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GLOBAL ECONOMICS
THE GLOBAL WEEK AHEAD

September 16, 2016

A DAY THAT COULD MAKE OR BREAK MARKETS

FEATURE ARTICLES

FORECASTS & DATA

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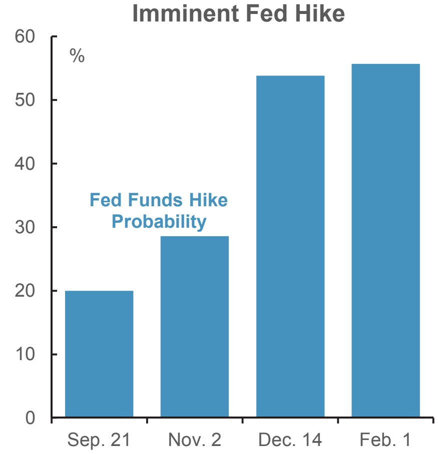
Next Week's Risk Dashboard

- Fed
- BoJ
- Eurozone PMIs
- ECB's Draghi
- BoC's Poloz
- CDN CPI, retail sales
- US housing
- BI, RBNZ, Norges, Philippines
- Chinese property prices
- Argentina's GDP

Chart of the Week

Markets Don't Believe In An Imminent Fed Hike



Source: Scotiabank Economics, Bloomberg.

Chart of the Week: Prepared by: Raffi Ghazarian, Senior Research Assistant.

A Day That Could Make Or Break Markets

The prime focal points for global markets next week will both land on Wednesday when the Bank of Japan and the Federal Reserve issue policy decisions and forecasts within about a dozen hours from one another. Bet they didn't think their back-to-back same-day meetings would matter this much when the 2016 meeting schedules were set. The meetings hold out the prospect of affecting the global market tone across all asset classes throughout the duration of 2016 and perhaps beyond. Indecision or indifference and poor communication across key central banks have left markets wondering whether years of being conditioned to purchase assets on central bank guidance is now going through a fundamental reassessment. Are they giving up? Playing chicken with governments demanding that other policy tools take over? Losing faith in their own initiatives? I don't think such fears will be realized more fully and don't believe central banks have halted stimulus expansion. We'll find out from a pair of first-tier CBs and a number of other Asian central banks next week. With this in mind, we offer our expectations for both the Fed and BoJ meetings on page 7 and 6 with summaries of key expectations incorporated into the relevant sections below.

UNITED STATES — A DOVISH SURPRISE FROM THE FED?

Because it is one of the two main events on the global calendar of market risks next week, page 7 provides a fuller perspective on what is expected from Wednesday afternoon's FOMC statement and revised projections (2pmET) and Chair Yellen's press conference (2:30pmET). In a nutshell, I think the risk is more skewed toward a dovish surprise than a hawkish one. The Fed is not expected to hike at this meeting, the dots will likely be downgraded again to show one hike expected this year and a lower 2017 end-point, growth for 2016 has to be revised down somewhat, and much of the rest of the communication is likely to be along the lines of what has been said fairly recently by Yellen and Governor Brainard.

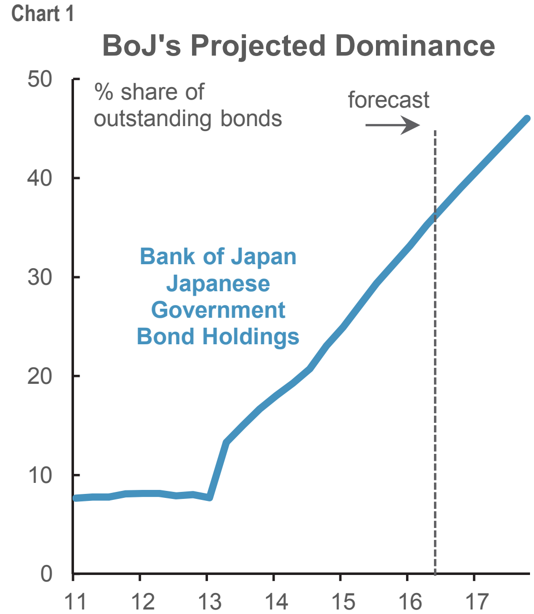
The rest of the week's developments will pale by comparison. After the communications black-out lifts, we'll hear from three regional Fed Presidents who share a panel at a Philadelphia Fed conference including Philly Fed President Patrick Harker (nonvoting), Cleveland's Loretta Mester (voting) and Atlanta Fed President Dennis Lockhart (nonvoting) who recently announced his pending retirement. Data risk will be confined to relatively minor housing data including starts (Tuesday) and resales (Thursday). The US Treasury auctions 10 year TIPS in a reopening.

ASIA — HIGH EXPECTATIONS FOR FURTHER BoJ ACTION

I have invited our Singapore-based Asia-focused senior economist Tuuli McCully to share her **expectations for the Bank of Japan's policy meeting** next Wednesday on page 6 of the *Global Week Ahead*. The decision and ensuing press conference by Governor Kuroda at 2:30amET that day precedes potentially more central bank fireworks when the Fed issues its policy decision and forecasts at 2pmET and Chair Yellen hosts her press conference just twelve hours after Kuroda's. This in itself is a point that bears observing in that, while we expect further stimulus as argued by McCully, a risk is that the BoJ may wish to see the aftermath of the Fed meeting and reconvene later. Arguing against this view, however, is that at its July meeting, the BoJ set high expectations for this coming meeting by promising to deliver a full examination of programs and policies to date and a revised forecast outlook. To present all of that and then wait for the Fed would be a tad anti-climactic to say the least and could send a conflicting message that they want to see what the yen does versus the dollar following the Fed, when publicly — against widespread cynicism — they have refused to admit they are focused upon the currency. Is policy conditioned on what the BoJ thinks of its own programs, economy and markets, or conditioned upon frankly poor communication at the Federal Reserve?

