

**GEARING UP FOR THE FIRST 100 DAYS**

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Pablo Bréard

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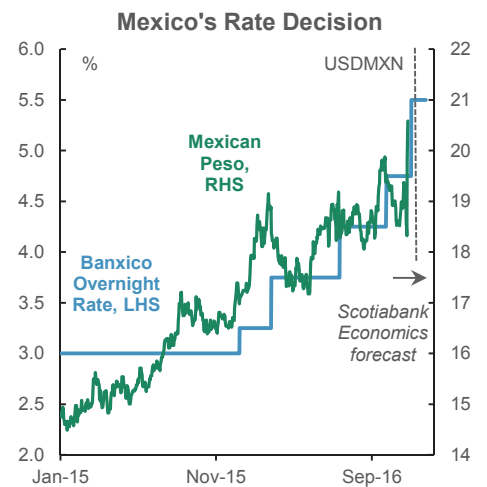
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**Next Week's Risk Dashboard**

- ▶ Trump's aftermath and priorities
- ▶ Yellen on the economic outlook
- ▶ Fed speak & December guidance
- ▶ CDN CPI, manufacturing, home sales
- ▶ US CPI, retail sales, industrial output, starts
- ▶ Q3 GDP: Eurozone, Japan, Chile, Philippines
- ▶ Chinese property prices and credit
- ▶ Chinese retail sales, industrial output
- ▶ UK CPI, retail sales
- ▶ CB decisions in Mexico, Chile
- ▶ Colombian macro prints
- ▶ Bank Indonesia
- ▶ Australian jobs
- ▶ Indian CPI

**Chart of the Week**



Source: Scotiabank Economics, Bloomberg.

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

## Gearing Up For The First 100 Days

### CANADA — PRESSING RESET?

While there will be near term developments of note over the coming week, they all share one thing in common in that they are backward-looking in the face of a potential forward-looking macroeconomic shock to Canada. Discount them accordingly. At this preliminary juncture following the surprise US election results, it is not clear how such risks will evolve, but the case for taking out added policy insurance on those risks has clearly risen and this debate will dominate domestic influences on markets in addition to global spillover effects. As we work toward forecast revisions, we anticipate lowering the investment and export growth profiles and with that headline GDP growth with associated disinflationary consequences that up the ante on a BoC rate cut — or cuts.

The list of nearer term developments will include a focus upon macro data and company earnings reports. **Fourteen TSX-listed firms release earnings** next week including Loblaw, Metro, and Power Financial Corp.

Macro data will include another inflation report for October on Friday and manufacturing shipments during September on Wednesday. October's home resales on Tuesday will show the effects of the plunge in Vancouver's sales offset in part by continued strength in Toronto. As for the more impactful releases:

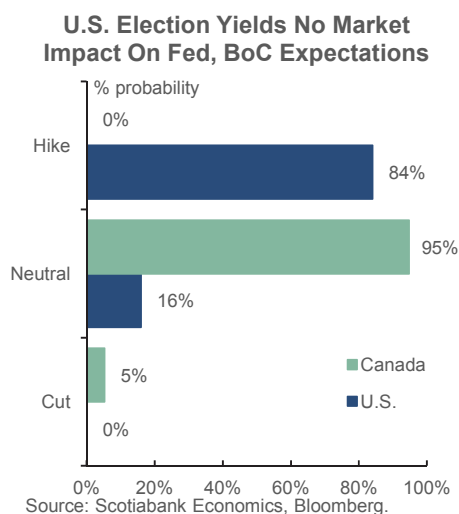
- The last headline and core inflation prints were 1.8% y/y and 1.3% y/y, respectively. Key will be what happens to core CPI. On that, there will be a combination of base effects that could drag core inflation lower and seasonal price gains that could lift prices in October. They will probably net out to little change in the year-ago core inflation rate. Having said that, the BoC's preferred inflation gauges shifted with the renewal of the 5 year inflation agreement with the Federal government and its preferred measure is lower than the traditional measure of core inflation.
- The small 0.1% m/m rise in the value of exports in September and the 0.8% decline in export volumes could make it challenging to expect manufacturing shipments to continue to rise.

Such data gyrations aside, our forecast is for the Bank of Canada to remain on hold throughout 2016-17 at 0.5% but with much higher risk of nearer term easing. The efficacy of such easing remains a perfectly legitimate debate and so does the potentially mixed signal it would provide on efforts to cool housing markets. Nevertheless, if Governor Poloz said he considered cutting rates before the US election, it's difficult to imagine how the probability of a rate cut didn't go up after the election. On that note, we were as surprised to see that market pricing for BoC easing did not budge in the wake of the US election as we were to see that markets think the election does nothing to change the Fed's rate path (chart 1).

One key is that **I don't think Governor Poloz will be satisfied with the CAD response so far especially if the Fed ultimately doesn't hike next month, thereby potentially putting upward pressure upon CAD relative to the USD.** Poloz may see the US election as a negative shock to investment and exports that requires setting up more policy flexibility in the nearer term given lagging effects of policy changes. A penny here or there on CAD so far could well bring Poloz to jolt the markets versus accepting CAD's response as having much logical merit to it.

This is because one has to think that the immediate response to the election aftermath is to shock board rooms across the country into reassessing the outlook for investment especially in any NAFTA-related industry and including those sectors that are at capacity constraints (autos, for instance). On the strength of his rhetoric and campaigning, it is difficult to imagine Trump not securing a pound of flesh out of existing NAFTA arrangements but we simply do not know what at this juncture. This is not a liquidity and funding shock like the GFC that risks suspension of investment projects already underway, and rash decisions over longer term assets are unlikely. Boards and CEOs may hope for cooler heads to prevail in the approach to trade and investment

Chart 1



agreements, but the near-term response would quite rationally lessen appetite for investment. Surveys of investment intentions will be key in this regard going forward. A negative investment shock that lessens future growth in productive capacity would be negative for exports, but not immediately. In this scenario, household sector variables face the bulk of their potential adjustment effects after the investment- and export-led influences albeit that confidence gauges will be closely monitored.

