January 19, 2017

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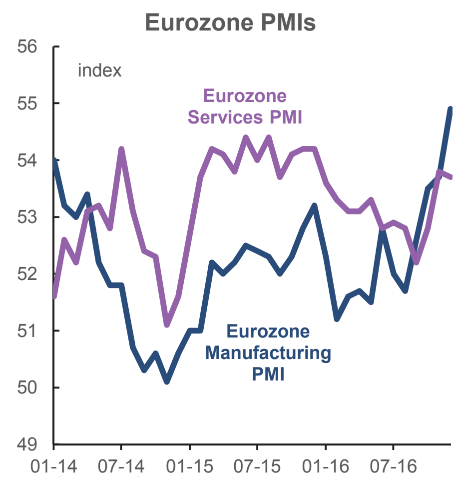
Chart of the Week



Sources: Scotiabank Economics, Markit, Bloomberg.

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

Dear Canada And Mexico

UNITED STATES—FORWARD POLICY, BACKWARD DATA & EARNINGS

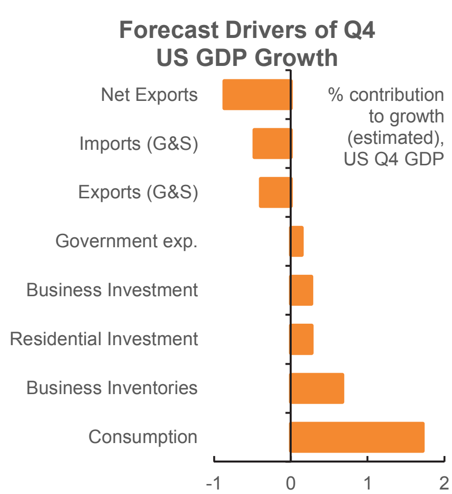
If the guidance has been accurate, then expect directives and legislative actions to come fast and furiously as the new Trump administration kicks off the first 100 days in office next week. This, alongside earnings season that broadens out across more sectors, and significant data, will dominate the market tone during **what is likely to be a very US-focused week in global markets.** The edge may well go to forward-leaning policy directions over backward-looking data and earnings.

Among the week's highlights will be a count of how many executive order actions will be signed by Trump and how many directives are pursued to start the slow process of health care, immigration and trade reforms. Some of this tendency marks the early days of every incoming administration, especially when the party in power changes. Which orders are signed is uncertain, but the possibilities could include orders on immigration policy, withdrawing from the Trans-Pacific Partnership, establishing a group to renegotiate NAFTA and firing off a letter to Canada and Mexico (more in the Canadian section below), approving the Keystone pipeline, boosting the coal sector, and repealing some gun control legislation, among others. Perhaps the oddest candidate is a push to legalize silencer use, on the logic that eardrum protection matters more than being able to hear gunfire around you. It will not be a boring week.

Earnings season will be a major focus over the course of the week as 103 S&P500 firms release. **The season broadens out to include greater breadth** across non-financials including tech stocks (Yahoo, AT&T, eBay, Intel, Alphabet (formerly Google), and Microsoft), cap-ex indicators (Caterpillar), consumer durables stocks (Whirlpool, Ford), energy players (Halliburton, Baker Hughes, Chevron), industrials (Boeing, Lockheed Martin, Honeywell, General Dynamics), materials (3M, Dow Chemical) and some health care stocks. Company information can provide useful anecdotes to macro forecast tracking risks in each of these areas, but one added thing to watch will be the dollar's effects on translated earnings from abroad. I've previously flagged this research piece by Federal Reserve economists as it argues that there is roughly a 10/4 rule in that every 10% appreciation in the USD index that is trade-weighted against major currencies results in about a 4% (3.8% to be precise) decline in direct investment receipts, a proxy for the earnings of US foreign subsidiaries. The dollar's massive depreciation from about 2002 until just before the Global Financial Crisis was a significant contributor to the large pick-up in foreign earnings of US companies. **If the same estimates hold, then the appreciation in the USD in Q4 could shave earnings in the nonfinancial sector ex-oil and utilities by just over 2% this coming season and with potentially more to come.** If not this earnings season, then the massive appreciation in the USD since 2014 toward the highest trade-weighted level since the dot-com era poses full-cycle risks to US earnings that will require heady sales growth to offset it for sectors that derive a sizeable share of their revenues from abroad, like tech.

