

A CHANCE TO CLEAR THE AIR

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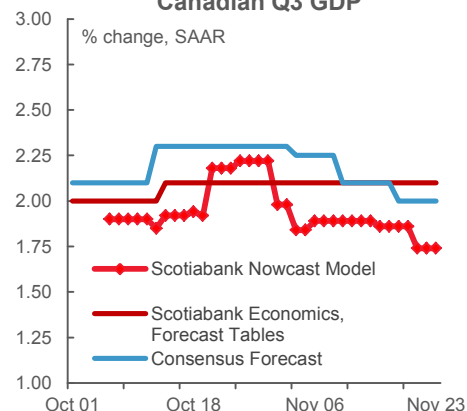
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Next Week's Risk Dashboard

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Chart of the Week
Canadian Q3 GDP


Sources: Scotiabank Economics, Haver Analytics, Bloomberg.

Chart of the Week: Prepared by: Nikita Perevalov, Senior Economist.

A Chance To Clear The Air

UNITED STATES—IS THE FED GETTING NERVOUS?

US markets will have plenty to focus upon next week. **Key focal points will include Black Friday sales tracking, top of the house Fed-speak, the G20 Summit and macro data risk.**

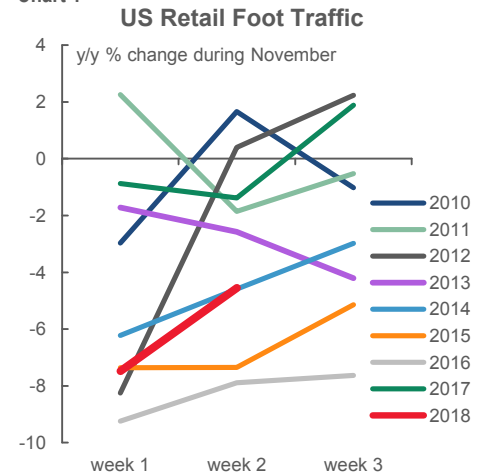
Will this be the year for Black Friday, Thanksgiving week and Cyber Monday sales to beat the band? Possibly, but that's not clear and it might depend upon which measures are considered. Dynamic estimates of on-line sales are looking quite good as this publication is going to print. For instance, Adobe Analytics ([here](#)) is updating its estimates of on-line sales as the season unfolds into Cyber Monday. Markets shouldn't rely exclusively on such measures, however, given the prospect for cannibalization of in-store spending. As chart 1 demonstrates, retail traffic is sharply down this year from last year and it is among the weakest of the past ten years.

Is the Fed wavering in its commitment to a gradual pace of hikes that it has generally implemented at 25bps per calendar quarter? Well, why not ask the top brass at the Federal Reserve and there will be just such chances next week. **Fed Chair Powell delivers a key address to the Economic Club of New York on Wednesday** at 12pmET. His topic will be "The Federal Reserve's Framework for Monitoring Financial Stability." Stability is top of mind to some in the markets these days and so **how the Fed is reading market developments may be illuminated as one possible consideration.** There will be published text and audience Q&A. **The Fed's #2—Vice Chair Richard Clarida—speaks the day before Powell** and his speech will likely relate more closely to the fundamentals picture. Clarida's topic is "Data Dependence and U.S. Monetary Policy," and he speaks at 8:30amET. If the Fed wishes to signal any change of heart—or simply reinforce its tightening bias—then now's the chance to do so.

The FOMC minutes for the meeting on November 7th–8th will then be released at 2pmET on Wednesday. Recall that the statement itself was fairly bland (recap [here](#)). The statement only contained two wording changes that largely cancelled out one another in terms of any influence upon the net bias. What was far more interesting is what was not said in the statement but may be revealed in the minutes. In addition to discussion of the composition of risks to the outlook, I would watch for discussion of the IOER in the context of pressures upon short-term interest rate measures toward the upper end of the Fed funds target rate range (chart 2).

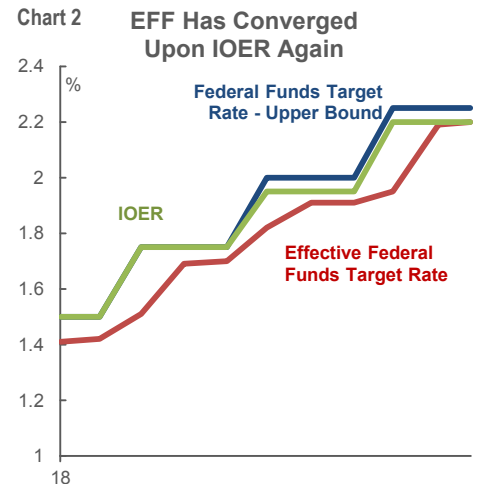
More important would be any dialogue on balance sheet management and in the context of the pace of shrinkage (chart 3). The FOMC guided expectations toward a deeper balance sheet discussion in the minutes to the meeting that ended on August 1st when it said "it would be important for the Committee to resume its discussion of operating frameworks before too long. The Chairman suggested that the Committee would likely resume a discussion of operating frameworks in the Fall." Technically the Fall spans three meetings. The discussion did not occur at the September 26th meeting. It either occurred at the November meeting or must by the December 18–19 meeting which technically still lands in the Fall despite the touch of February in the air this past week. See the *Daily Points* issue on November 8th for further elaboration of the issues and I'll write more about this in the coming week.

