

WHAT IS 'APPROPRIATE' TO MARKETS?

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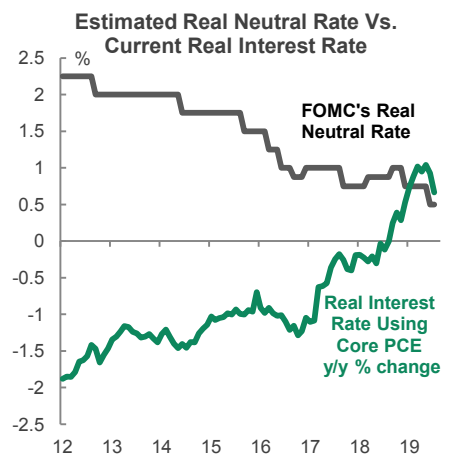
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Next Week's Risk Dashboard

- CBs: Fed, BoJ, BoE...
- ...SNB, Norges, BCB...
- ...SARB, BI, CBCT
- UK Court ruling
- US-China trade
- CPI: UK, Canada
- China macro
- CDN mfrg, retail
- US macro
- Australian jobs
- GDP: NZ, Argentina
- US, CDN auctions

Chart of the Week



Sources: Scotiabank Economics, Bloomberg.

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

What Is 'Appropriate' To Markets?

UNITED STATES—WHICH POWELL WILL SHOW UP?

The Federal Reserve's latest policy decisions and particularly its refreshed guidance will be the main event by far. The rest of the week's line-up of macro reports should offer limited market risk. Wild card risks include possible clarity toward next steps on Iran that oil markets will continue to follow closely in the wake of John Bolton's departure from the administration. Possible momentum toward an interim deal with China on trade policy will also be monitored.

The two-day FOMC meeting concludes on Wednesday, September 18th when the policy statement and fresh Summary of Economic Projections will be released (2pmET) followed by Chair Powell's press conference (2:30pmET). The primary risk surrounding the communications will likely arise in the press conference. It's somewhat unclear which version of the Chair will show up and good cases can be made for both versions. Recent developments counsel less risk to Powell repeating guidance that this is a 'mid-cycle' policy adjustment versus a race to the bottom. Please see [FOMC Preview: Which Powell Will Show Up?](#) for a full preview of expectations.

Macroeconomic releases will be very light in nature and focused upon a handful of industrial and housing reports. The Empire manufacturing gauge for September (Monday) and the Philly Fed's gauge (Thursday) will kick off another round of monthly surveys on the path to the next ISM-manufacturing report and may more fully incorporate the deterioration in US-China trade relations over August into September. Industrial output might rebound somewhat from the weakness of the prior month (Tuesday). Ditto for housing starts (Wednesday) that have fallen for the three months leading up to the pending August report. Existing home sales in August (Thursday) could witness mild softening in light of a) a solid gain the prior month, and b) the 2½% drop in pending home sales during July that have been inked but yet to close and show up in completed resales.

Boston Fed President Eric Rosengren is the only Fed official scheduled to speak after the blackout lifts.

The US Treasury conducts a 10 year TIPS reopening on Thursday.

CANADA—A FIRM CORE IS EVERYTHING

Further efforts to fill in election platforms will combine with macro data risk to offer domestic influences upon Canadian markets in addition to significant potential external influences.

Wednesday's CPI report will be the main domestic macro event of the week. That it precedes the Fed policy statement and press conference on the same day could make its market influences fairly short-lived. I'm forecasting headline inflation to decelerate to 1.7% y/y alongside a 0.4% drop in seasonally unadjusted prices. A shift in year-ago base effects might add a tick to the prior month's 2.0% inflation rate. It's all downhill from there.

August is normally a month in which there is very little if any seasonal price pressure. Clothing lines, for instance, can be between seasons with their price influences. The challenge in forecasting CPI this time around, however, is that July seasonally unadjusted price gains (0.5% m/m) were so much stronger than normal that some payback is expected in light of limited evidence on prices in August. Gasoline prices, for example, fell by about 4% m/m and reversed the prior month's rise as the year-ago pace of declines accelerated.

