

LONG LIVE THE KAKISTOCRACY!?

- United States — Bullseye On Europe 2-4
- Canada — Out With the Old, In With the New 4-5
- Europe — Downturn Discipline 5
- Latin America — Peru's Policy Bias 5-6
- Asia-Pacific — Maximum Pressure? 6

FORECASTS & DATA

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

CONTACTS

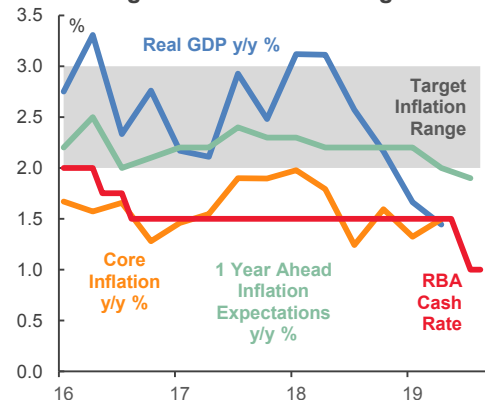
Derek Holt, VP & Head of Capital Markets Economics
416.863.7707
Scotiabank Economics
derek.holt@scotiabank.com

Next Week's Risk Dashboard

- Trumpgate
- US-Europe trade tensions
- Fed funding guidance
- US nonfarm, wages, ISM
- CPI: Eurozone, Switzerland, Peru
- PMIs: China, UK, Spain
- CBs: RBA, RBI
- Canadian GDP, trade
- US other macro
- Other European macro
- CDN auction

Chart of the Week

Can the RBA Stoke Inflation Back to Target with Further Easing?



Sources: Scotiabank Economics, Australian Bureau of Statistics, Reserve Bank of Australia.

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

Long Live the Kakistocracy!?

UNITED STATES—BULLSEYE ON EUROPE

Trade policy risks and top-shelf macro hits carry high potential to impact financial markets even in the absence of further impeachment developments and continued pressures upon short-term funding markets.

With the U.S. House of Representatives off on a two-week recess, **US political risk will shift toward** lining up what is likely to be a long list of further interviews with individuals who observed the actions of President Trump and his personal lawyer Rudy Giuliani in the whistleblower complaint ([here](#)); the letter to the Acting Director of National Intelligence ([here](#)); and the released transcript of the call between President Trump and Ukrainian President Zelenskyy ([here](#)). A rolling tally of members of the House of Representatives who support impeachment proceedings is available [here](#) and passes the minimum threshold of a simple majority. A key risk will require monitoring for any possible cracks in the Republicans' support for Trump especially in the Senate they control and given the requirement of a two-thirds super-majority to convict in that chamber. Through it all, Pence, Biden, Warren and Sanders are all lurking in the shadows.

Trade policy risks may incrementally shift toward US-European relations as US-China dialogue works toward the resumption of formal negotiations the week after next and as USMCA approval is stalled in the House of Representatives. The latter may not matter given NAFTA 1.0 remains in place, but a potential rise in business confidence that may have followed passage is at least shelved for now.

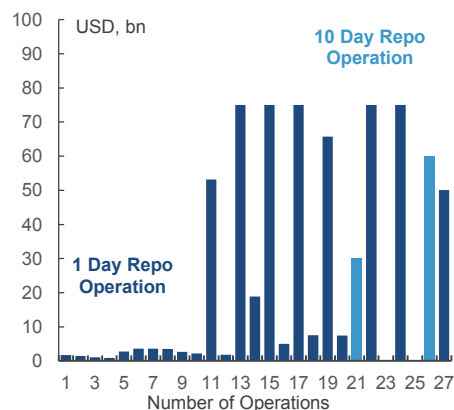
The potential shift in orientation is because **the US Trade Representative may announce a list of targeted European imports and tariff rates after the WTO gave the green light to target US\$8 billion of imports** in the wake of its ruling that Europe unfairly subsidizes Airbus. What? Someone unfairly subsidizes aircraft manufacturers?? Say it ain't so ([here](#)). One option is to use a so-called 'carousel' approach that totally changes the game of tit-for-tat actions in that it would frequently change the list of targeted items within the allowed limits in order to maximize the damage that would stem from uncertainty over the rules of the game. This approach would not only maximize damage to European industry, but also to US importers who themselves would not know the rules of the game. Yes indeed, uncertainty is a cruel double-edged sword. It may be more likely that the US will settle primarily upon airplane duties and high-profile luxury items. Pushback from US airlines is already occurring, and watch for the risk of spiraling US-EU acts of retaliation.

Against this backdrop, recall that the WTO also faces a potentially crippling resignation of a US member by year-end that might result in the WTO no longer being able to achieve quorum necessary to rule on other files. If so, then the WTO would be sidelined as a dispute remedy option and this could add to trade concerns overhanging markets.

The Federal Reserve's efforts to tamp down funding market pressures will continue at the recently more aggressive pace of repurchase lending operations with overnight to ten business day intervals that inject liquidity into counterparties in exchange for collateral such as Treasuries, agency mortgage backed securities or agency debt. Accepted amounts are shown in chart 1 and the fact that the submitted bids (chart 2) remain higher for term financing suggests an ongoing need for liquidity at the offered rates.

