STATE STREET GLOBAL ADVISORS

April 21, 2023
Commentary

Weekly Economic Perspectives

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Spotlight on Next Week
First-quarter growth might be best of the year in US. Canada's GDP may have stalled in February. Incremental first-quarter growth expected in the "big-3" eurozone economies. BoJ to stand pat but expect higher CPI forecasts. Aussie CPI to ease and comfort the RBA.

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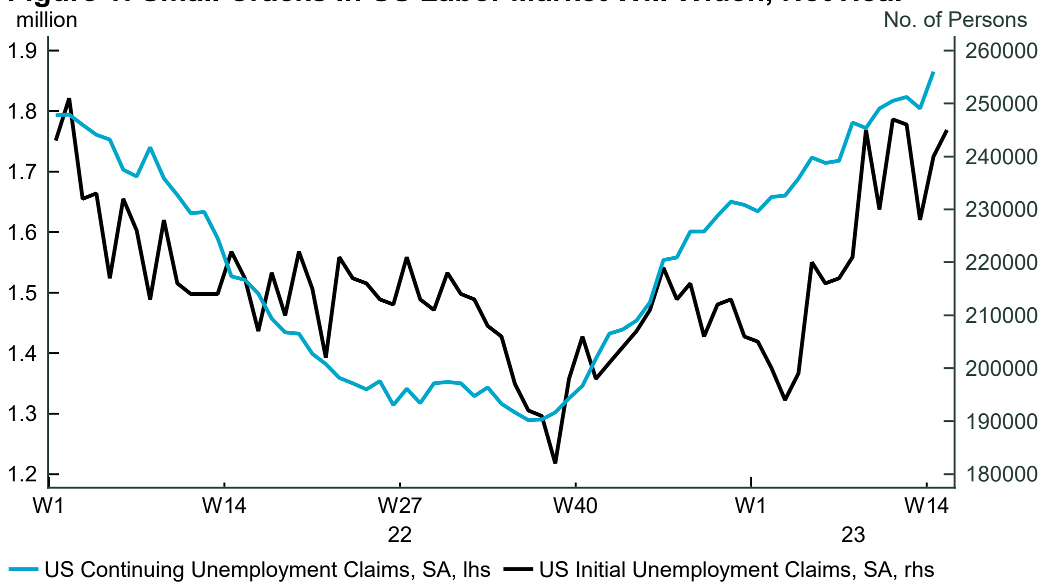
The Economy

Lack of dramatic data or events leave markets little changed overall.

US

Until very recently, the labor market had remained the one area of the US economy where it was hard to find any signs of erosion. That is now changing as **unemployment claims** have visibly bottomed, a shift accentuated by new (more accurate) seasonal adjustment factors. While the starting point is very low, with labor demand also starting to moderate (see declining job openings), we could see a more meaningful increase in unemployment in the second half of the year.

Figure 1: Small Cracks In US Labor Market Will Widen, Not Heal



Sources: SSGA Economics, DOL

Residential construction activity remains quite constrained for the time being as inventories have risen sharply in the new home segment. Even so, the retreat in mortgage rates from recent peaks is facilitating an improvement in builder sentiment, and, along with it, in housing starts and permits. The two are not always synchronized on a short term basis, yet both starts and permits suggest that the worst of the housing downturn might be over, as far as real activity is concerned. For instance, **housing starts** eased slightly to 1.420 million (seasonally addicted annualized) in March, but are off the recent December-January lows. Similarly, **permits** moved meaningfully lower in March, but they, too, are noticeably better than the November-January lows. Rising inventory levels are a headwind for new construction but any improvement in affordability through lower prices and/or lower mortgage rates would help move that inventory along. We've long argued that the US is actually in a housing supply deficit and so any affordability relief is bound to revive demand.

That much is already visible in the **NAHB (National Association of Homebuilders) survey** data. The headline improved another point in April and while still just half the Covid-era highs, it is meaningfully above the December low. Buyer traffic was steady in April but both present sales and future sales expectations improved modestly.

Following a massive 13.8% surge in February, **existing home sales** retreated 2.4% in March and remain 22% below year-earlier levels. Inventory levels remain low, equivalent to just 2.6 months' worth of sales but prices are moderating under the weight of high mortgage rates. The median price of a single family home is now 1.4% lower than a year ago, with the median price of all existing home sales down 0.9% y/y. With the peak summer selling season approaching, properties sold at a faster pace in March: homes were on the market an average of 29 days before selling (down from 34 in February). Historically, this is still exceedingly short.

