Market Commentary | June 28, 2019

Weekly Economic Perspectives

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Weekly Highlights

- **Economies:** Consumer spending rises in US. Canadian economy continues to grow. UK consumer sentiment retreats. German business and consumer confidence erodes. Japan's labor market still as tight as ever. Credit growth remains tepid in Australia. (pages 2 – 6)
- **Markets:** A mixed week for equities following recent big gains. Bond yields decline modestly with all eyes on G20 summit. The dollar fluctuates but ends the week little changed. The Aussie dollar perks up a little. Oil eases after recent gains. Gold gives back much of its early-week surge. (page 7)

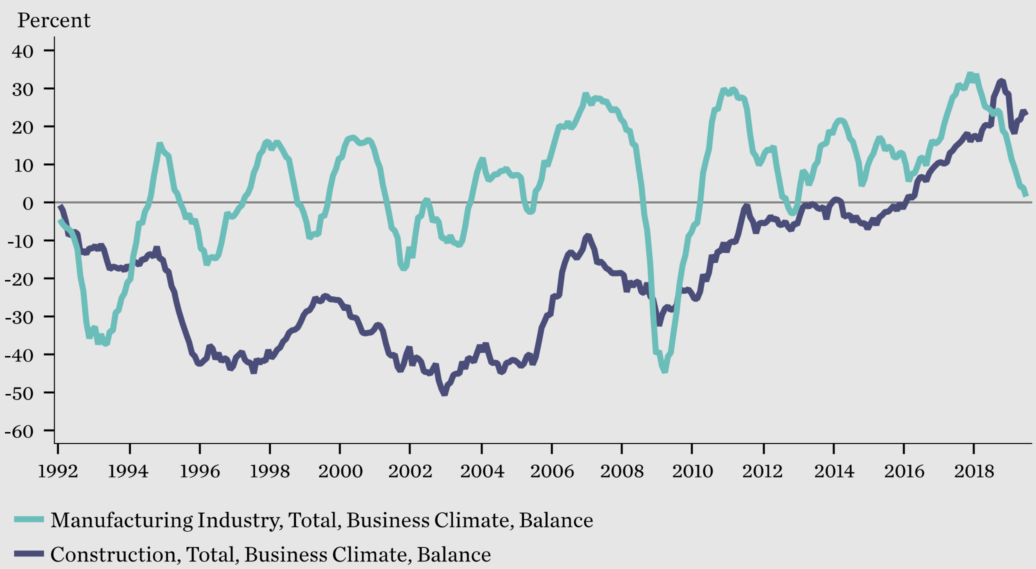
Upcoming Highlights

- **Spotlight:** Consensus expects the RBA to cut, but we think it might wait a bit longer. Employment is expected to rebound in the US, but there are risks. German manufacturing activity is seen contracting further. (page 9)

Tables

- **Data Calendars** (pages 8 – 9)
- **Economic Indicators** (pages 10 – 11)

