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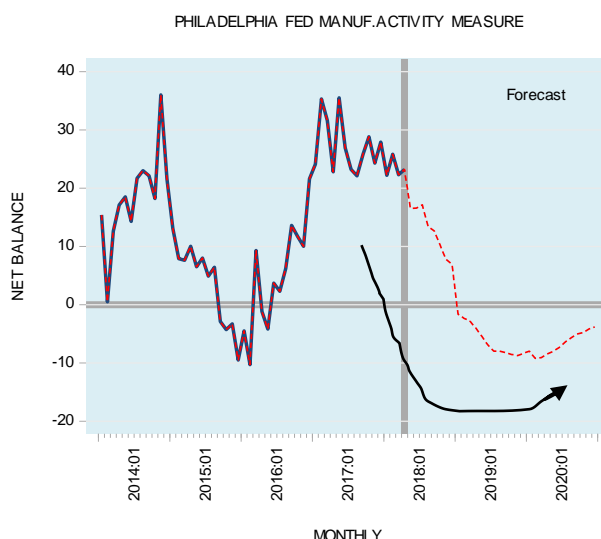
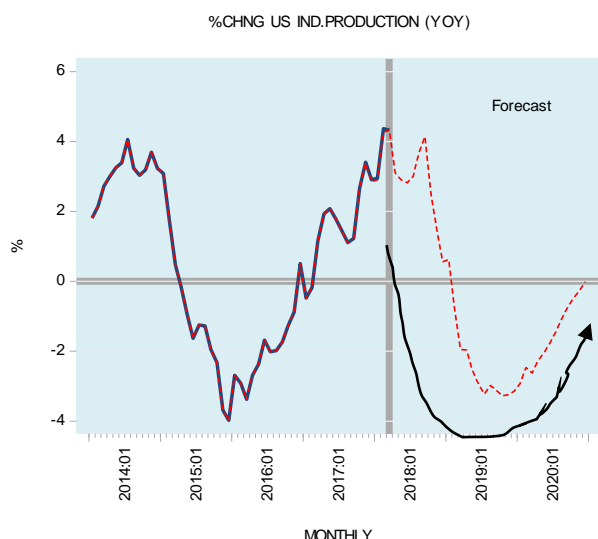
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ECOFLASH

ECONOMIC COMMENTARY

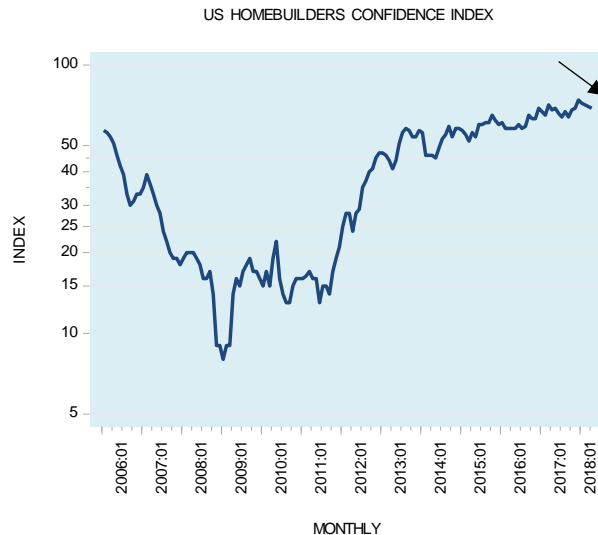
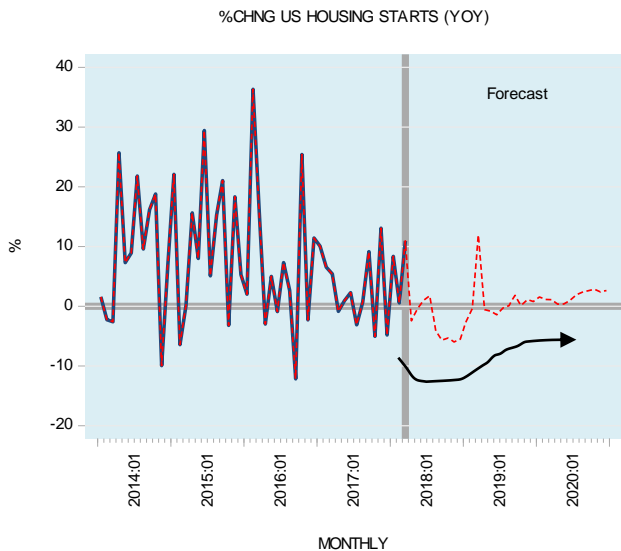
Focus on global economic indicators

