Australian Economic Perspectives

Falling real wages still weighing on consumption

Economics

Australia

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Level of real ave. earnings -3.7% since Q2-12 – despite only moderate rise in UR
Nominal average earnings double-dipped with consecutive q/q falls in Q1-15, dragging the y/y to a weak 0.4%. This continued the record low trend since Q2-12, with average growth under 1½% y/y – far below the long-run average of close to 4%.

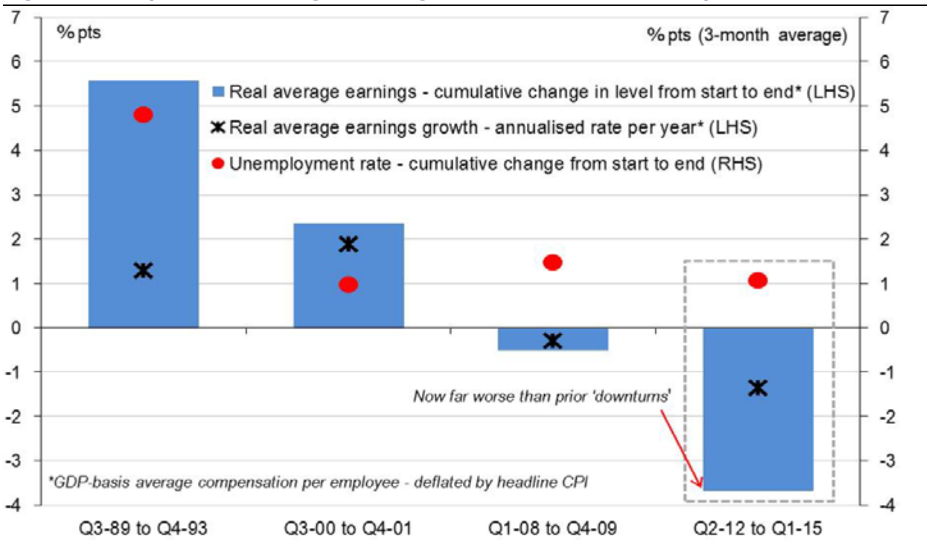
Indeed, real average earnings (deflated by headline CPI) are even more depressed, with a cumulative drop of 3.7% since Q2-12 (-1.4% per year). This cycle is much worse than prior 'downturns' (defined as cycles with a 1%pt+ rise in unemployment). Even in the GFC, real average earnings eased only slightly (-0.3% per year, total -½%), while in the early-2000s & early-1990s, they actually still lifted moderately (+2%/+1¼% per year).

More broadly, amid the collapsing terms of trade, the labour market is adjusting this cycle via weaker wages, while in contrast jobs growth improved – thus avoiding a negative feedback loop to asset prices from a spike in unemployment (albeit we still expect the UR to reach 6½%). Recent data (WPI, AWE, EBA, business & labour force surveys) suggest this trend continues; while ~flat productivity (which means unit labour costs are not falling enough to lift corporate profits), is also constraining wages.

Overall, weak wages are still weighing on consumption, as the income boost from the RBA's 1H-15 rate cuts fade. While retail & car sales have improved (albeit partly due to a one-off boost from the small biz tax package), absent more rate cuts, real household income is stuck with a '1-handle': as better jobs are offset by slower population, higher CPI (amid AUD depreciation), weak wages, and 'bracket creep'. Hence, we trim real consumption growth to hold at ~2½% y/y, but even this relies on a further drop in the household savings rate. Real GDP is also cut to 2.2% in 2015 and 2.6% in 2016.

Week ahead: *RBA Stevens speaks on reform. Leading into Q2 GDP, construction & capex likely dropped again, while key 15/16 capex intentions will remain 'recessionary' (implying ~-18% y/y). Offshore, US Q2 GDP may be revised up to 3.0%, and July consumption may rise, but key for market expectations of the Fed is core PCE, which is seen up only 0.1% m/m & 1.3% y/y again. JP July core CPI may turn negative.*

Figure 1: Drop in real average earnings now is far worse than prior 'downturns'



Source: ABS, UBS

Data week 24th – 28th August

Tuesday
BOGS preliminary estimate (Q2)

Wednesday
RBA Stevens speech
Construction work done (Q2)

Thursday
Private capex (Q2)
Capex intentions (14/15 & 15/16)

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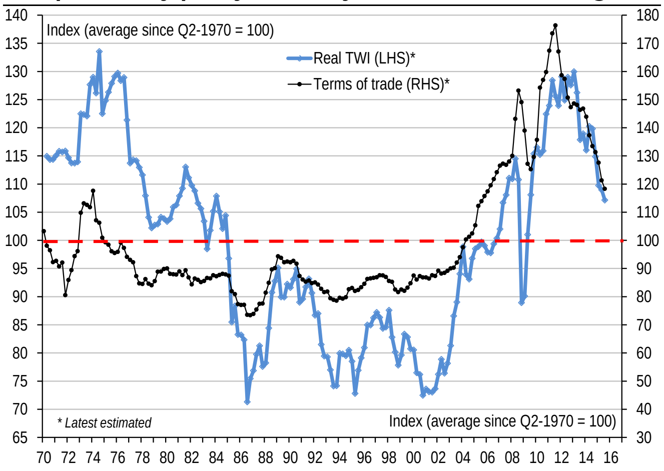
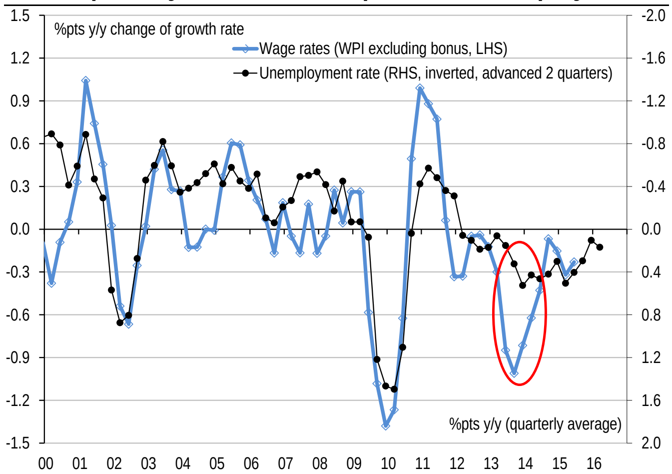
Falling real wages still weighing on consumption

Figure 2: Negative income shock from the terms of trade collapse is only partly offset by the real TWI retracing…



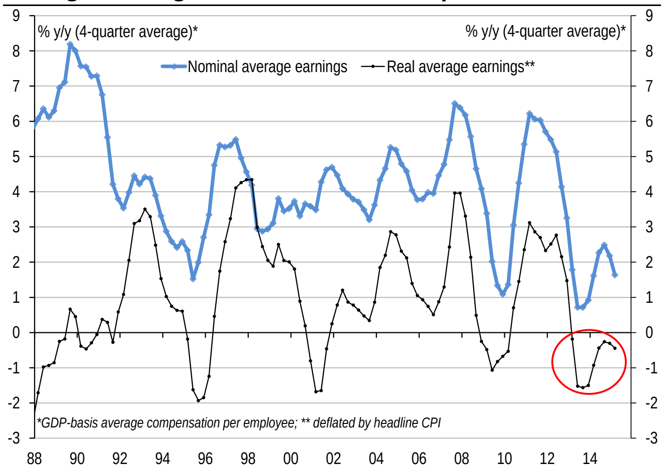
Source: ABS, RBA, UBS

Figure 3: …so wage rates dropped more in recent years than implied by the moderate uptrend in unemployment



