STATE STREET GLOBAL ADVISORS

Weekly Economic Perspectives August 14, 2020

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August 14, 2020
Commentary

Weekly Economic Perspectives

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Spotlight on Next Week
Housing indicators should continue to improve in the US. Manufacturing and service activity should improve further in the eurozone. Sizable Q2 GDP contraction in Japan.

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The Economy

A decent data week accompanied by decent market performance.

US

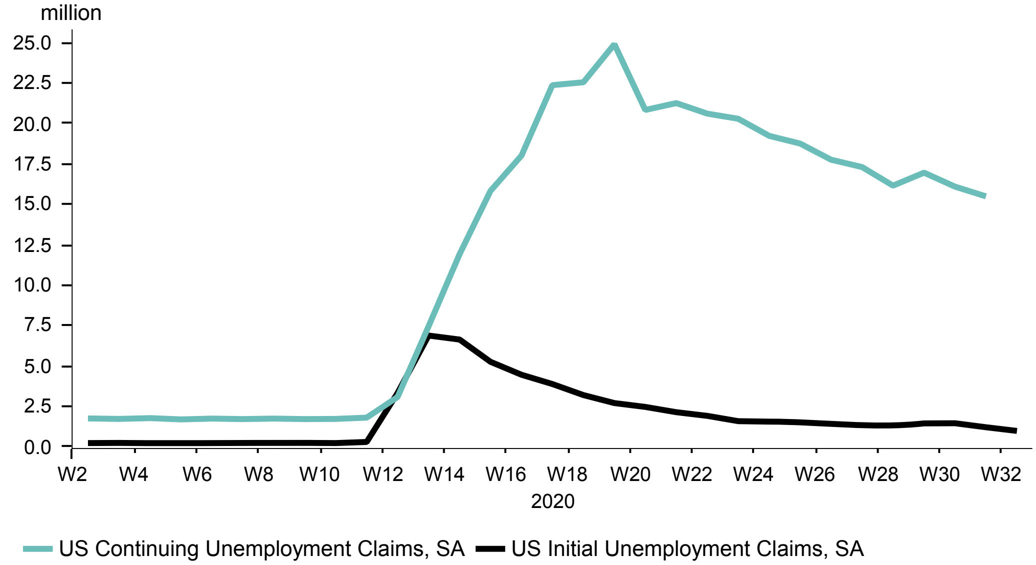
After two big gains, **retail sales** growth cooled in July. Overall nominal retail sales rose 1.2%, which was less than the 2.1% expected. However, this was largely made up by the fact that June increase was revised up nearly a full percentage point to 8.4%. One surprising detail was that despite an 11.5% increase in motor vehicle unit sales during the month, the motor vehicle and parts category in the retail sales report showed a 1.2% decline. Elsewhere, the outsized moves of the last couple of months are giving way to normalization, with only the electronics category still experiencing a double digit increase (+22.9%). In June there had been eight such categories. Unlike the headline reading, control sales, (which exclude food services, building materials, autos dealers and gas stations) increased nearly twice as much as expected (+1.4%) and are now 8.0% above year-earlier levels.

Industrial sector activity is improving. Overall **industrial production** increased 3.0%, as expected, with manufacturing up 3.4%, utilities up 3.3%, and mining up 0.8% (the first increase in six months). Within manufacturing, durable goods production increased 5.5% and non-durables were up 1.3%. After more than doubling in each of the prior two months, motor vehicle production increased another 28.3% and is now only 1.4% lower than in July 2019. By contrast, overall industrial production was 8.2% lower than in July 2019; during the first seven months of 2020, it has declined 8.1% y/y. Overall capacity utilization improved 2.1 percentage points (ppts) to 70.6%, with manufacturing up 2.3 ppt to 69.2%. Capacity utilization in the mining sector has finally stopped deteriorating; at 73.5%, it is actually the highest among the three big sectors, but is a far cry from levels around 90% where it was pre-Covid.

As we speculated last month, following two sizable improvements, the **NFIB small business optimism** index declined more than expected in July, down 1.8 points to 98.8. The index has recouped about 60% of its losses but it might take a bit longer to resume the improvement given the lag from what appear to be declining Covid cases in some of the hot spot areas and when certain parts of the service industry—those most affected by the surge such as bars, indoor dining and some indoor entertainment—will resume. The details were mixed. The outlook for general business conditions plunged by the most since March, but sales expectations, hiring, and capex plans actually improved. The accompanying release stated that “Owners are interested in hiring but many workers may not be ready to return”, which speaks to the intensifying national debate over the supplemental unemployment insurance benefits. The uncertainty metric deteriorated noticeably and is now close to the March high, leaving fewer businesses to consider this a good time to expand. Still, with the details mixed rather than uniformly negative, this suggests potential for resumed improvement if Covid cases sustainably subside.

