

SUPER MARIO OR EN GARDE LAGARDE?

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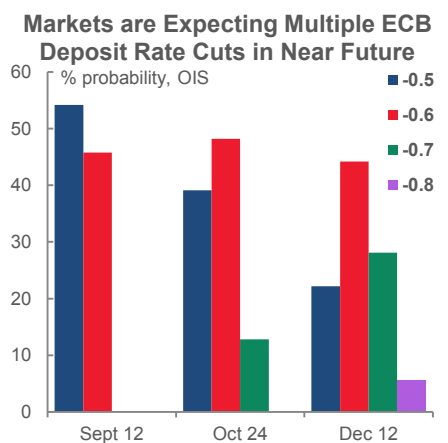
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Next Week's Risk Dashboard

- CBs: ECB, Turkey, Peru, Negara
- CPI: US, China, India...
- ...Norway, Sweden, Mexico, Argentina
- China macro
- US retail sales, UofM sentiment
- UK wages, other macro
- CDN election call
- European macro
- UK politics
- GDP: Russia, Japan (rev)
- US, CDN auctions

Chart of the Week



Implied Probabilities As of Sept 6 2019

Sources: Scotiabank Economics, Bloomberg.

Chart of the Week: Prepared by: Evan Andrade, Research Analyst.

Super Mario or En Garde Lagarde?

UNITED STATES—SCOREKEEPING ALONG A PRESET PATH

The path toward the September 17th–18th FOMC meeting and policy decision will be sparsely littered with a handful of macroeconomic gems. We expect the meeting to result in another 25bps fed funds rate cut and for the ‘dot plot’ to continue to resist going as far as market pricing for 4–5 rate cuts by the end of 2020. Fed Chair Powell’s latest guidance reaffirmed that policy would act “as appropriate” and repeated expectations for the US economy to remain sound. The macro readings should not carry material consequence to the policy decision that is pretty much assured while forecasts of FOMC participants—including a revised dot plot—will be at an advanced stage.

August’s CPI reading arrives on Thursday. I’ve estimated that headline CPI remains unchanged at 1.8% m/m assuming a very slightly altered year-ago base effect and little typical seasonal pressure in August alongside modest further lifting of transitory downsides to inflation. **Core CPI is forecast to tick up one notch to 2.3% y/y.** Since the Fed’s preferred core PCE gauge (1.6% y/y in July) tends to undershoot core CPI fairly steadily by several tenths of a percentage point over time (chart 1), the Fed’s efforts to achieve the symmetrical 2% inflation target will be minimally affected. In addition, there are measurement differences between core CPI and core PCE that don’t assure that changes in one lead to changes in the other.

Retail sales are expected to be little changed with downside risk in the August reading following the strength in July. Auto sales were up by under 1% and gasoline prices fell by almost 5% m/m. To stay in the black, headline sales will need a boost from core sales ex-autos and gasoline which may also prove to be challenging. Core sales were up by about 1% m/m in July. I would watch the risk of distorted seasonal effects given a) August had five weekends, and b) the Labor Day weekend overlapped with the end of August.

Friday’s **University of Michigan consumer sentiment metric** for September will be closely watched for whether it reacts to the escalation of trade tensions throughout August. Softer job growth (recap [here](#)) might be offset by cash flow drivers of confidence such as resilient but plateauing wage gains, lower gasoline prices and declining borrowing costs including the 30 year fixed mortgage rate.

The US also updates producer prices for August (Wednesday) and auctions 3s, 10s and 30s over the week.

CANADA—FOCUS SHIFTS TO POLITICS

Canadian markets should be fairly quiet over the coming week. Campaigning ahead of the October 21st Federal election could well heat up.

Prime Minister Trudeau must drop the writ no earlier than 50 days ahead of the election and no later than 36 days ahead, which positions the call to be fairly soon and by September 16th. With it may come more intensified focus upon election platforms with potential policy implications. Expect the BoC to return to being quiet, as it was from July 10th until it had to communicate this past week.

Election poll tracking is available [here](#) and in charts 2 and 3. As a share of the popular vote, the incumbent Liberals and the Conservatives are close to a dead heat at about 33% of the vote for each, while the NDP trails badly behind at 13%. The link’s efforts to map this onto seat projections given Canada’s first-past-the-post electoral system suggests a wide range of potential outcomes that put the highest odds on a Liberal majority (38%), then 27% odds of a Liberal minority and a 25% chance of a Conservative minority and 10% chance of a Conservative majority. Readers are reminded that misses by pollsters elsewhere in the world—2016 in the US, Brexit in 2016, etc.—are not the least bit unfamiliar to Canadians!

