

Major upcoming global economic releases and events

DATE	DATA/EVENT	PREVIOUS	CONSENSUS
16-Apr-19	RBA meeting minutes	NA	NA
16-Apr-19	UK unemployment rate (Feb)	3.9%	4.0%
17-Apr-19	China GDP growth rate y/y (Q1)	6.4%	6.3%
17-Apr-19	UK core inflation rate y/y (Mar)	1.8%	1.9%
18-Apr-19	Australia unemployment rate (Mar)	4.9%	5.0%
18-Apr-19	US composite PMI (Mar)	54.6	54.3
19-Apr-19	Japan core inflation rate y/y (Mar)	0.7%	0.8%

Source: Bloomberg, UBS Global Research, Tradingeconomics.com

What to watch this week



Australia

Economic data has taken some tentative positive steps recently and that continued last week. Home loan data outperformed expectations, rising in February. Consumer sentiment was also positive, although remains below the long-term average. The impact of the Federal budget was felt in the consumer sentiment data, with the release of the budget occurring midway through the survey period. Respondents before the release was less confident than those after, showing that the budget boosted sentiment. In fact, it was the strongest post-budget turn around since this data began being collected in 2011.

The RBA released the Financial Stability Review last week and the overall tone suggests that the financial system is in good shape. High household debt remains a concern and the overall stance is neutral, rather than upbeat.

Labour market data is the highlight in an otherwise quite week of domestic data releases. The RBA minutes are also scheduled for release.



US

Inflation data reported last week showed that price rises remain subdued in the US. The core inflation rate was a little lower than expected at 2% in the year to March, versus consensus number of 2.1%. This picture is a familiar one, with inflation at (or below) target in most major economies around the world. Consumer sentiment dropped sharply in January but has seen a recovery since then and the level in April was around those reported throughout 2018.

The Fed meeting minutes were released last week and the patient tone that we have heard about over the last three months was reiterated once again. At the meeting discussion around the outlook for interest rates showed that some members think there is a case for either a cut or a hike as the next move, suggesting a neutral stance.

The week ahead sees a busy schedule of data releases in the US. Industrial production, trade data, retail sales, PMIs and building permits are set for release.



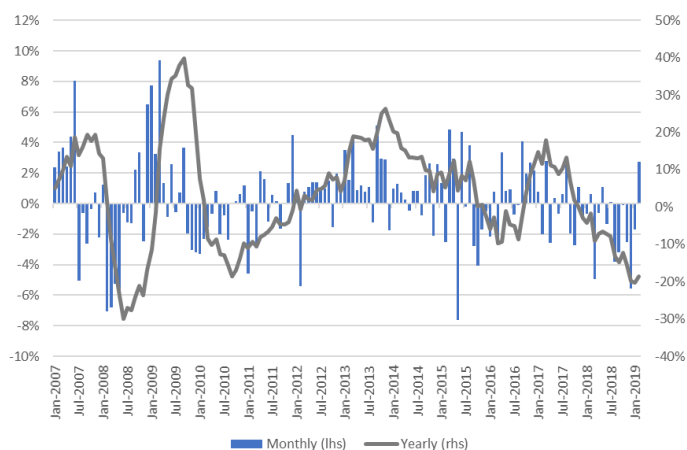
Europe

The ECB left rates on hold last week in a quiet week in Europe. There was no expectation that policy would be shifted at the meeting and forward guidance suggests a supportive stance for the foreseeable future. In the UK, data continued to outperform, with both industrial production and the monthly GDP series beating market expectations in February.

As always Brexit dominated headlines and sentiment last week, with the UK seeking (and receiving) a delay to the latest deadline, which expired on Friday. The EU granted an extension until October 31, longer than Theresa May had wanted. The pressure is not on to try and reach an agreement before the European Parliamentary elections on 23 May, which the UK does not want to participate in.

Inflation and PMI data are the highlights in Europe this week. A busy period in the UK sees inflation, retail sales and labour market data all scheduled to be published.

Chart of the week—Australian home loans



Source: Bloomberg

The Australian housing market is experiencing a period of sustained weakness, with sharp price falls spurring concerns that the broader will be adversely affected.

In recent weeks there have been some tentative signs that the market is stabilising. The pace of declines has moderated, auction clearance rates have improved in Sydney and most recently the lending data outperformed expectations.

The February data showed the first monthly gain since July 2018 and the largest rise since September 2016. The longer-term trend is still weak however, with lending down close to 30% over the year. The coming months will be crucial to see if the latest result is a one off or a more sustained turnaround.

Financial market movements

INDICATOR	AS AT 12-APR-19	1 WEEK CHANGE	1 YEAR CHANGE	3 YEAR CHANGE (ANNUALISED)	5 YEAR CHANGE (ANNUALISED)
EQUITIES					
S&P/ASX 200 Accum. Index	65,852.16	1.13	11.99	11.33	7.67
US S&P 500 TR^ Index	5,815.04	0.56	11.67	14.09	11.83
Europe STOXX TR Index	744.75	0.16	1.36	7.72	6.26
UK FTSE 100 TR Index	6,673.17	-0.02	6.97	9.82	6.72
Japan TOPIX TR Index	2,289.27	-1.25	-5.29	7.63	9.10
MSCI World ex-Australia TR Index	4,779.77	0.31	8.09	11.56	9.35
FIXED INCOME					
	%	BP	BP	BP	BP
Australian 90-day bank bill yield	1.78	-0.02	-0.20	-0.10	-0.14
Australian 10-year bond yield	1.88	-0.02	-0.78	-0.19	-0.43
US 90-day bank bill yield	2.38	0.00	0.68	0.71	0.47
US 10-year bond yield	2.57	0.07	-0.27	0.26	-0.01
UK 10-year bond yield	1.21	0.10	-0.24	-0.08	-0.28
German 10-year bond yield	0.06	0.05	-0.46	-0.04	-0.29
COMMODITIES					
		%	%	%	%
Gold	1,290.43	-0.10	-3.33	0.92	-0.43
Oil—West Texas Crude	63.89	1.28	-4.74	14.85	-9.24
Iron Ore Spot Price Index	87.77	2.58	42.25	15.21	-4.93
CURRENCIES					
		%	%	%	%
AUD:USD	0.72	0.69	-7.78	-2.43	-5.18
EUR:USD	1.13	0.34	-8.72	0.05	-3.94
GBP:USD	1.31	0.11	-8.82	-2.72	-4.81
USD:JPY	111.98	0.45	4.54	0.98	1.90
NZD:USD	0.68	0.37	-8.11	-0.74	-4.78
CHF:USD	1.00	-0.32	-4.21	-1.16	-2.56
AUD:EUR	0.63	0.33	1.02	-2.48	-1.30
AUD:GBP	0.55	0.57	1.14	0.30	-0.39
AUD:JPY	80.36	1.15	-3.57	-1.47	-3.37

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

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