

ASSESSING GLOBAL MOMENTUM

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Next Week's Risk Dashboard

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- ▶ Asian, LatAm CPI updates
- ▶ Mexico's manufacturing PMI

Chart of the Week

U.S. & Canadian Unemployment Rates Continue to Diverge



Source: BLS, Statistics Canada, IHS Global Insight, Scotiabank Economics.

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

Assessing Global Momentum

CANADA — MERE SUGGESTIONS, NOT FACTS

Three surveys that are all usually taken with a grain of salt and next Friday and will be the main events on the domestic calendar of risks next week. A couple of days before that we'll get a glimpse at another report that is to be treated cautiously before revisions set in.

Will the oscillating pattern continue? **The September edition of the Labour Force Survey could post renewed job losses on Friday.** The figures have been rather volatile of late and mainly due to the fact that we're asked to believe that public sector jobs are the most volatile form of employment going. The 31,200 drop in total employment in July was then followed by a 26,200 rise in August. The full-time job picture has been all over the map as full-time jobs fell by 40,100 in June, dropped another 71,400 in July and then rose by 52,200 in August. A combination of unwinding temporary employment to run the Census and employment swings at municipal levels of government are the reported culprits.

We can't, however, rule out just plain data noise. The Labour Force Survey is a survey of 54,000 households around the third week of each month and by phone, in person, or a combination of approaches. For students of statistics, the standard error is 27,200 and so the 90% confidence interval is the month's estimate for the change in employment +/- 43,520 and the 95% confidence interval is +/-54,400. Chart 1 graphically depicts this point by showing the confidence bands on each estimate — a chart that perhaps only skeet shooters can fully relate to. That translates into a fairly high coefficient of variation, defined as the standard error over the job change estimate. Thus, there would be solid reason to not get too fussed about individual monthly job prints even without broaching the very public debate over systems technology and data quality at Statistics Canada that has involved criticism by BoC Governor Poloz and the recent resignation of the head of StatsCan.

Later on Friday morning, the Bank of Canada's Business Outlook Survey (BOS) and Senior Loan Officer Survey will be released. The BOS is watched primarily for the forward-looking sales growth expectations component but there are other readings on labour skills shortages, capacity constraints, investment and hiring appetite, and inflation expectations. The BOS is a survey of 100 firms across industries and regions and this edition will have been conducted roughly over the period from mid-August to mid-September. Since this edition of the BOS survey was conducted far enough removed from the Brexit vote in order to witness relatively calm markets and long enough after Alberta's wildfires, it's possible that a rebound could occur following the earlier deceleration in expected future sales growth in the July 4th edition. The surveys mildly inform discussions at the Bank of Canada on the path to the October 19th statement, MPR and press conference.

On Wednesday, **the challenge in the August trade report will be how much, if any, of the export surge in July is taken back.** Recall the export volumes had jumped ahead at the quickest pace (+3.4% m/m) since June of 2015 and were among the ten strongest months for growth since the global financial crisis. A massive 19% annualized plunge in export volumes during Q2 is going to mean revert higher in Q3 but the question is a) the degree to which this happens, and b) whether momentum can be maintained into Q4 and beyond.

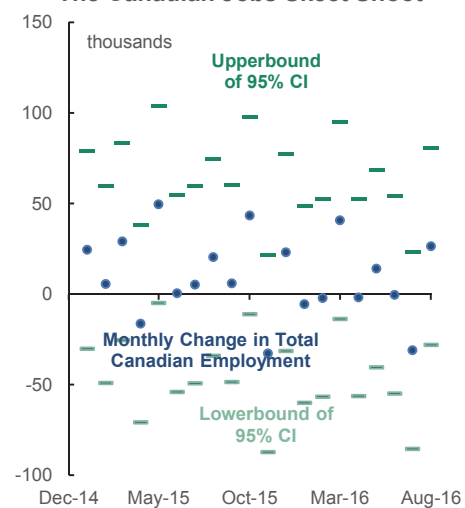
BoC Senior Deputy Governor Carolyn Wilkins speaks on Thursday and participates in a panel on Friday. The topics will be released three days in advance in accordance with BoC policy. Canada auctions 5 year notes on Wednesday.

UNITED STATES — ASSESSING GROWTH MOMENTUM

Was a round of disappointing data just a flash in the pan, or did it set in motion renewed downside risks to the US economy? Next week's updates to many of the data points that caused concern the last time around will inform risks to growth

Chart 1

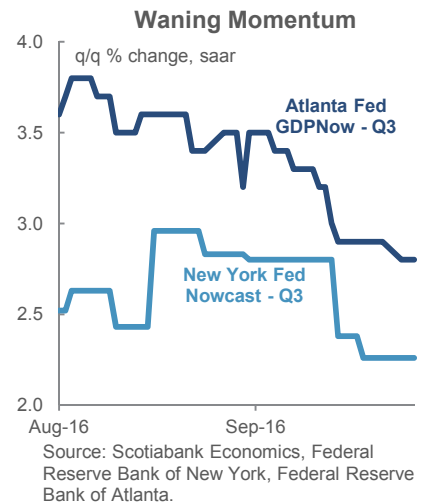
The Canadian Jobs Skeet Shoot



Source: Scotiabank Economics, LFS.

and hence the outlook for Federal Reserve policy and will be the main theme of the week expressed through a mitt full of key data releases.

