May 12, 2023
Commentary

Weekly Economic Perspectives

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The Economy

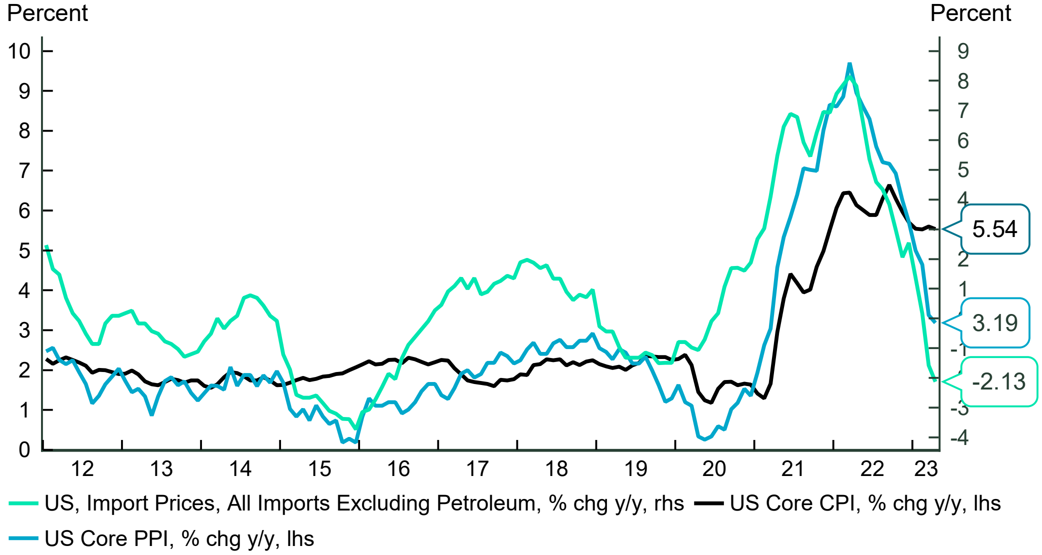
Angst remains elevated despite better inflation data as debt ceiling debate in focus.

US

The preliminary read on the May **University of Michigan consumer sentiment survey** was bad in more ways than one. Firstly, the headline collapsed 5.8 points to the lowest level since July. Both the current situation and expectations worsened, but the decline in the latter was more pronounced. The magnitude of the move is counter-intuitive and we suspect pervasive media coverage of an impending debt ceiling crisis had much to do with it. We also suspect that it helps explain the unexpected and large 0.2 percentage point (ppt) jump in the long term inflation expectations to a new Covid high of 3.2%. Presumably, a potential debt default is seen as triggering a currency depreciation and pushing inflation higher. While the risk is definitely there, we suspect that a debt ceiling resolution would help reverse this fairly quickly and possibly even tip it in the opposite direction if fiscal spending is curtailed as part of a deal. Meanwhile, more encouragingly and more intuitively, short term inflation expectations retreated one tenth to 4.5%, but remain elevated. With gasoline prices easing again and food inflation moderating meaningfully, we also anticipate short term inflation expectations to ease further. The Fed will certainly not like these inflation expectation data, but given the context, they shouldn't trigger much alarm either. Certainly not a reason for a June hike in our view.

Aside from the fear of default explanation, the jump in inflation expectations in May really makes little sense given that actual inflation data released this week showed improvement across the board.

Figure 1: Disinflation Unfolds At Different Speeds Across US Economy



Sources: Macrobond, SSGA Economics, BLS, GAC, University of Michigan
Updated as of 5/12/2023

Perhaps most importantly, the update on **consumer prices** was a little better than anticipated for the second month in a row. And while the fact that the headline moderated to 4.9% y/y—a tenth lower than expected—doesn't mark any major breakthrough, the details behind that number were actually encouraging. Critically, we now have two months of data showing easing price pressures in rents so we can finally say with some degree of confidence that the much awaiting turn lower in shelter inflation has begun. Given the segment's larger share in the CPI basket and given that, once established, the moderating trend has a long runway, there is reason to believe that shelter inflation can help anchor overall inflation lower in the latter part of the year and into 2024. Secondly, food prices are also now showing some consistent moderation, which also has further to run given easing input prices and high base effects. With wage inflation in the restaurant sector also noticeably easing, there is a good chance that the softening of food at home inflation will be reflected in food away from home inflation as well. Elsewhere, there were lots of offsetting movements across components, with energy up 0.6% (after a 3.5% drop in March) and used card prices up 4.4% (after a long streak of declines). On the other hand, hotel and air fares retreated. Core prices, excluding food and energy increased 0.4% m/m and the core inflation rate eased one tenth to 5.5% y/y. Not where we need to be by a long shot, but definitely going in the right direction. The next two months should bring about more visible easing of headline inflation as monthly increases in May and June of last year were extremely large so the base of comparison will be far easier.

