STATE STREET GLOBAL ADVISORS

September 8, 2023
Commentary

Weekly Economic Perspectives

Contents

Spotlight on Next Week
Uptick in US headline inflation will prove temporary; core disinflation continues. UK's unemployment rate may tick up. The ECB is likely to hold steady. Australia's employment gains may disappoint.

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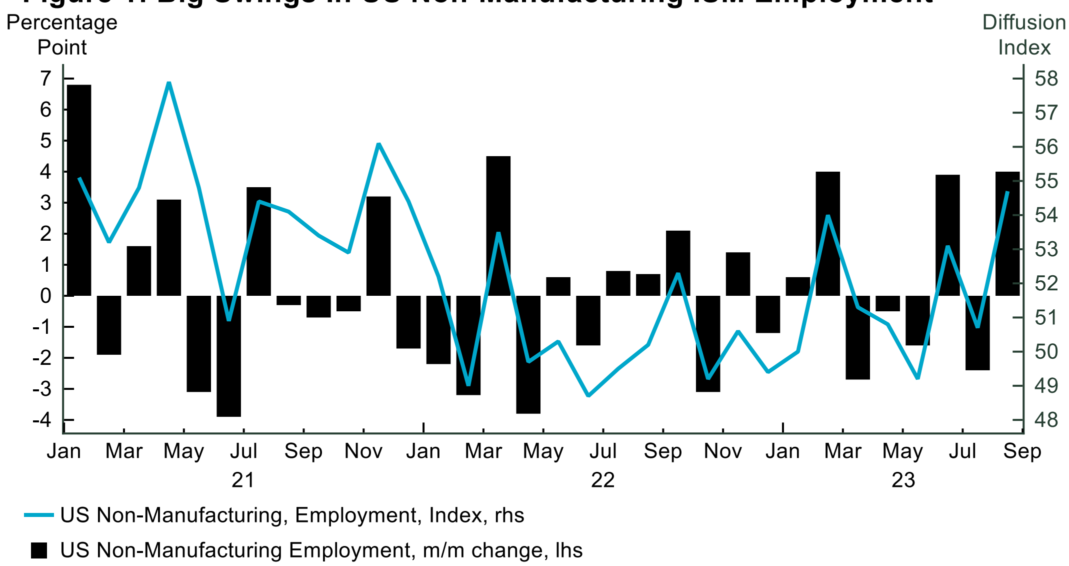
The Economy

Mixed data leaves both equity and bond markets drifting lower.

US

It was an atypically quiet week in US data given the Labor Day holiday. The **non-manufacturing ISM index** rebounded strongly in August, with the headline jumping 1.8 points to 54.5, bucking consensus expectations of an incremental decline. The details were strong at first glance but a bit more mixed at a closer look. For instance, new orders improved 2.5 points to 57.5, but backlogs plunged 10.3 to 41.8. Inventories jumped, but only to be perceived as even more intensely "too high". And while employment bounced 4.0 points to 54.7—the highest since November 2021!—we are reluctant to read too much into this given the prior large increases earlier this year did not prove durable. All in all, a solid report, but not an unquestionable proof of re-acceleration.

Figure 1: Big Swings In US Non-Manufacturing ISM Employment



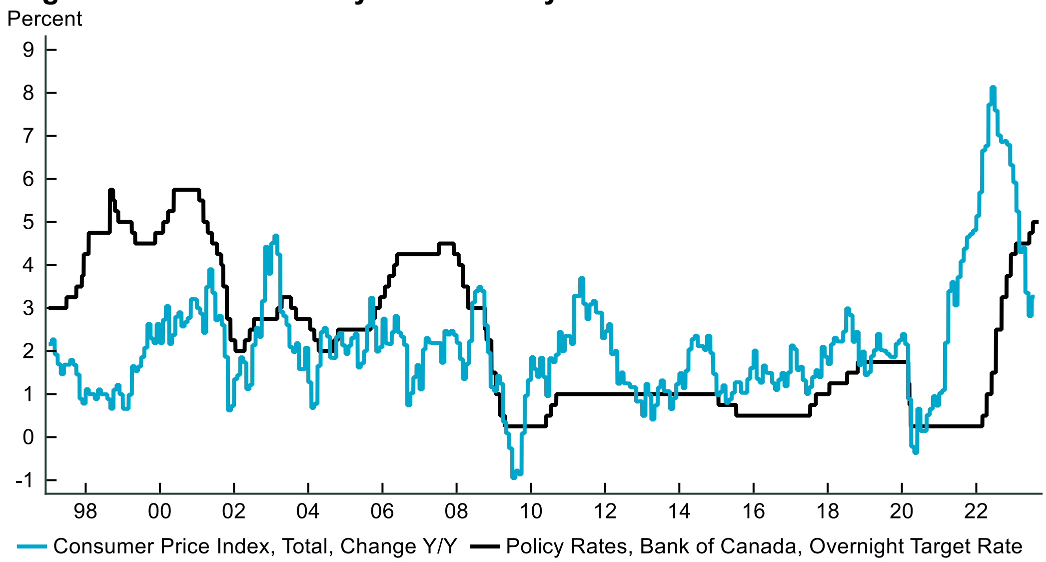
Sources: Macrobond, SSGA Economics, ISM, BLS, S&P Global, Fed
Updated as of 9/10/2023