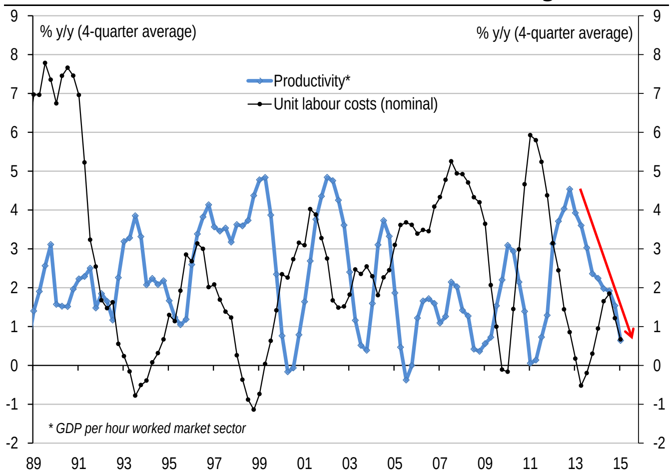
Source: ABS, UBS

Figure 4: Nominal average earnings growth is trending around the weakest on record; and the level of real average earnings also continues a sharp fall



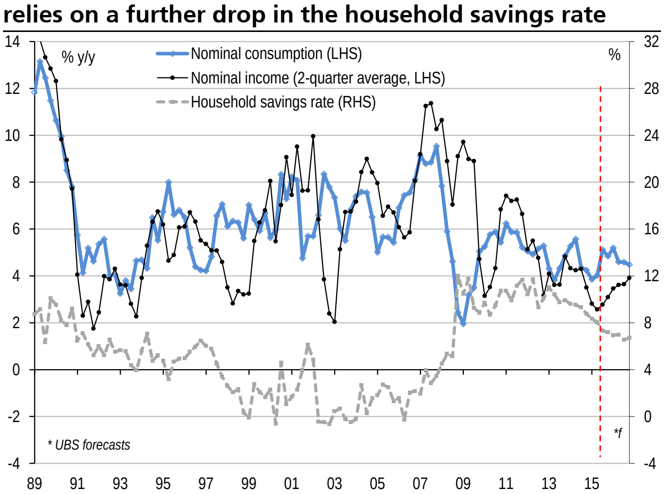
Source: ABS, UBS

Figure 5: Despite very weak average earnings in recent years, the offsetting relapse in productivity to ~flat means nominal unit labour costs are also still not falling



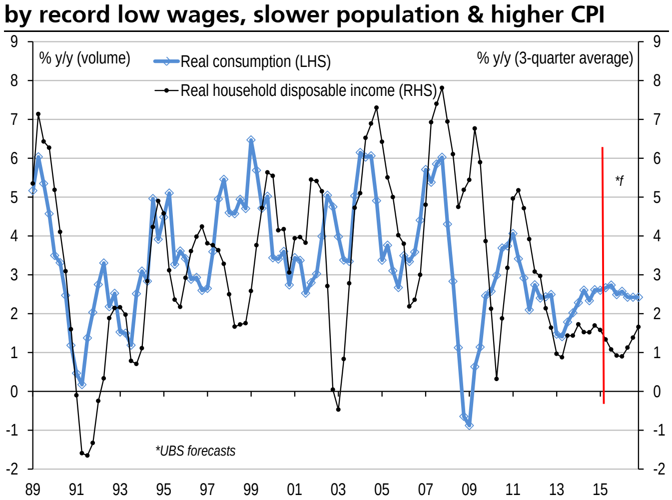
Source: ABS, UBS

Figure 6: Given weak household income, consumption relies on a further drop in the household savings rate



Source: ABS, UBS

Figure 7: Real income to stay weak: as better jobs offset by record low wages, slower population & higher CPI

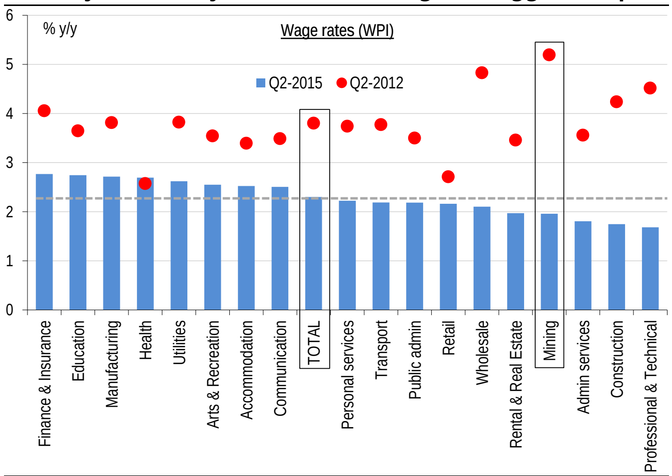


Source: ABS, UBS

Figure 8: 'Bracket creep' (i.e. fiscal drag) is seeing income tax paid accelerate, despite much weaker income growth

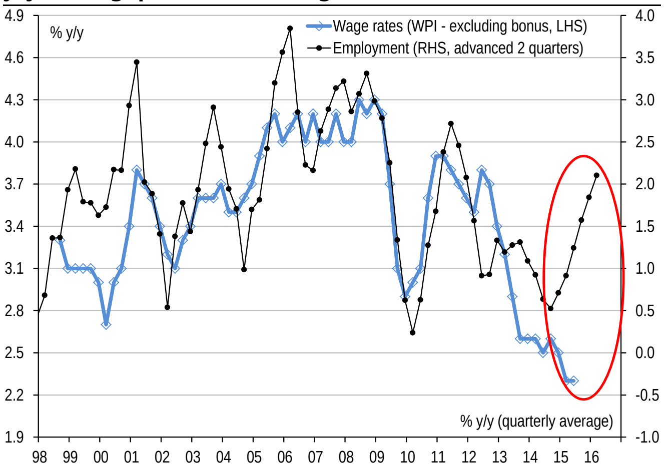
Source: ABS, UBS

Figure 9: Slowing in wage rates was across every almost industry in recent years (albeit mining had biggest drop)



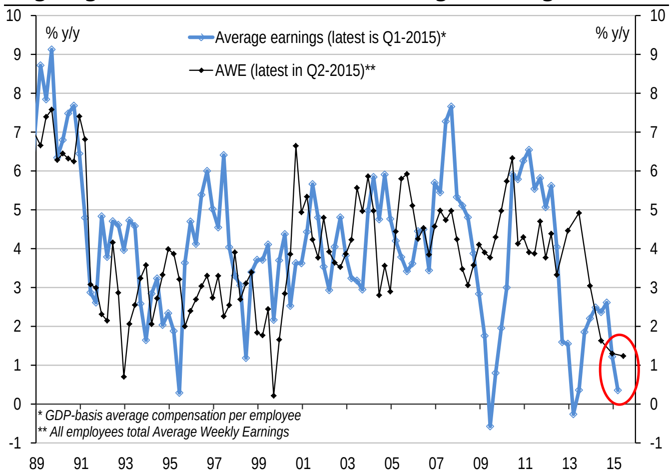
Source: ABS, UBS

Figure 10: Despite jobs growth lifting to a 4-year high of >2% y/y, wage rates still dropped to a record low of 2¼% y/y – but gap should converge somewhat ahead



