STATE STREET GLOBAL ADVISORS

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Commentary

Weekly Economic Perspectives

Contents

01 **The Economy**
Special commentary on UK budget position. Q1 GDP contracts in the US. Canadian GDP expands in February. House price inflation moderates in the UK. Eurozone GDP ekes out a gain in Q1 but prospects darken. The BoJ holds steady. Inflation jumps in Australia.

09 Week in Review

10 Week in Preview

11 Economic Indicators

Spotlight on Next Week
Employment to rise again in the US. The BoE will likely hike again. The RBA may kickstart policy normalization with small hike.

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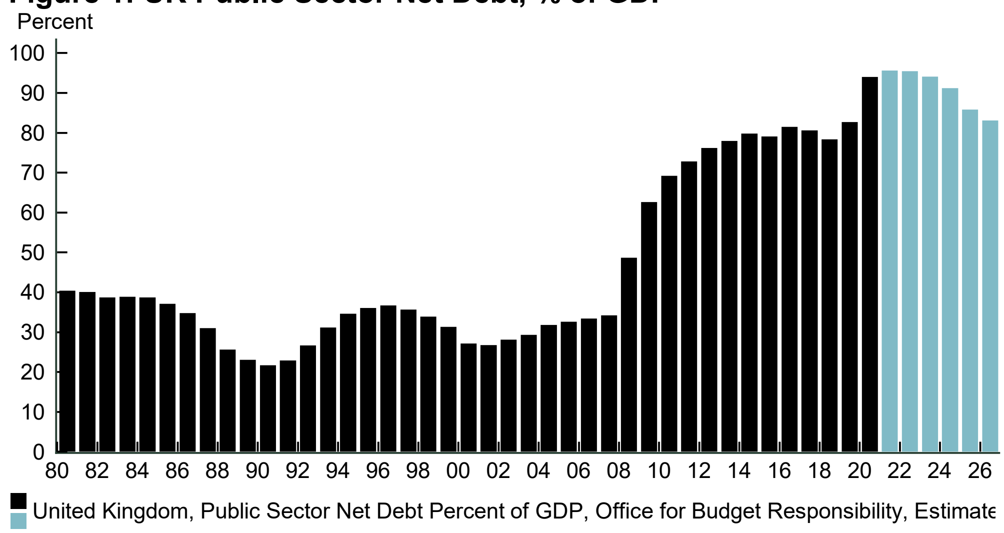
UK Budget Position

UK economic growth is decelerating rapidly this year amid surging inflation, tax increases, and external shocks. The increase in the energy price cap, the reversal of the hospitality VAT cut, rising raw material costs, and upward pressure on energy and commodity prices exacerbated by the Ukraine war have pushed the UK headline inflation to a 30-year high of 7.0% y/y in March. UK inflation is projected to remain elevated for longer, eroding real incomes, consumer spending, and overall growth.

Despite economic headwinds, the UK budget has continued to recover from the pandemic quickly. The medium-term revenue outlook continues to get stronger as growth in tax receipts has exceeded growth in nominal GDP. In particular, the UK Office for Budget Responsibility (OBR) has revised up the receipts by 4% given the strong growth in tax paid by high income-earners and by corporates. Meanwhile, the withdrawal of pandemic-related fiscal support, which the OBR estimates to have amounted to £310 billion will lead to lower borrowing this year. Although debt interest spending has risen, the budget deficit is forecast to be £128 billion, equivalent to 5.4% of GDP in 2021-22, more than 60% lower than its peacetime record of £322 billion (15% of GDP) in 2020-21. Coupled with the tax increases, the ending of government pandemic-related support and tax revenues improving with the economy recovery means that borrowing is likely to decline further over the coming years, as shown in Figure 1.

