Weekly Economic Perspectives

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Weekly Highlights

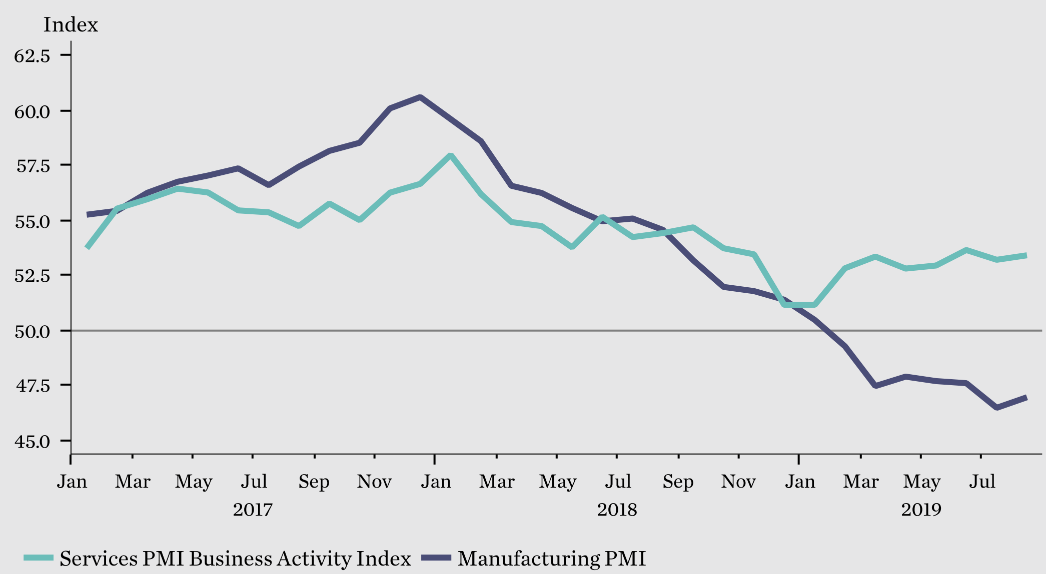
- **Economies:** Existing home sales pick up in the US. Canadian inflation is running close to target. Eurozone manufacturing contracts anew but service activity holds up. No evidence of last minute buying pushing up inflation in Japan. RBA minutes confirm willingness to ease further if needed. (pages 2 – 5)
- **Markets:** US stocks move sharply lower Friday amid further ratcheting up of trade rhetoric. Bonds are mixed. Despite anxiety over economic outlook, already low yield levels limit further compression. The pound gets a bid on modestly encouraging Brexit news. Oil dips, while trade war escalation lifts gold. (page 6)

Upcoming Highlights

- **Spotlight:** US consumer spending likely accelerated in July. Canadian GDP growth likely picked up in the second quarter. German retail sales likely retreated in July. (page 8)

Tables

Figure 1: Persistent Performance Gap In Euro Area PMIs



Sources: IHS Markit

STATE STREET GLOBAL ADVISORS

Week in Review

US

Minutes form **FOMC's July 30-31 meeting**, when the Fed Funds target range was lowered by 25 basis points to 2.00-2.25%, were partly overshadowed by Chair Powell's Jackson Hole speech Friday morning. That, in turn, was overshadowed by escalating trade war rhetoric later in the day, as President Trump's promise to respond to China's tariff escalation prompted a sharp selloff in US stocks. Still, for whatever they are worth, the minutes confirmed what the two dissents from the rate cut decision had already suggested: that the Committee is rather divided on what the appropriate course for monetary policy is at this point in time. Indeed, even as the two dissenters would have preferred to leave the Fed Funds rate unchanged, a couple of participants would have preferred an even larger, 50-bp reduction. In the end, the cut was viewed—as we said at the time—as a combination of "insurance" against downside risks and calibration to a lower estimate of the neutral rate (this estimate was lowered by 30 basis points to 2.5% in the June Summary of Economic Projections).

There was considerable discussion about the Fed's ongoing "framework review" of monetary policy. Given the low growth/low inflation environment, the Fed Funds rate is expected to be in the vicinity of the effective lower bound (ELB) more often going forward, which could constrain the Fed's ability to meet its dual mandate. Committee members discussed various "inflation make-up" strategies, including defining the inflation target as a range, or aiming for inflation "somewhat in excess of 2 percent when the policy rate was away from ELB".

