
June 26, 2026

Commentary

Weekly Economic Perspectives

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Global Macro Highlights

Iran War Impact: Steady Growth, Higher Inflation, Higher Rates

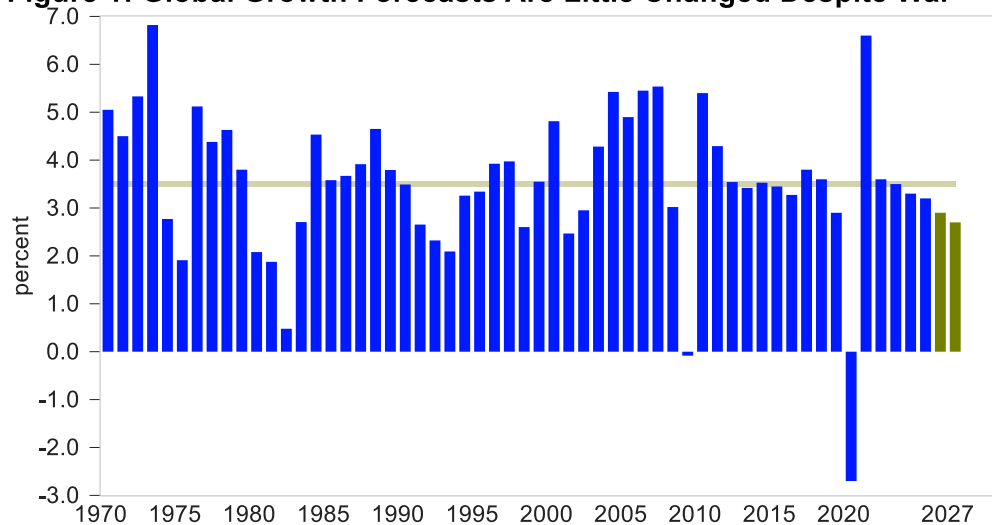
At the time at our last update, the Iran war was in its early days. It is now winding down. We work with the core assumption that the ceasefire agreement will turn into a stable peace that allows unhindered energy flow through the Straits of Hormuz. Already, oil prices have retraced about 80-85% of the war-driven spike. This is good news insofar as it guarantees a near term pullback in headline inflation globally, but also because it eliminates the more dire supply-shortage type scenarios that investors and policymakers alike had worried about. There has also been considerable price relief in other important areas such as fertilizers.

Assuming these improvements hold, the ultimate impact of the war will likely be minimal in respect to global growth and sharp but temporary in respect to inflation. At the same time, even more powerful AI-related forces are supporting investment, demand, and simultaneously fueling inflationary pressures in parts of the global supply chain. The net effect is a notably more hawkish tilt to monetary policy globally. Some central banks such as the ECB have already hiked in response to the energy price shock, while others such as the Fed are for now observing the updrift in inflation with concern.

The boom in AI-related activity masks some real vulnerabilities elsewhere, accentuating a K-shaped dynamic across not only investment segments but even across economies. This complicates monetary policymaking—and macro policymaking in general—since rate hikes are unlikely to effectively slow the AI boom yet could further weaken already struggling sectors such as housing.

Meanwhile, global trade imbalances remain an area of concern, with China’s global manufacturing dominance continuing to intensify.

Figure 1: Global Growth Forecasts Are Little Changed Despite War



Source: Macrobond, State Street Investment Management, <Property Source not found.>

Summary of World Output¹ and Inflation² (Annual percent change)

	Weight	History					Forecast	
	2023	2021	2022	2023	2024	2025	2026	2027
World Growth	100.0	6.6	3.6	3.5	3.3	3.2	2.9	2.7
Advanced Economies	40.5	6.0	2.9	1.7	1.8	1.6	1.4	1.5
US	14.9	6.2	2.5	2.9	2.8	2.1	2.3	2.2
Euro area	11.9	6.4	3.6	0.4	0.9	1.5	0.8	1.2
Germany	3.2	3.9	1.9	-0.7	-0.5	0.4	0.7	1.3
France	2.3	6.8	2.8	1.6	1.1	0.9	0.6	1.0
Italy	1.9	8.8	5.0	1.0	0.6	0.7	0.6	0.9
Japan	3.4	3.7	1.3	0.7	-0.2	1.2	0.8	1.2
UK	2.2	8.5	5.2	0.3	1.1	1.3	0.7	0.9
Canada	1.4	6.0	4.7	2.0	2.0	1.7	0.9	1.7
Australia	1.0	5.4	4.2	2.1	1.0	2.0	1.7	2.0
Developing Economies	59.5	7.0	4.1	4.7	4.3	4.3	3.9	3.6
China	19.1	9.2	3.1	5.4	5.0	5.0	4.6	4.4
Advanced Economy Inflation	40.5	3.1	7.3	4.6	2.6	2.4	2.8	2.0
US	14.9	4.7	8.0	4.1	3.0	2.7	3.4	2.1
Euro area	11.9	2.6	8.4	5.5	2.4	2.2	2.8	1.9
Germany	3.2	3.1	6.9	6.0	2.3	2.2	2.7	2.0
France	2.3	1.7	5.2	4.9	2.0	1.0	2.3	1.8
Italy	1.9	1.9	8.2	5.7	1.0	1.6	2.8	1.9
Japan	3.4	-0.2	2.5	3.3	2.7	3.2	2.0	2.8
UK	2.2	2.6	9.1	7.4	2.5	3.4	3.2	2.7
Canada	1.4	3.4	6.8	3.9	2.4	2.1	2.8	2.1
Australia	1.0	2.9	6.6	5.6	3.2	2.8	3.6	2.6
Developing Economies	59.5	5.8	9.5	8.0	7.7	4.9	6.0	5.0
China	19.1	0.9	2.0	0.2	0.2	0.0	1.1	0.9
Value of World Output (\$ trl)								
At Market Exchange Rates		97.4	101.4	105.7	115.6	126.4	133.5	139.9
At Purchasing Power Parities		155.4	172.3	184.3	201.0	219.1	225.4	231.6

