

ONE MAN'S CAPACITY VERSUS THE ECONOMY'S

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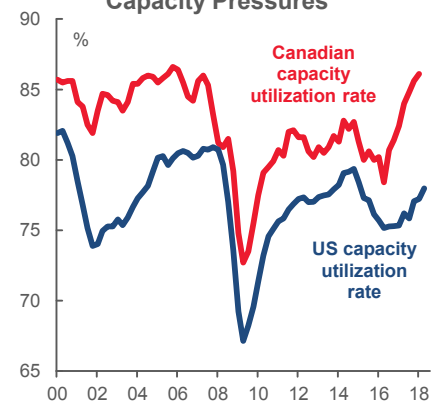
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Next Week's Risk Dashboard

- ▶ CBs: ECB, BoE, Russia, Peru
- ▶ NAFTA
- ▶ US-China trade
- ▶ CPI: US, China, India, Argentina
- ▶ US retail sales
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- ▶ UK, Eurozone macro
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- ▶ Australian jobs

Chart of the Week

CDN Industry Faces Greater Capacity Pressures



Sources: Scotiabank Economics, Federal Reserve Board, Statistics Canada.

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

One Man's Capacity Versus The Economy's

CANADA—THE 80S ARE CALLING

After an exhausting week for Canada watchers, developments cool down next week at least on the fundamentals calendar. That will maintain most of the focus upon ongoing NAFTA negotiations that require constant monitoring. An agreement in text form must be finalized toward the end of the month in order to meet the requirement for the US Congress to have it 60 days before President Trump may sign it as he advised he would one week ago. An agreement in principle would presumably arrive before the finalized text. We think there are sufficient signs of progress to merit a risk-on bias toward Canada that would drive CAD appreciation and an upward shift in the yield curve within a fairly reasonable period of time. That could also merit a sudden market shift in how the Bank of Canada's policy bias could evolve following a hiccup in their hawkish inclinations that was exhibited in the September statement.

What may garner the most attention is evidence of capacity pressures. StatsCan's capacity utilization rate during Q2 will arrive on Wednesday. After 2.9% GDP growth, the measure might be expected to continue to rise and shoot for an eighth consecutive increase. In fact, industrial output was up by 6.5% q/q at a seasonally adjusted and annualized rate in Q2 which significantly outpaces the rate at which capacity likely increased. At 86.1% in Q1, the utilization rate already sat at a post-Global Financial Crisis high. If it increased by just a ½ point then it would set the highest utilization rate since the peak of the expansion in the 1980s when the rate hit a high of 87.3% in 1988Q1 (chart 1). That is entirely feasible and would up the ante on the BoC for potentially falling behind on monetary policy tightening. Brrrrinnnggg brrrrinnngg.

A trio of housing reports will arrive. Housing starts during August (Tuesday) could get a lift from permit volumes. The volume of permits taken out for residential dwelling units increased by 1.2% m/m in July after having weakened the prior month from a cycle high in May. The Teranet repeat-sales home price gauge for August will shoot for a sixth straight monthly rise in seasonally adjusted terms on Wednesday. On Friday, StatsCan's new house price index during July will confirm and further break down the contributions to shelter costs in the already-known CPI report for July.

UNITED STATES—OVERHEATING

It's a pretty rare occurrence when country analysts need to consider political risk as it affects the United States. Ongoing and disturbing domestic political developments, NAFTA negotiations, the threat of more tariffs on China, two top-shelf macro releases and Fed-speak will all hang over markets.

Headline CPI inflation for August arrives Thursday. One consideration is that gasoline prices were somewhat less of an influence in August than they were in July. In year-ago terms, gasoline prices were up by about 26% y/y in July and in August they were up by about 21%. That five point deceleration applied against a 4½% gas weight in CPI translates into two-tenths less pressure on headline inflation. What may offset this could be core prices excluding food and energy that are expected to be either resilient at 2.4% y/y or face marginal upward pressure driven by tightening capacity and tariffs. **The US output gap has moved into excess aggregate demand to the greatest degree since mid-2000 and hence is approaching a two-decade high (chart 2).** At some point over 2018H2 into 2019, one should expect broad dollar appreciation to be putting a lid on inflationary pressure simultaneously to waning base effects of energy price inflation all else equal. It is the further evolution of risks to the growth outlook and how much more excess demand lies in the wings that will carry the day on inflation risk.

