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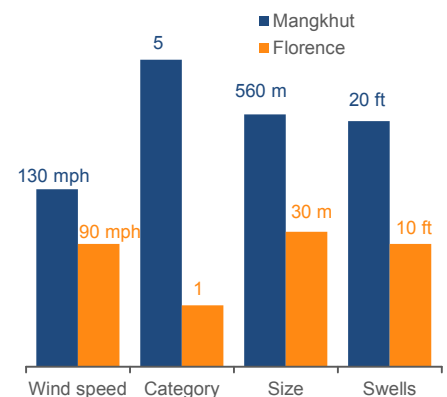
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Next Week's Risk Dashboard

- ▶ Typhoon Mangkhut
- ▶ Hurricane Florence
- ▶ CBs: BoJ, Norges, SNB...
- ▶ ...Brazil, BoT, SARB
- ▶ NAFTA
- ▶ US-China tariffs
- ▶ CDN CPI
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- ▶ US housing, Philly
- ▶ NZ GDP
- ▶ CDN 2s auction

Chart of the Week

Florence Has a Meaner Sister



Sources: Scotiabank Economics, weather agencies.

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

Typhoons & Tariffs

CANADA—AN INFLATION GAMBLE

Top-shelf macro reports will offer a welcome diversion from the seemingly never-ending market obsession with reacting to every cough and hiccup during NAFTA negotiations. Barring the prospect of a breakthrough toward a NAFTA agreement in principle with negotiations possibly starting up again early in the week, the key may be Friday's inflation report.

CPI inflation probably fell back from about 3% y/y in July to 2½% in August. The average of the core inflation measures is expected to hold around 2.0–2.1% y/y. The assertion by the BoC that July's spike (+0.5% m/m NSA, 3.0% y/y) was fully transitory and driven by things like energy prices is a tad misleading. On the one hand, it's true that gasoline prices are likely to be less of an influence this time by knocking about two-tenths off the year-ago headline CPI rate. It's also true that the swing in year-ago base effects related to Ontario's final electricity price reduction in July 2017 will shift from an upside influence on July 2018 CPI to dropping out of the August CPI report.

On the other hand, chart 1 shows the difference between a normal month of July for inflation ex-food and energy and what happened this past July. It does so by looking at the month-ago percentage change so that year-ago base effects are not distorting. The seasonally unadjusted rise in CPI ex-food and energy was the biggest this year since July 2002 and hence well outside of seasonal norms. That was a major driver of the jump in CPI during July in year-ago terms and (to spell out the obvious) it had nothing to do with food or energy price swings. What drove this super-sized price jump? Several things did (chart 2). Stronger than seasonally normal gains were registered for items like shelter costs (partly mortgage interest), household operations and furnishings, recreation and reading, auto insurance premiums and broadly defined services. Recall that tariffs on under C\$17 billion of imports from the US were imposed on July 1st, but the targeted goods represent only about 1.3% of total Canadian consumer spending and the impact at the border would carry small and distributed effects upon prices over time as inventories, margins and buyer preferences adapt. Was there perhaps rushed buying ahead of the tariff effects on prices that exaggerated the impact upon inflation? That's conceivable, but the breadth of the gains even in categories entirely unaffected by tariffs at least partly defies this notion.

This difference of opinion toward inflation drivers and whether they are only driven by transitory influences like energy or something broader immediately flags a risk surrounding my inflation estimate. I've assumed there will be reversion to something more seasonally normal by way of price changes in August relative to July—and then some. That translates into a sizeable dip in month-ago CPI. If instead influences like CAD depreciation are having a more sudden and larger impact upon inflation, then the effects might persist into August.

Retail sales for July will land on the same day as CPI. A weak jumping off point from June's dip of 0.2% m/m (-0.3% m/m for volumes) and higher gasoline prices (+0.5% m/m) might help headline sales but so much of the report is entirely unobservable in advance that a forecast involves enormous random risk. This one is usually more about the mopping up as implications are derived. The report will inform July GDP and Q3 GDP tracking estimates somewhat. Recall that retail sales volumes were up by a strong 3.7% q/q at a seasonally adjusted and annualized rate in Q2 after a decline of 4.7% in Q1. Given the hand-off from July and the Q2 average, the baked-in math points to about 2% growth in retail volumes in Q3 obviously to be informed by monthly estimates.

