

Global Views

Weekly commentary on economic and financial market developments

July 15, 2011

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Adrienne Warren (416) 866-4315
adrienne_warren@scotiacapital.com

Staying Closer to Home

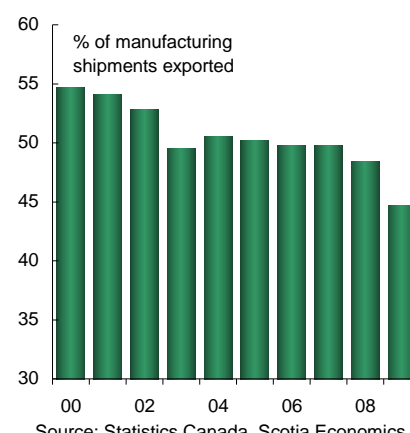
- Canadian manufacturers are increasingly relying on domestic customers to drive sales.

Last week, we highlighted the declining export orientation of the Canadian economy, as well as the lower level of import content in exports. We argued that Canadian goods and service firms need to look abroad for growth, especially toward fast-growing emerging markets, at a time when domestic demand is shifting to a lower gear. Meanwhile, using imported inputs more extensively could lower production costs and boost productivity, imperative to domestic competitiveness in a strong Canadian dollar environment.

This week, we look at export and import shares across major manufacturing industries. Manufacturers' overall export intensity — the share of manufacturing shipments that are exported — has fallen from 54.7% in 2000 to 44.7% in 2009 (see chart). The ratio varies considerably by industry, from a low of 9% for printing & publishing, to a high of 71% for machinery & equipment (see table). However, of the 11 major manufacturing industries examined, only one — chemical products (including fertilizers and pharmaceuticals) — shows a notable increase in export intensity.

The import content of manufacturing exports likewise varies considerably by industry, from less than 20% for printing & publishing to just over 50% for motor vehicles & other transportation equipment. As with export shares, however, the decline in import shares over the past decade has been broad based.

Canadian Export Intensity



Source: Statistics Canada, Scotia Economics.

The final column in the table shows the combination of export and import intensities. Industries with a high export share — machinery, transportation equipment, electronics and chemicals — stand to benefit disproportionately from rising global demand. However, in the case of machinery and chemicals, import shares are relatively low, implying a greater vulnerability to the high Canadian dollar. Best positioned against the shifting global economic landscape are transportation equipment and electronics, which have both a high export orientation and a high import content. At the opposite end of the scale, with both a low export and import share, are textiles, petroleum, food products and printing.

Manufacturing Export and Import Intensity by Major Industry Group				
	Export Intensity (%)		Import Intensity (%)	Export-Import Intensity
	2009	2000	2007	
Machinery & equipment	70.7	80.6	31.0	High-Low
Motor vehicles & other transport equipment	67.8	75.4	51.3	High-High
Electrical & electronic products	64.2	74.3	38.6	High-High
Chemicals & pharmaceutical products	63.7	48.8	27.3	High-Low
Lumber, wood & furniture products	48.4	65.8	19.9	High-Low
TOTAL MANUFACTURING	44.7	54.7	34.6	
Leather, rubber & plastic products	42.9	48.6	34.3	Avg-Avg
Metal products	42.7	41.9	27.9	Avg-Low
Textiles & clothing products	34.3	36.3	31.8	Low-Low
Petroleum, coal & non-metal minerals	23.8	27.8	32.1	Low-Low
Food, beverage & tobacco products	22.1	22.5	22.7	Low-Low
Printing & publishing	9.4	14.6	17.7	Low-Low

Source: Statistics Canada, Industry Canada, Scotia Economics

Footnote: Export intensity is the share of manufacturing shipments exported; import intensity is the import content of exports.

Gorica Djerić (416) 866-4214
gorica_djeric@scotiacapital.com

Proposed Change To A Chained U.S. CPI Has Merit

- A switch to a more technically accurate CPI would create fewer distortions, and put the U.S. federal budget on a more sustainable path.

The debate continues on Capitol Hill over the U.S. debt ceiling and viable options to reduce the public deficit by US\$2-4 trillion over the next decade, with added pressure from the looming August-2 deadline. To accomplish a deficit reduction

Examples of Areas Subject to Some Type of CPI Indexation		
Programs	Income Tax	Other
<ul style="list-style-type: none"> • Social Security • Public Pensions • Poverty threshold 	<ul style="list-style-type: none"> • Tax brackets • Pension contribution limits • Exemptions, deductions • Income tax credit 	<ul style="list-style-type: none"> • Some private, state & local compensation, pension plans • Public-sector contracts • Residential, commercial rents

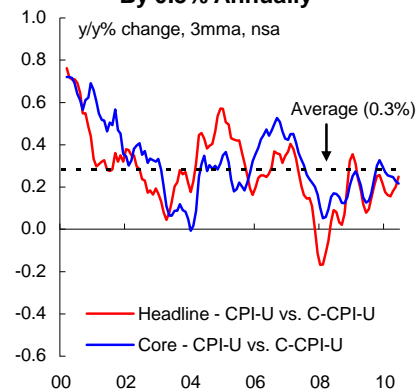
Source: CBO, Scotia Economics.

of this size, all aspects of Washington's operations are up for review. One recurring proposal would be to introduce a new consumer inflation measure — a replacement for the traditional consumer price index (CPI-U¹, CPI-W²) for all inflation-indexed programs and parts of the tax code (see table).

The idea is not new — accurately measuring the cost of living is a continuing challenge. The 1996 Boskin Commission [report](#) found that CPI was overstating inflation by roughly 1%. The proposal has more recently appeared in last year's budget proposals by the Administration and the Bipartisan Policy Center.

The proposed new measure more closely tracks the cost of living. While the Bureau of Labor Statistics (BLS) has made several changes to the traditional CPI-U to adjust for the weaknesses pointed out by the Boskin report — including substitution, outlet, quality and new-product biases — a new barometer, called the Chained Consumer Price Index (C-CPI-U), has been published since 2002 to supplement the existing series. Its aim is to provide a more accurate and timely account of the substitution bias across categories, in response to changes in consumer preferences and relative prices. Despite the adjustments made to the conventional index, and more frequent updating of its component weights, CPI-U continues to overshoot the C-CPI-U by a considerable 0.3% per year both at the headline and core level (see chart). The core Personal Consumption Expenditures (PCE) deflator³ averages 0.2% higher.

**CPI-U Overshoots Chained Index
By 0.3% Annually**



We believe that a change to C-CPI-U would be a justified technical improvement, and would help put the budget outlook on a more sustainable longer-term path. According to the CBO [estimates](#), switching to C-CPI-U would raise income tax revenues by a cumulative US\$72 billion by FY2021, lower Social Security benefits by US\$112 billion, and reduce public pensions by US\$24 billion. The reaction has been mixed with opponents arguing that older seniors, long-term disabled and low-income households may be more adversely affected. However, moving to C-CPI-U would over the longer-term produce a substantial savings, helping ensure the sustainability of key government programs. With the prospects of a wide range of fiscal restraint measures, this change at least ensures that indexation remains a formula-driven and transparent process. It would also lessen the possibility of ad-hoc downward adjustments to indexation, and does not put any part of the federal budget at a greater disadvantage. While not a quick fix for fiscal problems, it would be less of an adjustment in an environment of modest wage growth. The proposed change applies to the federal programs, but may also be considered by a number of state and local governments.

¹ CPI-U - A general retail price index for urban consumers. It encompasses about 87% of the U.S. population.

² CPI-W - A specialized retail price index affecting urban wage earners & clerical workers. It is a subset of CPI-U, representing 32% of U.S. population.

³ PCE Deflator - A more comprehensive gauge of consumer inflation. Unlike CPI, which tracks price changes in a fixed basket of goods and services, it follows overall domestic personal consumption.

