

WEEKLY GLOBAL MACROECONOMIC UPDATE

WEEKLY SUMMARY

US

- The Markit US Manufacturing Purchasing Managers' Index (PMI) fell to 51.0 in February, reaching its lowest level since October 2012.
- The S&P/Case-Shiller 20-City Composite Home Price Index showed a continued, albeit slower, increase in existing home prices.
- Initial jobless claims for the week ending February 20 increased by 10,000, to 272,000, while the four-week moving average fell by 1,250.

Europe

- In February, the GfK UK Consumer Confidence Index declined to zero, its lowest level since December 2014.
- The Markit Flash Germany Composite PMI retreated to 53.8 in February, reaching a seven-month low.
- Inflation in Germany dropped to 0% in February. On an EU-harmonized basis, Germany slipped back into deflation, adding pressure on the European Central Bank (ECB) to pursue monetary easing in order to avoid possible deflation in the wider euro area.
- The Ifo Business Climate Index for Germany declined for a third month in a row in February, to 105.7.
- In France, consumer confidence in February dropped to 95.
- The Markit Flash France PMI fell to 49.8 in February.

LatAm

- Inflationary pressure picked up in Brazil and Mexico in February. Brazil's mid-month inflation rate jumped to 1.42% in February from 0.92% in January. Mexico's mid-month consumer price index (CPI) growth rate rose to 0.29% in February from 0.03% in January.
- The January unemployment rate in Brazil rose to 7.6%, up from 6.9% in December.
- Retail sales in Mexico grew by 3.4% in December 2015 versus the same month in the previous year, but at a slower pace than in November.

GDP

GDP Growth Rate: QoQ % Change

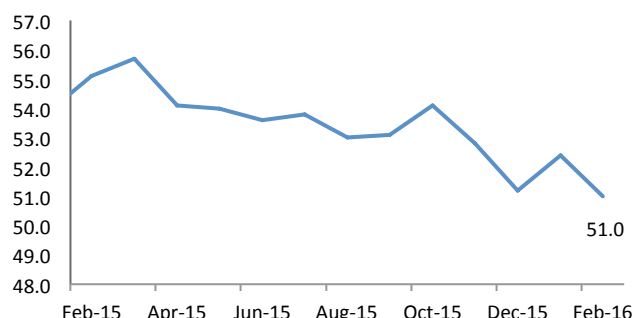
	1Q 2015	2Q 2015	3Q 2015	4Q 2015
US	0.2	1.5	0.8	0.4
UK	0.4	0.7	0.5	0.5
Germany	0.4	0.4	0.3	0.3
France	0.7	0.0	0.3	0.2
Mexico	0.4	0.5	0.8	0.5
Brazil	-0.8	-2.1	-1.7	N/A

Source: OECD/US Bureau of Economic Analysis

MOVERS—US

- The Markit US Manufacturing PMI fell to 51.0 in February from 52.4 in January. The February reading was below the market's expectation.
- The survey indicated that US factory activity was at a three-year low. Output and order books grew at their slowest rates since late 2012, with exports falling amid weaker global demand and a strong US dollar.
- The ISM Manufacturing PMI rebounded in February to 49.5, which was better than anticipated.

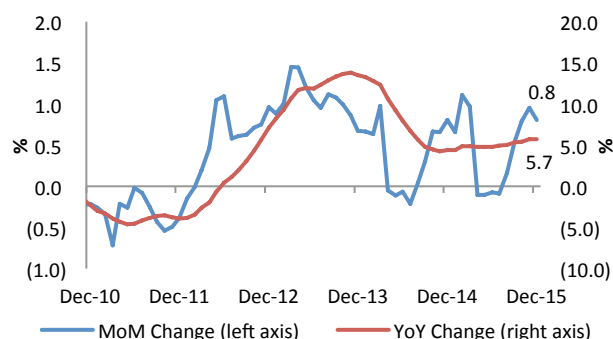
Figure 1. US Markit Manufacturing PMI (Seasonally Adj.)
Feb. 2015–Feb. 2016



Source: Markit

- The S&P/Case-Shiller 20-City Composite Home Price Index increased by 5.7% year over year in December.
- Home prices continued to increase, but at a slightly slower pace; the index had risen by 5.8% in November.
- Prices in Portland, San Francisco and Denver saw the highest year-over-year increases in December.

