

DEALING AWAY FED RATE CUTS

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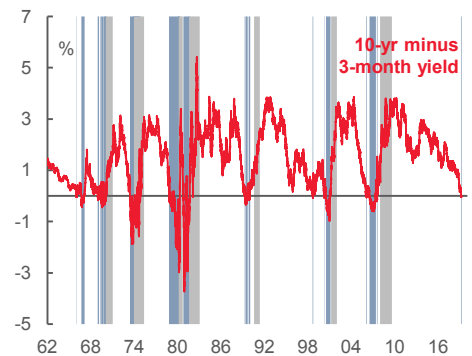
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Next Week's Risk Dashboard

- US-China trade talks
- Brexit
- US macro: nonfarm, ISM, retail sales...
- ...durables, vehicles, construction
- BoC's Poloz
- CDN jobs
- PMIs: China, UK, Japan
- CBs: RBA, RBI
- CPI: Eurozone, Switzerland, Russia...
- ...Peru, Colombia
- German factory orders, output
- Other European macro
- Other Asian macro
- CDN 5s auction

Chart of the Week

US Yield Curve Inversion Overpredicts Recessions



Sources: Scotiabank Economics, Bloomberg.
Grey bars indicate NBER recession. Blue bars indicate periods of yield curve inversion

Chart of the Week: Prepared by: Alena Bystrova, Research Analyst.

Dealing Away Fed Rate Cuts

CANADA—OKUN VERSUS POLOZ

A potentially key speech by Governor Poloz and another spin at the wheel for Canada's labour market will book-end market risks over the course of the full week.

Bank of Canada Governor Stephen Poloz speaks on Monday from Nunavut. His comments will be available by 2:55pmET and a press conference will be held at 4:30pmET. Poloz's topic is "The Importance of Trade." That may imply a neutral/dovish tone to the speech for four reasons.

One is that **the Bank of Canada has for ages emphasized the importance of observing a rotation of the sources of growth** away from excess reliance upon the household sector toward drivers like exports and business investment and so positive momentum in trade is important. As the household sector has cooled, the rotation and the fallback are both under-performing even as the economy posted quite solid growth in January to start off 2019.

Second is that **export and import volumes have not been performing terribly well of late.** As chart 1 demonstrates, export volumes surged in Q2 of last year for temporary reasons but posted little growth over 2018H2 before rising in January of this year. Import volumes contracted quite sharply over 2018H2 and accelerated in January. One month of gains in January does not make for much optimism against a soft trend.

Third, recall that the March 6th BoC statement referenced trade four separate times. These references included "trade tensions and uncertainty are weighing heavily on confidence and economic activity," and "global economic prospects would be buoyed by the resolution of trade conflicts." **Reference to trade tensions thereby figured prominently in the BoC's decision to delete reference to how "the policy interest rate will need to rise over time into a neutral range to achieve the inflation target"** and its replacement with "the outlook continues to warrant a policy interest rate that is below its neutral range."

At the same time, however, the statement did not invoke reference to easing policy and instead noted the "increased uncertainty about the timing of future rate increases."

Last, recall Senior Deputy Governor Wilkins' comments on trade policy risks in her speech on March 14th:

"That said, more needs to be done to further reduce the downside risks. A long-lasting resolution to the current trade war is at the top of my list because the conflict is threatening growth around the world right now. Credible fiscal and monetary policies, and nimble financial system safeguards, are at the core of limiting vulnerabilities and promoting longer-term resilience for all countries."

Key here is reference to policy playing a role to limit the trade-related vulnerabilities. I think the BoC is probably comfortable with where markets are positioned at the moment and unlikely to take steps that would fan a hawkish interpretation of Poloz's speech.

Four days after Poloz speaks will bring forth another jobs report. I've again gone with a modest positive job gain as my best guess. As chart 2 demonstrates, when Canada has created 100,000 or more jobs in a two-month period—as Canada did during January and