Oscar Sánchez (416) 862-3174
oscar_sanchez@scotiacapital.com

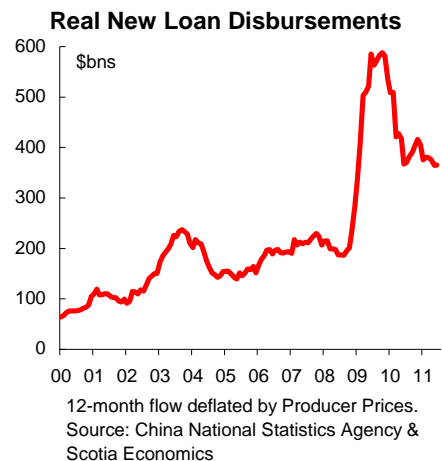
Monetary Conditions in China Still Offer Plenty of Growth Support

- **Monetary authorities likely to tread cautiously from here on amid global headwinds.**
- **Further tightening likely to come toward year end as economy gathers more speed.**

Monetary conditions in China have yet to become overtly restrictive and will continue to support a steady growth trajectory for the nation's economic output. Latest indicators point to a higher than anticipated sequential expansion in GDP and a rebound in new loan disbursements. GDP expanded at a 2.2% quarterly (non-annualized) rate, implying an acceleration from the 2.1% q/q gain of the first quarter of 2011, with loan growth expanding in both nominal and real terms in June. These observations portray in our view an adequate characterization of current conditions.

Local credit conditions in China are largely stable, with little evidence of severe loan tightening. Indeed, the yearly growth of financial disbursements remains well entrenched within the 15-20% range, where it has settled since the 35% y/y pickup of late 2009 and early 2010 driven by the policy response to the global crisis. Interestingly, local liquidity conditions in China picked up at the turn of 2011, exactly the time when the People's Bank of China (PBoC) decided to undertake more formal monetary policy normalization as it raised the benchmark short-term interest rate twice between October and December of 2010.

While the PBoC has persisted in its restrictive monetary policy stance with three additional rate increases (the latest coming this week), lifting the benchmark rate to 6.56%, lending conditions have yet to become overtly restrictive. On an inflation adjusted basis, the flow of new loan disbursements over the past 12 months has stabilized instead of continuing to contract (see chart); with the June data displaying a slight pickup in support of this trend. Although no longer a picture of an excess supply of funds intended to forestall an economic emergency, the current situation appears to be one of sufficient liquidity in support of the economic expansion rather than one of overt credit tightening.



Evidence from demand conditions is consistent with the previous assertions. Fixed capital formation continued unabated through June, expanding at a 30% annual rate during the first half of 2011; well above the average pace for 2010 (26%). Retail sales gathered momentum during the second quarter averaging an 18.2% y/y pace, which portrays an acceleration from the 17.2% gain of the first three months of 2011. These figures, however, are significantly lower than the over 22% y/y average expansion of the second half of 2010. Such a slowdown is not necessarily resulting from monetary tightening per se; rather, it likely ensued as a household reaction to an uncertain inflationary scenario, in particular since food costs have been a primary inflationary driver and still represent a large share of family expenditures. In this case, consumers likely switched towards property investments, looking for a vehicle to protect the real value of their savings. This is consistent with a pickup in residential sales growth during the first six months of 2011 vis-à-vis the second half of 2010.

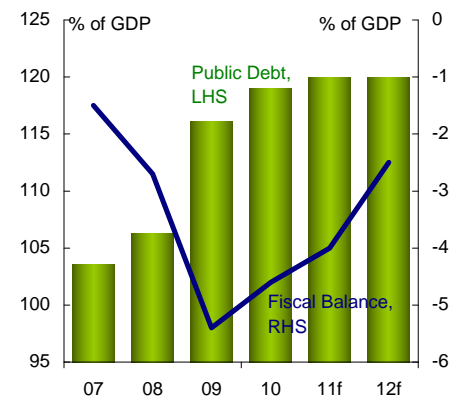
As to the outlook for monetary conditions in China, we foresee a prevalence of the status quo in coming months as yearly inflation reaches cyclical peaks. However, further interest rate lifts are not entirely discarded, particularly as the economy gathers momentum in the second half of 2011. At that juncture, more stable inflationary expectations would tame the protective motif for investment in real estate, with expectations of asset price gains inciting property demand forcing monetary authorities to remain vigilant.

Tuuli McCully (416) 863-2859

tuuli_mccully@scotiacapital.com**Italy Reaffirms Fiscal Consolidation Plans Amid Increased Market Turbulence**

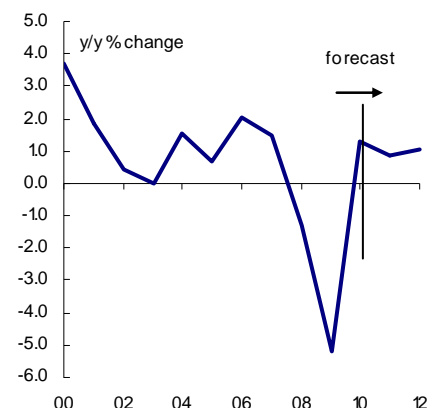
- **Risk aversion towards Italy is rising on the back of the country's weak economic recovery and political instability.**

Government finances continue to be one of Italy's weakest links despite the fact that a conservative fiscal policy during the global downturn moderated the deterioration in the country's fiscal balance. Responding to a recent increase in investor risk aversion towards Italian assets, a €40 billion deficit reduction plan was passed by the Senate on Thursday, followed by the Chamber of Deputies' approval on Friday. The budget shortfall will likely narrow to 4.0% of GDP this year from 4.6% in 2010. The government aims to bring the country's fiscal deficit below the Maastricht limit of 3% of GDP by 2012, and to eliminate it altogether in 2014, ahead of its regional peers. Italy's debt level is very high, estimated at 120% of GDP in 2011. Nevertheless, it is somewhat mitigated by the government's primary surpluses (which exclude interest payments) that should help the debt level stabilize through 2012. Potential contagion from the troubled euro zone economies has pushed Italy's sovereign yields up steeply this week, with the Italian 10-year sovereign bond trading at a yield of 5.7% at the time of writing, roughly 85 basis points (bps) higher than a month ago. Italy's credit default swaps, now trading at around 300 bps, have increased by 120 bps over the past month.

Italy - Government Finances

Source: Eurostat, Scotia Economics

The International Monetary Fund concluded the Article IV consultation with Italy earlier this week, stressing the need for decisive progress on structural reforms in order to increase productivity and the country's output growth potential, and identifying weak economic performance as one of Italy's main vulnerabilities. Real GDP will likely expand by only 0.9% this year, and by 1.1% in 2012, mainly supported by the external sector. While domestic demand will remain subdued on the back of fiscal austerity and a cautious consumer, economic momentum in developing economies will continue to support the country's exports sector, at least in the near term. Shipments to non-EU countries, particularly to Switzerland, Russia, Turkey and China, are performing well, with export growth to these nations ranging between 26% and 34% y/y in the January-May period. While the euro zone's economic engines, Germany and France, purchase a quarter of Italian exports, demand for Italian goods in the euro zone periphery will be dampened by fiscal consolidation efforts.

Italy - Real GDP Growth

Source: Bloomberg, Scotia Economics.

The next general election in Italy is not due until April 2013. Although strains within the coalition government are never far below the surface, the opposition remains deeply divided and hence has been unable to present itself as a credible alternative. While early elections are possible, it is unlikely that they would produce a more stable government. Indeed, fragmented politics challenge the introduction of structural reforms needed to improve economic productivity and fiscal sustainability.

