August 11, 2017

LYING IN WAIT?

FORECASTS & DATA

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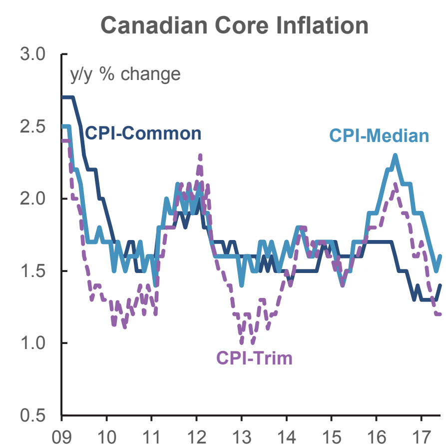
Next Week's Risk Dashboard

- North Korea's three opportunities
- FOMC minutes
- Chinese macro data
- NAFTA negotiations
- Q2 GDP: Japan, Eurozone, Germany, Italy, Colombia, Chile, Philippines, Malaysia, Taiwan
- CPI: Canada, UK, India
- US retail sales, industrial data, housing, confidence
- Central Banks: Chile, Bank of Thailand
- CDN manufacturing & housing
- UK retail sales
- Australian jobs
- Argentina's primaries

Chart of the Week



Sources: Scotiabank Economics, Statistics Canada.

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

Lying In Wait?

ASIA — THREE OPPORTUNITIES FOR NORTH KOREAN TENSIONS TO EASE…OR NOT

The escalating war of words between US President Donald Trump and North Korean President Kim Jong-Un threatens to become a major multi-faceted global risk event as soon as the coming week and the dominant consideration facing global markets.

At issue is whether North Korea is ending the week quietly as this publication is finalized because of diplomatic efforts that will ease concerns and declare a hiatus in the tensions, or whether North Korea is simply lying in wait for three looming milestones. Leaning in favour of the former interpretation is word from Russia's Foreign Minister Sergei Lavrov that Russia and China are presenting proposals to defuse the crisis by suspending any further North Korean missile tests if US and South Korean forces halt exercises. Russia playing the role of peacemaker is truly unusual.

Playing in the other direction is that suddenly hushed communications from North Korea might simply be the proverbial calm before the storm in the lead-up to three high-risk events. One event is the "mid-August" timeline by which North Korea's state communications indicated readiness to commence firing missiles at Guam pending Kim Jung-Un's approval. Another is National Liberation Day of Korea that is celebrated on August 15th in both North and South Korea in honour of the anniversary of the expulsion of Japanese forces from the peninsula following WWII. In the south it is known as "the day the light returned" and in the North it is known as "Liberation of the Fatherland Day." Deep hatred especially among older generations who recall what the Japanese did to Koreans is among the few factors that unite the peninsula. It's not inconceivable that this date could be a possible day on which NK could test Japan's resolve and ability to shoot down missiles as Japan has indicated, or to do so in other ways. Three is the August 21st timeline for planned military drills by the US and South Korea that always raises the North's ire. These events will be the dominant focus over the coming week into the next. **If we get through them with little news or action from North Korea then perhaps the signal to markets will be that the country has learned its lesson now, but it would be premature to draw such a conclusion just yet.**

Behind these developments, the economist within me cringes at the reality that data and the odd central bank decision simply won't matter much if at all. It's kind of like telling a baseball player that hockey is the only sport that really matters. Anyway, **Chinese macro data will be a focal point** as the country releases retail sales and industrial production figures for July on Monday and property prices Thursday night (eastern time), while foreign direct investment, money supply and aggregate financing data including growth in new yuan loans are pending release sometime over the coming week.

India's CPI inflation rate (Monday) is expected to post its first year-ago rise since March and climb back above 2% which would leave it toward the lower end of the Reserve Bank of India's 4% +/- 2% inflation target range, although probably not for terribly durable reasons and hence the RBI is likely to look through the pick-up.

Australia issues another jobs report on Wednesday for the month of July. The country's job market has been on a tear since October and has created 229,000 jobs since then in a picture that has resembled Canada's torrid pace of job creation. The RBA releases minutes to its August 1st meeting on Monday.

Japan, Philippines and Malaysia all release Q2 GDP figures on Sunday evening, Wednesday evening and Friday morning, respectively (all eastern times). Out of all of them, **the one to watch will be an expected acceleration of Japanese growth** that is expected to be double that of the 0.3% q/q pace in Q1 and fed by accelerated consumption and investment growth.