Chart 1

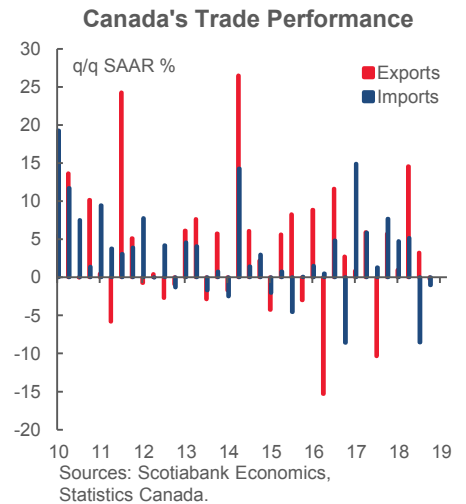
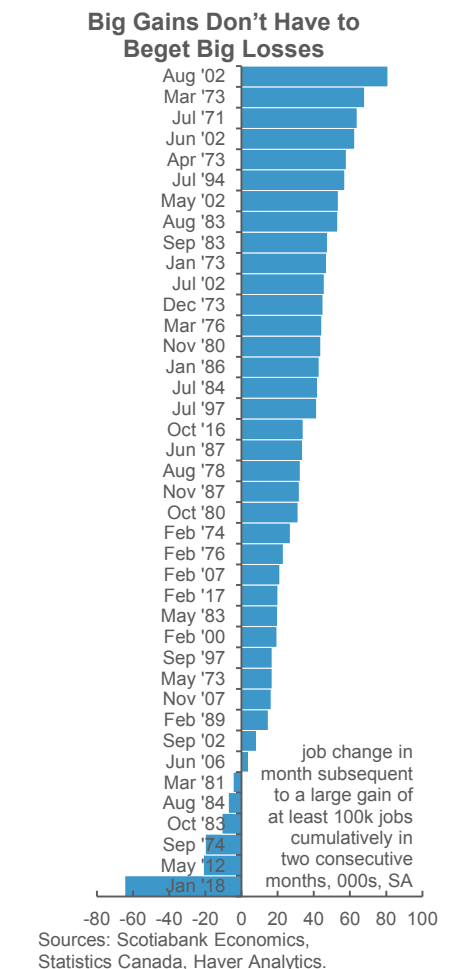


Chart 2



February of this year—this is more often than not followed by another gain. **In fact, there have been no fewer than forty times when Canada added 100,000 or more jobs in a two-month period, and jobs were up again in the third month 34 of those times.** That's an 85% probability of posting another gain the next month if history is any guide. Ergo, don't automatically assume that what goes up rapidly must always come crashing back down to earth.

Nevertheless, it remains somewhat of a conundrum how job growth is so strongly outperforming GDP growth given rough past correlations (chart 3).

There are multiple interpretations as to why this is the case.

One is that employers have confidence in their own future despite the headlines.

Two is that lagging jobs payback may be looming, but I'd need to see more than just one bad print for evidence of this.

Three is that perhaps GDP growth is distorted by idiosyncratic factors such as last Fall's sharp plunge in domestic oil prices that has since recovered, or more adverse than normal weather in some parts of the country. If so, then perhaps the truth in explaining the gap between soft GDP and strong job gains lies somewhere in the middle of the two.

Fourth is that perhaps uncertainty over the rules of the game governing trade and investment has employers holding off on bigger-ticket capital expenditures in favour of meeting operational capacity requirements by hiring more workers. If so, then this would tilt the capital:labour ratio unfavourably toward a productivity drag effect that may not be sustainable. As Wilkins put it (with some literary licence applied), the best way to address this conundrum is for the US administration to get on with it and stop creating needless uncertainty in the global economy and markets through its protectionist policies.

Fifth may be picking up a Canadian variant of San Francisco Fed President Daly's suggestion in a recent speech ([here](#)) that soft wage growth this cycle may reflect alternative forms of compensation not captured in traditional measures like wages and salaries including—among other possibilities—flexible workweeks and time off. Perhaps more flexible workplace practices in Canada have given rise to the need for more bodies without what would have been stronger wage gains at comparable points during past cycles.

Last, there is no hard set rule that employment growth and GDP growth have to follow one another at all times even over extended periods. This observation cuts in both directions. Today, jobs gains exceed GDP growth. In late 2012 through 2014, the exact opposite happened as GDP growth outpaced hiring activity and many were wondering when hiring would catch up! Okun's "law" is a statistical observation; not a truism. Nevertheless, one should be careful in going too far in terms of expressing confidence in the economic outlook rooted solely in terms of what job gains are doing; the same argument was often erroneously applied in the lead up to the US-led GFC.

Canada also auctions 5s on Wednesday

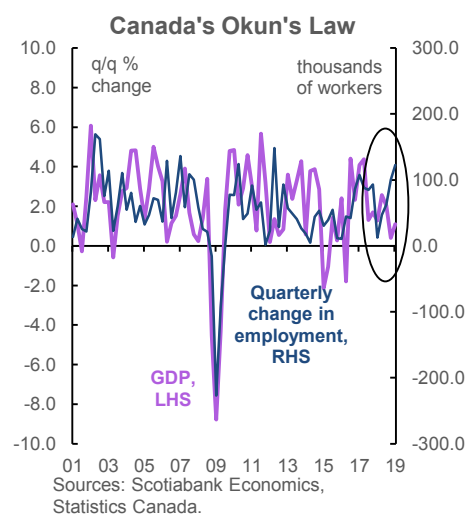
UNITED STATES—BACK TO THE FUNDAMENTALS

A heavy line-up of top-shelf macro reports will dominate market considerations as equity analysts firm up earnings expectations ahead of the start of the Q1 earnings season the following week.

Here are brief expectations for the week's macro indicators starting with what are likely to be the most impactful reports.

