STATE STREET GLOBAL ADVISORS

February 17, 2023
Commentary

Weekly Economic Perspectives

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Spotlight on Next Week
Canadian inflation to moderate further. Japanese inflation may surprise to the upside, and so could Aussie wages.

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The Economy

Robust US inflation and retail sales data revive doubts about disinflation.

US

We cautioned last month that, following two benign prints, the next **inflation report** was unlikely to look as good. And indeed, it did not. If one wanted to take a dire view, the January inflation report might even be described as bad, although not so much on account of the January data itself, but rather the combination of the anticipated pick-up in prices in the context of upward revision to prior months. It was, in fact, the latter element that accounted for whatever “miss” there was relative to expectations. Specifically, both overall and core prices rose in line with expectations—0.5% m/m and 0.4% m/m, respectively—but both measures of inflation moderated only a tenth each—to 6.4% y/y and 5.6% y/y, respectively—whereas consensus anticipated steeper retreats. New seasonal adjustment factors that show higher inflation in the latter part of 2022 were the main driver here. While over the course of the year seasonal factors even out, the frustrating result is that there is the appearance of slower progress on inflation at the start of 2023.

The trifecta of the January jobs, inflation, and retail sales reports (see below) has refueled worries that disinflation hopes were overly optimistic. Unsurprisingly, the tone of recent commentary from Fed policymakers has once again turned hawkish. The market is also pricing a higher peak Fed Funds rate and a higher end-2023 rate.

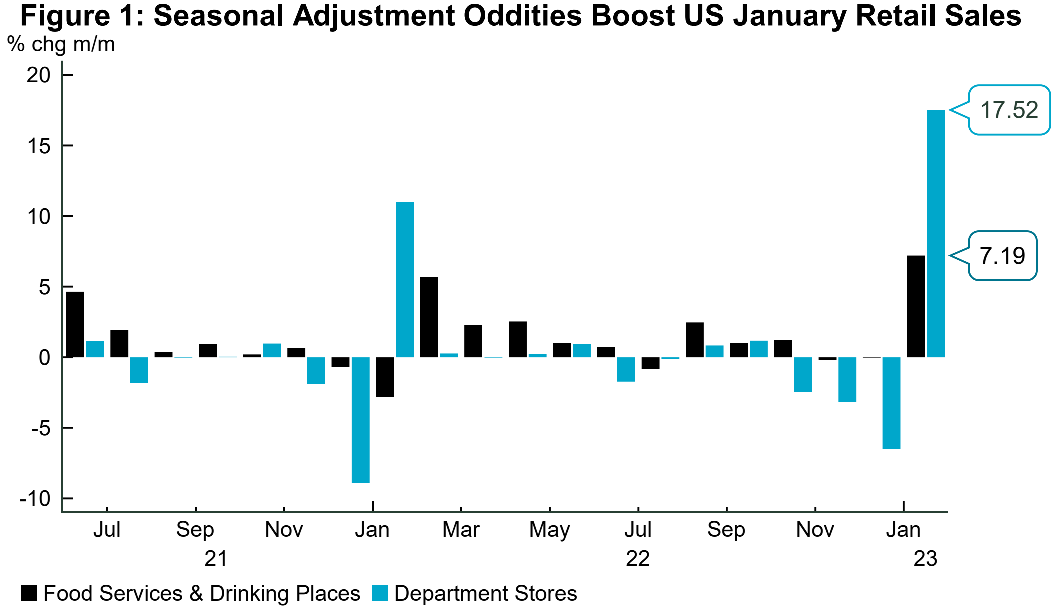
Is disinflation a mirage, then? Our answer is most definitely not. We think it has temporarily slowed, but will resume before long. It is at times like this that one must remember the wise adage that “one month does not make a trend”. And just as we do not see the January employment report as representative of 2023 labor demand trends, we don’t see the January inflation report as representative of 2023 price pressures or the January retail sales report as representative of 2023 consumer spending patterns. There is simply too much seasonal noise in these data to take them at face value without putting them in the broader context. To us, the underlying 2023 trend remains one of materially softer growth and materially softer inflation.

For our part, we’d call the January inflation report mixed. Energy prices rose 2.0%—entirely expected, while food prices rose 0.5%. It is important to note that within food, there is an extraordinary degree of divergence, with egg prices up 70% y/y but beef/veal down 1.2% y/y; prices for food at elementary and secondary schools are up 302% y/y (not a typo!). Both the high extremes will correct since they reflect one-off factors (avian flu and the end of Covid-related subsidies for school lunches).

