



Globanomics

World's Dashboard of Economic Indicators

Q2 2016

► Quarter at a Glance

- The IMF revised 2016 global economic growth forecast lower for the fourth time in a year in April to 3.2% stating that the world's economy is at risk of stalling as China's slowdown and weak commodity prices are weighing on emerging markets (EM) outlook while aggressive central bank actions in major developed countries are not sufficient to escape from low growth.
- The IMF expects major advanced economies to grow by 1.8% in 2016. Consumer has been a key support to growth in Q2, especially in North America where outlook is brightening. There was evidence of pre-referendum resilience in the UK and Eurozone to a lesser extent ahead of Brexit, reflected by a pickup in demand. Japan underperformed as growth was sluggish despite aggressive government policies to boost demand.
- EM growth is outperforming as the IMF expects emerging markets and developing countries to grow by 4.1% in 2016. While the surge in China's corporate debt stemming largely from state-owned enterprises is concerning, better-than-expected data in Brazil and Russia suggest that policy reforms are gaining momentum. The appointment of an interim president in Brazil as well as stabilizing commodity prices resulted in an improvement in sentiment. On the other hand, India's economic growth was the fastest among major economies— also supported by government policies and spending.

► Monetary, Fiscal and Structural Developments

- The US Federal Reserve Bank kept interest rates on hold in April and June meetings. Fed inaction likely resulted from market volatility earlier in the year in addition to May's weak job report and Brexit fears.
- The European Central Bank (ECB) mainly focused on the implementation of measures announced earlier during the March meeting. In April, the ECB published details of the Corporate Sector Purchase Program which started later in June.
- The Bank of England (BoE) maintained its monetary policy on hold in April, May and June meetings yet warned that 'a Brexit vote might result in an extended period of uncertainty'. BoE then announced that it was ready to provide £ 250 billion in additional funds to support financial markets directly after the announcement of Brexit results.
- The Bank of Japan (BoJ) defied market expectations by keeping monetary policy unchanged in both April and June meetings. In addition, Japanese Prime Minister Abe delayed a sales tax increase in May until 2019 in an effort to boost domestic demand.

► Key Themes

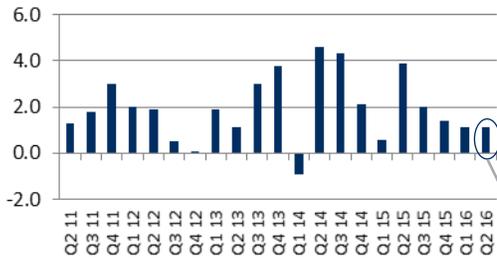
- Uncertainty around Brexit results drove bond, equity and currency markets in Q2. Following the UK vote in favor of leaving the EU (51.9% to 48.1%), PM Cameron resigned, the Pound plunged to a 30-year low and global equities lost around USD 3 trillion following the sharp sell-off. Political uncertainty in the UK as the 'Exit' process remains unclear and in other EU countries (Spain, France and Germany) where key elections will be held next year could increase market volatility.
- Oil prices stabilized in Q2 on the back of higher demand and declining production following shutdowns in several oil-producing countries, however outlook remains uncertain and the rebalancing might take longer-than-expected.
- China slowdown and its impact on global demand in addition to surging non-performing loans in the EU banking sector - particularly in Italy - could pose additional risks.

► US Economic Indicators

MACRO ECONOMY

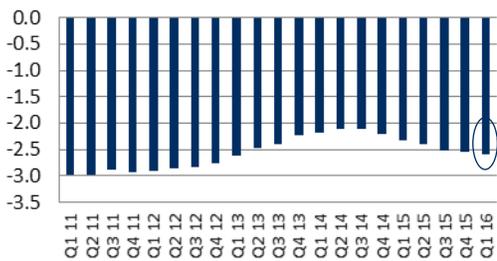
1. Real GDP: Measures the value of goods and services produced in a country in a given period of time.

GDP (Annualized QOQ%)



3. Current Account: All transactions other than those in financial and capital items. The major classifications are goods and services, income and current transfers.

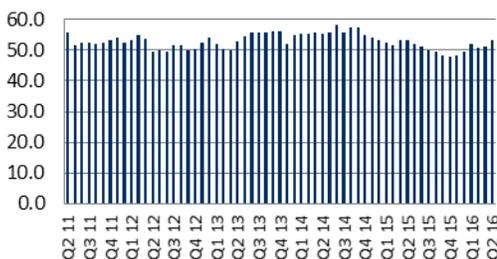
Current Account as % of GDP



MANUFACTURING

1. ISM Manufacturing Index: An index based on surveys of manufacturing firms covering employment, production, new orders and supplier deliveries.

