Weekly Economic Perspectives

Weekly Highlights

- **Economies:** Mixed consumer sentiment data in the US. UK consumer confidence weighed by Brexit drama. Manufacturing shrinks further in the eurozone. Japanese manufacturing shrinks further, but service activity expands. (pages 2 – 5)
- **Markets:** A risk-off week. Stocks retreat broadly but rise in the UK as decision to prorogue parliament is declared unlawful. Bond yields narrow on geopolitical concerns and mixed data. The dollar touches new two-year high. Oil falls hard on expectations of quick supply restoration; gold retreats. (page 6)

Upcoming Highlights

- **Spotlight:** Moderate employment growth should continue in the US. UK economy likely contracted in the third quarter. The RBA is expected to cut interest rates again. (page 8)

Tables

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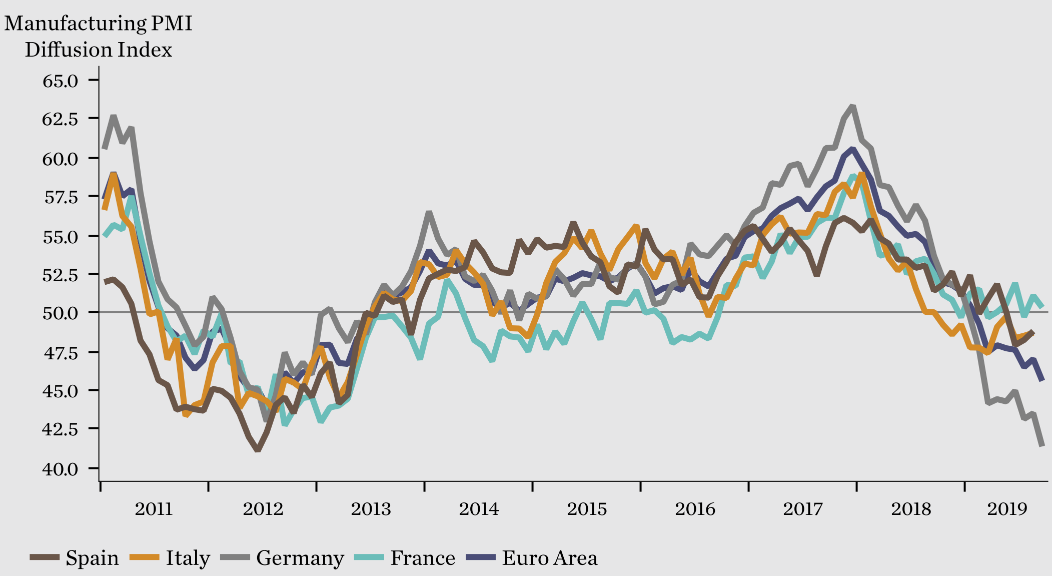
Figure 1: German Manufacturing Underperforms



