Weekly Macro Review

w/c 4 March 2019

Key Themes

Slower growth remained a key theme last week. Sentiment also soured as the US-China trade agreement now seems further away than most expected. Reports are that the March summit has been postponed. Brexit negotiations also failed to deliver a solution to the Irish border backstop issue.

The ECB officially shifted its guidance for rate increases out to at least the end of 2019 and growth forecasts for 2019 were materially lowered with the outlook weaker than expected. The growth forecast for 2019 now equals the current annual GDP growth rate for the Euro Area +1.1%. The ECB also launched a new TLTRO program to commence in Sep. At the same time German factory orders decreased in Jan but Dec results were revised higher – something positive to watch. Eurozone retail sales growth also rebounded in Jan across most categories.

The Bank of Canada kept rates on hold. The BoC highlighted that Q4 growth was much weaker than the bank had forecast back in Jan. The slowdown was much broader than just oil-related areas of the economy. With core inflation steady, rates likely remain on hold in the near term.

The RBA also kept rates on hold. Aus GDP growth slowed further in Q4 to +0.17% after the 'surprise' slowdown in Q3. The RBA's central forecast for 2019 growth is currently 3%. Retail sales growth remained subdued/marginal in Jan and the Service PSI indicates continued weakness in retail for Feb. Forward indicators of employment growth show some moderation in employment growth.

US labour market data was a key focus this week. Reported job cut announcements increased further in Feb, with an emphasis on industrial goods and retail. Hiring announcements were much lower. The non-farm payrolls growth slowed significantly bringing the average growth lower. From the household survey, employment growth continued to slow but that growth remained larger than the growth of the labour force, resulting in total unemployed persons declining further on an annual basis.

The unemployment rate declined in Feb to 3.8% from 4% in Jan as a result of a lower total number of unemployed persons. The data likely still reflect some impact from the shutdown – with unemployment higher previously due to the classification of furloughed federal employees as on 'temporary layoff'.

US services PMI's indicated a faster pace of growth (consistent across both ISM and Markit reports) – the underlying drivers were quite positive. Markit quotes that firms were unsure that current demand conditions could be sustained.

Trade data from China continued to disappoint for Feb coming in much lower than expected. Chinese credit growth also came in much lower than expected, but aggregate financing for Jan plus Feb is still well above last year but will take time to flow through to activity. The Caixin Services PMI weakened markedly in Feb.

Contents

US Data

Consumption and Employment

Motor Vehicle Sales (Feb)

The seasonally adjusted annual rate/unit sales of total motor vehicles continued to decline in Feb. The decline this month was led by a fall in Autos. While Light Truck sales increased in Feb, this only partially reversed the large fall in unit sales recorded in Jan.

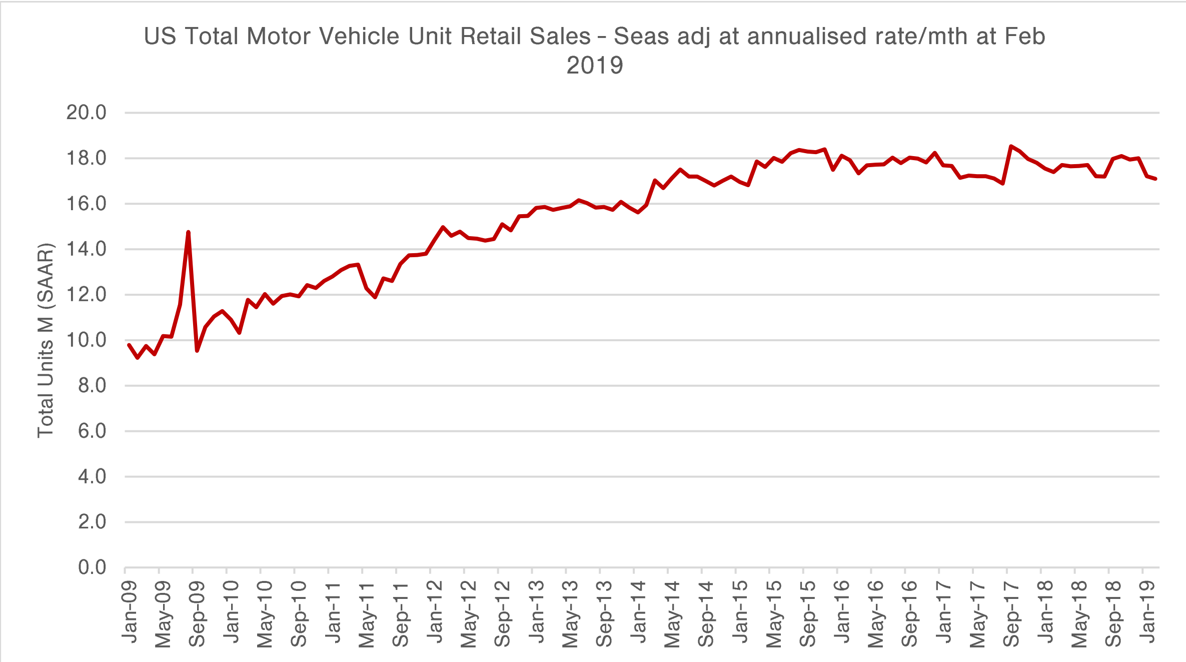
On a moving annual total basis, the decline in Car/Auto sales has been offset by the increase in Light Truck sales.

Some Jan figures were revised higher.

Total Motor Vehicle Sales – (SAAR)

Feb 17.1m units (-0.7%) versus Jan 17.2m units (-4.4%) (revised higher from 17.1m units/-5% reported in Jan)

The annual change in Feb (NSA) was -1.8%. On a moving annual total basis, total motor vehicle sales are +1%.

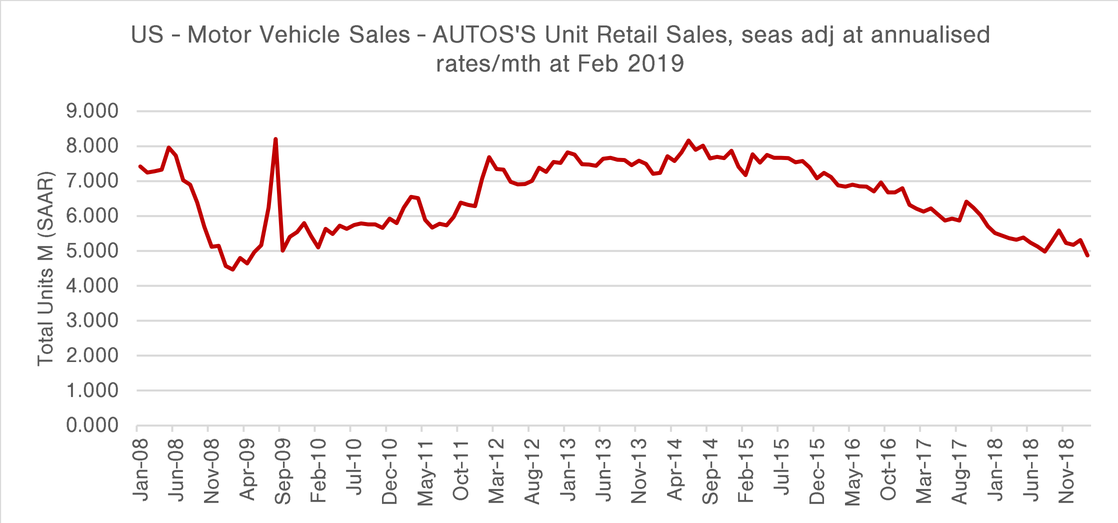


The current annual rate of total motor vehicle unit sales is 23% below the peak rate of 22.06m units reached in Oct 2001.

Auto/Car Sales (SAAR)

Feb 4.87m units (-8.4%) versus Jan 5.315 (Jan revised higher from 5.24m units/+1.3% reported in Jan)

The annual change in Feb (NSA); -11%. On a moving annual total basis, car/auto sales are 12% below the total unit sales for the 12-month prior.

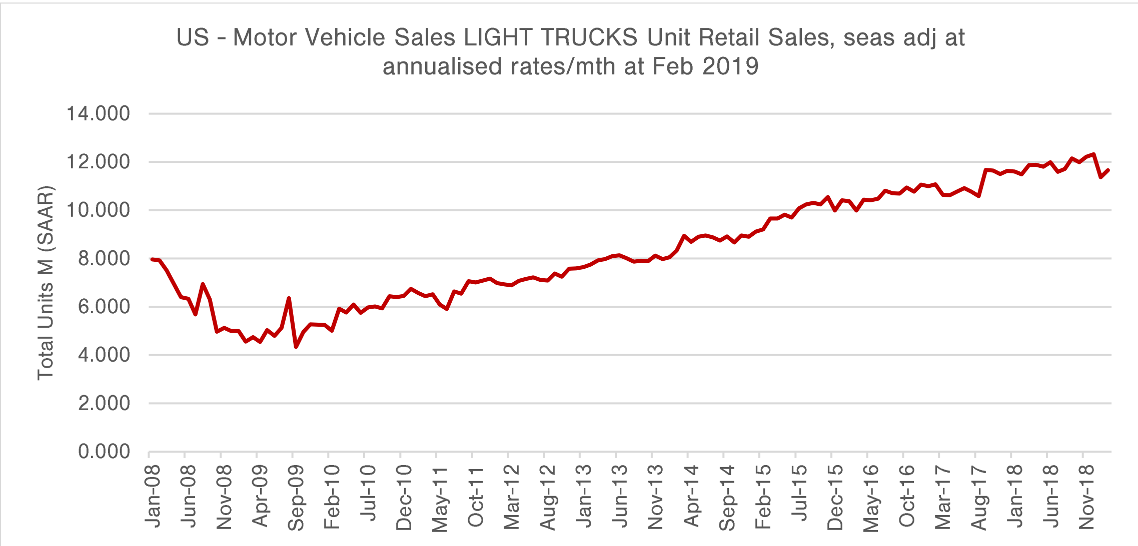


The current annual rate is now only 9% above the all-time min reached in Feb 2009.

Light Trucks/SUV's (SAAR)

Feb 11.663m units (+2.6%) versus Jan 11.362m units (no change/revision). The Jan result was -7.8% below Dec sales.

The annual change (NSA); +2%. On a moving annual tota basis, Light Truck/incl SUV's unit sales are 7% ahead of the year prior.



The current annual rate is now -7% below the all time unit sales recorded in Jul 2005.

https://www.bea.gov/national/xls/gap_hist.xlsx

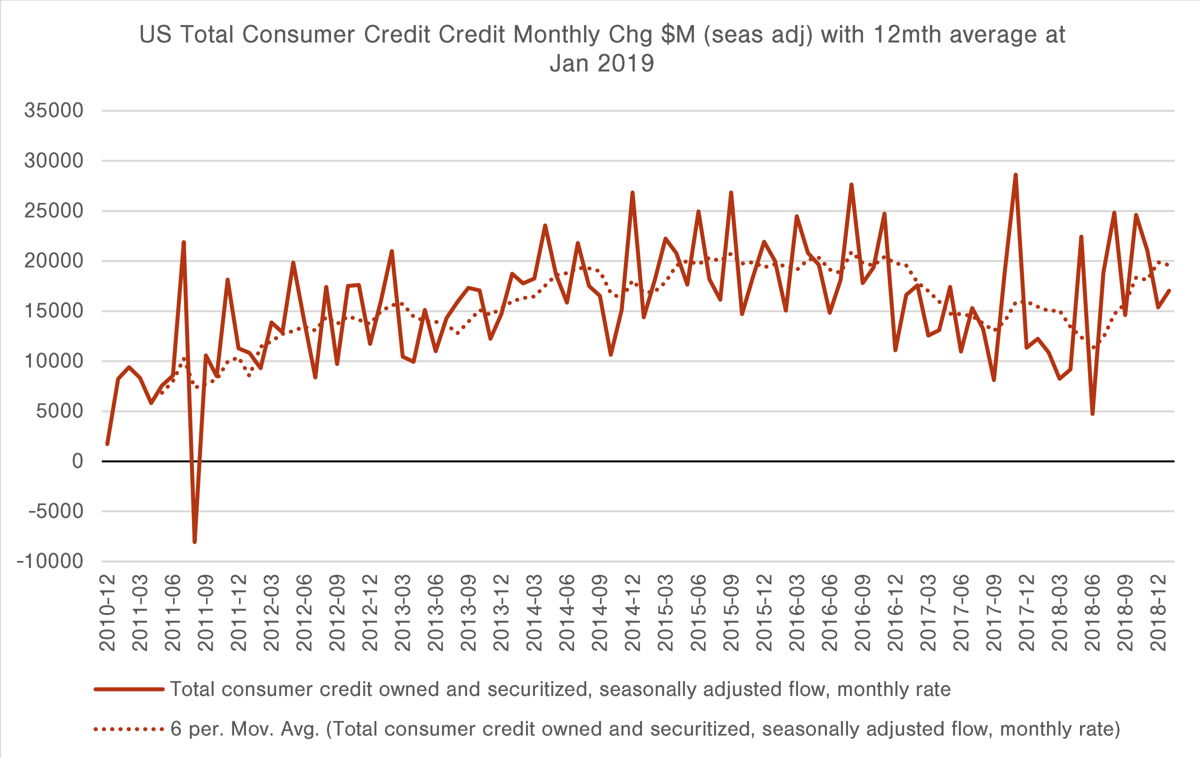
Consumer Credit G.19 (Jan)

At a total level, consumer credit growth increased at a slightly faster pace in Jan. The Dec total was revised lower, with revolving credit accounting for most of the lower revision.

Total Consumer Credit Growth – Mth % Chg

Jan +$17bn versus Dec +$15.4bn (Dec revised lower from $16.5bn in growth).

The Jan seas adj annual rate was 5%.



The two main components of consumer Credit – revolving and non-revolving credit both grew at a somewhat faster pace. The growth of both elements of consumer credit were revised lower in Dec – more so for revolving credit.

Revolving Credit Growth

Jan +$2.6bn versus Dec +$0.9bn.

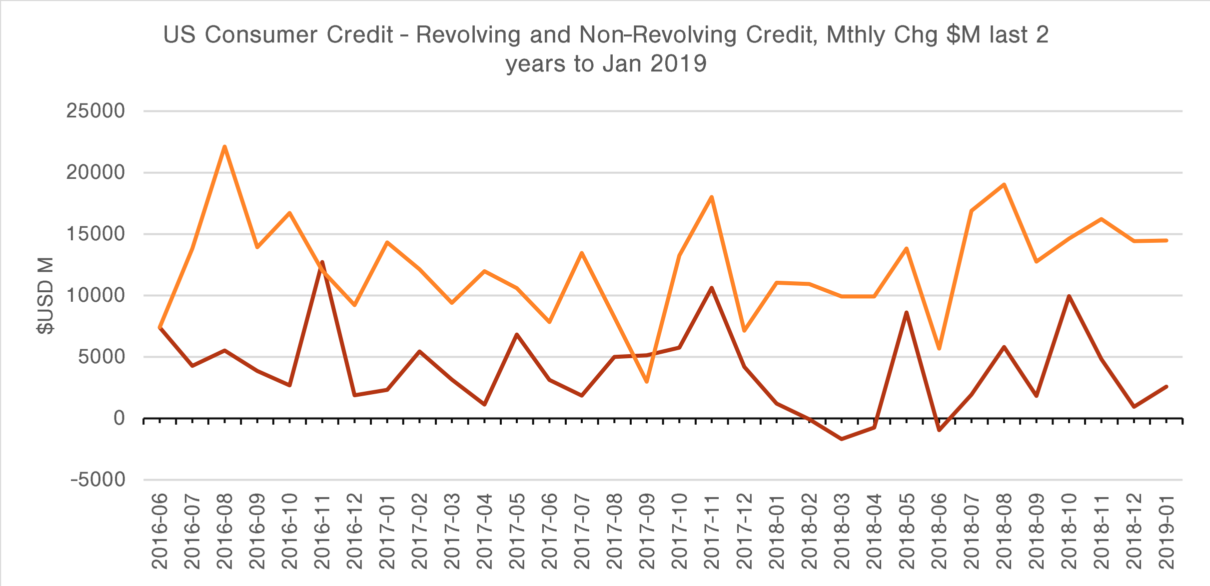
The Dec growth was revised lower from +$1.7bn which is more inline with the weaker growth in retail sales for the month.

The seasonally adjusted annual rate of growth in Dec slowed to a mere 1%. In Jan, that growth rate accelerated somewhat to 3%.

Non-Revolving Credit Growth

Jan +$14.5bn versus Dec +$14.4bn.

