

Australian Economic Perspectives

AUD finally near fair value, but still see downside

Economics

Australia

Overview

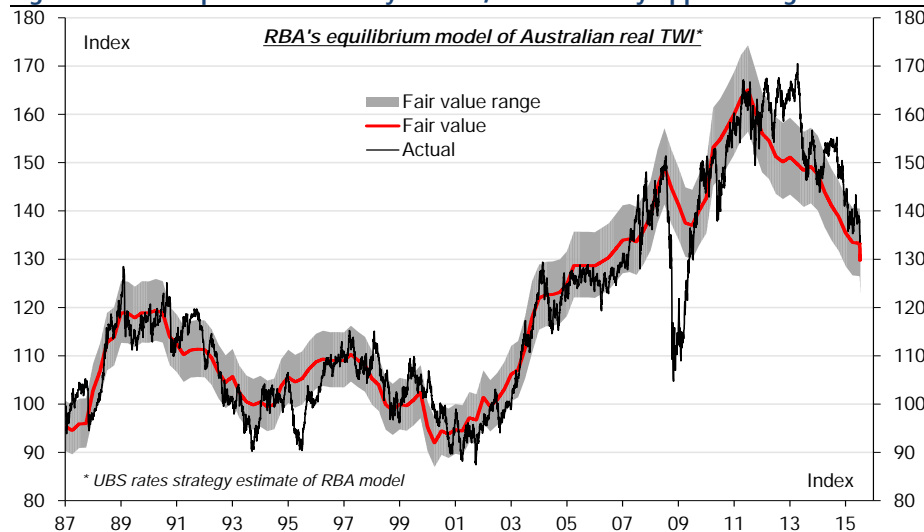
The AUD depreciation to a 6-year low of ~0.75USD finally saw it approach 'fair value', based on UBS's replication of the [RBA's model](#). While the AUD is no longer significantly over-valued for the first time since early-14, it's still not undervalued (in contrast to the GFC overshoot that provided a large economic stimulus). Nonetheless, the depreciation is a necessary change, as the AUD has been relatively slow to react to lower commodity prices, a weak domestic economy, & RBA rate cuts in 1H-15. Indeed, further (nominal) depreciation is probably still needed to help offset the big negative income shock from the drop in the terms of trade (& sharp fiscal consolidation), or there will be [ongoing pressure on \(already record low\) wages](#), plus a lack of a recovery in non-mining capex.

For the RBA, after Governor Stevens in Dec-14 said the AUDUSD at "0.75 is better than 0.85", it finally just reached his 'target'. Indeed, reflecting the [RBA's desire to keep the downward pressure on the AUD](#) (and a mild easing bias), the RBA's Board meeting this week reiterated that "further depreciation seems both likely and necessary".

So overall, we continue to expect further AUDUSD depreciation ahead, with a decline to ~0.70 by end-15. First, UBS' US economics team still expect the Fed to hike near-term (+25bp in Sep-15 & Dec-15), which is aggressive vs markets which pushed out the Fed. Indeed, in contrast, we expect the RBA to hold at a record low 2% until end-16, with [risk of further easing if core CPI is lower](#). Second, [UBS's commodity team](#) sees ongoing cost-cutting weighing on commodity prices in 2H-15 & 2016. Meanwhile, reflecting that the \$A still has downside, UBS [Australian equity strategy](#) remains tilted to 'offshore earners', as depreciation should be good for company profits.

Week ahead: July consumer sentiment may steady & June biz conditions & confidence fall, but Q1 dwelling starts & car sales lift. June goods imports, May lending finance & the QLD budget are out. Offshore, the July Fed beige book & Fed testimony are due. June IP, retail sales & housing starts may rise. CH Q2 GDP likely grew 6.9% yly & EU June CPI is out. The BOC, BOJ, & ECB should hold. The EU summit will discuss Greece.

Figure 1: AUD depreciated to a 6-year low, but now only approaching 'fair value'



Source: RBA, Bloomberg, Factset, Datastream, UBS

Data week 13th – 17th July

Monday

Finance commitments (May)

Tuesday

NAB business survey (Jun)

QLD budget (2015/16)

Wednesday

Dwelling commencements (Q1)

Car sales (Jun)

WMI consumer sentiment (Jul)

Thursday

Goods imports (Jun)

AUD finally near fair value, but still see downside

Figure 2: The ~33% collapse in the terms of trade dragged down the AUD real TWI, but it remains above average