Bank of Thailand is unanimously expected to keep its benchmark rate unchanged at 1.5% next Wednesday morning. With inflation at just 0.2% y/y and core CPI at 0.5% y/y and hence below the bottom end of the 2.5% +/- 1.5% inflation target zone, it's fairly clear that the tail risk lies in the direction of easing rather than hiking. Slightly firming growth trades off against geopolitical risks in terms of informing risks to the inflation goals.

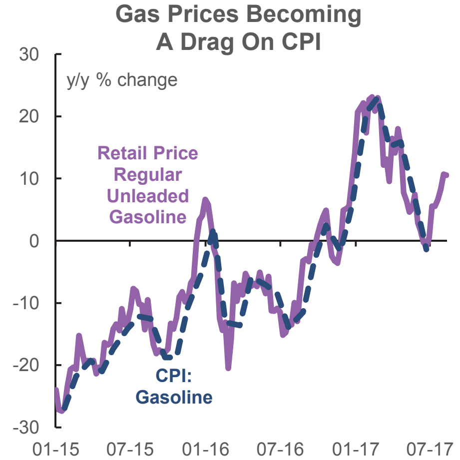
Trade figures from Japan, India and Indonesia will round out the releases and offer higher frequency growth tracking.

CANADA — WHAT'S ON THE MENU?

The commencement of formal NAFTA negotiations, a mildly more hawkish inflation report and a pair of dovish activity indicators may strike an awkward balance of risks to the currency and rates but one that is likely to put most of the emphasis upon the inflation report by week's end. Of course, there is the significant risk that external events could override the domestic calendar.

The path to a second Bank of Canada rate hike is primarily driven by the central bank's inflation expectations and next week could bring with it further progress in this regard when CPI for July lands as the main event next Friday. I expect headline CPI inflation to rise by a couple of tenths on base effects alone in year-ago terms when the July reading arrives. What adds to this is the shifting year-ago influence of gasoline prices that are becoming an upward influence again (chart 1). Back in January, gasoline prices were up by over 20% y/y and the deceleration to about -1% y/y by the weekly low in late June, along with lower auto prices, dragged down headline CPI. By July, gas prices were tracking 5–6% higher again in year-ago terms and so far in August we're tracking around a 10% y/y rise. With about a 3½% weight in CPI, the gas price effect alone should raise headline CPI by a couple of tenths in July versus June in year-ago terms and by over three-tenths so far in August.

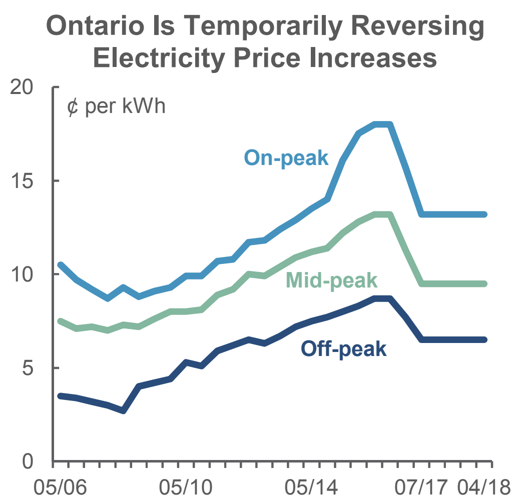
Chart 1



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

A downside influence will be electricity price reductions in Ontario (chart 2) that I estimate will knock about 0.1% off year-ago headline CPI inflation all else equal while being overridden by other effects. The aim is to lower electricity prices through a combination of measures by about 25% cumulatively in three main steps on January 1st, May 1st and July 1st. They were already 16% lower in year-ago terms by June following the May 1st changes that were focused upon low income assistance and means tested. Another 9-10% y/y downside in July to a cumulative 25% with a national weight of under 1% (and just over 2% electricity weight in Ontario's CPI) would knock only about one-tenth off headline CPI in year-ago terms. More here and here. Also note that several provinces changed electricity rates and some went up although they have even lower weights than Ontario's. All that is achieved by the reductions is to roll back recent price hikes. After the first year of the changes, electricity prices will be allowed to rise at the rate of Ontario's inflation at which point electricity prices become a very small source of upward pressure upon headline inflation later next year. In short, this is a relatively modest and transitory influence on CPI that—like gasoline—carries precisely zero implications for monetary policy and so another way of looking at next week's CPI figure will be to strip out electricity prices in digging beneath the headline.

Chart 2



Sources: Scotiabank Economics, Ontario Energy Board.

