Scotiabank

GLOBAL ECONOMICS & FX STRATEGY

FOREIGN EXCHANGE OUTLOOK

November 5, 2026

Contributors

Shaun Osborne
Chief FX Strategist
416.945.4538
shaun.osborne@scotiabank.com

Eric Theoret
FX Strategist
416.863.5934
eric.theoret@scotiabank.com

Derek Holt
VP & Head of Capital Markets Economics
Scotiabank Economics
416.863.7707
derek.holt@scotiabank.com

Anibal Alarcón, Senior Economist
Scotiabank Chile
+56.2.2619.5465
anibal.alarcon@scotiabank.cl

Eduardo Suárez, VP, Latin America Economics
Scotiabank Mexico
+52.55.9179.5174 (Mexico)
esuarezm@scotiabank.com.mx

Rodolfo Mitchell, Director of Economic and Sectoral Analysis
Scotiabank Mexico
+52.55.3977.4556 (Mexico)
mitchell.cervera@scotiabank.com.mx

Ricardo Avila
Senior Analyst
Scotiabank Peru
ricardo.avila@scotiabank.com.pe

Contents

Market Tone, Forecasts	**1-2**
Federal Reserve & Bank of Canada Monetary Policy Outlook	**3**
USD, CAD & MXN	**4**
EUR, GBP, CHF, JPY, & AUD	**5-6**
BRL, CLP & PEN	**7-8**

Market Tone

The performance of the US dollar (USD) appears to be faltering following an impressive rally from early September to mid-October. Although the rally delivered a fresh—albeit marginal and short-lived—two-year high in the DXY, price action since the local peak has been moderately defensive as market participants have re-assessed the outlook for relative central bank policy amid a softening in tightening expectations from the Fed. USD weakness observed in the immediate aftermath of the US midterm election results also revealed a key vulnerability for the dollar, as market participants assessed the risks to US growth and expressed concerns related to the AI trade.

The outlook for relative central bank policy remains a dominant driver for currency markets, as policymakers grapple with dynamic inflationary pressures related to the price of energy. Concerns centre around the possibility of broadening inflation and the risk of second-round effects, with a notably broad assessment of policy implications across major central banks.

The hawkish re-pricing of the Fed's policy rate path has faded considerably over the past month or so, eroding a fundamental pillar of support for the USD as short-term rates markets have softened their expectations for further tightening. Short- and medium-term risks for the USD appear to be firmly shifting to the downside as Fed policymakers push for a more 'patient' approach.

Continued on next page …

FX Forecasts

		2026f	2027f	2028f	2026f	2027f				2028f			
Major Currencies					Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Japan	USDJPY	155	148	145	155	153	151	150	148	147	146	146	145
Euro zone	EURUSD	1.15	1.20	1.20	1.15	1.16	1.17	1.18	1.20	1.20	1.20	1.20	1.20
	EURJPY	178	178	174	178	177	177	177	178	176	175	175	174
UK	GBPUSD	1.35	1.38	1.38	1.35	1.35	1.36	1.37	1.38	1.38	1.38	1.38	1.38
	EURGBP	0.85	0.87	0.87	0.85	0.86	0.86	0.86	0.87	0.87	0.87	0.87	0.87
Switzerland	USDCHF	0.81	0.79	0.79	0.81	0.81	0.80	0.81	0.79	0.79	0.79	0.79	0.79
	EURCHF	0.93	0.95	0.95	0.93	0.94	0.94	0.95	0.95	0.95	0.95	0.95	0.95
Americas													
Canada	USDCAD	1.39	1.34	1.33	1.39	1.38	1.36	1.35	1.34	1.34	1.34	1.33	1.33
	CADUSD	0.72	0.75	0.75	0.72	0.72	0.74	0.74	0.75	0.75	0.75	0.75	0.75
Mexico	USDMXN	18.93	19.40	20.03	18.93	19.04	19.15	19.26	19.40	19.55	19.70	19.86	20.03
	CADMXN	13.62	14.48	15.06	13.62	13.80	14.08	14.27	14.48	14.59	14.70	14.93	15.06
Brazil	USDBRL	5.35	5.40	5.45	5.35	5.35	5.35	5.40	5.40	5.40	5.40	5.45	5.45
Chile	USDCLP	950	890	890	950	950	930	900	890	890	890	890	890
Peru	USDPEN	3.35	3.40	3.45	3.35	3.33	3.36	3.40	3.40	3.40	3.45	3.43	3.45
Asia-Pacific													
Australia	AUDUSD	0.73	0.75	0.75	0.73	0.73	0.74	0.74	0.75	0.75	0.75	0.75	0.75
New Zealand	NZDUSD	0.60	0.63	0.63	0.60	0.60	0.61	0.62	0.63	0.63	0.63	0.63	0.63