Potential positives in the wake of the US election don't necessarily sway the Bank of Canada's decision. For instance, higher odds of Keystone approval could dampen Ottawa's appetite for other pipelines given more of a focus upon the environment than the prior government. Imagine going into the 2019 federal election having overseen the development of Keystone and other pipelines and having to explain why this policy stance is any different than the previous government. In any event, most of Keystone's limited macroeconomic effects would be outside of our forecast horizon by the time approvals, construction and becoming operational unfold — and outside of the period of maximum potential influence of monetary policy adjustments.

In short, CAD's reaction thus far does absolutely nothing to lean against these downside risks to our forecasts especially for a Governor who was already talking about potential rate cuts before the election results.

Scheduled Bank of Canada communications will be light and include a speech on globalization by Deputy Governor Timothy Lane on Wednesday. Canada also auctions 3 year bonds the same day.

## UNITED STATES — TWO MONTHS TO PLAN THE FIRST 100 DAYS

U.S. Presidents are often judged by what they achieve or set in motion in the first 100 days of their presidencies — a practice first emphasized by President Roosevelt to seize upon post-election momentum. Donald Trump begins his spot in the rotation on January 20<sup>th</sup> of next year. The prime focus in markets is likely to remain upon guidance he may provide along that path with respect to policy priorities and starting as soon as next week. He cannot achieve everything in a very ambitious platform within such a finite period of time, and so markets will be weighing whether the priorities his administration sets out are constructive to growth. That will require front-loading the more constructive elements of his economic and market policy proposals such as corporate tax rate cuts and accelerated write-offs and back-loading or fundamentally dropping promises on potentially destabilizing considerations such as negative comments on the Treasury market or the Fed, protectionist gestures, anti-immigration policies and fostering geopolitical turmoil. After promising so much to so many in populist fashion, will Trump get caught up in the same broken promises he railed against when applied to Washington's elite? Or will he overestimate support for his policies by attempting to achieve more than the electorate is comfortable with? Perhaps, just maybe, he'll strike the acceptable balance to markets. It is, however, far too premature for markets to be judging at this point.

In the meantime, more mundane market considerations will include a mixture of data risk, Fed speak and the dying breaths of the Q3 earnings season. Key data risk includes the following:

**CPI:** October's inflation report will marginally inform Fed risks into the December 14<sup>th</sup> policy meeting. While not the Fed's preferred inflation gauge, core inflation has been running around its hottest in four years.

**Retail sales:** This isn't the reading that will matter the most over coming weeks. That honour will belong to the November reading that includes US Thanksgiving Weekend, Black Friday and Cyber Monday sales and even at that the next month's revisions will probably more fully capture this period. Having said that, modest increases in vehicle sales and gasoline prices should drive the dollar value of retail sales higher in October's print.

**Industrial readings:** Industrial output during October arrives Wednesday and will help inform Q4 GDP growth risks. The path to the next ISM-manufacturing reading will include regional surveys used to piece together the ISM call such as the Philly Fed (Thursday), Empire (Tuesday) and KC Fed (Friday) readings. ISM has registered two months of mild expansionary readings after a brief contractionary signal and so the regional surveys will be used to gauge momentum.

**Housing starts:** a nearly 15% decline spread across two months is hoped to reverse when housing starts for October get released on Thursday. Much of the weakness has been in the multiples category that fell by almost 40% in the single month of September; these are classically volatile projects — like condo towers — that can swing the headline abruptly. A 17% rise in permits for multiples projects could restore growth to actual starts.

Ten FOMC officials speak out next week including Chair Yellen, four voting members this year (Fischer, Rosengren, George and Bullard) and four who get the vote starting in January 2016 (Fischer again, Kaplan, Harker, and Kashkari). **Yellen delivers an economic outlook** on Thursday before the Joint Economic Committee and markets will pay particularly close attention to a) rate guidance, b) fiscal policy interpretations, and c) the balance of risks between trade policy, fiscal policy and other matters. The other two (Williams and Lacker) do not vote again until January 2018. **Key will be to watch for any signs of elevated caution or the absence of such in the wake of the US election. That depends critically upon the course of market action between now and December 14<sup>th</sup>.**

Earnings season continues to wind down such that we're on the side of the slope that doesn't much matter to markets in the face of fresher developments. Twenty-one S&P500 firms release including Home Depot, Target, Lowe's, Best Buy, Wal-Mart, The Gap and Staples. Clearly the sector focus has swung in favour of banks — on expectations for a reduced regulatory burden under Trump — and energy — on increased development and reduced emphasis upon environmental protection.

The US Treasury auctions 10 year TIPS in a reopening on Wednesday.

### LATIN AMERICA — DIFFERENT PESOS, DIFFERENT POLICIES

**The most watched development across markets in Latin America next week will be the policy decision by the Bank of Mexico on Thursday.** I've invited Pablo Bréard to weigh in with his thoughts on the meeting on page 6. Finance Minister José Antonio Meade noted the day after the US election that "It's important to recognize that markets have continued to function in an orderly way, as we've seen in the past hours. The result of the U.S. election doesn't mean any immediate impact on the rules for trade of goods and services, financial flows or the ability of individuals to travel between the two countries." **Notwithstanding this observation, the plunge in Mexico's peso raises inflation risk and, along with that, the probability of monetary policy tightening.**

Chile's central bank also faces a rate decision on Thursday, but absent the same currency dynamic facing Mexico. As chart 2 demonstrates, the Chilean peso — and for that matter other LatAm crosses — have mostly been little changed compared to the Mexican peso's depreciation following the US election. **Amidst falling inflation and a weak Q2 GDP report, the Chilean peso's post-election resilience may connote a very different policy bias going forward.**

In addition to rate decisions, Q3 Chilean GDP and three releases from Colombia (retail sales, industrial output and trade) will be comparatively downplayed by markets.

