CANADA VERSUS THE WORLD?

FORECASTS & DATA

CONTACTS

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Next Week's Risk Dashboard

- ECB
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- CDN CPI
- CDN manufacturing, resales, retail sales
- US NAFTA letter
- US, CDN earnings
- US health bill watch
- US industrial, housing data
- Chinese GDP
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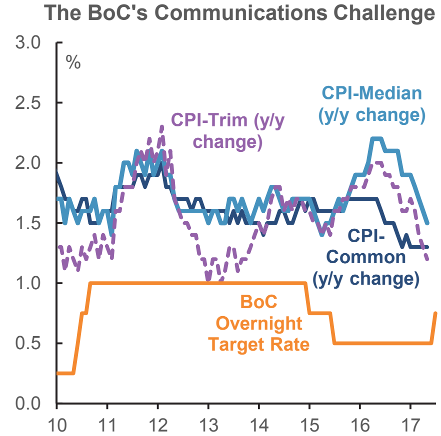
Chart of the Week

The BoC's Communications Challenge



Sources: Scotiabank Economics, Statistics Canada.

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

Canada Versus The World?

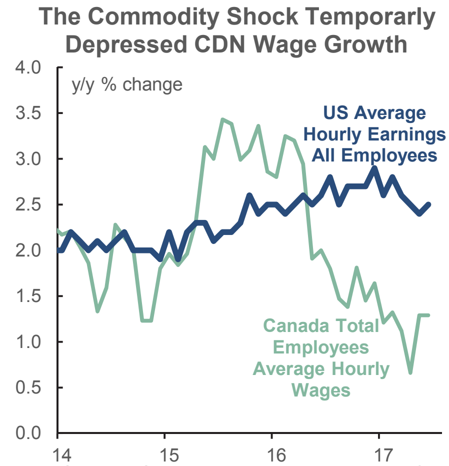
CANADA — UNIQUELY CANADIAN WAGE AND PRICE PRESSURES

Enough of the BoC, let's talk about the BoC! **Key data risk will return next week to begin informing the data-dependent debate over when the BoC may hike next.**

Before getting to this point, however, it is important to address one area of pushback from global accounts that are viewing Canada in an international context. They are somewhat reasonably skeptical toward how little ol' Canada can so confidently lean against global debates on why inflation and wage growth dynamics are disappointing in such fashion as to hike nonetheless. Hence, for example, if there is uncertainty in the US that is causing the Fed to stall out at least temporarily, then why should it not be a reasonable expectation for this to be the case in Canada? There are some good supporting parallels to be sure, but **it is important to acknowledge the role played by unique made-in-Canada arguments that are influencing domestic wage and price developments.**

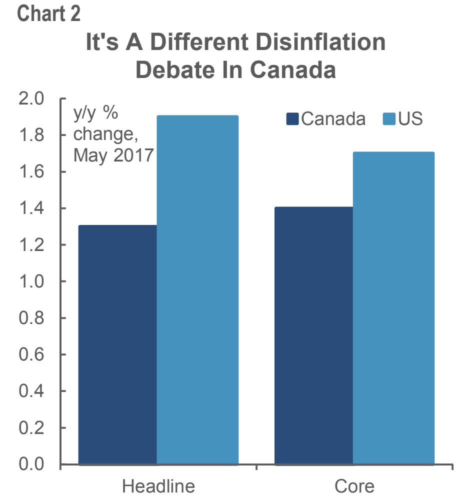
For one thing, the starting point on wage pressures is sharply different and so are the influencing factors going forward. US wage growth is running at about two and a half times faster than it is in Canada (chart 1). **It is entirely possible that the US can have at least temporarily lost momentum on once faster wage growth while Canada gains momentum going forward and converges upon higher US-style wage growth.** For one thing, the aftermath of the commodity price slide in mid-2014 took down income growth. At the broadest level, the terms of trade shock dragged nominal GDP growth lower as a proxy for broad incomes and then trickled into workers' wages and profits that shared the income shock. That effect may be maturing as resource labour finds new employment in a booming job market at reduced wages. As labour gets re-priced, fresh wage growth can be restored at more normal rates thereafter. Two is that Canada arguably has less labour slack than the US and it is closing much more rapidly north of the border. The unemployment rate adjusted for US concepts is about one percentage point higher in Canada but the labour force participation rate is three percentage points higher in Canada. Three is the role played by aggressive minimum wage hikes planned in Ontario and Alberta that will on their own add over a full percentage point to national wage growth in 2018 and a few tenths to 2019. This latter effect is transitory and a central bank should look through it, but when combined with the prior two arguments it is entirely conceivable that the present gap in relative wage growth rates will shut into next year and Canada may surpass the US with made-in-Canada wage growth of 2½% +. That would offer a more constructive backdrop to getting back to the BoC's 2% inflation target.