Figure 1: UK Public Sector Net Debt, % of GDP



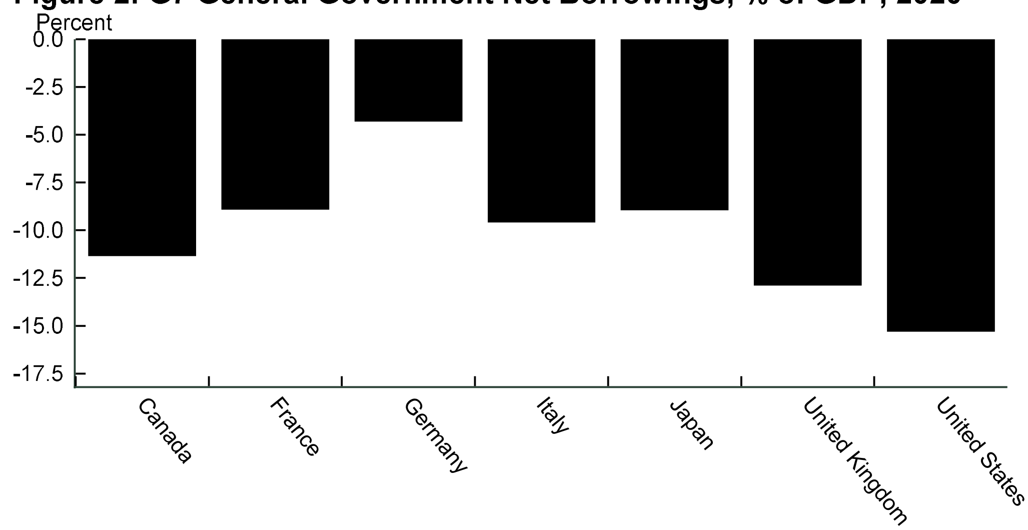
Sources: SSGA Economics, OBR

Taxes will continue to be the main contributor to the UK's public sector income. For 2022-23, taxes are forecasted by the OBR to contribute around 90% to the total income, with income taxes accounting for 43% of the public sector receipts, followed by VAT (16%) and corporation taxes (7%). Total receipts are forecasted to rise by 19% over the next five years, at faster pace than the growth of the economy.

Over the next five year, public spending is forecast to increase in terms of cash and well above the pre-pandemic level. However, the pace of increase is expected to be lower than the growth rate of nominal GDP, thus, public spending is forecast to be on a downward trending path as a share of GDP although inflation might likely push up some of welfare spending and debt interest spending, which is also impacted by higher interest rates. Elevated inflation is expected to have most impact on debt interest costs for the year 2022-23, with the OBR forecasting that debt interest spending will reach all-time high of £83.0 billion, and equivalent to 3.3% of GDP, its highest share since 1988-89. After that, debt interest spending is expected to fall to 1.6% of GDP in 2026-27, or £47.3 billion, but still remaining well above the level seen in 2020-21 (1.1% of GDP or £23.7 billion).

Many governments have borrowed heavily during the pandemic, leading to higher budget deficits. Across G7 countries, the UK is only behind the US in terms of net borrowing relative to economic size (Figure 2). Government's borrowing during the pandemic has led public sector net debt in the UK surging to a level last seen in the early 1960s, relative to the size of the economy. At the end of 2020-21, public sector net debt in the UK was £2.1 trillion, or 94% of GDP, up significantly from 82.7% in 2019-20. The share is expected to slightly exceed 95% for 2021-22 and 2022-23 before coming back closer to its pre-covid level of 83.1% in 2026-27.

Figure 2: G7 General Government Net Borrowings, % of GDP, 2020



Sources: SSGA Economics, OECD

While the UK public finances continues to recover from the pandemic, inflationary pressure and covid still present certain risks to the fiscal outlook. The sustained increase in global energy prices and higher for longer inflation exacerbated by the Ukraine war could lower potential output, eroding real income and budget for the UK, damaging fiscal prospects. In addition, Covid remains as a risk although part of the uncertainties have been reduced by vaccines.

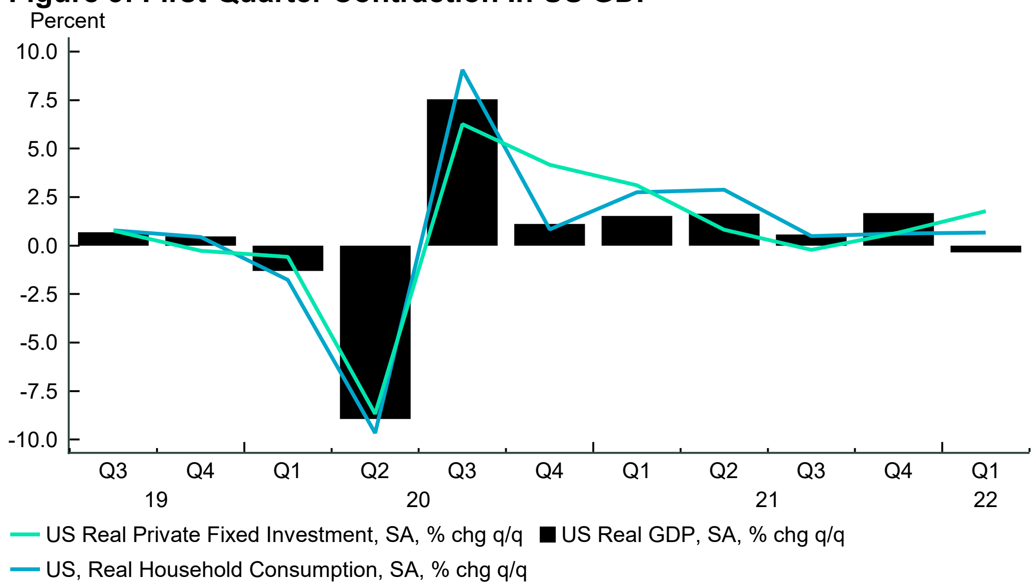
The Economy

Mixed macro data reinforce expectations of expeditious Fed policy normalization.