Figure 1: Perceptions Of German Business Conditions Depend On Sector



Sources: Ifo Institute

STATE STREET GLOBAL ADVISORS

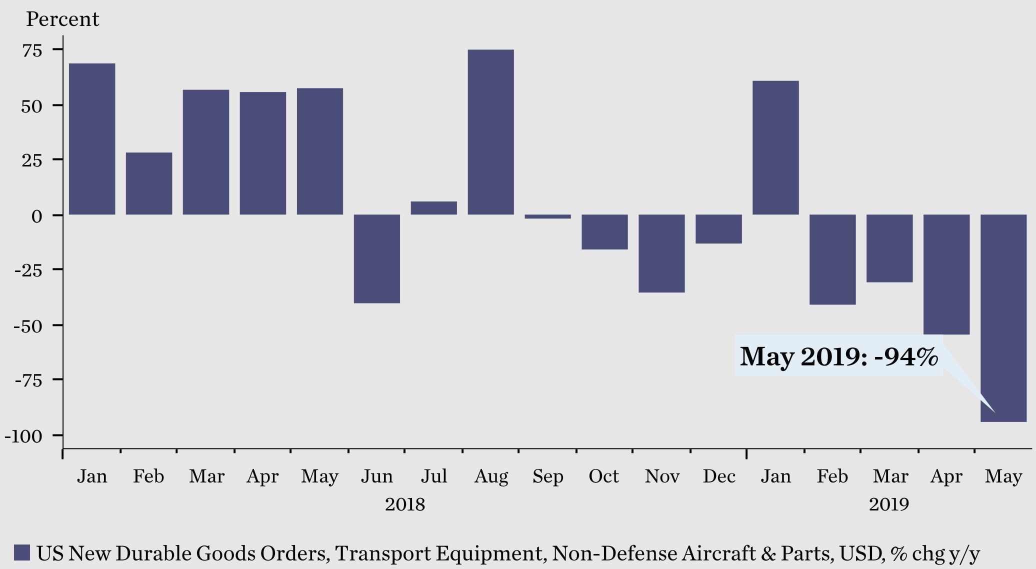
Week in Review

US

The final revision to first-quarter GDP data brought no change to the headline 3.1% (annualized) growth rate, but there were some changes in the details. Essentially, private consumption was weaker and fixed investment stronger than previously reported. Private consumption contributed 0.6 percentage points (ppts) to growth, three tenths less than in the initial estimate, but that was made up by a 0.3 ppts increase to the estimated investment contribution, now at 0.5 ppts. Inventories' added 0.6 ppts, as previously stated. Net exports added 0.9 ppts, a tenth less than initially reported.

Durable goods orders have softened materially since the start of the year, but there remain some reasons for hope. Admittedly, durable goods orders fell 1.3% in May and the April data was revised lower to show a sizable 2.8% contraction. Capital goods orders fell 3.3% in May for the third large drop in the past four months. However, that was to some extent driven by a 7.8% drop in defense orders. Non-defense orders contracted a smaller 2.3%. Within this category, non-defense aircraft plunged 28.2% on top of a 39.3% collapse in April. This category is by nature extremely volatile but the 737 MAX fallout is clear in the data. The good news was that core orders—a leading indicator for business equipment investment (BEI) in the GDP accounts—actually increased 0.4% and have now risen in four of the past five months. Core orders are still up 1.0% y/y, but overall orders are down 3.3% and capital goods orders are down 10.1%. Nondefense aircraft orders are down 94% y/y (Figure 1, page 1)! Overall shipments increased 0.4% and core shipments rose 0.7%. Core backlogs—a leading indicator of industrial production—fell 0.5%. Overall inventories rose 0.5% but core inventories rose 0.2%. The inventory to sales ratio was unchanged at 1.67 months, otherwise the highest since July 2017.

Figure 2: 737 Max Troubles Evident In US Macro Data



Sources: U.S. Census Bureau

As we suspected it would, consumer confidence took a sharp step lower in June amid heightened trade tensions. And yet, just as the May survey (which showed the **Conference Board consumer confidence** index up to a six-month high) did not fully capture worsening trade tensions with China during that month, the June survey may not have properly captured the avoidance of Mexican tariffs, thereby possibly skewing the print lower. Indeed, since the cut-off date for the survey was June 14th and given responses are mailed in, the bulk of these mailings may have coincided with peak uncertainty over Mexico tariffs (scheduled for Monday June 10 and only averted via a last-minute tweet late the Friday before). Still, while we anticipate some recovery in July for this very reason, the 9.8-point plunge in the index in June is not to be ignored. The headline is now at its lowest level since September 2017, albeit just 0.2 point below where it was in January. The details were weak as the present situation metric plunged 10.9 points to the lowest since January (having hit the highest since 2000 just last month!). Expectations declined 8.1 points to the lowest since June 2018. The labor differential—which measures the difference between those who think jobs are abundant and those who think jobs are scarce— plunged 5.9 points (also the lowest since June 2018) but still historically elevated at 27.9.. This raises some questions about the strength of job creation going forward. What doesn't entirely make sense is that despite worsening perceptions of both the current and future economic conditions, home buying intentions were stronger, which suggests consumers remain quite confident about their future income streams. However, buying intentions for appliances and vehicles deteriorated notably. The combination would seem to confirm our suspicion that tariff concerns may have played a key role in this month's update.

The final read on the **University of Michigan consumer confidence index** for June suggests such a dynamic may indeed be at play. The headline came in at 98.2, three tenths better than the initial estimate, although still 1.8 points lower than May. The current situation improved 1.9 points, a bit less than in the preliminary read, while expectations declined less. Investors (and the Fed!) will notice the slight upward revisions to both near and long term inflation expectations—each a tenth higher than in the preliminary. However, at just 2.3%, the latter remains at the extreme low end of its range.

As we expected following the good retail sales report, the update on May **personal income and spending** was encouraging and supportive for second quarter GDP. Overall personal income rose a solid 0.5%, even though wage and salaries increased a more modest 0.2%. Personal spending increased 0.4%, but there was a big upward revision to April, which doubled that months' advance to 0.6%. Real spending increased 0.2%, which was a tad lower than expected, but that was largely offset by upward revisions to April. The savings rate was unchanged at 6.1%. Its behavior so far this year is closely aligned with the pattern seen in 2018 and 2017: an increase in Q1, followed by a Q2 rebound.