Chart 1



Sources: Scotiabank Economics, Bureau of Labor Statistics, Statistics Canada.

Chart 2



Sources: Scotiabank Economics, Statistics Canada, Bureau of Labor Statistics.

On inflation itself, here too the starting points are materially difference in the two countries. Canada doesn't have a PCE style measure like the one the US Fed prefers but chart 2 compares headline CPI and core CPI inflation rates in the two countries. There are methodological differences (eg. how housing is captured), but on balance Canada has less inflation than the US. Our in-house modelling whiz's approach to an augmented Phillips curve model that incorporates output gaps, a real effective exchange rate, food prices and unit labour costs gives us confidence in forecasting higher core inflation next year. Regardless, the downside risk to Canadian inflation and the debate over what's driving it is less material at a lower starting point than in the US.

It is thus vitally important to understand how different Canadian wage and price dynamics are in relation to debates elsewhere and the transitory commodity income shock is at the centre of it all. Indeed, how things are playing out is similar to the lead-up to and after-math of past periods when, say, oil prices slid by a comparable percentage amount for a comparable period of time. Charts 3 and 4 illustrate wage and price pressures in the quarters leading up to a trough in past oil price corrections and the ensuing quarters. The pattern to date in the current episode has been fairly typical. The pattern thereafter is also likely to be fairly typical in that a multi-year income and price shock is now at the point of shaking out toward firmer wage and price pressures going forward.

Enter next week's CPI inflation print that arrives on Friday. I don't know what will happen to the average of the three core measures (common component, weighted median and the trimmed mean). Nobody does on a monthly basis. We think it begins to bottom around now or by late summer in a more smoothed sense but more of our argument behind a pick-up is skewed toward next year given the above wage and price dynamics. **Nevertheless from a headline inflation standpoint, next week's reading may be a tad awkward for the BoC at least in terms of market optics that may not be forward looking enough.** Because of normal seasonal influences in June and about a 3.5% m/m NSA drop in gasoline prices (chart 5), I'm figuring CPI comes in at 0% m/m or 0.1% not seasonally adjusted. If so, that could knock headline CPI down a bit again from 1.3% y/y in May to down a tick in June. Substantively that will be dismissed as transitory by the BoC but given they are conditioning the rate outlook on inflation data it won't yet support another hike versus requiring more time and data. Another down dip on inflation with only two such reports between now and the September BoC meeting isn't likely to feed such a sense of being in a rush as to hike at that meeting. Four inflation reports from now at the October BoC meeting may well be a different story and that's when we expect another quarter point hike. To hike before then may feed a sense of being in a rush along a linear path of hikes and the chance to provide further hand holding via an MPR and press conference also favours October.

Also on Friday we will get a **retail sales estimate** for May and two days before that Canada receives updates on **manufacturing sales** for May. We already know that seasonally adjusted CPI fell 0.2% m/m in May which may be a headwind to retail sales especially combined with a strong jumping off point via the prior month's large gains of 0.8% m/m for headline sales and 1.5% on sales ex-autos. But you've heard that before and any experienced hand at forecasting this volatile series always approaches a forecast for retail sales with caution not least of which because of how many unobserveable components there are in advance of the numbers. Existing home sales figures for June will be updated on Monday and key here is that the national sales association seasonally adjusts the figures whereas the local real estate boards do not. A more complete set of aggregated board data will give us a firmer sense of home sales data at the margin beyond more than just the fixation upon the shores of Lake Ontario.