By far the larger risk, however, will lie in what may happen to core prices. The average of the BoC's three main central tendency price measures has been hovering around 2% for an extended period. In fact, since early last year, that average has always been between 1.9% and 2.1% y/y (chart 1). The economy has little if any slack left while wage growth has been accelerating. **At least for now, this gives the BoC some flexibility to maintain unchanged policy as it digests incoming data and external developments in the context of the Federal election campaign.** Greater risks to the target rate may still lie ahead if downside risks to projections materialize and thus create somewhat greater disinflationary pressure from slack. It is nevertheless probably the case that this will be a 2020 and beyond story within the forward-looking setting of monetary policy.

Retail sales are expected to pop higher for the month of July (Friday). Two expected drivers include higher gasoline prices that were up by about 3–4% m/m, and higher auto sales. **Manufacturing sales could face added downside risk** when July's figures arrive on Tuesday. Recall that the value of exports fell by 0.9% m/m after a prior 5% drop. The decline in exports during July was driven by declines in five out of eleven major categories including ones that influence manufacturing activity such as energy products (-6.7% m/m), chemicals and plastics (-4.5%), industrial machinery (-2.9%) and aircraft (-9.4%).

Canada will also update **existing home sales** during August on Monday and **ADP payrolls** also for August on Thursday. Home sales in August are often more about seasonal adjustment factors as the market lies between the key Spring market and the start of the new school year, or put another way, roughly in the middle of six month long bouts of snow after the post-hibernation euphoria and before the real hunkering down begins. Neither release typically influences financial markets but will further inform useful debates on the state of housing and labour markets.

Canada auctions 2s on Wednesday.

ASIA-PACIFIC—NOT QUITE CHUBBY CHECKER'S VERSION

Asian markets will provide a fair amount of potential risk to global markets in addition to regional developments. Potentially further developments in the US-China trade dialogue, the Bank of Japan's latest decision, top-shelf Chinese macro reports and select readings out of Australia, New Zealand, Indonesia and Taiwan will offer plenty to consider.

Some of what had been building momentum toward potential policy adjustments by the Bank of Japan has abated given recent bond market movements. The BoJ was thought to be contemplating a 'reverse twist' that, by contrast to the twist of the yield curve that the Federal Reserve employed in the crisis aftermath, would have attempted to keep short-term rates low or lower while putting upward pressure upon longer-term bond yields. The BoJ's employment of an around 0% yield target for ten year Japanese government bonds was under intensifying downward pressure toward a recent low of -29bps and hence undercutting the lowest end of the BoJ's +/- 20bps around its target (chart 2). The effects were deemed to be increasingly damaging to longer-term investors like pensions and life insurers. The recent correction in global bond yields has carried the JGB yield up with it and brought it back within the target range. That may lessen pressure upon the BoJ to perhaps lower its negative policy balance rate (-0.1%) and try to engineer upward pressure upon longer-term yields after Governor Kuroda guided that bond yields had declined "a bit too far." Ahead of a planned sales tax hike next month and still very weak inflation that will be updated again toward the end of the week, the BoJ may keep stimulus thoughts in mind but the market pressure to act now has very recently lightened up somewhat.

Bank Indonesia is forecast by consensus to cut its 7 day reverse repo rate by 25bps when it delivers its latest decision and guidance on Thursday. Core inflation at 3.3% is only slightly below the midpoint of the 2.5–4.5% policy target range. **Taiwan's central bank** is universally forecast to stay on hold at a benchmark rate of 1.375%.

China macro risk will be back in play with August readings for industrial output, retail sales, fixed investment and the jobless rate on Sunday evening (eastern time), followed by new home prices the next evening.

Can Australia keep up job growth momentum? The August jobs report on Wednesday night (eastern time) will seek to build upon a fresh trend following the strong 41k job gain in July after a flat prior month. RBA minutes will be released on Monday.

New Zealand will update Q2 GDP growth on Wednesday night amid expectations for growth to remain fairly stable around the ½% q/q seasonally adjusted but non-annualized rate.

