

FRIDAY THE 13TH COULD BE A FITTING END TO THE WEEK

- United States — It's Not All-Clear For The Fed Yet 2-3
- Canada — Setting The Table For 2020 3-4
- Latin America — One Cut, One Hold 4
- Asia-Pacific — The Tariff Cliff 4-5
- Europe — Steering Through Brexit May Be Lagarde's First Test 5-6

FORECASTS & DATA

- Key Indicators A1-A3
- Global Auctions Calendar A4
- Events Calendar A5
- Global Central Bank Watch A6

CONTACTS

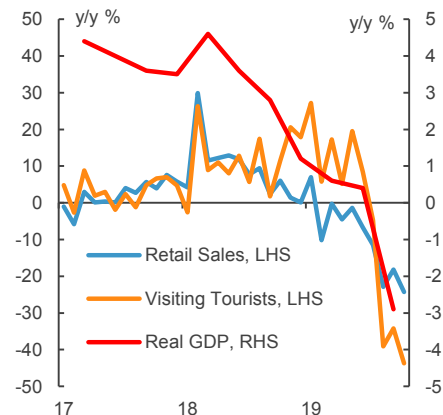
Derek Holt, VP & Head of Capital Markets Economics
416.863.7707
Scotiabank Economics
derek.holt@scotiabank.com

Next Week's Risk Dashboard

- UK election
- US-China tariff deadline
- WTO quorum
- CBs: Fed, ECB, SNB, Brazil...
- ...Peru, Turkey, Philippines, Russia
- CPI: US, India, Mexico, Argentina...
- ...Norway, Sweden
- BoC's Poloz
- CDN fiscal policy
- US retail sales
- China macro
- European macro

Chart of the Week

Hong Kong Retail Sales are Contracting at Record Pace as Protests Persist



Sources: Scotiabank Economics, Bloomberg.

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

Friday The 13th Could Be A Fitting End To The Week

UNITED STATES— IT'S NOT ALL-CLEAR FOR THE FED YET

Trade policy uncertainty will become amplified over the coming week but possibly not until after the Federal Reserve issues another policy decision at mid-week. Top-shelf macro data is also on tap.

Trade policy risks will be closely monitored on two counts. One is whether there is sufficient progress in US-China trade negotiations to avert a tariff hike that would see the US impose a 15% tariff on US\$160 billion of Chinese imports on December 15th. Before December 15th, the World Trade Organization (WTO) is likely to become crippled. As of Tuesday, December 10th, the WTO will lack quorum to function because the US administration has been blocking appointments to replace two out of three of the Appellate Body's members whose terms expire. It has been a stealth tactic by the Trump administration to cripple opposition to its trade policies that are unfriendly toward multilateralism and it could risk giving the US administration a clear path to impose its will on trading partners without risking retaliation.

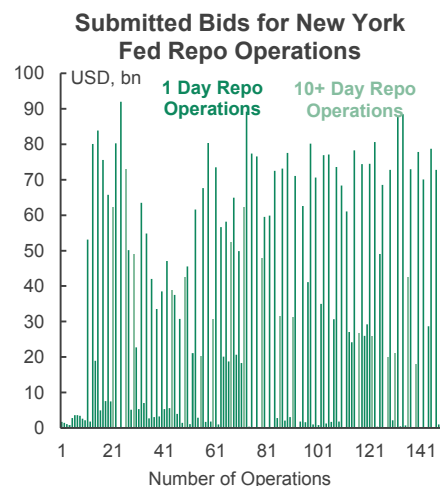
The Federal Reserve is widely expected to keep its policy fed funds target rate unchanged at 1.75% on Wednesday when the statement hits (2pmET) and Chair Powell's press conference ensues (2:30pmET). A strong jobs report (recap [here](#)) will provide plenty of recent cover for Powell to continue to guide that the US economy is in a good place. In fact, the statement may well upgrade the reference to how "job gains have been solid" to "strong" which they last said back in January. The catalyst for doing so is the fact that the three month moving average of payrolls growth has popped above 200k (205k) for the first time since January. It's unlikely we will see any dissenters this time as the two who previously objected to rate cuts won't have reason to do so this time. Instead, the Fed is likely to take a measured perspective on global risks ahead of Thursday's UK election, the following Sunday's deadline for another increase in US tariffs on Chinese imports and sundry other developments.

That doesn't mean the Fed's work is done and that rate hikes lie around the corner by any means. We're not convinced that the easing cycle is necessarily over going forward but, at a minimum, an extended hold period lies ahead.

One challenge that remains is that markets will monitor the Fed's discussion about pressures in short-term funding markets and potentially further policy actions. Such pressures have recently begun to resurface (chart 1). Furthermore, take up of the New York Fed's repo operations has been aggressive which indicates strong demand for year-end funding (chart 2). A concern is that other solutions may be needed to relieve funding pressures such as regulatory changes that relax liquidity rules and/or measures like a Standing Repo Facility.

