STATE STREET GLOBAL ADVISORS



**September 11, 2020**
Commentary

# Weekly Economic Perspectives

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**Spotlight on Next Week**
The Fed, the BoE and the BoJ are all expected to remain on hold next week. Retail sales growth likely cools in the US. Labor market conditions likely deteriorate in the UK.

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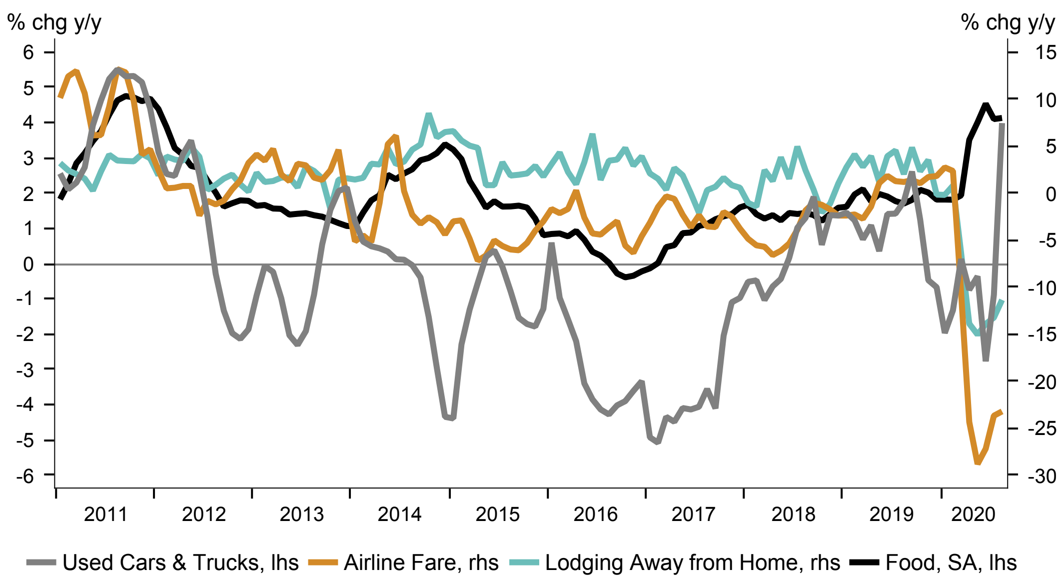
**The Economy**

A fairly light data week, with mixed market performance.

US

One of the hottest topics of debate among economist and investors alike nowadays is whether the Covid crisis will prove to be an inflationary or deflationary force in the global economy. Of course, the debate stretches far beyond Covid to issues of globalization and new monetary policy frameworks, but as to the Covid impact so far, the evidence is mixed. Perhaps the best way to summarize things is to say that—just as with the letter shape of the recovery (a V, an L, a W?)—what you see depends very much on where you look. Thus, Covid has proven inflationary in areas where supply-chain bottlenecks and preference shifts have triggered product shortages. Food and used vehicle prices are two such examples. By contrast, in sectors such as leisure and travel, Covid has clearly been a deflationary shock (Figure 1 below). And yet, it is worth remembering that these are only the short-term effects of shortages or supply gluts. Over time, supply and demand are likely to realign, reducing the likelihood of big price swings. The more interesting question, therefore, has to do not with the immediate, but the medium-term impact. Where are we likely to see structural changes not only in supply and demand, but rather in the fundamental way of doing business? Will online education become more prevalent, and will this place structural downward pressure on college tuition costs? Will telehealth help reduce medical care inflation? How will the work from home trend impact homeownership preferences and how will the relative costs of renting versus owning a home evolve? It is too early to answer these questions definitively as policy will also have a big role to play in the future evolution of prices. But it may well be in the area of relative prices that Covid could prove to have its longest lasting economic impact.

**Figure 1: Divergent Trends In US CPI Inflation**




Sources: U.S. Bureau of Labor Statistics (BLS)

Returning to the latest consumer price data, both the headline and the core inflation measures came in a tenth stronger than anticipated in August, at 1.3% y/y and 1.7% y/y/y, respectively. Headline and core prices increased 0.4% each during the month, but there was considerable divergence across sub-categories. For instance, higher oil prices pushed energy costs up 0.9% and transportation costs up 1.3%. Recreation costs rose 0.7%, reflecting summer leisure demand, while apparel prices rose 0.6% (this follows massive declines earlier in the year). Overall housing and medical costs were subdued, increasing just 0.2% and 0.1%, respectively. Downward pressure on lodging away from home and in inner-city, high cost area rents, are likely to remain a drag on overall inflation in coming months.

