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Taking Stock

U.S. services and manufacturing PMIs increased; existing home sales contracted. Preliminary estimates indicate that the U.S. Markit Composite purchasing managers' index (PMI) rose to a 27-month high of 55.9 in February (50+ indicates expansion). The uptick in private sector activity reflected improvements in both services and manufacturing production, supported by robust new business growth. Existing home sales shrank 3.2 percent (m/m saar) in January, and were down 4.8 percent from a year ago—the largest annual drop since August 2014—as median prices rose for the 71st consecutive month to 5.8 percent (y/y) amid inventory shortages.

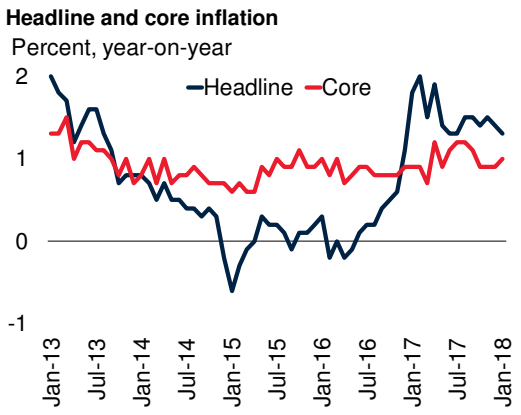
Euro Area consumer confidence and composite PMI dropped from multi-year highs; core inflation increased. The initial estimate for consumer confidence fell slightly in February to 0.1 points (0 indicates a neutral response), down from a 17-year high of 1.4 points in January. The flash reading for the Markit Composite PMI declined to 57.5, down from a 12-year high of 58.8 in January, as growth of new orders and backlogs of work moderated. Headline inflation for January was confirmed at 1.3 percent (y/y), a notch down from December's 1.4 percent (y/y), as energy and food prices decelerated (Figure 1). Core inflation, excluding food and energy, increased modestly to 1.0 percent (y/y) in January, from 0.9 percent (y/y) in December.

Japan's trade deficit declined amid stronger exports; inflation rose to a 3-year high. The trade deficit in Japan narrowed more than expected in January, decreasing to JPY 943 billion from JPY 1092 billion one year ago. Exports increased for the fourteenth month in a row, rising 12.2 percent (y/y), and were driven by an uptick in machinery exports and shipments to Asia and Europe. Headline inflation increased sharply to 1.4 percent (y/y) in January from 1.0 percent (y/y) in December, its highest level since March 2015, driven up by higher fresh food prices. Excluding fresh food and energy prices, core inflation increased marginally to 0.4 percent (y/y), from 0.3 percent in December.

The Russian Federation registered slower retail sales growth; unemployment rose. Retail sales increased 2.8 percent (y/y) in January, down from 3.1 percent in December and short of market expectations. The unemployment rate was 5.2 percent in January, up from 5.1 percent in the previous month, and on a rising path since August 2017 (Figure 2).

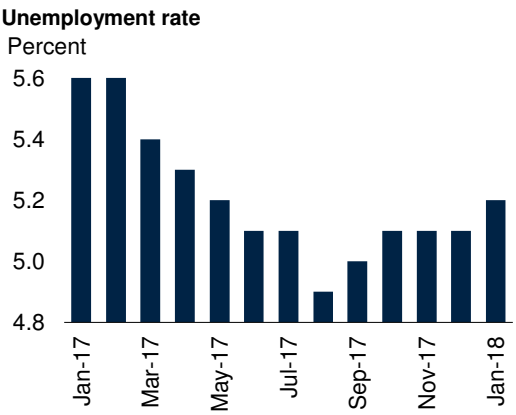
Thailand's annual GDP growth hit a 5-year high in 2017; trade balance posted a deficit. Growth reached 3.9 percent in 2017, the highest annual rate since 2012, but slowed in 2017Q4 to 1.8 percent (q/q saar), as import growth outpaced that of exports so that the trade balance posted an unexpected $0.12 billion deficit in January.

Figure 1 Euro Area headline inflation moderated in January.



Source: Eurostat.

Figure 2 Russia's unemployment rate has been trending upwards since August 2017.



Source: Russian Federation Federal State Statistics Service.