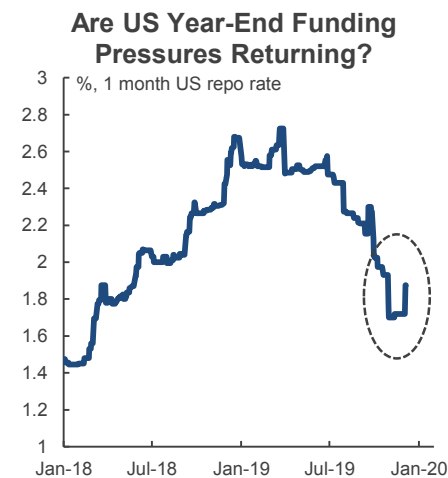
But hasn't enough been done already? The fact that some repo injections have been oversubscribed and that some repo rates may be under renewed upward pressures suggests not. One concern with the existing approach that relies upon buying t-bills in exchange for cash and providing overnight and term repo operations conducted by the Fed is that liquidity doesn't necessarily equate to a willingness to lend. Easier access to funding by primary dealers than by others may also maintain market pressures as acute funding pressures remain elsewhere in the system. What primary dealers did with liquidity injections is also uncertain; some liquidity went into excess reserves that remain much lower than toward the end of last year when funding pressures rose, and some may have taken cheap funding into risk assets. There may also be a mismatched horizons problem in that corporate tax payments that come due by mid-December and Treasury auction settlements occur in lumpy fashion versus gradual liquidity injections with adjustments made in discrete, lagging steps.

Chart 1



Sources: Scotiabank Economics, Federal Reserve of New York.

Chart 2



Sources: Scotiabank Economics, Bloomberg.

Macro reports will focus upon CPI on Wednesday and retail sales on Friday. Both are November readings with highlights explanations below. The CPI reading in particular may further illustrate that the Fed's work is not done by way of translating its results into what it means for the Fed's preferred inflation gauge.

CPI (Wednesday): Headline inflation is expected to land at 1.9% y/y in the November reading and 1.8% is feasible. A shift in year-ago base effects would put upward pressure on inflation, but typical seasonal pressures are expected to restrain this effect at the same time as slightly lower gas prices act as a weight on inflation. Core CPI inflation is expected to remain at 2.3% y/y. Core CPI inflation has averaged 0.7 percentage points higher than core PCE inflation over the past five years and the recent spread has been similar. By corollary, this suggests that a core CPI reading that remains unchanged around 2.3% would point to core PCE inflation that remains well below the Fed's 2% inflation target at around 1.6% y/y and certainly nowhere close to demonstrating that the target is symmetrical after years of undershooting. Job growth has come on strong and wage growth has accelerated a touch, but the Fed's price stability mandate remains a distant goal.

Retail sales (Friday): This should be a pretty solid overall report. My estimate is a headline gain of 0.6% m/m in the total value of sales and a rebound in sales ex-autos as well as sales ex-autos and gas. Vehicle sales jumped by 3.3% m/m at a seasonally adjusted and annualized rate in November as the GM strike's effects unleashed some pent-up sales activity. They carry a 20% weight including volume and price effects. Gasoline prices fell by just over 1% m/m and gas carries about an 8% weight that also combines the volume and price drivers. A weak jumping-off point from the prior month's sales ex-autos and gas should also provide room for holiday season sales including Black Friday and Cyber Monday to add a seasonal boost.

Sundry other developments will include New York Federal Reserve President Williams' address on "topics in monetary policy" on Friday, producer prices for November on Thursday and the Fed's third quarter financial statements of the US economy that will include updates on measures such as household net worth.

CANADA—SETTING THE TABLE FOR 2020

Canada should quiet down somewhat into the coming week after an active week for macro data, BoC communications and policy guidance from the Federal Government in a new session of Parliament. It's feasible that the week could deliver further monetary policy and fiscal policy guidance for 2020.

The main event will be a speech by BoC Governor Poloz on Thursday. The topic will not be disclosed until early next week. This is the Governor's annual holiday season speech and the highlights will hit markets at about 12:30pmET. A press conference will follow. This year-end speech has had varying focal points over the years. For example, last year's was a nuts and bolts "Year-end Progress Report." The prior year was focused upon "Three Things Keeping Me Awake at Night" including a primary focus upon cybersecurity.

Macro data will be very light with just housing starts for November due out on Monday and capacity utilization for Q3 due on Wednesday.

For the rest of this section, I've invited Scotiabank's Rebekah Young to provide a way forward alongside a recap of the Federal Government's Throne Speech that laid out policy priorities in the current session of Parliament.

Canada's federal parties will spend the early part of the week debating the directions of the Speech from the Throne that officially opened Canada's new government on December 5th. The Speech is a largely ceremonial event that sets out broad priorities for the government's mandate. Behind much flowery language, there is not much new. The Speech largely repeated pledges from the Liberal Party's platform during the recent October elections including lofty language around protecting middle income prosperity, fighting climate change, and advancing Indigenous reconciliation.