Chart 1

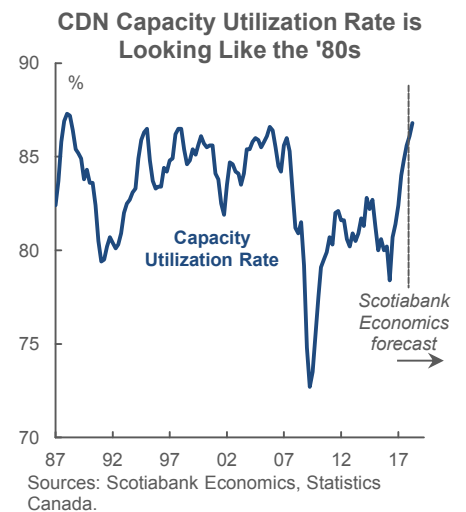


Chart 2



If US consumers are to continue to drive retail sales gains in next Friday's August print, then it will have to come from the part of the sales picture outside of autos and gas. That's achievable, given the roughly 70% weight attached to spending other than new vehicles and gas. Barring a large swing in new auto prices — that we won't know until the CPI figures — it's more likely that core sales match or exceed headline sales. On a month-over-month basis, gasoline prices were flat in August and so were vehicle sales. CPI will be used to deflate retail sales and convert the change to volumes for purposes of updating tracking of Q3 consumption growth. At present — and based only on figures up to July — consumer spending is tracking a rise of about 2.1% q/q in Q3 at a seasonally adjusted and annualized rate following 3.8% growth in Q2.

Other secondary releases will include Wednesday's producer price index for August, Friday's industrial output and capacity utilization figures for August, and September's University of Michigan consumer sentiment survey.

Fed speak will bring out a pair of Governors (Brainard Wednesday, Quarles Thursday), four regional Presidents (Bostic twice, Bullard, Evans and Rosengren) and the Fed's Beige book of regional economic conditions on Wednesday.

The US Treasury auctions 3s, 10s and 30s over the coming week.

LATIN AMERICA—STALE ON ARRIVAL

Ongoing NAFTA negotiations will be the dominant potential macro influence upon LatAm markets over the coming week, but a pair of regional developments may inform local markets.

Banco Central de Reserva del Peru issues another policy decision on Thursday.

No change is expected with the policy rate remaining at 2.75%. After the July decision, President Julio Velarde guided expectations that the central bank may revise upward its growth projection given mounting evidence of recovering investment. Still, inflation fell back to 1.1 % y/y in August from 1.6% the prior month and it therefore sits at the bottom end of the 1–3% target range.

Argentina's inflation rate is the other development on tap and it is already a stale print before it arrives. Thursday's August update is expected to push further into the nose bleeds after the 31% y/y rise in July. The country is used to eye-popping inflation rates including rates of over 40% in each of 2014 and 2016 to name just two of the more recent examples. Such rates and beyond likely lie in the cards once again. The inflation rate is only going to move higher yet given that August's CPI won't capture the effects of the further collapse of the peso (chart 3). The peso is down by almost 150% versus the USD since the Spring of 2017, 80% since this past April, 35% since the start of August and about 20% since Argentina's recent plea for expedited IMF funding. The purchasing power of Argentina's businesses and consumers in world markets is translating into a massive erosion of living standards with lagging negative economic, social and political effects ahead. President Mauricio Macri's reforms since taking power in December 2015 are unfortunately being overtaken by crisis economics including capital controls.

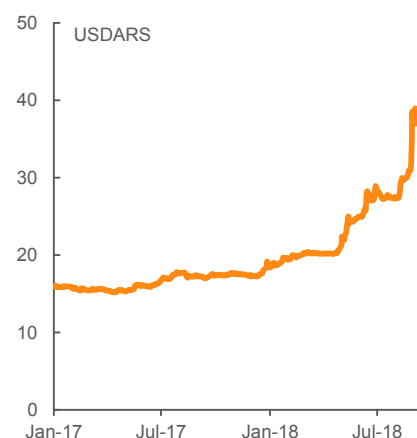
EUROPE—SUPER MARIO'S PROGRESS REPORT

A trio of likely policy holds by central banks could place more of the emphasis upon updated guidance and forecasts that limited macro data may further inform over the coming week.