Chart 1

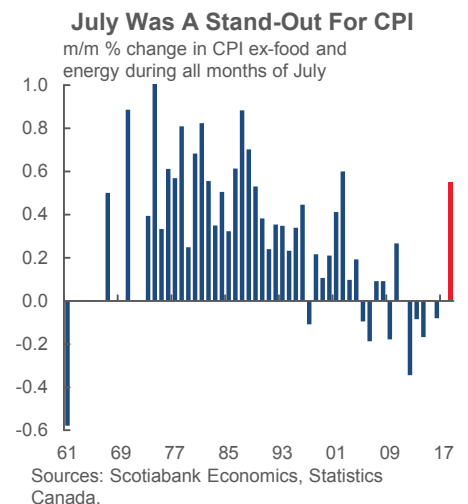
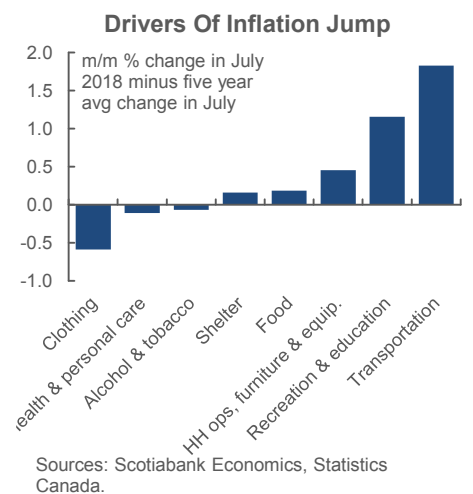


Chart 2



Tuesday’s manufacturing report for July could continue the gains for the sector, with an important caution. After rising by 1.1% m/m in June, the value of shipments is expected to continue rising in July partly given the already known increase in the value of exports that month. Note, however, that export volumes fell and so the manufacturing report risks weaker underlying details if its gains similarly prove to be purely driven by higher prices.

Existing home sales for August (Monday) will follow two months of strong increases. **ADP payrolls for August** arrive on Thursday but there is typically no consensus and it is not a widely watched measure in Canada absent evidence that it outperforms other metrics.

Canada will auction 2s on Wednesday.

UNITED STATES—AN UNFORTUNATE NAME

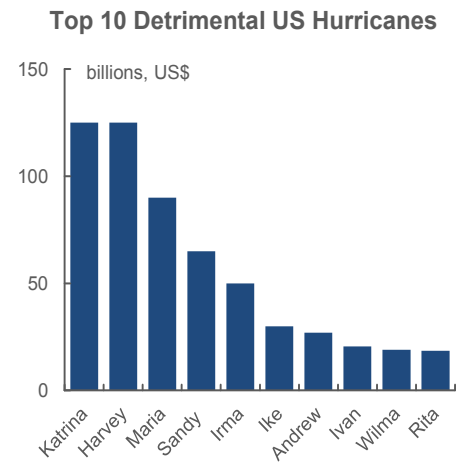
Much of next week’s focus may be placed upon the aftermath of Hurricane Florence. That is as much of a commentary on the dearth of other developments within a calendar that is largely cleared ahead of the FOMC’s deliberations and communications the following week. Renewed efforts to engage China on trade negotiations against the backdrop of threatening to apply US tariffs on 100% of Chinese exports to the US may also progress, although this is doubtful.

While it’s almost pure speculation at this stage—given that we obviously don’t know exactly what damage lies ahead—the **impact of past major hurricanes upon US activity readings is worth considering in advance.** Chart 3 ranks hurricanes in terms of estimated damage to help put some context to early estimates for Florence. Note that estimates are not adjusted for inflation and prices keeping rising with each storm. Given fears of heavy inland flooding, the fact that a very small share of Carolinians living inland reportedly have flood insurance might reduce market effects upon the insurance sector compared to otherwise, while nevertheless magnifying the impact upon households and businesses.

Charts 4–8 depict what happened to various indicators in the aftermath of past hurricanes. The first market-based measures to more firmly assess damage estimates will be insurance and airline stocks given historical hits to EPS. The first macro variable to show effects may be weekly jobless claims that typically fall in the immediate aftermath and then rise when higher claims and processing backlogs clear. Retail sales can be positively impacted on net as storm preparation and then rebuilding and replacement occur. Hours worked usually get hit negatively and, with that, income. All of these are transitory effects. Markets should look through such effects toward rebounds on the other side. Usually central banks do as well. Recall the September 2017 FOMC statement that said something that may well be repeated later this month:

“Hurricanes Harvey, Irma, and Maria have devastated many communities, inflicting severe hardship. Storm-related disruptions and rebuilding will affect economic activity in the near term, but past experience suggests that the storms are unlikely to materially alter the course of the national economy over the medium term. Consequently, the Committee continues to expect that, with gradual adjustments in the stance of monetary policy, economic activity will expand at a moderate pace, and labor market conditions will strengthen somewhat further.”

Chart 3



Sources: Scotiabank Economics, NOAA.

Chart 4



Sources: Scotiabank Economics, Bloomberg.

Chart 5



Sources: Scotiabank Economics, Bloomberg.