1. Nonfarm payrolls: Friday's update for March will be a particularly tough one to call but on balance I've gone with moderate employment growth of about +150k. A weak prior month that only saw 20,000 jobs created could witness a burst of pent-up hiring activity if it had been depressed by the lagging effects of the government shutdown and particularly adverse weather in some parts of the country. By contrast, one can't ignore the signal sent by consumer surveys. The latest Conference Board

Chart 3



consumer confidence reading for March reported a sharp deterioration in the measure of jobs availability being reported by consumers. This is captured in the blue line on chart 4 and while it is highly volatile, it is also reasonably correlated with changes in nonfarm payrolls. Perhaps consumers are telling markets something in advance. **I've also gone with a slight down-tick in wage growth to 3.3% based upon year-ago base effect changes and a modest expected month-ago rise following a larger than seasonally usual gain the prior month.** Also note that ADP payrolls are due out two days before but rarely offer much reliable insight into nonfarm expectations.

2. Retail sales: February's reading arrives on Monday. A roughly 3% rise in gasoline prices and flat vehicle sales that remained stuck at about 16.6 million units at an annualized rate could put a dampener on the dollar value of headline sales. Furthermore, the strong gain in the retail sales control group during January (+1.1% m/m) could further complicate expectations for another decent rise. I've gone with a small increase of about 0.3% in headline sales and sales ex-autos.

3. ISM-manufacturing: Monday's update for March will further inform whether manufacturing will continue to decelerate in a trend that began with ISM readings late last summer or whether stability is in sight. I've gone with little change in the headline reading partly as the regional survey inputs were mixed. The Philly Fed's measure was up strongly and the Kansas measure gained somewhat, but the Richmond Fed's manufacturing gauge fell and Dallas also came in softer alongside the Empire report. In short, it's expecting a lot from Philly's influence to lift the overall ISM reading.

4. Durable goods orders: This probably won't be a pretty one. Headline orders are likely to suffer under the weight of a sharp decline in Boeing's plane orders. Boeing reported just 5 planes ordered in February, down from 46 the month before. Total nondefense aircraft orders had surged by 15.9% m/m in January and 35.7% the month before and so weaker momentum wouldn't be terribly surprising. Much more important will be core orders excluding planes and defense. Core orders were up in January for the first time in three months and only the second time in the last six months as the Trump administration's influences upon trade policy and concomitant economic uncertainty have been among the unfavourable influences upon investment activity.

Other releases will include construction spending during February (Monday) that may be weighed down by a drop in housing starts, vehicle sales during March on Tuesday and ISM-non-manufacturing for March on Wednesday.

Fed-speak should be relatively light after this past week's heavy line-up that was covered in morning notes available on our web site. Four regional Presidents will speak and, while important voices, none of them get policy votes this year. Atlanta's Bostic speaks twice on Wednesday and Friday, Minneapolis Fed President Kashkari speaks on Wednesday, Cleveland's Mester speaks Thursday along with Philly's Harker. There are also no Treasury bond auctions next week.

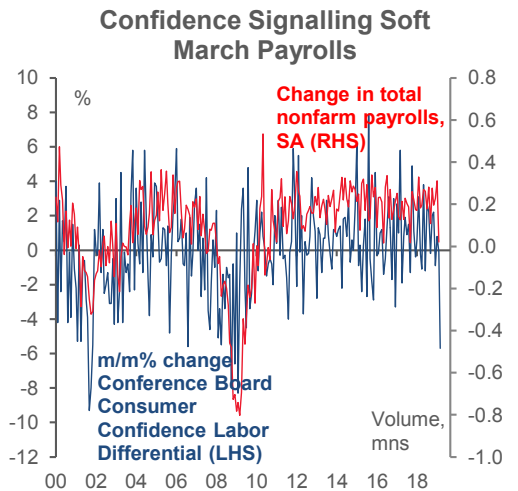
EUROPE—NO WAY OUT BUT ONE?

UK Prime Minister Theresa May and the British Parliament face a critical period of less than two weeks before an emergency European Council Summit on April 10th and following a third crushing defeat for her Brexit deal by a margin of 344–286 votes. A variety of nonbinding indicative motions will be advanced for Speaker John Bercow to choose from on Monday. Voting is expected to begin around 3pmET, but the inability of the British Parliament to agree on a plan 'B' offers little confidence into the start of the week and thereafter.

The accompanying flow chart from the BBC neatly lays out the steps from here. As PM May put it, the April 12th deadline set by the EU to have an agreement or face exit without one puts the country in a bind:

"This is not enough time to agree, legislate for and ratify a deal and yet the House has been clear it will not permit leaving without a deal. And so we will have to agree an alternative way forward."

Chart 4



Sources: Scotiabank Economics, BLS, Conference Board, Bloomberg.

