

HAVE BoC BETS GONE TOO FAR TOO SOON?

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FORECASTS & DATA

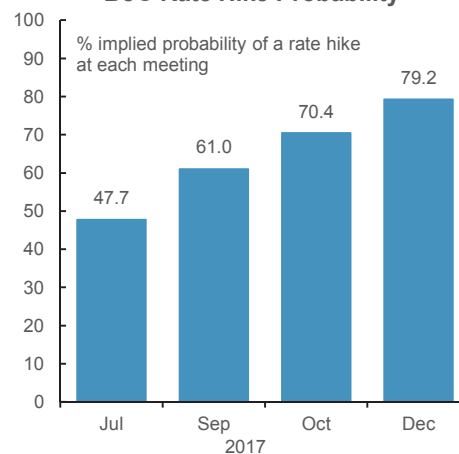
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Next Week's Risk Dashboard

- ▶ CDN CPI
- ▶ Fed-speak
- ▶ CDN retail sales
- ▶ CBs: Banxico, RBNZ, Philippines, Norges Bank
- ▶ Eurozone PMIs
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- ▶ Chinese property prices
- ▶ Brazil's CB inflation report
- ▶ US home sales
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- ▶ Argentina's Q1 GDP

Chart of the Week
BoC Rate Hike Probability


Sources: Scotiabank Economics, Bloomberg.

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

Have BoC Bets Gone Too Far Too Soon?

CANADA — INFLATION FALLING, BoC RISING?

The ink is barely dry on the Bank of Canada's more hawkish bias shift and, lo and behold, next week's data could well be of the somewhat more dovish variety. Thursday's retail sales and Friday's more important CPI updates will significantly inform two key issues overhanging the forecast: is inflation still falling, and does the consumer remain resilient following recent strengths? The answers are looking like probably and probably not, respectively.

The BoC made it fairly clear it isn't so much obsessed with nearer term data as it is with lagging influences of closing spare capacity on inflation readings with classic +/- 1 year lagged effects of monetary policy adjustments. Therefore next week's data may impact the market's assessment of near-term risks to the BoC's sudden hawkishness compared to the sharp changes of late in short-term market pricing in CAD and rates, but it shouldn't impact the BoC's policy bias. In other words, I wouldn't be the least surprised to see CAD come out of the week softer and short-term rates lower in a partial reversal of the past week's market moves. Along with that, the recent run-up in OIS market probabilities for a hike in July that have neared a 50–50 coin toss may well be scaled back.

Friday's CPI update will be for May which happened to be a soft month for gasoline prices. There are two effects in operation in that sense. One is that average retail gasoline prices fell by almost 4% m/m in May over April. Two is that year-ago base effects are changing rapidly as we're no longer comparing gas prices today to quite the same past depths. Gasoline prices hit a low of about 88 cents per litre on average nationwide for regular unleaded in February of 2016. By April 2016 they had climbed back over \$1/litre on the way to around \$1.10 in June by which point the soft patch had reversed. Those two effects of month-ago weakness and shifting year-ago base effects have driven the year-ago rate of increase in gasoline prices from the 20%+ pace back in January and February and even around 15% y/y in March rapidly down to next to nothing now (chart 1). The impact upon May's month-ago headline inflation rate is likely to shave around 0.2 points off of CPI and in year-ago terms it should shave about 0.3 points off headline CPI. Between April and the next report for June in July, the deceleration in gas prices will shave almost a half percentage point off of headline year-ago CPI inflation given a gasoline weight of about 3½% in CPI. Offsetting this next week is likely to be the fact that May is usually a seasonal up-month for unadjusted prices and so I net that all out to a flat month-ago print for CPI and the year-ago rate dropping down to 1.3% and quite possibly lower.

It's what lurks beneath that will matter the most in CPI, mind you. And on that, the issue is whether the declines in core CPI measures are continuing in May data (chart 2).

