STATE STREET GLOBAL ADVISORS

July 14, 2023
Commentary

Weekly Economic Perspectives

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Spotlight on Next Week
Retail sales to pick up but housing starts to decline in the US. Inflation expected to slow in Canada, UK, but not in Japan. Aussie employment growth to slow.

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The Economy

Further evidence of disinflation boosts both equities and bonds.

US

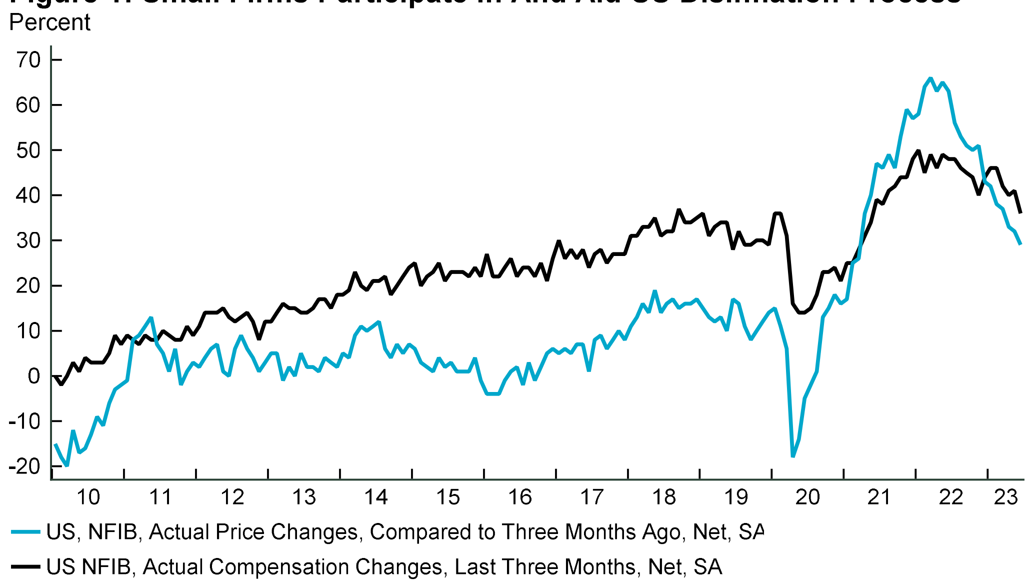
June marked an important month for the US disinflation process as headline **CPI inflation** eased a whole percentage point (ppt) to 3.0% y/y while core inflation eased half a percentage point to 4.8% y/y. Both were better than expected. We are evidently pleased by the outcome and remain constructive on the inflation outlook as downshifting shelter inflation helps anchor core inflation lower in coming months. That said, we fully expect the next report to show some reacceleration in the headline, possibly all the way up to 3.4% y/y as base effects are impossible to beat over the next couple of months. That should be seen as a temporary reversal only, not a permanent end to the ongoing disinflation process.

Many factors contributed to the favorable June outcome. Overall prices rose 0.2% m/m, with food up 0.1% and energy up 0.6% (driven by a 1.0% rise in gasoline prices). Core prices (excluding food and energy) also increased 0.2% m/m, the least since August 2021. Overall services prices rose 0.3%, but the increase in shelter costs moderated two tenths to 0.4% as owner equivalent rent eased to 0.4% m/m, the least since August 2021. With a record number of new apartments coming online this year, we anticipate further and persistent moderation in rental inflation in the months ahead. Airline fares surprised to the downside with an 8.1% monthly decline; medical care was flat. Within goods, new vehicle prices were unchanged and used car prices retreated 0.5% after two big increases.

Producer and import price data, which had long signaled disinflationary forces in the pipeline, expected that message in June, with **PPI inflation** easing to 0.1% y/y and **import price deflation** intensifying to -6.1% y/y.

Small businesses are participating in and aiding the disinflation process in the US. Although sentiment around current business conditions has improved, fewer respondents say they've raised either prices or wages over the last three months.

