

IT'S ALL IN THE HANDS OF POLITICIANS

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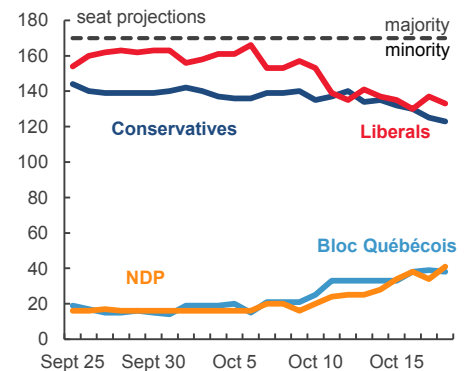
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Next Week's Risk Dashboard

- CDN election
- Brexit 4.0 vote
- CBs: ECB, Riksbank, Norges Bank...
- ...Russia, Turkey, Chile, BI
- US speech on China
- US earnings
- Eurozone PMIs
- German IFO, GfK
- CDN retail, wholesale
- US housing, cap-ex
- Fed's blackout
- BoC's BOS, SLOS surveys
- Swiss election
- Asia other macro

Chart of the Week

Minority Canadian Government Likely With Late Campaign Surge from NDP & BQ



Note: Projections have wide confidence intervals.
Sources: Scotiabank Economics, CBC Poll Tracker.

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

It's All in the Hands of Politicians

EUROPE—SUPER SATURDAY, THRILLING THURSDAY

Far and away the biggest development in Europe and potentially the most significant risk to global markets may be Saturday's vote on the EU-UK Brexit 4.0 divorce deal. By no means will the fun stop there, however, as the ECB's latest communications, four other central bank decisions, top-shelf Eurozone macro data and Switzerland's general election are also ahead.

The British Parliament votes on the fourth attempt at a UK-EU Brexit divorce agreement on Saturday as per the requirement under the Benn Act to either pass a deal on that day or apply for an extension until January 31st next year. Parliament sits at 4:30amET and procedures commence with an address by PM Boris Johnson and then 90 minutes of debate will be followed by the vote.

Will the vote pass? That's highly unclear, given the tone of early comments from those who stand opposed. Out of 650 MPs, Johnson needs 320 MPs to vote for his deal after subtracting several nonvoting MPs such as the Speaker of the Commons (who only votes to break a tie), three Deputy Speakers and the seven members of Sinn Fein that are not allowed to vote. That's a tall order in light of the three failed 'meaningful' votes on Brexit 1.0, 2.0 and 3.0 earlier this year. The government of former PM May lost by narrowing margins in each successive vote as shown in chart 1 that also breaks down the votes by party affiliation. Perhaps the increasingly closer outcomes represents fatigue and more willingness to just get on with it as time passes. The apparent opposition of the Democratic Unionist Party to Brexit 4.0 means that more of the Conservatives that held out in prior rounds and more Labour MPs need to be brought on board as the rest of the political groups are unlikely to swing after very stable opposition to each of the prior deals.

The next steps according to various possible vote outcomes are best illustrated by a BBC flow chart shown in chart 2. There remains uncertainty over how ironclad is the Benn Act requirement for the Johnson administration to seek an extension until January 31st if the vote fails, as well as uncertainty over whether the EU may honour a request for an extension in light of somewhat mixed signals. European Council President Donald Tusk avoided the issue, European Commission President Jean-Claude Juncker indicated there would be no further extensions, German Chancellor Merkel said an extension would be "unavoidable," French PM Macron said there should be no further extensions and Irish PM Varadkar said "plan B is no deal". All of this is probably posturing in order to apply pressure. Mutual interest in avoiding a disruptive hard Brexit might be the ultimate deciding factor. Multiple scenarios surrounding a potential no confidence vote, a second referendum or a general election call also remain feasible. If the vote passes, the work toward legislation to implement withdrawal from the EU by October 31st then swings into high gear.