If the data on balance continues to deteriorate, then it will feed momentum concerns when 'nowcast' estimates of Q3 GDP growth keep getting revised downward to the current 2¼% to 2¾% range and mostly through the Atlanta Fed's measure (chart 2). That's still healthy growth, but a) it is sharply lower than the early tracking of a rebound and still falling, b) it is disappointing on balance following three consecutive quarters of very little growth of about 1% annualized in each of those quarters, and c) it indicates waning momentum into Q4. I've cautioned for some time now against tightening monetary policy on rebound theories for each of these reasons. The risk is that one decent quarter in four is misused as a rationale for hiking while momentum wanes into Q4 and ahead of the usually disappointing first quarter's growth rate that occurs most years—for reasons that are still being debated. If one believes in Okun's 'Law' — which is more of a data suggestion than a law per se — then the pace of employment gains may be unsustainable in the absence of faster economic growth. If so, then the pace at which labour markets tighten and drive faster wage growth that could feed more rapid inflation in a Phillips' curve sense would be called into further doubt and up in smoke goes the whole notion of sustainably achieving the Fed's dual mandate policy goals of full employment and price stability.

Chart 2


- On that note, **at the top of that list of next week's data risks will be nonfarm payrolls for September** that arrive on Friday. I'm guessing around 160k conditioned upon low jobless claims, survey evidence drawn from employment subcomponents, and momentum following a month that often disappoints expectations. The 90% confidence interval is +/- 115,000 so there is always enormous bracketed risk around statistical noise arguments. After 24k jobs in May followed by 271k in June and 275k in July, employment growth decelerated again to 151k in August. A further deceleration would raise concerns at the Fed just like after the April-May period. Wednesday's ADP private payrolls reading will catch some attention that is usually worth discounting because it tends not to line up well on the first pass with the first estimate for private nonfarm payrolls.
- **ISM-manufacturing had unexpectedly slipped into contraction in the August print and so the September reading on Monday will be watched for signs of a trend or mere aberration.** The regional surveys suggest that the ISM dip may have been an aberration, especially the Philly Fed business outlook diffusion index that rebounded nicely. Those regional surveys under-represent the auto sector, but the small rise in vehicle orders within the durable goods report for August may be a positive signal.
- Monday's **construction spending** reading for August follows no growth in the July reading following a big upward revision to the prior month and so the revised trend may matter.
- **Vehicle sales** fell by more than expected in August and are expected to rebound in Monday's reading for September.
- After a narrowing the **US trade deficit** in July, will August's print on Wednesday follow suit? I doubt it and expect a disappointing widening of the deficit. The 0.8% decline in imports during July that was due to a 1.5% drop in import volumes that offset some of the higher price of imports is not likely to repeat. Ditto for the 1.9% rise in export values that had been driven by a strong 2.9% rise in the volume of goods exported.
- Wednesday's **ISM-services** will also fit the theme of being assessed for signs of deteriorating growth momentum or temporary softness. Recall that the August reading fell to the lowest since March 2010.
- **Factory orders** (Wednesday) won't matter terribly much given the already known fact that total durable goods orders were flat in August (but core capital goods orders have been on a three month upward trend). The only materially new information will be orders for nondurable goods (generally with shorter economic lives around a year or less).

Eight separate speaking events for FOMC officials will give markets plenty of opportunity to assess what Fed officials think of broader issues and momentum arguments as the data flows in. Each of Fed Vice Chair Fischer, Governor Brainard, and six regional Presidents speak over the course of the week.

Furthermore, **equity analysts will be firming up their estimates for Q3 earnings reports** on the path to the commencement of the quarterly earnings season starting the week after next with the usual initial focus upon financials.

EUROPE — CAN POST-BREXIT SENTIMENT REMAIN OPTIMISTIC?

The main thing to watch in Europe next week will be more survey evidence of how the UK economy is performing in the post-Brexit world as well as a lesser focus on hard data on industrial production and trade during August that reflects decisions spanning months and quarters earlier.

So far, those surveys have been encouraging to the leavers and anyone who of course wishes the British people well as I do and particularly those who are least equipped to adapt to substantial change. Each of the construction, services, and manufacturing purchasing managers' indices rebounded quite nicely in their August readings after weakening on the path toward the Brexit outcome (chart 3). A 12% plunge in pound sterling versus the USD and 11% versus the euro since the day before the vote is likely much of what is driving the improved sentiment across people charged with the task of meeting current purchasing requirements. But is that a one-off adjustment to a revalued exchange rate that may not repeat in future? Did the currency drop in anticipation of future downside risks to the economy that the survey responders don't quite get? Will the currency decline be sufficient to adjust to those future woes in offsetting fashion? Are purchasing managers even the right people to ask about post-Brexit risks given their near-term focus?