### ASIA — DEFENCE VERSUS DATA

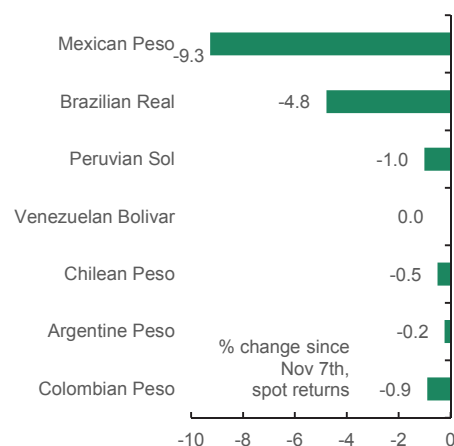
After reading to this point, you've probably detected a theme in that backward-looking data matters less to markets, policy makers, and the evolution of future risks than the aftermath of the US election at least in terms of new information to digest. What President -elect Trump's policies mean to Asian political and military stability is among the more significant considerations. Chief among those risks is his pledge to more combatively manage the US-China trade relationship that risks an escalation of trade tensions, withdraw troops from South Korea, and his loose suggestion that Japan develop a nuclear arms program (Japan's foreign minister recently refused to entertain the idea). As the Philippines turns away from the United States toward China, the region's politics, economics and militaristic balance may be in the early days of profound change.

As for nearer term considerations:

**Chinese macro releases:** As many as four macro reports could impact China sentiment over the coming week. The most watched may be the October report for property prices. That's because the vast majority of cities continued to register price gains — massive in some cities — before authorities tightened macroprudential rules and then guided to expect weaker October sales

Chart 2

#### Mexico's Unique Currency Pressures



Source: Scotiabank Economics, Bloomberg.

and price figures some of which is already evident. Aggregate financing volumes are expected to decelerate in October's reading and the continued caution is to not interpret this figure as representing purely excessive corporate demand versus viewing it as, in part, driven by hedging activities earlier in the year when the capital account was at its leakiest and concerns over the yuan's future were heightened. Growth in industrial production and retail sales is expected to be range-bound around 6% y/y and 10% y/y readings.

**Japan's Q3 GDP:** Slight annualized growth of 0.8% is expected by consensus, in line with the prior quarter's tepid growth reading. Over four quarters, only Q1 of this year (+2.1%) can be reasonably expressed as decent.

**Bank Indonesia:** Issues a rate decision in the middle of next week. It last cut by 25bps on October 20<sup>th</sup>. Falling inflation and uncertainty over the aftermath of the US election put the risk in the direction of additional accommodation.

**Australian jobs:** The risk is probably more skewed toward an upside than a downside after two consecutive monthly declines, although this has been a weaker year.

**Indian CPI:** If CPI inflation (recently 4.3% y/y, the lowest since August 2015) continues to fall in next week's figures, then it could play into expectations for continued monetary easing after the Reserve Bank of India last cut on October 4<sup>th</sup>. Inflation is presently in the middle of a 2-6% policy band that sets the mid-point as the target.

**Philippine GDP:** Is expected to decelerate from the 7% range of the first two quarters this year to just above the 6% range in Q3 figures that land next week.

Sundry other data risks of regional market consequence will include retail sales in New Zealand, exports from India and Indonesia, and minutes to the last RBA meeting.

## EUROPE — DIVERGING POLITICAL AND POLICY RISKS

**How the Eurozone economy performed in the immediate aftermath of the Brexit vote will continue to be a focus in European markets next week.** It's a short-sighted consideration, however, in that the Eurozone/UK region of the world economy has just been joined by the US in applying major political risk and uncertainty to economic forecasts. Both regions risk growth-dampening protectionism and uncertainty over investment regimes as the UK negotiates withdrawal from the EU, but there are two important differences that favour the US.

One is that US domestic policy likely just became more stimulative in other ways than in Europe and chiefly through expectations for US tax cuts and lessened regulation that the Eurozone is generally not pursuing.

Another is that the US should have political stability for at least the next couple of years until the next round of Congressional elections, whereas Europe faces higher political risk through elections in Germany and France over the coming year, Italy's pending referendum, the UK's "Article 50" application to withdraw from the EU, and the likelihood of a protracted period of negotiations. This has not been lost on currency markets as the USD has appreciated versus the euro over recent days. In that regard, markets will watch for whether the euro retests lows versus the greenback not seen since early March of this year.

As this uncertainty is weighed over coming months, quarters and years, backward-looking data is a tough sell. Q3 GDP growth in Germany, Italy and the broader Eurozone arrives on Tuesday. German growth in the 0.3-0.4% range in q/q non-annualized terms is a reasonable expectation and that would be in-line with the Eurozone average while Italy underperforms.

Pound sterling and gilts will have an eye on the latest UK CPI inflation reading on Tuesday and whether growth can be restored to retail sales that flattened out for the two months following a large gain in July.

Other data flow will include Eurozone add-ups for industrial output and trade, and Germany's ZEW investor confidence metric.

## Feature Article

### Mexico: Further Pre-Emptive Monetary Tightening

We are of the view that the policy-setting monetary policy rate will be increased by 75 basis points at the meeting scheduled for November 17th. Banco de Mexico has, so far, executed pre-emptive actions to tighten monetary conditions in response to potential inflationary pressures that might continue to unfold in the coming months. Futures markets discount that the overnight policy rate will close the year at 5.50%, from the current level of 4.75%, implying that further tightening is in store after next week.

The potential for a second round of currency-induced inflationary pressures has materially increased fuelled by the adverse financial market reaction to the outcome of the November 8th presidential election in the United States. In early trading on November 9th, the Mexican peso (MXN) weakened to 20.78 per US dollar (implying an intra-day devaluation of 12.5%). Looking ahead, non-deliverable forward contracts discount a USDMXN 20.50 rate by March 2017, in line with current spot prices. Given that the central bank does not have a clearly defined policy to intervene in the FX spot market, the MXN may be subject to elevated financial market volatility in the coming weeks as market participants (local and non-resident) digest the potential changes to bilateral economic relations to be implemented by the newly elected administration in the USA. Nevertheless, the introduction of other interventionist measures (such as USD auctions and/or intervention in TIIE markets) by the central bank to contain exchange rate volatility cannot be ruled out altogether.

Keeping the headline inflation rate (3.06% y/y in October) within the officially established target tolerance ( $3\% \pm 1\%$ ) has been a policy success of Banco de Mexico. The sharp collapse in crude oil prices coupled with the one-off effect of reduced telecommunication costs (as a result of a successfully implemented structural reform in the telecommunication sector) were core inflation containment factors over the last 18 months. Looking ahead however, the escalation of exchange rate volatility and adjustments to the government's administered fuel and electricity prices will likely fuel additional inflationary pressures nor presently discounted.