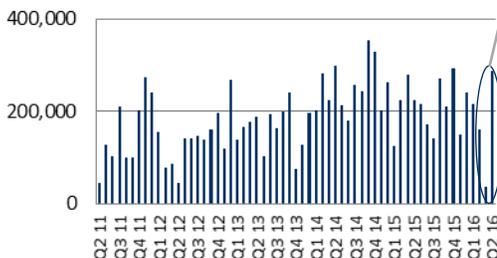
ISM Manufacturing



EMPLOYMENT

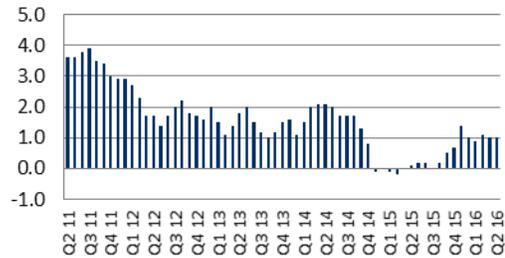
1. Nonfarm Payrolls: Total number of working-age persons except farm, household, non profit, and certain government employees.

Nonfarm Payrolls



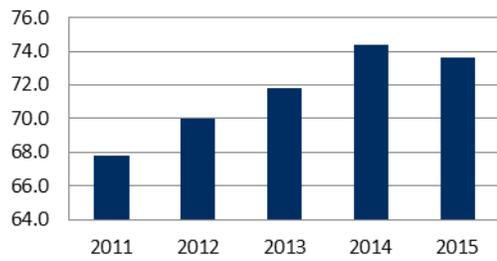
2. Consumer Price Index: Measures changes in the prices of goods and services that households consume.

CPI (YOY%)



4. Government Debt to GDP: A measure of a country's federal debt in relation to its gross domestic product (GDP).

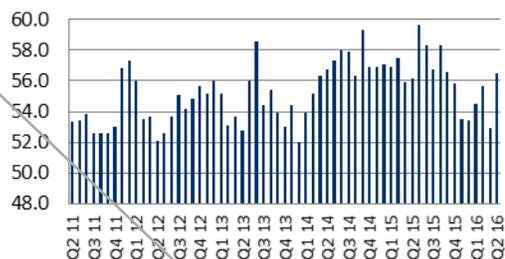
Government Debt as % of GDP



US economy grew at a slower-than-expected pace, while the current account narrowed as exports increased. Weak job report in May in addition to Brexit concerns kept the Fed on hold.

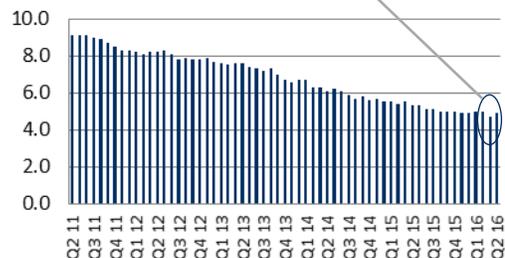
2. ISM Non-Manufacturing Index: An index based on surveys of non-manufacturing firms' purchasing and supply executives.

ISM Non-Manufacturing



2. Unemployment rate: The percentage of total force unemployed but actively seeking employment.

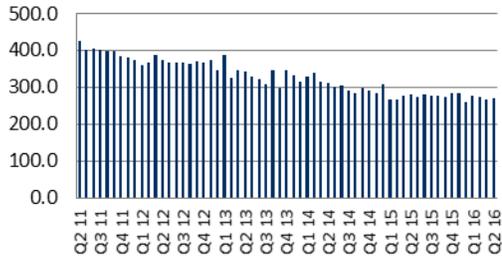
Unemployment Rate %



► US Economic Indicators

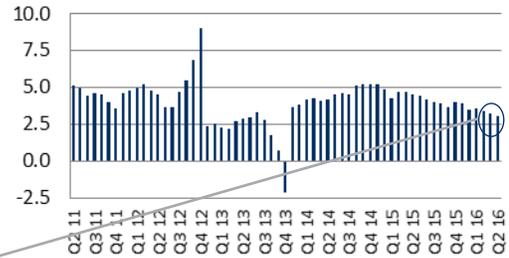
3. Initial Jobless Claims: The number of jobless claims filed by individuals seeking to receive state jobless benefits.

Initial Jobless Claims (Thousands)



4. Personal Income: Total compensation received by an individual.

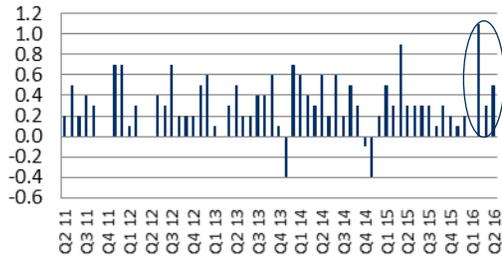
Personal Income (YOY%)



CONSUMER

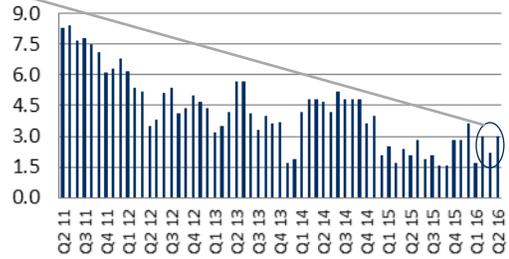
1. Personal Spending: The amount of money spent by households.

