

DOLLAROMICS

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Chart of the Week



Chart of the Week: Prepared by: Yukiko Kitayama, Analyst, Summer Intern.

Dollaromics

UNITED STATES—IS IT ALL ABOUT THE DOLLAR?

With a week to go before the US midterm elections on November 6th, the upcoming week will be focused upon top-shelf macro reports as well as high and continuing earnings risk.

This will be another heavy week for US earnings reports. 134 S&P500 firms are set to release including names like Apple, Facebook, eBay, GE, Pfizer, Coca-Cola, GM, Starbucks and Berkshire Hathaway. As we go through the earnings season, I think an important point to continue to consider is that earnings from abroad are being repatriated to the US in the wake of the Tax Cuts and Jobs Act's (TCJA) incentives at one of the worst times for broad dollar strength that is toward a three-decade high. These repatriated flows remain powerful (chart 1). The negative currency translation effect is derived from the foreign revenue exposure of S&P500 firms that is suffering of late (chart 2). A strong USD would ordinarily drive negative FX translation effects, but the effect is made all the more powerful by the TCJA's repatriation incentive that itself is contributing to dollar strength within a bi-directional set of influences. The demand for USD that is normally strong into fiscal year-end is arguably being made more powerful by the repatriation incentives this year; this may be a driving—and possibly temporary—force behind soaring FX hedging costs that are diminishing foreign appetite for US assets (chart 3). Going forward, this repatriation effect will eventually subside; with it, so may dollar strength and concomitant negative earnings hits. I'm not sure markets are paying enough heed to this argument.

Indeed, the USD's effects cut deeper yet. USD strength could help offset other upward influences upon inflation given Fed research that demonstrates the 10% broad dollar rise since January can be expected to shave ½% off of core PCE inflation within the first six months and about ¼% after a full year. Further yet, a strong USD is broadly stimulative to the rest of the world's GDP growth and redistributes relative growth away from the US over time. The overall implication to these arguments is that a) some earnings weakness may be transitory; b) inflation may cap out in the nearer term if not subside somewhat; c) global growth may get a boost from dollar strength in the second round effects following the instability of the first round effects. As these effects unfold, I think US economic growth will find a floor and avert recession risk; indeed, as chart 4 demonstrates, it would be highly unusual for the Fed's zero real rate to drive a recession when the real policy rate—whether measured using core PCE inflation or the GDP deflator—was several hundred basis points higher than at present into each of the prior three recessions.

The macro hits will be focused upon three releases in particular.

1. Nonfarm payrolls and wages: Recall that only 134,000 jobs were created in September. Job growth probably rebounded in October. While monthly variations in job growth can be more about statistical noise within wide confidence bands, I've gone over 200k on this one because directionally I think that suspended hiring and interviewing when the southeast was getting hit by Flo' during September could be followed by a burst of pent-up hiring. Wage growth, however, is likely to accelerate, but be careful with interpreting any such upward move. Part of it might be driven by base effects. The other part of an acceleration could be driven by average seasonal gains into October.

Chart 1

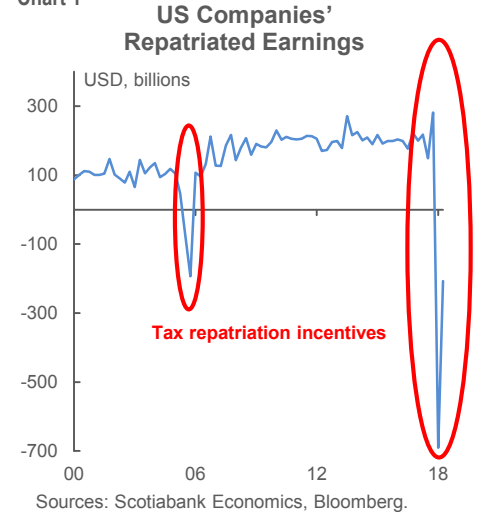


Chart 2

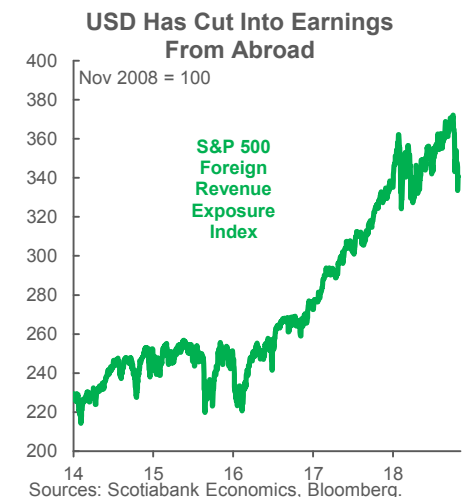
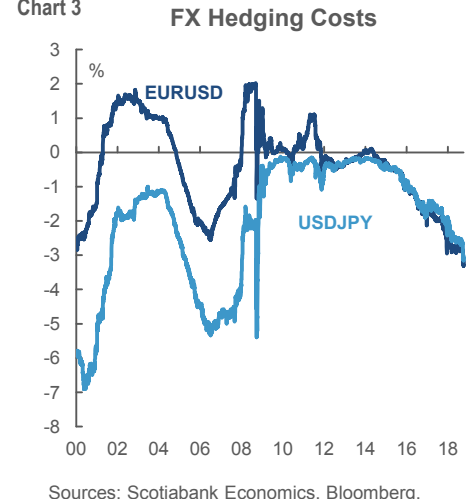


