

Major upcoming global economic releases and events

DATE	DATA/EVENT	PREVIOUS	CONSENSUS
12-Oct-21	Australia business confidence (Sep)	-5	NA
12-Oct-21	UK unemployment rate (Aug)	4.6%	4.5%
13-Oct-21	US core CPI y/y (Sep)	4.0%	4.0%
13-Oct-21	US Fed meeting minutes	NA	NA
14-Oct-21	Australia consumer confidence (Oct)	106.2	NA
14-Oct-21	Australia unemployment rate (Sep)	4.5%	4.8%
15-Oct-21	US retail sales m/m (Sep)	0.7%	-0.2%

Source: Bloomberg, UBS Global Research, Tradingeconomics.com

What to watch this week



Australia

Payroll data showed a 0.7% decline in the two weeks to 11 September. A meaningful recovery is not expected to appear in the data until late this year.

While the RBA meeting was effectively a non-event last week, there was some movement on the macroprudential policy front, with the Council of Financial Regulators (which includes the RBA, APRA, ASIC and the Treasury) moving to cool high debt-to-income lending. ASIC announced new measures on Wednesday, stating that lenders would need to raise the minimum interest rate buffer from 2.5% to 3% (applied above the loan rate) when assessing serviceability. The change will reduce the typical borrower's maximum loan by around 5%, but because the vast majority of borrowers don't go to the maximum level, the impact is likely to be modest. CBA expects housing market momentum to continue (unless further measures are imposed), with prices forecast to rise 7% in 2022.

Business and consumer confidence and the labour force survey are the highlights in the week ahead.



US

Non-farm payroll data presented a mixed picture in September. 194k jobs were added over the month, well below the 500k consensus. The unemployment rate dropped from 5.2% to 4.8% however, pushed down by a decline in the participation rate, and both hours worked and wage growth were also strong. These details suggest that labour supply bottlenecks are holding back jobs growth, rather than underlying weakness. Signs of labour market tightness are likely to encourage hawkish Fed members to push for tighter monetary policy settings.

Concerns over the US government debt ceiling have spurred market volatility recently. Last week, the senate agreed a move extending the current ceiling, although it is only a short-term fix, with a more permanent resolution required by early December. Markets reacted positively, encouraged by the apparent willingness of US lawmakers to get a deal done.

Inflation data and the Fed meeting minutes are the key events in the week ahead.



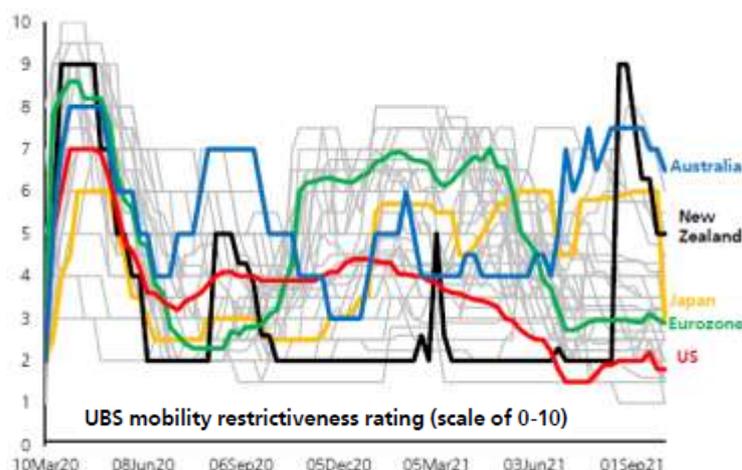
Europe

European retail sales data was the only print of note last week, gaining 0.3% in September.

Angela Merkel has been Europe's de-facto leader for well over a decade, and as she prepares to step away from politics, thoughts are turning to whether one of Europe's other leaders will assume the unofficial role. There are two obvious candidates in Emmanuel Macron and Mario Draghi, leaders of France and Italy respectively. Both are major players on the global stage and Draghi already commands respect, having previously led the European Central Bank. Given Germany's economic status as Europe's powerhouse, a key German presence would seem appropriate. Should Vice-Chancellor Olaf Scholz prove successful in forming a coalition, then he would likely have a key leadership role to play for Europe as a whole.

Labour market data, the monthly GDP series and industrial production are the data highlights in the UK this week. Industrial production will also be published in Europe.

Chart of the week—Global mobility restrictions



Source: UBS

UBS's assessment of mobility restrictions shows that despite virus case numbers matching those recorded in December 2020, restrictions continue to trend lower. In September, 26 countries eased restrictions, 7 tightened them and 9 were unchanged.

As the chart shows, there remains significant disparity by region. Asia as a whole is a laggard, with mobility running at around 83% of pre-pandemic levels. Interestingly, lower restrictions do not necessarily lead to increased mobility. For example, the US and UK, which both have fewer restrictions than Europe, have lower overall levels of mobility.

Despite having higher levels of restrictions overall, Asia is catching the rest of the world, with the region making the greatest gains in September. Looking ahead, further easing of restrictions should see mobility in the region surpass levels in the US and UK.

Financial market movements

INDICATOR	AS AT 08-OCT-21	1 WEEK CHANGE	1 YEAR CHANGE	3 YEAR CHANGE (ANNUALISED)	5 YEAR CHANGE (ANNUALISED)
EQUITIES		%	%	%	%
S&P/ASX 200 Accum. Index	84,215.98	1.88	24.22	11.56	10.21
US S&P 500 TR [^] Index	9,173.74	0.83	28.16	19.32	17.68
Europe STOXX TR Index	946.33	0.74	27.10	10.96	9.29
UK FTSE 100 TR Index	6,992.66	0.99	22.29	4.33	4.08
Japan TOPIX TR Index	2,935.63	-1.23	21.20	6.96	9.73
MSCI World ex-Australia TR Index	6,972.28	0.66	26.50	15.98	14.26
FIXED INCOME	%	BP	BP	BP	BP
Australian 90-day bank bill yield	0.02	0.43	-5.63	-63.93	-34.36
Australian 10-year bond yield	1.64	14.80	77.20	-37.81	-10.70
US 90-day bank bill yield	0.04	1.03	-4.42	-71.85	-5.51
US 10-year bond yield	1.61	15.02	82.66	-54.33	-2.13
UK 10-year bond yield	1.16	15.60	86.90	-17.23	3.78
German 10-year bond yield	-0.15	7.30	37.20	-22.72	-3.42
COMMODITIES		%	%	%	%
Gold	1,757.13	-0.22	-7.22	13.93	6.93
Oil—West Texas Crude	79.35	4.57	92.64	2.22	9.76
Iron Ore Spot Price Index	126.00	6.85	0.99	21.46	17.51
CURRENCIES		%	%	%	%
AUD:USD	0.73	0.70	2.01	1.08	-0.73
EUR:USD	1.16	-0.23	-1.62	0.22	0.65
GBP:USD	1.36	0.51	5.23	1.32	1.83
USD:JPY	112.24	1.07	5.86	-0.29	1.74
NZD:USD	0.69	-0.13	5.50	2.48	-0.61
CHF:USD	1.08	0.35	-1.10	2.29	1.06
AUD:EUR	0.63	0.80	3.64	0.84	-1.36
AUD:GBP	0.54	0.09	-3.09	-0.25	-2.53
AUD:JPY	82.02	1.67	7.94	0.78	0.99

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

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