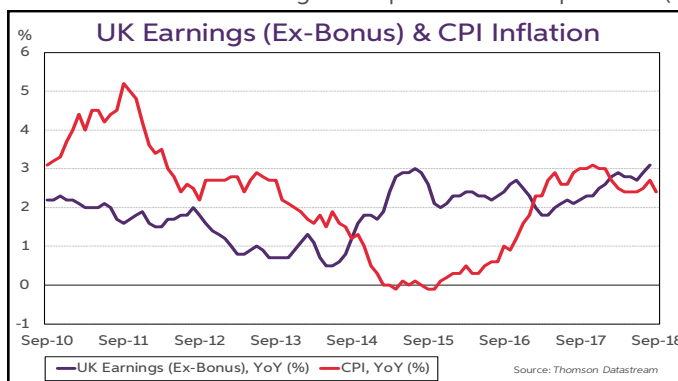


## Bright November so far

- Global growth appears to be holding up reasonably well, despite a buffeting this year from trade disputes, geopolitical tensions, difficulties in some emerging-market economies and increased volatility in financial markets.** While the Global Composite PMI is below its recent peak seen at the start of the year, it remains at a level consistent with continuing solid growth by the world economy. Growth was strong in the US and the UK in particular in the third quarter, while the US economy has started the fourth quarter on a strong footing with good data for October. The Global PMI also edged higher in October.
- Oil prices have also fallen sharply over the past month as rising supply and high inventory levels put downward pressure on prices.** The decline is likely to be sustained given the current supply-demand imbalance in the market, with oil production in the US surging in particular. **With continuing good employment growth, wages picking up and headline inflation set to decline on falling oil prices, the prospects for consumer spending look positive in the period ahead.** Hence, maybe not too surprisingly, stocks markets have made good ground so far this month, after suffering big losses in October.
- Central banks then, are likely to continue to face the same dilemma in 2019 as in the past couple of years – what is the appropriate stance for monetary policy in economies where growth is solid, spare capacity is being reduced but inflation remains subdued.** The answer is likely to be found in the labour market, as central banks will be keeping a very close eye on wage growth. If recent signs of accelerating wage growth in a number of economies becomes a trend in 2019, then their patience on monetary policy will be sorely tested.
- On this note, the macro schedule this week includes a raft of UK labour market data for Q3.** Employment growth is anticipated to have been subdued in the quarter. However, with the ONS' measure of job vacancies close to a historically high level, it is probable that this slowdown is mainly due to a lack of available workers. This argument is reinforced by the fact that unemployment is expected to have held at just 4.0%. The lack of slack in the labour market will likely result in a continuation of the recent trend of improving wage growth. Underlying earnings in Q3 are expected to have ticked up to 3.1% in year-on-year terms, compared to 2.7% in Q2.
- Meantime, UK CPI figures for October are also due.** Inflation looks set to have edged up slightly in the month. The consensus is for the headline rate to have moved up to 2.5%, from 2.4%, with the core measure rising to 2.0% (1.9%). Finally, retail sales for October round off the calendar. Following a steep decline in September (-0.8%), sales are expected to have risen, with growth of 0.2% in the month forecast.
- In the US, the release of CPI inflation figures for October will also be a focus of attention.** The overall rate is expected to have moved up slightly to 2.5%, while core inflation is forecast to have held at 2.2%. October retail sales figures are also set to feature. Buoyed by strong levels of consumer confidence, it is envisaged that the headline figure rose by 0.5%, following the prior month's decline. Meanwhile, an update on the supply side of the economy will be provided in the form of industrial production figures for October. Output is projected to have risen by 0.2% in the month.
- The schedule is comparatively light in the Eurozone. Although, as in the US, industrial production features.** A fall in output is forecast for September. Flash employment figures for Q3 are also expected, with a further healthy quarterly rise on the cards. On a national level, the first reading of Q3 German GDP will warrant some analysis. Growth in the Eurozone's largest economy is anticipated to have moderated in the quarter, largely due to issues in the production of cars associated with new emission standards. Meanwhile, on the political front, Italy must resubmit new budget proposals to the European Commission by Tuesday. **Elsewhere, it is envisaged that the release of Japanese Q3 GDP figures** will show that the economy contracted by 1% in annualised terms in the quarter, following strong growth of 3% in Q2.



