August 4, 2023
Commentary

Weekly Economic Perspectives

Contents

Spotlight on Next Week
US inflation to tick up temporarily, driven by base effects. Weak Q2 growth expected in the UK. Japanese wage inflation to reman robust.

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The Economy

More data evidence that global monetary tightening cycle is restricting demand.

US

The **July employment report** was largely in line with expectations. Admittedly, when taking into account the 49k downward revision to the prior two months, the 187k jobs added in July looked a little less impressive. But on the plus side, the private sector accounted for almost all of these, unlike in June, when government employment boosted the overall print significantly. Goods producing sectors added 18k jobs, with construction adding 19k and manufacturing losing 2k. Manufacturing has been teetering in and out of contraction for some months; employment in the sector seems to have reached an equilibrium level (at least for now). The construction sector is still adding jobs, though at a clearly slower rate. Meanwhile, service-producing industries added 154k jobs, which is almost perfectly in line with the six-month average of 165k. In retrospect, both the May acceleration (231k) and the June relapse (97k) were outlier moves around what appears to be a pretty steady hiring rate around 150k. We suspect this pace erodes further, but not dramatically so, in coming months. There were no real surprises in the sectoral composition. The slowdown in hiring in leisure and hospitality persists, suggesting that pent-up labor demand in this sector has been largely satisfied. There was an outright decline in professional and business services, which may have been exacerbated by strike action and could reverse. However, there is a clear trend slowdown in place, as evidenced by the further 22k decline in temporary help. This segment has now lost over 200k jobs since its March 2022 peak. Two sectors showed notable improvement in July. One was trade and transportation, which added 18k jobs following a 31k loss in June. Much of that was retail related and seems more like variation around a slowing trend than genuine reacceleration. The other was private education and healthcare. Of the 100k jobs added, 63k were in healthcare.

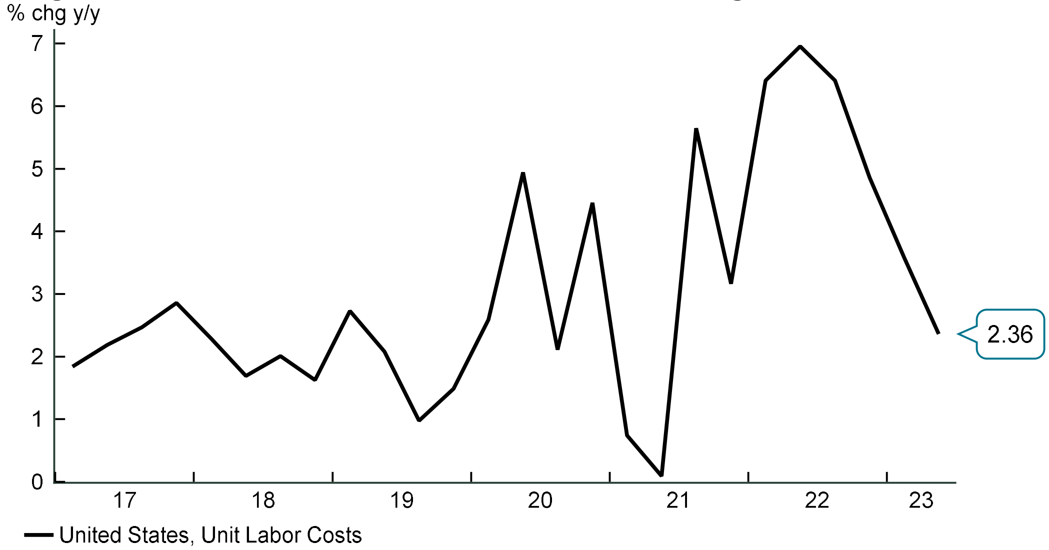
According to the household survey, employment increased by 268k and unemployment declined by 116k, keeping the participation rate unchanged at 62.6% and lowering the **unemployment rate** a tenth to 3.5%. However, the average workweek declined by six minutes, leaving aggregate hours worked down 0.2% m/m.

Wage growth was robust and a little stronger than expected. Total average hourly earnings (AHE) increased 0.4% in July, a tenth above expectations. AHE for production and non-supervisory employees increased 0.5%. Total AHE wage inflation was unchanged at 4.4% y/y but wage inflation for production and non-supervisory employees accelerated a tenth to 4.8% y/y.

