

**SIX WEEKS TO GO**

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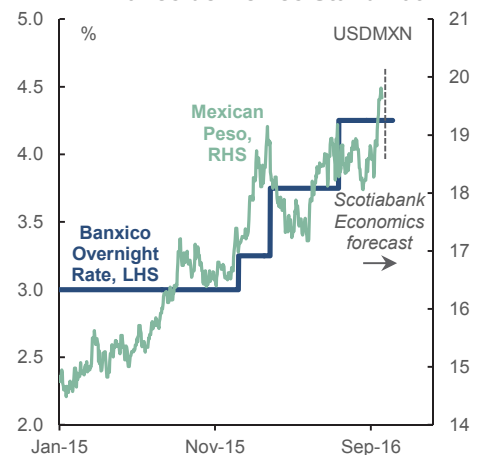
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**Next Week's Risk Dashboard**

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**Chart of the Week**

**Will Banco de Mexico Stand Pat?**



Source: Scotiabank Economics, Bloomberg.

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

## Six Weeks To Go

### UNITED STATES — THE HAWKS' WINGS WILL SOON BE CLIPPED

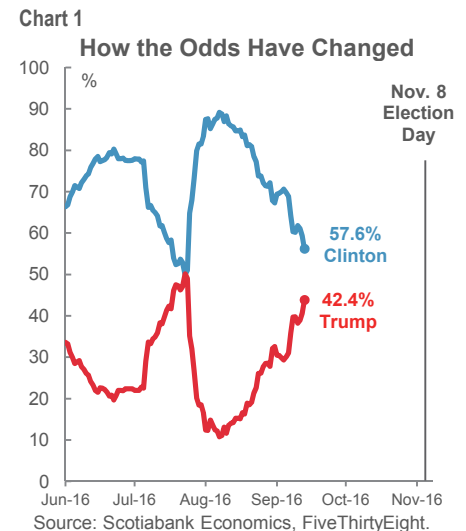
Thank goodness for split screen technology. Screens could well be divided between the first of the US Presidential debates to kick off the final six weeks before the US election, and your pick of races to the Fall Classic, or Monday night football. Mine will be on the Yankees-Jays contest.

The debate begins at 9pmET and runs until about 10:30pmET. It's the first of three scheduled debates with the next ones on October 9<sup>th</sup> and the 19<sup>th</sup>. This one is being held in New York. The moderator is not a cousin, but the matters for discussion that he chose this time around offer pretty much open latitude to discuss virtually anything. They include "America's direction," "securing America" and "achieving prosperity." **The debate is Hillary's to lose**, if for no other reason than her recent loss of momentum in the polls (chart 1). She maintains a lead in poll composites, but a shrinking one, and presidential debates can often swing voter sentiment by several percentage points in the aftermath but by no more ([here](#)).

**FOMC officials will do much of the rest of the week's talking.** No fewer than ten officials will speak out next week, which is the greatest number since the week of July 11<sup>th</sup> just before the Fed went into the July black-out when they had a thing or two to say after the Brexit vote. That, in turn, was the greatest number of FOMC speakers since the week of November 30<sup>th</sup> to December 4<sup>th</sup> last year just before the Fed hiked for the first time in this cycle. **The ones I would pay the most attention to are the four regional Presidents who rotate into voting positions come January (Evans, Harker, Kaplan, Kashkari).** Also on the list are Chair Yellen — although after markets close on Friday and only via a video link to a KC Fed gathering that is not expected to be pertinent to markets — and one Governor (Powell) plus three voting regional Fed Presidents (Mester, George and Bullard). They will vote for two more meetings before slipping out of the rotation. In fact, all three hawkish dissenters at the September FOMC meeting (George, Mester, Rosengren) lose their votes after December. Atlanta's Dennis Lockhart also speaks and a search is underway for his replacement following his retirement announcement.

Data risk won't be a huge deal against the other developments, but the main focus will be on releases due out on Wednesday and Friday with a few other gems mixed in:

- Wednesday's **durable goods orders will be watched to see if the US economy can make it three in a row for monthly gains in core capital goods orders** (ex defense and air). That's a decent proxy for broad business investment which has disappointed to this point in the cycle.
- Friday's **consumer updates could be a tad disappointing** as inflation-adjusted consumer spending struggles in the wake of two solid prior gains and given soft retail sales.
- Also mixed into the numbers on Friday will be the Fed's preferred inflation gauge — the price deflator on total consumer spending. It is preferred for several reasons. One is that it adjusts the weights on types of spending and where money is spent more dynamically than the periodically rebased weights in CPI and therefore does a more accurate job at capturing how households are changing behaviour in response to changing prices. Another is that PCE is more inclusive of total medical spending including by governments (e.g., Obamacare) whereas CPI only captures what the individual spends. Small rises in the pace of headline and core PCE inflation are possible.
- **The third swing at Q2 GDP** will land on Thursday and will incorporate the first estimate of quarterly services spending. A small upward revision to a still lacklustre pace of growth around 1¼% is expected.



- Other releases will be mostly focused on the housing market including new home sales (Monday), S&P CoreLogic Case Shiller house prices (Tuesday), consumer confidence (Tuesday) and pending home sales (Thursday). The housing data will be more closely scrutinized in the wake of a mildly disappointing resale report.