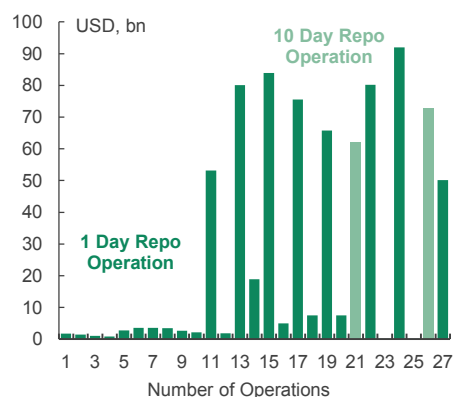
In monitoring funding market challenges, recall that Fed Chair Powell guided he would wait to see through developments over the next six weeks from the date of his press conference on September 18th. That was a strong hint that the October meeting is 'live'

Chart 1
Accepted Bids for New York Fed Repo Operations in September



Sources: Scotiabank Economics, Federal Reserve of New York.

Chart 2
Submitted Bids for New York Fed Repo Operations in September



Sources: Scotiabank Economics, Federal Reserve of New York.

for further policy actions. This period would take the market beyond potential transitory factors such as month-end and quarter-end financing requirements, large settlements of recent Treasury auctions, and corporate tax payments. If the funding pressures are deemed to be longer-lived after greater distance from such plausible drivers of funding market volatility, then the Fed's focus may well shift more aggressively away from relying solely upon repo market liquidity injections by the New York Federal Reserve and more toward longer-lived solutions.

Thus, as early as the October 30th FOMC communications, there may an announcement about a permanent Standing Fixed-Rate Repo Facility that was last broached in the minutes to the June FOMC meeting. The facility would offer funds slightly above the interest rate on excess reserves. Such a facility could improve market transparency and provide greater assurances beyond uncertainty regarding the scale, scope and timeliness of traditional open-market operations by the New York Fed. **It's also feasible that the Fed restarts purchases of Treasuries along with the concomitant injection of liquidity into the markets and then returns to the pre-crisis era of growing them in keeping with GDP.**

At its heart, the issue is whether the excess reserves that banks have parked at the Federal Reserve were allowed to decline too far too fast (chart 3) as the Fed shrank its balance sheet and thus squeezed market liquidity. It may well be that the Fed needs to target between US\$1½–1¾ trillion of reserves (from US\$1.34T now) and expand its Treasury holdings by a comparable amount. A further potential option is to reduce the fed funds target rate and IOER rate by another quarter percentage point as soon as the end of October but this time perhaps due less to the fundamentals-based outlook and more due to the pressures in short-term funding markets.

It is with such developments in mind that market participants should closely monitor evolving Fed-speak. Next week brings out a wave of remarks from Chicago's Evans (twice), Governor Bowman, Richmond's Barkin, Philly's Harker, NY Fed President Williams, Cleveland's Mester, Boston's Rosengren and Atlanta's Bostic.

There will also be two main macro reports and a bunch of lower profile releases next week.

1. Nonfarm payrolls: a key to Friday's nonfarm payrolls reading will be to quickly cast aside the headline and look to the private component. Ongoing Census hiring is the reason and it started as a drive of 28,000 temporary Federal government jobs in the prior payrolls report. Net of this effect, a private run-rate around 130k seems reasonable to expect but the average has been under 120k per month over the slowdown that has been incurred over the past four months.

2. Wage growth: Friday's figures for September might show a small deceleration to 3.1% y/y (3.2% prior). Base effect shifts on their own would lean toward a cooler pace of about 3%. An average seasonal gain would boost this back up to 3.2%. I've gone a little lower because of the strength of the prior month's seasonal gain.

3. ISM-manufacturing: All of the headline readings across the main regional manufacturing surveys deteriorated in September (chart 4). That doesn't guarantee that ISM will soften—for a couple of reasons. One is the difference in methodologies and weighted components. Two is that some key industries like autos are underrepresented in the composite of regional surveys. That may be a particularly important matter in the next round of surveys when the GM strike potentially drives a wedge between at least some of the regional surveys versus ISM.

The US also releases construction spending and vehicle sales for August and September respectively on Tuesday. Vehicle sales will include the domestic 'big three' in the US this time as they now only report quarterly. ADP payrolls will be

Chart 3 **Gone Too Low?**

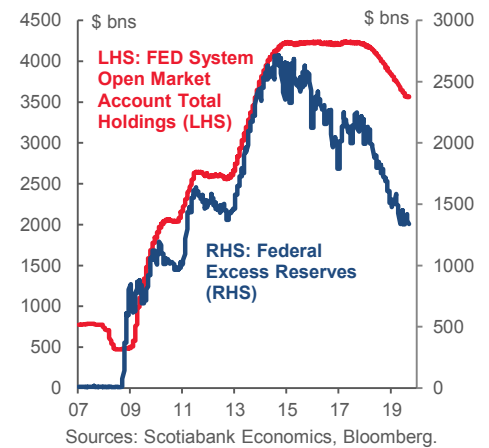
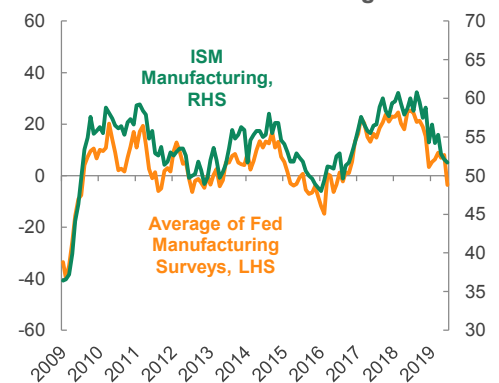


