

Monitor

Global: Business Cycle Monitor

Summary and outlook

- Global leading indicators showed continued signs of improvement, as Global PMI and new orders increased further confirming the positive trend in the global economy. The US and China were the main forces behind the rise, as national PMIs increased and expectations were positive. Emerging Markets in general look better as PMIs in Russia and Brazil also rose nicely. The European economies, which usually lag behind, remain stuck at a relatively low point. OECD's global leading indicator is still declining but not as steeply as in previous months.
- Overall we believe that the upturn in leading indicators will continue in the coming months and that Europe will follow the trend set by China and the US, albeit from very low levels.

Details

- Global PMI** new orders in October rose from 48.1 to 49.4 as overall sentiment began to recover.
- In the **US** manufacturing ISM increased from 51.5 to 51.7 – keeping the level well above 50. The new orders index rose further from last month's jump landing at 54.2 – the highest level since May this year.
- In the **euro area** manufacturing PMIs have stabilised but are well below the US and China. There is still a wedge between the hard and the soft data, where hard data like industrial production have improved but PMIs have not. **Scandinavian** manufacturing PMIs remains weak as well – especially in Sweden.
- In **China** the NBS and HSBC PMIs increased and for the first time since October last year both PMIs are now above 50, inventories are falling and there is a positive outlook for the future. **Japan** is the main drag in the Asian economies as industrial production is weak and expectations are negative but in the rest of Asia PMIs improved. In **CEE** PMIs were mixed but the general picture showed slight improvement. PMI in **Russia** improved quite strongly. In **Brazil** PMI increased in October, showing signs of improvement in the region.

Key leading indicators to watch

- German factory orders: 6 Nov
- OECD lead. indicators: 12 Nov
- German ZEW: 13 Nov
- Euro flash PMI: 22 Nov
- China flash PMI: 22 Nov
- German Ifo: 23 Nov
- US ISM / Global PMI: 3 Dec

Global PMI and OECD leading indicator



Source: Markit, Reuters EcoWin

Note: OECD+6 is OECD plus six largest Emerging Markets

PMI new orders manufacturing



Source: Markit, Reuters EcoWin

Chief Analyst

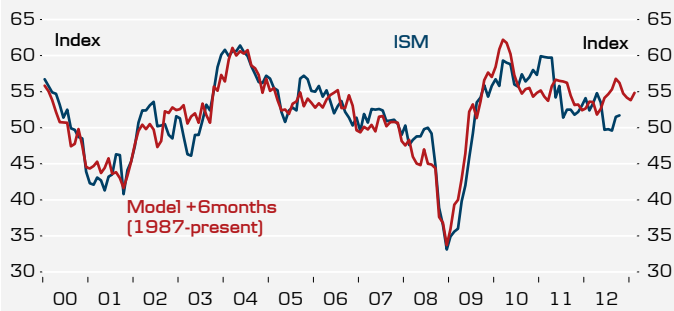
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US

Danske Bank's ISM model



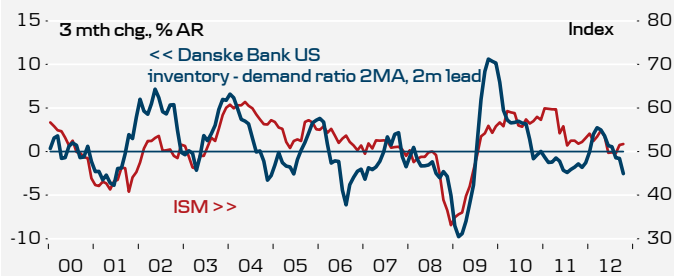
Source: Reuters EcoWin, Danske Bank Markets