¹ Real GDP; ² Consumer Price Inflation

Weight is the share of world GDP on a purchasing power parity basis (IMF *World Economic Outlook*)

Historical data sources: Oxford Economics, IMF. Forecast: SSGA Global Macro and Policy Research

**Politics and
Geopolitics**

UK Politics and Policy: Continuity Priced in But Risks Simmer

The UK will soon have a new Prime Minister. Andrew Burnham, former mayor of Manchester and now MP for one of its suburbs, looks set to take on the role in July.

Burnham takes on a challenging inheritance. Stagnant growth, strained public finances, and limited fiscal headroom constrain his ability to deliver rapid improvements in public services or living standards. At the same time, he faces internal Labour Party tensions and high voter expectations for change. Moreover, compared to his predecessor, Starmer, he also has less time before the next general election.

One way forward is via a fresh mandate through new elections. It would be a high-risk gamble and, hence, unlikely. However, this scenario is hard to dismiss altogether. And it would be market negative, given a baseline expectation of a less-centrist—and therefore less fiscally conservative—outcome.

The base case is therefore no new elections, at least not in 2026. Still, there remains considerable uncertainty around his policy agenda, as confirmed by our conversations within Labour circles. In major economic policy areas, the most probable outcome is therefore policy drift rather than a policy reset.

Existing fiscal rules are likely to remain in place. Spending cuts or a departure from Labour's manifesto commitments on income tax, national insurance, and VAT would be minimal. In effect, this points to a continuation of the current approach—targeted tax increases to fund marginal added spending, echoing a Rachel Reeves-style framework. There is little upside to this, but it is not catastrophic for markets either.

But there are risks beneath that surface continuity. Andy Burnham is not simply Starmer with more charisma; differences in personality, management style, and other traits do matter and could shape governance. On policy Burnham sits to the left of Starmer; as policy drifts, it is therefore likely to drift leftwards, potentially undermining business confidence and weighing on growth at the margin. Internationally, Burnham is an unknown; this introduces downside risks in relations with the US, Europe and elsewhere, which could also prove growth negative. Finally, running Whitehall is not the same as running a city; Burnham's limited national-level experience may hinder policy delivery. Taken together, these factors suggest both a less attractive and more uncertain future policy mix.

Even if the headline expectation is one of continuity for markets, policy risks are skewed to the downside. The best-case scenario is preservation of fiscal stability in a low-growth environment. Downside risks, however, include fiscal stress, capital flight, and deeper economic stagnation. While broader macro dynamics remain supportive of a gradual decline in UK yields—driven by lower oil prices and easing stagflation concerns, we nonetheless expect the UK-specific political risk premium to widen.

Country Macro Highlights

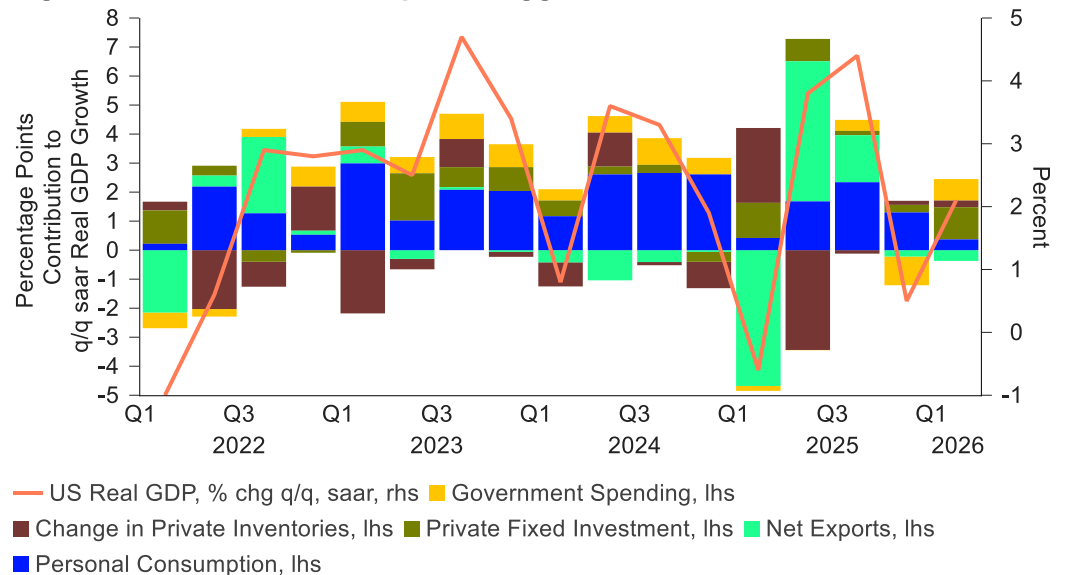
Please see individual country commentaries in respective sections below