Figure 1: Small Firms Participate In And Aid US Disinflation Process



Sources: Macrobond, SSGA Economics, NFIB, BLS, BEA

To be sure, we are still quite some ways away from full normalization, but the trends are encouraging. The overall **NFIB small business sentiment index** improved 1.6 points to a seven-month high of 91.0 in June, with the assessment of business conditions surging 10 points to the highest since February 2022. Sales expectations improved noticeably. Despite this, hiring plans softened and capex intentions were unchanged. The share of respondents saying they have open positions that they are unable to fill dipped to the lowest since March 2021.

Credit availability appears to be less of a problem that it threatened to be in the immediate aftermath of the SVB crisis, but the high cost of credit seems to be deterring demand, nonetheless. Overall **consumer credit** increased by a very modest $7.2 billion in May, the least since November 2020. Revolving credit increased by $8.5 billion, but non-revolving credit actually declined by $1.3 billion, marking the first contraction since April 2020. The divergence is intriguing, and we aren't quite sure how to read it. It could be that those who need credit to make ends meet are resorting to it despite high costs (i.e., credit cards) but those who can pay down debt are also doing so (auto loans make the bulk of non-revolving credit). That said, the decline in the latter could also reflect a pullback in new loans being made in this space, either demand-driven due to affordability constraints, or supply-driven as firms restrain credit to lower credit score customers. In this vein, it is interesting to note that the share of auto loans (by value) held by consumers with credit scores below 620 just hit a new low during the first quarter. It appears that lenders are moving up on the consumer credit quality scale.

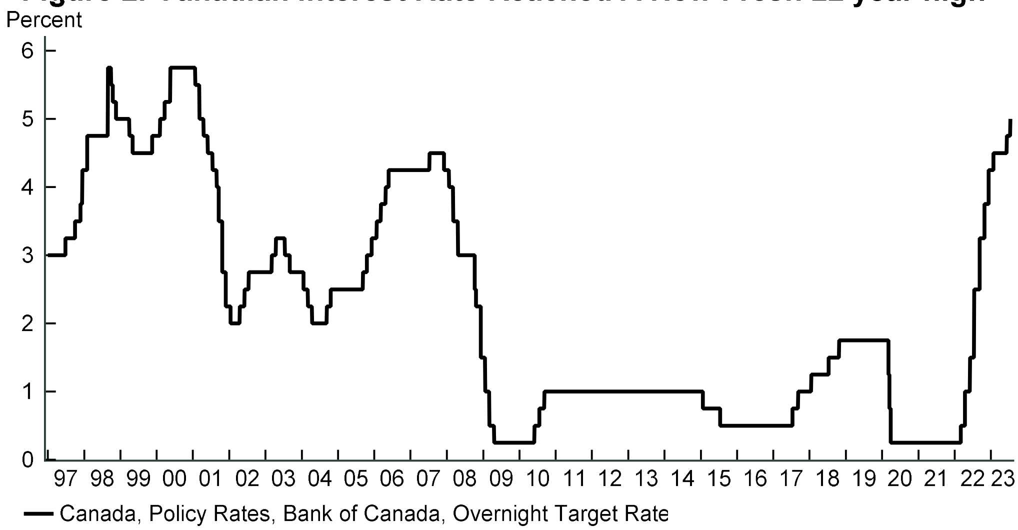
One piece of good news on the consumer side this week was the sharp rebound in the University of **Michigan consumer sentiment index**. The headline soared 8.2 points—the most since October 2006!—with gains evenly distributed between assessments of the current situation and future expectations. Three main factors converged to deliver such marked improvement: resolution to the debt ceiling crisis, easing of concerns around the bank situation, and substantial further step-down in inflation. Even so, the level of the index remains subdued, both in respect to pre-Covid trends and Covid recovery highs. For example, the headline had peaked at 101 in February 2020 and had recovered to the high 80s in the spring of 2021 before rising inflation began to steadily sap sentiment. If there was a wrinkle in the report, it had to do with inflation expectations, which ticked a touch higher both in the short and long term. Short term (1-year) inflation expectations rose a tenth, albeit just to 3.4%, which is still the second lowest level since early 2021. Long term (5-10 years) expectations rose a tenth to revisit the post-Covid high of 3.1% that had been touched several times since early 2022.

