

**19TH NERVOUS BREAKDOWN?**

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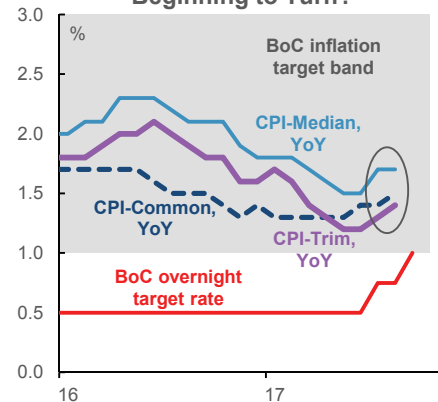
Derek Holt, VP & Head of Capital Markets Economics  
416.863.7707  
Scotiabank Economics  
[derek.holt@scotiabank.com](mailto:derek.holt@scotiabank.com)

**Next Week's Risk Dashboard**

- ▶ China's 19th Party Congress
- ▶ China's Q3 GDP, CPI, other macro
- ▶ Yellen, Zhou, Carney, Poloz, Constancio...
- ▶ ...Draghi, Kuroda, Weidmann, Carstens, Patel, Cohn
- ▶ End of 4th NAFTA round
- ▶ CDN CPI, retail, manufacturing
- ▶ BoC Surveys
- ▶ US earnings
- ▶ Eurozone 'supercore' CPI
- ▶ UK CPI
- ▶ EU Leaders Summit
- ▶ Australian jobs
- ▶ CBs: Chile, BoK, BI
- ▶ US housing, industrial data

**Chart of the Week**

**Canadian Core Inflation Beginning to Turn?**



Sources: Scotiabank Economics, Statistics Canada, Bank of Canada.

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

## 19th Nervous Breakdown?

### ASIA — WILL PRESIDENT XI USE GREATER POWERS FOR THE GREATER GOOD?

#### The 19th National Congress of the Communist Party of China starts on Tuesday evening eastern time.

It occurs every five years and the main purpose is to elect individuals to lead or reaffirm leadership roles including through multiple powerful committees and to assign policy priorities over the coming five years. Much is focused upon one issue this time, however, and that is the likelihood that **President Xi Jinping's grip on power will be solidified and for much longer yet**. He is entering the second of the two permitted five year terms as leader, and normally this Congress would be partly focused upon setting up Xi's successor a half-decade ahead of time. The fact that no successor is expected to be groomed for the role indicates that Xi is setting himself up for a longer term than is traditionally allowed. Under President Xi, China has asserted a new boldness and confidence in geopolitical affairs while translating the economic might it has created into a more assertive global role. And why not? In USD terms, China has the second biggest economy in the world behind the US but, in purchasing power parity terms, it accounts for 18.3% of the world economy ahead of the US at 15.3% ([here](#), and see chart 1). Will Xi use his greater grip on power to become more of a hardliner on domestic and international affairs absent checks and balances against his power? Or has he been waiting for the opportunity to truly assert himself as a reformer with the best of intentions?

Markets of course won't immediately grasp the consequences partly because of this uncertainty regarding which direction a more emboldened President may pursue but it's bound to become one of the top international developments to monitor over the next half decade and beyond. In China under Xi, they have a leader who is more reasoned, more powerful with fewer obstacles in his path, and likely in office for much longer to come with a longer time horizon for policy considerations than many/all of the other notable global powers. Ergo, American insecurity in the world today.

**In fact, pretty much the whole week could be labelled China week.** We're expected **financing, money supply and foreign direct investment** figures soon. **CPI** inflation for September is expected to ease off a little from the August reading of 1.8% y/y which in turn was the highest since January, and markets will get the figures into the local Monday market open (Sunday evening ET). Wednesday night's (eastern time) **Q3 GDP** print will likely continue to be about as full of intrigue and mystery as whether or not it's going to get colder in Canada over coming months. The year-ago GDP growth rate has been either 6.7%, 6.8% or 6.9% for every one of the prior eight consecutive quarters, so what's another one. It's a particularly convenient range in relation to the growth target of "around 6.5%." September readings for **retail sales and industrial output** also arrive at the same time as GDP and will thus inform hand-off risks to Q4 growth.

Of course China week wouldn't be complete if we didn't hear from the **People's Bank of China** and Sunday's G30 panel participation by Governor Zhou will put him alongside Fed Chair Yellen, BoJ Governor Kuroda and ECB VP Constancio.

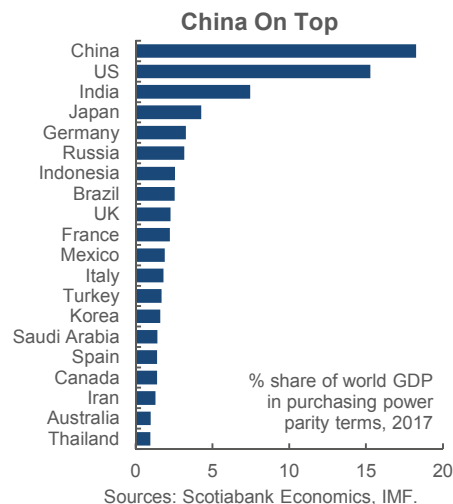
Neither **Bank Indonesia** nor the **Bank of Korea** is expected to change their policy rates following meetings next Thursday.