Sources: IHS Markit

STATE STREET GLOBAL ADVISORS

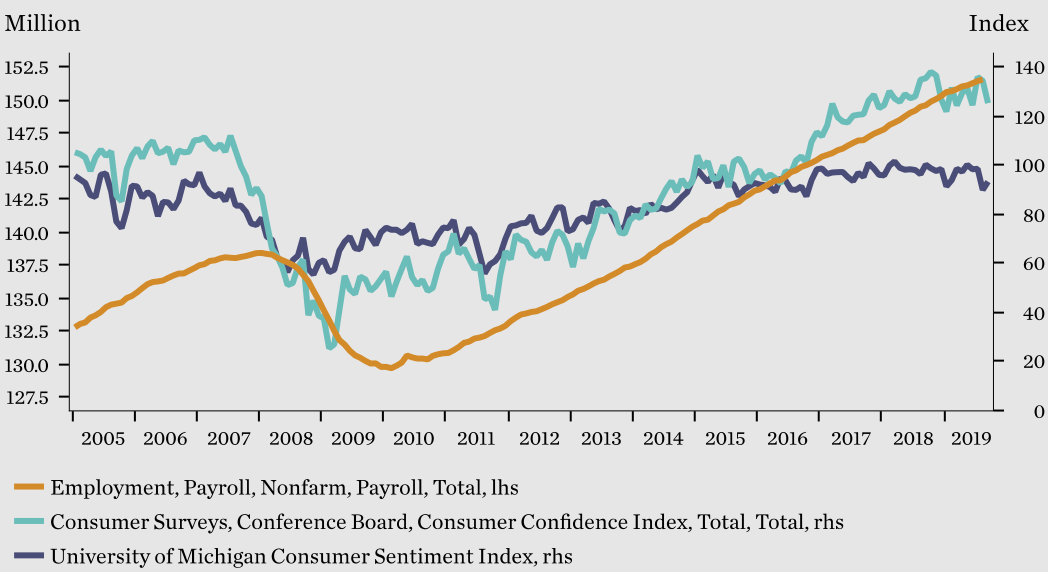
Week in Review

US

The September consumer confidence data was mixed, but the erosion is undeniable. The notable decline expected in the **Conference Board consumer confidence index** did not materialize in August, but it finally did in September. The index lost 9.1 points—the most since January (when sentiment was hit by the extensive government shutdown)—to a three-month low of 125.1. The details were unsurprisingly weak. The present situation metric lost 7.0 points, though only to 169.0, which is exactly in line with the average year-to-date. The expectations metric lost 10.6, to the lowest since January. The labor differential—which measures the difference between those who think jobs are abundant and those who think jobs are scarce—retreated after reaching its highest level since November 2000 last month. It remains quite elevated from a historical standpoint. We found it interesting that confidence worsened most among older households: 14.8-point drop for those where the head of household is 55 or older, versus just 2.4-point decline for those 35 or under. It may be that the combination of tariff threats and lower interest rates may appear most pernicious to older households. They may be less likely to benefit from potential mortgage refinancing yet more negatively impacted by lower earnings on savings accounts, for instant. Hard to conclude definitively, but the dynamics are worth pondering.

According to final estimates, the **University of Michigan consumer sentiment index** rose 3.4 points to 93.2 in September (vs. 92.0 preliminary). Still, this only recouped around a third of the steep August fall and still left it at the third-lowest level this year. Current economic conditions index rose 3.2 points and expectations rose 3.5. While near term expectations were solid, concerns about tariffs remain elevated. The key message in the associated release was this: “These and other policy concerns have so far been held in check by positive finances, although fewer consumers now anticipate higher wages or lower rates of unemployment in the year ahead.” Once again, inflation expectations moved in opposite directions, with short term expectation up a tenth to 2.8% while long term expectations retreated two to 2.4%.

Figure 2: Mixed US Consumer Confidence Signals



Sources: University of Michigan, Conference Board, U.S. Bureau of Labor Statistics (BLS)

The US consumer remains in great financial shape. Overall **personal income** increased 0.4% in August, in line with expectations. Wage and salary income jumped 0.6%, which was not at all surprising given the rebound in aggregate hours worked during the month. Nominal disposable income increased 0.5%, whereas real disposable income grew

0.4%—the most since February. Nominal **personal spending** came in weaker than expected at just 0.1% for the month (plus July growth was revised down a tenth to 0.5%) but this comes after several strong months. Real spending also increased 0.1%. The savings rate moved back up two tenths to 8.1%, providing abundant cushion for consumers to weather a temporary economic slowdown.

The **PCE (personal consumption expenditures) deflator** data came in a largely as expected, with the overall PCE inflation rate unchanged at 1.4% y/y but the core rate up two tenths to 1.8% y/y. The latter was more the result of an upward revision to July data, though.

Durable goods orders have fizzled materially since the start of the year. Following two sizable declines, orders rose 1.8% in June, 2.0% in July, and another 0.2% in August. The latter confounded expectations for a 1.1% decline, although the value of the positive surprise was mitigated by the fact that this was heavily driven by the volatile defense category. Excluding defense, orders actually contracted 0.6%. Core orders (non-defense capital goods excluding aircraft)—a leading indicator for business equipment investment (BEI) in the GDP accounts—were the report's weak spot, as they retreated 0.2% on top of a two-tenth downward adjustment to the prior month. Difficult base comparisons, combined with considerable weakness earlier in the year left overall durable goods orders down 4.2% y/y, capital goods orders down 9.1% y/y, and core orders down 1.7% y/y. The news was a tad better in shipments, with overall shipments up 0.1% and core shipments up 0.4% m/m. However, core backlogs—a leading indicator of industrial production—retreated 0.2%. Overall inventories increased 0.3% while core inventories retreated 0.1%. The inventory to sales ratio increased to 1.69 months, the highest since late 2016.