Chart 1



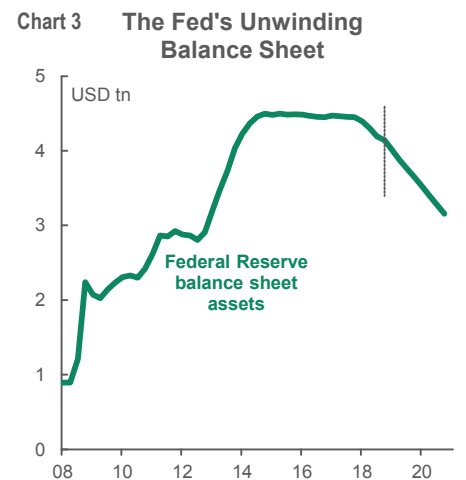
Sources: Scotiabank Economics, Bloomberg.

Chart 2



Sources: Scotiabank Economics, Bloomberg.

Chart 3



Sources: Scotiabank Economics, Haver Analytics.

In addition, Fed-speak will include five regional Fed Presidents. Atlanta's Bostic (voting), Chicago's Evans (alternate), and Kansas City President George (alternate) will be on a panel together on Tuesday. Evans speaks again on Thursday. Dallas President Kaplan (nonvoting) speaks Thursday and New York President Williams speaks on Friday.

Data risk will be focused upon Thursday's updates for the Fed's preferred inflation gauge, consumer spending, income growth and the saving rate for the month of October. After headline CPI inflation climbed to 2.5% y/y (2.3% prior) and core CPI slipped to 2.1% y/y (2.2% prior), the question is how this translates into inflation by the Fed's preferred gauge—the PCE deflators. It's feasible but not definite that the PCE headline and core gauges follow the CPI readings given past tracking and many measurement differences (chart 4). As for consumption growth, we already know that retail sales were quite strong in October (+0.8% m/m) and most of that was in the ex-autos category but heavily driven by higher gas prices. Much of this should flow through to total consumption but with more modest growth in services that are less well captured by retail sales.

Other readings will include **Q3 GDP revisions** to the original estimate of 3.5% q/q growth at an annualized and seasonally adjusted pace (Wednesday). A major revision is not expected. The **Conference Board's consumer confidence** reading (Tuesday) will be the other potentially market-influential print. The advance reading on how **US merchandise exports and imports** performed during October arrives on Wednesday. Three housing reports will also be in focus including **new home sales** (Wednesday), **pending home sales** as a precursor to completed resale transactions with a lag (Thursday) and the **S&P repeat sales house price gauge** (Tuesday).

The US Treasury auctions 2s (Monday), 5s (Tuesday), 2 year FRNs (Wednesday) and 7s (Wednesday).

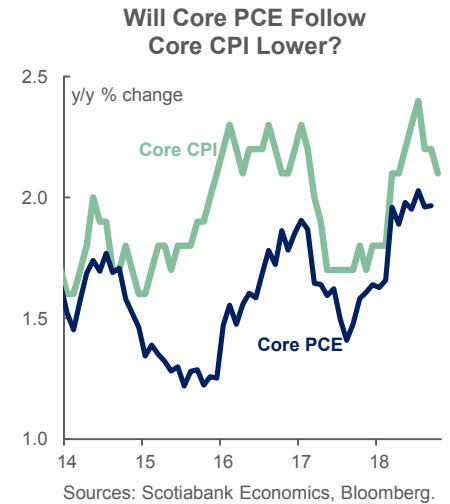
CANADA—TWO-TAILED NAFTA RISK RETURNS

Three key risks face Canadian markets over the coming week including one top-shelf macro report, bank earnings and NAFTA/USMCA implementation risk that could go in either direction. The macro developments may be more skewed toward the end of the week.

Canada releases GDP for Q3 on Friday. Growth was probably decent at around 1¼% in Q3 but ended on a soft note in September with probably little to no growth. My estimate for September GDP is 0.1% m/m. The higher-frequency readings that are available for September were not great; in fact, they were mostly somewhat lower and that would counsel a retreat in GDP on the month. An exception was a sizeable 0.5% m/m rise in retail sales volumes. Wholesale trade volumes fell 0.7% m/m, hours worked fell 0.4% m/m, manufacturing shipment volumes slipped by 0.2% m/m and housing starts fell 4.1%. Apart from uncertainty in translating such volume-based readings into value-added GDP, the source of any broad GDP growth would probably have to come from other sectors. Given that 11 of 21 industries retreated in August, it's conceivable that several of these bounced back in September. Seven of those eleven industries are ones that are more difficult to track than the above-mentioned sectors.

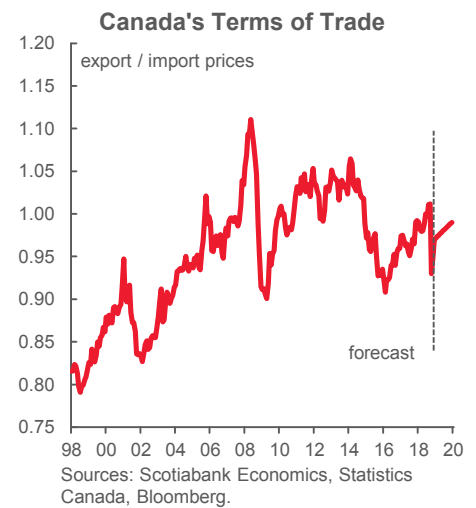
If this estimate for September GDP is on the mark, then using the monthly GDP figures translates into 2.0% q/q GDP growth in Q3 at a seasonally adjusted and annualized rate. If September GDP is flat, then it would translate into quarterly growth of around 1¼%. Quarterly GDP accounts, however, are derived from expenditure-based figures, and tracking risk derived from mapping monthly GDP onto quarterly GDP can be significant. One reason is that income-side accounts generally don't consider how income was derived; expenditure-based growth accounts do consider how growth was achieved including reliance upon inventory investment draw-downs or increases plus the degree to which import leakage effects were relied. Inventory and import effects can be large. Scotia's Nikita Perevalov runs a 'nowcast' model that tracks expenditure-based GDP and it suggests growth of 1¼% ([here](#)). Recall that the BoC had forecast GDP growth of 1.8% in the October MPR and so anything in the 1¼% range would be compatible with its expectations that inform a hiking bias.