## CANADA — HOW DURABLE IS THE RECOVERY?

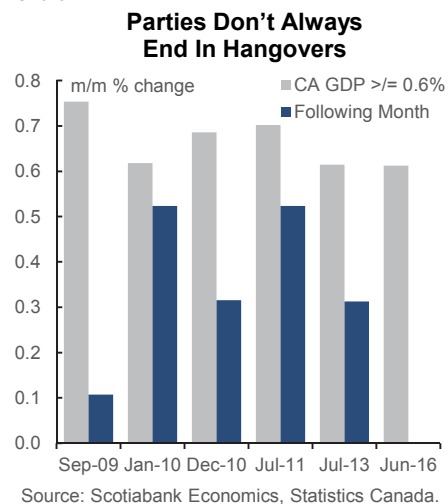
By the end of next week, we'll have the first glimpse at monthly GDP growth in Q3 and hence how the recovery story is tracking in the near-term following a dismal first half of the year. **The question of durability to the gains will be front and centre.**

Before turning to this issue, **the week kicks off with BoC Governor Poloz delivering his second speech in less than a week.** The latest one offered little new information to markets ([here](#)). At least the topic, location and timing of his next speech offer a degree of intrigue, but whether the specific content delivers the goods is uncertain. **BoC Governor Poloz's speech topic** for this coming Monday night is "Cross-Border Trade Integration and Monetary Policy" and he'll deliver it in Washington State. [This](#) election forecast gives a 92.5% probability of a Clinton victory in that state versus 57.6% national odds that Clinton will take the Presidency. It might be a bit of a dicey topic in the midst of the US election campaign, especially as the first Presidential debate will be held that same evening and may include a focus on protectionist sentiments toward NAFTA (Trump) and TPP (Trump would abandon it, Clinton would renegotiate). That said, the audience in this state is likely to be more receptive to talk of international trade than possibly elsewhere. The speech will be delivered at 7:10pmET but available on the wires at 6:55pmET. There will be no press conference but there will be audience Q&A.

Since the global financial crisis, there have only been five months that posted equal or slightly faster Canadian monthly GDP growth than what was registered in June of this year. The average over those five occasions was just under 0.7% m/m. Each of those occasions saw further growth the following month, but on average at about half the pace of the prior month (chart 2). Ergo, not all parties end in hangovers, and this one might not either. The broad tone of the growth signals for July was very mixed but a cautious call for growth at around one-third of the prior month's pace is heavily dependent upon trade- and manufacturing-related sectors:

- export volumes soared by 3.4% m/m;
- import volumes fell by 1.1% which implies less of an import leakage effect out of GDP;
- manufacturing shipment volumes were up slightly in July (+0.1% m/m);
- wholesale sales volumes were flat;
- housing starts fell by about 11% m/m mostly due to multis (-15.8%) but higher value-added singles that impact construction activity more immediately also fell by 2.3%.
- 31,200 jobs were lost in July, although there were numerous reasons to question the quality of the print. Hours worked were up a smidge in July (+0.1% m/m) after a sizeable drop in June, and they serve as an output growth proxy along with productivity since GDP is labour productivity times hours worked.
- Retail sales volumes are pending as we go to press but are likely to post a decent rise ex-autos.

Chart 2



There are, of course, differences in how monthly GDP translates into quarterly numbers given differences in statistical measurement including income versus expenditure focus. That said, if we do get something in line with expectations next week, then the third quarter's growth rate would be tracking sub-2% at a seasonally adjusted and annualized pace over the second quarter.

**ASIA — BUILDING MOMENTUM IN CHINA'S ECONOMY?**

Clear skies, bad data? Welcome to China where good data and a good environment often involve trade-offs. **It's possible that next week's manufacturing PMI figures could stumble somewhat and partly because of the cease and desist orders to manufacturers in the lead-up to the G20 Summit** in Hangzhou on September 4-5<sup>th</sup> during which blue skies were desired. It's also possible that this occurred early enough in the month to allow a recovery in production as the rest of the month unfolded, but any downside risk should likely be taken as transitory if it appears.

Having said all of that, where have all the fans of alternative Chinese growth readings gone? It wasn't that long ago that we were being bombarded by the conspiracy theorists that advanced alternative measures of growth that were allegedly superior to GDP. When those alternative measures were falling, that is. Now the trend to those alternative growth signals no longer fits the conspiratorial thesis — and may very well support the notion that **momentum is building in China's economy** (chart 3). In case you were tempted to conclude that the so-called Keqiang index (or at least Bloomberg's version of it that by necessity involves arbitrary weightings) has been rising only because of the credit component, chart 4 counters this assertion by pointing toward momentum in rail freight volumes and electricity production.

After largely taking a pass on materially adding to stimulus measures, the Bank of Japan will revert to data watching next week. **Japan releases numerous macro updates** on retail sales, the jobless rate, CPI, household spending, industrial production and housing starts. BoJ communications will also figure into the week's developments with the summary of opinions to the September 20<sup>th</sup>-21<sup>st</sup> BoJ meeting, a speech by Governor Kuroda on Thursday, and stale minutes to the July meeting.

The **Central Bank of the Republic of China (Taiwan)** could cut again next week. It has eased monetary policy four times to counter a recession, and growth of 0.7% y/y in Q2 can hardly be called a rebound. CPI inflation has been falling since February and the latest reading for August was a mild 0.6% y/y.

Data watch will also carry regional market implications via a wave of export reports from South Korea, New Zealand, Thailand and Hong Kong, industrial production figures from South Korea, Hong Kong retail sales, and Australian new home sales.

