

International Economy Watch

29 January 2016



AIB Treasury Economic Research Unit

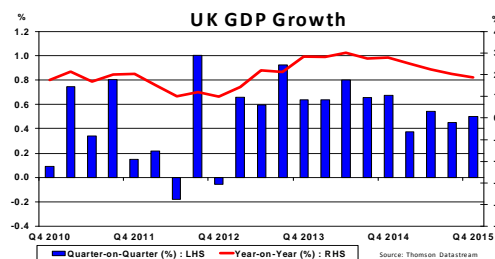
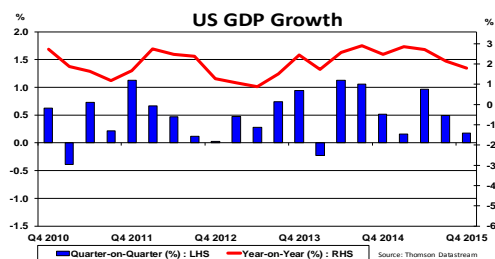
	Q2-12	Q3-12	Q4-12	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15	Q4-15
GDP															
<i>QoQ % Change</i>															
US	0.5	0.1	0.0	0.5	0.3	0.7	0.9	-0.2	1.1	1.1	0.5	0.2	1.0	0.5	0.2
Eurozone	-0.3	-0.1	-0.4	-0.2	0.4	0.2	0.2	0.2	0.1	0.3	0.4	0.5	0.4	0.3	#N/A
German	0.1	0.2	-0.5	-0.3	0.9	0.4	0.3	0.7	-0.1	0.2	0.6	0.3	0.4	0.3	#N/A
French	-0.3	0.3	-0.1	0.1	0.8	-0.1	0.2	-0.2	-0.1	0.3	0.1	0.7	0.0	0.3	0.2
UK	-0.2	1.0	-0.1	0.7	0.6	0.9	0.6	0.6	0.8	0.7	0.7	0.4	0.5	0.4	0.5
Japan	-0.3	-0.5	-0.1	1.0	0.8	0.5	-0.2	1.2	-1.9	-0.7	0.5	1.1	-0.1	0.3	#N/A
<i>QoQ Seas Adj Annualised Rate</i>															
US	1.9	0.5	0.1	1.9	1.1	3.0	3.8	-0.9	4.6	4.3	2.1	0.6	3.9	2.0	0.7
Eurozone	-1.3	-0.6	-1.7	-1.0	1.6	1.0	0.8	0.9	0.2	1.2	1.5	2.2	1.6	1.2	#N/A
German	0.2	0.7	-1.9	-1.1	3.7	1.5	1.3	2.9	-0.2	0.8	2.5	1.4	1.8	1.3	#N/A
French	-1.1	1.1	-0.3	0.6	3.1	-0.3	0.6	-0.6	-0.5	1.1	0.3	2.9	0.0	1.3	1.0
UK	-0.7	4.1	-0.2	2.7	2.4	3.8	2.6	2.6	3.2	2.6	2.7	1.5	2.2	1.8	2.0
Japan	-1.3	-1.9	-0.4	4.0	3.1	2.0	-0.7	5.0	-7.2	-2.8	1.8	4.4	-0.5	1.0	#N/A
<i>YoY % Change</i>															
US	2.5	2.4	1.3	1.1	0.9	1.5	2.5	1.7	2.6	2.9	2.5	2.9	2.7	2.1	1.8
Eurozone	-0.8	-0.9	-1.1	-1.1	-0.4	0.0	0.6	1.1	0.7	0.8	0.9	1.3	1.6	1.6	#N/A
German	0.8	0.6	0.1	-0.5	0.3	0.5	1.3	2.3	1.4	1.2	1.5	1.1	1.6	1.7	#N/A
French	0.2	0.3	0.0	0.1	1.1	0.8	1.0	0.7	-0.2	0.1	0.1	0.9	1.1	1.1	1.3
UK	1.0	1.2	1.0	1.4	2.2	2.1	2.8	2.8	3.0	2.8	2.8	2.5	2.3	2.1	1.9
Japan	3.5	0.3	0.0	0.1	1.2	2.2	2.1	2.3	-0.3	-1.5	-0.9	-1.0	0.7	1.7	#N/A

US GDP growth slowed again in Q4, to 0.7% (annualised basis), impacted by slower inventory & export growth. Economy grew by 2.4% in 2015 (same as 2014)

Eurozone growth slowed in Q3 to 0.3%. YoY rate remained at 1.6%. Underlying data showed a marked slowdown in export growth, but consumption still solid

Pace of growth in the UK edged up to 0.5% in Q4. Breakdown of GDP data show economy still heavily reliant on the services sector. Economy grew by 2.2% in 2015 vs. to 2.9% in 2014

Japanese economy grew by 1% on an annualised basis in Q3 after Q2's 0.5% decline. Improvement largely reflects pick up in exports and consumption



Note: Data sourced from Thomson Reuters, US Bureau of Economic Analysis, US Department of Commerce, Eurostat, Germany Federal Statistics Office, INSEE, ONS, Japanese Cabinet Office, Institute for Supply Management, European Commission, Ifo, German Centre for European Economic Research, ISTAT, Bank of Japan, Chinese National Bureau of Statistics, OECD, JP Morgan, Federal Reserve, Japanese Ministry of Economy, Trade and Industry, CPB Netherlands, US Census Bureau, Conference Board, University of Michigan, Gfk Group, US Bureau of Labor Statistics, Japanese Ministry of Internal Affairs, European Central Bank, Bundesagentur fur Arbeit, Japanese Ministry of Health and Labour, US National Association of Realtors, US National Association of Home Builders, UK Department of Community & Local Government, Bank of England, RICS, HBoS, Nationwide, Standard & Poor's, Dow Jones, STOXX, Deutsche Boerse, FTSE, NIKKEI, ICIS Pricing, London Bullion Market, Commodity Research Bureau.

