

Weekly commentary on economic and financial market developments

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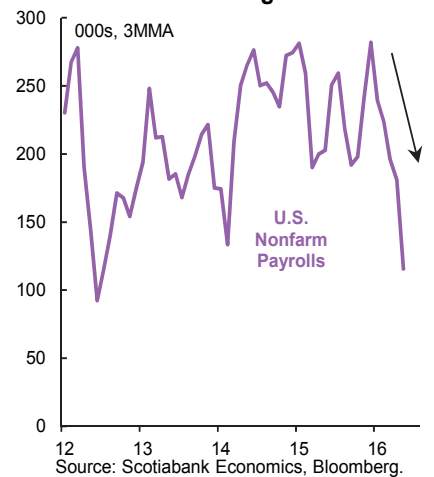
Forecasts & Data

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For our latest economic, interest and exchange rate and commodity price forecasts, please see the [Latest Forecast Tables, June 2, 2016](#) and the [Foreign Exchange Outlook, June 2016](#), for more detailed currency forecasts and commentary.

This Week's Featured Chart

U.S. Job Market Losing Momentum?



THE WEEK AHEAD

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Markets In Limbo

- Please see our full indicator, central bank, auction and event calendars on pp. A3-A8.

Europe — Waiting On UK Politicians

Europe's crisis will be in limbo for weeks or months now as markets will be captive to future material developments that are unlikely to unfold at least until October if not later. That's because an Article 50 application by the UK to withdraw from the European Union will not be undertaken until a new Conservative Party leader is chosen in September, perhaps not until a new Labour Party leader may be chosen, and possibly not until after a potential general election which would stretch the time frame out even further. This means that the further course of events in Europe may begin to reach another crescendo into roughly the same time period as the US election. European Union leaders have so far drawn a firm line against negotiating with the UK until it submits an Article 50 application and have made it clear that the UK will not 'cherry pick' the benefits of EU affiliations, as German Chancellor Angela Merkel put it. Likely thereafter is a reasonable time frame for the risk of another Scottish referendum.

In the meantime, Sweden's Riksbank will probably keep its main policy rate unchanged on Wednesday. Governor Stefan Ingves recently remarked that the Brexit vote is more of a political event than economic — which remains to be seen — and that Swedish banks' funding positions are not problematic enough to merit policy action. The Swedish krona has depreciated against almost all major currencies except for pound sterling in the wake of the Brexit vote and so the central bank may adopt the position that the currency is doing what it should. It also may wish to wait until after the July 21st meeting of the ECB to assess the currency risk that could stem from potentially further ECB stimulus.

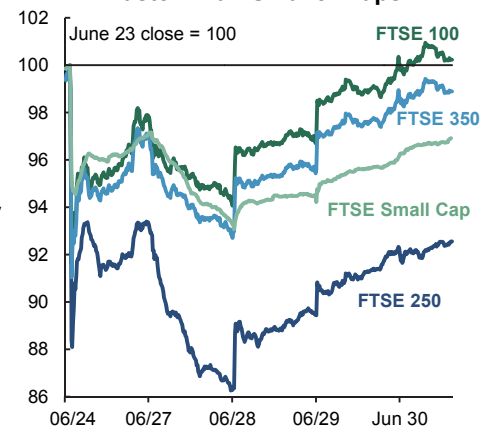
Bank of England Governor Mark Carney will be back in the spotlight on Tuesday morning when he releases the BoE's latest Financial Stability Report. The Brexit theme will obviously be interwoven throughout the report, but the stability evidence is mixed. S&P downgraded the UK debt rating by two notches to AA. Pound sterling is down by anywhere from 6% versus the Swedish krona to as much as 14% versus the yen since last Thursday afternoon before the Brexit results became known. London's FTSE100 has regained all of the post-Brexit slide, but the FTSE small cap index is still down by about 3% (chart 1). Large-cap UK stocks are more likely to have regained the losses thanks to currency depreciation that raises the value of multinationals' earnings from abroad when translated into local currency whereas smaller firms that are more domestically focused face downside risk to earnings from the currency due to the negative shock to domestic growth and higher costs of imported content. Last, for now, financial stability concerns related to housing markets may be mitigated in part by currency depreciation that has resulted in a somewhat more attractive entry point for foreign purchasers of London properties.

Next Week's Risk Dashboard

- ▶ BoE's Carney on financial stability & Brexit
- ▶ More European rating agency actions
- ▶ US jobs report
- ▶ FOMC minutes
- ▶ RBA
- ▶ Riksbank
- ▶ Yuan watch
- ▶ CDN jobs
- ▶ CDN wildfire trade effects
- ▶ BoC surveys
- ▶ US trade, factory orders, ISM services
- ▶ European factory and trade reports

Chart 1

U.K. Multinationals Recover Faster Than Smaller Caps



Source: Scotiabank Economics, Bloomberg.

THE WEEK AHEAD

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Markets were not waiting for rating agencies to warn about UK risks and so the significance of **Moody's sovereign debt rating on EU debt next Friday is doubtful. Ditto for S&P's rating of German sovereign debt and the European Financial Stability Facility.**

Macro data will matter very little next week other than to pass the time for the diehard data scorekeepers. Most of it covers growth indicators for May and June surveys that pre-dated the UK referendum. On the list of May releases are industrial production and trade figures for Germany, France, and the UK. The eurozone retail sales add-up, and UK purchasing managers' indices for the construction and service sectors will also be released.

Canada — Canada's Day

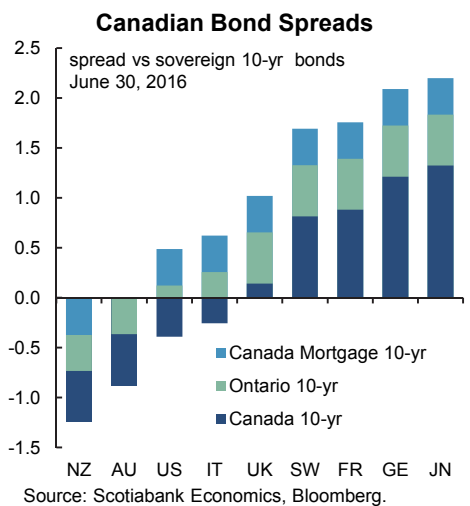
Canada will return from the Canada Day holiday and begin the week on probably quiet footings with the US shut for its equivalent annual Independence Day holiday. A large traditional source of trading activity in Canadian markets will be firing up the BBQ instead. Over the full week, the dominant theme overhanging Canadian markets will likely continue to be its role as a safe(r) haven to global portfolio managers. **Canada hasn't been left unscathed by developments in Europe but it has outperformed many other markets in a game that is all about relative investing prospects and meeting or beating benchmarks.** The spread pick-up in 10 year Canadian government bonds, mortgage bonds and provincial bonds versus a number of major markets has insulated the currency against greater downside risk than would have otherwise been the case (chart 2).

The domestic calendar will be at risk of bringing accelerated downsides to tracking the Canadian economy's performance but through largely already known factors. First up will be the Bank of Canada's twin surveys — the Business Outlook Survey (BOS) and the Senior Loan Officer Survey (SLOS). The BOS survey sampled opinions of just 100 firms over the mid-May through early June period. It will likely capture the sentiment effects of Alberta's wildfires that struck in early May, but the survey pre-dates the June 23rd Brexit outcome. The risk lies to the downside for the main metric which is business expectations for sales growth over the next year following improvements in this reading over recent quarters; additional downside risk lies in later surveys. Ditto for the SLOS; last year's Q2 survey was conducted between June 8th and June 12th and a similar survey period is in store for this year.

On Wednesday, the first pass at **export figures for the month of May** will arrive. Recall the wildfires struck at the start of the month and shut down production across numerous key energy projects. Hint: not good. Caveat: Statistics Canada's trade figures are based upon incomplete surveys on the first pass and data — including for energy firms — is heavily inferred at first and then revised later. On the same day when bearish data lands, a 5 year Government of Canada bond auction will occur.