The final read on Q2 **labor productivity** growth showed a slightly less robust gain of 3.5% q/q annualized, down two tenths compared with the earlier estimate. Nonetheless, the big picture story—the fact that unit labor costs are normalizing from previously elevated levels—remains just as compelling. Unit labor costs increased 2.5% y/y in Q2, a tenth more than initially reported, but down sharply from 3.6% in Q1, 4.9% y/y in Q4, and as high as 7.0% y/y during the second quarter of 2022. This moderation is a very reassuring both for the Fed's fight against inflation as well as for firms' ability to protect profit margins. As we have stressed often times in the past, it is not about wage inflation in absolute terms, but wage inflation in the context of productivity. If productivity is strong, the same elevated level of wage growth is less inflationary than otherwise.

Canada

As widely expected, the Bank of Canada (BoC) left its policy rate unchanged at 5.0% this week. The BoC noted that easing excess demand and lagged effects of interest rate increases were the main reason for the bank to hold **policy rate** at 5.0%. GDP unexpectedly contracted 0.2% (q/q annualized) in Q2, reflecting weaker household spending and housing investment. However, inflationary pressures persist, with the headline inflation rate accelerating 0.5 percentage points (ppt) to 3.3% in July and little further improvement in core measures. The BoC anticipates that the recent rise in gasoline prices will cause inflation to accelerate in the near term before softening again. That said, should things change, most likely in the form of higher than expected inflation and/or sticky wages, the Governing Council “is prepared to increase the policy interest rate further if needed."

Figure 2: Has BoC Policy Rate Already Peaked?



Sources: Macrobond, SSGA Economics, BoC, StatCan
Updated as of 9/10/2023

The labor market bounced back strongly in August. Employment jumped by 39.9k (most of it full time positions), but still not matching population growth (103k, +0.3%). The u**nemployment rate** was unchanged at 5.5% after three consecutive increases. Wages gains continued to accelerate in August, with the average hourly wages rose 5.2% y/y, compared with 5.0% in previous month, keeping the BoC under pressure.

UK

Services sector contracted for the first time since January as the impact of interest rate hikes started to affect business and consumer spending . Final reading of **services PMI** lost 2 points to 49.5 in August, the lowest level since beginning this year. There was a marginal shrinkage in output and new work while new export orders rose at the weakest rate since December 2022. Employment increased at the lowest pace since March and backlogs of work fell at the fastest rate for over three years. The only upside is price charged inflation continuing to ease to the lowest since August 2021.

Eurozone

The final reading on the ***eurozone***’s **Q2 GDP** points to a softer trajectory over the April-June period, but also a touch more resilience at the start of the year. The economy grew just 0.1% q/q during the second quarter, less than the 0.3% expansion initially reported. Weak household consumption was the main culprit: real household spending was flat during the quarter, having risen 0.6% q/q in Q1. While disappointing, we believe there is reason to anticipate an improvement during the second half of the year as consumers’ cushion of excess savings remains considerable, employment conditions remain strong, and sentiment should be supported by ongoing disinflation. Investment held up fairly well during the quarter, although a big chunk of the 2.1% q/q rebound in gross fixed investment was attributable to faster inventory accumulation. However, real fixed investment also rose 0.3% q/q. Net exports were a big detractor to growth (the largest, in fact) as exports plunged 0.7% q/q while imports ticked up 0.1%. Real GDP grew 0.5% y/y in Q2 and has averaged 0.8% y/y during the first half (Q1 performance was revised marginally higher). The data leaves us comfortable with our 0.7% full-year 2023 growth forecast that we’ve had in place since March.