The Dec growth was also revised slightly lower from +$14.8bn. The seasonally adjusted annual rate of growth remains at 6% in Jan.



https://www.federalreserve.gov/releases/g19/current/default.htm

Challenger Job Cuts (Feb)

There was a large increase in the number of job cuts announced in Feb with 76.8k jobs - led mostly by industrial goods then retail. Hiring announcements of +15k persons was lower than in Jan and the third lowest of the last 5 years for Feb.

Job Cuts

Announced job cuts; Feb 76.8k persons versus Jan +53k persons.

YTD announcements; at Feb 2019 129.8k jobs versus Feb 2018 80k jobs

The Feb result is more than double the number of job cut announcements made in Feb 2018.

Of the 76.8k job cut announcements, 39% were in the Industrial Goods sector, while 25% were in Retail.

In Retail, the job cut announcements for Feb includes a large announcement from Payless Shoes which is closing 2,500 stores affecting 16k retail jobs.

> "Meanwhile, Retailers are closing or revamping brick-and-mortar locations, leading to job loss or going bankrupt and cutting their entire workforces," said Challenger."

The Challenger Grey report for Feb specifically highlights the number of announced job cuts in the Retail industry since 2009. The Jan 2019 total of 22k is in line with the totals recorded in 2016 and 2017, but much higher than 2011-2015. But it's the Feb figure that looks more concerning. The +18.9k announced job cuts in Feb 2019 is the highest going back to 2009 – and is higher than the Feb 09 announced job cuts of 18.8k jobs.

The top two reasons for the announced job cuts YTD are restructuring and bankruptcy. Together, those top two reasons accounted for 63% of the announced job cuts.

Announced Hiring Plans

The other side to consider is the number of hiring announcements.

Feb +15.3k jobs versus Jan +74k jobs

YTD; Feb 2019 YTD 89k jobs versus Feb 2018 YTD 181.8k jobs

The Feb 2019 total is relatively low compared to the last 5 years (at the lower end of the scale. The Feb 2018 total was also a significantly large outlier (+139k jobs announced).

Hiring plans were led by automotive, technology and healthcare.

> "The Auto industry is one in which shifting consumer demand and new tech is creating the need to pivot in a different direction. Tech companies like Apple and Tesla are competing for the self-driving market, causing disruptions to traditional manufacturers and suppliers," said Challenger."

http://www.challengergray.com/press/press-releases/2019-february-job-cuts-us-employers-announced-76835-february

Employment and Non-Farm Payrolls (Feb)

Growth in non-farm payrolls from the establishment survey slowed sharply in Feb resulting in the 12month average growth also slowing sharply.

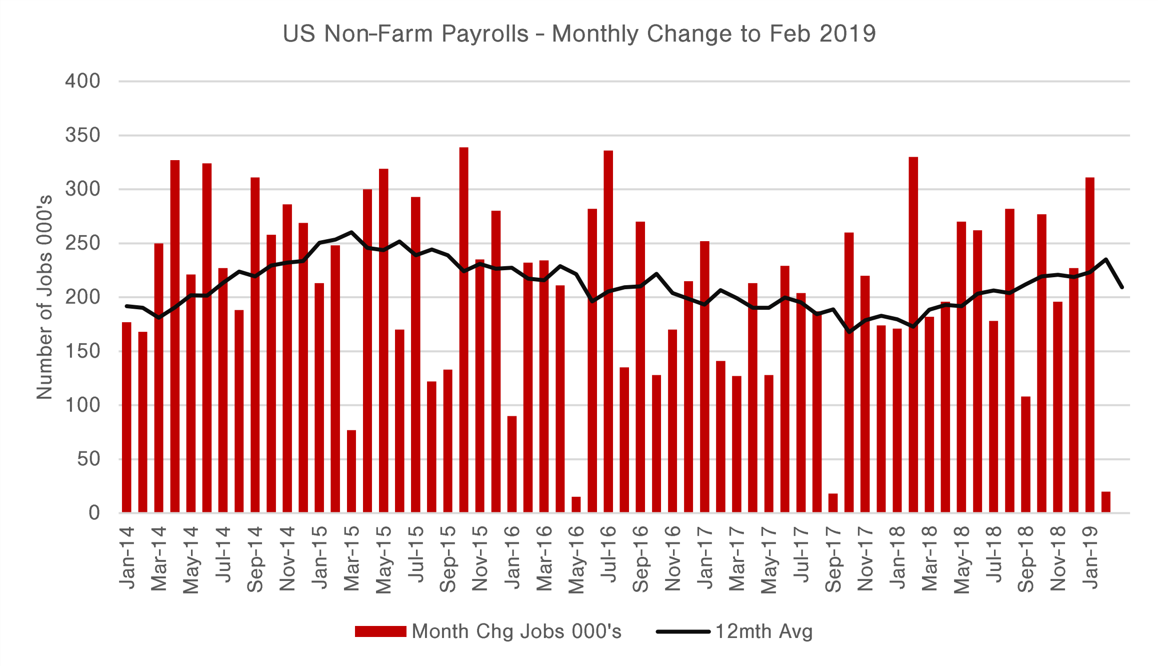
From the household survey, even though employment growth continued to slow, that growth remained larger than what both the estimated change in population and participation added to the labour force. This resulted in total unemployed persons declining further on an annual basis.

The unemployment rate declined in Feb to 3.8% from 4% in Jan as a result of a lower total number of unemployed persons (higher previously due to the classification of furloughed federal employees as on 'temporary layoff') even while the size of the labour force declined slightly versus the month prior.

Establishment Survey

Total non-farm payrolls mth chg; Feb +20k persons versus Jan +311k (revised upward by 7k persons)

The much lower growth for Feb resulted in a lower 12-month average;



Household Survey

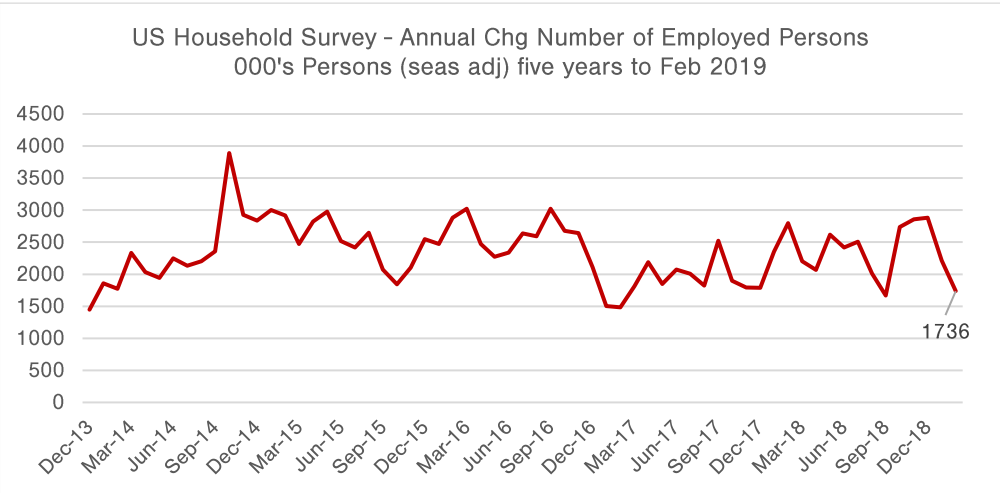
In Feb (from an annual perspective), employment growth slowed but remained higher than what population added to the labour force size. Labour force participation continued to increase, albeit at a slower pace than in the month prior. As a result, the annual decline in total unemployed persons increased. Two factors resulted in the unemployment rate declining; 1) a small decline in the size of the labour force and 2) a lower number of total unemployed persons.

Employed Persons

The growth in total employed persons slowed somewhat in Feb compared to Jan.

Annual change; Feb +1.7m persons versus Jan +2.2m persons

On a monthly basis though, employment growth returned to positive territory.



Despite the slower growth in employed persons, it was still higher than the growth in total size of the labour force (made up of 1) the estimated change in what population growth added to the labour force and 2) the change in participation).

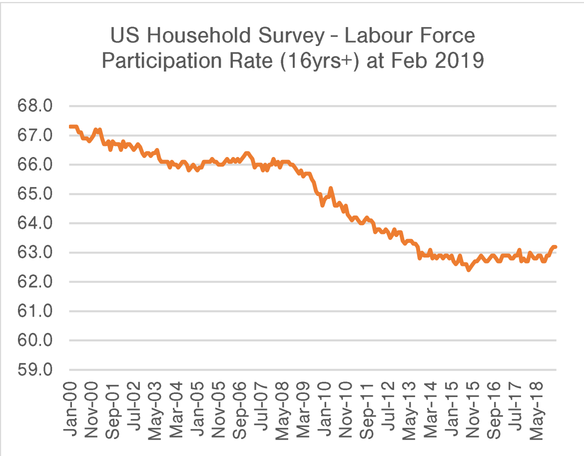
<u>Total size of the Labour Force & Participation</u>

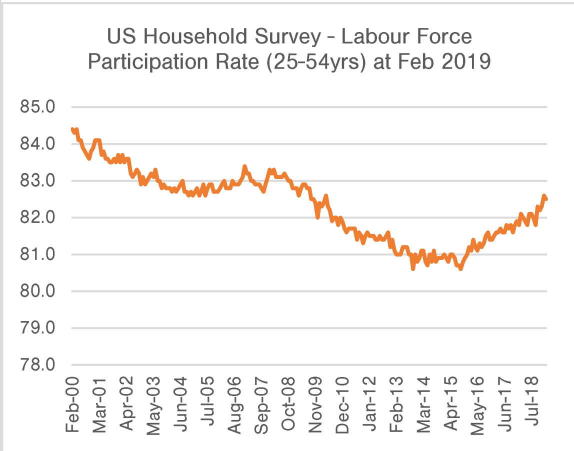
The growth in the total size of the labour force slowed on an annual basis; Feb +1.3m versus Jan +2.1m.

On an annual basis, participation increased by +0.2%pts resulting in an estimated +516k persons in the labour force due to an increase in participation.

But on a monthly basis, the size of the labour force declined by -45k persons (there was no change in participation versus the month prior and the estimated size of the working age population declined by -45k persons).

Participation has been continuing to increase across both the 16yrs+ labour force and the 25-54yrs age group;

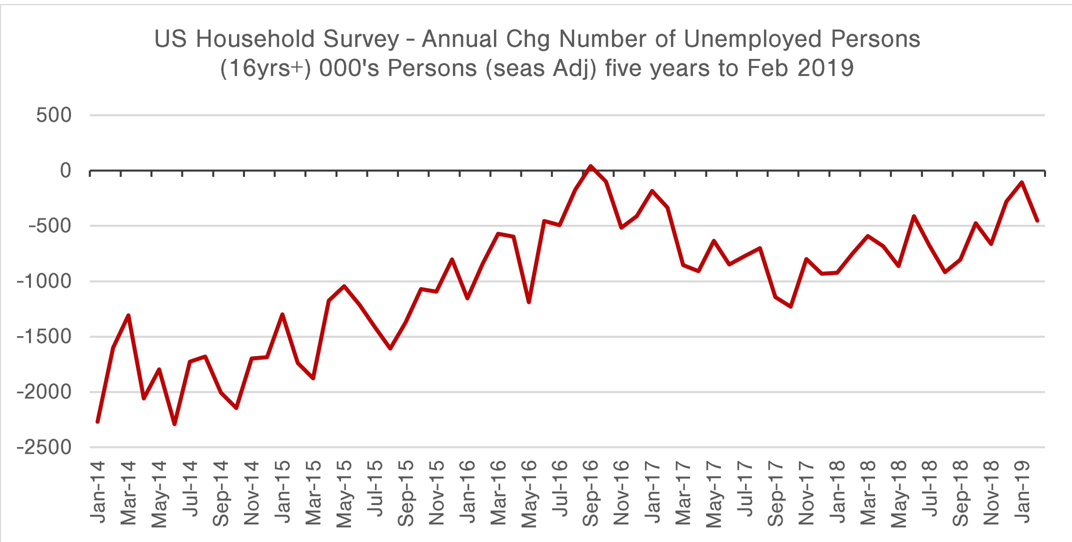




<u>Total Unemployed Persons</u>

The annual decline in unemployed persons increased (positive news);

Feb -452k persons versus Jan -106k persons



On a monthly basis, total unemployed persons also declined after increasing over the last two months – as outlined in the prior month due to the classification of furloughed federal employees as on 'temporary layoff'.

Given the lower level of total unemployed persons and despite the small decline in the size of the labour force, the unemployment rate declined from 4% in Jan to 3.8% in Feb.

Summary of the main changes in the labour force for Feb 2018 (61yrs+ annual changes);

Annual chg 000's people (16yrs+) - FEB 2019	
The estimated change in the Labour Force due to pop growth (1)	767.59
How many jobs available for them? (annual employment growth) (2)	1736.00
Difference (if negative, then employment growing faster than what pop adds to the labour force) (3)	-968.41
Change labour force participation - people entering/returning to the labour force (4)	516.41
The remainder is the chg in total unemployed persons (declining if negative) (4) plus (3)	-452.00
Two views of annual growth in the labour force;	
Total employed persons plus total unemployed persons	1284.00
Est of what population adds to the labor force plus change in participation	1284.00
BLS reported change in the size of the labor force	1284.00

https://www.bls.gov/news.release/empsit.nr0.htm

Housing

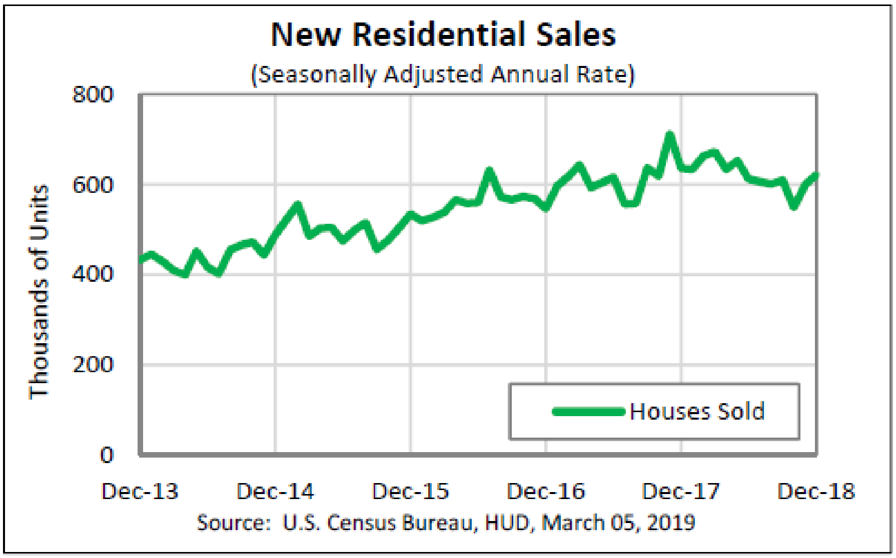
New Home Sales (Dec)

Data for new residential sales remains inconclusive. The very wide confidence intervals for the data in most cases includes zero – so sales may have gone up, or, they may have declined.

The National rate of new home sales - SAAR (000's units) – sold during the period;

Dec 621k versus Nov 599k – this is a +3.7% increase which could be +/- 16.4%.

On a year ago basis, National new home sales are -2.4% below Dec 2017, but could be +/- 21.3%.



Data for new houses remaining for sale at the end of the period is a little more 'robust';

Dec 344k versus Nov 334k +3% which could be +/1 +1.4% - in other words, new homes remaining for sale at the end of the period most likely increased.

https://www.census.gov/construction/nrs/pdf/newressales.pdf

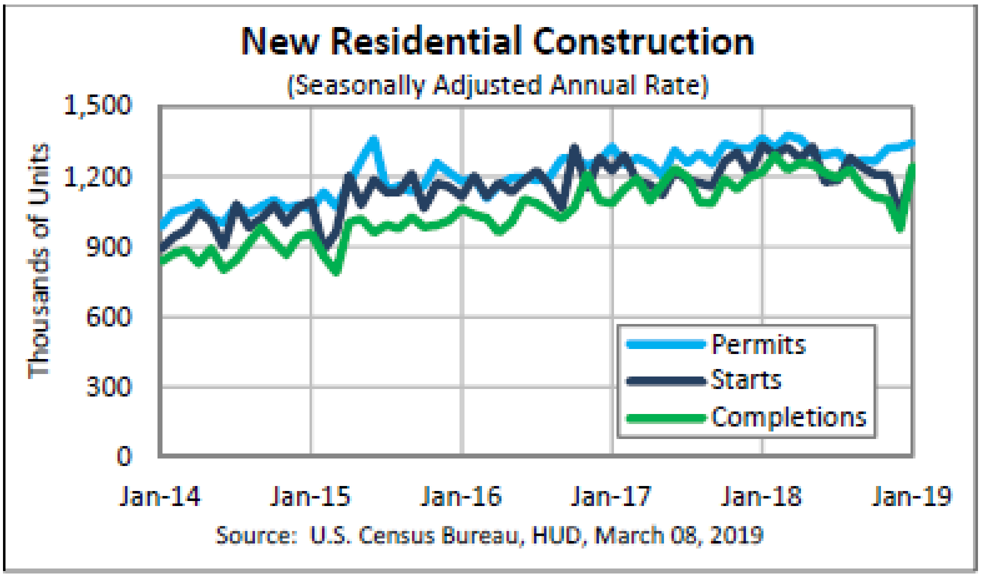
Housing Starts (Jan)

US housing starts increased further in Jan at a National level but remain below the same time last year. Growth was led mostly by 5 units of more developments. On a regional basis, increases in the Northeast and Midwest offset declines in the South and West.