Chart 1

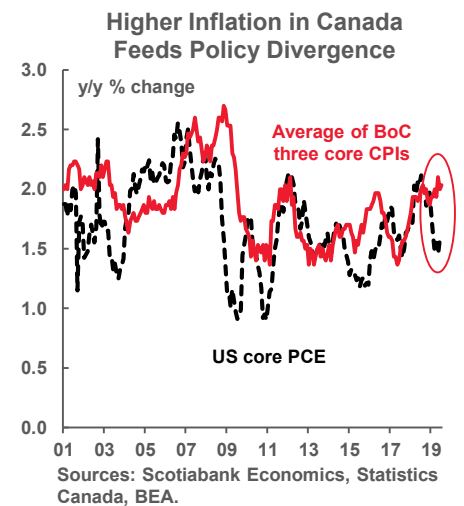
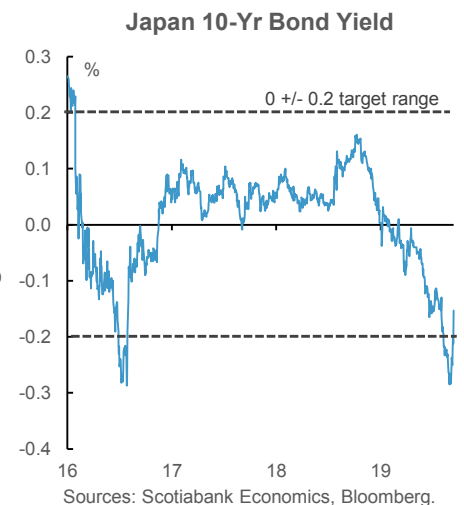


Chart 2



LATIN AMERICA—BRAZIL EXPECTED TO EASE AGAIN

Apart from external developments, the main focal point next week will be Brazil's central bank.

Consensus is unanimous toward expectations for a 50bps rate cut by Banco Central do Brasil on Wednesday. That would take the Selic rate down to 6.5%. Inflation recently fell to 3.4% y/y and hence well into the lower half of the central bank's target range and materially below the mid-point (chart 3). That would bring cumulative easing to a full percentage point since the easing cycle began in July. Slipping inflation affords the central bank the flexibility to address soft trend growth.

Miscellaneous developments will include expectations for another decline in Argentina's GDP during Q2 (Thursday) that would bring the string of declines to six in a row. The economy is tumbling down while inflation is soaring on the path to the final round of the general election on Sunday October 27th. Colombia will update industrial output and trade for July by mid-week.

EUROPE—LAWYERS VERSUS POLITICIANS

A trio of central bank decisions will combine with a legal decision that could impact the course of events surrounding the Brexit deadline of October 31st while select macroeconomic releases are also on tap.

Thursday's Bank of England meeting is unlikely to offer much by way of potential fireworks. No policy changes are anticipated. The path toward the meeting will see political risk being informed somewhat by hearings before the Supreme Court that has been asked to provide a final ruling on the constitutionality of PM Johnson's decision to prorogue parliament. The decision follows in the wake of mixed rulings that included the Scottish appeal court ruling that the decision was "unlawful" and then the lower UK court decision that went the other way. The BoE's decision will also be preceded by fresh inflation data for August (Wednesday) and retail sales (Thursday) that are expected to show a little light inflationary pressure and weaker consumer spending. That said, the trend depreciation in pound sterling suggests further forthcoming upward pressure upon inflation (chart 4).

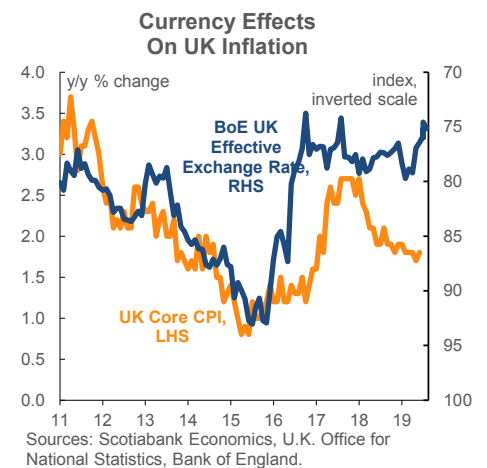
The **Swiss National Bank** is expected to keep its policy deposit rate on hold at -0.75% on Thursday. A minority within consensus expects a modest reduction, but the ECB's 10bps decline in the deposit rate that met our expectations but was less than markets anticipated alleviates some of this pressure. **Norges Bank** faces the opposite issue in that while no policy rate change is expected, a minority within consensus expects a 25bps rate hike. The recent downside surprise to underlying and headline inflation may counsel greater near-term caution.