Lower mortgage rates are helping revive housing activity. **New home sales** rebounded 7.1% in August to 713,000 (seasonally adjusted annualized). This was the second highest level so far this year and up 18% y/y. Despite considerable month-to-month volatility, on a trend basis, it is clear that sales activity is improving: whereas new home sales fell by 11.3% y/y on average from October to December of last year, they are up 6.8% y/y, on average, so far this year. The number of homes available for sale declined slightly, causing the market to tighten; inventory stands at 5.5 months' worth of sales. The median sales price of a new home increased 2.2% y/y.

After a bumpy start to the year, **pending home sales** (transactions of previously owned homes on which sellers have agreed a contract but are yet to close) appear to be stabilizing. Sales increased 1.6% in August, and were 1.1% higher than a year earlier. Over the last two months, sales rose 1.4% y/y, which is the best two-month performance since the third quarter 2016.

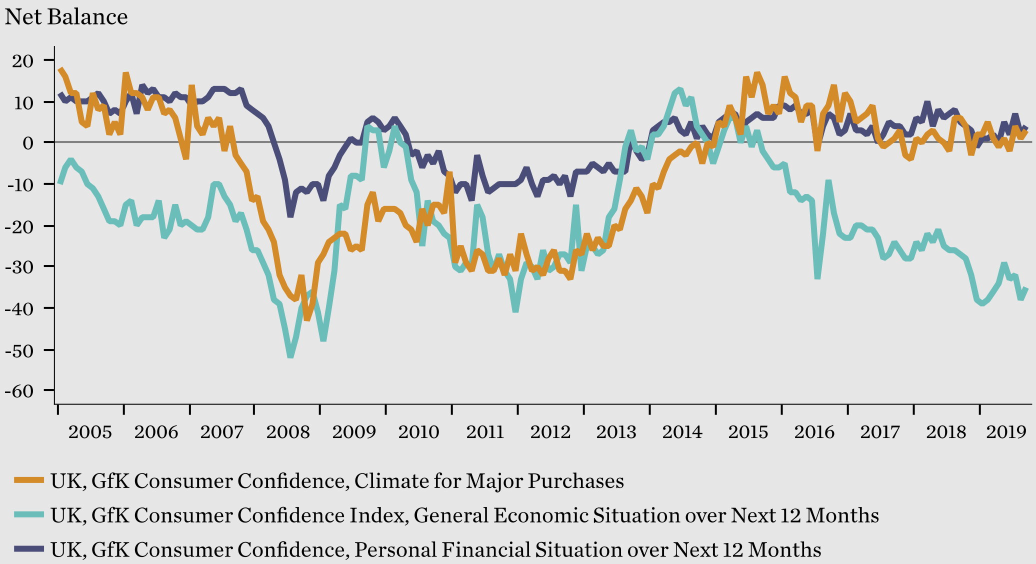
Sales activity is also being supported by slower home price increases. Indeed, home price inflation is slowing by all measures, although the intensity of the slowdown varies depending on which measure one looks at. The **Case-Shiller 20-City composite price index** was flat in July on mixed regional performances, causing this measure of home price inflation to decelerate by three tenths to 2.0% y/y, the least since August 2012. There are major differences across the key metropolitan areas, with cities like New York and Seattle experiencing sharp decelerations or even outright declines in home price inflation, whereas others like Phoenix continue to see home price appreciation of 4-6% y/y. A performance gap has also opened up between the 20-City index and the national average that includes smaller cities, suggesting that the latter are outperforming the former. We suspect changes in the tax law that impacted mortgage interest deductibility are contributing to this divergence by favoring lower-cost, lower tax areas.

According to the **FHFA purchase-only index**, the price of existing single family homes increased 0.4% in July, allowing this measure of home price inflation to accelerate one tenth to 5.0% y/y (just off the bottom of a 4.5-year range). Prices increased by varying degrees in all nine regions, with Mountain (+1.2%) and New England (+0.8%) leading.