Seasonally adj ann rate; Jan 1.345m versus Dec 1.326.

Mth growth; Jan +1.4% (+/- 0.8% pts, housing starts most likely increased)

Annual growth; Jan -1.5% (+/- 1% pt, so the number is most likely below a year ago)



https://www.census.gov/construction/nrc/pdf/newresconst.pdf

Mortgage Applications wk ending 1 Mar

Market Composite Index – measuring mortgage loan application volume, decreased by 2.5% on a seasonally adjusted basis from one week earlier.

The Purchase Index; -3% versus the week prior.

Unadjusted Purchase Index; +1% versus the same week a year ago.

> "Slightly higher mortgages rates last week led to a decrease in application volume. Furthermore, the average loan size for purchase applications increased to a record high, led by a rise in the average size of conventional loans. This suggests that move-up and higher-end buyers have so far become a greater share of the spring market," said Mike Fratantoni, MBA Senior Vice President and Chief Economist. "Overall, conventional purchase loans are up 2.1 percent relative to last year, indicating that homebuyers continue to be inspired by the stable rate environment and the modest increase in housing supply."

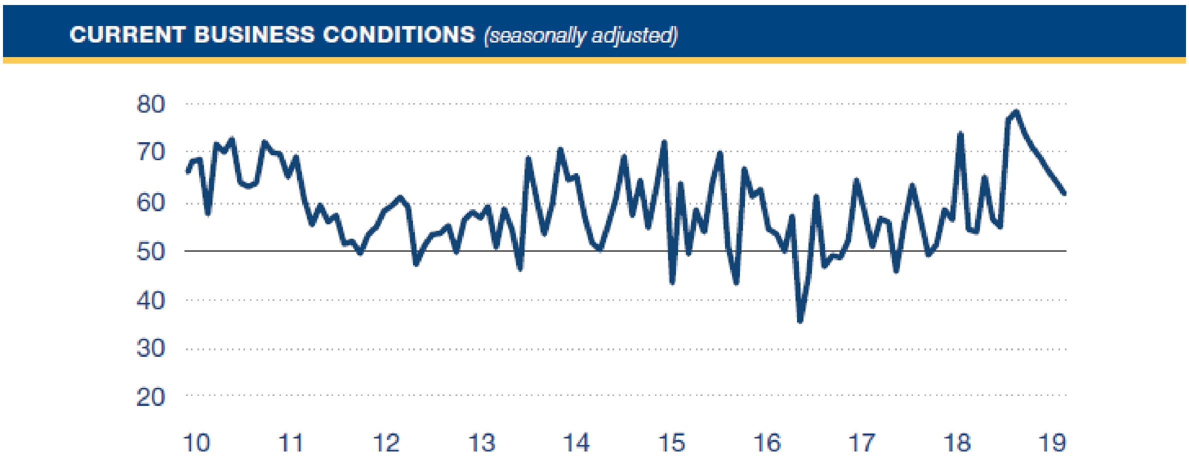
https://www.mba.org/2019-press-releases/march/mortgage-applications-decrease-in-latest-mba-weekly-survey

Output – Manufacturing & Services

ISM-NY Business Conditions Index (Feb)

The headline index indicated that business conditions moderated slightly in Feb.

Headline Conditions Index NY City Metro; Feb 61.1 versus Feb 63.4



Employment growth and quantity of purchases both increased at a faster pace in Feb. Growth in prices paid slowed from 72.5 in Jan to 60.7 in Feb.

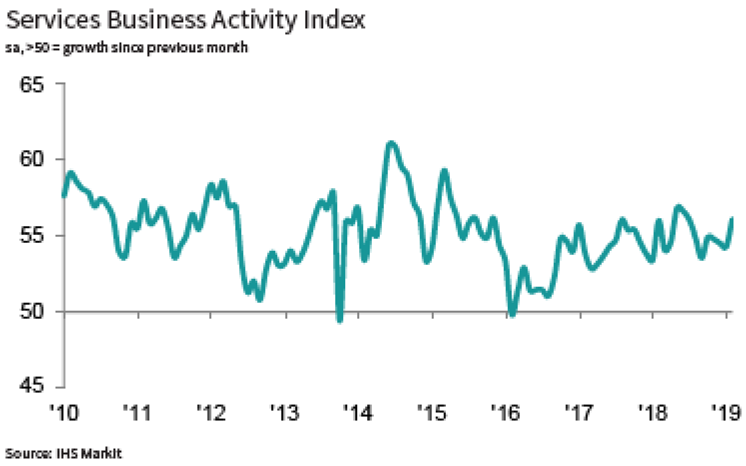
Current revenues increased at a faster pace in Feb, but growth slowed for expected revenues in 6-months.

http://www.ismny.com/wp-content/uploads/2019/03/2019_ISM-NewYork_ReportOnBusiness_February_v03.pdf

Services PMI (Feb)

The services PMI for Feb indicated that private sector services activity increased at a faster pace in the latest month. The acceleration was the result of stronger demand conditions with both output and new orders increasing at a faster pace.

Headline Services PMI; Feb 56 versus Jan 54.2



Service firm output increased at a faster pace. New orders increased at a faster pace and new export orders returned to expansion after two months of contracting. Order backlogs also increased for the second month.

Employment increased at a faster pace – the highest in 5-months.

Input costs increased – driven by higher raw material costs, fuel, tariffs and higher interest rates. Firms increased output/selling costs at a faster pace for the second month in a row.

Despite the stronger demand conditions, confidence in the outlook remained subdued. Some firms cited sustainability of the current new business growth.

> "The worry is that the manufacturing slowdown will spill over to the service sector, damping economic growth in coming months. Companies themselves certainly appear to have become more circumspect, with business optimism cooling in February amid worries over the impact of tariffs, trade wars, higher prices and rising interest rates."

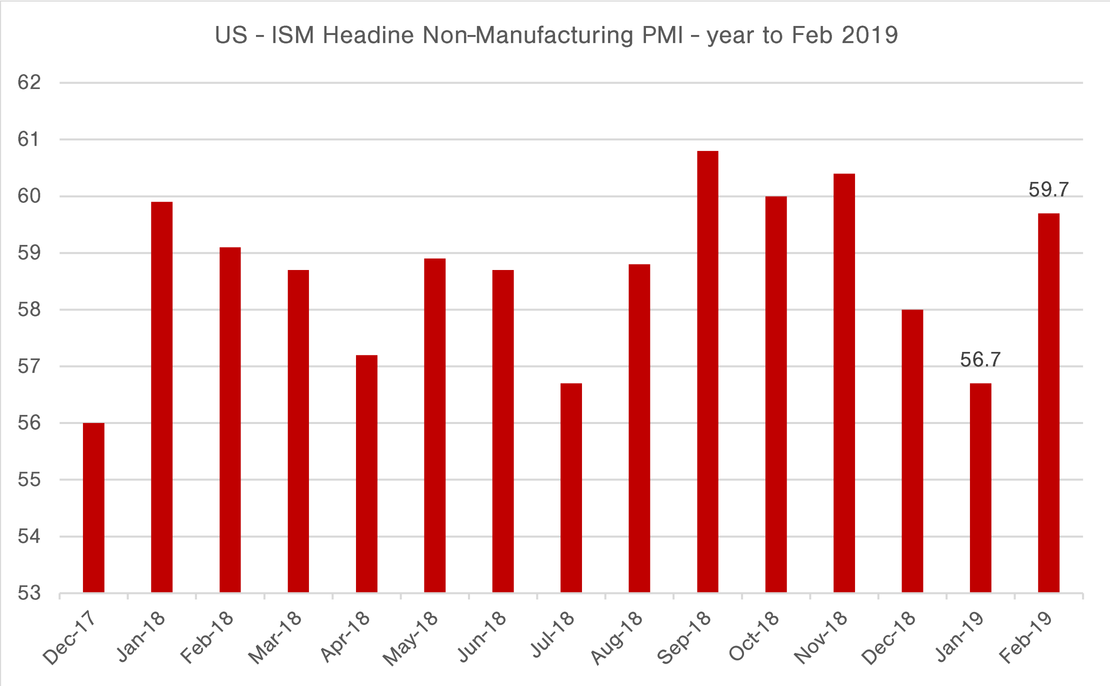
https://www.markiteconomics.com/Survey/PressRelease.mvc/2f9f39b8d73f4df5b4ee0d6efc3dff7f

ISM Non-Manufacturing PMI (Feb)

The non-manufacturing PMI expanded at a much faster rate in Feb led by faster growth across the key indicators of demand – business output, new orders and order backlogs.

Headline non-manufacturing PMI; Feb 59.7 versus Jan 56.7

The increase in Feb versus Jan was +3pts – approx. a 2*SD increase based on the last 12-months.



Business activity/output grew at a faster pace in Feb. Importantly, the proportion of firms that recorded 'lower' levels of activity halved in the month (a significant change in the trend versus the last 3 months). More firms recorded either the 'same' level of activity or 'higher' levels of activity.

Similarly, new orders expanded at a much faster rate. Firms shifted from recording 'lower' levels of activity to 'higher' levels of activity.

Order backlogs also increased at a faster pace.

The only areas that grew at a slower pace were employment and prices. Employment growth remained elevated but slowed somewhat. The proportion of firms recording 'lower' levels of employment remained unchanged.

Prices also continued to grow at a slower pace – slowing from 59.4 in Jan to 54.4 in Feb. The main change was firms shifting from experiencing 'higher' prices to 'same' level of price growth.

https://www.instituteforsupplymanagement.org/ISMReport/NonMfgROB.cfm?SSO=1

Trade

International Goods Trade (Dec)

The US trade deficit increased in Dec as the nominal value of exports increased at a slower pace than imports - export growth versus Dec a year ago increased by +0.1% while imports grew by +3%.

Across various measures, export growth has slowed throughout 2018, led mostly by lower goods exports. At the same time, import growth also slowed, but mostly since Sep 2018

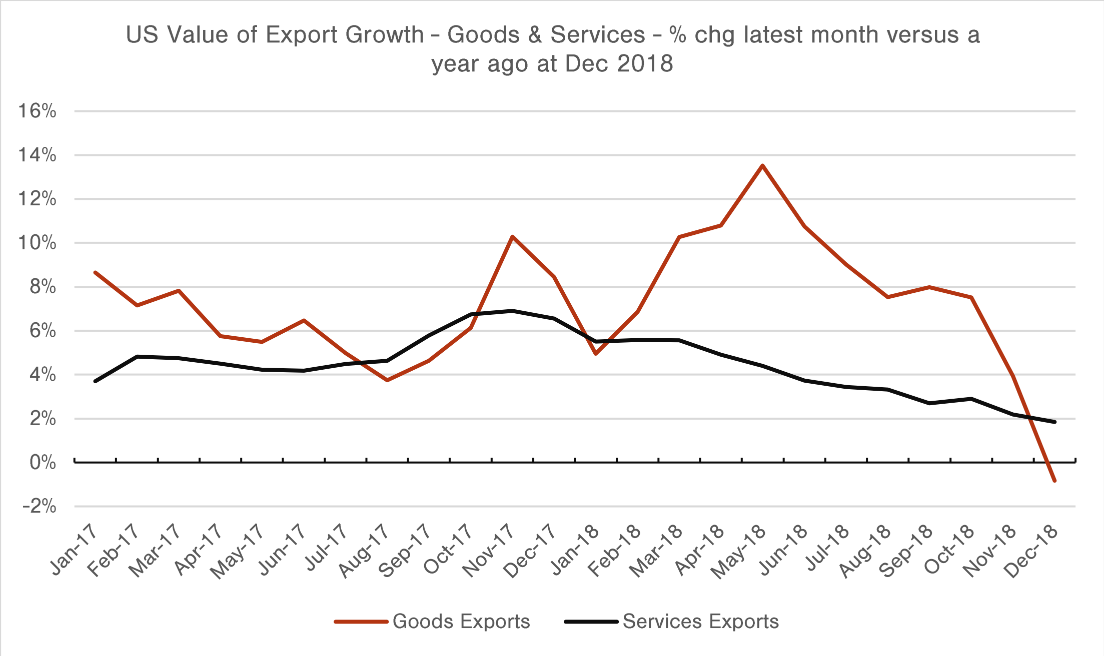
Trade Balance – Dec 2018 Deficit -$59bn versus Nov 18 Deficit -$50.3bn versus Dec 2017 Deficit -$51bn

In Dec, the trade deficit increased compared to both the month prior and the deficit recorded a year ago as export growth slowed and import growth also slowed, but remained higher than the growth in exports;

DEC EXPORTS; the slowdown in export growth is evident across various measures of nominal growth, excluding the value of petroleum and in real terms.

In nominal terms;

Versus a year ago, exports grew by a mere +0.1% as goods exports decreased by 1% and services increased by 2%. In both cases, export growth has been slowing throughout the year;



The decline in goods exports was led by Foods, Feeds & Bevs, Capital Goods and Automotive Vehicles.

Versus the month prior; Exports -2% as goods exports declined by 3% and services exports grew by 0%.

Excluding the impact of Petroleum trade; the export of non-petroleum goods declined by 2% versus a year ago.

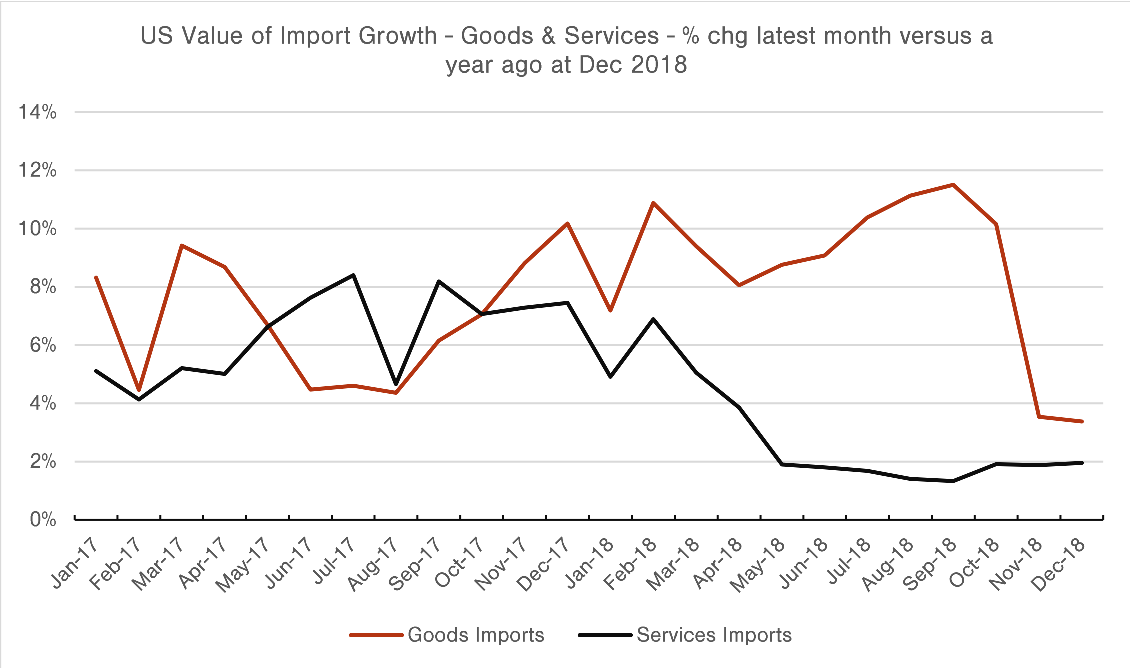
In real terms; Dec exports of goods declined by 1% versus a year ago. Over the last year, in real terms, export growth has slowed;

The decline was led by a 13% decline in Foods, Feeds & Bevs, a 1% decline in Capital Goods and a 10% decline in Automotive Vehicle exports.

DEC IMPORTS; Across various measures, the import of goods and services has slowed throughout 2018, but at different times. Both are at least at, or close to, 2-year lows in terms of growth rate (but still growing).

In nominal terms;

Versus a year ago; imports increased by +3% as goods imports increased by 3% and services increased by 2%.



Import growth has slowed across most goods categories, especially in the latter half of 2018.