Of all the regional Fed manufacturing surveys, we've come to view the **Empire Fed manufacturing index** as the least reliable signal due to massive up and down moves from month to month. The volatility has been so acute lately that merely betting on a reversal of the prior month's move seems as good a forecasting method for this index as any other. As such, while the big beat in the April reading relative to consensus (10.8 versus -18.0 expected and -24.6 prior) looks good on the surface, we are wary of making too much out of this positive surprise. Within the noise, one discerns some tentative signals of a bottom, but the only convincing trends appear to be in the price metrics—both paid and received—that have moderated sharply over the past few months. In April, the prices paid metric retreated to the twin-lowest level since late 2020 while prices received ticked up incrementally but remained close to the middle of the range that had prevailed in the prior six months.

Almost to prove the point above, the other (more reliable, in our view) regional Fed survey released this week—the **Philly Fed manufacturing index**—came in much weaker than expected. The headline bucked expectations of an improvement to instead lose 8.1 points to a new Covid-recovery low of -31.3. That said, the details were considerably better, though still soft in absolute terms. New orders, shipments, and employment all improved. In a trend consistent across the regional Fed surveys, prices paid and received moderated further. Prices paid touched the lowest since June 2020 and prices received touched the lowest since May 2020.

We don't always report on the index of **leading economic indicators (LEI)** because most components are already discussed separately. However, the 1.2% decline in the LEI in March is noteworthy as (aside from March-April 2020) this was the largest single-month drop since 2009. Losses were broad-based across both "real-economy" indicators like ISM new orders and building permits, and financial-type indicators like stock prices and credit spreads. The LEI now stands 7.6% lower than a year ago.

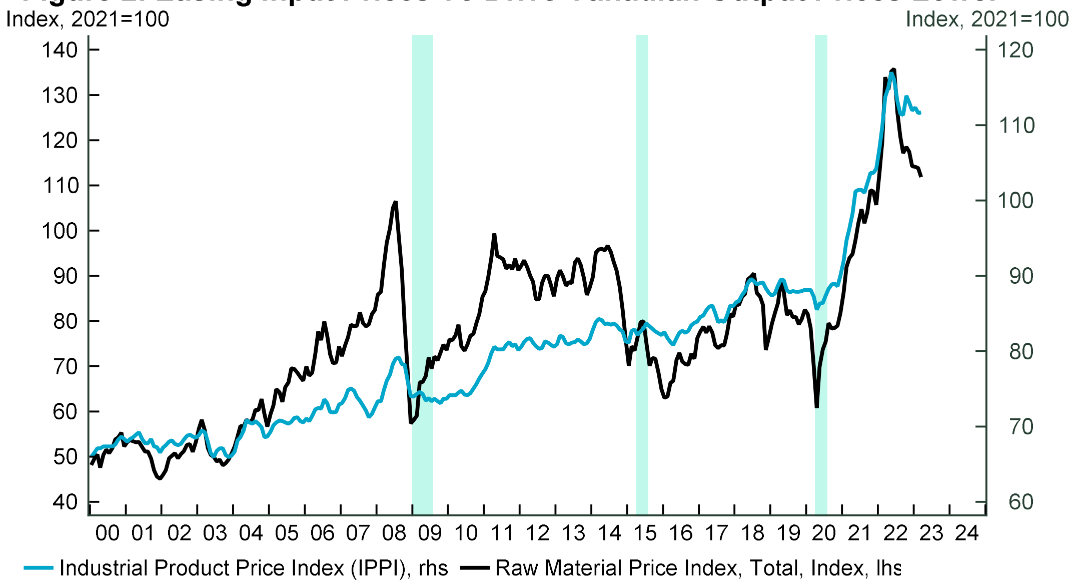
Canada

Headline CPI inflation softened 0.9 ppts to 4.3% y/y in March, as expected, due to favorable base effects, notably in gasoline prices (-13.8% y/y in March vs -4.7% in February). Sequentially though, prices ticked by 0.5% m/m, up a touch from February, due to the seasonal factor of travel tours which rose due to high demand in March. Excluding food and energy, CPI inflation slowed 0.3 ppts to 4.5% y/y.