Unemployment claims for the state programs point to continued labor market healing. Initial claims for the week ended August 8 bested expectations again with a 228,000 decline. This was the second large decline in so many weeks and left initial claims at 963,000—historically elevated but also the first sub-million print since mid-March. Continuing claims declined by 604,000 to 15.486 million in the week ended August 1, marking the lowest level since early April. The fact that continuing claims are continuing to retreat despite persistently high initial claims suggest either an unusual level of churn in the labor market (which would make sense given Covid-19 dislocations), or perhaps some upward bias in the initial claims data that may have to do with processing delays, erroneous filings, or other distortions. So far so good in terms of claims signal for August payrolls, but we'll how claims evolve from here.

Figure 1: US Unemployment Claims (State Programs)



Sources: U.S. Department of Labor

Quite surprisingly in light of the elevated claims level, **job openings** are holding up reasonably well and increased by another half a million in June to 5.9 million. Admittedly, they remain a little over 1.0 million below the February level, but nearly twice the level that had prevailed from mid-2008 through end-2011. Quits—a measure of worker confidence—also jumped by more than half a million to 2.6 million, about a million less than pre-Covid but almost 2.0 million more than the Great Recession lows. After a huge burst in May amid reopening, but at 6.7 million, it remains well above pre-Covid levels. The combination suggests tremendous churn in the labor market, an idea supported by the unemployment claims data as well. It is too early to conclude what this means for the economy going forward, i.e, whether it would lead to a better labor resource allocation or whether, on the contrary, the crisis is forcing unemployed people to settle for sub-optimal employment choices. But at least, businesses appear to be looking for workers, which is encouraging..

After retreating in July amid the Covid resurgence, consumer sentiment appears to be stabilizing at that lower level for now. The preliminary August **Michigan consumer sentiment index** improved a meager 0.3 point, with the current situation down 0.3 point and expectations up 0.6. Consumer sentiment will likely remain under pressure in the near term given uncertainties around virus evolution and stimulus talks. Inflation expectations were little changed, but at much higher levels than before the Covid crisis. Short term (1-year) expectations were unchanged at 3.0% while long term (5-10 years) ticked up a tenth to 2.7%.

Inflation remains lower than it was before the Covid crisis, but it has come off recent lows, aided by rebounding energy prices and the recovery in demand. Headline **consumer price inflation** accelerated four tenths to 1.0% y/y in July (versus the expected 0.7% y/y), with core inflation also up four tenths to 1.6% y/y. Both headline and core prices increased by 0.6% in July, with energy up 2.5% and food down 0.4%. Services prices increased 0.6%, with medical care up 0.4% and housing up 0.3%.

The **budget deficit** has exploded as a result of the Covid crisis, but with the tax deadline pushed to mid-July this year, the July data came in better than expected. The federal budget deficit shrank from $864 billion in June and $119.7 in July 2019 to $63 billion this July. Still, the cumulative deficit since the start of the fiscal year in October is an eye-popping $2.8 trillion. Given the seismic changes in the economy due to Covid, it is a bit pointless to read too much into specific line items in the budget. Employment taxes, however, caught our eye, as they actually increased 5.0% y/y in July. This seems quite odd given employment is still far lower than a year ago.

Nonfarm business productivity reportedly surged 7.3% annualized rate in the second quarter, but while these estimates may be mathematically correct, we should thread very carefully when trying to interpret what these numbers mean. When all is said and done, this surge will likely be seen as an aberration. The improvement reflected a 38.9% drop in output, set against a 43.0% plunge in employee hours (both annualized). Since many people were paid their usual salaries despite being unable to work, hourly compensation surged 20.4%. Clearly, this is an unsustainable, “height-of-crisis” type aberration. Unit labor costs subsequently surged 12.2%; by contrast, non-labor unit costs plunged 22.6% (all annualized). Again, it’s probably good to be aware of these numbers, but they don’t really have anything to do with the true underlying sustainable trends. We might have to get past the third quarter to return to more trend-like productivity data.