My view remains that Brexit is an investment-led shock that then transmits through trade in the context of high uncertainty over the rules of the game that remain to be negotiated. Possible future adjustments to PMIs, consumer spending, labour markets and other measures would lag the investment/export cycle, not lead, and therefore it remains premature to naively conclude that Britain will escape unscathed from its decision on June 23rd. Need some evidence drawn from other surveys? Consider chart 4. It shows **what is happening to investment intentions** in the UK manufacturing and services sectors by way of the Bank of England's survey of businesses ([here](#)). Now one caveat to the BoE's survey results is that they too are lagging developments since even the latest Q3 results reflect information gathering that occurred from late May 2016 to late August 2016. As more of the data pushes fully into the post-Brexit environment, there may well be additional downside risks ahead. So far, however, we're nowhere close to the reduced investment intentions that marked the recession and the global financial crisis. Further, it's fair to note that intentions and actual investment can often part company, a view backed by, say, our experience with similar Canadian surveys of investment intentions. Investment intentions can be slow to fully adjust (witness the two-year slide from peak to trough into the GFC) and so this measure and others will be watched closely for a long while yet. Leavers, it is perhaps best to keep what's left of those fine French champagne bottles corked for now.

Developments across the rest of Europe will pale by comparison to the focus upon the UK. If there is an exception, then it may lie in the form of German data such as factory orders for August and industrial production for the same month. Not since last November has Germany managed to book two consecutive months of gains in the order book so a repeat of July's gain may be a tall order.

Chart 3

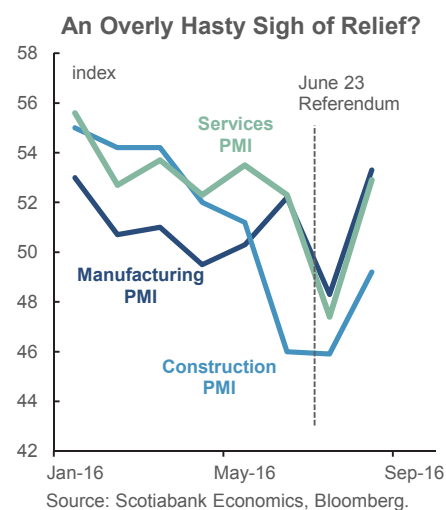
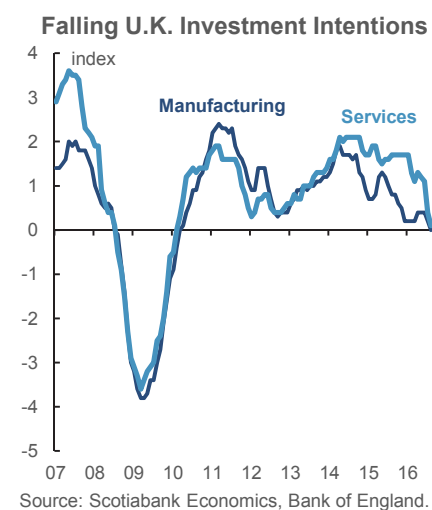


Chart 4



Spanish industrial output and unemployment, French trade, and the EC add-up on retail sales round out the data hits while ECB watchers will also consider the account of its recent monetary policy meeting on Thursday.

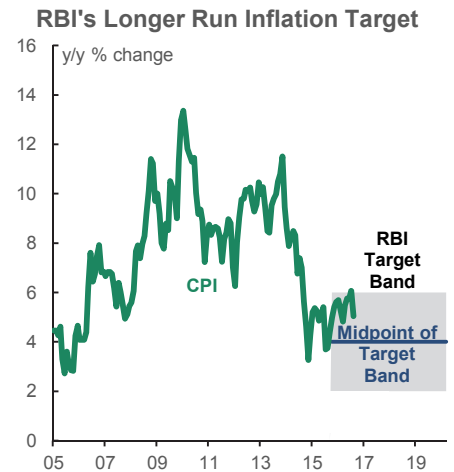
ASIA — BATTLE OF THE RESERVE BANKS

Key in next week's line-up of domestic sources of risk facing markets across the Asia-Pacific region will be monetary policy decisions three hours apart on Tuesday by both the Reserve Bank of Australia and the Reserve Bank of India.

Neither central bank is expected to adjust policy yet. Both are purely rate calls as neither has become embroiled in the realm of unconventional policies that they haven't needed to consider. I've invited Scotia's Singapore-based Asia economist Tuuli McCully to share her views on each central bank on page 6.

Tuuli believes that the RBA will ease again, but not until early next year, and that the RBI will cut this quarter with the risk being either this meeting or the one on December 6th. New RBI Governor Urjit Patel — who replaced Governor Raghuram Rajan through overt government interference — recently held a meeting with private sector economists during which he reportedly focused more upon growth risks than inflation. That would keep him in good standing with the government, given his predecessor's accomplishments in bringing down inflation from a peak of 11.5% y/y in November 2013 to a still elevated 5.1% now. The RBI recently set an inflation target of 4% over the period between now and March 2021 with an upper threshold of 6% and a lower threshold of 2% (chart 5).

