



Global Macroeconomic Outlook: Resilience in 2023

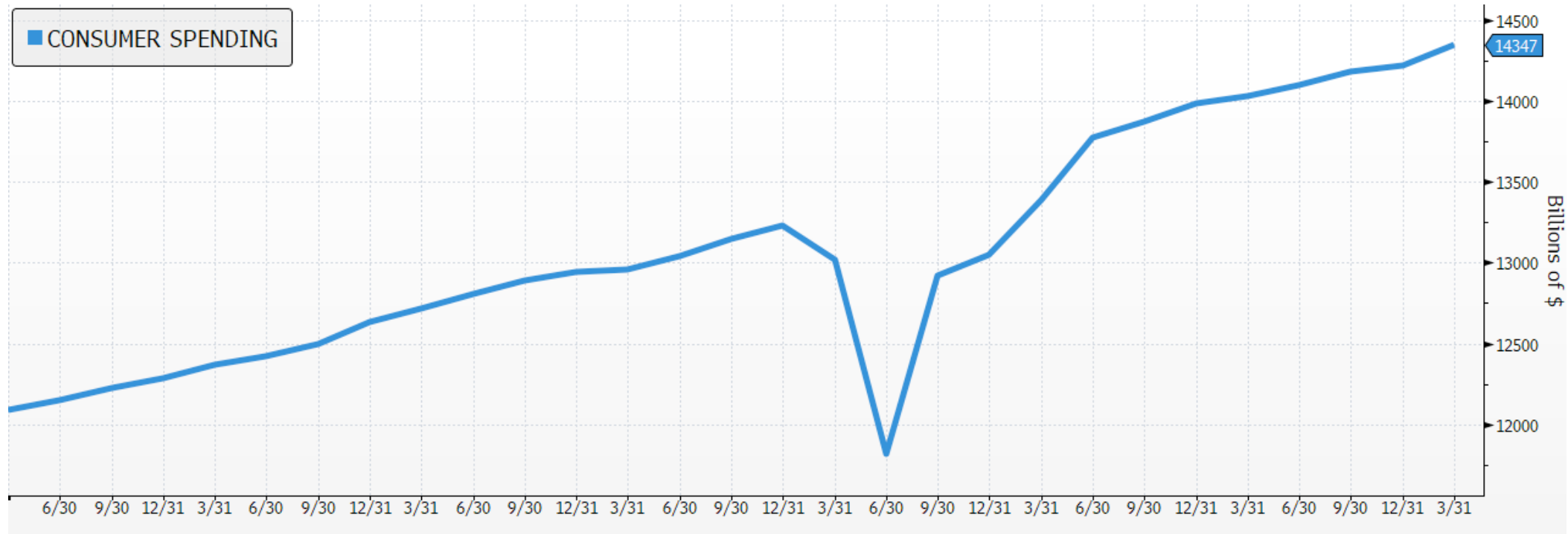


Megan Greene

Global Chief Economist, Kroll
Senior Fellow, Brown University
Contributing Editor, Financial Times

US Consumption has rebounded

US personal consumption:



Source: Bureau of Economic Analysis

GDPCTOT Index (GDP US Personal Consumption Chained 2012 Dollars SAAR) Personal Consumption Daily 30JAN2016-30APR2023

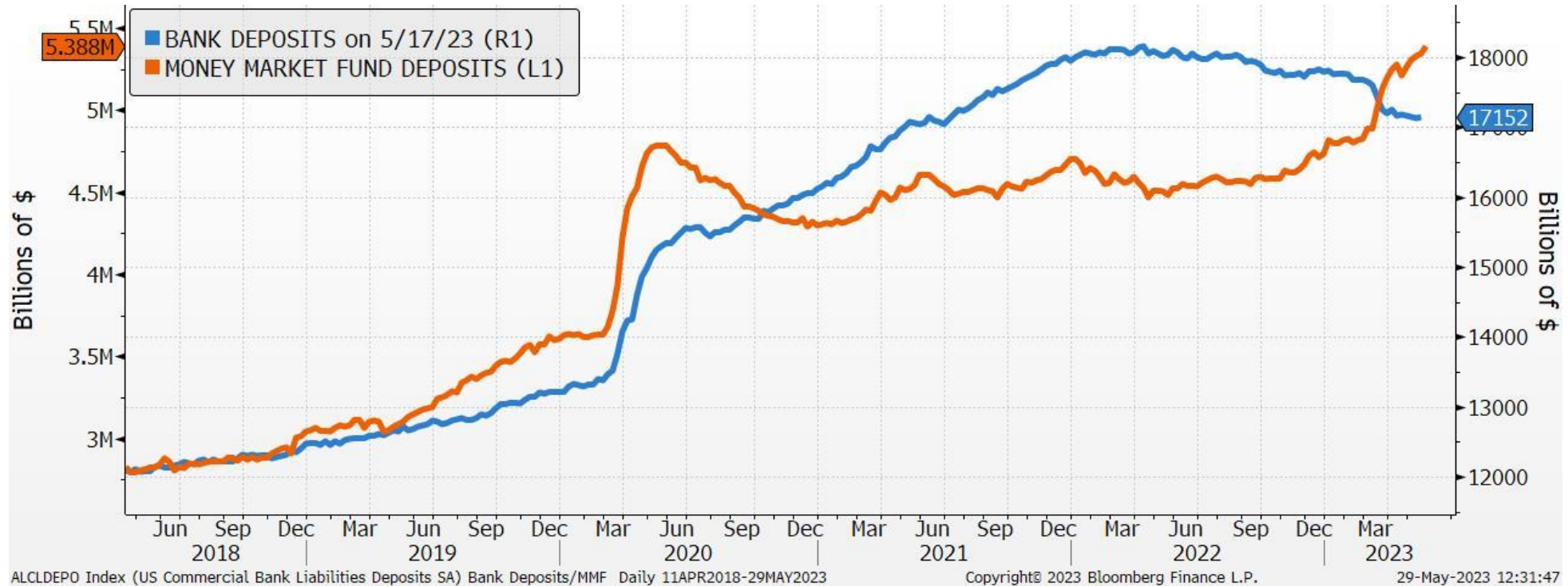
Copyright© 2023 Bloomberg Finance L.P.

29-May-2023 09:59:36

Source: BEA.