Leading Activity Indicators

	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16
US - Manufacturing ISM	57.6	55.1	53.5	52.9	51.5	51.5	52.8	53.5	52.7	51.1	50.2	50.1	48.6	48.2	#N/A
- Services ISM	58.8	56.5	56.7	56.9	56.5	57.8	55.7	56.0	60.3	59.0	56.9	59.1	55.9	55.3	#N/A
- Business Activity	63.4	58.6	61.5	59.4	57.5	61.6	59.5	61.5	64.9	63.9	60.2	63.0	58.2	58.7	#N/A
Eurozone - EC Econ. Sentiment	100.7	100.8	101.5	102.3	103.9	103.8	103.8	103.4	103.9	104.0	105.5	106.1	106.0	106.7	105.0
- German IFO	104.7	105.5	106.7	106.8	108.0	108.6	108.6	107.6	108.1	108.4	108.5	108.2	109.0	108.6	107.3
- German ZEW	11.5	34.9	48.4	53.0	54.8	53.3	41.9	31.5	29.7	25.0	12.1	1.9	10.4	16.1	10.2
- French INSEE	98.3	98.8	99.2	99.3	98.8	101.9	101.9	100.5	102.6	103.1	104.3	103.1	101.8	102.3	102.4
- Italian ISTAT	99.4	99.5	100.1	100.5	103.7	104.1	103.5	103.9	103.7	102.7	104.1	105.6	104.3	104.0	103.2
UK - EC Economic Sentiment	113.3	113.0	113.5	113.2	110.7	112.4	113.0	109.2	112.5	113.0	110.2	108.2	107.1	110.1	106.6
- EC Industrial Sentiment	7.2	7.4	6.3	8.7	1.4	1.3	2.9	-0.4	1.7	-1.3	-3.7	-2.7	-6.3	-7.4	-4.9
- EC Services Sentiment	22.8	16.5	19.1	14.2	14.6	19.1	21.7	9.3	16.8	27.4	19.0	10.0	13.5	26.6	7.6
Japan - Tankan Manufacturing	27	27	16	15	27	26	26	21	21	21	19	17	9	18	10
- Tankan Services	17	30	25	24	24	27	30	39	27	25	21	27	27	18	27
China - NBS Manufacturing PMI	50.3	50.1	49.8	49.9	50.1	50.1	50.2	50.2	50.0	49.7	49.8	49.8	49.6	49.7	#N/A
- NBS Services PMI	53.9	54.1	53.7	53.9	53.7	53.4	53.2	53.8	53.9	53.4	53.4	53.1	53.6	54.4	#N/A
Global - Manufacturing PMI	51.8	51.5	51.7	51.9	51.7	51.0	51.3	51.0	51.1	50.7	50.7	51.3	51.2	50.9	#N/A
- Services PMI	53.4	52.5	53.0	54.1	55.2	54.8	54.0	53.6	54.1	54.6	53.3	53.5	53.9	53.1	#N/A
- Composite PMI	53.2	52.4	53.0	53.9	54.8	54.2	53.6	53.1	53.7	53.9	52.8	53.1	53.6	52.9	#N/A
- OECD Lead Indicator	100.4	100.4	100.4	100.3	100.3	100.2	100.2	100.1	100.0	99.9	99.9	99.8	99.8	#N/A	#N/A

US ISM surveys indicate healthy growth in the services sector, while manufacturing declines

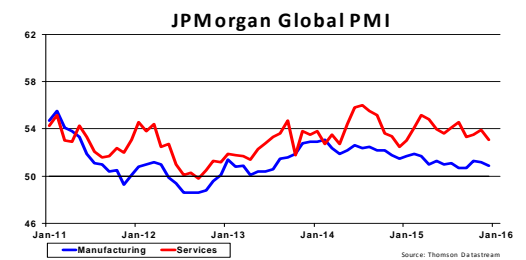
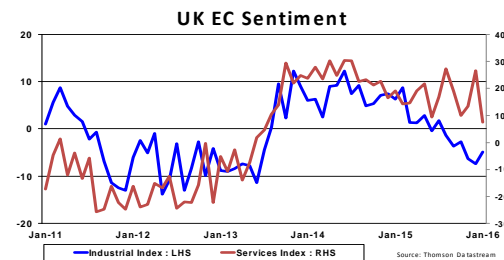
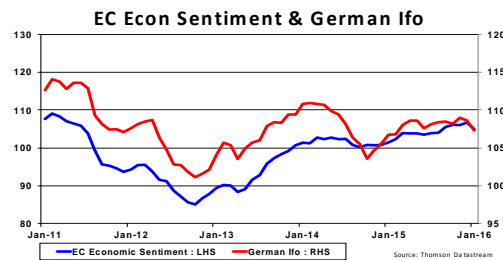
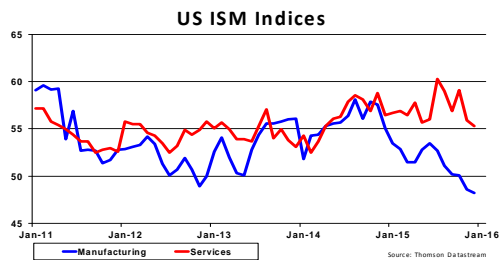
Eurozone EC economic sentiment points to a slowdown in growth at the start of 2016. Generally confirmed by national level indicators

UK EC economic sentiment data suggest that industrial sector remains very weak. Services sector slowed sharply in January

Japanese Tankan surveys point to solid performance by the services sector, while manufacturing struggles