Thursday's retail sales estimate is for the month of April. **A decline in volumes of new cars and trucks sold combined with a high jumping off point from the prior month are expected to weigh on the headline dollar value of total retail sales** more than the modest upside from gasoline prices that were higher in May over April.

a) April was a very different month for gasoline prices than was the case in May and so far in June. Gas prices jumped by about 7% m/m on average in April over March and so this effect should support headline sales. Gasoline stations represent about 10% of total retail sales but difficulty in pre-estimating *volumes* of gasoline sold as well as ancillary products and services that gas stations sell makes a literal translation from gas prices to gas station sales a tad dicey.

Chart 1

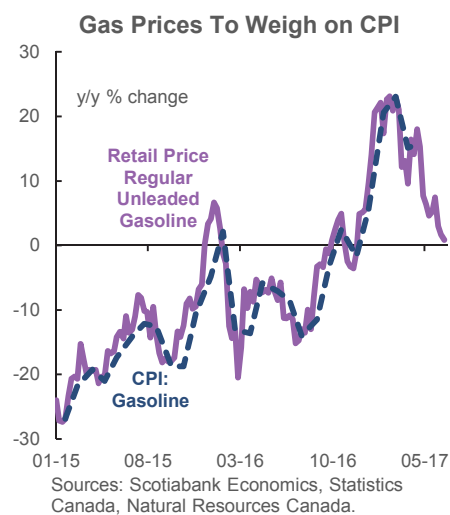
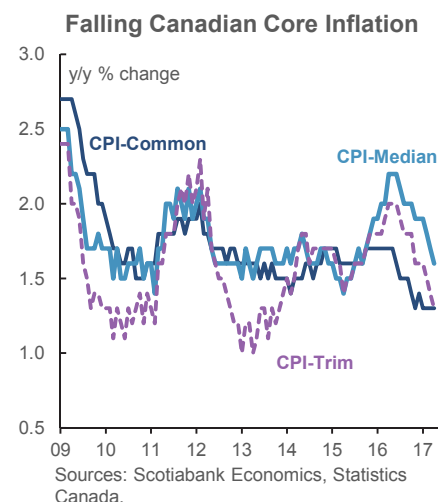


Chart 2



b) More important, however, may be that the seasonally adjusted volume of new car and truck sales fell by about 8% m/m in April. The value of sales at new car dealers gets about a 22% weight in total retail sales and so a decline in volumes of new vehicles sold will be a significant downside risk albeit one that also depends upon average prices and incentives.

c) A high jumping-off point following a large 1.2% m/m rise in retail sales volumes in March also poses downside risk to April's volumes. Also note that drivers for retail sales ex-autos and gas stations are yet more difficult to evaluate, but growth in that definition of sales might be easier to come by given a weak jumping-off point from March when core sales fell.

In all, this report could be a headwind for monthly GDP. So far, positive growth drivers in April include a decent gain in hours worked following a large prior gain and a solid 0.5% m/m rise in manufacturing shipment volumes that was connected with a strong gain in export volumes. Housing starts fell sharply (-15% m/m) and unwound the prior month's rise and wholesale trade will also be updated on Tuesday. After retail I'll update a monthly GDP tracking model ahead of the June 30th GDP report for April.

Canada auctions 10 year notes on Wednesday.

UNITED STATES — THE FED HAS MORE EXPLAINING TO DO

Fed-speak may dominate domestic drivers of US market action next week. The market focus these days is on waning inflation and the debate over how transitory the recent weakening may prove to be. In that context, the week's data focus upon housing probably won't matter one iota.

Fed speak will come from close to the very top of the house. NY Fed President Bill Dudley (always voting) kicks it off on Monday when he hosts a roundtable in New York (8amET). Chicago Fed President Charles Evans (voting 2017) will follow that evening when he speaks on current conditions and monetary policy. Vice Chair Stanley Fischer (always voting) speaks in the wee hours of the morning on Tuesday from Amsterdam and followed by Boston Fed President Eric Rosengren (nonvoting 2017) the same morning and Dallas Fed President Rob Kaplan (voting 2017) that afternoon. Cleveland Fed President Loretta Mester (alternate 2017) and St. Louis Fed President Jim Bullard (nonvoting 2017) get the last words on Friday.