Nathan Joshua (416) 866-5338
nathan_joshua@scotiacapital.com

Mary Webb (416) 866-4202
mary_webb@scotiacapital.com

The City of Toronto's Core Service Review

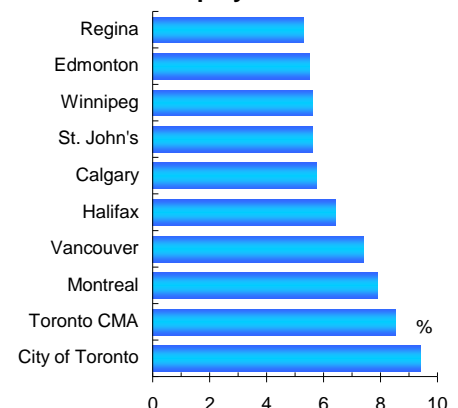
- **Toronto's Core Service Review steps up the process of reassessing City expenditures.**

As Canada's federal and provincial governments assess their program expenditures, the City of Toronto has embarked on a *Service Review Program* that includes: a *Core Service Review*, *Service Efficiency Studies* and a *User Fee Review*. For fiscal 2012, beginning this January, Toronto's City Manager estimates a \$774 million gap in balancing the City's operating budget. The possibility of an upward shift in revenues due to stronger economic growth is not considered high. The City's post-recession recovery has been moderate at best, as reflected in its unemployment rate still averaging 9.4% in May and June, compared with the 8.5% average for the entire CMA and significantly lower jobless rates for most other major Canadian centres (*top chart*). Increases in Toronto's non-residential property taxes are currently capped relative to residential property tax hikes, and the latter, plus utility charges, are high compared with other Canadian cities (*bottom chart*). Thus, in addition to eliminating its 2012 operating shortfall, the City is seeking to substantively shrink its expenditure base to gain a more sustainable fiscal path for the future that can accommodate the sizeable infrastructure agenda required.

The *Core Service Review*, conducted by an independent consultant, classifies approximately 155 city services as mandatory (required by provincial or federal legislation), essential to the City's operation, traditional (provided by virtually all large municipalities for many years) and "other". The standard of service within each function is ranked as above, equal to or below observed service levels across other Ontario, Canadian and U.S. cities with approximately similar characteristics. Other critical information includes the City's role as regulator, funder, service manager/deliverer or manager through contract or partnership arrangements. Of the eight scheduled reports, the four released this week indicate, interestingly, that the share of program budgets (gross basis) classified as either mandatory or essential was high at 96% for both Public Works & Infrastructure and Economic Development, 87% for Community Development & Recreation and 85% for Parks & Environment. More variation was reported in the standard of service, with 60% of the Parks & Environment program budget judged somewhat above standard, suggesting possible cost savings, while three-quarters of the Economic Development budget was considered slightly below standard.

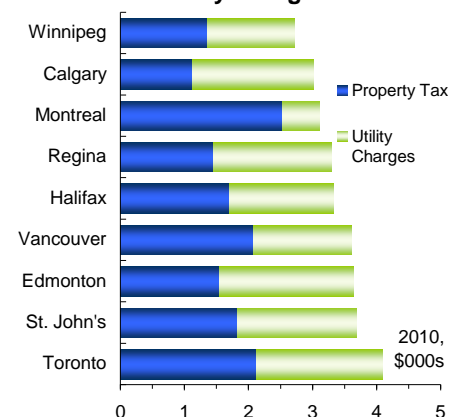
Of keen interest were the reports' individual program proposals. For example, activities considered optional included the zoo and farm attractions, the Urban Agriculture program, the Toxic Taxi, assistance to Business Improvement Areas and fluoridation of water. Opportunities to scale back services included summer street sweeping, snow removal and the range of medical calls requiring a Fire Department response. Among the other key issues raised by the reports were: the number of subsidized child care spaces required as Ontario rolls out its full-day kindergarten program; a possible shift in Sector and Trade Development activities to regional agencies; and, contracting-out options such as park maintenance. In suggesting far-reaching changes, the first four Core Service reports have already aroused considerable public comment, advancing the required debate in the first stage of a multi-step review process.

CMA Unemployment Rates*



*Average of May and June 2011, 3-month moving average, seasonally adjusted. Source: Statistics Canada.

Municipal Residential Property Tax & Utility Charges*



*For single-detached house, municipal property & other taxes (ex school) net of homeowner grants, plus power, water, sewer, land drainage & garbage utilities. Source: City of Edmonton, November 2010.

Adrienne Warren (416) 866-4315
adrienne_warren@scotiacapital.com

Canada's Resilient Housing Market

- **Steady employment growth and ultra-low interest rates continue to support domestic housing activity.**

Canadian housing activity remains remarkably resilient in the face of mounting global economic uncertainty and the squeeze on household purchasing power stemming from high food and gasoline prices. Adjusted for seasonality and expressed at annual rates, a total of 443,300 homes changed hands in the second quarter of 2011, down only modestly from Q1 and only slightly below the 10-year average annual pace of 452,650.

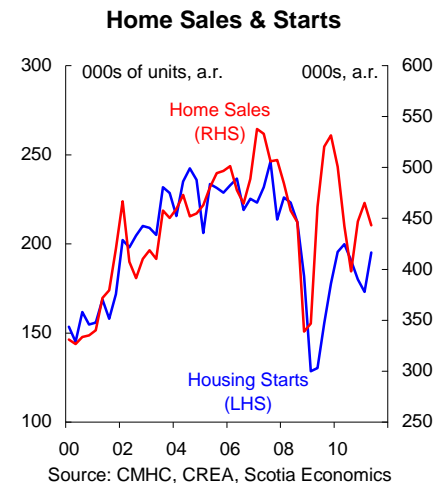
Steady job growth is a major factor supporting housing demand. The Canadian economy has generated an average of over 30,000 jobs a month so far this year, mostly full-time positions. Equally important, variable and fixed mortgage rates have remained at historically low levels, helping to maintain affordability despite near record home prices.

Tighter insured mortgage rules introduced in mid-March do not appear to have had a significant dampening impact on overall demand, though they likely brought some sales forward to the early part of the year. At the same time, the shortening in the allowed amortization length to a maximum of 30 years from 35 has likely forced some first-time buyers to opt for a lower-priced home.

Sales are being matched by a reasonable supply of new listings in most markets, leading to fairly balanced conditions between buyers and sellers. The national ratio of new listings to sales stood at 1.90 in June, while the months' supply of active listings was 6.0. This in turn has moderated price increases. The national average home price declined marginally on a month-to-month basis in each of the past three months, though this comes on the heels of a spike in prices in January and February. The early-year run-up in prices was likely inflated by a rush to beat the regulatory changes as well as by a surge in high-end property transactions in Vancouver.

Meanwhile, residential construction has actually picked up momentum this year. Housing starts in Q2 totalled an annualized 195,200 units, up sharply from 173,100 units in Q1. Starts tend to lag resale activity by about two quarters as new home builders respond to competing resale market conditions, suggesting new construction could begin to slow later in the year and into 2012 (see chart). The current level of starts is running about 5% below its 10-year average of 205,100 units.

Higher interest rates and a slowing pace of job creation as public sector restraint measures take hold will likely cool housing demand next year. However, given expectations of moderate economic growth and only a gradual rise in interest rates, combined with limited high-risk mortgages, we maintain that the most likely outcome for Canada's housing market over the next few years is not an abrupt downward correction but rather a period of relatively flat sales and pricing that eventually restores a better affordability balance.



Karen Cordes Woods (416) 862-3080
karen_woods@scotiacapital.com

Derek Holt (416) 863-7707
derek_holt@scotiacapital.com

Key Data Preview

CANADA

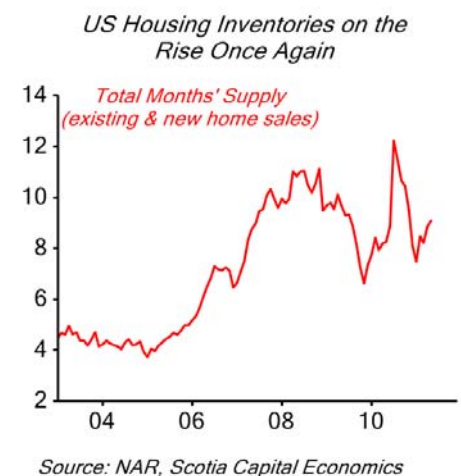
Next week will be busy once again in Canada with the release of the **Bank of Canada's rate announcement** (Tuesday), followed by the **BoC's Monetary Policy Report** (Wednesday) which will likely show a downward revision to its growth projections from its last report in April. In addition, the MPR may revise the BoC's thinking on the output gap with an increasing risk that the closing of the output gap may be delayed a quarter after a very weak 2011 Q2 and a heavily inventory-distorted Q1 that left behind a weak domestic demand picture. This would further support our view that the BoC will remain on hold until Q2 of next year with no move expected next week.

