STATE STREET GLOBAL ADVISORS

June 30, 2023
Commentary

Weekly Economic Perspectives

Contents

Spotlight on Next Week
June US employment report critical ahead of July Fed meeting. Canada's employment data will be closely watched. Japan's Tankan survey will show better capex outlook. The RBA is all set for another hike.

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The Economy	Further evidence of disinflation fuels risk-on sentiment in markets.

US

In keeping with the broad theme of big data revisions that we had highlighted repeatedly in this publication in recent months, the final read on first-quarter **GDP** growth brough a meaningful upgrade. Economic growth, which had initially been estimated at 1.1% q/q seasonally adjusted annualized (saar) and then 1.3% saar, was lifted all the way up to 2.0% saar on account of stronger consumer spending on services, better exports, and less drag from residential fixed investment. None of the changes alter the big picture—growth deceleration and disinflation remain in place even with the revisions, but the latest data details can be read as improving the odds of a soft landing. They also pose some upside risk to our 1.2% 2023 growth forecast.

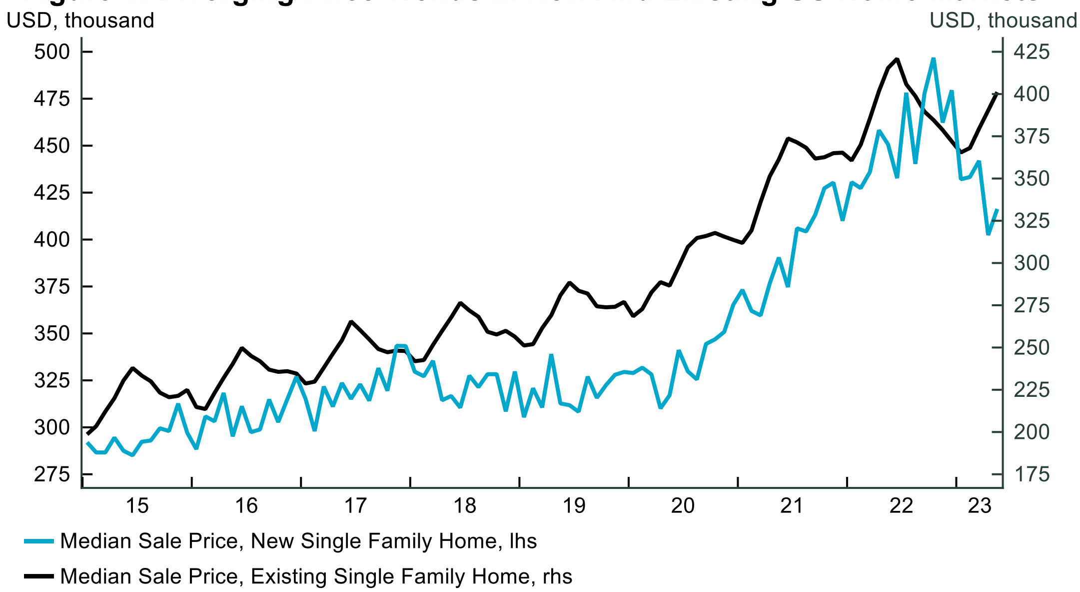
Consumer confidence rebounded sharply in June, according to the Conference Board measure, likely in response to the avoidance of a debt ceiling crisis. The headline index rose 7.2 points—the most since December—to reach the highest level since January 2022. Gains were well distributed across income and age levels and between assessments of the current situation and expectations about the future. The closely watched labor differential—which measures the difference between those who think jobs are abundant and those who think jobs are scarce—retraced more than half of May's decline, but still remains at the lowest level since November. Meanwhile, the final read on the **Michigan consumer sentiment index** for June was half a point better than initially reported, reaching a four-month high of 64.4. We suspect that the unwinding of debt-ceiling concerns explained the big 5.2-point bounce during the month. Inflation expectations were confirmed at 3.3% and 3.0%, respectively, for short and long-term horizons.

While personal income is holding up thanks to a robust labor market, spending has softened a little as consumers take a slightly more cautious approach and save a little more. **Personal income** rose 0.4% m/m in May, but **spending** only rose 0.1%. Moreover, April's spending data was revised noticeably lower, with especially in real terms, where the prior 0.5% growth rate was lowered to 0.2%. The savings rate ticked up three tenths to 4.6%, the twin highest since January 2022. The PCE inflation data came in a little better than expected, although a little means a lot in this world of high inflation anxiety. Headline PCE prices rose just 0.1% m/m, while core PCE prices increased 0.3%. The two measures of PCE inflation moderated five tenths to 3.8% y/y and one tenth to 4.6% y/y, respectively.

