STATE STREET GLOBAL ADVISORS

March 10, 2023
Commentary

Weekly Economic Perspectives

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Spotlight on Next Week
US inflation report to show some moderation, retail sales to give back some of the January surge. ECB poised to deliver 50 bp hike and to promise more. Shunto wage negotiations may show record wage growth in Japan.

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The Economy

A full-on hawkishness to fear plot twist unfolded in economy and markets this week.

US

This was a very eventful week that started with a strong hawkish signal stemming from Chair Powell's congressional testimony but ended on a much more dovish tone following the collapse of Silicon Valley Bank (SVP). Between these two events, the payrolls report—usually the highlight of the week—seemed to go almost unnoticed. The market oscillated wildly, with bets of a 50-bp hike at the Fed's March 22 meeting surging to about 70% after Chair Powell opened the door to a possible return to larger moves should "the totality of the data" warrant it. Moreover, market pricing of end-2023 Fed Funds rate crossed above 5.5% on March 8th before dropping precipitously to 4.9% on Friday afternoon as contagion worries escalated.

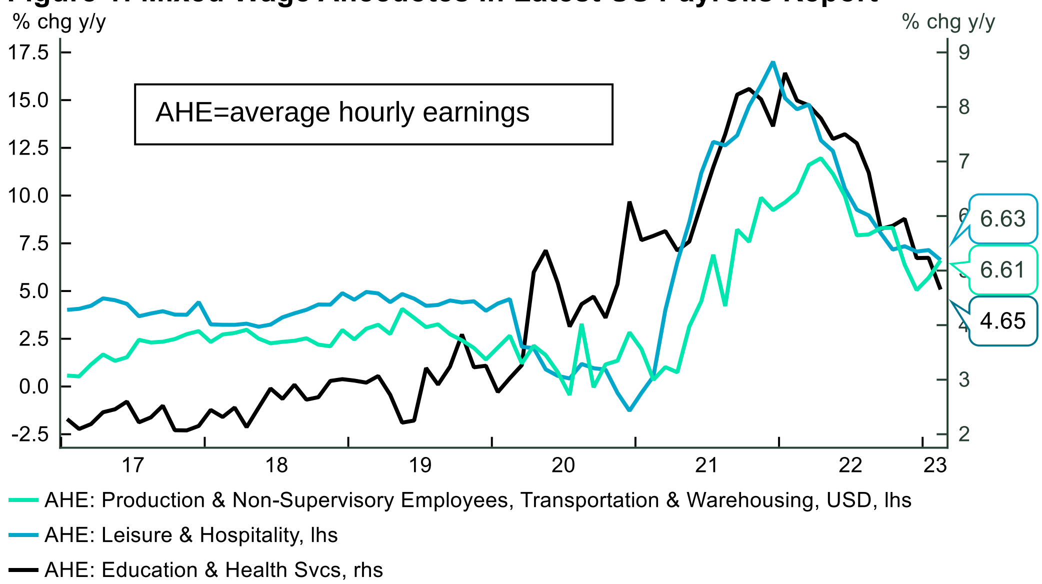
As the dust settles on this dramatic week, we think that the totality of the data argues for a 25 basis point hike. Part of this reflects a preference for simplicity and avoidance of unnecessary confusion. A move back to 50-bp hikes would be warranted in our view only if the FOMC believed that multiple such moves were required in the near term. By contrast, if the scenario is for one 50 bp hike followed by an immediate reversion to 25 bp moves, then the shift does not seem worth it. At this level of rates, one single 50 bp hike will not accomplish anything that a longer sequence of smaller moves wouldn't be able to achieve in respect to quelling inflationary pressure. Meanwhile—and particularly relevant given new risks on the horizon—the latter approach allows for more flexibility should conditions change.

More fundamentally, we believe that the full effect of prior rate hikes has not yet been fully visible. Underneath the unusual amount of noise in the US macro data flow of the past month, the message remains one of weaker growth and disinflation. Despite the headline beat, this combination was visible even in this week's payrolls report.

Last month we argued that January's robust jobs gains accompanied by moderating wage inflation was actually a great combo and one that speaks to precisely the sort of dynamic that has been keeping us out of the recession camp so far and why we've also been more constructive than consensus on the inflation front. This month, we can say much the same about the February employment report, the difference being that there was more softness under the hood of resilience in the latest data.