Core prices increased 0.4% m/m, driven primarily by a 0.6% m/m rise in services prices. Goods prices also rose 0.4% m/m, unwinding much of December’s 0.7% monthly plunge. Apparel prices increased an outsized 0.8%,. New car prices rose 0.2% but used car prices declined 1.9%. The latter was surprising given auction price data that suggested an increase, but that may come next months. Within services, medical care prices declined 0.4%, unwinding December’s rise; we think negative prints should be common for the next few months given built-in disinflation in medical insurance costs. Shelter costs rose 0.7% m/m, as did owner equivalent rent (OER). On this point, it is important to stress that any progress made on inflation so far has been accomplished without any aid whatsoever from housing. But, given the clear turn in house price and newly-set rent inflation, shelter inflation should peak soon (we have it peaking in March) and then turn meaningfully lower by year end.

Let's turn to the **retail sales** report, which was very strong. Retail sales jumped 3.0% m/m, better than the expected 2.0% increase, and certainly much better than the outright contractions in the prior two months. Control sales (excluding food services, building materials, autos dealers and gas stations) jumped 1.7%, the most in a year. That said, several points are worth making. Firstly, there have been sizable revisions to the retail sales data of late, so it is still possible that the final number may be a little less buoyant. Secondly—and more importantly—the January rebound must be understood in the context of considerable recent weakness. While it is true that the January rebound left the level of sales at a new cycle high, that peak is actually not far from where sales stood back in October. Thirdly, we suspect there are some problems with the seasonal adjustment of the data as spending patterns have shifted wildly during Covid but also aside from that, in regard to a less concentrated and more front-loaded holiday shopping season. It strikes us as odd that control sales surged 1.7% this January and 3.7% in January 2022. By contrast, they disappointed both in December 2022 and in December 2021, with declines both months. And when one digs into further details, we have to say we simply do not understand the 17.5% m/m surge in department store sales in January 2023, nor do we believe the 7.2% monthly jump in sales at restaurants and bars. The former may simply be a non-repeatable payback from weakness in prior months, and the latter may reflect a combination of skewed seasonal effects and, possibly, a surge in holiday office parties, many of which are actually held in January. We'll just have to wait for more updates, but the pattern in Chart 1 below is a reminder that one needs to take big moves such as these with a grain of salt and try to resist too much extrapolation. Finally, the 5.9% m/m jump in sales of motor vehicles and parts may also prove to be a one-off type of gain; it does align with the surge in unit sales in January, but it is also worth remembering that January 2022 marked the high in car sales for the year. Things may be different in 2023 as supply conditions improve, but higher financing costs are a new headwind so we are skeptical that we can sustain these sort of gains.

Figure 1: Seasonal Adjustment Oddities Boost US January Retail Sales



Sources: Macrobond, SSGA Economics, U.S. Census Bureau

Warm weather was behind the soft **industrial production** print in January. Despite a 1.0% m/m rebound in manufacturing output, overall production was flat due to a 9.9% plunge in utilities. Mining output rise 2.0%. Overall industrial production was still 0.8% higher than a year earlier but this marks the weakest comp since February 2021.

The two regional manufacturing surveys released this week were mixed but with an overall weak tenor. The **Philly Fed index** disappointed with a 15.4-point plunge in February to -24.3, the largest monthly decline in over a year and the lowest level since May 2020. New orders, shipments, and employment, all softened, though nowhere near as dramatically as the headline. But the prices received metric collapsed 15.0 points to the lowest level since February 2021. Prices paid rose slightly. By contrast, the **Empire Fed index** surprised positively with a large 27.1-point jump that unwound about three thirds of the declines recorded in the prior two months. Given the magnitude of the improvement, most components saw notable improvement, though both new orders and shipments remain rather weak.

We wrote last month that while "US housing activity remains weak, signs of a possible bottom are emerging, aided by a pullback in mortgage rates." The latest update from the **NAHB (National Association of Homebuilders)** brough more evidence favoring that bottoming-out premise, as the headline improved 7 points to 42 in February, only the second (and the largest) improvement since December 2021. Activity levels remain weak historically but improved across all categories, but especially future sales expectations. With the peak selling season approaching, one would certainly expect activity to start to pick up, although any renewed upward pressure on mortgage rates (these have risen for the past two weeks) would be a clear headwind.

Although sales activity may be bottoming out, residential construction activity remains heavily constrained for the time being as inventories have risen sharply in the new home segment. **Housing starts** declined 4.5% in January as both single- and multi-family starts fell. **Permits** were little changed during the month but down 27.3% y/y.

