



Global Macro Report

GLOBAL ECONOMIC ANALYSIS:

US SEES STRONG GDP EXPANSION; UK AND FRANCE SEE LACKLUSTER ECONOMIC GROWTH

US

- The US GDP annualized quarter-over-quarter growth rate for the third quarter stood at 2.9%, above the consensus estimate of 2.6% and above the previous quarter's figure. The growth rate marked the strongest quarter in two years.
- New home sales in the US increased by 3.1% month over month in September, exceeding the consensus estimate, which had called for a 1.5% drop.
- The S&P CoreLogic Case-Shiller 20-City Composite Home Price NSA Index showed a year-over-year gain of 5.1% in August, above July's reading and the consensus estimate of 5.0%.

Europe

- The UK GDP quarter-over-quarter growth rate slowed to 0.5% in the third quarter of 2016 from 0.7% in the second quarter. France's GDP in the third quarter edged up 0.2% quarter over quarter, trailing the consensus estimate of 0.3%.
- The UK GfK Consumer Confidence Index ticked down by two points in October, to (3.0). Germany's GfK Consumer Climate Indicator ticked down to 9.7 in November from 10.0 in October.
- In Germany, the Consumer Price Index (CPI) rose by 0.8% year over year in October and by 0.2% month over month. France's CPI increased by 0.4% year over year in October but remained unchanged month over month.

Asia-Pacific

- Taiwan's real GDP growth in the third quarter accelerated to 2.1% year over year, above the consensus estimate of 1.8%.
- South Korea's real GDP climbed 2.7% year over year in the third quarter of 2016. Growth was slowed by the Samsung Galaxy Note 7 fiasco and the Hyundai Motor strike.
- Industrial production in Singapore jumped 6.7% in September, year over year. The figure was much higher than the consensus estimate of 1.0% and the lackluster 0.5% growth recorded in August. Growth was partly driven by a 15.9% surge in electronics production year over year.

Latin America

- Brazil's unemployment rate remained at 11.8% in September, potentially signaling that unemployment in the country has stabilized.

Figure 1. Macro Indicators

Country	Indicator	Period	Actual	Survey	Prior	Interpretation*
US	Real GDP (Annualized, QoQ)	3Q	2.9%	2.6%	1.4%	+
US	New Home Sales (MoM)	Sep	3.1%	(1.5)%	(8.6)%	+
US	S&P CoreLogic Case-Shiller 20-City Index (SA, MoM)	Aug	0.2%	0.1%	0.0%	+
US	S&P CoreLogic Case-Shiller 20-City Index (NSA, YoY)	Aug	5.1%	5.0%	5.0%	+
UK	GDP (Annualized, QoQ)	3Q	0.5%	0.3%	0.7%	+
UK	GDP (Annualized, YoY)	3Q	2.3%	2.1%	2.1%	+
UK	GfK Consumer Confidence	Oct	(3.0)	(3.0)	(1.0)	-
GE	GfK Consumer Climate	Nov	9.7	10.0	10.0	-
GE	CPI (Prelim., MoM)	Oct	0.2%	0.2%	0.1%	-
GE	CPI (Prelim., YoY)	Oct	0.8%	0.8%	0.7%	-
FR	GDP (Annualized, QoQ)	3Q	0.2%	0.3%	(0.1)%	=
FR	GDP (Annualized, YoY)	3Q	1.1%	1.2%	1.3%	=
FR	CPI (Prelim., MoM)	Oct	0.0%	0.2%	(0.2)%	-
FR	CPI (Prelim., YoY)	Oct	0.4%	0.5%	0.4%	-
TW	GDP (Prelim., YoY)	3Q	2.1%	1.8%	0.7%	=
SK	GDP (Prelim., YoY)	3Q	2.7%	2.6%	3.3%	=
SK	GDP (Prelim., SA, QoQ)	3Q	0.7%	0.6%	0.8%	=
SG	Industrial Production (YoY)	Sep	6.7%	1.0%	0.5%	+
SG	Industrial Production (SA, MoM)	Sep	3.3%	(1.2)%	0.2%	+
BZ	Unemployment Rate (SA)	Sep	11.8%	11.9%	11.8%	+
MX	Unemployment Rate (SA)	Sep	3.9%	3.7%	3.7%	-

*+ indicates a positive signal for the country's economy, - indicates a negative signal and = indicates not significantly positive or negative.

