

GLOBAL ECONOMY



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- ❖ In an effort to equip our investors and provide an edge over others, we introduced a unique presentation on the global economy, covering as many as 39 nations, together accounting for over 85% of the global GDP in CY20. This is the fifth update with data up to 3QCY22.
- ❖ We have created this comprehensive, detailed data-oriented presentation to provide a one-stop shop to all our readers and provide them with a bird's eye view of how the world economy is evolving.
- ❖ We have attempted to cover the most important macroeconomic indicators, such as a) consumption v/s investments, b) linkages between monetary variables and inflation, c) key trends in global debt, d) government finances, e) monetary economics, f) international trade developments, g) the global housing market condition, and h) the labor market situation in developed nations.
- ❖ This presentation will be released in the first month of every quarter, covering all the published data as of the recently concluded quarter.

We cover 39 nations in this presentation...



Advanced economies (AEs):

Australia (AU)

Canada (CA)

Euro Area (EA) – 19*

Hong Kong (HK)

Japan (JP)

Singapore (SG)

South Korea (SKr)

Taiwan (TW)

United States of America (US)

United Kingdom (UK)

*Austria (AT), Belgium (BE), Cyprus (CY), Estonia (EE), Finland (FI), France (FR), Germany (DE), Greece (GR), Ireland (IE), Italy (IT), Latvia (LV), Lithuania (LT), Luxembourg (LU), Malta (MT), The Netherlands (NL), Portugal (PT), Slovakia (SK), Slovenia (SI), and Spain (ES)

Emerging and developing economies (E&DEs):

Brazil (BR)

China (CN)

India (IN)

Indonesia (ID)

Malaysia (MY)

Mexico (MX)

Philippines (PH)

Russia (RU)

South Africa (SAf)

Thailand (TH)

Turkey (TR)

All data used is up to 25th Oct'22

...and discuss the following macroeconomic parameters



01 ➤

Highlights of 3QCY22

02 ➤

Financial market trends:

- ❖ Global Equity markets – led by AEs - recover in Oct'22
- ❖ Global Bond yields – led by AEs - have doubled in CY22
- ❖ Other AE currencies weaken more against US Dollar (USD) in CY22

03 ➤

Gross domestic product (GDP) growth and its components

04 ➤

How much debt is too much?

05 ➤

Inflation: Stabilized at high levels in 3QCY22

06 ➤

Government finances: Fiscal support – AEs vis-à-vis E&DEs

07 ➤

Monetary economics: Central banks and money supply

08 ➤

External sector: Balance of payments and foreign trade

09 ➤

Housing market: Never seen such a crisis

10 ➤

Labor market trends (for select developed economies only)

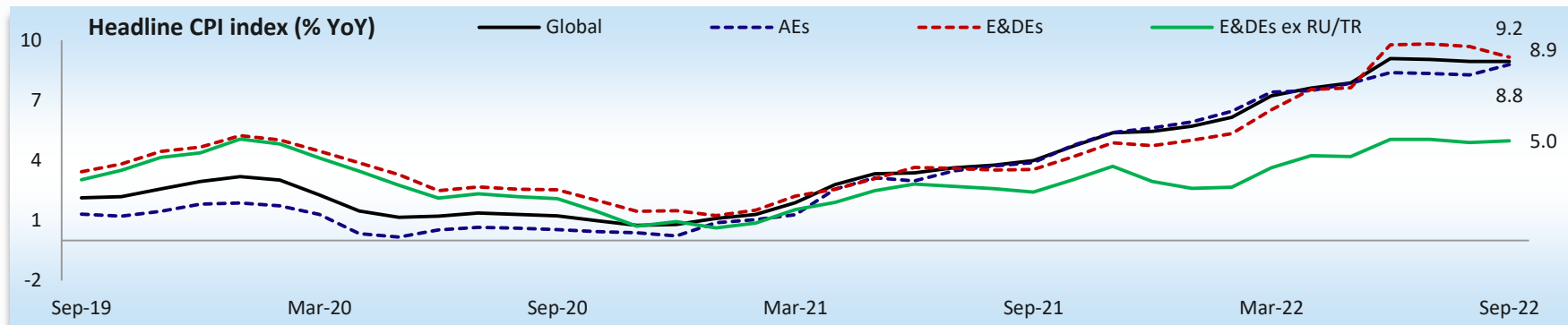


- ❖ Global headline/core inflation has stabilized at high levels of ~9%/7% YoY in 3QCY22. Excluding RU and TR, headline inflation in other E&DEs is much lower at ~5%. India, however, continues to witness ~7%/6% headline/core inflation in the quarter, much higher than many other E&DEs.
- ❖ Consequently, Global Central Banks have announced aggressive rate hikes in the past six months, with the exception of only a few major economies. Notably, the rate hikes are complemented by a contraction in global currency in circulation, the size of Central Banks' balance sheet and money supply measures in 3QCY22.
- ❖ Moreover, although the excess personal savings (the key source of over-heating in the economy) peaked out in Aug'21 (at \$2.4t), it is coming off at a very gradual pace (\$70-80b per month in Jan-Aug'22). This explains a part of the sticky-ness in high inflation.
- ❖ Lastly, notwithstanding sharp monetary tightening, labor markets continue to remain extremely strong across AEs (except Japan). There were still 1.7 jobs per unemployed in the US in Aug'22 and the job vacancies were still 40-50% higher than CY19 levels in some AEs (10-20% in Germany/France).

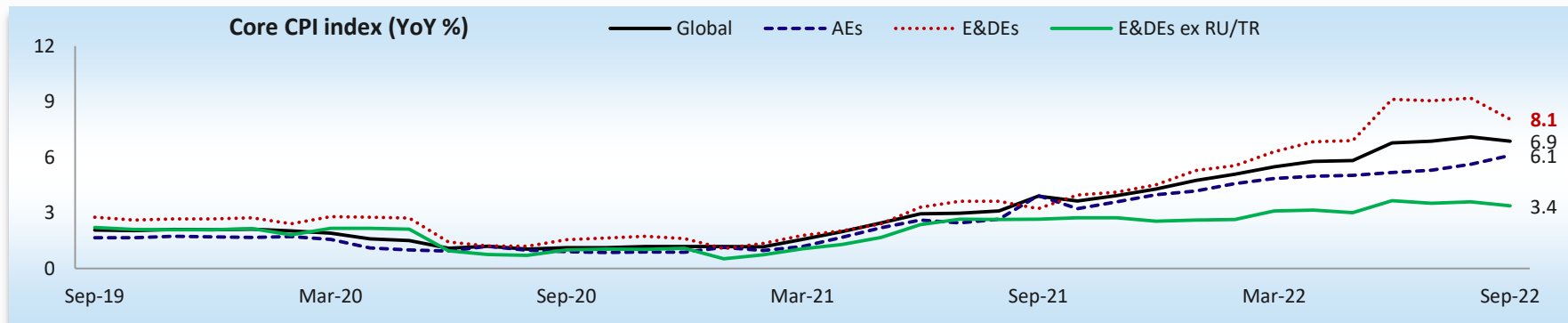
#1: Global inflation easing slowly; not comforting Central Bankers



Headline CPI inflation at multi-decadal highs all across the globe



Core inflation is also very high all over the world but it softened in E&DEs in Sep'22



Aggregate indices are weighted by nominal GDP

Sources: CEIC, various national sources, MOFSL

#2: Rate hike cycle has been aggressive but not yet over



	Current	CY21-end	Last move (when)	Headline inflation#
Brazil (BR)	13.75	9.25	Hike (Aug'22)	8.6 (8.9)
China (CN)	3.65	3.80	Cut (Aug'22)	2.7 (0.7)
India (IN)	5.90	4.00	Hike (Sep'22)	7.0 (6.2)
Indonesia (ID)	4.75	3.50	Hike (Oct'22)	5.2 (3.0)
Malaysia (MY)	2.50	1.75	Hike (Sep'22)	4.5 (3.7)
Mexico (MX)	9.25	5.50	Hike (Sep'22)	8.5 (8.0)
Philippines (PH)	4.25	2.00	Hike (Sep'22)	6.5 (6.2)
Russia (RU)	7.50	8.50	Cut (Sep'22)	15.2^ (17.7)
S Africa (SAf)	6.25	3.75	Hike (Sep'22)	7.9 (7.2)
Thailand (TH)	1.00	0.50	Hike (Sep'22)	7.3 (3.1)
Turkey (TR)	10.50	14.00	Cut (Oct'22)	81.1 (85.2)

Jul-Sep'22 (Figure in parenthesis is Core inflation)

^Data up to Aug'22

	Current	CY21-end	Last move (when)	Headline inflation#
Australia (AU)	2.60	0.10	Hike (Oct'22)	6.1 (5.3)*
Hong Kong (HK)	3.50	0.50	Hike (Sep'22)	2.7 (2.2)
Japan (JP)	0.30	0.30	No change	2.9 (1.5)
Singapore (SG)	3.17	0.44	Hike (Sep'22)	7.3 (7.6)
S Korea (SKr)	2.50	1.00	Hike (Oct'22)	5.9 (4.0)
Taiwan (TW)	1.63	1.13	Hike (Sep'22)	3.3 (1.8)
Euro Area (EA)	1.25	0.00	Hike (Sep'22)	9.3 (4.4)
UK	2.25	0.00	Hike (Sep'22)	10.0 (6.3)
Canada (CA)	3.25	0.25	Hike (Sep'22)	7.1 (5.9)
US	3.13	0.13	Hike (Sep'22)	8.3 (6.3)

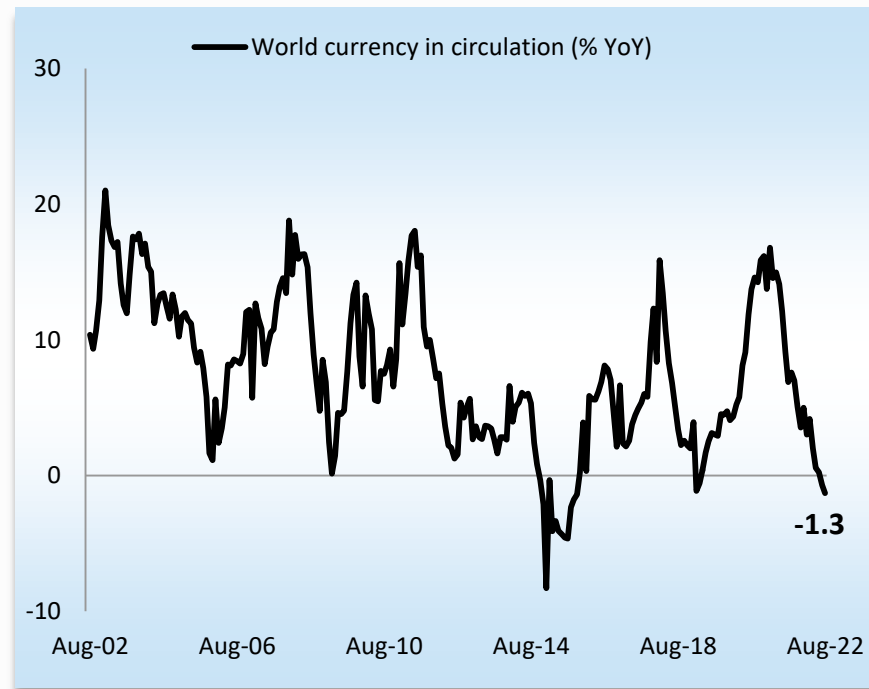
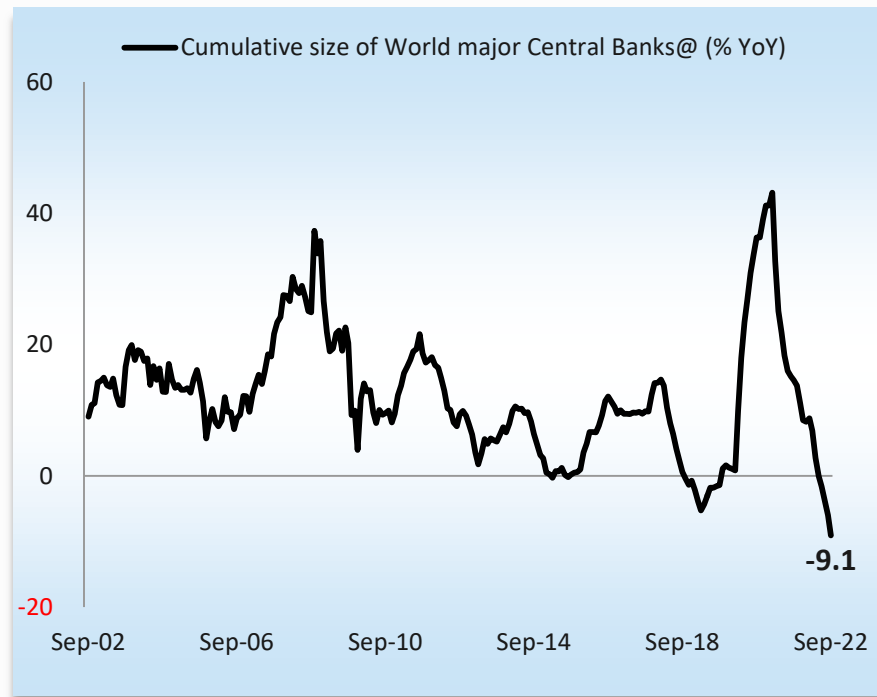
* Quarterly data (up to Jun'22)

Sources: BIS, CEIC, MOFSL

#3: Global monetary policy is set to tighten further



All global monetary indicators have begun to decline in 3QCY22



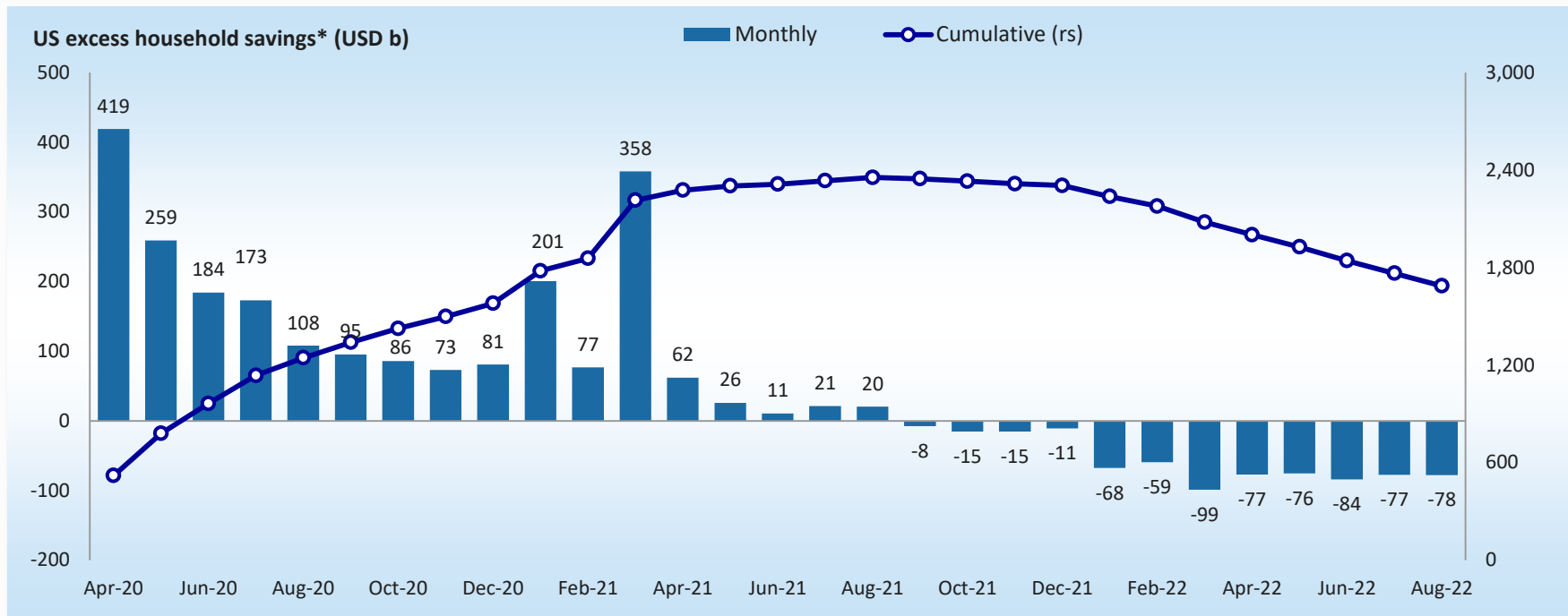
@Excluding PH data (Data for SKr, TH and RU not yet available for Sep'22)

Aggregate CIC data is calculated using USD values (HK/ID excluded)

#4: Withdrawal of excess personal savings in the US is gradual



The US excess household savings* peaked in Aug'21 and has fallen at an average of USD70-80b/month in CY22



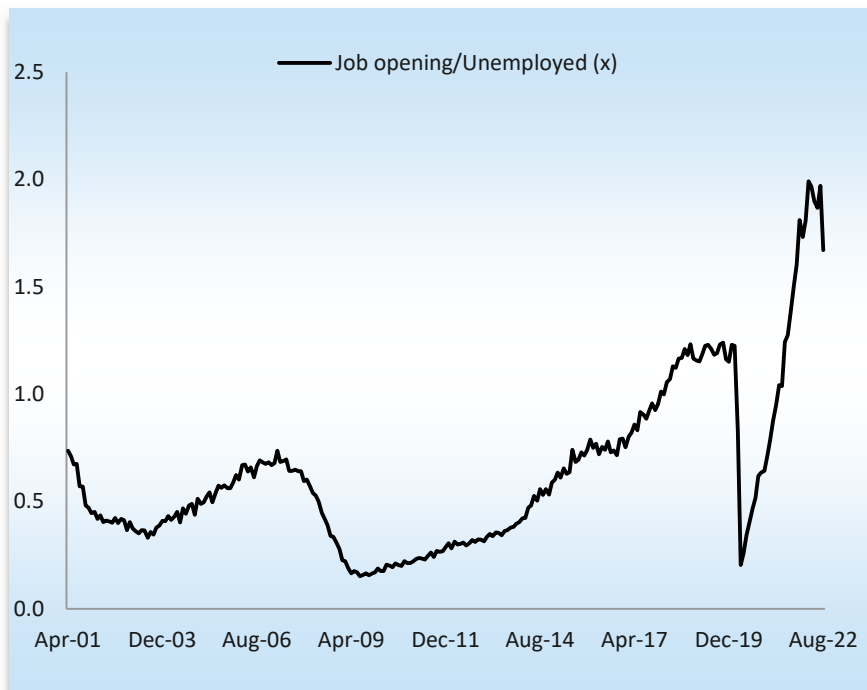
* Implies an estimate of COVID-led additional savings

Sources: US Bureau of Economic Analysis, CEIC, MoFSL

#5: Labor market continues to remain extremely strong

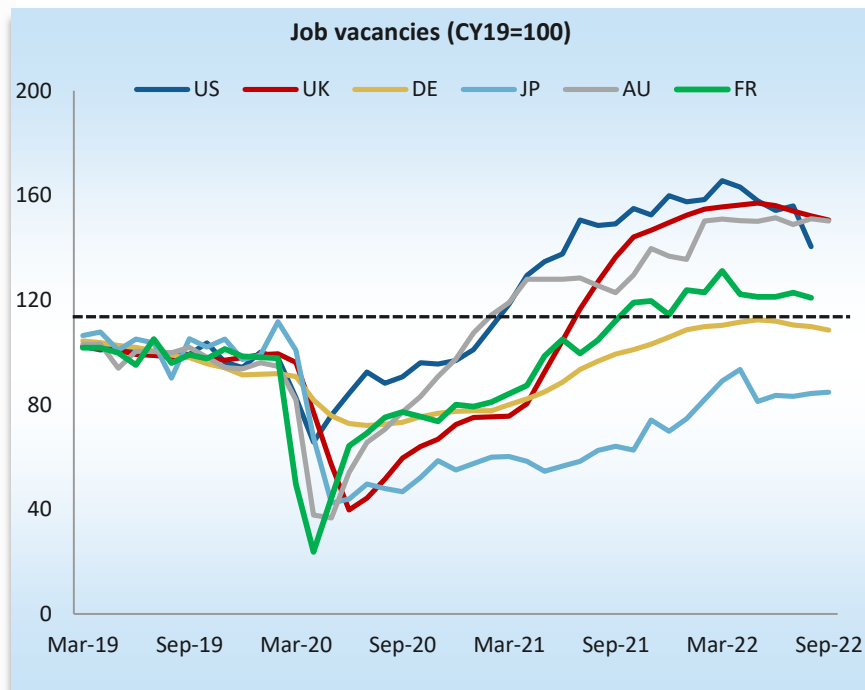


There are still 1.7 jobs per unemployed in the US...



Please see #67 for details

...and job vacancies remain very high in most AEs



Sources: US Bureau of Economic Analysis, CEIC, MoFSL



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- 09 ➤ Housing market: Never seen such a crisis
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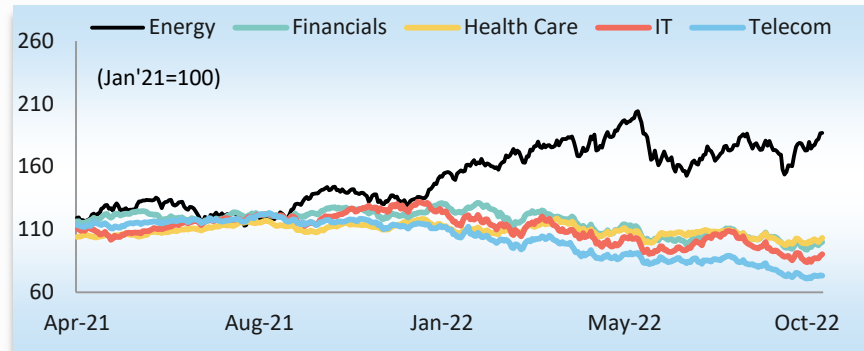


Global equity markets – led by AEs – recover in Oct'22

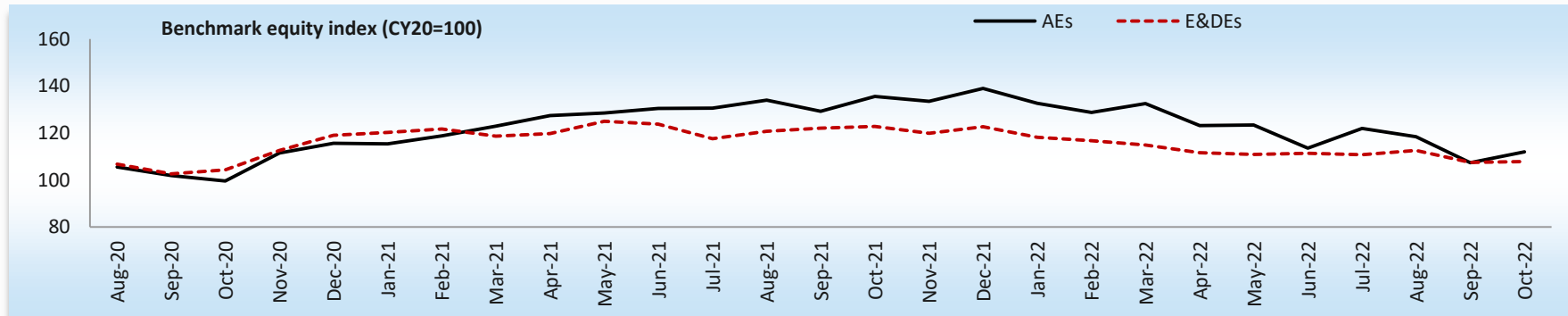
S&P Global 100 index has recovered strongly in the second half of Oct'22...