Somewhat surprisingly given the high level of continuing unemployment claims, **job openings** have almost fully retraced their recent losses, having risen by another 617k to 6.6 million in July. They are now above where they stood in December and only slightly lower than in February. Three sectors account for the bulk of opening: trade and transportation (1.3 million), education and health services (1.3 million) and professional services (1.2 million). Notably, openings in trade and transportation are above year-ago levels, with professional series nearly even and education/health down by less than 100k compared with July 2019. Also notable is that quits—which we view as a measure of worker confidence—also increased by 344k. At over 2.9 million they are now only half a million below their February level and close to levels that prevailed for much of 2016-2017. After collapsing in March-April, hires came back with a vengeance in May-June and are now appearing to normalize. They slowed by nearly 1.2 million to 5.7 million in July. The decline was driven exclusively by a pullback in the South, whereas hires increased in each of the other three regions, where it actually exceeded year-ago levels. As Covid-19 cases subside in the hot spot states in the south, we anticipate hires to also rebound in that region in coming months. There are currently about two unemployed people for each job opening, an improvement from a peak of 4.2 back in May, but not yet back to the sub-1.0 lows that characterized the US labor market during the two years pre-Covid.

**Unemployment claims** remain elevated. Initial claims (partly estimated due to Labor Day holiday) were unchanged at 884,000 in the week ending September 5, while continuing claims rose by 93,000 to 13.4 million during the week ended August 29.

The encouraging signal from the JOLTS report was corroborated by some of the details in the **NFIB small business confidence index**. Having declined a larger than expected 1.8 points in July, the index recouped 1.4 points in August; overall, it has retraced about 70% of its losses since the April low. The details were mixed. Actual sales performance improved by the most since December 2017, although it remains well below pre-Covid levels. Actual profits also improved, but they, too, remain well below pre-Covid levels. Actual hiring was incrementally worse but hiring plans improved; 21% of respondents said that finding qualified labor was the bigger problem facing their business. Notably, that share jumped to 41% for respondents in the construction sector; this likely goes a long way in explaining the modest increase in construction employment over the last two months despite robust activity levels in that sector. The uncertainty metric deteriorated further and, with the exception of March, is now at the highest level since November 2016.

After three consecutive declines, **consumer credit** outstanding increased in both June and July, with the July expansion of $12.2 billion the largest since February. However, this remains very much a tale of two types of credit as revolving credit declined again, while non-revolving credit increased. Indeed, revolving credit posted its fifth consecutive decline (although the latest retreat was minimal), and has declined by a cumulative $104 billion since February. The surging personal savings rate (still near 18%) suggests consumers are currently able to finance consumption without tapping credit lines. Non-revolving loans, which mostly consist of mortgages, auto loans, and student loans, increased by $12.5 billion in July and by $32 billion since February.

## Canada

There were no changes to policy settings in the **Bank of Canada's** latest monetary policy meeting. It maintained the target for the overnight rate at 0.25%, while the large-scale asset purchase program was unchanged. The accompanying statement sounded pretty upbeat, as "the bounce-back in activity in the third quarter looks to be faster than anticipated in July". But BoC expects "this strong reopening phase to be followed by a protracted and uneven recuperation phase, which will be heavily reliant on policy support. The recovery remains highly dependent on the path of the COVID-19 pandemic and the evolution of social distancing measures required containing its spread." The Bank reiterated its commitment to accommodative monetary policy, stating it will "hold the policy interest rate at the effective lower bound until economic slack is absorbed so that the 2 percent inflation target is sustainably achieved."

The Fed's recent adoption of Flexible Average Inflation Target will no doubt influence BoC's line of thinking. Both headline and core inflation have been around the 2% mark at the onset of the crisis. It is not unreasonable to think that inflation will again push towards the target once the economy starts operating at full capacity. However, the Bank's action will be dictated by the shortfall from the full employment level, which is likely to lag GDP to some extent. Recent actions by the BoC already suggest more tolerance for above-target inflation.

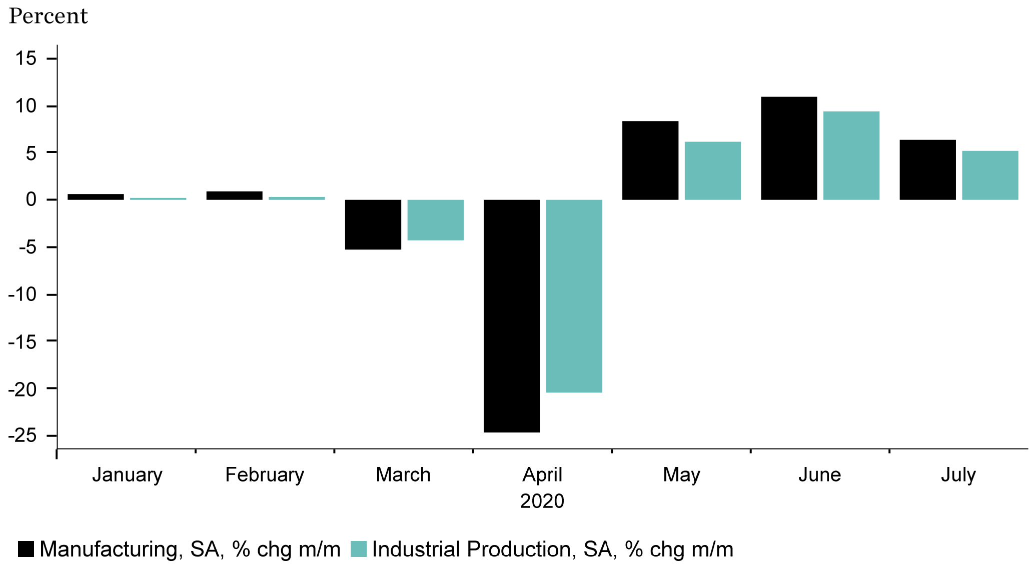
**Housing starts** increased 6.9% in August, a fourth consecutive gain that left them at 262,396 units (annualized). Urban starts rose 7.1% to 248,154—with multiple urban starts up by 9.1%, while single-detached urban starts were lower 1.0%. Higher multi-unit starts in Ontario led the gains. Starts might trend lower towards the end of the year, given the disruption caused by COVID on jobs and activity.