To summarize, McCully expects all or some combination of another rate cut on commercial banks' reserves further into negative territory, a negative rate on BoJ loans to financial institutions that would emulate

Chart 1



Source: Bloomberg, Scotiabank Economics.

the ECB's policy that was announced in March, some form of 'twist' applied to the JGB curve that would reflect less buying of the longer end and more concentrated purchases in the belly of the curve, and potentially a broadening of asset purchase targets to include more ETF purchases (indirect buying of the stock market) and corporate bonds. She thinks the markets may be primed for more than that — like 'helicopter money' in the form of deficit bond purchases versus generally downplayed funding of household rebates — and that they will be disappointed. A rising if not ultimately dysfunctional share of JGBs held by the BoJ likely requires other options outlined above instead of accelerating JGB purchases (chart 1).

The day after the BoJ, three other regional central banks will weigh in with their own decisions. They include the Reserve Bank of New Zealand, Bank Indonesia, and Bangko Sentral ng Pilipinas. Their own policy decisions may in turn depend upon what the BoJ does. Major BoJ stimulus that debases the yen and pushes flows into higher-yielding economies like New Zealand, Indonesia and the Philippines could meet with countervailing responses and resurrect talk of currency wars among central banks. That said, each central bank has its own set of factors to consider.

- **The RBNZ is widely expected to remain on hold** at a policy rate of 2%. GDP growth of 0.9% q/q and 3.6% y/y in the second quarter hardly screamed out for additional stimulus.

- **Bank Indonesia Deputy Governor Perry Warjiyo recently indicated a readiness to ease monetary policy** in order to stimulate credit demand. **Governor Agus Martowardojo said he still sees room to ease** but speculation upon how it might do so runs the gamut from either cutting the reserve ratio requirement or the benchmark 7-day reverse repo rate to using macroprudential tools. BI has used several tools to ease policy last year and this year. They cut the benchmark rate by a full percentage point over the first half of 2016 before shifting to a new 7 day reverse repurchase rate as a more effective way of transmitting monetary policy through lending channels. BI also cut the reserve ratio requirement by 1.5 percentage points over the past year and a half.

- **Bangko Sentral ng Pilipinas Governor Amando Tetangco** recently stated that "policymakers have sufficient space to address these risks" in response to grilling over the impact of oil prices and weather disturbances. This is one central bank that hasn't done a whole lot over time as its last policy move was a rate hike in September 2014.

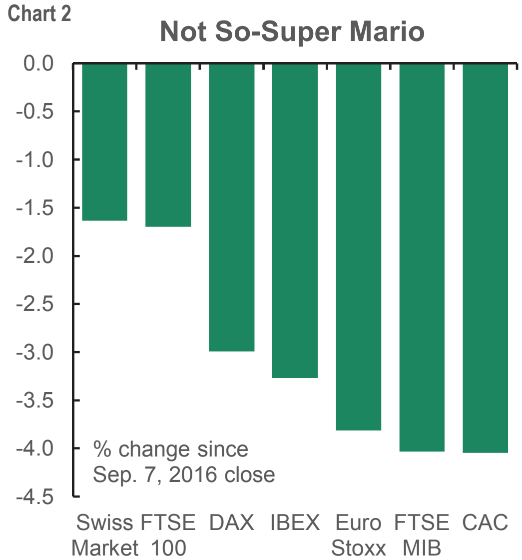
- In this context of shift policies abroad, minutes from the last meeting of the Reserve Bank of Australia may be treated as a tad stale.

Regional macro data risk should be fairly light — thank heavens — as central bankers dominate the near-term market outlook. **Chinese property prices** will start the week and **Japan issues its latest export figures** for August on game day at the BoJ.

EUROPE — STILL NOT LOOKING AT THE RIGHT BREXIT EVIDENCE

Somehow every data print that lands in Europe these days is scrutinized for immediate evidence of Brexit effects. Dang Twitter users and their need for immediate evidence! The problem is that much of the focus has been upon the wrong indicators, just because they are of the higher frequency and more readily available variety. Brexit is a negative shock to the investment and trade prospects across Europe. This shock will take some time to evolve and the course of event risk ranging from European elections to an Article 50 application and ensuing negotiations will determine the exact path ahead. Along that path, however, why invest in the UK if the purpose is to serve Europe? Why invest in Europe if the purpose is to serve the UK? An investment moratorium slapped upon both the UK and Eurozone economies that are most exposed to the UK would appear sensible to expect on the theory that businesses don't like uncertainty and uncertainty abounds over what rules of the game may transpire in the negotiations that lie ahead. What trade regime? What investment policies? How will the financial services sector be affected especially in terms of

Chart 2



Source: Bloomberg, Scotiabank Economics.

euro business? Overwhelmingly, this is an investment-led shock that then risks triggering spillover effects across other variables. Hit investment first, then jobs and incomes, and then watch retail sales. One household sector variable that is reacting swiftly is housing market confidence, the latest evidence of which is likely to be Rightmove house prices in September to start the week. But evidence of recent strength in retail sales is hardly surprising since nothing much has happened to household cash flow drivers. Whether this remains the case will take time to evaluate with **the risk being that overly sanguine posturing by the 'leave' camp now may come to rival the inappropriateness of the 'remain' camp's dire warnings about the immediate post-Brexit effects.**

Enter Eurozone purchasing managers' surveys at the end of next week. They are September readings, and they will get the same post-Brexit analysis for immediate signs of doom or prosperity in the new European order. Did purchasing managers slow their activity in new orders or possibly grind to a halt? Probably not. The Eurozone economy is less exposed to the UK than vice versa. Plus, being an investment-led shock, company purchasing decisions may follow — not lead — the investment shock. The surveys will most assuredly be a mixture of competing interpretations across individual countries' manufacturing and service sectors.