Chart 1

Results From Meaningful Brexit Votes

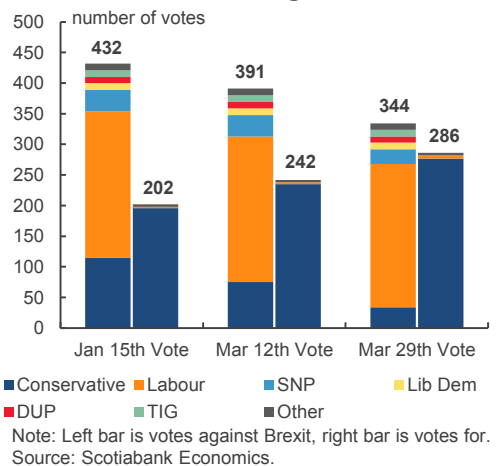
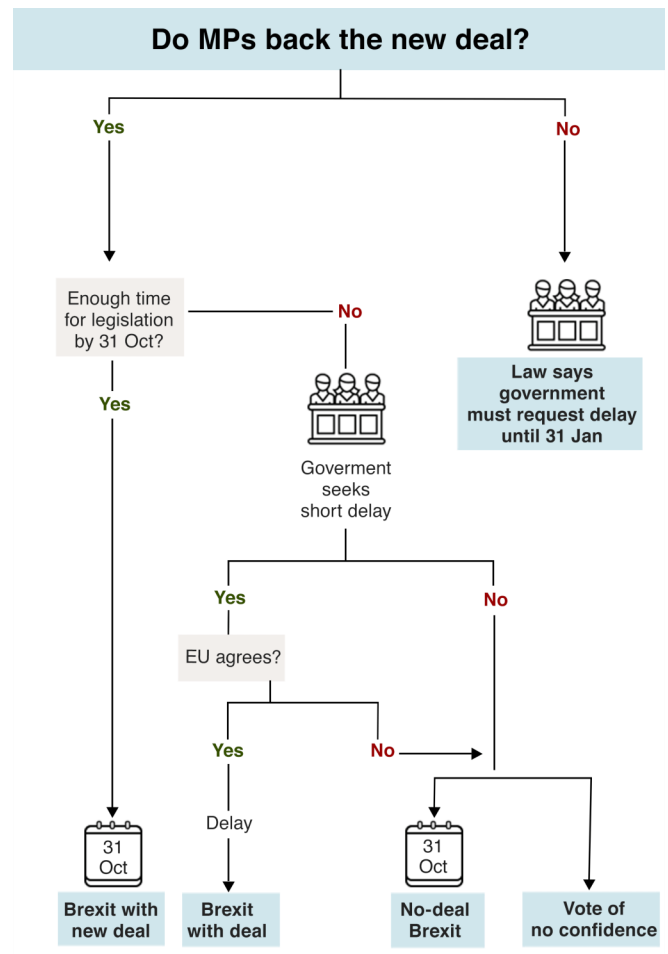


Chart 2



While the **European Central Bank meeting and communications on Thursday** should just be President Mario Draghi's swan song, this may in part depend upon what market turmoil stems from the Brexit vote. This is Draghi's last meeting as President before Christine Lagarde takes the reins on December 12th. After having introduced significant stimulus measures at the September 12th meeting, further measures are unlikely at this point but additional details surrounding implementation are possible. Draghi could pick up on his previous press conference's theme in which he emphasized the need for fiscal policy to take over. One could argue, however, that pushing borrowing costs lower and lower reduces the market discipline imposed upon governments to enact more creative solutions to boost longer-term growth. The ECB's actions invoke moral hazard challenges alongside the onus upon monetary policymakers to follow their mandates.

Eurozone, German and French purchasing managers' indices arrive on Thursday. With manufacturing in contraction and services barely growing, the composite reading has signaled no net growth in the Eurozone economy (chart 3). Further weakening would confirm recession fears. German IFO business confidence and GfK consumer confidence will also inform sentiment readings on Friday.

Four other central banks deliver policy decisions with highlights as follows. Note the concentration of central bank decisions on Thursday alongside the aforementioned ECB.

- **Sweden's Riksbank (Thursday)** is not expected to alter its policy rate but at issue is whether it alters hawkish guidance that was delivered on September 5th when the central bank continued to guide toward rate hikes at the end of 2019 or early 2020 albeit at a shallower future path. Since then, however, Swedish inflation edged a little lower with underlying CPI inflation excluding energy slipping to 1.6% y/y and hence further beneath the 2% target.
- **Norges Bank (Thursday)** is also not expected to alter its deposit rate of 1.5%. At its last decision on September 19th, Governor Øystein guided that "the policy rate will most likely remain at this level in the coming period" while acknowledging softening inflation from 2.7% in March to 2.1% in August. Since then, however, underlying inflation unexpectedly ticked up to 2.2% y/y and it has therefore avoided breaching the 2% target at least for now.
- **Russia's central bank (Friday)** is expected to cut its policy rate by another 25bps but consensus is somewhat divided with a significant minority expecting a hold. That core inflation fell to 4.0% in September (4.3% prior) may bolster cut calls given it reinforces another mild downward reversal that has been in place since May. Core inflation now sits on top of the central bank's target.
- **Turkey's central bank (Thursday)** could continue along its easing path after cutting its one week repo rate by a cumulative 7.5 percentage points in two moves in July and September.

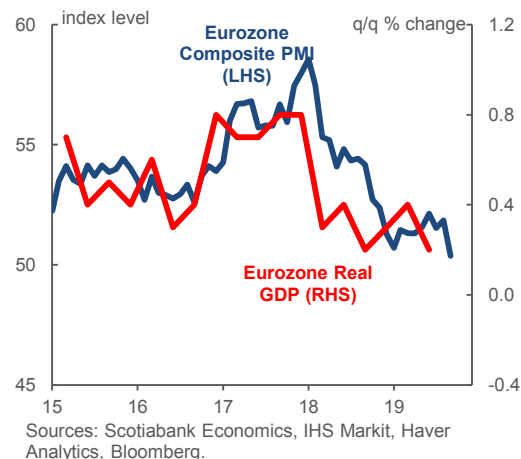
Swiss voters head to the polls on Sunday to elect a new parliament. Outside of Switzerland, markets may be forgiven for ignoring it because of a) the proximity to the Brexit vote, b) Switzerland's reliance upon proportional representation that reliably delivers highly fragmented outcomes for the lower and upper chambers, and c) the expectation that the SVP conservative party will see some of its support erode.

UNITED STATES—OBSERVER STATUS, FOR A CHANGE!

The formal calendar of market-related macro developments will be especially light over the coming week as the main focus will be upon earnings. The informal macro calendar always leaves ample room for political mischief to spark market turmoil these days. On balance, US markets are more likely to play the role of observer regarding global risks over the coming week before the tables are turned the following week when the Fed and a heavy line-up of macro reports will be on tap.

