

POLITICAL RISK TO DOMINATE

- United States — Is Inflation Returning? 2
- Europe — Hitting Bottom? 3
- Asia-Pacific — The 1% 3–4
- Latin America — Will Banxico Cut Or Hold? 4
- Canada — Idle Minds 5

FORECASTS & DATA

- Key Indicators A1–A2
- Global Auctions Calendar A3
- Events Calendar A4
- Global Central Bank Watch A5

CONTACTS

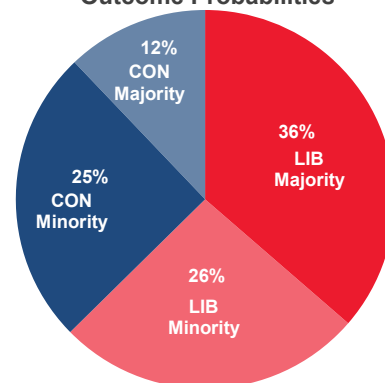
Derek Holt, VP & Head of Capital Markets Economics
416.863.7707
Scotiabank Economics
derek.holt@scotiabank.com

Next Week's Risk Dashboard

- US-China trade talks
- Brexit ruling
- US funding bill
- CBs: Banxico, BanRep...
- ...RBNZ, BoT, BSP
- Inflation: US, France
- US: durables, Q2 GDP...
- ...confidence, housing, trade
- Eurozone PMIs
- German IFO
- Fed-speak
- Canadian politics
- US auctions
- CDN auction

Chart of the Week

Canadian Federal Election Outcome Probabilities



Note: Probabilities calculated as of September 20th
Sources: Scotiabank Economics, CBC.

Chart of the Week: Prepared by: Evan Andrade,
Research Analyst.

Political Risk To Dominate

UNITED STATES—IS INFLATION RETURNING?

The universal symbol for inflation in macroeconomics classes is the Greek letter pi (π). By week's end, it might also catch a bid as the scariest Halloween costume in fixed income trading pits.

That's because the main market-oriented risk over the coming week will be revealed on Friday. That's when we'll find out the degree to which the Fed's recent hawkish cut may be supported by fresh evidence on inflation. More distant risks will include the Senate vote on a continuing resolution to fund the US government until November 21st instead of facing a funding crunch on October 1st. The House passed H.R. 4378 this past Thursday and, after the Senate presumably does so, it will be over to President Trump's desk for (hopefully) his signature. Other macro releases, Fed-speak and Treasury auctions will round out the calendar.

The two main macro risks will be as follows.

1. PCE: Friday brings out updates for the Fed's preferred inflation gauge, total consumer spending, income growth and the saving rate during August. The main risk here concerns an expected rise in the price deflator for consumer expenditures excluding food and energy (core PCE). From 1.6% y/y in July, the reading could climb to 1.8% and thus make further progress toward the Fed's 2% inflation target. Core PCE inflation bottomed at 1.46% y/y in May and rose to 1.58% in July. If expectations come through for August, then this would be a fairly sudden rebound. It would also help to close the unusually large gap between core CPI inflation and core PCE inflation (chart 1). Of secondary importance is the expectation that consumer spending should follow retail sales higher in the context of improved income growth that might stabilize the saving rate following its decline from a peak of 8.8% in February to 7.7% in July.

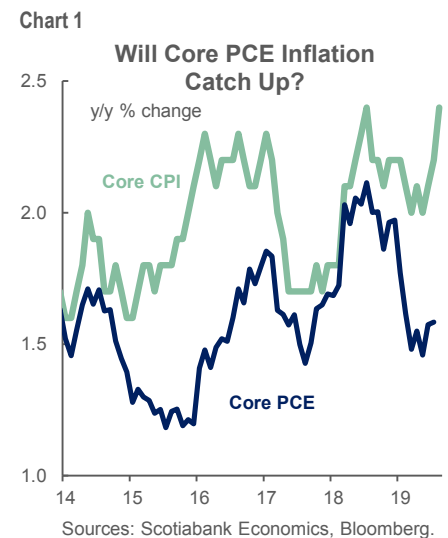
2. Durable goods orders: Friday's reading for August is expected to be a soft report all around. Headline orders will be weighed down by soft plane orders. Boeing registered only six new plane orders in August following thirty-one in July. In fact, for the year-to-date, Boeing has had more cancellations than orders, for net new orders equal to minus 85 planes. This is entirely due to the 737 order book that has had minus 183 net orders. All other planes offered by Boeing have had only ninety-eight net orders which is quite soft compared to prior years.

