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Taking Stock

U.S. inflation rose in March; FOMC minutes revealed members' optimism about the U.S. economy. The U.S. producer price index (PPI) rose 3.0 percent (y/y) in March, above expectations and up from 2.8 percent in February, reflecting an increase in the cost of services. The core PPI—which excludes food and energy prices—rose 2.9 percent, up from 2.7 percent in February. The consumer price index (CPI) rose 2.4 percent (y/y), following February's 2.2 percent increase, while the core CPI rose 2.1 percent (y/y), up from 1.8 percent in February (Figure 1). Minutes from the Federal Open Market Committee (FOMC) March meeting revealed that its members had become more optimistic about the outlook for the economy, and expected inflation to reach its 2 percent target in the near term.

Euro Area industrial production fell in February; investor sentiment dropped in April. Euro Area industrial production fell 0.8 percent (m/m, sa) in February, following a 0.6 percent decline in January. February's decline was most pronounced in capital and durable consumer goods. Meanwhile, the Sentix index—the Euro Area investor sentiment index—dropped to 19.6 in April, down from 24 in the previous month, on concern over U.S.-China trade tensions. The sub-index tracking expectations turned negative for the first time in almost two years.

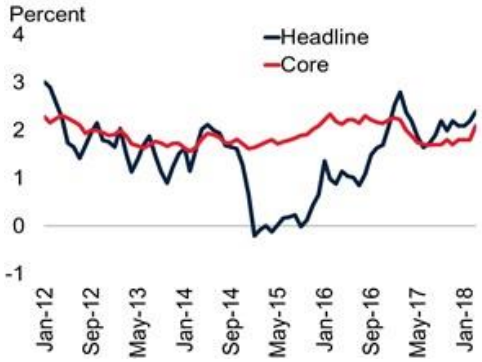
Japan core machinery orders rose in February. Japan's core machinery orders—which exclude orders from power utilities and shipping industries—rose 2.1 percent (m/m, sa) in February, compared with market expectations of a 2.5 percent decline. February's unexpectedly solid result was due to an increase in orders from manufacturers, and followed an 8.2 percent rise in January.

Chinese inflation decelerated in March. After rising to a four-year high of 2.9 percent (y/y) in February, China's consumer price inflation decelerated to 2.1 percent in March. This slowdown was due to seasonal declines in food, transport, and tourism prices. Producer price inflation also slowed more than expected from 3.7 percent (y/y) in February to 3.1 percent in March, reflecting the impact of weaker demand for industrial goods.

Short-term bank borrowing costs rose to their highest level since 2008. The three-month U.S. dollar LIBOR (London Interbank Offered Rate)—the average interest rate that the world's leading banks charge each other on short-term US dollar loans—soared to 2.34 percent this week, the highest since the global financial crisis (Figure 2). The surge in short-term borrowing costs was due to several factors, including the pickup in global growth and inflation, as well as the unwinding of the Federal Reserve's balance sheet and U.S. tax reforms.

Figure 1 U.S. consumer price inflation rose in March.

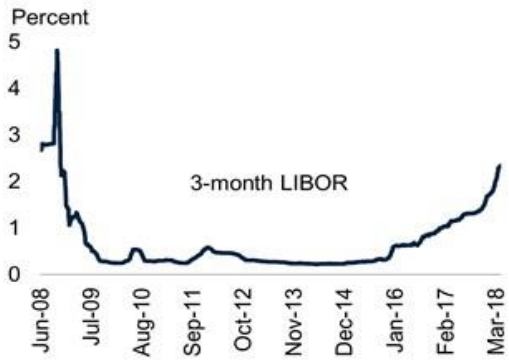
Change in U.S. consumer prices (y/y).



Source: Bloomberg.

Figure 2 Short-term bank borrowing costs rose to their highest level since November 2008.

U.S. dollar London Interbank Offered Rate (LIBOR).



Source: Bloomberg.