Order-inventory balance versus ISM



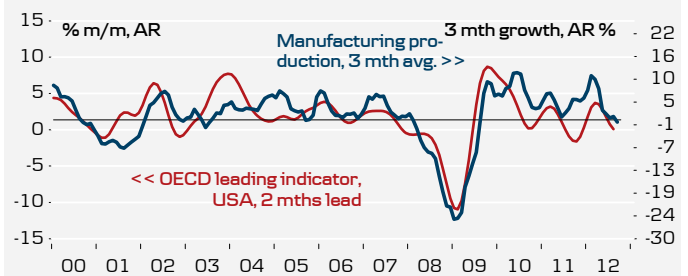
Source: Reuters EcoWin

Inventory demand ratio versus ISM



Source: Reuters EcoWin, Danske Bank Markets

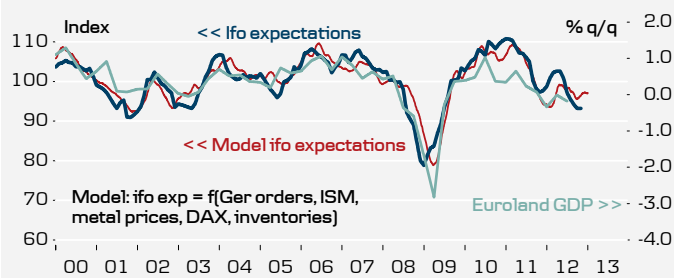
Leading indicator versus manufacturing production



Source: Reuters EcoWin

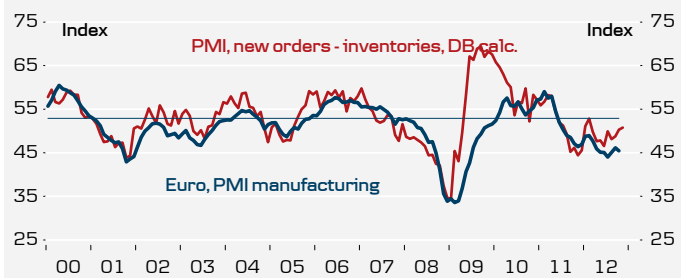
Eurozone

Eurozone: Ifo expectations versus GDP



Source: Reuters EcoWin

PMI New orders versus inventories balance



Source: Markit, Reuters EcoWin

Germany: ZEW versus Ifo expectations



Source: Reuters EcoWin

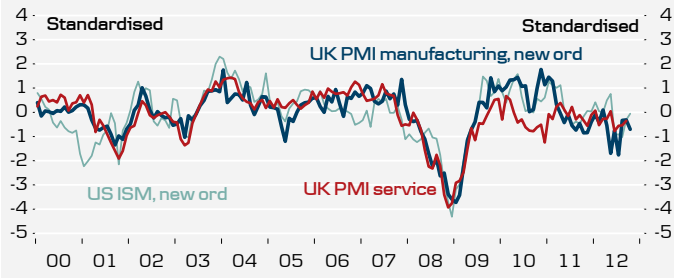
Germany: Industrial orders versus OECD leading indicator