US

The underlying state of the US economy is definitely better than what the 1.4% saar (seasonally adjusted annualized) decline in **first-quarter GDP** would suggest. However, there are some sources of risk that could limit both the strength of the second-quarter rebound and the subsequent performance during the second half of the year. The best news in the report was the strength in fixed investment, particularly business investment. The worst was the massive deterioration in the real trade deficit, now at a new record. The latter subtracted a massive 3.2 percentage points (ppt) from GDP growth, more than offsetting the combined contributions from household consumption (+1.8 ppt) and fixed investment (+1.3 ppt). This drag is almost certain to subside (or even reverse) next quarter but in the context of subdued external demand and a sharply stronger dollar, the near-term improvement may not be quite as much as hoped for; especially since some of our investment spending is also satisfied via imports. By contrast, it is possible that the detraction from inventory accumulation (-0.8 ppt) could actually worsen. If so, this should not be a surprise at all given that inventories had added an extreme and unsustainable 5.4 ppt to the fourth-quarter GDP performance. We see real risks around this inventory normalization process. So long as goods demand remains robust, there need not be an abrupt reversal in inventory accumulation, but current levels of goods demand appear excessive. While goods consumption actually peaked a year ago and goods spending was flat in the first quarter, level-wise this remains more than 15% higher than end-2019 levels. As such, it not only could but even should revert lower in coming quarters, hampering overall consumer spending growth despite further improvements in services demand. Declining real incomes amid high inflation may speed up that process, which could prove bumpy, heightening the odds of additional negative GDP prints over the next several quarters.

Figure 3: First-Quarter Contraction In US GDP



Sources: Macrobond, SSGA Economics, BEA

While not our base case (the starting point for our Q2 real GDP growth estimate is close to 3.0% saar), it wouldn't take extreme disappointments on individual components to deliver another negative print (and with it, a technical recession) in the second quarter. It is, above all, a matter of timing, and whether these disappointments would occur concomitantly or sequentially. In any event, we will be downgrading full-year GDP growth in the June forecast update.

The surge in the **employment cost index (ECI)** during the first quarter will worry the Fed a lot more than the decline in GDP. Recall that it was the increase in third quarter ECI (+1.2% q/q) that quickened the Fed's hawkish pivot late last year. As such, the latest 1.4% q/q jump (even though it may prove to reflect peak momentum) will only strengthen the view that policy normalization must happen quickly. If there was any caveat to the labor cost surge it is that the benefits component is where the biggest acceleration occurred. Benefits growth doubled to 1.8% q/q in Q1, while wage and salaries growth quickened two tenths to 1.2% q/q. The latter wasn't quite as acute as the 1.5% jump recorded in the third quarter but it is well above recent historical norms. Overall ECI inflation accelerated five tenths to 4.5, with wages up 4.7% y/y and benefits up 4.1% y/y.

While wages and salaries represent a cost to employers, they are the main source of income for consumers. Nominal **personal income** grew 0.5% in March, aided by a 0.6% rise in wage and salary income. However, elevated inflation more than offset these gains, leaving real disposable income 0.4% lower than in February. Spending was a little better than expected, up 1.1% in nominal and 0.2% in real terms. That was made possible by a further decline in the **personal savings rate**, now at 6.2%. Upward revisions to the prior couple of months means that the March saving rate is only a tenth lower than where we thought it had been in February. However, it is now the lowest since December 2013. Price pressure remain intense, especially in energy. Headline PCE (personal consumption expenditure) prices rose 0.9% and core PCE prices increased 0.3%. While the former measure of inflation accelerated three tenths to 6.6% y/y, the latter moderated one to 5.3% y/y.