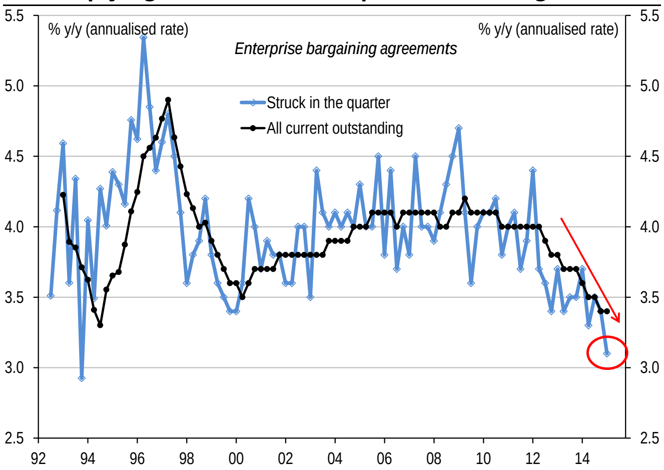
Source: ABS, UBS

Figure 11: Q2-15 average weekly earnings also dropped to just 1.2% y/y – the slowest since 1999 – 'confirming' likely ongoing weakness of GDP-basis average earnings



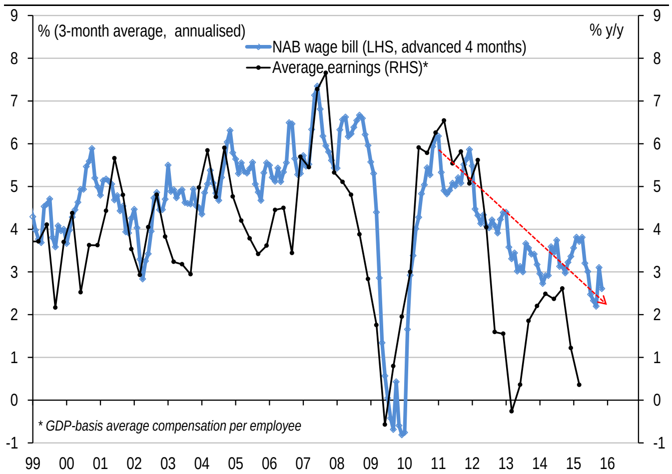
Source: ABS, UBS

Figure 12: EBA's struck in Q1-15 collapsed to a near-record low, implying more downward pressure on wages ahead



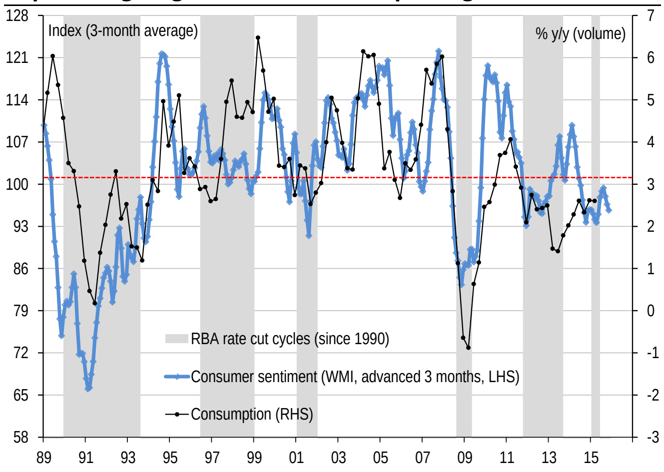
Source: Department of employment, UBS

Figure 13: NAB business survey measure of wage bill has trended down to around the slowest since the GFC



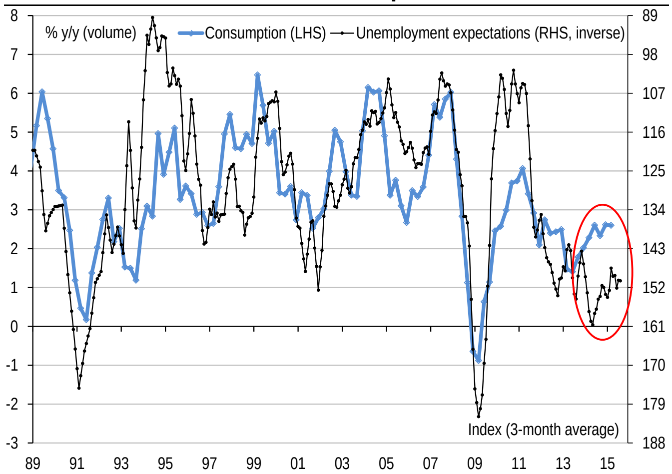
Source: ABS, NAB, UBS

Figure 14: Below average trend in consumer sentiment implies ongoing moderate consumption growth ahead



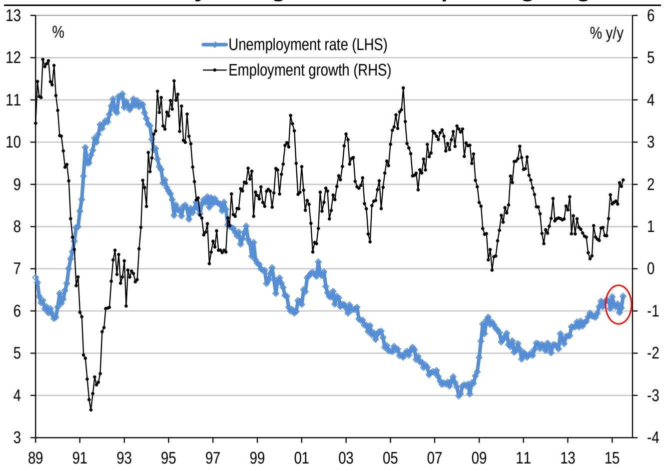
Source: ABS, RBA, Westpac, Melbourne Institute, UBS

Figure 15: Still relatively high unemployment expectations remain a downside risk to consumption



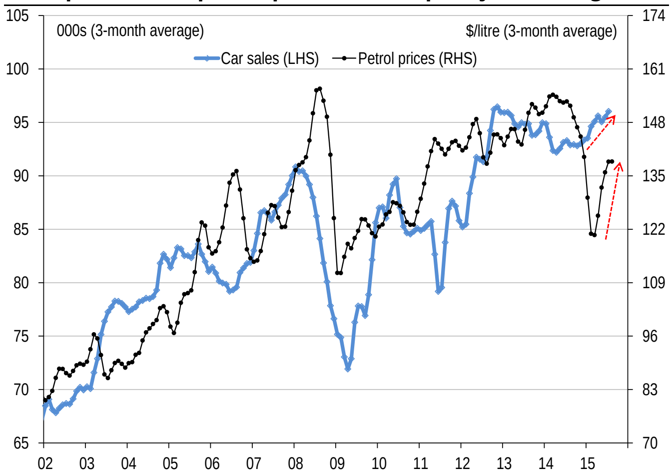
Source: ABS, Westpac, Melbourne Institute, UBS

Figure 16: While jobs growth picked up, unemployment rate still hit a 13-year high, which is depressing wages