Chart 4



But we're still left talking about backward-looking GDP growth. One risk factor governing the growth outlook concerns commodity price developments and particularly oil markets and their influence upon the terms of trade. Canada's terms of trade (the ratio of export to import prices) is highly correlated with the Western Canada Select proxy for oil prices in Western Canada. Mapping our forecast for improved WCS oil prices onto the forecast terms of trade results in chart 5. **Just as one should look through softness in WCS in favour of what we think will be an improved picture into next year, one should look through near-term softness in the terms of trade.** This matters because the terms of trade influence domestic incomes if the shock persists. If the likely deterioration in the terms of trade is driven by idiosyncratic factors that have depressed Canadian oil prices, then perhaps one should not be overly concerned about the sustained implications for national income growth and sustained trickle-down effects into profit growth, household incomes and government revenues. Also see [this](#) piece on the spread by our bank economists.

Chart 5



NAFTA implementation risk returns over the coming week. The G20 meeting in Buenos Aires on Friday and Saturday is when Canadian PM Trudeau, outgoing Mexican President Peña Nieto and US President Trump are scheduled to ceremoniously sign the NAFTA 2.0/USMCA agreement. Canada and Mexico have sought to end the tariffs on steel (25%) and aluminum (10%) and the retaliatory tariffs that Canada and Mexico then imposed on the US before signing the agreement. PM Trudeau made that clear when he stated "As I've repeated to President Trump, I hope we're able to resolve in the time before we meet each other in the G20 in Argentina." Reports suggest that a deal may be near at hand. A complicating factor appears to be the desire by the US to replace tariffs with quotas. Canada is particularly objecting to the concept of quotas or at least seeks a high threshold perhaps modelled after the auto export quota in the USMCA. At the root of the matter remains the absurdity of labelling Canada and Mexico as security threats to justify the Trump administration's use of Section 232 tariffs that simply masks a protectionist US bias that is backfiring upon itself by dramatically raising metals costs for input industries in the US.

The start of the Q4 and full year bank earnings season arrives on Tuesday when BNS—my employer—will release. RBC will release on Wednesday followed by CIBC and TD on Thursday. BMO releases the following week on December 4th and then Laurentian and National release on December 5th. Scotia's financial services equity analyst Summit Malhotra will be covering the releases.

LATIN AMERICA—PESO VOLATILITY IN FOCUS

The prime development over the coming week will be NAFTA/USMCA implementation risk as noted in the Canadian section. Mexico's referendum results and modest macro data risk are also on tap.

The path toward a desired ceremonial USMCA signing at the G20 meetings could impact volatility in the Mexican peso. Mexico is less spirited in its quest for the US to drop metals tariffs as a pre-condition to the desired ceremonial signing of the USMCA at the G20 meetings, or at least it is more open to accepting quotas instead. Canada is insisting that a metals agreement be struck first before the G20 signing and is in opposition to quotas as a substitute. Observers of how the NAFTA negotiating process unfolded will note the irony that the Mexican peso's risks are now partly contingent upon Canada's policy goal of eliminating metals tariffs. One possibility is that metals tariffs are entirely swept away in exchange for stricter agreement on controlling foreign dumping from markets outside of North America (e.g. China) that all three countries seek to support. Another possibility is that tariffs are eliminated and replaced by quotas that are well above where levels of metals exports into the US are likely to land for years into the future—like the auto quotas in the USMCA—and leave the quotas to further negotiation with a subsequent US administration.

Mexico holds referenda this weekend that will inform the future for ten infrastructure projects. Recall that an earlier referendum resulted in the cancellation of the partly constructed Mexico City airport and the resulting negative effects upon the peso. At stake are a variety of social programs but also major projects like a new refinery and a new Mayan Train. Apart from the

very concept of holding individual referendums and the aftermath, the referendum process itself is a deeply controversial topic in Mexico.

Mexico updates retail sales during September (Monday), trade during October (Tuesday) and labour market conditions in October (Tuesday). They will be used to inform GDP tracking with the limited Bloomberg consensus expecting between 1½% and 2½% y/y GDP growth in Q4 after growth of 2.6% in each of Q2 and Q3. It is too early in terms of data availability to materially inform Q4 tracking estimates.

Brazil updates Q3 GDP growth on Friday. Consensus expects around ¾% q/q growth that—if realized—would be the strongest since 2017Q1.