Meanwhile, the **federal budget deficit** picture remains dreadful. The monthly June deficit more than doubled to $227 billion compared with $88 billion a year earlier, bringing the fiscal year to date (since October 1) deficit at almost $1.4 trillion. Meanwhile, following the suspension of the debt ceiling earlier this summer, the Treasury has issued new debt to replenish the Treasury General Account (TGA). The latter had plunged to just $23 billion on June 1 but has since been rebuild to the tune of half a trillion. The public debt subject to the debt limit has since surged by over $1 trillion to $32.5 trillion. We will have to come back to this problem…

Canada

As widely expected, the **Bank of Canada (BoC) hiked interest rate** by 25 basis points to 5.0% on Wednesday. In the accompanying monetary policy report, the BoC revised upward the growth forecast for this year given robust consumption growth, pickup in housing market, and strong immigration-driven population growth. On inflation, the bank expects inflation to return to the target by mid-2025, slower than in their January and April projections. Given that upside risks persist, the “Governing Council remains concerned that progress towards the 2% target could stall”. The bank pressed that their future rate hike decisions will be very dependent on new incoming data. Given moderating inflation and slowing economy, a September hike is possible, but far from guaranteed. Quantitative tightening continues and is complementing increases in the policy interest rate.

Figure 2. Canadian Interest Rate Reached A New Fresh 22-year high



Sources: SSGA Economics, BoC, StatCan

Building permits unexpectedly surged 10.5% in May, rebounding from April’s 21% plunge. Residential permits rose by 8.5%, with Ontario contributing 45.8% of national residential permit values. Non-residential permits rose 14.2%, with the increase in commercial permits more than offset the losses in institutional permits.

Manufacturing sales rose a better than expected 1.2% in May, although that gain was offset by a downward revision of April’s figure (from +0.3% to -0.1%). May performance was mainly driven by higher sales of chemical products (+4.8%), motor vehicles (+4.8%) and machinery (+4.2%). Primary metal saw the largest decline (-6.9%. In real (volume) terms, sales increased 2.2%.

The housing market is finally showing signs of stabilization. **Existing home sales** advanced 1.5% m/m in June, building on May’s 5.1% gain. Sales rose in 7 of 10 provinces; gains in British Columbia and Alberta offset fewer sales in the Greater Toronto Area (GTA). New listings rose 5.9% m/m, continuing to move in the right direction, and have come closer to average from a 20-year low in March. With that, the sales-to-new listings ratio eased to 63.6% from 66.4% in May and a recent peak of 68.3% in April, but still, it is well above long-term average for the measure.

UK

The latest data suggest that the job market is incrementally cooling but remains tight. The **unemployment rate** rose by 0.2 percentage points (ppt) to 4.0%, exceeding market expectation of 3.8%, but still close to record lows. In addition, the economic inactivity rate decreased 0.4 percentage points to 20.8%, largely driven by those inactive for “other reasons”, those looking after family or home, and those who are retired. Labor demand continues to cool; job vacancies in the three months to June declined for the 12th consecutive period. However, wage growth once again topped expectations, keeping the BoE under pressure, with growth in average total pay (including bonuses) accelerating to 6.9% y/y. The growth in regular pay (excluding bonuses) also stood at record-high of 7.3% y/y, matching May’s reading.

Industrial activity remains weak. An additional bank holiday and strikes in the health, rail and education sectors have weighed on the headline print. Monthly production output fell 0.6% in May, worse than expectation of 0.4% decline, and following a fall of 0.2% in April. The loss was driven by all sectors except mining and quarrying, which rose 0.3%.

Eurozone

It was a quiet week on the eurozone data front, with final readings on June **consumer price inflation** data in ***Germany*** and ***France*** confirming the initial estimates at 6.4% y/y and 4.5% y/y, respectively. It may be taking longer than hoped for, but disinflation is in full swing in Europe as well.

Meanwhile, the **ZEW index** of ***German*** investor confidence index had come a long way since bottoming in September but had recently turned lower again. It deteriorated further in July, with the headline down 6.2 points to a seven-month low of -14.7. Bad as this may seem, it is still far better than the -57.6 average that prevailed between July and October of last year.