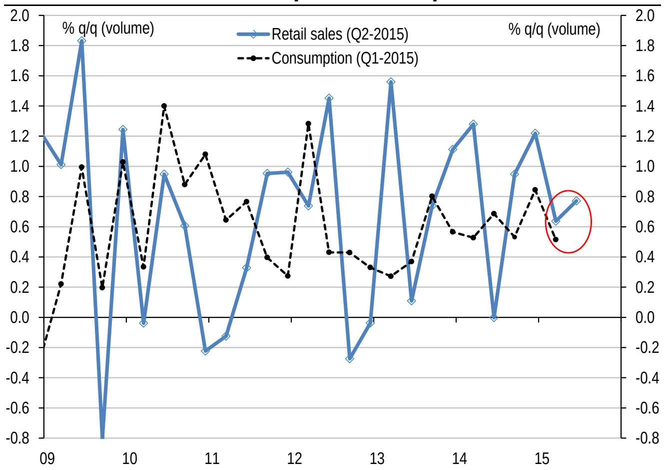
Source: ABS, UBS

Figure 17: Car sales are on an improving trend, but boost from prior fall in petrol prices is now partly reversing



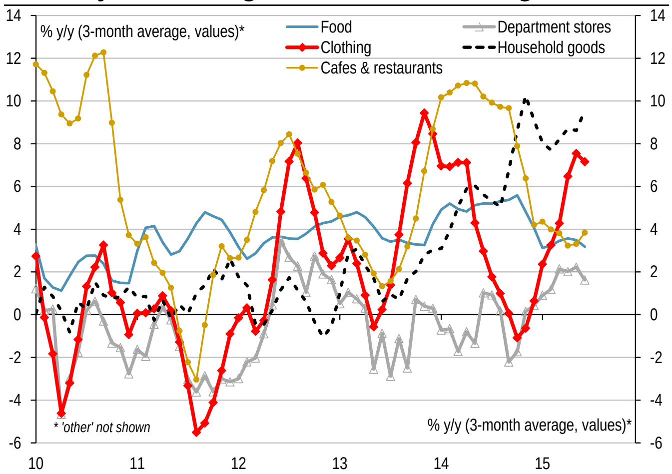
Source: ABS, AIP, UBS

Figure 18: Retail sales volumes improved to 0.8% q/q in Q2-15, but the relationship to consumption is not reliable



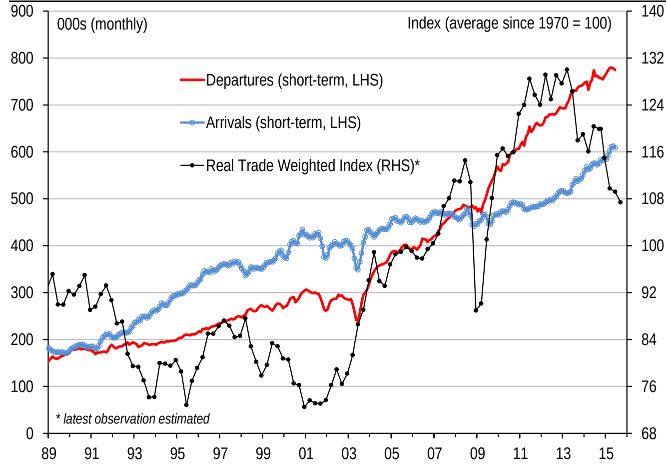
Source: ABS, UBS

Figure 19: Retail sales improved recently (outside food) – driven by household goods, as well as clothing



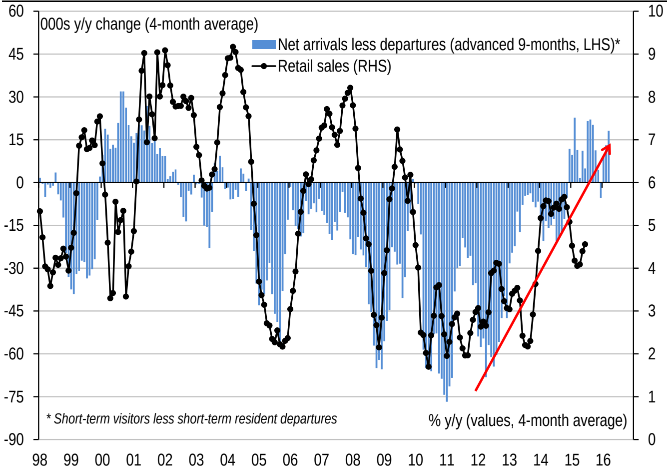
Source: ABS, UBS

Figure 20: A falling trend in the currency means the end of cheap overseas holidays, which should cap departures



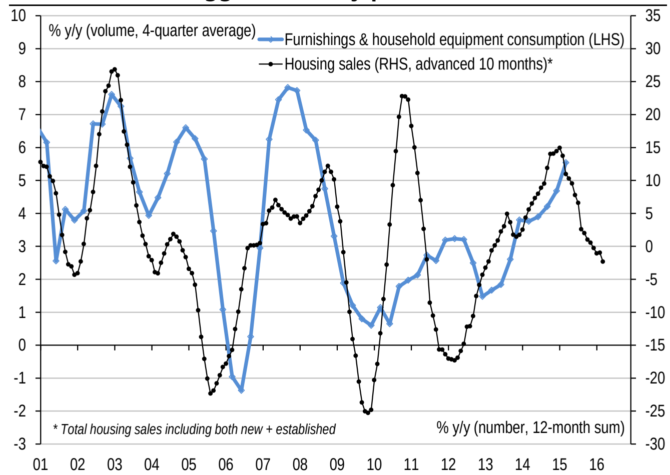
Source: ABS, RBA, UBS

Figure 21: Change in net arrivals the most positive since the 2000 Olympics – supporting domestic consumption



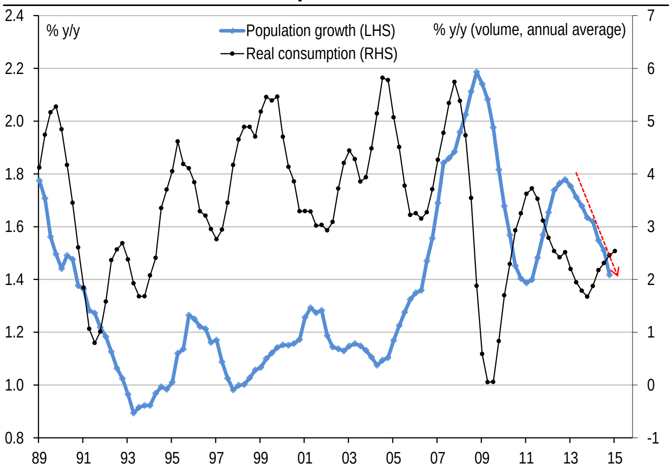
Source: ABS, RBA, UBS

Figure 22: Housing market strength has spilled over to a boom in furnishings consumption, but falling housing sales/turnover suggests a likely peak



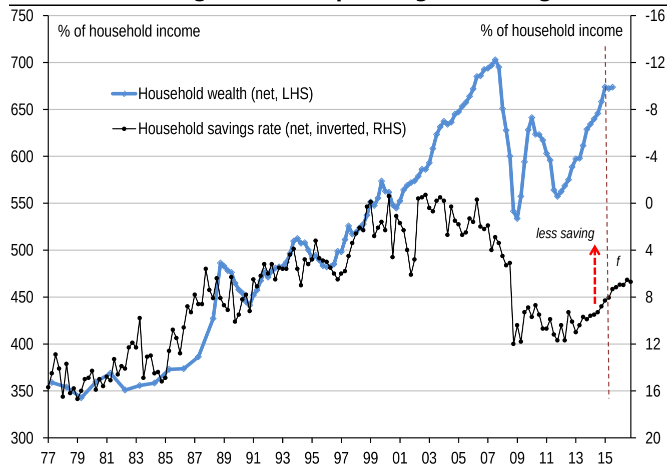
Source: ABS, CoreLogic-RPData, UBS

Figure 23: The sharp recent slowing of population growth to 1.4% (the equal slowest since 2006) – if sustained – is a new headwind to consumption



