100 YEARS LATER

FORECASTS & DATA

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Next Week's Risk Dashboard

- Italian budget showdown
- Brexit
- CPI: US, UK, India, Argentina, EC-revision
- GDP: Japan, Germany, Russia, Norway…
- … Colombia, HK, Malaysia
- CBs: Banxico, BI, BSP, BoT
- US retail sales
- Fed Chair Powell
- Chinese lending
- China macro
- Ontario's mini-budget
- CDN manufacturing, home sales
- Australian jobs

Chart of the Week

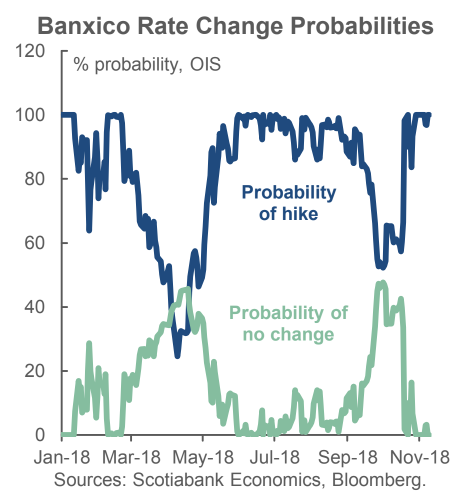


Chart of the Week: Prepared by: Yukiko Kitayama, Analyst, Summer Intern.

100 Years Later

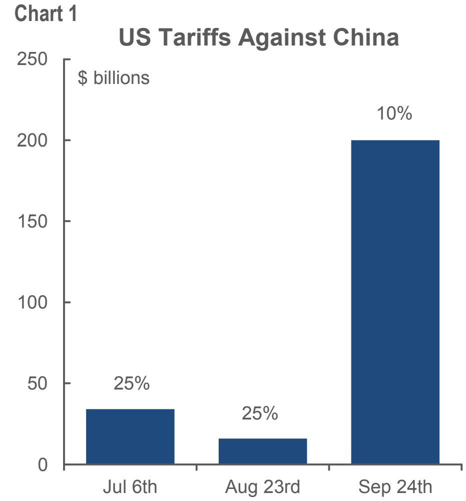
UNITED STATES—PASSING THROUGH

The effects of tariffs on the average American consumer's pocketbook will be the coming week's main point of emphasis at least in terms of the macro calendar. Are consumers paying a stiffer price for trade wars that is driving up inflation and are tariffs beginning to impact their spending patterns? We'll know more about this with the week's two key reports. The significance of the evidence on tariff effects may, however, get buried in the political tensions that have risen in the aftermath of the US midterm elections. Because these may be treacherous times in American politics, I'll stick to my knitting as an economist. The week will be shortened by Veterans' Day on Monday; in an uncertain world, take a moment to be thankful for what we have on the 100th anniversary of the end of WWI.

The first glimpse at tariff effects will arrive with CPI for October on Wednesday. I figure that headline CPI probably rose by about one-tenth to 2.4% y/y with a 0.2% m/m gain and CPI ex-food and energy probably also climbed by a tenth to 2.3% y/y with a 0.3% m/m rise offset somewhat by softer year-ago base effects. As a starting point to estimating October's rate of inflation, we need to know what we're dealing with before considering tariff effects. The baseline ex-tariff math works out to be fairly benign. For one thing, October is often a slightly down month for average price changes after, for example, Fall clothing lines have been previously introduced and food price effects are altered. This seasonal effect could knock about a tenth off in year-ago terms. Gasoline prices were down by about 2% m/m in October but the rate of increase accelerated in October to 12½% y/y from about 9% the prior month and that could add a tenth to CPI in year-ago terms and therefore offset the typical October seasonal effect. Further, year-ago CPI base effects would have a neutral influence upon the year-ago inflation rate in October versus September. Add it all up, and the CPI baseline reading could be unchanged at 2.3% y/y or even decelerate a little.

In fact, in an ex-tariff world, the USD's strength this year would be expected to continue to exert downward pressure upon core inflation. Core CPI inflation has slipped from its July peak by a couple of tenths to 2.2% in September. Fed research has indicated that a 10% broad dollar appreciation—like we've had this year—could lower core PCE inflation by ½% within about six months, with the effects dissipating to about 0.3% within one year after a sustained rise in the dollar. We may be just entering the period of such maximum effects.

Chart 1



Source: USTR.

The problem is that multiple rounds of tariffs may have hit with full force in October and they may continue to do so in subsequent months. How to capture the effects is fraught with multiple kinds of uncertainty, but when the dust settles, I think the effect on October CPI will be relatively modest. I'll start with a quick review of the tariffs that the protectionist US administration has imposed upon imports this year (also see chart 1).

- On September 24th, tariffs on US$200 billion of Chinese imports were implemented at a 10% rate applied to nearly 6,000 products listed on 194 pages. The announcement is here and the tariff list is here. The notice also advised of the possibility of moving this rate to 25% on January 1st and that would carry additional pressure, as would expediting such plans and possibly raising the tariff target to cover all Chinese imports.
- On August 23rd, a 25% tariff on US$16 billion of goods imported from China was implemented (announcement here and list here).
- On July 6th, a 25% tariff rate on US$34 billion of Chinese goods was implemented (here and here).
- On June 1st, the US administration applied a 25% tariff on steel imports and a 10% tariff on aluminum imports. These price hikes may begin to impact goods like automobiles more aggressively as new model year production kicks in.
- In January, the US applied large tariffs on imports of washing machines and solar panels (announcement here).

Estimating the impact upon CPI is complicated not only by the timing of these moves but also by the following considerations:

1. Lag effects: It is uncertain how long it will take for supply chains to pass through price hikes that in turn depend upon considerations like existing contracts and when they may be renewed or renegotiated, trade-in-transit delays and the process of working through existing inventories at prices set before tariffs were applied. It's important to note the timing of the tariffs and how they may impact the ordering and arrival of goods in preparation for peak holiday season sales including Black Friday and Cyber Monday that kick off with US Thanksgiving week .