**EUROPE — DRAGHI ON INFLATION WATCH**

If **ECB President Mario Draghi** is expecting the latest round of inflation prints to vindicate the ECB's recent decision to leave stimulus unchanged then he will have to wait for such evidence until after he speaks before the European Parliament on Monday.

The **Eurozone add-up for September CPI inflation readings** arrives on Friday and will further inform the debate over future policy risks. I still don't believe the ECB goes cold turkey and lets its asset purchase program dry up come March of next year, and so it's likely just a matter of time before additional stimulus may be forthcoming. That could still include cutting rates further into negative territory and/or raising the ceiling on bond market stakes by country from one-third to more in order to extend the duration of the QE program and/or adjust the capital key to favour peripheral debt more significantly. The August headline CPI print of 0.2% y/y and the core CPI reading of 0.8% y/y remain frustratingly low. Bloomberg consensus expects inflation to remain low at 1.3% y/y in 2017. **At a minimum, any further downside CPI disappointment would heat up the debate on stimulus extension. Recent improvements in market-based measures of inflation expectations have been encouraging — howsoever imperfect as guideposts** (chart 5).

Chart 3

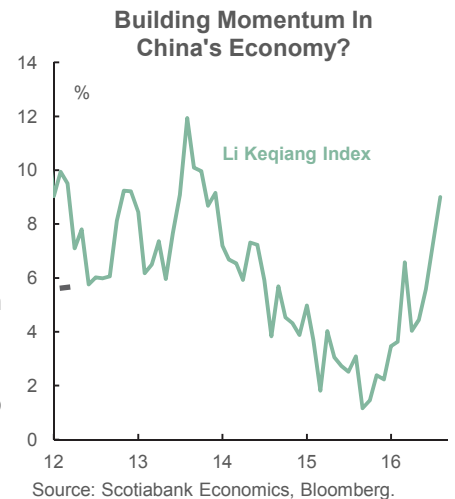
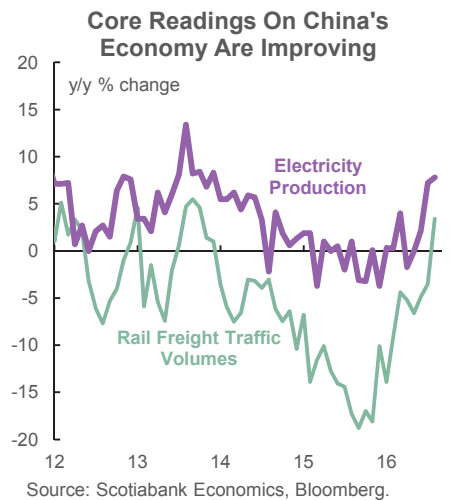


Chart 4



Consumer spending updates from France, Germany, Italy and Spain will be the second main data focal point in European markets. Germany's IFO reading on business confidence, Italian industrial sales and orders, and UK Q2 GDP revisions (none expected) will round out the schedule.

**LATIN AMERICA — WILL BANXICO SURPRISE AGAIN?**

The main issue in Latin American and Caribbean markets will be rate decisions by three central banks. One in particular will be closely watched for the risk of a hawkish surprise.

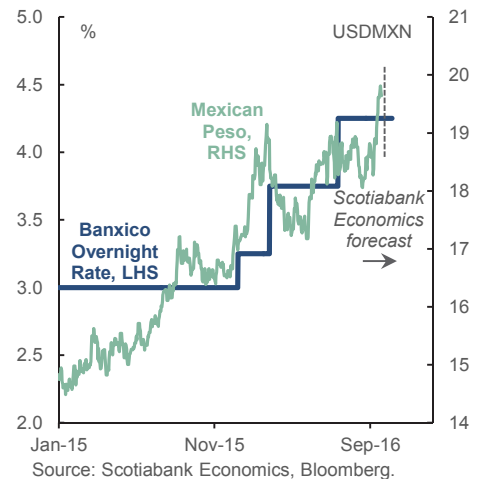
Our Mexican Chief Economist — Mario Correa — thinks the **Bank of Mexico** will keep its overnight rate steady at 4.25% on Thursday. He could well be right given that Governor Agustín Carstens may choose to wait until the central bank issues its next decision on November 17th — after the US Presidential election results are available the night of November 8<sup>th</sup> (or in between if an off-schedule move is made). The fact that the Federal Reserve did not hike now and lowered guidance for the cumulative pace of future hikes over 2016-17 also helped to stabilize the peso versus the greenback. At this point it is a minority view that the central bank may hike next week, but this is definitely a central bank that has surprised investors this year with 100bps of rate hikes. The issue is that the peso is a good proxy for Donald Trump's chances of winning the US election given the potentially damaging consequences for Mexico's economy. As the currency has plunged in value alongside Trump's rising poll results, it has fanned rising risk of imported inflation. This risk has been countered to date by tightened Mexican monetary policy (chart 6). To hike again now would be a highly binary bet on the outcome of the US election, after which the risk could be toward more hikes to counter more import inflation, or unwinding the hikes that have been delivered to date.

**Banco Central de la República de Colombia** is unanimously expected by economists to leave its repo rate unchanged at 7.75% and so is **Banco Central de la República Dominicana** at 5% on its overnight rate.

