



# Global Macro Report

## GLOBAL ECONOMIC ANALYSIS:

### US HOUSING MARKET IMPROVING GRADUALLY; UK RETAIL GROWTH SUBDUED BY RECORD-WARM SEPTEMBER

#### US

- US housing starts in September totaled a seasonally adjusted 1,047,000, down 9.0% month over month, dragged down by the volatile multifamily segment.
- Building permits in September totaled a seasonally adjusted 1,225,000, up 6.3% month over month and up 8.5% year over year. The robust increase in building permits signals a rise in residential construction in the coming months.
- Existing home sales increased by 3.2% month over month in September, to 5.47 million. The growth was mainly driven by consistent job gains and record-low mortgage rates.

#### Europe

- The UK Consumer Price Index (CPI) rose by 1.0% year over year in September. Meanwhile, the Core CPI grew by 1.5% year over year. Inflation was largely driven by higher fuel and clothing prices.
- The UK unemployment rate in the three months ended August 31 remained unchanged at 4.9%, in line with the consensus estimate.
- In September, UK retail sales excluding autos and fuel grew by 4.0% year over year; the rate was lower than the consensus estimate of 4.4%. This was partly attributed to record-warm temperatures in September, which hit demand for autumn and winter clothing.

#### Latin America

- Brazil's retail sales in August were down 0.6% month over month and down 5.5% year over year. The weak sales were due to rising unemployment and inflation.

Figure 1. Macro Indicators

Country	Indicator	Period	Actual	Survey	Prior	Impact on Consumption
US	Housing Starts (Thous.)	Sep	1,047	1,175	1,142	-
US	Housing Starts (MoM)	Sep	(9.0)%	2.5%	(5.8)%	-
US	Building Permits (Thous.)	Sep	1,225	1,165	1,152	+
US	Building Permits (MoM)	Sep	6.3%	0.9%	(0.4)%	+
US	Existing Home Sales (Mil.)	Sep	5.5	5.4	5.3	+
US	Existing Home Sales (MoM)	Sep	3.2%	0.4%	(0.9)%	+
US	Housing Affordability Index (Prelim.)	Aug	163.5	-	157.1	-
UK	CPI (NSA, YoY)	Sep	1.0%	0.9%	0.6%	-
UK	Core CPI (NSA, YoY)	Sep	1.5%	1.4%	1.3%	-
UK	ILO Unemployment Rate, 3 Mos. (SA)	Aug	4.9%	4.9%	4.9%	+
UK	Jobless Claims Change (SA, Thous.)	Sep	0.7	3.2	2.4	-
UK	Retail Sales ex Autos and Fuel (YoY)	Sep	4.0%	4.4%	5.9%	+
BZ	Retail Sales (SA, MoM)	Aug	(0.6)%	(0.6)%	(0.3)%	-
BZ	Retail Sales (SA, YoY)	Aug	(5.5)%	(5.0)%	(5.8)%	-

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

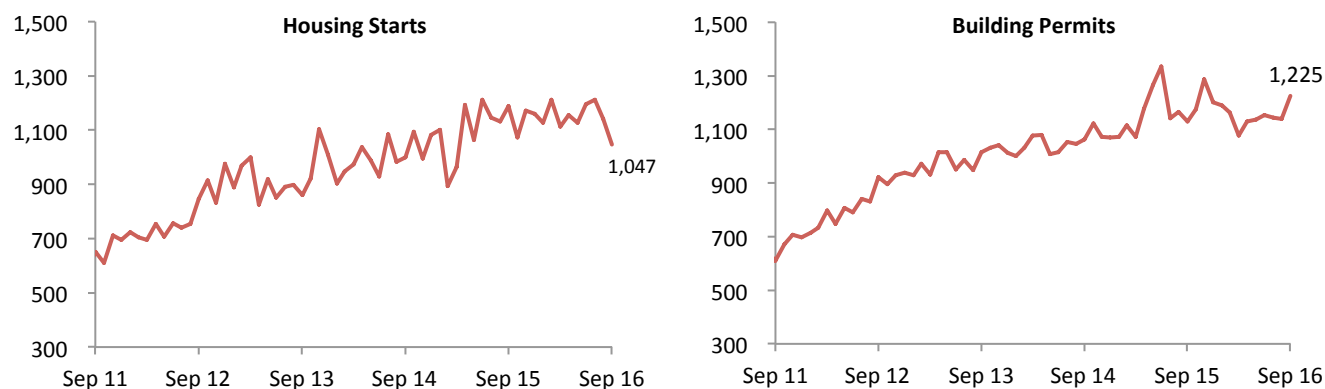
### US: Housing Market Improving Gradually

US housing starts in September totaled 1,047,000, down 9.0% month over month (seasonally adjusted) and down 11.9% year over year.

