January 17, 2020
Commentary

Weekly Economic Perspectives

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Spotlight on Next Week
The BOJ, the BoC and the ECB are all expected to remain on hold. Unemployment rates should remain steady in the UK and Australia.

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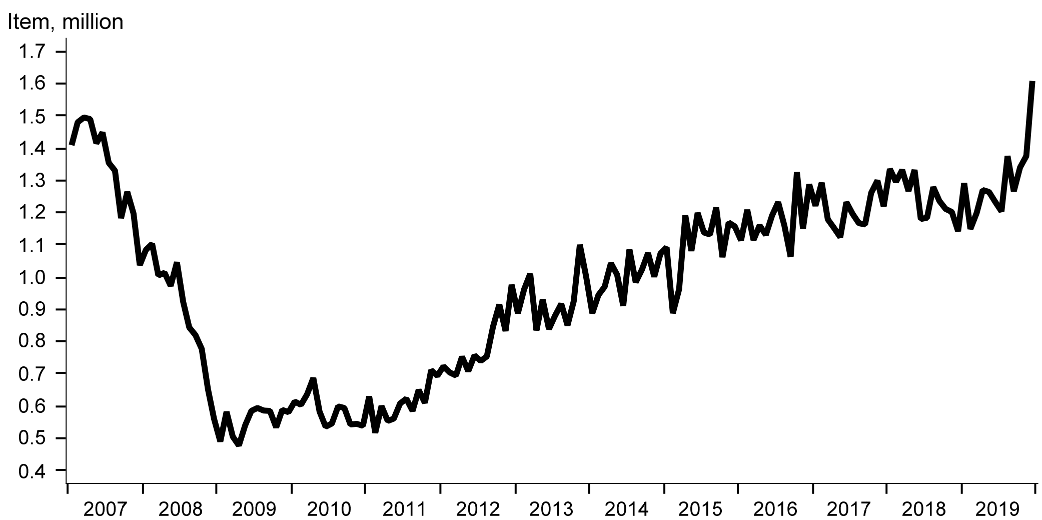
The Economy

This US-heavy data week highlighted notable improvement in US regional manufacturing indexes and strong momentum in housing. By contrast, the limited UK data flow was downright abysmal and will no doubt amplify calls for a BoE rate cut.

US

It has been evident from recent monthly data that housing activity was rebounding on the back of lower interest rates. Even so, we had to look twice to ensure we read the December **housing starts** data correctly given the massive 16.9% surge to a new cycle high of 1,608,000 (annualized). Gains of such magnitude are rare and typically reserved for months when activity is recovering from some type of weather event (hurricane, major snowstorm, etc.) but this was clearly not the case in December. Instead, it appears that warm weather allowed builders to get an early start on all those permits they had rushed to apply for after the Fed started cutting rates in July. The surge was well balanced between single and multi-family starts with the former up by 106,000 (saar) and the latter by 127,000 (saar), representing monthly gains of 11.2% and 29.8%, respectively. All this left overall starts up 40.8% y/y, with single starts up 29.6% y/y and multi starts up 68.6% y/y. Single family starts were the highest since September 2007; multi-family starts were the highest since 1986.

Figure 1: US Housing Starts Soar In December



US Housing Starts Residential, New Privately Owned, Total, SAAR

Sources: U.S. Census Bureau

Don't expect these levels to be sustained, however. While we are of the view that residential construction has been lagging demand and so it is fundamentally well supported, the extraordinary December performance probably has a lot to do with fortuitous timing and partly represents a "catch-up" to the earlier rebound in permits. But **building permits** data suggest that the earlier permits surge may have peaked. While still highly elevated near cycle highs, permits retreated 3.9% in December. Unlike starts, they were only up 5.8% y/y.

The construction boom reflects better **homebuilder sentiment**, which has fully healed from the acute deterioration episode in late 2018. Having surged 5.0 points to a cycle high in December, the National Association of Homebuilders' (NAHB) index only gave back 1.0 in January. Moreover, buyer traffic actually improved one point and future sales expectations were steady at a high level, both of which bode well for the future. Admittedly, current sales eased 3.0 points but only to a solid 81, which is the second highest level this cycle and going back to 1999. Geographic performance was a bit of a mirror image of last month, with gains where there had been a deterioration in December and vice-versa. But all regions posted much better January readings than a year ago, with improvements of between 15.0 and 17.0 points.

Industrial production has softened amid sluggish global demand and trade uncertainties, compounded in recent months by the GM strike and Boeing's problems. Output declined 0.3% in December, although the details were actually better than what the headline alone would suggest. Indeed, the softness reflected a warm weather-induced 5.6% drop in utilities. Manufacturing actually rose 0.2% and mining rose 1.4% for the first gain since August. Industrial production still fell 1.0% y/y, with manufacturing down 1.3% y/y. Capacity utilization decreased 0.4 percentage points (ppts) to 77.0%, below its historical average. Manufacturing capacity utilization improved for the second consecutive month, but only to a low 75.2%.