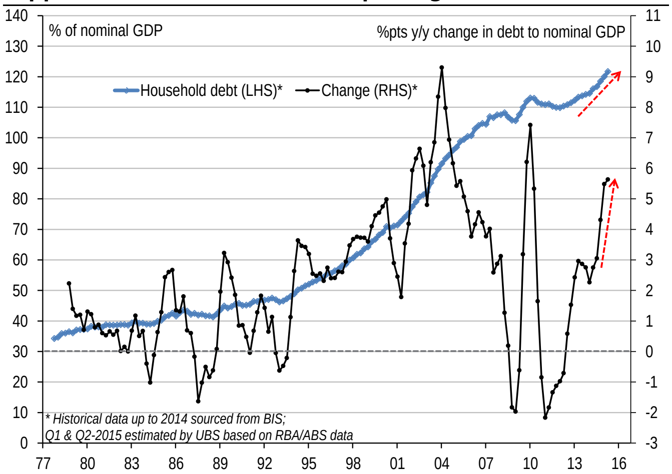
Source: ABS, UBS

Figure 24: Even our 'flat' consumer outlook relies on rising asset prices to drive a further sharp fall in the household savings rate (i.e. spending >income growth)



Source: ABS, RBA, UBS

Figure 25: Household leverage lifted sharply in recent years to a record high, but likely needs to continue to support even moderate consumption growth ahead



Source: ABS, RBA, BIS, UBS

Australian Economic Outlook

	Calendar Year (%y/y change)				Fiscal Year (%y/y change)			
	2013	2014	2015 (f)	2016 (f)	2012/13	2013/14	2014/15 (f)	2015/16 (f)
REAL:								
GDP	2.1	2.7	2.2	2.6	2.5	2.5	2.3	2.3
Private Consumption	1.7	2.5	2.6	2.5	1.9	2.2	2.6	2.6
Dwelling Investment	0.4	7.9	13.0	7.0	-3.8	5.3	9.2	11.8
Business Investment *	-3.8	-5.0	-8.1	-8.1	5.0	-5.2	-6.1	-8.8
- Machinery & equipment *	-12.0	-3.6	-2.2	-6.1	-3.2	-12.6	2.6	-6.5
- Non-residential construction *	-0.3	-7.8	-14.5	-13.0	10.8	-2.9	-12.7	-14.0
Domestic Final Demand	0.6	1.2	0.8	0.8	1.6	1.0	0.8	0.8
- Private Final Demand *	0.5	1.2	1.1	0.7	2.3	0.8	1.1	0.9
- Public Final Demand *	0.2	0.7	-0.2	1.1	-0.9	1.6	-0.3	0.7
Stocks (%pts contribution)	-0.4	0.0	0.0	0.0	-0.1	-0.3	0.2	0.0
GNE	0.0	1.1	0.8	0.8	1.4	0.7	1.0	0.8
Exports	6.2	6.8	8.0	6.3	6.0	5.8	7.9	6.5
Imports	-1.8	-1.6	1.2	-2.0	0.7	-1.8	-0.2	-0.5
Net Exports (%pts contribution)	1.6	1.7	1.4	1.8	1.0	1.5	1.7	1.5
Nominal GDP	3.3	3.1	1.3	3.7	2.2	4.1	1.5	2.3
OTHER KEY INDICATORS								
Headline CPI	2.4	2.5	1.8	2.2	2.3	2.7	1.7	2.2
RBA 'underlying' CPI **	2.4	2.5	2.3	2.3	2.4	2.6	2.3	2.3
Wage Price Index	2.9	2.5	2.3	2.7	3.3	2.6	2.4	2.5
Employment	1.0	0.8	1.8	1.4	1.2	0.7	1.4	1.7
Unemployment Rate (quarterly, % at year-end)	5.8	6.2	6.3	6.5	5.7	6.0	6.1	6.5
Dwelling Commencements (000s)	168	199	210	200	163	181	213	200
Current Account Balance (% of GDP)	-3.3	-2.8	-3.6	-2.7	-3.9	-3.0	-3.1	-3.6

QUARTERLY		Mar-15	Jun-15 (f)	Sep-15 (f)	Dec-15 (f)	Mar-16 (f)	Jun-16 (f)	Sep-16 (f)	Dec-16 (f)
GDP	(% q/q)	0.9	0.2	0.7	0.6	0.6	0.7	0.8	0.9
	(% y/y)	2.3	1.9	2.3	2.3	2.0	2.5	2.6	3.0
		Mar-15	Jun-15	Sep-15 (f)	Dec-15 (f)	Mar-16 (f)	Jun-16 (f)	Sep-16 (f)	Dec-16 (f)
Headline CPI	(% q/q, nsa)	0.2	0.7	1.0	0.4	0.5	0.2	1.0	0.3
	(% y/y, nsa)	1.3	1.5	2.0	2.2	2.6	2.1	2.1	2.0
RBA 'underlying' CPI *	(% q/q, sa)	0.7	0.5	0.6	0.6	0.6	0.6	0.6	0.6
	(% y/y, sa)	2.4	2.2	2.4	2.4	2.2	2.3	2.4	2.4
FINANCIAL MARKETS (at end qtr)		Mar-15	Jun-15	Sep-15 (f)	Dec-15 (f)	Mar-16 (f)	Jun-16 (f)	Sep-16 (f)	Dec-16 (f)
- Cash (%)		2.25	2.00	2.00	2.00	2.00	2.00	2.00	2.00
- 90 Day Bills (%)		2.21	2.14	2.10	2.10	2.10	2.10	2.10	2.10
- 3-year Commonwealth Bonds (%)		1.74	2.02	2.10	2.10	2.10	2.10	2.20	2.30
- 10-year Commonwealth Bonds (%)		2.34	3.03	2.80	2.90	3.00	3.10	3.25	3.40
- S&P/ASX 200 (Index)		5892	5459	5700	5800	5900	6000	6100	6200
Exchange Rates (end qtr):	AUD/USD	0.76	0.77	0.73	0.70	0.70	0.70	0.70	0.70
	AUD/EUR	0.71	0.69	0.67	0.67	0.66	0.65	0.64	0.64
	AUD/JPY	91.4	94.0	90.5	87.5	88.4	89.3	90.1	91.0
	TWI	63.3	63.8	62.9	61.4	61.9	62.3	62.8	62.0

Source: ABS, Datastream, RBA, UBS estimates * new – adjusted for asset transfers ** 3-core average, sa

UBS Australian Forecasts: What & Why?

Forecasts vs. Consensus

- Our forecast for real GDP growth of 2.2% y/y in 2015 remains below Consensus of 2.4% y/y, while 2016 of 2.6% y/y is also still under Consensus of 2.9% y/y.

Latest forecast changes

- On 20 August we trimmed real GDP forecasts by 0.1%pts to 2.2% in 2015 and 2.6% in 2016 (with Q2-15 cut to just 0.2% q/q and 1.9% y/y). Domestic demand was cut to 0.8% in both years following more evidence of a worsening 'capex cliff', with consumption constrained by ongoing record low wages growth. However, providing some offset, net exports should contribute more strongly – as export volumes keep booming, and imports drop (on weaker capex).