Chart 4

The Five Fed Surveys As A Predictor Of ISM Manufacturing



Sources: Scotiabank Economics, Federal Reserve System, ISM.

updated for September on Wednesday. Factory orders (August) and ISM non-manufacturing (September) will be released Thursday. The full set of US trade accounts including services for August will be updated on Friday and is likely to be little changed given we already know that the merchandise deficit was stable, but large.

CANADA—OUT WITH THE OLD, IN WITH THE NEW

A pair of releases—one old, one new—will restore a bit of interest in the domestic calendar but external risks are likely to continue to dominate market influences.

First up will be what happened to GDP growth in July. This one's a tough one for at least four reasons.

First is the usual uncertainty surrounding translating observable variables into expectations for GDP. **A simple regression model of GDP against higher frequency observable readings suggests growth will land at 0.1% m/m.** That's based upon thin gruel mind you, with only wholesale trade volumes (+1.9% m/m) being the stand-out performer. Hours worked fell by 0.7% m/m and reversed the prior gain. Manufacturing shipment volumes fell by 1.6% m/m. Housing starts fell by 9.1%. Retail sales volumes were flat. Export volumes were down by 0.1% m/m but import volumes were up by 2.3% m/m such that net trade was a drag on growth. Like any regression, this model includes an estimated constant term that is derived from fitting the model to historical data versus letting the July gauges speak purely for themselves.

Second is that more difficult-to-track sectors could be the spoilers. That's because **these sectors registered quite a number of large gains in June that may not prove to be durable in July (chart 5).** Gains of ½% m/m or more were recorded in June in eight of 21 sectors including agricultural/forestry/fishing (0.8%), mining/oil/gas (0.5%), construction (0.7%), wholesale (+0.85%), professional/scientific/technical (0.6%), management (0.5%) and arts and entertainment (0.5%). The regression model approach captures the influences of wholesale and retail within this sample of outsized performers, but not the other large gainers.

A third uncertainty entails addressing how reliable the import signals might be as a sign that GDP grew. How much of the import strength was a clue to production growth as feeder input to domestic industries, versus how much went to inventories? **If imports just went into inventories, then they won't feed monthly GDP** which is based upon production concepts versus quarterly GDP which is expenditure-based and does consider inventory and import leakage effects. We know that manufacturing inventories went up and dragged the inventory-to-sales ratio higher especially as manufacturing sales fell. We also know that wholesalers' inventories went up, but by less than sales during July and this resulted in a trivial decline in the inventory-to-sales ratio (1.44 from 1.45) while the ratio remained super-elevated. In fact, wholesale inventories are tracking over 6% growth in Q3 thus far which is bang on the expansion in Q2 such that no real progress is being made toward burning off bloated inventory excesses. Canada retains a massive inventory challenge in the manufacturing and wholesale sectors (chart 6). This poses risks to production and employment given inventories are costly to finance and store.

Fourth is the usual challenge that volumes of activity derived from higher-frequency readings don't necessarily speak to value-added concepts in GDP.

With July data put to rest, tracking Q3 GDP growth then begins to transition more significantly toward August figures. So far, we only know that hours worked were up by 0.7% m/m in August for a curious three in a row pattern of 0.7 readings (up, down, up),

Chart 5

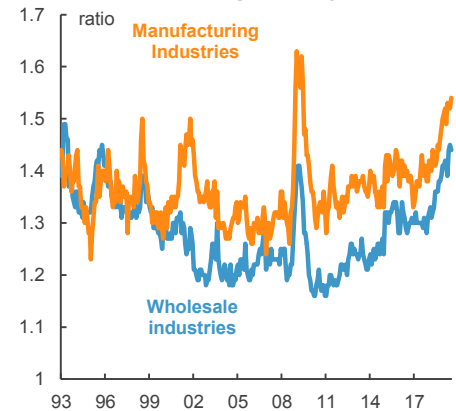
Canadian GDP Growth by Industries in June



Sources: Scotiabank Economics, Statistics Canada.

Chart 6

Canadian Inventory to Sales Ratios are Rising Sharply



Sources: Scotiabank Economics, Statistics Canada.

and that housing starts were up by 1.9% in August. **Trade figures for August are due out on Friday** and will advance our understanding potentially across multiple export-oriented sectors.

