



WEEKLY ECONOMIC COMMENTARY



11 Dec 2023 | Westpac Economics Team | westpac.co.nz/economics | nzeconomics@westpac.co.nz

Bring on the data!

With little dataflow in New Zealand last week, markets took their tone from offshore developments. NZ interest rate expectations have been anchored in the short term by the hawkish RBNZ, whereas offshore markets have been leaning over their skis regarding the potential for rate cuts. This week's selected price indices, migration, housing, and GDP data should set the tone for market developments given the RBNZ's concern about excess demand pressures coming from population growth and the persistence of core inflation.

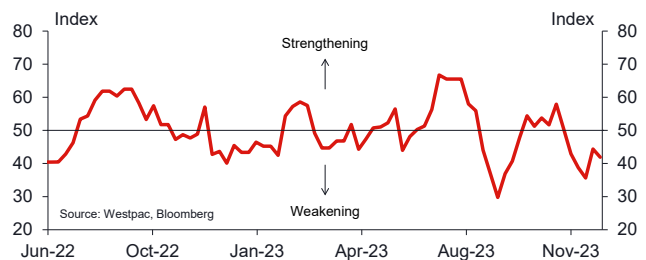
The dataflow in New Zealand last week was very light which left the markets focused on developments offshore as well as further ruminations on the hawkish message the RBNZ sent the week before last. Markets seem to have accepted the idea that the RBNZ is not looking at any near-term change in policy direction, hence near-term expectations for the Official Cash Rate have proven to be well anchored around 5.5%. Further out, views have been more influenced by the direction of offshore markets where there is a growing view that official interest rates will be cut, perhaps quite significantly, by the end of 2024.

While domestic interest rate markets were relatively placid last week, we do see some more interesting trends in the NZD FX market which seem to reflect expectations of the relative stance of monetary policy. Overall, this week the NZD stayed stable on a trade weighted basis at around 71.8 and more generally the NZD has been well supported given the weaker trend in the USD of late and the RBNZ's relatively hawkish policy stance (the TWI is around 1.5% higher than the RBNZ assumed for early 2024). However, we see some divergent performances of the NZD on the crosses where the NZD has lifted against currencies where policy rate expectations have fallen more in the last week (for example the Euro and the AUD),

Key views

	Last 3 months	Next 3 months	Next year
Global economy	→	→	↗
NZ economy	→	→	↗
Inflation	↘	↘	↘
Short-term interest rates	→	↗	→
Long-term interest rates	→	↗	↘
NZD/USD	↗	→	→
NZD/AUD	↗	↘	↘

Westpac New Zealand Data Pulse Index

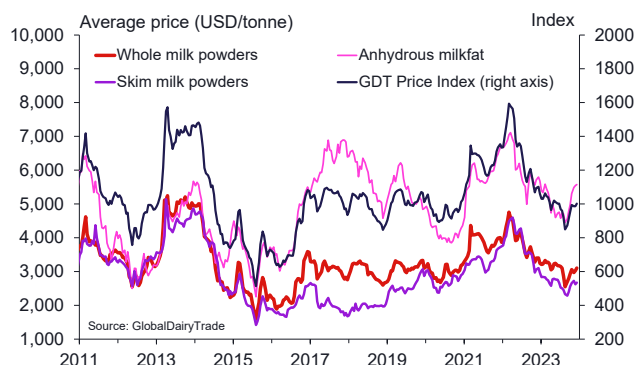


Key data and event outlook

Date	Event
13 Dec 23	FOMC Meeting (Announced 14 Dec NZT)
13 Dec 23	Selected price indexes, November
14 Dec 23	NZ GDP September quarter
20 Dec 23	Half Year Economic and Fiscal Outlook
16 Jan 24	QSBO Business Survey, December quarter
24 Jan 24	NZ CPI, December quarter
31 Jan 24	FOMC Meeting (Announced 1 Feb NZT)
6 Feb 24	RBA Monetary Policy Decision and SMP
7 Feb 24	NZ labour market statistics, December quarter
28 Feb 24	RBNZ Monetary Policy Statement and OCR

whereas the NZD has fallen versus the Japanese Yen where there is a growing sense that the Bank of Japan might finally lift their policy rate out of negative territory.

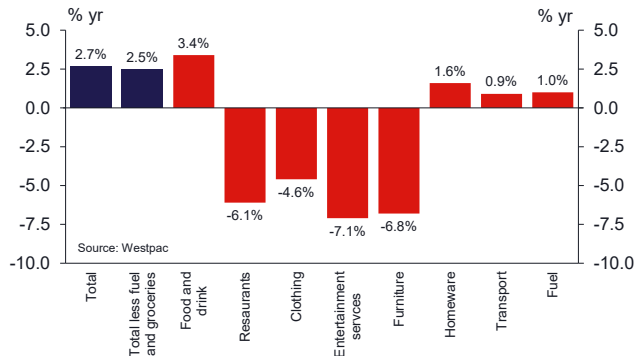
GlobalDairyTrade auction prices



Possibly the most interesting local data point last week was the outcome of the GlobalDairyTrade auction which showed another increase of 1.6% in dairy prices (and Whole Milk Powder prices rose 2.1%). In general, prices seem to have recovered their August losses and now sit at their highest level since June 2023. This result has seen Fonterra increase the mid-point of its milk price range by 25 cents to \$7.50/kg. We now see some upside risk to our milk price forecast of \$7.25/kg.

