

CENTRAL BANK PLAYOFFS

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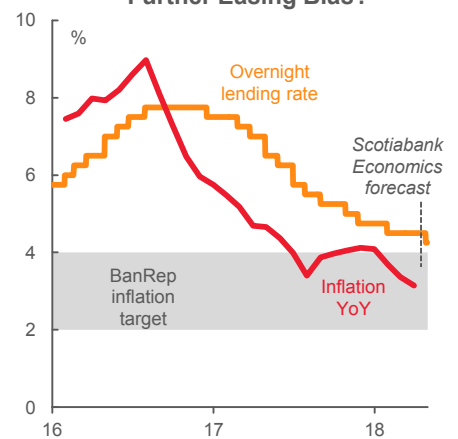
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Next Week's Risk Dashboard

- ▶ CBs: ECB, BoJ...
- ▶ ... Riksbank, Colombia, Russia, Turkey
- ▶ US, CDN earnings
- ▶ GDP: US, UK, France, Spain
- ▶ CPI: Australia, France, Spain
- ▶ Eurozone surveys
- ▶ Mexican Presidential debate
- ▶ BoC's Poloz
- ▶ US: investment, housing, wages, confidence
- ▶ Chinese profits

Chart of the Week

Further Easing Bias?



Sources: Scotiabank Economics, Bloomberg.

Chart of the Week: Prepared by: Raffi Ghazarian, Senior Research Analyst.

Central Bank Playoffs

UNITED STATES — NUTS AND BOLTS

Earnings and data risk should dominate the calendar over the coming week. In this regard, the focus returns to good old nuts and bolts fundamentals. IMF and World Bank meetings also wrap up in Washington this weekend.

Earnings reports from 178 S&P500 firms will arrive over the coming week with a particular emphasis upon tech stocks although the earnings season fans out from the initial focus upon financials. Names will include Alphabet, Whirlpool, Xerox, Coca-Cola, 3M, Caterpillar, Lockheed Martin, Visa, AT&T, Facebook, eBay, Ford, Pepsi, Time Warner, UPS, GM, Intel, Amazon, Microsoft and Starbucks.

Data risk will include the following:

1. Q1 GDP (Friday): Growth of 2.2% is forecast. The Atlanta Fed 'nowcasts' Q1 growth of 2% compared to the NY Fed's 'nowcast' estimate of 2.7% and the St. Louis Fed's 'nowcast' estimate of 3.4%. Soft growth in consumer spending during Q1 explains much of the Q1 GDP softening. Softer Q1 GDP growth this year has nothing to do with residual seasonality in the GDP accounts that can often plague Q1 each year. As chart 1 depicts, consumer spending in Q1 doesn't usually underperform the rest of the year and therefore isn't typically the culprit for soft Q1 GDP growth, though it happens to be this year. A stronger picture for consumer spending is likely into Q2 as income growth partially stemming from tax reforms and associated distributions is realized and spent and transitory distortions like more adverse weather than normal in parts of the country shake out.

2. Investment (Thursday): A rise in Boeing aircraft orders from 30 in February to 197 in March should benefit headline durable goods orders but the bigger issue is whether the strong rise in core orders ex-air and defense during February was a flash in the pan against a previously weakening trend since September, or the start of a sustainable investment rebound as captured through GDP accounts. The improvement in the quarterly growth trend of the core order book has so far stumbled somewhat into 2018 (chart 2).

3. Housing: The sales side of the picture is up for a complete update with March prints for home resales (Monday) and new home sales (Tuesday) plus the February reading for the S&P et al measure of repeat sales home prices (Tuesday) all on tap. Both sales measures are seeking to establish a trend in the wake of distortions like the Tax Cuts and Jobs Act and weather. The TCJA lowered the ceiling on mortgage interest deductibility and eliminated HELOCs interest deductibility for which sales appear to have paid a price in addition to the effects of higher mortgage rates.

4. Labour costs (Friday): The employment costs for civilian workers measure has been gently rising over the past year but entirely on the benefits side of the picture. The wages component has been steady and is expected to remain so in the Q1 update. It is among several measures of labour cost pressures that the Fed considers (chart 3).

5. Consumer confidence: The Conference Board's measure (Tuesday) is expected to remain around the highest levels since 2000.