At present, what it all nets out to by way of third-quarter GDP tracking is growth of about 1.0% q/q at a seasonally adjusted and annualized rate. It's important to note that this is derived by relying solely upon data received to date while assuming flat monthly GDP in August and September. With no September releases and hardly any August data, this approach lets the data speak over imposed inferences about how the rest of the quarter's releases might evolve. If this tracking sticks, then it would be a marked slowdown from the 3.7% quarterly GDP growth in Q2 and slower than the BoC's 1.5% projection for Q3 way back in the July MPR. An alternative approach that relies upon a methodology that adds model inferences beyond forecast tracking of known information to date yields about 2% growth ([here](#)).

Canada auctions 10s on Wednesday.

EUROPE—DOWNTURN DISCIPLINE

The scope for market-influential Brexit-related headlines will remain high, but two main forms of calendar-based risks will arise from macro reports.

Another batch of updated sentiment readings with regard to the performance of the UK economy during September will be released through the middle of the week. The manufacturing PMI (Tuesday), the construction PMI (Wednesday) and the services and composite PMIs (Thursday) will provide a clearer picture of risks to the economy on the path toward the October 31st Brexit deadline. Two out of the three are already in contraction (manufacturing and construction) with services teetering on the brink. On net, that leaves the composite PMI reading itself on the borderline between expansion (above 50) and contraction (below) as shown in chart 7. Further slippage may focus the minds especially in the wake of the contraction in GDP during Q2.

Is the ECB making greater progress toward its inflation goal than ECB President Draghi may be letting on? A case can be made by observing 'supercore' CPI's rise (chart 8). The central bank's core CPI gauge nevertheless remains at 0.9% y/y and so does the headline measure. Tuesday's update will further inform the degree of progress amid expectations for little change. Germany, Italy and Spain update their inflation figures on Monday.

Lesser releases will include German unemployment in September (Monday), Swiss CPI for September (Wednesday), the Eurozone retail sales add-up for August (Thursday) and Germany's figures sometime before then, and also Spanish purchasing managers indices on Tuesday and Thursday.

LATIN AMERICA—PERU'S POLICY BIAS

Latin America has plenty of its own political challenges that make it no stranger to political upheavals abroad. The economics-oriented calendar is nevertheless likely to be quite light over the coming week and principally focused upon informing one central bank's policy directions.

The outlook for central bank policy in Peru may be incrementally informed by inflation figures for September on Tuesday. They will feed into tracking risks to the quarterly Inflation Report that is pending release after publication of this article on Friday September 27th. Peru's headline inflation rate stood at 2.0% y/y in August which was down from a recent peak of 2.7% in May. Much of that deceleration came through core CPI that was 2.2% in August, down from a peak of 2.6% in April (chart 9). Peru's central bank targets inflation at 2% +/-1%. On September 12th, the central bank stood by a neutral/easing bias that is heavily conditional upon inflation monitoring. The statement ([here](#))

Chart 7

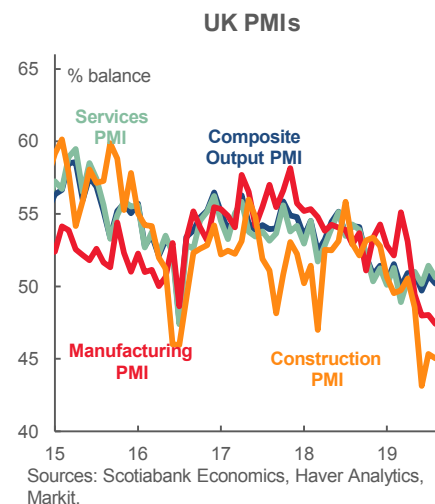
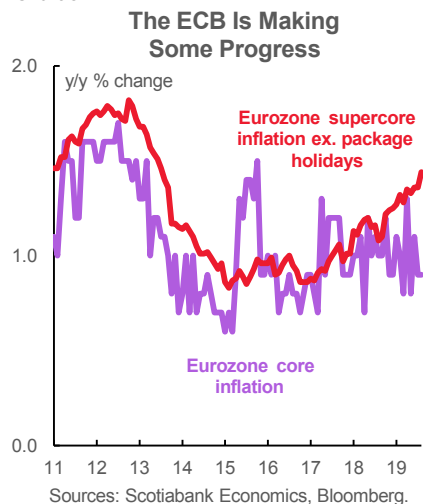


Chart 8



noted that inflation is expected to move toward 2% “with a downside bias” driven by domestic demand and that it “pays close attention to new information on inflation and its determinants in assessing future changes.”

Minutes to BanRep’s recent policy decision on September 23rd will be released on Friday. They take on relatively little incremental meaning after the central bank held policy upgraded growth forecasts and projected inflation to return to the 3% target.

ASIA-PACIFIC—MAXIMUM PRESSURE?

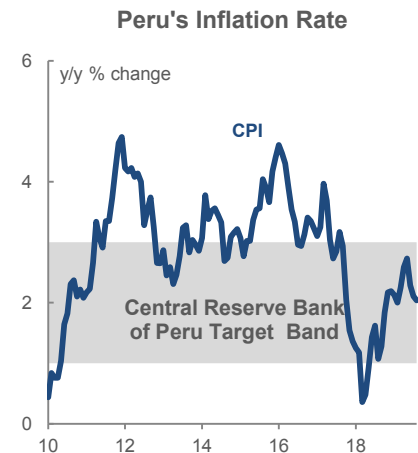
A trio of China macro releases, aforementioned movement toward US-China trade negotiations the week after next, and a pair of regional central bank decisions could have developments in Asian markets carrying the ability to impact the global market tone on top of local market influences.

