September 4, 2020
Commentary

Weekly Economic Perspectives

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Spotlight on Next Week
The BoC and the ECB are expected to remain on hold. Industrial production should continue to improve across Europe.

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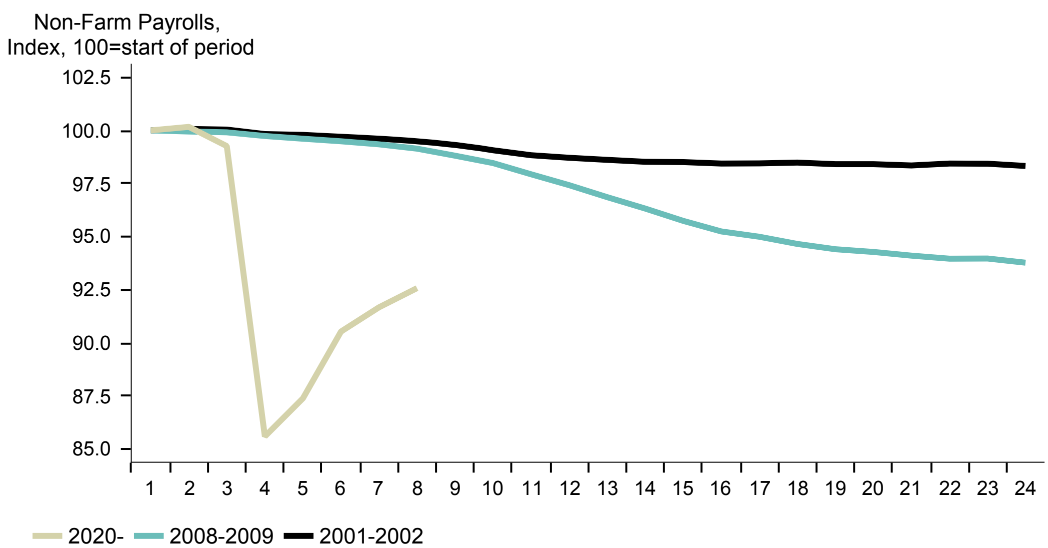
The Economy

Good macro data but lofty valuations trigger a big equity selloff late in the week.

US

The US **labor market** continues to improve, though there is a long road ahead to full recovery (Figure 1). The economy added 1.371 million jobs in August, close to consensus expectations, with modest downward revisions to the prior two months. The private sector added 1.0.27 million jobs, with the government adding 344k. Goods producing sectors added 43,000, with construction up 16,000 and manufacturing up 29,000. These seem modest given the pick-up in construction and manufacturing activity, but the hours data suggest a more intensive utilization of current employees and that bodes well for future employment gains. Private service producing industries added 984k jobs, let by trade and transportation with 341k. The rate of improvement slowed markedly in leisure and hospitality, which added 621k jobs in July but only 174k in August. This is not all that shocking given localized pullbacks on reopening in some states, but it certainly bears watching. Temporary help increased by 107k. The household survey was considerably stronger than the establishment report, indicating a 3.76 million increase in employment (three times more than in August), accompanied by a 2.8 million drop in unemployment, pushing the unemployment rate down from 10.2% to 8.4%. The participation rate increased three tenths to 61.7%.

Figure 1: US Labor Market In Covid Crisis vs. Prior Recessions



Sources: U.S. Bureau of Labor Statistics (BLS)
Note: X axis indicates number of months

The **hours** data were good. The manufacturing sector is experiencing solid labor utilization, with the manufacturing workweek increasing another 18 minutes to 40 hours and overtime up by 6 minutes. The overall workweek increased by 6 minutes, which, in conjunction with higher employment, raised aggregate hours worked by 1.2%, with favorable implications for wage and salary incomes.

