Weekly Economic Perspectives

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Weekly Highlights

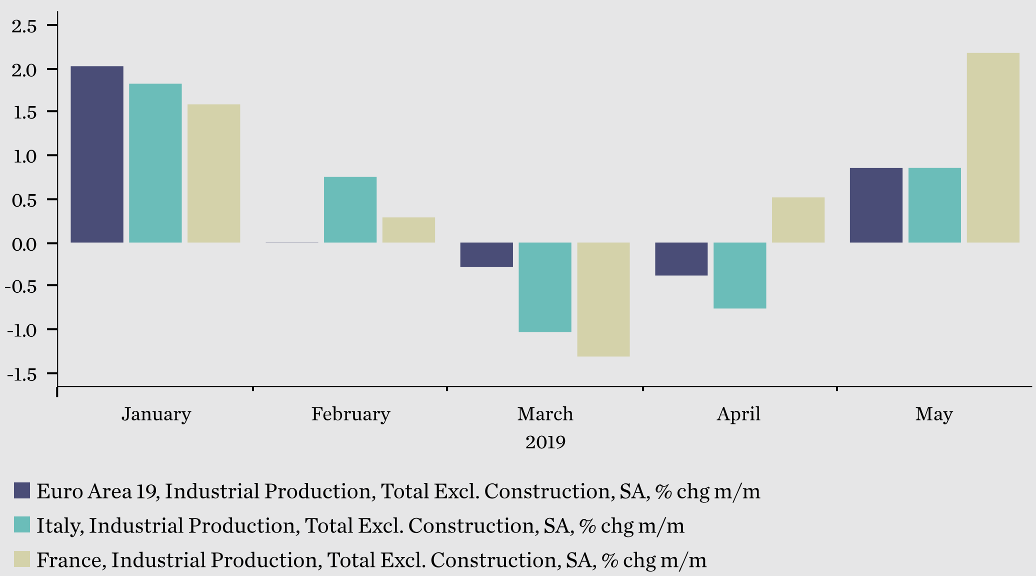
- **Economies:** Core inflation quickens in the US. Bank of Canada remains on hold. Industrial production rebounds in the UK and the eurozone. Wage inflation continues to falter in Japan. Business confidence remains weak in Australia. (pages 2 – 5)
- **Markets:** US equity markets continue to advance, but most non-US markets pare recent gains. Bond yields widen slightly as decent incoming data reigns in aggressive easing expectations. The dollar eases slightly, the pound gains some ground late in the week. Oil jumps on geopolitical risks, higher Chinese imports. (page 6)

Upcoming Highlights

- **Spotlight:** Industrial production may eke out a modest gain in the US. Retail sales make shrink again in the UK but they are likely to increase in Canada. Unemployment rate may hold steady in Australia. (page 8)

Tables

Figure 1: Welcome Improvement In Eurozone Industrial Production



Sources: Eurostat, Istat, INSEE

STATE STREET GLOBAL ADVISORS

Week in Review

US

Fed minutes gather a lot of attention usually but the once released this week (pertaining to the June 18-19 meeting) have been largely overshadowed by Fed Chair Powell testimony in Congress. Both were dovish, however, and appear to be cementing market expectations of a rate cut in July. The minutes noted that "a few participants were concerned that inflation expectations had already moved below levels consistent with the Committee's symmetric 2 percent objective and that it was important to provide additional accommodation in the near term to bolster inflation expectations". Thus, while nearly all Committee members agreed to leave the Fed Funds rate unchanged in June (James Bullard dissented in favor of an immediate cut), "they generally agreed that risks and uncertainties surrounding the economic outlook had intensified and many judged that additional policy accommodation would be warranted if they continued to weigh on the economic outlook". According to Chair Powell's testimony, the perception appears to be that these risks have not only persisted by even intensified since the June meeting, which seems to suggest a cut is imminent. And yet, we would argue that both the data and the news flow since the June meeting have actually improved a little (G20 truce, strong employment report, positive inflation surprises), so while the July cut seems likely, we caution against assuming that another would follow in short order. Meanwhile, comments from other Fed officials this week (of which there have been many) have skewed dovish, though some have said that they do not yet see compelling arguments for a near term cut.

