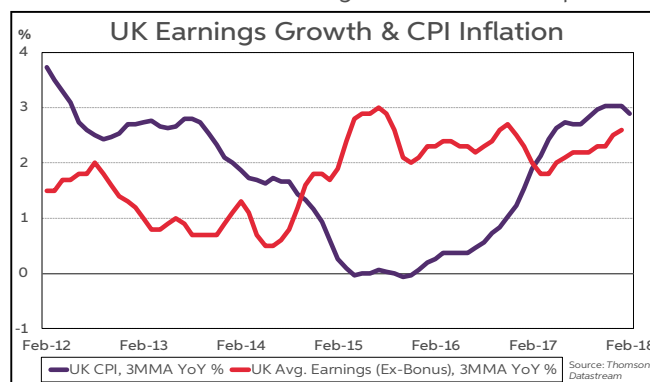


Some bumps in the road

- **While global economic growth has gained strength over the past eighteen months, the available data so far for quarter one suggests a more mixed picture.** The JP Morgan Global PMI survey for March fell to a 16-month low. Other survey data have also weakened recently. The recent softening in survey data is reflective of a broad-based easing in growth throughout the global economy. Meanwhile, ‘hard’ data indicators, most notably consumer spending and manufacturing, suggest a softer pace of growth in the main economies since the start of 2018. Overall, the data indicate that GDP growth may have slowed in all the major economies in the first quarter of the year. As a result, the market will be paying close attention to upcoming macro data to ascertain the extent of the slowdown and whether or not any temporary factors are weighing on activity. **In this regard, this week’s calendar includes important releases from some of the main global economies, as well as the latest IMF World Economic Outlook.**
- **The US schedule over the coming days will provide a broad update on the economy with data due out from its key sectors.** Retail sales data for March (forecast for 0.4% increase) will provide an insight into how the all-important consumer side of the economy performed at the end of the first quarter. Nominal sales have declined in the first two months of the year. Other spending indicators are also consistent with softer household expenditure in Q1, although this followed an exceptionally strong growth rate in Q4 2017.
- **On the producer side of the economy,** we get industrial output data for March. Production was strong in February, up around 1% in the month. Growth is expected to have moderated last month, with a 0.4% increase forecast. We also get more timely updates on US manufacturing activity, with both the Empire and Philly Fed surveys for April due out. Meanwhile, in terms of the housing market, the diary this week includes housing starts (March) and homebuilder sentiment (April).
- **It is also a busy data week in the UK, which will be closely analysed in the context of assessing the timing of the next BoE rate hike.** This includes a raft of figures on the labour market covering the three month period to February. After rising by a much stronger than expected 168,000 in January, employment is expected to register a more modest 33,000 increase in February. Meanwhile, the unemployment rate is likely to remain at 4.3%.
- **However, the main focus on the UK labour market data will be on the wage growth figures in light of the squeeze on real household incomes.** This has been abating in recent months with inflation edging lower (fell from 3% in January to 2.7% in February), while wage growth has started to pick up. Underlying average earnings rose by a yearly 2.6% in January and are forecast to rise by 2.8% in February. Meanwhile, inflation data for March is anticipated to show the headline CPI rate remaining at 2.7%. Negative real wage growth in the UK economy has been a drag on consumer spending. While retail sales picked up on a monthly basis in February, spending remains sluggish. There may be some volatility to the March sales data due out this week, arising from the severe weather at the start of the month. The consensus figure is for a monthly fall of 0.5%.
- **This week’s Eurozone calendar is very sparse.** The only release of note is the flash reading of the EC’s consumer sentiment index for April. **Elsewhere, we get Q1 GDP figures from China.** While ‘official’ Chinese stats carry the usual caveat given their unerring ability to meet government targets, what is clear is that growth in the world’s second largest economy has stabilised over recent quarters after slowing sharply earlier in the decade.