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

Chart 1 Soft Q1 US Consumption is not a Seasonal Distortion Behind Weak GDP

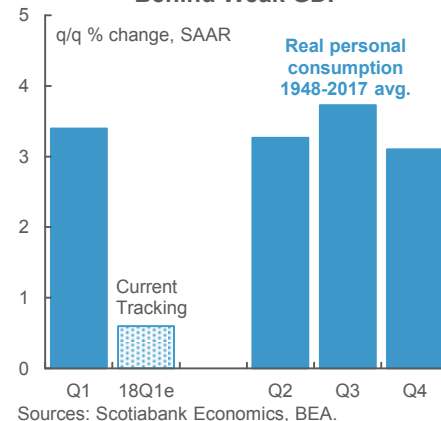


Chart 2 US Non-Defence Capital Goods ex. Aircraft

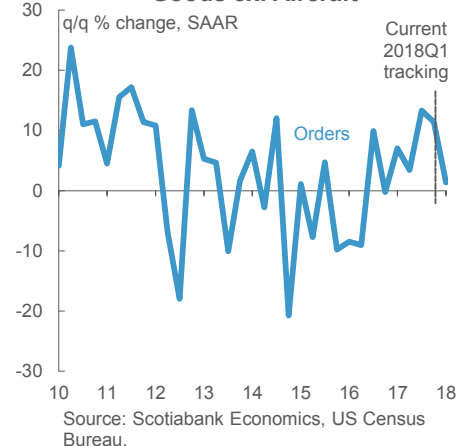
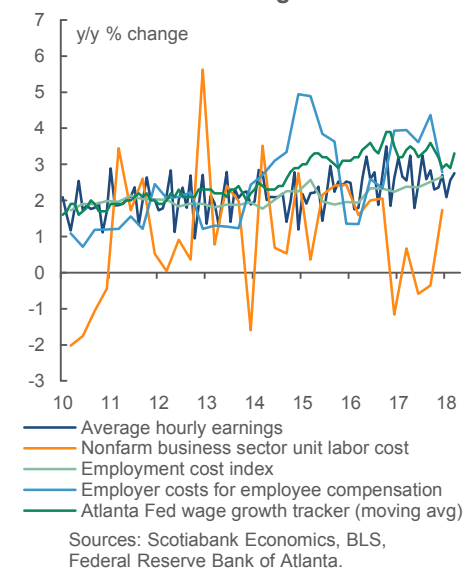


Chart 3 Muted US Wage Growth



CANADA — SELL IN MAY?

Canada should settle down over the coming week with relatively little on the docket compared to the recent past. Bank of Canada testimony, earnings reports and very limited data risk will marginally inform market tone across asset classes.

The latest NAFTA guidance from named Mexican and from anonymous US officials points toward momentum for a handshake deal sometime during the first half of May albeit that this guidance has been perennially pushed out to date. The timeframe is tightening, however, given the requirement for the current US Congress to have 6½ months to review the agreement. Regardless, there is unlikely to be a major development on this front over the coming week but if anything arises then pay particular attention to progress—or lack thereof—on auto content negotiations.

BoC Governor Poloz and Senior Deputy Governor Wilkins testify on the outlook and monetary policy before the House of Commons Standing Committee on Finance on Monday afternoon at 3:30pmET. An opening statement is likely to repeat the broad strokes of recent BoC communications that were assessed [here](#).

One question I'd ask would be: what are the criteria that the BoC is searching for in deciding when to hike next? Of course they wouldn't answer by way of what specific readings they are looking for, but broadly speaking is there an overall combination of data-dependent outcomes for growth, inflation and wages that would skew the possible decision toward hiking next month, or at the next meeting on July 11th or later? It's at least worth a shot, though central bankers are schooled in the art of dodging such questions, except when they don't... The issue is of particular relevance on the path to the May 30th BoC meeting given that recent communications stated that "We will be monitoring the data for the second quarter very closely in the weeks ahead" as it anticipates a "strong" Q2 rebound. A May hike remains possible but the likely criteria will include a combination of stronger activity readings and at least holding firm on wage and price evidence which is so far happening ([here](#)).

Other possible questions to the Governor could include explaining why the MPR seemed more positive on investment than the Governor was in his press conference and ensuing media interviews later in the day. Does the Governor subscribe more to what the MPR said or his guidance thereafter? Also querying the Governor on whether he still believes the economy is 50% more interest sensitive today than in the past and how this estimate was derived would be useful.

Data risk will be confined to just Monday's wholesale trade figures for February. Traders usually yawn at the print if they even notice it. The only significance lies in terms of updated growth-tracking given a small 6% weight in GDP. February GDP lands on May 1st. So far, I'm tracking about a 0.4% m/m rise that would be the strongest print in three months pending wholesale. The catalysts include a 0.6% m/m rise in hours worked, given that GDP equals hours worked times labour productivity itself defined as output per hour worked. Also, manufacturing shipment volumes were up 2% m/m, housing starts rose 6.7% and retail sales volumes increased by 0.3%. Export volumes were up 0.6% m/m which may reflect gains in export-intensive sectors that could flow through GDP, and import volumes were up 1.9% m/m which may signal demand-pull strength in import-related activities (such as wholesalers). Transitory growth headwinds that dragged down January's GDP (-0.1%) are expected to reverse and easily add a tenth or two to GDP growth. Recall that mining, quarrying, oil and gas extraction fell by 2.7% m/m in January significantly due to unscheduled maintenance shutdowns that resulted in a 7.1% plunge in non-conventional oil extraction. There were also rail transportation issues that impeded the movement of grains and hit agricultural sector GDP.

Thirty-seven TSX-listed firms release earnings reports over the coming week including Barrick Gold and several other gold plays, CN, Metro, West Fraser and TransCanada. Canada's pre-tax profit cycle scaled to the economy is on somewhat stronger foundations than stateside but the US market is more richly priced (charts 4, 5). The TSX dividend yield is approaching 3%—a full point above the S&P500 and nearly triple that of the Nasdaq—and TSX multiples remain considerably lower.

Canada holds a ten year auction on Wednesday.