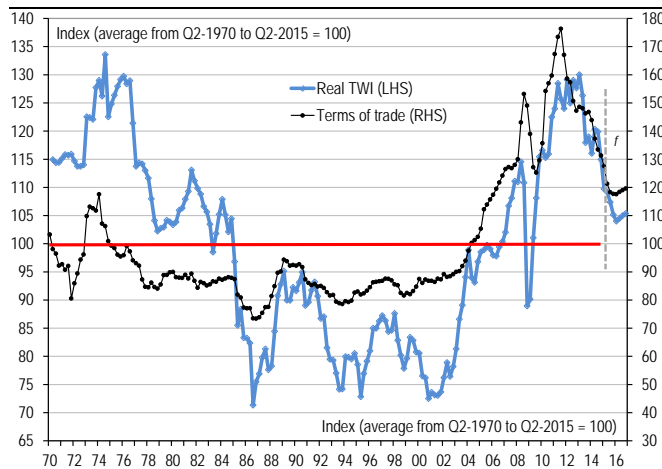


Figure 4: AUD is now the closest to 'fair value' since early-2014, but is still clearly not undervalued

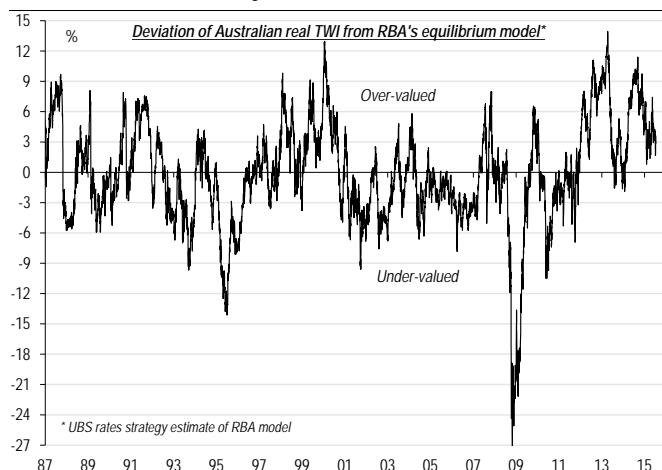
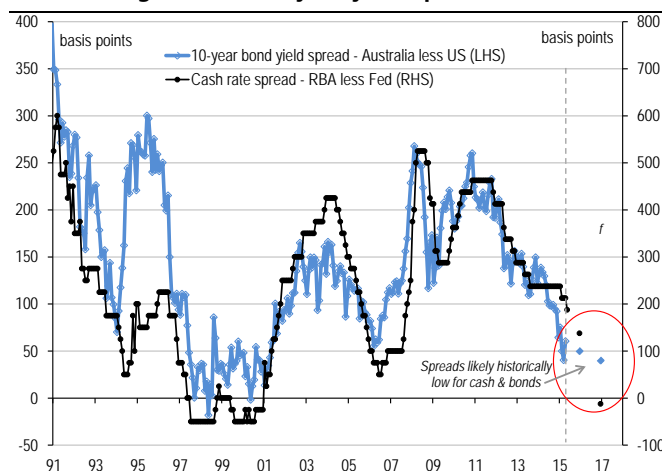


Figure 6: With Fed hikes, but steady RBA leading to cash rate convergence, the 10-year yield spread should narrow



Source: ABS, RBA, Datastream, Factset, Bloomberg, UBS

Figure 3: The recent renewed collapse in commodities dragged prices to the lowest level in almost a decade

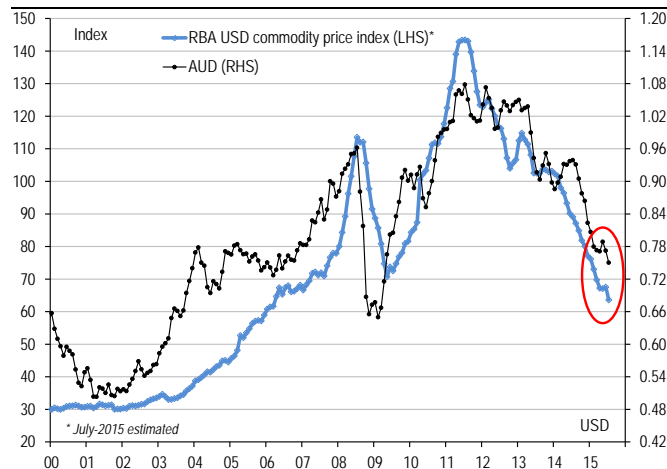


Figure 5: With Australian CPI persistently higher than our trading partners, PPP continues to fall

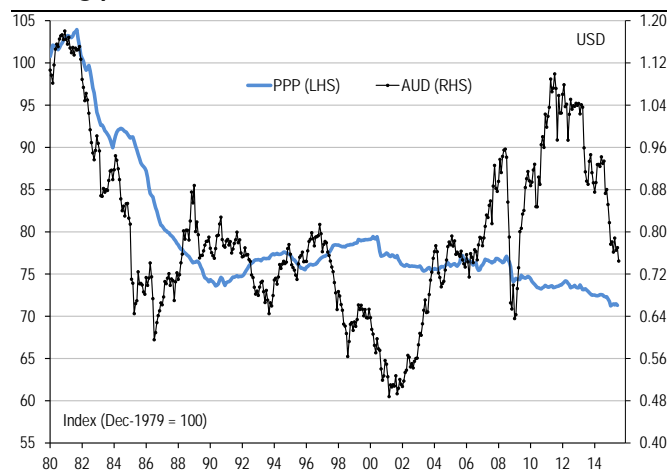


Figure 7: ...Further narrowing of the bond yield spread ahead <50bp should also drag down the AUD