While existing home sales remain constrained by the black of inventory, **new home sales** have repeatedly bested expectations in recent months. They did so again in May, when they surged 12.2% m/m—the most in nine months. Sales were 20% higher than in May 2022 and the highest level since February 2022. The pick-up in sales, however, does not seem sustainable at this level, unless supported by substantial price incentives, which indeed, appear to become more common. The median price is 7.6% lower than a year ago. The number of homes available for sale declines slightly and inventory eased to 6.7 months' worth of sales, the least since February 2022.

A notable divergence has opened up between the behavior of new and existing median **home prices**. The former are correcting lower as homebuilders offer more incentives and reorient offerings to smaller, more affordable units, but the latter are proving more sticky, supported both by a lack of supply and—possibly—by a compositional shift towards larger homes whose buyers may we more well-off and perhaps less sensitive to higher mortgage rates. Indeed, while the median price of a new single family home is down 7.6% y/y and well off their peak levels, the median price of an existing single family home is only down 3.4% y/y and not that far off recent peaks. The S&P CoreLogic/Case-Shiller composite 20-city home price index is showing a similar dynamic, having only declined 1.7% y/y in May. The FHFA house price measure is sending an even stronger message of resilience at it was still up 3.1% y/y in April.

Figure 1: Diverging Price Trends In New And Existing US Home Markets



Sources: SSGA Economics, NAR, U.S. Census Bureau

Further illustrating the divergence between the new and the existing home markets, **pending home sales** declined 2.7% in May, considerably more than expected, with April data also revised slightly lower. Pending home sales—sales of existing homes where the buyer and seller have agreed on the transaction but the purchase hasn't "closed" yet—are 20.8% below year-earlier level. If not for a big rebound in the Northeast, the national performance would have been even worse. Lack of inventory is a key factor here.

For the second month in a row, **durable goods orders** rose more than expected but the news was less upbeat than the headline implies. Total orders rose 1.1% in April, following a 3.3% bounce in March. If last month performance was driven by non-defense aircraft (which nearly doubled m/m), this month orders were boosted by defense orders, which jumped 36.1% m/m. Excluding defense, orders actually declined 0.6% m/m. Core orders (non-defense capital goods excluding aircraft) fared better in April, increased 1.4% m/m after two consecutive declines, but this still only left them 1.1% higher than a year earlier. The capex signals are mixed at best.

Canada

Consumer price inflation is coming down in Canada and is the closest to target among advanced economies. CPI inflation retreated a whole percentage point to 3.4% y/y in May, the lowest since June 2021. Mortgage interest costs (MIC) rose 29.9% and remain the biggest driver; Statistics Canada noted that without MIC, CPI rose just 2.5% y/y, down from 3.7% y/y in April. The decline was however caused by base effects, especially in gasoline prices: excluding these, inflation stood at 4.4% y/y, down from April's 4.9% y/y. More concerning to the general public, grocery price inflation was little changed at 9.0% y/y; and prices inflation for food consumed at restaurants accelerated four tenths to 6.8% y/y. Most importantly, however, the Bank of Canada (BoC) trim-mean CPI inflation eased 0.4 pp to 3.8% y/y. This data should allow the BoC to hold interest rates later this month.

The average Canadian consumer is clearly feeling the burden of high interest rates. The latest data from Innovation, Science and Economic Development Canada show that **total insolvencies** in Canada jumped 30.9% y/y to 11,335 in May and are rising towards the pre-pandemic level. Insolvencies include bankruptcies and also formal agreements with creditors, but, 96% of them originate from consumers and not businesses. According to Equifax, 18.8% more consumers missed payments on at least one non-mortgage product in Q1 this year compared to Q1 2022. The average monthly spending per credit card holder in Canada has already exceeded C$ 2,200, more than five times the pre-pandemic spending.

Figure 2: Canadian Insolvencies Rising Toward Pre-Pandemic Levels

Sources: SSGA Economics, ISED, Macrobond
Updated as of 6/30/2023

GDP stalled in April stalled, missing expectations of a 0.2% gain. Output in goods-producing industries increased 0.1% and stalled in services; 11 out of 20 sectors posted increases. A strike by government workers caused public sector output to contract (by 0.3%) for the first time since January 2022. Construction activity grew 0.4% as weak residential construction was more than offset by other areas. Advance estimates suggest GDP may have risen 0.4% in May and is tracking strong in Q2.

