Economics Research
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Global Economics Weekly
Trade on everyone's mind

- **The US imposed tariffs on $16bn of Chinese imports this week and China retaliated. A new round of negations to resolve the dispute yielded little progress.**
- **Amid weaker global trade data, Fed and ECB minutes show some concern with trade tensions. Speakers at Jackson Hole could reiterate these concerns.**
- **Press reports implied a breakthrough in NAFTA negotiations between Mexico and the US. Negotiations extended into the weekend, raising the prospect of success.**
- **The UK published a number of 'no-deal' impact papers this week. DexEU secretary Raab assured the public that such an outcome was unlikely.**

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Consumers' views of their current financial situation has deteriorated in light of worsening affordability for housing and other durables such as cars.

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Recent indicators continue to argue in favour of a likely stabilization of the euro area economic outlook amid mounting potential downside risks.

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We estimate that a no-deal Brexit would boost inflation by at least 1.5% to 2% on higher tariffs and the currency depreciation boost to consumer prices.

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The US is increasingly using sanctions as a tool of coercive diplomacy in its relations with Iran, Russia, and Turkey. There is a tail risk of South Africa being added to that list.

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GLOBAL FORECASTS

		Real GDP					Real GDP			Consumer prices				Consumer prices		
		% over previous period, saar					% annual change			% over a year ago				% annual change		
	Weight#	1Q18	2Q18	3Q18	4Q18	1Q19	2017	2018	2019	1Q18	2Q18	3Q18	4Q18	2017	2018	2019
Global*	*100.0*	4.3	3.9	3.8	3.7	4.3	3.9	4.0	4.0	2.2	2.4	2.6	2.5	2.1	2.4	2.4
Advanced	*42.2*	1.6	2.7	2.4	2.4	2.2	2.2	2.3	2.1	1.8	2.1	2.3	2.0	1.8	2.0	1.8
Emerging*	*57.8*	6.2	4.7	4.7	4.6	5.8	5.2	5.3	5.2	2.8	2.8	3.1	3.2	2.7	3.0	3.2
BRIC	*38.9*	6.9	5.8	5.8	5.4	6.6	5.7	6.1	6.0	2.6	2.4	2.8	2.9	2.2	2.7	3.1
Americas*	*26.6*	2.5	2.7	2.9	2.9	2.3	2.1	2.5	2.5	2.4	2.9	2.9	2.7	2.5	2.7	2.5
United States	*19.0*	2.2	4.1	3.0	3.0	2.5	2.2	2.8	2.6	2.2	2.7	2.7	2.4	2.1	2.5	2.2
Latin America*	*7.6*	3.1	-0.8	2.7	2.8	1.9	1.7	1.7	2.3	3.5	3.6	4.2	4.1	4.3	3.9	4.1
Argentina	*0.9*	4.7	-14.4	-5.1	-0.8	1.6	2.9	-1.2	1.5	25.3	27.1	32.3	34.0	25.3	29.9	26.7
Brazil	*3.2*	1.8	0.2	4.6	3.6	1.8	1.0	1.7	2.3	2.8	3.3	4.5	4.3	3.4	3.7	4.5
Colombia	*0.7*	2.8	3.5	4.4	3.3	1.2	1.8	3.0	3.4	3.5	3.1	3.2	3.2	4.3	3.3	3.2
Mexico	*2.4*	4.6	1.2	2.4	2.2	2.0	2.0	2.3	1.9	5.3	4.6	4.7	4.6	6.0	4.8	3.9
Peru	*0.4*	2.4	3.0	3.9	6.8	3.2	2.5	3.2	3.5	1.0	1.2	1.1	1.9	2.8	1.3	2.2
Venezuela	*0.4*	34.9	-32.7	-33.3	-53.9	111.4	-13.9	-18.7	-5.0	6555	27604	100134	198276	1119	153042	1392
Asia/Pacific	*48.5*	6.3	5.4	5.6	5.3	6.3	5.5	5.73	5.6	2.1	2.0	2.1	2.2	1.7	2.1	2.4
Japan	*5.3*	-0.9	1.9	1.6	2.1	1.8	1.7	1.0	1.3	0.9	0.8	1.1	1.0	0.5	0.9	1.0
Australia	*1.2*	4.2	2.0	3.0	3.6	3.2	2.2	2.9	3.0	1.9	2.1	1.9	2.0	1.9	2.0	2.1 ↓
Emerging Asia	*42.0*	7.3	5.9	6.1	5.7	6.9	6.1	6.4	6.2	2.4	2.3	2.4	2.5	1.9	2.4	2.7
China	*22.5*	7.2	6.4	6.4	6.5	6.5	6.9	6.7	6.5	2.2	1.8	2.1	2.2	1.6	2.1	2.3
Hong Kong	*0.4*	9.2	1.8	2.0	2.4	4.9	3.8	4.2	3.5	2.4	2.1	1.6	2.8	1.5	2.2	2.0
India	*9.3*	10.1	6.8	6.8	5.4	10.3	6.2	7.7	7.5	4.6	4.8	4.7	4.3	3.3	4.6	5.1
Indonesia	*3.2*	4.4	6.2	5.8	5.8	5.3	5.1	5.3	5.5	3.3	3.2	3.6	3.9	3.8	3.5	4.0
South Korea	*2.0*	4.1	2.8	3.0	2.8	2.4	3.1	2.8	2.7	1.3	1.5	1.1	1.9	1.9	1.5	2.0
Malaysia	*0.9*	5.6	1.1	10.0	5.5	4.6	5.9	5.2	4.8	1.8	1.3	0.6	1.0	3.8	1.2	2.0
Philippines	*0.9*	5.9	5.3	8.2	7.0	7.0	6.7	6.4	7.0	3.9	4.7	5.6	5.0	2.9	4.8	3.5
Singapore	*0.5*	2.2	0.6	2.2	2.7	2.6	3.6	3.0	2.8	0.2	0.3	0.8	0.8	0.6	0.5	1.1
Taiwan	*1.2*	0.8	3.1	2.4	3.2	1.2	2.9	2.8	2.3	1.6	1.7	1.7	1.3	0.6	1.5	1.5
Thailand	*1.2*	8.5	4.1 ↑	3.2 ↓	2.8	5.7 ↑	3.9	4.6 ↑	4.4 ↑	0.7	1.3	1.4	1.2	0.7	1.2	1.6
Europe and Africa	*24.9*	2.1	2.2	1.0	1.3	2.6	2.7	2.2	2.0	2.0	2.4	2.9	2.7	2.4	2.5	2.3
Euro area	*13.9*	1.5	1.5	2.0	1.8	1.9	2.4	2.1	1.8	1.3	1.7	2.1	1.9	1.5	1.7	1.5
Belgium	*0.5*	1.3	1.3	1.6	1.5	1.3	1.7	1.5	1.3	1.6	2.2	2.7	2.5	2.2	2.2	2.2
France	*2.8*	0.6	0.6	1.4	1.6	1.7	2.3	1.6	1.6	1.5	2.1	2.5	2.4	1.2	2.1	1.6
Germany	*4.1*	1.5	1.8	2.0 ↑	2.0	2.3	2.5	1.9	2.0	1.3	1.9	2.0	1.8	1.7	1.8	1.7
Greece	*0.3*	3.1	1.5	2.0	2.4	2.5	1.3	2.1	2.3	0.3	0.7	0.9 ↓	1.1 ↓	1.1	0.8	0.8 ↓
Ireland	*0.3*	-2.3	4.1	3.6	2.4	2.6	7.2	5.9	3.2	0.5	0.4	0.9 ↑	0.8 ↑	0.3	0.7	0.5 ↑
Italy	*2.3*	1.1	1.0	1.2	1.0	1.2	1.6	1.2	1.1	0.9	1.0	1.8	1.9	1.3	1.4	1.7
Netherlands	*0.9*	2.3	2.8	4.1	2.4	1.9	3.0	3.0	2.5	1.3	1.4	2.0 ↑	2.2 ↑	1.3	1.7	2.2 ↑
Portugal	*0.3*	1.8	2.0	2.7	2.2	1.9	2.7	2.2	2.0	0.9	1.2	2.2 ↑	2.2 ↑	1.6	1.6	1.9 ↑
Spain	*1.7*	2.8	2.3	2.5	2.2	2.1	3.1	2.7	2.2	1.1	1.8	2.3	1.8	2.0	1.7	1.6
United Kingdom	*2.8*	0.9	1.5	1.5	1.3	1.6	1.7	1.3	1.3	2.7	2.4	2.3	2.1	2.7	2.4	2.0
EM Europe & Africa	*8.2*	3.6	3.6	-0.9	0.4	4.0	3.5	2.8	2.5	4.1	4.8	6.1	6.1	5.1	5.2	5.7
Poland	*1.1*	6.6	3.5	2.1	3.1	5.0	4.6	4.4	3.7	1.6	1.8	1.9	1.6	2.0	1.7	2.4
Russia	*3.9*	1.4	4.2	0.3	0.4	1.5	1.5	1.8	1.8	2.3	2.4	3.4	4.2	3.7	3.0	5.0
Turkey	*2.1*	8.0	2.8	-6.0	-2.2	8.8	7.4	4.0	3.2	10.3	12.8	15.8	14.7	11.1	13.4	11.1
Israel	*0.3*	4.5	3.3	3.0	2.8	3.5	3.3	3.7	3.5	0.2	0.7	1.3	1.0	0.2	0.8	1.0
South Africa	*0.7*	-2.5	3.0	2.0	2.2	2.0	1.2	1.3	2.3	4.1	4.5	5.0	5.0	5.3	4.6	5.5

Note: Arrows appear next to numbers if current forecasts differ from that of the previous week by 0.5pp or more for quarterly annualized GDP, by 0.2pp or more for annual GDP and by 0.2pp or more for Inflation. Weights used for real GDP are based on IMF PPP-based GDP (5yr centred moving averages). Weights used for consumer prices are based on IMF nominal GDP (5yr centred moving averages)". # IMF PPP-based GDP weights for 2017. * Aggregates for CPI exclude Argentina and Venezuela inflation rates & aggregates for Real GDP exclude Venezuela Real GDP. Source: Barclays Research

GLOBAL SYNTHESIS

Trade on everyone's mind

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The US imposed tariffs on $16bn of Chinese imports this week. Although retaliation followed, China emphasized the need for negotiations to avoid more tariffs. Fed and ECB minutes revealed concerns about protectionism. Mexico and the US are reportedly close to agreeing a NAFTA deal. The UK published 'no-deal' effect papers, while DexEU secretary Raab assured the public that a 'no-deal' outcome was unlikely.

US tariffs on Chinese imports went into effect this week, with more in sight. As expected, the US imposed a 25% tariff on $16bn of imports from China, following the first batch of tariffs on $34bn of Chinese imports on 6 July 2018. China retaliated immediately by imposing a 25% tariff on $16bn of US imports. The US trade representative is holding a public consultation period regarding President Trump's tariffs on an additional $200bn of imports from China this week. While many US firms have registered complaints, tariffs on $200bn could take effect in late September. In that case, China has already announced a retaliation of 5-25% tariffs on another $60bn of US imports.

China and US returned to the negotiation table this week…

A renewed attempt at trade negotiations this week yielded little progress. New talks started between the two sides this week, although at a lower level (led by China's Vice Commerce Minister and the US Treasury Undersecretary) than the previous rounds of talks during May-June. This suggests that China is willing to explore some workable solution to prevent (or at least delay) the implementation of the $200bn of tariffs. However, the talks concluded on Thursday with little progress. We believe that China will continue to emphasise negotiations as a way to resolve the current trade dispute. **But even if talks resume, they could easily stretch beyond November, with US tariffs on $200bn of Chinese imports being introduced before a resolution has been reached.**

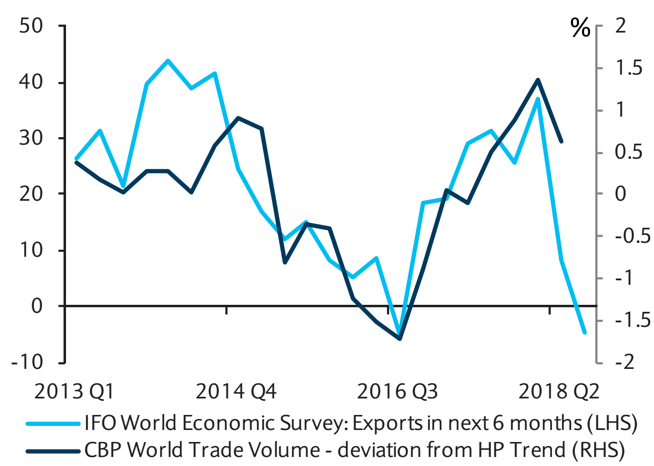
…but will likely not conclude these in time to prevent tariffs on $200bn of imports

Survey evidence shows that trade could weaken in H2 18

Amid weaker global trade expectations, Fed and ECB minutes show some concern with trade tensions. The latest world trade volumes data for Q2 18 show only a small effect of the protectionist policies discussed and implemented since the beginning of the year. But this is a backward-looking indicator and front-loading of trade, to avoid tariffs, could support volumes in short run. The IFO world export expectations survey, which is based on responses from 1,200 experts in 120 countries and highly correlated with world trade volumes, suggests that world trade could continue to weaken in H2 2018 (Figure 1).

FIGURE 1

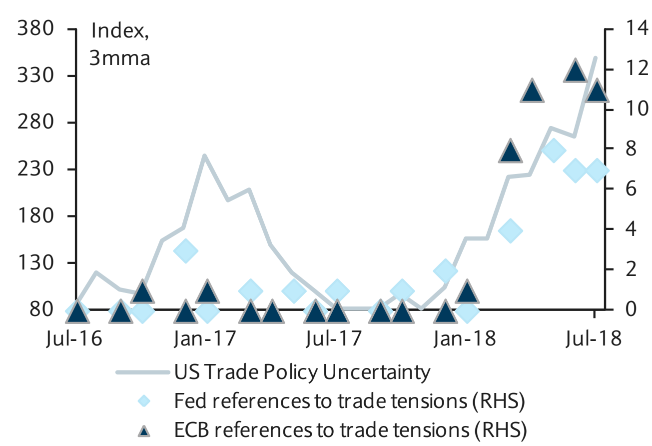
Survey evidence shows trade could continue weakening…



Source: CBP, IFO institute, Barclays Research

FIGURE 2

…and central banks are concerned about protectionism



Source: Baker, Bloom and Davis (2015), ECB and Fed Minutes, Barclays Research

This week's minutes of the July FOMC meeting mentioned the latest staff economic outlook which showed that trade policies could have a significant adverse effect on US growth. Trade tensions were also recognised as a notable driver of recent market moves in EM.

The Fed and the ECB have become more concerned with trade tensions this year

In the account of the July meeting, the ECB's GC acknowledged that the threat of global trade protectionism remains a prominent source of uncertainty for the overall growth outlook. Beyond the direct burden of higher tariffs, it was mentioned that trade tensions could adversely affect global economic confidence. The GC also attributed part of the recent currency depreciations in EM economies to growing uncertainty over trade policy.

Speakers at Jackson Hole may reiterate these concerns

While central bank minutes are backward looking, speakers at the Jackson Hole conference this weekend will likely provide greater insight into how trade tensions compare with other risks to the current economic outlook.

Media reports imply that a deal on NAFTA is close

Media reports implied that a breakthrough in NAFTA negotiations was imminent. There have been media reports ("NAFTA 'handshake' deal with Mexico targeted for Thursday", *Politico*, August 22) that a NAFTA deal between Mexico and the US would be announced this week. The high degree of supply chain integration provides strong incentives for this outcome (Figure 3). Indeed, we believe that Mexico likely made concessions on the rules of origin in the auto sector, while the US likely dropped the sunset clause. A public "shake hand" agreement would be taken positively, as it reduces risks to the Mexican economy and would allow the new Lopez Obrador administration to focus on its own agenda. For the US, this would allow President Trump to deliver some good news for workers in the US auto sector. **At the time of writing, the negotiations have not concluded yet, but have been extended into the weekend, raising the prospect of significant progress still to come.**

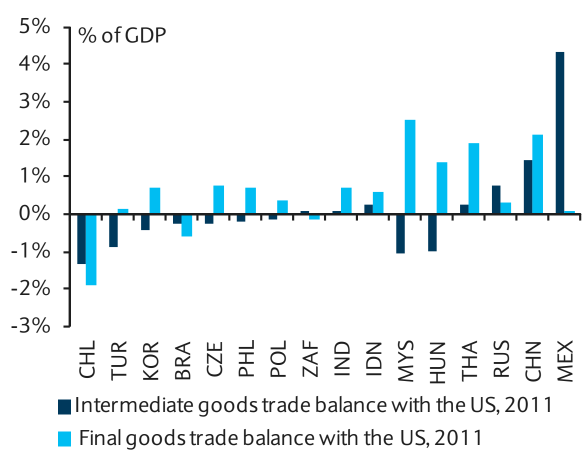
The UK published 'no-deal' effect papers this week…

…but DexEU secretary Raab assured the public that a 'no-deal' outcome was unlikely

The UK published a number of 'no-deal' effect papers this week. The government published 24 papers describing the economic effect of a no-deal Brexit on individual sectors of the economy, if no withdrawal agreement can be reached. While several UK government officials have raised the prospect of a no-deal Brexit in recent weeks, DexEU secretary Dominic Raab assured the public that a no-deal Brexit was unlikely, in his view. The UK and EU have now entered "continuous negotiations", with Michel Barnier pointing out that the withdrawal agreement would need to be finalized "well before the end of the year, roughly October". Overall, this week's developments are in line with our scenario of an orderly but hard Brexit (*Relax, this is a drama not a thriller*, 17 August 2018).

FIGURE 3

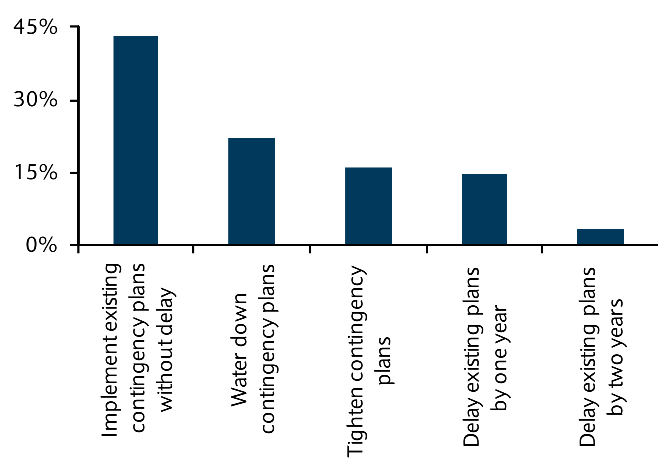
Mexico's supply chain integration with the US provides strong incentives for a NAFTA deal



Source: UNCTAD, OECD TiVA database, Barclays Research

FIGURE 4

The majority of respondents to our investor survey think that businesses should continue to implement contingency plans



Source: *Barclays Brexit Investor Survey*, 19 July 2018

GLOBAL DATA AND EVENTS

The Week Ahead

UNITED STATES		Period	Prev – 2	Prev – 1	Forecast	Consensus
24-25 Aug	Fed hosts Annual Jackson Hole Central Banking Symposium					
28 Aug 12:30	Advance trade balance for goods, $ bn	Jul	-64.8	-67.9	-66.7	-
29 Aug 12:30	Real GDP, % q/q saar	Q2 S	2.2	4.1 adv. est.	4.1	4.0
30 Aug 12:30	Personal income, % m/m	Jul	0.4	0.4	0.3	0.4
30 Aug 12:30	Personal spending, % m/m	Jul	0.5	0.4	0.3	0.4
EUROPE		**Period**	**Prev – 2**	**Prev – 1**	**Forecast**	**Consensus**
25 - 31 Aug	**Events:** ECB's Praet (Tue.); EU Trade Commissioner Malmström (Wed.); ECB's Guindos (Fri.)					
27 Aug 08:00	**Germany:** IFO business climate, index	Aug	101.8	101.7	102.1	101.8
28 Aug 08:00	**E19:** M3, % m/m (y/y)	Jul	0.6 (4.0)	0.7 (4.4)	(4.5)	(4.3)
29 Aug 06:45	**France:** GDP 2nd release, % q/q	Q2	0.2	0.2 P	0.2	0.2
30 Aug 08:30	**UK:** Consumer credit, £ bn	Jul	1.6	1.6	1.6	1.6
30 Aug 23:01	**UK:** GfK consumer confidence, index	Aug	-9	-10	-10	-
31 Aug 09:00	**E19:** "Flash" HICP, % m/m (y/y)	Aug	0.1 (2.0)	-0.3 (2.1)	(2.0)	(2.1)
31 Aug 10:00	**Italy:** Final GDP, % q/q	Q2	0.3	0.2 P	0.2	0.2
JAPAN		**Period**	**Prev – 2**	**Prev – 1**	**Forecast**	**Consensus**
30 Aug 23:30	Tokyo CPI ex-perishables, % y/y	Aug	0.7	0.8	1.0	0.8
30 Aug 23:30	Unemployment rate/jobs-applicants ratio	Jul	2.2/1.60	2.4/1.62	2.4/1.62	2.4/1.63
30 Aug 23:50	Industrial production, % m/m	Jul	-0.2	-1.8	-0.2	0.2
CHINA		**Period**	**Prev – 2**	**Prev – 1**	**Forecast**	**Consensus**
31 Aug 01:00	NBS manufacturing PMI, index; edged lower on expected moderation in new export orders amid escalating tariffs	Aug	51.5	51.2	51.0	51.0
Late Aug	China's Vice Commerce Minister visits US for trade talks with US Treasury Undersecretary					
REST OF THE WORLD		**Period**	**Prev – 2**	**Prev – 1**	**Forecast**	**Consensus**
31 Aug 08:00	**Brazil:** GDP, % y/y; truckers strike will hit the report which should print muted quarterly growth	Q2	2.1	1.2	1.2	-
31 Aug 12:00	**India:** GDP, % y/y; stronger momentum in a number of lead indicators as well as being helped by a favourable base	Q2	7.0	7.7	8.0	-

Note: Times for all the events are in GMT. Source: BEA, BLS, Census Bureau, Federal Reserve, ISM, University of Michigan, IHS Markit, Bloomberg, Barclays Research

The Week That Was

Main indicators	Period	Previous	Barclays	Actual	Comments
US: Existing home sales, mn saar	Jul	5.38	5.43	5.34	Sales fell unexpectedly
US: FOMC meeting minutes	Aug	–	–	–	Minutes were in line with our expectation and point to another 25bp increase in the target range for the federal funds rate at the September meeting
US: New home sales, thous saar	Jul	638 R	650	627	New home sales fell further in July
E19: ECB meeting minutes (Jul); GC reiterated its satisfaction that its communication had been correctly priced by financial markets					
E19: "Flash" composite PMI, index	Aug	54.3	54.7	54.4	Remained firmly into expansionary mode
Germany: Final GDP, % q/q	Q2	0.5 P	0.5	0.5	Positive contribution from domestic demand drove growth
UK: PSNBx, £ bn	Jul	4.2 R	0.0	-2.0	Public sector finances improved more than expected
Japan: Nationwide CPI ex-perishables (% y/y)	Jul	0.8	1.0	0.8	CPI ex-perishables to trend around 1% y/y, sharply below the 2% price stability target of the BoJ, through 2019
China: As expected, the US tariffs on USD16bn of Chinese goods took effect on 23 Aug, and China retaliated in-kind. The new round of trade talks on 22-23 August was inconclusive					
Brazil: National polls suggest polarization between Bolsonaro and PT as Lula widened his lead; Alckmin was broadly stable					

Note: For more details, please see the corresponding Data Review and Preview sections. Source: Barclays Research