Eurozone investor confidence will be updated on Tuesday in the form of the ZEW survey. This will kick off another month's worth of sentiment readings including PMIs on September 23rd and then German IFO business confidence the next day. The readings inform momentum for GDP growth given historical correlations.

Chart 3



Chart 4



Key Indicators for the week of September 16 – 20

NORTH AMERICA

| Country | Date | Time | Indicator | Period | BNS | Consensus | Latest |
|-----------|--------------|--------------|--|---------------|------------|-------------|-------------|
| CA | 09/16 | 08:30 | International Securities Transactions (C\$ bn) | Jul | -- | -- | -4.0 |
| US | 09/16 | 08:30 | Empire State Manufacturing Index | Sep | -- | 4.0 | 4.8 |
| CA | 09/16 | 09:00 | Existing Home Sales (m/m) | Aug | -- | 1.3 | 3.5 |
| CA | 09/17 | 08:30 | Manufacturing Shipments (m/m) | Jul | 0.0 | -0.2 | -1.2 |
| US | 09/17 | 09:15 | Capacity Utilization (%) | Aug | -- | 77.6 | 77.5 |
| US | 09/17 | 09:15 | Industrial Production (m/m) | Aug | 0.2 | 0.2 | -0.2 |
| US | 09/17 | 10:00 | NAHB Housing Market Index | Sep | -- | 66.0 | 66.0 |
| US | 09/17 | 16:00 | Total Net TIC Flows (US\$ bn) | Jul | -- | -- | 1.7 |
| US | 09/17 | 16:00 | Net Long-term TIC Flows (US\$ bn) | Jul | -- | -- | 99.1 |
| US | 09/18 | 07:00 | MBA Mortgage Applications (w/w) | Sep 13 | -- | -- | -3.1 |
| CA | 09/18 | 08:30 | Core CPI - Common (y/y) | Aug | -- | 1.9 | 1.9 |
| CA | 09/18 | 08:30 | Core CPI - Median (y/y) | Aug | -- | 2.1 | 2.1 |
| CA | 09/18 | 08:30 | Core CPI - Trim (y/y) | Aug | -- | 2.1 | 2.1 |
| CA | 09/18 | 08:30 | CPI, All items (m/m) | Aug | -0.4 | -0.2 | 0.5 |
| CA | 09/18 | 08:30 | CPI, All items (y/y) | Aug | 1.7 | 2.0 | 2.0 |
| CA | 09/18 | 08:30 | CPI, All items (index) | Aug | -- | 136.7 | 137.0 |
| US | 09/18 | 08:30 | Building Permits (000s a.r.) | Aug | -- | 1307 | 1317 |
| US | 09/18 | 08:30 | Housing Starts (000s a.r.) | Aug | 1240 | 1250 | 1191 |
| US | 09/18 | 08:30 | Housing Starts (m/m) | Aug | 4.0 | 5.0 | -4.0 |
| US | 09/18 | 14:00 | FOMC Interest Rate Meeting (%) | Sep 18 | 2.0 | 2.00 | 2.25 |
| CA | 09/19 | 08:30 | Teranet - National Bank HPI (y/y) | Aug | -- | -- | 0.4 |
| US | 09/19 | 08:30 | Current Account (US\$ bn) | 2Q | -- | -125.7 | -130.4 |
| US | 09/19 | 08:30 | Initial Jobless Claims (000s) | Sep 14 | 210 | 215 | 217 |
| US | 09/19 | 08:30 | Continuing Claims (000s) | Sep 7 | 1670 | -- | 1662 |
| US | 09/19 | 08:30 | Philadelphia Fed Index | Sep | 12.0 | 11.0 | 16.8 |
| US | 09/19 | 10:00 | Existing Home Sales (mn a.r.) | Aug | 5.33 | 5.4 | 5.4 |
| US | 09/19 | 10:00 | Existing Home Sales (m/m) | Aug | -1.7 | -0.9 | 2.5 |
| US | 09/19 | 10:00 | Leading Indicators (m/m) | Aug | -- | 0.1 | 0.5 |
| CA | 09/20 | 08:30 | Retail Sales (m/m) | Jul | 0.7 | 0.5 | 0.0 |
| CA | 09/20 | 08:30 | Retail Sales ex. Autos (m/m) | Jul | 0.4 | 0.3 | 0.9 |