**Capacity utilization** fell to 70.3% in the second quarter from 79.8% in the first, due to the disruptions to activity caused by COVID. All broad sectors saw a drastic drop in utilization—including mining (14.5 ppts to 56.3%), manufacturing (-11 ppts to 63.3%) and construction (-10.6 ppts to 80.2%), most at or very close to record lows.

## UK

Following the lockdowns-induced earlier crash, **industrial activity** is gradually digging out of that hole (Figure 2, page 5). Having risen 6.2% in May and 9.3% in June, industrial production increased another 5.2% in July, lifted by a 6.3% jump in manufacturing production, alongside moderate improvement in energy and utilities. Mining posted an incremental gain only. Still, production remains 7.8% lower than in July 2019; it shrank 10.9% y/y during the first seven months of the year.

**Figure 2: UK Industrial Production Retracing Big Losses**




Sources: U.K. Office for National Statistics (ONS)

Eurozone

This week's **ECB meeting** was a fairly low-key affair, with no policy changes, no forecast surprises, and no particularly controversial remarks. All interest rates were left unchanged and so were the QE parameters. While there was acknowledgment of the recent strong rebound in activity, this was accompanied by (unsurprising) emphasis on uncertainty and dependence on the trajectory of the virus. Thus, while updated staff economic projections now show a smaller GDP contraction in 2020 (8.0% versus 8.7% in June), the ongoing increase in Covid-19 cases means risks remain skewed to the downside. Projections for 2020 inflation were unchanged, while core inflation is seen slightly higher in 2021 and 2022. However, both the headline and the core measures are expected to remain well below the target of "close to 2.0%". The ECB is therefore committed to its accommodative policy stance and continues to cheer/call for fiscal stimulus "firmly rooted in sound structural policies".

**Industrial production** is rebounding across eurozone economies. Admittedly, the ***German*** performance was somewhat disappointing given the strong industrial orders data, but we still welcome July's 1.2% expansion, especially since the June data was revised upward. ***French*** industrial production increased 3.8% in July, while ***Italian*** industrial production jumped 7.4%, a much better than anticipated result. Nonetheless, output remains far below year-earlier in all countries, down 10.0% y/y in Germany, 8.3% y/y in France, and 8.0% y/y in Italy.

Though not shocking, the 2.2% decline in ***Italian*** **retail sales** in July was a bit disappointing, especially since it was accompanied by an almost two percentage point downward revision to the June figure (still very strong at +10.2%). Food sales declined 1.0% and non-food sales were down 3.2% for the month. Overall sales were 7.2%

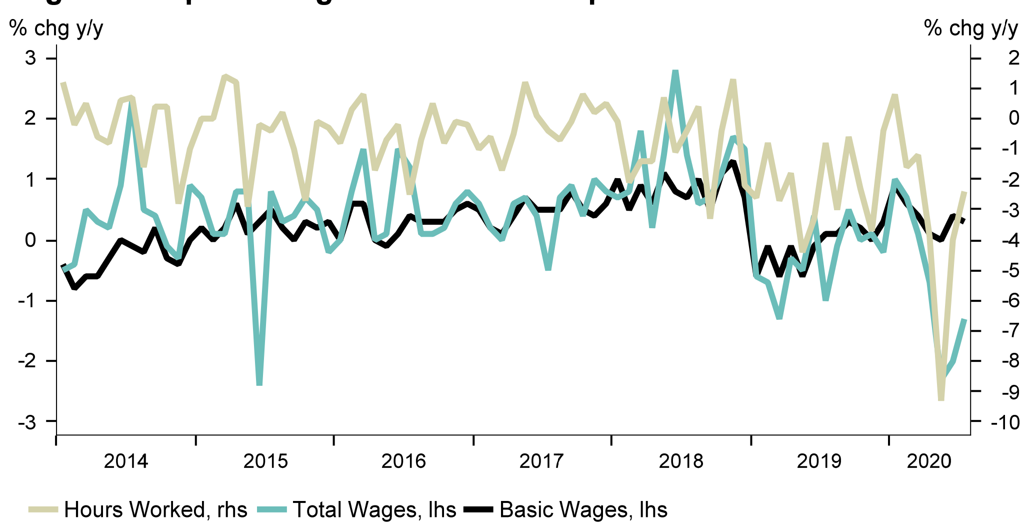
lower than in July 2019; they've declined by an average of 8.3% y/y during the first seven months of 2020.