Personal Spending (MOM%)



2. Retail Sales: An aggregated measure of the sales of retail goods over a stated time period.

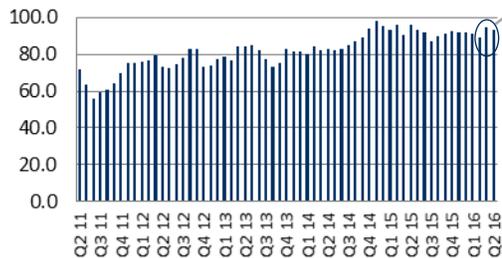
Retail Sales (YOY%)



Strong consumer demand was the main driver of growth despite softer personal income data as optimism improved. Housing activity was a bright spot with new home sales reaching record highs although home prices declined as indicated by S&P Case-Shiller Index.

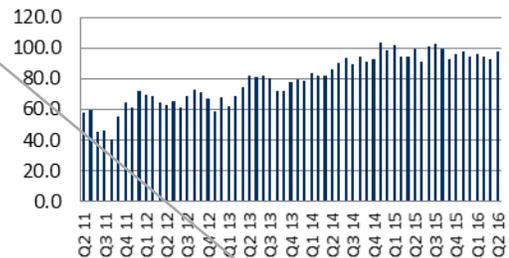
3. Consumer Sentiment: An economic indicator of the overall health of the economy as determined by consumer opinion.

Consumer Sentiment



4. Consumer Confidence: A measure of the level of optimism consumers have about the performance of the economy.

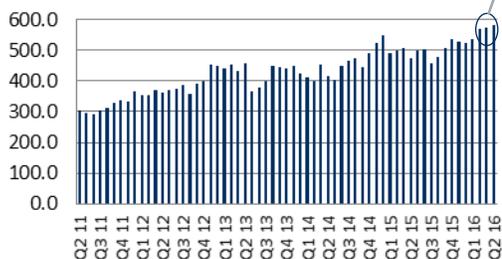
Consumer Confidence



HOUSING

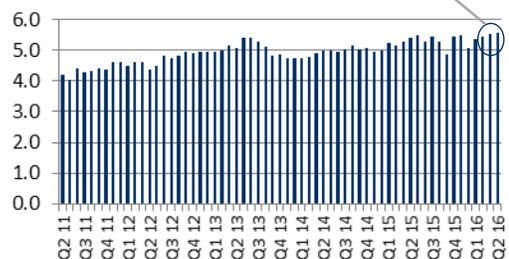
1. New Home Sales: Measures sales of newly constructed residences in the U.S.

New Home Sales (Thousands)



2. Existing Home Sales: Reports the number of existing homes sold.

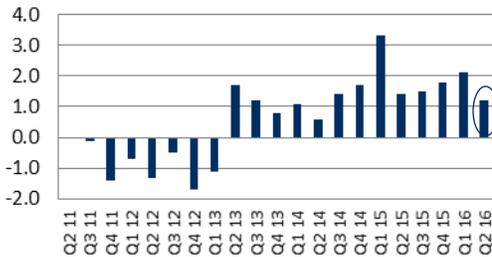
Existing Home Sales (Millions)



► Eurozone Economic Indicators

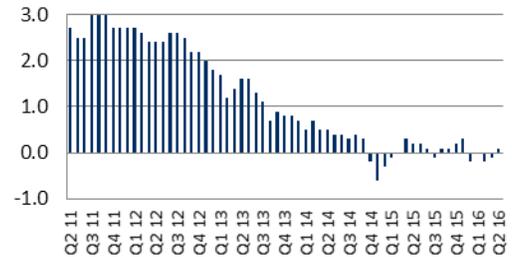
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GDP (Annualized QOQ%)



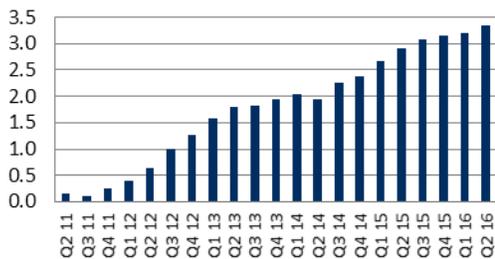
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CPI (YOY%)



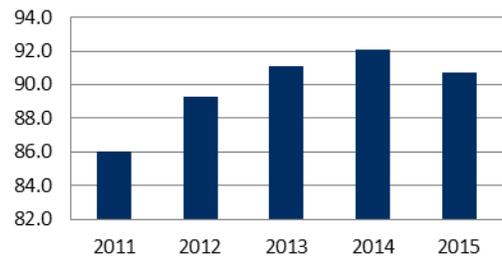
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Current Account as % GDP