The week starts with a bang when China releases the state versions of its purchasing managers’ indices for September on Sunday night (9pmET) just as Asian markets open. The manufacturing PMI is already slightly in contraction, but the non-manufacturing and hence primarily services PMI continues to signal a moderate pace of expansion. Recall that another round of 15% tariffs on US\$110 billion of Chinese imports was imposed by the US at the start of September. That may suggest added downside risk at least to the manufacturing sector. So far, however, the ‘maximum pressure’ campaign of the Trump administration has been at least partly offset by the relatively greater resilience and larger size of the services sector.

Will the Reserve Bank of Australia cut again on Tuesday? Consensus is divided with roughly half saying yes it will reduce the cash rate by 25bps to 0.75% and about half saying the rate will remain at 1%. In fairness to both sides, Governor Lowe was a little difficult for rates and FX traders to interpret in his recent speech ([here](#)). Lowe noted that further easing may be required, that an extended period of low rates is likely, that QE is unlikely but would be considered if necessary, and that monetary policy is becoming less effective at the margin. The latter was perhaps a point of frustration as the RBA—like many central banks—perhaps wishes to see fiscal policy play a larger role. Regardless, there were no direct signals toward imminent easing. The remark that further easing may be necessary has Scotia slightly leaning in favour of a reduction. Also, chart 10 demonstrates that while wage growth has trended upward over recent years, progress has recently stalled and the labour force participation rate continues to rise. The combined influences suggest little inflation-oriented pressure from wage growth.

The Reserve Bank of India also makes a policy decision at the end of the week. The last decision was a 35bps cut to each of the repo and reverse repo rates way back on August 7th. Since then, Q2 GDP growth disappointed expectations (5% y/y, 5.7% consensus, 5.8% prior), headline CPI ticked up to 3.2% but by a little less than expected and core CPI was little changed at 4.2%. That still keeps inflation broadly within the RBI’s policy bands of 4% +/-2%. Further, the rupee is unchanged to the USD since the last decision. Also recall that the government recently cut corporate taxes. On balance, while it’s not a slam dunk, we expect the RBI to ease again by an amount comparable to the last time that the RBI positioned as reflecting different opinions toward whether to ease by 25bps or 50bps.

Chart 9



Source: Scotiabank Economics, Instituto Nacional de Estadística e Informática, Haver Analytics.

Chart 10



Sources: Scotiabank Economics, Australian Bureau of Statistics.

Key Indicators for the week of September 30 – October 4
NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	09/30	08:30	IPPI (m/m)	Aug	--	--	-0.3
CA	09/30	08:30	Raw Materials Price Index (m/m)	Aug	--	--	1.2
US	09/30	09:45	Chicago PMI	Sep	--	50.0	50.4
US	09/30	10:30	Dallas Fed. Manufacturing Activity	Sep	--	1.5	2.7
CA	10/01	08:30	Real GDP (m/m)	Jul	0.0	0.1	0.2
US	10/01	09:00	Total Vehicle Sales (mn a.r.)	Sep	17.0	17.1	17.0
US	10/01	10:00	Construction Spending (m/m)	Aug	0.3	0.4	0.1
US	10/01	10:00	ISM Manufacturing Index	Sep	49.90	50.5	49.1
US	10/02	07:00	MBA Mortgage Applications (w/w)	Sep 27	--	--	-0.1
US	10/02	08:15	ADP Employment Report (000s m/m)	Sep	150	137.5	195.4
US	10/03	08:30	Initial Jobless Claims (000s)	Sep 28	215	211.5	208.0
US	10/03	08:30	Continuing Claims (000s)	Sep 21	1650	1666.0	1661.0
US	10/03	10:00	Factory Orders (m/m)	Aug	0.0	-0.5	1.4
US	10/03	10:00	ISM Non-Manufacturing Composite	Sep	55.5	55.0	56.4
CA	10/04	08:30	Merchandise Trade Balance (C\$ bn)	Aug	-1.0	-1.1	-1.1
US	10/04	08:30	Average Hourly Earnings (m/m)	Sep	0.1	0.2	0.4
US	10/04	08:30	Average Hourly Earnings (y/y)	Sep	3.1	3.2	3.2
US	10/04	08:30	Average Weekly Hours	Sep	--	34.4	34.4
US	10/04	08:30	Nonfarm Employment Report (000s m/m)	Sep	150	140.0	130.0
US	10/04	08:30	Trade Balance (US\$ bn)	Aug	-53.1	-54.8	-54.0
US	10/04	08:30	Unemployment Rate (%)	Sep	3.7	3.7	3.7

