

WASHINGTON'S DYSFUNCTIONS

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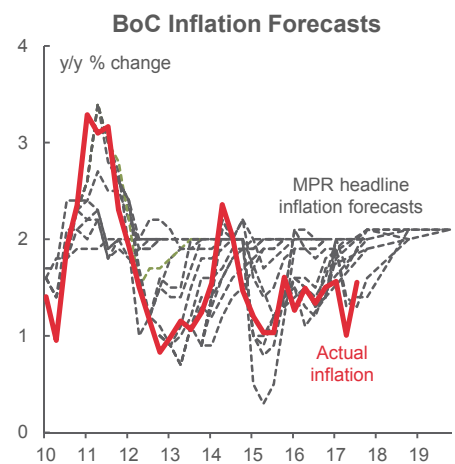
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Next Week's Risk Dashboard

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Chart of the Week


Sources: Scotiabank Economics, Bank of Canada, Haver Analytics.

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

Washington's Dysfunctions

UNITED STATES — TAX POLICY SHOWDOWN

Duelling tax proposals being crafted within the House of Representatives and Senate are setting up for a confrontation of sorts that may negatively impact market confidence in tax reform. That will combine with some key data releases that are expected to be on the softer side, Fed-speak and retail-focused earnings to make for elevated market risk over the coming week.

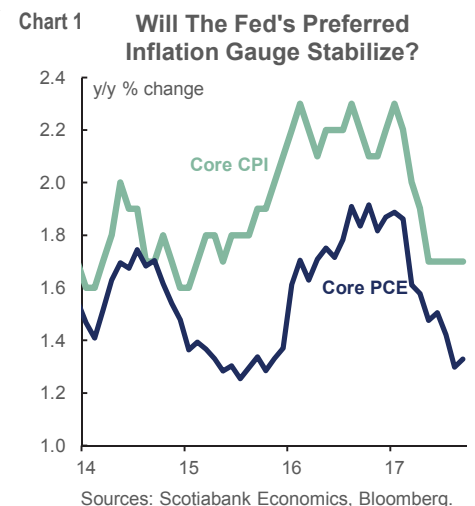
The Senate and House are itching for a confrontation as sharp differences in proposed tax reform bills are emerging as this publication goes to print. The House is slated to vote on its bill some time next week, while the Senate proposals are being refined on the path to addressing anything the House may pass on. One profound difference in tax proposals is how many personal tax brackets to have, with the House plan advocating four at defined thresholds while the Senate contemplates retaining the existing seven brackets but with as yet unknown thresholds that might turn out to be more progressive than the House plan. The Senate plan would also eliminate state and local tax deductions but it's unclear at the time of writing how this would apply across income, sales and property tax deductions versus the House plan that would eliminate all such deductions except for a \$10,000 cap on state and local property taxes. Thus, both the House and the Senate plan are likely to encounter resistance from highly taxed states but perhaps more so in terms of the Senate proposals. The Senate proposals would retain mortgage interest write-offs for homes valued up to \$1 million while the House plan would cut this in half and encounter more resistance from the housing lobby. The House plan would eliminate the estate tax by 2023 while the Senate plan would retain it. Further, the Senate plan would match the House's planned reduction in the corporate income tax rate to 20% but start one year later in 2019. That delay may raise implementation risks following the Congressional mid-term elections a year from now. Given the broadly dissimilar proposals working their way through both chambers, it's reasonable for markets to reduce the odds of achieving what would be the Trump administration's first piece of legislative success. The road to tax reform therefore remains littered with potholes and with the debt ceiling's requirement to strike a spending and funding accord coming to a head over the next month. That perhaps makes the December 13th FOMC meeting a touch more interesting than the near-certainty in fed funds futures that are pricing over 90% odds of a hike.

The broad tone of the pending data releases is likely to be dovish to the rates market on balance. There are two indicators of particular note: CPI and retail sales, both of which land on Wednesday. **Headline CPI should slip by about two-tenths on the back of year-ago base effects and gasoline prices.** Gas prices fell by about 5% m/m in seasonally unadjusted terms. With about a 3.4% weight in CPI, that would shave month-ago CPI by about 0.2%. **Core CPI is expected to be more resilient**, but how meaningful this may be is constrained by the fact that core CPI and the Fed's preferred measure of core PCE have been so far apart this year (chart 1).

As for retail sales, the risk is skewed to the downside. The 5% m/m drop in gas prices during October carries about an 8% weight and therefore would knock about 0.4% off headline sales. A roughly 20% weight on auto sales puts a hefty weight on the 2.7% m/m drop in vehicle sales. A strong rise in the prior month's headline sales (+1.6% m/m) and core sales ex-autos and gas (+0.5%) poses a high jumping off point for October's sales. On balance, expecting a flat to negative headline and small rise in monthly core sales may be prudent.

Most of the rest of the data releases will be focused upon the industrial sector and include producer prices (Tuesday), regional gauges including the Empire (Wednesday) and Philly Fed (Thursday) metrics, and industrial production (Thursday). Housing starts also arrive on Friday.