Chart 3



2. Consumers: Monday's updates for the month of September will inform how the third quarter ended in terms of consumption growth, income growth, the saving rate and the Fed's preferred inflation readings. Given that we already know that real consumption was up 4% in Q3 and we know monthly spending numbers for July and August, we can infer that September's real consumption gain was 0.6% m/m unless there were upward revisions to July and August. Over the post-GFC period, there have only been four stronger months for consumption growth and three ties. If that is indeed the way Q3 ended, then it bakes in consumption growth of over 2% in Q4 before monthly data even begins to arrive. It's possible that some of this consumption surge came at the expense of the saving rate, but at 6.6% the prior month and following upward revisions to history, there is room for the saving rate to move lower without materially weakening household finances. It's worth emphasizing again that US household finances are in arguably the best shape in a very long time; the saving rate is about four and a half points higher than the 2005 low and debt payments as a share of disposable income are at a low point. Evidence of any imminent end to the cycle is hardly to be derived from the state of household finances and any evidence of overreaching.

3. ISM-manufacturing: A flat Philly Fed metric and decline in the Richmond Fed reading for October may suggest some softening in the ISM-manufacturing headline reading on Thursday. To the extent to which it is impacted by the decline in the Richmond gauge, weakness may be temporarily affected by the disruptions caused by Florence.

The US will also update the Conference Board's **consumer confidence** reading (Tuesday), **ADP** payrolls (Wednesday), **vehicle sales** (Thursday) and (Friday).

ASIA-PACIFIC—DOING THE WORLD A FAVOUR

Chinese growth signals, the Bank of Japan's policy deliberations, Japan's monthly data dump and a series of regional inflation reports are all ahead.

China releases the state versions of the purchasing managers' indices on Tuesday night (ET) and then the private version of the manufacturing PMI the next evening. At issue is whether the October readings—following the implementation of more US tariffs in September—will be as resilient as the September prints. Recall that the October non-manufacturing PMI climbed by nearly a full point and remains toward the highs of the past four years. The manufacturing PMI, however, fell in September and has declined to 50.8 which is just barely above the 50 dividing line between expansion and contraction.

Apart from short-term data, pessimism regarding China is overblown. President Xi Jinping is arguably having his own 'whatever it takes' moment, to coin Draghi's phrase in defence of the euro over six years ago. Aware of the downside risks, China is easing policy and I think will emerge victorious over time. While virtually all of the focus is upon the Fed's policy tightening and how it is allegedly driving magnified risks to the outlook, China's monetary policy actions are at least as important and they are going in the opposite direction. That serves to the benefit of China's economy and eventually the broader EM space.

Indeed, China's monetary policy is in full-on easing mode. Daily and one-month SHIBOR fixing rates have dropped by far more than the Fed has hiked this year. **The 1-month SHIBOR rate has plunged by the equivalent of 8 quarter point rate cuts since the start of the year (chart 5).** By contrast, the Fed has hiked three times. New yuan loan growth is setting an all-time record high on a year-to-date basis and aggregate financing is setting the second fastest pace of increase on record behind only last year's. The yuan has slid by about 10% to the dollar since April and this offsets much of the US tariff effect on Chinese exports. **What belligerent US trade policy is achieving is to divert**

Chart 4

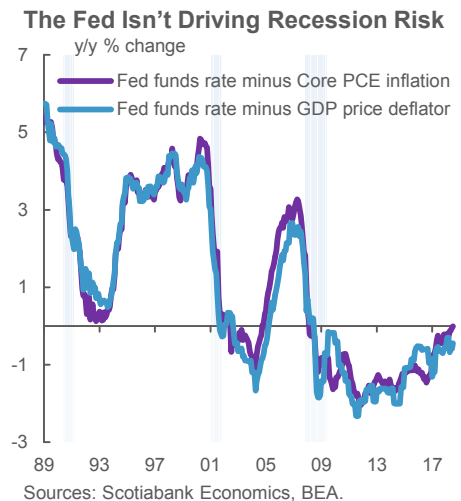
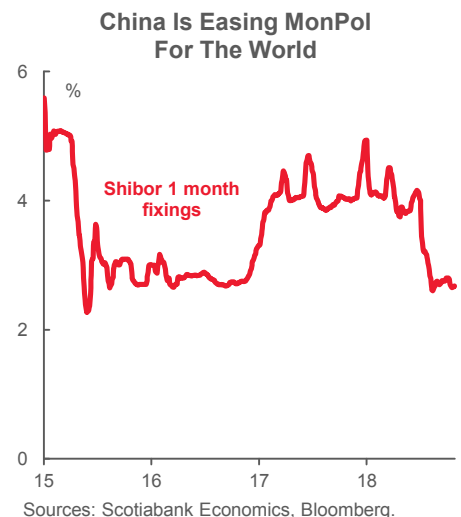


Chart 5



trading relationships with China away from the US and toward the rest of the world. By raising Chinese import tariffs on US goods in response to US tariffs on Chinese goods, and even in the absence of cutting Chinese tariffs on imports from elsewhere, the effect is to cut US corporations off at the knees in their access to China's market while opening the door wider to other multinationals. The relative tariff rate into China has swung to the disadvantage of US exporters in favour of the rest of the world's. The US thinks it tied Canada's and Mexico's hands in negotiating a trade deal with China, but US tariff actions and China's response did Canadian and Mexican access to China's economy a favour. All of this was caused by the US administration and the effect, ironically, is that the US actions essentially liberalized trade between China and the rest of the non-US world.