One of the more prominent slowdowns is for the import of consumer goods since Oct 2018 – slowing from +14% in Oct to 0% in Dec (versus a year ago).

Imports grew by 2% versus the month prior. Automotive Vehicle imports was the only category where imports declined in the month of Dec versus the month prior.

Excluding the impact of Petroleum trade; non-petroleum imports increased by 4% in Dec versus a year ago and +3% versus the month prior. Petroleum imports declined by 6% in nominal terms versus the year prior.

In real terms; goods imports increased by 3% after a slowdown in growth since Sep 2018;

https://www.census.gov/foreign-trade/Press-Release/current_press_release/index.html

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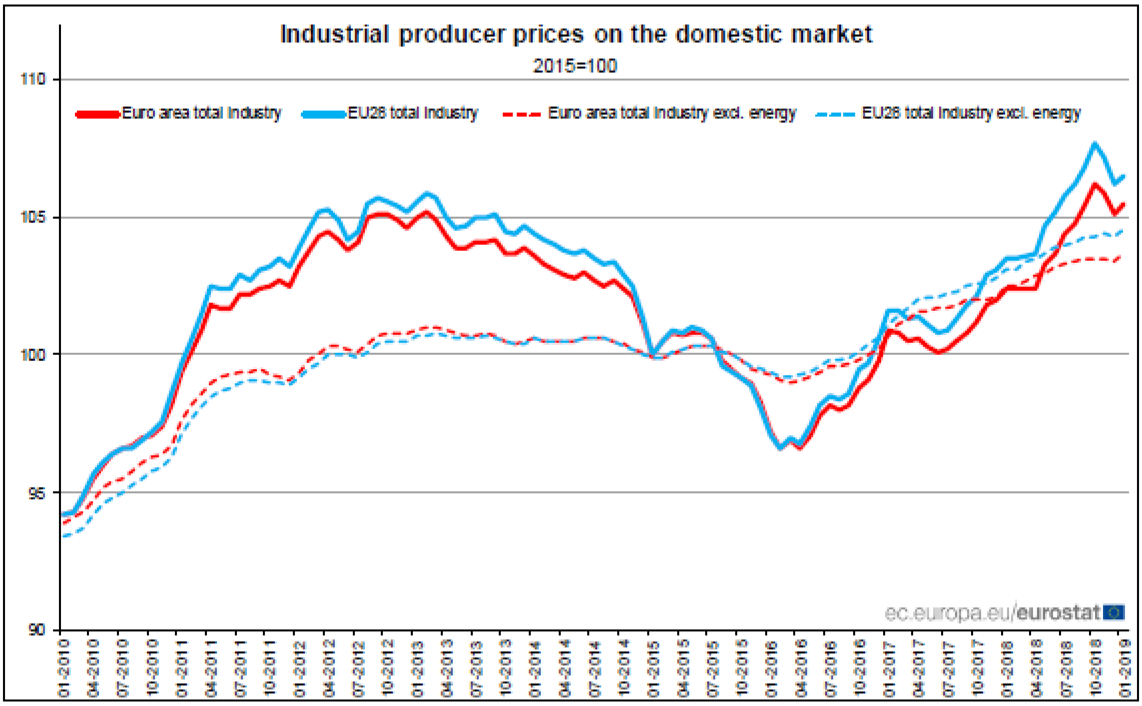
Europe

Eurozone PPI (Jan)

Euro Area and EU28 industrial producer prices increased in Jan after several months of decline in late 2018 which was due mostly to the fall in oil prices. In the latest month, prices increased across most categories, but the total index remains below the peak in Oct 2018.

Euro Area Headline PPI – mth chg; Jan +0.4% versus Dec -0.8%

EU 28 Group Headline PPI – mth chg; Jan +0.3% versus Dec -0.9%



The annual change in producer prices remains subdued;

Euro Area PPI – ann chg; Jan +3% versus Dec +3% (recent peak at +4.9% in Oct 2018)

EU 28 Group – ann chg; Jan +2.9% versus Dec +3% (also peaked recently at 5.5% in Oct 2018)

https://ec.europa.eu/eurostat/documents/2995521/9629279/4-04032019-AP-EN.pdf/4883f047-c2cd-443f-b7a2-dbc441b36637

Eurozone Retail Sales (Jan)

Growth in Eurozone retail sales (volume terms) rebounded in Jan after recording a large decline in Dec.

Euro-area retail sales % chg from prior month; Jan +1.3% versus Dec -1.4%

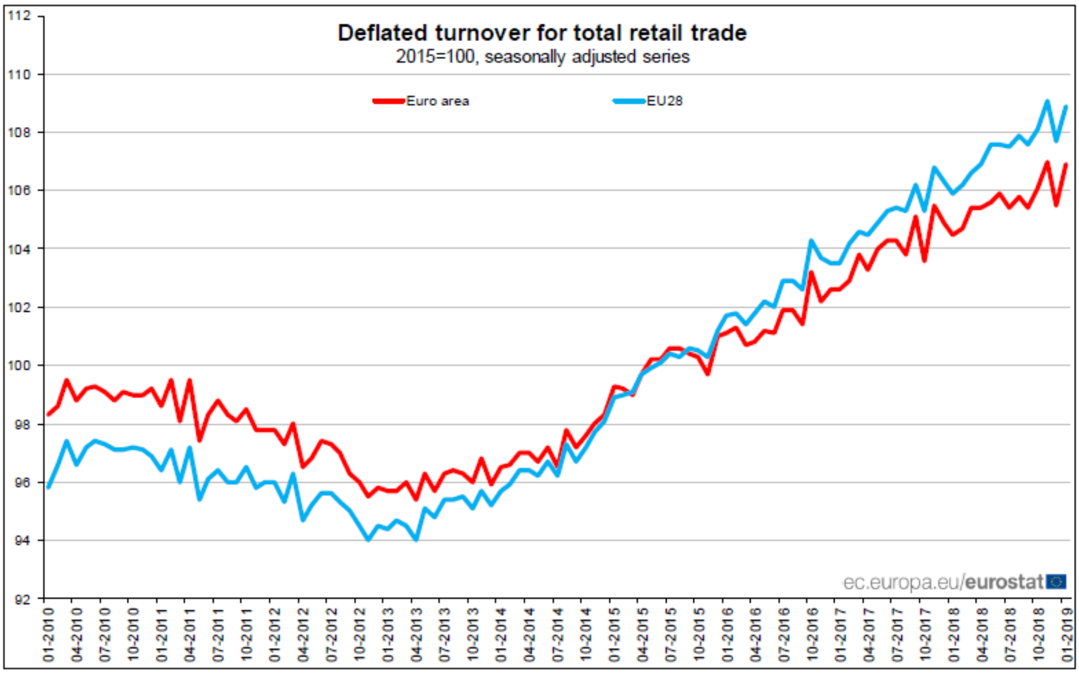
Eu28 zone retail sales % chg from prior month; Jan +1.1% versus Dec -1.3%

Retail sales growth across all categories either accelerated or remained unchanged from the prior month;

Food Drink and Tobacco; Jan +0.6% versus Dec -0.1%

Non-Food Products; Jan +1.7% versus Dec -2.4%. Categories such as textiles/clothing/footwear and computer equipment recorded no growth in Jan after declining in Dec.

Auto fuel; Jan +1.6% versus Dec +0.1%



On a year ago basis, retail sales growth was higher;

Euro area; Jan +2.2% versus Dec +0.3%

EU28 Zone; Jan +2.5% versus Dec +0.9%

https://ec.europa.eu/eurostat/documents/2995521/9635917/4-05032019-AP-EN.pdf/03d6e02f-1ff9-4b1b-bd4c-2f2ceb425466

Eurozone Q4 GDP (2nd estimate)

Only a slight revision to the Q4 GDP growth with the EU 28 GDP growth for Q4 revised slightly higher. Euro Area growth increased at a slightly faster pace in Q4 while growth across the EU 28 zone increased at the same rate.

Euro Area

Q4 GDP +0.2% versus +0.1% in Q3.

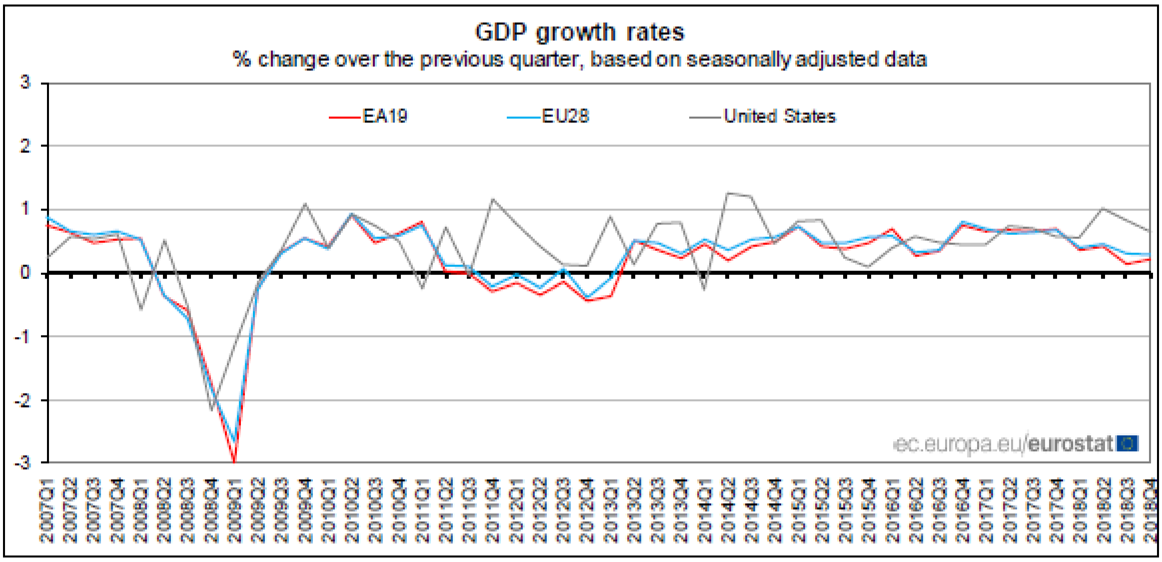
Annual growth Q4 2018 v same Qtr a year ago: +1.1% (Q3 annual growth +1.6%)

EU 28 Zone

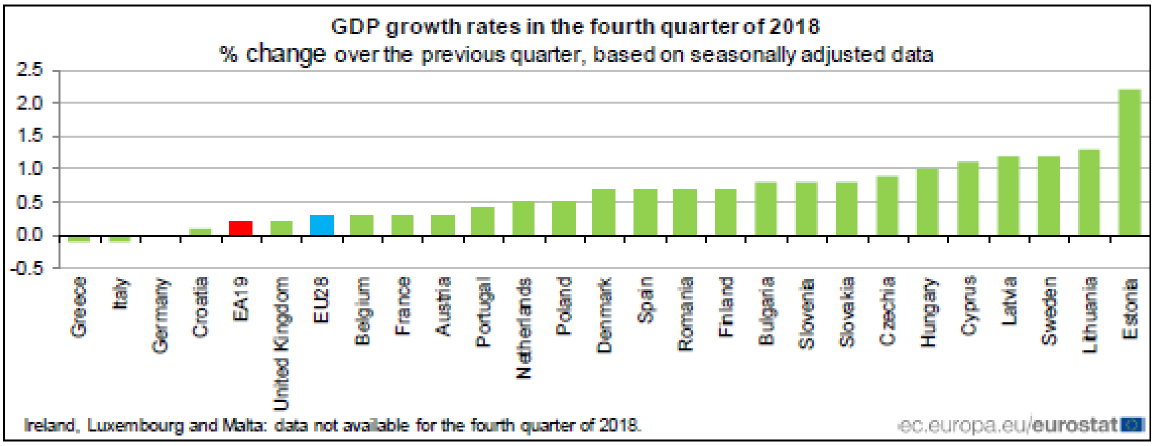
Q4 GDP +0.3% (initial est +0.2%) versus +0.3% in Q3

Annual growth Q4 2018 v same Qtr a year ago; +1.4% (Q3 annual growth +1.8%)

Quarterly Eurozone GDP growth has been slowing throughout 2018 and lagging that of the US;



In the latest quarter, the weaker performance of key economies such as Italy, Germany and the UK have brought down the average of the broader Eurozone growth rate. Growth in most other member economies was above the average in the quarter;



Contributions to GDP growth in Q4

Across both the Euro Area and EU28 zone;

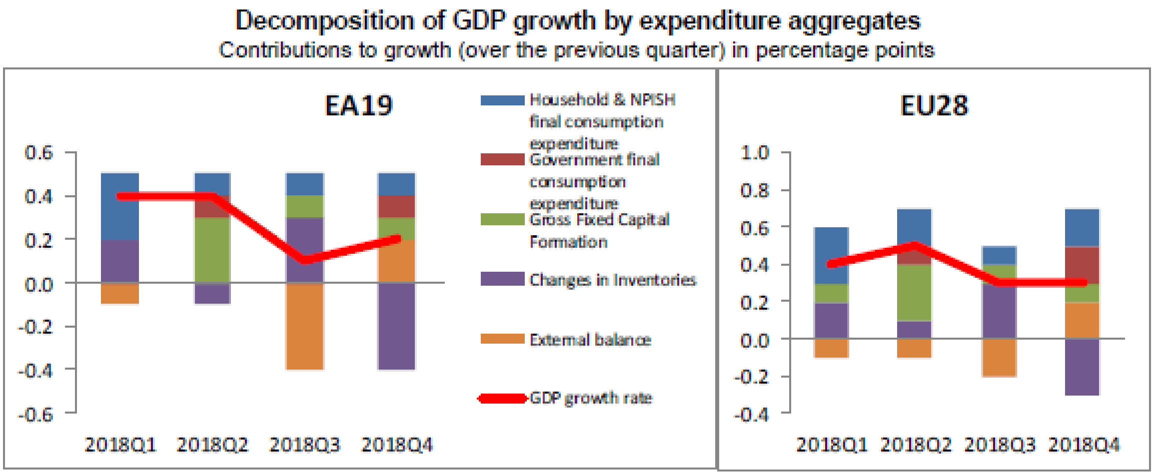
Net exports shifted to a positive contribution (exports grew faster than imports) in Q4.

This partly offset the negative impact from the change in inventories.

Both zones recorded a positive contribution from Government Final Consumption Expenditure.

The contribution from Household Consumption Expenditure remained mostly unchanged and was well below the levels recorded in Q1.

The contribution from private gross fixed capital formation was unchanged between Q3 and Q4.



https://ec.europa.eu/eurostat/documents/2995521/9643458/2-07032019-AP-EN.pdf/dabf231d-dddd-4e9e-9812-12189a19871d

Germany Factory Orders - Prelim (Jan)

The more forward-looking indictor of factory activity in Germany, the volume of new orders index, continued to decline in Jan on an annual basis but that rate of decline slowed slightly. On a monthly basis, new orders declined across a broad range of areas – except for durable goods.

Note that the Dec Manufacturing new orders data was revised higher from decline to growth (compared to Nov).

Total Manufacturing New Orders – mth on mth % chg (Seas adj)

Jan -2.6% versus Dec +0.9% (revised higher from the -1.6% decline reported in Dec)

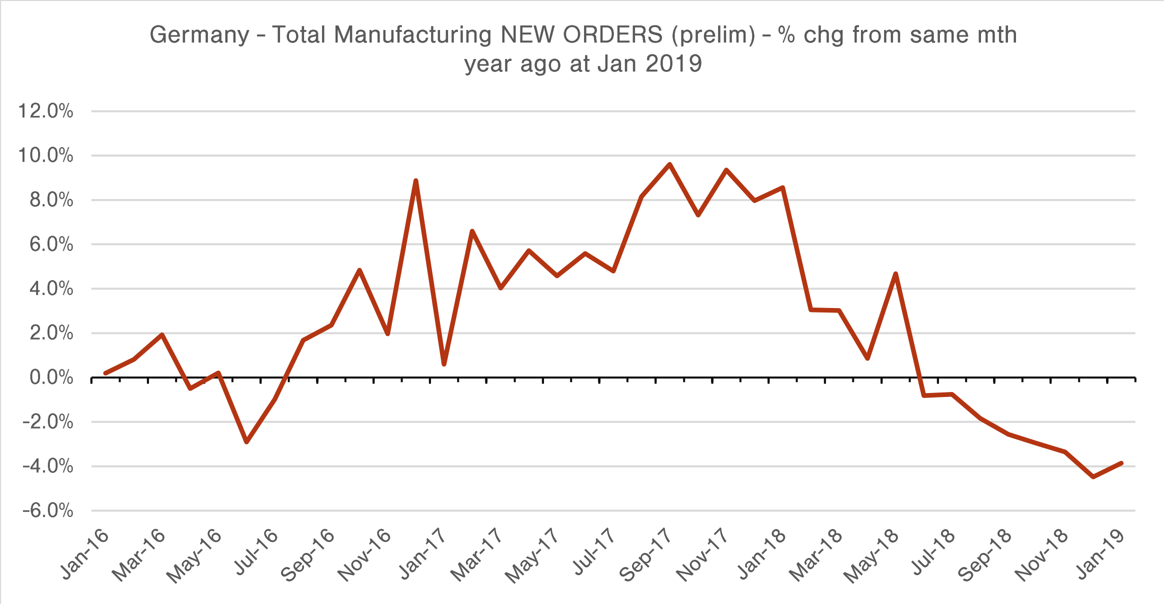
The decline in Jan was the result of declines across domestic and foreign (Euro and non-Euro area) markets.