Well anchored **consumer prices** (Friday) should also provide the BoC with room to remain on the sidelines. While the seasonally unadjusted May results would suggest that inflation is accelerating — as headline CPI jumped 0.7% m/m while core was up 0.5% m/m— adjusting for seasonality, both headline and core CPI grew by only 0.2% m/m, suggesting quite the opposite: that evidence of a fanning out of inflationary pressures still remains weak. And indeed the June report will likely be more tame as a decline in gasoline prices will likely result in first negative monthly print since August 2010. Core inflation could also be pressured lower— although a negative print is unlikely—as vehicle prices moderate on the back of increased incentives at auto dealerships in June while retail discounting—although typical for the month—may have been larger than in previous years given recent weakness in consumer spending.

According to a Statistics Canada release, preliminary data suggest that new motor vehicle sales plunged 6% m/m in May, likely resulting in a decline in **headline retail sales** (Friday). Core sales, on the other hand, will likely advance at a modest pace on the back of a further increase in average retail gasoline prices. Nonetheless, wet and cool weather will likely limit the gain along with further weakness in underlying fundamentals as real wages continue to decline. As a result, price-adjusted sales will be more important within this release not only given the impact on real GDP but also to determine whether retailers may have started to discount which will skew the nominal results.

UNITED STATES

As Fed Chairman Bernanke noted in his testimonies to both the House and the Senate this week, the US housing market remains a major culprit behind the slow economic recovery. After peaking in July 2010, total months' supply of both new and existing homes is once again on the rise despite the fact that mortgage rates remain extremely low. And, this doesn't include the so-called shadow inventories—i.e., vacant homes that are held off market, rented out, and even held off banks' balance sheets—which would push supply levels up even further. With demand relatively non-existent since the expiry of the first-time homeowners' tax incentive program as wages, employment and economic growth remain weak, reducing the large supply of vacant homes has been much slower than anticipated. As a result, home construction has been flat-lined since January 2009 with no major shift in trend expected for either **housing starts** (Tuesday) or **building permits** (Tuesday) in June given the continued supply glut. This situation will likely be reflected once again in the **NAHB Home Builders Market Index** (Monday) which gauges homebuilder sentiment and also provides an early indication of demand for new homes during the month. In addition, while **existing home sales** (Wednesday) have benefited more from the inventory overhang than new home sales as resale prices have fallen faster than new home prices, resales have been unable to break higher without government support.



Daniela Blancas (416) 862-3908
daniela_blancas@scotiacapital.com

Tuuli McCully (416) 863-2859
tuuli_mccully@scotiacapital.com

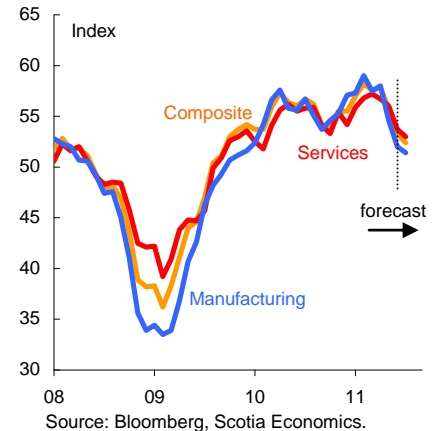
Oscar Sánchez (416) 862-3174
oscar_sanchez@scotiacapital.com

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EUROPE

A preliminary estimate for the euro zone Purchasing Managers Index (PMI) for July will be released on July 21st. While a deceleration in economic activity is likely, the underlying momentum of the euro zone economy remains positive despite financial market volatility linked to ongoing sovereign debt sustainability concerns. We expect that all of the PMI components remained firmly in expansionary territory (above 50). The German ZEW and IFO surveys, to be released on July 19th and July 22nd, respectively, will likely depict a similar decelerating trend, though Germany continues to be the growth engine in the euro zone.

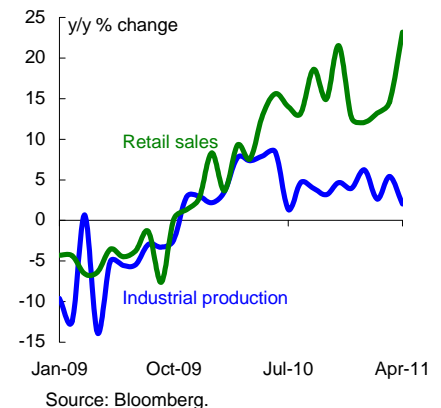
Euro Zone PMI



LATIN AMERICA

Together with the monetary policy announcement in Brazil (see Central Bank Watch), data releases on industrial production and retail sales in Colombia will attract investors' attention in Latin America next week (July 18th to 22nd). Industrial production growth has been stabilizing in Colombia in recent months, expanding by only 2.0% y/y in April. The major contributors to this increase were automotive sector production, which gained 27.2% y/y, and the chemical industry, which was up 13.4%. Household consumption has been renewed in recent months with retail sales advancing by a surprisingly 23.2% y/y in April. Colombian peso appreciation has supported consumer spending, with imports surging by 40.5% y/y in May, which suggests another positive performance for May's retail sales numbers.

Colombian Industrial Production and Retail Sales



ASIA

Exports out of Japan will continue to display a rebound from the very weak levels following the March 2011 earthquake/tsunami. We anticipate year-over-year growth in foreign sales of -6.2% for June, an improvement over the -10% y/y pace of the previous month, as the value of goods sold to the rest of the world springs back towards the average observed in the months prior to the catastrophe. The recovery in export flows will be consistent with an upwardly revised 6.2% m/m gain in industrial output for May in Japan. Signs of rising capacity utilization abound now as automakers in particular have been able to bring assembly lines back to previous operational standards.

Japanese Exports



Key Indicators for the week of July 18 - 22

North America							
Country	Date	Time	Event	Period	BNS	Consensus	Latest
CA	07/18	08:30	Int'l Securities Transactions (C\$ bns)	MAY	--	--	8.2
US	07/18	09:00	Net Long-term TIC Flows (US\$ bns)	MAY	--	--	30.6
US	07/18	09:00	Total Net TIC Flows (US\$ bns)	MAY	--	--	68.2
US	07/18	10:00	NAHB Housing Market Index	JUL	14.0	15.0	13.0
CA	07/19	08:30	Leading Indicators (MoM)	JUN	--	0.8	1.0
US	07/19	08:30	Housing Starts (000s)	JUN	578	575	560
US	07/19	08:30	Housing Starts (MoM)	JUN	3.2	2.7	3.5
US	07/19	08:30	Building Permits (000s)	JUN	590	600	609
US	07/19	08:30	Building Permits (MoM)	JUN	-3.1	-1.5	8.2
CA	07/19	09:00	Bank of Canada Rate	19-Jul	1.00	1.00	1.00
US	07/20	07:00	MBA Mortgage Applications (WoW)	15-Jul	--	--	-5.1
CA	07/20	08:30	Wholesale Sales (MoM)	MAY	--	0.4	-0.1
MX	07/20	09:00	Retail Sales (INEGI) (YoY)	MAY	3.62	--	4.90
US	07/20	10:00	Existing Home Sales (mns)	JUN	5.04	4.92	4.81
US	07/20	10:00	Existing Home Sales (MoM)	JUN	5.0	2.3	-3.8
CA	07/20	10:30	Monetary Policy Report				
US	07/21	08:30	Initial Jobless Claims (000s)	15-Jul	410	405	405
US	07/21	08:30	Continuing Claims (000s)	9-Jul	3700	--	3727
MX	07/21	09:00	Unemployment Rate	JUN	5.1	--	5.2
US	07/21	10:00	House Price Index (MoM)	MAY	--	--	0.8
US	07/21	10:00	Leading Indicators	JUN	--	0.2	0.8
US	07/21	10:00	Philadelphia Fed. Index	JUL	-3.0	4.5	-7.7
CA	07/22	07:00	Consumer Price Index (MoM)	JUN	-0.2	-0.2	0.7
CA	07/22	07:00	Consumer Price Index (YoY)	JUN	3.6	3.5	3.7
CA	07/22	07:00	Bank Canada CPI Core (MoM)	JUN	0.0	0.1	0.5
CA	07/22	07:00	Bank Canada CPI Core (YoY)	JUN	1.8	2.0	1.8
CA	07/22	08:30	Retail Sales (MoM)	MAY	-0.4	-0.3	0.3
CA	07/22	08:30	Retail Sales Less Autos (MoM)	MAY	0.3	0.4	0.0
MX	07/22	10:00	Central Bank Monetary Policy Minutes				
MX	07/22	10:00	Bi-Weekly Core CPI (% change)	15-Jul	--	--	0.1
MX	07/22	10:00	Bi-Weekly CPI (% change)	15-Jul	0.15	--	0.2