Source: US Bureau of Economic Analysis/US Census Bureau/S&P Dow Jones Indices/Office for National Statistics (ONS)/INSEE/GfK/Destatis/Taiwan National Statistics/Bank of Korea/Singapore Economic Development Board/Instituto Brasileiro de Geografia e Estatística (IBGE)/Instituto Nacional de Estadística y Geografía (INEGI)/Fung Global Retail & Technology

The US GDP annualized, quarter-over-quarter growth rate for the third quarter stood at 2.9%.

US: Strong GDP Expansion; Housing Market Remains Solid

The US real GDP annualized, quarter-over-quarter growth rate for the third quarter stood at 2.9%. The figure was higher than both the consensus estimate of 2.6% and the previous quarter's figure. The growth rate marked the strongest quarter in two years.

Consumer spending, which accounts for the majority of the US economic output, slowed to 2.1% from robust growth of 4.3% in the second quarter. Business spending in fixed nonresidential investment increased moderately, by 1.2% quarter over quarter.

Figure 2. US: Real GDP, Seasonally Adjusted (QoQ % Change)

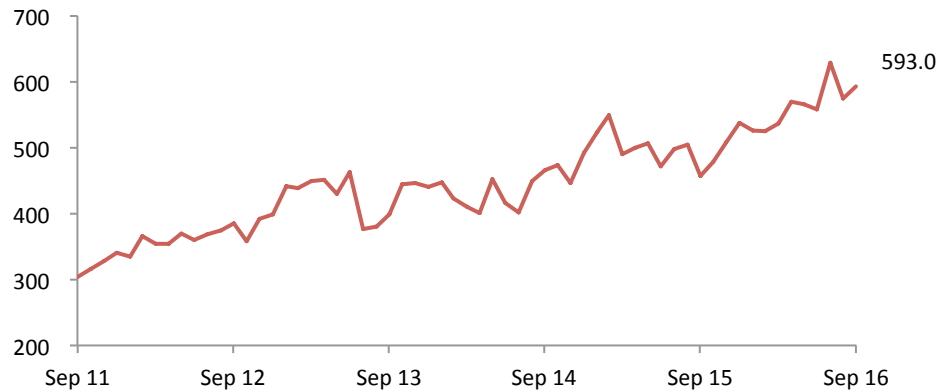


Source: US Bureau of Economic Analysis

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Figure 3. US: New Home Sales (Thous.)

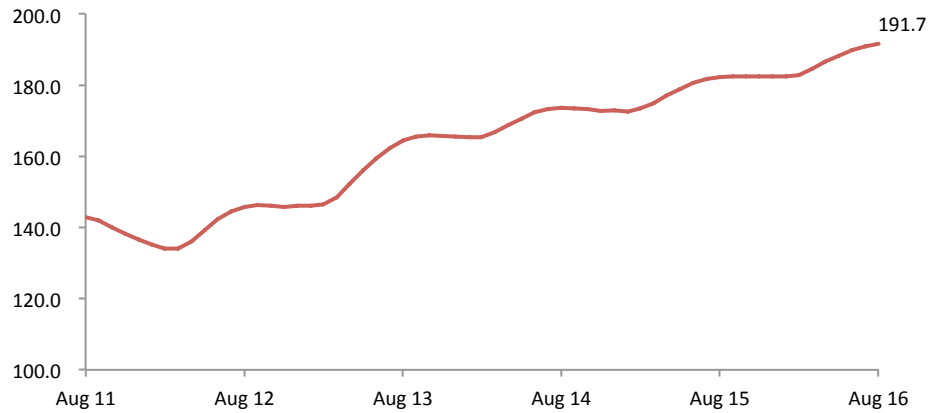


Source: US Census Bureau

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The S&P CoreLogic Case-Shiller 20-City Composite Home Price NSA Index showed a year-over-year gain of 5.1% in August, above July's reading and the consensus estimate of 5.0%. The index nudged up 0.2% month over month after seasonal adjustment, above the consensus estimate of 0.1%. Home prices continued to rise moderately, supported mainly by low mortgage rates and a shortage of supply.