US: Resilient but Uneven

Our 2026 and 2027 growth projections are unchanged at 2.3% and 2.2%, respectively, compared with the March forecast. The economy is resilient but uneven. There is clearer evidence of deceleration in consumer spending, which is not surprising given that real personal disposable income is flat y/y, the savings rate has dipped to a low 3.0%, and delinquencies continue to escalate. Notably, services consumption slowed sharply to just 0.5% saar (seasonally adjusted annualized) in Q1, from an average of 3.0% saar in the prior three quarters. This suggests that consumers are increasingly forced to make tradeoffs when faced with rising (gasoline) prices and that pricing power is becoming more constrained.

Investment activity is a counterbalancing force, but the story here remains highly divergent. Equipment and intellectual property (IP) investment is outright booming thanks to the AI tsunami and tax benefits from the One Big Beautiful Bill (OBBB). For example, private fixed equipment investment surged 15.8% saar in Q1 while IP investment grew 13.8% saar. That’s where the good news ends. Non-residential structures investment contracted 4.7% saar and residential investment logged the fifth consecutive quarterly decline and the largest one since the Fed was aggressively tightening back in 2022. The K-shaped economy no longer should be thought of as confined to the consumer space; it is an apt description of the investment landscape as well.

Figure 2: Personal Consumption Lagged US GDP Growth In Q1



Source: Macrobond, State Street Investment Management, U.S. Bureau of Economic Analysis (BEA)

Perhaps the most important shift since our last update is the undeniable acceleration in employment growth. Three-month average payrolls gains have surged from marginally negative in February to 188k in May. The unemployment

rate has eased marginally to 4.3%, job openings have risen, and the hiring rate has improved from recent lows. So far, however, wage inflation remains very well contained, and metrics of worker sentiment remain soft. The overall message appears to be one of stabilization in labor demand with the possibility of sustained acceleration not yet a fully confirmed scenario.

Nevertheless, the labor market stabilization narrative has been enough to put all attention back on the inflation mandate, where things aren't going very well. Headline CPI inflation has surged from 2.4% y/y in February to 4.2% y/y in May; core PCE now sits at 3.4% y/y. Given elevated inflation and hawkish FOMC signals, markets have upped bets of rate hikes this year. We have removed any rate cuts from the forecast but see the Fed on hold this year in the baseline scenario, especially now that oil and other commodity prices are retreating once again. Clearly, however, the risk scenario is higher rates, either due to labor market tightening or slower than expected moderation in inflation. For the time being we have pushed back the two rate cuts into 2027, but a sustained strong labor market could well mean the end of the easing cycle altogether.

**Canada: USMCA
Review Remains Key
Swing Factor**

A weak Q1 has forced a reset to our Canada outlook. We now see 2026 growth at just 0.7%, down 0.3ppts, while leaving our 2027 forecast unchanged at 1.7%.

Canada's Q1 contraction was tiny, but the signal was uncomfortable. Output has fallen for two straight quarters. That is a technical recession, but not an official one as the weakness remains too shallow, narrow, and temporary. The decline mainly reflected a spike in gold imports, a temporary drop in non-fuel exports that is already reversing, and slower government weapons investment after a Q4 surge.

The domestic economy is not rolling over. Consumer spending and business investment are still growing, and May's labor market rebound was decisive. 88k jobs were added after four months of losses, all full-time, private-sector-led, and broad-based. Still, slack persists, with employment below its end-2025 level, and unemployment stuck between 6.5% and 7%.

Growth should regain traction in Q2 as trade rebounds, private demand expands modestly, and fiscal support builds. But this will be a subdued recovery, held back by population declines, US tariffs, policy uncertainty, and the oil-price shock from the US-Israel war with Iran.

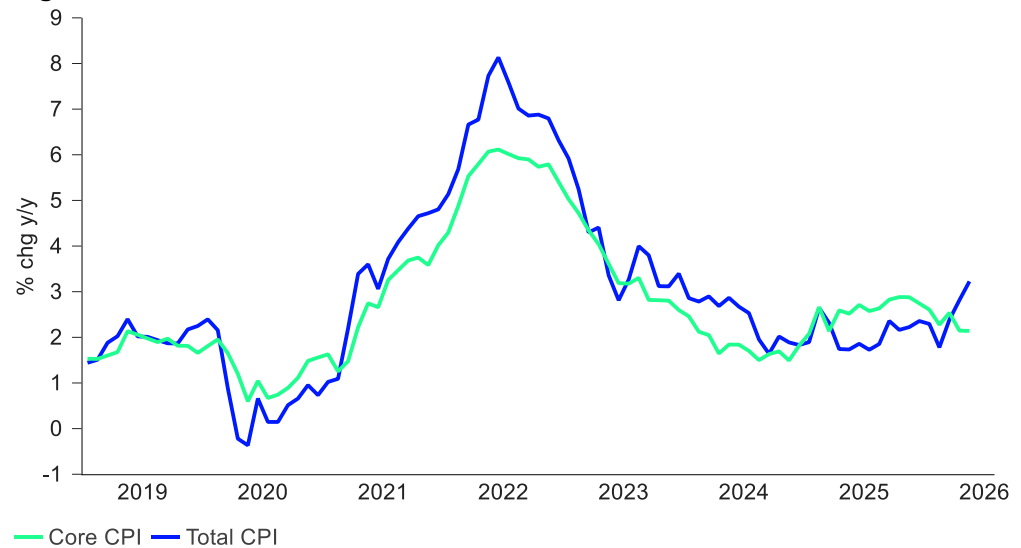
The USMCA review is the key swing factor. A July 1 deal looks unlikely, but we still expect agreement by year-end, easing trade uncertainty and supporting the H2 recovery. Fiscal policy should add a further tailwind, while the BoC policy rate remains accommodative.