The BoC's Business Outlook Survey (BOS) for Q2 indicated that firms continue to expect weakening sales but also tracked higher domestic demand from a year ago. The index declined to -2.15 from 1.07. Labor shortages eased and firms now expect wages to moderate from elevated levels. However, 41% expect inflation to return to the 2% target only by 2026-27 or later, up from 32% in Q1. However, we take this with a grain of salt as the latest CPI is already showing great progress in this regard. Next week, we look for a moderation in employment data and Ivey PMI for June. It is important for the labor market to continue cooling for the BoC to pause this month.

UK

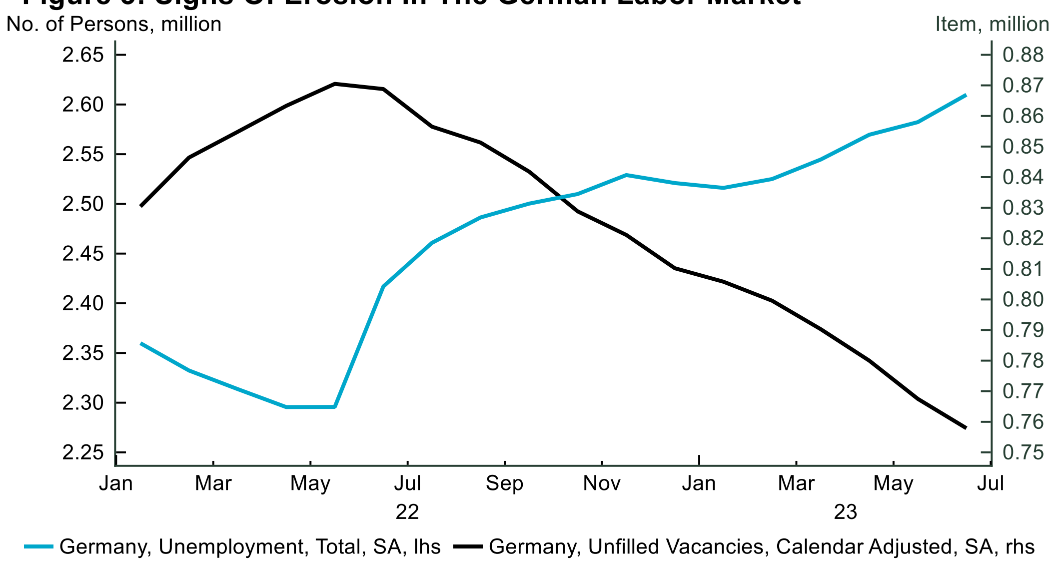
Mortgage approvals remain dismally low but are trying to put in a bottom. Approvals inched incrementally higher in May but are still 23.7% below year-earlier levels. Meanwhile, the amount of net new lending secured by dwellings declined for a second month running—albeit incrementally this time. The combination suggests smaller average mortgages and/or larger down payments, which would make sense given the moderation in house prices and high interest rates.

Eurozone

***Italian* consumer confidence** has made a clear comeback from the late-2022 lows as feared energy supply disruptions did not materialize. More recently, the upturn has been supported by easing inflation as headline CPI inflation has nearly halved from peak, though still elevated at 6.4% y/y in June (preliminary data). Despite having improved notably from late-2022 lows, ***German* consumer confidence** remains historically depressed. By contrast, ***French* consumer confidence** is trailing near multi-year lows.

***Germany*'s labor market** dynamics are deteriorating, although the increase in unemployment should be taken with a grain of salt since it is likely skewed higher by the refugee influx. Nonetheless, the steady moderation in vacancies does signal a slowdown in labor demand.