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Major Data Releases

(Percent change y-o-y)

Recent releases: Friday, 6 April - Thursday, 12 April 2018

Country	Date	Indicator	Period	Actual	Forecast	Previous
Mexico	4/9/18	CPI	MAR	5.0%		5.3%
Brazil	4/10/18	CPI	MAR	2.7%	2.9%	2.8%
China	4/10/18	CPI	MAR	2.1%	2.5%	2.9%
Denmark	4/10/18	CPI	MAR	0.5%		0.6%
United States	4/11/18	CPI	MAR	2.4%	2.5%	2.2%
France	4/12/18	CPI	MAR	1.6%	1.5%	1.2%

(Percent change y-o-y)

Upcoming releases: Friday, 13 April - Thursday, 19 April 2018

Country	Date	Indicator	Period	Previous
China	4/17/18	GDP	Q1	4.4%
Germany	4/18/18	CPI	MAR	1.4%
Malaysia	4/18/18	CPI	MAR	1.4%
South Africa	4/18/18	CPI	MAR	4.0%
UK	4/18/18	CPI	MAR	2.7%
Euro Area	4/19/18	CPI	MAR	1.1%

Activity and Inflation

(Percent change y-o-y, except quarterly data on industrial production, which are percent change q-o-q, annualized)

	2016	2017	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2017 Mar	2017 Apr	2017 May	2017 Jun	2017 Jul	2017 Aug	2017 Sep	2017 Oct	2017 Nov	2017 Dec	2018 Jan	2018 Feb
Industrial Production, sa [1]																		
World	**2.0**	**4.0**	**3.6**	**5.1**	**3.4**	**5.6**	**3.9**	**3.8**	**4.4**	**4.1**	**4.2**	**4.4**	**4.3**	**4.3**	**4.3**	**4.6**	**4.5**	**4.7**
Advanced Economies	0.1	2.8	1.6	4.5	2.2	5.5	2.3	2.6	3.4	3.1	3.0	3.2	3.0	3.3	3.2	3.7	2.7	3.2
Emerging Market and Developing Economies	4.1	5.3	5.7	5.7	4.7	5.6	5.6	5.1	5.4	5.2	5.4	5.6	5.7	5.2	5.4	5.6	6.4	6.3
Commodity-exporting EMDE	0.1	2.2	2.5	4.6	2.9	-0.5	1.4	2.4	3.4	1.4	2.3	3.4	3.1	3.1	2.0	1.9	2.2	1.2
Other EMDE	5.2	6.1	6.6	6.0	5.2	7.3	6.8	5.8	6.0	6.2	6.3	6.2	6.4	5.8	6.4	6.6	7.5	7.6
East Asia and Pacific	5.9	6.2	7.3	5.9	4.7	4.9	7.3	6.2	6.3	6.5	6.0	5.9	6.5	5.8	5.7	5.7	6.8	6.6
East Asia excl. China	4.7	4.0	5.7	0.7	7.6	-2.1	6.0	4.3	5.0	0.6	3.3	4.8	5.8	3.2	3.4	2.1	4.2	2.8
Europe and Central Asia	2.7	5.4	3.3	10.4	3.9	6.0	4.5	4.7	6.6	5.3	6.8	6.8	6.9	6.0	5.1	6.6	7.9	6.8
Latin America and Caribbean	-2.2	0.7	1.1	0.1	3.0	2.9	-0.8	-0.4	0.2	0.7	1.0	1.7	0.6	1.8	1.3	2.2	1.5	2.4
Middle East and North Africa	-7.0	18.5	24.0	23.0	20.0	10.5	4.8	21.1	20.4	23.4	30.7	15.5	19.5	18.8	22.9	16.2	8.2	10.1
South Asia	5.3	4.6	4.2	2.3	6.7	13.8	5.5	4.6	4.0	0.1	4.0	6.5	4.7	3.7	8.8	7.6	8.2	7.6
Sub-Saharan Africa	1.0	-0.2	-4.1	3.1	3.9	7.3	-2.1	-0.5	-1.8	-2.8	-0.7	1.2	-0.8	1.8	2.5	3.2	1.8	1.1
Inflation, sa [2]																		
World	**1.5**	**2.1**	**2.6**	**2.1**	**2.2**	**2.3**	**2.7**	**2.3**	**2.1**	**1.9**	**2.2**	**2.2**	**2.2**	**2.3**	**2.2**	**2.1**	**2.1**	**2.2**
Advanced Economies	0.3	1.4	1.6	1.4	1.4	1.4	1.6	1.9	1.4	1.2	1.4	1.4	1.5	1.4	1.5	1.5	1.5	1.4
Emerging Market and Developing Economies	2.7	3.2	3.4	3.2	3.0	2.9	3.5	3.5	3.1	2.7	2.7	3.2	3.2	3.0	2.9	2.9	2.9	2.9
Commodity-exporting EMDE	3.5	3.5	3.5	3.5	3.3	2.8	3.6	3.8	3.5	3.0	3.0	3.3	3.2	3.0	2.7	2.8	2.9	2.9
Other EMDE	1.1	2.9	3.0	2.9	2.8	3.1	3.3	3.2	2.9	2.3	2.5	2.8	3.2	3.1	3.2	3.1	3.7	3.5
East Asia and Pacific	2.1	2.9	3.0	2.8	2.2	2.7	3.6	3.2	2.6	2.3	2.3	2.6	2.5	2.8	2.6	2.6	2.3	2.7
Europe and Central Asia	0.4	2.4	2.4	2.3	2.7	2.8	2.8	2.6	2.3	2.2	2.5	2.7	2.8	2.6	2.8	2.8	2.5	2.5
Latin America and Caribbean	2.4	2.8	2.9	2.4	3.2	3.9	2.8	2.9	2.9	1.8	2.8	3.2	3.7	3.5	4.1	3.5	3.3	3.3
Middle East and North Africa	2.1	1.6	2.6	1.5	1.1	2.2	2.9	1.7	1.9	1.0	1.2	1.1	1.6	2.1	1.7	2.3	2.9	3.0
South Asia	4.4	3.8	4.3	4.5	3.6	3.8	4.9	4.7	5.0	4.0	3.6	3.7	3.5	3.7	4.0	5.2	5.1	4.4
Sub-Saharan Africa	5.3	5.1	6.3	5.3	4.8	4.4	6.0	5.3	5.4	5.4	5.3	4.8	5.1	4.9	3.3	3.2	3.1	3.0

