

KEEP CALM, HIKE ON

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Next Week's Risk Dashboard

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Chart of the Week

Growth or NAFTA Uncertainty:

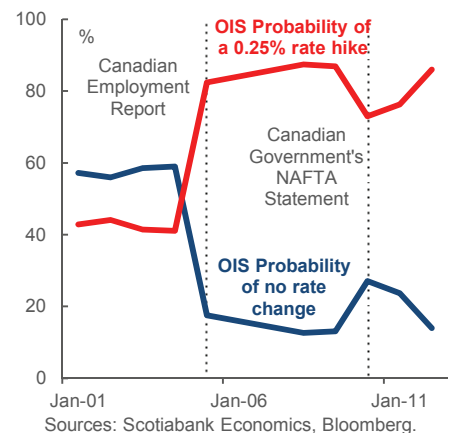


Chart of the Week: Prepared by: Sam Fraser, Research Analyst.

Keep Calm, Hike On

CANADA — PLAY THE HAND YOU'RE DEALT

The BoC faces a balancing act between a near-term rate decision and communicating future policy optionality on Wednesday. Coupled with ongoing NAFTA headline risk ahead of the following week's round of negotiations in Montreal, these two considerations will be the dominant risks on the local calendar. Only relatively minor data is on tap but it should have a constructive tone on net.

A hike of 25bps is expected on Wednesday when a rate statement, full Monetary Policy Report and press conference will be offered. A fuller explanation of our BoC outlook is provided in a stand-alone piece sent to clients and available [here](#) in addition to Scotiabank Economics' full *Global Outlook* [here](#). NAFTA risks slightly increase the possibility of no rate change. When Governor Poloz delivered his mid-December speech, however, he removed NAFTA as one of his top concerns 'keeping him awake at night' and advised he'd deal with that risk if and when it became clearer while showing an unwillingness to put monetary policy decisions on indefinite hold. Every poker player plays the hand they've been dealt, not the one that might be dealt in the next round.

The broad underlying wage and price dynamics of the Canadian economy and excesses in the financial system should be the prime focus amid evidence the BoC is already behind the curve while trade policy uncertainty is expected to persist for an extended period. Businesses are not yet indicating material damage to their future plans stemming from this uncertainty—in fact they're signalling the opposite with rising concern about capacity pressures ([here](#)). Overall, we feel that the central bank is likely to deliver a somewhat dovish hike on January 17th relative to market pricing for the following meetings in March and April. To hike and warn of ongoing uncertainties may deliver somewhat softer overall financial conditions beyond just short-term rates as an offset. It would also serve the purpose of boosting confidence through a steady hand on the wheel while retaining high optionality toward future decisions.

Indeed, unlike the September decision that had the street divided ahead of the hike that was delivered, this time Governor Poloz would find it difficult to say that some people got it right and some wrong if he didn't hike next week. Markets (chart 1) and all economists at all dealers anticipate a hike this time around. The Governor would have to explain why he held off while a) probably caring little about market expectations, but b) after having just downgraded his NAFTA worries.

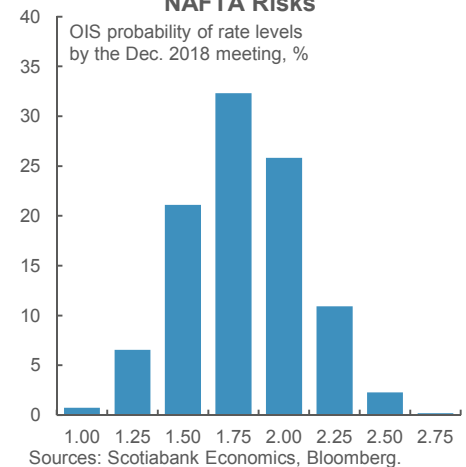
A rebound in manufacturing shipments during the month of November is expected in Friday's update. Recall that temporary and seasonally unusual shutdowns in the auto industry derailed output the prior month when motor vehicle shipment volumes fell by 7.5% m/m. Otherwise, 13 of 21 industries registered shipment increases that month. Nevertheless, the headline weakness set the fourth quarter off to a bad start with early tracking pointing to about a 3% annualized decline in total shipment volumes over the prior quarter. If we were to get a solid 2% rebound in next week's figures then it would put shipments growth tracking back in the black for Q4. Because of the autos distortion, the decline in manufacturing shipments in October and its expected rebound in November should not matter to the BoC.