Chart 4

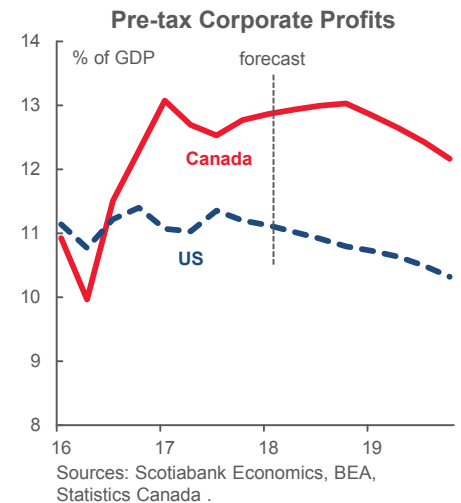
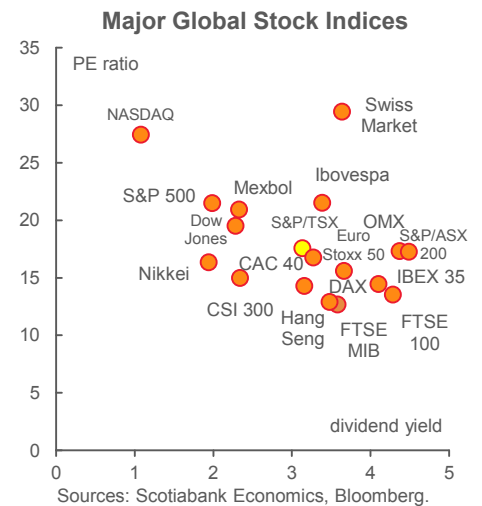


Chart 5



LATIN AMERICA — IT'S LOPEZ'S ELECTION TO LOSE

An expected rate cut in Colombia and Mexican politics will dominate regional market influences over the coming week.

Banrep is expected to cut its overnight lending rate by at least 25bps again on Friday. That would bring cumulative easing to 350bps since the end of 2016 and set a new low since August 2014. As chart 6 depicts, Colombian inflation is back within the central bank's policy target range of 2–4%. Finance Minister Cardenas—who sits on BanRep's board—recently stated “There's space for cutting the rate. I think a consensus is being formed about it. So I haven't made up my mind on whether I will suggest 25 or 50, it depends on the data we're seeing.”

The first Presidential candidates' debate in Mexico occurs this Sunday. The election is Andres Manuel Lopez Obrador's to lose given the leftist candidate is presently polling about half of voter support (chart 7). Perceptions of relative performance may inform peso positioning into the start of the week.

Minutes to the April 12th Banxico meeting (Thursday) at which the central bank held the policy rate at 7.5%, Mexican retail sales (Wednesday) and the unemployment rate (Thursday) round out the Mexican focus over the coming week.

EUROPE — A BIG WEEK FOR FIVE CENTRAL BANKS

This will be a jam-packed week of European developments with a focus upon growth tracking, inflation updates and several central bank decisions.

First up will be four central bank decisions that may all present global and local market risks.

ECB (Thursday): No policy changes are expected and guidance on policy exits may not yet be forthcoming. Inflation revisions took Eurozone CPI down a tick to 1.3% y/y with core measures hovering around 1% or about half of the 'under 2%' inflation target. Trade tensions and the euro's nearly one-fifth appreciation versus the USD since the start of last year are weighing upon the outlook as solid recent growth begins to ease at the margin.

Riksbank (Thursday): After headline inflation returned to the 2% inflation target but inflation ex-energy remained at 1.5%, the Riksbank is unlikely to alter prior guidance for a hike to be delivered sometime over 2018H2. To date, the Riksbank projects the -0.5% repo rate to only become positive by 2019Q3.

Russia (Friday): An easing bias may be interrupted next Friday given the biting impact of western sanctions on Russia that have driven the ruble lower and raised exchange rate pass-through inflation risk. Bank of Russia's First Deputy Governor Ksenia Yudaeva recently remarked that “the probability of a reduction has declined” and “The trajectory of cuts in the key rate will be adjusted slightly upward. It will be reduced more slowly than we planned earlier.”

Turkey (Wednesday): The surprise election call by President Erdogan for June 24th complicates monetary policy as the possibility of the Central Bank staying out of election headlines is confronted by market volatility that has driven the lira lower toward a record low versus the USD. The central bank may jump in to restore currency stability with a hike.

The ECB's bias will also be informed by top-shelf macro data. Another batch of **purchasing managers' indices** for April arrives on Monday. They have been weakening of late along with evidence of a global deceleration (chart 8). To what degree this means GDP growth is also weakening given historical correlations will be clearer when France and Spain release Q1 GDP growth estimates on Friday—the day after the ECB although it would have an advanced understanding of the estimate beforehand. The

Chart 6 **Further Easing Bias?**

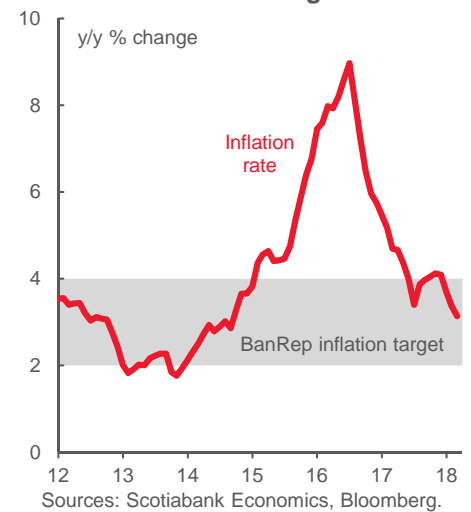
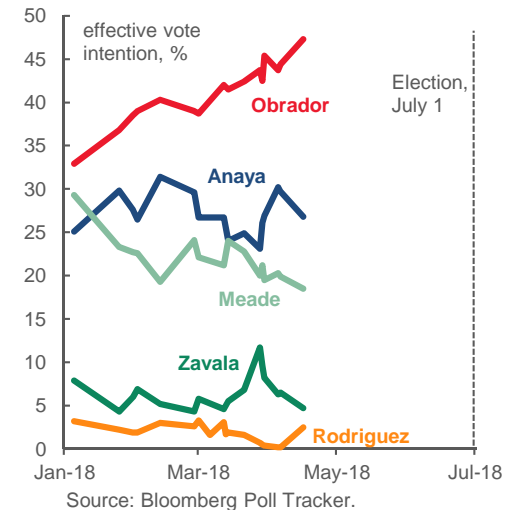


