

### Major upcoming global economic releases and events

DATE	DATA/EVENT	PREVIOUS	CONSENSUS
20-Apr-21	RBA meeting minutes	NA	NA
21-Apr-21	Australia prelim retail sales m/m (Mar)	-0.8%	08%
22-Apr-21	European interest rate decision	0.0%	0.0%
23-Apr-21	UK consumer confidence (Apr)	-16	-12
23-Apr-21	UK composite PMI (Apr)	56.4	58.1
23-Apr-21	Europe composite PMI (Apr)	53.2	52.8
23-Apr-21	US composite PMI (Apr)	59.7	NA

Source: Bloomberg, UBS Global Research, Tradingeconomics.com

### What to watch this week



#### Australia

Australia's run of strong economic data continued last week. The consumer and business surveys showed a picture of strength, with business conditions at a record high and confidence elevated (despite a slight decline in March). The labour force survey was also extremely strong in March, with 70k jobs added over the month, double the consensus expectation. The unemployment rate declined from 5.8% to 5.6%, also exceeding expectations, despite a jump in the participation rate. Elsewhere, measures such as hours worked, the underemployment rate and the underutilisation rate were all impressive.

The RBA is sticking to the script in terms of policy expectations – pledging to hold rates until 2024. The most recent forecasts show the unemployment rate hitting 5.5% by the end of 2022, which now seems overly cautious. Ongoing labour market strength is likely to prompt forecast upgrades, and potentially a change in tone.

The RBA meeting minutes and preliminary retail sales numbers are the highlights in the week ahead.



#### US

US data continued its positive run last week, with measures such as retail sales, manufacturing indices, weekly unemployment claims and housing market metrics all outperforming. Entering the week, the focus was very much on the CPI print, with expectations of a spike across the March and April data points. The March result was above expectations, with core CPI up 0.3% m/m (0.2% exp) and 1.6% y/y (1.5% exp.). The market reaction was surprisingly benign, and it will seemingly take a big rise to prompt a market reaction. Failing that, a more prolonged period of price rises, beyond the next few months, would likely also prove concerning for investors.

Last week, the US Food and Drug Administration recommended pausing the Johnson and Johnson vaccine because of concern around blood clotting. While not a material problem in the US (due to the availability of alternatives), it does highlight that the risk from COVID-19 has not yet passed.

New and existing home sales and PMI data are the key data releases this week.



#### Europe

A quiet week of data saw industrial production stronger than expected in the UK and broadly in line with expectations in Europe. European retail sales data was an outperformer in March.

The UK is progressing along its roadmap out of lockdown. Having seen schools open in early March, last week marked another milestone, as stage 2 began. Hospitality venues can operate outdoors, and retail has reopened. The hard lockdown and well progressed vaccine roll-out should provide the UK with a solid footing to enjoy a material economic recovery in the period ahead. In Europe, the picture is less clear, with more elevated virus case numbers and a lower percentage of vaccination coverage. The pace of the roll-out is increasing however, and the medium-term outlook for Europe is positive as the global economy recovers.

UK Labour market data, retail sales, PMIs, consumer confidence and CPI are set for release this week. In Europe, consumer confidence, PMIs and the ECB meeting are the highlights.

## Chart of the week—Australian consumer confidence



Source: CBA, Westpac institute

Australian consumer confidence surged again in April, with the index gaining 6.2% over the month. Sentiment is now at the highest level since August 2010. The backdrop of strong jobs growth, high job vacancies and elevated savings levels is combining with a favourable domestic COVID-19 landscape to drive very high consumer confidence.

There were two soft patches in the March result. Firstly, rising house prices have dampened sentiment around whether now is a good time to buy a dwelling, and secondly, despite a strong labour market, unemployment expectations have edged higher – potentially due to the end of the JobKeeper program.

Overall, consumers are in confident mood, and prepared to forgive the issues around the vaccine rollout, for the time being at least.

## Financial market movements

INDICATOR	AS AT16-APR-21	1 WEEK CHANGE	1 YEAR CHANGE	3 YEAR CHANGE (ANNUALISED)	5 YEAR CHANGE (ANNUALISED)
<b>EQUITIES</b>		%	%	%	%
S&P/ASX 200 Accum. Index	79,668.54	0.98	32.30	10.32	10.66
US S&P 500 TR <sup>^</sup> Index	8,684.51	1.39	48.05	18.04	17.04
Europe STOXX TR Index	912.21	1.33	43.67	7.05	8.49
UK FTSE 100 TR Index	6,788.71	1.59	25.46	2.51	5.94
Japan TOPIX TR Index	2,908.70	0.07	38.29	5.94	9.61
MSCI World ex-Australia TR Index	6,663.63	1.26	45.18	14.15	13.88
<b>FIXED INCOME</b>	%	BP	BP	BP	BP
Australian 90-day bank bill yield	0.04	0.32	-9.76	-68.39	-45.36
Australian 10-year bond yield	1.74	-2.20	88.90	-33.78	-16.49
US 90-day bank bill yield	0.01	-0.02	-5.55	-57.34	-4.26
US 10-year bond yield	1.58	-7.87	95.31	-41.74	-3.44
UK 10-year bond yield	0.76	-1.00	46.20	-23.35	-13.03
German 10-year bond yield	-0.26	4.10	21.20	-26.30	-7.79
<b>COMMODITIES</b>		%	%	%	%
Gold	1,776.51	1.87	3.42	9.69	7.56
Oil—West Texas Crude	63.13	6.42	217.72	-1.58	9.36
Iron Ore Spot Price Index	176.95	3.44	109.33	38.91	24.67
<b>CURRENCIES</b>		%	%	%	%
AUD:USD	0.77	1.46	22.24	-0.20	0.02
EUR:USD	1.20	0.71	10.54	-1.08	1.21
GBP:USD	1.38	0.91	11.04	-1.19	-0.53
USD:JPY	108.80	-0.79	0.82	0.52	0.01
NZD:USD	0.71	1.55	19.67	-1.01	0.64
CHF:USD	1.09	0.50	5.48	1.43	1.02
AUD:EUR	0.65	0.83	10.59	0.89	-1.17
AUD:GBP	0.56	0.57	10.08	1.00	0.56
AUD:JPY	84.15	0.71	23.24	0.32	0.03

\*BP = Basis Point, Source: Bloomberg; <sup>^</sup>TR = Total return

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