The third and final swing at **second quarter GDP growth** arrives on Thursday. This revision incorporates the full take on quarterly services spending ([here](#)). There should be minor revisions if any to the prior 2.0% estimate.

Other releases will include the Conference Board's consumer confidence gauge for September (Tuesday), repeat sales home prices for July (Tuesday), new home sales in August (Wednesday), pending home sales for August (Thursday), and the advance goods trade balance in August also on Thursday.

The 74th session of the UN General Assembly on Tuesday will be cursed by New York city commuters but may reveal fresh geopolitical tensions. So might any further developments surrounding Iran. **Fed-speak continues with six regional Presidents on the docket.** Three voting officials will speak including NY Fed President Williams (Monday), St. Louis President Bullard (Monday, Thursday) and Chicago Fed President Evans (Wednesday). Dallas Fed President Kaplan speaks on Wednesday and Thursday. Minneapolis Fed President Kashkari speaks on Thursday. Philadelphia Fed President Harker speaks on Friday.

The US Treasury auctions 2s, 5s, 7s and two year floating rate notes next week.



EUROPE—HITTING BOTTOM?

There will be two main focal points in European markets over the coming week. One may affect the course of proceedings toward the October 31st Brexit deadline with anti-leavers hoping for a turning point and the other could inform Eurozone growth prospects that may reinforce a bottoming trend.

First up will be another round of sentiment readings. On Monday, purchasing managers' indices will be released for September at the Eurozone aggregate level as well as for Germany and France. After plunging over 2018, the Eurozone composite PMI has spent 2019 moving largely sideways at just above the 50 threshold which indicates slow economic growth. These are not just sentiment surveys. As chart 2 shows, they tend to correlate reasonably well with actual GDP growth. By corollary, **we may have seen the worst for Eurozone GDP growth** at a trough of 0.2% q/q in seasonally adjusted and non-annualized terms. German business confidence (IFO) is also treated in the same fashion for that specific country and is due out on Tuesday.

Sterling traders and Brexit followers in general will have a keen eye on the expected ruling by the UK's Supreme Court 'early in the week' on the legality of PM Johnson's action to prorogue Parliament. **It isn't clear which way the decision will go after earlier mixed rulings by courts in Scotland and the UK, but some are interpreting the request for input by the Court on appropriate remedies should it overturn the government's action as a positive sign.** If so, however, it isn't clear whether Parliament would immediately reopen or stay open should the Johnson administration seek to close it again through other means.

Lesser developments will include the start of another round of CPI inflation figures for the Eurozone beginning with France on Friday and then followed by other countries and the Eurozone aggregate the following week. Also on tap will be updates on consumer spending in France, Spain and Sweden on Friday. ECB-speak will bring out President Draghi on Monday and Thursday and several other officials over the course of the week.

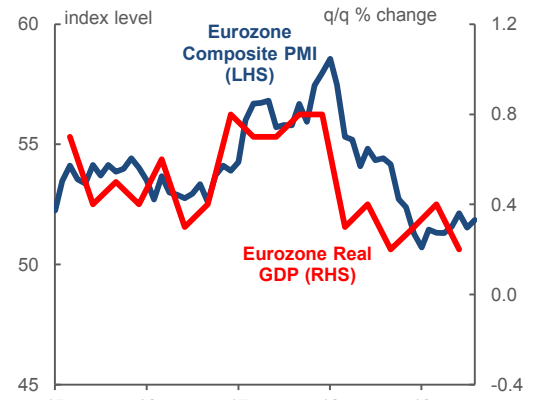
ASIA-PACIFIC—THE 1%

Lower level US-China trade talks and the signals provided around related developments will remain the main issue to monitor. A trio of central bank decisions will offer regional market implications.