Soft inflation has garnered a lot of attention from Fed officials (and market participants) lately. That said, **consumer prices** came in a bit stronger than expected in June. Overall consumer prices increased 0.1% (as expected) as energy prices plunged 2.3%, while food prices increased a modest 0.1%. Core prices, however, (which exclude food and energy) rose 0.3%, ahead of expectations and the most since January 2018. Within the core, housing costs rose 0.3% even though lower oil prices drove another 0.5% decline in fuels and utility costs. Medical care increased 0.3%, the same as in the prior three months. Apparel prices, which had been falling of late partly in response to methodological changes, jumped 1.1%. The headline inflation rate decelerated another two tenths to 1.6% y/y but the core inflation rate quickened a tenth to 2.1% y/y.

Producer prices also came in a little stronger than expected in June, with overall prices increasing 0.1% and core prices (excluding food and energy) rising 0.3%. On the other hand, the alternative measure of core prices (also excluding the volatile trade services) was flat in June, having jumped 0.4% the months before. Food prices rose 0.6% but energy prices retreated 3.1%. Services prices increased 0.4%, the largest gain since October. Still, base effects caused the headline PPI inflation rate to ease one tenth to 1.7% y/y. The traditional core measure was unchanged at 2.3% and the alternative core measure retreated two tenths to 2.1%.

Small business sentiment has been holding up better than equivalent surveys for larger firms but trade policy uncertainty, higher tariffs, and slower global growth, are taking a toll. The **National Federation of Independent Business (NFIB) index** lost 1.7 points to 103.3 in June, a three month low, with rather soft details. The profit metric, which has surged to an eight-month high in May plunged by the most since June 2015. Employment recorded the second sizable decline in the last three months. Sales expectations and capex plans also declined significantly, although they both remain within the range of the last few months. The share of respondents saying now is a good time to expand declined four points, giving back most of May's improvement. Meanwhile, the uncertainty metric surged to the highest since March 2017. We suspect this may reverse somewhat following the G20 meeting and decision to postpone further tariff escalation on imports from China, but it is clear than businesses are becoming more concerned about the outlook. The prices paid metric jumped to the highest since December, suggesting a possible uptick in inflationary pressures.

Despite heightened uncertainty and recent volatility in employment data, labor demand appears solid. Admittedly, **job openings** declined by for a second consecutive month to 7,323,000 in May, with April having been revised noticeably lower as well. However, they remain above the 7,000,000 mark that had been exceeded for the first time ever a little over a year ago, in April 2018. There were several interesting sector details. Openings declined fairly sharply in trade and transportation but rebounded in healthcare, leisure/hospitality and in "other services". Somewhat surprisingly, job openings in manufacturing rose to a new multi-year high (Figure 2, page 3), suggesting that despite softer conditions, labor demand in the sector remains solid. It is difficult to isolate evidence of any supply-chain realignment as of yet, however, but the upward trend in manufacturing employment is certainly not be consistent with such a possibility. Unsurprisingly given the weak May employment data, hires fell by 266,000 while quits—a measure of worker sentiment—declined by 91,000. The hires rate retreated two ticks to 3.8%. The separations rate also retreated two tenths to 3.6% even though the quits rate was unchanged at 2.3% (where it has been for a year), suggesting a decline in involuntary separations or a decline in retirement attrition (or both). There are currently 0.8 unemployed people for each vacancy.

Figure 2: US Job Openings In Manufacturing Are On The Rise

Sources: U.S. Bureau of Labor Statistics (BLS)

Initial unemployment claims—a measure of job shedding—declined by 13,000 to 209,000 during the week ending July 6, but given this was a holiday week we would take this with a grain of salt. Meanwhile, continuing claims—a measure of unemployment—jumped by 27,000 to 1,723,000 in the week ended June 29. This was the first time continuing claims moved back above the 1,700,000 since late March. Despite eroding somewhat of late, these remain extremely low levels historically.