Canada

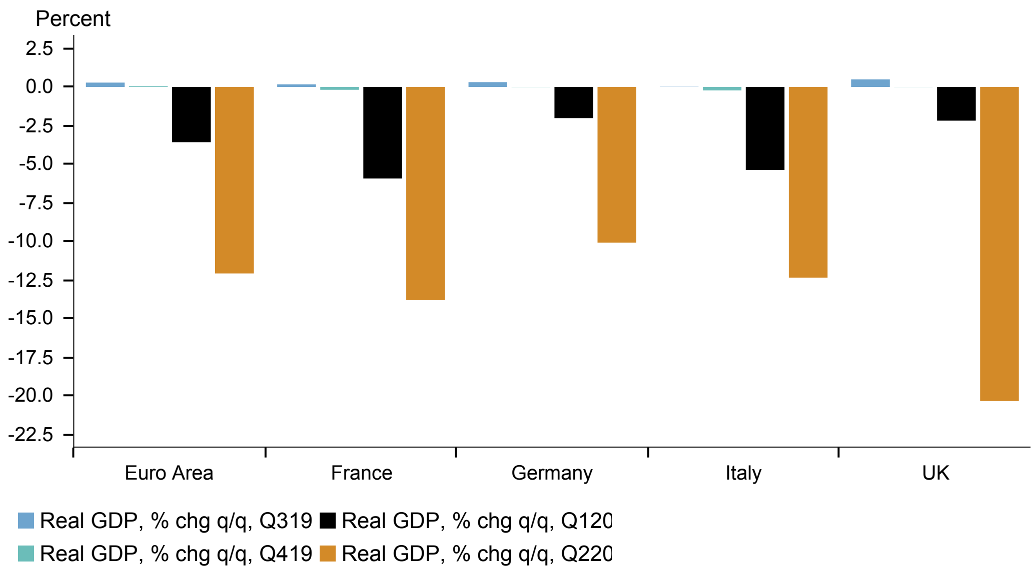
Housing starts increased for the third consecutive month in July, up 15.8% from June to 245,604 units. Urban starts rose by 17.4% to 231,995 units—with multiple urban starts up by 18.8%, while single-detached urban starts were higher by 12.3%. Higher multi-unit starts for Toronto, Vancouver and oil-producing centers in the Prairies led the gains.

After two dreadful declines in March and April, **manufacturing sales** are now rebounding strongly. Having risen 11.6% in May, they surged 20.7% in June as broad-based increases in production lifted capacity utilization by over 10 percentage points to 73.3% during the month. Indeed, all 21 industries reported better sales. Real sales—most relevant for GDP—increased 18.4%. Still, despite these impressive gains, sales have yet to fully return to pre-Covid levels; nominal sales were 15.6% lower than in June 2019. The good news is that further progress seems likely given that new orders surged 23.6% in June.

UK

In the early stages of the Covid-19 crisis, we highlighted UK’s macro policy response as an impressive example of early monetary/fiscal policy coordination that other countries would do well to emulate. It appeared then that early and decisive action would contain the economic damage such that the UK would at least keep pace with other economies, if not even outperform them. Unfortunately, things sort steadily deteriorated following that early good start; lockdowns were imposed later, but were more severe and lasted longer than in continental Europe such that the gap in mobility metrics between UK, on one hand, and France, Germany, Italy, and Spain, on the other, widened sharply over the course of May and June. That divergence was clearly reflected in GDP performance. At 20.4% q/q, the decline in UK GDP during the second quarter was nearly twice as large as Germany's and substantially worse than even Italy's. The lion's share of that decline—about three quarters or 14.3 percentage points (ppts)—was due to an extraordinary 23.1% q/q plunge in household consumption. Fixed investment detracted about 4.4 ppts with inventories detracting two more. Net trade added 3.6 ppts, as imports crashed twice as badly as exports. But don't count on the resulting record trade surplus to be sustained. Not only is the Q2 performance disappointing, but mobility data suggest only minimal improvement during the month of July and persistent underperformance relative to other countries so far in August. Thus, it appears the UK may underperform other peer economies again during the third quarter, suggesting a sizable relative underperformance for 2020 as a whole. Real GDP contracted 11.7% y/y, on average, during the first half.

Figure 2: The UK Economy Underperforms In Q2



Sources: INSEE, Istat, Eurostat, Statistisches Bundesamt, ONS

The worst of the worst might be over for the UK **labor market**, but we are still left with a pretty bad situation. Admittedly, employment declines accelerated in the three months to June, but this is a very backward-looking measure that tells us more about how things were at the height of the crisis rather than where are today. Thus, while we take note of the 220,000 drop in employment in the three months during April-June, we would probably consider the modest increase in vacancies in June to be more of a leading indicator for where things go from here. Still, the pace of improvement may be disappointingly slow given persistent headwinds to mobility and confidence. Indeed, it is also notable that after a decline in June, unemployment claims actually backed up again in July, lifting the claimant count unemployment rate to 7.5% (it peaked at 4.9% during the Great Recession!). By contrast, the headline unemployment rate was unchanged at 3.9%, suppressed by government employment support programs. It is, not, however, a true measure of labor market health at the moment and is probably best ignored for now. Meanwhile, a decline in private sector wages caused overall average weekly earnings to retreat 1.2% y/y in April-June, the biggest decline since 2009.

As the economy finally reopens, industrial activity is noticeably improving. Having risen 6.2% in May, **industrial production** increased another 9.1% in June, lifted by an 11.0% jump in manufacturing production, an 8.4% increase in mining, and a 4.1% improvement in utilities. Still, production remains 12.5% lower than in June 2019; it shrank 11.4% y/y during the first half.

