

ONE LAST HURDLE FOR THE FED TO CLEAR

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Frédéric Prêtet

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Next Week's Risk Dashboard

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- ▶ CDN jobs, trade, wages, housing
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Chart of the Week

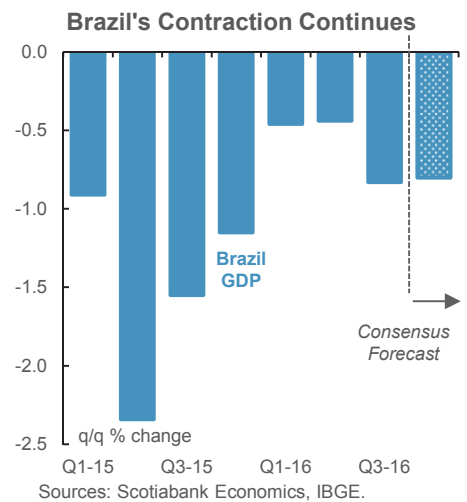


Chart of the Week: Prepared by: Samantha Cameron, Research Assistant.

One Last Hurdle For The Fed To Clear

CANADA — A BOC WATCHER'S WISH LIST

Wages, exports and housing are three of the main variables of interest to the Bank of Canada and key sectors of the Canadian economy. Soft wage gains, export weakness, and a housing market at potentially fragile peaks of activity have been among the interconnected reasons for a generally cautious set of messages from the BoC. Updates on each of these will get most of the attention by way of domestic influences upon local markets next week largely because they will incrementally inform the outlook for monetary policy. Backward looking 2016Q4 or H2 GDP is of less consequence to a central bank focused upon forward looking risks and in any event much of the Q4 GDP 'beat' was fake (see [here](#)).

Canada releases the latest Labour Force Survey of employment conditions next Friday for the month of February. Expectations for a day of reckoning following the recent incredible string of job gains have been persistently thwarted. Canada has gained 239,000 jobs over just the past six months. If annualized, then a full year's worth of such gains would break the all-time record for annual job growth that was set about four decades ago. At some point, one of two things must happen: either output growth will accelerate in order to merit new hires to date; or employers will wonder why they sacrificed productivity growth by hiring so many workers. I fear the latter, but can't offer timing guidance on a volatile household survey. It is not unusual for Canadian employers to meet output demands more through labour than capital inputs through fairly persistent under-investment relative to the US economy, which helps explain a longstanding productivity challenge.

Wage figures will also matter. Wage gains offer a price signal on how tight or loose labour markets may be, and offer one indication of cost-push inflation pressures of relevance to the BoC's 2% inflation target. Hence why discussions on how labour markets affect central banks usually turn toward discussions about the Phillips curve. The wage figure that has tended to matter the most to the BoC in the past has been for permanent employees. The deceleration to only 1.5% nominal wage growth in January was below the latest 2.1% rise in CPI such that real (inflation-adjusted) wages are slightly falling and that's a weight against the toppish consumption cycle. Canadians are suffering real wage erosion which may suggest soft full-cycle productivity growth.

This is occurring despite less slack in Canadian labour markets than stateside where wage growth has been running a full point faster than in Canada despite a lower labour force participation rate that may have more room to increase than in Canada. The two countries have very similar age structures of the population pyramids.

Before Friday's jobs data will come trade on Tuesday. **Canada's export growth has been flashing warning signs since before the US election** and hence before Trump-related trade risks crept into the picture. Export volumes have fallen in three of the past four months to December. They were up by about 2% in Q4 over Q3 only because of one single good month of the past four (November). This is key because, with a toppish household sector in general and housing market in particular, Canada needs another source of growth to carry the torch and the BoC has long hoped that exports would play this role in a rebalancing of the sources of growth. **At least for as long as such hopes are frustrated, the BoC is unlikely to change its cautious message even if US trade policy risks were not part of the picture as they continue to be.**

Canada also releases **housing starts** for February on Wednesday. My main concern on this front is that **an unusually mild winter in the most population-heavy centres like southern Ontario may be biasing starts higher than normal.** Since September, Ontario's housing starts have soared by over 40% in seasonally adjusted but non-annualized terms, while nationwide starts have fallen by 5%. It's unclear the extent to which abnormal weather is bringing forward construction and model-home browsing that might have occurred at other times and in ways that standard seasonal adjustments are not controlling.

