

**TRADE RISKS UNDERMINE MANY PORTFOLIOS**

- Canada — Inflation Versus Growth 2–3
- United States — Is Reflation Done? 3
- Latin America — Two Pair And A Wild 3–4
- Europe — The Politics Of UK Inflation 4
- Asia — China’s Credit Cycle And Growth Dynamics 4–5

**FORECASTS & DATA**

- Key Indicators A1–A3
- Global Auctions Calendar A4
- Events Calendar A5
- Global Central Bank Watch A6

**CONTACTS**

Derek Holt, VP & Head of Capital Markets Economics  
416.863.7707  
Scotiabank Economics  
[derek.holt@scotiabank.com](mailto:derek.holt@scotiabank.com)

**Next Week's Risk Dashboard**

- ▶ GDP: Eurozone, Japan, Malaysia, Philippines, Thailand...
- ▶ ....Chile, Colombia, Norway
- ▶ CBs: Banxico, Chile, Indonesia
- ▶ CDN retail sales, CPI
- ▶ CDN manufacturing, housing
- ▶ US: Philly Fed, housing starts, policy risks
- ▶ UK: CPI, retail sales
- ▶ Australian jobs
- ▶ German investor confidence

**Chart of the Week**

**Will BoC Core Inflation Measures Continue to "Drift Down"?**

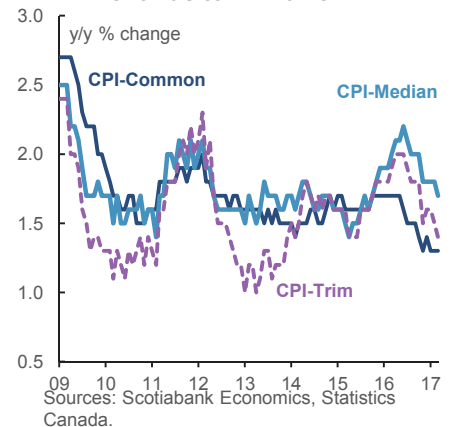


Chart of the Week: Prepared by: Samantha Cameron, Research Assistant.

## Trade Risks Undermine Many Portfolios

### CANADA — INFLATION VERSUS GROWTH

A pair of growth signals to help close out Q1 GDP tracking and a fresh inflation print to start Q2 will be the main focal points of interest over the coming week. **Whether growth signals remain robust while inflation continues to wane — and the durability of both trends — shape a considerable part of the outlook for monetary policy.** With a focus on the banking system, the following week's start to the fiscal Q2 earnings season will have analysts and markets firming up their expectations in advance over the coming week.

How seasonal norms, higher gasoline prices in April and one-off influences balance out one another in next Friday's **CPI report for April** is uncertain. A conservative estimate is to expect inflation to be little changed around the 1.6% reading of the prior month. Given a weight of 3.4% in the CPI basket, a roughly 7% m/m rise in seasonally unadjusted regular unleaded gasoline prices during April might lift this CPI component enough to add a couple of tenths in month-ago terms to headline inflation all else equal. That effect would nevertheless be very temporary given the sharp month-to-date decline in gasoline prices so far in May (chart 1). Paired with the year-ago base effect and expectations for the rest of the basket to rise by about 0.2% m/m, this could even possibly add a little further downside risk to headline CPI. While the Bank of Canada targets headline inflation, the durability of price changes reflected in core measures is relied upon to smooth out potentially extraneous price signals that could mislead monetary policy. Hence, the greater uncertainty in next week's figures lies in terms of whether the three central tendency inflation measures continue to drift lower, or stabilize against the year-long trend of waning core inflation (chart 2). Plunging nominal wage growth and falling inflation-adjusted wages would suggest there is little overall traction on economy-wide pricing power.

On the same day as CPI, next Friday's **retail sales** update for March will close out Q1 tracking that is presently running at a rise of about 4½% in volume terms in Q1 over Q4. A decent seasonally adjusted gain in vehicle sales and lower gasoline prices in March should trade off influences on the headline figure for the dollar value of retail sales with the hope that, on net, core sales excluding both effects are strong enough to preserve a small rise in total sales.

Wednesday's **manufacturing sales** during March could get a fairly solid shot in the arm by virtue of what is already known about the export part of the picture. Exports were up 3.8% m/m in dollar value terms and 2.3% m/m in volume terms that month. Also recall that a mild dip in the value of manufacturing shipments in February poses a weak point of potential lift-off for the March reading.

Overall, how these indicators unfold will further inform GDP growth tracking for Q1. Using the monthly GDP figures, **Q1 is tracking 4¼% annualized q/q GDP growth** based upon the Q4 hand-off and the first two-thirds of Q1. The issue at hand for the BoC is how durable this growth is into Q2. **Our house view is that growth will slow sharply in Q2** as transitory upsides to consumer spending and housing moderate. For example, falling wage growth is a significant impediment to the durability of consumption gains that may have been temporarily buoyed by transfers to the household sector such as a sharp rise in child benefit payments.