Regional Fed surveys suggest manufacturing activity should continue to improve. The **Empire Fed manufacturing index** rose a better than expected 1.5 points to an eight month high of 4.8. There were welcome improvements in new orders and backlogs which led delivery times to lengthen. Because of this, we are not really alarmed by the modest pullback in employment and instead noticed the slight increase in the average workweek, which suggest firms are more fully utilizing existing employees. Both the prices paid and prices received measures surged to the highest since March, suggesting that despite the slight CPI disappointment this week (see below), pipeline inflationary pressures may actually be building below the surface.

But it was the **Philly Fed Business Outlook survey** that was the real big surprise. It surged 14.6 point to an eight-month high of 17.0 on broad gains that included a 7.1 point jump in new orders and a 7.7 point increase in shipments. Employment improved modestly and, just like in the Empire survey, both price measures rose. In contrast to signals from the Empire index, however, the pipeline looks to have lightened as backlogs dropped sharply and delivery times shortened.

Despite a bumpy start to the year and some recent momentum loss, the overall message from **retail sales** is one of good growth underpinned by strong consumer finances. Nominal sales rose 0.3% in December, as expected, with November's gain revised up a tenth to a similar print. The breakdown appears odd in places, however, as sales at non-store retailers reportedly rose just 0.2%, which seems to contradict industry assessments of a blockbuster holiday season. Overall performance was undermined by a 1.3% drop in motor vehicle and parts, a 0.8% decline in department store sales and a meager 0.1% increase in furniture sales. Support came gasoline (+2.8%), clothing (+1.6%) and building materials (+1.4%). Control sales, (which exclude food services, building materials, autos dealers and gas stations) and are used in estimating goods consumption in the GDP accounts rose a solid 0.5%. Non-seasonally adjusted sales increased 6.0% y/y; control sales rose 6.9% y/y.

Small business optimism has come off the 2018 record highs but remains historically elevated. Having surprised to the upside in November, the NFIB index it retraced nearly all those gains in December, down 2.0 points to 102.7. Still, the details were mixed rather than universally softer. For instance, general business conditions, sales expectations, and actual capital expenditures improved three points each. Compensation plans, while down 2.0 points, remain near record high levels, which may assuage somewhat concerns stemming from last week's weaker than expected wage inflation data. Nonetheless, there has been a clear softening in the data, and one may even question the resilience of these compensation plans given the reported moderation in difficulties around finding qualified workers. Among the more disappointing details were a 10-point drop in actual earnings (thus unwinding November's big gain) and an 8-point increase in perceived uncertainty (Phase 1, USMCA, impeachment and Iran tensions will tug in opposite directions here in January). Unsurprisingly, the net percentage of respondents saying "this is a good time to expand" retreated to 25%. This is exactly in line with the 2019 average but down from 30% in 2018.

Having jumped in December (which is not unusual) **unemployment claims** appear to be receding once again. Initial claims—a measure of job shedding—had surged by 49,000 to 253,000 during the week ended December 7, but were back down to 204,000 during the week ending January 11. Continuing claims—a measure of unemployment—spiked by 76,000 to 1,804,000 in the week ending December 28, marking the first time since April 2018 that they've settled above the 1,800,000 mark. However, it is far too soon to panic given that this reading coincided with the Christmas holiday and any people who might have found the job may have intentionally delayed starting it to January. Indeed, they retraced half of that deterioration the very next week to now sit at 1,767,000.

The **JOLTS (Job Openings and Labor Market Survey)** is one of the most lagging among the labor market indicators, which are themselves lagging compared to other macro data sets. And because the November-December period was fraught with considerable uncertainty about the direction of the trade war (which has since greatly improved) we would caution against reading too much in the huge 561,000 decline in the number of job openings in November. There are the additional attenuating factors of strong payroll gains during the November-December period, and a steady decline in initial unemployment claims following a surge in late November. The further attenuating point is the sectoral distribution of losses, such as the big drop in construction openings, which clearly is at odds with the surge in housing starts that has transpired since then. Outsized declines in openings in retail, wholesale, and transportation, also appear somewhat odd amid the holiday season. Still, while openings may well pick up from November's 20-month low of 6,800,000, it seem pretty clear that they have peaked. Meanwhile, the hires level—a measure of employment—increased by 39,000 while quits—a measure of worker sentiment—also increased by 39,000. The fact that quits rose for the second consecutive month seems to contradict the implicit message from declining opening, namely that it is becoming harder to find a job. The openings rate retreated three tenths to 4.3%, while the hires and quits rates were unchanged at 3.8% and 2.3%, respectively.