Consumer credit continues to grow at a steady yet moderate pace. It expanded by $17.1 billion in May, not much changed from the month before, with gains across both revolving (+7.3 billion) and non-revolving credit (+9.6 billion).

The **federal government budget deficit** is widening but June was a favorable month as the $8.5 billion deficit was far lower than the shortfall recorded a year earlier. But this appears to be more of an aberration than a trend, especially since the fiscal year-to-date deficit (FYTD, i.e., since October) has actually widened by 23% to $747 billion. FYTD revenues have increased 2.7% with individual income tax down 0.3%, employment tax up 7.8%, and corporate income tax up 1.6%. FYTD spending rose 6.6%, with defense up 8.6%, agriculture up 28.4%, and interest costs up 16.4%.

Canada

As widely expected, the **Bank of Canada** (BoC) left its policy rate unchanged at 1.75% at the July 10th meeting. Uncertainties regarding the global trade environment were highlighted, as "evidence has been accumulating that ongoing trade tensions are having a material effect on the global economic outlook". Despite flagging concerns from external sources, the BoC seemed assured about the domestic economy, noting that "Canada's economy is returning to growth around potential, as expected". Indeed, the BoC observed that the second quarter is shaping up better than expected, leading to an incremental upgrade to 2019 GDP growth to 1.3%, while retaining the outlook for around 2.0% growth in 2020 and 2021. Both headline and core inflation measures are expected to stay around the 2% target. CPI will likely dip in 2019 due to the dynamics of gasoline prices, but as the slack in the economy is absorbed, inflation is expected to return to the lower bound of the target. The BoC believes that the "degree of accommodation being provided by the current policy interest rate remains appropriate". This implies a broadly neutral policy stance, with no rush to move rates in either direction, any decision to be dependent on the nature of incoming data.

It is difficult to discern a trend in **housing starts** given the month-to-month volatility, but underlying trends appear to be stabilizing. Starts jumped 24.8% to 245,657 (annualized) in June after the previous month's fall was revised down to 14.7%. A 31.2% jump in multi-family starts pushed starts to the highest since November 2017. According to the Canadian Mortgage Housing Committee (CMHC), "The national trend in housing starts increased in June, primarily due to higher trending row and apartment starts, in urban areas. The strong surge in the SAAR of apartment starts in April is also contributing to the high level of the trend measure of total housing starts in June."

Building permits plunged in May, but this largely reflected some normalization in Vancouver, where rising development costs had driven a surge in permits the month before. The value of new permits issued by all municipalities fell 13.0% to C$8.2 billion. The value of both residential (-17.2%) and nonresidential (-5.7%) permits declined.

New house prices have remained virtually unchanged after peaking in November 2017. The **Statistics Canada national index** fell slightly by 0.1% in May, to the same level as May last year. House only prices fell 0.1%, while land only increased 0.1% after five flat readings. The largest increases were in Ottawa (+0.6%) and Halifax (+0.4%). According to StatCan, "higher home prices, mortgage rate hikes and the federal government stress test remain some of the factors influencing the demand for housing." The annual pace of inflation was flat, having recorded the first decline in over nine years in January.

UK

Having plunged in April amid automotive factory closures, UK **industrial production** improved modestly in May. Production rose 1.4%, but this didn't even retrace half of April's downwardly revised 2.9% loss. Manufacturing output increased 1.4% and electricity production rose 2.1%, while mining and water utilities posted smaller gains. Industrial production rose 0.9% y/y, which is rather dismal and yet the second best comparison in the last nine months.

Eurozone

***Eurozone* industrial production** broke sharply to the upside in late 2017, stalled for most of 2018 and then broke sharply to the downside late last year. After a failed effort at stabilization in January-February, it relapsed again in March and April. It is now making another attempt at bottoming out, but it remains far too soon to declare victory. Indeed, although production jumped 0.9% in May, it remains 0.5% below year-earlier levels.

