



STATE STREET GLOBAL ADVISORS

Weekly Economic Perspectives

July 17, 2020

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July 17, 2020
Commentary

Weekly Economic Perspectives

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Contact

Simona Mocuta
Senior Economist
simona_mocuta@ssga.com
+1-617-664-1133

Kaushik Baidya
Economist
kaushik_baidya@ssga.com
+91-806-741-5048

The Economy

A solid data week propels equity markets higher despite virus risks.

US

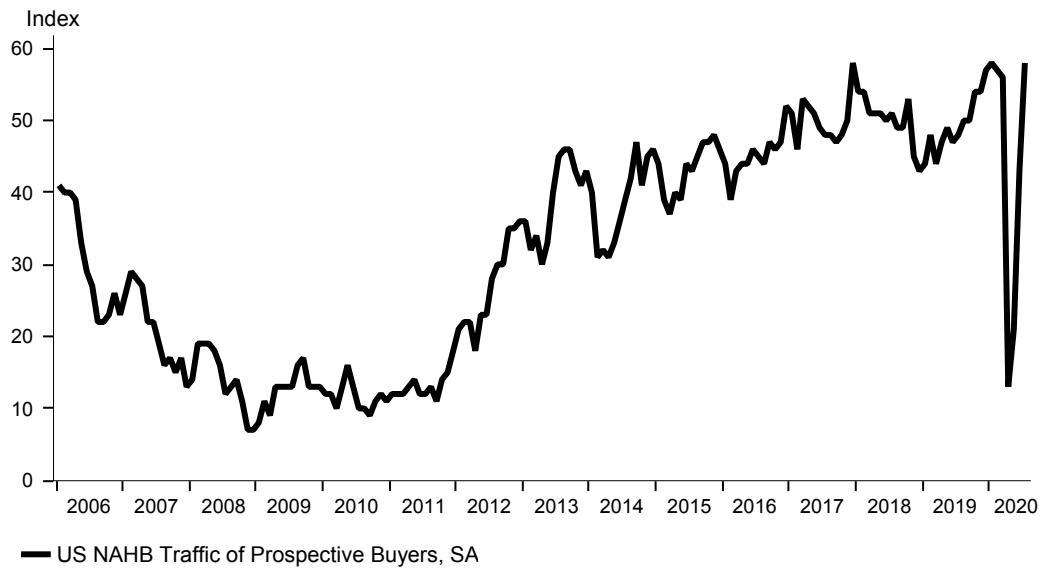
Retail sales surprised positively for the second consecutive month. After an upwardly revised 18.2% May surge, they rose 7.5% in June, leaving them 2.3% higher than a year earlier. Control sales, (which exclude food services, building materials, autos dealers and gas stations) increased 5.6% and were 7.6% above year-earlier levels. Clothing sales more than doubled in June, having surged 176% in May. But, due to extreme earlier weakness, they are still among the worst performing categories relative to a year ago. Indeed, only eating out/drinking fared worse. The best performing category on this count is—unsurprisingly—online sales, which are up by 30% y/y. Building materials is in second place, up 22.6% y/y, with sporting goods a close third, up 22.4% y/y. The winners speak directly to the nature of this shock the social distancing requirements. The building materials boom reflects a surge in DIY home improvement projects.

Small business sentiment improved noticeably in June, with the headline **NFIB small business optimism** index up 6.2 points to 100.6. The index has now recouped about two-thirds of its recent losses but there are growing concerns that the virus resurgence will make these gains difficult to sustain. Still, the June improvement was welcome news. Unsurprisingly, nearly all forward looking indicators experienced improvement, with sales expectations up 37 points to 13, the first net positive reading since February. Many of the current situation metrics deteriorated further, but given the questions refer to “the last three months”, this may be more of the recent past than truly the current June conditions. It was astonishing to see that “labor quality” once again overtook “poor sales” as the biggest problem facing small businesses.

There was an echo of this in the latest **Fed Beige Book**, which noted that “Contacts in nearly every District noted difficulty in bringing back workers because of health and safety concerns, childcare needs, and generous unemployment insurance benefits.” Elsewhere, we were (unsurprisingly) told that “economic activity increased in almost all Districts, but remained well below where it was prior to the COVID-19 pandemic.” The PPP program “reportedly provided many firms with sufficient liquidity for the near term.” However, “many contacts who have been retaining workers with help from the PPP said that going forward, the strength of demand would determine whether they can avoid layoffs.” Uncertainty remains high as “contacts grappled with how long the COVID-19 pandemic would continue and the magnitude of its economic implications.”

