for September will be watched for whether it retains the highest reading since May 2004. It may well, if not build further upon it by striking what could be the highest level since December 1983. The two best guides for ISM across the regional surveys are the Philly Fed and Richmond Fed metrics. The Philly Fed doubled from 11.9 in August to 22.9 in September. The Richmond Fed's measure increased from 24 to 29.

Other releases will include **construction spending** for August (Monday) that may follow housing starts higher. **Vehicle sales** in September are due on Monday. **The ISM non-manufacturing** gauge is due Wednesday. Thursday's **factory orders** report

Chart 5
Mexican Inflation Back on an Upswing

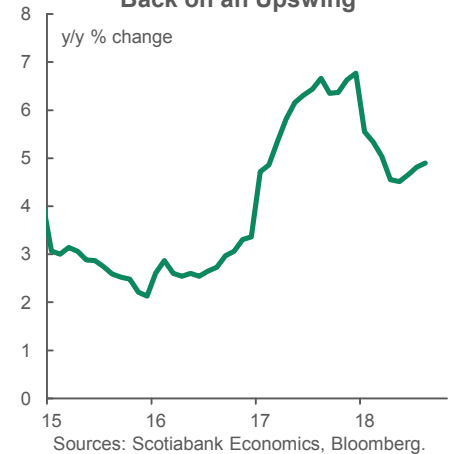


Chart 6

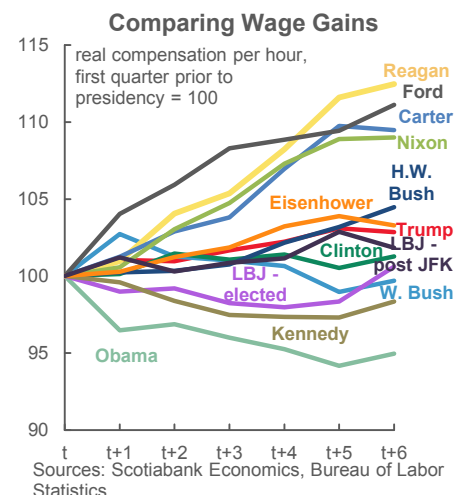
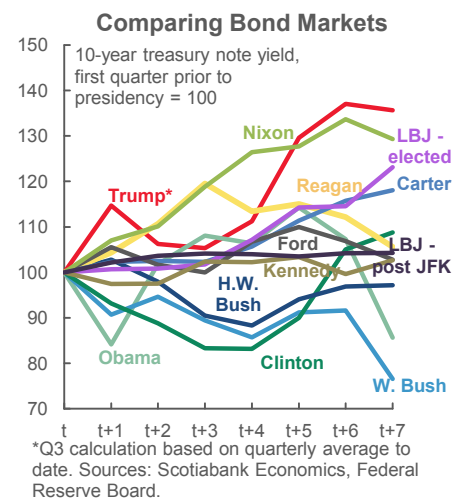


Chart 7



should be a very good one overall given the already known large rise in durable goods orders albeit mostly driven by airplanes. Friday's total **trade deficit** for August will widen again given that we already know that the advance trade figures showed a deterioration in the goods portion of the balance.

As an aside, how does wage growth adjusted for inflation under President Trump's term in office so far compare to the results under other US Presidents at an identical stage of their presidencies? Chart 6 provides the answer. The Trump presidency ranks at best toward the middle of the pack among decades of past Presidents. Consider that alongside the fact that the bond market has performed worse under President Trump than decades of prior Presidents (chart 7) and this has driven the 30 year fixed mortgage rate up by about 1.15 percentage points to 4.6% since the US election in November 2016 to the detriment of housing affordability. Weak real wage performance and higher mortgage rates, combined with the TCJA's lowered deduction limits for mortgage interest deductibility and SALT payments, may add up to economic contributions to soft approval ratings.

