December 17, 2021
Commentary

Weekly Economic Perspectives

Contents

Spotlight on Next Week
US real consumer spending might have eked out a minor gain in November. Canadian GDP likely rebounded in October.

Contact

Simona Mocuta
Senior Economist
simona_mocuta@ssga.com
+1-617-664-1133

Amy Le
Macro-Investment Strategist
amy_le@ssga.com
+44-203-395-6590

The Economy

A sharp hawkish tilt from DM central banks defined the macro week.

Global

Global manufacturing activity continued to grow at a robust rate in December. Preliminary December readings for **manufacturing PMIs** for most developed markets were little changed in the mid- to high-50s during the month. The ***eurozone*** index eased only 0.4 point to an elevated 58.0, aided by a strong 57.9 print in ***Germany***. The ***US*** and ***UK*** manufacturing PMIs eased half a point to 57.8 and 57.6, respectively, while the ***Japanese*** index eased 0.3 to 54.2, and the UK index In both the US and eurozone production and employment improved slightly, while price metrics eased a little from extremely high levels.

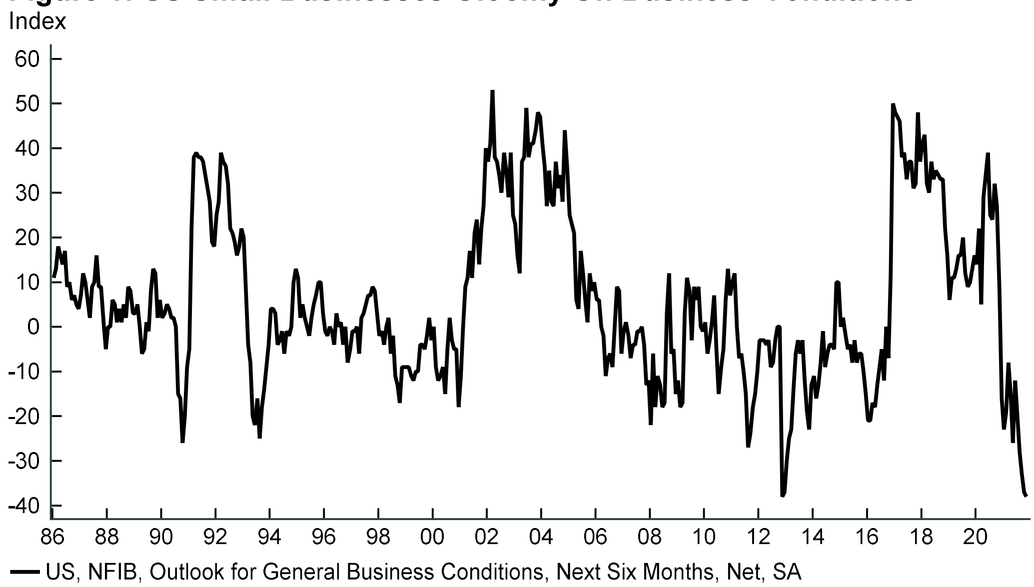
US

What a difference a month makes! In early November, the **Fed** announced its intention to start tapering asset purchases at a fairly leisurely rate, and committee members were evenly divided about the need for even a single interest rate hike next year. By December, they felt that tapering should accelerate—it will indeed double come January—and that *three* rate hikes represent the right policy path for 2022. This is a dizzying pivot indeed. We can't help but wonder whether this won't prove to be a case of "too much, too late". Don't get us wrong—we've been arguing all year that inflation will prove stubbornly sticky and that the Fed's policy stance was far too accommodative. So it is not the direction of the policy shift that we take issue with, but rather the timing. The Fed anticipates three hikes in 2022 and three more in 2023, which means they will accelerate tightening just as growth momentum decelerates markedly and as inflation materially slows. Although the Fed got much of the inflation narrative wrong this year, it is fundamentally right in that base effects, supply chain issues, and reopening dynamics have indeed played a big role in this year's inflation spike. And while it has taken longer than expected for these factors to fade, they are non-permanent in nature; base effects will turn favorable in a few months so inflation should slow markedly in H2 2022. Moreover, even with a milder tightening path, our 2023 US GDP forecast was already at the low end of FOMC's latest forecast range. Should there indeed be six hikes from now until the end of 2023, there is a genuine risk that we could see a mild technical recession sometime that year. Because of these consideration, we suspect that the Fed's latest hawkishness may yet need to be scaled back down the line (though not before two hikes have been delivered). For now, we stick to our two hikes call for 2022 and two more in 2023. Chair Powell introduced the idea of balance sheet run-off at the press conference; we have no doubt this was intentional so will be looking for additional signals as to when that might begin. Probably sooner rather than later!