Given the 44% increase in pending home sales in May, it is not surprising that **homebuilder sentiment** continues to rebound strongly. But the extent of that rebound still blew consensus expectations out of the water once again. Following a 21-point surge in June, the NAHB index jumped another 14 points in July. At 72, it is now back to its March level and a mere four points away from the recent December high. Prospective buyer traffic surged to a historical record that had previously only been reached in January 2020 and December 2017. Current sales improved 16 points to 79, fully retracing recent losses. Future sales rose 7 points to 75, back to the March level. While some pullback from these elevated levels is likely given reopening challenges and persistent labor market weakness, there is considerable support for housing activity given low interest rates and years of housing underinvestment.

Figure 1: US Home Buyers Are Back In The Market



Sources: National Association of Home Builders

The **housing starts** data align with improving builder confidence and home sales data. Starts picked up 17.3% in June from an upwardly revised May level, reaching 1.186 million (seasonally adjusted annualized). The improvement was evenly spread between single and multi-family starts and both categories are down only about 4.0% from a year earlier. The **building permits** data showed more differentiation between the segments. Overall permits increased a smaller than expected 2.1% in June but while single-family permits rose 11.8%, multi-family permits dropped 13.4%. Overall permits are down 2.5% y/y.

After a slow start that likely reflecting lack of PPE and challenges implementing social distancing on factory floors, the industrial sector recovery is now gathering steam. **Industrial production** rose a better than expected 5.4% in June, aided by a 7.2% increase in manufacturing production and a 4.2% utilities gain. Mining was once again a drag, down 2.9% for a fifth consecutive decline. Within manufacturing, durable goods production increased 11.6%, on broad based gains that included a 102% surge in motor vehicle and parts—the second consecutive 100%+ reading for that particular group. Overall capacity utilization improved 3.5 percentage points (ppts) to 68.6%, with manufacturing up 4.6 ppt to 66.9%. By contrast, mining capacity utilization deteriorated another 2.0 ppts to just 75.5%, lower than at any point during the 2015/16 retrenchment episode; it had stood above 90% as recently as January!

The two regional manufacturing Fed survey released so far this month suggest further improvement is in the offing. The **Empire Fed index** beat expectations with a 17.4-point improvement in July, nearly double the consensus estimate. The headline is now at the highest level since November 2018. The details were good, with new orders, shipment, employment and the employee workweek all reaching the highest levels since February. The **Philly Fed index** also exceeded expectations, although by a smaller margin. However, the details were very encouraging. After June's record 70.6-point surge in June, the overall index retreated 3.4 points, but only to a solid

24.1. And some of the most important components, namely new orders, employment, and the employee workweek, all improved materially. The shipments metric moderated, although that may be a function of the strong improvement the month before. The new orders-shipments differential climbed to the highest level since May 2018, which is supportive for near term output outlook.

Business inventories have fallen precipitously in April and May, down by 1.4% and 2.3%, respectively, as production and import activity was severely curtailed during lockdowns. The inventory cycle will be a considerable drag on Q2 GDP, although it offers the promise of a subsequent rebound as some of these inventories will need replenishment. An example is motor vehicles, where segments such as light trucks are experiencing multi-year lows in inventories. The inventory decline helped lower the inventory to shipment ratio from 1.67 months in April to 1.51 in May. This is still too elevated (somewhere around 1.3 is better), but further improvement is likely in June. Moreover, due to severe supply chain disruptions amid the Covid outbreak, it is possible that firms may prefer to keep higher than normal inventory levels.

Given the resurgence in Covid-19 cases, it is not surprising that consumer sentiment retreated in July. Still, the pullback in the **Michigan consumer sentiment** index was steeper than anticipated, as the headline measure lost 4.9 points, giving back most of June's gain in the process. The biggest hit was on the expectations side: the future expectations metric dropped 6.1 points and is now essentially back to the May lows. As some states pull back on reopening, consumers are giving up hope that conditions will improve in coming months. That may be premature, but it certainly bears watching. The current situation metric lost 2.9 points. Inflation expectations ticked back up after dipping slightly in June. At 3.1% for 1-year and 2.7% for 5-10 years, they are much higher than before the crisis.

A clear drag on confidence is the persistent labor market weakness. **Unemployment claims** remain at puzzlingly high levels given economic reopening. Initial claims for the week ending July 11 came in at 1.30 million, almost unchanged from the week before. Continuing claims declined by 422,000 but remain elevated at 17.3 million.

The **budget deficit** has exploded. It was already on a deteriorating path prior to the Covid crisis, but the surge in fiscal transfer and the decline in revenues (both due to lower levels of economic activity and also due to delayed deadline for tax filings) has pushed the deficit to unprecedented levels. In June alone, the federal budget deficit reached \$864 billion, more than 100 times larger than in June 2019. Since the start of the fiscal year in October, the shortfall has so far exceeded \$2.7 trillion.