Chart 1

Gas Prices An Upside Risk To CPI

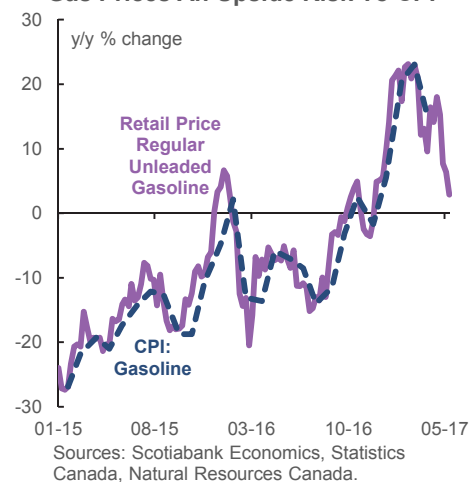


Chart 2

Will BoC Core Inflation Measures Continue To "Drift Down"?

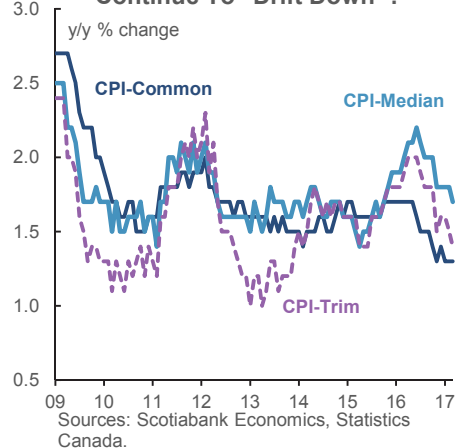
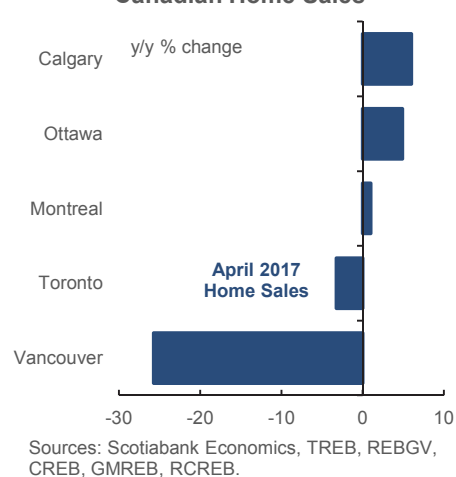


Chart 3

Canadian Home Sales



**Existing home sales for April** also arrive on Monday. We already know that in year-ago terms sales were very mixed across markets (chart 3). The release never really impacts markets but may incrementally inform a vibrant debate on the state of the housing market and its future. The value of this report lies in terms of providing a complete nationwide assessment (versus releases from only some of the local real estate boards ahead of time) and the seasonal adjustment to month-ago sales changes given that the local boards for some odd reason don't tend to seasonally adjust their figures.

Canada auctions 30 year bonds on Wednesday.

### UNITED STATES — IS REFLATION DONE?

Risks to the policy influences upon expectations for growth in GDP and earnings get evaluated on a tweet-by-tweet and testimony-by-testimony basis these days, and therefore much of the main market sources of risk over the coming week may have nothing to do with the planned schedule. To the extent to which it does, the prime risks may be focused upon industrial and housing data. **Markets may also more fully evaluate the implications for Fed policy stemming from an apparent plateau in headline and core CPI** (see chart 4, and note [here](#)).

**Regional manufacturing data will kick off the path to another ISM report** on national manufacturing conditions that lands on June 1<sup>st</sup>. The issue is waning manufacturing momentum and whether that will continue, given two months of declining ISM prints. First up will be the Empire gauge of manufacturing conditions in New York State that samples the opinions of about 200 CEO's and arrives on Monday in the context of two consecutive monthly declines. Then Thursday brings out the Philly Fed metric that covers manufacturing conditions in eastern Pennsylvania, southern New Jersey and Delaware, and it too has been falling for the past couple of months. The Philly Fed and Richmond Fed manufacturing gauges are the best correlated with ISM. Hard data on industrial output including manufacturing production will be released on Tuesday.

**Housing starts** for April will be released on Tuesday and are expected to follow higher a solid rise in building permits during the prior month and thereby rebound from a nearly 7% m/m drop in new home construction activity in March.

It's a bit of a footnote by now from a market pricing perspective, but a more informed retrospective view on the drivers of Treasury market activity will arrive with February **TICS figures for international capital flows** and especially net purchases of long-term securities including Treasuries, agencies, stocks, corporates and foreign bonds.

**Fed-speak will be fairly light** according to the present schedule. Cleveland Fed President Mester speaks Thursday, St. Louis Fed President James Bullard speaks on Thursday and Friday, and the NY Fed releases its latest Q1 household credit report Wednesday.

The US auctions 10 year Treasury Inflation Protected Securities (TIPS) in a reopening on Thursday.

