

**POLITICAL RISK MOVES TO THE FRONT OF THE LINE**

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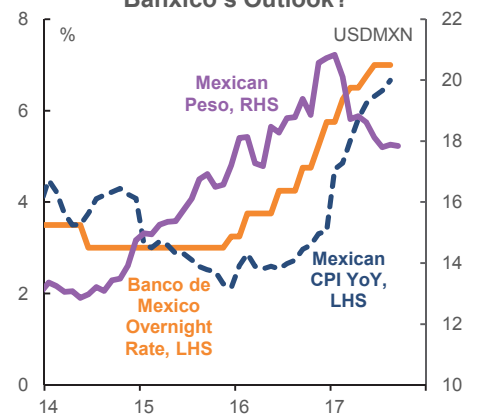
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**Next Week's Risk Dashboard**

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**Chart of the Week**

**Peso Dynamics Shifting  
Banxico's Outlook?**



Sources: Scotiabank Economics, Banco de Mexico, Bloomberg.

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

## Political Risk Moves To The Front Of The Line

### CANADA — KNOW YOUR AUDIENCE

Before the latest reading on Canadian economic growth hits the tape, fresh communications from the Bank of Canada could be the show-stopper for the currency and rates markets. A provincial budget (I've invited Mary Webb's thoughts on Nova Scotia below) and commencement of the third round of NAFTA talks in Ottawa round out the risks. In the latter case, I continue to view it as being an unlikely major macro event that would materially impact a macroeconomist's views versus a sector-specific matter and we're obviously well past the point of NAFTA issues being an impediment to BoC hikes. To that effect, however, I would encourage readers to have a look at Carlos Gomes' piece on NAFTA and the auto industry [here](#).

**Bank of Canada Governor Stephen Poloz speaks next Wednesday** in St. John's, Newfoundland. The topic is not yet known as I publish this note. Remarks will be released by 11:45amET and there will be a press conference at about 1pmET. Bear in mind that the audience will be drawn from an area of the country that is among the most directly affected by soft commodity prices. Newfoundland's economy is forecast to contract by 1.7% this year and 0.4% next year even while Alberta's economy (also energy dependent) is registering improved growth this year and next. If the know-your-audience rule of thumb applies, then—while it's almost pure conjecture in the absence of a speech topic—it may be reasonable to think that a cautious message will be delivered. Don't expect fist-pumping and pompoms in celebration of how wonderfully the economies are performing in, say, Ontario, Quebec and BC. With the next hike forecast for December by Scotia Economics and markets (chart 1) and the September 6<sup>th</sup> BoC statement having left the door open for further hikes conditional upon the evolution of data, a stronger emphasis upon the conditionality of hiking again after material data has been gathered may be applied next week.

Statistics Canada releases July GDP on Friday. At present, I'm tracking **growth in a 0.1–0.2% m/m range during July** based upon a regression model against higher frequency readings. Hours worked were up 0.6% m/m, housing starts were up 4.5% m/m and wholesale trade volumes were up by a strong 2.1%. Manufacturing shipments, however, were down 1.4% m/m as exports also fell. Retail sales volumes slipped by 0.2% m/m and are tracking 1.7% q/q annualized and seasonally adjusted growth in Q3. If there is no growth in July GDP over June then the economy would be tentatively tracking annualized GDP growth of just over 1½% in Q3 over Q2 after a 4½% clip in Q2. If a 0.2% estimate for July GDP growth is on the mark, then that could lift quarterly tracking to about 2½%. There is a lot of Q3 data still ahead of us but maintaining modest growth after a torrid pace of growth in Q2 and on average over the past four quarters would likely be good enough to the BoC, in my opinion, with the greater focus upon trend growth in future.

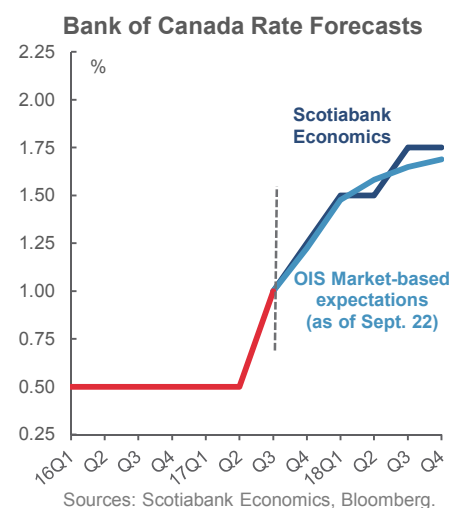
**Nova Scotia's Liberal government**, returning with a majority mandate following the May election that precluded passage of its April *Budget*, will table a *Budget* for fiscal 2017–18 (FY18) on Tuesday, September 26<sup>th</sup>. Nova Scotia's *Public Accounts* confirmed that the Province regained black ink in FY17, posting a \$150 million surplus (0.4% of GDP), and a string of positive balances for its four-year forecast is anticipated. The *Throne Speech* on September 21<sup>st</sup> confirmed that many of the spring *Budget* measures will be re-introduced, including personal income tax relief by expanding the basic amounts, a down payment assistance program and a rise in the small business corporate income tax threshold from \$350,000 to \$500,000.

Canada auctions 30 year bonds the next day.