Australian Economic Outlook

Calendar Year (average % y/y change)					Fiscal Year (average % 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	2.3	2.7	2.5	2.5	2.4	2.4
Private Consumption	1.7	2.5	2.6	2.8	1.9	2.2	2.5	2.7
Dwelling Investment	0.4	7.9	13.0	7.0	-3.8	5.3	9.2	11.8
Business Investment *	-3.8	-5.0	-7.7	-6.2	5.0	-5.2	-6.0	-7.9
- Machinery & equipment *	-12.0	-3.6	-2.2	-5.0	-3.2	-12.6	2.6	-6.3
- Non-residential construction *	-0.3	-7.8	-13.9	-9.9	10.8	-2.9	-12.6	-12.5
Domestic Final Demand	0.6	1.2	0.9	1.4	1.6	1.0	0.8	1.1
- Private Final Demand *	0.5	1.2	1.1	1.3	2.3	0.8	1.1	1.1
- Public Final Demand *	0.2	0.7	0.1	1.7	-0.9	1.6	-0.3	1.1
Stocks (%pts contribution)	-0.4	0.0	0.0	0.0	-0.1	-0.3	0.2	0.0
GNE	0.0	1.1	0.9	1.4	1.4	0.7	1.0	1.0
Exports	6.2	6.8	9.1	5.9	6.0	5.8	8.3	7.2
Imports	-1.8	-1.6	2.2	-0.4	0.7	-1.8	0.0	1.1
Net Exports (%pts contribution)	1.6	1.7	1.5	1.4	1.0	1.5	1.7	1.3
Nominal GDP	3.3	3.1	1.5	4.0	2.2	4.1	1.6	2.6
OTHER KEY INDICATORS								
Headline CPI	2.4	2.5	1.9	2.4	2.3	2.7	1.7	2.5
RBA 'underlying' CPI **	2.4	2.5	2.4	2.4	2.4	2.6	2.3	2.4
Wage Price Index	2.9	2.5	2.3	2.7	3.3	2.6	2.4	2.5
Employment	1.0	0.8	1.6	1.4	1.2	0.7	1.3	1.5
Unemployment Rate (quarterly, % at year-end)	5.8	6.2	6.4	6.5	5.6	5.9	6.2	6.5
Dwelling Commencements (000s)	168	198	210	200	162	182	213	199
Current Account Balance (% of GDP)	-3.3	-2.8	-3.5	-2.9	-3.9	-3.0	-3.0	-3.6
QUARTERLY								
	Sep-14	Dec-14	Mar-15	Jun-15 (f)	Sep-15 (f)	Dec-15 (f)	Mar-16 (f)	Jun-16 (f)
GDP (% q/q)	0.3	0.5	0.9	0.4	0.6	0.6	0.7	0.7
(% y/y)	2.7	2.4	2.3	2.1	2.4	2.5	2.2	2.6
	Sep-14	Dec-14	Mar-15	Jun-15 (f)	Sep-15 (f)	Dec-15 (f)	Mar-16 (f)	Jun-16 (f)
Headline CPI (% q/q, nsa)	0.5	0.2	0.2	0.8	1.0	0.5	0.6	0.2
(% y/y, nsa)	2.3	1.7	1.3	1.6	2.2	2.5	2.9	2.4
RBA 'underlying' CPI * (% q/q, sa)	0.3	0.6	0.7	0.6	0.6	0.6	0.6	0.6
(% y/y, sa)	2.4	2.2	2.4	2.3	2.5	2.4	2.4	2.3
FINANCIAL MARKETS (at end qtr)								
	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15 (f)	Dec-15 (f)	Mar-16 (f)	Jun-16 (f)
- Cash (%)	2.50	2.50	2.25	2.00	2.00	2.00	2.00	2.00
- 90 Day Bills (%)	2.71	2.78	2.21	2.14	2.10	2.10	2.10	2.10
- 3-year Commonwealth Bonds (%)	2.73	2.15	1.74	2.02	2.10	2.20	2.20	2.30
- 10-year Commonwealth Bonds (%)	3.51	2.81	2.34	3.03	3.00	3.00	3.10	3.20
- S&P/ASX 200 (Index)	5293	5411	5892	5459	5700	5800	5850	5900
Exchange Rates (end qtr):								
AUD/USD	0.87	0.82	0.76	0.77	0.73	0.70	0.70	0.70
AUD/EUR	0.69	0.68	0.71	0.69	0.67	0.67	0.66	0.65
AUD/JPY	95.8	97.9	91.4	94.0	89.6	87.5	88.4	89.3
TWI	68.9	66.5	63.3	63.8	62.4	60.8	61.0	61.2

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 2.3% y/y in 2015 remains below Consensus of 2.5% y/y, while 2016 of 2.7% y/y is also still under Consensus of 2.9% y/y.