There were vague nods in various directions across parties, regions and other levels of government, but little by way of concrete insights as to how the minority government will bridge some of the existing divides. In fact, oil is not mentioned once by name. The Opposition will harp on this last point, but no party will try to take down the government over this anodyne Speech. In fact, the government's first piece of legislation, coming the day after the Speech, was the approval of Alberta's carbon pricing scheme as compliant with federal requirements.

Another tax cut for middle income earners in Canada is on the horizon as a “first order of business”. Similar to cuts under the previous mandate, we can anticipate these changes to be tabled quickly, likely before the holidays. The Liberals campaigned on a promise to increase the basic personal amount to \$15,000 (an increase of about \$2,000) for people earning under \$147,000 a year. They estimate this will boost household incomes on average by \$600 a year.

The tax cut should pump about a cumulative \$15 billion back into the economy over the course of the mandate. The economic impact will nevertheless be relatively small. As a percentage of GDP, it will be negligible this fiscal year and a rounding error the next few years in the range of 0.1–0.2 percent of GDP (chart 3). Any fiscal multiplier is likely small—and less than that estimated by Finance officials for the 2015/16 measures in the range of 0.2–0.4 given earlier measures concentrated on families with children where the propensity to spend is higher than average households targeted under today’s proposed broad-based tax measure.

Needless to say, the measure is unlikely to shift the growth outlook, inflation expectations, or the policy rate path. A more thorough take can be found [here](#).

The government is also expected to vote on funding supply next week. But again, no party is expected to obstruct government operations by failing to support its swift passage with little fanfare for a rather bureaucratic exercise. (This is not the US!).

The new government will be pressed to provide a mid-year fiscal update but the window is closing quickly before the holidays. We should expect an announcement shortly in this regard.

LATIN AMERICA—ONE CUT, ONE HOLD

A pair of central bank decisions and a pair of inflation reports will capture local market interest as major global risks operate in the background.

Banco Central do Brasil will offer another rate decision on Wednesday and we expect a half point reduction in the Selic rate that would take it down to 4.5% for a cumulative 200bps of easing since this past summer. At 3.3% y/y, headline inflation remains below the 4.25% mid-point of the central bank’s 3.75–5.75% range thereby affording room for additional stimulus in order to nurture growth.

Banco Central de Reserva del Peru will deliver its own rate decision on Thursday and we expect the reference rate to be held constant at 2.25%. The central bank may wish to pause following two rate cuts since summer and with core inflation having come off the previous bottom to 2.3% y/y relative to the 1–3% inflation target range.

Mexican inflation is expected to hold steady around 3% y/y on Monday. That would maintain inflation right at the mid-point of Banxico’s 2–4% inflation target range. **Argentina also updates inflation on Thursday** and that’s an entirely different matter; inflation is expected to remain in nosebleed territory at about 50% y/y.

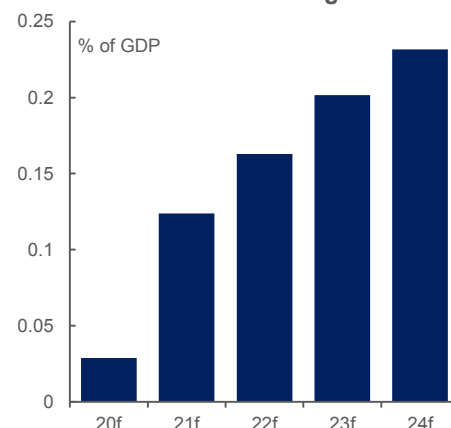
Brazilian retail sales for October (Wednesday) and Mexican industrial production for October (Thursday) will round out developments.

ASIA-PACIFIC—THE TARIFF CLIFF

Another milestone that certainly won’t be the last is fast approaching in the US-China trade war and the coming week will inform whether negotiations go over a cliff, achieve interim peace, roll back some portions of the dispute or push it all out. Other developments will pale by comparison but will nonetheless inform perspectives on the health of the Chinese and Japanese economies and next steps for the RBI.

Chart 3

Tax Cuts Small in the Big Scheme

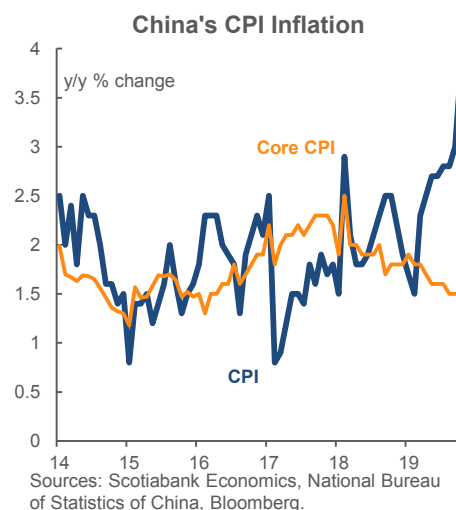


Sources: Scotiabank Economics, PBO, Government of Canada.