Key growth drivers

- Ongoing record low interest rates will drive a housing boom which adds solidly to growth ahead, with dwelling commencements lifting to a record 210k in 2015.
- Real consumption is driven by rising household wealth, dragging down the savings rate, a pick-up in housing-related consumption, and the lower AUD seeing a fading drag from net tourism departures.
- The export supply pick-up, post the mining capex boom, should add further to real growth amid a lower AUD; while weak capex also restrains imports.
- Better employment growth should reflect the pick-up of growth in more labour intensive retail, housing & tourism sectors (on a lower AUD) – despite the loss of mining jobs. While the unemployment rate remains elevated, it should not spike further, and hence we should avoid a negative feedback loop to asset prices and the real economy.
- Weak nominal GDP growth: slowing to a 'recessionary' 1.3% in 2015, before bouncing moderately to 3.7% in 2016. This reflects a slower China and lower commodity prices resulting in a (mining) capex cliff, plus fiscal repair & slower wages, which constrains GDP to 'below' trend in coming years. The composition of GDP will also have more '(net) exports', but much less domestic demand.

Key inflation drivers

- Headline CPI should remain low in 2015 at 1.8%, but then bounces in 2016 to 2.2% on a lower AUD – albeit still below the mid-point of the RBA's 2-3% target.
- Further ahead, for underlying CPI, very low wages and weak domestic demand (as well as global trends) should be dragging down inflation. However, poor productivity, stickiness of domestic prices and a lower AUD is expected to hold core inflation near its current 2¼% y/y.

Monetary & fiscal policy outlook

- RBA – global disinflation amid the slump in commodity prices (particularly oil) – plus 'recessionary' indicators like capex commencements and the ABS capex intentions survey raises the risk the RBA cuts again. But we think sticky core CPI (and likely AUD depreciation expected ahead) limits the RBA's willingness to ease further.
- Government – we see fiscal policy as an increasing drag on growth in the period ahead, as the Federal Coalition attempts to return the budget to structural balance.

Key forecast risks

- Downside risk: A delay of US Fed hikes into 2016, causing the AUD to fail to adjust as 'necessary', would likely undermine the still fragile lift in some parts of domestic activity and business conditions. Meanwhile, a deeper China property downturn could further sharply lower commodity prices and export income. The weaker nominal income environment, ongoing fiscal drag, record debt leveraging, and negative offshore news, could see consumers become more cautious given that a drop in the household savings rate is needed to deliver decent consumption growth. These scenarios could see the RBA trim the cash rate again.
- Upside risk: AUD <USD0.70 would provide more stimulus to the domestic economy, as could more RBA rate cuts. A pick-up in China, EU & Japan could support business confidence. Consumer debt appetite could strengthen further, driving stronger spending & non-mining capex.

Key growth signposts

- The AUD depreciating towards our USD0.70 target, which would support the rebalancing of growth.
- A recovery in business and consumer confidence, which has been mixed recently.
- A peak in the unemployment rate, which is key to easing still elevated job insecurity (as well as boosting consumer confidence).

Positions on key controversies

- Consumer caution – we expect some stabilisation in confidence and real consumption growth – amid record low interest rates dragging down the household savings rate – despite still high unemployment and ongoing weak wages growth.
- Terms of trade – a much lower level for commodity prices will mean Australia's growth will be more led by export volumes, with a more sluggish domestic economy. However, that does not ensure a recession.

Market trends

Monetary policy: RBA to hold, but risk of easing

- **Cash:** The RBA cut a cumulative 50bp to a record low of 2.0% in 1H-2015. The market continues to price the cash rate only modestly below 2%, as the RBA recently effectively dropped their easing bias. We continue to expect the RBA to hold at 2% as a base case, but this depends on the US Fed tightening this year, an AUD moving lower to USD0.70 and some pick-up in capex plans over coming quarters, to augment the rebalancing underway in the consumer and housing sectors. More broadly, the RBA only seems willing to cut again if the core inflation outlook is lower.

Australian 10-years – to keep outperforming the US

- **US 10-years:** US 10-year yields have fallen amid mixed signs from the Fed and global growth concerns. However, our US team continue to see improving US activity and Fed rate hikes in 2H-2015 lifting US yields to 2.5% by end-2015, and 3.0% by end-2016.

- **Australian 10-years:** Australian 10-years have rallied amid the global move. While Australian 10-years remain expensive relative to our model, our US team expectation of higher yields means that we expect Australia should follow that direction. However, we see ongoing Australian out-performance ahead, due to a relatively weaker domestic growth outlook, and the RBA staying at a record low (in contrast to Fed rate hikes). Hence, we target 2.9% for end-15 and 3.4% for end-16.

Australian 3-years – capped by the RBA

- **Australian 3-years:** The rally in Australian 3-years has seen yields below the RBA cash rate. However, US Fed tightening ahead should see Australian 3-years yields rise to above the RBA's 2% cash rate, but remain capped by the RBA staying at a cycle low for a prolonged time.

Curve – steady RBA and Fed hikes to steepen curve

- **Yield curve:** The 3-10s curve has recently flattened. But from here, we look for a modestly steeper trend, given Australia's long-end yield is dragged up by the Fed hiking, but the shorter end is constrained by the RBA holding at a record low.

Aussie – US 10-year spread – should tighten further

- **Australian-US spread:** The Australian-US spread has recently widened on the shift in market expectations towards a view that the RBA is close to done on their easing cycle. But likely Fed rate hikes ahead will increasingly diverge from an on-hold RBA over the coming couple of years. Specifically, we look for a further spread compression to 40bp by end-2015.

Source for text and charts: Bloomberg, Datastream, UBS

** UBS forecasts for end 2015 & 2016*

Figure A: US 10-year bond yield

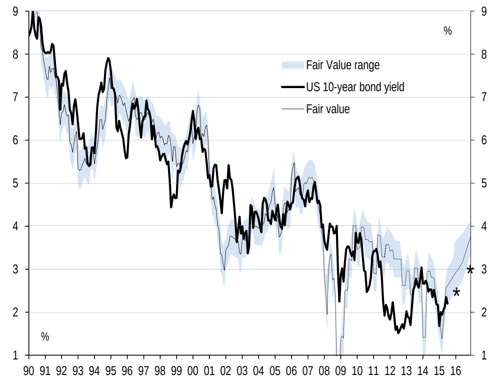


Figure B: Australian 10-year bond yield

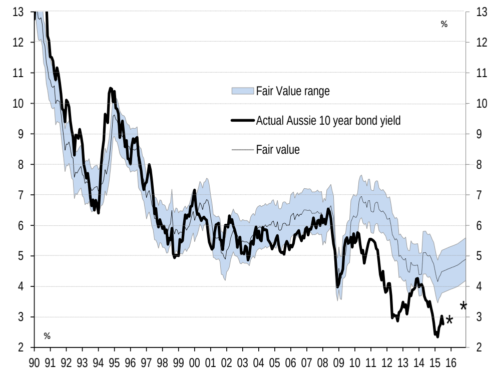


Figure C: Australian 3-year bond yield

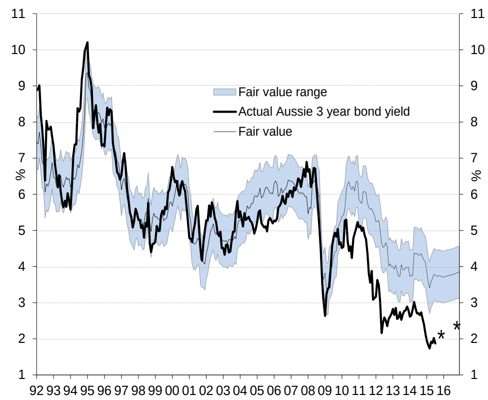
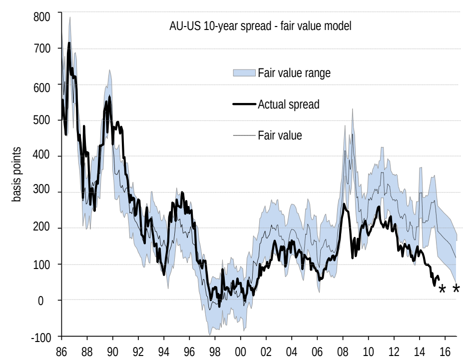