Latest forecast changes

- On 5 June we changed the composition of growth. We cut domestic demand on a 'capex cliff', which is only partly offset by booming housing, with moderate consumption; but GDP is boosted by stronger net exports.
- Due to a rebound in petrol/oil prices, we have raised our Q2 headline CPI forecasts to 0.8% q/q from 0.5%.

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 (where we target dwelling commencements of 210k in 2015), 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.
- A stabilisation in unemployment 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. An unemployment rate that is near peaking should support confidence and consumption.
- Weaker nominal income growth, from a slower China & falling commodity prices resulting in a (mining) capex cliff, plus fiscal repair & lower wage growth, will constrain GDP to 'below' trend in the next couple of years. The composition of GDP will likely have more '(net) exports', but less domestic demand.

Key inflation drivers

- Headline CPI should remain low in 2015 at 1.7%, but still lifts in 2016E to 2.5%, on a lower AUD as well as a rebound of petrol/oil prices.
- Further ahead, for underlying CPI, very low wages and weak domestic demand (as well as global trends) should be dragging down inflation, but poor productivity and an historically evident stickiness of domestic prices is expected to keep underlying CPI broadly flat around its current pace of 2.4% over the forecast horizon, albeit with downside risk based on survey measures.

Monetary & fiscal policy outlook

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

Key forecast risks

- Downside: A delay of US Fed hikes into 2016, lifting the AUD over USD0.80, would likely undermine the still fragile lift in domestic activity & business conditions. A deeper China property downturn could further sharply lower commodity prices & export income. The weaker nominal income environment, ongoing fiscal drag, and negative offshore news could see consumers become more cautious with a modest fall in the saving rate needed to deliver decent consumption growth. These scenarios could see the RBA trim rates further.
- Upside: 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 elevated job insecurity & boosting consumer confidence.

Positions on key controversies

- Consumer caution – we do not expect consumers to return to the leverage-keen environment of the 2000s. But we do expect some lift in confidence & real consumption – amid record low interest rates dragging down the household savings rate – despite still high unemployment and ongoing soft wages growth.
- Terms of trade – a much weaker trend for commodity prices will mean the pick-up in Australia's growth will be more export volume led, with a more sluggish domestic recovery. However, that does not ensure a recession.

Market trends

Monetary policy: RBA to hold, but risk of easing

- **Cash:** The RBA followed-up their February 25bp cut, with a further 25bp in May, taking the cash rate to our long-standing forecast of 2.0% for 1H15. The market continues to price the cash rate modestly below 2%, as the RBA will likely maintain an easing bias. We continue to expect the RBA to hold at 2%, 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. The RBA will likely only cut the cash rate if core inflation is lower (after recently being higher than expected).

Aussie 10-years – target 3% end-2015

- **US 10-years:** US 10-year yields have risen towards 2½%, but remain capped by QE by the ECB & BoJ (Figure A). While patchy global growth will limit the extent that US 10-years rise, we continue to see improving US activity and Fed rate hikes in 2H15 lifting US Treasuries to 2.5% by end-15, and 3.0% end-16.
- **Australian 10-years:** Aussie 10-years had rallied more than their offshore peers as the market re-priced RBA cuts for 1H15. But post the RBA's May cut, Aussie 10-years have underperformed as global yields have begun to rise again. Aussie 10-years remain expensive, relative to our models (Figure B), and we look for yields to move higher. We see renewed out-performance against global yields ahead, due to a mixed growth outlook weighed by weak capex, a slower China & falling commodity prices. We target 3.0% for end-15 and +3½% for end-16.

Australian 3-years – target a rise back towards 2¼%

- **Australian 3-years:** The prior rally had sent Aussie 3-years well below the cash rate. Post the RBA's cut to 2.0%, US Fed tightening in 2H15 should see Aussie 3-years rise further toward 2¼% by the end of 2015, but remain capped by the ongoing record low RBA cash rate.

Curve – steady RBA and Fed hikes keeps curve steep

- **Yield curve:** The 3-10s curve has steepened above our model's range. But from here, we look for stabilisation above fair value, given the 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 again

- **Australian-US spread:** The Aussie-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 (after -25bp in May). But likely Fed rate hikes will diverge from an on-hold RBA over the coming couple of years. Specifically, we look for a recommencement of spread compression to 50bp by end-2015, as the US Fed begins its rate hike cycle in 2H15.