A wave of Fed-speak rolls out next week. Chair Powell speaks twice, once on Tuesday when he will address the outlook for inflation and employment and presumably the interconnectedness of the two. I'd like to hear him more seriously address the potential lagging influences of the USD kind of like how Fischer did in 2015 [here](#). The second time will be on Wednesday in a moderated discussion. We'll also hear from Governors Brainard (payments system) and Quarles who will speak twice, once on community banking on Thursday and the other time as testimony to the Senate Banking Committee on the Economic Growth, Regulatory Relief and Consumer Protection Act. Each of Atlanta's Bostic (twice), Boston's Rosengren, Chicago's Evans, Richmond's Barkin, Cleveland's Mester and Minneapolis President Kashkari will speak.

ASIA-PACIFIC—STILL HOLDING UP UNDER TARIFFS?

Something global, something local. We'll get a bit of both next week as Chinese macro data carries the potential to impact world markets while a pair of central bank decisions and several inflation reports influence local markets.

The world's manufacturing sector has lost a lot of the momentum that had built up in 2017 (see chart on front cover). Much of that is due to Europe. China has contributed little to the deceleration, but this weekend's state and private manufacturing PMIs for September will further inform whether this remains the case especially in light of US tariffs. Into the Monday Asian market open, Japan will also weigh into the same debate with a Q3 update of its Tankan report.

Of the pair of central banks that will weigh in with policy decisions, only the Reserve Bank of India is expected to hike (Friday) while the RBA holds (Tuesday). The RBA isn't much of a mystery, given that the central bank said in minutes to its September 4th meeting that there was "no strong case" for doing anything with its policy rate in the near term. That's the sort of central bank clarity and commitment that makes a Canadian economist envious, but I digress. India's inflation rate is actually running below the mid-point of the 2–6% inflation target range. The problem, however, is that the rupee has continued to depreciate since the last rate hike on August 1st. The rupee is down by 14% since the start of the year and 6% since August 1st.

Another batch of regional CPI inflation readings for September lands next week. They will likely showcase a disparate array of pressures. For instance, inflation in the Philippines is expected to rise again and toward levels last seen in early 2009 (chart 8); a figure toward 7% y/y could reinforce the central bank's hiking path over the duration of the year. Indonesia might see some relief, for now at least and pending potential further pass-through effects of the rupiah's 12% depreciation to the USD since January. Inflation is expected to remain very low in Thailand and Taiwan and under the Bank of Korea's 2% inflation target for South Korea's economy.

Miscellaneous reports will include Australian reports for August on trade (Wednesday) and retail sales (Thursday), plus South Korean trade figures on Monday.

Chart 8

Soaring Inflation in the Philippines



Key Indicators for the week of October 1 – 5

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	10/01	10:00	Construction Spending (m/m)	Aug	0.6	0.5	0.1
US	10/01	10:00	ISM Manufacturing Index	Sep	60.0	60.0	61.3
US	10/01		Total Vehicle Sales (mn a.r.)	Sep	16.6	17.0	16.6
US	10/03	07:00	MBA Mortgage Applications (w/w)	SEP 28	--	--	2.9
US	10/03	08:15	ADP Employment Report (000s m/m)	Sep	175.0	185.0	162.8
US	10/03	10:00	ISM Non-Manufacturing Composite	Sep	58.0	58.0	58.5
US	10/04	08:30	Initial Jobless Claims (000s)	SEP 29	215	211	214
US	10/04	08:30	Continuing Claims (000s)	SEP 22	1665	--	1661
US	10/04	10:00	Factory Orders (m/m)	Aug	2.5	1.9	-0.8
MX	10/04	14:00	Overnight Rate (%)	Oct 4	8.00	7.75	7.75
CA	10/05	08:30	Merchandise Trade Balance (C\$ bn)	Aug	-0.3	-0.5	-0.1
CA	10/05	08:30	Employment (000s m/m)	Sep	50.0	32.8	-51.6
CA	10/05	08:30	Unemployment Rate (%)	Sep	5.8	5.9	6.0
US	10/05	08:30	Trade Balance (US\$ bn)	Aug	-52.8	-52.4	-50.1
US	10/05	08:30	Nonfarm Employment Report (000s m/m)	Sep	160	185	201
US	10/05	08:30	Unemployment Rate (%)	Sep	3.8	3.8	3.9
US	10/05	08:30	Household Employment Report (000s m/m)	Sep	--	--	-423
US	10/05	08:30	Average Hourly Earnings (m/m)	Sep	--	0.3	0.4
US	10/05	08:30	Average Hourly Earnings (y/y)	Sep	2.8	2.8	2.9
US	10/05	08:30	Average Weekly Hours	Sep	--	34.5	34.5
US	10/05	15:00	Consumer Credit (US\$ bn m/m)	Aug	--	15.0	16.6