Canada also updates existing home sales for the month of December. They've been ripping of late with monthly seasonally adjusted sales gains of 1.3%, 2.1%, 0.9% and 3.9% in August through November. A high jumping off point might not be sustainable in the December figures and a deep freeze began to grip much of the country over the back half of the month. Because of this, and the fact that seasonally unadjusted home resales are typically soft at this time of the year, the update shouldn't matter to housing observers or policy makers. The key Spring market will be the test of influences like tremendous job growth and income gains versus OSFI's B20 mortgage rule guidelines that impose a stress testing shock on uninsured mortgages. Lenders are still months away from getting significant evidence on how the Spring market may hold up through mortgage pre-approval indicators. The BoC will no doubt be in close contact with bank CEOs on the matter.

Canada auctions 5s on Thursday.

Chart 1

Markets Expect BoC To See Through NAFTA Risks



UNITED STATES — FISH OR CUT BAIT IN WASHINGTON

Government shutdown talks are at an advanced stage and will combine with the start of the Q4 earnings season to shape the main market risks over the coming week. The week starts with markets being shut for the Martin Luther King Jr holiday.

Earnings season intensifies with its usual early focus upon the financials. JP Morgan and Wells Fargo have already released, but next week brings out Citi (Tuesday), BofA (Wednesday), GS (Wednesday) and Morgan Stanley (Thursday). Advance guidance has warned of a negative hit to short-term earnings primarily due to the repatriation tax on overseas profits amid improved profit prospects thereafter. That does not mean, however, that next week could not carry material surprises. The new information will be the baseline profits independent of the tax effects that analysts will be stripping out to focus upon earnings adjusted for tax policy changes. As well, forward company guidance will be scrutinized.

A new funding deal or a continuing resolution that extends funding for a little longer will be needed in order to avoid a partial government shutdown by week's end. At issue is that a whole lot of horse trading must go on with respect to issues that have absolutely nothing to do with funding government operations. They include the thorny and divisive issues of how to treat so-called 'dreamers' or undocumented immigrants brought to the US when they were very young, and funding for a Mexican wall albeit seemingly comprised of sundry construction materials and swiss cheese in recent proposals versus the 'big beautiful' wall that was initially and unfortunately proposed.

Fed communications will be compressed into about a four-hour window next Wednesday afternoon but will probably showcase divisions. It will start with the latest Beige Book that primarily offers regional anecdotes of limited current use to Fed watchers and then moves on to a pair of regional Fed Presidents with divided views. Chicago's Charles Evans (nonvoting, dove) speaks that afternoon followed by Cleveland's Loretta Mester (voting, hawk). Evans would prefer to hold off on additional rate hikes and dissented against the FOMC's decision to hike in December, while Mester is open to considering alternative inflation frameworks with a generally hawkish mindset.

Data risk should be fairly light and focused upon industrial and limited household sector readings. Industrial production is expected to post mild growth on Wednesday, followed by the **Philly Fed's regional business gauge** on Thursday that has been range bound around a fairly elevated growth trend. **Housing starts** (Thursday) will probably moderate in December's reading in light of prior softness in permits. **The University of Michigan's consumer sentiment** reading for January will be watched to see if it extends a deterioration that also showed up in the Conference Board's consumer confidence measure in December.