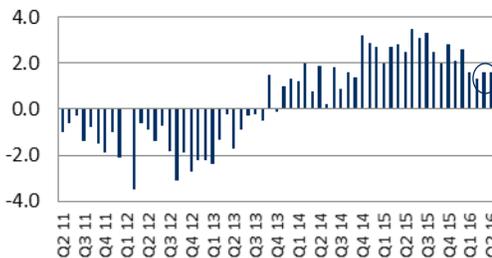
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Government Debt as % of GDP



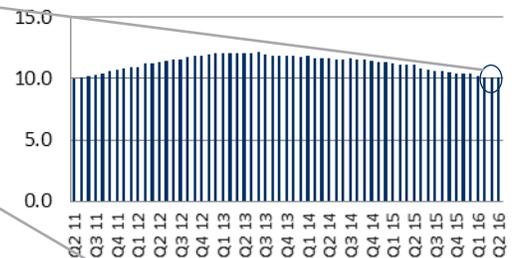
5. Retail Sales: An aggregated measure of the sales of retail goods over a stated time period.

Retail Sales (YOY%)



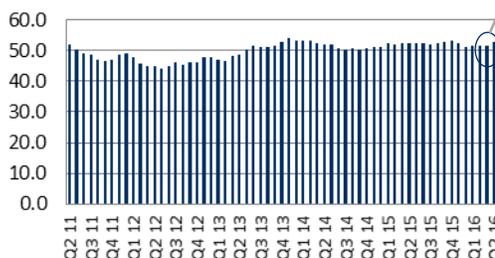
6. Unemployment Rate: The percentage of the total labor force that is unemployed but actively seeking employment.

Unemployment Rate %



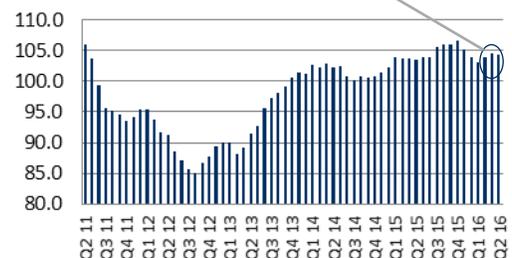
7. Markit Manufacturing Purchasing Managers Index: Index that captures business conditions in the manufacturing sector.

Markit Manufacturing PMI



8. Economic Sentiment Indicator: a composite made up of five confidence indicators: industrial, services, consumer, construction and retail trade.

Economic Sentiment Indicator

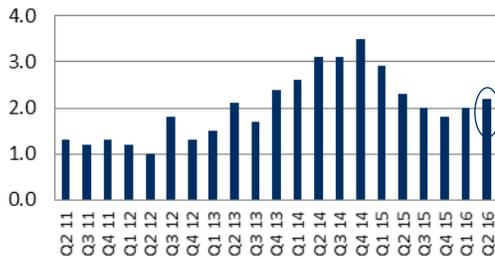


EU GDP growth softened yet unemployment declined as the ECB kept monetary policy unchanged, focusing on the implementation of measures announced earlier in March. Rising retail sales and sentiment suggest that confidence remained resilient amid political uncertainty caused by Brexit.

► UK Economic Indicators

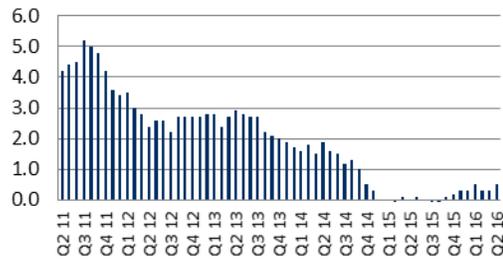
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GDP (YOY%)



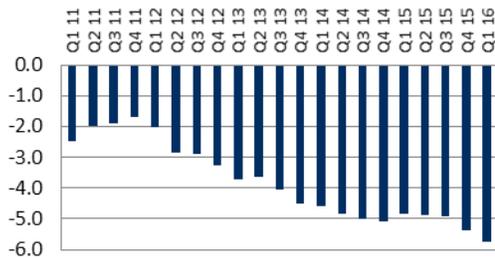
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CPI (YOY%)



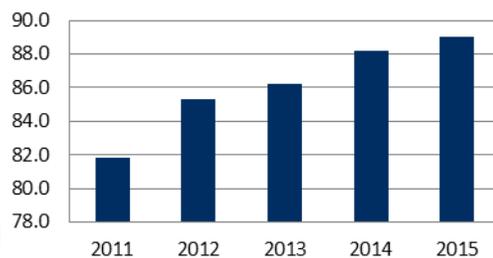
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Current Account as % GDP