The Fed also expects one rate hike in 2024, bringing the Fed Funds range to 2.00-2.25% by the end of that year. None of the long term projections were altered so the terminal rate is still seen at 2.5%. Short term inflation forecasts were revised higher but the growth forecast changes were modest. The new Fed forecasts are fairly well aligned with ours, although we are a little below on 2023 growth.

Small business sentiment remains challenged, with inflation an increasingly serious concern on top of the labor-related challenges that small business had been complaining about some time. The NFIB small business optimism index rose a negligible 0.2 point to 98.4 in November, but the details were more troublesome. For instance, assessments of the general business outlook deteriorated again and are now at the twin lowest level in 35 years of data. *This is perhaps the most cautionary signal on 2022 growth that's coming out of the multitude of US macro indicators at this moment.* Although we are of the view that Omicron will not have a major impact on the economy on a full-year basis, it nonetheless represents a risks to sales and profitability, so it is possible that we'll see another leg lower in coming months. Hiring slowed slightly and the share of respondents saying they have open positions unable to fill eased a bit, although it is still close to record highs. Still, we wonder whether hiring-related pressures may not be past their peak as compensation measures (both current and planned) also stopped rising, at least for the moment. Perhaps, having seen both labor and input costs rise sharply firms are now focused on raising their own prices in turn. Indeed, both the current and planned price metrics rose again, the former to the highest since the late 1970s and the latter to a new record high. Rising interest rates may help tame inflation, but they may also curtain demand, so it is unclear whether the Fed's policy pivot will be beneficial for small firms.

Figure 1: US Small Businesses Gloomy On Business Conditions



Sources: SSGA Economics, NFIB

Retail sales were weaker than expected in November, up only 0.3% versus 1.8% in October and 0.8% expected. Control sales (which exclude food services, building materials, autos dealers and gas stations) declined 0.1%, although this followed big gains in the prior three months. Evidently, real sales performance was much weaker given that overall consumer prices rose 0.8% during the month. It could be that concerns around supply chain problems and item availability drove consumers to bring forward holiday shopping, boosting the October print and hurting the November one. In any event, lacking the fiscal stimulus checks that supported consumer spending in Q1 and Q2 of last year, future spending will likely be constrained by the pace of labor-related incomes, suggesting notably slower spending growth in 2022.

Having softened modestly in August-September, **homebuilder sentiment** has since been improving again. The NAHB index rose another point to 84 in December, the highest level since February. Current sales and buyer traffic improved incrementally, while future sales expectations were unchanged. Regionally, the only notable move was a 10-point surge in the Northeast index. While housing demand remains fundamentally strong and supply constrained, the three rate hikes the Fed anticipates in 2022 would create some headwinds by undermining already stretched affordability.

The November **housing starts** surprised heavily to the upside, surging to 1.679 million annualized—the biggest monthly increase and highest level since March. About two thirds of the gain came from the single-family segment, with the rest from multi-family starts. Builders are rushing to start construction to meet demand and, perhaps, get in front of upcoming interest rate and mortgage rate increases.

Canada

Consumer price inflation was unchanged at an 18-year high of 4.7% y/y in November, in line with market expectations, as supply chain disruptions and surging gasoline prices continued to put upward pressure on prices. The increase was primarily driven by gasoline, up 43.6% y/y, and housing costs.

Following five consecutive declines, **housing starts** surged 26% in November. A jump in multi-unit urban starts (+41%) easily outweighed a small decline in single-detached urban starts (-1%). Meanwhile, **existing home sales** increased a modest 0.6% in November, compared to a record high of 8.6% in October. Inventory declined to 1.8 months' worth of sales from 1.9 in October, tied with March 2021 for the lowest level ever recorded. The MLS® Home Price Index rose 2.7% m/m and was up a record 25.3% y/y as demand continues to outpace supply. Meanwhile, the **Teranet 11-City composite house price index** rose 15.2% y/y in November, the third consecutive moderation and the smallest increase since May. By this measure, house price inflation appears to have definitely peaked.