Chart 5



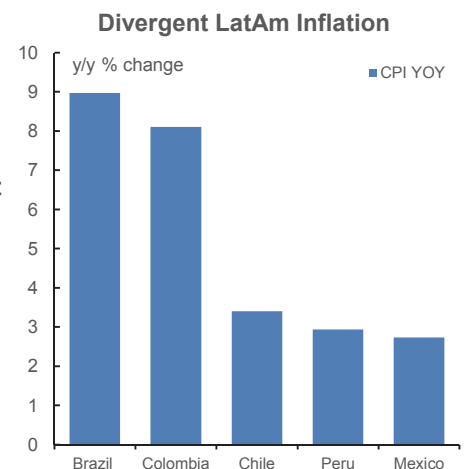
Source: Scotiabank Economics, Haver Analytics.

Data releases will be focused upon retail sales and trade in Australia, Japan's Q3 Tankan manufacturing report, the private sector's purchasing managers' index for China's services industry and its composite measure next Friday night, CPI updates from Thailand, Taiwan, South Korea, Philippines and Indonesia, and trade figures for August from Malaysia.

LATIN AMERICA — DIVERGING INFLATION DRIVING CENTRAL BANKS

A gap of over five percentage points exists between inflation rates in several of the core LatAm economies (chart 6) but in most of those cases the pressures have been moderately abating so far this year. An exception has been Colombia where inflation has risen from about 6¼% y/y at the end of last year to over 8% today. Inflation has fallen somewhat in Chile, Brazil, and Peru and it has been little changed in Mexico this year with slightly upward pressure. Each of the main anchor economies has pursued tighter monetary policy over last year and this year to varying degrees and at varying times. **Next week's inflation reports from Chile, Colombia, Mexico, Peru, Paraguay, Uruguay, Ecuador and El Salvador may further inform risks governing future monetary policy.** Otherwise, developments abroad and — at least in Mexico's case — US election polling will guide local markets.

Chart 6



Source: Scotiabank Economics, Bloomberg.

A second factor that may merit attention is the health of Mexico's manufacturing sector. **The purchasing managers' index for Mexico's manufacturing sector has recently sunk to among the lowest readings in three years.** Blame the US election for that too as talk has done damage that action may or may not intensify. In my opinion, the risks are more skewed toward a recovery in Mexico's manufacturing sector into 2017 and a weaker peso after the US election on the assumption that the Democrats win the White House. If you think otherwise, then wait another few weeks before booking your winter vacation if Mexico is your preferred choice.

Brazilian exports and industrial production and Chilean exports will inform local economy growth risks.

Feature Article

Monetary Policy Decisions In Australia And India

Australian and Indian central banks will hold monetary policy meetings on October 4th (local time). Both institutions are in the midst of leadership transition with the next week's meeting being the first one for both newly appointed central bank governors. Regardless of the similar management circumstances, we expect different policy outcomes. The Reserve Bank of Australia (RBA) will likely leave its monetary policy stance unchanged while the Reserve Bank of India (RBI) is expected to unveil further monetary stimulus.

The RBA's new Governor Philip Lowe, the central bank's former deputy governor, took office on September 18th, 2016. Governor Lowe has emphasized the importance of flexibility with regard to meeting the RBA's 2-3% inflation target and has highlighted that financial stability is an important aspect for monetary policymaking. We expect broad policy continuity under Governor Lowe's leadership. Given that the benchmark interest rate was lowered as recently as in August, the RBA will likely leave the Cash Rate at 1.50% next week. Nevertheless, a modest monetary easing bias will remain in place over the coming quarters.

Price pressures are set to remain low in Australia. The headline inflation rate dropped to 1.0% y/y in the second quarter from 1.3% in the January-March period, staying well below the 2-3% y/y target. Given muted labour cost pressures, consumer price inflation will likely rise only slightly in the near term, hovering below 1½% y/y through the first quarter of 2017 before approaching the central bank's target range at the end of 2017. The Australian economy is going through a structural adjustment as its prospects are challenged by decreasing mining investment, weaker terms of trade, and China's slowing economic growth. Therefore, accommodative monetary conditions will play a key supportive role over the coming quarters as the economy seeks new sources of growth, particularly from domestic demand. Given low inflation and the economy's structural change, combined with easing concerns regarding Australia's housing market imbalances, we assess that the RBA will have enough policy room to lower the key rate by 25 basis points (bps) to 1.25% in the first quarter of 2017.

The RBI's new Governor Urjit Patel took office on September 6th, 2016. In his prior role as the deputy governor in charge of monetary policy, Mr. Patel set up the RBI's inflation target, which has enhanced policy credibility and helped anchor inflation expectations. In addition to the new leader, the RBI's decision-making framework has been reformed. Next week, the interest rate decision will be made for the first time by a 6-member monetary policy committee instead of by the governor alone. The committee consists of three RBI representatives and three members chosen by the government, with Governor Patel having a casting vote.