2. Incidence effects: Just because tariffs are collected doesn't necessarily mean that consumers will be the ones to wind up paying them in full. Some of the tariffs apply to business inputs that then migrate toward end buyers. Some of the impact could be absorbed by profit margins through to the end retailers. Some of the effects could be offset by changes to the products over time such as quantities, sizing or quality.

3. Substitution effects: It is possible that consumers may shift demand toward substitutes. That could include the same products purchased from countries not targeted by tariffs. Or it could mean spending money on alternate types of goods. This effect is more likely to influence the PCE measures of inflation than CPI because the latter uses fixed weights upon categories of consumption that only periodically change, whereas PCE dynamically adjusts spending weights as tastes, preferences and broad spending patterns change.

4. Offsets: The USD has been very strong this year and this strength might increase purchasing power by enough to offset some of the tariff effects. The USD has appreciated by about 10% on a broad dollar basis since the end of January and hence the period over which the above-listed tariffs came into effect. When measured specifically against just the yuan, the USD has appreciated by about 10% since April.

5. Trade diversion effects: Some of the aforementioned tariffs apply to multiple trading partners, like steel and aluminum. For those products, US businesses and consumers can't really substitute toward alternates and domestic producers have jacked up their prices to exploit conditions behind the tariff wall. For others, however, the tariffs apply exclusively to China, particularly including the three latest salvos. It takes time for supply chains to adjust and source their materials from elsewhere, but it is feasible that over time the sources of US demand may shift toward other parts of Asia or Europe, Canada, Latin America or elsewhere—depending upon the degree of product substitutability. An added question is whether the beneficiaries of trade diversion take advantage of reduced price competitiveness from China and raise their own prices somewhat.

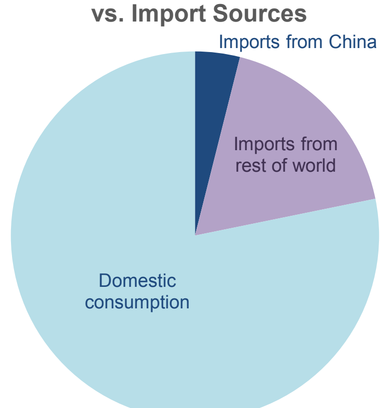
6. Second round effects: The classic response to a mostly unanticipated price shock often unfolds in two waves. The first effect is to pay higher prices, especially for items that are relative necessities. The second round effects can involve demand destruction. With such second round effects can come broader disinflationary forces as consumers retrench because price hikes are exceeding wage gains and the ability to bridge the effects through saving less and/or borrowing more.

Amidst such complicating factors, one approach to estimating the tariff effects upon CPI could be to set the outer boundary of potential effects stemming from the three latest rounds of tariffs listed above. If all of the 10% tariff hike that was implemented on September 24th against US$200 billion of imports was fully and immediately passed through to consumers then the weight within US$14.1 trillion in consumer spending would be about 0.1%. The weighted average tariff derived from all three of the recent rounds of tariff increases is about 13%. If we apply that against US$250 billion of targeted imports from China out of the same US$14.1 trillion of total US consumer expenditures, then the effect upon CPI could be on the order of about 0.2%. There are upside and downside risks to this estimated effect. An upside could come if more of the prior rounds of tariffs begin to be more aggressively passed through as seasonal inventories and model years turn over. A downside risk could come from other offsetting effects noted above.

Overall, while the price effects of tariffs on many individual goods could be substantial, the tariff effect on overall October CPI is likely to be contained by virtue of the soft baseline influences, the huge share of consumption that is domestically derived (chart 2) and because of the mitigating or competing influences noted above.

Chart 2

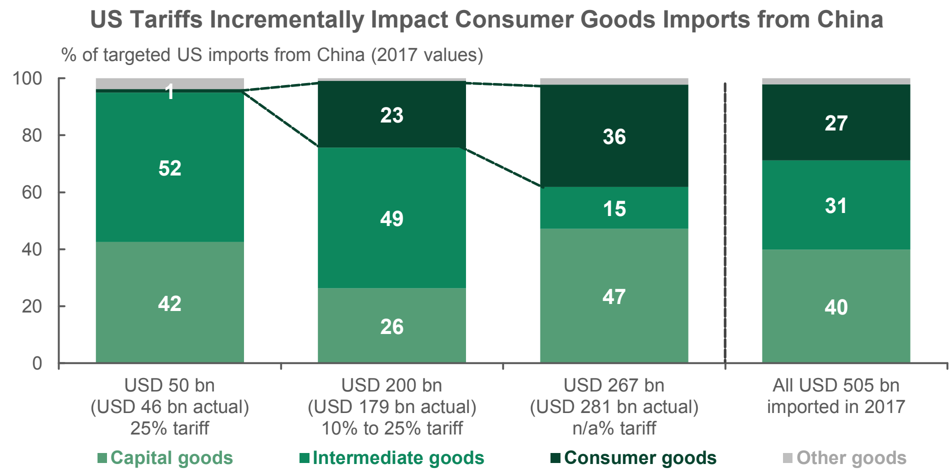
US Consumption: Domestic vs. Import Sources



Sources: Scotiabank Economics, US Census Bureau.

Further, as Scotia's Juan Manuel Herrera shows in chart 3, less than 25% of the goods targeted by the US tariffs on Chinese imports are directly applied to consumer goods.

Chart 3



Sources: Scotiabank Economics, US ITC, International Trade Centre, USTR.