Japan

Consumption trends are firming up in Japan. The Bank of Japan (BoJ) **consumption activity index**, which tracks the national accounts metric closely rebounded 0.6% m/m in July after declining 0.4% in June. This takes the annual growth rate to 2.0% y/y, highest since February. The improvement is led by 0.6% m/m (12.2% y/y) rise in durable goods. However, we continue to look for services spending to become a key driver, whose spending declined 0.3% m/m in July. Non-durable goods consumption, the second biggest component of national accounts based consumption increased 1.6% m/m but declined -0.6% y/y on higher base.

The second estimate of **Q2 GDP** was revised down 1.2 percentage points to 4.8% q/q saar, against expectations of a modest revision. The revision was caused by lower capex which is down 4.0% q/q saar in Q2 after an eye-popping 6.6% rise in Q1. Nonetheless, the outlook remains positive given firms’ upbeat investment plans. Domestic demand stalled and detracted 1.7 ppts off Q2 growth. However, wages rose firmly in service industries (6.4% in real estate & goods leasing, 5.5% in finance & insurance, 4.0% in information & communications) and should support household consumption during the second half. Following a 2.5% q/q saar decline in consumption in Q2, we look for gains through year-end.

Total cash earnings increased 1.3% y/y in July, less than the 2.5% gain expected by consensus. However, the pullback was attributable to weaker growth in overtime (0.5% y/y, 1.9% in June) and special payments (0.6%, 3.5%). We are more focused on the pick-up in base pay, up 1.6% y/y from 1.3% y/y in June. Furthermore, cash earnings on a common sampling basis, which may track wage growth more realistically, jumped 2.1% y/y, the first read above 2.0% since the inception of this data in 2016. We expect wage growth will trend up, not least because of the *shunto* negotiations but also because we suspect that more people may be looking to switch jobs, putting more pressure on firms to incentivize workers.

What’s more interesting is the BoJ’s stepping up of communications on its policy outlook. In his first exclusive since taking office, governor **Kazuo Ueda** spoke with Yomiuri Shimbun over the weekend and opined that the Bank *‘will have sufficient* *data by the year-end to determine whether they can end negative rates'*. Furthermore, they *'will end negative interest rates if they judge that the achievement of the price target (2%) becomes possible.'* The 10y JGB yield jumped to 0.71%, the highest since January 2014, while the yen rallied.

Earlier in the week, **Junko Nakagawa**, a member of the policy board echoed our view that '*strong outcome in next year's wage talks (shunto) is a necessary but not sufficient condition to contemplate ending negative rates.*' Another member **Takata Hajime** commented that the '*output gap had turned positive and is more likely to expand gradually*.' Furthermore, he said that there are early signs that the 2% inflation target has been achieved. The rise in confidence is welcome but, that the BoJ is now talking about ending negative rates in itself a positive development.

The July **current account surplus** was close to a record high and more than three times the surplus a year ago at 2.8 trillion yen as imports declined 13.3% y/y, versus a mild 0.6% retreat in exports. Also, Japanese investors turned net buyers of foreign bonds in August with a 1.8 trillion-yen addition, which more than offset their selling in July. Furthermore, foreign investors were net sellers of Japanese equities for the first time in five months. Finally, the yen continued to weaken and now has reached 147.07 against the US dollar and the top currency diplomat Masato Kanda has stepped up verbal intervention, raising the possibility of an FX intervention by the government in the yen's defense.