There will be an active calendar of Fed-speak mostly featuring regional Presidents. Chair Yellen will be on a panel with Draghi, Kuroda and Carney on Tuesday to discuss "challenges and opportunities of central bank communication." With a hike in December pretty much a slam dunk, the focus next week be on the regional Reserve Bank Presidents who will be voting members in 2018. To that effect, we'll hear from San Francisco's Williams twice next week, Atlanta's Bostic and Cleveland's Mester. The rest



of the week's speakers don't vote next year, including Chicago's Evans, Philadelphia's Harker, Dallas President Kaplan and St. Louis Fed President Bullard. **I'm still not a believer that it's in any way obvious the FOMC turns more hawkish next year.**

Earnings season is winding down, but several retail names will be in focus. 17 S&P500 firms release over the coming week including names like Home Depot, Target, Cisco, Viacom, Wal-Mart, Best Buy, the Gap and others. A light auction schedule will feature 10 year TIPS on Thursday.

CANADA — STALLED PROGRESS

Bond markets will be closed on Monday in honour of Remembrance Day that lands on Saturday this year but stocks will remain open, so if you're trading the rates space then rest up ahead of another inflation report that arrives Friday. The path to that main event will be marked by one or two other developments along the way but most of the week's focus in terms of the Canadian currency and rates markets will be upon whether continued progress on inflation is achieved.

The CPI report could well reinforce near-term dovishness at least from a headline perspective with the usual uncertainty regarding core inflation. I'm expecting CPI inflation to ease to 1.3% y/y in Friday's release for the month of October compared with 1.6% y/y the prior month. Base effects should subtract about 0.3% off headline CPI. Average seasonality in the month of October adds maybe 0.1% to seasonally unadjusted m/m CPI, but the seasonal pop higher in September was a little stronger than normal as a relatively high jumping-off point. Gas prices should subtract about 0.1% m/m in unadjusted terms and about 0.2% off year-ago CPI.

Apart from headline inflation, **the three central tendency measures will likely be watched at least as closely for further signs of gentle traction** that has been observed over recent months (chart 2).

This inflation report will also introduce methodological changes to how mortgage interest is captured. The aim will be to replace survey data collection methods for mortgage interest costs with harder administrative data sources "better reflecting the Canadian residential mortgage market" according to StatsCan. For further information on how StatsCan captures mortgage interest in CPI and suggestions on how to improve upon it go [here](#). I would think this to be a fairly small likely influence given a 3.4% weight in the present CPI basket under present methodology. It would take either a sizeable change in the weighting and/or a rather large swing in methodologies to impact CPI given the survey-based method estimates mortgage interest costs to be rising at about 0.4% y/y.

A softer CPI print would not be a surprise to the BoC that had forecast average CPI inflation of 1.4% y/y during Q4 in the October MPR, unchanged from Q3 CPI. Its view that inflation converges upon its 2% goal is a 2018H2 story, but not an urgent one and set against the high hurdle of outperforming the longstanding bias to always project a return to 2% inflation within its forecast horizon, only to wind up being proven to be overly aggressive (chart 3).

The week's other releases will include manufacturing shipments and orders during September (Thursday). Export volumes were falling for three months and seemed to stabilize in September which could bode well for how that translates into manufacturing shipments, but the connection is loose due in no small part to the role of domestic sales but also the inventory cycle. My best guess is for a flat manufacturing print with downside risk in the wake of the prior month's domestic strengths that drove a 1% rise in manufacturing shipment volumes that was at odds with a hefty decline in export volumes during that same month of August.

Chart 2

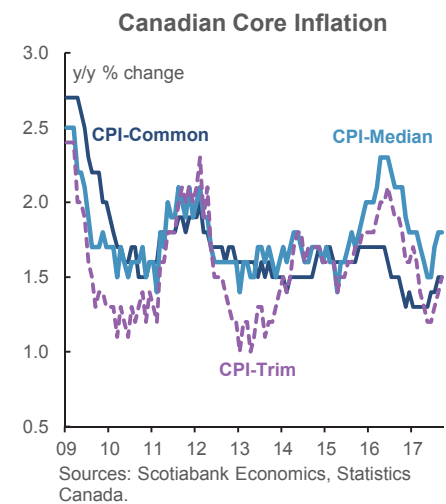
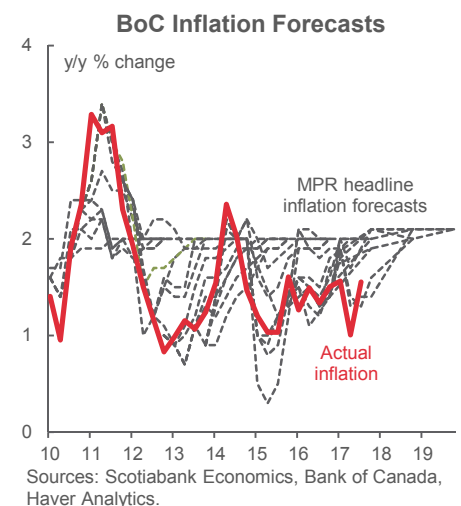


Chart 3



Housing data will be of more interest to housing observers than to markets, given markets never trade off of existing home sales (October, Wednesday) or the Teranet repeat-sales house price yardstick for the same month, also released on Wednesday. Having said that, the issue will be whether resales continue to be on the mend as evidenced by two consecutive months of gains. Resales have come off their peak no doubt, but for all the apparent gloom, they are still relatively elevated. Sales levels have simply gone back to where they were just over two years ago and that hardly counts as an implosion. Of course, Canada is going into hibernation with the next real test of the housing market's response to tightened B20 mortgage rule guidelines and underlying affordability and employment conditions coming next Spring.