Producer price inflation (final demand) continues to decelerate, easing four tenths to 2.3% y/y in April. This marks the lowest level since January 2021 and indicates that pipeline inflationary pressures are waning. Goods PPI inflation now stands at just 0.8% y/y; it may retreat further given the outright declines in import prices (see below). Services PPI inflation stood at 3.0% y/y in April, up two tenths from March but down dramatically from the March 2022 peak of 9.4% y/y. One interesting development was the accelerating disinflation in transportation and warehousing services. These declined 1.7% m/m, the most since April 2020, leaving this category down 2.3% y/y. At the peak in May 2022, this category saw inflation of 23.4% y/y.

Import prices rose 0.4% in April, driven by a 5.7% jump in petroleum imports. Excluding petroleum, prices actually declined 0.1%. Food prices rose 0.2%, leaving the core metric (excluding petroleum and food) flat for the month. Overall prices were down 4.8% from a year earlier. Notably, import prices from China declined noticeably again. We highlighted this last month when we wrote that "we anticipate further declines, both on the basis of lower transportation costs, but also on the basis of increased price competition." Import prices from China are now 1.9% lower than in April 2022 (at the peak in March 2022 they were rising at a 4.9% y/y rate).

The **NFIB small business sentiment index** continues to send gloomy signals. If there is a silver line in its details is that fewer firms intend to raise either prices or compensation in the near term, likely further aiding the disinflation process. No matter which way you cut it, small businesses seem unhappy as the headline index touched a new decade low of 89.0. Views on general business conditions and on whether this is a good time to expand remain glum. Unsurprisingly, both actual and planned capital expenditures dropped further, to levels that in the past signaled recession.

The April **budget update** was disappointing: the surplus totalled just $176 billion, down from $308 billion in April 2022. Receipts declined 26% y/y, with individual income tax receipts down 36% y/y. New updated projections from the Congresssional Budget Office (CBO) show the deficit not falling below 5.5% of GDP in any year through 2028. The April budget update was is a sobering reminder that the US must both raise the debt ceiling to stave off a catastrophic default but must also lower future spending to put the deficit on a more sustainable path.

Canada

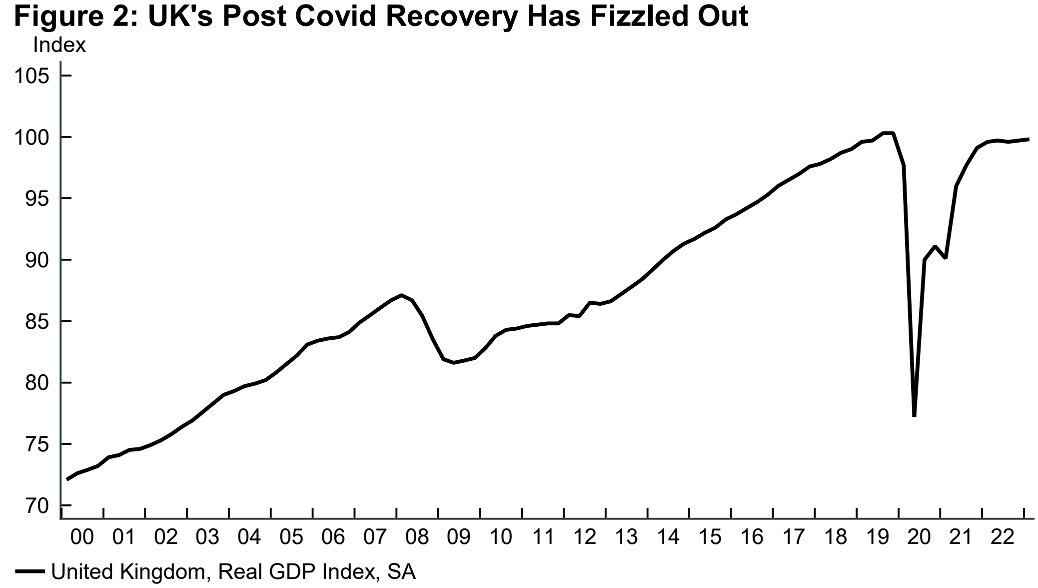
Building permits jumped 11.3% m/m in March, bucking consensus expectations of a 2.2% decline. Nonetheless, the rise stemmed from a 32% jump in the nonresidential sector, while permits for residential construction fell 0.9%. General Motors' plan to construct a battery manufacturing plant in Quebec contributed to the jump in nonresidential permits. However, the total value of permits in Q1 jumped 4.8% q/q, ending three straight quarters of declines.