The yearly growth rate of US industrial production stood at **4.3%** in March against **4.4%** in February. Using our model, we forecast the growth rate to fall to **0.6%** by December before declining to **minus 3.1%** by December next year. By December 2020, we forecast a figure of **minus 0.2%**. The Philadelphia Fed economic activity index, which closed at **23.2** in April against **22.3** in March, forecast to close at **6.9** by December before declining to **minus 8.4** by December next year. By December 2020, the index forecast to settle at **minus 3.9**.



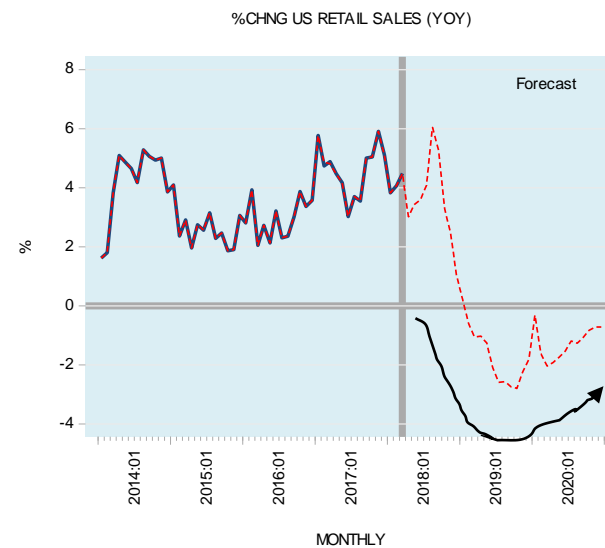
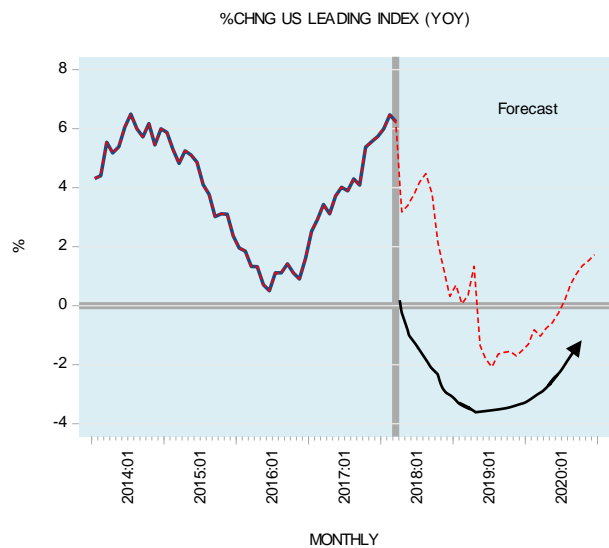
The growth momentum of US housing starts rose strongly in March with the yearly growth rate climbing to **10.9%** from **0.5%** in February. By December, we forecast a figure of **minus 5.5%**

before rising to **0.8%** by December next year. By December 2020, the yearly growth rate expected to close at **2.6%**. The US builders' confidence index eased to **69** in April from **70** in March. In April last year, the index stood at **68**.