Declines were recorded in the month across intermediate goods, capital goods, consumer goods and non-durable goods.

In the month, new orders for durable goods increased at a total level. This was led by a large increase in new orders from foreign markets (non-Euro area) of +26.7%. New orders for durable goods declined slightly for the domestic market and for Euro area countries (-13.3%).

Total Manufacturing New Orders – Annual % chg latest month versus a year ago (NSA)

Jan -3.9% versus Dec -4.5% (Dec revised higher from -7%)



On a year ago basis, new orders for manufacturing continued to decline across foreign and domestic markets.

The decline in domestic market accelerated slightly from -1.6% in Dec to -2% in Jan.

New orders from Euro area countries declined by 7% in Jan versus -10.8% in Dec. In non-Euro area countries, new orders declined at a slightly faster pace in Jan -4% versus -3.2% in Dec.

The decline in intermediate goods new orders continues, albeit at a slower pace in Jan; Jan -6.4% versus Dec -8.2%. This is the 6mth in a row where new orders for intermediate goods has fallen below the same time last year. Declines were recorded across all markets.

New orders for capital goods, consumer goods and non-durable consumer goods all remain below the same time a year ago.

The annual change in durable goods new orders accelerated higher in the latest month; Jan +7.4% versus Dec -3%.

https://www.destatis.de/EN/PressServices/Press/pr/2019/03/PE19_082_421.html

ECB – Interest Rate Decision 7 Mar 2019

The ECB kept rates on hold. The ECB confirmed that the current rate settings will remain unchanged until at least the end of 2019 – moved guidance out from Sept to Dec (first indicated this was likely in the Dec meeting). Forecasts for growth were revised lower – 2019 GDP growth was revised from +1.7% in Dec to +1.1% in Mar.

Key interest rates;

Main refinancing operations 0.00%

Marginal lending facility 0.25%

Deposit facility -0.40%

Principal payments – although the net asset purchases have been finished, the ECB will continue to reinvest principal payments even for an extended period after the ECB commences raising rates.

New TLTRO-III operations will commence on a quarterly basis commencing Sep 2019 and ending Mar 2021 each with a maturity of 2-years. The aim is to 'preserve liquidity conditions' and ensure smooth transmission of monetary policy. This will 'replace' the current round of TLTRO's that are coming due (emphasis added);

> Under TLTRO-III, counterparties will be entitled to borrow up to 30% of the stock of eligible loans as at 28 February 2019 at a rate indexed to the interest rate on the main refinancing operations over the life of each operation.
>
> The design of the TLTRO responds to a variety of objectives. The key objective derives from how the situation of bank funding looks like over the next few years. In the coming years **we will have a congestion for bank funding caused by the coming to maturity of the existing TLTROs**, the coming to maturity of sizable amounts of bank bonds, various regulatory compliances.

From the press conference, the ECB acknowledges that while 'idiosyncratic domestic factors' that were dampening domestic demand are starting to fade, various uncertainties persist.

> The impact of these factors is turning out to be somewhat longer-lasting, which suggests that the near-term growth outlook will be weaker than previously anticipated

The weakening data suggests that there will be a 'sizable' moderation in the broader EZ growth.

Inflation remains subdued.

Of note in the monetary analysis is that broad money and lending to non-financial corporations continued to decline in Jan (-3.3% in Jan and -3.9% in Dec);

> The policy measures decided today, and in particular the new series of TLTROs, will help to ensure that bank lending conditions remain favourable going forward.

The ECB has revised projections for growth and inflation;

Real GDP growth for 2019 was reduced to +1.1% in Mar (was +1.7% in Dec 2018). Private consumption, private gross fixed capital expenditure and imports & exports were all revised lower.

The unemployment rate forecast only increased by +0.1% pt from 7.8% to 7.9% in 2019.

Headline inflation was revised lower for 2019; from 1.6% to 1.2%.

https://www.ecb.europa.eu/press/pr/date/2019/html/ecb.mp190307~7d8a9d2665.en.html

https://www.ecb.europa.eu/pub/projections/html/index.en.html

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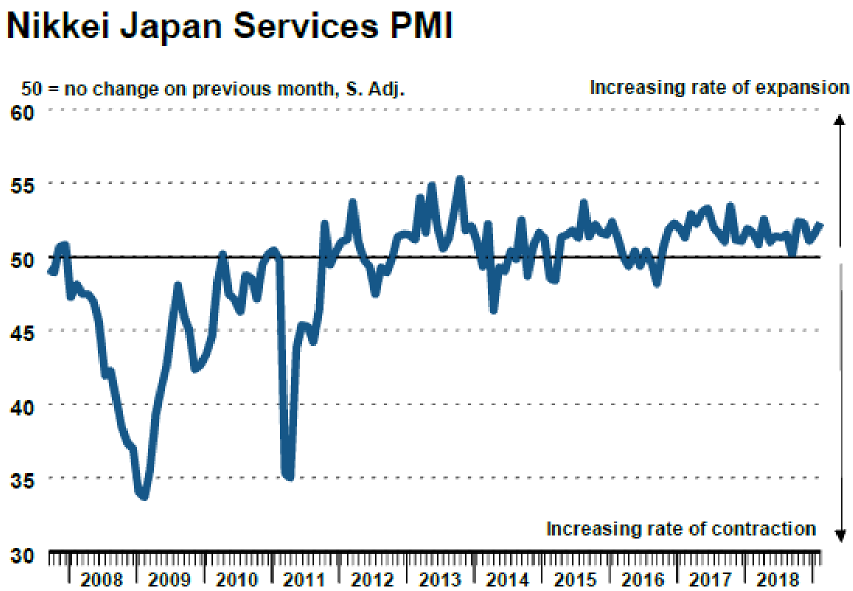
Japan

Japan Services PMI (Feb)

The headline index of private sector services activity grew at a faster pace in Feb. This was led by faster growth in output and new orders.

Headline Services PMI: Feb 52.3 versus Jan 51.6



Sources: Nikkei, IHS Markit

The faster expansion was the result of faster growth in new business including growth from external markets. As a result, order backlogs increased.

Employment also grew at a faster pace but remains modest overall.

Prices continued to increase (led by labour, transport and material costs) and this saw firms increase output charges.

Overall levels of service firm confidence remain at around the 12-month average.

> "The positive from the Q4 GDP print was signs of strength in domestic demand. Latest survey data suggest that favourable demand pressures have persisted into Q1. Service sector new business rose at the sharpest rate in almost six years in February."

https://www.markiteconomics.com/Survey/PressRelease.mvc/2865934fd4654a93b8936bc8a843815d

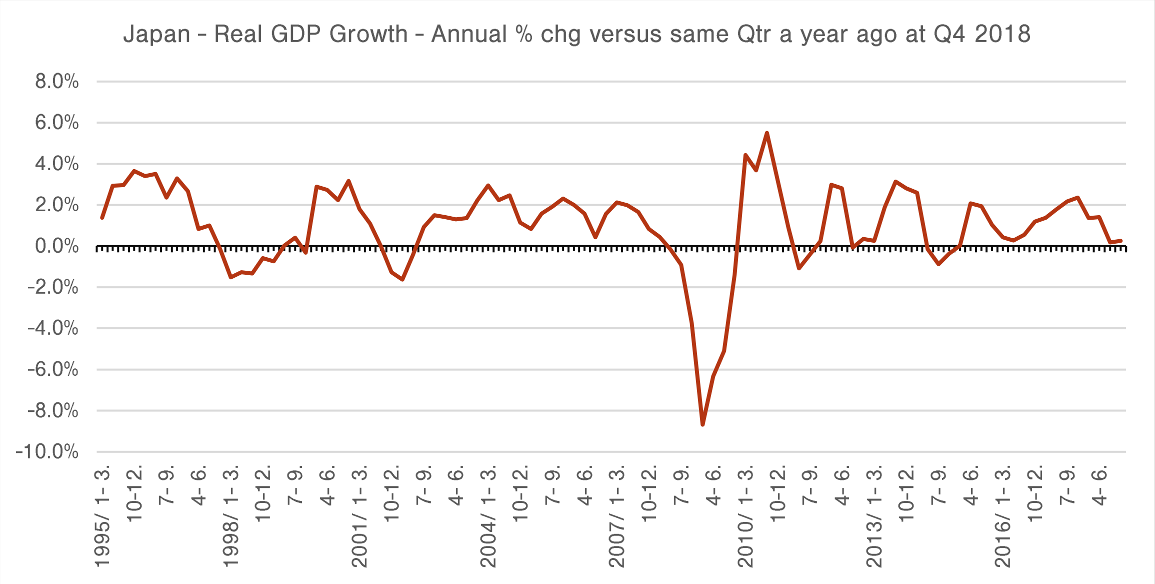
GDP Q4 (2nd Estimate)

The second estimate for Japanese Q4 GDP growth was revised higher. The main change was the shift in the contribution to GDP growth from the change in private inventories – the change in private inventories increased (significantly) in the second estimate.

Q4 GDP growth;

Second estimate; +0.5% versus the prelim est +0.3%

Annual growth (Q4 2018 v Q4 2017) increased to +0.25% (prelim est 0%)



<u>Private Demand</u>

The contribution from private demand increased from +0.5%pts in the prelim estimate to +0.7%pts in this second estimate.

Private household consumption made a slightly lower contribution to growth (the growth rates remained unchanged).

Private residential and non-residential investment contribution remained unchanged. But the growth in private non-residential investment was revised slightly higher from +2.4% to +2.7%.

Change in Inventories shifted from a -0.2% pts contribution to a 0% contribution. This meant that the change in private inventories increased; Q3 revised from 1,241 to 1,498 and Q4 revised from 189 to 1,570 (m Yen).

<u>Public demand</u>

The overall contribution to growth remained unchanged at +0.1% pt.

Underlying that though, government consumption and public investment spending was revised slightly lower.

<u>Net Exports</u>

Contribution remained unchanged at -0.3% pts.

https://www.esri.cao.go.jp/jp/sna/data/data_list/sokuhou/gaiyou/pdf/main_1.pdf

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United Kingdom

Brexit

Just several weeks out now from the 29 Mar 2019 deadline.

> "The hubris and fantastical claims sold by many Brexit-supporting politicians -- and indeed some remainers -- are now facing their moment of truth as the deadline for the UK's withdrawal from the EU looms large."
> https://edition.cnn.com/2019/03/09/uk/brexit-promises-gbr-intl/index.html

The news was disappointing during the week with negotiations between the EU and the UK breaking down on the development of an "interpretive document" appendix for Article 50 to help soften the interpretation that the Irish border backstop would be permanent.

Its now seems possible that the Brexit meaningful vote will go back the UK Parliament on 12 Mar without any changes to when it was last defeated. There is a chance the meaningful vote becomes a 'provisional' vote this week.

If the vote does go ahead on 12 Mar and does not pass, then there will most likely be a vote on the next day whether the UK should leave without a deal. If that is defeated (likely), then there will be another vote to request a delay from the EU.

The EU has previously questioned the purpose of a delay – especially if the UK Parliament is a long way from being able to pass the legislation. The EU has also previously cited concerns with the timing of a delay and EU elections in May.

The other possibility is whether a second referendum will be called.

It will be a difficult week for PM May;

> It will not be clear until after Tuesday's vote whether the option of another referendum will be put to MPs this week. Embracing this course would be hateful to the prime minister. It would involve eating an enormous heap of her own words, but then so do all her other options.
> https://www.theguardian.com/commentisfree/2019/mar/10/brexit-is-heading-towards-extra-time-the-question-then-is-to-what-purpose

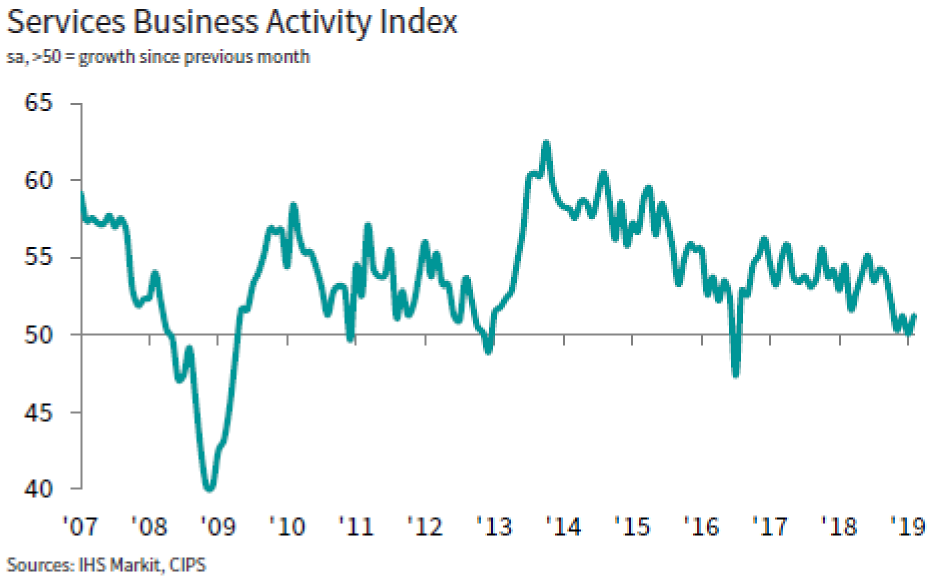
UK Services PMI (Feb)

Private sector services activity expanded at a faster pace in Feb, but growth overall remains low. While the contraction in new orders eased, employment contracted for the second month in a row.

Not surprising, Brexit remained the main issue for business;

> There were widespread reports that political uncertainty had encouraged delays to corporate spending decisions and a general rise in risk aversion among clients.

Headline Services PMI; Feb 51.3 versus Jan 50.1



New orders continued to contract but at lower pace. Output increased expanded marginally, as firms continued to work through order backlogs – which fell for the fifth month in a row (the longest sustained period since 2013). Firms cited weaker sales as reducing capacity pressure on firms.

This resulted in the second decline in row of employment growth. The latest decline 'while modest' was still the fastest rate since Nov 2011. This is quite concerning given that the labour market has remained resilient, if not strong, throughout this period.

> Moreover, employment numbers declined at the fastest pace for over seven years as businesses opted to delay staff hiring in response to subdued demand and concerns about the near-term economic outlook.

https://www.markiteconomics.com/Survey/PressRelease.mvc/613085035098483db9da8ff193286816

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Canada

Labour Market Survey (Feb)

While annual employment growth has been accelerating, that growth in employment has not been faster than that of the total labour force. As a result, the total number of unemployed persons increased in the last year.

Employment

Annual; Feb +369.1k persons versus Jan +327k persons

Monthly chg; Feb +55.9k versus Jan 66.8k

In Feb, total employment growth was led by an increase in FT employment (+67.4k persons) versus a -11.6k decline in PT employed persons.

Unemployment

Annual; Feb +11.3k persons

Latest month; Feb -0.7k persons

The unemployment rate remained unchanged at 5.8% in Feb

Labour Force and Participation

The total labour force increased by +380k persons in the year to Feb. This was partly driven by an increase in participation of +0.4% pts.

In the latest month, the labour force increased by +55.9k persons while participation increased by +0.2%pts.

Summary of the main labour market changes

Even though annual employment growth has accelerated over the last few months, it has not been higher than what both population and participation increases are adding to the labour force (ie growth in the total size of the labour force). As a result, the total number of unemployed persons has increased in the last year.

In the latest month, total employment growth has been on par with the growth in the labour force, resulting in a small decline in total unemployed persons compared with the month prior. The unemployment rate has held steady.

Annual chg - 000's persons at FEB 2019	
Est of what underlying pop growth add to Labour Force (1)	258.1
How many jobs available? (Annual employment growth) (2)	369.1
Difference (if negative, employ is growing faster than what population adds to the Labour force) (3)	-111.0
Change labour force participation - people entering/returning to the labour force (4)	122.2
The remainder is the chg in total unemployed persons (declining if negative) (4) plus (3)	11.2
Double-check: Two views of annual growth in the labour force;	
Total employed persons plus total unemployed persons	380.3
Est of what population adds to the labor force plus change in participation	380.3
Actual reported change in the size of the labor force	380.3

https://www150.statcan.gc.ca/n1/daily-quotidien/190308/dq190308a-eng.htm

BoC Rates Decision – 6 Mar 2019

The Bank of Canada kept rates on hold at 1.75%.