ECB President Mario Draghi speaks on Thursday following his not-so-Super-Mario performance on September 8th that arguably started much of the market turmoil (chart 2). The risk that his comments are relevant to assessing ECB policy directions is downplayed by virtue of the fact that he will speak in his capacity as Chair of the Systemic Risk Board. My personal belief remains that it's unlikely that the ECB will allow its present asset purchase program to simply wind down after March 2017 and that **additional ECB stimulus is only a matter of time** and will likely be delivered after markets accelerate their betting on the suspense surrounding this self-imposed deadline.

Following inaction at the latest ECB meeting, **Norges Bank** may not feel it has anything to do but watch next Thursday as it leaves its deposit rate at 0.5%. It should do so, with inflation running at 4% y/y and even core cpi at 3.3% y/y.

CANADA — HANDICAPPING A POLICY RE-THINK

The Bank of Canada's communications calendar has suddenly heated up, and it's going to get hotter yet over the next two weeks. They've got a story shift to tell and they want to make sure that you and I know all about it. In fact, there will be three speeches by the two top brass at the central bank before the next policy meeting on October 19th.

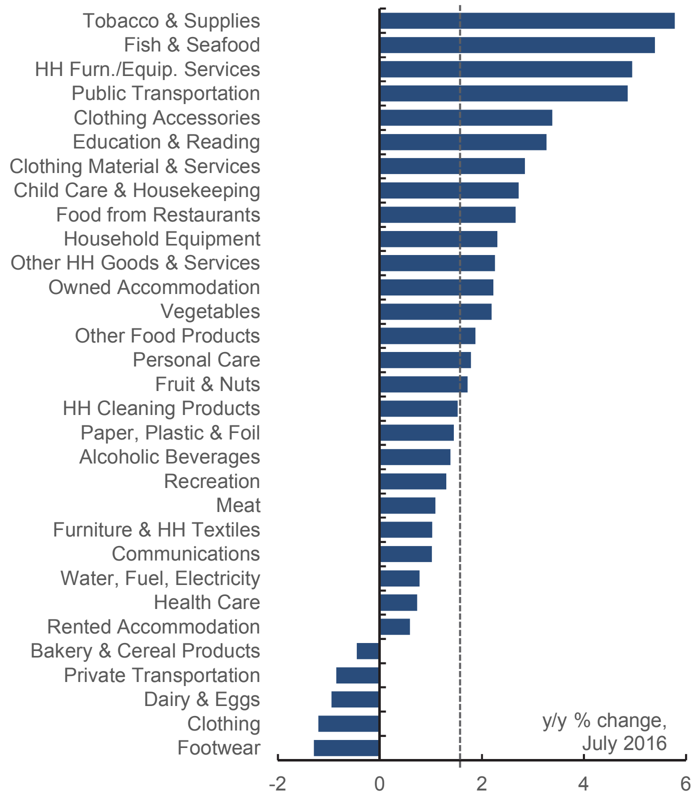
Governor Poloz will make two appearances within the span of one week and his Senior Deputy Governor Carolyn Wilkins — having just spoken — will then deliver another speech on October 6th. **Poloz's speech on Tuesday in Quebec City could be the main event on the domestic calendar of risks next week.** His comments will be on the wires at 12:35pmET when a media embargo lifts, and then he speaks at 12:50pmET followed by a full press conference and audience Q&A at 2:15pmET. The topic is "Living With Lower For Longer." Lower? Did somebody say 'Lower'? The timing of this speech is somewhat unfortunate to the extent that the Fed and BoJ meetings the very next day could materially influence global markets and a high beta currency like CAD; the speech thus risks becoming stale fairly soon after the cameras go home. Two days later, Canada auctions 2 year GoC bonds.

Poloz then speaks again in Bellingham, Washington State on Monday September 26th at 7:15pmET with remarks available at 7pm but no press conference. Therefore, Poloz speaks twice before the October 19th BoC meeting and revised forecasts which reinforces expectations he wants to do more work to prime the markets for a story-reset at the BoC than what he has already done. Wilkins speaks again on Thursday October 6th after having just spoken about "(S)low for Long and Financial Stability" on September 14th during which she repeated the BoC's emphasis upon lobbing the ball for further fiscal policy action to the Federal Government.