One might quip that's why the UK had over two-and-a-half years since the June 23rd 2016 Brexit referendum to negotiate a deal! That's a tad unfair, however, in that from day one the separation agreement has depended upon solving an impossible problem. While it raises the risk of aging oneself with a well-worn reference, I still like the 'Hotel California' reference in that issue of the Irish border backstop arrangement is fundamentally impossible to crack.

An EU Summit has been called on for Wednesday, April 10th. May is expected to explain the UK's stance and course of action in advance of the EU-27 then deciding whether to pursue the departure of the UK from the EU absent an agreement or to extend the deadline again or some other course of action (aka "hard Brexit"). At this point, everything remains on the table including the possibility of a UK general election as May noted that "I fear we are reaching the limits of this process in this House." The clear emphasis is to be placed upon "this" House.

Fundamentals will take a backseat to Brexit theatrics but there will be several releases worth considering at least to pass the time while monitoring Brexit developments. **UK purchasing managers' indices for manufacturing (Monday), construction (Tuesday), services (Wednesday) and the broad composite add-up (Wednesday) will inform potential downside risks to the economy in March as Brexit anxiety intensified.**

Eurozone inflation during March lands on Monday and may face the risk of a softer overall reading than the prior month's 1.5% y/y print given we already know that inflation dipped in Germany and France, increased in Spain and held steady in Italy.

Swiss CPI for March (Tuesday) is expected to remain just over ½% y/y and just under ½% on a core basis. **Russian inflation may be more interesting amid expectations for continued upward pressure**; from a trough of 1.8% y/y last March, it has steadily risen to 4.4% in February this year and over the Bank of Russia's 4% inflation target. Nevertheless, the central bank guided at its last meeting toward "the possibility of turning to cutting the key rate in 2019." A rise in the VAT tax at the start of the year boosted inflation temporarily while the ruble has appreciated by about 6% since the start of the year and therefore capped currency pass-through risks into inflation.

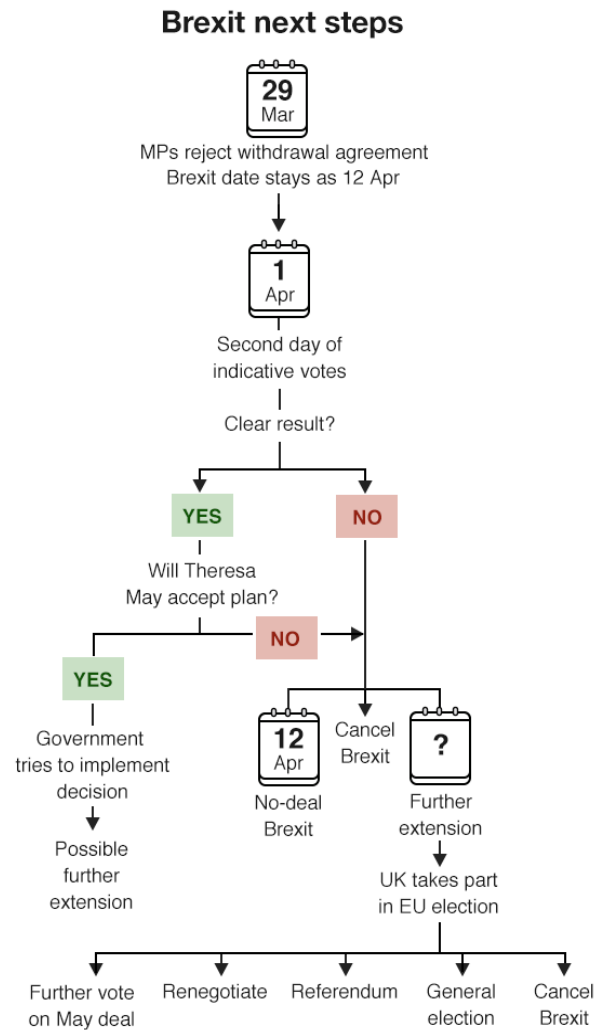
German factory orders are expected to stabilize in Thursday's February reading after a 2.6% plunge in January and ditto for Friday's industrial production that is coming off weakness in January. Sundry other reports will include the Eurozone retail sales add-up for February on Wednesday, Italian purchasing managers indices on Monday (manufacturing) and Wednesday (services and composite) plus French trade for February (Friday).

LATIN AMERICA—ON TARGET

A pair of inflation reports offer generally light risk to Latin American markets that may be more focused upon spillover effects from developments abroad.

Peru and Colombia update March CPI readings on Monday and Friday respectively. Little change is expected in either reading at about 2% y/y and 3% y/y respectively. That would keep inflation anchored at about the mid-points of each country's

Chart 5



BBC

inflation target ranges where they have been riding at a relatively stable pace for some time (chart 6). Recall that Peru's central bank targets 1–3% inflation and BanRep targets 2–4%.