f: forecast a: actual

CAD FX Forecasts

Canadian Dollar Cross-Currency Trends

FX Rate	Spot 4-Nov	26Q4f	27Q1f	27Q2f	27Q3f	27Q4f	28Q1f	28Q2f	28Q3f	28Q4f
AUDCAD	0.98	1.01	1.01	1.01	1.00	1.01	1.01	1.01	1.00	1.00
CADJPY	113	112	111	111	111	110	110	109	110	109
EURCAD	1.57	1.60	1.60	1.59	1.59	1.61	1.61	1.61	1.60	1.60
USDCAD	1.40	1.39	1.38	1.36	1.35	1.34	1.34	1.34	1.33	1.33

Market Tone

The Fed's continued emphasis on broader themes of productivity and AI, and their roles in increasing the economy's potential, have been an important differentiator relative to their central bank peers. Fed policymakers have also maintained a focus on the disinflationary trends observed across narrower measures of inflation, providing cover to those seeking to take a more 'patient' approach.

The Fed's October meeting revealed an important update related to the Fed's five 'task forces' currently exploring key policy concepts across a range of vectors. Chair Warsh announced that the 'Productivity and Employment' and 'Balance Sheet' task forces would be providing important updates in the coming month—both of which could potentially compound the shift to patience.

Beyond the Fed, the major developed economy central banks remain hawkish. The ECB is maintaining expectations for tightening into its December meeting while the BoE is heading into its November decision fully priced for a 25bp hike. The BoJ is also priced for a hike at either of its upcoming meetings—either December or January. For the Bank of Canada, its belated October hike was paired with a moderately hawkish tone, allowing short-term rates markets to prince nearly 50bps of additional tightening by April—still one hike less than Scotiabank Economics' forecast.

Sentiment and positioning have also shifted away from the USD, amid a renewed easing in geopolitical concerns and a broader equity market that has begun to assess the prospects for the tech/AI/chip trade with increasing caution. The AI buildout has been an important driver of both growth and inflation in the US economy and any softening in its outlook carries meaningful downside risk for the USD. Risk premiums in the options market have faded a good portion of their recent gains, suggesting diminished demand for protection against USD upside.

Scotiabank's FX forecast maintains a broadly bearish outlook on the basis of fundamentals. The central bank forecast pairs near-term Fed tightening with 75bps of easing in the back half of our now-extended forecast horizon, reaching to Q4 2028. We also remain cautious on the prospect of near-term tightening from the Fed, owing to its well-communicated caution.

Structural challenges for the USD remain a major risk, given the US economy's 'twin' fiscal and current account deficits. And we continue to highlight the downside risks facing global investors that have allowed themselves to become overallocated to USD exposures following a multi-decade period of US equity and USD outperformance, relative to the rest of the world. Efforts to protect against these USD risks would likely intensify the USD's headwinds. Finally, the USD is also historically 'rich' and trading well above its 20-year moving average at the upper end of a multi-decade historical range.