Chart 1



Across the macro calendar, only housing starts for August and building permits for July are due out, both on Tuesday. A light calendar after the BoC also makes it a convenient time to drop the writ.

Canada will hold a 30 year auction on Wednesday.

LATIN AMERICA—ONE AND DONE?

One central bank decision, one inflation reading that could affect another central bank, and a reading on the latest economic tragedy in Argentina will offer a trio of focal points for LatAm markets.

After a quarter point rate cut on August 8th, Peru’s central bank is unlikely to offer additional stimulus just yet when it delivers another decision on Thursday.

The accompanying statement in August ([here](#)) was fairly explicit in this regard where it noted “This decision does not necessarily imply additional reductions in the policy rate.” However, the statement also emphasized paying “close attention to new information on inflation.” Since the decision, inflation slipped a tick again to 2.0% y/y in August but core inflation was roughly stable at 2.2% (2.15% prior). Inflation is tracking closely to the 2.0% inflation target in a 1–3% band, and the central bank may require further evidence of softening before offering additional easing so soon.

Mexican inflation is expected to continue to wane when August figures arrive on Monday. From a peak rate of 6.8% y/y in December 2017, inflation has since fallen to 3.8% in July and the August reading is expected to push materially closer toward the 3% inflation target within a 2–4% target range. Core inflation has proven to be more resilient, however, and has indeed risen from the recent low of about 3 ½% around March to about 3.8% in July. When Banxico cut its policy rate last month for the first time since June 2014, Deputy Governor Guzman dissented in favour of a policy hold and emphasized resilient core inflation. Since then, the focus has broadened to include downward revisions to Banxico’s growth forecasts for Mexico and rising concern at the central bank over the state of Petroleos Mexicanos (Pemex). Scotiabank Economics forecasts further easing including one more rate cut this year and another in 2020Q1.

The collapse of Argentina’s peso is likely to continue to put further upward pressure upon inflation (chart 4). Capital controls are blocking exits from the erosion of purchasing power and the value of savings with the IMF lurking around amidst debate over technical default risks and potential contagion. August’s reading arrives on Thursday after recent inflation trends had been slightly cooling...to a mild 54% y/y! Since mid-July, the peso has depreciated by about one-third to the USD. The peso has gone from about 10 to the USD in late 2015 to about 55 now.

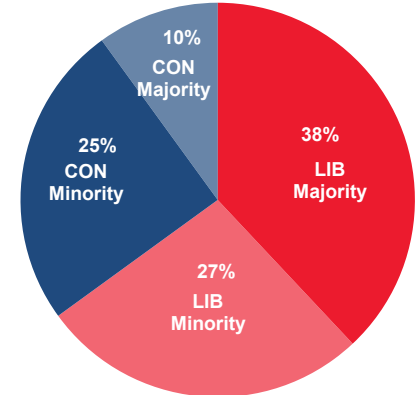
ASIA-PACIFIC—PRE-EMPTING SOFT DATA?

China macro data will inform momentum in the economy particularly as trade tensions with the US have escalated. Other developments will be of a regional nature with potential local market effects.

China will update a series of readings covering the month of August. First up will be trade figures this weekend, followed by CPI on Monday evening (eastern time) and then financing and credit tallies sometime before mid-month. Foreign direct investment will also be released at some point by mid-month. Charts 5–8 provide

Chart 2

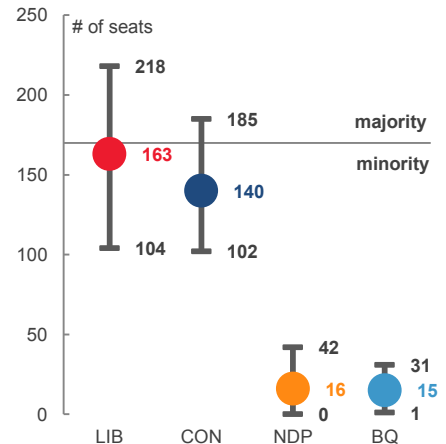
Federal Election Outcome Probabilities



Sources: Scotiabank Economics, CBC.