Also note that **BanRep releases minutes to its March 22nd meeting** on Monday. At that meeting, BanRep kept its policy rate unchanged at 4.25% and described its policy as necessarily “slightly expansionary.”

Other releases will be generally less consequential to markets. Brazil updates trade figures on Monday and industrial output on Tuesday. Mexico will focus upon purchasing managers' indices for March from the manufacturing and non-manufacturing sectors on Monday as well as vehicle sales on Wednesday.

ASIA-PACIFIC—RED CARPET TREATMENT

A pair of central bank decisions will combine with ongoing US-China trade negotiations and top-shelf macro reports out of China to shape the direction of both global and regional markets over the coming week.

US-China trade negotiations were reported by both sides to be proceeding positively this past week. As the US delegation that included USTR Lighthizer and Treasury Secretary Mnuchin returned home from China, the way is paved for **Chinese Vice Premier Liu He to return to Washington next week starting on Wednesday**. This progress is one major reason for the improved tone across global equity markets over recent days. As the US administration once again attempts to interfere with the Fed given demands for a rate cut this past week by each of President Trump, Economic Advisor Kudlow and Trump's potential nominee for a Governor position on the Federal Reserve Board (Stephen Moore), it bears reminding readers that the catch-22 to progress in US-China trade negotiations would be to lessen risk of Fed easing.

The Reserve Bank of Australia is expected to leave its cash rate target unchanged at 1.5% on Tuesday night (eastern time) but the bias will inform market pricing for a rate cut later in the year (chart 7). Key will be whether the concluding paragraph to its last decision on March 5th ([here](#)) survives fully intact or takes a somewhat more dovish turn:

“The low level of interest rates is continuing to support the Australian economy. Further progress in reducing unemployment and having inflation return to target is expected, although this progress is likely to be gradual. Taking account of the available information, the Board judged that holding the stance of monetary policy unchanged at this meeting would be consistent with sustainable growth in the economy and achieving the inflation target over time.”

The Reserve Bank of India is expected to ease policy on Thursday via a quarter point cut to the 6¼% repo rate. Scotia's Singapore-based Tuuli McCully notes the approaching election that will be held in seven rounds beginning the following week on April 11th until May 19th. That is not the primary motive, however, with inflation running at 2.6% y/y and hence well below the RBI's 4% target. The RBI is fairly widely expected to revise its projections lower including for inflation.

Data risk will be particularly focused upon China's purchasing managers' indices for March. The state's versions arrive this weekend and will impact the Monday Asian market open while the private sector versions will be released starting on Sunday night through Tuesday night eastern time. These will be the first readings outside of the commonly distorted first two months of each year when the annual Lunar New Year holiday period distorts production decisions in ways that are often not fully controlled by standard seasonal adjustments due to the shifting timing.

Other releases will include Australian retail sales and trade but only after the RBA's decision, Japan's Q1 Tankan report that evaluates growth momentum in the manufacturing and non-manufacturing sectors (Sunday night ET), and a trio of inflation reports from South Korea and Indonesia toward the start of the week and Philippines later in the week.

Chart 6

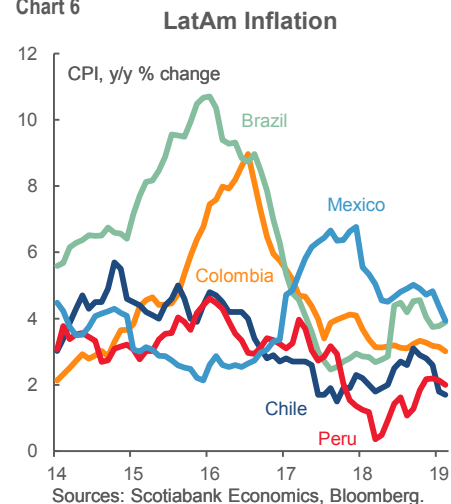
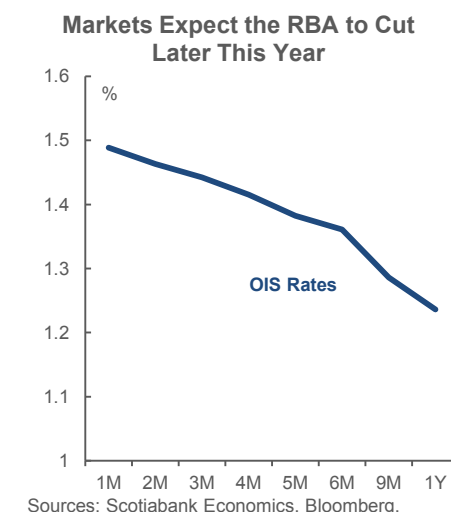