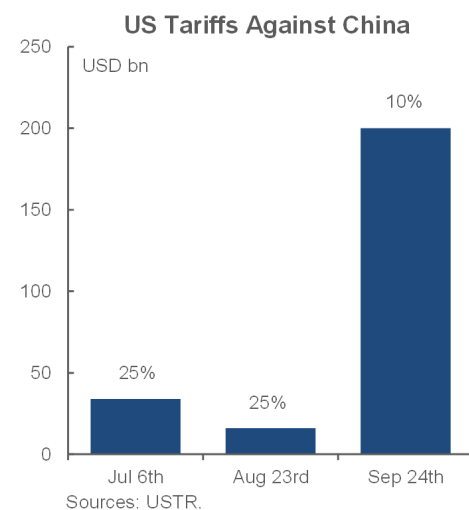
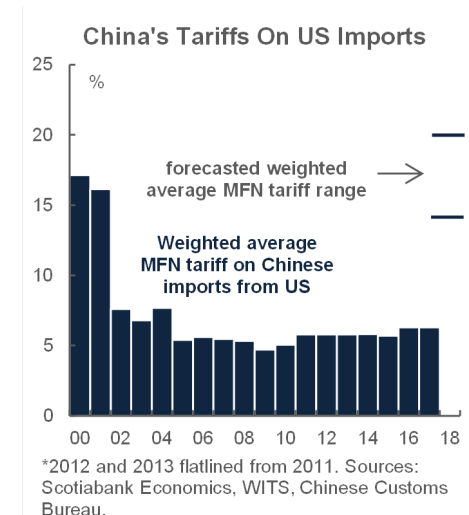
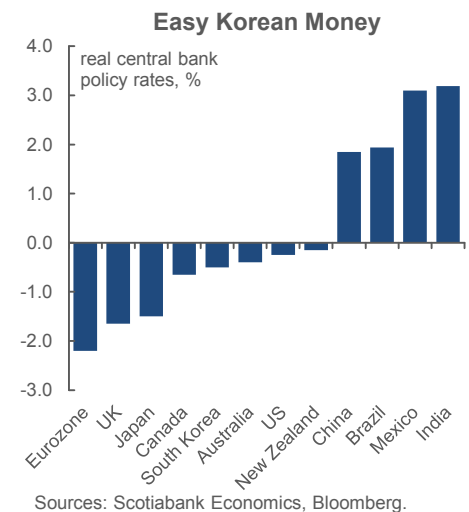
ASIA-PACIFIC—FLATTERY WILL GET CHINA EVERYWHERE

Asian markets will be primarily influenced by the tone of the G20 interaction between US President Trump and Chinese President Xi Jinping at the end of the week and into the start of the following week.

The G20 Summit will be held on Friday into Saturday next week. Whatever the results from the Trump-Xi meeting, they could well impact the market tone into the end of the week or more likely the start of the following week when Asian markets re-open. The US and China are inflicting wounds upon each other that may be driving sentiment toward mending fences. Just as two equals in the ring, neither one has backed down from the other's jabs but the US initiated what has been a drag on global stock markets and weight upon global economic indicators such as PMIs. Charts 6 and 7 summarize the main tariffs imposed to date in addition to the earliest US measures against solar panels and laundry machines. I think China is too astute not to find an out, and the US concern should be pivoting more toward lost opportunity by its firms in what is still the fastest growing major economy in the world with enormous longer-run potential. China can create the optics of easing access and respecting IP rights while still adhering to their Made in China 2025 goals and still doing what they wish in a mixed market/command economy. That has been the lesson from NAFTA/USMCA to the KORUS deal and on to the EU's Tusk and his handling of earlier trade tensions with Trump. It shouldn't be worth dying on a hill by making no optical concessions to the Trump administration after which China will do what China thinks it must anyway.

The Bank of Korea is expected to raise its policy 7-day repo rate by 25bps to 1.75% toward the end of the week and with Scotia's Tuuli McCully onside consensus on this one. Inflation has risen to 2% which puts South Korea in the same company as other negative real policy rate countries (chart 8). Tuuli points out that Governor Lee Ju-yeol has emphasized that financial imbalances including strong credit growth would receive greater attention when inflation returned to the 2% target. A hold risk would be derived from concern over risks to growth not least of which are related to US-China trade tensions that might be further informed next week as well.

Macro reports will be primarily focused upon China's state purchasing managers' indices on Thursday night (eastern time). In particular, the manufacturing sector has hovered close to the dividing line between expansion and contraction at 50 and in the context of a deceleration across global manufacturing PMIs (chart 9). China also updates industrial profits on Monday.

Chart 6

Chart 7

Chart 8


India's GDP growth rate probably cooled in Q3 and the data arrives on Friday.

Growth had been accelerating from a trough of about 5½% y/y in mid-2017 to over 8% in 2018Q2. At some point the base effect math points to moderation.

Japan releases monthly updates for retail sales, the jobless rate, Tokyo CPI, industrial production and housing starts over the coming week. None of these are likely to be global market movers.

EUROPE—BREXIT HITS THE ROCK

The fate of the draft Brexit agreement may be informed into the start of the week and either buoy or deflate Prime Minister May's spirits into the G20 meeting. Macro data risk will be confined to Eurozone CPI readings.