Between now and the December 6th meeting, there are only two scheduled opportunities for the Bank of Canada to communicate with markets, barring randomly inserted interviews. The first of the two will be next Wednesday when **Senior Deputy Governor Wilkins speaks** before the Money Marketeers of New York University. The topic will be "Monetary policy under uncertainty" and there will be audience Q&A but there will be no press conference. The second event will be on November 28th when the BoC releases its Financial System Review and the Governor and Wilkins hold a press conference. At the last press conference for this report back in June, the Governor deferred a question on rate policy until the July MPR but days later Wilkins delivered the about-face in the BoC's policy bias through a speech that was likely in the works long before the weekend BIS meetings, the Friday jobs report and the Financial System Review.

As for any residual belief in a BoC rate hike in December or arguably January, Governor Poloz's recent French language interviews downplayed them. In Les Affaires, Poloz noted "We increased the key rate twice in the last fifteen weeks (July and September decisions). We now take the time to understand the reaction of the economy." I would think that understanding is unlikely to be achieved with a month or two of extra data.

What follows in this next paragraph are Mary Webb's comments on Ontario's pending update. For **Ontario's Fall Update on Tuesday**, November 14, at approximately 3 pm, the government, as expected, will announce that it is on track to regain balanced books for fiscal 2017–18 (FY18) following a modest FY17 final deficit of \$1.0 billion (0.1% of GDP). For the following two-year forecast horizon, red ink will be avoided, as promised. Assisting deficit elimination this year are the Province's practice of incorporating layers of prudence and our expectation that Ontario's real GDP growth in 2017 will average 3.0%, up from the *Budget* assumption of 2.3%. With potential funds to deploy, Finance Minister Sousa's speech this week offered new priorities, including increased support for small business and Seniors, in addition to the government's ambitious multi-year agenda already in place.

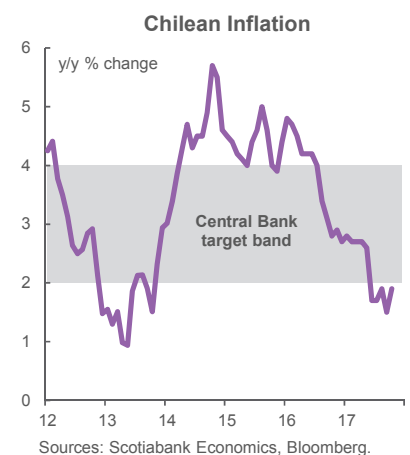
Earnings risk should be fairly modest. Seventeen TSX firms release including Power Financial, Martinrea, Home Capital and Loblaw. Canada auctions 3s on Wednesday.

LATIN AMERICA — THE TWO CS

Chile's central bank and Colombia's economy may be the key focus in terms of local LatAm market developments, but the risk of spillover effects from US political developments is probably going to be the more dominant consideration over the coming week.

Chile's central bank issues a policy decision next Tuesday. A hold at 2.5% with modest cut risk is expected. The risk of easing policy arguably went down in the wake of the latest inflation report. Indeed at 1.9% y/y (1.5% prior, 1.6% expected), October's CPI report provides further evidence that inflation may be bottoming over recent months after about a two-year slide but it still remains below the central bank's 2–4% policy band (chart 4). Recall that the October 19th statement flagged "surprisingly low" inflation and indicated an easing bias by stating: "*incoming inflation figures point to it [ed. the baseline scenario] falling short of expectations in the short term. This could delay its convergence to the target within the two-year horizon. The Board will pay special attention to this risk...as it could require adjusting the policy rate.*"

Chart 4



Colombia's economy probably picked up in Q3. We'll find out Wednesday when GDP lands. The year-ago growth rate is expected to accelerate to the strongest in five quarters. To be sure, we're talking incremental improvement, not the gangbusters variety as GDP is only expected to cross slightly above the 2% y/y mark. That would keep it well below the run-rate of 3–6% that had been in place before the slowdown of the past couple of years, but economics is about directions at least as much as magnitudes so we'll take the directional improvement and inflation of 4% y/y at the upper end of BanRep's 2–4% inflation target band as continued question marks over the need for ongoing policy easing.

Argentina's CPI inflation report (Tuesday) and Brazilian retail sales (Tuesday) round out the lesser developments.

EUROPE — SWITCHING SHOES

There were times when the world wagged a finger at dysfunctional European politics coupled with endless advice to give up on the Euro (most often from American-centric observers). European politics is hardly above it all these days, but the shoe is back on the other foot as **Europeans are likely to spend more of the week watching Washington's political developments than anything material in their own backyard.**

A slight exception may be the latest UK inflation report on Tuesday and retail sales two days later. Slight, because we're talking near-term data noise in the face of grander global developments and because the bigger issue is where inflation goes over the next year and not just where it went last month. Retail sales will be the lesser issue amid expectations for flat to slightly higher readings for sales including and excluding fuel in the wake of a weak report for September. After hitting 3% y/y in September, UK CPI is expected to cross over that threshold in the October reading. That will further reinforce the need for BoE Governor Carney to soon write a letter to Chancellor of the Exchequer Philip Hammond explaining why inflation has crossed 3%. Regardless, the issue is expected to be a transitory matter. Consensus anticipates inflation falling back down toward the 2% target over 2018–19 as temporary effects of factors such as pound sterling's past movements and the effects on import prices dissipate. All of this, mind you, is state-contingent upon Brexit negotiations that are, of course, going smashingly well.