Canada

The **Bank of Canada** maintained the target for its overnight rate at 0.25% and kept the large-scale asset purchase programs unchanged. The short term liquidity operations have been effective in ensuring the flow of credit in the financial system, which has led the Bank to gradually step down repo operations. Nonetheless, the BoC stands ready to rescale operations as and when required.

In the accompanying statement, the BoC acknowledged the ensuing recovery on a global scale, but remained cautious about the highly uncertain nature of the rebound. The July Monetary Policy Report presented several scenarios for Canadian growth. The central scenario assumes no widespread second wave, and projects a solid

rebound in output in Q3. However, the pace of expansion is likely to slow subsequently as the pandemic continues to weigh on consumer spending. The BoC expects economic slack to persist, keeping inflation below 2% through end-2022.

“There are early signs that the reopening of businesses and pent-up demand are leading to an initial bounce-back in employment and output. In the central scenario, roughly 40 percent of the collapse in the first half of the year is made up in the third quarter. Subsequently, the Bank expects the economy’s recuperation to slow as the pandemic continues to affect confidence and consumer behavior and as the economy works through structural challenges. As a result, in the central scenario, real GDP declines by 7.8 percent in 2020 and resumes with growth of 5.1 percent in 2021 and 3.7 percent in 2022. The Bank expects economic slack to persist as the recovery in demand lags that of supply, creating significant disinflationary pressures.”

The Board under new Governor Tiff Macklem seems to be shifting back towards an outcome-based forward guidance, much earlier than the Fed. We read this as a signal that the initial “firefighting” phase of monetary policy is over and that the BoC is content to observe the recovery from the sidelines. The Bank noted that it will “hold the policy rate at the effective lower bound until economic slack is absorbed so that the 2 percent inflation target is sustainably achieved”. The forward guidance and inflation forecasts support our expectation of no hikes through at least 2021.

Manufacturing sales are starting to recover as restrictions on activity were lifted in most cities. Sales increased by 10.7% to C\$40.2 billion in May but that follows a decline of 27.9% in April and still left them 28.4% below the February level. The largest improvement was in transportation equipment, up 81.7% in May. This was led by increases in sale of motor vehicles and parts as plants resumed operations. Sales in the petroleum and coal product industry also rebounded 18.6% after three successive declines. Inventory levels declined for the second month, falling by 1.5%, which caused the inventory-to-sales ratio to decline from 2.41 in April to 2.15 in May. New orders rose 9.4% in May, mostly due to higher orders of transportation equipment. Real sales also rose 8.8% in May.

The housing market appears to be more resilient than earlier thought in North America, as sales have bounced back quite sharply post lockdowns and social distancing restrictions. **Existing home sales** were up 63% in June, while non-seasonally adjusted sales increased 15.2% y/y. All the major metropolitan areas saw growth in high double digits. Monthly home sales is now back to above its long term average, around 150% higher than the April level. The number of newly listed properties climbed 49.5% in June, causing the sales-to-new listings ratio (a measure of market tightness) to tighten by 5.2 percentage points to 63.7%. The months of inventory fell to just 3.6 months, at a 16 year low and below the 3.5 months back in February. The Aggregate Composite MLS Home Price index rose 0.5% m/m, and was up 5.4% y/y. On a more positive note, the Canadian Real Estate Association noted that “daily tracking suggests that July, at least, will be even stronger”.

UK

The reporting peculiarities around UK labor statistics—specifically the 3-month moving average typical of many top-line series—render them ill-suited for quickly identifying turning points. But we are now far along in this crisis for the deterioration to

be visible. Employment declined by 125,000 during March-May, the worst print since 2011. The **unemployment rate** was unchanged at 3.9% but only because the participation rate retreated another tick to 64.1%. Monthly data might be indicating a bottom: after two huge increases, unemployment claims retreated modestly in May allowing the claimant count unemployment rate to ease a tenth, but only to an extremely high 7.3%. A decline in private sector wages caused overall average weekly earnings to retreat 0.3% y/y in March-May, the biggest decline since 2009.

As the economy reopens, activity is picking up. Industrial production rose 6.0% in May, lifted by a 8.4% increase in manufacturing and a surprising 5.0% increase in mining. Still, massive prior declines mean output is still down 20.0% y/y.