The draft Brexit agreement ([here](#)) was initially greeted enthusiastically by pound sterling when it unexpectedly landed this week. That was because it achieved the following points of progress:

- the issue of how to treat the Irish border through a backstop arrangement to keep it open went from a weak reference to an "intention" to end such an arrangement to a "determination" to doing so. This is positive for the pro-Brexit camp that had been critical of earlier drafts in that it improves the odds that the UK will eventually break free of the customs union.
- also on the Irish border, there is new reference to how "the Parties envisage making use of all available facilitative arrangements and technologies" in future efforts to diminish the significance of the border. Pairing the first and second points together sharply diminishes pro-Brexit opposition to the deal at least in terms of the border issue.
- there is improved language on the degree of regulatory autonomy for the UK
- trade liberalization and multifaceted cooperation remain in the draft

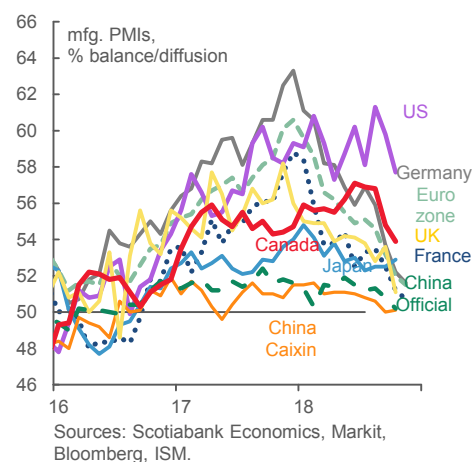
PM May then established a blog to showcase Brexit 'facts' [here](#) in an effort to provide a spirited defense of what she positioned is the best deal possible. The best case scenario is that May and EU leaders agree on a finalized text into Monday. Ongoing disputes over fish and Gibraltar still need to be ironed out. Indeed, Spain escalated the rhetoric over Gibraltar by stating that the Brexit draft changed reference to the Gibraltar issue in a "nocturnal and treacherous" manner. Spain even threatened to call off this weekend's EU-UK Summit if its concerns over Gibraltar are not addressed. Spain wants the UK to provide a written promise that Spain will get a say in future issues surrounding 'the Rock'.

If agreement is reached, May would then have to sell the final text to Parliament. Conservative MP Greg Hands estimated "around 80" Conservative MPs are in opposition to the deal. Recall that there are 315 Conservative MPs at Westminster out of a total of 650 MPs. **The Conservatives do not have a majority and would rely upon support from other parties or achieving greater unity within their own party if the deal is to fly.** Then it goes to EU members to ratify.

Eurozone CPI for November will be released on Friday. Headline inflation is expected to begin to moderate as energy price inflation eases. Consensus expects the 2.2% y/y reading in October—the highest since December 2012—to ease back to 2% and hence closer toward the ECB's policy goal of under 2%. Core inflation is another matter altogether; there has been no clear traction toward the ECB's policy goal. Germany updates CPI the day before along with Spain while France and Italy update inflation on Friday.

Before CPI arrives, ECB President Draghi speaks on Monday before the European Parliament's committee for economic and monetary affairs. He will address EMU reform and monetary policy challenges.

Chart 9 Global Manufacturing



Key Indicators for the week of November 26 – 30
NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
MX	11/26	09:00	Retail Sales (INEGI) (y/y)	Sep	--	4.1	3.9
US	11/26	10:30	Dallas Fed. Manufacturing Activity	Nov	--	25.0	29.4
MX	11/27	09:00	Trade Balance (US\$ mn)	Oct	--	--	-193.9
MX	11/27	09:00	Unemployment Rate (%)	Oct	--	--	3.6
US	11/27	09:00	S&P/Case-Shiller Home Price Index (m/m)	Sep	0.2	0.2	0.1
US	11/27	09:00	S&P/Case-Shiller Home Price Index (y/y)	Sep	5.3	5.3	5.5
US	11/27	10:00	Consumer Confidence Index	Nov	134.5	135.8	137.9
US	11/28	07:00	MBA Mortgage Applications (w/w)	NOV 23	--	--	-0.1
US	11/28	08:30	GDP (q/q a.r.)	3Q S	3.5	3.6	3.5
US	11/28	08:30	GDP Deflator (q/q a.r.)	3Q S	--	1.7	1.7
US	11/28	08:30	Initial Jobless Claims (000s)	NOV 23	220	220	224
US	11/28	08:30	Continuing Claims (000s)	NOV 16	1670	--	1668
US	11/28	08:30	Wholesale Inventories (m/m)	Oct P	--	0.4	0.4
US	11/28	10:00	New Home Sales (000s a.r.)	Oct	570.0	576.5	553.0
US	11/28	10:00	Richmond Fed Manufacturing Index	Nov	--	16.0	15.0
CA	11/29	08:30	Current Account (C\$ bn a.r.)	3Q	--	-12.2	-15.9
US	11/29	08:30	PCE Deflator (m/m)	Oct	0.2	0.2	0.1
US	11/29	08:30	PCE Deflator (y/y)	Oct	2.1	2.1	2.0
US	11/29	08:30	PCE ex. Food & Energy (m/m)	Oct	0.2	0.2	0.2
US	11/29	08:30	PCE ex. Food & Energy (y/y)	Oct	1.9	1.9	2.0
US	11/29	08:30	Personal Spending (m/m)	Oct	0.5	0.4	0.4
US	11/29	08:30	Personal Income (m/m)	Oct	0.4	0.4	0.2
US	11/29	10:00	Pending Home Sales (m/m)	Oct	0.6	0.5	0.5
CA	11/30	08:30	IPPI (m/m)	Oct	--	--	0.1
CA	11/30	08:30	Raw Materials Price Index (m/m)	Oct	--	--	-0.9
CA	11/30	08:30	Real GDP (m/m)	Sep	0.1	0.1	0.1
CA	11/30	08:30	Real GDP (q/q a.r.)	3Q	1.8	2.0	2.9