UK

The **GfK index of consumer confidence** recovered 2.0 points in September, leaving it at -12, in the middle of past year's range. Given the political turmoil, one might wonder why it is not doing even worse! The answer lies in the resilience of the labor market and steady income streams. Indeed, consumers are quite bleak about the broad economic outlook, yet pretty upbeat about their own personal situation (Figure 3). It is because of this that we believe there is some cushion here for household consumption, and, implicitly, GDP growth.

Figure 3: UK Consumers Bleak On Economy, Own Situation OK



Sources: GfK

Eurozone

The September flash **manufacturing purchasing managers' indices (PMIs)** out of Europe were, without a doubt, this week's biggest data disappointment (Figure 1, page 1). The German Manufacturing PMI, in particular, bucked expectations for an improvement and sank 2.1 points to a new post-global financial crisis low of 41.4. Even more distressingly, the new orders component lost 3.7 points to 37.9, a number not seen since the depth of the Global Financial Crisis. The French index also weakened, down 0.8 point, but at least remained in expansion territory at 50.3. Still, given conditions in Germany, it is not surprising that the regional index also weakened notably, down 1.4 points to 45.6. Since January 2018 it has deteriorated every single month but three (July 2018, April 2019, and August 2019).

The weakness in German manufacturing is not new—after all, the PMI has been in contractionary territory since the beginning of the year. But the latest downturn is especially confounding since many of the key drivers blamed for the weakness appeared to be fading. For instance, Eurozone passenger car sales, which surged prior to and then plunged following the introduction of new emission standards, have since then normalized and had a strong August. Similarly, declines in Chinese car sales—a big market for Chinese manufacturers—have been moderating significantly over the past few months.

All this suggests there must be another contributing factor, which we think is Brexit. Historically, there has been a strong correlation between Germany's manufacturing PMI and the performance of German exports to the United Kingdom. And yet, there doesn't seem to be sufficient appreciation of the fact that Brexit has been quite damaging for the German economy. Most analysts and media reports have focused on Brexit's impact on the UK, but we have long argued that Brexit is not just the UK's problem. It is also Europe's problem and, especially, Germany's! In fact, given that manufacturing accounts for about 28% of Germany's GDP but only about 18% of the UK's GDP and 17% of France's, it follows that Brexit-related disruptions to manufacturing could be more acutely felt in Germany than elsewhere.

Service activity is holding up better than manufacturing, and it is critical that it does so for the sake of regional growth. However, there are clear signs of erosion and one can't help wonder how long this can be sustained given the myriad risks to the outlook. The *eurozone* **purchasing managers' index (PMI)** fell a sizable 1.5 point to 52 in September, the lowest level since January. Unsurprisingly given the magnitude of the headline retreat, the details were weak. Incoming new business lost 1.3 points to 50.9, also the worst since January. All components fell with the exception of future business expectations which rose incrementally (but is this simply because the current state is so weak?). If there was something encouraging is that employment, while slowing, is still growing, as suggested by that component's 52.7 print.

Japan

Manufacturing activity continues to struggle amid strong external headwinds. The preliminary **manufacturing purchasing managers' index** came in at 48.9 in September, 0.4 points below the August number and the fifth month in contraction. The decline was led by a sharper contraction in output, while the falls in both new orders and new export orders moderated slightly. The employment sub-index however, saw weaker growth.

On the contrary, services activity has remained robust. Admittedly, the **purchasing managers' index for services** fell 0.5 points to 52.8, but still only slightly below the high of 53.4 reached in October 2017. New orders and export orders saw stronger growth, but disappointingly, the employment sub-index changed direction and fell over the month, possibly highlighting the tightness in jobs market. The challenges faced by manufacturers—US-China trade tensions, the Hong Kong protests, Brexit and Japan-South Korea dispute continues to manifest itself in increasing divergence between manufacturing and services. According to IHS Markit, it remains to be seen "whether the third quarter performance can offset what is likely to be a challenging fourth quarter as consumers and businesses adjust to the sales tax hike is not guaranteed. If history is anything to go by, the final few months of 2019 will be difficult for Japanese businesses and consumers alike."

Producer prices for services (PPIS), which purport to measure the cost of running a business, has been hovering close to the 1.0% mark for more than a year now, but has been trending lower since the start of this year. Producer price inflation was flat over August, following a 0.2% increase in July. The annual rate was also unchanged at 0.6% y/y, lowest since January 2017. Prices for "other services" gained 1.2%, while transportation increased by 0.8%. This was offset by information and communication which fell 0.3%, due to a sharp downtick in mobile services.

