

**BoC FOCUSED ON FORWARD LOOKING RISKS**

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Derek Holt

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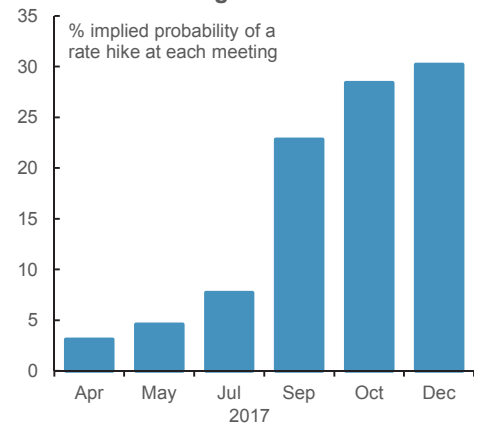
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**Next Week's Risk Dashboard**

- ▶ BoC
- ▶ Chinese, Indian CPI
- ▶ French election countdown
- ▶ US earnings
- ▶ UK CPI
- ▶ US CPI, retail sales
- ▶ Other CBs: Brazil, Chile, BoK
- ▶ US House of Rep recess
- ▶ CDN manufacturing, housing
- ▶ Australian jobs
- ▶ Manitoba's budget

**Chart of the Week**

**Markets Are Prematurely Pricing BoC Hikes**



Sources: Scotiabank Economics, Bloomberg.

Chart of the Week: Prepared by: Samantha Cameron, Research Assistant.

## BoC Focused On Forward Looking Risks

### CANADA — A SERIALLY DISAPPOINTED BOC

A shortened week will have most of the focus placed upon the Bank of Canada meeting on Wednesday and limited data risk. Markets will be shut for the Good Friday holiday.

Please see page 6 for a one-page preview of the Bank of Canada meeting which will be the full deal this time around. The statement hits the wires at 10amET on Wednesday and it will be accompanied by a full forecast update contained within the April edition of the Monetary Policy Report. Governor Poloz and Senior Deputy Governor Wilkins will hold a press conference at 11:15amET.

It's fairly obvious that there will be no changes in the overnight borrowing rate at this meeting. **The market risk leans toward a clearer dovish bias relative to the one-in-four odds of a rate hike by year-end that is likely highly premature.** What may figure prominently by way of newer information that he has not commented on to date—and in favour of Poloz's cautious stance—will likely be fresh evidence of what he has termed the “serial disappointment” surrounding the role of net exports in driving domestic growth (chart 1). The timing of the elimination of disinflationary spare capacity is likely to be left unchanged at mid-2018—and that's in terms of the traditional measure of the gap and not the newer, wider measure that will take longer to close. The latest Business Outlook Survey hinted at little evidence of capacity pressures, stable inflation expectations and strong investment intentions. Translating intentions into actual investment will take time and involves uncertainty, and while it is a missing ingredient to more balanced growth desired by the BoC, it would nevertheless potentially expand productivity capacity in disinflationary fashion.

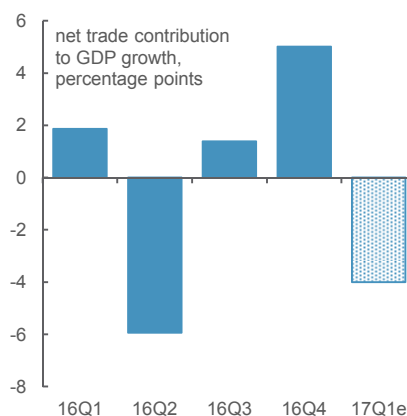
#### Data risks will be focused on Thursday's manufacturing figures for February.

Will they go the way of the recent export figures? Recall that prior to revisions, January's export volumes had been up 1% m/m and that set tracking of quarterly export growth off to a fine start to the quarter. A mild downward revision to January's export growth and a plunge in February changed all of that and gave way to present tracking of a 2.6% annualized contraction in export volumes in Q1 that is reversing the almost identically sized gain in Q4. Given that exports fell in 8 of 11 sectors in February, it's feasible that a decent start in January's manufacturing shipment volumes may follow exports lower in February's print. That said, what leans against this interpretation is that manufacturing new orders grew by 4.2% m/m in January which was the fastest pace of growth since last April although most of that rise was in lumpy orders in the transportation sector including autos and planes that often have a longer-than-average deliverable time frame.

Housing data will include new housing starts for March on Monday and the Teranet repeat-sales price measure on Wednesday. Starts are tracking a rise of almost 30% q/q in Q1 in seasonally adjusted annualized terms assuming a flat March that will be filled in next week.