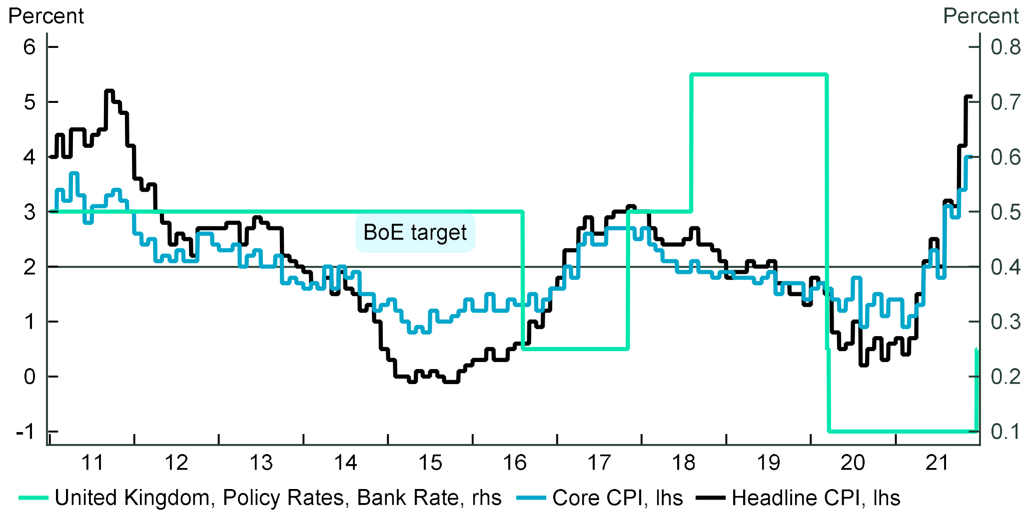
UK

The **Bank of England (BoE)** managed to surprise markets for the second month in a row, this time by raising the Bank Rate by 15 basis points to 0.25% this week (with one dissent). This marks the first rate hike since August 2018. The bank staff projected that inflation was likely to remain elevated at around 5% in the winter and peak at 6% in April 2022, three times the inflation target of 2%. Headline CPI inflation rose to ten-year record high of 5.1% in November from 4.2% in October, and there are some signs that underlying inflation pressure might become stickier.

Bank staff revised down their expectations for the level of Q4 GDP by around 0.5% since the November Report, leaving GDP around 1.5% below its pre-Covid level. The bank expected that the impact of the Omicron variant and associated additional measures introduced by the government would likely weigh down on GDP in December and in 2022 Q1.

Headline **consumer price inflation** accelerated to 5.1% y/y in November from 4.2% y/y in October, above expectations. The increase was mainly driven by energy prices and goods. Energy prices are now up to 25.6 y/y. Core inflation accelerated 0.6 ppts to 4.0% y/y. Goods inflation accelerated 1.6 ppts to 6.5% y/y, the highest since August 1991. Services inflation accelerated 0.1 ppt to 3.3% y/y.

Figure 2. UK CPI Inflation Hits Ten-Year High



Sources: SSGA Economics, ONS, BoE

The **unemployment rate** eased a tenth to a sixteen-month low of 4.2% during the three months to October. The employment rate rose by 0.2 ppts to 75.5% and payrolls surged by 257k to 29.4m, 424k higher than pre-pandemic. Claimant counts also declined for the 9th consecutive month but remain above pre-pandemic levels. Job vacancies rose to another record 1.2 million in September-November.

Services sector growth slowed markedly in December. The preliminary **services PMI** fell sharply to 53.2 in December from 58.5 in November. The Omicron emergence and additional government restrictions have hit business and consumer confidence, impacting travel and hospitality. Service sector business optimism fell to its lowest for 14 months. Total new business growth was the weakest since March while new orders from abroad contracted in December, ending a five-month period of growth. On the other hand, imbalances between supply and demand have eased, with weaker rates of inflation in input costs and output charges. Preliminary reading of **manufacturing PMI** registered three-month low of 57.6, down slightly from 58.1 in November, but still in strong expansion territory. Supply chain problems seem to get better as more backlogs were cleared and output growth improved.