***French* industrial production** perked up meaningfully in May with a 2.1% increase that was the largest in about two and a half years. Electricity output jumped 5.2%, the second consecutive big increase. But manufacturing also gained 1.6% and mining increased 1.0%. The only outlier was the water and utilities sector, which contracted marginally. Overall industrial production was up a solid 4.0% y/y, with manufacturing up 3.4% y/y. Meanwhile, construction activity, which is not included in the headline index, expanded 1.9%, leaving it 4.0% higher than in May 2018.

***Italian* industrial production** also picked up, though displaying a more moderate 0.9% advance. Consumer goods output increased by 0.9%, capital goods by 1.9% and intermediate goods by 0.6%. Only energy production, which had jumped in the prior month, retreated by 2.1%. Workday-adjusted industrial production is still down by 0.7% y/y.

***Italian* retail sales** remain depressed. They contracted 0.7% in May, having only managed to increase once so far this year, back in January. Food sales retreated 1.0%, which was somewhat expected as Easter effects wound down; non-food sales fell 0.5%. Overall sales were down 1.8% y/y, having been roughly flat y/y (on average) during the first five months of 2019.

French **business sentiment** turned decidedly lower in the early part of 2018 and has wobbled ever since. It took another large (and rather unexpected) step down in June as the Bank of France business sentiment index lost 3.3 points to 95.5, the lowest level in six years! This seems to be somewhat out of line with the general tenor of incoming French data, so it remains to be seen whether this is a temporary blip or something more ominous.

Japan

Core machinery orders (private sector orders other than for ships and electricity generating equipment) slumped by the most in nine months in May, but the monthly volatility of the series makes it difficult to discern any trend. The smoother 12-month moving average suggests a slight downtrend in orders. Core orders fell 7.8% in May, after three consecutive increases. Manufacturing orders fell 7.4%, despite a 19.5% surge in public orders. The fall in foreign orders was relatively muted, down by just 0.8% after a 24.7% drop in April. Non-manufacturing orders also fell, by 9.0%. Overall orders were down 3.7% y/y. This fall possibly reflects the latest increase in US tariff on Chinese goods, but Q2 orders are still tracking above the Q1 level.

Labor cash earnings continued the downward trend, falling 0.2% y/y in May; the fifth consecutive fall but lesser than anticipated. The usually volatile bonus component increased 2.5%, after four consecutive declines. The less volatile regularly contracted cash earnings—excluding bonuses and overtime pay—fell 0.4% while real earnings contracted by 1.0%. Lower wages could be a drag on spending, especially after the planned VAT tax hike in October.

Producer price inflation retreated for the second consecutive month in June after three prior increases. Producer prices (PPI) fell 0.5% amid a 4.5% slump in energy prices. Nonferrous metals also dropped 2.3%, while prices for agricultural produce fell 0.7%. Food prices were unchanged over the month. Producer price inflation decelerated by 0.7 percentage points to -0.1% y/y, the first negative print since 2016.

After a modest rise in April, the final print for May confirmed another increase in **industrial production**. The index rose 2.0% in May, the most in seven months. Output increased by 6.9% for electronic parts, while nonferrous metals refining and precision instruments rose by 4.7% and 4.4% respectively. Shipments rose 1.3% while the shipment-to-inventory ratio rose by 1.7%. Output declined 2.1% y/y.

The steady uptrend in the **tertiary industry activity** seems to have hit a snag, with the index falling again in May after a brief respite in April. The index fell 0.2%, mainly due to decreased activity in wholesale trade of food and drugs. Living/amusement and retail trade also slowed, partially offset by information/communication and finance/insurance.

Australia

The **NAB index of business confidence** has been trending downward since a high of 10.8 in April last year. After a jump to 7.3 in May, possibly due to optimism stemming from recent election outcome, business confidence slumped 5.1 points to 2.2 in June. Business conditions were up slightly, by 2 points to 3, but still below historical average. The details were mixed: employment (+3 points to 5) and capacity utilization (+1.2 percentage points to 82.1%) improved from recent lows but the weakness in profitability persisted (unchanged at -2), which is associated with slower employment growth.

Financial Markets Review

Whereas most other stock markets retreated slightly following impressive gains last week, US equity markets continued to advance on the back of dovish comments from Fed Chair Powell and other Fed officials, seemingly signaling a near-term reduction in interest rates.