Figure 3: Signs Of Erosion In The German Labor Market



Sources: Macrobond, SSGA Economics, DESTATIS, German Federal Employment Agency
Updated as of 6/30/2023

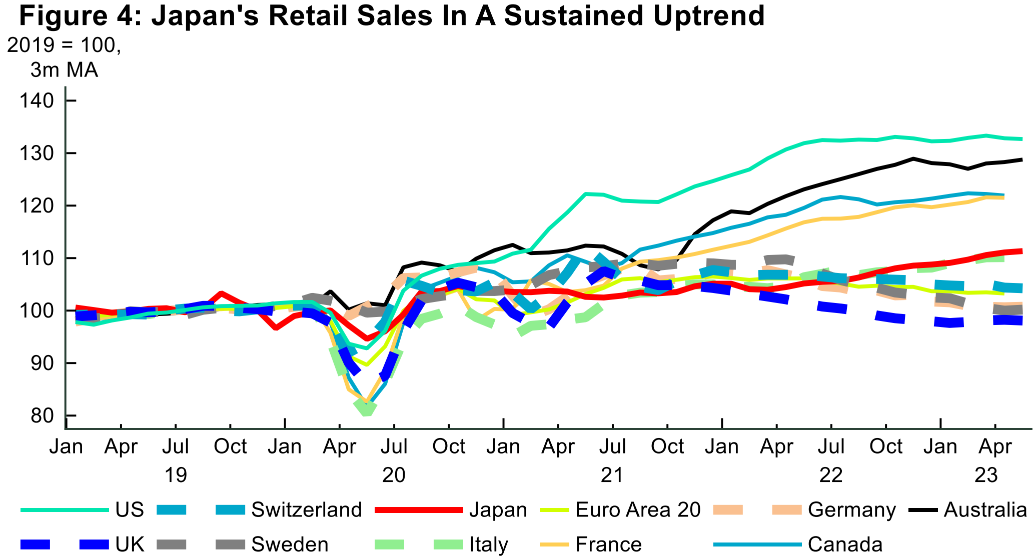
Japan

The **Summary of Opinions** of the June Bank of Japan (BoJ) meeting highlighted that there is some divergence of views among board members, with one seeing sustained inflation as a 'growing possibility' and favoring the idea of amending the Yield Curve Control (YCC) should be discussed at an 'early stage'. Another member advocated a cautious approach to YCC given the lack of conclusive evidence of a significant change in expectations (despite higher inflation).

However, the week's biggest news and the best signal yet about policy revisions came from Sintra, Portugal, where the ECB hosted a Forum on Central Banking. Governor Kazuo Ueda offered a refreshingly upbeat take on inflation. He said that, although inflation may slow for a while, on cooling import prices, inflation may pick up again in 2024. However, the changes to policy hinge on the Bank's conviction levels, which are admittedly not very strong at the moment. Even so the Governor said that *"if we become reasonably sure about second part of inflation forecast (2024), that would be good reason for reconsidering policy change."* He further said that wage inflation, consistent with inflation target is well above 2%. This is still work in progress as *"there's still some distance to go."*

The economy meanwhile continues to recover; **retail sales** rose an eye-popping 1.3% m/m (or 5.7% y/y) in May, after a dip in April on the temporary weak durable goods. Vehicle sales declined 0.7% in May (-8.0% in April) but electronics and home appliances' sales jumped 5.0%. Sale of non-durable goods remained firm, and were underscored by leisure and travel activities. The uptrend in retail sales shines in good light as it is supported by a recovering **consumer sentiment**, which increased 0.2 points to 36.2 in June. This is the seventh successive monthly gain and is noteworthy that sentiment is rising along with inflation, which is quintessential for our bullish outlook on Japan. Most importantly, inflation expectations for the next year stopped declining for the first time in four months.

Figure 4: Japan's Retail Sales In A Sustained Uptrend



Sources: SSGA Economics, ABS, StatCan, NBS, DESTATIS, INSEE, Eurostat, Istat, METI, SCB, FSO, ONS, U.S. Census Bureau, Macrobond
Updated as of 6/30/2023

Tokyo CPI inflation came in at 3.1% y/y in June, three-tenths below consensus. Core CPI inflation (excluding fresh food) accelerated a tenth to 3.2% y/y while the BoJ core metric (excluding fresh food and energy) softened a tenth to 3.8% y/y. The latter reflected a negative contribution from lodging prices as few local governments' initiative to offer free lunch at school had weighed on dine-out prices. Electricity prices increased as the government approved hikes start to get factored in. Although their contribution in Tokyo CPI was small, this may not be the case nationally as price hikes in Tokyo were relatively smaller than elsewhere. Nationwide **CPI inflation** remained firm in May as the BoJ core measure of CPI rose 4.3% y/y, the highest in 42 years. Overall, underlying inflation remains strong and we expect price-pressures to decelerate modestly going forward.