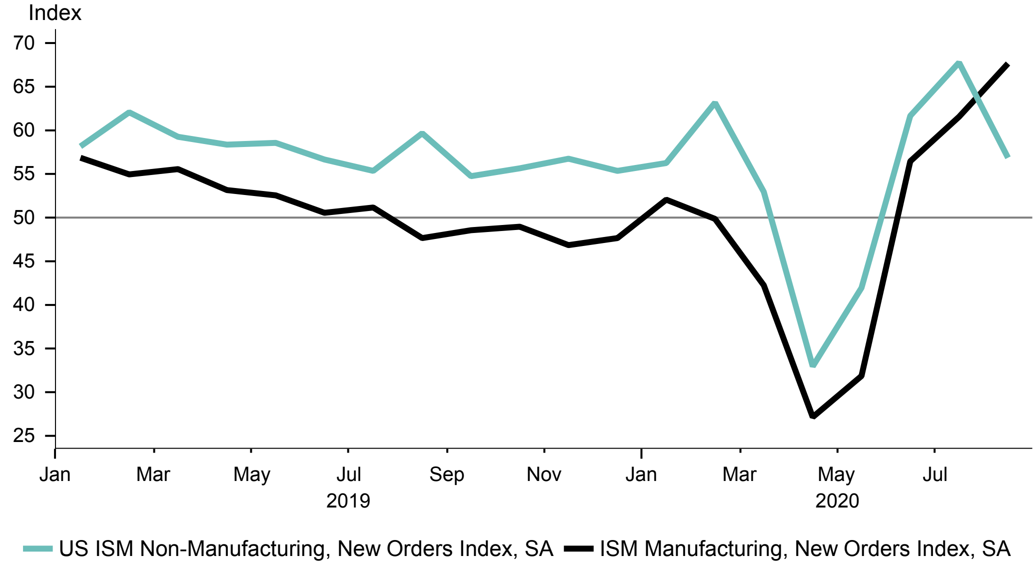
Compositional changes to the employed population have caused significant distortions in wage data since the Covid outbreak that their message should be taken with a healthy dose of skepticism. Total average hourly earnings increased a solid 0.4% in August and earnings for production and non-supervisory employees jumped 0.7%. The respective measures of wage inflation remain 4.7% and 4.9% higher, respectively, than in August 2019.

Unemployment claims also continue to indicate labor market healing, although the large declines reported in the last week reflected a seasonal adjustment methodology change meant to bring the unadjusted and adjusted series closer into alignment. Still, directionally, claims have been improving steadily in recent weeks. At the same time, there remains tremendous lost ground to still be made up as initial claims are still close to 900,000 (versus about 220,000 prior to the crisis) and continuing claims above 13 million (from less than 2 million in February).

Manufacturing activity is picking up steam. The August **ISM manufacturing index** bested expectations for the third consecutive month, up 1.8 points to a 21-month high of 56.0. New orders spiked 6.1 points to 67.4—the highest level since 2004!—while new export orders rose 2.9 to 53.3, matching the recent January high. Production improved 1.2 to 63.3 while backlogs rose 2.8. Employment improved 2.1 points but only to 46.4. According to the accompanying press release, “Survey Committee members reported that their companies and suppliers operated in reconfigured factories, with limited labor application due to safety restrictions.” This likely explains why employment gains in manufacturing were so muted in August (see payrolls report analysis above). That employment weakness also reflects stark differences across different types of manufacturers. For instance, according to Timothy Fiore, Chair of the Institute for Supply Management, “many panelists’ companies are holding off on capital investments for the rest of 2020. In addition, (1) commercial aerospace equipment companies, (2) office furniture and commercial office building subsuppliers and (3) companies operating in the oil and gas markets — as well as their supporting supply bases — are and will continue to be impacted due to low demand. These companies represent approximately 20 percent of manufacturing output. This situation will likely continue at least through the end of the year”. The price metrics continued rebounding, signaling an upcoming pick-up in inflation readings. This may have something to do with why bond yields have moved higher despite the late-week stock selloff.

Service activity also continues to improve. Admittedly, the August **ISM non-manufacturing index** retreated 1.2 points, but only to a solid 56.9. The business activity metric (the old headline) retreated 4.8 points (to 62.4). The new orders metric plunged 10.9 points, but at 56.8, it still indicates a noticeable pick-up in orders. And, new export orders improved 6.5 points to 55.8. Backlogs and supplier deliveries indicate building pressure on supply chains that, unlike during the March-May period, are now more reflective of genuine demand improvement. Employment remained a weak spot at just 47.9, but it actually recorded one of the largest improvements for the month (up 5.8 points).