EUROPE

| Country | Date | Time | Indicator | Period | BNS | Consensus | Latest |
|-----------|--------------|--------------|---|---------------|-------------|-------------|-------------|
| IT | 09/16 | 04:00 | CPI - EU Harmonized (y/y) | Aug F | -- | 0.5 | 0.5 |
| EC | 09/17 | 05:00 | ZEW Survey (Economic Sentiment) | Sep | -- | -- | -43.6 |
| GE | 09/17 | 05:00 | ZEW Survey (Current Situation) | Sep | -- | -15.0 | -13.5 |
| GE | 09/17 | 05:00 | ZEW Survey (Economic Sentiment) | Sep | -- | -37.8 | -44.1 |
| UK | 09/18 | 04:30 | CPI (m/m) | Aug | 0.4 | 0.5 | 0.0 |
| UK | 09/18 | 04:30 | CPI (y/y) | Aug | 1.9 | 1.9 | 2.1 |
| UK | 09/18 | 04:30 | PPI Input (m/m) | Aug | -- | -0.3 | 0.9 |
| UK | 09/18 | 04:30 | PPI Output (m/m) | Aug | -- | 0.1 | 0.3 |
| UK | 09/18 | 04:30 | RPI (m/m) | Aug | -- | 0.7 | 0.0 |
| UK | 09/18 | 04:30 | RPI (y/y) | Aug | -- | 2.6 | 2.8 |
| EC | 09/18 | 05:00 | CPI (m/m) | Aug | -- | 0.2 | 0.2 |
| EC | 09/18 | 05:00 | CPI (y/y) | Aug F | -- | 1.0 | 1.0 |
| EC | 09/18 | 05:00 | Euro zone Core CPI Estimate (y/y) | Aug F | -- | 0.9 | 0.9 |
| EC | 09/19 | 04:00 | Current Account (€ bn) | Jul | -- | -- | 18.4 |
| IT | 09/19 | 04:00 | Current Account (€ mn) | Jul | -- | -- | 5047 |
| NO | 09/19 | 04:00 | Norwegian Deposit Rates (%) | Sep 19 | 1.25 | 1.25 | 1.25 |
| UK | 09/19 | 04:30 | Retail Sales ex. Auto Fuel (m/m) | Aug | -0.2 | -0.3 | 0.2 |
| UK | 09/19 | 04:30 | Retail Sales with Auto Fuel (m/m) | Aug | -0.1 | -0.1 | 0.2 |
| UK | 09/19 | 07:00 | BoE Asset Purchase Target (£ bn) | Sep | 435 | 435 | 435 |
| UK | 09/19 | 07:00 | BoE Policy Announcement (%) | Sep 19 | 0.75 | 0.75 | 0.75 |
| GE | 09/20 | 02:00 | Producer Prices (m/m) | Aug | -- | -0.2 | 0.1 |
| EC | 09/20 | 10:00 | Consumer Confidence | Sep A | -- | -7.1 | -7.1 |