December 15th is the US deadline at which point a 15% tariff rate on a further US\$160 billion of Chinese imports may be imposed. Volatile guidance has been shaken off by markets that have been assuming some form of stand-down agreement. White House economic adviser Larry Kudlow has noted that “The final strokes are not there, we’re coming down to short strokes. Now, some of the most delicate matters have to be adjudicated, discussed, analyzed and evaluated. And then it will be presented to President Trump, and he’ll take a look at it.” Trump has described the negotiations as going “very well” but also noted he’s not on a deadline and an agreement might need to wait until after the US election next November.

China will update a batch of macro reports over the course of this weekend. They will include trade figures for November that will further inform the degree of damage or stability in China’s export sector. CPI inflation for November is on tap for Monday night (eastern time) and pork prices are expected to continue to exert upward pressure on headline inflation that could reach its highest point since early 2012 by crossing well above 4% next week. Core inflation nevertheless remains at about half of the 3% inflation target (chart 4). China’s credit cycle will also be further informed by aggregate financing and domestic currency loan figures for November sometime before the following weekend.

Chart 4



Bankgo Sentral ng Pilipinas is expected to leave its policy rate unchanged at 4% next Thursday. Headline CPI climbed half a point to 1.3% y/y in November while core inflation was stable at 2.6% y/y and has been little changed for the past three months. Bangko Sentral ng Pilipinas targets inflation at 3% y/y +/- 1%. Governor Diokno remarked that the rise “accords with outlook of a gradual pick up to target midpoint” over the next two years and that the central bank had expected inflation to have bottomed in October. The central bank has reduced its policy rate by 75bps since March.

Japan’s Q3 GDP growth is expected to be revised higher on Monday while nevertheless remaining weak. The initial annualized growth rate of 0.2% could be tripled and one of the drivers will be incorporation of a strong pick-up in capital spending. Cap-ex grew by 7.1% y/y in Q3. The Tankan survey of manufacturing and non-manufacturing conditions for Q4 will inform more forward-looking risks to Japan’s economy.

Indian CPI is expected to be dragged higher by food prices on Thursday when the November reading will be released. In fact, headline inflation could reach over a three-year high. Despite an unexpected policy hold this past week, the Reserve Bank of India guided that “the forces driving up inflation appear to be transient” and specifically cited unseasonal rains that drove food staple prices higher (namely onions).

EUROPE—STEERING THROUGH BREXIT MAY BE LAGARDE’S FIRST TEST

Four European central banks face the somewhat unenviable task of having to weigh in on monetary policy decisions ahead of the outcomes to the US-China trade discussions and the UK general election.

Chart 5 demonstrates the momentum toward Thursday’s general election in the UK. Both Conservatives and Labour have picked up support at the expense of the collapsing Liberal Democrat and Brexit parties. The Conservative Party’s lead in the polls has somewhat diminished over time. **The track record of pollsters in calling UK elections and the Brexit vote is unimpressive to say the least.** Pound sterling’s nearly 10% appreciation to the USD since August poses two dilemmas. One is that it reflects the baked-in assumption that the Conservatives will win a majority and a smooth Brexit will occur that hands off to another round of uncertainties with regard to negotiating a trade agreement with the EU before the end of next year. Should such expectations be dashed, then sterling could be highly vulnerable. Two is that the appreciation in sterling complicates the outlook for the Bank of England given the likely downward pressure it will come to impose upon inflation (chart 6).

The ECB delivers another statement and policy rate decisions on Thursday (7:45amET). No policy changes are expected. More important may be President Lagarde’s inaugural press conference at 8:30amET. Lagarde is clearly highly capable and has a rich array of experiences under her belt including former French Finance Minister and head of the IMF, but she’s never been in the

hot seat at a live central bank press conference with markets hanging on any potential slip of the tongue. One point of possible sensitivity may be whether she addresses pressure to address the mixed effects of negative interest rates. One tactic may be to keep it short and sweet and defer further assessment as the ECB monitors the UK general election that same day and the path to the US-China trade deadline, along with domestic and global data.

Russia's central bank is expected to cut its key rate by 25bps again to 6.25% on Thursday after which Governor Nabiullina will hold a press conference. Headline and core inflation continue to run at 3.5% y/y and hence below the 4% inflation target. That affords the central bank room to address weak growth that has only slightly improved from ½% y/y in Q1 to 1.7% y/y in Q3.

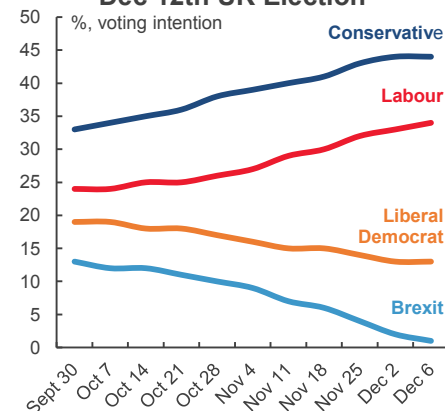
Turkey's central bank is expected to cut its one-week repo rate by 150bps to 12.5% on Thursday but the range of estimates runs as much as 50bps further to 50bps less. The camp that expects less easing points to rising inflation that hit 10 ½% y/y in November with core at 9.3% y/y and hence way above the 3–7% target range.