US cash cushion is dwindling—from record high levels

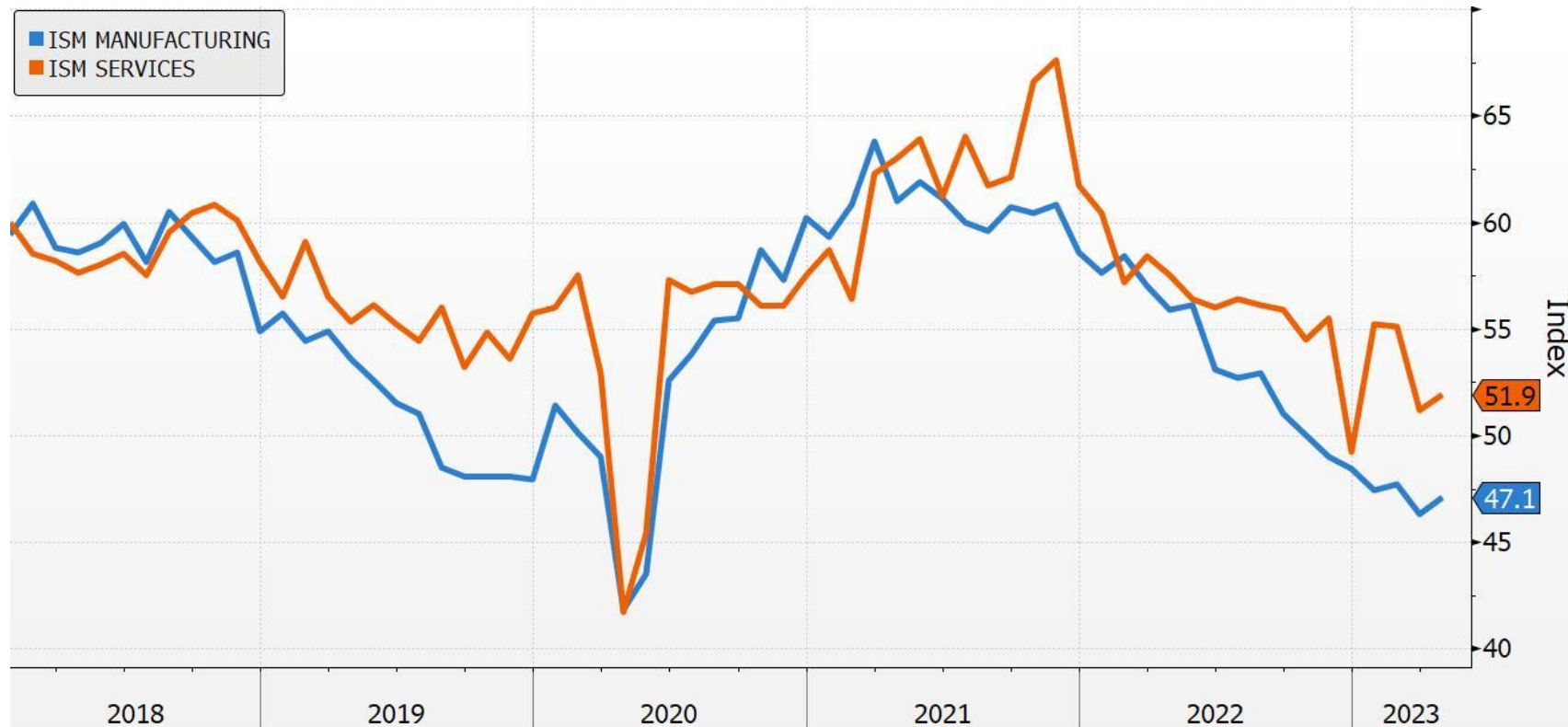
US households see cash cushion fall from high levels:



Source: Bloomberg.

US PMI data holding up better than expected

ISM, manufacturing and services:



Source: Institute for Supply Management

NAPM PMI Index (ISM Manufacturing PMI SA) ISM Manufacturing/Service Monthly 01JAN2018-29MAY2023

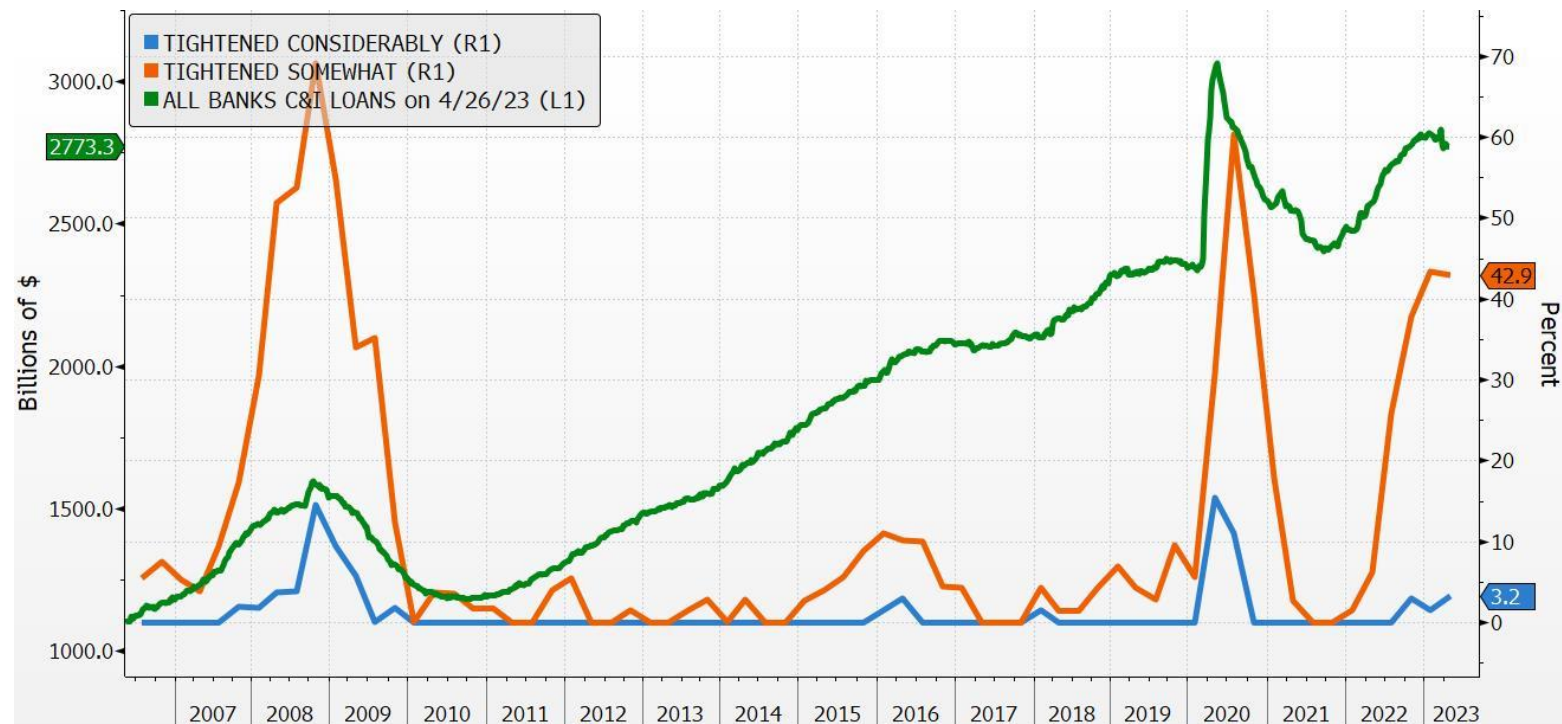
Copyright© 2023 Bloomberg Finance L.P.

28-May-2023 18:41:47

Source: ISM, Bloomberg.

Lending standards tightening (but already were)

Lending standards, bank loans:



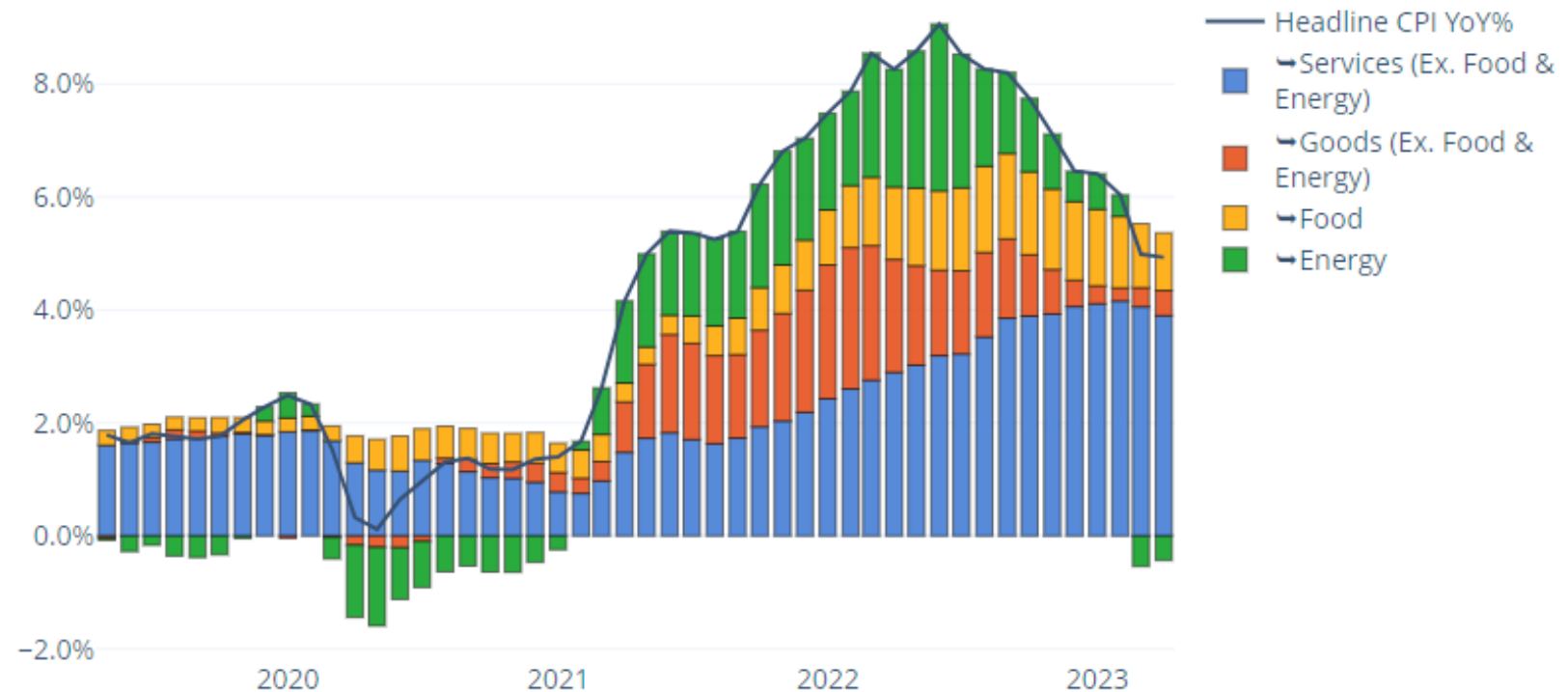
Source: Federal Reserve

SL% CNT% Index (Fed Senior Loan Survey All Responses Tightened Considerably Percent) Sloos/C&I Lending B Daily 09MAY2006-30APR2023 Copyright© 2023 Bloomberg Finance L.P. 28-May-2023 18:43:27

Source: Federal Reserve, SLOOS.

Services (esp shelter) driving inflation higher

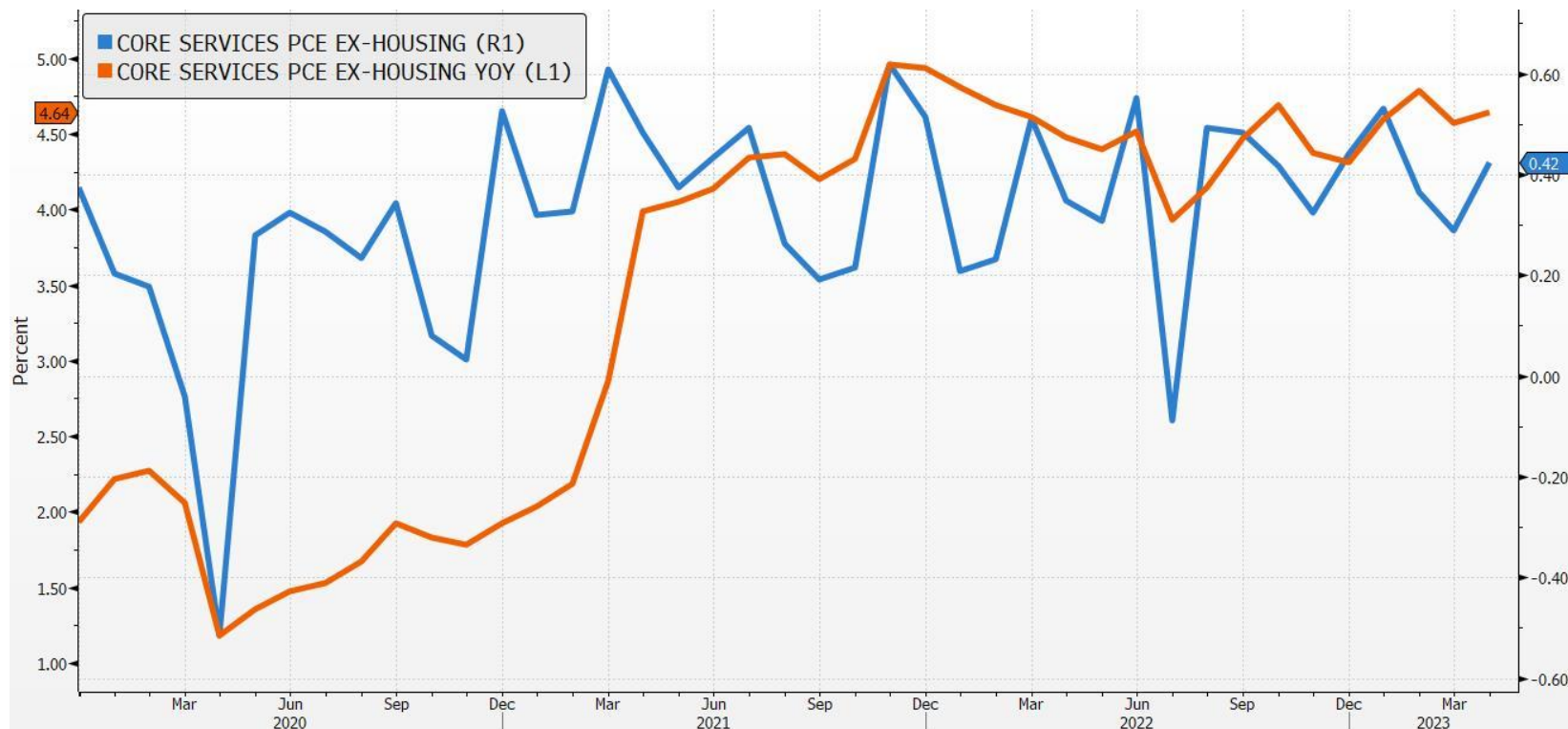
US Headline CPI YoY% Including Topline Contributions



Source: BLS.

Core services inflation ex-housing not reliably slowing

Core PCE inflation ex-housing (% change, mom):



Source: Bureau of Economic Analysis

CSXHPPI Index (US Bloomberg BEA PCE Core Services Less Housing MoM) Supercore PCE Monthly 31DEC2019-30APR2023