**Manitoba releases its budget next week and the rest of this paragraph provides Mary Webb's highlights.** Manitoba's Q3 *Update* outlines a consolidated deficit for fiscal 2016-17 (FY17) of \$872 million (-1.3% of GDP)—a sizeable \$132 million reduction on the Q2 estimate of a \$1.0 billion FY17 shortfall and \$39 million narrower than *Budget*. Excluding an accounting adjustment, FY17 revenues are now expected to be \$153 million ahead of *Budget* and program spending \$100 million less than *Budget*. These improvements to the bottom line are partially offset by a \$64 million in-year increase in the debt service and the removal of the \$150 million *In-Year Adjustment /Lapse*. With the government's commitment to protect front-line services and avoid tax increases, announced restraint is focusing upon streamlining and consolidating the civil service and the Province's broader public sector.

Chart 1  
Serial Frustration Continues



Sources: Scotiabank Economics, Statistics Canada.

## UNITED STATES — A NOT SO GOOD FRIDAY

**Pretty much all of next week's market-relevant developments will be skewed toward the end of the week and include top tier macro data and earnings risk focused upon financials.** Politics may take a breather at least in terms of action in Congress if not rhetoric.

Earnings risk fires up again as the **Q1 earnings season unofficially starts next Thursday**. That's when a concentrated burst of financials release including JP Morgan, Wells Fargo, Citigroup, BlackRock and PNC Financial.

**The House of Representatives breaks for two weeks of recess.** They will return to their districts and likely hear more grassroots feedback on contentious issues like failed healthcare reforms since the last district work week of February 20-24. The week before recess has been marked by a flurry of attempts to float trial balloons ahead of this break ranging from attempting to create the impression that another movement is afoot to bring forth a second attempt at repealing the Affordable Care Act (aka "Obamacare") as well as talk of a potential carbon tax and value added tax that are no less controversial than a border tax. Given the need for a funding agreement by April 28<sup>th</sup>, there are presently rather low odds attached to gaining renewed traction toward a healthcare bill anytime soon.

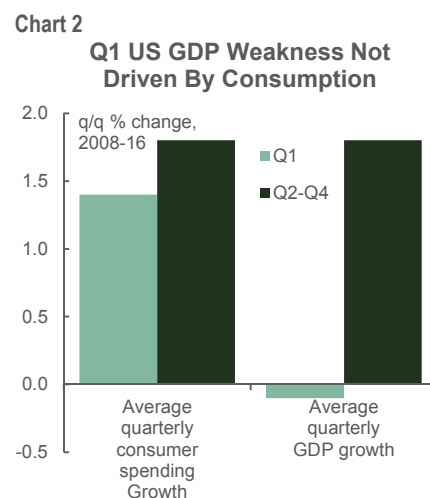
The two main forms of data risk will both land on Friday and be preceded by the latest University of Michigan consumer sentiment reading.

**It's not looking good for retail sales when the March tally lands on Friday.** Auto sales including parts carry about a 21% weight in total retail sales and new car dealers alone equal about 15½% of retail sales and so the unexpected 5.4% m/m seasonally adjusted plunge in new vehicle sales to their lowest reading since February 2015 will weigh on headline retail sales probably to the tune of about three-quarters of a percentage point on its own. Since gasoline prices were little changed during the month (up by <1% m/m) and gasoline stations carry about a 7½% weight in total retail sales, there will be little assist from gas price effects. We won't know CPI until the day of the retail sales release and so it's difficult to incorporate expectations for price effects beyond just auto and gas prices, but what we know about vehicle sales and gas prices informs a fair portion of the forecast risk. That said, it's the retail sales control group that matters to tracking consumption growth off of retail sales and that subtracts autos and gas stations along with building material and gardening equipment/supplies and also office supply and stationery stores and other minor categories. In order for consumer spending to be spared a negative print for March, it's therefore necessary for there to have been a large pick-up in sales excluding these categories.

**This matters enormously to Q1 growth and whether it is shedding a falsely weak signal.** Based on data covering the first two thirds of the quarter, inflation-adjusted consumer spending is tracking just 0.3% q/q growth at a seasonally adjusted and annualized pace. If consumer spending is weak again in March then the real possibility is that consumer spending retreated a touch in Q1 as a whole.

Of interest is that it's usually not consumption that disappoints in Q1 as evidenced by chart 2. GDP growth has disappointed in Q1 relative to the rest of the year, but consumer spending growth doesn't explain this phenomenon. Thus, the large majority of the reasons why Q1 GDP growth has steadily underperformed the rest of the year on average (but not every year) have nothing to do with consumer spending. It's not clear why renewed weakness in consumption exists, but very weak growth in real wages may be an offset to strong confidence readings.

**CPI figures for March** will be simultaneously released on Friday and while it is not the Fed's preferred inflation gauge, the figures will be used to translate the retail sales figures into a volume estimate independent of price effects. As noted, **gasoline prices were fairly flat in March and this may help anchor headline CPI around little change in month-ago terms.** When combined with the fact that headline inflation in year-ago terms will be compared to the start of an upward trend last March **it may be that base effects start to put a cap if not downward pressure on inflation.** CPI will also be used to determine real wage growth in the simultaneously released figures for March.