Figure 3: Another Week Of Records For Dow, S&P 500 Indexes

Sources: Bloomberg

Equities: US equity markets continue to advance, but most non-US markets pare recent gains.

Bonds: Bond yields widen slightly as decent incoming data reigns in aggressive easing expectations.

Currencies: The dollar eases slightly, the pound gains some ground late in the week.

Commodities: Oil jumps on geopolitical risks, higher Chinese imports.

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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®	3007.07	0.6%	20.0%	2.11	8	-57	96.894	-0.4%	0.7%
Canada	TSE 300	16488.23	-0.3%	15.1%	1.61	3	-36	1.303	-0.4%	-4.5%
UK	FTSE®	7505.97	-0.6%	11.6%	0.84	10	-44	1.2567	0.4%	-1.5%
Germany	DAX	12323.32	-2.0%	16.7%	-0.21	15	-45			
France	CAC-40	5572.86	-0.4%	17.8%	0.06	15	-65	1.1267	0.4%	-1.7%
Italy	FTSE® MIB	22182.7	0.9%	21.1%	1.74	-1	-100			
Japan	Nikkei 225	21685.9	-0.3%	8.3%	-0.11	4	-12	107.94	-0.5%	-1.6%
Australia	ASX 200	6696.547	-0.8%	18.6%	1.44	16	-88	0.7017	0.5%	-0.5%

Commodity Markets

Commodity	Unit	Source	Last Price	%Ch Week	%Ch YTD	%Ch Yr Ago
Oil (Brent)	US $/Barrel	Bloomberg	67.21	4.3%	26.4%	-8.9%
Gold	US $/troy oz	Bloomberg	1411.02	0.8%	10.0%	13.1%

Source: Bloomberg®

Week in Review: Data Releases and Major Events (July 8 – July 12)

Country	Release (Date, format)	Consensus	Actual	Last	Comments
Monday, July 8					
US	Consumer Credit (May, $ bil.)	17.0	**17.1**	17.5	Steady moderate gains.
GE	Industrial Production (May, m/m)	0.4%	**0.3%**	-2.0%(↓r)	Small improvement, but improvement...
FR	Bank of France Ind. Sentiment (Jun)	99	**95**	99	Unexpectedly large retreat.
JN	Core Machine Orders (May, m/m)	-3.8%	**-7.8%**	5.2%	Expect a better June.
Tuesday, July 9					
US	NFIB Small Business Optimism (Jun)	103.1	**103.3**	105.0	Has eroded.
US	JOLTS Job Openings (May, thous)	7470	**7323**	7372(↓r)	Still very elevated.
CA	Housing Starts (Jun, thous)	208.6	**245.7**	196.8(↓r)	Led by multi-family starts.
CA	Building Permits (May, m/m)	-10.0%	**-13.0%**	16.0%(↑r)	Back to recent levels after spike. In April.
IT	Retail Sales (May, m/m)	na	**-0.7%**	0.0%	Down 1.8% y/y.
JN	Labor Cash Earnings (May, y/y)	-0.6%	**-0.2%**	-0.3%(↓r)	Longest falling streak since 2013.
AU	NAB Business Confidence (Jun)	na	**2**	7	Confidence low, details were mixed.
Wednesday, July 10					
US	FOMC Meeting Minutes				Clearly dovish.
CA	BoC Monetary Policy Decision	1.75%	**1.75%**	1.75%	Confident about domestic economy.
UK	Industrial Production (May, m/m)	1.5%	**1.4%**	-2.9%(↓r)	Manufacturing was flat.
FR	Industrial Production (May, m/m)	0.3%	**2.1%**	0.5%(↑r)	Great news!
IT	Industrial Production (May, m/m)	0.2%	**0.9%**	-0.8%(↓r)	Welcome rebound!
JN	PPI (Jun, y/y)	0.4%	**-0.1%**	0.6%(↓r)	First negative print since 2016.
Thursday, July 11					
US	Initial Jobless claims (Jul 6, thous)	221	**209**	221	Holiday distortions. Continuing claims rose.
US	CPI (Jun, y/y)	1.6%	**1.6%**	1.8%	Core accelerated a tick to 2.1% y/y.
US	Monthly Budget Statement (Jun, $ bil.)	-12.5	**-8.5**	-74.9	Deficit has jumped YTD.
CA	New Housing Price Index (May, m/m)	0.1%	**-0.1%**	0.0%	Same old same old.
GE	CPI (Jun, final, y/y)	1.6%(p)	**1.6%**	1.4%	Will it reaccelerate or falter?
FR	CPI (Jun, final, y/y)	1.2%(p)	**1.2%**	0.9%	Will it reaccelerate or falter?
JN	Tertiary Industry Index (May, m/m)	-0.1%	**-0.2%**	0.8%	Third drop in five months.
Friday, July 12					
US	PPI Final Demand (Jun, y/y)	1.6%	**1.7%**	1.8%	Core surprised to the upside.
EC	Industrial Production (May, m/m)	0.2%	**0.9%**	-0.4%(↑r)	We need many more such months.
JN	Industrial Production (May, final, m/m)	2.3%(p)	**2.0%**	0.6%	Highest in seven months.