Chart 3

Eurozone GDP Growth and PMIs



One hundred and twenty-five S&P500 firms release earnings over the coming week as the season broadens beyond financials.

Four macro readings will include the following emphasis upon demand for housing and capital goods.

1. Existing home sales (Tuesday): September's reading will be shooting for three gains in a row and hence a continuation of an upward trend this year. The recovery has mirrored movements in the key 30 year fixed mortgage rate and is also true for new home sales (chart 4). The key lending benchmark was under upward pressure when bond markets were concerned about the Trump administration's addition of fiscal stimulus to an already strong economy, but the shift toward trade wars fixed that in a hurry! There is little fresh evidence to go by for the latest month, however, in that lagging pending home sales were up by 1.6% m/m in August after dropping by -2.5% in July but September figures are due out at month-end.

2. Richmond Fed manufacturing index (Tuesday): October's reading will further inform expectations for the next ISM-manufacturing print that is due out the day after Halloween. So far, we know that the Philly Fed measure sank from 12.0 in September to 5.6 in October and hence remains cyclically depressed. The drivers of the Philly measure were mixed, however, and included slightly firmer new and backlogged orders, stronger hiring signals, but weaker shipments and weaker momentum in prices paid and received. Also note that the Empire gauge of manufacturing conditions around New York State was little changed and also trending around cycle lows. Richmond and Philly are the better correlated regional surveys with ISM.

3. Durable goods (Thursday): This is a tough one to read by way of expectations. The aircraft order book should be a positive influence as Boeing saw orders increase from 6 planes in August to 25 planes in September, while Airbus had 41 orders in September after 16 in August. Therefore total civilian aircraft orders went from 22 in August to 66 in September for a threefold increase. Nevertheless, there is uncertainty toward how transportation orders might be weighed down by the auto sector given a) the sideways trend in vehicle sales this year notwithstanding modest recent gains, and b) the disruptive impact of the GM strike. Further, escalated trade tensions likely dampened business confidence and as such probably weighed down core capital goods orders (ex-defense and aircraft). On net, I've gone with a -1/2% m/m decline in total durable goods orders.

4. New home sales (Thursday): While new home sales have been trending higher for the same reason given above for resales, the latest reading for September faces downside risk. That's because the prior month saw sales jump by 7.1% m/m and, given the oscillating and volatile trend, the next one could involve some payback along a nevertheless positive trend this year.

The US Treasury auctions 2s, 2yr FRNs, 5s and 7s next week.

CANADA—SHOW TIME!

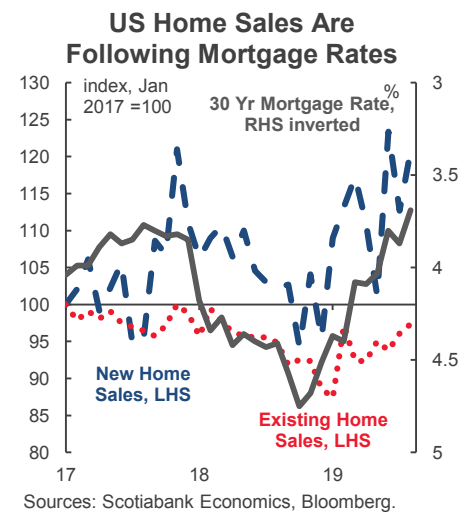
Canada kicks the week off with a bang when voters head to the polls to elect a new Federal government. Significant data risk will ensue but could get lost in the reporting of the election results.

Based upon polling composites, the election probabilities suggest low odds of a majority, and similar odds attached to either a Liberal or Conservative minority government (charts 5, 6). The obvious caution is that global pollsters have not gotten much right over recent years. A Liberal minority would likely spawn greater odds of a coalition government than a Conservative minority given the NDP's often implicitly understood but also openly stated willingness to explore a centre-left coalition.

It will be 10pmET by the time all polls are shut nationwide with BC the last to wrap up. Vote counts begin about thirty minutes after local polls close across the 338 electoral districts. Given it is expected to be a tight race, the results may take until late into the night or the next day to be known and if it's really tight then there is the chance that it takes longer yet to release official results.

For market participants interested in the fiscal impacts, Scotia's Rebekah Young drew up charts 7 and 8 that depict alternative paths for Federal deficits and debt as a share of the economy. The charts draw upon costing estimates from the Parliamentary

Chart 4



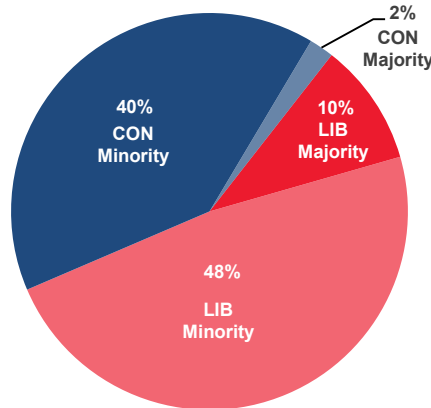
Budget Officer for the platforms that were announced by the two main parties that are most likely to be at the centre of either a majority or coalition government. For comparison purposes, the other lines on each chart show the PBO's baseline projections as at June using somewhat out-of-date assumptions, and the outlook drawn from the last Federal Budget. **In all scenarios, deficits as a share of the economy would increase in the near-term and remain small at about 1% of GDP and under, but only the Conservatives' platform projects a return to balance at the outer limit of the projection period.** The stock of Federal debt relative to the economy remains in a fairly tight range of about 28–32%. Clearly these scenarios assume a steady state outlook that, for example, doesn't include a recession in the baseline forecast. **Canada's relative fiscal stance would remain among the best in the world.** Total debt across all levels of government combined after netting out financial assets amounted to about 27% by the end of last year. **That positions Canada as having either the healthiest or the least sickly debt position across a reasonable peer group of other major economies and in some cases by a long shot (chart 9).**