**Chart 5**  
**Are Eurozone Inflation Expectations On The Mend?**



**Chart 6**  
**Will Banco de Mexico Stand Pat?**



**Key Indicators for the week of September 26 – 30**
**NORTH AMERICA**

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Indicator</u>                        | <u>Period</u> | <u>BNS</u>  | <u>Consensus</u> | <u>Latest</u> |
|----------------|-------------|-------------|---|---------------|-------------|------------------|---------------|
| MX             | 09/26       | 09:00       | Global Economic Indicator IGAE (y/y)    | Jul           | 2.30        | --               | 2.22          |
| US             | 09/26       | 10:00       | New Home Sales (000s a.r.)              | Aug           | 600.0       | 594.5            | 654.0         |
| US             | 09/26       | 10:30       | Dallas Fed. Manufacturing Activity      | Sep           | --          | -3.0             | -6.2          |
| MX             | 09/27       | 09:00       | Trade Balance (US\$ mn)                 | Aug           | -3302.6     | --               | -1827.1       |
| US             | 09/27       | 09:00       | S&P/Case-Shiller Home Price Index (m/m) | Jul           | --          | -0.1             | -0.1          |
| US             | 09/27       | 09:00       | S&P/Case-Shiller Home Price Index (y/y) | Jul           | --          | 5.0              | 5.1           |
| US             | 09/27       | 10:00       | Consumer Confidence Index               | Sep           | 100.0       | 98.8             | 101.1         |
| US             | 09/27       | 10:00       | Richmond Fed Manufacturing Index        | Sep           | --          | -2.0             | -11.0         |
| US             | 09/28       | 07:00       | MBA Mortgage Applications (w/w)         | SEP 23        | --          | --               | -7.3          |
| US             | 09/28       | 08:30       | Durable Goods Orders (m/m)              | Aug P         | -1.5        | -1.0             | 4.4           |
| US             | 09/28       | 08:30       | Durable Goods Orders ex. Trans. (m/m)   | Aug P         | -0.7        | -0.5             | 1.3           |
| MX             | 09/28       | 09:00       | Unemployment Rate (%)                   | Aug           | 4.5         | --               | 4.0           |
| US             | 09/29       | 08:30       | GDP (q/q a.r.)                          | 2Q T          | 1.2         | 1.3              | 1.1           |
| US             | 09/29       | 08:30       | GDP Deflator (q/q a.r.)                 | 2Q T          | --          | 2.3              | 2.3           |
| US             | 09/29       | 08:30       | Initial Jobless Claims (000s)           | SEP 24        | 260         | --               | 252           |
| US             | 09/29       | 08:30       | Continuing Claims (000s)                | SEP 17        | --          | --               | 2113          |
| US             | 09/29       | 08:30       | Wholesale Inventories (m/m)             | Aug P         | --          | 0.0              | 0.0           |
| US             | 09/29       | 10:00       | Pending Home Sales (m/m)                | Aug           | 0.0         | -0.3             | 1.3           |
| MX             | 09/29       | 14:00       | <b>Overnight Rate (%)</b>               | <b>Sep 29</b> | <b>4.25</b> | <b>4.25</b>      | <b>4.25</b>   |
| CA             | 09/30       | 08:30       | IPPI (m/m)                              | Aug           | --          | --               | 0.2           |
| CA             | 09/30       | 08:30       | Raw Materials Price Index (m/m)         | Aug           | --          | --               | -2.7          |
| CA             | 09/30       | 08:30       | Real GDP (m/m)                          | Jul           | 0.2         | --               | 0.6           |
| US             | 09/30       | 08:30       | PCE Deflator (m/m)                      | Aug           | 0.1         | 0.1              | 0.0           |
| US             | 09/30       | 08:30       | PCE Deflator (y/y)                      | Aug           | 0.9         | 0.9              | 0.8           |
| US             | 09/30       | 08:30       | PCE ex. Food & Energy (m/m)             | Aug           | 0.2         | 0.2              | 0.1           |
| US             | 09/30       | 08:30       | PCE ex. Food & Energy (y/y)             | Aug           | 1.7         | 1.7              | 1.6           |
| US             | 09/30       | 08:30       | Personal Spending (m/m)                 | Aug           | 0.1         | 0.2              | 0.3           |
| US             | 09/30       | 08:30       | Personal Income (m/m)                   | Aug           | 0.1         | 0.2              | 0.4           |
| US             | 09/30       | 09:45       | Chicago PMI                             | Sep           | --          | 52.0             | 51.5          |
| US             | 09/30       | 10:00       | U. of Michigan Consumer Sentiment       | Sep F         | --          | 90.0             | 89.8          |