This week, we released our inaugural **Retail Spending Pulse report** which looks at card spending data from our customer base. It shows that spending growth has continued to slow in recent months in line with the trends we have seen in the broader economy this year. The slowdown in spending is most notable in 'nice to have' or discretionary items, with households increasingly focused on value for money. These trends point to soft spending appetites heading into the holiday shopping season. Watch this space for further insights from this rich database.

Annual spending growth (three months to November vs same time last year)

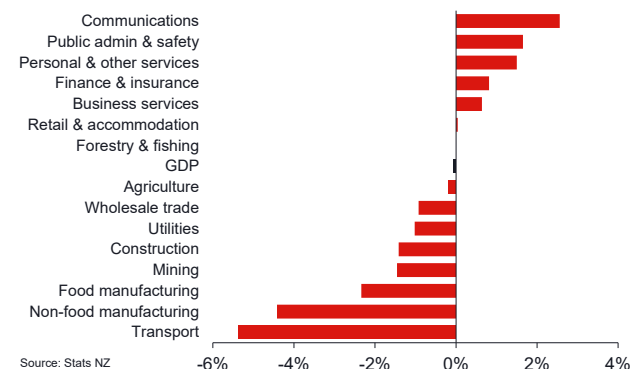


This week, there is a lot more important data on the calendar. Of particular interest to the RBNZ will be the November migration and REINZ housing market data. Both indicators will be important in determining the resilience of the migration cycle (we expect a further rise

in the annual total net migration figures to new record highs and perhaps some further upward revisions to historical data as has been the trend of late) and its contribution to domestic demand. The housing market took a pause in the last couple of months around the election – it will be interesting to see if there a resurgence now we are closer to the peak house selling season and clear of the election. The monthly selected price indices will also be closely watched to see the extent of any reversal of the fall in food and tradables prices seen last month as well as for signs of moderation in rents.

The September quarter GDP data on Thursday is likely to be the premier event of the week. We've pencilled in a 0.1% decline in output, which is unchanged from the estimate we made in late October in our updated Economic Overview. This follows a 0.9% lift in output in the June quarter, that in part reflected a rebound in activity from a weather-impacted March quarter, but also a strong lift in activity in government-related sectors. Partial indicators suggest a significant negative contribution to growth from the manufacturing sector – consistent with very weak PMI readings during the quarter – and a modest downward contribution to growth from the agriculture sector. So while the service sector – and in particular government-related activity – appears to have grown, our estimate suggests that in aggregate the economy treaded water during the quarter. Our estimate put us at the lower end of the market expectations. And more importantly, it is also weaker than the Reserve Bank's recent estimate, with the November Monetary Policy Statement (MPS) factoring in a 0.3% increase in GDP. We have annual growth pegged at just 0.2%, down from 1.9% in the June quarter (at least as presently estimated). And considering the very rapid population growth over this period, this implies that per capita output has declined by over 2% over the past year.

Q3 GDP: forecast quarterly change by industry



As in previous quarters, we are wary of the impact of revisions as stable seasonal factors begin to be re-established in the post-pandemic period. In addition, as is usual in the September quarter, Stats NZ will incorporate the results from the latest annual benchmarks (for the year to March 2023) and a variety of other methodology improvements (e.g., changes to indicators guiding

estimates of activity in the education, insurance, and mining sectors). Stats NZ have indicated that the net impact of these revisions is to lower annual average GDP growth by 0.5ppts in the year to March 2022 and to raise annual average growth by 0.1ppts in the year to March 2023.

NZ GDP growth

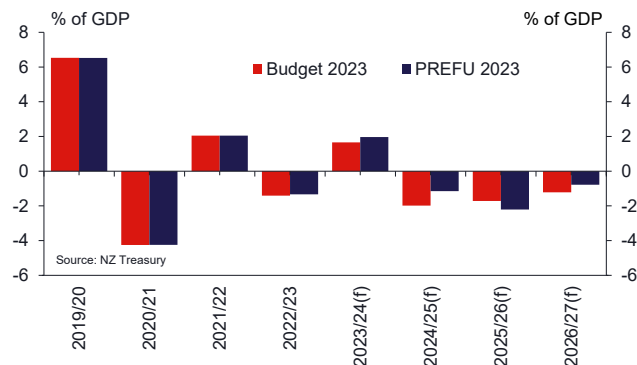


So subject to any further changes with the release of the September quarter report (including potential revisions to the June 2023 quarter), revisions are set to modestly lower the level of real activity in recent quarters compared to that estimated previously. And if growth in the September quarter proves weaker than the RBNZ estimated last month, this would indicate the potential for the RBNZ to lower its estimate of the positive output gap that prevailed in that quarter. Recall that in the November MPS that gap was estimated at 0.8% - a sizeable upward revision from the -0.2% estimate that the RBNZ had made in its August projection, that doubtless contributed to the Bank’s upgraded concerns about upside risks to the outlook for domestic inflation. So, at the margin, an outcome such as that which we forecast might lower the risk of the RBNZ lifting the OCR as soon as the February MPS, albeit with a number of very important indicators still to be released before that meeting (not least the December quarter CPI report on 24 January).