Sources: World Bank, Haver Analytics, and IMF International Financial Statistics.
[1] Industrial production is total production (may exclude construction). When data are unavailable, "industrial production, manufacturing" is used as a proxy.
[2] Median inflation rate for each grouping.

Trade and Finance

(Percent change y-o-y, except quarterly trade data, which are percent change q-o-q, annualized, and international reserves data, which are percent change over the previous period)

	2016	2017	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2017 Mar	2017 Apr	2017 May	2017 Jun	2017 Jul	2017 Aug	2017 Sep	2017 Oct	2017 Nov	2017 Dec	2018 Jan	2018 Feb
Exports, Nominal, US$, sa																		
World	**-3.0**	**10.2**	**17.3**	**3.6**	**13.2**	**15.4**	**12.9**	**3.7**	**11.1**	**7.6**	**10.2**	**10.9**	**11.0**	**12.2**	**12.9**	**11.5**	**17.1**	**18.1**
Advanced Economies	-0.8	9.5	17.3	1.7	17.3	12.4	10.7	1.2	10.3	6.5	9.9	10.7	10.9	11.8	12.8	11.5	17.7	13.1
Emerging Market and Developing Economies	-6.5	11.5	17.4	6.9	6.0	21.0	16.9	8.5	12.7	9.5	10.8	11.2	11.1	13.0	13.2	11.7	16.1	26.8
Commodity-exporting EMDE	-8.9	17.1	34.4	-9.0	17.5	23.9	23.0	12.9	19.3	9.9	17.2	16.7	16.2	20.4	13.9	12.8	20.7	-
Other EMDE	-4.6	9.3	11.0	14.2	1.7	19.8	14.6	6.8	10.2	9.3	8.5	9.0	9.1	10.2	12.9	11.2	14.5	31.5
East Asia and Pacific	-6.1	9.7	11.4	15.8	0.8	17.8	15.3	8.7	11.1	8.9	10.3	8.0	9.8	10.0	12.8	10.9	14.4	33.7
Europe and Central Asia	-6.0	16.4	32.8	-1.6	16.2	32.6	21.2	5.4	19.8	11.1	11.3	20.3	16.5	22.2	19.5	15.9	26.4	21.1
Latin America and Caribbean	-2.3	11.9	22.6	-0.2	7.1	15.7	17.4	9.7	11.6	12.7	10.7	11.5	10.6	15.9	9.3	8.3	12.0	11.8
Middle East and North Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
South Asia	0.6	5.5	11.8	-8.1	8.7	27.3	10.9	6.3	-1.8	-3.4	11.7	9.8	4.6	4.1	12.1	11.4	6.5	8.3
Sub-Saharan Africa	-13.6	14.5	44.9	-12.4	9.9	27.8	18.0	4.6	10.7	11.7	13.5	16.2	8.4	16.4	13.9	16.4	-	-
Imports, Nominal, US$, sa																		
World	**-5.3**	**12.1**	**21.5**	**15.7**	**-0.2**	**32.3**	**10.3**	**-6.2**	**25.5**	**7.2**	**21.5**	**16.0**	**5.9**	**17.9**	**13.0**	**19.5**	**16.4**	**22.0**