Chair Powell expanded on this topic in his **Jackson Hole speech**, where he placed the debate in more of a historical context, defining the challenge of meeting the dual mandate in a low r* environment as the key policy challenge of the current time. "The current era has been characterized by much lower neutral interest rates, disinflationary pressures, and slower growth. We face heightened risks of lengthy, difficult-to-escape periods in which our policy interest rate is pinned near zero. To address this new normal, we are conducting a public review of our monetary policy strategy, tools, and communications—the first of its kind for the Federal Reserve. We are evaluating the pros and cons of strategies that aim to reverse past misses of our inflation objective. We are examining the monetary policy tools we have used both in calm times and in crisis, and we are asking whether we should expand our toolkit."

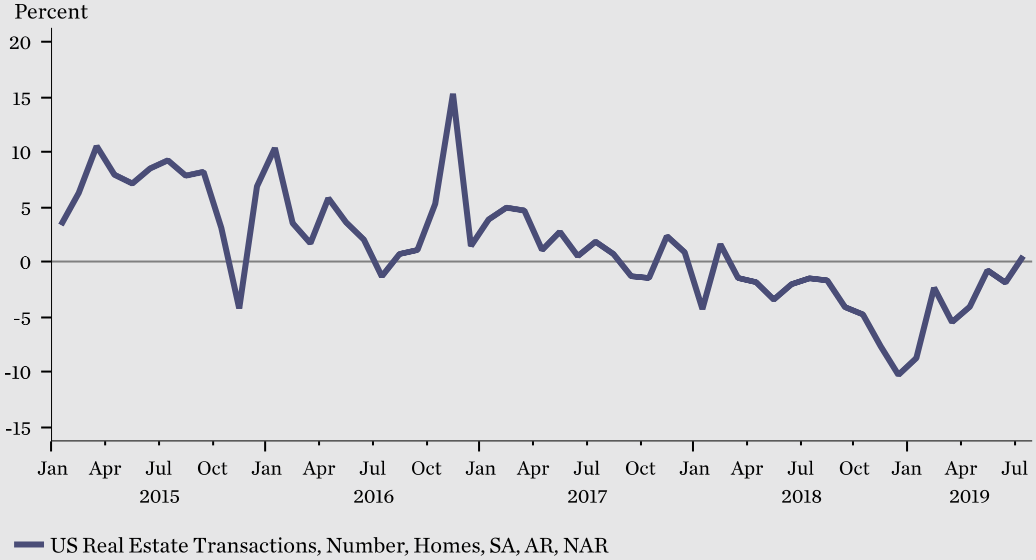
So while the twists and turns in the trade war pose considerable short-term challenges to monetary policy setting and have consumed much of the Committee's energy in recent months, there is important work focused on this bigger picture issue of the policy framework that seems to be approaching a conclusion. If history is any guide, the Chair's speech this week may well signal an upcoming, longer-lasting adjustment in the Fed's approach to policy.

As to the near term policy outlook, the Chair simply reiterated the Committee's intent to "act as appropriate to sustain the expansion". Given the escalation in the trade war later that day, that will likely require taking another dose of insurance against downside risks...the only question at the moment being how soon.

Unlike the Philly, Empire, and Dallas Fed surveys, the **Kansas Fed manufacturing index** failed to improve in July. It then took another step lower in August, losing 5.0 points to -6.0, its lowest level since March 2016. The details were weak, with new orders plunging 14.0 points to the lowest level since January 2016, shipments down 7.0 points, backlogs down 6.0, inventories down 5.0 and supplier delivery times down 12.0. On the positive side, production rose 4.0 points, export orders improved 6.0, and the employee workweek improved 11.0.

Existing home sales had disappointed recently but the July update was encouraging. Sales jumped 2.5% following a 1.3% retreat the month before (Figure 2, page 3). July's gain was driven by a 2.8% increase in single family homes, whereas condo/co-op sales were flat. At 5.42 million (annualized), total sales were the highest since February and, aside from that, since April of 2018. Indeed, sales rose 0.6% y/y, the first positive comparison since February 2018. The number of homes available for sale declined by 1.6%, which, in conjunction with better sales, lowered the inventory ratio two ticks to 4.2 months' worth of sales. Properties continue to move fast, staying on the market an average of 29 days, with 51% of sales involving properties on the market for less than 30 days. The median price of an existing home increased 4.3% y/y to $280,800.