Canada

Will the **Bank of Canada** pause like it has hinted or make a U-turn back into hawkishness as some of its peers? Especially after last week's bumper employment report? We think they will stand by their word as there are clearer signs of economic strain in Canada than elsewhere while inflation is coming down. Governor Tiff Macklem said the bank might stick by the plan. His testimony for the House Finance Committee said, *"we're still a long way from our inflation target, but recent developments have reinforced our confidence that inflation is coming down."*

Annualized housing starts fell 13% m/m to 215,400 in January, somewhat lower than consensus expectations. They are down from the peak of 299,600 in September 2022 but are still higher than the pre-pandemic average. The drop was more pronounced in the multi-family segment, which dropped 20%, while the single-detached units rose by 3%.

Consistent with expectations of a declining housing sector, **investment in construction** also dropped 1.3% to C$20.2 billion in December. Declines in the residential sector were more significant: down 2.1% to C$14.6 billion. Within the residential sector, investments in single-family units fell 0.5% for the fifth consecutive retreat. **Existing home sales** started 2023 at a 14-year low outside the pandemic.

Sales fell 3.0% in January, and transactions were down 37% from a year ago. Sales were down in 7 out of 10 provinces, and average home prices declined 1.8% m/m and were lower in 9 provinces.

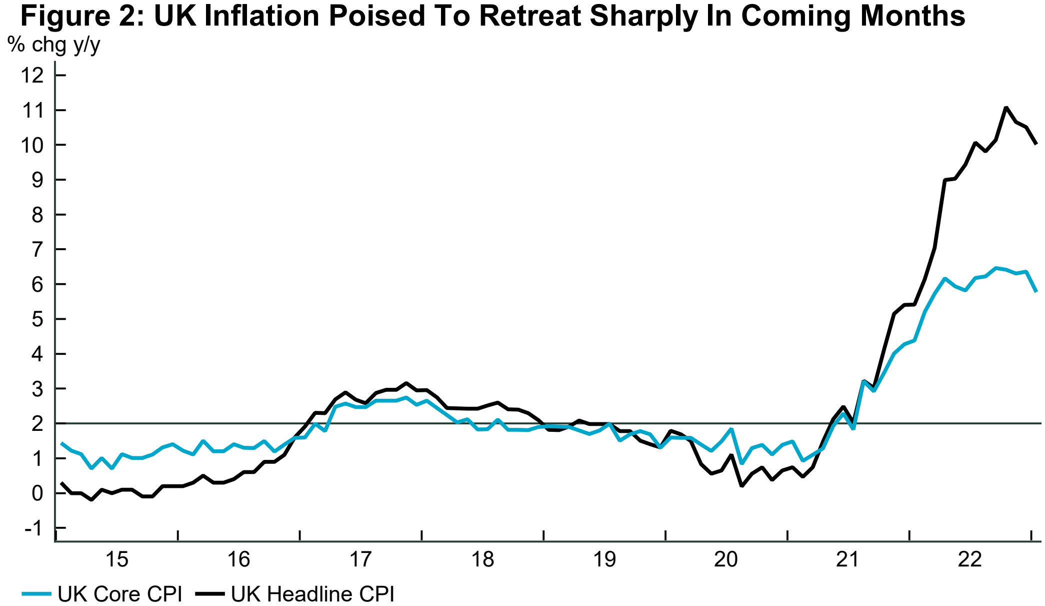
Wholesale trade fell declined 0.8% in December. Sales were lower in five of the seven sub-sectors representing 68% of wholesale sales. Furthermore, inventories rose by 0.5% in December to C$ 126.6 billion, marking the eleventh monthly increase in 2022. Also, **manufacturing sales** retreated 1.5% m/m in December for the second month. Petroleum & coal products dropped 6.4%, while wood products and plastics & rubber fell 7.5% and 4.0%, respectively.

UK

The labor market remains tight although some erosion is visible at the margin. Employment actually rose by 74,000 in the three months to December when compared with the July-September period. The **unemployment rate** was unchanged at 3.7%, however, as the participation rate improved a tenth to 63.2%. It remains more than a percentage point below pre-Covid levels. The claimant count unemployment rate was also unchanged at 3.9%. Vacancies declined in January for the eighth consecutive month and are down by 135,000 compared to a year earlier. Total wages (including bonuses) increased by 5.9% y/y in the three months to December, moderating notably from the prior month. Bonuses plunged 15.2% y/y but wages excluding bonuses rose 6.7%, the most since mid-2021.