Notwithstanding this point, the only material interruption in the Fed’s hiking cycle since December 2016 was when it went on pause after June of last year and didn’t hike again until December. Assessing damages and delayed monetary tightening was a factor. With that exception, the Fed has hiked once every quarter from December 2016 to date. Obviously three hurricanes of that magnitude totalling US\$265 billion in damages represented an exceptional hit to the US economy going into the start of this year’s hurricane season. I would not expect this effect to impact decisions and guidance at the September 25th–26th FOMC meeting.

Further, the timing of the storm, its potential impact, and the efficacy of the responses by FEMA, the broader Trump administration and regional governments could all impact the path to the mid-terms on November 6th particularly given that President Trump keeps digging deeper about Hurricane Maria. Recall the impact that Katrina had on Dubya, or other political effects of large storms that are summarized [here](#). At a minimum, one could say that this storm is oddly named, given that Florence is derived from a Latin word for ‘flourishing’ or ‘prosperous.’ See [here](#) for how storm names are chosen.

Otherwise, the macro calendar will be fairly light. The Fed goes into communications blackout this Saturday ahead of the September 25–26th meeting. Wednesday’s housing starts for August might get a lift from a mild recovery in building permits.

Thursday offers up three releases. **Existing home sales** will be watched for indication that a four-month series of declining seasonally adjusted sales is stabilizing, but such hopes may be dashed by virtue of the advance pending home sales estimates that have fallen in three of the past four months including up to July. Pending home sales turn into completed resales after the paperwork settles, and the keys transfer usually within 30–69 days after the original ink has been splashed down. Also on Thursday, the **Philly Fed’s regional gauge** for September may recover some of August’s unexpected plunge and serve as input into the next ISM call. The **Fed’s Financial Accounts of the US Economy** (aka the flow of funds reports) arrive later the same day and include updates of greater interest to headlines than markets, such as changes in household net worth.

The US Treasury conducts a 10 year TIPS reopening on Thursday for inflation-indexed bonds.

ASIA-PACIFIC—FLO, MEET MANGKHUT

Much of the Asian market focus will be upon a pair of central bank decisions and fear of a far more powerful storm than Florence (see comparison chart on the front cover). China goes quiet in terms of its macro calendar, but **trade tensions with the US may figure prominently** especially after reports that US President Trump has told his advisers to move ahead on implementing tariffs against US\$200 billion of imports from China regardless of the efforts of others in his administration to engage China. Retaliatory risk may be high into the coming week.

Super Typhoon Mangkhut is sweeping through the northern Philippines as this publication is being sent and on its way to an uncertain landing point early in the week that stretches roughly from Hanoi through to Macau and potentially upping the ante into Hong Kong. Winds of roughly 130–170mph invite comparisons to a category 5 hurricane at the upper end. Heavy rains are covering a nearly 600 mile wide storm region. Depending upon exactly where it lands, there is the scope for this storm to

Chart 6

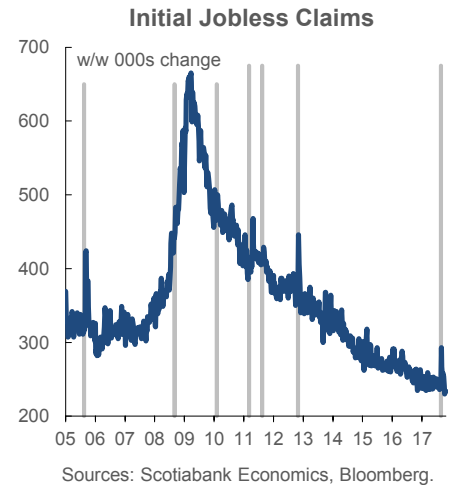


Chart 7

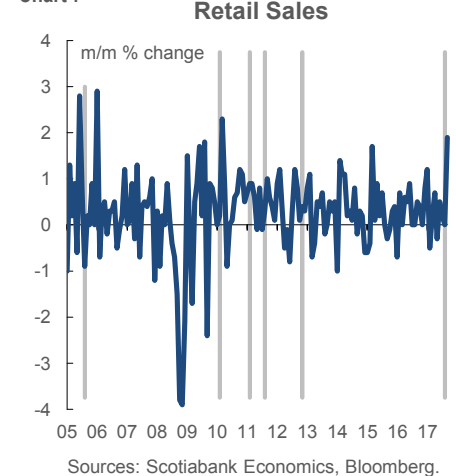
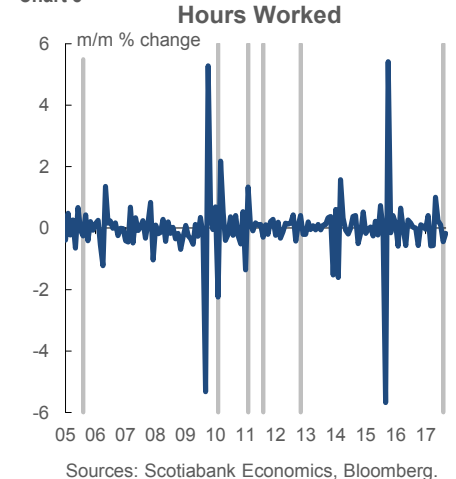


Chart 8



potentially disrupt manufacturing activity in China's key regions when the September data arrives.