GLOBAL RATES AND INFLATION

Central Bank rates

Official rate % per annum (unless stated)	Current	Start of cycle date	Start of cycle level	Last move	Next move expected	Forecasts Q3 18	Q4 18	Q1 19	Q2 19
Advanced									
Fed funds rate	1.75-2.00	Tightening:16 Dec 15	0-0.25	Jun 18 (+25)	Sep 18 (+25)	2.00-2.25	2.25-2.50	2.50-2.75	2.75-3.00
BoJ rate of policy-rate balances	-0.10	Easing: 30 Oct 08	0.50	Jan 16 (-20-0)	Jul 19 (+10)	-0.10	-0.10	-0.10	-0.10
BoJ target of 10y JCB yields	0.00	Easing: 21 Sep 16	-	Sep 16 (0)	Apr 19*	0.00	0.00	0.00	Shift to 5y
ECB main refinancing rate	0.00	Easing: 3 Nov 11	1.50	Mar 16 (-5)	Q1 20 (+25)	0.00	0.00	0.00	0.00
ECB deposit facility rate	-0.40	Easing: 3 Nov 11	0.75	Mar 16 (-10)	Sep 19 (+15)	-0.40	-0.40	-0.40	-0.40
BOE bank rate	0.50	Tightening 2 Nov 17	0.25	Nov 17 (+25)	Aug 18 (+25)	0.75	0.75	0.75	0.75
RBA cash rate	1.50	Easing: 3 Feb 15	2.50	Aug 16 (-25)	Feb 20 (+25)	1.50	1.50	1.50	1.50
RBNZ cash rate	1.75	Easing: 10 Jun 15	3.50	Nov 16 (-25)	Beyond Q2 19	1.75	1.75	1.75	1.75
Emerging									
China: 1y bench. lending rate	4.35	Easing: 21 Nov 14	6.00	Oct 15 (-25)	Beyond Q1 19	4.35	4.35	4.35	4.35
India: Repo rate	6.50	Tightening: 6 Jun 18	6.00	Aug 18 (+25)	Q2 19 (+25)	6.50	6.50	6.50	6.75
Indonesia: 7 day reverse repo	5.50	Tightening: 17 May	4.25	Aug 18 (+25)	Q4 18 (+25)	5.50	5.75	5.75	5.75
Korea: Base rate	1.50	Tightening: 30 Nov 17	1.25	Nov 17 (+25)	Q4 18 (+25)	1.50	1.75	1.75	2.00
Hungary: 2w deposit rate	0.90	Easing: 22 Mar 16	1.35	May 16 (-15)	Beyond Q1 19	0.90	0.90	0.90	1.20
Poland: 2w repo rate	1.50	Easing: 4 Mar 15	2.00	Feb 15 (-50)	Q3 19 (+25)	1.50	1.50	1.50	1.50
Russia: One-week repo rate	7.25	Easing: 30 Jan 15	17.00	Mar 18 (-25)	Beyond Q1 19	7.25	7.25	7.25	7.25
South Africa: Repo rate	6.50	Easing: 20 Jul 17	7.00	Mar 18 (-25)	Beyond Q1 19	6.50	6.50	6.50	6.50
Turkey: One-week repo rate	17.75	Tightening: 24 Nov 16	7.50	Jun 18 (+125)	Q3 18 (+125)	19.00	19.00	19.00	19.00
Brazil: SELIC rate	6.50	Easing: 19 Oct 16	14.25	Mar 18(-25)	Q2 19 (+25)	6.50	6.50	6.50	6.75
Mexico: Overnight rate	7.75	Tightening: 17 Dec 15	3.00	Jun 18 (+25)	Jun 19 (-25)	7.75	7.75	7.75	7.50

Note: Rates as of COB 24 August 2018. *We expect the BoJ to shorten its yield curve control target to the 5y sector in April 2019. Source: Barclays Research

Key CPI projections

	US CPI nsa	US CPI y/y	UK RPI nsa	UK RPI y/y	UK CPI y/y	Euro area HICPx nsa	Euro area HICPx y/y	Euro area HICP y/y	France CPI ex tobacco nsa	France CPI ex tobacco y/y	Japan CPI ex perishables nsa	Japan CPI ex perishables y/y
Jan-17	242.8	2.5	265.5	2.6	1.8	100.39	1.7	1.8	100.41	1.4	99.6	0.1
Feb-17	243.6	2.7	268.4	3.2	2.3	100.77	2.0	2.0	100.52	1.2	99.6	0.2
Mar-17	243.8	2.4	269.3	3.1	2.3	101.59	1.5	1.5	101.14	1.1	99.8	0.2
Apr-17	244.5	2.2	270.6	3.5	2.7	101.96	1.8	1.9	101.23	1.1	100.1	0.3
May-17	244.7	1.9	271.7	3.7	2.9	101.84	1.4	1.4	101.28	0.8	100.3	0.4
Jun-17	245.0	1.6	272.3	3.5	2.6	101.86	1.2	1.3	101.30	0.7	100.2	0.4
Jul-17	244.8	1.7	272.9	3.6	2.6	101.33	1.3	1.3	100.94	0.7	100.1	0.5
Aug-17	245.5	1.9	274.7	3.9	2.9	101.60	1.5	1.5	101.47	0.9	100.3	0.7
Sep-17	246.8	2.2	275.1	3.9	3.0	102.04	1.5	1.5	101.30	0.9	100.3	0.7
Oct-17	246.7	2.0	275.3	4.0	3.0	102.14	1.3	1.4	101.40	1.0	100.6	0.8
Nov-17	246.7	2.2	275.8	3.9	3.1	102.20	1.5	1.5	101.47	1.1	100.7	0.9
Dec-17	246.5	2.1	278.1	4.1	3.0	102.57	1.3	1.4	101.76	1.1	100.7	0.9
Jan-18	247.9	2.1	276.0	4.0	3.0	101.64	1.2	1.3	101.67	1.3	100.4	0.9
Feb-18	249.0	2.2	278.1	3.6	2.7	101.84	1.1	1.1	101.64	1.1	100.6	1.0
Mar-18	249.6	2.4	278.3	3.3	2.5	102.83	1.2	1.3	102.42	1.3	100.6	0.9
Apr-18	250.5	2.5	279.7	3.4	2.4	103.12	1.1	1.3	102.59	1.3	100.9	0.7
May-18	251.6	2.8	280.7	3.3	2.4	103.64	1.8	1.9	103.06	1.8	101.0	0.7
Jun-18	252.0	2.9	281.5	3.4	2.4	103.76	1.9	2.0	103.07	1.7	101.0	0.8
Jul-18	252.0	2.9	281.7	3.2	2.5	103.41	2.1	2.1	102.96	2.0	100.9	0.8
Aug-18	252.3	2.8	283.3	3.1	2.2	103.59	2.0	2.0	103.44	1.9	101.4	1.1
Sep-18	252.7	2.4	283.7	3.1	2.1	104.01	1.9	2.0	103.41	2.1	101.4	1.1
Oct-18	252.7	2.4	284.1	3.2	2.2	104.07	1.9	2.0	103.58	2.2	101.7	1.1
Nov-18	252.5	2.4	284.1	3.0	2.0	104.02	1.8	1.9	103.55	2.1	101.7	1.0
Dec-18	252.4	2.4	286.4	3.0	2.0	104.34	1.7	1.8	103.84	2.0	101.7	1.0
2016		**1.3**		**1.7**	**0.7**		**0.2**	**0.2**		**0.2**		**-0.3**
2017		**2.1**		**3.6**	**2.7**		**1.5**	**1.5**		**1.0**		**0.5**
2018		**2.5**		**3.3**	**2.4**		**1.6**	**1.7**		**1.7**		**0.9**
2019		**2.2**		**2.9**	**2.0**		**1.4**	**1.5**		**1.5**		**1.0**

Note: Shaded values indicate actual data. 'R' indicates revision to front-month forecast. Source: Barclays Research

OUTLOOK: UNITED STATES

Consumers feel the pinch from rising prices

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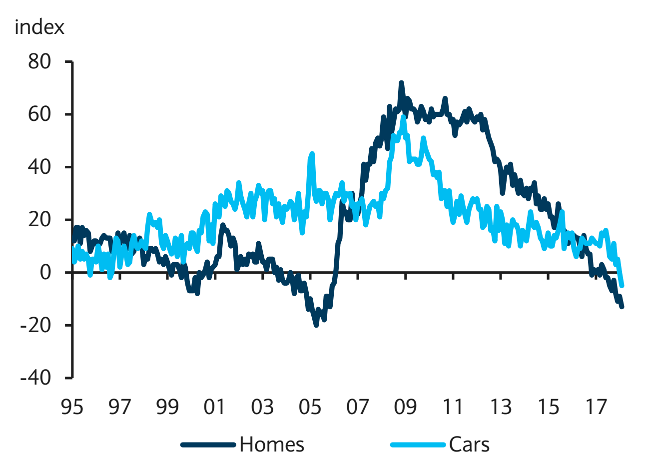
- **Consumers' views of their current financial situation has deteriorated in light of worsening affordability for housing and other durables such as cars.**
- **Car prices are rising more slowly than one-year-ahead inflation expectations, but consumers' price sensitivity is high as goods inflation has been muted for decades.**
- **Worsening housing affordability seems to be hindering activity in the housing market and has led the FOMC to categorise it as a downside risk to the outlook.**

Consumer confidence fell unexpectedly in August, according to the University of Michigan survey. The decline was entirely driven by the current conditions component of the survey, which fell at its fastest pace in seven years. Consumers perceive themselves to be worse off financially mainly because of deteriorating affordability for large household durable goods such as cars and housing (Figure 1). Specifically, consumers saw vehicle prices and home prices as least favorable since 1984 and 2006, respectively.

Consumers report buying conditions for large durable goods such as cars have deteriorated significantly in response to recent price increases

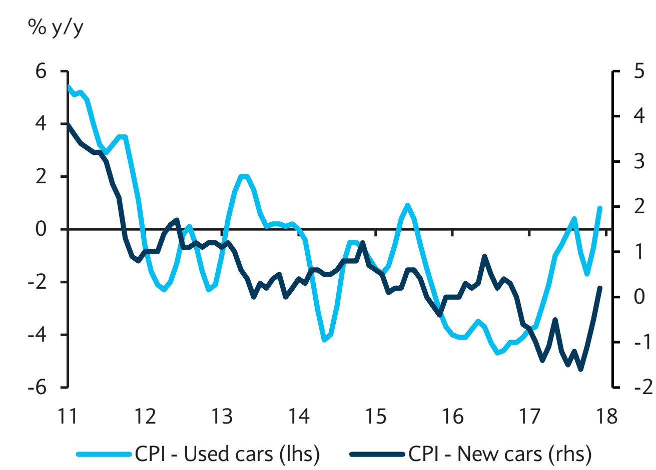
Based on CPI data, new and used vehicle prices have increased by 0.8% and 0.2%, respectively, compared with a year ago, which is a modest rate of inflation (Figure 2). That this should be a significant concern to consumers is somewhat puzzling given that according to the same survey consumers' one year ahead inflation expectations are at 2.9%. It seems that consumers have become very sensitive to even relatively small price increases after being used to subdued goods inflation for decades. And also, the speed at which car prices have turned around probably played a role given that new and used car prices were rising at 4.4% and 4.6% 3m annualized rate, respectively, in July. As we have argued in the past, gasoline and autos consumption are inelastic in nature; many households drive vehicles to and from work and have limited ability to substitute to public transportation (see *Oil and consumption: It is the speed that kills, 11 May 2018*). This means that households are likely to feel the pinch from rising prices in these categories directly. In addition the speed at which prices rise also matters with fast increases in both used and new vehicle prices in the past being associated with drops in sales values of cars.

FIGURE 1
Price concerns dampen consumer plans to buy homes, cars



Source: University of Michigan, Bloomberg, Barclays Research

FIGURE 2
Vehicle price inflation has risen recently, but remains modest



Source: BLS, Haver Analytics, Barclays Research

Housing affordability has also become a concern for households…

Another significant concern for consumers seems to be home prices. We see this as consistent with the declining home affordability evident in housing market data for buyers across the market. The steady increase in home prices has outpaced household income rises throughout the recovery and has led to continued erosion in affordability since 2013 (Figure 4). Rising mortgage rates have acerbated this trend more recently. The 30y fixed mortgage rate is up about 60bp over the last year and 100bp over the prior two years. Alongside steady home price appreciation, the pair is contributing to a widespread softening in housing indicators ranging from home sales to starts this summer. Both new and existing home sales were weaker than expected in July and have been trending down since March. In addition, starts activity has slowed since the beginning of the year, driven mainly by weakness in the multifamily sector.

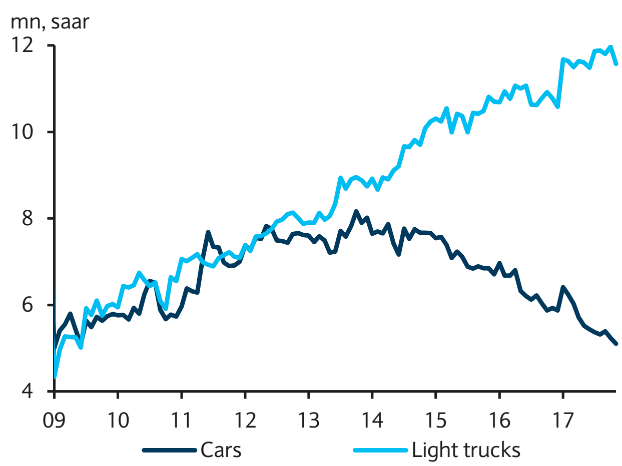
As we noted in our 2018-19 housing outlook, headwinds from higher mortgage rates and further home price appreciation would likely cause home affordability to worsen and lead to a moderation in overall housing activity (see *Ten years after the crash: Early signs of overextension, 11 January 2018*). However, activity has slowed somewhat sooner than we had anticipated and the pace of deceleration seems faster. It is too soon to conclude that these changes will ultimately lead to a deterioration in the health of the household sector, but it is clearly one early indicator that warrants careful watching and highlights some downside risks to the fundamental drivers of the economy once the boost from the tax cut and fiscal stimulus wears off toward the end of next year.

… and the FOMC has now included housing activity in the list of possible downside risks to the US outlook

We also note the inclusion of housing as part of downside risks to the outlook in the minutes of the August FOMC meeting (see *FOMC minutes: Appropriate to take another step in removing policy accommodation "soon", August 23 2018*). We view household spending on housing and autos, as sensitive to changes in financial conditions and interest rates. And a slowing housing sector may lead some on the committee to believe monetary policy is restraining activity. And clearly surveys on consumer confidence data seem to suggest deteriorating affordability is weighing on consumers with regards to both home and auto purchases. In this regard, the inclusion of housing as downside risk goes hand in hand with the discussion in the FOMC minutes that it would soon be appropriate to change the language in the FOMC statement that "monetary policy remains accommodative." Participants agreed that it would, at some point "fairly soon," no longer be appropriate to include this assessment as monetary policy moves towards neutral.

FIGURE 3

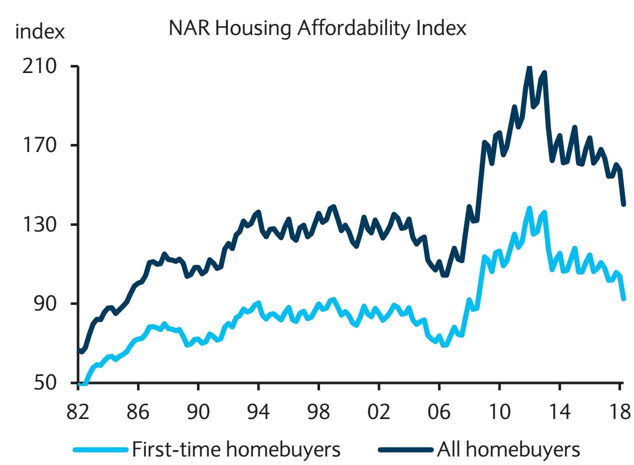
Light vehicle sales have plateaued, as cars sales dive



Source: BEA, Haver Analytics, Barclays Research

FIGURE 4

Housing affordability has deteriorated steadily since 2013



Source: NAR, Haver Analytics, Barclays Research

GDP TRACKING: UNITED STATES

US GDP: Q3 tracking at 3.2%

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New and existing home sales data was weaker than we had expected and we are tracking a modest decline in residential investment for the quarter. Elsewhere, durable goods inventories provided a boost to GDP tracking which offset weaker aircraft shipments.

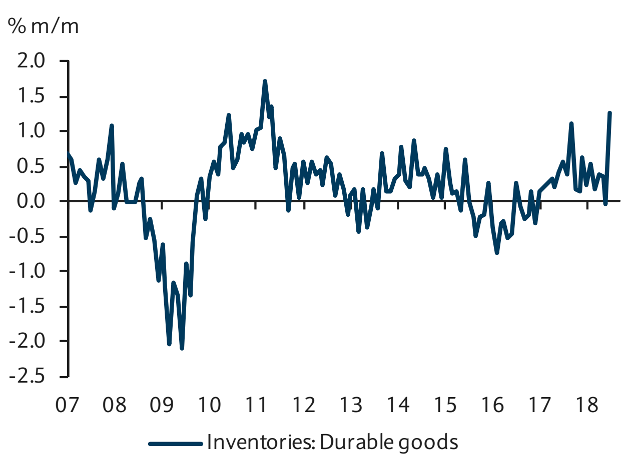
US existing home sales fell for the fourth consecutive month. We believe sales continue to be held back by lack of inventory. However, we also think that high home prices and rising mortgage interest rates are also reducing home affordability. New home sales fell 1.7% in July, to 627k, though the June data were revised higher. With regard to the effect on our Q3 tracking estimate, the weak sales numbers were offset by the improvement in home prices and imply slightly higher residential investment relative to what we had pencilled in. July US durable goods orders were somewhat better than we anticipated, with nondefense aircraft orders falling less than expected and core orders coming in stronger. Weakness in nondefense aircraft and parts shipments outweighed the positive thrust from shipments of computers, leading to weaker tracking of equipment spending in the quarter. However, strong core durable goods orders bumped higher our estimates of inventory accumulation. On net, our estimate of Q3 GDP tracking rose two-tenths to 3.2% q/q saar.

FIGURE 1
Effect of incoming data on our GDP tracking model

		Details of Q3 18 GDP tracking estimate (% q/q saar, unless indicated)											
Date	**Data release**	**GDP**	**Final sales**	**PCE**	**Res. inv.**	**Equip**	**Struct**	**IPP**	**Gov**	**Exports**	**Imports**	**Net exports (level)**	**CIPI (level)**
22-Aug	Existing home sales	3.0	3.5	3.1	-1.1	6.0	3.2	5.0	4.5	1.0	5.5	-889.8	-18.0
23-Aug	New home sales	3.0	3.5	3.1	-0.4	6.0	3.2	5.0	4.5	1.0	5.5	-889.8	-18.0
24-Aug	Durable goods orders	3.2	3.0	3.1	-0.4	-2.2	3.2	5.0	4.5	1.0	5.5	-889.8	13.4
Current GDP tracking		**3.2**	**3.0**	3.1	-0.4	-2.2	3.2	5.0	4.5	1.0	5.5	-889.8	13.4
	Contribution to GDP growth (pp)		*3.0*	*2.1*	*0.0*	*-0.1*	*0.1*	*0.2*	*0.8*			*-0.7*	*0.8*
Barclays official GDP forecast		**3.0**	**3.5**	**3.0**	**1.0**	**6.0**	**4.0**	**5.0**	**4.5**	**1.0**	**5.5**	**-889.8**	**-19.9**

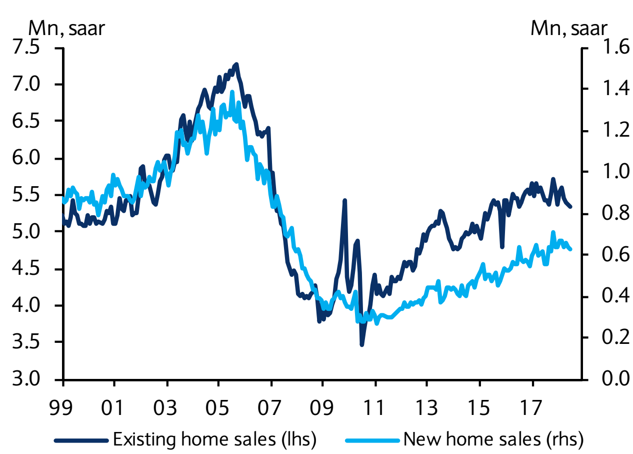
Note: Our GDP tracking estimate is distinct from our official published GDP forecast. It reflects the mechanical aggregation of monthly activity data that feed directly into the BEA's GDP calculation. Also, our methodology does not actively forecast inventories. A rebound in inventories could well push our GDP tracker above our current-quarter GDP official forecast. Our official Q3 GDP forecast stands at 3.0%, led by personal consumption and public spending. Source: Barclays Research

FIGURE 2
Durable goods inventories rebounded in July



Source: Census Bureau, Haver Analytics, Barclays Research

FIGURE 3
Momentum in home sales has slowed



Source: BEA, Barclays Research

DATA REVIEW & PREVIEW: UNITED STATES

Michael Gapen, Jonathan Millar, Blerina Uruci, Pooja Sriram

Review of last week's data releases

Main indicators	Period	Previous	Barclays	Actual	Comments
Existing home sales, mn saar	Jul	5.38	5.43	5.34	Sales fell unexpectedly.
FOMC Meeting Minutes	Aug	–	–	–	The August FOMC minutes were in line with our expectation and point to another 25bp increase in the target range for the federal funds rate at the September meeting.
FHFA purchase-only HPI, % m/m (y/y)	Jun	0.4 (6.7) R	0.4 (6.6)	0.2 (6.5)	Home price appreciation rose modestly.
New home sales, thous saar	Jul	638 R	650	627	New home sales fell further in July.
Durable goods orders-p, % m/m	Jul	0.7 R	-3.6	-1.7	Goods orders were somewhat better than expected as aircraft orders fell less than we had anticipated
Durable goods ex transportation-p, % m/m	Jul	0.1 R	0.8	0.2	
Core capital goods orders-p, % m/m	Jul	0.6 R	-	1.4	Computer and vehicle parts orders were solid.

Preview of the upcoming week

Monday 27 August		Period	Prev – 3	Prev – 2	Prev – 1	Forecast	Consensus
	No significant events or release scheduled						
Tuesday 28 August		**Period**	**Prev – 3**	**Prev – 2**	**Prev – 1**	**Forecast**	**Consensus**
8:30	Advance trade balance for goods, $ bn	Jul	-67.3	-64.8	-67.9	-66.7	-
8:30	Wholesale inventories-p, % m/m	Jul	0.1.	0.4	0.1	-	-
9:00	S&P/Case-Shiller 20-city HPI, %m/m (y/y)	Jun	0.5 (6.7)	0.2 (6.7)	0.2 (6.5)	0.2 (6.6)	0.2 (6.4)
10:00	Consumer confidence index	Aug	128.8	127.1	127.4	126.5	126.4

Advance trade balance for goods: We forecast the trade deficit to narrow to $66.7bn in July as we expect both imports and exports to decline on the month.

S&P/Case-Shiller 20-city HPI: We forecast home prices to have increased 0.2% m/m in June, leading the y/y rate to edge higher to 6.6%. Home price appreciation has been rising gradually since the middle of last year as tight inventories and continued demand have been pushing prices higher.

Consumer confidence: We forecast the consumer confidence index to have fallen slightly to 126.5 in August, from 127.4 previously. Nevertheless, this would be consistent with another month of solid consumer sentiment given the continued strength in the stock markets and improvements in labor markets. In the preliminary estimate of the University of Michigan sentiment survey index we saw a small decline in sentiment owing to current conditions and we expect to see something similar in this survey too.