### LATIN AMERICA — TWO PAIR AND A WILD

A pair of potentially divergent central bank decisions and a pair of waning growth prints will combine with ongoing US policy risks to shape the tone across Latin American markets next week.

**Banxico** issues another policy decision next Thursday that has consensus somewhat divided but generally expecting a policy hold. Scotiabank's Mario Correa expects no

Chart 4

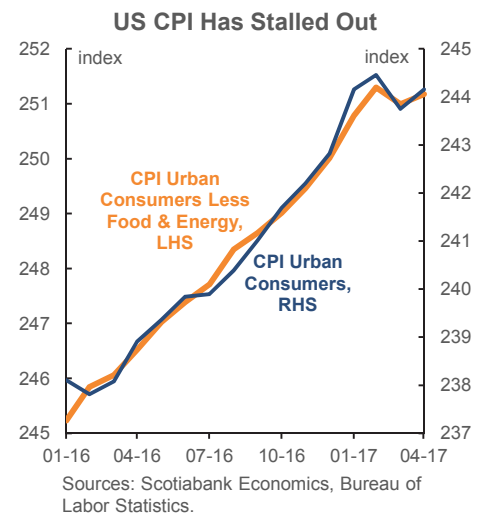
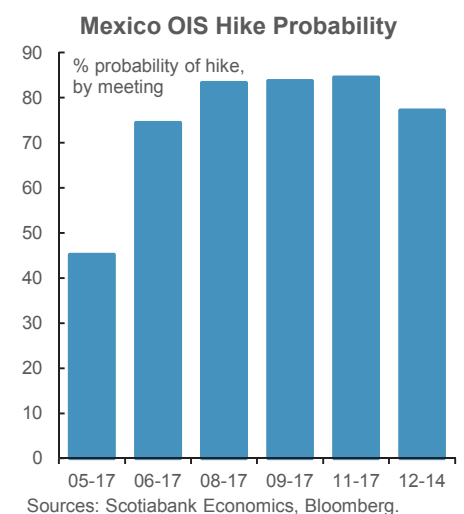


Chart 5



change in the overnight rate set at 6.5% while a minority anticipate a 25bps hike. Market probabilities are more skewed toward a hike at a later meeting (chart 5). Governor Carstens — who leaves his post in July to become head of the Bank for International Settlements — recently remarked that the central bank expects inflation to fall back to about 3% by the end of 2018 which would bring it well within the 3% +/-1% target range. That implies expectations for a transitory inflation shock that policy may look through on a go-forward basis. CPI spiked to 5.8% y/y in April and has risen from a low of 2.1% in December 2015. A possible successor to Carstens — IMF western hemisphere head Alejandro Werner who is a popular speaker at our annual central bank conference — recently questioned the need to raise rates simply to counter peso weakening. Much of that weakening is water under the bridge at this point, as the peso has out-hustled all other major or semi-major currencies thus far in 2017. It's up by about 10% versus the greenback so far following the 20% depreciation between the US election and the low point in January.

**Banco Central de Chile is expected to keep its policy rate on hold but with significant cut risk next Thursday.** Consensus is somewhat divided on the call. Supporting policy easing is that inflation has fallen back to below the mid-point of the central bank's 3% +/-1% inflation target range. Following three rate cuts, it's possible that the central bank takes a pass and shifts to the sidelines to evaluate.

**Both the Chilean and Colombian economies are expected to post cooler year-ago growth rates** when GDP for Q1 is updated on Thursday and Friday, respectively. Both economies are expected to register their softest growth rates since 2009.

## EUROPE — THE POLITICS OF UK INFLATION

Europe will be on hum-drum data watch next week on the path toward the June 8<sup>th</sup> UK election. **The latest polls have raised the odds of a Conservative victory even higher** than when the election was first called with the Conservatives now expected to take just under half of the popular vote and leave the other four parties fighting over the scraps (chart 6).

**The main releases will also be focused upon the UK economy.** Our crackerjack UK economist/strategist Alan Clarke who knows inflation better than most expects a sharp rise in CPI inflation that is due out on Tuesday. His call is for a headline reading of 2.7% y/y driven by airfares, utilities, gasoline and currency pass-through effects amidst uncertainty over food and hospitality sector prices. The effect is expected to be transitory as inflation gradually subsides into 2018. With inflation not yet having peaked, Prime Minister May's election call may have been timely for multiple reasons as real wages are likely to be under continued downward pressure over the duration of the year.

**UK retail sales arrive two days afterward** and a solid rebound is expected in the wake of the steep 1.5% drop in March retail sales volumes (-1.8% including fuel sales). A key ingredient to the outlook for consumer spending is wage growth, and Wednesday's job market figures are unlikely to register growth in inflation-adjusted wages.