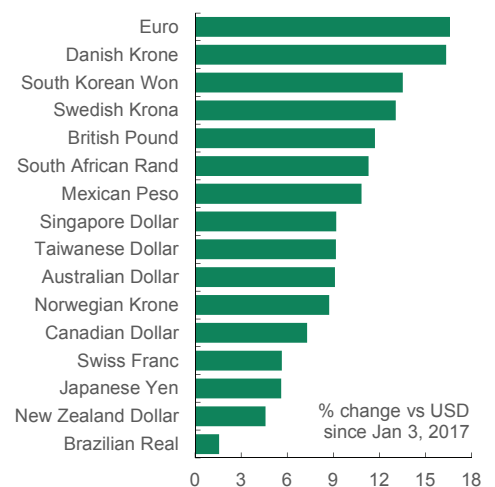
The US Treasury auctions 10 year TIPS on Thursday.

EUROPE — WHAT COMES AFTER SEPTEMBER

Potentially material information affecting the market bias toward monetary policy in the UK and Eurozone will be the focal point over the coming week.

Within the Eurozone, this will be the case in two respects. For one, revisions to Eurozone CPI for December arrive on Wednesday and with them come further needed details. Key is so-called 'supercore' inflation that requires such details for its calculation. **There has been no material progress in this reading of Eurozone inflation for the past four years** during which it has floated within a tight range of 0.8 –1.0% y/y (chart 2). **Don't expect material progress going forward either** given in part the ongoing lagging effects of euro strength since the start of last year (chart 3). How ECB Governing Council members see the risks and guidance they may provide on the key topic of whether to extend bond buying past September or let the program end and/or introduce other measures will be the focal point as three Governing Council members speak. On Wednesday, Ewald Nowotny, Governor of Austria's central bank will speak followed by Bundesbank President Jens Weidmann on Thursday and Executive Board member Benoît Coeuré that same day. **Their communications take on elevated significance** because the account of the

Chart 2 Euro Strength Risks Disinflation



Source: Scotiabank Economics, Bloomberg.

December meeting noted that “The language pertaining to various dimensions of the monetary policy stance and forward guidance could be revisited early in the coming year.” Conditioning communications upon what happens to inflation is likely but the desire is to provide guidance gradually and earlier than previously understood ahead of September.

UK CPI inflation (Tuesday) and retail sales (Friday) will be watched primarily in the context of expectations for plateauing inflation risks. CPI hit 3.1% y/y in November after a pair of 3% readings and is expected to land at a similar rate next week. Core inflation has been a little tamer. Consensus expects UK inflation to begin to back away from letter-writing territory early in the new year amid expectations for perhaps one more rate hike this year. A large gain in retail sales volumes in November poses a high barrier to another gain next week.

ASIA — IS CHINA AT A STABLE GROWTH EQUILIBRIUM?

For a second week, much of the global market focus may be upon Chinese data and communications but normally perfunctory bond purchases by the Bank of Japan will also be closely watched. Regional markets may be influenced by a pair of central bank decisions.

Think back a year ago, or the year before that, or even the start of the year before that. On each occasion, sometimes strident tales of imminent downside risk to Chinese growth were spun. The stories told were always either ones of marginally cooling growth or sharp declines. For all three years, however, **Chinese GDP** growth held in a steady 6.8–7.0% y/y range in every single one of the past eleven quarters. So much for cooling versus the possibility of a growth equilibrium (chart 4). Will next Wednesday’s Q4 GDP report make it twelve in a row? Consensus thinks so for the most part with very slight downside risk to....brace yourself...only 6.7% growth! Egads! Premier Li Keqiang recently advised that he expects 2017 growth to land at 6.9% y/y which would be somewhat stronger than the target at the start of the year. Granted, a major cause for questioning the quality of Chinese macro data is the remarkable stability of Chinese growth estimates, not to mention the speed with which the figures are released after the end of the quarter compared to other countries’ statistical agencies and the fact they never get revised in China.

Chinese retail sales and industrial output will arrive on Wednesday evening and they are expected to run at about 10% y/y and 7% y/y respectively.