So what will Poloz say? Probably more of the same that he has communicated recently. Recent guidance to be "a lot more patient" on the Canadian economy reinforced a cautious recent bias. Since Poloz often releases research papers at the time of his major speeches, he may delve further into the export puzzle following a prolonged period of excess optimism on the export picture at the BoC. It's also likely Poloz will repeat Wilkins' message that reinforced the BoC's emphasis upon fiscal policy taking over. The message has been clear in that approaching the lower bound on rates requires fiscal policy to do more of the work to counter shocks and periods of low growth. That may be especially true given very little evidence that negative rates actually work and some evidence that they cause bigger troubles perhaps especially if applied within Canada's financial system. This being a country where monetary and fiscal policy makers generally avoid public controversies, beseeching governments to do more to stimulate the economy likely reflects a degree of advance coordination. That said, the effects of fiscal stimulus on growth have thus far been smaller than the international headlines would have one believe and so an implied call may be made for further action into the October Fall statement and the next Federal budget probably within 6-8 months. I don't expect policy guidance toward future monetary policy actions because (a) providing well- telegraphed forward guidance is not Poloz's style, and (b) most of their messaging generally seems consistent with a long policy hold at the present 0.5% overnight rate barring a major shock. Markets are assigning low probability to rate moves for a long time yet and with no clear conviction over the direction of any future moves. **Personally I remain of the view that market pricing of the BoC policy rate could begin to reassert some probability of easing by early 2017 if Q3 strength proves as transitory as Q2 weakness and renewed growth downsides reassert themselves thereafter.**

Chart 3

What Canadian Prices Are Rising?



Source: Scotiabank Economics, Statistics Canada.

In addition to BoC communications, Friday closes the week off with **a pair of semi-marquee releases: CPI for August and retail sales for July.** A small rise in core CPI (+0.2% m/m) is expected — not accounting for seasonality as per the Canadian market tendency that downplays the seasonally adjusted figures. That would leave the rate at about 2-2.1% y/y while headline inflation is expected to remain around the 1.3% y/y range. There is considerable breadth to price rises (chart 3). Because of a weak print for June, a decent rise in retail sales excluding autos is expected while keeping total retail sales little changed due to minimal change in seasonally adjusted auto sales that month. The real test may wait until the August-September figures or even longer in order to gauge the extent to which increased child benefit payments (the cheques began to be mailed out in late July) start to be spent or saved. Canada also releases wholesale trade figures for July on Wednesday that will complete an assessment of July GDP growth estimates.

LATIN AMERICA — POLITICAL RISK STILL DOMINATES

You think you find it challenging to sort through market directions and risks to the economy? Try dealing with all that you have to, and then layer on enormous political and economic risks on top of it all. That was apparent in discussions I had while meeting with clients in Brazil this week. Pick the country across LatAm markets, and political risk is superimposed upon all other global market considerations. Mexico? Trump and a challenged government with the peso as the best financial market variable to gauge US election probabilities. Brazil? Impeachment and the path to new elections in a couple of years. Argentina? Ongoing broadly-based reforms following a remarkably destabilizing period. There really isn't anything on the domestic LatAm calendars of data and event risk next week that matters in the face of such global and domestic political considerations.

If there is an exception, it may be a temporary one in the form of **Argentina's Q2 GDP** print on Thursday but only insofar as it fits into an ambitious mandate. Argentina remains mired in recession and the prior Q1 print showed a contraction of 0.7%. In a budget speech this past week, President Mauricio Macri projected 3.5% growth in 2017 to end the recession. His government deserves praise for acting quickly on reforms in vital areas but has much work yet to be done. We wish him luck for the sake of the country's citizens. **Mexican retail sales** are also on tap, and our Mexican economists led by Mario Correa expect sales to rise by a still-robust pace of 6% y/y.

Feature Article

Further Monetary Easing To Be Unveiled In Japan

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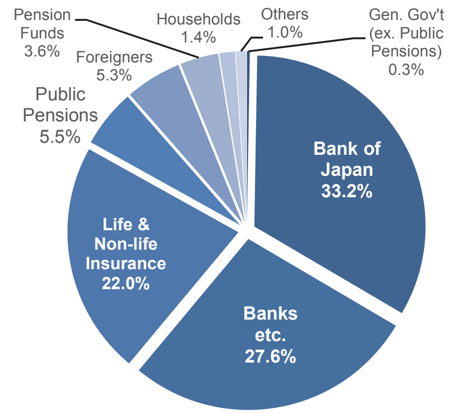
Market participants' attention next week will be drawn by the Bank of Japan's (BoJ) policy meeting on September 20th-21st, as expectations for further monetary stimulus are building. The BoJ is facing a challenging task to revive the Japanese economy and end deflation given that it operates in an environment where the effectiveness of its monetary policy tools and available policy space are questionable. The central bank has acknowledged that there is "considerable uncertainty" regarding Japan's inflation outlook given current global economic and financial market conditions. Since the July 28th-29th policy meeting, the BoJ has been conducting a comprehensive assessment of Japan's economic and price outlook under the existing monetary policy framework and studying the effects of quantitative easing and negative interest rates. The findings will be discussed next week and will determine the BoJ's monetary policy action.

Chart 1

Holders Of Japanese Government Bonds



Source: Ministry of Finance Japan, Scotiabank Economics.

We believe that next week's meeting will generate fine-tuning of the existing policy of "Quantitative and Qualitative Monetary Easing with a Negative Interest Rate" with additional stimulatory features. Given the strength of the Japanese yen and a pick-up in long-term bond yields in Japan in recent weeks, we think that the BoJ is pressed to ease monetary conditions decisively. In our view, further expansion of government bond purchases is not the most effective tool for stimulating the economy due to the BoJ's sizeable quantitative easing since the start of the program in April 2013. At present, the central bank holds a third of outstanding government debt securities (Chart 1). Instead, we expect the BoJ to act to lower medium-term bond yields (i.e. 3-5 years) by focusing its asset purchases on such maturities, as this would translate to reduced commercial borrowing costs more effectively. The BoJ's government bond holdings are currently rising at an annual pace of around ¥80 trillion. While we do not expect an increase to the amount bought, the central bank may adjust the target to make it more flexible by introducing a range. Alternatively, it may decide to move away from targeting purchases and focus on asset holdings instead, which would provide it with some additional policy room. While not our core expectation due questionable effectiveness, the BoJ has some other alternatives to tweak the asset purchase program. It can broaden it by including purchases of corporate bonds or buying exchange-traded funds in larger quantities. However, the former option would have limited success given Japan's relatively small corporate debt market, while the latter is challenging because it would add to existing market distortions caused by the BoJ's sizeable ownership of exchange-traded funds.