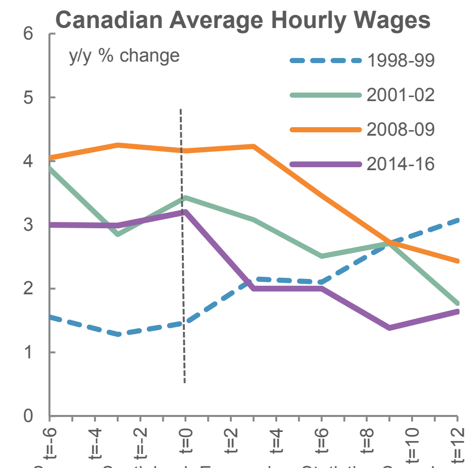
Earnings risk also begins to factor into Canadian equity markets with releases from CP, Rogers, West Fraser, Husky and Encana but as a general observation Canada's earnings season lags the US and the US is only really just getting started.

Also keep an eye on NAFTA developments. **On or around July 17th (Monday), the US must publish a detailed summary of what it wants out of the negotiations.** That may help further inform the parameters to commence months of negotiations in August.

UNITED STATES — EARNINGS MUST CONTINUE TO BEAT

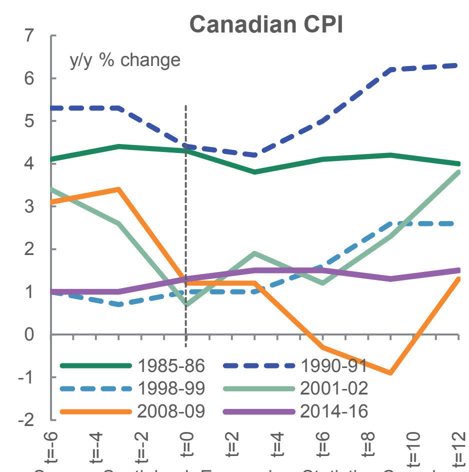
Earnings and another possible run at a health bill in Congress will be the only real focal points in US markets over the coming week. That should offer a welcome reprieve from endless Fed obsessions.

Chart 3



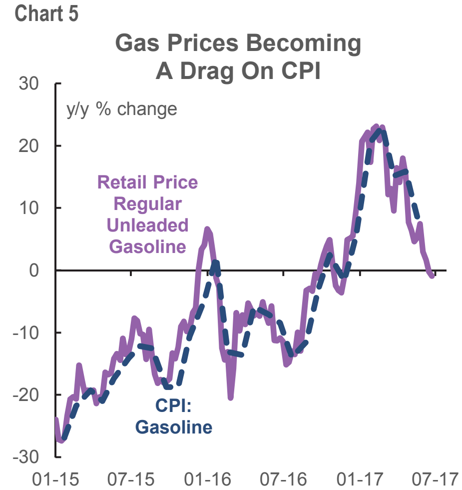
Source: Scotiabank Economics, Statistics Canada. t=0, lowest WTI price during specified period.

Chart 4



Source: Scotiabank Economics, Statistics Canada. t=0, lowest WTI price during specified period.

Chart 5



Sources: Scotiabank Economics, Statistics Canada, Natural Resources Canada.

Seventy-two S&P500 firms release earnings over the coming week with names including Bank of America, Goldman, Morgan Stanley, Blackrock, BoNYM, Visa, Capital One, Microsoft, eBay, Netflix and American Airlines. Of the small number of S&P500 listings that have reported thus far (only 24), 79% have beaten earnings expectations and 92% have beaten revenue expectations. Almost all sectors have had more beats than misses on both earnings and revenues so far, with the exception of earnings from financials. **Solid beat ratios are important in the context of relatively elevated valuations and no traction on core policy priorities in Washington that stocks have richly priced (charts 6–7).** The dividend yield on the S&P500 sits at 2% now and, therefore, gone is the argument that the yield compares favourably to, say, a 10 year Treasury yield depending upon the tax treatment. The price-to-trailing earnings yield sits at 21.6 times; again, hardly cheap. Also, prices are over three times book value.

Data risk will be sparse to non-existent. What little there is will be focused upon the industrial sector including July readings for the Philly Fed gauge on Thursday and the Empire manufacturing gauge on Monday. Housing starts for June arrive Wednesday. The US Treasury auctions 10 year TIPS on Thursday.

EUROPE — TOO SOON…MAYBE…WHO SAID THAT?