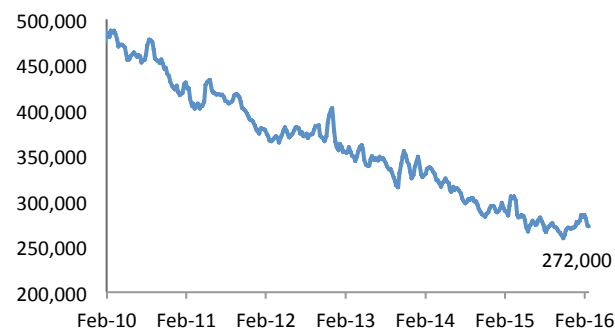
Figure 2. US S&P/Case-Shiller 20-City Composite Home Price Index
Dec. 2010–Dec. 2015



Source: S&P Dow Jones

- The four-week moving average of initial jobless claims decreased by 1,250, to 272,000, in the week ending February 20, its lowest level since mid-December.
- The initial claims for the same week also reached 272,000, an increase of 10,000 over the previous week. The claims have remained below the 300,000 threshold for 51 straight weeks, signaling a strong job market.

Figure 3. US Four-Week Moving Average of Initial Jobless Claims
Feb. 2010–Feb. 2016



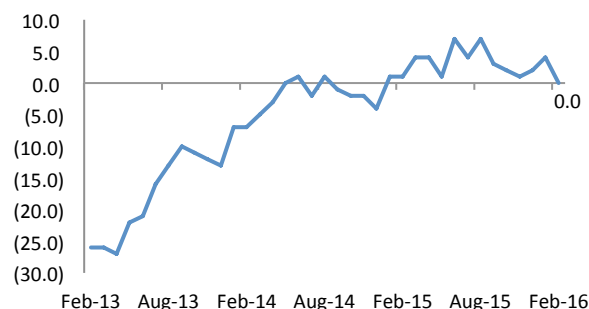
Source: US Department of Labor

MOVERS—UK, GERMANY AND FRANCE

- GfK's UK Consumer Confidence Index decreased sharply in February from the previous month; it fell by four points, to zero, its lowest level since December 2014.
- The weak outlook for economic growth in the UK has depressed consumer optimism despite factors that are positive for household budgets, such as a continued low interest rate and subdued inflation.

Figure 4. UK GfK Consumer Confidence Index

Feb. 2013–Feb. 2016

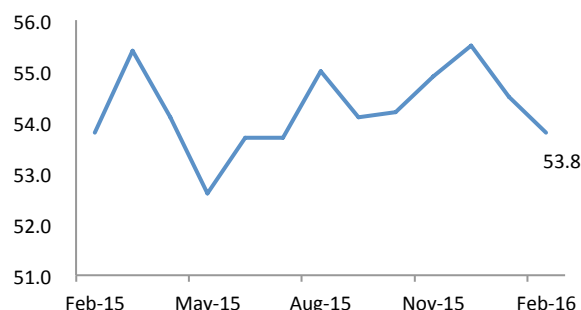


Source: GfK

- The Markit Flash Germany Composite PMI stood at 53.8 in February, down from 54.5 in January and a seven-month low.
- Manufacturing production in Germany increased at its slowest pace since November 2014. In contrast, growth in services activity remained strong.

Figure 5. Germany Markit Flash Composite PMI

Feb. 2015–Feb. 2016

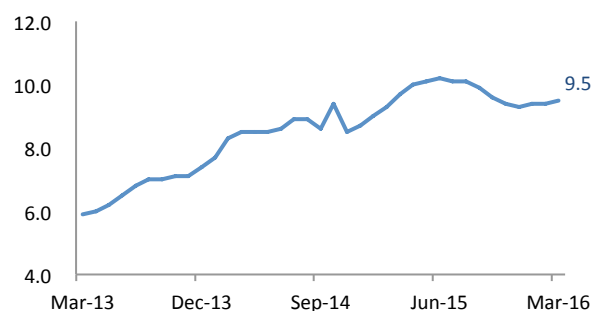


Source: Markit

- The forward-looking GfK Consumer Climate Index for Germany improved slightly, to 9.5, in March from 9.4 in February. The index suggests that there has been a noticeable rise in income expectations, but little change in the economic outlook.