The ECB is expected to stay the course on prior policy guidance when it issues its policy decisions on Thursday. **The risk may lie in President Draghi's discussion of risks to the outlook in his ensuing press conference.** No rate change is expected and communications are likely to continue to indicate tapered bond purchases beginning in October ahead of shutting them down by the end of this year. Key will be revised ECB forecasts and what they say about the inflation outlook, given that core inflation remains stuck at 1% y/y and hence only about half of the ECB's target of below 2%. Draghi may intensify his warnings on global protectionism and counter the US administration's charges of currency manipulation especially if posed a direct question on the

Chart 3

Argentina's Pain is Only Beginning



Sources: Scotiabank Economics, Bloomberg.

matter. At this juncture, Scotiabank Economics is comfortable with its view that the ECB will not raise its policy rate over our forecast horizon through to the end of next year given the lack of progress on core inflation, political and associated economic risks stemming from Italy's challenges, and escalating US-China trade tensions.

That the **Bank of England is in a holding pattern** after having raised its policy rate twice—once last November and then again in August—has been clear in light of Governor Carney's recent remarks that have been particularly focused upon the uncertain Brexit path. Almost no one within consensus expects a rate hike at any of the three remaining meetings this year. On August 3rd, Carney noted:

“There is a very broad range of outcomes. For a number of those outcomes, rates should be around current levels or potentially higher. There are other scenarios where interest rates may have to be cut.”

One month later, Carney remarked:

“In a deal scenario, there's a removal of uncertainty. With a transition period, we would expect a pickup in investment, more people to move jobs, a pickup in consumer confidence and underlying activity. All of which would be consistent with the path monetary policy is on.”

Judged against such a backdrop for monetary policy, it's unlikely that next week's UK updates on industrial production, trade and wage growth are likely to present tactical trading risks.

Russia's central bank is expected to keep its policy rate unchanged at 7.25% on Friday. Inflation climbed to 3.1% y/y in August which is up by almost a full point compared to earlier in the year. An easing campaign stopped in March. While inflation is still below the 4% target, the 25% depreciation in the currency since February that has recently accelerated is likely to lead to inflation that challenges the inflation target (chart 4). The ruble's decline reflects a combination of effects including US sanctions and EM challenges. Given its inflation mandate, **the central bank is likely to sound somewhat more hawkish** toward inflation risk notwithstanding soft Q2 GDP growth of 1.8% y/y.

Other macro releases will include Eurozone ZEW investor confidence (Tuesday), industrial output (Wednesday), and trade (Friday). French jobs (Tuesday) and Norwegian CPI (Monday) round out the release calendar.

ASIA-PACIFIC—ONE MAN'S DIVERSIONARY QUEST?

While the week's main focus will be upon Chinese macro reports, they will at best update possible effects of the trade war with the US and at worst get lost behind further developments.

As this publication is being sent, **President Trump threatened a further round of tariffs on US\$267 billion of imports from China.** Further developments in this regard may exacerbate tensions with China and invite at least a verbal rebuke from the Chinese government. The amount is symbolic in that on top of the tariffs already implemented upon \$50 billion of Chinese imports and the current \$200 billion being targeted, the grand total of targeted imports would amount to exactly what the US imported from China last year. 100% tariff coverage of Chinese imports demonstrates that the conflict between the Trump administration and China is hardly just about China's 2025 “Made in China” policy goal set forth by President Xi Jinping or the accompanying Major Technical Roadmap. The latter is better known as the Green Book that was presented about three years ago and that laid out hypothetical goals. Most observers don't think China's 2025 ambitions are likely to be achieved at the rates of market penetration that it lays out as loose and largely arbitrary ideals. China already has overcapacity challenges in some industries that would become worsened over time by the Made in China program, and market forces and their interplay with monetary policy would need to be considered. Furthermore, targeting 100% of Chinese imports—including those t-shirts and sneakers that clearly must be hiding surveillance equipment—may make it clearer that this is about President Trump's personal quests rather than being rooted in sound industrial and commercial US policy development. That escalating tensions with China may be more fully explained by

Chart 4

Ruble's Collapse Could Prompt Hawkish Turn



Sources: Scotiabank Economics, Bloomberg.

political rhetoric as US mid-terms approach and as a diversionary tactic from the Trump administration's mounting problems may be a legitimate point. On the same day that Trump threatened yet more tariffs on China, he resurrected repeal-and-replace goals for healthcare, threatened Canada with auto tariffs, lashed out at the media, and criticized members of his administration including the Attorney General.