The week wraps up with jobs data for June. **The wildfires effect on jobs should be quite modest** depending upon the quality of the survey responses. Census hiring hasn't much worked as a source of explanation for recent headline gyrations despite the fact that the numbers that were temporarily hired to conduct the census were sizeable. Volatility in sectors like health care employment has been difficult to explain yet material enough to swing the headline for some time now. As such, we're less fussed about predicting a largely random number generator and more focused upon continued trend resilience in job growth.

Chart 2



THE WEEK AHEAD

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United States — Once Again Dependent Upon The UK

As the UK exits the European Union, Monday brings the two hundred and fortieth anniversary of the US Declaration of Independence when the original thirteen American colonies broke off from the British Empire. John Adams famously declared that “It ought to be solemnized with pomp and parade, with shows, games, sports, guns, bells, bonfires and illuminations, from one end of this continent to the other, from this time forward forever more.” Add in BBQs and a reference to financial markets being shut, and also delete the continental reference and it’s a pretty accurate depiction of how things turned out. The parallels to the UK today, however, run aground upon acknowledging that the prime US concern at the time was taxation without representation while America *welcomed* Europe’s immigrants, whereas the UK rebuke of the EU today is more premised upon immigration without (enough) representation.

After US markets re-open on Tuesday, the rest of the week’s developments are unlikely to materially sway markets. Minutes to the June 14th-15th FOMC meeting are unlikely to count for much given a) that the Federal Reserve had already turned more dovish at that meeting, b) the UK referendum added to downside risks, and c) markets are already convinced the Fed is basically never going to hike (chart 3). It’s likely that the median rate projections of FOMC participants are stale as we believe it to be unlikely that the Federal Reserve will hike this year versus the median FOMC forecast for two hikes over the remaining four policy meetings this year. Two hundred and forty years later and the Fed outlook isn’t so independent from the Brits.

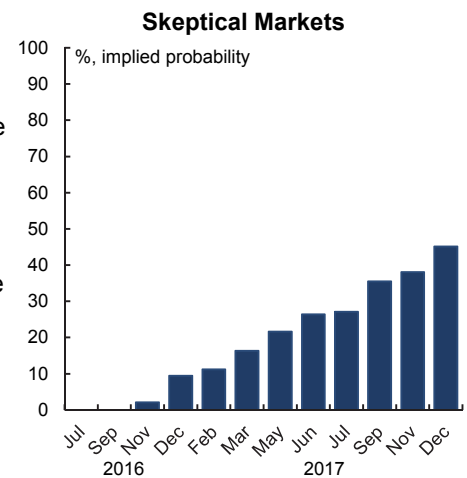
Of the main macro releases, **nonfarm payrolls would have mattered much more in the absence of the UK calling it quits on Europe.** The prospect of Fed rate hikes this year was always dependent upon a not-so-short list of developments including a) a recovery in at least a pair of nonfarm payroll reports with stable wage growth, b) a ‘remain’ outcome in the UK referendum that would calm down risks to the USD and the international backdrop, c) sustained evidence that the US economy is rebounding from a weak first quarter, d) inflation evidence remaining on a mildly constructive path, and e) an anyone-but-Trump outcome in the November election. All of these issues either lack clarity or have not been realized and so even a rebound in job growth is unlikely to tick a meaningful box in favour of policy tightening any time soon.

Factory orders, US trade, and ISM-services complete the main data offerings for next week.

Asia — Will The RBA Be The First Central Bank To Ease?

How the Reserve Bank of Australia responds to the UK referendum may serve as a market catalyst to viewing potential moves by other central banks over coming weeks. At the time of publishing, OIS markets have only about a one-in-five chance that the RBA will cut its 1.75% cash target rate on Tuesday, but the probability quickly rises to being a base case market assumption from August onward. The issue is less about the direct effect of UK troubles and spillovers into the Eurozone than the indirect effects. With other major central banks like the Federal Reserve, ECB, the Bank of England and the Bank of Japan all possibly easing or shifting to longer lived policy holding patterns, the RBA cannot count on, say, Fed hikes to soften the A\$ by reducing the attractiveness of the carry trade into Australian rates. Hours before the RBA decision, Australian retail sales and trade figures may further inform policy risks.

Chart 3



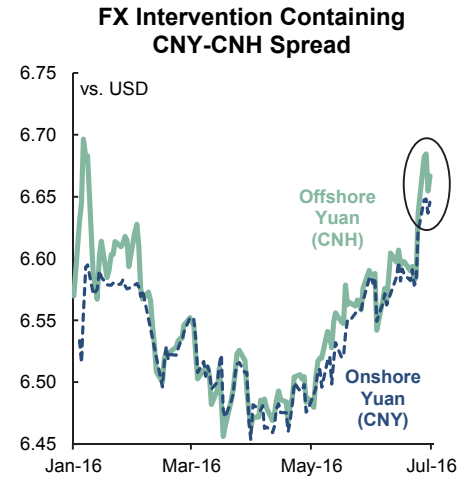
THE WEEK AHEAD

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Other Asian market developments may be focused further upon **the risk of currency intervention to contain the pace of depreciation in the offshore yuan versus the onshore yuan exchange rate versus the USD**. Intervention was triggered when the gap between the onshore and offshore currency values had become the widest since early February when China was attempting to contain devaluation bets. In its latest attempted intervention, China appears to have been more successful in getting ahead of offshore speculation but there is the risk of this being revisited (chart 4). **If China is able to contain offshore currency speculation more swiftly and sustainably than it did earlier in the year, then this would be a constructive influence upon global markets.**

Chart 4



Source: Scotiabank Economics, Bloomberg.

ASIA-PACIFIC

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The UK Votes To Leave The EU — Impact On Asia-Pacific Economies

The United Kingdom's vote to leave the European Union has triggered substantial financial market volatility and investor risk aversion. Ensuing economic implications are still largely uncertain; nevertheless, it is clear that business confidence globally has been shattered, which will negatively impact investment appetite and economic growth momentum. In this environment, policymakers' efforts to restore market confidence over the coming weeks will be a key factor shaping the global outlook, as the magnitude of adverse economic consequences will depend on how large and lasting the confidence shock is. While advanced economies have fairly limited policy room to respond to the shock compared to previous crises, Asia-Pacific economies are in a reasonable shape, both in terms of monetary and fiscal policy space. Assuming that market turmoil will not intensify further, we assess that economic contagion to the Asia-Pacific region could be contained to a large extent by swift policymaking.

Direct trade channel impact will be relatively limited

The "leave" vote's direct impact on Asia-Pacific economies will be fairly limited even if it caused a significantly weaker UK economy, given that the UK purchases a small share (2.3%) of Asia-Pacific's goods exports. The largest trade impact will likely be felt by New Zealand, Vietnam, Hong Kong, and India, yet these countries ship only 3-4% of their total exports to the UK. Meanwhile, Singapore and Indonesia sell less than 1% of their exports to the UK. Nevertheless, there is potential for a more sizable trade channel impact should the confidence shock pull Europe into recession, as the continent purchases over 17% of Asia-Pacific's exports abroad. Moreover, adverse economic conditions in the UK and the rest of Europe may hamper foreign direct investment into Asia-Pacific in the medium-to-long term, as the EU is a substantial source for such investment flows.