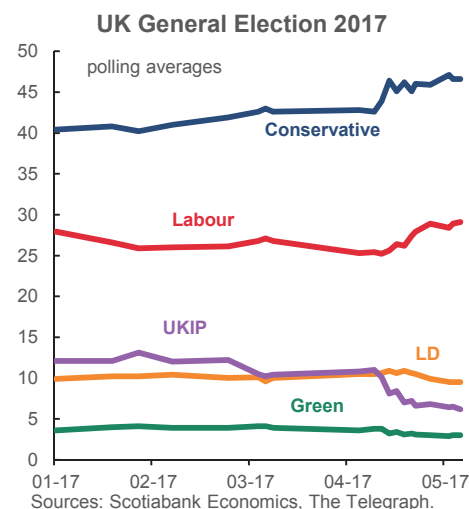
Sundry other developments will include the Eurozone GDP growth add-up on Tuesday (0.5% expected), CPI revisions for the Eurozone, Germany's ZEW investor confidence metric for May on Tuesday, and Norway's Q1 GDP growth rate on that same day. **Norway's growth rate is expected to hover barely above zero** after a 1.1% seasonally adjusted but non-annualized acceleration in Q4 that was the first positive print in three quarters.

## ASIA — CHINA'S CREDIT CYCLE AND GROWTH DYNAMICS

**Next week's main focus will be on growth signals from several of the leading Asia-Pacific economies.**

**Q1 GDP figures are expected to be a mixed bag** against any expectations that a rising tide would lift all boats in 2017. Japan's economy is pegged at a little quicker 1.8% annualized forecast growth rate for the first quarter (Thursday). Malaysia's economy is expected to grow a little softer at just over a 1% non-annualized q/q pace in Q1 (Friday). Philippines growth is forecast to land at

Chart 6



about a slightly cooler 1.5% q/q non-annualized clip (Wednesday), and Thailand's economy is expected to accelerate to 1.1% growth (Monday).

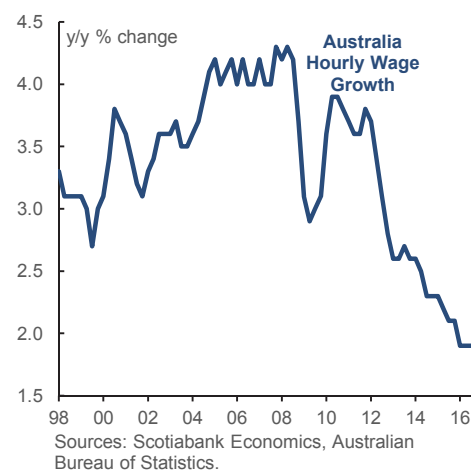
**China's credit cycle is in the process of setting another annual record** despite attempts to tighten macroprudential policy. That may be designed to maintain some momentum in the economy when alternative growth signals may be topping. We'll see evidence to test this theory when Q2 higher frequency growth signals begin to arrive next week. They will include April figures for **retail sales and industrial production** at the start of the week, and property prices mid-week. Thus far, efforts to tighten macroprudential policy governing the housing market have been in vain; in March, 62 of 70 cities were still registering month-ago increases in price for new apartments and 64 were still registering higher resale apartment prices and, in both cases, there has been a rising number of cities registering gains over recent months.

A 60,900 increase in employment during March will be a tough act for **Australia's job market** to follow when April figures arrive on Wednesday. All of that gain was in full-time jobs (+74,500) as part-time jobs fell. The result was nevertheless accompanied by a flat unemployment rate at 5.9% as more people entered the workforce in search of employment and found it. That signals ongoing slack in the job market which is consistent with falling nominal wage growth that sits at 1.9% y/y and is a full point lower than the worst reading in the depths of the global crisis in 2009. As previously argued, this is a global phenomenon that serves as a headwind facing consumers across multiple countries (chart 7). Global protectionism — centred upon the US — would further damage this picture. Wages may be among the topics given consideration in minutes to the May 2<sup>nd</sup> RBA meeting that arrive early in the week.

**Bank Indonesia is expected to leave its seven day reverse repo rate unchanged** at 4.75% next Thursday. The central bank targets inflation of 4% +/- 1% and the latest reading climbed by about a half percentage point to 4.2% y/y while core inflation remained unchanged at 3.3% y/y.

Indonesia and possibly India will also release exports for April. The two countries share in common a rapidly improving picture of export growth.