We have revised our inflation forecast upward by 0.3ppts to 2.8% for 2026. Inflation now has two distinct narratives. Geopolitics pushed headline CPI to 3.2% y/y in May as Middle East tensions lifted energy prices, but the US-Iran agreement to reopen the Strait of Hormuz has since pulled oil prices lower, suggesting the peak may already have passed.

Beneath the surface, the picture is calmer. Core inflation edged up to 1.6% y/y in June, partly on energy-sensitive items such as airfares and travel tours, but

broader price pressure remains limited and the BoC's preferred core measures are holding near 2%. Even with headline CPI likely to stay just below 3% through year-end on elevated energy and food prices, slack and easing shelter inflation should keep core inflation below target and keep the BoC firmly on hold through 2026.

Figure 3: Canadian Headline CPI Inflation Rose But Core Softened



Source: Macrobond, State Street Investment Management, Statistics Canada

UK: Politics Is the Key Swing Factor

The ceasefire has eased the immediate UK inflation shock, but it has not altered the core outlook: growth is weak, policy is restrictive, and political risk is rising.

Lower oil and gas prices should soften the squeeze on real incomes, but not enough to revive momentum. Inflation is still likely to rise in H2, Bank Rate is expected to stay restrictive well into 2027, and fiscal uncertainty is building. We therefore expect activity to remain broadly flat through the rest of this year, with GDP growth unchanged at 0.7% in 2026 and 0.9% in 2027.

Externally, the key uncertainty is whether energy flows through the Strait of Hormuz normalise quickly enough to keep prices contained. Domestically, the bigger risk is political: a likely leadership change from Keir Starmer to Andy Burnham could push markets to demand a higher gilt risk premium, especially if investors expect a looser fiscal stance.

The MPC's June decision reflects this cautious backdrop. The Bank Rate was held at 3.75%, as expected, and the 7-2 vote was less hawkish than it looked. Lower energy futures and softer CPI data reduce the urgency to tighten, but the Committee is still unlikely to pivot to easing until the second-round effects of the energy shock are clearer.

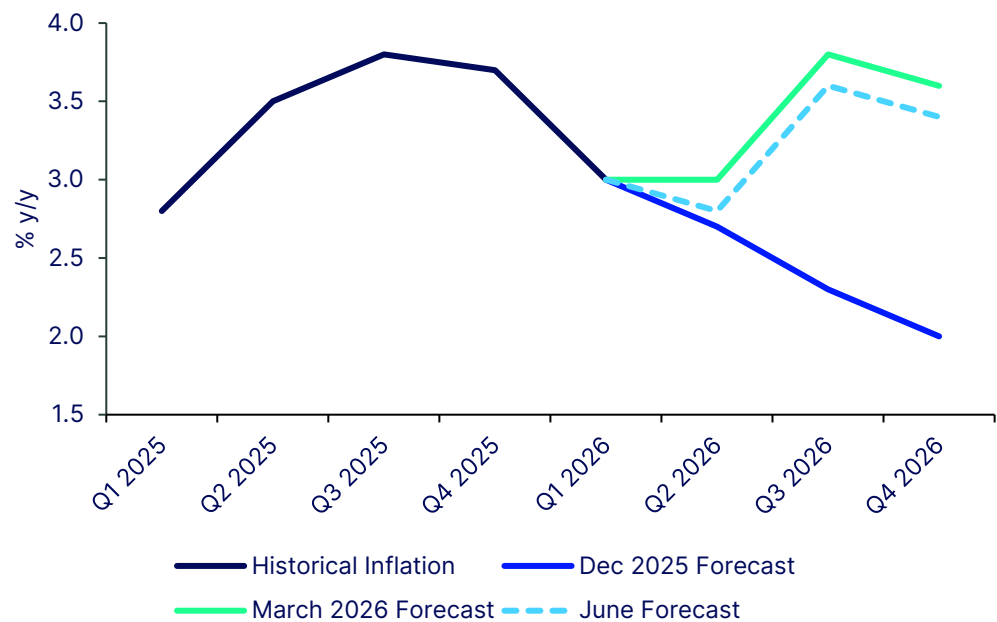
The labour market reinforces that caution. Headline pay and employment were firmer than expected, but slack is rising, private-sector pay growth remains much

weaker than public-sector pay growth, and consumer-facing jobs are still under pressure. Disinflation is progressing, though pay settlements and margins remain the key tests. We have therefore made a modest 0.1 ppt downward revision to our inflation forecast, with 2026 inflation now expected to average 3.2. We continue to expect Bank Rate to stay at 3.75% through year-end.