**EUROPE**

| <u>Country</u> | <u>Date</u>  | <u>Time</u> | <u>Indicator</u>               | <u>Period</u> | <u>BNS</u> | <u>Consensus</u> | <u>Latest</u> |
|----------------|--------------|-------------|--------------------------------|---------------|------------|------------------|---------------|
| GE             | 09/26        | 04:00       | IFO Business Climate Survey    | Sep           | 108.0      | --               | 106.2         |
| GE             | 09/26        | 04:00       | IFO Current Assessment Survey  | Sep           | 113.4      | --               | 112.8         |
| GE             | 09/26        | 04:00       | IFO Expectations Survey        | Sep           | 103.0      | --               | 100.1         |
| FR             | 09/26        | 12:00       | Total Jobseekers (000s)        | Aug           | 3517.0     | --               | 3507          |
| FR             | 09/26        | 12:00       | Jobseekers Net Change (000s)   | Aug           | 10.0       | --               | -19.1         |
| SP             | 09/27        |             | Budget Balance YTD (€ mn)      | Aug           | --         | --               | -29840        |
| GE             | SEP 27-OCT 3 |             | Retail Sales (m/m)             | Aug           | 0.5        | --               | 0.6           |
| GE             | 09/28        | 02:00       | GfK Consumer Confidence Survey | Oct           | --         | --               | 10.2          |
| UK             | SEP 28-OCT 3 |             | Nationwide House Prices (m/m)  | Sep           | --         | --               | 0.6           |
| SP             | 09/29        | 03:00       | CPI (m/m)                      | Sep P         | --         | --               | 0.1           |
| SP             | 09/29        | 03:00       | CPI (y/y)                      | Sep P         | --         | --               | -0.1          |
| SP             | 09/29        | 03:00       | CPI - EU Harmonized (m/m)      | Sep P         | 0.9        | --               | 0.0           |
| SP             | 09/29        | 03:00       | CPI - EU Harmonized (y/y)      | Sep P         | 0.2        | --               | -0.3          |
| SP             | 09/29        | 03:00       | Real Retail Sales (y/y)        | Aug           | --         | --               | 1.0           |

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

## Key Indicators for the week of September 26 – 30

### EUROPE (continued from previous page)

| Country | Date  | Time  | Indicator                         | Period | BNS   | Consensus | Latest |
|---------|-------|-------|-----------------------------------|--------|-------|-----------|--------|
| GE      | 09/29 | 03:55 | Unemployment (000s)               | Sep    | -10.0 | --        | -7.0   |
| GE      | 09/29 | 03:55 | Unemployment Rate (%)             | Sep    | 6.0   | --        | 6.1    |
| UK      | 09/29 | 04:30 | Net Consumer Credit (£ bn)        | Aug    | --    | --        | 1.2    |
| EC      | 09/29 | 05:00 | Business Climate Indicator        | Sep    | --    | --        | 0.0    |
| EC      | 09/29 | 05:00 | Economic Confidence               | Sep    | --    | --        | 103.5  |
| EC      | 09/29 | 05:00 | Industrial Confidence             | Sep    | -3.0  | --        | -4.4   |
| GE      | 09/29 | 08:00 | CPI (m/m)                         | Sep P  | 0.0   | --        | 0.0    |
| GE      | 09/29 | 08:00 | CPI (y/y)                         | Sep P  | 0.5   | --        | 0.4    |
| GE      | 09/29 | 08:00 | CPI - EU Harmonized (m/m)         | Sep P  | 0.0   | --        | -0.1   |
| GE      | 09/29 | 08:00 | CPI - EU Harmonized (y/y)         | Sep P  | 0.6   | --        | 0.3    |
| UK      | 09/29 | 19:01 | GfK Consumer Confidence Survey    | Sep    | --    | --        | -7.0   |
| FR      | 09/30 | 02:45 | Consumer Spending (m/m)           | Aug    | 0.3   | 0.3       | -0.2   |
| FR      | 09/30 | 02:45 | CPI (m/m)                         | Sep P  | -0.3  | --        | 0.3    |
| FR      | 09/30 | 02:45 | CPI (y/y)                         | Sep P  | 0.3   | --        | 0.2    |
| FR      | 09/30 | 02:45 | CPI - EU Harmonized (m/m)         | Sep P  | -0.3  | --        | 0.3    |
| FR      | 09/30 | 02:45 | CPI - EU Harmonized (y/y)         | Sep P  | 0.4   | --        | 0.4    |
| FR      | 09/30 | 02:45 | Producer Prices (m/m)             | Aug    | --    | --        | 0.0    |
| SP      | 09/30 | 04:00 | Current Account (€ bn)            | Jul    | --    | --        | 2.0    |
| UK      | 09/30 | 04:30 | Business Investment (q/q)         | 2Q F   | --    | --        | 0.5    |
| UK      | 09/30 | 04:30 | Current Account (£ bn)            | 2Q     | --    | --        | -32.6  |
| UK      | 09/30 | 04:30 | GDP (q/q)                         | 2Q F   | --    | --        | 0.6    |
| UK      | 09/30 | 04:30 | Index of Services (m/m)           | Jul    | --    | --        | 0.2    |
| EC      | 09/30 | 05:00 | Euro zone CPI Estimate (y/y)      | Sep    | 0.5   | --        | 0.2    |
| EC      | 09/30 | 05:00 | Euro zone Core CPI Estimate (y/y) | Sep A  | 1.0   | --        | 0.8    |
| EC      | 09/30 | 05:00 | Unemployment Rate (%)             | Aug    | 10.1  | --        | 10.1   |
| IT      | 09/30 | 05:00 | CPI (m/m)                         | Sep P  | --    | --        | 0.2    |
| IT      | 09/30 | 05:00 | CPI (y/y)                         | Sep P  | --    | --        | -0.1   |
| IT      | 09/30 | 05:00 | CPI - EU Harmonized (m/m)         | Sep P  | 2.0   | --        | 0.0    |
| IT      | 09/30 | 05:00 | CPI - EU Harmonized (y/y)         | Sep P  | 0.2   | --        | -0.1   |