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
SP	09/30	03:00	CPI (m/m)	Sep P	--	--	-0.1
SP	09/30	03:00	CPI (y/y)	Sep P	--	--	0.3
SP	09/30	03:00	CPI - EU Harmonized (m/m)	Sep P	--	--	-0.1
SP	09/30	03:00	CPI - EU Harmonized (y/y)	Sep P	--	--	0.4
SP	09/30	03:00	Real GDP (q/q)	2Q F	--	0.5	0.5
GE	09/30	03:00	Retail Sales (m/m)	Aug	0.6	0.5	-1.6
GE	09/30	03:55	Unemployment (000s)	Sep	5.0	5.0	4.0
GE	09/30	03:55	Unemployment Rate (%)	Sep	5.0	5.0	5.0
SP	09/30	04:00	Current Account (€ bn)	Jul	--	--	2.1
UK	09/30	04:30	Business Investment (q/q)	2Q F	--	-0.5	-0.5
UK	09/30	04:30	Current Account (£ bn)	2Q	--	-19.0	-30.0
UK	09/30	04:30	GDP (q/q)	2Q F	-0.2	-0.2	-0.2
UK	09/30	04:30	Net Consumer Credit (£ bn)	Aug	--	0.9	0.9
EC	09/30	05:00	Unemployment Rate (%)	Aug	7.5	7.5	7.5
IT	09/30	05:00	CPI (m/m)	Sep P	--	--	0.4
IT	09/30	05:00	CPI (y/y)	Sep P	--	--	0.4
IT	09/30	05:00	CPI - EU Harmonized (m/m)	Sep P	--	--	0.0
IT	09/30	05:00	CPI - EU Harmonized (y/y)	Sep P	--	--	0.5
SP	09/30	07:00	Budget Balance YTD (€ mn)	Aug	--	--	-13922.0
GE	09/30	08:00	CPI (m/m)	Sep P	0.1	0.1	-0.2
GE	09/30	08:00	CPI (y/y)	Sep P	1.3	1.3	1.4
GE	09/30	08:00	CPI - EU Harmonized (m/m)	Sep P	0.1	0.1	-0.1
GE	09/30	08:00	CPI - EU Harmonized (y/y)	Sep P	1.2	1.1	1.0
UK	10/01	02:00	Nationwide House Prices (m/m)	Sep	--	0.0	0.0
IT	10/01	03:00	Budget Balance (€ bn)	Sep	--	--	-2.2
IT	10/01	03:00	Budget Balance YTD (€ bn)	Sep	--	--	-32.3
IT	10/01	03:45	Manufacturing PMI	Sep	--	--	48.7
FR	10/01	03:50	Manufacturing PMI	Sep F	--	--	50.3
GE	10/01	03:55	Manufacturing PMI	Sep F	--	41.4	41.4
EC	10/01	04:00	Manufacturing PMI	Sep F	--	45.6	45.6
UK	10/01	04:30	Manufacturing PMI	Sep	48.0	48.1	47.4
EC	10/01	05:00	Euro zone CPI Estimate (y/y)	Sep	1.0	1.0	1.0
EC	10/01	05:00	Euro zone Core CPI Estimate (y/y)	Sep A	1.0	1.0	0.9

Forecasts at time of publication.

Source: Bloomberg, Scotiabank Economics.

Key Indicators for the week of September 30 – October 4
EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
UK	10/02	04:30	PMI Construction	Sep	45.5	45.9	45.0
RU	10/02	09:00	Real GDP (y/y)	2Q F	--	0.90	0.90
IT	10/03	03:45	Services PMI	Sep	--	--	50.6
FR	10/03	03:50	Services PMI	Sep F	--	--	51.6
GE	10/03	03:55	Services PMI	Sep F	--	52.5	52.5
EC	10/03	04:00	Composite PMI	Sep F	--	50.4	50.4
EC	10/03	04:00	Services PMI	Sep F	--	52.0	52.0
UK	10/03	04:30	Official Reserves Changes (US\$ bn)	Sep	--	--	1918.0
UK	10/03	04:30	Services PMI	Sep	50.5	50.3	50.6
EC	10/03	05:00	PPI (m/m)	Aug	--	--	0.2
EC	10/03	05:00	Retail Trade (m/m)	Aug	0.2	0.3	-0.6
FR	10/04	02:45	Central Government Balance (€ bn)	Aug	--	--	-109.7

