

Major upcoming global economic releases and events

DATE	DATA/EVENT	PREVIOUS	CONSENSUS
10-Nov-20	Australia business confidence (Oct)	-4	NA
10-Nov-20	UK unemployment rate (Sep)	4.5%	4.8%
11-Nov-20	Australia consumer confidence (Nov)	105	NA
12-Nov-20	UK GDP Growth q/q (Q3)	-19.8%	15.8%
12-Nov-20	UK industrial production m/m (Sep)	0.3%	0.5%
12-Nov-20	Europe industrial production m/m (Sep)	0.7%	0.9%
12-Nov-20	US core inflation rate y/y (Oct)	1.7%	1.8%

Source: Bloomberg, UBS Global Research, Tradingeconomics.com

What to watch this week



Australia

Building permits surged in September and home loans continued to show strong growth, both positive signs for the housing market. Expectations of sharp house price falls are so far not eventuating. Ultra-low interest rates are stimulating housing activity and helping to counteract the drop in demand due to a sharp fall in immigration. Final retail sales data showed a better than anticipated 1.1% drop in September.

The RBA cut rates from 0.25% to 0.10% last week, as widely expected. A quantitative easing program was also announced, with \$100b of government and semi-government bonds with a 5-10 year maturity to be purchased over the next six months. Commentary suggest that interest rates will not be lowered from here but that there is scope for the asset purchases to be expanded, should economic outcomes disappoint in the period ahead.

A quiet week ahead sees business and consumer confidence measures published, with the improved Covid-19 landscape likely a positive factor.



US

The Fed met last week, with the meeting delivering little in the way of updated guidance. Rates were left on hold, the QE program was unchanged and the statement saw only minor tweaks to the wording. The December meeting should see a less uncertain political backdrop and therefore the potential for more concrete policy guidance.

The US presidential election played out in dramatic fashion last week. An early lead for Trump had bookmakers slashing the odds for him to retain the presidency but the lead was reversed as postal votes were counted and Biden was eventually confirmed as the victor over the weekend. The prospect of Biden as president and a divided Congress is a more positive scenario than anticipated. Without the ability to push through meaningful change, particularly around tax hikes, the status quo is more likely to be maintained, a positive for markets.

Inflation and consumer sentiment data will be published in a relatively quiet week ahead.



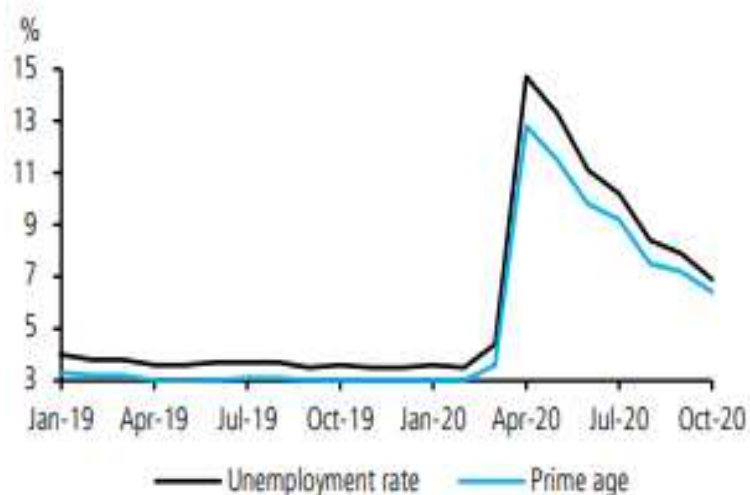
Europe

European retail sales data was the only release of note last week. The sharp rebound in August was partly unwound in September, with a below consensus -2% recorded over the month.

The Bank of England met last week and while rates were left in hold (as expected), they announced a £150b expansion of the asset purchase program. The move comes in response to the deterioration in the Covid-19 picture in the UK and associated lockdowns, with Q4 GDP growth now expected to be negative. Growth expectations were downgraded for both the current year and next year, with 2020 GDP now forecast to decline 11% (was -9.5%) and 2021 to rebound 7.5% (was 9%). Mainland Europe faces a similar deterioration to the outlook and the ECB have flagged the potential for further monetary policy support in the months ahead.

A busy week in the UK sees GDP growth and labour data released. Industrial production data will also be published in both the UK and Europe.

Chart of the week—US Labour market



The US labour market outperformed expectations in October, with 638k jobs added over the month. Consensus had been 580k and the unemployment rate was also materially lower than forecast, dipping to 6.9% against a consensus of 7.6%. Encouragingly, the participation rate also pushed higher, showing that workers are re-entering the workforce after dropping out through the pandemic.

The breakdown of jobs was heavily skewed towards the service sector, with businesses reopening across leisure and hospitality. Employment is still well below pre-covid levels however, and the seemingly uncontrolled spread of the virus is likely to negatively impact the labour market in the period ahead. The timelier weekly unemployment insurance claims series is already showing signs of a more pronounced slowing and this is expected to be reflected in the non-farm payroll series in the months ahead.

Source: US BLS, UBS

Financial market movements

INDICATOR	AS AT 12-NOV-20	1 WEEK CHANGE	1 YEAR CHANGE	3 YEAR CHANGE (ANNUALISED)	5 YEAR CHANGE (ANNUALISED)
EQUITIES		%	%	%	%
S&P/ASX 200 Accum. Index	68,778.53	4.44	-4.95	4.71	8.14
US S&P 500 TR [^] Index	7,230.51	7.36	15.58	12.91	13.30
Europe STOXX TR Index	732.45	7.51	-8.53	-0.79	2.51
UK FTSE 100 TR Index	5,624.84	6.02	-17.03	-3.82	2.74
Japan TOPIX TR Index	2,438.47	2.95	-0.59	-0.97	2.80
MSCI World ex-Australia TR Index	5,543.21	7.16	8.84	8.24	9.49
FIXED INCOME	%	BP	BP	BP	BP
Australian 90-day bank bill yield	0.02	-3.56	-91.88	-56.28	-43.76
Australian 10-year bond yield	0.75	-7.50	-51.80	-60.90	-41.04
US 90-day bank bill yield	0.08	-0.27	-139.22	-35.22	-0.16
US 10-year bond yield	0.82	-5.52	-100.98	-50.18	-30.32
UK 10-year bond yield	0.27	1.20	-44.10	-32.84	-35.53
German 10-year bond yield	-0.62	0.60	-28.80	-32.00	-26.42
COMMODITIES		%	%	%	%
Gold	1,951.35	3.86	30.91	15.03	12.36
Oil—West Texas Crude	37.14	3.77	-34.09	-13.48	-3.46
Iron Ore Spot Price Index	116.95	2.16	75.73	28.51	-
CURRENCIES		%	%	%	%
AUD:USD	0.73	3.49	5.97	-1.79	0.64
EUR:USD	1.19	2.03	7.86	0.82	2.04
GBP:USD	1.32	1.65	3.02	0.11	-2.65
USD:JPY	103.40	-1.20	-5.36	-3.16	-3.43
NZD:USD	0.68	2.49	7.14	-0.90	0.77
CHF:USD	1.11	2.00	10.94	3.62	2.26
AUD:EUR	0.61	1.31	-1.72	-2.64	-1.40
AUD:GBP	0.55	1.83	2.87	-1.90	3.37
AUD:JPY	75.02	1.99	-0.00	-4.98	-2.87

*BP = Basis Point, Source: Bloomberg; [^]TR = Total return

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