Expectations into the BoJ's policy decision when North Americans are celebrating Halloween are set rather low.

Inflation on a core CPI ex fresh food basis (1% y/y) is running at about half of where the BoJ would like. There remains too much emphasis upon the BoJ's tapering of bond purchases from the ¥80 trillion mark that has marked a slope shift in the size of the balance sheet relative to the size of the Japanese economy (chart 6). When the BoJ adopted a nominal 10 year bond yield target of around 0%, it substituted a threat to purchase should markets test it for actual purchases. So far, this yield anchor has proven to be reasonably credible as the yield strayed to a peak of about 0.15% earlier this month but has been brought back down more recently. Japan also conducts its monthly data dump starting into Monday and mostly concluding by Wednesday. Updates will arrive for retail sales, the jobless rate, industrial production, housing starts and vehicle sales.

Four countries will update inflation figures and the most widely watched one will be Australia's Q3 CPI estimates. **Australian inflation** is expected to ease a touch, to just under 2% y/y, with the trimmed mean and weighted median measures performing similarly. **South Korea's CPI inflation rate** is expected to continue to run around the Bank of Korea's 2% target but with core still riding at about half that pace. **Indonesia's core inflation rate** has moved slightly higher over recent months to 2.8% in September from a low of 2.6%; October's update on Thursday will further inform pass through risk from the rupiah's 15% depreciation to the dollar since January. **Thailand's core CPI inflation** is expected to remain below the bottom of the Bank of Thailand's 1–4% inflation target range (Wednesday).

CANADA—TRICK OR TREAT?

Top-shelf macroeconomic releases, a wave of earnings reports and more Bank of Canada communications will keep plenty of focus upon Canada next week. The BoC is likely to largely repeat this past week's messages with testimony that runs right up to when the pumpkins will start to light up. High-frequency data is likely to be on the neutral-dovish side.

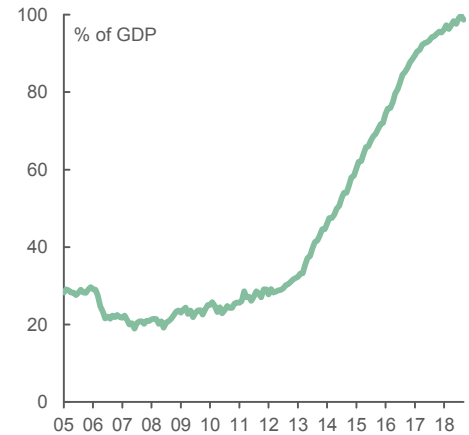
There will be three main macro releases as follows.

1. GDP: Wednesday's release will probably show that growth was non-existent or very soft in August; I'm leaning on the slightly optimistic side at +0.1% m/m. One of the few things going for the month by way of higher frequency readings was a 0.2% m/m rise in hours worked. Given that GDP equates to total hours worked in the economy times labour productivity defined as GDP per hour worked, that on its own might inform an estimate of modest growth. However, most of the other activity readings were soft. Volumes were down in retail (-0.3%), wholesale (-0.1%), manufacturing (-0.3%) and housing starts (-1.5%). Home resales were up by almost one percent, so that might help ancillary services (lawyers, mortgage lenders, real estate agents, etc.) Furthermore, August came off a large 2.1% rise in utilities output that might be tough to follow. Other upsides would rely upon reversals of large drops the prior month in categories like arts & entertainment and agriculture/forestry/fishing but these are very small shares of total GDP.

2. Jobs and wages: The October edition of the Labour Force Survey arrives on Friday. On jobs, the 63,300 rise in September that was mostly made up of part-time employees (+80k) will be a tough act to follow. The composition might favour full-time employment in relative terms this time around. What goes up strongly, however, doesn't have to come down sharply. In the history

Chart 6

The BoJ's Slowing Balance Sheet



Sources: Scotiabank Economics, Bloomberg.

of the LFS since 1976, there have been 53 months during which a large prior gain of at least 50,000 jobs was followed by another gain (chart 7).

3. Trade: Friday's merchandise trade report for September will begin to further inform September GDP growth expectations. Recall that August registered the first monthly trade surplus since late 2016. That could be short-lived. The drivers included a large 2 ½% m/m drop in imports during August that exceeded a smaller but still sizeable 1.1% m/m decline in exports. The inflation-adjusted trade balance might nevertheless improve if the three-month slide in import volumes begins to stabilize. It is important to nevertheless put the third quarter trade figures in the context of the prior quarter's large gains. Recall that export volumes were up by about 16% q/q in Q2 in seasonally adjusted and annualized terms (SAAR) while import volumes were up by 8%. Export volumes are so far tracking a 1% rise in Q3 and import volumes are tracking 8% lower.