Source for text and charts: Bloomberg, Datastream, UBS

* UBS forecasts for end 2015 & 2016

Figure A: US 10-year bond yield

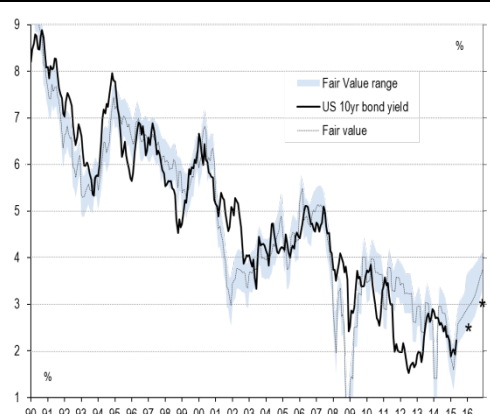


Figure B: Australian 10-year bond yield

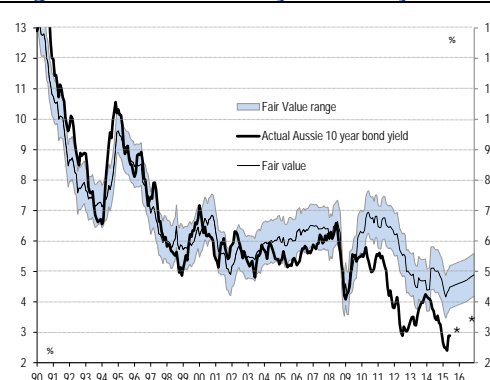


Figure C: Australian 3-year bond yield

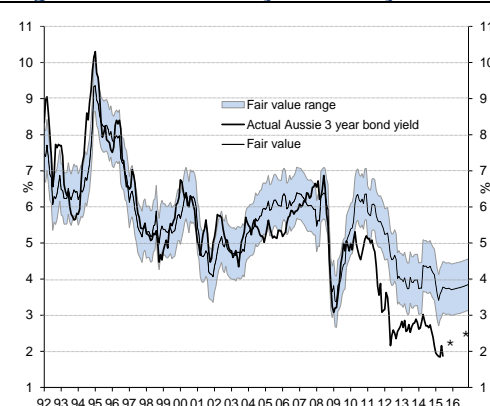
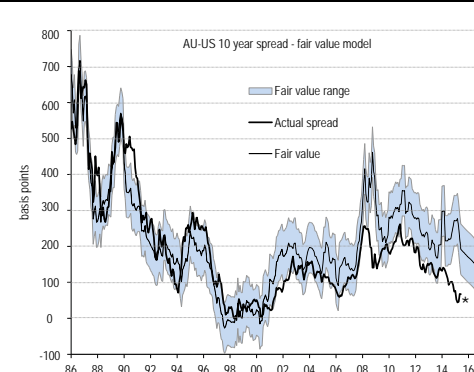


Figure D: AU-US 10-year bond yield spread



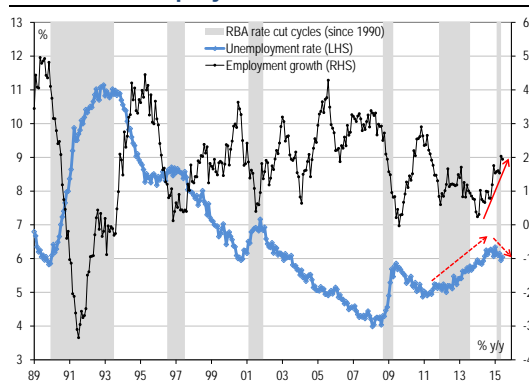
Week in Review: 6th – 10th July

The RBA held the cash rate at 2.00% as widely expected and their statement was little changed, but importantly, the RBA still argued that 'further depreciation seems both likely and necessary', despite its recent drop. Data was mixed with the labour market seen strengthening with June employment stronger than expected and ANZ job ads rising, but housing was weaker with May home loans recording a sharp fall and June construction PCI retracing after bouncing.

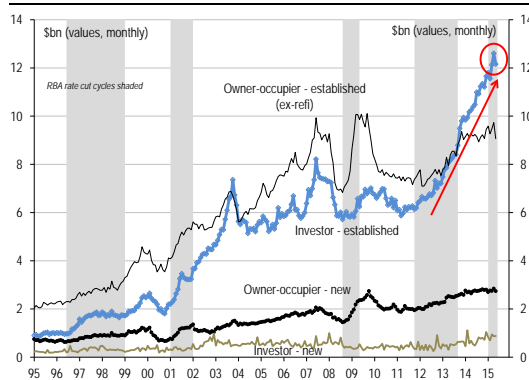
Offshore, ahead of Yellen's speech tonight, the Fed minutes noted an improvement in data over June, but revealed members were uncertain on the strength of the recovery. Data was limited. June non-manufacturing ISM rose and the trade balance widened less than expected in May. Elsewhere, UK May IP jumped and the UK budget revealed a slower pace of fiscal consolidation, while the BOE held. CH June CPI rose more than expected.

Over the week to noon, the AUD retraced 1.5% to 74.77, the 10-year bond yield rallied 15bp to 2.93% and the ASX 200 was flat at 5511.