Many of the same complications with estimating CPI could affect estimated retail sales in October because of the price effects of tariffs applied through the retail chain. Overall, my estimates suggest little growth in the volume of retail sales but at modestly higher prices that could lift the value of sales by a few tenths for headline and sales ex-autos. The effects upon the dollar value of retail sales could wind up being amplified because the tariffs target imported goods, and goods are more highly represented in retail sales than services that are more fully captured in total consumer spending estimates. Auto sales were up by only about ½% m/m and that will carry only a slight 0.1–0.2% effect upon retail sales. Gas prices were an offset as they fell by about 2% m/m. That leaves hopes for a rise in the dollar value of retail sales pinned upon a) a soft jumping off point from the prior month's sales tally; b) tariff effects upon prices; c) hopefully little immediate damage from tariffs upon the volume of goods sold.

Other releases will be more focused upon the industrial complex and should be of tertiary significance. The Philly Fed and Empire gauges of regional manufacturing conditions land on Thursday before industrial production on Friday. Treasury International Capital (TICs) data on foreign purchases of US bonds and stocks in September will inform backward-looking curiosity in terms of the sources of buying and selling as bonds sold off buy before stocks did the next month.

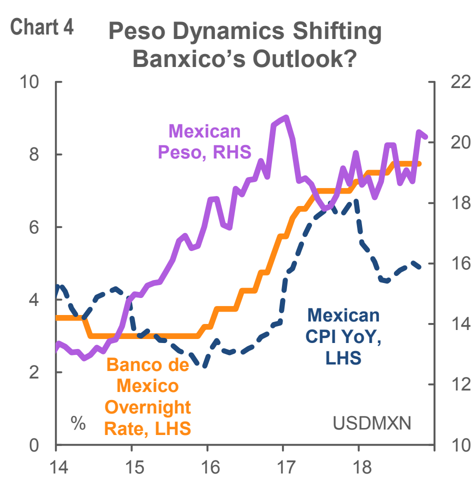
Fed-speak could be an added consideration. Fed Chair Powell speaks on the economy on Wednesday evening and hence after US CPI. Other Fed speakers will include Vice Chair Quarles (Wednesday and Thursday), newly minted and voting San Francisco Fed President Daly (Monday), Minneapolis Fed President Kashkari (Tuesday & Thursday) and Chicago Fed President Evans (Friday).

Earnings season continues to wind down with just 20 S&P500 firms on tap and with a focus upon retail chains.

LATIN AMERICA—NOW OR LATER?

The main development to watch over the coming week may expose the Mexican peso and short-term rates to potential volatility surrounding Banco de México's policy decision on Thursday. Colombian GDP and Argentina's inflation rate will round out regional developments.

Chart 4



Sources: Scotiabank Economics, Banco de Mexico, Bloomberg.

Scotiabank's economics team based in Mexico City—led by Mario Correa—expect Banco de México to keep its overnight rate unchanged at 7 ¾% next Thursday but to possibly tee up a hike at the next meeting on December 20th. Consensus is somewhat divided with some expecting a rate hike next week. The last time the Mexican peso was depreciating as it has been lately, Banxico raised its policy rate by 25bps. That was back in June, and some within consensus are betting that Banxico might do it again because of potential knock-on effects upon inflation through import channels (chart 4).

Granted, the magnitudes and the drivers of the currency movements are somewhat different across the two periods. From mid-April to mid-June, the peso depreciated by over

10%. This time around, it has depreciated by a little over half as much since mid-October. The catalyst over the April–June period was NAFTA uncertainty that could have been more of a structural concern. The catalyst of late is AMLO's decision to cancel the Mexico City airport construction project which may be more of a transitory one-off. Having said that, inflation continues to breach the upper bound of Banxico's 2–4% inflation target range and landed at 4.9% y/y in October. While that was a touch lower than the prior month, core CPI inflation very slightly increased (3.7% y/y). Headline inflation has also been on a mild upswing over recent months.

Colombia updates Q3 GDP on Thursday and growth is expected to remain around 2 ½% y/y or slightly firmer. **Argentina will issue another ridiculously high inflation report** for October on Thursday. Inflation clocked in at 40.5% y/y in September. Further upside is plausible as the effects of the collapse in the peso continue to feed through the inflation readings. Nevertheless, the peso has stabilized more recently over the period since late September as monetary policy moved more aggressively to stem capital flight.

ASIA-PACIFIC—WHATEVER IT TAKES

Two developments of importance to global markets and a series of regional market developments will keep much of the spotlight upon Asia. The two most important developments will be focused upon China and Japan.

China releases important reports on credit expansion and high-frequency growth readings that will inform the debate about whether the economy is at or already has entered a turning point. At some point over the next week, China will update figures showing growth in money supply, credit growth and total financing aggregates. This is a record year for growth in local currency loans and the second fastest year on record for industry-wide financing growth across all products. The China Banking and Insurance Regulatory Commission's recent guidance to increase bank lending to private companies and the PBOC's guidance in its latest quarterly report on monetary policy that it will continue to pursue targeted decreases in required reserve ratios (chart 5) combine to drive expectations for potentially accelerated credit expansion.

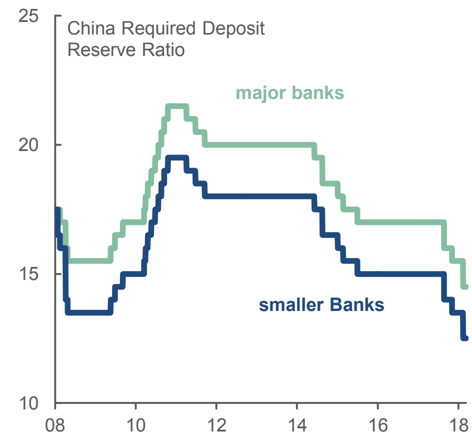
Chinese retail sales and industrial production are slated for October updates that are likely to retain slower but respectable growth around 9% and 6% y/y, respectively, on Tuesday night ET. The evidence that the economy is slowing is mostly drawn from sentiment-based PMI surveys that may portend softness ahead, but that conflict with strong export and import growth that could reflect tariff front-running by order books. That said, stable inflation and resilience in less conventional indicators such as the ones in chart 6 combine with a solid rate of continued expansion of foreign direct investment to balance out the readings (chart 7).