Financial Markets Review

The dollar touched a new two-year high this week, despite retreating slightly on Friday. The relative outperformance of the US economy—still fastest growing among the G7—is supporting the dollar amid ongoing trade tensions.

Figure 4: Dollar Index Hits Two-Year High

Sources: Bloomberg

Equities: Stocks retreat broadly but rise in the UK as decision to prorogue parliament is declared unlawful.

Bonds: Bond yields narrow on geopolitical concerns and mixed data.

Currencies: The dollar touches new two-year high.

Commodities: Oil falls hard on expectations of quick supply restoration; 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®	2961.79	-1.0%	18.1%	1.68	-4	-100	99.099	0.6%	3.0%
Canada	TSE 300	16694.27	-1.2%	16.6%	1.36	-3	-61	1.3241	-0.2%	-2.9%
UK	FTSE®	7426.21	1.1%	10.4%	0.50	-13	-78	1.2293	-1.5%	-3.6%
Germany	DAX	12380.94	-0.7%	17.3%	-0.57	-5	-82			
France	CAC-40	5640.58	-0.9%	19.2%	-0.28	-6	-99	1.0942	-0.7%	-4.6%
Italy	FTSE® MIB	22017.4	-0.5%	20.2%	0.82	-10	-192			
Japan	Nikkei 225	21878.9	-0.9%	9.3%	-0.24	-3	-24	107.92	0.3%	-1.6%
Australia	ASX 200	6716.117	-0.2%	18.9%	0.95	-7	-137	0.6765	0.0%	-4.0%

Commodity Markets

Commodity	Unit	Source	Last Price	%Ch Week	%Ch YTD	%Ch Yr Ago
Oil (Brent)	US $/Barrel	Bloomberg	61.61	-4.7%	15.9%	-24.4%
Gold	US $/troy oz	Bloomberg	1497.68	-1.3%	16.8%	26.6%

Source: Bloomberg®

Week in Review: Data Releases and Major Events (September 23 – September 27)

Country	Release (Date, format)	Consensus	Actual	Last	Comments
Monday, September 23					
EC	Manufacturing PMI (Sep, prelim)	47.3	**45.6**	47.0	No stabilization yet....
EC	Services PMI (Sep, prelim)	53.3	**52.0**	53.5	Holding up, but eroding.
GE	Manufacturing PMI (Sep, prelim)	44.0	**41.4**	43.5	No stabilization yet....
GE	Services PMI (Sep, prelim)	54.3	**52.5**	54.8	Holding up, but eroding.
FR	Manufacturing PMI (Sep, prelim)	51.2	**50.3**	51.1	Holding up, but eroding.
Tuesday, September 24					
US	FHFA House Price Index (Jul, m/m)	0.3%	**0.4%**	0.2%	Broad regional gains.
US	S&P CoreLogic 20-City Index (Jul, m/m)	0.1%	**0.0%**	0.1%(↑r)	Drag from high-cost high-tax cities.
US	Consumer Confidence (Sep)	134.0	**125.1**	134.2(↓r)	Older households hit harder.
GE	IFO Business Climate (Sep)	94.5	**94.6**	94.3	Steadying.
FR	Business Confidence (Sep)	105	**106**	105	Steady.
JN	Leading Index (Jul, final)	93.6(p)	**93.7**	93.6	Still at the lowest since April 2011.
JN	Manufacturing PMI (Sep, prelim)	na	**48.9**	49.3	Tough quarter ahead for manufacturing.
JN	Services PMI (Sep, prelim)	na	**52.8**	53.3	Services activity is still robust.
Wednesday, September 25					
US	New Home Sales (Aug, thous)	658	**713**	666(↑r)	Lower mortgage rates really do help!
FR	Consumer Confidence (Sep)	103	**104**	103(↑r)	Steady.
JN	PPI Services (Aug, y/y)	0.5%	**0.6%**	0.6%(↑r)	Has turned lower this year.
Thursday, September 26					
US	Initial Jobless claims (Sep 21, thous)	212	**213**	210(↑r)	Very low!
US	GDP (Q2, third, saar q/q)	2.0%(p)	**2.0%**	3.1%	No significant changes.
US	Pending Home Sales (Aug, m/m)	0.9%	**1.6%**	-2.5%	Lower mortgage rates really do help!
US	Kansas City Fed Manf. Activity (Sep)	-4	**-2**	-6	Nothing great, but some improvement.
GE	GfK Consumer Confidence (Oct)	9.6	**9.9**	9.7	Holding up.
Friday, September 27					
US	Personal Income (Aug, m/m)	0.4%	**0.4%**	0.1%	Wage and salary income rose 0.6%.
US	Personal Spending (Aug, m/m)	0.3%	**0.1%**	0.5%(↓r)	Moderation after strong recent run.
US	Durable Goods Orders (Aug, prelim, m/m)	-1.2%	**0.2%**	2.0%	Welcome surprise.
US	U of M Cons. Sentiment (Sep, final)	92.0(p)	**93.2**	89.8	Still third-lowest so far this year.
UK	GfK Consumer Confidence (Sep)	-14	**-12**	-14	Weak, but at least not collapsing.
FR	CPI (Aug, y/y)	1.0%	**0.9%**	1.0%	Soft.
FR	Consumer Spending (Aug, m/m)	0.3%	**0.0%**	0.4%	Weak.
IT	Consumer Confidence (Sep)	112.3	**112.2**	111.9	Holding up.