...supported by broad-based recovery across sectors



Most of the recovery in Oct'22 was led by AEs; E&DEs was unchanged at its 24-month lowest level



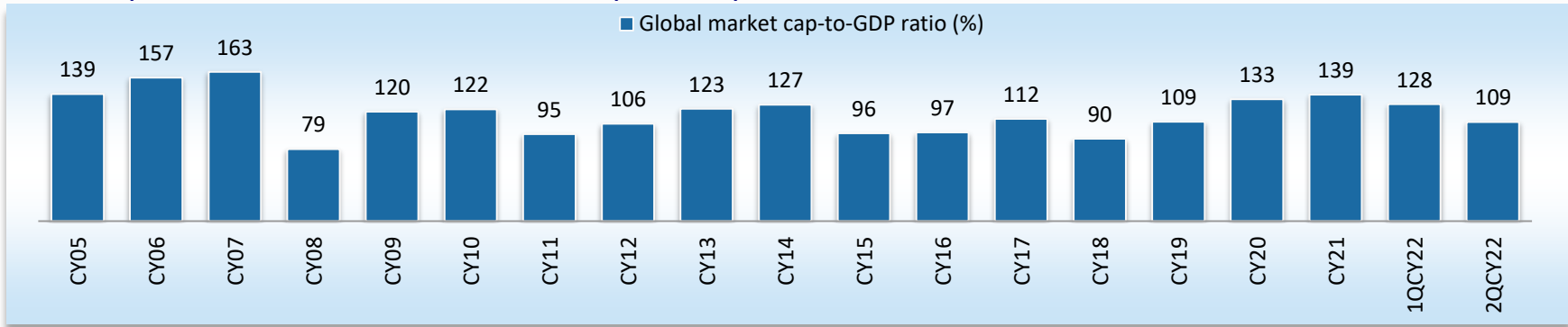
Aggregate indices are weighted by market capitalization

Sources: Bloomberg, CEIC, MOFSL



Global m-cap-to-GDP ratio at eight-quarter low in 2QCY22

Global m-cap-to-GDP ratio declined to 109% in 2QCY22, compared to its peak of 140% in 2QCY21



Barring a handful of economies (including IN), equity markets are down in CY22YTD



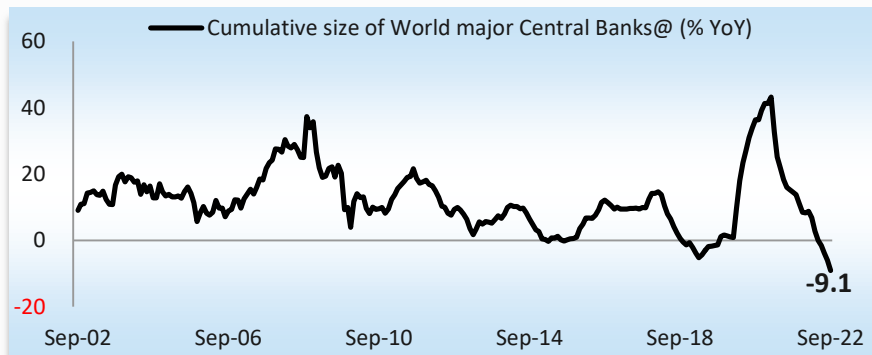
* Point-to-point comparison (24th Oct'22 over 31st Dec'21)

Sources: Bloomberg, CEIC, MOFSL

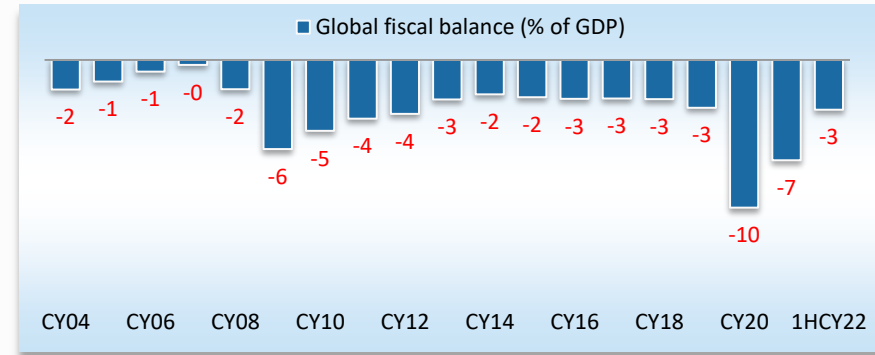
A reversal in global economic stimulus is partly responsible



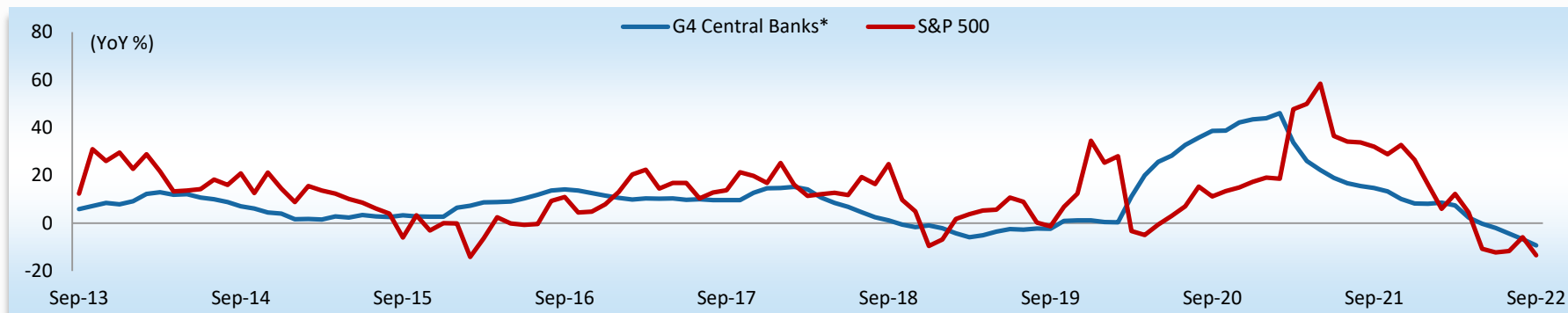
Global central banks' balance sheets have contracted in 3QCY22...



...and the global fiscal deficit has also narrowed substantially in 1HCY22



The weakness in the global equity markets is in line with shrinking balance sheets of central banks



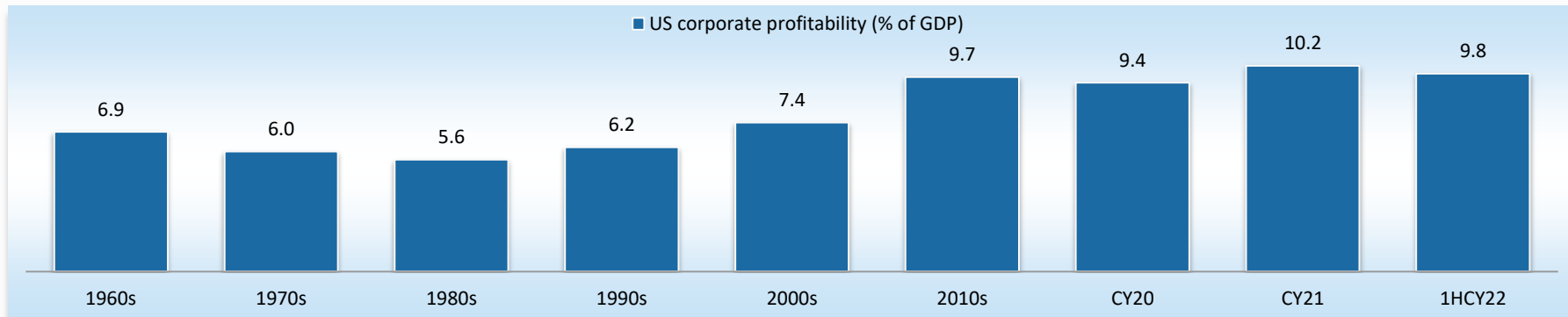
@Excluding PH data (Data for SKr, TH and RU not yet available for Sep'22)

* G4 = US Fed, ECB, Bank of Japan and PBoC
Sources: Bloomberg, CEIC, MOFSL

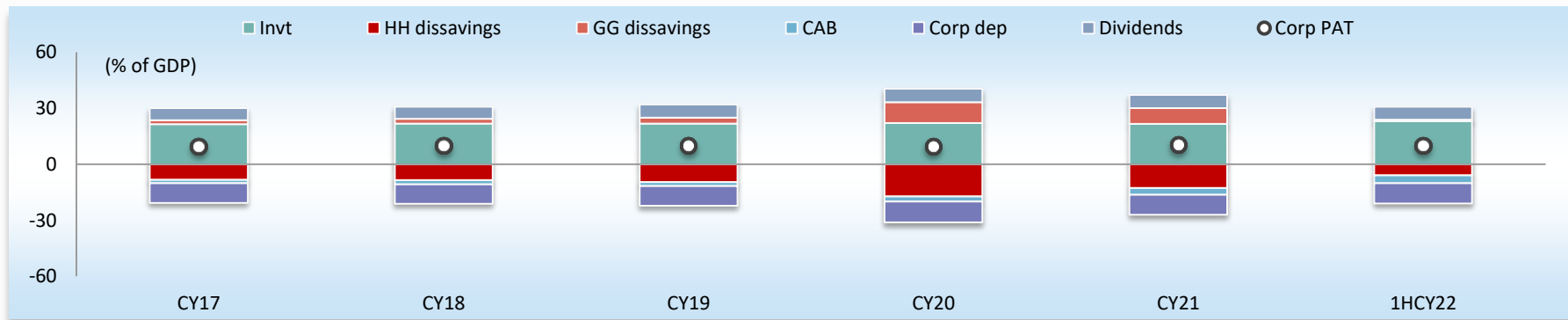
The US corporate profitability remains strong in 1HCY22



At 9.8% (10.1%) of GDP, US corporate profitability remained extremely strong in 1HCY22 (2QCY22)...



...supported by higher investments (primarily residential)



Corporate profitability = Investments – household savings – government savings + current account balance – corporate depreciation + dividends

Sources: US Bureau of Economic Analysis, CEIC, MOFSL

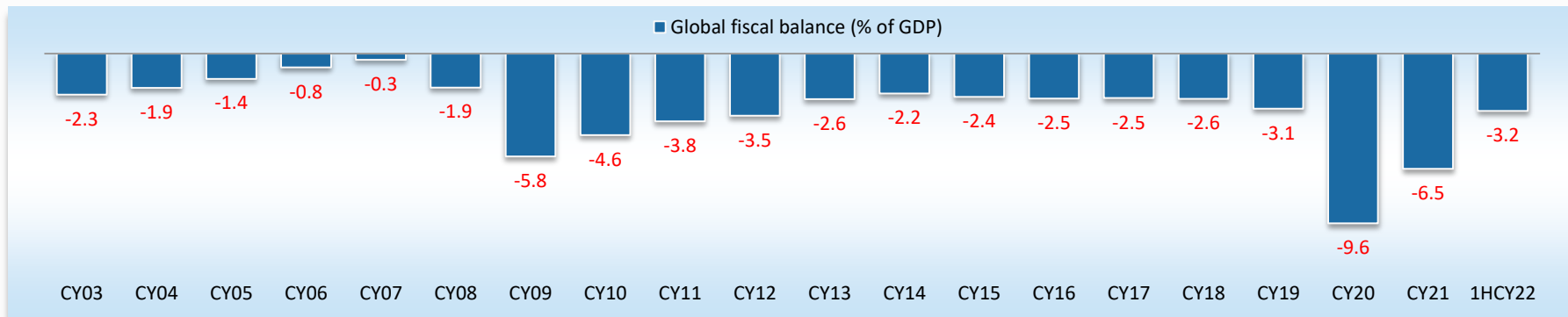


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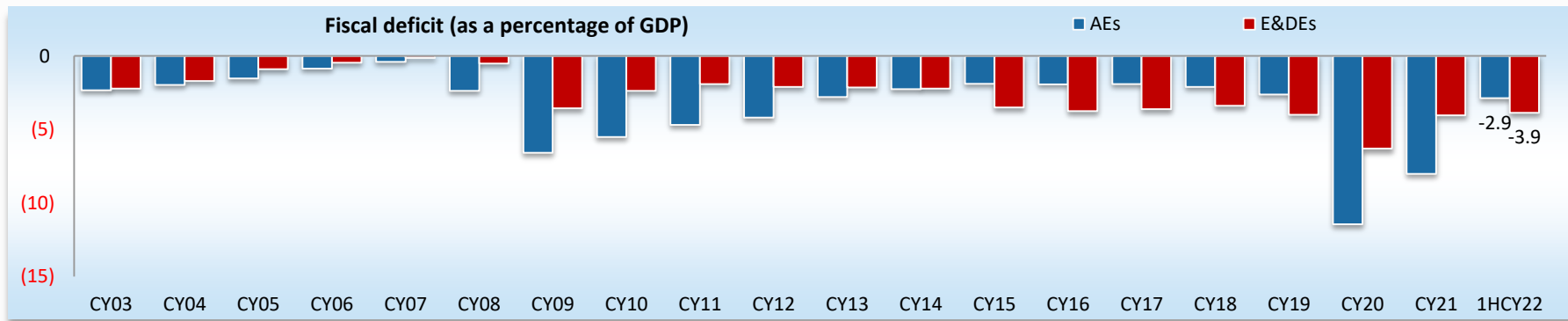
Global fiscal deficit has narrowed substantially in 1HCY22...



Global fiscal deficit narrowed to 3.2% of GDP (2.3%) in 1HCY22 (2QCY22)...



...primarily led by AEs; fiscal deficit in E&DEs in 1HCY22 was the same as in CY21

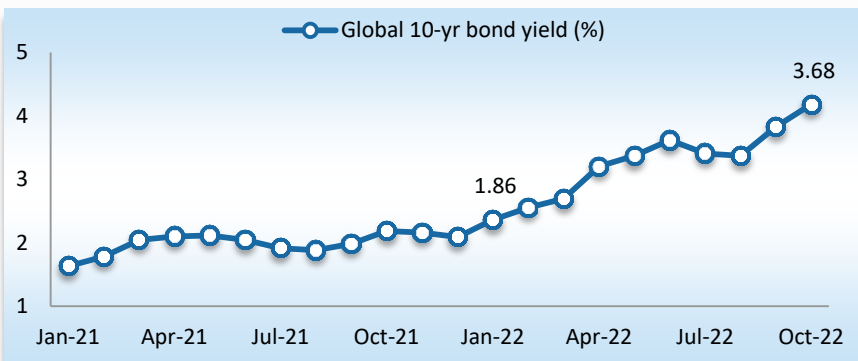


Sources: CEIC, Various national sources, MOFSL

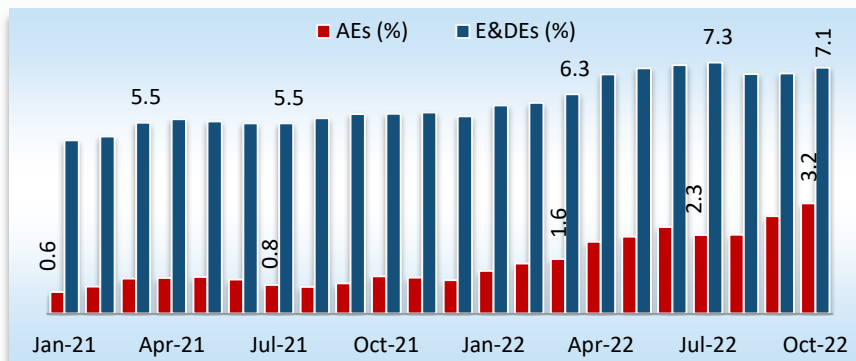
...but global bond yields have doubled in CY22



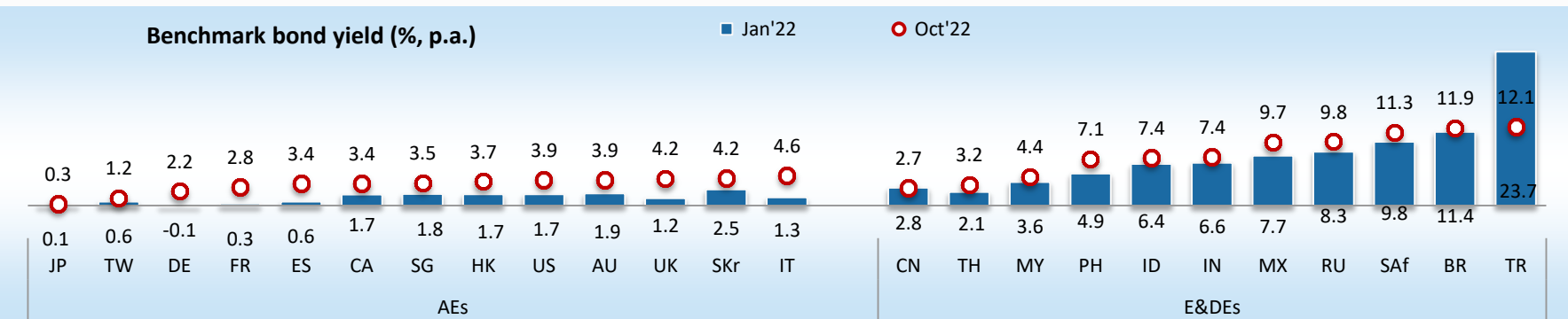
Global 10-yr bond yield has doubled to 3.7% level in Oct'22...



...with doubling of yields in AEs in just 7 months



Bond yields in Oct'22 were higher v/s Jan'22 in all nations, except CN/TR



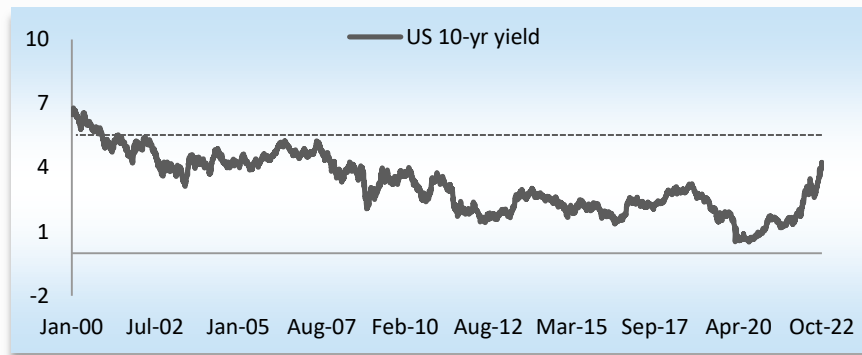
Aggregate indices are weighted by outstanding government debt

Sources: Bloomberg, CEIC, MOFSL

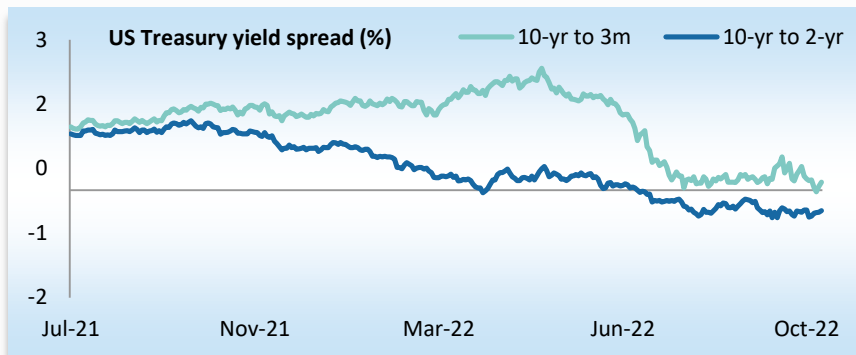
US yields have hardened quickly in recent months



At 4.25%, US 10-yr yield is the highest since mid-2008...

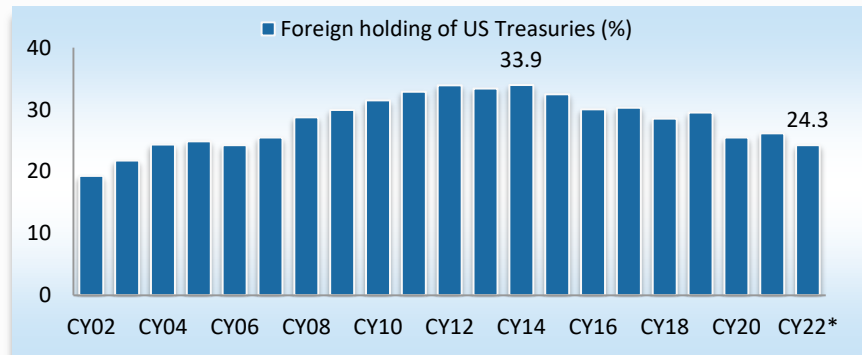


...and 10-to-2-yr Treasury spread has been in a negative zone since Jul'22

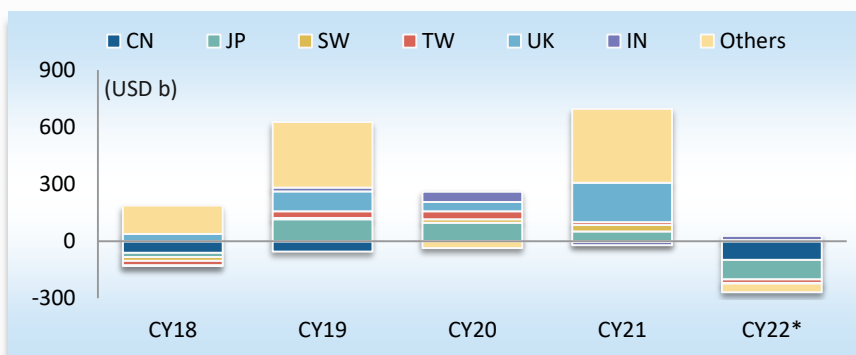


All data as of 24th Oct, 2022

Holdings of US Treasuries by foreigners have also declined continuously...