An obvious caveat is the uncertainty over what platform may eventually materialize. If it's a coalition scenario, there will be horse trading that may be more likely to inflate spending rather than taxation revenues and thus perhaps risk larger deficits. Even if it's a majority scenario (or a minority), we would have to get to a budget before more fully assessing the implications.

As for potential market effects, we're a little trigger-shy on that front after markets saw unexpected results stemming from other major political developments over recent years such as the 2016 Brexit referendum and US election vote. Added reason to be cautious is that the Federal election results will be digested into the

Chart 5

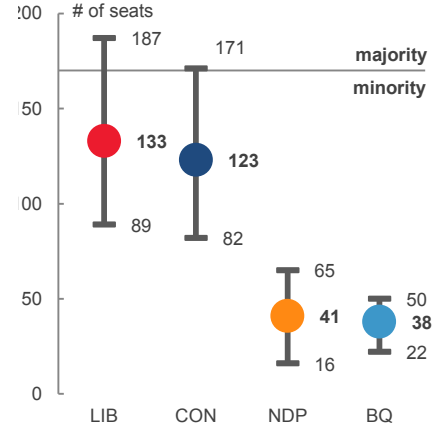
Federal Election Outcome Probabilities



Note: Probabilities calculated as of October 18th. Sources: Scotiabank Economics, CBC.

Chart 6

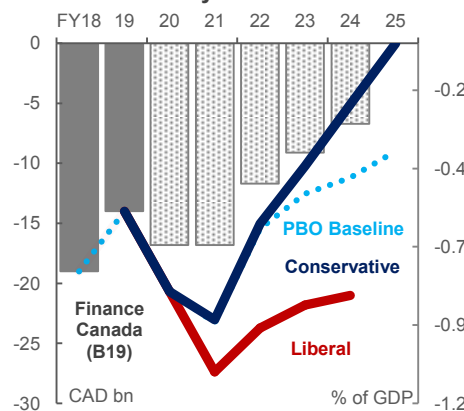
Federal Election Seat Projections



Note: Projections as of October 18th. Sources: Scotiabank Economics, CBC.

Chart 7

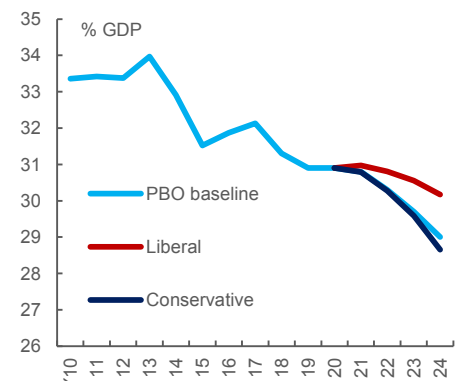
Budgetary Balance Under Party Platforms



Sources: Scotiabank Economics, Finance Canada (*\$3b risk factor excluded), PBO, campaign platforms.

Chart 8

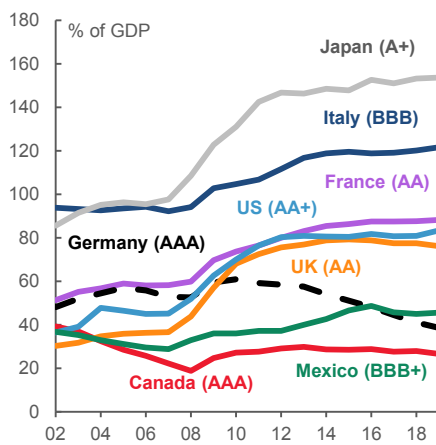
Debt-to-GDP Ratio



Sources: Scotiabank Economics, PBO, campaign platforms.

Chart 9

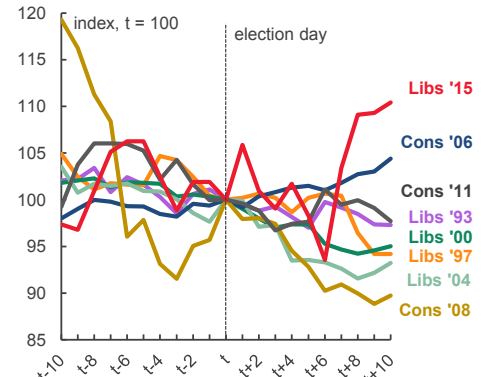
G7 General Government Net Debt



Sources: Scotiabank Economics, IMF, S&P.

Chart 10

Two Year Government Bond Yields Before & After Canadian Federal Elections



Sources: Scotiabank Economics, Bloomberg.

same global markets that will be dealing with the aftermath and potential next steps in the Brexit saga. Uncertainty surrounding the platforms and fiscal effects could have markets guardedly positioned toward the election outcome itself and it could take a while for the fuller effects to be priced.