The PCE (personal consumption expenditures) deflator data came in a largely as expected. Both overall and core prices rose 0.2%. The overall **PCE deflator** ticked down a tenth to 1.5% y/y (although from an upwardly revised April) while the core PCE deflator was unchanged at 1.6% y/y (consensus expected it to dip slightly).

We do believe that lower mortgage rates are inducing a revival in **new single family home sales**, but it is true that the revival has been somewhat subdued so far. Indeed, sales confounded expectations for an improvement, plunging 7.8% instead to a 673,000 (seasonally adjusted annualized) rate in May. However, this figure may not yet fully reflect the most recent sizable pullback in mortgage rates and we must also consider the possibility that buyers may purposefully delay purchases on expectations of lower rates in coming months. To us, 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 rose 3.7% y/y on average so far this year. New home sales rose in the Midwest and South during the month of May, but fell in the Northeast and plunged in the West. The number of homes available for sale was little changed but because of lower sales the market loosened again. Inventory is now equivalent to 6.4 months' worth of sales, which is a little above the 2018 average. The median sales price of a new home declined 2.7% y/y, having oscillated quite wildly over the past nine months.

Pending home sales (transactions of previously owned homes on which sellers have agreed a contract but are yet to close) rose 1.1% in May, having dropped 1.5% the months before. Sales increased in all three regions save the West, which, in conjunction with the plunge in new home sales there highlights what appears to be disproportionate weakness in that region. Sales were incrementally (-0.4%) lower y/y, but compared to declines averaging 5.6% y/y from October to March, this is a considerable improvement.

It appears as though the pullback in mortgage rates is providing support for home prices. The **FHFA purchase-only index** for existing single family homes jumped 0.4% in April, causing this measure of home price inflation to accelerate a tenth to 5.1% y/y, the first increase since June 2018. Admittedly, it is well below the February 2018 7.6% peak, but notable that the steady erosion since that has at least temporarily paused. Prices increased in seven of the nine regions, eroding marginally in the Middle Atlantic (-0.1%) and mode materially in the West North Central region (-0.6%).

The **Case-Shiller 20-City composite price index** came in tad softer than expected in April, but this was more than made up by a sizable upward revision to March. Prices were flat in April, but since they'd risen 0.3% in March, this measure of home price inflation only decelerated a tenth to 2.5% y/y. Admittedly, this is the lowest level since August 2012 but the pace of deceleration has slowed markedly compared to several months ago, suggesting a bottoming out process may be afoot. If so, we would link this directly to the big retreat in mortgage rates as that allows buyers to accommodate a higher purchase price. Indeed, we thought it noteworthy home price inflation in San Francisco and Los Angeles, accelerated for the first time in many months in April. Still, it is too early to draw any definitive conclusions.

Canada

After expanding 0.5% in March, the most since November 2017—real **GDP** grew 0.3% in April. Goods producing industries increased 0.4%, while services rose 0.2%. The mining sector was up 4.5%, primarily due to a 5.5% rise in oil and gas extraction, as production cuts in Alberta were rolled back. Other positive contributors were wholesale trade, which increased by 1.4%, while construction sector expanded by 0.2%. The manufacturing sector contracted 0.8%, largest since August 2017, as a decline in durables more than offset a rise in non-durable manufacturing. Overall GDP grew 1.5% y/y April, up two tenths from March.

The second quarter **Senior Loan Officers' survey** from the Bank of Canada showed overall business lending conditions eased slightly, falling from -2.7% in Q1 to -5.8%. Conditions have turned favorable, since the second quarter of 2016, with increased competition the key reason behind easing. Mortgage lending conditions eased as well, while non-mortgage lending conditions remained mostly unchanged. Easing in mortgage conditions was mainly due to price easing for both high and low-ratio mortgages.

UK

Consumers can hardly be blamed for being in a bleak mood amid the country's never-ending political drama. Having gained three points in May, the **GfK index of consumer confidence** gave them back in June, with the headline settling back at -13, where it has roughly been since November.

Eurozone

Germany's closely watched **IFO business climate indicator** has been trying very hard to put in a bottom in recent months but the reality of slower growth and geopolitical risks keeps getting in the way. The headline index declined another 0.5 point to 97.4 in June as expectations deteriorated even though the assessment of the current economic was incrementally better. It is important to note major differences among sectors, however. Whereas manufacturing sentiment has been hit hard by ongoing trade tensions and slower global growth, conditions in the construction sector are still hovering near multi-year highs.

The GfK index of ***German* consumer confidence** remains historically elevated but continues to modestly erode. The index retreated a larger than usual 0.3 point to 9.8 in July as consumers' income expectations weakened sharply even though views on the economic outlook actually improved. Another apparent inconsistency was that despite bleaker income expectations, buying intensions improved.