Payrolls growth beat expectations again with a 311,000 increase, but this was partly offset by a 34,000 downward revision to the prior two months. The private sector added 265k, pretty much on par with the average that prevailed during the fourth quarter, i.e., prior to the anomalously strong January print. The government added 49k. The goods producing sector added 20,000 jobs, downshifting from the recent pace on a 4,000 loss in manufacturing. Services employment increased by 245k (ahead of the Q4 pace) as growth in retail trade employment accelerated. In our view, this seems inconsistent with underlying economic conditions, namely softening consumer demand and the fact that retail employment had fully recovered its Covid losses. In other words, we are suspicious of the resilience demonstrated by this sector and would not be surprised to see a pullback in coming months. Elsewhere, the only notable development is the ongoing strength in leisure and hospitality employment. This is a sector where employment remains almost 2.0% below January 2020 levels and so further gains can be expected here. The fact that they are actually now occurring suggest an improvement in the ease of hiring, implying better labor supply and less pressure on wages. This is indeed playing out it the data (Figure 1).

Figure 1: Mixed Wage Anecdotes In Latest US Payrolls Report



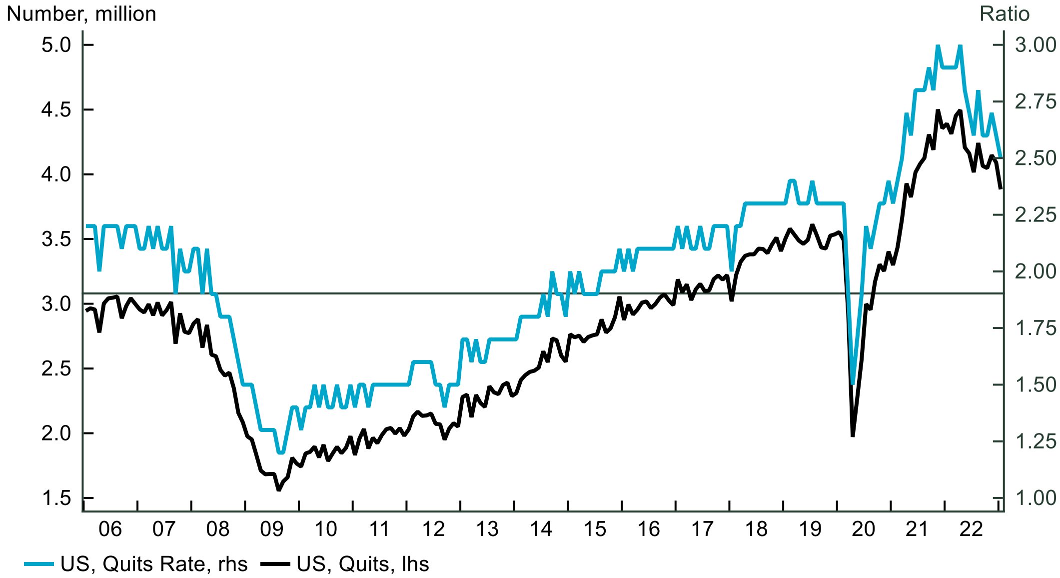
Sources: SSGA Economics, BLS, Macrobond

The rest of the report was softer. The household survey indicated a 177,000 employment gain and a 242,000 jump in unemployment. Given a one-tenth increase in the participation rate, this pushed the **unemployment rate** up two tenths to 3.6%. The hours data were on the weak side, a development accentuated by downward revision to prior months (though January remained robust). The overall workweek declined by six minutes and the average manufacturing workweek declined by twelve. The index of total aggregate weekly hours—a measure of labor effort in the economy—declined 0.1% m/m while total manufacturing hours declined 0.5% m/m.

The **wage data** remain supportive of our main labor market proposition, which, admittedly, goes against historical precedent. We believe that compositional changes and a reduction in churn can allow further easing of wage pressures even as the labor market as a whole remains tight. The evidence in that regard was mixed, but encouraging, in the latest report. Total average hourly earnings (AHE) rose a smaller than expected 0.2% which was the lowest since February 2022. However, extremely unfavorable base comparisons (0.0% m/m in February 2022) pushed this measure of wage inflation tup two tenths to 4.6% (still second lowest since August 2021). Average hourly earnings for production and non-supervisory employees rose 0.5%, leading to a one-tenth acceleration in this measure of wage inflation to 5.3%, the twin second-lowest since July 2021. We anticipate further improvement in the y/y comparisons over the coming few months.