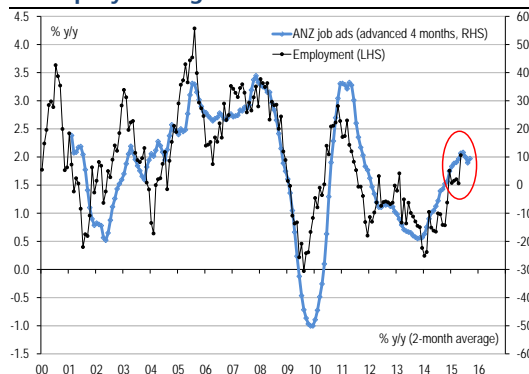
June jobs growth was stronger than expected with the unemployment rate at 6.0%



Home loans slump 4.6% m/m, but +8.8% y/y



ANZ job ads still consistent with modest pace of employment growth ahead



Source: ABS, ANZ, RBA, UBS

- The **RBA** held the cash rate again at a record low 2.00%, as widely expected (with the last move a 25bp cut in May). The statement was largely unchanged, but notably they removed any reference to sectoral trends on household spending, construction, exports, capex and public spending and instead added a balanced comment that 'unemployment, though elevated, has been little changed recently'. Importantly, the RBA comment on the AUD was identical, despite its recent drop to a six-year low, seeing the currency fall to around our measure of 'fair value'. Specifically, the RBA argued that 'further depreciation seems both likely and necessary'. Hence, we think this means the RBA continues to retain a 'mild implicit easing bias'.
- **Employment** was stronger than expected again in June, with a further modest increase of 7k m/m (UBS: -10k, mkt: 0k), following a sharp rebound of 40k in May (was +42k). The trend clearly improved recently, with the y/y solid at 1.9% in June (after surging to +2% in May). Full-time led the m/m gain (+25k, +1.7% y/y), but part-time retraced after lifting (-17k, moderating to +2.6% y/y). But hours worked remained on a softer trend (+0.3% m/m, +1.2% y/y). Elsewhere, **unemployment** was also lower than expected at 6.0% in June (UBS & mkt: 6.1%), after May was revised down to 5.9% (was 6.0%). Arguably, the unemployment rate is now edging down.
- Total **home loans** (ex-refis) retraced sharply in May, slumping by a worse than expected 4.6% m/m (UBS: -3%, mkt: nf). Hence, the y/y slowed to 8.8% in May (after a strong 14.1%). May's m/m fall was led by owner-occupiers (-6.1%, -0.9% y/y), while investors also corrected (-3.2%, +19.4% y/y). Elsewhere, construction loan values retraced again (-3.2% m/m, but still +11.5% y/y).
- **ANZ job ads** rose 1.3% m/m in Jun (after a revised +0.1%), with the m/m rising in 12 of the past 13 months. The y/y dropped to +10.8% (after +14.1%) on base effects, but this still implies ~1¾% y/y jobs growth ahead.
- May (short-term) visitor **arrivals** retraced 0.5% m/m (+3.1% y/y, after +6.5%), but remain near a record high, while departures fell further (-0.9%, +1.0% y/y).
- The June **construction PCI** retraced to 46.4, after bouncing to 47.8.

Week Ahead: 13th – 17th July

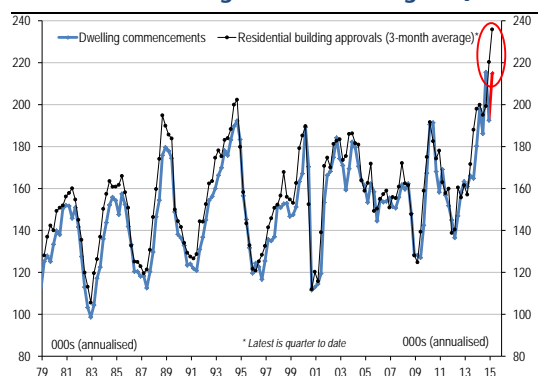
Data is seen mixed. May total loans (Mon) and the QLD budget (Tue) are out. June NAB business conditions (Tue) and confidence (Tue) may fall amid market volatility relating to Greece and China worries, but Q1 dwelling commencements (Wed) should rebound after retracing, and June car sales (Wed) are seen higher. July Westpac/Melbourne Institute consumer sentiment (Wed) may steady after retracing, while June goods imports (Thu) update Q2 net exports.

Offshore, the July Fed beige book (Wed) is out and Fed Testimony (Wed/Thu) takes place. US data is seen improving with higher June retail sales (Tue) & IP (Wed). The July housing market index (Thu) may rise again, but consumer sentiment (Fri) hold. Elsewhere, CH June trade surplus (Mon) may narrow, & Q2 GDP (Wed) should tick down to 6.9% y/y. June UK (Tue) & EU (Thu) CPI are due, and the BOC (Wed), BOJ (Wed) & ECB (Thu) should hold. The EU summit (Sun) will discuss Greece.

