

Major upcoming global economic releases and events

DATE	DATA/EVENT	PREVIOUS	CONSENSUS
28-Nov-18	Australia construction work done q/q (Q3)	1.6%	1.0%
29-Nov-18	US new home sales m/m (Oct)	-5.5%	4.5%
29-Nov-18	Australia private capex q/q (Q3)	-2.5%	1.0%
29-Nov-18	Europe business confidence (Nov)	1.01	0.96
29-Nov-18	US Fed meeting minutes (Nov)	NA	NA
30-Nov-18	Australia private sector credit m/m (Oct)	0.4%	0.4%
30-Nov-18	Europe unemployment rate (Oct)	8.1%	8.0%
30-Nov-18	Europe core inflation rate y/y (Nov)	1.1%	1.1%

Source: Bloomberg, UBS Global Research, Tradingeconomics.com

What to watch this week



Australia

Equity markets suffered through another volatile period last week, with no specific catalyst responsible for the sharp moves. At a high-level, investors are weighing the outlook for the US economy but trade tensions, Brexit and Italian politics are also driving uncertainty. The domestic market came under similar pressure, with the S&P/ASX 200 down 0.25% over the week. There were no major data releases last week.

The RBA minutes were released last week, although the publication of the Statement on Monetary Policy after the meeting meant that the minutes delivered little new information. The outlook for the global and domestic economies remains positive, while a strengthening labour market is expected to drive gradual wage growth and inflation.

Private capex and construction work for Q3 will be released this week along with private sector credit and building permit data for October.



US

Last week was shortened by the Thanksgiving holiday in the US, which took place on Thursday. We saw durable goods orders continue recent weakness, declining 4.4% in October against expectations of a 2.5% fall. The underlying picture also showed ongoing weakness in business investment proxies, suggesting that recent trade tensions may be causing businesses to delay investment decisions. Late in the week PMI data was weaker than expected.

US politics has been unusually absent from major headlines in recent weeks but that is expected to change this week as President Trump meets with Chinese President Xi Jinping at the G20 summit in Argentina. Investors will wait for evidence of any shift in stance between the two nations.

In the week ahead we will see updated estimates of Q3 GDP growth and inflation as well as the publication of the Fed meeting minutes and monthly inflation data for October.



Europe

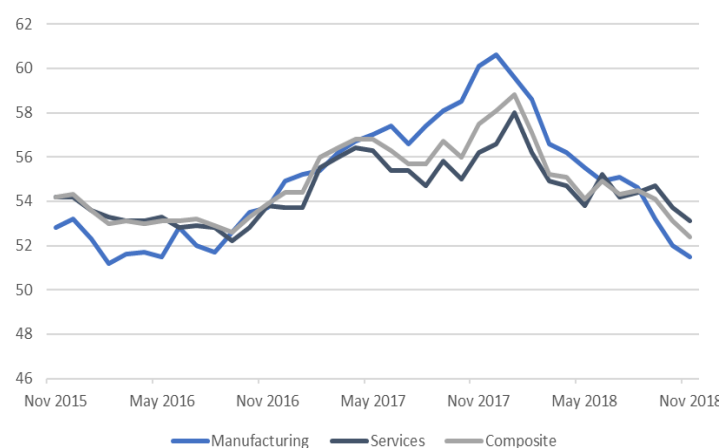
A limited calendar of data releases last week saw European consumer confidence come in below expectations and the composite PMI number declined to 52.4 from 53.

Last week the European Commission reported on the Italian budget, finding that it breaches EU rules and launching an "excessive deficit procedure". The likely outcome will see fines imposed on Italy but there will be plenty of opportunity for a compromise to be reached as the process plays out over the coming months.

Further progress has recently been made on Brexit negotiations, with the two parties reaching a draft agreement on the future trading relationship last week. The next major hurdle is for the previously agreed Brexit exit terms to be approved by the UK parliament.

The week ahead sees labour market and inflation data released in Europe and an update in consumer confidence in the UK.

Chart of the week— European Purchasing Manager’s Indices



The Eurozone composite PMI fell by 0.7 points in November, hitting a 4-year low of 52.4. Trade tensions have dampened global trade, pushing manufacturing sentiment lower while the services index has also come under pressure. Both manufacturing and services sit at 2+ year lows.

The forward looking nature of PMIs make them a good indicator of economic growth and UBS suggest that the levels seen in October and November point to GDP growth of 0.3% in Q4, a marginal improvement from Q3's lacklustre 0.2% gains. Current headwinds from a global trade slowdown are being counteracted by strong domestic dynamics, with strong labour market and wage dynamics.

Source: Bloomberg.

Financial market movements

INDICATOR	AS AT 23-NOV-18	1 WEEK CHANGE	1 YEAR CHANGE	3 YEAR CHANGE (ANNUALISED)	5 YEAR CHANGE (ANNUALISED)
EQUITIES					
		%	%	%	%
S&P/ASX 200 Index	5,716.2	-0.25	-4.45	3.13	1.31
US S&P 500 Index	2,632.6	-3.58	1.16	8.02	7.87
Europe STOXX 600 Index	354.0	-1.04	-8.44	-2.71	1.90
UK FTSE 100 Index	6,952.9	-0.87	-6.16	2.84	0.94
Japan TOPIX Index	1,629.0	-0.61	-8.34	0.53	5.46
MSCI World ex-Australia Index	2,012.3	-1.76	-3.97	5.10	4.24
FIXED INCOME					
	%	BP	BP	BP	BP
Australian 90-day bank bill yield	1.91	-0.03	0.17	-0.03	-0.11
Australian 10-year bond yield	2.64	-0.02	0.14	-0.06	-0.32
US 90-day bank bill yield	2.34	0.03	1.11	0.74	0.45
US 10-year bond yield	3.04	-0.02	0.72	0.27	0.06
UK 10-year bond yield	1.38	-0.03	0.13	-0.17	-0.28
German 10-year bond yield	0.34	-0.03	-0.01	-0.06	-0.28
COMMODITIES					
		%	%	%	%
Gold	1,223.1	-0.03	-5.30	4.58	-0.34
Oil—West Texas Crude	50.4	-10.70	-13.10	6.49	-11.87
Iron Ore Spot Price Index	73.1	0.18	14.66	17.57	-11.46
CURRENCIES					
		%	%	%	%
AUD:USD	0.72	-1.31	-4.81	-0.07	-4.61
EUR:USD	1.13	-0.64	-4.67	2.20	-3.45
GBP:USD	1.28	-0.07	-3.70	-5.36	-4.51
USD:JPY	112.92	0.08	1.65	-2.74	2.12
NZD:USD	0.68	-1.32	-1.81	1.05	-3.73
CHF:USD	1.00	0.26	-1.56	0.82	-1.77
AUD:EUR	0.64	-0.64	-0.14	-2.23	-1.20
AUD:GBP	0.56	-1.22	-1.15	5.58	-0.10
AUD:JPY	81.71	-1.24	-3.26	-2.81	-2.59

*BP = Basis Point, Source: Bloomberg

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