What markets still need to hear from the Fed is a lot more colour on why they are so prepared to dismiss the recent softening in core inflation. While she did acknowledge "weakness in a number of categories", Chair Yellen cited one-offs like mobile phone service package pricing that has been falling for years but plummeting over

Chart 3

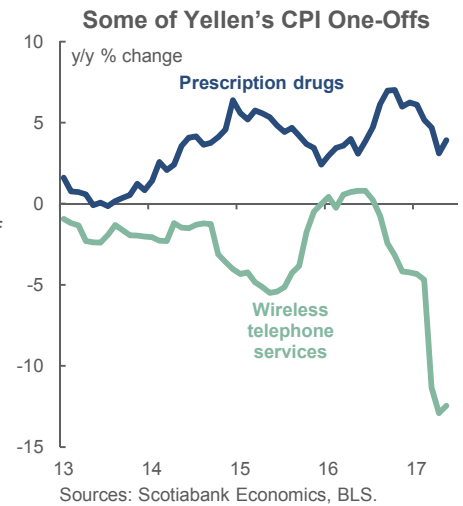


Chart 4

US Core CPI Is About Much More Than Phones And Drugs



the past year, as well as drug prices as specific examples of temporary considerations (chart 3). It's correct to cite one-offs and flag other factors, but a) it's not clear that these "one-offs" are about to go away anytime soon, in particular the multi-year declines in wireless service prices, and b) the one-offs seemed to almost fully carry the day in her view that core inflation was weak for transitory reasons hence motivating little change in policy guidance. **As chart 4 depicts, there is considerable breadth to the recent softening in core CPI with some of the upsides as potentially transitory as the downsides and most of the basket doing little indeed by way of contributing to core CPI pressures in either direction.** This may be due to the lagged effects of prior USD strength (having weakened back to election levels now) and the lagged effects of prior spare capacity, but it would be prudent to more directly flag the softening inflation data. **After all, if it's fully explained by such lagged effects of already known drivers stretching back to last year, then why didn't the Fed anticipate the softening inflation trends?**

For the faithful data scorekeepers, **existing home sales** for May (Wednesday) and **new home sales** for the same month (Friday) are about the only sources of data risk modestly complemented by **Markit's purchasing managers' indices** for June on Friday. Markit's measures have a checkered track record when it comes to mapping onto the more widely followed ISM readings and usually don't get the same play. New home sales should ratchet higher following a large 11% m/m drop in April, and resales are likely to be little changed with slight upside risk. Also note that the week ends with Moody's US sovereign debt rating on Friday.

LATIN AMERICA — CARSTENS' SWAN SONG

Will Mexico's central bank hike again next Thursday? Our Mexican economists think it take a pass and hold at 6.75%. Others cite ongoing increases in CPI inflation with the May reading hitting 6.2% y/y as justification for calling for another hike next week (chart 5). Guidance from outgoing Governor Carstens—who moves to the Bank for International Settlements in July—leans in favour of coming toward the end of the hiking cycle by indicating an expected softening of inflation pressures over 2017H2 and falling to the 3% +/-1% target zone by the end of 2018.

Other developments across Latin American markets will be focused upon data risk. **Mexican retail sales** for April will be a test of the durability to the weakening trend that has been in place as three of the past four months have seen declines. **Argentina releases Q1 GDP** on Wednesday and is already two quarters removed from the end of its recession. **Banco Central do Brazil issues the Q2 inflation report** on Thursday and guidance will inform expectations following a massive downdraft in inflationary pressures from a peak of 10.7% y/y in January 2016 to 3.6% in the latest print for May.