Chart 3

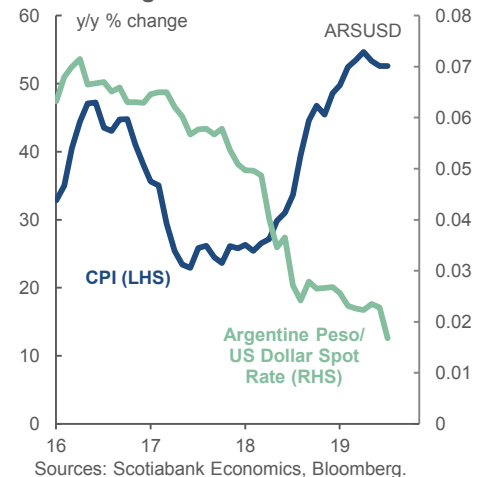
Federal Election Seat Projections



Sources: Scotiabank Economics, CBC.

Chart 4

Argentina’s Pain Trade



Sources: Scotiabank Economics, Bloomberg.

depictions of the recent trends across these indicators. Was the PBOC's state-directed reduction in the banking sector's required reserve ratios toward the end of this past week an indication that macro data could be coming in softly?

India updates inflation for August (Thursday) amid expectations for a further rise. From a trough of 2% y/y at the start of the year, inflation has since risen by over a full percentage point. Core inflation has perhaps bottomed at about 4 ¼%. The Reserve Bank of India targets inflation within a 2–6% range and a 4% mid-point. The central bank describes inflation as “benign” while Scotiabank Economics expects at least a half percentage point of further easing over the remainder of this year.

Consensus is somewhat divided toward **Bank Negara Malaysia's** decision on Thursday. Most forecasters expect a policy hold at an overnight rate of 3%, but a minority expect a ¼ point rate cut. Inflation slipped a touch to 1.4% y/y in July which was the first deceleration since January. Core inflation has risen to 2% from near-zero readings at the start of the year. The country's currency is on Trump's radar because of alleged potential currency manipulation, but it has more recently strengthened.

I'd also suggest keeping an eye on **Japanese GDP revisions** for Q2 this Sunday. GDP growth could be knocked back by around a half percentage point from the initially reported 1.8% q/q expansion at an annualized rate due to weaker-than-previously-assumed capital spending figures.

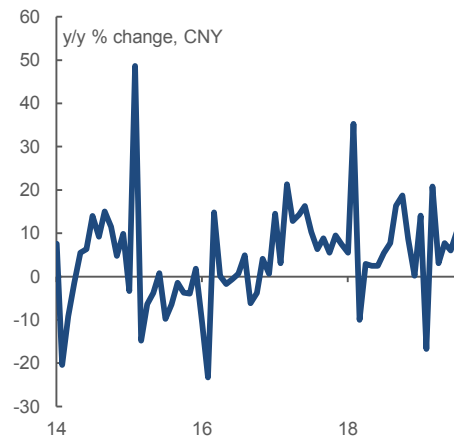
EUROPE—SUPER MARIO OR EN GARDE LAGARDE?

Another attempt to spring a snap election is likely to fail in the UK Parliament on Monday, given a lack of Opposition support and the requirement for two-thirds support among MPs. **The focus over the duration of the week will be upon Thursday's ECB meeting that is expected to result in significant stimulus to counter persistently soft inflation (chart 9).**

President Draghi's second last meeting before relinquishing his role to Christine Lagarde faces multiple uncertainties. Is Draghi convinced that all easing tools must be readily deployed now or in possible stages? Would he wish to leave incoming President Lagarde to make some of the longer-lived decisions, or act now with her approval? Will Draghi be able to twist enough arms on the Governing Council, given opposition to major stimulus from Germany, the Netherlands and France? Is the ECB technically prepared to roll out multiple forms of stimulus and along what time line?

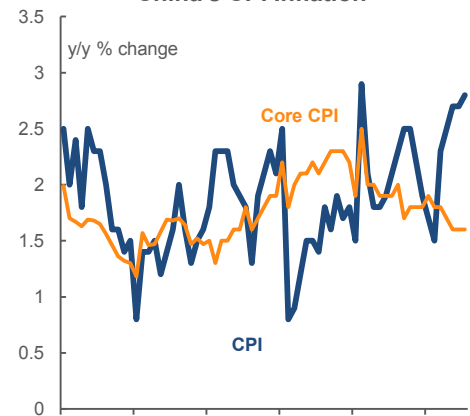
A deposit rate cut is widely expected and Scotiabank Economics expects a 10bps reduction to -0.5% whereas consensus is somewhat divided toward 10 or 20bps. A smaller reduction now may be followed by a further reduction later if not done in one fell