Figure 2: US Existing Home Sales Rise On Lower Mortgage Rates



Sources: National Association of Realtors (NAR)

We seem to be in the midst of another bout of volatility in **new home sales**. On one hand, June sales were revised sharply higher to 728,000 (seasonally adjusted annualized), marking a 20.9% increase over May and a 17.8% rise over a year earlier. The latter represents the best annual comparison since October 2017, suggesting that lower mortgage rates and ongoing labor market strength are supporting demand. Following that stellar June print, July sales plunged 12.8% to 635,000 (seasonally adjusted annualized), although they were still 4.3% higher than a year earlier. On a trend basis, it is clear that sales activity is improving: whereas new home sales fell by 11.3% y/y on average from October to December of last year, they rose 4.5% y/y on average so far this year. Sales moderated in July in all regions save the Northeast. The number of homes available for sale was little changed but weaker sales caused the market to loosen, with inventory now equivalent to 6.4 months' worth of sales. The median sales price of a new home declined 4.5% y/y.

The **index of leading economic indicators** trended sharply higher from late 2016 to mid-2018, after which it flat-lined. That said, the July data was encouraging as the index rose a stronger than expected 0.5%--the most in ten months. The June data was also revised upwards, showing a modest 0.1% decline instead of the larger 0.3% contraction initially reported. We suspect the next update will be much less upbeat given the re-escalation in the trade war and the recent market volatility, but it is nonetheless encouraging to see this improvement in the leading index given all the talk about a possible recession. The details were mixed but decent as the largest positive contribution came from building permits and jobless claims (alongside stock prices and credit). On the negative side, the ISM new orders and the average workweek were the largest detractors.

Unemployment claims continue to hover at very low levels historically. Initial unemployment claims—a measure of job shedding—declined by 12,000 to 209,000 in the week ending August 17. Continuing claims—a measure of unemployment—declined by 54,000 to 1,674,000 in the week ended August 10.

Canada

Headline **consumer price inflation** exceeded expectations by holding at 2.0% y/y in July, having reached a seven month high of 2.4% y/y in May. Gasoline prices retreated 6.9%, offset by rising prices for air transportation (+4.6%) and travel tours (+7.5%). Measures of core inflation were stable to higher: the weighted median and trimmed mean were unchanged at 2.1%, while the common component measure ticked up 0.1 percentage points to 1.9%. On a monthly basis, prices rose 0.4%, following a 0.1% decline in June. The Bank of Canada still expects inflation to slow in the third quarter due to lower oil prices, but the fact that the headline figure has been close to the inflation target is likely to induce the Bank to hold off on monetary policy for the rest of the year.

Nominal **manufacturing sales** have been pretty volatile lately. June sales fell 1.2% to C$58 billion after a 1.6% increase in May. Sales for coal and petroleum slumped 3.8%, after five consecutive increases. Food sales also decreased 2.5%, the second monthly contraction. These were partially offset by an 11.7% increase in primary metal industry sales. The bulk of the decline in overall sales reflects lower prices, however, since real sales fell just 0.2%. Inventories also declined by 1.5%, lowering the inventory to sales ratio to 1.51 from 1.52 earlier. New orders fell 4.2%, while the capacity utilization rate decreased from 82.1% in May to 81.2%. On a quarterly basis, nominal sales rose 1.7% to C$174.5 billion in Q2, while real sales increased 1.8%.

Nominal **retail sales** were unchanged at C$51.3 billion in June, having fallen for the first time in four months in May. Sales were stronger in a majority of sectors, but lower sales for motor vehicles and at gasoline stations pulled down the headline figure. So much so, that sales excluding these subsectors rose 1.7%. Following two monthly increases, sales for motor vehicles and parts fell 2.5%, possibly due to a dip in sales for petrol and diesel cars following increased nationwide tax incentive for electric vehicles. Sales at gasoline stations were also down 3.4%, the first dip in five months. Apparels (+4.2%) and recreational goods (+3.7%) sales led gains. Sales increased 1.2% in the second quarter.

The disinflationary trend in Canadian house prices continues. Admittedly, the 11-City **Teranet house price index** managed a 0.7% gain in July, but only due to seasonal factors. The seasonally adjusted index has retreated by an average of 0.3% in each of the earlier three months. Seasonally unadjusted prices declined by 1.0% in Vancouver, a full year of decline, but were up in all the other cities. Prices increased by 0.4% y/y, the smallest increase since November 2009.