Amid slowing growth and deepening political unrest, ***French* business confidence** eroded rapidly around the turn of the year, hitting a low of 102 in December-January. However, it has since rebounded to 106, where it remained in June, suggesting that a clear bottom has been established.

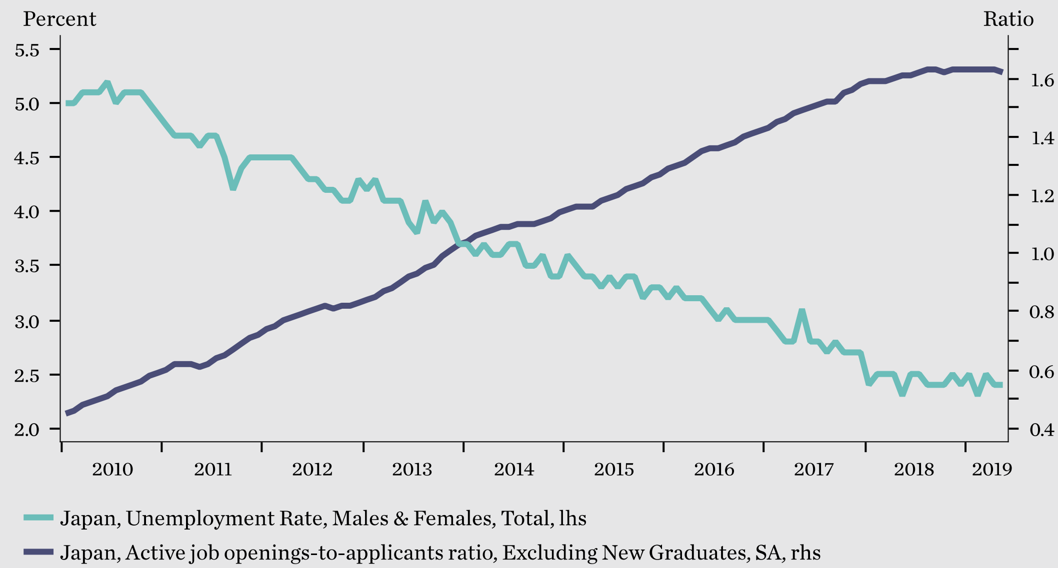
Easing political tensions domestically and rising incomes are providing some support for ***French* consumer spending**. However, while spending a bit more than expected in May (0.4% vs. 0.3% expected) there was a sizable downward revision to April data that was quite disappointing. April had been originally reported as a strong 0.8% gain, but has been revised down to just 0.3%. Spending is still down 0.1% y/y.

Italian **consumer confidence** has eroded notably since late 2018 and there is no convincing evidence yet that it has bottomed. Indeed, the Istat index fell 2.0 points to 109.6 in June, which was the largest monthly decline since May 2018 and the sixth in the last eight months.

Japan

Japan's labor market remains as tight as ever (Figure 3). The **unemployment rate** stayed at 2.4% in May, lowest since the early 90's. The participation rate edged up 0.1 percentage points to 62.2%, the highest since August 2001. To put this in perspective however, this was mainly due to the 90,000 people, both male and female participants leaving the labor force, which shrank to 68.6 million. The number of people employed and unemployed people fell by 80,000 and 60,000 respectively. The jobs-to-applicant ratio—a measure of labor market tightness—fell to 1.62 from 1.63, where it had been since November. Number of new jobs available per applicant also fell by 0.05 to 2.43. The labor market has held up pretty well, but may cool in the coming months due to the drag from manufacturing. However, prevailing tight conditions do not seem sufficient to drive wage growth.

Figure 3. Japanese Job Market Remains Extremely Tight



Sources: Japanese Ministry of Health, Labour & Welfare, Japanese Statistics Bureau

After a modest rise in April, preliminary estimates point to a greater-than-anticipated rebound in **industrial production** in May. The index has been pretty volatile recently, with a sharp downturn since October unwound since March. The increase was broad based, with durable consumer manufacturing increasing 5.2%, while capital goods rose 4.7%. Production of motor vehicles rose 5.2%, while ICT increased by 4.4%. Shipments rose 1.6% while the shipment-to-inventory ratio increased by 1.6%. Output declined 1.8% y/y, the fourth consecutive decline. Data for manufacturing runs contradictory to the recent dismal PMI readings, but probably because manufacturers are shoring up production to meet increased demand ahead of the scheduled tax hike.

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 prices declined 0.3% in May, lowering the annual PPI inflation rate by two-tenths to 0.8% y/y. Transportation—one of the largest components—fell 0.1%, due to a sharp downtick in ocean freight. The usually volatile advertising services declined 4.2%, while prices for 'other' services fell 0.2%.