Australia

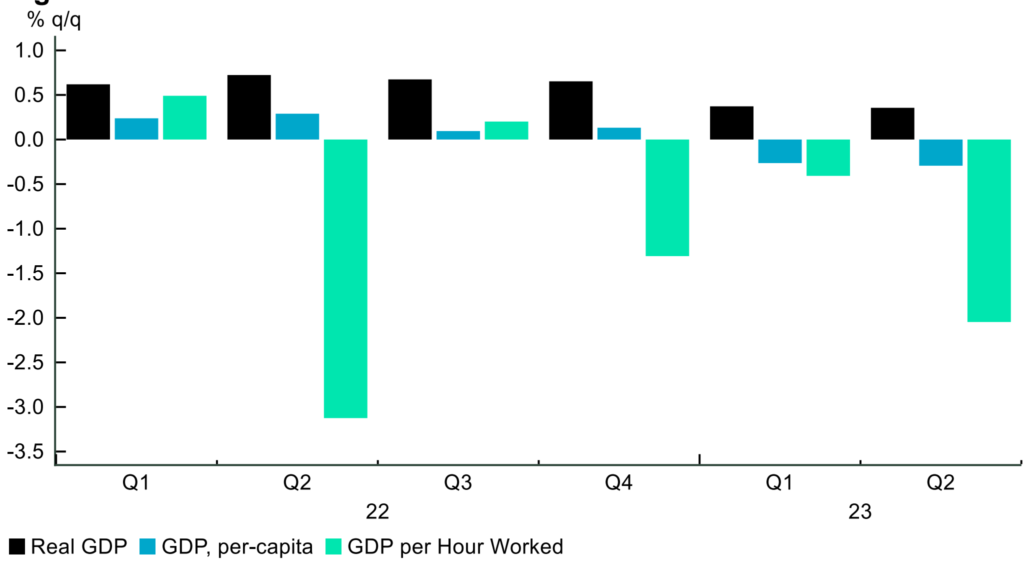
Q2 GDP came in at 0.4% q/q, in line with the consensus, but above ours. The historical revision of GDP resulted in a slightly larger annual growth rate of 2.1% y/y. The data is mixed at best with a consensus on one thing: weaker household consumption, which rose just 0.1% q/q, on the impact of higher inflation and interest rates. Spending on essentials was up 0.5% q/q while discretionary spending declined by the same magnitude as households saved lesser, which resulted in the savings rate declining to 3.2% from 3.6%. An important caveat was the discretionary spending in purchases of motor vehicles, which is also continuing in Q3.

However, key drivers were exports and government spending. The terms of trade declined sharply by -7.8% q/q but volumes expanded 4.3%, backed by services exports (foreigners travelling in Australia). Net exports added 0.8 ppts to GDP as import volumes ticked up just 0.7%. The second biggest driver was government spending, up 0.4% q/q as public investments increased 8.2%. With nearly A$60 billion non-residential construction in the pipeline, we expect spending may remain elevated in the quarters ahead as an important tailwind to growth.

Inventories declined -1.9% q/q. The rundown was led by mining (-5.9%) and retail trade (-2.6%). It seems likely that some of the inventory drawdown was related to strong export orders; if so, it is also likely that a reversal may occur down the line: less drag from inventories, but also less support from exports.

Nominal GDP declined 1.2% q/q, because lower commodity prices resulted in a larger than expected (-1.9% q/q) decline in company profits of -13.1% q/q, which in turn weakened the GDP deflator (-1.6% q/q). Notably, the weakness did not come from household's implicit deflator (+1.3%) but we are cautious on how H2 shapes up.

Figure 3: Australia's GDP Growth Has Slowed



Sources: SSGA Economics, ABS, Macrobond
Updated as of 9/10/2023

All of this means that the outlook hinges exceedingly on labor incomes, so any weakness in the labor market will have profound implications. As such, poor productivity continued in Q2, as GDP per hour worked declined -2.0% q/q and labor costs accelerated by 1.6% q/q or 7.3% y/y.

The **Reserve Bank of Australia** (RBA) held the cash rate target at 4.10% as widely expected, but retained their hawkish bias and we fear they will continue to flag weak productivity as a risk. Nonetheless, we think the RBA is perhaps done hiking, but retain a 15-bps hike as a risk scenario to a terminal of 4.25%. Finally, the household consumption deflator (1.2% q/q) rose more than Q2 CPI (0.9%) and could be flagged by the RBA as stronger momentum in spending, as the national accounts measure also includes the changing composition of expenditures as opposed to a fixed basket in the CPI (which only tracks prices). The catch is that the deflator includes imputed rents for owner-occupiers, which is excluded from the CPI. However, due to a larger expenditure share of rents, their contribution to the deflator resulted in a higher print.