Figure 4. US: S&P CoreLogic Case-Shiller 20-City Composite Home Price Index (Nonseasonally Adjusted)



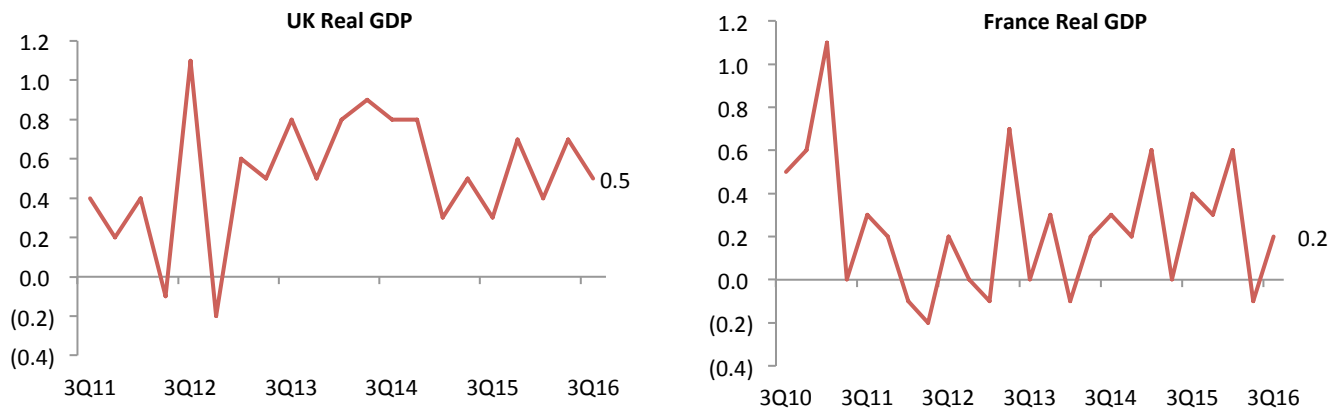
Source: S&P Dow Jones Indices

Europe: Lackluster GDP Growth from the UK and France

The UK GDP quarter-over-quarter growth rate slowed to 0.5% in the third quarter of 2016 from 0.7% in the second quarter. Despite the slowdown, the reading came in stronger than the consensus estimate of 0.3%. There is little trace of Brexit turbulence in the GDP release. However, there is risk of a slowdown in business investment, as the British government has pledged to trigger Article 50 by the end of March 2017.

France's GDP in the third quarter edged up 0.2% quarter over quarter, trailing the consensus estimate of 0.3%. Household consumption stagnated for the second quarter in a row. Gross fixed capital formation increased by 0.3%, underpinning the GDP growth rate for the quarter.

Figure 5. UK and France: Real GDP, Annualized (QoQ % Change)



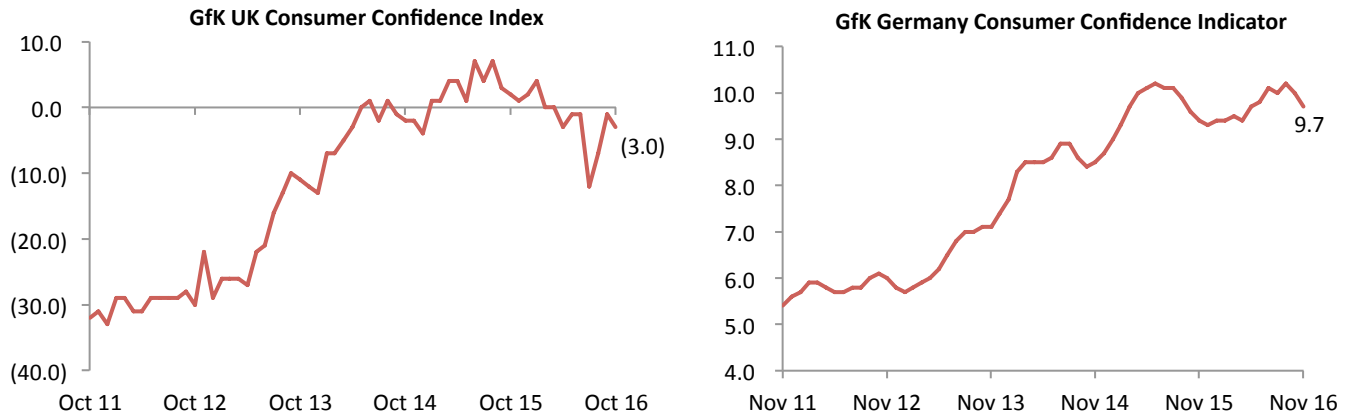
Source: ONS/INSEE

The UK GfK Consumer Confidence Index ticked down to (3.0) in October, while Germany's GfK Consumer Climate Indicator ticked down to 9.7 in November.