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
GE	10/01	02:00	Retail Sales (m/m)	Aug	0.4	0.4	-1.1
SP	10/01	03:00	Real Retail Sales (y/y)	Aug	--	--	-0.6
IT	10/01	03:45	Manufacturing PMI	Sep	50.2	50.2	50.1
FR	10/01	03:50	Manufacturing PMI	Sep F	--	52.5	52.5
GE	10/01	03:55	Manufacturing PMI	Sep F	--	53.7	53.7
EC	10/01	04:00	Manufacturing PMI	Sep F	--	53.3	53.3
UK	10/01	04:30	Manufacturing PMI	Sep	52.6	52.5	52.8
UK	10/01	04:30	Net Consumer Credit (£ bn)	Aug	--	1.3	0.8
EC	10/01	05:00	Unemployment Rate (%)	Aug	--	8.1	8.2
IT	10/01		Budget Balance (€ bn)	Sep	1.6	--	1.3
IT	10/01		Budget Balance YTD (€ bn)	Sep	--	--	-30.7
UK	10/02	02:00	Nationwide House Prices (m/m)	Sep	--	0.2	-0.5
UK	10/02	04:30	PMI Construction	Sep	52.7	52.8	52.9
EC	10/02	05:00	PPI (m/m)	Aug	--	0.2	0.4
RU	OCT 2-3		Real GDP (y/y)	2Q F	--	1.9	1.9
IT	10/03	03:45	Services PMI	Sep	52.6	52.7	52.6
FR	10/03	03:50	Services PMI	Sep F	--	54.3	54.3
GE	10/03	03:55	Services PMI	Sep F	--	56.5	56.5
EC	10/03	04:00	Composite PMI	Sep F	--	54.2	54.2
EC	10/03	04:00	Services PMI	Sep F	--	54.7	54.7
UK	10/03	04:30	Official Reserves Changes (US\$ bn)	Sep	--	--	0.4
UK	10/03	04:30	Services PMI	Sep	54.1	54.0	54.3
EC	10/03	05:00	Retail Trade (m/m)	Aug	0.2	0.2	-0.2
GE	10/05	02:00	Factory Orders (m/m)	Aug	0.5	0.8	-0.9
GE	10/05	02:00	Producer Prices (m/m)	Aug	--	0.1	0.2
FR	10/05	02:45	Central Government Balance (€ bn)	Aug	--	--	-82.8
FR	10/05	02:45	Current Account (€ bn)	Aug	--	--	542.0
FR	10/05	02:45	Trade Balance (€ mn)	Aug	--	-4750	-3490
SP	10/05	03:00	Industrial Output NSA (y/y)	Aug	--	--	2.8
UK	10/05	03:30	Halifax House Price (3 month, y/y)	Sep	--	3.3	3.7
IT	10/05	04:00	Retail Sales (m/m)	Aug	0.2	0.1	-0.1

