

WILL THE FED WIN OVER SKEPTICAL MARKETS?

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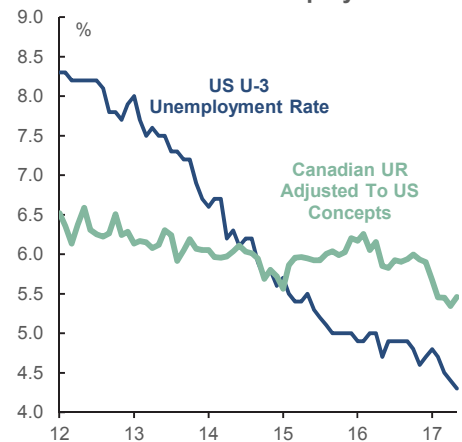
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Next Week's Risk Dashboard

- ▶ Fed's semi-annual MPR
- ▶ FOMC minutes
- ▶ US nonfarm, wages, ISM
- ▶ Fed-speak
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- ▶ Chinese private PMIs
- ▶ Asian inflation

Chart of the Week

Canadian & US Unemployment



Sources: Scotiabank Economics, BLS, Statistics Canada.

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

Will The Fed Win Over Skeptical Markets?

CANADA — THE TREND IS THE BOC'S FRIEND

A pair of indicators that are among the most volatile reports but whose trends factor significantly into assessments of the health of the Canadian economy and monetary policy discussions will dominate attention placed upon Canadian markets next week. That will happen only toward the end of the week with Canadian markets shut on Monday for the statutory holiday to celebrate the nation's 150th birthday since Confederation that occurs this Saturday. With US markets shut on Tuesday for their national holiday, Canadian markets are likely to be quiet throughout the first part of the week.

After a string of fairly solid figures for job growth and exports, next week could well bring about some moderation. **The BoC is more likely to look to the trend than the latest spot numbers even if softness returns and that trend on both counts has been favourable for some time.**

Export volumes were up 1.1% m/m in April and 1.8% in March which more than reversed the 2.2% drop in February. While export volumes were flat in Q1 over Q4 and import volume soared by 19% in Q1, we're tracking a 6 ½% rise in export volumes so far in Q2 and flat import volumes (-0.2%) based upon the Q1 hand-off and April data. **Figures for the month of May will further inform how net trade is contributing to GDP growth, but the broad trend and the connection with USDCAD remain favourable (chart 1).**

Jobs were up by 54,500 in May which was the strongest monthly gain since September and the third strongest since commodity prices began sliding in mid-2014. Further, all of the gain was in full-time employment (+77k) as part-time jobs fell. **It's tough to repeat these numbers so next week could put us back on the less favourable side of the oscillating pattern.** Having said that, Canada has grown about 400,000 jobs since last July when the ten months to date are annualized at a seasonally adjusted rate. That's a torrid pace of job growth that would proportionately equate to over 4 million US jobs being created over the same time frame. Can it continue? One reason it might is that against concerns I've had to date, said job growth is not—or least not yet—coming at the expense of growth in labour productivity (chart 2). The worker bees are working and not just lounging about!! In a sense, Canada's job market is in a state of near-Nirvana with strong job growth, productivity gains, and our expectation that wage growth is likely to double or more into next year when tightened labour markets create broadening evidence of firming wage pressures and huge minimum wage hikes in Ontario and Alberta kick in.

Canada conducts a five year auction on Wednesday.

UNITED STATES — THE FED'S BIG CHANCE TO EXPLAIN ITSELF

Data risk moves in just as the politicians head out of town for the recess centered around Tuesday's Independence Day holiday during which of course markets will be closed. **Fed-speak is likely to be the week's main events.**

There are three key things I would watch over the coming week and at the center of them is Fed speak. **First will be minutes to the June 14th FOMC meeting** when the Fed decided to raise its Fed funds target rate range by 25bps, introduced details of its reinvestment reduction plans and guided that it is looking through a transitory soft-patch to inflation readings. Markets may be particularly tuned in to what the discussion reveals by way of a) the degree of agreement over whether falling core inflation is a transitory phenomenon, and b) more needed details on why the Fed believes this to be the case given they haven't done a good job of communicating on this point other than to simply say so! That may also be a point of emphasis in the **July 2017 Monetary**