That China is taking steps to absorb the macro consequences of trade tensions is partly evident by record growth in new yuan loans on a year-to-date basis compared to like periods in past years (chart 9) and the third strongest year on record for expansion of aggregate financing including loans and shadow lending products (chart 10). The story coming into the start of this year about a looming credit crunch has been disproven for yet another year.

The Bank of Japan is widely expected to leave policy unchanged and generally stay the course when it issues its latest guidance on Wednesday. Global trade tensions may get another nod while a modest acceleration of domestic wage growth could be referenced as encouraging. Nevertheless, the week's inflation update for August on Thursday is likely to continue to show headline around 1% y/y and hence half of the target, while core ex-fresh food lies under 1% and CPI excluding food and energy is likely to remain in the low tenths of a percentage point in year-over-year terms.

A small minority of forecasters (not Scotia) anticipate a rate hike by the Bank of Thailand on Wednesday but the vast majority expect a continued policy hold. The minority risk is informed by BoT guidance including from Assistant Governor Jaturong Jantarangs who said after the last decision that "The need to use an accommodative monetary policy will continue to lessen over time. But we can't say when is the trigger point." At 1.6% y/y, inflation has steadily risen from the deflationary episode over 2015–16 but remains in the lower half of the 1–4% policy target range amid central bank expectations that it will continue to rise into next year.

Limited other focal points will include New Zealand's Q2 GDP report on Wednesday night amid expectations that growth accelerated in quarter-ago seasonally adjusted terms but base effects will continue to post a deceleration to around 2 ½% y/y. Japan and Indonesia release trade figures.

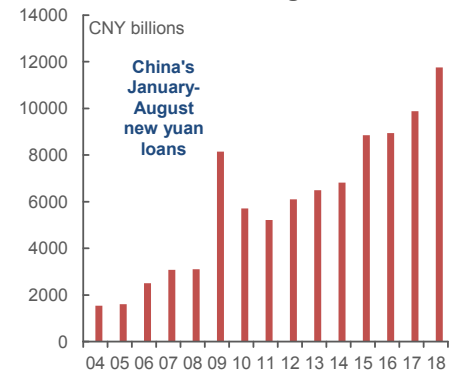
LATIN AMERICA—WILL BRAZIL JOIN THE CURRENCY HERD?

Ongoing NAFTA negotiations and Brazil's central bank will dominate regional market developments with Argentina's Q2 growth rate a distant third consideration.

Banco Central do Brasil issues a policy decision on Wednesday and hike risk is in the air. The central bank's inflation target is not presently being threatened. August's inflation rate fell back to 4.2% y/y and hence lies slightly below the mid-point of the 3–6% policy target band. Consensus forecasts expect inflation to trend toward 4% into 2019 alongside tightened monetary policy that is expected to occur next year. Such forecasts can lag market developments. What has a minority of forecasters thinking the central bank could surprise with a hike is that the real has been so weak. The currency has depreciated by about one-third since the end of January and this has delivered among the steepest rates of depreciation across the currency universe (chart 11). After stabilizing over June through early August, the real has since gone on to depreciate by about 12%. Place this in the context of other emerging markets or high beta currencies where the central banks have stepped in to attempt to right the currency and mitigate imported inflationary pressures including Russia and Turkey this past week.

Chart 9

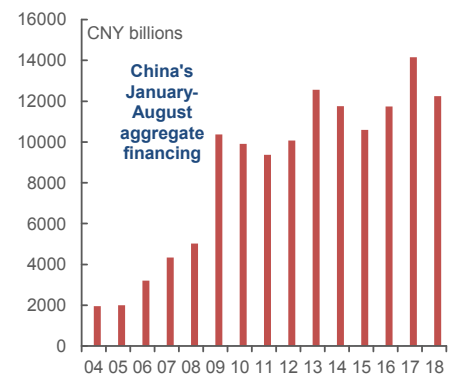
China's New Yuan Loan Growth Is At A Record High



Sources: Scotiabank Economics, Bloomberg.