Data risk will also factor into the week's overall market picture. At the top of the list is **Q4 GDP growth.** Estimates from Scotiabank and the median Bloomberg consensus are identical, with growth pegged at 2.2% q/q at a seasonally adjusted and annualized pace. Across major shops, the range of estimates runs from a low of slightly better than 1½% up to about 2½%. In weighted contribution terms, Scotiabank's forecast (chart 1) assumes that consumer spending will contribute about 1.7 points to headline GDP growth, housing will add three-tenths, business investment will add a little, inventories will add about three-quarters of a percentage point and government spending will be a rounding error in terms of influences on headline growth. We'll see, but the big downside is expected to come from net exports that we think subtracted almost a full percentage point from growth. If trade drags in such fashion and a good chunk of growth comes from inventories, then the details may reinforce the fact that headline GDP growth has really only registered one good quarter (3.5% in Q3) in the past four or five.

Chart 1



Source: Scotiabank Economics.

Of course, the first pass at GDP growth is marked by uncertainty, let alone future passes. Two future rounds of revisions on February 28th and March 30th (when actual services data becomes available) could result in a final print that bears little to no resemblance to the first estimate.

Housing data will also be in focus with existing home sales and new home sales during December to be released on Tuesday and Thursday. Because pending home sales have been softening, completed resales might follow suit. Because new home sales registered a strong gain in November, a repeat in December may be unlikely. Because the 30 year fixed mortgage rate has risen by about ¾% since late summer, home sales in general might face lagging negative consequences. The question is whether expectations of capital gains, income growth, and confidence offset the rate shock.

Are businesses still driving a nascent recovery in investment? Big-ticket durable goods orders will be the judge of this on Friday when December's figures arrive. The figures are expected to register decent headline growth after volatile aircraft orders dragged down the prior month, but also deliver the sixth rise in seven months for core capital goods orders ex-transportation and defense that serves as a closer proxy for investment spending. Closing spare capacity in the US economy will do that. So may a strong dollar for that component of capital goods that get imported. The US imports about US$50 billion of capital goods excluding autos per month at the recent rate and—all else equal—the 4% rise in the trade-weighted dollar since the election and its 25% rise since mid-2014 present one of the benefits to currency appreciation.

The US Treasury auctions 2 year notes, 2 year FRNs, 5s and 7s next week. Miscellaneous data includes the Richmond Fed's manufacturing gauge, and the usual weekly indicators (claims, oil inventories, mortgage applications etc.).

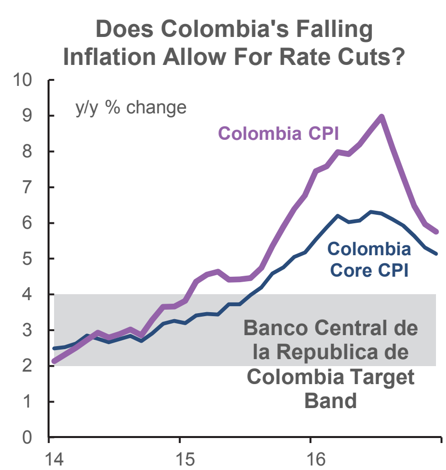
LATIN AMERICA—AN EXPERIMENT IN CENTRAL BANK INDEPENDENCE

For the second straight week, a single central bank's decision is likely to dominate attention upon intra-regional market drivers. For the most part, however, the LatAm market tone is more likely to be driven by spillover effects from global developments. A letter from the new incoming US administration to Mexico and Canada to reopen NAFTA will also be a focal point but this is treated in the Canadian section of this report.

Banco de la Republica de Colombia issues a monetary policy decision next Thursday. It is expected to cut its overnight lending rate by 25bps to 7.25%. That would follow up on the cut last month as an easing cycle has begun in Colombia. The sharp 325bps worth of rate hikes from September 2015 through to July 2016 is in the early days of being at least partly unwound. And why not cut rates?