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

Week in Preview: Releases and Major Events (July 15–July 19)

Country	Release (Date, format)	Consensus	Last	Comments
Monday, July 15				
US	Empire Manufacturing (Jul)	2.0	-8.6	Would be very good to see such a rebound.
CA	Existing Home Sales (Jun, m/m)	1.1%	1.9%	
Tuesday, July 16				
US	Business Inventories (May, m/m)	0.4%	0.5%	
US	NAHB Housing Market Index (Jul)	64	64	
US	Industrial Production (Jun, m/m)	0.1%	0.4%	
US	Retail Sales Advance (Jun, m/m)	0.2%	0.5%	Very important data point.
US	Import Price Index (Jun, y/y)	na	-1.5%	
UK	ILO Unemployment Rate (May)	3.8%	3.8%	Labor market still strong.
UK	Average Weekly Earnings (May, 3m y/y)	3.1%	3.1%	
GE	ZEW Investor Expectations (Jul)	-22.0	-21.1	Could we get an upside surprise here?
Wednesday, July 17				
US	Fed Beige Book Report			
US	Housing Starts (Jun, thous)	1260	1269	Constrained by labor, input costs.
US	Building Permits (Jun, thous)	1310	1299(↑r)	
CA	CPI (Jun, y/y)	1.9%	2.4%	Higher gasoline prices to keep inflation high.
CA	Manufacturing Sales (May, m/m)	1.5%	-0.6%	Better sales expected.
UK	CPI (Jun, y/y)	2.0%	2.0%	
UK	PPI Output (Jun, y/y)	1.7%	1.8%	
EC	CPI (Jun, final, y/y)	1.2%(p)	1.2%	
IT	Industrial Orders (May, m/m)	na	-2.4%	
Thursday, July 18				
US	Initial Jobless claims (Jul 13, thous)	216	209	Historically very low.
US	Leading Index (Jun, m/m)	0.1%	0.0%	
US	Philadelphia Fed Business Outlook (Jul)	5.0	0.3	Would be very good to see such a rebound.
CA	Teranet/National Bank HPI (Jun, y/y)	na	0.7%	
UK	Retail Sales (Jun, m/m)	-0.3%	-0.5%	Q2 will be pretty abysmal for growth.
AU	Unemployment Rate (Jun)	5.2%	5.2%	Should fall only slightly from current level by year-end.
AU	NAB Business Confidence (Q2)	na	-1	Sentiment to stay subdued.
JN	Trade Balance Adjusted (Jun, ¥ bil.)	-140.9	-609.1	
Friday, July 19				
US	U of M Cons. Sentiment (Jul, prelim)	98.4	98.2	Inflation expectations might be most important piece.
CA	Retail Sales (May, m/m)	0.3%	0.1%	Again, better result expected.
GE	PPI (Jun, y/y)	1.6%	1.9%	
JN	CPI (Jun, y/y)	0.7%	0.7%	Painfully slow.
JN	All Industry Activity Index (May, m/m)	0.3%	0.9%	