Chart 10 depicts one way of looking at the market effects of past elections and how dangerous it can be to assume that markets only look to the stripes of the victorious party. It does so by plotting what happened to the two year Canada yield two weeks leading up to the election at time $t=0$ and two weeks afterward. Chart 11 does something similar for the currency; in this case, note how little the changes have tended to be on the y-axis and how scattered the outcomes have been within such ranges and think twice about trading the outcome.

Bear in mind, however, that evaluating potential market effects today could well be an altogether different kettle of fish than it was following past elections. For one, Canada offers a significant yield pick-up relative to many other global debt markets and that likely dominates considerations in a reach-for-yield market environment. For example, the ten year Government of Canada debt yield is less than a quarter percentage point below the US, higher than anything Europe or Japan have to offer and higher than Australian and New Zealand yields. For a AAA rated credit like Canada, yield pick-up is likely to remain the dominant focus although that depends in part upon the class of investor in terms of whether they hedge the currency risk or not.

Enough election talk! For now at least. **The Bank of Canada will update its Business Outlook Survey and the Senior Loan Officer Opinion Survey for Q3 on Tuesday.** Normally it's the BOS that gets most of the attention because of the richness of survey-based evidence drawn from c-suites on matters such as hiring intentions, recent production growth, expected production growth, cap-ex plans and inflation expectations. The results of the prior surveys are shown in chart 12. Whether businesses still expect inflation to remain in the 1–2% range and hence in the lower half of the BoC's 1–3% target range may be significant in terms of the credibility of the 2% target. **A caveat is that the survey may be stale on arrival** for two reasons. One is that it was conducted over roughly the last week of August through to mid-September and hence might not capture the freshest views. Another is that Monday's election may be impactful for business expectations.

Canada also updates retail sales and wholesale trade for August on Tuesday and Wednesday, respectively. These will be the last readings to inform a final estimate for August GDP—due out on Halloween—and revised tracking of Q3 GDP growth. Weaker gas prices may weigh upon retail sales. Auto sales edged up in August by about 2.4% m/m according to our reading, but how this translates into the way Statistics Canada captures auto sales is always uncertain. Thus far, August GDP is tracking a tidy estimate gain of about 0.2–0.3% m/m based partly upon a large gain in hours worked (+0.7% m/m), a 0.6% rise in manufacturing shipment volumes and a 2.2% rise in housing starts. September is tracking a softer outcome thus far based upon a drop in hours worked and housing starts.

ASIA-PACIFIC—WILL PENCE ROCK THE BOAT?

The main Asian market development may emanate from the US next week. A regional central bank decision and light regional releases are also on tap.

US Vice President Mike Pence will deliver what is touted as a major policy speech on China on Thursday at the Wilson Center in Washington. An official indicated that the speech will address the US-China relationship over the past year and the

Chart 11

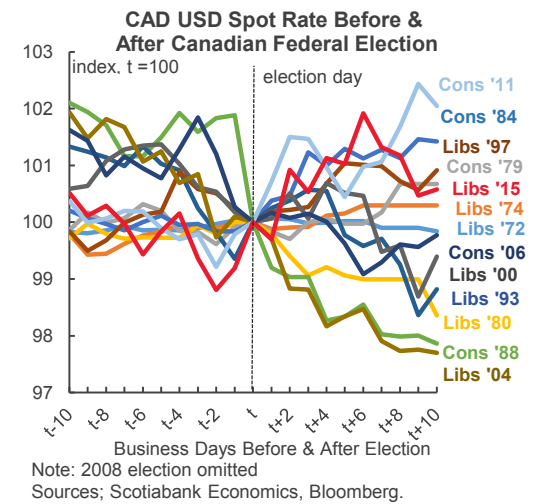
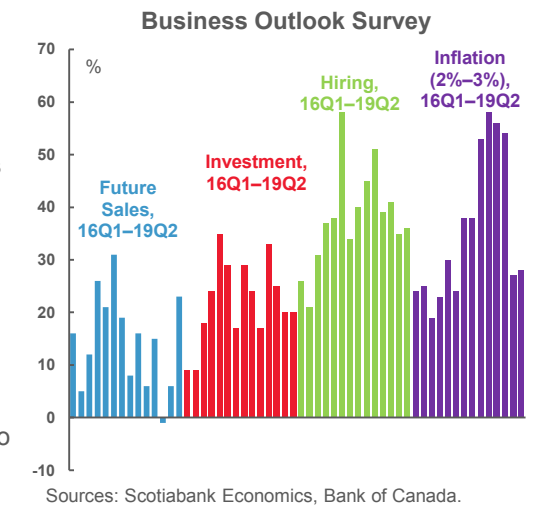


Chart 12



future relationship. Pence has tended to be a like-minded China hawk to Trump and his adviser Peter Navarro. A harsh tone in keeping with his past speeches would not sit well on the path toward the APEC Summit in Chile next month at which Trump has guided that a deal with Chinese President Xi Jinping is plausible.

Bank Indonesia is expected to cut its seven day reverse repo rate by 25bps to 5% next Thursday. That said, it's not a unanimous call as a minority expects a hold. Core inflation was steady at 3.3% y/y in September and hence close to but a little below the mid-point of the 2.5–4.5% policy target range. A hold decision could be justified on the basis of having cut just last month while easing macroprudential policies. There may be a desire to work more fully through the effects through a monitoring period for global risks and implications for the rupiah and current account.