Finally, last week we issued our **preview of the Half Year Economic and Fiscal Update (HYEFU)** which has been announced for 20 December. The RBNZ called out the fiscal stance as a reason for why further interest rate increases might be required. We don’t expect the HYEFU to show marked changes to the picture depicted in the PREFU in September. At the margin we expect that the Government will assume further expenditure cuts to balance their tax cuts and other spending initiatives implied by the final Coalition agreement. Hence the OBEGAL and bond program projections should look no worse than the previous government was assuming and perhaps a bit more restrictive in future years in line with the more conservative fiscal credentials the Coalition partners campaigned on. The most interesting data item will be projections of the fiscal impulse which will encompass the OBEGAL projections and investment spending requirements. There has been commentary

from the new Minister of Finance about “fiscal snails” lurking in the government’s books – and we suspect this might relate to underfunded future investment spending commitments. If these commitments are significant, and can’t be offset by other savings, this will make the RBNZ less comfortable that fiscal policy will be helping reduce medium term inflation pressures.

Fiscal Impulse



Kelly Eckhold, Chief Economist

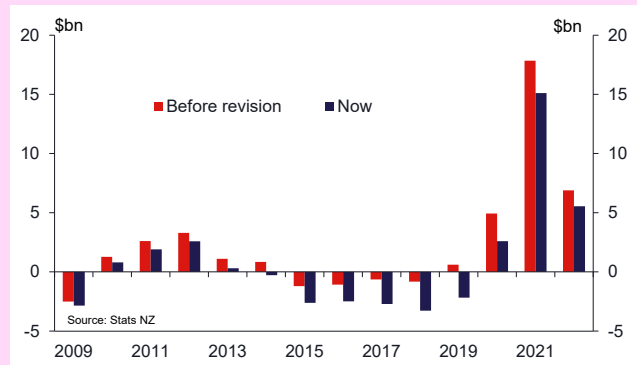
Chart of the week.

Recent revisions to household savings data cast some light on why household spending has been so subdued despite the significant savings accumulated at the height of the pandemic, when spending was significantly curtailed.

As a result of downward revisions across history, cumulative household savings over the period 2009-2022 now stand at just \$12.5bn – down from \$33.1bn estimated previously. As a result, the average household savings rate (measured as a % of disposable income) now stands at just 0.3% – extremely low by international standards (for example, Australian household savings averaged over 8% of disposable income over this period).

The revised data also imply a larger household contribution to the current account deficit with net lending to households – required to fund residential investment – now estimated at over \$66bn over the period, up from \$45bn previously.

Annual household savings

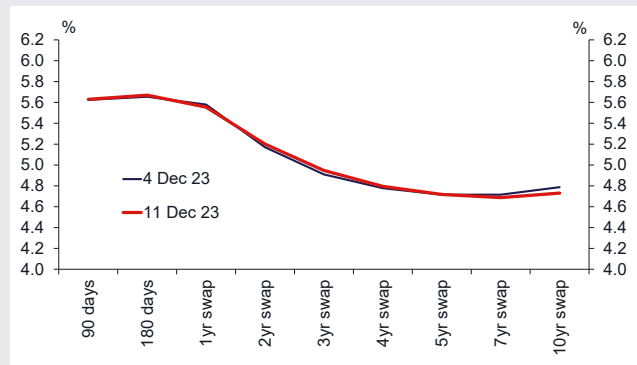


Fixed versus floating for mortgages.

The RBNZ held the OCR at 5.50% at its November policy meeting and signalled the chance of another rate hike over the year ahead. The RBNZ’s updated projections indicate that rate cuts over the year ahead are unlikely.

At current rates, we see value in fixing for two to three years. Shorter terms could be more expensive, but would provide borrowers with greater flexibility.

NZ interest rates



Global wrap

North America.

November's payrolls report came in well above expectations, with a rise of 199k (vs +185k exp), albeit with net revisions of -35k to previous months. We also saw the unemployment rate dropping to 3.7% from 3.9%. Other US data were mixed. Factory orders were weaker than expected, falling 3.6%. In contrast, the ISM services index rose to 52.7, and we saw a further rise in consumer confidence, likely driven by a marked softening in inflation expectations.

The FOMC is expected to leave the funds rate unchanged at Wednesday's meeting. The key focus will be on the dot plot and the discussion of risks. The Committee is likely to highlight ongoing concerns about inflation, while also noting downside risks for growth. Ahead of the FOMC meeting, markets will be keeping a close eye on November's CPI report. There will also be updates on retail sales (Thursday) and industrial production (Friday).