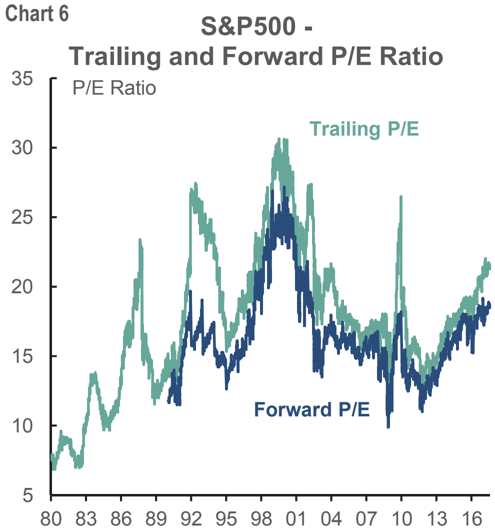
Who precisely are these anonymously referenced ECB officials who keep feeding leaks that contradict the boss? **The latest batch of unconfirmed remarks sets a somewhat awkward backdrop into next Thursday's ECB meeting.**

This past week brought out into the open two conflicting accounts of where ECB policy may be headed into 2018. In the one nest is the uber-dovish recent perspective of ECB Governing Council member Ilmars Rimsevics who stated that the QE asset purchase program is unlikely to be unwound any time soon: "We see that it's planned that inflation could grow about 1.5% this year and 1.3% next year that means that this medium term goal of reaching 2% won't be reached, that means that this program could continue for at least few years." In the other nest were the anonymous hawkish officials reported by the WSJ to have said that ECB President Mario Draghi will attend the Fed's annual Jackson Hole symposium next month and the unconfirmed bias is reported to be to reinforce confidence in the Eurozone's recovery and less need for monetary stimulus. I doubt we'll hear that line next week as opposed to continued messaging regarding how it is too soon to have this dialogue with growth improving but inflation still at bay. That said, market concerns over sliding inflation have very modestly ebbed of late which is tentatively constructive to the inflation picture to the extent to which market signals matter to the ECB (chart 8).

UK CPI for June (Tuesday) will be watched for signs of stabilization but it's probably too early for that. After core CPI ran up from a low of 0.4% y/y way back in April 2015 to the 1.2% range by late last summer, the renewed acceleration to 2.6% y/y in May could begin to reflect topping-out influences over the back half of this year. Consensus expects headline inflation to keep rising to the 3% quarterly average mark by the end of this year before it begins to ebb but remain above the 2% inflation target throughout next year. BoE MPC member Ian McCafferty recently noted the time may have come to revisit guidance that QE should be unwound only once the bank rate approaches 2% as an alternative potential way of tightening monetary policy through signals other than overt rate hikes.

Other data risk will be confined to UK retail sales on Thursday and the Eurozone ZEW investor confidence metric on Tuesday.

Chart 6

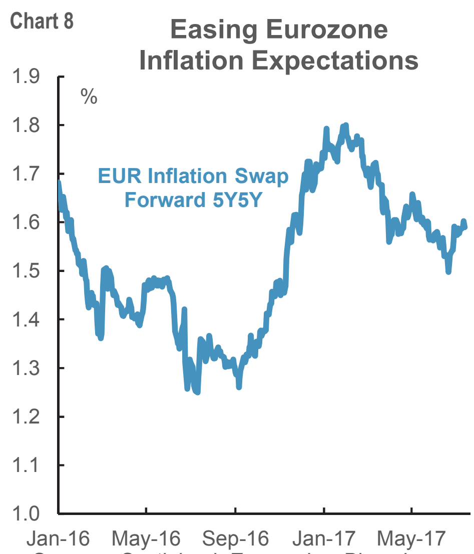


Sources: Scotiabank Economics, Bloomberg

Chart 7

Sources: Scotiabank Economics, Robert Shiller.

Chart 8



Sources: Scotiabank Economics, Bloomberg.

LATIN AMERICA — QUE SAUDADE!