Slow down in the global economy has been more pronounced than forecast back in Jan.

The key statements indicate that the Q4 slowdown in growth in Canada was much sharper than expected. The BoC had previously forecast lower growth in late 2018/early 2019 linked to the lower/fall in oil prices (lower exports and energy-related investment especially in oil-producing provinces). The Q4 GDP result indicated broad-based weakness including consumer spending, housing, investment and exports;

> "After growing at a pace of 1.8 per cent in 2018, it now appears that the economy will be weaker in the first half of 2019 than the Bank projected in January."

Headline inflation remains below 2% (lower oil-related prices) but core measures of inflation are steady at around 1.9-2%.

> Given the mixed picture that the data present, it will take time to gauge the persistence of below-potential growth and the implications for the inflation outlook. With increased uncertainty about the timing of future rate increases, Governing Council will be watching closely developments in household spending, oil markets, and global trade policy.

https://www.bankofcanada.ca/2019/03/fad-press-release-2019-03-06/

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Australia

Building Approvals (Dwellings) (Jan)

As the housing market continues to slow, the growth in the number of dwelling units approved also continues to slow. On a month on month basis, the number of dwelling units approved increased at a National level but remains well below the same time a year ago. The decline is so far being led by dwellings excluding houses.

The number of approvals on a moving annual total basis, has slowed, but remains elevated on a historical basis.

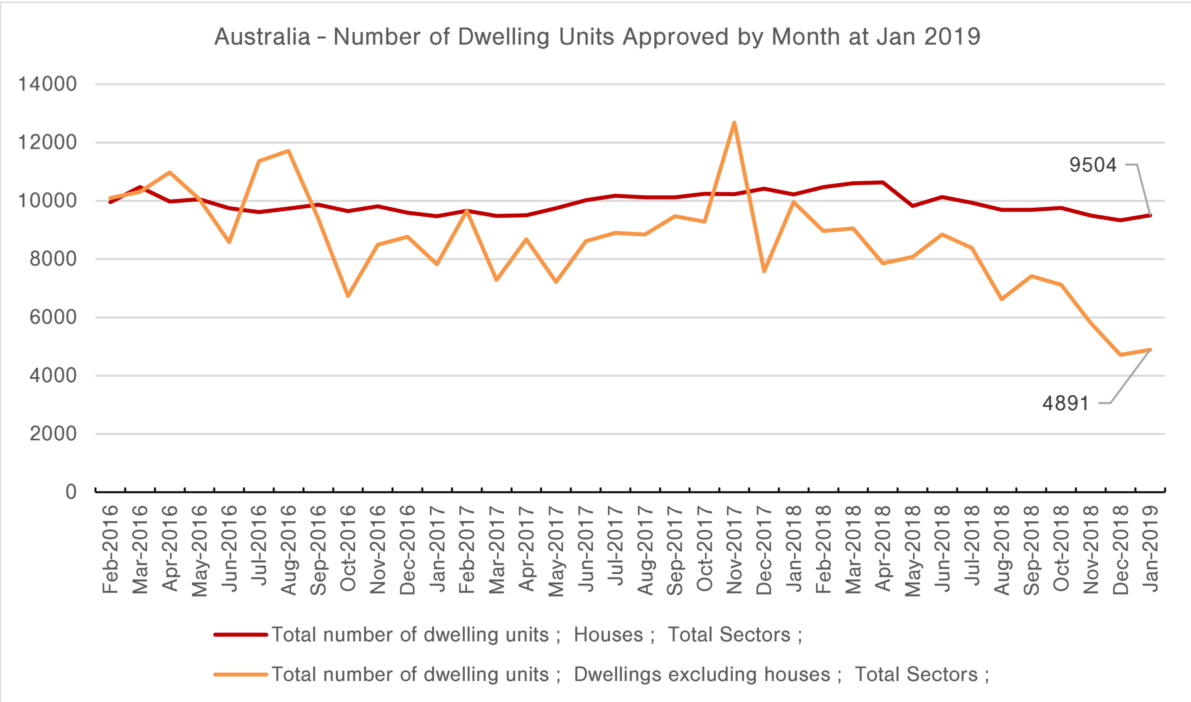
Month on Month Chg

Total Dwelling units approved; Jan +2.5% versus Dec -8.8%

Approvals for both houses and dwellings excluding houses increased in the month.

Annual Chg

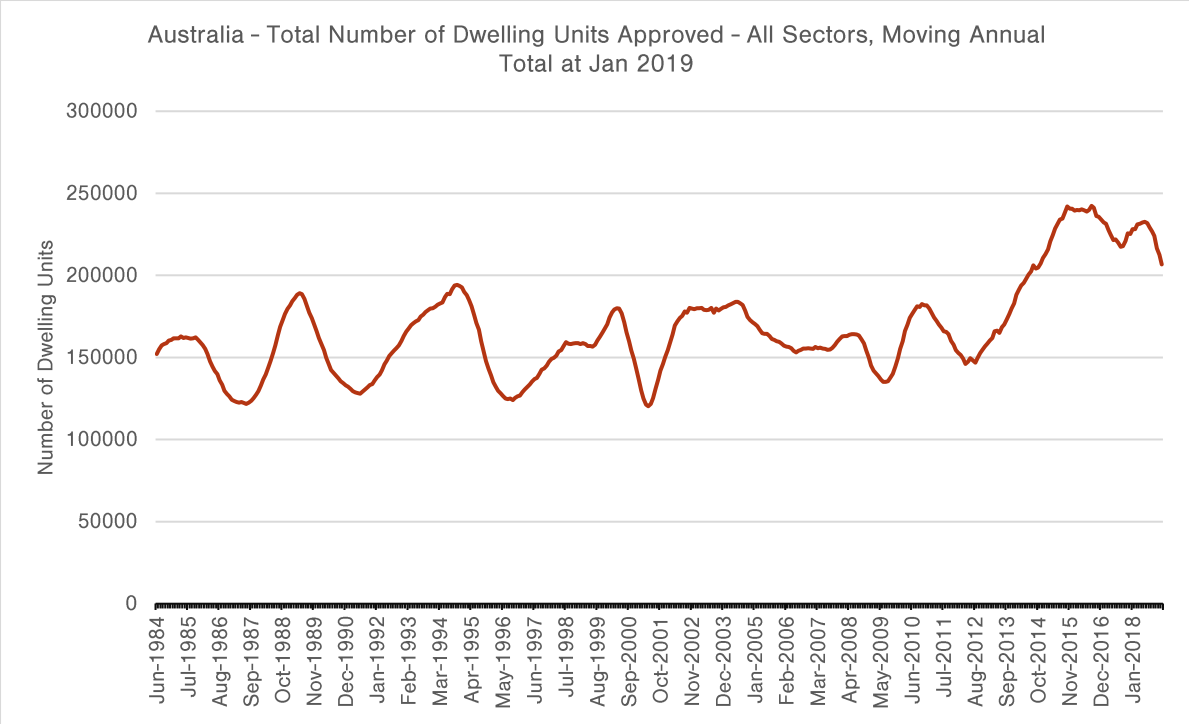
Total dwelling units approved in Jan versus the same month a year ago fell by -28.6%. This was led by a 51% decline in approvals for dwellings excluding houses and a 7% decline in dwelling approvals for houses.



Moving Annual Total

On a moving annual total basis, total approvals declined by -9.3% in Jan.

The longer-term view of the moving annual total highlights that approvals remain elevated compared to history;



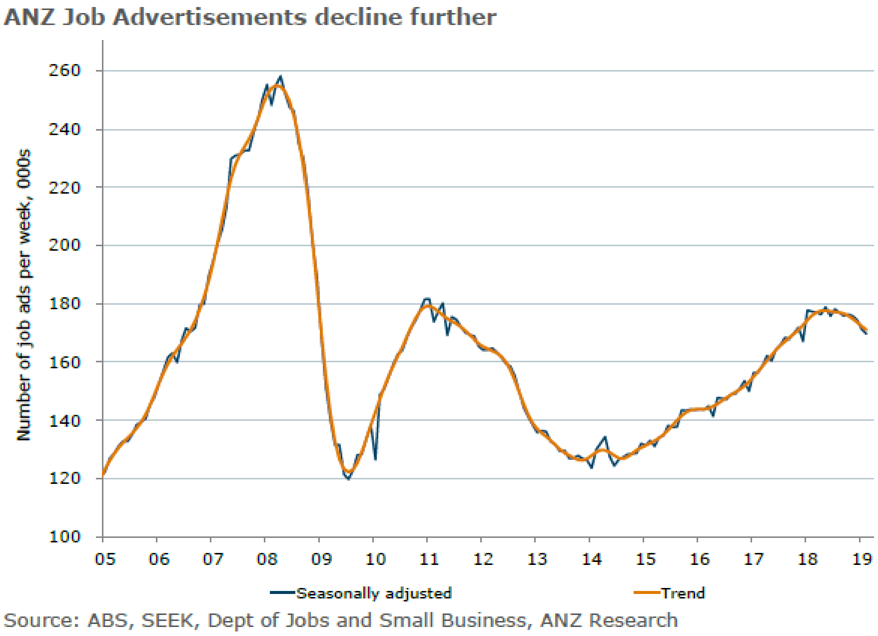
https://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/8731.0Main+Features1Jan%202019?OpenDocument

ANZ Job Advertisements (Feb)

As a leading indicator of employment growth, the ANZ job ads fell again in Feb, posting the fourth monthly decline in a row. This suggests that employment growth is likely to slow in the coming months.

The month on month decline in job ads in Feb was -0.9% (Jan -1.9%).

The decline versus a year ago was -4.3% in Feb.



https://media.anz.com/content/dam/mediacentre/pdfs/jobads/2019/February/ANZ%20Job%20Ads%20Feb%2019.pdf

Q4 GDP

Real GDP growth slowed in the latest quarter to +0.18% from +0.26% in Q3. The Q3 GDP growth result was described by the RBA as surprisingly weak.

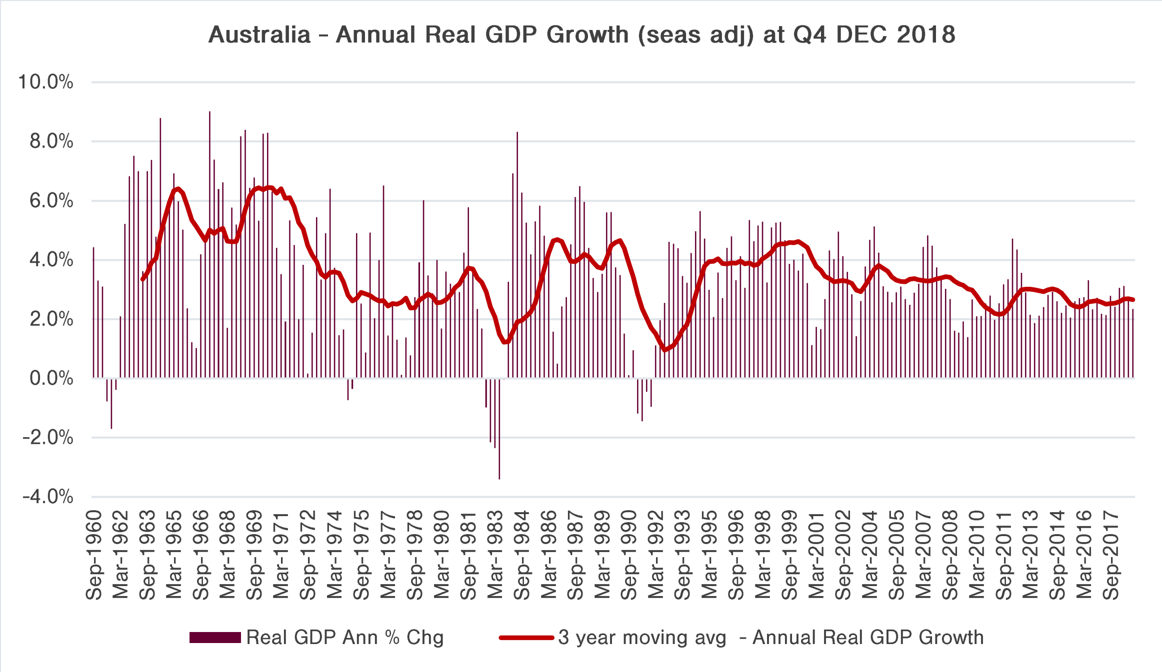
The slower growth in the quarter was the result of a negative contribution from net exports and private gross fixed capital formation (mostly dwellings). Public gross fixed capital formation made a much smaller contribution to growth than in the quarter prior. Offsetting this was a larger contribution to growth from inventory growth and government and household consumption expenditure.

Q4 – Real GDP Growth; +0.17% versus Q3 +0.26%

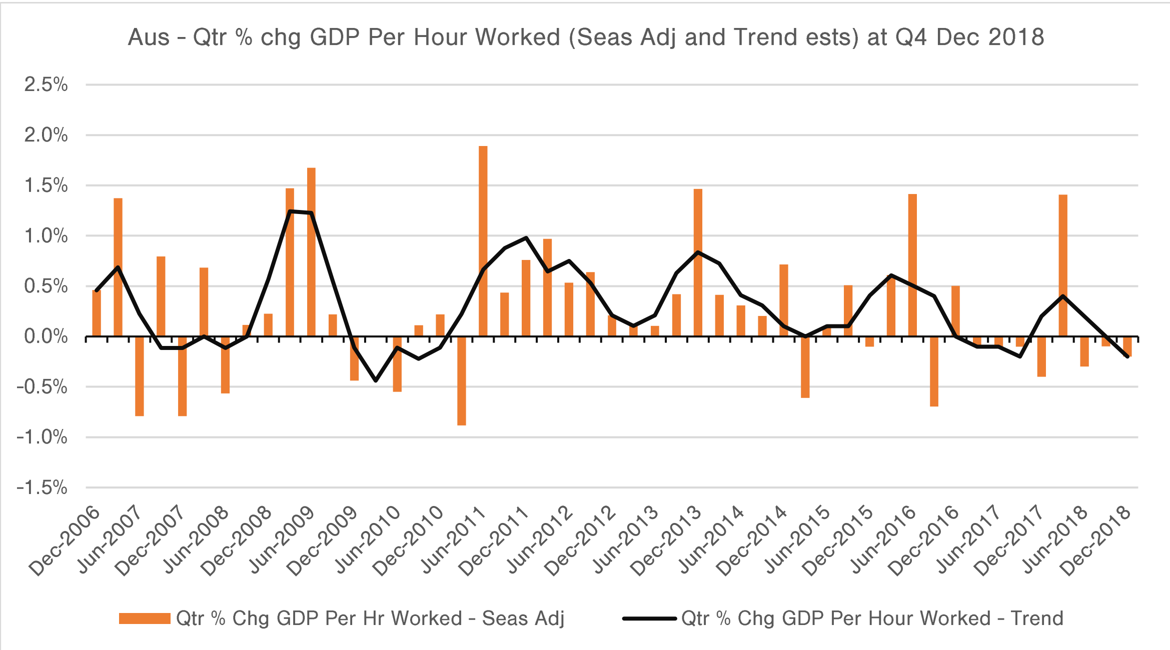
Annual Real GDP growth has slowed to +2.3% versus the annual change of +2.7% at Q3.

The RBA's central forecast for GDP growth this year is 3%. This forecast was downgraded from around 3.5% after the surprise lower GDP growth in Q3. Difficult to imagine growth not downgraded again.

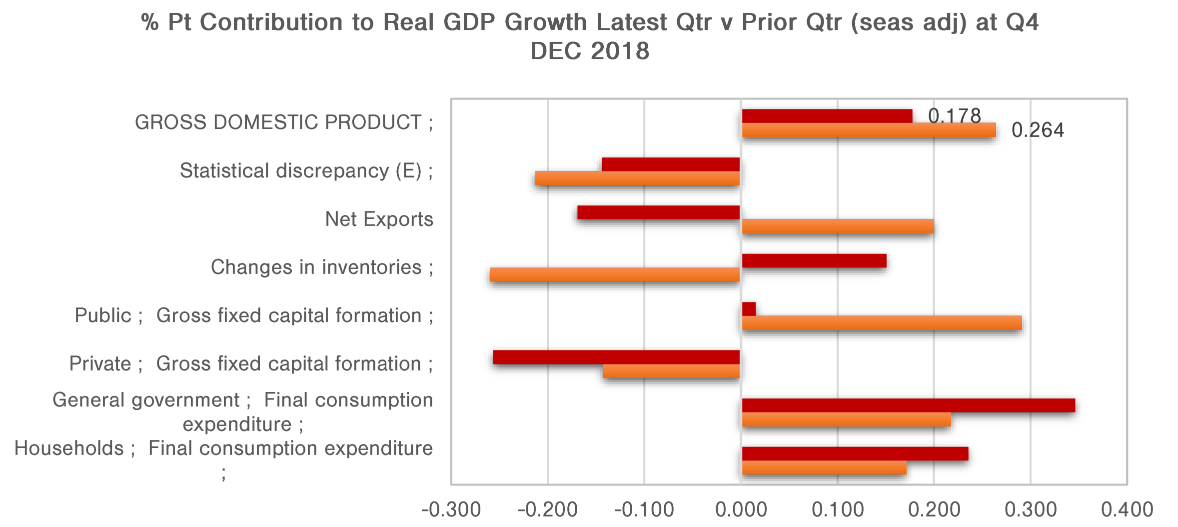
Growth in real GDP has remained subdued since 2011;



On a GDP per hour worked basis, growth has slowed even further, especially since 2011. While employment in Australia has increased in recent times (along with a higher level of female participation), growth in labour productivity has in fact becoming weaker. Both the seasonally adjusted and trend estimates for Q4 recorded a quarter on quarter decline in labour productivity.