Chinese manufacturing PMI still signalling a decline in the sector

Global PMIs point to continued modest growth



Industrial Output

	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
Industrial Production - Volume Indices															
US	106.8	107.8	107.9	107.6	107.4	107.2	107.1	106.7	106.7	107.5	107.6	107.6	107.4	106.4	106.0
Eurozone (ex Construction)	101.1	101.3	101.8	102.0	103.0	102.6	102.6	102.5	102.2	103.0	102.5	102.3	103.1	102.4	#N/A
Germany (inc Construction)	107.8	108.0	109.1	109.0	108.9	108.6	109.1	109.5	108.6	109.7	109.0	107.8	108.3	108.0	#N/A
UK - Total	100.7	100.7	100.6	100.7	101.0	101.7	101.8	102.0	101.9	101.5	102.4	102.3	102.4	101.7	#N/A
- Manufacturing	101.5	102.3	102.5	101.6	102.0	102.5	102.0	101.2	101.3	100.5	100.9	101.8	101.4	101.0	#N/A
Japan	98.5	97.9	98.1	102.1	98.9	98.1	99.3	97.2	98.3	97.5	96.3	97.4	98.8	97.9	96.5
MoM % Change															
US	0.2	0.9	0.1	-0.3	-0.2	-0.2	-0.2	-0.4	0.0	0.8	0.1	0.0	-0.2	-0.9	-0.4
Eurozone (ex Construction)	0.1	0.2	0.5	0.1	1.0	-0.4	0.0	-0.1	-0.3	0.8	-0.5	-0.2	0.8	-0.7	#N/A
Germany (inc Construction)	0.2	0.2	1.0	-0.1	-0.1	-0.3	0.5	0.4	-0.8	1.0	-0.6	-1.1	0.5	-0.3	#N/A
UK - Total	-0.1	0.0	-0.1	0.0	0.3	0.7	0.1	0.2	-0.1	-0.4	0.9	0.0	0.0	-0.7	#N/A
- Manufacturing	-0.7	0.7	0.2	-0.8	0.4	0.5	-0.5	-0.8	0.1	-0.7	0.3	0.9	-0.4	-0.4	#N/A
Japan	0.4	-0.6	0.2	4.1	-3.1	-0.8	1.2	-2.1	1.1	-0.8	-1.2	1.1	1.4	-0.9	-1.4
YoY % Change															
US	4.1	4.7	4.6	4.5	3.5	2.5	2.1	1.4	0.9	1.3	1.4	0.8	0.5	-1.3	-1.8
Eurozone (ex Construction)	0.8	-0.7	0.8	0.7	2.0	2.1	0.7	1.7	1.6	1.8	2.1	1.4	2.0	1.1	#N/A
Germany (inc Construction)	1.2	-0.3	0.8	0.4	0.2	0.1	0.8	2.5	1.0	0.8	2.7	0.4	0.4	0.1	#N/A
UK - Total	1.0	1.2	0.6	1.1	0.4	1.4	1.1	1.6	1.7	0.8	1.9	1.5	1.7	0.9	#N/A
- Manufacturing	2.1	3.3	2.6	1.4	0.9	1.3	-0.2	0.4	0.0	-1.2	-1.0	-0.4	-0.2	-1.2	#N/A
Japan	-0.5	-3.7	-0.1	-2.6	-2.0	-1.7	0.1	-3.9	2.3	0.0	-0.4	-0.8	-1.4	1.7	-1.6
World Industrial Production (CPB Netherlands Bureau for Economic Policy Analysis)															
MoM %	0.1	0.3	0.6	-0.2	0.1	0.0	0.1	-0.4	0.7	0.1	0.0	0.3	0.2	-0.4	#N/A
3 Mth / 3 Mth %	0.6	1.0	1.0	0.9	0.7	0.3	0.2	0.0	0.1	0.2	0.5	0.5	0.6	0.4	#N/A
3 Mth Avg YoY %	3.0	3.0	3.0	2.8	2.7	2.4	2.2	2.0	2.0	2.0	2.2	2.0	2.0	1.6	#N/A
Industrial Orders															
MoM % Change															
US - Factory Goods	-0.9	-0.7	-3.7	-0.4	-1.0	2.2	-0.7	-1.1	2.2	0.2	-2.1	-0.8	1.3	-0.2	#N/A
Germany	2.8	-2.3	3.4	-2.6	-1.0	1.1	1.7	-0.2	1.8	-2.2	-2.1	-0.7	1.7	1.5	#N/A
Japan - Core Machinery (Value)	-3.5	0.1	5.6	2.5	-1.4	2.9	3.8	0.6	-7.9	-3.6	-5.7	7.5	10.7	-14.4	#N/A
YoY % Change															
US	2.0	-2.2	-2.4	-5.3	-6.9	-4.0	-6.5	-8.3	-4.2	-15.1	-7.0	-7.0	-5.8	-3.5	#N/A
Germany	2.8	-1.5	6.3	-3.2	-2.5	6.3	1.4	-1.5	13.4	-1.3	2.2	-0.8	-1.2	5.1	#N/A
Japan - Core Machinery (Value)	-4.9	-14.6	11.4	1.9	5.9	2.6	3.0	19.3	16.6	2.8	-3.5	-1.7	10.3	1.2	#N/A

US industrial production declined by 0.9% in Q4. Largely reflects fall in energy production. Manufacturing (ex-energy) rose by 0.1%

Eurozone production remains very soft, rising by just 0.1% in Oct/Nov compared to Q3. This also reflects, in part, lower energy production. Weak capital goods growth suggests investment remains subdued in the Eurozone

Likewise, production growth in the UK has been weighed down by a slower pace of energy output

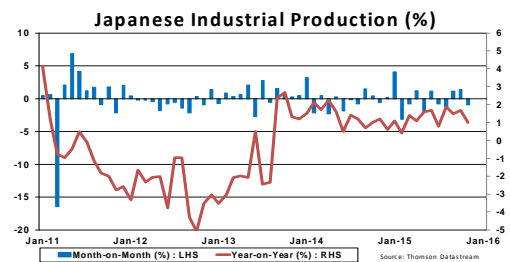
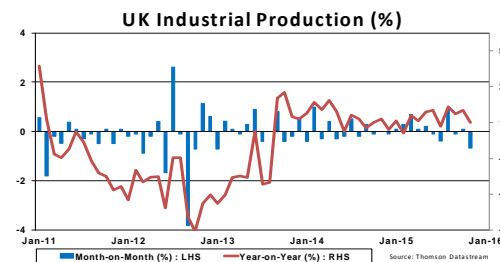
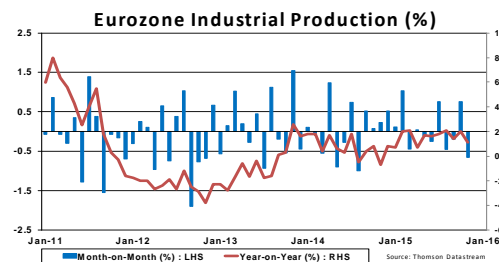
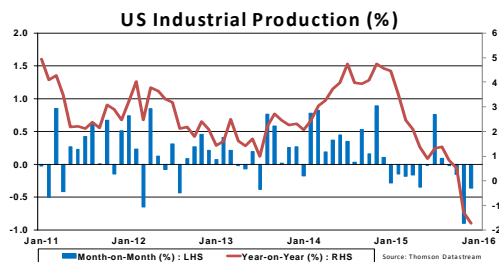
Japanese production ended Q4 on a weak note, but was still up 0.7% vs Q3

