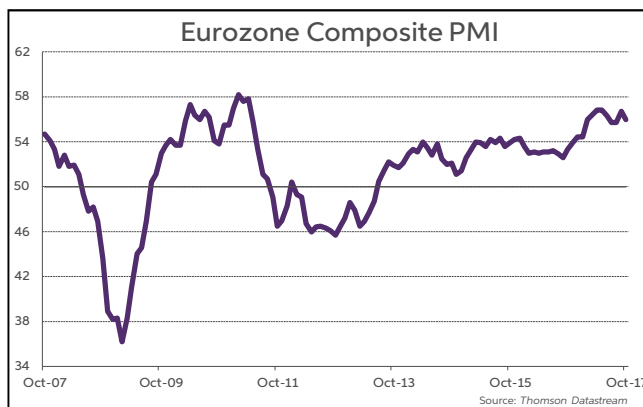


Top of the Class

- The euro remained underpinned over the past week by further good economic data. **It is somewhat ironic that just as the UK is preparing to leave the EU, the Eurozone has become the fastest growing economic region in the developed world.** Data last week showed another strong rise in Eurozone GDP of 0.6% for the third quarter. GDP growth was 2.5% in year-on-year terms, ahead of the US, UK and Japan which posted gains of 2.3%, 1.5% and 1.7%, respectively.
- **The European Commission's latest economic outlook is quite upbeat about the prospects for the Eurozone economy.** It notes that the recovery in the currency bloc is less advanced than elsewhere, suggesting that it has the capacity to continue growing strongly for quite some time. Monetary conditions in the Eurozone are expected to remain very accommodative over the next few years, which will also be supportive of growth. The absence of significant imbalances also suggests that strong growth can continue. **It is also encouraging that the upswing in the Eurozone is broad-based, with all the major economies now growing strongly.**
- The Eurozone still faces problems, including marked regional disparities in unemployment as well as very high youth unemployment in some countries, slow productivity growth, weak wage growth and a continuing aversion to structural reforms. **Nonetheless, the economic prospects in the Eurozone look brighter now than at any time in the past decade.** With inflation expected to remain comfortably below 2% in the next couple of years, though, the ECB is in no rush to respond by tightening policy.

■ **This week's Eurozone data calendar includes a raft of important survey releases for November, which will provide timelier signals on the strength of the economy.** The flash Eurozone composite PMI, which slowed slightly in October, is anticipated to remain at 56, pointing to a continuing strong pace of growth in the Eurozone. **The flash EC measure of consumer sentiment, which hit a 16-year high in October, looks set to improve further.** This indicates that consumer spending growth could pick up further pace over the coming months. At a national level, the German Ifo index is expected to remain close to October's all-time high.



- **In the UK, there will be plenty of attention on Wednesday's budget.** The UK budget deficit has been in steady decline in recent years. The latest EC figures put the general government deficit at just above 2% of GDP this year, down from 5.5% in 2014. The government has committed to eliminating the deficit over the medium-term. However, the minority government is under some pressure to loosen policy somewhat in this budget, given the slowdown in the economy this year and with the public finances on an improving trend. **No major changes are expected on the tax side, but increases in spending are likely to be announced,** especially in areas where the government has come under pressure, notably housing and health. Public finance figures for October, due out on Tuesday, could provide further guidance on the room for manoeuvre in the Budget. Meantime, the second reading of Q3 GDP will provide a first look at the expenditure based breakdown of growth.
- **There is a relatively light schedule in a shortened US week, with Thanksgiving on Thursday.** Markets will be analysing the Fed minutes as they look for further validation of their view that the FOMC will hike rates again in December. **Data-wise, the flash services and manufacturing PMIs are forecast to remain at overall solid levels in November.** We also get existing home sales data for October. They showed little impact in September from the hurricanes in the month, actually picking up. A further improvement is predicted this week.

	Interest Rate Forecasts			
	Current	End Q4	End Q1	End Q2
		2017	2018	2018
Fed Funds	1.125	1.375	1.375	1.625
ECB Deposit	-0.40	-0.40	-0.40	-0.40
BoE Repo	0.50	0.50	0.50	0.50
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
		2017	2018	2018
EUR/USD	1.1795	1.16	1.15	1.14
EUR/GBP	0.8938	0.89	0.88	0.87
EUR/JPY	132.58	132	132	132
GBP/USD	1.3195	1.30	1.31	1.31
USD/JPY	112.39	114	115	116

Current Rates Reuters, Forecasts AIB's ERU

ECONOMIC DIARY

Monday 20th—Friday 24th November 2017

Date	UK & Irish Time (GMT)	Release	Previous	Forecast
This Week:	ECB Speakers:	Draghi, Constâncio (Monday); Cœuré (Tuesday); Praet (Thursday); Constâncio (Friday)		
Mon 20th	GER: 07.00	PPI (October)	+0.3% (+3.1%)	+0.3% (+2.7%)
	US: 15.00	Leading Indicators Index (October)	-0.2% / 128.6	+0.6% / 129.4
Tue 21st	UK: 09.30	PSNB Ex-Interventions (October)	Oct'16: £7.66bn	£7.00bn
	UK: 11.00	CBI Industrial Orders Survey (November)	-2	3
	US: 13.30	Chicago Fed National Activity Index (October)	0.17	
	US: 15.00	Existing Home Sales (October)	+0.7% / 5.39m s.a.a.r.	+0.7% / 5.43m
Wed 22nd	UK:	Chancellor Hammond Announces UK Budget		
	US: 13.30	Durable Goods Orders (October)	+2.0%	+0.4%
	US: 13.30	Initial Jobless Claims (w/e 18th November)	249,000	238,000
	US: 15.00	Final Michigan Consumer Sentiment (November)	100.7 / 97.8 (p)	98.0
	EU-19: 15.00	Flash EC Consumer Confidence (November)	-1.00	-0.80
	US: 18.00	FOMC Minutes from 31st October-1st November Meeting Published		
Thurs 23rd	US:	Thanksgiving (Market Holiday)		
	JPN:	Labour Day (Market Holiday)		
	GER: 07.00	GDP (Q3: Second Reading)	+0.8% (+2.3%) (p)	+0.8% (+2.3%)
	FRA: 07.45	INSEE Business Climate (November)	111	110
	FRA: 08.00	Flash Markit Composite PMI (November)	57.4	57.2
	GER: 08.30	Flash Markit Composite PMI (November)	56.6	56.6
	EU-19: 09.00	Flash Markit Composite PMI (November)	56.0	56.0
		- Manufacturing / Services	58.5 / 55.0	58.3 / 55.2
	UK: 09.30	GDP (Q3; Second Reading)	+0.4% (+1.5%) (p)	+0.4% (+1.5%)
	UK: 11.00	CBI Distributive Trades Survey (November)	-36	5
	EU-19: 12.30	ECB Account from 25th-26th October Meeting Published		
	BEL: 14.00	NBB Leading Business Indicator (November)	0.5	0.8
Fri 24th	GER: 09.00	Ifo Business Climate Index (November)	116.7	116.5
	ITA: 09.00	Industrial Orders (September)	8.7% (+12.2%)	
	US: 14.45	Flash Markit Manufacturing PMI (November)	54.6	55.0
		- Services	55.3	55.3

◆ 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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