Chart 7

**Australia's Falling Wage Growth**


## Key Indicators for the week of May 15 – 19

### NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	05/15	08:30	Empire State Manufacturing Index	May	--	7.5	5.2
CA	05/15	09:00	Existing Home Sales (m/m)	Apr	--	--	1.1
US	05/15	10:00	NAHB Housing Market Index	May	--	68.0	68.0
US	05/15	16:00	Total Net TIC Flows (US\$ bn)	Mar	--	--	19.3
US	05/15	16:00	Net Long-term TIC Flows (US\$ bn)	Mar	--	--	53.4
US	05/16	08:30	Building Permits (000s a.r.)	Apr	--	1270	1267
US	05/16	08:30	Housing Starts (000s a.r.)	Apr	1270	1260	1215
US	05/16	08:30	Housing Starts (m/m)	Apr	4.5	3.7	-6.8
US	05/16	09:15	Capacity Utilization (%)	Apr	--	76.3	76.1
US	05/16	09:15	Industrial Production (m/m)	Apr	--	0.4	0.6
US	05/17	07:00	MBA Mortgage Applications (w/w)	MAY 12	--	--	2.4
CA	05/17	08:30	Manufacturing Shipments (m/m)	Mar	1.5	--	-0.2
CA	05/18	08:30	International Securities Transactions (C\$ bn)	Mar	--	--	38.8
US	05/18	08:30	Initial Jobless Claims (000s)	MAY 13	--	240	236
US	05/18	08:30	Continuing Claims (000s)	MAY 6	--	1950	1918
US	05/18	08:30	Philadelphia Fed Index	May	--	18.5	22.0
US	05/18	10:00	Leading Indicators (m/m)	Apr	--	0.4	0.4
MX	05/18	14:00	<b>Overnight Rate (%)</b>	<b>May 18</b>	<b>6.50</b>	<b>6.63</b>	<b>6.50</b>
CA	05/19	08:30	Core CPI - Common (y/y)	Apr	--	1.4	1.3
CA	05/19	08:30	Core CPI - Median (y/y)	Apr	--	--	1.7
CA	05/19	08:30	Core CPI - Trim (y/y)	Apr	--	--	1.4
CA	05/19	08:30	CPI, All items (m/m)	Apr	0.4	0.5	0.2
CA	05/19	08:30	CPI, All items (y/y)	Apr	1.6	1.7	1.6
CA	05/19	08:30	CPI, All items (index)	Apr	--	--	129.9
CA	05/19	08:30	Retail Sales (m/m)	Mar	0.4	0.3	-0.6
CA	05/19	08:30	Retail Sales ex. Autos (m/m)	Mar	0.2	0.2	-0.1

### EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
IT	05/15	04:00	CPI - EU Harmonized (y/y)	Apr F	2.0	2.0	2.0
PO	05/15	04:30	Real GDP (q/q)	1Q P	--	0.60	0.60
GR	05/15	05:00	Real GDP NSA (y/y)	1Q A	--	--	-1.4
NO	05/16	02:00	GDP (q/q)	1Q	--	0.20	1.10
FR	05/16	02:45	CPI (m/m)	Apr F	0.1	0.1	0.1
FR	05/16	02:45	CPI (y/y)	Apr F	1.2	1.2	1.2
FR	05/16	02:45	CPI - EU Harmonized (m/m)	Apr F	0.1	0.1	0.1
FR	05/16	02:45	CPI - EU Harmonized (y/y)	Apr F	1.4	1.4	1.4
IT	05/16	04:00	Real GDP (q/q)	1Q P	0.3	0.2	0.2
PD	05/16	04:00	GDP (y/y)	1Q P	--	3.90	2.50
UK	05/16	04:30	CPI (m/m)	Apr	--	0.4	0.4
UK	05/16	04:30	CPI (y/y)	Apr	--	2.6	2.3
UK	05/16	04:30	PPI Input (m/m)	Apr	--	0.0	0.4
UK	05/16	04:30	PPI Output (m/m)	Apr	--	0.2	0.4
UK	05/16	04:30	RPI (m/m)	Apr	--	0.4	0.3
UK	05/16	04:30	RPI (y/y)	Apr	--	3.4	3.1
EC	05/16	05:00	GDP (q/q)	1Q P	0.5	0.5	0.5
EC	05/16	05:00	Trade Balance (€ mn)	Mar	--	25.8	17.8
EC	05/16	05:00	ZEW Survey (Economic Sentiment)	May	--	--	26.3
GE	05/16	05:00	ZEW Survey (Current Situation)	May	--	82.0	80.1
GE	05/16	05:00	ZEW Survey (Economic Sentiment)	May	26.0	22.0	19.5
UK	05/17	04:30	Average Weekly Earnings (3-month, y/y)	Mar	--	2.4	2.3
UK	05/17	04:30	Employment Change (3M/3M, 000s)	Mar	--	21.0	39.0
UK	05/17	04:30	Jobless Claims Change (000s)	Apr	--	--	25.5
UK	05/17	04:30	ILO Unemployment Rate (%)	Mar	--	4.7	4.7

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

## Key Indicators for the week of May 15 – 19

### EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
EC	05/17	05:00	CPI (m/m)	Apr	0.4	0.4	0.4
EC	05/17	05:00	CPI (y/y)	Apr F	1.9	1.9	1.9
EC	05/17	05:00	Euro zone Core CPI Estimate (y/y)	Apr F	1.2	1.2	1.2
RU	05/17	09:00	Real GDP (y/y)	1Q A	--	0.40	0.30
UK	05/18	04:30	Retail Sales ex. Auto Fuel (m/m)	Apr	--	1.0	-1.5
UK	05/18	04:30	Retail Sales with Auto Fuel (m/m)	Apr	--	1.1	-1.8
GE	05/19	02:00	Producer Prices (m/m)	Apr	--	0.2	0.0
EC	05/19	04:00	Current Account (€ bn)	Mar	--	--	37.9
IT	05/19	04:30	Current Account (€ mn)	Mar	--	--	1193.1
EC	05/19	10:00	Consumer Confidence	May A	--	-3.0	-3.6

### ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
NZ	05/14	18:45	Retail Sales Ex Inflation (q/q)	1Q	--	0.9	0.6
AU	05/14	21:30	Home Loans (%)	Mar	--	0.0	-0.5
AU	05/14	21:30	Investment Lending (% change)	Mar	--	--	-5.9
CH	05/14	22:00	Fixed Asset Investment YTD (y/y)	Apr	9.0	9.1	9.2
CH	05/14	22:00	Industrial Production (y/y)	Apr	7.0	7.0	7.6
CH	05/14	22:00	Retail Sales (y/y)	Apr	11.0	10.8	10.9
TH	05/14	22:30	GDP (y/y)	1Q	3.2	3.1	3.0
ID	MAY 14-15		Exports (y/y)	Apr	--	20.4	23.6
ID	MAY 14-15		Imports (y/y)	Apr	--	20.5	18.2
ID	MAY 14-15		Trade Balance (US\$ mn)	Apr	--	946.0	1234
PH	MAY 14-15		Overseas Remittances (y/y)	Mar	--	2.9	3.4
JN	05/15	02:00	Machine Tool Orders (y/y)	Apr P	--	--	22.8
AU	05/15	21:30	New Motor Vehicle Sales (m/m)	Apr	--	--	1.9
JN	05/16	00:30	Tertiary Industry Index (m/m)	Mar	--	0.1	0.2
NZ	05/16	18:45	Producer Price - Inputs (q/q)	1Q	--	--	1.0
NZ	05/16	18:45	Producer Price - Outputs (q/q)	1Q	--	--	1.5
JN	05/16	19:50	Machine Orders (m/m)	Mar	--	2.5	1.5
SI	05/16	20:30	Exports (y/y)	Apr	--	12.0	16.5
AU	05/16	21:30	Wage Cost Index (q/q)	1Q	--	0.5	0.5
JN	MAY 16-22		Nationwide Department Store Sales (y/y)	Apr	--	--	-0.9
MA	05/17	00:00	CPI (y/y)	Apr	4.9	4.6	5.1
JN	05/17	00:30	Capacity Utilization (m/m)	Mar	--	--	3.2
JN	05/17	00:30	Industrial Production (y/y)	Mar F	3.3	--	3.3
JN	05/17	19:50	GDP (q/q)	1Q P	0.4	0.4	0.3
JN	05/17	19:50	GDP Deflator (y/y)	1Q P	--	-0.7	-0.1
NZ	05/17	21:00	ANZ Consumer Confidence Index	May	--	--	121.7
AU	05/17	21:30	Employment (000s)	Apr	--	5.0	60.9
AU	05/17	21:30	Unemployment Rate (%)	Apr	5.9	5.9	5.9
PH	05/17	22:00	Real GDP (y/y)	1Q	6.5	6.9	6.6
HK	MAY 17-18		Composite Interest Rate (%)	Apr	--	--	0.32
ID	MAY 17-18		<b>BI 7-Day Reverse Repo Rate (%)</b>	<b>May 18</b>	<b>4.75</b>	<b>4.75</b>	<b>4.75</b>
PH	MAY 18-19		Balance of Payments (US\$ mn)	Apr	--	--	-550.0
SI	MAY 18-26		Real GDP (y/y)	1Q F	2.5	2.7	2.5
SI	MAY 18-26		GDP (q/q)	1Q F	--	2.7	2.5
MA	05/19	00:00	Current Account Balance (MYR bns)	1Q	--	--	12.2
MA	05/19	00:00	GDP (y/y)	1Q	4.5	4.6	4.5
TA	05/19	04:20	Current Account Balance (US\$ mn)	1Q	--	--	18300
HK	05/19	04:30	Unemployment Rate (%)	Apr	3.2	3.2	3.2

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

## Key Indicators for the week of May 15 – 19

### 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	05/15		Economic Activity Index NSA (y/y)	Mar	--	0.5	0.7
PE	05/15		Unemployment Rate (%)	Apr	--	--	7.7
BZ	MAY 15-19		Economic Activity Index SA (m/m)	Mar	--	-1.0	1.3
BZ	MAY 15-19		Economic Activity Index NSA (y/y)	Mar	--	0.4	-0.7
CL	05/18	08:30	GDP (q/q)	1Q	--	0.2	-0.4
CL	05/18	08:30	GDP (y/y)	1Q	0.15	0.2	0.5
CO	05/18	11:00	Trade Balance (US\$ mn)	Mar	--	-778.5	-816.6
CL	05/18	18:00	<b>Nominal Overnight Rate Target (%)</b>	<b>May 18</b>	<b>2.75</b>	<b>2.50</b>	<b>2.75</b>
CO	05/19	12:00	GDP (y/y)	1Q	--	1.1	1.6