On the growth front, the economic outlook remains tied to the US business cycle as well as prospects for structural fiscal adjustment under way in Mexico. The government and the central bank have jointly earmarked fiscal reform as a key requirement for sustained growth through the remainder of the decade. In this regard, the Finance ministry has already executed budget cuts accordingly for 2016 and 2017. Despite weakened manufacturing activity, the economy continues to enjoy the benefits of consumer-driven growth supported by steady access to credit and steady remittances activity.

Finally, global risk appetite continues to be alive, providing global investors the right incentive to maintain their allocation to high yielding emerging-market assets, particularly fixed-income securities. Nevertheless, Mexico might be vulnerable to rebalancing of investment portfolios within the Latin American segment of emerging market debt on the back of emerging policy uncertainties connected with the US electoral outcome and the economic revival of Brazil (the latter being a key competitor for portfolio investment flows). Moreover, the Mexican sovereign debt rating remains on "negative" credit watch on the back of persistent fiscal strain connected with the decline in crude oil prices (and local production) affecting the fiscal contribution of the state-owned firm Petróleos Mexicanos (PEMEX) and gradual public sector build-up.

The ruling Partido Revolucionario Institucional (PRI) is scheduled to remain in power until December 2018; presidential elections will take place in July 2018 for a successor six-year mandate. The recent wave of regional elections at the state level highlighted a modest erosion of the PRI representation, yet the ruling party still maintains a majority in the 500-member Chamber of Deputies to pass budget legislation. Although the November 8th vote in the USA is seen as a relevant event for Mexico given the sensitive issues (trade and immigration) being at play during the campaign, the July 2018 presidential election is a domestic event of utmost relevance to secure structural reform continuity. The fiscal consolidation process will be a key policy priority in 2017.

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**Key Indicators for the week of November 14 – 18**
**NORTH AMERICA**

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Indicator</u>                               | <u>Period</u> | <u>BNS</u>  | <u>Consensus</u> | <u>Latest</u> |
|----------------|-------------|-------------|--|---------------|-------------|------------------|---------------|
| CA             | 11/15       | 08:30       | Teranet - National Bank HPI (y/y)              | Oct           | --          | --               | 11.7          |
| US             | 11/15       | 08:30       | Empire State Manufacturing Index               | Nov           | --          | -2.0             | -6.8          |
| US             | 11/15       | 08:30       | Export Prices (m/m)                            | Oct           | --          | 0.3              | 0.1           |
| US             | 11/15       | 08:30       | Import Prices (m/m)                            | Oct           | --          | 0.3              | 0.1           |
| US             | 11/15       | 08:30       | Retail Sales (m/m)                             | Oct           | 0.5         | 0.6              | 0.6           |
| US             | 11/15       | 08:30       | Retail Sales ex. Autos (m/m)                   | Oct           | 0.5         | 0.5              | 0.5           |
| CA             | 11/15       | 09:00       | Existing Home Sales (m/m)                      | Oct           | --          | --               | 0.8           |
| US             | 11/15       | 10:00       | Business Inventories (m/m)                     | Sep           | --          | 0.2              | 0.2           |
| US             | 11/16       | 07:00       | MBA Mortgage Applications (w/w)                | NOV 11        | --          | --               | -1.2          |
| CA             | 11/16       | 08:30       | Manufacturing Shipments (m/m)                  | Sep           | -0.5        | --               | 1.0           |
| US             | 11/16       | 08:30       | PPI (m/m)                                      | Oct           | --          | 0.3              | 0.3           |
| US             | 11/16       | 08:30       | PPI ex. Food & Energy (m/m)                    | Oct           | --          | 0.2              | 0.2           |
| US             | 11/16       | 09:15       | Capacity Utilization (%)                       | Oct           | --          | 75.6             | 75.4          |
| US             | 11/16       | 09:15       | Industrial Production (m/m)                    | Oct           | 0.2         | 0.2              | 0.1           |
| US             | 11/16       | 10:00       | NAHB Housing Market Index                      | Nov           | --          | 62.0             | 63.0          |
| US             | 11/16       | 16:00       | Total Net TIC Flows (US\$ bn)                  | Sep           | --          | --               | 73.8          |
| US             | 11/16       | 16:00       | Net Long-term TIC Flows (US\$ bn)              | Sep           | --          | --               | 48.3          |
| CA             | 11/17       | 08:30       | International Securities Transactions (C\$ bn) | Sep           | --          | --               | 12.7          |
| US             | 11/17       | 08:30       | Building Permits (000s a.r.)                   | Oct           | --          | 1190.0           | 1225.0        |
| US             | 11/17       | 08:30       | CPI (m/m)                                      | Oct           | 0.3         | 0.4              | 0.3           |
| US             | 11/17       | 08:30       | CPI (y/y)                                      | Oct           | 1.5         | 1.6              | 1.5           |
| US             | 11/17       | 08:30       | CPI (index)                                    | Oct           | --          | --               | 241.4         |
| US             | 11/17       | 08:30       | CPI ex. Food & Energy (m/m)                    | Oct           | 0.2         | 0.2              | 0.1           |
| US             | 11/17       | 08:30       | CPI ex. Food & Energy (y/y)                    | Oct           | 2.2         | 2.2              | 2.2           |
| US             | 11/17       | 08:30       | Housing Starts (000s a.r.)                     | Oct           | 1160.0      | 1164.0           | 1047.0        |
| US             | 11/17       | 08:30       | Housing Starts (m/m)                           | Oct           | --          | 11.2             | -9.0          |
| US             | 11/17       | 08:30       | Initial Jobless Claims (000s)                  | NOV 12        | 260.0       | --               | 265.0         |
| US             | 11/17       | 08:30       | Continuing Claims (000s)                       | NOV 5         | 2050.0      | --               | 2026.0        |
| US             | 11/17       | 08:30       | Philadelphia Fed Index                         | Nov           | 10.0        | 8.0              | 9.7           |
| MX             | 11/17       | 14:00       | <b>Overnight Rate (%)</b>                      | <b>Nov 17</b> | <b>5.50</b> | --               | <b>4.75</b>   |
| CA             | 11/18       | 08:30       | Core X8 CPI (m/m)                              | Oct           | 0.3         | --               | 0.2           |
| CA             | 11/18       | 08:30       | Core X8 CPI (y/y)                              | Oct           | 1.8         | --               | 1.8           |
| CA             | 11/18       | 08:30       | CPI, All items (m/m)                           | Oct           | 0.2         | --               | 0.1           |
| CA             | 11/18       | 08:30       | CPI, All items (y/y)                           | Oct           | 1.4         | --               | 1.3           |
| CA             | 11/18       | 08:30       | CPI, All items (index)                         | Oct           | --          | --               | 128.8         |
| CA             | 11/18       | 08:30       | CPI SA, All items (m/m)                        | Oct           | --          | --               | 0.2           |
| CA             | 11/18       | 08:30       | Core CPI SA, All items (m/m)                   | Oct           | --          | --               | 0.1           |
| US             | 11/18       | 10:00       | Leading Indicators (m/m)                       | Oct           | --          | 0.1              | 0.2           |