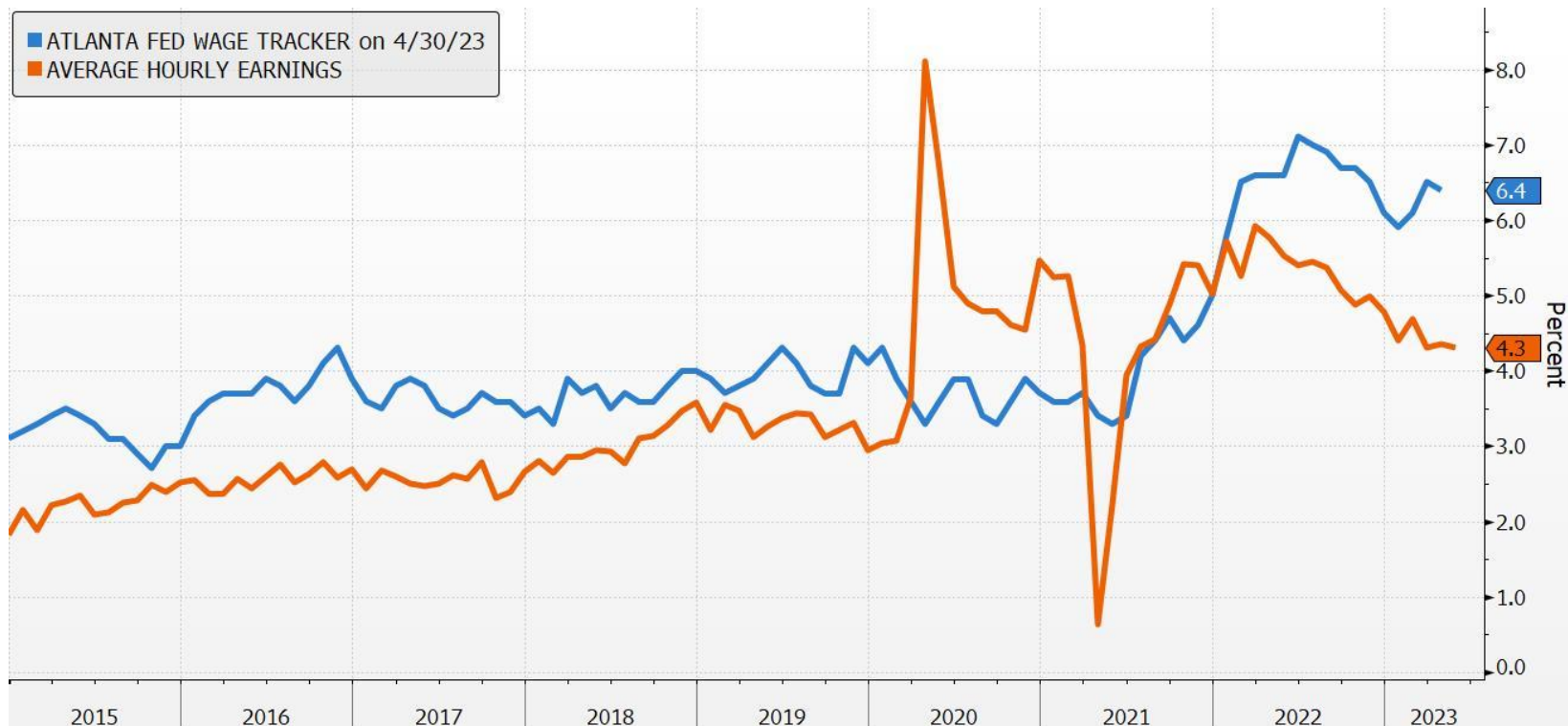
Copyright© 2023 Bloomberg Finance L.P.

28-May-2023 18:44:50

Source: BEA, Bloomberg.

Wages coming down from historic highs

Wage growth (% change, yoy):



Source: Atlanta Federal Reserve Bank; Bureau of Labor Statistics

WGTRWGH Index (Atlanta Fed Wage Growth Tracker Weighted Overall) Atlanta Fed Wage Tracker Monthly 31DEC2014-31MAY2023

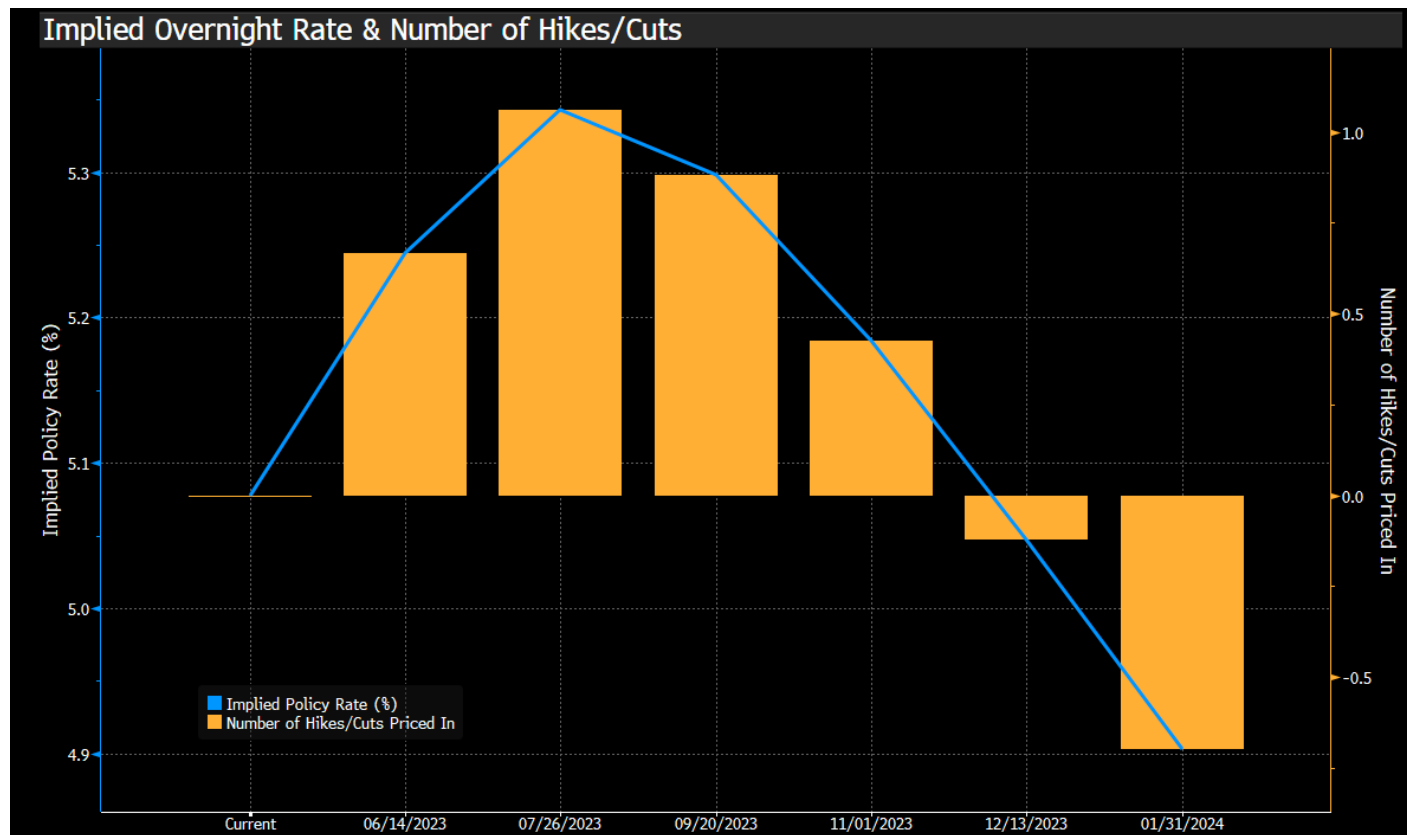
Copyright © 2023 Bloomberg Finance L.P.

05-Jun-2023 11:57:20

Source: Atlanta Fed.

