

Major upcoming global economic releases and events

DATE	DATA/EVENT	PREVIOUS	CONSENSUS
10-Dec-18	Australia home loans m/m (Oct)	-1.0%	0%
11-Dec-18	Australia business confidence (Nov)	4	NA
11-Dec-18	Australia house price index y/y (Q3)	-0.6%	-1.5%
11-Dec-18	UK unemployment rate (Oct)	4.1%	4.1%
12-Dec-18	Australia consumer confidence (Dec)	104.3	NA
12-Dec-18	US core inflation y/y (Oct)	2.1%	2.2%
13-Dec-18	ECB meeting	NA	NA
14-Dec-18	Australia unemployment rate (Nov)	5.0%	5.0%
14-Dec-18	China fixed asset investment y/y (Nov)	5.7%	5.8%

Source: Bloomberg, UBS Global Research, Tradingeconomics.com

What to watch this week



Australia

Improved global sentiment stemming from positive trade talks between the US and China was short lived last week. After rallying on Monday, equity markets sold off sharply on Tuesday, as doubts emerged over the prospects of a trade agreement being reached. The volatility persisted throughout the week, although the S&P/ASX 200 finished close to flat.

A busy week of domestic data saw building permits decline again, as expected, while retail sales was also in line with consensus at 0.3% in October. Q3 GDP was weak and significantly below market expectations. Away from data the RBA kept rates on hold for the 28th consecutive month. There is no expectation for a shift in policy until late 2019 at the earliest.

A busy schedule of data releases this week sees home loans, Q3 house prices, business and consumer confidence, and labour market data all published.



US

Post G20 talks between Presidents Trump and Jinping were initially declared a success last week before doubts began to emerge and markets moved sharply lower. The Canadian arrest of Chinese tech company Huawei's chief financial officer, and likely extradition to the US, did nothing to calm markets. Concerns over the shape of the yield curve, which touched its flattest reading in a decade last week also dampened investor sentiment.

On the data front, PMIs were extremely strong, beating consensus in both the manufacturing and services indices and supporting the positive fundamental picture of the US economy. On Friday, labour market data was a little weaker than expected. The unemployment rate remained at 3.7%.

Inflation, retail sales, industrial production and PMI data are the highlights this week.



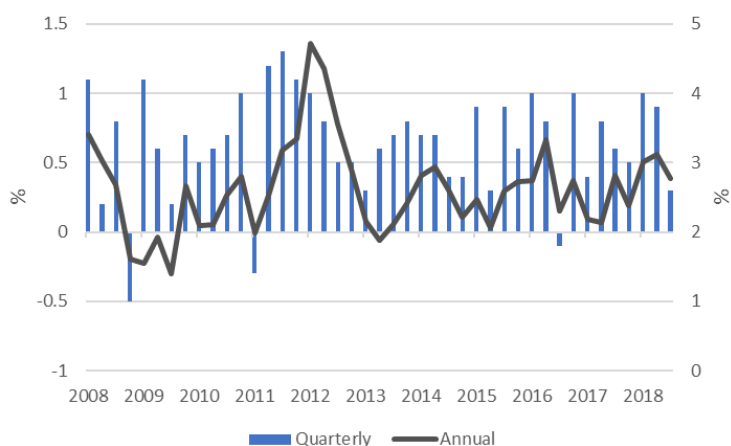
Europe

European markets were driven by global sentiment last week, with sharp moves experienced across all major indices. The data calendar was limited, with European retail sales reported a little stronger than expected in October and UK services PMI weaker than consensus.

The Brexit process faces a crucial hurdle this week as the UK parliament is set to vote on the proposed exit agreement on Tuesday. Theresa May is facing extreme opposition to the deal, as evidenced by several setbacks over the past week as the merits of the proposal were debated in parliament. The UK has until the end of March 2019 to agree the deal or come up with some alternative to avoid leaving with no agreement in place.

This week, industrial production and PMIs are published while the ECB also meet and are expected to announce the termination of their QE asset purchases.

Chart of the week— Australian GDP



GDP data was released last week and came in significantly below expectations for the third quarter. The economy grew at 0.3% in Q3 and 2.8% over the year against consensus of 0.6% and 3.5%.

Consumption was on the weaker side, which was no great surprise given Q2 was strong and this component does tend to alternate between weak and strong quarters. However, data in the coming months will be closely scrutinised for evidence that negative wealth effects are starting to emerge from recent house price declines.