Politics is now the main swing factor. A potential leadership change from Keir Starmer to Andy Burham raises the chance of a fiscal reset by early autumn, though a large autumn Budget package still looks unlikely given the limited time to design one. Markets remain the guardrail. Higher gilt yields and rate expectations should narrow fiscal headroom, while investor caution limits the scope for early changes to the fiscal rules. Any meaningful policy shift is more likely after the Budget, once a new fiscal strategy is clearer.

In short, the UK looks less exposed to the energy shock but is still held back by domestic policy and political uncertainty. Lower energy prices offer breathing room, not a turning point. Until inflation risks ease more convincingly and fiscal direction becomes clearer, the recovery is likely to stay shallow and uneven.

Figure 4: UK's Inflation Outlook Softens

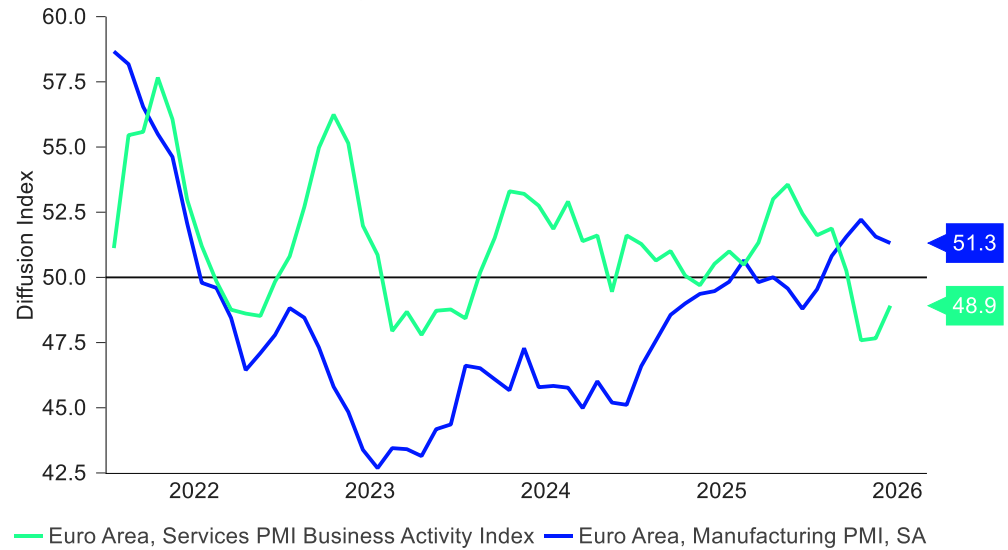


Eurozone: Further Behind

Unlike the US, where our growth expectations were unchanged relative to the pre-Iran war baseline, eurozone's growth prospects have deteriorated. We have trimmed 2026 and 2027 real GDP growth forecasts by three tenths to 0.8% and 1.2%, respectively, to account for a poor first-quarter result, uninspiring investment outlook, and the drag from what we consider to be ill-advised policy tightening by the ECB.

Real consumer spending remains frustratingly lacklustre. It rose just 1.0% y/y in Q1, the least in almost two years. This had been the region’s soft spot for a while despite healthy household finances and strong labor market. Early this year, it was compounded by a surprising contraction in fixed investment that halted the prior uptrend. Improvement should resume following the end of the Iran conflict and the retreat in energy costs, but we have been forced to sharply reduce our 2026 investment forecast. A year since passage, the tangible benefits of the German debt brake deal have yet to show up convincingly in the macro data.

Figure 5: ECB Hikes Likely To Exacerbate Economic Weakness



Source: Macrobond, State Street Investment Management, S&P Global

Activity indicators are diverging sharply across manufacturing and services industries. Purchasing managers’ indexes for manufacturing remain in a modest expansion territory, but service sector activity is contracting (Figure 5). The damage to tourism demand may turn out to be quite severe given the timing of the Iran war and the fact that the World Cup is likely diverting some tourism flows away from Europe. Absent compensatory acceleration elsewhere, growth is bound to slow. In turn, this should limit second round inflation pressures, especially given wages remain well behaved.

Nevertheless, the ECB remains determined to fight the recent spike in inflation and has already delivered one rate hike. We wish it had stayed its hand, especially since news of a ceasefire deal broke soon afterward. Alas, given that the hike was described as “robust” under the full range of scenarios that the Governing Council had considered, we now expect one more hike before year end.