Retail sales have been trending gently higher after the 1.8% drop at the start of the year. Sales rose 0.3% in May, lower than consensus, and after the previous month's reading was revised slightly downward to -0.1%. Improved sales of motor vehicles (+3.4%) and household machines (+1.0%) propped up headline figures. Sales of durables are likely to contribute positively to growth in coming months as consumers look to front-load spending ahead of the October tax hike.

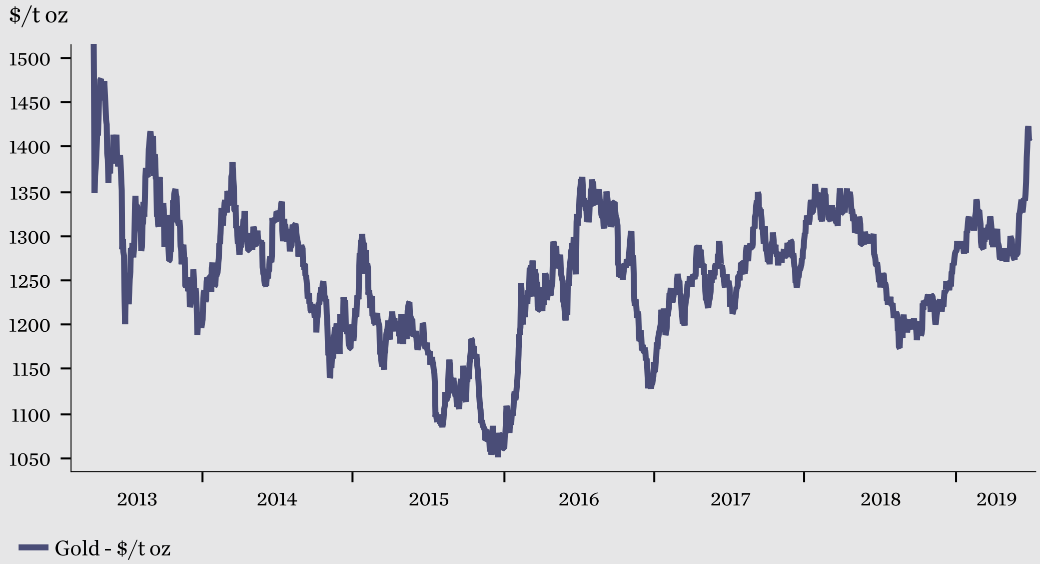
Australia

Credit growth has continued an anemic pace of growth since the second half of 2018. May was no exception, as **private sector credit** edged up 0.2% for the second consecutive month. Credit for owner occupied housing was modest, rising 0.3%, while that for other personal uses declined 0.6%, its 11th consecutive decline. Credit for investor housing was flat, where it has been since January. Business lending edged up 0.1%. Overall credit growth slowed to 3.6% y/y, the lowest since October 2013. A recovery in housing credit will be essential for private sector credit growth to pick up.

Financial Markets Review

Heightened economic and geopolitical uncertainty, coupled with markedly more dovish central bank rhetoric has resurrected investor interest in gold. Gold prices surged early in the week, approaching $1,450/oz before retreating to $1,410/oz by the end of the week. However, crossing the $1,400 level could provide the impetus for further ascent. By contrast, a G20 breakthrough could push prices lower.

Figure 4: Gold Touches 6-Year Highs Amid Uncertainty, Dovish Fed



Sources: Macrobond

Equities: A mixed week for equities following recent big gains.

Bonds: Bond yields decline modestly with all eyes on G20 summit.

Currencies: The dollar fluctuates but ends the week little changed. The Aussie dollar perks up a little.

Commodities: Oil eases after recent gains. Gold gives back much of its early-week surge.

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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®	2932.38	-0.6%	17.0%	2.00	-6	-69	96.165	-0.1%	0.0%
Canada	TSE 300	16313.94	-1.3%	13.9%	1.47	-2	-50	1.3095	-1.0%	-4.0%
UK	FTSE®	7425.63	0.2%	10.4%	0.83	-1	-44	1.2696	-0.3%	-0.5%
Germany	DAX	12398.8	0.5%	17.4%	-0.33	-4	-57			
France	CAC-40	5538.97	0.2%	17.1%	-0.01	-5	-72	1.1373	0.0%	-0.8%
Italy	FTSE® MIB	21234.79	-0.7%	15.9%	2.10	-5	-64			
Japan	Nikkei 225	21275.92	0.1%	6.3%	-0.16	0	-16	107.78	0.4%	-1.7%
Australia	ASX 200	6618.773	-0.5%	17.2%	1.32	4	-100	0.7017	1.3%	-0.5%