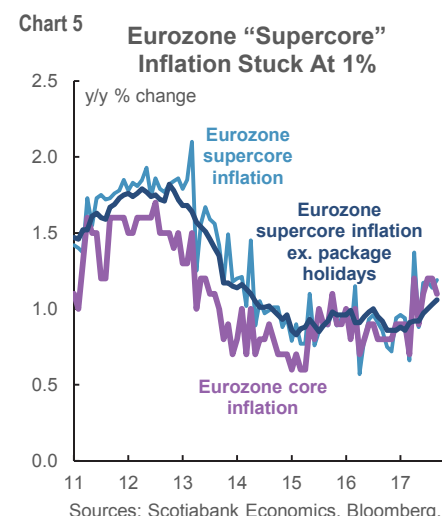
Governor Carney will have a chance to remark on the latest inflation figures soon after when he will host the BoE's 2017 Future Forum (agenda [here](#)).

Germany's economy will also be in the spotlight. Around ½% q/q growth in seasonally adjusted but non-annualized terms seems reasonable. That would be within the ballpark of growth figures over 2016–17 with a small acceleration having occurred over the first half of the year. Germany also updates the ZEW investment sentiment gauge on Tuesday and it has been riding at the highest level since 2011 in terms of the current assessment while forward-looking expectations are well below high points set over the past 2–3 years.

Italy's economy is probably still faring somewhat less well than Germany's.

Italian Q3 GDP on Tuesday will likely post milder growth around the recent trend pace with the one upside exception being late last year and in Q1. With Germany and Italy reporting, we'll get the Eurozone add-up for Q3 growth with already-known components including a ½% q/q expansion in France and 0.8% expansion in Spain.

Finally, the second pass at Eurozone CPI will include details necessary to calculate so-called 'supercore' CPI. The initial October CPI estimate showed inflation slipping a tick to 1.4% y/y. But what happened after stripping out more volatile components is closer to the hearts of ECB observers. September's 'supercore' CPI excluding packaged holidays was stuck at 1.06% y/y which is only a tenth higher than the lows that were being hit late in 2016 and early in 2017 (chart 5). Continued failure to gain traction on supercore inflation would further question whether the Eurozone economy is solid enough to justify a reduced pace of ECB stimulus notwithstanding limits to its bond purchase program.



ASIA — EXCESS DEMAND, NO INFLATION

It's unlikely that anything out of Asia will hold a candle to developments in the US by way of potential effects upon the broad tone in global markets, but there are still a number of gems of potential regional market significance.

Japan's growth rate probably slowed in Q3. After registering 2.5% growth in Q2 (initially reported at 4%), growth is expected to dip down to about 1½% at a quarterly annualized and seasonally adjusted rate. That's more like the Japanese economy we've come to know over time. Fleeting moments of growth well above the noninflationary potential speed limit have usually returned back down to earth in short order. Growth returning to around where it was over the prior two quarters before the modest Q2 acceleration fits that pattern. Still, however, the Bank of Japan's estimated output gap stood at +1.2% (mild excess aggregate demand) as of Q2 and the level of excess demand sits at its highest since 2008Q1. That may stabilize or bump slightly higher in Q3, but the connection with core CPI inflation remains tenuous (chart 6).

Australia's job market has been on a tear in 2017, kind of like Canada's has been since mid-2016. Can either or both keep up the momentum? Canada's did with 35,000 jobs created in October. We'll find out about Australia on Wednesday evening eastern time. Consensus expects a rise but has steadily underestimated the magnitude of the gains this year just as in Canada.

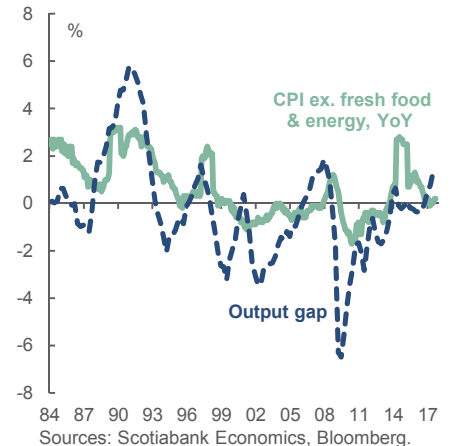
China releases a wave of macro data over the coming days but not all of it is on a fixed release schedule. We know to expect retail sales and industrial output for October on Monday evening eastern time and then property prices on Friday evening. Aggregate/social financing and foreign direct investment are on flexible release schedules.

Bank Indonesia issues a policy decision by about mid-week and Scotia expects a hold. Deputy Governor Perry Warjiyo recently advocated acceleration of a fiscal stimulus package oriented toward stimulating production. The central bank appears to have faith that Q4 growth will improve in response to prior monetary easing but has expressed some frustration toward GDP growth being stuck at a 5% y/y pace and expressed a desire to see consumption growth pick up. The central bank reintroduced an easing policy bias when it cut by 25bps at each of the August and September meetings before standing pat at 4.25% in October.

India's CPI inflation rate is expected to continue gently rising off of the year's low point that was set in June (3.3% y/y by September) and thus remain in the lower half of the RBI's 4% +/-2% inflation target range. India's exports and Malaysian GDP round out the releases.