For the Canadian dollar (CAD), we feel that the trade- and policy-related headwinds that had been a major drag on the CAD's performance have since turned to tailwinds. Trade policy uncertainty remains elevated but the tenor of negotiations looks to have reached a nadir with both Canadian and US officials hinting to an ever-looming resolution. In terms of fundamentals, the BoC's renewed hawkishness stands in stark contrast to the Fed's waning commitment to further tightening. Narrowing spreads have been CAD-positive.

We have extended our bearish USDCAD outlook while adjusting the near-term levels for the target path. We hold a Q4 2026 target of 1.39, a Q4 2027 forecast of 1.34, extending to 1.33 by Q4 2028.

The EUR's path has been somewhat challenged by domestic and regional developments—namely the worrisome fragmentation of the European government bond market and the blowout in France's yield spreads to Germany. The ECB's commitment to tightening has been unwavering however, while showing some flexibility in light of financial market turmoil as wider premia have been acknowledged as delivering their own form of tightening.

The GBP's outlook remains equally bullish, targeting a return to the upper end of the flat range that has defined the pound's price action year-to-date. Both the BoE and the government of PM Burnham are working to maintain positive sentiment toward the UK, its bond market, and the pound.

In Latam, the Mexican peso (MXN) has continued to trade defensively—albeit at a decelerated pace. The shocking pace of the September decline looked to have been catalyzed by a combination of both fundamental and flow-related factors, as market participants responded to the Central Bank of Mexico (Banxico)'s guidance shift and its emphasis on a policy path distinctly separate from the Fed. Investors adjusted their expectations and modified their positioning in accordance with their outlook for lower risk-adjusted returns. In Peru, the PEN has also softened in tandem with the deterioration in the broader market's tone, and in Chile the CLP extended its domestically-driven decline—ignoring supportive terms of trade and near-record copper prices in favour of concerns related to growth.

Eric Theoret, Canada 416.863.5934

Federal Reserve and Bank of Canada Monetary Policy Outlook

FEDERAL RESERVE—TWO AND DONE MAY OVERDO IT

Scotiabank Economics forecasts the Federal Reserve to raise its policy rate a further 25bps at the December 9th meeting and then add one more in the first quarter of next year. Yet we're concerned about a policy rate overshoot while fragile market conditions are being closely monitored.

The September 'dot plot' showed one further hike this year and then a hold. The September plot usually performs well at anticipating where the Committee will land at year's end, but poorly thereafter.

We estimate the three-month moving average of core PCE inflation to be around 3¼% m/m SAAR—well above target. Several forces suggest that firm inflation could persist for a time.

The US economy grew by 3.4% q/q SAAR in Q3 and consumer spending was up by almost 4%. The US economy is being driven further into excess aggregate demand, motivating ongoing, lagging price pressures. Core producer prices point to higher coming consumer price inflation. El Niño's effects are estimated by the San Francisco Fed to be adding to currently higher inflation with more to come for a few months. AI-driven inflation may eventually cool but not yet. Tariff pass through is ongoing. Core service prices reflect a rotation of demand and pass through effects.

A very data dependent, backward- or contemporaneously looking Federal Reserve may be stuck in a pattern of responding to inflation persistence for some time.

Yet tight monetary policy could reinforce the effects of what we've already been expecting and put excessive downward pressure on growth and underlying inflation. AI investment will remain strong but bend the curve toward lower contributions to growth. Housing markets are in rough waters with no population growth and high mortgage rates. Overall fiscal policy is turning restrictive. The dollar's lagging effects will restrain net export competitiveness.

And consumers are getting a real wage squeeze with no growth in real house prices. They are still spending by depleting the saving rate. Their ability to absorb extended price pressures is limited. Overdoing on monetary tightening might have contemporaneous support but face rising future risks.

BANK OF CANADA—A SLIPPERY TANGO

After the Bank of Canada met our market-leading expectations for a rate increase, what lies ahead by way of next steps?

Our house forecast is for three more rate hikes that would take the overnight rate up to 3¼% by late winter or early spring. This remains a little more aggressive than market pricing. We continue to guide that the risks are skewed toward a higher terminal rate.