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

Week in Preview: Releases and Major Events (September 30–October 4)

Country	Release (Date, format)	Consensus	Last	Comments
Monday, September 30				
UK	GDP (Q2, final, q/q)	-0.2%(p)	0.5%	Important print!
UK	Nationwide House Prices (Sep, m/m)	0.1%	0.0%	
GE	Unemployment Rate (Sep)	5.0%	5.0%	
GE	CPI (Sep, prelim, y/y)	1.3%	1.4%	
IT	Unemployment Rate (Aug, prelim)	9.7%	9.9%	
IT	CPI (Sep, prelim, y/y)	na	0.4%(↓r)	
JN	Industrial Production (Aug, prelim, m/m)	-0.5%	1.3%	Holding up for now, outlook bleak.
JN	Retail Sales (Aug, m/m)	2.4%	-2.3%	Will it be resilient post tax hike?
AU	Private Sector Credit (Aug, m/m)	0.3%	0.2%	Need to see a pickup in housing credit.
Tuesday, October 1				
US	ISM Manufacturing (Sep)	50.5	49.1	Important to see if this rebound.
CA	GDP (Jul, m/m)	0.1%	0.2%	Expected to get better from here.
UK	Manufacturing PMI (Sep)	47.2	47.4	Not much hope of improvement.
EC	Manufacturing PMI (Sep, final)	45.6(p)	47.0	
GE	Manufacturing PMI (Sep, final)	41.4(p)	43.5	Any chance it wasn't quite as bad as preliminary?
GE	Retail Sales (Aug, m/m)	0.5%	-1.6%(↑r)	
FR	Manufacturing PMI (Sep, final)	50.3(p)	51.1	
IT	Manufacturing PMI (Sep)	48.8	48.7	
JN	Unemployment Rate (Aug)	2.3%	2.2%	
JN	Tankan Large Mfg Index (Q3)	1	7	
JN	Manufacturing PMI (Sep, final)	48.9(p)	49.3	
AU	RBA Monetary Policy Decision	0.75%	1.00%	Hopefully that's it for this year.
Wednesday, October 2				
US	Total Vehicle Sales (Sep, mil.)	17.1	17.0	Will give clues on retail sales.
JN	Consumer Confidence Index (Sep)	na	37.1	
Thursday, October 3				
US	Initial Jobless claims (Sep 28, thous)	na	213	
US	Factory Orders (Aug, m/m)	-0.5%	1.4%	
US	Durable Goods Orders (Aug, final, m/m)	(p)	2.0%	
US	ISM Non-Manufacturing (Sep)	55.0	56.4	Very important for this to hold.
UK	Services PMI (Sep)	50.3	50.6	
EC	Services PMI (Sep, final)	52.0(p)	53.5	
GE	Services PMI (Sep, final)	52.5(p)	54.8	
JN	Services PMI (Sep, final)	52.8(p)	53.3	Is diverging from manufacturing activity.
Friday, October 4				
US	Change in Nonfarm Payrolls (Sep, thous)	145	130	Good enough.
US	Unemployment Rate (Mar)	3.7%	3.7%	
US	Trade Balance (Aug, $ bil.)	-54.8	-54.0	
CA	Ivey PMI (Sep)	na	60.6	
AU	Retail Sales (Aug, m/m)	0.5%	-0.1%	Are tax breaks helping?