In addition to tweaks to the asset purchase program, we anticipate the BoJ to take the policy rate further into negative territory; nevertheless, given this measure's adverse impact on the banking sector's profits, any changes are likely to be modest. Currently, the BoJ applies an interest rate of -0.1% to financial institutions' excess deposits at the central bank; in our view, the rate will be taken to -0.15%. To counterbalance the margin-squeezing impact of the negative interest rate applied to banks' reserves, we think that the BoJ will introduce targeted measures for financial institutions to encourage bank lending; we expect it to set up a negative interest rate on its Loan Support Program, providing financial institutions with subsidized funds to be lent to their customers.

The BoJ's 2% y/y inflation target has faced much criticism lately as it seems unachievable by the current timeframe of fiscal year 2017 (April 2017-March 2018). Indeed, we do not anticipate inflation to meet its target in the foreseeable future given subdued wage growth and muted inflation expectations that reflect consumers' deflationary mindset. While we do not expect the BoJ to cut its target next week, it will likely opt for a more flexible stance and not stipulate an explicit timeline for reaching the 2% threshold.

Given limited policy options, it is possible that the BoJ will also consider more innovative policy measures next week, including a form of "helicopter money". Examples of such could include the government issuing non-marketable perpetual bonds with the BoJ buying them directly or authorities handing money directly to consumers, yet BoJ Governor Kuroda has stated that "helicopter money" is not an option. We assess that the next week's meeting outcome is set to disappoint markets without a significant creative twist to the existing monetary policy tool kit. Nevertheless, the reality is that short-term stimulus — both monetary and fiscal — will only buy time for implementation of structural reforms, which are the only sustainable way to support economic growth in the medium and long term and end persistent deflation.

Feature Article

A Dovish Surprise From The Fed?

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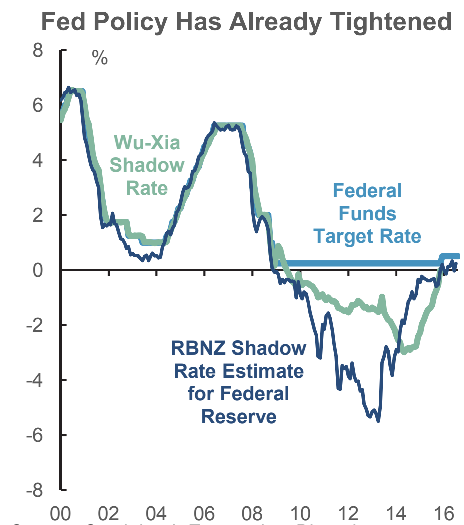
It is unlikely that the Federal Reserve will raise interest rates next week and almost equally unlikely they'll say anything further than what they've said of late. Little new information is likely to be forthcoming, and so the broad inference could serve to allay market fears that the Federal Reserve is shifting gears toward an imminently more aggressive hiking campaign after having raised interest rates only once thus far. Fed policy has already tightened (chart 1), money market rates have soared ahead of changing money market regulations (chart 2) and we're in a period of heightened market volatility that is testing the resolve of global central bankers. The risks to playing to such fears are as high as the reward to offering calm stewardship.

To hike in September would be counter to 'gradual' guidance. Markets are not priced for a hike, and the Fed has tended to be loathe to negatively surprise markets for years despite whatever they say about not being captive to financial markets. Markets are not priced for action because the Fed has done a poor job of communicating its intentions to markets through excess communication that has fundamentally conflicted with itself. A more concerted effort toward consistency in communications is needed to get markets on side. Further, the immediate reaction to a hike in September would be to interpret the Fed as being in a sudden rush, with bets on further tightening in December intensifying. Hiking twice in three meetings this year would not be a gradual pace of policy tightening.

On teeing up a rate hike at a forthcoming meeting, bear in mind that the next meeting (November 2nd) lies just days ahead of the US Presidential election — less than a week ahead in fact. It is also a meeting with no press conference or forecasts when such tools are likely to be appropriate in light of the next hike being only the second one this cycle following an extended pause since the first hike. The next FOMC meeting in December is so far away that teeing up a hike with codified certainty risks being negatively surprised by developments over the course of nearly three months. It is likely that the median projection of FOMC members downshifts from two hikes this year in the June projections to one hike in the dot plot, but a firm reference to such intentions is likely to be absent from the statement itself. Instead, reference to being data dependent with each meeting being 'live' is likely to persist. So is reference to the Fed being closer to its goals, although a fair debate could well be how sustainable such an achievement may or may not be. That was Governor Lael Brainard's point in her recent speech (**here**) in which she noted that it's better not to tempt fate through premature tightening than to risk having to roll out experimental policy options such as nominal GDP targeting, a higher inflation rate, or negative rates to counter future downsides. Prevention is indeed better than the cure.