Bank of Canada Governor Stephen Poloz and Senior Deputy Governor Carolyn Wilkins will be back at it again on Tuesday and Wednesday next week. They will provide parliamentary testimony before the Standing Committee on Finance (Tuesday, 3:30pmET) and then again on Halloween before the Senate Committee on Banking, Trade and Commerce (4:15pmET). Both occasions will see the release of opening comments and will be followed by quizzing by politicians. It's hard to think of what else they might emphasize given this one follows a full MPR briefing that accompanied the October 24th rate hike (recap [here](#)). But the opening statement has carried market risks at times in the past. It's a chance to clarify anything and/or address market/consensus responses to the communications. **Also note that Governor Poloz will speak on the following Monday in London, England before the Canada-UK Chamber of Commerce.**

It will be a heavy week for earnings reports. Fifty-five firms listed on the TSX will release Q3 earnings, particularly from Wednesday onward. Canada's 'beat' ratio never quite approaches the norms in the US that have been distorted higher for the past two decades in the aftermath of regulatory changes like SOX legislation. Nevertheless, over 60% of TSX firms that have released thus far are beating analysts' earnings estimates but only about 45% are exceeding revenue estimates. Names will include BCE, Cogeco, Air Canada, WestJet, twenty-one energy sector firms, Great-West Life, RioCan, Genworth, Fairfax, SNC Lavalin, several mining plays, Open Text and Fortis.

LATIN AMERICA—BRAZIL'S ONGOING POLITICAL DRAMA

Brazil's election results and the ensuing monetary policy decision will dominate much of the attention over the coming week, with Mexican GDP the only other notable development.

The second and final round of voting in Brazil's Presidential election occurs Sunday. To say it has been a more colourful campaign than elections virtually anywhere else in recent memory would be one of the biggest understatements that one could make. The first round election earlier in October narrowed the field to two candidates. Rightist candidate Jair Bolsonaro's lead in opinion polls was reduced recently and there remains a fair-sized uncertain share of the popular opinion (chart 8). Bolsonaro has indicated he will roll out economic reforms quickly after his possible election. He has also indicated support for an independent central bank that may involve retaining President Goldfajn but this does not appear to be assured. His other policy stances are more divisive. Bolsonaro has threatened to expel or jail "socialists" as part of "a cleansing never seen in Brazilian history", jail his opponent Fernando Haddad, has spoken favourably about the past military dictatorship, derided various minorities in ways not to be repeated without an 'R' rating on

Chart 7

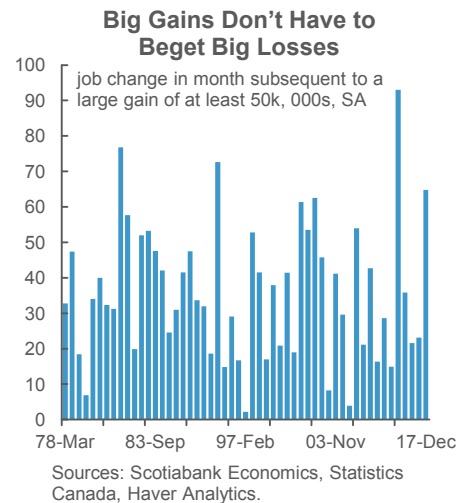
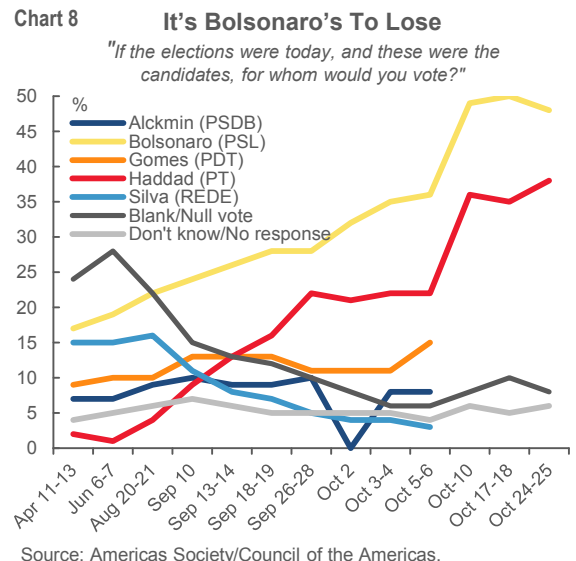


Chart 8



this publication, branded some of the poor as terrorists, and his son expressed support for eliminating the Supreme Court. This seems like an appropriate spot to remind the reader that Bolsonaro was recently released from hospital after being stabbed at a rally.

Banco Central do Brasil is expected to stay on hold at a 6.5% Selic rate on Halloween. It has been on hold since it last cut in March. In addition to the uncertain aftermath of Brazil's election, what counsels caution is that the real has appreciated by about 13% versus the USD since mid-September. While inflation has risen to 4 ½% and hence within the middle of the central bank's 3–6% inflation target range, the durability of this rise in the face of what the real has done is probably not something they want to compound through prematurely tightening policy.

