



# Globanomics

World's Dashboard of Economic Indicators

**Q3 2017**

## ► Quarter at a Glance

- Global economic growth was estimated in July 2017 at 3.5% for 2017 and 3.6% for 2018 by the IMF, unchanged from April projections. The IMF highlighted that the global economic recovery maintained momentum in the first half of the year while global risks remained balanced
- Advanced economies are expected to grow at +2.0% for 2017 and +1.9% for 2018 by the IMF with a downgrade of the forecasts for the United States -on the account of a fiscal policy that would be less expansionary than previously assumed—and the United Kingdom following weaker-than-expected macroeconomic activity. By contrast, the outlook for the Eurozone was revised up particularly following favorable macroeconomic data, consumer and business optimism as well as significant improvements in the labor market
- Emerging markets and developing economies are expected to grow +4.6% in 2017 and +4.8% in 2018 with the IMF revising its projections higher for these countries in July. However, China's economic growth slightly moderated in Q3/17 along with slowing activity indicators reflecting the Government's policies to contain financial risks while Brazil maintained its recovery momentum which is driven by higher investment and consumption

## ► Monetary, Fiscal and Structural Developments

- The US Federal Reserve Bank (Fed) left interest rates unchanged in both July and September meetings. The Fed announced that the USD 4.5 trillion balance sheet normalization program will begin 'relatively soon' in July and confirmed in its September meeting that the process will start in October
- The European Central Bank (ECB) kept interest rates and asset purchase program on hold in July and September meetings. ECB Draghi highlighted that changes to bond-buying program would be discussed in Autumn yet pointed to a robust economic recovery in July and announced that announced in September that plans to start scaling back QE program would be unveiled in October
- The Bank of England (BoE) left interest rates and monetary policy unchanged in August and September meetings. The BoE downgraded its economic growth forecast in July to 1.7% from 1.9% in May with MPC members highlighting that 'inflation was not far enough above target to warrant an increase in rates'. However, the BoE hinted to an increase in interest rates before the end of the year in November in order to tackle rising inflation
- The Bank of Japan (BoJ) kept interest rates and monetary policy steady in July and September. The BoJ cut its inflation forecasts for FY 2017/2018 to 1.1% from 1.4% in July and indicated that the economy is likely to continue its moderate expansion

## ► Key Themes

- In the US, President Donald Trump announced a tax plan which will mainly consist of i) a reduction of corporate tax to 20% from 35%, ii) a one-time repatriation tax for companies on profits accumulated overseas and iii) simplifying and cutting individual tax rate to only three brackets. The proposed budget was set to be approved by the Senate and House of Commons in Q4/17. On the other hand, geopolitical tensions rose between the United States and North Korea
- Political risks resurfaced in Europe particularly following the German elections and Catalan independence referendum by the end of Q3/17. In Germany, Chancellor Angela Merkel won a fourth term but her party failed to secure the majority of the seats and would face political challenges in forming a coalition government where opposing parties are represented. In Spain, Catalans voted in favor of their independence from Spain, however the government rejected the result and declared the vote as illegal. Brexit process and talks unfolded in Q3/17 with little progress which is resulting in an uncertain political and economic environment
- Oil prices rebounded in Q3/17 following i) renewed outages and supply disruptions in Libya, ii) the recovery in US oil demand after Hurricane Harvey and iii) Irma and monthly reports by OPEC and IEA pointing out to rising demand in the next few quarter leading to more balanced oil markets and higher compliance to global supply cut agreement. Subsequently to Q3/17, OPEC and non-OPEC members agreed in November to extend oil output cuts until the end of 2018 with Libya and Nigeria included for the first time in the production limits

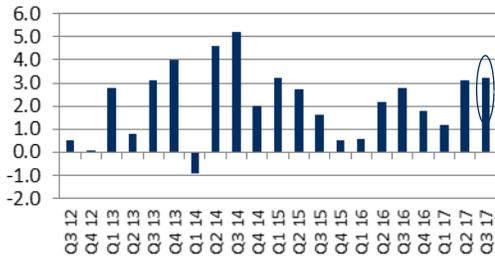
► US Economic Indicators

**MACRO ECONOMY**

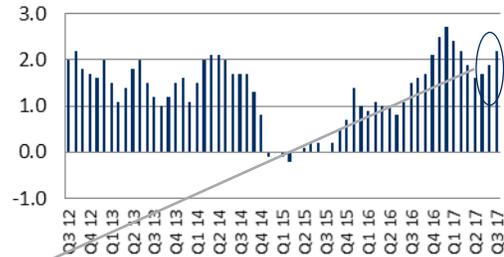
**1. Real GDP:** Measures the value of goods and services produced in a country in a given period of time.

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

**GDP Annualized (QOQ%)**



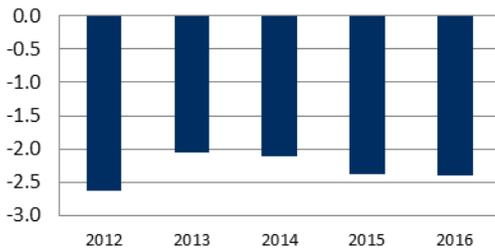
**CPI (YOY%)**



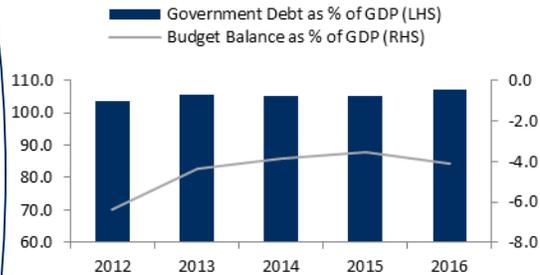
**3. Current Account:** All transactions other than those in financial and capital items. The major classifications are goods and services, income and current transfers.