Chart 6

Japan Into Excess Demand, But Inflation Still Absent



Sources: Scotiabank Economics, Bloomberg.

Key Indicators for the week of November 13 – 17
NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	11/13	14:00	Treasury Budget (US\$ bn)	Oct	--	-50.0	8.0
US	11/14	08:30	PPI (m/m)	Oct	0.1	0.1	0.4
US	11/14	08:30	PPI ex. Food & Energy (m/m)	Oct	0.2	0.2	0.4
US	11/15	07:00	MBA Mortgage Applications (w/w)	NOV 10	--	--	0.0
CA	11/15	08:30	Teranet - National Bank HPI (y/y)	Oct	--	--	11.4
US	11/15	08:30	CPI (m/m)	Oct	0.0	0.1	0.5
US	11/15	08:30	CPI (y/y)	Oct	2.0	2.0	2.2
US	11/15	08:30	CPI (index)	Oct	--	--	246.8
US	11/15	08:30	CPI ex. Food & Energy (m/m)	Oct	0.2	0.2	0.1
US	11/15	08:30	CPI ex. Food & Energy (y/y)	Oct	1.7	1.7	1.7
US	11/15	08:30	Empire State Manufacturing Index	Nov	--	25.8	30.2
US	11/15	08:30	Retail Sales (m/m)	Oct	-0.1	0.1	1.6
US	11/15	08:30	Retail Sales ex. Autos (m/m)	Oct	0.1	0.2	1.0
CA	11/15	09:00	Existing Home Sales (m/m)	Oct	--	--	2.1
US	11/15	10:00	Business Inventories (m/m)	Sep	--	0.0	0.7
US	11/15	16:00	Total Net TIC Flows (US\$ bn)	Sep	--	--	125.0
US	11/15	16:00	Net Long-term TIC Flows (US\$ bn)	Sep	--	--	67.2
CA	11/16	08:30	International Securities Transactions (C\$ bn)	Sep	--	--	9.8
CA	11/16	08:30	Manufacturing Shipments (m/m)	Sep	-0.2	--	1.6
US	11/16	08:30	Export Prices (m/m)	Oct	--	0.3	0.7
US	11/16	08:30	Import Prices (m/m)	Oct	--	0.3	0.7
US	11/16	08:30	Initial Jobless Claims (000s)	NOV 11	240	--	239
US	11/16	08:30	Continuing Claims (000s)	NOV 4	1900	--	1901
US	11/16	08:30	Philadelphia Fed Index	Nov	25.0	24.0	27.9
US	11/16	09:15	Capacity Utilization (%)	Oct	--	76.3	76.0
US	11/16	09:15	Industrial Production (m/m)	Oct	0.4	0.5	0.3
US	11/16	10:00	NAHB Housing Market Index	Nov	--	68.0	68.0
CA	11/17	08:30	CPI, All items (m/m)	Oct	0.0	--	0.2
CA	11/17	08:30	CPI, All items (y/y)	Oct	1.3	--	1.6
CA	11/17	08:30	CPI, All items (index)	Oct	--	--	130.8
CA	11/17	08:30	Core CPI - Common (y/y)	Oct	--	--	1.5
CA	11/17	08:30	Core CPI - Median (y/y)	Oct	--	--	1.8
CA	11/17	08:30	Core CPI - Trim (y/y)	Oct	--	--	1.5
US	11/17	08:30	Building Permits (000s a.r.)	Oct	--	1239.0	1225.0
US	11/17	08:30	Housing Starts (000s a.r.)	Oct	1170.0	1186.0	1127.0
US	11/17	08:30	Housing Starts (m/m)	Oct	3.8	5.2	-4.7

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
RU	11/13	08:00	Real GDP (y/y)	3Q A	--	2.0	2.5
GE	11/14	02:00	CPI (m/m)	Oct F	--	--	0.0
GE	11/14	02:00	CPI (y/y)	Oct F	--	--	1.6
GE	11/14	02:00	CPI - EU Harmonized (m/m)	Oct F	--	--	-0.1
GE	11/14	02:00	CPI - EU Harmonized (y/y)	Oct F	--	--	1.5
GE	11/14	02:00	Real GDP (q/q)	3Q P	--	--	0.6
NO	11/14	02:00	GDP (q/q)	3Q	--	--	1.1
SP	11/14	03:00	CPI (m/m)	Oct F	--	--	0.9
SP	11/14	03:00	CPI (y/y)	Oct F	--	--	1.6
SP	11/14	03:00	CPI - EU Harmonized (m/m)	Oct F	--	--	0.6
SP	11/14	03:00	CPI - EU Harmonized (y/y)	Oct F	--	--	1.7
IT	11/14	04:00	Real GDP (q/q)	3Q P	--	--	0.3
PD	11/14	04:00	GDP (y/y)	3Q P	--	4.5	3.9
PO	11/14	04:30	Real GDP (q/q)	3Q P	--	--	0.3
UK	11/14	04:30	CPI (m/m)	Oct	--	0.2	0.3
UK	11/14	04:30	CPI (y/y)	Oct	--	3.2	3.0
UK	11/14	04:30	PPI Input (m/m)	Oct	--	0.7	0.4
UK	11/14	04:30	PPI Output (m/m)	Oct	--	0.1	0.2
UK	11/14	04:30	RPI (m/m)	Oct	--	0.2	0.1
UK	11/14	04:30	RPI (y/y)	Oct	--	4.1	3.9