The UK GfK Consumer Confidence Index ticked down by two points in October, to (3.0). A weak sterling has stoked fears of causing imported inflation that will hurt the UK's living standards.

Germany's GfK Consumer Climate Indicator ticked down to 9.7 in November; the reading was lower than the consensus estimate and October's reading of 10.0.

Figure 6. UK and Germany: GfK Consumer Confidence Index and GfK Consumer Confidence Indicator



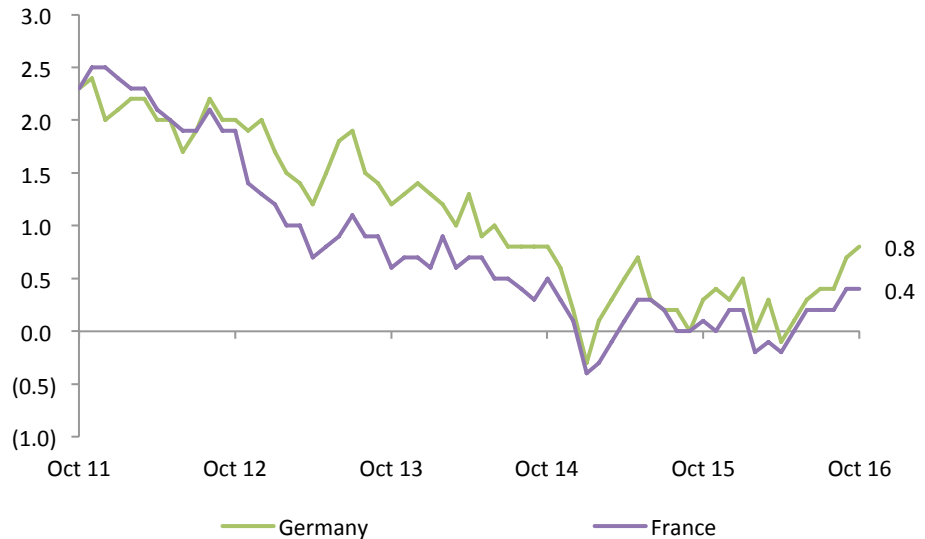
Source: GfK

In Germany, the CPI rose by 0.8% year over year in October and by 0.2% month over month. France's CPI increased by 0.4% year over year in October, but remained unchanged month over month.

In Germany, the CPI rose by 0.8% year over year in October and by 0.2% month over month. The decrease in energy prices has become milder; they fell by 1.4% in October after falling by 3.6% in September.

France's CPI increased by 0.4% year over year in October, but remained unchanged month over month. Energy prices in France increased by 0.8% year over year.

