

Major upcoming global economic releases and events

DATE	DATA/EVENT	PREVIOUS	CONSENSUS
04-Mar-19	Australia building approvals month-on-month (Jan)	-8.4%	0%
05-Mar-19	RBA interest rate decision	1.50%	1.50%
05-Mar-19	UK services PMI (Q4)	50.1	49.9
05-Mar-19	European retail sales y/y (Jan)	0.8%	1.8%
06-Mar-19	Australian GDP growth rate y/y (Q4)	2.8%	2.6%
07-Mar-19	Australian retail sales m/m (Jan)	-0.4%	0.3%
07-Mar-19	European interest rate decision (Jan)	0%	0%
08-Mar-19	US unemployment rate (Feb)	4.0%	3.9%

Source: Bloomberg, UBS Global Research, Tradingeconomics.com

What to watch this week



Australia

A busy schedule of data releases saw some mixed signals in Australia last week. Construction data for Q4 was significantly weaker than expected before private capex painted a more positive picture. Private credit data was largely in line with expectations and, later in the week, house price declines were confirmed to have continued in February. Sydney, Melbourne and Perth continue to drive falls at a national level.

The RBA meets this week and after a meaningful recent shift from a tightening bias to a more neutral view, there is no expectation of a change in stance this month.

In addition to the central bank meeting, the week ahead is a busy one on the data front. Q4 GDP numbers are the highlight on Wednesday, with current expectations suggesting an underwhelming result. Before that, building approvals data is published and we then have the release of retail sales data on Thursday.



US

Last week we saw the release of the delayed PCE inflation report and Q4 GDP growth. Core PCE prices are the Fed's preferred inflation measure and, while the result in Q4 was a little higher than expected at 1.7% versus 1.6% consensus, price gains are still comfortably below the central bank's 2% target. GDP growth also surprised to the upside in the final three months of 2018, with the economy growing at 2.6% versus market expectations of just 2.4%.

President Trump, who is rarely out of the headlines for long, was back in focus last week. Firstly, it was on a positive note, as he agreed to extend the current trade truce with China. Later in the week, talks with North Korea broke down when President Trump met with Kim Jong Un in Hanoi. Discussions centred on de-nuclearisation in North Korea and current sanctions placed on the country.

A relatively quiet week sees employment data take centre stage in the US this week.



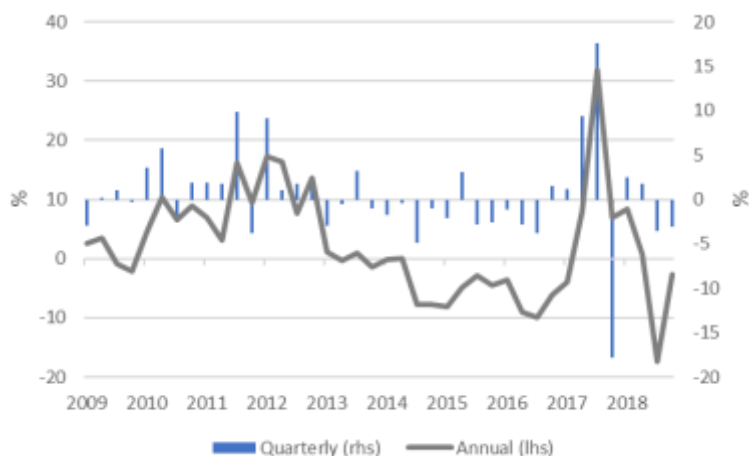
Europe

In the UK, consumer sentiment ticked higher last week but still remains firmly in negative territory as Brexit uncertainty continues. In Europe, core inflation dipped from 1.1% to 1.0% in February, while the unemployment rate came in at 7.8%—both were below consensus.

Away from data, Brexit continues to dominate headlines. The slow-moving process moved forward last week with a series of parliamentary votes clarifying the path ahead. Prime Minister May will bring her renegotiated deal to parliament for a vote on 12 March. Should May fail to attract sufficient support for the deal, then a second vote will determine whether the UK takes the path of a no-deal Brexit or makes the choice to delayed Brexit by around three months. A delay currently seems the most likely outcome.

PMI data is the highlight in the UK this week. In Europe, retail sales and the third estimate of Q4 GDP growth are released, and the ECB also meets.

Chart of the week—Australian construction work



Construction data was weak in Q4 2018, declining 3.1% against market expectations of a 0.5% gain. The 2.8% decline recorded in Q3 was also revised lower to -3.6%, finalising a marked contraction in construction activity across the second half of last year. The underlying data showed that engineering work was particularly weak, although this sector can be volatile. Residential construction is now a drag on economic growth, a situation that is unlikely to change in the near term, given the weak outlook for residential property.

Looking ahead, weaker-than-expected construction data has negative implications for Q4 GDP growth, which will be reported this week. An underwhelming GDP number would strengthen calls for an RBA rate cut this year.

Source: Bloomberg

Financial market movements

INDICATOR	AS AT 01-MAR-19	1 WEEK CHANGE	1 YEAR CHANGE	3 YEAR CHANGE (ANNUALISED)	5 YEAR CHANGE (ANNUALISED)
EQUITIES					
		%	%	%	%
S&P/ASX 200 Accum. Index	64,907.78	0.76	8.95	11.39	7.36
US S&P 500 TR^ Index	5,595.11	0.46	6.27	14.21	10.65
Europe STOXX TR Index	715.91	1.36	1.09	6.81	5.03
UK FTSE 100 TR Index	6,336.25	-0.81	4.84	8.96	4.85
Japan TOPIX TR Index	2,282.82	0.41	-3.65	7.46	7.94
MSCI World ex-Australia TR Index	4,615.46	0.46	4.64	11.41	8.16
FIXED INCOME					
	%	BP	BP	BP	BP
Australian 90-day bank bill yield	1.91	0.01	0.17	-0.04	-0.09
Australian 10-year bond yield	2.20	0.11	-0.54	-0.12	-0.36
US 90-day bank bill yield	2.40	-0.00	0.80	0.69	0.47
US 10-year bond yield	2.75	0.10	-0.05	0.31	0.02
UK 10-year bond yield	1.30	0.14	-0.17	-0.03	-0.29
German 10-year bond yield	0.18	0.09	-0.46	0.01	-0.29
COMMODITIES					
		%	%	%	%
Gold	1,293.44	-2.71	-1.79	1.63	-0.50
Oil—West Texas Crude	55.80	-2.55	-8.51	17.50	-11.47
Iron Ore Spot Price Index	81.61	-3.31	7.96	20.62	-6.76
CURRENCIES					
		%	%	%	%
AUD:USD	0.71	-0.82	-8.46	-1.51	-4.50
EUR:USD	1.14	0.21	-7.73	1.13	-3.70
GBP:USD	1.32	1.16	-4.33	-2.35	-4.48
USD:JPY	111.86	0.72	5.33	-0.55	1.82
NZD:USD	0.68	-0.84	-5.54	0.07	-4.04
CHF:USD	1.00	0.23	-5.86	-0.18	-2.33
AUD:EUR	0.62	-0.98	-0.75	-2.60	-0.83
AUD:GBP	0.54	-1.83	-4.39	1.12	-0.00
AUD:JPY	79.50	-0.13	-3.60	-2.06	-2.77

*BP = Basis Point, Source: Bloomberg; ^TR = Total Return

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