	Interest Rate Forecasts			
	Current	End Q2 2018	End Q3 2018	End Q4 2018
Fed Funds	1.625	1.875	2.125	2.125
ECB Deposit	-0.40	-0.40	-0.40	-0.40
BoE Repo	0.50	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 Q2 2018	End Q3 2018	End Q4 2018
EUR/USD	1.2329	1.25	1.26	1.28
EUR/GBP	0.8640	0.86	0.85	0.84
EUR/JPY	132.68	133	132	132
GBP/USD	1.4263	1.45	1.48	1.52
USD/JPY	107.63	106	105	103

Current Rates Reuters, Forecasts AIB's ERU

Date	UK & Irish Time (GMT+1)	Release	Previous	Forecast
This Week:	ECB Speakers:	Praet (Monday); Coeure (Thursday)		
	Fed Speakers:	Bostic (Monday); Williams, Evans, Quarles (Tuesday); Dudley (Wed); Evans (Friday)		
Mon 16th	IRL: 11.00	Goods Trade Balance (February)	€5.5bn	€5.0bn
	US: 13.30	Empire State/NY Fed Index (April)	22.5	18.8
	US: 13.30	Retail Sales (March)	-0.1%	+0.4%
		- Ex-Autos	+0.2%	+0.2%
		- Ex-Gas, Autos & Building Materials	+0.1%	+0.4%
	US: 15.00	NAHB Homebuilders' Sentiment (April)	70	70
Tue 17th	CHINA: 03.00	Industrial Output (March)	(+7.2%)	(+6.2%)
	CHINA: 03.00	GDP (Q1)	+1.6% (+6.8%)	+1.5% (+6.7%)
	ITA: 09.00	Final HICP (March)	(+1.1%) (p)	(+1.1%)
	UK: 09.30	Employment Growth (3 Months to February)	168,000	33,000
		- ILO Unemployment	4.3%	4.3%
	UK: 09.30	Average Weekly Earnings (3 Months to February)	(+2.8%)	(+3.0%)
		- Ex-Bonus	(+2.6%)	(+2.8%)
	GER: 10.00	ZEW Economic Sentiment (April)	5.1	-1.3
	US: 13.30	Housing Starts (March)	-7.0% / 1.24m s.a.a.r.	+2.7% / 1.27m
		- Permits	-4.1% / 1.32m s.a.a.r.	+0.6% / 1.33m
	US: 14.15	Industrial Production (March)	+0.9%	+0.4%
		- Capacity Utilisation	77.7%	77.9%
	IRE:	Dept. of Finance Stability Programme Update 2018		
Wed 18th	JPN: 00.50	Trade Balance (March)	¥3.4bn	¥498.3bn
		- Exports	(+1.8%)	(+4.7%)
	ITA: 09.00	Industrial Orders (February)	-4.5%	
	UK: 09.30	CPI (March)	(+2.7%)	(+2.7%)
		- Ex-Food & Energy	(+2.4%)	(+2.5%)
	UK: 09.30	PPI Output Prices (March)	(+2.6%)	(+2.4%)
		- Input	(+3.4%)	(+4.1%)
	EU-19: 10.00	Final HICP (March)	(+1.4%) (p)	(+1.4%)
		- Ex-Food & Energy	(+1.3%) (p)	(+1.3%)
Thurs 19th	EU-19: 09.00	Current Account (February)	€37.6bn	
	UK: 09.30	Retail Sales (March)	+0.8% (+1.5%)	-0.5% (+2.0%)
	US: 13.30	Initial Jobless Claims (w/e 14th April)	233,000	230,000
	US: 13.30	Philly Fed Index (April)	22.3	20.0
Fri 20th	JPN: 00.30	CPI (March)	(+1.5%)	(+1.5%)
	GER: 07.00	PPI (March)	(+1.8%)	(+2.0%)
	EU-19: 15.00	Flash EC Consumer Confidence (April)	0.1	-0.30

◆ 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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