Chart 1 Canadian Dollar & Net Export Volumes

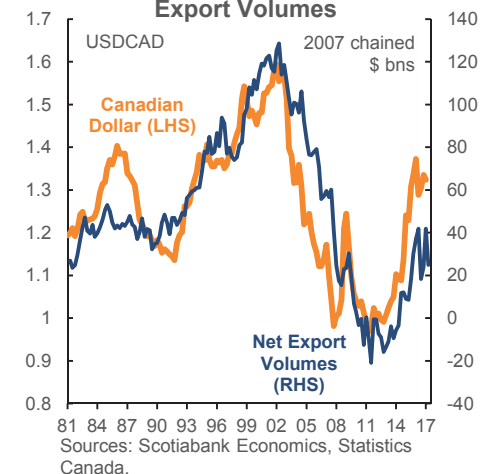
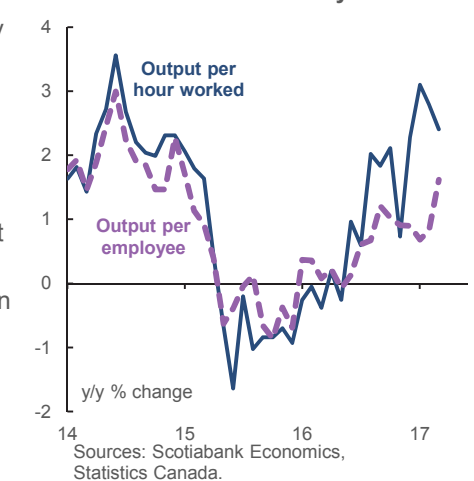


Chart 2 Canada's Productivity Gains



Policy Report to Congress on Friday to potentially end the week with a bang. **Fed-speak will also include an address by Fed Vice Chair Stanley Fischer** on government policy and productivity (Thursday), a speech by Governor Powell on housing finance reform, and talks by regional Presidents Bullard (nonvoting 2017, alternate 2018) and Williams (alternate 2017, voting 2018).

The second thing to watch will be the pace of job growth evidenced by Friday's nonfarm report for June and the ADP report two days beforehand. Nonfarm payrolls have averaged only 121,000 new jobs over the past three months with the high being 174k in April and the low being March's 50k. We expect a bit of a rise coming out of a hiring soft patch.

Third will be the pace of wage gains in Friday's numbers. After dropping from a high of 2.9% y/y in December, wage growth sat at 2.5% in May. Real wage growth is all but non-existent (chart 3). Will wage growth stabilize in the June report or continue to drift lower and thus further reinforce sagging inflation measures?

A round of other reports will be relatively less consequential to markets. They start with Monday's ISM manufacturing print for June (and Thursday's services report), as well as construction spending and vehicle sales on the same day. Factory orders (Wednesday) and trade figures (Thursday) round out the macro reports.

EUROPE — UK PMI READINGS TO INFORM Q3 GROWTH RISKS

Data risk of the relatively subdued variety won't put Europe at the forefront of global market risks over the coming week. Of interest to UK markets will be PMI data.

The UK stands the best chance of delivering impactful data when the purchasing managers indices for manufacturing and construction (Monday), services and the composite reading (Wednesday) all arrive. Our UK economist/strategist Alan Clarke points out that the surveys won't tell us much about Q2 growth at this point but offer an advance signal on Q3 momentum. He's expected a deceleration in growth in Q3 and so a test will come with the PMIs that have been fairly solid on balance (chart 4). Industrial output and trade end the week with May updates but they will be less widely followed than the PMI signals.

After very strong readings from Germany and France, we'll get the Eurozone add-up for retail sales on Wednesday which should offer a favourable assessment of the consumer sector for the month of May. Industrial output gets updated by Germany, France, Spain and the UK and decent gains are expected in most cases with Germany a possible exception after a strong prior gain. The flip side to German data, however, is expected to be that factory orders should rebound nicely from a 2.1% drop in April and restore growth.

Sweden's Riksbank delivers a policy decision on Tuesday but nobody expects a policy shift because the ECB is attempting to restore balance to the debate over monetary policy but still a long way from any potential policy shift.