We don't expect changes to the Swiss National Bank's deposit rate of -0.75% on Thursday.

Macro reports will include a pair of inflation readings from Norway (Tuesday) and Sweden (Wednesday). German exports will be keenly watched on Monday for evidence of further weakness in the German economy after a round of very soft readings for industrial production and factory orders. German investor confidence will be updated with the ZEW reading on Tuesday. French payrolls for Q3 will be released on Tuesday, industrial production will be updated by Italy and France on Tuesday, and the UK updates its monthly services index and trade figures on Tuesday.

Chart 5

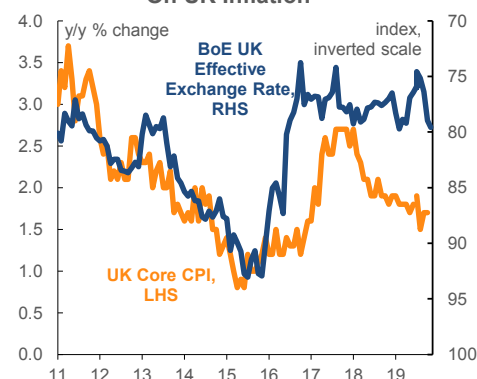
Aggregate Polls Leading into Dec 12th UK Election



Sources: Scotiabank Economics, The Economist.

Chart 6

Currency Effects On UK Inflation



Sources: Scotiabank Economics, U.K. Office for National Statistics, Bank of England.

Key Indicators for the week of December 9 – 13

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
MX	12/09	07:00	Bi-Weekly Core CPI (% change)	Nov 30	0.1	0.0	0.2
MX	12/09	07:00	Bi-Weekly CPI (% change)	Nov 30	0.2	0.2	0.7
MX	12/09	07:00	Consumer Prices (m/m)	Nov	0.9	0.8	0.5
MX	12/09	07:00	Consumer Prices (y/y)	Nov	3.0	3.0	3.0
MX	12/09	07:00	Consumer Prices Core (m/m)	Nov	0.3	0.2	0.3
CA	12/09	08:15	Housing Starts (000s a.r.)	Nov	200	215	202
CA	12/09	08:30	Building Permits (m/m)	Oct	--	2.8	-6.5
US	12/10	08:30	Productivity (q/q a.r.)	3Q F	--	-0.1	-0.3
US	12/10	08:30	Unit Labor Costs (q/q a.r.)	3Q F	--	3.4	3.6
US	12/11	07:00	MBA Mortgage Applications (w/w)	DEC 6	--	--	1.5
CA	12/11	08:30	Capacity Utilization (%)	3Q	--	82.1	83.3
US	12/11	08:30	CPI (m/m)	Nov	0.2	0.2	0.4
US	12/11	08:30	CPI (y/y)	Nov	1.9	2.0	1.8
US	12/11	08:30	CPI (index)	Nov	--	257	257
US	12/11	08:30	CPI ex. Food & Energy (m/m)	Nov	0.2	0.2	0.2
US	12/11	08:30	CPI ex. Food & Energy (y/y)	Nov	2.3	2.3	2.3
US	12/11	14:00	FOMC Interest Rate Meeting (%)	Dec 11	1.75	1.75	1.75
US	12/11	14:00	Treasury Budget (US\$ bn)	Nov	--	-205.6	-134.5
MX	12/12	07:00	Industrial Production (m/m)	Oct	--	-1.3	0.0
MX	12/12	07:00	Industrial Production (y/y)	Oct	-1.6	-1.6	-1.8
CA	12/12	08:30	New Housing Price Index (m/m)	Oct	--	0.1	0.2
US	12/12	08:30	Initial Jobless Claims (000s)	DEC 7	210	212	213
US	12/12	08:30	Continuing Claims (000s)	NOV 30	1685	1677	1640
US	12/12	08:30	PPI (m/m)	Nov	0.2	0.2	0.4
US	12/12	08:30	PPI ex. Food & Energy (m/m)	Nov	0.2	0.2	0.3
US	12/13	08:30	Export Prices (m/m)	Nov	--	0.2	-0.5
US	12/13	08:30	Import Prices (m/m)	Nov	--	0.2	-0.5
US	12/13	08:30	Retail Sales (m/m)	Nov	0.6	0.4	0.3
US	12/13	08:30	Retail Sales ex. Autos (m/m)	Nov	0.4	0.3	0.2
US	12/13	10:00	Business Inventories (m/m)	Oct	--	0.2	0.0