After months of soft prints, headline **consumer price inflation** is now turning higher. It quickened another two tenths to 2.3% y/y in December, the highest level since October 2018 and the highest December print since 2011. Still, the news was greeted coolly by the market since expectations had ben of an even faster 2.4% y/y ascent. Overall consumer prices rose 0.2%, driven by a 1.4% jump in energy prices and a 0.6% increase in medical care. But housing and recreation were both soft at 0.1%, the latter reflecting heavier travel discounts. Core prices (excluding food and energy) rose just 0.1, keeping the core inflation rate unchanged at 2.3% y/y, where it has been since October.

Both producer price and import price inflation remain subdued, although the most recent signals from the regional Fed surveys raise some question marks about the continuation of that trend (at least outside of services). Headline **producer price inflation (PPI)** was a modest 1.3% y/y in December, up just two tenths from November. The traditional core measure (excluding food and energy) eased two tenths to a three-year low of 1.1%, but the alternative core (which also excludes volatile trade services) accelerated two tenths to 1.5% y/y.

Thanks to higher energy prices, the import price deflation of the past many months has now given way to modest inflation. **Import prices** rose 0.3% in December, driven by a 2.1% increase in petroleum prices and 1.1% increases in both food and industrial supplies. Import prices settled 0.5% higher than in December 2018, the first positive y/y print since March. Import prices from China were unchanged during the months but are still down 1.8% y/y.

The **University of Michigan consumer confidence index** had plunged in August but has since more than retraced that loss. Preliminary data for January suggest it lost 0.2 point to 99.1 as a small improvement in the current situation metric was offset by a modest decline in expectations. Given the negligible change in the headline, the inflation expectations data were the most valuable piece of new information. Both short-term and long term inflation expectations rebounded to 2.5%, having fallen to multi-year and record lows of 2.3% and 2.2%, respectively, in November.

The **budget deficit** is swelling. Admittedly, the December print wasn't all that different from a year ago, with the deficit coming in at $13.3 billion, but since the start of the fiscal year in October, the shortfall is already 12% higher than in the same period of 2018. During the fiscal year that ended September 30th, the deficit reached $984 billion, the most in seven years. On current terms, the medium to long term trajectory is poised to get much worse as annual mandatory outlays are forecast by the CBO to increase by about $2 trillion by the end of the decade.

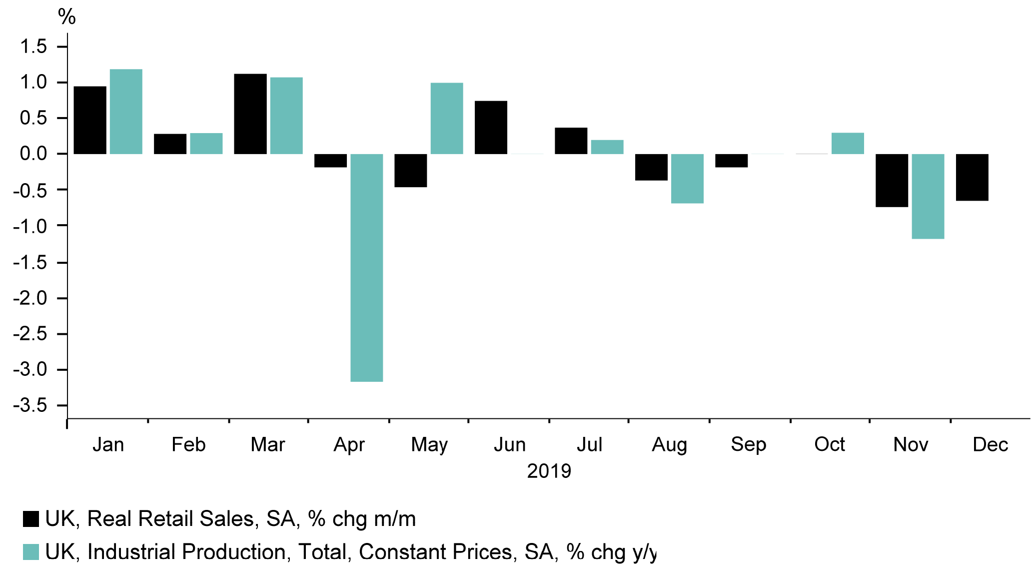
Canada

Existing home sales seems to have slowed considerably towards the end of 2019. Data from the Canadian Real Estate Association (CREA) showed sales to have fallen 0.9% in December, the third decline in all of 2019, though they remain well above the historical average. New homes listed for sale fell by 1.8%, leaving new supply of houses close to a decade low. The sales-to-new listings ratio (a measure of market tightness) tightened further to 66.9%, the highest reading since 2004. The months of inventory also dropped to 4.2 months, the lowest since 2007, indicating demand is outstripping supply at this point. This is putting upward pressure on prices, with the Aggregate Composite MLS Home Price index rising 0.8% in December, the seventh consecutive gain, and up 3.4% y/y.