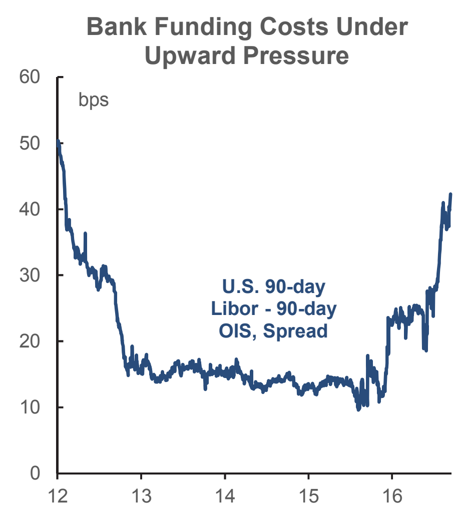
Also bear in mind that the Fed is tracking another year of serial forecast disappointment. The Fed is likely to downgrade its 2016 growth assessment compared to the last forecasts in June. It has to, in the wake of a very weak first half of the year. With recent data ranging from ISM-manufacturing to retail sales disappointing, the magnitude of a rebound in Q3 — and more importantly how sustainable and broadly based that may be — remains as uncertain as market directions. Yellen said not so long ago that the case for a hike had strengthened over recent months; it may be weakening all over again and that merits a pause while watching the polls and continuing to deny that one is doing so.

Chart 1



Source: Scotiabank Economics, Bloomberg.

Chart 2



Source: Scotiabank Economics, Bloomberg.

Key Indicators for the week of September 19 – 23

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	09/19	10:00	NAHB Housing Market Index	Sep	--	60.0	60.0
US	09/20	08:30	Building Permits (000s a.r.)	Aug	--	1165	1144
US	09/20	08:30	Housing Starts (000s a.r.)	Aug	1200	1190	1211
US	09/20	08:30	Housing Starts (m/m)	Aug	-0.9	-1.7	2.1
US	09/21	07:00	MBA Mortgage Applications (w/w)	SEP 16	--	--	4.2
CA	09/21	08:30	Wholesale Trade (m/m)	Jul	--	0.3	0.7
MX	09/21	09:00	Aggregate Supply & Demand (y/y)	2Q	3.5	--	2.5
US	09/21	14:00	**FOMC Interest Rate Meeting (%)**	**Sep 21**	**0.50**	**0.50**	**0.50**
US	09/22	08:30	Initial Jobless Claims (000s)	SEP 17	260	260	260
US	09/22	08:30	Continuing Claims (000s)	SEP 10	2145	2145	2143
MX	09/22	09:00	Bi-Weekly CPI (% change)	Sep 15	0.27	0.34	-0.02
MX	09/22	09:00	Bi-Weekly Core CPI (% change)	Sep 15	0.25	0.24	0.08
US	09/22	10:00	Existing Home Sales (mn a.r.)	Aug	5.45	5.45	5.39
US	09/22	10:00	Existing Home Sales (m/m)	Aug	1.1	1.1	-3.2
US	09/22	10:00	Leading Indicators (m/m)	Aug	--	0.0	0.4
CA	09/23	08:30	CPI, All items (m/m)	Aug	0.1	0.1	-0.2
CA	09/23	08:30	CPI, All items (y/y)	Aug	1.3	1.4	1.3
CA	09/23	08:30	Core X8 CPI (m/m)	Aug	0.2	0.2	0.0
CA	09/23	08:30	Core X8 CPI (y/y)	Aug	2.0	2.1	2.1
CA	09/23	08:30	CPI, All items (index)	Aug	--	129.0	128.9
CA	09/23	08:30	CPI SA, All items (m/m)	Aug	--	0.2	0.0
CA	09/23	08:30	Core CPI SA, All items (m/m)	Aug	--	0.2	0.1
CA	09/23	08:30	Retail Sales (m/m)	Jul	0.2	0.2	-0.1
CA	09/23	08:30	Retail Sales ex. Autos (m/m)	Jul	0.7	0.5	-0.8
MX	09/23	09:00	Retail Sales (INEGI) (y/y)	Jul	6.0	7.8	9.4

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
EC	09/19	04:00	Current Account (€ bn)	Jul	--	--	28.2
IT	09/19	04:30	Current Account (€ mn)	Jul	--	--	7185.0
GE	09/20	02:00	Producer Prices (m/m)	Aug	--	0.0	0.2
UK	09/21	04:30	PSNB ex. Interventions (£ bn)	Aug	--	10.0	-1.0
UK	09/21	04:30	Public Finances (PSNCR) (£ bn)	Aug	--	--	-2.1
UK	09/21	04:30	Public Sector Net Borrowing (£ bn)	Aug	--	10.4	-1.5
NO	09/22	04:00	**Norwegian Deposit Rates (%)**	**Sep 22**	**0.50**	**0.50**	**0.50**
TU	09/22	07:00	**Benchmark Repo Rate (%)**	**Sep 22**	**7.50**	**7.50**	**7.50**
EC	09/22	10:00	Consumer Confidence	Sep A	-8.5	-8.2	-8.5
FR	09/23	02:45	GDP (q/q)	2Q F	0.0	0.0	0.0
FR	09/23	03:00	Manufacturing PMI	Sep P	--	48.4	48.3
FR	09/23	03:00	Services PMI	Sep P	--	52.0	52.3
GE	09/23	03:30	Manufacturing PMI	Sep P	--	53.1	53.6
GE	09/23	03:30	Services PMI	Sep P	--	52.1	51.7
EC	09/23	04:00	Composite PMI	Sep P	53.1	52.8	52.9
EC	09/23	04:00	Manufacturing PMI	Sep P	52.0	51.5	51.7
EC	09/23	04:00	Services PMI	Sep P	53.0	52.8	52.8