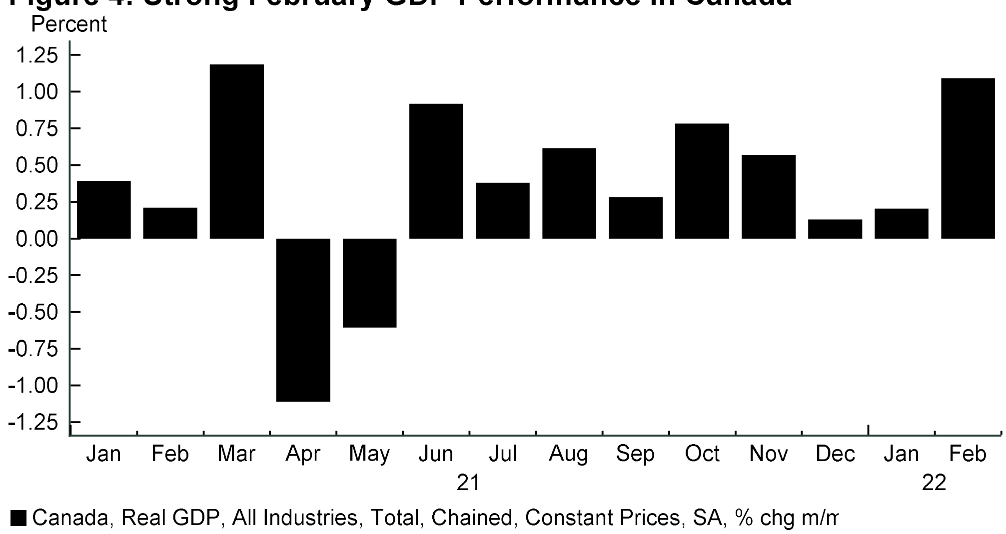
The surge in home prices in February could fairly be described as shockingly large. The seasonally-adjusted **Case-Shiller 20-City composite price index** jumped a record 2.4% during the month, while the seasonally adjusted **FHFA measure** posted a record 2.1% increase. The corresponding measures of home price inflation accelerated 1.3 percentage points (ppt) to 20.2% y/y, and 1.1 ppt to 19.4% y/y, respectively. The former market a new Covid era high while the latter matched last July's peak. How should we interpret this data? Is this evidence that the supply-demand imbalance is so great that nothing will be able to stop the acute price appreciation? We do not believe so. In fact, it seems more likely that February's data is the last big hurrah before rising interest rates start impacting prices. For a property to have closed in February, offers most likely will have been made in mid-January or even earlier, namely right after the Fed's big hawkish pivot at the December meeting. There probably was a sense of desperation among buyers to secure purchases before mortgage rates spiked and that competition resulted in these outsized price gains. We believe the data over the next few months will turn noticeably softer, although the reality of insufficient supply will certainly put a floor under prices.

To be sure, **pending home sales** continue to decline at a rapid pace. They dropped another 1.2% in March, a fifth consecutive decline that left them 8.9% lower than a year earlier. **New single family home sales** dropped 8.6% in March, the third consecutive decline that left them 12.6% below the March 2021 level. Inventory improved to 6.4 months' worth of sales, the highest level for any March since 2011, when the market was just emerging from a deep multi-year slump. The median price rose 21.4% y/y, a four-month high.

Canada

Canada's **real GDP** rose by 1.1% in February, noticeably better than market expectations for an 0.8% gain. This is also the largest monthly growth rate since March 2021, as broad-based growth across most sectors contributed to the ninth consecutive monthly expansion in economic output. Both services-producing (+0.9%) and goods-producing (+1.5%) industries were up. Most sectors increases including accommodation and food services (+15.1%), transportation and warehousing (+3.1%), arts, entertainment and recreation (+8.4%), and construction (+2.7%).

Figure 4: Strong February GDP Performance In Canada



Sources: SSGA Economics, StatCan

UK

House prices increased less than expected this month after fast expanding in March. Annual price growth slowed to 12.1% in April from March's 18-year high of 14.3%, after a 0.3% monthly increase which was the smallest since September. Despite strong job market, housing market is losing momentum due to stretched affordability and real incomes eroded by elevated inflation.

Eurozone

Sadly, while it was good to see ***eurozone* GDP** expand by 0.2% q/q during the first quarter, the war in Ukraine suggests performance will deteriorate going forward. There were already warning signs in the 0.2% q/q contraction in Italian GDP and the flat read on French GDP during the quarter. German GDP, which had contracted in Q4, managed a 0.2% gain, but that is unlikely to last given threats to consumer spending and industrial production amid surging prices and uncertain energy supplies. Performance during the quarter was driven by the region's smaller economies, particularly Portugal (+2.6% q/q), Austria (+2.5% q/q) and Latvia (+2.1% q/q). Producer and consumer price inflation has surged across the region this year, with Italian PPI inflation hitting 46.5% y/y in March and French PPI reaching 26.5% y/y. Margin squeezes are likely to deter investment, undermining a source of growth even as consumer spending itself falters under pressure from declining purchasing power. First-quarter real eurozone GDP was 5.0% higher than a year earlier.

The combination of high inflation and the war in Ukraine—which not only exacerbated the former but threatens energy rationing in coming months—has caused ***German*** **consumer confidence** to crumble. The GfK index of consumer sentiment collapsed 11 points to -26.5 in the May reading, worse than even the May 2020 Covid low. Don't expect the German consumer to spend much under these circumstances! It is also notable that, having handily outperformed France and Italy during the euro crisis, German consumer confidence seems to be lagging regional peers now. Still, the story is one of acute weakness everywhere, with French consumer sentiment now also through its 2020 low, and Italian consumer sentiment having lost all last year's improvement to settle not much above the Covid lows either.