Sources: Scotiabank Economics, US BEA.

## EUROPE — IS UK CORE INFLATION STILL ON THE UP AND UP?

The nearness of France's election is likely to dominate European markets in the absence of much else aside from a handful macro releases.

France's first-round of Presidential elections will be held on April 23<sup>rd</sup> and is therefore still more than two weeks away. If—as is highly likely—a majority is not secured, then the second round will be held on May 7<sup>th</sup>. If you still believe in polling despite ghastly performances over the years, then Emmanuel Macron and Marine Le Pen each hold 23.5% of the vote according to the latest poll by Elabe, and Francois Fillon trails at 19%. Another poll by Opinion Way showed Le Pen in the lead for first round voting at 26% with Macron at 24% and Fillon at 20%.

The UK will update CPI for March on Tuesday. Consensus expects at least a temporary reprieve from the upward march in core inflation that began in mid-2015 and headline inflation's climb that began a few months later. Our UK economist/strategist Alan Clarke thinks headline core inflation will crest at about 3% later in the year and then slide thereafter to the extent to which a weakened pound sterling is creating import price pressures that are passing through the CPI basket (chart 3). **If such forces prove to be transitory, then the Bank of England should look through it** in favour of paying more attention to the complicated uncertainties surrounding 'Article 50' negotiations to exit the European Union.

Other risks will pale in comparison to the French elections and the implications of UK CPI to the gilts market and pound sterling. The ZEW investor confidence survey fits into a broader picture of sentiment that is also captured by the PMIs and IFO business confidence metrics, and the ZEW gets updated on Tuesday. Eurozone CPI revisions to the first estimates for March will follow on Thursday.

## LATIN AMERICA — ACCELERATED EASING IN BRAZIL?

Central banks will dominate local market sources of risk layered on top of global developments next week.

Banco Central do Brasil is unanimously expected by consensus to cut its Selic policy rate 100bps to 11.25% on Wednesday. That would be the biggest decline for a single decision in the current easing cycle to date. It would be the biggest single meeting decline since June 2009 and eclipsed only by the 150bps decline in April 2009. Rapidly falling inflation is providing this room for easing. Since peaking at 10.7% y/y in January of last year, inflation is running under 5% y/y now. Markets have also sharply backed away from their inflation expectations (chart 4).

By contrast, the majority of forecasters, including Scotiabank's Santiago-based economist Benjamin Sierra, expect Banco Central de Chile to stay on hold at a policy rate of 3% next Thursday evening including. The risk is tilted toward continued easing after 50bps in cuts so far this year but there are good counter-points. CPI inflation has stabilized around 2.7% y/y but lies beneath the mid-point of the 2-4% inflation target range. The central bank just cut its outlook for growth in 2017 to the 1-2% range compared with a prior forecast that was a half percentage point higher. It pinned the forecast revision on the ongoing 1½ month old strike at the Escondida copper mine—the world's largest—that accounts for about 5% of world copper output. Will the central bank look through the transitory effects of the strike and take a wait-and-see approach on inflation that is not trending lower yet? One argument in favour of this is that the central bank is forecasting a mild rebound to the 2¼ - 3¼% growth range in 2018.

Chart 3

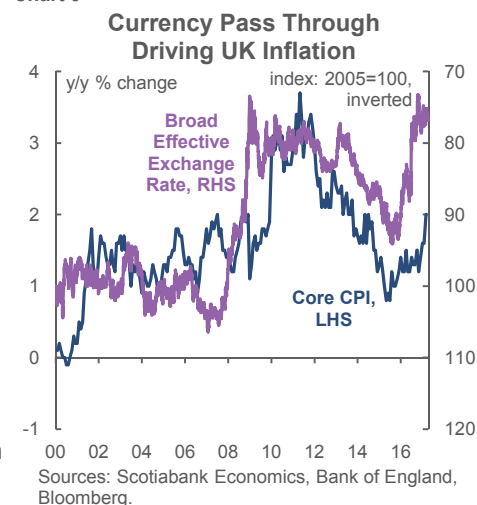


Chart 4



**Argentina releases March CPI** on Tuesday and by May we'll have year-ago readings since the resurrection of inflation data. With 1-2% monthly gains, annual CPI is going to be rather high. Argentina's central bank is targeting 12-17% inflation by year-end. Brazilian retail sales and Mexican industrial production will offer relatively minor new information to markets.