Figure 2: Solid New Orders Bode Well For US Economic Activity



Sources: Institute for Supply Management (ISM)

Factory orders are bouncing back, corroborating the PMI signals and indicating further expansion in manufacturing production. After gaining 7.7% in May, they rose 6.4% in both June and July. The July gain reflected an 11.4% jump in durable goods orders, fueled by a 35.7% increase in transportation orders. Core orders (non-defense capital goods excluding aircraft)—a leading indicator for business equipment investment (BEI) in the GDP accounts—increased 1.9 %. Overall shipments rose 4.6%, with core shipments up 2.4%. Overall inventories declined 0.5%, allowing the inventory -to-shipments ratio to retreat from 1.51 to 1.43, close to pre-Covid levels.

Motor vehicle sales came in better than expected once again in August, up 4.6% to a seasonally adjusted annualized rate of 15.19 million units. Light trucks drove demand, accounting for 76% of sales. Overall motor vehicle sales were down 10.5% y/y in August, but they declined 19.7% y/y during the first eight months of the year.

Canada

Canada's **labor market** continues to shine. Employment rose by 246,000 in August, reducing the unemployment rate by 0.7 percentage points to 10.2% even though the labor force participation rate increased to 64.6%. Encouragingly, all of the employment increase in August was in full-time work, up by 206,000, while part-time employment was little changed. By sector, services saw faster gains (+218,000) than goods-producing sectors (+28,000), led by accommodation and food services, and retail—the ones impacted most severely by the pandemic. The number of employees working less than their usual hours also dropped by 259,000 in July, bringing this metric close to the February level as well. The number of people on temporary layoff declined sharply as well, nearly halving from July to 230,000. Overall, the pace of recovery has slowed somewhat, but still remains very robust.

Declines in British Columbia, Quebec and Newfoundland dragged overall **building permits** lower in Canada, which fell 3.0% to C$7.8 billion in July. The value of permits increased close to its February level in June, as the gradual reopening of the economy ensued. Residential permits declined by 6.2% to C$5.1 billion, led by British Columbia (-39.4%). Permits issued for single family dwellings increased by 3.9% to $2.2 billion; while that for multi-family dwellings fell 12.8% to C$2.8 billion. Non-residential permits on the other hand, rose 3.3% to C$2.7 billion, despite declines in industrial and institutional permits.

UK

The final reads on the August **manufacturing and service PMIs** indicate a slightly softer activity rebound than initially reported. The services index improved 2.3 points to 58.8 instead of 3.6 to 60.1, but that is nonetheless the highest level since 2015. Incoming new business rose 3.8 points to 58.0, the highest level since December 2016. Employment remained the report's black mark, even though its decline was marginally smaller than initially reported. At just 38.1, though, this indicates considerable labor retrenchment in the sector. The manufacturing index was little changed compared with the preliminary release, up 1.9 points to 55.2 as production rose 1.7 to 61.0 and new orders rose 4.6 to 59.7. Employment was once again the weak link, but its decline was just 0.1 point in the final reading, compared to the half-point drop in the preliminary. At 43.8, it is certainly better than its services counterpart but still very weak in absolute terms.

Having been brought to a standstill by the Covid-19 outbreak, **mortgage activity** is now rebounding. Having more than tripled in June, mortgage applications increased another 66% in July and are now essentially flat compared with a year earlier. As homebuyers reenter the market and activity picks up, **house prices** are also reviving. After two big declines in May and June, the Nationwide house price index jumped 2.0% in August, on top of its 1.7% July gain.

Eurozone

After a good bounce in June-July, ***eurozone*** **purchasing managers indexes** disappointed in August as rising virus cases triggered some pullback in activity, especially in services. The good news was that the final read was a little better than the initial estimates. In particular, a smaller decline in Germany helped lift the regional service PMI to 50.5, compared with the 50.1 initial reading. The manufacturing index was unchanged from the preliminary reading and at 51.7 was down only 0.1 point compated with July. A weaker German reading was compensated by a better reading for France and a good uptick in the Italian index.

