
November 12, 2021

Commentary

Weekly Economic Perspectives

Contents

01 **The Economy**

US consumer price inflation hits a 30-year high. GDP growth slows in the UK. Eurozone industrial production slides. Producer price inflation surges in Japan. Labor market conditions still deteriorating in Australia.

06 Week in Review

07 Week in Preview

08 Economic Indicators

Spotlight on Next Week

Consumer price inflation poised to accelerate in Canada and the UK. The Japanese economy likely contracted in Q3.

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

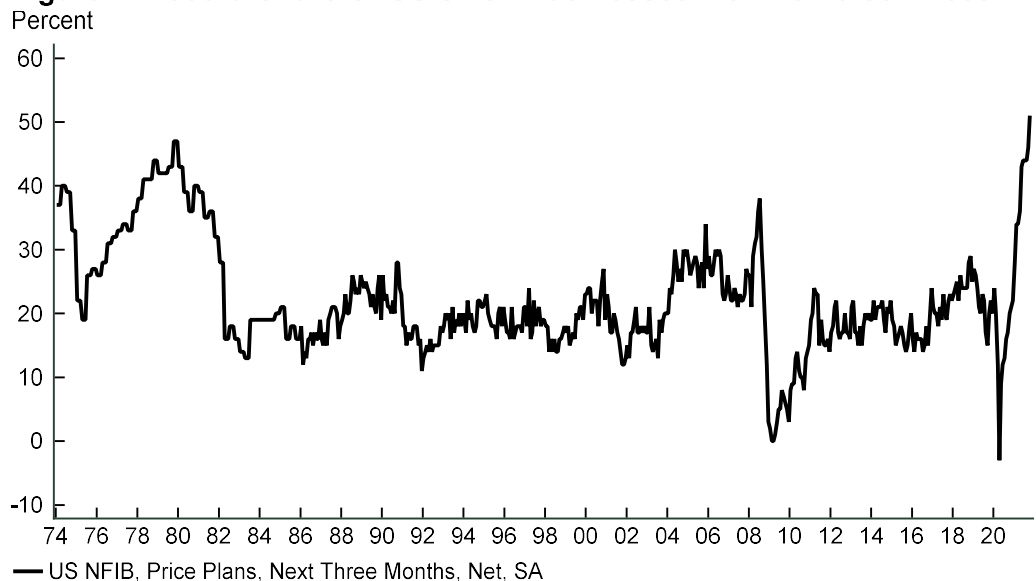
More upside inflation surprises, but markets don't seem overly perturbed.

US

It turns out that the appearance of a peak in **consumer price inflation** over the last couple of months was just that: an appearance. And remember what they say about appearances? They can be deceiving! Indeed, inflation surprised heavily to the upside in October to made new cycle and multi-decade highs. The headline measure hit 6.2% y/y (highest since October 1990), while the core (excluding food and energy) accelerated to 4.6% y/y (the highest since September 1991). Food and energy certainly played a big role in driving prices up 0.9% during the month, but gains were broad-based as evidenced by the 0.6% increase in core prices. Services prices rose 0.6% and housing costs rose 0.7%. Within the latter, owner equivalent rent was up another 0.4%; watch this component because it has a lot further to run. Two other categories that warrant mention were recreation (up 0.7% m/m) and medical costs (up 0.5% m/m). Medical cost inflation remain quite tame at only 1.3% y/y, suggesting further gains ahead. In fact, further gains ahead may be likely across a wide range of items if signals from the small business survey (see below) are to be believed...

Small business sentiment remains challenged amid rising costs and difficulties finding workers. The **NFIB small business optimism** index touched a seven month low of 98.2 in October as sales and profits deteriorated and assessments of overall business conditions softened. Price pressures remain intense. Higher proportions of respondents said they've recently raised wages and plan to do so over the next few months; and a higher proportion of respondents said they've raised prices in the last three months and plan to do so in the next three. In fact, the latter metric hit a record high in data going back to the 1970s! Hiring slowed and hiring plans were unchanged, but actual and planned capital expenditures increased in what might be a sign that firms are starting to substitute capital for labor given inability to find qualified workers.