ASIA — ARE CHINESE PROPERTY MARKETS COOLING?

Chinese property markets and a pair of regional central banks will be the main focal points over the coming week.

Chinese property prices will be updated for May on Monday. **Evidence of cooling in response to ongoing tightening of macroprudential measures has been scant so far** measured either in terms of the year-ago pace of price changes (chart 6) or the balance of cities registering price changes from month to month. On the latter, recall that the figures are not seasonally adjusted and so, once again, beware of potential media headlines that don't consider seasonality.

No policy rate change is expected from the RBNZ toward the end of next week. CPI inflation of 2.2% y/y in Q1 is in the middle of the central bank's 2% +/-1% policy target range but it has been rising fairly rapidly from 0.4% y/y in 2016Q3 and from a trough of 0.1% in 2015Q4. The central bank has already signalled that it believes inflation to have crested. Bloomberg consensus agrees but expects inflation to drift only slightly lower toward 1.8% y/y at year-end.

Chart 5

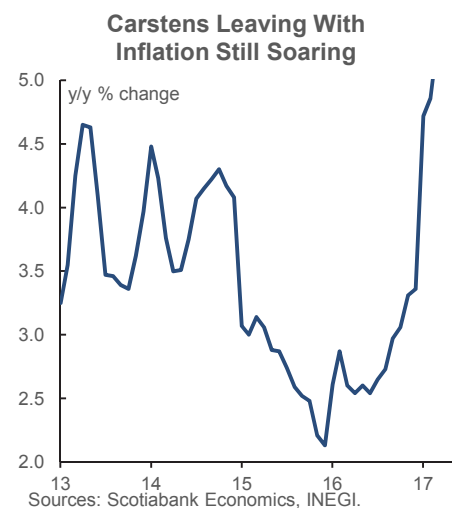
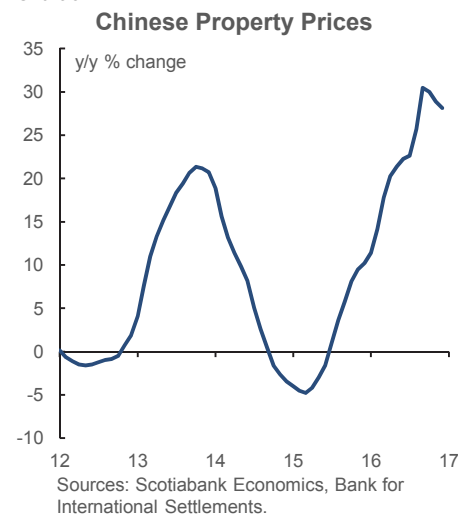


Chart 6



Bangko Sentral ng Pilipinas is not expected to alter its monetary policy stance next Thursday morning eastern time. The central bank expects inflation—that fell back again to 3.1% y/y in May from a recent peak of 3.4%—to average 3.4% y/y in 2017 and 3% in 2018 which is comfortably within the 3% +/-1% inflation target range.

Other developments will include minutes to the BoJ meeting back on April 26th–27th that will be stale following the latest meeting, and minutes to the RBA’s meeting on June 6th, as well as Japanese exports (Monday), and Malaysian CPI (Wednesday).

EUROPE — WHAT DOES CARNEY THINK?

Eurozone purchasing managers’ indices and deferred comments by BoE Governor Mark Carney may be the main focal points in European markets over the coming week. The end of the week may spark a unified message of European trade and environmental policy priorities by contrast to the Trump administration.