US housing starts in September totaled a seasonally adjusted 1,047,000, down 9.0% month over month and down 11.9% year over year. The September reading was lower than the expected 1,175,000 starts, which would have represented 2.5% month-over-month growth. The drop was mostly attributed to the volatile multifamily segment, which declined by 38.0% month over month. However, single-family housing starts bounced back in September, growing by 8.1% month over month.

US building permits in September totaled a seasonally adjusted 1,225,000, up 6.3% month over month and up 8.5% year over year. The robust increase in building permits signals a rise in residential construction in the coming months.

Figure 2. US: Housing Starts (Seasonally Adjusted, Thous.) and Building Permits (Seasonally Adjusted, Thous.)

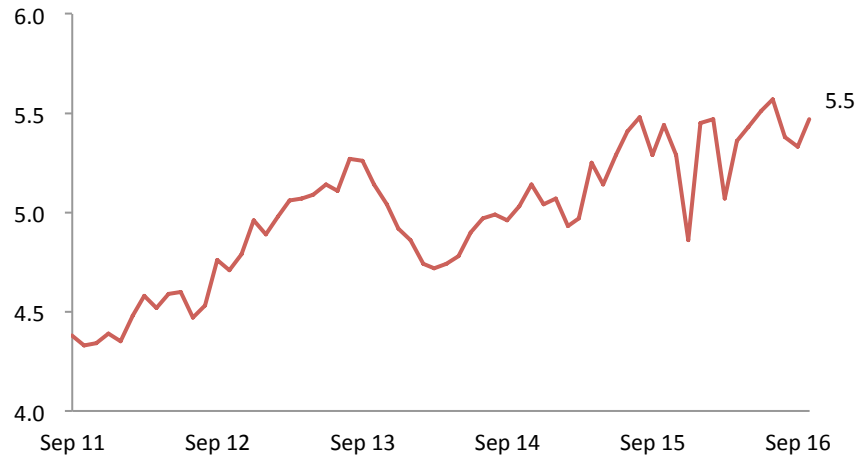


Source: US Census Bureau

Existing home sales increased by 3.2% month over month in September, to 5.47 million. The rebound was driven by consistent job gains and record-low mortgage rates.

Existing home sales increased by 3.2% month over month in September, to 5.47 million. Sales of single-family houses rose by 4.1%, while sales of multifamily condominiums and co-ops declined by 3.2%. The rebound in existing home sales was driven by consistent job gains and record-low mortgage rates.

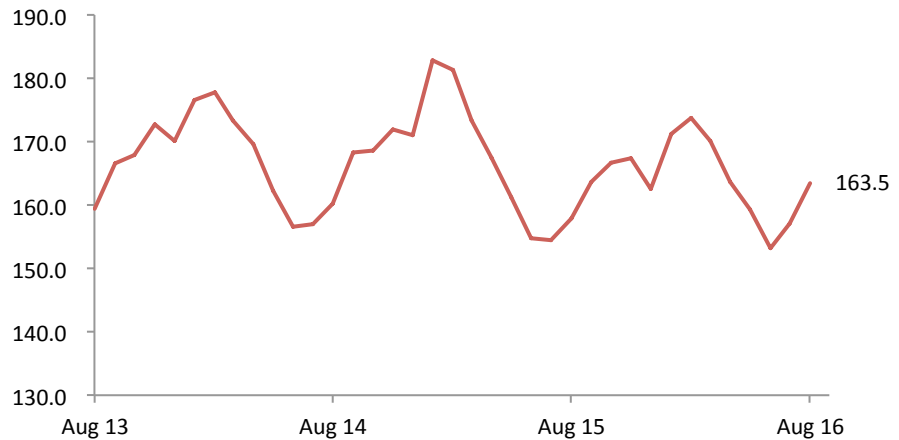
**Figure 3. US: Existing Home Sales (Seasonally Adjusted, Mil.)**



Source: National Association of Realtors

The Housing Affordability Index increased for two consecutive months, rising from 157.1 in July to 163.5 in August. The median family income has grown at a faster pace than the median house price has, and mortgage rates fell to a low of 3.36% in August, improving housing affordability.