Japan's economy had sharply rebounded in Q2 following a mild contraction in Q1, but Tuesday night's (ET) Q3 GDP estimate is likely to show contraction again. Part of the reason is that business investment should moderate after rising by nearly 13% at a seasonally adjusted annualized rate in Q2. So should consumption that jumped by nearly 3% in Q2.

Bank Indonesia is expected to hold its policy 7 day reverse repo rate at 5.75% on Thursday. Risk of a hike is based off of another upside surprise to October's inflation estimate. CPI inflation increased to 3.2% y/y (2.9% prior) and core inflation

Chart 5

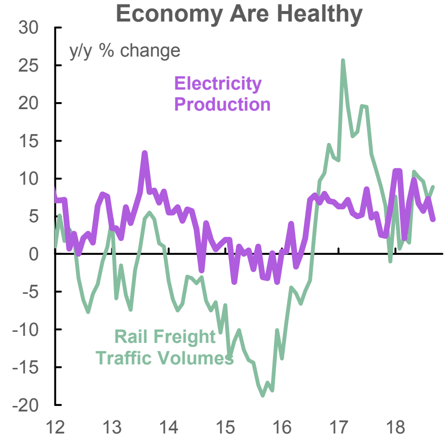
China Is Unleashing Its Banks



Sources: Scotiabank Economics, Bloomberg.

Chart 6

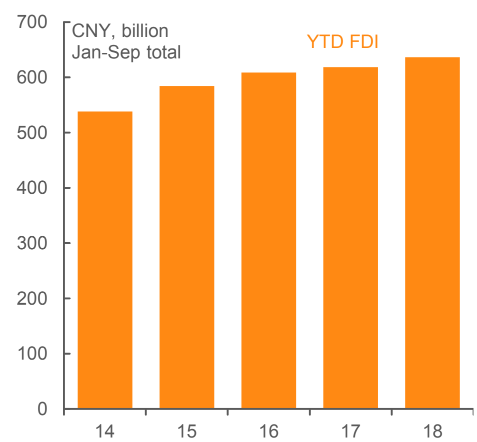
Core Readings On China's Economy Are Healthy



Source: Scotiabank Economics, Bloomberg.

Chart 7

Chinese FDI Is Holding Firm



Sources: Scotiabank Economics, Bloomberg.

increased a tick to 2.9%. That brings headline inflation back into the 3–5% inflation target range. The rupiah has rallied since that estimate, inviting the question whether an increase in inflation that prompted currency strength will prompt the central bank to raise rates again or whether currency strength will allay some forward-looking concerns about inflation and risk of capital flight.

Bangko Sentral ng Pilipinas faces a similar dilemma. Consensus doesn't expect it to hike its borrowing (4.5%) and deposit (4%) rates, but some within consensus do. The highest inflation rate since early 2009 may counsel continued policy tightening, but it was unchanged in the latest estimate at 6.7% y/y. That is still well above the 2–4% target range, but a question is whether the central bank's 150bps of tightening since March should be given more time to have its lagged influences. Another consideration is whether the peso's appreciation over the past month that has brought its exchange value to the USD back to where it was in August might be enough to forestall further tightening for now. One Monetary Board member, Felipe Medalla, recently cautioned that "more data is needed" to inform the risk of over- or under-tightening and Governor Espenilla recently noted that inflation is "finally moderating" and consistent with the central bank's forecast for it to do so in Q3.

Bank of Thailand is not expected to change its benchmark policy interest rate of 1.5% at mid-week. Inflation slipped in October to 1.2% y/y and core CPI was little changed at just ¾% y/y. That puts inflation toward the lower end of the 1–4% inflation target range.

Australia's labour market is tight and that might restrain the ability to keep generating job growth. However, there isn't much evidence of a problem. The unemployment rate sits at 5%, which is the lowest since 2012. The labour force participation rate is basically the highest it has ever been. Enter next week's October jobs release and take the volatile figures in stride as usual. While the numbers have been volatile, Australia has been on a virtually uninterrupted path of trend job creation throughout the past nine years and, even during the GFC, employment only flat-lined.

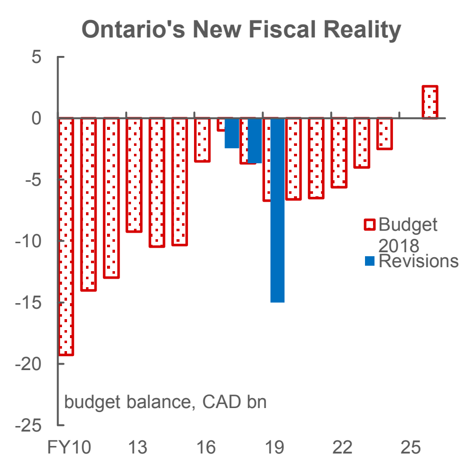
Sundry other reports will include Indian CPI (Tuesday) that is expect to ease a touch to perhaps the softest reading in a year and just under the mid-point of the RBI's 2–6% inflation target range. GDP reports are due from Hong Kong and Malaysia toward the end of the week.

CANADA—PROMISES, PROMISES

The coming week may be more about bracing for the week thereafter in terms of the domestic calendar while Canada will be buffeted more by developments abroad that are explained elsewhere. **Ontario's mini-budget may be the main event.** Relatively minor data risk and very light earnings are on tap for when bond markets reopen following Remembrance Day. **The wildcard could be developments or remarks that inform USMCA implementation risk** with the Democrats having taken the US House of Representatives but there is nothing formal on the calendar and it may be too soon for a process that will extend well into 2019. It's the following week's Fall Economic Statement by Finance Minister Morneau, the start of the bank earnings, and another batch of CPI and retail sales figures on November 23rd that will be the grander focus.