...with many nations (except SW/IN) being net sellers in CY22*



*Latest data as of Aug'22

SW = Switzerland

Sources: Bloomberg, CEIC, MOFSL

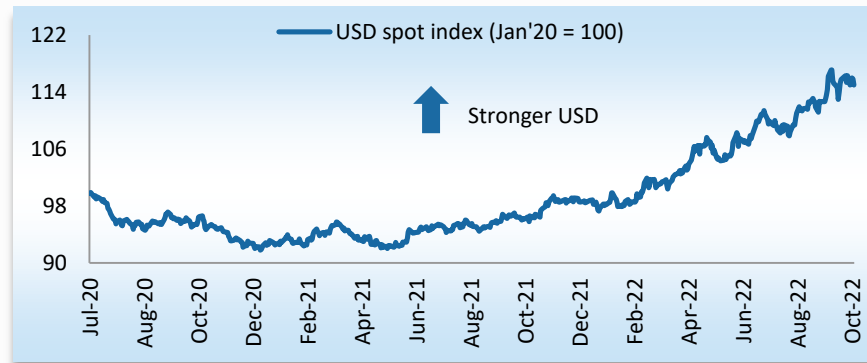


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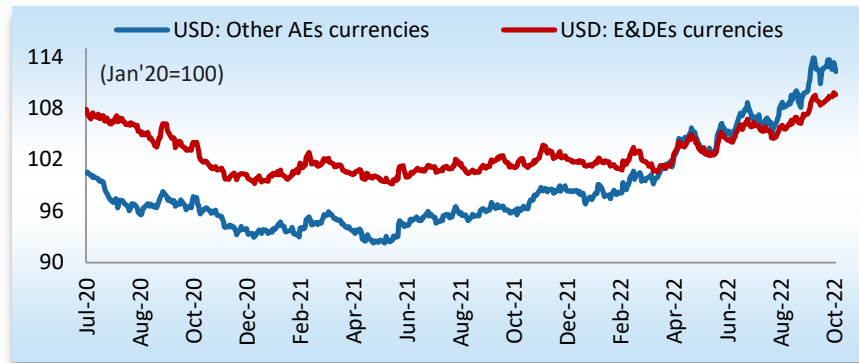
The USD strengthens sharply in CY22



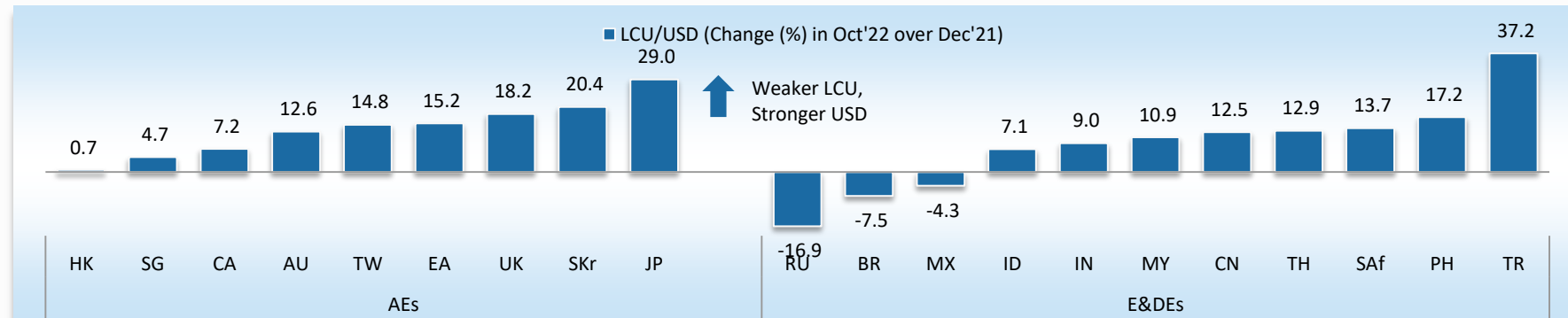
The USD spot index strengthened ~15% in CY22*...



...with faster depreciation in other AEs currencies v/s E&DEs currencies



Barring RUB, BRL, and MXN, all other major currencies have weakened against the USD in CY22*



Local currency unit (LCU)

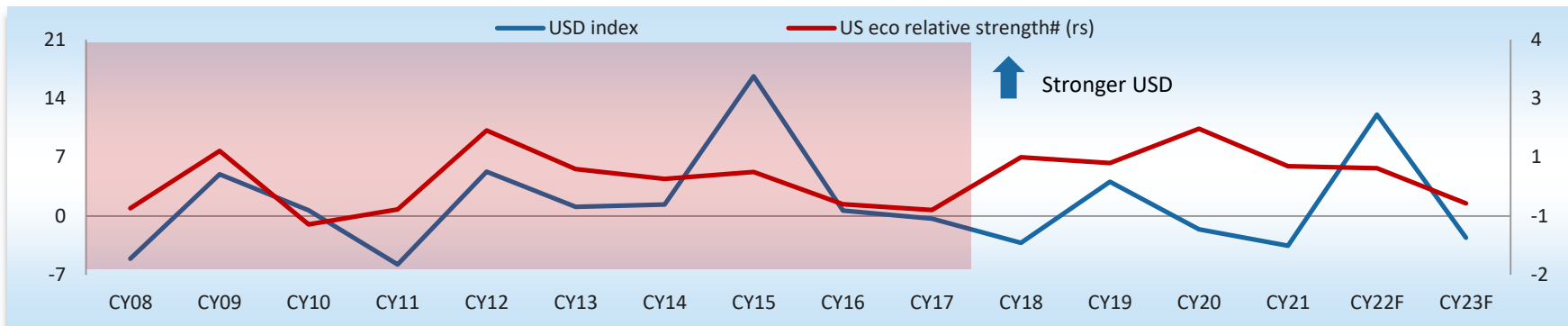
All data as of 21st Oct'22

Sources: Bloomberg, CEIC, MOFSL

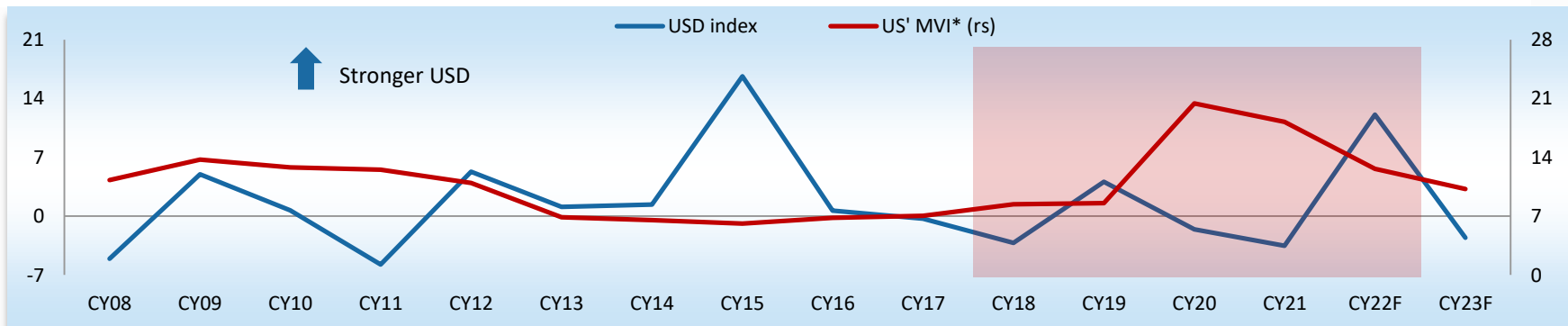
What drives the USD: Global growth outlook or the US domestic fundamentals?



The USD saw a strong correlation with its relative economic strength vis-à-vis RoW until CY17...



...but domestic fundamentals have been more important for the USD since CY18 (inverse correlation between US' MVI and USD)



#US real GDP growth v/s that for the rest of the world (RoW)

*Macro Vulnerability Index (MVI) = Fiscal deficit + current account deficit + core PCE inflation
Sources: International Monetary Fund (IMF), CEIC, Bloomberg, MOFSL

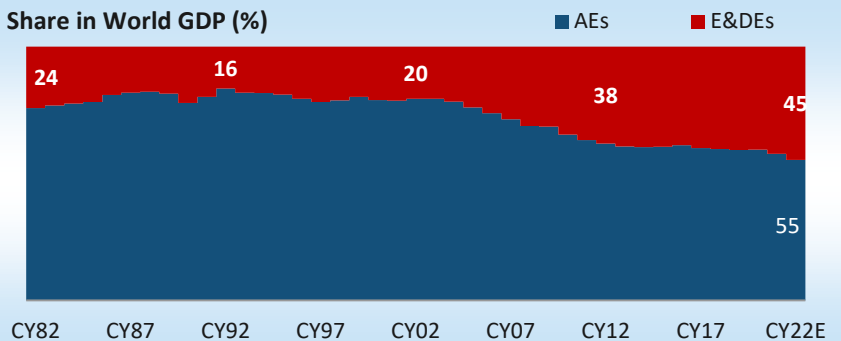


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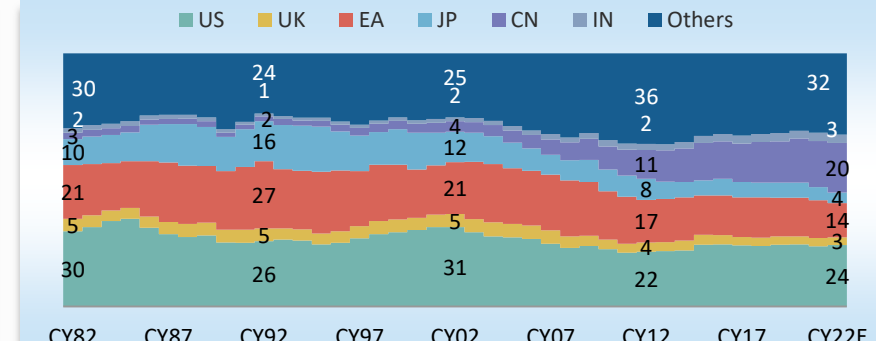
Long-term trends in global GDP since the 1980s



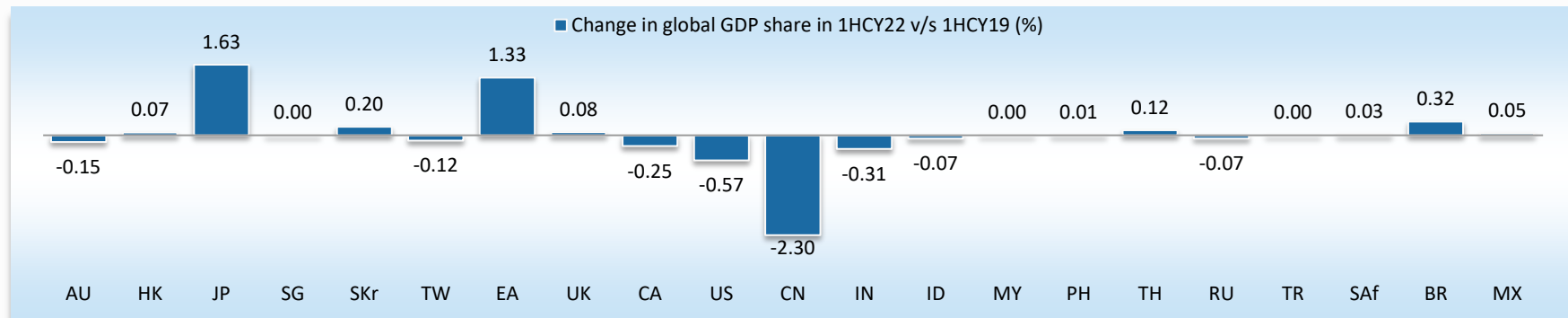
E&DEs now account for 45% of global GDP...



...with CN/IN gaining at the cost of Europe/JP



Among key E&DES, only CN gained, while IN/SAf maintained its share in Global GDP; JP, BR, EA, and the US lost the most

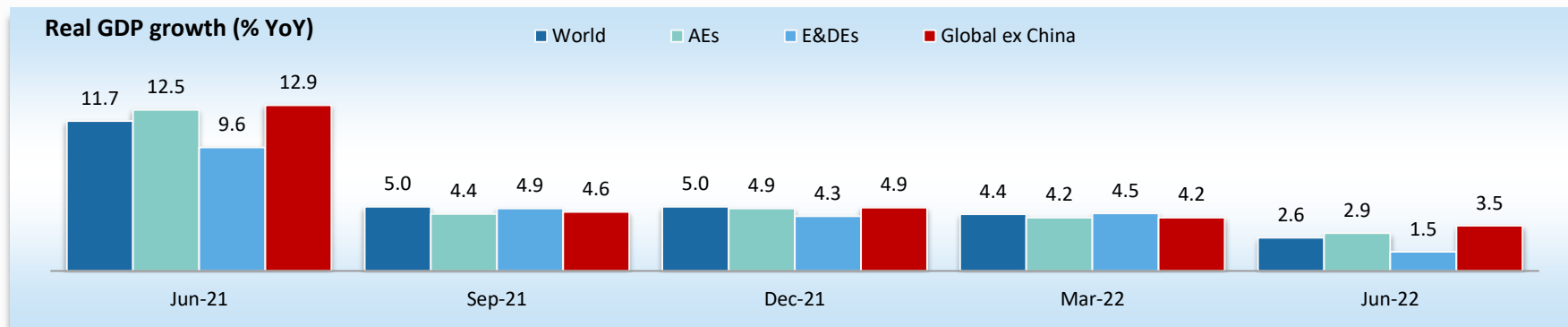


Sources: IMF, CEIC, Various national sources, MOFSL

Global real GDP grew 2.6% YoY in 2QCY22...



The global economy grew 2.6% YoY in 2QCY22, marking the slowest growth in the last six quarters

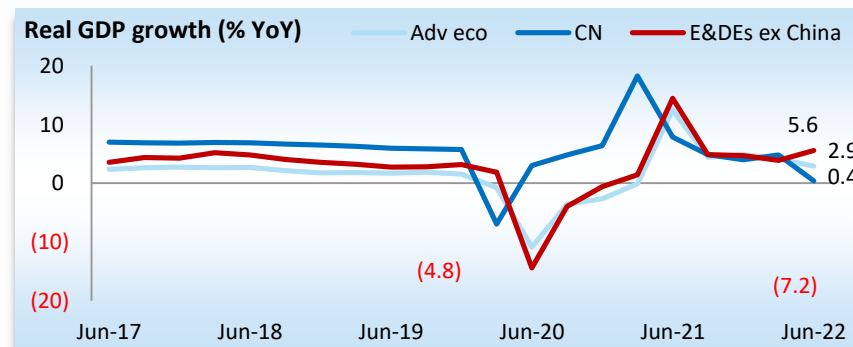


Long-term trends in global real GDP growth



Aggregate data is weighted by nominal GDP

Excluding CN, E&DEs grew at four-quarter high of 5.6% YoY in 2QCY22

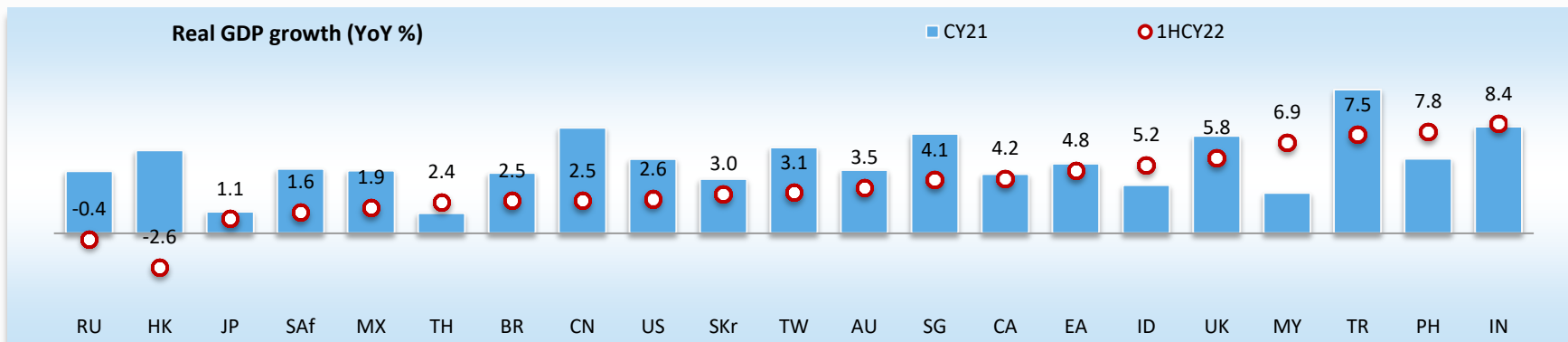


Sources: CEIC, various national sources, MOFSL

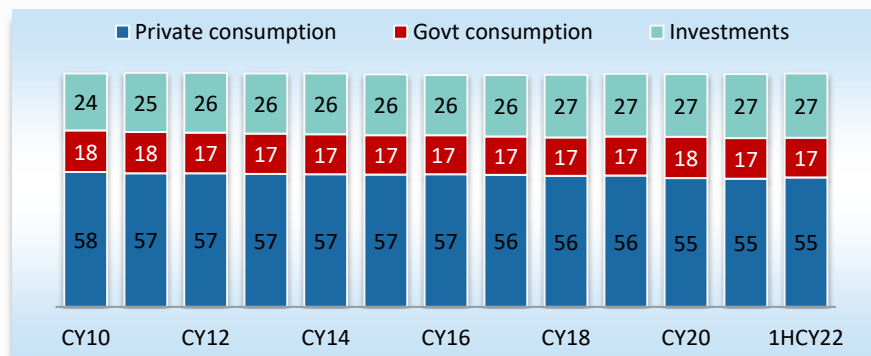
...with striking differences among nations



Real GDP growth in IN was the highest in 1HCY22, following second-fastest growth in CY21

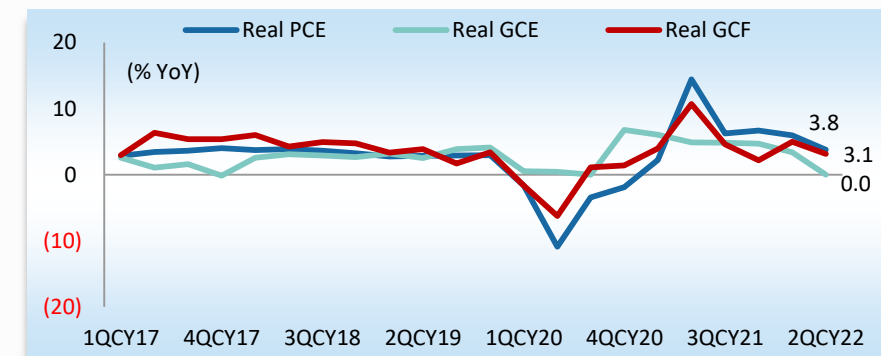


Share of private consumption remained ~55% of GDP in 1HCY22



Does not add up to 100% as there are 'net exports' and 'discrepancies' as well

Softening in GDP growth was broad-based (v/s 1QCY22)

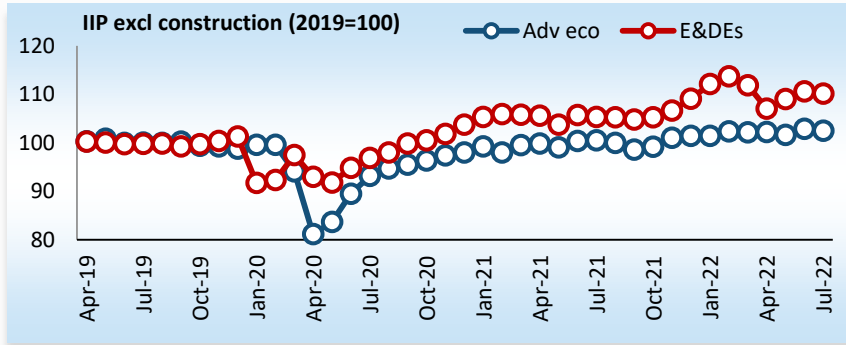


Sources: CEIC, various national sources, MOFSL

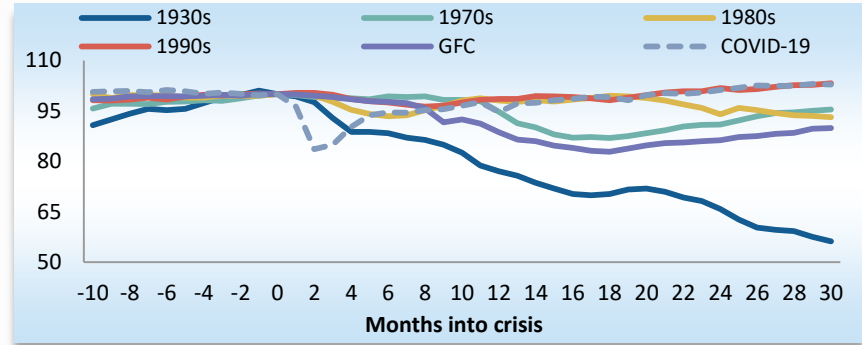
Industrial production continues to grow decently in E&DEs...



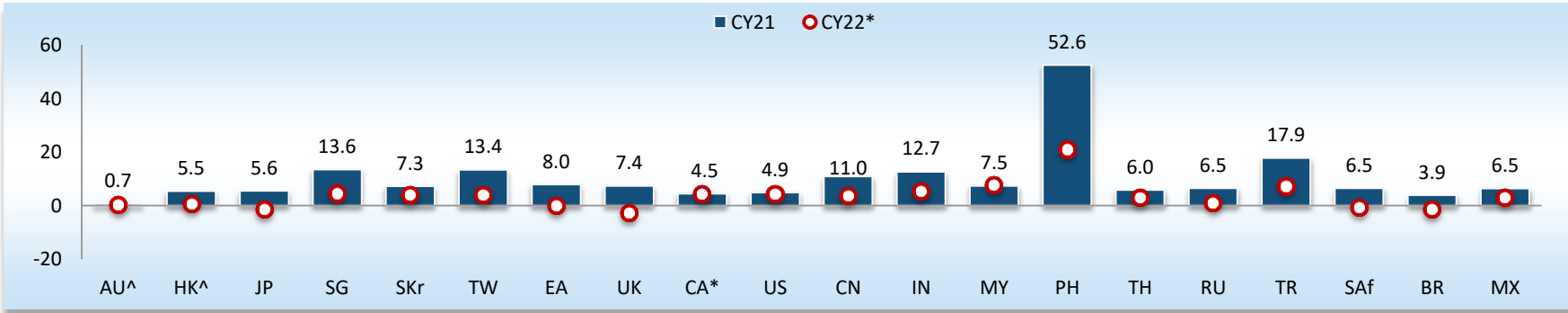
IIP remained subdued in AEs v/s E&DEs...