Wednesday 29 August		Period	Prev – 3	Prev – 2	Prev – 1	Forecast	Consensus
8:30	Real GDP, % q/q saar	Q2 S	2.3	2.2	4.1 adv. est.	4.1	4.0
8:30	Real consumer spending, % q/q saar	Q2 S	3.9	0.5	4.0	-	-
8:30	GDP price index, % q/q saar	Q2 S	2.5	2.0	3.0	-	3.0
10:00	Pending home sales, % m/m	Jul	-1.3	-0.5	0.9	-0.5	0.5

GDP second estimate: We forecast the second estimate of Q3 GDP to be unrevised at 4.1% q/q saar, consistent with strong output growth driven by private consumption, investment and net trade. We expect inventories to continue showing a significant drag to growth in Q3.

Pending home sales: We expect pending home sales to have decreased 0.5% m/m and to have fallen 1.2% y/y in July. Pending home sales have been weak over the past three months and we expect this weakness to be reversed somewhat in July. Traffic of prospective homebuyers rose in July, for the first time since December of last year. We expect the recent improvement in buyer traffic to lead to a modest rise in pending home sales.

Thursday 30 August		Period	Prev – 3	Prev – 2	Prev – 1	Forecast	Consensus
8:30	Initial jobless claims, thous (4wma)	25–Aug	214 (215)	212 (216)	210 (214)	215	-
8:30	Personal income, % m/m	Jul	0.2	0.4	0.4	0.3	0.4
8:30	Personal spending, % m/m	Jul	0.5	0.5	0.4	0.3	0.4
8:30	PCE price index, % m/m (y/y)	Jul	0.2 (2.0)	0.2 (2.2)	0.1 (2.2)	0.1 (2.3)	0.2 (2.3)
8:30	Core PCE price index, % m/m (y/y)	Jul	0.2 (1.9)	0.2 (1.9)	0.1 (1.9)	0.1 (1.9)	0.2

Personal income and spending: We forecast nominal personal income to have increased by 0.3% m/m in July, with both wages and salaries and proprietors' and rental incomes increasing at a similar pace. We look for nominal personal spending to have increased 0.3% m/m and for real personal spending, after being adjusted for inflation, to have risen 0.2% m/m. We expect headline PCE to rise 0.1% on the month (2.3% y/y) and core PCE to rise 0.1% m/m and 1.9% y/y.

Friday 31 August		Period	Prev – 3	Prev – 2	Prev – 1	Forecast	Consensus
9:45	Chicago PMI index	Aug	62.7	64.1	65.5	63	63
10:00	U of Michigan consumer sentiment- f	Aug	98.2	97.9	95.3P	95.0	95.7

Chicago PMI: We forecast the Chicago PMI index to have declined to 63 in August, paring back some of the gains in the previous two months. At these levels the index would be consistent with activity still expanding at a solid, above average, pace. However, recent policies aimed at putting tariffs on imports from China are likely to negatively affect manufacturing sentiment as captured by the regional and national surveys, in our view.

UoM consumer sentiment: We expect the final estimate of the University of Michigan consumer sentiment index to be broadly unchanged at 95.0 for August. Despite the recent decline, consumer sentiment remains strong and has been on a broad upward trend throughout the recovery. However, it seems like rises in prices of large durable consumer goods as well as deteriorating home affordability is starting to curb some of that improvement in consumer sentiment.

Source: BEA, BLS, Bloomberg, Census Bureau, Federal Reserve, ISM, University of Michigan, Haver Analytics, Barclays Research

OUTLOOK: EURO AREA

Holding up with downside risks

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- **Recent indicators continue to argue in favour of a likely stabilization of the euro area economic outlook amid mounting potential downside risks.**
- **August PMIs suggest growth should return to trend around potential from Q3, while July inflation confirms consumer price moderation will be smooth in H2.**
- **Italy remains in the spotlight ahead of the budget; we do not expect fiscal prospects to deteriorate dramatically in the near term but Italian assets will likely remain volatile.**

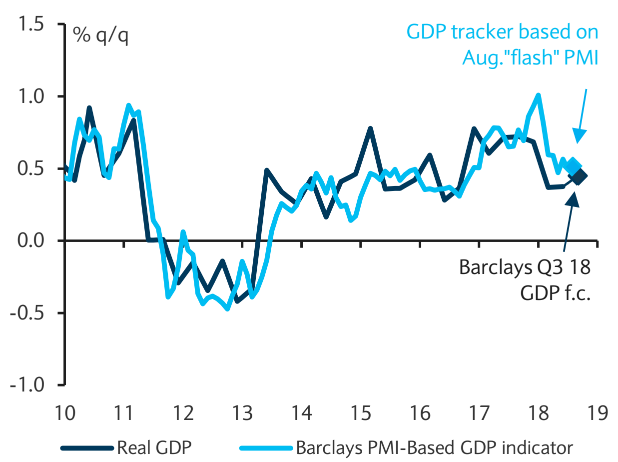
Growth: Hopes for consolidation haven't dissipated, but downside risks remain

Euro area composite PMI printed slightly below expectations in August, but still in expansionary territory (54.4). Though remaining elevated, cross-sector firms' optimism about future activity continues its slide lower, as anecdotal evidence from the latest survey highlights political uncertainty, trade frictions and reportedly weaker demand as taking a toll on confidence. Q3's midpoint PMI release pins our GDP tracker at 0.51% q/q growth, slightly above our baseline scenario for Q3 18 of 0.47% q/q (Figure 1), fuelling hopes that Q1's soft patch will remain an isolate episode. The balance of risks remains, however, tilted to the downside; we foresee the uncertainty around global trade to remain the main drag on sentiment. Internally, political risk, mainly stemming from Italy (more on this below) and resurging around Brexit, also remains high, in our view.

Inflation: what goes up must come down, but not necessarily too much

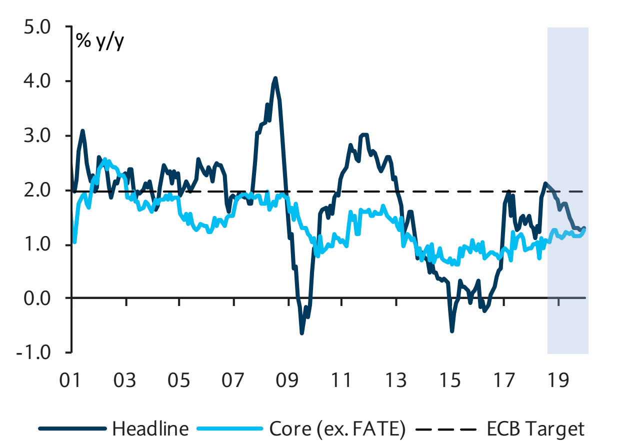
Following the release of July final consumer prices data, we stick to our view that euro area headline inflation will begin to soften from August onwards. The projected correction will be smooth; we forecast headline to ease from 1.7% in 2018 to 1.5% in 2019, supported by ongoing modest, but solid, core inflation recovery (Figure 2). Volatile components shape the inflation profile. After being on a rising trend since the beginning of the year, we expect both energy and food inflation to begin to soften as food and energy commodities prices lose momentum. According to our estimate, negative base effect will subtract 0.45bp (cumulative) from headline between August and November. Meanwhile, core inflation's modest recovery remains on track. Tradable prices continue to defy currency pressures; supported by a steady rise of core consumer goods PPI, the non-energy industrial goods (NEIG) inflation trend has stabilized. Meanwhile, services inflation's slow motion continues, supported by rising wages. We expect both trends to continue in the coming months consistent with recent weakening of currency conditions and signs of consolidation of economic activity.

FIGURE 1
August PMIs in line with our Q3 0.5% q/q growth baseline



Source: Haver Analytics, Barclays Research

FIGURE 2
Headline inflation set to moderate towards core



Source: Haver Analytics, Barclays Research

The accounts of the July meeting did not bring material new information

The Governing Council (GC) reiterated its satisfaction that the communication of the June monetary policy decision had been correctly priced by financial markets (Figure 3) and its confidence that uncertainties surrounding the inflation outlook had been receding. While risks to the economic outlook were still deemed broadly balanced, the GC acknowledged that those stemming from global factors remained prominent. All in all, we maintain our baseline monetary policy call: we expect a first DFR hike of 15bp in September 2019 followed by a second one of 25bp in March 2020 that would set the DFR at zero and the MRO at +25bp.

Italy's hot summer rollercoaster continues

Moody's decision to extend the deadline for its review of a potential downgrade from Baa2 (two notches above junk) to the end of October contributed to support sentiment temporarily (Figure 4). The rating agency said it will push back the timeline to gain greater clarity on the fiscal path and reform agenda. Fitch's decision (currently at BBB stable) is due on 31 August; an outlook downgrade can't be ruled out.

All eyes to the upcoming Budget

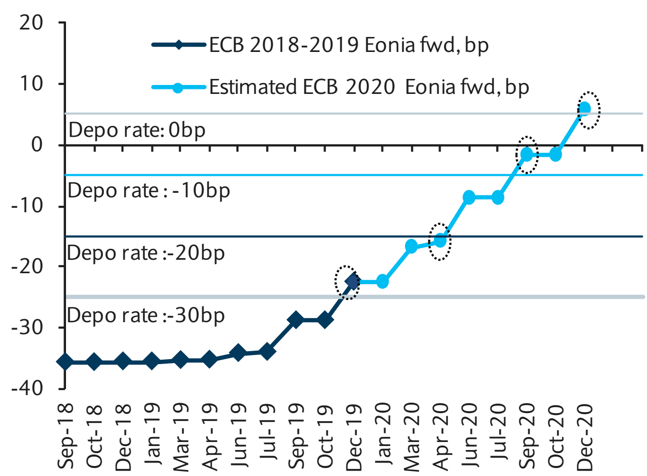
We do not expect Italy's fiscal prospects to deteriorate dramatically in the near term as the 5SM-L government will likely refrain from implementing the pledged economic programme, in our view. However, with ECB-led financial market complacency coming to an end, as the central bank progresses with its plan to normalize monetary policy conditions, downside risks to growth mounting, and preliminary signs that structural reform efforts deployed during the previous legislature have started to slow, we expect Italian assets to remain volatile with high risk premium until the government clarifies its medium-term position on public finance management and structural reforms (*Italy: An unstable fiscal balancing act*, 24 August 2018).

Greece: Ready to leave the nest, with care

This week, Greece officially graduated from its third bailout. There has been little new news since the presentation of the medium-term relief measures, and subsequently the indication from the ECB are that GGBs are unlikely to be included in its PSPP. As Greece is pre financed for at least the next 22 months, meeting its financial obligations in the short term won't be an issue. Yet quarterly reviews of the post programme monitoring will be interesting to gauge the government's ability to continue reforming the country. Together with economic performance, these will likely be key determinants of the polls' evolution ahead of 2019 elections. Although not our baseline, we continue to think that the risk of snap elections is elevated and may crystallise for next (*Greece: ready to fly solo*, 5 July 2018).

FIGURE 3

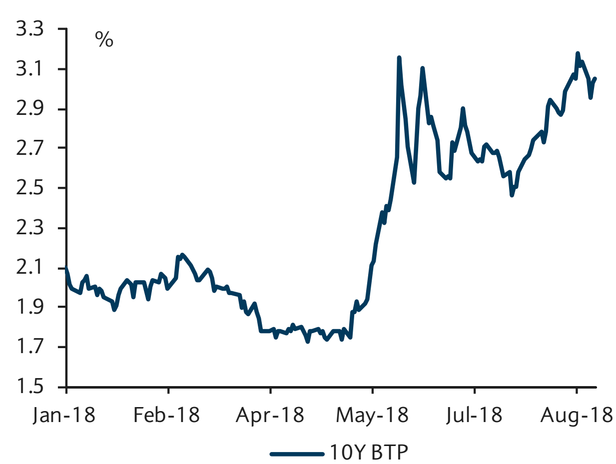
ECB-dated Eonia forward curve vs. estimates of market expectation for the ECB's actions on the depo rate until 2020



Source: Barclays Research

FIGURE 4

10Y BTP: Summer rollercoaster continues



Source: Barclays Research

DATA REVIEW & PREVIEW: EURO AREA

Francois Cabau, Radu-Gabriel Cristea, Fabio Fois, Antonio Garcia Pascual, Iaroslav Shelepko, Tomasz Wieladek

Review of last week's data releases

Main indicators	Period	Previous	Barclays	Actual	Comments
France: Business climate, index	Aug	106.1 R	-	105.2	The French business climate declined slightly in August but remains at a relatively high level
E19: "Flash" manufacturing PMI, index	Aug	55.1	55.5	54.6	Euro area composite PMI disappointed in August, edging up only slightly; however, it remains firmly in expansionary mode
E19: "Flash" services PMI, index	Aug	54.2	54.5	54.4	
E19: "Flash" composite PMI, index	Aug	54.3	54.7	54.4	
E19: ECB Minutes	Jul	-	-	-	The Governing Council reiterated its satisfaction that its communication had been correctly priced by financial markets
Germany: Final GDP, % q/q	Q2	0.5 P	0.5	0.5	Flash estimate is confirmed; positive contributions from domestic demand drives German GDP growth

Preview of the week ahead

Monday 27 August		Period	Prev – 3	Prev – 2	Prev – 1	Forecast	Consensus
-	Germany: Retail sales sa, % m/m (y/y) (to 03/09)	Jul	1.4 (0.9)	-1.4 (-1.0)	0.9 (2.7)	-	-0.2
08:00	Germany: IFO business climate, index	Aug	102.3	101.8	101.7	102.1	101.8
08:00	Germany: IFO business expectations, index	Aug	98.6	98.5	98.2	-	98.5
08:00	Germany: IFO current assessment, index	Aug	106.2	105.2	105.3	-	105.3

Germany – IFO: We expect the IFO business climate to edge up in August, in line with the latest PMI survey, as the headwinds from the global trade uncertainty slowly abate.

Tuesday 28 August		Period	Prev – 3	Prev – 2	Prev – 1	Forecast	Consensus
12:00	**E19: ECB Executive Board Member Praet speaks on "Monetary and Macroprudential Policy Interactions" at 33rd Annual Congress of European Economic Association in Cologne, Germany**						
06:45	France: Consumer confidence indicator, index	Aug	99.4	97.1	97.3	-	97.0
07:30	Sweden: Retail Sales, % m/m (y/y)	Jul	0.5 (3.4)	-0.1 (3.1)	-1.8 (0.2)	-	-
08:00	E19: M3, % m/m (y/y)	Jul	0.2 (3.8)	0.6 (4.0)	0.7 (4.4)	(4.5)	(4.3)
08:00	E19: Loans to private sector (adjusted), % m/m (y/y)	Jul	0.1 (3.0)	0.4 (3.3)	-0.1 (3.5)	(3.5)	-
08:00	Italy: Consumer confidence, index	Aug	113.9	116.2	116.3	-	115.9
08:00	Italy: Business confidence, index	Aug	104.6	105.5	105.4	-	-

E19 – M3: We expect M3 to edge up 0.1pp to 4.5% in July.

Wednesday 29 August		Period	Prev – 3	Prev – 2	Prev – 1	Forecast	Consensus
10:00	**EU28: EU Trade Commissioner Malmström speaks on international trade at an event in Stockholm, Sweden**						
06:00	Germany: GfK consumer confidence, index	Sep	10.7	10.7	10.6	-	10.6
06:45	France: Hhsld consum. goods, % m/m (y/y)	July	-1.8 (0.0)	1.0 (0.0)	0.1 (0.3)	-0.4	0.3
06:45	France: GDP 2nd release, % q/q	Q2	0.7	0.2	0.2 P	0.2	0.2

France – Household consumer goods: We look for French households' goods consumption to have dropped by 0.4% m/m in July, mainly led by energy prices.

Thursday 30 August		Period	Prev – 3	Prev – 2	Prev – 1	Forecast	Consensus
-	Belgium: CPI, % m/m (y/y)	Aug	0.2 (1.8)	0.1 (2.1)	0.4 (2.2)	-	-
07:00	Switzerland: KoF leading indicator	Aug	100.0	101.3	101.1	-	101.1
07:00	Spain: Preliminary HICP, % m/m (y/y)	Aug	0.9 (2.1)	0.2 (2.3)	-1.2 (2.3)	(2.3)	0.2 (2.3)
07:00	Sweden: Consumer confidence, index	Aug	98.0	97.1	99.8	-	100.0
07:00	Sweden: Manufacturing confidence indicator, net balance	Aug	118.1	115.9	118.1	-	-
07:00	Sweden: Economic Tendency indicator, index	Aug	108.5	108.7	109.6	-	-
07:55	Germany: Unemployment change (000s, sa); (rate, %)	Aug	-12.0 (3.5)	-14.0 (3.4)	-6.0 (…)	-	-8.0
09:00	E19: 'Final' consumer confidence, index	Aug	-0.6	-0.5	-1.9 P	-	-1.9
09:00	E19: Industrial confidence, index	Aug	6.9	6.9	5.8	-	5.5
12:00	Germany: Preliminary CPI, % m/m (y/y)	Aug	0.5 (2.2)	0.1 (2.1)	0.3 (2.0)	0.2 (2.1)	0.2 (2.0)
12:00	Germany: Preliminary HICP, % m/m (y/y)	Aug	0.6 (2.2)	0.1 (2.1)	0.4 (2.1)	0.1 (2.0)	0.2 (2.1)

Friday 31 August		Period	Prev – 3	Prev – 2	Prev – 1	Forecast	Consensus
18:00	**E19: ECB Vice-President Guindos speaks at the closing event of Cursos de La Granda organised by University of Oviedo in La Granda, Spain**						
05:00	Estonia: GDP, % q/q	Q2	0.1	2.1	-0.1	-	-
06:00	Finland: Final GDP, % q/q	Q2	0.8	1.3	0.5 P	-	-
06:45	France: Preliminary CPI, % m/m (y/y)	Aug	0.4 (2.0)	0.0 (2.0)	-0.1 (2.3)	0.3 (2.3)	0.5 (2.3)
06:45	France: Preliminary HICP, % m/m (y/y)	Aug	0.5 (2.3)	0.0 (2.3)	-0.1 (2.6)	0.4 (2.4)	0.5 (2.5)
07:00	Spain: Adjusted retail sales, % y/y	Jul	0.3	-0.1	0.1	-	-
07:00	Austria: Final GDP, % q/q	Q2	0.8	0.9	0.5 P	-	-
08:00	Norway: Registered unemployment rate, %	Aug	2.2	2.2	2.5	-	2.4
08:00	Italy: Unemployment rate, %	Jul	11.0	10.7	10.9	-	10.8
08:30	Portugal: Preliminary HICP, % m/m (y/y)	Aug	0.8 (1.4)	0.0 (2.0)	-0.4 (2.2)	(2.2)	-
09:00	E19: Unemployment rate, %	Jul	8.4	8.3	8.3	-	8.2
09:00	Italy: Preliminary CPI, % m/m (y/y)	Aug	0.3 (1.0)	0.2 (1.3)	0.3 (1.5)	0.2 (1.7)	0.2 (1.5)
09:00	Italy: Preliminary HICP, % m/m (y/y)	Aug	0.3 (1.0)	0.2 (1.4)	-1.4 (1.9)	-0.1 (1.7)	-0.2 (1.6)
09:00	E19: "Flash" HICP, % m/m (y/y)	Aug	0.5 (1.9)	0.1 (2.0)	-0.3 (2.1)	(2.0)	(2.1)
09:00	E19: 'Eurostat' core (HICP x fd, alc, tob, ene), % m/m (y/y)	Aug	0.3 (1.1)	0.0 (0.9)	-0.5 (1.1)	(1.1)	(1.1)
10:00	Italy: Final GDP, % q/q	Q2	0.3	0.3	0.2 P	0.2	0.2
10:00	Portugal: Final GDP, % q/q	Q2	0.7	0.4	0.5 P	0.5	-
13:00	Belgium: Final GDP, % q/q	Q2	0.5	0.3	0.3 P	0.3	-

E19 – "Flash" inflation: We forecast headline HICP inflation to edge down to 2.0% in August from 2.1% in July, while we forecast core inflation to remain unchanged at 1.1%.

Note: All the events are listed in GMT time. Source: Haver Analytics, IHS Markit, Bloomberg, Barclays Research

OUTLOOK: UNITED KINGDOM

The consumer price of a no-deal Brexit

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- **We estimate that a no-deal Brexit would boost inflation by at least 1.5% to 2% on higher tariffs and the currency depreciation boost to consumer prices.**
- **Importantly, such an outcome would not boil down to inflation only, but the negative supply and demand shocks would leave the BoE facing a similar trade off as in 2016.**
- **Latest Brexit headlines suggest intensification of talks as negotiators aim for October to finalise the withdrawal agreement, in line with our central expectation.**

Higher tariffs to push up inflation by at least 1pp

Under a WTO scenario, UK import tariffs would likely increase...

Under a "no-deal" scenario, EU trading arrangements would cease and be replaced by fallback World Trade Organisation (WTO) rules (read *Relax, this is a drama not a thriller*, 17 August 2018). Under the "Most Favoured Nation" (MFN) rule, the UK would not be allowed to discriminate between trading partners unless it has agreed a Preferential Trade Agreement (PTA), which is unlikely in the short term. Also, as we point out in previous reports (read *Scaling a Canadian mountain*, 6 June 2018) a 'Singapore' strategy (unilateral scrapping of trade tariffs) is only sustainable for city-states or small countries. For bigger countries, losses from cancelling tariffs would outweigh the benefits of attracting new international businesses. It is consequently fair to assume that in a no-deal scenario, tariffs would increase on EU imports (where they are currently non-existent) but possibly also on imports from the rest of the world (as PTAs would not be in place).

… pushing consumer prices up by at least 1pp

The UK Trade Policy Observatory estimates[1] that under a WTO scenario, consumer prices would increase by at least 1pp. The authors assume that tariffs from countries currently trading under an EU-PTA would be unchanged but would revert to WTO 'effectively applied tariffs' for imports from the EU or countries without an EU-PTA. The methodology is more accurate than a simple accounting framework as it allows for demand to shift away from products and suppliers where prices are increasing, but overall, the authors believe it could materially underestimate the actual cost once taking into account: (1) an increase in tariffs from countries currently trading under an EU PTA; (2) second round effects of higher input prices; (3) cost of additional customs red tape and diverging standards; (4) additional cost to trade in services; (5) higher mark up from UK producers as competition is reduced; and (6) switch of certain agricultural products from internal EU prices to world prices.

Tariffs and EU import share vary substantially across goods

WTO Tariffs are typically elevated in food categories (45% on 'Dairy products') and could jump on average from zero to 22% (BRC - 2017). Tariffs on manufacturing and other non-food items are generally lower and are smallest for 'medical goods' and 'fuel & energy'. Value Chain integration, however, adds some complications: while tariffs of 7.7% on 'transport vehicles and accessories' might be considered as acceptable when discussing the retail price of a car or a motorcycle, they are would still force manufacturers to end current cross-country value chains, as tariffs are applied on parts at each border crossing.

Removing all trade barriers at once would create short-term economic friction

On average, the UK imports more goods from the EU than from anywhere else, illustrating how companies and households have taken advantage of the benefits of the single market. However, some imports also reflect protectionist measures taken by the EU: import tariffs in most food sectors are intentionally prohibitive and strict import standards in 'medical goods' prevent external competition. Be that as it may, removing these barriers, even if economically justified, would carry short-term adjustment losses in specific sectors.

[1] Resolution Foundation/UKTPO, "Will Brexit raise the cost of living?", 2017

Lower GBP could boost prices by 0.5pp albeit with muted pass-through

Standard multiplier points towards 0.4-0.8pp higher inflation the first year following a 5-10% GBP depreciation

In addition to tariffs, we expect the pound to depreciate by 5-10% in case of a no-deal Brexit. A simplistic *rule-of-thumb* (also used by the BoE) suggests that 60% would be passed through to import prices and 20% to consumer prices. However, recent mark up behaviour suggests that business might not be able to pass on the price increase, and the BoE now uses sterling export prices not FX as a reference: about 60% of export price increase is passed on to imports and 30% of that (average import intensity) to consumer prices. A smaller pass through is confirmed by general equilibrium macroeconomic models generally suggesting that a 10% TWI depreciation leads to a price increase of 1.2% in total with two thirds of it the first year.