	Interest Rate Forecasts			
	Current	End Q4	End Q1	End Q2
		2018	2019	2019
Fed Funds	2.125	2.375	2.625	2.875
ECB Deposit	-0.40	-0.40	-0.40	-0.40
BoE Repo	0.75	0.75	0.75	1.00
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 Q4	End Q1	End Q2
		2018	2019	2019
EUR/USD	1.1347	1.15	1.17	1.19
EUR/GBP	0.8695	0.88	0.87	0.86
EUR/JPY	129.10	129	130	131
GBP/USD	1.3047	1.30	1.34	1.38
USD/JPY	113.78	112	111	110

Current Rates Reuters, Forecasts AIB's ERU

Date	UK & Irish Time (GMT)	Release	Previous	Forecast
<b>This Week:</b>	<b>BoE Speakers:</b>	Ramsden (Wednesday); Tenreyro (Thursday)		
	<b>ECB Speakers:</b>	de Guindos, Lautenschlager (Monday); de Guindos, Lautenschlager, Praet, (Tuesday); de Guindos, Coeure, Praet (Thursday); <b>Draghi</b> , Weidmann (Friday)		
	<b>Fed Speakers:</b>	Daly (Monday); Daly (Tuesday); Quarles (Wednesday); Bostic, Quarles (Thursday); Evans (Friday)		
<b>Mon 12th</b>	<b>ITA:</b>	09.00 Industrial Output (September)	+1.7%	-0.7%
<b>Tue 13th</b>	<b>GER:</b>	07.00 Final HICP (October)	(+2.4%) (p)	(+2.4%)
	<b>UK:</b>	09.30 ILO Unemployment (3 Months to Sept.)	4.0%	4.0%
		- Employment	-5,000	34,000
	<b>UK:</b>	09.30 Average Weekly Earnings (3 Months to Sept.)	(+2.7%)	(+3.0%)
		- Ex-Bonus	(+3.1%)	(+3.1%)
	<b>GER:</b>	10.00 ZEW Economic Sentiment (November)	-24.7	-25.0
	<b>US:</b>	11.00 NFIB Business Optimism (October)	107.9	
	<b>US:</b>	19.00 Federal Budget (October)	Oct' 17: -\$63bn	
	<b>JPN:</b>	23.50 GDP (Q3: First Reading)	+0.7% /+3.0% s.a.a.r.	-0.3% / -1.0%
<b>Wed 14th</b>	<b>CHINA:</b>	02.00 Industrial Output (October)	(+5.8%)	(+5.7%)
	<b>GER:</b>	07.00 GDP (Q3: First Reading)	+0.5%	-0.1%
	<b>FRA:</b>	07.45 Final HICP (October)	(+2.5%) (p)	(+2.5%)
	<b>UK:</b>	09.30 CPI (October)	(+2.4%)	(+2.5%)
		- Ex-Food & Energy	(+1.9%)	(+2.0%)
	<b>UK:</b>	09.30 PPI Output (October)	(+3.1%)	(+3.1%)
		- Input	(+10.3%)	(+9.6%)
	<b>EU-19:</b>	10.00 Employment (Q3)	(+0.4%)	(+0.3%)
	<b>EU-19:</b>	10.00 GDP (Q3: Second Reading)	+0.2% (+1.7%) (p)	+0.2% (+1.7%)
	<b>EU-19:</b>	10.00 Industrial Output (September)	+1.0% (+0.9%)	-0.3% (+0.3%)
	<b>IRL:</b>	<b>11.00 Residential Property Prices (September)</b>	<b>+0.3% (+8.6%)</b>	<b>+1.0% (+8.3%)</b>
	<b>US:</b>	13.30 CPI (October)	(+2.3%)	(+2.5%)
		- Core (Ex-Food & Energy)	(+2.2%)	(+2.2%)
<b>Thurs 15th</b>	<b>UK:</b>	09.30 Retail Sales (October)	-0.8% (+3.0%)	+0.2% (+2.8%)
	<b>IRL:</b>	<b>11.00 Goods Trade Balance (September)</b>	<b>€3.7bn</b>	<b>€4.0bn</b>
	<b>US:</b>	13.30 NY Fed / Empire State Index (November)	21.1	20.0
	<b>US:</b>	13.30 Import / Export Prices (October)	+0.5% / +0.0%	+0.1% / +0.1%
	<b>US:</b>	13.30 Initial Jobless Claims (w/e 9th November)	214,000	215,000
	<b>US:</b>	13.30 Philly Fed Index (November)	22.2	21.0
	<b>US:</b>	13.30 Retail Sales (October)	+0.1%	+0.5%
		- Ex-Autos	-0.1%	+0.5%
		- Ex-Gas, Autos & Building Materials	+0.5%	+0.3%
<b>Fri 16th</b>	<b>EU-19:</b>	10.00 Final HICP (October)	(+2.2%) (p)	(+2.2%)
		- Ex-Food & Energy	(+1.3%) (p)	(+1.3%)
	<b>ITA:</b>	11.00 Final HICP (October)	(+1.7%) (p)	(+1.7%)
	<b>US:</b>	14.15 Industrial Production (October)	+0.3%	+0.2%
		- Capacity Utilisation	78.1%	78.2%

◆ 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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