Figure 7. Germany and France: CPI, YoY % Change



Source: Destatis/INSEE

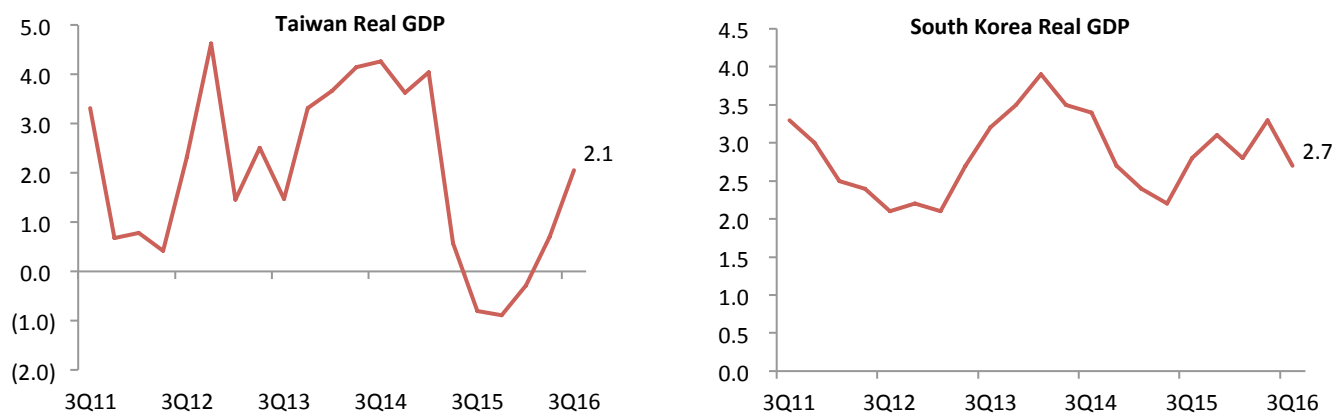
Asia-Pacific: Taiwan’s GDP Growth Accelerates; South Korea’s GDP Growth Slowed by Samsung Fiasco and Hyundai Strike

Taiwan’s real GDP growth in the third quarter accelerated to 2.1% year over year, while South Korea’s real GDP climbed 2.7% year over year.

Taiwan’s real GDP growth in the third quarter accelerated to 2.1% year over year, above the consensus estimate of 1.8%. The growth was mainly driven by stronger consumption, investment and exports, which increased by 2.4%, 3.2% and 3.6% year over year, respectively. Technology exports will continue to underpin Taiwan’s economy.

South Korea’s real GDP climbed 2.7% year over year in the third quarter; the figure was higher than the consensus estimate of 2.6%, but lower than the previous quarter’s 3.3%. The Samsung Galaxy Note 7 fiasco and the strike at Hyundai Motor have dragged down the country’s GDP, and we expect the scandals will continue to bring turbulence to the economy.

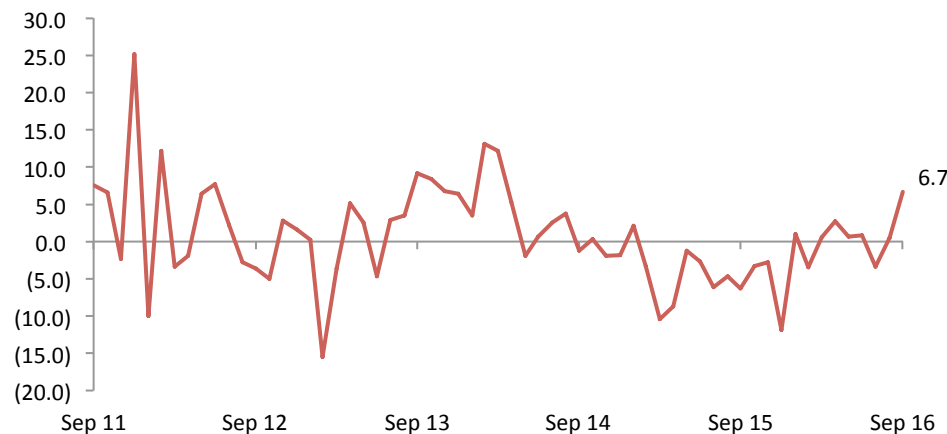
Figure 8. Taiwan and South Korea: Real GDP, YoY % Change



Source: Taiwan National Statistics/Bank of Korea

In Singapore, industrial production jumped 6.7% in September, year over year. The figure was much higher than the consensus estimate of 1.0% and the lackluster 0.5% growth in August, and was partly driven by a 15.9% surge in electronics production. Singapore’s economy has been affected by lackluster global demand and falling global trade intensity, so the pickup in industrial production was a positive sign for the economy.