Market based expectations for rates (mispriced)

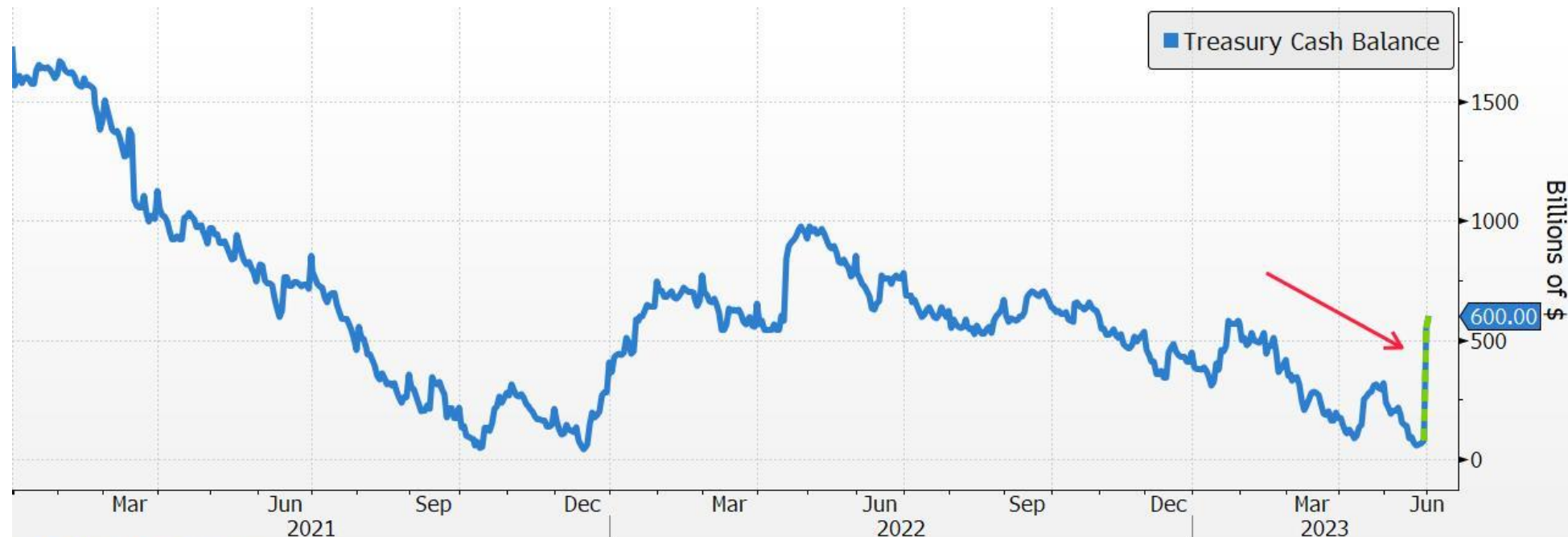
Market pricing for Fed Funds:



Source: Bloomberg.

Liquidity sapped by Treasury rebuilding cash balance?

Treasury cash balance:



Source: US Treasury

.TGAEST F Index (Treasury Account Borrowing Est) T-Bill Borrowing Daily 01JAN2019-30SEP2023

Copyright© 2023 Bloomberg Finance L.P.

29-May-2023 12:47:24

Source: US Treasury.

EZ consumer confidence rebounding (from low levels)

Consumer confidence:



Source: European Commission

EUCCEMU Index (European Commission Consumer Confidence Indicator Eurozone) Europe Consumer Confiden Monthly 01MAR2017-29MAY2023 Copyright© 2023 Bloomberg Finance L.P. 28-May-2023 17:47:19

Source: European Commission.

EZ services PMI outperforming goods

EZ PMI



Source: S&P Global

MPMIEZMA Index (Eurozone Manufacturing PMI SA) Eurozone PMIs: Man/Serv Daily 02MAR2018-29MAY2023

Copyright© 2023 Bloomberg Finance L.P.

29-May-2023 12:42:10

Source: S&P Global.

Germany is in recession

German GDP growth (% change, qoq):



Source: German Federal Statistics Office

GRGDPPGQ Index (Germany GDP Chain Linked Pan German QoQ) German GDP Daily 31DEC2019-31MAR2023

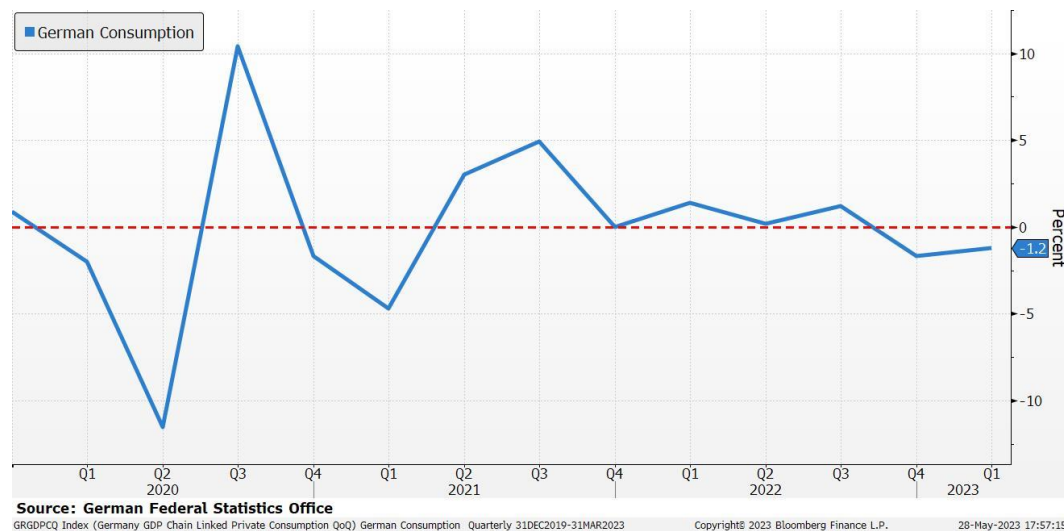
Copyright© 2023 Bloomberg Finance L.P.

28-May-2023 17:58:33

Source: S&P Global.

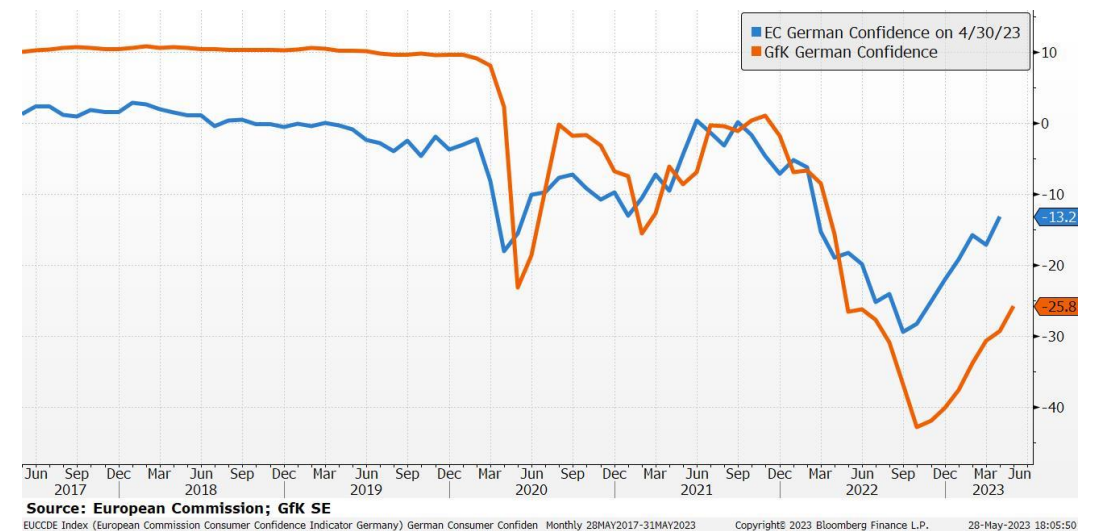
German consumption falls but shouldn't last

Consumption contracting:



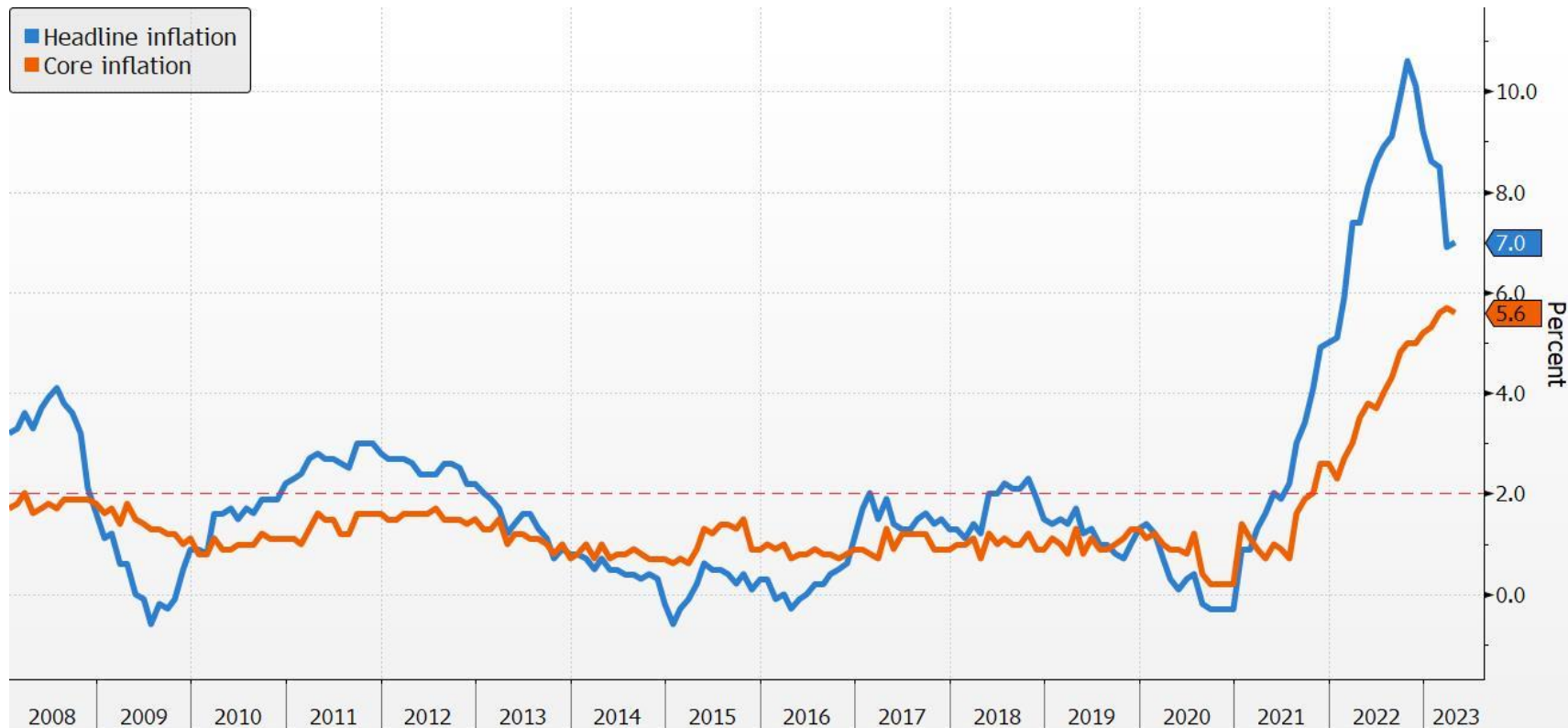
Source: Bloomberg..

German consumer confidence:



EZ peak core inflation?

Eurozone inflation:



Source: Eurostat

ECCPEMUY Index (Euro Area MUICP All Items YoY NSA) EZ inflation Monthly 01JAN2008-30APR2023

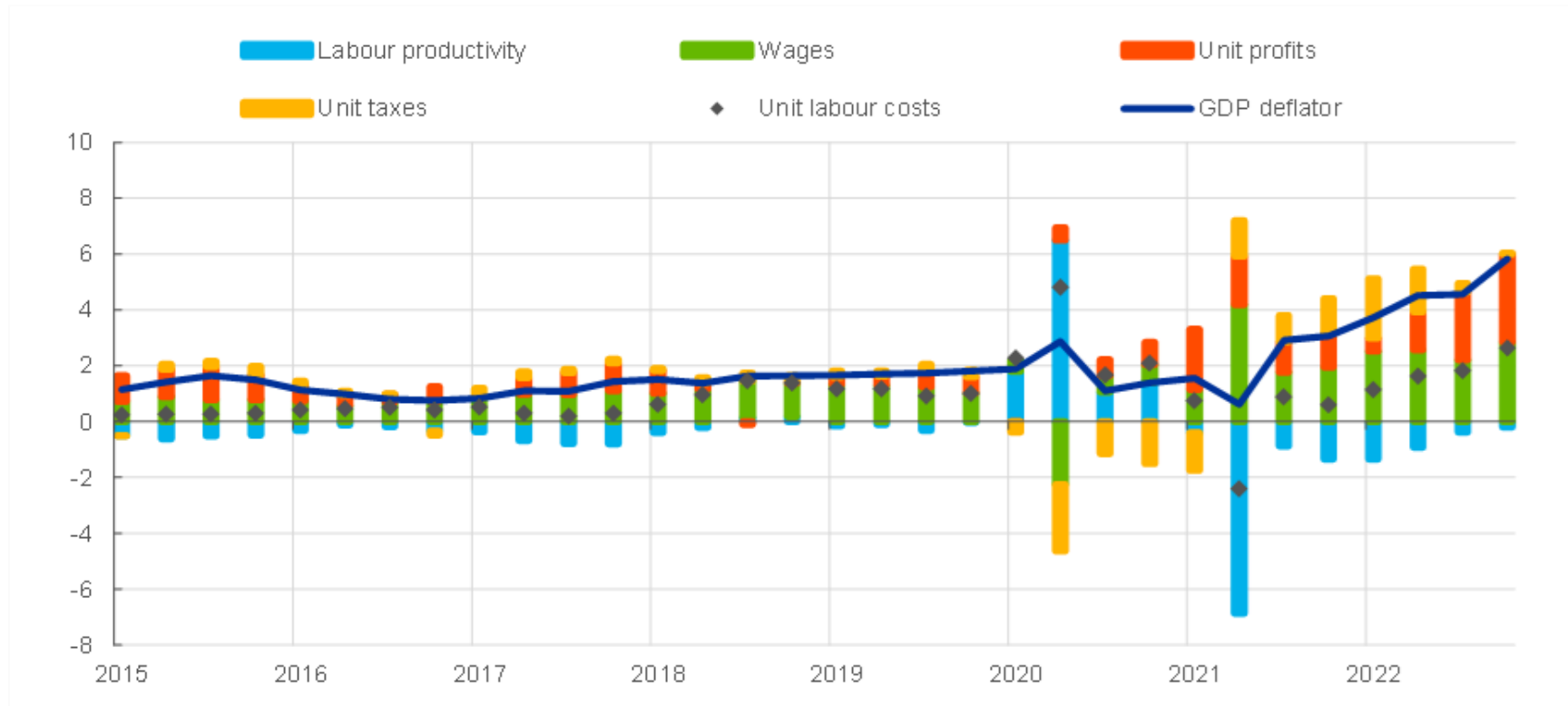
Copyright© 2023 Bloomberg Finance L.P.

28-May-2023 18:06:47

Source: Eurostat.

Profit/price spiral

Profits playing a larger part than wages in pushing up inflation:



Source: ECB, blog post.