Having moderated substantially from the peak, growth in average hourly earnings appears to be stabilizing at slightly higher levels than pre-Covid. This is in line with our expectations. We suspect that some further wage disinflation is in the offing, but the next step lower could take a while to materialize as current wage agreements still embed a degree of retroactive adjustments to previously high inflation. The evolution of productivity going forward will be key in determining whether a slightly higher wage level would still be consistent with returning to the inflation target (we think so).

This is why we think that the most important inflation-related release this week was the Q2 **unit labor cost (ULC)** data that showed considerable further normalization in this metric. After all, it is not about wage inflation alone, but about wage inflation in the context of productivity trends. Admittedly, the productivity data has been exceedingly volatile since Covid, but we were nonetheless encouraged by the 3.7% saar improvement during the second quarter. Output rose 2.4%, but while compensation per hour increased 5.5%, hours worked declined 1.3% so until labor costs increased at a moderate 2.4% rate (all q/q saar).

Figure 1: US Unit Labor Cost Growth Is Normalizing



Sources: Macrobond, SSGA Economics, BLS
Updated as of 8/5/2023

Although labor demand still exceeds labor supply, all the hiring that has taken place over the past two years is helping the labor market move towards a more balanced state. **Job openings** declined modestly in June (34k) but did so from a downwardly revised May data that turns out to have been more than 200k lower than initially reported. Moreover, what even at the time appeared to be an aberrantly large 302k surge in quits in May was entirely reversed by a 295k decline in June. This left the quits rate back to 2.4%, the twin lowest level since February 2021. A gently cooling labor market is a welcome development as it helps moderate wage pressures and aid the return to the inflation target.

Manufacturing activity continues to struggle. The **ISM manufacturing** index has now spent the last nine months in contraction territory, and while July brought about a 0.4-point uptick, it still only left the headline at a weak 46.4. The pace of contraction in both new orders and production slowed, but employment declines accelerated materially. In fact, the employment metric touched the lowest level since July 2020, when global manufacturing supply chains were under the tight grip of Covid. Meanwhile, disinflation signals persist: the prices paid metric remains at a low 42.6, although it ticked up 0.8 point from June. The supplier delivery index remains below 50 but also improved a little. The combination suggests that while the most intense phase of goods disinflation may be over, disinflation remains the ongoing narrative.

The **non-manufacturing ISM** index continues to signal moderate expansion but it, too, lost some momentum in July. The headline gave back a third of its prior month's gain to settle at 52.7, which still marks the second-best reading since February. Importantly, the pipeline of demand seems to be building as new orders were fairly steady, but backlogs increased and so did delivery times. Unsurprisingly, the price metric ticked up 2.7 points to 56.8, the first meaningful increase since October. These improvements did not translate into a pick-up in hiring, perhaps because they were already anticipated by June's 3.9-point increase in the employment metric. This month, the employment measure eased 2.4 points to a tepid 50.7.

The Fed's **Senior Loan Officer Opinion Survey** for Q3 did not bring any surprises but continued to highlight a tighter credit environment and weaker demand. 51% banks reported a net tightening in lending standards for large & medium firms, up by 5% from last quarter. For smaller firms, 49% banks reported tighter standards against 47% previously. Broadly speaking the most banks continued to cite worsening economic outlook for tighter standards as well; for banks that tightened standards for C&I loans, 94% cited a worsening economic outlook. 52% banks reported a net weaker demand for C&I loans for large & medium firms, down from 56% in Q2. Also, 48% reported weak demand for small firms, down from 53% in the last quarter. Credit standards remained tight for Commercial Real Estate (CRE) loans as well. As to consumer loans, credit standards tightened only incrementally overall, with credit cards showing more restrictiveness but auto loan standards easing a touch.