Mexico releases Q3 GDP on Tuesday. After a one-quarter contraction in Q2, the hope is on for rebounding somewhat in Q3. The effect would likely leave the year-over-year growth rate in the 2½% range in inflation-adjusted terms.

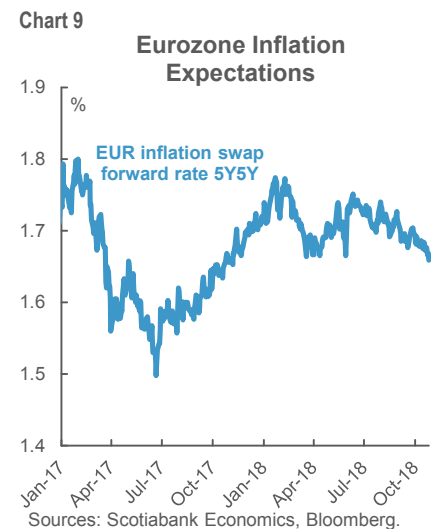
EUROPE—A TEMPORARY REPRIEVE?

European markets might start off the week favourably reacting to Italy's debt rating by S&P that arrived after the market close into the weekend. There are low expectations for the Bank of England on Thursday and consensus expects trend growth and inflation readings out of the Eurozone and UK.

Unlike Moody's, **S&P did not downgrade Italy's BBB rating** which remains two notches above junk status (Moody's went to one notch above junk). Also unlike Moody's **S&P nevertheless adopted a negative outlook** (Moody's said stable) which leaves the door open to a future downgrade. Since the S&P decision wasn't as bad as it might have been—such as a downgrade and negative outlook, or junk—it may play favourably in European and especially Italian markets when they re-open. Italy has less than three weeks to resubmit revised deficit and spending targets to the EU after they were rejected this past week; S&P is sitting out this period to assess the further evolution of negotiations.

Thursday's Bank of England communications are not expected to yield policy changes with consensus unanimously expecting no Bank Rate change partly with Brexit negotiations getting down to the wire. Markets largely continue to expect one hike next year, but toward later in the year which is in line with Scotia Economics' forecast for a hike in 2019Q4. The BoE releases its Inflation Report that will be scrutinized for its fresh forecasts.

Macro hits will be focused upon Eurozone CPI and GDP plus UK purchasing managers' indices (manufacturing Thursday, Friday construction). Eurozone GDP growth (Tuesday) is expected to remain just shy of ½% q/q in seasonally adjusted non-annualized terms. Core Eurozone CPI is expected to remain around 1% y/y (Wednesday). Market based measures of inflation expectations have retreated somewhat over recent weeks (chart 9).



Key Indicators for the week of October 29 – November 2

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	10/29	08:30	PCE Deflator (m/m)	Sep	0.1	0.1	0.1
US	10/29	08:30	PCE Deflator (y/y)	Sep	2.0	2.0	2.2
US	10/29	08:30	PCE ex. Food & Energy (m/m)	Sep	0.1	0.1	0.0
US	10/29	08:30	PCE ex. Food & Energy (y/y)	Sep	2.0	2.0	2.0
US	10/29	08:30	Personal Spending (m/m)	Sep	0.6	0.4	0.3
US	10/29	08:30	Personal Income (m/m)	Sep	0.4	0.4	0.3
US	10/29	10:30	Dallas Fed. Manufacturing Activity	Oct	--	29.0	28.1
US	10/30	09:00	S&P/Case-Shiller Home Price Index (m/m)	Aug	--	0.1	0.1
US	10/30	09:00	S&P/Case-Shiller Home Price Index (y/y)	Aug	--	5.8	5.9
MX	10/30	10:00	GDP (y/y)	3Q P	1.7	2.4	2.6
US	10/30	10:00	Consumer Confidence Index	Oct	137.0	135.9	138.4
US	10/31	07:00	MBA Mortgage Applications (w/w)	OCT 26	--	--	4.9
US	10/31	08:15	ADP Employment Report (000s m/m)	Oct	200	189.0	229.6
CA	10/31	08:30	IPPI (m/m)	Sep	--	--	-0.5
CA	10/31	08:30	Raw Materials Price Index (m/m)	Sep	--	--	-4.6
CA	10/31	08:30	Real GDP (m/m)	Aug	0.1	0.0	0.2
US	10/31	08:30	Employment Cost Index (q/q)	3Q	0.7	0.7	0.6
US	11/01	08:30	Initial Jobless Claims (000s)	OCT 27	215	213	215
US	11/01	08:30	Continuing Claims (000s)	OCT 20	1640	--	1636
US	11/01	08:30	Productivity (q/q a.r.)	3Q P	2.2	1.9	2.9
US	11/01	08:30	Unit Labor Costs (q/q a.r.)	3Q P	1.1	1.2	-1.0
US	11/01	10:00	Construction Spending (m/m)	Sep	--	0.1	0.1
US	11/01	10:00	ISM Manufacturing Index	Oct	59.5	59.0	59.8
US	11/01		Total Vehicle Sales (mn a.r.)	Oct	17.1	17.0	17.4
CA	11/02	08:30	Merchandise Trade Balance (C\$ bn)	Sep	0.2	0.1	0.5
CA	11/02	08:30	Employment (000s m/m)	Oct	15	10.0	63.3
CA	11/02	08:30	Unemployment Rate (%)	Oct	5.9	5.9	5.9
US	11/02	08:30	Nonfarm Employment Report (000s m/m)	Oct	210	190.0	134.0
US	11/02	08:30	Unemployment Rate (%)	Oct	3.6	3.7	3.7
US	11/02	08:30	Household Employment Report (000s m/m)	Oct	--	--	420.0
US	11/02	08:30	Average Hourly Earnings (m/m)	Oct	0.2	0.2	0.3
US	11/02	08:30	Average Hourly Earnings (y/y)	Oct	3.1	3.2	2.8
US	11/02	08:30	Average Weekly Hours	Oct	--	34.5	34.5
US	11/02	08:30	Trade Balance (US\$ bn)	Sep	-53.5	-53.5	-53.2
US	11/02	10:00	Factory Orders (m/m)	Sep	0.4	0.5	2.3