### UNITED STATES — WILL THE FED'S PREFERRED INFLATION GAUGE FOLLOW CPI?

**Fiscal policy risks and a heavy line-up of Fed-speak will be the main sources of market risk over the coming week.** Data risk should be fairly minor but with a couple of gems mixed in, while equity analysts and portfolio managers will spend the next couple of weeks firming up last-minute earnings estimates ahead of the start of the calendar Q3 earnings season.

Chart 1



Fiscal policy risks to markets will heat up next week with a likely further attempt to repeal-and-replace Obamacare and to put more meat on the bone in terms of tax reforms absent material details to date. To this effect, I've asked Mary Webb to provide her thoughts in the next two paragraphs.

**The Graham-Cassidy health care bill is the Republicans' chance to repeal the Obama administration's Affordable Care Act (ACA) before October with a simple majority vote in the Senate.** It requires 50 of the 52 Republican Senators to vote yes with the Vice President casting the deciding ballot. The changes outlined in the Graham-Cassidy bill are very substantial, and the vote will occur before the Congressional Budget Office and others provide estimates of its far-reaching consequences. The bill would retain the ACA's Medicaid expansions, premium tax credits and cost-sharing reductions for calendar 2018 and 2019, albeit with less financial support. In 2020 it would replace this framework with block grants to State governments to each customize their health care systems, with a reallocation of federal health funding among the States over the following half decade.

Also next week, **further detail is promised on the proposed US tax reform** from the Trump administration and senior Republican Congressional leaders. With respect to business taxation, taking the proposed Border Adjustment Tax off the table in the summer removes a substantial source of additional revenue. Thus paying for a sizeable cut in the current federal 35% general corporate income tax rate now requires curtailing major existing tax credits/deductions, such as interest deductibility. So, as October begins, Washington may have framed two of its most significant promised changes, or gridlock may still prevail.

**The Fed's speechwriters must be an awfully busy bunch in the lead-up to next week.** In case you thought vacancies left the Fed rather thin and unable to take to the speakers' circuit, perhaps think again as the whole bench is about to come over the boards. Eleven Fed speakers will address markets. **Chair Yellen** delivers the keynote address at the National Association of Business Economists conference on Tuesday. Soon-to-retire Vice Chair Fischer speaks on Thursday at a BoE conference on central bank independence and his speech will be titled "Reflections on the framework today." He's bulletproof and in high standing across global central bankers so he might continue to deliver frank messages. NY Fed President Bill Dudley speaks on the labour market on Monday and he too is slated to retire under Fed rules toward the end of next year. In addition, eight regional Presidents speak including three voting FOMC members in 2017 (Evans, Harker and Kashkari), two who vote next year (Mester, Bostic) and three who don't vote until 2019 (Bullard, Rosengren and George).

Data risk should be relatively modest on balance with only a handful of possible exceptions and particularly the Fed's preferred inflation gauge. Here's the line-up by day.

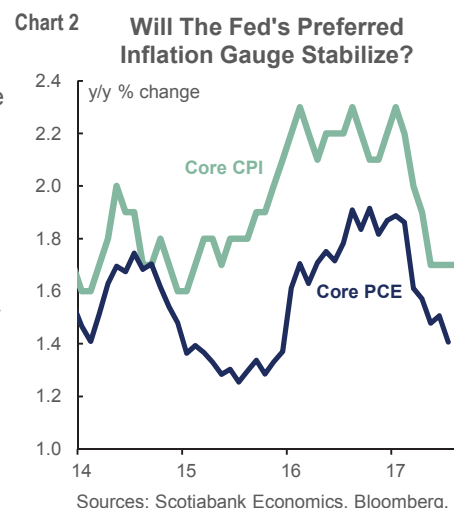
**Tuesday: New home sales** fell 9.4% m/m in July but then the late August effects of Hurricane Harvey could further impact figures for the south. Given renewed increases of late, the **Conference Board's consumer confidence** gauge is a hair beneath the all-time record in March so whether it eclipses that record or not in the face of hurricanes will be an added focus. That same day has markets bearing witness to the latest S&P CoreLogic Case-Shiller **repeat-sales home price** measure for July and the **Richmond Fed's regional manufacturing gauge**. This combines with the recent increase in the Philly Fed measure as the one-two-punch to forecasting ISM-manufacturing.

**Wednesday: Durable goods orders** during August could stabilize after the large nearly-7% m/m drop in July that was due to a plunge in aircraft orders. **Pending home sales** for August will be a fresher reading of hurricane effects on the resale side of the market since they are deals that get inked but with the paperwork closing 30–90 days later on balance.

**Thursday:** Another Q2 GDP revision this time incorporates fuller data on quarterly services spending with the expectation that it remains near the second estimate of 3% growth.

**Friday:** The fun continues with monthly consumer spending, incomes and the Fed's preferred inflation measure for August. A flat consumption figure could follow the already known mild dip in retail sales during August. **Key, however, will be whether the PCE core inflation measure begins to show signs of stabilizing in sync with core CPI (chart 2).**

The US auctions 2s, 5s, 7s and 2 year floating rate notes over the week.