ASIA — WILL PRIVATE CHINESE PMI SURVEYS CONFIRM STATE VERSIONS?

A pair of central bank policy decisions and a round of regional inflation data will combine with the private sector version of Chinese purchasing managers indices to pose regional market risks and possibly global market spillovers.

Chart 3

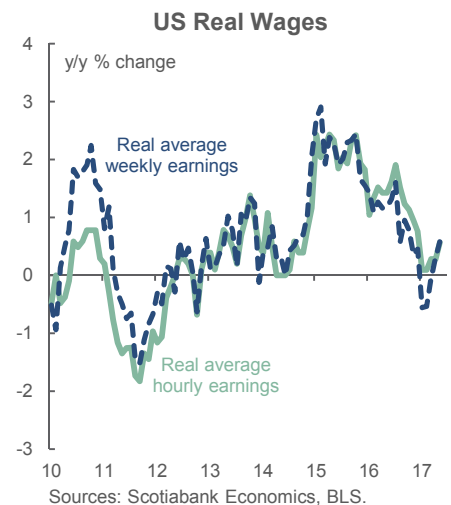


Chart 4

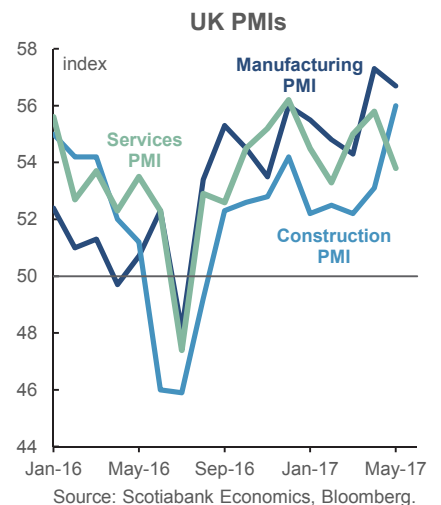
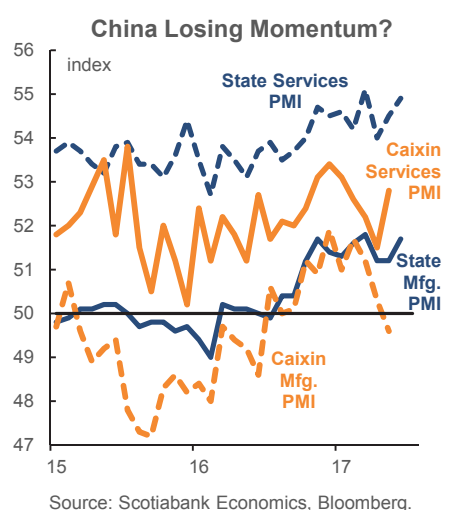


Chart 5



China's Caixin private PMIs arrive on Sunday and Tuesday evenings (eastern time) and the thing to watch will be confirmation of state PMIs that moved higher in the latest readings for June (chart 5). **That said, the trends in both the manufacturing and non-manufacturing state PMIs have been largely sideways since the end of last year** following a sharp improvement over 2016. Therefore while the data improved on the month, within a somewhat volatile trend one should still conclude that momentum has been lost over the past half year compared to the improvement over 2016.

No policy change is expected from the **Reserve Bank of Australia** on Tuesday as we perceive the central bank to be in a prolonged holding pattern with inflation at the lower end of the 2–3% inflation target zone. The next day brings a policy decision from the **Bank of Thailand** and we expect a continued policy rate hold at 1.5% given no inflation threat.

CPI reports will be delivered by South Korea, Thailand, Philippines, Taiwan and Indonesia over the coming week. China also releases foreign reserves for the month of June. Japan updates the quarterly Tankan report for Q2 into the Monday market open. Other updates will include trade figures from Australia, Malaysia and Taiwan plus Australian retail sales.

LATIN AMERICA — INFLATION MARCHING LOWER

The main—or, for that matter, only—event across Latin American markets will be updates of inflation readings across much of the region. They will further inform debates about monetary policy risks in a number of key countries. On balance, the main countries are likely to witness falling inflation readings except Mexico but even that country should soon witness a plateau in inflationary pressures given the lagging effects of the peso's spectacular performance over the past six months. For the patterns to date, please see chart 6.