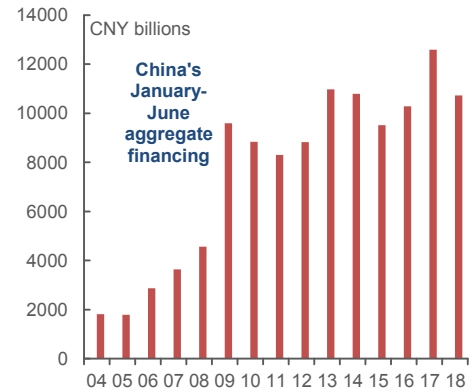
Against the backdrop of this grander challenge will be updated data points out of China's economy for August including trade figures and CPI into the start of the week, retail sales and industrial output on Thursday and perhaps aggregate financing including growth in new yuan loans. Markets may be particularly sensitive to further evidence that regulators are unleashing traditional lending as an offset to weakness in shadow lending markets (charts 5, 6).

Next Wednesday evening (eastern time), **Australia will update its job market figures** for August. A stronger pace of job growth is expected by consensus compared to the small decline in July, but treat it as guesswork. For some time now, the country has been embroiled in a debate regarding the quality of the labour market figures. RBA Governor Glenn Stevens stated in 2016 "If we accept the labour force data—let's discount them to some extent perhaps for the quality issues." The former chief of the Australian Bureau of Statistics Bill McLennan said the jobs data "were not worth the paper they're written on." Successive rounds of job cuts at the ABS have been pinned as part of the problem in a frank national debate that perhaps other countries should entertain.

India's inflation rate is expected to dip back under 4% y/y in the August update and for the first time since last October. That would bring it below the mid-point of the RBI's 2–6% inflation target range. Trade will also be front and centre in terms of updates from Japan (Monday), India and Philippines.

Chart 5

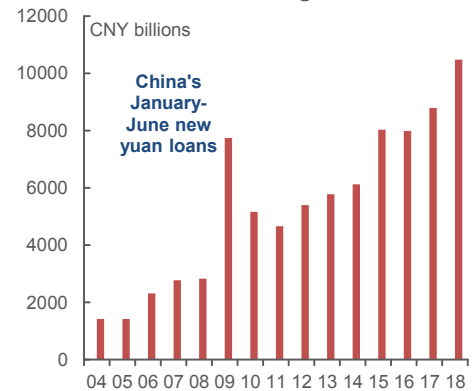
China's Aggregate Financing Remains Strong



Sources: Scotiabank Economics, Bloomberg.

Chart 6

China's New Yuan Loan Growth Is At A Record High



Sources: Scotiabank Economics, Bloomberg.