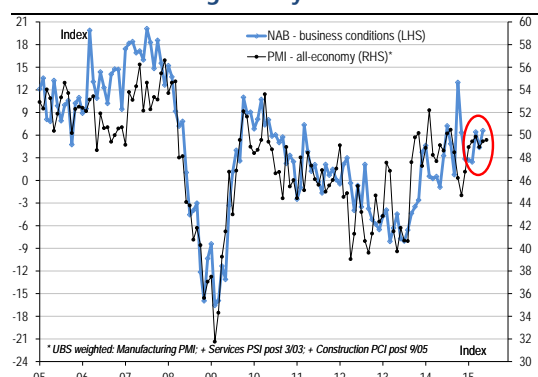
Date	Time (AEDT)	Data/Event	UBS	Market*	Previous
13-Jul	11:30	Finance commitments (May)	nf	nf	+3.4%
14-Jul	11:30	NAB business conditions (Jun)	'down'	nf	+7.4
14-Jul	11:30	NAB business confidence (Jun)	'down'	nf	+6.6
14-Jul	14:30	QLD budget (2015/16)	-	-	-
15-Jul	11:30	Dwelling commencements (Q1)	+12.0%	nf	-10.6%
15-Jul	11:30	Car sales (Jun)	'up'	nf	-1.3%
15-Jul	10:30	Westpac/Melbourne Institute consumer sentiment (Jul)	'steady'	nf	-6.9%
16-Jul	11:30	Goods imports (Jun)	nf	nf	-4.5%

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

Q1 dwelling commencements should rebound to near a record high after retracing in Q4



PMIs imply June NAB business conditions may fall after bouncing in May



Source: ABS, AIG, NAB, UBS

Dwelling commencements (Q1)

The surge in residential building approvals to a record high suggests that dwelling commencements likely bounced ~12% q/q (+9% y/y) to a near record high 215k annualised in Q1, after retracing 10.6% q/q in Q4. Separately, Q1 non-residential building commencements give further insight into the capex cliff after Q4's bounce.

Car sales (June)

Industry data (Vfacts) suggest car sales should be up a few percent in June to the highest level since Sep-12, after retracing 1.3% m/m in May.

NAB business survey (June)

Recent June PMI's imply NAB's survey of business conditions may retrace modestly (after bouncing to an above average level of +7.4 in May), despite further falls in the AUD. Meanwhile, business confidence may also fall after lifting in May amid market volatility relating to Greece and China worries.

WMI consumer sentiment (July)

The stabilisation of the weekly Roy-Morgan consumer confidence survey suggests Westpac/Melbourne Institute consumer sentiment was flat m/m in July and should remain below average.