Eurozone

Having nearly doubled the pandemic emergency purchase program (PEPP) in June, the **ECB** did not announce any policy changes this week. All interest rates were left unchanged and so were the QE parameters. These QE programs will be deployed flexibly “across instruments and jurisdictions” in line with “our role in ensuring that our monetary policy is transmitted to all parts of the economy and to all jurisdictions in the pursuit of our price stability mandate”. Demand for long-term targeted refinancing operations under TLTRO III has been strong. There was acknowledgement of the notable improvement in activity during May and June, and the expectation is that after another sequential GDP decline in Q2, activity will rebound in the third quarter. However, “the extent of the contraction and the recovery will depend crucially on the duration and effectiveness of the containment measures, the success of policies to mitigate the adverse impact on incomes and employment, and the extent to which supply capacity and domestic demand are permanently affected”. Unsurprisingly, the balance of risks is still seen as tilted to the downside and so the “Governing Council, therefore, continues to stand ready to adjust all of its instruments, as appropriate, to ensure that inflation moves towards its aim in a sustained manner, in line with its commitment to symmetry.” But be that as it may, the ECB is, in no uncertain terms, calling for more fiscal stimulus. “The Governing Council urges further strong and timely efforts to prepare and support the recovery” as it is “important for the European leaders to quickly agree on an ambitious package.” The Fed’s restrained comments on fiscal policy are starting to look like mere innuendos by comparison!

Unsurprisingly given earlier results last week from Germany, France, and Italy, **eurozone industrial production** rebounded 12.4% in May, retracing nearly a third of its prior two month losses. Production was still down 20.9% y/y.

Japan

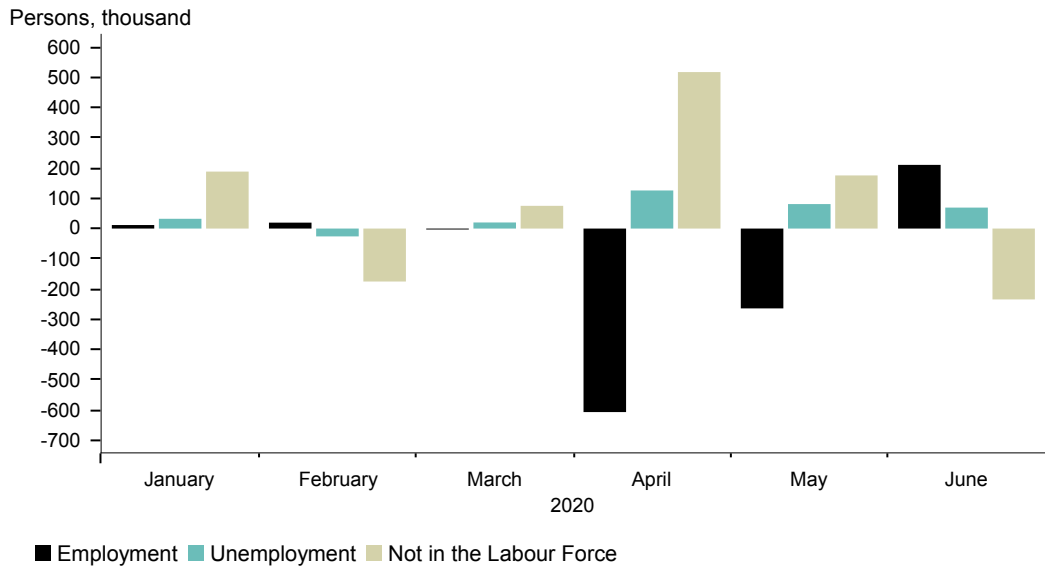
The **Bank of Japan** kept all key measures unchanged in the policy meeting this week. The quarterly Outlook Report downgraded the real GDP forecast for FY2020 to -4.7% (with a range of -4.5% to -5.7%), near the bottom end of the range announced in January (-3.0% to -5.0%), but this is largely in line with expectations. The Bank admitted that the outlook for activity and prices is highly uncertain, despite private consumption showing signs of a pick-up recently. Monetary policy has probably reached its limit for now, and we are unlikely to see further action in the near future unless the situation deteriorates unexpectedly.

The **tertiary industry index** fell to a new record low in May, contracting by 2.1%, though the pace of contraction decelerated. The decline was led by wholesale trade (-7.3%), ICT (-4.9%, rather unexpected!) and transport and postal activities (-5.3%). We expect this to be the bottom for services, and data to improve May onwards.