Figure 1: Record Share Of US Small Businesses Plan To Raise Prices



Sources: SSGA Economics, NFIB, BLS

High inflation is not only hurting small business sentiment but consumer sentiment as well. The **Michigan consumer sentiment index** plunged 4.9 points in November to 66.8, its lowest level since November 2011. Unsurprisingly given the magnitude of the move, both the current situation and expectations components deteriorated. Inflation expectations remain historically elevated: long term (5-10 years) expectations were unchanged at 2.9%. while short term (1-year) expectations inched up another tenth to 4.9%, the highest since July 2008. The accompanying statement linked the decline “to an escalating inflation rate and the growing belief among consumers that no effective policies have yet been developed to reduce the damage from surging inflation. One-in-four consumers cited inflationary reductions in their living standards in November, with lower income and older consumers voicing the greatest impact.” As consumers see their purchasing power eroded by rising prices, it seems that more of them are responding by seeking new, better paying jobs (see below).

The labor market remains in a major excess demand/insufficient supply situation. There remain 10.4 million **job openings** in the US economy, down by 660,000 since a record two months ago, but far ahead the sub-8 million levels that prevailed prior to Covid. Tellingly, quits rose to yet another record high at 4.4 million; the quits rate reached a record 3.0%, adding to employers’ difficulties in meeting labor demand. The pace of hiring was incrementally softer, but given the reports’ lagged nature (the reference month is September), we suspect this should improve again in October, when payroll employment gains accelerated. The ratio of unemployed per job opening hit another record low of just over 0.7.

Now that the special unemployment benefit programs have expired, the traditional state level programs have once again become the primary indicator to watch in this space. By and large, they’ve normalized back to pre-pandemic levels, although they have a little more to go. Initial **unemployment claims** eased marginally to a new pandemic-era low of 267,000 in the week ending November 6, while continuing claims increased by 59,000 to 2.16 million in the week ending October 30th.

Mortgage delinquencies continue to retreat from the spike experienced during the early months of the Covid pandemic. The delinquency rate eased to 4.9% in the third quarter from 5.5% in the second. This is still well more than a full percentage point above pre-Covid levels but much improved from the 8.2% peak a year ago.

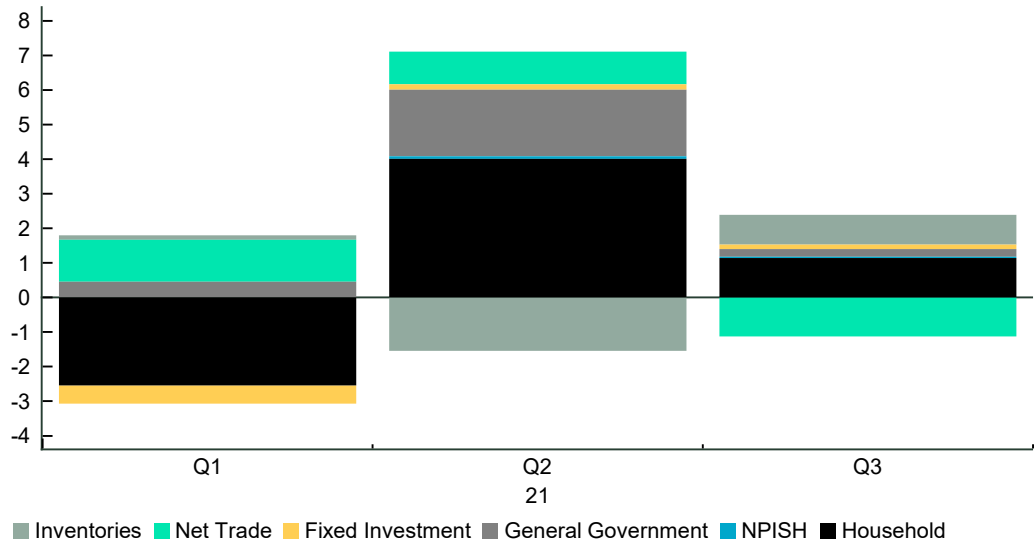
The new fiscal year starting in October began on a better note than the prior fiscal year. The monthly **budget deficit** narrowed to \$165 billion from \$284 in October 2020 as revenues improved and spending declined. Total revenues rose 19.4% y/y, with a 32.3% jump in individual income taxes and a 71.6% surge in corporate income taxes. Spending declines were quite broad based and amounted to a 14.0% y/y drop. For the fiscal year ended in September 2021, the deficit totaled \$2.77 trillion, equivalent to over 12.0% of GDP.