Following a double-digit surge in May, ***German*** **real retail sales** retreated 1.9% in June and another 0.9% in July. Rising Covid cases and lesser pent-up demand likely explain the retreat. Still, July sales were 3.3% higher than a year earlier, having increased 2.1% y/y, on average, during the first seven months of 2020.

German **factory orders** also moderated in July, but that was to be expected after the incredible surge of the prior two months. The good news is that July brought another sequential improvement, with orders up 2.8% on top of June's upwardly revised 28.8% increase. Domestic orders declined 10.2% but export orders jumped 14.4%, signaling a recovery in global supply chains. Despite the recent gains, however, overall orders remain 7.1% lower than in July 2019.

Japan

Japan’s **unemployment rate** edged up 0.1 percentage points (ppts) to 2.9% in July. The number of people employed rose by 110,000 to 66.5 million, very close to its February level. Unemployment increased by 20,000 to 1.96 million. There was a marked decline in female participation rate, down 0.4 ppts to 52.8; the overall participation rate eased a tenth to 61.8%. Performance was mixed across sectors most impacted by COVID-19. Wholesale and retail services retrenched (-140,000), but restaurants and accommodations rebounded (+100,000), the latter most likely thanks to the Go To Travel campaign. Job losses in construction (-30,000), and transportation services (-60,000) seem to be bottoming out. Manufacturing added 30,000 jobs. Meanwhile, the active job openings-to-applicants ratio in April declined further to 1.08, down 0.03 points from June, the lowest level in six years. The number of openings rose 1.5% m/m, but was offset by a 6.0% increase in job seekers.

Industrial production has definitely bottomed out. Production rebounded by a much higher than anticipated 8.0% in July, following a 1.9% rise in June. Motor vehicle production continued to rise impressively, now up by 38.5%, though still well below pre-COVID levels. “Other” manufacturing (+9.0%) and iron and steel manufacturing (+9.7%) bounced back as well following several sequential declines. Shipments jumped 6.0%, reflecting pent-up demand in the economy. As a result, inventories fell 1.6%, with the inventory to sales ratio now lower by 8.8%. The Ministry of Economy, Trade and Industry upgraded its forecast for August production to 4.0%, followed by a 1.9% increase in September. Shipments pose an upside risk to the August IP data, although such outsized increases are unlikely to persist beyond a few months.

Retail sales in July reflected the weak underlying demand conditions. Sales contracted 3.3%, lower than expected, following a strong 13.1% increase in July. Sales retreated possibly as demand stabilized from peak activity post lifting of the national emergency. Decline in sales was broad-based—with the exceptions of automobiles (+7.8%) and fuel (+1.5%). Notable decliners included fabrics, apparel & accessories (-20.9%) and machinery & equipment (-19.7%), which includes household electrical appliances.

Australia

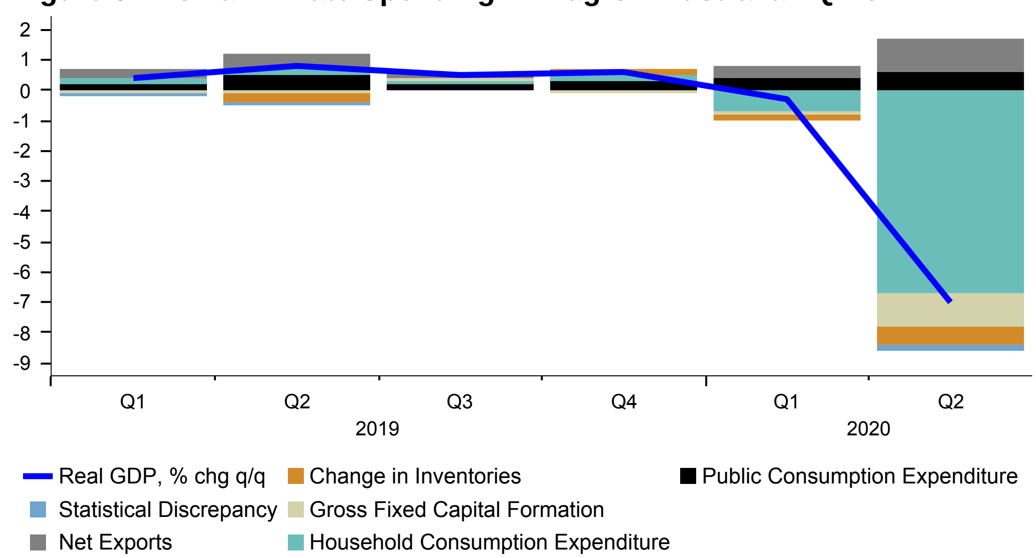
The **Reserve Bank of Australia** in a surprise move extended the Term Funding Facility (TFF) in its September meeting. Credit uptake by authorized deposit-taking institutions (ADI) has been pretty robust under the TFF lending facility since its introduction in March 2020. The scheme has been further increased and extended through two changes—