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

Key Indicators for the week of September 16 – 20
ASIA-PACIFIC

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Indicator</u> | <u>Period</u> | <u>BNS</u> | <u>Consensus</u> | <u>Latest</u> |
|----------------|--------------------|--------------|---|---------------|--------------|------------------|---------------|
| CH | 09/15 | 22:00 | Fixed Asset Investment YTD (y/y) | Aug | 5.7 | 5.7 | 5.7 |
| CH | 09/15 | 22:00 | Industrial Production (y/y) | Aug | 5.1 | 5.2 | 4.8 |
| CH | 09/15 | 22:00 | Retail Sales (y/y) | Aug | 7.9 | 7.9 | 7.6 |
| PH | 09/15 | 21:00 | Overseas Remittances (y/y) | Jul | -- | 2.4 | -2.9 |
| ID | 09/16 | 00:00 | Exports (y/y) | Aug | -- | -6.7 | -5.1 |
| ID | 09/16 | 00:00 | Imports (y/y) | Aug | -- | -13.8 | -15.2 |
| ID | 09/16 | 00:00 | Trade Balance (US\$ mn) | Aug | -- | 145.0 | -60.0 |
| IN | 09/16 | 02:30 | Monthly Wholesale Prices (y/y) | Aug | -- | 1.0 | 1.1 |
| JN | 09/16 | 20:00 | Nationwide Department Store Sales (y/y) | Aug | -- | -- | -2.9 |
| SI | 09/16 | 20:30 | Exports (y/y) | Aug | -- | -10.9 | -11.2 |
| AU | 09/16 | 21:30 | House Price Index (y/y) | 2Q | -- | -7.7 | -7.4 |
| HK | 09/17 | 04:30 | Unemployment Rate (%) | Aug | 2.9 | 3.0 | 2.9 |
| JN | 09/17 | 19:50 | Merchandise Trade Balance (¥ bn) | Aug | -- | -346 | -251 |
| JN | 09/17 | 19:50 | Adjusted Merchandise Trade Balance (¥ bn) | Aug | -- | -156.2 | -126.8 |
| JN | 09/17 | 19:50 | Merchandise Trade Exports (y/y) | Aug | -- | -10.1 | -1.5 |
| JN | 09/17 | 19:50 | Merchandise Trade Imports (y/y) | Aug | -- | -11.0 | -1.2 |
| NZ | 09/18 | 18:45 | GDP (y/y) | 2Q | 2.2 | 2.0 | 2.5 |
| AU | 09/18 | 21:30 | Employment (000s) | Aug | 20 | 15.0 | 41.1 |
| AU | 09/18 | 21:30 | Unemployment Rate (%) | Aug | 5.2 | 5.2 | 5.2 |
| ID | 09/18-09/19 | | BI 7-Day Reverse Repo Rate (%) | Sep 19 | 5.25 | 5.25 | 5.50 |
| JN | 09/18-09/19 | | BoJ Policy Rate (%) | Sep 19 | -0.10 | -- | -0.10 |
| PH | 09/18-09/19 | | Balance of Payments (US\$ mn) | Aug | -- | -- | 248.0 |
| JN | 09/19 | 00:30 | All Industry Activity Index (m/m) | Jul | -- | -- | -0.8 |
| TA | 09/19 | 04:00 | Benchmark Interest Rate | Sep 19 | 1.375 | 1.375 | 1.375 |
| JN | 09/19 | 19:30 | National CPI (y/y) | Aug | 0.3 | 0.3 | 0.5 |
| JN | 09/19-09/25 | | Supermarket Sales (y/y) | Aug | -- | -- | -7.1 |
| TH | 09/19-09/20 | | Customs Exports (y/y) | Aug | -- | -2.3 | 4.3 |
| TH | 09/19-09/20 | | Customs Imports (y/y) | Aug | -- | -5.1 | 1.7 |
| TH | 09/19-09/20 | | Customs Trade Balance (US\$ mn) | Aug | -- | 220.0 | 110.4 |
| TA | 09/20 | 04:00 | Export Orders (y/y) | Aug | -- | -2.6 | -3.0 |
| HK | 09/20 | 04:30 | CPI (y/y) | Aug | 3.1 | 3.1 | 3.3 |

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 | 09/16 | 01:00 | Economic Activity Index NSA (y/y) | Jul | 3.0 | 3.3 | 2.6 |
| PE | 09/16 | 01:00 | Unemployment Rate (%) | Aug | -- | -- | 6.0 |
| CO | 09/18 | 11:00 | Trade Balance (US\$ mn) | Jul | -- | -550 | -761 |
| BZ | 09/18 | 08:00 | SELIC Target Rate (%) | Sep 18 | 5.50 | 5.50 | 6.00 |