Oh Brazil. The country longs for an end to corruption with brighter days ahead. **Partly thanks to a lack of pretty much anything else by way of domestic developments across Latin American markets, Brazil's political difficulties will be the dominant market focal point across the region over the coming week.**

The conviction of the once uber-popular former President Luiz Inacio Lula da Silva to nine and a half years in jail on corruption charges related to construction activity and apartment ownership, his likely appeal, and efforts by current President Michel Temer to employ Congressional support to quash his own corruption charges are likely to continue to drive deep divisions across the population as operation "Carwash" sweeps the land. Temer risks being tossed from office. Lula was mounting a comeback in next year's election. Both developments may be held at bay if Lula's appeal is turned down and Temer is successful in defeating votes in the lower house and the floor of Congress to put him on trial for corruption. Temer needs the support of 172 out of 513 potential votes, and newswires report he probably exceeds this amount by a fair margin. How all of this sits with a populace that is fed up with years of corruption allegations risks continuing to dampen confidence and put a trial to the streets.

ASIA — FAKE ACCOUNTS?

Asian markets could well offer up factors of direct relevance to global markets over the coming week. At the top of the list will be Chinese GDP and the Bank of Japan, but sundry other considerations will keep regional markets interesting.

Thursday's Bank of Japan meeting is expected to stay the course on broad policy levers. After having recently increased bond purchases in the 3–5 year section of the JGBs curve in order to contain mild upward pressure upon yields, it's clear that the central bank is still focused upon its existing policy apparatus. We might see modest upward revisions to growth forecasts.

For seven consecutive quarters **China's GDP growth rate** has been in the 6.7–6.9% range. Before that, it was 7% for a couple of quarters (chart 9). What remarkable stability! And never revised because the figures are always perfect the first time. Oh, and with the quickest release turnaround time of pretty much any significant economy. By comparison, the first kick at US Q2 GDP won't come until July 28th. Trust Chinese GDP figures? Communist Party officials might simply say that stability is a function of good world-beating economic stewardship. You can reach your own conclusions, but Monday's release will be watched for the tenth or so it might be off consensus expectations for a 6.8% reading in Q2. At the same time, we'll get monthly updates for industrial production and retail sales and then the next day brings out property prices for a June update.

Chart 9

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

Bank Indonesia will likely stay on hold at 4.75% toward the end of next week. That's where the rate has sat since October after prior easing. With core inflation dropping a little to 3.1% y/y in June and well under the 5% peak back in 2015, the central bank is comfortably within its 4% +/-1% inflation target zone with no need for further near-term easing especially in the context of ongoing risks of currency volatility.

Like Canada, **Australia has a very nice problem to have**. Job growth has been quite strong on a trend basis and we'll find out whether it continues with the June report mid-week. The country is among the minority that has actually outpaced Canada's impressive job gains of late. In proportionate terms, Australia's 53,000, 46,000 and 42,000 jobs created in each of the past three months is considerably more impressive than Canada's roughly 100,000 jobs over the same period of which all arrived in the latest two months. Scaled to the size of each other's workforces, Australia's job growth has surpassed Canada's. Will it continue? There is little point to guesstimating these figures versus sitting back and waiting.

New Zealand's main inflation figure lags others and so it may provide a backward-looking confirmation of the global trend toward softening inflation prints worldwide. That's because the figure is published quarterly and while Q1 registered improvement to 2.2% y/y, expectations are for the Q2 reading to take back some of that and dip back beneath the 2% mid-point of the 1–3% medium-term inflation target. Other releases will include minutes to the last RBA meeting, exports from Japan and Indonesia and Malaysian CPI.