That expectation stems partly from our belief that while job opening remain highly elevated, an increasing share of them is concentrated in the small business segment where firms face more limitations in their ability to compete for and pay for talent. This is indeed evident in the latest **JOLTS report**. Job openings remained very elevated at 10.8 million in January, really not that far off the 12.0 million March 2022 peak. Hiring picked up but quits declined to settle below the 4.0 million mark for the first time since May 2021. Meanwhile, a breakdown of job opening by establishment size shows considerable retrenchment in the "middle of the market" while openings at firms with less than ten employees touched a new record high.

Figure 2: Less Churn Ahead In The US Labor Market



Sources: SSGA Economics, BLS

Given the already reported sizable pullback in durable goods orders in January, it was not surprising that overall **factory orders** declined 1.6% during the month. As was already known from the earlier report on durable goods, it was defense and transportation orders that swayed the headline. The former provided support with a 3.8% m/m gain, while the latter was big detractor with a 13.3% monthly correction. Core orders (non-defense capital goods excluding aircraft)—a leading indicator for business equipment investment (BEI) in the GDP accounts—actually improved 0.8%, making the report much better than the headline alone would imply. Even so, orders growth momentum has been clearly waning. Overall factory orders were up just 4.3% y/y—the least since February 2021. Taking inflation into account, this implies a decline in real orders over that period.

Consumer credit rose by less than anticipated in January, a development that doesn't quite align with the supercharged 3.0% surge in retail sales that month. Total consumer credit increased by $14.8 billion (vs. $25+ billion expected); moreover, the December gain was revised by about $1.0 billion lower. During January specifically, revolving credit rose by $11.2 billion while non-revolving credit only rose by $3.6 billion, even less than in December. This is particularly surprising given that auto loans make up a big chunk of non-revolving credit and there was a reported surge in motor vehicle sales in January. The divergence seems to imply that more cars were purchased with cash or that more consumers are choosing to pay down credit balances. This would make sense since the cost of carrying a balance has risen sharply in following aggressive Fed tightening. This is an interesting dynamic to watch in amid the debate over how quickly are households' excess savings being depleted.

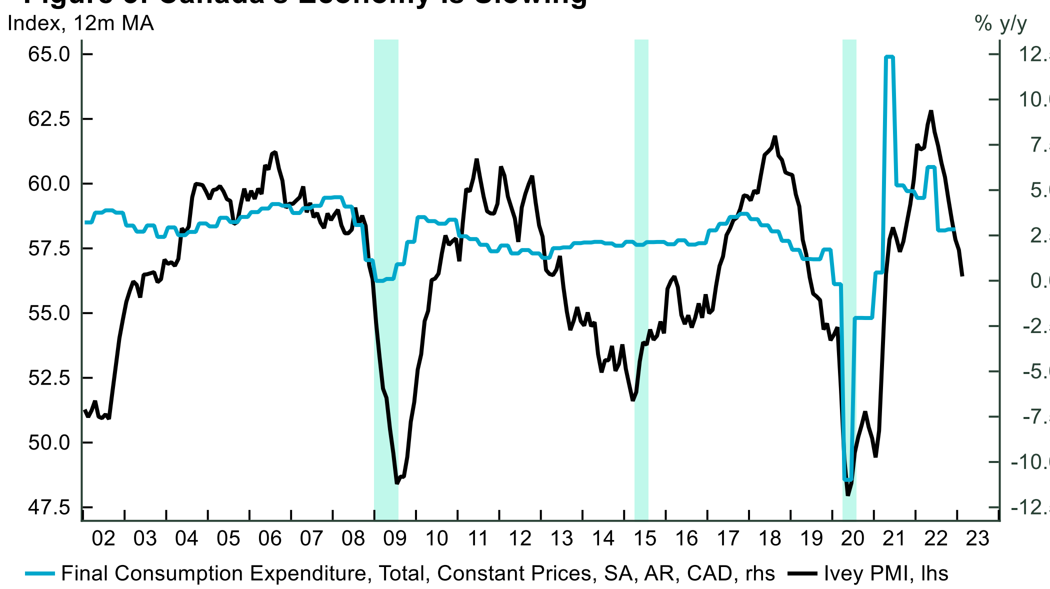
Canada

The **Bank of Canada (BoC)** left its policy rate unchanged at 4.5% this week, delivering on the signal it offered back in January. With data since then coming in largely as expected, the default assumption remains that no further hikes would be needed. However, should things change—most likely in the form of higher-than-expected inflation—the Governing Council "is prepared to increase the policy rate further if needed to return inflation to the 2% target." For now, the view is that softening demand and easing supply chain disruptions would facilitate further declines in both inflation and short-term inflation expectations, both of which "need to come down further" to "return inflation to the 2% target." Upside inflation risks stem primarily from the tight labor market, with employment described as "surprisingly strong". As such, the BoC is not ready (and rightly so) to declare an end to tightening without qualifying that accordingly but remains hopeful that the current restrictive policy stance, augmented by ongoing quantitative tightening, will be enough to bring about a decline in inflation back to target.