It's also the case, however, that Ontario's housing markets have received a series of positive shots in the arm over the past year. As argued previously, people were leaving Ontario to go to other provinces in net terms for about a decade and a half and suddenly began returning home in droves over the past year to drive the strongest net inflow of people from other provinces—chiefly Alberta—to Ontario since 2001. Higher national immigration targets also concentrate arrivals on centres like the Greater Toronto Area. Rate cuts by the BoC in 2015 added housing momentum. The 107,000 jobs created in Ontario over the past six

months has been about 45% of national job growth. The plunge in the currency over the past five years put Canadian real estate on sale for anyone investing with US dollars (like Americans, or Asian investors). And finally, parents with kids under 17 and in households with under \$200k in annual before-tax income are getting an extra \$375 per month in tax-free income thanks to the increased child benefit payments that began going out last July, and these payments count toward income on a mortgage application and hence can be leveraged in buying a home with at least as much confidence in the income stream as employment income.

Canada auctions 3 year Government of Canada notes on Wednesday.

30 TSX-listed firms release earnings next week including names like Linamar.

UNITED STATES — JOBS PROBABLY WON'T MATTER

The Federal Reserve officially enters black-out on Saturday March 4th ahead of the March 15th policy decision in keeping with the revised black-out guidelines that were rolled out in January (see point 7, page 2 [here](#)). Chair Yellen and Vice-Chair Fischer therefore get the last words when they speak this Friday March 3rd after we go to print.

It's unlikely that the only thing of note on the US calendar next week will actually matter much to the Fed. **It would take a really big downside to nonfarm payrolls and/or wage growth on Friday to impact the debate on whether to hike on March 15th or opt to buy more time.** ADP may provide a clue two days before but we always caution on its hit-and-miss ability to track nonfarm. Strong numbers might solidify a March hike, while even just 100-150k new jobs and north of 2% wage growth would likely keep a hike in March on track all else equal by way of Fed thinking. Markets are largely priced for a hike this month and very suddenly at that (chart 1), but are doing so by leaving the full year's expected number of hikes largely unchanged at a little more than two being fully priced in for the year. Our forecast remains three hikes for the year as a whole and therefore remains a little richer than market pricing (chart 2).

Factory orders during January arrive Monday and are expected to follow the already released durables report higher with the only new information being the other half of the report that is comprised of nondurable goods.

While usually of little consequence to markets, the **Fed's quarterly financial accounts of the US economy** will offer headlines on changes in household net worth, equity wealth, and indebtedness in Q4 on Thursday.

Several auctions will be conducted over the week including a 30 year reopening on Thursday, a 10 year reopening on Wednesday and a 3 year reopening Tuesday.

EUROPE — IS DRAGHI CONVINCED?

The week's highlight may be Thursday's meeting and policy decision at the European Central Bank. As Scotia's Eurozone economist/strategist Frédéric Prêtet argues on page 6, no policy change is expected at this one and instead the focus will be upon updated forecasts and any modest potential change in the policy bias.

Fred thinks that **upward revisions to growth forecasts are likely and a turn toward a more neutral if not slightly more hawkish tone** than President Draghi's prior dovish bias may be in the cards. Uncertainties in this regard include political risks and the fact that only headline inflation is gaining traction on commodity prices

Chart 1

Fed Funds Rate Hike Probability

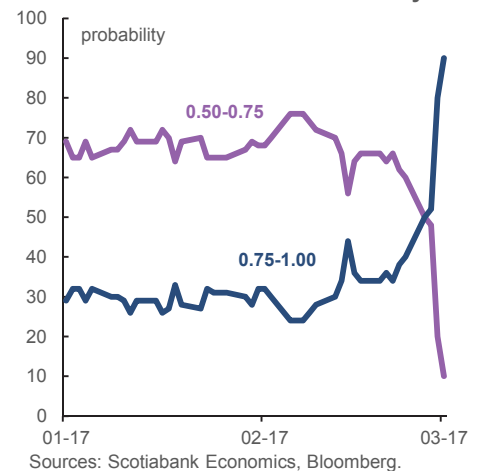
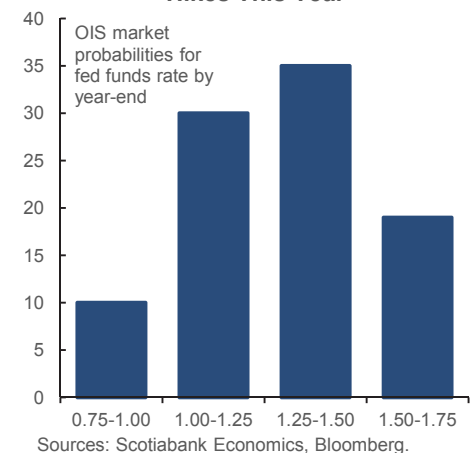


Chart 2

Markets Straddling 2-3 Hikes This Year



and year-ago base effects absent underlying core inflation pressures (chart 3). Until we see more evidence of the latter, then a sustained 'reflation' trade still needs hard evidence to back it.