Source: Reuters EcoWin

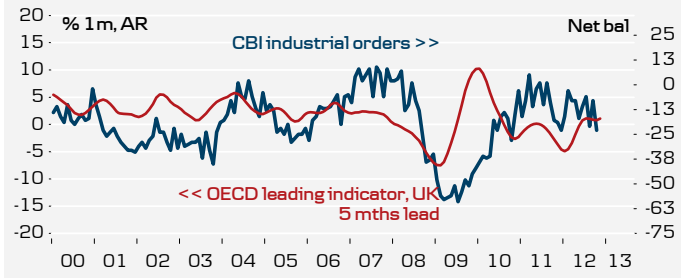
UK and Switzerland

UK: PMI on sectors



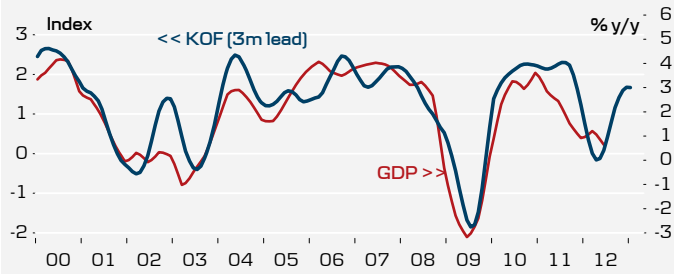
Source: Markit, Reuters EcoWin

UK: Industrial orders versus leading indicators



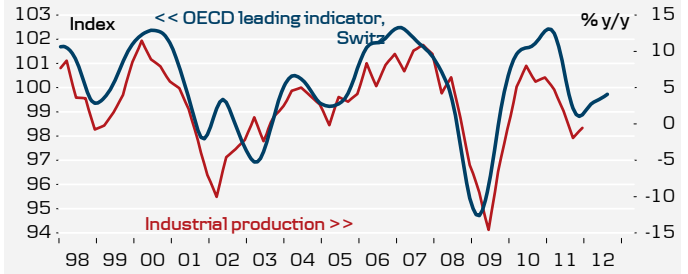
Source: Reuters EcoWin

Switzerland: KOF versus GDP



Source: Reuters EcoWin

Switzerland: OECD leading indicator vs industrial production



Source: Reuters EcoWin

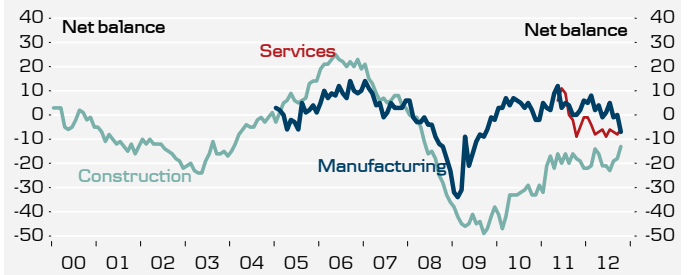
Scandinavia

Denmark: Manufacturing confidence versus GDP



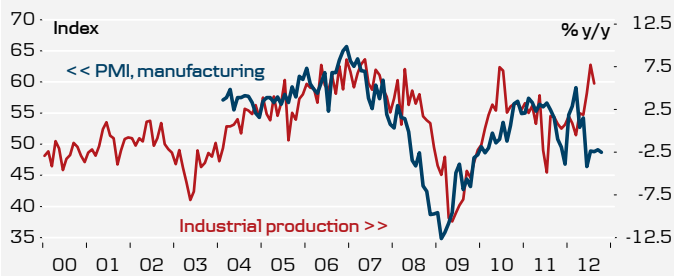
Source: Reuters EcoWin

Denmark: Confidence indicators