This is a point of debate in the outlook for the country. With inflation ending last year at 5.75% y/y, it is still almost double the mid-point of the central bank's inflation target range of 3% +/-1% (chart 2). That said, the turning point came rapidly since the 9% peak just last July and forward-looking policy has to consider the risk that not acting now may accelerate inflation downsides later so as to risk eventually undershooting the inflation target. Nevertheless, the fact that the central bank has a new Governor (Juan Jose Echavarria) who is close to President Juan Manuel Santos—and the President has stated a desire for easier pro-growth monetary policy—has raised concerns about central bank independence and adherence to its inflation mandate. Time and data will determine whether the Governor's following remark holds true: "In this bank we'll do what's needed, independently of what the government thinks." Also, with Brazil and Chile easing monetary policy as Banxico tightens, the influence of regional central bank actions on relative policy measures cannot be discounted.

Chart 2



Sources: Scotiabank Economics, Banco Central de la Republica de Colombia.

CANADA—DEAR CANADA

There will be little of note on the docket for Canada-watchers by way of anything that could influence the domestic market tone beyond global events over the coming week. Markets may continue to focus upon the aftermath of BoC Governor Poloz's comment that "Yes, a rate cut remains on the table" and inform such risks via the only thing due out over the coming week.

That would be **the possible delivery of a formal notification letter from the incoming US administration to the Canadian and Mexican governments that may outline details behind a desire to reopen negotiations on NAFTA.** There have been conflicting messages on how broadly such efforts may be applied. At first, the main points of contention were thought to be rules of origin and independent dispute panels. These are hardly new sore points, but revisiting them presents risks, although perhaps more skewed toward Mexico. US Commerce Secretary Wilbur Ross has a lot of on-the-job learning to do about trade policy compared to his business roots, but his guidance in Senate confirmation hearings turned toward stating that "All aspects of NAFTA will be put on the table…but you don't have a deal until you have a deal on everything." He also stated a desire to have a reopening clause that would make the agreement yet more malleable to political whims and the electoral cycle much to the chagrin of those among us who prefer stable rules-based regimes: "There should be systematic re-openings of trade agreements after a few years period because it is hard to anticipate the ingenuity some of these folks have to get around the intent of the agreement." No doubt he includes the ingenuity of US-domiciled businesses. Of course, Ross' citation of weakened currencies as victorious evidence of how Trump's loud anti-trade rhetoric has been working wonders was unusual in that, all else equal, currency depreciation makes both Mexico and Canada more competitive. Flexible exchange rates will do what they must and trying to out-fox currency markets is a political game that has put many politicians on the losing end throughout history. Ironically, the result is to push back a stronger-yet USD onto American manufacturers.

One issue in particular symbolizes whether or not the new US administration is correct to have such low regard for NAFTA. **Does the U.S. have a legitimate gripe about NAFTA's dispute settlement mechanism?**

First, here's the evidence as brought to my attention by Scotia's Neil Tisdall. The study concludes:

"This study documents the 77 known NAFTA investor-state dispute settlement (ISDS) claims up to January 1 2015. These include 35 against Canada, 20 against the U.S., and 22 against Mexico. Canada has paid out NAFTA damages totalling over $CAD172 million, while Mexico has paid damages of $US204 million. The U.S. has yet to lose a NAFTA chapter 11 case. All three governments have incurred tens of millions of dollars in legal costs to defend themselves against investor claims."

So on the one hand, it would seem that the current dispute settlement process has overwhelmingly favoured the US. If so, what's the beef? Ironically, however, this could be twisted by the Trump administration, as opposed to assuming it contrasts with his complaints about trade fairness. Legal costs and uncertainty are barriers to bringing forward complaints and such overwhelming evidence in favour of the US might be taken by Trump as proof that something is rotten in NAFTA. For example, if one got, say, 2-3 speeding tickets you could either say that's relatively few, or the cop could say that these are only the times we caught you! Or perhaps the unbalanced evidence reflects the fact that the US has more financial heft, overall might and more of a mercantilist take on trade policy in order to bring forward such actions against its biggest trading partners. Expect a spirited debate but if facts still matter at all in the world of 140 character limits, then the burden of proof would appear to be upon the US to more clearly demonstrate exactly how it has been victimized by the dispute settlement process. Regardless, the specifics within the letter and ensuing negotiations will help to further inform risks posed by US trade policy and expect this to be a rather long, drawn out affair. NAFTA negotiations began in early 1991, an agreement was signed in late 1992 after which additional features were added, and it went into effect at the start of 1994. If—and it's a big if—negotiations take as long this time around, then they could conceivably stretch toward the Congressional mid-terms. If negotiations are not working out well, it may be in the interests of Canada and Mexico to drag their heels and hope that the make-up within Congress includes a few more pro-trade folks next time around.