All in all, differentiating for the type of shock driving the exchange rate depreciation suggests a smaller pass-through than using traditional methods

Forbes (2016) however points out that the underlying shock matters[2] and while standard estimates assume exchange rates are exogenous, this is not the case. The authors estimate FX pass through conditional to the underlying shock by identifying six different shocks: domestic supply, domestic demand, BoE monetary policy, exogenous exchange rate, persistent global shock and temporary global shock. We review the size of the pass through by specifying a no-deal as a combination of negative supply, negative demand and exogenous FX shocks. Results suggest that the inflationary impact of a standard negative supply shock is more or less off-set by the deflationary impact of a standard negative demand shock. The residual FX depreciation would be an outright inflationary shock but as Forbes (2016) also shows, supply and demand shocks could account for at least half of the FX variation, meaning that the exogenous depreciation would be no more than 5% and, accordingly, the impact on consumer prices no more than 0.5pp (10% pass through for an exogenous FX shock).

Brexit: continuous negotiations, no super equivalence, impact assessments

Brexit negotiations enter their final phase with negotiators aiming for October

As the UK and EU are now entering a "final stage" of "continuous negotiations", M.Barnier has pointed out that the withdrawal agreement would need to be finalised "well before the end of the year, roughly October". Also, the EU's financial services chief, Dombrovskis, welcomed the UK's intention to maintain market access for financial services through equivalence, and pushed back against any form of "super-equivalence". Finally, the government published the first 24 of a series of technical impact assessment papers, including a paper on financial services, as well as covering subjects such as regulating medicines and the impact on trade. Brexit Secretary Dominic Raab highlighted the Government was confident of finalising a deal in time but was preparing for all outcomes. All things considered this week's developments are in line with our central scenario of an orderly but hard Brexit (read *Relax, this is a drama not a thriller*, 17 August 2018).

FIGURE 1

Estimates of a 10% GBP depreciation pass through

	1st year	2nd year	3rd year
Macro models	+0.8	+0.3	+0.1
Conventional estimate	+1.2	+0.6	+0.2
Negative Demand shock	-1.8	-0.2	0.0
Negative supply shock	+1.8	+0.2	-0.5
Exogenous depreciation	+0.8	+0.2	0.0

Source: BoE, Forbes (2016), Barclays Research

[2] K.Forbes, I.Hjortsoe and T.Nenova "The Shocks Matter: Improving Our Estimates of Exchange Rate Pass-Through", NBER Working Paper No. 24773, June 2018.

DATA REVIEW & PREVIEW: UNITED KINGDOM

Fabrice Montagne, Sreekala Kochugovindan

Review of last week's data releases

Main indicators	Period	Previous	Barclays	Actual	Comments
PSNB, £bn	Jul	3.3 R	-0.9	-2.9	Public sector finances improved more than expected in July.
PSNBx, £bn	Jul	4.2 R	0.0	-2.0	
CBI industrial trends, total orders	Aug	11	-	7	Total orders edged down in August whereas total sales decelerated marginally.
CBI distributive trades, total sales	Aug	25	-	24	

Preview of next week

Monday 27 August		Period	Prev – 3	Prev – 2	Prev – 1	Forecast	Consensus
No significant events or releases scheduled							
Tuesday 28 August		**Period**	**Prev – 3**	**Prev – 2**	**Prev – 1**	**Forecast**	**Consensus**
No significant events or releases scheduled							
Wednesday 29 August		**Period**	**Prev – 3**	**Prev – 2**	**Prev – 1**	**Forecast**	**Consensus**
No significant events or releases scheduled							
Thursday 30 August		**Period**	**Prev – 3**	**Prev – 2**	**Prev – 1**	**Forecast**	**Consensus**
09:30	Consumer credit, £bn	Jul	2.0	1.6	1.6	1.6	1.6
09:30	Mortgage lending, £bn	Jul	3.7	3.8	3.9	3.8	3.9
09:30	Mortgage approvals, k	Jul	63.0	64.7	65.6	64.5	65.0

BoE lending report: UK finance lending figures signalled a slightly weaker outlook for mortgage lending as approvals declined in July. The report suggested little change in credit card spending and loans, implying a stable trend for unsecured lending.

Friday 31 August		Period	Prev – 3	Prev – 2	Prev – 1	Forecast	Consensus
00:01	GfK consumer confidence, index	Aug	-7	-9	-10	-10	-11
00:01	Lloyds Business Barometer, %	Aug	35	29	30	-	-
07:00	Nationwide house price Index, % m/m (y/y)	Aug	-0.3 (2.4)	0.7 (2.0)	0.6 (2.5)	-	0.0 (2.6)

Consumer confidence: We expect headline sentiment to remain stable and in line with recent averages. Recent intensification of Brexit-related headlines may continue to weigh on households' economic outlook, while the continued backdrop of a tight labour market should provide some support to confidence.

Note: All times reported are in BST. Consensus figures are taken as at 11am on Friday, 24 August 2018, from Bloomberg and, hence, may be subject to significant change, given that the 'final cut' is 3pm London time of the same Thursday. Source: Haver Analytics, Barclays Research

OUTLOOK: JAPAN

Prices slump at core, but bite into wages

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- **Core measures of CPI inflation remained sluggish in July, while higher energy and fresh food prices weighed on real wages.**
- **We retain our outlook for the CPI ex-perishables to trend around 1% y/y, sharply below the 2% price stability target of the BoJ, through 2019.**
- **Cell phone user fees will likely continue to trend down, but probably not as rapidly as implied by the chief cabinet secretary's claims about telecom overcharging.**

This week's main data release was the nationwide CPI data for July. The CPI ex-perishables (core) rose 0.8% y/y, matching the June reading and slightly undershooting expectations (Bloomberg median estimate: +0.9%; Barclays: +1.0%; June: +0.8%). The CPI ex-perishable and energy ("BoJ core"), which more directly reflects domestic fundamentals, strengthened slightly to 0.3% y/y (June: +0.2% y/y), but continued to lack acceleration as a trend.

Core CPI measures remained sluggish in July, while higher energy and fresh food prices weighed on real wages

A breakdown of the data shows that energy inflation, driven by higher oil prices, contributed to the rise in y/y core CPI inflation. Also, there was a noticeable increase in the price of perishables due to bad weather. In this context, the CPI excluding imputed rent for owner-occupied housing, which is used in estimating real wages, strengthened to +1.1% y/y (June: +0.8% y/y), implying a risk that the increased burden on households could undermine consumer sentiment.

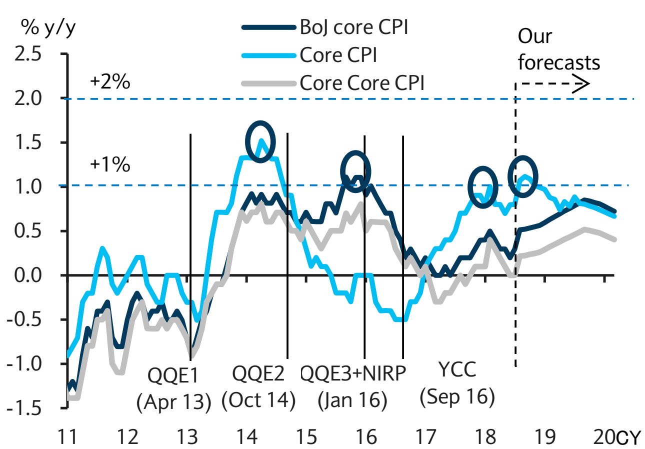
We retain our outlook for the CPI ex-perishables to trend around 1% y/y

Looking ahead, the CPI should continue to draw support from higher oil prices through end-2018, but that effect is likely to fade gradually into 2019. Although output gap improvements and wage growth will serve to underpin prices, we believe core CPI inflation is likely to trend around 1% y/y, reflecting the current weakness of underlying inflation.

Factors weighing on inflation

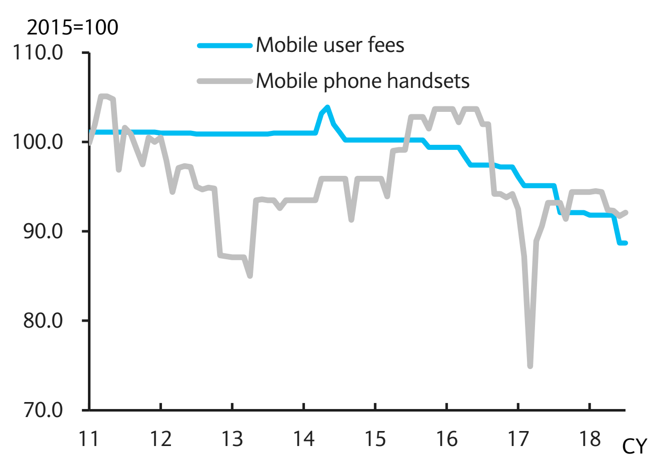
As evident from the trend in real employee compensation in the Q2 GDP data (+3.8% y/y; Q1: +2.0% y/y), the household income environment has improved steadily on the back of higher wages. However, wage growth (unit labour costs, especially in labour-intensive service industries) has yet to have a significant impact on inflation due in part to the

FIGURE 1
CPI inflation still sluggish



Note: Core CPI = CPI excluding perishables; BoJ core = CPI excluding perishables and energy; core-core CPI = CPI excluding food (ex-alcohol) and energy. Figures exclude effects of consumption tax hikes. Source: MIC, Barclays Research

FIGURE 2
Mobile phone user fees trending down



Source: MIC, Barclays Research

cautious pricing strategies adopted by Japanese companies (deflation inertia) and the failure of the CPI data to capture this. Although the data tend to reflect effective price cuts to goods resulting from adjustments in quality (eg. increases in PC performance), they have failed to incorporate effective price hikes resulting from adjustments to the quality of services (eg, shorter business hours), implying an increasing deflationary bias as consumption becomes more service oriented. Companies also face intensifying price competition from the rapid spread of online shopping. The BoJ estimates that this "Amazon effect" lowers prices by -0.3% for items available on the internet and by -0.1 to -0.2% for the CPI ex-perishables and energy as a whole. Under such conditions, the BoJ could struggle to reach its core CPI price stability target of +2%, regardless of how it manages monetary policy (see *Market Strategy Japan*, 17 August 2018 for details).

Mobile phone user fees will likely continue to trend down, but probably not as rapidly as implied by the chief cabinet secretary's claims about telecom overcharging

In recent news related to prices, Chief Cabinet Secretary Suga remarked on 22 August (Nikkei) that mobile phone user fees could be lowered by 40%. Given the 2.4% weighting of such fees within the core CPI, a 40% cut would imply a downward push of 0.96pp on core inflation. As only a limited number of users pay "high" mobile phone user fees, however, this likely overstates the implications. Indeed, "low-cost" Mobile Virtual Network Operators (MVNO), an alternative to the "big three" telecoms, account for 10% of the overall market[3]. Moreover, the "big three" providers only charge internationally high fees for heavy data users[4]; fees for light/middle data users are around the mean compared with other countries. Also, even if the big three telecoms were pressured to lower their fees, we believe they would likely respond by effectively raising the cost of the phones themselves (reducing the discount). The basis of Suga's remarks that mobile phone user fees have room to come down by 40% are unclear[5], but even if the government ordered a reduction, we believe the downward push on core CPI inflation would be less than half the above estimate.

All considered, we believe mobile phone user fees will likely continue to trend down (Figure 2), but probably not as rapidly as implied by Suga's claims about telecom overcharging. If the penetration of MVNO smart phones accelerated in response to the above developments, we would expect it to reflect on the CPI from around end-2018 (communication fees are calculated as a weighted average of each telecom's subscribers, with the weights updated each December).

The week ahead: August Tokyo CPI, July IP and employment data

The week ahead brings more CPI data (Tokyo CPI for August) as well as employment and industrial production figures for July. Employment conditions remain tight and we expect the labour shortage to continue, led by the non-manufacturing sector. We estimate that unemployment and the jobs/applicants ratio remained at 2.4% and 1.62, respectively. We look for industrial production to fall by 0.2% m/m, a third consecutive decline, due to supply chain disruptions linked to heavy rains and flooding in Western Japan. METI forecast indices for August and September will signal the outlook for Q3 as a whole

[3] MIC quarterly data on telecom service subscriber numbers and shares (end-March 2018).
[4] MIC survey on domestic-overseas price gap for telecom services, FY18 results (overview). For example, heavy users in Tokyo (Mobile Network Operator, data capacity of 20GB) pay monthly fees of JPY8,642, while those in five other cities (New York, London, Paris, Dusseldorf, Seoul) pay an average of only JPY5,732, or 34% less.
[5] The Nikkei newspaper (23 August) reported that a Cabinet Office analysis indicates that Japan ranks fourth highest among OECD members for communication fees as a share of consumption.

DATA REVIEW & PREVIEW: JAPAN

Tetsufumi Yamakawa, Kazuma Maeda, James Barber, CFA

Review of this week's data

Main indicators	Period	Previous	Barclays	Actual	Comments
Nationwide CPI ex-perishables (% y/y)	Jul	0.8	1.0	0.8	Core measures of CPI inflation remained sluggish in July, while higher energy and fresh food prices cut into real wages. We retain our outlook for the CPI ex-perishables to trend around 1% y/y, sharply below the 2% price stability target of the BoJ, through 2019.
PPI services (% y/y)	Jul	1.1	–	1.1	The services PPI held at 1.1% y/y in July with positive contributions from transport and advertising and negative contributions from "other services" (hotels, civil engineering/architectural services) and real estate services.

Preview for week ahead

Friday 31 August		Period	Prev 2	Prev 1	Latest	Forecast	Consensus
08:30	Tokyo CPI ex-perishables (% y/y)	Aug	0.5	0.7	0.8	1.0	0.8
08:30	Unemployment rate/jobs-applicants ratio	Jul	2.5/1.59	2.2/1.60	2.4/1.62	2.4/1.62	2.4/1.63
08:50	Industrial production	Jul	0.5	-0.2	-1.8	-0.2	0.2

Industrial production: We forecast a third consecutive m/m decline due to supply chain disruptions linked to heavy rains and flooding in Western Japan. METI forecast indices for August and September will signal the outlook for Q3 as a whole.

Employment data: Employment conditions remain tight and we expect the labour shortage to continue, led by the non-manufacturing sector.

Source: Bloomberg (consensus figures), Barclays Research

OUTLOOK: CHINA

More tariffs, new talks

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- **The imposition of USD16bn of tariffs and lack of progress in the new trade talks, both expected, indicate no material easing in the risk of more rounds of tariffs.**
- **While China appears to be willing to seek a resolution through new negotiations, it remains a possibility that USD200bn of tariffs could proceed before any deal is made.**
- **Aware of this risk, we think China is prepared for a long standoff, as evidenced by recent policy easing measures to boost domestic demand.**

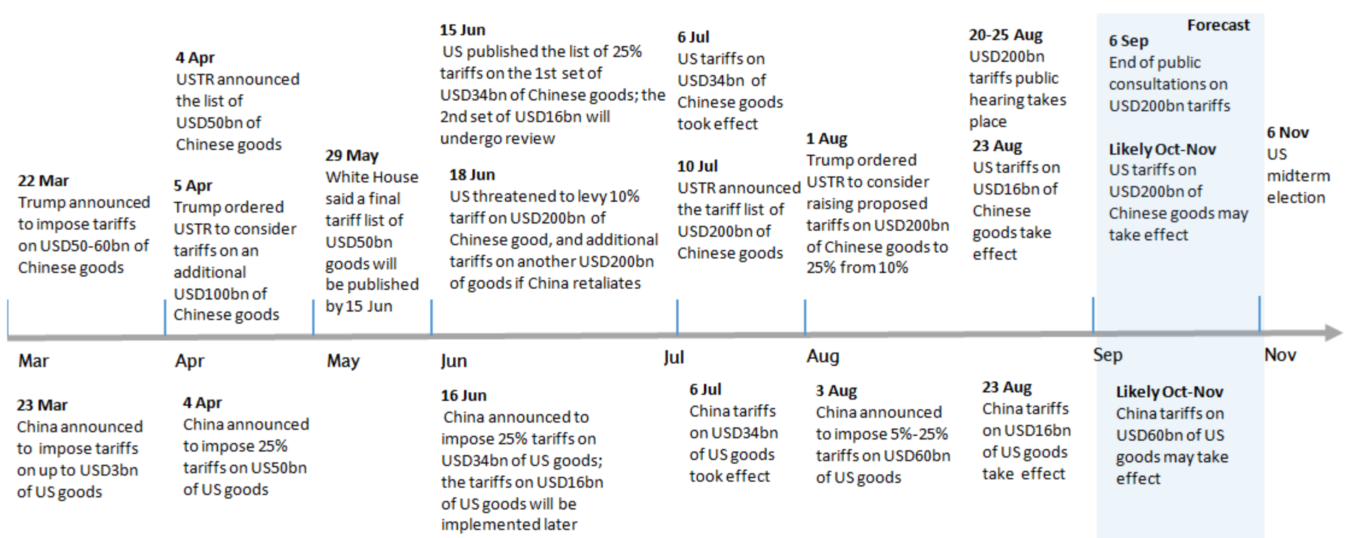
As expected, 25% tariffs by the US on a further USD16bn of imports from China went into effect on 23 August. This follows the first batch of tariffs on USD34bn of goods imposed on 6 July. As promised, China retaliated by imposing 25% tariffs on USD16bn of US goods.

The new tariffs occurred during fresh trade talks between the two sides on 22-23 August, their first face-to-face communication since early June, although at a lower level (led by China's Vice Commerce Minister and the US Treasury Undersecretary). As widely expected, the new talks did not produce any visible sign of progress, with no further talks immediately scheduled (the Chinese statement noted that "the two sides will keep in touch about the next step [in talks]"). Also this week, the US Trade Representative proceeded, as scheduled, with public hearings on the next round of proposed tariffs on a further USD200bn of Chinese imports (President Trump on 1 August instructed the USTR to consider raising tariffs to 25% from the 10% proposed earlier).

Without visible progress in the talks, the next round of tariffs could take effect in the coming months

With the post-hearing consultation ending on 6 September, and given that it took one to two months for the previous two batches of tariffs to take effect after the hearings, the proposed tariffs on another USD200bn of Chinese goods could be imposed during October-November (it may take longer if the tariffs are split into different tranches, as the USTR did with the tariffs on the first USD50bn of goods). Should the Trump administration eventually implement these tariffs, then China, as announced on 3 August, could retaliate with 5-25% tariffs on another USD60bn of US goods.

FIGURE 1
US and China tariff actions



Source: Bloomberg, Xinhua, White House, Barclays Research

It appears China is willing to seek a solution to prevent/ delay more tariffs…

Despite the re-start of bilateral talks, we view the new tariff actions as signalling no material easing in the risk of a 'full-blown' trade war. That said, the reopening of talks suggest that China is willing to explore some workable resolutions to prevent (or at least delay) the implementation of the USD200bn of tariffs, which could have a more significant impact on its economy and sentiment than the existing USD50bn of tariffs.

… although it remains cautious if reasonable concessions will secure a deal

We also think that the re-start of negotiations with lower-level officials signals that China likely remains cautious on whether a deal with reasonable concessions could be made with the US, given the short-lived deal (in mid May) – largely involving China purchasing more US goods to cut the US trade deficit with China – was unable to prevent President Trump from proceeding with the first USD50bn of tariffs.

The best case is a deal by November, but it is possible $200bn tariffs would go ahead before a deal is reached

We do not expect the current talks to generate a quick resolution, even if a credible deal can be worked out eventually. While an optimistic case could be an agreement reached before any meetings between President Xi and President Trump at various multilateral summits in November (APEC meeting on 12-18 Nov and G20 Summit on 30 Nov-1 Dec), we think it is possible that the talks could stretch beyond November with more back and forth, including US tariffs on USD200bn of goods possibly taking effect.

Not expecting high on a quick resolution, China is ready for a long battle…

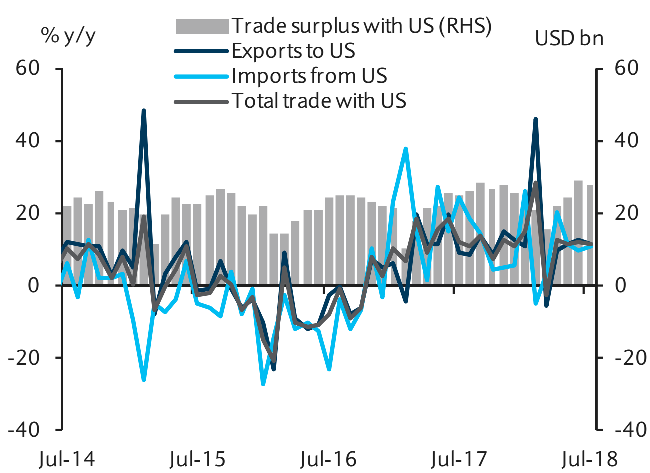
With no guarantee that more meaningful concessions (relative to previous rounds of talks) could prevent a full-scale trade battle, we believe the Chinese government is also ready for a long-term standoff, as recent Politburo and State Council meetings both called for more concerted policy easing to boost domestic demand in the face of escalating external uncertainties. We think more substantial stimulus could be being triggered by any further escalation in trade tensions (see *China: Easing while deleveraging*, 15 August 2018).

...while turning to more controlled and selective retaliation to avoid further escalations

Meanwhile, a softening in official tones on reacting to US tariff threats (eg, China has not made such comments as, "it is not afraid of a trade war" or "will take powerful measures", since mid June when President Trump ordered the USTR to identify a tariff list of USD200bn of goods) and the lagged announcement of retaliation of tariffs on USD60bn of US goods (more than three weeks after the US published its initial USD200bn tariff list) supports our view that the Chinese government is gradually moving from tit-for-tat retaliation to more controlled and selective retaliation (see *China: USD200bn tariff list announced; China's options and potential actions*, 11 July 2018), in order to mitigate the negative economic impact from any further escalation in trade sanctions.

FIGURE 2

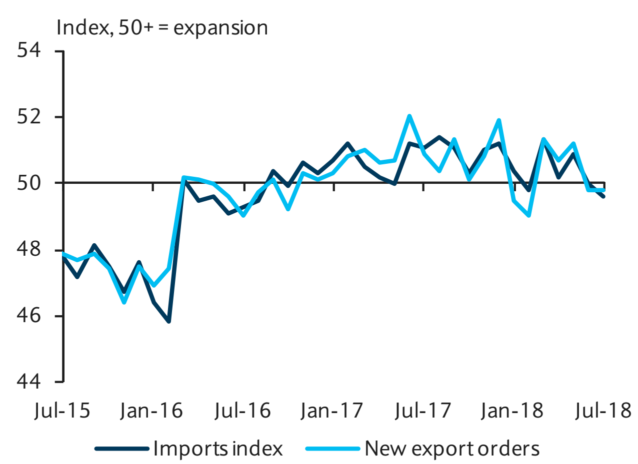
Limited impact of initial tariffs on trade activity thus far…



Source: CEIC, Barclays Research

FIGURE 3

… but trade-related PMI indices have fallen into contraction



Source: CEIC, Barclays Research

OUTLOOK: EMERGING ASIA

Robust Q2 economic activity

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- **We expect India's Q2 18 GDP growth, scheduled for release next week, to come in at 8.0% y/y, extending the economy's expansion since mid-2017.**
- **Thailand Q2 18 GDP expanded a strong 1% q/q sa following 2.1% expansion in Q1. We expect the BoT to raise rates by 25bp in Q4 18 as it seeks to create policy space.**
- **Korea's government pledged to step up efforts to reinvigorate the job market. In light of this, we think it will be difficult for the BoK to sound hawkish in August.**

India: Growth likely reached 8% in Q2 18

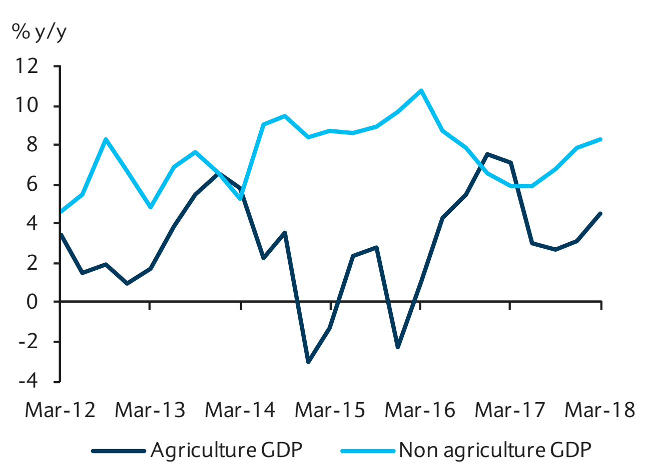
India will publish Q2 18 GDP data next week. Growth has been on a path of steady recovery during recent quarters. Headline growth reached 7.7% in Q1 18, from a low of 5.6% in Q2 17; we expect the Q2 18 print to be 8.0% y/y. Based on a broad set of leading indicators, we expect India's recent recovery in growth to be largely maintained in the coming quarters. We expect any softening in y/y optics to be only modest during H2 FY 18-19, despite the waning of favourable base effects. Overall, we continue to expect India's GDP to grow 7.6% y/y during FY 18-19, which would represent a notable pick up from the near-term trough of 6.7% in FY 17-18. The continued uptick supports our view that the slump in growth during 2017 reflected several sharp, one-off disruptions (ie, demonetisation, implementation of goods and services tax (GST)) and was not due to fundamental dents in key growth drivers (see *India: GDP growth grinding higher*, 22 February 2018).