Macro releases will be relatively minor including South Korean Q3 GDP and Malaysian CPI on Wednesday. Korea's economy probably witnessed materially lighter economic growth in Q3 at around half of the pace set in Q2 when growth surged to its fastest rate five quarters.

LATIN AMERICA—CHILE POISED TO CUT AGAIN

Latin American markets will, for the most part, be similar to US markets by way of spending most of the time monitoring external conditions. One central bank decision is about all that lies ahead.

Chile's central bank is almost unanimously expected to cut its overnight rate target by 25bps on Wednesday. That would be the fifth cut of the cycle after starting from 3% at mid-year. When it cut at the September meeting, the central bank left the door open to more cuts by stating "An expansion of said stimulus may be required and will be evaluated in the next meetings." Since then, two rounds of inflation figures have brought CPI down by two-tenths to 2.1% y/y and hence toward the bottom end of the central bank's 2–4% policy range. At the same time, the Chilean peso has appreciated by about 2% to the USD. Another cut would bring the policy rate to its lowest since August 2010.

Key Indicators for the week of October 21 – 25
NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
MX	10/22	07:00	Unemployment Rate (%)	Sep	3.9	--	3.7
CA	10/22	08:30	Retail Sales (m/m)	Aug	-0.2	--	0.4
CA	10/22	08:30	Retail Sales ex. Autos (m/m)	Aug	0.1	--	-0.1
US	10/22	10:00	Existing Home Sales (mn a.r.)	Sep	5.5	5.5	5.5
US	10/22	10:00	Existing Home Sales (m/m)	Sep	0.2	-0.5	1.3
US	10/22	10:00	Richmond Fed Manufacturing Index	Oct	--	-7.0	-9.0
CA	10/22	10:30	BoC Senior Loan Officer Survey	3Q	--	--	-5.8
CA	10/22	10:30	Business Outlook Future Sales	3Q	--	--	23.0
US	10/23	07:00	MBA Mortgage Applications (w/w)	Oct 11	--	--	5.2
CA	10/23	08:30	Wholesale Trade (m/m)	Aug	--	--	1.7
MX	10/24	07:00	Bi-Weekly Core CPI (% change)	Oct 15	0.2	0.2	0.1
MX	10/24	07:00	Bi-Weekly CPI (% change)	Oct 15	0.5	0.4	0.1
MX	10/24	07:00	Global Economic Indicator IGAE (y/y)	Aug	0	--	0.3
US	10/24	08:30	Durable Goods Orders (m/m)	Sep P	-0.5	-0.6	0.2
US	10/24	08:30	Durable Goods Orders ex. Trans. (m/m)	Sep P	0.0	-0.2	0.5
US	10/24	08:30	Initial Jobless Claims (000s)	Oct 12	215	215	210
US	10/24	08:30	Continuing Claims (000s)	Oct 5	1680	--	1684
US	10/24	10:00	New Home Sales (000s a.r.)	Sep	698	705	713
MX	10/25	07:00	Retail Sales (INEGI) (y/y)	Aug	1.6	--	2.1
US	10/25	10:00	U. of Michigan Consumer Sentiment	Oct F	--	96.0	96.0

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
GE	10/21	02:00	Producer Prices (m/m)	Sep	--	-0.1	-0.5
UK	10/22	04:30	PSNB ex. Interventions (£ bn)	Sep	--	9.7	6.4
UK	10/22	04:30	Public Finances (PSNCR) (£ bn)	Sep	--	--	6.4
UK	10/22	04:30	Public Sector Net Borrowing (£ bn)	Sep	--	8.9	5.8
EC	10/23	10:00	Consumer Confidence	Oct A	--	-6.7	-6.5
SP	10/24	03:00	Unemployment Rate (%)	3Q	--	13.8	14.0
FR	10/24	03:15	Manufacturing PMI	Oct P	--	50.0	50.1
FR	10/24	03:15	Services PMI	Oct P	--	51.5	51.1
GE	10/24	03:30	Manufacturing PMI	Oct P	--	42.0	41.7
GE	10/24	03:30	Services PMI	Oct P	--	52.0	51.4
SW	10/24	03:30	Riksbank Interest Rate (%)	Oct 24	-0.25	-0.25	-0.25
EC	10/24	04:00	Composite PMI	Oct P	50.0	50.4	50.1
EC	10/24	04:00	Manufacturing PMI	Oct P	45.5	46.0	45.7
EC	10/24	04:00	Services PMI	Oct P	51.5	51.9	51.6
NO	10/24	04:00	Norwegian Deposit Rates (%)	Oct 24	1.50	1.50	1.50
TU	10/24	07:00	Benchmark Repo Rate (%)	Oct 24	15.50	15.50	16.50
EC	10/24	07:45	ECB Main Refinancing Rate (%)	Oct 24	0.00	0.00	0.00
EC	10/24	07:45	ECB Marginal Lending Facility Rate (%)	Oct 24	0.25	0.25	0.25
EC	10/24	07:45	ECB Deposit Facility Rate (%)	Oct 24	-0.50	-0.50	-0.50
GE	10/25	02:00	GfK Consumer Confidence Survey	Nov	--	9.8	9.9
FR	10/25	02:45	Producer Prices (m/m)	Sep	--	--	0.0
GE	10/25	04:00	IFO Business Climate Survey	Oct	94.5	94.5	94.6
GE	10/25	04:00	IFO Current Assessment Survey	Oct	98.2	98.0	98.5
GE	10/25	04:00	IFO Expectations Survey	Oct	90.7	91.0	90.8
RU	10/25	06:30	One-Week Auction Rate (%)	Oct 25	6.75	6.75	7.00