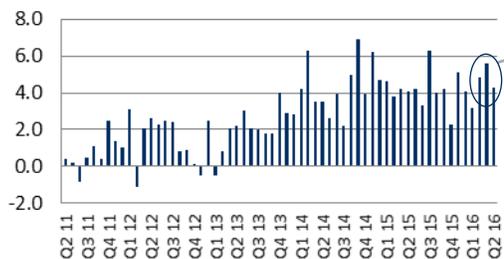
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Government Debt as % of GDP



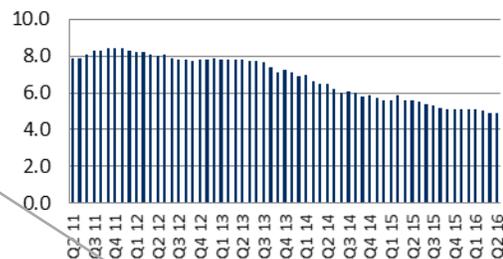
5. Retail Sales: An aggregated measure of the sales of retail goods over a stated time period.

Retail Sales (YOY%)



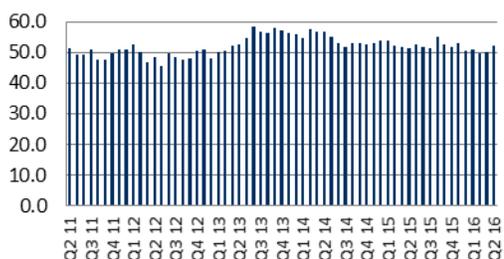
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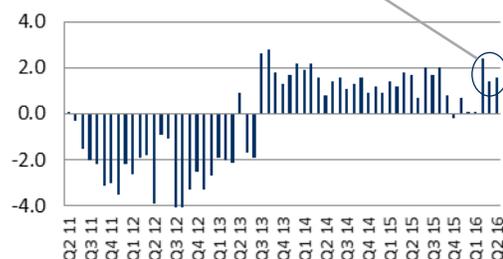
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Markit Manufacturing PMI



8. Industrial Production: Measures the amount of output from the manufacturing sector.

Industrial Production (YOY%)

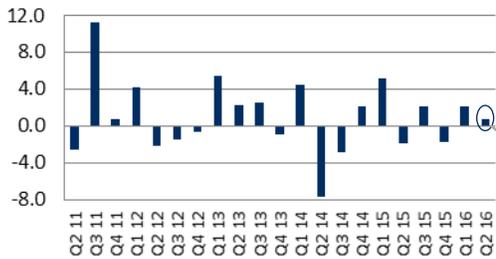


While the BoE warned against a period of uncertainty resulting from Brexit, higher economic growth and declining unemployment confirmed pre-referendum resilience. Rising retail sales and industrial production also point out to strong activity.

Japan Economic Indicators

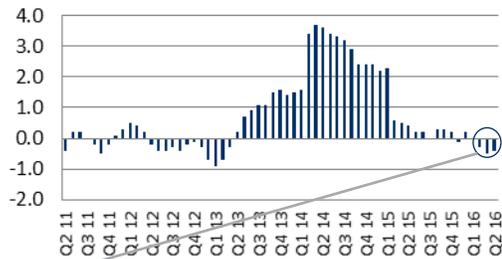
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GDP (Annualized QOQ%)



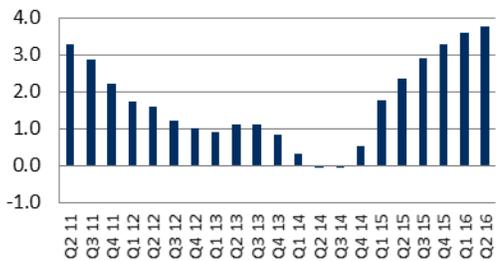
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CPI (YOY%)



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Current Account as % GDP



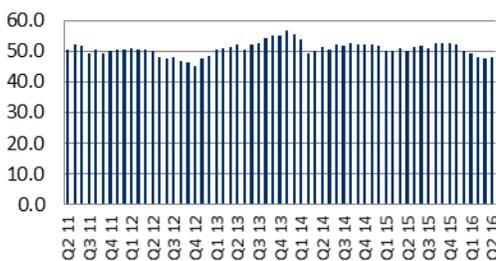
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Retail Sales (YOY%)



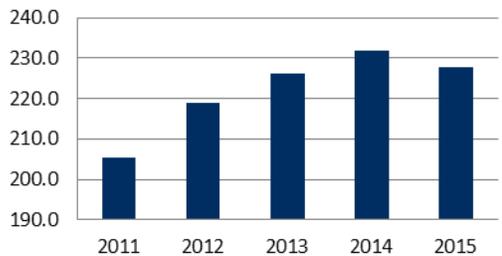
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Nikkei Manufacturing PMI