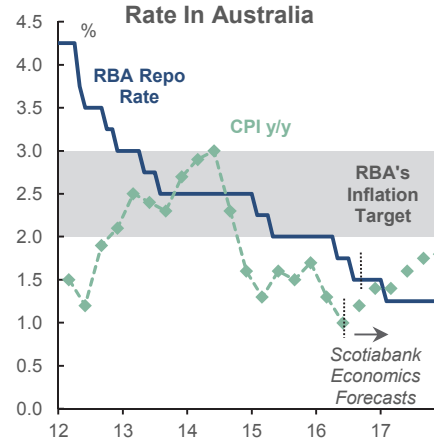
We assess that the RBI has policy space to lower the key repo rate by 25 bps to 6.25% next week. Headline inflation rate was 5.05% y/y in August, returning to the RBI's 4% ±2% inflation target. In addition, the economy's recent sluggishness speaks for further monetary easing; real GDP growth disappointed in the second quarter, slowing to 7.1% y/y from 7.9% in the January-March period, while industrial production growth returned to negative territory in July. Moreover, the government's fiscal policy stance remains reasonably prudent — not posing a threat to India's inflation outlook — implying that monetary policy carries larger responsibility for stimulating economic activity.

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Chart 1

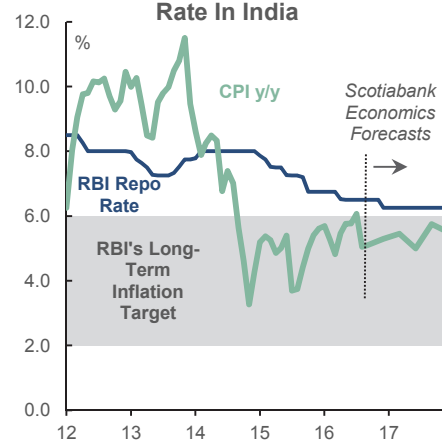
Inflation And Benchmark Interest Rate In Australia



Source: Bloomberg, Scotiabank Economics.

Chart 2

Inflation And Benchmark Interest Rate In India



Source: Bloomberg, Scotiabank Economics.

Key Indicators for the week of October 3 – 7

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	10/03	10:00	Construction Spending (m/m)	Aug	0.2	0.3	0.0
US	10/03	10:00	ISM Manufacturing Index	Sep	50.5	50.2	49.4
US	10/03		Domestic Vehicle Sales (mn a.r.)	Sep	--	--	13.1
US	10/03		Total Vehicle Sales (mn a.r.)	Sep	17.3	17.4	16.9
US	10/04	10:00	IBD/TIPP Economic Optimism Index	Oct	--	--	46.7
US	10/05	07:00	MBA Mortgage Applications (w/w)	SEP 30	--	--	-0.7
US	10/05	08:15	ADP Employment Report (000s m/m)	Sep	170	160.0	176.9
CA	10/05	08:30	Merchandise Trade Balance (C\$ bn)	Aug	-3.2	--	-2.5
US	10/05	08:30	Trade Balance (US\$ bn)	Aug	-41.0	-41.5	-39.5
US	10/05	10:00	Factory Orders (m/m)	Aug	-0.2	-0.5	1.9
US	10/05	10:00	ISM Non-Manufacturing Composite	Sep	52.5	53.0	51.4
CA	10/06	08:30	Building Permits (m/m)	Aug	--	--	0.8
US	10/06	08:30	Initial Jobless Claims (000s)	OCT 1	255	260	254
US	10/06	08:30	Continuing Claims (000s)	SEP 24	--	2129	2062
CA	10/07	08:30	Employment (000s m/m)	Sep	0.0	--	26.2
CA	10/07	08:30	Unemployment Rate (%)	Sep	7.1	--	7.0
US	10/07	08:30	Nonfarm Employment Report (000s m/m)	Sep	190	175	151
US	10/07	08:30	Unemployment Rate (%)	Sep	4.9	4.9	4.9
US	10/07	08:30	Household Employment Report (000s m/m)	Sep	--	--	97.0
US	10/07	08:30	Average Hourly Earnings (m/m)	Sep	--	0.2	0.1
US	10/07	08:30	Average Weekly Hours	Sep	--	34.4	34.3
MX	10/07	09:00	Bi-Weekly Core CPI (% change)	Sep 30	0.2	--	0.4
MX	10/07	09:00	Bi-Weekly CPI (% change)	Sep 30	0.3	--	0.5
MX	10/07	09:00	Consumer Prices (m/m)	Sep	0.7	--	0.3
MX	10/07	09:00	Consumer Prices (y/y)	Sep	3.0	--	2.7
MX	10/07	09:00	Consumer Prices Core (m/m)	Sep	0.5	--	0.2
CA	10/07	10:30	BoC Senior Loan Officer Survey	3Q	--	--	23.9
CA	10/07	10:30	Business Outlook Future Sales	3Q	--	--	5.0
US	10/07	15:00	Consumer Credit (US\$ bn m/m)	Aug	--	16.8	17.7