Our terminal rate would only take the policy rate to the upper end of the estimated neutral rate range and would remain very low in real, inflation-adjusted terms. The Bank of Canada may already be behind in its inflation fight which could require a move into outright restrictive territory.

We see clear evidence that varied cost pressures, including rising materials prices, are showing up in trend gains in core inflation measures. Risks going forward point to further price increases.

Soaring core industrial product prices—ex-food and energy—tend to lead increases in core consumer price inflation readings.

We expect the output gap to close by about Springtime. The elimination of slack may motivate less disinflationary pressure alongside upward influences from higher cost pressures. With potential growth estimated to be around 1½% or less, our forecast for quicker actual GDP growth would put the economy into excess aggregate demand thereafter. Monetary policy lags could position the BoC as playing catch up to future inflation risk.

Should oil prices continue to fall then we would take that onboard in our BoC forecast—with caveats and offsets. The oil futures curve continues to point to the $70–80 range in 2027H2—prices that would continue to motivate energy sector investment and reinforce cost pass throughs. A steep sudden collapse in oil prices would be another matter but that's nowhere close to the information set we feel we face while upside risks still carry a significant weight.

Further, fiscal policy is high-fiving monetary policy on the way through the door. One is entering the room as the other exits. Tighter monetary policy will become more important as massive increases in federal and provincial stimulus unfold through tax breaks, major projects and transfers. Oil price uncertainty and ramped up fiscal supports will jockey for influence.

Derek Holt, Canada 416.863.7707

North America

USD

USD Gains Risk Overshooting

Current spot 1220.69



Source: Bloomberg.

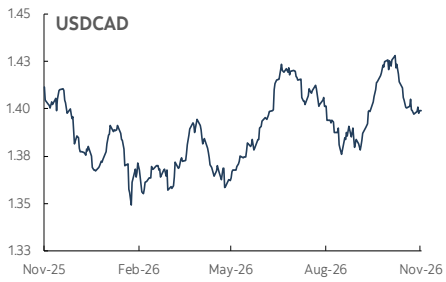
USD—The rapid evolution in Fed tightening expectations through September amid resilient price pressures provided the basis for a solid, and unexpected—from our point of view—rise in the USD in the past few weeks. The Fed tightened rates 25bps at its September decision, but the anticipation of additional tightening has since moderated, and swaps currently suggest the risk of 50bps of further tightening in 2027. The USD is more than fully priced—in our estimate—for that outcome and that leaves it prone to some moderate, corrective losses. Sentiment is mildly USD-bullish but weakening. Bearish mid-October price action implies that DXY gains are poised to reverse while late year (December) seasonality is strongly dollar negative.

Shaun Osborne, Canada 416.945.4538

USDCAD

Oversold CAD Steadies as Spreads Narrow

Current spot 1.3985



Source: Bloomberg.

USDCAD—The CAD weakened to its lowest since early 2025 through October as higher US interest rates drove front-end US/Canada spreads wider, near to the peak seen in early 2025. Rate differentials have since narrowed, allowing an oversold CAD to stabilize and improve somewhat. The yield gap remains significant and will impede more sustained CAD gains for now. We expect the BoC to continue lifting rates steadily in the coming months to rein back inflation, with another 75bps of tightening expected in 2027. Caution on broader CAD prospects will remain elevated unless trade uncertainty diminishes significantly. We have adjusted our forecasts on account of the recent strength ion the USD and now anticipate USDCAD ending the year at 1.39.

Scotia Forecasts (CAD)	Q4-26	1.39	Q1-27	1.38	Q2-27	1.36	Q3-27	1.35

Shaun Osborne, Canada 416.945.4538

USDMXN

MXN Softens on Fed/Banxico Outlook

Current spot 18.580



Source: Bloomberg.