While an improvement in headline inflation will be welcomed, **the key will lie in terms of the three core measures that ticked higher in the June report.** Will that evidence of bottoming downsides hold into July and, more importantly, on a trend basis over coming months? By year-end, it's eminently feasible that Canada will face headline CPI inflation of 1.5%+ in year-ago terms and with the average of the core measures tracking similarly. By 2019H2 we expect both yardsticks to be converging upon 2% and with wage growth easily double the present pace in my opinion through a combination of the dissipating income effect of the commodity shock, tightening labour markets, faster productivity gains than elsewhere and large minimum wage hikes in Ontario and Alberta. Improved inflation and wage readings won't be alarming by any means, but they reinforce the argument that there is no need for emergency monetary policy conditions. Monetary policy needs to sterilize some of the monetary and fiscal policy overshoot that in 2015 (monetary policy) and into 2016 (fiscal policy) over-reacted to the decline in commodity prices and US election rhetoric in such fashion as to supercharge Canadian growth that is in need of cooling influences lest future imbalances short-circuit the Canada resilience theme.

Walking down the dovish side of the street will be manufacturing sales figures for June that arrive on Thursday. We already know that export values plunged by 4.3% m/m in June although almost two-thirds of this was just due to price effects. The breadth of the decline in export values was also notable as 9 of 11 subsectors fell including categories that are keys to the manufacturing report. That should translate into a fairly hefty drop in the value of manufacturing shipments and milder decline in the volume of shipments. The domestic economy and its pull effect on manufacturers may moderate some of how the decline in exports translates into total manufacturing sales. Having said all of that, June was just a moderation of a very solid trend that carried export volumes 12.2% higher in Q2 over Q1 at a seasonally adjusted and annualized rate while manufacturing shipment volumes likely stalled out in Q2 after posting over 7% growth in Q1.

Housing data is also likely to be more dovish on the resale side of the equation than the recent new home construction figures. It will include Monday's repeat-sales Teranet price gauge and existing home sales during July on Tuesday. Large declines in Toronto and other cities across Ontario had dragged down nationwide sales by 6.7% m/m the prior month and the effect will be ongoing in next week's figures. Rule tightening by the Ontario government that dinged the foreign buyers' segment in particular carried a small direct effect by the government's own estimates that concluded, after the fact, that the foreign buyers' segment was only about one-twentieth of total sales, but the negative signalling effect to domestic buyers dragged the market down and negatively impacted recent domestic buyers. Other solid underlying housing market fundamentals were otherwise unchanged. Ergo, much of the damage may well be reaching a crescendo as a transitory drag. The Toronto Real Estate Board reported that July's sales were down by 40.4% y/y which is a minimal further weakening from the -37.7% y/y drop in June. In seasonally unadjusted terms, Toronto's sales totalled 5,831 units in July for the weakest sales tally for the month of July since 2002. This 27% m/m drop will be larger in seasonally adjusted terms given that July is typically a soft month and as such it will exceed the 15.1% m/m seasonally adjusted sales drop in June.

NAFTA renegotiations start off with a cabinet level dinner in Washington on Wednesday night and will likely be relatively uneventful until later in the year. Canada's Minister of Foreign Affairs Chrystia Freeland is expected to lay out Canada's NAFTA negotiating position on Monday. Then the biggest thing to watch in the short-term will be what's on the dinner menu, whether the choices fairly represent regional cuisines and who wore what to dinner. Negotiations are likely to start off slowly and then move more aggressively to sensitive sectors like autos and dairy by October. A very ambitious and packed schedule of seven negotiating rounds by year-end to conclude a renewed agreement by early 2018 will encounter multiple hurdles. One is that by early next year the US Congress will be moving more decidedly into campaigning ahead of the November mid-term elections. Two is that Mexico's general election will be on Canada Day next year (July 1st). Current President Enrique Peña Nieto cannot run again but his ruling, centrist Institutional Revolutionary Party (PRI) that has ruled for much of Mexico's modern history is the underdog in present polling. The PRI recently polled just 17% support across eligible decided voters in a survey done by the Reforma newspaper. The left wing MORENA party garnered 28% support and the center-right National Action Party polled at 23%. A hard line in negotiations by the US will only play to left wing Mexican opposition and risk derailing talks that could make or break candidates in Mexico's election just months after the ambitious negotiating timeline. I fail to see how it could be in U.S. interests to destabilize Mexico and amplify the country's political risks versus how a more prosperous Mexico could over time be a win-win scenario for both countries. Canada itself will face another general election on or before October 21st 2019 as the Trudeau administration and opposition parties swing into late-term campaign mode commencing next year. Provincial elections will also be a consideration as Ontario's Liberal government faces a re-election bid on or before June 7th 2018, Quebec's election will be October 1st 2018, New Brunswick will go to the polls on September 24th next year and Alberta's voters will march to the polls on or before May 31st 2019 followed by Newfoundland and Labrador and PEI in October of 2019.