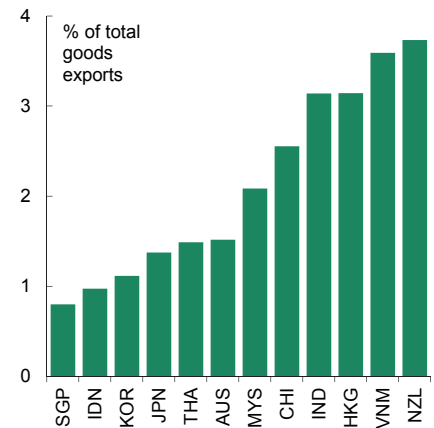
Financial spillovers will be key determinants of regional outlook

The largest impact on Asia-Pacific economies will come through the massive confidence shock the vote has triggered. This was demonstrated by a sizable currency depreciation bias across regional emerging economies right after the vote as well as an equity market sell-off. Volatility has prompted monetary authorities, such as the Reserve Bank of India and the Bank of Korea to intervene in order to limit currency weakness. Meanwhile, many other regional central banks have issued statements highlighting that they are monitoring financial market developments closely and provide additional liquidity to the banking system when needed. The flip side of the increased risk aversion is that safe haven flows have caused the Japanese yen to strengthen against the US dollar and virtually all regional currencies. The yen strength will likely make Japan's deflation problem worse while simultaneously adding to the challenges faced by struggling Japanese exporters. Accordingly, we expect the Bank of Japan to ease monetary policy in the near term, most likely in July.

The global confidence shock will cause spillover effects into the Asian real economy, causing output growth to slow. Depending on how much business sentiment will weaken, we may see cutbacks in business spending and hiring, causing higher unemployment and weaker consumer spending. To counteract such a negative scenario and to support domestic demand, authorities across Asia-Pacific will likely unveil further fiscal stimulus. In addition, given rising expectations for delayed monetary normalization in the US and low commodity prices that help keep inflationary pressures in check, various central banks in Asia-Pacific will likely inject further monetary stimulus into their economies over the coming months.

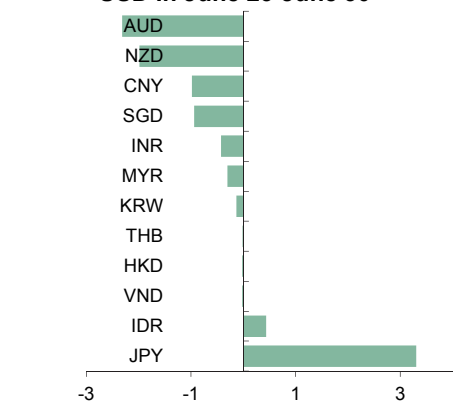
Chart 1

Asia-Pacific Exports To The UK



Source: Bloomberg, Scotiabank Economics.

Chart 2 APAC Currency Performance Vs. USD In June 23-June 30



Source: Bloomberg, Scotiabank Economics.

AUTOS

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Global Auto Production Gains Momentum

Stronger-than-expected global vehicle sales through May is leading to a ramping up of production across most of the world in the second half of 2016, providing a welcome boost to industrial activity at a time when heightened economic and political uncertainty is dampening overall economic growth. North America is leading the way, with assemblies in the July-September period scheduled to post the largest quarter-to-quarter increase in more than two years. However, output is also moving higher across Asia and Europe, supporting manufacturing activity which has staggered into the summer.

While North American vehicle production and overall industrial activity has been sluggish in recent months, we expect factory floors to become busier this summer. Automakers have successfully reduced inventories on dealer lots in the United States to 61 days' at the end of May, down from a bloated 79 days' earlier this year, and below the 65 days' that is the industry norm. As a result, the North American auto industry is scheduled to build a record number of vehicles in the July-September period. We estimate that the annualized production rate in Canada, the United States and Mexico will climb to 18.9 million units during the summer, up from 17.9 million between January and May.

Two of the Detroit Three are shortening their summer shutdowns across North America. Eight assembly plants in Canada, the United States and Mexico will have their traditional summer downtime reduced to one week. Meanwhile, five other facilities plan to produce non-stop throughout the summer. This will lift assemblies in the United States to an annualized 12.8 million units between July and September, the highest since the start of the millennium and 4% above the 2015 full-year production of 12.3 million. The ramp up is entirely driven by light trucks and highlights the impact that the sharp decline in oil prices has had on household vehicle-buying patterns, especially the dramatic shift in preference towards crossover utility vehicles.

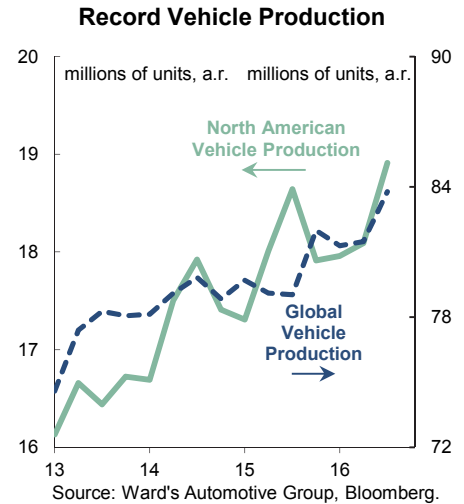
Rising vehicle output is expected to add half of a percentage point to economic growth in the United States in the third quarter — the largest increase in more than a year. The impact will be even greater in Mexico. Third-quarter assemblies in Mexico are scheduled to jump 5% y/y due to the inauguration of a new facility in Nuevo Leon and the restart of an assembly plant in Toluca, following extensive retooling.

Rising production is not limited to only North America. New orders for vehicles from assembly plants in Germany and Spain recently jumped to the highest level in more than five years, and will buoy overall economic activity across Western Europe in coming months. However, there is some concern about the sustainability of the rebound, as it is occurring at a time when several other industries appear to have moderated.

Vehicle production is even outperforming in the U.K., with assemblies surging 25% y/y in May, more than ten times the advance in overall manufacturing output. Overseas demand for British-made cars is driving the improvement, and accounts for roughly 80% of overall production. Car output geared for export has jumped 17% this year, compared with a 4% increase in assemblies for the domestic market. Nearly 60% of the U.K.'s vehicle exports are destined to the European Union.

Output is also set to move higher across Asia. Passenger vehicle sales in China have outpaced production gains this year, enabling automakers to reduce inventories to only 1.4 months' at the end of May, down from 1.7 months' a year ago and a peak of nearly 2 months' in early 2015. Vehicle pricing has also been stable since the beginning of the year, allowing automakers to lift production in the second half of 2016. Output is also rebounding in Thailand, with assemblies jumping 25% y/y in May — the largest increase in more than two years. The improvement reflects strengthening demand in its key exports markets, especially Indonesia and Australia.

Chart 1



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UK: Counting The Cost

Two Steps Backward, One Step Forward

There is likely to be a lot of water under the bridge between now and the Autumn Budget Statement. Nonetheless, there have been a number of question marks over what impact the vote to leave the EU could have on the UK public finances.

In terms of the direct impact of Brexit, the answer over the next 2 years and 3 months is precisely zero, since the UK will remain a member of the EU for at least that long. Meanwhile, there are likely to be indirect costs for the public finances in the time between now and the UK's eventual departure from the EU. This is based on:

- The possible setback to GDP growth; and
- Any discretionary measures announced by the Brexit government when it is eventually implemented.

Impact of Lower Near-Term Growth

With regards to the former, our GDP forecast for 2017 has been shunted down from 2% y/y to 0.0% y/y. Based on the Treasury's ready reckoner, a 1% deviation in GDP will add 0.5% of nominal GDP to the budget deficit in year 1 and 0.2% in year 2. Hence the 2 percentage point downgrade to our GDP projection implies a 1% of GDP addition to the Budget deficit in year 1. That amounts to almost GBP20bn!

That figure is broadly in line with the figures put forward by the IFS ahead of the referendum. To put it into context, the Budget deficit projection for this year was projected to fall to around GBP55bn or 2.9% of GDP. Next year's projection was GBP38.8bn, or 1.9% of GDP. So an additional GBP20bn of government borrowing net year would swell the deficit to GBP58.8bn, leaving the ratio at 2.9% of GDP. Looking at that with a glass half-full — at least it isn't widening. However, it does halt the deficit narrowing process in the blink of an eye.

Discretionary Measures

The very earliest that discretionary measures are likely to be announced would be in the autumn statement in November / December. The weekend press carried some suggestions from former advisers to Boris Johnson and David Cameron. Both suggested that corporation tax should be slashed. The rationale being that any multinational corporation that was considering leaving the UK might think twice.