Japan: Top Gear

The Japanese economy is evolving broadly in line with our bullish outlook of the past six months, with almost all cylinders firing. Growth continues to benefit from the global AI investment cycle, inflation remains contained at the headline level but is strengthening underneath the surface, and the Bank of Japan (BoJ) delivered

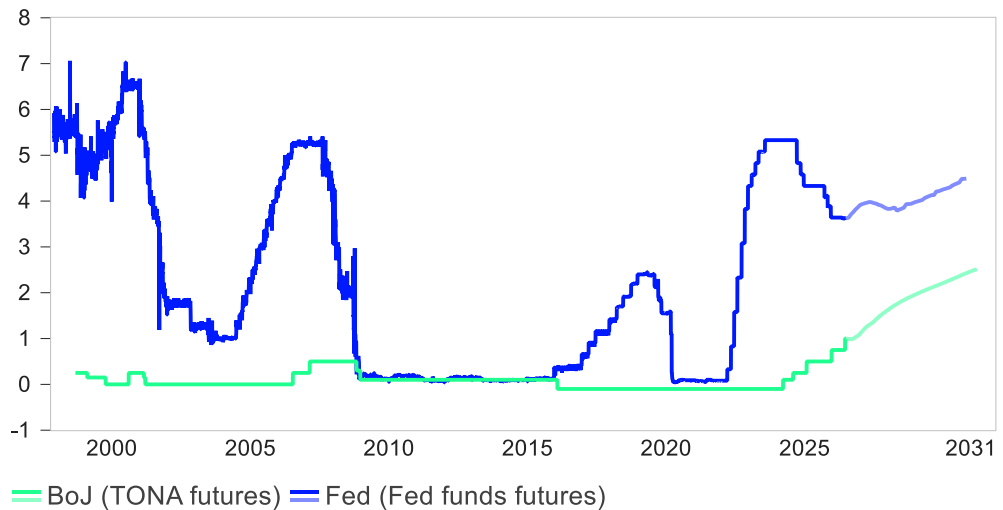
another rate hike in June. While the move came somewhat later than we had anticipated, the policy rate reaching 1.0% is psychologically significant, marking Japan's clearest departure yet from its ultra-accommodative monetary era.

The central question now is whether the global AI-driven investment boom can continue generating incremental demand and whether Japanese and broader Asian firms can sustain their outsized share of the benefits. For now, the macroeconomic signals across the region remain supportive. However, risks are beginning to emerge. Strong demand alongside increasingly constrained capacity could eventually fuel broader price pressures, potentially shifting the global macro narrative from one of growth-led expansion to inflation-led tightening.

The Iran conflict weighed on trade activity during Q2, with both exports and imports likely softening. Nevertheless, Japan's export sector remains underpinned by robust semiconductor and technology-related shipments, which could reaccelerate in the second half of the year. Capital expenditure was also weaker than expected, contributing to the downward revision of Q1 GDP growth, as businesses typically delay investment decisions amid heightened uncertainty. With the conflict now appearing to have concluded, we see scope for a recovery in both exports and corporate spending. In the meantime, the consumer has remained the economy's key stabilizer. Household consumption rose 1.1% y/y in Q1, the fifth consecutive quarter of growth above 1%, underscoring the resilience of domestic demand.

As we move deeper into the second half of the year, the underlying inflation story is becoming increasingly difficult to ignore. Producer prices surged 6.3% y/y in May, nearly a full percentage point above April's pace. More importantly, price pressures are no longer confined to energy-related categories such as naphtha. Increases have broadened across metals, plastics, and other intermediate goods, suggesting that pipeline inflation is becoming more pervasive. Against this backdrop, we now expect CPI inflation to average 2.0% this year before accelerating further to 2.8% in 2027.

Figure 6: Markets Pricing Excessive BoJ Policy Normalization



Source: Macrobond, State Street Investment Management, ECB, ICE, BoE, New York Fed, CME Group, BoC, TMX, Riksbanken, Nasdaq OMX Nordic, SNB, RBA, ASX, BOJ, JPX

Taken together, these developments reinforce our view that the BoJ's policy guidance remains intact. We continue to expect another rate hike in either December 2026 or February 2027, assuming no major external shocks derail the outlook. That said, market pricing appears somewhat aggressive. Current expectations imply that the policy-rate differential between Japan and the US will narrow to its tightest level in at least five years, a scenario that may prove difficult to sustain (Figure 6) on potential grey swan events that we cannot envision at the moment. On quantitative tightening, the BoJ remains committed to its existing plan, with JGB holdings set to continue running off until the start of the next fiscal year, consistent with guidance provided at the latest policy meeting.

Australia: Doves Don't Fly (Yet)