USDMXN—After a couple of months of strengthening against the USD, the MXN depreciated sharply in late September, moving from16.89 per USD on September 5th to 18.79 by late October, making it the worst-performing major currency in the world. The depreciation followed the Fed's September rate hike, as well as growing expectations of rate cuts by Banxico, and heightened trade uncertainty. Looking ahead, the MXN is likely to remain sensitive to the evolution of the Fed-Banxico rate differential, developments on the trade front, and shifts in global risk sentiment. Further monetary easing by Banxico relative to the Fed will reduce the peso's carry advantage and add depreciation pressure, while an improvement in trade-related uncertainty could provide some support to the currency.

Scotia Forecasts (MXN)	Q4-26	18.93	Q1-27	19.04	Q2-27	19.15	Q3-27	19.26

Rodolfo Mitchell, Mexico +52.55.3977.4556

Major Currencies

EURUSD

EUR Resilient as ECB Expectations Evolve

Current spot 1.1215



Source: Bloomberg.

EURUSD—The EUR is a relative underperformer since mid-September, falling around 3% against the stronger USD. Higher US rates and wider EZ/US front-end spreads account for some of the EUR's losses. Meanwhile, social tensions in France, which drew attention to the country's weak fiscal position and prompted pressure on French government bonds, added to EUR headwinds. EZ/US spreads have steadied, with swaps reflecting more ECB tightening risk into 2027 than the economists' consensus as markets focus on the potential for elevated energy prices to drive tighter policy. EUR losses have been met with resilient demand on dips to the 1.11 area but a recovery above 1.13 is needed to stabilize the near-to-medium term technical outlook.

Scotia Forecasts (EUR)	Q4-26	1.15	Q1-27	1.16	Q2-27	1.17	Q3-27	1.18

Shaun Osborne, Canada 416.945.4538

GBPUSD

GBP's Solid Recovery May Extend

Current spot 1.3465



Source: Bloomberg.

GBPUSD—The pound is a relative outperformer among the core major currencies since our last update despite trading softly in early October. The pound's recovery was helped by the sell-off in the USD coinciding with firmer domestic data and a shift in market expectations around the BoE policy outlook. A cautious stance on fiscal policy from the government in the Autumn statement also helped steady GBP sentiment. Today's BoE rate hike may not be the last in the cycle. We expect one more 25bps increase next year but markets are pricing in the risk of a little more. Technically, the GBP's rebound from the mid-October low raises the risk of gains extending to the upper 1.36s, just above our year-end target of 1.35.

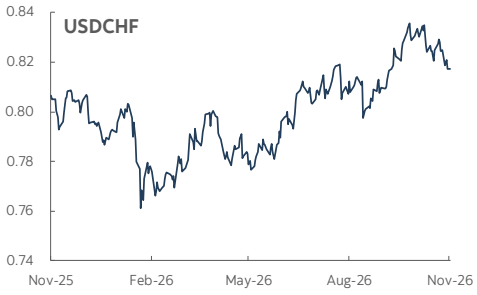
Scotia Forecasts (GBP)	Q4-26	1.35	Q1-27	1.35	Q2-27	1.36	Q3-27	1.37

Shaun Osborne, Canada 416.945.4538

USDCHF

CHF Steady as Haven Flows Pick Up

Current spot 0.8183



Source: Bloomberg.

USDCHF—The franc is trading little changed since our last update but that means it is a relative outperformer among the G10 currencies despite domestic interest rates being pinned back at zero amid heightened focus on interest rate differentials. The currency has found support, via haven flows, due to the tensions in Eurozone government bond markets, resulting in a significant CHF rise against the EUR through October. Volatility in global stock markets has also helped support the currency to some extent, given the franc's status as a low-yielding, funding currency for carry trades. Tech stocks and high yielding currencies (like the MXN and BRL) have underperformed in the past few weeks, prompting an unwind of carry trades and covering of short CHF positions.