Japan

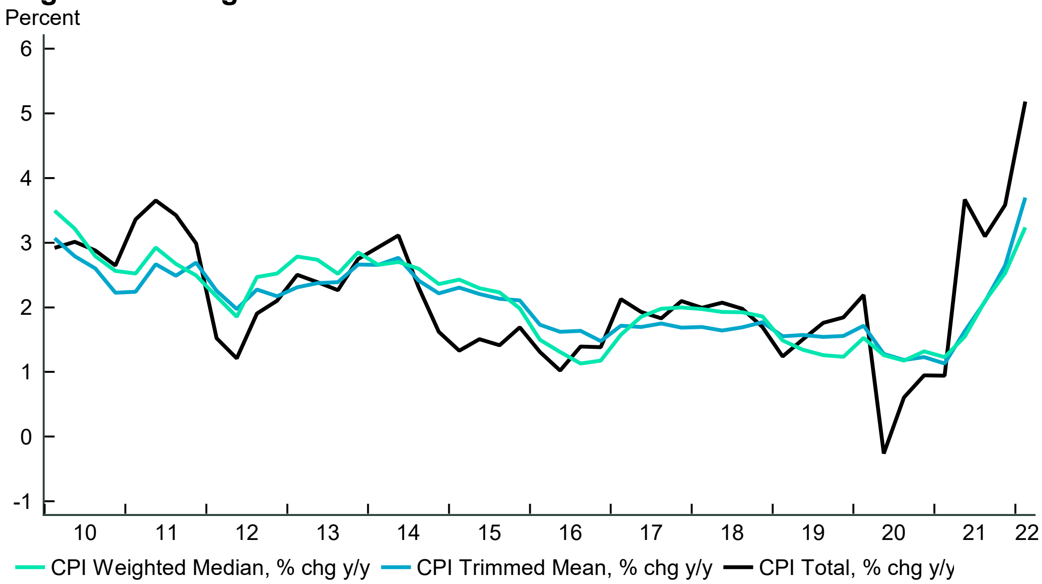
The Japanese macro data has been disappointing for quite a while and none that changed with the latest updates. Both the retail sales and industrial production data for March came in weaker than expected. Both remain weak, with the former up just 0.9% y/y and the former down 1.7% y/y. Meanwhile, producer price inflation remains soft at 1.3% y/y, putting a lid on CPI inflation despite rising commodity prices.

In light of this, it is not that surprising to see the Bank of Japan holding steady on policy. Indeed, at its meeting this week, the BoJ left its policy parameters unchanged despite the substantial yen depreciation recently. The BoJ does not believe that the recent uptick in domestic inflation (still sub-2.0%) and the rise in global commodity prices are likely to sustainably lift Japanese inflation or inflation expectations. Meanwhile, yen depreciation is seen acceptable so long as it does not occur in a volatile fashion that interferes with business planning. In fact, to the extent that a lower yen improves Japan's external competitiveness, it can be growth-accretive.

Australia

We had been saying for some time that the labor market was signaling the RBA to start raising rates but now the inflation data have joined that chorus. **Consumer prices** rose 2.0% during the first quarter, up sharply from the already rapid 1.3% increase recorded in Q4. Core prices, such as the trimmed mean and weighted median rose at somewhat slower yet still rapid rates of 1.4% q/q and 1.0% q/q, respectively. Headline inflation accelerated sharply to 5.1% y/y, while the trimmed mean and weighted median measures rose to 3.7% and 3.2% y/y, respectively. Both core measures are the highest in more than a decade. Market expectations have shifted drastically in favor of substantial rate hikes by the RBA this year, something the bank has pushed back until very recently. The Bloomberg consensus looks for a 15 basis point hike at the May meeting. In our estimate, however, there is little value in delivering such a small hike, other than pure signaling. However, if the RBA decides the time to change course is right, it could easily deliver a larger hike to kickstart the process. Otherwise, it could delay acting by another month but signal that a larger move is coming. We won't have to wait long to see.

Figure 5: Rising Aussie Inflation Will Force The RBA Off The Sideline



Sources: SSGA Economics, ABS

Week in Review (April 25 – April 29)