Industrial production declined 1.6% m/m May, worse than expected. Although output rose 4.7% y/y, we think production looks weak as it declined in 12 of the 15 industries, being weakest in autos (-8.9%) and electronics (-4.0%). Shipments were down 0.6% while inventories rose 1.5% and the overall assessment was that production was 'showing signs of a modest recovery'. The key silver lining was that production of capital goods, which correlates well with capex, was up by 1.3%. Production is likely to be volatile and lack a clear direction going forward.

Finally, the **labor market** remained tight in May with the unemployment rate remaining at 2.6%. The number of unemployed persons decreased by 1.7% m/m and the total payroll employment edged down 0.1% and was attributable to the tick down in manufacturing employment.

The biggest concern currently is about the weakening yen, which is currently hovering just below 145 against the US dollar. Although volatility is low this time, pressures on the yen remain one-sided and may remain firm as global central bankers remain resolutely hawkish. Authorities have been verbally intervening for some time now and may remain patient in the coming days but macro implications are limited as import prices have already reverted to lower levels adding an important headwind to inflation in the medium term. In the long-run however, even if external interest rates were to be held at the current high levels, the current divergence of monetary policy with Japan will be intact. It may not be a reason to amend policy immediately, but is it inescapable? Perhaps not.

Next week, the Q2 Tankan survey may show improvements, which could mean more support to GDP from capex, again. We also look for the BoJ's estimated output gap in Q1 and also the final results of the *shunto* negotiations. Finally, we look for a strong print in the May nominal wage data.

Australia

Our view that inflation will slow even without additional monetary tightening was well supported by the **May CPI** data, which printed at 5.6% y/y, a massive five-tenths below the consensus. The trimmed mean CPI inflation too, was down six-tenths to 6.1% y/y. However, the underlying details did not entirely vindicate our view as the decline was again swung by the usual suspects: domestic holiday and fuel, whose prices declined 15.5% m/m and 8.0%, respectively. The largest rises were registered in housing and food, whose prices increased by 8.4% y/y and 7.9%.

Retail sales in May jumped 0.7% m/m, more than the consensus of 0.1% as spending rebounded in cafes, restaurants & takeaways (1.4%), other retailing (2.2%), household goods (0.6%) and food (0.3%) while it declined for clothing (-0.6%) and department stores (-0.5%). The ABS noted that the jump in retail sales reflected *“consumers taking advantage of larger than usual promotional activity and sales events in May.”* We do not think this will swing the RBA into tolerance though.

Recently, Deputy Governor Michele Bullock spoke on ‘full employment’ and highlighted that the share of Australian population in employment was never higher. She further highlighted how Newcastle is a prime example of the tight labor market as nearly 25,000 more people are employed than before the pandemic.

The good news stopped there as the deputy governor laid out rather carefully that **employment currently is above what the RBA ‘would consider to be consistent with their inflation target.’** The RBA estimates the non-accelerating inflation rate of unemployment at 4.5% (3.6% in May). So the central bank thinks their policy needs to restrict excess labor demand. Indeed, **job vacancies** declined by 9,000 or (2.0% q/q) in the three months through May to 431.6 thousand, barely 10% down from the recent peak.

Demand is slowing but needs to slow more. Hence, despite the softer CPI, we think the RBA will hike interest rates next week. We see the economy slowing in coming months, just in time for the RBA to pause at our expected terminal rate of 4.50%.

Week in Review (Jun 26 – Jun 30)