Japan

The production data makes for some cautious interpretation. We think data looks good for now and may hold up well for the next few months, but the outlook is dimming. **Machinery orders** declined 7.6% m/m in May, after the outsized 5.5% rise in April. The underlying details are less worrying; manufacturing orders in fact increased 3.2%, for the first time in three months driven by petroleum & coal and metal products. Furthermore, overseas orders (which lead exports in capital goods) jumped 12.0%, a second double-digit gain. Unsurprisingly, non-manufacturing orders dropped 19.4% after rising 11.0% in April. We expect a meaningful deceleration in the second half as global demand cools; this is already visible in China’s declining exports. Furthermore, **industrial production** for May was revised down to -2.2% m/m and 4.2% y/y (from -1.6% m/m and 4.7% y/y). Capacity utilization also declined 6.3% m/m, significantly down from 3.0% in April.

Producer prices (domestic corporate goods price index), declined for a second month, down 0.2% in June. PPI inflation eased 1.1 percentage points (ppt) to 4.1% y/y. Price declines were led by utilities (-5.0% m/m). However, once again, prices for machinery related sectors actually increased 0.2% m/m, up a tenth from May.

Consumer prices, however, are another story; we think CPI will remain above the BoJ’s target of 2% y/y as demand-driven surprises will materialize. However, structurally, we expect a gradual disinflation in the goods sector, as most firms are yet to finish passing their high input costs from last year. Furthermore, this year's *El Nino* effect may add supply constraints to food.

Hideo Hayakawa, a former chief economist at the BoJ said that he expects a Yield Curve Control (YCC) tweak this month, fueling speculation this week. The 10y JGB yield has risen to 0.47%, close to the 0.50% limit, as part of the YCC policy. On the other hand, the yen has been rallying on better-than-expected CPI data in the US. The Bank is already expected to raise its 2024 CPI projection to above 2.0% and a news article in the Yomiuri newspaper has also confirmed the same this week. A lot depends on the June CPI data next week, which we expect to print at 3.4% y/y on higher electricity prices; any upside surprise will add fuel to the market's fire.

Australia

Deputy Governor **Michele Bullock** will take the reins of the Reserve Bank from the current governor Philip Lowe in September, we wish her the best! The decision-making will surely be prudent, not least because of her focus on macroeconomic fundamentals but also, the ongoing reforms at the Bank.

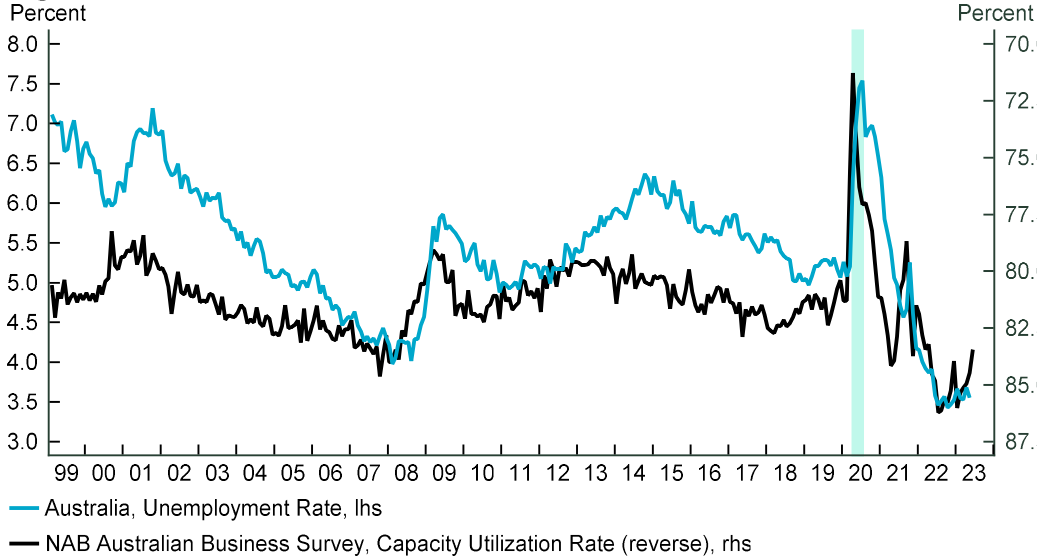
From next year, the RBA will meet eight times per year instead of the usual eleven. The timing is significant and ingenious. As Governor Lowe now expects the economic growth to be *'subdued over the next couple years'*, the Bank can better sway the expectations of rate cuts next year. This came as part of the Reserve Bank's response to the recently concluded review; other key changes are that the Bank will meet on Mondays and Tuesdays instead of just Tuesdays. The Governor will hold a press-conference after each meeting and the RBA board will oversee the Bank's research agenda. Together with the Treasury, the Bank will also undertake an open and transparent review every five years. More changes are yet to come.