Global Auctions for the week of September 16 – 20

NORTH AMERICA

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u> |
|----------------|-------------|-------------|-------------------------------------|
| CA | 09/19 | 12:00 | Canada to Sell 2 Year Bonds |
| US | 09/19 | 13:00 | U.S. to Sell 10-Year TIPS Reopening |

EUROPE

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u> |
|----------------|-------------|-------------|--|
| DE | 09/18 | 04:30 | Denmark to Sell Bonds |
| GE | 09/18 | 05:30 | Germany to Sell 1.5 Billion Euros of 0% 2050 Bonds |
| SP | 09/19 | 04:45 | Spain to Sell Bonds |
| IR | 09/19 | 05:00 | Ireland to sell Bills |
| SW | 09/19 | 05:00 | Sweden to Sell I/L Bonds |
| FR | 09/19 | 05:50 | France to Sell I/L Bonds |
| IT | 09/20 | 05:00 | Italy to Sell I/L Bonds |
| IC | 09/20 | 06:30 | Iceland to Sell Bonds |

ASIA-PACIFIC

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u> |
|----------------|-------------|-------------|---|
| SK | 09/15 | 21:30 | Korea Central Bank to Sell KRW 300Bln 182-Days Bond |
| SK | 09/15 | 22:30 | Korea to Sell KRW 1.7 Tln 10-Year Bond |
| SK | 09/16 | 01:00 | Korea Central Bank to Sell KRW 800Bln 91-Days Bond |
| CH | 09/16 | 22:30 | Ningxia to Sell CNY1.76211 Bln 30Y Bonds |
| TA | 09/17 | 00:30 | Taiwan to Sell TWD20 Bln 5-Yr Bonds |
| ID | 09/17 | 05:00 | Indonesia to Sell 2, 4, 7, & 15Yr Bonds |
| SK | 09/17 | 21:30 | Korea Central Bank to Sell KRW 2.2Tln 2-Year Bond |
| CH | 09/17 | 23:00 | China to Sell 1Yr & 10Yr Bonds |
| JN | 09/17 | 23:35 | Japan to Sell 20-Year Bonds |
| NZ | 09/18 | 22:05 | New Zealand To Sell NZD150 Mln 2.75% 2037 Bonds |
| CH | 09/19 | 23:00 | China Plans to Sell 50-Year Upsized Government Bond |

Source: Bloomberg, Scotiabank Economics.

Events for the week of September 16 – 20

NORTH AMERICA

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u> |
|----------------|--------------|--------------|---|
| US | 09/16 | 00:00 | FedScoop holds an event, "2019 NY CyberWeek." |
| US | 09/18 | 09:00 | Department of the Treasury holds a meeting. |
| US | 09/18 | 14:00 | FOMC Rate Decision |
| US | 09/18 | 14:30 | Powell Holds Post-FOMC Meeting Press Conference |
| CA | 09/19 | 08:30 | ADP Canada Releases Aug. Payroll Estimates |
| US | 09/20 | 11:20 | Fed's Rosengren Speaks in New York |

EUROPE

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u> |
|----------------|--------------|--------------|--|
| EC | 09/13 | 00:00 | EU finance ministers meet in Helsinki |
| SW | 09/17 | 03:30 | Riksbank Publishes Minutes From Sept. 4 Meeting |
| EC | 09/17 | 12:35 | ECB Chief Economist Lane Speaks in Luxembourg |
| EC | 09/17 | 13:10 | ECB Executive Board member Coeure Speaks in Luxembourg |
| SW | 09/18 | 08:00 | Riksbank's Ingves Gives Speech |
| SW | 09/19 | 03:00 | Riksbank's Floden Gives Speech |
| SZ | 09/19 | 03:30 | SNB Sight Deposit Interest Rate |
| SZ | 09/19 | 03:30 | SNB Policy Rate |
| NO | 09/19 | 04:00 | Deposit Rates |
| UK | 09/19 | 07:00 | Bank of England Bank Rate |
| SW | 09/20 | 02:30 | Riksbanks Jansson Gives Speech |