On Friday, stocks sold off and Treasuries rallied when a planned visit by China's vice minister for agriculture to farms in Montana and Nebraska this coming week was abruptly cancelled almost as quickly as it was announced. This followed President Trump's statement that "I am not looking for a partial deal. I am looking for a complete deal" which may have irked Chinese authorities and **lessened the odds of any agreement whatsoever.** Errant tweets and threats of further escalation are ever present including into the Monday market open, but bear in mind this visit was probably more about symbolism than substance from the beginning. The farm base is influential by way of Trump's support, while even a broad definition of agriculture puts it at about 5% of the US economy with farms accounting for less than 1% of GDP (chart 3). The main timelines remain oriented toward achieving some form of agreement before the deferred 5% increase in the US tariff rate on US\$250 billion of Chinese imports goes into effect in mid-October.

Chart 2

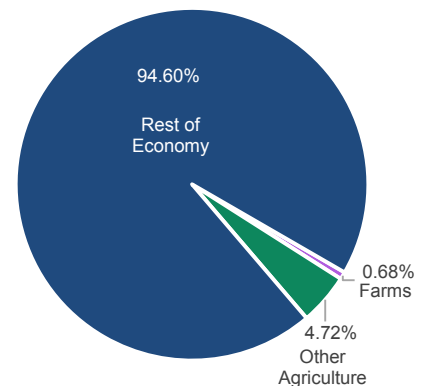
Eurozone GDP Growth and PMIs



Sources: Scotiabank Economics, IHS Markit, Haver Analytics, Bloomberg.

Chart 3

Farms as Share of US GDP



Note: Calculated using 2017 US Nominal GDP. Sources: Scotiabank Economics, US Department of Agriculture.

The Reserve Bank of New Zealand is unanimously expected to hold its official cash rate at 1% on Tuesday evening (eastern time). Inflation was last reported for Q2 back on July 15 at 1.7% y/y and below the 2% mid-point of the 1–3% target range. The Q3 inflation reading isn't due out until October 15th. Q2 GDP growth was recently released and slightly surpassed expectations with seasonally adjusted non-annualized growth of 0.5% (0.4% consensus) and the RBNZ may prefer to hold its firepower until it sees the next set of inflation readings. That could make November 12th the more likely 'live' meeting.

Banko Sentral ng Pilipinas is expected to cut its policy overnight rate by 25bps to 4% on Thursday morning (eastern time) and the **Bank of Thailand** is expected to stand pat at 1.5% with cut risk on Wednesday morning.

Bank of Japan Governor Kuroda speaks on Tuesday and BoJ watchers will monitor for hints at future stimulus given a) a planned sales tax hike next month, and b) the fact the yield on the 10 year government bond breached the lower limit of the central bank's around 0% +/-20bps target range shortly after the recent policy decisions. A more deeply negative longer term bond yield is problematic in part because it harms large Japanese pensions and life insurers within the relatively closed bond market. Lesser influences will include Chinese industrial profits during August (Thursday), Tokyo CPI for September (Thursday), and Malaysian CPI for August (Wednesday).

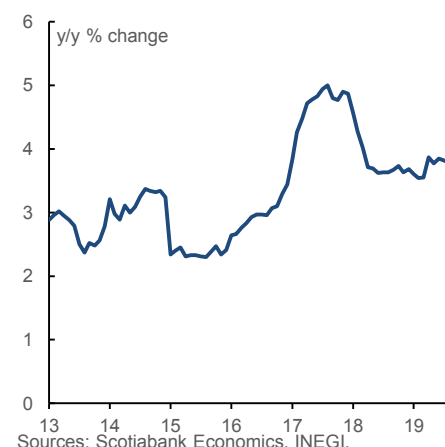
LATIN AMERICA—WILL BANXICO CUT OR HOLD?

A pair of central bank meetings will dominate the market agenda over the coming week.

Banxico is widely expected to cut its policy rate by 25bps on Thursday within a nearly unanimous consensus and over 90% OIS market probability of a cut. Much of the reasoning surrounds escalating concern toward a weakening economy as year-ago GDP growth went negative in Q2 and the quarter-over-quarter growth rate has averaged out to nothing over the past three consecutive quarters.