Back to the current day, speaking at the Economic Society of Australia, Governor Lowe expressed confidence that higher interest rates will bring the desired effects in lowering inflation. However, "*the question mark is how much more do we need to do? And we* (they) *have got a completely open mind on that question.*" It is significant that the question was not 'if they have to do more.' This open-ended guidance has split the consensus and markets; while the consensus expects a 25-bps hike in August, the later sees just a 36% chance.

Dr. Lowe laid out that the Bank will produce the latest set of forecasts after assessing the *"cross-currents affecting the inflation outlook".* However, there were conspicuous dovish inclinations (finally!), as upside risks to inflation will be countered by a *"slow growth in aggregate demand, particularly in household consumption*" and this "*slow growth in demand is expected to lead to some **rise in unemployment** and a moderation in growth in unit labor costs.*"

Indeed, higher unemployment is a very real possibility; the June **NAB business survey** showed capacity utilization at 83.4%, down 2.6% from January. The unemployment rate could rise by 0.4 percentage points for every one percent decrease in capacity.

Figure 3: Australia's Labor Market At Risk Of Further Deterioration



Sources: SSGA Economics, NAB, ABS, Macrobond
Updated as of 7/14/2023

In the details, headline metrics held steady. Business conditions was up by a point to 9 and confidence was up four points to 0. Developments on prices and employment were notable; final product prices growth moderated to 1.1%, down from 1.3% in May; however, retail prices rose three-tenths to 1.6%. Labor cost growth, which is a lot in focus, also ticked up to 2.6%, likely reflecting the recent increases in award & minimum wages.

Consumers likely have factored in higher interest rates for longer into their spending calculus. That is the key takeaway from the **WBC-MI consumer survey**, whose headline sentiment rebounded 2.1 points to 81.3 in July. The improvement was interestingly, not because of the RBA's July pause but due to easing monthly CPI, down to 5.6% y/y in May. In fact, sentiment among those polled after the RBA's decision read 77.9, below the 88.0 average among those polled before! However, despite the rise, sentiment remains deeply in recessionary territory and hasn't improved much since it was down 17% in H1 2022.

If true, this is an unwritten testimony for the RBA's success in forcing consumers to spend cautiously, as only a few expect lower interest rates in the next twelve months. The sub-components also rose broadly, but the assessment for family finances against a year ago declined more than three points to 62.2 and is dragged by consumers who have low incomes and rent homes. Unemployment expectations were more or less unchanged at 131.2. The index is up more than 30% since the monetary tightening started, so we have good conviction on the labor market softening in the near term.

Overall, we are comforted by the week's developments and look forward to a softer labor market data next week. Still, a lot depends on incoming data and hence, we hold our terminal policy rate forecast at 4.50%, for now.

Week in Review (Jul 10 – Jul 14)