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

Key Indicators for the week of October 21 – 25
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>
JN	10/20	19:50	Merchandise Trade Balance (¥ bn)	Sep	--	54.0	-143.5
JN	10/20	19:50	Adjusted Merchandise Trade Balance (¥ bn)	Sep	--	-178.1	-130.8
JN	10/20	19:50	Merchandise Trade Exports (y/y)	Sep	--	-3.6	-8.2
JN	10/20	19:50	Merchandise Trade Imports (y/y)	Sep	--	-2.8	-11.9
TH	10/20	23:30	Customs Exports (y/y)	Sep	--	3.0	-4.0
TH	10/20	23:30	Customs Imports (y/y)	Sep	--	-4.5	-14.6
TH	10/20	23:30	Customs Trade Balance (US\$ mn)	Sep	--	2286	2053
JN	10/21	00:30	All Industry Activity Index (m/m)	Aug	--	0.1	0.2
TA	10/21	04:00	Export Orders (y/y)	Sep	--	-4.6	-8.3
SK	10/21	17:00	PPI (y/y)	Sep	--	--	-0.6
PH	10/21	21:00	Budget Deficit/Surplus (PHP bn)	Sep	--	--	-2.5
TA	10/22	04:00	Unemployment Rate (%)	Sep	3.7	3.7	3.7
HK	10/22	04:30	CPI (y/y)	Sep	3.4	3.3	3.5
NZ	10/22	17:45	Trade Balance (NZD mn)	Sep	--	-1375	-1565
NZ	10/22	17:45	Exports (NZD bn)	Sep	--	4	4126
NZ	10/22	17:45	Imports (NZD bn)	Sep	--	6	5691
MA	10/23	00:00	CPI (y/y)	Sep	1.3	1.3	1.5
SI	10/23	01:00	CPI (y/y)	Sep	0.5	0.5	0.5
JN	10/23	01:30	Nationwide Department Store Sales (y/y)	Sep	--	--	2.3
TA	10/23	04:00	Industrial Production (y/y)	Sep	--	0.7	2.3
SK	10/23	19:00	GDP (y/y)	3Q P	1.9	2.0	2.0
JN	10/23	20:30	Markit/JMMA Manufacturing PMI	Oct P	--	--	48.9
JN	10/24	01:00	Coincident Index CI	Aug F	--	--	99.3
JN	10/24	01:00	Leading Index CI	Aug F	--	--	91.7
JN	10/24	01:00	Supermarket Sales (y/y)	Sep	--	--	-0.3
HK	10/24	04:30	Exports (y/y)	Sep	--	-7.0	-6.3
HK	10/24	04:30	Imports (y/y)	Sep	--	-10.7	-11.1
HK	10/24	04:30	Trade Balance (HKD bn)	Sep	--	--	-28.0
SK	10/24	17:00	Consumer Confidence Index	Oct	--	--	96.9
VN	10/24	22:00	CPI (y/y)	Oct	--	2.0	2.0
VN	10/24	22:00	Industrial Production (y/y)	Oct	--	--	10.2
SI	10/24	22:30	Unemployment Rate (%)	3Q	2.2	2.3	2.2
ID	10/24		BI 7-Day Reverse Repo Rate (%)	Oct 23	5.00	5.00	5.25
SI	10/25	01:00	Industrial Production (y/y)	Sep	--	-4.8	-8.0
JN	10/25	02:00	Machine Tool Orders (y/y)	Sep F	--	--	-35.5

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	10/22	08:00	IBGE Inflation IPCA-15 (m/m)	Oct	--	0.1	0.1
BZ	10/22	08:00	IBGE Inflation IPCA-15 (y/y)	Oct	--	2.7	3.2
CL	10/23	17:00	Nominal Overnight Rate Target (%)	Oct 23	1.75	1.75	2.00
BZ	10/24	09:30	Current Account (US\$ mn)	Sep	--	-3150	-4274

Global Auctions for the week of October 21 – 25

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	10/22	13:00	U.S. to Sell 2-Year Notes
US	10/23	11:30	U.S. to Sell 2-Year FRNs
CA	10/23	12:00	Canada to Sell 3 Year Bonds
US	10/23	13:00	U.S. to Sell 5-Year Notes
US	10/24	13:00	U.S. to Sell 7-Year Notes

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
UK	10/22	05:30	U.K. to Sell 3 Billion Pounds of 0.625% 2025 Bonds
DE	10/23	04:30	Denmark to Sell Bonds
SW	10/23	05:00	Sweden to Sell Bonds
GE	10/23	05:30	Germany to Sell 3 Billion Euros of 0% 2029 Bonds
IT	10/25	05:00	Italy to Sell Bonds
IC	10/25	06:30	Iceland to Sell Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SK	10/20	22:30	Korea to Sell KRW 500Bln 20-Year Bond
TH	10/21	23:00	Thailand to Sell THB20 Bln Bonds Due 2035
ID	10/22	05:00	Indonesia to Sell 5, 10, 15, 20, & 30 Year Bonds
CH	10/22	23:00	China Plans to Sell 1 & 10 Year Upsized Government Bonds
NZ	10/23	21:05	New Zealand To Sell NZD250 Mln 2.75% 2025 Bonds
JN	10/23	23:35	Japan to Sell 20-Year Bonds
TH	10/24	23:00	Bank of Thailand to Sell THB15 Bln 2022 Bonds

Source: Bloomberg, Scotiabank Economics.