Chart 5 **China Export Growth**



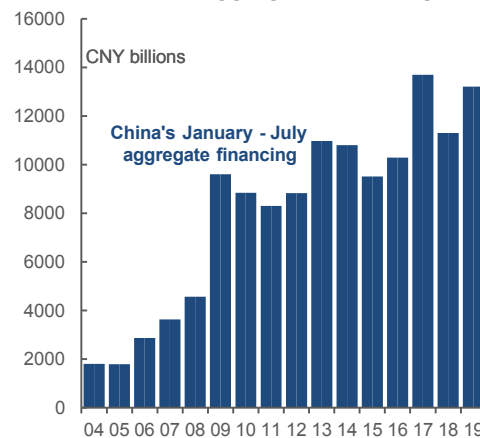
Sources: Scotiabank Economics, Bloomberg.

Chart 6 **China's CPI Inflation**



Sources: Scotiabank Economics, National Bureau of Statistics of China, Bloomberg.

Chart 7 **China's Aggregate Financing**



Sources: Scotiabank Economics, Bloomberg.

Chart 8 **China's New Yuan Loans**



Sources: Scotiabank Economics, Bloomberg.

swoop. Tiering of reserves—below which negative rates may not apply—is possible in order to mitigate some of the damage done to bank profitability and the lending cycle against Draghi’s points about the benefits. The grander issue is whether the ECB is prepared to roll out another wave of quantitative easing, and if so, how much will it purchase, over what time horizon, and across what mixture of assets?

Chart 10 shows the share of eligible marketable assets that the ECB has purchased to date and chart 11 shows the composition of the various purchase programmes that have been utilized to date. The ECB’s self-imposed limit of 33% remains higher than the current share of just under 30%. Assuming a moderate pace of growth in eligible marketable assets, hitting the 33% limit by the end of next year would afford room for monthly purchases on the order of about €34 billion per month if the purchases began in early January which would imply a smaller flow than prior QE exercises. A longer-lived program perhaps starting earlier would result in lower monthly purchases if the ECB stayed within the 33% limit. A higher purchase target would require raising the 33% limit which is subject to at least equal parts politics and economics in the driving considerations.

Given the dominance of the market uncertainties ahead of the ECB, macro data is likely to play a relatively subdued role. Russia updates Q2 GDP and Germany updates trade figures on Monday. France updates job market and industrial readings on Tuesday. CPI reports from Norway and Sweden land on Tuesday and may incrementally inform Norges Bank and Riksbank policy perspectives. Depending upon the degree of ECB stimulus, the Riksbank’s guidance that it still intends to raise rates toward year-end or early 2020 may be a stretch. UK updates will include wages on Tuesday, and before that Monday’s updates for industrial output, services activity and trade.

Chart 9

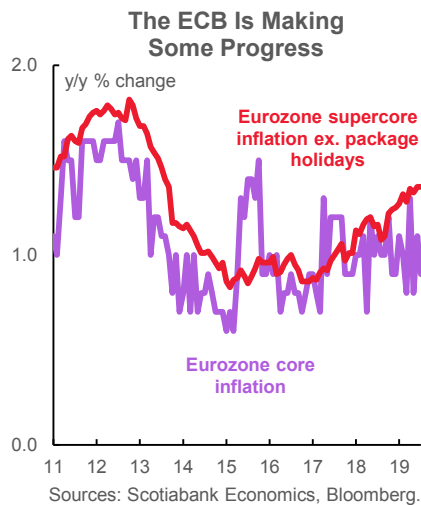


Chart 10

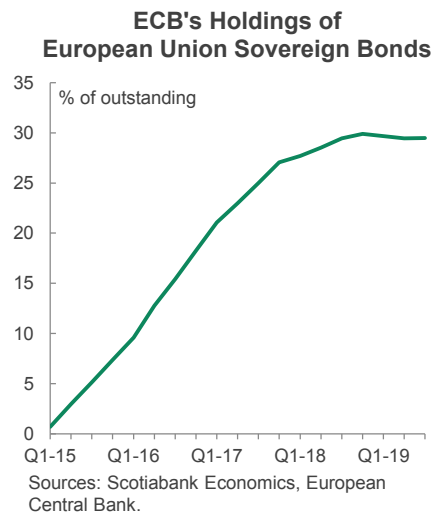
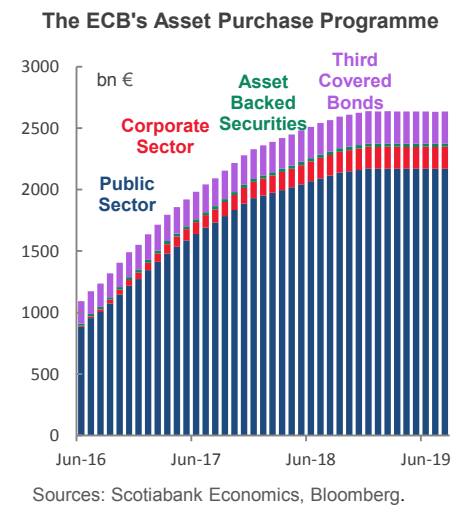