Economic Calendar

MONDAY ----- 6 July -----	TUESDAY ----- 7 July -----	WEDNESDAY ----- 8 July -----	THURSDAY ----- 9 July -----	FRIDAY ----- 10 July -----
AU ANZ JOB ADS (Jun) Act: +1.3%, Pre: +0.1% r US ISM NON-MFG (Jun) Act: 56.0, Pre: 55.7	AU PCI CONSTRUCTION (Jun) Act: 46.4, Pre: 47.8 RBA DECISION (Jul) Act: no change, Pre: 2.00% NZ QSBO EXP. ACTIVITY (Q2) Act: +12.7%, Pre: +25.9% r US TRADE BALANCE (May) Act: -\$41.9bn, Pre: -\$40.7bn r UK IP (May) Act: +0.4%, Pre: +0.3% r	FED MINUTES (Jul) UK BUDGET (2015)	AU EMPLOYMENT (Jun) Act: +7.3k, Pre: +40.0k r AU UNEMPLOYMENT RATE (Jun) Act: 6.0%, Pre: 5.9% r NZ ELECTRONIC CARDS (Jun) Act: +0.6%, Pre: +1.4% CH CPI (Jun, y/y) Act: +1.4%, Pre: +1.2% BOE DECISION (Jul) Act: no change, Pre: 0.50%	AU HOME LOAN VALUES (May) Act: -4.6%, Pre: +2.9% r AU HOME LOAN O/O NO. (May) Act: -6.1%, Pre: +0.7% r YELLEN SPEECH CH LOANS (Jun, due 10 th to 15 th) UBS: 1000bn, Pre: 901bn (RMB)
----- 13 July -----	----- 14 July -----	----- 15 July -----	----- 16 July -----	----- 17 July -----
AU FINANCE COMMITMENTS (May) Mkt: nf, Pre: +3.4% NZ FOOD PRICE INDEX (Jun) Mkt: nf, Pre: +0.4% CH TRADE BALANCE (Jun, USD) UBS: +\$55.4bn, Pre: +\$59.5bn JP IP (May f) Mkt: nf, Pre: -2.2% (May p)	AU NAB BIZ CONDITIONS (Jun) UBS: 'down', Pre: 7.4 AU NAB BIZ CONFIDENCE (Jun) UBS: 'down', Pre: 6.6 QLD BUDGET (2015/16) NZ REINZ HOUSE PRICES (Jun) Mkt: nf, Pre: +1.9% US RETAIL SALES (Jun) UBS: +0.6%, Pre: +1.0% EU IP (May) Mkt: nf, Pre: +0.1% UK CPI (Jun, y/y) UBS: -0.1%, Pre: +0.1%	AU DWELLING COMMENCE (Q1) UBS: +12.0%, Pre: -10.6% AU CAR SALES (Jun) UBS: 'up', Pre: -1.3% AU WMI CONS. CONF. (Jul) UBS: 'steady', Pre: -6.9% US PPI (Jun) / IP (Jun) CH GDP (Q2, y/y) UBS: +6.9%, Pre: +7.0% CH IP (Jun y/y) UBS: +6.0%, Pre: +6.1% UK UNEMPLOYMENT RATE (May) UBS: 5.5%, Pre: 5.5% FED BEIGE BOOK (Jul) FED TESTIMONY (15 th – 16 th) BOC DECISION (Jul) Mkt: no change, Pre: 0.75% BOJ DECISION (Jul) UBS: no change, Pre: 0.1%	AU GOODS IMPORTS (Jun) Mkt: nf, Pre: -4.5% NZ PMI MFG (Jun) Mkt: nf, Pre: 51.5 NZ CPI (Q2) UBS: +0.5%, Pre: -0.3% NZ ANZ-RM CONS CONF (Jul) Mkt: nf, Pre: 119.9 US HOUSING MARKET INDEX (Jul) UBS: 60, Pre: 59 EU CPI (Jun f, y/y) UBS: +0.2%, Pre: +0.2% (Jun p) ECB DECISION (Jul) UBS: no change, Pre: 0.05%	US CORE CPI (Jun) Mkt: +0.2%, Pre: +0.1% US HOUSING STARTS (Jun) UBS: +9.1%, Pre: -11.1% US UM CONS. CONF. (Jul p) UBS: 96.0, Pre: 96.1 (Jun f) CA CPI (Jun) Mkt: nf, Pre: +0.2%
----- 20 July -----	----- 21 July -----	----- 22 July -----	----- 23 July -----	----- 24 July -----
NZ PMI MFG (Jun) Pre: 58.0	RBA MINUTES (Jul) NZ TOURIST ARRIVALS (Jun) Pre: +0.1% NZ CREDIT CARD BILLS (Jun) Pre: +1.9%	AU CPI (Q2) UBS: +0.8%, Pre: +0.2% AU TRIMMED MEAN CPI (Q2) UBS: +0.6%, Pre: +0.6% AU WEIGHTED MEDIAN CPI (Q2) UBS: +0.6%, Pre: +0.6% AU SKILLED VACANCIES (Jun) Pre: -3.1% RBA STEVENS SPEECH US FHFA HOUSE PRICES (May) Pre: +0.3% US EXISTING HOME SALES (Jun) Pre: +5.1% BOE MINUTES (Jul)	RBNZ DECISION (Jul) UBS: -25bp to 3.00%, Pre: 3.25%	NZ TRADE BALANCE (May) Pre: +\$350mn US PMI MFG (Jul p) Pre: 53.6 (Jun f) US NEW HOME SALES (Jun) Pre: +2.2% CH HSBC PMI MFG (Jul p) Pre: 49.4 (Jun f) EU PMI MFG / COMPOSITE (Jul p) Pre: 52.5 / 54.2 (Jun f)
----- 27 July -----	----- 28 July -----	----- 29 July -----	----- 30 July -----	----- 31 July -----
US DURABLE GOODS (Jun) Pre: -0.0% GE IFO (Jul) Pre: 107.4	US S&P/CS HOME PRICES (May) Pre: -0.0% US CB CONSUMER CONF. (Jul) Pre: 101.4 (Jun) UK GDP (Q2 p) Pre: +0.4% (Q1 f)	US PENDING HOME SALES (Jun) Pre: +0.9% FED DECISION Pre: 0.0% - 0.25%	AU BUILDING APPROVALS (Jun) Pre: +2.4% RBA STEVENS SPEECH NZ DWELLING CONSENTS (Jun) Pre: +0.0% US GDP (Q2 p) Pre: -0.2% (Q1 f) US CORE PCE (Q1 p) Pre: +0.8% (Q1 f) JP IP (Jun p) Pre: -2.2% (May p)	AU PPI (Q2) Pre: +0.5% AU CREDIT (Jun) Pre: +0.5% NZ ANZ OWN ACTIVITY (Jul) Pre: +23.6% NZ HOUSEHOLD CLAIMS (Jun) Pre: +0.7% US UM CONS. CONF. (Jul f) Pre: 96.1 (Jun f) EU UNEMPLOYMENT RATE (Jun) Pre: 11.1% JP UNEMPLOYMENT RATE (Jun) Pre: 3.3% JP CORE CPI (Jun, y/y) Pre: +0.1%
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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