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

**Current Account as % of GDP**



**Government Debt and Budget Balance**



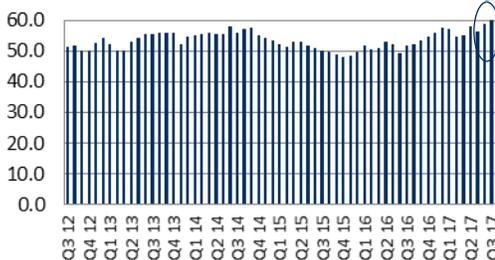
*US GDP growth rose to its highest level in more than 2 years in Q3/17, supported by business and consumer spending, despite the negative impact of Hurricanes Harvey and Irma. However, the hurricanes led to a significant drop in nonfarm payrolls and an occasional increase in inflation due to higher gasoline prices while unemployment rate fell and hourly wages continued to pick up.*

**MANUFACTURING**

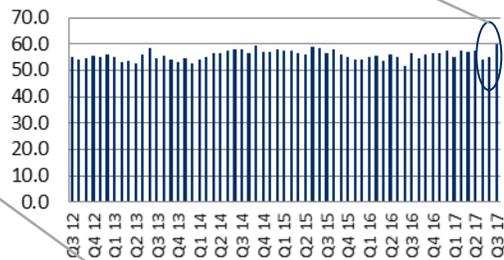
**1. ISM Manufacturing Index:** An index based on surveys of manufacturing firms covering employment, production, new orders and supplier deliveries.

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

**ISM Manufacturing**



**ISM Non-Manufacturing**

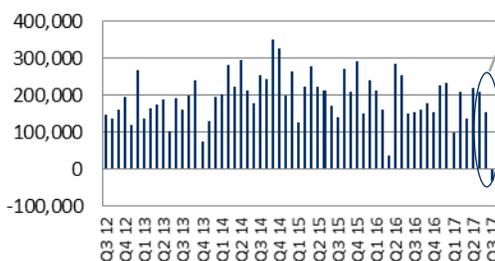


**EMPLOYMENT**

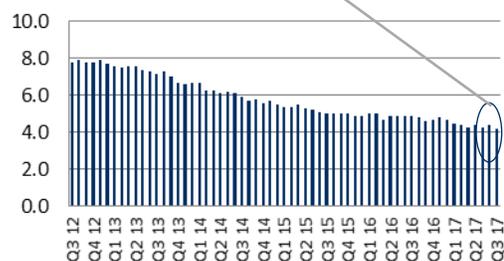
**1. Nonfarm Payrolls:** Total number of working-age persons except farm, household, non profit, and

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

**Nonfarm Payrolls**



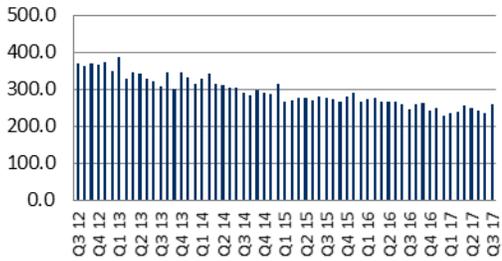
**Unemployment Rate %**



► US Economic Indicators

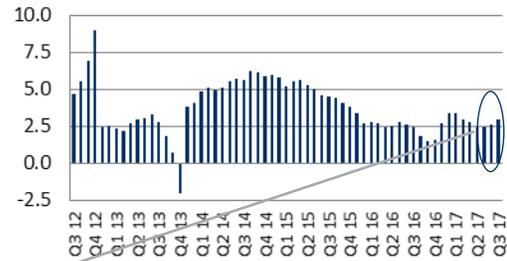
**3. Initial Jobless Claims:** The number of jobless claims filed by individuals seeking to receive state jobless benefits.

Initial Jobless Claims (Thousands)



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

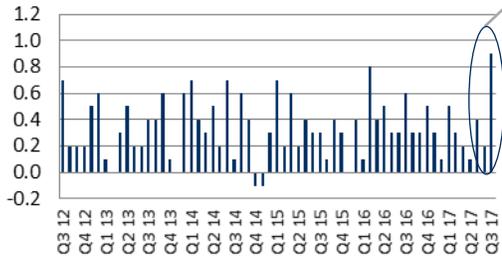
Personal Income (YOY%)



**CONSUMER**

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

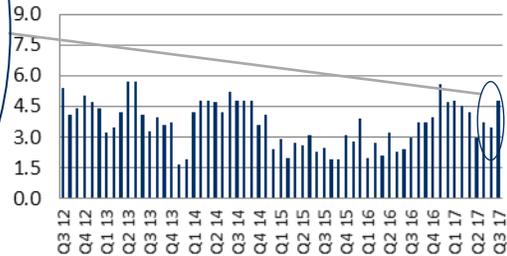
Consumer Spending (MOM%)



*Consumer spending was significantly higher in September supported by wage gains and savings and resulted in higher retail sales and corporate profits at record highs*

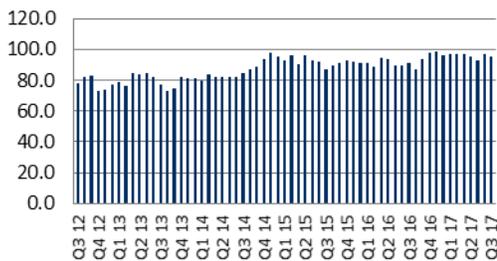
**2. Retail Sales:** An aggregated measure of the sales of retail goods over a stated time period.