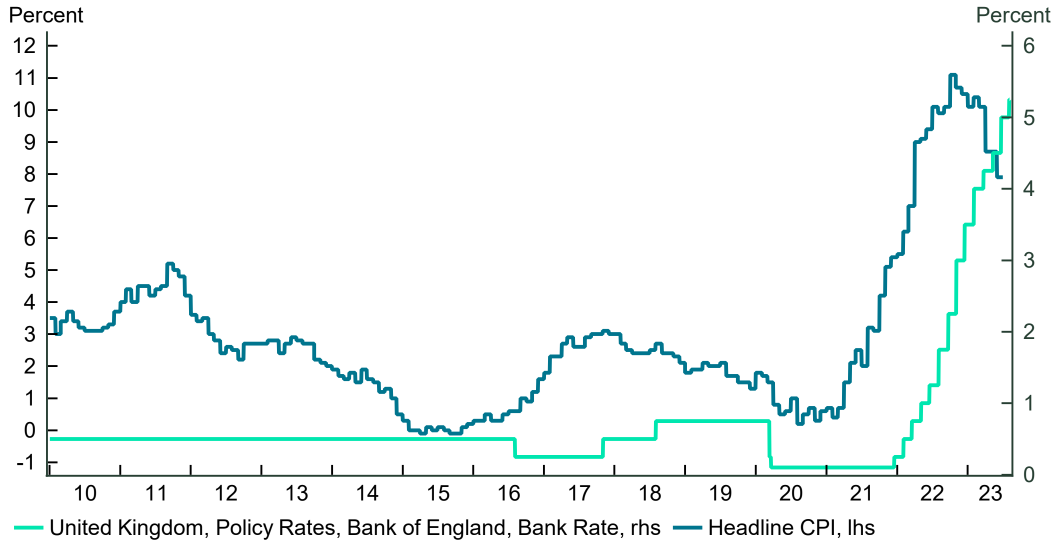
Canada

Data this week was broadly in line with expectations. The **unemployment rate** increased 0.1 percentage points (ppt) to 5.5%—the third consecutive increase. The participation rate eased 0.1 ppt to 65.6%. There was a negligible decline in employment (-6,400) led by the 25-54 age group. Employment in the goods-producing sector contracted 0.7%, while services edged up 0.1%. Wages accelerated in July, with the average hourly wages rose 5.0% y/y, compared with 4.2% y/y in the previous month, indicating that the labor market remains resilient. The July labor market date strengthens the case for a BoC pause in September.

UK

The Bank of England (BoE) delivered a 25-basis point (bp) hike this week, bringing the bank rate to 5.25% as widely expected. The MPC voted by a majority of 6-3 to hike the interest rate by 25 bps, to 5.25%, with two members preferring a larger increase of 50 bps, and one member preferring to maintain bank rate unchanged. The bank also acknowledged that the "current monetary policy is restrictive", reinforcing our view that the bank rate is very close to peaking. Inflation has begun to moderate in the UK as headline CPI inflation eased more than expected in June to 7.9% y/y from 8.7%y/y . However, core inflation still persists at concerningly high levels and services inflation not yet showing clear sign of cooling. In addition, the upward pressure on wages in a strong labor market remains an issue. The new forecasts now anticipate inflation to fall to 4.9% by the year end, and to not return to the 2% target until 2025 Q2, three months later than in the May projections. GDP growth projections are also expected to be softer than in May report throughout 2024 and 2025, with annual GDP growth likely to be 0.5% in 2023 and in 2024 (compared to 0.25% and 0.75%), and ¼% in 2025 (compared to 0.75%).

Figure 2. The BoE Policy Rate Looks Close To Peaking



Sources: Macrobond, SSGA Economics, ONS, BoE
Updated as of 8/5/2023

Meanwhile, this week PMI data was disappointing, with manufacturing suffering the worst month since May 2020. The final **manufacturing PMI** index declined to 45.3 in July from 46.5 in June, slightly above the 45.0 flash estimate. Output declined at the fastest pace since the start of the year, while domestic and export demand are weakening. Employment declined for the tenth consecutive month and the rate of contraction accelerated to a seven-month high. The upside is that prices are falling with average input prices easing for the third consecutive month in July. **Services PMI** came in line with expectation, falling to a six-month low of 51.5 and down from 53.7 in the previous month. While still staying in the expansion territory, this represented a significant loss of momentum compared to earlier of the year. New order volumes rose marginally in July, with expansion rate at six-month low. The rate of job creation also eased from June's nine-month high. Although businesses said costs and selling prices fell in July, ongoing upward wage pressure will continue to be a major factor affecting costs.