UK

There is no way to sugar coat it: the 1.2% drop in **industrial production** (IP) in November was painful. It marked the worst performance since automotive plant closures around the original Brexit deadline caused production to contract 3.1% in April. Just as then, manufacturing was the core source of weakness, down 1.7% in November. This outweighed a 1.3% improvement in mining and an incremental gain in electricity output. Water utilities also contracted modestly for a second consecutive decline. All this left overall industrial production 1.6% lower than in November 2018. It has contracted 0.6% y/y on average during the first eleven months of the year.

Figure 2: Weak UK Data Boost Odds Of BoE Rate Cut



Sources: U.K. Office for National Statistics (ONS)

The **retail sales** data was even worse! Real sales unexpectedly plunged 0.6% in December, confounding expectations of a gain of that magnitude. Moreover, the already large November decline was revised lower still to a 0.8% contraction. Unsurprisingly given the magnitude of the headline decline, losses were widespread with a 2.0% drop in clothing and footwear, and a 1.3% fall in food sales, among others. Auto fuel (+1.8%) and online sales (+1.0%) offered modest support. Headline sales grew just 0.9% y/y in December, although thanks to earlier strength they advanced 3.4% y/y on average in 2019 as a whole.

Meanwhile, inflationary pressures are receding quite rapidly. Overall **consumer prices** were flat in December on mixed details that included big declines in clothing and alcohol/tobacco, offset by increases in household maintenance, transportation, and communication. CPI inflation decelerated two tenths to 1.3% y/y, lowest in three years. Core inflation moderated four tenths to 1.4% y/y, also a three year low.

The combination of weak activity data and soft inflation will undoubtedly multiply calls for a **Bank of England (BoE)** rate cut when it meets later this month. Indeed, the market implied probability of such a move is already at 70%. Unless it means to deliver on those expectations, the MPC will need to push back meaningfully against them very soon. For our part, while we certainly see the recent data flow as giving both arguments and space for some accommodation, we still think the MPC should withhold additional support at this time. First of all, current incoming data reflect the most acute period of domestic and external policy uncertainty (i.e., November-December) and may well mark the near-term low. Secondly, there are enough bits of contradictory signals within various data pieces—such as the growing disconnect between real wage growth and retail sales growth—that this argues for additional confirmation before acting. And thirdly, with easier fiscal policy and modestly better global (growth ahead, the BoE may just be able to maneuver out of the current tight spot without a cut. That said, we also can't help noting similarities with the ECB, whose President Draghi's offered a final doze of stimulus as a parting gift. Stay tuned!

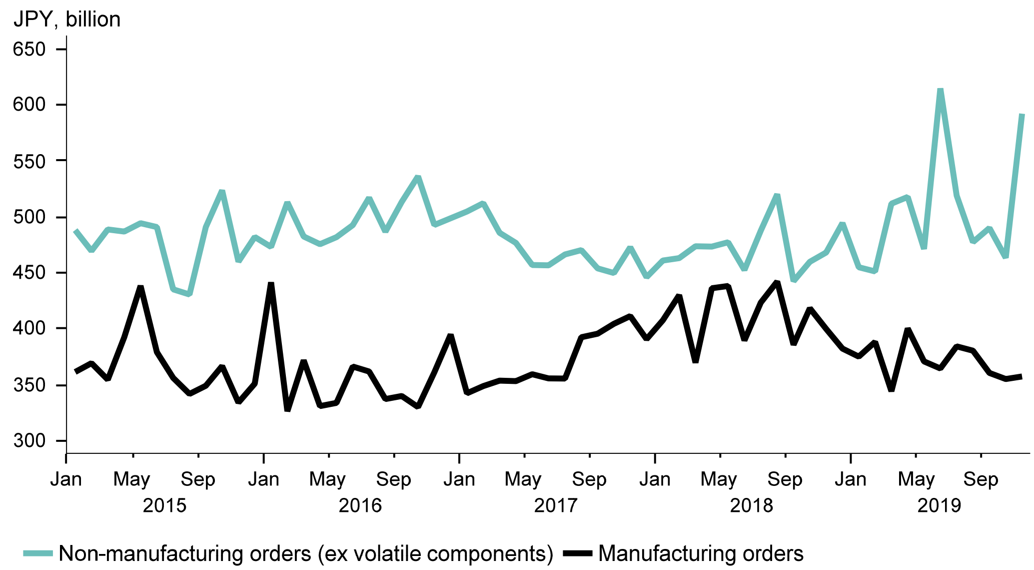
Eurozone

***Italian* retail sales** have been choppy throughout 2019 and remain depressed. They retreated another 0.2% in November, leaving them a meager 0.9% higher than in November 2018. Sales rose 0.8% y/y through the first eleven months of 2019. Still, this was an improvement over the nearly flat performance in 2018.