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Major Data Releases

(Percent change y-o-y)

Recent releases: Friday, 16 February - Thursday, 22 February 2018

Country	Date	Indicator	Period	Actual	Forecast	Previous
Czech Republic	2/16/18	GDP	Q4	5.1 %		5.0 %
Thailand	2/19/18	GDP	Q4	4.0 %		4.3 %
South Africa	2/21/18	CPI	JAN	4.4 %		4.7 %
France	2/22/18	CPI	JAN	1.3%	1.4 %	1.2 %
United Kingdom	2/22/18	GDP	Q4	1.4 %	1.5 %	1.8%
Japan	2/22/18	CPI	JAN	1.4 %	1.2 %	1.0 %

(Percent change y-o-y)

Upcoming releases: Friday, 23 February - Thursday, 1 March 2018

Country	Date	Indicator	Period	Previous
France	2/28/18	GDP	Q4	1.9 %
Poland	2/28/18	GDP	Q4	5.1 %
Slovenia	2/28/18	GDP	Q4	4.5 %
United States	2/28/18	GDP	Q4	2.3 %
Belgium	2/28/18	GDP	Q4	1.7 %
Brazil	3/1/18	GDP	Q4	1.4 %

Activity and Inflation

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

	2015	2016	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2017 Jan	2017 Feb	2017 Mar	2017 Apr	2017 May	2017 Jun	2017 Jul	2017 Aug	2017 Sep	2017 Oct	2017 Nov	2017 Dec
Industrial Production, sa [1]																		
World	**1.8**	**2.0**	**3.5**	**5.1**	**3.4**	**5.5**	**2.9**	**3.2**	**3.9**	**3.7**	**4.3**	**4.0**	**4.2**	**4.3**	**4.3**	**4.3**	**4.3**	**4.5**
Advanced Economies	0.2	0.2	1.6	4.6	2.3	6.0	1.1	2.2	2.4	2.5	3.2	3.0	3.0	3.2	3.0	3.6	3.3	3.9
Emerging Market and Developing Economies	3.5	4.0	5.4	5.7	4.4	5.1	4.9	4.3	5.6	5.0	5.5	5.0	5.4	5.4	5.6	5.1	5.2	5.2
Commodity-exporting EMDE	-1.1	0.0	1.4	5.1	3.4	0.2	1.8	1.0	1.9	2.1	3.9	0.9	2.5	3.2	3.2	3.1	2.2	2.3
Other EMDE	5.1	5.2	6.6	5.8	4.7	6.4	5.8	5.3	6.7	5.8	6.0	6.1	6.3	6.0	6.2	5.6	6.1	6.0
East Asia and Pacific	5.8	5.9	7.1	6.1	4.6	4.9	6.2	6.1	7.4	6.2	6.3	6.5	6.0	5.8	6.5	5.8	5.7	5.6
East Asia excl. China	3.6	4.6	4.6	0.8	7.9	-1.9	4.6	5.1	6.0	4.4	5.1	0.5	3.4	4.7	5.7	3.2	3.5	1.7
Europe and Central Asia	1.5	2.3	2.4	9.6	2.4	5.6	3.6	1.0	3.9	4.4	6.4	4.9	6.6	6.0	6.0	5.4	4.3	5.1
Latin America and Caribbean	-2.6	-2.3	0.6	0.2	3.5	2.8	0.4	0.4	-0.1	-0.8	1.1	-0.1	1.0	1.3	0.6	1.7	1.4	2.2
Middle East and North Africa	-3.3	-7.0	22.7	22.1	19.1	-	13.1	17.2	4.7	21.1	20.4	23.3	30.7	15.4	19.4	18.8	21.4	-
South Asia	3.5	5.3	4.7	1.8	6.6	8.9	4.4	2.1	5.5	4.6	4.1	0.1	3.9	6.5	4.7	2.3	7.9	6.2
Sub-Saharan Africa	-0.1	1.0	-4.1	3.4	3.8	7.0	0.3	-2.5	-1.9	-0.4	-1.8	-2.8	-0.7	1.2	-0.8	1.8	2.3	3.3
Inflation, sa [2]																		
World	**1.4**	**1.6**	**2.6**	**2.3**	**2.4**	**2.4**	**2.5**	**2.7**	**2.7**	**2.6**	**2.3**	**2.0**	**2.3**	**2.4**	**2.5**	**2.5**	**2.5**	**2.2**
Advanced Economies	0.1	0.3	1.6	1.4	1.5	1.4	1.5	1.8	1.5	1.9	1.4	1.2	1.4	1.5	1.5	1.4	1.5	1.5
Emerging Market and Developing Economies	2.6	2.7	3.4	3.4	3.2	3.4	3.2	3.5	3.7	3.7	3.4	3.0	2.9	3.3	3.4	3.5	3.3	3.3
Commodity-exporting EMDE	4.0	3.6	3.7	3.9	3.6	3.6	3.8	3.9	4.0	4.1	3.8	3.5	3.4	3.5	3.7	3.6	3.3	3.2
Other EMDE	0.9	1.1	3.0	2.9	2.9	3.2	2.6	3.2	3.4	3.2	2.9	2.3	2.5	2.8	3.3	3.2	3.2	3.3
East Asia and Pacific	1.2	2.0	2.6	2.9	2.4	2.7	2.7	3.5	3.5	3.2	2.9	2.4	2.3	2.6	2.7	3.0	2.6	2.9
Europe and Central Asia	1.9	0.4	2.4	2.4	2.7	2.9	2.3	2.5	2.7	2.6	2.7	2.2	2.5	2.6	2.8	2.6	3.0	2.9
Latin America and Caribbean	2.7	2.4	2.9	2.4	3.2	3.9	2.6	3.0	2.8	2.9	2.9	1.8	2.8	3.2	3.7	3.5	4.1	3.5
Middle East and North Africa	1.8	2.7	2.6	1.5	1.1	2.2	2.3	2.3	2.9	1.7	1.9	1.0	1.1	1.1	1.6	2.1	1.7	2.3
South Asia	4.5	4.4	4.3	4.5	3.6	3.8	3.7	4.1	4.9	4.7	5.0	4.0	3.6	3.7	3.5	3.7	4.0	5.2
Sub-Saharan Africa	4.0	5.7	7.0	6.3	5.5	5.2	6.9	6.8	6.5	6.8	6.4	6.4	5.5	5.5	5.7	5.6	4.6	4.4