Food prices rose 0.2% m/m, an improvement for a second month due to cheaper fresh fruits and vegetables. However, shelter prices rose 0.4% m/m, up from 0.2%, led by maintenance and repair costs, which rose the most since last September. Mortgage interest costs, a unique feature of Canada's CPI basket, were steady at 2.0% m/m (an eighth month near or over 2.0%) but rose 26.4% y/y. Inflation should continue slowing, allowing the Bank of Canada (BoC) to remain on hold for longer.

Easing input prices should drive further moderation in output prices in coming months. The **raw materials price index** fell 1.7% m/m in March, a fifth monthly decline which translated into a fall of 16.5% y/y. Separately, the **industrial product price index** increased by 0.1% m/m after falling 0.6% in February. However, excluding energy and petrol products, the index was up 0.4%. In an environment of softening demand, output prices may catch up to the fall in raw material prices and help inflation cool faster. The downside could be softer economic growth.

Figure 2: Easing Input Prices To Drive Canadian Output Prices Lower



Sources: SSGA Economics, StatCan, Macrobond

Seasonally adjusted annualized **housing starts** fell 11% in March to 213.9 thousand units, well below the consensus of 245.0 thousand. Single-detached urban starts decreased by 16%, while the multi-unit urban starts rose by 11%. It must be challenging for developers to start new projects as interest rates remain elevated.

Retail sales declined 0.2% m/m in February but were better than the consensus of a 0.6% decrease. The retreat was driven by a 5.0% drop in gas and fuel sales and was slightly offset by higher sales in motor vehicle and parts dealers. Volumes fell 0.7%, which still implies a softer growth environment.

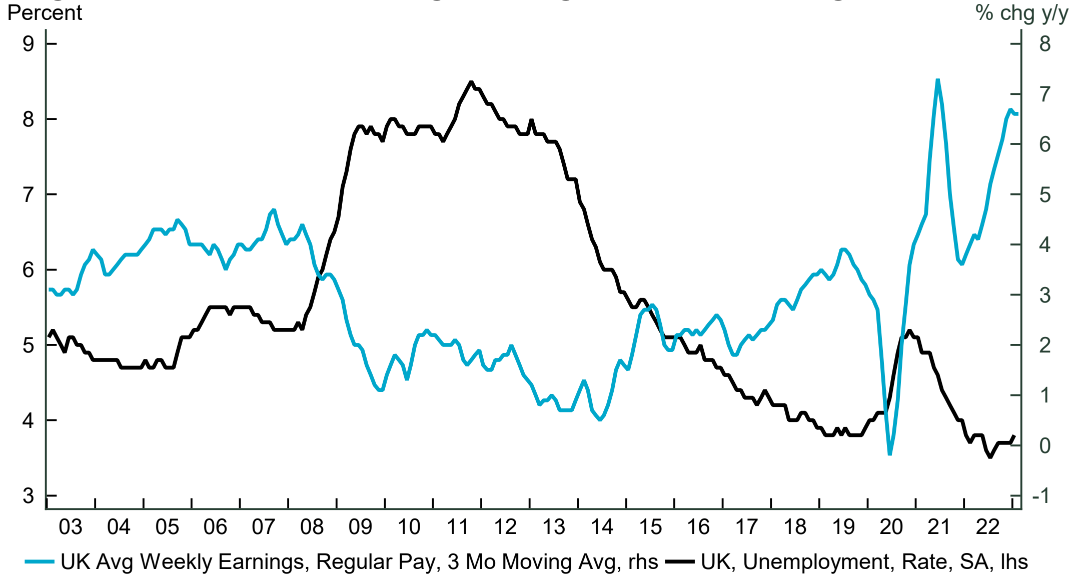
UK

The Bank of England (BoE) will not have been pleased by the one-two punch of higher than expected wage and inflation data released this week. Market pricing accordingly shifted to incorporate three 25-basis point hikes from here. This might be too much, but a May move seems pretty much cemented by this data.

Consumer price inflation eased less than expected in March, down three tenths to 10.1% y/y—the seventh consecutive double-digit print. Core inflation was unchanged at 6.2% y/y. At this point, housing inflation (26.1% y/y), food and non-alcoholic beverages (19.1% y/y) and hotels and restaurants (11.3% y/y) are the top three categories. Transportation, which was the top category in early 2022, is now the laggard as base effects lower the y/y increase in transportation prices to just 0.8%.