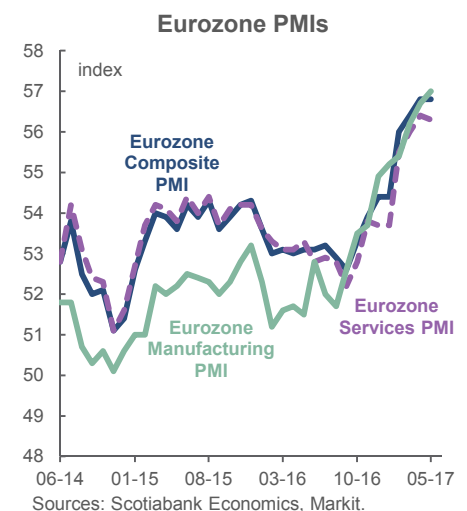
Eurozone purchasing managers’ indices will be updated with June readings next Friday. They’ve been expected to soften for some time now but continue to rise to multi-year highs (chart 7). It’s the combined strength in manufacturing and the larger services sector that makes the pick-up particularly impressive. Having said that, little of this rise in PMIs has translated into material GDP upsides thus far. Q1 GDP climbed by 0.6% q/q which was only a modest acceleration from 0.5% the quarter before and 0.4% before that.

After Bank of England Governor Mark Carney cancelled his annual Mansion House speech this past Thursday, we’ll be watching for when it may be rescheduled with the only guidance given thus far being that this will be done “in due course.” Carney’s speech was cancelled to honour the Grenfell Tower victims. It also perhaps gives him more time to follow up the tighter-than-expected vote that had three members of the Monetary Policy Committee voting to raise rates now in a narrow 5–3 outcome. Carney will be watched for his guidance on the extent to which the BoE thinks inflation will rise further and the extent to which the BoE is willing to look through it as a transitory development in the face of risks facing the consumer and Brexit negotiations.

Norges Bank delivers a policy decision next Thursday. No rate change is expected alongside a similar bias to a month ago when the central bank guided that it would “stick to the plan” in being past the worst of the commodities crisis and would look through recently softer inflation data. CPI was 2.1% y/y in May and slightly beneath the 2.5% inflation target.

The week ends with another EU Leaders Summit on Thursday and Friday. A draft of the joint statement was reported by Reuters and flagged an emphasis upon security and defense, anti-protectionist warnings, and support for continuing the fight against climate change in a rather focused rebuttal to the US administration’s agenda while attempting to demonstrate European unity.

Chart 7



Key Indicators for the week of June 19 – 23

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	06/20	08:30	Wholesale Trade (m/m)	Apr	--	--	0.9
US	06/20	08:30	Current Account (US\$ bn)	1Q	--	-123.1	-112.4
US	06/21	07:00	MBA Mortgage Applications (w/w)	JUN 16	--	--	2.8
US	06/21	10:00	Existing Home Sales (mn a.r.)	May	5.5	5.5	5.6
US	06/21	10:00	Existing Home Sales (m/m)	May	-1.3	-0.7	-2.3
CA	06/22	08:30	Retail Sales (m/m)	Apr	0.0	--	0.7
CA	06/22	08:30	Retail Sales ex. Autos (m/m)	Apr	0.2	--	-0.2
US	06/22	08:30	Initial Jobless Claims (000s)	JUN 17	245	240	237
US	06/22	08:30	Continuing Claims (000s)	JUN 10	1950	--	1935
MX	06/22	09:00	Bi-Weekly Core CPI (% change)	Jun 15	0.0	0.2	0.2
MX	06/22	09:00	Bi-Weekly CPI (% change)	Jun 15	0.2	0.1	0.2
US	06/22	10:00	Leading Indicators (m/m)	May	--	0.4	0.3
MX	06/22	14:00	Overnight Rate (%)	Jun 22	6.75	7.00	6.75
CA	06/23	08:30	Core CPI - Common (y/y)	May	--	--	1.3
CA	06/23	08:30	Core CPI - Median (y/y)	May	--	--	1.6
CA	06/23	08:30	Core CPI - Trim (y/y)	May	--	--	1.3
CA	06/23	08:30	CPI, All items (m/m)	May	0.1	--	0.4
CA	06/23	08:30	CPI, All items (y/y)	May	1.3	--	1.6
CA	06/23	08:30	CPI, All items (index)	May	--	--	130.4
MX	06/23	09:00	Retail Sales (INEGI) (y/y)	Apr	4.8	--	6.1
US	06/23	10:00	New Home Sales (000s a.r.)	May	610	600	569