Inflation peaked several months ago but so far, the progress so far has been rather modest, with headline inflation down from a peak of 11.1% y/y in October to 10.1% y/y in January. There was better news in January on core inflation, which moderated half a percentage point to 5.8% y/y, having peaked at 6.5% back in October. Base effects are poised to help a much steeper reduction in inflation rates over the next several months. This should allow the BoE to pause its tightening cycle after one last hike in March.

Figure 2: UK Inflation Poised To Retreat Sharply In Coming Months



Sources: Macrobond, SSGA Economics, ONS, Macrobond, EIA, BRC, BoE

Eurozone

It was a data-light week in the eurozone, with an updated read on regional GDP confirming the initial 0.1% q/q advance. ***Eurozone* industrial output** plunged 1.1% in December, a worse than expected showing yet not at all a shock given the big 3.1% monthly decline already reported for Germany. Overall regional industrial output increased a modest 0.9% in 2022 as a whole.

Japan

As expected last week, Japan's government nominated academic Dr Kazuo Ueda as the new governor of the Bank of Japan (BoJ). The current times are starkly similar to those during August 2000 when Professor Ueda voted against Japan exiting ZIRP. The world was a year away from a recession (the next year, the BoJ had to retrace its hike) and the meeting's minutes show that Prof. Ueda exemplified great patience. Specifically he commented against hiking, ***"first, it would be desirable to examine developments in the stock market for a little while longer. Second, the optimal interest rate had at last reached a level around zero, but it would be desirable to wait for the rate to rise clearly above zero. And third, judging from trends in inflation, the cost of waiting would be negligible."*** We, however, notice improvements in consumption and price trends while urging the same caution against aggressive normalizing.

Case in point, **real GDP** grew at a 0.6% seasonally adjusted annualized rate (saar) during Q4 2022, below expectations on excess inventory drag, but underlying details were robust. Firstly, private consumption rose at a strong 2.0% saar and domestic household consumption rose even more strongly at 3.2% saar.

On the income side, real compensation of employees dropped -0.2% q/q, indicating that domestic consumption was funded by drawing down excess savings. However, nominal compensation rose +0.8% for the fourth month. With the number of employees remaining stable, the data underscores that wages are rising gradually.

Inventories and business investment came in lower than expected. Inventories especially dragged the whole annualized q/q GDP by -0.6 ppts; this could, however be revised as most of the drag came from raw material inventories, which is an estimate based on historical trends and the actual data may be revised higher in the second estimate (March 09). Even the business investment data can be revised after the MoF Corporate Survey (March 02) results for December 2022 are released.

An important takeaway is that net exports turned positive. Exports rose +1.4% q/q in Q4, behind robust services and recovering spending by foreign travelers. Despite the rebound, travel recovery is still a third of pre-pandemic levels and hence, will be a vital tailwind to GDP in the future. All in all, GDP growth averaged 1.1% y/y in 2022, just 0.1 ppt below our forecast.

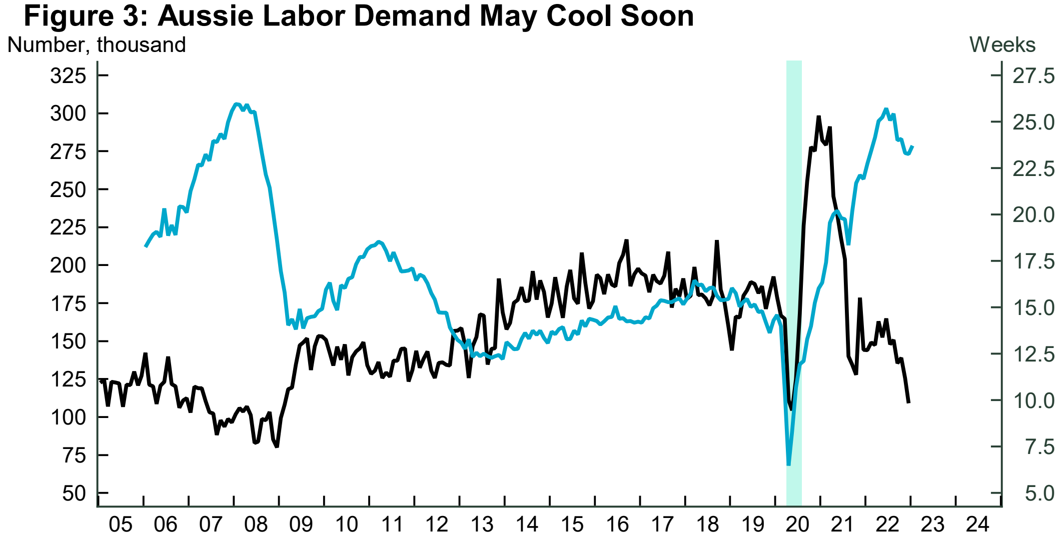
The **trade deficit** widened to a record 3.50 trillion yen as exports rose 3.5% but imports surged a much larger 174.8% y/y. We look for the deficit to narrow on improving exports in the months ahead, possibly led by China (exports to China declined y/y for the 11th straight month). Our confidence in improving exports also stems from the December **core machine orders** data, which rebounded 1.6% m/m, after dropping 8.3% in November but is still near its high levels. The rebound is led by foreign orders that rose 16.2%and the strength in autos and electronic equipment are encouraging.