Retail Sales (YOY%)



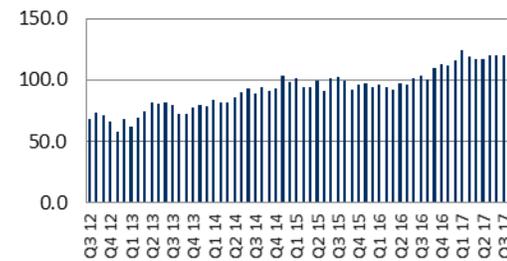
**3. Consumer Sentiment:** An economic indicator of the overall health of the economy as determined by consumer opinion.

Consumer Sentiment



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

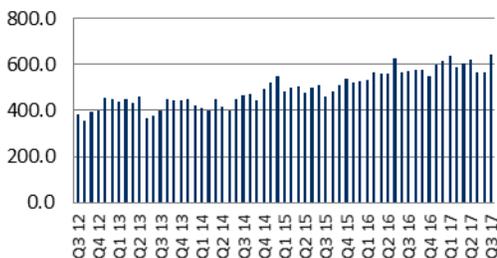
Consumer Confidence



**HOUSING**

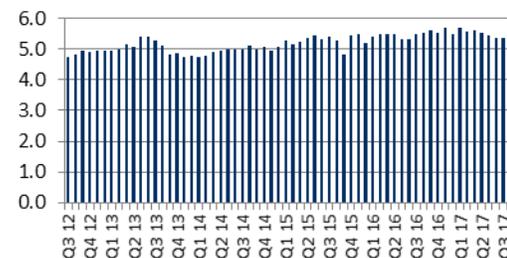
**1. New Home Sales:** Measures sales of newly constructed residences in the U.S.

New Home Sales (Thousands)



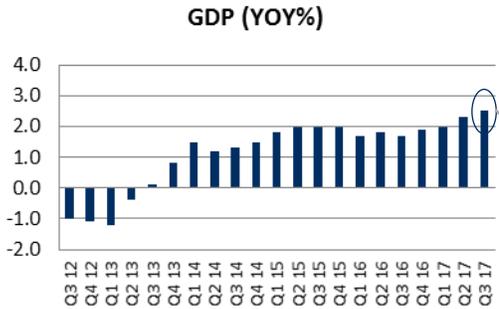
**2. Existing Home Sales:** Reports the number of existing homes sold.

Existing Home Sales (Millions)

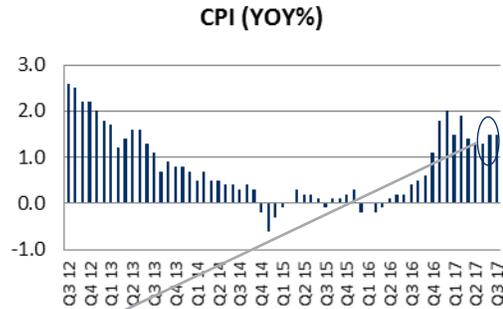


► Eurozone Economic Indicators

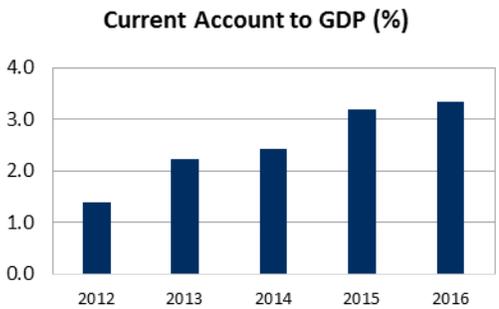
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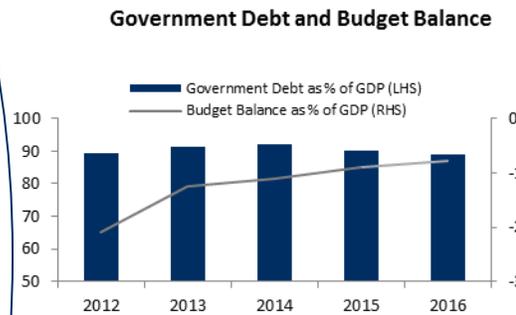
**2. Consumer Price Index:** Measures changes in the prices of goods and services that households consume.



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

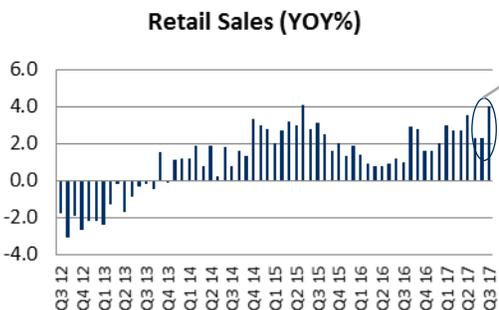


**4. Government Debt and Budget Balance to GDP:** A measure of a country's federal debt and budget balance in relation to its gross domestic product (GDP).