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

Economic Indicators

Central Bank Policy Targets

		Year/Year % Change in Target				
		Apr	May	Jun	Jul	Aug
US	Target: PCE price index 2.0% y/y	1.5	1.4	1.4	1.4	1.4
Canada	Target: CPI 2.0% y/y, 1.0%-3.0% control range	2.0	2.4	2.0	2.0	1.9
UK	Target: CPI 2.0% y/y	2.1	2.0	2.0	2.1	1.7
Eurozone	Target: CPI below but close to 2.0% y/y	1.7	1.2	1.3	1.0	1.0
Japan	Target: CPI 2.0% y/y	0.9	0.7	0.7	0.5	0.3
Australia	Target Range: CPI 2.0%-3.0% y/y	1.6	1.6	1.6		

Source: Macrobond

Key Interest Rates

	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	####	Jun-19	Jul-19	Aug-19
US (top of target range)	2.25	2.25	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.25
Canada (Overnight Rate)	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
UK (Bank Rate)	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
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)	-0.07	-0.06	-0.06	-0.06	-0.05	-0.06	-0.07	-0.06	-0.08	-0.07	-0.06
Australia (OCR)	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.28	1.02	1.00

Source: Macrobond

General Government Structural Balance as a % of Potential GDP

									Forecast	
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
US	-9.3	-7.9	-6.1	-4.0	-3.4	-3.2	-3.9	-4.0	-4.7	-5.2
Canada	-3.8	-3.1	-1.9	-0.9	0.3	0.9	0.8	0.1	-0.2	-0.4
UK	-7.2	-5.9	-5.9	-3.9	-4.6	-3.9	-2.8	-1.9	-1.4	-1.2
Eurozone	-4.8	-3.9	-2.2	-1.3	-1.0	-0.9	-0.8	-0.7	-0.7	-0.9
Germany	-2.4	-1.4	-0.1	0.2	0.9	0.8	1.0	0.9	1.3	0.7
France	-6.2	-5.2	-4.5	-3.5	-3.3	-3.0	-2.8	-2.6	-2.5	-2.5
Italy	-3.7	-4.1	-1.5	-0.6	-1.1	-0.7	-1.4	-1.6	-1.7	-2.1
Japan	-8.0	-8.0	-7.6	-7.5	-5.5	-4.3	-4.1	-3.4	-3.1	-2.8
Australia	-4.9	-4.2	-3.3	-2.6	-2.5	-2.4	-2.2	-1.2	-1.0	-1.2

Source: International Monetary Fund, World Economic Outlook

Headline Consumer and Producer Price Inflation

	CPI Year/Year % Change					PPI Year/Year % Change				
	May	Jun	Jul	Aug	Sep	Apr	May	Jun	Jul	Aug
US	1.8	1.6	1.8	1.7		2.4	1.8	1.7	1.7	1.8
Canada	2.4	2.0	2.0	1.9		1.7	0.4	-1.7	-1.7	
UK	2.0	2.0	2.1	1.7		2.1	1.9	1.6	1.9	1.6
Eurozone	1.2	1.3	1.0	1.0		2.6	1.6	0.7	0.2	
Germany	1.4	1.6	1.7	1.4		2.5	1.9	1.2	1.1	0.3
France	0.9	1.2	1.1	1.0	0.9	1.9	0.8	-0.1	-0.3	-0.7
Italy	0.8	0.7	0.4	0.4		2.1	1.5	0.9	-0.7	-1.4
Japan	0.7	0.7	0.5	0.3		1.3	0.7	-0.2	-0.6	-0.9
Australia	1.6	1.6				2.0	2.0	2.0		

Source: Macrobond

Economic Indicators

Real GDP Growth (Q/Q Seasonally Adjusted)