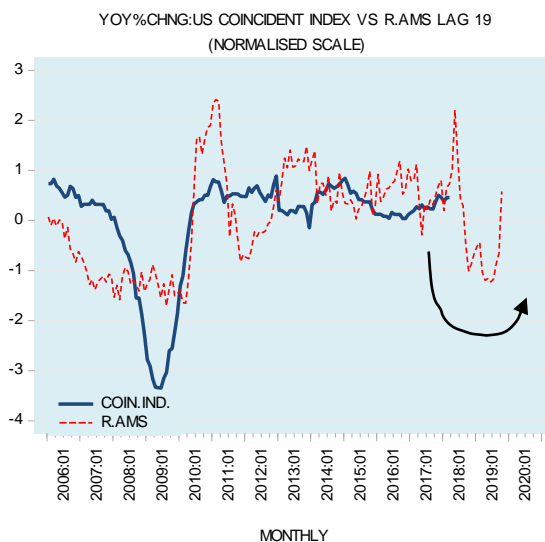
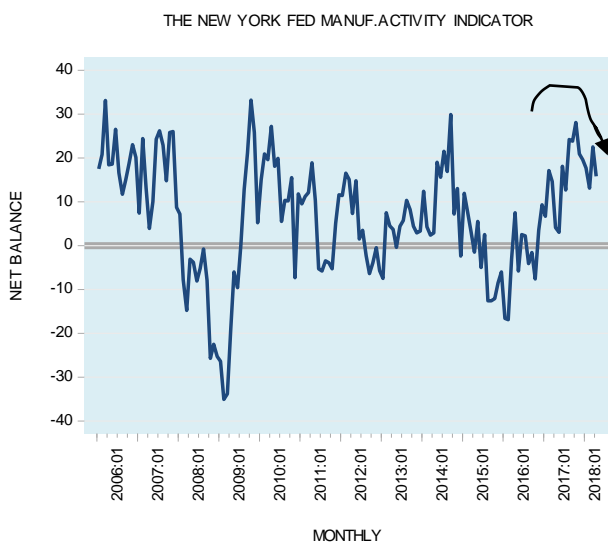
Year-on-year the growth rate of the US leading index eased to **6.2%** in March from **6.5%** in February. By December, we forecast the growth rate to close at **0.3%** before declining to **minus 1.5%** by December next year. By December 2020, we forecast a figure of **1.7%**.

In the meantime, the yearly growth rate of US retail sales closed at **4.5%** in March versus **4.1%** in February and **4.9%** in March last year. We forecast the growth rate to fall to **1%** by December before declining to **minus 1.8%** by December next year. By December 2020, the yearly growth rate forecast to close at **minus 0.7%**.



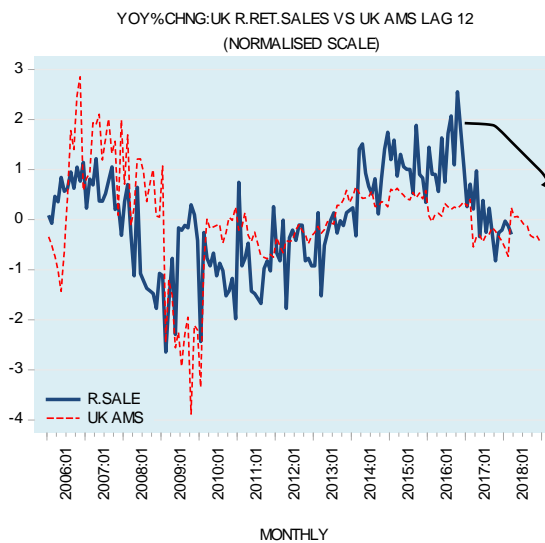
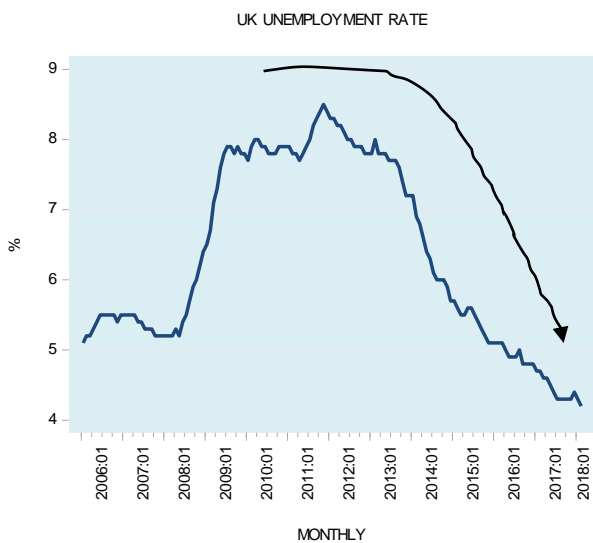
The New York Fed business conditions index fell to **15.8** in April from **22.5** in March. In April last year, the index stood at **4.1**.