Several areas of expenditure contributed to the slower growth in the latest quarter;



	Households ; Final consumption expenditure ;	General government ; Final consumption expenditure ;	Private ; Gross fixed capital formation ;	Public ; Gross fixed capital formation ;	Changes in inventories ;	Net Exports	Statistical discrepancy (E) ;	GROSS DOMESTIC PRODUCT ;
Latest Qtr Q4 DEC 2018	0.235	0.346	-0.257	0.015	0.151	-0.169	-0.144	0.178
Prior Qtr SEP 2018	0.171	0.217	-0.143	0.291	-0.260	0.200	-0.213	0.264

Net exports detracted -0.17% pts from growth in the quarter – this was the result of a decline in the volume/real value of exports while imports continued to grow. Keep in mind the banning of some Australian coal imports into some Chinese ports, it will be important to see what happens to export volumes over the next quarter.

A moderate inventory build made a positive contribution to growth.

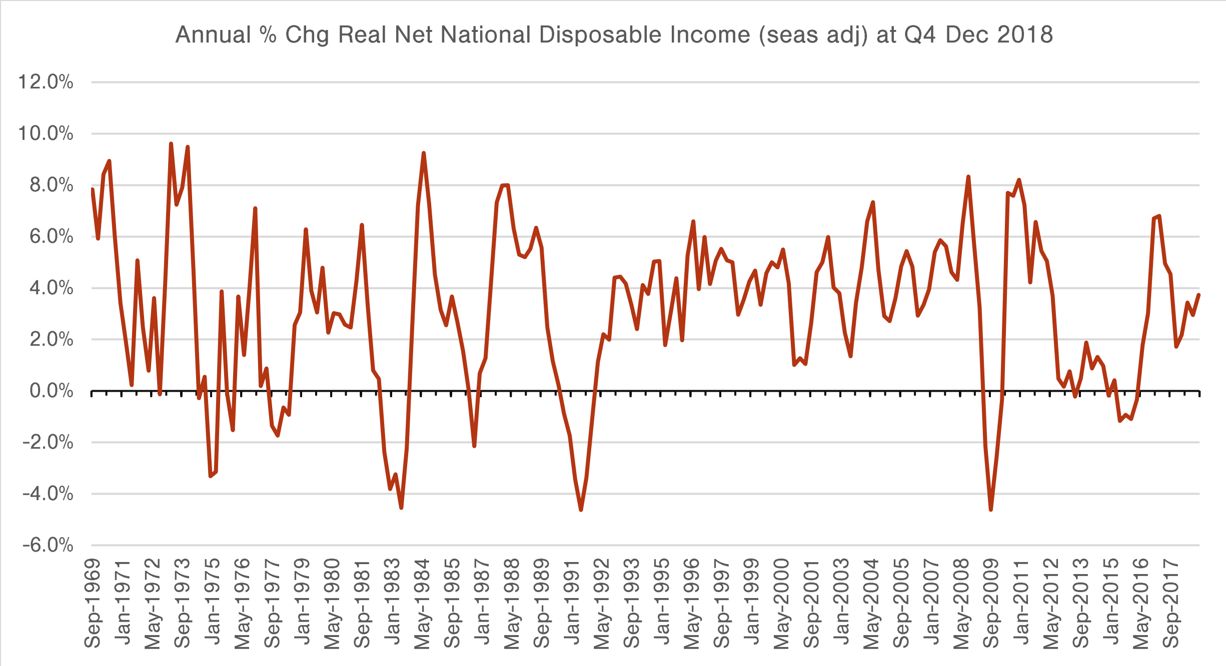
Public Gross Fixed Capital Formation (GFCF) made a much smaller contribution to growth than in the quarter prior. This was led by a decline in Public Corporations GFCF and National GFCF. An increase in state and local GFCF offset the declines. This will be one to watch – public expenditure on infrastructure was specifically mentioned in the RBA statement as one of the key areas of growth in the next year.

Private GFCF declined further and detracted from growth by a larger degree. This was led by a large decline in dwelling construction as well as ownership transfer costs and net purchase of second-hand assets. All other areas of private investment spending made a positive contribution to growth. Total private business investment made a small but positive contribution to growth.

Both Government and Household consumption expenditure made a larger contribution to growth in the quarter.

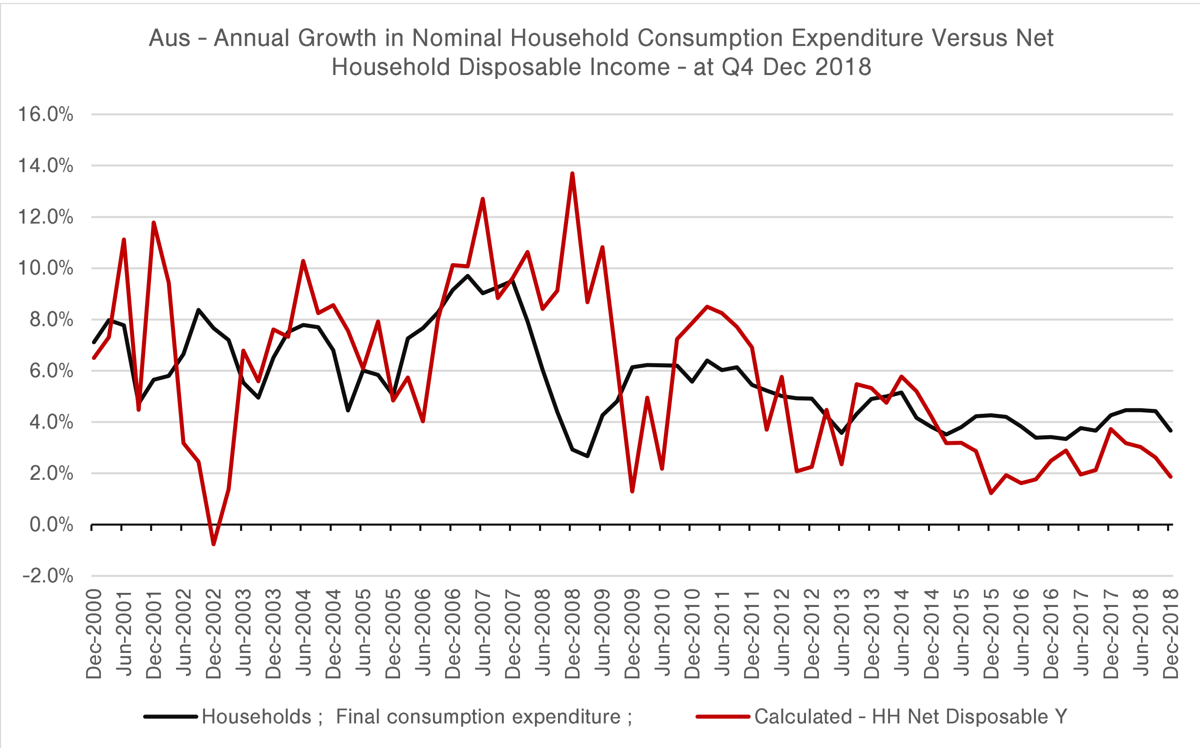
National Income

The change in real national income continues to accelerate. This has been led by a further 3% increase in the Terms of Trade in the latest quarter (+6% versus a year ago).



In nominal and gross terms, the increase in National Income resulted in higher growth in the Gross Operating Surplus of firms (+2.3% in Q4 versus +1.2% in Q3) while growth in Compensation of Employees slowed from 1.3% in Q3 to +0.9% in Q4.

Over the last year, we are starting to see both Net Household Disposable Income and Household consumption expenditure growth start to slow (nominal). More so for household disposable income at this stage;



Again, the compensation and household disposable income are key measures to watch as the RBA expects to see a pick up in growth in household income.

At the same time, the RBA is cautious of the impact of lower house prices on consumption expenditure.

https://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/5206.0Main+Features1Dec%202018?OpenDocument

Retail Sales (Jan)

There was only a small rebound in retail sales growth in Jan with retail sales recording +0.1% growth in nominal terms after the -0.4% decline in Dec. Growth continues to slow on an annual basis. The detail in the Australian Performance of Services Index suggests further weakness in Aus retail to come.

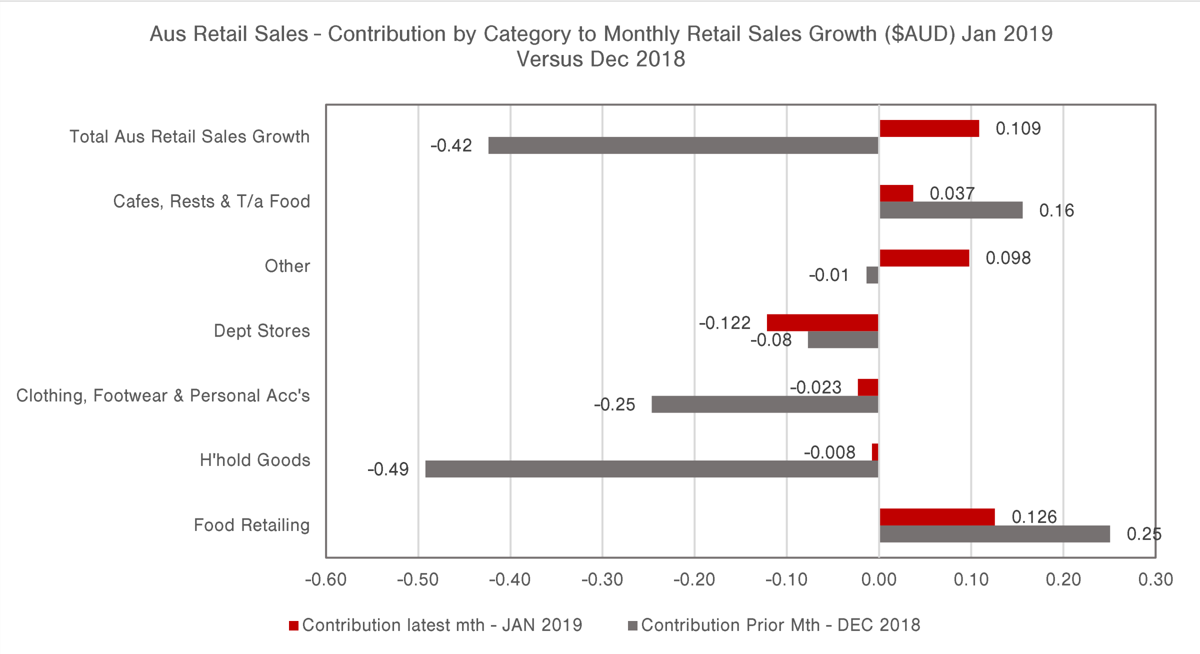
Nominal Retail Sales – Mth chg

Jan +0.1% versus Dec -0.42%

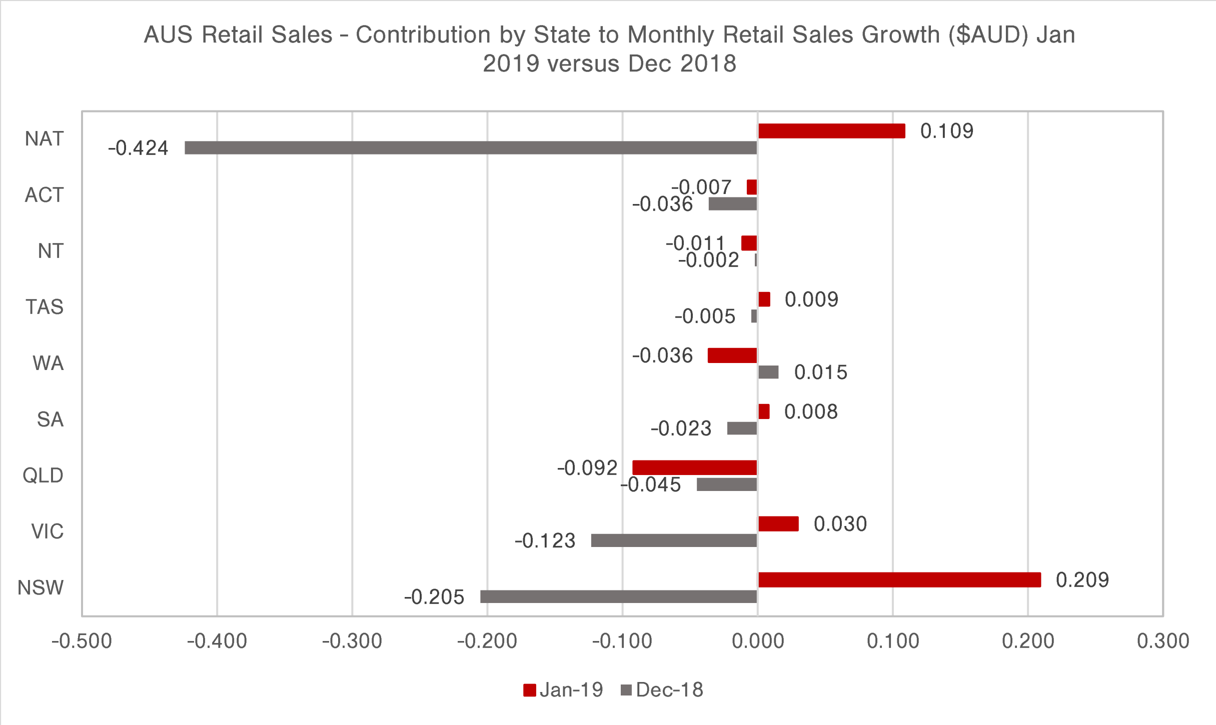
Categories such as Dept Stores, Clothing/Footwear and Household Goods all detracted from growth in the latest month. One slight positive is that Clothing/Footwear and Household Goods made a less negative contribution than in the month prior.

This was offset by a much stronger contribution from Other Retail – which was the only category to record higher growth in Jan than in Dec.

Cafes/Restaurants and Food retailing both made positive contributions to growth, albeit much lower in Jan than in Dec.