Chart 7

Mexican Presidential Election



Eurozone GDP add-up lands on May 2nd. The same logic applies to the first glimpses at Eurozone CPI in April when **France and Spain release their inflation readings** on the same day as GDP. Of tertiary importance relative to the rest will be updated consumer spending figures for March from France and Spain on Friday and Germany either by late week or into the next. Ditto for German IFO business confidence (Tuesday), German GfK consumer confidence (Thursday) and updated Eurozone confidence readings for April on Friday.

As for Bank of England watchers, the path to the May 10th meeting recently became murkier. Our UK economist/strategist Alan Clarke expects Friday's **GDP growth** to slow to 0.3–0.4% q/q at a seasonally adjusted but non-annualized rate in keeping with PMIs (chart 9). That would mean growth of around 1½% y/y. A downside disappointment could further reduce the market odds of a hike in May but the BoE could see through weather distortions. After core CPI inflation unexpectedly slipped to 2.3% y/y for the weakest reading since last March, the transitory influences of sterling's prior depreciation are shaking out. Adding to the intrigue is a recent BBC interview by BoE Governor Carney who lessened market expectations for a May hike by saying the May meeting will be conducted "conscious that there are other meetings" and that there would only be a few hikes possible in the years ahead. Scotia's UK-based economist/strategist Alan Clarke recently revised his forecast and now expects **the BoE to remain on hold in May.** Please see his note for further elaboration.

ASIA — KOMMUNICATION RISK

Bank of Japan and RBA watchers will have their appetites whetted by significant developments over the coming week in an otherwise light calendar by way of factors that could influence the global market tone. Ongoing US-China trade and investment tensions remain the wildcard risk into higher risk next month.

The Bank of Japan's latest policy pronouncements are not expected to present a shift in directions or guidance later in the week. Governor Kuroda sparked some market concern in early March when he remarked that 2019 could be the year for exiting policy stimulus and then dialed that back just days later when he said: "Right now it's too early to debate what tools we should use, and what kind of pace we should take. I said that we would be discussing how to move forward with exit. I never said we would be exiting immediately in fiscal 2019." Communications risk is the more likely source of market volatility than substantive changes in policy direction. It's difficult to envisage the scenarios that could motivate a move away from the "around zero" nominal 10 year bond target. Core inflation is still stuck around 1% y/y and hence at about half of the inflation target. The yen is still about 5% firmer versus the USD so far this year. Further, another sales tax increase is planned for October of next year and will likely dampen consumption while sparking transitory inflation and then renewed disinflation. The BoJ's rising share of the JGBs market (chart 10) is not at dysfunctional levels especially in light of the 'around zero' target that substitutes an option to buy as a dare to markets for tangible purchases.

Japan also updates retail sales, industrial output, housing starts and the jobless rate later in the week and all for March along with Tokyo CPI for April.