Australia

The Australian **labor market** has surprised positively since April, when the RBA put the expected unemployment rate by the end of the second quarter at 10%. Fortunately, extensive fiscal support through the JobKeeper and JobSeeker programs mitigated the damage and allowed for a better outcome. Thus, June brought about a 210,800 increase in employment, which was great news even though it was entirely driven by part-time jobs (+249,000) while full-time employment declined by 38,100. Encouragingly, aggregate monthly hours worked increased by 4.0% m/m, due to increases in average hours worked by both full-time (+2.6%) and part-time (+7.2%) workers. This lowered the underemployment rate by 1.4 percentage points (ppts) to 11.7%. The unemployment rate however, rose 0.3 ppts to 7.4%, the highest since 1998, as more people re-entered the labor force, pushing the participation rate to a three month high of 64.0%.

Figure 3. Australia's Labor Market Is Healing



Sources: Macrobond, Australian Bureau of Statistics

The worst is probably over for the labor market, as indicated by the weekly payrolls and employment report compiled by the Australian Bureau of Statistics. The latest report showed a slight contraction in jobs over the second half of June, with total jobs falling -0.8% and total wages paid falling -0.3%, but a healthy rebound for sectors most impacted by the initial contraction, including young workers and the hospitality & recreation sectors. However, the rise in COVID cases in Melbourne and Mitchell Shire is a serious challenge to the sustainability of these positive trends..

Confidence indicators continue to signal improving business conditions. The **NAB Business confidence** jumped 22 points to +1 in June, the highest so far this year,

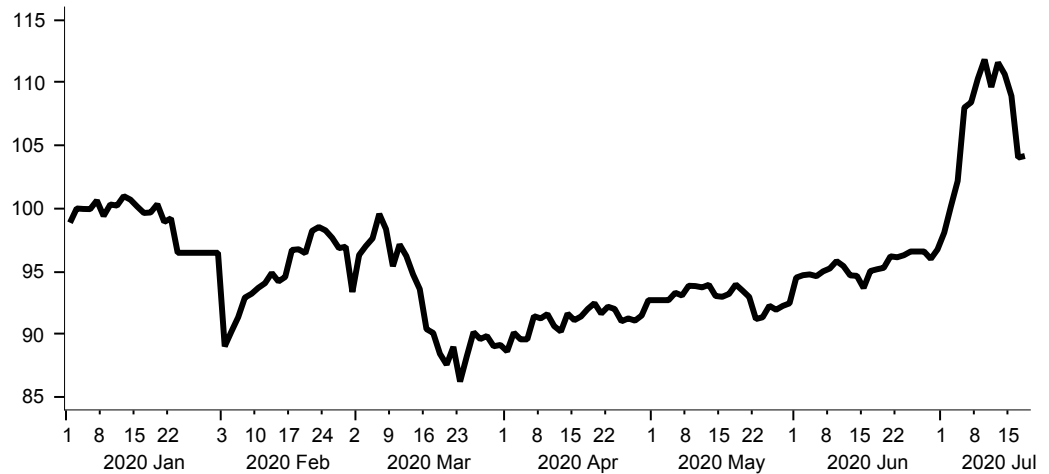
while business conditions rose by 17 points to -7. Gains were broad-based: profitability increased 11 points to -8, trading conditions up 12 points to -7, and employment up 20 points to -11. Capacity utilization improved by 2.2ppt to 76.7%, still below the GFC low of 79.1%, but the retail industry actually exceeded its long-run capacity utilization average. Retail is actually a standout performer, showing the best conditions outside of the mining industry. It is important to stress that these are still far below pre-COVID levels, and will need ongoing supportive fiscal and monetary policies before they return to normal.

The Market This Week

After a precipitous surge over the prior two weeks, Chinese equities pulled back on that advance despite GDP data that showed a 3.2% q/q rebound in Q2..

Figure 4: Chinese Equities Pull Back After Recent Surge

Index, rebased to 1/2/2020=100



— Shanghai Stock Exchange Composite Index

Sources: Macrobond, Bloomberg

Equities: Good macro data push global equities higher.

Bonds: Bond yields are little changed.

Currencies: The euro moves higher.

Commodities: Oil and gold advance.

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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®	3224.73	1.2%	-0.2%	0.63	-2	-129	96.013	-0.7%	-0.4%
Canada	TSE 300	16123.48	2.6%	-5.5%	0.53	-2	-118	1.358	-0.1%	4.5%
UK	FTSE®	6290.3	3.2%	-16.6%	0.16	1	-66	1.2568	-0.4%	-5.2%
Germany	DAX	12919.61	2.3%	-2.5%	-0.45	2	-26			
France	CAC-40	5069.42	2.0%	-15.2%	-0.14	0	-26	1.1428	1.1%	1.9%
Italy	FTSE®/MB	20419.39	3.3%	-13.1%	1.17	-6	-24			
Japan	Nikkei 225	22696.42	1.8%	-4.1%	0.02	0	4	107.02	0.1%	-1.5%
Australia	ASX200	6033.626	1.9%	-9.7%	0.87	1	-50	0.6996	0.7%	-0.4%