Advanced Economies	-3.4	9.1	18.6	4.5	13.4	19.5	9.0	2.1	10.2	5.1	10.6	8.9	9.3	14.0	13.8	13.7	18.7	15.7
Emerging Market and Developing Economies	-6.4	13.8	23.1	22.4	-6.9	40.0	11.0	-10.3	34.5	8.4	27.8	20.4	3.8	20.1	12.6	22.9	15.2	25.1
Commodity-exporting EMDE	-7.3	13.2	18.9	31.1	-11.7	46.3	8.8	-15.4	39.5	7.2	31.5	22.4	-0.4	21.1	11.2	25.8	10.2	-
Other EMDE	-3.0	16.0	38.3	-3.1	11.5	20.4	18.9	11.0	17.2	12.5	15.7	14.3	17.6	16.5	17.7	13.3	32.7	11.4
East Asia and Pacific	-3.6	17.4	49.8	-11.5	13.0	17.9	20.6	12.4	17.6	13.4	15.8	13.9	19.0	17.8	18.6	9.7	37.7	9.3
Europe and Central Asia	-1.2	18.3	38.6	14.2	20.1	17.7	14.8	8.1	23.0	13.7	26.8	17.0	20.0	21.1	23.5	22.2	28.8	22.0
Latin America and Caribbean	-7.4	8.1	23.5	-7.5	10.0	17.6	13.1	-1.3	12.1	6.2	7.6	9.3	4.8	15.9	8.7	6.6	13.6	11.3
Middle East and North Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
South Asia	-5.4	22.3	34.1	12.6	-10.6	35.4	40.4	41.8	30.4	13.2	20.5	21.0	18.5	10.9	18.8	19.0	24.3	11.2
Sub-Saharan Africa	-13.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
International Reserves, US$ [1]																		
World	**-2.0**	**7.2**	**1.7**	**2.1**	**1.7**	**1.1**	**0.7**	**0.7**	**0.8**	**0.5**	**0.8**	**0.6**	**0.3**	**0.0**	**0.5**	**0.7**	**1.3**	**-0.6**
Advanced Economies	3.2	10.0	3.4	2.9	1.7	1.1	1.5	1.2	1.1	0.5	0.9	0.5	0.3	-0.3	0.7	0.8	1.2	-
Emerging Market and Developing Economies	-5.2	5.3	0.5	1.5	1.7	1.2	0.2	0.4	0.7	0.4	0.7	0.6	0.4	0.2	0.4	0.6	1.3	-0.5
Commodity-exporting EMDE	-4.5	-	0.5	0.5	0.8	-	0.1	0.1	0.2	0.2	0.3	0.2	0.1	0.5	-	-	-	-
Other EMDE	-5.7	5.9	0.5	2.0	2.2	1.1	0.2	0.5	0.9	0.6	0.9	0.8	0.5	0.1	0.4	0.7	1.4	-0.7
East Asia and Pacific	-7.3	5.3	0.5	1.7	2.1	1.1	0.1	0.8	0.8	0.1	1.0	0.6	0.5	0.0	0.4	0.7	1.0	-0.9
Europe and Central Asia	3.4	10.2	2.9	3.2	3.1	0.9	0.3	-0.2	1.3	2.0	1.1	1.6	0.3	0.2	1.0	-0.3	3.6	0.2
Latin America and Caribbean	1.4	2.7	0.5	1.7	1.0	-1.0	-0.3	0.8	0.2	0.8	0.6	0.3	-0.1	0.5	-0.4	-0.7	0.8	0.1
Middle East and North Africa	-10.7	-	-2.0	-1.7	-	-	0.2	-1.2	-0.2	-0.3	-1.0	-0.2	-	-	-	-	-	-
South Asia	3.6	11.8	2.1	4.5	2.5	2.2	1.0	0.7	2.0	1.7	1.1	1.3	0.1	-0.1	0.2	2.1	2.4	-0.2
Sub-Saharan Africa	-4.7	-	3.2	0.7	0.4	-	-0.5	3.5	-1.2	-1.6	2.4	-1.7	0.0	0.8	-	-	-	-