Chart 8

Global Manufacturing

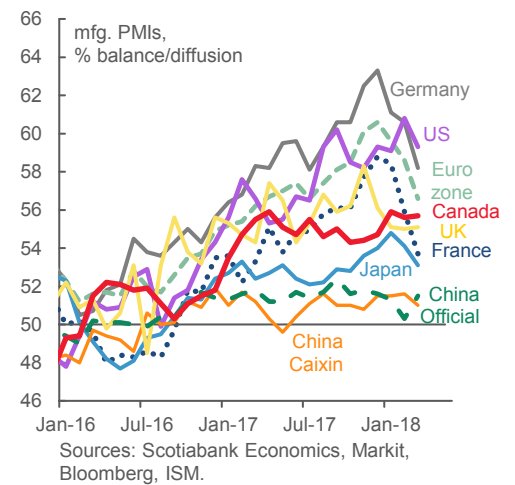


Chart 9

UK PMI Signalling No Growth Acceleration

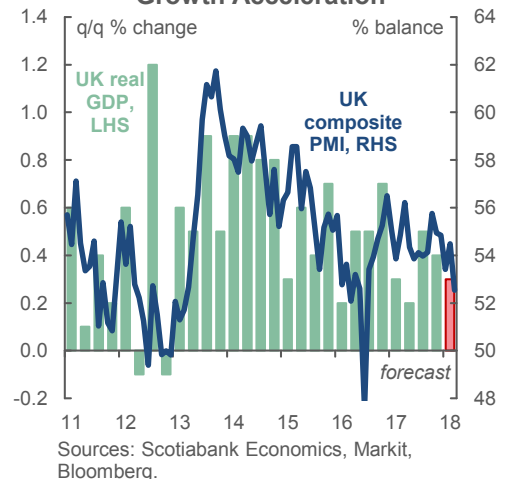


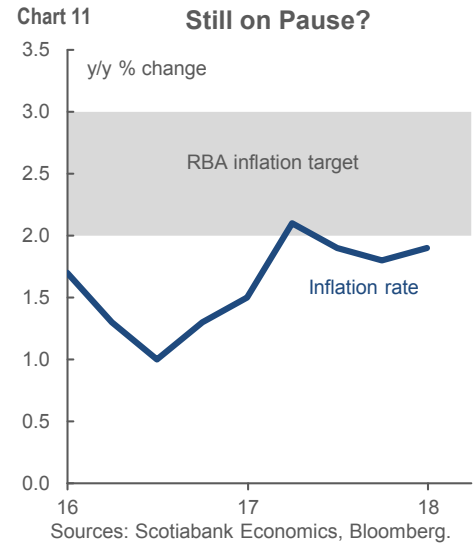
Chart 10

Bank of Japan Government Bond & T-bill Holdings



Australian CPI (Monday) will be updated with the Q1 reading. Headline CPI is expected to hold at about 1.9% y/y. That lies just beneath the RBA's 2–3% inflation target range (chart 11). The trimmed mean CPI and weighted median CPI measures were at 1.8% and 2% in Q4 respectively with little change expected next week. [This](#) speech by Deputy Governor Guy Debelle on the RBA's experience with inflation targeting over time is worth a quick read for RBA watchers.

Chinese industrial profit growth will likely continue to ease when March figures arrive later in the week. The year-ago growth rate peaked at about 28% last September and now we're rebasing to the prior acceleration that makes incremental growth harder to come by as profit levels remain elevated. **GDP growth is expected to hover just beneath 3% in both South Korea (Wednesday evening eastern time) and Taiwan (Friday morning ET).**



Key Indicators for the week of April 23 – 27
NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	04/23	08:30	Wholesale Trade (m/m)	Feb	--	--	0.1
MX	04/23	09:00	Global Economic Indicator IGAE (y/y)	Feb	2.4	2.0	2.2
US	04/23	10:00	Existing Home Sales (mn a.r.)	Mar	5.55	5.55	5.54
US	04/23	10:00	Existing Home Sales (m/m)	Mar	0.2	0.2	3.0
MX	04/24	09:00	Bi-Weekly Core CPI (% change)	Apr 15	0.2	0.1	0.1
MX	04/24	09:00	Bi-Weekly CPI (% change)	Apr 15	-0.2	-0.3	0.0
US	04/24	09:00	S&P/Case-Shiller Home Price Index (m/m)	Feb	--	0.6	0.8
US	04/24	09:00	S&P/Case-Shiller Home Price Index (y/y)	Feb	6.3	6.3	6.4
US	04/24	10:00	Consumer Confidence Index	Apr	126.5	126.0	127.7
US	04/24	10:00	New Home Sales (000s a.r.)	Mar	630.0	626.5	618.0
US	04/24	10:00	Richmond Fed Manufacturing Index	Apr	--	16.0	15.0
US	04/25	07:00	MBA Mortgage Applications (w/w)	APR 20	--	--	4.9
MX	04/25	09:00	Retail Sales (INEGI) (y/y)	Feb	--	--	0.5
US	04/26	08:30	Durable Goods Orders (m/m)	Mar P	0.8	1.2	3.0
US	04/26	08:30	Durable Goods Orders ex. Trans. (m/m)	Mar P	0.4	0.4	1.0
US	04/26	08:30	Initial Jobless Claims (000s)	APR 21	235	--	232
US	04/26	08:30	Continuing Claims (000s)	APR 14	1850	--	1863
US	04/26	08:30	Wholesale Inventories (m/m)	Mar P	--	--	1.0
MX	04/26	09:00	Unemployment Rate (%)	Mar	3.7	--	3.2
US	04/27	08:30	Employment Cost Index (q/q)	1Q	--	0.7	0.6
US	04/27	08:30	GDP (q/q a.r.)	1Q A	2.2	2.0	2.9
US	04/27	08:30	GDP Deflator (q/q a.r.)	1Q A	--	2.2	2.3
MX	04/27	09:00	Trade Balance (US\$ mn)	Mar	144.0	--	1062.4
US	04/27	10:00	U. of Michigan Consumer Sentiment	Apr F	--	98.0	97.8