With this, we reckon the BoC is stuck between a rock and a hard place. Any subsequent hikes will add to the fears of a housing crash, while a prolonged pause will weaken the Canadian Dollar. To be sure, home prices are already down 10.0% from their peak, much more than in the US and other advanced economies. Given this and our expectation of ongoing disinflation, there are fewer chances of a BoC hike due to domestic data surprises but more likely due to a weaker Canadian dollar exacerbated by higher Fed Funds Rate.

At the turn of the year, macro data was quite volatile; monthly GDP showed a contraction in December but anticipated acceleration in January. However, domestic consumption is on a clear weakening trend. This is further evidenced by the seasonally adjusted **Ivey PMI** in February**,** down sharply to 51.6. The prices index rose 1.7 points to 65.3 but is down from March 2022's high of 86.0. And the employment index is down a touch to 59.4 but well above the 50 mark.

Figure 3: Canada's Economy Is Slowing



Sources: SSGA Economics, Ivey, StatCan, Macrobond

Indeed, Canada's **labor market** added 21,800 jobs in February, more than twice the consensus but not quite the extraordinary upside surprise that was the January report. Most job additions came in health care and social assistance—nearly 15,000—on top of January's 40,000 rise. However, employment declined by 11,000 in business, building and other support services, marking the first significant decline in four months. Interestingly, employment for those aged between 55-64 remained on a solid uptrend. Average hourly wages rose 5.4% y/y, up from January's 4.5% increase. These data present upside risk to our view that BoC will be on hold.

UK

It is hard to discern any real pattern in the **monthly real GDP** data other than to say that, on the whole, it has displayed a little more resilience over the past several months than generally expected. That was true again in January, when ONS estimates indicate a 0.3% monthly increase in GDP versus the flat performance anticipated by consensus. Mining and quarrying, on one hand, and construction, on the other, were the main detractors, joined by manufacturing. Conversely, service industries grew 0.5% on broad-based gains that were strongest in education, arts and entertainment, and a few others.

Industrial activity continues to struggle. Admittedly, the 0.3% m/m decline in January **industrial production** merely reversed the December gain, but output is still down 4.3% y/y. Utilities saved the day with modest gains because mining dropped 2.2% m/m and manufacturing was down 0.2% m/m.

Eurozone

None of the data released this week has much relevance for next week's ECB meeting, widely anticipated to result in a 50 basis point move and promises of additional tightening. Admittedly, just as in the US, market expectations for the end-2023 policy interest rate level have pulled back by about 25 basis points late in the week on contagion concerns. But, unlike in the US, where the size of the next move is now being debated, the ECB is seen as too far away from terminal to do just 25 bp. This view is further supported by a data flow whose general message is one of resilience, something we are happy to see given the relatively positive view on eurozone's economic performance that we've maintained over the past six months.

The **German** data this week were, on the whole, better than expected. Admittedly, at face value, **real retail sales** disappointed with a 0.3% contraction but this was more than made up for by a massive upward revision to the December data. Still, amid high inflation and conservative tendencies, real retail sales were down 6.9% y/y. Meanwhile, **industrial production** (including construction) jumped 3.5% m/m in January, more than twice the expected rate. The beat was further accentuated by an upward revision to the prior month. Performance was heavily influenced by a double digit surge in construction, with production of intermediate goods also up sharply during the month. Excluding construction, output rose 1.8% m/m. Even so, seasonally and workday adjusted total industrial production declined 1.2% y/y.