Eurozone

Eurozone **industrial production** jumped 9.1% in June thanks to solid performance across the region, including a 10.8% increase in Germany and a 12.9% rebound in France. Italy gained 8.2% while Spain rebounded 14.5%. Meanwhile, the second read on eurozone Q2 **GDP** confirmed the preliminary estimate of a 12.1% q/q contraction. Sector details are not yet available.

While assessments of the current economic situation remain dismal, the **ZEW index** of ***German*** investor confidence suggests much better conditions ahead. The economic expectations index bucked expectations of a decline to instead jump 12.2 points to 71.5 in August, the highest levels since January 2004.

French industrial sentiment has pretty much made a full recovery following another 10.4-point gain in July. In fact, at 99.4, the **Bank of France industrial sentiment** is now at the highest level since June 2019. With virus cases rising, however, the key test will be whether these gains can be sustained.

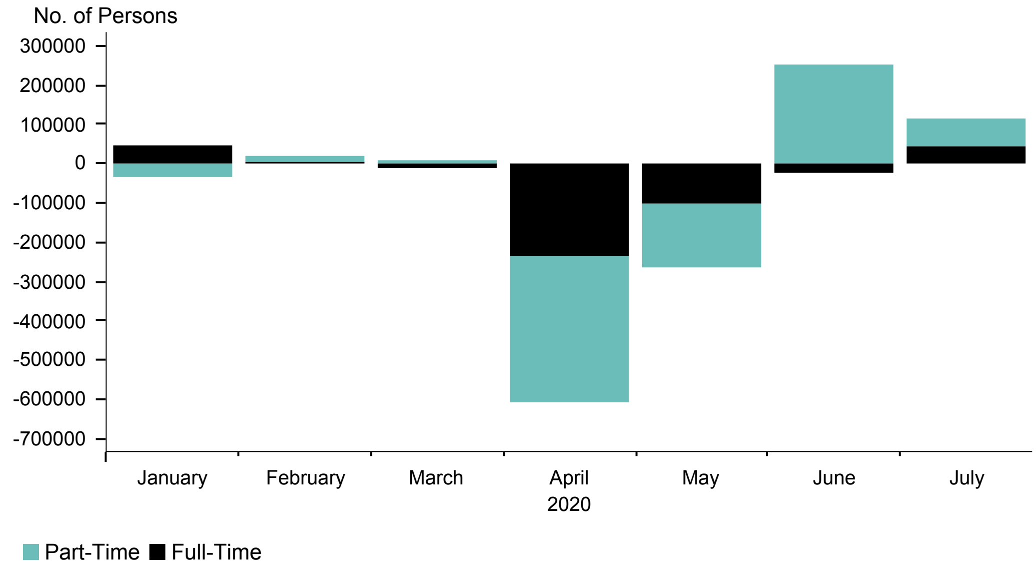
Japan

Services activity bounced back in June following the lifting of state of emergency, after four sequential declines. The **tertiary industry index** rose 7.9% m/m, but still some way off its March level. Gains were led by living and amusement-related services (+35.5%), retail trade (+13.9%) and transport and postal activities (+10.1%).

Australia

The Australian **labor market** continues to surprise positively, no doubt helped by the extensive fiscal support. The 114,700 gain in employment in July far exceeded market expectations—characterized by an increase in both part-time (+71,200) and full-time employment (+43,500). We have seen a disproportionate increase in the number of part-time workers recently, making us wonder whether the system is over-reliant on government support to keep jobs gains this high. For now, there is too little data to raise the alarm, but the evolution of composition of job gains beyond September (when the new fiscal support is implemented) will be something to watch.

Figure 3. Part-Time Jobs Have Seen More Gains In Australia



Sources: Australian Bureau of Statistics

Aggregate hours worked jumped 1.3% m/m, helping lower the underemployment rate by 0.5 percentage points (ppts) to 11.2%. Curiously, part-time workers are now working more hours on average than they were before COVID-19. One likely explanation might be an attempt by part-time workers to boost hours before the current fiscal package expires in September; because under revised rules, the allowance for part-time workers is halved. The unemployment rate edged up a tenth to 7.5% as participation jumped by 0.6 ppts to 64.7%. The state of Victoria saw a 23,000 rise in employment, but this was before the imposition of stage 4 restrictions in Melbourne. The "second wave" poses a genuine threat to the labor market outlook.