### ASIA-PACIFIC

| Country | Date      | Time  | Indicator                       | Period | BNS   | Consensus | Latest |
|---------|-----------|-------|---------------------------------|--------|-------|-----------|--------|
| VN      | SEP 23-24 |       | CPI (y/y)                       | Sep    | --    | --        | 2.6    |
| TH      | SEP 23-27 |       | Customs Exports (y/y)           | Aug    | --    | -1.4      | -6.4   |
| TH      | SEP 23-27 |       | Customs Imports (y/y)           | Aug    | --    | -4.3      | -7.2   |
| TH      | SEP 23-27 |       | Customs Trade Balance (US\$ mn) | Aug    | --    | 1267.0    | 842.7  |
| NZ      | 09/25     | 17:45 | Trade Balance (NZD mn)          | Aug    | --    | --        | -433.3 |
| NZ      | 09/25     | 17:45 | Exports (NZD bn)                | Aug    | --    | --        | 4.0    |
| NZ      | 09/25     | 17:45 | Imports (NZD bn)                | Aug    | --    | --        | 4.4    |
| VN      | 09/25     |       | Real GDP YTD (y/y)              | 3Q     | --    | --        | 5.5    |
| SK      | SEP 25-30 |       | Department Store Sales (y/y)    | Aug    | --    | --        | 7.0    |
| JN      | 09/26     | 01:00 | Coincident Index CI             | Jul F  | 112.8 | --        | 112.8  |
| JN      | 09/26     | 01:00 | Leading Index CI                | Jul F  | 100.0 | --        | 100.0  |
| SI      | 09/26     | 01:00 | Industrial Production (y/y)     | Aug    | --    | 1.2       | -3.6   |
| CH      | 09/26     | 21:30 | Industrial Profits YTD (y/y)    | Aug    | --    | --        | 11.0   |
| TA      | 09/27     | 04:00 | Industrial Production (y/y)     | Aug    | --    | 4.0       | -0.3   |
| HK      | 09/27     | 04:30 | Exports (y/y)                   | Aug    | --    | --        | -5.1   |
| HK      | 09/27     | 04:30 | Imports (y/y)                   | Aug    | --    | --        | -3.3   |
| HK      | 09/27     | 04:30 | Trade Balance (HKD bn)          | Aug    | --    | --        | -33.3  |

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

**Key Indicators for the week of September 26 – 30**
**ASIA-PACIFIC (continued from previous page)**

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Indicator</u>                   | <u>Period</u> | <u>BNS</u>  | <u>Consensus</u> | <u>Latest</u> |
|----------------|-------------|-------------|------------------------------------|---------------|-------------|------------------|---------------|
| SK             | 09/28       | 17:00       | Consumer Confidence Index          | Sep           | --          | --               | 102.0         |
| JN             | 09/28       | 19:50       | Large Retailers' Sales (y/y)       | Aug           | --          | --               | 0.6           |
| JN             | 09/28       | 19:50       | Retail Trade (y/y)                 | Aug           | --          | -0.7             | -0.2          |
| TA             | SEP 28-29   |             | <b>Benchmark Interest Rate</b>     | <b>Sep 21</b> | <b>1.25</b> | --               | <b>1.38</b>   |
| SK             | 09/29       | 17:00       | Business Survey- Manufacturing     | Oct           | --          | --               | 74.0          |
| SK             | 09/29       | 17:00       | Business Survey- Non-Manufacturing | Oct           | --          | --               | 75.0          |
| SK             | 09/29       | 19:00       | Industrial Production (y/y)        | Aug           | --          | --               | 1.6           |
| SK             | 09/29       | 19:00       | Cyclical Leading Index Change      | Aug           | --          | --               | 0.1           |
| JN             | 09/29       | 19:30       | Household Spending (y/y)           | Aug           | --          | -2.5             | -0.5          |
| JN             | 09/29       | 19:30       | Jobless Rate (%)                   | Aug           | 3.0         | 3.0              | 3.0           |
| JN             | 09/29       | 19:30       | National CPI (y/y)                 | Aug           | -0.4        | -0.5             | -0.4          |
| JN             | 09/29       | 19:30       | Tokyo CPI (y/y)                    | Sep           | -0.3        | -0.5             | -0.5          |
| JN             | 09/29       | 19:50       | Industrial Production (y/y)        | Aug P         | --          | 3.5              | -4.2          |
| AU             | 09/29       | 21:00       | HIA New Home Sales (m/m)           | Aug           | --          | --               | -9.7          |
| AU             | 09/29       | 21:30       | Private Sector Credit (y/y)        | Aug           | --          | 5.9              | 6.0           |
| CH             | 09/29       | 21:45       | Caixin China Manufacturing PMI     | Sep           | 50.0        | 50.1             | 50.0          |
| PH             | SEP 29-30   |             | Bank Lending (y/y)                 | Aug           | --          | --               | 16.0          |
| JN             | 09/30       | 00:00       | Vehicle Production (y/y)           | Aug           | --          | --               | -4.1          |
| JN             | 09/30       | 01:00       | Housing Starts (y/y)               | Aug           | --          | 7.6              | 8.9           |
| JN             | 09/30       | 01:00       | Construction Orders (y/y)          | Aug           | --          | --               | -10.9         |
| TH             | 09/30       | 03:30       | Exports (y/y)                      | Aug           | --          | --               | -4.5          |
| TH             | 09/30       | 03:30       | Imports (y/y)                      | Aug           | --          | --               | -8.6          |
| TH             | 09/30       | 03:30       | Trade Balance (US\$ mn)            | Aug           | --          | --               | 3195          |
| TH             | 09/30       | 03:30       | Current Account Balance (US\$ mn)  | Aug           | --          | 3218.0           | 3667          |
| HK             | 09/30       | 04:30       | Retail Sales - Volume (y/y)        | Aug           | --          | --               | -8.5          |
| SK             | 09/30       | 20:00       | Exports (y/y)                      | Sep           | --          | --               | 2.6           |
| SK             | 09/30       | 20:00       | Imports (y/y)                      | Sep           | --          | --               | 0.1           |
| SK             | 09/30       | 20:00       | Trade Balance (US\$ mn)            | Sep           | --          | --               | 5303          |
| CH             | 09/30       | 21:00       | Manufacturing PMI                  | Sep           | 50.4        | 50.4             | 50.4          |
| CH             | 09/30       | 21:00       | Non-manufacturing PMI              | Sep           | --          | --               | 53.5          |

