Global Macroeconomic Outlook: Resilience in 2023

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US Consumption has rebounded

US personal consumption:

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

Source: ISM, Bloomberg.
Lending standards tightening (but already were)

Lending standards, bank loans:

Source: Federal Reserve, SLOOS.
Services (esp shelter) driving inflation higher

Source: BLS.
Core services inflation ex-housing not reliably slowing

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

Source: Bureau of Economic Analysis

Source: BEA, Bloomberg.
Wages coming down from historic highs

Wage growth (% change, yoy):

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.
EZ consumer confidence rebounding (from low levels)

Source: European Commission.
EZ services PMI outperforming goods

Source: S&P Global
Germany is in recession
German consumption falls but shouldn’t last

Consumption contracting:

German consumer confidence:

Source: Bloomberg..
EZ peak core inflation?

Eurozone inflation:

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

Source: Bloomberg.
Risk in the property sector

Chinese property prices:

Source: Bloomberg Data

Source: Bloomberg.
Chinese manufacturing contracts, services expansionary

China Manufacturing and Services PMI:

Source: China Federation of Logistics, S&P Global, Bloomberg.
Chinese domestic demand flagging

Signs of growth weakening:

- China Retail Sales
- China Industrial Production
- China Fixed Asset Investment

Source: National Bureau of Statistics

Source: Bloomberg.
Expect policy easing

China Reserve Ratio and forecast:

Source: People's Bank of China; Bloomberg Data

Source: Bloomberg.
Q&A