Only 10 TSX firms release earnings reports over the coming week including Metro. **The week after will heat things up on the earnings calendar when the large domestic banks report** starting with RBC on the 23rd, CIBC the next day, BNS (my employer) on the 29th along with BMO and Laurentian and then National on the 30th and TD on the 31st. Canada conducts a 30 year auction on Wednesday.

UNITED STATES — RELATIVELY SOON, OR NOT

Geopolitical risks to markets presented by how North Korea's behaviour conditions the Trump administration's response may well overshadow all other developments over the coming week. Please refer to the Asian week ahead section for more on the key milestones to watch for. **US data risks will otherwise combine with Federal Reserve communications to incrementally inform growth tracking and monetary policy risks.**

Wednesday's minutes to the July 26th FOMC meeting will be parsed for a further indication of exactly how to interpret the words "relatively soon" that were codified in the statement in reference to when to expect the implementation of plans to begin reducing bond reinvestment flows. The conditionality around such guidance may be expanded upon beyond the statement's "provided that the economy evolves broadly as anticipated" guidance. Our interpretation is that "relatively soon" means implementation at the September 20th meeting but that has to be conditioned not just upon the domestic economy but also upon geopolitical developments that could be damaging to markets and the risk of a government shutdown that already set a precedent in halting the Fed's taper plans in 2013. I don't accept that reinvestment reductions should occur under either the scenario of accelerated geopolitical risks or when fiscal policy is damaging the economy.

Retail sales (Tuesday) are expected to post firmer growth in a rebound from the June numbers. **Industrial sector data** will include the Philly Fed gauge on Thursday, industrial output in July again on Thursday and the Empire manufacturing gauge on Tuesday. **Housing starts** will struggle to keep up the momentum set by an 8.3% m/m rise in June when July figures arrive on Wednesday. **The University of Michigan's consumer sentiment** reading for August closes out the week's hits and the issue here is whether the two-month decline in expectations continues.

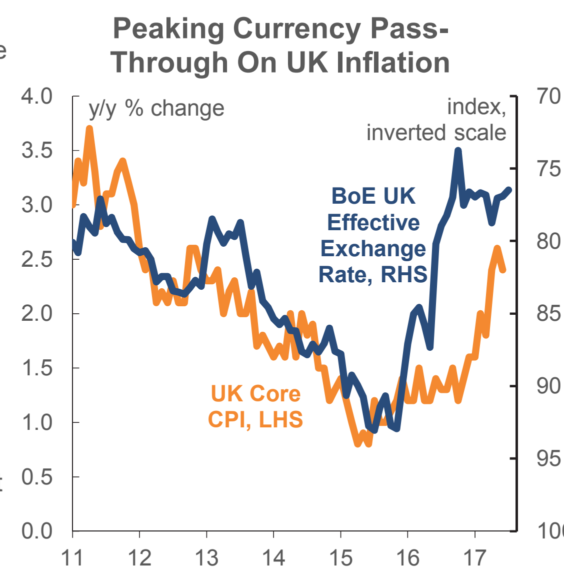
Earnings risk will remain light with just 20 S&P500 firms on tap, but notable names are focused upon the retail sector including Home Depot, Target and Wal-Mart.

EUROPE — GERMAN GROWTH, UK INFLATION SHOULD BOTH PEAK OVER 2017H2

UK inflation and German GDP will be the main risks across European markets over the coming week. Neither is likely to carry global consequences to markets. In fact, even the European market consequences could easily be overshadowed by developments abroad such as geopolitical risks centered on North Korea.

After slipping a touch in the June report, **UK CPI and core CPI are expected to resume an upward drift** to gently higher readings in next Tuesday's prints for the month of July. The ongoing lagged effects of currency pass-through have been raising imported inflation. Since the Brexit vote outcome in June of last year, pound sterling has depreciated by almost 13% versus the dollar and almost 16% versus the euro. Consensus expects CPI to crest at around 3% by year-end before the pressure begins to dial back over 2018. One motivating factor for this expectation is that pound sterling has appreciated by about 7% versus the dollar since its low point in January of this year in what has been a bad year for the greenback, and sterling has fallen against most major currencies with the notable exception of the euro. In broad effective exchange rate terms, the effects of past currency weakness on CPI should ebb in 2018 (chart 3).