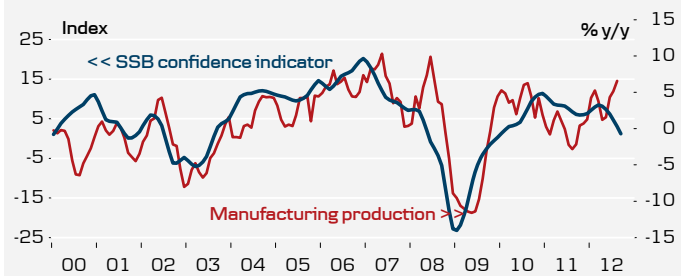
Source: Reuters EcoWin

Norway: PMI versus industrial production



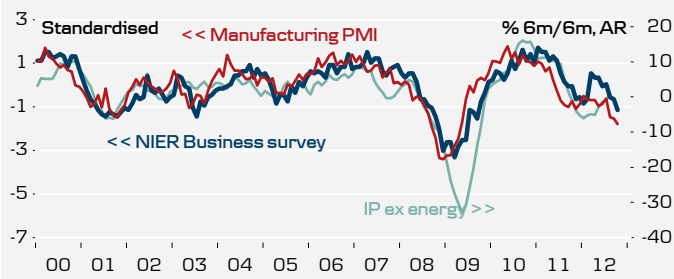
Source: Markit, Reuters EcoWin

Norway: Manufacturing production versus confidence



Source: Reuters EcoWin

Sweden: IP versus business surveys



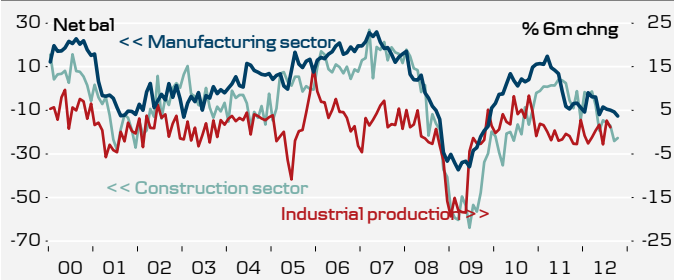
Source: Markit, Reuters EcoWin

Sweden: Leading indicator versus activity index



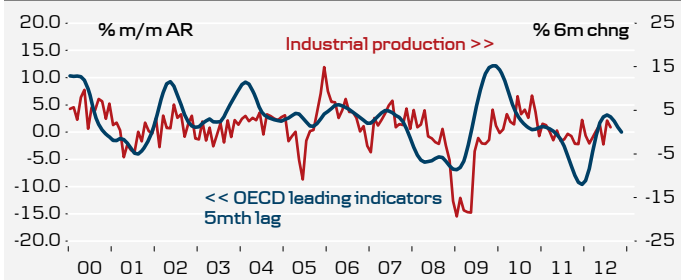
Source: Reuters EcoWin

Finland: Confidence indicators versus industrial production



Source: Reuters EcoWin

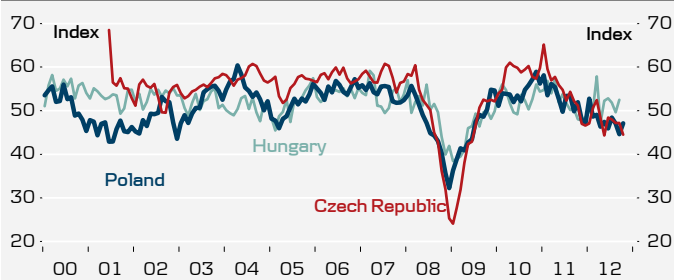
Finland: Leading indicators versus industrial production