Asia-Pacific

The RBA Board kept rates on hold at its December meeting, giving themselves time to assess the impact of the recent rate hike. The Board noted that recent economic news had been broadly in line with expectations, but there were still significant uncertainties. Notably, while goods prices are easing, they remain concerned about the strength in services prices. Any upside surprises in inflation will likely be met with further policy action. However, Westpac's forecast is that the RBA has likely reached the peak of its rate hiking cycle. That view was reinforced by the Q3 GDP growth figures which surprised to the downside, printing at +0.2% (vs +0.4% expected) including softness in consumer spending. This week we'll get updates on consumer and business confidence on Tuesday, while Thursday's labour market update is expected to show continued strong jobs growth through November. RBA Governor Bullock will also be speaking on Tuesday. In China, the Politburo has announced that fiscal support would be increased "appropriately". In addition, the guidance on monetary policy has been altered, dropping the reference to policy being 'forceful' and noting that it should be flexible and appropriate. This likely signals a shift to more targeted measures, rather than broad stimulus. Those moves follow ongoing softness in activity and inflation (the CPI fell 0.5% in November).

Other

Both the ECB and BOE are expected to remain on hold at their respective policy meetings this week. Speakers from both institutions have continued to highlight concerns about inflation and have pushed back against suggestions of early cuts.

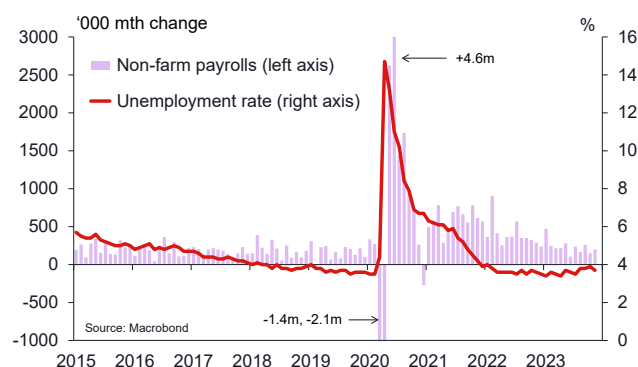
Trading partner real GDP (calendar years)

	Annual average % change			
	2021	2022	2023	2024
Australia	5.2	3.7	1.9	1.2
China	8.4	3.0	5.3	5.3
United States	5.9	2.1	2.4	1.5
Japan	2.1	1.1	1.8	1.1
East Asia ex China	4.3	4.5	3.4	4.3
India	9.1	6.8	6.4	6.4
Euro Zone	5.4	3.5	0.6	1.1
United Kingdom	7.6	4.0	0.3	0.5
NZ trading partners	6.2	3.2	3.4	3.3
World	6.3	3.4	3.1	3.1

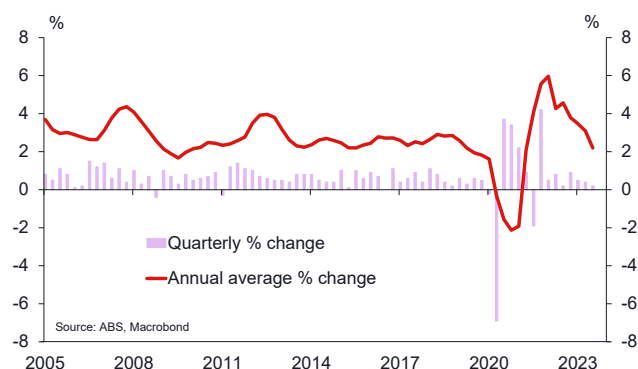
Australian & US interest rate outlook

	8-Dec	Dec-23	Jun-24	Dec-24
Australia				
Cash	4.35	4.35	4.35	3.85
90 Day BBSW	4.34	4.55	4.47	3.97
3 Year Swap	4.08	4.50	4.30	4.10
3 Year Bond	3.90	4.30	4.10	3.90
10 Year Bond	4.30	4.70	4.50	4.30
10 Year Spread to US (bps)	14	-10	-10	-10
US				
Fed Funds	5.375	5.375	4.875	4.375
US 10 Year Bond	4.16	4.80	4.60	4.40

US non-farm payrolls and unemployment rate



Australian GDP growth



Financial markets wrap

Interest rates.

The front end of the local swap curve remains firmly anchored by the possibility that the RBNZ could raise the OCR further in early 2024, especially if markets insist on pricing policy easings that the RBNZ views as unwarranted. The long end of the curve rallied earlier in the week as a combination of soft data and less hawkish commentary from some offshore central bank officials boosted hopes for policy easing in 2024, but these moves are likely to be partly unwound following a lift in US rates on Friday following a firmer-than expected payrolls report.

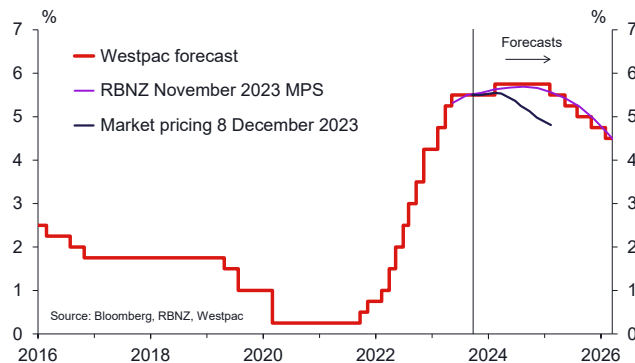
The key offshore event this week will be the FOMC decision on Thursday morning local time. Recent Fed commentary suggests that a Fed rate hike is unlikely, but there will be plenty of interest in the updated “dot plot” and Chair Powell’s press conference, with the market looking for guidance on how the Fed’s policy stance might play out next year. Locally, we’ll be closely watching news on migration (Tuesday), inflation (Wednesday) and GDP (Thursday). We continue to think that short maturity rates in NZ appear too low given the outlook for local policy settings, and so we see potential for the 2yr swap to rise to 5.30% and beyond during the month ahead.