Wholesale trade activity in November will be the final piece of the puzzle ahead of the following week's GDP report for the month. Wholesale activity represents about 6% of the economy so it's rarely if ever a swing factor. That said, it offers insight into goods-specific import categories such as a read on capital spending by businesses because most of the capital goods they buy are imported and show up in the wholesale category. A 1.1% m/m rise in the dollar value of wholesale sales the prior month—almost all of which came through higher volumes versus prices—may be difficult to follow through on.

Canada auctions three year Government of Canada bonds on Wednesday.

ASIA—TRUMP AND CHINA'S ALLEGED CURRENCY MANIPULATION

Nothing out of Asia is likely to compare to what will happen elsewhere and particularly in the United States over the coming week. **Most of the focus will be upon assessing signals of exactly how and when the new incoming US administration's policies may impact Asia.**

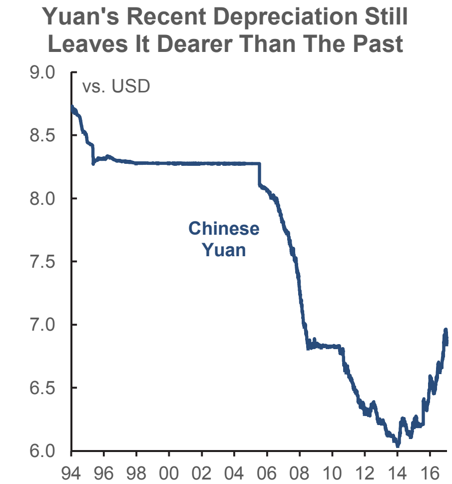
This will hardly be confined to the first week's expected withdrawal from the Trans-Pacific Partnership that includes the US, Canada, Australia, New Zealand, Malaysia, Singapore, Chile, Mexico, Peru, Vietnam and Brunei.

While Trump has backed away from earlier talk of labelling China a currency manipulator, he could well take steps soon to open talks with China on the matter. China may retort with the following:

a) Note the irony that the US is accusing someone else of manipulating markets after US policy sowed the seeds of the financial crisis since the Government-Sponsored Enterprises (GSEs) were given the affordability mandate in the 1990s and then implemented policies that enacted financial repression such as zero rates and QE to clean it all up;

b) Whether China's currency has weakened or not depends upon which measure is used and over what time period. The yuan was appreciating on a USDCNY nominal cross basis after about 2005 but has been depreciating since 2014 (chart 3). On this basis, it is still stronger than it was a decade ago. The better measure (to economists at least) is the real effective exchange rate. This measure trade-weights and inflation-adjusts the yuan versus all of China's trading partners as a better measure of the currency's impact on China's net export competitiveness. This measure has been sharply appreciating over the long-term and it is the measure that drive's China's current account balance as the broadest definition of a country's two-way net trade and investment flow receipts (chart 4). The Chinese currency's appreciation on this basis has crushed China's current account surplus that peaked at 10% of GDP in late 2007 and now sits at one-fifth of that peak today. **If China has attempted to manipulate its currency at the expense of the US economy and others, then one would have to conclude that, for some time now, it has not been terribly successful.**

Chart 3



Sources: Scotiabank Economics, Bloomberg.

Chart 4

Sources: Scotiabank Economics, Bloomberg, BiS, China NBS.

c) Be careful regarding the complex dynamics of China's currency management and the degree of openness in its economy and financial system. An open market that pulls in more exports from around the world might, all else equal, appreciate the yuan, but a China that adjusts too rapidly in terms of its overall balance of payments policies could risk a flood of savings rushing out to diversify abroad from captive Chinese markets and a state-run banking sector. The effects on dollar strength could be quite the opposite under this scenario. Ergo, a reason why a gradual approach to managing China's fuller integration into the world financial order needs to be taken versus a potentially very destabilizing sudden shock.

Behind this debate, data risk will be the more granular concern in Asian markets next week.