Figure 6. Germany GfK Consumer Climate Index

Mar. 2013–Mar. 2016

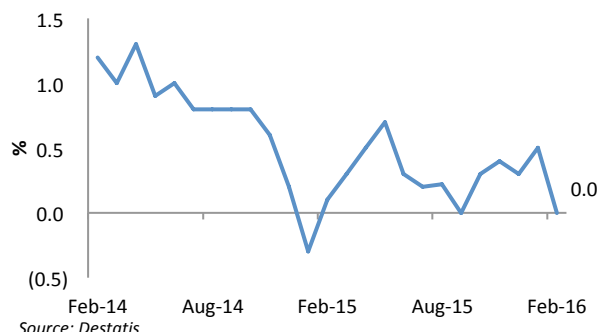


Source: GfK

- In Germany, the preliminary inflation rate fell to 0% in February, while the final January CPI was measured at 0.4%.
- The preliminary harmonized CPI for Germany, which is calculated for European purposes, declined to -0.2% in February, opening the door for further monetary easing by the ECB.

Figure 7. Germany CPI: YoY % Change

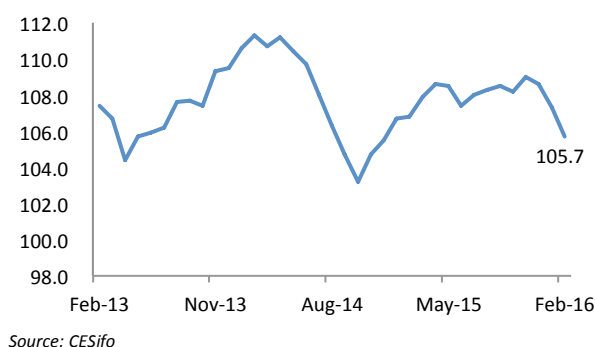
Feb. 2014–Feb. 2016



- Sentiment among German businesses continued to weaken in February. The Ifo Business Climate Index for German industry and trade fell for the third month in a row in February, to 105.7 points from 107.3 points in January.

Figure 8. Germany Ifo Business Climate Index

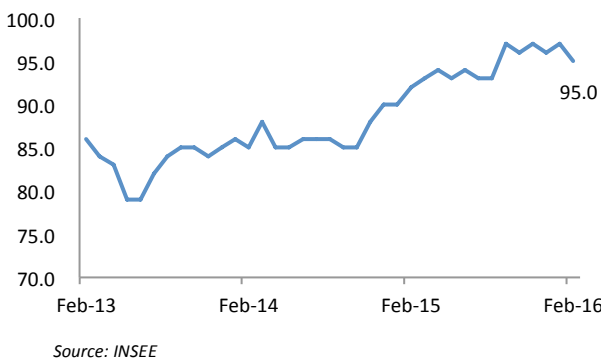
Feb. 2013–Feb. 2016



- In France, households' confidence declined in February, and the consumer confidence index dropped by two points, to 95. Expectations regarding standard of living declined substantially, and worries about unemployment increased.

Figure 9. France Consumer Confidence

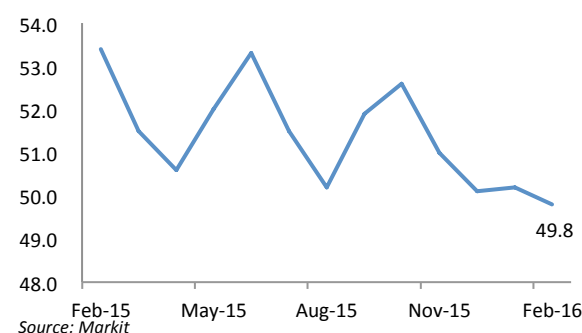
Feb. 2013–Feb. 2016



- In February, the Markit Flash France Composite Output Index fell to a 13-month low of 49.8, down from 50.2 in January. The reading indicates that activities in the French private sector are slipping into contraction for the first time since January 2015.