The housing market remained subdued as the **Nationwide house price index** dropped by 0.2% m/m in June. The fall was modest and better than market expected but still, that was sufficient to accelerate the y/y contraction from 3.5% previously to 14-year high of 3.8% now. Further declines seem likely in the coming months as interest rate hikes feed through the economy. Meanwhile, **mortgage approvals** jumped unexpectedly to an eight-month high of 54,700 in June. However, approvals remain 14% below year-earlier levels. The amount of net lending secured by dwellings also inched incrementally higher in June following two months of declines.

Eurozone

A couple of months ago, a downward revision to Q1 **GDP growth** put the ***eurozone*** in the feeblest of technical recessions. We had dubbed it a “de minimis” recession at the time, seeing that the economy reportedly contracted a mere 0.1% q/q in each of the fourth and first quarter. Since then, the final revision to the Q1 data put growth back at null, so even that “de minimis” recession had not actually happened. Now, advance estimates for the second quarter show the economy grew a better than expected 0.3% q/q, leaving real GDP up 0.6% y/y. Not great by any means, but at least still growing…

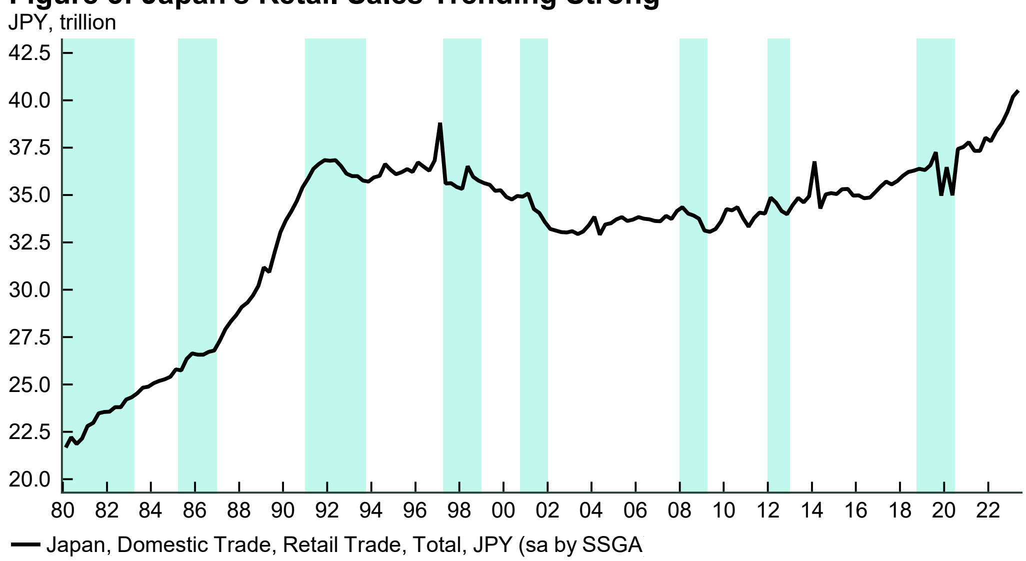
The ***German*** **labor market** remains strong in July. The seasonally adjusted unemployment rate fell unexpectedly to 5.6%, bucking expectations that it would remain unchanged at 5.7%.

Retail sales data were quite mixed this week. ***German*** **retail sales** were better than expected. While real retail sales (excluding car) contracted 0.8% m/m in June, this was made up for by a large upward revision to the May data. Real retail sales remain 1.6% lower than a year-earlier levels. Meanwhile, ***Italian*** retail sales declined 0.2% m/m in June, following a downwardly revised 0.6% rise in May. This is the first declines since February 2023, driven by a decline in non-food sales (-0.7%), while food sales up marginally 0.3%. In annual terms, retail sales rose 3.6% in June from 3.0% in previous month.

Japan

Consumption data continues to look upbeat in Japan; **retail sales** declined 0.4% m/m in June after an impressive 1.4% jump in May. However, on an annual basis, sales rose 5.9% y/y, better than the consensus of 5.4% and May's 5.8%. Also, on a quarter-on-quarter basis, sales remained robust at 6.0% in Q2, after rising 6.8% in Q1, posing an upside risk to our growth rate forecast of 1.5% this year. We expect a soft downshift in the second half of this year, after rising strongly in H1. Auto sales grew by 3.9% m/m (seasonally adjusted) after two back-to-back declines. Sales in other categories such as food & beverages (0.1%), general merchandise (0.5%), fabrics, apparel & accessories (-2.5%) remain anemic.