The current rate of corporation tax is 20% and it is scheduled to fall to 18% by 2020. That is already factored into the fiscal arithmetic. According to the Treasury's ready reckoner, any further 1% point reduction in the corporation tax rate would increase government borrowing by GBP2bn per year. The suggestions in the weekend press were for a tax rate as low as 10%. That would clearly be very attractive to companies, but very costly to the public finances — a cost of around GBP16bn!

The other suggestion mentioned in the weekend press was a reduction in stamp duty. That is somewhat less costly; at around GBP800mn per 1% point reduction in the rate. Past experience has shown that any boost to the housing market has typically provided a decent boost to GDP growth, so might prove worthwhile.

Overall

Once (some would say if) the UK eventually leaves the EU, it could save the annual GBP8.5bn net contribution that it currently pays into the EU budget. However, as things stand (and our pessimism may yet be proven wrong) the slump in growth coupled with the cost of any discretionary measures, points to a fairly substantial initial cost. Near term pain, long term gain? Come back in five years to find out.

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Key Data Preview

CANADA

Jobs for June should show retrenchment from May's solid outcome (+14k) and revert towards what we think is an understandably mediocre trend in terms of labor gains. Thus far this year, job increases have averaged roughly 8.5k jobs/month, and indeed, as the chart to the right shows, Canadian job gains are trending roughly where one would expect given the fairly anemic pace of overall economic growth. We expect that both trends — soft economic growth and soft jobs — should persevere through Q2 2016 at least, with the question of a potential rebound and uptick in Q3 2016 remaining the great hope for the Canadian economy in 2016. There is a risk that roll-off of census workers and job losses in the oil sector around the fires could weigh on jobs too. We're expecting flat print.

Trade figures for the month of May could be a severe disappointment, and we're forecasting a deficit of CAD3.2bn on the month, in line with the widest trade deficit in Canadian history which was realized earlier this year. Our rationale is that: a) the trade deficit was already extremely wide heading into May at C\$ -2.9bn in April, and b) the Alberta fires in May should have dramatically impacted oil shipments. We think that the latter effect will be quite severe, though less so than the taking-off-line of roughly 1m barrels per day of production would connote, because our oil analysts think that shipments out of inventory might have compensated a little bit for the production decline. That said, a new all-time wide on the trade deficit is not beyond the bounds of the possible.

UNITED STATES

Nonfarm payrolls for June will be closely watched in light of the recent slow-down in the U.S. labor market data. We're expecting a decent bounce in payrolls back to the 185k/month area and wouldn't be surprised to see a modest positive revision to past months either. Our rationale is that few parts of the economy point to the type of labor market deceleration that the April-June jobs numbers, and particularly the June numbers, seem to point to. In fact, initial jobless claims, as the chart to the right shows, remain very subdued, so even if hiring were to be slowing, the pace of growth in the ranks of the jobless is quite low by all standards — including recent standards. This makes it hard to buy into the theory that says the pace of job gains has just fallen off of a cliff and that wage growth has halved — which is what the May-June data connoted.

Trade figures for the month of May should show some deterioration in the trade balance and we're anticipating a deficit of USD39.5bn. Our forecast is conditioned on a few factors: a) the advanced goods trade balance slipped on the month, b) oil prices were up somewhat and the U.S. remains a net oil importer, and c) new industrial orders have been on the soft side for some time. The U.S. dollar also appreciated by roughly 1% in May.

Chart 1

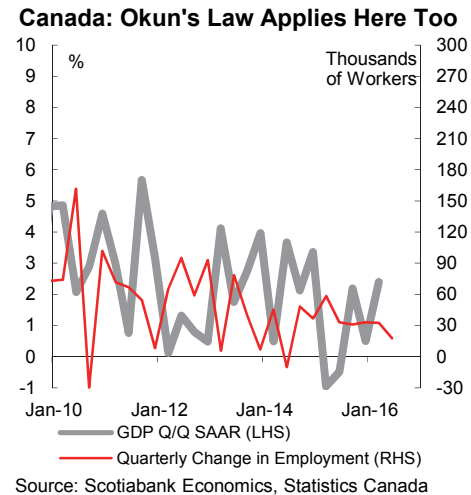


Chart 2

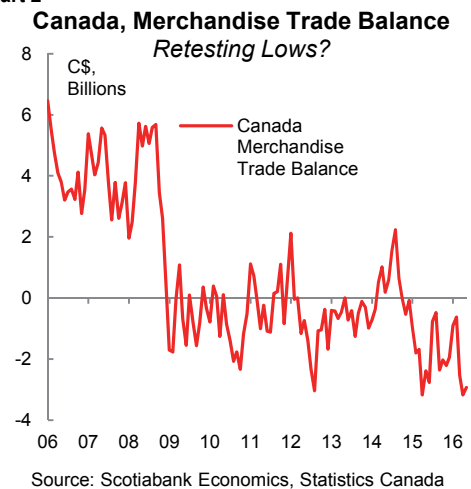
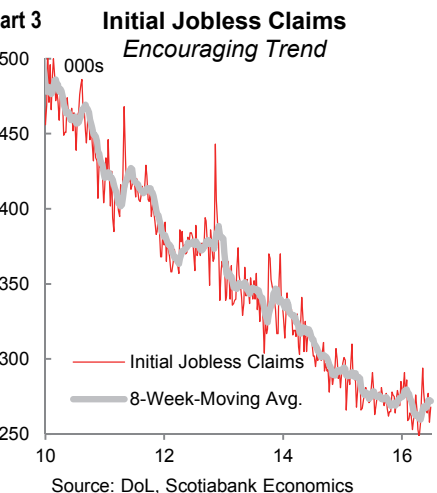


Chart 3



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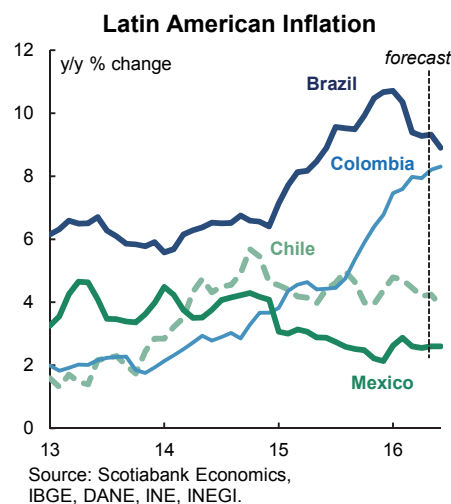
EUROPE

The Swedish Riksbank will announce a monetary policy decision on Wednesday, July 6th and is forecast to maintain its key repo rate at -0.5%. However, given increased global economic uncertainty and adverse currency swings following the UK's vote to leave the European Union, we expect the Riksbank to signal that planned interest rate hikes in 2017 are off the table and that the pace of rate tightening thereafter will likely be scaled back. Heightened global financial market volatility from Brexit has also been coupled with some less favourable price and labour market indicators in Sweden. Therefore, if ongoing Brexit jitters and, in turn, adverse currency strength exacerbate these trends over the coming months, the Swedish central bank could opt to further ease monetary policy at some point through year-end; likely by expanding or extending its QE program. While this is not our base case forecast, the possibility of further interest rate cuts can also not be ruled out.

LATIN AMERICA

On Thursday, Mexico's INEGI will publish June inflation figures. Data for the first half of the month showed virtually no change in consumer prices relative to the last two weeks of May. While the core reading — which excludes food and energy — continues to climb, growth in the headline CPI measure has flattened due to a seasonal decline in agricultural goods and regulated energy prices. We forecast Mexican CPI to increase by 2.6% y/y in June, comfortably inside Banco de México's 2-4% target range. Contrary to Mexico's tamed inflation, Colombia will release its consumer price data on Tuesday, which is expected to show a steep surge of 8.3% y/y, mainly on the back of increased food and home energy prices, with both components averaging over 12% y/y gains in the first five months of the year. On Friday, Chilean and Brazilian inflation data will also be published, and is forecast to edge lower to 3.9% y/y and 8.9% in June, respectively, down from 4.2% and 9.3% in May. Chilean inflation looks set to decrease in the second half of 2016 as softening economic activity leads to weaker consumption and the transitory effects of peso depreciation fade. Finally, on Friday, Chile will publish its economic activity index data for May, which is expected to show a bounce back to 2.1% y/y, up from 0.7% in April.