We expect April CPI to print 4.0% y/y next week, while retail sales in March may have contracted again.

UK

The UK economy grew an incremental 0.1% q/q in the first quarter, repeating the fourth quarter performance and leaving **real GDP** 0.2% higher than a year earlier. Household consumption was flat and government consumption declined noticeably, while consumption from non-profit institutions ticked up 0.1%. Perhaps the best news in the report was the 1.3% q/q increase in fixed investment, though even so, fixed investment was just 0.4% higher y/y. Inventories predictably plunged—we, in fact—had penciled in a slightly larger decline. The biggest surprise to us was the massive plunge on trade: real exports fell 8.1% q/q while imports declined 7.4% q/q. Exports are over 5.0% higher than a year ago while imports are nearly 10.0% lower, suggesting a disproportionate decline in domestic demand. Overall, far from an inspiring performance that only presents a slight upside risk to our 0.3% 2023 growth forecast from March.

Figure 2: UK's Post Covid Recovery Has Fizzled Out



Sources: Macrobond, SSGA Economics, ONS
Updated as of 5/12/2023

It likely was this lackluster performance that persuaded two members of the **Bank of England**'s Monetary Policy Committee (MPC) to vote against the 25 basis point rate hike that garnered seven votes and put the Bank Rate at 4.50%. On the other hand, the impetus behind the hike was undoubtedly the persistently elevated inflation—still in double digits—and the fact that "the Committee now judges that the path of demand is likely to be materially stronger than expected in the February Report". Indeed, new forecasts now anticipate the economy to growth 0.25% this year, compared to the 0.5% contraction anticipated in the February Monetary Policy Report. In essence, the BoE forecast has moved to match our 0.3% projection, to which we see only minor upside risk at the moment. Inflation projections have been raised slightly and are now slightly above our own forecast for end-2023. Chances are high that the MPC might find itself forced to hike again given labor market resilience and persistent inflation. However, a meaningful step lower in April inflation might re-open the door for a pause.