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
IT	10/03	03:45	Manufacturing PMI	Sep	50.7	--	49.8
FR	10/03	03:50	Manufacturing PMI	Sep F	49.5	--	49.5
GE	10/03	03:55	Manufacturing PMI	Sep F	54.3	--	54.3
EC	10/03	04:00	Manufacturing PMI	Sep F	52.6	--	52.6
UK	10/03	04:30	Manufacturing PMI	Sep	--	52.1	53.3
IT	10/03		Budget Balance (€ bn)	Sep	--	--	-6.7
IT	10/03		Budget Balance YTD (€ bn)	Sep	--	--	-30.1
RU	OCT 3-4		Real GDP (y/y)	2Q F	--	-0.6	-0.6
UK	10/04	04:30	PMI Construction	Sep	--	48.8	49.2
EC	10/04	05:00	PPI (m/m)	Aug	--	--	0.1
IT	10/05	03:45	Services PMI	Sep	52.0	--	52.3
FR	10/05	03:50	Services PMI	Sep F	54.1	--	54.1
GE	10/05	03:55	Services PMI	Sep F	50.6	--	50.6
EC	10/05	04:00	Composite PMI	Sep F	52.6	--	52.6
EC	10/05	04:00	Services PMI	Sep F	52.1	--	52.1

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

Key Indicators for the week of October 3 – 7

EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
UK	10/05	04:30	Official Reserves Changes (US\$ bn)	Sep	--	--	-463
UK	10/05	04:30	Services PMI	Sep	--	52.0	52.9
EC	10/05	05:00	Retail Trade (m/m)	Aug	--	--	1.1
GE	10/06	02:00	Factory Orders (m/m)	Aug	0.5	--	0.2
GE	10/07	02:00	Industrial Production (m/m)	Aug	1.0	--	-1.5
FR	10/07	02:45	Central Government Balance (€ bn)	Aug	--	--	-80.8
FR	10/07	02:45	Current Account (€ bn)	Aug	--	--	-2.6
FR	10/07	02:45	Industrial Production (m/m)	Aug	0.5	--	-0.6
FR	10/07	02:45	Industrial Production (y/y)	Aug	-1.8	--	-0.1
FR	10/07	02:45	Manufacturing Production (m/m)	Aug	0.3	--	-0.3
FR	10/07	02:45	Trade Balance (€ mn)	Aug	--	--	-4505
SP	10/07	03:00	Industrial Output NSA (y/y)	Aug	--	--	-5.2
UK	10/07	03:30	Halifax House Price (3 month, y/y)	Sep	--	--	6.9
UK	10/07	04:30	Industrial Production (m/m)	Aug	--	0.1	0.1
UK	10/07	04:30	Manufacturing Production (m/m)	Aug	--	0.4	-0.9
UK	10/07	04:30	Visible Trade Balance (£ mn)	Aug	--	--	-11764

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
TH	10/01	03:30	Business Sentiment Index	Sep	--	--	47.8
JN	10/02	19:50	Tankan All Industries Index	3Q	--	6.5	6.2
JN	10/02	19:50	Tankan Manufacturing Index	3Q	--	7.0	6.0
JN	10/02	19:50	Tankan Non-Manufacturing Index	3Q	--	18.0	19.0
JN	10/02	20:30	Markit/JMMA Manufacturing PMI	Sep F	50.3	--	50.3
ID	OCT 2-3		CPI (y/y)	Sep	3.1	3.0	2.8
ID	OCT 2-3		Core CPI (y/y)	Sep	--	3.2	3.3
JN	OCT 2-7		Official Reserve Assets (US\$ bn)	Sep	--	--	1256
TH	OCT 2-3		CPI (y/y)	Sep	0.4	0.4	0.3
TH	OCT 2-3		Core CPI (y/y)	Sep	--	0.8	0.8
JN	10/03	01:00	Vehicle Sales (y/y)	Sep	--	--	5.7
SI	10/03	09:00	Purchasing Managers Index	Sep	--	--	49.8
NZ	10/03	19:00	QV House Prices (y/y)	Sep	--	--	14.6
SK	10/03	19:00	Current Account (US\$ mn)	Aug	--	--	8706
JN	10/03	19:50	Monetary Base (y/y)	Sep	--	--	24.2
AU	10/03	20:30	Building Approvals (m/m)	Aug	--	-6.3	11.3
AU	10/03	20:30	ANZ Job Advertisements (m/m)	Sep	--	--	1.8
AU	10/03	23:30	RBA Cash Target Rate (%)	Oct 4	1.50	1.5	1.5
JN	10/04	01:00	Consumer Confidence	Sep	--	--	42.0
IN	10/04	01:30	Repo Rate (%)	Oct 4	6.25	6.5	6.5
IN	10/04	01:30	Reverse Repo Rate (%)	Oct 4	5.75	--	6.0
IN	10/04	01:30	Cash Reserve Ratio (%)	Oct 4	--	4.0	4.0
SK	10/04	19:00	CPI (y/y)	Sep	0.6	0.8	0.4
SK	10/04	19:00	Core CPI (y/y)	Sep	--	--	1.1
AU	10/04	20:30	Retail Sales (m/m)	Aug	--	0.2	0.0
HK	10/04	20:30	Purchasing Managers Index	Sep	--	--	49.0
TA	10/04	20:30	CPI (y/y)	Sep	--	0.5	0.6
PH	10/04	21:00	CPI (y/y)	Sep	2.0	--	1.8
PH	10/04	21:00	Core CPI (y/y)	Sep	--	--	2.0