Source: Reuters EcoWin

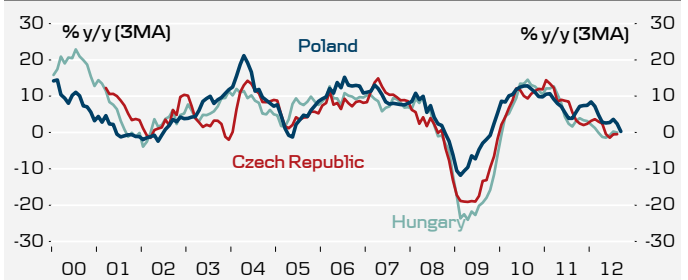
CEE/CIS

CEE: Manufacturing PMI orders



Source: Markit, Reuters EcoWin

CEE: Industrial production



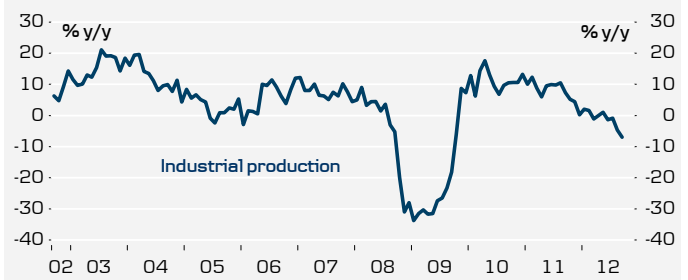
Source: Reuters EcoWin

Russia: PMI versus industrial production



Source: Markit, Reuters EcoWin

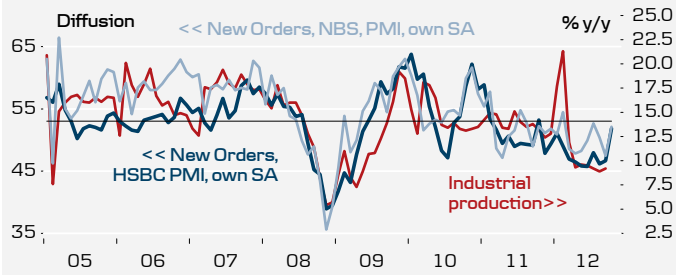
Ukraine: Industrial production



Source: Reuters EcoWin

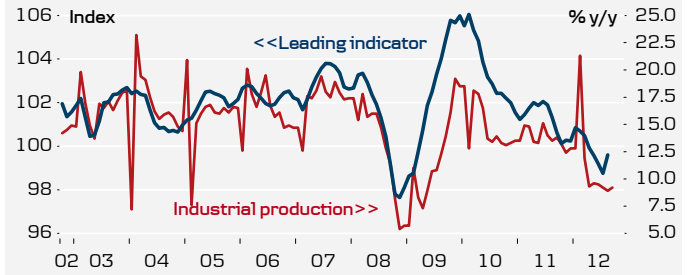
China

Industrial production versus PMI



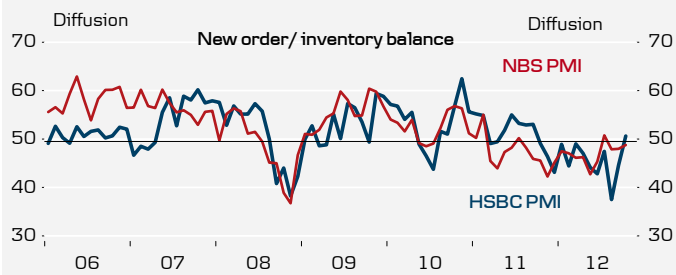
Source: Markit, Reuters EcoWin

Leading indicator versus industrial production



Source: Reuters EcoWin

Inventories



Source: Markit, Reuters EcoWin

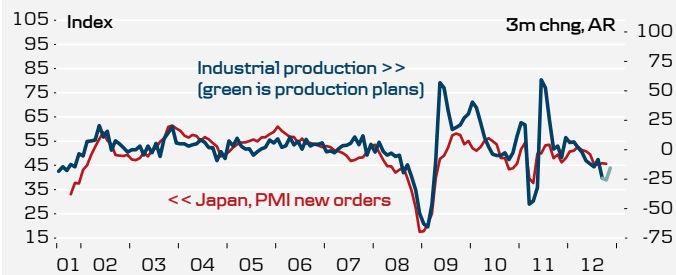
Industrial production and real export



Source: Markit, Reuters EcoWin

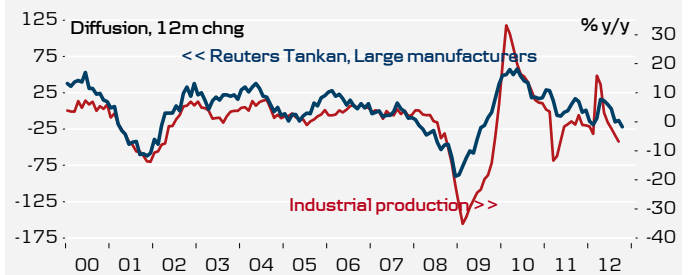
Japan

PMI versus industrial production



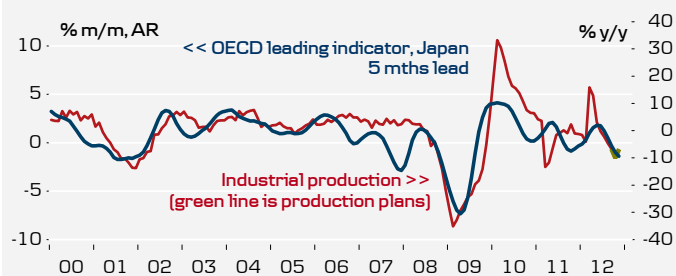
Source: Markit, Reuters EcoWin

Reuters Tankan versus Industrial production



Source: Reuters EcoWin