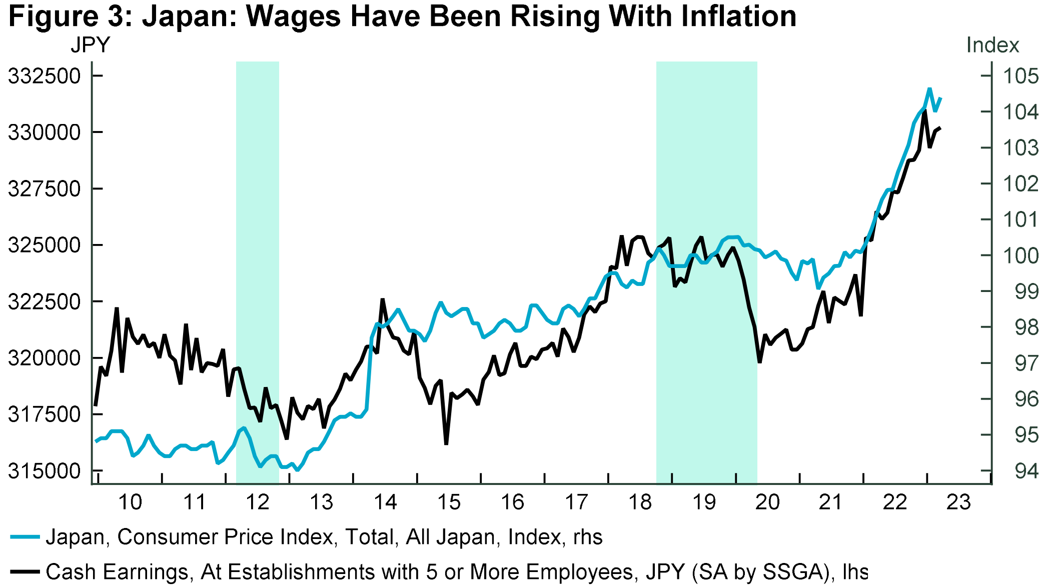
Eurozone

Last week, we highlighted the weak ***German*** retail sales in March as a cautionary sign of a loss of momentum at quarter end. This week, the 3.4% plunge in March **industrial production** underscores the same message and opens the possibility for a downward revision to Q1 German GDP. At the same time, we acknowledge the considerable volatility in German (and eurozone data in general) in recent months, and the fact that this decline comes after two very strong readings, so time will tell.

Japan

Total cash earnings rose 0.8% y/y in March, two-tenths below the consensus. The step-down was also accompanied by downward revisions to February's data, which left the Q1 average at just 0.8% y/y; however, this outcome is still twice that of the 10-year average. Furthermore, wages have broadly been rising in lockstep with inflation. The underlying details indicate firmer wage pressures – on a constant sample basis, wages grew 1.9% y/y – just two-tenths below the Q4 average.

Figure 3: Japan: Wages Have Been Rising With Inflation



Sources: SSGA Economics, MHLW, SBJ, Macrobond
Updated as of 5/12/2023

Separately, when adjusted for seasonality, the Bank of Japan's (BoJ) **Consumption Activity Index** (CAI, travel balance adjusted) declined 2.1% m/m in March, an outright contradiction with the higher consumer confidence. The caveat is the upwardly revised CAI for January from 0.8% to 1.9%. Although the February number is revised down a tenth to 1.1%, the overall revisions left the Q1 average 3.3% higher from last quarter when annualized. Given these details, we expect private consumption to run above 2.0% q/q annualized, allowing the Q1 GDP growth to print 1.4% q/q annualized. We are wary of any inventory drag or a slowing in exports which may shave off some basis points from growth.

Sentiment among small manufacturers continued to improve, as was reflected in the **Economy Watchers Poll,** which rose 1.3 points in April to 54.6, near its historic high of 58.3. Significant increases were registered in all sub-indices, but the non-manufacturers sentiment stood out as the index jumped a massive 4.7 points to 56.7, the index's highest since 2013! These details certainly warrant services dominance, at least in the next quarter.

The BoJ Policy Board members finally started debating the merits of maintaining its ultra-easy monetary policy; the Summary of Opinions at the April 28 BoJ meeting revealed divergent opinions on policy and inflation, unusual by the Bank's standards. The April meeting had two divergent opinions on policy and five opinions on inflation implied upside risks. This slow-moving nature of policy in Japan may not risk inflation getting out of hand. But, it does raise the question, will the BoJ ever see inflation "sustainably" reaching the target? Next week's April CPI data will show an acceleration, irking the BoJ, but may not prompt any reaction.

Australia

A news story from Bloomberg revealed that the Reserve Bank of Australia (RBA) in February had stress-tested for outcomes where the cash rate was raised to 4.8%. At that time, the cash rate was at 3.35%, and testing for a higher rate aided their confidence that inflation will return to the target rate by 2025 either if they frontload hikes by 50 bps each or in case of a steady 25 bps climb. The central bank's efforts are laudable for the remarkable proactiveness compared to its peers (the Fed has not tested for a Fed Funds Rate of 5.25%). This keeps the door open for future hikes, even though we think they are hard to come.

Building approvals fell 0.1% m/m in March, against consensus and our own expectations of a rise. Although high-density dwelling approvals rose 6%, they were more than offset by the 3% decline in detached dwellings, which comprise two-thirds of overall approvals. Housing supply remains constrained as approvals are still 45% below their peak in 2022. Housing demand is already high due to rising migration. However, supply needs to improve to prevent sharp home price increases.