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

Key Indicators for the week of October 1 – 5
ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CH	09/29	21:00	Manufacturing PMI	Sep	51.0	51.2	51.3
CH	09/29	21:00	Non-manufacturing PMI	Sep	--	54.0	54.2
JN	09/30	19:50	Tankan All Industries Index	3Q	--	13.9	13.6
JN	09/30	19:50	Tankan Manufacturing Index	3Q	--	22.0	21.0
JN	09/30	19:50	Tankan Non-Manufacturing Index	3Q	--	23.0	24.0
SK	09/30	20:00	Exports (y/y)	Sep	--	-5.5	8.7
SK	09/30	20:00	Imports (y/y)	Sep	--	4.4	9.2
SK	09/30	20:00	Trade Balance (US\$ mn)	Sep	--	8010	6853
JN	09/30	20:30	Markit/JMMA Manufacturing PMI	Sep F	52.9	--	52.9
TH	09/30	23:00	CPI (y/y)	Sep	1.2	1.2	1.6
TH	09/30	23:00	Core CPI (y/y)	Sep	--	0.7	0.8
JN	SEP 30-OCT 5		Official Reserve Assets (US\$ bn)	Sep	--	--	1259
ID	10/01	00:00	CPI (y/y)	Sep	3.3	3.1	3.2
ID	10/01	00:00	Core CPI (y/y)	Sep	--	2.8	2.9
JN	10/01	01:00	Vehicle Sales (y/y)	Sep	--	--	-0.2
TH	10/01	03:30	Business Sentiment Index	Sep	--	--	51.4
SK	10/01	17:00	Business Survey- Manufacturing	Oct	--	--	77.0
SK	10/01	17:00	Business Survey- Non-Manufacturing	Oct	--	--	77.0
SK	10/01	19:00	Industrial Production (y/y)	Aug	--	1.3	0.9
SK	10/01	19:00	Cyclical Leading Index Change	Aug	--	--	-0.2
JN	10/01	19:50	Monetary Base (y/y)	Sep	--	--	6.9
AU	10/02	00:30	RBA Cash Target Rate (%)	Oct 2	1.50	1.50	1.50
JN	10/02	01:00	Consumer Confidence	Sep	--	43.1	43.3
HK	10/02	04:30	Retail Sales - Volume (y/y)	Aug	--	--	5.9
SI	10/02	09:00	Purchasing Managers Index	Sep	--	--	52.6
NZ	10/02	12:00	QV House Prices (y/y)	Sep	--	--	4.8
AU	10/02	21:30	Building Approvals (m/m)	Aug	--	1.0	-5.2
HK	10/03	20:30	Purchasing Managers Index	Sep	--	--	48.5
AU	10/03	21:30	Trade Balance (AUD mn)	Aug	--	1450	1551
TH	10/03	23:30	Consumer Confidence Economic	Sep	--	--	70.2
SK	10/04	19:00	CPI (y/y)	Sep	1.5	1.6	1.4
SK	10/04	19:00	Core CPI (y/y)	Sep	--	1.0	0.9
JN	10/04	19:30	Household Spending (y/y)	Aug	--	0.1	0.1
PH	10/04	21:00	CPI (y/y)	Sep	6.5	6.8	6.4
AU	10/04	21:30	Retail Sales (m/m)	Aug	--	0.3	0.0
ID	OCT 3-4		Consumer Confidence Index	Sep	--	--	121.6
MA	10/05	00:00	Exports (y/y)	Aug	--	7.0	9.4
MA	10/05	00:00	Imports (y/y)	Aug	--	6.7	10.3
MA	10/05	00:00	Trade Balance (MYR bn)	Aug	--	9.1	8.3
JN	10/05	01:00	Coincident Index CI	Aug P	--	117.4	116.1
JN	10/05	01:00	Leading Index CI	Aug P	--	104.2	103.9
AU	10/05	02:30	Foreign Reserves (AUD bn)	Sep	--	--	71.0
MA	10/05	03:00	Foreign Reserves (US\$ bn)	Sep 28	--	--	103.9
TA	10/05	04:00	CPI (y/y)	Sep	1.7	1.9	1.5
IN	10/05	05:00	Repo Rate (%)	Oct 5	6.75	6.75	6.50
IN	10/05	05:00	Reverse Repo Rate (%)	Oct 5	6.50	6.50	6.25
IN	10/05	05:00	Cash Reserve Ratio (%)	Oct 5	4.00	4.00	4.00