Japan

Core machinery orders jumped by a record 18% in November, although we suspect this was more of a weather-induced rebound than a genuine turnaround. Core non-manufacturing orders surged 27.8% but manufacturing orders rose just 0.6%. Japan's manufacturing has been lagging the global PMI cycle, as exports continue to struggle, as shown by the 11.5% slump in foreign orders.

Figure 3: Japan's Manufacturing Orders Still Lagging



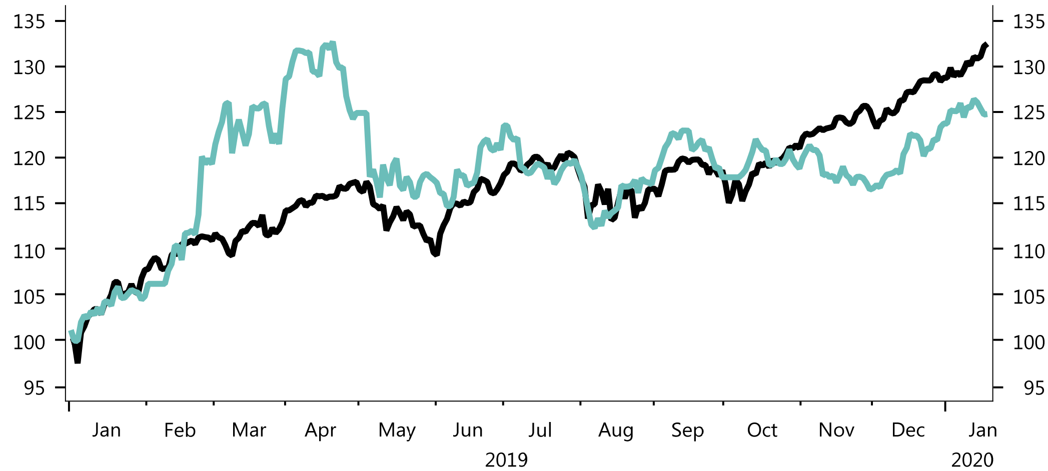
Sources: Japanese Cabinet Office (CaO)

The Market This Week

After a torturous few months, the Phase 1 trade deal between US and China was officially signed in Washington this week. The thawing of tensions has fueled a broad rebound in global equities.

Figure 4: Phase 1 Trade Deal Lifts Equities

Index, rebased to 1/2/2019=100



Sources: Macrobond, Bloomberg

Equities: Big risk-on week with equities up across the board.

Bonds: Bond yields are mixed but narrow sharply in the UK on weak data.

Currencies: The dollar creeps a bit higher.

Commodities: Oil and gold are little changed.

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Stock Markets					10 Year Bond Yields			Currencies		
Country	Exchange	Last	%Ch Week	%Ch YTD	Last	BP Ch Week	BP Ch YTD	Last	%Ch Week	%Ch YTD
US	S&P 500®	3325.62	1.8%	2.9%	1.83	1	-9	97.618	0.3%	1.3%
Canada	TSE 300	17559.95	1.9%	2.9%	1.57	-2	-13	1.3067	0.1%	0.6%
UK	FTSE®	7674.56	1.1%	1.8%	0.63	-14	-19	1.3016	-0.4%	-1.8%
Germany	DAX	13526.13	0.3%	2.1%	-0.22	-2	-3			
France	CAC-40	6100.72	1.1%	2.1%	0.04	0	-7	1.1092	-0.3%	-1.1%
Italy	FTSE® MIB	24141.07	0.5%	2.7%	1.38	5	-4			
Japan	Nikkei 225	24041.26	0.8%	1.6%	0.00	0	1	110.12	0.6%	1.4%
Australia	ASX 200	7064.13	1.9%	5.7%	1.18	-8	-19	0.6877	-0.3%	-2.1%

Commodity Markets						
Commodity	Unit	Source	Last Price	%Ch Week	%Ch YTD	%ChYr Ago
Oil (Brent)	US $/Barrel	Bloomberg	64.8	-0.8%	-2.4%	7.1%
Gold	US $/troy oz	Bloomberg	1560.92	-0.1%	2.9%	20.8%

Source: Bloomberg®

Week in Review (January 13- January 17)