Foreign exchange.

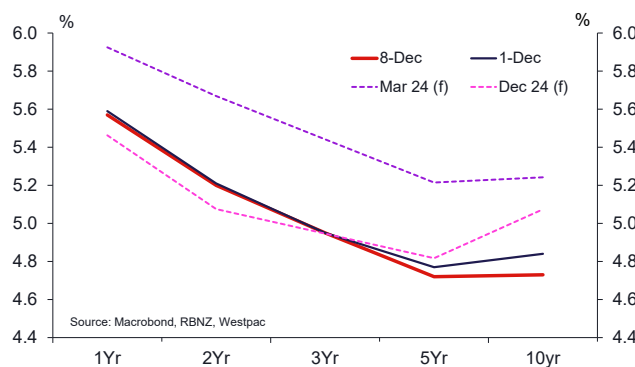
The NZD/USD mostly traded in a 0.61-0.62 range last week, closing near the bottom following Friday’s firmer-than-expected US payrolls data. This reflects a lack of key local drivers, with investors also awaiting fresh US dollar direction from this week’s FOMC meeting. We continue to expect the US dollar to weaken during 2024 if the US is unable to deliver economic outperformance. There’s potential for NZD/USD to extend to 0.6300 and above during the next few months, especially if the local data flow raises the likelihood of further RBNZ policy tightening. In the interim, any dips to the 0.5900-0.6000 area would be worthy of consideration by exporters looking to hedge receipts.

Noteworthy among the crosses has been a 2% downshift in the NZD/JPY to below 0.89, with the yen gaining strength after comments by the BoJ’s Governor and Deputy Governor raised the prospect that the bank may abandon its negative short rate policy – potentially as soon as the next meeting on 18-19 December. We see plenty of scope for this cross to weaken further over the coming year. By contrast, the NZD/AUD traded to a fresh two-month high last week as both the RBA’s latest policy assessment and the Q3 GDP report were interpreted by the market – and Westpac’s Australian economics team – as lowering the likelihood of further policy tightening next year.

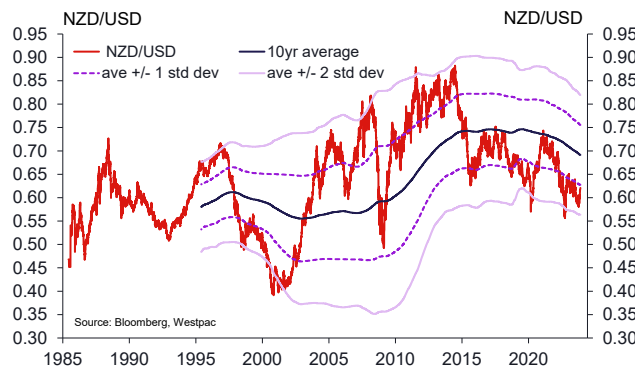
Official Cash Rate forecasts



Swap rates



NZD/USD vs rolling 10yr average



FX recent developments

	Historical data				F'cast
	Spot	3mnt range	5yr range	5yr avg	Dec-24
USD	0.612	0.578-0.621	0.555-0.743	0.654	0.62
AUD	0.931	0.915-0.939	0.873-0.992	0.934	0.89
EUR	0.568	0.547-0.571	0.517-0.637	0.586	0.55
GBP	0.488	0.469-0.492	0.464-0.551	0.510	0.49
JPY	88.7	86.6-91.2	61.3-91.2	77.5	86.1

The week ahead

NZ Nov REINZ house sales and prices

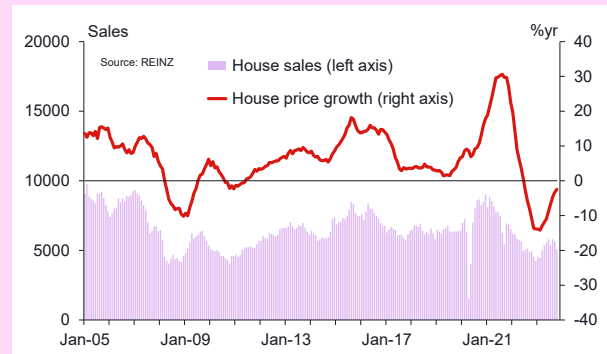
Dec 12 (TBC), Sales* – Last: -10.1% mth, +8.0% annual
 Prices* – Last: -0.4% mth, -2.5% annual

*Monthly figures based on Westpac seasonal adjustment

Since September, house prices have effectively tracked sideways. Similarly, while sales are off their earlier lows, they haven't been rising. In part, this 'pause' in the housing market may have been related to the timing of October's election. In addition, the past month saw borrowing costs pushing higher.