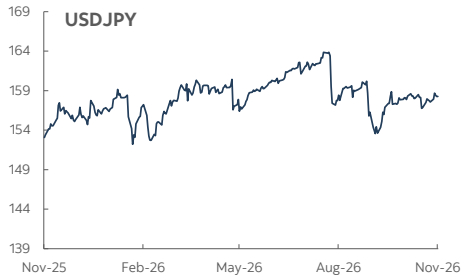
Scotia Forecasts (CHF)	Q4-26	0.81	Q1-27	0.81	Q2-27	0.80	Q3-27	0.81

Shaun Osborne, Canada 416.945.4538

Major Currencies *(continued…)*

USDJPY

JPY Bear Trend Stalls **Current spot 158.47**



Source: Bloomberg.

USDJPY—Aggressive intervention in support of the JPY earlier this year has managed to stabilize the long-term trend in the currency and cap the USD above the 160 area. If the bear cycle in the JPY is flattening out, there are few signs of a significant recovery at this point, even though the currency remains quite significantly undervalued in our opinion. Fundamental trends may be shifting, however. Persistent inflation and the risk of rising wage pressure next year will keep the BoJ in gradual tightening mode. Rising domestic rates (and reduced foreign bond returns in FX hedged terms) mean that Japanese real money investors are keeping more money at home, reducing bearish pressure on the currency at the margin.

Scotia Forecasts (JPY)	Q4-26	155	Q1-27	153	Q2-27	151	Q3-27	150

Shaun Osborne, Canada 416.945.4538

Australia

AUDUSD

AUD Choppy but Supported by Term of Trade **Current spot 0.7000**



Source: Bloomberg.

AUDUSD—Mixed domestic data, a choppy USD and varying signals on the policy outlook from the RBA are undermining the AUD somewhat. Stronger-than-expected Q3 CPI and the RBA's concession that inflation was stronger than expected lifted the AUD earlier in October but the RBA's latest rate hike to 4.85% did not have the full support of the board, prompting markets to pare back additional tightening expectations. The rate cycle may have peaked. Still, Australian terms of trade continue to improve and may provide support for the AUD on dips towards the 0.69 area. The AUD is trading close to our short-term fair value estimate (just under 0.71) currently. We forecast 0.73 by year-end.

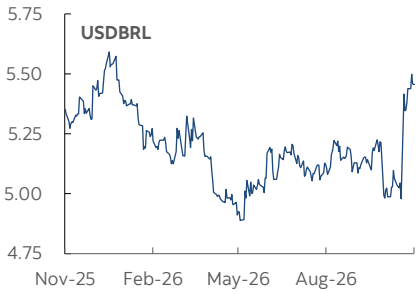
Scotia Forecasts (AUD)	Q4-26	0.73	Q1-27	0.73	Q2-27	0.74	Q3-27	0.74

Shaun Osborne, Canada 416.945.4538

Latin America

USDBRL

BRL Tumbles On Election Surprise **Current spot 5.4354**



Source: Bloomberg.

USDBRL—The Brazilian real depreciated by nearly 10% against the US dollar over the past month, pushing USD/BRL from 4.99 to 5.49. The main catalyst was Lula's surprise runoff victory, which reversed positions built around expectations of a Bolsonaro win and heightened uncertainty over Brazil's fiscal outlook. Pressure intensified amid weakening economic activity, rising inflation expectations, and a less favourable environment for emerging-market currencies. Against this backdrop, the Central Bank kept the Selic rate unchanged at 13.75% and raised its 2027 inflation forecast to 4.7%. Looking ahead, the real's direction will largely depend on fiscal signals from the new administration and the credibility of the incoming finance minister.

Scotia Forecasts (BRL)	Q4-26	5.35	Q1-27	5.35	Q2-27	5.35	Q3-27	5.40

Eduardo Suárez, Mexico +52.55.9179.5174; Rodolfo Mitchell, Mexico +52.55.3977.4556

USDCLP

CLP Medium-Term Outlook Remains Bullish **Current spot 968.47**



Source: Bloomberg.