Australia

After the RBA sounded hawkish last week, data this week showed that the economy lost 11,500 jobs in January for a second consecutive decline. Expectations had been for a gain of double that magnitude. The loss was entirely driven by full-time employment, which declined by 43,300. Part-time employment increased by 31,800. Although the participation rate eased a tenth to 66.5%, the loss of employment was sufficient to push the unemployment rate up two tenths to 3.7%.

Working age population grew 2.1% y/y in January and is probably on a rising trajectory. Prime-aged job-seekers can find jobs at a record pace; their median duration of job search was just 9.8 weeks in December (seasonally adjusted by SSGA). Barring May of 2020, this is the lowest since 2009. This suggests that labor demand is quickly getting matched with supply, which may imply a reduction in future job postings.

Figure 3: Aussie Labor Demand May Cool Soon



— LMIP Internet Vacancy Index (IVI), Preliminary Results, SA, lhs

— Median Duration of Job Search, Age 15-64 (Seasonally Adjusted by SSGA), rhs

Sources: SSGA Economics, ABS, LMI, Macrobond

Governor Philip Lowe opined that the labor market is still very tight and price pressures have a big demand component, justifying last week's hawkish guidance. We, however, see a good chance that the labor market will cool over the next 3-6 months. Hence, we think the market is currently overpricing the terminal cash rate target, and we leave our forecast unchanged at 3.85%. The most crucial factor is that inflation has yet to show clear deceleration. This greatly emphasizes the January monthly CPI data to be released on March 02. But given the unreliability of the monthly CPI data, we expect the next few months to be volatile.

Finally, this week's sentiment surveys were mixed at best. The **Westpac Consumer Confidence Index** fell 5.8 points to 78.5 after capturing the hawkish RBA partially in February. Those surveyed before the RBA meeting averaged 83.5, but sentiment among those surveyed after fell sharply to 74.8. However, the **NAB business confidence** for January rose to +6 from -1, above its long-term average nearly after three months of softening conditions. Employment intentions remained robust, while inflation concerns seem to have moved back up.

Week in Review (February 13 – February 17)

