



# Global Macro Report

## GLOBAL ECONOMIC ANALYSIS:

### US RETAIL SALES WEAKER THAN EXPECTED; UK SEES STRONG LABOR MARKET AND RETAIL SALES

#### US

- Advance estimates of August retail sales in the US were \$456.3 billion, down 0.3% month over month. Nonstore retail sales were weaker, partly because July comps were higher due to Amazon Prime Day boosting online sales in the month.
- The core Consumer Price Index (CPI), excluding food and energy price movements, was up 2.3% year over year in August, achieving the Federal Reserve's target of 2%.

#### Europe

- The UK CPI edged up 0.6% year over year in August. Meanwhile, the core CPI grew by 1.3% year over year. The readings came in below the central bank's target of 2%.
- The UK unemployment rate in the three months ended July 31 remained unchanged at 4.9%, in line with the consensus estimate.
- UK retail sales excluding autos and fuel grew by 5.9% year over year in August, partly due to a falling pound, which attracted tourists shopping for high-end items.

#### Latin America

- In Brazil, retail sales were down 0.3% month over month and down 5.3% year over year in July. Sales were slightly weaker than expected, due in part to rising unemployment.

**Figure 1. Macro Indicators**

Country	Indicator	Period	Actual	Survey	Prior	Impact on Consumption
US	Retail Sales, Advance (SA, MoM)	Aug	(0.3)%	(0.1)%	0.1%	-
US	CPI (NSA, YoY)	Aug	1.1%	1.0%	0.8%	+
US	Core CPI (NSA, YoY)	Aug	2.3%	2.2%	2.2%	+
UK	CPI (NSA, YoY)	Aug	0.6%	0.7%	0.6%	-
UK	Core CPI (NSA, YoY)	Aug	1.3%	1.4%	1.3%	-
UK	ILO Unemployment Rate, 3 Mos. (SA)	Jul	4.9%	4.9%	4.9%	+
UK	Jobless Claims Change (SA, Thous.)	Aug	2.4	1.8	(3.6)	-
UK	Retail Sales ex Autos and Fuel (YoY)	Aug	5.9%	4.8%	5.8%	+
BZ	Retail Sales (SA, MoM)	Jul	(0.3)%	(0.2)%	0.3%	-
BZ	Retail Sales (SA, YoY)	Jul	(5.3)%	(5.0)%	(4.8)%	-

Source: US Census Bureau/Office for National Statistics (ONS)/Destatis/INSEE/Instituto Brasileiro de Geografia e Estatística (IBGE)/Fung Global Retail & Technology

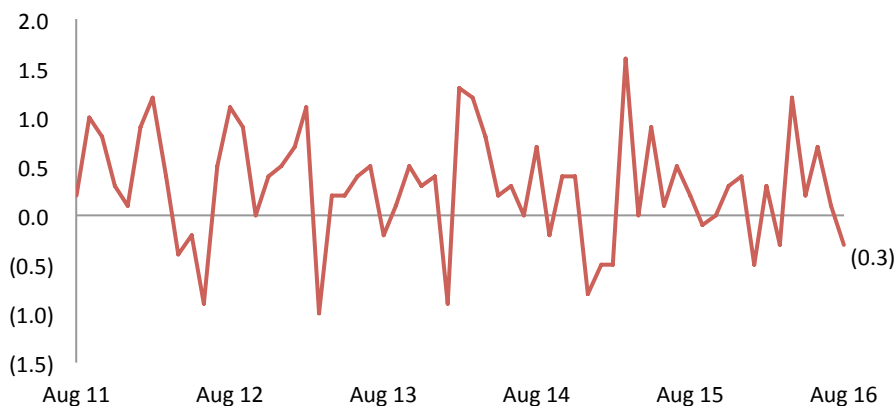
**US: Retail Sales Weaker than Expected; CPI Achieves Inflation Target**

Advance estimates of August retail sales in the US were \$456.3 billion, down 0.3% month over month.

In the US, advance estimates of August retail sales were \$456.3 billion, down 0.3% month over month. The month-over-month decline was greater than the 0.1% drop that had been expected.

Sales of automobiles, furniture, building materials, health stores, gas stations, recreation and nonstore retailers all contracted. The weakness in nonstore retailers in August was partially due to higher comps in the previous month, as Amazon Prime Day boosted online sales in July.