Country	Release (Date, format)	Consensus	Actual	Last	Comments
Monday, April 25					
GE	IFO Business Climate (Apr)	89.3	91.8	90.8	Steady.
JN	PPI Services (Mar, y/y)	1.2%	1.3%	1.10%	Low, anchoring inflation.
Tuesday, April 26					
US	Durable Goods Orders (Mar, prelim)	1.0%	0.8%	-1.7% (↑)	Core orders rose 1.0% m/m.
US	FHFA House Price Index (Feb, m/m)	1.5%	2.1%	1.6%	Shockingly large but last gasp before softening?
US	S&P CoreLogic CS 20-City (Feb, m/m)	1.5%	2.4%	1.7%	Shockingly large but last gasp before softening?
US	Conf. Board Consumer Confidence (Apr)	106	107.3	107.6 (↑)	Little change.
US	New Home Sales (Mar, thous)	774	763	835 (↑)	Down 12.6% y/y.
Wednesday, April 27					
US	Pending Home Sales (Mar, m/m)	-0.5%	-1.2%	-4.0% (↑)	Fifth consecutive decline.
GE	GfK Consumer Confidence (May)	-16.5	-26.5	-15.7 (↓)	Worse than even May 2020 Covid low!
FR	Consumer Confidence (Apr)	92	88	90 (↓)	Below 2020 low.
JN	Unemployment Rate (Mar)	2.7%	2.6%	2.70%	Labor market is solid.
AU	CPI Trimmed Mean (Q1, y/y)	3.4%	3.7%	2.6%	Time for RBA to raise rates!
Thursday, April 28					
US	GDP (Q1, saar)	1.0%	-1.4%	6.9%	Big drag from trade.
US	Initial Jobless Claims (23 Apr, thous)	180	180	185 (↑)	Extremely low.
US	Continuing Claims (16 Apr, thous)	1,393	1,408	1,409 (↓)	Extremely low.
US	Kansas City Fed Manf. Activity (Apr)	35	25	37	Softer, but not soft.
GE	CPI (Apr, y/y, prelim)	7.2%	7.4%	7.3%	Worse to come.
IT	Consumer Confidence Index (Apr)	100.4	100.0	100.8	Has lost all of 2021 gains.
IT	Industrial Sales (Feb, m/m)	n/a	2.8%	2.3%	Pre-war reading.
JN	BOJ Policy Balance Rate	-0.10%	-0.10%	-0.10%	No hawkish pivot here!
JN	Retail Sales (Mar, m/m)	1.1%	0.9%	-0.9% (↓)	A wash given February data.
JN	Industrial Production (Mar, m/m, prelim)	0.5%	0.3%	2.0%	Softer than we'd like to see it.
Friday, April 29					
US	Employment Cost Index (Q1)	1.1%	1.4%	1.0%	Very worrisome for Fed.
US	Personal Income (Mar)	0.4%	0.5%	0.7% (↑)	But real incomes down.
US	Personal Spending (Mar)	0.6%	1.1%	0.6% (↑)	Savings rate declined to 6.2%.
US	U. of Mich. Sentiment (Apr, final)	65.7(p)	65.2	59.4	Close to preliminary read.
CA	GDP (Feb, m/m)	n/a	1.1%	0.2%	Largest monthly gain since March 2021
UK	Nationwide House PX (Apr, m/m)	0.8%	0.3%	1.1%	Slowing down.
EC	GDP (Q1, q/q, advance)	0.2%	0.2%	0.3%	Welcome, but backward looking.
GE	GDP (Q1, q/q, prelim)	0.2%	0.2%	-0.3%	Welcome, but backward looking.
FR	Consumer Spending (Mar, m/m)	-0.2%	-1.3%	0.9% (↑)	Not in the least surprising.
FR	GDP (Q1, q/q, prelim)	0.3%	0.0%	0.8% (↑)	Worse to come.
FR	CPI (Apr, y/y, prelim)	4.6%	4.8%	4.5%	Worse to come.
FR	PPI (Mar, y/y)	n/a	26.5%	22.4%	Incredibly, it could get worse.
IT	GDP (Q1, q/q, prelim)	-0.2%	-0.2%	0.7% (↑)	Worse to come.
IT	CPI NIC incl. tobacco (Apr, y/y, prelim)	6.7%	6.2%	6.5% (↓)	Worse to come.
IT	PPI (Mar, y/y)	n/a	46.5%	41.3% (↓)	Incredibly, it could get worse.
AU	Private Sector Credit (Mar, m/m)	0.6%	0.4%	0.6%	OK.

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

Week Preview (May 2– May 6)