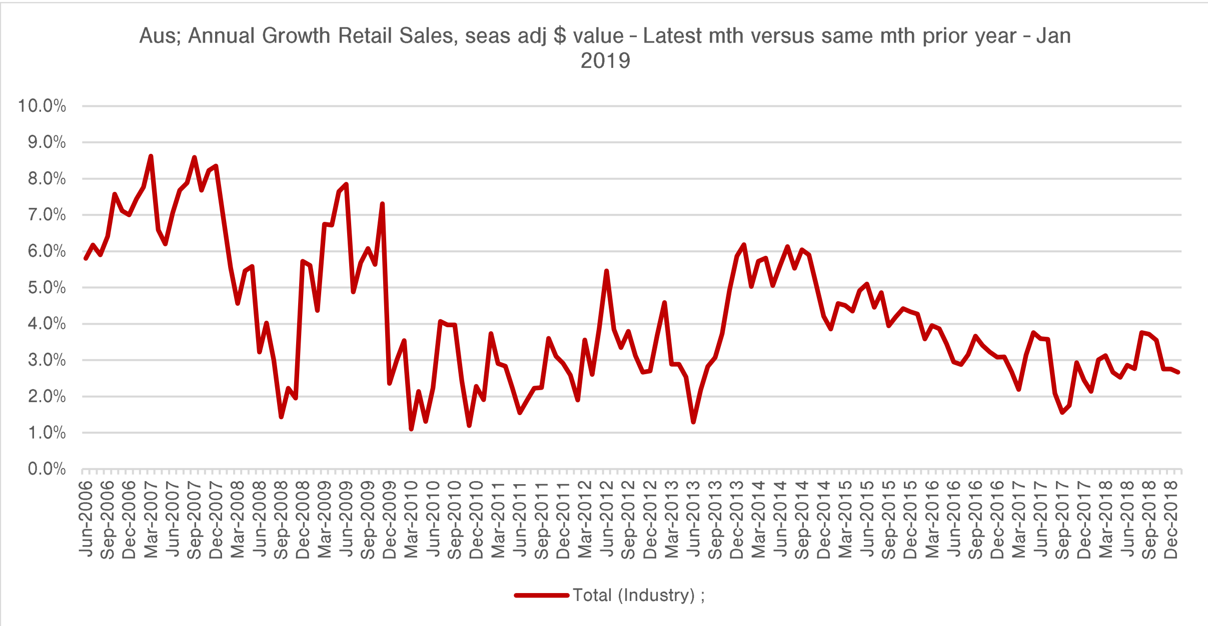


On a state basis, retail sales were higher mostly as a result of the larger increase/turnaround in NSW – results across all other states remained lacklustre;



Nominal Retail Sales – Annual % Chg

Jan +2.7% versus Dec +2.8%. Annual growth peaked in the last year at +3.8% back in Aug 2018;



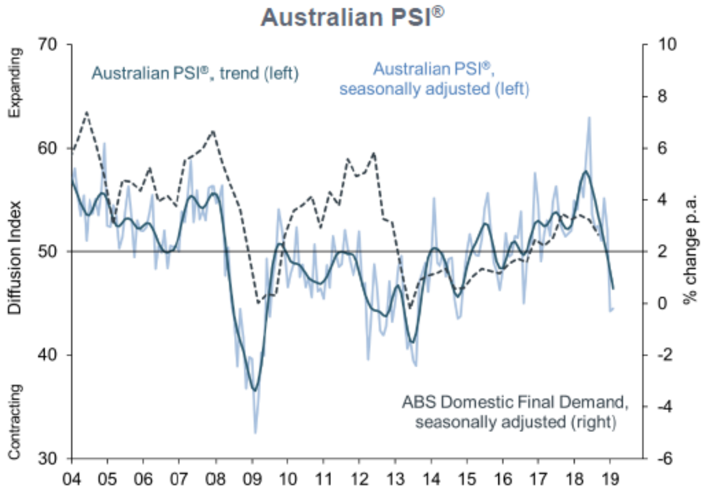
Retail sales for Household Goods and Dept Stores in Jan are the only two categories that remain below year ago sales.

Aus Services PMI – Retail Trade Continues to Contract in Feb

The latest Performance of Services Index in Australia shows that retail trade (and hospitality) continued to contract in Feb. The growth in the Services Index remains in contraction overall at 46.5, after falling a further 1.6pts in Feb. Retail trade fell further into contraction falling 2.9pts to 39.9. Hospitality also saw a large fall in the month - falling by 6.4pts to 41.9 in Feb. Both suggest further weakness for retail to come.

> "**Consumer-oriented services sectors:** Three of the consumer-oriented sectors contracted and one expanded in February 2019. Hospitality contracted sharply with negative (and deteriorating) results for sales, new orders, employment and deliveries. Retail and health & community services also contracted. The 'personal, recreational & other services' sector expanded in February."

> "**Services concerns:** Retail trade and hospitality were the weakest services sectors in early 2019 as consumer-focused business face increasingly tighter conditions. Services businesses reported weak customer demand in February due to extreme heat and drought conditions in some areas of Australia, flooding in others and a deterioration in consumer spending. The lower Australian dollar increased competition for local businesses and increased costs for those using imported inputs, however some businesses benefitted from an uptick in export orders."



Australian PSI® consumer-oriented services sectors

AUSTRALIAN PSI®	RETAIL TRADE	HOSPITALITY	HEALTH, EDUCATION & COMMUNITY	PERSONAL, RECREATION & OTHER
44.5	39.9	41.9	42.7	54.9
↑ 0.2 POINTS (seasonally adjusted)	↓ 2.9 POINTS (trend)	↓ 6.4 POINTS (trend)	↓ 3.8 POINTS (trend)	↑ 1.9 POINTS (trend)

Australian PSI® business-oriented services sectors

AUSTRALIAN PSI®	BUSINESS & PROPERTY SERVICES	WHOLESALE TRADE	FINANCE & INSURANCE	TRANSPORT & STORAGE
46.5	50.2	45.2	50.4	49.1
↓ 1.6 POINTS (trend)	↓ 0.8 POINTS (trend)	↓ 0.1 POINTS (trend)	- (trend)	↑ 0.6 POINTS (trend)

https://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/8501.0Main+Features1Jan%202019?OpenDocument

https://cdn.aigroup.com.au/Economic_Indicators/PSI/2019/PSI_February_2019_87021s.pdf

RBA – Rates Decision 5 Mar 2019

At the latest meeting the RBA kept rates on hold – the overnight cash rate remains at 1.5%

The key points remain unchanged: low interest rates continue to support the Aus economy, helping to reduce unemployment and facilitate a gradual return of inflation to the 2-3% band.

The central forecast is for the economy to grow by 3% - supported by rising business investment, spending on public infrastructure and increased employment.

The key risk is the impact on household consumption as a result of falling house prices and weak growth in household income. The RBA expects a pick up in growth in household income this year (presumably as the labour market continues to strengthen and wages continue to grow).

The central forecast is for underlying (core) inflation to return to 2% this year.

https://www.rba.gov.au/media-releases/2019/mr-19-05.html

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Asia

China Trade Balance (Feb)

Trade data continued to disappoint in Feb;

Exports (USD); -20.7% Y/Y Feb versus Jan +9.1%, expected Feb -5%

Imports (USD); -5.2% Y/Y Feb versus Jan -1.5%, expected Feb -0.6%

China New Loans (Feb)

Estimates of new credit growth also came in below expectations;

New Loans; Feb 885.8B YUAN versus est 950.0B. Jan; 3230b YUAN

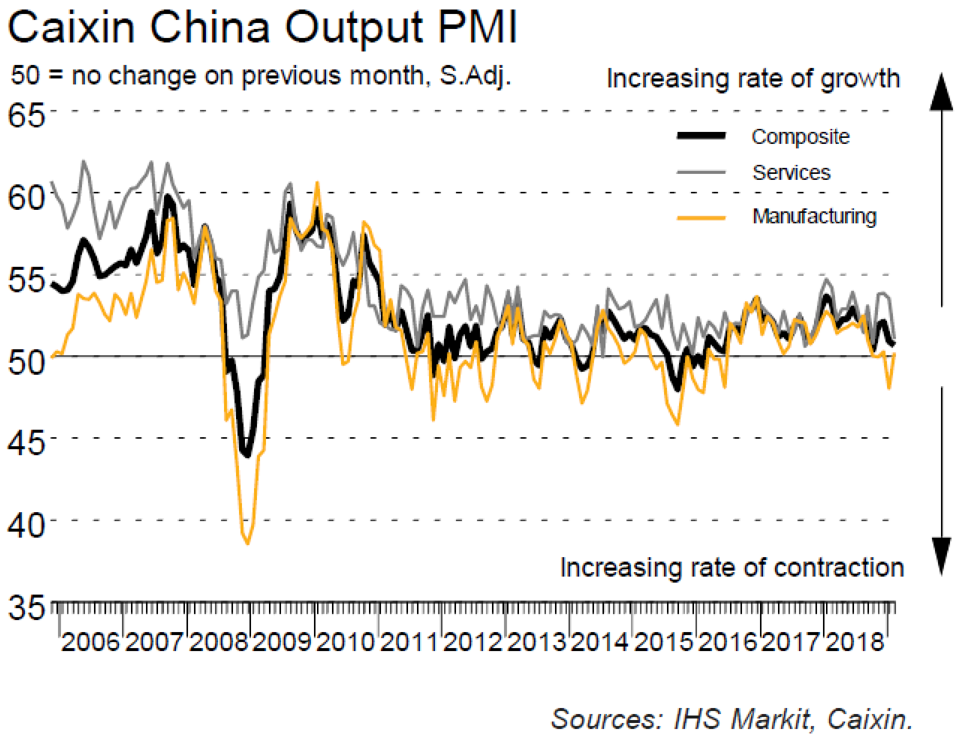
Aggregate Financing; Feb 703.0B YUAN versus est 1,300.0B. Jan; 4640B YUAN

https://www.reuters.com/article/us-china-economy-loans/china-feb-new-bank-loans-fall-but-policy-support-still-on-track-idUSKBN1QR01M

Caixin Services PMI (Feb)

The headline service business activity index grew at a much slower pace in Feb. This was led by weak growth in new orders.

Headline PMI; Feb 51.1 versus Jan 53.6



New business activity in Feb grew at a slower pace. Firms cited muted demand conditions as new orders expanded at the slowest pace since Oct 2018. Growth in new export orders also slowed to a five-month low.

Order backlogs declined at a faster pace – the steepest decline in over three and a half years. This was the main driver behind the contraction in order backlogs at the composite-level.

Employment growth was only marginal at service firms and overall employment at the composite level also fell back into contraction.

Prices continued to increase slightly.

While firms expected activity to increase over the next year, optimism weakened.

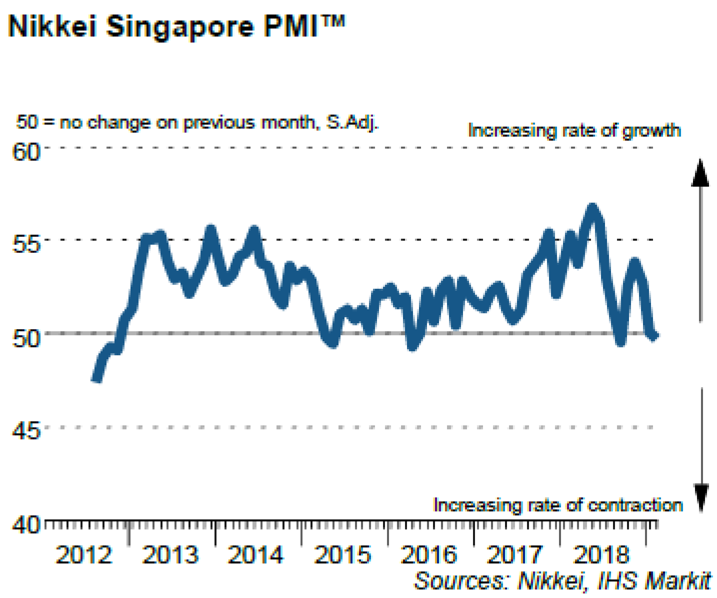
https://www.markiteconomics.com/Survey/PressRelease.mvc/a7da1720f41d42f2a39be78135f863db

Singapore Services PMI (Feb)

Business conditions in Singapore are one proxy for China and broader Asian conditions and activity.

The headline services PMI for Singapore has been experiencing a larger slowdown in activity and, in Feb, fell into contraction again.

Headline Services PMI; Feb 49.8 versus Jan 50.1



Leading the shift into contraction was new orders – which fell close to neutral in Feb. New export orders/activity declined for the third month in a row.

Overall output growth was only 'slight'.

Employment declined for the second month in a row.

> "Dragging the headline PMI into negative territory for the first time since last September was a further slowing of new business growth, which has dipped notably from the strong expansions witnessed across Q4. The underlying

weakness was a reflection of reduced demand on the international front and easing domestic market pressures."

https://www.markiteconomics.com/Survey/PressRelease.mvc/0bcd239d78334f5584cb2636f52df859

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Trade

US-China Trade Negotiations

No confirmation during the week that there has been an agreement between the US and China. News was in fact that there was still quite some distance between the two countries on key issues. It now seems likely that any deal will take longer to negotiate. The summit between the two leaders now appears to be postponed until there is a resolution on the majority of issues.

At least for now, the threat of tariff escalation has been taken off the table while both parties continue to negotiate.

Reconfirming what a 'win' in the negotiations with China looks like – a statement of the key goals as outlined by the USTR (emphasis added);

> The meetings were held as part of the agreement reached by President Donald J. Trump and President Xi Jinping in Buenos Aires to engage in 90 days of negotiations **with a view to achieving needed structural changes in China with respect to forced technology transfer, intellectual property protection, non-tariff barriers, cyber intrusions and cyber theft of trade secrets for commercial purposes, services, and agriculture**.

https://ustr.gov/about-us/policy-offices/press-office/press-releases/2019/january/statement-united-states-trade

Special 2019 Section 301 Review

No further update on progress. Posted on the Federal Register by the USTR is a request for comments and a notification of a public hearing for the annual special S.301 review;

> to identify countries that deny adequate and effective protection of intellectual property rights (IPR) or deny fair and equitable market access to U.S. persons who rely on intellectual property protection.

The special 301 subcommittee will hold a hearing on 27 Feb 2019.

On 26 Apr 2019, the USTR will publish the 2019 special 301 report within 30 days of the National Trade Estimate Report.

https://www.federalregister.gov/documents/2018/12/28/2018-28319/request-for-comments-and-notice-of-a-public-hearing-regarding-the-2019-special-301-review

NAFTA/USMCA

The report by the US International Trade Commission on the economic impact of the new agreement is likely to be delayed due to the shutdown. The report was due 15 Mar but has now been postponed until mid-April.

> And some lawmakers are withholding their opinions until they see the results of a U.S. International Trade Commission report analyzing the economic impact of the deal, which likely won't be out until mid-April due to a delay from the 35-day government shutdown. https://www.politico.com/story/2019/03/07/trump-nafta-democrats-1247064

There appears to be some movement now on a 'potential pathway' to approve USMCA through Congress;

> "In an interview Thursday, Rep. Kevin Brady, R-Woodlands, ranking member of the House Ways and Means Committee, said U.S. Trade Representative Robert Lighthizer was working on a "reasonable" replacement for Trump's tariffs on steel and aluminum from Mexico and Canada, which Republicans and Democrats alike have said must be eliminated with to secure their support." https://www.houstonchronicle.com/business/article/As-Congress-weights-new-NAFTA-signs-of-support-13671780.php

> "The administration has largely set aside — for now — the threat of pulling out of NAFTA because Lighthizer and others in the administration agree that such a move would undermine the trust they've been working to build on Capitol Hill. Aides said there were no immediate plans to withdraw from the 25-year-old agreement, though the president hasn't completely ruled out doing it eventually if the negotiations over approving USMCA fall apart." https://www.politico.com/story/2019/03/07/trump-nafta-democrats-1247064

Section 232 – Car and Truck Imports

The final report on the s 232 investigation has been provided to President Trump on 17 Feb. The President has 90 days to make a final decision on the recommendations.

> "Some analysts have considered the secrecy around the U.S. report on Section 232 tariffs as leverage which Trump likely intends to use in the U.S. trade negotiations with the EU."

> "We're trying to make a deal. They are very tough to make a deal with," Trump told reporters at the White House on Wednesday. "If we don't make a deal, we'll do the tariffs." http://www.xinhuanet.com/english/2019-02/23/c_137845093.htm

https://www.internationallawoffice.com/Newsletters/International-Trade/USA/Arent-Fox-LLP/Trump-administration-moves-closer-to-decision-on-auto-tariffs

US-Japan Trade Talks

No further indication of when negotiations with Japan will commence. The commencement of talks could be delayed until April, especially now that the US-China negotiations have been extended.

President Trump is due to meet with Prime Minister Shinzo Abe at the Group of 20 summit in Osaka in June. https://asia.nikkei.com/Economy/Trade-War/US-Japan-trade-talks-face-delay-as-Trump-focuses-on-China

https://ustr.gov/countries-regions/japan-korea-apec/japan/us-japan-trade-agreement-negotiations

The summary of negotiating objectives for the US-Japan trade talks have been published;

https://ustr.gov/sites/default/files/2018.12.21_Summary_of_U.S.-Japan_Negotiating_Objectives.pdf

US-Europe Trade Talks

Awaiting further notice on the commencement of talks – likely to be delayed. The release of the S.232 investigation into car and truck imports as a key issue for European members;

> "As the sword of Damocles hangs over the European automotive industry, the trade ministers discussed the bloc's trading relationship with Washington. European Trade Commissioner Cecilia Malmstrom has called on EU governments to decide soon to start negotiations with the United States.
>
> She also warned "there is full support" from member states to hit back if the United States were to levy the tariffs, escalating the transatlantic tension."
> http://www.xinhuanet.com/english/2019-02/23/c_137845093.htm

The summary of negotiating objectives for the US-EU trade talks have been published;

https://ustr.gov/sites/default/files/01.11.2019_Summary_of_U.S.-EU_Negotiating_Objectives.pdf

US-UK Trade Talks

The USTR has now published the summary of specific negotiating objectives for the US-UK trade negotiations; https://ustr.gov/sites/default/files/Summary_of_U.S.-UK_Negotiating_Objectives.pdf

The USTR publishes objectives for the negotiations at least 30 days before negotiations begin. (https://ustr.gov/about-us/policy-offices/press-office/press-releases/2018/october/trump-administration-announces).

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