**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> |
|----------------|-------------|-------------|-----------------------------------|---------------|-------------|------------------|---------------|
| BZ             | 09/27       | 09:30       | Current Account (US\$ mn)         | Aug           | --          | --               | -4050         |
| CL             | 09/30       | 08:00       | Industrial Production (y/y)       | Aug           | -1.8        | --               | -4.4          |
| CL             | 09/30       | 08:00       | Retail Sales (y/y)                | Aug           | 5.3         | --               | 4.6           |
| CL             | 09/30       | 08:00       | Unemployment Rate (%)             | Aug           | 7.3         | --               | 7.1           |
| CO             | 09/30       | 11:00       | Urban Unemployment Rate (%)       | Aug           | --          | 10.5             | 10.4          |
| CO             | 09/30       |             | <b>Overnight Lending Rate (%)</b> | <b>Sep 30</b> | <b>7.75</b> | <b>7.75</b>      | <b>7.75</b>   |



## Global Auctions for the week of September 26 – 30

### NORTH AMERICA

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u>                                      |
|----------------|-------------|-------------|---|
| US             | 09/26       | 13:00       | U.S. to Sell 2-Year Notes                         |
| US             | 09/27       | 13:00       | U.S. to Sell 5-Year Notes                         |
| US             | 09/28       | 11:30       | U.S. to Sell 2-Year Floating Rate Notes Reopening |
| US             | 09/28       | 13:00       | U.S. to Sell 7-Year Notes                         |

### EUROPE

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u>  |
|----------------|-------------|-------------|---|
| NO             | 09/26       | 06:00       | Norway Bond Auction Announcement                    |
| IT             | 09/27       | 05:00       | Italy to Sell Bonds                                 |
| NE             | 09/27       | 05:00       | Netherlands to Sell Up to EUR1.25 Bln 4% 2037 Bonds |
| UK             | 09/27       | 05:30       | U.K. to Sell Up to GBP400 Mln 0.25% I/L 2052 Bonds  |
| NO             | 09/28       | 05:05       | Norway to Sell Bonds                                |
| GE             | 09/28       | 05:30       | Germany to Sell EUR4 Bln 0% 2018 Bonds              |
| IT             | 09/29       | 05:00       | Italy to Sell Bonds                                 |
| SW             | 09/29       | 05:03       | Sweden to Sell I/L Bonds                            |

### ASIA-PACIFIC

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u>                      |
|----------------|-------------|-------------|-----------------------------------|
| AU             | 09/26       | 21:00       | Australia Plans to Sell I/L Bonds |
| JN             | 09/26       | 23:45       | 40Y Bond Amount Sold              |
| JN             | 09/26       | 23:45       | 40Y Bond Average Yield            |
| JN             | 09/26       | 23:45       | 40Y Bond Bid/Cover Ratio          |
| JN             | 09/26       | 23:45       | Japan to Sell 40-Year Bonds       |
| CH             | 09/27       | 02:00       | Henan to Sell General Bonds       |
| CH             | 09/27       | 03:00       | Henan to Sell Special Bonds       |
| JN             | 09/28       | 23:45       | Japan to Sell 2-Year Bonds        |

### LATIN AMERICA

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u>                    |
|----------------|-------------|-------------|---------------------------------|
| BZ             | 09/27       | 11:00       | Brazil to Sell I/L Bonds        |
| BZ             | 09/29       | 11:00       | Brazil to Sell LFT - 09/01/2022 |

Source: Bloomberg, Scotiabank Economics.

## Events for the week of September 26 – 30

### NORTH AMERICA

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u>  |
|----------------|-------------|-------------|---|
| US             | 09/26       | 13:30       | Fed's Kaplan Speaks in San Antonio Moderated Q&A              |
| CA             | 09/26       | 19:00       | Bank of Canada's Poloz Lecture in Washington State            |
| US             | 09/26       |             | First presidential debate                                     |
| US             | 09/28       | 10:10       | Fed's Bullard Makes Introductory Remarks on Community Banking |
| US             | 09/28       | 13:30       | Fed's Evans Speaks on Community Banking in St. Louis          |
| US             | 09/28       | 16:35       | Fed's Mester Speaks on Economic Outlook and Policy            |
| US             | 09/28       | 19:15       | Fed's George Speaks to Minority Bankers in Kansas City        |
| US             | 09/29       | 05:00       | Fed's Harker Speaks in Dublin, Ireland                        |
| US             | 09/29       | 08:50       | Fed's Lockhart Speaks to the Future of Florida Forum          |
| US             | 09/29       | 10:00       | Fed's Powell Speaks on Community Banking in St. Louis         |
| MX             | 09/29       | 14:00       | <b>Overnight Rate</b>   |
| US             | 09/29       | 14:00       | Fed's Kashkari Speaks at Town Hall in South Dakota            |
| US             | 09/29       | 16:00       | Yellen addresses minority banking conference via video link   |