Figure 3: Japan's Retail Sales Trending Strong



Sources: SSGA Economics, METI, Macrobond
Updated as of 8/4/2023

The uptrend in retail sales is sustained by solid **consumer confidence**, which rose 0.9 points to 37.1 in July, the eighth consecutive monthly rise. Although the index is still 2.1 points below the post-pandemic high, the firm uptrend is notable. The index measuring the willingness to buy a durable goods item, however, is currently 7.1 points below its own post-pandemic high. It is quite puzzling, despite strong auto sales and production in recent months. The labor market sub-index marked a fresh-post pandemic high of 44.0, while the income index is trailing its own high by just 0.3 points underscoring the very strong labor market.

Indeed, **unemployment rate** edged down a tenth to 2.5% in June while the number of new employees up by 310,000, the highest since January 2018! This massive rise is driven by a recovery in manufacturing (+170,000), wholesale & retail services (+170,000, highest from June 2022), accommodation services (+140,000, highest since May 2021). These rises were countered by declines in information technology (-100,000), services NEC (-90,000) and government employment (-60,000). Nonetheless, the labor market is remarkably tight and will remain so in the future.

Industrial production rose 2.0% m/m in June, offsetting the 2.2% decline in May. However, this was below consensus as well as manufacturers' guidance last month. The recovery in automobile sector was noticeable—up 6.1% amid reported strong demand both domestically as well as overseas. Electronics parts manufacturing also rebounded strongly by 6.8% but remains 14% below the peak in July 2021. An upbeat signal was missing in the production data.

Next week we expect household spending to improve sequentially and overall cash earnings to stay above 2.0% y/y in June, although some payback from higher summer bonuses in May (revised up to 2.9%, will be in order. Otherwise, the focus will be on the Summary of Opinions of the July BoJ meeting which may reveal why the Bank chose to be cautious on the YCC tweak.

Australia

The **Reserve Bank of Australia** (RBA) delivered on our non-consensus expectation by leaving the cash rate unchanged at 4.10%, even while retaining a hawkish bias. Consensus had been geared up for another 25 bp hike. The statement noted that some more tightening may (still) be required but, "*that will depend upon the data and the evolving assessment of risks*" – the RBA featured this phrase for the first time and made their data dependency explicit.

The **Statement of Monetary Policy** (SoMP) featured broadly unchanged forecasts, but real GDP growth at end 2023 is revised three-tenths lower to 0.9% while that for 2024 is now down a tenth to 1.6%. Headline inflation forecast for 2023 was lowered four-tenths to 4.1% and revised higher a touch to 3.3% next year. Quite interestingly, the RBA's forecasts were calculated on a terminal cash rate assumption of 4.25, which is also our terminal cash rate expectation from last week and also the latest market pricing.

The SoMP also noted and discussed key risks to the economy. Firstly, headwinds to household spending 'had intensified' and real household disposable income declined 4% in Q1; household consumption growth has hence been weak. The rental market remains quite tight and also housing investments had declined sizably already. Furthermore, the liaison program, which the Bank takes seriously showed that private sector economic activity was 'evidently' slowing. Furthermore, employment intentions reportedly eased while wage growth has stabilized.

Data releases this week have also been weak; **retail sales volumes** in Q2 contracted by 0.5% q/q after a downwardly revised 0.8% decline in Q1. This is a third consecutive quarterly decline which occurred only once in history, during the 2008 global recession. All sectors posted contractions except for the clothing and footwear sales which improved 1.1%; notable declines were in household goods (-1.5%) and department stores (-1.4%). Private sector credit in June rose just 0.2% m/m with business credit growth slowing noticeably to 0.3%.

The housing sector continues to move sideways; **building approvals** declined 7.7% m/m in June, in line with market expectations. The decline was driven by the volatile high-density sector whose approvals fell 16.2%, while detached dwellings were down 0.8%. Separately, **owner-occupier housing finance** declined 2.8%, more than the consensus of 1.6%. Excluding refinancing, the number of approvals were down 4.2%, after three months of successive gains.

