

Major upcoming global economic releases and events

DATE	DATA/EVENT	PREVIOUS	CONSENSUS
19-Mar-19	Australia house price index y/y (Q4)	-1.9%	-0.4%
19-Mar-19	UK unemployment rate (Jan)	4.0%	4.0%
21-Mar-19	Australia unemployment rate (Feb)	5.0%	5.0%
21-Mar-19	UK interest rate decision	0.75%	0.75%
21-Mar-19	US interest rate decision	2.5%	2.5%
21-Mar-19	UK parliamentary vote on Brexit deal	-	-
22-Mar-19	US composite PMI (Mar)	55.5	55.2

Source: Bloomberg, UBS Global Research, Tradingeconomics.com

What to watch this week



Australia

Economic data was on the softer side in Australia last week. Business confidence dipped from 4 to 2 in February, below consensus (which was 3) and below the long-term average. The business conditions survey was also weak, pointing to ongoing weakness in the period ahead. Housing lending data was also below consensus last week with both owner occupier and investor loans extending recent declines. The investor segment is now down 45% from its 2017 peak which owner occupier numbers have seen a fall approaching 20%. The ongoing weakness points to further price declines in the period ahead.

The weaker run of economic data will be of concern to the RBA, whose recently downgraded GDP forecasts already look challenging. Ongoing soft data will embolden those calling for rate cuts in the year ahead.

In the week ahead, Q4 house price data is scheduled for release along with February labour market data. The RBA meeting minutes will also be published.



US

US data got off to a positive start last week with retail sales and durable goods orders exceeding expectations and inflation remaining in check. Later in the week new home sales was disappointing, while consumer sentiment rebounded by more than forecast from a 2-year low.

Trade discussions have largely taken a positive tone in recent weeks, with the extension of the now passed March 1 deadline encouraging investors. Late last week some concerns that all of the positive trade outcomes are now fully factored in to prices prompted some investors to take profits.

The Fed meet this week and is scheduled to its their economic projections. The dot plot, which shows member's expectations of interest rates, will be of particular interest. The previous update was in late 2018 and indicated two hikes in 2019 but the recent softer tone suggests a reduction is likely this time around. On the data front PMI data, existing home sales and factory orders are the highlights.



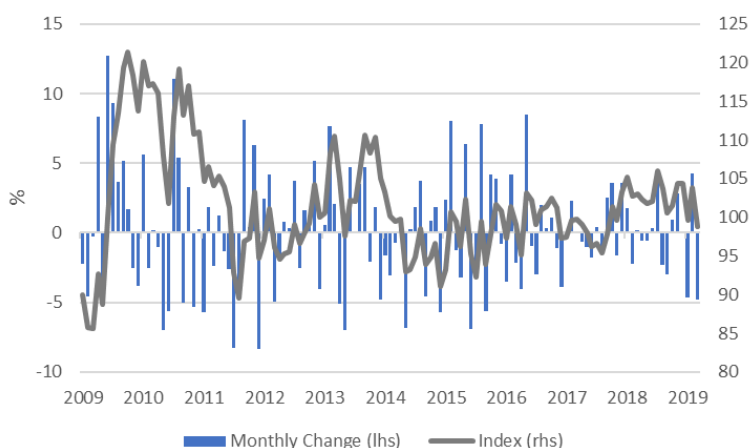
Europe

It was a quiet data calendar in Europe last week with industrial production, which beat consensus expectations, the most notable release. In the UK, the monthly GDP series, outperformed expectations in January.

Early last week Theresa May brought her proposed deal back to parliament where it was once again soundly defeated. Following that we saw a vote in favour of avoiding a so-called No-deal, or hard Brexit and then lastly a vote to request a delay to the March 29 deadline. The path from here is still complicated but in the immediate future the next step will be another attempt from prime minister May to get her deal approved, if successful this would likely see a short Brexit delay. If she fails for a third time then a longer delay will be required.

Consumer confidence and PMI data are released in Europe this week while in the UK, labour data, retail sales and CPI are released as well as the Bank of England meeting.

Chart of the week—Australian consumer confidence



Australian consumer confidence data was reported last week and the series saw a sharp 4.8% decline in March. At 98.8 the index is now sitting below the neutral level of 100, which implies that pessimists outnumber optimists in the current environment.

There are some longstanding headwinds holding consumer sentiment down, namely high household debt and low wage growth, with the more recent addition of declining house prices and also the upcoming federal election. This month weaker economic data has also likely had a negative impact, in particular, the soft GDP data in the final quarter of 2018. The survey took place over the week that the data was released, with responses before the GDP print on average 8% higher than those after.

Source: Bloomberg

Financial market movements

INDICATOR	AS AT 15-MAR-19	1 WEEK CHANGE	1 YEAR CHANGE	3 YEAR CHANGE (ANNUALISED)	5 YEAR CHANGE (ANNUALISED)
EQUITIES		%	%	%	%
S&P/ASX 200 Accum. Index	65,009.73	-0.41	8.38	10.70	7.57
US S&P 500 TR^ Index	5,637.77	2.95	4.62	13.54	10.81
Europe STOXX TR Index	727.65	2.93	-0.48	7.00	5.74
UK FTSE 100 TR Index	6,460.03	1.80	5.33	9.64	5.86
Japan TOPIX TR Index	2,264.46	1.92	-5.98	7.97	8.46
MSCI World ex-Australia TR Index	4,651.66	2.65	3.02	11.18	8.54
FIXED INCOME	%	BP	BP	BP	BP
Australian 90-day bank bill yield	1.82	-0.00	0.12	-0.08	-0.13
Australian 10-year bond yield	1.98	-0.05	-0.73	-0.23	-0.42
US 90-day bank bill yield	2.40	0.01	0.67	0.68	0.47
US 10-year bond yield	2.59	-0.04	-0.24	0.21	-0.01
UK 10-year bond yield	1.21	0.02	-0.23	-0.11	-0.29
German 10-year bond yield	0.08	0.02	-0.49	-0.08	-0.29
COMMODITIES		%	%	%	%
Gold	1,302.40	0.32	-1.04	1.86	-1.19
Oil—West Texas Crude	58.52	4.37	-4.36	17.21	-9.96
Iron Ore Spot Price Index	81.33	-2.18	22.50	12.12	-4.98
CURRENCIES		%	%	%	%
AUD:USD	0.71	0.16	-8.25	-2.36	-4.95
EUR:USD	1.13	0.69	-8.20	0.16	-4.06
GBP:USD	1.33	1.11	-5.19	-2.79	-4.33
USD:JPY	111.48	-0.24	-4.83	0.02	-1.87
NZD:USD	0.68	0.23	-5.49	0.21	-4.51
CHF:USD	1.00	-0.82	5.39	1.12	2.80
AUD:EUR	0.63	0.54	0.06	2.55	0.93
AUD:GBP	0.53	0.97	3.35	-0.44	0.65
AUD:JPY	78.94	-0.40	3.73	2.44	3.24

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

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