USDCLP—Since our previous FX Outlook, the Chilean peso has depreciated by around 3%, reflecting lower copper prices and broad US dollar strength. More recently, however, geopolitical risks have eased, while the central bank has adopted a more hawkish tone amid rising inflation risks, allowing the CLP to outperform most emerging market peers. Looking ahead, we expect copper prices to remain supportive through 2026–27, while increased USD sales by the Ministry of Finance should provide support to the currency. Accordingly, we have revised our year-end USDCLP forecast to 950, reflecting a weaker peso in the near term. Nonetheless, our medium-term view remains unchanged, with the CLP expected to appreciate gradually during 2027 toward its long-run equilibrium.

Scotia Forecasts (CLP)	Q4-26	950	Q1-27	950	Q2-27	930	Q3-27	900

Aníbal Alarcón, Chile +56.2.2619.5465

USDPEN

PEN Expected to Firm into Year-End **Current spot 3.4453**



Source: Bloomberg.

USDPEN—In October, the sol traded within a PEN3.43–3.46 per USD range, above the PEN3.38 average recorded following the presidential runoff. The depreciation reflected the narrowing in the policy rate differential between the Fed and the BCRP to 25 bps, as well as the strength of the DXY. Year-to-date, the sol has depreciated by 2.7%. Looking ahead, the FX market appears to have already priced in the two Fed rate hikes expected by the consensus. In addition, elevated copper prices, a potential weakening of the DXY, and stronger seasonal demand for soles associated with year-end bonus payments should support an appreciation in the local currency. Therefore, we maintain our year-end exchange rate forecast at PEN 3.35 per USD.

Scotia Forecasts (PEN)	Q4-26	3.35	Q1-27	3.33	Q2-27	3.36	Q3-27	3.40

Ricardo Avila, Peru

FOREIGN EXCHANGE STRATEGY

This publication has been prepared by The Bank of Nova Scotia (Scotiabank) for informational and marketing purposes only. Opinions, estimates and projections contained herein are our own as of the date hereof and are subject to change without notice. The information and opinions contained herein have been compiled or arrived at from sources believed reliable, but no representation or warranty, express or implied, is made as to their accuracy or completeness and neither the information nor the forecast shall be taken as a representation for which Scotiabank, its affiliates or any of their employees incur any responsibility. Neither Scotiabank nor its affiliates accept any liability whatsoever for any loss arising from any use of this information. This publication is not, and is not constructed as, an offer to sell or solicitation of any offer to buy any of the currencies referred to herein, nor shall this publication be construed as an opinion as to whether you should enter into any swap or trading strategy involving a swap or any other transaction. The general transaction, financial, educational and market information contained herein is not intended to be, and does not constitute, a recommendation of a swap or trading strategy involving a swap within the meaning of U.S. Commodity Futures Trading Commission Regulation 23.434 and Appendix A thereto. This material is not intended to be individually tailored to your needs or characteristics and should not be viewed as a "call to action" or suggestion that you enter into a swap or trading strategy involving a swap or any other transaction. You should note that the manner in which you implement any of the strategies set out in this publication may expose you to significant risk and you should carefully consider your ability to bear such risks through consultation with your own independent financial, legal, accounting, tax and other professional advisors. Scotiabank, its affiliates and/or their respective officers, directors or employees may from time to time take positions in the currencies mentioned herein as principal or agent, and may have received remuneration as financial advisor and/or underwriter for certain of the corporations mentioned herein. Directors, officers or employees of Scotiabank and its affiliates may serve as directors of corporations referred to herein. All Scotiabank products and services are subject to the terms of applicable agreements and local regulations. This publication and all information, opinions and conclusions contained in it are protected by copyright. This information may not be reproduced in whole or in part, or referred to in any manner whatsoever nor may the information, opinions and conclusions contained in it be referred to without the prior express written consent of Scotiabank.