November's update is expected to show the housing market picking up again. Real estate agents are reporting that enquiries have increased over the past month. In addition, the new Government is set to introduce policies that will be supportive of investor demand. Even so, we still expect that the recovery in the housing market will remain gradual for now due to high borrowing costs.

REINZ house prices and sales



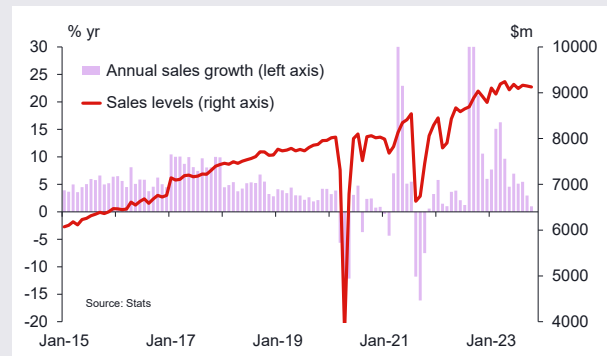
NZ Oct retail card spending

Dec 12, Last: -0.7%, Westpac f/c: +0.6

Retail spending levels dropped 0.7% in October with widespread falls. That followed a similar decline in September. The softness in spending is notable as it comes at the same time as population growth is continuing to surge. Underlying this softness in spending has been tougher financial conditions, with continued large increases in consumer prices, as well as related increases in borrowing cost.

We expect that the November report will show a 0.6% rise in sales. Underlying that rise is an expected increase in durables spending in response to 'Black Friday' and other November sales events. However, that would still leave the longer-term softening in spending growth in place. We expect that softness will continue into the new year.

NZ monthly retail sales



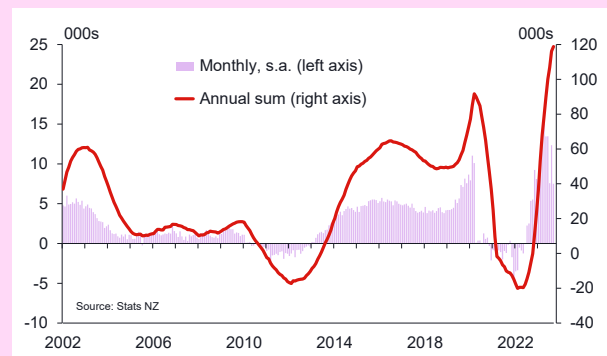
NZ October net migration

Dec 12, Last: +7,510 (s.a.)

Tightening financial conditions and weak commodity prices have weighed on the economy. However, an increasingly large migrant inflow is providing considerable support to domestic demand and the housing market, and has become a key issue of concern for the RBNZ as it seeks to slow the economy and inflation.

Allowing for seasonal factors, net migrant inflows have slowed somewhat since peaking in April. Even so, with this month's net inflow likely to exceed that seen a year earlier, the annual inflow is likely to surpass the record 119,000 people reached in September. Indeed, the annual inflow could increase significantly if inflows in earlier months are revised higher, as has been the recent trend.

NZ net migration



The week ahead

NZ Nov selected price series

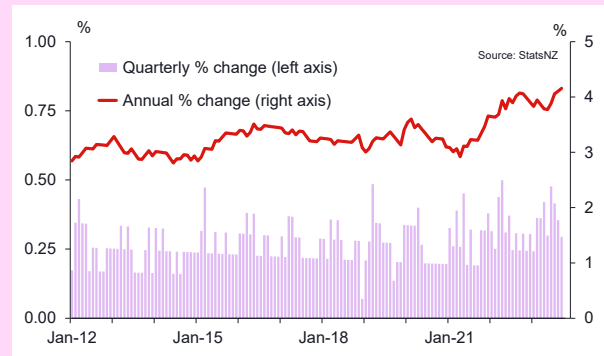
Dec 13

Stats NZ's expanded suite of monthly price data covers around 44% of the CPI. While much of this data relates to non-core categories (like prices for airfares), this information helps to remove much of the uncertainty around the prices of volatile items that can cause large swings in the CPI.

We expect that the November update will show a 1.4% fall in fuel prices, along with a seasonal 0.4% drop in food prices.

A key focus will be the update on rents, which has been an important concern for the RBNZ given the rise in migration. In line with recent trends, we are expecting a 0.4% rise over the month. That would leave rents up a solid 4.4% over the past year.

NZ housing rents



NZ Q3 GDP

Dec 14

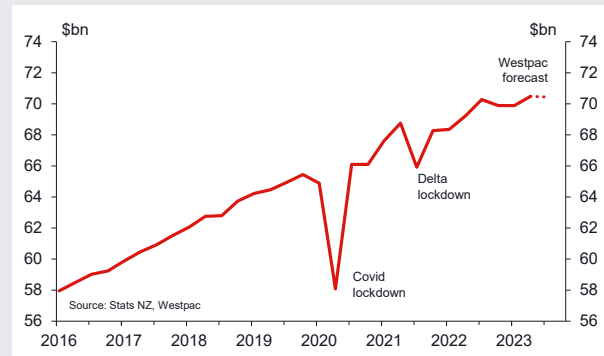
Last: 0.9%, Westpac f/c: -0.1%, RBNZ, 0.3%, Mkt f/c: 0.1%

After rebounding in the June quarter – in part due to climatic factors – we expect that activity was little changed in the September quarter. Activity is likely to have been broadly flat in the primary sector. An increase in government-funded activity should have helped boost activity in the service sector, but we estimate that this has been offset by a sharp decline in activity in the manufacturing sector.