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
GE	11/26	04:00	IFO Business Climate Survey	Nov	--	102.3	102.8
GE	11/26	04:00	IFO Current Assessment Survey	Nov	--	105.3	105.9
GE	11/26	04:00	IFO Expectations Survey	Nov	--	99.2	99.8
SP	11/27	07:00	Budget Balance YTD (€ mn)	Oct	--	--	-13245
GE	11/28	07:00	GfK Consumer Confidence Survey	Dec	--	10.5	10.6
SZ	11/29	01:45	GDP (y/y)	3Q	--	2.9	3.4
FR	11/29	02:45	Consumer Spending (m/m)	Oct	--	0.4	-1.7
FR	11/29	02:45	GDP (q/q)	3Q P	--	0.4	0.4
SP	11/29	03:00	CPI (m/m)	Nov P	--	--	0.9
SP	11/29	03:00	CPI (y/y)	Nov P	--	2.0	2.3
SP	11/29	03:00	CPI - EU Harmonized (m/m)	Nov P	--	-0.1	0.7
SP	11/29	03:00	CPI - EU Harmonized (y/y)	Nov P	--	2.0	2.3
SP	11/29	03:00	Real Retail Sales (y/y)	Oct	--	--	-3.1
SW	11/29	03:30	GDP (y/y)	3Q	--	2.2	2.5
GE	11/29	03:55	Unemployment (000s)	Nov	--	-10.0	-12.0
GE	11/29	03:55	Unemployment Rate (%)	Nov	--	5.1	5.1
UK	11/29	04:30	Net Consumer Credit (£ bn)	Oct	--	1.0	0.8
EC	11/29	05:00	Business Climate Indicator	Nov	--	1.0	1.0
EC	11/29	05:00	Economic Confidence	Nov	--	109.1	0.1
EC	11/29	05:00	Industrial Confidence	Nov	--	2.4	3.0
GE	11/29	08:00	CPI (m/m)	Nov P	--	0.2	0.2
GE	11/29	08:00	CPI (y/y)	Nov P	--	2.3	2.5
GE	11/29	08:00	CPI - EU Harmonized (m/m)	Nov P	--	0.2	0.1
GE	11/29	08:00	CPI - EU Harmonized (y/y)	Nov P	--	2.3	2.4
UK	11/29	19:01	GfK Consumer Confidence Survey	Nov	--	-11.0	-10.0

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

Key Indicators for the week of November 26 – 30
EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
GE	11/30	02:00	Retail Sales (m/m)	Oct	--	0.4	0.1
UK	11/30	02:00	Nationwide House Prices (m/m)	Nov	--	0.1	0.0
FR	11/30	02:45	CPI (m/m)	Nov P	--	-0.2	0.1
FR	11/30	02:45	CPI (y/y)	Nov P	--	2.0	2.2
FR	11/30	02:45	CPI - EU Harmonized (m/m)	Nov P	--	-0.2	0.1
FR	11/30	02:45	CPI - EU Harmonized (y/y)	Nov P	--	2.3	2.5
FR	11/30	02:45	Producer Prices (m/m)	Oct	--	--	0.3
PD	11/30	04:00	GDP (y/y)	3Q F	--	--	5.1
SP	11/30	04:00	Current Account (€ bn)	Sep	--	--	1.8
EC	11/30	05:00	Euro zone CPI Estimate (y/y)	Nov	--	2.0	2.2
EC	11/30	05:00	Euro zone Core CPI Estimate (y/y)	Nov A	--	1.1	1.1
EC	11/30	05:00	Unemployment Rate (%)	Oct	--	8.0	8.1
IT	11/30	05:00	CPI (m/m)	Nov P	--	-0.3	0.0
IT	11/30	05:00	CPI (y/y)	Nov P	--	1.5	1.6
IT	11/30	05:00	CPI - EU Harmonized (m/m)	Nov P	--	-0.3	0.2
IT	11/30	05:00	CPI - EU Harmonized (y/y)	Nov P	--	1.6	1.7
IT	11/30	06:00	Real GDP (q/q)	3Q F	--	0.0	0.0
PO	11/30	06:00	Real GDP (q/q)	3Q F	--	--	0.3