## ASIA — IS THE RBNZ A TEST CASE FOR POLITICAL INTERFERENCE

The more interesting development to watch across Asia-Pacific markets may be the general election in New Zealand on Saturday September 23<sup>rd</sup> and concomitant risks facing the Reserve Bank of New Zealand's mandate. The ruling National Party remains somewhat in the lead in a poll of polls (chart 3) but not by an overwhelming margin considering how polls have performed globally over the years. Depending upon how wide apart the incumbent National Party and the Labour Party are from one another, a coalition with one or both of the New Zealand First party or the Greens may swing the outcome in either direction. Markets are familiar with the National Party's three consecutive terms in office so a Labour victory would likely send the NZ\$ lower. The challenger Labour Party has also promised to change the RBNZ's mandate from strict inflation targeting which it helped pioneer among global central banks toward a Fed-style dual mandate and to introduce external committee members that could lessen Governor Wheeler's control. Wheeler reaches the end of his term next Tuesday with Grant Spencer poised to temporarily take over the reins until a new government appoints a new Governor. While every inflation-targeting central bank already considers the employment picture (think Philips curves), altering the mandate while having the power to appoint a new Governor and bring in outsiders may create policy uncertainty that could add to currency softness. Since the RBNZ was an inflation-targeting pioneer, political tinkering with its mandate and independence could be construed as a challenge to inflation targeting elsewhere. Against this backdrop, no policy rate change is expected when the RBNZ issues its decision next Thursday.

**Data risk should be of the relatively subdued variety** until next Friday night and hence into the following week's Asian market open. China releases industrial profits for August on Tuesday evening (eastern time), the private sector's purchasing managers' index for the manufacturing sector on Thursday evening and then the state PMIs on Friday night.

**Japan releases CPI Thursday night and, quelle surprise, it's expected to be weak.** Headline national CPI might inch higher from 0.4% y/y the prior month while core CPI is expected to remain near-zero in year-ago percentage terms. Japan also releases household spending, retail sales, industrial production, housing starts and the jobless rate on Thursday evening.

**Bank of Thailand is expected to keep its policy rate on hold at 1.5%** on Wednesday morning with rate hikes not yet in the cards and further cuts unlikely. In case you doubt that, they already recently said so. Deputy Governor Mathee Supapongse recently stated "Any further cut in the policy rate may increase risk to stability of the financial system. Low interest rates for a period of time will lead to underestimation of risk from the search for yield behaviour."

**South Korea updates CPI inflation for September** on Monday night (ET) against the backdrop of a rising trend throughout this year. The central bank targets inflation of 2% and the August reading was 2.6% y/y. Bank of Korea Governor Lee Ju-yeol has indicated continued accommodation on soft growth and transitory inflation upsides but has also expressed concern about concomitant household imbalances.

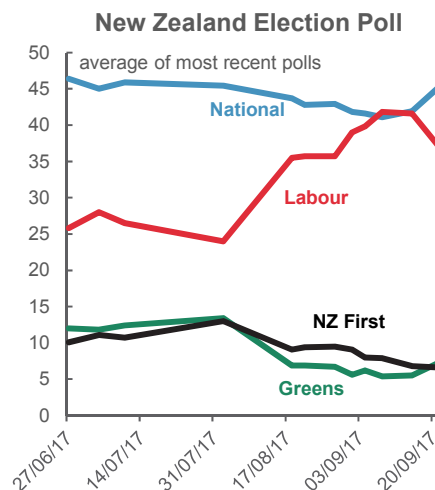
## EUROPE — PREMATURE TO SOUND THE ALL-CLEAR

**New information that could materially inform risks into the hotly anticipated October 26<sup>th</sup> meeting of the European Central Bank arrives over the coming week.** Germany's election should be largely a non-event to markets. In fact, for reasons already noted, I think the NZ election will be far more interesting to watch notwithstanding the small size of the nation's economy.

It starts with Monday's 9amET **talk by ECB President Mario Draghi**. He will present his third Monetary Dialogue this year and markets will be sensitive to any hints he drops ahead of the policy meeting.

Then hard inflation data takes over. **Eurozone CPI** for the month of September will be released on Friday. Eurozone inflation has been slightly on the mend of late while market-based inflation expectations have been fairly firm (chart 4). That said, the chart also shows that there has been precious little traction in so-called 'supercore' CPI excluding package holiday prices that previously

Chart 3



Source: Radionz Poll of Polls.

distorted inflation earlier in the year. With inflation subdued and the euro having appreciated by about 15% versus the USD this year as Q3 German economic data covering the industrial and export sectors deteriorates, it's hard to believe in the story line that says Draghi will be pleased enough to sound the all-clear and carve out a clear exit path with no mitigating policy tools next month.

**The German election is this Sunday. Chancellor Angela Merkel is widely anticipated to win her fourth consecutive term in office.** Merkel's coalition that consists of her Christian Democratic Union plus the Christian Social Union is about 14 points ahead of the Social Democratic Party and its leader, Martin Schulz. Other than the polls being thoroughly refuted, the other risks include the strength of Merkel's coalition in the Bundestag and whether it emerges with a stronger coalition that is able to shed the Green Party or a weakened coalition. We should know the initial results based upon exit polls as soon as mid-day Sunday eastern time but coalition negotiations can typically last for weeks after German elections.