Meanwhile the yearly growth rate of the US index of coincident indicators closed at **2.2%** in March – the same figure as in February. Using the lagged growth momentum of real AMS, we forecast the growth momentum of the coincident index to come under pressure ahead.



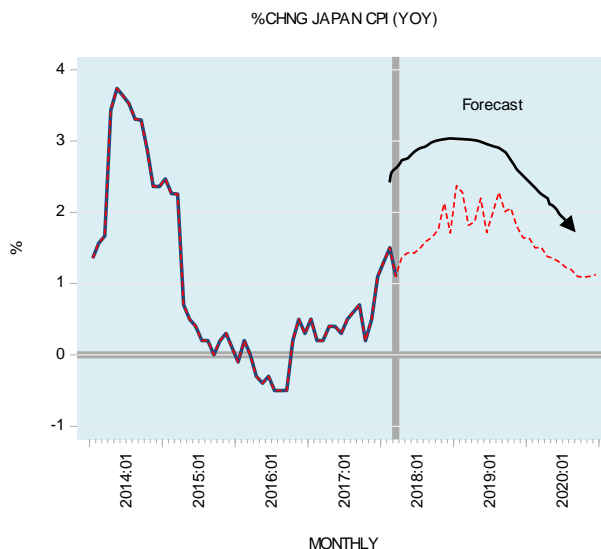
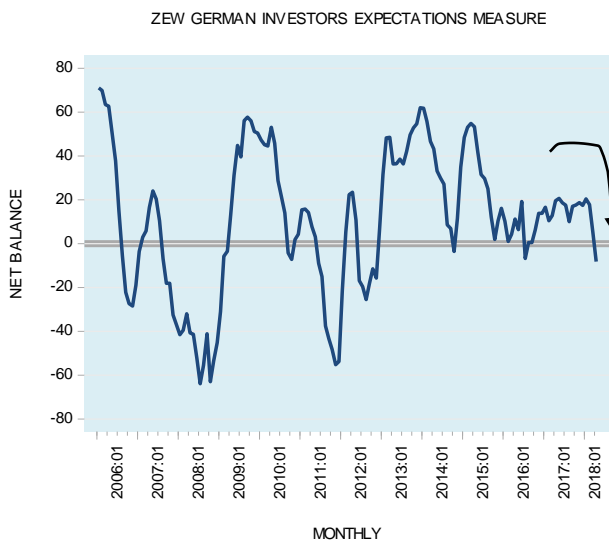
In the UK, the unemployment rate eased to **4.2%** in February from **4.3%** in January and **4.7%** in February last year.

In addition, in the UK the yearly growth rate of real retail sales fell to **1.1%** in March from **1.5%** in the month before. Using the lagged growth momentum of AMS, we forecast the growth rate of real retail sales to come under pressure ahead.