Country	Release (Date, format)	Consensus	Actual	Last	Comments
Monday, Jun 26					
GE	IFO Business Climate (Jun)	90.7	88.5	91.5 (↓)	
JN	PPI Services (May, y/y)	1.8%	1.6%	1.6%	Services CPI has another leg to play.
Tuesday, Jun 27					
US	Durable Goods Orders (May, y/y)	-0.9%	1.7%	1.2% (↑)	Driven by surge in non-defence aircraft.
US	FHFA House Price Index (Apr, m/m)	0.5%	0.7%	0.5% (↓)	Up 3.1% y/y.
US	S&P CoreLogic CS 20-City (Apr, m/m, sa)	0.40%	0.91%	0.42% (↓)	Down 1.7% y/y.
US	New Home Sales (May, thous)	675	763	680 (↓)	Median price was down 7.6% y/y.
US	Conf. Board Consumer Confidence (Jun)	104.0	109.7	102.5 (↑)	Broad gains.
CA	CPI (May, y/y)	3.4%	3.4%	4.4%	Without mortgage costs, CPI was at 2.5% y/y.
IT	Consumer Confidence Index (Jun)	105.5	108.6	105.1	Recovering nicely.
IT	Manufacturing Confidence (Jun)	101.0	100.3	101.2 (↓)	Weakest since January 2021.
JN	Leading Index CI (Apr, final)	96.8 (p)	96.8	96.8 (↑)	Good resilience.
Wednesday, Jun 28					
GE	GfK Consumer Confidence (Jul)	-23.0	-25.4	-24.4 (↓)	Weak but well off late-2022 lows.
FR	Consumer Confidence (Jun)	84.0	85.0	83.0	Weak.
IT	PPI (May, y/y)	na	-6.8%	-3.5%	Powerful favorable base effects.
IT	CPI NIC incl. tobacco (Jun, y/y, prelim)	6.7%	6.4%	7.6%	Down sharply from peak of almost 12%.
IT	Industrial Sales (Apr, m/m)	na	-1.8%	-0.4%	Also down 1.8% y/y.
JN	Retail Sales (May, m/m)	0.8%	1.3%	-1.1% (↑)	Consumption is good.
AU	Retail Sales (May, m/m)	0.1%	0.7%	0.0%	Won't appease the RBA!
Thursday, Jun 29					
US	GDP (Q1, third, q/q, saar)	1.3% (p)	2.0%	2.6%	Higher services consumption, exports.
US	Initial Jobless Claims (Jun 24, thous)	265	239	265 (↑)	Choppy and in gentle uptrend.
US	Continuing Claims (Jun 17, thous)	1,765	1,742	1,759	Gentle uptrend in place despite recent retreat.
US	Pending Home Sales (May, m/m)	-0.5%	-2.7%	-0.4% (↓)	Little supply, poor affordability.
UK	Mortgage Approvals (May, thous)	49.7	50.5	48.7	Weak but trying to bottom.
GE	CPI (Jun, y/y, prelim)	6.3%	6.4%	6.1%	Blip within downtrend.
JN	Consumer Confidence Index (Jun)	36.1	36.2	36.0	Recovering well.
JN	Jobless Rate (May)	2.6%	2.6%	2.6%	Very tight labor market.
JN	Job-To-Applicant Ratio (May)	1.32	1.31	1.32	Decline in manufacturing jobs is the cause.
JN	Industrial Production (May, m/m, prelim)	-1.0%	-1.6%	0.7%	Positive implications for Q2 GDP.
AU	Private Sector Credit (May, m/m)	0.4%	0.4%	0.6%	As expected.
Friday, Jun 30					
US	Personal Income (May, m/m)	0.3%	0.4%	0.3% (↓)	OK.
US	Personal Spending (May, m/m)	0.2%	0.1%	0.6% (↓)	Softening and lifting savings rate.
US	U. of Mich. Sentiment (Jun, final)	63.9 (p)	64.4	59.2	Lifted by avoidance of debt-ceiling crisis.
CA	GDP (Apr, m/m)	0.2%	0.0%	0.1% (↑)	May GDP estimated at 0.4% m/m.
UK	Nationwide House PX (Jun, m/m)	-0.2%	0.1%	-0.1%	Down 3.5% y/y.
UK	GDP (Q1, q/q, final)	0.1% (p)	0.1%	0.1%	As previously reported.
GE	Retail Sales (May, m/m)	0.0%	0.4%	0.7% (↓)	Weak; down 3.6% y/y.
GE	Unemployment Claims Rate (Jun, sa)	5.6%	5.7%	5.6%	Erosion but also resilience.
FR	CPI (Jun, y/y, prelim)	4.6%	4.5%	5.1%	Moderation quickens..
FR	Consumer Spending (May, m/m)	0.7%	0.5%	-0.8% (↑)	First gain in four months.
IT	Unemployment Rate (May)	7.9%	7.6%	7.8%	Notable improvement; will it be sustained?
JN	Annualized Housing Starts (May, mn)	0.817	0.862	0.771	Recovering housing is good for long run inflation

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

Week In Preview (Jul 03 – Jul 07)