Weaker than expected GDP growth will do little to support a surge in wage growth and will help keep the RBA on hold for the foreseeable future.

Source: Bloomberg

Financial market movements

INDICATOR	AS AT 07-DEC-18	1 WEEK CHANGE	1 YEAR CHANGE	3 YEAR CHANGE (ANNUALISED)	5 YEAR CHANGE (ANNUALISED)
EQUITIES		%	%	%	%
S&P/ASX 200 Index	5,681.5	0.25	-5.22	4.09	2.01
US S&P 500 Index	2,633.1	-3.82	-0.69	8.66	7.87
Europe STOXX 600 Index	345.5	-3.37	-11.25	-1.66	1.87
UK FTSE 100 Index	6,778.1	-2.90	-8.33	3.64	0.77
Japan TOPIX Index	1,620.5	-2.82	-10.16	1.70	5.22
MSCI World ex-Australia Index	2,002.6	-3.80	-5.13	5.76	4.22
FIXED INCOME	%	BP	BP	BP	BP
Australian 90-day bank bill yield	1.90	0.00	0.16	-0.04	-0.12
Australian 10-year bond yield	2.43	-0.19	-0.10	-0.14	-0.40
US 90-day bank bill yield	2.36	0.03	1.12	0.71	0.46
US 10-year bond yield	2.85	-0.14	0.48	0.20	0.00
UK 10-year bond yield	1.27	-0.10	0.01	-0.18	-0.33
German 10-year bond yield	0.25	-0.06	-0.04	-0.11	-0.32
COMMODITIES		%	%	%	%
Gold	1,249.3	2.36	0.17	5.26	0.33
Oil—West Texas Crude	52.6	3.30	-7.20	11.80	-11.64
Iron Ore Spot Price Index	64.7	-9.53	-5.85	14.33	-13.80
CURRENCIES		%	%	%	%
AUD:USD	0.72	-2.24	-4.42	-0.40	-4.70
EUR:USD	1.14	0.33	-3.20	1.36	-3.71
GBP:USD	1.27	-0.09	-4.70	-5.70	-5.02
USD:JPY	112.66	-0.88	-0.79	-2.50	1.84
NZD:USD	0.69	-0.85	-0.64	0.56	-3.74
CHF:USD	1.01	0.76	0.17	-0.08	-2.17
AUD:EUR	0.63	-2.56	-1.27	-1.74	-1.03
AUD:GBP	0.57	-2.15	0.28	5.62	0.34
AUD:JPY	81.05	-3.09	-5.18	-2.89	-2.94

*BP = Basis Point, Source: Bloomberg

IMPORTANT NOTE

This document has been prepared by Crestone Wealth Management Limited (ABN 50 005 311 937, AFS Licence No. 231127) (**Crestone Wealth Management**). The information contained in this document is of a general nature and is provided for information purposes only. It is not intended to constitute advice, nor to influence a person in making a decision in relation to any financial product. To the extent that advice is provided in this document, it is general advice only and has been prepared without taking into account your objectives, financial situation or needs (your **Personal Circumstances**). Before acting on any such general advice, we recommend that you obtain professional advice and consider the appropriateness of the advice having regard to your Personal Circumstances. If the advice relates to the acquisition, or possible acquisition of a financial product, you should obtain and consider a Product Disclosure Statement (PDS) or other disclosure document relating to the financial product before making any decision about whether to acquire it.

Although the information and opinions contained in this document are based on sources we believe to be reliable, to the extent permitted by law, Crestone Wealth Management and its associated entities do not warrant, represent or guarantee, expressly or impliedly, that the information contained in this document is accurate, complete, reliable or current. The information is subject to change without notice and we are under no obligation to update it. Past performance is not a reliable indicator of future performance. If you intend to rely on the information, you should independently verify and assess the accuracy and completeness and obtain professional advice regarding its suitability for your Personal Circumstances.

Crestone Wealth Management, its associated entities, and any of its or their officers, employees and agents (**Crestone Group**) may receive commissions and distribution fees relating to any financial products referred to in this document. The Crestone Group may also hold, or have held, interests in any such financial products and may at any time make purchases or sales in them as principal or agent. The Crestone Group may have, or may have had in the past, a relationship with the issuers of financial products referred to in this document. To the extent possible, the Crestone Group accepts no liability for any loss or damage relating to any use or reliance on the information in this document.

This document has been authorised for distribution in Australia only. It is intended for the use of Crestone Wealth Management clients and may not be distributed or reproduced without consent.

© Crestone Wealth Management Limited 2018.