Chart 10

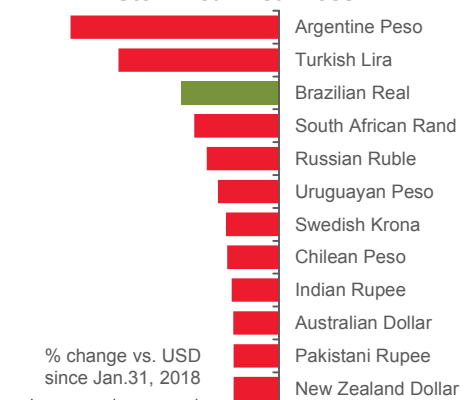
China's Aggregate Financing Remains Strong



Sources: Scotiabank Economics, Bloomberg.

Chart 11

Will Brazil Hike To Stem Real Weakness?



Sources: Scotiabank Economics, Bloomberg.

EUROPE—SEVEN YEAR ITCH

While massive storms hit the US and Asia, Europe will be focused upon macro data and a pair of central bank decisions.

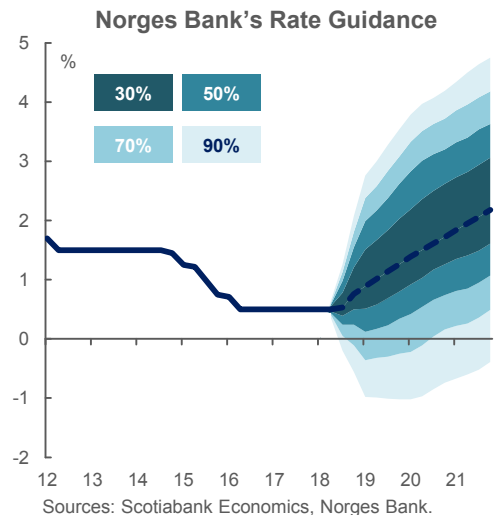
Norges Bank is expected to raise its deposit rate for the first time in over seven years next Thursday. A move to 0.75% would still leave it with a near-record low rate, but the hiking cycle's commencement will drive further expectations for the policy rate to hit 1% in early 2019. The catalyst for such expectations is rising inflation. August's CPI reading climbed to 3.4% y/y while underlying inflation increased to 1.9%. Inflation has made faster-than-expected progress toward Norges Bank's 2% inflation goal. Key will be the revised projected rate path. As chart 12 depicts, the central bank provides a massive range of feasible outcomes over time which says more about the likely accuracy of forward guidance when provided by central banks than anything else.

The Swiss National Bank is expected to keep policy on hold next Thursday. At 1.2% y/y, inflation lies well below the 2% inflation target. The central bank is likely to remain on a prolonged policy hold, matching the ECB that we don't think will hike within our 2018–19 forecast horizon.

Macro reports will emphasize three developments. One will be another batch of **Eurozone purchasing managers' indices** on Friday. The September releases will inform whether the composite PMI indicator of broad growth conditions continues to largely move sideways as it has since Spring following a sharp deceleration earlier in the year. **Eurozone CPI will be revised** on Monday and the final August tally will expand on the details. **UK CPI and retail sales** may land a dovish one-two punch around mid-week that is expected to deliver mildly softer core inflation and some retrenchment from the strong sales gain in July.

Finally, while outside of the main geographical areas of this publication's usual emphasis, **the South African Reserve Bank's decision next Thursday may also be worth watching.** While it is only a very tiny minority that is willing to forecast a hike, the SARB faces the same degree of currency weakening as several other CBs that have tightened policy. In fact, since the end of March, the rand has been tied with the real for the worst performers versus the USD among the major and semi-major crosses.

Chart 12



Key Indicators for the week of September 17 – 21
NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	09/17	08:30	International Securities Transactions (C\$ bn)	Jul	--	--	11.5
US	09/17	08:30	Empire State Manufacturing Index	Sep	--	23.0	25.6
CA	09/17	09:00	Existing Home Sales (m/m)	Aug	--	--	1.9
CA	09/18	08:30	Manufacturing Shipments (m/m)	Jul	1.0	1.0	1.1
US	09/18	10:00	NAHB Housing Market Index	Sep	--	66.0	67.0
US	09/18	16:00	Total Net TIC Flows (US\$ bn)	Jul	--	--	114.47
US	09/18	16:00	Net Long-term TIC Flows (US\$ bn)	Jul	--	--	-36.46
US	09/19	07:00	MBA Mortgage Applications (w/w)	SEP 14	--	--	-1.8
US	09/19	08:30	Building Permits (000s a.r.)	Aug	--	1308	1303
US	09/19	08:30	Current Account (US\$ bn)	2Q	--	-103.7	-124.1
US	09/19	08:30	Housing Starts (000s a.r.)	Aug	1200	1240	1168
US	09/19	08:30	Housing Starts (m/m)	Aug	2.7	5.8	0.9
US	09/20	08:30	Initial Jobless Claims (000s)	SEP 15	210	210	204
US	09/20	08:30	Continuing Claims (000s)	SEP 8	1700	1705	1696
US	09/20	08:30	Philadelphia Fed Index	Sep	14.0	16.0	11.9
US	09/20	10:00	Existing Home Sales (mn a.r.)	Aug	5.35	5.38	5.34
US	09/20	10:00	Existing Home Sales (m/m)	Aug	0.2	0.8	-0.7
US	09/20	10:00	Leading Indicators (m/m)	Aug	--	0.5	0.6
CA	09/21	08:30	CPI, All items (m/m)	Aug	-0.4	--	0.5
CA	09/21	08:30	CPI, All items (y/y)	Aug	2.5	--	3.0
CA	09/21	08:30	CPI, All items (index)	Aug	--	--	134.3
CA	09/21	08:30	Core CPI - Common (y/y)	Aug	--	--	1.9
CA	09/21	08:30	Core CPI - Median (y/y)	Aug	--	--	2.0
CA	09/21	08:30	Core CPI - Trim (y/y)	Aug	--	--	2.1
CA	09/21	08:30	Retail Sales (m/m)	Jul	0.5	--	-0.2
CA	09/21	08:30	Retail Sales ex. Autos (m/m)	Jul	0.4	--	-0.1
MX	09/21	09:00	Retail Sales (INEGI) (y/y)	Jul	--	--	3.7