Despite some erosion at the margin, the **labor market** remains tight enough to keep wage inflation elevated. In fact, employment growth was a better than expected 169,000 in the three months ended in March compared with the prior three months. The participation rate jumped three tenths to 63.5%, lifting the ILO unemployment rate one tenth to 3.8%. Following two declines, unemployment claims rose, lifting the claimant count unemployment rate by a tenth to 3.9%. Vacancies declined for a tenth consecutive month and are down by 188,000 compared to a year earlier. Total wages (including bonuses) increased by 5.9% y/y while wages excluding bonuses rose 6.6% y/y. Both were unchanged from upwardly revised levels in the prior month.

Figure 2: UK Labor Market Tight Enought To Maintain Wage Pressures



Sources: Macrobond, SSGA Economics, ONS, BLS

After two good months, **real retail sales** dropped a larger than expected 0.9% m/m in March; almost all categories experienced declines. Sales were 3.1% lower than a year ago, but as far as this comparison goes, this was the most flattering in a year.

The UK is displaying the same pattern of weak manufacturing activity, accompanied by decent services activity that is evident not only in the eurozone but also in the US. Preliminary readings for April show the **manufacturing PMI** down 1.3 points to 46.6, while the **services PMI** jumped two points to a solid 54.9.

Eurozone

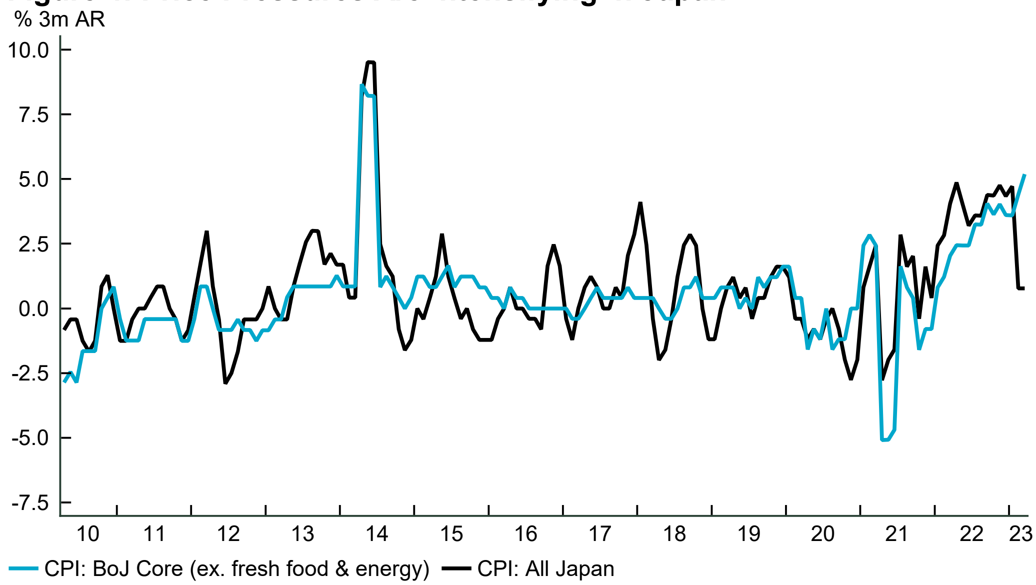
There is a growing divergence between weak (and shrinking) manufacturing activity in the eurozone and robust (and growing) services activity. This was well highlighted by the preliminary purchasing managers indexes for April. The **manufacturing PMI** plunged 1.8 points to 45.5, marking the lowest level since the early Covid days. By contrast, the **services PMI** rose 1.6 points to a year high of 56.6.

Despite stronger assessments of the current situation, growth expectations in the **German ZEW index** weakened for the second month in a row. Expectations for the banking sector, which collapsed 56 points in March, recouped over a third of that loss.

Japan

Data releases this week reinforced our bullishness on the Japanese economy. **Headline CPI** climbed 3.1% y/y, matching expectations and although the growth rate decelerated from 4.3% in January, it is not the case of disinflation as in the US. However, price pressures remain strong as the BoJ core (excluding fresh food and energy) rose 0.5% m/m, taking the annual rate to 3.8% y/y, two-tenths above the consensus. Furthermore, the BoJ core rose 5.2% on a three-month annualized basis, underscoring intense price pressures. Even the global core (excluding all food and energy) rose 0.5% m/m, the most significant increment since April 2014! These data indicate that the pass-through of higher import costs since last year has increased.