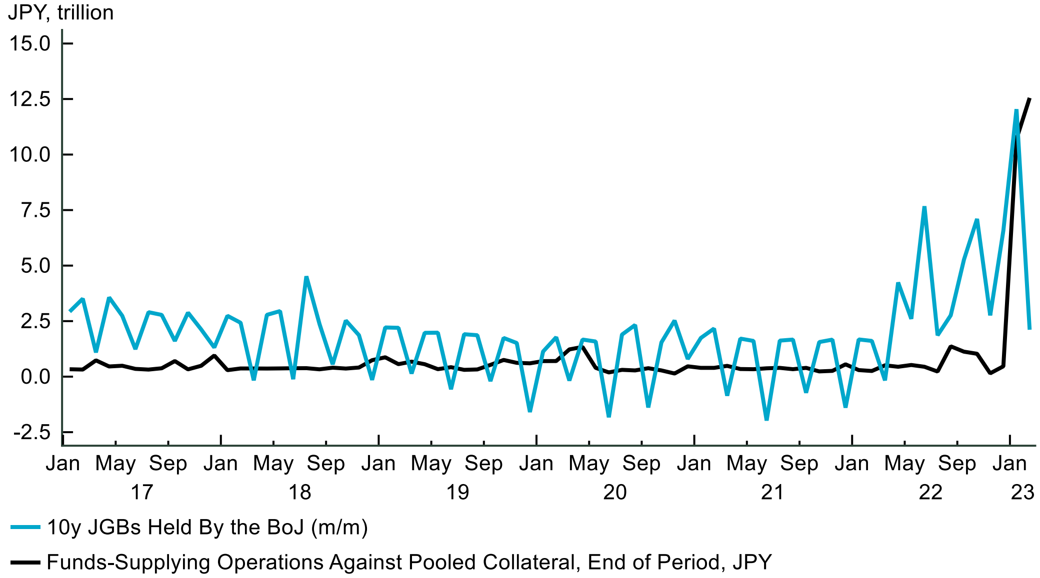
Japan

As widely expected, the **Bank of Japan (BoJ)** made no policy changes this week.

There were no surprises in the statement, and the bank did not offer any guidance on policy normalization thoughts. It retained its easing bias as “it would not hesitate to take additional easing measures if necessary”. Further, there were no announcements on the securities lending facility in light of almost all active 10y JGBs now more than fully held by the BoJ. The Financial Markets Department may fine-tune these rules soon, but the bond-market functionality may not improve without amending the Yield Curve Control (YCC).

So the focus now shifts to the policy under the new governor, Prof. Kazuo Ueda, whose nomination is now officially approved by the parliament. We still expect another YCC modification this year and don’t expect that market pressures will ease on the BoJ, especially in the wake of the US Fed’s renewed hawkishness. However, we do not think the time is ripe for exiting negative interest rates until mid-2024. Separately, we notice the BoJ’s reliance on and usage of the funds supplying program to conduct market operations and expect the program to have significance under the new leadership as well.

Figure 4: BoJ's Funds Supplying Program



Sources: SSGA Economics, BOJ, Macrobond

January’s monthly labor survey showed that **cash earnings per worker** rose 0.8% y/y, below consensus. The slowdown was expected after the hefty 4.1% rise in December due to annual special (bonus) payments. Many large companies are scheduled to announce their shunto wage outcomes on March 15; the overall outcome is due on March 17. In fact, the requested wage rise, released by the Japanese Trade Union Confederation (Rengo) was 4.49% - the highest in 25 years!

Separately, **Q4 GDP** was revised down to 0.1% q/q, saar from 0.6%, more significant than the consensus of 0.8%. This revision was due primarily to weaker consumption growth and more enormous inventory drags. Indeed, private consumption was revised down from 2.0% to 1.4%. This may be a wary consumer reacting to multi-decade high inflation, despite large accumulated pandemic savings.

Looking ahead, we anticipate a robust wage growth outcome at next week's *shunto* negotiations to encourage consumption subsequently. A lot hinges on the result.

Australia

As widely anticipated, the **Reserve Bank of Australia (RBA)** raised its target cash rate by another 25 basis points this week to 3.6%. The accompanying statement from Governor Lowe was more dovish than last month's. The bank noted the soft Q4 GDP and January's monthly CPI, which hinted at peak inflation. Changes in the statement indicate that the hikes will be more data-dependent, which qualifies a pause as a likely scenario next month. However, the statement had an element of caution pointing that more tightening seems needed to return inflation to target but that a lot of uncertainty remains around the timing and magnitude of said additional tightening.

Governor Lowe's speech on 'inflation and recent economic data' a day after the RBA meeting was also markedly dovish. He raised a possible pause as a 'matter of logic': the more the bank tightens, the closer we are to the terminal.