***German* labor cost inflation** has sharply accelerated this year but we suspect that this reflects distortions related to job subsidy schemes rather than genuine demand driven pressure on wages. Labor costs increased 2.3% in the first quarter and another 1.9% in the second, leaving them 5.1% higher than a year earlier, by far the highest reading in data going back to 1997. The question is one of sustainability: a similar, though smaller, "bump" was recorded in 2008 but subsequently faded away.

Japan

**Wage inflation** declined again in July, though it seems to be decelerating. Wage growth was lower by 1.3% from a year earlier, and the June fall was revised downward to -2.0% from -1.7% earlier. Overtime wages also fell 16.6%, dragging overall wage growth down by 0.9 percentage points. Employers continued to curtail working hours, with hours worked down a further 2.4%. Decline in special wages narrowed a little (-2.4%). On the positive, the basic wage slowed slightly to +0.3% in July, from +0.4% in June, and included a wider decline in the basic monthly wage for full-time workers to -0.5%. Real wages also decreased, down 1.6% y/y, a second month of deceleration.

**Figure 3. Japan's Wage Data Fails To Impress**




Sources: Japanese Ministry of Health, Labour & Welfare

**Core machinery orders** (private sector orders other than for ships and electricity generating equipment) rebounded 6.3% in July, higher than anticipated, back around April-May level. Manufacturing orders rose for the second month, by 5.0%--led by general-purpose and production machinery (+3.3%), chemical and chemical products (+2.3%), and automobiles, parts & accessories (+6.2%). Services (excluding orders for ships and from electric power companies) also rebounded 3.4%. Foreign orders, a leading indicator for capital goods exports jumped 13.8%, marking an increase for the first time in five months.

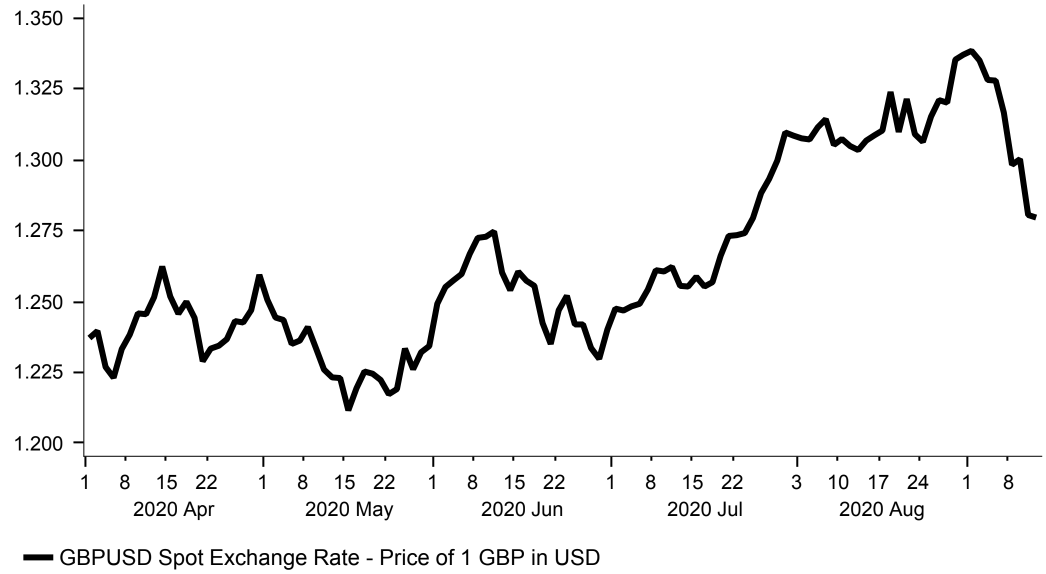
Australia

The divergence between business conditions and business confidence persisted as the strict lockdown in Melbourne was extended for a further two weeks until about the end of September. In a contrast to July, the **NAB monthly business survey** showed business conditions to have deteriorated by 6 points in August from 0, while business confidence improved by 6 points to -8. Worryingly, employment conditions worsened 11 points to -13, back to June level. July had actually marked the third consecutive increase in employment intentions, and it remains to be seen if August marks the end of a downtrend. We believe not, due to a marked decline in the number of new COVID cases across the country, and extension of fiscal support. Profitability and trading conditions were lower as well by 4 and 3 points, to -3 and -2 respectively.