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
NZ	11/25	16:45	Retail Sales Ex Inflation (q/q)	3Q	--	1.0	1.1
JN	11/25	19:30	Markit/JMMA Manufacturing PMI	Nov P	--	--	52.9
SK	NOV 25-30		Department Store Sales (y/y)	Oct	--	--	4.7
JN	11/26	00:00	Coincident Index CI	Sep F	114.6	--	114.6
JN	11/26	00:00	Leading Index CI	Sep F	103.9	--	103.9
SI	11/26	00:00	Industrial Production (y/y)	Oct	--	2.9	-0.2
HK	11/26	03:30	Exports (y/y)	Oct	--	9.5	4.5
HK	11/26	03:30	Imports (y/y)	Oct	--	9.5	4.8
HK	11/26	03:30	Trade Balance (HKD bn)	Oct	--	-47.7	-47.7
SK	11/26	16:00	Consumer Confidence Index	Nov	--	--	99.5
NZ	11/26	16:45	Trade Balance (NZD mn)	Oct	--	-850.0	-1559.9
NZ	11/26	16:45	Exports (NZD bn)	Oct	--	4.9	4.3
NZ	11/26	16:45	Imports (NZD bn)	Oct	--	5.7	5.9
CH	11/26	20:30	Industrial Profits YTD (y/y)	Oct	--	--	4.1
SK	11/27	16:00	Business Survey- Manufacturing	Dec	--	--	72.0
SK	11/27	16:00	Business Survey- Non-Manufacturing	Dec	--	--	75.0
JN	11/28	18:50	Large Retailers' Sales (y/y)	Oct	--	0.7	0.4
JN	11/28	18:50	Retail Trade (y/y)	Oct	--	2.6	2.2
AU	11/28	19:30	Private Capital Expenditure	3Q	--	1.0	-2.5
PH	NOV 28-29		Bank Lending (y/y)	Oct	--	--	16.5
VN	NOV 28-29		CPI (y/y)	Nov	--	--	3.9
VN	NOV 28-29		Exports (y/y)	Nov	--	--	14.2
VN	NOV 28-29		Imports (y/y)	Nov	--	--	11.8
VN	NOV 28-29		Industrial Production (y/y)	Nov	--	--	7.7
NZ	11/29	16:00	ANZ Consumer Confidence Index	Nov	--	--	115.4
SK	11/29	18:00	Industrial Production (y/y)	Oct	--	6.5	-8.4
SK	11/29	18:00	Cyclical Leading Index Change	Oct	--	--	-0.2
JN	11/29	18:30	Jobless Rate (%)	Oct	2.3	2.3	2.3
JN	11/29	18:30	Tokyo CPI (y/y)	Nov	--	1.1	1.5
JN	11/29	18:50	Industrial Production (y/y)	Oct P	--	2.5	-2.5
AU	11/29	19:30	Private Sector Credit (y/y)	Oct	--	4.6	4.6
CH	11/29	20:00	Manufacturing PMI	Nov	50.2	50.2	50.2
CH	11/29	20:00	Non-manufacturing PMI	Nov	--	53.8	53.9
JN	11/29	23:00	Vehicle Production (y/y)	Sep	--	--	-0.3
HK	NOV 29-30		Govt Monthly Budget Surp/Def (HKD bn)	Oct	--	--	-9.3
SK	NOV 29-30		BoK Base Rate (%)	Nov 30	1.75	1.75	1.50

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

Key Indicators for the week of November 26 – 30

ASIA-PACIFIC (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
JN	11/30	00:00	Consumer Confidence	Nov	--	43.2	43.0
JN	11/30	00:00	Housing Starts (y/y)	Oct	--	0.3	-1.5
JN	11/30	00:00	Construction Orders (y/y)	Oct	--	--	1.0
TH	11/30	02:30	Exports (y/y)	Oct	--	--	-5.5
TH	11/30	02:30	Imports (y/y)	Oct	--	--	14.3
TH	11/30	02:30	Trade Balance (US\$ mn)	Oct	--	--	1963
TH	11/30	02:30	Current Account Balance (US\$ mn)	Oct	--	1870	2369
HK	11/30	03:30	Retail Sales - Volume (y/y)	Oct	--	--	1.4
TA	11/30	04:00	Real GDP (y/y)	3Q F	2.3	2.3	2.3
IN	11/30	06:00	Fiscal Deficit (INR Crore)	Oct	--	--	3441.0
IN	11/30	07:00	Real GDP (y/y)	3Q	7.5	7.4	8.2
SK	11/30	19:00	Exports (y/y)	Nov	--	6.5	22.7
SK	11/30	19:00	Imports (y/y)	Nov	--	11.5	27.9
SK	11/30	19:00	Trade Balance (US\$ mn)	Nov	--	6090	6466

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
BZ	11/27	07:30	Current Account (US\$ mn)	Oct	--	600.0	31.8
BZ	11/30	06:00	GDP (IBGE) (q/q)	3Q	--	0.8	0.2
BZ	11/30	06:00	GDP (IBGE) (y/y)	3Q	--	1.6	1.0
CL	11/30	07:00	Industrial Production (y/y)	Oct	--	4.7	-5.4
CL	11/30	07:00	Unemployment Rate (%)	Oct	--	7.0	7.1
CO	11/30	10:00	Urban Unemployment Rate (%)	Oct	--	9.7	10.5

Global Auctions for the week of November 26 – 30

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	11/26	13:00	U.S. to Sell USD39 Bln 2-Year Notes
US	11/27	13:00	U.S. to Sell USD40 Bln 5-Year Notes
US	11/28	11:30	U.S. to Sell USD18 Bln 2-Year Floating Rate Notes Reopening
US	11/28	13:00	U.S. to Sell USD32 Bln 7-Year Notes

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
IT	11/27	05:00	Italy to Sell 2020 Bonds
IT	11/27	05:00	Italy to Sell 0.1% 2023 Linkers
SW	11/28	05:00	Sweden to Sell 1.5 Billion Kronor of 0.75% 2029 Bonds
GE	11/28	06:30	Germany to Sell EUR2 Bln 0.25% 2028 Bonds
IT	11/29	05:00	Italy to Sell Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	11/25	19:00	Australia To Sell AUD600 Mln 2.75% 2028 Bonds
AU	11/26	19:00	Australia To Sell AUD150 Mln 0.75% 2027 Bonds
CH	11/26	20:30	Inner Mongolia to Sell CNY2.63921 Bln 2Y Bonds
CH	11/26	20:30	Inner Mongolia to Sell CNY464.87 Mln 10Y Bonds
JN	11/26	22:35	Japan to Sell 40-Year Bond
AU	11/27	19:00	Australia To Sell AUD1,000 Mln 2.25% 2022 Bonds
NZ	11/28	20:05	New Zealand To Sell NZD250 Mln 3% 2029 Bonds
JN	11/28	22:35	Japan to Sell 2-Year Bond
CH	11/29	01:00	Liaoning to Sell CNY3.028 Bln 10Y Bonds