His comments align well with our views which envision another 25 basis point hike to a terminal rate of 3.85%, which is on the dovish side of consensus. Indeed, following a string of hot data releases in the US, market expectations for additional tightening have shifted higher almost across the board, including in Australia, where markets were pricing a peak cash rate of almost 4.4% merely ten days ago. The measured commentary from the RBA brought them closer to our terminal forecast at 3.9%. The governor reasoned why inflation might return to target with a less aggressive hiking cycle than the Federal Reserve. The two main reasons are softer wage growth in Australia (although it's debatable, it is "very important") the much more variable rate nature of Australian mortgages.

With the housing sector vulnerable to rate increases and household debt ratios among the highest levels across the developed market universe, the RBA must tread a more careful path than the Fed. Working in RBA's favor is that "wage growth is still consistent with the inflation target" and that "medium-term inflation expectations remain well anchored". Hence, while acknowledging uncertainty around the outlook and the fact that "there are a range of potential scenarios for the Australian economy", it makes sense for the RBA to not pre-commit to a path of what may prove to be excessive hawkishness. Rather, emphasizing the Board's unwavering commitment to bring inflation back to target and promising to do whatever will prove necessary to get back there is what's advisable, and the message the RBA chose to send this week.

While there is a reasonably plausible scenario that might require the RBA to deliver more than one additional rate hike, we will keenly watch next week's February employment, retail sales, and inflation data the week next. A higher terminal rate may be warranted if we get any outsized surprises in these data.

Looking ahead, we expect the labor market to have added fewer jobs than consensus at 48,000 while sentiment indicators may remain low.

Week in Review (March 06 – March 10)

Country	Release (Date, format)	Consensus	Actual	Last	Comments
Monday, March 06					
US	Factory Orders (Jan, m/m)	-1.8%	-1.6%	1.7% (↓)	Core orders rose 0.8% m/m.
US	Durable Goods Orders (Jan, m/m, final)	-4.5% (p)	-4.5%	5.1%	Pullback in aircraft orders.
CA	Ivey PMI (Feb, sa)	na	51.6	60.1	Employment still strong. Prices tick up.
JN	Labor Cash Earnings (Jan, y/y)	1.9%	0.8%	4.1% (↓)	Notable pullback.
AU	RBA Cash Rate Target (Mar 07)	3.60%	3.60%	3.35%	We still expect 3.85% terminal.
Tuesday, March 07					
US	Consumer Credit (Jan, $ bn)	25.000	14.799	10.692 (↓)	Muted growth at odds with surging retail sales.
GE	Factory Orders (Jan, m/m)	-0.7%	1.0%	3.4% (↑)	
Wednesday, March 08					
US	JOLTS Job Openings (jan, thous)	10,546	10,824	11,234 (↑)	Quits dipped below 4.0 million.
CA	Int'l Merchandise Trade (Jan, C$ bn)	-0.12	1.92	1.19 (↑)	Big beat and big upward revision to December.
CA	BoC Rate Decision (Mar 08)	4.50%	4.50%	4.50%	Watchfully on hold.
EC	GDP (Q4, q/q, final, sa)	0.1% (p)	0.0%	0.3%	Not a game changer.
GE	Retail Sales (Jan, m/m)	2.3%	-0.3%	-1.7% (↑)	Big upward revision to December balances miss.
GE	Industrial Production (Jan, m/m, sa)	1.4%	3.5%	-2.4% (↑)	Big beat and upward revision.
IT	Retail Sales (Jan, m/m)	0.2%	1.7%	-0.2%	Welcome.
JN	Leading Index CI (Jan, prelim)	96.9	96.5	96.9	Ziz-zagging around 96.5.
JN	GDP (Q4, q/q, final, sa)	0.2% (p)	0.0%	-0.3%	Consumption slowdown warrants caution.
Thursday, March 09					
US	Initial Jobless Claims (Mar 04, thous)	195	211	190	Still very low.
US	Continuing Claims (Feb 25, thous)	1,660	1,718	1,649 (↓)	Picking up again but still very low.
JN	PPI (Feb, y/y)	8.4%	8.2%	9.5%	Still elevated.
JN	BoJ Policy Balance Rate (Mar 10)	-0.10%	-0.1%	-0.10%	Focus shifts to new governor in April meeting.
Friday, March 10					
US	Change in Nonfarm Payrolls (Feb, thous)	225	311	504 (↓)	But wage pressures eased.
US	Unemployment Rate (Feb)	3.4%	3.6%	3.4%	Uptick in both participation and unemployment.
US	Monthly Budget Statement (Feb, $ bn)	-263.0	-262.4	-216.6	Not good.
CA	Unemployment Rate (Feb)	5.1%	5.0%	5.0%	Still ok.
CA	Employment Change (Feb, thous)	10.0	21.8	150.0	Wage growth needs observing.
UK	Monthly GDP (Jan)	0.0%	0.3%	-0.5%	Welcome resilience.
UK	Industrial Production (Jan, m/m)	0.0%	-0.3%	0.3%	Uninspiring.
IT	PPI (Jan, y/y)	na	11.6%	39.2%	Base effects come into play.