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
FR	04/23	03:00	Manufacturing PMI	Apr P	--	53.5	53.7
FR	04/23	03:00	Services PMI	Apr P	--	56.5	56.9
GE	04/23	03:30	Manufacturing PMI	Apr P	--	57.5	58.2
GE	04/23	03:30	Services PMI	Apr P	--	53.7	53.9
EC	04/23	04:00	Composite PMI	Apr P	--	54.8	55.2
EC	04/23	04:00	Manufacturing PMI	Apr P	--	56.1	56.6
EC	04/23	04:00	Services PMI	Apr P	--	54.6	54.9
GE	04/24	04:00	IFO Business Climate Survey	Apr	--	102.8	103.2
GE	04/24	04:00	IFO Current Assessment Survey	Apr	--	106.0	106.5
GE	04/24	04:00	IFO Expectations Survey	Apr	--	99.5	100.1
UK	04/24	04:30	PSNB ex. Interventions (£ bn)	Mar	1.1	2.9	1.3
UK	04/24	04:30	Public Finances (PSNCR) (£ bn)	Mar	--	--	18.6
UK	04/24	04:30	Public Sector Net Borrowing (£ bn)	Mar	--	1.3	-0.3
TU	04/25	07:00	Benchmark Repo Rate (%)	Apr 25	8.00	8.00	8.00
GE	04/26	02:00	GfK Consumer Confidence Survey	May	--	10.8	10.9
SP	04/26	03:00	Unemployment Rate (%)	1Q	--	16.2	16.6
SW	04/26	03:30	Riksbank Interest Rate (%)	Apr 26	-0.50	-0.50	-0.50
SP	04/26	07:00	Budget Balance YTD (€ mn)	Mar	--	--	-10121
EC	04/26	07:45	ECB Main Refinancing Rate (%)	Apr 26	0.00	0.00	0.00
UK	04/26	19:01	GfK Consumer Confidence Survey	Apr	-5.0	-7.0	-7.0
FR	04/27	01:30	GDP (q/q)	1Q A	--	0.4	0.0
FR	04/27	02:45	Consumer Spending (m/m)	Mar	--	0.5	2.4
FR	04/27	02:45	CPI (m/m)	Apr P	--	0.1	1.0
FR	04/27	02:45	CPI (y/y)	Apr P	--	1.6	1.6
FR	04/27	02:45	CPI - EU Harmonized (m/m)	Apr P	--	0.1	1.1
FR	04/27	02:45	CPI - EU Harmonized (y/y)	Apr P	--	1.7	1.7
FR	04/27	02:45	Producer Prices (m/m)	Mar	--	--	0.1

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

Key Indicators for the week of April 23 – 27
EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
SP	04/27	03:00	CPI (m/m)	Apr P	--	1.1	0.1
SP	04/27	03:00	CPI (y/y)	Apr P	--	1.2	1.2
SP	04/27	03:00	CPI - EU Harmonized (m/m)	Apr P	--	0.8	1.2
SP	04/27	03:00	CPI - EU Harmonized (y/y)	Apr P	--	1.2	1.3
SP	04/27	03:00	Real GDP (q/q)	1Q P	--	0.7	0.7
SP	04/27	03:00	Real Retail Sales (y/y)	Mar	--	--	2.2
GE	04/27	03:55	Unemployment (000s)	Apr	--	-15.0	-19.0
GE	04/27	03:55	Unemployment Rate (%)	Apr	--	5.3	5.3
UK	04/27	04:30	GDP (q/q)	1Q A	0.3	0.3	0.4
UK	04/27	04:30	Index of Services (m/m)	Feb	0.0	0.1	0.2
EC	04/27	05:00	Business Climate Indicator	Apr	--	1.3	1.3
EC	04/27	05:00	Economic Confidence	Apr	--	112.0	112.6
EC	04/27	05:00	Industrial Confidence	Apr	--	5.9	6.4
RU	04/27	06:30	One-Week Auction Rate (%)	Apr 27	7.25	7.25	7.25

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
JN	04/22	20:30	Markit/JMMA Manufacturing PMI	Apr P	--	--	53.1
TH	04/22	23:00	Customs Exports (y/y)	Mar	--	5.9	10.3
TH	04/22	23:00	Customs Imports (y/y)	Mar	--	11.5	16.0
TH	04/22	23:00	Customs Trade Balance (US\$ mn)	Mar	--	620.0	807.6
SI	04/23	01:00	CPI (y/y)	Mar	0.4	0.5	0.5
TA	04/23	04:00	Industrial Production (y/y)	Mar	--	2.1	-1.9
TA	04/23	04:00	Unemployment Rate (%)	Mar	3.7	3.7	3.7
HK	04/23	04:30	CPI (y/y)	Mar	2.6	2.6	3.1
AU	04/23	21:30	Consumer Prices (y/y)	1Q	2.0	2.0	1.9
JN	04/24	01:00	Coincident Index CI	Feb F	115.6	--	115.6
JN	04/24	01:00	Leading Index CI	Feb F	105.8	--	105.8
JN	04/24	01:00	Supermarket Sales (y/y)	Mar	--	--	1.3
JN	04/24	02:00	Machine Tool Orders (y/y)	Mar F	--	--	28.1
SK	04/24	17:00	Consumer Confidence Index	Apr	--	--	108.1
VN	APR 24-30		CPI (y/y)	Apr	--	3.2	2.7
VN	APR 24-30		Exports (y/y)	Apr	--	--	22.0
VN	APR 24-30		Imports (y/y)	Apr	--	--	13.6
VN	APR 24-30		Industrial Production (y/y)	Apr	--	--	8.7
JN	04/25	00:30	All Industry Activity Index (m/m)	Feb	--	0.5	-1.8
SK	04/25	19:00	GDP (y/y)	1Q P	2.8	2.9	2.8
SI	04/26	01:00	Industrial Production (y/y)	Mar	--	5.3	8.9
HK	04/26	04:30	Exports (y/y)	Mar	--	3.1	1.7
HK	04/26	04:30	Imports (y/y)	Mar	--	5.4	-3.2
HK	04/26	04:30	Trade Balance (HKD bn)	Mar	--	-51.0	-42.7
SK	04/26	17:00	Business Survey- Manufacturing	May	--	--	78.0
SK	04/26	17:00	Business Survey- Non-Manufacturing	May	--	--	80.0
NZ	04/26	18:00	ANZ Consumer Confidence Index	Apr	--	--	128.0
NZ	04/26	18:45	Trade Balance (NZD mn)	Mar	--	200.0	216.9
NZ	04/26	18:45	Exports (NZD bn)	Mar	--	5.0	4.5
NZ	04/26	18:45	Imports (NZD bn)	Mar	--	4.9	4.2
JN	04/26	19:30	Jobless Rate (%)	Mar	2.5	2.5	2.5
JN	04/26	19:30	Tokyo CPI (y/y)	Apr	--	0.8	1.0
JN	04/26	19:50	Industrial Production (m/m)	Mar P	--	0.5	2.0
JN	04/26	19:50	Large Retailers' Sales (y/y)	Mar	--	0.8	0.6
JN	04/26	19:50	Retail Trade (y/y)	Mar	--	1.5	1.7
JN	04/26	19:50	Industrial Production (y/y)	Mar P	--	2.0	1.6
AU	04/26	21:30	Producer Price Index (y/y)	1Q	--	--	1.7
CH	04/26	21:30	Industrial Profits YTD (y/y)	Mar	--	--	10.8
SI	04/26	22:30	Unemployment Rate (%)	1Q	2.1	2.1	2.1
JN	APR 26-27		BoJ Policy Rate (%)	Apr 27	-0.10	--	-0.10