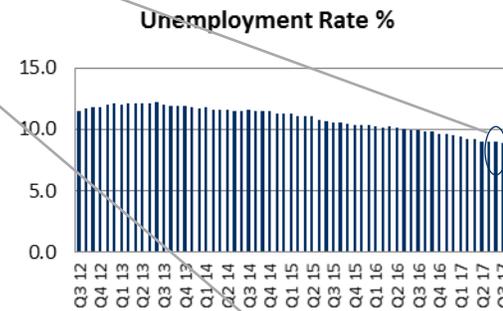


*Robust EU growth with business and consumer surveys at record-highs and pointing to a positive momentum, which could be translated in a sustained solid economic activity in the next quarters. Despite improvements in labor market and the increase in consumer spending, inflation remains below ECB's target and its outlook is potentially challenged by a strengthening Euro*

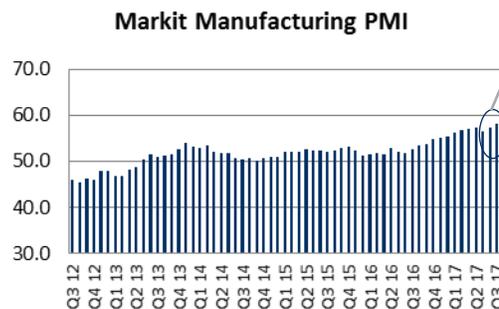
**5. Retail Sales:** An aggregated measure of the sales of retail goods over a stated time period.



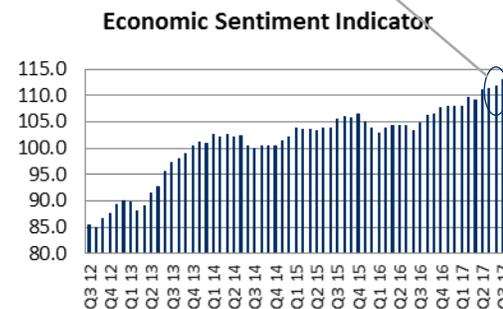
**6. Unemployment Rate:** The percentage of the total labor force that is unemployed but actively seeking employment.



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



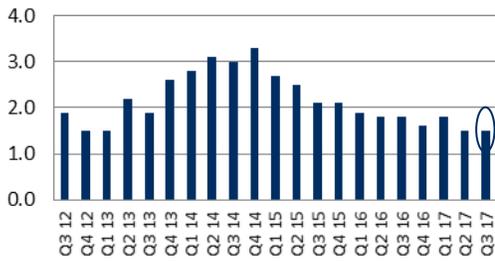
**8. Economic Sentiment Indicator:** a composite made up of five confidence indicators: industrial, services, consumer, construction and retail trade.



► UK Economic Indicators

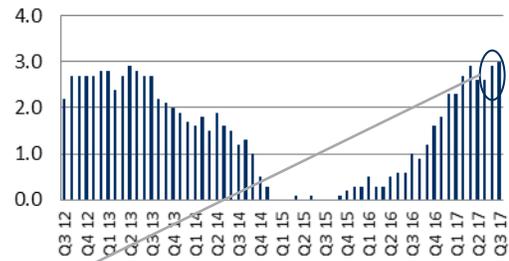
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GDP (YOY%)



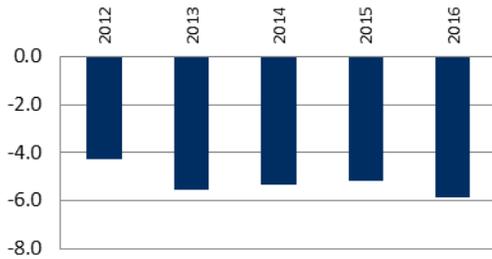
**2. Consumer Price Index:** Measures changes in the prices of goods and services that households consume.

CPI (YOY%)



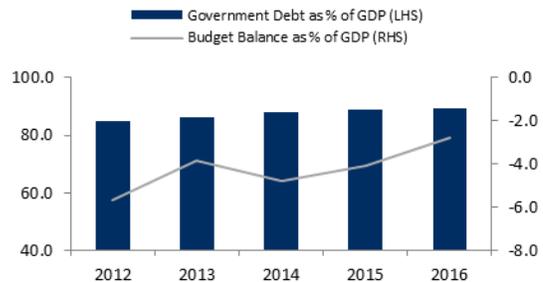
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Current Account as % GDP



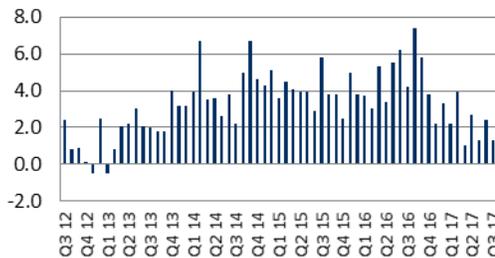
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Government Debt and Budget Balance