Thailand: Robust Q2 GDP; 2018 GDP forecast revised up 40bp to 4.6%

We raised our 2018 GDP growth forecast to 4.6% from 4.2% and 2019 to 4.4% from 4.2%

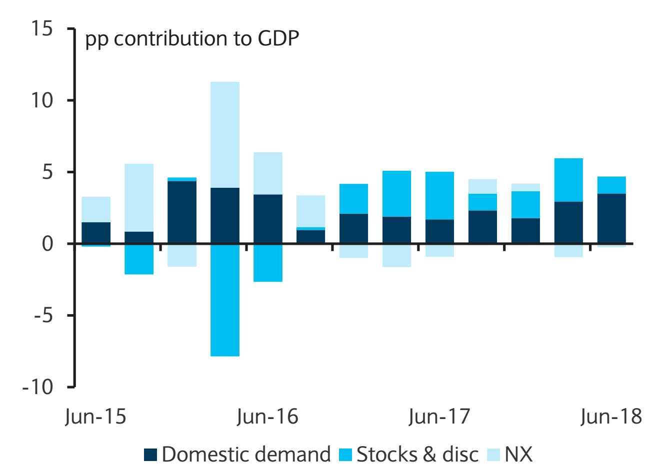
Q2 18 GDP expanded a strong 1% q/q sa on the back of 2.1% expansion in Q1 18. On a y/y basis, growth stayed robust at 4.6% y/y (Q1: 4.9%), and was driven by both the domestic and external sectors. For H1 18, GDP growth accelerated to 4.8% y/y, much stronger than the 3.7% during H1 17. Looking into H2 18, some loss of tourism from China (we estimate c0.3% of GDP in Q3 18) following the Phuket boat tragedy is likely to weigh on tourism-related activities, but a stronger domestic economy – improved rural consumption, rising investment spending – is likely to provide an offset, in our view. Following the strong GDP report, we raised our 2018 GDP growth forecast to 4.6% from 4.2% and 2019 to 4.4% from 4.2% earlier.

FIGURE 1
India: Growth follows a path of recovery since mid-2017; we see the momentum to persist in the coming months



Source: Haver Analytics, Barclays Research

FIGURE 2
Thailand: Contribution of domestic demand to GDP rising



Source: Haver Analytics, Barclays Research

We expect the BoT to raise rates by 25bp to 1.75% in Q4 18, most likely at the November policy meeting

In terms of implications for monetary policy, we think the Q2 GDP report could influence the BoT's outlook, as indicated by Senior Director Don Nakornthab, who recently stated that GDP growth of 4.5% or above in Q2 18 could turn the central bank more hawkish (see "Bank of Thailand says 4.5% growth may spur more hawkish stance," Bloomberg, 16 July 2018). We think recent comments from the BoT as well as the August policy statement suggest that the central bank is turning more cautious and mindful of the side effects of prolonged low interest rates. More importantly, in our view, the BoT has been highlighting the need to create policy space. As such, we expect the BoT to raise rates by 25bp to 1.75% in Q4 18, most likely at the November policy meeting, then pause and remain data dependent for any further moves (see *Thailand: BoT to raise rates in Q4 18*, 8 August 2018).

Korea: BoK unlikely to sound hawkish as fiscal policy turns expansionary

Local media reported that government is planning to increase fiscal spending aggressively for 2019

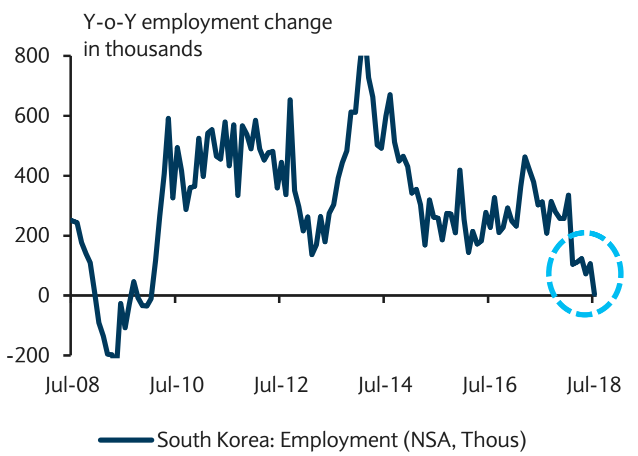
Following the extremely weak July jobs report, official commentary from the government turned markedly more dovish. President Moon Jae-in called for an all-out effort to improve employment (President Moon urges stepped-up efforts to create jobs, *Yonhap News*, 20 August 2018). Local media also reported that the government was looking at a 9.7% increase in the 2019 budget, which would be the largest increase in 10 years (Korea Plans 9.7% Hike of 2019 Budget to 470t Won: MoneyToday, Bloomberg, 20 August 2018).

In light of subdued job report, it will be difficult for the BoK to sound hawkish at the August meeting

Given this backdrop, we think it will be difficult for the BoK to sound hawkish at its 31 August meeting. Even though we do not rule out the possibility of another dissenting vote (in favour of a hike) being cast by Dr. Lee Il Houng, we do not expect a majority of the board members to support a rate hike. Nevertheless, we think that the BoK will want to keep the rate hike window open to minimise the risks from widening US-Korea rate differentials. We still expect the BoK to hike rates in October, but see risks of a delay if the US tariffs implemented in July and August start to weigh on Korea's activity indicators and there is little improvement in the jobs data (see *Korea: Inflation: Necessary, but not sufficient, condition to raise rates*, 10 August 2018).

FIGURE 3

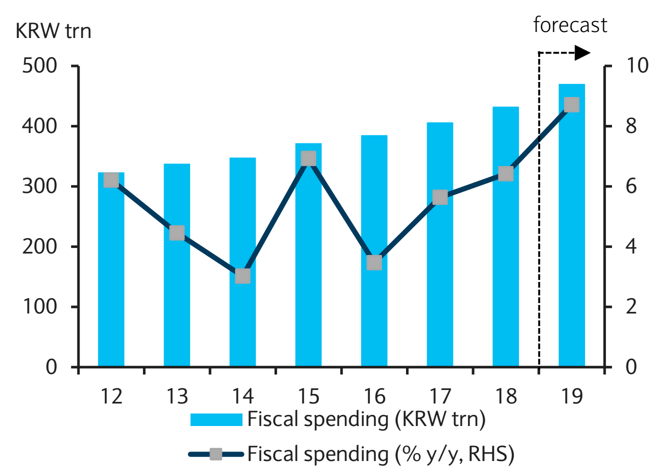
Korea: Job growth reached the lowest since January 2010



Source: Haver Analytics, Barclays Research

FIGURE 4

Korea: Fiscal policy turning expansionary



Note: Fiscal spending data is based on actual spending from 2012-2017, 2018 data is based on 2018 budget with supplementary budget; 2019 is based on Barclays forecast. Source: MOEF, Haver Analytics, Barclays Research

DATA REVIEW & PREVIEW: AUSTRALIA & EM ASIA

Rahul Bajoria, Jian Chang, Krishna Goradia, Angela Hsieh, Siddhartha Sanyal

Review of last week's data releases

Main indicators	Period	Previous	Barclays	Actual	Comments
Thailand: GDP (% q/q sa / % y/y)	Q2	2.1 / 4.9R	0.4 / 4.2	1.0 / 4.6	Robust Q2 GDP growth - 2018 GDP forecast revised up 40bp to 4.6%
Australia: RBA board minutes	Aug	–	–	–	No strong case for near-term policy adjustment
Singapore: CPI - headline/core (% y/y)	Jul	0.6 / 1.7	0.4 / 1.8	0.6 / 1.9	Core strengthens to nearly four-year high
Taiwan: Industrial production (% y/y)	Jul	0.5R	4.2	4.4	Details not as strong as headline suggests
Malaysia: CPI (% y/y)	Jul	0.8	0.9	0.9	Another low print
Singapore: Industrial production (% y/y)	Jul	8.0 R	4.0	6.0	Semiconductors reach record high level, but growth slows to weakest since February 2016

Preview of releases for the next week

Tuesday 28 August		Period	Prev 2	Prev 1	Latest	Forecast	Consensus
11:50	Thailand: Manufacturing production (% y/y)	Jul	3.1	2.9	4.7	4.0	4.3

Thailand: We expect industrial production growth to edge down as suggested by softer export growth.

Thursday 30 August		Period	Prev 2	Prev 1	Latest	Forecast	Consensus
09:30	Australia: Building approvals (% m/m)	Jul	-5.6	-2.5	6.4	–	-2.0
Friday 31 August		**Period**	**Prev 2**	**Prev 1**	**Latest**	**Forecast**	**Consensus**
07:00	Korea: Industrial production (% y/y)	Jul	0.8	1.2	-0.4	1.6	0.4
09:00	China: NBS manufacturing PMI (Index)	Aug	51.9	51.5	51.2	51.0	51.0
09:30	Australia: Private sector credit (% m/m / % y/y)	Jul	0.4 /5.0	0.2 /4.8	0.3 / 4.5	–	0.3/4.4
15:30	Thailand: BoT Monthly Press Release on Economic and Monetary Conditions	–	–	–	–	–	–
20:00	India: GDP (% y/y)	Q2	6.5	7.0	7.7	8.0	–
–	Korea: Bank of Korea 7-day Repo rate (%)	Aug	1.50	1.50	1.50	1.50	1.50

Korea: We expect IP to have improved, driven by ongoing strength in semiconductors and 0.5 extra working days. We expect the BoK to stay on hold, in light of subdued inflation, uncertainties around trade policy risks, and sluggish job creation. As the government has pledged to expand fiscal policy aggressively, we think it will be difficult for the BoK to sound hawkish at the August meeting. Even though we do not rule out the possibility of another dissenting vote (in favour of a hike) being cast by Dr. Lee Il Houng, we do not expect a majority of the board members to support a rate increase.

China: We expect the NBS manufacturing to edge lower to 51.0 in August from 51.2 previously on an expected moderation in new export orders amid escalating tariffs.

India: We expect GDP growth to show a small rise in the Q2 18 print, reflecting stronger momentum in a number of lead indicators as well as being helped by a favourable base.

Source: Bloomberg, Barclays Research

OUTLOOK: EMERGING EUROPE, MIDDLE EAST AND AFRICA

The club of sanctions

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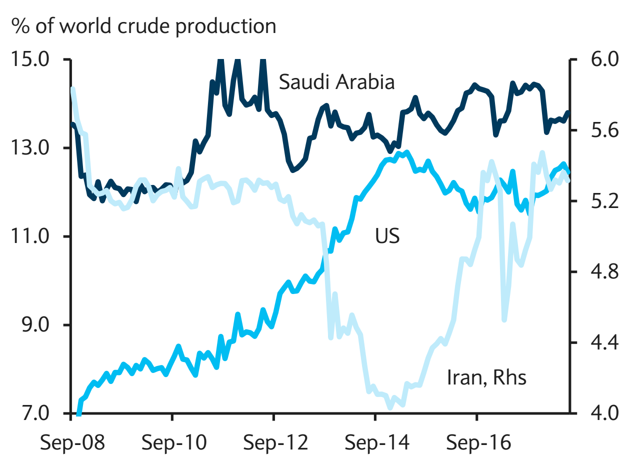
- **The US is increasingly using sanctions as a tool of coercive diplomacy in its relations with Iran, Russia, and Turkey. There is a tail risk of South Africa being added to that list.**
- **US sanctions may hit crude production in the near term in Iran and over the medium term in Russia due to a potential impact on investments.**
- **Nigeria also faces risks to its crude output, from either low-level acts of sabotage or a resumption of the Niger Delta insurgency.**

Crude production across several EEMEA countries is increasingly facing near- or medium-term challenges driven by US sanctions and idiosyncratic factors such as domestic unrest. Not only is this happening against the backdrop of higher OPEC supply, following the cartel's recent agreement, but countries of the Gulf Trio (Saudi Arabia, Kuwait, UAE) are likely to offset any shortfalls that may result from a fall in Iranian oil exports, in our view.

International sanctions have become a frequent tool of the US for coercive diplomacy, with three EEMEA countries (Iran, Russia, Turkey) facing new sanctions in recent months. Such sanctions have often mirrored rising geopolitical tensions, and are a reminder of risks to crude production; for example, the imposition of US sanctions (announced 8 August) against Russia in response to the attempted assassination of Sergei Skripal and his daughter. However, we think the impact of these new sanctions on Russian crude output is likely to be limited, given that they target goods related to national security. That said, recent allegations of hacking attempts against the US Senate's website have led senators to threaten far reaching new sanctions (NYT, 22 August). Indeed, a bipartisan draft bill (S.3336) introduced on 1 August could bring about measures targeting Russia's sovereign bonds and its oil and gas industry. If passed, the bill could affect US investments in the Russian oil and gas sector as well as the state-owned oil companies.

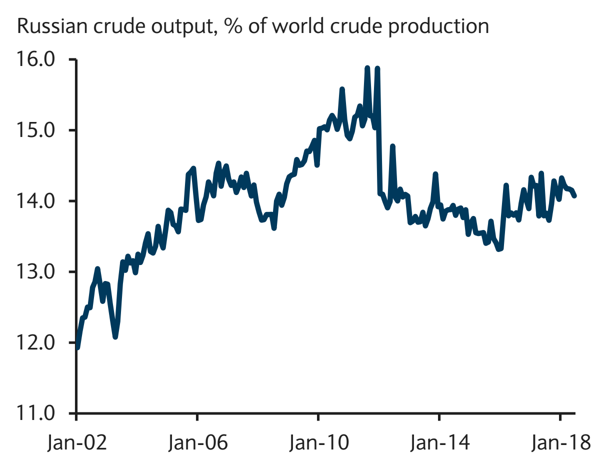
Unilateral withdrawal of the US from the Iranian nuclear deal is a key risk. While potential US sanctions on Russia create medium-term risks to crude supply growth, the unilateral withdrawal of the US from the Iranian nuclear deal represents the most imminent risk to output, in our view. Unsurprisingly, energy dominates Iranian merchandise exports with China

FIGURE 1
Major oil producers' market share



Source: JODI, Bloomberg, Barclays Research

FIGURE 2
Russia's crude market share has been stable in recent years



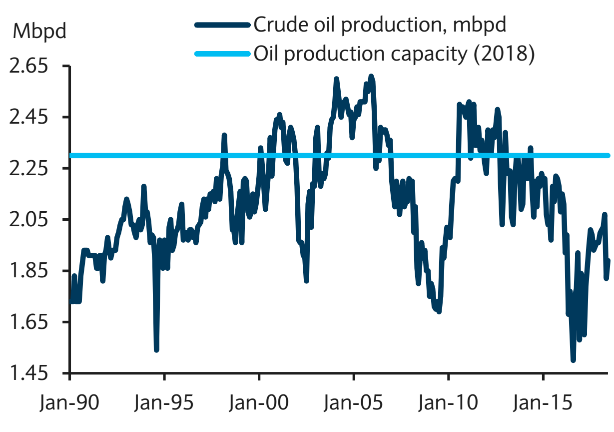
Source: JODI, Bloomberg, Barclays Research the country's biggest trading partner, taking $5.3bn or 4.1% of total Iranian merchandise exports in 2017, followed by Iraq, UAE, India, Afghanistan, and Turkey. It is unclear how reinstated US sanctions from November will impact Iran's energy exports amid rising trade tensions and the deterioration in US-Turkey relations. Indeed, in June, US officials stated their intention to push countries to reduce their Iranian oil imports to zero (Bloomberg, 26 June). This is much harsher than under the Obama administration. The return of US secondary sanctions may not only cut Iranian crude exports (which will likely be offset by the Gulf Trio) but they are also stoking regional tensions. For example, Iraqi PM al-Abadi's planned visit to Iran was cancelled after he highlighted his country's commitment to US sanctions (Rudaw, 12 August). Conversely, Turkey's foreign minister stated that his country will not cut trade ties with Iran despite US sanctions (Daily Sabah, 30 June), which may exacerbate the already heightened US-Turkey tensions. The US has also threatened further economic sanctions against Turkey if Pastor Brunson is not released (BBC, 17 August).

This week, a tweet from the US President that he had asked US Secretary of State Mike Pompeo to 'closely study the South Africa land and farm seizures and expropriations' raised concerns that the US could also impose sanctions on South Africa. While the US, at just 9% of exports and 9.4% of imports during the first half of 2018 is certainly not South Africa's most important trading partner, the fact that it accounts for just under a tenth of trade is large enough to upset financial markets. US investors are also important holders of South African bonds.

Nigeria oil production is vulnerable to attack by Niger Delta rebels

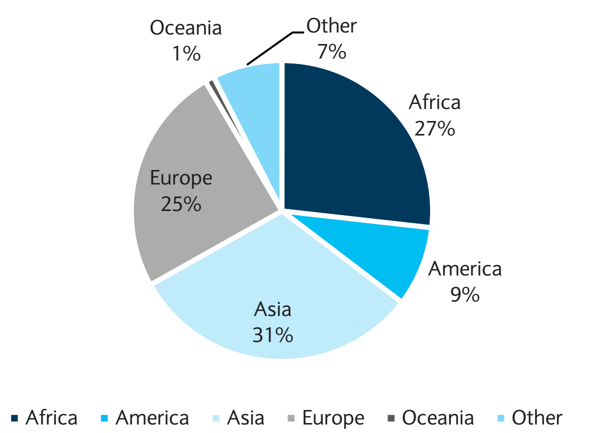
US sanctions are not the only factor adding risks to crude production across EEMEA – idiosyncratic risks in Libya are adding to output volatility. Nigeria also remains vulnerable to near-term supply disruptions, from either low-level acts of sabotage or a resumption of the Niger Delta insurgency. Oil production had been improving since the August 2016 ceasefire between the Niger Delta militants and the government, with average production increasing to 2.0mb/d (including condensates) in 2017 from a low of 1.5mb/d in August 2016. Nevertheless, so far in 2018, the oil sector has faced supply disruptions from outages at key pipelines supplying Forcados and Bonny Light grade crudes, causing production to drop from 2.01mb/d in February (including condensates) to 1.82mb/d in May and 1.89mb/d in June, according to data released by the Petroleum Ministry. These faltering production figures, which are significantly below the 2018 budget assumption of 2.3mbpd, imply that any recurrence of low-level sabotage activities would be detrimental to oil production prospects and create severe risk to budget targets.

FIGURE 3
Nigeria 's crude production



Source: Haver Analytics, Barclays Research

FIGURE 4
Roughly a tenth of South Africa's exports go to the US



Source: South African Revenue Services, Barclays Research

DATA REVIEW & PREVIEW: EMERGING EUROPE, MIDDLE EAST AND AFRICA

Liza Ermolenko, Durukal Gun, Michael Kafe, Brahim Razgallah, Tomasz Wieladek

Review of last week's data releases

Main indicators	Period	Previous	Barclays	Actual	Comments
Poland: Sold industrial output (% y/y)	Jul	6.8	9.5	10.3	IP grew strongly due to robust domestic demand.
Hungary: Deposit rate (%)	Aug	0.90	0.90	0.90	The NBH stuck to its dovish tone despite market volatility.
Hungary: Average gross wages (% y/y)	Jun	10.9	10.0	11.2	Wage growth remains extremely strong.
Poland: Retail sales (% y/y)	Jul	10.3	9.1	9.3	Retail sales grew rapidly due to strong real wage growth.
South Africa: CPI, % y/y	Jul	4.6	4.9	5.1	Strong jump in fuel and municipality water costs.
South Africa: Core CPI, % y/y	Jul	4.2	4.2	4.3	Higher than expected jump in municipal water tariffs.

Preview of upcoming data

Monday 27 August		Period	Prev – 3	Prev – 2	Prev – 1	Forecast	Consensus
12:30	Turkey: Real sector confidence SA	Aug	106.7	102.5	101.5	-	-
12:30	Turkey: Capacity utilization (%)	Aug	77.9	78.3	77.1	-	-
Tuesday 28 August		**Period**	**Prev – 3**	**Prev – 2**	**Prev – 1**	**Forecast**	**Consensus**
	No significant events/ releases scheduled						

Wednesday 29 August		Period	Prev – 3	Prev – 2	Prev – 1	Forecast	Consensus
08:00	Turkey: Trade balance (USD bn)	Jul	-6.7	-7.8	-5.5	-	-
14:00	Israel: Discount rate (%)	Aug	0.10	0.10	0.10	0.10	0.10
Thursday 30 August		**Period**	**Prev – 3**	**Prev – 2**	**Prev – 1**	**Forecast**	**Consensus**
07:00	South Africa: Private sector credit, % y/y	Jul	5.1	4.5	5.7	-	5.8
10:30	South Africa: PPI, % y/y	Jul	4.4	4.6	5.9	-	5.9
13:00	South Africa: Monthly budget balance, ZAR bn	Jul	-43.7	-17.7	33.8	-R85bn	-

South Africa: We look for a seasonal deficit of c. R85bn in July as expenditures pick up pace at the beginning of the second quarter of the fiscal year while revenues take time to roll in. For this year in particular, the expenditure undershoot that was reported in June points to a higher than usual increase in July spending as the Department of Education plays catch up. We note that over the past few years, the monthly fiscal deficit has been widest in July.

Friday 31 August		Period	Prev – 3	Prev – 2	Prev – 1	Forecast	Consensus
08:00	Hungary: Final Trade balance (EUR bn)	Jun	0.5	0.6	1.1	-	-
09:00	Poland: Preliminary CPI (% y/y)	Aug	1.7	2.0	2.0	2.1	2.0
09:00	Poland: Final GDP (% y/y)	Q2	4.9	5.2	5.1	5.1	-
13:00	South Africa: Trade balance, ZAR bn	Jul	1.2	3.8	12.0	5.0	-

Poland: We expect the expenditure breakdown to reveal that strong Polish GDP growth was mainly due to domestic demand, on account of strong real wage growth and EU-funded investment. We believe that CPI will be mainly driven by energy and food prices, as core CPI inflation remains low due to a reduction in regulated financial services prices at the beginning of the year. However, this also means that there is some downside risk to our forecast, as energy and food are volatile components of the index.

South Africa: Thanks to weak commodity export prices, we expect the seasonal trade surplus to print at a relatively small R5bn in July.