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

Key Indicators for the week of November 13 – 17
EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
EC	11/14	05:00	GDP (q/q)	3Q P	--	--	0.6
EC	11/14	05:00	Industrial Production (m/m)	Sep	--	--	1.4
EC	11/14	05:00	Industrial Production (y/y)	Sep	--	--	3.8
EC	11/14	05:00	ZEW Survey (Economic Sentiment)	Nov	--	--	26.7
GE	11/14	05:00	ZEW Survey (Current Situation)	Nov	--	--	87.0
GE	11/14	05:00	ZEW Survey (Economic Sentiment)	Nov	--	--	17.6
GR	11/14	05:00	Real GDP NSA (y/y)	3Q A	--	--	0.7
IT	11/14	05:00	CPI - EU Harmonized (y/y)	Oct F	--	--	1.1
FR	11/15	02:45	CPI (m/m)	Oct F	--	--	0.1
FR	11/15	02:45	CPI (y/y)	Oct F	--	--	1.1
FR	11/15	02:45	CPI - EU Harmonized (m/m)	Oct F	--	--	0.1
FR	11/15	02:45	CPI - EU Harmonized (y/y)	Oct F	--	--	1.2
UK	11/15	04:30	Employment Change (3M/3M, 000s)	Sep	--	10.0	94.0
UK	11/15	04:30	Jobless Claims Change (000s)	Oct	--	--	1.7
UK	11/15	04:30	ILO Unemployment Rate (%)	Sep	--	4.3	4.3
UK	11/15	04:30	Average Weekly Earnings (3-month, y/y)	Sep	--	2.2	2.2
EC	11/15	05:00	Trade Balance (€ mn)	Sep	--	--	16.1
UK	11/16	04:30	Retail Sales ex. Auto Fuel (m/m)	Oct	--	0.1	-0.7
UK	11/16	04:30	Retail Sales with Auto Fuel (m/m)	Oct	--	0.1	-0.8
EC	11/16	05:00	CPI (m/m)	Oct	--	--	0.1
EC	11/16	05:00	CPI (y/y)	Oct F	--	--	1.4
EC	11/16	05:00	Euro zone Core CPI Estimate (y/y)	Oct F	--	--	0.9
EC	11/17	04:00	Current Account (€ bn)	Sep	--	--	33.3
IT	11/17	04:00	Current Account (€ mn)	Sep	--	--	3678.6

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
IN	NOV 12-15		Exports (y/y)	Oct	--	--	25.7
IN	NOV 12-15		Imports (y/y)	Oct	--	--	18.1
JN	11/13	01:00	Machine Tool Orders (y/y)	Oct P	--	--	45.0
IN	11/13	07:00	CPI (y/y)	Oct	3.3	3.4	3.3
CH	11/13	21:00	Fixed Asset Investment YTD (y/y)	Oct	7.3	7.3	7.5
CH	11/13	21:00	Industrial Production (y/y)	Oct	6.4	6.3	6.6
CH	11/13	21:00	Retail Sales (y/y)	Oct	10.3	10.4	10.3
IN	11/14	01:30	Monthly Wholesale Prices (y/y)	Oct	--	3.0	2.6
SK	11/14	18:00	Unemployment Rate (%)	Oct	3.7	--	3.7
JN	11/14	18:50	GDP (q/q)	3Q P	0.3	0.4	0.6
JN	11/14	18:50	GDP Deflator (y/y)	3Q P	--	0.1	-0.4
AU	11/14	19:30	New Motor Vehicle Sales (m/m)	Oct	--	--	-0.5
AU	11/14	19:30	Wage Cost Index (q/q)	3Q	--	0.7	0.5
ID	11/14	23:00	Exports (y/y)	Oct	--	--	15.6
ID	11/14	23:00	Imports (y/y)	Oct	--	--	13.1
ID	11/14	23:00	Trade Balance (US\$ mn)	Oct	--	--	1760.9
JN	11/14	23:30	Capacity Utilization (m/m)	Sep	--	--	3.3
JN	11/14	23:30	Industrial Production (y/y)	Sep F	--	--	2.5
PH	NOV 14-15		Overseas Remittances (y/y)	Sep	--	--	7.8
NZ	11/15	19:00	ANZ Consumer Confidence Index	Nov	--	--	126.3
AU	11/15	19:30	Employment (000s)	Oct	--	20.0	19.8
AU	11/15	19:30	Unemployment Rate (%)	Oct	5.5	5.5	5.5
PH	11/15	21:00	Real GDP (y/y)	3Q	6.5	--	6.5
ID	NOV 15-16		BI 7-Day Reverse Repo Rate (%)	Nov 16	4.25	--	4.25
HK	11/16	03:30	Unemployment Rate (%)	Oct	3.1	--	3.1
NZ	11/16	16:30	Business NZ PMI	Oct	--	--	57.5
NZ	11/16	16:45	Producer Price - Inputs (q/q)	3Q	--	--	1.4
NZ	11/16	16:45	Producer Price - Outputs (q/q)	3Q	--	--	1.3