Country	Release (Date, format)	Consensus	Last	Comments
Monday, May 2				
US	ISM Manufacturing (Apr)	58.0	57.1	Robust. Price metrics of acute interest.
EC	Manufacturing PMI (Apr, final)	55.3	56.5	
GE	Manufacturing PMI (Apr, final)	54.1	56.9	
FR	Manufacturing PMI (Apr, final)	55.4	54.7	
IT	Manufacturing PMI (Apr)	55.0	55.8	
IT	Unemployment Rate (Mar)	8.4%	8.5%	
JN	Jibun Bank Japan PMI Mfg (Apr, final)	n/a	53.2	
JN	Consumer Confidence Index (Apr)	34.9	32.8	
Tuesday, May 3				
US	Factory Orders (Mar)	1.3%	-0.5%	
US	JOLTS Job Openings (Mar, thous)	n/a	11,266	
US	Durable Goods Orders (Mar, final)	0.8%	-2.1%	
US	Wards Total Vehicle Sales (Apr,m)	13.6	13.3	
UK	Manufacturing PMI (Apr, final)	55.3	55.2	Robust.
GE	Unemployment Claims Rate (Apr)	5.0%	5.0%	
GE	Retail Sales (Mar, m/m)	0.4%	0.2%	
AU	RBA Cash Rate Target	0.25%	0.10%	A larger move would shock either. Or delaying one more month.
AU	Retail Sales (Mar, m/m)	0.7%	1.8%	
Wednesday, May 4				
US	Trade Balance (Mar, $ bn)	-86.7	-89.2	
US	ISM Services Index (Apr)	59.0	58.3	
US	FOMC Rate Decision (Upper Bound)	1.00%	0.50%	
UK	Mortgage Approvals (Mar, thous)	70	71	Market starts cooling.
EC	Services PMI (Apr, final)	57.7	55.6	
GE	Services PMI (Apr, final)	57.9	56.1	
Thursday, May 5				
US	Nonfarm Productivity (Q1, prelim)	-2.3%	6.6%	
US	Initial Jobless Claims (30 Apr, thous)	183	180	
US	Continuing Claims (23 Apr, thous)	1,400	1,408	
UK	Services PMI (Apr, final)	58.3	62.6	Still strong.
UK	Bank of England Bank Rate	1.0%	0.75%	BoE might decide on another rate hike.
GE	Factory Orders (Mar, m/m)	-1.1%	-2.2%	
FR	Industrial Production (Mar, m/m)	-0.2%	-0.9%	
Friday, May 6				
US	Change in Nonfarm Payrolls (Apr, thous)	390	431	Only a question of whether we can find workers. Jobs are there!
US	Unemployment Rate (Apr)	3.60%	3.60%	
US	Consumer Credit (Mar, $ bn)	20	41.8	
CA	Unemployment Rate (Apr)	n/a	5.3%	Likely to be low.
GE	Industrial Production (Mar, m/m)	-1.0%	0.2%	
IT	Retail Sales (Mar, m/m)	n/a	0.7%	

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

Economic Indicators

Central Bank Policy Targets

Region	Target	Year/Year % Change in Target				
		Nov	Dec	Jan	Feb	Mar
US	Target: PCE price index 2.0% y/y	5.6	5.8	6.0	6.3	6.6
Canada	Target: CPI 2.0% y/y, 1.0%-3.0% control range	4.7	4.8	5.1	5.7	6.7
UK	Target: CPI 2.0% y/y	5.1	5.4	5.5	6.2	7.0
Eurozone	Target: CPI below but close to 2.0% y/y	4.9	5.0	5.1	5.9	7.4
Japan	Target: CPI 2.0% y/y	0.6	0.8	0.5	0.9	1.2
Australia	Target Range: CPI 2.0%-3.0% y/y	3.5	3.5	5.1	5.1	5.1

Source: Macrobond

Key Interest Rates

	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22
US (top of target range)	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50
Canada (Overnight Rate)	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	
UK (Bank Rate)	0.10	0.10	0.10	0.10	0.10	0.10	0.25	0.25	0.50	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)	-0.05	-0.04	-0.04	-0.05	-0.03	-0.05	-0.02	-0.02	-0.01	-0.02	
Australia (OCR)	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	

Source: Macrobond

General Government Structural Balance as a % of Potential GDP

									Forecast	
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
US	-2.7	-2.5	-3.5	-4.2	-5.2	-6.1	-10.4	-8.0	-5.3	-4.6
Canada	-0.6	0.0	0.1	-0.3	0.0	-0.2	-8.6	-3.6	-2.3	-1.3
UK	-3.9	-3.6	-2.8	-2.3	-2.4	-2.7	0.5	-3.2	-4.4	-2.0
Eurozone	-0.7	-0.6	-0.5	-0.5	-0.3	-0.5	-4.5	-4.0	-3.5	-2.3
Germany	1.2	1.2	1.2	1.1	1.6	1.3	-3.1	-2.6	-2.0	-0.5
France	-2.5	-2.1	-2.0	-1.9	-1.5	-2.1	-5.9	-5.9	-5.3	-3.4
Italy	-1.0	-0.6	-1.3	-1.6	-1.7	-1.0	-6.0	-4.6	-5.2	-3.7
Japan	-5.4	-4.2	-4.1	-3.3	-2.5	-2.5	-8.1	-6.9	-7.3	-3.3
Australia	-2.8	-2.6	-2.3	-1.6	-1.2	-4.1	-7.8	-7.7	-5.4	-3.6

Source: International Monetary Fund, World Economic Outlook

Headline Consumer and Producer Price Inflation

	CPI Year/Year % Change						PPI Year/Year % Change				
	Dec	Jan	Feb	Mar	Apr		Nov	Dec	Jan	Feb	Mar
US	7.0	7.5	7.9	8.5			9.9	10.0	10.1	10.3	11.2
Canada	4.8	5.1	5.7	6.7			17.1	15.7	16.2	15.8	18.5
UK	5.4	5.5	6.2	7.0			9.4	9.4	9.9	10.2	11.8
Eurozone	5.0	5.1	5.9	7.4			23.7	26.4	30.6	31.4	
Germany	5.3	4.9	5.1	7.3	7.4		19.2	24.2	25.0	25.9	30.9
France	2.8	2.9	3.6	4.5	4.8		16.7	17.3	20.3	20.2	24.4
Italy	3.9	4.8	5.7	6.5	6.2		22.2	22.8	32.9	32.7	30.0
Japan	0.8	0.5	0.9	1.2			9.2	8.9	9.2	9.7	9.5
Australia	3.5	5.1	5.1	5.1			3.7	3.7	4.9	4.9	4.9