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
EC	09/17	05:00	CPI (m/m)	Aug	--	0.2	0.2
EC	09/17	05:00	CPI (y/y)	Aug F	--	2.0	2.0
EC	09/17	05:00	Euro zone Core CPI Estimate (y/y)	Aug F	--	1.0	1.0
EC	09/19	04:00	Current Account (€ bn)	Jul	--	--	23.5
IT	09/19	04:00	Current Account (€ mn)	Jul	--	--	5135
UK	09/19	04:30	CPI (m/m)	Aug	--	0.5	0.0
UK	09/19	04:30	CPI (y/y)	Aug	--	2.4	2.5
UK	09/19	04:30	PPI Input (m/m)	Aug	--	0.4	0.5
UK	09/19	04:30	PPI Output (m/m)	Aug	--	0.2	0.0
UK	09/19	04:30	RPI (m/m)	Aug	--	0.6	0.1
UK	09/19	04:30	RPI (y/y)	Aug	--	3.2	3.2
SZ	09/20	03:30	SNB Sight Deposit Interest Rate	Sep 20	-0.75	-0.75	-0.75
SZ	09/20	03:30	SNB 3-month Libor Lower Target (%)	Sep 20	-1.25	-1.25	-1.25
SZ	09/20	03:30	SNB 3-month Libor Upper Target (%)	Sep 20	-0.25	-0.25	-0.25
NO	09/20	04:00	Norwegian Deposit Rates (%)	Sep 20	0.75	0.75	0.50
UK	09/20	04:30	Retail Sales ex. Auto Fuel (m/m)	Aug	--	-0.3	0.9
UK	09/20	04:30	Retail Sales with Auto Fuel (m/m)	Aug	--	-0.2	0.7
EC	09/20	10:00	Consumer Confidence	Sep A	--	-2.0	-1.9
FR	09/21	02:45	GDP (q/q)	2Q F	--	0.2	0.2
FR	09/21	03:15	Manufacturing PMI	Sep P	--	53.4	53.5
FR	09/21	03:15	Services PMI	Sep P	--	55.2	55.4
GE	09/21	03:30	Manufacturing PMI	Sep P	--	55.7	55.9
GE	09/21	03:30	Services PMI	Sep P	--	55.0	55.0
EC	09/21	04:00	Composite PMI	Sep P	--	54.5	54.5
EC	09/21	04:00	Manufacturing PMI	Sep P	--	54.5	54.6
EC	09/21	04:00	Services PMI	Sep P	--	54.4	54.4
UK	09/21	04:30	PSNB ex. Interventions (£ bn)	Aug	--	3.3	-2.0
UK	09/21	04:30	Public Finances (PSNCR) (£ bn)	Aug	--	--	-19.2
UK	09/21	04:30	Public Sector Net Borrowing (£ bn)	Aug	--	2.9	-2.9

Forecasts at time of publication.

Source: Bloomberg, Scotiabank Economics.