In summary, we believe price pressures are indeed easing and the RBA is likely done hiking. GDP growth was better than expected due to higher contribution from exports and government consumption. Given the weak consumption outlook and falling productivity (which is lifting labor costs), the outlook hinges on the labor market, which we suspect may soften. We will know more in the next week’s August employment report, which consensus expects to rise by 24.3 thousand.

Week in Review (Sep 04 – Sep 08)

Country	Release (Date, format)	Consensus	Actual	Last	Comments
Monday, Sep 04					
No major data releases					
Tuesday, Sep 05					
US	Durable Goods Orders (Jul, m/m, final)	-5.2% (p)	-5.2%	4.3%	Bit of payback for very strong June.
US	Factory Orders (Jul, m/m)	-2.5%	-2.1%	2.3%	Non-durable orders provided support.
UK	Services PMI (Aug, final)	48.7 (p)	49.5	51.7	Marginal shrinkage.
EC	Services PMI (Aug, final)	48.3 (p)	47.9	50.9	Weak.
GE	Services PMI (Aug, final)	47.3 (p)	47.3	52.3	Weak.
AU	RBA Cash Rate Target	4.10%	4.10%	4.10%	Peak policy rate?
AU	GDP (Q2, q/q, sa)	0.4%	0.4%	0.4% (↑)	Driven by exports and government spending.
Wednesday, Sep 06					
US	ISM Services Index (Aug)	52.5	54.5	52.7	Employment bounced.
CA	Bank of Canada Rate Decision	5.0%	5.0%	5.0%	Easing excess demand kept rate unchanged.
GE	Factory Orders (Jul, m/m)	-4.0%	-11.7%	7.0%	Ouch!
Thursday, Sep 07					
US	Initial Jobless Claims (Sep 02, thous)	233	216	229 (↑)	Very low.
US	Continuing Claims (Aug 26, thous)	1,719	1,679	1,719 (↓)	Very low. Surprisingly so!
US	Nonfarm Productivity (Q2, q/q, final)	3.4% (p)	3.5%	3.7%	Unit labor costs rose 2.5% y/y. Pretty good.
CA	Building Permits (Jul, m/m)	-3.7%	-1.5%	6.1%	Non-residential sector declined sharply.
EC	GDP (Q2, q/q, final)	0.3% (p)	0.1%	-0.1%	Soft, on flat consumption.
GE	Industrial Production (Jul, m/m)	-0.4%	-0.8%	-1.4% (↑)	Weak.
IT	Retail Sales (Jul, m/m)	0.3%	0.4%	-0.2%	Soft. Up just 2.7% y/y.
JN	Leading Index CI (Jul, prelim)	107.8	107.6	108.8 (↓)	May move sideways.
JN	Labor Cash Earnings (Jul, y/y)	2.4%	1.3%	2.3%	Base wage growth is intact.
JN	GDP (Q2, q/q, final)	1.4%	1.2%	1.5%	Still a good growth number.
Friday, Sep 08					
US	Consumer Credit (Jul, $ bn)	16.000	10.399	14.016 (↓)	Credit growth constrained by high rates.
CA	Unemployment Rate (Aug)	5.6%	5.5%	5.5%	Slightly lower than expected.
GE	CPI (Aug, y/y, final)	6.1% (p)	6.1%	6.2%	Trend is lower!
FR	Industrial Production (Jul, m/m)	0.1%	0.8%	-0.9%	Modest.

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

Week In Preview (Sep 11 – Sep 15)