### EUROPE

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u>   |
|----------------|-------------|-------------|--|
| SZ             | 09/26       | 05:30       | SNB's Jordan Speaks in Geneva                                  |
| EC             | 09/26       | 10:00       | ECB's Draghi Speaks at European Parliament in Brussels         |
| AS             | 09/26       | 12:00       | ECB's Nowotny at Panel Discussion on Banking                   |
| ES             | 09/28       | 02:30       | ECB's Hansson speaks on outlook for euro area, Estonia in 2017 |
| GE             | 09/28       | 08:00       | EU's Oettinger, Bettel, Gabriel Speak at Business Lobby Event  |
| GE             | 09/28       | 09:30       | Draghi Attends Meeting of German Parliament's EU Committee     |
| EC             | 09/28       | 12:00       | Greece's Tsakalotos Speaks at EIB in Luxembourg                |
| EC             | 09/29       | 03:00       | European Banking Summit in Brussels                            |
| FI             | 09/29       | 04:00       | Bank of Finland Governor Liikanen Briefing on Monetary Policy  |
| NE             | 09/29       | 07:00       | Dijsselbloem Discusses Eurogroup Agenda in Dutch Parliament    |
| EC             | 09/30       | 03:00       | EU Environment Ministers Discuss Climate Pact in Brussels      |
| EC             | 09/30       |             | EFSA Sovereign Debt to Be Rated by Moody's                     |
| SP             | 09/30       |             | Spain Sovereign Debt to Be Rated by S&P                        |

### ASIA-PACIFIC

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u>                                     |
|----------------|-------------|-------------|--|
| JN             | 09/26       | 01:30       | BOJ Kuroda makes a speech in Osaka               |
| JN             | 09/26       | 19:50       | BOJ Minutes of July 28-29 Meeting                |
| SK             | 09/27       | 03:00       | Bank of Korea Policy Meeting Minutes             |
| AU             | 09/27       | 20:20       | RBA's Edey Speech in Melbourne                   |
| TA             | 09/28       | 00:00       | <b>CBC Benchmark Interest Rate</b>               |
| JN             | 09/29       | 02:35       | Kuroda Speaks at Security Association Conference |
| JN             | 09/29       | 19:50       | BOJ Summary of Opinions at Sept. 20-21 Meeting   |

### LATIN AMERICA

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u>                  |
|----------------|-------------|-------------|-------------------------------|
| CO             | 09/30       |             | <b>Overnight Lending Rate</b> |

Source: Bloomberg, Scotiabank Economics.

## 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      | 0.50                | October 19, 2016    | 0.50                      | 0.50                       |
| Federal Reserve – Federal Funds Target Rate | 0.50                | November 2, 2016    | 0.50                      | 0.50                       |
| Banco de México – Overnight Rate            | 4.25                | September 29, 2016  | 4.25                      | 4.25                       |

**Federal Reserve:** US markets will follow the Presidential debate, Fed speak, and several macro updates. **Bank of Canada:** A speech by Governor Poloz starts the week that ends with July GDP. **Banxico:** We expect a policy hold with risk of a surprise hike as explained in the Global Week Ahead.

### 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 20, 2016    | 0.00                      | --                         |
| Bank of England – Bank Rate                    | 0.25                | November 3, 2016    | 0.25                      | --                         |
| Swiss National Bank – Libor Target Rate        | -0.75               | December 15, 2016   | -0.75                     | --                         |
| Central Bank of Russia – One-Week Auction Rate | 10.00               | October 28, 2016    | 10.00                     | --                         |
| Sweden Riksbank – Repo Rate                    | -0.50               | October 27, 2016    | -0.50                     | --                         |
| Norges Bank – Deposit Rate                     | 0.50                | October 27, 2016    | 0.50                      | --                         |

### 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               | November 1, 2016    | -0.10                     | --                         |
| Reserve Bank of Australia – Cash Target Rate | 1.50                | October 3, 2016     | 1.50                      | 1.50                       |
| Reserve Bank of New Zealand – Cash Rate      | 2.00                | November 9, 2016    | 2.00                      | 1.75                       |
| People's Bank of China – Lending Rate        | 4.35                | TBA                 | --                        | --                         |
| Reserve Bank of India – Repo Rate            | 6.50                | October 4, 2016     | 6.25                      | --                         |
| Bank of Korea – Bank Rate                    | 1.25                | October 13, 2016    | 1.25                      | --                         |
| Bank of Thailand – Repo Rate                 | 1.50                | November 9, 2016    | 1.50                      | 1.50                       |
| Bank Indonesia – 7-Day Reverse Repo Rate     | 5.00                | October 20, 2016    | 5.00                      | --                         |

### 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               | 14.25               | October 19, 2016    | 14.25                     | --                         |
| Banco Central de Chile – Overnight Rate            | 3.50                | October 18, 2016    | 3.50                      | --                         |
| Banco de la República de Colombia – Lending Rate   | 7.75                | September 30, 2016  | 7.75                      | 7.75                       |
| Banco Central de Reserva del Perú – Reference Rate | 4.25                | October 13, 2016    | 4.25                      | --                         |

### 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 | 7.00                | November 24, 2016   | 7.00                      | --                         |

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