Figure 10. France Markit Flash Composite Output Index

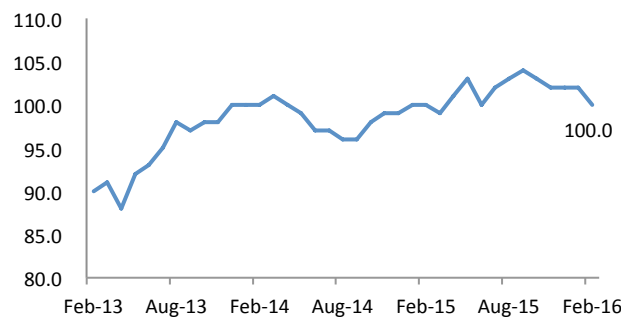
Feb. 2015–Feb. 2016



- The French business climate indicator lost two points and stood at 100 in February. The indicator for manufacturing was stable, but indicators for building construction, services and the retail trade declined.

Figure 11. France Business Climate Indicator

Feb. 2013–Feb. 2016

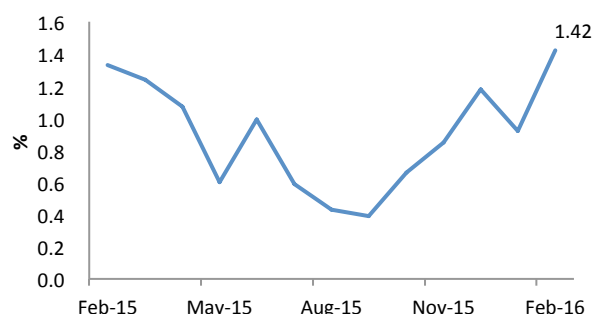


Source: INSEE

MOVERS—BRAZIL AND MEXICO

- In Brazil, the mid-month inflation rate in February jumped to 1.42%, up from 0.92% in January. The biggest contribution came from food and beverages. This was the highest February figure since 2003.

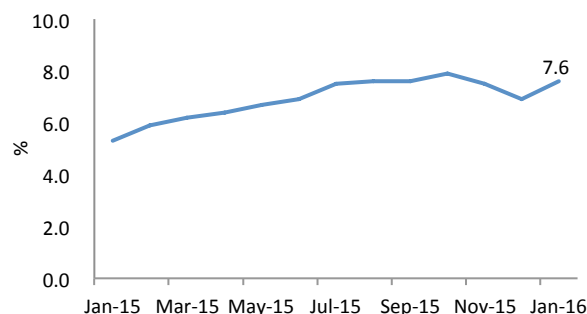
Figure 12. Brazil Mid-Month CPI: MoM % Change
Feb. 2015–Feb. 2016



Source: Instituto Brasileiro de Geografia e Estatística

- The Brazil unemployment rate for January rebounded to 7.6%, up from 6.9% in December.

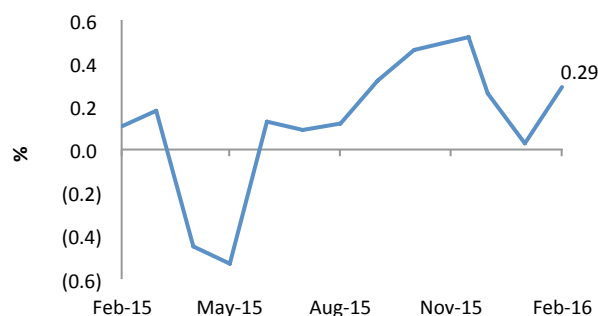
Figure 13. Brazil Unemployment Rate
Jan. 2015–Jan. 2016



Source: Instituto Brasileiro de Geografia e Estatística

- In Mexico, the mid-month CPI growth rate in February increased to 0.29%, up from 0.03% in January and above expectations. The inflationary pressure came from food prices, including prices for eggs, onions and chili peppers.

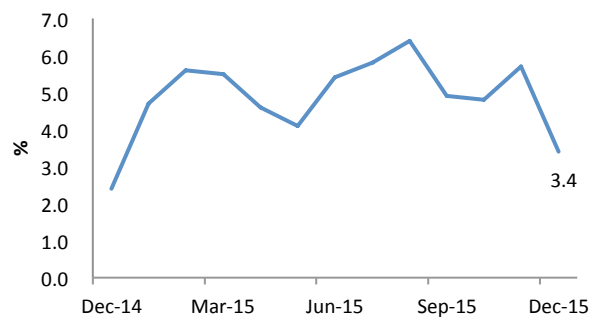
Figure 14. Mexico Mid-Month CPI: MoM % Change
Feb. 2015–Feb. 2016



Source: Bank of Mexico

- In Mexico, the year-on-year retail sales growth rate in December slowed to 3.4% from November's 5.7%.