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

Key Indicators for the week of November 13 – 17

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>
SI	11/16	19:30	Exports (y/y)	Oct	--	--	-1.1
MA	11/16	23:00	Current Account Balance (MYR bns)	3Q	--	--	9.6
MA	11/16	23:00	GDP (y/y)	3Q	5.1	--	5.8
HK	NOV 16-17		Composite Interest Rate (%)	Oct	--	--	0.3
JN	NOV 16-20		Nationwide Department Store Sales (y/y)	Oct	--	--	4.4

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	11/14	06:00	Retail Sales (m/m)	Sep	--	--	-0.5
BZ	11/14	06:00	Retail Sales (y/y)	Sep	--	--	3.6
CL	11/14	16:00	Nominal Overnight Rate Target (%)	Nov 14	2.50	2.50	2.50
CO	11/15	11:00	GDP (y/y)	3Q	--	2.0	1.3
PE	11/15		Economic Activity Index NSA (y/y)	Sep	3.1	--	2.3
PE	11/15		Unemployment Rate (%)	Oct	--	--	6.4

Global Auctions for the week of November 13 – 17

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	11/15	12:00	Canada to Sell 3-Year Bonds
CA	11/16	12:00	Canada to Sell CAD500 Mln 2.75% 2064 Bonds
US	11/16	13:00	U.S. to Sell USD11 Bln 10-Year TIPS Reopening

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
IT	11/13	05:00	Italy to Sell Up to EUR2 Bln 0.2% 2020 Bonds
IT	11/13	11:00	Italy to Sell Up to EUR2.5 Bln 1.45% 2024 Bonds
IT	11/13	11:00	Italy to Sell Up to EUR1.5 Bln 2.45% 2033 Bonds
IT	NOV 13-16		Italy to Sell BTP Italia Bond From Nov. 13 to Nov. 16
GE	11/14	05:30	Germany to Sell EUR5 Bln 2019 Bonds
NE	11/14	05:30	Netherlands to Sell Up to EUR3 Bln 0.75% 2027 Bonds
DE	11/15	04:30	Denmark to Sell Bonds
SW	11/15	05:03	Sweden to Sell SEK2 Bln 0.75% 2028 Bonds
GE	11/15	05:30	Germany to Sell EUR3 Bln 0.5% 2027 Bonds
SP	11/16	04:30	Spain to Sell Bonds
FR	11/16	04:50	France to Sell Bonds
UK	11/16	05:30	U.K. to Sell GBP2.5 Bln 1.25% 2027 Bonds
FR	11/16	05:50	France to Sell I/L Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CH	11/12	20:30	Hebei to Sell Bonds
CH	11/12	21:30	Hebei to Sell Bonds
CH	11/13	01:00	Henan to Sell Bonds
CH	11/13	02:00	Henan to Sell Bonds
AU	11/13	19:00	Australia Plans to Sell I/L Bonds
CH	11/13	20:30	Hainan to Sell Bonds
CH	11/13	21:30	Hainan to Sell Bonds
CH	11/13	22:30	Hainan to Sell Bonds
JN	11/13	22:45	Japan to Sell 5-Year Bonds
CH	11/14	21:35	China to Sell CNY32 Bln 7-Yr Upsized Bonds
CH	11/15	01:00	Heilongjiang to Sell Bonds
CH	11/15	02:00	Heilongjiang to Sell Bonds
CH	11/15	03:00	Heilongjiang to Sell Bonds
NZ	11/15	20:05	New Zealand Plans to Sell NZD200 Mln 2.75% 2025 Bonds
CH	11/15	20:30	Jiangxi to Sell Bonds
JN	11/15	22:45	Japan to Sell 20-Year Bonds
CH	11/16	01:00	Fujian to Sell Bonds
CH	11/16	22:00	China Plans to Sell 50-Year Government Bond

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BZ	11/14	09:00	Brazil to Sell I/L Bonds - 08/15/2022
BZ	11/14	09:00	Brazil to Sell I/L Bonds - 08/15/2026
BZ	11/14	09:00	Brazil to Sell I/L Bonds - 05/15/2035
BZ	11/14	09:00	Brazil to Sell I/L Bonds - 05/15/2055
BZ	11/16	09:00	Brazil to Sell LFT - 09/01/2023

Source: Bloomberg, Scotiabank Economics.

Events for the week of November 13 – 17

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	11/12	19:10	Fed's Harker Speaks in Tokyo on Balance Sheet Unwind
US	11/14	03:05	Fed's Evans Speaks at ECB Conference in Frankfurt
US	11/14	05:00	Yellen Speaks on ECB Panel with Draghi, Kuroda, and Carney
US	11/14	08:15	Fed's Bullard Speaks on U.S. Economy in Louisville
US	11/14	13:05	Fed's Bostic Speaks on Economic Outlook and Monetary Policy
US	11/15	03:00	Fed's Evans Speaks at European Conference in London
CA	11/15	18:45	Bank of Canada's Wilkins Gives Speech in New York
CA	11/16	08:30	ADP Publishes First-Ever Canada Payrolls Report
US	11/16	09:10	Fed's Mester Delivers Keynote Address at Cato Conference
US	11/16	13:10	Fed's Kaplan Speaks in Houston
US	11/16	15:45	Fed's Brainard Delivers Keynote at OFR FinTech Conference
US	11/16	16:45	Fed's Williams Speaks at Asia Economic Policy Conference
US	11/17	17:30	Fed's Williams Speaks with Reporters

