

### Major upcoming global economic releases and events

DATE	DATA/EVENT	PREVIOUS	CONSENSUS
14-Sep-21	Australia business confidence (Aug)	-8	NA
14-Sep-21	US core inflation rate y/y (Aug)	4.3%	4.2%
15-Sept-21	Australia consumer confidence (Sep)	104.1	NA
15-Sept-21	China retail sales y/y (Aug)	8.5%	7.1%
15-Sept-21	UK core inflation rate y/y (Aug)	1.8%	2.9%
16-Sept-21	Australia unemployment rate (Aug)	4.6%	4.9%
16-Sept-21	US retail sales m/m (Aug)	-1.1%	-1%

Source: Bloomberg, UBS Global Research, Tradingeconomics.com

### What to watch this week



#### Australia

Australian data is portraying a mixed picture at the moment, with Q2 numbers showing strength but data from July starting to reflect the early impacts of lockdown. Looking ahead, data will likely weaken further in the months ahead before recovering into year end.

The RBA surprised the market last week, pushing ahead with plans to taper asset purchases from \$5b to \$4b per week. The general expectation was that they would reverse their earlier decision and maintain the \$5b weekly pace (or even increase that pace). There was a dovish angle to the meeting however, with the review of asset purchases delayed from November this year until February next year. If the health of the economy unfolds as expected, with Q3 weakness giving way to a Q4 rebound and then a strong start to 2022, the RBA will be expected to taper further in February en route to ending purchases all together later in 2022.

Business and consumer sentiment measures as well as the labour force survey are this week's highlights.



#### US

It was a quiet week in the US last week, with no major data releases. The weekly unemployment claims series showed ongoing strength, with fewer people losing their jobs in the most recent week, and more unemployed people being rehired. Labour market strength in the non-farm payroll series is expected to resume in the months ahead after a weaker than expected result in August.

The US economy is passing its peak growth rate, which is to be expected as we move from the rapid acceleration of the recovery phase in to a more normal (and hopefully sustainable) period of growth. UBS recently upgraded its US equity forecasts, noting that peak growth does not mean that a deep slowdown is imminent. We expect the period ahead to see growth stabilise at a solid level, and while rising bond yields will be a headwind, equity markets can continue to deliver positive returns, although not as strong as those experienced over the last year.

Inflation and retail sales data are the highlights in the week ahead.



#### Europe

UK industrial production was stronger than expected in July, while the monthly GDP series was a little below market consensus.

The European Central Bank (ECB) met last week and announced a moderately lower pace of asset purchases under its emergency program in Q4 (when compared to Q2/3). Growth and inflation forecasts were also upgraded and commentary from Chair Christine Lagarde was upbeat. Overall, the meeting was more hawkish than anticipated but the ECB is not expected to announce any material changes to policy until the December meeting. At that point, UBS expects an announcement noting that emergency purchases will come to an end in March 2022. Partially offsetting this move, the ECB is forecast to increase purchases under its ongoing asset purchase program.

In the UK, labour market data, inflation and retail sales are the highlights this week. Industrial production will be published in Europe.

## Chart of the week—Australian weekly payroll data



Source: UBS, ABS

Australian payroll jobs declined by 0.7% in the two weeks to 14 August, while the prior fortnight was upgraded from -2% to -1.8%. Since late June, payrolls are down 3.3%, a materially better outcome than the March/April period last year, which saw an 8.4% decline. Wages have experienced a sharper decline, but the result has also been stronger than expected.

There is significant variation by region, with New South Wales leading the falls, down 1.2% in the latest period and 8% lower since late June. Victoria is so far holding up comparatively well, down 0.6% in the 2 weeks to 14 August, and down 1.7% since late June.

Looking ahead, further falls can be expected, but as UBS notes, Seek job ads are only down around 2% from late June to 8 September, suggesting that while the unemployment rate will rise, the labour market is performing better than many had feared.

## Financial market movements

INDICATOR	AS AT 10-SEPT-21	1 WEEK CHANGE	1 YEAR CHANGE	3 YEAR CHANGE (ANNUALISED)	5 YEAR CHANGE (ANNUALISED)
<b>EQUITIES</b>		%	%	%	%
S&P/ASX 200 Accum. Index	85,171.00	-1.27	30.90	10.49	11.61
US S&P 500 TR <sup>^</sup> Index	9,304.03	-1.71	35.46	17.46	18.16
Europe STOXX TR Index	970.13	-0.83	30.47	10.00	10.13
UK FTSE 100 TR Index	6,919.61	-1.51	20.83	2.72	5.11
Japan TOPIX TR Index	3,109.20	3.78	30.14	9.09	11.71
MSCI World ex-Australia TR Index	7,112.20	-1.18	33.45	14.71	15.01
<b>FIXED INCOME</b>	%	BP	BP	BP	BP
Australian 90-day bank bill yield	0.01	-0.18	-7.81	-64.37	-34.48
Australian 10-year bond yield	1.22	-0.10	28.90	-45.37	-14.88
US 90-day bank bill yield	0.04	0.90	-5.60	-69.23	-5.44
US 10-year bond yield	1.34	1.88	66.39	-53.29	-6.68
UK 10-year bond yield	0.76	4.10	53.10	-23.76	-2.02
German 10-year bond yield	-0.33	3.10	10.30	-24.43	-6.83
<b>COMMODITIES</b>		%	%	%	%
Gold	1,787.58	-2.20	-8.15	14.34	6.13
Oil—West Texas Crude	69.72	-0.39	86.92	1.06	8.73
Iron Ore Spot Price Index	131.75	-1.82	3.29	24.33	18.26
<b>CURRENCIES</b>		%	%	%	%
AUD:USD	0.74	-1.39	1.35	1.12	-0.50
EUR:USD	1.18	-0.56	-0.01	0.63	1.01
GBP:USD	1.38	-0.23	8.08	2.04	0.85
USD:JPY	109.94	0.21	3.59	-0.36	1.37
NZD:USD	0.71	-0.63	6.95	2.91	-0.58
CHF:USD	1.09	-0.44	-0.81	2.03	1.22
AUD:EUR	0.62	-0.75	1.35	0.48	-1.49
AUD:GBP	0.53	-1.23	-6.22	-0.90	-1.33
AUD:JPY	80.84	-1.11	4.94	0.74	0.86

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

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