UK

Third quarter **GDP growth** only modestly undershot expectations, but the details were a bit softer than we'd have liked. The economy grew 1.3% q/q (a little below the 1.5% expected rate), driven almost entirely by household consumption, which added 1.1 percentage points (ppt) to the overall performance. On the other side of the scale, net exports were a major detractor, offsetting nearly all the lift from private consumption. Somewhat concerningly, inventories continued to accumulate; in this regard the UK stands in sharp contrast to the experience of the US but also looks less likely to benefit from an inventory building cycle in 2022. Real GDP remains about 2.0% below the pre-covid peak, but should regain that level by the second quarter of next year. The latest update opens a slight downside risk to our full-year 2021 7.0% growth forecast, but not a significant one.

Figure 2: Softer Headline, Softer Details In UK Q3 GDP Data

Percentage point contribution to quarterly growth



Industrial production retreated 0.4% in September on across-the-board declines across all categories, the largest of which was a 1.6% drop in electricity production. Output was 2.9% above year-earlier levels, having risen 7.9% y/y on average during the first nine month of 2021.

Eurozone

Eurozone industrial production declined 0.2% in September, a little less than expected, but not a huge surprise. We already knew, following sizable declines in Germany and France reported last week, that a soft print was likely. This week's update from Italy, showing an incremental 0.1% monthly gain makes it clear that it was the better performance in the smaller economies that helped lift the aggregate.

Japan

Japanese **wage inflation** remains not just tepid, but practically non-existent. Average monthly labor cash earnings rose 0.2% y/y in September, the lowest level since June and, prior to that, February. No big trend change seems likely any time soon.

Meanwhile, **producer price inflation** is rapidly accelerating, hitting 8.0% y/y, the highest level since 1980. Given the magnitude, it seems inevitable that businesses will try to pass on some of these higher costs onto customers, but given the weak wage inflation backdrop, consumers are likely to push back against such attempts.

Australia

The labor market deteriorated further in October, although the details were perhaps less dire than the 0.6 percentage point (ppt) increase in the **unemployment rate** (to 5.2%) might suggest. That is because about a third of that rise reflected a two-tenth increase in the labor force participation rate, which itself should be seen as evidence of healing and a positive development. However, make no mistake about it, we are still talking about a deterioration, as employment declined for the third consecutive month. The good news was that the magnitude of the decline was much smaller (46k) compared with the prior two months. Give it another month, maybe two, and we should be able to report on renewed gains in employment. However, the unemployment rate could rise further as the participation rate moves higher as well.

Figure 3: Australian Unemployment Rate May Rise Further



Sources: SSGA Economics, ABS

Consumer sentiment is just starting to put in a bottom but business sentiment has been on a clear uptrend for some months. NAB business confidence index posted another big gain in October, up 11.2 points to a six-month high of 20.8. Gains were broad based, with a notable 16.0-point jump in new orders that bodes very well for the near term outlook.

Week in Review (November 8–October 15)