Eurozone

Since the start of the year, a notable gap has opened up between eurozone manufacturing and service sector activity (Figure 1, page 1). Indeed, while manufacturing activity has been contracting since February, the service sector continues to expand at decent rates with no signs of a slowdown as of yet. Preliminary readings on purchasing managers' indexes show this dynamic to have continued in August. Admittedly, the **eurozone manufacturing PMI** index improved 0.5 point, but only to 47.0, marking the seventh consecutive month of contraction. Every single component save for supplier delivery times was below the neutral 50 level, though most exhibited an improvement relative to the previous month. Geographically, weakness remains most acute in Germany, whose index only added 0.4 point and only to a meager 43.6. The French index added 1.3 points to 51.0. By contrast, the **eurozone services PMI** index rose incrementally to 53.4 on a 0.7 point gain in France (to 53.3) that overshadowed a 0.1-point retreat in Germany (but only to a solid 54.4).

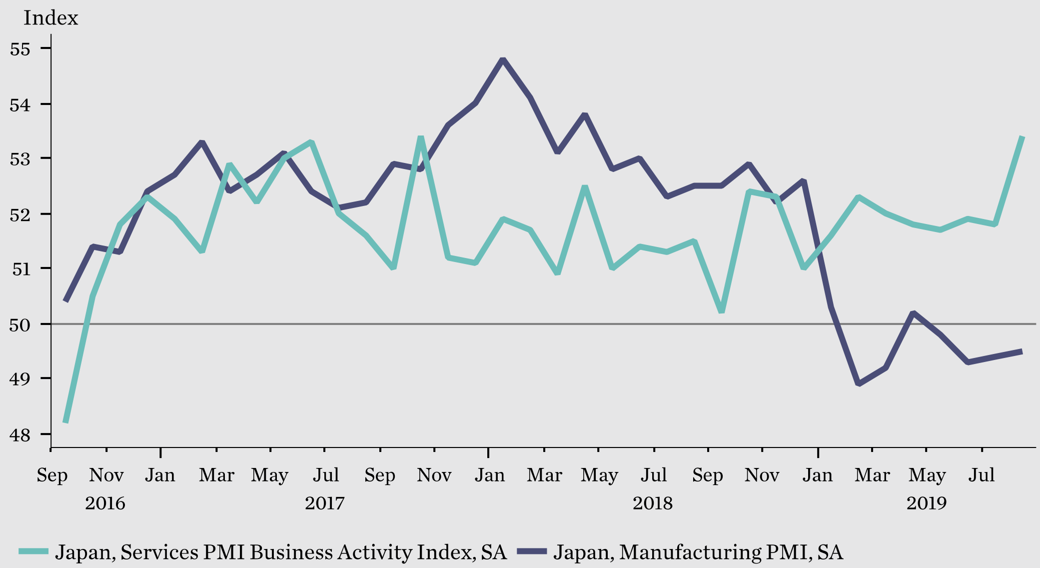
Japan

Headline inflation had been gently trending higher since mid-2016, but has stalled since October 2018. Headline **consumer prices (CPI)** edged up 0.1% (seasonally adjusted) in July, having stayed unchanged over the previous two months. The main detractors were apparels, which slumped 2.0%, and entertainment, which fell 0.5%. National core prices (which exclude fresh food products) and the new BoJ index (which excludes fresh food and energy) both rose 0.1%, supported by rising mobile prices. Headline CPI inflation stood at just 0.5% y/y, the lowest in four months. National core inflation was unchanged at 0.6% y/y, the lowest since June 2017, while excluding fresh food and energy, inflation edged up 0.1 percentage points to 0.6% y/y. We are yet to see much evidence of an uptick in buying before the proposed tax hike, which will pose further headwinds for inflation once implemented.

Though industrial production has been pretty erratic off late, manufacturing activity growth seems to be in a protracted downturn. The preliminary figure for **manufacturing purchasing managers' index** came in at 49.5 in August, 0.1 point better than in July. Keeping the PMI at a subdued level were weak new orders and output. Renewed tensions between US and China and a deteriorating relation between Japan and South Korea will weigh on manufacturing.

On the contrary, services activity saw yet another decent expansion in July. In fact, the **purchasing managers' index for services** jumped 1.6 points to 53.4, matching the October 2017 high (Figure 3, page 5). Key gauges like employment and new business signaled growth, but eased slightly on the back of concerns that the consumption tax hike will impact demand adversely.