First up will be Peru on July 1st. The last inflation print for May stood at 3% y/y and thus at the top end of the central bank's 2% +/-1% inflation target range. June's reading is expected to fall back to just inside the upper bound. In mid-June, central bank President Velarde stated "Yes, there is opportunity to lower the interest rate. It is simply a matter of looking for the right time to do it." What a treat; clear language from a central banker! A dip in inflation may just provide the cover for going ahead with another cut as soon as the July 13th meeting.

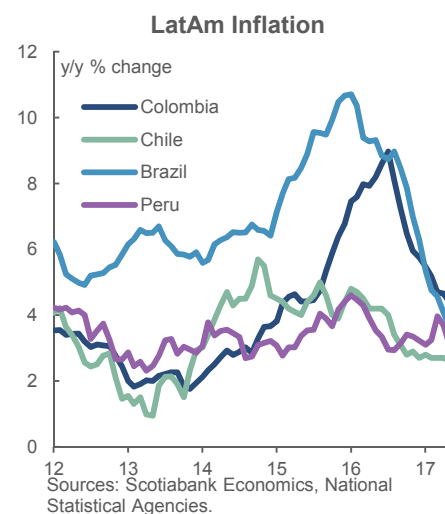
Next up will be Colombia on Wednesday. Inflation was 4.4% y/y in May and thus above the 3% +/-1% inflation target range. The June reading is expected to fall back to about 4% and thus bring inflation back toward the target zone. That too may feed a bias to continue cutting interest rates as inflation may be falling toward the 4% year-end forecast ahead of schedule. The next meeting will be on July 21st.

Then the week ends with a trio of CPI reports from Mexico, Brazil and Chile. Chile's May reading was 2.6% y/y and it is expected to fall back to just above 2% next week and thus toward the lower end of the 3% +/-1% inflation target range which may also feed further easing expectations ahead of the next decision on July 13th although most think the easing bias is at or nearing an end. Brazil's IBGE inflation rate won't buck the trend across most of the LatAm region toward falling inflation with consensus expecting a 3.6% y/y print in May to drop to just over 3% next week and thus toward the lower end of the central bank's 4.5% +/- 1.5% inflation target range.

One country, however, is likely to buck the regional trend toward falling inflation rates and that is Mexico (also Friday). It is still mired in the lagging aftermath of factors such as prior peso depreciation even though the currency has been the strongest performing cross among the major and semi-major currencies since mid-January. It has been up by about 21% versus the USD since then. From 6.2% inflation in May, we may begin to see evidence of plateau next week. That would be just in time as Governor Carstens packs his bags to move to the BIS and just made his last policy decision with the next one due on August 10th. Carstens should be leaving his post with a clear conscience in having competently steered the nation's monetary policy through a temporary bout of inflationary pressure while preserving the value of the peso that, at 18.15 to the USD, has fully shaken off the post-election Trump effect and is at its strongest since almost a year ago. Well done, Governor!

Sundry other releases will include Brazilian industrial output and trade, and Chilean retail sales and trade.