Other data risk will include Australian job growth in September on Wednesday evening ET, CPI for Q3 from New Zealand that is expected to register firmer pressures than the prior quarter, and Malaysian CPI for September. Trade figures from India, Indonesia and Japan round out the hits over the coming week.

### CANADA — A POTENTIALLY BIG WEEK FOR CANADIAN RATES AND THE C\$

OIS markets are only pricing about one-in-four odds of a hike at the October 25<sup>th</sup> Bank of Canada meeting and about 50–50 odds of a hike in December. At this juncture, that's probably a fair market bias with a lot more data to come before the December 6<sup>th</sup> meeting and event risk running fairly high including NAFTA negotiations and US fiscal policy risks. The BoC smooths out volatile readings while applying its data-dependent policy bias, but the coming week will advance understanding of the broad tone of

Chart 1



growth and inflation trends. **I expect conflicting signals that probably won't materially move the needle on October risks but should still leave the door open on a December hike.**

**The week starts with markets evaluating BoC Governor Poloz's expected remarks on Saturday during an on-the-record session with media at the conclusion of the annual IMF meetings in Washington.** He will be armed with an understanding of the recent upswing in wage growth to 2.2% y/y in September from a low of just 0.5% y/y in April. He will also have advance knowledge of what businesses and lenders are telling the BoC ahead of Monday's public release of the Business Outlook Survey (more below) and the Senior Loan Officer Survey. The BoC goes into communications black-out on Wednesday and so the window for Poloz to possibly weigh in on market positioning ahead of the October 25<sup>th</sup> statement and MPR is closing.

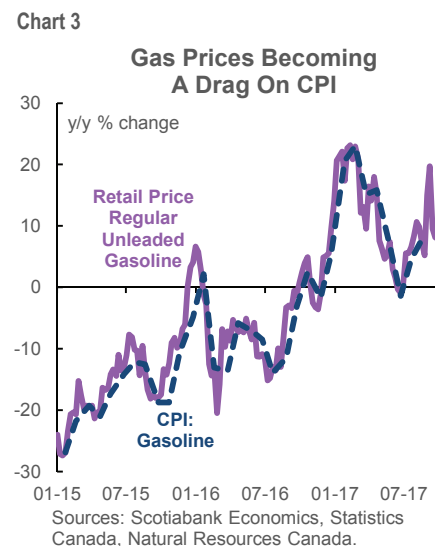
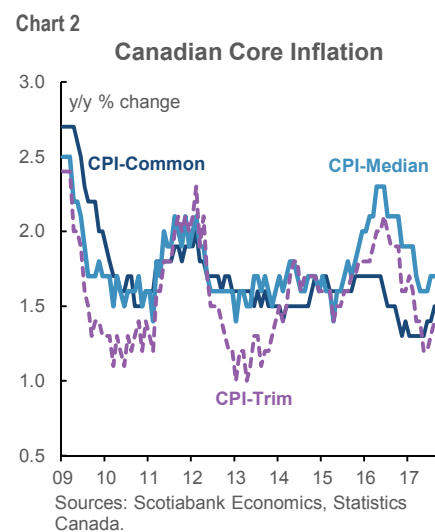
As for the **Business Outlook Survey** (which is the most widely watched of the survey pair) nobody forecasts the main gauge which is the outlook for future sales, or the survey's components. It's just a sample of about 100 CEOs that can be volatile with a spotty track record but the BoC uses it as one input on business sentiment that is a bit fresher than hard data. That said, the last survey basically positioned CEOs as telling the BoC to have comfort in hiking, so things to watch will include whether companies are as bullish on hiring and investment intentions, present production and future sales. I would think a risk is that NAFTA uncertainties may temper the outlook for sales and investment plans if not in this report then the next one if negotiations continue to heat up. Most saw inflation between 1–2% over the coming year and I wouldn't expect that to change as an inflation signal to the BoC. More of the risk is on the activity readings than the inflation expectations.

**Friday's CPI report for September could see a little higher headline reading to about 1.5% y/y but the prime focus will be upon whether the average of the three core CPI measures continues to signal modestly firming price pressures (chart 2).**

Forecasting monthly changes in the core measures is generally avoided because almost by definition one needs the tails of the spectrum of prices laid bare before determining how to weed out extraneous factors which is what the various central tendency core measures do. In terms of the headline CPI call, there are a few considerations. One is that base effects would subtract about a tenth off headline year-ago CPI inflation. Two is that September is a typically modest up-month for seasonally unadjusted CPI and that could lift the year-ago rate by a tick to cancel out the base effect argument. So far, the arguments presented suggest an unchanged year-ago CPI rate. A determining factor, however, could be that gas prices should add to headline CPI pressures. Gasoline prices accelerated in September (chart 3) by enough to add an extra 0.1–0.2 to year-ago headline CPI inflation and 0.1–0.2 to month-ago seasonally unadjusted CPI. That said, this is looking like a transitory lift from gas prices since they have eased off again in October so far.