Country	Release (Date, format)	Consensus	Actual	Last	Comments
Monday, February 13					
JN	GDP (Q4, q/q, sa, prelim)	0.5%	0.2%	-0.3% (↓)	Weighed by inventories, consumption robust.
JN	Industrial Production (Dec, m/m, final)	-0.1% (p)	0.3%	-1.2%	Good.
AU	Westpac Consumer Conf Index (Feb)	na	78.5	84.3	Hawkish RBA dragged the index.
AU	NAB Business Confidence (Jan)	na	6.0	0.0 (↑)	Good.
Tuesday, February 14					
US	NFIB Small Business Optimism (Jan)	91.0	90.3	89.8	
US	CPI (Jan, y/y)	6.2%	6.4%	6.5%	Revisions hurt, but current month as expected.
UK	Average Weekly Earnings (Dec, 3m, y/y)	6.2%	5.9%	6.5% (↑)	Welcome moderation.
UK	ILO Unemployment Rate (Dec, 3m)	3.7%	3.7%	3.7%	Welcome resilience.
EC	GDP (Q4, q/q, prelim, sa)	0.1%	0.1%	0.1%	As already known.
JN	Tertiary Industry Index (Dec, m/m)	0.1%	-0.4%	-0.1% (↑)	Big fall but still high on historic terms.
Wednesday, February 15					
US	Empire Manufacturing (Feb)	-18.0	-5.8	-32.9	Very volatile, jagged pattern.
US	Retail Sales Advance (Jan, m/m)	2.0%	3.0%	-1.1%	One month does NOT make a trend!
US	Industrial Production (Jan, m/m)	0.5%	0.0%	-1.0% (↓)	Weak.
US	Business Inventories (Dec, m/m)	0.3%	0.3%	0.3% (↓)	Steady.
US	NAHB Housing Market Index (Feb)	37	42	35	Housing activity bottoming out?
CA	Housing Starts (Jan, thous)	245.0	215.4	248.3 (↓)	Correcting.
CA	Manufacturing Sales (Dec, m/m)	-1.5%	-1.5%	-0.2% (↓)	Down for a second month.
CA	Existing Home Sales (Jan, m/m)	-2.5%	-3.0%	1.3%	14 year low outside pandemic.
UK	CPI (Jan, y/y)	10.3%	10.1%	10.5%	Bad, but expected.
EC	Industrial Production (Dec, m/m, sa)	-0.8%	-1.1%	1.4% (↑)	Big drag from Germany.
JN	Core Machine Orders (Dec, m/m)	2.8%	1.6%	-8.3%	Strong foreign demand.
AU	Unemployment Rate (Jan)	3.5%	3.7%	3.5%	Downside surprise.
Thursday, February 16					
US	Building Permits (Jan, thous)	1,350	1,339	1,330	Soft.
US	Housing Starts (Jan, thous)	1,356	1,309	1,371 (↓)	Quite weak, high financing costs hurt.
US	Initial Jobless Claims (Feb 11, thous)	200	194	195 (↓)	Very low.
US	Continuing Jobless Claims (Feb 4, thous)	1,695	1,696	1,680	Very low.
US	Philadelphia Fed Business Outlook (Feb)	-7.5	-24.3	-8.9	Prices paid metric sharply lower.
US	PPI Final Demand (Jan, y/y)	5.4%	6.0%	6.5% (↑)	Disinflation still playing out.
Friday, February 17					
US	Import Price Index (Jan, y/y)	1.4%	0.8%	3.0% (↓)	Still moderating.
US	Leading Index (Jan, m/m)	-0.3%	-0.3%	-0.8%	Tenth consecutive decline.
CA	Industrial Product Price (Jan, m/m)	-0.1%	0.4%	-1.1%	But improving trend.
CA	Raw Materials Price Index (Jan, m/m)	-0.2%	-0.1%	-3.1%	Good.
UK	Retail Sales Inc Auto Fuel (Jan, m/m)	-0.3%	0.5%	-1.2% (↓)	But far from great.
FR	CPI (Jan, y/y, final)	6.0% (p)	6.0%	5.9%	Peaking.

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

Week In Preview (February 20 – February 24)

Country	Release (Date, format)	Consensus	Last	Comments
Monday, February 20				
JN	Manufacturing PMI (Feb, prelim)	na	48.9	Looking for some resilience.
Tuesday, February 21				
US	Existing Home Sales (Jan, m/m)	2.1%	-1.5%	These reflects activity in late 2022.
CA	Retail Sales (Dec, m/m)	0.5%	-0.1%	
CA	CPI (Jan, y/y)	6.1%	6.3%	Should moderate further.
UK	Manufacturing PMI (Feb, prelim)	47.5	47.0	
UK	Services PMI (Feb, prelim)	49.3	48.7	
EC	Manufacturing PMI (Feb, prelim)	49.3	48.8	
EC	Composite PMI (Feb, prelim)	50.7	50.3	
EC	Services PMI (Feb, prelim)	51.0	50.8	
GE	Manufacturing PMI (Feb, prelim)	47.9	47.3	
GE	Services PMI (Feb, prelim)	51.2	50.7	
GE	ZEW Survey Expectations (Feb)	22.5	16.9	
FR	Manufacturing PMI (Feb, prelim)	50.0	50.5	
JN	PPI Services (Jan, y/y)	1.5%	1.5%	
AU	Wage Price Index (Q4, y/y)	3.5%	3.1%	May be above consensus.
Wednesday, February 22				
GE	CPI (Jan, y/y, final)	8.7% (p)	8.6%	
GE	IFO Business Climate (Feb)	90.7	90.2	
FR	Business Confidence (Feb)	102	102	
Thursday, February 23				
US	GDP (Q2, q/q saar, second estimate)	2.9% (p)	3.2%	
US	Initial Jobless Claims (Feb 18, thous)	199	194	
US	Continuing Claims (Feb 11, thous)	1701	1,696	
US	Kansas City Fed Manf. Activity (Feb)	-2	-1	
UK	GfK Consumer Confidence (Feb)	-43	-45	
EC	CPI (Jan, y/y, final)	8.5% (p)	9.2%	
JN	National CPI (Jan, y/y)	4.3%	4.0%	May surprise to the upside.
Friday, February 24				
US	Personal Income (Jan, m/m)	1.1%	0.2%	
US	Personal Spending (Jan, m/m)	1.3%	-0.2%	Retail sales report suggest some upside.
US	New Home Sales (Jan, thous)	620	616	
US	U.of Mich. Sentiment (Feb, final)	66.4 (p)	64.9	
GE	GDP (Q4, q/q, final, sa)	-0.2% (p)	0.4%	
GE	GfK Consumer Confidence (Mar)	-30.0	-33.9	
FR	Consumer Confidence (Feb)	na	80	