- providing a new supplementary funding allowance available to all ADIs from 1 October 2020 through to 30 June 2021. The supplementary allowance will be fixed at 2 per cent of an ADI's overall credit, which amounts to A$57 billion across all ADIs.
- extending the deadline for drawdowns of the additional funding allowance based on an ADI's lending to businesses from 31 March 2021 to 30 June 2021. The additional funding allowance, which can rise or fall with an ADI's lending to businesses, was A$68 billion across all ADIs on September 1.

The RBA has recently stepped back into the market after an extended lull, as the yield on three year ACGBs had moved slightly above target. The extension of the TFF complements the bond purchase program. More importantly, it signals RBA's intention to undertake additional easing measures to aid the recovery. Indeed, the statement explicitly mentions that the Board "continues to consider how further monetary measures could support the recovery." We were expecting the RBA to act, but at a later stage. The extension of the TFF facility possibly means that the RBA will also consider a "separate bond buying program" besides its policy of yield curve control. We suspect the RBA might target the longer end of the curve. No doubt the decision to bring forward an extension of the TFF was in part influenced by the renewed increase in cases in Victoria, which threaten to delay the recovery.

Australia's **GDP** contracted by a record 7.0% q/q in the second quarter, pushing the country into a technical recession for the first time in 28 years. Domestic demand was understandably weak, falling by 7.4% q/q, dampened by a 12.1% drop in household consumption. Business investment fell 6.5%—led by housing construction (-6.8%, eighth consecutive fall) as well as non-housing construction (-2.3%). Mining investment also declined, by 10.8%. Government spending and net exports made solid contributions to growth. Public sector spending rose 2.9%, adding 0.6 percentage points (ppts) to GDP growth, while net exports added 1.1 ppts, as the fall in imports (-12.9%) far outweighed that in exports (-6.7%).

Figure 3: Dismal Private Spending A Drag On Australian Q2 GDP



Note: sector bars represent contributions to growth, in percentage points
Sources: Macrobond, Australian Bureau of Statistics

The household savings ratio jumped from 6.0% to 19.8%, an indication that timely fiscal stimulus has helped offset some of the hit to income. This lift in the saving rate gives households some buffer for when stimulus payments fall away. While much of the focus has been on the stimulus to households, corporates have benefitted as well, with the profit share rising to its highest level on record.