Scotiabank's Mexico City-based economist Mario Correa bravely reckons the central bank will hold at 8%. There may well be a compelling case for standing pat. For one, consensus expects a return to mild growth over the second half of this year. One could also reason that inflation remains well within the central bank's target zone of 2–4% with a 3% midpoint after August's reading landed at 3.2%. Headline inflation has, however, been falling from a peak of 6.8% in late 2017 toward the recent low and so the trend may merit rising concern. Nevertheless, core inflation has remained stuck at 3.8% y/y for the past four months and may merit keeping the central bank's powder dry after cutting by 25bps in August (chart 4). Easing by the Federal Reserve was nevertheless accompanied by neutral guidance toward future rate cuts which may alleviate some pressure upon the peso. Indeed, the central bank may also be more encouraged by the strengthening in the peso to the USD this month that has unwound much of the inflationary depreciation that occurred in August.

Chart 4
Mexican Core Inflation



The consensus surrounding Colombia's central bank is the opposite of Banxico's in that almost everyone expects BanRep to hold its overnight rate at 4.25% on Monday with minor cut risk. Both headline CPI inflation (3.8% y/y) and core CPI (3.3%) remain comfortably within the upper half of the central bank's 2–4% inflation target range. GDP growth recently held firm at 3% y/y (2.9% consensus) and was revised up three-tenths to 3.1% in Q1. The Colombian peso has slightly depreciated in the wake of the Federal Reserve's communications, but the bigger depreciation was from late July through early August and the central bank does not wish to fan a further move.

On Tuesday, Banco Central do Brasil's Monetary Policy Committee (COPOM) will release minutes to the September 18th meeting when they cut by 50bps while a mid-month estimate of inflation during September will be released the same day.

CANADA—IDLE MINDS

Canada slips right back onto the backburner of world markets next week. A nearly empty domestic calendar will keep the focus upon spillover effects from developments abroad.

Most of the attention will remain focused upon the campaign toward the October 21st election that has seen the focus upon policy platforms subside. Updated poll figures and how they translate into a range of seat projections are shown in chart 5.

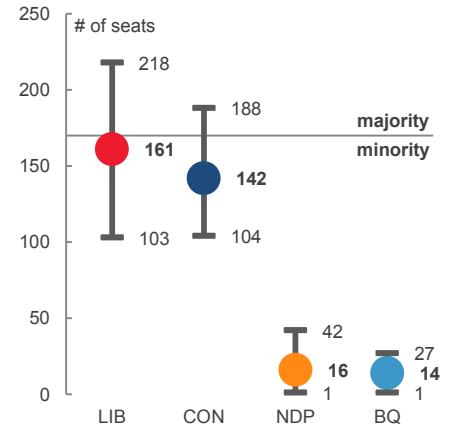
The only macro release will be wholesale trade in July (Monday). The sector only accounts for a hair over 5% of monthly GDP. Since most business investment in capital goods tends to get imported, what wholesalers report by way of machinery equipment sales can complement import figures as higher frequency investment indicators. The wholesale inventory-to-sales ratio sits at its highest since October 1995 and hence above where it was during the 2009 recession. That counsels caution toward future growth in the sector.

After Monday, we'll have all the ingredients needed to firm up an estimate for July GDP. At present, no growth with downside risk is being tracked in the wake of a slew of soft readings including hours worked (-0.7% m/m), manufacturing shipment volumes (-1.6%), housing starts (-9.1%) and retail sales (0.0%).

Canada conducts a three year auction on Wednesday and a 30 year auction on Thursday.

Chart 5

Federal Election Seat Projections



Note: Projections as of September 20th.
Sources: Scotiabank Economics, CBC.