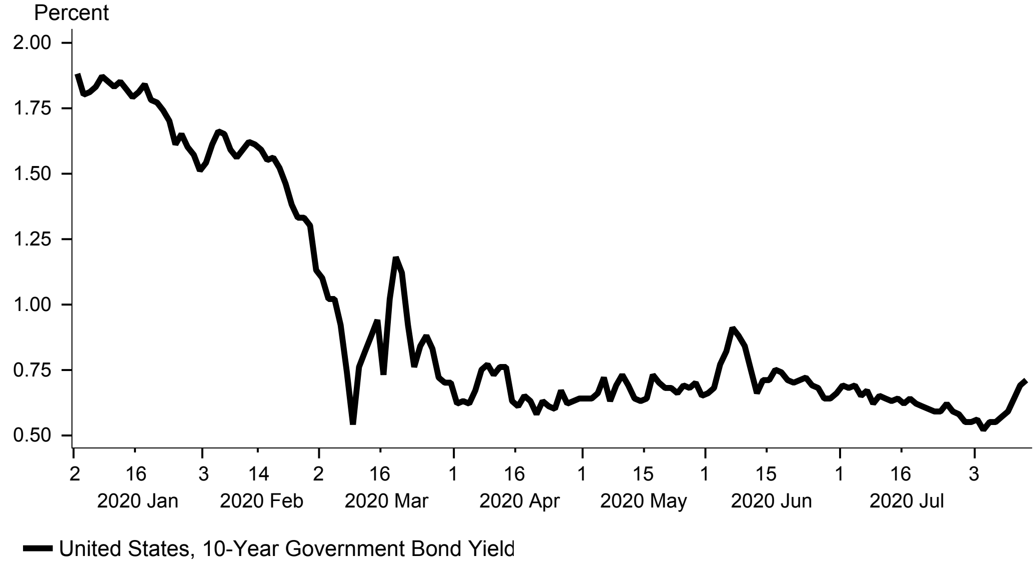
There was a stark divergence between business conditions and confidence in July according to the **NAB Business survey**. Business confidence dropped to -14 while business conditions improved 8 points to 0. The survey was conducted amid tighter restrictions in Victoria, which impacted confidence. Victoria and New South Wales experienced the sharpest declines, while confidence was lower across all industries. Conditions on the other hand, continued the rebound seen in recent months. All three components of conditions improved—with profitability increasing 10 points to 2, trading conditions up 7 points to 1, and employment also rose 9 points to -2. Leading indicators, such as capacity utilization and forward orders saw more modest improvements. Further escalation in COVID cases in August suggest that confidence will remain weak, and the rapid improvement in conditions is unlikely to be sustained.

Wage growth was the weakest on record, rising by a meagre 0,2% q/q in the second quarter. As expected, private sector wages fell by 0.1%, offset by a 0.4% increase in public wages. According to the Australian Bureau of Statistics, the fall in private sectors wages was due to "a number of large wage reductions across senior executive and higher paid jobs." The 'other' services (−0.9% q/q), construction and professional services (both −0.5% q/q) industries experienced the largest falls in wages. The annual growth also slowed to a record low of 1.8% y/y.

The Market This Week

Having plumbed Covid-era lows just last week, bond yields backed up this week under the combined pressures of high issuance and stronger than expected inflation data. Will this turn into a more sustained move higher?

Figure 4: Bond Yields Tick A Little Higher



Sources: Macrobond, Macrobond Financial AB

Equities: Another up week for equity markets.

Bonds: Bond yields rise on higher inflation.

Currencies: The dollar loses ground again.

Commodities: Gold corrects after big recent gains, oil is little changed.

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Stock Markets					10 Year Bond Yields			Currencies		
Country	Exchange	Last	%Ch Week	%Ch YTD	Last	BP Ch Week	BP Ch YTD	Last	%Ch Week	%Ch YTD
US	S&P 500®	3365.15	0.4%	4.2%	0.71	15	-121	93.125	-0.3%	-3.4%
Canada	TSE 300	16491.95	-0.3%	-3.3%	0.62	14	-109	1.326	-0.9%	2.1%
UK	FTSE®	6090.04	1.0%	-19.3%	0.24	10	-58	1.3088	0.3%	-1.3%
Germany	DAX	12901.34	1.8%	-2.6%	-0.42	9	-24			
France	CAC-40	4962.93	1.5%	-17.0%	-0.13	9	-25	1.1839	0.4%	5.6%
Italy	FTSE® MIB	20028.11	2.6%	-14.8%	0.99	6	-43			
Japan	Nikkei 225	23289.36	2.4%	-1.6%	0.05	4	6	106.6	0.6%	-1.9%
Australia	ASX 200	6126.249	2.0%	-8.3%	0.93	11	-44	0.7174	0.2%	2.2%

Commodity Markets						
Commodity	Unit	Source	Last Price	%Ch Week	%Ch YTD	%Ch Yr Ago
Oil (Brent)	US $/Barrel	Bloomberg	43.84	-0.5%	-34.0%	-25.5%
Gold	US $/troy oz	Bloomberg	1943.03	-4.5%	28.1%	28.1%

Source: Bloomberg®

Week in Review (August 10–August 14)