**Retail sales during August also arrive on Friday and I expect a modest rise in the dollar value of sales while a mild rebound in the volume of sales is possible following the dip in July.** With about a one-fifth weight on total sales at new car dealers applied to the seasonally adjusted rise in auto sales, I figure that headline retail sales could get a lift of about 0.3–0.4% m/m from the autos component. Further, gas prices were up 2.6% m/m with about a 10% weight on total gas station sales so this effect could add another 0.2–0.3% m/m to headline retail sales. The usual cautions apply, however, in that a retail sales call is plagued by many unobservable components and even the ones we can observe offer incomplete assessments of those categories. For instance, sales at gas stations depend not only on gas prices but also gas volumes and sales of ancillary goods and services while sales at new car dealers depend not only on auto sales volumes but also prices as well as dealer sales of other parts and services.

**Wednesday's manufacturing sales during the month of August are likely to follow the weak export numbers lower.** Recall that exports fell by 1% m/m in dollar terms and volumes fell by 2% m/m. Given the weakness in several manufacturing oriented export



categories like a ½% m/m drop in motor vehicle exports, a 3.8% m/m decline in exports of consumer goods, a 10% decline in metals exports and a 2.6% m/m decline in exports of industrial machinery, we're likely to see the export figures translate into a sizeable decline in manufacturing sales values and volumes with the wild card being how the domestic book performed.

**Furthermore, by the end of the week we will have almost all of what we need in order to piece together an August GDP call and hence add to tracking evidence of Q3 GDP growth.** At present and based solely upon the Q2 hand-off and July data, Q3 GDP growth is tracking at about 1.6% q/q at a seasonally adjusted and annualized pace. That tracking might mildly improve next week.

President Trump contributed to the at times farcical logic of **NAFTA negotiations as the fourth round concludes well into the upcoming week.** Surrounded by members of the Stanley Cup winning Pittsburgh Penguins, Trump lauded the team as an example of how NAFTA should work. Yet Canadian content accounted for 53% of the goals scored by the Stanley Cup winning Pittsburgh Penguins in the 2016–17 season, not to mention its leading scorer—Sidney Crosby. Indeed, Canadians accounted for about 70% of all goals and all points scored across the entire NHL in 2016–17 versus 13% of all goals and all points that were scored by Americans. And yet a Canadian domiciled team has not won the Stanley Cup since the 1993 Montreal Canadiens. Talk about a lopsided trade.

**Canadian earnings season** typically gets off to a later start than the US, with only five TSX firms on the docket next week including CP, Rogers and AltaGas.

Canada conducts a 3 year auction on Wednesday.

## UNITED STATES — ANTICLIMACTIC

The upcoming week will be focused upon earnings, ongoing speculation over potential candidates for the job of Fed Chair, modest data risk and the expected conclusion of the fourth round of NAFTA talks in Washington.

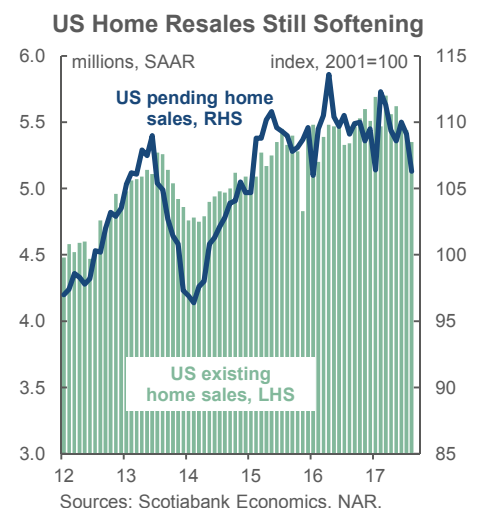
Like many rushed and self-imposed deadlines set by this administration, **the search for the next Fed Chair is being pushed out to later than the initial guidance offered by President Trump.** On September 29<sup>th</sup>, Trump said the decision would be made in 2–3 weeks. On October 12<sup>th</sup>, Treasury Secretary Mnuchin noted that the President is “trying to make a decision in the next month, although we don't have a specific deadline.” That same day, White House Chief of Staff John Kelly noted that the decision was “some time away.” Kelly also noted that “All of the people who've been in to interview have been first-round draft choices. We still have more to come.” Guidance from both officials clearly kills speculation that a speech cancellation by Governor Powell indicated he was already the chosen one.

Somewhat overshadowed by the search process will be **Chair Yellen's appearance on a G30 panel** on the global economy this Sunday alongside PBOC Governor Zhou, BoJ Governor Kuroda and ECB Vice President Vitor Constâncio. The Fed's 'beige book' of regional conditions gets little attention these days, but industry anecdotes may be plucked from it on Wednesday afternoon.