The Bank of Japan caused a stir this past Monday when it bought fewer JGBs in the 10–25 year maturity range. That sparked a global bond market sell-off on misplaced fears that the central bank was backing away from its bond buying activities. Such fears were assuaged when subsequent purchase activity across different, shorter maturities was fairly strong and met expectations. Nevertheless, this second round of purchases did not involve the same 10–25 year bracket. Therefore, two rounds of longer-end buying of bonds in the 10–25 year and 25+ year categories on Monday and Thursday evening NY time will be closely monitored. My view is that these are tactical volumes not to be over-interpreted particularly in the context of the “around 0%” 10 year nominal bond yield target that I don’t see changing this year.

After 62,000 jobs were created in November, Australia’s print for December on Wednesday might be expected to face a high hurdle against future gains. Canada’s recent experience of back-to-back ~80k job prints is a reminder that sustained strength can never be discounted.

Chart 3

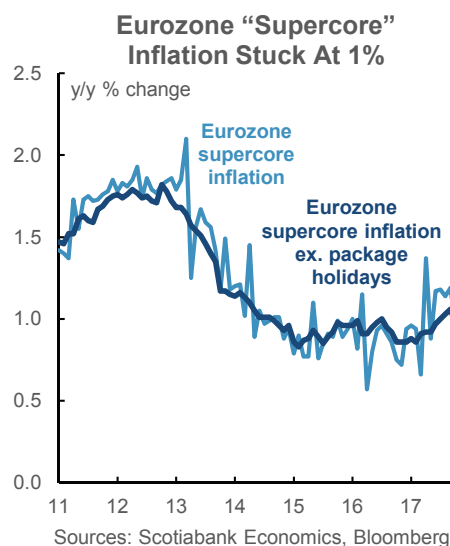


Chart 4



Neither Bank Indonesia nor the Bank of Korea is expected to alter their policy rates of 4¼% and 1½% when they update their policy stances around mid-week.

LATIN AMERICA — NAFTA OR NADA

If it were not for volatile headline risk on NAFTA negotiations and their possible effects upon Mexican markets, then I'd say there should be little to absolutely nothing of consequence on the LatAm calendar of releases and events over the coming week. Only Colombian retail sales and industrial production on Thursday and Peru's unemployment rate sometime soon are on tap. Therefore, I would expect that most of what may happen to Latin American markets over the coming week will be externally driven by global considerations.

Key Indicators for the week of January 15 – 19

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	01/15	09:00	Existing Home Sales (m/m)	Dec	--	--	3.9
US	01/16	08:30	Empire State Manufacturing Index	Jan	--	18.4	18.0
US	01/17	07:00	MBA Mortgage Applications (w/w)	JAN 12	--	--	8.3
US	01/17	09:15	Capacity Utilization (%)	Dec	--	77.3	77.1
US	01/17	09:15	Industrial Production (m/m)	Dec	0.3	0.4	0.2
CA	01/17	10:00	BoC Interest Rate Announcement (%)	Jan 17	1.25	1.25	1.00
US	01/17	10:00	NAHB Housing Market Index	Jan	--	72.0	74.0
US	01/17	16:00	Total Net TIC Flows (US\$ bn)	Nov	--	--	151
US	01/17	16:00	Net Long-term TIC Flows (US\$ bn)	Nov	--	--	23.24
US	01/18	08:30	Building Permits (000s a.r.)	Dec	--	1290	1303
US	01/18	08:30	Housing Starts (000s a.r.)	Dec	1275	1270	1297
US	01/18	08:30	Housing Starts (m/m)	Dec	-1.7	-2.1	3.3
US	01/18	08:30	Initial Jobless Claims (000s)	JAN 13	250	250	261
US	01/18	08:30	Continuing Claims (000s)	JAN 6	1900	1893	1867
US	01/18	08:30	Philadelphia Fed Index	Jan	25	23.5	27.9
CA	01/19	08:30	International Securities Transactions (C\$ bn)	Nov	--	--	20.8
CA	01/19	08:30	Manufacturing Shipments (m/m)	Nov	2.0	--	-0.4
US	01/19	10:00	U. of Michigan Consumer Sentiment	Jan P	94.0	97.0	95.9