Key Indicators for the week of September 17 – 21
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>
SI	09/16	20:30	Exports (y/y)	Aug	--	5.3	11.8
PH	SEP 16-17		Overseas Remittances (y/y)	Jul	--	5.1	-4.5
ID	09/17	00:00	Exports (y/y)	Aug	--	10.0	19.3
ID	09/17	00:00	Imports (y/y)	Aug	--	25.0	31.6
ID	09/17	00:00	Trade Balance (US\$ mn)	Aug	--	-607	-2030
AU	09/17	21:30	House Price Index (y/y)	2Q	--	-0.7	2.0
HK	09/18	04:30	Unemployment Rate (%)	Aug	2.8	2.8	2.8
JN	09/18	19:50	Merchandise Trade Balance (¥ bn)	Aug	--	-483.2	-231.9
JN	09/18	19:50	Adjusted Merchandise Trade Balance (¥ bn)	Aug	--	-144.1	-45.6
JN	09/18	19:50	Merchandise Trade Exports (y/y)	Aug	--	5.2	3.9
JN	09/18	19:50	Merchandise Trade Imports (y/y)	Aug	--	14.5	14.6
HK	SEP 18-19		Composite Interest Rate (%)	Aug	--	--	0.63
JN	SEP 18-19		BoJ Policy Rate (%)	Sep 19	-0.10	--	-0.10
PH	SEP 18-19		Balance of Payments (US\$ mn)	Aug	--	--	-455
MA	09/19	00:00	CPI (y/y)	Aug	0.5	0.5	0.9
TH	09/19	03:05	BoT Repo Rate (%)	Sep 19	1.50	1.50	1.50
NZ	09/19	18:45	GDP (y/y)	2Q	2.5	2.5	2.7
TA	09/20	04:00	Export Orders (y/y)	Aug	--	7.6	8.0
HK	09/20	04:30	CPI (y/y)	Aug	2.0	2.4	2.4
SK	09/20	17:00	PPI (y/y)	Aug	--	--	2.9
JN	09/20	19:30	National CPI (y/y)	Aug	0.9	1.1	0.9
JN	09/20	20:30	Markit/JMMA Manufacturing PMI	Sep P	--	--	52.5
TH	SEP 20-21		Customs Exports (y/y)	Aug	--	5.3	8.3
TH	SEP 20-21		Customs Imports (y/y)	Aug	--	11.6	10.5
TH	SEP 20-21		Customs Trade Balance (US\$ mn)	Aug	--	1150	-516
JN	09/21	00:30	All Industry Activity Index (m/m)	Jul	--	0.1	-0.8
JN	09/21	01:30	Nationwide Department Store Sales (y/y)	Aug	--	--	-6.1
HK	09/21	04:30	BoP Current Account (HK\$ bns)	2Q	--	--	16.6

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	09/17	07:30	Economic Activity Index SA (m/m)	Jul	--	--	3.3
BZ	09/17	07:30	Economic Activity Index NSA (y/y)	Jul	--	--	1.8
CO	09/18	11:00	Trade Balance (US\$ mn)	Jul	--	--	-719
BZ	09/19		SELIC Target Rate (%)	Sep 19	6.75	6.50	6.50
BZ	09/21	08:00	IBGE Inflation IPCA-15 (m/m)	Sep	--	--	0.1
BZ	09/21	08:00	IBGE Inflation IPCA-15 (y/y)	Sep	--	--	4.3

Global Auctions for the week of September 17 – 21

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BE	09/17	05:30	Belgium to Sell Bonds
GE	09/18	05:30	Germany to Sell EUR4 Bln 0% 2020 Bonds
DE	09/19	04:30	Denmark to Sell Bonds
SW	09/19	05:00	Sweden to Sell 1.5 Billion Kronor of 0.75% 2028 Bonds
GE	09/19	05:30	Germany to Sell EUR3 Bln 0.25% 2028 Bonds
SP	09/20	04:45	Spain to Sell Bonds
FR	09/20	04:50	France to Sell 0% 2021 Bonds
FR	09/20	04:50	France to Sell 0.1% 2036 Linkers
FR	09/20	04:50	France to Sell 0.7% 2030 Linkers
FR	09/20	04:50	France to Sell 0.1% 2028 Linkers
FR	09/20	04:50	France to Sell 0% 2024 Bonds
FR	09/20	04:50	France to Sell 0.5% 2026 Bonds
UK	09/20	05:30	U.K. to Sell 2.75 Billion Pounds of 1.625% 2028 Bonds
IC	09/21	06:30	Iceland to Sell Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CH	09/16	21:30	Ningbo to Sell Bonds
CH	09/16	22:30	Ningbo to Sell Bonds
CH	09/17	02:00	Sichuan to Sell Bonds
CH	09/17	03:00	Sichuan to Sell Bonds
CH	09/17	21:30	Hebei to Sell Bonds
CH	09/17	22:30	Hebei to Sell Bonds
CH	09/17	23:30	Shaanxi to Sell Bonds
CH	09/18	02:00	Hubei to Sell Bonds
CH	09/18	23:00	China Plans to Sell 1Y Upsized Government Bond
CH	09/18	23:00	China Plans to Sell 10Y Upsized Government Bond
CH	09/19	02:00	Yunnan to Sell Bonds
CH	09/19	03:00	Yunnan to Sell Bonds
CH	09/19	04:00	Guangxi to Sell Bonds
NZ	09/19	22:05	New Zealand To Sell NZD150Mln 2.75% 2037 Bonds
CH	09/19	22:30	Hainan to Sell Bonds
JN	09/19	23:35	Japan to Sell 20-Year Bond
CH	09/20	02:00	Fujian to Sell Bonds
CH	09/20	04:00	Hunan to Sell Bonds