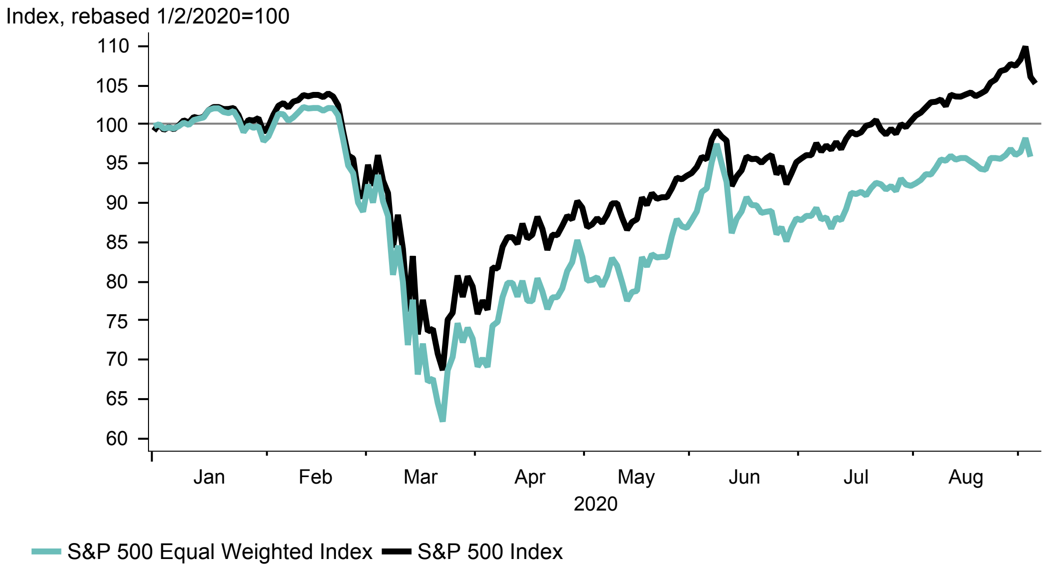
Retail sales rose for the third month in July, by 3.2% m/m. Seasonally adjusted sales is now higher than February, and very close to March level. Sales in sectors which had been heavily impacted due to restrictions slowed from June but are robust—as seen in restaurants and cafes (+4.9%), and apparels (+7.1%). Purchase of household goods (+4.0%) rebounded, but “other” retailing (+4.4%) and food (+1.2%) also saw increased sales. Sales in department stores also rose (+4.0%) due to increased footfalls. All states saw an improvement in sales other than Victoria (-2.1%) given lockdown measures are still in effect. We still see some upside to sales given an expected spike once Victoria goes back to normal.

Credit growth for the private sector contracted for the third month in July, by 0.1%, following the 0.2% contraction in June. Business credit continued to tighten, falling 0.6%. Housing credit was unchanged from the past two months, rising 0.2%. Home owners have been relatively more inclined to take on credit, which increased by 0.4% for the third month running, encouraged no doubt by low interest rate and favorable policy measures. Investor demand for credit on the other hand, contracted by 0.1%, which is more of a reflection of the uncertainties surrounding the pace of recovery. “Other personal” credit growth continued to slow, dropping by 1.8% in July.

The Market This Week

This week witnessed both new highs in the S&P500 and a violent sell-off. Both moves were dominated by a few mega names. Indeed, the equal-weight S&P 500 index has yet to make new highs for the year, but it also didn't suffer much this week.

Figure 4: Big Stock Moves Very Concentrated



Sources: Macrobond, Bloomberg

Equities: After massive gains, this week brought deep declines in global equities.

Bonds: Bond yield narrow only modestly and are steady in the US.

Currencies: The dollar rebounds a little.

Commodities: Oil plunges and gold retreats.

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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®	3426.96	-2.3%	6.1%	0.72	0	-120	92.824	0.5%	-3.7%
Canada	TSE 300	16218.01	-2.9%	-5.0%	0.60	-4	-111	1.3056	-0.3%	0.5%
UK	FTSE®	5799.08	-2.8%	-23.1%	0.26	-5	-56	1.3278	-0.6%	0.2%
Germany	DAX	12842.66	-1.5%	-3.1%	-0.47	-6	-29			
France	CAC-40	4965.07	-0.8%	-16.9%	-0.17	-7	-29	1.184	-0.5%	5.6%
Italy	FTSE® MIB	19391.25	-2.3%	-17.5%	1.02	-3	-40			
Japan	Nikkei 225	23205.43	2.0%	-1.9%	0.04	-2	5	106.26	0.8%	-2.2%
Australia	ASX 200	5925.509	-2.4%	-11.3%	0.89	-13	-48	0.7288	-1.0%	3.8%

Commodity Markets						
Commodity	Unit	Source	Last Price	%Ch Week	%Ch YTD	%Ch Yr Ago
Oil (Brent)	US $/Barrel	Bloomberg	41.35	-7.4%	-37.7%	-31.9%
Gold	US $/troy oz	Bloomberg	1933.25	-1.6%	27.4%	24.5%