Next week, the July NAB business survey and August Westpac-MI consumer sentiment may show some improvements.

Week in Review (Jul 31 – Aug 04)

Country	Release (Date, format)	Consensus	Actual	Last	Comments
Monday, Jul 31					
UK	Mortgage Approvals (Jun, thous)	49.0	54.7	50.5	Unexpectedly increased.
EC	GDP (Q2, q/q, adv, sa)	0.2%	0.3%	0.0% (↑)	Not great, but OK.
GE	Retail Sales (Jun, m/m)	-0.3%	-0.8%	1.9% (↑)	Large upward revision in May offset June decline
IT	GDP WDA (Q2, q/q, prelim)	0.0%	-0.3%	0.6%	Payback for strong Q1?
IT	CPI NIC incl. tobacco (Jul, y/y, prelim)	6.0%	6.0%	6.4%	Disinflation ongoing.
JN	Industrial Production (Jun, m/m, prelim)	2.4%	2.0%	-2.2%	OK.
JN	Retail Sales (Jun, m/m)	-0.7%	-0.4%	1.4% (↑)	Still much better & sales on firm uptrend.
JN	Jobless Rate (Jun)	2.6%	2.5%	2.6%	Very good result.
JN	Consumer Confidence Index (Jul)	36.2	37.1	36.2	Durable goods confidence needs to pick up.
JN	Manufacturing PMI (Jul, final)	49.4	49.6	49.8	Resilient manufacturing.
AU	Private Sector Credit (Jun, m/m)	0.4%	0.2%	0.4%	Effect of peak interest rates?
Tuesday, Aug 01					
US	ISM Manufacturing (Jul)	46.9	46.4	46.0	Ninth consecutive contraction.
US	Wards Total Vehicle Sales (Jul, mn)	15.50	15.74	15.68	Oscillating around this level.
US	JOLTS Job Openings (Jun, thous)	9,620	9,582	9,616 (↓)	Quicks retraced May's odd surge.
UK	Manufacturing PMI (Jul, final)	45.0 (p)	45.3	46.5	Weak.
UK	Nationwide House PX (Jul, m/m)	-0.5%	-0.2%	0.1%	Softer decline than expected.
EC	Manufacturing PMI (Jul, final)	42.7 (p)	42.7	43.4	Very weak.
GE	Manufacturing PMI (Jul, final)	38.8 (p)	38.8	40.6	Depressed.
GE	Unemployment Claims Rate (Jul, sa)	5.7%	5.6%	5.7%	Has ticked up slightly.
FR	Manufacturing PMI (Jul, final)	44.5 (p)	45.1	46.0	Weak.
IT	Manufacturing PMI (Jul)	44.3	44.5	43.8	Weak.
IT	Unemployment Rate (Jun)	7.7%	7.4%	7.5% (↓)	Welcome improvement.
AU	RBA Cash Rate Target (Aug 01)	4.35%	4.10%	4.10%	Hawkish hold, as we expected (not consensus).
Wednesday, Aug 02					
AU	Real retail Sales (Q2, q/q)	-0.5%	-0.5%	-0.6%	Third consecutive negative print.
Thursday, Aug 03					
US	Initial Jobless Claims (Jul 29, thous)	223	227	221	Oscillating at low levels.
US	Factory Orders (Jun, m/m)	2.3%	2.3%	0.4% (↑)	
US	ISM Services Index (Jul)	53.0	52.7	53.9	Services more resilient.
US	Nonfarm Productivity (Q2, q/q, prelim)	2.2%	3.7%	-1.2% (↑)	Growth in unit labor costs is normalizing.
UK	Services PMI (Jul, final)	51.5 (p)	51.5	53.7	Expanded but lost momentum.
UK	Bank of England Bank Rate	5.25%	5.25%	5.00%	In line with market expectations.
EC	Services PMI (Jul, final)	51.1 (p)	50.9	52.0	Dangerously close to contraction.
GE	Services PMI (Jul, final)	52.0 (p)	52.3	54.1	Notable step down.
IT	Retail Sales (Jun, m/m)	n/a	-0.2%	0.6% (↓)	Under pressure.
Friday, Aug 04					
US	Change in Nonfarm Payrolls (Jul, thous)	200	187	185 (↓)	Moderation is clear.
US	Unemployment Rate (Jul)	3.6%	3.5%	3.6%	Tight but
CA	Unemployment Rate (Jul)	5.5%	5.5%	5.4%	Third consecutive increase.
FR	Industrial Production (Jun, m/m)	-0.3%	-0.9%	1.1% (↓)	Soft and volatile.
IT	Industrial Production (Jun, m/m)	-0.3%	0.5%	1.7% (↑)	Up 3.6% y/y.