Forecasts at time of publication.

Source: Bloomberg, Scotia Economics.

Key Indicators for the week of July 18 - 22

Europe								
Country	Date	Time	Event	Period	BNS	Consensus	Latest	
UK	07/17	19:01	Rightmove House Prices (MoM)	JUL	--	--	0.6	
UK	07/17	19:01	Rightmove House Prices (YoY)	JUL	--	--	1.1	
SW	07/18	03:30	Riksbank Minutes					
UK	JUL 18-22		Nationwide Consumer Confidence	JUN	--	49.0	55.0	
EC	07/19	05:00	Construction Output SA (MoM)	MAY	--	--	0.7	
GE	07/19	05:00	Zew Survey (Current Situation)	JUL	87	85.0	87.6	
GE	07/19	05:00	ZEW Survey (Econ. Sentiment)	JUL	-15	-12.5	-9.0	
EC	07/19	05:00	ZEW Survey (Econ. Sentiment)	JUL	--	--	-5.9	
GE	07/20	02:00	Producer Prices (MoM)	JUN	--	0.0	0.0	
IT	07/20	04:00	Industrial Orders s.a. (MoM)	MAY	--	--	-6.4	
IT	07/20	04:00	Industrial Sales s.a. (MoM)	MAY	--	--	1.5	
UK	07/20	04:30	Bank of England Minutes					
IT	07/20	05:00	Current Account (€ mns)	MAY	--	--	-5604	
EC	07/20	10:00	Euro-Zone Consumer Confidence	JUL A	--	-10.0	-9.8	
FR	07/21	03:00	PMI Manufacturing	JUL P	--	52.0	52.5	
FR	07/21	03:00	PMI Services	JUL P	--	55.5	56.1	
GE	07/21	03:30	PMI Manufacturing	JUL A	--	54.1	54.6	
GE	07/21	03:30	PMI Services	JUL A	--	56.1	56.7	
EC	07/21	04:00	PMI Composite	JUL A	52.4	52.6	53.3	
EC	07/21	04:00	PMI Manufacturing	JUL A	51.4	51.5	52.0	
EC	07/21	04:00	PMI Services	JUL A	53	53.2	53.7	
EC	07/21	04:00	ECB Euro-Zone Current Account SA (€ bns)	MAY	--	--	-5.1	
UK	07/21	04:30	Public Finances (PSNCR) (£ bns)	JUN	--	18.0	11.1	
UK	07/21	04:30	PSNB ex Interventions (£ bns)	JUN	11.4	12.5	17.4	
UK	07/21	04:30	Public Sector Net Borrowing (£ bns)	JUN	9.6	10.4	15.2	
UK	07/21	04:30	Retail Sales Ex Auto Fuel (MoM)	JUN	0.2	0.8	-1.6	
UK	07/21	04:30	Retail Sales w/Auto Fuel (MoM)	JUN	0.2	0.6	-1.4	
FR	07/22	02:45	Own-Company Production Outlook	JUL	--	--	14.0	
FR	07/22	02:45	Production Outlook Indicator	JUL	--	--	13.0	
FR	07/22	02:45	Business Confidence Indicator	JUL	--	107.0	109.0	
GE	07/22	04:00	IFO - Business Climate	JUL	113.5	113.6	114.5	
GE	07/22	04:00	IFO - Current Assessment	JUL	122.0	122.3	123.3	
GE	07/22	04:00	IFO - Expectations	JUL	105	105.1	106.3	
IT	07/22	04:00	Retail Sales s.a. (MoM)	MAY	--	--	0.4	
EC	07/22	05:00	Industrial New Orders SA (MoM)	MAY	--	0.8	0.8	

Forecasts at time of publication.

Source: Bloomberg, Scotia Economics.

Key Indicators for the week of July 18 - 22

Asia Pacific

Country	Date	Time	Event	Period	BNS	Consensus	Latest
NZ	07/17	18:45	Consumer Prices (QoQ)	2Q	--	0.8	0.8
NZ	07/17	18:45	Consumer Prices (YoY)	2Q	--	5.1	4.5
AU	07/17	21:30	New Motor Vehicle Sales (MoM)	JUN	--	--	-7.6
AU	07/17	21:30	New Motor Vehicle Sales YoY	JUN	--	--	-14.5
TH	JUL 17-22		Total Car Sales	JUN	--	--	55851
AU	07/18	21:30	Reserve Bank's Board July Minutes				
JN	07/19	01:30	Nationwide Dept. Sales (YoY)	JUN	--	--	-2.4
JN	07/19	01:30	Tokyo Dept. Store Sales (YoY)	JUN	--	--	-4.3
AU	07/19	20:30	Westpac Leading Index (MoM)	MAY	--	--	0.2
AU	07/19	21:00	DEWR Skilled Vacancies (MoM)	JUL	--	--	-2.0
CH	07/19	22:00	Conference Board China July Leading Economic Index				
TH	JUL 19-25		Custom Exports (YoY)	JUN	--	10.0	17.6
TH	JUL 19-25		Custom Imports (YoY)	JUN	--	24.2	33.8
TH	JUL 19-25		Custom Trade Balance (US\$ mns)	JUN	--	--	277.5
JN	07/20	01:00	Coincident Index CI	MAY F	--	--	106.0
JN	07/20	01:00	Leading Index CI	MAY F	--	--	99.8
JN	07/20	03:00	Convenience Store Sales (YoY)	JUN	--	--	5.7
TA	07/20	04:00	Export Orders (YoY)	JUN	--	--	11.5
JN	07/20	19:50	Merchnds Trade Balance Total (¥ bns)	JUN	-200	-149.0	-855.8
JN	07/20	19:50	Adjusted Merchnds Trade Balance (¥ bns)	JUN	--	-250.4	-474.6
JN	07/20	19:50	Merchnds Trade Exports (YoY)	JUN	-6.2	-4.1	-10.3
JN	07/20	19:50	Merchnds Trade Imports (YoY)	JUN	11.9	11.0	12.3
AU	07/20	21:30	NAB Business Confidence	2Q	--	--	11.0
CH	07/20	22:30	HSBC Flash China Manufacturing PMI	JUL	50.9	--	50.1
IN	07/21	02:30	Food Articles WPI (YoY)	9-Jul	--	--	8.3
IN	07/21	02:30	Fuel Power Light WPI (YoY)	9-Jul	--	--	11.9
IN	07/21	02:30	Primary Articles WPI (YoY)	9-Jul	--	--	11.6
AU	07/21	21:30	Import price index (QoQ)	2Q	--	-1.1	1.4
AU	07/21	21:30	Export price index (QoQ)	2Q	--	4.5	5.2
JN	07/22	01:00	Supermarket Sales (YoY)	JUN	--	--	-1.4
TH	07/22	03:30	Forward Contracts (US\$ bns)	15-Jul	--	--	25.6
TH	07/22	03:30	Foreign Reserves (US\$ bns)	15-Jul	--	--	184.2

Forecasts at time of publication.