Key Indicators for the week of October 1 – 5

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
PE	10/01	01:00	Consumer Price Index (m/m)	Sep	--	0.3	0.1
PE	10/01	01:00	Consumer Price Index (y/y)	Sep	--	1.2	1.1
BZ	10/01	09:00	PMI Manufacturing Index	Sep	--	--	51.1
BZ	OCT 1-5		Trade Balance (FOB) - Monthly (US\$ mn)	Sep	--	--	3775
BZ	10/02	08:00	Industrial Production SA (m/m)	Aug	--	0.4	-0.2
BZ	10/02	08:00	Industrial Production (y/y)	Aug	--	3.2	4.0
CL	10/02	08:00	Retail Sales (y/y)	Aug	--	3.2	0.1
CL	10/05	07:30	Economic Activity Index SA (m/m)	Aug	--	--	0.2
CL	10/05	07:30	Economic Activity Index NSA (y/y)	Aug	--	--	3.3
BZ	10/05	08:00	IBGE Inflation IPCA (m/m)	Sep	--	0.4	-0.1
BZ	10/05	08:00	IBGE Inflation IPCA (y/y)	Sep	4.5	4.4	4.2
CO	10/05	20:00	Consumer Price Index (m/m)	Sep	--	0.2	0.1
CO	10/05	20:00	Consumer Price Index (y/y)	Sep	3.3	3.2	3.1

Global Auctions for the week of October 1 – 5**NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	10/03	12:00	Canada to Sell CAD3 Bln 2.25% 2024 Bonds

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AS	10/02	05:15	Austria to Sell 0% 2023 Bonds
AS	10/02	05:15	Austria to Sell 0.75% 2028 Bonds
DE	10/03	04:30	Denmark to Sell Bonds
SW	10/03	05:03	Sweden to Sell 1.5 Billion Kronor of 0.75% 2029 Bonds
SP	10/04	04:30	Spain to Sell Bonds
FR	10/04	04:50	France to Sell 0.75% 2028 Bonds
FR	10/04	04:50	France to Sell 2% 2048 Bonds
UK	10/04	05:30	U.K. to Sell Bonds
IC	10/05	06:30	Iceland to Sell Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	10/01	23:35	Japan to Sell 10-Year Bond
AU	10/02	20:45	Australia To Sell AUD500 Mln 3.25% 2029 Bonds
NZ	10/03	22:05	New Zealand To Sell NZD100 Mln 2.5% 2040 Bonds
AU	10/04	20:45	Australia To Sell AUD500 Mln 2.25% 2022 Bonds
JN	10/04	23:30	Japan to Sell 3-Month Bills

Events for the week of October 1 – 5

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	10/01	09:02	Fed's Bostic Speaks on Economic Development
US	10/01	11:00	Fed's Kashkari Speaks in Minnetonka, Minnesota
US	10/01	12:15	Fed's Rosengren Speaks on the U.S. Outlook and Monetary Policy
US	10/02	10:00	Fed's Quarles Testifies to Senate Banking Committee
US	10/02	12:45	Fed's Chairman Powell Speaks at NABE Conference in Boston
US	10/03	06:30	Fed's Evans Speaks in London
US	10/03	08:05	Fed's Barkin Speaks at Economic Conference in West Virginia
US	10/03	14:00	Fed's Brainard Speaks in Chicago about Payment System
US	10/03	14:15	Fed's Mester Speaks at Community Banking Conference
US	10/03	16:00	Fed's Powell Speaks in Washington
US	10/04	09:15	Fed's Quarles Speaks About Trends in Community Banks
MX	10/04	14:00	Overnight Rate
US	10/05	12:40	Fed's Bostic Speaks at Financial Literacy Conference

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
FI	09/29	03:05	ECB's Rehn in Live Interview on Finland's YLE TV1
IT	09/29	11:30	Bank of Italy Governor Visco Speaks at Conference in Lanciano
UK	10/01	10:50	BOE's Teneyro Chairs Panel in London.
EC	10/01	12:30	ECB Villeroy speaks at event in Paris
SW	10/02	03:55	Riksbank's Ohlsson Speaks in Stockholm
UK	10/02	04:45	BOE Chief Economist Haldane Chairs Panel in London
UK	10/02	06:35	BOE's Haskel Chairs Panel in London
FI	10/04	04:00	Bank of Finland Press Conference on Monetary Policy
AS	10/04	05:30	ECB's Nouy Speaks at Conference in Vienna
AS	10/04	09:30	ECB's Nowotny Speaks at Conference in Vienna
AS	10/04	10:00	Austria's Loeger Speaks at Conference in Vienna
SP	10/04	19:00	ECB Vice-President Luis de Guindos Speaks in Madrid
EC	10/05	05:35	ECB's Klaas Knot Speaks at Student Conference in Groningen
FR	10/05		France Sovereign Debt to be rated by S&P
IR	10/05		Ireland Sovereign Debt to Be Rated by Moody's
SP	10/05		Spain Sovereign Debt to Be Rated by Moody's
IT	10/05		Bank of Italy Report on Balance-Sheet Aggregates