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
GE	06/20	02:00	Producer Prices (m/m)	May	--	-0.1	0.4
EC	06/20	04:00	Current Account (€ bn)	Apr	--	--	34.1
IT	06/20	04:00	Current Account (€ mn)	Apr	--	--	3121.4
UK	06/21	04:30	PSNB ex. Interventions (£ bn)	May	--	7.5	10.4
UK	06/21	04:30	Public Finances (PSNCR) (£ bn)	May	--	--	-15.2
UK	06/21	04:30	Public Sector Net Borrowing (£ bn)	May	--	7.2	9.6
NO	06/22	04:00	Norwegian Deposit Rates (%)	Jun 22	--	0.50	0.50
EC	06/22	10:00	Consumer Confidence	Jun A	--	-3.0	-3.3
FR	06/23	02:45	GDP (q/q)	1Q F	--	0.4	0.4
FR	06/23	03:00	Manufacturing PMI	Jun P	--	54.0	53.8
FR	06/23	03:00	Services PMI	Jun P	--	57.0	57.2
GE	06/23	03:30	Manufacturing PMI	Jun P	--	59.0	59.5
GE	06/23	03:30	Services PMI	Jun P	--	55.4	55.4
EC	06/23	04:00	Composite PMI	Jun P	--	56.6	56.8
EC	06/23	04:00	Manufacturing PMI	Jun P	--	56.7	57.0
EC	06/23	04:00	Services PMI	Jun P	--	56.1	56.3

Key Indicators for the week of June 19 – 23

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>
SK	06/18	17:00	PPI (y/y)	May	--	--	4.0
JN	06/18	19:50	Merchandise Trade Balance (¥ bn)	May	--	43.3	481.1
JN	06/18	19:50	Adjusted Merchandise Trade Balance (¥ bn)	May	--	345.5	97.6
JN	06/18	19:50	Merchandise Trade Exports (y/y)	May	--	16.0	7.5
JN	06/18	19:50	Merchandise Trade Imports (y/y)	May	--	14.5	15.2
AU	06/18	21:30	New Motor Vehicle Sales (m/m)	May	--	--	0.3
NZ	06/19	21:00	ANZ Consumer Confidence Index	Jun	--	--	123.9
AU	06/19	21:30	House Price Index (y/y)	1Q	--	8.9	7.7
HK	JUN 18-19		Composite Interest Rate (%)	May	--	--	0.32
PH	JUN 18-19		Balance of Payments (US\$ mn)	May	--	--	917.0
PH	JUN 18-30		Budget Deficit/Surplus (PHP bn)	May	--	--	52.8
TA	06/20	04:00	Export Orders (y/y)	May	--	7.6	7.4
HK	06/20	04:30	CPI (y/y)	May	2.1	2.2	2.0
HK	06/20	04:30	Unemployment Rate (%)	May	3.2	--	3.2
JN	JUN 19-26		Supermarket Sales (y/y)	May	--	--	0.6
MA	06/21	00:00	CPI (y/y)	May	4.4	4.1	4.4
JN	06/21	00:30	All Industry Activity Index (m/m)	Apr	--	1.6	-0.6
JN	06/21	02:00	Machine Tool Orders (y/y)	May F	--	--	24.4
NZ	06/21	17:00	RBNZ Official Cash Rate (%)	Jun 22	1.75	1.75	1.75
TA	06/21	20:30	Unemployment Rate (%)	May	3.8	--	3.8
PH	06/22	04:00	Overnight Borrowing Rate (%)	Jun 22	3.00	3.00	3.00
TA	06/22	04:00	Benchmark Interest Rate	Jun 22	1.375	1.375	1.375
HK	06/22	04:30	BoP Current Account (HK\$ bns)	1Q	--	--	36.8
JN	06/22	20:30	Markit/JMMA Manufacturing PMI	Jun P	--	--	53.1
SI	06/23	01:00	CPI (y/y)	May	--	1.3	0.4
SI	06/23	01:00	Industrial Production (y/y)	May	--	6.8	6.7
TA	06/23	04:00	Industrial Production (y/y)	May	--	1.4	-0.6