## The Market This Week

The UK pound took a beating this week as yet another Brexit controversy—this time over a new UK parliamentary bill seen as undermining earlier pledges made in the withdrawal agreement. Tempers flared, and along with them, the chance of "no-deal".

**Figure 4: Brexit Drama Hammers The Pound**




Sources: Macrobond, Bloomberg

**Equities:** US selloff continues, but most other markets move higher.

**Bonds:** Bond yields narrow slightly despite stronger inflation reads.

**Currencies:** The pound gets hammered by Brexit controversy.

**Commodities:** Oil continues to retreat but uncertainty puts a floor under gold.

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| Stock Markets | | | | | 10 Year Bond Yields | | | Currencies | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Country | Exchange | Last | %Ch Week | %Ch YTD | Last | BP Ch Week | BP Ch YTD | Last | %Ch Week | %Ch YTD |
| US | S&P 500® | 3340.89 | -2.5% | 3.4% | 0.67 | -5 | -125 | 93.276 | 0.6% | -3.2% |
| Canada | TSE 300 | 16221.95 | 0.0% | -4.9% | 0.55 | -5 | -115 | 1.319 | 1.0% | 1.5% |
| UK | FTSE® | 6032.09 | 4.0% | -20.0% | 0.18 | -8 | -64 | 1.2801 | -3.6% | -3.4% |
| Germany | DAX | 13202.84 | 2.8% | -0.3% | -0.48 | -1 | -30 | | | |
| France | CAC-40 | 5034.14 | 1.4% | -15.8% | -0.19 | -2 | -31 | 1.1842 | 0.0% | 5.6% |
| Italy | FTSE® MIB | 19820.75 | 2.2% | -15.7% | 0.98 | -3 | -43 | | | |
| Japan | Nikkei 225 | 23406.49 | 2.9% | -1.1% | 0.03 | -1 | 4 | 106.08 | -0.2% | -2.3% |
| Australia | ASX 200 | 5859.422 | -1.1% | -12.3% | 0.91 | 2 | -46 | 0.7278 | -0.1% | 3.7% |

| Commodity Markets | | | | | | |
|---|---|---|---|---|---|---|
| Commodity | Unit | Source | Last Price | %Ch Week | %Ch YTD | %Ch Yr Ago |
| Oil (Brent) | US $/Barrel | Bloomberg | 39.05 | -5.5% | -41.2% | -36.6% |
| Gold | US $/troy oz | Bloomberg | 1942.18 | 0.4% | 28.0% | 29.7% |

Source: Bloomberg®

## Week in Review (September 7–September 11)

| Country | Release (Date, format) | Consensus | Actual | Last | Comments |
|---|---|---|---|---|---|
| **Monday, September 7** | | | | | |
| GE | Industrial Production (Jul, m/m) | 4.5% | 1.2% | 9.3%(↑) | Surprisingly soft given orders strength. |
| **Tuesday, September 8** | | | | | |
| US | NFIB Small Business Optimism (Aug) | 99 | 100.2 | 98.8 | Encouraging. |
| US | Consumer Credit (Jul, $ bil.) | 13.0 | 12.2 | 11.4(↑) | Driven exclusively by non-revolving credit. |
| EC | GDP (Q2, final, q/q) | -12.1%(p) | -11.8% | 0.1% | Still terrible… |
| GE | Labor Costs (Q2, y/y) | na | 5.1% | 4.7%(↑) | Skewed by job subsidy schemes. |
| IT | Retail Sales (Jul, m/m) | -1.0% | -2.2% | 10.2%(↓) | Not shocking, but slightly disappointing. |
| JN | GDP (Q2, final, q/q) | -7.8%(p) | -7.9% | -0.6% | Contraction more than initially estimated. |
| JN | Labor Cash Earnings (Jul, y/y) | -1.5% | -1.3% | -2.0%(↓) | Wage inflation improves slightly, still negative. |
| AU | NAB Business Confidence (Aug) | na | -8 | -14 | Employment conditions worsened. |
| **Wednesday, September 9** | | | | | |
| US | JOLTS Job Openings (Jul, thous) | 6000 | 6618 | 6001(↑) | Encouraging. |
| CA | BoC Monetary Policy Decision | 0.25% | 0.25% | 0.25% | Seems inclined to adopting FAIT. |
| CA | Housing Starts (Aug, thous) | 217.5 | 262.4 | 245..4(↓) | Going strong. |
| **Thursday, September 10** | | | | | |
| US | Initial Jobless claims (Sep 5, thous) | 850 | 884 | 884(↑) | Still very elevated. |
| US | Continuing claims (Aug 29, thous) | 12904 | 13385 | 13292(↑) | Still very elevated. |
| EC | ECB Monetary Policy Decision | 0.00% | 0.00% | 0.00% | |
| FR | Industrial Production (Jul, m/m) | 5.0% | 3.8% | 13.0%(↑) | Still down 8.3% y/y. |
| IT | Industrial Production (Jul, m/m) | 3.5% | 7.4% | 8.2% | Still down 8.0% y/y. |
| JN | Core Machine Orders (Jul, m/m) | 2.0% | 6.3% | -7.6% | METI upgrades assessment to trending down. |
| **Friday, September 11** | | | | | |
| US | CPI (Aug, y/y) | 1.2% | 1.3% | 1.0% | Core at 1.7% y/y. |
| CA | Capacity Utilization Rate (Q2) | 70.7% | 70.3% | 79.8% | Disruptions to activity due to COVID. |
| UK | Industrial Production (Jul, m/m) | 4.1% | 5.2% | 9.3% | Good!, but long way to go still… |