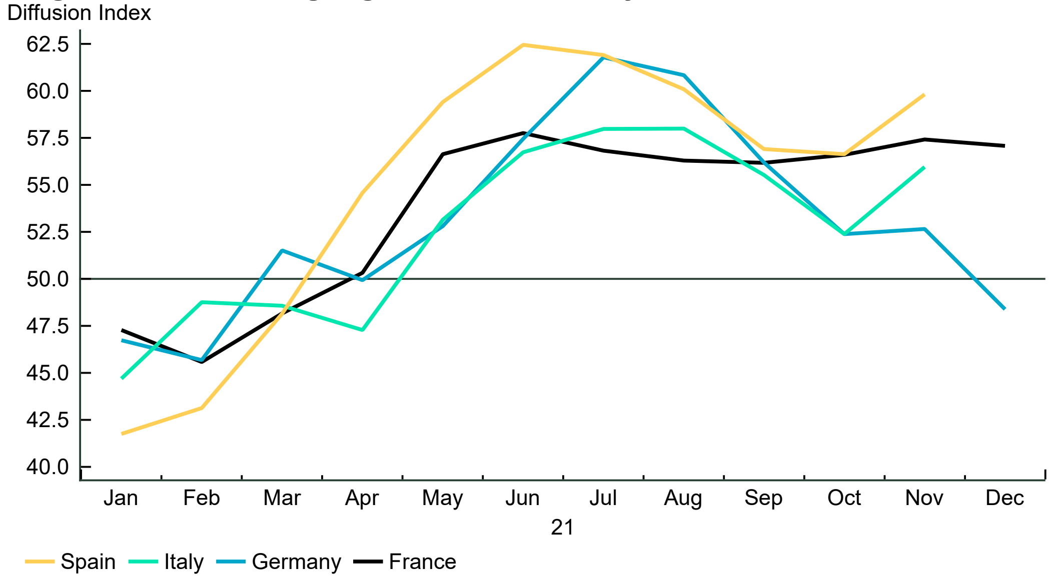
Eurozone

The **ECB** also turned more hawkish, though compared with the Fed, this was a much milder shift. There was an official announcement that purchases under PEPP will end in March, although the reinvestment horizon for PEPP assets was extended to “at least the end of 2024”. Moreover, those reinvestment could be “adjusted flexibly across time, asset classes and jurisdictions at any time”. The PEPP decision was accompanied by a smaller than expected rise in planned APP purchases. Hence, the degree of accommodation removal was more substantial than anticipated, but given targeting flexibility the impact should not be material.

In our view, the most dramatic shift occurred in forecasts, with inflation projections revised sharply higher for 2022. Indeed, the 2022 HIPC inflation forecast nearly doubled from 1.7% to 3.2%. Much of that is energy, of course, but even the core inflation measure was revised up by half a percentage point to 1.9%. Moreover, projections for 2023 and 2024 show inflation close enough to the 2.0% target that a reasonable question could be asked sometimes next year as to whether this meets the ECB's conditions for lift-off. For now, that's still quite a ways off, but bears watching. As to 2022 real GDP growth projections, there is no material difference between the ECB's 4.2% forecast and ours at 4.4%.

While manufacturing activity continues to grow robustly, there are signs of slowing in services. The spread of Omicron certainly poses near-term risks to services demand, especially in areas like travel, leisure, and hospitality. Worryingly, the December preliminary readings on **services PMIs** suggest the impact is already visible. The German index dipped into contraction territory for the first time since April, plunging 4.3 points 48.3. This would well prove to be a harbinger of things to come so we are reluctant to take much heart from the resilience shown by the French index, which only moderated 0.3 point to 57.1. The overall eurozone index lost 2.7 points to 53.3, the lowest level since April.

Figure 3: A Troubling Signal From Germany's Services PMI Index



Sources: SSGA Economics, IHS Markit

Japan

Of the four major DM central banks that met this week, the **BoJ** held closest to a dovish stance. This was as expected given the challenging growth and inflation backdrop. There was nonetheless some nuance to the response as the bank sees lesser hurdles for large firms than for SMEs and will tweak the emergency Covid fund provisioning measures accordingly. On one hand, these emergency measures will be extended by six months to September 2022. On the other, beginning in April, a new cap on holdings of commercial paper and corporate bonds will gradually come into effect. Additionally, the terms associated with Covid lending for large firms will become less generous, although those for SME loans will not change. Elsewhere, the policy balance rate and 10-year yield target were unchanged at -0.1% and 0.0%, respectively, as widely expected.