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

Key Indicators for the week of September 19 – 23

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
PH	SEP 18-19		Balance of Payments (US$ mn)	Aug	--	--	215.0
HK	09/19	04:30	Unemployment Rate (%)	Aug	3.4	3.4	3.4
AU	09/19	21:30	House Price Index (y/y)	2Q	--	5.2	6.8
HK	SEP 19-20		Composite Interest Rate (%)	Aug	--	--	0.3
SK	09/20	17:00	PPI (y/y)	Aug	--	--	-2.4
JN	09/20	19:50	Merchandise Trade Balance (¥ bn)	Aug	--	195.5	513.6
JN	09/20	19:50	Adjusted Merchandise Trade Balance (¥ bn)	Aug	--	500.0	317.6
JN	09/20	19:50	Merchandise Trade Exports (y/y)	Aug	--	-4.5	-14.0
JN	09/20	19:50	Merchandise Trade Imports (y/y)	Aug	--	-16.5	-24.7
JN	SEP 20-21		**BoJ Monetary Base Target (¥ tn)**	**Sep 21**	**80.0**	**80.0**	**80.0**
JN	SEP 20-21		**BoJ Policy Rate (%)**	**Sep 21**	**-0.15**	**-0.10**	**-0.10**
MA	09/21	00:00	CPI (y/y)	Aug	1.2	1.3	1.1
JN	09/21	01:00	Supermarket Sales (y/y)	Aug	--	--	0.2
JN	09/21	02:00	Machine Tool Orders (y/y)	Aug F	-8.4	--	-8.4
JN	09/21	02:00	Nationwide Department Store Sales (y/y)	Aug	--	--	-0.1
NZ	09/21	17:00	**RBNZ Official Cash Rate (%)**	**Sep 22**	**2.00**	**2.00**	**2.00**
TA	09/21	20:30	Unemployment Rate (%)	Aug	4.0	--	4.0
ID	SEP 21-22		**BI 7-Day Reverse Repo Rate (%)**	**Sep 22**	**5.00**	**5.00**	**5.25**
PH	09/22	04:00	**Overnight Borrowing Rate (%)**	**Sep 22**	**3.00**	**3.00**	**3.00**
TA	09/22	04:00	Export Orders (y/y)	Aug	--	0.6	-3.5
HK	09/22	04:30	CPI (y/y)	Aug	--	2.4	2.3
HK	09/22	04:30	BoP Current Account (HK$ bns)	2Q	--	--	16.2
JN	09/22	20:30	Markit/JMMA Manufacturing PMI	Sep P	--	--	49.5
JN	09/23	00:30	All Industry Activity Index (m/m)	Jul	--	0.2	1.0
SI	09/23	01:00	CPI (y/y)	Aug	-0.5	--	-0.7

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

Global Auctions for the week of September 19 – 23

NORTH AMERICA

Country	Date	Time	Event
MX	09/20	12:30	Mexico to Sell 3-Year Bonds
CA	09/22	12:00	Canada to Sell 2-Year Bonds
US	09/22	13:00	U.S. to Sell 10-Year TIPS Reopening

EUROPE

Country	Date	Time	Event
BE	09/19	05:30	Belgium to Sell Bonds
UK	09/20	05:30	U.K. to Sell GBP2.5 Bln 1.5% 2047 Bonds
DE	09/21	04:30	Denmark to Sell Bonds
SW	09/21	05:03	Sweden to Sell Bonds
GE	09/21	05:30	Germany to Sell EUR4 Bln 0% 2021 Bonds
IC	09/23	07:30	Iceland to Sell Bonds

ASIA-PACIFIC

Country	Date	Time	Event
AU	09/18	21:00	Australia Plans to Sell AUD400 Mln 3.25% 2029 Bonds
CH	09/19	21:20	Shaanxi to Sell General Bonds
CH	09/20	02:00	Liaoning to Sell Special Bonds
AU	09/20	20:30	Australia Plans to Sell AUD900 Mln 2.75% 2027 Bonds
CH	09/20	22:35	China to Sell Upsized Bonds
AU	09/22	21:00	Australia Plans to Sell AUD1 Bln 5.75% 2021 Bonds
NZ	09/22	22:05	New Zealand Plans to Sell NZD150 Mln 3.5% 2033 Bonds
CH	09/22	23:00	China Plans to Sell 30-Year Upsized Bonds

LATIN AMERICA

Country	Date	Time	Event
BZ	09/22	11:00	Brazil to Sell Fixed Rate Bonds - 01/01/2023
BZ	09/22	11:00	Brazil to Sell Fixed Rate Bonds - 01/01/2027

Source: Bloomberg, Scotiabank Economics.

Events for the week of September 19 – 23

NORTH AMERICA

Country	Date	Time	Event
CA	09/19	12:00	Negative Rates Lecture with BOC's Gravelle & Queen's U Koeppl
CA	09/20	12:30	Bank of Canada's Poloz Speech in Quebec City
US	09/21	14:00	**FOMC Rate Decision**
US	09/21	14:30	Federal Reserve Board Chairwoman Janet Yellen holds news conference
US	09/23	12:00	Fed's Harker, Mester, Lockhart on Panel at Philly Fed Conference
US	09/23	12:30	Fed's Kaplan Speaks in Houston in Moderated Q&A