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
UK	10/29	05:30	Net Consumer Credit (£ bn)	Sep	--	1.2	1.1
FR	10/30	02:30	GDP (q/q)	3Q A	--	0.4	0.2
FR	10/30	03:45	Consumer Spending (m/m)	Sep	--	-0.4	0.8
SP	10/30	04:00	CPI (m/m)	Oct P	--	0.9	0.2
SP	10/30	04:00	CPI (y/y)	Oct P	--	2.3	2.3
SP	10/30	04:00	CPI - EU Harmonized (m/m)	Oct P	--	0.6	0.6
SP	10/30	04:00	CPI - EU Harmonized (y/y)	Oct P	--	2.3	2.3
SP	10/30	04:00	Real Retail Sales (y/y)	Sep	--	--	0.3
GE	10/30	04:55	Unemployment (000s)	Oct	--	-11.0	-23.0
GE	10/30	04:55	Unemployment Rate (%)	Oct	--	5.1	5.1
IT	10/30	05:00	Real GDP (q/q)	3Q P	--	0.2	0.2
EC	10/30	06:00	Business Climate Indicator	Oct	--	1.2	1.2
EC	10/30	06:00	Economic Confidence	Oct	--	110.0	110.9
EC	10/30	06:00	GDP (q/q)	3Q A	--	0.4	0.4
EC	10/30	06:00	Industrial Confidence	Oct	--	3.9	4.7
SP	10/30	08:00	Budget Balance YTD (€ mn)	Sep	--	--	-18895
GE	10/30	09:00	CPI (m/m)	Oct P	--	0.1	0.4
GE	10/30	09:00	CPI (y/y)	Oct P	--	2.4	2.3
GE	10/30	09:00	CPI - EU Harmonized (m/m)	Oct P	--	0.1	0.0
GE	10/30	09:00	CPI - EU Harmonized (y/y)	Oct P	--	2.4	2.2
UK	10/30	20:01	GfK Consumer Confidence Survey	Oct	--	-10.0	-9.0

Forecasts at time of publication.

Source: Bloomberg, Scotiabank Economics.

Key Indicators for the week of October 29 – November 2

EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
GE	10/31	03:00	Retail Sales (m/m)	Sep	--	0.5	-0.3
FR	10/31	03:45	CPI (m/m)	Oct P	--	0.1	-0.2
FR	10/31	03:45	CPI (y/y)	Oct P	--	2.3	2.2
FR	10/31	03:45	CPI - EU Harmonized (m/m)	Oct P	--	0.2	-0.2
FR	10/31	03:45	CPI - EU Harmonized (y/y)	Oct P	--	2.6	2.5
SP	10/31	04:00	Real GDP (q/q)	3Q P	--	0.6	0.6
SP	10/31	05:00	Current Account (€ bn)	Aug	--	--	0.1
EC	10/31	06:00	Euro zone CPI Estimate (y/y)	Oct	--	2.2	2.1
EC	10/31	06:00	Euro zone Core CPI Estimate (y/y)	Oct A	--	1.0	0.9
EC	10/31	06:00	Unemployment Rate (%)	Sep	--	8.1	8.1
IT	10/31	06:00	CPI (m/m)	Oct P	--	0.3	-0.5
IT	10/31	06:00	CPI (y/y)	Oct P	--	1.8	1.4
IT	10/31	06:00	CPI - EU Harmonized (m/m)	Oct P	--	0.4	1.7
IT	10/31	06:00	CPI - EU Harmonized (y/y)	Oct P	--	1.8	1.5
UK	11/01	03:00	Nationwide House Prices (m/m)	Oct	--	0.2	0.3
UK	11/01	05:30	Manufacturing PMI	Oct	--	53.0	53.8
UK	11/01	08:00	BoE Asset Purchase Target (£ bn)	Nov	--	435.0	435.00
UK	11/01	08:00	BoE Policy Announcement (%)	Nov 1	0.75	0.75	0.75
FR	11/02	03:45	Central Government Balance (€ bn)	Sep	--	--	-97.3
IT	11/02	04:45	Manufacturing PMI	Oct	--	49.6	50.0
UK	11/02	05:30	PMI Construction	Oct	--	52.0	52.1
IT	11/02		Budget Balance (€ bn)	Oct	--	--	-19.8
IT	11/02		Budget Balance YTD (€ bn)	Oct	--	--	-49.4