Note: All times reported are local London time. Consensus figures are taken from Bloomberg. Source: Bloomberg, Haver Analytics, Barclays Research

OUTLOOK: LATIN AMERICA

Surprising polls, deals and tensions

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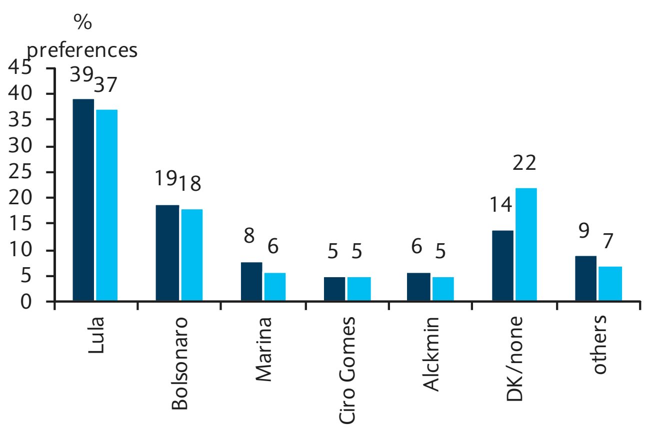
- **It has been a busy week of notable events for the economies of Latin America, with an important election looming in Brazil and NAFTA talks advancing.**
- **A potential NAFTA agreement could pave the way for a fresh start for the new administration in Mexico, while polls in Brazil show stronger support for Lula.**
- **In Argentina, the economy posted a negative GDP for Q2 while political tensions could intensify amid a corruption scandal that could affect the opposition.**

In Brazil, the focus remains the electoral outlook. Polls released this week (IBOPE on August 20 and Datafolha on August 22) surprised markets by showing voting intentions for Lula approaching 40%, up from some 30% in June. The currency has depreciated by about 5% this week likely as a result of this unexpected outcome. In addition, polls suggest that the Workers' Party (PT) strategy is being successful: the publicity regarding Lula's registration as a candidate on August 15 raised popular awareness about the candidate, even though he remains in jail convicted of corruption charges and with a slim chance that the Electoral Court (TSE) will allow him to run. The PT will likely continue to fight for Lula's registration past the TSE ruling (currently expected for the first week of September), appealing to the Supreme Court after that. The deadline for a final decision is September 17, the last day on which parties can replace candidates on the ballot ahead of the October 7 election. Lula's rise in the polls, combined with a suggested transfer rate of 30% up to 50% of votes for him to his potential replacement may well put the PT in the second round.

Amid political uncertainty, growth in Brazil could still point to a gradual recovery

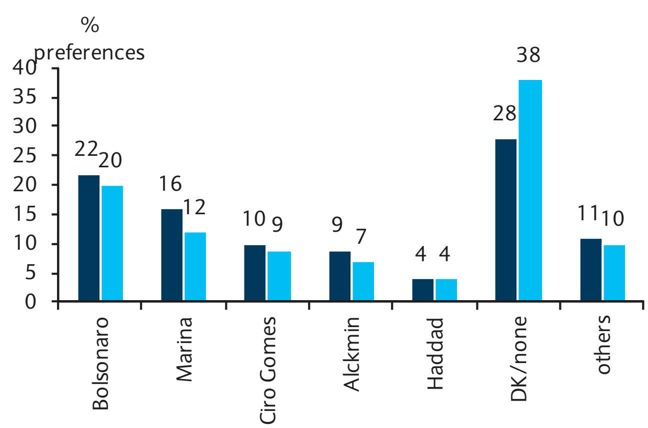
Next Friday, the IBGE will publish Brazil's GDP figures for 2Q; we expect the economy to have grown by a modest 1.2% y/y in the quarter (near stability in the seasonally adjusted q/q metric). Even though we see economic activity rebounding quickly following the truck drivers' strike in late May, the near paralysis of domestic activity negatively affected the economy. Surveys including IBGE's monthly industrial production (PIM) and retail sales (PMC) suggest gross capital formation was likely hurt more than private consumption in 2Q. We expect some rebound in 3Q in large part due to the post-strike recovery, but also see historically low interest rates as supportive of activity. We recently downgraded our annual growth forecast for 2018 from 2.0% to 1.7%, but remain above the consensus of 1.5%.

FIGURE 1
Lula continues to lead the polls in Brazil…



Source: Datafolha, IBOPE, Barclays Research

FIGURE 2
…and a fragmented race could develop



Source: Datafolha, IBOPE, Barclays Research

The Lopez Obrador administration could benefit from a NAFTA deal in the near term...

In Mexico, the focus has been on the potential resolution of the NAFTA negotiations, particularly between Mexico and the US. A public "handshake agreement" would be taken positively as it would reduce the risks to the Mexican economy, which has shown signs of deceleration. A deal would likely be the result of Mexico conceding some demands on the rules of origin for the auto sector and the US dropping its demand to include a sunset clause and changes to resolution of conflicts. The concessions from Mexico are probably pushed by the new administration, since eliminating NAFTA uncertainty would allow Lopez Obrador to focus on his own agenda. His agenda is likely to focus mostly on wider social spending programs and providing the oil company with increased resources. This is challenging in the context of limited fiscal resources, which means macroeconomic stability is a precondition (See *"Mexico: Recollections of Things to Come" August 23, 2018*). This is likely to be the motivation to advance as fast as possible on NAFTA; we also expect a conservative budget for 2019.

...while Mexico's monetary policy could become more dependent on the fiscal outlook

In addition to a potential announcement on NAFTA next week, on August 29 the Quarterly Inflation Report from Banxico will be released. We expect a very neutral tone as inflation has remained high but the outlook has improved. This was evident after the first fortnight report for August, in which annual inflation remained at 4.8% and core inflation at 3.6% y/y. The report was consistent with our view that inflation will remain high but sticky for longer, and that we will not start to see a decline towards below 4% until 2019. More importantly, the recent MXN performance suggests that core inflation is likely to decelerate further, consistent with lower "tradable inflation." All in, we believe Banxico will not overreact to the higher-than-expected number, particularly because it is again being driven by supply shocks and core inflation remains stable. Again, the expectation of near-term public finance stability should mean Banxico chooses to remain on the sidelines. In that sense, fiscal policy could become more important for monetary policy actions.

Argentina's GDP decreased 3.9% q/q sa in Q2…

In Argentina, the latest GDP monthly proxy published by INDEC confirmed our view of a deep decline in Q2 18. The print put GDP growth at -3.9% q/q sa in Q2 18, which is similar to our forecast of -3.8 q/q sa. We continue to expect 2018 growth of -1.2% y/y, which we recently revised down from 1.2% on the back of the tighter monetary policy as the currency crisis deepened and a stronger decline in the agricultural sector as a result of the drought (see *Update: Argentina- Clinging to local markets stabilization*, August 15, 2018).

…while President Macri's popularity has stabilized amid a corruption scandal involving the opposition

In this context, political dynamics are turning more tense. The government's popularity reached its second lowest level for President Macri's administration in July. The president's popularity stabilized in an August poll conducted by Poliarquia. We have been of the view that the corruption investigation could help stop the decline in the president's popularity. Yet, the challenge remains, considering that we expect the GDP decline to deepen in Q3 18. On the other hand, polls also show the popularity of former President Cristina Kirchner's has not waned as a result of the notebooks corruption investigation, according to the same pollster. This week the Senate approved unanimously to strip Cristina Kirchner's immunity so that her properties could be raided in the context of the notebooks investigation and following massive street demonstrations protesting against the corruption of the Kirchnerist administration requesting that justice advances.

DATA REVIEW & PREVIEW: LATIN AMERICA

Alejandro Arreaza, Marco Oviedo, Nestor Rodriguez, Pilar Tavella

Review of the week's data releases

Main indicators	Period	Previous	Barclays	Actual	Comments
Peru: GDP, % y/y	Q2	3.2	-	5.4	
Mexico: Retail sales, % y/y	Jun	2.5	-	3.7	Consistent with a muted print for the monthly report
Brazil: IPCA-15 inflation, % m/m	Aug	0.64	0.13	0.13	Annual inflation decelerated to 4.3% y/y from 4.5% y/y in the previous month
Mexico: First half bi-weekly CPI, % 2w/2w	Aug-15	0.32	0.21	0.34	Higher-than-expected CPI due to non-core inflation (0.86% 2w/2w). Annual inflation at 4.8% y/y
Mexico: First half bi-weekly CPI core, %	Aug-15	0.19	0.14	0.18	Annual print remained stable at 3.6% y/y.
Argentina: Economic activity index, % y/y	Jun	-5.8	-3.0	-6.7	

Preview of the week ahead

Monday	27 August	Period	Prev – 3	Prev – 2	Prev – 1	Forecast	Consensus
9:00	Mexico: Trade balance, USD mn	Jul	-289.2	-1586.8	-896.9	-	-
9:30	Brazil: Current account balance, USD bn	Jul	0.5	0.7	0.4	-	-

Tuesday 28 August		Period	Prev – 3	Prev – 2	Prev – 1	Forecast	Consensus
9:00	Mexico: Unemployment rate, %	Jul	3.4	3.2	3.4	3.4	-

Mexico unemployment rate: Our forecast is consistent with slight improvement in the seasonally adjusted rate to 3.3% sa from 3.4% sa. This on the back of the good report of formal job creation of 0.5% m/m sa during July.

Wednesday 29 August		Period	Prev – 3	Prev – 2	Prev – 1	Forecast	Consensus
-	Mexican Central Bank releases Inflation Report	Q2	-	-	-	-	-

Thursday 30 August		Period	Prev – 3	Prev – 2	Prev – 1	Forecast	Consensus
-	Mexico: Budget balance (YTD), MXN bn	Jul	5.8	-36.9	-206.7	-	-
-	Brazil: Central government budget, BRL bn	Jul	7.2	-11.0	-16.4	-	-
7:00	Brazil: IGP-M inflation, % m/m	Aug	1.4	1.9	0.5	-	-
8:00	Brazil: Unemployment rate, %	Jul	12.9	12.7	12.4	-	-

Friday 31 August		Period	Prev – 3	Prev – 2	Prev – 1	Forecast	Consensus
8:00	Brazil: GDP, % y/y	Q2	1.4	2.1	1.2	1.2	-
9:30	Brazil: Primary budget balance, BRL bn	Jul	2.9	-8.2	-13.5	-	-
11:00	Colombia: Unemployment rate, %	Jul	10.7	10.1	11.1	-	10.9

Brazil GDP: As a result of disruptions caused by the truckers' strike, we expect the economy to grow a modest 1.2% y/y in 2Q (with stability in the seasonally adjusted q/q metric). This is consistent with our annual GDP growth forecast of 1.7% for 2018 (recently downgraded from 2.0%)

Week 25-31	August	Period	Prev – 3	Prev – 2	Prev – 1	Forecast	Consensus
-	Brazil: Tax collections, BRL bn	Jul	1308.1	1061.9	1108.6	-	1212.0

Source: Bloomberg, Barclays Research

COUNTRY SNAPSHOT: AUSTRALIA

	2017				2018				2019				Calendar year			
% change	Q1	Q2	Q3	Q4	Q1	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E	2016	2017	2018E	2019E
Real GDP (% chg, q/q)	0.3	1.0	0.5	0.5	1.0	0.5	0.8	0.9	0.8	0.6	0.7	0.7				
Real GDP (% chg, y/y)	1.8	2.0	2.8	2.4	3.1	2.6	2.8	3.2	3.0	3.1	3.0	2.8	2.6	2.2	2.9	3.0
Private consumption (% y/y)	2.3	2.7	2.7	2.9	2.9	2.5	2.8	2.5	2.6	2.6	2.7	3.0	2.9	2.7	2.7	2.7
Public consumption (% y/y)	3.9	3.2	2.1	5.3	5.1	2.6	2.8	2.8	3.0	3.0	2.0	2.0	4.1	3.6	3.3	2.5
Investment (% y/y)	1.1	2.1	6.8	2.6	2.5	3.5	3.0	3.0	3.0	3.0	3.0	3.0	-2.1	3.1	3.0	3.0
Inventories contribution (pp)	0.5	-0.5	-0.3	0.0	-0.2	0.1	0.1	-0.2	0.2	0.2	0.0	0.1	0.1	-0.1	0.0	0.1
Exports (% y/y)	3.6	5.2	5.1	0.2	4.6	4.5	4.0	3.5	4.0	4.0	3.5	3.5	6.8	3.5	4.2	3.7
Imports (% y/y)	8.9	6.5	8.3	7.3	4.7	4.0	4.3	4.0	4.5	4.0	4.5	4.0	0.2	7.8	4.2	4.2
Net exports contribution (pp)	-1.2	-0.4	-0.8	-1.6	-0.2	0.0	-0.2	-0.2	-0.2	-0.1	-0.3	-0.2	1.2	-1.0	-0.1	-0.2
Nominal GDP (% chg, q/q)	1.9	0.0	0.7	0.9	2.2	0.9	1.2	1.6	1.5	1.0	1.1	1.4	3.8	5.8	4.9	5.2
Unemployment rate (end, %)	5.8	5.7	5.4	5.5	5.5	5.4	5.4	5.3	5.3	5.2	5.1	5.0	5.7	5.6	5.4	5.2
CPI inflation (y/y)	2.1	1.9	1.8	1.9	1.9	2.1	1.9	2.0	2.1	2.1	2.1	2.1	1.3	1.9	2.0	2.1
Underlying inflation (y/y)	1.7	1.9	2.0	2.0	2.0	1.9	1.8	1.9	2.0	2.0	2.0	2.0	1.5	1.9	1.9	2.0
Current account (% GDP)	-1.6	-2.4	-2.6	-3.2	-2.3	-3.0	-3.2	-3.0	-3.2	-3.2	-3.0	-3.0	-3.1	-2.5	-2.9	-3.1
RBA cash rate (period end, %)	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50

Source: Australian Bureau of Statistics, Reserve Bank of Australia, Barclays Research

COUNTRY SNAPSHOT: BRAZIL

% change q/q saar (unless otherwise stated)	2017				2018				2019				Calendar year average			
	Q1	Q2	Q3	Q4	Q1	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E	2016	2017	2018E	2019E
Real GDP	4.4	2.4	1.1	0.9	1.8	0.2	4.6	3.6	1.8	1.8	1.7	1.2	-3.5	1.0	1.7	2.3
Private consumption	0.8	4.7	4.7	0.5	1.8	0.1	3.0	2.3	1.2	1.1	1.1	0.8	-4.3	1.0	1.9	1.5
Investment	-3.3	1.6	8.4	8.7	2.5	-7.8	7.4	4.1	3.2	3.2	3.2	3.2	-10.3	-1.8	2.5	3.2
Net exports (contr, % y/y)	…	…	…	…	…	…	…	…	…	…	…	…	1.6	0.1	-0.5	-0.2
Industrial output (PA)	11.4	0.0	5.0	6.6	1.2	-9.7	3.4	4.7	2.9	2.5	2.4	1.8	-6.7	2.9	0.9	2.3
CPI inflation (% y/y)*	4.6	3.0	2.5	2.9	2.7	4.4	4.5	4.2	5.2	4.2	4.0	4.3	6.3	2.9	4.2	4.3
CPI inflation (% y/y, PA)	4.9	3.6	2.6	2.8	2.8	3.3	4.5	4.3	4.9	5.0	4.0	4.1	8.7	3.4	3.7	4.5
Unemployment rate % (PA)	13.0	13.0	12.6	12.5	12.5	12.4	12.0	11.7	11.7	11.5	11.1	10.8	11.3	12.8	12.1	11.3
Key central bank rate (EOP)*	12.25	10.25	8.25	7.00	6.50	6.50	6.50	6.50	6.50	6.75	7.00	7.50	13.75	7.00	6.50	7.50
Current account (% GDP)*	…	…	…	…	…	…	…	…	…	…	…	…	-1.3	-0.5	-1.2	-1.2
Government balance (% GDP)*	…	…	…	…	…	…	…	…	…	…	…	…	-9.0	-7.8	-7.4	-6.9
Gross public debt (% GDP)*	…	…	…	…	…	…	…	…	…	…	…	…	70.0	74.0	77.1	80.1
Gross external debt (% GDP)*	…	…	…	…	…	…	…	…	…	…	…	…	37.6	35.4	40.4	43.3

Note: *End of period for quarters and years. Source: IBGE, BCB, National Treasury, Barclays Research

COUNTRY SNAPSHOT: CHINA

	2017				2018				2019				Calendar year average			
% change y/y	Q1	Q2	Q3	Q4	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E	2016	2017	2018E	2019E
Real GDP	6.9	6.9	6.8	6.8	6.8	6.7	6.6	6.6	6.5	6.5	6.5	6.4	6.7	6.9	6.7	6.5
Real GDP (q/q, saar)	6.9	7.0	6.7	6.4	7.2	6.4	6.4	6.5	6.5	6.6	6.3	6.2	…	…	…	…
Real GDP (% y/y, YTD)	6.9	6.9	6.9	6.9	6.8	6.8	6.7	6.7	6.5	6.5	6.5	6.5	…	…	…	…
Consumption* (pp)	5.3	4.4	4.5	4.1	5.3	5.3	4.8	4.8	4.8	4.7	4.5	4.5	4.3	4.1	4.8	4.5
Investment* (pp)	1.3	2.3	2.3	2.2	2.1	2.1	2.3	2.3	2.1	2.1	2.2	2.2	2.8	2.2	2.3	2.2
Net exports contribution* (pp)	0.3	0.3	0.1	0.6	-0.6	-0.7	-0.4	-0.4	-0.4	-0.3	-0.2	-0.2	-0.5	0.6	-0.4	-0.2
Industrial output	6.8	6.9	6.3	6.2	6.8	6.6	6.2	6.2	6.1	6.1	6.0	6.0	6.0	6.6	6.4	6.1
CPI inflation	1.4	1.4	1.6	1.8	2.2	1.8	2.1	2.2	2.1	2.5	2.3	2.3	2.0	1.6	2.1	2.3
Unemployment rate (%)	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Current account (% GDP)	0.7	1.7	1.3	1.8	-1.1	0.2	0.9	1.1	0.1	0.4	0.5	0.6	1.7	1.5	0.5	0.4
Government balance (% GDP)													-3.7	-4.0	-4.0	-4.0
General government debt (% GDP)													46.2	49.3	52.0	54.5
Key CB rate (period end, %)	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35

Note: All numbers are expressed in y/y % change unless otherwise specified. *Contributions by GDP expenditure components are all reported as "year to date" numbers officially. Source: Barclays Research

COUNTRY SNAPSHOT: EURO AREA

	2017				2018				2019				Calendar year average			
% change q/q	Q1	Q2	Q3	Q4	Q1	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E	2016	2017	2018E	2019E
Real GDP	0.6	0.7	0.7	0.7	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.4	...	...	...	...
Real GDP (saar)	2.4	2.9	2.9	2.8	1.5	1.5	2.0	1.8	1.9	1.8	1.8	1.7	...	...	...	...
Real GDP (y/y)	2.0	2.5	2.8	2.8	2.5	2.2	1.9	1.7	1.8	1.9	1.8	1.8	1.8	2.4	2.1	1.8
Private consumption	0.4	0.5	0.4	0.2	0.5	0.2	0.4	0.4	0.4	0.4	0.4	0.3	2.0	1.6	1.4	1.5
Public consumption	0.1	0.5	0.5	0.3	0.1	0.4	0.4	0.3	0.4	0.3	0.2	0.2	1.8	1.1	1.2	1.3
Investment	-0.5	2.0	-0.1	1.4	0.3	0.9	0.8	1.0	0.9	0.8	0.7	0.7	3.7	2.7	3.3	3.4
Inventories contribution (pp)	0.0	0.1	0.0	-0.3	0.3	0.2	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	0.3	0.1
Final dom. demand cont. (pp)	0.1	0.8	0.3	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.4	0.4	2.3	1.7	1.8	1.9
Net exports contribution (pp)	0.5	-0.1	0.5	0.5	-0.3	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	-0.3	0.7	0.2	-0.1
Industrial output (ex construct.)	0.4	0.7	0.3	0.6	-0.2	0.3	0.3	0.4	0.4	0.3	0.3	0.3	1.6	2.4	1.0	1.4
Employment (q/q)	0.5	0.4	0.4	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	1.4	1.6	1.1	0.9
Unemployment rate %	9.5	9.1	9.0	8.7	8.6	8.5	8.3	8.2	8.1	8.0	7.9	7.8	10.0	9.1	8.4	8.0
CPI inflation y/y	1.8	1.5	1.4	1.4	1.3	1.7	2.1	1.9	1.7	1.5	1.3	1.3	0.2	1.5	1.7	1.5
Core CPI (ex food/energy) y/y	0.8	1.1	1.2	0.9	1.0	0.9	1.1	1.2	1.1	1.2	1.2	1.2	0.9	1.0	1.1	1.2
Nominal GDP (y/y)	…	…	…	…	…	…	…	…	…	…	…	…	2.5	3.5	4.0	3.3
Current account % GDP	3.2	2.8	4.1	3.7	3.9	3.6	3.5	3.5	3.4	3.4	3.3	3.4	3.6	3.5	3.6	3.4
Government balance % GDP	…	…	…	…	…	…	…	…	…	…	…	…	-1.5	-1.0	-0.8	-0.9
Gross public debt % GDP	…	…	…	…	…	…	…	…	…	…	…	…	91.3	90.6	88.2	86.2
Refi rate (period end %)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depo rate (period end%)	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.25	-0.25	-0.40	-0.40	-0.40	-0.25

Note: All numbers expressed in % q/q unless otherwise specified. Source: Haver Analytics, Barclays Research

COUNTRY SNAPSHOT: FRANCE

	2017				2018				2019				Calendar year average			
% change q/q	Q1	Q2	Q3	Q4	Q1	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E	2016	2017	2018E	2019E
Real GDP	0.8	0.6	0.7	0.7	0.2	0.2	0.3	0.4	0.4	0.4	0.4	0.4	…	…	…	…
Real GDP (saar)	3.2	2.6	2.7	2.7	0.6	0.6	1.4	1.6	1.7	1.8	1.7	1.6	…	…	…	…
Real GDP (y/y)	1.4	2.3	2.7	2.8	2.2	1.7	1.3	1.1	1.3	1.6	1.7	1.7	1.1	2.3	1.6	1.6
Private consumption	0.0	0.4	0.4	0.2	0.2	-0.1	0.2	0.4	0.4	0.5	0.6	0.6	1.9	1.2	0.8	1.6
Public consumption	0.1	0.4	0.6	0.3	0.2	0.4	0.3	0.3	0.3	0.3	0.2	0.2	1.4	1.4	1.4	1.2
Investment (GFCI)	2.3	0.7	1.4	0.9	0.1	0.7	0.6	0.6	0.7	0.7	0.6	0.6	2.7	4.7	2.7	2.8
Final domestic demand	0.6	0.5	0.7	0.4	0.2	0.2	0.3	0.4	0.5	0.5	0.5	0.5	2.0	2.0	1.4	1.8
Inventories (pp)	0.9	-0.8	0.4	-0.4	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	-0.4	0.2	0.0	0.2
Net exports (pp)	-0.7	1.0	-0.4	0.7	0.0	-0.4	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.5	0.1	0.2	-0.4
Exports	0.0	2.8	0.8	2.5	-0.4	0.6	0.9	1.2	1.2	1.2	1.3	1.4	1.5	4.7	3.8	4.7
Imports	2.0	-0.5	2.0	0.3	-0.3	1.7	1.0	1.4	1.4	1.4	1.4	1.5	3.1	4.1	2.9	5.6
Employment	0.3	0.4	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.7	1.2	1.1	0.8
Unemployment rate %	9.5	9.5	9.5	9.2	9.2	9.2	9.1	9.1	9.0	8.9	8.9	8.8	10.1	9.4	9.2	8.9
HICP inflation (y/y)	1.5	1.0	0.9	1.2	1.5	2.1	2.5	2.4	1.9	1.6	1.5	1.5	0.3	1.2	2.1	1.6
Core HICP ex food/energy (y/y)	0.5	0.5	0.6	0.6	0.9	1.0	1.0	1.1	1.1	1.2	1.2	1.3	0.6	0.6	1.0	1.2
Nominal GDP (y/y)	…	…	…	…	…	…	…	…	…	…	…	…	1.3	3.0	3.1	3.3
Current account % GDP	-1.0	-0.7	-0.6	-0.1	0.0	-1.1	-1.1	-1.2	-1.3	-1.2	-1.0	-0.9	-0.8	-0.6	-0.8	-1.1
Government balance % GDP	…	…	…	…	…	…	…	…	…	…	…	…	-3.4	-2.6	-2.2	-2.6
Government gross debt % GDP	…	…	…	…	…	…	…	…	…	…	…	…	96.6	97.0	96.1	95.5