YoY growth in global production slows to 1.6% in November, a 2½-year low

US factory orders flat in Oct/Nov compared to Q3, in which they declined by 0.4%

German orders up 1.2% in Oct/Nov, boosted by firmer domestic demand

Japanese orders remain volatile, up 1.2% YoY in Nov



Consumer Confidence & Retail Sales

	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16
CONSUMER CONFIDENCE INDICATORS															
US - Conference Board	91.0	93.1	103.8	98.8	101.4	94.3	94.6	99.8	91.0	101.3	102.6	99.1	92.6	96.3	98.1
- Expectations	89.3	88.5	97.0	90.0	96.0	87.1	86.2	92.8	82.3	91.6	90.8	88.7	80.4	83.0	85.9
US - Univ. Michigan Sentiment	88.8	93.6	98.1	95.4	93.0	95.9	90.7	96.1	93.1	91.9	87.2	90.0	91.3	92.6	92.0
- Expectations	79.9	86.4	91.0	88.0	85.3	88.8	84.2	87.8	84.1	83.4	78.2	82.1	82.9	82.7	82.7
Eurozone - European Commission	-11.7	-11.0	-8.4	-6.6	-3.6	-4.6	-5.5	-5.5	-7.1	-6.8	-7.0	-7.5	-5.9	-5.7	-6.3
Germany - European Commission	-1.6	-1.4	0.0	-0.1	3.2	3.3	3.0	2.8	1.4	0.7	-2.9	-4.6	-4.5	-4.2	-5.8
- Gfk Consumer Climate	8.5	8.7	9.0	9.3	9.7	10.0	10.1	10.2	10.1	10.1	9.9	9.6	9.4	9.3	9.4
France - INSEE	87.7	90.6	90.0	92.1	93.2	94.2	93.6	93.8	93.5	93.7	97.1	96.1	96.5	96.4	97.5
UK - European Commission	2.6	3.1	3.0	3.9	5.6	6.9	1.1	5.1	3.0	2.8	0.4	0.3	1.0	4.1	3.8
- Gfk	-2	-4	1	1	4	4	1	7	4	7	3	2	1	2	4

Conference Board & Michigan measures of US consumer confidence point to improved sentiment in January, from an already strong level

Eurozone confidence weaker in January—perhaps partly impacted by recent market turmoil. Mixed performance by national indicators

EC UK consumer confidence has shown some recovery in the last couple of months

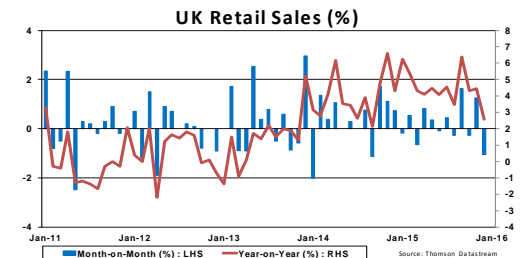
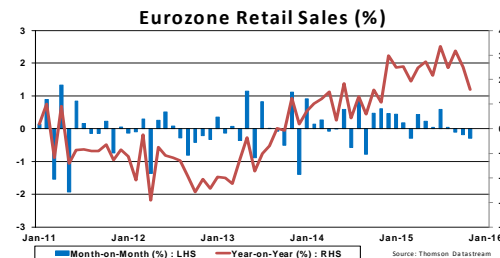
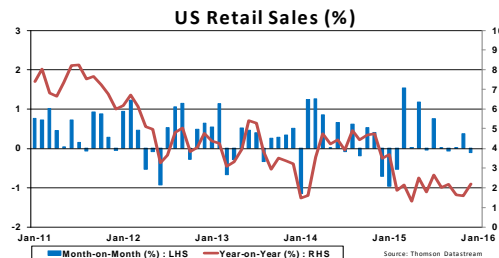
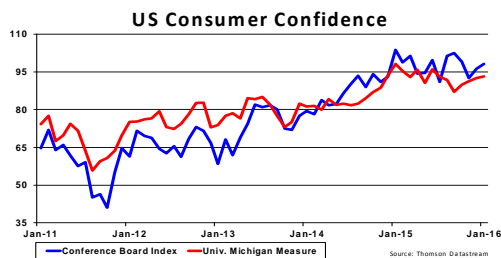
	Jan-11	Jan-12	Jan-13	Jan-14	Jan-15	Jan-16
RETAIL SALES						
US - Headline (Value \$ m)	441,553	438,421	434,225	431,921	438,572	438,717
- Ex Autos (Value \$ m)	351,833	349,320	344,769	344,404	348,016	347,631
- Auto Sales (mln, s.a.a.r.)	17.02	16.80	16.63	16.32	17.06	16.70
Eurozone (Volume Index)	98.9	99.3	99.8	100.0	99.7	100.1
UK (Volume Index)	107.9	108.7	108.5	109.1	108.4	109.3
Japan (Value Index)	11,646	13,510	11,489	10,726	12,403	11,556
MoM %						
US - Headline (Value)	0.4	-0.7	-1.0	-0.5	1.5	0.0
- Ex Autos (Value)	0.1	-0.7	-1.3	-0.1	1.0	-0.1
Eurozone (Volume)	0.6	0.5	0.5	0.2	-0.3	0.4
UK (Volume)	1.1	0.7	-0.2	0.6	-0.6	0.8
Japan (Value)	2.4	16.0	-15.0	-6.6	15.6	-6.8
YoY %						
US - Headline (Value)	4.8	3.5	3.7	1.9	2.1	1.3
- Ex Autos (Value)	3.8	2.2	1.7	0.7	1.0	0.1
- Auto Sales (3MMA)	6.5	7.2	7.8	7.7	5.8	3.9
Eurozone (Volume)	1.1	3.0	2.5	2.6	1.9	2.6
UK (Volume)	6.6	4.3	6.3	5.4	4.3	4.1
Japan (Value)	0.5	0.1	-2.0	-1.7	-9.7	4.9