There was some encouraging improvement in the industrial data in October, but this only unwound a small portion of the declines experienced over the previous few months. Even so, the directional change is positive. **Industrial production** rose 1.8% in October, the first gain in four months. Even so, output remained 4.1% below year-earlier levels. Hopefully, this signals a turn for the better in global supply chains and a more sustained improvement in manufacturing output. **Core machinery orders** surprised positively in October, up 3.8% during the month.

Service activity also rebounded in October, reflecting improved mobility conditions amid high vaccination rates. The **tertiary industry index** rose 1.5% in October, the largest monthly improvement since June. Taken together, these data points suggest a good start to Q4 GDP following the disappointing third quarter

Australia

Following the end of lockdowns, the **labor market** rebounded with a vengeance in November. Employment surged by 366,000 essentially unwinding all the losses recorded in the prior four months. Admittedly, only about a third of these were full time positions, but still, the improvement is quite impressive. In fact, despite a 1.5 percentage point jump in the participation rate, the unemployment rate came down six tenths to 4.6%, just one tenth shy of the recent low recorded in August.

Somewhat surprisingly, **consumer confidence** moderated in December, although it remains at historically elevated levels. The Westpac consumer confidence index retreated 1.0 point to 104.3 in December, entirely on account of softer assessments of the current situation. Assessments of buying conditions deteriorated for both dwellings and major household items.

Week in Review (December 13–December 17)

Country	Release (Date, format)	Consensus	Actual	Last	Comments
Monday, December 13					
JN	Tankan Large Mfg Index (Q4)	19	18	18	Steady.
JN	Core Machine Orders (Oct, m/m)	1.8%	3.8%	0.0%	Good, but not nearly enough.
JN	Industrial Production (Oct, m/m, final)	1.1%(p)	1.8%	-5.4%	Good, but not nearly enough.
AU	NAB Business Confidence (Nov)	n/a	12	21	Quite volatile from month to month.
Tuesday, December 14					
US	NFIB Small Business Optimism (Nov)	98.4	98.4	98.2	More worrisome details.
US	PPI Final Demand (Nov, y/y)	9.2%	9.6%	8.8%(↑)	Is it peaking yet?
UK	ILO Unemployment Rate (Oct, 3m)	4.2%	4.2%	4.3%	Unemployment rate continued declining
EC	Industrial Production (Oct, m/m)	1.3%	1.1%	-0.2%	Encouraging.
JN	Tertiary Industry Index (Oct, m/m)	1.2%	1.5%	0.5%	Should see further gains.
AU	Westpac Consumer Conf Index (Dec)	n/a	104.3	105.3	Historically elevated.
Wednesday, December 15					
US	Empire Manufacturing (Dec)	25.5	31.9	30.9	Surprisingly resilient.
US	Retail Sales Advance (Nov, m/m)	0.8%	0.3%	1.8%(↑)	Control sales down 0.1%.
US	NAHB Housing Market Index (Dec)	84	84	83	Big improvement in Northeast.
US	FOMC Rate Decision (Upper Bound)	0.25%	0.25%	0.25%	A big hawkish tilt in rate expectations.
CA	Housing Starts (Nov,k)	n/a	301.3k	238.4(↑)	Big surge.
CA	CPI (Nov, y/y)	n/a	4.7%	4.7%	Remained at 18-year high
CA	Existing Home Sales (Nov, m/m)	n/a	0.6%	8.6%	Expected to decelerate
UK	CPI (Nov, y/y)	4.7%	5.1%	4.2%	Likely to reach new record high
JN	Jibun Bank Japan PMI Mfg (Dec, prelim)	n/a	54.2	54.5	Steady growth.
AU	Unemployment Rate (Nov)	5.0%	4.6%	5.2%	Extremely strong report!
Thursday, December 16					
US	Initial Jobless Claims (11-Dec,k)	199	206	188(↑)	Labor market is improving.
US	Continuing Claims (04-Dec,k)	1,943	1,845	1,999(↑)	Labor market is improving.
US	Housing Starts (Nov,k)	1,570	1,679	1,520	Big upside surprise, but maybe seasonal impact.
US	Philadelphia Fed Business Outlook (Dec)	30	15.4	39	Big drop in new orders and shipments.
US	Industrial Production (Nov, m/m)	0.7%	0.5%	1.6%	OK.
UK	GfK Consumer Confidence (Dec)	-17	-15	-14	Fell amid Omicron worries
UK	BoE Bank Rate	0.10%	0.25%	0.10%	BoE surprised market, lifting rate to fight inflation
UK	Manufacturing PMI (Dec, prelim)	57.6	57.6	58.1	Slowing down but remains at robust level.
EC	Manufacturing PMI (Dec, prelim)	57.7	58.0	58.4	Robust.
EC	ECB Main Refinancing Rate	0.0%	0.0%	0.0%	No policy change, but watch forecasts.
GE	Manufacturing PMI (Dec, prelim)	57.0	57.9	57.4	Robust.
GE	Services PMI (Dec, prelim)	51.0	48.4	52.7	Worrisome dip into contraction.
FR	Manufacturing PMI (Dec, prelim)	55.3	54.9	55.9	Still healthy.
Friday, December 17					
CA	Teranet/National Bank HPI (Nov, y/y)	n/a	15.2%	15.8%	Remains strong as demand outpaced supply
UK	Retail Sales Inc Auto Fuel (Nov, m/m)	0.7%	1.4%	1.1%(↑)	Strong report, boosted by pre-Christmas trading
EC	CPI (Nov, y/y, final)	4.9%	4.9%	4.1%	Already known.
GE	IFO Business Climate (Dec)	95.3	94.7	96.6(↑)	Stabilizing?
JN	BOJ Policy Balance Rate	n/a	-0.10%	-0.10%	Maintaining dovish tilt.