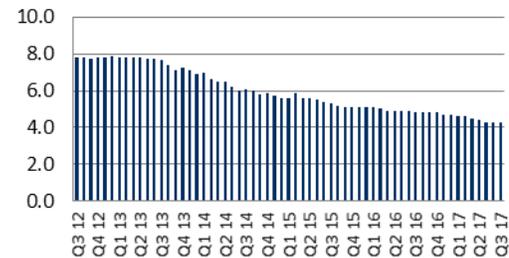
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Retail Sales (YOY%)



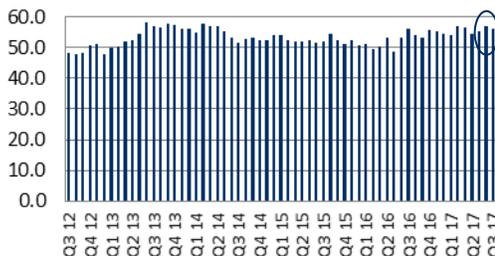
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Unemployment Rate %



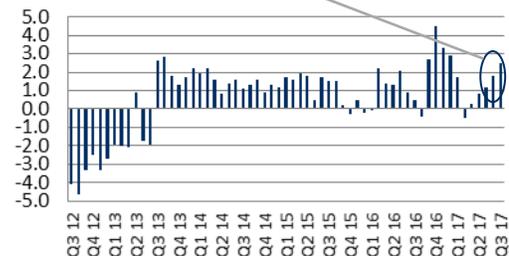
**7. Markit Manufacturing Purchasing Managers Index:** Index that captures business conditions in the manufacturing sector.

Markit Manufacturing PMI



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

Industrial Production (YOY%)

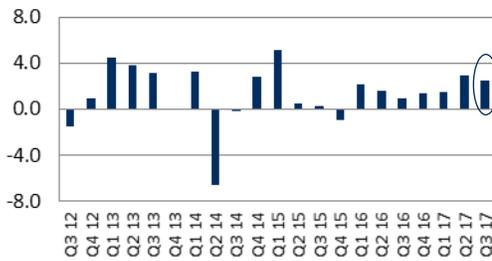


*UK economic growth remained stable in Q3/17 on slightly higher consumption while business investment softened amid ongoing political uncertainty. The contribution of manufacturing to GDP returned to growth and services remained the largest contributor in the economy. The weaker GBP which was translated in higher imports and input costs pushed inflation to its highest level in more than five years*

## Japan Economic Indicators

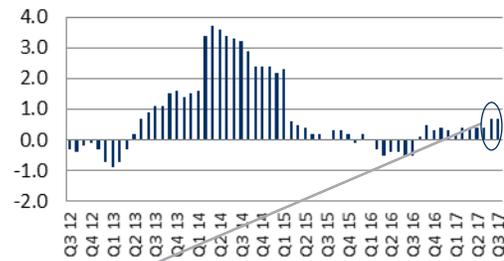
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GDP (YOY%)



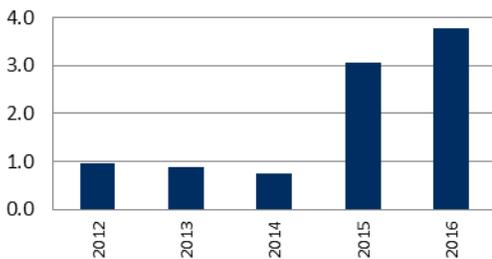
**2. Consumer Price Index:** Measures changes in the prices of goods and services that households consume.

CPI (YOY%)



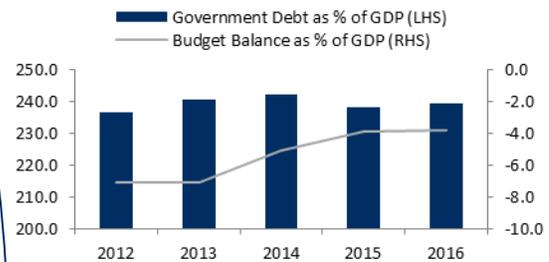
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Current Account as % GDP



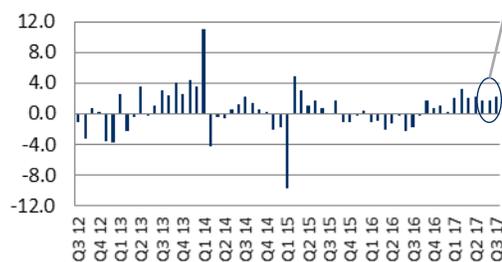
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Government Debt and Budget Balance



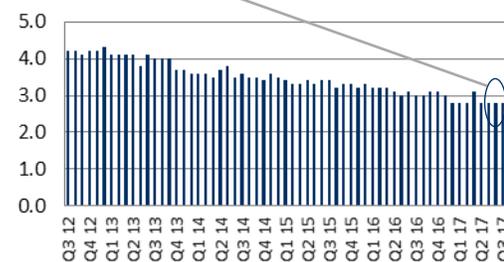
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Retail Sales (YOY%)



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

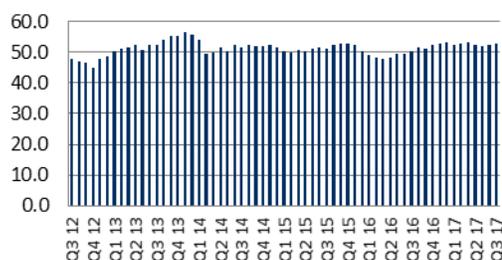
Unemployment Rate %



*Japanese economic growth slightly lower in Q3/17 as higher exports resulting from an improving external demand were offset by weaker private consumption. Tepid wage growth kept inflation below BoJ's target despite the tightest labor market in more than 20 years and government's efforts aimed at encouraging companies to raise salaries*