Chart 6



Key Indicators for the week of July 3 – 7

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	07/03	10:00	Construction Spending (m/m)	May	0.4	0.2	-1.4
US	07/03	10:00	ISM Manufacturing Index	Jun	55.0	55.2	54.9
US	07/03		Domestic Vehicle Sales (mn a.r.)	Jun	--	12.9	12.8
US	07/03		Total Vehicle Sales (mn a.r.)	Jun	16.6	16.5	16.6
US	07/05	10:00	Durable Goods Orders (m/m)	May F	--	--	-1.1
US	07/05	10:00	Durable Goods Orders ex. Trans. (m/m)	May F	--	--	0.1
US	07/05	10:00	Factory Orders (m/m)	May	-0.4	-0.5	-0.2
US	07/06	07:00	MBA Mortgage Applications (w/w)	JUN 30	--	--	-6.2
US	07/06	08:15	ADP Employment Report (000s m/m)	Jun	190.0	180.0	253.0
CA	07/06	08:30	Building Permits (m/m)	May	--	1.0	-0.2
CA	07/06	08:30	Merchandise Trade Balance (C\$ bn)	May	-0.8	-0.3	-0.4
US	07/06	08:30	Initial Jobless Claims (000s)	JUL 1	245	242	244
US	07/06	08:30	Continuing Claims (000s)	JUN 24	1945	1938	1948
US	07/06	08:30	Trade Balance (US\$ bn)	May	-46.5	-46.3	-47.6
US	07/06	10:00	ISM Non-Manufacturing Composite	Jun	56.5	56.5	56.9
CA	07/07	08:30	Employment (000s m/m)	Jun	0.0	12.5	54.5
CA	07/07	08:30	Unemployment Rate (%)	Jun	6.7	6.6	6.6
US	07/07	08:30	Average Hourly Earnings (m/m)	Jun	--	0.3	0.2
US	07/07	08:30	Average Hourly Earnings (y/y)	Jun	2.6	2.6	2.5
US	07/07	08:30	Average Weekly Hours	Jun	--	34.4	34.4
US	07/07	08:30	Nonfarm Employment Report (000s m/m)	Jun	175	180	138
US	07/07	08:30	Unemployment Rate (%)	Jun	4.3	4.3	4.3
MX	07/07	09:00	Bi-Weekly Core CPI (% change)	Jun 30	0.1	0.1	0.2
MX	07/07	09:00	Bi-Weekly CPI (% change)	Jun 30	0.0	0.1	0.2
MX	07/07	09:00	Consumer Prices (m/m)	Jun	0.3	0.3	-0.1
MX	07/07	09:00	Consumer Prices (y/y)	Jun	6.3	6.3	6.2
MX	07/07	09:00	Consumer Prices Core (m/m)	Jun	0.3	0.3	0.3
US	07/07		Household Employment Report (000s m/m)	Jun	--	--	-233

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
IT	07/03	03:45	Manufacturing PMI	Jun	--	55.3	55.1
FR	07/03	03:50	Manufacturing PMI	Jun F	--	55.0	55.0
GE	07/03	03:55	Manufacturing PMI	Jun F	--	59.3	59.3
EC	07/03	04:00	Manufacturing PMI	Jun F	--	57.3	57.3
UK	07/03	04:30	Manufacturing PMI	Jun	--	56.3	56.7
EC	07/03	05:00	Unemployment Rate (%)	May	--	9.3	9.3
IT	07/03		Budget Balance (€ bn)	Jun	--	--	-7.5
IT	07/03		Budget Balance YTD (€ bn)	Jun	--	--	-41.9
SW	07/04	03:30	Riksbank Interest Rate (%)	Jul 4	-0.50	-0.50	-0.50
UK	07/04	04:30	PMI Construction	Jun	--	55.0	56.0
EC	07/04	05:00	PPI (m/m)	May	--	-0.2	0.0
IT	07/05	03:45	Services PMI	Jun	--	54.6	55.1
FR	07/05	03:50	Services PMI	Jun F	--	55.3	55.3
GE	07/05	03:55	Services PMI	Jun F	--	53.7	53.7
EC	07/05	04:00	Composite PMI	Jun F	--	55.7	55.7
EC	07/05	04:00	Services PMI	Jun F	--	54.7	54.7
UK	07/05	04:30	Official Reserves Changes (US\$ bn)	Jun	--	--	1115
UK	07/05	04:30	Services PMI	Jun	--	53.5	53.8
EC	07/05	05:00	Retail Trade (m/m)	May	--	0.3	0.1

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

Key Indicators for the week of July 3 – 7
EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
GE	07/06	02:00	Factory Orders (m/m)	May	--	1.8	-2.1
GE	07/07	02:00	Industrial Production (m/m)	May	--	0.2	0.8
FR	07/07	02:45	Central Government Balance (€ bn)	May	--	--	-57.9
FR	07/07	02:45	Current Account (€ bn)	May	--	--	-3.1
FR	07/07	02:45	Industrial Production (m/m)	May	--	0.6	-0.5
FR	07/07	02:45	Industrial Production (y/y)	May	--	1.4	0.6
FR	07/07	02:45	Manufacturing Production (m/m)	May	--	0.6	-1.2
FR	07/07	02:45	Trade Balance (€ mn)	May	--	-5100	-5535
SP	07/07	03:00	Industrial Output NSA (y/y)	May	--	--	-10.2
UK	07/07	03:30	Halifax House Price (3 month, y/y)	Jun	--	3.1	3.3
UK	07/07	04:30	Industrial Production (m/m)	May	--	0.4	0.2
UK	07/07	04:30	Manufacturing Production (m/m)	May	--	0.4	0.2
UK	07/07	04:30	Visible Trade Balance (£ mn)	May	--	-10850	-10383