**Fifty-nine S&P500 firms will release earnings over the coming week** including Netflix, Morgan Stanley, Goldman Sachs, US Bancorp, Amex, eBay, KeyCorp, BoNYM, American Airlines, GE, and P&G. At the point of writing, earnings season is in a state of infancy and yet **a higher-than-normal percentage of reporting firms is beating earnings estimates.** Beats are customary ever since SOX legislation and the threats of being made liable or professionally pilloried increased in the wake of the dot-com episode.

**Data risk should be fairly modest.** We've already heard Fed economists warn about data quality issues related to hurricanes ahead of Tuesday's **industrial production** figures ([here](#)) and so markets will likely ignore the release. **Housing starts** are expected to remain elevated just shy of the 1.2 million mark and have been little changed over the past couple of years within a 1.1–1.2 million range. Housing data continues on Friday

Chart 4



with **existing home sales** for the month of September that are expected to continue tracking pending home sales lower (chart 4), given that completed resales track pending home sales with a 30–90 day lag. The **Philly Fed's business outlook survey** for October arrives on Thursday. It is largely impossible to predict with much confidence given its volatility, but the Philly and later Richmond Fed measures serve as leading indicators for the ISM manufacturing report due out on November 1<sup>st</sup>.

## LATIN AMERICA — POLITICAL RISK HANGS OVER CENTRAL BANKS

A pair of central banks that face election risks within their policy horizons will dominate developments in regional markets over the coming week.

**Banco Central de Chile** is expected to hold its policy rate at 2.5% on Thursday evening. This will be the second last decision before the November 19<sup>th</sup> elections with the next one being just five days before. Don't expect Governor Mario Marcel to rock the boat partly given uncertainty over the election outcome and the broader policy options that may then follow. Incumbent President Michelle Bachelet cannot seek re-election by law. Sebastian Pinera, the conservative candidate for the Chile Vamos coalition, represents the status quo and is polling about 40% support (chart 5). The divided left has pledged to advance one single candidate in a likely second round vote on December 17<sup>th</sup>. Center-left lawmakers went so far as to ink about 300 signatures to a letter pledging to unite behind a single candidate to run against Pinera. Given Pinera is polling about 40% for a more united right, the electoral outcome may not be in the bag should the left truly unite by the second round. Such uncertainties are set against the backdrop of headline CPI inflation that unexpectedly fell by almost a half a point to 1.5% y/y in September, but core CPI excluding food and energy prices was steady at 1.8% y/y. Both are below the 2–4% inflation target band.

**Banxico Governor Agustin Carstens** will be on a panel titled “Financial Regulation and Economic Policies To Avoid The Next Crisis” at the G30 seminar in Washington this Sunday. The day before, Carstens will be interviewed at about 3:45pmET. Recall that Carstens was to have left Banxico for his next gig at the BIS this past July but delayed that until November 30<sup>th</sup>. CPI inflation may be in the process of cresting as the September year-ago rise pulled back to 6.4% y/y from 6.7% the prior month. Carstens recently remarked that he expects inflation to converge upon Banxico's 3% target by the end of next year which is a little more aggressive than consensus that expects inflation to slip back to just under 4% by then. As such, rate cuts are being factored into the 2018 consensus outlook by which point Carstens may have moved on, assuming no further change in his plans.

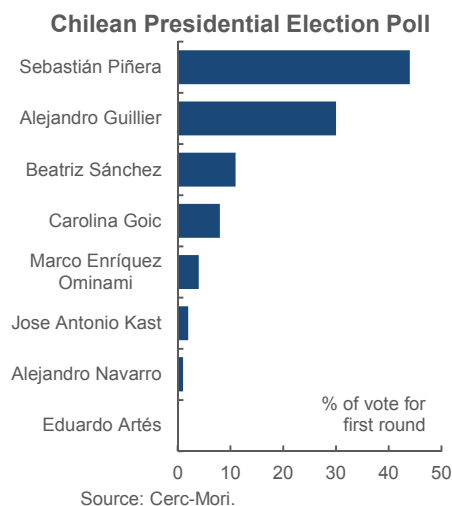
Deputy Governor Javier Guzman recently remarked that “it's very difficult to say with certainty where interest rates will be heading. Given the characteristics of some of these events, in particular NAFTA and the electoral process in Mexico, there are risks for exchange rates and inflation in both directions.” Carstens' take on such forecast complications may be offered. A complicating factor is the peso that had appreciated by about 20% from the mid-January low to the peak in mid-July and has since given back a quarter of that rise on NAFTA worries.

## EUROPE — SUPERCORE FOR SUPER MARIO

**Two things matter by way of expected European developments next week and a third no longer does.**

Ordinarily to comment on the event that no longer matters would be to set up a ‘straw man’ argument and hence a waste of time, but this one's different. The **EU Leaders' Summit** next Thursday and Friday follows in the wake of remarks by the EU's Chief Negotiator Michel Barnier that “we have reached a state of deadlock” in reference to negotiations pertaining to the UK's exit penalty from the EU. EU leaders are therefore unwilling to engage the UK on talks over Brexit transitional issues and a trade agreement and therefore the Summit has become a symbol of so-called “hard Brexit” concerns until at least the next Summit on December 14–15.