Note: All numbers expressed in % q/q unless otherwise specified. Source: Eurostat, INSEE, Barclays Research

COUNTRY SNAPSHOT: GERMANY

	2017				2018				2019				Calendar year average			
% change q/q	Q1	Q2	Q3	Q4	Q1	Q2	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E	2016	2017	2018E	2019E
Real GDP	1.1	0.5	0.6	0.5	0.4	0.5	0.5	0.5	0.6	0.4	0.5	0.4	…	…	…	…
Real GDP (saar)	4.5	2.2	2.3	2.2	1.5	1.8	2.0	2.0	2.3	1.8	1.9	1.6	…	…	…	…
Real GDP (y/y)	2.1	2.2	2.7	2.8	2.0	1.9	1.9	1.8	2.0	2.0	2.0	1.9	2.2	2.5	1.9	2.0
Private consumption	0.5	0.8	0.0	0.1	0.4	0.3	0.6	0.5	0.5	0.5	0.3	0.2	1.9	2.0	1.3	1.8
Public consumption	0.1	0.5	0.5	0.4	-0.5	0.6	0.6	0.6	0.8	0.6	0.3	0.3	3.7	1.5	1.1	2.4
Investment (GFCI)	2.6	1.5	0.4	0.3	1.7	0.5	1.4	1.6	1.2	0.9	0.7	0.5	2.9	4.0	3.9	4.3
Final domestic demand	0.9	0.9	0.2	0.2	0.5	0.4	0.7	0.8	0.7	0.6	0.4	0.3	2.4	2.3	1.8	2.5
Inventories (pp)	-0.5	0.2	0.1	-0.1	-0.1	0.4	0.0	0.0	0.0	-0.1	0.0	0.0	-0.1	0.1	0.2	0.0
Net exports (pp)	0.5	-0.5	0.4	0.5	-0.1	-0.4	-0.2	-0.2	-0.1	0.0	0.1	0.1	-0.4	0.2	0.0	-0.4
Exports	1.6	1.1	1.7	2.6	-1.0	0.7	0.8	0.9	1.1	1.1	1.1	1.2	2.4	5.3	3.2	4.1
Imports	0.5	2.4	1.0	1.8	-1.1	1.7	1.4	1.5	1.5	1.2	1.1	1.1	3.8	5.6	3.8	5.6
Employment	0.4	0.3	0.3	0.3	0.2	0.2	0.2	0.3	0.2	0.2	0.2	0.2	1.3	1.4	1.0	0.9
Unemployment rate %	3.9	3.8	3.7	3.6	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	4.2	3.8	3.5	3.5
HICP inflation (y/y)	1.9	1.6	1.7	1.6	1.3	1.9	2.0	1.8	1.9	1.7	1.7	1.6	0.4	1.7	1.8	1.7
Core HICP ex food/energy (y/y)	1.0	1.4	1.5	1.2	1.3	1.2	1.1	1.2	1.3	1.4	1.5	1.6	1.1	1.3	1.2	1.4
Nominal GDP (y/y)	…	…	…	…	…	…	…	…	…	…	…	…	3.6	4.0	3.8	3.7
Current account % GDP	8.1	7.0	8.2	8.1	7.8	7.1	6.5	6.0	6.0	6.0	6.0	6.2	8.4	7.9	6.8	6.0
Government balance % GDP	…	…	…	…	…	…	…	…	…	…	…	…	1.0	1.3	0.8	0.2
Government gross debt % GDP	…	…	…	…	…	…	…	…	…	…	…	…	68.2	64.1	60.8	58.4

Note: All numbers expressed in % q/q swda, unless otherwise specified. Annual historical data are computed using quarterly aggregation and could therefore differ from other statistics sources. Source: Eurostat, Destatis, Barclays Research

COUNTRY SNAPSHOT: INDIA

	FY 17-18				FY 18-19				FY 19-20				Fiscal year average			
% change y/y	Q1	Q2	Q3	Q4	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E	2016-17	2017-18	2018-19E	2019-20E
Real GDP	5.6	6.3	7.0	7.7	8.0	7.5	7.4	7.3	7.5	7.5	7.6	7.5	7.1	6.7	7.6	7.5
Private consumption	6.9	6.8	5.9	6.7	6.9	7.0	7.2	7.2	7.3	7.3	7.3	7.4	7.3	6.6	7.1	7.4
Public consumption	17.6	3.8	6.8	16.8	12.0	12.0	12.0	8.0	11.0	11.0	11.0	9.0	12.2	10.9	11.1	10.6
Fixed investment	0.8	6.1	9.1	14.4	9.0	7.0	7.0	6.0	6.0	6.0	6.5	6.5	10.1	7.6	7.2	6.3
CPI inflation (average)	2.2	3.0	4.6	4.6	4.8	4.7	4.3	4.7	5.4	5.4	5.1	4.7	4.5	3.6	4.6	5.1
Current account balance (% GDP)	…	…	…	…	…	…	…	…	…	…	…	…	-0.7	-1.9	-2.6	-2.4
General govt balance (% GDP)	…	…	…	…	…	…	…	…	…	…	…	…	-6.5	-6.5	-6.5	-6.3
Gross public debt (% GDP)	…	…	…	…	…	…	…	…	…	…	…	…	68.6	68.5	68.0	67.5
Repo rate (period end, %)	6.25	6.00	6.00	6.00	6.25	6.50	6.50	6.50	6.75	6.75	6.75	6.75	6.25	6.00	6.50	6.75
Cash reserve ratio (period end, %)	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00

Note: Values expressed in % y/y unless otherwise specified. India's fiscal year begins in April and ends in March.
Source: Barclays Research

COUNTRY SNAPSHOT: ITALY

	2017				2018				2019				Calendar year average			
% change q/q	Q1	Q2	Q3	Q4	Q1	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E	2016	2017	2018E	2019E
Real GDP	0.5	0.4	0.3	0.4	0.3	0.2	0.3	0.3	0.3	0.2	0.2	0.2	…	…	…	…
Real GDP (saar)	2.0	1.6	1.4	1.4	1.1	1.0	1.2	1.0	1.2	0.9	0.9	0.8	…	…	…	…
Real GDP (y/y)	1.3	1.6	1.7	1.6	1.4	1.2	1.2	1.1	1.1	1.1	1.0	1.0	1.0	1.6	1.2	1.1
Private consumption	0.7	0.1	0.3	0.0	0.4	0.3	0.2	0.2	0.3	0.2	0.2	0.1	1.4	1.4	0.9	0.8
Public consumption	0.1	0.1	-0.1	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.6	0.1	0.2	0.4
Investment	-1.9	1.4	2.9	1.5	-1.4	0.5	0.3	0.2	0.2	0.2	0.1	0.1	3.3	3.9	2.1	0.9
Final domestic demand	0.1	0.3	0.7	0.3	0.0	0.3	0.2	0.2	0.2	0.1	0.1	0.1	1.6	1.6	1.0	0.7
Inventories (pp)	0.0	0.6	-0.5	-0.3	0.7	0.1	0.0	0.0	0.0	0.0	0.0	0.0	-0.3	-0.2	0.4	0.1
Net exports (pp)	0.4	-0.5	0.1	0.4	-0.4	-0.1	0.1	0.1	0.0	0.0	0.1	0.1	-0.3	0.2	-0.2	0.2
Exports	2.5	-0.1	1.8	1.8	-2.1	0.7	0.8	0.8	0.8	0.8	0.8	0.8	2.6	6.0	1.1	3.2
Imports	1.3	1.6	1.4	0.5	-0.9	1.1	0.6	0.6	0.7	0.7	0.6	0.6	3.8	5.7	1.9	2.7
Employment	0.5	0.2	0.4	-0.4	0.1	0.2	0.2	0.2	0.1	0.2	0.2	0.1	1.3	1.1	0.3	0.5
Unemployment rate %	11.6	11.2	11.2	11.0	11.0	11.0	10.9	10.9	10.5	10.4	10.4	10.3	11.7	11.3	11.0	10.4
HICP inflation (y/y)	1.3	1.6	1.3	1.1	0.9	1.0	1.8	1.9	1.8	1.9	1.6	1.6	-0.1	1.3	1.4	1.7
Core HICP ex food/energy (y/y)	0.6	1.0	1.1	0.5	0.6	0.5	0.8	1.3	1.3	1.5	1.5	1.6	0.5	0.8	0.8	1.5
Nominal GDP (y/y)	…	…	…	…	…	…	…	…	…	…	…	…	1.8	2.2	2.6	2.8
Current account % GDP	2.9	2.4	3.1	2.7	2.1	1.8	1.6	1.5	1.4	1.2	1.1	1.0	2.6	2.8	1.8	1.2
Government balance % GDP	…	…	…	…	…	…	…	…	…	…	…	…	-2.5	-2.3	-2.0	-2.7
Government gross debt % GDP	…	…	…	…	…	…	…	…	…	…	…	…	132.0	131.8	130.8	130.1

Note: All numbers expressed in % q/q unless otherwise specified. Source: Eurostat, Istat, Barclays Research

COUNTRY SNAPSHOT: JAPAN

% change q/q	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2E	2018 Q3E	2018 Q4E	2019 Q1E	2019 Q2E	2019 Q3E	2019 Q4E	Calendar year average 2016	2017	2018E	2019E
Real GDP	0.7	0.5	0.6	0.2	-0.2	0.5	0.4	0.5	0.4	0.3	0.5	-1.4	...	...	...	...
Real GDP (q/q, saar)	2.7	2.1	2.3	0.8	-0.9	1.9	1.6	2.1	1.8	1.0	2.1	-5.5	...	...	...	...
Real GDP (y/y)	1.5	1.6	2.0	2.0	1.0	1.0	1.6	1.7	1.7	1.5	1.6	-0.2	1.0	1.7	1.0	1.3
Private consumption	0.5	0.8	-0.7	0.3	-0.2	0.7	0.2	0.6	0.5	0.5	1.4	-3.0	0.1	1.0	0.7	1.5
Public consumption	0.3	0.4	0.1	0.1	0.0	0.2	0.2	0.2	0.2	0.2	0.2	0.2	1.3	0.4	0.5	0.8
Residential investment	0.8	1.3	-1.3	-3.0	-2.3	-2.7	2.5	0.5	1.6	1.8	0.9	-4.5	5.7	2.7	-5.4	3.2
Public investment	-0.2	5.4	-2.9	-0.6	-0.4	-0.1	1.0	0.5	0.2	0.2	0.2	0.2	-0.1	1.2	-0.3	1.3
Capital Investment	0.6	0.5	1.2	0.8	0.5	1.3	0.6	0.7	0.7	0.6	1.6	-1.1	0.6	2.9	3.3	2.9
Net exports (q/q cont.)	0.1	-0.3	0.6	-0.1	0.1	-0.1	0.1	-0.0	-0.1	-0.2	-0.6	0.6	0.6	0.6	0.5	0.2
Exports	1.9	0.2	2.1	2.1	0.6	0.2	0.9	1.1	1.0	0.8	0.7	0.6	1.7	6.7	4.2	3.4
Imports	1.4	1.9	-1.5	3.3	0.2	1.0	0.7	1.1	1.3	2.0	4.0	-2.5	-1.6	3.4	3.7	5.7
Ch. Inventories (q/q cont.)	0.1	-0.1	0.4	0.2	-0.2	0.0	-0.0	0.0	0.0	-0.0	0.0	0.0	-0.2	-0.1	0.1	0.0
Nominal GDP	0.2	0.8	0.8	0.3	-0.4	0.4	0.5	0.5	1.1	0.4	0.7	-0.7	1.2	1.5	1.1	2.3
Industrial output	0.2	1.8	0.4	1.6	-1.3	1.3	0.5	1.8	1.2	1.0	0.9	-1.4	-0.2	4.4	2.2	3.9
Employment	0.0	0.8	0.4	0.1	0.6	0.9	0.2	0.2	0.2	0.1	0.1	0.0	1.0	1.0	2.1	0.7
Unemployment rate (%)	2.9	2.9	2.8	2.7	2.5	2.4	2.4	2.4	2.4	2.4	2.3	2.3	3.1	2.8	2.4	2.4
CPI ex perishables (y/y)	0.2	0.4	0.6	0.9	0.9	0.8	1.1	1.0	0.9	0.8	0.8	1.6	-0.3	0.5	0.9	1.0
CPI ex food/energy (y/y)	-0.1	-0.2	-0.1	0.1	0.3	0.1	0.2	0.2	0.3	0.4	0.5	1.1	0.3	-0.1	0.2	0.6
Current account (% GDP)	4.0	3.7	4.2	4.3	3.4	4.0	3.8	3.6	4.0	3.6	3.2	4.0	3.8	4.0	3.7	3.7
Government balance (% GDP)	...	...	...	...	...	...	...	...	...	...	...	...	-4.5	-5.1	-4.6	-4.1
Overnight call rate (% EOP)	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10

Note: Central bank rates are for end of period, %. Source: BoJ, Cabinet Office, METI, MIC, MoF, Barclays Research

COUNTRY SNAPSHOT: MEXICO

% change q/q saar (unless otherwise stated)	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2E	2018 Q3E	2018 Q4E	2019 Q1E	2019 Q2E	2019 Q3E	2019 Q4E	Calendar year average 2016	2017	2018E	2019E
Real GDP	1.5	1.4	-0.2	3.6	4.6	1.2	2.4	2.2	2.0	1.2	2.0	2.5	...	...	...	...
Real GDP (% y/y)	3.3	1.8	1.6	1.5	1.3	2.3	2.9	2.6	2.0	2.0	1.9	1.9	2.9	2.0	2.3	1.9
Private consumption	1.9	4.1	2.5	1.4	6.2	3.1	2.7	2.5	2.2	1.9	2.4	2.7	3.8	3.0	3.2	2.4
Public consumption	-2.5	0.7	-1.8	2.8	4.3	1.8	1.5	1.4	1.1	1.0	1.3	1.5	2.3	0.1	1.9	1.3
Investment	-8.0	-0.4	0.3	0.0	13.5	3.1	2.7	2.6	2.3	2.1	2.5	2.7	1.1	-1.5	4.0	2.5
Real net exports (contr., % y/y)	...	...	...	...	...	...	...	...	...	...	...	...	0.2	-0.9	-0.6	0.3
Industrial output	1.3	1.3	0.6	1.6	3.2	2.8	2.4	2.4	1.2	1.2	1.5	1.6	1.2	3.4	2.2	1.7
Nominal GDP (% y/y)	11.3	8.4	7.8	7.9	8.1	8.3	9.2	8.1	6.6	6.4	5.7	5.6	8.4	8.3	7.6	5.8
CPI inflation (% y/y, avg)	5.0	6.1	6.5	6.6	5.3	4.6	4.7	4.6	4.4	4.1	3.6	3.4	2.8	6.0	4.8	3.9
Unemployment rate (%, avg)	3.5	3.4	3.3	3.3	3.2	3.2	3.1	3.1	3.0	3.0	3.0	3.1	3.9	3.4	3.1	3.0
Key central bank rate (%, eop)*	6.50	7.00	7.00	7.25	7.50	7.75	7.75	7.75	7.75	7.50	7.00	6.50	5.75	7.25	7.75	6.50
Current account (% GDP)*	...	...	...	...	...	...	...	...	...	...	...	...	-2.2	-1.7	-1.6	-1.4
Government balance (% GDP)*	...	...	...	...	...	...	...	...	...	...	...	...	-2.5	-1.1	-2.0	-2.2
Gross public debt (% GDP)*	...	...	...	...	...	...	...	...	...	...	...	...	49.4	47.2	45.9	45.6
Gross external debt (% GDP)*	...	...	...	...	...	...	...	...	...	...	...	...	38.6	35.6	36.0	37.4

Note: *End of period for quarters and years. Source: INEGI, Banxico, SHCP, Barclays Research

COUNTRY SNAPSHOT: SPAIN

	2017				2018				2019				Calendar year average			
% change q/q	Q1	Q2	Q3	Q4	Q1	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E	2016	2017	2018E	2019E
Real GDP	0.8	0.9	0.7	0.7	0.7	0.6	0.6	0.5	0.5	0.5	0.5	0.5	…	…	…	…
Real GDP (saar)	3.2	3.5	2.8	2.7	2.8	2.3	2.5	2.2	2.1	2.1	2.2	2.1	…	…	…	…
Real GDP (y/y)	3.0	3.1	3.1	3.1	3.0	2.7	2.6	2.4	2.2	2.2	2.1	2.1	3.3	3.1	2.7	2.2
Private consumption	0.4	0.8	0.7	0.6	0.7	0.2	0.4	0.5	0.4	0.4	0.4	0.4	3.0	2.4	2.2	1.7
Public consumption	1.1	0.5	0.4	0.4	0.5	0.7	0.8	0.2	0.2	0.2	0.2	0.2	0.8	1.6	2.2	1.2
Investment	2.8	0.6	1.4	0.7	0.8	2.6	0.5	1.2	1.0	1.2	1.2	1.1	3.3	5.0	4.8	4.7
Final domestic demand	1.1	0.7	0.8	0.6	0.7	0.9	0.5	0.6	0.5	0.5	0.6	0.6	2.6	2.8	2.8	2.3
Inventories (pp)	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0
Net exports (pp)	-0.2	0.2	-0.1	0.1	0.1	-0.2	0.1	-0.1	0.0	0.0	0.0	0.0	0.7	0.3	0.0	0.0
Exports	2.4	1.0	0.6	0.3	1.3	-1.0	1.1	1.1	1.1	1.1	1.1	1.1	4.8	5.0	2.1	3.9
Imports	3.7	0.5	1.0	0.0	1.3	-0.3	0.8	1.5	1.2	1.2	1.2	1.2	2.7	4.7	2.5	4.4
Employment	0.7	0.8	0.7	0.4	0.1	0.6	0.6	0.5	0.6	0.5	0.5	0.5	2.5	2.6	1.8	2.1
Unemployment rate %	18.2	17.3	16.8	16.6	16.2	16.0	15.6	15.3	14.9	14.6	14.3	13.9	19.6	17.2	15.8	14.4
HICP inflation (y/y)	2.7	2.1	1.8	1.6	1.1	1.8	2.3	1.8	2.0	1.7	1.4	1.4	-0.3	2.0	1.7	1.6
Core HICP ex food/energy (y/y)	1.1	1.3	1.6	1.0	1.2	1.0	1.1	1.4	1.5	1.7	1.7	1.8	0.7	1.2	1.2	1.7
Nominal GDP (y/y)	…	…	…	…	…	…	…	…	…	…	…	…	3.6	4.0	4.2	3.8
Current account % GDP	1.8	2.0	1.7	2.0	1.5	1.1	1.0	0.9	1.2	1.2	1.2	1.2	1.9	1.9	1.1	1.2
Government balance % GDP	…	…	…	…	…	…	…	…	…	…	…	…	-4.5	-3.1	-2.3	-1.8
Government gross debt % GDP	…	…	…	…	…	…	…	…	…	…	…	…	99.0	98.3	96.5	95.7

Note: All numbers expressed in % q/q unless otherwise specified. Source: Eurostat, INE, Barclays Research

COUNTRY SNAPSHOT: SOUTH KOREA

	2017				2018				2019				Calendar year average			
% Change	Q1	Q2	Q3	Q4	Q1	Q2	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E	2016	2017	2018E	2019E
Real GDP (q/q, saar)	4.0	2.6	5.7	-0.8	4.1	2.8	3.0	2.8	2.4	2.8	2.4	2.4				
Real GDP (y/y)	2.9	2.8	3.8	2.8	2.8	2.9	2.2	3.2	2.8	2.7	2.6	2.5	2.9	3.1	2.8	2.7
Private consumption	2.1	2.4	2.6	3.4	3.5	2.8	2.8	2.7	2.8	3.0	2.6	3.0	2.5	2.6	3.0	2.8
Public consumption	2.4	2.8	4.3	4.1	5.8	4.8	4.0	4.5	4.5	5.0	4.0	4.0	4.5	3.4	4.8	4.4
GFCF	11.0	10.0	9.2	5.0	3.7	-1.1	1.5	1.0	2.0	1.5	0.5	1.4	5.6	8.6	1.2	1.3
Exports	3.7	0.3	4.4	-0.6	1.6	5.2	4.0	4.5	3.9	2.7	3.2	3.2	2.6	1.9	3.8	3.2
Imports	10.1	6.6	7.4	4.1	4.2	2.4	2.8	2.6	1.0	2.5	2.1	2.0	4.7	7.0	3.0	1.9
Industrial output	4.7	2.2	4.6	-3.8	-2.2	0.6	1.2	2.6	3.2	1.2	1.6	1.6	2.3	1.9	0.5	1.9
Unemployment rate (%)	3.7	3.8	3.6	3.7	3.7	3.8	3.8	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.8	3.7
CPI inflation (y/y)	2.1	1.9	2.3	1.5	1.3	1.5	1.1	1.9	1.9	1.9	2.2	2.0	1.0	1.9	1.5	2.0
Current account (% GDP)													7.0	5.1	4.7	4.7
Consolidated fiscal balance* (% GDP)													-1.4	-1.1	-0.6	-0.6
Key CB rate (period end, %)	1.25	1.25	1.25	1.50	1.50	1.50	1.50	1.75	1.75	2.00	2.00	2.00	1.25	1.50	1.75	2.00

Note: All numbers expressed in y/y basis unless otherwise specified. *Consolidated fiscal balance is shown after excluding social security funds.
Source: Haver Analytics, Barclays Research

COUNTRY SNAPSHOT: UNITED KINGDOM

	2017				2018				2019				Calendar year average			
% Change q/q	**Q1**	**Q2**	**Q3**	**Q4**	**Q1 F**	**Q2 F**	**Q3 F**	**Q4 F**	**Q1 F**	**Q2 F**	**Q3 F**	**Q4 F**	**2016**	**2017**	**2018F**	**2019F**
Real GDP	0.4	0.2	0.4	0.4	0.2	0.4	0.4	0.3	0.4	0.2	0.3	0.2	…	…	…	…
Real GDP (saar)	1.6	0.9	1.4	1.4	0.9	1.5	1.5	1.3	1.6	0.7	1.3	0.9	…	…	…	…
Real GDP (y/y)	1.8	1.8	1.7	1.3	1.2	1.3	1.3	1.3	1.5	1.3	1.2	1.1	1.8	1.7	1.3	1.3
Private consumption	0.6	0.3	0.2	0.3	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	3.1	1.8	1.1	1.1
Public consumption	-0.5	0.5	-0.1	0.4	0.4	0.4	0.2	0.3	0.0	0.3	0.3	0.2	0.8	-0.1	1.2	0.9
Investment	1.1	1.6	0.4	0.8	-1.3	0.8	0.5	0.3	0.4	0.4	0.3	0.3	2.3	3.4	0.9	1.7
Inventories (pp)	-0.4	-0.3	0.1	-0.4	0.2	0.7	-0.1	-0.1	0.2	-0.1	0.1	-0.1	-0.1	-0.4	0.4	0.2
Net exports (pp)	0.0	0.0	0.1	0.3	0.1	-0.8	0.1	0.2	0.0	0.0	0.0	0.1	-0.7	0.6	-0.2	-0.1
Nominal GDP (y/y)	4.3	3.8	3.5	2.9	2.7	3.1	3.3	3.3	3.0	3.3	3.2	3.1	3.9	3.6	3.1	3.1
Employment (Mn)	31.9	32.1	32.1	32.1	32.3	32.3	32.3	32.3	32.3	32.3	32.4	32.4	31.7	32.1	32.3	32.3
Employment growth	0.4	0.4	0.0	0.3	0.6	-0.1	0.0	-0.1	-0.1	0.2	0.1	0.1	1.4	1.0	0.8	0.0
Unemployment rate (%)	4.6	4.4	4.3	4.4	4.2	4.3	4.4	4.6	4.8	4.9	5.0	5.0	4.9	4.4	4.4	4.9
CPI inflation (y/y)	2.1	2.7	2.8	3.0	2.7	2.4	2.3	2.1	2.0	2.0	1.9	1.9	0.7	2.7	2.4	2.0
Current account (% GDP)	-3.2	-4.6	-3.9	-3.8	-3.4	-4.2	-4.1	-4.0	-4.0	-4.0	-4.0	-3.9	-5.2	-3.9	-3.9	-4.0
Government balance (% GDP)	…	…	…	…	…	…	…	…	…	…	…	…	-2.3	-1.9	-1.7	-1.6
Government debt (% GDP)	…	…	…	…	…	…	…	…	…	…	…	…	85.3	85.3	86.9	85.5
Bank Rate (EOP)	0.25	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.25	0.50	0.75	0.75