Other developments during the week will be focused upon data updates that will inform Q1 growth tracking. Industrial production is on tap in France, Germany, Spain and the UK. Trade updates will come from France, Germany, and the UK. German factory orders and Spanish retail sales will complement the picture. UK construction output and a monthly GDP estimate for February complete the data set.

LATIN AMERICA — INFLATION DIVERGENCE

There are three types of events that will combine to offer multi-country LatAm market risk next week, in addition to global influences.

The first is that **four countries will update inflation readings** for the month of February: Colombia (Saturday); Chile (Wednesday); Mexico (Thursday); and Argentina (Thursday). One central bank is tightening on above-target inflation, one is easing on above target inflation, one is easing because inflation sits within the lower end of its policy band, and another can only dream of inflation being under reasonable control. The latest inflation readings and central bank target ranges are shown in chart 4.

- **Argentina is still in the process of re-establishing some credibility to its inflation figures** after it began publishing them again last May which means we have to wait for four more readings before we begin to get year-ago comparisons. The country has averaged month-ago inflation of 1.9% m/m since last May and hence about 25% at an annualized compounded rate. Argentina is targeting inflation of 12-17% in 2017. Next year's target range is 8-12%.
- **Mexico will likely witness further upward pressure on inflation thanks to the peso's depreciation.** Over about the past year, inflation went from a low of 2.1% y/y to 4.7% in January. Banxico targets inflation of 3% +/-1%.
- **Colombia may continue to go the other way on the trend but with inflation still running hotter than in Mexico.** From a 9% y/y peak in mid-2016, inflation in January was about 5½% and next week's inflation reading is expected to be a little lower. Inflation remains well above the 3% +/-1% inflation band, but Colombia's central bank cut its policy rate twice over the past two months. Consensus expects inflation to end 2017 at over 4% and thus a little above the central bank's inflation band.
- **Chile is the only country that has inflation running within its inflation target range.** January's rate of 2.8% y/y sits within the 3% +/-1% inflation band and supports further monetary easing after the central bank cut in January for the first time since October 2014.

Chart 3

No Breadth To Eurozone Inflation

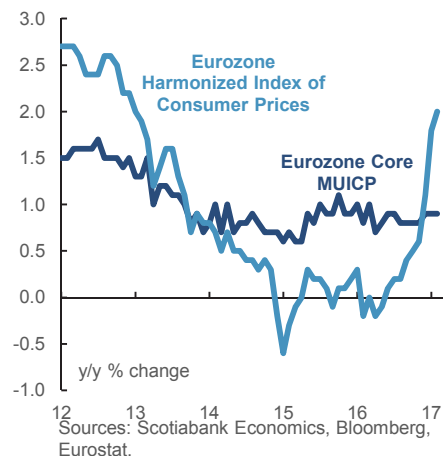
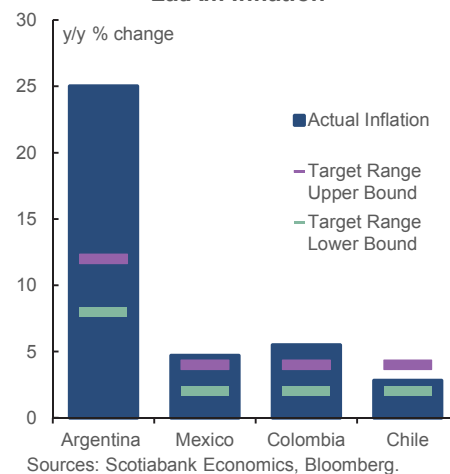


Chart 4

LatAm Inflation



Secondly, Peru's central bank issues a policy decision on Thursday. Inflation for February came in at 3.25% y/y which was a little higher than the prior month and above the 2% +/-1% inflation target range. That is likely to keep Banco Central de Reserva del Peru on hold.

And the third event... Another quarter, another contraction. This has become an all-too-familiar tag on the Brazilian economy and next week probably won't be any different. **The Brazilian economy is expected to contract for the eighth straight quarter when 2016Q4 figures arrive on Tuesday.** Fear not, that was then, this is now. Maybe. Consensus thinks the bleeding will stop this year, with slightly firmer annual growth in the 2% range next year.

ASIA — CHINESE FABLES

Next week will likely be all about Chinese data myths and how they might again be erroneously spun as signs of strength and reflation.

So far, all of the talk about China's economy reflating itself has been misinterpreting select price indices which provide only lagging inflation data on already-known changes in commodity prices. Like the Eurozone, there is scant evidence of inflation pass-through into broader measures of inflation. Next week's inflation updates from China will further this debate.