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	11/11	05:00	ECB's Draghi Speaks in Milan
EC	11/13	04:00	ECB's Constancio Speaks in Frankfurt
SW	11/13	07:00	Swedish FSA Press Conference
RU	11/14	01:30	Bank of Russia Governor Nabiullina Speaks at Plenary Session
NO	11/14	02:40	Norway Central Bank Deputy Governor Nicolaisen Speaks in Oslo
SW	11/14	04:00	Swedish Finance Minister Speaks in Gothenburg
EC	11/14	04:00	ECB's Lautenschlaeger Speaks in Frankfurt
EC	11/14	04:00	ECB's Nouy Speaks in Frankfurt
EC	11/14	05:00	Draghi, Yellen, Carney, Kuroda Speak in Frankfurt
EC	11/14	07:45	ECB's Villeroy de Galhau Speaks in Paris
EC	11/14	08:30	ECB's Benoit Coeure Speaks in Brussels
EC	11/15	02:00	ECB's Lane Speaks in Dublin
UK	11/15	03:00	ECB's Hansson Participates in Panel Discussion in London
EC	11/15	05:00	ECB's Praet, BOE's Haldane, Denmark's Rohde Speak in Frankfurt
UK	11/15	19:00	Carney, Broadbent, Haldane at BOE Future Forum, Liverpool
SW	11/15		Bolund, Skingsley Speak at Fintech Conference
NO	11/16	04:00	Norway Central Bank Deputy Governor Nicolaisen Speaks in Oslo
SW	11/16	06:50	Riksbank's Ohlsson Gives Speech in Gothenburg
UK	11/16	09:00	BOE's Carney, Broadbent, Cunliffe, Haldane Speak in Liverpool
EC	11/16	09:30	ECB's Villeroy De Galhau Speaks in Amsterdam
SZ	11/16	12:00	SNB's Maechler Speaks in Geneva
EC	11/16	15:00	ECB's Constancio Speaks in Ottawa
PO	11/17	03:30	Croatia's Central Bank Governor, Bundesbank's Buch in Lisbon
EC	11/17	03:30	ECB's Draghi Speaks in Frankfurt
EC	11/17	08:00	Bundesbank's Weidmann Speaks at European Banking Congress
SZ	11/17		Switzerland Sovereign Debt to be rated by S&P

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	11/12	17:00	RBA's Debelle Gives Speech in Sydney
JN	11/13	12:45	BOJ Governor Kuroda scheduled to speak in Zurich
AU	11/15	02:00	RBA's Ellis Gives Speech in Melbourne
ID	NOV 15-16		Bank Indonesia 7D Reverse Repo
HK	NOV 16-17		Composite Interest Rate

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CL	11/14	16:00	Overnight Rate Target

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	1.00	December 6, 2017	1.00	1.00
Federal Reserve – Federal Funds Target Rate	1.25	December 13, 2017	1.50	1.50
Banco de México – Overnight Rate	7.00	December 14, 2017	7.00	--

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	December 14, 2017	0.00	--
Bank of England – Bank Rate	0.50	December 14, 2017	0.50	--
Swiss National Bank – Libor Target Rate	-0.75	December 14, 2017	-0.75	--
Central Bank of Russia – One-Week Auction Rate	8.25	December 15, 2017	8.25	--
Sweden Riksbank – Repo Rate	-0.50	December 20, 2017	-0.50	--
Norges Bank – Deposit Rate	0.50	December 14, 2017	0.50	--
Central Bank of Turkey – Benchmark Repo Rate	8.00	December 14, 2017	8.00	--

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	December 21, 2017	-0.10	--
Reserve Bank of Australia – Cash Target Rate	1.50	December 4, 2017	1.50	1.50
Reserve Bank of New Zealand – Cash Rate	1.75	February 7, 2018	1.75	1.75
People's Bank of China – Lending Rate	4.35	TBA	--	--
Reserve Bank of India – Repo Rate	6.00	December 6, 2017	6.00	--
Bank of Korea – Bank Rate	1.25	November 30, 2017	1.25	--
Bank of Thailand – Repo Rate	1.50	December 20, 2017	1.50	1.50
Bank Negara Malaysia – Overnight Policy Rate	3.00	TBA	3.00	--
Bank Indonesia – 7-Day Reverse Repo Rate	4.25	November 16, 2017	4.25	--

Bank Indonesia: Indonesian monetary authorities will meet on November 16. Following a benchmark interest rate cut in August and September, the central bank left monetary policy conditions unchanged in October. We expect Bank Indonesia to maintain status quo next week as well, given that monetary authorities assess the current policy stance to be adequate for maintaining inflation within its target (of 4.0±1% y/y in 2017) and keeping the country's current account deficit in check.

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	7.50	December 6, 2017	7.50	--
Banco Central de Chile – Overnight Rate	2.50	November 14, 2017	2.50	2.50
Banco de la República de Colombia – Lending Rate	5.00	November 24, 2017	5.00	--
Banco Central de Reserva del Perú – Reference Rate	3.50	December 14, 2017	3.50	--

Banco Central de Chile: No policy change is expected with the overnight rate remaining at 2.5%. There is cut risk given guidance provided at the October 19th meeting, but a recently stronger-than-anticipated CPI inflation report reduced that risk.

AFRICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
South African Reserve Bank – Repo Rate	6.75	November 23, 2017	6.75	--

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