Figure 3. Japanese Service Activity Quickens, Manufacturing Lags



Sources: IHS Markit

Australia

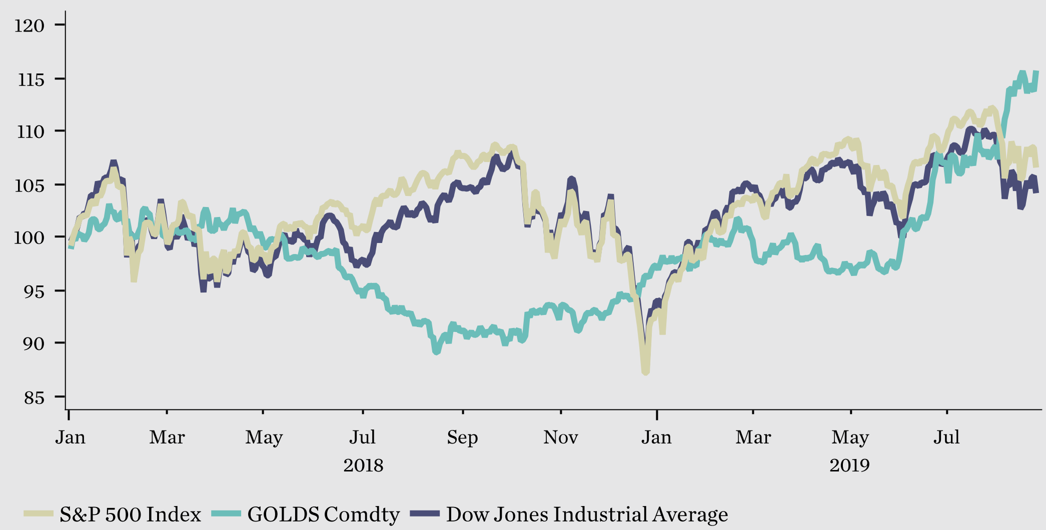
The **Reserve Bank of Australia** (RBA) now expects growth in major trading partners to slow more than anticipated in 2019 and 2020, as revealed in the minutes to the August 6 meeting. Unsurprisingly, board members see protracted global tensions as having an adverse impact on business investment and heightened uncertainty as detrimental to growth. The outlook is still positive overall, however, with growth expected to strengthen gradually to 2.75% over 2020 and to around 3% over 2021. The factors in favor include "lower interest rates, higher growth in household income (including from the recent tax cuts), the depreciation of the Australian dollar, a positive outlook for investment in the resources sector, some stabilization of the housing market and ongoing high levels of investment in infrastructure." We will however, stick to our forecast for a full year growth of 2.5% for 2020, given our belief that uncertainties will the plague global economy for some time yet. Recent estimates of the NAIRU (non-accelerating inflation rate of unemployment) place it close to 4.5%, some distance from the prevailing unemployment rate of 5.2%. The Board noted however, that "the unemployment rate had increased and there appeared to have been more spare capacity in the labor market than previously appreciated, although there was uncertainty around the extent of this." Inflation has been broadly as expected, though wage inflation is expected to remain benign. In conclusion, "members would consider a further easing of monetary policy if the accumulation of additional evidence suggested this was needed to support sustainable growth in the economy and the achievement of the inflation target over time."

Financial Markets Review

The trading week ended on a turbulent note following China's announcement that it will impose new tariffs on imports from the US starting September 1st, the same date that tariffs on US imports from China are set to broaden. China's announcement drew the promise of a response from President Trump (not released by the time of this writing). But, not expecting anything good, US stocks moved sharply lower. Gold jumped on safe haven demand.

Figure 4: Gold Outshines Stocks Amid Trade War Escalation

Index, rebased to 1/2/2018=100



Sources: Bloomberg, Macrobond

Equities: US stocks move sharply lower Friday amid further ratcheting up of trade rhetoric.

Bonds: Bonds are mixed. Despite anxiety over economic outlook, already low yield levels limit further compression.

Currencies: The pound gets a bid on modestly encouraging Brexit news.

Commodities: Oil dips anew, while trade war escalation lifts gold.