Figure D: AU-US 10-year bond yield spread



Week in Review: 17th – 21st August

The RBA August minutes largely repeated recent commentary. They noted "accommodative monetary policy settings remained appropriate", and the "economy had been adjusting... and was being assisted by the depreciation of the exchange rate." Data were mixed. July car sales retraced 1.3% m/m (but still up 3.7% y/y), while goods imports rose to a record high level. July skilled vacancies rose 1.8% m/m and 2.9% y/y, indicating decent jobs growth ahead.

Offshore, the July Fed minutes neither confirmed nor denied a September start to hiking, but were seen by markets as on the dovish side. US housing data was strong as July existing home sales unexpectedly rose, housing starts held at an 8-year high and the August housing market index ticked up to a decade high. However, July core CPI rose just 0.1% m/m (+1.8% y/y). Elsewhere, NZ July PSI fell and August consumer confidence dropped to the lowest in 3 years. July UK CPI ticked up y/y. CH August preliminary Caixin manufacturing PMI slumped to a new cycle low of 47.1 after 47.8 in July.

Week Ahead: 24th – 28th August

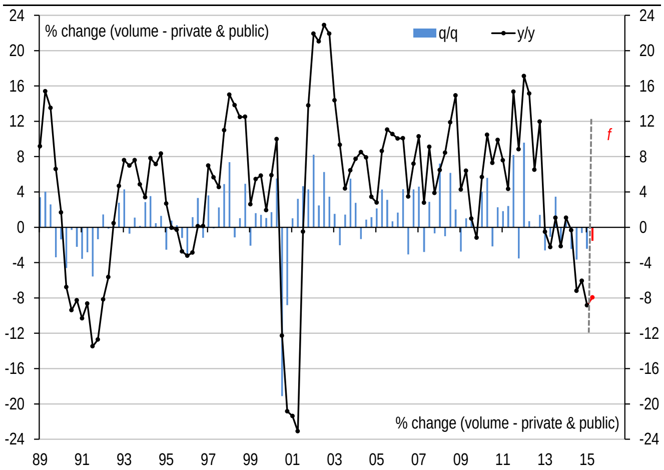
RBA Governor Stevens speaks (Wed) on reform. Leading into Q2 GDP, construction work done (Wed) should retrace further, and capex (Thu) also likely dropped again. However, the focus of the RBA (and markets) will be on the 3rd estimate of capex for 15/16 (Thu), which we expect to remain recessionary with implied growth of -18% y/y. If the capex outlook deteriorates further, it could pressure the RBA and AUD, given the strong coincident relationship between jobs and capex.

Offshore (post US/EU PMIs tonight), US Q2 GDP (Thu) should be revised up to 3.0% a.r. June home price data (Tue) should rise. July new home sales (Tue) & August consumer confidence (Tue/Fri) should rebound after retracing. July durable goods (Wed) are seen falling, while pending home sales (Thu) bounce. July consumption (Fri) is seen higher, while key for market expectations of the Fed is core PCE (Fri), which is seen up only 0.1% m/m (+1.3% y/y) again. Elsewhere, the RBNZ's Q3 Survey of Expectations (Tue) is due and the July NZ trade deficit (Wed) should widen sharply. August GE IFO (Tue) and UK Q2 GDP (Fri) are due. JP July core CPI (Fri) may turn negative.

Date	Time (AEDT)	Data/Event	UBS	Market*	Previous
25-Aug	11:30	Balance on goods and services preliminary estimate (Q2)	nf	nf	-$3.7bn
26-Aug	11:30	Construction work done (Q2)	-1.5%	-1.5%	-2.4%
26-Aug		RBA Governor Stevens speech at the National Reform Summit	-	-	-
27-Aug	11:30	Private capex (Q2)	-2.5%	-2.5%	-4.4%
27-Aug	11:30	Private capex intentions (15/16 3rd estimate)	$111.0bn	$111.0bn	$104.0bn
27-Aug	11:30	Private capex intentions (14/15 7th estimate)	$146.0bn	nf	$150.0bn

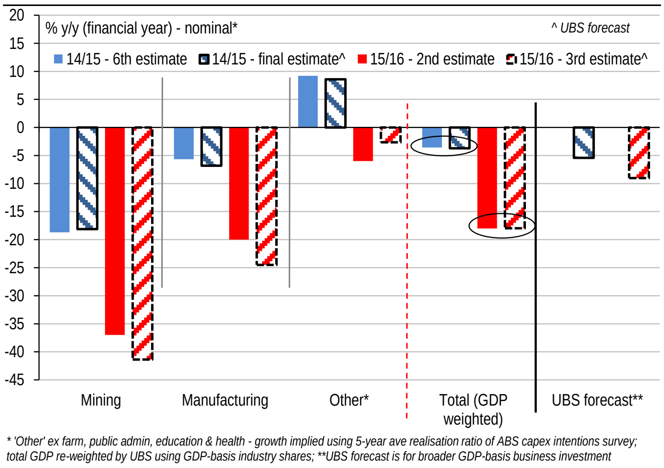
Source: ABS, Bloomberg, RBA, Reuters, Dow Jones * Market may not be final

Q2 construction work done should continue to fall as a jump in resi fails to offset weak non-resi and engineering



Source: ABS, UBS

Capex intentions are likely to remain 'recessionary' for 15/16; implying an ~18% y/y collapse