Key Indicators for the week of September 23 – 27

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
MX	09/23	07:00	Retail Sales (INEGI) (y/y)	Jul	1.2	1.1	1.0
CA	09/23	08:30	Wholesale Trade (m/m)	Jul	--	0.0	0.6
MX	09/24	07:00	Bi-Weekly Core CPI (% change)	Sep 15	0.2	0.2	0.1
MX	09/24	07:00	Bi-Weekly CPI (% change)	Sep 15	0.1	0.2	0.1
US	09/24	09:00	S&P/Case-Shiller Home Price Index (m/m)	Jul	0.1	0.1	0.0
US	09/24	09:00	S&P/Case-Shiller Home Price Index (y/y)	Jul	2.2	2.2	2.1
US	09/24	10:00	Consumer Confidence Index	Sep	134.0	133.0	135.1
US	09/24	10:00	Richmond Fed Manufacturing Index	Sep	--	1.0	1.0
MX	09/25	07:00	Unemployment Rate (%)	Aug	3.7	3.7	3.7
US	09/25	07:00	MBA Mortgage Applications (w/w)	Sep 20	--	--	2.0
US	09/25	10:00	New Home Sales (000s a.r.)	Aug	690	656	635
MX	09/26	07:00	Global Economic Indicator IGAE (y/y)	Jul	0	0.3	-0.9
US	09/26	08:30	GDP (q/q a.r.)	2Q T	2.0	2.0	2.0
US	09/26	08:30	GDP Deflator (q/q a.r.)	2Q T	--	2.4	2.4
US	09/26	08:30	Initial Jobless Claims (000s)	Sep 21	210	211	204
US	09/26	08:30	Continuing Claims (000s)	Sep 14	1665	1666	1670
US	09/26	08:30	Wholesale Inventories (m/m)	Aug P	--	0.2	0.2
US	09/26	10:00	Pending Home Sales (m/m)	Aug	--	1.0	-2.5
MX	09/26	14:00	Overnight Rate (%)	Sep 26	8.00	7.75	8.00
MX	09/27	07:00	Trade Balance (US\$ mn)	Aug	--	-952	-1117
US	09/27	08:30	Durable Goods Orders (m/m)	Aug P	-1.3	-1.2	2.0
US	09/27	08:30	Durable Goods Orders ex. Trans. (m/m)	Aug P	0.2	0.3	-0.4
US	09/27	08:30	PCE Deflator (m/m)	Aug	0.1	0.1	0.2
US	09/27	08:30	PCE Deflator (y/y)	Aug	1.4	1.4	1.4
US	09/27	08:30	PCE ex. Food & Energy (m/m)	Aug	0.2	0.2	0.2
US	09/27	08:30	PCE ex. Food & Energy (y/y)	Aug	1.8	1.8	1.6
US	09/27	08:30	Personal Spending (m/m)	Aug	0.3	0.3	0.6
US	09/27	08:30	Personal Income (m/m)	Aug	0.3	0.4	0.1
US	09/27	10:00	U. of Michigan Consumer Sentiment	Sep F	--	92.1	92.0

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
FR	09/23	03:15	Manufacturing PMI	Sep P	50.6	51.2	51.1
FR	09/23	03:15	Services PMI	Sep P	53.0	53.2	53.4
GE	09/23	03:30	Manufacturing PMI	Sep P	44.0	44.0	43.5
GE	09/23	03:30	Services PMI	Sep P	54.5	54.3	54.8
EC	09/23	04:00	Composite PMI	Sep P	51.8	52.0	51.9
EC	09/23	04:00	Manufacturing PMI	Sep P	47.2	47.3	47.0
EC	09/23	04:00	Services PMI	Sep P	53.0	53.2	53.5
GE	09/24	04:00	IFO Business Climate Survey	Sep	94.0	94.5	94.3
GE	09/24	04:00	IFO Current Assessment Survey	Sep	96.8	97.0	97.3
GE	09/24	04:00	IFO Expectations Survey	Sep	91.0	92.0	91.3
UK	09/24	04:30	PSNB ex. Interventions (£ bn)	Aug	--	7.1	-1.3
UK	09/24	04:30	Public Finances (PSNCR) (£ bn)	Aug	--	--	-13.5
UK	09/24	04:30	Public Sector Net Borrowing (£ bn)	Aug	--	6.6	-2.0
GE	09/25	02:00	GfK Consumer Confidence Survey	Oct	--	9.6	9.7
UK	09/26	19:01	GfK Consumer Confidence Survey	Sep	--	-14.0	-14.0
FR	09/27	02:45	Consumer Spending (m/m)	Aug	--	0.3	0.4
FR	09/27	02:45	CPI (m/m)	Sep P	--	-0.2	0.5
FR	09/27	02:45	CPI (y/y)	Sep P	--	1.1	1.0
FR	09/27	02:45	CPI - EU Harmonized (m/m)	Sep P	--	-0.3	0.5
FR	09/27	02:45	CPI - EU Harmonized (y/y)	Sep P	--	1.3	1.3
FR	09/27	02:45	Producer Prices (m/m)	Aug	--	--	0.4
SP	09/27	03:00	Real Retail Sales (y/y)	Aug	--	--	4.7
GE	09/27	03:00	Retail Sales (m/m)	Aug	0.5	0.4	-1.6
EC	09/27	05:00	Business Climate Indicator	Sep	--	0.1	0.1
EC	09/27	05:00	Economic Confidence	Sep	--	103.0	103.1
EC	09/27	05:00	Industrial Confidence	Sep	--	-5.8	-5.9