| Country | Release (Date, format) | Consensus | Actual | Last | Comments |
|-------------------------------|---|-----------|--------|----------|---|
| Monday, November 8 | | | | | |
| JN | Leading Index CI (Sep, prelim) | 99.8 | 99.7 | 101.3 | Soft. |
| JN | Labor Cash Earnings (Sep, y/y) | 0.6% | 0.2% | 0.6%(↓) | Soft. |
| AU | NAB Business Confidence (Oct) | na | 21 | 10(↓) | Positive signal. |
| Tuesday, November 9 | | | | | |
| US | NFIB Small Business Optimism (Oct) | 99.5 | 98.2 | 99.1 | Price indicators higher again. |
| US | PPI Final Demand (Oct, y/y) | 8.6% | 8.6% | 8.6% | As expected. |
| GE | ZEW Survey Expectations (Nov) | 20 | 31.7 | 22.3 | Mixed. |
| FR | Bank of France Ind. Sentiment (Oct) | 100 | 102 | 100 | Positive signal. |
| AU | Westpac Consumer Conf Index (Nov) | na | 105.3 | 104.6 | Unsurprising improvement. |
| Wednesday, November 10 | | | | | |
| US | Initial Jobless Claims (thous) | 260 | 267 | 271(↑) | Pandemic-era low. |
| US | Continuing Claims (thous) | 2,050 | 2,160 | 2,101(↓) | But in downtrend. |
| US | CPI (Oct, y/y) | 5.9% | 6.2% | 5.4% | Highest since October 1990! Core up to 4.6% y/y |
| US | Monthly Budget Statement (Oct, \$bn) | -183.0 | -165.1 | -281.1 | Rising revenues, lower spending. |
| US | Mortgage Delinquencies (Q3) | | 4.9% | 5.5% | Steady improvement. |
| GE | CPI (Oct, y/y, final) | 4.5%(p) | 4.5% | 4.1% | We already knew this. |
| IT | Industrial Production (Sep, m/m) | -0.1% | 0.1% | -0.3%(↓) | Tepid. |
| JN | PPI (Oct, y/y) | 7.0% | 8.0% | 6.4%(↑) | Expect some passthrough to CPI soon. |
| AU | Unemployment Rate (Oct) | 4.8% | 5.2% | 4.6% | Employment loss, but also higher participation. |
| Thursday, November 11 | | | | | |
| UK | GDP (Q3, q/q sa) | 1.5% | 1.3% | 5.5% | Details were a bit soft. |
| UK | Industrial Production (Sep, m/m, final) | 0.2% | -0.4% | 1.0%(↑) | Up 2.9% y/y. |
| Friday, November 12 | | | | | |
| US | JOLTS Job Openings (Sep, k) | 10,300 | 10,438 | 10,629 | Quits rose to another record high of 4.4 million. |
| US | U. of Mich. Sentiment (Nov, p) | 72.5 | 66.8 | 71.7 | Lowest in a decade! |
| EC | Industrial Production (Sep, m/m sa) | -0.5% | -0.2% | -1.7%(↓) | Should improve in Q4. |

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

Week Preview (November 14 – November 19)

| Country | Release (Date, format) | Consensus | Last | Comments |
|-------------------------------|---|-----------|----------|---|
| Monday, November 15 | | | | |
| US | Empire Manufacturing (Nov) | 22.0 | 19.8 | |
| CA | Manufacturing Sales (Sep, m/m) | -3.1% | 0.5% | |
| CA | Existing Home Sales (Oct, m/m) | na | 0.9% | |
| JN | GDP (Q3, q/q sa, prelim) | -0.2% | 0.5% | |
| JN | Industrial Production (Sep, m/m, final) | -5.4%(p) | -3.6% | |
| JN | Tertiary Industry Index (Sep, m/m) | 0.8% | -1.7% | |
| Tuesday, November 16 | | | | |
| US | Retail Sales Advance (Oct, m/m) | 0.8% | 0.7% | Real sales won't look nearly as good... |
| US | Import Price Index (Oct, y/y) | 10.2% | 9.2% | Price pressures are still intense. |
| US | Industrial Production (Oct, m/m) | 0.8% | -1.3% | |
| US | Capacity Utilization (Oct) | 75.9% | 75.2% | |
| US | Business Inventories (Sep) | 0.6% | 0.6% | |
| US | NAHB Housing Market Index (Nov) | 80 | 80 | |
| CA | Housing Starts (Oct, thous) | 255.0 | 251.2 | |
| UK | Average Weekly Earnings (Sep, 3m y/y) | 5.6% | 7.2% | |
| UK | ILO Unemployment Rate (Sep, 3m) | 4.4% | 4.5% | |
| EC | GDP (Q3, q/q sa, prelim) | 2.2% | 2.1% | |
| JN | Core Machine Orders (Sep, m/m) | 1.8% | -2.4% | |
| AU | Wage Price Index (Q3, y/y) | 2.2% | 1.7% | |
| Wednesday, November 17 | | | | |
| US | Building Permits (Oct, thous) | 1,630 | 1,586(↓) | Housing demand is still very strong. |
| US | Housing Starts (Oct, thous) | 1,580 | 1,555 | |
| CA | Teranet/National Bank HPI (Oct, y/y) | na | 17.3% | |
| CA | CPI (Oct, y/y) | 4.7% | 4.4% | Yet to peak... |
| UK | CPI (Oct, y/y) | 3.9% | 3.1% | Yet to peak... |
| Thursday, November 18 | | | | |
| US | Initial Jobless Claims (13-Nov) | 260 | 267 | |
| US | Continuing Claims (06-Nov) | 2110 | 2160 | |
| US | Philadelphia Fed Business Outlook (Nov) | 24.0 | 23.8 | |
| US | Leading Index (Oct) | 0.8% | 0.2% | |
| US | Kansas City Fed Manf. Activity (Nov) | 30 | 31 | |
| UK | GfK Consumer Confidence (Nov) | -18 | -17 | This might surprise positively. |
| JN | CPI (Oct, y/y) | 0.1% | 0.2% | Bound to accelerate soon. |
| Friday, November 19 | | | | |
| CA | Retail Sales (Sep, m/m) | -1.9% | 2.1% | |
| UK | Retail Sales Inc Auto Fuel (Oct, m/m) | 0.5% | -0.2% | |
| GE | PPI (Oct, y/y) | 16.2% | 14.2% | This hurts! |
| FR | ILO Mainland Unemployment Rate (Q3) | 7.6% | 7.8% | Continued healing. |
| IT | Industrial Sales (Sep, m/m) | | 0.8% | |