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>
CO	06/20	11:00	Trade Balance (US\$ mn)	Apr	--	--	-726.1

Global Auctions for the week of June 19 – 23

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	06/21	12:00	Canada to Sell 10-Year Bonds
US	06/22	13:00	U.S. to Sell 30-Year TIPS Reopening

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BE	06/19	05:30	Belgium to Sell Bonds
GE	06/21	05:30	Germany to Sell EUR1 Bln 2.5% 2044 Bonds
UK	06/22	05:30	U.K. to Sell 1 1/2% 2047 Bonds
IC	06/23	06:30	Iceland to Sell Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CH	06/18	21:30	Qinghai to Sell General Bonds
CH	06/20	02:00	Tianjin to Sell General Bonds
CH	06/20	23:00	China Plans to Sell 7-Year Government Bond
NZ	06/22	22:05	New Zealand Plans to Sell NZD150 Mln 2.75% 2037 Bonds

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CL	06/19	11:00	Chile to Sell BTU.
BZ	06/22	11:00	Brazil to Sell Fixed Rate Bonds

Source: Bloomberg, Scotiabank Economics.

Events for the week of June 19 – 23

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	06/19	08:00	Fed's Dudley Holds Business Roundtable in Plattsburgh, NY
US	06/19	19:00	Fed's Evans Speaks in New York
US	06/20	08:00	Fed's Fischer Speaks in Amsterdam
US	06/20	07:45	Fed's Rosengren to Speak at Macprudential Conference
US	06/20	15:00	Fed's Kaplan Speaks in San Francisco
US	06/22	10:00	Fed's Powell Speaks Before Senate Banking Committee
MX	06/22	14:00	Overnight Rate
US	06/23	11:15	Fed's Bullard Speaks about Monetary Policy in Nashville
US	06/23	12:40	Fed's Mester Speaks in Cleveland
US	06/23		United States Sovereign Debt to be rated by Moody's

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
GE	JUN 16-18		Greens Approve 2017 Election Platform at National Convention
GE	06/17	08:30	Schaeuble Attends Panel Discussion on Germany's Role in Europe
SW	06/18	03:30	Riksbank Minutes from July 3 Meeting
SW	06/19	00:00	Swedish PM Visits Poland, Meets Polish Counterpart
SZ	06/20	02:30	SNB's Jordan Speaks in Bern
PO	06/20	04:00	EU's Katainen Speaks at Conference in Lisbon
PO	06/20	04:30	Bank of Portugal Governor Speaks at Conference in Lisbon
GE	06/20	04:30	Merkel, Schulz Address BDI Industry Group Meeting
SZ	06/20	04:45	SNB's Jordan Speaks in Bern
HU	06/20	08:00	Central Bank Rate Decision
GE	06/20	14:00	Schaeuble Receives Prize at American Academy in Berlin
SW	06/20	00:00	Riksbank's Ingves, Skingsley at Amsterdam Conference
EC	06/21	02:30	Estonia's Tael Speaks on EU Presidency Priorities in Brussels
GE	06/21	05:00	Merkel, Kissinger Speak at Marshall Plan Anniversary in Berlin
EC	06/22	04:00	ECB Publishes Economic Bulletin
NO	06/22	04:00	Deposit Rates
EC	06/22	00:00	European Union Leaders Hold Summit in Brussels
GE	06/23	13:30	Schaeuble Attends Panel Discussion on Europe, Offenburg
FR	06/23		France Sovereign Debt to be rated by Moody's
GE	06/23		Germany Sovereign Debt to be rated by Moody's