Source: Macrobond

Economic Indicators

Real GDP Growth (Q/Q Seasonally Adjusted)

	Quarter/Quarter % Change						Year/Year % Change				
	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22		Q1-21	Q2-21	Q3-21	Q4-21	Q1-22
US	1.5	1.6	0.6	1.7	-0.4		0.5	12.2	4.9	5.5	3.6
Canada	1.2	-0.9	1.3	1.6			0.2	11.7	3.8	3.3	
UK	-1.2	5.6	0.9	1.3			-5.0	24.5	6.9	6.6	
Eurozone	-0.1	2.2	2.2	0.3	0.2		-0.9	14.6	4.1	4.7	5.0
Germany	-1.7	2.2	1.7	-0.3	0.2		-2.8	10.3	2.9	1.8	3.7
France	0.2	1.5	3.0	0.8	0.0		1.6	19.1	3.5	5.5	5.3
Italy	0.3	2.7	2.5	0.7	-0.2		0.1	17.7	3.9	6.2	5.8
Japan	-0.5	0.6	-0.7	1.1			-1.8	7.3	1.2	0.4	
Australia	1.9	0.8	-1.9	3.4			1.3	9.6	4.0	4.2	

Source: Macrobond

Industrial Production Index (M/M Seasonally Adjusted)

	Month/Month % Change						Year/Year % Change				
	Nov	Dec	Jan	Feb	Mar		Nov	Dec	Jan	Feb	Mar
US	0.8	-0.4	1.0	0.9	0.9		5.0	3.4	3.3	7.5	5.5
Canada	-0.3	0.0	-0.1	1.1			3.3	2.2	1.5	4.5	
UK	1.0	0.3	0.7	-0.6			0.2	0.9	3.1	1.6	
Germany	0.4	0.9	1.4	0.2			-2.1	-2.8	0.7	3.0	
France	-0.7	-0.1	1.8	-0.9			-0.4	-0.1	-1.1	2.4	
Italy	2.0	-1.1	-3.4	4.0			6.6	4.8	-2.2	3.2	
Japan	5.0	0.2	-2.4	2.0	0.3		2.3	2.8	-1.6	0.5	-0.8

Source: Macrobond

Unemployment Rate (Seasonally Adjusted)

	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22
US	5.8	5.9	5.4	5.2	4.7	4.6	4.2	3.9	4.0	3.8	3.6
Canada	8.0	7.6	7.4	7.1	7.0	6.8	6.1	6.0	6.5	5.5	5.3
UK	4.7	4.6	4.5	4.3	4.2	4.1	4.1	3.9	3.8		
Eurozone	8.1	7.9	7.6	7.5	7.3	7.2	7.1	7.0	6.9	6.8	
Germany	5.9	5.8	5.6	5.5	5.4	5.4	5.3	5.2	5.1	5.0	5.0
France	8.2	8.1	7.9	7.8	7.6	7.5	7.4	7.5	7.5	7.4	
Italy	9.8	9.4	9.1	9.2	9.1	9.3	9.1	9.0	8.8	8.5	
Japan	2.9	2.9	2.8	2.8	2.8	2.7	2.8	2.7	2.8	2.7	2.6
Australia	5.1	4.9	4.6	4.5	4.6	5.2	4.6	4.2	4.2	4.0	4.0

Source: Macrobond

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

	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21
US	-2.3	-2.2	-1.9	-2.1	-3.2	-3.3	-3.3	-3.4	-3.5	-3.8	-3.6
Canada	-1.3	-2.2	-1.6	-3.2	-1.1	-2.0	-0.8	0.1	0.1	0.1	-0.1
UK	-2.9	-2.5	0.5	-2.2	-1.4	-1.4	-4.8	-2.2	-2.0	-4.9	-1.2
Eurozone	1.7	3.1	1.6	0.7	1.4	2.7	3.1	3.7	3.2	2.6	0.8
Germany	7.7	7.8	7.4	6.8	5.2	7.3	8.3	9.0	7.8	7.0	6.5
France	-0.4	-0.6	-0.4	-1.4	-3.6	-2.1	-0.8	-0.8	-0.4	-0.7	-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, 2020.

† This figure is presented as of December 31, 2021 and includes approximately $61.43 billion of assets with respect to SPDR products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Global Advisors are affiliated.

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