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

Economic Indicators

Central Bank Policy Targets

Region	Target	Year/Year % Change in Target Sep	Oct	Nov	Dec	Jan
US	Target: PCE price index 2.0% y/y	6.3	6.1	5.5	5.0	
Canada	Target: CPI 2.0% y/y, 1.0%-3.0% control range	6.9	6.9	6.8	6.3	
UK	Target: CPI 2.0% y/y	10.1	11.1	10.7	10.5	10.1
Eurozone	Target: CPI below but close to 2.0% y/y	9.9	10.6	10.1	9.2	
Japan	Target: CPI 2.0% y/y	3.0	3.7	3.8	4.0	
Australia	Target Range: CPI 2.0%-3.0% y/y	7.3	7.8	7.8	7.8	

Source: Macrobond

Key Interest Rates

	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23
US (top of target range)	0.50	0.50	1.00	1.75	2.50	2.50	3.25	3.25	4.00	4.50	4.50
Canada (Overnight Rate)	0.50	1.00	1.00	1.50	2.50	2.50	3.25	3.75	3.75	4.25	4.50
UK (Bank Rate)	0.75	0.75	1.00	1.25	1.25	1.75	2.25	2.25	3.00	3.50	3.50
Eurozone (Refi)	0.00	0.00	0.00	0.00	0.50	0.50	1.25	1.25	2.00	2.50	2.50
Japan (OCR)	-0.02	-0.02	-0.03	-0.04	-0.01	-0.04	-0.07	-0.06	-0.08	-0.02	-0.01
Australia (OCR)	0.10	0.10	0.33	0.73	1.28	1.81	2.25	2.58	2.84	3.05	3.10

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	-4.1	-5.1	-5.7	-10.8	-9.5	-4.0	-5.3	-6.0
Canada	0.0	0.1	-0.3	0.0	-0.2	-8.6	-4.0	-2.7	-1.2	-0.6
UK	-3.6	-2.8	-2.3	-2.4	-2.7	0.5	-3.2	-4.3	-1.7	-0.4
Eurozone	-0.5	-0.5	-0.5	-0.3	-0.5	-4.3	-3.8	-3.5	-2.9	
Germany	1.2	1.2	1.1	1.6	1.3	-2.9	-3.0	-3.0	-1.8	-1.1
France	-2.1	-1.9	-1.9	-1.5	-2.1	-5.7	-5.1	-4.5	-4.8	-4.3
Italy	-0.6	-1.2	-1.5	-1.6	-0.9	-6.0	-5.1	-5.7	-3.6	-3.6
Japan	-4.2	-4.0	-3.4	-2.5	-2.6	-8.2	-6.3	-7.3	-3.2	-2.3
Australia	-2.6	-2.2	-1.6	-1.1	-4.0	-7.9	-6.2	-3.5	-3.1	-2.6

Source: International Monetary Fund, World Economic Outlook

Headline Consumer and Producer Price Inflation

	CPI Year/Year % Change						PPI Year/Year % Change				
	Sep	Oct	Nov	Dec	Jan		Sep	Oct	Nov	Dec	Jan
US	8.2	7.7	7.1	6.5	6.4		8.5	8.2	7.3	6.5	6.0
Canada	6.9	6.9	6.8	6.3			9.0	9.9	9.3	7.7	5.4
UK	10.1	11.1	10.7	10.5	10.1		18.3	17.5	16.0	14.5	13.5
Eurozone	9.9	10.6	10.1	9.2			41.9	30.5	27.0	24.6	
Germany	10.0	10.4	10.0	8.6			45.8	34.5	28.2	21.6	17.8
France	5.6	6.2	6.2	5.9	6.0		26.1	21.3	18.1	17.7	
Italy	8.9	11.8	11.8	11.6	10.1		41.7	27.7	29.4	31.7	
Japan	3.0	3.7	3.8	4.0			10.3	9.7	9.8	10.5	9.5
Australia	7.3	7.8	7.8	7.8			6.4	5.8	5.8	5.8	