Source: Bloomberg, Scotia Economics.

Key Indicators for the week of July 18 - 22

Latin America							
<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
BZ	07/18	07:30	Central Bank Weekly Economists Survey				
BZ	07/18	10:00	Trade Balance (FOB) - Weekly (US\$ mns)	17-Jul	--	--	1871
BZ	07/19	08:00	Unemployment Rate	JUN	--	6.1	6.4
CO	07/19	17:00	Industrial Production (YoY)	MAY	--	--	2.0
CO	07/19	17:00	Retail Sales (YoY)	MAY	--	--	23.2
BZ	07/20	08:00	IBGE CPI IPCA-15 (MoM)	JUL	--	0.2	0.2
BZ	07/20		SELIC Target - Central Bank	20-Jul	12.50	12.50	12.25

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

Global Auctions for the week of July 18 - 22

North America

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	07/18	11:30	U.S. to Sell 3-Month Bills
US	07/18	11:30	U.S. to Sell 6-Month Bills
CA	07/19	10:30	Canada to Sell CAD6.5 Bln 98-Day Bills
CA	07/19	10:30	Canada to Sell CAD2.5 Bln 182-Day Bills
CA	07/19	10:30	Canada to Sell CAD2.5 Bln 364-Day Bills
US	07/19	11:30	U.S. to Sell 4-Week Bills
US	07/21	13:00	U.S. to Sell 10-Year TIPS

Europe

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
FR	07/18	09:00	France to Sell Bills
EC	07/18	09:30	ECB Calls for Bids in 7-Day Main Refinancing Tender
EC	07/18	09:30	ECB Announces Bond Purchases
SP	07/19	04:30	Spain to Sell 12M and 18M Bills
SZ	07/19	05:30	Switzerland to Sell 3-Month Bills
UK	07/19	05:30	U.K. to Sell GBP4.75 Bln 2% 2016 Bonds
GE	07/20	05:15	Germany to Sell Add'l EU2 Bln 30-Year Notes
SP	07/21	04:30	Spain to Sell 5.5% 2021 Bonds
SP	07/21	04:30	Spain to Sell 5.9% 2026 Bonds
FR	07/21	05:00	France to Sell Bonds/Notes
UK	07/22	06:10	U.K. to Sell Bills

Asia Pacific

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	07/18	23:35	Japan to Sell 3-Month Bills
CH	07/19	23:00	China to Sell 10 Year Bond
JN	07/19	23:35	Japan to Sell 2-Month Bills
JN	07/20	23:45	Japan to Sell 20-Year Bond

Source: Bloomberg, Scotia Economics.

Events for the week of July 18 - 22

North America

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	07/19	09:00	Bank of Canada Releases Interest Rate Announcement
US	07/19	19:30	Fed's Hoenig Speaks on Monetary Policy and Agriculture
CA	07/20	10:30	Bank of Canada Publishes its Monetary Policy Report
US	07/20	18:15	Fed's Sack to Speak to Money Marketeers in New York
US	07/21	08:30	Fed's Evans Speaks to Reporters in Chicago
US	07/21	10:00	Fed's Bernanke Testifies on Dodd-Frank Anniversary

Europe

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	07/18	03:30	EU Foreign Ministers Meet in Brussels
UK	07/20	04:30	Bank of England Releases Monetary Policy Committee Minutes
PO	07/20	14:00	Portugal reports Year-to-Date Budget Report

Asia Pacific

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	07/18	21:30	Reserve Bank's Board July Minutes
NZ	JUL 18-22		Prime Minister Key Visits Washington
JN	07/19	21:30	BOJ Deputy Governor Yamaguchi to Speak in Matsumoto City

Latin America

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BZ	07/20		SELIC Target - Central Bank

Source: Bloomberg, Scotia 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	July 19, 2011	1.00	1.00
Federal Reserve – Federal Funds Target Rate	0.25	August 9, 2011	0.25	--
Banco de México – Overnight Rate	4.50	August 26, 2011	4.50	--

Statistics Canada released several data reports this week, including international trade and manufacturing shipments, along with the CMHC's housing starts report with mixed results. However, none of the results conflict with our current view that the Bank of Canada will remain on hold until Q2 2012. In the U.S., while core CPI came in slightly higher than expected in June, most of the upward pressure was due to vehicles and apparel prices which will likely soften over the next few months. Weaker than expected industrial production, New York manufacturing activity, consumer confidence, trade and core retail sales also support our view that the Fed will likely remain on the sidelines until Q3 of next year.

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	1.50	August 4, 2011	1.50	--
Bank of England – Bank Rate	0.50	August 4, 2011	0.50	0.50
Swiss National Bank – Libor Target Rate	0.25	September 15, 2011	0.25	--
Central Bank of Russia – Refinancing Rate	8.25	August 1, 2011	8.25	--
Hungarian National Bank – Base Rate	6.00	July 26, 2011	6.00	6.00
Central Bank of the Republic of Turkey – 1 Week Repo Rate	6.25	July 21, 2011	6.25	6.25

We expect the European Central Bank to keep the refinancing rate unchanged until October, when the gradual process of monetary policy normalization will likely continue. The Turkish central bank is expected to maintain the repo rate at 6.25% following the Monetary Policy Committee meeting on July 21st on the back of uncertainties regarding the strength of global and domestic economic momentum.

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 – Target Rate	0.10	August 5, 2011	0.10	--
Reserve Bank of Australia – Cash Target Rate	4.75	August 2, 2011	4.75	4.75
Reserve Bank of New Zealand – Cash Rate	2.50	July 27, 2011	2.50	2.50
People's Bank of China – Lending Rate	6.56	TBA	--	--
Reserve Bank of India – Repo Rate	7.50	July 26, 2011	7.50	--
Hong Kong Monetary Authority – Base Rate	0.50	TBA	0.50	--
Central Bank of China Taiwan – Discount Rate	1.88	September 30, 2011	--	--
Bank Negara Malaysia – Overnight Policy Rate	3.00	September 8, 2011	3.00	--
Bank of Korea – Bank Rate	3.25	August 10, 2011	3.25	--
Bank of Thailand – Repo Rate	3.25	August 24, 2011	3.25	--
Bank Indonesia – Reference Interest Rate	6.75	August 9, 2011	6.75	--
Central Bank of the Philippines – Overnight Policy Rate	4.50	July 28, 2011	4.50	--

Latin America

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Banco Central do Brasil – Selic Rate	12.25	July 20, 2011	12.50	12.50
Banco Central de Chile – Overnight Rate	5.25	August 18, 2011	5.50	--
Banco de la República de Colombia – Lending Rate	4.25	July 29, 2011	4.50	--
Banco Central de Reserva del Perú – Reference Rate	4.25	August 11, 2011	4.25	--

We expect the central bank of Brazil to increase the reference rate, the SELIC, another 25 basis points (bps) to 12.50% on July 20th. Headline inflation, based on the IPCA Index, accelerated in June to 6.71% y/y (IPCA Index) from 6.55% in May, and is now 21 bps above the central bank's tolerance range, prompting authorities to continue tightening monetary conditions.

