



Weekly Calendar

Key Data and Events

- It's a week of central banks with the RBA, BoE and the ECB set to take the stage...

-The RBA tomorrow will likely be of most interest. Following a healthy jobs report earlier in the month, paired with last week's hot CPI print, the ante is up for a rate hike from the RBA at their first meeting of the year. Headline inflation rose 3.8% in the year to December, up from 3.4% in the year to November. And even more concerning for the RBA, trimmed mean inflation, their preferred indicator of underlying inflation lifted to 3.3% in the December quarter. Not only is that above their target range, but it's also above the RBA's most recently published forecast (3.2%). As such, consensus across economists is for a 25bps hike to 3.85%. Similarly, markets have such a move about 70% priced in. That's up from around 58% this time last week prior to the hot CPI print.

-The BoE on Thursday instead are expected to remain on hold with the cash rate at 3.8%. Little progress in underlying inflation, along with a stabilisation in their labour market is expected to see the BoE show that they're in no rush to loosen policy. Overall likely to see the BoE reiterate their stance that "further cuts will be a close call".

-Similarly, the ECB are also expected to keep rates on hold this week with the rhetoric likely remaining that policy is well placed to respond to forthcoming data. Even though Euro inflation is set to ease further below the ECB's 2% target earlier this week, stronger GDP growth in the December quarter makes near term rate cuts look unlikely given Philip Lane's (ECB's Chief Economist) comments that as long as the economy develops as projected, interest rate changes were unlikely to be on the agenda.

- Domestically the focus is on the kiwi jobs report for the December quarter out on Wednesday. See our preview above but in short, we expect that with the Kiwi economy turning, the labour market will be finding its feet and stabilising. Conditions likely remain soft, but at least the period of deterioration looks to be behind us.

- Finally, we'll round out the week with US payrolls for January. Overall, the print is likely to show a labour market that is stabilising though still with subpar hiring. Job growth is expected to be broadly flat on the month with just 68k jobs added. And the unemployment rate expected to hold steady at 4.4%. The annual rate on earnings however is expected to drop from 3.8% to 3.6% with a 0.3% increase over the month.

Date	Economic Indicator	Last	Consensus
Tue, Feb 03	NZ Dec Building Permits (% mom)	2.8	-
	AU Dec Building Approvals (% mom)	15.2	-6.4
	RBA Cash Rate Target (%)	3.60	3.85
Wed, Feb 04	NZ Dec Qtr Unemployment Rate (%)	5.3	5.3
	Dec Qtr Employment Change (% qoq)	0.0	0.3
	Dec Qtr Employment Change (% yoy)	-0.6	-0.1
	EZ Dec PPI (% yoy)	-1.7	-2.1
	Jan CPI Estimate (% yoy)	1.9	1.7
	Jan CPI (% mom)	0.2	-0.5
Thu, Feb 05	AU Dec Trade Balance (\$mn)	2,936	3,450
	GE Dec Factory Orders (% mom)	0.1	0.0
	Dec Factory Orders WDA (% yoy)	10.5	1.2
	EZ Dec Retail Sales (% mom)	0.2	-0.2
	Dec Retail Sales (% yoy)	2.3	1.8
	UK Bank of England Policy Rate (%)	3.8	3.8
EZ ECB Monetary Policy Meeting (Main Refinancing Rate %)		2.2	2.2
Fri, Feb 06	GE Dec Industrial Production (% mom)	0.0	-0.4
Sat, Feb 07	US Jan Change in Nonfarm Payrolls (000)	50.0	68.0
	Jan Unemployment Rate (%)	4.4	4.4
	Feb University of Michigan Sentiment	56.4	55.0
	Dec Consumer Credit (\$ bn)	4.2	9.0