In the absence of revisions, we expect annual growth to slow to just 0.2%. Statistics NZ have indicated that the level of activity will likely be revised down modestly following the incorporation of new annual benchmarks and other measurement improvements, but these revisions appear to be focused in the 2021/22 year.

Our forecast is slightly below that of both the market and more so the RBNZ. Taken together with the signalled revisions, our forecast implies a slightly less positive output gap than the upgraded estimate contained in the RBNZ's November MPS.

Production-based GDP

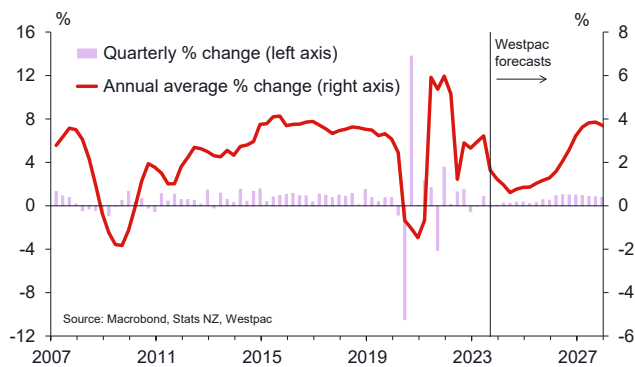


Economic and financial forecasts

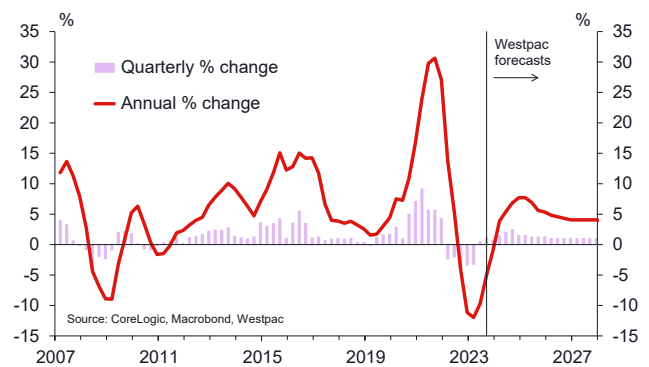
Economic indicators	Quarterly % change				Annual % change			
	Jun-23	Sep-23	Dec-23	Mar-24	2021	2022	2023	2024
GDP (production)	0.9	-0.1	0.1	0.2	6.0	2.7	1.2	0.9
Consumer price index	1.1	1.8	0.6	0.9	5.9	7.2	4.8	3.3
Employment change	1.0	-0.2	0.1	0.1	3.3	1.7	2.0	0.2
Unemployment rate	3.6	3.9	4.3	4.5	3.2	3.4	4.3	5.2
Labour cost index (all sectors)	1.1	1.1	0.9	0.8	2.6	4.1	4.2	3.4
Current account balance (% of GDP)	-7.5	-7.7	-7.3	-6.8	-5.8	-8.8	-7.3	-5.6
Terms of trade	0.4	-4.8	-1.7	2.9	2.8	-4.2	-7.5	9.5
House price index	0.5	2.1	1.0	1.5	27.0	-11.2	1.0	8.0

Financial forecasts	End of quarter				End of year			
	Jun-23	Sep-23	Dec-23	Mar-24	2021	2022	2023	2024
OCR	5.50	5.50	5.50	5.75	0.75	4.25	5.50	5.75
90 day bank bill	5.62	5.66	5.85	5.85	0.82	4.26	5.85	5.75
2 year swap	5.18	5.53	5.79	5.67	2.08	5.10	5.79	5.08
5 year swap	4.44	4.90	5.34	5.22	2.46	4.67	5.34	4.82
10 year bond	4.27	4.87	5.45	5.45	2.39	4.31	5.45	5.15
TWI	70.9	70.6	70.3	70.3	74.3	70.8	70.3	69.2
NZD/USD	0.62	0.61	0.60	0.61	0.70	0.60	0.60	0.62
NZD/AUD	0.93	0.92	0.91	0.91	0.95	0.92	0.91	0.89
NZD/EUR	0.57	0.56	0.56	0.56	0.61	0.59	0.56	0.55
NZD/GBP	0.49	0.48	0.49	0.49	0.52	0.51	0.49	0.49