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	10/02	00:30	RBA Cash Rate Target
AU	10/04	21:35	RBA's Heath gives speech in Canberra
IN	10/05	05:00	RBI Repurchase Rate
IN	10/05	05:00	RBI Reverse Repo Rate
IN	10/05	05:00	RBI Cash Reserve Ratio

Source: Bloomberg, Scotiabank Economics.

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	1.50	October 24, 2018	1.75	1.75
Federal Reserve – Federal Funds Target Rate	2.25	November 8, 2018	2.25	2.25
Banco de México – Overnight Rate	7.75	October 4, 2018	8.00	7.75

Banxico: Scotia's Mario Correa expects a 25bps hike on Thursday. Inflation has resumed rising over recent months and is overshooting the central bank's inflation target range of 2-4%.

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	October 25, 2018	0.00	0.00
Bank of England – Bank Rate	0.75	November 1, 2018	0.75	0.75
Swiss National Bank – Libor Target Rate	-0.75	December 13, 2018	-0.75	-0.75
Central Bank of Russia – One-Week Auction Rate	7.50	October 26, 2018	7.50	n/a
Sweden Riksbank – Repo Rate	-0.50	October 24, 2018	-0.50	-0.25
Norges Bank – Deposit Rate	0.75	October 25, 2018	0.75	0.75
Central Bank of Turkey – Benchmark Repo Rate	24.00	October 25, 2018	24.00	na

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	October 31, 2018	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	1.50	October 2, 2018	1.50	1.50
Reserve Bank of New Zealand – Cash Rate	1.75	November 7, 2018	1.75	1.75
People's Bank of China – Lending Rate	4.35	TBA	--	4.35
Reserve Bank of India – Repo Rate	6.50	October 5, 2018	6.75	6.75
Bank of Korea – Bank Rate	1.50	October 18, 2018	1.50	1.75
Bank of Thailand – Repo Rate	1.50	November 14, 2018	1.50	1.50
Bank Negara Malaysia – Overnight Policy Rate	3.25	November 8, 2018	3.25	3.25
Bank Indonesia – 7-Day Reverse Repo Rate	5.75	October 23, 2018	6.00	5.50
Central Bank of Philippines – Overnight Borrowing Rate	4.50	November 15, 2018	4.75	4.25

The Reserve Bank of Australia (RBA) will hold a monetary policy meeting on October 2. We do not expect any changes to the benchmark interest rate over the next few quarters. The minutes of the September policy meeting restated that “the next move in the cash rate would more likely be an increase than a decrease”. Nevertheless, policymakers also highlighted that there is “no strong case for a near-term adjustment in monetary policy”. **The Reserve Bank of India (RBI)** will make a monetary policy decision on October 5. The RBI raised the benchmark repo rate by 25 bps at the June and August meetings, taking the rate to the current level of 6.50%. We expect another 25 bps hike next week on the back of recent weakness of the Indian rupee. In addition, core inflation remains high at 5.9% y/y, warranting further action by the RBI. Headline inflation has eased in recent months, reaching 3.7% y/y in August, yet the deceleration mostly reflects base effects.

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	October 31, 2018	7.00	6.75
Banco Central de Chile – Overnight Rate	2.50	October 18, 2018	2.50	2.75
Banco de la República de Colombia – Lending Rate	4.25	October 26, 2018	4.25	4.25
Banco Central de Reserva del Perú – Reference Rate	2.75	October 11, 2018	2.75	3.00

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	6.50	November 22, 2018	6.50	6.75

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

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