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
JN	07/02	19:50	Tankan All Industries Index	2Q	--	7.2	0.6
JN	07/02	19:50	Tankan Manufacturing Index	2Q	--	15.0	12.0
JN	07/02	19:50	Tankan Non-Manufacturing Index	2Q	--	23.0	20.0
JN	07/02	20:30	Markit/JMMA Manufacturing PMI	Jun F	52.0	--	52.0
AU	07/02	21:30	Building Approvals (m/m)	May	--	-1.3	4.4
AU	07/02	21:30	ANZ Job Advertisements (m/m)	Jun	--	--	0.4
CH	07/02	21:45	Caixin China Manufacturing PMI	Jun	49.5	49.8	49.6
TH	07/02	23:30	CPI (y/y)	Jun	0.1	0.0	0.0
TH	07/02	23:30	Core CPI (y/y)	Jun	--	0.4	0.5
ID	07/03	00:00	CPI (y/y)	Jun	4.3	4.3	4.3
ID	07/03	00:00	Core CPI (y/y)	Jun	--	3.2	3.2
JN	07/03	01:00	Consumer Confidence	Jun	--	43.9	43.6
JN	07/03	01:00	Vehicle Sales (y/y)	Jun	--	--	6.1
TH	07/03	03:30	Business Sentiment Index	Jun	--	--	52.3
SI	07/03	09:00	Purchasing Managers Index	Jun	--	--	50.8
SK	07/03	19:00	CPI (y/y)	Jun	2.0	2.0	2.0
SK	07/03	19:00	Core CPI (y/y)	Jun	--	1.5	1.4
JN	07/03	19:50	Monetary Base (y/y)	Jun	--	19.2	19.4
AU	07/03	21:30	Retail Sales (m/m)	May	--	0.2	1.0
JN	JUL 02-07		Official Reserve Assets (US\$ bn)	Jun	--	1257	1252
AU	07/04	00:30	RBA Cash Target Rate (%)	Jul 4	1.50	1.50	1.50
NZ	07/04	13:00	QV House Prices (y/y)	Jun	--	--	9.7
SK	07/04	19:00	Current Account (US\$ mn)	May	--	--	3995
HK	07/04	20:30	Purchasing Managers Index	Jun	--	--	50.5
PH	07/04	21:00	CPI (y/y)	Jun	3.1	3.0	3.1
PH	07/04	21:00	Core CPI (y/y)	Jun	--	2.9	2.9
CH	07/04	21:45	Caixin China Composite PMI	Jun	--	--	51.5
CH	07/04	21:45	Caixin China Services PMI	Jun	--	--	52.8
TH	07/05	03:05	BoT Repo Rate (%)	Jul 5	1.50	1.50	1.50
TA	07/05	04:00	CPI (y/y)	Jun	0.7	0.9	0.6
AU	07/05	21:30	Trade Balance (AUD mn)	May	--	1100	555
TH	07/05	23:30	Consumer Confidence Economic	Jun	--	--	64.3

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

Key Indicators for the week of July 3 – 7

ASIA-PACIFIC (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
MA	07/07	00:00	Exports (y/y)	May	--	22.5	20.6
MA	07/07	00:00	Imports (y/y)	May	--	17.8	24.7
MA	07/07	00:00	Trade Balance (MYR bn)	May	--	6.9	8.8
JN	07/07	01:00	Coincident Index CI	May P	--	115.5	117.1
JN	07/07	01:00	Leading Index CI	May P	--	104.6	104.2
AU	07/07	02:30	Foreign Reserves (AUD bn)	Jun	--	--	88.5
MA	07/07	03:00	Foreign Reserves (US\$ bn)	Jun 30	--	--	98.7
TA	07/07	04:00	Exports (y/y)	Jun	--	8.9	8.4
TA	07/07	04:00	Imports (y/y)	Jun	--	12.6	10.2
TA	07/07	04:00	Trade Balance (US\$ bn)	Jun	--	3.3	3.5
SI	07/07	05:00	Foreign Reserves (US\$ mn)	Jun	--	--	264556
CH	JUL 07-08		Foreign Reserves (US\$ bn)	Jun	3050	3062	3054