Events for the week of September 17 – 21

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	09/18		Massachusetts state primary

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SW	09/17	03:30	Riksbank Minutes
EC	09/17	05:00	ECB's Coeure Speaks in Berlin
EC	09/17	06:15	ECB's Praet Speaks in Brussels
SW	09/17	09:00	Riksbank's Ingves Gives Speech
EC	09/18	03:15	ECB's Draghi Speaks in Paris
EC	09/18	03:30	ECB's Nouy Speaks in Paris
SW	09/18	04:10	Riksbank's af Jochnick Gives Speech
UK	09/19	04:00	BOE's Haldane speaks in Estonia.
SW	09/19	08:00	Riksbank's Ohlsson Gives Speech
EC	09/19	09:00	ECB's Draghi speaks in Berlin
GE	09/19	09:00	Draghi, Scholz Speak on European Economic Union in Berlin
SW	09/20	03:00	Riksbank's Skingsley Gives Speech
SZ	09/20	03:30	SNB Sight Deposit Interest Rate
SZ	09/20	03:30	SNB 3-Month Libor Lower Target
SZ	09/20	03:30	SNB 3-Month Libor Upper Target
NO	09/20	04:00	Deposit Rates
EC	09/20	13:20	ECB's Praet Speaks in New York
NO	09/21		Norway Sovereign Debt to be rated by S&P
SP	09/21		Spain Sovereign Debt to be rated by S&P
NO	09/21		Norway Sovereign Debt to be rated by Fitch
SZ	09/21		Switzerland Sovereign Debt to be rated by Fitch

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	09/17	21:30	RBA September Meeting Minutes
AU	09/18	21:30	RBA's Kent Speech in Sydney
JN	SEP 18-19		BOJ Policy Balance Rate
TH	09/19	03:05	BoT Benchmark Interest Rate

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BZ	09/19		Selic Rate
CL	09/21	07:30	Central Bank Meeting Minutes

Global Central Bank Watch

NORTH AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
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

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	0.00	October 25, 2018	0.00	0.00
Bank of England – Bank Rate	0.75	November 1, 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	7.50	October 26, 2018	7.50	n/a
Sweden Riksbank – Repo Rate	-0.50	October 24, 2018	-0.50	-0.50
Norges Bank – Deposit Rate	0.50	September 20, 2018	0.75	0.75
Central Bank of Turkey – Benchmark Repo Rate	24.00	October 25, 2018	24.00	na

Norges Bank: A 25bps hike to the deposit rate is expected on Thursday. Faster progress toward the 2% inflation target is the catalyst. Key will be the degree to which forward rate guidance may be expedited.

SNB: No policy rate change is expected. At 1.2% y/y, inflation lies well below the 2% inflation target. The central bank is likely to remain on a prolonged policy hold, matching the ECB that we don't think will hike within our 2018-19 forecast horizon.

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
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	5.75	5.50
Central Bank of Philippines – Overnight Borrowing Rate	4.00	September 27, 2018	4.25	4.00

The Bank of Japan's (BoJ) next monetary policy meeting is scheduled for September 19. Following the previous policy meeting on July 31, the BoJ lowered its inflation forecasts, which supports our view that policy normalization remains in distant future. At the July meeting the BoJ also implemented some technical tweaks to its monetary operations in order to increase policy flexibility, but left the monetary policy stance unchanged. **The Bank of Thailand (BoT)** will hold a monetary policy meeting on September 19. We believe that the BoT's benchmark interest rate will be kept unchanged at the current level of 1.50% through the rest of the year given that Thailand's inflation remained contained at 1.6% y/y in August, comfortably within the BoT's medium-term inflation target of 2.5% y/y \pm 1.5%. Thailand's solid external position has provided support to the Thai baht during the ongoing emerging market turmoil.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
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	October 11, 2018	2.75	2.75

Banco Central do Brasil: While inflation presently remains well within the 3-6% inflation target range, the sliding real could well motivate the central bank to raise its policy rate and thereby join other central banks such as Russia's, Argentina's and Turkey's in defence of the currency and the implications for inflation.

AFRICA

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

SARB: While it is only a very tiny minority that is willing to forecast a hike next Thursday, the South African Reserve Bank faces the same degree of currency weakening as several other CBs that have tightened policy. In fact, since the end of March, the rand has been tied with the real for the worst performers versus the USD among the major and semi-major crosses.

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