Enter chart 5. It shows that **producer prices have soared, but little of this has filtered into consumer measures of inflation** whether headline CPI or CPI excluding food and energy. China's producer price index has soared largely because of the commodity component that is already understood and digested by markets through high frequency commodity market prices. It is likely a transitory appreciation to boot. Chinese core CPI might get a boost next week on year-ago softness when February 2016 dipped, but year-ago headline CPI might slip for the opposite reason.

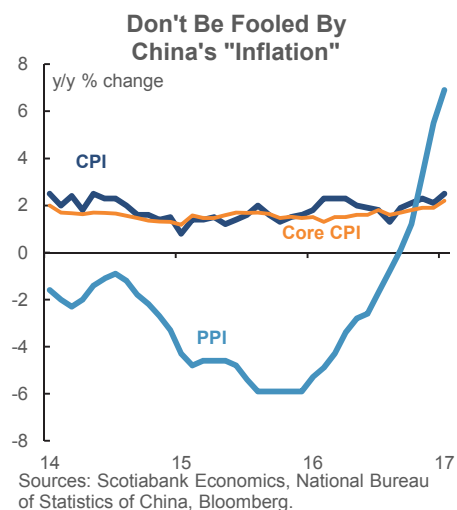
Second will be that **China's exports for February are likely to be strong in year-ago terms only because a year ago they were getting pummeled** by falling 28% y/y in USD terms and 23% y/y in yuan terms last February. Headlines may flag how strong Chinese exports are as an alleged signal of a strongly improving economy. Base effects are all the rage in a lot of global year-over-year data that is being compared to the terrible way that 2016 started off in the markets and the global economy, but market participants shouldn't be fooled by this.

Chinese aggregate financing may be updated next week as well, after a ripping start to the year for credit growth that set a new record for new financing extended in the month of January. **China will also release foreign reserves** for February with the expectation they will continue to decline as a reflection of a leaky capital account marked by high seasonality at this time of the year alongside currency management efforts. Thus, **the data on China's financial system may signal domestic credit strengths but softening measures of external finances** for a mixed overall picture of financial health.

The Reserve Bank of Australia issues a policy decision on Tuesday night eastern time. No one within consensus expects a policy change with the cash target rate remaining at 1.5%. After the economy rebounded smartly with 1.1% q/q non-annualized growth in Q4 from a half point contraction in Q3, the central bank might leave well enough alone for now notwithstanding strength in the A\$ this year and risks to global trade policy.

Other developments will be strictly of interest to local markets. CPI updates will come from Philippines and Taiwan. Japan revises Q4 GDP. Trade reports will come from India (as well as industrial production) and Philippines. Australia updates retail sales.

Chart 5



Feature Article

ECB Preview: Back To Balanced Risk?

We expect no change in the management of ECB monetary policy when the Committee meets on March 9. The focus will therefore mainly be on the outlook for the macroeconomic scenario and any hint of a more hawkish bias.

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UPWARD REVISIONS TO THE MACROECONOMIC SCENARIO

- The Bundesbank President already hinted at an upgrade in the macroeconomic scenario, describing the recovery as “quite good” and indicating that 2017 inflation will be “far higher than projected”.
- In terms of GDP growth:
 - Q4 GDP growth at 0.4% q/q was in line with the ECB’s assumption and the ongoing rise in all business surveys points to a significant acceleration at the beginning of the year. As a result, 2017 GDP growth could be revised slightly up.
 - Beyond this, we expect also an upward revision, mainly thanks to stronger external demand. Indeed, global PMI data have continued to move higher and the last forecast from the EU Commission showed an upward revision to world GDP growth. In the meantime, the EUR effective exchange rate is currently around 2.0% lower than assumed in December, offering stronger competitive advantage.
- Inflation:
 - With higher oil and food prices, 2017 inflation forecast could be revised up by 0.3%–0.4%, and then get closer to the ECB’s inflation price stability target of “below, but close to, 2.0%”.
 - Beyond this, it will be important to see if this spike in 2017 inflation is temporary or not. Mechanically, the base effects in energy and food prices could play in reverse in 2018 and bring inflation down. Also, while headline inflation has surprised on the upside, core inflation has remained stuck at 0.9% y/y. However, the lagged impact of a lower EUR and stronger GDP growth could offer an underlying support. As a result, we also do not exclude the possibility of seeing a slight upward revision to medium-term inflation projections.