Country	Release (Date, format)	Consensus	Actual	Last	Comments
Monday, August 10					
US	JOLTS Job Openings (Jun, thous)	5300	5889	5371(↓)	Quite impressive given the circumstances.
FR	Bank of France Ind. Sentiment (Jul)	92	99	89	Reopening buoys sentiment.
Tuesday, August 11					
US	NFIB Small Business Optimism (Jul)	100.5	98.8	100.6	Covid -19 resurgences causes difficulties.
CA	Housing Starts (Jul, thous)	205.0	245.6	212.1(↑)	Starts rise for the third consecutive month.
UK	Average Weekly Earnings (Jun, 3m y/y)	-1.1%	-1.2%	-0.3%	Not that shocking given the situation.
UK	ILO Unemployment Rate (Jun)	4.2%	3.9%	3.9%	But claimant count up to 7.5%.
GE	ZEW Survey Expectations (Aug)	55.8	71.5	59.3	Highest since January 2004!
AU	NAB Business Confidence (Jul)	na	-14	0(↓)	Undone by the “second wave”.
Wednesday, August 12					
US	CPI (Jul, y/y)	0.7%	1.0%	0.6%	Core up four tenths to 1.6% y/y.
US	Monthly Budget Statement (Jul, $ bil.)	-90.0	-63.0	-119.7	Aided by delayed tax return deadline.
UK	GDP (Q2, prelim, q/q)	-20.7%	-20.4%	-2.2%	Dismal. Under-performing peers.
UK	Industrial Production (Jun, m/m)	9.0%	9.3%	6.2%(↑)	Welcome improvement.
EC	Industrial Production (Jun, m/m)	10.0%	9.1%	12.3%(↓)	Welcome improvement.
AU	Wage Price Index (Q2, y/y)	1.9%	1.8%	2.2%(↑)	Weakest on record.
Thursday, August 13					
US	Initial Jobless claims (Aug 8, thous)	1100	963	1191(↑)	Encouraging.
US	Continuing claims (Aug 1, thous)	15800	15486	16090(↓)	Encouraging.
FR	ILO Unemployment Rate (Q2)	8.3%	7.0%	7.6%	Understates severity of crisis.
AU	Unemployment Rate (Jul)	7.8%	7.5%	7.4%	Again a positive surprise.
Friday, August 14					
US	Retail Sales Advance (Jul, m/m)	2.1%	1.2%	8.4%(↑)	But core sales came in better than expected.
US	Industrial Production (Jul, m/m)	3.0%	3.0%	5.4%	Output still down 8.2% y/y.
US	Business Inventories (Jun, m/m)	-1.1%	-1.1%	-2.3%	Considerable stock rebuilding needed.
US	U of Mich Sentiment (Aug, prelim)	71.9	72.8	72.5	Stabilizing.
US	Nonfarm Productivity (Q2, prelim)	1.5%	7.3%	-0.3%(↑)	Huge distortions, little interpretative value.
CA	Manufacturing Sales (Jun, m/m)	15.5%	20.7%	11.6%	Will aid Q2 GDP.
EC	GDP (Q2, second, q/q)	-12.1%(p)	-12.1%	-3.6%	Not a surprise given prior country releases.
JN	Tertiary Industry Index (Jun, m/m)	6.4%	7.9%	-2.9%(↓)	Services bounce back after emergency is lifted.

Source: for data, Bloomberg®; for commentary, SSGA Economics.

Week Preview (August 17–August 21)

Country	Release (Date, format)	Consensus	Last	Comments
Monday, August 17				
US	Empire Manufacturing (Aug)	14.5	17.2	
US	NAHB Housing Market Index (Aug)	74	72	Impressive rebound!
JN	GDP (Q2, prelim, q/q)	-7.5%(p)	-0.6%	Brace for the impact.
JN	Industrial Production (Jun, final, m/m)	2.7%(p)	-8.9%	
Tuesday, August 18				
US	Building Permits (Jul, thous)	1329	1258(↑)	
US	Housing Starts (Jul, thous)	1240	1186	
US	Mortgage Delinquencies (Q2)	na	4.4%	
AU	RBA Meeting Minutes			More clarity on policy implications of “second wave”.
Wednesday, August 19				
US	FOMC Meeting Minutes			
CA	CPI (Jul, y/y)	na	0.7%	Reopening and reflation.
UK	CPI (Jul, y/y)	0.5%	0.6%	
JN	Core Machine Orders (Jun, m/m)	2.0%	1.7%	A pickup will be encouraging.
JN	Trade Balance Adjusted (Jul, ¥ bil.)	-45.3	-423.9	
Thursday, August 20				
US	Initial Jobless claims (Aug 15, thous)	920	963	Will recent declines continue?
US	Continuing claims (Aug 8, thous)	na	15486	
US	Philadelphia Fed Business Outlook (Aug)	21	24.1	
US	Leading Index (Jul, m/m)	1.0%	2.0%	
CA	Teranet/National Bank HPI (Jul, y/y)	na	5.9%	
Friday, August 21				
US	Existing Home Sales (Jul, m/m)	12.9%	20.7%	
CA	Retail Sales (Jun, m/m)	na	18.7%	
UK	GfK Consumer Confidence (Aug, prelim)	-25	-27	
UK	Retail Sales (Jul, m/m)	2.0%	13.9%	
UK	Manufacturing PMI (Aug, prelim)	54.0	53.3	
UK	Services PMI (Aug, prelim)	57.0	56.5	
EC	Manufacturing PMI (Aug, prelim)	53.1	51.8	
EC	Services PMI (Aug, prelim)	54.7	54.7	
GE	Manufacturing PMI (Aug, prelim)	52.5	51.0	
GE	Services PMI (Aug, prelim)	55.0	55.6	
FR	Manufacturing PMI (Aug, prelim)	53.0	52.4	
JN	Manufacturing PMI (Aug, prelim)	na	45.2	Slight improvement expected.
JN	Services PMI (Aug, prelim)	na	45.4	Slight improvement expected.
JN	CPI (Jul, y/y)	0.3%	0.1%	More of a knee jerk reaction?