Country	Release (Date, format)	Consensus	Actual	Last	Comments
Monday, Jul 10					
US	Consumer Credit (May, $, bn)	20.00	7.24	20.32 (↓)	Non-revolving credit declined.
CA	Building Permits (May, m/m)	na	10.5%	-21.0%	Surprisingly strong
AU	Westpac Consumer Conf Index (Jul)	na	81.3	79.2	Modest improvement.
AU	NAB Business Confidence (Jun)	na	0	-3 (↑)	Modest improvement.
Tuesday, Jul 11					
US	NFIB Small Business Optimism (Jun)	89.9	91.0	89.4	Mixed details.
UK	Average Weekly Earnings (May, 3m, y/y)	6.8%	6.9%	6.7% (↑)	Very problematic for inflation fight.
UK	ILO Unemployment Rate (May, 3m)	3.8%	4.0%	3.8%	Still close to record-lows
GE	CPI (Jun, y/y, final)	6.4% (p)	6.4%	6.1%	Will soon resume downtrend.
GE	ZEW Survey Expectations (Jul)	-10.6	-14.7	-8.5	Soft and softening.
IT	Industrial Production (May, m/m)	0.6%	1.6%	-2.0% (↓)	Still soft.
JN	PPI (Jun, y/y)	4.4%	4.1%	5.1%	Dragged by electricity, but machinery prices ok.
JN	Core Machin Orders (May, m/m)	1.0%	-7.6%	5.5%	Underlying details much better.
Wednesday, Jul 12					
US	CPI (Jun, y/y)	3.1%	3.0%	4.0%	Core inflation eased to 4.8% y/y.
CA	Bank of Canada Rate Decision	5.00%	5.00%	4.75%	More hikes are expected but likely in September
Thursday, Jul 13					
US	PPI Final Demand (Jun, y/y)	0.4%	0.1%	0.9% (↓)	Bound to turn negative soon.
US	Initial Jobless Claims (Jul 08, thous)	250	237	249 (↑)	Still low historically.
US	Continuing Claims (Jul 01, thous)	1,720	1,729	1,718 (↓)	Still low historically.
US	Monthly Budget Statement (Jun, $ bn)	-205.0	-227.8	-88.8	Quite terrible.
UK	Industrial Production (May, m/m)	-0.4%	-0.6%	-0.2% (↑)	Very weak.
EC	Industrial Production (May, m/m, sa)	0.3%	0.2%	1.0%	Weak.
FR	CPI (Jun, y/y, final)	4.5% (p)	4.5%	5.1%	Easing.
JN	Capacity Utilization (May, m/m)	na	-6.6%	3.0%	Cooling demand?
JN	Industrial Production (May, m/m, final)	-1.6% (p)	-2.2%	0.7%	Cooling demand?
Friday, Jul 14					
US	Import Price Index (Jun, y/y)	-6.1%	-6.1%	-5.7% (↑)	Import prices from China down 2.3% y/y.
US	U. of Mich. Sentiment (July, prelim)	65.5	72.6	64.4	Broad-based gains.
CA	Manufacturing Sales (May, m/m)	0.8%	1.2%	-0.1% (↓)	Strong.
CA	Existing Home Sales (Jun, m/m)	na	1.5%	5.1%	Strong.

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

Week In Preview (Jul 17 – Jul 21)

Country	Release (Date, format)	Consensus	Last	Comments
Monday, Jul 17				
US	Empire Manufacturing (Jul)	-3.6	6.6	
JN	Tertiary Industry Index (May, m/m)	0.4%	1.2%	Downside surprise is possible.
Tuesday, Jul 18				
US	Retail Sales Advance (Jun, m/m)	0.5%	0.3%	Aided by stronger motor vehicle sales.
US	Industrial Production (Jun, m/m)	0.0%	-0.2%	
US	Capacity Utilization (Jun)	79.5%	79.6%	
US	NAHB Housing Market Index (Jul)	56.0	55.0	
US	Business Inventories (May, m/m)	0.2%	0.2%	
CA	CPI (Jun, y/y)	3.0%	3.4%	Slowing down.
CA	Housing Starts (Jun, thous)	216.3	202.5	Continue downward trend from previous month?
Wednesday, Jul 19				
US	Housing Starts (Jun, thous)	1,480	1,631	
US	Building Permits (Jun, thous)	1,499	1,496 (↑)	
UK	CPI (Jun, y/y)	8.2%	8.7%	Slowing down.
EC	CPI (Jun, y/y, final)	6.1% (p)	6.1%	
AU	Employment Change (Jun, thous)	15.0	75.9	Expecting a downside surprise.
AU	Unemployment Rate (Jun)	3.6%	3.6%	Expecting an upside surprise.
AU	NAB Business Confidence (Q2)	na	-4	The bottom is yet to be found.
Thursday, Jul 20				
US	Initial Jobless Claims (Jun 15, thous)	242	237	Still low.
US	Continuing Claims (Jul 08, thous)	1,733	1,729	
US	Philadelphia Fed Business Outlook (Jul)	-10.2	-13.7	
US	Existing Home Sales (Jun, m/m)	-2.2%	0.2%	Highly limited inventory in existing home market.
US	Leading Index (Jun, m/m)	-0.6%	-0.7%	
UK	GfK Consumer Confidence (Jul)	-26.0	-24.0	Still weak.
GE	PPI (Jun, y/y)	0.0%	1.0%	
FR	Business Confidence (Jul)	100.0	100.0	
JN	National CPI (Jun, y/y)	3.3%	3.2%	Any upside surprise to have immediate market implications.
Friday, Jul 21				
CA	Retail Sales (May, m/m)	0.5%	1.1%	Decelerating.
UK	Retail Sales Inc Auto Fuel (Jun, m/m)	0.2%	0.3%	Decelerating.