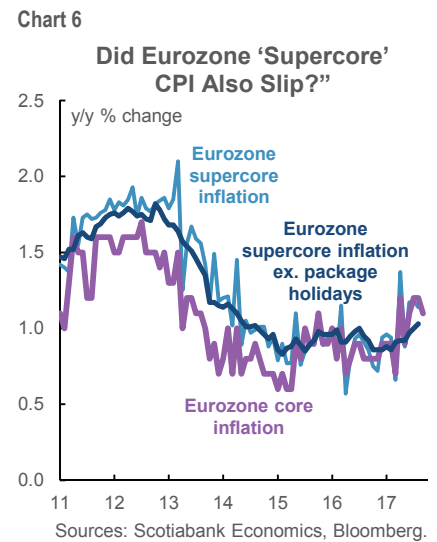
Chart 5



The second swing at estimating Eurozone inflation due out on Tuesday adds value not just through possible revisions but more so through greater detail that permits calculation of so-called ‘supercore’ measures. Supercore CPI measures are a) more directly related to slower-moving and longer-lived drivers like capacity pressures and b) less prone to distortions like the impact of packaged holiday prices with the different than usual timing of Easter this year. The supercore CPI measure excluding packaged holiday prices has risen only very slightly from a recent trough of 0.86% y/y to 1.03% y/y in August and the issue is whether this measure will follow the already released conventional core CPI measure *lower* in September (chart 6). If so, then it complicates expectations for the ECB to be crafting plans to reduce stimulus at its next meeting on October 26<sup>th</sup>.

Eurozone investor confidence as captured by the ZEW metric for October will be released on Tuesday along with the widely followed German measure.

**UK CPI also arrives on the same day as the Eurozone figures.** UK inflation is getting close to peaking, curiously just as the Bank of England may be on the verge of tightening policy as soon as at its November 2<sup>nd</sup> meeting while staring at “hard-Brexit” risks. Righto. CPI for September could rise to the even 3% y/y mark with core CPI only a smidge behind. Consensus expects CPI to ease off to about 2.3% y/y by the end of next year. BoE **Governor Carney testifies** before the Treasury Committee on Tuesday just as the inflation data hits the tapes. Thursday’s retail sales growth during September will be challenged to stay out of the red following the large rise in August.





**Key Indicators for the week of October 16 – 20**
**NORTH AMERICA**

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	10/16	08:30	International Securities Transactions (C\$ bn)	Aug	--	--	24.0
US	10/16	08:30	Empire State Manufacturing Index	Oct	--	20.0	24.4
CA	10/16	09:00	Existing Home Sales (m/m)	Sep	--	--	1.3
CA	10/16	10:30	BoC Senior Loan Officer Survey	3Q	--	--	2.1
CA	10/16	10:30	Business Outlook Future Sales	3Q	--	--	31.0
US	10/17	08:30	Export Prices (m/m)	Sep	--	0.5	0.6
US	10/17	08:30	Import Prices (m/m)	Sep	--	0.5	0.6
US	10/17	09:15	Industrial Production (m/m)	Sep	0.0	0.3	-0.9
US	10/17	09:15	Capacity Utilization (%)	Sep	--	76.1	76.1
US	10/17	10:00	NAHB Housing Market Index	Oct	--	64.0	64.0
US	10/17	16:00	Total Net TIC Flows (US\$ bn)	Aug	--	--	-7.3
US	10/17	16:00	Net Long-term TIC Flows (US\$ bn)	Aug	--	--	1.3
US	10/18	07:00	MBA Mortgage Applications (w/w)	OCT 13	--	--	-2.1
CA	10/18	08:30	Manufacturing Shipments (m/m)	Aug	-1.0	--	-2.6
US	10/18	08:30	Building Permits (000s a.r.)	Sep	--	1235	1272
US	10/18	08:30	Housing Starts (000s a.r.)	Sep	1185	1175	1180
US	10/18	08:30	Housing Starts (m/m)	Sep	0.0	-0.4	-0.8
US	10/19	08:30	Initial Jobless Claims (000s)	OCT 14	245	245	243
US	10/19	08:30	Continuing Claims (000s)	OCT 7	1900	--	1889
US	10/19	08:30	Philadelphia Fed Index	Oct	22.0	20.5	23.8
US	10/19	10:00	Leading Indicators (m/m)	Sep	--	0.1	0.4
CA	10/20	08:30	CPI, All items (m/m)	Sep	0.2	--	0.1
CA	10/20	08:30	CPI, All items (y/y)	Sep	1.5	--	1.4
CA	10/20	08:30	CPI, All items (index)	Sep	--	--	130.5
CA	10/20	08:30	Core CPI - Common (y/y)	Sep	--	--	1.5
CA	10/20	08:30	Core CPI - Median (y/y)	Sep	--	--	1.7
CA	10/20	08:30	Core CPI - Trim (y/y)	Sep	--	--	1.4
CA	10/20	08:30	Retail Sales (m/m)	Aug	0.5	--	0.4
CA	10/20	08:30	Retail Sales ex. Autos (m/m)	Aug	0.3	--	0.2
MX	10/20	09:00	Unemployment Rate (%)	Sep	--	--	3.5
US	10/20	10:00	Existing Home Sales (mn a.r.)	Sep	5.25	5.30	5.35
US	10/20	10:00	Existing Home Sales (m/m)	Sep	-1.9	-0.9	-1.7