## ASIA — CHINA'S 'REFLATION' RED HERRING

**The aftermath of the Trump-Xi meeting will combine with macro data and one central bank decision to provide regional market implications.**

After a mild dip in February, March's **Australian job growth is thought to have rebounded** and we'll find out on Wednesday. Of interest is that not all commodity-producing countries have enjoyed a jobs bonanza since last summer. For instance, Canada has, but Australia has not. Since last July, Australia has only added 38,000 jobs. Over that same period, Canada has heaped on 254,000 jobs. Canada has a bigger labour force that is about 1.5 times the size of Australia's, but this doesn't explain why job growth in Canada has occurred at almost seven times the pace as in Australia.

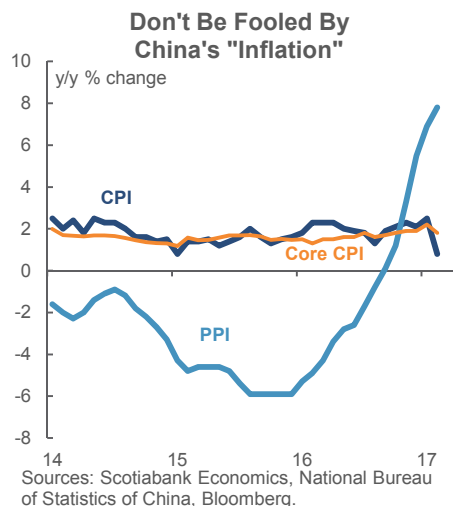
**China and India will update inflation figures next week (chart 5).** Chinese producer prices have been soaring merely as confirmation of the rise in global commodity prices over the past year but **this effect will soon start ebbing and then reversing** as higher year-ago base effects put downward pressure on the yearly rate of change. Chinese CPI, however, fell to 0.8% y/y in February which was tied with January 2015 for the lowest reading since November 2009 when inflation readings were starting to recover from the global financial crisis. The recent decline in CPI inflation may have been partly the result of an earlier-than-normal Lunar New Year holiday but, even before the January-February period of annual distortions, CPI inflation was only averaging 2% y/y throughout 2016. **Evidence of so-called 'reflation' pressures in China are therefore one part rooted in a twisted look at producer prices that ignores temporary base effects, and one part exaggerated relative to the hard CPI data.**

After Governor Urjit Patel's decision to leave the Reserve Bank of India's repo rate unchanged, **next week's Indian inflation figures won't matter terribly much except to gradually inform the RBI's revised inflation forecasts.** The RBI left its repo rate unchanged at 6.25% but took a step to inject some liquidity at its latest meeting. The RBI presently forecasts inflation to rise to an average 4.5% y/y in 2017H1 and 5% over the remainder of the year which would bring inflation above the 4% mid-point of the 2-6% target range. In warning of inflation risk, Governor Patel stated: "The MPC saw the path of inflation in 2017-18 as challenged by upside risks and unfavourable base effects towards the second half of the year. Accordingly, inflation developments have to be closely and continually monitored with food price pressures kept in check so that inflation expectations can be reanchored."

**The Bank of Korea is expected to leave its 7-day repo rate unchanged** at 1¼% next Thursday. Governor Lee Ju-yeol has among the bigger challenges across global central bankers when it comes to assessing political risk and its influences upon price stability and growth. The central bank is focused upon high household debt and the potentially negative spillover effects of higher global bond yields since last summer, but it also has domestic and external political risks to consider. These include the impeachment and arrest of former President Park and the implications for domestic confidence, escalating tensions on the Korean peninsula, spillover effects of trade tensions between the US and China, and the potential spillover effects of other new policies that may be pursued by the new US administration.

China also releases figures for aggregate financing, trade, and foreign direct investment. Miscellaneous releases will include exports from India and Philippines, as well as Indian and Malaysian industrial output.

Chart 5



## Feature Article

### Bank of Canada Preview — Downside Risks Persist

Next Wednesday's Bank of Canada announcements will include the statement that hits the wires at 10amET and a full forecast update contained within the April edition of the Monetary Policy Report followed by a press conference at about 11:15amET.

Neither we nor markets expect a rate change at this meeting. **The risk leans toward a clearer dovish bias relative to the one-in-four market odds of a rate hike by year-end that is likely highly premature.** Governor Poloz will come armed with plenty of fresh reasoning for a dovish bias and I wouldn't be surprised to hear him repeat that cut risk remains on the table to counter downside risks.

There is fresh evidence of what he has termed the "serial disappointment" surrounding the role of net exports in driving domestic growth (chart 1). Export volumes were up by about 2½% q/q in Q4 of last year and they are tracking a full reversal of that gain in Q1. Net trade is tracking a multi-percentage point drag on GDP growth in Q1, particularly thanks to the full reversal of an import distortion to growth in Q4. The BoC has long desired less reliance upon households to drive growth and that still isn't happening.