Figure 4: Price Pressures Are Intensifying In Japan



Sources: Macrobond, SSGA Economics, Japanese Statistics Bureau, Ministry of Internal Affairs & Commu nications

Furthermore, services inflation improved by 0.2 ppts to 1.5% y/y as tourism and related activities continued to recover. In fact, the seasonally adjusted **tertiary industry activity index**, a measure of the value of services purchased by businesses, has risen 0.7% m/m, lifted heavily by industries related to accommodation, eating and drinking places which rose 5.3% m/m or 23.8% y/y!

However, it is essential to note that rental inflation has not risen despite home prices climbing at eye-popping rates since the pandemic. The **residential property price index** grew an average of 0.9% y/y between April 2004-April 2021 and by 8.0% between May 2021-December 2022! Still, rental inflation averaged just 0.06% y/y in the period. This disconnect speaks to the intricacies and uniqueness of Japanese inflation. Last year, a Bank of Japan (BoJ) paper found that the rental series was heavily smoothed, and the marginal rent rises on average by a whopping 1.3% per year otherwise! Despite this triviality, we expect some movement in rental inflation in the late stage of this cycle and to contribute to some surprises. This is another reason why we think the BoJ may be underestimating price pressures.

Nonetheless, with wages growing faster, prices may keep rising; we expect the Bank of Japan (BoJ) to tread cautiously amid the dovish expectations set by the new governor Ueda last week. Hence, we expect the Bank to revise its CPI projections higher next week with the possibility of adjusting the forward guidance. As such, we do not expect tweaks to the Yield Curve Control (YCC) and maintain our base case for adjustments in June. However, given the recent banking stress, if credit conditions deteriorate abroad, the BoJ may miss the window to modify monetary policy; hence, the chances of another surprise tweak next week are **non-zero**.

Last week we looked for some resilience in Japan's **manufacturing PMI,** and indeed the April flash PMI edged up 0.3 points to 49.5, driven by the gains in new orders (up by 2.4 points) and export orders (up by 1.4 points). Furthermore, services continue to be resilient and well in an expansionary phase. The headline flash services PMI index softened a touch to 54.9 in April. Forward-looking indicators improved too, posing an upside risk to our already bullish outlook in Japan.

Australia

The first formal review of the Reserve Bank of Australia (RBA) since the 1990s suggested a raft of changes, 51 to be precise. The key recommendations include a dedicated board for monetary policy decisions, fewer meetings (8 instead of 11) and more transparent communications. The government has, in principle, accepted all the recommendations, and they are due to be ratified by the parliament. The recommendations will be implemented in July 2024, which could be a completely different macroeconomic environment.

The review recommended a new Monetary Policy Board for policymaking comprising the Governor, Deputy-Governor, the Treasury Secretary and six external members with voting powers. This is opposed to the current setup, where there still are six external members but without formal voting. This may be a tricky setup because if the six external members disagree with the three internal members, their opinion get executed into policy by the majority. External members are present on other central bank boards too, but we think six is too high, and a similar balance of power is currently present only at the BoJ. Fewer meetings may make it easier for the bank to deal with potentially volatile market swings and associated pressures on monetary policy. With more time for events to be absorbed by the market in between meetings, there might be less "knee-jerk" reactions to contend with.

Last week, we wrote that the labor market strength could renew the debate on wage growth, and indeed, there were sixteen mentions of the word 'wage' in the **minutes of the RBA April meeting**. In fact, the RBA considered the increased chances of higher wage growth later in 2023 as one of two key risks that build '**the case for tightening monetary policy further**.' The bank was cautious about wage growth, noting that "*wage measures derived from banking data and advertised salaries for newly listed jobs pointed to a further pick-up in wages growth in the March quarter.*" However, the board members were also open to the idea of cutting rates 'quickly' in case of an adverse shock too.

Although the RBA recently paused in line with our thinking, it actually considered hiking during the April meeting. The Bank clarified that "*it was important to be clear that monetary policy may need to be tightened at subsequent meetings and that the pausing at this meeting was to allow time to gather more information.*" So, it is imperative for incoming data to validate our disinflationary expectations.