US retail sales (value) show modest growth of 0.3% in Q4 despite drag from falls in price of oil and imported goods

Eurozone sales down by 0.4% in Oct/Nov. Underlying data show a generally broad based decline in sales

UK retail sales continue to grow strongly in Q4, increasing by 1.2%. Sales were boosted by lower oil prices as well as pre-Christmas sales

Japanese sales remain volatile. YoY growth back in negative territory in November. Sales have not been helped by falling wages



Consumer Prices

	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16
CONSUMER PRICES															
YoY % Change															
US CPI	1.3	0.8	-0.1	0.0	-0.1	-0.2	0.0	0.1	0.2	0.2	0.0	0.2	0.5	0.7	#N/A
Eurozone HICP	0.3	-0.2	-0.6	-0.3	-0.1	0.0	0.3	0.2	0.2	0.1	-0.1	0.1	0.1	0.2	0.4
German CPI	0.6	0.2	-0.3	0.1	0.3	0.5	0.7	0.3	0.2	0.2	0.0	0.3	0.4	0.3	0.5
French CPI	0.3	0.1	-0.4	-0.3	-0.1	0.1	0.3	0.3	0.2	0.1	0.0	0.1	0.0	0.2	#N/A
UK CPI	1.0	0.5	0.3	0.0	0.0	-0.1	0.1	0.0	0.1	0.0	-0.1	-0.1	0.1	0.2	#N/A
- UK CPI : Ex Taxes	1.0	0.5	0.0	-0.2	-0.3	-0.3	0.0	-0.1	0.1	-0.1	-0.2	-0.3	-0.1	0.0	#N/A
Japanese CPI	2.4	2.4	2.4	2.2	2.3	0.6	0.5	0.4	0.3	0.2	0.0	0.3	0.3	0.2	#N/A
MoM % Change															
US CPI (seas.adj.)	-0.3	-0.3	-0.7	0.2	0.2	0.1	0.4	0.3	0.1	-0.1	-0.2	0.2	0.0	-0.1	#N/A
Eurozone HICP	-0.2	-0.1	-1.5	0.6	1.1	0.2	0.2	0.0	-0.6	0.0	0.2	0.1	-0.2	0.0	-1.4
German CPI	0.0	0.0	-1.0	0.9	0.5	0.0	0.1	-0.1	0.2	0.0	-0.2	0.0	0.1	-0.1	-0.8
French CPI	-0.2	0.1	-1.0	0.7	0.7	0.1	0.2	-0.1	-0.4	0.3	-0.4	0.1	-0.2	0.2	#N/A
UK CPI	-0.3	0.0	-0.9	0.3	0.2	0.2	0.2	0.0	-0.2	0.2	-0.1	0.1	0.0	0.1	#N/A
Japanese CPI (seas.adj.)	-0.1	0.1	0.0	-0.1	0.1	0.2	0.1	0.0	0.0	0.0	-0.1	0.1	-0.1	0.0	#N/A
Core CPI															
YoY % Change															
US (1)	1.7	1.6	1.6	1.7	1.8	1.8	1.7	1.8	1.8	1.8	1.9	1.9	2.0	2.1	#N/A
Eurozone (2)	0.7	0.7	0.6	0.7	0.6	0.7	0.9	0.8	0.9	0.9	0.8	1.0	0.9	0.9	1.0
UK (3)	1.2	1.3	1.4	1.2	1.0	0.8	0.9	0.8	1.2	1.0	1.0	1.1	1.2	1.4	#N/A
Japan (4)	2.7	2.6	2.2	2.0	2.2	0.3	0.0	0.0	-0.1	-0.1	-0.1	-0.1	0.0	0.1	#N/A
Japan : Core-Core (5)	2.1	2.1	2.0	2.0	2.1	0.4	0.4	0.5	0.6	0.8	0.9	0.8	0.9	0.8	#N/A
MoM % Change															
US (seas.adj) (1)	0.1	0.1	0.2	0.2	0.2	0.3	0.1	0.2	0.1	0.1	0.2	0.2	0.2	0.1	#N/A
Eurozone (2)	-0.1	0.3	-1.5	0.5	1.2	0.2	0.1	0.0	-0.6	0.3	0.4	0.2	-0.2	0.3	-1.4
UK (3)	-0.1	0.2	-0.8	0.5	0.2	0.3	0.1	0.1	0.0	0.4	0.1	0.3	0.0	0.3	#N/A
Japan (seas.adj) (4)	0.0	0.0	-0.2	-0.1	0.2	0.0	0.0	0.1	0.0	-0.1	0.0	0.0	0.1	0.1	#N/A
Japan (seas.adj) : Core-Core (5)	0.1	0.0	0.0	0.0	0.1	0.1	0.0	0.2	0.1	0.2	0.1	-0.1	0.1	0.0	#N/A

US CPI inflation rises to 0.7% in December—in part due to abating of base effects from end 2014 fall in oil prices

Eurozone inflation edges up to 0.4% in Jan, remaining way below 2% target. Weak commodity prices will remain a drag in the coming months

UK inflation rises to 0.2% in December, breaking out of -0.1% to 0.1% range in place since February

Japanese inflation picks up modestly in Q4, but still very weak

US core CPI (ex-food & energy) above 2% for first time since July 2012

Core Eurozone inflation now at upper end of its 0.6-1% range in place since May'14

Core UK inflation rises for a fourth consecutive month—now at 1.4%

Core Japanese inflation stable, still way off levels from one year previous as impact from VAT hike gone