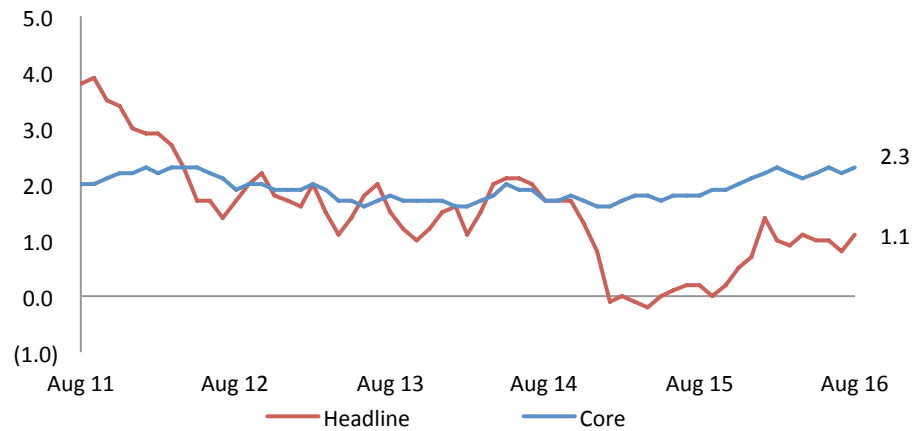
**Figure 2. US: Retail Sales (Seasonally Adjusted), MoM % Change**



Source: US Census Bureau

The US CPI ticked up 1.1% year over year in August and 0.2% month over month. The core CPI, which excludes food and energy price movements, was up 2.3% year over year, achieving the Federal Reserve’s target of 2%. However, the Fed considers next week’s PCE deflator to be a better inflation measure; the July reading of 1.6% missed the inflation target.

Figure 3. US: CPI (Nonseasonally Adjusted), YoY % Change



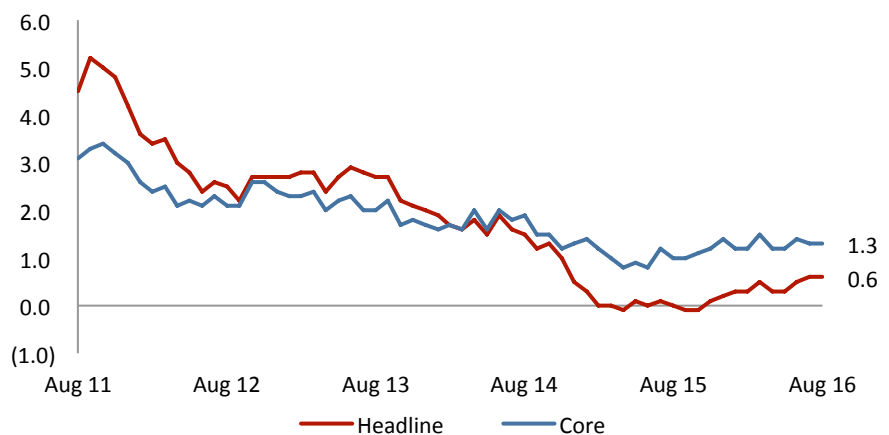
Source: US Census Bureau

**Europe: UK CPI Weaker than Central Bank’s Target; Labor Market and Retail Sales Remain Strong**

*The UK CPI edged up 0.6% year over year in August. The core CPI grew by 1.3% year over year.*

The UK CPI (EU harmonized, nonseasonally adjusted) edged up 0.6% year over year in August. The core CPI, which excludes the price movements of food and energy, grew by 1.3% year over year. The inflation rate in the country remained below the central bank’s target of 2%, which may cause the Monetary Policy Committee to stay dovish on the interest rate policy.

Figure 4. UK: CPI (Nonseasonally Adjusted), YoY % Change

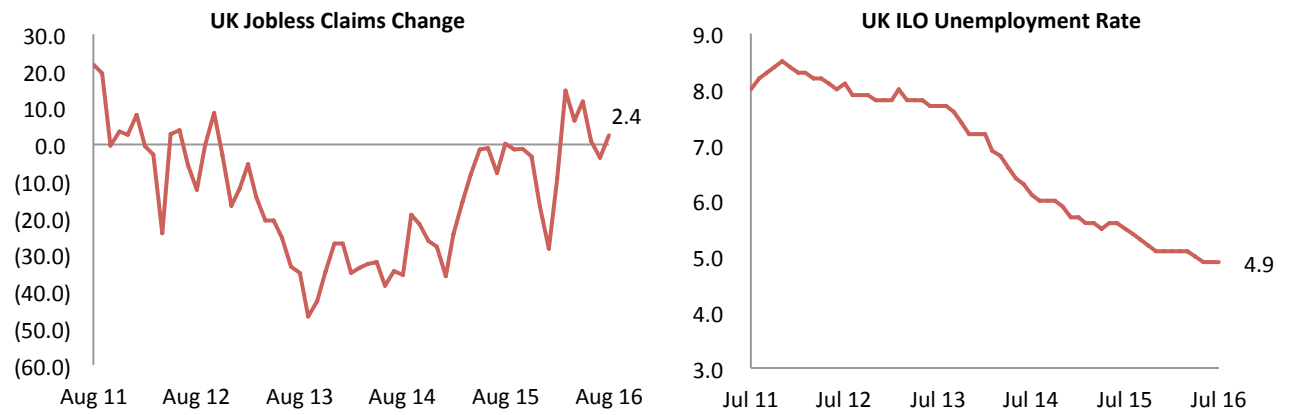


Source: ONS

*The UK unemployment rate in the three months ended July 31 remained unchanged at 4.9%, in line with the consensus estimate.*

The UK unemployment rate in the three months ended July 31—which captured more than one-third of the period after the UK voted to leave the EU—remained unchanged at 4.9%, in line with the consensus estimate. Jobless claims in August rose by 2,400, to 771,000; the figure was higher than the consensus expectation, which called for an increase of 1,800.