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

Week Preview (December 20–December 24)

Country	Release (Date, format)	Consensus	Last	Comments
Monday, December 20				
US	Leading Index (Nov)	0.9%	0.9%	
EC	Current Account (Oct, Sa,bn)	n/a	18.7	
Tuesday, December 21				
US	Current Account Balance (Q3, bn)	-206.2	-190.3	
CA	Retail Sales (Oct, m/m)	n/a	-0.6%	Expected to rebound with pre-Christmas shopping
GE	GfK Consumer Confidence (Jan)	-2.8	-1.6	
IT	Industrial Sales (Oct, m/m)	n/a	0.1%	
IT	PPI (Nov, y/y)	n/a	25.3%	
Wednesday, December 22				
US	GDP Annualized (Q3, annualized q/q)	2.1%	6.7%	
US	Conf. Board Consumer Confidence (Dec)	110.3	109.5	This might surprise negatively.
US	Existing Home Sales (Nov, m/m)	3.3%	0.8%	This might surprise positively.
UK	GDP (Q3, q/q, final)	1.3%	5.5%	Growth outlook remains weak
FR	PPI (Nov, y/y)	n/a	14.9%	
Thursday, December 23				
US	Personal Income (Nov)	0.5%	0.5%	
US	Personal Spending (Nov)	0.5%	1.3%	Real spending likely declined.
US	Initial Jobless Claims (18-Dec,k)	200	206	
US	Continuing Claims (11-Dec, k)	n/a	1,845	
US	Durable Goods Orders (Nov, prelim)	1.8%	-0.4%	
US	U. of Mich. Sentiment (Dec, final)	70.4	67.4	
US	New Home Sales (Nov, k)	770	745	
CA	GDP (Oct, m/m)	0.8%	0.1%	Poised for a rebound.
IT	Consumer Confidence Index (Dec)	116.7	117.5	
IT	Manufacturing Confidence (Dec)	115.3	116	
JN	Natl CPI (Nov, y/y)	0.5%	0.1%	
JN	PPI Services (Nov, y/y)	1.0%	1.0%	
Friday, December 24				
JN	Annualized Housing Starts (Nov,m)	0.879	0.892	

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

Economic Indicators

Central Bank Policy Targets

Region	Target	Year/Year % Change in Target				
		Jul	Aug	Sep	Oct	Nov
US	Target: PCE price index 2.0% y/y	4.1	4.2	4.4	5.0	
Canada	Target: CPI 2.0% y/y, 1.0%-3.0% control range	3.7	4.1	4.4	4.7	4.7
UK	Target: CPI 2.0% y/y	2.0	3.2	3.1	4.2	5.1
Eurozone	Target: CPI below but close to 2.0% y/y	2.2	3.0	3.4	4.1	4.9
Japan	Target: CPI 2.0% y/y	-0.3	-0.4	0.2	0.1	
Australia	Target Range: CPI 2.0%-3.0% y/y	3.0	3.0	3.0		