China: Consumption-led recovery

Chinese consumer confidence:



Source: National Bureau of Statistics

CHCSCONF Index (China Consumer Confidence Index) China Consumer Confidenc Monthly 30NOV2019-30APR2023

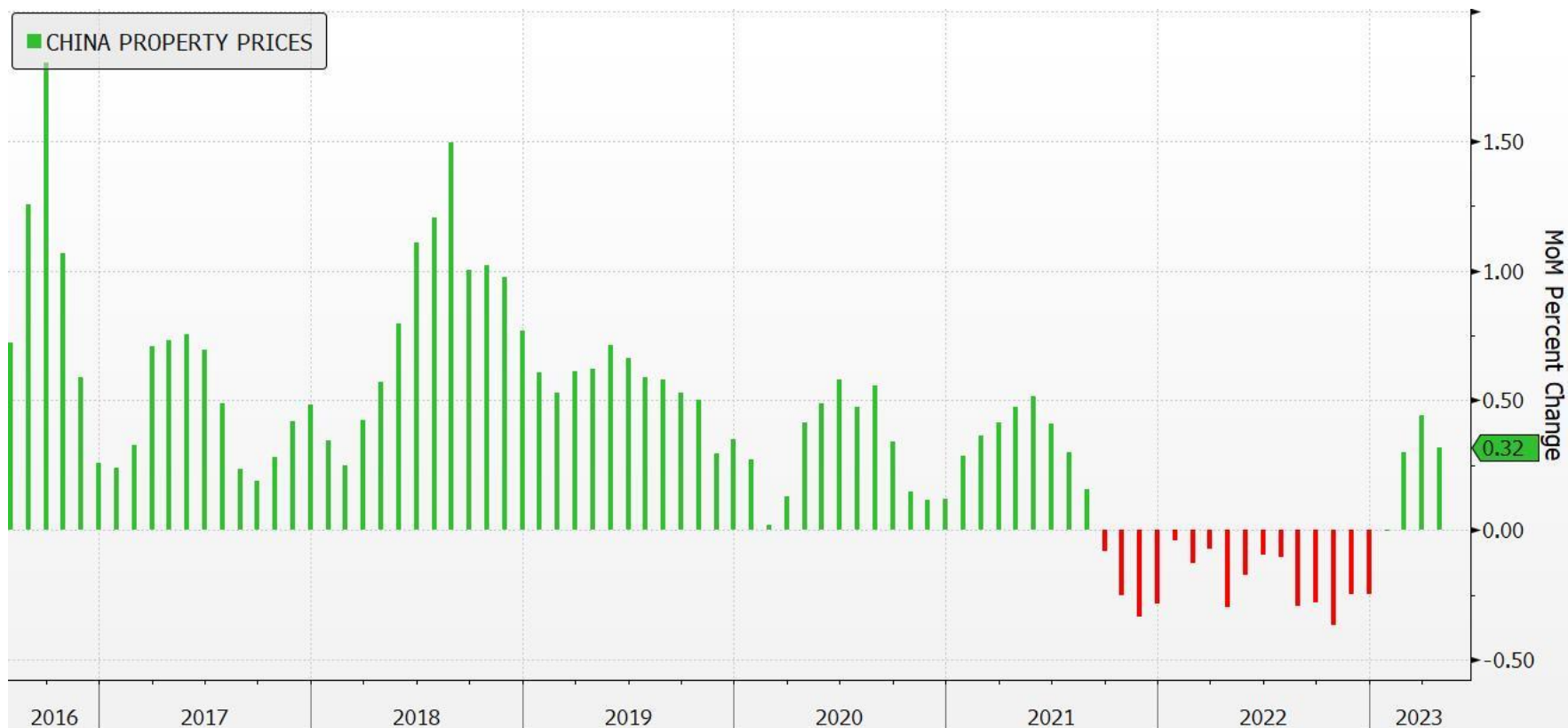
Copyright© 2023 Bloomberg Finance L.P.

28-May-2023 18:10:24

Source: Bloomberg.

Risk in the property sector

Chinese property prices:



Source: Bloomberg Data

CHHEAVGM Index (China 70 Cities Newly Built Commercial Residential Buildings Prices MoM Average) China Housing Prices: Monthly 31JUL2016-29MAY2023

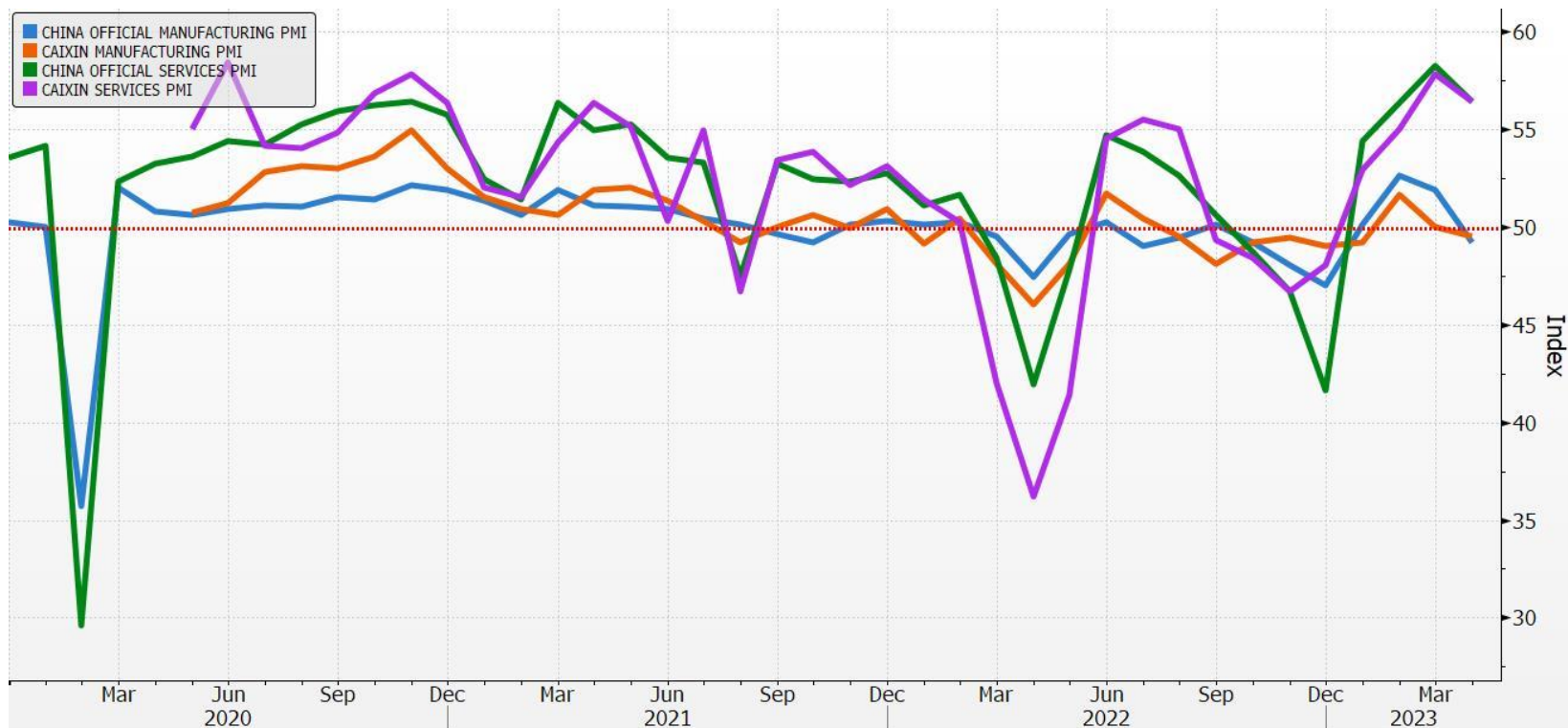
Copyright© 2023 Bloomberg Finance L.P.

28-May-2023 18:12:00

Source: Bloomberg.