GDP growth



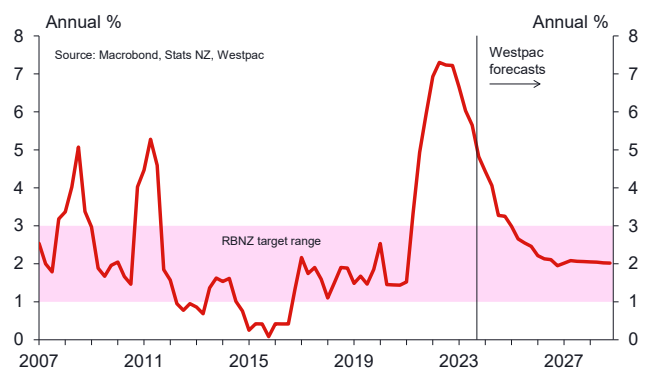
House prices



Employment and wage growth



Consumer price inflation



Data calendar

		Last	Market median	Westpac forecast	Risk/Comment
Mon 11					
Aus	Federal Mid-Year Budget update	-	-	-	Date TBC. Budget position has improved.
UK	Dec Rightmove house prices	-1.7%	-	-	Near its lows.
Tue 12					
NZ	Nov REINZ house sales %yr	8.0%	-	-	November update expected to show the housing market...
	Nov REINZ house prices %yr	-2.5%	-	-	... picking up again, though interest rates remain a drag.
	Nov retail card spending	-0.7%	-	0.6%	The long-term trend in spending growth remains soft.
	Oct net migration	7510	-	-	Annual net inflow to rise to fresh record high.
Aus	RBA Governor Bullock	-	-	-	Speaking at AusPayNet Summit.
	Dec Westpac-MI Cons. Sentiment	79.9	-	-	Knocked back to historical lows in November.
	Nov NAB business survey	13	-	-	Conditions at +13, down from year ago, confidence weak at -2.
Eur	Dec ZEW survey of expectations	13.8	-	-	Economy recovering, past worst of downturn.
UK	Oct average weekly earnings %yr	7.9%	-	-	Expected to ease as labour market softens.
US	Nov CPI	0.0%	0.0%	0.0%	Shelter component remains sticky.
	Nov NFIB small business optimism	90.7	90.7	-	Credit constraints weighing in on small businesses.
Wed 13					
NZ	Q3 current account balance	-7.5%	-	-7.7%	Goods export values dipped over the quarter.
	Nov selected price data	-	-	-	Rents to remain firm, food and fuel prices softening.
Jpn	Q4 Tankan large manufacturers index	9	10	-	Auto sector recovery supporting optimism.
Eur	Oct industrial production	-1.1%	-	-	Weakness persists as demand dwindles.
UK	Oct trade balance £bn	-1574	-	-	Gradual trend towards smaller deficit levels.
US	Nov PPI	-0.5%	0.1%	-	Upstream prices pressures modest.
	FOMC policy decision (midpoint)	5.375%	5.375%	5.375%	On hold, forecasts the focus.
Thu 14					
NZ	Q3 GDP	0.9%	0.2%	-0.1%	Reverting to subdued trend following last quarter's bounce.
Aus	Nov employment change	55k	+10k	+25k	Employment growth has consistently outpaced expectations...
	Nov unemployment rate	3.7%	3.8%	3.7%	... leaving the unemployment rate near its lows, for longer.
	Dec MI inflation expectations	4.9%	-	-	Provides a general view of risks.
	RBA Assist' Gov. (Financial Systems)	-	-	-	Jones, speaking at Finance & Banking Conference.
Jpn	Oct machinery orders	1.4%	-0.4%	-	Developed market demand is dwindling cutting export orders.
Eur	ECB policy decision (deposit rate)	4.00%	-	4.00%	Rates have peaked. Pace of inflation downtrend in focus.
UK	BoE policy decision	5.25%	5.25%	5.25%	On hold for the foreseeable future as risks assessed.
US	Nov retail sales	-0.1%	-0.1%	0.2%	Captures Black Friday sales.
	Nov import price index	-0.8%	-0.9%	-	Disinflation in Asia to keep import prices low.
	Oct business inventories	0.4%	0.0%	-	Uncertain demand outlook keeps inventories low.
	Initial jobless claims	220k	-	-	To remain low, for now.
Fri 15					
NZ	Nov manufacturing PMI	42.5	-	-	Financial headwinds weighing on sales and orders.
Chn	Nov retail sales ytd %yr	6.9%	7.4%	-	Weak consumer confidence is delaying recovery.
	Nov industrial production ytd %yr	4.1%	4.2%	-	Sufficient activity from orders thus far, outlook uncertain.
	Nov fixed asset investment ytd %yr	2.9%	3.0%	-	High-tech manufacturing strong; property at lows.
Eur	Dec HCOB manufacturing PMI	44.2	-	-	Manufacturing activity recovering from recent dip.
	Dec HCOB services PMI	48.7	-	-	Service activity to remain weak.
	Oct trade balance €bn	9.2	-	-	Trend pointing towards higher surplus levels.
UK	Dec S&P Global manufacturing PMI	47.2	-	-	Weakness persists.
	Dec S&P Global services PMI	50.9	-	-	Strong income gains keeping service growth positive.
	Dec GfK consumer sentiment	-24	-	-	Solid improvement in consumer confidence.
US	Dec Fed Empire state index	9.1	3.8	-	Weakness to persist.
	Nov industrial production	-0.6%	0.2%	-	A reversal expected after strike-related weakness.
	Dec S&P Global manufacturing PMI	49.4	49.3	-	Manufacturing sector increasingly fragile.
	Dec S&P Global services PMI	50.8	50.7	-	Holiday season to provide support for services.

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