Chart 3



Sources: Scotiabank Economics, U.K. Office for National Statistics, Bank of England.

UK retail sales volumes (Thursday) for the same month of July are expected to face downside risk in the wake of the solid gain in June and a flat print seems plausible. That would continue the oscillating pattern of sizeable gains followed by sizeable losses that has been in place for most of this year.

Germany's economy probably clocked another impressive quarter in Q2. GDP growth at a similar pace to the 0.6% q/q non-annualized but seasonally adjusted gain in Q1 is a reasonable expectation. So is a cooling trend that sets in following what may be a near-term peak in growth rates if recently softening survey indicators continue to wane. Recall that the composite purchasing managers' index has fallen by 2.7 points to a still-robust 54.7 reading in July. The ZEW investor expectations gauge has slipped by about 3 points over the same period of the past couple of months but the IFO business expectations measure has continued to climb to the highest level since early 2014.

Other updates will include Eurozone CPI revisions for July on Thursday, the Eurozone add-up for industrial production on Monday and the Eurozone Q2 GDP revision on Wednesday that incorporates the German (Tuesday) and Italian (Wednesday) figures.

Swedish CPI for July (Tuesday) may moderately further inform risks facing monetary policy but the central bank is universally expected to remain on hold until well into 2018.

LATIN AMERICA — CRY FOR ARGENTINA?

A rate decision by Chile's central bank, a pair of GDP reports from Chile and Colombia and Argentina's primaries will spice things up a little across Latin American markets and offer domestic risks to complement external factors.

Could former President Cristina Fernandez de Kirchner be making a comeback in Argentina and in such fashion as to ultimately mitigate if not thwart progress being made by the current reformist President Mauricio Macri? Markets will learn more about this risk following Sunday's Open and Mandatory Primaries ahead of the October 22nd Congressional election. Some expect Fernandez de Kirchner to win in her quest for a seat in the Senate representing the key Buenos Aires province on Sunday. A recent poll showed Fernandez de Kirchner holding 37.4% of support versus her opponent and President Macri's candidate at 34.1%. If Fernandez de Kirchner wins—and particularly if she wins by a solid margin—then the peso is widely expected to be in for a rough ride to start the week. Indeed, it already has been over recent months. Since early May when it began depreciating, the Argentine peso has been the worst-performing currency cross versus the USD not only across Latin American markets (chart 4) but across the world and has lost about 13% of its value over this period.

Chart 4

Sources: Scotiabank Economics, Bloomberg.

Chile's central bank is expected to leave its policy rate at 2.5% on Thursday. Banco Central de Chile has already guided that it sees the recent softening of inflation readings as a transitory soft patch before inflation rises back to 3% in 2018 while growth performs in line with expectations. The latest growth reading for Q2 lands the morning after the rate decision. Recent inflation appears to have stabilized at 1.7% y/y following a sharp multi-year deceleration from a peak of nearly 6% in late 2014. The central bank targets inflation of 3% +/-1%.

Colombia also releases Q2 GDP growth next Tuesday. After a small dip in Q1 of -0.2%, the economy is expected to rebound with growth of about ½% in seasonally adjusted quarter-ago terms. That would still leave the year-ago rate at a subdued 1.2% following a rapid slowdown over recent years.

Brazil and Colombia will also update retail sales figures for June on Tuesday and Monday, respectively, and Colombia refreshes industrial output for June on Monday.