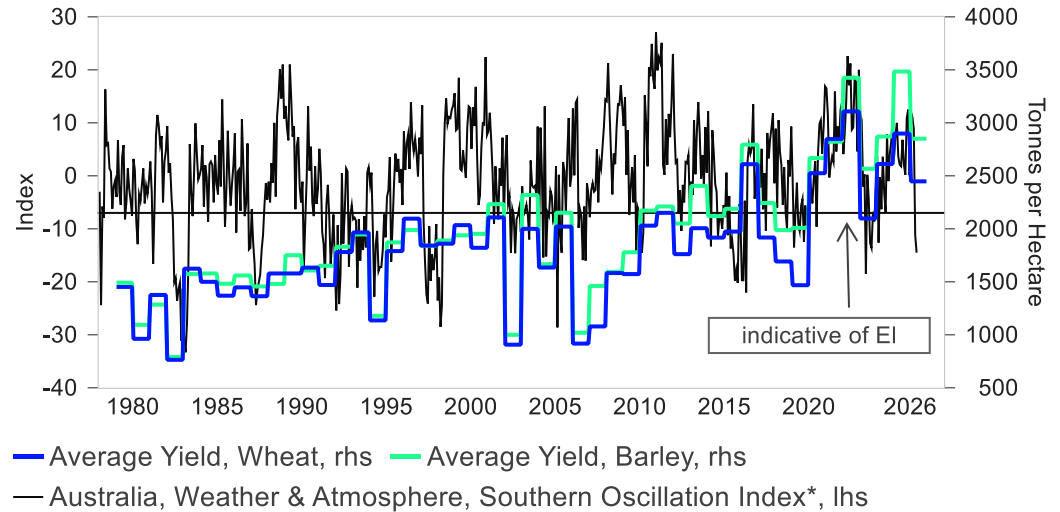
Australia's economy has navigated the Iran war shock better than expected. Fears of fuel rationing did not materialize, and in a notable surprise, headline inflation actually fell 0.7% m/m in May relative to April. This is striking for an economy where price pass-through is typically rapid and broad-based. Much of the decline was driven by a sharp 11.9% drop in oil prices, though other categories also contributed. While this outcome is encouraging for the near-term inflation outlook, it does not rule out the risk that price pressures could broaden again.

Underlying inflation dynamics remain more mixed. Trimmed-mean CPI rose 0.4% m/m (3.6% y/y) in May, supported in part by a strong 0.9% m/m (5.6% y/y) increase in new dwelling prices, a category that reflects construction material costs, where pass-through has been notable recently. Housing therefore remains central to the inflation outlook, especially given its high weightage in the CPI basket. The key question for the rest of the year is whether these cost pressures will ease or continue to pass through. At the same time, El Niño presents an additional upside risk to food prices if crop yields come under strain. On balance, however, we see a greater likelihood of downside surprises in headline inflation over the next 18 months, with CPI averaging 3.6% this year and 2.6% next.

For policy, the Reserve Bank of Australia (RBA) is likely to hold the cash rate at restrictive levels for an extended period and could still deliver one additional hike if underlying inflation proves sticky. The pivot to a more dovish stance will depend critically on labor market dynamics, particularly the trajectory of unemployment, which we expect to rise to 4.8% (4.4% currently) under sustained tight policy.

Meanwhile, growth is set to slow as policy restraint works through the system. GDP is likely to expand by 1.7% this year before recovering to 2.0% in 2027. Q1 growth was supported by data center investments, but strong imports amid a relatively firm AUD led to a sizable 0.8 pp drag from net trade. Even as the currency softens on shifting global monetary dynamics, net exports may remain a headwind. Consumption provided an unexpected cushion in Q1, but this support is unlikely to persist, reinforcing the broader narrative of a slowing but still resilient economy, which will eventually lead the RBA to make a dovish pivot.

Figure 6: El Niño Risks On The Rise For Australia



Source: Macrobond, State Street Investment Management, Australian Bureau of Meteorology, Australian Bureau of Agricultural & Resource Economics & Sciences
*The SOI is important for El Niño as it captures the atmospheric component of ENSO, with sustained negative values signaling a weakened Walker circulation that typically precedes and reinforces El Niño conditions.

China: Strong Supply, Weak Demand

China’s latest data reveal an increasingly stark two-speed economy. Supply-side momentum is impressive: industrial production accelerated to 4.5% y/y in May, high-tech manufacturing surged 15.1% y/y, and exports stayed resilient, rising 19.4% y/y. But the domestic demand picture is far weaker. Retail sales fell 0.6% y/y, the first outright decline since December 2022, while fixed-asset investment contracted 4.1% over January-May. The message is clear: China is still producing and exporting at scale, but the domestic engine of growth is sputtering.

Business surveys tell a similar story. Official manufacturing PMI slipped to 50.0 in May, leaving it exactly on the line between expansion and contraction. Beneath the headline, demand and labor indicators remained soft: new orders fell to 49.9, employment stayed at 48.6, and medium- and small-sized firms remained in contraction territory. Non-manufacturing activity improved modestly to 50.1, but new orders there remained weak as well. Put simply, production is still holding up, but domestic demand and hiring are not keeping pace.