Key Indicators for the week of September 10 – 14
NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
US	09/10	15:00	Consumer Credit (US\$ bn m/m)	Jul	--	14.1	10.2
CA	09/11	08:15	Housing Starts (000s a.r.)	Aug	220	--	206
MX	09/11	09:00	Industrial Production (m/m)	Jul	--	--	0.3
MX	09/11	09:00	Industrial Production (y/y)	Jul	1.6	--	0.2
US	09/11	10:00	JOLTS Job Openings (000s)	Jul	--	--	6662
US	09/11	10:00	Wholesale Inventories (m/m)	Jul F	--	0.6	0.7
US	09/12	07:00	MBA Mortgage Applications (w/w)	SEP 7	--	--	-0.1
CA	09/12	08:30	Capacity Utilization (%)	2Q	86.8	--	86.1
CA	09/12	08:30	Teranet - National Bank HPI (y/y)	Aug	--	--	1.8
US	09/12	08:30	PPI (m/m)	Aug	0.2	0.2	0.0
US	09/12	08:30	PPI ex. Food & Energy (m/m)	Aug	0.2	0.2	0.1
CA	09/13	08:30	New Housing Price Index (m/m)	Jul	--	--	0.1
US	09/13	08:30	CPI (m/m)	Aug	0.3	0.3	0.2
US	09/13	08:30	CPI (y/y)	Aug	2.8	2.8	2.9
US	09/13	08:30	CPI (index)	Aug	--	252.4	252.0
US	09/13	08:30	CPI ex. Food & Energy (m/m)	Aug	0.2	0.2	0.2
US	09/13	08:30	CPI ex. Food & Energy (y/y)	Aug	2.4	2.4	2.4
US	09/13	08:30	Initial Jobless Claims (000s)	SEP 8	215	210	203
US	09/13	08:30	Continuing Claims (000s)	SEP 1	1710	--	1707
US	09/13	14:00	Treasury Budget (US\$ bn)	Aug	--	--	-76.9
US	09/14	08:30	Export Prices (m/m)	Aug	--	-0.3	0.0
US	09/14	08:30	Import Prices (m/m)	Aug	--	-0.3	0.0
US	09/14	08:30	Retail Sales (m/m)	Aug	0.3	0.5	0.5
US	09/14	08:30	Retail Sales ex. Autos (m/m)	Aug	0.3	0.5	0.6
US	09/14	09:15	Capacity Utilization (%)	Aug	78.3	78.2	78.1
US	09/14	09:15	Industrial Production (m/m)	Aug	0.4	0.3	0.1
US	09/14	10:00	Business Inventories (m/m)	Jul	--	0.4	0.1
US	09/14	10:00	U. of Michigan Consumer Sentiment	Sep P	96.5	96.8	96.2

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>
UK	09/10	04:30	Index of Services (m/m)	Jul	--	0.2	0.0
UK	09/10	04:30	Industrial Production (m/m)	Jul	--	0.2	0.4
UK	09/10	04:30	Manufacturing Production (m/m)	Jul	--	0.2	0.4
UK	09/10	04:30	Visible Trade Balance (£ mn)	Jul	--	-11746	-11383
RU	09/10		Real GDP (y/y)	2Q P	--	1.8	1.8
UK	09/11	04:30	Average Weekly Earnings (3-month, y/y)	Jul	--	2.5	2.4
UK	09/11	04:30	Employment Change (3M/3M, 000s)	Jul	--	10.0	42.0
UK	09/11	04:30	Jobless Claims Change (000s)	Aug	--	--	6.2
UK	09/11	04:30	ILO Unemployment Rate (%)	Jul	--	4.0	4.0
EC	09/11	05:00	ZEW Survey (Economic Sentiment)	Sep	--	--	-11.1
GE	09/11	05:00	ZEW Survey (Current Situation)	Sep	--	72.0	72.6
GE	09/11	05:00	ZEW Survey (Economic Sentiment)	Sep	--	-14.0	-13.7
SP	09/12	03:00	CPI (m/m)	Aug F	--	0.2	0.2
SP	09/12	03:00	CPI (y/y)	Aug F	--	2.2	2.2
SP	09/12	03:00	CPI - EU Harmonized (m/m)	Aug F	--	0.1	0.1
SP	09/12	03:00	CPI - EU Harmonized (y/y)	Aug F	--	2.2	2.2
IT	09/12	04:00	Industrial Production (m/m)	Jul	--	-0.4	0.5
EC	09/12	05:00	Employment (q/q)	2Q	--	--	0.4
EC	09/12	05:00	Industrial Production (m/m)	Jul	--	-0.5	-0.7
EC	09/12	05:00	Industrial Production (y/y)	Jul	--	1.1	2.5
IT	09/12	05:00	Unemployment Rate (%)	2Q	--	10.8	0.0
GE	09/13	02:00	CPI (m/m)	Aug F	--	0.1	0.1
GE	09/13	02:00	CPI (y/y)	Aug F	--	2.0	2.0
GE	09/13	02:00	CPI - EU Harmonized (m/m)	Aug F	--	0.0	0.0
GE	09/13	02:00	CPI - EU Harmonized (y/y)	Aug F	--	1.9	1.9