Commodity Markets

Commodity	Unit	Source	Last Price	%Ch Week	%Ch YTD	%Ch Yr Ago
Oil (Brent)	US $/Barrel	Bloomberg	64.21	-1.0%	20.8%	-16.6%
Gold	US $/troy oz	Bloomberg	1410.47	0.8%	10.0%	13.0%

Source: Bloomberg®

Week in Review: Data Releases and Major Events (June 24 – June 28)

Country	Release (Date, format)	Consensus	Actual	Last	Comments
Monday, June 24					
GE	IFO Business Climate (Jun)	97.5	**97.4**	97.9	Manufacturing weak, construction strong.
JN	Leading Index (April, final)	95.5(p)	**95.9**	95.7	Tad up from prelim, near 2016 lows.
Tuesday, June 25					
US	FHFA House Price Index (Apr, m/m)	0.2%	**0.4%**	0.1%	First acceleration in y/y inflation since June.
US	S&P CoreLogic 20-City Index (Apr, m/m)	0.1%	**0.0%**	0.3%	May be (or close to) bottoming.
US	Consumer Confidence (Jun)	131.0	**121.5**	131.3	Downward skew from Mexico tariff threat?
US	New Home Sales (May, thous)	684	**626**	679(↑r)	Is there an intentional delay element here?
FR	Business Confidence (Jun)	106	**106**	106	Better, but just half-way back to recent highs.
JN	PPI Services (May, y/y)	1.0%	**0.8%**	1.0%(↑r)	Seems to be trending gently lower.
Wednesday, June 26					
US	Durable Goods Orders (May, prelim, m/m)	-0.3%	**-1.3**	-2.8%(↓r)	Big drag from aircraft. Core orders rose.
GE	GfK Consumer Confidence (Jul)	10.0	**9.8**	10.1	Eroding gently.
FR	Consumer Confidence (Jun)	100	**101**	99	Highest in more than a year!
Thursday, June 27					
US	Initial Jobless claims (Jun 22, thous)	220	**227**	216	Still very low historically.
US	GDP (Q1, third, saar q/q)	3.2%(p)	**3.1%**	2.2%	Investment revised up, consumption down.
US	Pending Home Sales (May, m/m)	1.0%	**1.1%**	-1.5%	Healing,
US	Kansas City Fed Manf. Activity (Jun)	1	**0**	4	Regional surveys point to ISM weakness.
UK	GfK Consumer Confidence (Jun)	-11	**-13**	-10	Has given back prior month's gain.
GE	CPI (Jun, prelim, y/y)	1.4%	**1.6%**	1.4%	Gentle uptrend.
IT	Consumer Confidence (Jun)	111.4	**109.6**	111.6(↓r)	Drifting lower.
JN	Retail Sales (May, m/m)	0.6%	**0.3%**	-0.1%(↓r)	Likely to remain positive ahead of tax hike.
Friday, June 28					
US	Personal Income (May, m/m)	0.3%	**0.5%**	0.5%	Wages and salaries rose a modest 0.2%.
US	Personal Spending (May, m/m)	0.5%	**0.4%**	0.6%(↑r)	Q2 is shaping up for a nice rebound.
US	U of M Cons. Sentiment (Jun, final)	97.9(p)	**98.2**	100	Upward revisions to inflation expectations.
CA	GDP (Apr, m/m)	0.2%	**0.3%**	0.5%	Good start to Q2.
CA	BoC Senior Loan Officer Survey (Q2)	na	**-5.8**	-2.7	Favorable lending conditions.
UK	GDP (Q1, final, q/q)	0.5%(p)	**0.5%**	0.2%	Won't be nearly as good in Q2.
FR	CPI (Jun, prelim, y/y)	1.0%	**1.2%**	0.9%	Still quite weak.
FR	Consumer Spending (May, m/m)	0.3%	**0.4%**	0.3%(↓r)	Disappointing revision to April.
IT	CPI (Jun, prelim, y/y)	0.7%	**0.8%**	0.8%(↓r)	Going nowhere…
JN	Unemployment Rate (May)	2.4%	**2.4%**	2.4%	As tight as it gets.
JN	Industrial Production (May, prelim, m/m)	0.7%	**2.3%**	0.6%	Rebound anticipating increased spending.
AU	Private Sector Credit (May, m/m)	0.2%	**0.2%**	0.2%	Anemic.

