

Major upcoming global economic releases and events

DATE	DATA/EVENT	PREVIOUS	CONSENSUS
13-May-19	Australian home loans m/m (Mar)	2.0%	0.4%
14-May-19	Australian business confidence (Apr)	0	1
15-May-19	Australia consumer confidence (Apr)	100.7	NA
15-May-19	Australia wage price index y/y (Q1)	2.3%	2.3%
15-May-19	US retail sales m/m (Apr)	1.6%	0.3%
16-May-19	Australia unemployment rate (Apr)	5.0%	5.1%
17-May-19	US consumer confidence (Apr)	97.2	97.5

Source: Bloomberg, UBS Global Research, Tradingeconomics.com

What to watch this week



Australia

A quiet week saw retail sales and trade data reported last week in Australia. Retail sales held up well but the underlying picture remains weak. Trade data was also stronger than expected, benefitting from firm commodity prices in the first quarter.

The RBA took centre stage last week with the first meeting in some time where there was a real chance of a policy change. In the end the outcome saw rates stay on hold at 1.5% and the tone suggested that labour market data, which has been a key input for the RBA, will take on even more significance going forward. If the unemployment rate fails to grind lower then the RBA will likely see this as enough cause to cut rates. At the end of the week the Statement on Monetary Policy was released with the RBA cutting both GDP and inflation forecasts for the period ahead, as expected.

This week, home loan data, business and consumer confidence, the Q1 wage price index and the labour market report are all scheduled to be published as part of a busy domestic data calendar.



US

The data schedule was sparse in the US last week, with April inflation numbers the only major release. The outcome was in line with expectations, showing that price rises are contained, enabling the central bank to continue its patient monetary policy approach.

After a prolonged period of calm, trade tensions between the US and China exploded back in to the headlines last week. Trump was angered by an apparent back track by China and announced both an increase and a broadening of tariffs on Chinese goods. Late in the week negotiations in Washington continued but the US increased existing tariffs from 10% to 25% on \$250bn worth of Chinese goods. The threat to impose new tariffs on a further \$300bn worth of imports remains and China has vowed to retaliate in what has been a dramatic re-escalation in trade tensions.

This week retail sales and industrial production data are released before building permits and housing starts, with an update on consumer confidence later in the week.



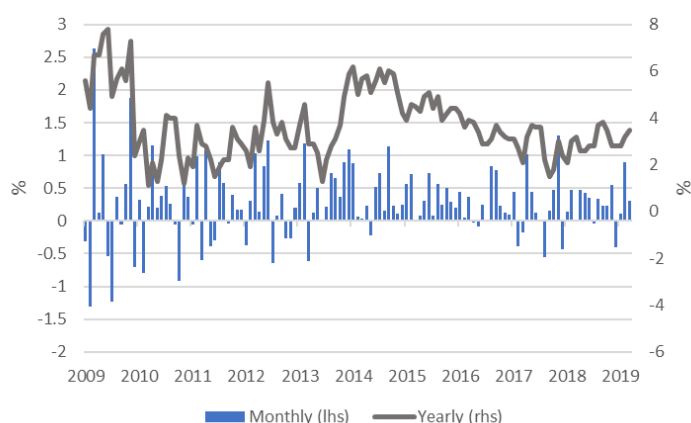
Europe

European retail sales were reported marginally above consensus in March while in the UK the strong run of data continued as Q1 GDP showed solid growth.

Brexit has largely been out of the headlines in recent weeks, following the latest delay of the exit date to 31 October. Negotiations have been taking place behind the scenes as the UK aims to avoid taking part in the European parliamentary elections, which commence on 23 May. With such a tight timeframe to get a deal agreed and the approved by parliament that goal is becoming increasingly unlikely. Theresa May and opposition leader Jeremy Corbyn are both walking a tightrope, aiming to deliver a deal with enough support from both sides while also managing significant disruptive influences within their respective political parties.

A relatively quiet week ahead sees industrial production released in Europe along with the second estimate of Q1 GDP. In the UK, labour market data is the highlight.

Chart of the week—Australia retail sales



Source: Bloomberg

Australian retail sales data has been closely monitored in recent months for evidence that decreasing house prices are having an impact on consumer behaviour. The latest report outperformed expectations at the headline level, with retail trade up 0.3% in March, beating the 0.2% consensus number. The more detailed retail picture is weaker, with the volume of retail trade posting a 0.1% decline in Q1, which follows a flat reading in Q4 2018.

The latest data shows that the weakness in consumption experienced in the second half of 2018 has spilled over in to 2019. Retail accounts for about a third of household consumption and so this data has negative implications for Q1 GDP growth.

Financial market movements

INDICATOR	AS AT 10-MAY-19	1 WEEK CHANGE	1 YEAR CHANGE	3 YEAR CHANGE (ANNUALISED)	5 YEAR CHANGE (ANNUALISED)
EQUITIES					
		%	%	%	%
S&P/ASX 200 Accum. Index	66,497.48	-0.39	7.76	10.33	7.40
US S&P 500 TR^ Index	5,770.44	-1.67	7.76	14.36	10.97
Europe STOXX TR Index	729.37	-3.35	-4.72	7.64	4.87
UK FTSE 100 TR Index	6,485.38	-1.90	-2.78	9.85	5.00
Japan TOPIX TR Index	2,209.48	-4.37	-11.93	7.46	7.54
MSCI World ex-Australia TR Index	4,718.60	-1.98	3.12	11.75	8.31
FIXED INCOME					
	%	BP	BP	BP	BP
Australian 90-day bank bill yield	1.59	-0.00	-0.34	-0.06	-0.18
Australian 10-year bond yield	1.71	-0.03	-1.07	-0.19	-0.43
US 90-day bank bill yield	2.38	-0.00	0.56	0.71	0.47
US 10-year bond yield	2.47	-0.06	-0.50	0.23	-0.03
UK 10-year bond yield	1.14	-0.08	-0.30	-0.09	-0.31
German 10-year bond yield	-0.05	-0.07	-0.60	-0.06	-0.30
COMMODITIES					
		%	%	%	%
Gold	1,287.59	0.51	-1.97	0.37	-0.09
Oil—West Texas Crude	61.39	-1.38	-13.17	9.93	-9.60
Iron Ore Spot Price Index	87.48	-0.58	36.13	14.75	-2.40
CURRENCIES					
		%	%	%	%
AUD:USD	0.70	-0.01	-7.12	-1.31	-5.67
EUR:USD	1.12	0.33	-5.79	-0.22	-3.89
GBP:USD	1.30	-0.69	-4.05	-3.26	-5.02
USD:JPY	109.77	-0.89	0.10	0.35	1.43
NZD:USD	0.66	-0.29	-4.60	-0.89	-5.23
CHF:USD	0.99	0.68	-1.03	-1.19	-2.51
AUD:EUR	0.62	-0.34	-1.41	-1.09	-1.85
AUD:GBP	0.54	0.67	-3.21	2.02	-0.69
AUD:JPY	76.73	-0.91	-7.03	-0.96	-4.32

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

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