ASIA-PACIFIC

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u> |
|----------------|--------------|--------------|---------------------------------------|
| JN | 09/16 | 21:10 | BOJ Outright Bond Purchase |
| AU | 09/16 | 21:30 | RBA Minutes of Sept. Policy Meeting |
| AU | 09/18 | 21:30 | RBA FX Transactions Market |
| JN | 09/18 | 00:00 | BOJ Policy Balance Rate |
| JN | 09/18 | 00:00 | BOJ 10-Yr Yield Target |
| ID | 09/18 | 00:00 | Bank Indonesia 7D Reverse Repo |
| TA | 09/19 | 04:00 | CBC Benchmark Interest Rate |
| JN | 09/19 | 19:50 | The BOJ releases 2Q Money Flow |
| JN | 09/19 | 21:10 | BOJ Outright Bond Purchase |

LATIN AMERICA

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u> |
|----------------|-------------|-------------|--------------|
| BZ | 09/18 | | Selic 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 | 2.25 | September 18, 2019 | 2.00 | 2.00 |
| Banco de México – Overnight Rate | 8.00 | September 26, 2019 | 8.00 | 8.00 |

Federal Reserve: A quarter point rate cut is in the bag, but the accompanying guidance and revised forecasts are where the uncertainty lies. On balance, even with markets having reined in pricing for cumulative rate cuts, the risk remains skewed toward a less accommodative Fed than priced. Please see the article titled FOMC Preview: Which Powell Will Show Up?

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 | September 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 | 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 | 1.25 | September 19, 2019 | 1.25 | 1.25 |
| Central Bank of Turkey – Benchmark Repo Rate | 16.50 | October 24, 2019 | 16.50 | 16.50 |

Bank of England: No policy rate changes are anticipated as the policy outlook remains heavily conditioned upon uncertain Brexit developments.

Norges Bank: No policy rate change is expected. A minority within consensus expects a 25bps rate hike, but the recent downside surprise to underlying and headline inflation may counsel greater near-term caution.

ASIA PACIFIC

| Rate | Current Rate | Next Meeting | Scotia's Forecasts | Consensus Forecasts |
|--|--------------|--------------------|--------------------|---------------------|
| Bank of Japan – Policy Rate | -0.10 | September 19, 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 | 1.25 |
| 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 | 5.50 | September 19, 2019 | 5.25 | 5.25 |
| Central Bank of Philippines – Overnight Borrowing Rate | 4.25 | September 26, 2019 | 4.00 | 4.25 |

Bank of Japan (BoJ): The BoJ's monetary policy meeting on September 19 will be closely watched as expectations regarding further easing measures mount ahead of the forthcoming consumption tax rate hike, scheduled for October. Moreover, Japan's inflation dynamics remain weak while changes in global risk aversion and associated fluctuations of the Japanese yen further complicate the inflation outlook. The BoJ's policymakers will likely discuss the possibility of taking the policy rate further into negative territory. Alternative easing options may also be discussed, such as provision of funds to banks through the Loan Support Program with a negative interest rate; such a subsidy would prompt banks to lower their lending rates. In our view, further monetary easing measures are likely to take place before year-end. **Bank Indonesia (BI):** Indonesian monetary authorities will make a policy decision on September 19. We assess that the BI has room to cut the 7-day reverse repo rate by 25 bps to 5.25% on the back of contained inflation (3.5% y/y in August) and signs of softening economic activity.

LATIN AMERICA

| Rate | Current Rate | Next Meeting | Scotia's Forecasts | Consensus Forecasts |
|--|--------------|--------------------|--------------------|---------------------|
| Banco Central do Brasil – Selic Rate | 6.00 | September 18, 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 |

Banco Central do Brasil: A half-point reduction in the Selic rate to 5.5% is expected. Inflation recently fell to 3.4% y/y and hence well into the lower half of the central bank's target range and materially below the mid-point.

AFRICA

| Rate | Current Rate | Next Meeting | Scotia's Forecasts | Consensus Forecasts |
|--|--------------|--------------------|--------------------|---------------------|
| South African Reserve Bank – Repo Rate | 6.50 | September 19, 2019 | 6.50 | 6.50 |

SARB: No policy rate change is expected alongside minority expectations for a reduction to 6.25%. Headline and core inflation are comfortably within the central bank's 3-6% target range.

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