A key argument why the BoC can diverge from the Federal Reserve on rate actions (and they've done so before under different circumstances) is that Canada's household cycle is far more mature than in the US and hence so is about two-thirds of the economy given the weight on consumption and housing in GDP. The home ownership rate is far higher in Canada and at cycle highs, the debt service burden is much more strained, the debt-to-income ratio is at a record high and so are house prices. Hiking at a mature point in the household sector risks rolling it over with little else to drive growth.

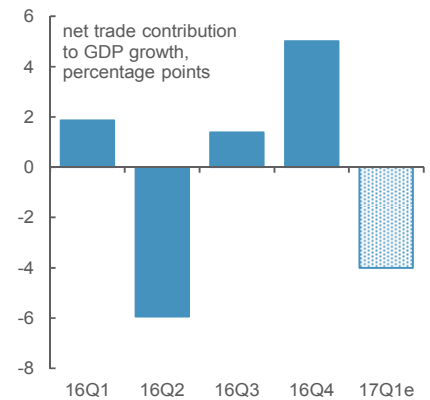
Complementing this fuller cycle view is the still-accommodative nature of the BoC's operational framework for assessing the monetary policy framework. Using our latest forecasts for actual GDP growth and the BoC's forecasts for potential GDP growth, we still forecast the traditional output gap measure closing around mid-2018 as the BoC guided in the January MPR, while the newer measure of slack likely won't close until decade's end (chart 2). Persistent slack makes it challenging to reverse the declining trend in the BoC's three new(er) core inflation measures (chart 3). The BoC does not forecast these new core CPI measures, but it is likely to stand by its earlier forecast for headline inflation to hover around 2% next year and match the inflation target. The BoC is unlikely to foresee the economy slipping into material excess aggregate demand that would put upward pressure on its inflation target at any point during its forecast horizon.

It seems almost trivial in this fuller cycle sense to emphasize the latest data wiggles—even as said data has been highly mixed. For instance, job growth has been strong, but wage growth is barely over 1% y/y and therefore real wages are falling while hours worked have been weak. Consumption growth is solid but likely temporarily boosted by factors like a large jump in child benefit payments, but investment imploded over 2016H2 and the weakness in exports has already been noted. The latest Business Outlook Survey hinted at little evidence of capacity pressures, stable inflation expectations and strong investment intentions. Translating intentions into actual investment will take time and involves uncertainty, and while an investment recovery is a missing ingredient to more balanced growth, it would nevertheless potentially expand productivity capacity in disinflationary fashion. On both a fair and balanced reading of recent data and a longer cyclical perspective, the BoC can afford to be dovish next week.

#### CONTACTS

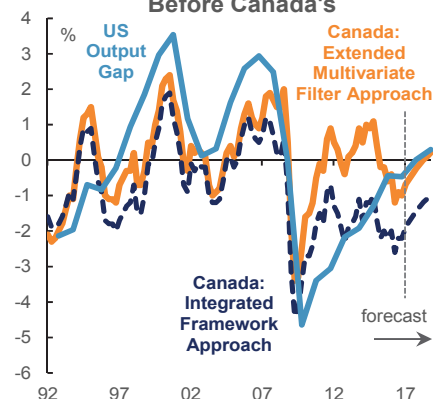
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Chart 1 Serial Frustration Continues



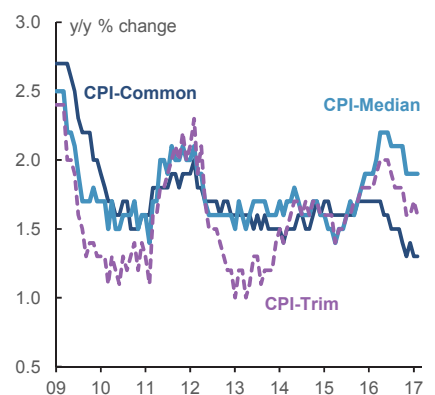
Sources: Scotiabank Economics, Statistics Canada.

Chart 2 US Spare Capacity Gone Before Canada's



Sources: Scotiabank Economics, Bank of Canada, IMF.

Chart 3 Falling Canadian Core Inflation



Sources: Scotiabank Economics, Statistics Canada.