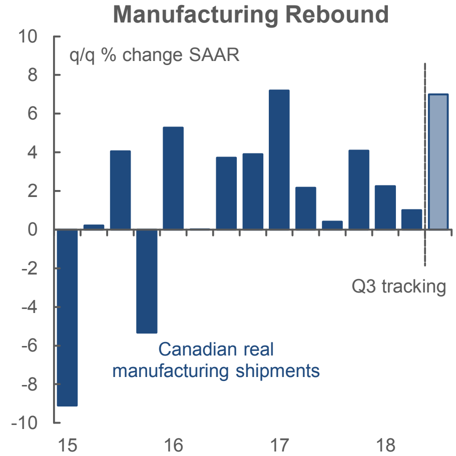
Ontario releases its annual *Fall Economic Update* on Thursday November 15th and Scotia's Marc Desormeaux shares his thoughts here. Recall that the new PC administration revised the previous budget balance estimates on the basis of recommendations from the *Independent Financial Commission of Inquiry*, which it established to investigate Ontario's finances. A CAD 3.7 bn deficit was reported in FY18, with a further budgetary shortfall in the order of CAD 15 bn expected for FY19, contrasting starkly with past administration estimates of a CAD 0.6 bn surplus and a CAD 6.7 bn deficit in FY18 and FY19, respectively (chart 8). The fundamental question is how the government will balance fiscal repair with a series of potentially costly campaign promises and policies enacted post-election. These include the personal and business tax relief pledged during the writ period and the recent cancellation of the province's cap-and-trade system. The government has signaled its intent to improve efficiency in the public service and we believe plans for program spending restraint are the most likely outcome next week, with postponement of the tax measures also possible.

Chart 8



Sources: Scotiabank Economics, Ontario Finance, Ontario *Independent Financial Commission of Inquiry.*

Chart 9



Sources: Scotiabank Economics, Statistics Canada.

Of four data points, only one may matter next week. Friday's manufacturing report for September will close out the third quarter's performance. **I expect a modest manufacturing rebound from weakness the prior month that owed itself to unusually timed auto plant shutdowns** that drove the value and the volume of assembled vehicles down by over 8% m/m which also contributed to a decline of nearly 2% in sales of auto parts. Excluding autos, sales were up modestly in August. In fact, the overall quarter has been a good one, pending September's results. The volume of manufacturing shipments was up 7% q/q at a seasonally adjusted and annualized rate in Q3 assuming a flat September to focus on the effects of known data thus far. That's not too shabby for a country with competitiveness challenges but it is weighed against a subdued pattern of prior growth (chart 9).

Existing home sales for October (Thursday) will come on the heels of the small dip in September that followed three sizeable gains in a row. National sales will be weighed down by Toronto's sales that fell by 1% m/m in seasonally adjusted terms in October but many markets' sales are unavailable until the national add-up. Teranet repeat-sales home prices (Thursday) were still up 2% y/y as of September and next Thursday's update will inform whether the pace of increase has bottomed. ADP's payrolls report for October is due on Thursday.

Only two TSX firms release earnings over the coming week. Both of them are supermarket chains. **The banks begin releasing the following week** starting with my employer on Tuesday November 27th. The banks represent about 23% of the TSX.

Canada auctions 5s on Wednesday.

EUROPE—POLITICAL VOL TRADES

If it were not for British and Italian politics, next week might otherwise prove to be a fairly pedestrian one by way of Europe's contributions to potential market volatility.

It's on. It's off. Pound sterling is rallying. Nope, there it goes again. Brexit is clearly one of the year's greatest volatility trades. Indeed, since the vote in 2016, pound sterling versus the dollar has traded within a range from about 1.20 to almost 1.45. Thank you for the trading volumes. It's the next near-term leg that is markedly uncertain with deadlines fast approaching. **In order to hold an EU Leaders Summit—itself uncertain—there must be confidence in a durable Brexit deal. As this publication goes to print, that's anything but apparent but this view may be further informed into the start of the week.** Just when it appeared that a deal was near at hand that outlined a customs arrangement that addressed the Irish border, PM May's coalition partner—the Northern Irish Party—said it wouldn't support it, it wasn't clear that May had the support of her cabinet, and indeed her transport minister Jo Johnson—the less famous brother of Boris—resigned and called for a new referendum. By definition, if progress isn't achieved over the coming week then an EU Summit this month would be difficult to pull off. That leaves December 13–14 for the next possible scheduled EU Summit to address a potential Brexit deal as time ticks along the path toward a potential hard Brexit by March 29th 2019.

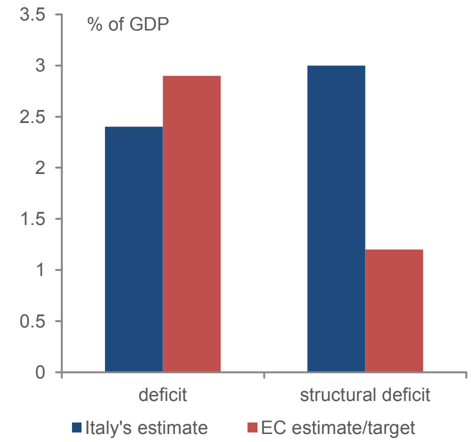
Italy's populist coalition government has until Tuesday to respond to European Commission concerns about a lack of progress in reducing Italy's structural deficit and thus staying onside EU fiscal rules. An inadequate response could result in the EU applying penalties against Italy when the EU Commission delivers its judgement on November 30th. Italy's government has not exactly been striking a conciliatory tone of late! The EU says Italy must cut its structural deficit—that smooths out cyclical influences and one-off factors—in 2019 to 1.2% of GDP and keep it on a declining path thereafter until balanced. The EU projects that Italy's structural deficit will rise to 3% so clearly there is a big gap to address. Ditto for the all-in deficit that Italy projects to be 2.4% next year and the EU projects to be 2.9%. Part of the difference of opinion lies in the economic forecast assumptions. The gulf between the estimates is vividly apparent in chart 10.

The macro calendar might seem like child's play in relation to the potential market disruptions stemming from Brexit and Italian fiscal policy developments, either of which risk contagion effects.