Chart 11



Key Indicators for the week of September 9 – 13

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
MX	09/09	07:00	Bi-Weekly Core CPI (% change)	Aug 31	0.1	0.1	0.1
MX	09/09	07:00	Bi-Weekly CPI (% change)	Aug 31	0.2	0.1	-0.1
MX	09/09	07:00	Consumer Prices (m/m)	Aug	0	0.0	0.4
MX	09/09	07:00	Consumer Prices (y/y)	Aug	3.2	3.2	3.8
MX	09/09	07:00	Consumer Prices Core (m/m)	Aug	0.2	0.2	0.3
US	09/09	15:00	Consumer Credit (US\$ bn m/m)	Jul	--	16.0	14.6
CA	09/10	08:15	Housing Starts (000s a.r.)	Aug	210	--	222
CA	09/10	08:30	Building Permits (m/m)	Jul	--	--	-3.7
US	09/10	10:00	JOLTS Job Openings (000s)	Jul	--	--	7348
MX	09/11	07:00	Industrial Production (m/m)	Jul	--	--	1.1
MX	09/11	07:00	Industrial Production (y/y)	Jul	-0.9	--	-2.9
US	09/11	07:00	MBA Mortgage Applications (w/w)	Sep 6	--	--	-6.2
CA	09/11	08:30	Capacity Utilization (%)	2Q	--	--	80.9
US	09/11	08:30	PPI (m/m)	Aug	0.1	0.1	0.2
US	09/11	08:30	PPI ex. Food & Energy (m/m)	Aug	0.2	0.2	-0.1
US	09/11	10:00	Wholesale Inventories (m/m)	Jul F	--	0.2	0.2
CA	09/12	08:30	New Housing Price Index (m/m)	Jul	--	--	-0.1
US	09/12	08:30	CPI (m/m)	Aug	0.1	0.1	0.3
US	09/12	08:30	CPI (y/y)	Aug	1.8	1.7	1.8
US	09/12	08:30	CPI (index)	Aug	--	257	257
US	09/12	08:30	CPI ex. Food & Energy (m/m)	Aug	0.1	0.2	0.3
US	09/12	08:30	CPI ex. Food & Energy (y/y)	Aug	2.3	2.3	2.2
US	09/12	08:30	Initial Jobless Claims (000s)	Sep 7	215	--	215
US	09/12	08:30	Continuing Claims (000s)	Aug 31	1665	--	1698
US	09/12	14:00	Treasury Budget (US\$ bn)	Aug	--	--	-119.7
US	09/13	08:30	Export Prices (m/m)	Aug	--	-0.5	0.2
US	09/13	08:30	Import Prices (m/m)	Aug	--	-0.5	0.2
US	09/13	08:30	Retail Sales (m/m)	Aug	0.1	0.2	0.7
US	09/13	08:30	Retail Sales ex. Autos (m/m)	Aug	0.1	0.1	1.0
US	09/13	10:00	Business Inventories (m/m)	Jul	--	0.3	0.0
US	09/13	10:00	U. of Michigan Consumer Sentiment	Sep P	89.0	90.2	89.8