Commodity Markets

Commodity	Unit	Source	Last Price	%Ch Week	%Ch YTD	%Ch Yr Ago
Oil (Brent)	US\$/Barrel	Bloomberg	43.12	0.4%	-35.1%	-31.9%
Gold	US\$/troyoz	Bloomberg	1810.42	0.7%	19.3%	26.9%

Source: Bloomberg®

Week in Review (July 13–July 17)

Country	Release (Date, format)	Consensus	Actual	Last	Comments
Monday, July 13					
US	Monthly Budget Statement (Jun, \$ bil.)	-863	-864.1	-8.5	100 times worse than a year ago!
JN	Tertiary Industry Index (May, m/m)	-3.8%	-2.1%	-7.7%(↓)	Likely the bottom.
Tuesday, July 14					
US	NFIB Small Business Optimism (Jun)	97.8	100.6	94.4	Encouraging, but let's see how it evolves.
US	CPI (Jun, y/y)	0.6%	0.6%	0.1%	Core inflation unchanged at 1.2% y/y.
UK	Industrial Production (May, m/m)	6.5%	6.0%	-20.2%(↑)	Improvement from low levels.
EC	Industrial Production (May, m/m)	15.0%	12.4%	-18.2%(↓)	Not a surprise given early country-level data.
GE	ZEW Investor Expectations (Jul)	60	59.3	63.4	Current situation surprisingly worsened.
JN	Industrial Production (May, final, m/m)	-8.4%(p)	-8.9%	-9.8%	Down 26.3% on a yearly basis.
AU	NAB Business Confidence (Jun)	na	1	-20	Encouraging; levels still weak though.
Wednesday, July 15					
US	Fed Beige Book Report				Improvement from low levels, uncertain outlook.
US	Industrial Production (Jun, m/m)	4.8%	5.4%	1.4%	Manufacturing up 7.2%.
US	Empire Manufacturing (Jul)	10	17.2	-0.2	Good details.
CA	BoC Monetary Policy Decision	0.25%	0.25%	0.25%	Introduces quantitative forward guidance.
CA	Existing Home Sales (Jun, m/m)	65%	63.0%	56.9%	July to be even stronger?
CA	Manufacturing Sales (May, m/m)	9.8%	10.7%	-28.5%	Rebound in auto sales.
UK	CPI (Jun, y/y)	0.4%	0.6%	0.5%	In line with experience elsewhere.
JN	BoJ Monetary Policy Decision	-0.10%	-0.10%	-0.10%	Marked downgrade in FY'20 GDP outlook.
Thursday, July 16					
US	Initial Jobless claims (Jul 11, thous)	1250	1300	1310(↓)	Still very high.
US	Continuing Claims (Jul 4, thous)	17500	17338	17760(↓)	Still very high.
US	Retail Sales Advance (Jun, m/m)	5.0%	7.5%	18.2%(↑)	Another positive surprise!
US	Philadelphia Fed Business Outlook (Jul)	20	24.1	27.5	Good details.
US	Business Inventories (May, m/m)	-2.3%	-2.3%	-1.4%(↓)	Bad for current GDP, good for future.
US	NAHB Housing Market Index (Jul)	61	72	58	Impressive rebound.
UK	ILO Unemployment Rate (May)	4.2%	3.9%	3.9%	Claimant count rate eased a tenth to 7.3%.
UK	Average Weekly Earnings (May, 3m y/y)	-0.5%	-0.3%	1.0%	Driven by private sector.
EC	ECB Monetary Policy Decision	0.00%	0.00%	0.00%	Outright call for more fiscal stimulus!
AU	Unemployment Rate (Jun)	7.2%	7.4%	7.1%	Second wave threatens to derail recovery.
Friday, July 17					
US	Building Permits (Jun, thous)	1293	1241	1216(↓)	Only down 4.0% y/y.
US	Housing Starts (Jun, thous)	1190	1186	1011(↑)	Only down 2.5% y/y.
US	U of Mich Cons Sentiment (Jul, prelim)	79.0	73.2	78.1	Covid resurgence hurts.
IT	Industrial Orders (May, m/m)	na	42.2%	-31.6%(↑)	Bodes well for June industrial production.