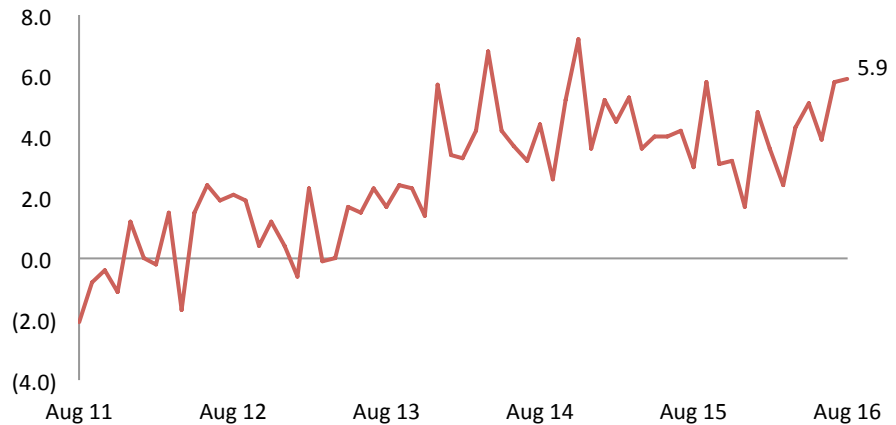
**Figure 5. UK: Jobless Claims Change (Seasonally Adjusted, Thous.); ILO Unemployment Rate (Seasonally Adjusted, %)**



Source: ONS

UK retail sales excluding autos and fuel grew by 5.9% year over year in August, which was higher than the consensus estimate of 4.8%. The sales growth could be partly attributed to a falling pound, which boosted purchases of high-end items by tourists.

**Figure 6. UK: Retail Sales ex Autos and Fuel, YoY % Change**



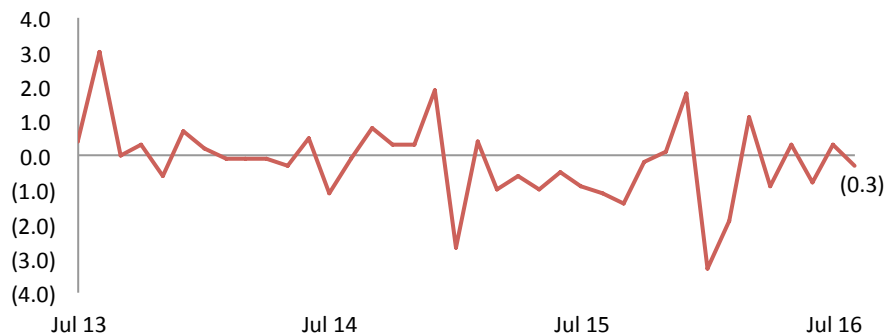
Source: ONS

*In Brazil, retail sales were down 0.3% month over month and down 5.3% year over year in July. Sales were slightly weaker than expected, in part due to rising unemployment.*

**Latin America: Brazil's Retail Sales Fall More than Expected**

In Brazil, retail sales were down 0.3% month over month in July; the reading was weaker than the expected 0.2% decrease. Sales were down 5.3% year over year, compared to the estimate of a 5.0% decline. The weak and declining sales were partly due to rising unemployment.

**Figure 7. Brazil: Retail Sales Volume (Seasonally Adjusted), MoM % Change**



Source: IBGE

**Figure 8. Upcoming Economic Data Releases**

Date	Country	Indicator	Period Covered
Sep 26	GE	Ifo Business Climate	Sep
Sep 26	GE	Ifo Expectations	Sep
Sep 26	US	New Home Sales	Aug
Sep 27	BZ	FGV Consumer Confidence	Sep
Sep 27	US	S&P CoreLogic Case-Shiller 20-City Composite Home Price NSA Index	Jul
Sep 27	GE	Retail Sales	Aug
Sep 28	GE	GfK Consumer Confidence	Oct
Sep 28	MX	Unemployment Rate	Aug
Sep 29	GE	CPI (Prelim.)	Sep
Sep 29	US	Wholesale Inventories (Prelim.)	Aug
Sep 29	US	GDP, Annualized (Third)	2Q
Sep 29	US	Initial Jobless Claims	Sep 24
Sep 29	UK	GfK Consumer Confidence	Sep
Sep 30	FR	CPI EU Harmonized (Prelim.)	Sep
Sep 30	FR	CPI (Prelim.)	Sep
Sep 30	UK	GDP (Final)	2Q
Sep 30	BZ	National Unemployment Rate	Aug
Sep 30	US	Personal Spending	Aug
Sep 30	US	Real Personal Spending	Aug
Sep 30	US	PCE Deflator	Aug
Sep 30	US	PCE Core	Aug

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