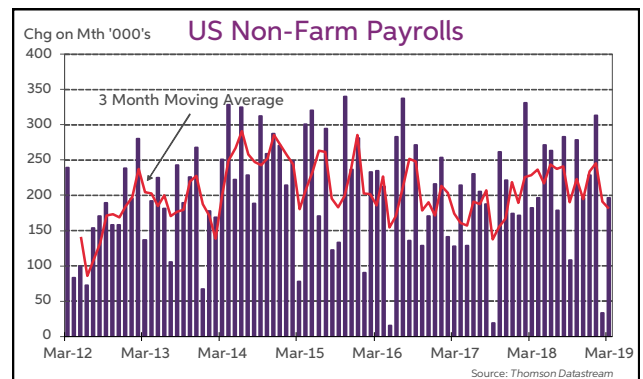


The Waiting Room

- Over the last few months, central banks have turned very cautious about raising interest rates.** This is against a backdrop of heightened concerns regarding the growth prospects for the world economy. Indeed, global economic data have continued to disappoint in early 2019. This has seen both the OECD and IMF lower their growth forecasts. Back in mid-2018, the view was that global growth would average around 4% this year. The expectation now is that the global economy will expand by a below trend 3.3% in 2019 and the risks to the economic outlook remain tilted to the downside.
- The persistence of very subdued inflation gives central banks the latitude to be patient about tightening interest rates.** Markets now see rates remaining on hold virtually everywhere this year, with the balance of risk leaning towards an easing of policy rather than tightening. On that note, at this week's US Federal Reserve and Bank of England meetings, both the FOMC and the MPC are expected to leave policy unchanged. The two central banks have recently guided that they are on hold until a clearer picture of the outlook for their economies emerges. Therefore, the meetings will be analysed for any insight into their views on economic conditions and what this means for their policy outlook.
- In terms of the Fed, markets will look to Chair Powell's press conference** for details on what sort of impact below target inflation may have on policy, given recent comments from a number of Fed speakers suggesting it is of some concern. Meanwhile, **from a BoE viewpoint, the focus will be on Governor Mark Carney's press conference and the publication of the May Inflation Report.** This will provide an update on the BoE's view of the prospects for the UK economy. The interest will centre on its assessment of the impact the delay to Brexit could have on activity, and how this might effect their interest rate policy.
- Data-wise, the highlight of the schedule is the US employment report for April.** Non-farm payrolls are projected to have expanded by 180k in the month, matching the monthly average recorded in Q1. At the same time, the unemployment rate is forecast to have held at just 3.8%. Overall, the tight labour market conditions will likely see the yearly growth rate of average earnings move up slightly to 3.3%. In contrast, the Fed's preferred measure of earnings growth, the Employment Cost Index, is expected to indicate that wage inflation slowed to 2.7% in Q1, from 2.9%. Meantime, the consensus is for the core-PCE measure of inflation to have edged down to 1.7% in March, while both personal income and consumption are envisaged to have recorded solid increases.
- There is also a raft of survey data due out in the US this week, including the Conference Board measure of consumer confidence for April.** Sentiment is forecast to have improved in the month, after falling in March. Meanwhile, on the output side of the economy, the manufacturing ISM is expected to have declined in April, while the non-manufacturing index looks to have increased slightly from its March level.
- In the Eurozone, we get the first estimate of Q1 GDP.** While survey data have suggested that the economy may have lost further momentum, the available hard data has been reasonably solid in the first two months of 2019, with retail sales and trade figures particularly encouraging. The expectation is that this will have helped quarterly growth edge up to 0.3%, from 0.2% in Q4. On a national level, Austrian, Belgian, French, Italian and Spanish GDP data will all feature. Elsewhere, the unemployment rate looks to have held at 7.8% in March. Meanwhile, the release of the April EC sentiment indices will offer a more timely update on the performance of the Eurozone economy. In contrast to the latest PMIs, the consensus is for the headline index to have moved down in the month to 105.0, from 105.5. Also due out is the preliminary reading of April HICP, with rising energy prices forecast to have contributed to inflation picking up to 1.6%, from 1.4%.
- The focus in the UK will be on the April PMIs.** It is envisaged that the services index, which plummeted into contractionary territory in March on Brexit concerns, will have risen back above the 50 level. At the same time, the manufacturing index is anticipated to have fallen to 53.0, from 55.1, as the temporary boost from Brexit related stockpiling in March abates somewhat.