## Key Indicators for the week of April 10 – 14

### NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	04/10	08:15	Housing Starts (000s a.r.)	Mar	--	--	210.2
MX	04/11	09:00	Industrial Production (m/m)	Feb	--	--	0.1
MX	04/11	09:00	Industrial Production (y/y)	Feb	-2.7	--	-0.1
US	04/11	10:00	JOLTS Job Openings (000s)	Feb	--	--	5626.0
US	04/12	07:00	MBA Mortgage Applications (w/w)	APR 7	--	--	-1.6
CA	04/12	08:30	Teranet - National Bank HPI (y/y)	Mar	--	--	13.4
US	04/12	08:30	Export Prices (m/m)	Mar	--	-0.2	0.2
US	04/12	08:30	Import Prices (m/m)	Mar	--	-0.2	0.2
CA	04/12	10:00	<b>BoC Interest Rate Announcement (%)</b>	<b>Apr 12</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>
US	04/12	14:00	Treasury Budget (US\$ bn)	Mar	--	--	-192.0
CA	04/13	08:30	Manufacturing Shipments (m/m)	Feb	-0.5	--	0.6
CA	04/13	08:30	New Housing Price Index (m/m)	Feb	--	--	0.1
US	04/13	08:30	Initial Jobless Claims (000s)	APR 8	245	250	234
US	04/13	08:30	Continuing Claims (000s)	APR 1	2035	2030	2028
US	04/13	08:30	PPI (m/m)	Mar	--	0.0	0.3
US	04/13	08:30	PPI ex. Food & Energy (m/m)	Mar	--	0.2	0.3
US	04/13	10:00	U. of Michigan Consumer Sentiment	Apr P	96.5	97.2	96.9
US	04/14	08:30	CPI (m/m)	Mar	0.0	0.0	0.1
US	04/14	08:30	CPI (y/y)	Mar	2.6	2.6	2.7
US	04/14	08:30	CPI (index)	Mar	--	--	243.6
US	04/14	08:30	CPI ex. Food & Energy (m/m)	Mar	0.2	0.2	0.2
US	04/14	08:30	CPI ex. Food & Energy (y/y)	Mar	2.3	2.3	2.2
US	04/14	08:30	Retail Sales (m/m)	Mar	-0.2	0.1	0.1
US	04/14	08:30	Retail Sales ex. Autos (m/m)	Mar	0.0	0.3	0.2
US	04/14	10:00	Business Inventories (m/m)	Feb	--	0.3	0.3

### EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
IT	04/10	04:00	Industrial Production (m/m)	Feb	--	--	-2.3
UK	04/11	04:30	CPI (m/m)	Mar	--	--	0.7
UK	04/11	04:30	CPI (y/y)	Mar	--	--	2.3
UK	04/11	04:30	PPI Input (m/m)	Mar	--	--	-0.4
UK	04/11	04:30	PPI Output (m/m)	Mar	--	--	0.2
UK	04/11	04:30	RPI (m/m)	Mar	--	--	1.1
UK	04/11	04:30	RPI (y/y)	Mar	--	--	3.2
EC	04/11	05:00	Industrial Production (m/m)	Feb	--	--	0.9
EC	04/11	05:00	Industrial Production (y/y)	Feb	--	--	0.6
EC	04/11	05:00	ZEW Survey (Economic Sentiment)	Apr	--	--	25.6
GE	04/11	05:00	ZEW Survey (Current Situation)	Apr	--	--	77.3
GE	04/11	05:00	ZEW Survey (Economic Sentiment)	Apr	--	--	12.8
SP	04/12	03:00	CPI (m/m)	Mar F	--	--	0.0
SP	04/12	03:00	CPI (y/y)	Mar F	--	--	2.3
SP	04/12	03:00	CPI - EU Harmonized (m/m)	Mar F	--	--	1.1
SP	04/12	03:00	CPI - EU Harmonized (y/y)	Mar F	--	--	2.1
UK	04/12	04:30	Average Weekly Earnings (3-month, y/y)	Feb	--	--	2.2
UK	04/12	04:30	Employment Change (3M/3M, 000s)	Feb	--	--	92.0
UK	04/12	04:30	Jobless Claims Change (000s)	Mar	--	--	-11.3
UK	04/12	04:30	ILO Unemployment Rate (%)	Feb	--	--	4.7
GE	04/13	02:00	CPI (m/m)	Mar F	--	--	0.2
GE	04/13	02:00	CPI (y/y)	Mar F	--	--	1.6
GE	04/13	02:00	CPI - EU Harmonized (m/m)	Mar F	--	--	0.1
GE	04/13	02:00	CPI - EU Harmonized (y/y)	Mar F	--	--	1.5
FR	04/13	02:45	CPI (m/m)	Mar F	--	--	0.6
FR	04/13	02:45	CPI (y/y)	Mar F	--	--	1.1
FR	04/13	02:45	CPI - EU Harmonized (m/m)	Mar F	--	--	0.7
FR	04/13	02:45	CPI - EU Harmonized (y/y)	Mar F	--	--	1.4
IT	04/13	04:00	CPI - EU Harmonized (y/y)	Mar F	--	--	1.3

