

Major upcoming global economic releases and events

DATE	DATA/EVENT	PREVIOUS	CONSENSUS
21-Sep-21	RBA meeting minutes	NA	NA
22-Sep-21	US interest rate decision	0.25%	0.25%
24-Sept-21	Europe composite PMI (Sep)	59	58.8
24-Sept-21	UK composite PMI (Sep)	54.8	54.7
24-Sept-21	UK interest rate decision	0.1%	0.1%
24-Sept-21	US composite PMI (Sep)	55.4	NA
26-Sept-21	German election (Aug)	NA	NA

Source: Bloomberg, UBS Global Research, Tradingeconomics.com

What to watch this week



Australia

Sentiment measure have held up well throughout the recent lockdowns. The NAB Business Survey showed a step up from -7 to -5 in August, while conditions also improved, from +10 to +14. On the consumer side, the headline index increased 2% in September and is now just 0.9% below June levels. Ongoing progress towards the vaccination target is providing hope that the end of lockdown is in sight, and job security fears eased over the month. House price expectations also pushed higher in September.

RBA Governor Lowe gave a speech last week, reiterating sentiment that while the near-term outlook for the economy is weak, the outlook beyond Q3 is positive. He also went into detail around the RBA's thinking on interest rates, stressing that market pricing for hikes across the next two years are not in line with the Board member's thinking. He reinforced the expectation that the conditions to raise interest rates will not be met until 2024.

The RBA meeting minutes are the highlight in a quiet week ahead.



US

The August CPI print was the US data highlight last week. Prices rose by less than expected, with the core index up just 0.1% (0.3% consensus), pulling the yearly figure down from 4.3% to 4.0%. Inflation is expected remain elevated of the remainder of the year before trending lower in 2022. Retail sales posted a surprise jump in August, gaining 0.7% over the month, beating expectations of a 0.7% decline. A return to pandemic type spending patterns, with gains for at home goods (e.g. building materials, furniture, groceries etc.) appears to have driven the gain this month.

The Fed meet this week, with the key issue being whether an announcement will be made on asset purchase tapering. Recent weakness in non-farm payroll data and rising Covid-19 cases may prompt the Fed to delay a decision until the outlook is clearer.

PMI data is the highlight in the US this week. Building permits, housing starts and both new and existing home sales numbers will also be published in a busy week ahead.



Europe

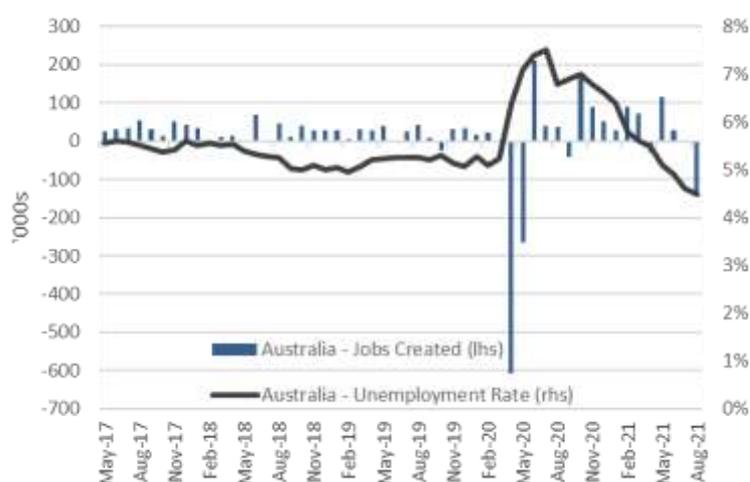
Price pressures are starting to emerge in the UK, with the August CPI print showing that the core number jumped to 3.1% from 1.8% in July, higher than expected. Elsewhere, retail sales data was weaker than expected, declining 0.9% in August, and the unemployment rate dipped from 4.7% to 4.6% in July, in line with expectations. In Europe, industrial production beat consensus, jumping 1.5% in July.

The Bank of England meets this week and while no policy changes are expected, the focus will be on member's thinking on the potential to begin tapering asset purchases.

In Europe, the German election will take place on the weekend, with a change in leadership guaranteed, as chancellor Angela Merkel will be standing down after 16 years in the role. A change at the party level also seems likely, as the incumbent Christian Democratic Union is trailing in the polls.

Consumer confidence and PMI data will be published in both the UK and Europe in the week ahead.

Chart of the week—Australian labour force survey



The Australian labour force survey posted a weak result in August, showing that 146k jobs were lost over the month, materially below the -90k expectation. Surprisingly, the unemployment rate declined, dipping from 4.6% to 4.5%, the lowest level since 2008. However, the measure is not particularly useful, as the drop was entirely driven by a sharp fall in the participation rate, as people who lost their jobs did not look for new employment.

Not surprisingly, the weakness in August was driven by New South Wales (-173k), and while Victoria held up well and was in positive territory in August, a sharp drop is expected in September.

Looking ahead, with large parts of the population expected to remain in lockdown well into October, there is limited prospect of any improvement until the November survey, which won't be published until December.

Source: ABS

Financial market movements

INDICATOR	AS AT 17-SEPT-21	1 WEEK CHANGE	1 YEAR CHANGE	3 YEAR CHANGE (ANNUALISED)	5 YEAR CHANGE (ANNUALISED)
EQUITIES					
S&P/ASX 200 Accum. Index	85,154.88	-0.02	30.74	10.23	11.19
US S&P 500 TR [^] Index	9,253.57	-0.54	35.55	16.89	17.88
Europe STOXX TR Index	961.40	-0.90	29.89	8.97	9.90
UK FTSE 100 TR Index	6,855.27	-0.93	20.20	2.00	4.40
Japan TOPIX TR Index	3,121.95	0.41	29.89	7.64	11.91
MSCI World ex-Australia TR Index	7,072.09	-0.56	33.00	13.99	14.73
FIXED INCOME					
	%	BP	BP	BP	BP
Australian 90-day bank bill yield	0.01	0.05	-7.65	-64.07	-34.67
Australian 10-year bond yield	1.30	8.10	45.80	-44.23	-16.13
US 90-day bank bill yield	0.03	-0.86	-4.88	-70.12	-4.98
US 10-year bond yield	1.36	2.05	67.29	-54.47	-6.63
UK 10-year bond yield	0.85	8.80	66.10	-23.05	-0.54
German 10-year bond yield	-0.28	5.00	21.10	-24.66	-5.75
COMMODITIES					
	%	%	%	%	%
Gold	1,754.34	-1.86	-9.78	13.45	6.01
Oil—West Texas Crude	71.97	3.23	75.67	1.46	10.83
Iron Ore Spot Price Index	114.55	-13.06	-8.47	18.48	15.12
CURRENCIES					
	%	%	%	%	%
AUD:USD	0.73	-1.25	0.55	0.00	-0.73
EUR:USD	1.17	-0.69	-0.33	0.17	0.98
GBP:USD	1.37	-0.70	7.22	1.49	1.07
USD:JPY	109.95	0.01	5.06	-0.70	1.53
NZD:USD	0.70	-1.10	5.50	2.07	-0.72
CHF:USD	1.07	-1.50	-1.87	1.25	1.01
AUD:EUR	0.62	-0.59	0.85	-0.18	-1.70
AUD:GBP	0.53	-0.57	-6.22	-1.48	-1.78
AUD:JPY	79.87	-1.20	5.66	-0.69	0.79

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

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