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

Key Indicators for the week of April 23 – 27

ASIA-PACIFIC (continued from previous page)

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
JN	04/27	00:00	Vehicle Production (y/y)	Mar	--	--	-0.1
JN	04/27	01:00	Housing Starts (y/y)	Mar	--	-4.8	-2.6
JN	04/27	01:00	Construction Orders (y/y)	Mar	--	--	19.2
TA	04/27	04:30	Real GDP (y/y)	1Q P	3.4	2.8	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>
BZ	04/25	09:30	Current Account (US\$ mn)	Mar	--	--	283.2
CO	04/27		Overnight Lending Rate (%)	Apr 27	4.25	4.25	4.50

Global Auctions for the week of April 23 – 27

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	04/24	13:00	U.S. to Sell USD32 Bln 2-Year Notes
US	04/25	11:30	U.S. to Sell USD17 Bln 2-Year Floating Rate Notes
CA	04/25	12:00	Canada to Sell CAD2.3 Bln 2% 2028 Bonds
US	04/25	13:00	U.S. to Sell USD35 Bln 5-Year Notes
US	04/26	13:00	U.S. to Sell USD29 Bln 7-Year Notes

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BE	04/23	05:30	Belgium to Sell OLO Bonds
NO	04/23	06:00	Bond Auction Offering
IT	04/24	05:00	Italy to Sell Up to 2 Billion Euros of 2020 Zero Bonds
IT	04/24	05:00	Italy to Sell 1.3% 2028 Linkers
IT	04/24	05:00	Italy to Sell 1.25% 2032 Linkers
GE	04/24	05:30	Germany to Sell EUR4 Bln 0% 2020 Bonds
UK	04/24	05:30	U.K. to Sell 750 Million Pounds of 0.125% 2048 Linkers
FI	04/24	06:00	Finland to Sell 0.5% 2027 Bonds
SW	04/26	05:03	Sweden to Sell I/L Bonds
IT	04/27	05:00	Italy to Sell Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	04/22	21:00	Australia To Sell AUD500 Mln 3.25% 2029 Bonds
CH	04/23	02:00	Gansu to Sell CNY6.6 Bln 5Y Bonds
JN	04/23	23:45	Japan to Sell 2-Year Bonds
CH	04/24	22:35	China to Sell CNY29 Bln 1-Yr Upsized Bonds
CH	04/24	22:35	China to Sell CNY29 Bln 10-Yr Upsized Bonds
AU	04/26	21:00	Australia To Sell AUD500 Mln 2.25% 2022 Bonds

Events for the week of April 23 – 27

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
MX	04/22		Round 1: Presidential Candidates Debate Takes Place in CDMX
CA	04/23	15:30	Bank of Canada's Poloz and Wilkins testify at House Committee
MX	04/26	10:00	Central Bank Monetary Policy Minutes

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	04/23	10:00	ECB's Coeure Speaks in Frankfurt
SW	04/24	02:00	Swedish FSA Head Speaks About New Mortgage Models
FR	04/24	05:30	ECB's Villeroy Speaks in London
UK	04/24	06:35	BOE Chief Cashier Cleland Moderates Panel on Cash
UK	04/24	09:10	BOE's Woods Speaks on Global Regulation in London
EC	04/25	03:00	ECB's Villeroy, Knot, Lane Speak in Paris
GE	04/25	04:00	German government presents updated economic forecasts
TU	04/25	07:00	Benchmark Repurchase Rate
TU	04/25	07:00	Overnight Lending Rate
TU	04/25	07:00	Overnight Borrowing Rate
TU	04/25	07:00	Late Liquidity Lending Rate
SW	04/26	03:30	Riksbank Interest Rate
EC	04/26	07:45	ECB Main Refinancing Rate
EC	04/26	07:45	ECB Marginal Lending Facility
EC	04/26	07:45	ECB Deposit Facility Rate
FI	04/26	08:00	EU Trade Commissioner Malmstrom Visits Helsinki
EC	04/26	08:30	ECB President Draghi's Media Briefing After Policy Decision
EC	04/26	11:20	ECB's Nouy Speaks in Sofia
EC	04/27	01:45	ECB's Mersch Speaks in Sofia
SW	04/27	02:00	Riksbank's Skingsley in Panel Debate on E-krona
EC	04/27	02:45	ECB's Lautenschlaeger Speaks in Sofia
SZ	04/27	04:00	SNB's Jordan, Studer Speak at Central Bank's AGM in Bern
EC	04/27	04:00	ECB Survey of Professional Forecasters
EC	04/27	04:00	ECB's Mersch Speaks in Sofia
RU	04/27	06:30	Key Rate
GE	04/27		Germany Sovereign Debt to be rated by S&P
UK	04/27		United Kingdom Sovereign Debt to be rated by S&P
IT	04/27		Italy Sovereign Debt to be rated by S&P
UK	04/27		United Kingdom Sovereign Debt to be rated by Fitch