	Interest Rate Forecasts			
	Current	End Q2 2019	End Q3 2019	End Q4 2019
Fed Funds	2.375	2.375	2.375	2.625
ECB Deposit	-0.40	-0.40	-0.40	-0.40
BoE Repo	0.75	0.75	0.75	0.75
BoJ OCR	-0.10	-0.10	-0.10	-0.10

Current Rates Reuters, Forecasts AIB's ERU

	Exchange Rate Forecasts (Mid-Point of Range)			
	Current	End Q2 2019	End Q3 2019	End Q4 2019
EUR/USD	1.1163	1.13	1.14	1.15
EUR/GBP	0.8632	0.86	0.86	0.86
EUR/JPY	124.53	125	125	125
GBP/USD	1.2933	1.31	1.33	1.34
USD/JPY	111.46	111	110	109

Current Rates Reuters, Forecasts AIB's ERU

Date	UK & Irish Time (GMT)	Release	Previous	Forecast
This Week:	BoE Speakers:	Carney (Monday); Ramsden (Tuesday)		
	ECB Speakers:	de Guindos (Monday); de Guindos (Wednesday); Praet (Thursday)		
	Fed Speakers:	Bowman, Clarida, Williams (Friday)		
	JPN:	Market Holiday (All Week)		
Mon 29th	EU-19:	09.00 M3 Money Supply (March)	(+4.3%)	(+4.2%)
	EU-19:	10.00 Business Climate (April)	0.53	0.49
	EU-19:	10.00 EC Economic Sentiment (April)	105.5	105.0
		- Industrial / Services / Consumer	-1.7 / 11.3 / -7.9	-2.0 / 11.1 / -7.9
	IRL:	11.00 Retail Sales (March)	+2.1% (+5.1%)	+0.5% (+7.0%)
	US:	13.30 Personal Income / Consumption (March)	+0.2% / +0.1%	+0.4% / +0.7%
		- Core PCE Prices	(+1.8%)	(+1.7%)
	BEL:	14.00 GDP (Q1)	+0.3%	
Tue 30th	UK:	00.01 GfK Consumer Confidence (April)	-13	-12
	FRA:	06.30 GDP (Q1: First Reading)	+0.3%	+0.3%
	FRA:	07.45 Preliminary HICP (April)	(+1.3%)	(+1.4%)
	SPA:	08.00 GDP (Q1: First Reading)	+0.6% (+2.3%)	+0.6% (+2.3%)
	GER:	08.55 Unemployment (April)	4.9%	4.9%
	ITA:	09.00 Unemployment (March)	10.7%	
	ITA:	10.00 Preliminary HICP (April)	(+1.1%)	(+1.4%)
	EU-19:	10.00 GDP (Q1: First Reading)	+0.2% (+1.1%)	+0.3% (+1.1%)
	EU-19:	10.00 Unemployment (March)	7.8%	7.8%
	ITA:	11.00 GDP (Q1: First Reading)	-0.1% (+0.0%)	+0.0% (-0.2%)
	IRL:	11.00 Unemployment (April)	5.4%	5.4%
	GER:	13.00 Preliminary HICP (April)	(+1.4%)	(+1.7%)
	US:	13.30 Employment Cost Index (Q1)	+0.7% (+2.9%)	+0.7% (+2.7%)
	US:	14.00 Case-Shiller House Prices (February)	(+3.6%)	(+3.3%)
	US:	15.00 Consumer Confidence (April)	124.1	126.0
	US:	15.00 Pending Home Sales (March)	-1.0% / 101.9	+1.0% / 102.9
Wed 1st	Most EU:	Market Holiday (Labour Day)		
	IRL:	07.00 AIB Manufacturing PMI (April)	53.9	
	UK:	07.00 Nationwide House Prices (April)	+0.2% (+0.7%)	+0.1% (+0.7%)
	UK:	09.30 CIPS / Markit Manufacturing PMI (April)	55.1	53.0
	US:	14.45 Final Markit Manufacturing PMI (April)	52.4 / 52.4 (p)	52.4
	US:	15.00 Manufacturing ISM (April)	55.3	54.8
	US:	19.00 Fed Interest Rate Announcement	2.25%-2.50%	2.25%-2.50%
	US:	19.30 Fed Press Conference		
Thurs 2nd	UK:	Local Elections		
	EU-19:	09.00 Final Markit Manufacturing PMI (April)	47.5 / 47.8 (p)	47.8
	IRL:	11.00 Live Register (April)	-2,300/194,800	-2,300/192,500
	UK:	12.00 BoE Interest Rate Announcement	0.75%	0.75%
		- Meeting Minutes / May Inflation Report		
	UK:	12.30 BoE Press Conference		
	US:	13.30 Initial Jobless Claims (w/e 22nd April)	230k	214,000
	US:	15.00 Factory Orders (March)	-0.5%	+1.3%
	IRL:	16.30 Exchequer Returns (April)	April'18: -€3.4bn	-€3.0bn
Fri 3rd	UK:	09.30 CIPS / Markit Services PMI (April)	48.9	50.5
	EU-19:	10.00 Preliminary HICP (April)	(+1.4%)	(+1.6%)
	US:	13.30 Non-Farm Payrolls (April)	+196,000	+180,000
		- Unemployment	3.8%	3.8%
		- Average Earnings	(+3.2%)	(+3.3%)
	US:	14.45 Markit Composite PMI (April)	54.6 / 52.8 (p)	52.8
	US:	15.00 Non-Manufacturing ISM (April)	56.1	56.8

◆ Month-on-month changes (year-on-year shown in brackets)

All forecasts AIB ERU, historical data in the Economic Diary derived from publicly available sources

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