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

Economic Indicators

Central Bank Policy Targets

| Region | Target | Year/Year % Change in Target | | | | |
|-----------|---|------------------------------|------|------|------|-----|
| | | May | Jun | Jul | Aug | Sep |
| US | Target: PCE price index 2.0% y/y | 4.0 | 4.0 | 4.2 | 4.2 | 4.4 |
| Canada | Target: CPI 2.0% y/y, 1.0%-3.0% control range | 3.6 | 3.1 | 3.7 | 4.1 | 4.4 |
| UK | Target: CPI 2.0% y/y | 2.1 | 2.5 | 2.0 | 3.2 | 3.1 |
| Eurozone | Target: CPI below but close to 2.0% y/y | 2.0 | 1.9 | 2.2 | 3.0 | 3.4 |
| Japan | Target: CPI 2.0% y/y | -0.8 | -0.5 | -0.3 | -0.4 | 0.2 |
| Australia | Target Range: CPI 2.0%-3.0% y/y | 3.8 | 3.8 | 3.0 | 3.0 | 3.0 |

Source: Macrobond

Key Interest Rates

| | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 | Jul-21 | Aug-21 | Sep-21 | Oct-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) | -0.03 | -0.01 | -0.02 | -0.04 | -0.02 | -0.03 | -0.05 | -0.04 | -0.04 | -0.05 | -0.03 |
| 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

| | | | | | | | | | | Forecast | |
|-----------|------|------|------|------|------|------|------|-------|------|----------|--|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 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 | | | | |
|-----------|------------------------|------|------|-----|-----|--|------------------------|------|------|------|-----|
| | Jun | Jul | Aug | Sep | Oct | | Jun | Jul | Aug | Sep | Oct |
| US | 5.4 | 5.4 | 5.3 | 5.4 | 6.2 | | 7.6 | 7.8 | 8.3 | 8.6 | 8.6 |
| Canada | 3.1 | 3.7 | 4.1 | 4.4 | | | 17.4 | 16.1 | 14.6 | 14.9 | |
| UK | 2.5 | 2.0 | 3.2 | 3.1 | | | | | | | |
| Eurozone | 1.9 | 2.2 | 3.0 | 3.4 | | | 10.3 | 12.4 | 13.4 | 16.0 | |
| Germany | 2.3 | 3.8 | 3.9 | 4.1 | 4.5 | | 8.5 | 10.4 | 12.0 | 14.2 | |
| France | 1.5 | 1.2 | 1.9 | 2.2 | 2.6 | | 7.4 | 8.5 | 9.5 | 10.8 | |
| Italy | 1.3 | 1.9 | 2.0 | 2.5 | 2.9 | | 9.1 | 11.2 | 11.6 | 13.3 | |
| Japan | -0.5 | -0.3 | -0.4 | 0.2 | | | 5.2 | 5.8 | 5.9 | 6.4 | 8.0 |
| Australia | 3.8 | 3.0 | 3.0 | 3.0 | | | 2.2 | 2.9 | 2.9 | 2.9 | |