Key Indicators for the week of July 17 – 21

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	07/17	08:30	International Securities Transactions (C$ bn)	May	--	--	10.6
US	07/17	08:30	Empire State Manufacturing Index	Jul	--	15.0	19.8
CA	07/17	09:00	Existing Home Sales (m/m)	Jun	--	--	-6.2
US	07/18	08:30	Export Prices (m/m)	Jun	--	-0.2	-0.3
US	07/18	08:30	Import Prices (m/m)	Jun	--	-0.2	-0.3
US	07/18	10:00	NAHB Housing Market Index	Jul	--	67	67
US	07/18	16:00	Total Net TIC Flows (US$ bn)	May	--	--	65.8
US	07/18	16:00	Net Long-term TIC Flows (US$ bn)	May	--	--	1.8
US	07/19	07:00	MBA Mortgage Applications (w/w)	JUL 14	--	--	-7.4
CA	07/19	08:30	Manufacturing Shipments (m/m)	May	0.8	--	1.1
US	07/19	08:30	Building Permits (000s a.r.)	Jun	--	1210	1168
US	07/19	08:30	Housing Starts (000s a.r.)	Jun	1140	1160	1092
US	07/19	08:30	Housing Starts (m/m)	Jun	4.4	6.2	-5.5
US	07/20	08:30	Initial Jobless Claims (000s)	JUL 15	245	--	247
US	07/20	08:30	Continuing Claims (000s)	JUL 8	1940	--	1945
US	07/20	08:30	Philadelphia Fed Index	Jul	25	23.0	28
US	07/20	10:00	Leading Indicators (m/m)	Jun	--	0.4	0.3
CA	07/21	08:30	Core CPI - Common (y/y)	Jun	--	--	1.3
CA	07/21	08:30	Core CPI - Median (y/y)	Jun	--	--	1.5
CA	07/21	08:30	Core CPI - Trim (y/y)	Jun	--	--	1.2
CA	07/21	08:30	CPI, All items (m/m)	Jun	0.1	--	0.1
CA	07/21	08:30	CPI, All items (y/y)	Jun	1.2	--	1.3
CA	07/21	08:30	CPI, All items (index)	Jun	--	--	131
CA	07/21	08:30	Retail Sales (m/m)	May	0.5	--	0.8
CA	07/21	08:30	Retail Sales ex. Autos (m/m)	May	0.5	--	1.5
MX	07/21	09:00	Unemployment Rate (%)	Jun	3.4	--	3.6

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
UK	07/18	04:30	CPI (m/m)	Jun	--	0.2	0.3
UK	07/18	04:30	CPI (y/y)	Jun	--	2.9	2.9
UK	07/18	04:30	PPI Input (m/m)	Jun	--	--	-1.3
UK	07/18	04:30	PPI Output (m/m)	Jun	--	--	0.1
UK	07/18	04:30	RPI (m/m)	Jun	--	0.3	0.4
UK	07/18	04:30	RPI (y/y)	Jun	--	3.6	3.7
EC	07/18	05:00	CPI (m/m)	Jun	--	--	0.0
EC	07/18	05:00	CPI (y/y)	Jun F	--	--	1.3
EC	07/18	05:00	Euro zone Core CPI Estimate (y/y)	Jun F	--	--	1.1
EC	07/18	05:00	ZEW Survey (Economic Sentiment)	Jul	--	--	37.7
GE	07/18	05:00	ZEW Survey (Current Situation)	Jul	--	--	88.0
GE	07/18	05:00	ZEW Survey (Economic Sentiment)	Jul	--	--	18.6
GE	07/20	02:00	Producer Prices (m/m)	Jun	--	--	-0.2
EC	07/20	04:00	Current Account (€ bn)	May	--	--	22.2
IT	07/20	04:30	Current Account (€ mn)	May	--	--	3432
UK	07/20	04:30	Retail Sales ex. Auto Fuel (m/m)	Jun	--	-0.5	-1.6
UK	07/20	04:30	Retail Sales with Auto Fuel (m/m)	Jun	--	-0.3	-1.2
EC	07/20	07:45	**ECB Main Refinancing Rate (%)**	**Jul 20**	**0.00**	**--**	**0.00**
EC	07/20	10:00	Consumer Confidence	Jul A	--	--	-1.3
UK	07/21	04:30	PSNB ex. Interventions (£ bn)	Jun	--	5.0	6.7
UK	07/21	04:30	Public Finances (PSNCR) (£ bn)	Jun	--	--	13.4
UK	07/21	04:30	Public Sector Net Borrowing (£ bn)	Jun	--	--	6.0