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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®	2872.71	-0.6%	14.6%	1.54	-2	-115	97.82	-0.3%	1.7%
Canada	TSE 300	16150.82	0.0%	12.8%	1.20	4	-77	1.332	0.4%	-2.3%
UK	FTSE®	7094.98	-0.3%	5.5%	0.48	2	-80	1.2249	0.8%	-4.0%
Germany	DAX	11611.51	0.4%	10.0%	-0.68	1	-92			
France	CAC-40	5326.87	0.5%	12.6%	-0.37	4	-108	1.1134	0.4%	-2.9%
Italy	FTSE® MIB	20473.86	0.7%	11.7%	1.32	-8	-143			
Japan	Nikkei 225	20710.91	1.4%	3.5%	-0.23	0	-23	105.46	-0.9%	-3.9%
Australia	ASX 200	6523.131	1.8%	15.5%	0.97	9	-135	0.6747	-0.5%	-4.3%

Commodity Markets

Commodity	Unit	Source	Last Price	%Ch Week	%Ch YTD	%Ch Yr Ago
Oil (Brent)	US $/Barrel	Bloomberg	58.17	-0.9%	9.4%	-21.6%
Gold	US $/troy oz	Bloomberg	1524.46	0.7%	18.9%	28.6%

Source: Bloomberg®

Week in Review: Data Releases and Major Events (August 19–August 23)

Country	Release (Date, format)	Consensus	Actual	Last	Comments
Monday, August 19					
EC	CPI (Jul, final, y/y)	1.3%(p)	**1.0%**	1.1%	Tepid.
JN	Trade Balance Adjusted (Jul, ¥ bil.)	-150.8	**-126.8**	-33.9(↓r)	Exports fall, but pace of decline slower.
Tuesday, August 20					
CA	Manufacturing Sales (Jun, m/m)	-1.8%	**-1.2%**	1.6%	Real sales fell by 0.2%.
CA	Teranet/National Bank HPI (Jul, y/y)	na	**0.4%**	0.5%	Trying to bottom.
GE	PPI (Jul)	1.0%	**1.1%**	1.2%	Tepid.
Wednesday, August 21					
US	FOMC Meeting Minutes				Committee divided on right policy path.
US	Existing Home Sales (Jul, m/m)	2.3%	**2.5%**	-1.3%(↑r)	First y/y increase in 17 months.
CA	CPI (Jul, y/y)	1.7%	**2.0%**	2.0%	Running close to target.
AU	RBA Meeting Minutes				Ready to ease further if needed.
Thursday, August 22					
US	Initial Jobless claims (Aug 17, thous)	216	**209**	221(↑r)	Very healthy levels.
US	Leading Index (Jul, m/m)	0.2%	**0.5%**	-0.1%(↑r)	Biggest gain in ten months.
US	Kansas City Fed Manf. Activity (Aug)	1	**-6**	-1	Weak, with weak details.
EC	PMI Manufacturing (Aug, prelim)	46.2	**47.0**	46.5	Persistently weak.
EC	PMI Services (Aug, prelim)	53.0	**53.4**	53.2	Holding up.
GE	PMI Manufacturing (Aug, prelim)	43.0	**43.6**	43.2	Extremely weak.
GE	PMI Services (Aug, prelim)	54.0	**54.4**	54.5	Holding up.
FR	PMI Manufacturing (Aug, prelim)	49.5	**51.0**	49.7	Welcome improvement.
JN	PMI Manufacturing (Aug, prelim)	na	**49.5**	49.4	No respite for manufacturing.
JN	PMI Services (Aug, prelim)	na	**53.4**	51.8	Better, but likely to slow going forward.
JN	All Industry Activity Index (Jun, m/m)	-0.8%	**-0.8%**	0.5%(↑r)	Dragged down by manufacturing.
Friday, August 23					
US	Chair Powell's Jackson Hole speech				Non-committal.
US	New Home Sales (Jul, thous)	647	**635**	728(↑r)	Sharp upward revision to June.
CA	Retail Sales (Jun, m/m)	-0.3%	**0.0%**	-0.2%(↓r)	Motor vehicles dragged sales down.
JN	CPI (Jul, y/y)	0.6%	**0.5%**	0.7%	Waiting for Godot.