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
IR	09/08	04:00	Real GDP (q/q)	2Q	--	--	2.4
GE	09/09	02:00	Current Account (€ bn)	Jul	--	16.4	20.6
GE	09/09	02:00	Trade Balance (€ bn)	Jul	17	17.4	16.6
UK	09/09	04:30	Index of Services (m/m)	Jul	0.1	0.1	0.0
UK	09/09	04:30	Industrial Production (m/m)	Jul	-0.2	-0.3	-0.1
UK	09/09	04:30	Manufacturing Production (m/m)	Jul	--	-0.3	-0.2
UK	09/09	04:30	Visible Trade Balance (£ mn)	Jul	-9500	-9600	-7009
RU	09/09	09:00	Real GDP (y/y)	2Q P	0.9	0.9	0.9
FR	09/10	02:45	Industrial Production (m/m)	Jul	0.6	0.5	-2.3
FR	09/10	02:45	Industrial Production (y/y)	Jul	0.5	0.4	0.0
FR	09/10	02:45	Manufacturing Production (m/m)	Jul	--	0.8	-2.2
IT	09/10	04:00	Industrial Production (m/m)	Jul	-0.2	-0.1	-0.2
UK	09/10	04:30	Average Weekly Earnings (3-month, y/y)	Jul	3.7	3.7	3.7
UK	09/10	04:30	Employment Change (3M/3M, 000s)	Jul	--	55.0	115.0
UK	09/10	04:30	Jobless Claims Change (000s)	Aug	--	--	28.0
UK	09/10	04:30	ILO Unemployment Rate (%)	Jul	--	3.9	3.9
SP	09/11	03:00	Industrial Output NSA (y/y)	Jul	--	--	-1.8
GE	09/12	02:00	CPI (m/m)	Aug F	--	-0.2	-0.2
GE	09/12	02:00	CPI (y/y)	Aug F	--	1.4	1.4
GE	09/12	02:00	CPI - EU Harmonized (m/m)	Aug F	--	-0.1	-0.1
GE	09/12	02:00	CPI - EU Harmonized (y/y)	Aug F	--	1.0	1.0

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

Key Indicators for the week of September 9 – 13

EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
FR	09/12	02:45	CPI (m/m)	Aug F	--	0.5	0.5
FR	09/12	02:45	CPI (y/y)	Aug F	--	1.1	1.1
FR	09/12	02:45	CPI - EU Harmonized (m/m)	Aug F	--	0.5	0.5
FR	09/12	02:45	CPI - EU Harmonized (y/y)	Aug F	--	1.2	1.2
IT	09/12	04:00	Unemployment Rate (%)	2Q	--	10.0	10.4
EC	09/12	05:00	Industrial Production (m/m)	Jul	0.0	-0.1	-1.6
EC	09/12	05:00	Industrial Production (y/y)	Jul	-1.2	-1.4	-2.6
TU	09/12	07:00	Benchmark Repo Rate (%)	Sep 12	17.25	17.00	19.75
EC	09/12	07:45	ECB Main Refinancing Rate (%)	Sep 12	0.00	0.00	0.00
EC	09/12	07:45	ECB Deposit Facility Rate (%)	Sep 12	-0.50	-0.50	-0.40
EC	09/12	07:45	ECB Marginal Lending Facility Rate (%)	Sep 12	0.25	0.25	0.25
SP	09/13	03:00	CPI (m/m)	Aug F	--	-0.1	-0.1
SP	09/13	03:00	CPI (y/y)	Aug F	--	0.3	0.3
SP	09/13	03:00	CPI - EU Harmonized (m/m)	Aug F	--	-0.1	-0.1
SP	09/13	03:00	CPI - EU Harmonized (y/y)	Aug F	--	0.4	0.4
SW	09/13	03:30	GDP (y/y)	2Q F	--	1.4	1.4
EC	09/13	05:00	Labour Costs (y/y)	2Q	--	--	2.4
EC	09/13	05:00	Trade Balance (€ mn)	Jul	--	--	20.6