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

Week In Preview (March 13 – March 17)

Country	Release (Date, format)	Consensus	Last	Comments
Monday, March 13				
AU	Westpac Consumer Conf Index (Mar)	na	78.5	Could come in low on hawkish RBA during survey period.
AU	NAB Business Confidence (Feb)	na	6.0	May remain low.
Tuesday, March 14				
US	NFIB Small Business Index (Feb)	90.2	90.3	
US	CPI (Feb, y/y)	6.0%	6.4%	
CA	Manufacturing Sales (Jan, m/m)	na	-1.5%	May rebound.
UK	Average Weekly Earnings (Jan, y/y, 3m)	5.7%	5.9%	The BoE would like to see more moderation.
UK	ILO Unemployment Rate (Jan, 3m)	3.8%	3.7%	
IT	Industrial Production (Jan, m/m)	-0.2%	1.6%	
Wednesday, March 15				
US	PPI Final Demand (Feb, y/y)	5.4%	6.0%	
US	Empire Manufacturing (Mar)	-8.0	-5.8	
US	Retail Sales Advance (Feb, m/m)	-0.4%	3.0%	Payback after blockbuster January.
US	Business Inventories (Jan, m/m)	0.0%	0.3%	
US	NAHB Housing Market Index (Mar)	41.0	42.0	
CA	Housing Starts (Feb, thous)	na	215.4	May drop below 200k.
CA	Existing Home Sales (Feb, m/m)	na	-3.0%	May drop more.
EC	Industrial Production (Jan, m/m, sa)	na	-1.1%	
FR	CPI (Feb, y/y, final)	6.2% (p)	6.0%	
JN	Core Machine Orders (Jan, m/m)	1.5%	1.6%	Could surprise to the upside.
AU	Unemployment Rate (Feb)	3.6%	3.7%	May remain low.
AU	Change In Employment (Feb, thous)	48.5	-11.5	May surprise to the downside.
Thursday, March 16				
US	Initial Jobless Claims (Mar 11, thous)	205	211	
US	Continuing Claims (Mar 04, thous)	1698	1,718	
US	Import Price Index (Feb, y/y)	-1.1%	0.8%	
US	Housing Starts (Feb, thous)	1,310	1,309	
US	Building Permits (Feb, thous)	1,346	1,339	
US	Philly Fed Business Outlook (Mar)	-15.0	-24.3	
EC	ECB Main Refinancing Rate (Mar 16)	3.5%	3.0%	Trying to catch up.
JN	Industrial Production (Jan, m/m, final)	-4.6% (p)	0.3%	May not be a significant revision.
JN	Capacity Utilizaiton (Jan, m/m)	na	-1.1%	Steady.
Friday, March 17				
US	Industrial Production (Feb, m/m)	0.2%	0.0%	
US	Capacity Utilization (Feb)	78.5%	78.3%	
US	Leading Index (Feb)	-0.2%	-0.3%	
US	U. of Mich. Sentiment (Mar, prelim)	67.0	67.0	
CA	Industrial Product Price (Feb, m/m)	na	0.4%	Expect a tick down.
CA	Raw Materials Price Index (Feb, m/m)	na	-0.1%	Disinflationary.
EC	CPI (Feb, y/y, final)	8.5% (p)	8.6%	
JN	Tertiary Industry Index (Jan, m/m)	0.5%	-0.4%	May surprise to the upside.