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

Economic Indicators

Central Bank Policy Targets

		Year/Year % Change in Target				
		Jan	Feb	Mar	Apr	May
US	Target: PCE price index 2.0% y/y	1.4	1.3	1.5	1.6	1.5
Canada	Target: CPI 2.0% y/y, 1.0%-3.0% control range	1.4	1.5	1.9	2.0	2.4
UK	Target: CPI 2.0% y/y	1.8	1.9	1.9	2.1	2.0
Eurozone	Target: CPI below but close to 2.0% y/y	1.4	1.5	1.4	1.7	1.2
Japan	Target: CPI 2.0% y/y	0.2	0.2	0.5	0.9	0.7
Australia	Target Range: CPI 2.0%-3.0% y/y	1.3	1.3	1.3		

Source: Macrobond

Key Interest Rates

	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
US (top of target range)	2.00	2.25	2.25	2.25	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Canada (Overnight Rate)	1.50	1.50	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)	-0.06	-0.06	-0.07	-0.06	-0.06	-0.06	-0.05	-0.06	-0.07	-0.06	-0.08
Australia (OCR)	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.28

Source: Macrobond

General Government Structural Balance as a % of Potential GDP

									Forecast	
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
US	-9.3	-7.9	-6.1	-4.0	-3.4	-3.2	-3.9	-4.0	-4.7	-5.2
Canada	-3.8	-3.1	-1.9	-0.9	0.3	0.9	0.8	0.1	-0.2	-0.4
UK	-7.2	-5.9	-5.9	-3.9	-4.6	-3.9	-2.8	-1.9	-1.4	-1.2
Eurozone	-4.8	-3.9	-2.2	-1.3	-1.0	-0.9	-0.8	-0.7	-0.7	-0.9
Germany	-2.4	-1.4	-0.1	0.2	0.9	0.8	1.0	0.9	1.3	0.7
France	-6.2	-5.2	-4.5	-3.5	-3.3	-3.0	-2.8	-2.6	-2.5	-2.5
Italy	-3.7	-4.1	-1.5	-0.6	-1.1	-0.7	-1.4	-1.6	-1.7	-2.1
Japan	-8.0	-8.0	-7.6	-7.5	-5.5	-4.3	-4.1	-3.4	-3.1	-2.8
Australia	-4.9	-4.2	-3.3	-2.6	-2.5	-2.4	-2.2	-1.2	-1.0	-1.2

Source: International Monetary Fund, World Economic Outlook

Headline Consumer and Producer Price Inflation

	CPI Year/Year % Change					PPI Year/Year % Change				
	Feb	Mar	Apr	May	Jun	Feb	Mar	Apr	May	Jun
US	1.5	1.9	2.0	1.8	1.6	1.9	2.2	2.2	1.8	1.7
Canada	1.5	1.9	2.0	2.4		1.2	1.5	1.7	0.6	
UK	1.9	1.9	2.1	2.0		2.4	2.2	2.1	1.8	
Eurozone	1.5	1.4	1.7	1.2		3.0	2.9	2.6	1.6	
Germany	1.5	1.3	2.0	1.4	1.6	2.6	2.4	2.5	1.9	
France	1.3	1.1	1.3	0.9	1.2	1.8	1.7	1.9	1.0	
Italy	1.0	1.0	1.1	0.8	0.8	3.1	2.9	2.1	1.5	
Japan	0.2	0.5	0.9	0.7		0.9	1.3	1.2	0.6	-0.1
Australia	1.3	1.3				1.9	1.9			

Source: Macrobond

Economic Indicators

Real GDP Growth (Q/Q Seasonally Adjusted)