Consumer spending updates from France, Germany and Spain and the German IFO gauge of business confidence round out data risk. UK markets only face Q2 GDP revisions and a monthly services gauge.

#### LATIN AMERICA — MEXICAN MONETARY POLICY APPROACHING A TURNING POINT?

A pair of central bank decisions will be the main sources of local market risk in addition to imported effects from abroad.

**Banxico is widely anticipated to keep its policy rate on hold at 7% next Thursday.** The peso has been the strongest performing currency cross versus the USD since it began appreciating after mid-January. Since then, the peso has climbed by about 23%. The lagging influences of past currency depreciation upon CPI are expected to peak soon if they have not already done so. Into 2018, currency strength and hence downward lagging pressure upon import prices and CPI are expected to almost cut inflation in half. Since the central bank targets inflation of 3% +/- 1%, the monetary policy dialogue into 2018 is expected to gradually give way to a mild easing bias. In the meantime, policy is likely in a holding pattern, but the underlying drivers may be shifting (chart 5).

**Banco Central de la Republica de Colombia is also expected to hold policy** when it delivers a rate decision next Friday but there is a chance of an added rate cut. It would be the first pause this year following 200bps of cuts since late last year that have returned the policy rate to just 75bps above the starting point of 4.5%. Inflation recently rose for the first time since July 2016 and at 3.9% y/y it sits toward the upper end of the central bank's 3% +/-1% inflation target zone. With inflation falling from 9% in July last year to 3.4% in July of this year and now rising, the central bank may view itself as being at the end of its easing cycle.

Chart 4

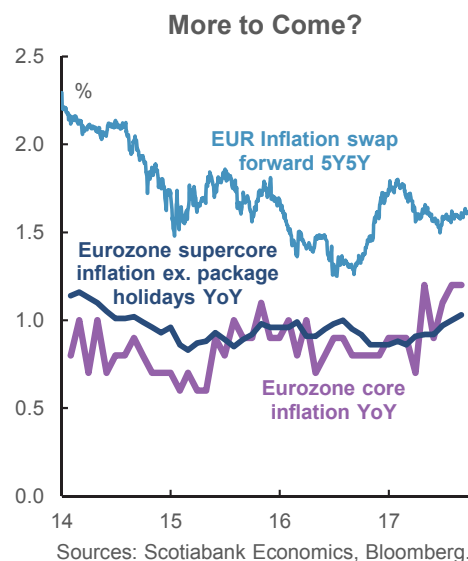
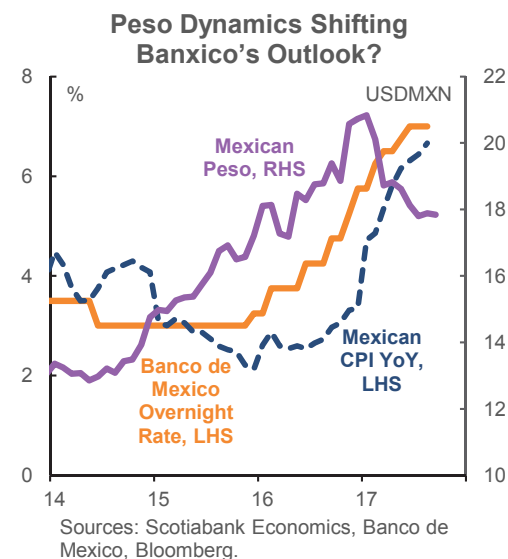


Chart 5





**Key Indicators for the week of September 25 – 29**
**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>
MX	09/25	09:00	Global Economic Indicator IGAE (y/y)	Jul	--	--	2.4
US	09/25	10:30	Dallas Fed. Manufacturing Activity	Sep	--	11.5	17.0
MX	09/26	09:00	Unemployment Rate (%)	Aug	--	--	3.4
US	09/26	09:00	S&P/Case-Shiller Home Price Index (m/m)	Jul	--	0.3	0.1
US	09/26	09:00	S&P/Case-Shiller Home Price Index (y/y)	Jul	--	5.8	5.7
US	09/26	10:00	Consumer Confidence Index	Sep	119.0	120.0	122.9
US	09/26	10:00	New Home Sales (000s a.r.)	Aug	575.0	590.0	571.0
US	09/26	10:00	Richmond Fed Manufacturing Index	Sep	--	13.0	14.0
US	09/27	07:00	MBA Mortgage Applications (w/w)	SEP 22	--	--	-9.7
US	09/27	08:30	Durable Goods Orders (m/m)	Aug P	0.5	1.0	-6.8
US	09/27	08:30	Durable Goods Orders ex. Trans. (m/m)	Aug P	0.3	0.2	0.6
MX	09/27	09:00	Trade Balance (US\$ mn)	Aug	--	--	-1522.6
US	09/27	10:00	Pending Home Sales (m/m)	Aug	--	-0.5	-0.8
US	09/28	08:30	GDP (q/q a.r.)	2Q T	3.0	3.1	3.0
US	09/28	08:30	GDP Deflator (q/q a.r.)	2Q T	--	1.0	1.0
US	09/28	08:30	Initial Jobless Claims (000s)	SEP 23	275	265	259
US	09/28	08:30	Continuing Claims (000s)	SEP 16	--	1995	1980
US	09/28	08:30	Wholesale Inventories (m/m)	Aug P	--	0.4	0.6
MX	09/28	14:00	<b>Overnight Rate (%)</b>	<b>Sep 28</b>	<b>7.00</b>	<b>7.00</b>	<b>7.00</b>
CA	09/29	08:30	IPPI (m/m)	Aug	--	--	-1.5
CA	09/29	08:30	Raw Materials Price Index (m/m)	Aug	--	--	-0.6
CA	09/29	08:30	Real GDP (m/m)	Jul	0.2	--	0.3
US	09/29	08:30	PCE Deflator (m/m)	Aug	0.3	0.3	0.1
US	09/29	08:30	PCE Deflator (y/y)	Aug	1.5	1.5	1.4
US	09/29	08:30	PCE ex. Food & Energy (m/m)	Aug	0.2	0.2	0.1
US	09/29	08:30	PCE ex. Food & Energy (y/y)	Aug	1.4	1.4	1.4
US	09/29	08:30	Personal Spending (m/m)	Aug	0.0	0.1	0.3
US	09/29	08:30	Personal Income (m/m)	Aug	0.2	0.2	0.4
US	09/29	09:45	Chicago PMI	Sep	--	58.7	58.9
US	09/29	10:00	U. of Michigan Consumer Sentiment	Sep F	--	95.3	95.3