Chart 7



Key Indicators for the week of April 1 – 5
NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	04/01	08:30	Retail Sales (m/m)	Feb	0.3	0.3	0.2
US	04/01	08:30	Retail Sales ex. Autos (m/m)	Feb	0.3	0.4	0.9
US	04/01	10:00	Business Inventories (m/m)	Jan	--	0.4	0.6
US	04/01	10:00	Construction Spending (m/m)	Feb	-0.4	-0.2	1.3
US	04/01	10:00	ISM Manufacturing Index	Mar	54.5	54.5	54.2
US	04/02	08:30	Durable Goods Orders (m/m)	Feb P	-2.1	-1.7	0.3
US	04/02	08:30	Durable Goods Orders ex. Trans. (m/m)	Feb P	0.2	0.1	-0.2
US	04/02		Total Vehicle Sales (mn a.r.)	Mar	16.8	16.7	16.6
US	04/03	07:00	MBA Mortgage Applications (w/w)	MAR 29	--	--	8.9
US	04/03	08:15	ADP Employment Report (000s m/m)	Mar	150	175.0	183.0
US	04/03	10:00	ISM Non-Manufacturing Composite	Mar	58.5	58.0	59.7
US	04/04	08:30	Initial Jobless Claims (000s)	MAR 30	215	215.5	211.0
US	04/04	08:30	Continuing Claims (000s)	MAR 23	1750	--	1756.0
CA	04/05	08:30	Employment (000s m/m)	Mar	20	-10.0	55.9
CA	04/05	08:30	Unemployment Rate (%)	Mar	5.7	5.8	5.8
US	04/05	08:30	Average Hourly Earnings (m/m)	Mar	--	0.2	0.4
US	04/05	08:30	Average Hourly Earnings (y/y)	Mar	3.3	3.4	3.4
US	04/05	08:30	Average Weekly Hours	Mar	--	34.5	34.4
US	04/05	08:30	Nonfarm Employment Report (000s m/m)	Mar	150	178.0	20.0
US	04/05	08:30	Unemployment Rate (%)	Mar	3.8	3.8	3.8
US	04/05	08:30	Household Employment Report (000s m/m)	Mar	--	--	255.0
US	04/05	15:00	Consumer Credit (US\$ bn m/m)	Feb	--	17.3	17.0

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
IT	04/01	03:45	Manufacturing PMI	Mar	--	47.5	47.7
FR	04/01	03:50	Manufacturing PMI	Mar F	--	49.8	49.8
GE	04/01	03:55	Manufacturing PMI	Mar F	--	44.7	44.7
EC	04/01	04:00	Manufacturing PMI	Mar F	--	47.6	47.6
UK	04/01	04:30	Manufacturing PMI	Mar	--	51.2	52.0
EC	04/01	05:00	Euro zone CPI Estimate (y/y)	Mar	--	1.5	1.5
EC	04/01	05:00	Euro zone Core CPI Estimate (y/y)	Mar A	--	0.9	1.0
EC	04/01	05:00	Unemployment Rate (%)	Feb	--	7.8	7.8
IT	04/01		Budget Balance (€ bn)	Mar	--	--	-9.7
RU	APR01-02		Real GDP (y/y)	4Q	--	2.00	1.50
UK	04/02	04:30	PMI Construction	Mar	--	49.8	49.5
EC	04/02	05:00	PPI (m/m)	Feb	--	0.1	0.4
IT	04/03	03:45	Services PMI	Mar	--	50.8	50.4
FR	04/03	03:50	Services PMI	Mar F	--	48.7	48.7
GE	04/03	03:55	Services PMI	Mar F	--	54.9	54.9
EC	04/03	04:00	Composite PMI	Mar F	--	51.3	51.3
EC	04/03	04:00	Services PMI	Mar F	--	52.7	52.7
UK	04/03	04:30	Official Reserves Changes (US\$ bn)	Mar	--	--	73.0
UK	04/03	04:30	Services PMI	Mar	--	50.9	51.3
EC	04/03	05:00	Retail Trade (m/m)	Feb	--	0.3	0.0
GE	04/04	02:00	Factory Orders (m/m)	Feb	--	0.3	-2.6
GE	04/05	02:00	Industrial Production (m/m)	Feb	--	0.5	-0.8
FR	04/05	02:45	Current Account (€ bn)	Feb	--	--	898.0
FR	04/05	02:45	Trade Balance (€ mn)	Feb	--	-4700	-4195
SP	04/05	03:00	Industrial Output NSA (y/y)	Feb 0	--	--	1.8
UK	04/05	03:30	Halifax House Price (3 month, y/y)	Mar	--	2.1	2.8