- **China releases industrial profits**. This will be the final print for the year and the full year tally. China's profits have snapped back rather nicely this year with December's year-to-date tally up by about 15% over 2015 when profits were falling. This is a major reason why risks facing China's corporate sector have abated somewhat as argued back when this piece was written;

- **Japanese CPI** is expected to either remain at 0% y/y (Tokyo) or fall back a little to slightly above 0% y/y (National) in the final month of 2016 in yet another year for the BoJ's dashed hopes. Core inflation ex-food and energy is also around 0% and, as such, there is zero reflation evidence out of Japan;

- **Australia and New Zealand both release Q4 CPI inflation reports** next week. Australia's is expected to climb in year-ago terms to a few tenths higher than the 1.3% print in Q3. Less reflation evidence is expected in trimmed mean and weighted median measures that are expected to be little changed from the prior quarter's pace with almost all of the reflation evidence confined to inflation data catching up to what commodity markets and the currency have already dictated. New Zealand's CPI is expected to jump a full percentage point or so to 1.3% y/y.

- Finally, a pair of **regional Q4 GDP prints from Philippines and South Korea** land toward the middle of the week. Both are expected to register a little softer growth than the prior quarter with consensus expecting about 6.2% y/y and 2.3% y/y for the countries, respectively.

EUROPE—GETTING SENTIMENTAL

Having created plenty of its own colourful politicians over time, Europe is thrilled to see such a colourful one across the pond. It will spend much of the coming week watching developments over the first week of the new US administration out of some combination of macro-financial implications and utter fascination. **Domestic data within the Eurozone and in the UK will nevertheless influence tracking of growth momentum on both sides of the English Channel.**

At the top of the list of data risks will be another round of Eurozone purchasing manager indices for the manufacturing and service sectors on Tuesday. The Eurozone manufacturing PMI rose by over three points in the four months up to December and following the Brexit vote. About half of this occurred before the US election. The Eurozone services PMI has also climbed, but by less, from a low point of 52.2 in September to 1.5 points higher by December, and so more of the optimism surrounding Eurozone growth signals has come through the manufacturing sector. Can this continue along an upward trajectory? Given the focus upon manufacturing, currency depreciation has likely played a significant role in driving improved sentiment. The euro is down by 4-5% versus the dollar over this period. Thus, to an extent, PMI strength and USD momentum may be intertwined. Dollar strength is, on net, stimulative to the world economy by improving the export competitiveness of many regions pending whatever is done with US trade policy.

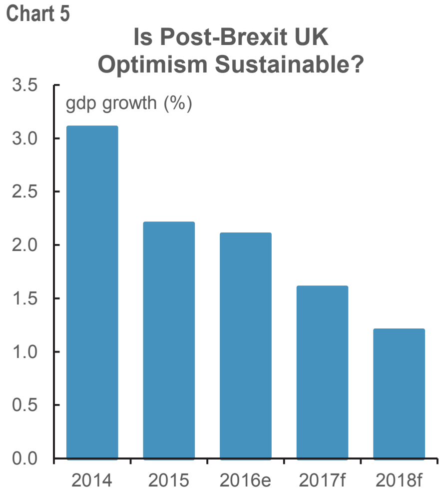
Germany will add to sentiment data with the IFO reading of business confidence on Wednesday and its expectations component is resting around the highest readings since 2014H1. **Retail sales** will also be updated with December's results. Consumer spending patterns have been erratic of late with a sizeable drop in September followed by a bigger gain in October only to see much of that get unwound again in November.

Markets will also digest consumer data from elsewhere within the Eurozone when **retail sales are released in Italy and Spain.** Sundry data risks will include monthly readings for services in the UK, and industrial orders/sales in Italy.

Expect tensions between Turkish President Tayyip Erdogan and Turkey's central bank to intensify yet again next week. The Central Bank of Turkey is expected to raise rates. Erdogan has steadily cried out against higher rates. The central bank dashed expectations for a 25bps hike in the overnight lending rate on December 20th, but that has caused consensus to triple-down and forecast a 75bps hike next week.

UK Q4 GDP (Thursday) is expected to land at about ½% q/q and thus largely unchanged from the pace set over each of the prior two quarters. **The UK economy has weathered the Brexit period rather well thus far.** Scotibank forecasts UK GDP to nevertheless wane over the course of 2017-18 in part as the positives from currency depreciation face a complex 'hard Brexit' path ahead (chart 5).

Chart 5



Sources: Scotiabank Economics, Bloomberg.