Country	Release (Date, format)	Consensus	Last	Comments
Monday, Sep 11				
IT	Industrial Production (Jul, m/m)	-0.3%	0.5%	
AU	Westpac Consumer Conf Index (Sep)	na	81.0	May move sideways.
AU	NAB Business Confidence (Aug)	na	2.0	May move sideways.
Tuesday, Sep 12				
US	NFIB Small Business Optimism (Aug)	91.5	91.9	
UK	Average Weekly Earnings (Jul, y/y, 3m)	8.2%	8.2%	Remaining strong.
UK	ILO Unemployment Rate (Jul, 3m)	4.3%	4.2%	Might tick up.
GE	ZEW Survey Expectations (Sep)	-15.0	-12.3	
JN	PPI (Aug, y/y)	na	3.6%	Looking for some resilience.
Wednesday, Sep 13				
US	CPI (Aug, y/y)	3.6%	3.2%	Uptick driven by gasoline prices. Core likely down noticeably.
US	Monthly Budget Statement (Aug, $ bn)	-259.0	-220.00	
UK	Industrial Production (Jul, m/m)	-0.6%	1.8%	Might be weak.
EC	Industrial Production (Jul, m/m, sa)	-0.9%	0.5%	
JN	Core Machine Orders (Jul, m/m)	-0.7%	2.7%	Expect headwinds to industrial production & orders from now.
JN	Industrial Production (Jul, m/m, final)	-2.0% (p)	0.0%	
JN	Capacity Utilization (Jul, m/m)	na	3.8%	
AU	Employment Change (Aug, thous)	+24.3	-14.6	Would not be surprised with a negative print.
AU	Unemployment Rate (Aug)	3.6%	3.7%	Labor market at peak.
Thursday, Sep 14				
US	Retail Sales Advance (Aug, m/m)	0.1%	0.7%	Pullback after very strong July.
US	Initial Jobless Claims (Sep 09, thous)	228	216	
US	Continuing Claims (Sep 02, thous)	1,695	1,679	
US	PPI Final Demand (Aug, y/y)	1.3%	0.8%	
US	Business Inventories (Jul, m/m)	0.1%	0.0%	
EC	ECB Main Refinancing Rate	4.25%	4.25%	We think the ECB should end the tightening cycle.
JN	Tertiary Industry Index (Jul, m/m)	0.3%	-0.4%	Expect headwinds to industrial production & orders from now.
Friday, September 15				
US	Import Price Index (Aug, y/y)	-2.9%	-4.4%	Less help from energy.
US	Empire Manufacturing (Sep)	-10.0	-19.0	
US	Industrial Production (Aug, m/m)	0.1%	1.0%	
US	Capacity Utilization (Aug)	79.3%	79.3%	
US	U. of Mich. Sentiment (Sep, prelim)	69.2	69.5	
CA	Manufacturing Sales (Jul, m/m)	0.7%	-1.7%	
CA	Existing Home Sales (Aug, m/m)	-0.2%	-0.7%	Trending downwards.
FR	CPI (Aug, y/y, final)	4.8% (p)	4.3%	

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

Economic Indicators

Central Bank Policy Targets

Region	Target	Year/Year % Change in Target				
		Mar	Apr	May	Jun	Jul
US	Target: PCE price index 2.0% y/y	4.2	4.3	3.8	3.0	3.3
Canada	Target: CPI 2.0% y/y, 1.0%-3.0% control range	4.3	4.4	3.4	2.8	3.3
UK	Target: CPI 2.0% y/y	10.1	8.7	8.7	7.9	6.8
Eurozone	Target: CPI below but close to 2.0% y/y	6.9	6.9	6.1	5.5	5.3
Japan	Target: CPI 2.0% y/y	3.2	3.5	3.2	3.3	3.3
Australia	Target Range: CPI 2.0%-3.0% y/y	7.0	6.0	6.0	6.0	