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

Week in Preview: Releases and Major Events (August 26–August 30)

Country	Release (Date, format)	Consensus	Last	Comments
Monday, August 26				
US	Durable Goods Orders (Jul, prelim)	1.3%	1.9%	
GE	IFO Business Climate (Aug)	95.3	95.7	
JN	Leading Index (Jun, final)	93.3(p)	94.9	
Tuesday, August 27				
US	FHFA House Price Index (Jun, m/m)	na	0.1%	
US	S&P CoreLogic 20-City Index (Jun, m/m)	0.2%	0.1%	
US	Consumer Confidence (Aug)	130	135.7	
GE	GDP (Q2, final, q/q)	-0.1%(p)	0.4%	
FR	Consumer Confidence (Aug)	102	102	
JN	PPI Services (Jul, y/y)	0.6%	0.7%	Slowing?
Wednesday, August 28				
GE	Retail Sales (Jul, m/m)	-1.3%	3.5%	Some pullback to be expected after strong June.
GE	GfK Consumer Confidence (Sep)	9.5	9.7	
IT	Consumer Confidence (Aug)	na	113.4	
Thursday, August 29				
US	Initial Jobless Claims (Aug 24, thous)	na	209	
US	GDP (Q2, second, q/q)	2.1%(p)	3.1%	
US	Pending Home Sales (Jul, m/m)	0.0%	2.8%	Could we get a positive surprise given lower rates?
UK	Nationwide House Prices (Aug, m/m)	0.1%	0.3%	
GE	Unemployment Rate (Aug)	5.0%	5.0%	Labor market still strong but manufacturing a drag.
GE	CPI (Aug, prelim, y/y)	1.5%	1.7%	
FR	GDP (Q2, final, q/q)	0.2%(p)	0.3%	
FR	Consumer Spending (Jul, m/m)	0.4%	-0.1%	Would be a welcome rebound if materialized.
IT	Industrial Orders (Jun, m/m)	na	2.5%	
IT	PPI (Jul, y/y)	na	1.1%	
AU	Private Capital Expenditure (Q2, q/q)	0.4%	-1.7%	Expect modest improvement.
Friday, August 30				
US	Personal Income (Jul, m/m)	0.3%	0.4%	Key to sustaining household spending.
US	Personal Spending (Jul, m/m)	0.5%	0.3%	A solid print suggested by retail sales.
US	U of M Consumer Sentiment (Aug, final)	92.1(p)	98.4	
CA	GDP (Q2, q/q)	2.9%	0.4%	Things looking up at least in this corner.
UK	GfK Consumer Confidence (Aug)	-11	-11	Unsurprisingly gloomy given Brexit chaos.
UK	Mortgage Approvals (Jul, thous)	66.0	66.4	
FR	CPI (Jul, prelim, y/y)	na	1.1%	
IT	GDP (Q2, final, q/q)	0.0%(p)	0.1%	Weak...
IT	Unemployment Rate (Jul, prelim)	9.6%	9.7%	Slow but steady healing continues.
IT	CPI (Aug, prelim, y/y)	na	0.4%(↓r)	
JN	Unemployment Rate (Jul)	2.3%	2.3%	Jobs scarcer, but wages? Nada!
JN	Industrial Production (Jul, prelim, m/m)	0.3%	-3.3%	Expect dismal manufacturing to continue.
JN	Retail Sales (Jul, m/m)	-0.9%	0.0%	Not much buying before the tax hike.
AU	Private Sector Credit (Jul, m/m)	0.2%	0.1%	Credit needs to pick up before housing recovers.

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

Economic Indicators

Central Bank Policy Targets

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

Source: Macrobond

Key Interest Rates

	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	####	Jun-19	Jul-19
US (top of target range)	2.25	2.25	2.25	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.25
Canada (Overnight Rate)	1.50	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)	-0.06	-0.07	-0.06	-0.06	-0.06	-0.05	-0.06	-0.07	-0.06	-0.08	-0.07
Australia (OCR)	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.28	1.02

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				
	Mar	Apr	May	Jun	Jul	Mar	Apr	May	Jun	Jul
US	1.9	2.0	1.8	1.6	1.8	2.0	2.2	1.8	1.7	1.7
Canada	1.9	2.0	2.4	2.0	2.0	1.5	1.7	0.4	-1.7	
UK	1.9	2.1	2.0	2.0	2.1	2.2	2.1	1.9	1.6	1.8
Eurozone	1.4	1.7	1.2	1.3	1.0	2.9	2.6	1.6	0.7	
Germany	1.3	2.0	1.4	1.6	1.7	2.4	2.5	1.9	1.2	1.1
France	1.1	1.3	0.9	1.2	1.1	1.7	1.9	1.0	0.0	
Italy	1.0	1.1	0.8	0.7	0.4	2.9	2.1	1.5	0.9	
Japan	0.5	0.9	0.7	0.7	0.5	1.3	1.2	0.6	-0.1	-0.6
Australia	1.3	1.6	1.6	1.6		1.9	2.0	2.0	2.0	