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

Week in Preview: Releases and Major Events (July 1 – July 5)

Country	Release (Date, format)	Consensus	Last	Comments
Monday, July 1				
US	ISM Manufacturing (Jun)	51.2	52.1	Weak regional surveys say it could be worse.
UK	Manufacturing PMI (Jun)	49.2	49.4	
UK	Mortgage Approvals (May, thous)	65.5	66.3	
EC	Manufacturing PMI (Jun, final)	47.8(p)	47.7	
GE	Manufacturing PMI (Jun, final)	45.4(p)	44.3	
GE	Unemployment Rate (Jun)	5.0%	5.0%	Some very early signs of deterioration. Let's see.
FR	Manufacturing PMI (Jun, final)	52.0(p)	50.6	
IT	Manufacturing PMI (Jun)	48.5	49.7	
IT	Unemployment Rate (May, prelim)	10.3%	10.2%	
JN	Tankan Large Manuf Survey (Q2)	9	12	Points to loss of momentum.
JN	Manufacturing PMI (Jun, final)	49.5(p)	49.8	Unlikely to pick up soon.
JN	Consumer Confidence Index (Jun)	39.2	39.4	Don't expect much!
Tuesday, July 2				
US	Total Vehicle Sales (Jun, mil.)	17.0	17.3	Will give guidance on retail sales/ consumer spending.
UK	Nationwide House Prices (Jun, m/m)	0.2%	-0.2%	
GE	Retail Sales (May, m/m)	0.5%	-1.0%(↑r)	Very important to see some recovery here.
JN	Monetary Base (Mar, y/y)	na	3.6%	
AU	RBA Monetary Policy Decision	1.00%	1.25%	We do not see a cut right now, but expect one later.
Wednesday, July 3				
US	Initial Jobless claims (Jun 29, thous)	---	227	
US	ISM Non-Manufacturing Index (Jun)	56.0	56.9	Holding in 55-56 range, it is good news for economy.
US	Durable Goods Orders (May, final, m/m)	na	-1.3%	
US	Factory Orders (May, m/m)	-0.1%	-0.8%	
US	Trade Balance ($, bil.)	-52.0	-50.8	
CA	Trade Balance (C$, bil.)	na	-1.0	
UK	Services PMI (Jun)	51.0	51.0	Important signal for growth.
EC	Services PMI (Jun, final)	53.4(p)	52.9	
GE	Services PMI (Jun, final)	55.6(p)	55.4	
Thursday, July 4 (US Holiday)				
AU	Retail Sales (May, m/m)	0.2%	-0.1%	Should remain lukewarm until tax cuts set in.
Friday, July 5				
US	Change in Nonfarm Payrolls (Jun, thous)	158	75	Most critical release of the week! Fed implications.
US	Unemployment Rate (Jun)	3.6%	3.6%	
CA	Unemployment Rate (Jun)	na	5.4%	Has scope to tighten further.
CA	Ivey PMI (Jun)	na	55.9	
UK	Halifax House Prices (Jun, m/m)	-0.1%	0.5%	
GE	Factory Orders (May, m/m)	0.2%	0.3%	
JN	Leading Index (May, prelim)	95.3	95.9	

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

Economic Indicators

Central Bank Policy Targets

		Year/Year % Change in Target				
		Jan	Feb	Mar	Apr	May
US	Target: PCE price index 2.0% y/y	1.4	1.3	1.5	1.6	1.5
Canada	Target: CPI 2.0% y/y, 1.0%-3.0% control range	1.4	1.5	1.9	2.0	2.4
UK	Target: CPI 2.0% y/y	1.8	1.9	1.9	2.1	2.0
Eurozone	Target: CPI below but close to 2.0% y/y	1.4	1.5	1.4	1.7	1.2
Japan	Target: CPI 2.0% y/y	0.2	0.2	0.5	0.9	0.7
Australia	Target Range: CPI 2.0%-3.0% y/y	1.3	1.3	1.3		

Source: Macrobond

Key Interest Rates

	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
US (top of target range)	2.00	2.25	2.25	2.25	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Canada (Overnight Rate)	1.50	1.50	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)	-0.06	-0.06	-0.07	-0.06	-0.06	-0.06	-0.05	-0.06	-0.07	-0.06	
Australia (OCR)	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	

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				
	Feb	Mar	Apr	May	Jun	Jan	Feb	Mar	Apr	May
US	1.5	1.9	2.0	1.8		1.9	1.9	2.2	2.2	1.8
Canada	1.5	1.9	2.0	2.4		1.0	1.2	1.5	1.7	0.6
UK	1.9	1.9	2.1	2.0		2.1	2.4	2.2	2.1	1.8
Eurozone	1.5	1.4	1.7	1.2		2.9	3.0	2.9	2.6	
Germany	1.5	1.3	2.0	1.4	1.6	2.6	2.6	2.4	2.5	1.9
France	1.3	1.1	1.3	0.9	1.2	1.9	1.8	1.7	1.9	1.0
Italy	1.0	1.0	1.1	0.8	0.8	3.4	3.1	2.9	2.1	1.5
Japan	0.2	0.5	0.9	0.7		0.6	0.9	1.3	1.3	0.7
Australia	1.3	1.3				1.9	1.9	1.9		