™ Trademark of The Bank of Nova Scotia. Used under license, where applicable. Scotiabank, together with "Global Banking and Markets", is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, all members of the Scotiabank group and authorized users of the mark. The Bank of Nova Scotia is incorporated in Canada with limited liability and is authorised and regulated by the Office of the Superintendent of Financial Institutions Canada. The Bank of Nova Scotia and Scotiabank Europe plc are authorised by the UK Prudential Regulation Authority. The Bank of Nova Scotia is subject to regulation by the UK Financial Conduct Authority and limited regulation by the UK Prudential Regulation Authority. Scotiabank Europe plc is authorised by the UK Prudential Regulation Authority and regulated by the UK Financial Conduct Authority and the UK Prudential Regulation Authority. Details about the extent of The Bank of Nova Scotia's regulation by the UK Prudential Regulation Authority are available on request. Scotiabank Inverlat, S.A., Scotia Inverlat Casa de Bolsa, S.A. de C.V., and Scotia Inverlat Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities. Not all products and services are offered in all jurisdictions. Services described are available in jurisdictions where permitted by law.

SCOTIABANK ECONOMICS

This report has been prepared by Scotiabank Economics as a resource for the clients of Scotiabank. Opinions, estimates and projections contained herein are our own as of the date hereof and are subject to change without notice. The information and opinions contained herein have been compiled or arrived at from sources believed reliable but no representation or warranty, express or implied, is made as to their accuracy or completeness. Neither Scotiabank nor any of its officers, directors, partners, employees or affiliates accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

These reports are provided to you for informational purposes only. This report is not, and is not constructed as, an offer to sell or solicitation of any offer to buy any financial instrument, nor shall this report be construed as an opinion as to whether you should enter into any swap or trading strategy involving a swap or any other transaction. The information contained in this report is not intended to be, and does not constitute, a recommendation of a swap or trading strategy involving a swap within the meaning of U.S. Commodity Futures Trading Commission Regulation 23.434 and Appendix A thereto. This material is not intended to be individually tailored to your needs or characteristics and should not be viewed as a "call to action" or suggestion that you enter into a swap or trading strategy involving a swap or any other transaction. Scotiabank may engage in transactions in a manner inconsistent with the views discussed in this report and may have positions, or be in the process of acquiring or disposing of positions, referred to in this report.

Scotiabank, its affiliates and any of their respective officers, directors and employees may from time to time take positions in currencies, act as managers, co-managers or underwriters of a public offering or act as principals or agents, deal in, own or act as market makers or advisors, brokers or commercial and/or investment bankers in relation to securities or related derivatives. As a result of these actions, Scotiabank may receive remuneration. All Scotiabank products and services are subject to the terms of applicable agreements and local regulations. Officers, directors and employees of Scotiabank and its affiliates may serve as directors of corporations.

Any securities discussed in this report may not be suitable for all investors. Scotiabank recommends that investors independently evaluate any issuer and security discussed in this report, and consult with any advisors they deem necessary prior to making any investment.

This report and all information, opinions and conclusions contained in it are protected by copyright. This information may not be reproduced without the prior express written consent of Scotiabank.

™ Trademark of The Bank of Nova Scotia. Used under license, where applicable.

Scotiabank, together with "Global Banking and Markets", is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, including: Scotiabank Europe plc; Scotiabank (Ireland) Designated Activity Company; Scotiabank Inverlat S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Derivados S.A. de C.V. – all members of the Scotiabank group and authorized users of the Scotiabank mark. The Bank of Nova Scotia is incorporated in Canada with limited liability and is authorised and regulated by the Office of the Superintendent of Financial Institutions Canada. The Bank of Nova Scotia is authorized by the UK Prudential Regulation Authority and is subject to regulation by the UK Financial Conduct Authority and limited regulation by the UK Prudential Regulation Authority. Details about the extent of The Bank of Nova Scotia's regulation by the UK Prudential Regulation Authority are available from us on request. Scotiabank Europe plc is authorized by the UK Prudential Regulation Authority and regulated by the UK Financial Conduct Authority and the UK Prudential Regulation Authority.

Scotiabank Inverlat, S.A., Scotia Inverlat Casa de Bolsa, S.A. de C.V, Grupo Financiero Scotiabank Inverlat, and Scotia Inverlat Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities.

Not all products and services are offered in all jurisdictions. Services described are available in jurisdictions where permitted by law.