Source: Macrobond

Economic Indicators

Real GDP Growth (Q/Q Seasonally Adjusted)

	Quarter/Quarter % Change					Year/Year % Change				
	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19
US	0.9	0.7	0.3	0.8	0.5	3.2	3.1	2.5	2.7	2.3
Canada	0.6	0.5	0.1	0.1		1.8	2.0	1.6	1.3	
UK	0.4	0.7	0.2	0.5	-0.2	1.4	1.6	1.4	1.8	1.2
Eurozone	0.4	0.2	0.2	0.4	0.2	2.2	1.7	1.2	1.2	1.1
Germany	0.4	-0.1	0.2	0.4	-0.1	2.1	1.1	0.6	0.9	0.4
France	0.2	0.3	0.4	0.3	0.2	1.9	1.5	1.1	1.2	1.3
Italy	0.0	-0.1	-0.1	0.1	0.0	1.0	0.5	0.0	-0.1	0.0
Japan	0.4	-0.5	0.4	0.7	0.4	1.4	0.2	0.3	1.0	1.1
Australia	0.9	0.3	0.2	0.4		3.1	2.8	2.4	1.8	

Source: Macrobond

Industrial Production Index (M/M Seasonally Adjusted)

	Month/Month % Change					Year/Year % Change				
	Mar	Apr	May	Jun	Jul	Mar	Apr	May	Jun	Jul
US	0.1	-0.6	0.2	0.2	-0.2	2.3	0.7	1.7	1.1	0.5
Canada	1.9	1.5	0.4			0.1	2.4	2.5		
UK	1.4	-3.1	1.2	-0.1		1.4	-1.4	0.5	-0.6	
Germany	0.5	-2.0	0.1	-1.5		-1.3	-2.8	-4.5	-5.1	
France	-1.3	0.5	2.0	-2.3		-0.8	1.1	3.9	0.0	
Italy	-1.0	-0.8	1.0	-0.2		-1.7	-1.4	-0.7	-1.2	
Japan	-0.6	0.6	2.0	-3.6		-2.8	-1.6	0.1	-2.5	

Source: Macrobond

Unemployment Rate (Seasonally Adjusted)

	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	####	Jun-19	Jul-19
US	3.7	3.8	3.7	3.9	4.0	3.8	3.8	3.6	3.6	3.7	3.7
Canada	5.8	5.7	5.6	5.6	5.8	5.8	5.8	5.7	5.4	5.5	5.7
UK	4.1	4.0	4.0	3.9	3.9	3.8	3.8	3.8	3.9		
Eurozone	8.0	8.0	7.9	7.9	7.8	7.8	7.7	7.6	7.6	7.5	
Germany	5.1	5.1	5.0	5.0	5.0	5.0	4.9	4.9	5.0	5.0	5.0
France	9.0	9.0	8.9	8.9	8.8	8.7	8.7	8.6	8.6	8.7	
Italy	10.4	10.7	10.5	10.4	10.4	10.4	10.1	10.0	9.8	9.7	
Japan	2.4	2.4	2.5	2.4	2.5	2.3	2.5	2.4	2.4	2.3	
Australia	5.0	5.0	5.1	5.0	5.1	4.9	5.1	5.2	5.2	5.2	5.2

Source: Macrobond

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

	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19
US	-2.2	-2.2	-2.5	-2.0	-2.3	-2.3	-2.1	-2.4	-2.8	-2.5	
Canada	-1.9	-2.5	-2.6	-3.1	-3.0	-3.0	-2.8	-1.8	-3.0	-3.1	
UK	-4.0	-3.0	-4.1	-3.1	-3.0	-3.4	-3.3	-4.3	-4.4	-5.6	
Eurozone	2.8	3.0	2.5	3.9	3.5	3.3	3.0	2.6	2.8	3.1	
Germany	7.9	8.3	6.8	8.5	8.5	8.3	7.4	6.4	7.3	7.8	
France	-0.7	-1.3	-0.7	-0.7	-0.3	-0.3	-1.4	-0.4	-0.4	-0.6	-0.3
Japan	4.1	4.3	3.7	4.6	4.2	3.6	4.0	3.4	3.1	3.4	3.5
Australia	-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

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