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

Economic Indicators

Central Bank Policy Targets

Region	Target	Year/Year % Change in Target Jan	Feb	Mar	Apr	May
US	Target: PCE price index 2.0% y/y	5.4	5.0	4.2	4.3	3.8
Canada	Target: CPI 2.0% y/y, 1.0%-3.0% control range	5.9	5.2	4.3	4.4	3.4
UK	Target: CPI 2.0% y/y	10.1	10.4	10.1	8.7	8.7
Eurozone	Target: CPI below but close to 2.0% y/y	8.6	8.5	6.9	6.9	6.1
Japan	Target: CPI 2.0% y/y	4.3	3.3	3.2	3.5	3.2
Australia	Target Range: CPI 2.0%-3.0% y/y	7.0	7.0	7.0		

Source: Macrobond

Key Interest Rates

	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23
US (top of target range)	2.50	3.25	3.25	4.00	4.50	4.50	4.75	5.00	5.00	5.25	5.25
Canada (Overnight Rate)	2.50	3.25	3.75	3.75	4.25	4.50	4.50	4.50	4.50	4.50	4.75
UK (Bank Rate)	1.75	2.25	2.25	3.00	3.50	3.50	4.00	4.25	4.25	4.50	5.00
Eurozone (Refi)	0.50	1.25	1.25	2.00	2.50	2.50	3.00	3.50	3.50	3.75	4.00
Japan (OCR)	-0.04	-0.07	-0.06	-0.08	-0.02	-0.01	-0.01	-0.03	-0.07	-0.07	-0.08
Australia (OCR)	1.81	2.25	2.58	2.84	3.05	3.10	3.29	3.54	3.60	3.83	4.05

Source: Macrobond

General Government Structural Balance as a % of Potential GDP

	2015	2016	2017	2018	2019	2020	2021	2022	Forecast 2023	2024
US	-2.5	-3.6	-4.3	-5.1	-6.0	-10.7	-10.7	-5.9	-6.6	-6.7
Canada	0.0	0.0	-0.3	0.0	-0.2	-8.1	-3.3	-1.2	-0.5	-0.1
UK	-2.5	-1.6	-1.3	-1.4	-1.6	0.8	-3.6	-4.5	-4.3	-2.8
Eurozone	-0.5	-0.5	-0.4	-0.3	-0.5	-4.0	-3.8	-2.8	-3.1	-2.5
Germany	1.2	1.2	1.1	1.6	1.3	-2.9	-3.0	-2.6	-3.2	-1.4
France	-2.1	-1.9	-1.9	-1.5	-2.1	-5.8	-5.2	-4.4	-4.6	-4.1
Italy	-0.4	-1.0	-1.5	-1.6	-0.9	-6.1	-6.7	-2.4	-2.0	-3.0
Japan	-4.5	-4.5	-3.7	-3.0	-3.3	-8.1	-6.2	-7.8	-6.4	-4.1
Australia	-2.5	-2.2	-1.5	-1.1	-4.0	-7.9	-6.1	-3.5	-3.3	-2.9

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	Feb	Mar	Apr	May	Jun
US	6.0	5.0	4.9	4.0	3.0	4.7	2.7	2.1	0.9	0.1
Canada	5.2	4.3	4.4	3.4		1.4	-2.1	-3.8	-6.3	
UK	10.4	10.1	8.7	8.7		11.8	8.4	5.2	3.0	
Eurozone	8.5	6.9	6.9	6.1		12.7	5.6	0.9	-1.6	
Germany	8.7	7.4	7.2	6.1	6.4	13.5	6.7	4.1	1.0	
France	6.3	5.7	5.9	5.1	4.5	13.4	9.5	5.0	3.4	
Italy	9.1	7.6	8.2	7.6	6.4	9.6	3.7	-1.5	-4.3	
Japan	3.3	3.2	3.5	3.2		8.3	7.4	6.0	5.2	4.1
Australia	7.0	7.0				5.2	5.2			