Chinese manufacturing contracts, services expansionary

China Manufacturing and Services PMI:



Source: China Federation of Logistics & Purchasing; S&P Global

CPMINDX Index (China Manufacturing PMI SA) China PMIs Monthly 31DEC2019-29MAY2023

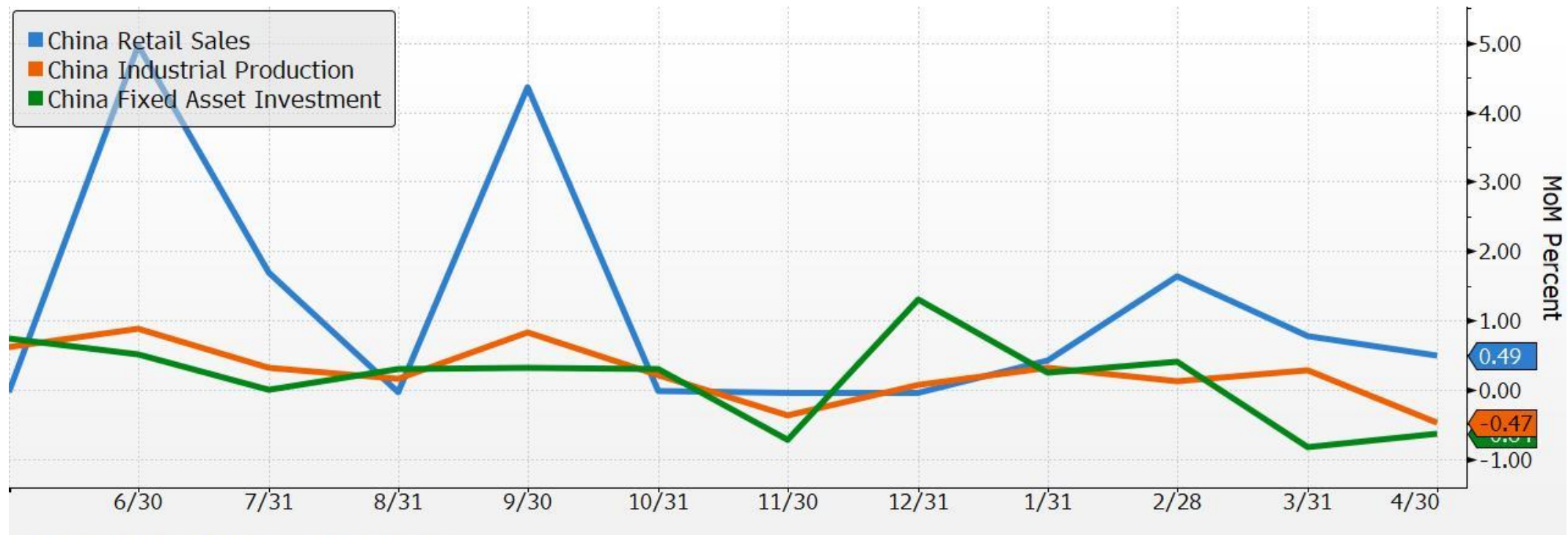
Copyright© 2023 Bloomberg Finance L.P.

28-May-2023 18:13:08

Source: China Federation of Logistics, S&P Global, Bloomberg.

Chinese domestic demand flagging

Signs of growth weakening:



Source: National Bureau of Statistics

CNRSCMOM Index (China Retail Sales Value MoM SA) China Retail/Fixed MoM Daily 29MAY2022-29MAY2023

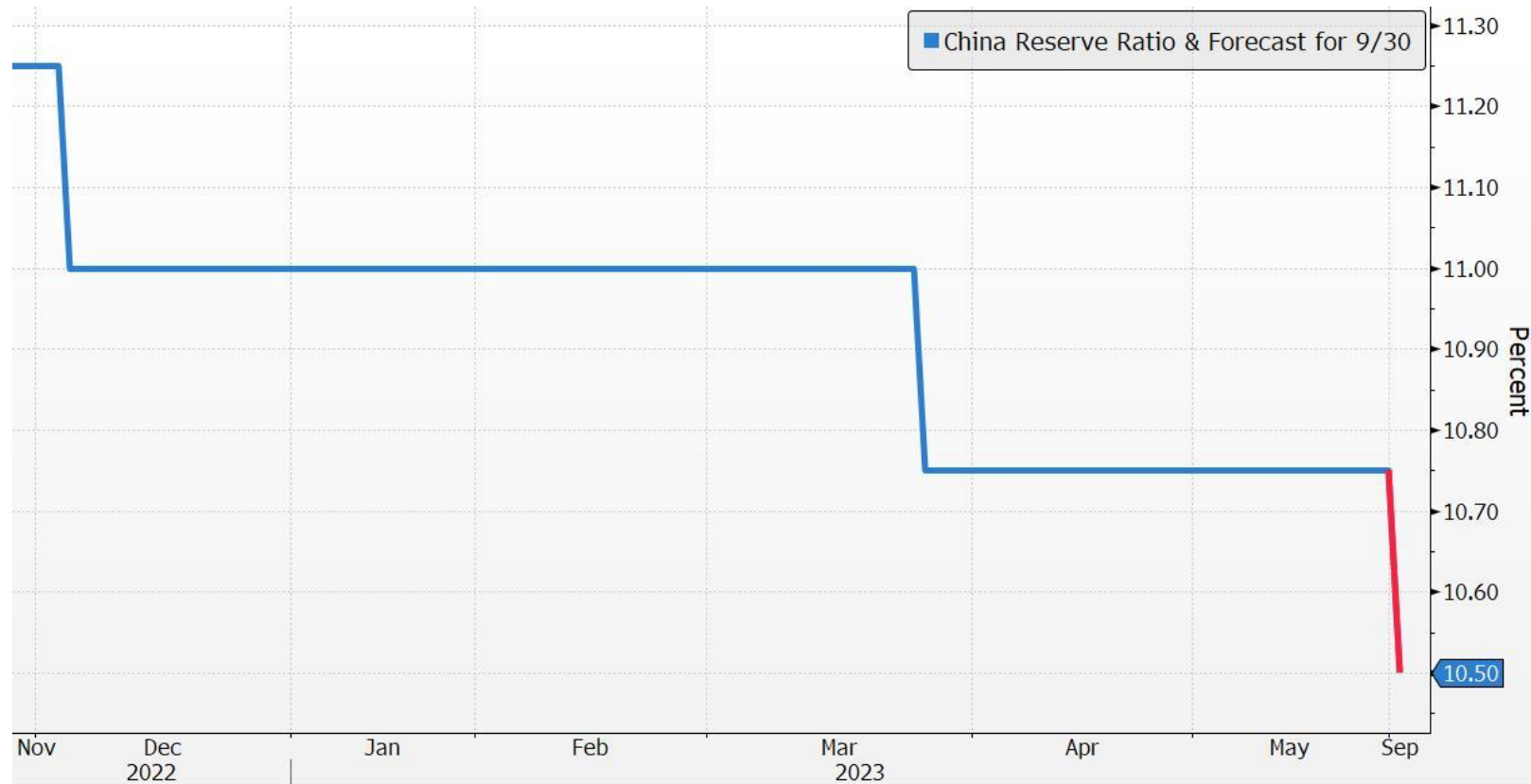
Copyright© 2023 Bloomberg Finance L.P.

29-May-2023 11:57:56

Source: Bloomberg.

Expect policy easing

China Reserve Ratio and forecast:



Source: People's Bank of China; Bloomberg Data

.CHINARRR F Index (China Reserve Ratio Forecast) China RRR Forecast Daily 01JAN2019-30SEP2023

Copyright© 2023 Bloomberg Finance L.P.

28-May-2023 18:32:42

Source: Bloomberg.

Q&A