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	5.6	5.3	5.4
Canada	Target: CPI 2.0% y/y, 1.0%-3.0% control range	6.9	6.9	6.8	6.3	5.9
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	8.6
Japan	Target: CPI 2.0% y/y	3.0	3.7	3.8	4.0	4.3
Australia	Target Range: CPI 2.0%-3.0% y/y	7.3	7.8	7.8	7.8	

Source: Macrobond

Key Interest Rates

	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23
US (top of target range)	0.50	1.00	1.75	2.50	2.50	3.25	3.25	4.00	4.50	4.50	4.75
Canada (Overnight Rate)	1.00	1.00	1.50	2.50	2.50	3.25	3.75	3.75	4.25	4.50	4.50
UK (Bank Rate)	0.75	1.00	1.25	1.25	1.75	2.25	2.25	3.00	3.50	3.50	4.00
Eurozone (Refi)	0.00	0.00	0.00	0.50	0.50	1.25	1.25	2.00	2.50	2.50	3.00
Japan (OCR)	-0.02	-0.03	-0.04	-0.01	-0.04	-0.07	-0.06	-0.08	-0.02	-0.01	-0.01
Australia (OCR)	0.10	0.33	0.73	1.28	1.81	2.25	2.58	2.84	3.05	3.10	3.29

Source: Macrobond

General Government Structural Balance as a % of Potential GDP

	2015	2016	2017	2018	2019	2020	2021	2022	Forecast 2023	Forecast 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				
	Oct	Nov	Dec	Jan	Feb		Oct	Nov	Dec	Jan	Feb
US	7.7	7.1	6.5	6.4			8.2	7.3	6.5	6.0	
Canada	6.9	6.8	6.3	5.9			9.9	9.3	7.7	5.4	
UK	11.1	10.7	10.5	10.1			17.5	16.0	14.5	13.5	
Eurozone	10.6	10.1	9.2	8.6			30.5	27.0	24.6	15.0	
Germany	8.8	8.8	8.1	8.7	8.7		34.5	28.2	21.6	17.6	
France	6.2	6.2	5.9	6.0	6.2		21.3	18.1	17.5	14.9	
Italy	11.8	11.8	11.6	10.0	9.2		27.7	29.4	31.7	11.1	
Japan	3.7	3.8	4.0	4.3			9.7	9.9	10.5	9.5	8.2
Australia	7.8	7.8	7.8				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	0.9
Canada	1.7	0.6	0.9	0.6	0.0		3.9	3.1	4.7	3.8	2.1
UK	1.5	0.5	0.1	-0.2	0.0		8.9	10.5	3.9	1.9	0.4
Eurozone	0.6	0.6	0.9	0.4	0.0		4.8	5.5	4.4	2.4	1.8
Germany	0.0	0.8	0.1	0.5	-0.4		1.2	3.5	1.7	1.4	0.9
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	1.0	0.4	-0.1		6.9	6.5	5.1	2.5	1.4
Japan	1.1	-0.5	1.2	-0.3	0.0		0.9	0.6	1.4	1.5	0.4
Australia	3.7	0.6	0.9	0.7	0.5		4.6	3.0	3.1	5.9	2.7

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	0.5	-1.2	0.1	-1.3			3.9	1.6	2.4	0.7	
UK	-0.1	0.2	0.1	0.3	-0.3		-5.4	-4.2	-4.4	-4.1	-4.3
Germany	1.1	-0.4	0.4	-2.4	3.5		2.7	-0.4	-0.6	-3.6	-1.2
France	-0.9	-2.4	1.9	1.5	-1.9		1.3	-2.8	0.5	1.8	-2.2
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	-4.6		9.6	3.8	-0.9	-0.8	-3.1

Source: Macrobond

Unemployment Rate (Seasonally Adjusted)

	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23
US	3.6	3.6	3.6	3.5	3.7	3.5	3.7	3.6	3.5	3.4	3.6
Canada	5.3	5.2	4.9	4.9	5.3	5.2	5.2	5.1	5.0	5.0	5.0
UK	3.8	3.8	3.6	3.5	3.6	3.7	3.7	3.7			
Eurozone	6.7	6.7	6.7	6.7	6.7	6.7	6.6	6.7	6.7	6.7	
Germany	5.0	5.0	5.3	5.4	5.5	5.5	5.5	5.5	5.5	5.5	5.5
France	7.5	7.5	7.5	7.4	7.2	7.1	7.2	7.1	7.2	7.1	
Italy	8.2	8.1	8.0	8.0	8.0	7.9	7.9	7.8	7.8	7.9	
Japan	2.6	2.6	2.6	2.6	2.5	2.6	2.6	2.5	2.5	2.4	
Australia	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	0.4	0.8	-1.2	-1.5
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	-0.5	0.5	0.7	0.4	-0.1	-0.2	-2.0	-3.2	-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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