Country	Release (Date, format)	Consensus	Last	Comments
Monday, Jul 03				
US	ISM Manufacturing (Jun)	47.2	46.9	
US	Wards Total Vehicle Sales (Jun, mn)	15.25	15.05	
UK	Manufacturing PMI (Jun, final)	46.2 (p)	47.1	
EC	Manufacturing PMI (Jun, final)	43.6 (p)	44.8	
GE	Manufacturing PMI (Jun, final)	41.0 (p)	43.2	
FR	Manufacturing PMI (Jun, final)	45.5 (p)	45.7	
IT	Manufacturing PMI (Jun)	45.4	45.9	
JN	Tankan Large Manufacturing Index (Q2)	3.0	1.0	Important for Capex outlook.
JN	Manufacturing PMI (Jun, final)	49.8 (p)	50.6	Looking for some resilience.
Tuesday, Jul 04				
AU	RBA Cash Rate Target	4.10%	4.10%	We expect a hike.
Wednesday, Jul 05				
US	Factory Orders (May, m/m)	0.6%	0.4%	
US	Durable Goods Orders (May, m/m, final)	1.7% (p)	1.2%	
UK	Services PMI (Jun, final)	53.7 (p)	55.2	
EC	Composite PMI (Jun, final)	50.3 (p)	52.8	
EC	Services PMI (Jun, final)	52.4 (p)	55.1	
GE	Services PMI (Jun, final)	54.1 (p)	57.2	
FR	Industrial Production (May, m/m)	-0.2%	0.8%	
Thursday, Jul 06				
US	Trade Balance (May, bn, $)	-68.2	-74.6	
US	Initial Jobless Claims (Jul 01, thous)	245	239	
US	Continuing Claims (Jun 24, thous)	na	1,742	
US	JOLTS Job Openings (May, thous)	9,968	10,103	
US	ISM Services Index (Jun)	51.3	50.3	
GE	Factory Orders (May, m/m)	1.4%	-0.4%	
JN	Labor Cash Earnings (May, m/m)	1.2%	0.8% (↓)	
Friday, Jul 07				
US	Change in Nonfarm Payrolls (Jun, thous)	225	339	
US	Unemployment Rate (Jun)	3.6%	3.7%	Can wage inflation moderate further?
CA	Change in Employment (Jun, thous)	20.0	-17.3	Looking for a cooling labor market.
CA	Unemployment Rate (Jun)	5.3%	5.2%	
CA	Ivey PMI (Jun, sa)	na	53.5	Looking for cooling activity.
GE	Industrial Production (May, m/m, sa)	0.0%	0.3%	
IT	Retail Sales (May, m/m)	na	0.2%	
JN	Leading Index CI (May, prelim)	97.6	96.8	

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

Economic Indicators

Central Bank Policy Targets

Region	Target	Year/Year % Change in Target: Jan	Feb	Mar	Apr	May
US	Target: PCE price index 2.0% y/y	5.4	5.0	4.2	4.3	3.8
Canada	Target: CPI 2.0% y/y, 1.0%-3.0% control range	5.9	5.2	4.3	4.4	3.4
UK	Target: CPI 2.0% y/y	10.1	10.4	10.1	8.7	8.7
Eurozone	Target: CPI below but close to 2.0% y/y	8.6	8.5	6.9	6.9	6.1
Japan	Target: CPI 2.0% y/y	4.3	3.3	3.2	3.5	3.2
Australia	Target Range: CPI 2.0%-3.0% y/y	7.0	7.0	7.0		

Source: Macrobond

Key Interest Rates

	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23
US (top of target range)	2.50	3.25	3.25	4.00	4.50	4.50	4.75	5.00	5.00	5.25	5.25
Canada (Overnight Rate)	2.50	3.25	3.75	3.75	4.25	4.50	4.50	4.50	4.50	4.50	
UK (Bank Rate)	1.75	2.25	2.25	3.00	3.50	3.50	4.00	4.25	4.25	4.50	5.00
Eurozone (Refi)	0.50	1.25	1.25	2.00	2.50	2.50	3.00	3.50	3.50	3.75	
Japan (OCR)	-0.04	-0.07	-0.06	-0.08	-0.02	-0.01	-0.01	-0.03	-0.07	-0.07	
Australia (OCR)	1.81	2.25	2.58	2.84	3.05	3.10	3.29	3.54	3.60	3.83	