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	5.50	July 21, 2011	5.50	5.50

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

	2000-09	2010	2011f	2012f	2000-09	2010	2011f	2012f
Output and Inflation (annual % change)								
	Real GDP				Consumer Prices²			
World ¹	3.6	5.1	4.2	4.5				
Canada	2.1	3.2	2.7	2.5	2.1	1.8	2.9	2.1
United States	1.8	2.9	2.5	2.7	2.6	1.6	2.8	2.0
Mexico	1.9	5.5	4.4	3.8	4.9	4.4	3.6	3.8
United Kingdom	1.7	1.4	1.2	1.5	1.9	3.7	4.7	2.0
Euro zone	0.9	1.6	1.8	1.7	2.1	2.2	2.8	2.1
Japan	0.6	4.0	0.3	3.5	-0.3	0.0	0.8	1.3
Australia	3.1	2.7	3.4	3.0	3.2	2.7	2.8	2.5
China	9.4	10.4	9.3	9.5	2.0	4.6	5.0	4.5
India	7.4	9.0	8.3	8.5	6.2	9.5	7.5	6.0
Korea	4.4	6.2	5.4	5.3	3.1	3.5	3.5	3.0
Brazil	2.9	7.5	4.0	4.5	6.6	5.9	6.5	5.5
Chile	3.6	5.2	6.0	5.5	3.7	3.0	4.5	3.5
Peru	5.1	8.8	6.0	5.8	2.5	2.1	4.0	3.7
Central Bank Rates (% end of period)	11Q1	11Q2f	11Q3f	11Q4f	12Q1f	12Q2f	12Q3f	12Q4f
Bank of Canada	1.00	1.00	1.00	1.00	1.00	1.50	2.00	2.25
Federal Reserve	0.25	0.25	0.25	0.25	0.25	0.25	0.75	1.25
European Central Bank	1.00	1.25	1.50	1.75	2.00	2.25	2.50	2.50
Bank of England	0.50	0.50	0.50	0.50	0.50	0.75	1.00	1.25
Swiss National Bank	0.25	0.25	0.25	0.50	0.50	0.75	0.75	1.00
Bank of Japan	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Reserve Bank of Australia	4.75	4.75	5.00	5.25	5.50	5.75	6.00	6.25
Exchange Rates (end of period)								
Canadian Dollar (USDCAD)	0.97	0.95	0.96	0.96	0.95	0.95	0.94	0.94
Canadian Dollar (CADUSD)	1.03	1.06	1.04	1.04	1.05	1.05	1.06	1.06
Euro (EURUSD)	1.42	1.47	1.45	1.50	1.48	1.46	1.43	1.40
Sterling (GBPUSD)	1.60	1.64	1.61	1.63	1.65	1.67	1.69	1.70
Yen (USDJPY)	83	79	79	80	82	83	84	85
Australian Dollar (AUDUSD)	1.03	1.07	1.08	1.09	1.09	1.10	1.10	1.11
Chinese Yuan (USDCNY)	6.5	6.5	6.4	6.3	6.2	6.1	6.0	5.9
Mexican Peso (USDMXN)	11.9	11.6	11.9	12.0	12.1	12.1	12.2	12.3
Brazilian Real (USDBRL)	1.63	1.57	1.59	1.60	1.62	1.65	1.67	1.70
Commodities (annual average)	2000-09	2010	2011f	2012f				
WTI Oil (US\$/bbl)	51	79	97	100				
Brent Oil (US\$/bbl)	50	80	110	114				
Nymex Natural Gas (US\$/mmbtu)	5.95	4.40	4.40	4.75				
Copper (US\$/lb)	1.78	3.42	4.25	4.15				
Zinc (US\$/lb)	0.73	0.98	1.03	1.05				
Nickel (US\$/lb)	7.11	9.89	11.25	8.90				
Gold, London PM Fix (US\$/oz)	522	1,225	1,530	1,600				
Pulp (US\$/tonne)	668	960	1,000	1,055				
Newsprint (US\$/tonne)	572	607	655	715				
Lumber (US\$/mfbm)	275	254	265	270				

¹ World GDP for 2000-09 are IMF estimates; 2010-12f are Scotia Economics' estimates based on a 2009 PPP-weighted sample of 34 countries.

² CPI for Canada and the United States are annual averages. For other countries, CPI are year-end rates.

Canada	2010	10Q4	11Q1	Latest	United States	2010	10Q4	11Q1	Latest
Real GDP (annual rates)	3.2	3.1	3.9		Real GDP (annual rates)	2.9	3.1	1.9	
Current Acc. Bal. (C\$B, ar)	-50.9	-41.1	-35.7		Current Acc. Bal. (US\$B, ar)	-471	-449	-477	
Merch. Trade Bal. (C\$B, ar)	-9.0	1.5	6.4	-9.8 (May)	Merch. Trade Bal. (US\$B, ar)	-646	-637	-730	-779 (May)
Industrial Production	4.6	6.0	5.6	5.0 (Apr)	Industrial Production	5.3	6.2	5.3	3.4 (Jun)
Housing Starts (000s)	192	179	175	197 (Jun)	Housing Starts (millions)	0.58	0.54	0.58	0.56 (May)
Employment	1.4	1.7	1.9	1.3 (Jun)	Employment	-0.8	0.5	0.9	0.9 (Jun)
Unemployment Rate (%)	8.0	7.7	7.8	7.4 (Jun)	Unemployment Rate (%)	9.6	9.6	8.9	9.2 (Jun)
Retail Sales	5.5	5.3	2.5	3.6 (Apr)	Retail Sales	6.8	8.1	8.6	8.5 (Jun)
Auto Sales (000s)	1561	1554	1577	1656 (Apr)	Auto Sales (millions)	11.5	12.3	13.0	11.4 (Jun)
CPI	1.8	2.3	2.6	4.8 (May)	CPI	1.6	1.3	2.1	3.6 (Jun)
IPPI	1.0	2.6	4.0	-5.7 (May)	PPI	4.2	3.8	4.9	7.0 (Jun)
Pre-tax Corp. Profits	21.2	19.1	13.4		Pre-tax Corp. Profits	36.8	16.1	9.3	
Mexico					Brazil				
Real GDP	5.4	4.4	4.6		Real GDP	6.7	4.2	3.8	
Current Acc. Bal. (US\$B, ar)	-5.6	-14.0	-5.5		Current Acc. Bal. (US\$B, ar)	-47.4	-48.0	-58.3	
Merch. Trade Bal. (US\$B, ar)	-3.0	-4.2	7.6	6.7 (May)	Merch. Trade Bal. (US\$B, ar)	20.3	30.1	12.7	53.2 (Jun)
Industrial Production	6.0	4.8	5.3	12.9 (May)	Industrial Production	10.5	3.8	2.4	14.7 (May)
CPI	4.2	4.2	3.5	3.3 (Jun)	CPI	5.1	6.1	6.8	6.4 (Jun)
Chile					Italy				
Real GDP	5.2	5.8	9.8		Real GDP	1.2	1.5	1.0	
Current Acc. Bal. (US\$B, ar)	3.1	4.9	2.9		Current Acc. Bal. (US\$B, ar)	-0.07	-0.07	-0.11	-0.10 (Apr)
Merch. Trade Bal. (US\$B, ar)	11.6	17.7	17.4	7.1 (Jun)	Merch. Trade Bal. (US\$B, ar)	-39.1	-46.3	-77.2	-41.4 (May)
Industrial Production	0.6	2.7	11.5	12.6 (May)	Industrial Production	6.5	5.3	2.3	11.0 (May)
CPI	1.4	2.5	2.9	3.4 (Jun)	CPI	1.6	1.8	2.3	2.7 (Jun)
Germany					France				
Real GDP	3.5	3.8	4.8		Real GDP	1.4	1.4	2.2	
Current Acc. Bal. (US\$B, ar)	188.0	251.7	194.8	118.7 (May)	Current Acc. Bal. (US\$B, ar)	-44.5	-86.6	-59.7	-167.9 (May)
Merch. Trade Bal. (US\$B, ar)	201.5	219.8	209.3	220.5 (May)	Merch. Trade Bal. (US\$B, ar)	-39.0	-39.4	-55.0	-62.1 (May)
Industrial Production	10.1	11.8	13.0	19.4 (May)	Industrial Production	5.1	4.6	4.9	10.5 (May)
Unemployment Rate (%)	7.7	7.4	7.3	7.0 (Jun)	Unemployment Rate (%)	9.8	9.7	9.7	9.5 (May)
CPI	1.1	1.5	2.1	2.3 (Jun)	CPI	1.5	1.6	1.8	2.1 (Jun)
Euro Zone					United Kingdom				
Real GDP	1.7	1.9	2.4		Real GDP	1.4	1.5	1.6	
Current Acc. Bal. (US\$B, ar)	-77	-41	-173	-113 (Apr)	Current Acc. Bal. (US\$B, ar)	-71.6	-72.2	-74.0	
Merch. Trade Bal. (US\$B, ar)	32.0	53.2	-61.7	-61.7 (Apr)	Merch. Trade Bal. (US\$B, ar)	-153.0	-171.9	-142.4	-166.0 (May)
Industrial Production	7.5	8.1	6.6	13.1 (May)	Industrial Production	2.1	3.3	2.0	1.0 (May)
Unemployment Rate (%)	10.1	10.0	9.9	9.8 (May)	Unemployment Rate (%)	7.9	7.9	7.7	7.7 (Apr)
CPI	1.6	2.0	2.5	2.7 (Jun)	CPI	3.3	3.4	4.1	4.2 (Jun)
Japan					Australia				
Real GDP	4.0	2.4	-0.7		Real GDP	2.7	2.7	1.0	
Current Acc. Bal. (US\$B, ar)	195.9	176.8	193.9	87.3 (May)	Current Acc. Bal. (US\$B, ar)	-31.8	-37.4	-37.9	
Merch. Trade Bal. (US\$B, ar)	74.8	60.4	29.1	-70.1 (May)	Merch. Trade Bal. (US\$B, ar)	19.3	26.1	21.8	48.7 (May)
Industrial Production	16.6	6.8	-2.5	10.1 (May)	Industrial Production	4.3	0.0	-5.4	
Unemployment Rate (%)	5.1	5.0	4.7	4.5 (May)	Unemployment Rate (%)	5.2	5.2	5.0	4.9 (Jun)
CPI	-0.7	0.1	0.0	-0.4 (May)	CPI	2.8	2.7	3.3	
China					South Korea				
Real GDP	10.3	9.8	9.7		Real GDP	6.2	4.7	4.2	
Current Acc. Bal. (US\$B, ar)	305.4				Current Acc. Bal. (US\$B, ar)	28.2	36.6	10.4	27.1 (May)
Merch. Trade Bal. (US\$B, ar)	181.6	247.0	-5.9	267.3 (Jun)	Merch. Trade Bal. (US\$B, ar)	41.2	52.1	29.6	39.0 (Jun)
Industrial Production	13.5	13.5	14.8	15.1 (Jun)	Industrial Production	16.6	9.9	11.2	22.8 (May)
CPI	4.6	4.6	5.4	6.4 (Jun)	CPI	3.0	3.6	4.5	4.4 (Jun)