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

Key Indicators for the week of September 23 – 27

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
JN	09/22	20:30	Markit/JMMA Manufacturing PMI	Sep P	--	--	49.3
SI	09/23	01:00	CPI (y/y)	Aug	0.3	0.5	0.4
TA	09/23	04:00	Industrial Production (y/y)	Aug	--	1.6	3.0
TA	09/23	04:00	Unemployment Rate (%)	Aug	3.7	3.7	3.7
HK	09/23	04:30	BoP Current Account (HK\$ bns)	2Q	--	--	35.1
SK	09/23	17:00	PPI (y/y)	Aug	--	--	-0.3
JN	09/24	01:00	Coincident Index CI	Jul F	--	--	99.8
JN	09/24	01:00	Leading Index CI	Jul F	--	--	93.6
NZ	09/24	18:45	Trade Balance (NZD mn)	Aug	--	-1350	-685
NZ	09/24	18:45	Exports (NZD bn)	Aug	--	4.1	5028
NZ	09/24	18:45	Imports (NZD bn)	Aug	--	5.6	5713
NZ	09/24	22:00	RBNZ Official Cash Rate (%)	Sep 25	1.00	1.00	1.00
VN	09/24	22:00	CPI (y/y)	Sep	--	--	2.3
VN	09/24	22:00	Industrial Production (y/y)	Sep	--	--	10.5
MA	09/25	00:00	CPI (y/y)	Aug	1.5	1.5	1.4
JN	09/25	01:00	Supermarket Sales (y/y)	Aug	--	--	-7.1
TH	09/25	03:05	BoT Repo Rate (%)	Sep 25	1.50	1.50	1.50
SK	09/25	17:00	Consumer Confidence Index	Sep	--	--	92.5
SI	09/26	01:00	Industrial Production (y/y)	Aug	--	-0.6	-0.4
JN	09/26	02:00	Machine Tool Orders (y/y)	Aug F	--	--	-37.1
PH	09/26	04:00	Overnight Borrowing Rate (%)	Sep 26	4.00	4.00	4.25
HK	09/26	04:30	Exports (y/y)	Aug	--	-7.3	-5.7
HK	09/26	04:30	Imports (y/y)	Aug	--	-11.2	-8.7
HK	09/26	04:30	Trade Balance (HKD bn)	Aug	--	-33.9	-32.2
NZ	09/26	18:00	ANZ Consumer Confidence Index	Sep	--	--	118.2
JN	09/26	19:30	Tokyo CPI (y/y)	Sep	--	0.5	0.6
CH	09/26	21:30	Industrial Profits YTD (y/y)	Aug	--	--	2.6

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
BZ	09/23	09:30	Current Account (US\$ mn)	Aug	--	-4313	-9035
CO	09/23	10:00	Overnight Lending Rate (%)	Sep 23	--	4.25	4.25
BZ	09/24	08:00	IBGE Inflation IPCA-15 (m/m)	Sep	--	0.1	0.1
BZ	09/24	08:00	IBGE Inflation IPCA-15 (y/y)	Sep	--	3.2	3.2