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
IR	12/08-12/15		Real GDP (q/q)	3Q	--	--	0.7
GE	12/09	02:00	Current Account (€ bn)	Oct	--	20.0	25.5
GE	12/09	02:00	Trade Balance (€ bn)	Oct	--	19.3	21.2
FR	12/10	02:45	Industrial Production (m/m)	Oct	--	0.2	0.3
FR	12/10	02:45	Industrial Production (y/y)	Oct	--	-0.4	0.1
FR	12/10	02:45	Manufacturing Production (m/m)	Oct	--	0.4	0.6
IT	12/10	04:00	Industrial Production (m/m)	Oct	--	-0.2	-0.4
UK	12/10	04:30	Index of Services (m/m)	Oct	--	0.1	0.0
UK	12/10	04:30	Industrial Production (m/m)	Oct	--	0.2	-0.3
UK	12/10	04:30	Manufacturing Production (m/m)	Oct	--	0.0	-0.4
UK	12/10	04:30	Visible Trade Balance (£ mn)	Oct	--	-11700	-12541
EC	12/10	05:00	ZEW Survey (Economic Sentiment)	Dec	--	--	-1.0
GE	12/10	05:00	ZEW Survey (Current Situation)	Dec	--	-22.1	-24.7
GE	12/10	05:00	ZEW Survey (Economic Sentiment)	Dec	--	0.0	-2.1
GE	12/12	02:00	CPI (m/m)	Nov F	--	-0.8	-0.8
GE	12/12	02:00	CPI (y/y)	Nov F	--	1.1	1.1
GE	12/12	02:00	CPI - EU Harmonized (m/m)	Nov F	--	-0.8	-0.8
GE	12/12	02:00	CPI - EU Harmonized (y/y)	Nov F	--	1.2	1.2
FR	12/12	02:45	CPI (m/m)	Nov F	--	0.1	0.1
FR	12/12	02:45	CPI (y/y)	Nov F	--	1.0	1.0
FR	12/12	02:45	CPI - EU Harmonized (m/m)	Nov F	--	0.1	0.1
FR	12/12	02:45	CPI - EU Harmonized (y/y)	Nov F	--	1.2	1.2
IT	12/12	04:00	Unemployment Rate (%)	3Q	--	9.8	9.9
EC	12/12	05:00	Industrial Production (m/m)	Oct	--	-0.5	0.1
EC	12/12	05:00	Industrial Production (y/y)	Oct	--	-2.4	-1.7

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

Key Indicators for the week of December 9 – 13

EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
TU	12/12	06:00	Benchmark Repo Rate (%)	Dec 12	12.50	12.50	14.00
EC	12/12	07:45	ECB Main Refinancing Rate (%)	Dec 12	0.00	0.00	0.00
EC	12/12	07:45	ECB Marginal Lending Facility Rate (%)	Dec 12	0.25	0.25	0.25
EC	12/12	07:45	ECB Deposit Facility Rate (%)	Dec 12	-0.50	-0.50	-0.50
RU	12/12	08:00	Real GDP (y/y)	3Q P	--	1.70	1.70
SP	12/13	03:00	CPI (m/m)	Nov F	--	0.2	0.2
SP	12/13	03:00	CPI (y/y)	Nov F	--	0.4	0.4
SP	12/13	03:00	CPI - EU Harmonized (m/m)	Nov F	--	0.0	0.0
SP	12/13	03:00	CPI - EU Harmonized (y/y)	Nov F	--	0.5	0.5
RU	12/13	05:30	One-Week Auction Rate (%)	Dec 13	6.25	6.25	6.50