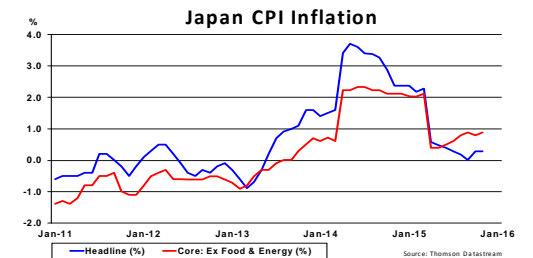
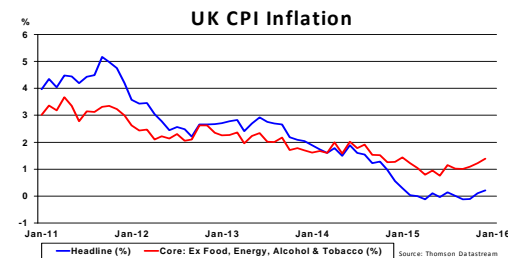
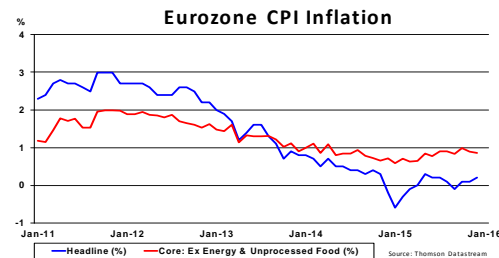
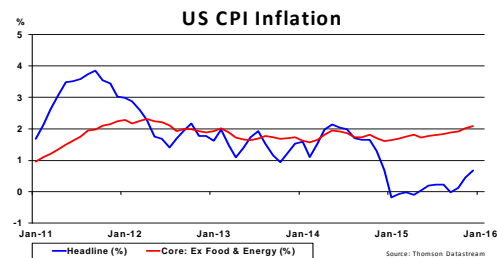
(1) Excluding Food & Energy

(2) Excluding Energy & Unprocessed Food

(3) Excluding Food, Energy, Alcohol & Tobacco

(4) Excluding Fresh Food

(5) Excluding Food & Energy



Labour Market

	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
EMPLOYMENT															
US Non-Farm Payroll - Mth ('000)	221	423	329	201	266	119	187	260	245	223	153	145	307	252	292
GROWTH YoY %															
US Civilian Employment	2.7	2.0	1.9	2.1	2.1	1.8	1.9	2.0	1.7	1.7	1.8	1.4	1.2	1.4	1.7
Eurozone (Q)	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1	#N/A	#N/A	#N/A
Germany	0.9	0.8	0.8	0.6	0.6	0.7	0.6	0.7	0.7	0.7	0.8	0.9	0.9	1.0	#N/A
France (Q)	0.5	0.5	0.5	0.2	0.2	0.2	0.3	0.3	0.3	0.4	0.4	0.4	#N/A	#N/A	#N/A
UK (3 Mth to)	1.9	1.7	2.0	2.0	1.8	1.8	1.4	0.9	1.2	1.3	1.2	1.4	1.6	1.9	#N/A
Japan - Regular Employees	0.3	0.3	0.4	0.7	0.9	0.6	1.0	0.9	0.9	1.0	1.0	1.0	1.2	1.2	#N/A
UNEMPLOYMENT RATE %															
US Civilian Employment	5.7	5.8	5.6	5.7	5.5	5.5	5.4	5.5	5.3	5.3	5.1	5.1	5.0	5.0	5.0
Eurozone	11.5	11.5	11.4	11.2	11.2	11.2	11.1	11.0	11.0	10.8	10.8	10.7	10.6	10.5	#N/A
Germany	5.0	4.9	4.9	4.8	4.8	4.8	4.7	4.7	4.6	4.6	4.6	4.5	4.5	4.5	#N/A
France	10.5	10.5	10.5	10.4	10.4	10.4	10.3	10.4	10.4	10.5	10.6	10.4	10.3	10.1	#N/A
UK (3 Mth to)	6.0	5.8	5.7	5.7	5.6	5.5	5.5	5.6	5.6	5.5	5.4	5.3	5.2	5.1	#N/A
Japan	3.5	3.5	3.4	3.6	3.5	3.4	3.3	3.3	3.4	3.3	3.4	3.4	3.1	3.3	3.3
EARNINGS GROWTH YoY %															
US - Employment Costs (Wages) (Q)	2.1	2.1	2.1	2.5	2.5	2.5	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
- Average Earnings	2.0	2.1	1.8	2.2	2.0	2.1	2.3	2.3	2.0	2.2	2.2	2.3	2.5	2.3	2.5
UK - Weekly Earnings (Ex-bonus)	1.7	1.9	1.8	1.7	1.9	2.3	2.7	2.8	2.8	2.9	2.8	2.4	2.0	1.9	#N/A
Eurozone - Wage Growth (Q)	1.1	1.1	1.1	2.1	2.1	2.1	2.0	2.0	2.0	1.4	1.4	1.4	#N/A	#N/A	#N/A
Germany - Wage Growth	2.8	2.8	2.8	1.0	2.6	3.0	2.6	2.0	2.1	2.4	2.5	2.5	2.5	2.4	#N/A
Japan - Average Earnings	0.7	0.6	2.1	-0.7	-1.2	-1.1	-0.6	-0.1	-4.7	-0.4	-1.2	-1.2	-0.6	-1.4	#N/A

US payrolls much stronger in Q4 (avg 284k) vs Q3 (174k). Unemployment rate remains at 5% (7½ yr low) in Dec

Eurozone employment growth improves slightly in Q3 (1.1%). Unemployment falls to 10.5% in September—lowest rate since October 2011

Pace of growth in UK employment continues to pick up following mid 2015 slowdown. Unemployment rate falls further, now at 7½ year low of 5.1%