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
SK	09/29	19:00	Industrial Production (y/y)	Aug	--	0.0	0.6
SK	09/29	19:00	Cyclical Leading Index Change	Aug	--	--	-0.3
JN	09/29	19:50	Large Retailers' Sales (y/y)	Aug	--	--	-4.8
JN	09/29	19:50	Retail Trade (y/y)	Aug	--	--	-2.0
JN	09/29	19:50	Industrial Production (y/y)	Aug P	--	--	0.7
SK	09/29	20:00	Department Store Sales (y/y)	Aug	--	--	-4.0
CH	09/29	21:00	Manufacturing PMI	Sep	49.5	49.6	49.5
CH	09/29	21:00	Non-manufacturing PMI	Sep	--	54.0	53.8
HK	09/29	21:00	Govt Monthly Budget Surp/Def (HKD bn)	Aug	--	--	-12.3
PH	09/29	21:00	Bank Lending (y/y)	Aug	--	--	10.7
AU	09/29	21:30	Private Sector Credit (y/y)	Aug	--	--	3.1
CH	09/29	21:45	Caixin Manufacturing PMI	Sep	50.1	50.2	50.4
IN	09/29	23:30	Fiscal Deficit (INR Crore)	Aug	--	--	115550
JN	09/30	00:00	Vehicle Production (y/y)	Jul	--	--	-1.5
JN	09/30	01:00	Housing Starts (y/y)	Aug	--	--	-4.1
JN	09/30	01:00	Construction Orders (y/y)	Aug	--	--	26.9
TH	09/30	03:30	Exports (y/y)	Aug	--	--	3.8
TH	09/30	03:30	Imports (y/y)	Aug	--	--	0.9
TH	09/30	03:30	Trade Balance (US\$ mn)	Aug	--	--	1692.0
TH	09/30	03:30	Current Account Balance (US\$ mn)	Aug	--	--	1768.0
SK	09/30	17:00	Business Survey- Manufacturing	Oct	--	--	72.0
SK	09/30	17:00	Business Survey- Non-Manufacturing	Oct	--	--	72.0
SK	09/30	19:00	CPI (y/y)	Sep	-0.5	-0.3	0.0
SK	09/30	19:00	Core CPI (y/y)	Sep	--	--	0.9
JN	09/30	19:30	Jobless Rate (%)	Aug	2.2	--	2.2
JN	09/30	19:50	Tankan All Industries Index	3Q	--	7.0	7.4
JN	09/30	19:50	Tankan Manufacturing Index	3Q	--	2.0	7.0
JN	09/30	19:50	Tankan Non-Manufacturing Index	3Q	--	20.0	23.0
JN	09/30	20:00	Official Reserve Assets (US\$ bn)	Sep	--	--	1331.6
SK	09/30	20:00	Exports (y/y)	Sep	--	-4.8	-13.6
SK	09/30	20:00	Imports (y/y)	Sep	--	4.9	-4.2
SK	09/30	20:00	Trade Balance (US\$ mn)	Sep	--	4123.0	1653.0
JN	09/30	20:30	Markit/JMMA Manufacturing PMI	Sep F	--	--	48.9
AU	09/30	21:30	Building Approvals (m/m)	Aug	--	--	-9.7
ID	09/30	22:00	CPI (y/y)	Sep	3.6	--	3.5
ID	09/30	22:00	Core CPI (y/y)	Sep	--	--	3.3
TH	10/01	00:00	CPI (y/y)	Sep	0.3	--	0.5
TH	10/01	00:00	Core CPI (y/y)	Sep	--	--	0.5
JN	10/01	01:00	Vehicle Sales (y/y)	Sep	--	--	4.0
TH	10/01	03:30	Business Sentiment Index	Sep	--	--	48.6
NZ	10/01	12:00	QV House Prices (y/y)	Sep	--	--	2.3
JN	10/01	19:50	Monetary Base (y/y)	Sep	--	--	2.8
AU	10/01	00:30	RBA Cash Target Rate (%)	Oct 1	0.75	1.00	1.00

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

Key Indicators for the week of September 30 – October 4

ASIA-PACIFIC (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
JN	10/02	01:00	Consumer Confidence	Sep	--	--	37.1
HK	10/02	04:30	Retail Sales - Volume (y/y)	Aug	--	--	-13.0
AU	10/02	21:30	Trade Balance (AUD mn)	Aug	--	--	7268.0
TH	10/02	23:30	Consumer Confidence Economic	Sep	--	--	60.9
SI	10/03	09:00	Purchasing Managers Index	Sep	--	--	49.9
HK	10/03	20:30	Purchasing Managers Index	Sep	--	--	40.8
PH	10/03	21:00	CPI (y/y)	Sep	1.5	--	1.7
AU	10/03	21:30	Retail Sales (m/m)	Aug	--	--	-0.1
ID	10/03	22:00	Consumer Confidence Index	Sep	--	--	123.1
MA	10/04	00:00	Exports (y/y)	Aug	--	--	1.7
MA	10/04	00:00	Imports (y/y)	Aug	--	--	-5.9
MA	10/04	00:00	Trade Balance (MYR bn)	Aug	--	--	14.3
IN	10/04	02:15	Repo Rate (%)	Oct 4	5.05	--	5.40
IN	10/04	02:15	Reverse Repo Rate (%)	Oct 4	4.80	--	5.15
IN	10/04	02:15	Cash Reserve Ratio (%)	Oct 4	4.00	--	4.00

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CL	09/30	08:00	Industrial Production (y/y)	Aug	--	-2.5	5.7
CL	09/30	08:00	Unemployment Rate (%)	Aug	--	7.2	7.2
CO	09/30	11:00	Urban Unemployment Rate (%)	Aug	10.0	10.4	10.3
PE	10/01	01:00	Consumer Price Index (m/m)	Sep	0.1	--	0.1
PE	10/01	01:00	Consumer Price Index (y/y)	Sep	1.9	--	2.0
BZ	10/01	08:00	Industrial Production SA (m/m)	Aug	--	--	-0.3
BZ	10/01	08:00	Industrial Production (y/y)	Aug	--	--	-2.5
BZ	10/01	09:00	PMI Manufacturing Index	Sep	--	--	52.5
BZ	10/01	14:00	Trade Balance (FOB) - Monthly (US\$ mn)	Sep	--	--	3284.0
CL	10/03	08:00	Retail Sales (y/y)	Aug	--	1.5	1.8