Week in Review (April 17 – April 21)

Country	Release (Date, format)	Consensus	Actual	Last	Comments
Monday, April 17					
US	Empire Manufacturing (Apr)	-18.0	10.8	-24.6	Very volatile, one month up, one down pattern.
US	NAHB Housing Market Index (Apr)	45.0	45.0	44.0	Lower mortgage rates put a floor under demand.
Tuesday, April 18					
US	Building Permits (Mar, thous)	1,450	1,413	1,524	But single family permits ticked higher.
US	Housing Starts (Mar, thous)	1,400	1,420	1,432 (↓)	Ongoing slowdown.
CA	CPI (Mar, y/y)	4.3%	4.3%	5.2%	Favorable for the BoC remaining on hold.
UK	Average Weekly Earnings (Feb, y/y, 3m)	5.1%	5.9%	5.9% (↑)	Too high for BoE's liking.
UK	ILO Unemployment Rate (Feb, 3m)	3.7%	3.8%	3.7%	Some erosion at the margin.
GE	ZEW Survey Expectations (Apr)	15.6	4.1	13.0	The first disappointment in several months.
Wednesday, April 19					
CA	Housing Starts (Mar, thous)	237.5	213.9	240.9 (↓)	Impact of higher interest rates.
CA	Industrial Product Price (Mar, m/m)	-0.3%	0.1%	-0.8%	Dragged by energy.
CA	Raw Materials Price Index (Mar, m/m)	-0.8%	-1.7%	-0.4%	Is the demand slowing?
UK	CPI (Mar, y/y)	9.8%	10.1%	10.4%	Disappointing.
EC	CPI (Mar, y/y, final)	6.9% (p)	6.9%	8.5%	Still far too high.
JN	Capacity Utilization (Feb, m/m)	na	3.9%	-5.5%	Utilization still good.
JN	Industrial Production (Feb, m/m, final)	4.5% (p)	4.6%	-5.3%	May ease in March.
AU	NAB Business Confidence (Q1)	na	-4	-1	Weakest in retail and wholesale.
Thursday, April 20					
US	Initial Jobless Claims (Apr 15, thous)	240	245	240 (↑)	Have visibly bottomed.
US	Continuing Claims (Apr 08, thous)	1,825	1,865	1,804 (↓)	Have visibly bottomed.
US	Philadelphia Fed Business Outlook (Apr)	-19.3	-31.3	-23.2	Better details, but cautionary sign.
US	Existing Home Sales (Mar, m/m)	-1.8%	-2.4%	13.8% (↓)	Median price now down on y/y basis.
US	Leading Index (Mar, m/m)	-0.7%	-1.2%	-0.5% (↓)	Massive drop.
UK	GfK Consumer Confidence (Apr)	-35.0	-30.0	-36.0	Welcome bounce but still very weak.
GE	PPI (Mar, y/y)	9.8%	7.5%	15.8%	Energy base effects.
FR	Business Confidence (Apr)	103.0	102.0	103.0	Steady.
JN	Tertiary Industry Index (Feb, m/m)	0.4%	0.7%	0.7% (↓)	Services seem unstoppable.
JN	National CPI (Mar, y/y)	3.2%	3.2%	3.3%	Price-pressures still strong.
JN	Manufacturing PMI (Apr, prelim)	na	49.5	49.2	More importantly, forward indicators were strong.
Friday, April 21					
CA	Retail Sales (Feb, m/m)	-0.6%	-0.2%	1.6% (↑)	Falling volumes are worrying.
UK	Retail Sales Inc Auto Fuel (Mar, m/m)	-0.5%	-0.9%	1.1% (↓)	Soft.
UK	Manufacturing PMI (Apr, prelim)	48.4	46.6	47.9	Weak.
UK	Services PMI (Apr, prelim)	52.8	54.9	52.9	Resilient.
EC	Manufacturing PMI (Apr, prelim)	48.0	45.5	47.3	Weak.
EC	Services PMI (Apr, prelim)	54.5	56.6	55.0	Robust.
GE	Manufacturing PMI (Apr, prelim)	45.7	44.0	44.7	Weak.
GE	Services PMI (Apr, prelim)	53.4	55.7	53.7	Robust.
FR	Manufacturing PMI (Apr, prelim)	47.8	45.5	47.3	Weak.