Figure 15. Mexico Retail Sales: YoY % Change
Dec. 2014–Dec. 2015



Source: INEGI

US MARKET DATA

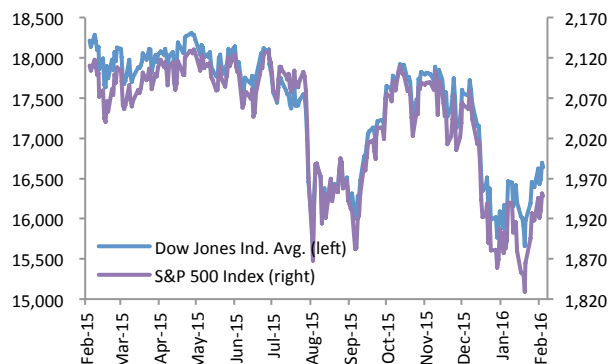
US Government Bond Yields (Percent)

	Friday 2/26/2016	1 Week Ago	1 Year Ago
2-Year Treasury	0.80	0.76	0.66
5-Year Treasury	1.23	1.24	1.54
10-Year Treasury	1.76	1.76	2.03

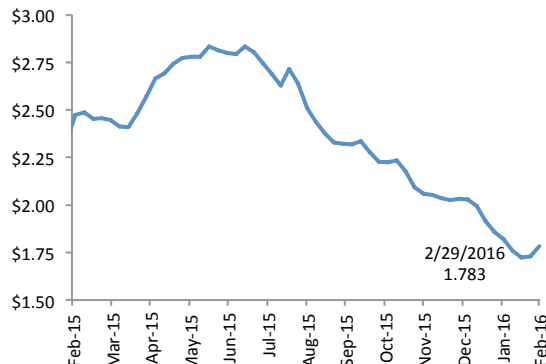
US Markets

	Friday 2/26/2016	1 Week Ago	1 Year Ago
Dow Jones	16,639.97	16,391.99	18,214.42
S&P 500	1,948.05	1,917.78	2,110.74

Dow Jones Industrial Average and S&P 500 Indexes



US Regular Gas Price (USD)



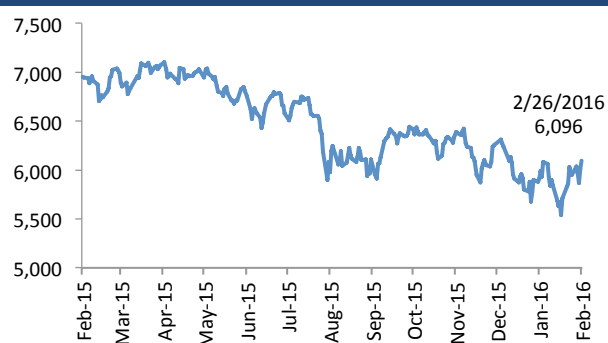
Source: Bloomberg/US Energy Information Administration

EUROPE MARKET DATA

Government Bond Yields (Percent)

	Friday 2/26/2016	1 Year Ago
UK 2-Year	0.22	0.42
UK 5-Year	0.77	1.22
Germany 2-Year	-0.51	-0.20
Germany 5-Year	-0.42	-0.15
France 2-Year	-0.41	-0.12
France 5-Year	-0.17	0.03

FTSE 100 Index



CAC 40 Index



DAX Index



Source: Investing.com/S&P Capital IQ

LATIN AMERICA MARKET DATA

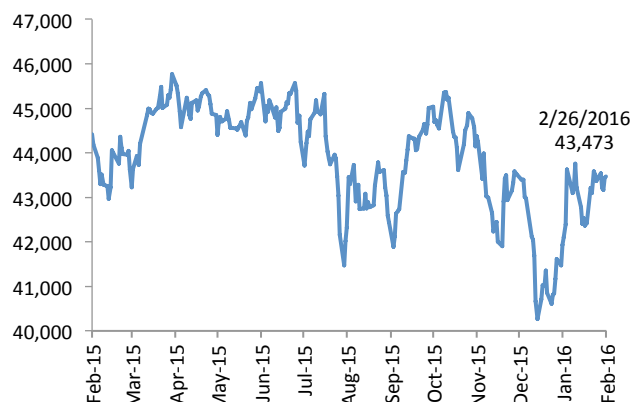
Government Bond Yields (Percent)