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

**Key Indicators for the week of April 10 – 14**
**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>
JN	04/09	19:50	Current Account (¥ bn)	Feb	--	2528.3	65.5
JN	04/09	19:50	Trade Balance - BOP Basis (¥ bn)	Feb	--	993.2	-853.4
AU	04/09	21:30	Home Loans (%)	Feb	--	0.4	0.5
AU	04/09	21:30	Investment Lending (% change)	Feb	--	--	4.2
TA	04/10	04:00	Exports (y/y)	Mar	--	15.4	27.7
TA	04/10	04:00	Imports (y/y)	Mar	--	22.4	42.1
TA	04/10	04:00	Trade Balance (US\$ bn)	Mar	--	3.9	3.4
PH	04/10	21:00	Exports (y/y)	Feb	--	--	22.5
PH	04/10	21:00	Imports (y/y)	Feb	--	--	9.1
PH	04/10	21:00	Trade Balance (US\$ mn)	Feb	--	--	-2314.0
CH	04/10		Aggregate Financing (CNY bn)	Mar	--	1500	1148
CH	04/10		New Yuan Loans (bn)	Mar	--	1200	1170
IN	04/10		Exports (y/y)	Mar	--	--	17.5
IN	04/10		Imports (y/y)	Mar	--	--	21.8
MA	04/11	00:00	Industrial Production (y/y)	Feb	--	7.0	3.5
JN	04/11	02:00	Machine Tool Orders (y/y)	Mar P	--	--	9.1
SK	04/11	19:00	Unemployment Rate (%)	Mar	4.0	--	4.0
JN	04/11	19:50	Bank Lending (y/y)	Mar	--	--	2.8
JN	04/11	19:50	Machine Orders (m/m)	Feb	--	4.0	-3.2
CH	04/11	21:30	CPI (y/y)	Mar	1.3	1.0	0.8
CH	04/11	21:30	PPI (y/y)	Mar	--	7.4	7.8
SI	04/12	01:00	Retail Sales (y/y)	Feb	--	--	2.0
IN	04/12	08:00	CPI (y/y)	Mar	4.0	--	3.7
IN	04/12	08:00	Industrial Production (y/y)	Feb	--	--	2.7
NZ	04/12	18:30	Business NZ PMI	Mar	--	--	55.2
JN	04/12	19:50	Japan Money Stock M2 (y/y)	Mar	--	4.2	4.2
JN	04/12	19:50	Japan Money Stock M3 (y/y)	Mar	--	3.7	3.6
AU	04/12	21:30	Employment (000s)	Mar	--	19.0	-6.4
AU	04/12	21:30	Unemployment Rate (%)	Mar	5.8	5.9	5.9
CH	04/13		Exports (y/y)	Mar	--	4.0	-1.3
CH	04/13		Imports (y/y)	Mar	--	17.0	38.1
CH	04/13		Trade Balance (USD bn)	Mar	--	11.0	-9.2
SK	04/13		<b>BoK Base Rate (%)</b>	<b>Apr 13</b>	<b>1.25</b>	<b>--</b>	<b>1.25</b>
JN	04/14	00:30	Capacity Utilization (m/m)	Feb	--	--	0.1
JN	04/14	00:30	Industrial Production (y/y)	Feb F	4.8	--	4.8

**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	04/12	08:00	Retail Sales (m/m)	Feb	--	--	-0.7
BZ	04/12	08:00	Retail Sales (y/y)	Feb	--	--	-7.0
BZ	04/12		<b>SELIC Target Rate (%)</b>	<b>Apr 12</b>	<b>11.25</b>	<b>11.25</b>	<b>12.25</b>
CL	04/13	17:00	<b>Nominal Overnight Rate Target (%)</b>	<b>Apr 13</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>
BZ	04/14	07:30	Economic Activity Index SA (m/m)	Feb	--	--	-0.3
BZ	04/14	07:30	Economic Activity Index NSA (y/y)	Feb	--	--	-0.8



## Global Auctions for the week of April 10 – 14

### NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	04/10	13:00	U.S. to Sell 3-Year Notes
US	04/11	13:00	U.S. to Sell 10-Year Notes Reopening
US	04/12	13:00	U.S. to Sell 30-Year Bonds Reopening

### EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	04/11	05:30	ECB Main Refinancing Operation Result
NE	04/11	05:30	Netherlands to Sell 2.5% 2033 Bonds
IT	04/12	05:00	Italy to Sell Bonds
IR	04/12	05:10	Ireland Bond Auction
SZ	04/12	05:15	Switzerland to Sell Bonds
GE	04/12	05:30	Germany to Sell EUR3 Bln 0.25% 2027 Bonds
UK	04/12	05:30	U.K. to Sell GBP1.5 Bln 2.5% 2065 Bonds
IR	04/12	05:30	Ireland to Sell Bonds
GE	04/12	05:35	10Y Note Allotment

### ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CH	04/09	23:00	China Plans to Sell Saving Bonds
AU	04/10	21:00	Australia Plans to Sell I/L Bonds
JN	04/10	23:45	Japan to Sell CPI Linked 10-Year Bonds
CH	04/11	23:00	China Plans to Sell 5-Year Government Bonds
NZ	04/12	22:05	New Zealand Plans to Sell NZD100 Mln 2.5% 2035 I/L Bonds
JN	04/12	23:45	Japan to Sell 30-Year Bonds

### LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
MX	04/10	12:30	10Y Fixed Yield
BZ	04/13	11:00	Brazil to Sell Fixed Rate Bonds

## Events for the week of April 10 – 14

### NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	04/09	11:05	Fed's Bullard Speaks in Australia
US	04/10	16:00	Fed's Yellen Speaks at University of Michigan
US	04/11	13:45	Fed's Kashkari Participates in Q&A in Minneapolis
CA	04/12	10:00	<b>Bank of Canada Rate Decision</b>
CA	04/12	10:00	Bank of Canada Releases April Monetary Policy Report
MX	04/12	10:00	Central Bank Monetary Policy Minutes
CA	04/12	11:15	BOC's Poloz and Wilkins Hold Press Conference in Ottawa

### EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	APR 7-8		EU/Euro-Area Finance Ministers Meet in Valletta, Malta
EC	04/08	02:30	ECB Executive Board member Mersch speaks in Cernobbio, Italy
SW	04/08	08:00	Swedish Prime Minister Gives Speech
IT	APR 9-11		G7 Energy Minister Meet in Italy
SW	04/10	02:30	Swedish Finance Minister Gives Speech
IT	04/11	05:00	Bank of Italy Publishes Monthly Report 'Money and Banks'
GE	04/11	08:00	IMF's Lagarde, Dombret Speak at Business School in Berlin
SW	04/12	07:00	Swedish Prime Minister Gives Speech
PO	04/13	10:00	Portuguese Prime Minister Speaks at Debate in Parliament

### ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	04/09	20:00	BOJ Kuroda speaks at BOJ's Branch managers' meeting
SK	04/12	00:00	<b>BoK 7-Day Repo Rate</b>

### LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BZ	04/12		<b>Selic Rate</b>
CL	04/13	17:00	<b>Overnight Rate Target</b>

## Global Central Bank Watch

### NORTH AMERICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Canada – Overnight Target Rate	0.50	April 12, 2017	0.50	0.50
Federal Reserve – Federal Funds Target Rate	1.00	May 3, 2017	1.00	1.00
Banco de México – Overnight Rate	6.50	May 18, 2017	6.75	--

**Bank of Canada:** We expect no policy rate change to be accompanied by a dovish bias that may include repeat references to downside risks and how a rate cut remains an option contingent upon how such risks evolve. Please see page 6 for a fuller preview.

### 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	April 27, 2017	0.00	--
Bank of England – Bank Rate	0.25	May 11, 2017	0.25	--
Swiss National Bank – Libor Target Rate	-0.75	June 15, 2017	-0.75	--
Central Bank of Russia – One-Week Auction Rate	9.75	April 28, 2017	9.75	9.50
Sweden Riksbank – Repo Rate	-0.50	April 27, 2017	-0.50	--
Norges Bank – Deposit Rate	0.50	May 4, 2017	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	April 27, 2017	-0.10	--
Reserve Bank of Australia – Cash Target Rate	1.50	May 2, 2017	1.50	1.50
Reserve Bank of New Zealand – Cash Rate	1.75	May 10, 2017	1.75	1.75
People's Bank of China – Lending Rate	4.35	TBA	--	--
Reserve Bank of India – Repo Rate	6.25	June 7, 2017	6.25	--
Bank of Korea – Bank Rate	1.25	April 13, 2017	1.25	--
Bank of Thailand – Repo Rate	1.50	May 24, 2017	1.50	1.50
Bank Indonesia – 7-Day Reverse Repo Rate	4.75	April 20, 2017	4.75	--

**The Bank of Korea:** South Korea's central bank (BoK) will hold a monetary policy meeting on April 13th. We expect the BoK to leave the benchmark interest rate unchanged at 1.25% as monetary authorities will continue to focus on promoting financial stability. The most recent rate cut took place in June 2016.

### 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	12.25	April 12, 2017	11.25	11.25
Banco Central de Chile – Overnight Rate	3.00	April 13, 2017	3.00	3.00
Banco de la República de Colombia – Lending Rate	7.00	April 28, 2017	7.00	--
Banco Central de Reserva del Perú – Reference Rate	4.25	May 11, 2017	4.00	--

**Banco Central do Brasil:** Consensus expects an accelerated pace of rate cuts given rapidly falling inflation and falling inflation expectations.

**Banco Central de Chile:** The central bank is expected to remain on hold but with cut risk given below-target but stabilizing inflation coupled with a transitory growth shock due to a strike at the world's largest copper mine.

### 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	May 25, 2017	7.00	--

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