Chart 1



ASIA-PACIFIC

The Asia-Pacific data calendar is relatively light over the coming week. Taiwan will release June inflation data on July 5th and we expect consumer price gains to continue to ease, with the headline inflation rate dropping to 1.0% y/y in June from a recent high of 2.4% in February.

Australia's July 2nd election will draw most of the region's attention over the coming week. In May, Australia's Prime Minister Malcolm Turnbull of the Liberal Party dissolved both the House of Representatives (the lower house of parliament) and the Senate (the upper house) and called a "double-dissolution" election, in which the entire Senate is up for election — instead of half of it as per normal practice — along with the House of Representatives. The Liberal-National coalition has been holding a comfortable majority in the House of Representatives, but not in the Senate. Now, Mr. Turnbull hopes that the double-dissolution ballot will result in a Senate that is more receptive to government lawmaking than the prior one; until now, the coalition has been relying on the support of smaller parties to implement its agenda. According to recent polls, the Liberal-National Coalition is leading the opposition Labour Party by a fairly small margin.

Key Indicators for the week of July 4 – 8

North America



Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	07/04	10:30	BoC Senior Loan Officer Survey	2Q	--	--	6.6
CA	07/04	10:30	Business Outlook Future Sales	2Q	--	--	16.0
US	07/05	10:00	Durable Goods Orders (m/m)	May F	-2.2	-2.2	-2.2
US	07/05	10:00	Durable Goods Orders ex. Trans. (m/m)	May F	--	--	-0.3
US	07/05	10:00	Factory Orders (m/m)	May	-1.0	-0.9	1.9
US	07/05	10:00	IBD/TIPP Economic Optimism Index	Jul	--	--	48.2
US	07/06	07:00	MBA Mortgage Applications (w/w)	JUL 1	--	--	-2.6
CA	07/06	08:30	Merchandise Trade Balance (C\$ bn)	May	-3.2	--	-2.9
US	07/06	08:30	Trade Balance (US\$ bn)	May	-39.0	-40.0	-37.4
US	07/06	10:00	ISM Non-Manufacturing Composite	Jun	53.5	53.5	52.9
US	07/07	08:15	ADP Employment Report (000s m/m)	Jun	170	150	173
CA	07/07	08:30	Building Permits (m/m)	May	--	--	-0.3
US	07/07	08:30	Initial Jobless Claims (000s)	JUL 2	265	--	268
US	07/07	08:30	Continuing Claims (000s)	JUN 25	2100	--	2120
MX	07/07	09:00	Bi-Weekly Core CPI (% change)	Jun 30	--	--	0.2
MX	07/07	09:00	Bi-Weekly CPI (% change)	Jun 30	--	--	0.0
MX	07/07	09:00	Consumer Prices (m/m)	Jun	--	--	-0.5
MX	07/07	09:00	Consumer Prices (y/y)	Jun	2.6	--	2.6
MX	07/07	09:00	Consumer Prices Core (m/m)	Jun	--	--	0.2
CA	07/08	08:30	Employment (000s m/m)	Jun	0.0	--	13.8
CA	07/08	08:30	Unemployment Rate (%)	Jun	7.0	--	6.9
US	07/08	08:30	Average Hourly Earnings (m/m)	Jun	--	0.2	0.2
US	07/08	08:30	Average Weekly Hours	Jun	--	34.4	34.4
US	07/08	08:30	Nonfarm Employment Report (000s m/m)	Jun	185	180	38
US	07/08	08:30	Household Employment Report (000s m/m)	Jun	--	--	26
US	07/08	08:30	Unemployment Rate (%)	Jun	4.7	4.8	4.7
US	07/08	15:00	Consumer Credit (US\$ bn m/m)	May	--	17.0	13.4

Europe



Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
UK	07/04	04:30	PMI Construction	Jun	--	--	51.2
EC	07/04	05:00	PPI (m/m)	May	--	--	-0.3
IT	07/05	03:45	Services PMI	Jun	49.8	--	49.8
FR	07/05	03:50	Services PMI	Jun F	49.9	--	49.9
GE	07/05	03:55	Services PMI	Jun F	53.2	--	53.2
EC	07/05	04:00	Composite PMI	Jun F	52.8	--	52.8
EC	07/05	04:00	Services PMI	Jun F	52.4	--	52.4
UK	07/05	04:30	Official Reserves Changes (US\$ bn)	Jun	--	--	-1168
UK	07/05	04:30	Services PMI	Jun	--	--	53.5
EC	07/05	05:00	Retail Trade (m/m)	May	--	--	0.0
GE	07/06	02:00	Factory Orders (m/m)	May	--	--	-2.0
SP	07/06	03:00	Industrial Output NSA (y/y)	May	--	--	8.9
SW	07/06	03:30	Riksbank Interest Rate (%)	Jul 6	-0.50	--	-0.50
GE	07/07	02:00	Industrial Production (m/m)	May	--	--	0.8
FR	07/07	02:45	Current Account (€ bn)	May	--	--	-2.8
FR	07/07	02:45	Trade Balance (€ mn)	May	--	--	-5219
UK	07/07	03:30	Halifax House Price (3 month, y/y)	Jun	--	--	9.2
UK	07/07	04:30	Industrial Production (m/m)	May	--	--	2.0
UK	07/07	04:30	Manufacturing Production (m/m)	May	--	--	2.3

Forecasts at time of publication.

Source: Bloomberg, Scotiabank Economics.

Key Indicators for the week of July 4 – 8

Europe (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
GE	07/08	02:00	Current Account (€ bn)	May	--	--	28.8
GE	07/08	02:00	Trade Balance (€ bn)	May	--	--	25.7
FR	07/08	02:45	Central Government Balance (€ bn)	May	--	--	-56.5
FR	07/08	02:45	Industrial Production (m/m)	May	--	--	1.2
FR	07/08	02:45	Industrial Production (y/y)	May	--	--	1.9
FR	07/08	02:45	Manufacturing Production (m/m)	May	--	--	1.3
UK	07/08	04:30	Visible Trade Balance (£ mn)	May	--	--	-10526

Asia Pacific

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
JN	07/03	19:50	Monetary Base (y/y)	Jun	--	--	25.5
AU	07/03	21:30	Building Approvals (m/m)	May	--	-3.9	3.0
SI	07/04	09:00	Purchasing Managers Index	Jun	--	--	49.8
NZ	07/04	20:00	QV House Prices (y/y)	Jun	--	--	12.4
TA	07/04	20:30	CPI (y/y)	Jun	1.0	--	1.2
PH	07/04	21:00	CPI (y/y)	Jun	1.8	1.8	1.6
PH	07/04	21:00	Core CPI (y/y)	Jun	--	1.9	1.6
AU	07/04	21:30	Retail Sales (m/m)	May	--	0.3	0.2
AU	07/04	21:30	Trade Balance (AUD mn)	May	--	-1855	-1579
CH	07/04	21:45	Caixin China Composite PMI	Jun	--	--	50.5
CH	07/04	21:45	Caixin China Services PMI	Jun	--	--	51.2
AU	07/05	00:30	RBA Cash Target Rate (%)	Jul 5	1.75	1.75	1.75
MA	07/05	06:00	Foreign Reserves (US\$ bn)	Jun 30	--	--	97.4
HK	07/05	22:30	Purchasing Managers Index	Jun	--	--	47.2
TH	07/06	23:30	Consumer Confidence Economic	Jun	--	--	61.1
CH	JUL 06-07		Foreign Reserves (US\$ bn)	Jun	--	3165	3192
SI	JUL 06-14		Real GDP (y/y)	2Q A	--	--	1.8
JN	07/07	01:00	Coincident Index CI	May P	--	--	112.0
JN	07/07	01:00	Leading Index CI	May P	--	--	100.0
AU	07/07	02:30	Foreign Reserves (AUD bn)	Jun	--	--	80.1
SI	07/07	05:00	Foreign Reserves (US\$ mn)	Jun	--	--	247129
JN	07/07	19:50	Bank Lending (y/y)	Jun	--	--	2.2
JN	07/07	19:50	Current Account (¥ bn)	May	--	1770	1879
JN	07/07	19:50	Trade Balance - BOP Basis (¥ bn)	May	--	56	697
JN	JUL 07-08		Eco Watchers Survey (current)	Jun	--	--	43.0
JN	JUL 07-08		Eco Watchers Survey (outlook)	Jun	--	--	47.3
IN	JUL 07-15		Exports (y/y)	Jun	--	--	-0.8
IN	JUL 07-15		Imports (y/y)	Jun	--	--	-13.2
TA	07/08	04:00	Exports (y/y)	Jun	--	--	-9.6
TA	07/08	04:00	Imports (y/y)	Jun	--	--	-3.4
TA	07/08	04:00	Trade Balance (US\$ bn)	Jun	--	--	3.5