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

# Week Preview (September 14–September 18)

| Country | Release (Date, format) | Consensus | Last | Comments |
|---|---|---|---|---|
| **Monday, September 14** | | | | |
| EC | Industrial Production (Jul, m/m) | 4.2% | 9.1% | |
| FR | Bank of France Ind. Sentiment (Aug) | 99 | 99 | |
| JN | Industrial Production (Jul, final, m/m) | 8.0%(p) | 1.9% | Definitely bottomed out. |
| JN | Tertiary Industry Index (Jul, m/m) | 0.5% | 7.9% | Go To Travel campaign a positive for some services. |
| **Tuesday, September 15** | | | | |
| US | Industrial Production (Aug, m/m) | 1.0% | 3.0% | |
| US | Empire Manufacturing (Sep) | 6.0 | 3.7 | |
| CA | Manufacturing Sales (Jul, m/m) | na | 20.7% | Growth should moderate but stay positive. |
| CA | Existing Home Sales (Aug, m/m) | na | 26.0% | |
| UK | ILO Unemployment Rate (Jul) | 4.1% | 3.9% | |
| UK | Average Weekly Earnings (Jul, 3m y/y) | -1.3% | -1.2% | |
| GE | ZEW Investor Expectations (Sep) | 69.5 | 71.5 | |
| AU | House Price Index (Q2, q/q) | -1.3% | 1.6% | Reflects disruptions caused by COVID. |
| AU | RBA Meeting Minutes | | | |
| **Wednesday, September 16** | | | | |
| US | FOMC Monetary Policy Decision | 0.25% | 0.25% | No action, but perhaps some more details around AIT. |
| US | Retail Sales Advance (Aug, m/m) | 1.0% | 1.2% | More modest gains from here on. |
| US | NAHB Housing Market Index (Sep) | 78 | 78 | |
| US | Business Inventories (Jul, m/m) | 0.2% | -1.1% | |
| CA | CPI (Aug, y/y) | na | 0.1% | Reduced demand, and suppressed oil prices. |
| UK | CPI (Aug, y/y) | na | 1.0% | |
| JN | Trade Balance Adjusted (Aug, ¥ bil.)) | 18.7 | -34.8 | |
| **Thursday, September 17** | | | | |
| US | Initial Jobless claims (Sep 12, thous) | 850 | 884 | |
| US | Continuing claims (Sep 5, thous) | 13000 | 13385 | |
| US | Building Permits (Aug, thous) | 1520 | 1483(↓) | Impressively resilient. |
| US | Housing Starts (Aug, thous) | 1450 | 1496 | |
| US | Philadelphia Fed Business Outlook (Sep) | 15.0 | 17.2 | |
| UK | BoE Monetary Policy Decision | 0.10% | 0.10% | On hold, outlook views most relevant. |
| JN | BoJ Monetary Policy Decision | -0.10% | -0.10% | |
| AU | Unemployment Rate (Aug) | 7.7% | 7.5% | We think UR is approaching peak. |
| **Friday, September 18** | | | | |
| US | U of Mich Sentiment (Sep, prelim) | 74.9 | 74.1 | |
| US | Leading Index (Aug) | 1.3% | 1.4% | |
| CA | Retail Sales (Jul, m/m) | na | 23.7% | Moderation following spike post reopening. |
| CA | Teranet/National Bank HPI (Aug, y/y) | na | 5.5% | |
| UK | Retail Sales (Aug, m/m) | na | 3.6% | |
| FR | Wages (Q1, final, q/q) | na | 0.9% | |
| IT | Industrial Orders (Jul, m/m) | na | 23.4% | |
| JN | CPI (Aug, y/y) | 0.2% | 0.3% | Prices have most likely bottomed out. |

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 | 1.3 | 0.5 | 0.5 | 0.9 | 1.0 |
| Canada | Target: CPI 2.0% y/y, 1.0%-3.0% control range | 0.9 | -0.2 | -0.4 | 0.7 | 0.1 |
| UK | Target: CPI 2.0% y/y | 1.5 | 0.8 | 0.5 | 0.6 | 1.0 |
| Eurozone | Target: CPI below but close to 2.0% y/y | 0.7 | 0.3 | 0.1 | 0.3 | 0.4 |
| Japan | Target: CPI 2.0% y/y | 0.4 | 0.1 | 0.1 | 0.1 | 0.3 |
| Australia | Target Range: CPI 2.0%-3.0% y/y | 2.2 | -0.3 | -0.3 | -0.3 | |