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

Week Preview (July 20–July 24)

Country	Release (Date, format)	Consensus	Last	Comments
Monday, July 20				
CA	Teranet/National Bank HPI (Jun, y/y)	na	6.0%	
JN	Trade Balance Adjusted (Jun, ¥ bil.)	na	-601.0	
Tuesday, January 21				
CA	Retail Sales (May, m/m)	na	-26.4%	Prelim estimates suggest a rebound in May.
JN	CPI (Jun, y/y)	0.1%	0.1%	Inflation to remain at current levels for some time.
AU	RBA Meeting Minutes			
Wednesday, January 22				
US	FHFA House Price Index (May, m/m)	0.4%	0.2%	
US	Existing Home Sales (Jun, m/m)	22.8%	-9.7%	
CA	CPI (Jun, y/y)	na	-0.4%	Stabilizing energy prices should pull up inflation, but just.
JN	Manufacturing PMI (Jul, prelim)	na	40.1	Slight improvement expected.
JN	Services PMI (Jul, prelim)	na	45	Slight improvement expected.
Thursday, January 23				
US	Initial Jobless claims (Jul 18, thous)	1293	1300	Virus resurgence won't help here!
US	Continuing claims (Jul 11, thous)	16900	17338	
US	Kansas City Fed Manf. Activity (Jul)	5.0	1.0	
US	Leading Index (Jun, m/m)	2.4%	2.8%	
GE	GfK Consumer Confidence (Aug)	na	-9.6	
FR	Business Confidence (Jul)	na	78	
AU	NAB Business Confidence (Jun)	na	-20	
Friday, January 24				
US	New Home Sales (Jun, thous)	700	676	
UK	GfK Consumer Confidence (Jul, prelim)	na	-27	
UK	Retail Sales (Jun, m/m)	9.0%	12.0%	Recovery continues.
UK	Manufacturing PMI (Jul, prelim)	52.0	50.1	Might be better as operations scale up.
UK	Services PMI (Jul, prelim)	51.0	47.1	
EC	Manufacturing PMI (Jul, prelim)	50.0	47.4	Might be better as operations scale up.
EC	Services PMI (Jul, prelim)	50.6	48.3	
GE	Manufacturing PMI (Jul, prelim)	48.0	45.2	Might be better as operations scale up.
GE	Services PMI (Jul, prelim)	50.0	47.3	
FR	Manufacturing PMI (Jul, prelim)	53.0	52.3	Might be better as operations scale up.
IT	Consumer Confidence (Jul)	na	100.6	

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	0.6	0.5	
Canada	Target: CFI 2.0%/y/y, 1.0%-3.0% control range	2.2	0.9	-0.2	-0.4	
UK	Target: CFI 2.0%/y/y	1.7	1.5	0.8	0.5	0.6
Eurozone	Target: CFI below but close to 2.0%/y/y	1.2	0.7	0.3	0.1	0.3
Japan	Target: CFI 2.0%/y/y	0.4	0.4	0.1	0.1	
Australia	Target Range: CFI 2.0%-3.0%/y/y	2.2	2.2			

Source: Macrobond

Key Interest Rates

	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	#####	#####	May-20	Jun-20
US (top of target range)	2.25	2.00	1.75	1.75	1.75	1.75	1.75	0.25	0.25	0.25	0.25
Canada (Overnight Rate)	1.75	1.75	1.75	1.75	1.75	1.75	1.75	0.25	0.25	0.25	0.25
UK (Bank Rate)	0.75	0.75	0.75	0.75	0.75	0.75	0.75	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	-0.06	-0.03	-0.03	-0.07	-0.04	-0.03	-0.07	-0.06	-0.07	-0.07
Australia (OCR)	1.00	1.00	0.76	0.75	0.75	0.75	0.75	0.43	0.25	0.25	0.25

Source: Macrobond

General Government Structural Balance as a % of Potential GDP

										Forecast	
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
US	-8.2	-6.4	-4.5	-3.8	-3.6	-4.4	-4.8	-6.0	-6.3	-6.3	
Canada	-3.1	-2.1	-1.1	0.1	0.8	0.7	0.0	-0.2	-0.5	-0.8	
UK	-5.9	-6.0	-4.0	-4.7	-4.1	-2.9	-2.0	-1.5	-1.3	-1.4	
Eurozone	-3.9	-2.1	-1.2	-0.9	-0.8	-0.7	-0.7	-0.6	-0.7	-0.9	
Germany	-1.4	0.0	0.6	1.2	1.2	1.3	1.1	1.4	0.9	1.0	
France	-5.0	-4.4	-3.4	-3.3	-3.0	-2.8	-2.6	-2.5	-2.4	-2.5	
Italy	-4.1	-1.5	-0.6	-1.1	-0.7	-1.4	-1.7	-1.8	-1.5	-2.1	
Japan	-8.0	-7.6	-7.5	-5.5	-4.3	-4.1	-3.4	-3.1	-2.9	-2.1	
Australia	-4.3	-3.3	-2.6	-2.6	-2.4	-2.2	-1.5	-0.6	-0.4	-0.4	