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
PE	07/01	01:00	Consumer Price Index (m/m)	Jun	--	-0.1	-0.4
PE	07/01	01:00	Consumer Price Index (y/y)	Jun	--	2.8	3.0
BZ	07/03	08:00	PMI Manufacturing Index	Jun	--	--	52.0
CL	07/03	09:00	Retail Sales (y/y)	May	2.8	3.0	-0.4
BZ	07/03		Trade Balance (FOB) - Monthly (US\$ mn)	Jun	--	6950	7661
BZ	07/04	08:00	Industrial Production SA (m/m)	May	--	0.7	0.6
BZ	07/04	08:00	Industrial Production (y/y)	May	--	3.4	-4.5
CL	07/05	08:30	Economic Activity Index SA (m/m)	May	--	1.2	0.9
CL	07/05	08:30	Economic Activity Index NSA (y/y)	May	1.8	1.5	0.1
CO	07/05	20:00	Consumer Price Index (m/m)	Jun	--	0.2	0.2
CO	07/05	20:00	Consumer Price Index (y/y)	Jun	--	4.1	4.4
BZ	07/07	08:00	IBGE Inflation IPCA (m/m)	Jun	--	-0.2	0.3
BZ	07/07	08:00	IBGE Inflation IPCA (y/y)	Jun	--	3.1	3.6
CL	07/07	08:00	CPI (m/m)	Jun	0.0	0.0	0.1
CL	07/07	08:00	CPI (y/y)	Jun	2.1	2.1	2.6
PE	JUL 07-11		Trade Balance (USD mn)	May	--	--	26.4

Global Auctions for the week of July 3 – 7**NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	07/05	12:00	Canada to Sell 5-Year Bonds
CA	07/05	12:00	Canada to Sell CAD3.9 Bln 1% 2022 Bonds

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AS	07/04	05:15	Austria to Sell 1.5% 2047 Bonds
AS	07/04	05:15	Austria to Sell 0.5% 2027 Bonds
NO	07/05	05:05	Norway to Sell Bonds
GE	07/05	05:30	Germany to Sell EUR4 Bln 2022 Bonds
SP	07/06	04:30	Spain to Sell Bonds
FR	07/06	04:50	France to Sell Bonds
UK	07/06	05:30	U.K. to Sell GBP2.5 Bln 1.25% 2027 Bonds
IC	07/07	06:30	Iceland to Sell Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CH	07/03	21:30	Anhui to Sell General Bonds
CH	07/03	22:30	Anhui to Sell Special Bonds
JN	07/03	23:45	Japan to Sell 10-Year Bonds
CH	07/04	23:00	China Plans to Sell 1-Year Upsized Government Bond
CH	07/04	23:00	China Plans to Sell 10-Year Upsized Government Bond
JN	07/05	23:45	Japan to Sell 30-Year Bonds

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BZ	07/06	11:00	Brazil to Sell Fixed Rate Bonds

Events for the week of July 3 – 7

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	07/03	04:30	Fed's Bullard Speaks at BoE Conference in London
US	07/05	14:00	FOMC Meeting Minutes
US	07/06	03:45	Fed's Williams Speaks in Hobart, Tasmania
MX	07/06	10:00	Central Bank Monetary Policy Minutes
US	07/06	10:00	Fed's Powell Speaks in Washington on Housing Finance Reform
US	07/06	19:30	Fed's Fischer Speaks on Government Policy, Labor Productivity
US	07/07	11:00	Fed releases July 2017 Monetary Policy Report to Congress