Sources: World Bank, Haver Analytics, and IMF International Financial Statistics.
[1] Total reserves excluding gold are used as proxies when total reserves data are unavailable.

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Financial Markets

	2016	2017	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2017 Apr	2017 May	2017 Jun	2017 Jul	2017 Aug	2017 Sep	2017 Oct	2017 Nov	2017 Dec	2018 Jan	2018 Feb	2018 Mar	MRV [1]
Interest rates and LIBOR (percent)																			
U.S. Fed Funds Effective	0.39	0.97	0.92	1.13	1.17	1.40	0.88	0.88	1.01	1.13	1.13	1.13	1.13	1.13	1.27	1.38	1.38	1.45	1.63
ECB repo	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
US$ LIBOR 3-months	0.74	1.26	1.20	1.32	1.47	1.93	1.16	1.19	1.26	1.31	1.31	1.32	1.36	1.43	1.61	1.73	1.87	2.18	2.35
EURIBOR 3-months	-0.26	-0.33	-0.33	-0.33	-0.33	-0.33	-0.33	-0.33	-0.33	-0.33	-0.33	-0.33	-0.33	-0.33	-0.33	-0.33	-0.33	-0.33	-0.33
US 10-yr Treasury yield	1.84	2.33	2.26	2.24	2.37	2.76	2.30	2.30	2.19	2.32	2.21	2.20	2.36	2.35	2.41	2.58	2.86	2.84	2.83
German Bund, 10 yr	0.11	0.37	0.31	0.46	0.38	0.57	0.26	0.37	0.29	0.54	0.42	0.41	0.43	0.37	0.36	0.50	0.67	0.54	0.47
Spreads (basis points)																			
JP Morgan Emerging Markets	410	325	325	322	313	309	331	320	325	327	325	314	306	320	312	299	309	319	318
Asia	221	164	169	161	151	157	173	167	166	163	163	157	148	153	151	146	156	168	167
Europe	302	243	242	234	233	221	250	237	240	243	234	224	226	244	229	212	217	234	249
Latin America & Caribbean	537	429	427	428	416	418	431	420	430	435	435	416	407	422	419	410	420	423	413
Middle East	517	385	362	383	400	367	350	353	382	382	382	384	381	421	398	359	366	374	379
Africa	518	376	386	380	350	320	400	376	383	394	378	367	360	359	332	305	317	337	335
Stock Indices (end of period)																			
Global (MSCI)	424	508	465	487	508	500	455	464	465	478	478	487	497	505	508	502	517	500	509
Advanced Economies ($ Index)	1761	2086	1916	2001	2086	2042	1878	1912	1916	1961	1960	2001	2037	2077	2086	2053	2113	2042	2083
United States (S&P 500)	2258	2668	2423	2519	2668	2590	2384	2421	2423	2470	2472	2519	2575	2648	2668	2631	2711	2590	2671
Europe (S&P Euro 350)	1475	1558	1534	1571	1558	1493	1564	1576	1534	1526	1512	1571	1600	1563	1558	1518	1522	1493	1518
Japan (Nikkei 225)	19302	22530	20033	20356	22530	21203	19197	19836	20033	19974	19720	20356	22198	22730	22530	21650	21794	21203	21660
Emerging Market and Developing Economies (MSCI)	861	1139	1011	1082	1139	1167	978	1005	1011	1066	1088	1082	1119	1121	1139	1158	1202	1167	1176
EM Asia	419	577	512	543	577	589	484	505	512	538	544	543	571	572	577	584	603	589	597
EM Europe	295	341	304	331	341	350	313	308	304	315	336	331	330	330	341	354	370	350	326
EM Europe & Middle East	248	275	251	268	275	280	259	255	251	261	274	268	268	265	275	285	295	280	265
EM Latin America & Caribbean	2341	2811	2544	2917	2811	3008	2601	2532	2544	2752	2873	2917	2809	2719	2811	2945	3095	3008	3055
Exchange Rates (LCU / USD)																			
Advanced Economies																			
Euro Area	0.90	0.89	0.91	0.85	0.85	0.81	0.93	0.91	0.89	0.87	0.85	0.84	0.85	0.85	0.84	0.82	0.81	0.81	0.81
Japan	108.80	112.11	111.10	110.96	112.75	107.94	110.02	112.36	110.91	112.31	109.78	110.80	112.93	112.81	112.51	109.83	107.96	106.02	106.81
Emerging and Developing Economies																			
Brazil	3.49	3.19	3.21	3.16	3.24	3.24	3.14	3.20	3.30	3.20	3.15	3.13	3.19	3.26	3.28	3.19	3.25	3.28	3.38
China	6.65	6.76	6.86	6.67	6.61	6.35	6.89	6.88	6.81	6.77	6.67	6.57	6.62	6.62	6.59	6.41	6.32	6.32	6.27
Egypt	10.12	17.85	18.10	17.77	17.71	17.68	18.09	18.10	18.11	17.92	17.75	17.65	17.64	17.68	17.81	17.74	17.67	17.63	17.67
India	67.19	65.11	64.48	64.29	64.71	64.40	64.52	64.46	64.45	64.44	63.97	64.46	65.07	64.85	64.20	63.72	64.44	65.06	65.31
Russia	67.06	58.31	57.17	58.93	58.47	56.96	56.53	56.88	58.10	59.72	59.42	57.66	57.76	58.97	58.70	56.93	56.81	57.15	62.46
South Africa	14.71	13.31	13.21	13.19	13.62	11.93	13.46	13.25	12.91	13.15	13.25	13.17	13.71	14.06	13.11	12.15	11.82	11.84	11.95
Memo: U.S. nominal effective rate (index)	119.7	119.6	120.7	116.6	117.5	114.1	121.7	121.0	119.4	117.9	116.5	115.5	117.5	117.7	117.4	114.7	113.7	113.9	113.3