...but compared with previous crisis, saw total recovery in the US



Industrial production has weakened in all economies except MY in CY22*



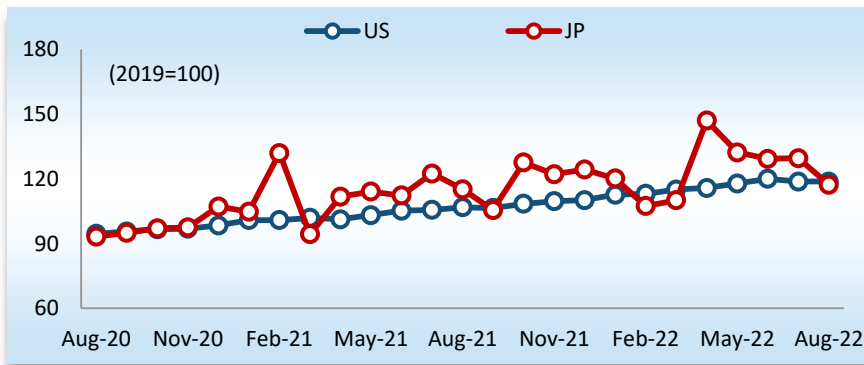
^Data up to Jun'22; *Up to Aug'22 otherwise

Sources: CPB Netherlands, National Bureau of Economic Research (NBER), CEIC, MOFSL
Starting dates for recession from NBER (1930s = Aug'28, 1970s = Jan'73, 1980s = Jan'80, 1990s = Jul'90, GFC = Dec'07, COVID-19 = Feb'20)

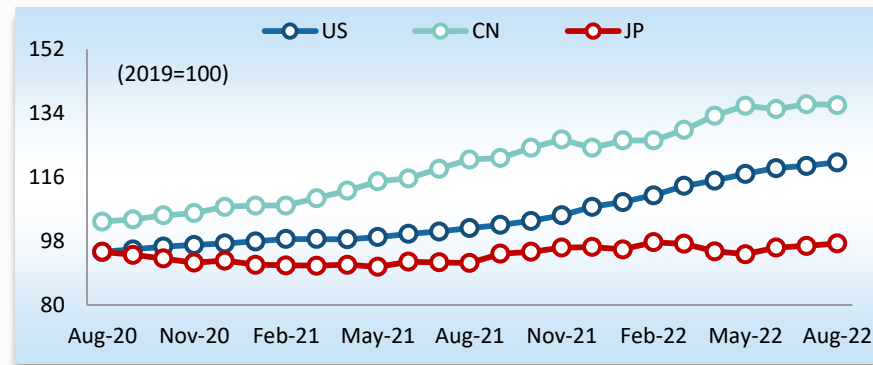
...and capacity utilization is back to pre-COVID levels



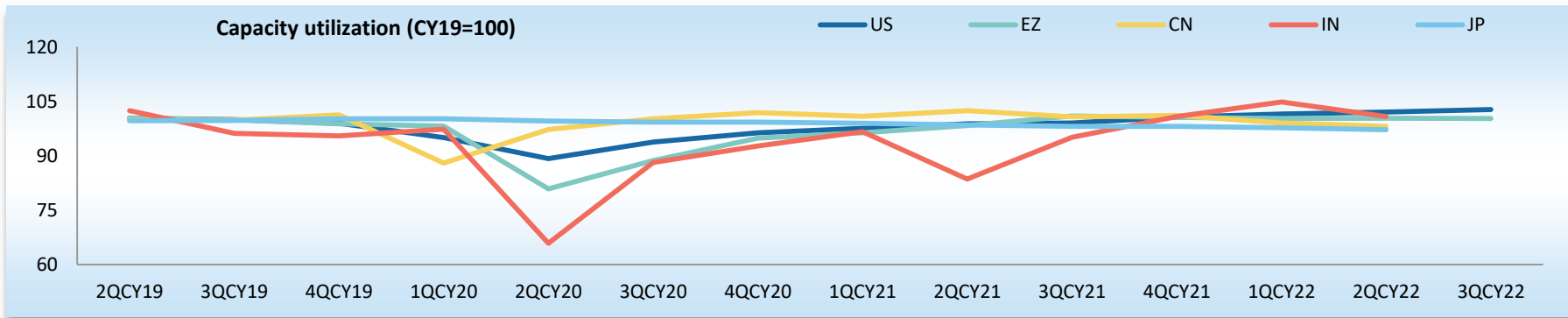
New manufacturing orders exceeded pre-COVID levels in AEs...



...and inventory levels picking up in the US, high in CN but subdued in JP



US capacity utilizations crosses 80% but it remains weak in other economies



CN/IN/JP data up to 2QCY22

Sources: CEIC, various national sources, MOFSL

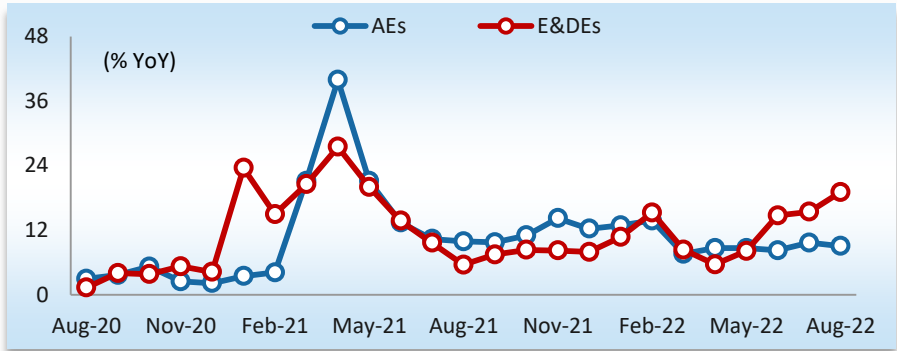
Retail sales continue to grow strongly...



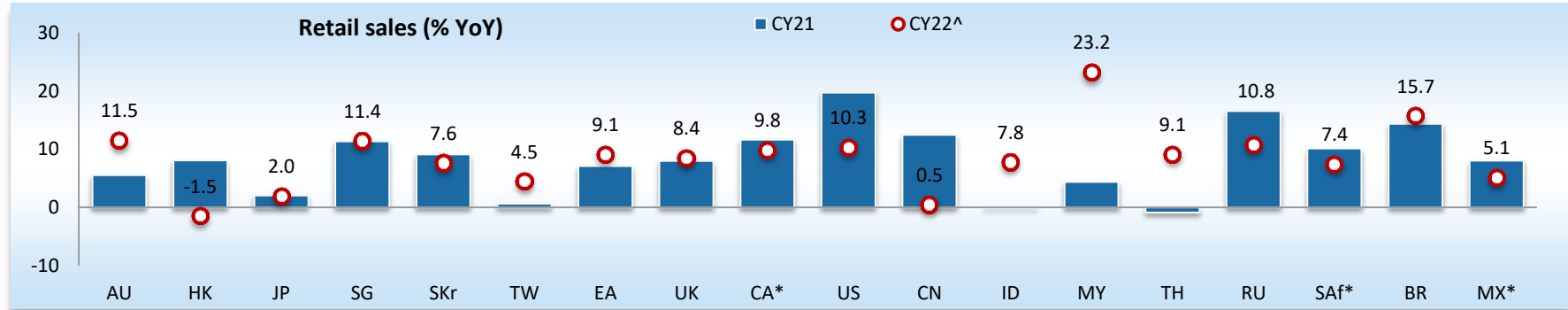
Nominal retail sales continued to grow decently in 2QCY22...



...with better growth in AEs than E&DEs



Barring HK and CN, retail sales continue to grow strongly in all other economies during CY22^



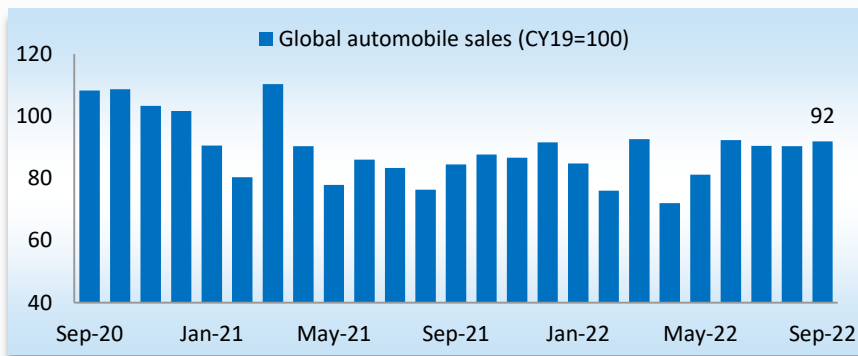
#Based on 36 nations; data unavailable for IN

^ Up to Aug'22, * Available up to Jul'22
Sources: CEIC, various national sources, MOFSL

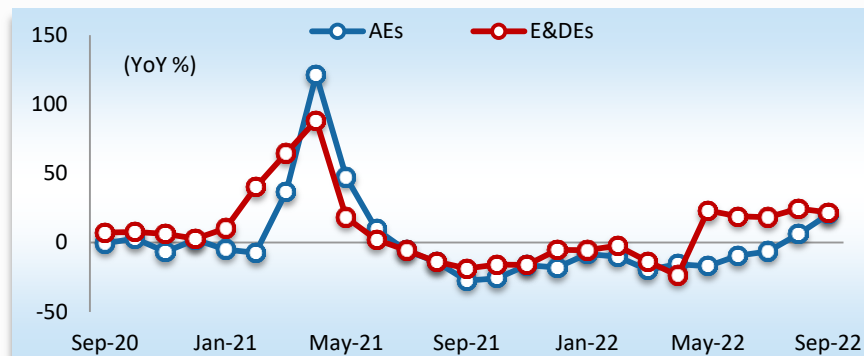
...while the global Automobile sector is weak



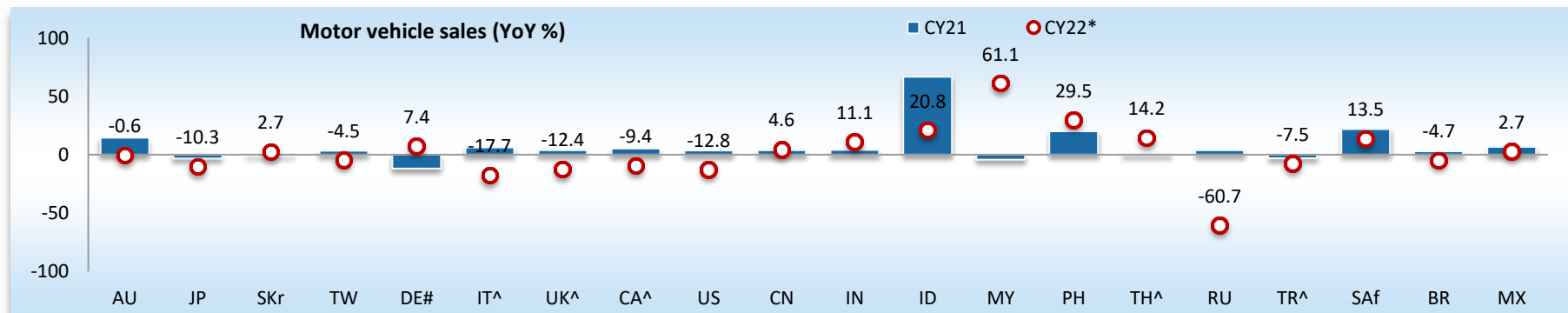
Global Automobile sales were still 8% lower in Sep'22 than in CY19...



...however, sales grew sharply in AEs in Aug-Sep'22



Except SKr and DE, auto sales declined in all other AEs in CY22*



DE is car data only

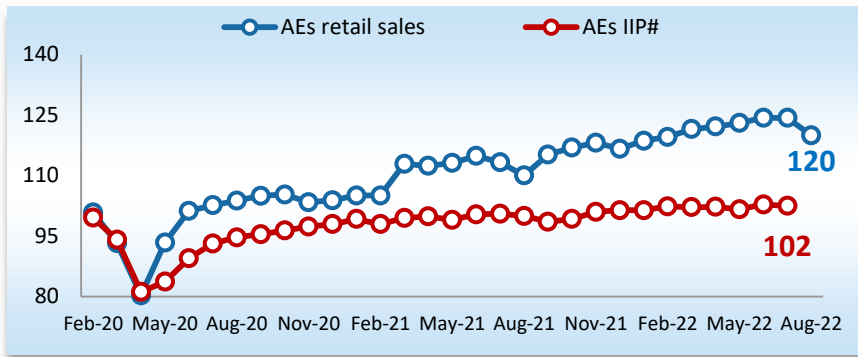
^ Data up to Aug'22

*Data till Sep'22

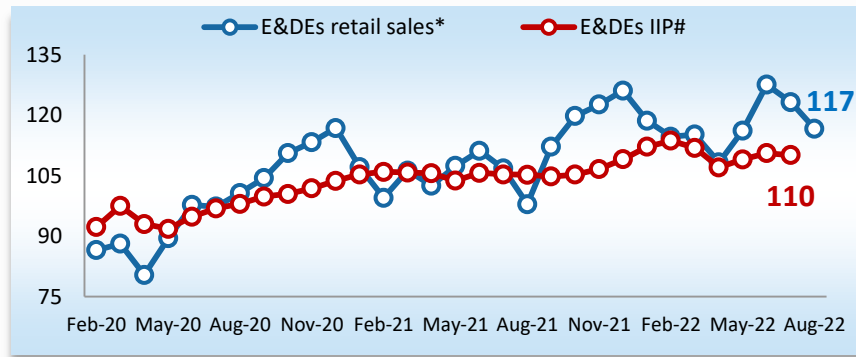
Consumption v/s investment: Different growth drivers in AEs v/s E&DEs



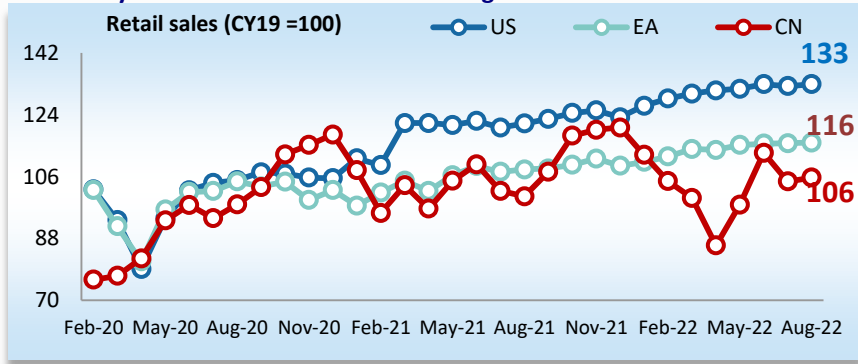
Retail sales saw stronger recovery in AEs...



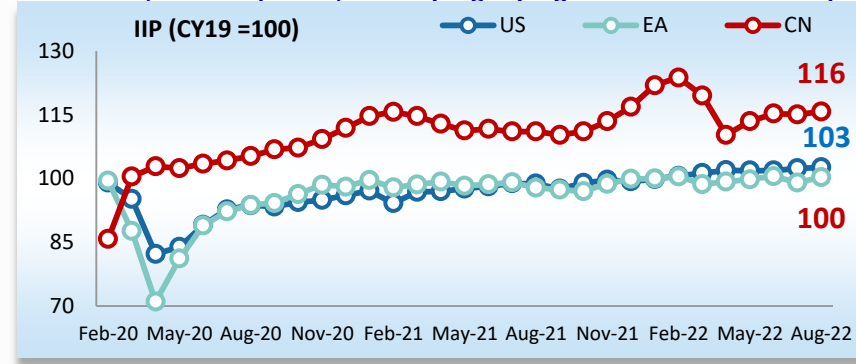
...while the divergence was not so stark in E&DEs



Recovery was seen in retail sales in all large economies



In contrast, IIP was up in CN, but only slightly higher than CY19 in the US/EA



*Based on a sample of 37 nations (no data available for SaF)

From the World Trade Monitor

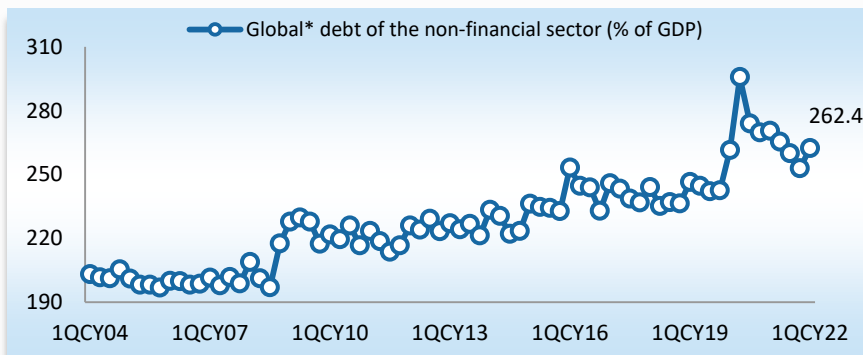


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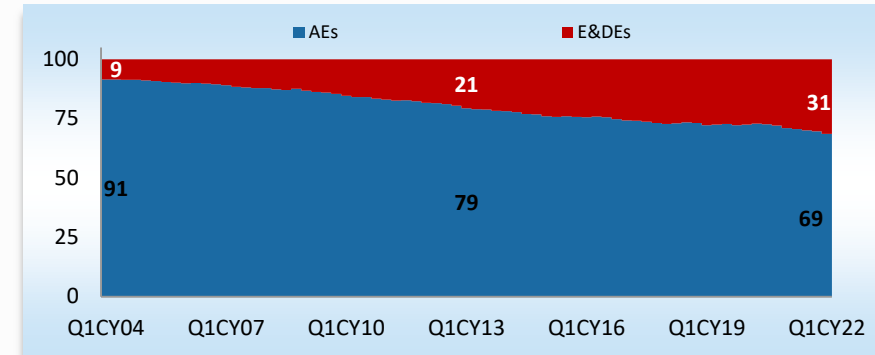
Global debt-to-GDP ratio picked up in 1QCY22



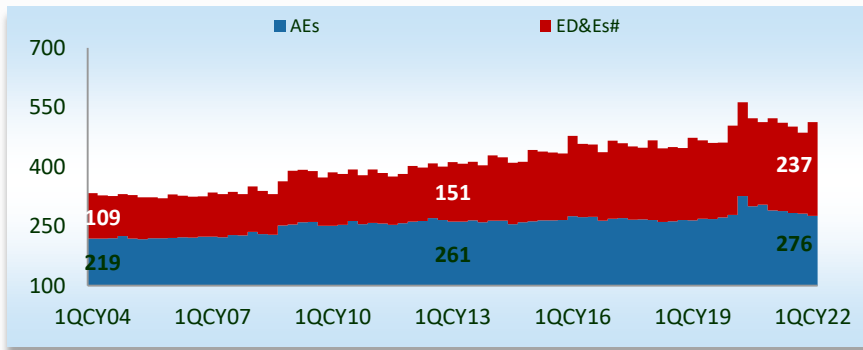
Global debt picked up to 3-quarter high of 262% in 1QCY22



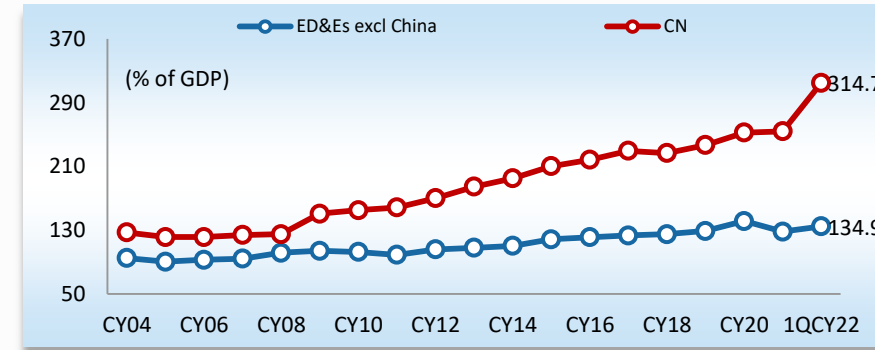
The share of AEs was down to 69% in 1QCY22



Debt-to-GDP ratio increased in E&DEs, though it declined in AEs



Excl. CN, E&DEs debt picked up to 135% in 1QCY22



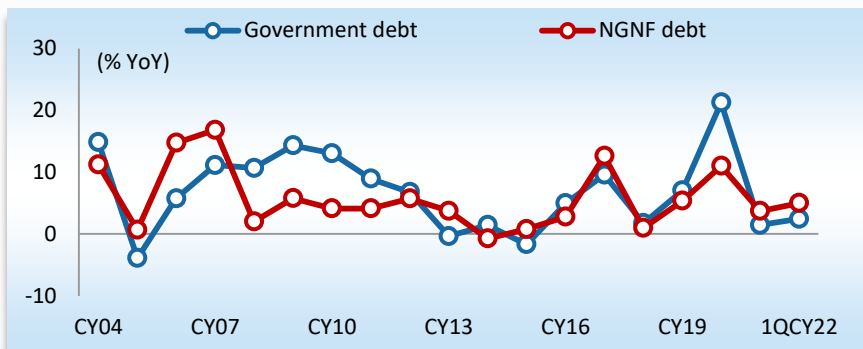
*In addition to our sample of 37 nations (TW/PH excluded), this section includes eight more nations (Czech Republic, Denmark, Sweden, Norway, SW, Hungary, Poland, and Argentina)

Sources: Bank for International Settlements (BIS), IMF CEIC, MOFSL

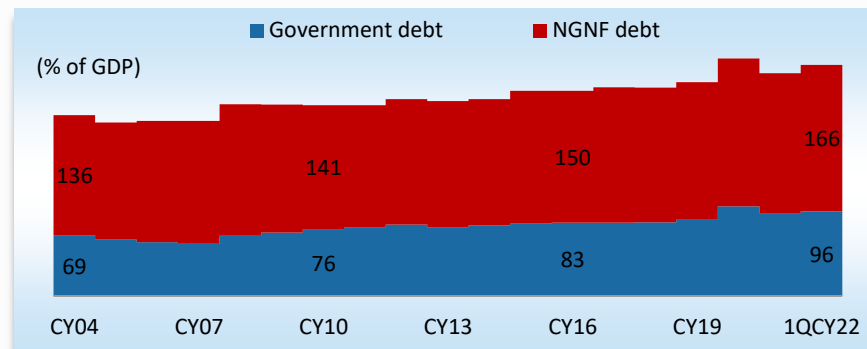
The acceleration was led by private sector



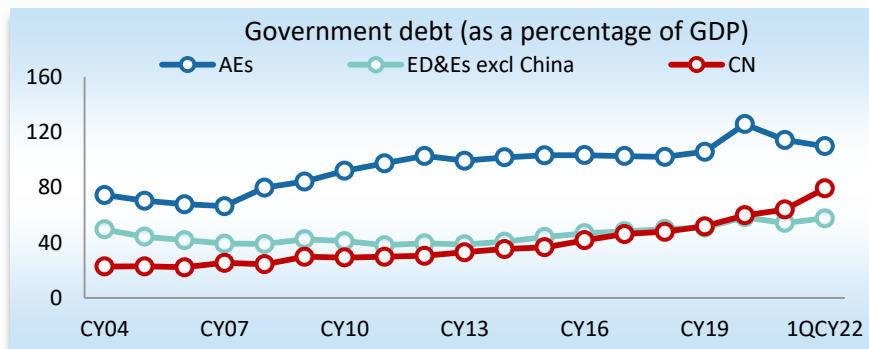
Government debt grew 2.5%, while NGNF debt grew 5% YoY in 1QCY22



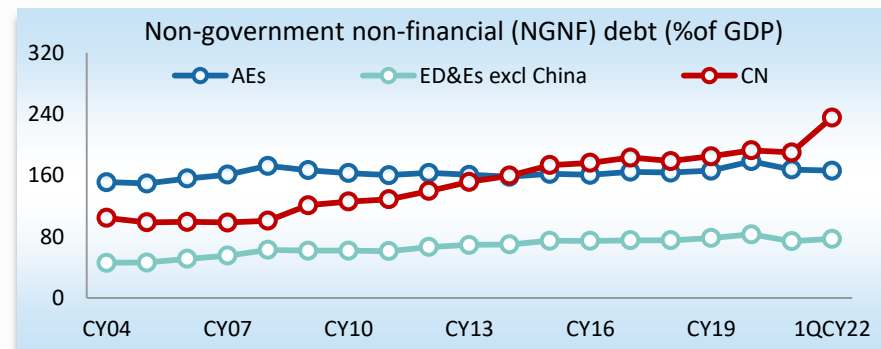
Government debt was stable, though NGNF debt accelerated in 1QCY22



Government debt surged to all-time high of 79% of GDP in CN...