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

Week In Preview (Aug 07 – Aug 11)

Country	Release (Date, format)	Consensus	Last	Comments
Monday, August 07				
US	Consumer Credit (Jun, $bn)	13.5	7.24	Credit is very expensive now.
GE	Industrial Production (Jun, m/m, sa)	-0.5%	-0.2%	
JN	Leading Index CI (Jun, prelim)	108.9	109.2	
JN	Labor Cash Earnings (Jun, y/y)	3.0%	2.9% (↑)	Critical indicator.
AU	Westpac Consumer Conf Index (Aug)	n/a	81.3	
AU	NAB Business Confidence (Jul)	n/a	0	
Tuesday, August 08				
US	NFIB Small Business Optimism (Jul)	90.5	91.0	
US	Trade Balance (Jun, $bn)	-65.0	-69.0	
GE	CPI (Jul, y/y, final)	6.2%	6.4%	
Wednesday, August 09				
CA	Building Permits (Jun, m/m)	n/a	10.5%	Likely to increase.
JN	PPI (Jul, y/y)	3.5%	4.1%	
Thursday, August 10				
US	Initial Jobless Claims (5 Aug, thous)	n/a	227	
US	CPI (Jul, y/y)	3.3%	3.0%	A temporary, base effect driven rebound.
US	Continuing Claims (29 Jul)		1,700	
US	Real Avg Weekly Earnings (Jul, y/y)		0.7% (↑)	
US	Monthly Budget Statement (Jul, $bn)		-227.8	
Friday, August 11				
US	PPI Final Demand (Jul, y/y)	0.7%	0.1%	
US	U. of Mich. Sentiment (Aug, prelim)	71.0	71.6	
UK	Industrial Production (Jun, m/m)	0.0%	-0.6%	Weak.
UK	GDP (Q2, q/q, prelim)	0.0%	0.1%	Soft growth expected.
FR	ILO Mainland Unemployment Rate (Q2)	n/a	6.9%	
FR	CPI (Jul, y/y, final)	4.3%	4.5%	

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	5.0	4.2	4.3	3.8	3.0
Canada	Target: CPI 2.0% y/y, 1.0%-3.0% control range	5.2	4.3	4.4	3.4	2.8
UK	Target: CPI 2.0% y/y	10.4	10.1	8.7	8.7	7.9
Eurozone	Target: CPI below but close to 2.0% y/y	8.5	6.9	6.9	6.1	5.5
Japan	Target: CPI 2.0% y/y	3.3	3.2	3.5	3.2	3.3
Australia	Target Range: CPI 2.0%-3.0% y/y	7.0	7.0	6.0	6.0	6.0

Source: Macrobond

Key Interest Rates

	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23
US (top of target range)	3.25	3.25	4.00	4.50	4.50	4.75	5.00	5.00	5.25	5.25	5.50
Canada (Overnight Rate)	3.25	3.75	3.75	4.25	4.50	4.50	4.50	4.50	4.50	4.75	5.00
UK (Bank Rate)	2.25	2.25	3.00	3.50	3.50	4.00	4.25	4.25	4.50	5.00	5.00
Eurozone (Refi)	1.25	1.25	2.00	2.50	2.50	3.00	3.50	3.50	3.75	4.00	4.00
Japan (OCR)	-0.07	-0.06	-0.08	-0.02	-0.01	-0.01	-0.03	-0.07	-0.07	-0.08	-0.06
Australia (OCR)	2.25	2.58	2.84	3.05	3.10	3.29	3.54	3.60	3.83	4.05	4.10