All data expressed as year-over-year % change unless otherwise noted.

Source: Bloomberg, Scotia Economics.

Interest Rates (% , end of period)

Canada	11Q1	11Q2	Jul/08	Jul/15*	United States	11Q1	11Q2	Jul/08	Jul/15*
BoC Overnight Rate	1.00	1.00	1.00	1.00	Fed Funds Target Rate	0.25	0.25	0.25	0.25
3-mo. T-bill	0.95	0.90	0.95	0.93	3-mo. T-bill	0.09	0.01	0.02	0.01
10-yr Gov't Bond	3.35	3.11	2.96	2.90	10-yr Gov't Bond	3.47	3.16	3.03	2.93
30-yr Gov't Bond	3.76	3.55	3.42	3.37	30-yr Gov't Bond	4.51	4.37	4.28	4.28
Prime	3.00	3.00	3.00	3.00	Prime	3.25	3.25	3.25	3.25
FX Reserves (US\$B)	60.4		63.8	(May)	FX Reserves (US\$B)	128.3		135.9	(May)
Germany					France				
3-mo. Interbank	1.26	1.51	1.56	1.53	3-mo. T-bill	0.80	1.18	1.12	1.06
10-yr Gov't Bond	3.35	3.03	2.83	2.69	10-yr Gov't Bond	3.71	3.41	3.41	3.37
FX Reserves (US\$B)	64.8		66.2	(May)	FX Reserves (US\$B)	61.0		61.7	(May)
Euro-Zone					United Kingdom				
Refinancing Rate	1.00	1.25	1.50	1.50	Repo Rate	0.50	0.50	0.50	0.50
Overnight Rate	0.90	1.72	0.60	1.46	3-mo. T-bill	4.85	4.85	4.85	4.85
FX Reserves (US\$B)	319.9		319.5	(May)	10-yr Gov't Bond	3.69	3.38	3.19	3.07
Japan					Australia				
Discount Rate	0.30	0.30	0.30	0.30	Cash Rate	4.75	4.75	4.75	4.75
3-mo. Libor	0.14	0.13	0.13	0.13	10-yr Gov't Bond	5.49	5.21	5.23	4.91
10-yr Gov't Bond	1.26	1.14	1.18	1.09	FX Reserves (US\$B)	33.3		39.3	(May)
FX Reserves (US\$B)	1080.6		1101.7	(May)					

Exchange Rates (end of period)

USDCAD	0.97	0.96	0.96	0.95	¥/US\$	83.13	80.56	80.64	79.04
CADUSD	1.03	1.04	1.04	1.05	US\$/Australian\$	103.29	107.22	107.55	106.53
GBPUSD	1.603	1.605	1.606	1.614	Chinese Yuan/US\$	6.55	6.46	6.46	6.46
EURUSD	1.416	1.450	1.427	1.414	South Korean Won/US\$	1097	1068	1057	1058
JPYEUR	0.85	0.86	0.87	0.90	Mexican Peso/US\$	11.905	11.714	11.626	11.713
USDCHF	0.92	0.84	0.84	0.82	Brazilian Real/US\$	1.632	1.563	1.563	1.575

Equity Markets (index, end of period)

United States (DJIA)	12320	12414	12657	12454	U.K. (FT100)	5909	5946	5991	5829
United States (S&P500)	1326	1321	1344	1313	Germany (Dax)	7041	7376	7403	7195
Canada (S&P/TSX)	14116	13301	13372	13289	France (CAC40)	3989	3982	3914	3725
Mexico (Bolsa)	37441	36558	36500	36073	Japan (Nikkei)	9755	9816	10138	9974
Brazil (Bovespa)	68587	62404	61513	59415	Hong Kong (Hang Seng)	23528	22398	22726	21875
Italy (BCI)	1120	1039	1034	983	South Korea (Composite)	2107	2101	2180	2145

Commodity Prices (end of period)

Pulp (US\$/tonne)	990	1035	1035	1035	Copper (US\$/lb)	4.26	4.22	4.41	4.36
Newsprint (US\$/tonne)	640	640	640	640	Zinc (US\$/lb)	1.05	1.05	1.08	1.05
Lumber (US\$/mfbm)	290	237	251	253	Gold (US\$/oz)	1439.00	1505.50	1541.50	1587.00
WTI Oil (US\$/bbl)	106.72	95.42	96.20	97.09	Silver (US\$/oz)	37.87	35.02	36.28	38.17
Natural Gas (US\$/mmbtu)	4.39	4.37	4.21	4.51	CRB (index)	359.43	338.05	343.55	347.15

* Latest observation taken at time of writing.
Source: Bloomberg, Scotia Economics.

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Scotia Economics

Scotia Plaza 40 King Street West, 63rd Floor
Toronto, Ontario Canada M5H 1H1
Tel: (416) 866-6253 Fax: (416) 866-2829
Email: scotia_economics@scotiacapital.com

For general and publication-related inquiries, contact us by telephone, email and/or fax.