Source: Macrobond

Economic Indicators

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 |
| Canada | 9.1 | 2.2 | 1.4 | -0.3 | | -5.1 | -3.1 | 0.3 | 12.7 | |
| 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 | -0.3 | 2.1 | 2.2 | -4.0 | -4.4 | -1.2 | 14.2 | 3.7 |
| Germany | 9.0 | 0.7 | -1.9 | 1.9 | 1.8 | -3.7 | -2.9 | -3.0 | 9.9 | 2.5 |
| France | 18.5 | -1.1 | 0.1 | 1.3 | 3.0 | -3.6 | -4.3 | 1.5 | 18.8 | 3.3 |
| Italy | 15.6 | -1.7 | 0.3 | 2.7 | 2.6 | -5.4 | -6.6 | -0.7 | 17.0 | 3.8 |
| Japan | 5.4 | 2.8 | -1.1 | 0.5 | | -5.4 | -0.8 | -1.3 | 7.7 | |
| Australia | 3.6 | 3.2 | 1.9 | 0.7 | | -3.6 | -0.9 | 1.3 | 9.6 | |

Source: Macrobond

Industrial Production Index (M/M Seasonally Adjusted)

| | Month/Month % Change | | | | | Year/Year % Change | | | | |
|---------|----------------------|------|------|------|------|--------------------|------|------|------|------|
| | May | Jun | Jul | Aug | Sep | May | Jun | Jul | Aug | Sep |
| | US | 0.7 | 0.5 | 1.0 | -0.1 | -1.3 | 16.4 | 10.2 | 6.9 | 5.7 |
| Canada | -0.4 | 2.5 | -0.8 | 0.2 | | 12.3 | 9.9 | 5.7 | 6.7 | |
| UK | 0.9 | -0.6 | 0.3 | 1.0 | -0.4 | 23.4 | 10.3 | 4.5 | 4.0 | 2.9 |
| Germany | -0.6 | -0.8 | 1.0 | -3.5 | -1.1 | 16.7 | 5.8 | 6.2 | 2.0 | -0.8 |
| France | -0.4 | 0.4 | 0.5 | 1.0 | -1.3 | 20.4 | 7.0 | 4.0 | 3.9 | 0.8 |
| Italy | -1.6 | 1.1 | 1.0 | -0.3 | 0.1 | 21.2 | 13.8 | 7.2 | -0.3 | 4.5 |
| Japan | -6.5 | 6.5 | -1.5 | -3.6 | -5.4 | 21.1 | 23.0 | 13.3 | 7.1 | -2.3 |

Source: Macrobond

Unemployment Rate (Seasonally Adjusted)

| | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 | Jul-21 | Aug-21 | Sep-21 | Oct-21 |
|-----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| US | 6.7 | 6.3 | 6.2 | 6.0 | 6.1 | 5.8 | 5.9 | 5.4 | 5.2 | 4.8 | 4.6 |
| Canada | 8.8 | 9.4 | 8.2 | 7.5 | 8.1 | 8.2 | 7.8 | 7.5 | 7.1 | 6.9 | 6.7 |
| UK | 5.1 | 5.0 | 4.9 | 4.8 | 4.8 | 4.7 | 4.6 | 4.5 | | | |
| Eurozone | 8.1 | 8.2 | 8.1 | 8.1 | 8.2 | 8.0 | 7.8 | 7.6 | 7.5 | 7.4 | |
| Germany | 6.1 | 6.0 | 6.0 | 6.0 | 6.0 | 5.9 | 5.8 | 5.6 | 5.5 | 5.5 | 5.4 |
| France | 7.8 | 7.9 | 8.1 | 8.1 | 8.3 | 8.3 | 8.0 | 8.0 | 8.0 | 7.7 | |
| Italy | 9.8 | 10.2 | 10.1 | 10.0 | 10.1 | 9.9 | 9.3 | 9.2 | 9.3 | 9.2 | |
| Japan | 3.0 | 2.9 | 2.9 | 2.6 | 2.8 | 3.0 | 2.9 | 2.8 | 2.8 | 2.8 | |
| Australia | 6.6 | 6.4 | 5.9 | 5.7 | 5.5 | 5.1 | 4.9 | 4.6 | 4.5 | 4.6 | 5.2 |

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 | -3.0 | -1.7 | -2.0 | -1.6 | -3.0 | -1.6 | -1.8 | -0.9 | 0.3 | 0.6 | |
| 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 | |
| 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 | -1.3 | -3.5 | -2.2 | -0.9 | -1.1 | -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.

The whole or any part of this work may not be reproduced, copied, or transmitted or any of its contents.

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

November 12 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.

© 2021 State Street Corporation.
All Rights Reserved.
2537623.120.1.GBL.RTL
Exp. Date: 11/30/2022