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CH	09/06	21:00	Foreign Reserves (US\$ bn)	Aug	3100	3100	3104
CH	09/07	21:00	Exports (y/y)	Aug	--	2.2	3.3
CH	09/07	21:00	Imports (y/y)	Aug	--	-6.4	-5.3
CH	09/07	21:00	Trade Balance (USD bn)	Aug	--	44.3	44.6
NZ	09/08	18:45	Manufacturing Activity	2Q	--	--	1.0
JN	09/08	19:50	Bank Lending (y/y)	Aug	--	--	2.3
JN	09/08	19:50	Current Account (¥ bn)	Jul	--	2046	1211
JN	09/08	19:50	GDP (q/q)	2Q F	0.3	0.3	0.4
JN	09/08	19:50	GDP Deflator (y/y)	2Q F	0.4	0.4	0.4
JN	09/08	19:50	Trade Balance - BOP Basis (¥ bn)	Jul	--	-24	759
CH	09/08	21:00	New Yuan Loans (bn)	Aug	1350	1200	1060
TA	09/09	04:00	Exports (y/y)	Aug	--	0.9	-0.5
TA	09/09	04:00	Imports (y/y)	Aug	--	0.2	-5.4
TA	09/09	04:00	Trade Balance (US\$ bn)	Aug	--	4.4	3.6
SI	09/09	05:00	Foreign Reserves (US\$ mn)	Aug	--	--	272673
JN	09/09	19:50	Japan Money Stock M2 (y/y)	Aug	--	2.4	2.4
JN	09/09	19:50	Japan Money Stock M3 (y/y)	Aug	--	2.0	2.0
PH	09/09	21:00	Exports (y/y)	Jul	--	1.6	1.5
PH	09/09	21:00	Imports (y/y)	Jul	--	-5.0	-10.4
PH	09/09	21:00	Trade Balance (US\$ mn)	Jul	--	-3327	-2473
CH	09/09	21:30	CPI (y/y)	Aug	2.6	2.6	2.8
CH	09/09	21:30	PPI (y/y)	Aug	--	-0.9	-0.3
JN	09/10	02:00	Machine Tool Orders (y/y)	Aug P	--	--	-33.0
SK	09/10	19:00	Unemployment Rate (%)	Aug	4.0	4.0	4.0
IN	09/10	23:30	Current Account Balance	2Q	--	-16.1	-4.6
MA	09/11	00:00	Industrial Production (y/y)	Jul	--	3.5	3.9
JN	09/11	19:50	Machine Orders (m/m)	Jul	--	-9.0	13.9
IN	09/11	23:30	Exports (y/y)	Aug	--	--	2.3
IN	09/11	23:30	Imports (y/y)	Aug	--	--	-10.4
JN	09/12	00:30	Tertiary Industry Index (m/m)	Jul	--	-0.3	-0.1
SI	09/12	01:00	Retail Sales (y/y)	Jul	--	-3.2	-8.9
MA	09/12	03:00	Overnight Rate (%)	Sep 12	3.00	3.00	3.00
HK	09/12	04:30	Industrial Production (y/y)	2Q	--	--	1.4
IN	09/12	08:00	CPI (y/y)	Aug	3.30	3.35	3.15
IN	09/12	08:00	Industrial Production (y/y)	Jul	--	2.60	2.00
NZ	09/12	18:30	Business NZ PMI	Aug	--	--	48.2
JN	09/13	00:30	Capacity Utilization (m/m)	Jul	--	--	-2.6
JN	09/13	00:30	Industrial Production (y/y)	Jul F	--	--	0.7

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

Key Indicators for the week of September 9 – 13

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>
BZ	09/09	08:00	Retail Sales (m/m)	Jul	--	--	0.1
BZ	09/09	08:00	Retail Sales (y/y)	Jul	--	--	-0.3
PE	09/11	10:00	Trade Balance (USD mn)	Jul	--	--	745
BZ	09/12	08:00	Economic Activity Index SA (m/m)	Jul	--	--	0.3
BZ	09/12	08:00	Economic Activity Index NSA (y/y)	Jul	--	--	-1.8
PE	09/12	19:00	Reference Rate (%)	Sep 12	2.50	--	2.50
CO	09/13	11:00	Retail Sales (y/y)	Jul	--	--	7.2

Global Auctions for the week of September 9 – 13**NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	09/10	13:00	U.S. to Sell 3-Year Notes
CA	09/11	12:00	Canada to Sell 30 Year Bonds
US	09/11	13:00	U.S. to Sell 10-Year Notes Reopening
US	09/12	13:00	U.S. to Sell 30-Year Notes Reopening

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
NE	09/10	05:00	Netherlands to Sell Bonds
GE	09/10	05:30	Germany to Sell I/L Bonds
SW	09/11	05:00	Sweden to Sell Bonds
SZ	09/11	05:15	Switzerland to Sell Bonds
IT	09/12	05:00	Italy to Sell Bonds
IR	09/12	05:00	Ireland to Sell Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SK	09/08	21:30	Korea Central Bank to Sell 3 Month & 1Yr Bonds
PH	09/10	01:00	Philippine to Sell 7Y Bonds
ID	09/10	05:00	Indonesia to Sell 5,10,15,20,30Yr Bonds
CH	09/10	23:00	China Plans to Sell 2Yr & 5Yr Upsized Government Bond
TH	09/10	23:00	Thailand to Sell THB15 Bln Bonds Due 2028
JN	09/10	23:35	Japan to Sell 5-Year Bonds
VN	09/11	01:00	Vietnam to Sell 5,10,15,20Yr Bonds
NZ	09/11	22:05	New Zealand To Sell NZD250 Mln 3% 2029 Bonds
TH	09/11	23:00	Bk of Thailand to Sell THB40 Bln Bonds Due 2022
TA	09/12	00:30	Taiwan to Sell TWD40 Bln 2-Yr NCD

Source: Bloomberg, Scotiabank Economics.