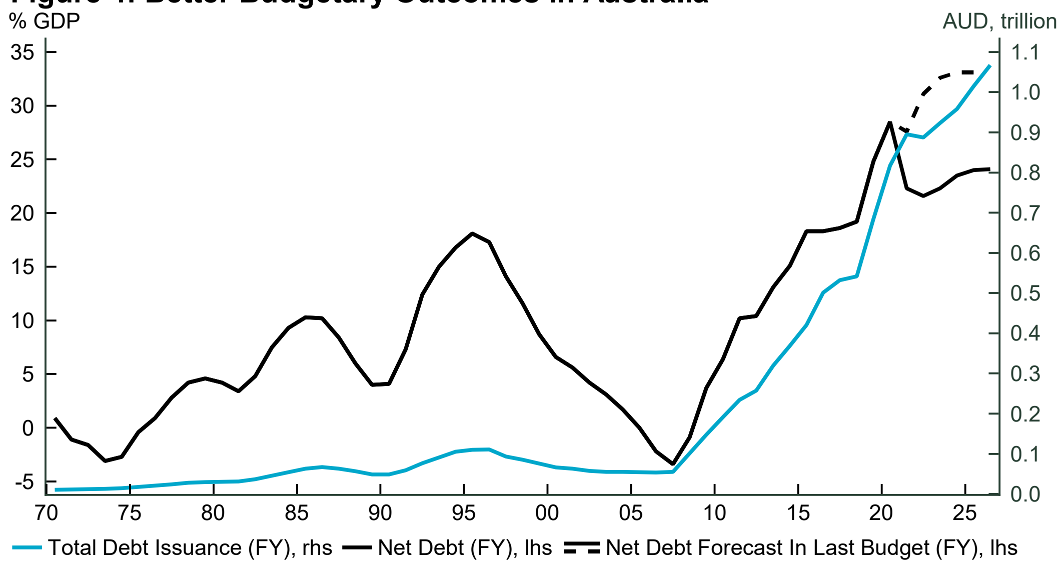
The **NAB business survey** showed that business conditions softened further in April by 2 points to 14, well below the long-run average, while business confidence ticked up slightly to 0. Trading conditions and profitability eased by four and two points, respectively, to 20 and 11. Forward orders also eased 2 points, and capacity utilization remained unchanged at 85.1%. Measures of inflation eased somewhat; labor costs slowed by 70 bps to 1.9% q/q and purchase costs even more by 120 bps to 1.8% q/q. Final product and retail prices eased 40 bps each to 1.2% and 1.6%. The survey noted that inflation moderated less in recreation and personal services, underscoring the strength in services.

The **Budget** this week forecasted the first surplus since GFC of A$ 4.2 billion in 2022-23 followed by a deficit widening to A$ 35 billion in the next three years. Two important points to note are: a, an upgrade in the key commodity prices aids the

Budget for the next few years. The current spot prices of iron ore and coal are nearly twice the Treasury's long-term forecasts, marking upside risks to these projections.

And second, the debt accumulated during the Covid era has now been effectively inflated away. The better budget outcomes in recent years resulted in a A$ 4 billion surplus in the underlying cash balance; this and the higher nominal GDP level have resulted in an effectively lesser projected net debt as a share of GDP for 2022-23 –- 21.6% in the latest Budget versus a staggering 31.1% in the last year's Budget, notwithstanding the firm uptrend in the amount of the Commonwealth Government Securities issued.

Figure 4: Better Budgetary Outcomes In Australia



Sources: SSGA Economics, Australian Department of the Treasury, Macrobond
Updated as of 5/12/2023

We have long been skeptical about mild wage growth in Australia. Next week, we expect the key Q1 Wage Price Index (WPI) to have accelerated more than the consensus of 0.9% q/q, which will renew rate hike debates. The April employment report will offer an interesting read and may clarify if the labor market has already peaked or if labor demand remains buoyant.

Week in Review (May 08 – May 12)