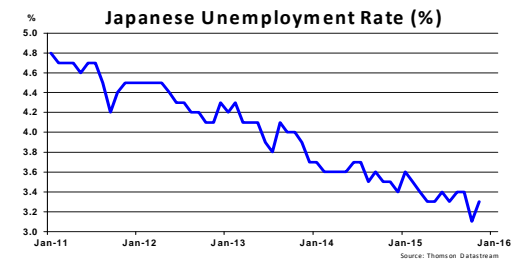
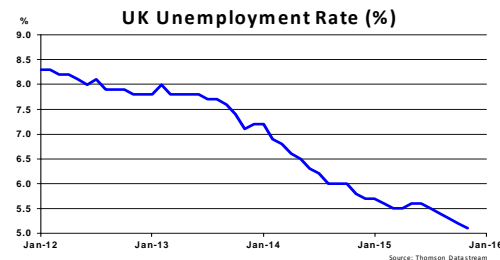
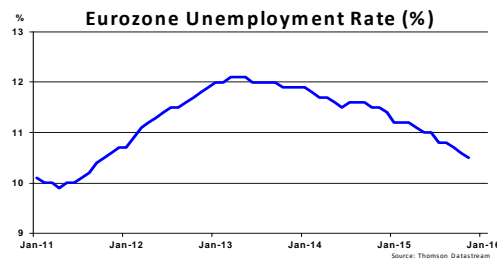
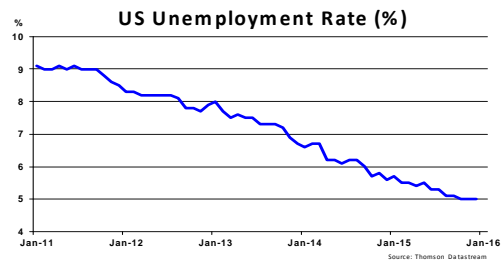
Japanese unemployment at 3.3%, near an 18 year low

YoY growth in US wages remained at 2.1% in Q4
UK earnings growth (ex-bonus) slips further, now back below 2% YoY

Eurozone wage growth slows to 1.4% YoY in Q3

Japanese earnings were declining throughout 2015, currently at -1.4% YoY

(Q) Monthly data interpolated from quarterly series



Housing Market

	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16
RESIDENTIAL CONSTRUCTION ACTIVITY															
US - Starts ('000) s.a.a.r.	1,007	1,080	1,080	900	954	1,190	1,072	1,211	1,152	1,116	1,207	1,071	1,179	1,149	#N/A
US - Permits ('000) s.a.a.r.	1,079	1,077	1,059	1,098	1,038	1,140	1,250	1,337	1,130	1,161	1,105	1,161	1,282	1,204	#N/A
Eurozone - Permits (2000 = 100)	69.7	83.7	66.4	67.0	85.9	77.9	75.9	91.8	93.3	78.6	83.6	#N/A	#N/A	#N/A	#N/A
UK Starts (MQ)	8,393	8,393	13,150	13,150	13,150	12,110	12,110	12,110	12,177	12,177	12,177	#N/A	#N/A	#N/A	#N/A
US NAHB Sentiment	58	58	57	55	52	56	54	60	60	61	61	65	62	60	60
YoY %															
US - Starts - 3 Mth Avg	7.9	4.3	5.5	7.4	4.7	3.1	7.6	17.6	14.2	16.4	12.6	10.5	11.1	7.4	#N/A
US - Permits - 3 Mth Avg	5.3	6.2	5.2	6.2	3.3	3.5	8.8	19.3	20.3	16.5	8.4	6.7	9.1	11.3	#N/A
Eurozone - Permits	-3.6	-1.3	-4.5	-6.3	-9.9	-8.1	-7.8	-1.9	2.3	8.4	6.9	#N/A	#N/A	#N/A	#N/A
UK Starts (MQ)	-10.1	-10.1	6.2	6.2	6.2	-2.8	-2.8	-2.8	2.2	2.2	2.2	#N/A	#N/A	#N/A	#N/A
SALES															
US - New Homes ('000) s.a.a.r.	449	495	521	545	485	508	513	469	500	507	457	482	491	544	#N/A
- 3 Mth Avg YoY %	7.1	6.4	9.9	19.7	21.8	24.3	17.9	16.9	16.9	16.7	11.2	4.4	3.6	7.1	#N/A
US - Existing Homes ('000) s.a.a.r.	4,950	5,070	4,820	4,890	5,210	5,090	5,320	5,480	5,580	5,300	5,550	5,320	4,760	5,460	#N/A
- 3 Mth Avg YoY %	0.7	2.7	3.1	4.2	6.3	7.7	8.9	8.4	9.3	8.5	8.3	6.0	2.8	2.4	#N/A
US - Pending Sales Index	104.1	102.5	103.7	107.4	108.7	111.6	112.3	110.4	110.9	109.3	107.5	107.9	106.7	106.8	#N/A
- 3 Mth Avg YoY %	2.4	3.3	4.9	9.0	11.1	12.9	11.3	10.5	8.8	8.4	5.8	4.1	3.4	3.4	#N/A
UK - Transactions over £40k ('000)	98.9	97.4	96.3	99.6	99.0	96.5	98.4	104.6	102.5	104.2	105.0	107.0	106.7	108.7	#N/A
PRICES															
MoM % Change															
US - Case Shiller 20 (seas adj)	0.6	0.8	0.7	1.1	1.0	0.1	-0.3	-0.1	-0.1	0.2	0.6	0.8	0.9	#N/A	#N/A
UK - Halifax	0.9	0.7	1.9	-0.4	0.6	1.6	0.3	1.6	-0.4	2.7	-0.9	1.0	0.0	1.7	#N/A
- Nationwide	0.4	0.1	0.4	0.0	0.1	1.0	0.3	-0.2	0.4	0.4	0.5	0.6	0.1	0.8	0.3
YoY % Change															
US - Case Shiller 20	4.2	4.3	4.4	4.9	4.9	4.9	4.9	4.8	4.9	5.0	5.3	5.5	5.8	#N/A	#N/A
UK - Halifax (3 Mth Mov Avg)	8.4	8.1	8.8	8.3	8.1	8.5	8.8	9.2	7.9	9.0	8.7	9.6	9.1	9.6	#N/A
- Nationwide	8.5	7.1	6.6	5.7	5.2	5.1	4.7	3.3	3.6	3.2	3.9	3.9	3.7	4.4	4.4
UK - RICS House Price Balance	15.8	15.1	9.6	16.2	23.5	31.2	32.9	40.1	43.6	52.6	44.7	49.8	49.1	49.7	#N/A