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
JN	10/28	19:50	Large Retailers' Sales (y/y)	Sep	--	0.1	-0.1
JN	10/28	19:50	Retail Trade (y/y)	Sep	--	2.1	2.7
SK	10/29	17:00	Business Survey- Manufacturing	Nov	--	--	78.0
SK	10/29	17:00	Business Survey- Non-Manufacturing	Nov	--	--	77.0
JN	10/29	19:30	Jobless Rate (%)	Sep	2.4	2.4	2.4
AU	10/29	20:30	Building Approvals (m/m)	Sep	--	3.8	-9.4
SK	OCT 28-NOV 2		Department Store Sales (y/y)	Sep	--	--	2.4
SK	10/30	19:00	Industrial Production (y/y)	Sep	--	-6.6	2.5
SK	10/30	19:00	Cyclical Leading Index Change	Sep	--	--	-0.4
JN	10/30	19:50	Industrial Production (y/y)	Sep P	--	-2.1	0.2
AU	10/30	20:30	Consumer Prices (y/y)	3Q	2.0	1.9	2.1
AU	10/30	20:30	Private Sector Credit (y/y)	Sep	--	4.5	4.5
CH	10/30	21:00	Manufacturing PMI	Oct	50.7	50.6	50.8
CH	10/30	21:00	Non-manufacturing PMI	Oct	--	54.9	54.9
HK	OCT 30-31		Govt Monthly Budget Surp/Def (HKD bn)	Sep	--	--	-23.6
JN	OCT 30-31		BoJ Policy Rate (%)	Oct 31	-0.10	--	-0.10
PH	OCT 30-31		Bank Lending (y/y)	Sep	--	--	18.4
JN	OCT 31-NOV 7		Official Reserve Assets (US\$ bn)	Oct	--	--	1259.7
JN	10/31	00:00	Vehicle Production (y/y)	Aug	--	--	-2.0
JN	10/31	01:00	Consumer Confidence	Oct	--	43.5	43.4
JN	10/31	01:00	Housing Starts (y/y)	Sep	--	-0.6	1.6
JN	10/31	01:00	Construction Orders (y/y)	Sep	--	--	0.5
TH	10/31	03:30	Exports (y/y)	Sep	--	--	5.8
TH	10/31	03:30	Imports (y/y)	Sep	--	--	24.2
TH	10/31	03:30	Trade Balance (US\$ mn)	Sep	--	--	604.0
TH	10/31	03:30	Current Account Balance (US\$ mn)	Sep	--	1200.0	753.0
TA	10/31	04:00	Real GDP (y/y)	3Q P	2.5	2.3	3.3
IN	10/31	07:00	Fiscal Deficit (INR Crore)	Sep	--	--	3441
NZ	10/31	12:00	QV House Prices (y/y)	Oct	--	--	4.6

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

Key Indicators for the week of October 29 – November 2

ASIA-PACIFIC (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
SK	10/31	19:00	CPI (y/y)	Oct	2.0	2.0	1.9
SK	10/31	19:00	Core CPI (y/y)	Oct	--	1.0	1.2
SK	10/31	20:00	Exports (y/y)	Oct	--	17.9	-8.2
SK	10/31	20:00	Imports (y/y)	Oct	--	18.3	-2.1
SK	10/31	20:00	Trade Balance (US\$ mn)	Oct	--	7250.0	9565
AU	10/31	20:30	Trade Balance (AUD mn)	Sep	--	1700.0	1604
CH	10/31	21:45	HSBC Flash China Manufacturing PMI	Oct	--	50.0	50.0
CH	10/31	21:45	HSBC Manufacturing PMI	Oct	49.9	50.0	50.0
TH	10/31	23:00	CPI (y/y)	Oct	1.3	1.3	1.3
TH	10/31	23:00	Core CPI (y/y)	Oct	--	0.8	0.8
ID	11/01	00:00	CPI (y/y)	Oct	3.0	--	2.9
ID	11/01	00:00	Core CPI (y/y)	Oct	--	--	2.8
JN	11/01	01:00	Vehicle Sales (y/y)	Oct	--	--	-3.1
TH	11/01	03:30	Business Sentiment Index	Oct	--	--	51.5
HK	11/01	04:30	Retail Sales - Volume (y/y)	Sep	--	--	8.1
NZ	11/01	17:00	ANZ Consumer Confidence Index	Oct	--	--	117.6
JN	11/01	19:50	Monetary Base (y/y)	Oct	--	--	5.9
AU	11/01	20:30	Retail Sales (m/m)	Sep	--	0.3	0.3
AU	11/01	20:30	Producer Price Index (y/y)	3Q	--	--	1.5
SI	11/02	09:00	Purchasing Managers Index	Oct	--	--	52.4