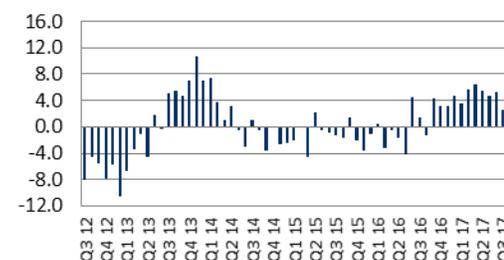
**7. Nikkei Manufacturing Purchasing Managers Index:** Index that captures business conditions in the manufacturing sector.

Nikkei Manufacturing PMI



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

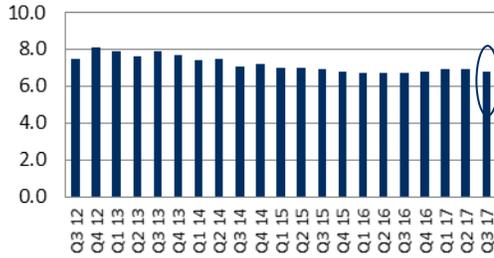
Industrial Production (YOY%)



## ► China Economic Indicators

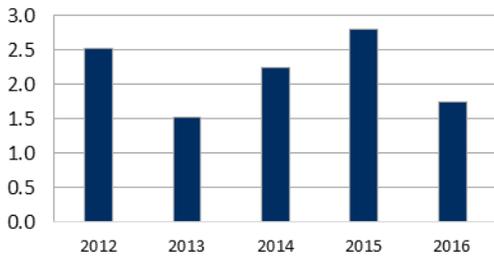
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**GDP (YOY%)**



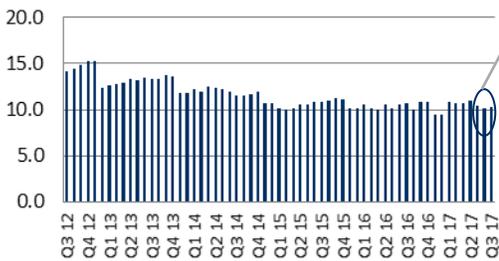
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**Current Account to GDP %**



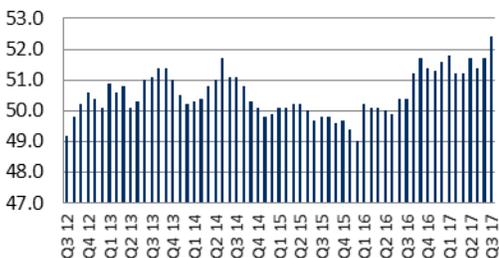
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**Retail Sales (YOY%)**



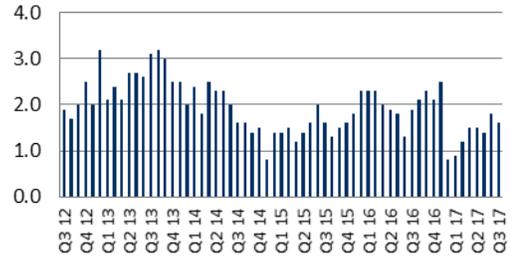
**7. NBS Manufacturing Purchasing Managers Index:** Index that captures business conditions in the manufacturing sector.

**NBS Manufacturing PMI**



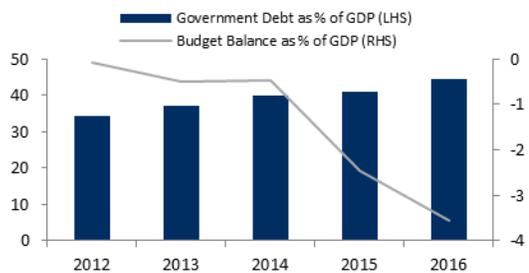
**2. Consumer Price Index:** Measures changes in the prices of goods and services that households consume.

**CPI (YOY%)**



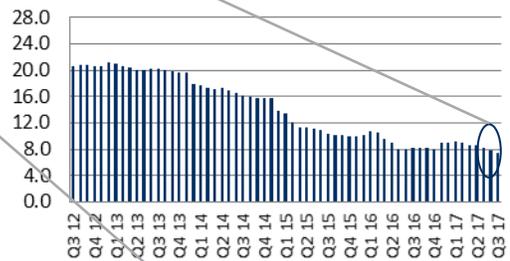
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**Government Debt and Budget Balance**



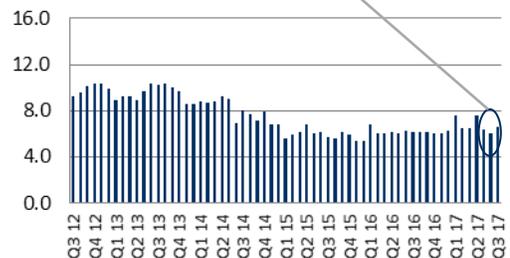
**6. Fixed Asset Investment:** A measure of capital spending.