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
EC	01/15	05:00	Trade Balance (€ mn)	Nov	--	--	18923
GE	01/16	02:00	CPI (m/m)	Dec F	--	0.6	0.6
GE	01/16	02:00	CPI (y/y)	Dec F	--	1.7	1.7
GE	01/16	02:00	CPI - EU Harmonized (m/m)	Dec F	--	0.8	0.8
GE	01/16	02:00	CPI - EU Harmonized (y/y)	Dec F	--	1.6	1.6
FR	01/16	02:45	Central Government Balance (€ bn)	Nov	--	--	-77.1
IT	01/16	04:00	CPI - EU Harmonized (y/y)	Dec F	--	1.0	1.0
UK	01/16	04:30	CPI (m/m)	Dec	--	0.4	0.3
UK	01/16	04:30	CPI (y/y)	Dec	--	3.0	3.1
UK	01/16	04:30	PPI Input (m/m)	Dec	--	0.4	1.8
UK	01/16	04:30	PPI Output (m/m)	Dec	--	0.2	0.3
UK	01/16	04:30	RPI (m/m)	Dec	--	0.6	0.2
UK	01/16	04:30	RPI (y/y)	Dec	--	3.9	3.9
EC	01/17	05:00	CPI (m/m)	Dec	--	0.4	0.4
EC	01/17	05:00	CPI (y/y)	Dec F	--	1.4	1.4
EC	01/17	05:00	Euro zone Core CPI Estimate (y/y)	Dec F	--	0.9	0.9
TU	01/18	06:00	Benchmark Repo Rate (%)	Jan 18	8.00	8.00	8.00
GE	01/19	02:00	Producer Prices (m/m)	Dec	--	0.2	0.1
EC	01/19	04:00	Current Account (€ bn)	Nov	--	--	30.8
IT	01/19	04:30	Current Account (€ mn)	Nov	--	--	6551
UK	01/19	04:30	Retail Sales ex. Auto Fuel (m/m)	Dec	--	-1.0	0.0
UK	01/19	04:30	Retail Sales with Auto Fuel (m/m)	Dec	--	-0.9	1.1

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

Key Indicators for the week of January 15 – 19

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
JN	01/14	18:50	Japan Money Stock M2 (y/y)	Dec	--	4.00	4.00
JN	01/14	18:50	Japan Money Stock M3 (y/y)	Dec	--	3.4	3.4
ID	01/14	23:00	Exports (y/y)	Dec	--	13.7	13.2
ID	01/14	23:00	Imports (y/y)	Dec	--	18.0	19.6
ID	01/14	23:00	Trade Balance (US\$ mn)	Dec	--	678	127
JN	01/15	01:00	Machine Tool Orders (y/y)	Dec P	--	--	46.8
IN	01/15	01:30	Monthly Wholesale Prices (y/y)	Dec	--	4.00	3.93
AU	01/15	19:30	New Motor Vehicle Sales (m/m)	Dec	--	--	0.1
JN	01/15	23:30	Tertiary Industry Index (m/m)	Nov	--	0.3	0.3
IN	JAN 14-16		Exports (y/y)	Dec	--	--	30.55
IN	JAN 14-16		Imports (y/y)	Dec	--	--	19.61
PH	JAN 14-15		Overseas Remittances (y/y)	Nov	--	10.0	8.4
JN	01/16	18:50	Machine Orders (m/m)	Nov	--	-1.2	5.0
AU	01/16	19:30	Home Loans (%)	Nov	--	0.0	-0.6
AU	01/16	19:30	Investment Lending (% change)	Nov	--	--	1.6
SI	01/16	19:30	Exports (y/y)	Dec	--	9.4	9.1
AU	01/17	19:30	Employment (000s)	Dec	--	15.0	61.6
AU	01/17	19:30	Unemployment Rate (%)	Dec	5.4	5.4	5.4
CH	01/17	21:00	Fixed Asset Investment YTD (y/y)	Dec	7.1	7.1	7.2
CH	01/17	21:00	Industrial Production (y/y)	Dec	6.0	6.1	6.1
CH	01/17	21:00	Real GDP (y/y)	4Q	6.7	6.7	6.8
CH	01/17	21:00	Retail Sales (y/y)	Dec	10.2	10.2	10.2
JN	01/17	23:30	Capacity Utilization (m/m)	Nov	--	--	0.2
JN	01/17	23:30	Industrial Production (y/y)	Nov F	3.7	--	3.7
HK	01/18	03:30	Unemployment Rate (%)	Dec	3.0	3.0	3.0
NZ	01/18	16:30	Business NZ PMI	Dec	--	--	57.7
HK	JAN 17-18		Composite Interest Rate (%)	Dec	--	--	0.32
ID	JAN 17-18		BI 7-Day Reverse Repo Rate (%)	Jan 18	4.25	4.25	4.25
SK	JAN 17-18		BoK Base Rate (%)	Jan 18	1.50	1.50	1.50
PH	JAN 18-19		Balance of Payments (US\$ mn)	Dec	--	--	-44.0
PH	JAN 18-26		Budget Deficit/Surplus (PHP bn)	Dec	--	--	-8.6