**EUROPE**

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Indicator</u>            | <u>Period</u> | <u>BNS</u> | <u>Consensus</u> | <u>Latest</u> |
|----------------|-------------|-------------|-----------------------------|---------------|------------|------------------|---------------|
| IT             | 11/14       | 04:00       | CPI - EU Harmonized (y/y)   | Oct F         | -0.1       | --               | -0.1          |
| EC             | 11/14       | 05:00       | Industrial Production (m/m) | Sep           | -0.9       | --               | 1.6           |
| EC             | 11/14       | 05:00       | Industrial Production (y/y) | Sep           | 0.9        | --               | 1.8           |
| GR             | 11/14       | 05:00       | Real GDP NSA (y/y)          | 3Q A          | --         | --               | -0.4          |
| RU             | NOV 14-15   |             | Real GDP (y/y)              | 3Q A          | --         | -0.5             | -0.6          |
| GE             | 11/15       | 02:00       | Real GDP (q/q)              | 3Q P          | 0.3        | --               | 0.4           |
| NO             | 11/15       | 02:00       | GDP (q/q)                   | 3Q            | --         | --               | 0.0           |
| FR             | 11/15       | 02:45       | CPI (m/m)                   | Oct F         | 0.0        | --               | 0.0           |
| FR             | 11/15       | 02:45       | CPI (y/y)                   | Oct F         | 0.4        | --               | 0.4           |
| FR             | 11/15       | 02:45       | CPI - EU Harmonized (m/m)   | Oct F         | 0.0        | --               | 0.1           |
| FR             | 11/15       | 02:45       | CPI - EU Harmonized (y/y)   | Oct F         | 0.5        | --               | 0.5           |
| HU             | 11/15       | 03:00       | GDP (y/y)                   | 3Q P          | --         | 1.8              | 2.6           |
| SP             | 11/15       | 03:00       | CPI (m/m)                   | Oct F         | --         | --               | 1.1           |
| SP             | 11/15       | 03:00       | CPI (y/y)                   | Oct F         | --         | --               | 0.7           |
| SP             | 11/15       | 03:00       | CPI - EU Harmonized (m/m)   | Oct F         | --         | --               | 0.8           |
| SP             | 11/15       | 03:00       | CPI - EU Harmonized (y/y)   | Oct F         | --         | --               | 0.5           |

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

**Key Indicators for the week November 14 – 18**
**EUROPE (continued from previous page)**

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Indicator</u>                       | <u>Period</u> | <u>BNS</u> | <u>Consensus</u> | <u>Latest</u> |
|----------------|-------------|-------------|--|---------------|------------|------------------|---------------|
| IT             | 11/15       | 04:00       | Real GDP (q/q)                         | 3Q P          | --         | --               | 0.0           |
| PD             | 11/15       | 04:00       | GDP (y/y)                              | 3Q P          | --         | 2.95             | 3.10          |
| PO             | 11/15       | 04:30       | Real GDP (q/q)                         | 3Q P          | --         | --               | 0.30          |
| UK             | 11/15       | 04:30       | CPI (m/m)                              | Oct           | --         | --               | 0.2           |
| UK             | 11/15       | 04:30       | CPI (y/y)                              | Oct           | --         | --               | 1.0           |
| UK             | 11/15       | 04:30       | PPI Input (m/m)                        | Oct           | --         | --               | 0.0           |
| UK             | 11/15       | 04:30       | PPI Output (m/m)                       | Oct           | --         | --               | 0.2           |
| UK             | 11/15       | 04:30       | RPI (m/m)                              | Oct           | --         | --               | 0.2           |
| UK             | 11/15       | 04:30       | RPI (y/y)                              | Oct           | --         | --               | 2.0           |
| EC             | 11/15       | 05:00       | GDP (q/q)                              | 3Q P          | 0.3        | --               | 0.3           |
| EC             | 11/15       | 05:00       | Trade Balance (€ mn)                   | Sep           | --         | --               | 18.4          |
| EC             | 11/15       | 05:00       | ZEW Survey (Economic Sentiment)        | Nov           | --         | --               | 12.3          |
| GE             | 11/15       | 05:00       | ZEW Survey (Current Situation)         | Nov           | --         | --               | 59.5          |
| GE             | 11/15       | 05:00       | ZEW Survey (Economic Sentiment)        | Nov           | 6.0        | --               | 6.2           |
| UK             | 11/16       | 04:30       | Average Weekly Earnings (3-month, y/y) | Sep           | --         | --               | 2.3           |
| UK             | 11/16       | 04:30       | Employment Change (3M/3M, 000s)        | Sep           | --         | --               | 106.0         |
| UK             | 11/16       | 04:30       | Jobless Claims Change (000s)           | Oct           | --         | --               | 0.7           |
| UK             | 11/16       | 04:30       | ILO Unemployment Rate (%)              | Sep           | --         | --               | 4.9           |
| UK             | 11/17       | 04:30       | Retail Sales ex. Auto Fuel (m/m)       | Oct           | --         | --               | 0.0           |
| UK             | 11/17       | 04:30       | Retail Sales with Auto Fuel (m/m)      | Oct           | --         | --               | 0.0           |
| EC             | 11/17       | 05:00       | CPI (m/m)                              | Oct           | 0.3        | --               | 0.3           |
| EC             | 11/17       | 05:00       | CPI (y/y)                              | Oct F         | 0.5        | --               | 0.5           |
| EC             | 11/17       | 05:00       | Euro zone Core CPI Estimate (y/y)      | Oct F         | 0.8        | --               | 0.8           |
| GE             | 11/18       | 02:00       | Producer Prices (m/m)                  | Oct           | --         | --               | -0.2          |
| EC             | 11/18       | 04:00       | Current Account (€ bn)                 | Sep           | --         | --               | 29.7          |
| IT             | 11/18       | 04:30       | Current Account (€ mn)                 | Sep           | --         | --               | 3367.7        |