Note: Government balance is fiscal year forecasts, eg, 2016= FY 16/17, and defined as public sector net borrowing excluding financial interventions. Government debt is fiscal year forecasts, eg, 2016 = FY 16/17, and defined as public sector net debt. Source: ONS, Barclays Research

COUNTRY SNAPSHOT: UNITED STATES

	2017				2018				2019				Calendar year avg		
% Change q/q saar	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**2017**	**2018**	**2019**
Real GDP	1.8	3.0	2.8	2.3	2.2	4.1	3.0	3.0	2.5	2.5	2.0	1.5	2.2	2.8	2.6
Real GDP (% y/y)	1.9	2.1	2.3	2.5	2.6	2.8	2.9	3.1	3.1	2.8	2.5	2.1			
Private consumption	1.8	2.9	2.2	3.9	0.5	4.0	3.0	3.0	2.5	2.0	2.0	1.5	2.5	2.6	2.5
Public consump and invest.	-0.8	0.0	-1.0	2.4	1.5	2.1	4.5	4.5	2.5	2.5	1.0	1.0	-0.1	1.9	2.8
Gross private investment	4.9	5.7	8.8	0.8	9.6	-0.5	4.4	3.6	3.4	3.4	2.3	1.7	4.8	4.6	3.1
Residential investment	11.1	-5.5	-0.5	11.1	-3.4	-1.1	1.0	1.0	1.0	1.0	1.0	1.0	3.3	0.7	0.9
Equipment investment	9.1	9.7	9.8	9.9	8.5	3.9	6.0	5.0	5.0	5.0	3.0	2.0	6.1	7.5	4.6
Intellectual property investment	8.0	6.6	1.7	0.7	14.1	8.2	5.0	4.0	4.0	4.0	3.0	2.0	4.6	6.6	4.1
Structures investment	12.8	3.8	-5.7	1.3	13.9	13.3	4.0	3.0	2.0	2.0	1.5	1.5	4.6	6.2	3.0
Ch. inventories (contr to GDP, pp)	-0.8	0.2	1.0	-0.9	0.3	-1.0	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Net exports (contr to GDP, pp)	-0.1	0.1	0.0	-0.9	0.0	1.1	-0.7	-0.6	-0.2	0.1	0.0	0.0	-0.3	-0.1	0.0
Exports	5.0	3.6	3.5	6.6	3.6	9.3	1.0	2.0	3.0	3.0	2.5	2.5	3.0	4.8	2.9
Imports	4.8	2.5	2.8	11.8	3.0	0.5	5.5	5.5	4.0	2.0	2.0	2.0	4.6	4.5	3.5
Final sales to domestic purchasers	2.6	2.6	1.7	4.0	1.9	3.9	3.5	3.4	2.7	2.4	1.9	1.5	2.5	3.2	2.9
Industrial production (%y/y)	0.2	1.9	1.3	3.0	3.4	3.6	4.6	3.1	3.0	2.0	1.8	1.5	1.6	3.6	2.1
GDP price index	2.0	1.2	2.2	2.5	2.0	3.0	2.0	2.2	2.3	2.1	2.3	2.4	1.9	2.3	2.3
Nominal GDP	3.9	4.2	4.8	5.1	4.3	7.4	4.8	5.2	4.9	4.6	4.3	4.0	4.2	5.2	4.9
Employment (avg mthly chg, K)	177	190	142	221	218	230	169	175	150	150	125	125	182	198	138
Unemployment rate (%)	4.6	4.3	4.3	4.1	4.1	3.9	3.8	3.7	3.5	3.4	3.2	3.0	4.4	3.9	3.3
CPI inflation (%y/y)	2.5	1.9	2.0	2.1	2.2	2.7	2.7	2.4	2.1	2.2	2.2	2.2	2.1	2.5	2.2
Core CPI (%y/y)	2.2	1.8	1.7	1.8	1.9	2.2	2.3	2.4	2.2	2.3	2.4	2.5	1.8	2.2	2.4
PCE price index (% y/y)	2.0	1.6	1.6	1.8	1.9	2.2	2.2	2.0	1.9	1.9	1.9	2.0	1.8	2.1	1.9
Core PCE price index (%y/y)	1.8	1.6	1.5	1.6	1.7	1.9	2.0	1.9	1.9	1.9	2.0	2.1	1.6	1.9	2.0
Current account (%GDP)	-2.2	-2.5	-2.1	-2.7	-2.8	-2.9	-3.1	-3.4	-3.4	-3.5	-3.6	-3.6	-2.3	-3.0	-3.5
Federal budget bal. ($bn)													-666	-750	-1100
Federal budget bal. (%GDP)													-3.5	-3.7	-5.2
Government debt (%GDP)													106.0	107.0	108.0
Federal funds, target range (%)	0.75-1.0	1.0-1.25	1.0-1.25	1.25-1.5	1.5-1.75	1.75-2.0	**2.0-2.25**	**2.25-2.5**	**2.5-2.75**	**2.75-3.0**	**3.0-3.25**	**3.25-3.50**			

Note: All numbers expressed in % q/q saar unless otherwise specified. Bold fed funds indicates quarter of projected rate increase. The budget balance is fiscal year. Source: BEA, BLS, Federal Reserve, US Treasury, Barclays Research

GLOBAL WEEKLY CALENDAR

Saturday 25 August		Period	Prev-3	Prev-2	Prev-1	Forecast	Consensus
-	Vietnam: CPI, % y/y (to 31/08)	Aug	3.9	4.5	4.5	-	-

Monday 27 August		Period	Prev-3	Prev-2	Prev-1	Forecast	Consensus
-	Germany: Retail sales sa, % m/m (y/y) (to 03/09)	Jul	1.4 (0.9)	-1.4 (-1.0)	0.9 (2.7)	-	-0.2
08:00	Germany: IFO business climate, index	Aug	102.3	101.8	101.7	102.1	101.8
08:00	Germany: IFO business expectations, index	Aug	98.6	98.5	98.2	-	98.5
08:00	Germany: IFO current assessment, index	Aug	106.2	105.2	105.3	-	105.3
21:00	Korea: Expected price change 6m ahead, index	Aug	140	140	141	-	-

Tuesday 28 August		Period	Prev-3	Prev-2	Prev-1	Forecast	Consensus
12:00	**E19: ECB Executive Board Member Praet speaks at 33rd Annual Congress of European Econ. Association in Cologne, Germany**						
03:50	Thailand: Manufacturing production, % y/y	Jul	3.1	2.9	4.7	4.0	4.4
06:45	France: Consumer confidence indicator, index	Aug	99.4	97.1	97.3	-	97.0
07:30	Sweden: Retail Sales, % m/m (y/y)	Jul	0.5 (3.4)	-0.1 (3.1)	-1.8 (0.2)	-	-
08:00	E19: M3, % m/m (y/y)	Jul	0.2 (3.8)	0.6 (4.0)	0.7 (4.4)	(4.5)	(4.3)
08:00	E19: Loans to private sector (adjusted), % m/m (y/y)	Jul	0.1 (3.0)	0.4 (3.3)	-0.1 (3.5)	(3.5)	-
08:00	Italy: Consumer confidence, index	Aug	113.9	116.2	116.3	-	115.9
08:00	Italy: Business confidence, index	Aug	104.6	105.5	105.4	-	-
12:30	Mexico: Unemployment rate, %	Jul	3.4	3.2	3.4	3.4	-
12:30	US: Advance trade balance for goods, $ bn	Jul	-67.3	-64.8	-67.9	-66.7	-
13:00	US: Wholesale inventories-p, % m/m	Jul	0.1	0.4	0.1	-	-
14:00	US: S&P/Case-Shiller 20-city HPI, %m/m (y/y)	Jun	0.5 (6.7)	0.2 (6.7)	0.2 (6.5)	0.2 (6.6)	0.2 (6.4)
15:00	US: Consumer confidence index	Aug	128.8	127.1	127.4	126.5	126.4

Wednesday 29 August		Period	Prev-3	Prev-2	Prev-1	Forecast	Consensus
10:00	**EU28: EU Trade Commissioner Malmström speaks on international trade at an event in Stockholm, Sweden**						
13:00	**Israel: Discount rate, %**	**Aug**	**0.10**	**0.10**	**0.10**	**0.10**	**0.10**
06:00	Germany: GfK consumer confidence, index	Sep	10.7	10.7	10.6	-	10.6
06:45	France: Hhsld consum. goods, % m/m (y/y)	July	-1.8 (0.0)	1.0 (0.0)	0.1 (0.3)	-0.4	0.3
06:45	France: GDP 2nd release, % q/q	Q2	0.7	0.2	0.2 P	0.2	0.2
12:30	Canada: Current account bn, %	Q2	-18.6	-16.5	-19.5	-	-
12:30	US: GDP 2nd release, % q/q saar	Q2	2.3	2.2	4.1	4.1	4.0
12:30	US: Consumer spending 2nd release, % q/q saar	Q2	3.9	0.5	4.0	-	-
12:30	US: GDP price index 2nd release, % q/q saar	Q2	2.5	2.0	3.0	-	3.0
14:00	US: Pending home sales, % m/m	Jul	-1.3	-0.5	0.9	-0.5	0.5
22:45	New Zealand: Building consents, % m/m	Jul	-3.6	6.9	-7.6	-	-

Thursday 30 August		Period	Prev-3	Prev-2	Prev-1	Forecast	Consensus
-	Belgium: CPI, % m/m (y/y)	Aug	0.2 (1.8)	0.1 (2.1)	0.4 (2.2)	-	-
01:00	New Zealand: Business confidence, index	Aug	-27.2	-39.0	-44.9	-	-
01:30	Australia: Building approvals, % m/m	Jul	-5.6	-2.5	6.4	-	-2.0
06:00	UK: Nationwide house price Index, % m/m (y/y)	Aug	-0.3 (2.4)	0.7 (2.0)	0.6 (2.5)	-	0.0 (2.6)
06:00	South Africa: Private sector credit, % y/y	Jul	5.1	4.5	5.7	-	5.8
07:00	Switzerland: KoF leading indicator	Aug	100.0	101.3	101.1	-	101.1
07:00	Spain: Preliminary HICP, % m/m (y/y)	Aug	0.9 (2.1)	0.2 (2.3)	-1.2 (2.3)	(2.3)	0.2 (2.3)
07:00	Sweden: Consumer confidence, index	Aug	98.0	97.1	99.8	-	100.0
07:00	Sweden: Manufacturing confidence indicator, net balance	Aug	118.1	115.9	118.1	-	-
07:00	Sweden: Economic Tendency indicator, index	Aug	108.5	108.7	109.6	-	-
07:55	Germany: Unemployment change (000s, sa); (rate, %)	Aug	-12.0 (3.5)	-14.0 (3.4)	-6.0 (…)	-	-8.0
08:30	UK: Consumer credit, £bn	Jul	2.0	1.6	1.6	1.6	1.6
08:30	UK: Mortgage lending, £bn	Jul	3.7	3.8	3.9	3.8	3.9
08:30	UK: Mortgage approvals, k	Jul	63.0	64.7	65.6	64.5	65.0
09:00	E19: 'Final' consumer confidence, index	Aug	-0.6	-0.5	-1.9 P	-	-1.9
09:00	E19: Industrial confidence, index	Aug	6.9	6.9	5.8	-	5.5
09:30	South Africa: PPI, % y/y	Jul	4.4	4.6	5.9	-	5.9

Note: All times reported in GMT. Some data or events are boxed to indicate their importance to financial markets. Market events are highlighted in light blue.
Sources: Reuters, Market News, Bloomberg, Barclays Research

Thursday 30 August		Period	Prev-3	Prev-2	Prev-1	Forecast	Consensus
11:00	Brazil: IGP-M inflation, % m/m	Aug	1.4	1.9	0.5	-	-
12:00	South Africa: Monthly budget balance, ZAR bn	Jul	-43.7	-17.7	33.8	-85	-
12:00	Germany: Preliminary CPI, % m/m (y/y)	Aug	0.5 (2.2)	0.1 (2.1)	0.3 (2.0)	0.2 (2.1)	0.2 (2.0)
12:00	Germany: Preliminary HICP, % m/m (y/y)	Aug	0.6 (2.2)	0.1 (2.1)	0.4 (2.1)	0.1 (2.0)	0.2 (2.1)
12:30	Canada: Quarterly GDP, % q/q saar	Q2	1.5	1.7	1.3	3.35	-
12:30	Canada: GDP, % m/m (y/y)	Jun	0.3 (2.9)	0.1 (2.5)	0.5 (2.6)	0.2 (2.6)	-
12:30	US: Initial jobless claims, k (4wma)	25–Aug	214 (215)	212 (216)	210 (214)	215	-
12:30	US: Personal income, % m/m	Jul	0.2	0.4	0.4	0.3	0.4
12:30	US: Personal spending, % m/m	Jul	0.5	0.5	0.4	0.3	0.4
12:30	US: PCE price index, % m/m (y/y)	Jul	0.2 (2.0)	0.2 (2.2)	0.1 (2.2)	0.1 (2.3)	0.2 (2.3)
12:30	US: Core PCE price index, % m/m (y/y)	Jul	0.2 (1.9)	0.2 (1.9)	0.1 (1.9)	0.1 (1.9)	0.2
22:00	New Zealand: Consumer confidence, % m/m	Aug	0.4	-0.8	-1.3	-	-
23:00	Korea: Industrial production, % y/y	Jul	0.8	1.2	-0.4	1.6	0.4
23:01	UK: GfK consumer confidence, index	Aug	-7	-9	-10	-10	-11
23:01	UK: Lloyds Business Barometer, %	Aug	35	29	30	-	-
23:30	Japan: Jobs/applicants ratio	Jul	1.59	1.60	1.62	1.62	1.63
23:30	Japan: Unemployment rate, %	Jul	2.5	2.2	2.4	2.4	2.4
23:30	Japan: Tokyo CPI, % y/y	Aug	0.4	0.6	0.9	-	1.0
23:30	Japan: Tokyo CPI ex. perishables, % y/y	Aug	0.5	0.7	0.8	1.0	0.8
23:50	Japan: Industrial production, % m/m	Jul	0.5	-0.2	-1.8	-0.2	0.2

Friday 31 August		Period	Prev-3	Prev-2	Prev-1	Forecast	Consensus
-	**Korea: Bank of Korea 7-day Repo rate, %**	**Aug**	**1.50**	**1.50**	**1.50**	**1.50**	**1.50**
07:30	**Thailand: BoT Monthly Press Release on Economic and Monetary Conditions**					-	-
18:00	**E19: ECB Vice-President Guindos speaks at an event organised by University of Oviedo in La Granda, Spain**						
01:00	China: NBS manufacturing PMI, index	Aug	51.9	51.5	51.2	51.0	51.0
01:00	China: NBS non-manufacturing PMI, index	Aug	54.9	55	54.0	-	-
01:30	Australia: Private sector credit, % m/m / % y/y	Jul	0.4 / 5.0	0.2 / 4.8	0.3 / 4.5	-	0.3 / 4.4
05:00	Estonia: GDP, % q/q	Q2	0.1	2.1	-0.1	-	-
06:00	Finland: Preliminary GDP, % q/q	Q2	1.1	1.1	0.5 P	-	-
06:45	France: Final CPI, % m/m (y/y)	Aug	0.4 (2.0)	0.0 (2.0)	-0.1 (2.3)	0.3 (2.3)	0.5 (2.3)
06:45	France: Preliminary HICP, % m/m (y/y)	Aug	0.5 (2.3)	0.0 (2.3)	-0.1 (2.6)	0.4 (2.4)	0.5 (2.5)
07:00	Spain: Adjusted retail sales, % y/y	Jul	0.3	-0.1	0.1	-	-
07:00	Austria: Final GDP, % q/q	Q2	0.8	0.9	0.5 P	-	-
08:00	Poland: Preliminary CPI, % y/y	Aug	1.7	2.0	2.0	2.1	-
08:00	Poland: Final GDP, % y/y	Q2	4.9	5.2	5.1	5.1	-
08:00	Norway: Registered unemployment rate, %	Aug	2.2	2.2	2.5	-	2.4
08:00	Italy: Unemployment rate, %	Jul	11.0	10.7	10.9	-	10.8
08:30	Portugal: Preliminary HICP, % m/m (y/y)	Aug	0.8 (1.4)	0.0 (2.0)	-0.4 (2.2)	(2.2)	-
09:00	E19: Unemployment rate, %	Jul	8.4	8.3	8.3	-	8.2
09:00	Italy: Preliminary CPI, % m/m (y/y)	Aug	0.3 (1.0)	0.2 (1.3)	0.3 (1.5)	0.2 (1.7)	0.2 (1.5)
09:00	Italy: Preliminary HICP, % m/m (y/y)	Aug	0.3 (1.0)	0.2 (1.4)	-1.4 (1.9)	-0.1 (1.7)	-0.2 (1.6)
09:00	E19: "Flash" HICP, % m/m (y/y)	Aug	0.5 (1.9)	0.1 (2.0)	-0.3 (2.1)	(2.0)	(2.1)
09:00	E19: 'Eurostat' core (HICP x fd, alc, tob, ene), % m/m (y/y)	Aug	0.3 (1.1)	0.0 (0.9)	-0.5 (1.1)	(1.1)	(1.1)
10:00	Italy: Final GDP, % q/q	Q2	0.3	0.3	0.2 P	0.2	0.2
10:00	Portugal: Final GDP, % q/q	Q2	0.7	0.4	0.5 P	0.5	-
12:00	South Africa: Trade balance, ZAR bn	Jul	1.2	3.8	12.0	5.0	-
12:00	Brazil: GDP, % y/y	Q2	1.4	2.1	1.2	1.2	-
12:00	India: GDP, % y/y	Q2	6.5	7.0	7.7	8.0	-
12:30	Canada: Industrial product price, % m/m	Jul	0.4	1.2	0.5	-	-
13:00	Belgium: Final GDP, % q/q	Q2	0.5	0.3	0.3 P	0.3	-
13:45	US: Chicago PMI index	Aug	62.7	64.1	65.5	63	63.0
14:00	US: Final U of Michigan consumer sentiment	Aug	98.2	97.9	95.3 P	95.0	95.7

Note: All times reported in GMT. Some data or events are boxed to indicate their importance to financial markets. Market events are highlighted in light blue.
Sources: Reuters, Market News, Bloomberg, Barclays Research

GLOBAL KEY EVENTS

	2018					2019						
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Key policy meetings/Publications												
North America												
FOMC meeting	1	26	-	8	19	30	-	20	-	1	19	31
Summary of Economic Projections	-	26	-	-	19	-	-	20	-	-	19	-
FOMC minutes	22	-	17	29	-	9	20	-	10	22	-	10
Fed's Beige Book	-	12	24	-	5	16	-	6	17	-	5	17
Fed Hosts Annual Jackson Hole Symposium	23-25	-	-	-	-	-	-	-	-	-	-	-
Bank of Canada	-	5	24	-	5	…	…	…	…	…	…	…
Europe												
EU Summit	-	20$^{\psi}$	18-19	-	13-14	-	-	21-22	-	-	20-21	…
EU General Affairs Council	-	18	16	12	11	…	…	…	…	…	…	…
ECOFIN	-	7-8$^{?}$	2	6,16~	4	…	…	…	…	…	…	…
Eurogroup	-	-	1	5	3	…	…	…	…	…	…	…
ECB "policy" meeting	-	13	25	-	13	24	-	7	10	-	6	25
ECB minutes	23	-	11	22	-	10	21	-	4	8	-	4
ECB economic bulletin	9	27	-	8	27	-	7	21	24	-	20	
ECB "non-policy" meeting	1	26	10	7,21	5	9	6,20	20	-	8,22	26	10
BoE - MPC policy meeting	2	13	-	1	20	-	7	21	-	2	20	-
BoE Inflation Report	2	-	-	1	-	-	7	-	-	2	-	-
BoE minutes	2	13	-	1	20	-	7	21	-	2	20	-
BoE - FPC meeting	-	-	3	28	-	…	…	…	…	…	…	…
Riksbank	-	6	24	-	20	-	13	-	25	-	-	2
SNB	-	20	-	-	12	-	-	21	-	-	13	-
Norges Bank	16	20	25	-	13	-	-	21	-	-	20	-
Asia/RoW												
Bank of Japan	-	18-19	30-31	-	19-20	22-23	-	14-15	24-25	-	19-20	29-30
BoJ minutes	3	25	-	5	26	28	-	20	-	1	25	-
Reserve Bank of Australia	7	4	2	6	4	-	5	5	2	7	4	2
RBNZ	9	27	-	8	-	-	13	-	-	8	-	-
Key international meetings												
IMF/IBRD	-	-	12-14	-	-	-	-	-	12-14	…	…	…
G20	-	-	-	30	1	…	…	…	…	…	…	…
G7	-	-	-	-	-	…	…	…	…	…	…	…
Asia-Europe Meeting (ASEM) summit	-	-	18-19	-	-	-	-	-	-	-	-	-
Elections / key political meetings												
US (Mid-term)	-	-	-	6	-	-	-	-	-	-	-	-
European (Parliament)	-	-	-	-	-	-	-	-	-	23	…	-
Brazil (Presidential)*	-	-	7,28	-	-	-	-	-	-	-	-	-
Colombia (Presidential)	-	-	-	-	-	-	-	-	-	-	-	-
Malaysia (General)	24	-	-	-	-	-	-	-	-	-	-	-
Japan (LDP Presidential)	-	20	-	-	-	-	-	-	-	-	-	-
Japan (Local)	-	-	-	-	-	-	-	-	TBD	-	-	-
Italy (Regional)	-	-	21	-	-	-	-	-	-	-	-	-
Sweden (Parliament)	-	9	-	-	-	-	-	-	-	-	-	-
UK Labour Party conference	-	23	-	-	-	-	-	-	-	-	-	-
UK Conservative party conference	-	30	-	-	-	-	-	-	-	-	-	-
UK End of summer recess	-	4$^{\#}$	-	-	-	-	-	-	-	-	-	-
Scheduled end of formal UK-EU negotiations	-	-	12$^{\#}$	-	-	-	-	-	-	-	-	-

Source: Central banks, IMF, European Commission, Reuters, Bloomberg, Market News, Barclays Research
(-) No event, (…) Event yet to be confirmed, (~) Council Budget, (≈) Informal meeting,
(*) 1st & 2nd Round, (ψ) Informal meeting in Salzburg, Austria,
(#) 4 Sep: Parliament returns and resumes Brexit withdrawal bill discussions & 12 Oct: UK and EU are planning to wrap up the negotiations a week ahead of the EU summit.

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