**Fixed-Asset Investment (YOY%)**



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

**Industrial Production (YOY%)**

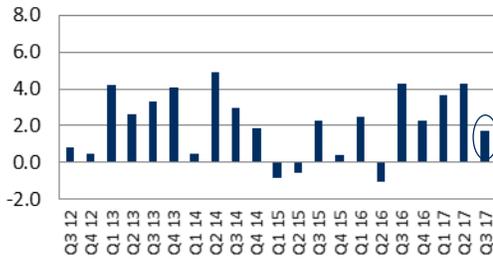


*Chinese economic growth slightly moderated in Q3/17 yet expected to remain on track to reach the government's target of 6.5% this year. Activity indicators slowed down amid sustained authorities' efforts to control financial risks and reinforce environmental regulations which potentially led to production disruptions*

### ► Canada Economic Indicators

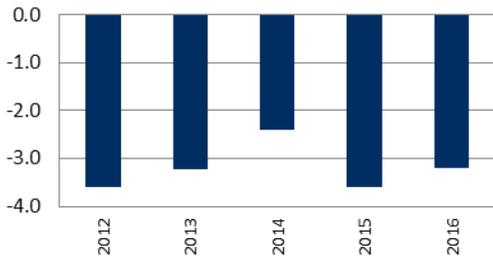
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**GDP Annualized (QOQ%)**



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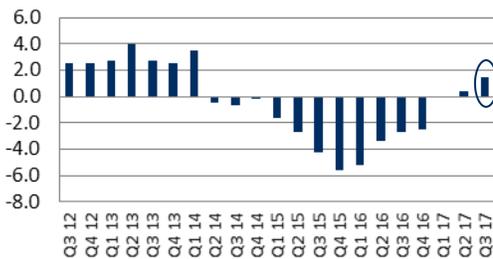
**Current Account as % GDP**



### ► Brazil Economic Indicators

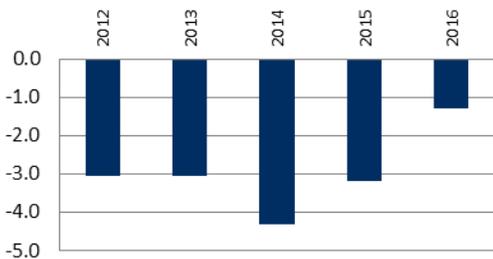
**1. Real GDP:** The value of goods and services produced within a country in a given period of time.

**GDP (YOY%)**



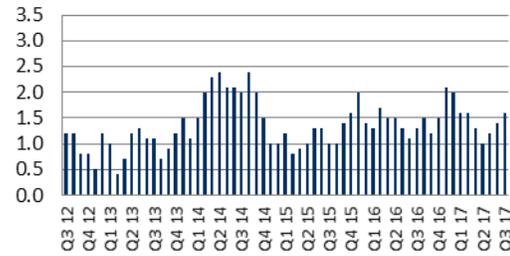
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**Current Account as % GDP**



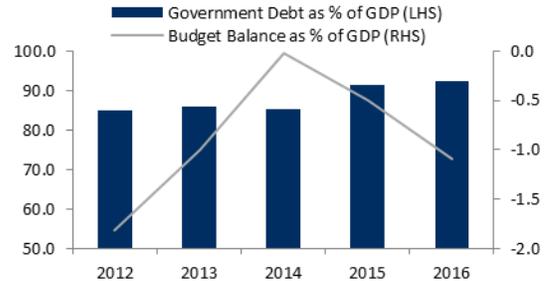
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**CPI (YOY%)**



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**Government Debt and Budget Balance**

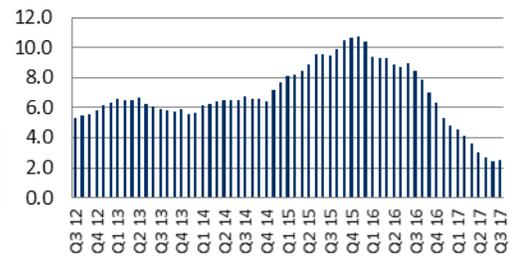


*Canada's economy significantly slowed in Q3/17 weighed by lower contribution from manufacturing and oil extraction while business investment rose and is expected to further support growth in the next quarters*

*Brazil's economy maintained its expansion driven by higher investment and consumption although political uncertainty persisted ahead of 2018 elections*

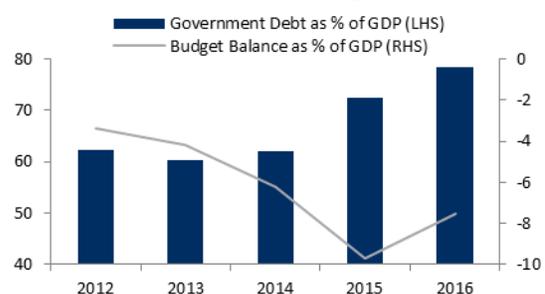
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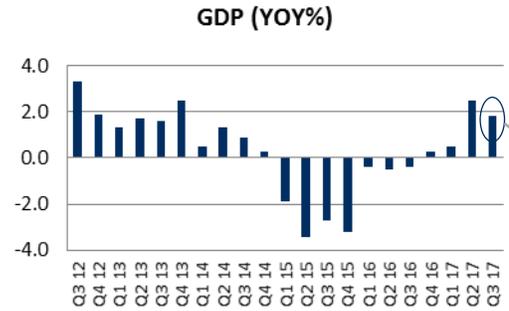
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**Government Debt and Budget Balance**