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

Key Indicators for the week of October 3 – 7

ASIA-PACIFIC (continued from previous page)

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
AU	10/05	20:30	Trade Balance (AUD mn)	Aug	--	-2250	-2410
TH	10/05	23:30	Consumer Confidence Economic	Sep	--	--	62.2
ID	OCT 5-6		Consumer Confidence Index	Sep	--	--	113.3
CH	OCT 6-7		Foreign Reserves (US\$ bn)	Sep	--	3183	3185
MA	10/07	00:00	Exports (y/y)	Aug	--	--	-5.3
MA	10/07	00:00	Imports (y/y)	Aug	--	--	-4.8
MA	10/07	00:00	Trade Balance (MYR bn)	Aug	--	--	1.9
JN	10/07	01:00	Coincident Index CI	Aug P	--	--	112.1
JN	10/07	01:00	Leading Index CI	Aug P	--	--	100.0
AU	10/07	01:30	Foreign Reserves (AUD bn)	Sep	--	--	63.0
MA	10/07	03:00	Foreign Reserves (US\$ bn)	Sep 30	--	--	97.7
TA	10/07	04:00	Exports (y/y)	Sep	--	2.7	1.0
TA	10/07	04:00	Imports (y/y)	Sep	--	8.6	-0.8
TA	10/07	04:00	Trade Balance (US\$ bn)	Sep	--	3.9	4.0
SI	10/07	05:00	Foreign Reserves (US\$ mn)	Sep	--	--	252283
CH	10/07	21:45	Caixin China Composite PMI	Sep	--	--	51.8
CH	10/07	21:45	Caixin China Services PMI	Sep	--	--	52.1

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	0.2	0.2	0.4
PE	10/01	01:00	Consumer Price Index (y/y)	Sep	3.1	3.1	2.9
BZ	10/03	09:00	PMI Manufacturing Index	Sep	--	--	45.7
BZ	10/03	14:00	Trade Balance (FOB) - Monthly (US\$ mn)	Sep	--	--	4140.0
BZ	10/04	08:00	Industrial Production SA (m/m)	Aug	--	--	0.1
BZ	10/04	08:00	Industrial Production (y/y)	Aug	--	--	-6.6
CL	10/05	07:30	Economic Activity Index SA (m/m)	Aug	--	--	0.1
CL	10/05	07:30	Economic Activity Index NSA (y/y)	Aug	1.89	2.0	0.5
CO	10/05	20:00	Consumer Price Index (m/m)	Sep	--	0.1	-0.3
CO	10/05	20:00	Consumer Price Index (y/y)	Sep	--	7.5	8.1
CL	10/07	07:00	CPI (m/m)	Sep	0.55	0.6	0.0
CL	10/07	07:00	CPI (y/y)	Sep	3.41	3.4	3.4
BZ	10/07	08:00	IBGE Inflation IPCA (m/m)	Sep	--	0.2	0.4
BZ	10/07	08:00	IBGE Inflation IPCA (y/y)	Sep	--	8.6	9.0
PE	OCT 7-11		Trade Balance (USD mn)	Aug	--	--	433.0

Global Auctions for the week of October 3 – 7

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	10/05	12:00	Canada to Sell 5-Year Bonds

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
UK	10/04	05:30	U.K. to Sell GBP2.75 Bln 0.5% 2022 Bonds
DE	10/05	04:30	Denmark to Sell Bonds
SW	10/05	05:03	Sweden to Sell Bonds
GE	10/05	05:30	Germany to Sell EUR4 Bln 0% 2026 Bonds
FR	10/06	04:50	France to Sell Bonds
UK	10/06	05:30	U.K. to Sell GBP2 Bln 1.5% 2047 Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	10/03	23:45	Japan to Sell 10-Year Bonds
JN	10/05	23:45	Japan to sell CPI Linked 10-Year Bonds

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BZ	10/06	11:00	Brazil to Sell Fixed Rate Bonds