Global Auctions for the week of September 23 – 27

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	09/24	13:00	U.S. to Sell 2-Year Notes
CA	09/25	12:00	Canada to Sell 3 Year Bonds
US	09/25	13:00	U.S. to Sell 2-Year FRNs Reopening
US	09/25	13:00	U.S. to Sell 5-Year Notes
CA	09/26	12:00	Canada to Sell 30 Year Bonds
US	09/26	13:00	U.S. to Sell 7-Year Notes

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BE	09/23	05:30	Belgium to Sell Bonds
GE	09/24	05:30	Germany to Sell 5 Billion Euros of 0% 2021 Bonds
UK	09/24	05:30	U.K. to Sell 500 Million Pounds of 0.125% 2048 Linkers
IT	09/25	05:00	Italy to Sell Bonds
SW	09/25	05:00	Sweden to Sell Bonds
NO	09/25	05:00	Norway to Sell Bonds
GE	09/25	05:30	Germany to Sell 3 Billion Euros of 0% 2029 Bonds
IT	09/27	05:00	Italy to Sell Bonds
IC	09/27	06:30	Iceland to Sell Bills

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SK	09/22	21:30	Korea Central Bank to Sell KRW 800Bln 1-Year Bond
SK	09/22	22:30	Korea to Sell KRW 500 Bln 20-Year Bond
CH	09/22	22:30	Gansu to Sell 7, 20 & 30 Year Bonds
SK	09/23	01:00	Korea Central Bank to Sell KRW 700Bln 91-Days Bond
CH	09/23	02:00	Yunnan to Sell 3 & 7 Year Bonds
SK	09/23	22:30	Korea to Sell KRW 200 Bln 50-Year Bond
CH	09/24	02:00	Inner Mong to Sell 5, 10, & 15 Year Bonds
ID	09/24	05:00	Indonesia to Sell 5,10,15, & 20 Year Bonds
CH	09/24	23:30	Chongqing to Sell 5, 10, & 30 Year Bonds
JN	09/24	23:35	Japan to Sell 40-Year Bonds
VN	09/25	01:00	Vietnam to Sell 7, 10, 15, & 30 Year Bonds
NZ	09/25	22:05	New Zealand To Sell NZD250 Mln 2.75% 2025 Bonds
SI	09/26	01:00	Singapore to Sell 2 & 15 Year Bonds
JN	09/26	23:35	Japan to Sell 2-Year Bonds

Source: Bloomberg, Scotiabank Economics.

Events for the week of September 23 – 27

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	09/23	09:50	Fed's Williams Speaks at Treasury Market Conference
US	09/23	13:00	Bullard Discusses U.S. Economy and Monetary Policy
US	09/25	08:00	Fed's Evans Discusses Economy and Monetary Policy
US	09/25	19:00	Fed's Kaplan Speaks in Moderated Q&A
US	09/26	09:30	Fed's Kaplan Gives Opening Remarks at Dallas Fed Conference
US	09/26	10:00	Bullard Gives Welcoming Remarks at Minorities Banking Forum
MX	09/26	14:00	Overnight Rate Announcement
US	09/26	14:00	Fed's Kashkari Speaks in Townhall Event in Billings, Montana
US	09/27	13:00	Fed's Harker Speaks to Shadow Open Market Committee

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
IT	09/21	09:00	Bank of Italy's Panetta speaks in Foggia, Italy
IT	09/21	11:00	Bank of Italy's Franco Speaks in Assisi, Italy
HU	09/24	08:00	Overnight Deposit Rate
EC	09/25	09:00	CPB Releases World Trade Monitor
SW	09/25	09:10	Riksbank's Floden Gives Speech
EC	09/26	04:00	ECB Publishes Economic Bulletin
UK	09/26	09:45	BOE Governor Carney Speaks on Financial Services in Frankfurt