**EUROPE**

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
EC	10/16	05:00	Trade Balance (€ mn)	Aug	--	23.3	23.2
UK	10/17	04:30	CPI (m/m)	Sep	--	0.3	0.6
UK	10/17	04:30	CPI (y/y)	Sep	--	3.0	2.9
UK	10/17	04:30	PPI Input (m/m)	Sep	--	1.3	1.6
UK	10/17	04:30	PPI Output (m/m)	Sep	--	0.3	0.4
UK	10/17	04:30	RPI (m/m)	Sep	--	0.3	0.7
UK	10/17	04:30	RPI (y/y)	Sep	--	4.0	3.9
EC	10/17	05:00	CPI (m/m)	Sep	--	0.4	0.4
EC	10/17	05:00	CPI (y/y)	Sep F	--	1.5	1.5
EC	10/17	05:00	Euro zone Core CPI Estimate (y/y)	Sep F	--	1.1	1.1
EC	10/17	05:00	ZEW Survey (Economic Sentiment)	Oct	--	--	31.7
GE	10/17	05:00	ZEW Survey (Current Situation)	Oct	--	88.5	87.9
GE	10/17	05:00	ZEW Survey (Economic Sentiment)	Oct	--	20.0	17.0
UK	10/18	04:30	Average Weekly Earnings (3-month, y/y)	Aug	--	2.1	2.1
UK	10/18	04:30	Employment Change (3M/3M, 000s)	Aug	--	150.0	181.0
UK	10/18	04:30	Jobless Claims Change (000s)	Sep	--	--	-2.8
UK	10/18	04:30	ILO Unemployment Rate (%)	Aug	--	4.3	4.3
UK	10/19	04:30	Retail Sales ex. Auto Fuel (m/m)	Sep	--	-0.3	1.0
UK	10/19	04:30	Retail Sales with Auto Fuel (m/m)	Sep	--	-0.2	1.0
GE	10/20	02:00	Producer Prices (m/m)	Sep	--	0.1	0.2
EC	10/20	04:00	Current Account (€ bn)	Aug	--	--	25.1
IT	10/20	04:00	Current Account (€ mn)	Aug	--	--	8625
UK	10/20	04:30	PSNB ex. Interventions (£ bn)	Sep	--	6.7	5.7
UK	10/20	04:30	Public Finances (PSNCR) (£ bn)	Sep	--	--	0.0
UK	10/20	04:30	Public Sector Net Borrowing (£ bn)	Sep	--	5.7	5.1

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

**Key Indicators for the week of October 16 – 20**
**ASIA-PACIFIC**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
CH	10/15	21:30	CPI (y/y)	Sep	1.7	1.6	1.8
CH	10/15	21:30	PPI (y/y)	Sep	--	6.4	6.3
ID	10/16	00:00	Exports (y/y)	Sep	--	18.0	19.2
ID	10/16	00:00	Imports (y/y)	Sep	--	20.6	8.9
ID	10/16	00:00	Trade Balance (US\$ mn)	Sep	--	1257	1720
JN	10/16	00:30	Capacity Utilization (m/m)	Aug	--	--	-1.8
JN	10/16	00:30	Industrial Production (m/m)	Aug F	--	--	2.1
JN	10/16	00:30	Industrial Production (y/y)	Aug F	--	--	5.4
IN	10/16	02:30	Monthly Wholesale Prices (y/y)	Sep	--	3.3	3.2
NZ	10/16	17:45	Consumer Prices (q/q)	3Q	--	0.4	0.0
NZ	10/16	17:45	Consumer Prices (y/y)	3Q	--	1.8	1.7
AU	10/16	20:30	New Motor Vehicle Sales (m/m)	Sep	--	--	0.0
SI	10/16	20:30	Exports (y/y)	Sep	--	12.7	17.0
PH	OCT 15-16		Overseas Remittances (y/y)	Aug	--	5.3	7.1
SK	10/17	19:00	Unemployment Rate (%)	Sep	--	3.7	3.8
JN	10/18	19:50	Merchandise Trade Balance (¥ bn)	Sep	--	559.8	112.6
JN	10/18	19:50	Adjusted Merchandise Trade Balance (¥ bn)	Sep	--	317.9	367.3
JN	10/18	19:50	Merchandise Trade Exports (y/y)	Sep	--	15.0	18.1
JN	10/18	19:50	Merchandise Trade Imports (y/y)	Sep	--	14.7	15.2
AU	10/18	20:30	Employment (000s)	Sep	--	15.0	54.2
AU	10/18	20:30	Unemployment Rate (%)	Sep	--	5.6	5.6
CH	10/18	22:00	Fixed Asset Investment YTD (y/y)	Sep	7.6	7.7	7.8
CH	10/18	22:00	Industrial Production (y/y)	Sep	5.9	6.4	6.0
CH	10/18	22:00	Real GDP (y/y)	3Q	6.7	6.8	6.9
CH	10/18	22:00	Retail Sales (y/y)	Sep	10.0	10.2	10.1
HK	OCT 18-19		Composite Interest Rate (%)	Sep	--	--	0.30
ID	OCT 18-19		<b>BI 7-Day Reverse Repo Rate (%)</b>	<b>Oct 19</b>	<b>4.25</b>	<b>4.25</b>	<b>4.25</b>
SK	OCT 18-19		<b>BoK Base Rate (%)</b>	<b>Oct 19</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>
PH	OCT 18-19		Balance of Payments (US\$ mn)	Sep	--	--	-7.0
PH	OCT 18-30		Budget Deficit/Surplus (PHP bn)	Sep	--	--	28.8
JN	10/19	00:30	All Industry Activity Index (m/m)	Aug	--	0.2	-0.1
HK	10/19	04:30	Unemployment Rate (%)	Sep	--	3.1	3.1
MA	10/20	00:00	CPI (y/y)	Sep	--	4.2	3.7
MA	10/20	03:00	Foreign Reserves (US\$ bn)	Oct 13	--	--	101.2
TA	10/20	04:00	Export Orders (y/y)	Sep	--	9.7	7.5