Table 1: Potential Forecast Change

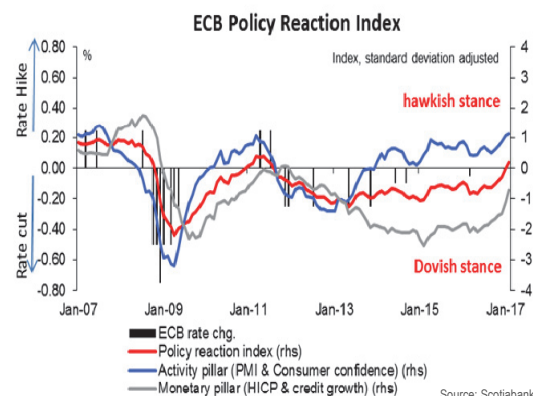
Growth				
GDP % y/y	2016	2017	2018	2019
ECB (December)	1.7	1.7	1.6	1.6
Base effect/Global growth	0.0	0.1	0.1	0.1
Interest rates	0.0	0.0	0.0	0.0
Oil prices	0.0	-0.1	0.0	0.0
EUR	0.0	0.1	0.1	0.1
Potential forecast	1.7	1.7/1.8	1.7/1.8	1.7/1.8

Inflation				
HICP % y/y	2016	2017	2018	2019
ECB (December)	0.2	1.3	1.5	1.7
Output Gap	0.0	0.0	0.1	0.1
Interest rates	0.0	0.0	0.0	0.0
Oil prices	0.0	0.2	-0.1	0.0
EUR	0.0	0.1	0.1	0.1
Potential forecast	0.2	1.6/1.7	1.5/1.6	1.8/1.9

SHIFTING TO A BALANCED RISK?

- In view of all recent economic data and these potential upward revisions to the macroeconomic scenario, the tone of the ECB President could turn more hawkish. Indeed, our traditional indicator on the ECB’s policy reaction based on both monetary (credit growth & headline inflation) and activity (PMI manufacturing & consumer confidence) data has shifted to the hawkish side. Up to now, the ECB President has kept a dovish bias. It is true that stronger headline inflation has not yet spilled over to core inflation. Also, the rising political uncertainty creates the risk of potential shocks in the economic recovery.
- Nonetheless the current global macroeconomic and inflation pictures strengthen the positions of the hawks inside the board. 5y in 5y forward inflation swaps—a key gauge to assess the ECB’s credibility in restoring price stability—have recovered to 1.70% or above; that is higher than when the ECB decided to implement its quantitative easing program (QE). While gradual, we therefore expect the tone of the ECB President to turn more neutral and the illustration could be the decision to shift the balance of risk on the macroeconomic scenario from “downside” to “balanced”.

Chart 1: ECB’s Policy Index Moved To The Hawkish Side



Key Indicators for the week of March 6 – 10
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>
US	03/06	10:00	Durable Goods Orders (m/m)	Jan F	--	--	1.8
US	03/06	10:00	Durable Goods Orders ex. Trans. (m/m)	Jan F	--	--	-0.2
US	03/06	10:00	Factory Orders (m/m)	Jan	1.0	0.9	1.3
CA	03/07	08:30	Merchandise Trade Balance (C\$ bn)	Jan	0.75	--	0.9
US	03/07	08:30	Trade Balance (US\$ bn)	Jan	-46.0	-47.0	-44.3
US	03/07	15:00	Consumer Credit (US\$ bn m/m)	Jan	--	20.0	14.2
US	03/08	07:00	MBA Mortgage Applications (w/w)	MAR 3	--	--	5.8
CA	03/08	08:15	Housing Starts (000s a.r.)	Feb	200.0	--	207.4
US	03/08	08:15	ADP Employment Report (000s m/m)	Feb	200.0	180.0	246.4
CA	03/08	08:30	Building Permits (m/m)	Jan	--	--	-6.6
CA	03/08	08:30	Productivity (q/q a.r.)	4Q	--	--	1.2
US	03/08	08:30	Productivity (q/q a.r.)	4Q F	--	1.5	1.3
US	03/08	08:30	Unit Labor Costs (q/q a.r.)	4Q F	--	1.5	1.7
CA	03/09	08:30	Capacity Utilization (%)	4Q	--	--	81.9
CA	03/09	08:30	New Housing Price Index (m/m)	Jan	--	--	0.1
US	03/09	08:30	Export Prices (m/m)	Feb	--	0.1	0.4
US	03/09	08:30	Import Prices (m/m)	Feb	--	0.1	0.4
US	03/09	08:30	Initial Jobless Claims (000s)	MAR 4	230	245	223
US	03/09	08:30	Continuing Claims (000s)	FEB 25	2065	2060	2066
MX	03/09	09:00	Bi-Weekly Core CPI (% change)	Feb 28	0.15	--	0.46
MX	03/09	09:00	Bi-Weekly CPI (% change)	Feb 28	0.17	--	0.33
MX	03/09	09:00	Consumer Prices (m/m)	Feb	0.54	0.56	1.70
MX	03/09	09:00	Consumer Prices (y/y)	Feb	4.82	4.81	4.72
MX	03/09	09:00	Consumer Prices Core (m/m)	Feb	0.72	0.72	0.58
CA	03/10	08:30	Employment (000s m/m)	Feb	0.0	--	48.3
CA	03/10	08:30	Unemployment Rate (%)	Feb	6.8	--	6.8
US	03/10	08:30	Nonfarm Employment Report (000s m/m)	Feb	200	175	227
US	03/10	08:30	Unemployment Rate (%)	Feb	4.7	4.7	4.8
US	03/10	08:30	Household Employment Report (000s m/m)	Feb	--	--	-30.0
US	03/10	08:30	Average Hourly Earnings (m/m)	Feb	0.2	0.2	0.1
US	03/10	08:30	Average Hourly Earnings (y/y)	Feb	2.6	2.8	2.5
US	03/10	08:30	Average Weekly Hours	Feb	--	34.4	34.4
US	03/10	14:00	Treasury Budget (US\$ bn)	Feb	--	--	51.3