---

**Global Auctions for the week of May 15 – 19****NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	05/17	12:00	Canada to Sell 30-Year Bonds

**EUROPE**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
IT	05/15	00:00	Italy Sells New I/L 6-Yr BTP Italia Bond
DE	05/17	04:30	Denmark to Sell 0.25% 2020 Bonds
SW	05/17	05:03	Sweden to Sell Bonds
GE	05/17	05:30	Germany to Sell EUR1 Bln 2.5% 2046 Bonds
SP	05/18	04:30	Spain to Sell Bonds
FR	05/18	04:50	France to Sell Bonds
UK	05/18	05:30	U.K. to Sell GBP2.75 Bln 1.75% 2019 Bonds
FR	05/18	05:50	France to Sell I/L Bonds
IC	05/19	06:30	Iceland to Sell Bonds

**ASIA-PACIFIC**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CH	05/14	21:30	Qingdao to Sell General Bonds
CH	05/14	22:30	Qingdao to Sell Special Bonds
JN	05/15	23:45	Japan to Sell 5-Year Bonds
CH	05/16	23:00	China Plans to Sell Upsized Government Bond
NZ	05/17	22:05	New Zealand Plans to Sell NZD150 Mln 2% 2025 Bonds
JN	05/17	23:45	Japan to Sell 20-Year Bonds
CH	05/18	23:00	China Plans to Sell 50-Year Government Bond

**LATIN AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BZ	05/16	11:00	Brazil to Sell I/L Bonds

## Events for the week of May 15 – 19

### NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	05/17	11:00	New York Fed to Release 1Q Household Debt and Credit Report
US	05/18	13:15	Fed's Mester Speaks on Economy and Monetary Policy
MX	05/18	14:00	<b>Overnight Rate</b>
US	05/19	09:15	Fed's Bullard to Speak about U.S. Economy and Monetary Policy

### EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
IT	05/12	00:00	G7 Finance Ministers and Central Bankers in Bari, Italy
GE	05/13	05:00	Merkel Campaigns for North Rhine-Westphalia Votes in Aachen
GE	05/14	12:00	State Election in North Rhine-Westphalia
SW	05/16	03:30	Riksbank Publishes Opinion on Inflation Target Variable
SW	05/16	06:30	Riksbank's Ingves Gives Speech
AS	05/16	11:30	ECB's Nowotny Speaks in Vienna
IT	05/16	18:00	Italy's Gentiloni meets Putin
SW	05/17	07:30	Riksbank's Floden Gives Speech
EC	05/18	08:45	ECB's Lautenschlaeger Speaks in Berlin
EC	05/18	13:00	ECB's Draghi Speaks in Tel Aviv
EC	05/19	04:00	EU's Dombrovskis Speaks at ECB-EU Conference in Brussels
PO	05/19	04:25	Blanchard, former Chief Economist at the IMF, Speaks in Lisbon
EC	05/19	05:00	ECB's Praet Moderates Panel at Conference in Brussels
EC	05/19	08:00	ECB's Constancio Speaks at Conference in Brussels
EC	05/19	10:15	EU Commission's Guersen Speaks at ECB Conference in Brussels
SZ	05/19		Switzerland Sovereign Debt to be rated by S&P
SW	05/19		Sweden Sovereign Debt to be rated by DBRS

### ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
IT	05/14	18:00	Italy's Gentiloni at Conference in Beijing
IT	05/15	18:00	Italy's Gentiloni meets Chinese President, Premier
AU	05/15	21:30	RBA May Rate Meeting Minutes
AU	05/17	21:30	RBA FX Transactions Market
HK	05/17	00:00	Composite Interest Rate
ID	05/17	00:00	<b>Bank Indonesia 7D Reverse Repo</b>

### LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CL	05/18	18:00	<b>Overnight Rate Target</b>

## 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	May 24, 2017	0.50	0.50
Federal Reserve – Federal Funds Target Rate	1.00	June 15, 2017	1.25	1.25
Banco de México – Overnight Rate	6.50	May 19, 2017	6.50	6.63

**Banxico:** No change in the overnight rate is expected with risk of a hike. Inflation continues to rise, but peso strength this year suggests the effect may be transitory.

### 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	June 8, 2017	0.00	--
Bank of England – Bank Rate	0.25	June 15, 2017	0.25	--
Swiss National Bank – Libor Target Rate	-0.75	June 15, 2017	-0.75	--
Central Bank of Russia – One-Week Auction Rate	9.25	June 16, 2017	9.25	--
Sweden Riksbank – Repo Rate	-0.50	July 4, 2017	-0.50	--
Norges Bank – Deposit Rate	0.50	June 22, 2017	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	June 16, 2017	-0.10	--
Reserve Bank of Australia – Cash Target Rate	1.50	June 6, 2017	1.50	1.50
Reserve Bank of New Zealand – Cash Rate	1.75	June 22, 2017	1.75	1.75
People's Bank of China – Lending Rate	4.35	TBA	--	--
Reserve Bank of India – Repo Rate	6.25	June 7, 2017	6.25	--
Bank of Korea – Bank Rate	1.25	May 25, 2017	1.25	--
Bank of Thailand – Repo Rate	1.50	May 24, 2017	1.50	1.50
Bank Negara Malaysia – Overnight Policy Rate	3.00	July 13, 2017	3.00	3.00
Central Bank of Philippines – Overnight Borrowing Rate	3.00	June 22, 2017	3.00	--
Bank Indonesia – 7-Day Reverse Repo Rate	4.75	May 18, 2017	4.75	4.75