**LATIN AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
PE	10/16		Economic Activity Index NSA (y/y)	Aug	2.0	--	1.6
PE	10/16		Unemployment Rate (%)	Sep	--	--	6.7
BZ	10/18	06:30	Economic Activity Index SA (m/m)	Aug	--	-0.3	0.4
BZ	10/18	06:30	Economic Activity Index NSA (y/y)	Aug	--	--	1.4
CO	10/18	11:00	Trade Balance (US\$ mn)	Aug	--	-888.0	-520.1
CL	10/19	17:00	<b>Nominal Overnight Rate Target (%)</b>	<b>Oct 19</b>	<b>2.50</b>	<b>2.50</b>	<b>2.50</b>
BZ	10/20	07:00	IBGE Inflation IPCA-15 (m/m)	Oct	--	--	0.1
BZ	10/20	07:00	IBGE Inflation IPCA-15 (y/y)	Oct	--	--	2.6



## Global Auctions for the week of October 16 – 20

### NORTH AMERICA

Country	Date	Time	Event
CA	10/18	12:00	Canada to Sell CAD3.2 Bln 0.75% 2021 Bonds
US	10/19	13:00	U.S. to Sell USD5 Bln 30-Year TIPS Reopening

### EUROPE

Country	Date	Time	Event
NO	10/16	06:00	Norway Bond auction Offering
GE	10/17	05:30	Germany to Sell EUR4 Bln 0% 2019 Bonds
DE	10/18	04:30	Denmark to Sell Bonds
SW	10/18	05:03	Sweden to Sell SEK1 Bln 3.5% 2022 Bonds
SW	10/18	05:03	Sweden to Sell SEK1.5 Bln 0.75% 2028 Bonds
NO	10/18	05:05	Norway to Sell Bonds
GE	10/18	05:30	Germany to Sell EUR1 Bln 1.25% 2048 Bonds
SP	10/19	04:45	Spain to Sell 0.05% 2021 Bonds
SP	10/19	04:45	Spain to Sell 4.65% 2025 Bonds
SP	10/19	04:45	Spain to Sell 1.45% 2027 Bonds
SP	10/19	04:45	Spain to Sell 2.9% 2046 Bonds
FR	10/19	04:50	France to Sell 0% 2021 Bonds
FR	10/19	04:50	France to Sell 0% 2023 Bonds
FR	10/19	04:50	France to Sell 1.75% 2024 Bonds
UK	10/19	05:30	U.K. to Sell GBP2.5 Bln 1.25% 2027 Bonds
FR	10/19	05:50	France to Sell 0.1% I/L 2025 Bonds
FR	10/19	05:50	France to Sell 1.85% I/L 2027 Bonds
FR	10/19	05:50	France to Sell 3.15% I/L 2032 Bonds
IC	10/20	06:30	Iceland to Sell Bonds

### ASIA-PACIFIC

Country	Date	Time	Event
CH	10/15	21:30	Chongqing to Sell Bonds
CH	10/15	22:30	Chongqing to Sell Bonds
CH	10/15	23:30	Chongqing to Sell Bonds
CH	10/16	21:30	Gansu to Sell Bonds
CH	10/16	22:30	Gansu to Sell Bonds
JN	10/16	23:45	Japan to Sell 20-Year Bonds
CH	10/17	03:00	Gansu to Sell Bonds
CH	10/17	22:35	China To Sell CNY36 Bln 5-Yr Bonds
CH	10/17	22:35	China to Sell CNY28 Bln 2-Yr Upsized Bonds
CH	10/18	21:30	Anhui to Sell Bonds
JN	10/18	23:45	Japan to Sell 5-Year Bonds
CH	10/19	02:00	Yunnan to Sell Bonds
CH	10/19	03:00	Yunnan to Sell Bonds
CH	10/19	21:30	Qingdao to Sell Bonds
CH	10/19	22:30	Qingdao to Sell Bonds
CH	10/19	23:00	China Plans to Sell 30-Year Government Bond
CH	10/20	03:00	China To Sell CNY28 Bln 30-Yr Bonds