Key Indicators for the week of January 23 – 27

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	01/23	08:30	Wholesale Trade (m/m)	Nov	--	--	1.1
MX	01/24	09:00	Bi-Weekly Core CPI (% change)	Jan 15	0.42	--	0.05
MX	01/24	09:00	Bi-Weekly CPI (% change)	Jan 15	1.29	--	0.13
MX	01/24	09:00	Global Economic Indicator IGAE (y/y)	Nov	1.81	--	1.23
US	01/24	10:00	Existing Home Sales (mn a.r.)	Dec	5.5	5.5	5.6
US	01/24	10:00	Existing Home Sales (m/m)	Dec	-2.0	-2.0	0.7
US	01/24	10:00	Richmond Fed Manufacturing Index	Jan	--	--	8.0
US	01/25	07:00	MBA Mortgage Applications (w/w)	JAN 20	--	--	5.8
MX	01/25	09:00	Retail Sales (INEGI) (y/y)	Nov	13.9	--	9.3
US	01/26	08:30	Initial Jobless Claims (000s)	JAN 21	240	--	247
US	01/26	08:30	Continuing Claims (000s)	JAN 14	2100	--	2087
US	01/26	08:30	Wholesale Inventories (m/m)	Dec P	--	--	1.0
MX	01/26	09:00	Trade Balance (US$ mn)	Dec	-2620.0	--	200.4
US	01/26	10:00	Leading Indicators (m/m)	Dec	--	0.5	0.0
US	01/26	10:00	New Home Sales (000s a.r.)	Dec	580	585	592
US	01/27	08:30	Durable Goods Orders (m/m)	Dec P	2.7	2.2	-4.5
US	01/27	08:30	Durable Goods Orders ex. Trans. (m/m)	Dec P	0.8	0.4	0.6
US	01/27	08:30	GDP (q/q a.r.)	4Q A	2.2	2.1	3.5
US	01/27	08:30	GDP Deflator (q/q a.r.)	4Q A	--	2.1	1.4
US	01/27	10:00	U. of Michigan Consumer Sentiment	Jan F	--	98.0	98.1

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
EC	01/23	10:00	Consumer Confidence	Jan A	--	--	-5.1
FR	01/24	03:00	Manufacturing PMI	Jan P	--	--	53.5
FR	01/24	03:00	Services PMI	Jan P	--	--	52.9
GE	01/24	03:30	Manufacturing PMI	Jan P	--	--	55.6
GE	01/24	03:30	Services PMI	Jan P	--	--	54.3
EC	01/24	04:00	Composite PMI	Jan P	--	--	54.4
EC	01/24	04:00	Manufacturing PMI	Jan P	--	--	54.9
EC	01/24	04:00	Services PMI	Jan P	--	--	53.7
UK	01/24	04:30	PSNB ex. Interventions (£ bn)	Dec	--	--	12.6
UK	01/24	04:30	Public Finances (PSNCR) (£ bn)	Dec	--	--	13.5
UK	01/24	04:30	Public Sector Net Borrowing (£ bn)	Dec	--	--	12.2
TU	**01/24**	**06:00**	**Benchmark Repo Rate (%)**	**Jan 24**	**--**	**--**	**8.00**
FR	01/24	12:00	Total Jobseekers (000s)	Dec	--	--	3447.0
FR	01/24	12:00	Jobseekers Net Change (000s)	Dec	--	--	-31.8
GE	01/25	04:00	IFO Business Climate Survey	Jan	--	--	111.0
GE	01/25	04:00	IFO Current Assessment Survey	Jan	--	--	116.6
GE	01/25	04:00	IFO Expectations Survey	Jan	--	--	105.6
GE	01/26	02:00	GfK Consumer Confidence Survey	Feb	--	--	9.9
SP	01/26	03:00	Unemployment Rate (%)	4Q	--	--	18.9
UK	01/26	04:30	GDP (q/q)	4Q A	--	--	0.6
UK	01/26	04:30	Index of Services (m/m)	Nov	--	--	0.3
SP	01/27	03:00	Real Retail Sales (y/y)	Dec	--	--	4.0
GE	JAN 27-FEB 03		Retail Sales (m/m)	Dec	--	--	-1.7