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	09/24	01:30	BOJ Governor Kuroda Speech in Osaka
AU	09/24	05:55	RBA Governor Lowe Gives Speech in Armidale
JN	09/24	19:50	BOJ Minutes of July Policy Meeting
JN	09/24	21:30	BOJ's Masai Speech in Mie, Japan
NZ	09/24	22:00	RBNZ Official Cash Rate
NZ	09/24	22:00	RBNZ OCR decision
TH	09/25	03:05	BoT Benchmark Interest Rate
JN	09/26	02:35	BOJ Governor Kuroda Speech
PH	09/26	04:00	BSP Overnight Borrowing Rate
PH	09/26	04:00	BSP Standing Overnight Deposit Facility Rate

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CL	09/23	07:30	Central Bank Meeting Minutes
CO	09/23	10:00	Overnight Lending 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	October 30, 2019	1.50	1.75
Federal Reserve – Federal Funds Target Rate	2.00	October 30, 2019	2.00	2.00
Banco de México – Overnight Rate	8.00	September 26, 2019	8.00	7.75

Banco de Mexico: Consensus and markets overwhelmingly expect a rate cut. Scotia's Mexican economics team is bucking the group think with a hold. Please see the Latin American section of the Global Week Ahead for a further elaboration.

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	0.00	October 24, 2019	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	0.25	October 24, 2019	0.25	0.25
European Central Bank – Deposit Facility Rate	-0.50	October 24, 2019	-0.50	-0.50
Bank of England – Bank Rate	0.75	November 7, 2019	0.75	0.75
Swiss National Bank – Libor Target Rate	-0.75	TBA	-0.75	-0.75
Central Bank of Russia – One-Week Auction Rate	7.00	October 25, 2019	7.00	7.00
Sweden Riksbank – Repo Rate	-0.25	October 24, 2019	-0.25	-0.25
Norges Bank – Deposit Rate	1.50	October 24, 2019	1.25	1.25
Central Bank of Turkey – Benchmark Repo Rate	16.50	October 24, 2019	16.50	16.50

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	October 31, 2019	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	1.00	October 1, 2019	0.75	1.00
Reserve Bank of New Zealand – Cash Rate	1.00	September 24, 2019	1.00	1.00
People's Bank of China – Lending Rate	4.35	TBA	--	--
Reserve Bank of India – Repo Rate	5.40	October 4, 2019	5.05	5.50
Bank of Korea – Bank Rate	1.50	October 15, 2019	1.25	1.50
Bank of Thailand – Repo Rate	1.50	September 25, 2019	1.50	1.50
Bank Negara Malaysia – Overnight Policy Rate	3.00	November 5, 2019	3.00	3.00
Bank Indonesia – 7-Day Reverse Repo Rate	5.25	October 24, 2019	5.00	5.25
Central Bank of Philippines – Overnight Borrowing Rate	4.25	September 26, 2019	4.00	4.00

Reserve Bank of New Zealand (RBNZ): Following a 50 bps reduction to the Official Cash Rate in August, we expect the RBNZ to leave the benchmark interest rate unchanged at 1.00% at the September 25 meeting. Nevertheless, we assess that the RBNZ has left the door open for an additional rate cut before year-end should the economy need further support. **Bank of Thailand (BoT):** Thai monetary authorities will likely keep the benchmark interest rate unchanged at 1.50% following the September 25 policy meeting. In August, the BoT lowered the policy rate by 25 bps to 1.50%, thereby reversing the December 2018 hike. We expect the central bank to stay in wait-and-see mode in the near term in order to assess the impact of the August cut. **Bangko Sentral ng Pilipinas (BSP):** Inflationary pressures continue to ease in the Philippines, allowing the BSP to continue its monetary stimulus efforts. We expect the benchmark interest rate to be lowered by 25 bps to 4.00% following the BSP's September 26 policy meeting. The rate has been cut by 50 bps since May.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	5.50	October 30, 2019	5.50	5.50
Banco Central de Chile – Overnight Rate	2.00	October 23, 2019	2.00	2.00
Banco de la República de Colombia – Lending Rate	4.25	September 23, 2019	4.25	4.25
Banco Central de Reserva del Perú – Reference Rate	2.50	October 10, 2019	2.50	2.50

BanRep: Consensus almost unanimously expect a rate hold with inflation above target and growth having recently slightly surpassed expectations.

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	6.50	November 21, 2019	6.50	6.50

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

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

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

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

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

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

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

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

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

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