Country	Release (Date, format)	Consensus	Actual	Last	Comments
Monday, January 13					
US	Monthly Budget Statement (Dec, bil.)	-15.0	-13.3	-13.5	The trend is not our friend…
UK	Industrial Production (Nov, m/m)	0.0%	-1.2%	0.4%(↑r)	This hurts!
IT	Retail Sales (Nov, m/m)		-0.2%	-0.3%(↓r)	Weak, but 2019 has been better than 2018.
Tuesday, January 14					
US	NFIB Small Business Optimism (Dec)	104.8	102.7	104.7	Has retraced most of November's gain.
US	CPI (Dec, final, y/y)	2.4%	2.3%	2.1%	Core was unchanged at 2.3%.
Wednesday, January 15					
US	Fed Beige Book Report				Modest growth.
US	PPI (Dec, final, y/y)	1.3%	1.3%	1.1%	Inflationary pressures modest but re-emerging.
US	Empire Manufacturing (Jan)	3.6	4.8	3.3	Good news.
CA	Existing Home Sales (Dec, m/m)		-0.9%	0.6%	Demand is outstripping supply at this point.
UK	CPI (Dec, y/y)	1.5%	1.3%	1.5%	Offers BoE space to cut if they want to.
UK	PPI Output (Dec, y/y)	1.0%	0.9%	0.5%	Offers BoE space to cut if they want to.
EC	Industrial Production (Nov, m/m)	0.3%	0.2%	-0.9%(↓r)	Was December the bottom?
Thursday, January 16					
US	Initial Jobless claims (Jan 11, thous)	217	204	214	Have fully retraced the December "bump".
US	Philadelphia Fed Business Outlook (Jan)	3.1	17.0	2.4(↑r)	Highest since May.
US	Retail Sales Advance (Dec, m/m)	0.3%	0.3%	0.3%(↑r)	Core sales rose 0.5%.
US	NAHB Housing Index (Jan)	74	75	76	Buoyant traffic and sales expectations.
US	Business Inventories (Nov, m/m)	-0.1%	-0.2%	0.1%(↓r)	No big news here.
US	Import Price Index (Dec, y/y)	0.5%	0.5%	-1.3%	Mostly due to energy prices.
JN	Core Machinery Orders (Nov, m/m)	2.9%	18.0%	-6.0%	Hardly marks a turnaround.
Friday, January 17					
US	Housing Starts (Dec, saar, thous)	1380	1608	1375(↑r)	Big spike, aided by warm weather.
US	Building Permits (Dec, saar, thous)	1460	1416	1474(↓r)	Near cycle high.
US	Industrial Production (Dec, m/m)	-0.2%	-0.3%	0.8%(↓r)	Big drop in utilities, manufacturing up.
US	U of M Cons. Sentiment (Jan, prelim)	99.3	99.1	99.3	Inflation expectations rebounded from lows.
US	JOLTS Job Openings (Nov, thous)	7250	6800	7361(↑r)	Will likely improve from here but have peaked.
UK	Retail Sales (Dec, m/m)	0.6%	-0.8%	-0.8%(↓r)	Bad enough that the BoE may decide to cut…
EC	CPI (Dec, y/y)	1.3%	1.3%	1.0%	Has bottomed, moving higher.

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

Week Preview (January 20–January 24)