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

Week In Preview (April 24 – April 28)

Country	Release (Date, format)	Consensus	Last	Comments
Monday, April 24				
GE	IFO Business Climate (Apr)	93.4	93.3	
JN	PPI Services (Mar, y/y)	1.7%	1.8%	May be an upside surprise.
Tuesday, April 25				
US	FHFA House Price Index (Feb, m/m)	-0.2%	0.2%	Poor affordability weighs on prices.
US	S&P CoreLogic CS 20-City (Feb, m/m)	-0.40%	-0.43%	Poor affordability weighs on prices.
US	New Home Sales (Mar, thous)	632	640	
US	Conf. Board Consumer Confidece (Apr)	104.1	104.2	
AU	CPI Trimmed Mean (Q1, y/y)	6.7%	6.9%	Should ease and helping the RBA to be on pause in May.
Wednesday, April 26				
US	Durable Goods Orders (Mar, m/m, prelim)	0.7%	-1.0%	
GE	GfK Consumer Confidence (May)	-28.0	-29.5	
FR	Consumer Confidence (Apr)	80.0	81.0	
Thursday, April 27				
US	Initial Jobless Claims (Apr 22, thous)	na	245	
US	Continuing Claims (Apr 15, thous)	na	1,865	
US	GDP (Q1, q/q, saar, advance)	2.0%	2.6%	Could well be the best quarter of the year.
US	Pending Home Sales (Mar, m/m)	1.0%	0.8%	
IT	Consumer Confidence Index (Apr)	na	105.1	
IT	Manufacturing Confidence (Apr)	104.0	104.2	
JN	Leading Index CI (Feb, final)	na	96.6	Sideways.
JN	Jobless Rate (Mar)	2.5%	2.6%	Labor market to remain strong.
JN	Job-To-Applicant Ratio (Mar)	1.34	1.34	Businesses may find acquiring talent difficult.
JN	Industrial Production (Mar, m/m, prelim)	0.4%	4.6%	Slowing after a rebounding in February.
JN	Retail Sales (Mar, m/m)	0.3%	1.4%	Upside surprise may indicate confident consumers.
JN	BoJ Policy Balance Rate	-0.1%	-0.1%	Looking for higher CPI forecasts.
AU	Private Sector Credit (Mar, m/m)	0.3%	0.3%	May remain low as demand begins to slow.
Friday, April 28				
US	Employment Cost Index (Q1, q/q)	1.1%	1.0%	
US	Personal Income (Mar, m/m)	0.2%	0.3%	
US	Personal Spending (Mar, m/m)	-0.1%	0.2%	Lower spending cushioning the savings rate.
US	U. of Mich. Sentiment (Apr, final)	63.5 (p)	62.0	
CA	GDP (Feb, m/m)	na	0.5%	GDP may stall.
EC	GDP (Q1, q/q, sa, advance)	0.1%	0.0%	
GE	Unemployment Claims Rate (Apr)	5.6%	5.6%	
GE	GDP (Q1, q/q, sa, prelim)	0.1%	-0.4%	Welcome improvement.
GE	CPI (Apr, y/y, prelim)	7.3%	7.4%	
FR	GDP (Q1, q/q, prelim)	0.1%	0.1%	
FR	CPI (Apr, y/y, prelim)	5.7%	5.7%	
FR	Consumer Spending (Mar, m/m)	0.3%	-0.8%	
FR	PPI (Mar, y/y)	na	15.7%	
IT	GDP WDA (Q1, q/q, prelim)	0.2%	-0.1%	
IT	Hourly Wages (Mar, y/y)	na	1.5%	
JN	Annualized Housing Starts (Mar, mn)	0.878	0.859	Will be interesting if they tick up in light of demand greenshoots.

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	5.3	5.0	
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			

Source: Macrobond

Key Interest Rates

	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
US (top of target range)	1.00	1.75	2.50	2.50	3.25	3.25	4.00	4.50	4.50	4.75	5.00
Canada (Overnight Rate)	1.00	1.50	2.50	2.50	3.25	3.75	3.75	4.25	4.50	4.50	4.50
UK (Bank Rate)	1.00	1.25	1.25	1.75	2.25	2.25	3.00	3.50	3.50	4.00	4.25
Eurozone (Refi)	0.00	0.00	0.50	0.50	1.25	1.25	2.00	2.50	2.50	3.00	3.50
Japan (OCR)	-0.03	-0.04	-0.01	-0.04	-0.07	-0.06	-0.08	-0.02	-0.01	-0.01	-0.03
Australia (OCR)	0.33	0.73	1.28	1.81	2.25	2.58	2.84	3.05	3.10	3.29	3.54