Source: for data, Bloomberg®; for commentary, SSGA Economics.

Economic Indicators

Central Bank Policy Targets

Region	Target	Year/Year % Change in Target				
		Feb	Mar	Apr	May	Jun
US	Target: PCE price index 2.0% y/y	1.8	1.3	0.5	0.5	0.8
Canada	Target: CPI 2.0% y/y, 1.0%-3.0% control range	2.2	0.9	-0.2	-0.4	0.7
UK	Target: CPI 2.0% y/y	1.7	1.5	0.8	0.5	0.6
Eurozone	Target: CPI below but close to 2.0% y/y	1.2	0.7	0.3	0.1	0.3
Japan	Target: CPI 2.0% y/y	0.4	0.4	0.1	0.1	0.1
Australia	Target Range: CPI 2.0%-3.0% y/y	2.2	2.2	-0.3	-0.3	-0.3

Source: Macrobond

Key Interest Rates

	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	#####	Jun-20	Jul-20
US (top of target range)	2.00	1.75	1.75	1.75	1.75	1.75	0.25	0.25	0.25	0.25	0.25
Canada (Overnight Rate)	1.75	1.75	1.75	1.75	1.75	1.75	0.25	0.25	0.25	0.25	0.25
UK (Bank Rate)	0.75	0.75	0.75	0.75	0.75	0.75	0.10	0.10	0.10	0.10	0.10
Eurozone (Refi)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Japan (OCR)	-0.06	-0.03	-0.03	-0.07	-0.04	-0.03	-0.07	-0.06	-0.07	-0.07	-0.02
Australia (OCR)	1.00	0.76	0.75	0.75	0.75	0.75	0.43	0.25	0.25	0.25	0.25

Source: Macrobond

General Government Structural Balance as a % of Potential GDP

	2012	2013	2014	2015	2016	2017	2018	2019	Forecast 2020	Forecast 2021
US	-6.4	-4.5	-3.8	-3.6	-4.4	-4.8	-6.0	-6.3	-6.3	-6.2
Canada	-2.1	-1.1	0.1	0.8	0.7	0.0	-0.2	-0.5	-0.8	-0.8
UK	-6.0	-4.0	-4.7	-4.1	-2.9	-2.0	-1.5	-1.3	-1.4	-1.5
Eurozone	-2.1	-1.2	-0.9	-0.8	-0.7	-0.7	-0.6	-0.7	-0.9	
Germany	0.0	0.6	1.2	1.2	1.3	1.1	1.4	0.9	1.0	0.7
France	-4.4	-3.4	-3.3	-3.0	-2.8	-2.6	-2.5	-2.4	-2.5	-2.4
Italy	-1.5	-0.6	-1.1	-0.7	-1.4	-1.7	-1.8	-1.5	-2.1	-2.3
Japan	-7.6	-7.5	-5.5	-4.3	-4.1	-3.4	-3.1	-2.9	-2.1	-1.9
Australia	-3.3	-2.6	-2.6	-2.4	-2.2	-1.5	-0.6	-0.4	-0.4	0.0

Source: International Monetary Fund, World Economic Outlook

Headline Consumer and Producer Price Inflation

	CPI Year/Year % Change						PPI Year/Year % Change				
	Mar	Apr	May	Jun	Jul		Mar	Apr	May	Jun	Jul
US	1.5	0.3	0.1	0.6	1.0		0.3	-1.2	-0.8	-0.8	-0.4
Canada	0.9	-0.2	-0.4	0.7			-3.0	-6.0	-4.9	-3.1	
UK	1.5	0.8	0.5	0.6			0.3	-0.7	-1.2	-0.8	
Eurozone	0.7	0.3	0.1	0.3			-2.8	-4.5	-5.0	-3.7	
Germany	1.4	0.9	0.6	0.9	-0.1		-0.8	-1.9	-2.2	-1.8	
France	0.7	0.3	0.4	0.2	0.8		-1.9	-3.8	-3.4	-2.3	
Italy	0.1	0.0	-0.2	-0.2	-0.4		-3.7	-5.1	-5.3	-4.5	
Japan	0.4	0.1	0.1	0.1			-0.5	-2.4	-2.8	-1.6	-0.9
Australia	2.2	-0.3	-0.3	-0.3							