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CH	12/06-12/07		Foreign Reserves (US\$ bn)	Nov	--	3100	3105
NZ	12/08	16:45	Manufacturing Activity	3Q	--	--	-0.7
JN	12/08	18:50	Bank Lending (y/y)	Nov	--	--	2.0
JN	12/08	18:50	Current Account (¥ bn)	Oct	--	1807	1613
JN	12/08	18:50	GDP (q/q)	3Q F	0.1	0.2	0.1
JN	12/08	18:50	GDP Deflator (y/y)	3Q F	0.6	0.6	0.6
JN	12/08	18:50	Trade Balance - BOP Basis (¥ bn)	Oct	--	138.8	1.1
CH	12/08		Exports (y/y)	Nov	--	0.8	-0.9
CH	12/08		Imports (y/y)	Nov	--	-1.4	-6.5
CH	12/08		Trade Balance (USD bn)	Nov	--	44.5	43.0
IN	12/09		Current Account Balance	3Q	--	-6.65	-14.32
TA	12/09	03:00	Exports (y/y)	Nov	--	1.1	-1.5
TA	12/09	03:00	Imports (y/y)	Nov	--	3.2	-4.1
TA	12/09	03:00	Trade Balance (US\$ bn)	Nov	--	4.2	4.0
SI	12/09	04:00	Foreign Reserves (US\$ mn)	Nov	--	--	276796
JN	12/09	18:50	Japan Money Stock M2 (y/y)	Nov	--	2.5	2.5
JN	12/09	18:50	Japan Money Stock M3 (y/y)	Nov	--	2.1	2.1
PH	12/09	20:00	Exports (y/y)	Oct	--	-2.7	-2.6
PH	12/09	20:00	Imports (y/y)	Oct	--	-7.4	-10.5
PH	12/09	20:00	Trade Balance (US\$ mn)	Oct	--	-3609	-3119
CH	12/09	20:30	CPI (y/y)	Nov	4.1	4.4	3.8
CH	12/09	20:30	PPI (y/y)	Nov	--	-1.5	-1.6
CH	12/09-12/15		New Yuan Loans (bn)	Nov	1300	1200	661
JN	12/10	01:00	Machine Tool Orders (y/y)	Nov P	--	--	-37.4
SK	12/10	18:00	Unemployment Rate (%)	Nov	3.5	3.5	3.5
SI	12/10-12/17		Retail Sales (y/y)	Oct	--	-1.0	-2.2
JN	12/11	18:50	Machine Orders (m/m)	Oct	--	0.7	-2.9
MA	12/11	23:00	Industrial Production (y/y)	Oct	--	1.8	1.7
PH	12/12	03:00	Overnight Borrowing Rate (%)	Dec 12	4.00	4.00	4.00
IN	12/12	07:00	CPI (y/y)	Nov	4.90	5.26	4.62
IN	12/12	07:00	Industrial Production (y/y)	Oct	--	-4.50	-4.30
NZ	12/12	16:30	Business NZ PMI	Nov	--	--	52.6
JN	12/12	18:50	Tankan All Industries Index	4Q	--	6.0	6.6
JN	12/12	18:50	Tankan Manufacturing Index	4Q	--	3.0	5.0
JN	12/12	18:50	Tankan Non-Manufacturing Index	4Q	--	16.0	21.0
JN	12/12	23:30	Capacity Utilization (m/m)	Oct	--	--	1.0
JN	12/12	23:30	Industrial Production (y/y)	Oct F	--	--	-7.4
IN	12/12-12/15		Exports (y/y)	Nov	--	--	-1.1
IN	12/12-12/15		Imports (y/y)	Nov	--	--	-16.3
HK	12/13	03:30	Industrial Production (y/y)	3Q	--	--	0.3

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

Key Indicators for the week of December 9 – 13

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
PE	12/09-12/11		Trade Balance (USD mn)	Oct	--	--	394
BZ	12/11	07:00	Retail Sales (m/m)	Oct	--	0.0	0.7
BZ	12/11	07:00	Retail Sales (y/y)	Oct	--	3.0	2.1
BZ	12/11	16:20	SELIC Target Rate (%)	Dec 11	4.50	4.50	5.00
PE	12/12	18:00	Reference Rate (%)	Dec 12	2.25	2.25	2.25
BZ	12/12-12/13		Economic Activity Index SA (m/m)	Oct	--	-0.1	0.4
BZ	12/12-12/13		Economic Activity Index NSA (y/y)	Oct	--	1.5	2.1
CO	12/13	10:00	Retail Sales (y/y)	Oct	--	6.8	6.9

Global Auctions for the week of December 9 – 13

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	12/09	13:00	U.S. to Sell 3-Year Notes
US	12/10	13:00	U.S. to Sell 10-Year Notes
US	12/12	13:00	U.S. to Sell 30-Year Bonds Reopening

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
FR	12/09	04:50	France to Sell 5.5% 2029 Bonds On Dec 5
AS	12/10	05:15	Austria to Sell 460 Million Euros of 0.5% 2029 Bonds
GE	12/10	05:30	Germany to Sell 4 Billion Euros of 0% 2021 Bonds
SZ	12/11	05:15	Switzerland to Sell Bonds on Dec. 11
UK	12/11	05:30	U.K. to Sell 0% Index-linked Treasury Gilt 2048
SW	12/12	05:00	Sweden to Sell I/L Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SK	12/08	20:30	Korea Central Bank to Sell KRW 500 Bln 1 Year Bonds
SK	12/08	21:30	Korea to Sell KRW 900 Bln 10 Year Bonds
JN	12/09	22:35	Japan to Sell 5 Year Bonds
TA	12/09	23:30	Taiwan to Sell TWD30 Bln 10 Year Bonds
PH	12/10	00:00	Philippine to Sell 3 Year Bonds
CH	12/10	22:00	China Plans to Sell 2 & 5 Year Upsized Government Bond
NZ	12/11	20:05	New Zealand To Sell NZD250 10 Year Bonds
TH	12/11	22:00	Bk of Thailand to Sell 2 & 3 Year Bonds

Source: Bloomberg, Scotiabank Economics.