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

Key Indicators for the week of July 17 – 21

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
SI	07/16	20:30	Exports (y/y)	Jun	--	--	-1.2
CH	07/16	22:00	Fixed Asset Investment YTD (y/y)	Jun	8.4	8.5	8.6
CH	07/16	22:00	Industrial Production (y/y)	Jun	6.4	6.5	6.5
CH	07/16	22:00	Real GDP (y/y)	2Q	6.7	6.8	6.9
CH	07/16	22:00	Retail Sales (y/y)	Jun	10.7	10.6	10.7
ID	JUL 16-17		Exports (y/y)	Jun	--	--	24.1
ID	JUL 16-17		Imports (y/y)	Jun	--	--	24.0
ID	JUL 16-17		Trade Balance (US$ mn)	Jun	--	--	474.0
PH	JUL 16-17		Overseas Remittances (y/y)	May	--	7.4	-5.9
NZ	07/17	18:45	Consumer Prices (y/y)	2Q	2.0	1.9	2.2
AU	07/17	21:30	New Motor Vehicle Sales (m/m)	Jun	--	--	2.9
HK	07/18	04:30	Unemployment Rate (%)	Jun	3.2	--	3.2
SK	07/18	17:00	PPI (y/y)	Jun	--	--	3.5
HK	JUL 18-19		Composite Interest Rate (%)	Jun	--	--	0.3
PH	JUL 18-19		Balance of Payments (US$ mn)	Jun	--	--	-59.0
MA	07/19	00:00	CPI (y/y)	Jun	3.6	--	3.9
JN	07/19	19:50	Merchandise Trade Balance (¥ bn)	Jun	--	490	-204
JN	07/19	19:50	Adjusted Merchandise Trade Balance (¥ bn)	Jun	--	126	134
JN	07/19	19:50	Merchandise Trade Exports (y/y)	Jun	--	9.5	14.9
JN	07/19	19:50	Merchandise Trade Imports (y/y)	Jun	--	14.4	17.8
AU	07/19	21:30	Employment (000s)	Jun	--	15.0	42.0
AU	07/19	21:30	Unemployment Rate (%)	Jun	5.5	5.6	5.5
ID	JUL 19-20		**BI 7-Day Reverse Repo Rate (%)**	**Jul 20**	**4.75**	**--**	**4.75**
JN	JUL 19-20		Supermarket Sales (y/y)	Jun	--	--	-1.8
JN	JUL 19-25		**BoJ Policy Rate (%)**	**Jul 20**	**-0.10**	**-0.10**	**-0.10**
JN	07/20	00:30	All Industry Activity Index (m/m)	May	--	--	2.1
TA	07/20	04:00	Export Orders (y/y)	Jun	--	--	9.1
HK	07/20	04:30	CPI (y/y)	Jun	2.0	--	2.0
JN	07/21	01:30	Nationwide Department Store Sales (y/y)	Jun	--	--	0.0

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
PE	07/17		Unemployment Rate (%)	Jun	--	--	6.6
CO	07/19	11:00	Trade Balance (US$ mn)	May	--	--	-1233.8
BZ	07/21	09:30	Current Account (US$ mn)	Jun	--	--	2884.2

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

Global Auctions for the week of July 17 – 21

NORTH AMERICA

Country	Date	Time	Event
CA	07/19	12:00	Canada to Sell 2-Year Bonds
US	07/20	13:00	U.S. to Sell 10-Year TIPS

EUROPE

Country	Date	Time	Event
GE	07/19	05:30	Germany to Sell EUR1 Bln 2046 Bonds
UK	07/19	05:30	U.K. to Sell 2023 Bonds
SP	07/20	04:30	Spain to Sell Bonds
FR	07/20	04:50	France to Sell Bonds
FR	07/20	05:50	France to Sell I/L Bonds

ASIA-PACIFIC

Country	Date	Time	Event
CH	07/16	21:30	Sichuan to Sell General Bonds
CH	07/16	22:30	Sichuan to Sell Special Bonds
CH	07/18	23:00	China Plans to Sell 7-Year Upsized Government Bond
JN	07/19	04:00	Japan Auction for Enhanced-Liquidity
NZ	07/19	22:05	New Zealand Plans to Sell NZD200 Mln 2.75% 2025 Bonds
CH	07/20	23:00	China Plans to Sell 30-Year Government Bond

LATIN AMERICA

Country	Date	Time	Event
BZ	07/20	11:00	Brazil to Sell Fixed Rate Bonds - 01/01/2027

Source: Bloomberg, Scotiabank Economics.