Events for the week of October 3 – 7

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	10/04	08:05	Fed's Lacker Speaks at West Virginia Economic Outlook Meeting
US	10/04	20:40	Fed's Evans Speaks on Economy and Policy in Auckland, NZ
US	10/04		Vice presidential debate: Longwood University, Farmville, VA
US	10/05	09:30	Fed's Kashkari Gives Opening Remarks at Development Conference
CA	10/05	12:00	Former Statistics Canada Chief speaks in Toronto
US	10/05	13:00	Fed's Lacker to Speak at Marshall University
CA	10/06	11:35	BoC's Wilkins Speaks in Trois-Rivieres, Quebec
US	10/06	00:00	2016 IIF Annual Meeting
CA	10/07	10:30	Business Outlook Future Sales
CA	10/07	10:30	BoC Senior Loan Officer Survey
US	10/07	10:30	Fed's Fischer Speaks in Washington
US	10/07	12:45	Fed's Mester Speaks in New York
US	10/07	15:00	Fed's George Speaks in Washington
CA	10/07	16:00	BoC's Wilkins Speaks on Panel in Washington
US	10/07	16:00	Fed's Brainard Speaks in Washington
US	10/07	16:15	IMF Panel on Trade and Growth

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
PO	10/04	04:00	Bank of Portugal Governor, Finance Minister Speak in Lisbon
PO	10/04	04:30	Bank of Portugal Governor, Bundesbank's Dombret at Conference
NE	10/04	07:00	ECB's Knot Presents Overview Financial Stability
SW	10/05	12:00	Riksbank's Skingsley Speaks in Stockholm
EC	10/04	05:00	ECB's Nowotny, EBA's Enria at Banking Conference in Vienna
EC	10/06	07:30	ECB account of the monetary policy meeting
PO	10/07		Bank of Portugal Releases October Economic Bulletin
IT	10/07		Italy Sovereign Debt to Be Rated by Moody's
NO	10/07		Norway Sovereign Debt to Be Rated by Fitch
SZ	10/07		Switzerland Sovereign Debt to Be Rated by Fitch
SP	10/07		Spain Sovereign Debt to Be Rated by DBRS
SW	OCT 7-9		Riksbank Board Members at IMF, World Bank Annual Meetings

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
NZ	10/03	17:00	NZIER Business Opinion Survey
NZ	10/03	21:30	RBNZ Governor Wheeler Speaks in Whangarei (Not Public)
AU	10/03	23:30	RBA Cash Rate Target
IN	10/04	01:30	RBI Repurchase Rate
IN	10/04	01:30	RBI Reverse Repo Rate
IN	10/04	01:30	RBI Cash Reserve Ratio
AU	10/05	01:30	RBA's Kent Panel Participation in Melbourne

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	0.50	October 19, 2016	0.50	0.50
Federal Reserve – Federal Funds Target Rate	0.50	November 2, 2016	0.50	0.50
Banco de México – Overnight Rate	4.75	November 17, 2016	4.75	--

Federal Reserve: A wave of US macro readings will inform risks surrounding the timing of the Fed's next rate hike (we still cautiously think December) and they will include nonfarm payrolls and a series of readings that on balance had previously signalled slowing economic momentum.

Bank of Canada: Export data will be closely watched by BoC observers next week and likely matter more to the BoC than the volatile jobs data and BoC surveys that end the week.

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 20, 2016	0.00	--
Bank of England – Bank Rate	0.25	November 3, 2016	0.25	--
Swiss National Bank – Libor Target Rate	-0.75	December 15, 2016	-0.75	--
Central Bank of Russia – One-Week Auction Rate	10.00	October 28, 2016	10.00	--
Sweden Riksbank – Repo Rate	-0.50	October 27, 2016	-0.50	--
Norges Bank – Deposit Rate	0.50	October 27, 2016	0.50	--

ASIA PACIFIC

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Japan – Policy Rate	-0.10	November 1, 2016	-0.15	--
Reserve Bank of Australia – Cash Target Rate	1.50	October 3, 2016	1.50	1.50
Reserve Bank of New Zealand – Cash Rate	2.00	November 9, 2016	1.75	1.75
People's Bank of China – Lending Rate	4.35	TBA	--	--
Reserve Bank of India – Repo Rate	6.50	October 4, 2016	6.25	6.50
Bank of Korea – Bank Rate	1.25	October 13, 2016	1.25	--
Bank of Thailand – Repo Rate	1.50	November 9, 2016	1.50	1.50
Bank Indonesia – 7-Day Reverse Repo Rate	5.00	October 20, 2016	5.00	--

The **Reserve Bank of Australia** (RBA) and the **Reserve Bank of India** (RBI) will hold monetary policy meetings next week. We expect the RBA to leave monetary conditions unchanged, while the RBI will likely cut the benchmark repo rate by 25 basis points to 6.25%. For further insights regarding the two policy decisions, please refer to the Feature Article in this publication.

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	14.25	October 19, 2016	14.25	--
Banco Central de Chile – Overnight Rate	3.50	October 18, 2016	3.50	--
Banco de la República de Colombia – Lending Rate	7.75	October 31, 2016	7.75	7.75
Banco Central de Reserva del Perú – Reference Rate	4.25	October 13, 2016	4.25	--

AFRICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
South African Reserve Bank – Repo Rate	7.00	November 24, 2016	7.00	--

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