Country	Release (Date, format)	Consensus	Last	Comments
Monday, January 20				
CA	Teranet/National Bank HPI (Dec, y/y)		1.4%	
JN	Industrial Production (Nov, final, m/m)	-0.9%(p)	-4.5%	
Tuesday, January 21				
CA	Manufacturing Sales (Nov, m/m)		-0.7%	
UK	ILO Unemployment Rate (Nov)	3.8%	3.8%	Without resilience here, the BoE will have to cut.
UK	Average Weekly Earnings (Nov, 3m y/y)	3.1%	3.2%	
GE	ZEW Investor Expectations (Jan)	15.0	10.7	Improvement should gather steam amid thawing trade tensions.
JN	BoJ Monetary Policy Decision	-0.1%	-0.1%	Perhaps more verbal easing.
Wednesday, January 22				
US	FHFA House Price Index (Nov, m/m)	0.3%	0.2%	
US	Existing Home Sales (Dec, m/m)	1.5%	-1.7%	Housing demand strong, but low inventory is a problem.
CA	BoC Monetary Policy Decision	1.75%	1.75%	Strong labor report should help calm some nerves.
CA	CPI (Dec, y/y)	2.3%	2.2%	This should also stay the BoC's hand.
CA	New Housing Price Index (Dec, m/m)		-0.1%	
FR	Business Confidence (Jan)	105	106	
IT	Industrial Orders (Mov, m/m)		0.6%	
Thursday, January 23				
US	Initial Jobless claims (Jan 18, thous)	214	204	
US	Kansas City Fed Manf. Activity (Jan)	-6	-8	Could turn out better.
US	Leading Index (Dec, m/m)	-0.2%	0.0%	
EC	ECB Monetary Policy Decision	0.00%	0.00%	
JN	Leading Index (Nov, final)	90.9(p)	91.6	
JN	All Industry Activity Index (Nov, m/m)	0.4%	-4.3%	
JN	Trade Balance Adjusted (Dec, ¥ bil.)	-236.0	-60.8	
AU	Unemployment Rate (Dec)	5.2%	5.2%	Expect some moderation due to climate disruptions.
Friday, January 24				
CA	Retail Sales (Nov, m/m)	0.9%	-1.2%	Should get better from here.
UK	Manufacturing PMI (Jan, prelim)	48.1	47.5	Still very weak.
UK	Services PMI (Jan, prelim)	50.7	50.0	Still very weak.
EC	Manufacturing PMI (Jan, prelim)	46.7	46.3	
EC	Services PMI (Jan, prelim)	52.8	52.8	
GE	Manufacturing PMI (Jan, prelim)	44.2	43.7	
GE	Services PMI (Jan, prelim)	52.9	52.9	
FR	Manufacturing PMI (Jan, prelim)		50.4	
JN	CPI (Dec, y/y)	0.7%	0.5%	Anemic, still.
JN	Manufacturing PMI (Jan, prelim)		48.4	Don't expect much change.
JN	Services PMI (Jan, prelim)		49.4	Should be back above 50.

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

Economic Indicators

Central Bank Policy Targets

Region	Target	Year/Year % Change in Target				
		Aug	Sep	Oct	Nov	Dec
US	Target: PCE price index 2.0% y/y	1.4	1.3	1.4	1.5	
Canada	Target: CPI 2.0% y/y, 1.0%-3.0% control range	1.9	1.9	1.9	2.2	
UK	Target: CPI 2.0% y/y	1.7	1.7	1.5	1.5	1.3
Eurozone	Target: CPI below but close to 2.0% y/y	1.0	0.8	0.7	1.0	1.3
Japan	Target: CPI 2.0% y/y	0.3	0.2	0.2	0.5	
Australia	Target Range: CPI 2.0%-3.0% y/y	1.7	1.7			

Source: Macrobond

Key Interest Rates

	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
US (top of target range)	2.50	2.50	2.50	2.50	2.50	2.50	2.25	2.00	1.75	1.75	1.75
Canada (Overnight Rate)	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
UK (Bank Rate)	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Eurozone (Refi)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Japan (OCR)	-0.05	-0.06	-0.07	-0.06	-0.08	-0.07	-0.06	-0.06	-0.03	-0.03	-0.07
Australia (OCR)	1.50	1.50	1.50	1.50	1.28	1.02	1.00	1.00	0.76	0.75	0.75

Source: Macrobond

General Government Structural Balance as a % of Potential GDP

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
									Forecasts	
US	-3.1	-2.1	-1.1	0.1	0.8	0.7	0.0	-0.2	-0.5	-0.8
Canada	-5.9	-6.0	-4.0	-4.7	-4.1	-2.9	-2.0	-1.5	-1.3	-1.4
UK	-3.9	-2.1	-1.2	-0.9	-0.8	-0.7	-0.7	-0.6	-0.7	-0.9
Eurozone	-1.4	0.0	0.6	1.2	1.2	1.3	1.1	1.4	0.9	1.0
Germany	-5.0	-4.4	-3.4	-3.3	-3.0	-2.8	-2.6	-2.5	-2.4	-2.5
France	-4.1	-1.5	-0.6	-1.1	-0.7	-1.4	-1.7	-1.8	-1.5	-2.1
Italy	-4.1	-1.5	-0.6	-1.1	-0.7	-1.4	-1.7	-1.8	-1.5	-2.1
Japan	-4.3	-3.3	-2.6	-2.6	-2.4	-2.2	-1.5	-0.6	-0.4	-0.4
Australia	-4.3	-3.3	-2.6	-2.6	-2.4	-2.2	-1.5	-0.6	-0.4	-0.4

Source: International Monetary Fund, World Economic Outlook

Headline Consumer and Producer Price Inflation

	CPI Year/Year % Change					PPI Year/Year % Change				
	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
US	1.7	1.7	1.8	2.1	2.3	1.9	1.4	1.1	1.1	1.3
Canada	1.9	1.9	1.9	2.2		-1.0	-1.3	-1.4	-0.4	
UK	1.7	1.7	1.5	1.5	1.3	1.7	1.2	0.8	0.5	0.9
Eurozone	1.0	0.8	0.7	1.0	1.3	-0.8	-1.1	-1.9	-1.4	
Germany	1.4	1.2	1.1	1.1	1.5	0.3	-0.1	-0.6	-0.7	
France	1.0	0.9	0.8	1.0	1.5	-0.5	-0.7	-1.1	-0.5	
Italy	0.4	0.3	0.2	0.2	0.5	-1.4	-1.6	-2.9	-2.5	
Japan	0.3	0.2	0.2	0.5		-0.9	-1.1	-0.4	0.1	0.9
Australia	1.7	1.7				1.6	1.6			