**ASIA-PACIFIC**

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Indicator</u>                      | <u>Period</u> | <u>BNS</u>  | <u>Consensus</u> | <u>Latest</u> |
|----------------|-------------|-------------|---------------------------------------|---------------|-------------|------------------|---------------|
| JN             | 11/13       | 18:50       | GDP (q/q)                             | 3Q P          | 0.2         | 0.2              | 0.2           |
| CH             | 11/13       | 21:00       | Fixed Asset Investment YTD (y/y)      | Oct           | 8.2         | 8.2              | 8.2           |
| CH             | 11/13       | 21:00       | Industrial Production (y/y)           | Oct           | 6.0         | 6.2              | 6.1           |
| CH             | 11/13       | 21:00       | Retail Sales (y/y)                    | Oct           | 10.6        | 10.7             | 10.7          |
| JN             | 11/13       | 23:30       | Capacity Utilization (m/m)            | Sep           | --          | --               | 2.6           |
| JN             | 11/13       | 23:30       | Industrial Production (y/y)           | Sep F         | 0.9         | --               | 0.9           |
| NZ             | 11/14       | 16:45       | Retail Sales Ex Inflation (q/q)       | 3Q            | --          | --               | 2.3           |
| ID             | NOV 14-15   |             | Exports (y/y)                         | Oct           | --          | --               | -0.6          |
| ID             | NOV 14-15   |             | Imports (y/y)                         | Oct           | --          | --               | -2.3          |
| ID             | NOV 14-15   |             | Trade Balance (US\$ mn)               | Oct           | --          | --               | 1216.9        |
| PH             | NOV 14-15   |             | Overseas Remittances (y/y)            | Sep           | --          | 4.6              | 16.3          |
| SI             | 11/15       | 00:00       | Retail Sales (y/y)                    | Sep           | --          | --               | -1.0          |
| IN             | 11/15       | 01:30       | Monthly Wholesale Prices (y/y)        | Oct           | --          | 3.7              | 3.6           |
| IN             | 11/15       | 07:00       | CPI (y/y)                             | Oct           | 4.2         | 4.12             | 4.31          |
| AU             | 11/15       | 19:30       | New Motor Vehicle Sales (m/m)         | Oct           | --          | --               | 2.5           |
| AU             | 11/15       | 19:30       | Wage Cost Index (q/q)                 | 3Q            | --          | --               | 0.5           |
| NZ             | 11/16       | 16:00       | ANZ Job Ads (m/m)                     | Oct           | --          | --               | 0.3           |
| NZ             | 11/16       | 16:45       | Producer Price - Inputs (q/q)         | 3Q            | --          | --               | 0.9           |
| NZ             | 11/16       | 16:45       | Producer Price - Outputs (q/q)        | 3Q            | --          | --               | 0.2           |
| NZ             | 11/16       | 19:00       | ANZ Consumer Confidence Index         | Nov           | --          | --               | 122.9         |
| AU             | 11/16       | 19:30       | Employment (000s)                     | Oct           | --          | --               | -9.8          |
| AU             | 11/16       | 19:30       | Unemployment Rate (%)                 | Oct           | 5.6         | --               | 5.6           |
| SI             | 11/16       | 19:30       | Exports (y/y)                         | Oct           | --          | --               | -4.8          |
| PH             | 11/16       | 21:00       | Real GDP (y/y)                        | 3Q            | 6.5         | --               | 7.0           |
| HK             | NOV 16-17   |             | Composite Interest Rate (%)           | Oct           | --          | --               | 0.25          |
| ID             | NOV 16-17   |             | <b>BI 7-Day Reverse Repo Rate (%)</b> | <b>Nov 17</b> | <b>4.75</b> | --               | <b>4.75</b>   |
| HK             | 11/17       | 03:30       | Unemployment Rate (%)                 | Oct           | 3.4         | --               | 3.4           |
| SK             | 11/17       | 16:00       | PPI (y/y)                             | Oct           | --          | --               | -1.1          |
| PH             | NOV 17-18   |             | Balance of Payments (US\$ mn)         | Oct           | --          | --               | 117.0         |

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



## Key Indicators for the week November 14 – 18

### LATIN AMERICA

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Indicator</u>                         | <u>Period</u> | <u>BNS</u>  | <u>Consensus</u> | <u>Latest</u> |
|----------------|-------------|-------------|--|---------------|-------------|------------------|---------------|
| PE             | 11/15       |             | Economic Activity Index NSA (y/y)        | Sep           | 4.0         | --               | 5.5           |
| PE             | 11/15       |             | Unemployment Rate (%)                    | Oct           | --          | --               | 6.5           |
| CO             | 11/17       | 14:00       | Retail Sales (y/y)                       | Sep           | --          | --               | -1.9          |
| CL             | 11/17       | 16:00       | <b>Nominal Overnight Rate Target (%)</b> | <b>Nov 17</b> | <b>3.50</b> | <b>3.50</b>      | <b>3.50</b>   |
| BZ             | 11/17       |             | Economic Activity Index SA (m/m)         | Sep           | --          | --               | -0.9          |
| BZ             | 11/17       |             | Economic Activity Index NSA (y/y)        | Sep           | --          | --               | -2.7          |
| CL             | 11/18       | 06:30       | GDP (q/q)                                | 3Q            | --          | --               | -0.4          |
| CL             | 11/18       | 06:30       | GDP (y/y)                                | 3Q            | 1.4         | 1.7              | 1.5           |
| CO             | 11/18       | 10:00       | Trade Balance (US\$ mn)                  | Sep           | --          | --               | -1032.5       |

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**Global Auctions for the week of November 14 – 18****NORTH AMERICA**

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u>                        |
|----------------|-------------|-------------|-------------------------------------|
| CA             | 11/16       | 12:00       | Canada to Sell 3-Year Bonds         |
| US             | 11/17       | 13:00       | U.S. to Sell 10-Year TIPS Reopening |