Forecasts at time of publication.

Source: Bloomberg, Scotiabank Economics.

Key Indicators for the week of July 4 – 8

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>
CL	07/05	08:30	Economic Activity Index SA (m/m)	May	--	--	-1.3
CL	07/05	08:30	Economic Activity Index NSA (y/y)	May	2.1	1.9	0.7
CO	07/05	20:00	Consumer Price Index (m/m)	Jun	--	0.2	0.5
CO	07/05	20:00	Consumer Price Index (y/y)	Jun	8.3	8.3	8.2
BZ	07/08	08:00	IBGE Inflation IPCA (m/m)	Jun	--	--	0.8
BZ	07/08	08:00	IBGE Inflation IPCA (y/y)	Jun	8.9	--	9.3
CL	07/08	08:00	CPI (m/m)	Jun	--	0.3	0.2
CL	07/08	08:00	CPI (y/y)	Jun	3.9	--	4.2
PE	JUL 08-11		Trade Balance (USD mn)	May	--	--	-40.1

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

Global Auctions for the week of July 4 – 8

North America

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	07/05	11:30	U.S. to Sell USD34 Bln 3-Month Bills
US	07/05	11:30	U.S. to Sell USD29 Bln 6-Month Bills
US	07/06	11:30	U.S. to Sell USD45 Bln 4-Week Bills
CA	07/06	12:00	Canada to Sell CAD3.8 Bln 0.75% 2021 Bonds

Europe

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CC	07/04	05:00	Cyprus to Sell 91-Day Bills
NE	07/04	05:30	Netherlands to Sell Bills
FR	07/04	08:50	France to Sell Bills
MB	07/05	05:00	Malta to Sell 91-Day Bills
MB	07/05	05:00	Malta to Sell 364-Day Bills
EC	07/05	05:10	ECB Main Refinancing Operation Result
SZ	07/05	05:15	Switzerland to Sell 364-Day Bills
AS	07/05	05:15	Austria to Sell 6.25% 2027 Bonds
AS	07/05	05:15	Austria to Sell 0.75% 2026 Bonds
BE	07/05	05:30	Belgium to Sell 3-Month Bills
BE	07/05	05:30	Belgium to Sell 6-Month Bills
UK	07/05	05:30	U.K. to Sell GBP2.5 Bln 1.5% 2021 Bonds
DE	07/06	04:30	Denmark to Sell Bonds
GR	07/06	05:00	Greece to Sell 26-Week Bills
GE	07/06	05:30	Germany to Sell EUR4 Bln 0% 2018 Bonds
FR	07/07	04:50	France to Sell Bonds
UK	07/07	05:30	U.K. to Sell GBP2.25 Bln 1.5% 2026 Bonds
UK	07/08	06:00	U.K. to Sell Bills
IC	07/08	06:00	Iceland to Sell Bonds

Asia Pacific

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	07/04	23:45	Japan to Sell 10-Year Bonds
CH	07/05	23:00	China Plans to Sell 1-Year Upsized Bonds
CH	07/05	23:00	China Plans to Sell 10-Year Upsized Bonds
JN	07/05	23:35	Japan to Sell 6-Month Bills
AU	07/06	20:30	Australia Plans to Sell Bills
JN	07/06	23:35	Japan to Sell 3-Month Bills
JN	07/07	04:00	Japan Auction for Enhanced-Liquidity

Latin America

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

Source: Bloomberg, Scotiabank Economics.

Events for the week of July 4 – 8

North America 

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	07/05	14:30	Fed's Dudley Speaks on Local Economy in Binghamton, NY
US	07/06	14:00	U.S. Fed Releases Minutes from June 14-15 FOMC Meeting

Europe 

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	07/02	03:00	EU's Juncker, Moscovici at EU Parliament Panel in Brussels
EC	07/03	05:10	ECB Board Member Coeure on Panel in Aix-en-Provence, France
UK	07/05	05:30	Carney Publishes BOE Financial Stability Report
FR	07/06	02:30	Bank of France's Villeroy opens Paris Europlace conference.
SW	07/06	03:30	Riksbank Monetary Policy Report, Rate Decision
SW	07/06	06:30	Riksbank's Skingsley in Q&A in Visby
SW	07/06	07:00	Riksbank's Martin Floden Speaks in Visby
SW	07/06	10:00	Riksbank Deputy Governor Floden Speaks in Visby
EC	07/07	07:30	ECB account of the monetary policy meeting
EC	07/08		EU Sovereign Debt to Be Rated by Moody's
SZ	07/08		Switzerland Sovereign Debt to Be Rated by Moody's
GE	07/08		Germany Sovereign Debt to Be Rated by S&P
UK	07/08		United Kingdom Sovereign Debt to Be Rated by DBRS
EC	07/08		European Financial Stability Facility to Be Rated by S&P
EC	07/08		EU's Juncker, Tusk Meet With U.S.'s Obama in Warsaw
FI	07/08		Bank of Finland Governor Liikanen Speaks in Mikkeli Conference
EC	07/08	00:00	NATO Leaders Hold Summit in Warsaw

Asia Pacific 

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
NZ	07/04	18:00	NZIER Business Opinion Survey
AU	07/05	00:30	RBA Cash Rate Target
AU	07/06	03:30	RBA's Debelle Gives Speech
JN	07/06	20:30	BOJ's Kuroda to Speak at Branch Managers' Meeting

Latin America 

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CO	07/08	14:00	Colombia Monetary Policy Minutes

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	July 13, 2016	0.50	0.50
Federal Reserve – Federal Funds Target Rate	0.50	July 27, 2016	0.50	0.50
Banco de México – Overnight Rate	4.25	August 11, 2016	4.25	--

Fed: What had seemed as though it might be a big week for the Fed, what with nonfarm payrolls on July 8, is now shaping up to be a somewhat less significant week given the reduced importance of domestic U.S. economic data to the Fed in light of the UK's Brexit vote. Though the FOMC minutes, due out on July 6, cover a meeting that preceded Brexit, the message of the minutes could address issues relevant at the time of their public release, so there is an opportunity for somewhat of an update on the monetary outlook from the FOMC. **BoC:** BoC watchers will get a better sense of the impact of the Alberta fires on the Canadian economy with the release of trade figures for May on July 6. The BoC's outlook surveys will be released on July 4 and jobs numbers land on July 8.

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	July 21, 2016	0.00	--
Bank of England – Bank Rate	0.50	July 14, 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	July 29, 2016	11.00	10.50
Central Bank of the Republic of Turkey – 1 Wk Repo Rate	7.50	July 19, 2016	7.50	--
Sweden Riksbank – Repo Rate	-0.50	July 6, 2016	-0.50	--
Norges Bank – Deposit Rate	0.50	September 22, 2016	0.50	--

Policymakers at the **Swedish Riksbank** will announce a monetary policy decision on Wednesday, July 6th. The Riksbank is forecast to maintain its key repo rate at -0.5% (see International Previews on page A2 for more information).