Events for the week of October 21 – 25
NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	10/21-10/22		Federal Election Results Announced
CA	10/22	10:30	BoC Senior Loan Officer Survey
CA	10/22	10:30	BoC Business Outlook Future Sales

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
UK	10/21	11:00	BOE's Haldane Speaks on Diversity in Frankfurt
SW	10/24	03:30	Riksbank Interest Rate
NO	10/24	04:00	Deposit Rates
SW	10/24	05:00	Riksbank Press Conference
TU	10/24	07:00	One-Week Repo Rate
EC	10/24	07:45	ECB Main Refinancing Rate
EC	10/24	07:45	ECB Marginal Lending Facility
EC	10/24	07:45	ECB Deposit Facility Rate
EC	10/24	08:30	ECB's Draghi Speaks in Frankfurt After Policy Decision
EC	10/25	04:00	ECB Survey of Professional Forecasters
RU	10/25	06:30	Key Rate

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	10/22	18:20	RBA's Kent Takes Part in Sydney Panel
ID	10/24		Bank Indonesia 7D Reverse Repo

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CL	10/23	17:00	Overnight Rate Target

Global Central Bank Watch

NORTH AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Canada – Overnight Target Rate	1.75	October 30, 2019	1.50	1.75
Federal Reserve – Federal Funds Target Rate	2.00	October 30, 2019	2.00	2.00
Banco de México – Overnight Rate	7.75	November 14, 2019	7.75	7.50

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	0.00	October 24, 2019	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	0.25	October 24, 2019	0.25	0.25
European Central Bank – Deposit Facility Rate	-0.50	October 24, 2019	-0.50	-0.50
Bank of England – Bank Rate	0.75	November 7, 2019	0.75	0.75
Swiss National Bank – Libor Target Rate	-0.75	TBA	-0.75	-0.75
Central Bank of Russia – One-Week Auction Rate	7.00	October 25, 2019	6.75	6.75
Sweden Riksbank – Repo Rate	-0.25	October 24, 2019	-0.25	-0.25
Norges Bank – Deposit Rate	1.50	October 24, 2019	1.50	1.50
Central Bank of Turkey – Benchmark Repo Rate	16.50	October 24, 2019	15.50	15.50

ECB: President Draghi's last meeting is unlikely to reveal further steps after stimulus was announced at the September 12th meeting. The outcome of the Brexit vote may nevertheless be influential. Discussion of stimulus details and additional emphasis upon the need for fiscal stimulus are plausible.

Riksbank: No policy rate change is expected but will prior hawkish guidance in favour of commencing rate hikes late this year or early next be retained? Softening inflation poses risk of further delay.

Norges Bank: No policy rate change is expected. Governor Øystein may be more encouraged by the recent up-tick in underlying inflation.

Russia: A majority of economists expect another rate cut after core inflation decelerated again.

Turkey: War and sanctions added to uncertainty and may motivate additional easing after 7.5 percentage points of cuts in July and September.

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	October 31, 2019	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	0.75	November 4, 2019	0.75	0.75
Reserve Bank of New Zealand – Cash Rate	1.00	November 12, 2019	1.00	1.00
People's Bank of China – Loan Prime Rate	4.20	October 20, 2019	4.15	4.20
Reserve Bank of India – Repo Rate	5.15	December 5, 2019	4.90	5.15
Bank of Korea – Bank Rate	1.25	November 28, 2019	1.25	1.25
Bank of Thailand – Repo Rate	1.50	November 6, 2019	1.50	1.25
Bank Negara Malaysia – Overnight Policy Rate	3.00	November 5, 2019	3.00	2.75
Bank Indonesia – 7-Day Reverse Repo Rate	5.25	October 24, 2019	5.00	5.00
Central Bank of Philippines – Overnight Borrowing Rate	4.00	November 14, 2019	3.75	4.00

People's Bank of China (PBoC): China's new benchmark lending rate, the 1-year Loan Prime Rate (LPR) will be set on the 20th of each month. The LPR currently stands at 4.20%; we expect the PBoC to guide the rate gradually lower over the coming months. **Bank Indonesia (BI):** Indonesian monetary authorities will make a policy decision on October 24. We assess that the BI has room to cut the 7-day reverse repo rate by 25 bps to 5.00% on the back of contained inflation (3.4% y/y in September) and signs of softening economic activity.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	5.50	October 30, 2019	5.50	4.75
Banco Central de Chile – Overnight Rate	2.00	October 23, 2019	1.75	1.75
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	November 7, 2019	2.50	2.38

Chile's central bank is expected to cut its policy rate by 25bps and continue an easing stance that began in June. Inflation unexpectedly fell again in September to 2.1% y/y (2.4% consensus) and therefore rests upon the very lower end of the 2-4% inflation target range.

AFRICA

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

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

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