...and NGNF debt also increased to 235% of GDP in CN



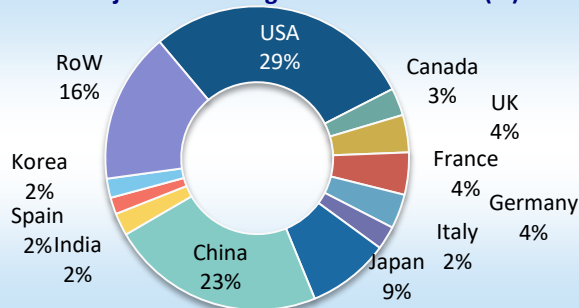
Sources: BIS, CEIC, MOFSL

Global debt at new peak in JP/CN in 2QCY22 (based on select economies)

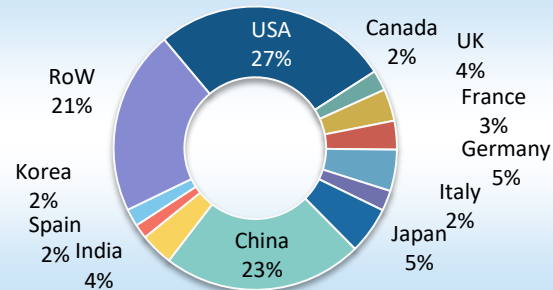


Share of major economies in global GDP and debt was similar in CY21

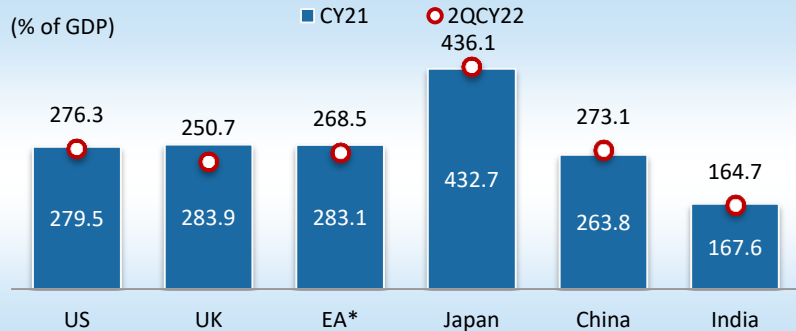
Share of major nations in global debt in CY21 (%)



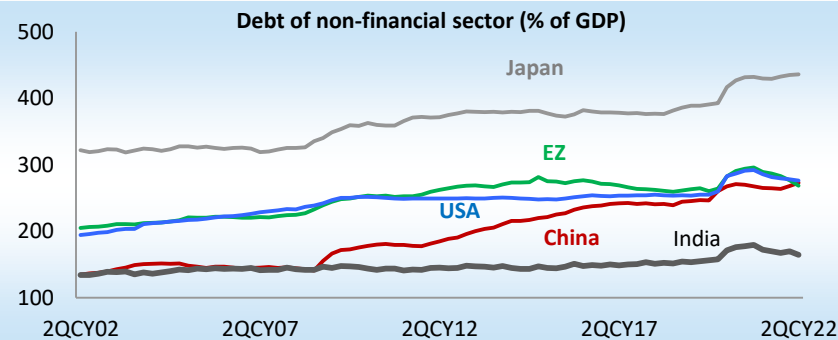
Share of major nations in global GDP in CY21 (%)



Debt-to-GDP ratio eased everywhere in 1HCY22...



...but accelerated to new peak for JP and CN



Sources: IMF, BIS, CEIC, Various national sources, MOFSL

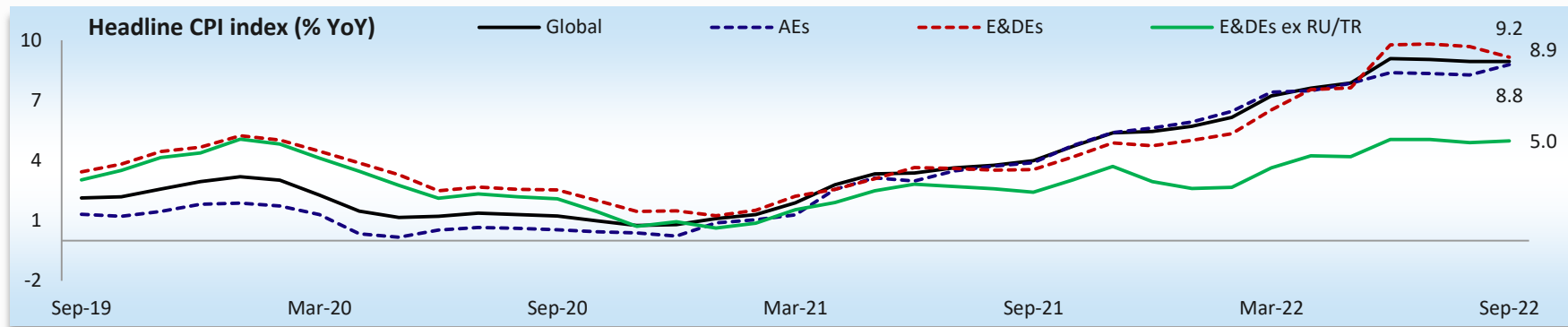


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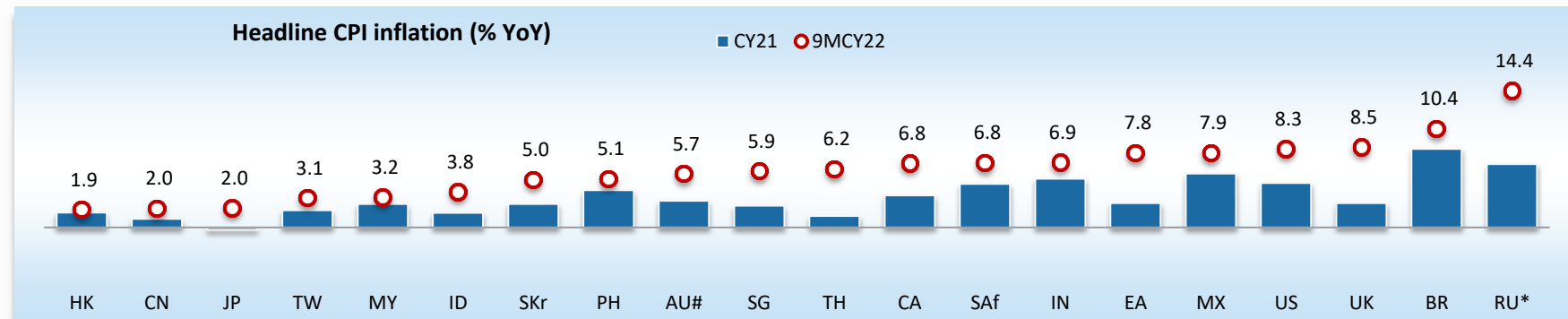
Global headline CPI inflation continues to remain high...



Headline CPI inflation at multi-decadal highs all across the globe



Inflation in 9MCY22 higher than CY21 in all nations



Aggregate indices are weighted by nominal GDP

Quarterly data up to Jun'22

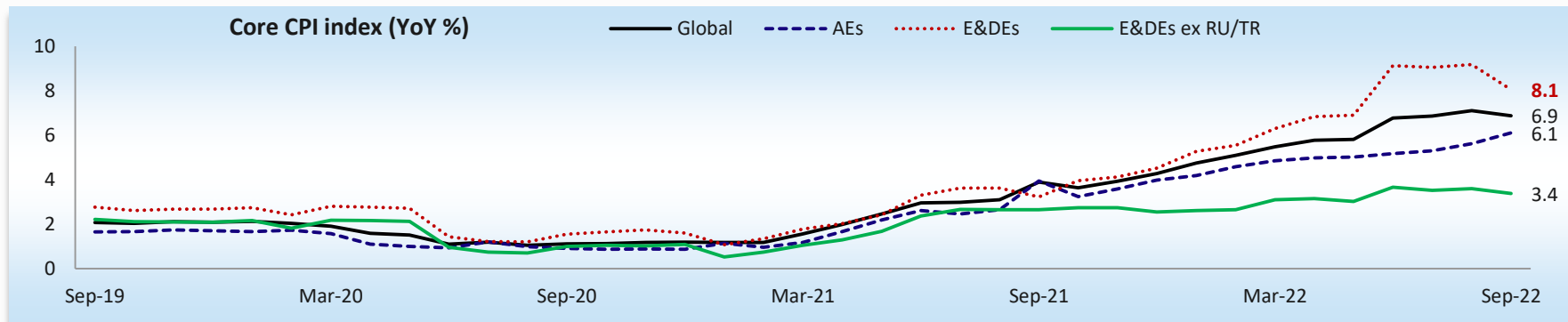
* Jan-Aug'22

Sources: CEIC, various national sources, MOFSL

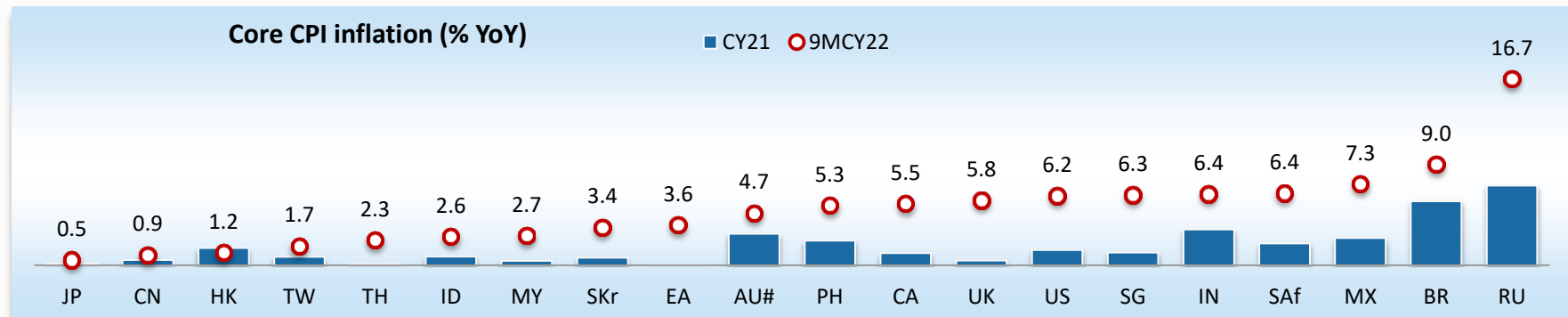
...but core inflation stable at elevated levels for the last four months



Global core inflation has remained ~7% since Jun'22, with rising trend in AEs



Core inflation in 9MCY22 higher than CY21 in all nations except HK



Aggregate indices are weighted by nominal GDP

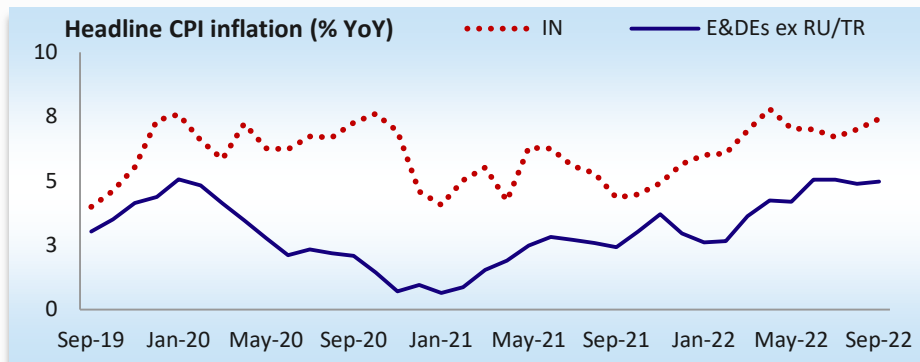
Quarterly data up to Jun'22

Source: CEIC, various national sources, MOFSL

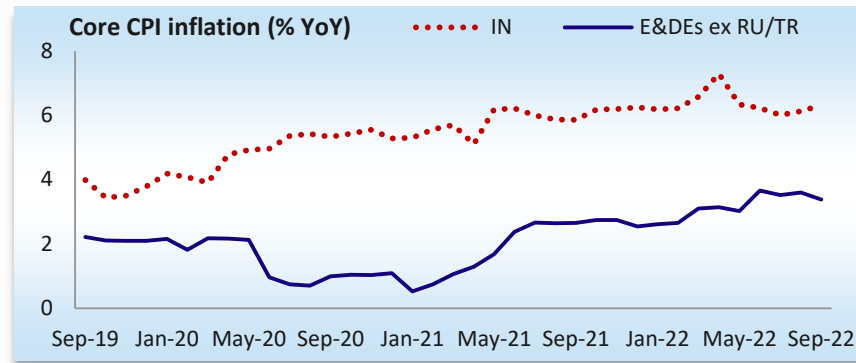
IN has among the highest share of food + energy in CPI basket



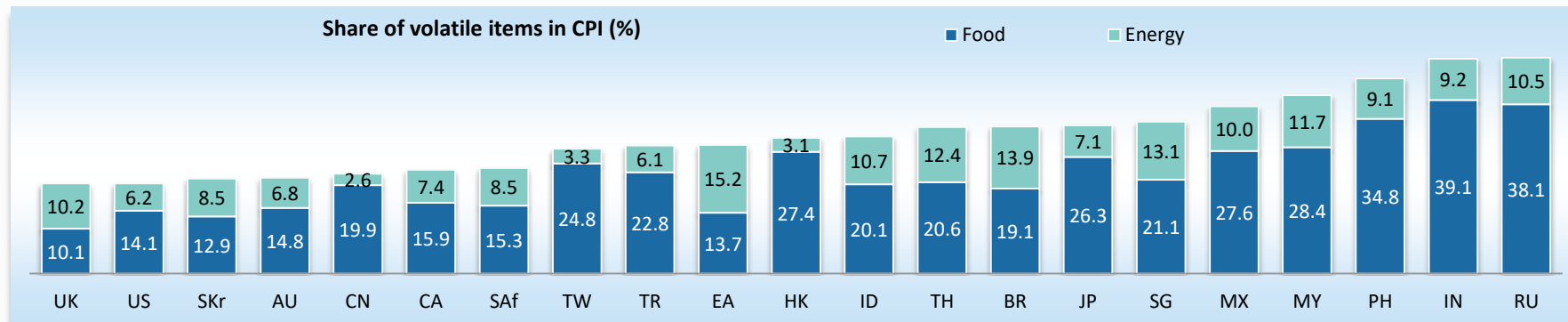
IN headline inflation picked up faster than other EMs in the last few months...



...and so is the case in core inflation



UK/US has the least share of food + energy in its CPI-basket, while IN/RU has the highest share



Aggregate indices are weighted by nominal GDP

*Data for MY available up to Aug'22

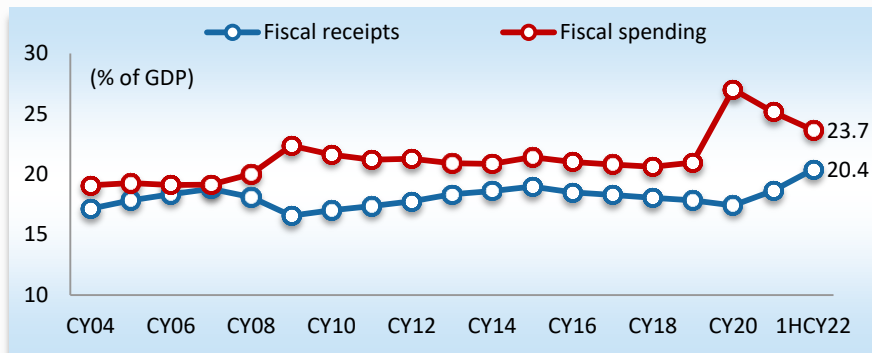


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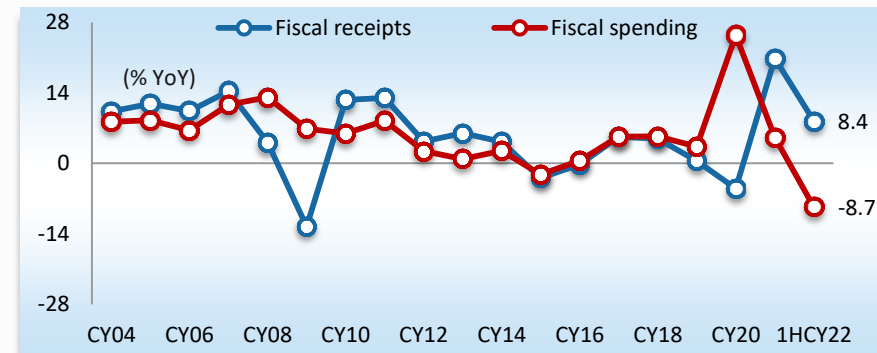
Global fiscal deficit narrows further in 2QCY22



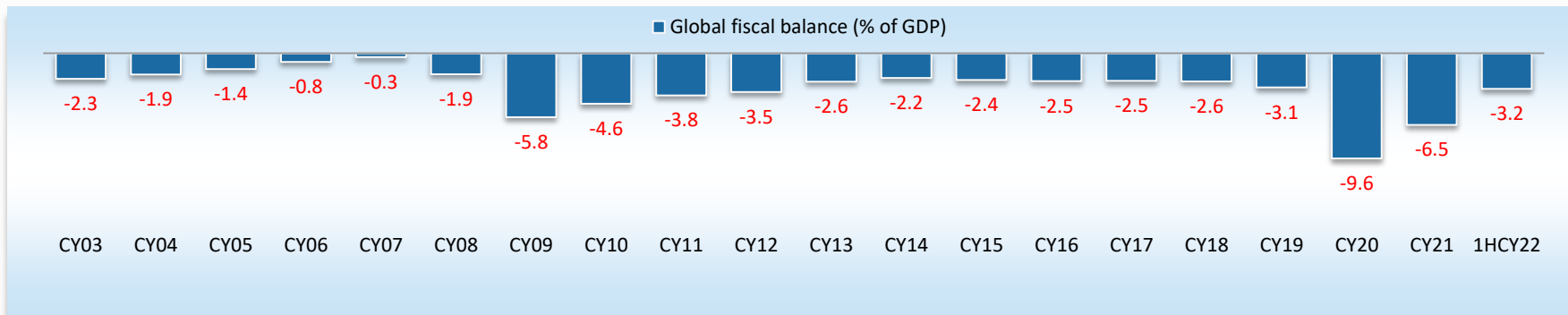
Global fiscal spending remain much higher in 2Q/1HCY22...



...but it declined for the 2nd consecutive quarter in YoY terms in 2QCY22



Global fiscal deficit narrowed sharply in 1HCY22; it was at a 12-quarter low of 2.3% of GDP in 2QCY22



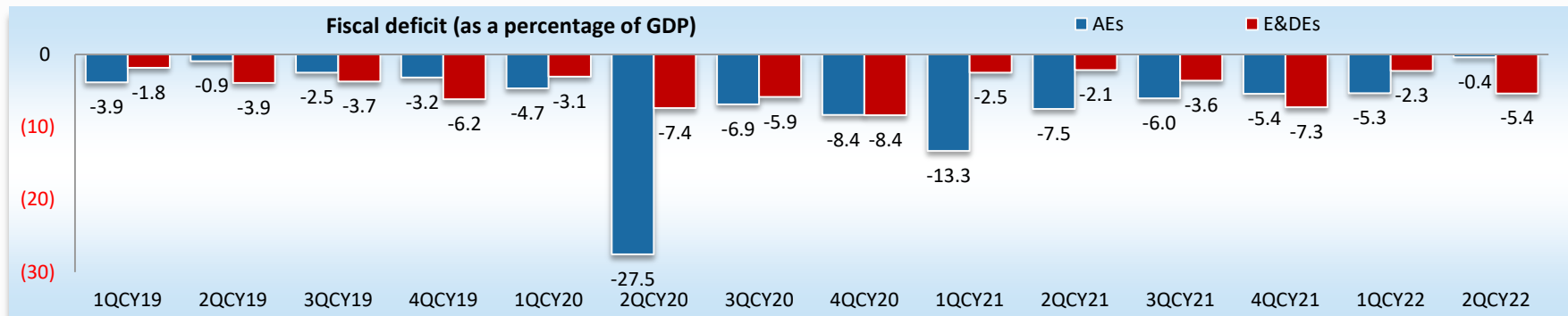
Aggregate indices are calculated using USD values

Sources: CEIC, various national sources, MOFSL

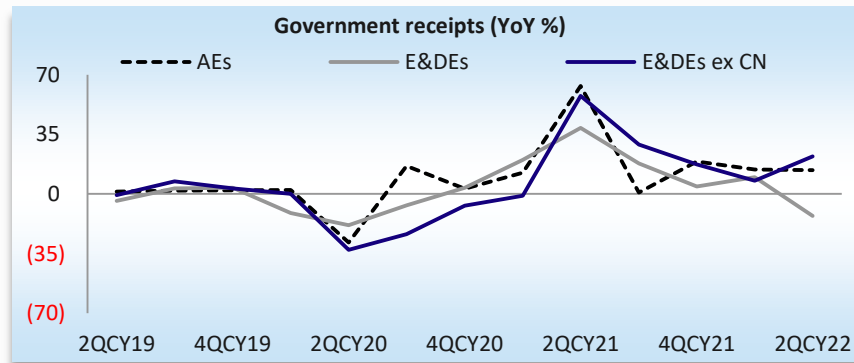
Fiscal deficit was just 0.4% of GDP in AEs in 2QCY22



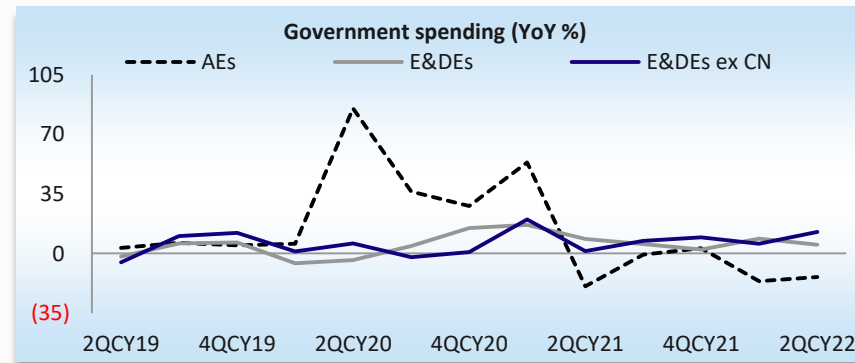
Global fiscal deficit was down to 3.2% of GDP in 1HCY22, owing to AEs



Although fiscal receipts grew strongly in AEs in 2QCY22...