Source: Macrobond

Economic Indicators

Real GDP Growth (Q/Q Seasonally Adjusted)

	Quarter/Quarter % Change					Year/Year % Change				
	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19
US	0.5	1.0	0.8	0.5	0.8	2.6	2.9	3.0	3.0	3.2
Canada	0.4	0.6	0.5	0.1	0.1	2.2	1.8	2.0	1.6	1.3
UK	0.1	0.4	0.7	0.2	0.5	1.2	1.4	1.6	1.4	1.8
Eurozone	0.4	0.4	0.1	0.2	0.4	2.5	2.2	1.7	1.2	1.2
Germany	0.4	0.5	-0.2	0.0	0.4	2.1	2.0	1.2	0.6	0.7
France	0.3	0.2	0.3	0.4	0.3	2.4	1.9	1.5	1.2	1.2
Italy	0.2	0.0	-0.1	-0.1	0.1	1.4	1.0	0.5	0.0	-0.1
Japan	-0.1	0.6	-0.6	0.5	0.6	1.4	1.4	0.1	0.3	0.9
Australia	1.0	0.9	0.3	0.2	0.4	3.1	3.1	2.8	2.4	1.8

Source: Macrobond

Industrial Production Index (M/M Seasonally Adjusted)

	Month/Month % Change					Year/Year % Change				
	Jan	Feb	Mar	Apr	May	Jan	Feb	Mar	Apr	May
US	-0.4	-0.6	0.1	-0.4	0.4	3.6	2.7	2.2	0.9	2.0
Canada	-0.6	-0.9	1.9	1.0		1.6	-0.7	0.2	1.8	
UK	1.0	0.6	0.7	-2.7		0.0	0.4	1.3	-1.1	
Germany	-0.1	0.4	0.5	-1.9		-2.1	0.1	-0.8	-1.9	
France	1.6	0.2	-1.1	0.4		2.1	0.8	-0.7	1.1	
Italy	1.8	0.7	-1.0	-0.7		-0.8	0.7	-1.8	-1.3	
Japan	-2.5	0.7	-0.6	0.6	2.3	0.7	-1.2	-2.8	-1.6	0.4

Source: Macrobond

Unemployment Rate (Seasonally Adjusted)

	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	####	Apr-19	May-19
US	3.9	3.8	3.7	3.8	3.7	3.9	4.0	3.8	3.8	3.6	3.6
Canada	5.9	6.0	5.8	5.7	5.6	5.6	5.8	5.8	5.8	5.7	5.4
UK	4.0	4.1	4.1	4.0	4.0	3.9	3.9	3.8	3.8		
Eurozone	8.1	8.0	8.0	8.0	7.9	7.9	7.8	7.8	7.7	7.6	
Germany	5.2	5.2	5.1	5.1	5.0	5.0	5.0	5.0	4.9	4.9	5.0
France	9.0	9.0	9.0	9.0	8.9	8.9	8.8	8.7	8.7	8.7	
Italy	10.4	10.1	10.4	10.7	10.6	10.5	10.5	10.5	10.2	10.2	
Japan	2.5	2.4	2.4	2.4	2.5	2.4	2.5	2.3	2.5	2.4	2.4
Australia	5.3	5.3	5.0	5.0	5.1	5.0	5.0	4.9	5.1	5.2	5.2

Source: Macrobond

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

	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19
US	-2.3	-2.2	-2.2	-2.5	-2.0	-2.3	-2.3	-2.1	-2.4	-2.8	-2.5
Canada	-3.3	-1.9	-2.5	-2.6	-3.1	-3.0	-3.0	-2.8	-1.8	-3.0	-3.1
UK	-6.3	-4.0	-3.0	-4.1	-3.1	-3.0	-3.4	-3.3	-4.3	-4.4	-5.6
Eurozone	3.1	2.8	3.0	2.5	3.9	3.5	3.4	3.0	2.5	2.7	3.1
Germany	8.1	7.9	8.2	6.8	8.5	8.5	8.3	7.5	6.5	7.5	7.8
France	-1.0	-0.7	-1.3	-0.7	-0.7	-0.3	-0.3	-1.5	-0.4	-0.4	-0.2
Japan	3.8	4.1	4.3	3.7	4.6	4.2	3.6	4.0	3.4	3.1	3.5
Australia	-3.3	-1.4	-1.6	-2.4	-2.8	-3.4	-2.2	-2.5	-2.1	-1.3	-0.6

Source: Macrobond

Important Risk Discussion

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