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

Key Indicators for the week of September 10 – 14
EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
FR	09/13	02:45	CPI (m/m)	Aug F	--	0.5	0.5
FR	09/13	02:45	CPI (y/y)	Aug F	--	2.3	2.3
FR	09/13	02:45	CPI - EU Harmonized (m/m)	Aug F	--	0.6	0.6
FR	09/13	02:45	CPI - EU Harmonized (y/y)	Aug F	--	2.6	2.6
SW	09/13	03:30	GDP (y/y)	2Q F	--	3.2	3.3
IR	09/13	06:00	Real GDP (q/q)	2Q	--	--	-0.6
TU	09/13	07:00	Benchmark Repo Rate (%)	Sep 13	--	20.88	17.75
UK	09/13	07:00	BoE Asset Purchase Target (£ bn)	Sep	--	435	435
UK	09/13	07:00	BoE Policy Announcement (%)	Sep 13	0.75	0.75	0.75
EC	09/13	07:45	ECB Main Refinancing Rate (%)	Sep 13	0.00	0.00	0.00
IT	09/14	04:00	CPI - EU Harmonized (y/y)	Aug F	--	1.7	1.7
EC	09/14	05:00	Labour Costs (y/y)	2Q	--	--	2.0
EC	09/14	05:00	Trade Balance (€ mn)	Jul	--	--	22509.6
RU	09/14	06:30	One-Week Auction Rate (%)	Sep 14	--	7.25	7.25

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CH	Sept 7-8		Exports (y/y)	Aug	--	10.0	12.2
CH	Sept 7-8		Imports (y/y)	Aug	--	17.7	27.3
CH	Sept 7-8		Trade Balance (USD bn)	Aug	--	31.0	28.1
NZ	09/09	18:45	Manufacturing Activity	2Q	--	--	0.6
JN	09/09	19:50	Bank Lending (y/y)	Aug	--	--	2.0
JN	09/09	19:50	Current Account (¥ bn)	Jul	--	1900	1176
JN	09/09	19:50	GDP (q/q)	2Q F	0.6	0.7	0.5
JN	09/09	19:50	Trade Balance - BOP Basis (¥ bn)	Jul	--	-48	821
CH	09/09	21:30	CPI (y/y)	Aug	2.1	2.1	2.1
CH	09/09	21:30	PPI (y/y)	Aug	--	4.0	4.6
CH	Sept 9-15		New Yuan Loans (bn)	Aug	1400	1370	1450
JN	09/10	19:50	Japan Money Stock M2 (y/y)	Aug	--	3.00	3.00
JN	09/10	19:50	Japan Money Stock M3 (y/y)	Aug	--	2.6	2.6
PH	09/10	21:00	Exports (y/y)	Jul	--	3.4	-0.1
PH	09/10	21:00	Imports (y/y)	Jul	--	27.0	24.2
PH	09/10	21:00	Trade Balance (US\$ mn)	Jul	--	-3127	-3350
JN	09/11	00:30	Tertiary Industry Index (m/m)	Jul	--	0.1	-0.5
JN	09/11	02:00	Machine Tool Orders (y/y)	Aug P	--	--	13.1
SK	09/11	19:00	Unemployment Rate (%)	Aug	3.8	--	3.8
IN	Sept 11-15		Exports (y/y)	Aug	--	--	14.32
IN	Sept 11-15		Imports (y/y)	Aug	--	--	28.81
SI	09/12	01:00	Retail Sales (y/y)	Jul	--	--	2.0
IN	09/12	08:00	CPI (y/y)	Aug	4.1	3.8	4.2
IN	09/12	08:00	Industrial Production (y/y)	Jul	--	6.5	7.0
JN	09/12	19:50	Machine Orders (m/m)	Jul	--	5.7	-8.8
AU	09/12	21:30	Employment (000s)	Aug	--	18.0	-3.9
AU	09/12	21:30	Unemployment Rate (%)	Aug	5.3	5.3	5.3
HK	09/13	04:30	Industrial Production (y/y)	2Q	--	--	1.1
NZ	09/13	18:30	Business NZ PMI	Aug	--	--	51.2
CH	09/13	22:00	Fixed Asset Investment YTD (y/y)	Aug	5.7	5.7	5.5
CH	09/13	22:00	Industrial Production (y/y)	Aug	5.9	6.2	6.0
CH	09/13	22:00	Retail Sales (y/y)	Aug	9.0	8.8	8.8
JN	09/14	00:30	Capacity Utilization (m/m)	Jul	--	--	-2.2
JN	09/14	00:30	Industrial Production (y/y)	Jul F	--	--	2.3
IN	09/14	02:30	Monthly Wholesale Prices (y/y)	Aug	--	4.62	5.09