Events for the week of December 9 – 13

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
WO	12/10	10:50	IMF Chief Kristalina Georgieva Speaks in Washington
US	12/11	14:00	FOMC Rate Decision
US	12/11	14:30	Powell Holds Post FOMC Meeting Press Conference
CA	12/12	12:30	Bank of Canada's Poloz Gives Speech in Toronto
US	12/13	11:00	Fed's Williams Discusses Topics in Monetary Policy

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
PO	12/10		Bank of Portugal Releases Data on Banks
SZ	12/12	03:30	SNB Sight Deposit Interest Rate
SZ	12/12	03:30	SNB Policy Rate
NO	12/12	03:30	Norway's Finance Minister Jensen Speaks on Digitalized Economy
TU	12/12	06:00	One-Week Repo Rate
EC	12/12	07:45	ECB Main Refinancing Rate
EC	12/12	07:45	ECB Marginal Lending Facility
EC	12/12	07:45	ECB Deposit Facility Rate
EC	12/12	08:30	ECB's Lagarde Speaks in Frankfurt After Policy Decision
UK	12/12		U.K. General Election
EC	12/12	00:00	EU leaders meet in Brussels
RU	12/13	05:30	Key Rate
RU	12/13	07:00	Bank of Russia Governor Nabiullina holds news conference

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	12/09	17:05	RBA's Lowe Gives Speech in Sydney
JN	12/11	20:30	BOJ Deputy Governor Amamiya Speech
PH	12/12	03:00	BSP Overnight Borrowing Rate
PH	12/12	03:00	BSP Standing Overnight Deposit Facility Rate

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BZ	12/11	16:20	Selic Rate
PE	12/12	18:00	Reference 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	January 22, 2020	1.75	1.63
Federal Reserve – Federal Funds Target Rate	1.75	December 11, 2019	1.75	1.75
Banco de México – Overnight Rate	7.75	December 19, 2019	7.50	7.25

Federal Reserve: No rate change is expected. Stronger employment gains could upgrade the Fed's assessment of the labour market. The Fed must still address funding market pressures and core PCE inflation that is likely to continue to run well below its target. As such, while the pressure to ease further has abated at least for now, don't expect any guidance toward raising rates.

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	0.00	December 12, 2019	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	0.25	December 12, 2019	0.25	0.25
European Central Bank – Deposit Facility Rate	-0.50	December 12, 2019	-0.50	-0.50
Bank of England – Bank Rate	0.75	December 19, 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	6.50	December 13, 2019	6.25	6.25
Sweden Riksbank – Repo Rate	-0.25	December 19, 2019	-0.25	-0.25
Norges Bank – Deposit Rate	1.50	December 19, 2019	1.50	1.50
Central Bank of Turkey – Benchmark Repo Rate	14.00	December 12, 2019	12.50	12.50

ECB: No policy rate changes or alterations to balance sheet policies are expected. The meeting occurs just as British voters head to the polls on the UK election and ahead of the US tariff decision. Expect a guarded tone to President Lagarde's inaugural conference. **SNB:** No policy rate changes are expected as the central bank monitors currency implications stemming from Brexit and ECB steps. **Russia:** A quarter point reduction to the key rate is expected with the latest core CPI reading of 3.5% y/y affording room to ease relative to the 4% inflation target.

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	December 19, 2019	-0.15	-0.10
Reserve Bank of Australia – Cash Target Rate	0.75	February 3, 2020	0.50	0.75
Reserve Bank of New Zealand – Cash Rate	1.00	February 11, 2020	0.75	0.75
People's Bank of China – Loan Prime Rate	4.15	December 20, 2019	4.10	4.15
Reserve Bank of India – Repo Rate	5.15	February 6, 2020	4.90	4.90
Bank of Korea – Bank Rate	1.25	TBA	1.25	1.25
Bank of Thailand – Repo Rate	1.25	December 18, 2019	1.25	1.25
Bank Negara Malaysia – Overnight Policy Rate	3.00	TBA	3.00	2.75
Bank Indonesia – 7-Day Reverse Repo Rate	5.00	December 19, 2019	5.00	5.00
Central Bank of Philippines – Overnight Borrowing Rate	4.00	December 12, 2019	4.00	4.00

Bangko Sentral ng Pilipinas (BSP): We expect the BSP to continue its break from monetary easing until the end of the year, likely leaving the benchmark Overnight Borrowing Rate unchanged at 4.0% following the December 12 monetary policy meeting. The policy rate has been lowered by 75 bps since May. Nevertheless, we assess that further easing is in sight in early 2020 as inflationary pressures remain contained (1.3% y/y in November) and the global economic growth environment remains challenging.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	5.00	December 11, 2019	4.50	4.50
Banco Central de Chile – Overnight Rate	1.75	January 29, 2020	1.75	1.50
Banco de la República de Colombia – Lending Rate	4.25	December 20, 2019	4.25	4.25
Banco Central de Reserva del Perú – Reference Rate	2.50	December 12, 2019	2.25	2.25

Banco Central do Brasil: We expect a half point reduction in the Selic rate on Wednesday that would take it down to 4.5% for a cumulative 200bps of easing since this past summer. At 3.3% y/y, headline inflation remains below the 4.25% mid-point of the central bank's 3.75-5.75% range thereby affording room for additional stimulus in order to nurture growth.

Banco Central de Reserva del Perú: We expect the reference rate to be held constant at 2.25% on Thursday. The central bank may wish to pause following two rate cuts since summer and with core inflation having come off the previous bottom to 2.3% y/y relative to the 1-3% inflation target range.

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	6.50	January 16, 2020	6.50	6.50

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

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