Source: Bloomberg®

Week in Review (August 31–September 4)

Country	Release (Date, format)	Consensus	Actual	Last	Comments
Monday, August 31					
CA	Building Permits (Jul, m/m)	na	-3.0%	5.7%(↓)	Progress uneven across markets.
IT	GDP (Q2, final, q/q)	-12.4%(p)	-12.8%	-5.3%	Old news…
JN	Industrial Production (Jul, prelim, m/m)	1.9%(p)	8.0%	-8.9%	Production has definitely bottomed out.
JN	Retail Sales (Jul, m/m)	-2.5%	-3.3%	13.1%	Reflects weak underlying demand.
JN	Consumer Confidence (Aug)	28.5	29.3	29.5	Employment conditions show worrying decline.
AU	Private Sector Credit (Jul, m/m)	-0.1%	-0.1%	-0.2%	Housing credit remains relatively robust.
Tuesday, September 1					
US	ISM Manufacturing (Aug)	54.8	56.0	54.2	New orders surged!
UK	Mortgage Approvals (Jul, thous)	55.0	66.3	39.9(↓)	Good rebound.
UK	Manufacturing PMI (Aug, final)	55.3	55.2	53.3	Recovery picks up pace.
EC	Manufacturing PMI (Aug, final)	51.7(p)	51.7	51.8	Moderate improvement.
GE	Unemployment Rate (Jul)	6.4%	6.4%	6.4%	Steady.
GE	Manufacturing PMI (Aug, final)	53.0(p)	52.2	51.0	Moderate improvement.
FR	Manufacturing PMI (Aug, final)	49.0(p)	49.8	52.4	Soft.
IT	Unemployment Rate (Jul, prelim)	9.1%	9.7%	9.3%(↑)	More credible than earlier low numbers.
IT	Manufacturing PMI (Aug)	52.0	53.1	51.9	Good!
JN	Unemployment Rate (Jul)	3.0%	2.9%	2.8%	Still going strong.
JN	Manufacturing PMI (Aug, final)	46.6(p)	47.2	45.2	A welcome revision upward.
AU	RBA Monetary Policy Decision	0.25%	0.25%	0.25%	RBA extended the Term Funding Facility.
Wednesday, September 2					
US	Vehicle Sales (Aug, mil.)	14.9	15.2	14.5	Quite resilient.
US	Factory Orders (Jul, m/m)	6.1%	6.4%	6.4%(↑)	Durable goods up 11.4%!.
CA	Labor Productivity (Q2, q/q)	6.5%	9.8%	4.5%(↑)	Hours worked drop faster than output.
UK	Nationwide House Prices (Aug, m/m)	0.5%	2.0%	1.8%(↑)	Another solid gain.
GE	Retail Sales (Jul, m/m)	0.5%	-0.9%	-1.9%(↓)	Rising Covid cases denting sentiment.
AU	GDP (Q2, q/q)	-6.0%	-7.0%	-0.3%	Domestic demand was very low.
Thursday, September 3					
US	Initial Jobless claims (Aug 29, thous)	950	881	1011(↑)	Change to SA method accentuates decline.
US	Continuing claims (Aug 22, thous)	14000	13254	14492(↓)	Change to SA method accentuates decline.
US	Nonfarm Productivity (Q2, final, q/q)	7.3%(p)	10.1%	-0.3%	Not sustainable.
US	ISM Services (Aug)	57.0	56.9	58.1	Good report.
UK	Services PMI (Aug, final)	60.1(p)	58.8	56.5	Very good!
EC	Services PMI (Aug, final)	50.1(p)	50.5	54.7	Softening amid rising cases.
GE	Services PMI (Aug, final)	50.8(p)	52.5	55.6	Softening amid rising cases.
JN	Services PMI (Aug, final)	45.0(p)	45.0	45.4	Activity declines from July.
Friday, September 4					
US	Nonfarm Payrolls (Aug, thous)	1350	1371	1734(↓)	A good report.
US	Unemployment Rate (Aug)	9.8%	8.4%	10.2%	Impressive!
CA	Unemployment Rate (Aug)	10.2%	10.2%	10.9%	Pace of recovery slower, but still robust.
CA	Ivey PMI (Aug)	na	67.8	68.5	Drawdown in inventories index.
GE	Factory Orders (Jul, m/m)	5.0%	2.8%	27.9%	Normalizing.
AU	Retail Sales (Jul, m/m)	3.3%	3.2%	2.7%	Another strong month.