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	July 29, 2016	-0.20	--
Reserve Bank of Australia – Cash Target Rate	1.75	July 5, 2016	1.75	1.75
Reserve Bank of New Zealand – Cash Rate	2.25	August 10, 2016	2.00	2.00
People's Bank of China – Lending Rate	4.35	TBA	--	--
Reserve Bank of India – Repo Rate	6.50	August 9, 2016	6.50	--
Bank of Korea – Bank Rate	1.25	July 14, 2016	1.25	--
Bank of Thailand – Repo Rate	1.50	August 3, 2016	1.50	1.50
Bank Indonesia – Reference Interest Rate	6.50	July 21, 2016	6.50	--

Policymakers of the **Reserve Bank of Australia (RBA)** will meet on July 5th; we expect the benchmark interest rate to remain unchanged at 1.75% as the authorities assess the impact of the most recent rate cut in May and monitor how global events unfold following the UK's vote to leave the European Union. Persistently low inflation provides the RBA with monetary policy space; the likelihood of further easing over the coming months has increased.

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	July 20, 2016	14.25	--
Banco Central de Chile – Overnight Rate	3.50	July 14, 2016	3.50	--
Banco de la República de Colombia – Lending Rate	7.50	July 29, 2016	7.50	--
Banco Central de Reserva del Perú – Reference Rate	4.25	July 14, 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	July 21, 2016	7.00	--

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



Economic Statistics



North America



Canada 					United States 				
	2015	15Q4	16Q1	Latest		2015	15Q4	16Q1	Latest
Real GDP (annual rates)	1.1	0.5	2.4		Real GDP (annual rates)	2.4	1.4	1.1	
Current Acc. Bal. (C\$B, ar)	-62.6	-62.8	-67.1		Current Acc. Bal. (US\$B, ar)	-463	-454	-499	
Merch. Trade Bal. (C\$B, ar)	-22.5	-20.1	-25.4	-35.2 (Apr)	Merch. Trade Bal. (US\$B, ar)	-763	-754	-746	-706 (Apr)
Industrial Production	-0.8	0.1	-0.5	-1.1 (May)	Industrial Production	0.3	-1.7	-1.9	-1.4 (May)
Housing Starts (000s)	194	194	198	189 (May)	Housing Starts (millions)	1.11	1.13	1.15	1.16 (May)
Employment	0.8	0.8	0.7	0.8 (May)	Employment	2.1	2.0	1.9	1.7 (May)
Unemployment Rate (%)	6.9	7.0	7.2	6.9 (May)	Unemployment Rate (%)	5.3	5.0	4.9	4.7 (May)
Retail Sales	1.7	2.2	5.5	4.6 (Apr)	Retail Sales	1.6	1.4	2.2	2.0 (May)
Auto Sales (000s)	1897	1948	1992	2016 (Apr)	Auto Sales (millions)	17.3	17.8	17.1	17.4 (May)
CPI	1.1	1.3	1.5	1.5 (May)	CPI	0.1	0.5	1.1	1.0 (May)
IPPI	-0.8	0.1	-0.5	1.1 (May)	PPI	-3.3	-3.4	-1.7	-2.3 (May)
Pre-tax Corp. Profits	-15.8	-19.6	-9.1		Pre-tax Corp. Profits	3.3	-2.9	-1.9	

Mexico 				
	2015	15Q4	16Q1	Latest
Real GDP	2.5	2.4	2.6	
Current Acc. Bal. (US\$B, ar)	-31.9	-29.1	-28.0	
Merch. Trade Bal. (US\$B, ar)	-14.6	-15.1	-15.9	-6.3 (May)
Industrial Production	0.9	0.2	0.4	1.9 (Apr)
CPI	2.7	2.3	2.7	2.6 (May)

Europe

Euro Zone 					Germany 				
	2015	15Q4	16Q1	Latest		2015	15Q4	16Q1	Latest
Real GDP	1.3	1.4	1.3		Real GDP	1.4	1.3	1.6	
Current Acc. Bal. (US\$B, ar)	366	472	218	463 (Apr)	Current Acc. Bal. (US\$B, ar)	257.2	283.3	327.7	391.6 (Apr)
Merch. Trade Bal. (US\$B, ar)	356.8	397.4	318.1	441.5 (Apr)	Merch. Trade Bal. (US\$B, ar)	274.7	270.9	263.3	350.2 (Apr)
Industrial Production	1.6	1.3	1.5	2.0 (Apr)	Industrial Production	0.5	-0.3	1.6	1.2 (Apr)
Unemployment Rate (%)	10.9	10.5	10.4	10.2 (Apr)	Unemployment Rate (%)	6.4	6.3	6.2	6.1 (Jun)
CPI	0.0	0.2	0.0	0.1 (Jun)	CPI	0.2	0.3	0.3	0.3 (Jun)

France 					United Kingdom 				
	2015	15Q4	16Q1	Latest		2015	15Q4	16Q1	Latest
Real GDP	1.2	1.3	1.3		Real GDP	2.2	1.8	2.0	
Current Acc. Bal. (US\$B, ar)	-4.7	-1.7	-26.5	-42.8 (Apr)	Current Acc. Bal. (US\$B, ar)	-100.3	-135.9	-130.4	
Merch. Trade Bal. (US\$B, ar)	-41.4	-49.0	-48.4	-55.2 (Apr)	Merch. Trade Bal. (US\$B, ar)	-191.6	-202.0	-195.4	-180.8 (Apr)
Industrial Production	1.8	2.4	0.5	1.9 (Apr)	Industrial Production	1.0	0.8	0.1	1.6 (Apr)
Unemployment Rate (%)	10.4	10.2	10.1	9.9 (Apr)	Unemployment Rate (%)	5.4	5.1	5.1	5.0 (Mar)
CPI	0.0	0.1	0.0	0.3 (May)	CPI	0.0	0.1	0.3	0.2 (May)








Italy 					Russia 				
	2015	15Q4	16Q1	Latest		2015	15Q4	16Q1	Latest
Real GDP	0.6	1.1	1.0		Real GDP		-3.8		
Current Acc. Bal. (US\$B, ar)	36.0	60.8	19.7	55.9 (Apr)	Current Acc. Bal. (US\$B, ar)	69.6	15.0		
Merch. Trade Bal. (US\$B, ar)	49.8	66.7	40.5	61.5 (Apr)	Merch. Trade Bal. (US\$B, ar)	12.4	10.1	7.5	6.8 (Apr)
Industrial Production	0.9	1.5	1.7	1.7 (Apr)	Industrial Production	-3.7	-3.9	-0.7	0.7 (May)
CPI	0.0	0.2	-0.1	-0.4 (Jun)	CPI	15.5	14.5	8.3	7.3 (May)

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





Source: Bloomberg, IHS Global, Scotiabank Economics.