Sources: World Bank, Bloomberg, Haver Analytics, and J.P. Morgan.
[1] MRV = Most Recent Value.

Commodity Prices

	2016	2017	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2017 Apr	2017 May	2017 Jun	2017 Jul	2017 Aug	2017 Sep	2017 Oct	2017 Nov	2017 Dec	2018 Jan	2018 Feb	2018 Mar	MRV [1]
Energy [2]	55	68	64	65	75	82	67	64	60	62	65	68	71	76	78	85	81	81	81
Non-energy [2]	79	84	82	84	85	88	82	82	82	83	84	85	85	85	84	87	88	88	88
Agriculture [2]	88	87	87	86	86	89	87	88	87	88	85	86	86	86	85	88	89	91	91
Metals and minerals [2]	64	79	74	81	84	88	75	73	72	76	83	84	84	84	85	89	89	85	86
Memo items:																			
Crude oil, average ($/bbl)	43	53	50	50	59	64	52	50	46	48	50	53	55	60	61	66	63	64	69
Gold ($/toz)	1249	1258	1258	1278	1275	1329	1267	1246	1260	1237	1283	1314	1280	1282	1264	1331	1331	1325	1325
Baltic Dry Index	676	1152	1023	1138	1509	1171	1229	979	861	906	1144	1363	1484	1455	1589	1234	1130	1149	974

Sources: World Bank, World Bank Commodities Price Data (The Pink Sheet), and Bloomberg.
[1] MRV = Most Recent Value.
[2] Indexes, 2010 = 100.

Produced by DECPG.

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