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

Key Indicators for the week of January 23 – 27

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
TA	01/22	19:30	Unemployment Rate (%)	Dec	3.8	3.8	3.8
JN	01/22	23:30	All Industry Activity Index (m/m)	Nov	--	--	0.2
SK	JAN 22-31		Department Store Sales (y/y)	Dec	--	--	-2.8
JN	01/23	00:00	Coincident Index CI	Nov F	115.1	--	115.1
JN	01/23	00:00	Leading Index CI	Nov F	102.7	--	102.7
JN	01/23	00:00	Supermarket Sales (y/y)	Dec	--	--	0.8
SI	01/23	00:00	CPI (y/y)	Dec	-0.1	--	0.0
TA	01/23	03:00	Industrial Production (y/y)	Dec	--	8.4	8.8
HK	01/23	03:30	CPI (y/y)	Dec	1.1	--	1.2
SK	01/23	16:00	Consumer Confidence Index	Jan	--	--	94.2
JN	01/23	19:30	Markit/JMMA Manufacturing PMI	Jan P	--	--	52.4
VN	JAN 23-24		CPI (y/y)	Jan	--	--	4.7
SK	01/24	18:00	GDP (y/y)	4Q P	2.3	--	2.6
JN	01/24	18:50	Merchandise Trade Balance (¥ bn)	Dec	--	--	150.8
JN	01/24	18:50	Adjusted Merchandise Trade Balance (¥ bn)	Dec	--	--	536.1
JN	01/24	18:50	Merchandise Trade Exports (y/y)	Dec	--	--	-0.4
JN	01/24	18:50	Merchandise Trade Imports (y/y)	Dec	--	--	-8.8
AU	01/24	19:30	Consumer Prices (y/y)	4Q	1.3	--	1.3
AU	01/24	19:30	Consumer Prices (q/q)	4Q	0.4	--	0.7
TA	01/24	19:30	Real GDP (y/y)	4Q P	3.0	3.2	2.0
VN	JAN 24-31		Exports (y/y)	Jan	--	--	8.6
VN	JAN 24-31		Imports (y/y)	Jan	--	--	4.6
VN	JAN 24-31		Industrial Production (y/y)	Jan	--	--	8.3
SK	01/25	16:00	Business Survey- Manufacturing	Feb	--	--	71.0
SK	01/25	16:00	Business Survey- Non-Manufacturing	Feb	--	--	72.0
NZ	01/25	16:45	Consumer Prices (y/y)	4Q	--	--	0.4
CH	01/25	20:30	Industrial Profits YTD (y/y)	Dec	--	--	14.5
PH	01/25	21:00	Real GDP (y/y)	4Q	6.3	6.3	7.1
PH	01/25	21:00	Annual GDP (y/y)	2016	6.8	--	6.9
SI	01/25	21:30	Unemployment Rate (%)	4Q	2.1	--	2.1
SI	01/26	00:00	Industrial Production (y/y)	Dec	--	--	11.9
HK	01/26	03:30	Exports (y/y)	Dec	--	--	8.1
HK	01/26	03:30	Imports (y/y)	Dec	--	--	7.6
HK	01/26	03:30	Trade Balance (HKD bn)	Dec	--	--	-34.1
JN	01/26	18:30	National CPI (y/y)	Dec	0.5	--	0.5
JN	01/26	18:30	Tokyo CPI (y/y)	Jan	--	--	0.0
AU	01/26	19:30	Producer Price Index (y/y)	4Q	--	--	0.5

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
BZ	01/24	07:30	Current Account (US$ mn)	Dec	--	-4500.0	-877.9
CO	01/24	10:00	Trade Balance (US$ mn)	Nov	--	-968.0	-766.3
CO	01/27		**Overnight Lending Rate (%)**	**Jan 27**	**7.25**	**7.25**	**7.50**

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

Global Auctions for the week of January 23 – 27

NORTH AMERICA

Country	Date	Time	Event
US	01/24	13:00	U.S. to Sell 2-Year Notes
US	01/25	11:30	U.S. to Sell 2-Year Floating Rate Notes
CA	01/25	12:00	Canada to Sell 3-Year Bonds
US	01/25	13:00	U.S. to Sell 5-Year Notes
US	01/26	13:00	U.S. to Sell 7-Year Notes

EUROPE

Country	Date	Time	Event
NE	01/24	05:30	Netherlands to Sell 0% 2022 Bonds
DE	01/25	04:00	Denmark to auction 2027 Bond
DE	01/25	04:30	Denmark to Sell 0.5% 2027 Bonds
GE	01/25	05:30	Germany to Sell EUR1 Bln 2.5% 2046 Bonds
IT	01/26	05:00	Italy to Sell Bonds
IT	01/26	05:00	Italy to Sell I/L Bonds
SW	01/26	05:03	Sweden to Sell Bonds
SW	01/27	05:03	Sweden to Sell Bonds