Events for the week of November 26 – 30

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	11/27	08:30	Fed Vice Chairman Clarida Speaks in New York
US	11/27	14:30	Fed's Bostic, Evan and George Speak on Panel
US	11/28	12:00	Fed's Powell Speaks to Economic Club of New York
MX	11/29	10:00	Central Bank Monetary Policy Minutes
US	11/29	14:00	FOMC Meeting Minutes
US	11/29	14:00	Fed's Evans Speaks on Panel on Inclusion at Boston Fed
US	11/29	15:05	Fed's Kaplan Speaks at Boston Fed Conference
US	11/30	09:00	Fed's Williams Speaks on Global Economy at G30 in New York

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	11/26	04:00	ECB's Praet Speaks in Frankfurt
AS	11/26	07:30	ECB Coeure, Nowotny Speak in Vienna
EC	11/26	09:00	ECB's Draghi Speaks in European Parliament in Brussels
EC	11/26	11:00	ESRB Chair Draghi Speaks in Brussels
UK	11/26	13:30	BOE Governor Carney, former Fed Chairman Greenspan Speak
EC	11/27	10:00	ECB's Nouy, Costa Speak in Lisbon
EC	11/27	11:00	ECB's Mersch Speaks in Frankfurt
SW	11/27	12:00	Riksbank's Ohlsson Speaks in Vadstena
FI	11/28	01:30	ECB's Rehn, Swedish FSA's Thedeen Speak at Finnish FSA Seminar
EC	11/28	07:05	ECB's Coeure Speaks in Frankfurt
EC	11/28	08:00	ECB's Guindos Speaks in Luxembourg
EC	11/28	10:20	ECB's Praet Speaks in Luxembourg
FI	11/29	02:00	Nordic Central Bankers Speak at Bank of Finland Cyber Seminar
NO	11/29	03:00	Norges Bank Deputy Governor Matsen Speaks in Oslo
EC	11/29	03:00	ECB President Draghi Speaks in Frankfurt
PO	11/29	04:00	Bank of Portugal's Costa and BCP, CGD CEOs at Conference
SW	11/29	04:30	Riksbank's Jansson Speaks in Stockholm
EC	11/29	08:15	ECB's Angeloni Speaks in Milan
NO	11/29	12:30	Norges Bank Governor Olsen Speaks in Oslo
SW	11/30	03:45	Riksbank's Skingsley Speaks in Stockholm
EC	11/30	05:00	ECB's Mersch Speaks in Rome
EC	11/30	07:45	ECB's Coeure Is Moderating a Panel in Frankfurt
IR	11/30		Ireland Sovereign Debt to be rated by S&P
PO	11/30		Portugal Sovereign Debt to be rated by Fitch

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	11/25	17:15	RBA's Lowe gives speech in Sydney
AU	11/25	22:00	RBA's Kent gives speech in Sydney
NZ	11/27	17:00	RBNZ's Orr News Conference on FSR
NZ	11/27	19:00	RBNZ's Orr at Parliament Select Committee on FSR
JN	11/28	20:30	BOJ Masai speaks in Fukuoka
SK	NOV 29-30		BoK 7-Day Repo Rate

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CO	11/30		Central Bank Board Meeting

Source: Bloomberg, Scotiabank Economics.

Global Central Bank Watch

NORTH AMERICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Canada – Overnight Target Rate	1.75	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	8.00	December 20, 2018	8.00	8.00

EUROPE

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
European Central Bank – Refinancing Rate	0.00	December 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	7.75
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

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Japan – Policy Rate	-0.10	December 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	December 19, 2018	1.50	1.75
Bank Negara Malaysia – Overnight Policy Rate	3.25	January 24, 2019	3.25	3.25
Bank Indonesia – 7-Day Reverse Repo Rate	6.00	December 20, 2018	5.75	6.00
Central Bank of Philippines – Overnight Borrowing Rate	4.75	December 13, 2018	4.75	4.75

Bank of Korea (BoK): South Korea's inflation has reached the BoK's 2% y/y target, pushing the policy rate in real terms into negative territory. This will likely prompt the central bank to redirect its policy focus on financial stability in the face of elevated risk aversion globally, capital outflows, and tightening monetary conditions in the US and in several other economies. Indeed, BoK Governor Lee Ju-yeol noted during the October 18 monetary policy press conference that the BoK will be able to pay more attention to financial imbalances when inflation is close to the target. He also pointed out that financial instability has become a bigger concern than before. Moreover, continued high credit growth by South Korean households adds to financial instability risks. We assess that the BoK will raise the benchmark interest rate soon; there is a high likelihood that a 25 basis point hike will take place following the November 30 monetary policy meeting.

LATIN AMERICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Banco Central do Brasil – Selic Rate	6.50	December 12, 2018	6.50	6.50
Banco Central de Chile – Overnight Rate	2.75	December 4, 2018	2.75	2.75
Banco de la República de Colombia – Lending Rate	4.25	December 21, 2018	4.50	4.25
Banco Central de Reserva del Perú – Reference Rate	2.75	December 13, 2018	2.75	2.75

AFRICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
South African Reserve Bank – Repo Rate	6.75	January 17, 2019	6.75	6.75

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

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