Global Auctions for the week of September 30 – October 4**NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	10/02	12:00	Canada to Sell 10 Year Bonds

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
LN	09/30	05:00	Lithuania to Sell 0.1% 2022 Bonds
GE	10/02	05:30	Germany to Sell 3 Billion Euros of 0% 2024 Bonds
SP	10/03	04:45	Spain to Sell Bonds
FR	10/03	04:50	France to Sell Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	09/30	23:35	Japan to Sell 10 Year Bonds
MA	09/30	00:00	Malaysia to Sell 5, 10, & 20 Year Bonds
ID	10/01	05:00	Indonesia to Sell 2, 4, 15, & 30 Year Bonds

Events for the week of September 30 – October 4

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	10/01	03:15	Fed's Evans Speaks at Bundesbank Event in Frankfurt
US	10/01	09:30	Fed's Bowman Speaks at Community Banking Conference
US	10/02	00:00	FedScoop holds "2019 Public Sector Innovation Summit."
US	10/02	08:00	Fed's Barkin Speaks at a Conference on the Rural Economy
US	10/02	09:00	Fed's Harker Speaks at Community Banking Conference
US	10/02	10:50	New York Fed's Williams Speaks in San Diego
FI	10/02		U.S. President Trump Meets Finnish President Niinisto in D.C.
US	10/03	02:45	Fed's Evans Speaks at Central Banking Conference in Madrid
US	10/03	12:10	Fed's Mester takes Part in a Panel Discussion on Inflation
US	10/04	08:30	Fed's Rosengren Speaks at Boston Fed Conference
US	10/04	10:25	Fed's Bostic Speaks at Tulane University

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
IT	09/28	10:30	ECB's Visco Speaks in Lanciano, Italy
EC	09/29	14:00	ECB's Lautenschlaeger Speaks in Luxembourg
EC	09/30	21:00	ECB's Lane Speaks in LA
IT	09/30		Bank of Italy to Release 2Q Credit Conditions and Risk
SW	10/01	00:00	Danske Bank Releases New Macro Forecasts
FI	10/03	04:00	ECB's Rehn Press Briefing on Economic Outlook, Monetary Policy
SW	10/03	04:10	Riksbank's Ohlsson Gives Speech
SW	10/03	07:05	Riksbank's Skingsley Gives Speech
SW	10/03	13:00	Riksbank's Ingves Gives Speech
SW	10/04	02:45	Riksbank's Jansson Gives Speech

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	09/29	19:50	BOJ Summary of Opinions
AU	10/01	00:30	RBA Cash Rate Target
AU	10/01	05:20	RBA Governor Lowe Speaks in Melbourne
TH	10/01	22:00	Bank of Thailand's MPC Minutes
JN	10/02	21:00	BOJ Board Member Funo Speech in Shimane
AU	10/03	21:30	RBA Financial Stability Review
AU	10/03	22:00	RBA's Ellis Gives Speech in Geelong
IN	10/04	02:15	RBI Repurchase Rate
IN	10/04	02:15	RBI Reverse Repo Rate
IN	10/04	02:15	RBI Cash Reserve Ratio

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CO	10/04	14:00	Colombia Monetary Policy Minutes

Source: Bloomberg, Scotiabank Economics.

Global Central Bank Watch

NORTH AMERICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Canada – Overnight Target Rate	1.75	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	November 14, 2019	7.75	7.75

EUROPE

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

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Japan – Policy Rate	-0.10	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	November 12, 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	November 6, 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	November 14, 2019	3.75	4.00

Reserve Bank of Australia (RBA): Australian authorities will make a monetary policy decision on October 1. Enabled by low inflationary pressures, we expect the RBA to continue taking decisive steps to support the economy and lower the policy interest rate by 25 bps to 0.75%. The key interest rate was cut by 25 bps in June and July, taking the rate to 1.0%. RBA Governor Philip Lowe has pointed out that labour market developments play a key role in directing future decisions; the labour market has failed to strengthen in recent months with the unemployment rate climbing to 5.3% in August. **Reserve Bank of India (RBI):** Indian monetary policymakers will likely stimulate the Indian economy further following the Monetary Policy Committee's bimonthly meeting in early October; the policy decision will be announced on October 4. Following the August policy meeting, the RBI lowered the benchmark repo rate by 35 bps to 5.40%. The unconventional increment was defended as Goldilocks solution: 25 bps was deemed inadequate in view of evolving global and domestic economic developments, while 50 bps was considered excessive, particularly in light of actions already taken. We expect the benchmark repo rate to be cut again, potentially by a similar magnitude to 5.05%, marking a fifth consecutive interest rate reduction.

LATIN AMERICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Banco Central do Brasil – Selic Rate	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	October 31, 2019	4.25	4.25
Banco Central de Reserva del Perú – Reference Rate	2.50	October 10, 2019	2.50	2.50

AFRICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
South African Reserve Bank – Repo Rate	6.50	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.