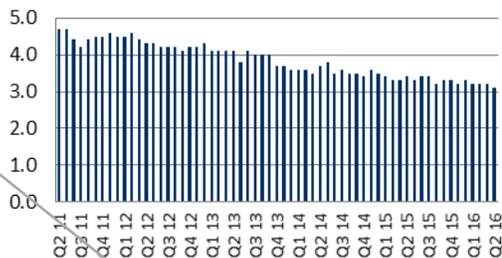
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Government Debt as % of GDP



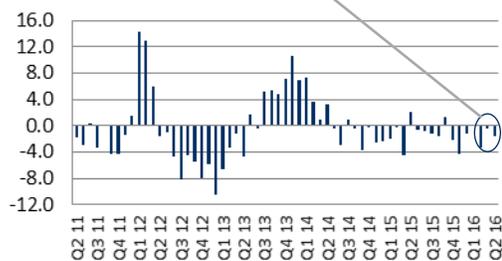
6. Unemployment Rate: The percentage of the total labor force that is unemployed but actively seeking employment.

Unemployment Rate %



8. Industrial Production: Measures the amount of output from the manufacturing sector.

Industrial Production (YOY%)



Sluggish economic growth resulting from lower exports, industrial production and household spending. Despite government's efforts to boost domestic demand including a delay in sales tax hike, consumer spending remained weak and weighed on inflation.

► China Economic Indicators

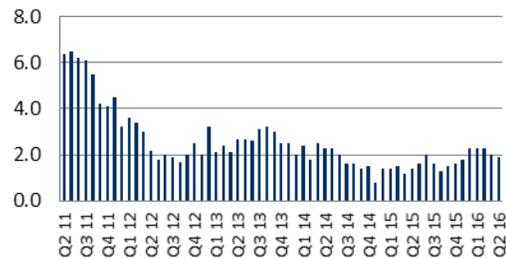
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GDP (YOY%)



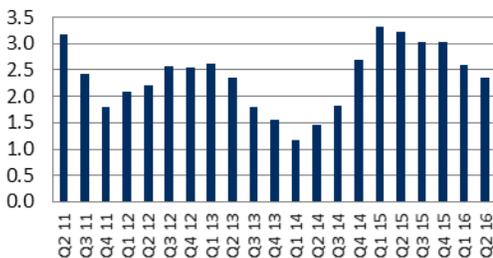
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CPI (YOY%)



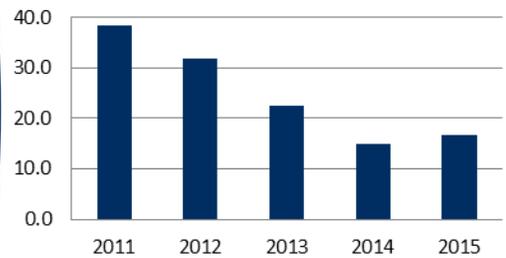
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Current Account as % GDP



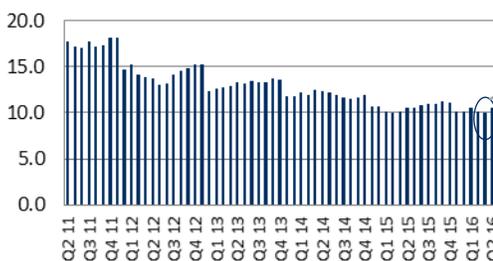
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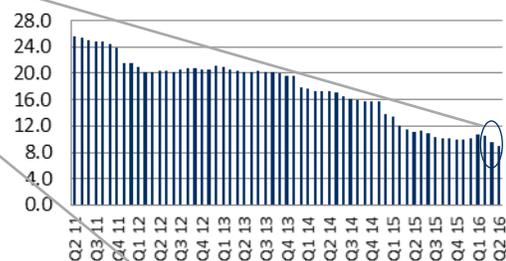
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Retail Sales (YOY%)



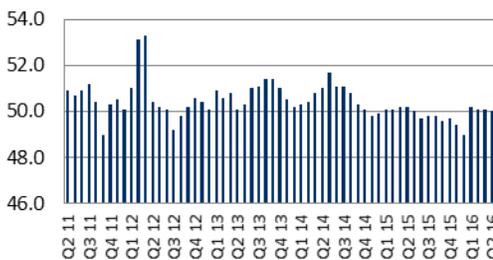
6. Fixed Asset Investment: A measure of capital spending.