...their fiscal spending declined for the 4th time in the last 5 quarters



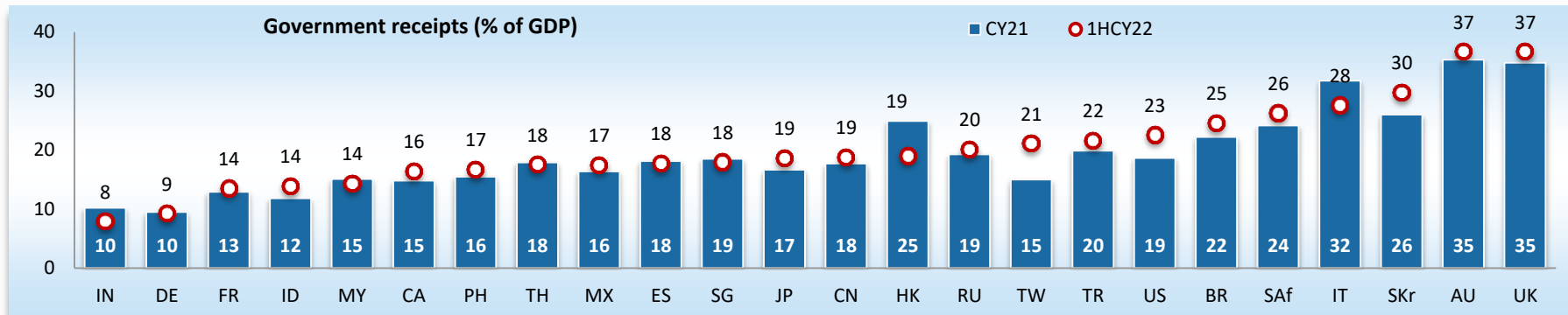
Aggregate indices are calculated using USD values

Sources: CEIC, various national sources, MOFSL

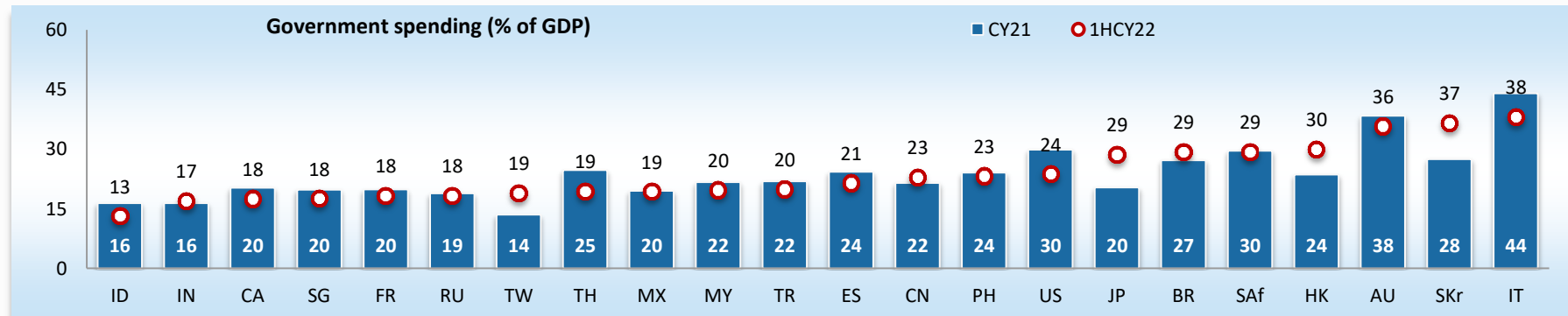
IN has among the lowest receipts/spending



IN's government receipts are the lowest among all major nations...



...due to which fiscal spending is also among the lowest in IN



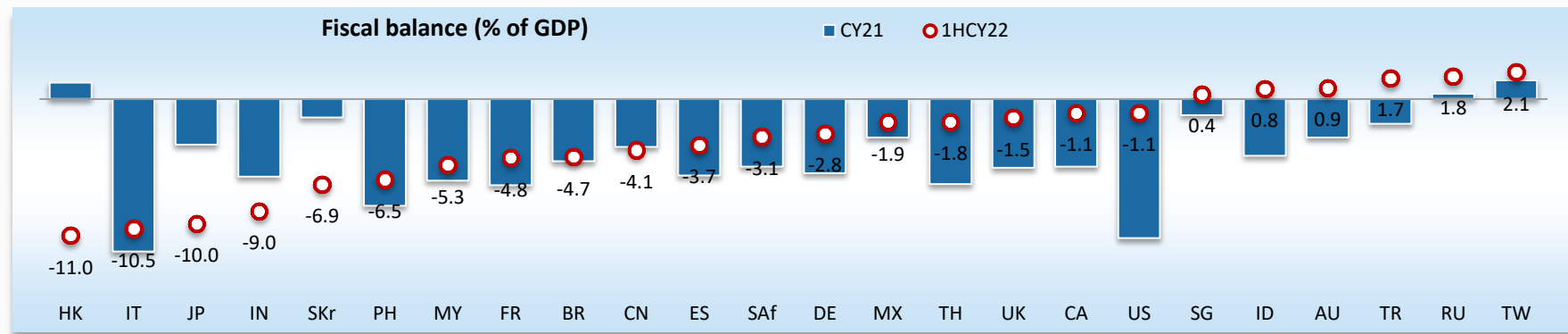
Data for central government only for most E&DEs

Source: CEIC, various national sources, MOFSL

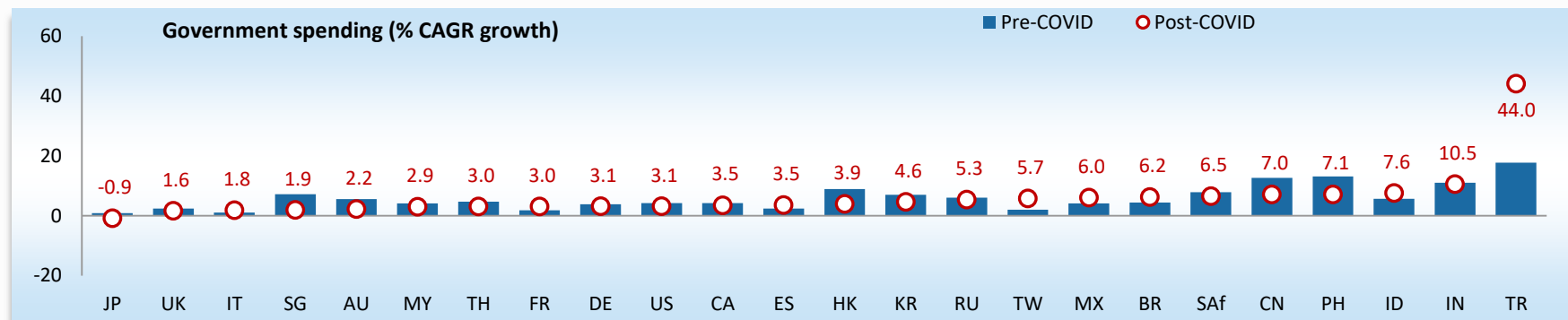
Fiscal support to GDP growth would weaken in the post-COVID era



Fiscal deficit widened in many EMs, but it narrowed in most AEs in 1HCY22



Barring BR, ID, IT, RU and TW, government spending growth in the post-COVID period would be lower than in the pre-COVID period in all other nations



Pre-COVID = CY15-19, post-COVID = CY22-26 (based on IMF forecast)

Source: CEIC, IMF, various national sources, MOFSL

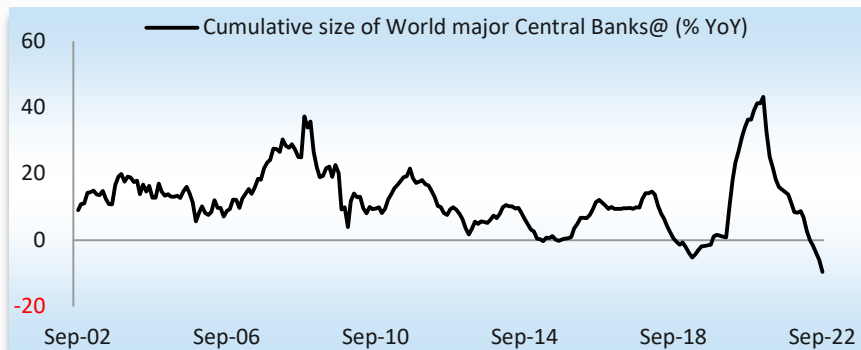


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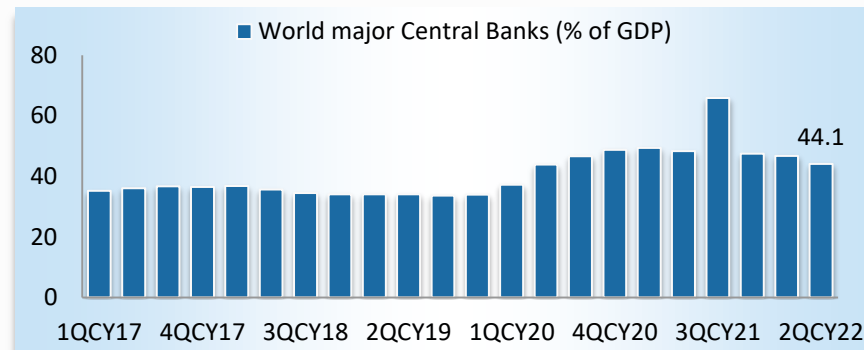
Balance sheets of Global Central Banks continue to decline...



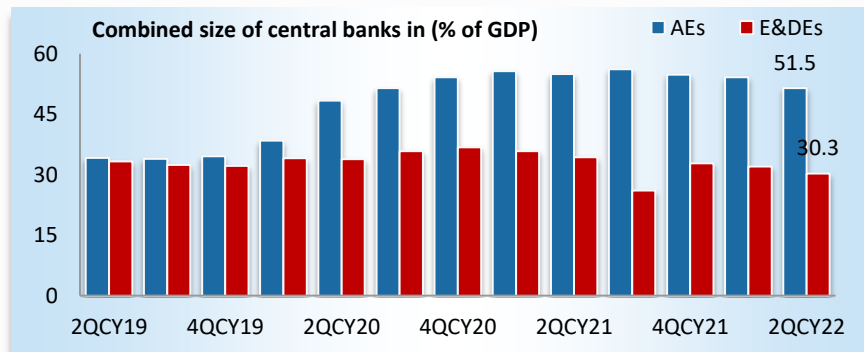
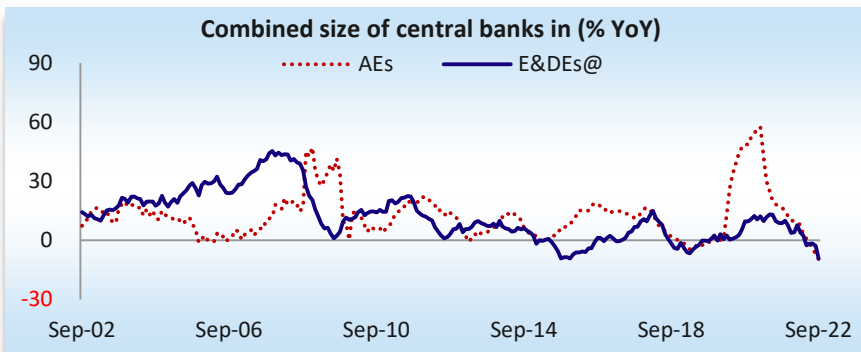
The balance sheets of central banks declined 10% YoY in Sep'22...



...and stood at 44.1% of GDP in 2QCY22



The decline is broad based among AEs and E&DEs



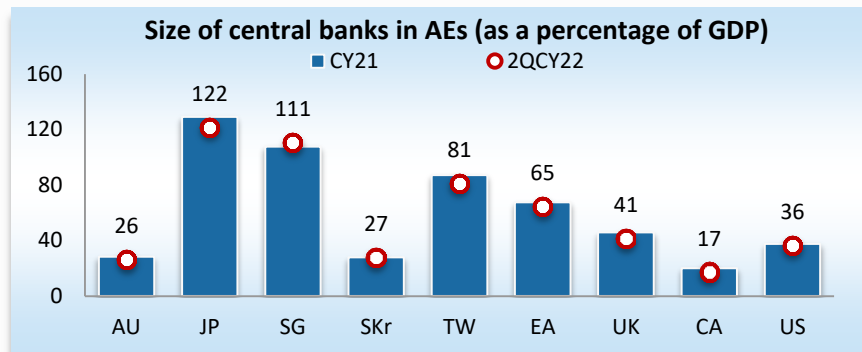
@Excluding PH data (Data for SKr, CN, TH and RU not yet available for Sep'22)

Aggregate indices are calculated using USD values

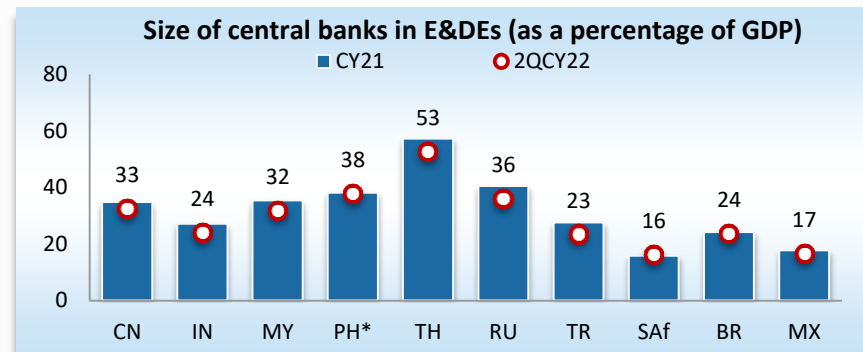
...with across the board moderation



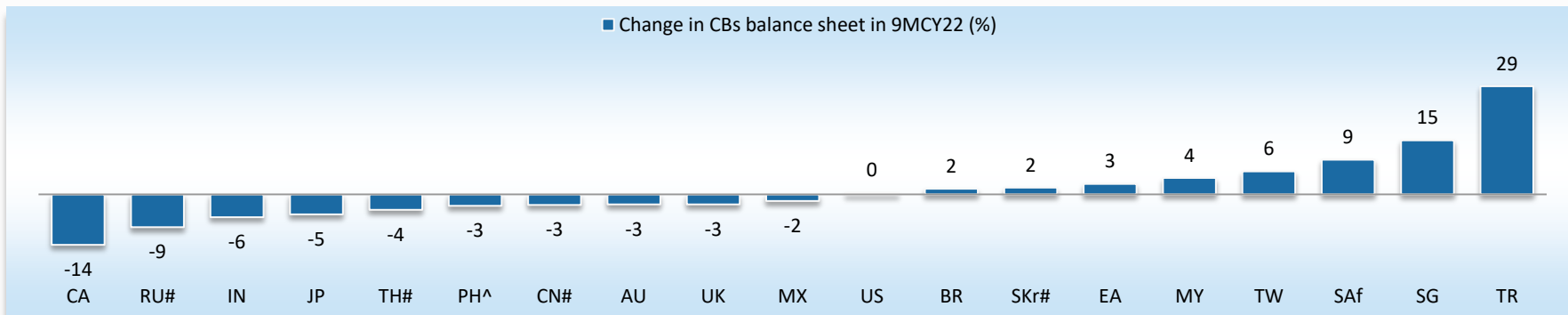
As a percentage of GDP, BoJ continues to be the largest Central Bank...



...with Bank of Thailand being the largest among the major E&DEs



Balance sheets of many Central banks have declined in CY22; increased majorly for Saf, SG, and TR



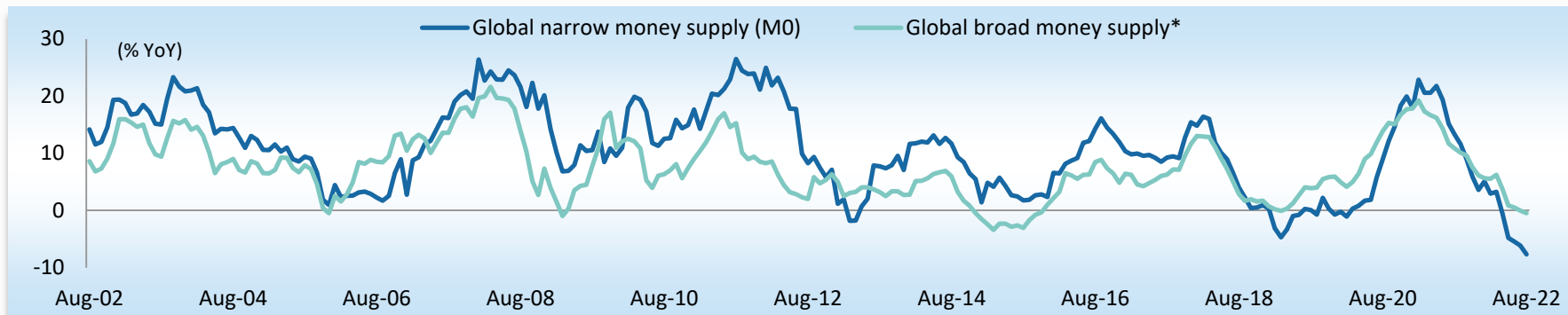
* PH data available up to May'22 (# Data for SKr, CN, TH and RU not available for Sep'22)

Aggregate indices are calculated using USD values (HK/ID excluded)

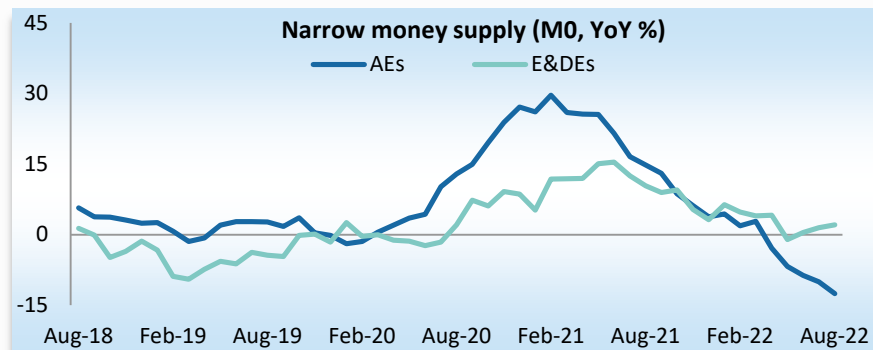
Global money supply continues to decline in Aug'22



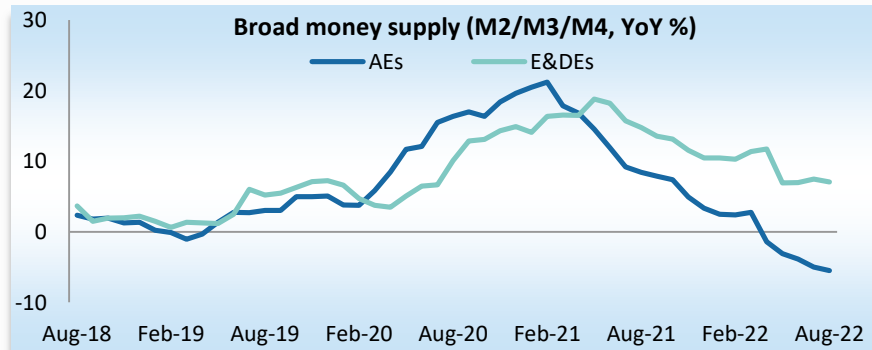
Global narrow money supply (M0) contracted for the 5th month, with second fall in the broad money supply in Aug'22



Narrow money supply has fallen faster in AEs (partly led by high base)...



...and broad money supply also declined in AEs, without base effect



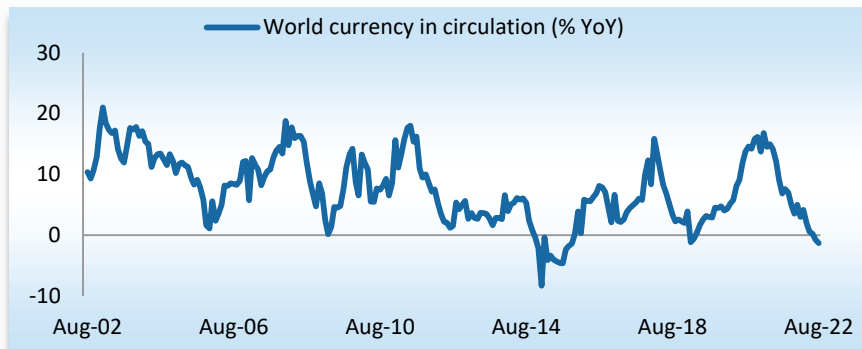
M2 (CN, RU, SKr, TW, TH, TR, US), M3 (AU, CA, EA, JP, MY, PH, Saf) and M4 (BR, IN, MX, SG, UK)

Aggregate indices are calculated using USD values (HK/ID excluded)

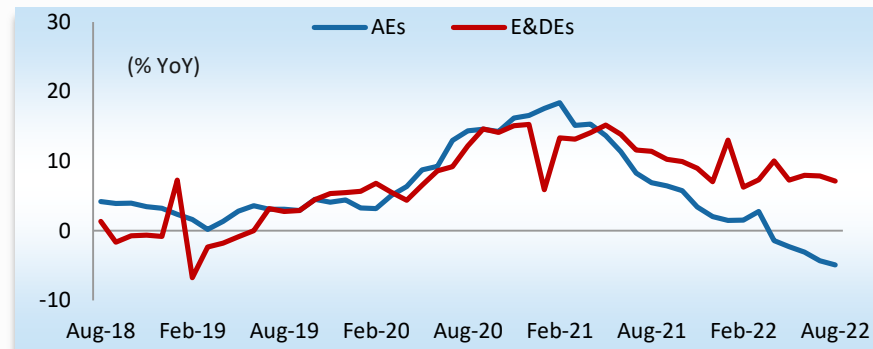
...and global currency in circulation (CIC) also declines



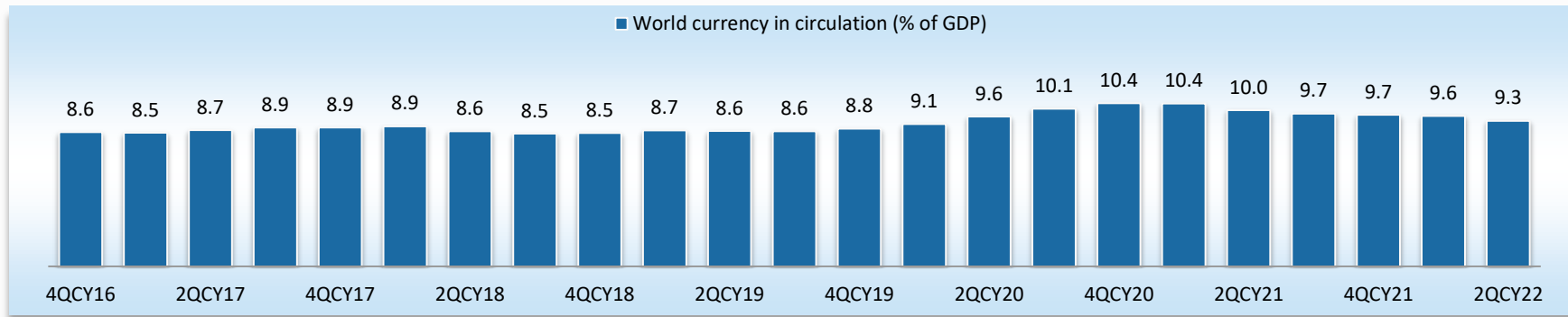
World CIC declined for second successive month in Aug'22...