Source: Macrobond

Key Interest Rates

	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21
US (top of target range)	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Canada (Overnight Rate)	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
UK (Bank Rate)	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Eurozone (Refi)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Japan (OCR)	-0.01	-0.02	-0.04	-0.02	-0.03	-0.05	-0.04	-0.04	-0.05	-0.03	-0.05
Australia (OCR)	0.10	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

	2013	2014	2015	2016	2017	2018	2019	2020	Forecast 2021	Forecast 2022
US	-3.2	-2.7	-2.5	-3.5	-4.2	-5.2	-6.1	-10.7	-8.8	-8.3
Canada	-1.5	-0.6	0.0	0.1	-0.3	0.0	0.3	-8.1	-6.6	-2.7
UK	-4.2	-4.9	-4.4	-3.3	-2.5	-2.3	-2.3	1.4	-5.6	-4.9
Eurozone	-1.0	-0.7	-0.6	-0.5	-0.5	-0.3	-0.5	-4.6	-5.9	-3.1
Germany	0.6	1.2	1.2	1.2	1.1	1.6	1.3	-3.1	-5.7	-1.6
France	-2.8	-2.5	-2.1	-1.9	-1.9	-1.6	-2.1	-6.3	-7.5	-4.6
Italy	-0.5	-1.0	-0.6	-1.3	-1.6	-1.7	-0.9	-5.9	-7.1	-3.8
Japan	-7.4	-5.7	-4.4	-4.3	-3.5	-2.7	-2.6	-9.2	-8.0	-3.6
Australia	-2.7	-2.7	-2.6	-2.3	-1.6	-1.2	-4.1	-7.9	-8.1	-5.8

Source: International Monetary Fund, World Economic Outlook

Headline Consumer and Producer Price Inflation

	CPI Year/Year % Change					PPI Year/Year % Change				
	Jul	Aug	Sep	Oct	Nov	Jul	Aug	Sep	Oct	Nov
US	5.4	5.3	5.4	6.2	6.8	8.0	8.4	8.8	8.8	9.6
Canada	3.7	4.1	4.4	4.7	4.7	16.1	14.7	15.3	16.7	
UK	2.0	3.2	3.1	4.2	5.1					
Eurozone	2.2	3.0	3.4	4.1	4.9	12.4	13.4	16.1	21.9	
Germany	3.8	3.9	4.1	4.5	5.2	10.4	12.0	14.2	18.4	19.2
France	1.2	1.9	2.2	2.6	2.8	8.5	9.6	11.0	14.0	
Italy	1.9	2.0	2.5	3.0	3.7	11.2	11.6	13.3	20.4	
Japan	-0.3	-0.4	0.2	0.1		5.8	5.9	6.5	8.3	9.0
Australia	3.0	3.0	3.0			2.9	2.9	2.9		

Source: Macrobond

Real GDP Growth (Q/Q Seasonally Adjusted)

	Quarter/Quarter % Change						Year/Year % Change				
	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21		Q3-20	Q4-20	Q1-21	Q2-21	Q3-21
US	7.5	1.1	1.5	1.6	0.5		-2.9	-2.3	0.5	12.2	4.9
Canada	9.0	2.2	1.2	-0.8	1.3		-4.9	-3.1	0.3	11.8	4.0
UK	17.4	1.1	-1.4	5.5	1.3		-8.1	-7.1	-5.8	23.6	6.6
Eurozone	12.6	-0.4	-0.2	2.2	2.2		-4.1	-4.4	-1.1	14.4	3.9
Germany	9.0	0.7	-1.9	2.0	1.7		-3.7	-2.9	-3.0	10.0	2.6
France	18.5	-1.1	0.1	1.3	3.0		-3.6	-4.3	1.5	18.8	3.3
Italy	15.6	-1.6	0.3	2.7	2.6		-5.4	-6.6	-0.6	17.1	3.9
Japan	5.1	2.3	-0.7	0.5	-0.9		-5.4	-0.8	-1.8	7.3	1.1
Australia	3.4	3.3	1.8	0.7	-1.9		-3.5	-0.8	1.4	9.5	3.9

Source: Macrobond

Industrial Production Index (M/M Seasonally Adjusted)