Economic Statistics

Asia Pacific

Australia 					Japan 				
	2015	15Q4	16Q1	Latest		2015	15Q4	16Q1	Latest
Real GDP	2.5	2.9	3.1		Real GDP	0.6	0.8	0.0	
Current Acc. Bal. (US\$B, ar)	-58.9	-69.8	-57.0		Current Acc. Bal. (US\$B, ar)	136.5	113.6	205.9	205.2 (Apr)
Merch. Trade Bal. (US\$B, ar)	-12.9	-23.2	-13.8	-1.4 (Apr)	Merch. Trade Bal. (US\$B, ar)	-23.1	0.6	18.6	29.7 (May)
Industrial Production	1.6	2.0	4.8		Industrial Production	-1.2	-1.1	-3.2	-2.7 (May)
Unemployment Rate (%)	6.1	5.8	5.8	5.7 (May)	Unemployment Rate (%)	3.4	3.3	3.2	3.2 (Apr)
CPI	1.5	1.7	1.3		CPI	0.8	0.3	0.1	-0.3 (Apr)
South Korea 					China 				
Real GDP	2.6	3.1	2.8		Real GDP	6.9	6.8	6.7	
Current Acc. Bal. (US\$B, ar)	105.9	105.6	96.3	40.5 (Apr)	Current Acc. Bal. (US\$B, ar)	330.6			
Merch. Trade Bal. (US\$B, ar)	90.3	95.0	88.1	83.8 (May)	Merch. Trade Bal. (US\$B, ar)	593.9	699.6	493.0	599.7 (May)
Industrial Production	-0.9	0.0	-0.2	2.8 (May)	Industrial Production	5.9	5.9	6.8	6.0 (May)
CPI	0.7	1.1	1.0	1.4 (May)	CPI	1.6	1.6	2.3	2.0 (May)
Thailand 					India 				
Real GDP	2.8	2.8			Real GDP	6.9	6.9		
Current Acc. Bal. (US\$B, ar)	31.7	10.3	16.6		Current Acc. Bal. (US\$B, ar)	-22.4	-7.1		
Merch. Trade Bal. (US\$B, ar)	2.9	3.2	4.4	3.5 (May)	Merch. Trade Bal. (US\$B, ar)	-10.4	-10.4	-6.4	-6.3 (May)
Industrial Production	0.4	0.3	-1.0	2.6 (May)	Industrial Production	3.2	1.7	0.2	-0.8 (Apr)
CPI	-0.9	-0.9	-0.5	0.5 (May)	WPI	-2.7	-2.3	-0.8	0.8 (May)
Indonesia 									
Real GDP	4.8	5.0							
Current Acc. Bal. (US\$B, ar)	-17.7	-5.1							
Merch. Trade Bal. (US\$B, ar)	0.6	0.1	0.6	0.4 (May)					
Industrial Production	4.8	4.8	4.2	1.6 (Apr)					
CPI	6.4	4.8	4.3	3.3 (May)					

Latin America









Brazil 					Chile 				
	2015	15Q4	16Q1	Latest		2015	15Q4	16Q1	Latest
Real GDP	-3.8	-5.9	-5.4		Real GDP	2.1	1.3	2.0	
Current Acc. Bal. (US\$B, ar)	-59.3	-38.3	-30.5		Current Acc. Bal. (US\$B, ar)	-15.9	-8.3	2.1	
Merch. Trade Bal. (US\$B, ar)	19.7	37.7	33.6	77.2 (May)	Merch. Trade Bal. (US\$B, ar)	-3.0	0.3	8.4	8.9 (May)
Industrial Production	-8.2	-11.9	-11.7	-9.3 (Apr)	Industrial Production	-0.3	-1.0	-0.8	-2.0 (May)
CPI	9.0	10.4	10.1	18.1 (May)	CPI	4.3	4.1	4.6	4.2 (May)
Peru 					Colombia 				
Real GDP	3.3	4.7			Real GDP	3.1	3.4		
Current Acc. Bal. (US\$B, ar)	-8.4	-1.5			Current Acc. Bal. (US\$B, ar)	-18.8	-4.1		
Merch. Trade Bal. (US\$B, ar)	-0.2	0.0	-0.2	0.0 (Apr)	Merch. Trade Bal. (US\$B, ar)	-1.3	-1.6	-1.2	-1.1 (Apr)
Unemployment Rate (%)	6.4	5.8	6.9	7.1 (May)	Industrial Production	0.8	3.2	5.5	8.4 (Apr)
CPI	3.5	4.1	4.5	3.5 (May)	CPI	5.0	6.4	7.7	8.2 (May)

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 					United States 				
	16Q1	16Q2	Jun/23	Jun/30*		16Q1	16Q2	Jun/23	Jun/30*
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	0.52	0.49	3-mo. T-bill	0.20	0.25	0.28	0.25
10-yr Gov't Bond	1.23	1.06	1.29	1.06	10-yr Gov't Bond	1.77	1.46	1.75	1.46
30-yr Gov't Bond	2.01	1.72	1.92	1.72	30-yr Gov't Bond	2.61	2.26	2.55	2.26
Prime	2.70	2.70	2.70	2.70	Prime	3.50	3.50	3.50	3.50
FX Reserves (US\$B)	79.7	82.2	84.3	(May)	FX Reserves (US\$B)	106.5	108.7	108.1	(May)
Germany 					France 				
3-mo. Interbank	-0.24	-0.28	-0.26	-0.28	3-mo. T-bill	-0.45	-0.42	-0.52	-0.56
10-yr Gov't Bond	0.15	-0.14	0.09	-0.14	10-yr Gov't Bond	0.49	0.19	0.45	0.19
FX Reserves (US\$B)	58.5	60.8	62.2	(May)	FX Reserves (US\$B)	55.2	57.2	56.4	(May)
Euro Zone 					United Kingdom 				
Refinancing Rate	0.05	0.00	0.00	0.00	Repo Rate	0.50	0.50	0.50	0.50
Overnight Rate	-0.13	-0.30	-0.35	-0.34	3-mo. T-bill	0.48	0.48	0.45	0.44
FX Reserves (US\$B)	333.9	340.7	341.0	(May)	10-yr Gov't Bond	1.42	0.88	1.37	0.88
					FX Reserves (US\$B)	119.0	125.2	126.6	(May)
Japan 					Australia 				
Discount Rate	0.30	0.30	0.30	0.30	Cash Rate	2.00	1.75	1.75	1.75
3-mo. Libor	-0.07	-0.08	-0.09	-0.08	10-yr Gov't Bond	2.49	1.98	2.25	1.98
10-yr Gov't Bond	-0.03	-0.22	-0.14	-0.22	FX Reserves (US\$B)	46.5	46.1	54.9	(May)
FX Reserves (US\$B)	1207.0	1231.6	1224.1	(May)					

Exchange Rates (end of period)

USDCAD	1.30	1.30	1.28	1.30	¥/US\$	112.57	102.73	106.16	102.73
CADUSD	0.77	0.77	0.78	0.77	US\$/Australian\$	0.77	0.75	0.76	0.75
GBPUSD	1.436	1.327	1.488	1.327	Chinese Yuan/US\$	6.45	6.65	6.58	6.65
EURUSD	1.138	1.110	1.139	1.110	South Korean Won/US\$	1143	1152	1150	1152
JPYEUR	0.78	0.88	0.83	0.88	Mexican Peso/US\$	17.279	18.483	18.227	18.483
USDCHF	0.96	0.98	0.96	0.98	Brazilian Real/US\$	3.592	3.203	3.338	3.203

Equity Markets (index, end of period)

United States (DJIA)	17685	17807	18011	17807	U.K. (FT100)	6175	6504	6338	6504
United States (S&P500)	2060	2083	2113	2083	Germany (Dax)	9966	9680	10257	9680
Canada (S&P/TSX)	13494	14062	14131	14062	France (CAC40)	4385	4237	4466	4237
Mexico (IPC)	45881	45851	46146	45849	Japan (Nikkei)	16759	15576	16238	15576
Brazil (Bovespa)	50055	51155	51560	51155	Hong Kong (Hang Seng)	20777	20794	20868	20794
Italy (BCI)	1218	1056	1038	945	South Korea (Composite)	1996	1970	1987	1970

Commodity Prices (end of period)

Pulp (US\$/tonne)	950	980	980	980	Copper (US\$/lb)	2.20	2.19	2.15	2.19
Newsprint (US\$/tonne)	545	545	545	545	Zinc (US\$/lb)	0.81	0.95	0.92	0.95
Lumber (US\$/mfbm)	303	316	316	N/A	Gold (US\$/oz)	1237.00	1320.75	1262.15	1320.75
WTI Oil (US\$/bbl)	38.34	48.74	50.11	48.74	Silver (US\$/oz)	15.38	18.36	17.29	18.36
Natural Gas (US\$/mmbtu)	1.96	2.90	2.70	2.90	CRB (index)	170.52	193.02	193.52	193.02

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

Fixed Income Strategy (London)

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