Source: ABS, UBS

Economic Calendar

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
------- 17 August -------	**------- 18 August -------**	**------- 19 August -------**	**------- 20 August -------**	**------- 21 August -------**
NZ PSI (Jul) Act: 56.5, Pre: 58.1 r JP GDP (Q2 p) Act: -0.4%, Pre: +1.1% r US HOUSING MARKET INDEX (Aug) Act: 61, Pre: 60	AU CAR SALES (Jul) Act: -1.3%, Pre: +3.9% r RBA MINUTES (Aug) US HOUSING STARTS (Jul) Act: +0.2%, Pre: +12.3% r UK CPI (Jul, y/y) Act: +0.1%, Pre: +0.0%	AU SKILLED VACANCIES (Jul) Act: +1.8%, Pre: +0.1% r AU GOODS IMPORTS (Jul) Act: +0.2%, Pre: +4.7% r NZ PPI (Q2) Act: -0.3%, Pre: -1.1% US CORE CPI (Jul) Act: +0.1%, Pre: +0.2% FED MINUTES (Jul)	NZ ANZ-RM CONS. CONF. (Aug) Mkt: nf, Pre: 113.9 US EXISTING HOME SALES (Jul) Act: +2.0%, Pre: +3.2%	NZ TOURIST ARRIVALS (Jul) Act: -0.7%, Pre: -0.2% NZ CREDIT CARD BILLS (Jul) Act: +1.7%, Pre: +0.3% US / EU MFG PMI (Aug p) Mkt: 53.8 / 52.2, Pre: 53.8 / 52.4 CH CAIXIN MFG PMI (Aug p) Act: 47.1, Pre: 47.8 (Jul f) EU COMPOSITE PMI (Aug p) Mkt: 53.7, Pre: 53.9 (Jul f)
------- 24 August -------	**------- 25 August -------**	**------- 26 August -------**	**------- 27 August -------**	**------- 28 August -------**
	AU BOGS PRELIMARY EST (Q2) Mkt: nf, Pre: -$3.7bn (Q1 a) NZ RBNZ SURVEY EXPECT (Q3) US FHFA HOUSE PRICES (Jun) Mkt: +0.4%, Pre: +0.4% US S&P/CS HOME PRICES (Jun) Mkt: nf, Pre: +0.0% US NEW HOME SALES (Jul) Mkt: +6.0%, Pre: -6.8% US CB CONS. CONF. (Aug) Mkt: 93.0, Pre: 90.9 GE IFO (Aug) Mkt: 107.5, Pre: 108.0	AU CONSTRUCTION DONE (Q2) UBS: -1.5%, Pre: -2.4% RBA STEVENS SPEECH NZ TRADE BALANCE (Jul) UBS: -$450mn, Pre: -$60mn US DURABLE GOODS (Jul) Mkt: -0.4%, Pre: +3.4%	AU CAPEX (Q2) UBS: -2.5%, Pre: -4.4% AU CAPEX INTENT (15/16 3rd EST.) UBS: $111.0bn, Pre: $104.0bn AU CAPEX INTENT (14/15 7th EST.) UBS: $146.0bn, Pre: $150.0bn US GDP (Q2 p) UBS: +3.0%, Pre: +2.3% (Q2 a) US PENDING HOME SALES (Jul) Mkt: +1.5%, Pre: -1.8%	US SPENDING (Jul) Mkt: +0.4%, Pre: +0.2% US CORE PCE (Jul) Mkt: +0.1%, Pre: +0.1% US UM CONS. CONF. (Aug f) Mkt: 93.2, Pre: 92.9 (Aug p) UK GDP (Q2 p) Mkt: +0.7%, Pre: +0.7% (Q2 a) JP UNEMPLOYMENT RATE (Jul) UBS: 3.3%, Pre: 3.4% JP CORE CPI (Jul) UBS: -0.1%, Pre: +0.1%
------- 31 August -------	**------- 1 September -------**	**------- 2 September -------**	**------- 3 September -------**	**------- 4 September -------**
AU NEW HOME SALES (Jul) Pre: +0.5% AU PROFITS (Q2) Pre: +0.2% AU INVENTORIES (Q2) Pre: +0.4% AU CREDIT (Jul) Pre: +0.4% NZ DWELLING CONSENTS (Jul) Pre: -4.1% NZ ANZ OWN ACTIVITY (Aug) Pre: +19.0% NZ HOUSEHOLD CLAIMS (Jul) Pre: +0.6% EU CPI (Aug p) Pre: +0.2% (Jul f) JP IP (Jul p) Pre: +1.1% (Jun f)	AU MFG PMI (Aug) Pre: 50.4 AU CL-RP DWELLING PRICES (Aug) Pre: +2.8% AU CURRENT ACCOUNT (Q2) Pre: -$10.7bn AU NET EXPORTS CONTR. (Q2) Pre: +0.5%pts AU RESIDENTIAL APPROVALS (Jul) Pre: -8.2% RBA DECISION (Aug) Pre: 2.00% AU RBA $A COMMOD PRICE (Aug) Pre: -1.7% NZ TERMS OF TRADE (Q2) UBS: -5.0%, Pre: +1.8% US PMI / ISM MFG (Aug) Pre: 53.8 (Jul f) / 52.7 CH / EU MFG PMI (Aug) Pre: 50.0 / 52.4 (Jul f) CH CAIXIN MFG PMI (Aug f) Pre: 47.1 (Aug p) EU UNEMPLOYMENT RATE (Jul) Pre: 11.1%	AU GDP (Q2) Pre: +0.9% NZ ANZ COMMODITY PRICE (Aug) Pre: -11.2% US ADP PRIVATE PAYROLLS (Aug) Pre: +185k US FACTORY ORDERS (Jul) Pre: +1.8% FED BEIGE BOOK (Sep) EU COMPOSITE PMI (Aug f) Pre: 53.9 (Jul f)	AU SERVICES PSI (Aug) Pre: 54.1 AU TRADE BALANCE (Jul) Pre: -$2933mn AU RETAIL SALES – VALUES (Jul) Pre: +0.7% NZ BUILDING WORK (Q2) UBS: -2.0%, Pre: +16.0% US TRADE BALANCE (Jul) Pre: -$43.8bn US NON-MFG ISM (Aug) Pre: 60.3 ECB DECISION (Sep) Pre: 0.05%	AU VISITOR ARRIVALS (Jul) Pre: +0.3% US PAYROLLS (Aug) Pre: +215k US UNEMPLOYMENT RATE (Aug) Pre: 5.3% EU GDP (Q2 p, y/y) Pre: +1.2% (Q2 a) CA EMPLOYMENT (Aug) Pre: +6.6k
------- 7 September -------	**------- 8 September -------**	**------- 9 September -------**	**------- 10 September -------**	**------- 11 September -------**
AU CONSTRUCTION PCI (Aug) Pre: 47.1 AU ANZ JOB ADS (Aug) Pre: -0.4% NZ MFG SURVEY (EX-DAIRY) (Q2) Pre: +0.7% US HOLIDAY US markets closed	AU NAB BIZ CONDITIONS (Aug) Pre: +5.8 AU NAB BIZ CONFIDENCE (Aug) Pre: +3.5 NZ ELECTRONIC CARDS (Aug) Pre: +1.1% CH TRADE BALANCE (Aug, USD) Pre: 43.0bn JP GDP (Q2 f) Pre: -0.4% (Q2 p)	AU WMI CONS. CONF. (Sep) Pre: +7.8% AU HOME LOANS VALUES (Jul) Act: +3.3% AU HOME LOANS O/O NO. (Jul) Pre: +4.4% RBA LOWE SPEECH CH CPI (Aug, y/y) Pre: +1.6% UK IP (Jul) Pre: -0.4% BOC DECISION (Sep) Pre: 0.50%	AU EMPLOYMENT (Aug) Pre: +38.5k AU UNEMPLOYMENT RATE (Aug) Pre: 6.3% RBNZ DECISION (Sep) UBS: -25bp to 2.75%, Pre: 3.00% CH LOANS (Aug, RMB) Pre: 1480bn (due 10th to 15th) BOE DECISION (Sep) Pre: 0.50%	AU FINANCE COMMITMENTS (Jul) Pre: +0.6% NZ MFG PMI (Aug) Pre: 53.5 NZ FOOD PRICE INDEX (Aug) Pre: +0.6% US CORE PPI (Aug) Pre: +0.3% US UM CONS. CONF. (Sep p) Pre: 92.9 (Aug p) CH IP (Aug, y/y) Pre: +6.0% (due 12th)

UBS: UBS Forecast Pre: Previous Release Act: Actual Mkt: Market a: advanced r: revised p: preliminary f: final nf: no forecast Note: Dates subject to change

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