Market Analysis and Outlook: January 18th – January 25th, 2019

Global Economy

In the US, inflation rate dipped to 1.9% in December 2018 from 2.4% reported in November. According to the Bureau of Labour Statistics, it is the lowest rate of inflation seen since August 2017 and came on the back of lower gasoline price. On a monthly basis, consumer prices edged down 0.1%, after a flat reading in the prior month. In a separate development, the Office for National Statistics, raised its annual inflation estimate to 3.7% growth rate for 2018 from 3.1% recorded in 2017.

In the UK, inflation rate dipped to 1.8% higher by 0.5% compared to 1.3% in Q2 2018. The increase was largely attributed to the growth in energy prices. The core rate, which strips out volatile components and provide volatility stop, may not be affected as much, according to the Office of National Statistics. The agency is currently projecting a year-on-year growth rate of 2.4% in 2019.

In the Eurozone, the inflation rate dipped to 1.4% year-on-year, from 1.6% in November. The annual rate was lower due to falling energy prices. According to Eurostat, the core rate, which strips out volatile components and provide volatility stop, may not be affected as much, according to the Eurostat. The agency is currently projecting a year-on-year growth rate of 1.5% in 2019.

In Japan, the annual inflation rate increased to 0.2% in December from 0.1% in November, as the higher energy prices drove the cost of living higher. The core rate, which strips out volatile components and provide volatility stop, may not be affected as much, according to the Ministry of Internal Affairs and Communications. The agency is currently projecting a year-on-year growth rate of 0.7% in 2019.

In China, the annual inflation rate increased to 2.3% in December from 2.2% in November. The increase was attributed to rising food prices. The core rate, which strips out volatile components and provide volatility stop, may not be affected as much, according to the National Bureau of Statistics. The agency is currently projecting a year-on-year growth rate of 2.1% in 2019.

In India, the annual inflation rate decreased to 3.4% in December from 3.5% in November. The decrease was attributed to falling food prices. The core rate, which strips out volatile components and provide volatility stop, may not be affected as much, according to the Reserve Bank of India. The agency is currently projecting a year-on-year growth rate of 4.4% in 2019.

In Brazil, the annual inflation rate decreased to 2.73% in December from 2.79% in November. The decrease was attributed to falling food prices. The core rate, which strips out volatile components and provide volatility stop, may not be affected as much, according to the Brazilian Central Bank. The agency is currently projecting a year-on-year growth rate of 3.7% in 2019.

In Australia, the annual inflation rate decreased to 1.5% in December from 1.6% in November. The decrease was attributed to falling food prices. The core rate, which strips out volatile components and provide volatility stop, may not be affected as much, according to the Reserve Bank of Australia. The agency is currently projecting a year-on-year growth rate of 2.5% in 2019.

In Canada, the annual inflation rate decreased to 1.7% in December from 1.8% in November. The decrease was attributed to falling food prices. The core rate, which strips out volatile components and provide volatility stop, may not be affected as much, according to the Bank of Canada. The agency is currently projecting a year-on-year growth rate of 2.1% in 2019.

In Russia, the annual inflation rate decreased to 3.0% in December from 3.1% in November. The decrease was attributed to falling food prices. The core rate, which strips out volatile components and provide volatility stop, may not be affected as much, according to the Central Bank of Russia. The agency is currently projecting a year-on-year growth rate of 4.0% in 2019.