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

Key Indicators for the week of April 1 – 5

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CH	03/30	21:00	Manufacturing PMI	Mar	49.6	49.6	49.2
CH	03/30	21:00	Non-manufacturing PMI	Mar	--	54.4	54.3
JN	03/31	19:50	Tankan All Industries Index	1Q	--	0.7	14.3
JN	03/31	19:50	Tankan Manufacturing Index	1Q	--	13.0	19.0
JN	03/31	19:50	Tankan Non-Manufacturing Index	1Q	--	22.0	24.0
SK	03/31	20:00	Exports (y/y)	Mar	--	-6.9	-11.1
SK	03/31	20:00	Imports (y/y)	Mar	--	-5.2	-12.6
SK	03/31	20:00	Trade Balance (US\$ mn)	Mar	--	5133	2964
JN	03/31	20:30	Markit/JMMA Manufacturing PMI	Mar F	--	--	48.9
CH	03/31	21:45	Caixin China Manufacturing PMI	Mar	50.0	50.0	49.9
TH	04/01	00:00	CPI (y/y)	Mar	1.1	0.9	0.7
TH	04/01	00:00	Core CPI (y/y)	Mar	--	0.6	0.6
JN	04/01	01:00	Vehicle Sales (y/y)	Mar	--	--	1.3
TH	04/01	03:30	Business Sentiment Index	Mar	--	--	49.9
HK	04/01	04:30	Retail Sales - Volume (y/y)	Feb	--	--	6.9
SK	04/01	19:00	CPI (y/y)	Mar	0.9	0.7	0.5
SK	04/01	19:00	Core CPI (y/y)	Mar	--	1.3	1.3
JN	04/01	19:50	Monetary Base (y/y)	Mar	--	--	4.6
AU	04/01	20:30	Building Approvals (m/m)	Feb	--	-1.8	2.5
AU	04/01	23:30	RBA Cash Target Rate (%)	Apr 2	1.50	1.50	1.50
ID	MAR31-APR1		CPI (y/y)	Mar	2.5	2.5	2.6
ID	MAR31-APR1		Core CPI (y/y)	Mar	--	3.1	3.1
JN	MAR31-APR5		Official Reserve Assets (US\$ bn)	Mar	--	--	1282
NZ	04/02	12:00	QV House Prices (y/y)	Mar	--	--	3.0
AU	04/02	20:30	Retail Sales (m/m)	Feb	--	0.3	0.1
AU	04/02	20:30	Trade Balance (AUD mn)	Feb	--	3700	4549
HK	04/02	20:30	Purchasing Managers Index	Mar	--	--	48.4
CH	04/02	21:45	Caixin Services PMI	Mar	--	52.3	51.1
SI	04/03	09:00	Purchasing Managers Index	Mar	--	--	50.4
SK	04/03	19:00	Current Account (US\$ mn)	Feb	--	--	2772
TH	04/03	23:30	Consumer Confidence Economic	Mar	--	--	69.0
MA	04/04	00:00	Exports (y/y)	Feb	--	4.0	3.1
MA	04/04	00:00	Imports (y/y)	Feb	--	2.8	1.0
MA	04/04	00:00	Trade Balance (MYR bn)	Feb	--	10.1	11.5
IN	04/04	02:15	Repo Rate (%)	Apr 4	6.00	6.00	6.25
IN	04/04	02:15	Reverse Repo Rate (%)	Apr 4	5.75	5.75	6.00
IN	04/04	02:15	Cash Reserve Ratio (%)	Apr 4	--	4.00	4.00
JN	04/04	19:30	Household Spending (y/y)	Feb	--	1.9	2.0
PH	04/04	21:00	CPI (y/y)	Mar	3.5	3.4	3.8
JN	04/05	01:00	Coincident Index CI	Feb P	--	98.9	98.1
JN	04/05	01:00	Leading Index CI	Feb P	--	97.2	96.5
AU	04/05	01:30	Foreign Reserves (AUD bn)	Mar	--	--	68.5
MA	04/05	03:00	Foreign Reserves (US\$ bn)	Mar 29	--	--	102.6
ID	APR04-05		Consumer Confidence Index	Mar	--	--	125.1
SI	APR04-08		Foreign Reserves (US\$ mn)	Mar	--	--	292504
SI	APR04-12		Real GDP (y/y)	1Q A	1.5	1.0	1.9

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
PE	04/01	00:00	Consumer Price Index (m/m)	Mar	--	--	0.1
PE	04/01	00:00	Consumer Price Index (y/y)	Mar	--	2.1	2.0
BZ	04/01	09:00	PMI Manufacturing Index	Mar	--	--	53.4
BZ	04/01	14:00	Trade Balance (FOB) - Monthly (US\$ mn)	Mar	--	5500	3673
BZ	04/02	08:00	Industrial Production SA (m/m)	Feb	--	1.0	-0.8
BZ	04/02	08:00	Industrial Production (y/y)	Feb	--	2.3	-2.6
CL	04/02	08:00	Retail Sales (y/y)	Feb	--	1.5	0.0
CL	04/05	07:30	Economic Activity Index SA (m/m)	Feb	--	--	0.3
CL	04/05	07:30	Economic Activity Index NSA (y/y)	Feb	--	2.0	2.4

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

Global Auctions for the week of April 1 – 5**NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	04/03	12:00	Canada to Sell CAD4 Bln 1.25% 2024 Bonds