...led by 5th consecutive fall in AEs



Global CIC-to-GDP ratio continued to fall from its peak to nine-quarter low of 9.3% in 2QCY22



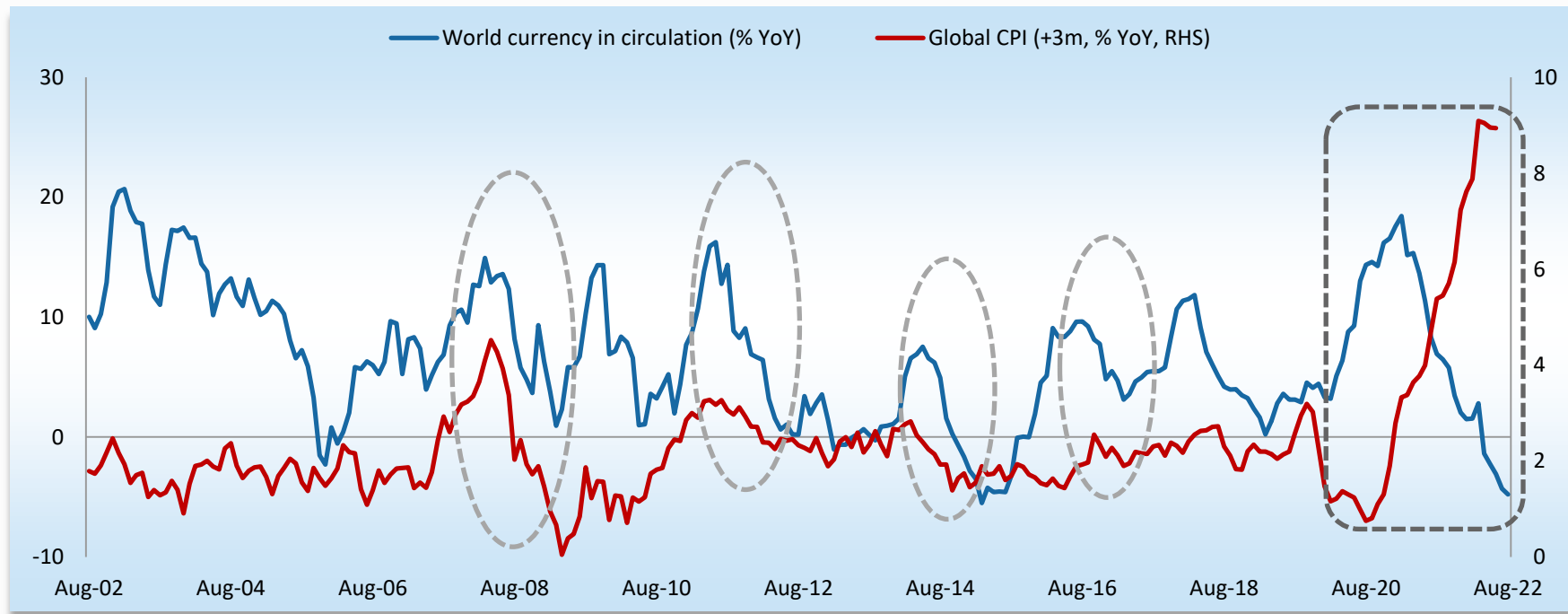
Aggregate indices are calculated using USD values (HK/ID excluded)

Saf data not available for Jul-Aug'22

Global inflation has peaked; but is now declining gradually



Global inflation declined gradually till Aug'22



Sources: CEIC, various national sources, MOFSL

Rate hiking cycle has been aggressive; more to come



	Current	CY21-end	Last move (when)	Headline inflation#
Brazil (BR)	13.75	9.25	Hike (Aug'22)	8.6 (8.9)
China (CN)	3.65	3.80	Cut (Aug'22)	2.7 (0.7)
India (IN)	5.90	4.00	Hike (Sep'22)	7.0 (6.2)
Indonesia (ID)	4.75	3.50	Hike (Oct'22)	5.2 (3.0)
Malaysia (MY)	2.50	1.75	Hike (Sep'22)	4.5 (3.7)
Mexico (MX)	9.25	5.50	Hike (Sep'22)	8.5 (8.0)
Philippines (PH)	4.25	2.00	Hike (Sep'22)	6.5 (6.2)
Russia (RU)	7.50	8.50	Cut (Sep'22)	15.2^ (17.7)
S Africa (SAf)	6.25	3.75	Hike (Sep'22)	7.9 (7.2)
Thailand (TH)	1.00	0.50	Hike (Sep'22)	7.3 (3.1)
Turkey (TR)	10.50	14.00	Cut (Oct'22)	81.1 (85.2)

Jul-Sep'22 (Figure in parenthesis is Core inflation)

^Data up to Aug'22

	Current	CY21-end	Last move (when)	Headline inflation#
Australia (AU)	2.60	0.10	Hike (Oct'22)	6.1 (5.3)*
Hong Kong (HK)	3.50	0.50	Hike (Sep'22)	2.7 (2.2)
Japan (JP)	0.30	0.30	No change	2.9 (1.5)
Singapore (SG)	3.17	0.44	Hike (Sep'22)	7.3 (7.6)
S Korea (SKr)	2.50	1.00	Hike (Oct'22)	5.9 (4.0)
Taiwan (TW)	1.63	1.13	Hike (Sep'22)	3.3 (1.8)
Euro Area (EA)	1.25	0.00	Hike (Sep'22)	9.3 (4.4)
UK	2.25	0.00	Hike (Sep'22)	10.0 (6.3)
Canada (CA)	3.25	0.25	Hike (Sep'22)	7.1 (5.9)
US	3.13	0.13	Hike (Sep'22)	8.3 (6.3)

* Quarterly data (up to Jun'22)

Sources: BIS, CEIC, MOFSL

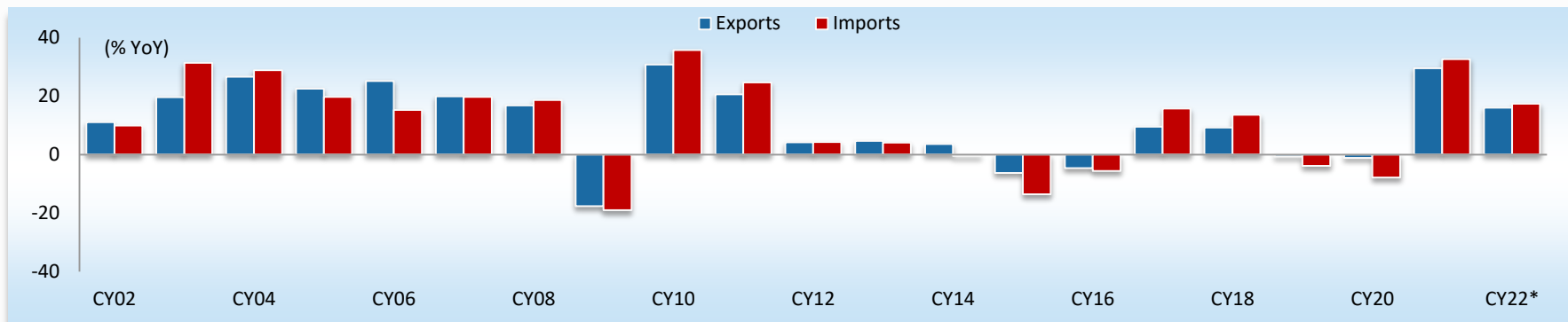


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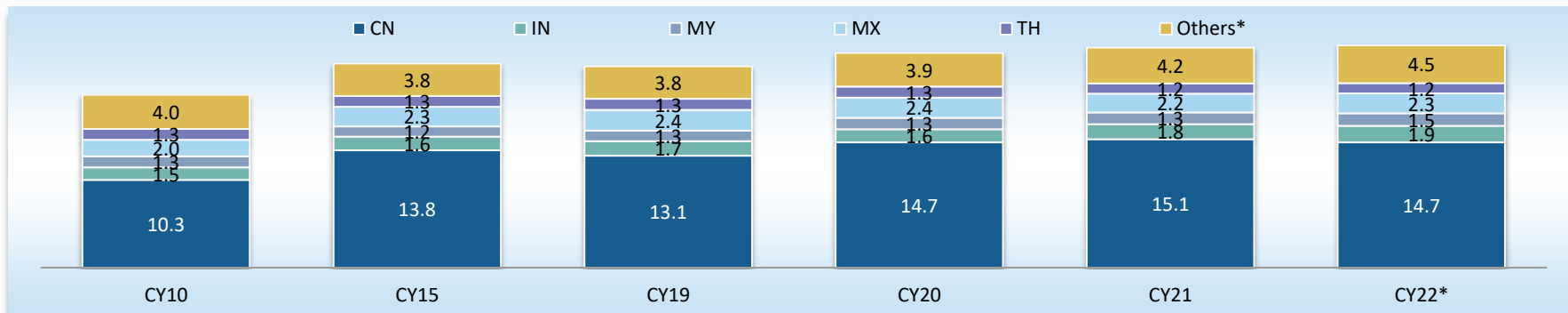
E&DEs trade has moderated in CY22



Exports growth slower than import growth in E&DEs in CY22 so far...



...with CN losing but IN touching 1.9% of global exports



Aggregate indices are calculated using USD values

*Jan-Aug'22

Sources: CEIC, various national sources, MOFSL

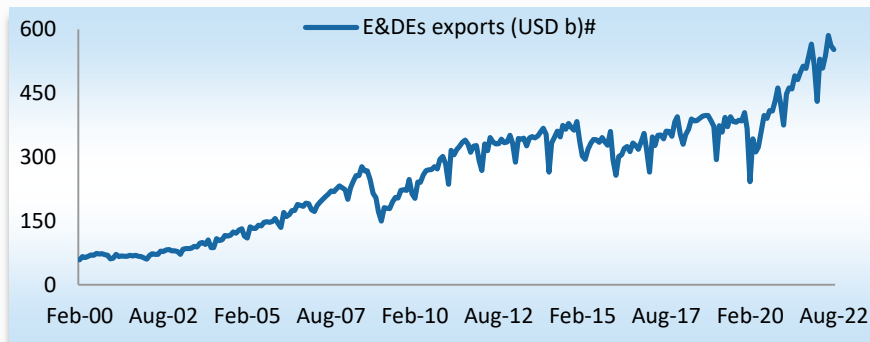
Global trade growth picked up strongly in CY21; but decelerates in CY22



Global trade at a seven-month high in Jul'22

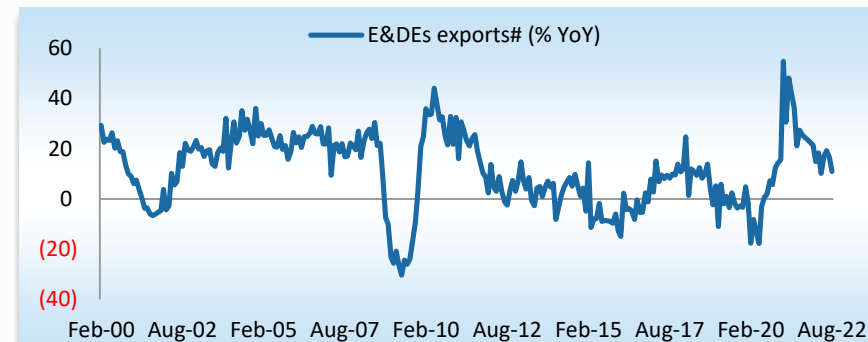


E&DEs exports comfortably at \$550b now



Excludes Russia (RU) as data not available after Jun'22

Growth has decelerated from its CY21 highs; it nevertheless remains strong



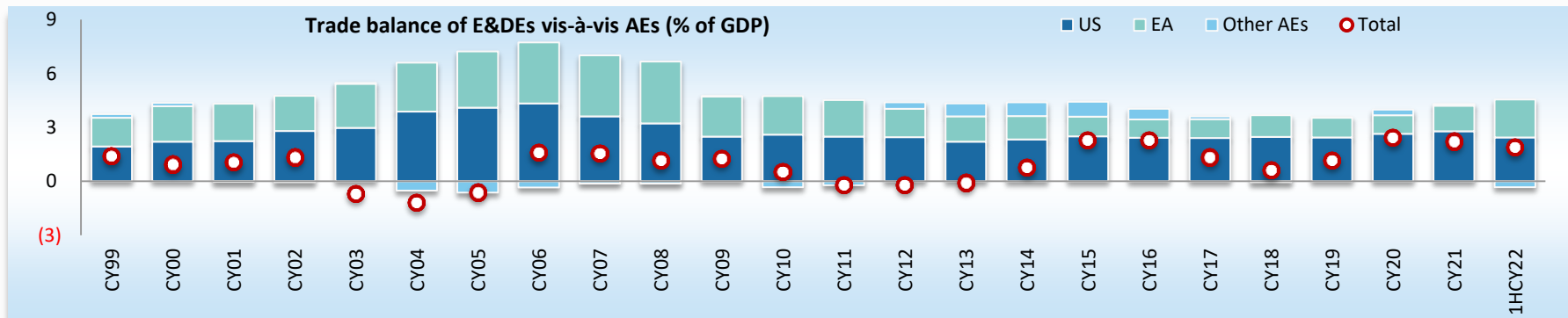
* From World Trade Monitor

Sources: CPB Netherlands, CEIC, MOFSL

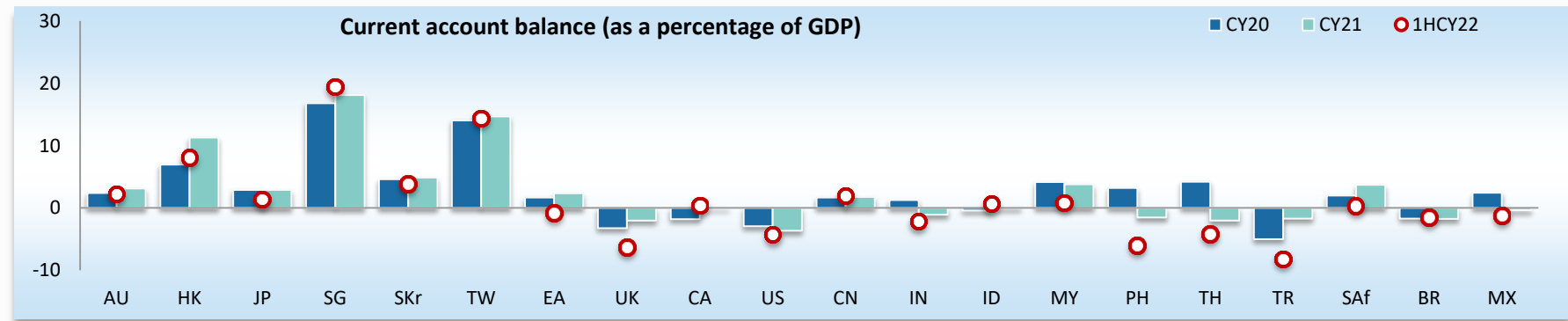
Trends in current account/trade balance vary across countries



Merchandise trade balance of E&DEs eased to 1.9% of GDP in 1HCY22 v/s 2.4/2.2% in CY20/21



TR/UK/PH/TH saw the worst deterioration in CAD in 1HCY22 though surplus widened in SG



Aggregate indices are calculated using USD values

RU data not available

Sources: CEIC, Various national sources, MOFSL

IN slips back to sixth-largest FXR holder in the world



Forex reserves (Sep'22)		Forex reserves (Dec'21)		Forex reserves (Dec'19)	
CN	3,194	CN	3,427	CN	3,223
JP	1,238	JP	1,406	JP	1,324
SW*	949	SW*	858	SW*	856
RU	541	IN	634	RU	554
TW	541	RU	631	Saudi Arabia	500
IN	533	TW	548	TW	478
Saudi Arabia*	467	HK	497	IN	460
HK	419	SKr	463	HK	441
SKr	417	Saudi	454	SKr	409
BR	328	BR	362	BR	357

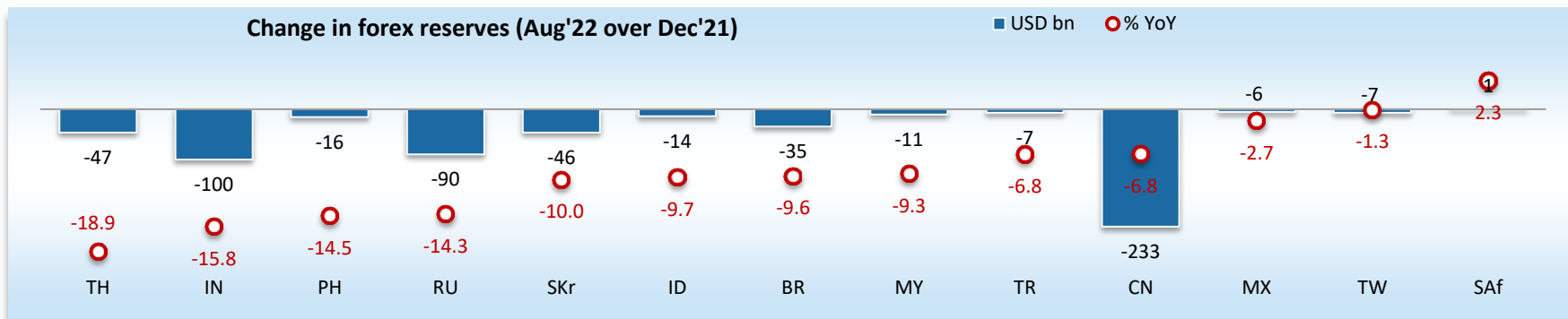
SW= Switzerland, * Data as of Aug'22

Sources: IMF, CEIC, various national sources, MOFSL

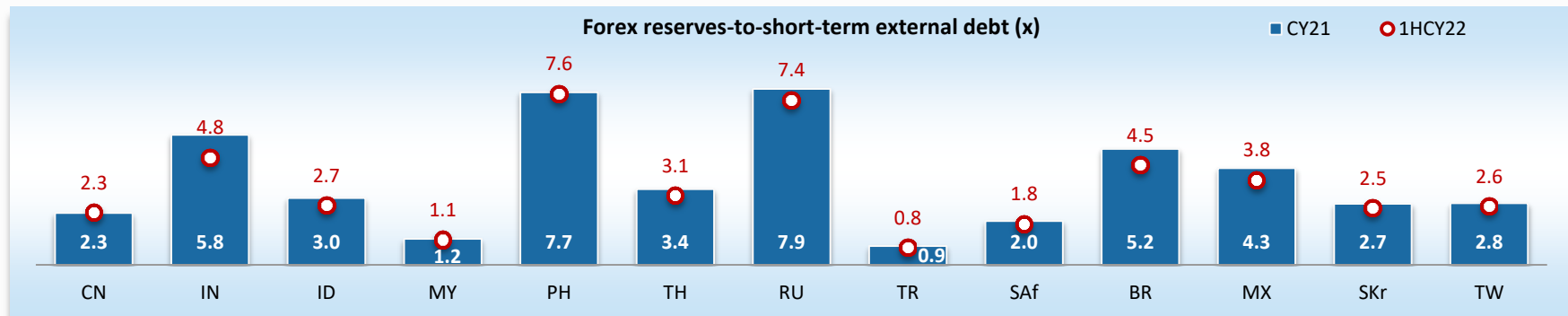
External vulnerability increases across most nations



All economies except SAf witnessed a decline in forex reserves in CY22*...



...and the forex assets-to-liabilities ratio has worsened in most E&DEs in 1HCY22 except in CN



*As of Sep'22

Sources: CEIC, various national sources, MOFSL

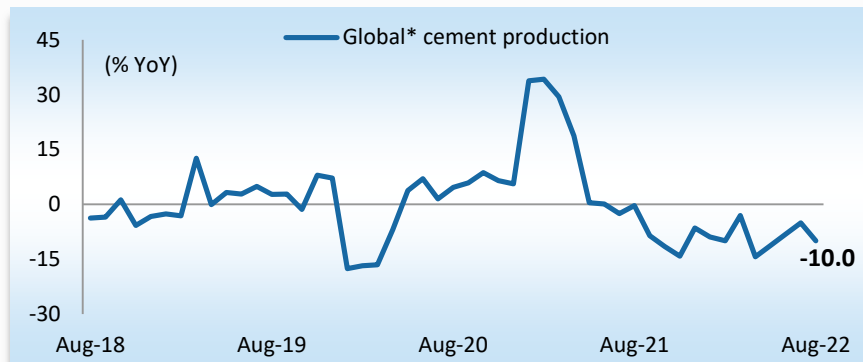


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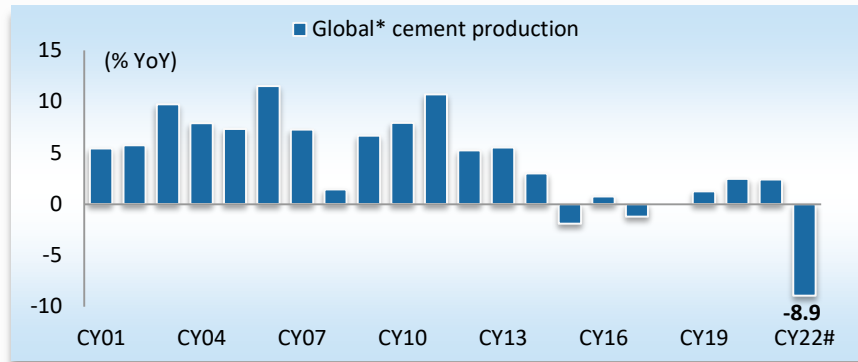
Cement production continues to contract in 2QCY22



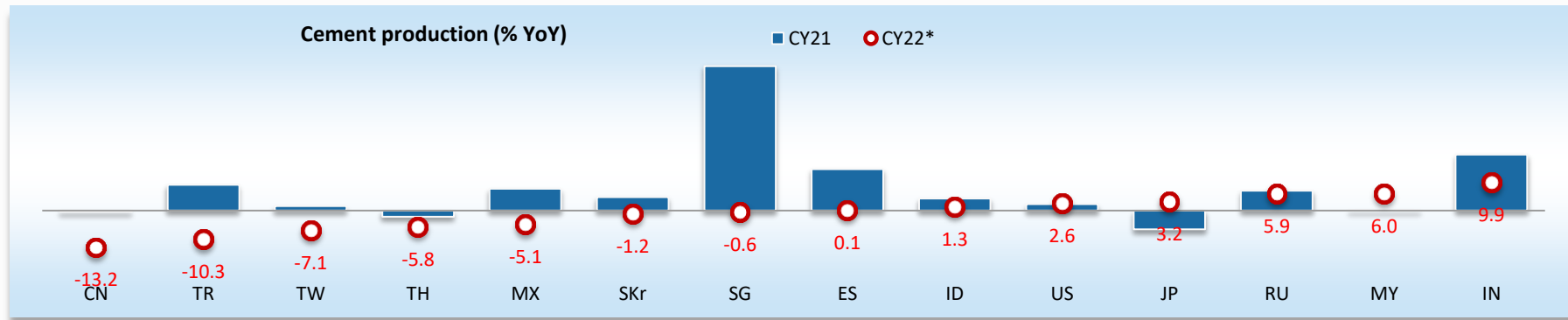
Global cement production declined for 14th consecutive month in Aug'22



...leading to 8.9% YoY fall in Jan-Aug'22



Cement production varied significantly across nations in 1HCY22, with growth in RU, IN, and ID being the highest



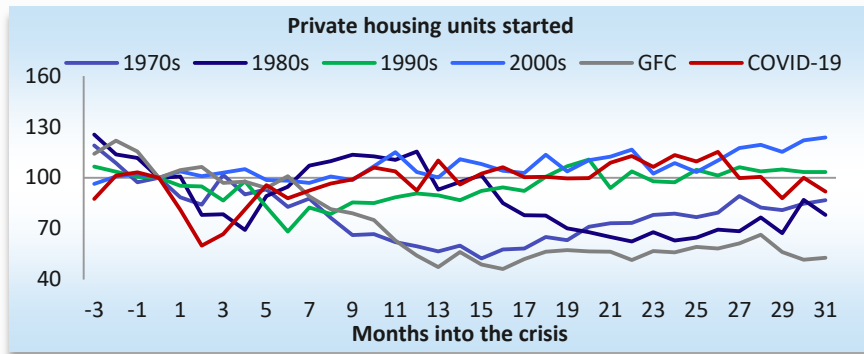
*Based on 14 countries, accounting for ~75% of global cement production (CN, IN, ID, JP, MY, SG, SKr, TW, TH, ES, RU, TR, MX, and the US)

Source: CEIC, USGS, various national sources, MOFSL

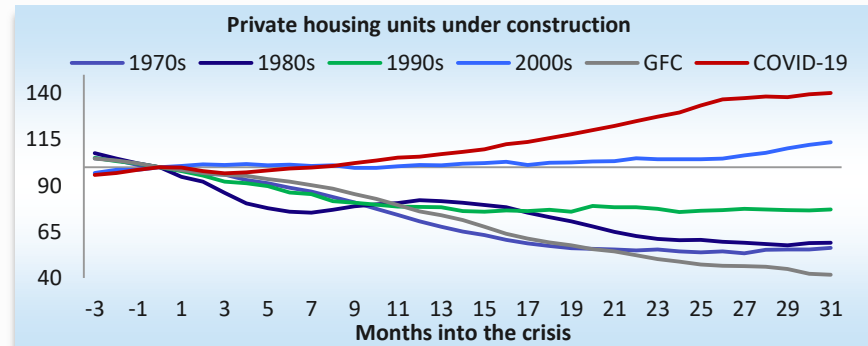
US housing market starts to weaken in 3QCY22



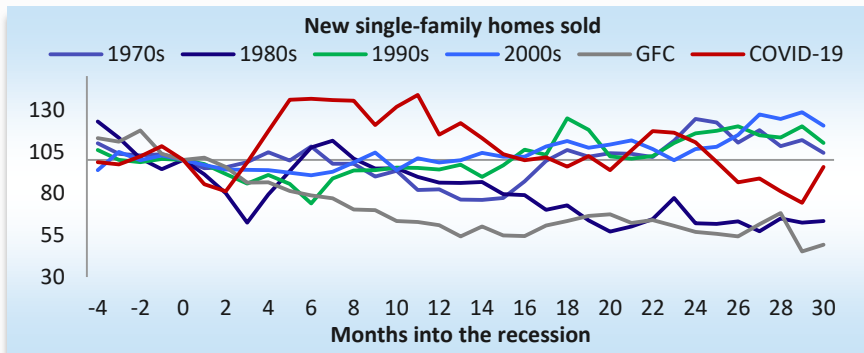
Housing starts have fallen sharply in the last three months...