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

Key Indicators for the week of September 10 – 14

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	09/11		Trade Balance (USD mn)	Jul	400	--	1130
BZ	09/13	08:00	Retail Sales (m/m)	Jul	--	0.3	-0.3
BZ	09/13	08:00	Retail Sales (y/y)	Jul	--	0.8	1.5
PE	09/13	19:00	Reference Rate (%)	Sep 13	2.75	--	2.75
CO	09/14	11:00	Retail Sales (y/y)	Jul	--	--	6.3
PE	09/14		Economic Activity Index NSA (y/y)	Jul	2.0	--	2.0
PE	09/14		Unemployment Rate (%)	Aug	--	--	6.2

Global Auctions for the week of September 10 – 14

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	09/11	13:00	U.S. to Sell USD35 Bln 3-Year Notes
CA	09/12	12:00	Canada to Sell CAD400 Mln 0.5% 2050 Bonds
US	09/12	13:00	U.S. to Sell USD23 Bln 10-Year Notes
US	09/13	13:00	U.S. to Sell USD15 Bln 30-Year Bonds

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
NE	09/11	05:00	Netherlands to Sell 4% 2037 Bonds
UK	09/11	05:30	U.K. to Sell 2.5 Billion Pounds of 1.75% 2049 Bonds
EC	09/11	06:30	EFSF to Sell Up to EUR1 Bln 0.1% 2021 Bonds on
SZ	09/12	05:15	Switzerland to Sell Bonds
GE	09/12	05:30	Germany to Sell EUR1 Bln 1.25% 2048 Bonds
PO	09/12	05:30	Portugal to Sell Bonds
IT	09/13	05:00	Italy to Sell Bonds
SW	09/13	05:03	Sweden to Sell I/L Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	09/09	21:00	Australia To Sell AUD600 Mln 2.25% 2022 Bonds;
CH	09/09	21:30	Shanxi to Sell Bonds
CH	09/10	21:30	Dalian to Sell Bonds
CH	09/10	22:30	Shenzhen to Sell Bonds
JN	09/10	23:35	Japan to Sell 30-Year Bond
CH	09/11	02:00	Shandong to Sell Bonds
CH	09/11	02:00	Shanxi to Sell Bonds
AU	09/11	21:00	Australia To Sell AUD1 Bln 2.25% 2028 Bonds
CH	09/11	22:35	China to Sell CNY29 Bln 2-Yr Upsized Bonds
CH	09/11	22:35	China to Sell CNY45 Bln 5-Yr Upsized Bonds
CH	09/12	02:00	Zhejiang to Sell Bonds
CH	09/12	02:00	Zhejiang to Sell Bonds
CH	09/12	03:00	Inner Mongolia to Sell Bonds
CH	09/12	21:30	Qinghai to Sell Bonds
NZ	09/12	22:05	New Zealand To Sell NZD250 Mln 3% 2029 Bonds;
CH	09/12	22:30	Qinghai to Sell Bonds
CH	09/12	23:30	Ningxia to Sell Bonds
JN	09/12	23:35	Japan to Sell 5-Year Bond
CH	09/13	02:00	Liaoning to Sell Bonds
CH	09/13	22:30	Shanghai to Sell Bonds
CH	09/13	23:00	China Plans to Sell 30Y Upsized Government Bond
CH	09/14	03:00	Beijing to Sell Bonds

Source: Bloomberg, Scotiabank Economics.

Events for the week of September 10 – 14

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	09/10	12:00	Fed's Bostic Discusses Economic Outlook
US	09/11		New Hampshire state primary
US	09/11		Rhode Island state primary
US	09/12	09:30	Fed's Bullard Speaks to CFA Society Chicago
US	09/12	12:45	Fed's Brainard Speaks in Detroit
US	09/12	14:00	U.S. Federal Reserve Releases Beige Book
US	09/13	10:00	Fed's Quarles Testifies to Senate Banking Committee
US	09/13	13:15	Fed's Bostic Gives Speech on Economy and Monetary Policy
US	09/13		New York state primary
US	09/14	09:00	Fed Evans Speaks in Fort Wayne, Indiana
US	09/14	10:00	Fed's Rosengren Speaks at Brookings Conference