Key Indicators for the week of August 14 – 18

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	08/14	08:30	Teranet - National Bank HPI (y/y)	Jul	--	--	14.2
US	08/15	08:30	Empire State Manufacturing Index	Aug	--	10.0	9.8
US	08/15	08:30	Export Prices (m/m)	Jul	--	0.1	-0.2
US	08/15	08:30	Import Prices (m/m)	Jul	--	0.1	-0.2
US	08/15	08:30	Retail Sales (m/m)	Jul	0.3	0.4	-0.2
US	08/15	08:30	Retail Sales ex. Autos (m/m)	Jul	0.3	0.4	-0.2
CA	08/15	09:00	Existing Home Sales (m/m)	Jul	--	--	-6.7
US	08/15	10:00	Business Inventories (m/m)	Jun	--	0.4	0.3
US	08/15	10:00	NAHB Housing Market Index	Aug	--	64.0	64.0
US	08/15	16:00	Total Net TIC Flows (US$ bn)	Jun	--	--	57.3
US	08/15	16:00	Net Long-term TIC Flows (US$ bn)	Jun	--	--	91.9
US	08/16	07:00	MBA Mortgage Applications (w/w)	AUG 11	--	--	3.0
CA	08/16	08:30	International Securities Transactions (C$ bn)	Jun	--	--	29.5
US	08/16	08:30	Building Permits (000s a.r.)	Jul	--	1250	1275
US	08/16	08:30	Housing Starts (000s a.r.)	Jul	1205	1225	1215
US	08/16	08:30	Housing Starts (m/m)	Jul	-0.8	0.8	8.3
CA	08/17	08:30	Manufacturing Shipments (m/m)	Jun	-1.5	-1.0	1.1
US	08/17	08:30	Initial Jobless Claims (000s)	AUG 12	240	240	244
US	08/17	08:30	Continuing Claims (000s)	AUG 5	1950	--	1951
US	08/17	08:30	Philadelphia Fed Index	Aug	20	19.0	19.5
US	08/17	09:15	Capacity Utilization (%)	Jul	--	76.7	76.6
US	08/17	09:15	Industrial Production (m/m)	Jul	0.3	0.3	0.4
US	08/17	10:00	Leading Indicators (m/m)	Jul	--	0.3	0.6
CA	08/18	08:30	Core CPI - Common (y/y)	Jul	--	--	1.4
CA	08/18	08:30	Core CPI - Median (y/y)	Jul	--	--	1.6
CA	08/18	08:30	Core CPI - Trim (y/y)	Jul	--	--	1.2
CA	08/18	08:30	CPI, All items (m/m)	Jul	-0.1	0.0	-0.1
CA	08/18	08:30	CPI, All items (y/y)	Jul	1.2	1.2	1.0
CA	08/18	08:30	CPI, All items (index)	Jul	--	--	130.4
US	08/18	10:00	U. of Michigan Consumer Sentiment	Aug P	94.5	94.0	93.4

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
PO	08/14	04:30	Real GDP (q/q)	2Q P	--	0.60	1.00
EC	08/14	05:00	Industrial Production (m/m)	Jun	--	-0.5	1.3
EC	08/14	05:00	Industrial Production (y/y)	Jun	--	2.8	4.0
GE	08/15	02:00	Real GDP (q/q)	2Q P	--	0.7	0.6
UK	08/15	04:30	CPI (m/m)	Jul	--	0.0	0.0
UK	08/15	04:30	CPI (y/y)	Jul	--	2.7	2.6
UK	08/15	04:30	PPI Input (m/m)	Jul	--	0.4	-0.4
UK	08/15	04:30	PPI Output (m/m)	Jul	--	0.0	0.0
UK	08/15	04:30	RPI (m/m)	Jul	--	0.1	0.2
UK	08/15	04:30	RPI (y/y)	Jul	--	3.5	3.5
IT	08/16	04:00	Real GDP (q/q)	2Q P	--	0.4	0.4
PD	08/16	04:00	GDP (y/y)	2Q P	--	3.80	4.00
UK	08/16	04:30	Average Weekly Earnings (3-month, y/y)	Jun	--	1.8	1.8
UK	08/16	04:30	Employment Change (3M/3M, 000s)	Jun	--	96.0	175.0
UK	08/16	04:30	Jobless Claims Change (000s)	Jul	--	--	5.9
UK	08/16	04:30	ILO Unemployment Rate (%)	Jun	--	4.5	4.5
EC	08/16	05:00	GDP (q/q)	2Q P	--	0.6	0.6
UK	08/17	04:30	Retail Sales ex. Auto Fuel (m/m)	Jul	--	0.1	0.9
UK	08/17	04:30	Retail Sales with Auto Fuel (m/m)	Jul	--	0.2	0.6
EC	08/17	05:00	CPI (m/m)	Jul	--	-0.5	-0.5
EC	08/17	05:00	CPI (y/y)	Jul F	--	1.3	1.3
EC	08/17	05:00	Euro zone Core CPI Estimate (y/y)	Jul F	--	1.2	1.2
EC	08/17	05:00	Trade Balance (€ mn)	Jun	--	25.0	21.4
GE	08/18	02:00	Producer Prices (m/m)	Jul	--	0.0	0.0
EC	08/18	04:00	Current Account (€ bn)	Jun	--	--	30.1
IT	08/18	04:00	Current Account (€ mn)	Jun	--	--	3261.4