**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>
GE	09/25	04:00	IFO Business Climate Survey	Sep	--	116.0	115.9
GE	09/25	04:00	IFO Current Assessment Survey	Sep	--	124.7	124.6
GE	09/25	04:00	IFO Expectations Survey	Sep	--	108.0	107.9
FR	09/26	12:00	Total Jobseekers (000s)	Aug	--	--	3518.1
FR	09/26	12:00	Jobseekers Net Change (000s)	Aug	--	--	34.9
GE	09/27		Retail Sales (m/m)	Aug	--	0.5	-1.2
GE	09/28	02:00	GfK Consumer Confidence Survey	Oct	--	11.0	10.9
SP	09/28	03:00	CPI (m/m)	Sep P	--	--	0.2
SP	09/28	03:00	CPI (y/y)	Sep P	--	1.8	1.6
SP	09/28	03:00	CPI - EU Harmonized (m/m)	Sep P	--	0.9	0.2
SP	09/28	03:00	CPI - EU Harmonized (y/y)	Sep P	--	2.1	2.0
SP	09/28	03:00	Real Retail Sales (y/y)	Aug	--	--	0.7
EC	09/28	05:00	Business Climate Indicator	Sep	--	1.1	1.1
EC	09/28	05:00	Economic Confidence	Sep	--	112.0	111.9
EC	09/28	05:00	Industrial Confidence	Sep	--	5.1	5.1
GE	09/28	08:00	CPI (m/m)	Sep P	--	0.1	0.1
GE	09/28	08:00	CPI (y/y)	Sep P	--	1.8	1.8
GE	09/28	08:00	CPI - EU Harmonized (m/m)	Sep P	--	0.1	0.2
GE	09/28	08:00	CPI - EU Harmonized (y/y)	Sep P	--	1.8	1.8
UK	09/28	19:01	GfK Consumer Confidence Survey	Sep	--	-11.0	-10.0
SP	09/28		Budget Balance YTD (€ mn)	Aug	--	--	-21604
UK	09/28		Nationwide House Prices (m/m)	Sep	--	0.1	-0.1

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

## Key Indicators for the week of September 25 – 29

### EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
FR	09/29	02:45	Consumer Spending (m/m)	Aug	--	0.2	0.7
FR	09/29	02:45	CPI (m/m)	Sep P	--	-0.2	0.5
FR	09/29	02:45	CPI (y/y)	Sep P	--	1.0	0.9
FR	09/29	02:45	CPI - EU Harmonized (m/m)	Sep P	--	-0.2	0.6
FR	09/29	02:45	CPI - EU Harmonized (y/y)	Sep P	--	1.0	1.0
FR	09/29	02:45	Producer Prices (m/m)	Aug	--	--	0.1
GE	09/29	03:55	Unemployment (000s)	Sep	--	-5.0	-5.0
GE	09/29	03:55	Unemployment Rate (%)	Sep	--	5.7	5.7
SP	09/29	04:00	Current Account (€ bn)	Jul	--	--	1.4
UK	09/29	04:30	Business Investment (q/q)	2Q F	--	0.0	0.0
UK	09/29	04:30	Current Account (£ bn)	2Q	--	-15.9	-16.9
UK	09/29	04:30	GDP (q/q)	2Q F	--	0.3	0.3
UK	09/29	04:30	Index of Services (m/m)	Jul	--	0.1	0.4
UK	09/29	04:30	Net Consumer Credit (£ bn)	Aug	--	1.4	1.2
EC	09/29	05:00	Euro zone CPI Estimate (y/y)	Sep	--	1.6	1.5
EC	09/29	05:00	Euro zone Core CPI Estimate (y/y)	Sep A	--	1.2	1.2
IT	09/29	05:00	CPI (m/m)	Sep P	--	-0.1	0.3
IT	09/29	05:00	CPI (y/y)	Sep P	--	1.2	1.2
IT	09/29	05:00	CPI - EU Harmonized (m/m)	Sep P	--	1.8	0.1
IT	09/29	05:00	CPI - EU Harmonized (y/y)	Sep P	--	1.4	1.4

### ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
JN	09/24	20:30	Markit/JMMA Manufacturing PMI	Sep P	--	--	52.2
VN	09/24		CPI (y/y)	Sep	--	3.5	3.4
JN	09/25	01:00	Coincident Index CI	Jul F	115.6	--	115.6
JN	09/25	01:00	Leading Index CI	Jul F	105.0	--	105.0
SI	09/25	01:00	CPI (y/y)	Aug	0.4	0.6	0.6
SK	09/25	17:00	Consumer Confidence Index	Sep	--	--	109.9
NZ	09/25	17:45	Trade Balance (NZD mn)	Aug	--	-825.0	85.0
NZ	09/25	17:45	Exports (NZD bn)	Aug	--	4.1	4.6
NZ	09/25	17:45	Imports (NZD bn)	Aug	--	4.8	4.6
SK	09/25		Department Store Sales (y/y)	Aug	--	--	-1.3
VN	09/25		Exports (y/y)	Sep	--	--	17.9
VN	09/25		Imports (y/y)	Sep	--	--	22.3
VN	09/25		Real GDP YTD (y/y)	3Q	--	--	5.7
SI	09/26	01:00	Industrial Production (y/y)	Aug	--	14.3	21.0
HK	09/26	04:30	Exports (y/y)	Aug	--	9.5	7.3
HK	09/26	04:30	Imports (y/y)	Aug	--	10.0	5.5
HK	09/26	04:30	Trade Balance (HKD bn)	Aug	--	-28.8	-29.6
CH	09/26	21:30	Industrial Profits YTD (y/y)	Aug	--	--	16.5
VN	09/26		Industrial Production (y/y)	Sep	--	--	8.4
JN	09/27	02:00	Machine Tool Orders (y/y)	Aug F	--	--	36.3
TH	09/27	03:05	<b>BoT Repo Rate (%)</b>	<b>Sep 27</b>	<b>1.50</b>	<b>1.50</b>	<b>1.50</b>
NZ	09/27	16:00	<b>RBNZ Official Cash Rate (%)</b>	<b>Sep 28</b>	<b>1.75</b>	<b>1.75</b>	<b>1.75</b>
SK	09/27	19:00	CPI (y/y)	Sep	2.3	2.2	2.6
SK	09/27	19:00	Core CPI (y/y)	Sep	--	1.8	1.8
SK	09/28	17:00	Business Survey- Manufacturing	Oct	--	--	83.0
SK	09/28	17:00	Business Survey- Non-Manufacturing	Oct	--	--	78.0
SK	09/28	19:00	Current Account (US\$ mn)	Aug	--	--	7261.3
SK	09/28	19:00	Industrial Production (y/y)	Aug	--	0.9	0.1
SK	09/28	19:00	Cyclical Leading Index Change	Aug	--	--	0.2

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

**Key Indicators for the week of September 25 – 29**
**ASIA-PACIFIC (continued from previous page)**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
JN	09/28	19:30	Household Spending (y/y)	Aug	--	0.9	-0.2
JN	09/28	19:30	Jobless Rate (%)	Aug	2.8	2.8	2.8
JN	09/28	19:30	National CPI (y/y)	Aug	0.5	0.7	0.4
JN	09/28	19:30	Tokyo CPI (y/y)	Sep	--	0.6	0.5
JN	09/28	19:50	Industrial Production (m/m)	Aug P	--	1.8	-0.8
JN	09/28	19:50	Large Retailers' Sales (y/y)	Aug	--	0.3	-0.2
JN	09/28	19:50	Retail Trade (y/y)	Aug	--	2.4	1.8
JN	09/28	19:50	Industrial Production (y/y)	Aug P	--	5.2	4.7
AU	09/28	21:30	Private Sector Credit (y/y)	Aug	--	5.5	5.3
CH	09/28	21:45	Caixin China Manufacturing PMI	Sep	51.4	51.5	51.6
JN	09/29	00:00	Vehicle Production (y/y)	Aug	--	--	1.4
JN	09/29	01:00	Housing Starts (y/y)	Aug	--	0.6	-2.3
JN	09/29	01:00	Construction Orders (y/y)	Aug	--	--	14.9
TH	09/29	03:30	Exports (y/y)	Aug	--	--	8.0
TH	09/29	03:30	Imports (y/y)	Aug	--	--	18.3
TH	09/29	03:30	Trade Balance (US\$ mn)	Aug	--	--	1344.0
TH	09/29	03:30	Current Account Balance (US\$ mn)	Aug	--	2951	2768
IN	09/29	07:00	Fiscal Deficit (INR Crore)	Aug	--	--	63211
CH	09/29	21:00	Manufacturing PMI	Sep	51.5	51.7	51.7
CH	09/29	21:00	Non-manufacturing PMI	Sep	--	--	53.4
PH	09/29		Bank Lending (y/y)	Aug	--	--	18.7