Source: International Monetary Fund, World Economic Outlook

Headline Consumer and Producer Price Inflation

	CFI Year/Year %Change						PPI Year/Year %Change				
	Feb	Mar	Apr	May	Jun		Feb	Mar	Apr	May	Jun
US	2.3	1.5	0.3	0.1	0.6		1.1	0.7	-1.2	-0.8	-0.8
Canada	2.2	0.9	-0.2	-0.4			-0.4	-3.0	-6.0	-4.9	
UK	1.7	1.5	0.8	0.5	0.6		0.5	0.3	-0.7	-1.2	-0.8
Eurozone	1.2	0.7	0.3	0.1	0.3		-1.3	-2.8	-4.5	-5.0	
Germany	1.7	1.4	0.9	0.6	0.9		-0.1	-0.8	-1.9	-2.2	
France	1.4	0.7	0.3	0.4	0.2		-0.5	-1.9	-3.8	-3.5	
Italy	0.3	0.1	0.0	-0.2	-0.2		-2.7	-3.7	-5.1	-5.3	
Japan	0.4	0.4	0.1	0.1			0.7	-0.5	-2.4	-2.8	-1.6
Australia	2.2	2.2									

Source: Macrobond

Real GDP Growth (Q/Q Seasonally Adjusted)

	Quarter/Quarter %Change					Year/Year %Change				
	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20
US	0.8	0.5	0.5	0.5	-1.3	27	23	21	23	0.3
Canada	0.3	0.8	0.3	0.1	-2.1	1.5	2.0	1.6	1.5	-0.9
UK	0.7	-0.1	0.5	0.0	-2.2	2.0	1.4	1.3	1.1	-1.7
Eurozone	0.5	0.1	0.3	0.1	-3.6	1.5	1.2	1.3	1.0	-3.1
Germany	0.5	-0.2	0.3	-0.1	-2.2	1.0	0.3	0.7	0.4	-2.3
France	0.5	0.3	0.2	-0.1	-5.3	1.7	1.8	1.6	0.9	-5.0
Italy	0.2	0.1	0.0	-0.2	-5.3	0.3	0.4	0.5	0.1	-5.4
Japan	0.6	0.5	0.0	-1.9	-0.6	0.8	0.9	1.8	-0.7	-1.9
Australia	0.5	0.6	0.6	0.5	-0.3	1.7	1.6	1.8	2.2	1.4

Source: Macrobond

Industrial Production Index (MM Seasonally Adjusted)

	Month/Month %Change					Year/Year %Change				
	Feb	Mar	Apr	May	Jun	Feb	Mar	Apr	May	Jun
US	0.1	-4.4	-12.7	1.4	5.4	-0.2	-4.8	-16.3	-15.4	-10.8
Canada	0.3	-5.1	-13.5			1.2	-5.6	-19.6		
UK	0.3	-4.3	-20.3	6.0		-2.2	-7.4	-23.9	-20.1	
Germany	0.3	-8.9	-17.5	7.8		-1.8	-11.1	-24.9	-19.4	
France	1.0	-17.0	-20.6	19.6		-1.5	-17.8	-35.0	-23.4	
Italy	-1.0	-28.4	-20.5	42.1		-2.3	-29.4	-43.4	-20.3	
Japan	-0.3	-3.7	-9.8	-8.9		-3.7	-6.8	-15.9	-24.5	

Source: Macrobond

Unemployment Rate (Seasonally Adjusted)

	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	#####	#####	May-20	Jun-20
US	3.7	3.5	3.6	3.5	3.5	3.6	3.5	4.4	14.7	13.3	11.1
Canada	5.7	5.5	5.6	5.9	5.6	5.5	5.6	7.8	13.0	13.7	12.3
UK	3.8	3.8	3.8	3.8	3.9	4.0	3.9	3.9	3.9		
Eurozone	7.5	7.5	7.4	7.4	7.3	7.4	7.2	7.1	7.3	7.4	
Germany	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.8	6.3	6.4
France	8.5	8.4	8.3	8.2	8.2	8.0	7.6	7.6	8.7	8.1	
Italy	9.6	9.7	9.5	9.4	9.4	9.4	9.0	8.2	6.6	7.8	
Japan	2.3	2.4	2.4	2.2	2.2	2.4	2.4	2.5	2.6	2.9	
Australia	5.2	5.2	5.3	5.1	5.1	5.3	5.1	5.2	6.4	7.1	7.4

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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