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
UK	04/02	05:30	U.K. to Sell 3 Billion Pounds of 1% 2024 Bonds
DE	04/03	04:30	Denmark to Sell Bonds
SP	04/04	04:45	Spain to Sell Sr Unsecured
SW	04/04	05:00	Sweden to Sell I/L Bonds
IC	04/05	06:30	Iceland to Sell Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CH	03/31	14:00	Guizhou to Sell CNY10 Bln 5Y Bonds
MA	03/31	00:00	Malaysia to Sell 15Yr Bonds
MA	MAR31-APR31		Malaysia to Sell 5.5Yr Islamic Bonds
MA	MAR31-APR31		Malaysia to Sell 7Yr Bonds
CH	04/01	02:00	Guizhou to Sell CNY6 Bln 5Y Bonds
JN	04/01	23:35	Japan to Sell 10-Year Bonds
CH	04/02	23:35	China Plans to Upsized Government Bonds
TA	04/03	00:30	Taiwan to Sell TWD170 Bln 364-Day NCD
JN	04/03	23:35	Japan to Sell 30-Year Bonds

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BZ	04/04	11:00	Brazil to Sell LTN - July / 1 / 2023

Source: Bloomberg, Scotiabank Economics.

Events for the week of April 1 – 5

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	04/01	15:10	Bank of Canada's Poloz Gives Speech in Iqaluit
US	04/03	08:30	Fed's Bostic Speaks at American Banker Association Summit
US	04/03	17:00	Fed's Kashkari Speaks in North Dakota
US	04/04	13:00	Fed's Mester Speaks at Banking Conference
US	04/04	13:00	Fed's Harker Speaks on the Economic Outlook
US	04/05	15:30	Fed's Bostic Discusses Disruption and Opportunity

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SZ	04/01	05:30	IMF Holds Art. 4 Consultation in Bern

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
PK	03/29	00:00	SBP Rate Decision (Target)
AU	04/01	23:30	RBA Cash Rate Target
TH	04/02	22:00	Bank of Thailand's MPC Minutes
IN	04/04	02:15	RBI Repurchase and Reverse Repo Rate

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	April 24, 2019	1.75	1.75
Federal Reserve – Federal Funds Target Rate	2.50	May 2, 2019	2.50	2.50
Banco de México – Overnight Rate	8.25	May 17, 2019	8.25	8.25

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	April 10, 2019	0.00	0.00
Bank of England – Bank Rate	0.75	May 2, 2019	0.75	0.75
Swiss National Bank – Libor Target Rate	-0.75	June 13, 2019	-0.75	0.00
Central Bank of Russia – One-Week Auction Rate	7.75	April 26, 2019	7.75	7.75
Sweden Riksbank – Repo Rate	-0.25	April 25, 2019	-0.25	0.00
Norges Bank – Deposit Rate	1.00	May 9, 2019	1.00	1.00
Central Bank of Turkey – Benchmark Repo Rate	24.00	April 25, 2019	24.00	24.00

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	April 25, 2019	-0.10	0.00
Reserve Bank of Australia – Cash Target Rate	1.50	April 2, 2019	1.50	1.50
Reserve Bank of New Zealand – Cash Rate	1.75	May 8, 2019	1.75	1.75
People's Bank of China – Lending Rate	4.35	TBA	--	--
Reserve Bank of India – Repo Rate	6.25	April 4, 2019	6.00	6.00
Bank of Korea – Bank Rate	1.75	April 18, 2019	1.75	0.00
Bank of Thailand – Repo Rate	1.75	May 8, 2019	1.75	1.75
Bank Negara Malaysia – Overnight Policy Rate	3.25	May 7, 2019	3.25	--
Bank Indonesia – 7-Day Reverse Repo Rate	6.00	April 25, 2019	6.00	--
Central Bank of Philippines – Overnight Borrowing Rate	4.75	May 9, 2019	4.75	4.75

Reserve Bank of Australia (RBA): We expect the RBA to leave the benchmark interest rate unchanged at the current level of 1.50% on April 2. On the back of contained inflation and a challenging global growth outlook, the RBA will likely keep monetary policy on hold over the coming quarters. **The Reserve Bank of India (RBI):** The RBI's Monetary Policy Committee will likely take further steps to stimulate the economy and lower the benchmark repo rate by 25 bps to 6.0% on April 4. We assess that the RBI's sense of urgency to cut rates reflects the narrowing window of opportunity to act on the back of rising inflation and the approaching election.

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	May 8, 2019	6.50	6.50
Banco Central de Chile – Overnight Rate	3.00	March 30, 2019	3.00	3.00
Banco de la República de Colombia – Lending Rate	4.25	April 26, 2019	4.25	4.25
Banco Central de Reserva del Perú – Reference Rate	2.75	April 12, 2019	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	May 23, 2019	6.75	--

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

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