EUROPE

Country	Date	Time	Event
SW	09/17		Swedish PM Loefven Meets PM Trudeau in Canada
GE	09/19	09:15	German Finance Ministry's Schuknecht Speaks at Conference
EC	09/19	13:00	ECB's Mersch Speaks in Munich
SW	09/20	03:00	Riksbank's Ingves Speech
SW	09/20	06:15	Riksbank's af Jochnick Speech
SW	09/21	03:30	Riksbank Minutes from Monetary Policy Meeting Published
SW	09/21	05:00	Riksbank's Skingsley Speech
NO	09/22	04:00	**Deposit Rates**
EC	09/22	06:00	Schaeuble Speaks at Conference on EU Budget in Brussels
TU	09/22	07:00	**Benchmark Repurchase Rate**
TU	09/22	07:00	**Overnight Lending Rate**
TU	09/22	07:00	**Overnight Borrowing Rate**
EC	09/22	09:00	ECB President Draghi Speaks at ESRB Conference in Frankfurt
EC	09/22	09:30	BOE's Cunliffe Chairs Panel at ESRB Conference in Frankfurt
EC	09/22	10:00	ECB's Lautenschläger takes part in panel
SZ	09/22	11:00	K. Rogoff Speaks at SNB Conference in Zurich
IT	SEP 22-23		Bank of Italy Governor Visco Hosts OMFIF Meeting on Europe
EC	SEP 22-23		First ESRB annual conference in Frankfurt
SW	09/23	02:10	Riksbank's Ingves Speech
EC	09/23	02:45	ECB's Constancio Chairs Panel at ESRB Conference in Frankfurt
SW	09/23	03:30	Riksbank's Floden, FSA's Thedeen, Government's Ekholm Speak
SW	09/23	04:15	Riksbank's Ohlsson Speech
EC	09/23	10:00	ECB's Weidmann speaks at German-French Finance Event in Berlin
EC	09/23		ESM Sovereign Debt to Be Rated by Moody's
GE	09/23		Germany Sovereign Debt to Be Rated by Fitch

ASIA-PACIFIC

Country	Date	Time	Event
AU	09/19	21:30	RBA September Meeting Minutes
HK	SEP 19-20		Composite Interest Rate
AU	09/20	22:00	RBA's Heath Gives Speech at CEDA Conference
JN	SEP 20-21		**BOJ Annual Rise in Monetary Base**
JN	SEP 20-21		**BOJ Policy Rate**
JN	SEP 20-21		**BOJ Basic Balance Rate**
JN	SEP 20-21		**BOJ Macro Add-On Balance Rate**
JN	09/21	02:30	BOJ governor press conference
NZ	09/21	17:00	**RBNZ Official Cash Rate**
AU	09/21	20:00	RBA Governor Lowe Appears Before Parliament Committee
ID	SEP 21-22		**Bank Indonesia 7D Reverse Repo**
PH	09/22	04:00	**BSP Overnight Borrowing Rate**
PH	09/22	04:00	**BSP Standing Overnight Deposit Facility Rate**

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	0.50	October 19, 2016	0.50	0.50
Federal Reserve – Federal Funds Target Rate	0.50	September 21, 2016	0.50	0.50
Banco de México – Overnight Rate	4.25	September 29, 2016	4.25	--

It is unlikely that the Federal Reserve will raise interest rates at the meeting on September 21st. For insights regarding the FOMC monetary policy meeting, please refer to the feature article "A Dovish Surprise From The Fed?" in this publication.

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	0.00	October 20, 2016	0.00	--
Bank of England – Bank Rate	0.25	November 3, 2016	0.25	--
Swiss National Bank – Libor Target Rate	-0.75	December 15, 2016	-0.75	--
Central Bank of Russia – One-Week Auction Rate	10.00	October 28, 2016	10.00	--
Sweden Riksbank – Repo Rate	-0.50	October 27, 2016	-0.50	--
Norges Bank – Deposit Rate	0.50	September 22, 2016	0.50	0.50

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	September 21, 2016	-0.15	-0.10
Reserve Bank of Australia – Cash Target Rate	1.50	October 3, 2016	1.50	1.50
Reserve Bank of New Zealand – Cash Rate	2.00	September 21, 2016	2.00	2.00
People's Bank of China – Lending Rate	4.35	TBA	--	--
Reserve Bank of India – Repo Rate	6.50	October 4, 2016	6.25	--
Bank of Korea – Bank Rate	1.25	October 13, 2016	1.25	--
Bank of Thailand – Repo Rate	1.50	November 9, 2016	1.50	1.50
Bank Indonesia – 7-Day Reverse Repo Rate	5.25	September 22, 2016	5.00	5.00

The **Reserve Bank of New Zealand** will hold a monetary policy meeting on September 21st (EST). The Official Cash Rate will likely be left unchanged at 2.0% given that the most recent rate cut took place in August. Nevertheless, a monetary easing bias will remain in place in New Zealand over the coming months. **Bank Indonesia** will make an interest rate decision on September 22nd. We expect the 7-Day Reverse Repo Rate to be lowered by 25 basis points to 5.0%. Indonesia's inflation continued to ease in August, reaching 2.8% y/y compared with the 7.2% rate recorded a year earlier. Disinflation will allow the central bank to provide monetary stimulus to the economy. For insights regarding the **Bank of Japan**'s monetary policy meeting on September 20th-21st, please refer to the feature article on Japan in this publication.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	14.25	October 19, 2016	14.25	--
Banco Central de Chile – Overnight Rate	3.50	October 18, 2016	3.50	--
Banco de la República de Colombia – Lending Rate	7.75	September 30, 2016	7.75	--
Banco Central de Reserva del Perú – Reference Rate	4.25	October 13, 2016	4.25	--

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	7.00	September 22, 2016	7.00	7.00

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