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

Key Indicators for the week of August 14 – 18

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
NZ	08/13	18:45	Retail Sales Ex Inflation (q/q)	2Q	--	0.7	1.5
JN	08/13	19:50	GDP (q/q)	2Q P	0.5	0.6	0.3
JN	08/13	19:50	GDP Deflator (y/y)	2Q P	--	-0.5	-0.8
CH	08/13	22:00	Fixed Asset Investment YTD (y/y)	Jul	8.5	8.6	8.6
CH	08/13	22:00	Industrial Production (y/y)	Jul	7.0	7.1	7.6
CH	08/13	22:00	Retail Sales (y/y)	Jul	10.7	10.8	11.0
IN	08/14	02:30	Monthly Wholesale Prices (y/y)	Jul	--	1.4	0.9
IN	08/14	08:00	CPI (y/y)	Jul	2.0	2.0	1.5
AU	08/14	21:30	New Motor Vehicle Sales (m/m)	Jul	--	--	1.2
ID	AUG 14-15		Exports (y/y)	Jul	--	37.1	-11.8
ID	AUG 14-15		Imports (y/y)	Jul	--	33.5	-17.2
ID	AUG 14-15		Trade Balance (US$ mn)	Jul	--	1103	1631
PH	AUG 14-15		Overseas Remittances (y/y)	Jun	--	5.5	5.5
JN	08/15	00:30	Capacity Utilization (m/m)	Jun	--	--	-4.1
JN	08/15	00:30	Industrial Production (y/y)	Jun F	4.9	--	4.9
AU	08/15	21:30	Wage Cost Index (q/q)	2Q	--	0.5	0.5
TH	08/16	03:05	**BoT Repo Rate (%)**	**Aug 16**	**1.50**	**1.50**	**1.50**
NZ	08/16	18:45	Producer Price - Inputs (q/q)	2Q	--	--	0.9
NZ	08/16	18:45	Producer Price - Outputs (q/q)	2Q	--	--	1.4
JN	08/16	19:50	Merchandise Trade Balance (¥ bn)	Jul	--	353.6	439.8
JN	08/16	19:50	Adjusted Merchandise Trade Balance (¥ bn)	Jul	--	196.3	81.4
JN	08/16	19:50	Merchandise Trade Exports (y/y)	Jul	--	13.4	9.7
JN	08/16	19:50	Merchandise Trade Imports (y/y)	Jul	--	17.3	15.5
SI	08/16	20:30	Exports (y/y)	Jul	--	10.3	8.2
NZ	08/16	21:00	ANZ Consumer Confidence Index	Aug	--	--	125.4
AU	08/16	21:30	Employment (000s)	Jul	--	20.0	14.0
AU	08/16	21:30	Unemployment Rate (%)	Jul	5.6	5.6	5.6
PH	08/16	22:00	Real GDP (y/y)	2Q	6.2	6.4	6.4
HK	AUG 16-17		Composite Interest Rate (%)	Jul	**--**	**--**	**0.3**
JN	AUG 16-21		Nationwide Department Store Sales (y/y)	Jul	--	--	1.4
HK	08/17	04:30	Unemployment Rate (%)	Jul	--	3.2	3.1
PH	AUG 17-18		Balance of Payments (US$ mn)	Jul	--	--	-569
PH	AUG 17-31		Budget Deficit/Surplus (PHP bn)	Jul	--	--	-91
MA	08/18	00:00	Current Account Balance (MYR bns)	2Q	--	5.6	5.3
MA	08/18	00:00	GDP (y/y)	2Q	5.0	5.3	5.6
TA	08/18	04:00	Real GDP (y/y)	2Q F	2.1	2.1	2.1

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CO	08/14	11:00	Retail Sales (y/y)	Jun	--	0.8	-0.5
BZ	08/15	08:00	Retail Sales (m/m)	Jun	--	0.2	-0.1
BZ	08/15	08:00	Retail Sales (y/y)	Jun	--	1.1	2.4
CO	08/15	12:00	GDP (y/y)	2Q	--	1.2	1.1
PE	08/15		Economic Activity Index NSA (y/y)	Jun	3.0	--	3.4
PE	08/15		Unemployment Rate (%)	Jul	--	--	6.9
BZ	08/17	07:30	Economic Activity Index SA (m/m)	Jun	--	--	-0.5
BZ	08/17	07:30	Economic Activity Index NSA (y/y)	Jun	--	--	1.4
CL	08/17	17:00	**Nominal Overnight Rate Target (%)**	**Aug 17**	**2.50**	**2.50**	**2.50**
CL	08/18	07:30	GDP (q/q)	2Q	--	--	0.2
CL	08/18	07:30	GDP (y/y)	2Q	0.9	1.0	0.1
CO	08/18	11:00	Trade Balance (US$ mn)	Jun	--	--	-186.4