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				
	Nov	Dec	Jan	Feb	Mar		Nov	Dec	Jan	Feb	Mar
US	7.1	6.5	6.4	6.0	5.0		7.4	6.6	5.9	4.9	2.7
Canada	6.8	6.3	5.9	5.2	4.3		9.0	7.4	5.0	1.6	-1.8
UK	10.7	10.5	10.1	10.4	10.1		16.0	14.5	13.4	12.0	8.7
Eurozone	10.1	9.2	8.6	8.5	6.9		27.0	24.6	15.0	13.3	
Germany	8.8	8.1	8.7	8.7	7.4		28.2	21.6	17.6	15.8	7.5
France	6.2	5.9	6.0	6.3	5.7		18.0	17.4	14.5	13.0	
Italy	11.8	11.6	10.0	9.1	7.6		29.4	31.7	11.1	9.6	
Japan	3.8	4.0	4.3	3.3	3.2		9.9	10.6	9.5	8.3	7.2
Australia	7.8	7.8					5.8	5.8			

Source: Macrobond

Economic Indicators

Real GDP Growth (Q/Q Seasonally Adjusted)

	Quarter/Quarter % Change					Year/Year % Change				
	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22
US	1.7	-0.4	-0.1	0.8	0.6	5.7	3.7	1.8	1.9	0.9
Canada	1.7	0.6	0.9	0.6	0.0	3.9	3.1	4.7	3.8	2.1
UK	1.5	0.5	0.1	-0.1	0.1	8.9	10.6	3.8	2.0	0.6
Eurozone	0.6	0.6	0.9	0.4	-0.1	4.8	5.5	4.4	2.5	1.8
Germany	0.0	0.8	0.1	0.5	-0.4	1.2	3.5	1.7	1.4	0.9
France	0.6	-0.2	0.5	0.2	0.1	5.1	4.8	4.2	1.0	0.5
Italy	0.9	0.1	1.0	0.4	-0.1	6.9	6.5	5.1	2.5	1.4
Japan	1.1	-0.5	1.2	-0.3	0.0	0.9	0.6	1.4	1.5	0.4
Australia	3.7	0.6	0.9	0.7	0.5	4.6	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	-1.1	0.3			2.6	1.2	1.6		
UK	0.0	0.2	-0.5	-0.2		-2.9	-2.7	-3.2	-3.1	
Germany	0.4	-2.4	3.7	2.0		-0.6	-3.6	-1.0	0.7	
France	1.9	1.4	-1.4	1.2		0.5	1.8	-1.6	1.3	
Italy	-0.2	1.2	-0.5	-0.2		-3.6	-0.9	1.9	-2.3	
Japan	0.2	0.3	-5.3	4.6		-0.9	-0.8	-3.8	-1.4	

Source: Macrobond

Unemployment Rate (Seasonally Adjusted)

	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
US	3.6	3.6	3.5	3.7	3.5	3.7	3.6	3.5	3.4	3.6	3.5
Canada	5.2	4.9	4.9	5.3	5.2	5.2	5.1	5.0	5.0	5.0	5.0
UK	3.8	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	6.7	6.6	6.6	
Germany	5.0	5.3	5.4	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.6
France	7.5	7.5	7.3	7.2	7.1	7.2	7.2	7.2	7.1	7.0	
Italy	8.1	8.0	8.0	8.1	8.0	7.9	7.9	7.9	8.0	8.0	
Japan	2.6	2.6	2.6	2.5	2.6	2.6	2.5	2.5	2.4	2.6	
Australia	3.9	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)

	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22
US	-3.1	-3.2	-3.5	-3.4	-3.6	-3.8	-3.7	-4.5	-3.8	-3.4	-3.2
Canada	-1.5	-2.4	-1.4	0.0	-0.4	-0.6	0.0	0.4	0.8	-1.2	-1.5
UK	-1.1	-2.6	-6.6	-1.9	-0.4	-3.3	-0.4	-8.3	-4.6	-2.0	-0.4
Eurozone	1.2	2.1	3.2	3.5	3.1	2.3	1.2	0.4	-1.3	-3.6	1.0
Germany	5.3	7.2	8.3	9.0	8.4	7.4	6.5	5.7	4.1	2.4	4.9
France	-3.7	-2.0	-0.4	0.5	0.7	0.5	0.0	-0.2	-2.0	-3.6	-3.0
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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* Pensions & Investments Research Center, as of December 31, 2021.

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