### LATIN AMERICA

Country	Date	Time	Event
BZ	10/17	10:00	Brazil to Sell I/L Bonds - 08/15/2022
BZ	10/17	10:00	Brazil to Sell I/L Bonds - 08/15/2026
BZ	10/17	10:00	Brazil to Sell I/L Bonds - 05/15/2035
BZ	10/17	10:00	Brazil to Sell I/L Bonds - 05/15/2055
CL	10/18	10:00	Chile to Sell BTU
BZ	10/19	10:00	Brazil to Sell LFT - 09/01/2023

Source: Bloomberg, Scotiabank Economics.

## Events for the week of October 16 – 20

### NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	10/14		Mohamed El-Erian, Jes Staley Speak at Final Day of IIF Meeting
US	10/15	09:00	Yellen, Zhou, Kuroda, Constancio on G-30 Panel in Washington
US	10/15	11:20	Cohn, Patel, Carstens, Weidmann on G-30 Panel in Washington
US	10/17	13:00	Fed's Harker Speaks on Equitable Transit
US	10/18	08:00	Fed's Dudley and Kaplan Discuss Economic Development
US	10/18	14:00	U.S. Federal Reserve Releases Beige Book
US	10/20	14:00	Fed's Mester Speaks on Global Regulatory Structure
US	10/20	19:30	Yellen Speaks on Monetary Policy the Since Financial Crisis

### EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	10/14	13:30	ECB's Lautenschlaeger speaks at roundtable in Washington
SW	10/16	03:00	Riksbank's Ohlsson Gives Speech
PO	10/17	04:00	ECB's Constancio Speaks at Conference in Lisbon
UK	10/17	04:15	BOE's Carney, Ramsden and Tenreiro Testify to Lawmakers
GE	10/18	03:30	ESM's Regling, Germany's Schuknecht at Financial Conference
EC	10/18	04:10	ECB President Draghi speaks in Frankfurt
EC	10/18	07:45	ECB's Praet is chairing a panel in Frankfurt
EC	10/18	10:15	ECB's Coeure is chairing a panel in Frankfurt
EC	10/19	00:00	European Union Leaders Hold Summit in Brussels
PO	10/20	04:00	ECB's Statistics Director Speaks at Conference in Lisbon
AS	10/20	04:30	ECB's Nowotny Speaks at Retail Investor Conference
IT	10/20	09:00	Bank of Italy Releases the Quarterly Economic Bulletin
NO	10/20		Norway Sovereign Debt to be rated by S&P
GE	10/20		Germany Sovereign Debt to be rated by Moody's
SP	10/20		Spain Sovereign Debt to be rated by Moody's
IT	10/20		Italy Sovereign Debt to be rated by Fitch
PO	10/20		Portugal Sovereign Debt to be rated by DBRS
GE	10/20		Merkel Begins Coalition Talks With Free Democrats, Greens

### ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	10/16	20:30	RBA Oct. Rate Meeting Minutes
AU	10/16	20:30	RBA's Ellis Participates in a Panel
CH	10/17	21:00	19th Party Congress
JN	10/17	21:30	BOJ Sakurai makes a speech
ID	10/18	00:00	<b>Bank Indonesia 7D Reverse Repo</b>
SK	10/18	00:00	<b>BoK 7-Day Repo Rate</b>
AU	10/18	00:00	RBA's Bullock Gives Speech in Sydney
JN	10/20	02:35	BOJ Kuroda speaks in Tokyo

### LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CL	10/19	17:00	<b>Overnight Rate Target</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	November 9, 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	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	November 6, 2017	1.50	--
Reserve Bank of New Zealand – Cash Rate	1.75	November 8, 2017	1.75	--
People's Bank of China – Lending Rate	4.35	TBA	--	--
Reserve Bank of India – Repo Rate	6.00	December 6, 2017	6.00	--
Bank of Korea – Bank Rate	1.25	October 19, 2017	1.25	1.25
Bank of Thailand – Repo Rate	1.50	November 8, 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	4.25	4.25

Neither ourselves nor consensus expect either the **Bank of Korea** or **Bank Indonesia** to alter their policy rates next week. The focus across Asian markets will be more skewed toward China's 19th Party Congress and key macro data.

### 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	2.50
Banco de la República de Colombia – Lending Rate	5.25	October 27, 2017	5.25	5.25
Banco Central de Reserva del Perú – Reference Rate	3.50	November 9, 2017	3.50	--

**Banco Central de Chile:** A policy hold at an overnight rate of 2.5% is expected on Thursday. Inflation is waning, but only because of transitory supply shocks that affect headline inflation while core inflation is stable. Elections on November 19th merit caution toward the broader policy outlook and potential feedback effects upon monetary policy.

### 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	--

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