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SW	09/09		Swedish General Election
SW	09/11	03:10	Riksbank First Deputy Governor af Jochnick Gives Speech
SW	09/11	03:15	Riksbank's Ingves in London Roundtable
GE	09/11	04:00	Scholz Introduces 2019 Federal Budget With Speech to Lawmakers
SW	09/11	07:45	Riksbank Governor Ingves Gives Speech in London
EC	09/11	08:00	ECB's Nouy Speaks in Strasbourg, France
GE	09/12	03:00	Merkel Addresses Lawmakers in Berlin in Budget-Week Speech
SW	09/12	04:30	Riksbank Governor Ingves at Conference
UK	09/13	07:00	Bank of England Bank Rate
TU	09/13	07:00	One-Week Repo Rate
EC	09/13	07:45	ECB Main Refinancing Rate
EC	09/13	08:30	ECB President Draghi Holds Press Conference in Frankfurt
UK	09/14	06:00	BOE's Carney speaks in Dublin
RU	09/14	06:30	Key Rate
NO	09/14	06:30	Norges Bank Deputy Governor Nicolaisen Speaks in Oslo
GE	09/14	07:00	Russia's Lavrov Speaks at Germany-Russia Forum
RU	09/14	08:00	Bank of Russia Governor Nabiullina holds news conf.
PO	09/14		Portugal Sovereign Debt to be rated by S&P

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	09/09	23:05	RBA's Bullock Speech in Albury

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
PE	09/13	19:00	Reference Rate

Global Central Bank Watch

NORTH AMERICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Canada – Overnight Target Rate	1.50	October 24, 2018	1.75	1.75
Federal Reserve – Federal Funds Target Rate	2.00	September 26, 2018	2.25	2.25
Banco de México – Overnight Rate	7.75	October 4, 2018	7.75	7.75

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	September 13, 2018	0.00	0.00
Bank of England – Bank Rate	0.75	September 13, 2018	0.75	0.75
Swiss National Bank – Libor Target Rate	-0.75	September 20, 2018	-0.75	-0.75
Central Bank of Russia – One-Week Auction Rate	7.25	September 14, 2018	7.25	7.25
Sweden Riksbank – Repo Rate	-0.50	October 24, 2018	-0.50	-0.50
Norges Bank – Deposit Rate	0.50	September 20, 2018	0.50	0.75
Central Bank of Turkey – Benchmark Repo Rate	17.75	September 13, 2018	17.75	18.50

ECB: No policy changes are expected but revised forecasts will inform ECB conviction toward its present inflation forecast. Current policy parameters are expected to be reinforced including winding down bond purchases beginning next month.

Bank of England: The BoE is in a holding pattern with no further policy changes expected over the remaining three meetings this year.

Russia: A somewhat more hawkish bias is expected in light of the inflationary implications to ruble depreciation.

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	September 19, 2018	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	1.50	October 2, 2018	1.50	1.50
Reserve Bank of New Zealand – Cash Rate	1.75	September 26, 2018	1.75	1.75
People's Bank of China – Lending Rate	4.35	TBA	--	4.35
Reserve Bank of India – Repo Rate	6.50	October 5, 2018	6.50	6.50
Bank of Korea – Bank Rate	1.50	October 18, 2018	1.50	1.50
Bank of Thailand – Repo Rate	1.50	September 19, 2018	1.50	1.50
Bank Negara Malaysia – Overnight Policy Rate	3.25	November 8, 2018	3.25	3.25
Bank Indonesia – 7-Day Reverse Repo Rate	5.50	September 27, 2018	5.50	5.50
Central Bank of Philippines – Overnight Borrowing Rate	4.00	September 27, 2018	4.25	4.00

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	6.50	September 19, 2018	6.75	6.50
Banco Central de Chile – Overnight Rate	2.50	October 18, 2018	2.50	2.50
Banco de la República de Colombia – Lending Rate	4.25	September 28, 2018	4.25	4.25
Banco Central de Reserva del Perú – Reference Rate	2.75	September 13, 2018	2.75	2.75

Banco Central de Reserva del Peru: No policy change is expected. At 1.1% y/y, inflation has fallen back to the lower end of the 1-3% target range.

AFRICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
South African Reserve Bank – Repo Rate	6.50	September 20, 2018	6.50	6.50

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