Source: Macrobond

## Key Interest Rates

| | Oct-19 | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 | ###### | ##### | Jul-20 | ###### |
|---|---|---|---|---|---|---|---|---|---|---|---|
| US (top of target range) | 1.75 | 1.75 | 1.75 | 1.75 | 1.75 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |
| Canada (Overnight Rate) | 1.75 | 1.75 | 1.75 | 1.75 | 1.75 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |
| UK (Bank Rate) | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 |
| Eurozone (Refi) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Japan (OCR) | -0.03 | -0.03 | -0.07 | -0.04 | -0.03 | -0.07 | -0.06 | -0.07 | -0.07 | -0.02 | -0.06 |
| Australia (OCR) | 0.76 | 0.75 | 0.75 | 0.75 | 0.75 | 0.43 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |

Source: Macrobond

## General Government Structural Balance as a % of Potential GDP

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | Forecast 2020 | Forecast 2021 |
|---|---|---|---|---|---|---|---|---|---|---|
| US | -6.4 | -4.5 | -3.8 | -3.6 | -4.4 | -4.8 | -6.0 | -6.3 | -6.3 | -6.2 |
| Canada | -2.1 | -1.1 | 0.1 | 0.8 | 0.7 | 0.0 | -0.2 | -0.5 | -0.8 | -0.8 |
| UK | -6.0 | -4.0 | -4.7 | -4.1 | -2.9 | -2.0 | -1.5 | -1.3 | -1.4 | -1.5 |
| Eurozone | -2.1 | -1.2 | -0.9 | -0.8 | -0.7 | -0.7 | -0.6 | -0.7 | -0.9 | |
| Germany | 0.0 | 0.6 | 1.2 | 1.2 | 1.3 | 1.1 | 1.4 | 0.9 | 1.0 | 0.7 |
| France | -4.4 | -3.4 | -3.3 | -3.0 | -2.8 | -2.6 | -2.5 | -2.4 | -2.5 | -2.4 |
| Italy | -1.5 | -0.6 | -1.1 | -0.7 | -1.4 | -1.7 | -1.8 | -1.5 | -2.1 | -2.3 |
| Japan | -7.6 | -7.5 | -5.5 | -4.3 | -4.1 | -3.4 | -3.1 | -2.9 | -2.1 | -1.9 |
| Australia | -3.3 | -2.6 | -2.6 | -2.4 | -2.2 | -1.5 | -0.6 | -0.4 | -0.4 | 0.0 |

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 | | Apr | May | Jun | Jul | Aug |
| US | 0.3 | 0.1 | 0.6 | 1.0 | 1.3 | | -1.5 | -0.8 | -0.8 | -0.4 | -0.2 |
| Canada | -0.2 | -0.4 | 0.7 | 0.1 | | | -6.0 | -4.9 | -3.3 | -2.3 | |
| UK | 0.8 | 0.5 | 0.6 | 1.0 | | | -0.7 | -1.2 | -0.9 | -0.9 | |
| Eurozone | 0.3 | 0.1 | 0.3 | 0.4 | | | -4.5 | -5.0 | -3.7 | -3.3 | |
| Germany | 0.9 | 0.6 | 0.9 | -0.1 | 0.0 | | -1.9 | -2.2 | -1.8 | -1.7 | |
| France | 0.3 | 0.4 | 0.2 | 0.8 | 0.2 | | -3.7 | -3.3 | -2.2 | -2.1 | |
| Italy | 0.0 | -0.2 | -0.2 | -0.4 | -0.5 | | -5.1 | -5.3 | -4.5 | -4.2 | |
| Japan | 0.1 | 0.1 | 0.1 | 0.3 | | | -2.5 | -2.8 | -1.6 | -0.9 | -0.5 |
| Australia | -0.3 | -0.3 | -0.3 | | | | | | | | |

Source: Macrobond

## Real GDP Growth (Q/Q Seasonally Adjusted)

| | Quarter/Quarter %Change | | | | | | Year/Year %Change | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Q2-19 | Q3-19 | Q4-19 | Q1-20 | Q2-20 | | Q2-19 | Q3-19 | Q4-19 | Q1-20 | Q2-20 |
| US | 0.4 | 0.6 | 0.6 | -1.3 | -9.1 | | 2.0 | 2.1 | 2.3 | 0.3 | -9.1 |
| Canada | 0.8 | 0.3 | 0.1 | -2.1 | -11.5 | | 2.0 | 1.6 | 1.5 | -0.9 | -13.0 |
| UK | -0.1 | 0.5 | 0.0 | -2.2 | -20.4 | | 1.4 | 1.3 | 1.1 | -1.7 | -21.7 |
| Eurozone | 0.1 | 0.3 | 0.1 | -3.7 | -11.8 | | 1.2 | 1.4 | 1.0 | -3.2 | -14.7 |
| Germany | -0.5 | 0.3 | 0.0 | -2.0 | -9.7 | | 0.1 | 0.8 | 0.4 | -2.2 | -11.3 |
| France | 0.2 | 0.2 | -0.2 | -5.9 | -13.8 | | 1.8 | 1.6 | 0.8 | -5.7 | -18.9 |
| Italy | 0.1 | 0.0 | -0.2 | -5.5 | -12.8 | | 0.4 | 0.5 | 0.1 | -5.6 | -17.7 |
| Japan | 0.4 | 0.0 | -1.8 | -0.6 | -7.9 | | 0.9 | 1.7 | -0.7 | -1.9 | -10.1 |
| Australia | 0.8 | 0.5 | 0.6 | -0.3 | -7.0 | | 1.6 | 1.8 | 2.3 | 1.6 | -6.3 |