Fixed Asset Investment (YOY%)



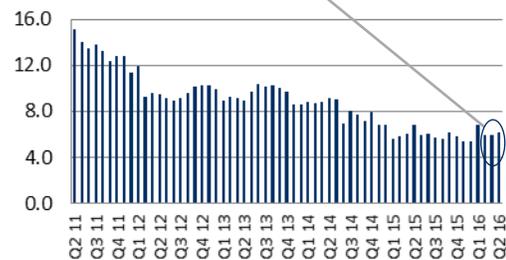
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NBS Manufacturing PMI



8. Industrial Production: Measures the amount of output from the manufacturing sector.

Industrial Production (YOY%)

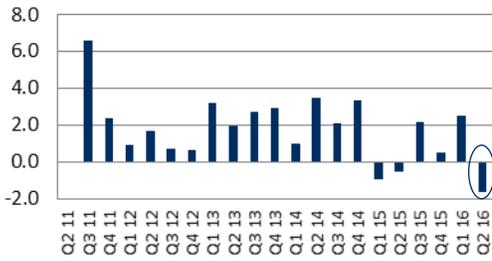


A rebound in retail sales and industrial production helped offset a decline in FAI resulting from lower investment in overcapacity industries. Corporate default risks which could potentially weigh on economic growth are rising as China debt load reaches record highs (corporate debt stood at around 145% of GDP in June).

► Canada Economic Indicators

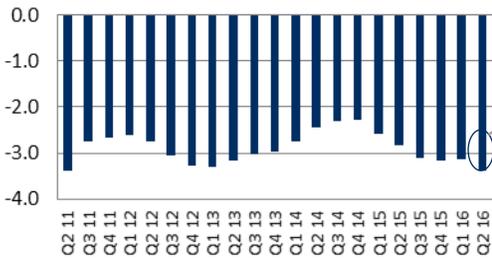
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GDP (Annualized QOQ%)



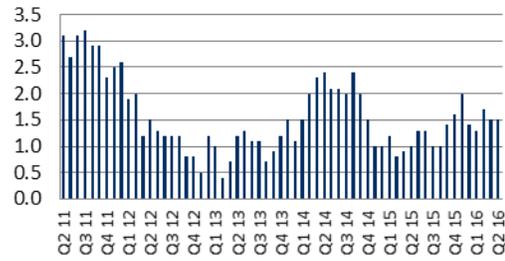
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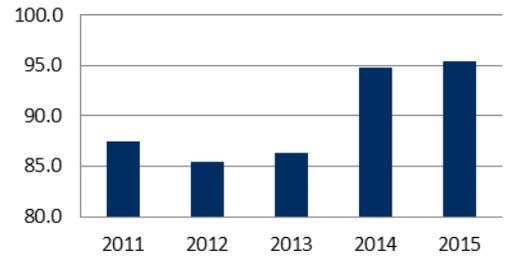
CPI (YOY%)



Canadian economy was significantly hit by Alberta wildfires resulting in oil sands production shutdowns leading to declines in energy exports. Household debt is surging amid a favorable low interest rate environment and robust housing activity.

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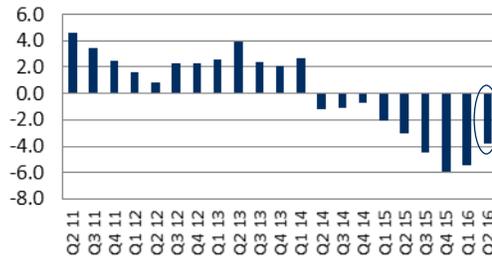
Government Debt as % of GDP



► Brazil Economic Indicators

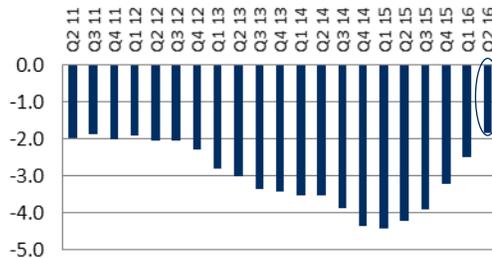
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GDP (YOY%)



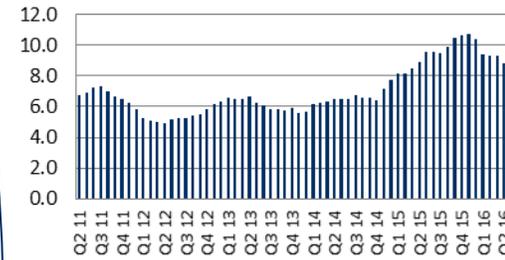
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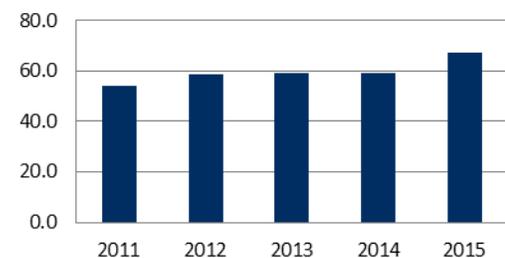
CPI (YOY%)



Better-than-expected data shows improvement in Brazil's economy. Risk sentiment shored up following the stabilization in commodity prices and the appointment of a new president, yet the country still faces political and economic challenges and an unfavorable external environment limiting trade.