	Friday 2/26/2016	1 Week Ago	1 Year Ago
Mexico 5-Year	5.58	5.63	5.05
Mexico 10-Year	6.11	6.10	5.58
Brazil 5-Year	15.61	15.54	12.76
Brazil 10-Year	15.98	15.69	12.65

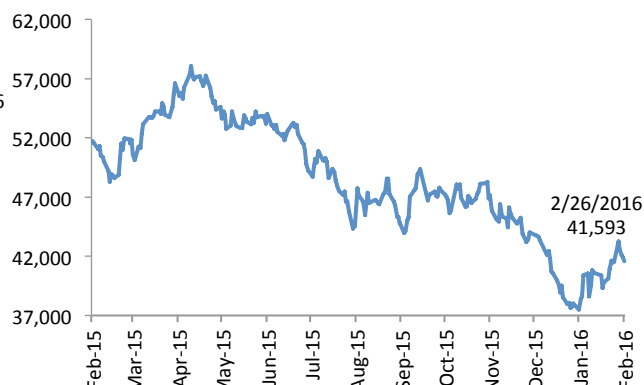
Markets

	Friday 2/26/2016	1 Week Ago	1 Year Ago
IPC Mexico	43,473.37	43,375.31	44,416.49
Bovespa Brazil	41,593.08	41,543.41	51,760.54

Mexico: IPC Index



Brazil: Bovespa Index



Source: Investing.com/S&P Capital IQ

Macro Calendar

Country/Region	Date	Release	Period Covered
France	March 1, 2016	Markit Manufacturing PMI	February 2016
Germany	March 1, 2016	Unemployment Rate	February 2016
Germany	March 1, 2016	Markit Manufacturing PMI	February 2016
UK	March 1, 2016	Markit Manufacturing PMI	February 2016
US	March 1, 2016	ISM Manufacturing PMI	February 2016
UK	March 2, 2016	PMI Construction	February 2016
Mexico	March 2, 2016	Fiscal Balance (Pesos)	January 2016
UK	March 3, 2016	Nationwide Housing Prices	February 2016
Brazil	March 3, 2016	GDP (YoY)	4Q 2015
US	March 3, 2016	Initial Jobless Claims	February 26, 2016
US	March 3, 2016	Markit PMI Composite	February 2016
UK	March 4, 2016	Consumer Inflation Expectations	1Q 2016
US	March 4, 2016	Unemployment Rate	February 2016
US	March 4, 2016	Labor Force Participation Rate	February 2016
US	March 4, 2016	Nonfarm Payrolls	February 2016
US	March 8, 2016	Consumer Credit Change	January 2016
France	March 9, 2016	Nonfarm Payrolls (QoQ)	4Q 2015

Deborah Weinswig, CPA

Fung Business Intelligence Centre
New York: 917.655.6790
Hong Kong: 852.6119.1779
China: 86.186.1420.3016
deborahweinswig@fung1937.com

Filippo Battaini
filippobattaini@fung1937.com

Chim Sau Wai
chimsauwai@fung1937.com

Rachael Dimit
rachaeldimit@fung1937.com

Marie Driscoll, CFA
mariedriscoll@fung1937.com

John Harmon, CFA
johnharmon@fung1937.com

Aragorn Ho
aragornho@fung1937.com

John Mercer
johnmercerc@fung1937.com

Shoshana Pollack
shoshanapollack@fung1937.com

Kiril Popov
kirilpopov@fung1937.com

Jing Wang
jingwang@fung1937.com

Steven Winnick
stevenwinnick@fung1937.com

HONG KONG:

10th Floor, LiFung Tower
888 Cheung Sha Wan Road, Kowloon
Hong Kong
Tel: 852 2300 2470

NEW YORK:

1359 Broadway, 9th Floor
New York, NY 10018
Tel: 646 839 7017

LONDON:

242–246 Marylebone Road
London, NW1 6JQ
United Kingdom
Tel: 44 (0)20 7616 8988

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