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>
GR	03/06	05:00	Real GDP NSA (y/y)	4Q F	--	--	0.2
GE	03/07	02:00	Factory Orders (m/m)	Jan	-0.7	--	5.2
FR	03/07	02:45	Central Government Balance (€ bn)	Jan	--	--	-69.0
HU	03/07	03:00	GDP (y/y)	4Q F	--	--	1.6
UK	03/07	03:30	Halifax House Price (3 month, y/y)	Feb	5.1	5.4	5.7
EC	03/07	05:00	GDP (q/q)	4Q F	0.4	--	0.4
GE	03/08	02:00	Industrial Production (m/m)	Jan	4.0	--	-3.0
FR	03/08	02:45	Current Account (€ bn)	Jan	--	--	-1.1
FR	03/08	02:45	Trade Balance (€ mn)	Jan	--	--	-3421
SP	03/08	03:00	Industrial Output NSA (y/y)	Jan	--	--	-1.6
FR	03/09	01:30	Non-Farm Payrolls (q/q)	4Q F	--	--	0.4
EC	03/09	07:45	ECB Main Refinancing Rate (%)	Mar 9	0.00	--	0.00
GE	03/10	02:00	Current Account (€ bn)	Jan	--	--	24.0
GE	03/10	02:00	Trade Balance (€ bn)	Jan	--	--	18.7
FR	03/10	02:45	Industrial Production (m/m)	Jan	1.5	--	-0.9
FR	03/10	02:45	Industrial Production (y/y)	Jan	1.3	--	1.3
FR	03/10	02:45	Manufacturing Production (m/m)	Jan	1.7	--	-0.8
SP	03/10	03:00	Real Retail Sales (y/y)	Jan	--	--	0.9
IT	03/10	04:00	Unemployment Rate (%)	4Q	--	--	11.6
UK	03/10	04:30	Industrial Production (m/m)	Jan	-0.6	-0.6	1.1
UK	03/10	04:30	Manufacturing Production (m/m)	Jan	-1.0	-0.8	2.1
UK	03/10	04:30	Visible Trade Balance (£ mn)	Jan	-1000	-11100	-10890