Events for the week of July 17 – 21

EUROPE

Country	Date	Time	Event
SW	07/18	03:30	Riksbank Minutes from July 3 Meeting
EC	07/18	04:00	ECB Bank Lending Survey
EC	07/18	00:00	ECB Survey of Professional Forecasters
EC	07/20	07:45	**ECB Main Refinancing Rate**
EC	07/20	07:45	**ECB Marginal Lending Facility**
EC	07/20	07:45	**ECB Deposit Facility Rate**
GE	07/20		German Finance Ministry Publishes Monthly Report
SP	07/21		Spain Sovereign Debt to be rated by Fitch
GE	07/21		Germany Sovereign Debt to be rated by DBRS
TU	07/21		Turkey Sovereign Debt to be rated by Fitch

ASIA-PACIFIC

Country	Date	Time	Event
AU	07/17	21:30	RBA July Rate Meeting Minutes
HK	07/18	00:00	Composite Interest Rate
AU	07/19	01:30	RBA's Heath Speech in Sydney
JN	07/19	00:00	BOJ Outlook Report
ID	07/19	00:00	**Bank Indonesia 7D Reverse Repo**
JN	07/19	00:00	**BOJ Policy Balance Rate**
JN	07/19	00:00	BOJ 10-Yr Yield Target
JN	07/20	02:30	BOJ Kuroda speaks at press conference after MPM
AU	07/20	22:15	RBA's Debelle Speech in Adelaide
AU	07/20	23:30	RBA's Bullock Speech in Melbourne

Source: Bloomberg, Scotiabank Economics.

Global Central Bank Watch

NORTH AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Canada – Overnight Target Rate	0.75	September 6, 2017	0.75	0.50
Federal Reserve – Federal Funds Target Rate	1.25	July 26, 2017	1.25	1.25
Banco de México – Overnight Rate	7.00	August 10, 2017	7.00	--

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	0.00	July 20, 2017	0.00	--
Bank of England – Bank Rate	0.25	August 3, 2017	0.25	--
Swiss National Bank – Libor Target Rate	-0.75	September 14, 2017	-0.75	--
Central Bank of Russia – One-Week Auction Rate	9.00	July 28, 2017	9.00	8.75
Sweden Riksbank – Repo Rate	-0.50	September 7, 2017	-0.50	--
Norges Bank – Deposit Rate	0.50	September 21, 2017	0.50	--
Central Bank of Turkey – Benchmark Repo Rate	8.00	July 27, 2017	--	--

ECB: Recently conflicting views on the future of the ECB's QE program stepped forward again this past week and set an awkward backdrop going into Thursday's meeting. We expect no policy change but President Draghi's press conference will be closely watched for confirmation or denial of a WSJ report that his scheduled appearance at the Fed's annual Jackson Hole symposium will be used to set up gradual policy exits in 2018.

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	July 20, 2017	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	1.50	August 1, 2017	1.50	1.50
Reserve Bank of New Zealand – Cash Rate	1.75	August 9, 2017	1.75	1.75
People's Bank of China – Lending Rate	4.35	TBA	--	--
Reserve Bank of India – Repo Rate	6.25	August 2, 2017	6.25	--
Bank of Korea – Bank Rate	1.25	August 31, 2017	1.25	--
Bank of Thailand – Repo Rate	1.50	August 16, 2017	1.50	1.50
Bank Negara Malaysia – Overnight Policy Rate	3.00	September 7, 2017	3.00	3.00
Bank Indonesia – 7-Day Reverse Repo Rate	4.75	July 20, 2017	4.75	--

The Bank of Japan (BoJ): Japanese monetary policymakers will meet on July 20. Given that inflationary pressures remain muted (the headline rate stayed at 0.4% y/y in May) and far below the BoJ's 2% inflation target, we expect the central bank to maintain a stimulative monetary policy stance over the coming months. **Bank Indonesia:** Indonesian monetary authorities will hold a policy meeting on July 20 and they are expected to leave the benchmark interest rate unchanged at 4.75%. The central bank will likely maintain an accommodative policy stance over the coming months in order to promote a continuous domestic economic recovery while preserving financial system stability. The central bank will closely monitor global developments, particularly the pace of monetary normalization by the US Federal Reserve.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	10.25	July 26, 2017	9.50	--
Banco Central de Chile – Overnight Rate	2.50	TBA	2.50	--
Banco de la República de Colombia – Lending Rate	5.75	July 27, 2017	5.50	--
Banco Central de Reserva del Perú – Reference Rate	4.00	August 10, 2017	3.75	--

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	7.00	July 20, 2017	7.00	7.00

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

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