Source: Macrobond

General Government Structural Balance as a % of Potential GDP

									Forecast	
	2015	2016	2017	2018	2019	2020	2021	2022	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				
	Mar	Apr	May	Jun	Jul		Feb	Mar	Apr	May	Jun
US	5.0	4.9	4.0	3.0			4.7	2.7	2.1	0.9	0.1
Canada	4.3	4.4	3.4	2.8			1.4	-2.1	-3.6	-5.7	-5.5
UK	10.1	8.7	8.7	7.9			11.7	8.4	5.1	2.7	0.1
Eurozone	6.9	6.9	6.1	5.5			12.7	5.5	0.9	-1.6	-3.4
Germany	7.4	7.2	6.1	6.4	6.2		13.5	6.7	4.1	1.0	0.1
France	5.7	5.9	5.1	4.5	4.3		13.4	9.4	5.0	3.3	0.9
Italy	7.6	8.2	7.6	6.4	6.0		9.6	3.7	-1.5	-4.3	-5.5
Japan	3.2	3.5	3.2	3.3			8.3	7.4	6.0	5.2	4.1
Australia	7.0	6.0	6.0	6.0			4.9	4.9	3.9	3.9	3.9

Source: Macrobond

Economic Indicators

Real GDP Growth (Q/Q Seasonally Adjusted)

	Quarter/Quarter % Change					Year/Year % Change				
	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23
US	-0.1	0.8	0.6	0.5	0.6	1.8	1.9	0.9	1.8	2.6
Canada	0.9	0.6	0.0	0.8		4.7	3.8	2.1	2.2	
UK	0.1	-0.1	0.1	0.1		3.8	2.0	0.6	0.2	
Eurozone	0.8	0.4	-0.1	0.0	0.3	4.2	2.4	1.7	1.1	0.6
Germany	-0.1	0.4	-0.4	-0.1	0.0	1.6	1.2	0.8	-0.3	-0.1
France	0.5	0.2	0.1	0.1	0.5	3.9	1.2	0.7	0.9	0.9
Italy	1.1	0.4	-0.1	0.6	-0.3	5.0	2.5	1.5	2.0	0.6
Japan	1.4	-0.4	0.1	0.7		1.5	1.6	0.4	1.8	
Australia	0.8	0.6	0.6	0.2		3.1	6.0	2.6	2.3	

Source: Macrobond

Industrial Production Index (M/M Seasonally Adjusted)

	Month/Month % Change					Year/Year % Change				
	Feb	Mar	Apr	May	Jun	Feb	Mar	Apr	May	Jun
US	0.0	0.1	0.6	-0.5	-0.5	0.9	0.2	0.5	0.0	-0.4
Canada	0.6	0.6	0.6	-0.4		1.7	1.4	0.9	1.0	
UK	-0.1	0.8	-0.2	-0.6		-2.7	-1.9	-1.6	-2.2	
Germany	1.7	-2.1	0.3	-0.2		0.9	2.1	1.8	0.8	
France	1.5	-1.0	0.7	1.1	-0.9	1.0	0.2	1.5	2.2	-0.3
Italy	-0.1	-0.6	-2.0	1.7	0.5	-2.4	-3.2	-7.2	-3.5	-0.8
Japan	3.7	0.3	0.7	-2.2	2.0	-1.4	-0.9	0.2	2.5	-0.4

Source: Macrobond

Unemployment Rate (Seasonally Adjusted)

	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23
US	3.5	3.7	3.6	3.5	3.4	3.6	3.5	3.4	3.7	3.6	3.5
Canada	5.2	5.2	5.1	5.0	5.0	5.0	5.0	5.0	5.2	5.4	5.5
UK	3.7	3.7	3.7	3.7	3.8	3.9	3.8	4.0			
Eurozone											
Germany	5.5	5.5	5.5	5.5	5.5	5.5	5.6	5.6	5.6	5.7	5.6
France	7.1	7.2	7.2	7.2	7.1	7.1	7.0	7.0	7.1	7.1	
Italy	8.0	7.9	7.8	7.8	7.9	7.9	7.8	7.7	7.5	7.4	
Japan	2.6	2.6	2.5	2.5	2.4	2.6	2.8	2.6	2.6	2.5	
Australia	3.6	3.4	3.5	3.5	3.7	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	-3.1	-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	8.4	8.8	8.2	7.6	6.7	5.5	3.9	2.7	4.8	5.8
France	-2.1	0.0	0.9	0.6	0.4	-0.4	-0.3	-1.7	-3.1	-2.8	-1.3
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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