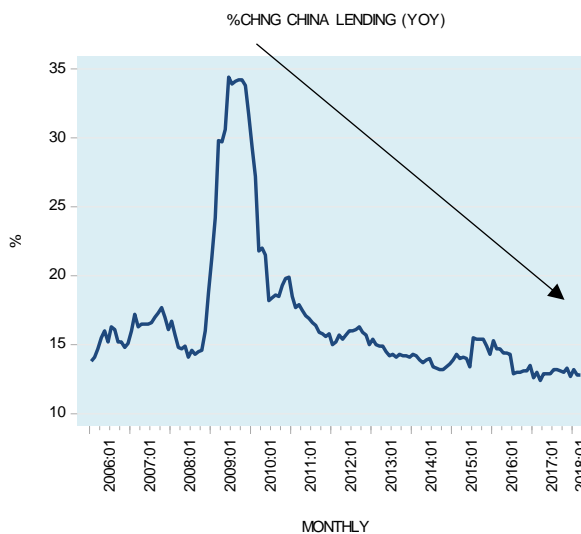
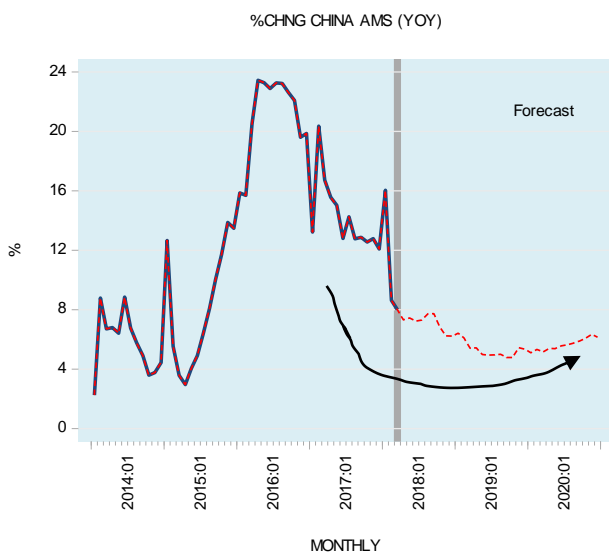
The ZEW German investor expectations index fell to **minus 8.2** in April from **5.1** in March and **19.5** in April last year.

In Japan, the yearly growth rate of the CPI eased to **1.1%** in March from **1.5%** in February. We forecast the growth rate to close at **1.7%** by December before closing at **1.6%** by December next year. By December 2020, we forecast a figure of **1.1%**.



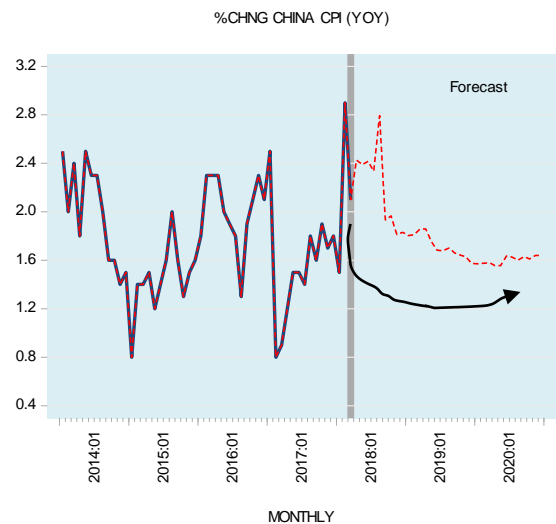
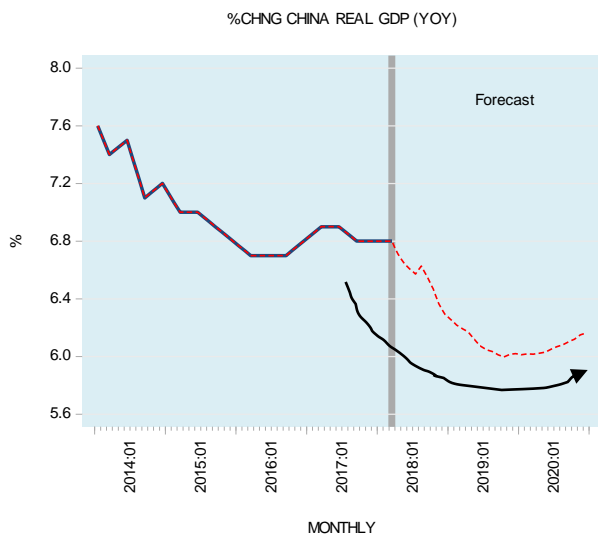
In China, the yearly growth rate of AMS eased to **8%** in March from **8.6%** in February. By December, we forecast the growth rate to close at **6.2%** before declining to **5.3%** by December next year. By December 2020, we forecast a figure of **6.1%**.