	Quarter/Quarter % Change					Year/Year % Change				
	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19
US	0.5	1.0	0.8	0.5	0.8	2.6	2.9	3.0	3.0	3.2
Canada	0.4	0.6	0.5	0.1	0.1	2.2	1.8	2.0	1.6	1.3
UK	0.1	0.4	0.7	0.2	0.5	1.2	1.4	1.6	1.4	1.8
Eurozone	0.4	0.4	0.1	0.2	0.4	2.5	2.2	1.7	1.2	1.2
Germany	0.4	0.5	-0.2	0.0	0.4	2.1	2.0	1.2	0.6	0.7
France	0.3	0.2	0.3	0.4	0.3	2.4	1.9	1.5	1.2	1.2
Italy	0.2	0.0	-0.1	-0.1	0.1	1.4	1.0	0.5	0.0	-0.1
Japan	-0.1	0.6	-0.6	0.5	0.6	1.4	1.4	0.1	0.3	0.9
Australia	1.0	0.9	0.3	0.2	0.4	3.1	3.1	2.8	2.4	1.8

Source: Macrobond

Industrial Production Index (M/M Seasonally Adjusted)

	Month/Month % Change					Year/Year % Change				
	Jan	Feb	Mar	Apr	May	Jan	Feb	Mar	Apr	May
US	-0.4	-0.6	0.1	-0.4	0.4	3.6	2.7	2.2	0.9	2.0
Canada	-0.6	-0.9	1.9	1.0		1.6	-0.7	0.2	1.8	
UK	0.7	0.3	1.4	-2.9	1.4	-0.3	-0.2	1.4	-1.2	0.9
Germany	-0.2	0.4	0.4	-2.0	0.3	-2.1	0.1	-0.8	-2.3	-3.7
France	1.5	0.3	-1.3	0.5	2.1	2.1	0.7	-0.8	1.1	4.0
Italy	1.8	0.8	-1.0	-0.8	0.9	-0.8	0.7	-1.7	-1.4	-0.8
Japan	-2.5	0.7	-0.6	0.6	2.0	0.7	-1.2	-2.8	-1.6	0.1

Source: Macrobond

Unemployment Rate (Seasonally Adjusted)

	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
US	3.8	3.7	3.8	3.7	3.9	4.0	3.8	3.8	3.6	3.6	3.7
Canada	6.0	5.8	5.7	5.6	5.6	5.8	5.8	5.8	5.7	5.4	5.5
UK	4.1	4.1	4.0	4.0	3.9	3.9	3.8	3.8			
Eurozone	8.0	8.0	8.0	7.9	7.9	7.8	7.8	7.6	7.6	7.5	
Germany	5.1	5.1	5.1	5.0	5.0	5.0	5.0	4.9	4.9	5.0	5.0
France	9.0	9.0	9.0	8.9	8.9	8.8	8.7	8.7	8.6	8.6	
Italy	10.1	10.4	10.7	10.5	10.4	10.4	10.5	10.1	10.1	9.9	
Japan	2.4	2.4	2.4	2.5	2.4	2.5	2.3	2.5	2.4	2.4	
Australia	5.3	5.0	5.0	5.1	5.0	5.0	4.9	5.1	5.2	5.2	

Source: Macrobond

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

	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19
US	-2.3	-2.2	-2.2	-2.5	-2.0	-2.3	-2.3	-2.1	-2.4	-2.8	-2.5
Canada	-3.3	-1.9	-2.5	-2.6	-3.1	-3.0	-3.0	-2.8	-1.8	-3.0	-3.1
UK	-6.3	-4.0	-3.0	-4.1	-3.1	-3.0	-3.4	-3.3	-4.3	-4.4	-5.6
Eurozone	3.1	2.8	3.0	2.5	3.9	3.5	3.3	3.0	2.6	2.8	3.1
Germany	8.1	7.9	8.2	6.8	8.5	8.5	8.3	7.5	6.4	7.3	7.7
France	-1.2	-1.3	-0.8	-0.5	-0.7	-0.4	-0.6	-1.4	-0.4	-0.2	-0.9
Japan	3.8	4.1	4.3	3.7	4.6	4.2	3.6	4.0	3.4	3.1	3.4
Australia	-3.3	-1.4	-1.6	-2.4	-2.8	-3.4	-2.2	-2.5	-2.1	-1.3	-0.6

Source: Macrobond

Important Risk Discussion

Intellectual Property Information

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