**Figure 4. US: Housing Affordability Index**



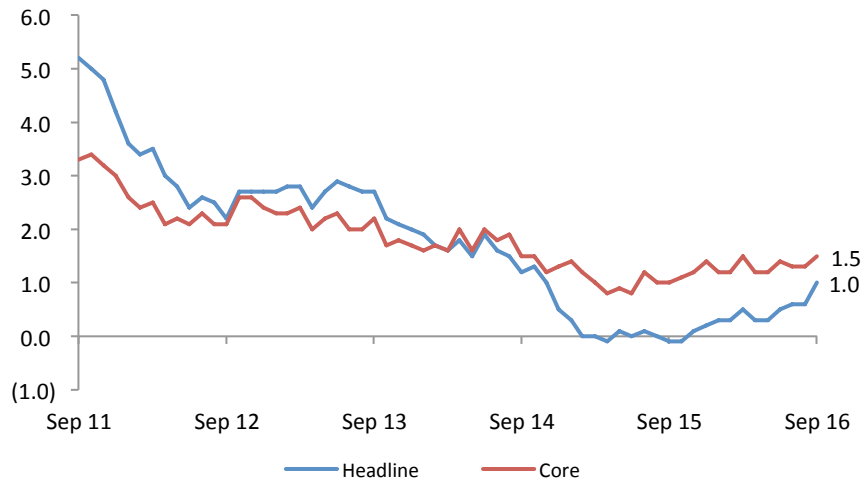
Source: National Association of Realtors

### Europe: UK CPI Inflation Hits 22-Month High; Retail Growth Subdued by Record-Warm Temperatures in September

*The UK CPI rose by 1.0% year over year in September. The core CPI grew by 1.5% year over year.*

The UK CPI (EU harmonized, nonseasonally adjusted) rose by 1.0% year over year in September, hitting a 22-month high. The Core CPI, which excludes the price movements of food and energy, grew by 1.5% year over year. Inflation was largely driven by higher fuel and clothing prices.

**Figure 5. UK: CPI (Nonseasonally Adjusted), YoY % Change**

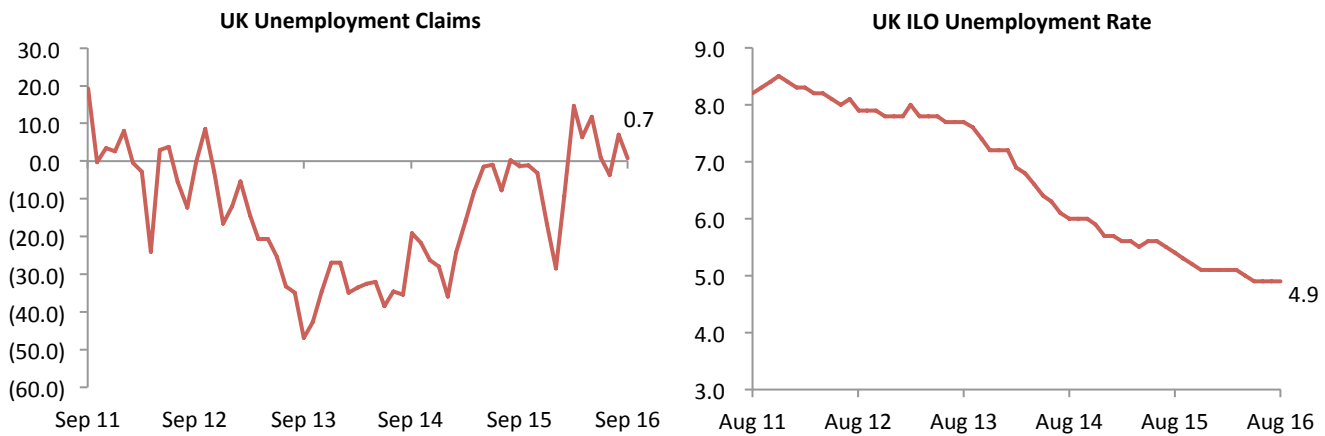


Source: ONS

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

The UK unemployment rate in the three months ended August 31 remained unchanged at 4.9%, in line with the consensus estimate. Jobless claims in September rose by 700, to 776,400; the figure was lower than the consensus expectation, which called for an increase of 3,200.