**Bank Indonesia:** Indonesian monetary authorities will hold a policy meeting on May 18th and they are expected to leave the benchmark interest rate unchanged at 4.75%. The central bank will maintain an accommodative policy stance over the coming months, yet it will closely monitor global developments, particularly the pace of monetary normalization by the US Federal Reserve.

### 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	11.25	May 31, 2017	10.50	--
Banco Central de Chile – Overnight Rate	2.75	May 19, 2017	2.75	2.50
Banco de la República de Colombia – Lending Rate	6.50	May 26, 2017	6.50	6.25
Banco Central de Reserva del Perú – Reference Rate	4.25	June 9, 2017	4.00	--

**Banco Central de Chile:** The overnight rate target is expected to be on hold with significant cut risk. After three rate cuts, a pause is possible but the fact that inflation has fallen back below the 3% mid-point of the central bank's inflation target range leaves the door open for further easing.

### 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	May 25, 2017	7.00	7.00

This report has been prepared by Scotiabank Economics as a resource for the clients of Scotiabank. Opinions, estimates and projections contained herein are our own as of the date hereof and are subject to change without notice. The information and opinions contained herein have been compiled or arrived at from sources believed reliable but no representation or warranty, express or implied, is made as to their accuracy or completeness. Neither Scotiabank nor any of its officers, directors, partners, employees or affiliates accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

These reports are provided to you for informational purposes only. This report is not, and is not constructed as, an offer to sell or solicitation of any offer to buy any financial instrument, nor shall this report be construed as an opinion as to whether you should enter into any swap or trading strategy involving a swap or any other transaction. The information contained in this report is not intended to be, and does not constitute, a recommendation of a swap or trading strategy involving a swap within the meaning of U.S. Commodity Futures Trading Commission Regulation 23.434 and Appendix A thereto. This material is not intended to be individually tailored to your needs or characteristics and should not be viewed as a “call to action” or suggestion that you enter into a swap or trading strategy involving a swap or any other transaction. Scotiabank may engage in transactions in a manner inconsistent with the views discussed this report and may have positions, or be in the process of acquiring or disposing of positions, referred to in this report.

Scotiabank, its affiliates and any of their respective officers, directors and employees may from time to time take positions in currencies, act as managers, co-managers or underwriters of a public offering or act as principals or agents, deal in, own or act as market makers or advisors, brokers or commercial and/or investment bankers in relation to securities or related derivatives. As a result of these actions, Scotiabank may receive remuneration. All Scotiabank products and services are subject to the terms of applicable agreements and local regulations. Officers, directors and employees of Scotiabank and its affiliates may serve as directors of corporations.

Any securities discussed in this report may not be suitable for all investors. Scotiabank recommends that investors independently evaluate any issuer and security discussed in this report, and consult with any advisors they deem necessary prior to making any investment.

**This report and all information, opinions and conclusions contained in it are protected by copyright. This information may not be reproduced without the prior express written consent of Scotiabank.**

™ Trademark of The Bank of Nova Scotia. Used under license, where applicable.

Scotiabank, together with “Global Banking and Markets”, is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, including, Scotiabanc Inc.; Citadel Hill Advisors L.L.C.; The Bank of Nova Scotia Trust Company of New York; Scotiabank Europe plc; Scotiabank (Ireland) Limited; Scotiabank Inverlat S.A., Institución de Banca Múltiple, Scotia Inverlat Casa de Bolsa S.A. de C.V., Scotia Inverlat Derivados S.A. de C.V. – all members of the Scotiabank group and authorized users of the Scotiabank mark. The Bank of Nova Scotia is incorporated in Canada with limited liability and is authorised and regulated by the Office of the Superintendent of Financial Institutions Canada. The Bank of Nova Scotia is authorised by the UK Prudential Regulation Authority and is subject to regulation by the UK Financial Conduct Authority and limited regulation by the UK Prudential Regulation Authority. Details about the extent of The Bank of Nova Scotia's regulation by the UK Prudential Regulation Authority are available from us on request. Scotiabank Europe plc is authorised by the UK Prudential Regulation Authority and regulated by the UK Financial Conduct Authority and the UK Prudential Regulation Authority.

Scotiabank Inverlat, S.A., Scotia Inverlat Casa de Bolsa, S.A. de C.V., and Scotia Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities.

Not all products and services are offered in all jurisdictions. Services described are available in jurisdictions where permitted by law.