	Month/Month % Change						Year/Year % Change				
	Jul	Aug	Sep	Oct	Nov		Jul	Aug	Sep	Oct	Nov
US	0.8	-0.1	-1.0	1.7	0.5		6.7	5.4	4.7	5.3	5.3
Canada	0.3	0.5	-0.4				6.1	6.9	4.8		
UK	0.3	1.0	-0.4	-0.6			4.5	4.0	2.9	1.4	
Germany	1.0	-3.5	-0.5	2.8			6.2	2.0	-0.3	-0.6	
France	0.4	1.0	-1.5	0.9			4.0	3.8	0.5	-0.5	
Italy	0.9	-0.3	0.1	-0.6			7.2	-0.3	4.5	2.0	
Japan	-1.5	-3.6	-5.4	1.8			13.3	7.1	-2.3	-2.6	

Source: Macrobond

Unemployment Rate (Seasonally Adjusted)

	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21
US	6.3	6.2	6.0	6.1	5.8	5.9	5.4	5.2	4.8	4.6	4.2
Canada	9.4	8.2	7.5	8.1	8.2	7.8	7.5	7.1	6.9	6.7	6.0
UK	5.0	4.9	4.8	4.8	4.7	4.6	4.5	4.3	4.2		
Eurozone	8.2	8.1	8.1	8.2	8.0	7.8	7.6				
Germany	6.0	6.0	6.0	6.0	5.9	5.8	5.6	5.5	5.5	5.4	5.3
France	7.9	8.1	8.1	8.3	8.3	8.1	8.0	7.9	7.7	7.6	
Italy	10.2	10.1	10.0	10.1	9.9	9.4	9.2	9.3	9.2	9.4	
Japan	2.9	2.9	2.6	2.8	3.0	2.9	2.8	2.8	2.8	2.7	
Australia	6.4	5.9	5.7	5.5	5.1	4.9	4.6	4.5	4.6	5.2	4.6

Source: Macrobond

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

	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21
US	-2.4	-2.3	-2.2	-1.9	-2.1	-3.2	-3.3	-3.3	-3.4	-3.3	
Canada	-3.2	-1.3	-2.2	-1.6	-3.2	-1.1	-2.0	-0.8	0.3	0.2	0.2
UK	-5.8	-2.9	-2.5	0.5	-2.6	-1.3	-1.7	-4.6	-1.6	-1.5	
Eurozone	3.7	1.7	3.0	1.8	0.9	1.0	2.7	3.3	3.9	2.4	2.0
Germany	7.9	7.6	7.6	7.3	6.7	5.4	7.2	7.7	7.9	7.1	6.1
France	0.3	-0.3	-0.7	-0.4	-1.2	-3.5	-2.2	-0.9	-1.0	-0.7	-1.2
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

About State Street Global Advisors

For four decades, State Street Global Advisors has served the world's governments, institutions and financial advisors. With a rigorous, risk-aware approach built on research, analysis and market-tested experience, we build from a breadth of active and index strategies to create cost-effective solutions. As stewards, we help portfolio companies see that what is fair for people and sustainable for the planet can deliver long-term performance. And, as pioneers in index, ETF, and ESG investing, we are always inventing new ways to invest. As a result, we have become the world's third largest asset manager with nearly US $3.12 trillion* under our care.

*AUM reflects approximately $43.72 billion USD (as of December 31, 2019), with respect to which State Street Global Advisors Funds Distributors, LLC (SSGA FD) serves as marketing agent; SSGA FD and State Street Global Advisors are affiliated.

ssga.com

Important Risk Discussion

Investing involves risk including the risk of loss of principal.

This material is for informational purposes only, not to be construed as investment advice, or a recommendation or offer to buy or sell any security and should not be construed as such. The views expressed in this material are the views of the SSGA Economics Team, through the period ending December 17 2021, and are subject to change without notice based on market and other conditions. All material has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. This document contains certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance and actual results or developments may differ materially from those projected. Past performance is not a guarantee of future results. SSGA may have or may seek investment management or other business relationships with companies discussed in this material or affiliates of those companies, such as their officers, directors and pension plans.

Intellectual Property Information

BLOOMBERG®, a trademark and service mark of Bloomberg Finance L.P. and its affiliates, and BARCLAYS®, a trademark and service mark of Barclays Bank Plc.

Standard & Poor's S&P 500 Index® is a registered trademark of Standard & Poor's Financial Services LLC. FTSE 100® is a trademark jointly owned by the London Stock Exchange Plc and The Financial Times Limited, and is used by FTSE International Limited under license. "All-World", "All-Share" and "All-Small" are trademarks of FTSE International Limited.

2537623.124.1.GBL.RTL

Exp. Date: 12/31/2022