**LATIN AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
BZ	09/26	09:30	Current Account (US\$ mn)	Aug	--	--	-3404
CL	09/29	08:00	Industrial Production (y/y)	Aug	2.1	--	2.6
CL	09/29	08:00	Unemployment Rate (%)	Aug	7.0	--	6.9
CO	09/29	11:00	Urban Unemployment Rate (%)	Aug	--	--	11.3
CO	09/29		<b>Overnight Lending Rate (%)</b>	<b>Sep 29</b>	<b>5.25</b>	<b>5.25</b>	<b>5.25</b>



## Global Auctions for the week of September 25 – 29

### NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	09/26	13:00	U.S. to Sell USD26 Bln 2-Year Notes
US	09/27	11:30	U.S. to Sell USD13 Bln 2-Year Floating Rate Notes
US	09/27	13:00	U.S. to Sell USD34 Bln 5-Year Notes
CA	09/28	12:00	Canada to Sell 30-Year Bonds
US	09/28	13:00	U.S. to Sell USD28 Bln 7-Year Notes

### EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
IT	09/26	05:00	Italy to Sell Up to EUR1.5 Bln Zero 2019 Bonds
IT	09/26	05:00	Italy to Sell 0.1% I/L 2022 Bonds
GE	09/26	05:30	Germany to Sell EUR4 Bln 0% 2019 Bonds
IT	09/26	05:30	Italy to Sell 1.25% I/L 2032 Bonds
EC	09/26	06:30	EFSF to Sell Up to EUR1 Bln 0% 2022 Bonds
NO	09/27	05:05	Norway to Sell Bonds
UK	09/27	05:30	U.K. to Sell GBP950 Mln 0.125% I/L 2036 Bonds
IT	09/28	05:00	Italy to Sell Bonds
SW	09/28	05:03	Sweden to Sell SEK375 Mln 0.25% I/L 2022 Bonds
SW	09/28	05:03	Sweden to Sell SEK375 Mln 0.125% I/L 2032 Bonds

### ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	09/25	21:00	Australia Plans to Sell I/L Bonds
JN	09/25	23:45	Japan to Sell 40-Year Bonds
AU	09/26	21:00	Australia Plans to Sell AUD700 Mln 2.75% 2027 Bonds
JN	09/27	23:45	Japan to Sell 2-Year Bonds
AU	09/28	21:00	Australia Plans to Sell AUD800 Mln 2.75% 2028 Bonds
NZ	09/28	22:05	New Zealand Plans to Sell NZD150 Mln 3.5% 2033 Bonds

### LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BZ	09/28	11:00	Brazil to Sell Fixed Rate Bonds - 01/01/2023
BZ	09/28	11:00	Brazil to Sell Fixed Rate Bonds - 01/01/2027

Source: Bloomberg, Scotiabank Economics.

## Events for the week of September 25 – 29

### NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	SEP 23-27		Third Round of NAFTA Talks Begin in Ottawa
US	09/25	08:30	Fed's Dudley Speaks on Workforce Development
US	09/25	12:40	Fed's Evans Speaks on Economy and Monetary Policy
US	09/25	18:30	Fed's Kashkari Speaks at Townhall in Grand Forks, North Dakota
US	09/26	09:30	Fed's Mester Moderates Session NABE
US	09/26	10:30	Fed's Brainard Speaks on Labor Market Disparities
US	09/26	12:30	Fed's Bostic Speaks to the Atlanta Press Club
US	09/26	12:45	Fed Chair Janet Yellen Speaks on Inflation, Uncertainty, and Monetary Policy
CA	09/27	11:45	Speech - Stephen S. Poloz, Governor
CA	09/27	12:55	Press Conference -- Bank of Canada Governor Stephen Poloz
US	09/27	13:30	Fed's Bullard Speaks on Economy and Monetary Policy
US	09/27	14:00	Fed's Brainard Speaks at Minority Banker Forum
US	09/27	19:00	Fed's Rosengren to Speak to Money Marketeers in New York
US	09/28	09:45	Fed's George Speaks on Economy and Monetary Policy
US	09/28	10:15	Fed's Fischer Speaks at BOE Independence Conference, London
US	09/28	13:30	Fed's Bostic to Speak about Careers in Economics
MX	09/28	14:00	<b>Overnight Rate</b>
US	09/29	11:00	Fed's Harker Speaks at Fintech Event on Consumers and Banking

### EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
GE	09/24		Germany Holds 2017 Parliamentary Election
EC	09/25	03:00	ECB Vice President Constancio speaks in Frankfurt
EC	09/25	05:15	ECB's Mersch Speaks at Lisbon Conference on Risk Management
NO	09/25	05:35	Norway Central Bank Governor Oystein Olsen Speaks in Oslo
EC	09/25	09:00	ECB President Draghi speaks in Brussels
EC	09/25	10:45	ECB's Coeure is chairing a panel in Frankfurt
EC	09/26	03:00	ECB's Rimsevics gives opening remarks at conference in Riga
PO	09/26	05:00	Bank of Finland's Liikanen Speaks at Conference in Lisbon
EC	09/26	08:00	ECB's Praet chairs speech in Frankfurt
IT	SEP 26-27		G7 Industry Ministers Meet in Italy
EC	09/27	02:10	ECB's Rimsevics Gives Opening Remarks at education conference
NO	09/27	05:00	Norway Central Bank Deputy Governor Jon Nicolaisen Speaks
NO	09/27	05:15	Norway Central Bank Governor Olsen Speaks in Kristiansand
NO	09/28	03:20	Norway Central Bank Deputy Governor Matsen Speaks
EC	09/28	04:00	ECB's Praet speaks in Berlin
EC	09/28	07:10	ECB's Lautenschlaeger speaks in Vienna
PO	09/28	11:00	Bank of Portugal Governor Speaks at Conference on Debt
IT	09/28		G7 Science Ministers Meet in Italy
NO	09/29	04:25	Norway Central Bank Deputy Governors Speak in Hamar
EC	09/29	10:15	ECB's Draghi, BOE's Carney in dialog in London
SP	09/29		Spain Sovereign Debt to be rated by S&P
NO	09/29		Norway Sovereign Debt to be rated by Fitch
SZ	09/29		Switzerland Sovereign Debt to be rated by Fitch
FR	09/29		France Sovereign Debt to be rated by DBRS

Source: Bloomberg, Scotiabank Economics.

**Events for the week of September 25 – 29****ASIA-PACIFIC**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	09/25	01:30	BOJ Kuroda make a speech in Osaka
AU	09/25	17:15	RBA's Bullock Participates in Panel in Sydney
JN	09/25	19:50	BOJ Minutes of July 19-20 Meeting
NZ	09/26		RBNZ Acting Governor Grant Spencer Assumes Role
TH	09/27	03:05	<b>BoT Benchmark Interest Rate</b>
NZ	09/27	16:00	<b>RBNZ Official Cash Rate</b>
AU	SEP 27-28		RBA's Debelle Speaks at BOE Conference, London
JN	09/28	19:50	BOJ Summary of Opinions at Sept. 20-21 Meeting

**LATIN AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BZ	09/25	07:25	Central Bank Weekly Economists Survey
CL	09/27	07:30	Central Bank's Traders Survey
CO	09/29		<b>Overnight Lending Rate</b>

## 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	1.00	October 25, 2017	1.00	1.00
Federal Reserve – Federal Funds Target Rate	1.25	November 1, 2017	1.25	1.25
Banco de México – Overnight Rate	7.00	September 28, 2017	7.00	7.00

**Banxico:** No policy rate change is expected as the central bank faces the lagging influences of peso strength this year that should put downward pressure upon inflation next year and with it potentially change the monetary policy bias.

### 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	October 26, 2017	0.00	--
Bank of England – Bank Rate	0.25	November 2, 2017	0.25	--
Swiss National Bank – Libor Target Rate	-0.75	December 14, 2017	-0.75	--
Central Bank of Russia – One-Week Auction Rate	8.50	October 27, 2017	8.50	--
Sweden Riksbank – Repo Rate	-0.50	October 26, 2017	-0.50	--
Norges Bank – Deposit Rate	0.50	October 26, 2017	0.50	--
Central Bank of Turkey – Benchmark Repo Rate	8.00	October 26, 2017	8.00	--

### 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	October 31, 2017	-0.10	--
Reserve Bank of Australia – Cash Target Rate	1.50	October 2, 2017	1.50	--
Reserve Bank of New Zealand – Cash Rate	1.75	September 27, 2017	1.75	1.75
People's Bank of China – Lending Rate	4.35	TBA	--	--
Reserve Bank of India – Repo Rate	6.00	October 4, 2017	6.00	--
Bank of Korea – Bank Rate	1.25	October 19, 2017	1.25	--
Bank of Thailand – Repo Rate	1.50	September 27, 2017	1.50	1.50
Bank Negara Malaysia – Overnight Policy Rate	3.00	November 9, 2017	3.00	3.00
Bank Indonesia – 7-Day Reverse Repo Rate	4.25	October 19, 2017	4.50	--

**The Bank of Thailand's (BoT)** monetary policymakers will meet on September 27. We expect them to leave the benchmark interest rate at 1.50% over the coming months. Inflationary pressures remain weak in Thailand with prices at the headline level rising by 0.3% y/y in August, below the BoT's medium-term inflation target of 2.5% y/y  $\pm$  1.5%. **The Reserve Bank of New Zealand (RBNZ)** will hold a monetary policy meeting on September 28 (local time). Headline inflation, at 1.7% y/y in Q2 2017, remains comfortably within the RBNZ's 1-3% inflation target. Accordingly, we do not expect any changes to the monetary policy stance.

### 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	8.25	October 25, 2017	8.00	--
Banco Central de Chile – Overnight Rate	2.50	October 19, 2017	2.50	--
Banco de la República de Colombia – Lending Rate	5.25	September 29, 2017	5.25	5.25
Banco Central de Reserva del Perú – Reference Rate	3.50	October 12, 2017	3.50	--

**Banco de la República de Colombia:** No policy rate change is expected but a minority view sees the risk of another cut. This would be the first pause this year following 200bps of cuts. Inflation recently climbed for the first time since July 2016 and sits at the upper end of the 3% +/-1% target range which may make the central bank uneasy toward adding further monetary policy stimulus.

### 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	6.75	November 23, 2017	6.75	--

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

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