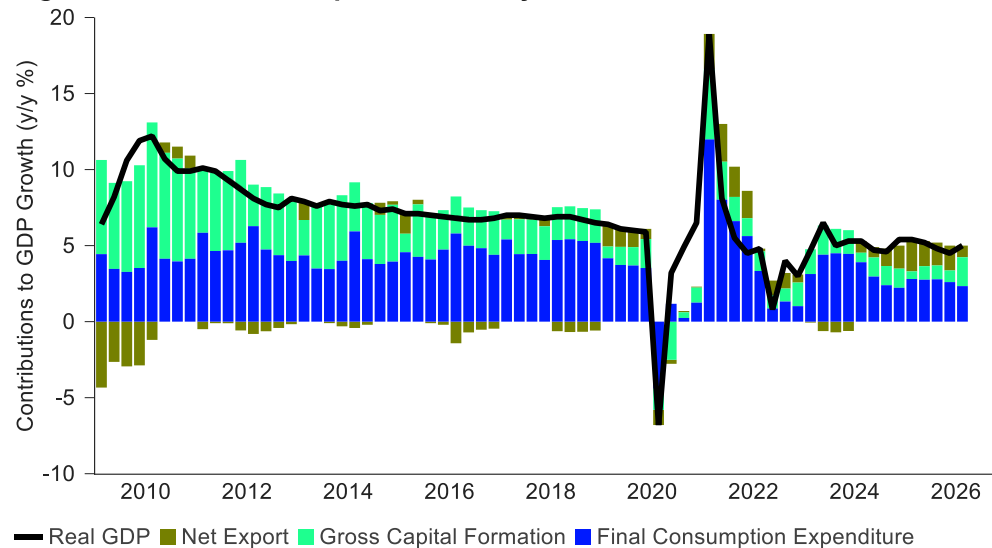
The property sector remains the clearest drag on confidence and household spending. Real-estate investment fell 16.2% y/y in January-May, newly started floor space fell 22.6%, and funds available to developers fell 19.0%. National new home prices declined 0.2% m/m in May, a slightly faster drop than in April, while prices were down 3.5% y/y. There are tentative signs of stabilization in the largest cities, with tier-one cities posting modest sequential gains, but the national picture remains one of fragile demand, excess supply, and ongoing pressure in lower-tier markets. That means the property downturn is still weighing on household wealth, confidence, and willingness to spend.

Inflation data underscore the same imbalance. Headline CPI rose 1.2% y/y in May, but food prices were down 1.7% and residence prices fell 0.2%, suggesting that underlying consumer demand remains subdued. By contrast, producer prices rose 3.9% y/y, the strongest increase since July 2022, helped by higher energy costs and stronger pricing in technology-linked manufacturing. In effect, China is seeing more upstream and cost-driven reflation than broad-based domestic reflation. That supports nominal activity at the margin, but it does not yet amount to a convincing repair in household demand.

Policy remains supportive but measured. Recent steps by the PBOC suggest continued refinement of a more price-based policy framework and a broader push to deepen financial-market development and renminbi usage. But policymakers still appear reluctant to return to old-style property- or credit-led stimulus. That restraint is understandable given debt levels and weak returns on investment, but it also means the burden of adjustment falls on a slower repair in confidence, margins, wages, and consumption.

Overall, China's growth story is increasingly defined by a widening gap between what the economy can produce and what domestic demand can absorb. Industrial output, exports, and high-value manufacturing continue to deliver credible momentum, but the transmission into profits, wages, household income, and consumption remains weak. That leaves China able to generate acceptable headline growth, but with a more fragile and less self-sustaining growth mix underneath. Until demand strengthens decisively, the economy will continue to look stronger in the production data than it feels on the ground.

Figure 7: China's Two-Speed Economy



Source: Macrobond, State Street Investment Management, China National Bureau of Statistics (NBS)

Week in Review

Our summary of the key global data releases from the past week.

Country	Release (Date, format)	Consensus	Actual	Last	Comments
Monday, June 22					
CA	CPI (May, y/y)	3.0%	3.2%	2.8%	May mark the peak.
Tuesday, June 23					
UK	Manufacturing PMI (Jun, prelim)	53.5	53.1	53.9	OK.
UK	Services PMI (Jun, prelim)	50.1	48.7	49.3	Soft.
GE	Manufacturing PMI (Jun, prelim)	50.2	50.0	50.1	Soft.
GE	Services PMI (Jun, prelim)	49.0	46.8	48.1	Very weak.
FR	Manufacturing PMI (Jun, prelim)	50.1	50.7	49.7	Soft.
FR	Services PMI (Jun, prelim)	46.0	47.4	44.3	Weak.
Wednesday, June 24					
US	Building Permits (May, final, thous)	1,418	1,410	1,413	Stuck at low level.
US	New Home Sales (May, thous)	640	580	626	Sales down, supply up.
GE	IFO Business Climate (Jun)	85.5	85.6	85.0	Near the bottom of three-year range.
AU	CPI (May, y/y)	4.3%	4.0%	4.2%	Core worries but downside surprise is welcome.
Thursday, June 25					
US	Personal Income (May)	0.4%	0.7%	0.0%	Good.
US	Personal Spending (May)	0.6%	0.7%	0.4%(↓)	Good.
US	GDP (Q1, annualized q/q)	1.6%	2.1%	0.5%	Weaker consumption, better investment.
US	Initial Jobless Claims (Jun 20, thous)	225	215	227 (↑)	Low.
US	Continuing Claims (Jun 13, thous)	1,800	1,821	1,800 (↓)	Still low, but have bottomed.
US	Durable Goods Orders (May, prelim)	-5.0%	-4.5%	8.5% (↑)	Pullback after prior surge.
GE	GfK Consumer Confidence (Jul)	-28.0	-29.2	-29.7 (↑)	Little change.
FR	Consumer Confidence (Jun)	83.0	84.0	82.0	Mild improvement.
AU	Unemployment Rate (May)	4.4%	4.4%	4.5%	Pay back from last month.
Friday, June 26					
US	U. of Mich. Sentiment (Jun, final)	50.0	49.5	44.8	Weaker inflation expectations.
IT	Consumer Confidence Index (Jun)	94.3	92.4	93.4	In lower half of three-year range.

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Marketing Communication

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