Country	Release (Date, format)	Consensus	Actual	Last	Comments
Monday, May 08					
GE	Industrial Production (Mar, m/m, sa)	-1.5%	-3.4%	2.1% (↑)	Quite weak.
JN	Labor Cash Earnings (Mar, y/y)	1.0%	0.8%	1.1%	Still twice the 10y average.
AU	NAB Business Confidence (Apr)	na	0.0	-1.0	Very weak.
AU	Retail Sales Ex Inflation (Q1, q/q)	-0.6%	-0.6%	-0.3% (↓)	Significant headwind to consumption.
Tuesday, May 09					
US	NFIB Small Business Optimism (Apr)	89.7	89.0	90.1	Decade low!
Wednesday, May 10					
US	CPI (Apr, y/y)	5.0%	4.9%	5.0%	May is when another notable step down is likely.
US	Monthly Budget Statement (Apr, $ bn)	235.0	176.2	308.2	Tax collections have been disappointing.
CA	Building Permits (Mar, m/m)	-2.2%	11.3%	8.6%	Entirely driven by nonresidential permits.
GE	CPI (Apr, y/y, final)	7.2% (p)	7.2%	7.4%	As already reported.
IT	Industrial Production (Mar, m/m)	0.3%	-0.6%	-0.2%	Soft.
Thursday, May 11					
US	Initial Jobless Claims (May 06, thous)	245	264	242	In gentle uptrend.
US	Continuing Claims (Apr 29, thous)	1,820	1,813	1,801 (↓)	In gentle uptrend.
US	PPI Final Demand (Apr, y/y)	2.5%	2.3%	2.7%	Downtrend continues.
UK	Bank of England Bank Rate	4.50%	4.50%	4.25%	Can this be the last hike?
Friday, May 12					
US	Import Price Index (Apr, y/y)	-4.8%	-4.8%	-4.6%	Import prices from China down 1.9% y/y.
US	U. of Mich. Sentiment (May, prelim)	63.0	57.7	63.5	Debt ceiling impact; inflation expectations up.
UK	Industrial Production (Mar, m/m)	0.1%	0.7%	-0.1% (↑)	OK.
UK	GDP (Q1, q/q, prelim)	0.1%	0.1%	0.1%	A gain is a gain, no matter how small…
FR	CPI (Apr, y/y, final)	5.9% (p)	5.9%	5.7%	Still too elevated.

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

Week In Preview (May 15 – May 19)

Country	Release (Date, format)	Consensus	Last	Comments
Monday, May 15				
US	Empire Manufacturing (May)	-1.5	10.8	
CA	Housing Starts (Apr, thous)	na	213.9	Already near the bottom, may tick up.
CA	Existing Home Sales (Apr, m/m)	na	1.4%	Anticipating an acceleration on higher Spring demand.
EC	Industrial Production (Mar, m/m, sa)	-2.0%	1.5%	
JN	PPI (Apr, y/y)	5.6%	7.2%	Cooling.
Tuesday, May 16				
US	Retail Sales Advance (Apr, m/m)	0.8%	-0.6%	Picking up again?
US	Industrial Production (Apr, m/m)	0.0%	0.4%	
US	Business Inventories (Mar, m/m)	0.0%	0.2%	
US	NAHB Housing Market Index (May)	45	45	
CA	Manufacturing Sales (Mar, m/m)	na	-3.6%	
CA	CPI (Apr, y/y)	na	4.3%	May cool to under 4%.
UK	Average Weekly Earnings (Mar, y/y, 3m)	5.8%	5.9%	This needs to come down more.
UK	ILO Unemployment Rate (Mar, 3m)	3.8%	3.8%	
EC	GDP (Q1, q/q, sa, prelim)	0.1% (p)	-0.1%	Eh…uninspiring, but it could be worse.
GE	ZEW Survey Expectations (May)	-5.5	4.1	A recent loss of momentum in German data.
JN	GDP (Q1, q/q, sa, prelim)	0.2%	0.0%	We expect 0.4% q/q on strong consumption and exports.
AU	Wage Price Index (Q1, y/y)	3.6%	3.3%	Strap in for a renewed debate on wage growth.
Wednesday, May 17				
US	Building Permits (Apr, thous)	1,440	1,413	
US	Housing Starts (Apr, thous)	1,400	1,420	
EC	CPI (Apr, y/y, final)	7.0% (p)	6.9%	
FR	ILO Mainland Unemployment Rate (Q1)	7.0%	7.0%	
JN	Industrial Production (Mar, m/m, final)	0.8% (p)	4.6%	Good as long as growing.
AU	Employment Change (Apr, thous)	25.0	53.0	Another beat in sight.
AU	Unemployment Rate (Apr)	3.5%	3.5%	
Thursday, May 18				
US	Initial Jobless Claims (May 13, thous)	252	264	
US	Continuing Claims (May 06, thous)	1,818	1,813	
US	Philadelphia Fed Business Outlook (May)	-18.0	-31.3	
US	Existing Home Sales (Apr, m/m)	-3.3%	-2.4%	
US	Leading Index (Apr, m/m)	-0.5%	-1.2%	
UK	GfK Consumer Confidence (May)	-27.0	-30.0	
JN	CPI (Apr, y/y)	3.5%	3.2%	Inflation dynamics in Japan have changed for the better.
Friday, May 19				
CA	Retail Sales (Mar, m/m)	na	-0.2%	May have stalled again.
JN	Tertiary Industry Index (Mar, m/m)	0.3%	0.7%	Good as long as positive.