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 | -4.3 | -12.8 | 0.9 | 5.7 | 3.0 | | -4.6 | -16.3 | -15.8 | -11.0 | -8.2 |
| Canada | -5.3 | -14.6 | 3.6 | 5.8 | | | -5.8 | -21.1 | -18.4 | -13.5 | |
| UK | -4.3 | -20.4 | 6.2 | 9.4 | 5.2 | | -7.4 | -24.0 | -20.1 | -12.5 | -7.8 |
| Germany | -8.8 | -17.6 | 7.4 | 9.3 | 1.2 | | -10.9 | -24.8 | -19.6 | -11.3 | -10.0 |
| France | -16.9 | -20.5 | 20.0 | 13.0 | 3.8 | | -17.6 | -34.9 | -23.2 | -11.3 | -8.3 |
| Italy | -27.9 | -20.1 | 41.5 | 8.2 | 7.4 | | -29.5 | -43.4 | -20.6 | -13.8 | -7.6 |
| Japan | -3.7 | -9.8 | -8.9 | 1.9 | 8.0 | | -6.8 | -15.9 | -24.5 | -21.0 | -15.3 |

Source: Macrobond

## Unemployment Rate (Seasonally Adjusted)

| | Oct-19 | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 | ###### | ##### | Jul-20 | ###### |
|---|---|---|---|---|---|---|---|---|---|---|---|
| US | 3.6 | 3.5 | 3.5 | 3.6 | 3.5 | 4.4 | 14.7 | 13.3 | 11.1 | 10.2 | 8.4 |
| Canada | 5.6 | 5.9 | 5.6 | 5.5 | 5.6 | 7.8 | 13.0 | 13.7 | 12.3 | 10.9 | 10.2 |
| UK | 3.8 | 3.8 | 3.9 | 4.0 | 3.9 | 3.9 | 3.9 | 3.9 | | | |
| Eurozone | 7.4 | 7.4 | 7.4 | 7.4 | 7.3 | 7.2 | 7.4 | 7.5 | 7.7 | 7.9 | |
| Germany | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.8 | 6.3 | 6.4 | 6.4 | 6.4 |
| France | 8.3 | 8.2 | 8.2 | 8.0 | 7.7 | 7.5 | 7.8 | 6.9 | 6.6 | 6.9 | |
| Italy | 9.5 | 9.5 | 9.6 | 9.6 | 9.4 | 8.5 | 7.3 | 8.5 | 9.3 | 9.7 | |
| Japan | 2.4 | 2.2 | 2.2 | 2.4 | 2.4 | 2.5 | 2.6 | 2.9 | 2.8 | 2.9 | |
| Australia | 5.3 | 5.1 | 5.1 | 5.3 | 5.1 | 5.2 | 6.4 | 7.1 | 7.4 | 7.5 | |

Source: Macrobond

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

| | Q1-17 | Q2-17 | Q3-17 | Q4-17 | Q1-18 | Q2-18 | Q3-18 | Q4-18 | Q1-19 | Q2-19 | Q3-19 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| US | -2.2 | -2.5 | -2.0 | -2.3 | -2.3 | -2.1 | -2.4 | -2.8 | -2.6 | -2.4 | |
| Canada | -2.2 | -2.7 | -3.4 | -3.0 | -2.8 | -2.6 | -1.8 | -2.8 | -3.0 | -1.2 | -1.7 |
| UK | -3.2 | -4.0 | -3.4 | -3.3 | -3.4 | -4.4 | -4.3 | -5.1 | -6.0 | -4.6 | |
| Eurozone | 3.1 | 1.9 | 3.9 | 3.6 | 3.5 | 3.6 | 2.6 | 2.8 | 3.1 | 2.4 | |
| Germany | 8.3 | 7.0 | 8.6 | 8.6 | 8.5 | 7.6 | 6.5 | 7.4 | 7.8 | 7.6 | 8.1 |
| France | -1.3 | -0.7 | -0.7 | -0.3 | -0.3 | -1.4 | -0.5 | -0.5 | -0.8 | -0.8 | -1.0 |
| 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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Exp. Date: 09/30/2021