Source: Macrobond

Real GDP Growth (Q/Q Seasonally Adjusted)											
	Quarter/Quarter %Change						Year/Year %Change				
	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20		Q2-19	Q3-19	Q4-19	Q1-20	Q2-20
US	0.4	0.6	0.6	-1.3	-9.5		2.0	2.1	2.3	0.3	-9.5
Canada	0.8	0.3	0.1	-2.1			2.0	1.6	1.5	-0.9	
UK	-0.1	0.5	0.0	-2.2	-20.4		1.4	1.3	1.1	-1.7	-21.7
Eurozone	0.2	0.3	0.0	-3.6	-12.1		1.3	1.4	1.0	-3.1	-15.0
Germany	-0.5	0.3	0.0	-2.0	-10.1		0.1	0.8	0.4	-2.2	-11.7
France	0.2	0.2	-0.2	-5.9	-13.8		1.8	1.6	0.8	-5.7	-19.0
Italy	0.1	0.0	-0.2	-5.4	-12.4		0.4	0.5	0.1	-5.5	-17.3
Japan	0.5	0.0	-1.9	-0.6			0.9	1.8	-0.7	-1.9	
Australia	0.6	0.6	0.5	-0.3			1.6	1.8	2.2	1.4	

Source: Macrobond

Industrial Production Index (M/M Seasonally Adjusted)											
	Month/Month %Change						Year/Year %Change				
	Mar	Apr	May	Jun	Jul		Mar	Apr	May	Jun	Jul
US	-4.3	-12.8	0.9	5.7	3.0		-4.6	-16.3	-15.8	-11.0	-8.2
Canada	-5.2	-13.7	3.1				-5.4	-20.0	-17.5		
UK	-4.3	-20.4	6.2	9.4			-7.4	-24.0	-20.1	-12.5	
Germany	-8.8	-17.6	7.4	8.9			-10.9	-24.8	-19.6	-11.5	
France	-17.1	-20.6	19.9	12.7			-17.8	-35.1	-23.4	-11.7	
Italy	-28.4	-20.5	41.6	8.2			-29.4	-43.4	-20.6	-13.7	
Japan	-3.7	-9.8	-8.9	2.7			-6.8	-15.9	-24.5	-20.4	

Source: Macrobond

Unemployment Rate (Seasonally Adjusted)											
	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	#####	Jun-20	Jul-20
US	3.5	3.6	3.5	3.5	3.6	3.5	4.4	14.7	13.3	11.1	10.2
Canada	5.5	5.6	5.9	5.6	5.5	5.6	7.8	13.0	13.7	12.3	10.9
UK	3.8	3.8	3.8	3.9	4.0	3.9	3.9	3.9	3.9		
Eurozone	7.5	7.4	7.4	7.4	7.4	7.2	7.2	7.5	7.7	7.8	
Germany	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.8	6.3	6.4	6.4
France	8.4	8.3	8.2	8.2	7.9	7.6	7.6	8.8	8.2	7.7	
Italy	9.7	9.5	9.5	9.5	9.5	9.2	8.4	6.8	8.3	8.8	
Japan	2.4	2.4	2.2	2.2	2.4	2.4	2.5	2.6	2.9	2.8	
Australia	5.2	5.3	5.1	5.1	5.3	5.1	5.2	6.4	7.1	7.4	7.5

Source: Macrobond

Current Account Balance as a % of GDP (Seasonally Adjusted)											
	Q1-17	Q2-17	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	Q3-19
US	-2.2	-2.5	-2.0	-2.3	-2.3	-2.1	-2.4	-2.8	-2.6	-2.4	
Canada	-2.2	-2.7	-3.4	-3.0	-2.8	-2.6	-1.8	-2.8	-3.0	-1.2	-1.7
UK	-3.2	-4.0	-3.4	-3.3	-3.4	-4.4	-4.3	-5.1	-6.0	-4.6	
Eurozone	3.1	1.9	3.9	3.6	3.5	3.6	2.6	2.8	3.1	2.4	
Germany	8.3	7.0	8.6	8.6	8.5	7.6	6.5	7.4	7.8	7.6	8.1
France	-1.3	-0.7	-0.7	-0.3	-0.3	-1.4	-0.5	-0.5	-0.8	-0.8	-1.0
Japan	4.3	3.7	4.6	4.2	3.6	4.0	3.4	3.1	3.4	3.5	3.5
Australia	-1.5	-2.5	-2.8	-3.5	-2.2	-2.7	-2.2	-1.4	-0.2	1.2	

Source: Macrobond

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