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	04/23	18:00	RBA's Kent Gives Speech in Sydney
JN	APR 26-27		BOJ 10-Yr Yield Target
JN	APR 26-27		BOJ Outlook Report
JN	APR 26-27		BOJ Policy Balance Rate

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CO	04/27		Overnight Lending Rate

Source: Bloomberg, Scotiabank Economics.

Global Central Bank Watch

NORTH AMERICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Canada – Overnight Target Rate	1.25	May 30, 2018	1.25	1.38
Federal Reserve – Federal Funds Target Rate	1.75	May 2, 2018	1.75	1.75
Banco de México – Overnight Rate	7.50	May 17, 2018	7.50	--

EUROPE

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
European Central Bank – Refinancing Rate	0.00	April 26, 2018	0.00	0.00
Bank of England – Bank Rate	0.50	May 10, 2018	0.50	--
Swiss National Bank – Libor Target Rate	-0.75	June 21, 2018	-0.75	--
Central Bank of Russia – One-Week Auction Rate	7.25	April 27, 2018	7.25	7.25
Sweden Riksbank – Repo Rate	-0.50	April 26, 2018	-0.50	-0.50
Norges Bank – Deposit Rate	0.50	May 3, 2018	0.50	--
Central Bank of Turkey – Benchmark Repo Rate	8.00	April 25, 2018	8.00	8.00

ECB: No policy changes are expected and guidance on policy exits may not yet be forthcoming. Inflation revisions took Eurozone CPI down a tick to 1.3% y/y with core measures hovering around 1% or about half of the 'under 2%' inflation target. Trade tensions and the euro's nearly one-fifth appreciation versus the USD since the start of last year are weighing upon the outlook as solid recent growth begins to ease at the margin.

Riksbank: After headline inflation returned to the 2% inflation target but inflation ex-energy remained at 1.5%, the Riksbank is unlikely to alter prior guidance for a hike to be delivered sometime over 2018H2. To date, the Riksbank projects the -0.5% repo rate to only become positive by 2019Q3.

Russia: An easing bias may be interrupted next Friday given the biting impact of western sanctions on Russia that have driven the ruble lower and raised exchange rate pass-through inflation risk.

Turkey: The surprise election call for June 24th complicates monetary policy as the possibility of staying out of election headlines is confronted by market volatility that has driven the lira lower toward a record low versus the USD. The central bank may jump in to restore currency stability with a hike.

ASIA PACIFIC

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Japan – Policy Rate	-0.10	April 27, 2018	-0.10	--
Reserve Bank of Australia – Cash Target Rate	1.50	May 1, 2018	1.50	1.50
Reserve Bank of New Zealand – Cash Rate	1.75	May 9, 2018	1.75	1.75
People's Bank of China – Lending Rate	4.35	TBA	--	--
Reserve Bank of India – Repo Rate	6.00	June 6, 2018	6.00	--
Bank of Korea – Bank Rate	1.50	May 24, 2018	1.50	--
Bank of Thailand – Repo Rate	1.50	May 16, 2018	1.50	1.50
Bank Negara Malaysia – Overnight Policy Rate	3.25	May 10, 2018	3.25	--
Bank Indonesia – 7-Day Reverse Repo Rate	4.25	May 17, 2018	4.25	--

The Bank of Japan (BoJ) will hold a monetary policy meeting on April 27, likely leaving the policy stance unchanged given its firm commitment to reaching the 2% y/y inflation target. We estimate that Japan's headline inflation will close 2018 at 1.1% y/y. The planned hike in the consumption tax rate will take inflation above 2% in late 2019. Simultaneously, the tax rate hike will likely adversely impact domestic demand, requiring the BoJ to maintain its ultra-loose monetary policy stance through 2019.

LATIN AMERICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Banco Central do Brasil – Selic Rate	6.50	May 16, 2018	6.50	--
Banco Central de Chile – Overnight Rate	2.50	May 3, 2018	2.50	--
Banco de la República de Colombia – Lending Rate	4.50	April 27, 2018	4.25	4.25
Banco Central de Reserva del Perú – Reference Rate	2.75	May 10, 2018	2.75	--

BanRep: We expect a 25bps rate cut with the small risk of 50. Finance Minister Cardenas - who sits on BanRep's board - recently stated "There's space for cutting the rate. I think a consensus is being formed about it. So I haven't made up my mind on whether I will suggest 25 or 50, it depends on the data we're seeing."

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	May 24, 2018	6.50	--

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

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