The yearly growth rate of Chinese lending stood at **12.8%** in March – the same figure as in February. In March last year, the yearly growth rate stood at **12.4%**.



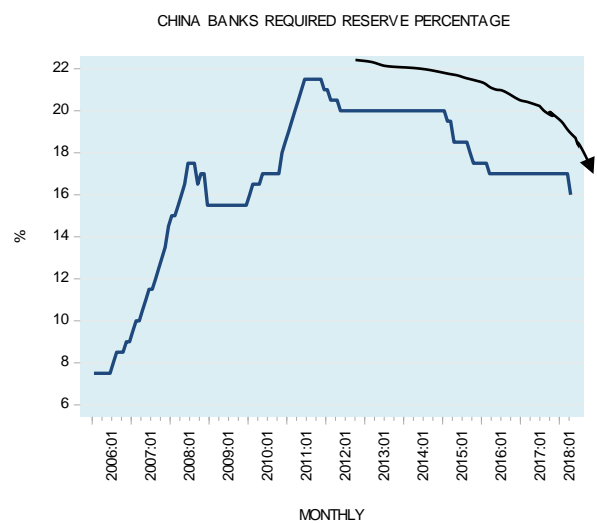
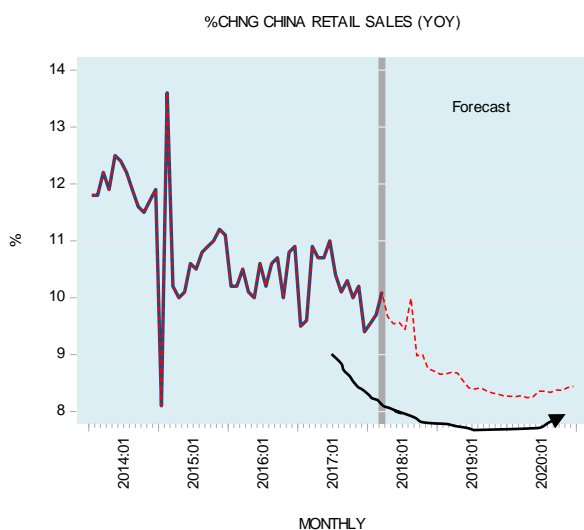
Year-on-year the growth rate of China’s real GDP closed at **6.8%** in Q1 - the same figure as in Q4 last year. Based on our model we forecast the growth rate to ease to **6.3%** by Q4 before declining to **6%** by Q4 next year. By Q4 2020, we forecast a growth rate of **6.2%**.

The yearly growth rate of China’s CPI closed at **2.1%** in March from **2.9%** in February and **0.9%** in March last year. We forecast the growth rate to ease to **1.8%** by December before declining to **1.6%** by December next year. By December 2020, we also forecast a growth rate of **1.6%**.



The yearly growth rate of China retail sales stood at **10.1%** in March against **9.7%** in February. By December, we forecast a growth rate of **8.7%**. By December next year, we expect the growth rate to ease to **8.3%** before closing at **8.4%** by December 2020.

In the meantime, China’s central bank lowered the required reserves that large banks have to hold to **16%** from **17%**.



The yearly growth rate of the China's newly built houses price index stood at **4.9%** in March against **5.2%** in February and **11.3%** in March last year.