**EUROPE**

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u>                                  |
|----------------|-------------|-------------|---|
| NO             | 11/14       | 06:00       | Norway Bond Auction Announcement              |
| EC             | 11/15       | 05:10       | ECB Main Refinancing Operation Result         |
| DE             | 11/16       | 04:30       | Denmark to Sell Bonds                         |
| SW             | 11/16       | 05:03       | Sweden to Sell Bonds                          |
| NO             | 11/16       | 05:05       | Norway to Sell Bonds                          |
| NO             | 11/16       | 05:05       | Norway Bond Auction                           |
| FR             | 11/17       | 04:50       | France to Sell Bonds                          |
| UK             | 11/17       | 05:30       | U.K. to Sell GBP1.1 Bln 0.125% I/L 2026 Bonds |
| FR             | 11/17       | 05:50       | France to Sell I/L Bonds                      |
| IC             | 11/18       | 06:30       | Iceland to Sell Bonds                         |

**ASIA-PACIFIC**

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u>  |
|----------------|-------------|-------------|---|
| CH             | 11/14       | 01:00       | Shaanxi to Sell General Bonds                         |
| CH             | 11/14       | 20:20       | Dalian to Sell General Bonds                          |
| CH             | 11/14       | 21:20       | Dalian to Sell Special Bonds                          |
| JN             | 11/14       | 22:45       | Japan to Sell 5-Year Bonds                            |
| CH             | 11/15       | 22:00       | China Plans to Sell 7-Year Bonds                      |
| NZ             | 11/16       | 20:05       | New Zealand Plans to Sell NZD150 Mln 2.75% 2025 Bonds |
| JN             | 11/16       | 22:45       | Japan to Sell 20-Year Bonds                           |
| CH             | 11/17       | 22:00       | China Plans to Sell 50-Year Bonds                     |

**LATIN AMERICA**

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u>                    |
|----------------|-------------|-------------|---------------------------------|
| BZ             | 11/17       | 09:00       | Brazil to Sell Fixed Rate Bonds |

## Events for the week of November 14 – 18

### NORTH AMERICA

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u>  |
|----------------|-------------|-------------|---|
| CA             | 11/14       | 08:50       | Premier Wynne Speaks at 24th CCPPP Conference                     |
| US             | 11/14       | 13:20       | Fed's Kaplan Speaks in Wichita Falls                              |
| US             | 11/14       | 17:00       | Fed's Lacker Speaks at Washington College in Chestertown, MD      |
| US             | 11/14       | 18:30       | Fed's Williams Speaks in San Francisco on Panel                   |
| US             | 11/15       | 07:30       | Fed's Rosengren Speaks to Portland, Maine Chamber of Commerce     |
| US             | 11/15       | 09:30       | Defense One holds a Leadership briefing.                          |
| US             | 11/15       | 13:30       | Fed's Fischer Speaks at Brookings Institution Market Liquidity    |
| US             | 11/16       | 03:00       | Fed's Bullard Speaks in London on 'Monetary Policy after QE'      |
| US             | 11/16       | 07:45       | Fed's Kashkari Speaks on Too Big to Fail in New York              |
| US             | 11/16       | 11:00       | Treasury Department; Internal Revenue Service (IRS) Meeting       |
| CA             | 11/16       | 11:50       | Bank of Canada's Lane speaks in Waterloo, Ontario                 |
| US             | 11/16       | 17:30       | Fed's Harker Speaks in Philadelphia on Purpose of Federal Reserve |
| CA             | 11/17       | 07:30       | CMHC President Siddall Speaks in London                           |
| CA             | 11/17       | 10:30       | Bank of Canada releases Review collection of research papers      |
| MX             | 11/17       | 14:00       | <b>Overnight Rate</b>   |
| EC             | 11/17       | 16:45       | ECB's Praet speaks in New York                                    |
| US             | 11/18       |             | Commerce Department (DOC); Meetings                               |
| EC             | 11/18       | 05:30       | Fed's Bullard, SNB's Maechler Speak on Panel in Frankfurt         |
| US             | 11/18       | 09:30       | Fed's George Speaks in Dallas                                     |

### EUROPE

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u>   |
|----------------|-------------|-------------|--|
| PO             | NOV 11-13   |             | Trilateral Commission Meeting in Lisbon                        |
| EC             | 11/13       | 13:00       | EU Foreign Ministers Discuss U.S. Relations in Brussels        |
| EC             | 11/14       | 03:30       | ECB's Constancio Speaks at Euro Finance Week in Frankfurt      |
| SW             | 11/14       | 06:20       | Swedish PM Meets Ukraine President                             |
| SW             | 11/14       | 08:15       | EU Competition Commissioner Speech                             |
| SW             | 11/14       | 09:30       | EU Commissioner Vestager Press Conference in Stockholm         |
| IT             | 11/14       | 10:00       | ECB's Draghi Attends Event at Italian Treasury in Rome         |
| EC             | 11/15       | 03:30       | ECB's Lautenschlaeger Speaks at Euro Finance Week in Frankfurt |
| EC             | 11/15       | 04:00       | EU Defense Ministers Meet in Brussels                          |
| EC             | 11/15       | 07:00       | EU General Affairs Ministers Meet in Brussels                  |
| EC             | 11/15       | 09:15       | Bundesbank's Dombret Speaks at Euro Finance Week in Frankfurt  |
| EC             | 11/15       | 10:45       | Ex-ECB's Trichet Speaks at Euro Financ Week in Frankfurt       |
| EC             | 11/16       | 03:00       | Iran Central Bank Governor at Euro Finance Week in Frankfurt   |
| EC             | 11/16       | 03:00       | Bundesbank's Thiele Speaks at Euro Finance Week in Frankfurt   |
| SW             | 11/16       | 04:35       | Riksbank Deputy Governor Skingsley Speech                      |
| EC             | 11/16       | 05:00       | Bundesbank's Thiele Speaks at Euro Finance Week in Frankfurt   |
| EC             | 11/17       | 03:10       | ECB's Mersch Speaks at Euro Finance Week in Frankfurt          |
| SZ             | 11/17       | 12:00       | SNB Board Member Andrea Maechler Speaks in Geneva              |
| GE             | 11/17       | 00:00       | Valls, Sturgeon, Schaeuble at Economic Conference in Berlin    |
| EC             | 11/18       | 03:00       | ECB's Draghi Speaks at Euro Finance Week in Frankfurt          |
| GE             | 11/18       | 05:30       | Schaeuble Delivers Speech at Sueddeutsche Zeitung Conference   |
| EC             | 11/18       | 05:30       | Bundesbank's Weidmann Speaks at Euro Finance Week in Frankfurt |
| SZ             | 11/18       |             | Switzerland Sovereign Debt to Be Rated by S&P                  |