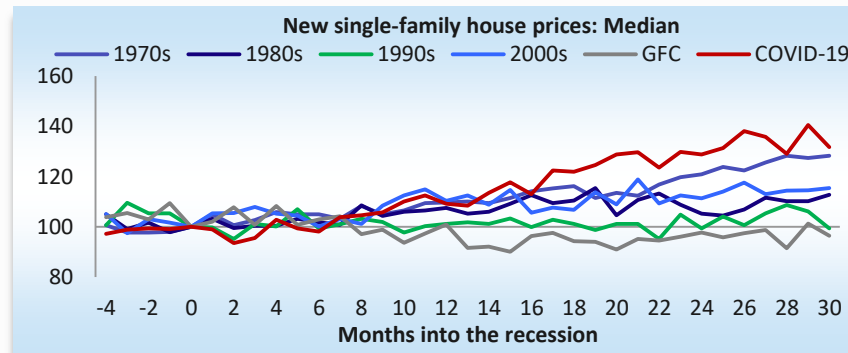
...with housing construction still going strong



Home sales recovered strongly and unexpectedly in Aug'22...



...and median house prices, though very high, have stabilized/fallen



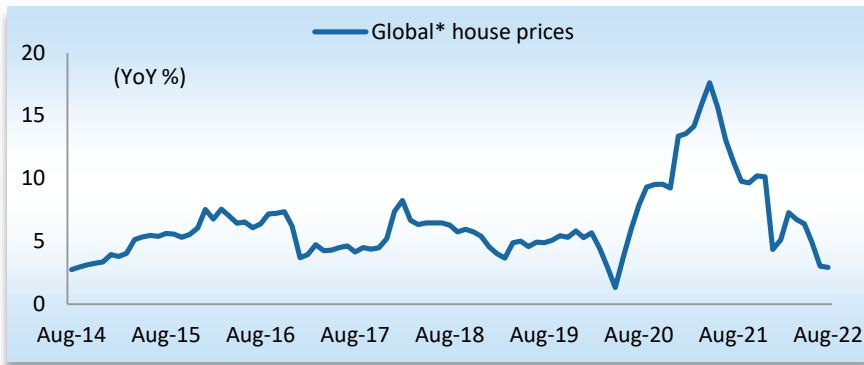
Starting dates for recession from NBER (1970s = Jan'73, 1980s = Jan'80, 1990s = Jul'90, 2000s = Mar'01, GFC = Dec'07, COVID-19 = Feb'20)

Sources: CEIC, National Bureau of Economic Research (NBER), MOFSL

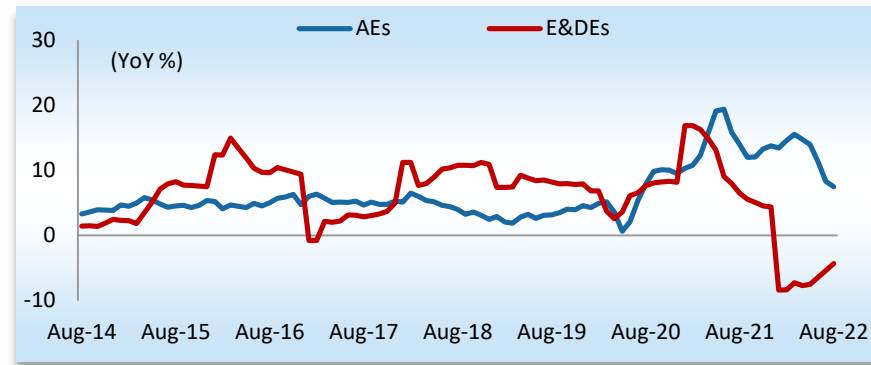
Global house prices has lost some steam since 2QCY22



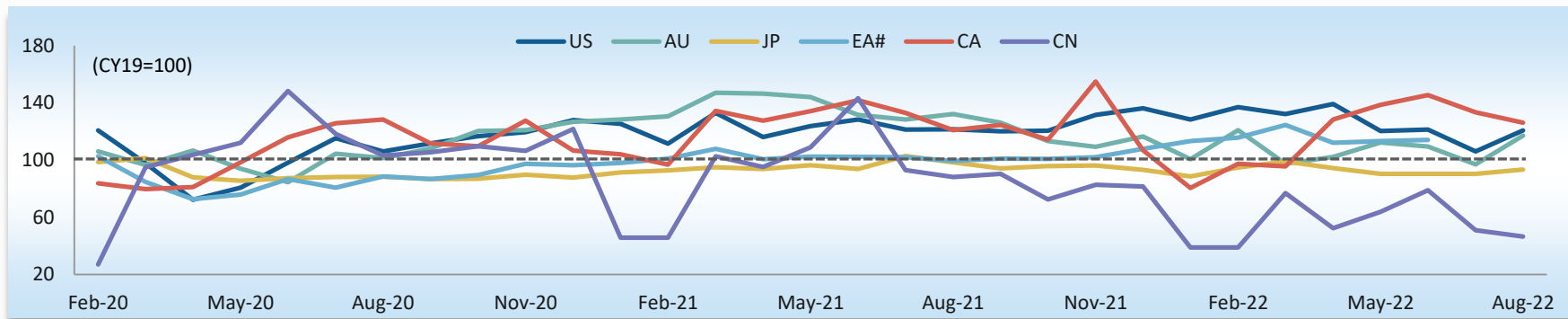
Growth in house prices have come off in recent months...



...primarily led by China (E&DEs)



Housing starts/Building permits have also started to ease



*Based on 12 nations (HK, JP, SKr, ES, UK, CA, US, CN, TW, TH, SAf, and BR)

Sources: CEIC, various national sources, BIS, MOFSL

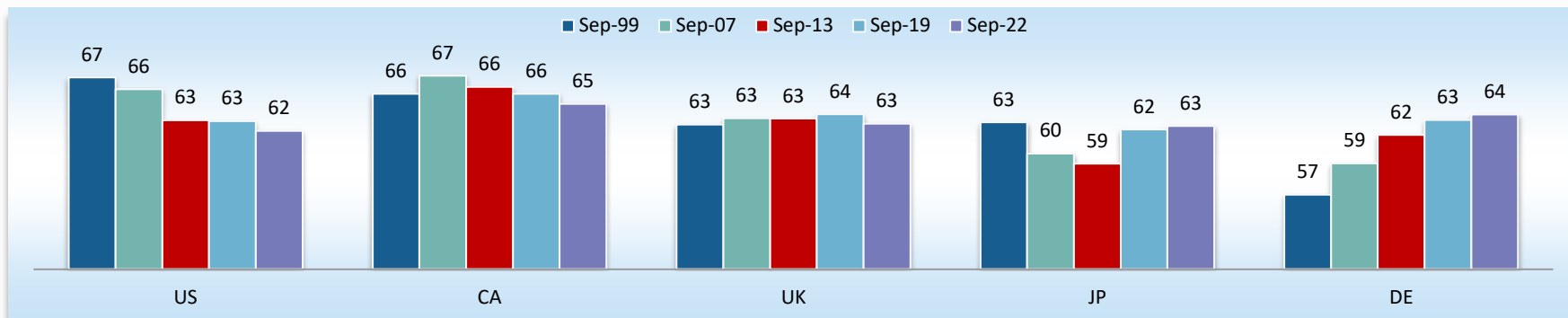


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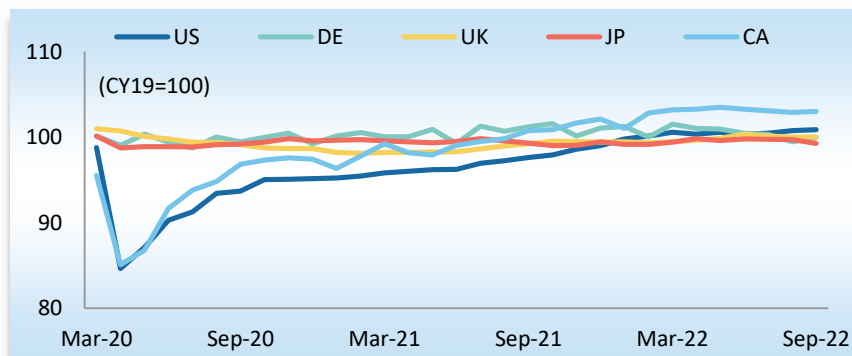
Labor markets different across major AEs



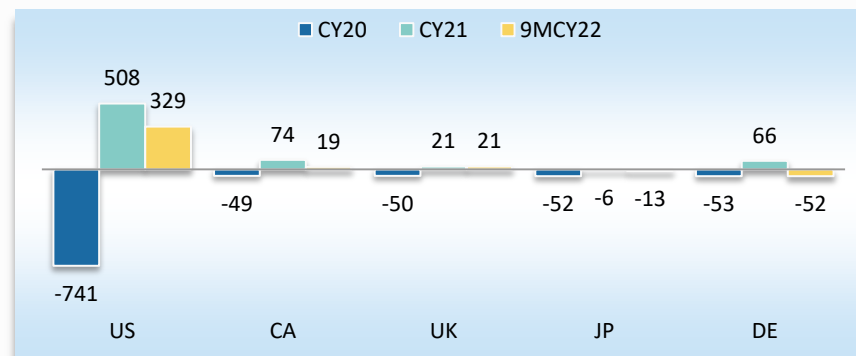
LFPR has fallen consistently in the US for the past two decades and it has risen consistently in DE



Barring CA, Sep'22 employment was similar to CY19 in other economies



Employment has been the weakest in JP and DE (Germany) in 9MCY22

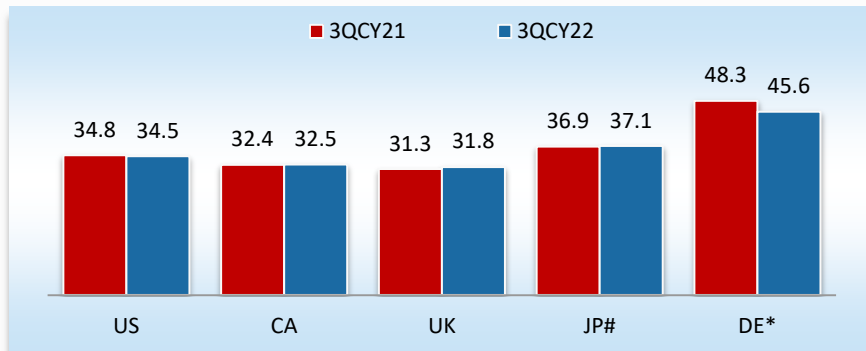


Sources: CEIC, various national sources, BIS, MOFSL

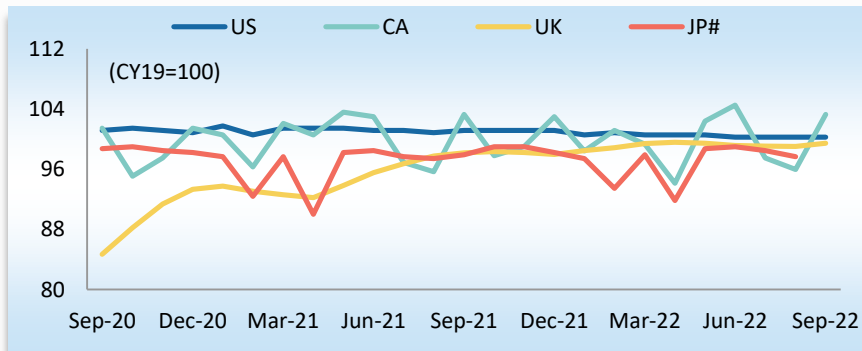
Self-employed workers are hit more than regular employees



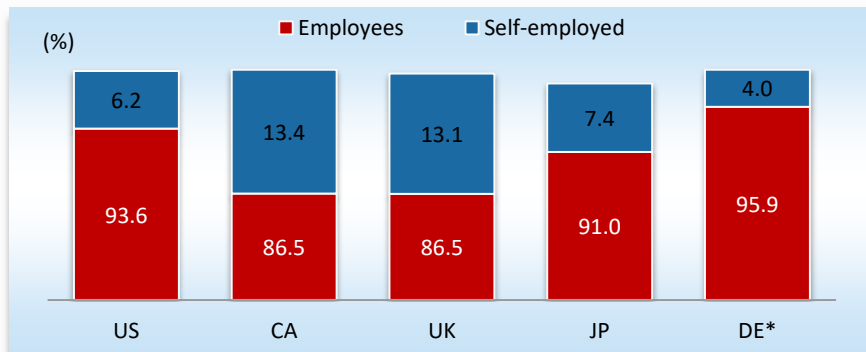
Average weekly hours reduced in the US/CA, while it increased in JP/UK...



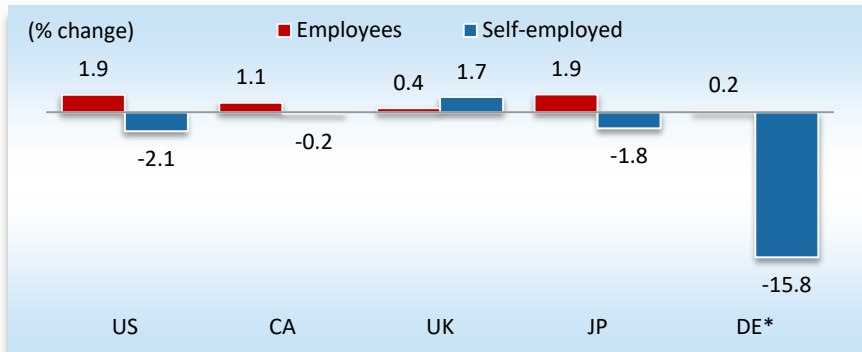
...however, it was lower than CY19 levels in JP/the UK



Regular employees account for ~90% of the workforce in these AEs...



...and self-employed were adversely affected in 9MCY22*



*DE data up to Jun'22

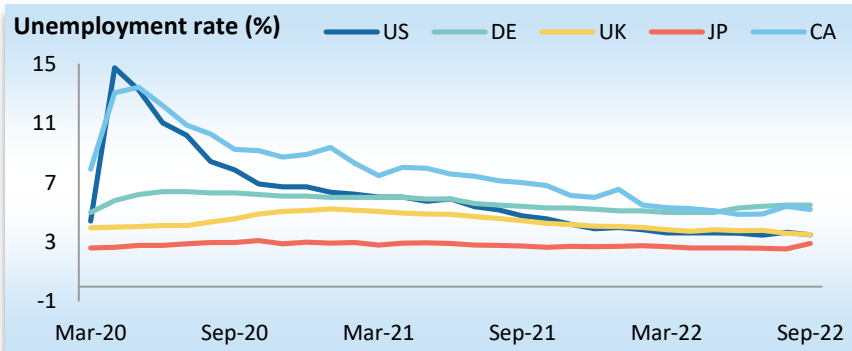
#JP data up to Aug'22

Sources: CEIC, Various national sources, MOFSL

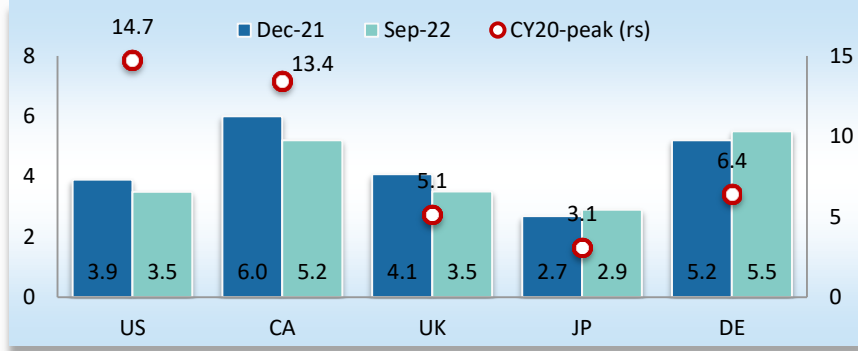
Unemployment rate low but real wages declining globally



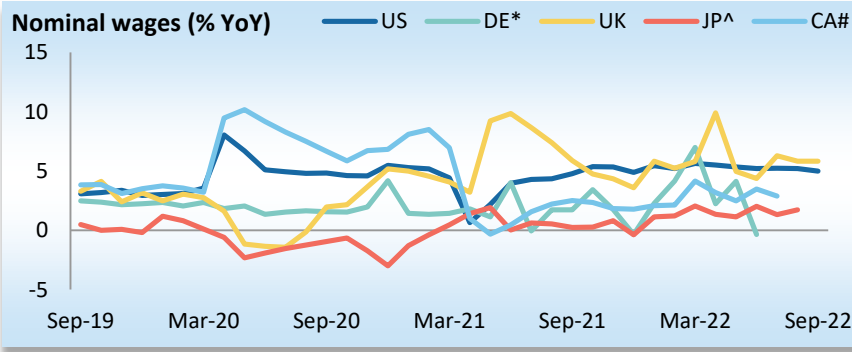
The unemployment rate has narrowed substantially everywhere...



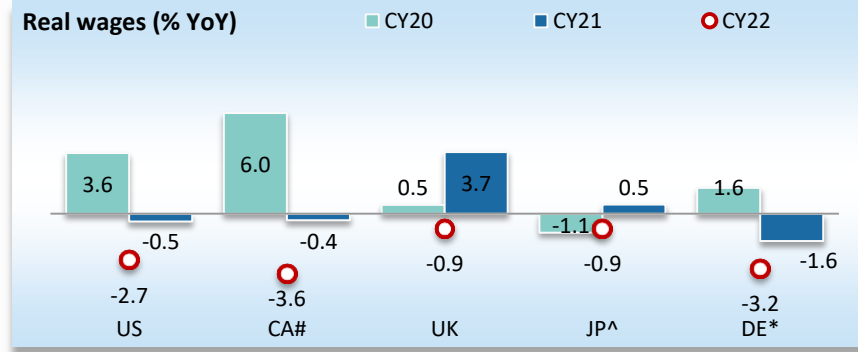
...with the unemployment rate in Dec'21 similar to that in Dec'19 levels



Nominal wages are growing the fastest in the US/the UK...



...but real wages are declining everywhere because of higher inflation



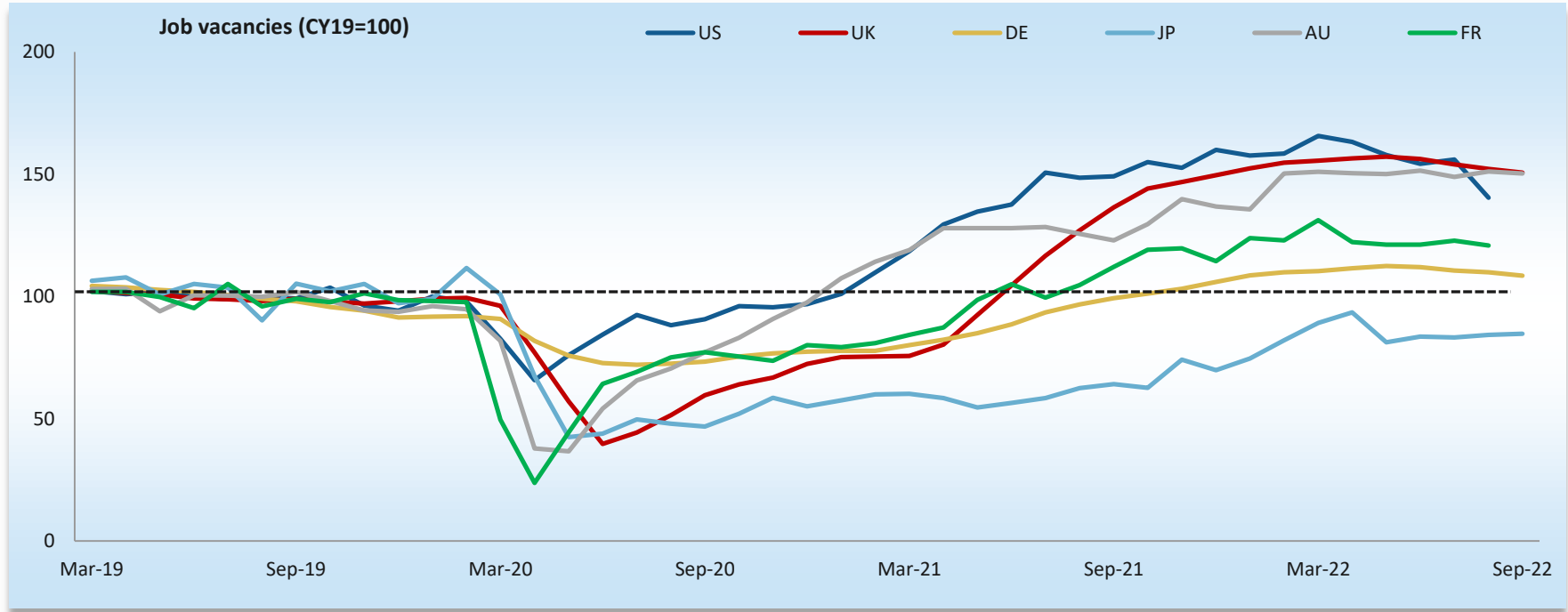
#CA data up to Jul'22, #DE data up to Jun'22, ^JP data up to Aug'22

Sources: CEIC, various national sources, MOFSL

Job vacancies continue to remain very high in all AEs, except JP



The labor market in the US/UK/AU was much tighter than in EA nations/JP



Source: CEIC, various national sources, MOFSL

Job openings in the US; Job vacancies in the UK, FR and DE; Number of jobs advertised in JP; and Job advertisements in newspapers and on the internet in AU

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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