OECD leading indicators versus industrial production



Source: Reuters EcoWin

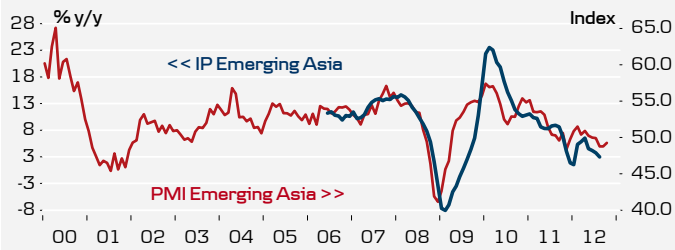
Inventories



Source: Reuters EcoWin

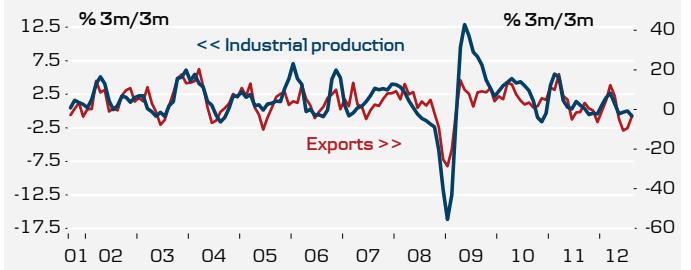
Other Asia

Asia: Industrial production



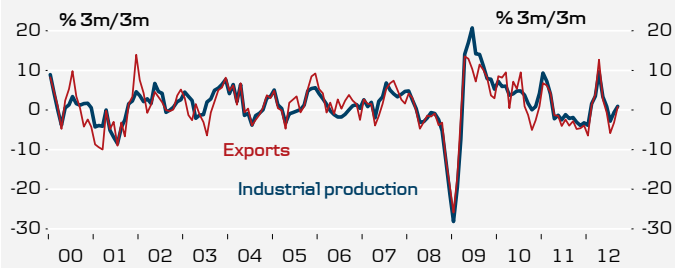
Source: Reuters EcoWin

South Korea: Industrial production versus exports



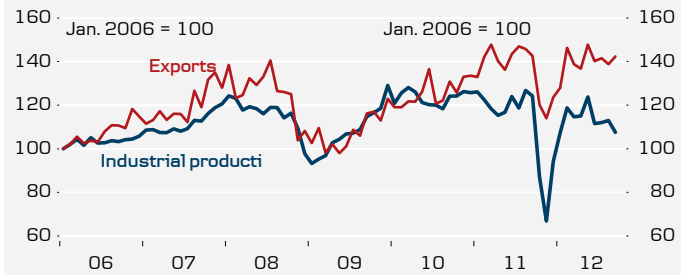
Source: Reuters EcoWin

Taiwan: Industrial production versus exports



Source: Reuters EcoWin

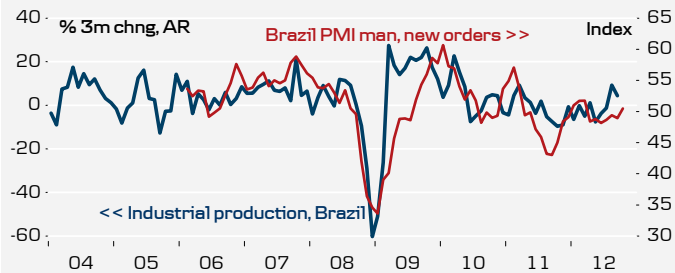
Thailand: Industrial production and export



Source: Reuters EcoWin

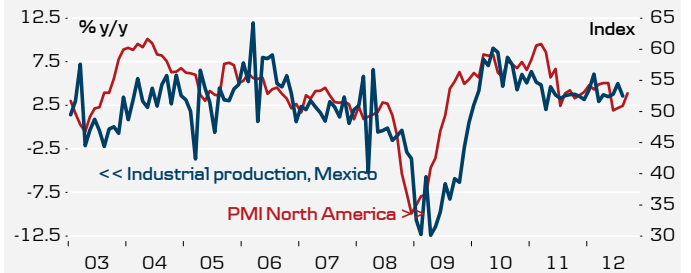
LATAM and Commodities

Brazil: Industrial production



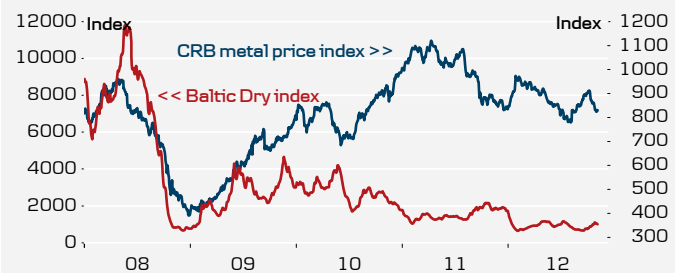
Source: Reuters EcoWin

Mexico: Industrial production versus PMI



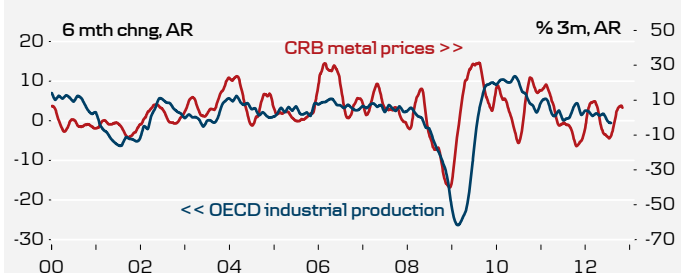
Source: Reuters EcoWin

Baltic Dry freight index and metal prices



Source: Reuters EcoWin

CRB metals versus industrial production



Source: Reuters EcoWin

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