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
BZ	01/15	05:30	Economic Activity Index SA (m/m)	Nov	--	0.2	0.3
BZ	01/15	05:30	Economic Activity Index NSA (y/y)	Nov	--	2.5	2.9
PE	JAN 15-19		Economic Activity Index NSA (y/y)	Nov	2.2	--	3.0
PE	JAN 15-19		Unemployment Rate (%)	Dec	--	--	6.6
CO	01/18	10:00	Retail Sales (y/y)	Nov	--	--	-0.6

Global Auctions for the week of January 15 – 19**NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	01/18	12:00	Canada to Sell 5-Year Bonds
US	01/18	13:00	U.S. to Sell USD13 Bln 10-Year TIPS

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
GE	01/17	05:30	Germany to Sell EUR1.5 Bln 1.25% 2048 Bonds
SP	01/18	04:30	Spain to Sell Bonds
FR	01/18	04:50	France to Sell 0% 2023 Bonds
FR	01/18	04:50	France to Sell 0% 2021 Bonds
FR	01/18	04:50	France to Sell 2.25% 2024 Bonds
SW	01/18	05:00	Sweden to Sell SEK500 Mln 0.125% I/L 2026 Bonds
UK	01/18	05:30	U.K. to Sell GBP2.5 Bln 0.75% 2023 Bonds
FR	01/18	05:50	France to Sell 0.25% I/L 2024 Bonds
FR	01/18	05:50	France to Sell 0.1% I/L 2028 Bonds
FR	01/18	05:50	France to Sell 0.7% I/L 2030 Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	01/15	22:45	Japan to Sell 5-Year Bonds
CH	01/16	21:35	China To Sell CNY20 Bln 5-Yr Bonds
NZ	01/17	20:05	New Zealand To Sell NZD200 Mln 2.75% 2025 Bonds
JN	01/17	22:45	Japan to Sell 30-Year Bonds

Events for the week of January 15 – 19

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	01/17	10:00	Bank of Canada Rate Decision
US	01/17	14:00	U.S. Federal Reserve Releases Beige Book
US	01/17	15:00	Fed's Evans Speaks on Economy and Monetary Policy
US	01/17	16:30	Fed's Mester Discusses Monetary Policy Communication
CA	01/18	08:30	ADP Canada Employment Report Published
US	01/19	13:00	Fed's Quarles Speaks on Bank Regulation