### ASIA-PACIFIC

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u>                                 |
|----------------|-------------|-------------|--|
| JN             | 11/13       | 20:00       | BOJ Kuroda speaks in Nagoya                  |
| KZ             | 11/13       | 00:00       | <b>Key Rate</b>                              |
| AU             | 11/14       | 19:30       | RBA Nov. Meeting Minutes                     |
| AU             | 11/15       | 02:00       | RBA's Lowe Speech at CEDA Event in Melbourne |
| AU             | 11/16       | 19:30       | RBA FX Transactions Market                   |
| HK             | 11/16       | 00:00       | <b>Composite Interest Rate</b>               |
| ID             | 11/16       | 00:00       | <b>Bank Indonesia 7D Reverse Repo</b>        |
| SL             | 11/17       | 00:00       | <b>CBSL Standing Deposit Rate</b>            |
| SL             | 11/17       | 00:00       | <b>CBSL Standing Lending Rate</b>            |

### LATIN AMERICA

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u>                 |
|----------------|-------------|-------------|------------------------------|
| CL             | 11/17       | 16:00       | <b>Overnight Rate Target</b> |

Source: Bloomberg, Scotiabank Economics.

## Global Central Bank Watch

### NORTH AMERICA

| <u>Rate</u>                                 | <u>Current Rate</u> | <u>Next Meeting</u> | <u>Scotia's Forecasts</u> | <u>Consensus Forecasts</u> |
|---|---------------------|---------------------|---------------------------|----------------------------|
| Bank of Canada – Overnight Target Rate      | 0.50                | December 7, 2016    | 0.50                      | 0.50                       |
| Federal Reserve – Federal Funds Target Rate | 0.50                | December 14, 2016   | 0.50                      | 0.75                       |
| Banco de México – Overnight Rate            | 4.75                | November 17, 2016   | 4.75                      | --                         |

**Banco de Mexico:** Please see Pablo Breard's assessment of risks surrounding the meeting next Thursday in this week's edition of the Global Week Ahead.

### EUROPE

| <u>Rate</u>                                    | <u>Current Rate</u> | <u>Next Meeting</u> | <u>Scotia's Forecasts</u> | <u>Consensus Forecasts</u> |
|--|---------------------|---------------------|---------------------------|----------------------------|
| European Central Bank – Refinancing Rate       | 0.00                | December 8, 2016    | 0.00                      | --                         |
| Bank of England – Bank Rate                    | 0.25                | December 15, 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               | December 16, 2016   | 10.00                     | --                         |
| Sweden Riksbank – Repo Rate                    | -0.50               | December 21, 2016   | -0.50                     | --                         |
| Norges Bank – Deposit Rate                     | 0.50                | December 15, 2016   | 0.50                      | --                         |

### ASIA PACIFIC

| <u>Rate</u>                                  | <u>Current Rate</u> | <u>Next Meeting</u> | <u>Scotia's Forecasts</u> | <u>Consensus Forecasts</u> |
|--|---------------------|---------------------|---------------------------|----------------------------|
| Bank of Japan – Policy Rate                  | -0.10               | December 20, 2016   | -0.10                     | --                         |
| Reserve Bank of Australia – Cash Target Rate | 1.50                | December 5, 2016    | 1.50                      | 1.50                       |
| Reserve Bank of New Zealand – Cash Rate      | 1.75                | February 8, 2017    | 1.75                      | 1.75                       |
| People's Bank of China – Lending Rate        | 4.35                | TBA                 | --                        | --                         |
| Reserve Bank of India – Repo Rate            | 6.25                | December 7, 2016    | 6.25                      | --                         |
| Bank of Korea – Bank Rate                    | 1.25                | December 15, 2016   | 1.25                      | 1.25                       |
| Bank of Thailand – Repo Rate                 | 1.50                | December 21, 2016   | 1.50                      | 1.50                       |
| Bank Indonesia – 7-Day Reverse Repo Rate     | 4.75                | November 17, 2016   | 4.75                      | --                         |

**Bank Indonesia** will make an interest rate decision on November 17th. We expect the 7-Day Reverse Repo Rate to be maintained at 4.75% in the near term due to elevated uncertainty globally. Nevertheless, a monetary easing bias remains in place in Indonesia on the back of low inflation (3.3% y/y in October); we expect the benchmark interest rate to be lowered in early 2017.

### LATIN AMERICA

| <u>Rate</u>  | <u>Current Rate</u> | <u>Next Meeting</u> | <u>Scotia's Forecasts</u> | <u>Consensus Forecasts</u> |
|--|---------------------|---------------------|---------------------------|----------------------------|
| Banco Central do Brasil – Selic Rate               | 14.00               | November 30, 2016   | 14.25                     | --                         |
| Banco Central de Chile – Overnight Rate            | 3.50                | November 17, 2016   | 3.50                      | 3.50                       |
| Banco de la República de Colombia – Lending Rate   | 7.75                | November 25, 2016   | 7.75                      | --                         |
| Banco Central de Reserva del Perú – Reference Rate | 4.25                | December 15, 2016   | 4.25                      | --                         |

**Banco Central de Chile:** No change in rates is expected as falling inflation and the absence of the kind of currency issues Mexico has been dealing with connote less of a reason to alter the monetary policy stance.

### AFRICA

| <u>Rate</u>                            | <u>Current Rate</u> | <u>Next Meeting</u> | <u>Scotia's Forecasts</u> | <u>Consensus Forecasts</u> |
|--|---------------------|---------------------|---------------------------|----------------------------|
| South African Reserve Bank – Repo Rate | 7.00                | November 24, 2016   | 7.00                      | --                         |

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