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	07/01	06:00	Bundesbank's Weidmann Speaks in Frankfurt
EC	07/01	11:30	ECB's Mersch Joins Petersberg Summer Dialogue Panel
EC	07/02	06:30	ECB's Mersch Speaks in Frankfurt
IT	07/03	04:30	Finance Minister, Bank of Italy Governor at Rome Event
SW	07/04	03:30	Riksbank Interest Rate
SW	07/04	03:30	Riksbank Publishes Rate Decision, Monetary Policy Report
SW	07/04	05:00	Riksbank Press Conference
EC	07/04	08:30	ECB's Praet Speaks in Rome
AS	07/04	12:30	ECB's Nowotny Speaks in Vienna Panel Discussion
SW	07/04		Riksbank's Ohlsson at Almedalen Politics Week
SW	07/05	13:00	Swedish Finance Minister Speech
FR	07/06	01:50	Bank of France's Villeroy on France Inter radio
FR	07/06	03:00	Bank of France's Villeroy presents advice to French President
EC	07/06	06:00	ECB's Praet Speaks in Paris
EC	07/06	07:30	ECB account of the monetary policy meeting
AS	07/06	12:00	ECB's Weidmann, Nowotny Discuss Future of Euro
IR	07/07		Ireland Sovereign Debt to be rated by Fitch
GE	JUL 7-8		Germany Hosts G-20 Leaders' Summit, Hamburg

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	07/04	00:30	RBA Cash Rate Target
TH	07/05	03:05	BoT Benchmark Interest Rate

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	July 12, 2017	0.50	0.75
Federal Reserve – Federal Funds Target Rate	1.25	July 26, 2017	1.25	1.25
Banco de México – Overnight Rate	7.00	August 10, 2017	7.00	--

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	July 20, 2017	0.00	--
Bank of England – Bank Rate	0.25	August 3, 2017	0.25	--
Swiss National Bank – Libor Target Rate	-0.75	September 14, 2017	-0.75	--
Central Bank of Russia – One-Week Auction Rate	9.00	July 28, 2017	9.00	8.75
Sweden Riksbank – Repo Rate	-0.50	July 4, 2017	-0.50	-0.50
Norges Bank – Deposit Rate	0.50	September 21, 2017	0.50	--
Central Bank of Turkey – Benchmark Repo Rate	8.00	July 27, 2017	--	--

Riksbank: Consensus unanimously expects no policy change next week in no small part given a move by the ECB to restore balance to the debate over Eurozone monetary policy directions while being in no rush to alter policy.

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	July 20, 2017	-0.10	--
Reserve Bank of Australia – Cash Target Rate	1.50	July 4, 2017	1.50	1.50
Reserve Bank of New Zealand – Cash Rate	1.75	August 9, 2017	1.75	1.75
People's Bank of China – Lending Rate	4.35	TBA	--	--
Reserve Bank of India – Repo Rate	6.25	August 2, 2017	6.25	--
Bank of Korea – Bank Rate	1.25	July 13, 2017	1.25	--
Bank of Thailand – Repo Rate	1.50	July 5, 2017	1.50	1.50
Bank Negara Malaysia – Overnight Policy Rate	3.00	July 13, 2017	3.00	3.00
Bank Indonesia – 7-Day Reverse Repo Rate	4.75	July 20, 2017	4.75	--

The Reserve Bank of Australia will hold a monetary policy meeting on July 4. The central bank will likely leave the benchmark cash rate at 1.50% over the coming quarters in order to support domestic demand. A cautious monetary tightening phase will likely commence in the second half of 2018. Monetary policymakers of **the Bank of Thailand** will meet on July 5. We expect that they will leave the benchmark interest rate unchanged at 1.50% over the coming quarters. Inflationary pressures remain absent in Thailand with the headline inflation rate at 0.0% y/y in May, far away from the central bank's medium-term inflation target of 2.5% y/y \pm 1.5%.

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	10.25	July 26, 2017	9.50	--
Banco Central de Chile – Overnight Rate	2.50	July 13, 2017	2.50	2.50
Banco de la República de Colombia – Lending Rate	6.25	June 30, 2017	6.00	--
Banco Central de Reserva del Perú – Reference Rate	4.00	July 13, 2017	3.75	--

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	July 20, 2017	7.00	--

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

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