ASIA-PACIFIC

Country	Date	Time	Event
JN	01/23	22:45	Japan to Sell 40-Year Bonds
NZ	01/25	20:05	New Zealand Plans to Sell NZD150 Mln 2.75% 2037 Bonds
JN	01/26	03:00	Japan Auction for Enhanced-Liquidity

LATIN AMERICA

Country	Date	Time	Event
BZ	01/24	09:00	Brazil to Sell I/L Bonds
BZ	01/26	09:00	Brazil to Sell LFT

Source: Bloomberg, Scotiabank Economics.

Events for the week of January 23 – 27

EUROPE

Country	Date	Time	Event
EC	01/22	18:00	ECB's Draghi Speaks in Torino, Italy
HU	01/23	03:00	Hungary's Orban, Matolcsy, Palotai, China's Guoli Speak
GE	01/23		Merkel, French Presidential Candidate Fillon Meet in Berlin
EC	01/24	04:30	EIB President Hoyer Briefs Press in Brussels
TU	01/24	06:00	Benchmark Repurchase Rate
TU	01/24	06:00	**Overnight Lending Rate**
TU	01/24	06:00	**Overnight Borrowing Rate**
HU	01/24	08:00	**Central Bank Rate Decision**
EC	01/24	11:00	ECB's Praet Speaks at Panel in Rome
EC	01/24	12:30	Eurogroup's Dijsselbloem Speaks at L'Echo Brexit Conference
GE	01/26	03:15	Schaeuble, EU's Dombrovskis at CDU-Hosted Event in Berlin
UK	01/27		United Kingdom Sovereign Debt to be rated by Moody's
GE	01/27		German Finance Ministry Publishes Monthly Report
SP	01/27		Spain Sovereign Debt to be rated by Fitch
GE	01/27		Germany Sovereign Debt to be rated by DBRS

ASIA-PACIFIC

Country	Date	Time	Event
JN	01/22	00:00	Cabinet Office Monthly Economic Report for January
NZ	01/25	16:00	N.Z. Government 5-Month Financial Statements
NZ	01/25	18:00	RBNZ Governor Wheeler Speaks in Christchurch (Not public)
AZ	01/27		Azerbaijan Sovereign Debt to be rated by S&P

LATIN AMERICA

Country	Date	Time	Event
CO	01/27		**Overnight Lending 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	March 1, 2017	0.50	0.50
Federal Reserve – Federal Funds Target Rate	0.75	February 1, 2017	0.75	0.75
Banco de México – Overnight Rate	5.75	February 9, 2017	6.00	--

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	0.00	March 9, 2017	0.00	--
Bank of England – Bank Rate	0.25	February 2, 2017	0.25	--
Swiss National Bank – Libor Target Rate	-0.75	March 16, 2017	-0.75	--
Central Bank of Russia – One-Week Auction Rate	10.00	February 3, 2017	10.00	--
Sweden Riksbank – Repo Rate	-0.50	February 15, 2017	-0.50	--
Norges Bank – Deposit Rate	0.50	March 16, 2017	0.50	--

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	January 31, 2017	-0.10	--
Reserve Bank of Australia – Cash Target Rate	1.50	February 6, 2017	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	February 8, 2017	6.00	--
Bank of Korea – Bank Rate	1.25	February 23, 2017	1.25	--
Bank of Thailand – Repo Rate	1.50	February 8, 2017	1.50	1.50
Bank Indonesia – 7-Day Reverse Repo Rate	4.75	February 16, 2017	4.75	--

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	13.00	February 22, 2017	12.50	--
Banco Central de Chile – Overnight Rate	3.50	February 14, 2017	3.25	--
Banco de la República de Colombia – Lending Rate	7.50	January 30, 2017	7.25	7.25
Banco Central de Reserva del Perú – Reference Rate	4.25	February 9, 2017	4.25	--

Banco de la Republica de Colombia: Scotia expects a 25bps rate cut that would bring the lending rate to 7.25%. Inflation is falling but remains well above target, prompting a debate over whether the central bank is easing because of much greater inflation downside in future or whether it is adhering to the government's wishes to stimulate growth.

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	7.00	January 24, 2017	7.00	7.00

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