Consensus is divided on UK core CPI inflation expectations for Wednesday's estimate. October's core print is expected to remain unchanged at 1.9% y/y but nearly equal numbers of forecasters are either a tick higher or a tick lower. Core inflation has been declining throughout much of this year and another deceleration might cast doubt upon timing the next Bank of England rate hike in 2019. What will further feed into the debate is evidence on wage growth in September that arrives on Tuesday amid expectations for steady ex-bonus gains of 3.1% y/y. The UK also updates retail sales for October on Thursday and a rebound off of September's drop is expected.

Revisions will be made to Eurozone GDP growth in Q3 (Wednesday) that originally showed mild growth of 0.2% q/q and 1.7% y/y, as well as to CPI (Friday) that originally showed core inflation at just 1.1% y/y and hence about half of the under 2% ECB target. Other releases will include Norway's GDP estimate (unchanged at ½% q/q) and Swedish CPI that might tick higher on headline and core measures.

Chart 10 Deficit Differences



Sources: Scotiabank Economics.

Key Indicators for the week of November 12 – 16

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	11/13	14:00	Treasury Budget (US$ bn)	Oct	--	-116.5	119.1
US	11/14	07:00	MBA Mortgage Applications (w/w)	NOV 9	--	--	-4.0
US	11/14	08:30	CPI (m/m)	Oct	0.2	0.3	0.1
US	11/14	08:30	CPI (y/y)	Oct	2.4	2.5	2.3
US	11/14	08:30	CPI (index)	Oct	--	252.8	252.4
US	11/14	08:30	CPI ex. Food & Energy (m/m)	Oct	0.3	0.2	0.1
US	11/14	08:30	CPI ex. Food & Energy (y/y)	Oct	2.3	2.2	2.2
CA	11/15	08:30	Teranet - National Bank HPI (y/y)	Oct	--	--	2.1
US	11/15	08:30	Empire State Manufacturing Index	Nov	--	19.0	21.1
US	11/15	08:30	Export Prices (m/m)	Oct	--	0.1	0.5
US	11/15	08:30	Import Prices (m/m)	Oct	--	0.1	0.5
US	11/15	08:30	Initial Jobless Claims (000s)	NOV 10	215	215	214
US	11/15	08:30	Continuing Claims (000s)	NOV 3	1635	--	1623
US	11/15	08:30	Philadelphia Fed Index	Nov	21	20.6	22.2
US	11/15	08:30	Retail Sales (m/m)	Oct	0.4	0.6	0.1
US	11/15	08:30	Retail Sales ex. Autos (m/m)	Oct	0.3	0.5	-0.1
CA	11/15	09:00	Existing Home Sales (m/m)	Oct	--	-0.2	-0.4
US	11/15	10:00	Business Inventories (m/m)	Sep	--	0.3	0.5
MX	**11/15**	**14:00**	**Overnight Rate (%)**	**Nov 15**	**7.75**	**8.00**	**7.75**
CA	11/16	08:30	International Securities Transactions (C$ bn)	Sep	--	--	2.8
CA	11/16	08:30	Manufacturing Shipments (m/m)	Sep	0.5	0.4	-0.4
US	11/16	09:15	Capacity Utilization (%)	Oct	78.2	78.2	78.1
US	11/16	09:15	Industrial Production (m/m)	Oct	0.3	0.2	0.3
US	11/16	16:00	Total Net TIC Flows (US$ bn)	Sep	--	--	108.2
US	11/16	16:00	Net Long-term TIC Flows (US$ bn)	Sep	--	--	131.8

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
IT	11/12	04:00	Industrial Production (m/m)	Sep	--	-0.6	1.7
GE	11/13	02:00	CPI (m/m)	Oct F	--	0.2	0.2
GE	11/13	02:00	CPI (y/y)	Oct F	--	2.5	2.5
GE	11/13	02:00	CPI - EU Harmonized (m/m)	Oct F	--	0.1	0.1
GE	11/13	02:00	CPI - EU Harmonized (y/y)	Oct F	--	2.4	2.4
UK	11/13	04:30	Average Weekly Earnings (3-month, y/y)	Sep	--	3.0	2.7
UK	11/13	04:30	Employment Change (3M/3M, 000s)	Sep	--	23.0	-5.0
UK	11/13	04:30	Jobless Claims Change (000s)	Oct	--	--	18.5
UK	11/13	04:30	ILO Unemployment Rate (%)	Sep	--	4.0	4.0
EC	11/13	05:00	ZEW Survey (Economic Sentiment)	Nov	--	--	-19.4
GE	11/13	05:00	ZEW Survey (Current Situation)	Nov	--	65.0	70.1
GE	11/13	05:00	ZEW Survey (Economic Sentiment)	Nov	--	-25.0	-24.7
RU	NOV 13-14		Real GDP (y/y)	3Q A	--	1.40	1.90
GE	11/14	02:00	Real GDP (q/q)	3Q P	--	-0.1	0.5
NO	11/14	02:00	GDP (q/q)	3Q	--	0.60	0.40
FR	11/14	02:45	CPI (m/m)	Oct F	--	0.1	0.1
FR	11/14	02:45	CPI (y/y)	Oct F	--	2.2	2.2
FR	11/14	02:45	CPI - EU Harmonized (m/m)	Oct F	--	0.1	0.1
FR	11/14	02:45	CPI - EU Harmonized (y/y)	Oct F	--	2.5	2.5
SP	11/14	03:00	CPI (m/m)	Oct F	--	1.0	0.9
SP	11/14	03:00	CPI (y/y)	Oct F	--	2.3	0.0
SP	11/14	03:00	CPI - EU Harmonized (m/m)	Oct F	--	0.7	0.7
SP	11/14	03:00	CPI - EU Harmonized (y/y)	Oct F	--	2.3	2.3
PD	11/14	04:00	GDP (y/y)	3Q P	--	4.70	5.10
UK	11/14	04:30	CPI (m/m)	Oct	--	0.2	0.1
UK	11/14	04:30	CPI (y/y)	Oct	--	2.5	2.4
UK	11/14	04:30	PPI Input (m/m)	Oct	--	0.6	1.3
UK	11/14	04:30	PPI Output (m/m)	Oct	--	0.2	0.4
UK	11/14	04:30	RPI (m/m)	Oct	--	0.2	0.0
UK	11/14	04:30	RPI (y/y)	Oct	--	3.4	3.3