Source: Macrobond

Real GDP Growth (Q/Q Seasonally Adjusted)

	Quarter/Quarter % Change					Year/Year % Change				
	Q3-18	Q4-18	Q1-19	Q2-19	Q3-19	Q3-18	Q4-18	Q1-19	Q2-19	Q3-19
US	0.7	0.3	0.8	0.5	0.5	3.1	2.5	2.7	2.3	2.1
Canada	0.6	0.2	0.2	0.9	0.3	2.0	1.8	1.5	1.9	1.7
UK	0.6	0.2	0.6	-0.2	0.4	1.6	1.4	2.0	1.2	1.1
Eurozone	0.2	0.3	0.4	0.2	0.2	1.6	1.2	1.4	1.2	1.2
Germany	-0.1	0.2	0.5	-0.2	0.1	1.1	0.6	1.0	0.3	0.5
France	0.3	0.4	0.3	0.3	0.3	1.5	1.2	1.3	1.4	1.4
Italy	-0.1	0.1	0.1	0.1	0.1	0.4	-0.1	0.0	0.1	0.3
Japan	-0.6	0.3	0.6	0.5	0.4	-0.3	-0.3	0.8	0.8	1.9
Australia	0.3	0.2	0.5	0.6	0.4	2.5	2.1	1.7	1.6	1.7

Source: Macrobond

Industrial Production Index (M/M Seasonally Adjusted)

	Month/Month % Change					Year/Year % Change				
	Aug	Sep	Oct	Nov	Dec	Aug	Sep	Oct	Nov	Dec
US	0.8	-0.5	-0.5	0.8	-0.3	0.4	-0.2	-1.0	-0.7	-1.0
Canada	0.2	-0.3	-0.4			-2.2	-2.0	-2.4		
UK	-0.7	0.0	0.3	-1.2		-1.6	-1.1	-0.7	-1.7	
Germany	0.6	-0.6	-1.0	1.1		-4.0	-4.5	-4.7	-2.7	
France	-0.9	0.4	0.5	0.3		-1.2	0.4	-0.1	1.3	
Italy	0.4	-0.5	-0.3	0.1		-1.8	-2.2	-2.4	-0.6	
Japan	-1.2	1.7	-4.5	-0.9		-2.0	-0.3	-6.6	-6.6	

Source: Macrobond

Unemployment Rate (Seasonally Adjusted)

	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
US	3.8	3.8	3.6	3.6	3.7	3.7	3.7	3.5	3.6	3.5	3.5
Canada	5.8	5.8	5.7	5.4	5.5	5.7	5.7	5.5	5.5	5.9	5.6
UK	3.8	3.8	3.8	3.9	3.8	3.9	3.8	3.8			
Eurozone	7.8	7.7	7.6	7.6	7.5	7.6	7.5	7.6	7.5	7.5	
Germany	5.0	4.9	4.9	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
France	8.6	8.6	8.5	8.5	8.5	8.6	8.6	8.5	8.5	8.4	
Italy	10.5	10.1	10.1	10.0	9.8	9.9	9.6	9.9	9.7	9.7	
Japan	2.3	2.5	2.4	2.4	2.3	2.2	2.2	2.4	2.4	2.2	
Australia	5.0	5.1	5.2	5.2	5.3	5.2	5.3	5.2	5.3	5.2	

Source: Macrobond

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

	Q1-17	Q2-17	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	Q3-19
US	-2.2	-2.5	-2.0	-2.3	-2.3	-2.1	-2.4	-2.8	-2.6	-2.4	
Canada	-2.2	-2.7	-3.4	-3.0	-2.8	-2.6	-1.8	-2.8	-3.0	-1.2	-1.7
UK	-3.2	-4.0	-3.4	-3.3	-3.4	-4.4	-4.3	-5.1	-6.0	-4.6	
Eurozone	3.1	1.9	3.9	3.6	3.5	3.6	2.6	2.8	3.1	2.4	
Germany	8.3	7.0	8.6	8.6	8.5	7.6	6.5	7.4	7.8	7.6	8.1
France	-1.3	-0.7	-0.7	-0.3	-0.3	-1.4	-0.5	-0.5	-0.8	-0.8	-1.0
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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