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

Economic Indicators

Central Bank Policy Targets

Region	Target	Year/Year % Change in Target Nov	Dec	Jan	Feb	Mar
US	Target: PCE price index 2.0% y/y	5.7	5.3	5.4	5.1	4.2
Canada	Target: CPI 2.0% y/y, 1.0%-3.0% control range	6.8	6.3	5.9	5.2	4.3
UK	Target: CPI 2.0% y/y	10.7	10.5	10.1	10.4	10.1
Eurozone	Target: CPI below but close to 2.0% y/y	10.1	9.2	8.6	8.5	6.9
Japan	Target: CPI 2.0% y/y	3.8	4.0	4.3	3.3	3.2
Australia	Target Range: CPI 2.0%-3.0% y/y	7.8	7.8	7.0	7.0	7.0

Source: Macrobond

Key Interest Rates

	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23
US (top of target range)	1.75	2.50	2.50	3.25	3.25	4.00	4.50	4.50	4.75	5.00	5.00
Canada (Overnight Rate)	1.50	2.50	2.50	3.25	3.75	3.75	4.25	4.50	4.50	4.50	4.50
UK (Bank Rate)	1.25	1.25	1.75	2.25	2.25	3.00	3.50	3.50	4.00	4.25	4.25
Eurozone (Refi)	0.00	0.50	0.50	1.25	1.25	2.00	2.50	2.50	3.00	3.50	3.50
Japan (OCR)	-0.04	-0.01	-0.04	-0.07	-0.06	-0.08	-0.02	-0.01	-0.01	-0.03	-0.07
Australia (OCR)	0.73	1.28	1.81	2.25	2.58	2.84	3.05	3.10	3.29	3.54	3.60

Source: Macrobond

General Government Structural Balance as a % of Potential GDP

	2015	2016	2017	2018	2019	2020	2021	2022	Forecast 2023	2024
US	-2.5	-3.6	-4.3	-5.1	-6.0	-10.7	-10.7	-5.9	-6.6	-6.7
Canada	0.0	0.0	-0.3	0.0	-0.2	-8.1	-3.3	-1.2	-0.5	-0.1
UK	-2.5	-1.6	-1.3	-1.4	-1.6	0.8	-3.6	-4.5	-4.3	-2.8
Eurozone	-0.5	-0.5	-0.4	-0.3	-0.5	-4.0	-3.8	-2.8	-3.1	-2.5
Germany	1.2	1.2	1.1	1.6	1.3	-2.9	-3.0	-2.6	-3.2	-1.4
France	-2.1	-1.9	-1.9	-1.5	-2.1	-5.8	-5.2	-4.4	-4.6	-4.1
Italy	-0.4	-1.0	-1.5	-1.6	-0.9	-6.1	-6.7	-2.4	-2.0	-3.0
Japan	-4.5	-4.5	-3.7	-3.0	-3.3	-8.1	-6.2	-7.8	-6.4	-4.1
Australia	-2.5	-2.2	-1.5	-1.1	-4.0	-7.9	-6.1	-3.5	-3.3	-2.9

Source: International Monetary Fund, World Economic Outlook

Headline Consumer and Producer Price Inflation

	CPI Year/Year % Change						PPI Year/Year % Change				
	Dec	Jan	Feb	Mar	Apr		Dec	Jan	Feb	Mar	Apr
US	6.5	6.4	6.0	5.0	4.9		6.4	5.7	4.8	2.7	2.3
Canada	6.3	5.9	5.2	4.3			7.4	5.0	1.6	-1.8	
UK	10.5	10.1	10.4	10.1			14.5	13.4	12.0	8.7	
Eurozone	9.2	8.6	8.5	6.9			24.6	15.1	13.4	5.9	
Germany	8.1	8.7	8.7	7.4	7.2		21.6	17.6	15.8	7.5	
France	5.9	6.0	6.3	5.7	5.9		17.5	14.9	13.3	9.5	
Italy	11.6	10.0	9.1	7.6	8.3		31.7	11.1	9.6	3.8	
Japan	4.0	4.3	3.3	3.2			10.6	9.5	8.3	7.2	
Australia	7.8	7.0	7.0	7.0			5.8	5.2	5.2	5.2	