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

Key Indicators for the week of November 12 – 16

EUROPE *(continued from previous page)*

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
EC	11/14	05:00	Employment (q/q)	3Q P	--	--	0.4
EC	11/14	05:00	GDP (q/q)	3Q P	--	0.2	0.2
EC	11/14	05:00	Industrial Production (m/m)	Sep	--	-0.4	1.0
EC	11/14	05:00	Industrial Production (y/y)	Sep	--	0.4	0.9
UK	11/15	04:30	Retail Sales ex. Auto Fuel (m/m)	Oct	--	0.2	-0.8
UK	11/15	04:30	Retail Sales with Auto Fuel (m/m)	Oct	--	0.1	-0.8
EC	11/15	05:00	Trade Balance (€ mn)	Sep	--	--	11671.2
EC	11/16	05:00	CPI (m/m)	Oct	--	0.2	0.2
EC	11/16	05:00	CPI (y/y)	Oct F	--	2.2	2.2
EC	11/16	05:00	Euro zone Core CPI Estimate (y/y)	Oct F	--	1.1	1.1
IT	11/16	05:00	CPI - EU Harmonized (y/y)	Oct F	--	1.7	1.7

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CH	NOV 9-15		New Yuan Loans (bn)	Oct	1000	900.0	1380.0
SI	11/12	00:00	Retail Sales (y/y)	Sep	--	2.1	-0.4
JN	11/12	01:00	Machine Tool Orders (y/y)	Oct P	--	--	2.9
IN	11/12	07:00	CPI (y/y)	Oct	3.70	3.60	3.77
IN	11/12	07:00	Industrial Production (y/y)	Sep	--	4.30	4.30
SK	11/13	18:00	Unemployment Rate (%)	Oct	4.0	3.9	4.0
JN	11/13	18:50	GDP (q/q)	3Q P	-0.2	-0.3	0.7
JN	11/13	18:50	GDP Deflator (y/y)	3Q P	--	-0.1	0.1
AU	11/13	19:30	Wage Cost Index (q/q)	3Q	--	0.6	0.6
CH	11/13	21:00	Fixed Asset Investment YTD (y/y)	Oct	5.3	5.5	5.4
CH	11/13	21:00	Industrial Production (y/y)	Oct	5.7	5.8	5.8
CH	11/13	21:00	Retail Sales (y/y)	Oct	9.2	9.2	9.2
JN	11/13	23:30	Capacity Utilization (m/m)	Sep	--	--	2.2
JN	11/13	23:30	Tertiary Industry Index (m/m)	Sep	--	-0.4	0.5
JN	11/13	23:30	Industrial Production (y/y)	Sep F	--	--	-2.9
IN	11/14	01:30	Monthly Wholesale Prices (y/y)	Oct	--	4.9	5.1
TH	**11/14**	**02:05**	**BoT Repo Rate (%)**	**Nov 14**	**1.50**	**1.50**	**1.50**
AU	11/14	19:30	Employment (000s)	Oct	20.0	20.0	5.6
AU	11/14	19:30	Unemployment Rate (%)	Oct	5.0	5.1	5.0
ID	11/14	23:00	Exports (y/y)	Oct	--	0.1	1.7
ID	11/14	23:00	Imports (y/y)	Oct	--	5.0	14.2
ID	11/14	23:00	Trade Balance (US$ mn)	Oct	--	-510.0	227.1
PH	**11/15**	**03:00**	**Overnight Borrowing Rate (%)**	**Nov 15**	**4.75**	**4.50**	**4.50**
NZ	11/15	16:30	Business NZ PMI	Oct	--	--	51.7
SI	11/15	19:30	Exports (y/y)	Oct	--	0.8	8.3
MA	11/15	23:00	Current Account Balance (MYR mns)	3Q	--	--	3900.0
MA	11/15	23:00	GDP (y/y)	3Q	4.7	4.7	4.5
ID	**NOV 14-15**		**BI 7-Day Reverse Repo Rate (%)**	**Nov 15**	**5.75**	**5.75**	**5.75**
IN	NOV 14-15		Exports (y/y)	Oct	--	--	-2.2
IN	NOV 14-15		Imports (y/y)	Oct	--	--	10.5
PH	NOV 14-15		Overseas Remittances (y/y)	Sep	--	7.5	-0.9
HK	11/16	03:30	Real GDP (y/y)	3Q	3.3	3.2	3.5
HK	11/16	03:30	Unemployment Rate (%)	Oct	2.8	2.8	2.8

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

Key Indicators for the week of November 12 – 16

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
BZ	11/13	06:00	Retail Sales (m/m)	Sep	--	0.1	1.3
BZ	11/13	06:00	Retail Sales (y/y)	Sep	--	1.6	4.1
CO	11/14	10:00	Retail Sales (y/y)	Sep	--	--	5.5
CO	11/14	10:00	Trade Balance (US$ mn)	Sep	--	-487.0	-764.8
CO	11/15	11:00	GDP (y/y)	3Q	--	--	2.5
PE	NOV 15-19		Economic Activity Index NSA (y/y)	Sep	2.7	--	2.3
PE	NOV 15-19		Unemployment Rate (%)	Oct	--	--	6.2
BZ	11/16	05:30	Economic Activity Index SA (m/m)	Sep	--	--	0.5
BZ	11/16	05:30	Economic Activity Index NSA (y/y)	Sep	--	--	2.5