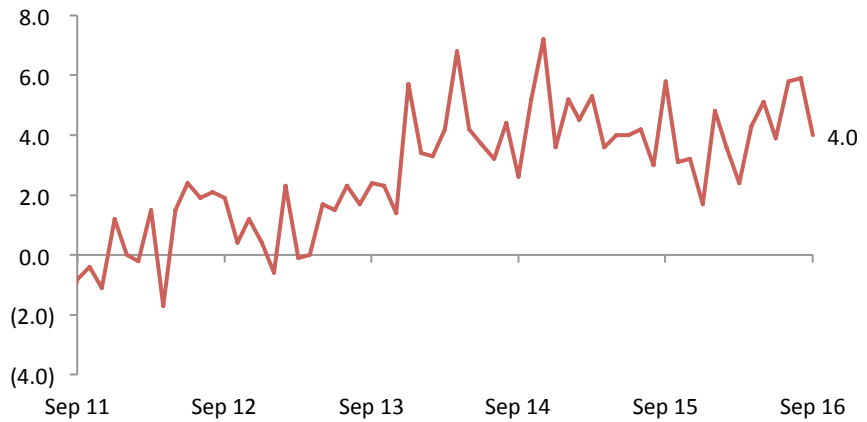
**Figure 6. UK: Jobless Claims Change (Seasonally Adjusted, Thous.); ILO Unemployment Rate (Seasonally Adjusted, %)**



Source: ONS

UK retail sales excluding autos and fuel grew by 4.0% year over year in September; the figure was lower than the consensus estimate of 4.4%. The weaker-than-expected growth was partly attributable to September's record-warm temperatures, which hit demand for autumn and winter clothing.

**Figure 7. UK: Retail Sales ex Autos and Fuel, YoY % Change**



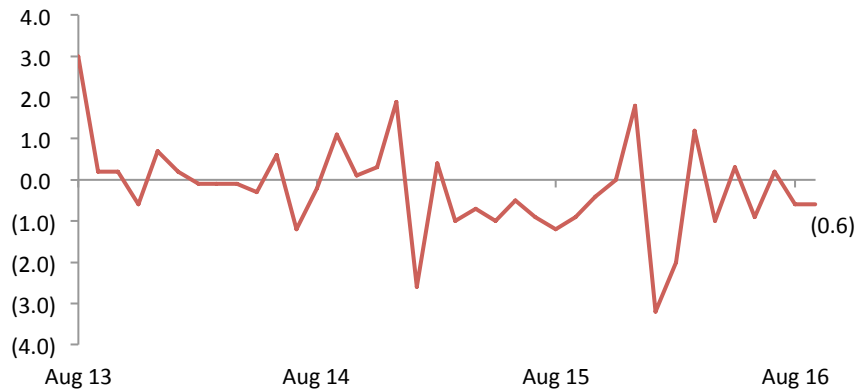
Source: ONS

*In Brazil, retail sales were down 0.6% month over month and down 5.5% year over year in August. The declining sales were due to rising unemployment and inflation.*

**Latin America: Brazil's Retail Sales Continue to Fall**

In Brazil, retail sales were down 0.6% month over month in August, in line with the consensus estimate. Sales were down 5.5% year over year, versus expectations of a 5.0% decline. The weak and declining sales were due to rising unemployment and inflation.

**Figure 8. Brazil: Retail Sales Volume (Seasonally Adjusted), MoM % Change**



Source: IBGE

**Figure 9. Upcoming Economic Data Releases**

Date	Country/ Region	Indicator	Period Covered
Oct 30	UK	GfK Consumer Confidence	Oct
Oct 31	US	Personal Spending	Sep
Oct 31	US	Real Personal Spending	Sep
Oct 31	US	PCE Deflator (MoM)	Sep
Oct 31	US	PCE Deflator (YoY)	Sep
Oct 31	US	PCE Core (MoM)	Sep
Oct 31	US	PCE Core (YoY)	Sep
Oct 31	MX	GDP, NSA (YoY, Prelim.)	3Q
Oct 31	MX	GDP, SA (QoQ, Prelim.)	3Q
Nov 1	UK	Markit/CIPS UK Manufacturing PMI, SA	Oct
Nov 1	BZ	Industrial Production (YoY)	Sep
Nov 1	US	ISM Manufacturing	Oct
Nov 1	US	ISM Prices Paid	Oct
Nov 1	US	ISM New Orders	Oct
Nov 1	UK	Markit UK PMI Manufacturing, SA	Oct
Nov 2	EU	Markit Eurozone Manufacturing PMI	Oct
Nov 2	World	JPMorgan Global Manufacturing PMI	Oct
Nov 3	UK	Markit/CIPS UK Services PMI	Oct
Nov 3	UK	Markit/CIPS UK Composite PMI	Oct
Nov 3	US	Initial Jobless Claims	Oct 29
Nov 3	US	ISM Non-Manufacturing Index	Oct
Nov 4	US	Unemployment Rate	Oct
Nov 4	US	Labor Force Participation Rate	Oct

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