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

Global Auctions for the week of August 14 – 18

NORTH AMERICA

Country	Date	Time	Event
CA	08/16	12:00	Canada to Sell 30-Year Bonds

EUROPE

Country	Date	Time	Event
IC	08/18	06:30	Iceland to Sell Bonds

ASIA-PACIFIC

Country	Date	Time	Event
CH	08/14	21:30	Shaanxi to Sell Bonds
CH	08/14	22:30	Shaanxi to Sell Bonds
CH	08/15	23:00	China Plans to Sell 7-Year Upsized Government Bond
NZ	08/16	22:05	New Zealand Plans to Sell NZD200 Mln 2.75% 2025 Bonds
JN	08/16	23:45	Japan to Sell 5-Year Bonds
CH	08/17	23:00	China Plans to Sell 30-Year Upsized Government Bond

LATIN AMERICA

Country	Date	Time	Event
BZ	08/17	11:00	Brazil to Sell Fixed Rate Bonds

Source: Bloomberg, Scotiabank Economics.

Events for the week of August 14 – 18

NORTH AMERICA

Country	Date	Time	Event
CA	08/14	10:00	Canada Foreign Minister gives speech on Nafta in Ottawa
US	08/15		Vice President Pence Visits Argentina
US	08/16	14:00	**FOMC Meeting Minutes**
US	08/17	13:00	Fed's Kaplan Speaks in Lubbock, Texas
US	08/18	10:15	Fed's Kaplan Speaks in Dallas

EUROPE

Country	Date	Time	Event
GE	08/12	06:00	Merkel Opens Final Phase of German Election Campaign
GE	08/13	13:10	SPD Candidate Schulz Gives Interview to ZDF Television
GE	08/14	11:00	Schaeuble Addresses CDU Campaign Rallies in Eastern Germany
EC	08/17	07:30	ECB account of the monetary policy meeting
IR	08/18		Ireland Sovereign Debt to be rated by DBRS

ASIA-PACIFIC

Country	Date	Time	Event
AU	08/13	19:35	RBA's Kent Gives Speech in Sydney
AU	08/14	21:30	RBA Aug. Rate Meeting Minutes
TH	08/16	03:05	**BoT Benchmark Interest Rate**
JN	08/16	21:00	Bloomberg Aug. Japan Economic Survey
AU	08/16	21:30	RBA FX Transactions Market
HK	08/16	00:00	Composite Interest Rate
AU	08/16	00:00	RBA's Ellis Gives Speech in Canberra

LATIN AMERICA

Country	Date	Time	Event
CL	08/17	17:00	**Overnight Rate Target**

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	0.75
Federal Reserve – Federal Funds Target Rate	1.25	September 20, 2017	1.25	1.25
Banco de México – Overnight Rate	7.00	September 28, 2017	7.00	--

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	0.00	September 7, 2017	0.00	--
Bank of England – Bank Rate	0.25	September 14, 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	September 15, 2017	9.00	--
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	September 14, 2017	--	--

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	September 21, 2017	-0.10	--
Reserve Bank of Australia – Cash Target Rate	1.50	September 5, 2017	1.50	1.50
Reserve Bank of New Zealand – Cash Rate	1.75	September 27, 2017	1.75	1.75
People's Bank of China – Lending Rate	4.35	TBA	--	--
Reserve Bank of India – Repo Rate	6.00	October 4, 2017	6.00	--
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	August 22, 2017	4.75	--

Monetary policymakers of the **Bank of Thailand** will meet on August 16. We expect that they will leave the benchmark interest rate unchanged at 1.50% over the coming quarters. Inflationary pressures remain absent in Thailand with the headline inflation rate at 0.2% y/y in July, below the central bank's medium-term inflation target of 2.5% y/y ±1.5%-point.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	9.25	September 6, 2017	9.25	--
Banco Central de Chile – Overnight Rate	2.50	August 17, 2017	2.50	2.50
Banco de la República de Colombia – Lending Rate	5.50	August 31, 2017	5.50	--
Banco Central de Reserva del Perú – Reference Rate	3.75	September 14, 2017	3.75	--

Banco Central de Chile: We expect a policy hold at an unchanged overnight rate of 2.5%. The central bank has guided that it views soft inflation as transitory while growth is performing in line with expectations which combines to suggest a monetary policy holding pattern.

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	6.75	September 21, 2017	7.00	--

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