	Quarter/Quarter % Change					Year/Year % Change				
	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19
US	0.9	0.7	0.3	0.8	0.5	3.2	3.1	2.5	2.7	2.3
Canada	0.6	0.5	0.1	0.1	0.9	1.8	2.0	1.6	1.4	1.6
UK	0.4	0.7	0.2	0.5	-0.2	1.4	1.6	1.4	1.8	1.2
Eurozone	0.4	0.2	0.3	0.4	0.2	2.3	1.7	1.2	1.3	1.2
Germany	0.4	-0.1	0.2	0.4	-0.1	2.1	1.1	0.6	0.9	0.4
France	0.2	0.3	0.4	0.3	0.3	1.9	1.5	1.2	1.3	1.4
Italy	0.0	-0.1	-0.1	0.1	0.0	1.0	0.5	0.0	-0.1	-0.1
Japan	0.5	-0.5	0.4	0.5	0.3	1.4	0.2	0.3	1.0	0.8
Australia	0.7	0.3	0.1	0.5	0.5	3.1	2.6	2.2	1.7	1.4

Source: Macrobond

Industrial Production Index (M/M Seasonally Adjusted)

	Month/Month % Change					Year/Year % Change				
	Apr	May	Jun	Jul	Aug	Apr	May	Jun	Jul	Aug
US	-0.6	0.2	0.1	-0.1	0.6	0.7	1.8	1.1	0.5	0.4
Canada	1.1	0.4	-0.5			2.1	2.2	1.1		
UK	-3.1	1.2	-0.1	0.1		-1.4	0.5	-0.6	-0.9	
Germany	-2.0	0.1	-1.1	-0.6		-2.8	-4.5	-4.8	-4.2	
France	0.5	2.0	-2.3	0.3		1.0	3.9	-0.1	-0.2	
Italy	-0.8	1.0	-0.3	-0.7		-1.4	-0.7	-1.3	-0.5	
Japan	0.6	2.0	-3.3	1.3		-1.6	0.1	-2.2	-1.1	

Source: Macrobond

Unemployment Rate (Seasonally Adjusted)

	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	####	Jun-19	Jul-19	Aug-19
US	3.8	3.7	3.9	4.0	3.8	3.8	3.6	3.6	3.7	3.7	3.7
Canada	5.7	5.6	5.6	5.8	5.8	5.8	5.7	5.4	5.5	5.7	5.7
UK	4.0	4.0	3.9	3.9	3.8	3.8	3.8	3.9	3.8		
Eurozone	8.0	7.9	7.9	7.8	7.8	7.7	7.6	7.6	7.5	7.5	
Germany	5.1	5.0	5.0	5.0	5.0	4.9	4.9	5.0	5.0	5.0	5.0
France	9.0	8.9	8.9	8.8	8.6	8.6	8.5	8.5	8.5	8.5	
Italy	10.7	10.5	10.4	10.4	10.5	10.1	10.1	9.9	9.8	9.9	
Japan	2.4	2.5	2.4	2.5	2.3	2.5	2.4	2.4	2.3	2.2	
Australia	5.0	5.1	5.0	5.1	4.9	5.1	5.2	5.2	5.2	5.2	5.3

Source: Macrobond

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

	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19
US	-2.2	-2.2	-2.5	-2.0	-2.3	-2.3	-2.1	-2.4	-2.8	-2.6	-2.4
Canada	-1.9	-2.5	-2.6	-3.1	-3.0	-3.0	-2.8	-1.8	-3.0	-3.0	-1.1
UK	-4.0	-3.0	-4.1	-3.1	-3.0	-3.4	-3.3	-4.3	-4.4	-5.6	
Eurozone	2.8	3.0	2.5	3.9	3.5	3.3	3.0	2.6	2.8	3.1	2.4
Germany	8.0	8.3	6.9	8.6	8.6	8.4	7.6	6.5	7.4	7.8	7.5
France	-0.7	-1.3	-0.7	-0.7	-0.3	-0.3	-1.5	-0.4	-0.4	-0.6	-0.6
Japan	4.1	4.3	3.7	4.6	4.2	3.6	4.0	3.4	3.1	3.4	3.5
Australia	-1.5	-1.5	-2.5	-2.8	-3.5	-2.2	-2.7	-2.2	-1.4	-0.2	1.2

Source: Macrobond

Important Risk Discussion

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