Source: Macrobond

Economic Indicators

Real GDP Growth (Q/Q Seasonally Adjusted)

	Quarter/Quarter % Change					Year/Year % Change				
	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23
US	-0.4	-0.1	0.8	0.6	0.3	3.7	1.8	1.9	0.9	1.6
Canada	0.6	0.9	0.6	0.0		3.1	4.7	3.8	2.1	
UK	0.5	0.1	-0.1	0.1	0.1	10.6	3.8	2.0	0.6	0.2
Eurozone	0.6	0.9	0.4	-0.1	0.1	5.5	4.4	2.5	1.8	1.3
Germany	1.0	-0.1	0.5	-0.5	0.0	3.8	1.7	1.4	0.8	-0.1
France	-0.2	0.5	0.1	0.0	0.2	4.7	4.2	1.0	0.4	0.8
Italy	0.1	1.1	0.4	-0.1	0.5	6.5	5.1	2.5	1.4	1.8
Japan	-0.5	1.2	-0.3	0.0		0.6	1.4	1.5	0.4	
Australia	0.6	0.9	0.7	0.5		3.0	3.1	5.9	2.7	

Source: Macrobond

Industrial Production Index (M/M Seasonally Adjusted)

	Month/Month % Change					Year/Year % Change				
	Nov	Dec	Jan	Feb	Mar	Nov	Dec	Jan	Feb	Mar
US	-0.3	-1.5	0.9	0.2	0.4	1.9	0.6	1.4	0.9	0.5
Canada	0.3	-1.2	0.7	0.2		2.7	1.3	2.0	1.7	
UK	0.0	0.2	-0.3	-0.1	0.8	-2.9	-2.7	-3.0	-2.8	-2.0
Germany	0.3	-2.3	3.7	2.1	-3.4	-0.7	-3.7	-1.0	0.8	1.6
France	1.9	1.4	-2.0	1.4	-1.1	0.4	1.7	-2.3	0.9	-0.1
Italy	-0.1	1.1	-0.5	-0.2	-0.6	-3.5	-0.9	1.9	-2.3	-3.2
Japan	0.2	0.3	-5.3	4.6	0.8	-0.9	-0.8	-3.8	-1.4	-0.8

Source: Macrobond

Unemployment Rate (Seasonally Adjusted)

	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23
US	3.6	3.5	3.7	3.5	3.7	3.6	3.5	3.4	3.6	3.5	3.4
Canada	4.9	4.9	5.3	5.2	5.2	5.1	5.0	5.0	5.0	5.0	5.0
UK	3.6	3.5	3.6	3.7	3.7	3.7	3.7	3.8			
Eurozone	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.6	6.6	6.5	
Germany	5.3	5.4	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.6	5.6
France	7.5	7.4	7.2	7.1	7.2	7.1	7.1	7.1	7.0	6.9	
Italy	8.0	8.0	8.1	8.0	7.9	7.9	7.9	8.0	7.9	7.8	
Japan	2.6	2.6	2.5	2.6	2.6	2.5	2.5	2.4	2.6	2.8	
Australia	3.6	3.5	3.5	3.6	3.4	3.5	3.5	3.7	3.5	3.5	

Source: Macrobond

Current Account Balance as a % of GDP (Seasonally Adjusted)

	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23
US	-3.2	-3.5	-3.4	-3.6	-3.8	-3.7	-4.5	-3.8	-3.4	-3.2	
Canada	-2.4	-1.4	0.0	-0.4	-0.6	0.0	0.4	0.8	-1.2	-1.5	
UK	-2.6	-6.6	-1.9	-0.4	-3.3	-0.4	-8.3	-4.6	-2.0	-0.4	
Eurozone	2.1	3.2	3.5	3.1	2.3	1.2	0.4	-1.3	-3.6	1.0	
Germany	7.2	8.3	9.0	8.4	7.4	6.5	5.7	4.1	2.4	4.9	6.2
France	-2.0	-0.3	0.5	0.7	0.4	-0.1	-0.2	-1.8	-3.6	-3.0	-0.4
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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* Pensions & Investments Research Center, as of December 31, 2021.

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