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
UK	01/15	13:15	BOE's Teneyro Speaks on Productivity at Event in London
SZ	01/16	12:00	SNB President Jordan Speaks in Zurich
AS	01/17	03:55	ECB's Nowotny Speaks at Euromoney CEE Conference
UK	01/17	06:45	BOE's Saunders Speaks at Event in London
EC	01/18	03:15	ECB's Weidmann, Coeure, IMF's Lagarde speak in Frankfurt
TU	01/18	06:00	Benchmark Repo Rate
EC	01/18	09:30	ECB's Coeure speaks on a panel in Frankfurt
GE	01/19		Germany Sovereign Debt to Be Rated by Moody's
SP	01/19		Spain Sovereign Debt to be rated by Fitch
TU	01/19		Turkey Sovereign Debt to be rated by Fitch

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
HK	JAN 17-18		Composite Interest Rate
SK	JAN 17-18		BoK 7-Day Repo Rate
ID	JAN 17-18		Bank Indonesia 7D Reverse Repo

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	January 17, 2018	1.25	1.25
Federal Reserve – Federal Funds Target Rate	1.50	January 31, 2018	1.50	1.50
Banco de México – Overnight Rate	7.25	February 8, 2018	7.25	--

Bank of Canada: A hike of 25bps is expected on Wednesday when a rate statement, full Monetary Policy Report and press conference will be offered. NAFTA risks make for non-negligible risk of no rate change. The broad underlying wage and price dynamics of the Canadian economy and excesses in the financial system should be the prime focus as trade policy uncertainty is expected to persist for an extended period. Businesses are not yet indicating material damage to their future plans stemming from this uncertainty. Overall, we feel that the central bank is likely to deliver a somewhat dovish hike relative to market pricing for the following meetings in March and April.

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	January 25, 2018	0.00	--
Bank of England – Bank Rate	0.50	February 8, 2018	0.50	--
Swiss National Bank – Libor Target Rate	-0.75	March 15, 2018	-0.75	--
Central Bank of Russia – One-Week Auction Rate	7.75	February 9, 2018	7.75	--
Sweden Riksbank – Repo Rate	-0.50	February 14, 2018	-0.50	-0.50
Norges Bank – Deposit Rate	0.50	January 25, 2018	0.50	--
Central Bank of Turkey – Benchmark Repo Rate	8.00	January 18, 2018	8.00	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	January 23, 2018	-0.10	--
Reserve Bank of Australia – Cash Target Rate	1.50	February 5, 2018	1.50	1.50
Reserve Bank of New Zealand – Cash Rate	1.75	February 7, 2018	1.75	1.75
People's Bank of China – Lending Rate	4.35	TBA	--	--
Reserve Bank of India – Repo Rate	6.00	February 7, 2018	6.00	--
Bank of Korea – Bank Rate	1.50	January 18, 2018	1.50	1.50
Bank of Thailand – Repo Rate	1.50	February 14, 2018	1.50	1.50
Bank Negara Malaysia – Overnight Policy Rate	3.00	January 25, 2018	3.25	--
Bank Indonesia – 7-Day Reverse Repo Rate	4.25	January 18, 2018	4.25	4.25

Monetary authorities of the **Bank of Korea (BoK)** will meet on January 18. Following the BoK's end-November decision to raise the 7-Day Repo Rate by 25 basis points to 1.50%—the first hike in over six years—the central bank will likely adopt a cautious approach to monetary tightening. Accordingly, we do not expect any changes to the BoK's monetary policy stance in Q1 2018. **Bank Indonesia** will hold a monetary policy meeting on January 18. Indonesian monetary policymakers will likely maintain status quo over the coming months, given that they assess the current monetary policy stance to be adequate to maintaining inflation within its target.

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	7.00	February 7, 2018	7.00	--
Banco Central de Chile – Overnight Rate	2.50	February 1, 2018	2.50	--
Banco de la República de Colombia – Lending Rate	4.75	January 29, 2018	4.75	4.75
Banco Central de Reserva del Perú – Reference Rate	3.00	February 8, 2018	3.00	--

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	January 18, 2018	6.75	6.75

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

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