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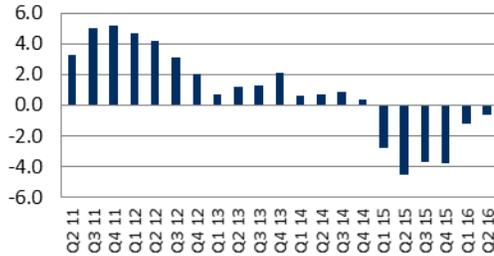
Government Debt as % of GDP



Russia Economic Indicators

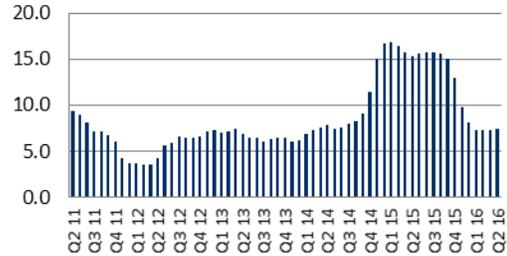
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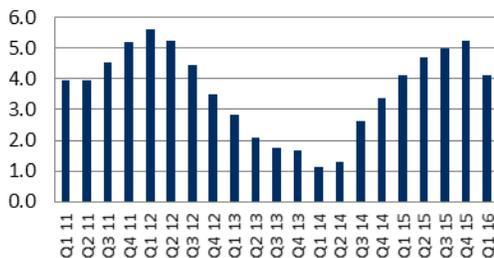
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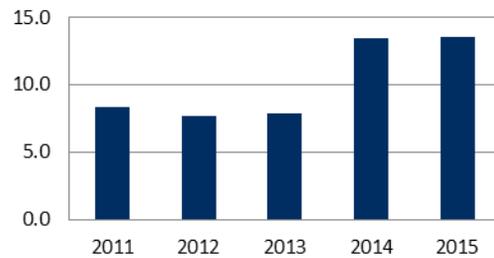
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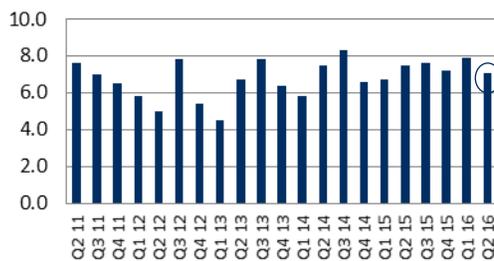
Government Debt as % of GDP



India Economic Indicators

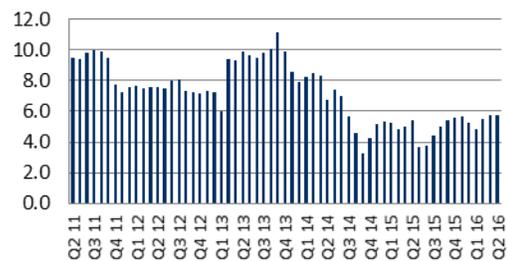
1. Real GDP: The value of goods and services produced within a country in a given period of time.

GDP (YOY%)



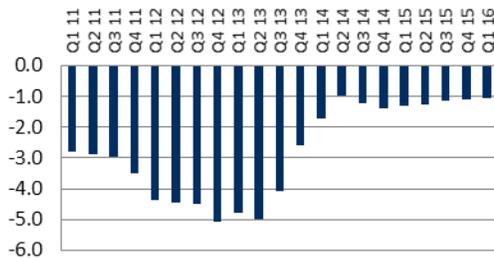
2. Consumer Price Index: Measures changes in the prices of goods and services that households consume.

CPI (YOY%)



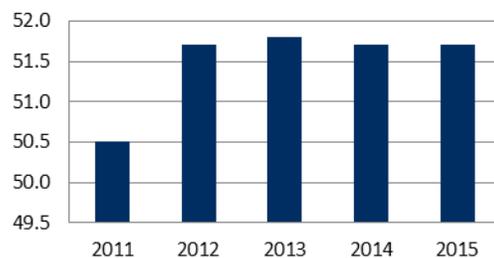
3. Current Account: All transactions other than those in financial and capital items. The major classifications are goods and services, income and current transfers.

Current Account as % GDP

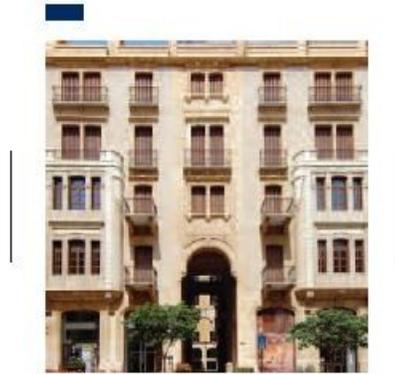


4. Government Debt to GDP: A measure of a country's federal debt in relation to its gross domestic product (GDP).

Government Debt as % of GDP



India's economic growth slowed resulting from a decline in manufacturing output, yet remains the fastest among major developing economies. Government policies are the main drivers of growth.



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