Events for the week of September 9 – 13

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	09/10	00:00	FedScoop holds "2019 Workforce Summit."

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
UK	09/09	04:00	BOE's Vlieghe Speaks in London
SW	09/10	08:30	Riksbank's Ingves Gives Speech in London
PO	09/10		Bank of Portugal Releases Data on Banks
SW	09/11	03:15	Riksbank's Skingsley Participates In Conference
TU	09/12	07:00	One-Week Repo Rate
EC	09/12	07:45	ECB Main Refinancing Rate
EC	09/12	07:45	ECB Marginal Lending Facility
EC	09/12	07:45	ECB Deposit Facility Rate
SW	09/12	08:00	Riksbank's Floden Participates in Panel Discussion
EC	09/12	08:30	ECB's Draghi Speaks in Frankfurt After Policy Decision
EC	09/13	00:00	EU finance ministers meet in Helsinki

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	09/11	21:10	BOJ Outright Bond Purchase
MA	09/12	03:00	BNM Overnight Policy Rate

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
PE	09/12	19:00	Reference Rate

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	1.75	October 30, 2019	1.50	1.75
Federal Reserve – Federal Funds Target Rate	2.25	September 18, 2019	2.00	2.00
Banco de México – Overnight Rate	8.00	September 26, 2019	8.00	8.00

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	September 12, 2019	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	0.25	September 12, 2019	0.25	0.25
European Central Bank – Deposit Facility Rate	-0.40	September 12, 2019	-0.50	-0.50
Bank of England – Bank Rate	0.75	September 19, 2019	0.75	0.75
Swiss National Bank – Libor Target Rate	-0.75	TBA	-0.75	-0.75
Central Bank of Russia – One-Week Auction Rate	7.00	October 25, 2019	7.00	7.00
Sweden Riksbank – Repo Rate	-0.25	October 24, 2019	-0.25	-0.25
Norges Bank – Deposit Rate	1.25	September 19, 2019	1.25	1.25
Central Bank of Turkey – Benchmark Repo Rate	19.75	September 12, 2019	17.25	17.00

ECB: We expect a deposit rate cut of 10bps, tiering of reserves, and a quantitative easing program that may require an increase in the self-imposed debt limit. QE expectations are the most vulnerable expectation in terms of timing.

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	September 19, 2019	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	1.00	October 1, 2019	0.75	1.00
Reserve Bank of New Zealand – Cash Rate	1.00	September 24, 2019	1.00	1.00
People's Bank of China – Lending Rate	4.35	TBA	--	--
Reserve Bank of India – Repo Rate	5.40	October 4, 2019	5.05	5.50
Bank of Korea – Bank Rate	1.50	October 15, 2019	1.25	1.50
Bank of Thailand – Repo Rate	1.50	September 25, 2019	1.50	1.50
Bank Negara Malaysia – Overnight Policy Rate	3.00	September 12, 2019	3.00	3.00
Bank Indonesia – 7-Day Reverse Repo Rate	5.50	September 19, 2019	5.25	5.75
Central Bank of Philippines – Overnight Borrowing Rate	4.25	September 26, 2019	4.00	4.25

Bank Negara Malaysia (BNM): We expect the Overnight Policy Rate to be left unchanged at 3.00% on September 12. The key interest rate was cut by 25 bps in May in effort to provide support to the economy as both domestic and global growth prospects face downside risks due to persisting trade uncertainties. We expect the BNM to stay on the sidelines in the near future, assessing the need for further policy support.

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	6.00	September 18, 2019	5.75	5.50
Banco Central de Chile – Overnight Rate	2.00	October 23, 2019	2.00	2.00
Banco de la República de Colombia – Lending Rate	4.25	September 23, 2019	4.25	4.25
Banco Central de Reserva del Perú – Reference Rate	2.50	September 12, 2019	2.50	2.50

Peru: Another rate cut so soon after the August decision is unlikely given guidance provided at the last meeting, but the risk lies in how the central bank interprets recent inflation data as headline inflation slipped but core was stable.

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	September 19, 2019	6.50	6.50

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

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