Source: Macrobond

General Government Structural Balance as a % of Potential GDP

	2015	2016	2017	2018	2019	2020	2021	2022	Forecast 2023	Forecast 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				
	Feb	Mar	Apr	May	Jun		Jan	Feb	Mar	Apr	May
US	6.0	5.0	4.9	4.0			5.7	4.7	2.7	2.3	1.1
Canada	5.2	4.3	4.4	3.4			4.8	1.4	-2.1	-3.8	-6.3
UK	10.4	10.1	8.7	8.7			13.3	11.8	8.4	5.2	3.0
Eurozone	8.5	6.9	6.9	6.1			14.8	12.7	5.6	1.0	
Germany	8.7	7.4	7.2	6.1	6.4		16.6	13.5	6.7	4.1	1.0
France	6.3	5.7	5.9	5.1	4.5		14.9	13.4	9.5	5.0	3.4
Italy	9.1	7.6	8.2	7.6	6.4		11.1	9.6	3.7	-1.5	-4.3
Japan	3.3	3.2	3.5	3.2			9.6	8.3	7.4	5.9	5.1
Australia	7.0	7.0					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	0.5		3.7	1.8	1.9	0.9	1.8
Canada	0.6	0.9	0.6	0.0	0.8		3.2	4.7	3.8	2.1	2.2
UK	0.5	0.1	-0.1	0.1	0.1		10.6	3.8	2.0	0.6	0.2
Eurozone	0.7	0.8	0.4	-0.1	-0.1		5.5	4.3	2.5	1.8	1.0
Germany	1.0	-0.1	0.5	-0.5	-0.3		3.8	1.7	1.4	0.8	-0.5
France	-0.1	0.5	0.2	0.0	0.2		4.5	4.0	1.1	0.6	0.9
Italy	0.1	1.0	0.4	-0.1	0.6		6.5	5.0	2.5	1.5	1.9
Japan	-0.7	1.4	-0.4	0.1	0.7		0.6	1.5	1.6	0.4	1.8
Australia	0.6	0.8	0.6	0.6	0.2		3.1	3.1	6.0	2.6	2.3

Source: Macrobond

Industrial Production Index (M/M Seasonally Adjusted)

	Month/Month % Change						Year/Year % Change				
	Jan	Feb	Mar	Apr	May		Jan	Feb	Mar	Apr	May
US	1.0	0.0	0.1	0.5	-0.2		1.5	0.8	0.2	0.4	0.2
Canada	0.3	0.6	0.6	0.3			1.8	1.9	1.4	0.7	
UK	-0.3	-0.1	0.8	-0.3			-3.0	-2.8	-2.0	-1.8	
Germany	3.5	1.7	-2.1	0.3			-0.8	0.9	2.1	1.8	
France	-2.1	1.5	-1.1	0.8			-2.2	0.9	-0.1	1.3	
Italy	-0.7	-0.1	-0.6	-1.9			1.7	-2.4	-3.2	-7.0	
Japan	-3.9	3.7	0.3	0.7	-1.6		-3.6	-1.4	-0.9	0.2	3.1

Source: Macrobond

Unemployment Rate (Seasonally Adjusted)

	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23
US	3.7	3.5	3.7	3.6	3.5	3.4	3.6	3.5	3.4	3.7	
Canada	5.3	5.2	5.2	5.1	5.0	5.0	5.0	5.0	5.0	5.2	
UK	3.6	3.7	3.7	3.7	3.7	3.8	3.9	3.8			
Eurozone											
Germany	5.4	5.5	5.5	5.5	5.5	5.5	5.5	5.6	5.6	5.6	5.7
France	7.2	7.1	7.2	7.2	7.2	7.1	7.1	7.0	7.0	7.0	
Italy	8.1	8.0	7.9	7.9	7.9	8.0	7.9	7.8	7.8	7.6	
Japan	2.5	2.6	2.6	2.5	2.5	2.4	2.6	2.8	2.6	2.6	
Australia	3.5	3.6	3.4	3.5	3.5	3.7	3.5	3.5	3.7	3.6	

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	-3.1	-3.3	-3.1	-3.5	-3.9	-3.8	-4.6	-3.9	-3.5	-3.3	-3.3
Canada	-2.4	-1.4	0.0	-0.4	-0.6	0.0	0.6	0.7	-1.4	-1.2	-0.9
UK	-2.6	-6.6	-1.9	-0.4	-3.3	-0.4	-8.3	-4.6	-2.0	-0.4	-1.7
Eurozone	2.1	3.2	3.5	3.1	2.3	1.2	0.4	-1.3	-3.6	1.0	
Germany	7.3	8.3	9.0	8.3	7.6	6.6	5.6	4.0	2.6	4.9	6.0
France	-2.8	-0.9	0.3	-0.2	-0.1	-1.0	-1.2	-2.6	-3.7	-3.4	-1.4
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.

† This figure is presented as of September 30, 2022 and includes approximately $55.12 billion of assets with respect to SPDR products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Global Advisors are affiliated. Please note all AUM is unaudited.

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