Despite mild weather and rising employment, US housing starts fall in Q4. YoY growth slowed further in the quarter to 7.4%

Volatile UK housing starts show YoY growth of 2.2% in Q3 after declining in Q2

US existing home sales rebound in December after falling in November. YoY growth falls to 2.4% in Q4

US new home sales jump in December—back up around an 8yr high. But, YoY growth slowed to 7.1% in Q4 from 11.2% in Q3

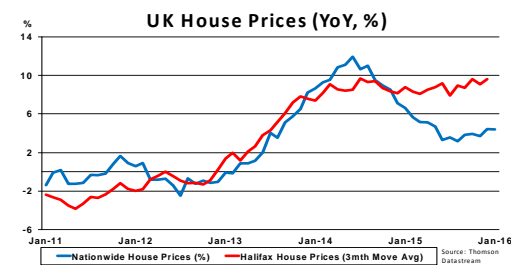
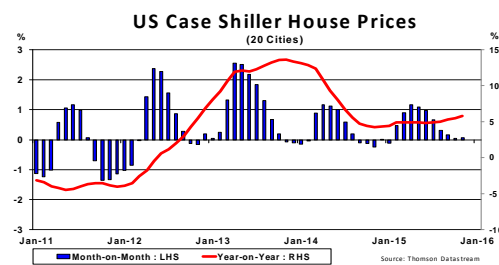
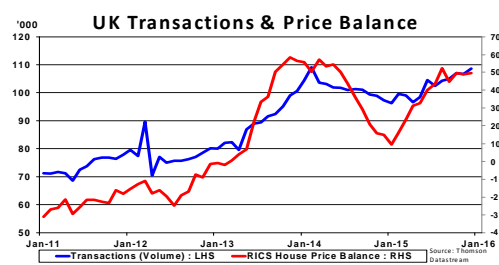
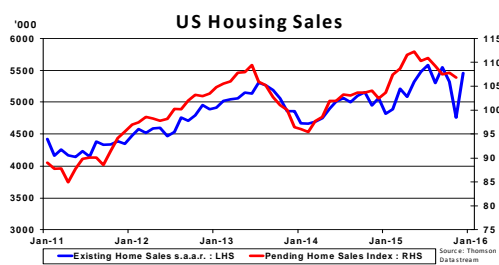
Volume of UK housing transactions at a 2yr high

US Case-Shiller data show pace of house price inflation continuing to increase—at 5.8% in November

YoY growth in UK house prices (Nationwide & Halifax) has been broadly firmer in recent months

RICS house price survey continues to pick up—underlying data suggest rising demand and falling supply

(MQ) Monthly average of Quarterly data





Financial & Commodity Markets

Monthly Averages :	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	This Month To Date	Latest Value
Stock Markets														
US - Dow Jones	17554	17949	17932	17961	18130	17927	17792	17062	16329	17182	17728	17543	16351	16070
US - S&P 500	2029	2083	2080	2094	2113	2099	2093	2040	1943	2025	2081	2054	1923	1893
EZ - EuroStoxx 50	3204	3454	3655	3732	3618	3522	3545	3444	3165	3275	3440	3288	3045	2979
DE - Dax 30	10123	10977	11785	11957	11602	11236	11288	10818	9953	10222	10986	10681	9887	9640
UK - FTSE 100	6613	6879	6885	6996	6984	6783	6647	6446	6087	6341	6307	6170	5931	5932
JPN - Nikkei	17287	18033	19198	19781	19911	20404	20385	19919	17961	18377	19553	19182	17417	17041
Exchange Rates														
Trade Weighted Indices														
\$ - Broad	92.8	94.4	97.9	97.5	95.2	95.2	96.9	96.4	95.8	95.7	99.1	98.3	98.9	98.5
€ - ECB Broad	95.3	93.3	90.5	89.7	91.5	92.3	91.3	93.0	93.8	93.6	91.1	92.5	93.5	94.0
£ - BoE Effective	87.8	90.1	90.4	90.1	91.4	92.1	93.3	93.5	91.9	91.6	93.4	91.6	88.8	88.3
¥ - BoE	126	127	128	128	125	122	124	124	127	127	126	127	131	130
vs Euro														
USD	1.16	1.14	1.08	1.08	1.12	1.12	1.10	1.11	1.12	1.12	1.07	1.09	1.09	1.09
GBP	0.77	0.74	0.72	0.72	0.72	0.72	0.71	0.71	0.73	0.73	0.71	0.73	0.75	0.76
JPY	138	135	130	129	135	139	136	137	135	135	132	132	128	130
vs Dollar														
GBP	1.52	1.53	1.50	1.50	1.55	1.56	1.56	1.56	1.53	1.53	1.52	1.50	1.44	1.44
JPY	118	119	120	120	121	124	123	123	120	120	123	122	118	119
Commodity Markets														
Oil - West Texas	48	51	48	54	59	60	51	43	45	46	43	37	32	34
Oil - Brent \$	49	58	57	60	65	63	57	48	48	49	45	39	32	35
Oil - Brent €	42	51	52	55	58	56	52	43	43	44	42	35	30	32
Oil - Brent £	32	38	38	40	42	40	37	31	31	32	30	26	22	24
CRB Commodity Index	441	435	420	423	430	424	417	397	393	402	387	377	366	368
Gold (\$ per Oz)	1251	1227	1179	1200	1199	1181	1131	1119	1125	1160	1086	1069	1096	1117

Global equities have been under severe pressure in the new year as concerns over the outlook for global growth mount. Risk appetite also not helped by sharp fall in oil prices

Overall, major equity indices down 8-10% in January

Concerns over Brexit, slower growth in the UK and the expectation that the BoE will remain on hold this year have all weighed on sterling—down about 3-4% in January

Market turmoil benefitted the yen, before surprise BoJ easing sees it move lower

Strong signal of further ECB easing unhelpful to the euro

Dollar has been relatively stable in recent weeks

Oil prices fall sharply amid slowing demand and on-going supply glut

Broad based sell-off in commodities weighs on CRB index, which is at its lowest level since March 2009

Gold sees some safe haven demand as a result of recent market turmoil

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