Figure 9. Singapore: Industrial Production, YoY % Change



Source: Singapore Economic Development Board

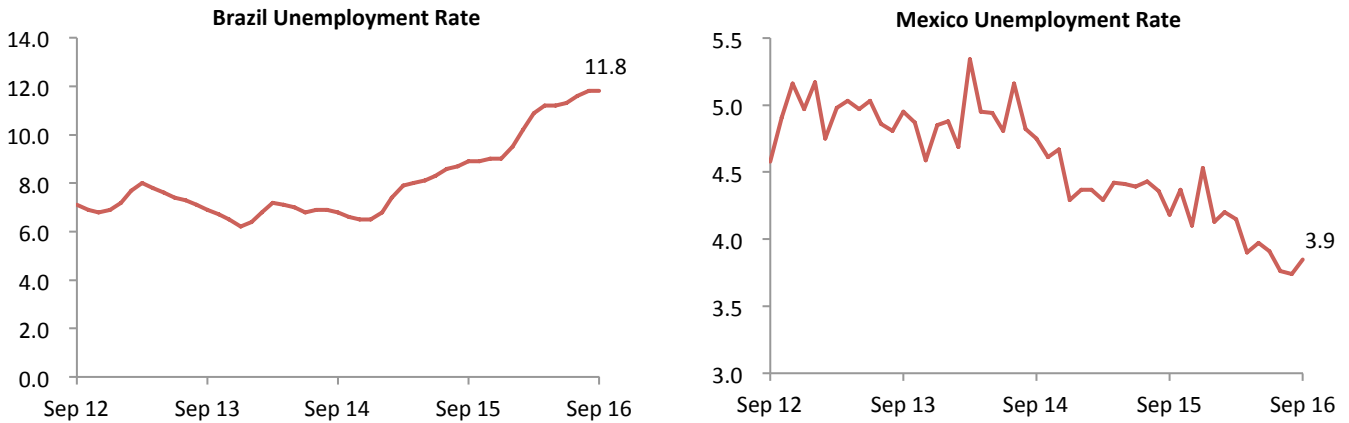
Latin America: Brazil's Unemployment Rate Appears to Stabilize

Brazil's unemployment rate remained at 11.8% in September, potentially signaling that unemployment has stabilized in the country.

In September, Brazil's unemployment rate remained at 11.8%, which was lower than the consensus estimate of 11.9%. The reading may suggest that the country's unemployment rate has stabilized, a positive sign for the economy.

Mexico's unemployment rate in September ticked up to 3.9%, which was higher than the expected 3.7%.

Figure 10. Brazil and Mexico: Unemployment Rate, Seasonally Adjusted (%)



Source: IBGE/INEGI

Figure 11. Upcoming Economic Data Releases

Date	Country	Indicator	Period Covered
Nov 7	GE	Factory Orders	Sep
Nov 7	UK	Halifax House Prices	Oct
Nov 7	GE	Markit Germany Construction PMI	Oct
Nov 7	GE	Markit Germany Retail PMI	Oct
Nov 7	FR	Markit France Retail PMI	Oct
Nov 7	BZ	Markit Brazil PMI Composite	Oct
Nov 7	BZ	Markit Brazil PMI Services	Oct
Nov 7	MX	Consumer Confidence Index	Oct
Nov 7	US	Labor Market Conditions Index Change	Oct
Nov 8	US	Consumer Credit	Sep
Nov 8	TW	CPI	Oct
Nov 8	GE	Industrial Production	Sep
Nov 8	UK	Industrial Production	Sep
Nov 8	UK	Manufacturing Production	Sep
Nov 8	BZ	FGV Inflation IGP-DI	Oct
Nov 8	CH	Trade Balance	Oct
Nov 8	CH	Foreign Direct Investment	Oct
Nov 9	SK	Unemployment Rate	Oct
Nov 9	CH	CPI	Oct
Nov 9	CH	PPI	Oct
Nov 9	BZ	IBGE Inflation IPCA	Oct
Nov 9	MX	CPI	Oct
Nov 10	FR	Industrial Production	Sep
Nov 10	FR	Manufacturing Production	Sep
Nov 10	BZ	Retail Sales	Sep
Nov 10	US	Initial Jobless Claims	Nov 5
Nov 11	JP	PPI	Oct
Nov 11	MY	GDP	3Q
Nov 11	MY	Industrial Production	Sep
Nov 11	GE	CPI (Final)	Oct
Nov 11	HK	GDP	3Q
Nov 11	UK	Construction Output	Sep
Nov 11	MX	Industrial Production	Sep
Nov 11	US	University of Michigan Index of Consumer Sentiment (Prelim.)	Nov

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