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	06/18	19:30	RBA's Lowe Participates in Panel in Canberra
HK	06/18	00:00	Composite Interest Rate
AU	06/19	21:30	RBA June Rate Meeting Minutes
JN	06/20	19:50	BOJ Minutes of April 26-27 Meeting
JN	06/21	02:36	BOJ Kuroda speaks in Tokyo
NZ	06/21	17:00	RBNZ Official Cash Rate
NZ	06/21	17:00	RBNZ OCR decision
JN	06/21	21:30	BOJ Iwata speaks in Aomori
TA	06/22	04:00	CBC Benchmark Interest Rate
PH	06/22	04:00	BSP Overnight Borrowing Rate
PH	06/22	04:00	BSP Standing Overnight Deposit Facility Rate

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	July 12, 2017	0.50	0.50
Federal Reserve – Federal Funds Target Rate	1.25	July 26, 2017	1.25	1.25
Banco de México – Overnight Rate	6.75	June 22, 2017	6.75	--

Banxico: Will Mexico's central bank hike again next week? Our Mexican economists think it will pass. Others cite ongoing increases in CPI inflation with the May reading hitting 6.2% y/y as justification for calling for another hike next week. Guidance from outgoing Governor Carstens - who moves to the BIS in July - leans in favour of coming toward the end of the hiking cycle by indicating an expected softening of inflation pressures over 2017H2 and falling to the 3% +/-1% target zone by the end of 2018.

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	July 20, 2017	0.00	--
Bank of England – Bank Rate	0.25	August 3, 2017	0.25	--
Swiss National Bank – Libor Target Rate	-0.75	September 14, 2017	-0.75	--
Central Bank of Russia – One-Week Auction Rate	9.25	July 28, 2017	9.00	9.00
Sweden Riksbank – Repo Rate	-0.50	July 4, 2017	-0.50	--
Norges Bank – Deposit Rate	0.50	June 22, 2017	0.50	--
Central Bank of Turkey – Benchmark Repo Rate	8.00	July 27, 2017	--	--

Norges Bank: No rate change is expected alongside a similar bias to a month ago when the central bank guided that it would "stick to the plan" in being past the worst of the commodities crisis and would look through recently softer inflation data. CPI was 2.1% y/y in May and slightly beneath the 2.5% inflation target.

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	July 20, 2017	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	1.50	July 4, 2017	1.50	1.50
Reserve Bank of New Zealand – Cash Rate	1.75	June 21, 2017	1.75	1.75
People's Bank of China – Lending Rate	4.35	TBA	--	--
Reserve Bank of India – Repo Rate	6.25	August 2, 2017	6.25	--
Bank of Korea – Bank Rate	1.25	July 13, 2017	1.25	--
Bank of Thailand – Repo Rate	1.50	July 5, 2017	1.50	1.50
Bank Negara Malaysia – Overnight Policy Rate	3.00	July 13, 2017	3.00	3.00
Bank Indonesia – 7-Day Reverse Repo Rate	4.75	July 20, 2017	4.75	--

Reserve Bank of New Zealand (RBNZ): Policymakers at the RBNZ will meet on June 22 (local time). Headline inflation reached the middle of the RBNZ's target band of 1-3% y/y in the first quarter (+2.2% y/y), yet price gains were driven by temporary factors. Accordingly, we expect the RBNZ to leave the benchmark Cash Rate unchanged at 1.75% over the coming months.

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	10.25	July 26, 2017	9.50	--
Banco Central de Chile – Overnight Rate	2.50	TBA	2.50	--
Banco de la República de Colombia – Lending Rate	6.25	June 30, 2017	6.25	--
Banco Central de Reserva del Perú – Reference Rate	4.00	July 13, 2017	3.75	--

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	July 20, 2017	7.00	--

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

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