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

Global Auctions for the week of November 12 – 16

NORTH AMERICA

Country	Date	Time	Event
CA	11/14	12:00	Canada to Sell CAD3 Bln 2.25% 2024 Bonds

EUROPE

Country	Date	Time	Event
GE	11/13	05:35	2Y Note Allotment
IT	11/13	05:00	3 Year Bond Allotment
IT	11/13	05:00	7 Year Bond Allotment
EC	11/13	05:30	ECB Main Refinancing Operation Result
GE	11/13	05:30	Germany to Sell EUR4 Bln 2020 Bonds
IT	11/13	05:00	Italy to Sell Bonds
SZ	11/14	05:15	Switzerland to Sell Bonds
GE	11/14	05:35	30Y Note Allotment
GE	11/14	06:30	Germany to Sell EUR1.5 Bln 1.25% 2048 Bonds
UK	11/15	05:30	U.K. to Sell 2 Billion Pounds of 1.75% 2037 Bonds

ASIA-PACIFIC

Country	Date	Time	Event
CH	11/12	20:30	Dalian to Sell CNY1.44672 Bln 7Y Bonds
JN	11/12	22:35	Japan to Sell 30-Year Bond
CH	11/13	22:00	China Plans to Sell Upsized Government Bonds
JN	11/14	22:35	Japan to Sell 5-Year Bond
NZ	11/14	20:05	New Zealand To Sell NZD150 Mln 2.75% 2037 Bonds
JN	11/14	22:35	5Y Note Amount Sold
CH	11/15	21:35	China Plans to Sell 50Y Government Bond

Source: Bloomberg, Scotiabank Economics.

Events for the week of November 12 – 16

NORTH AMERICA

Country	Date	Time	Event
US	11/12	14:30	Fed's Daly Speaks on the Economic Outlook
US	11/13	10:00	Fed's Kashkari Speaks at Conference on Immigration
US	11/13	10:00	Fed's Brainard Speaks on AI and the New Financial Landscape
US	11/13	14:20	Fed's Harker Speaks at Fintech Conference
US	11/14	10:00	Fed's Quarles to Appear before House Financial Services Panel
US	11/14	18:00	Fed's Powell to Discuss Economy at Dallas Fed Event
US	11/15	10:00	Fed's Quarles to Appear before Senate Banking Panel
US	11/15	11:30	Fed's Powell Reviews Post-Hurricane Harvey Recovery Efforts
US	11/15	13:00	Fed's Bostic Speaks in Madrid
MX	11/15	14:00	**Overnight Rate**
US	11/15	15:00	Fed's Kashkari Speaks to Minnesota AgriGrowth Council
US	11/16	11:30	Fed's Evans Speaks at Fixed Income Forum Roundtable

EUROPE

Country	Date	Time	Event
GE	11/12	05:00	EU's Juncker Addresses Economic Conference in Berlin
SW	11/12	06:00	Riksbank Deputy Governor Floden Gives Speech
GE	11/12	09:00	Scholz Holds News Conference With Foreign Reporters
GE	11/13	08:00	Scholz Speaks on Europe's Economy at Sueddeutsche Conference
SW	11/13	09:00	Riksbank's Ohlsson Speaks in Sundsvall
SW	11/15	03:15	Riksbank First Deputy Governor af Jochnick Speaks in Frankfurt
SZ	11/16		Switzerland Sovereign Debt to be rated by S&P

ASIA-PACIFIC

Country	Date	Time	Event
TH	11/14	02:05	**BoT Benchmark Interest Rate**
AU	11/14	20:30	RBA's Debelle speaks on panel in Melbourne
ID	11/14	00:00	**Bank Indonesia 7D Reverse Repo**
PH	11/15	03:00	**BSP Overnight Borrowing Rate**

Source: Bloomberg, Scotiabank Economics.

Global Central Bank Watch

NORTH AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Canada – Overnight Target Rate	1.75	December 5, 2018	1.75	1.75
Federal Reserve – Federal Funds Target Rate	2.25	December 19, 2018	2.25	2.25
Banco de México – Overnight Rate	7.75	November 15, 2018	7.75	8.00

Banxico: Scotiabank's economists based in Mexico City - led by Mario Correa - expect no rate change but to possibly tee up a hike at the next meeting on December 20th. Consensus is somewhat divided but leans more toward a hike. The uncertainty owes itself in part to recent movements in the peso and how the central bank may react.

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	0.00	December 13, 2018	0.00	0.00
Bank of England – Bank Rate	0.75	December 20, 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	-0.25
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	24.50

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	December 20, 2018	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	1.50	December 3, 2018	1.50	1.50
Reserve Bank of New Zealand – Cash Rate	1.75	February 12, 2019	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	6.50
Bank of Korea – Bank Rate	1.50	November 30, 2018	1.75	1.75
Bank of Thailand – Repo Rate	1.50	November 14, 2018	1.50	1.75
Bank Negara Malaysia – Overnight Policy Rate	3.25	TBA	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	4.50

The Bank of Thailand (BoT): Thai monetary authorities will likely leave the policy rate unchanged at 1.50% following the November 14 monetary policy meeting. Nevertheless, we assess that the monetary tightening phase is approaching, given that inflation is expected to pick up notably in early 2019. **Bank Indonesia (BI)**: Indonesian monetary authorities will meet on November 15 and we expect that they will leave the benchmark interest rate unchanged at 5.75% for a second consecutive month on the back of recent strengthening of the rupiah. BI raised the policy rate by 150 basis points between May and September in order to stabilize the currency. **Bangko Sentral ng Pilipinas (BSP)**: We expect the BSP to raise the benchmark interest rate by 25 basis points to 4.75% following the November 15 monetary policy meeting. Economic growth in the Philippines remains strong, at 6.1% y/y in Q3 2018, while inflation, at 6.7% y/y in October, exceeds the central bank's target of 3%±1% by a wide margin.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	6.50	December 12, 2018	6.50	6.75
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	4.50	4.25
Banco Central de Reserva del Perú – Reference Rate	2.75	December 13, 2018	2.75	2.75

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	6.50	November 22, 2018	6.50	6.50

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