Source: Macrobond

Key Interest Rates

	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
US (top of target range)	3.25	4.00	4.50	4.50	4.75	5.00	5.00	5.25	5.25	5.50	5.50
Canada (Overnight Rate)	3.75	3.75	4.25	4.50	4.50	4.50	4.50	4.50	4.75	5.00	5.00
UK (Bank Rate)	2.25	3.00	3.50	3.50	4.00	4.25	4.25	4.50	5.00	5.00	5.25
Eurozone (Refi)	1.25	2.00	2.50	2.50	3.00	3.50	3.50	3.75	4.00	4.00	4.25
Japan (OCR)	-0.06	-0.08	-0.02	-0.01	-0.01	-0.03	-0.07	-0.07	-0.08	-0.06	-0.06
Australia (OCR)	2.58	2.84	3.05	3.10	3.29	3.54	3.60	3.83	4.05	4.10	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				
	Apr	May	Jun	Jul	Aug		Mar	Apr	May	Jun	Jul
US	4.9	4.0	3.0	3.2			2.7	2.2	1.1	0.2	0.8
Canada	4.4	3.4	2.8	3.3			-2.1	-3.6	-5.7	-5.5	-2.7
UK	8.7	8.7	7.9	6.8			8.4	5.2	2.7	0.4	-0.8
Eurozone	6.9	6.1	5.5	5.3			5.5	0.9	-1.7	-3.3	-7.6
Germany	7.2	6.1	6.4	6.2	6.1		6.7	4.1	1.0	0.1	-6.0
France	5.9	5.1	4.5	4.3	4.8		9.4	5.0	3.3	1.0	-1.5
Italy	8.2	7.6	6.4	5.9	5.5		3.7	-1.5	-4.3	-5.5	-10.2
Japan	3.5	3.2	3.3	3.3			7.4	6.1	5.3	4.3	3.6
Australia	6.0	6.0	6.0				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	0.5		1.8	1.9	0.9	1.8	2.5
Canada	0.9	0.6	0.0	0.6	0.0		4.7	3.8	2.1	2.1	1.1
UK	0.1	-0.1	0.1	0.1	0.2		3.8	2.0	0.6	0.2	0.4
Eurozone	0.8	0.3	-0.1	0.1	0.1		4.2	2.3	1.7	1.1	0.5
Germany	-0.1	0.4	-0.4	-0.1	0.0		1.6	1.2	0.8	-0.3	-0.1
France	0.4	0.3	0.1	0.0	0.5		3.9	1.2	0.7	0.8	1.0
Italy	1.2	0.3	-0.2	0.6	-0.4		5.1	2.5	1.5	2.0	0.4
Japan	1.3	-0.3	0.1	0.8	1.2		1.4	1.5	0.5	1.8	1.7
Australia	0.7	0.7	0.7	0.4	0.4		3.1	6.0	2.7	2.4	2.1

Source: Macrobond

Industrial Production Index (M/M Seasonally Adjusted)

	Month/Month % Change						Year/Year % Change				
	Mar	Apr	May	Jun	Jul		Mar	Apr	May	Jun	Jul
US	0.1	0.5	-0.4	-0.8	1.0		0.2	0.3	0.0	-0.8	-0.2
Canada	0.5	0.3	-0.6	-0.4			1.7	0.7	0.6	-0.4	
UK	0.8	0.1	-0.7	1.8			-1.9	-1.3	-2.1	0.8	
Germany	-2.4	0.3	-0.1	-1.4	-0.8		1.1	0.9	0.1	-1.7	-2.2
France	-1.0	0.7	1.1	-0.9	0.8		0.2	1.5	2.2	-0.3	2.7
Italy	-0.6	-2.0	1.7	0.5			-3.2	-7.2	-3.5	-0.8	
Japan	0.3	0.7	-2.2	2.4	-2.0		-0.9	0.2	2.5	0.0	-2.5

Source: Macrobond

Unemployment Rate (Seasonally Adjusted)

	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
US	3.7	3.6	3.5	3.4	3.6	3.5	3.4	3.7	3.6	3.5	3.8
Canada	5.2	5.1	5.0	5.0	5.0	5.0	5.0	5.2	5.4	5.5	5.5
UK	3.7	3.7	3.7	3.8	3.9	3.8	4.0	4.2			
Eurozone											
Germany	5.5	5.5	5.5	5.5	5.5	5.6	5.6	5.6	5.7	5.7	5.7
France	7.2	7.2	7.2	7.1	7.1	7.1	7.3	7.3	7.3	7.4	
Italy	7.9	7.8	7.9	8.0	7.9	7.8	7.8	7.7	7.5	7.6	
Japan	2.6	2.5	2.5	2.4	2.6	2.8	2.6	2.6	2.5	2.7	
Australia	3.4	3.5	3.5	3.7	3.6	3.5	3.7	3.6	3.5	3.7	

Source: Macrobond

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

	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23
US	-3.3	-3.1	-3.5	-3.9	-3.8	-4.6	-3.9	-3.5	-3.3	-3.3	
Canada	-1.4	0.0	-0.4	-0.6	0.0	0.6	0.7	-1.4	-1.2	-0.5	-0.9
UK	-6.6	-1.9	-0.4	-3.3	-0.4	-8.3	-4.6	-2.0	-0.4	-1.7	
Eurozone	3.2	3.5	3.1	2.3	1.2	0.4	-1.3	-3.6	1.0		
Germany	8.4	8.8	8.2	7.6	6.7	5.5	3.9	2.7	4.8	5.8	6.8
France	0.0	1.0	0.5	0.4	-0.4	-0.3	-1.9	-3.1	-2.7	-1.4	-0.3
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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