

Major upcoming global economic releases and events

DATE	DATA/EVENT	PREVIOUS	CONSENSUS
08-Apr-19	Australia home loans m/m (Feb)	-2.6%	-2.0%
10-Apr-19	Australia consumer confidence (Apr)	98.8	NA
10-Apr-19	Europe interest rate decision	0%	0%
10-Apr-19	US core inflation rate y/y (Mar)	2.1%	2.1%
10-Apr-19	Fed meeting minutes	NA	NA
11-Apr-19	China inflation rate y/y (Mar)	1.5%	2.3%
12-Apr-19	US consumer sentiment (Apr)	98.4	98.0

Source: Bloomberg, UBS Global Research, Tradingeconomics.com

What to watch this week



Australia

Domestic data came in largely stronger than expected last week. Business conditions improved (although confidence declined), while building permits and retail sales were both significantly stronger than market expectations in February. The RBA left rates on hold, as universally expected, and maintained a neutral monetary policy outlook.

Away from data the federal budget was published last week. Overall it was slightly less stimulatory than expected, particularly given the upcoming election. The budget delivers the first surplus in over a decade whilst also promising significant personal income tax cuts along with significantly increased funding for small business, infrastructure and a range of essential service. Overall the budget was well received but market reaction was limited. The forecast for sustained surpluses strengthens Australia's AAA rating and is a positive for the Australian dollar.

Consumer confidence and home loan data are the highlights this week as well as the RBA's financial stability review.



US

US data was mixed last week. The stronger manufacturing PMI number was offset by weakness in the services sector while retail sales also missed expectations and durable goods data was broadly in line with consensus. The highlight of the week was the non-farm payrolls data set that was delivered on Friday. Solid employment data saw 196k jobs created in March, with the unemployment rate holding at 3.8% and average hourly earnings up 3.2%.

Trade negotiations have been steadily progressing over the last few months, with the tone generally a positive one. That theme continued last week as we edge towards a deal. President Trump said that negotiations were going well and late in the week he met with the Chinese Vice President. Over the weekend China said that "new progress" had been made as talks continue.

Inflation is expected to remain under control when March CPI data is released this week. The Fed meeting minutes are also released, and investors will be looking for further guidance after the recent shift to a more patient stance.



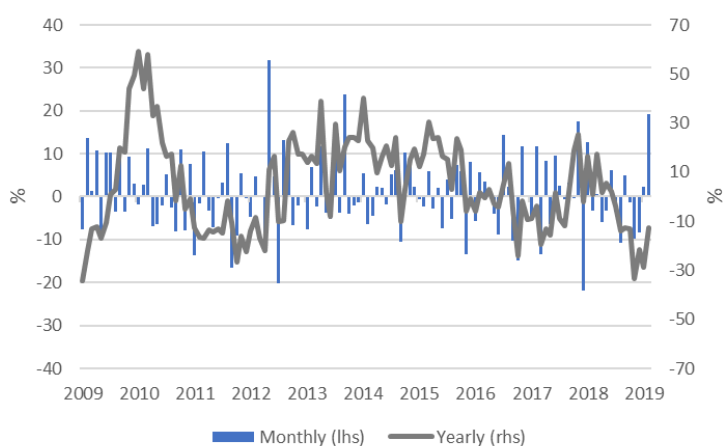
Europe

Inflation data was underwhelming in Europe last week, showing that core prices advanced just 0.8% in the year to March. The unemployment rate held at 7.8% in February while retail sales surprised, gaining 2.8% in the year to February. In the UK, PMI data was mixed, with manufacturing higher than expected but the service sector below consensus.

The Brexit process is stalling. A series of parliamentary votes have failed to find enough support for any viable path forward, the only majority so far is one for avoiding a no-deal Brexit. Last week Theresa May began discussions with her Labour counterpart Jeremy Corbyn with the aim of finding some common ground from which to move forward. The prime minister will seek a further delay from the EU but she needs to show that a solution is possible. The current exit date is this Friday.

The ECB meet this week and are not expected to make any policy changes. On the data front, UK monthly GDP data will be released along with European industrial production.

Chart of the week—Australia building permits



Source: Bloomberg

The housing market is a crucial factor in the outlook for the Australian economy. Prices can influence consumer sentiment, impacting the broader economy, but construction itself is also a key driver of growth. The outlook for housing is still weak but there is great uncertainty over how far prices will fall and what the overall impact may be.

Last week saw building approvals jump higher, surging more than 19% in February against market expectations of a small decline. The data set is volatile and is often moved around by the lumpy, multi-unit sector, which itself was up more than 62% over the month.

The overall trend is still expected to be lower from here, the key question is whether we are starting to see some stabilisation in housing market metrics.

Financial market movements

INDICATOR	AS AT 05-APR-19	1 WEEK CHANGE	1 YEAR CHANGE	3 YEAR CHANGE (ANNUALISED)	5 YEAR CHANGE (ANNUALISED)
EQUITIES					
		%	%	%	%
S&P/ASX 200 Accum. Index	65,101.27	-0.20	12.06	12.07	7.42
US S&P 500 TR^ Index	5,664.46	1.31	9.50	13.27	10.75
Europe STOXX TR Index	721.32	1.20	0.60	7.59	4.84
UK FTSE 100 TR Index	6,515.26	1.06	7.69	10.18	5.87
Japan TOPIX TR Index	2,269.64	-0.67	-5.38	8.95	7.65
MSCI World ex-Australia TR Index	4,662.29	1.35	6.51	11.23	8.27
FIXED INCOME					
	%	BP	BP	BP	BP
Australian 90-day bank bill yield	1.80	-0.02	-0.24	-0.08	-0.13
Australian 10-year bond yield	1.80	0.02	-0.80	-0.24	-0.47
US 90-day bank bill yield	2.37	-0.04	0.66	0.70	0.46
US 10-year bond yield	2.41	-0.03	-0.33	0.20	-0.06
UK 10-year bond yield	1.00	-0.01	-0.35	-0.14	-0.35
German 10-year bond yield	-0.07	-0.06	-0.57	-0.07	-0.33
COMMODITIES					
		%	%	%	%
Gold	1,292.84	-2.20	-3.61	1.88	0.22
Oil—West Texas Crude	60.14	1.86	-7.39	16.25	-9.97
Iron Ore Spot Price Index	81.10	-0.94	32.54	14.31	-5.23
CURRENCIES					
		%	%	%	%
AUD:USD	0.71	-0.03	-7.22	-2.53	-5.12
EUR:USD	1.12	-0.76	-8.75	-0.49	-4.03
GBP:USD	1.30	-1.22	-7.19	-2.88	-4.76
USD:JPY	110.96	0.90	4.79	-0.22	1.37
NZD:USD	0.68	-1.33	-5.49	-0.42	-4.62
CHF:USD	1.01	-0.26	-3.99	-1.25	-2.35
AUD:EUR	0.63	0.75	1.69	-2.05	-1.13
AUD:GBP	0.55	1.22	0.00	0.36	-0.38
AUD:JPY	78.90	0.87	-2.76	-2.71	-3.82

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

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