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

Key Indicators for the week of March 6 – 10
ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
AU	03/05	19:30	Retail Sales (m/m)	Jan	--	0.3	-0.1
AU	03/05	19:30	ANZ Job Advertisements (m/m)	Feb	--	--	4.0
IN	MAR 05-31		Current Account Balance	4Q	--	--	-3.43
TA	03/06	19:30	CPI (y/y)	Feb	0.6	0.6	2.3
PH	03/06	20:00	CPI (y/y)	Feb	3.1	--	2.7
PH	03/06	20:00	Core CPI (y/y)	Feb	--	--	2.5
AU	03/06	22:30	RBA Cash Target Rate (%)	Mar 7	1.50	1.50	1.50
CH	MAR 06-07		Foreign Reserves (US\$ bn)	Feb	2950	2961	2998
AU	03/07	00:30	Foreign Reserves (AUD bn)	Feb	--	--	68.6
MA	03/07	02:00	Foreign Reserves (US\$ bn)	Feb 28	--	--	95.0
TA	03/07	03:00	Exports (y/y)	Feb	--	16.7	7.0
TA	03/07	03:00	Imports (y/y)	Feb	--	25.2	8.4
TA	03/07	03:00	Trade Balance (US\$ bn)	Feb	--	3.6	3.5
SI	03/07	04:00	Foreign Reserves (US\$ mn)	Feb	--	--	252743
NZ	03/07	16:45	Manufacturing Activity	4Q	--	--	0.4
JN	03/07	18:50	Bank Lending (y/y)	Feb	--	--	2.5
JN	03/07	18:50	Current Account (¥ bn)	Jan	--	330	1112
JN	03/07	18:50	GDP (q/q)	4Q F	0.2	0.4	0.2
JN	03/07	18:50	Trade Balance - BOP Basis (¥ bn)	Jan	--	-885.5	806.8
CH	MAR 07-08		Exports (y/y)	Feb	--	13.0	7.9
CH	MAR 07-08		Imports (y/y)	Feb	--	20.0	16.7
CH	MAR 07-08		Trade Balance (USD bn)	Feb	--	26.4	51.3
ID	MAR 07-08		Consumer Confidence Index	Feb	--	--	115.3
JN	03/08	00:00	Coincident Index CI	Jan P	--	114.3	114.8
JN	03/08	00:00	Leading Index CI	Jan P	--	105.8	104.8
JN	03/08	18:50	Japan Money Stock M2 (y/y)	Feb	--	4.1	4.1
JN	03/08	18:50	Japan Money Stock M3 (y/y)	Feb	--	3.6	3.5
CH	03/08	20:30	CPI (y/y)	Feb	2.0	1.7	2.5
CH	03/08	20:30	PPI (y/y)	Feb	--	7.5	6.9
JN	03/09	01:00	Machine Tool Orders (y/y)	Feb P	--	--	3.5
AU	03/09	19:30	Home Loans (%)	Jan	--	-1.0	0.4
AU	03/09	19:30	Investment Lending (% change)	Jan	--	--	-1.0
PH	03/09	20:00	Exports (y/y)	Jan	--	--	4.5
PH	03/09	20:00	Imports (y/y)	Jan	--	--	19.1
PH	03/09	20:00	Trade Balance (US\$ mn)	Jan	--	--	-2564
CH	MAR 09-15		Aggregate Financing (CNY bn)	Feb	--	1450	3738
CH	MAR 09-15		New Yuan Loans (bn)	Feb	--	910	2030
IN	MAR 09-15		Exports (y/y)	Feb	--	--	4.3
IN	MAR 09-15		Imports (y/y)	Feb	--	--	10.7
SI	03/10	00:00	Retail Sales (y/y)	Jan	--	--	0.4
IN	03/10	07:00	Industrial Production (y/y)	Jan	--	--	-0.40

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CO	03/04	12:00	Consumer Price Index (m/m)	Feb	--	1.2	1.0
CO	03/04	12:00	Consumer Price Index (y/y)	Feb	--	5.4	5.5
CL	03/06	06:30	Economic Activity Index SA (m/m)	Jan	--	--	0.9
CL	03/06	06:30	Economic Activity Index NSA (y/y)	Jan	--	1.3	1.2
BZ	03/07	07:00	GDP (IBGE) (q/q)	4Q	--	-0.8	-0.8
BZ	03/07	07:00	GDP (IBGE) (y/y)	4Q	1.0	-2.9	-2.9
CL	03/08	06:00	CPI (m/m)	Feb	0.2	0.3	0.5
CL	03/08	06:00	CPI (y/y)	Feb	2.7	2.8	2.8
BZ	03/08	07:00	Industrial Production SA (m/m)	Jan	--	--	2.3
BZ	03/08	07:00	Industrial Production (y/y)	Jan	--	--	-0.1
PE	03/09	18:00	Reference Rate (%)	Mar 9	4.25	--	4.25
BZ	03/10	07:00	IBGE Inflation IPCA (m/m)	Feb	--	--	0.4
BZ	03/10	07:00	IBGE Inflation IPCA (y/y)	Feb	--	4.9	5.4
PE	03/10		Trade Balance (USD mn)	Jan	--	--	996.0

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

Global Auctions for the week of March 6 – 10

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	03/07	13:00	U.S. to Sell 3-Year Notes
CA	03/08	12:00	Canada to Sell 3-Year Bonds
US	03/08	13:00	U.S. to Sell 10-Year Notes Reopening
US	03/09	13:00	U.S. to Sell 30-Year Bonds Reopening

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AS	03/07	05:15	Austria to Sell 2.4% 2034 Bonds
AS	03/07	05:15	Austria to Sell 0.75% 2026 Bonds
DE	03/08	04:00	Denmark to Sell Bonds
SW	03/08	05:03	Sweden to Sell Bonds
SZ	03/08	05:15	Switzerland to Sell Bonds on March 8
GE	03/08	05:30	Germany to Sell EUR4 Bln 0% 2022 Bonds
UK	03/09	05:30	U.K. to Sell 0.125% I/L 2036 Bonds
IR	03/09	05:30	Ireland to Sell Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	03/06	22:45	Japan to Sell 30-Year Bonds
CH	03/07	22:00	China Plans to Sell 5-Year Upsized Government Bond
NZ	03/08	20:05	New Zealand Plans to Sell NZD100 Mln 2.5% 2035 I/L Bonds
JN	03/08	22:45	Japan to Sell 5-Year Bonds