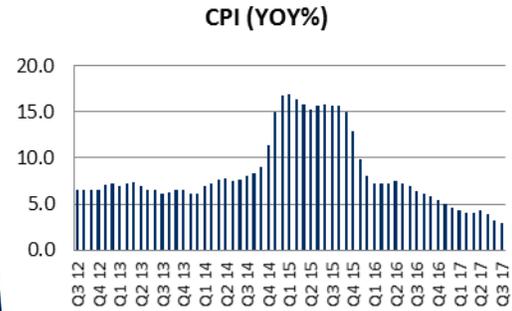


### Russia Economic Indicators

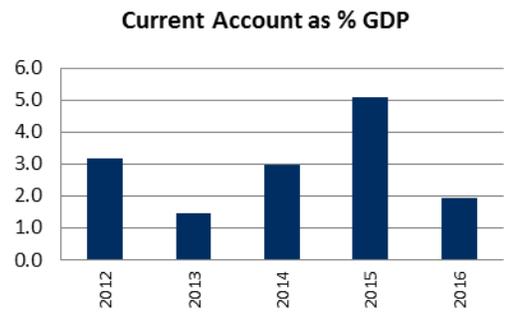
**1. Real GDP:** The value of goods and services produced within a country in a given period of time.



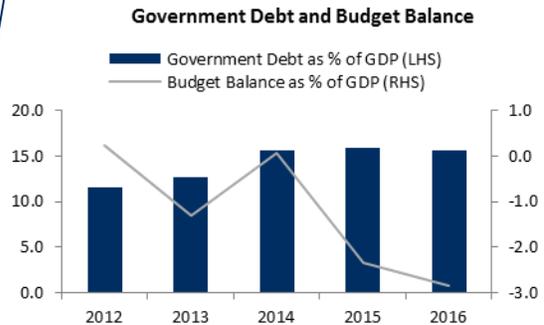
**2. Consumer Price Index:** Measures changes in the prices of goods and services that households consume.



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



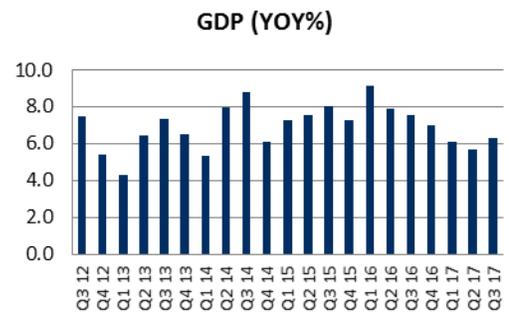
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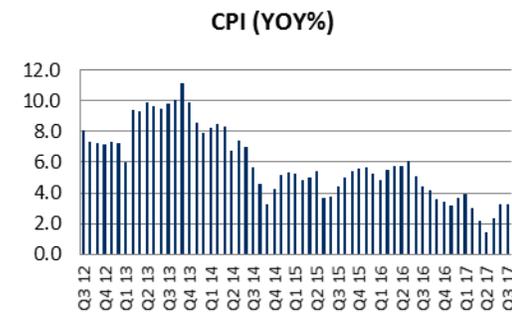
*Russia's economic recovery slowed in Q3/17 which contrasted the CBR's outlook on economic performance after it raised its forecast as it proceeds with its gradual approach for monetary easing*

### India Economic Indicators

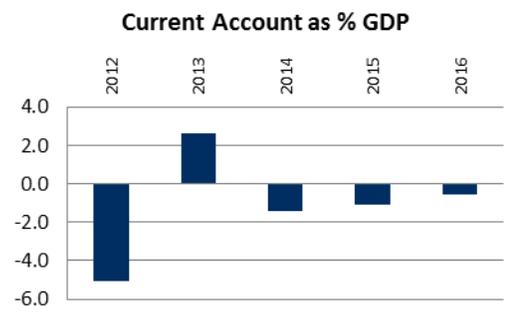
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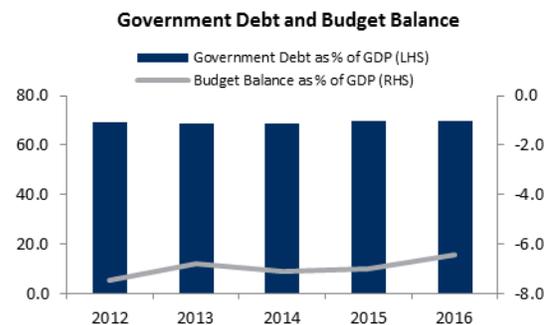
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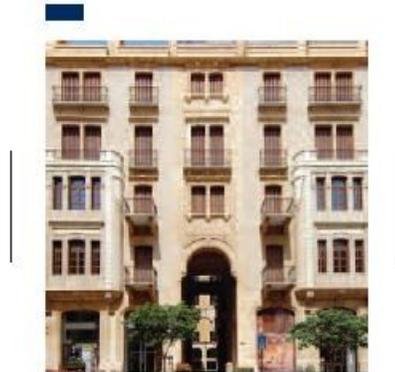


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**4. Government Debt and Budget Balance to GDP:** A measure of a country's federal debt and budget balance in relation to its gross domestic product (GDP).





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