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

Week In Preview (September 7–September 11)

Country	Release (Date, format)	Consensus	Last	Comments
Monday, September 7				
GE	Industrial Production (Jul, m/m)	4.5%	8.9%	
Tuesday, September 8				
US	NFIB Small Business Optimism (Aug)	98.9	98.8	Virus and unrest are a bad combination for sentiment.
US	Consumer Credit (Jul, $ bil.)	12.8	9.0	Likely driven by mortgage borrowing.
EC	GDP (Q2, final, q/q)	-12.1%(p)	0.1%	Old news by now…
GE	Labor Costs (Q2, y/y)	na	4.3%	
IT	Retail Sales (Jul, m/m)	-1.0%	12.1%	
JN	GDP (Q2, final, q/q)	-7.8%(p)	-0.6%	
JN	Labor Cash Earnings (Jul, y/y)	-1.7%	-2.0%(↓)	There should be some relief towards the end of the year.
AU	NAB Business Confidence (Aug)	na	-14	Declining cases in Victoria a positive for sentiment.
Wednesday, September 9				
US	JOLTS Job Openings (Jul, thous)	6000	5889	Harder to interpret amid Covid.
CA	BoC Monetary Policy Decision	0.25%	0.25%	On hold.
CA	Housing Starts (Aug, thous)	222.0	245..6	Going strong.
FR	Bank of France Ind. Sentiment (Aug)		99	
Thursday, September 10				
US	Initial Jobless claims (Sep 5, thous)	845	881	
US	Continuing claims (Aug 29, thous)	1294	13254	
EC	ECB Monetary Policy Decision	0.00%	0.00%	
FR	Industrial Production (Jul, m/m)	4.9%	12.7%	
IT	Industrial Production (Jul, m/m)	3.5%	8.2%	
JN	Core Machine Orders (Jul, m/m)	2.0%	-7.6%	Look for a pickup in foreign orders.
Friday, September 11				
US	CPI (Aug, y/y)	1.2%	1.0%	Core seen steady at 1.6% y/y.
US	Monthly Budget Statement (Aug, $ bil.)	na	-63.0	
CA	Capacity Utilization Rate (Q2)	na	79.8%	
UK	Industrial Production (Jul, m/m)	4.2%	9.3%	

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	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		Mar	Apr	May	Jun	Jul
US	0.3	0.1	0.6	1.0			0.3	-1.2	-0.8	-0.8	-0.4
Canada	-0.2	-0.4	0.7	0.1			-3.0	-6.0	-4.9	-3.3	-2.3
UK	0.8	0.5	0.6	1.0			0.3	-0.7	-1.2	-0.9	-0.9
Eurozone	0.3	0.1	0.3	0.4			-2.8	-4.5	-5.0	-3.7	-3.3
Germany	0.9	0.6	0.9	-0.1	0.0		-0.8	-1.9	-2.2	-1.8	-1.7
France	0.3	0.4	0.2	0.8	0.2		-1.9	-3.7	-3.3	-2.2	-2.1
Italy	0.0	-0.2	-0.2	-0.4	-0.5		-3.7	-5.1	-5.3	-4.5	-4.2
Japan	0.1	0.1	0.1	0.3			-0.5	-2.4	-2.8	-1.6	-0.9
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	0.2	0.3	0.0	-3.6	-12.1	1.3	1.4	1.0	-3.1	-15.0
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	-7.8	0.9	1.7	-0.7	-2.0	-10.0
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		-7.4	-24.0	-20.1	-12.5	
Germany	-8.8	-17.6	7.4	8.9		-10.9	-24.8	-19.6	-11.5	
France	-17.1	-20.6	19.9	12.7		-17.8	-35.1	-23.4	-11.7	
Italy	-28.4	-20.5	41.6	8.2		-29.4	-43.4	-20.6	-13.7	
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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