Source: Macrobond

Economic Indicators

Real GDP Growth (Q/Q Seasonally Adjusted)

	Quarter/Quarter % Change					Year/Year % Change				
	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22
US	1.7	-0.4	-0.1	0.8	0.7	5.7	3.7	1.8	1.9	1.0
Canada	1.7	0.7	0.8	0.7		3.9	3.2	4.7	3.9	
UK	1.5	0.6	0.1	-0.3	0.0	8.9	10.7	4.0	1.9	0.4
Eurozone	0.5	0.6	0.9	0.3	0.1	4.8	5.5	4.3	2.3	1.9
Germany	0.0	0.8	0.1	0.5	-0.2	1.2	3.5	1.7	1.4	1.1
France	0.6	-0.2	0.5	0.2	0.1	5.1	4.8	4.2	1.0	0.5
Italy	0.9	0.1	1.1	0.5	-0.1	6.6	6.4	5.0	2.7	1.7
Japan	1.1	-0.4	1.1	-0.3	0.2	0.9	0.6	1.4	1.5	0.6
Australia	3.8	0.4	0.9	0.6		4.6	2.9	3.2	5.9	

Source: Macrobond

Industrial Production Index (M/M Seasonally Adjusted)

	Month/Month % Change					Year/Year % Change				
	Sep	Oct	Nov	Dec	Jan	Sep	Oct	Nov	Dec	Jan
US	0.2	0.0	-0.6	-1.0	0.0	4.7	3.2	2.0	1.1	0.8
Canada	0.4	-0.7	0.1			4.0	2.3	3.0		
UK	-0.1	0.2	0.1	0.3		-5.4	-4.2	-4.4	-4.1	
Germany	1.1	-0.4	0.4	-3.1		2.7	-0.4	-0.6	-4.2	
France	-0.9	-2.6	2.0	1.1		1.6	-2.7	0.7	1.4	
Italy	-1.7	-1.0	-0.1	1.6		-0.4	-1.3	-3.3	0.1	
Japan	-1.7	-3.2	0.2	0.3		9.6	3.8	-0.9	-0.8	

Source: Macrobond

Unemployment Rate (Seasonally Adjusted)

	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23
US	3.6	3.6	3.6	3.6	3.5	3.7	3.5	3.7	3.6	3.5	3.4
Canada	5.3	5.3	5.2	4.9	4.9	5.3	5.2	5.2	5.1	5.0	5.0
UK	3.8	3.8	3.8	3.6	3.5	3.6	3.7	3.7	3.7		
Eurozone	6.8	6.7	6.7	6.7	6.6	6.7	6.7	6.6	6.6	6.6	
Germany	5.0	5.0	5.0	5.3	5.4	5.5	5.5	5.5	5.5	5.5	5.5
France	7.4	7.5	7.6	7.6	7.3	7.2	7.1	7.1	7.0	7.1	
Italy	8.3	8.2	8.1	8.0	8.0	7.9	7.9	7.9	7.8	7.8	
Japan	2.6	2.5	2.6	2.6	2.6	2.5	2.6	2.6	2.5	2.5	
Australia	3.9	3.9	3.9	3.6	3.5	3.5	3.6	3.4	3.5	3.5	3.7

Source: Macrobond

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

	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22
US	-3.1	-3.2	-3.5	-3.4	-3.6	-3.8	-3.7	-4.6	-3.8	-3.4	
Canada	-1.5	-2.4	-1.4	0.0	-0.4	-0.6	0.0	0.1	0.4	-1.6	
UK	-1.1	-2.6	-6.6	-1.9	-0.4	-3.3	-0.4	-7.7	-5.7	-3.1	
Eurozone	1.2	2.1	3.2	3.5	3.1	2.3	1.2	0.4	-1.3	-3.6	1.0
Germany	5.3	7.0	8.1	9.1	8.1	6.7	5.9	5.6	3.6	1.7	4.1
France	-3.7	-2.0	-0.4	0.6	0.7	0.3	-0.3	-0.1	-1.8	-3.3	-2.9
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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