Source: Macrobond

Economic Indicators

Real GDP Growth (Q/Q Seasonally Adjusted)

	Quarter/Quarter % Change					Year/Year % Change				
	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23
US	-0.4	-0.1	0.8	0.6	0.5	3.7	1.8	1.9	0.9	1.8
Canada	0.6	0.9	0.6	0.0	0.8	3.2	4.7	3.8	2.1	2.2
UK	0.5	0.1	-0.1	0.1	0.1	10.6	3.8	2.0	0.6	0.2
Eurozone	0.7	0.8	0.4	-0.1	-0.1	5.5	4.3	2.5	1.8	1.0
Germany	1.0	-0.1	0.5	-0.5	-0.3	3.8	1.7	1.4	0.8	-0.5
France	-0.1	0.5	0.2	0.0	0.2	4.5	4.0	1.1	0.6	0.9
Italy	0.1	1.0	0.4	-0.1	0.6	6.5	5.0	2.5	1.5	1.9
Japan	-0.7	1.4	-0.4	0.1	0.7	0.6	1.5	1.6	0.4	1.8
Australia	0.6	0.8	0.6	0.6	0.2	3.1	3.1	6.0	2.6	2.3

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	1.0	0.0	0.1	0.5	-0.2	1.5	0.8	0.2	0.4	0.2
Canada	0.3	0.6	0.6	0.3		1.8	1.9	1.4	0.7	
UK	-0.2	-0.1	0.8	-0.2	-0.6	-2.9	-2.7	-1.9	-1.6	-2.2
Germany	3.5	1.7	-2.1	0.3	-0.2	-0.8	0.9	2.1	1.8	0.8
France	-2.0	1.5	-0.9	0.8	1.2	-2.1	1.0	0.3	1.7	2.6
Italy	-0.7	-0.1	-0.7	-2.0	1.6	1.7	-2.4	-3.2	-7.3	-3.6
Japan	-3.9	3.7	0.3	0.7	-2.2	-3.6	-1.4	-0.9	0.2	2.5

Source: Macrobond

Unemployment Rate (Seasonally Adjusted)

	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23
US	3.7	3.5	3.7	3.6	3.5	3.4	3.6	3.5	3.4	3.7	3.6
Canada	5.3	5.2	5.2	5.1	5.0	5.0	5.0	5.0	5.0	5.2	5.4
UK	3.6	3.7	3.7	3.7	3.7	3.8	3.9	3.8	4.0		
Eurozone											
Germany	5.4	5.5	5.5	5.5	5.5	5.5	5.5	5.6	5.6	5.6	5.7
France	7.2	7.1	7.2	7.2	7.2	7.1	7.1	7.0	7.0	7.0	
Italy	8.1	8.0	7.9	7.9	7.9	8.0	7.9	7.8	7.8	7.6	
Japan	2.5	2.6	2.6	2.5	2.5	2.4	2.6	2.8	2.6	2.6	
Australia	3.5	3.6	3.4	3.5	3.5	3.7	3.5	3.5	3.7	3.6	

Source: Macrobond

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

	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23
US	-3.1	-3.3	-3.1	-3.5	-3.9	-3.8	-4.6	-3.9	-3.5	-3.3	-3.3
Canada	-2.4	-1.4	0.0	-0.4	-0.6	0.0	0.6	0.7	-1.4	-1.2	-0.9
UK	-2.6	-6.6	-1.9	-0.4	-3.3	-0.4	-8.3	-4.6	-2.0	-0.4	-1.7
Eurozone	2.1	3.2	3.5	3.1	2.3	1.2	0.4	-1.3	-3.6	1.0	
Germany	7.3	8.4	8.9	8.2	7.6	6.7	5.5	3.9	2.7	4.8	5.8
France	-2.1	0.0	0.9	0.6	0.4	-0.4	-0.3	-1.7	-3.1	-2.8	-1.3
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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* Pensions & Investments Research Center, as of December 31, 2021.

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