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CL	10/31	08:00	Industrial Production (y/y)	Sep	-4.0	--	4.0
CL	10/31	08:00	Unemployment Rate (%)	Sep	7.2	--	7.3
CO	10/31	11:00	Urban Unemployment Rate (%)	Sep	--	10.0	10.1
BZ	10/31		SELIC Target Rate (%)	Oct 31	6.50	6.50	6.50
PE	11/01	01:00	Consumer Price Index (m/m)	Oct	--	0.2	0.2
PE	11/01	01:00	Consumer Price Index (y/y)	Oct	--	1.9	1.3
BZ	11/01	07:00	Industrial Production SA (m/m)	Sep	--	--	-0.3
BZ	11/01	07:00	Industrial Production (y/y)	Sep	--	--	2.0
BZ	11/01	08:00	PMI Manufacturing Index	Oct	--	--	50.9
BZ	11/01		Trade Balance (FOB) - Monthly (US\$ mn)	Oct	--	--	4971.0

Global Auctions for the week of October 29 – November 2**NORTH AMERICA****Country Date Time Event**

CA	10/31	12:00	Canada to Sell CAD1 Bln 2.0% 2051 Bonds
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EUROPE**Country Date Time Event**

IT	10/30	06:00	Italy to Sell Bonds
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ASIA-PACIFIC**Country Date Time Event**

CH	10/29	21:30	Anhui to Sell Bonds
CH	10/30	03:00	Guangxi to Sell 10Y Bonds
CH	10/30	04:00	XJ Prod and Cons to Sell Bonds
CH	10/30	21:30	Beijing to Sell Bonds
CH	10/30	22:30	Shanxi to Sell Bonds
CH	10/31	02:00	Tianjin to Sell Bonds
JN	10/31	23:35	Japan to Sell 10-Year Bond
AU	11/01	20:00	Australia To Sell AUD1,000 Mln 3.25% 2029 Bonds

Events for the week of October 29 – November 2

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
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US	10/29	09:45	Fed's Evans Speaks at Conference on Regional Competitiveness
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US	NOV 01-02		IMF 19th Jacques Polak Annual Research Conference
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EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
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NO	10/30	04:15	Norges Bank Deputy Governor Nicolaisen Speaks in Oslo
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NO	10/31	08:15	Norges Bank Governor Olsen Speaks in As
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NO	11/01	05:05	Norges Bank Deputy Governor Nicolaisen Speaks in Oslo
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NO	11/01	06:30	Norges Bank Governor Olsen Speaks in Bergen
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UK	11/01	08:30	BOE's Carney speaks at press conference in London
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PO	11/02	05:30	Portugal's Centeno to Speak at Conference on 2019 Budget
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ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
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AU	10/29	22:10	RBA's Bullock gives speech in Sydney
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JN	OCT 30-31		BOJ Outlook Report
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JN	OCT 30-31		BOJ Policy Balance Rate
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LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
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BZ	10/28		Presidential Election - Second Round
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BZ	10/31		Selic Rate
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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	1.75	December 5, 2018	1.75	1.75
Federal Reserve – Federal Funds Target Rate	2.25	November 8, 2018	2.25	2.25
Banco de México – Overnight Rate	7.75	November 15, 2018	8.00	7.75

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 13, 2018	0.00	0.00
Bank of England – Bank Rate	0.75	November 1, 2018	0.75	0.75
Swiss National Bank – Libor Target Rate	-0.75	December 13, 2018	-0.75	-0.75
Central Bank of Russia – One-Week Auction Rate	7.50	December 14, 2018	7.50	7.50
Sweden Riksbank – Repo Rate	-0.50	December 20, 2018	-0.50	-0.50
Norges Bank – Deposit Rate	0.75	December 13, 2018	0.75	0.75
Central Bank of Turkey – Benchmark Repo Rate	24.00	December 13, 2018	24.00	24.00

Bank of England: No policy action is expected with Brexit negotiations going down to the wire. The BoE presents its Inflation Report that will be dissected for updated forecasts.

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	October 31, 2018	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	1.50	November 5, 2018	1.50	1.50
Reserve Bank of New Zealand – Cash Rate	1.75	November 7, 2018	1.75	1.75
People's Bank of China – Lending Rate	4.35	TBA	--	4.35
Reserve Bank of India – Repo Rate	6.50	December 5, 2018	6.75	6.75
Bank of Korea – Bank Rate	1.50	November 30, 2018	1.75	1.50
Bank of Thailand – Repo Rate	1.50	November 14, 2018	1.50	1.50
Bank Negara Malaysia – Overnight Policy Rate	3.25	November 8, 2018	3.25	3.25
Bank Indonesia – 7-Day Reverse Repo Rate	5.75	November 15, 2018	5.75	6.00
Central Bank of Philippines – Overnight Borrowing Rate	4.50	November 15, 2018	4.75	4.75

Bank of Japan: We do not expect any changes to the BoJ's monetary policy stance following the October 31 meeting. Highly accommodative monetary policy will likely be maintained through 2020 on the back of Japan's muted inflation outlook.

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	6.50	October 31, 2018	6.50	6.50
Banco Central de Chile – Overnight Rate	2.75	December 4, 2018	2.75	2.75
Banco de la República de Colombia – Lending Rate	4.25	December 21, 2018	4.25	4.25
Banco Central de Reserva del Perú – Reference Rate	2.75	November 8, 2018	2.75	2.75

Banco Central do Brasil: The Selic rate is expected to remain on hold in the aftermath of this weekend's Presidential election and given the real's recent and sharp appreciation.

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	6.50	November 22, 2018	6.50	6.50

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

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