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BZ	03/07	10:00	Brazil to Sell I/L Bonds

Events for the week of March 6 – 10

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	MAR 05-07		33rd Annual NABE Economic Policy Conference
US	03/06	15:00	Kashkari speaks at NABE conference
US	03/07	10:00	Rosenstein/ Brand Nominations - Hearing
US	03/08	09:30	Duke Nomination - Hearing
US	03/08	14:30	Administration's Indian Affairs Priorities - Hearing
US	03/08	14:30	Global Nuclear Weapons Environment - Hearing
US	03/09	09:30	Defense Subcommittee hearing on "Member's Day."
US	03/09	10:00	Veterans Service Organizations - Hearing

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
UK	03/06	06:30	BOE Deputy Governor Hogg Speaks in Lincoln
SZ	03/07	03:00	Foreign Currency Reserves
EC	03/07	05:00	EU's Timmermans, Katainen Speak at Mayors Summit in Brussels
NO	03/07	09:00	Norway Deputy Central Bank Governor Matsen Speaks in Trondheim
UK	03/07		U.K. Lords Hold Final Debate and Vote on Article 50 Bill
UK	03/08	07:30	Hammond Announces U.K. Budget
EC	03/09	07:45	ECB Main Refinancing Rate
EC	03/09	07:45	ECB Marginal Lending Facility
EC	03/09	07:45	ECB Deposit Facility Rate
GE	03/09	13:00	Schaeuble holds speech on global risk to public finances
EC	03/09	00:00	European Union Leaders Meet to Discuss the Economy in Brussels
EC	03/10	05:30	U.K.'s Barrow Speaks at AmCham EU Conference in Brussels
EC	03/10	08:30	EU's Mogherini Speaks at AmCham EU Conference in Brussels
GE	03/10		Germany Sovereign Debt to be rated by Fitch

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CH	03/02	00:00	Chinese People's Political Consultative Conference
CH	03/04	00:00	National People's Congress
NZ	03/06	13:00	RBNZ Governor Wheeler Speaks in Auckland (Not Public)
AU	03/06	22:30	RBA Cash Rate Target
KZ	03/09	00:00	Kazakhstan Sovereign Debt to be rated by S&P
AU	03/10	18:00	Western Australia state election

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
PE	03/09	18:00	Reference Rate
CO	03/10	13:00	Colombia Monetary Policy Minutes

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	April 12, 2017	0.50	0.50
Federal Reserve – Federal Funds Target Rate	0.75	March 15, 2017	0.75	0.75
Banco de México – Overnight Rate	6.25	March 30, 2017	6.25	--

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	March 9, 2017	0.00	--
Bank of England – Bank Rate	0.25	March 16, 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	March 24, 2017	10.00	10.00
Sweden Riksbank – Repo Rate	-0.50	April 27, 2017	-0.50	--
Norges Bank – Deposit Rate	0.50	March 16, 2017	0.50	--

ECB: No change in policy is expected. What will be watched will be whether growth forecasts are revised up and whether President Draghi's dovish bias to date shifts to being more neutral if not slightly hawkish. See the ECB preview on page 6.

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	March 16, 2017	-0.10	--
Reserve Bank of Australia – Cash Target Rate	1.50	March 6, 2017	1.50	1.50
Reserve Bank of New Zealand – Cash Rate	1.75	March 22, 2017	1.75	1.75
People's Bank of China – Lending Rate	4.35	TBA	--	--
Reserve Bank of India – Repo Rate	6.25	April 6, 2017	6.25	--
Bank of Korea – Bank Rate	1.25	April 13, 2017	1.25	--
Bank of Thailand – Repo Rate	1.50	March 29, 2017	1.50	1.50
Bank Indonesia – 7-Day Reverse Repo Rate	4.75	March 16, 2017	4.75	--

Reserve Bank of Australia: The central bank will likely leave the benchmark interest rate unchanged at 1.5% over the coming months. Nevertheless, it will closely watch for any signs of weakening in labour market conditions, as consumer spending will remain the key pillar of Australia's economic momentum.

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	12.25	April 12, 2017	11.75	--
Banco Central de Chile – Overnight Rate	3.25	March 16, 2017	2.75	--
Banco de la República de Colombia – Lending Rate	7.25	March 24, 2017	7.00	--
Banco Central de Reserva del Perú – Reference Rate	4.25	March 9, 2017	4.25	--

Peru: No change in rates is expected as inflation remains above the upper end of the central bank's target range.

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	March 30, 2017	7.00	--

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