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)

	2015	2016	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2017 Jan	2017 Feb	2017 Mar	2017 Apr	2017 May	2017 Jun	2017 Jul	2017 Aug	2017 Sep	2017 Oct	2017 Nov	2017 Dec
Exports, Nominal, US$, sa																		
World	**-11.6**	**-3.0**	**18.4**	**3.1**	**12.8**	**15.7**	**10.9**	**7.5**	**12.9**	**3.8**	**11.1**	**7.5**	**10.2**	**10.9**	**10.9**	**12.4**	**13.0**	**11.6**
Advanced Economies	-11.4	-0.8	18.1	1.4	17.2	13.0	10.1	8.0	10.7	1.2	10.3	6.4	9.9	10.7	10.8	12.1	13.0	11.6
Emerging Market and Developing Economies	-11.9	-6.5	18.9	6.1	5.3	20.8	12.4	6.7	16.9	8.6	12.7	9.5	10.8	11.1	11.1	12.9	13.2	11.6
Commodity-exporting EMDE	-24.2	-9.1	37.2	-10.5	16.5	24.8	26.5	19.1	23.1	13.1	19.5	10.1	17.0	16.6	16.2	20.2	13.9	13.0
Other EMDE	-3.7	-4.6	12.1	13.8	1.1	19.1	7.3	2.0	14.6	6.9	10.1	9.3	8.5	9.0	9.1	10.1	12.8	11.0
East Asia and Pacific	-3.5	-6.1	12.7	15.5	-0.2	17.8	8.5	1.9	15.4	8.7	11.1	9.0	10.3	8.0	9.7	10.0	12.8	10.8
Europe and Central Asia	-20.7	-6.1	35.8	-3.5	16.5	31.8	22.5	12.4	20.9	5.7	19.5	11.0	11.3	20.0	16.7	22.0	19.1	16.4
Latin America and Caribbean	-11.8	-2.3	23.6	-0.9	6.3	13.8	14.4	12.0	17.2	9.6	11.4	12.4	10.3	11.1	10.1	15.1	8.6	7.7
Middle East and North Africa	-27.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
South Asia	-4.0	0.6	14.8	-11.2	11.7	28.9	3.1	-0.3	11.1	6.3	-2.0	-3.4	11.7	9.9	4.9	4.1	14.9	11.2
Sub-Saharan Africa	-26.5	-14.6	45.4	-12.7	8.6	-	22.3	25.0	18.2	6.7	12.8	13.5	14.9	17.6	10.5	-	-	-
Imports, Nominal, US$, sa																		
World	**-6.9**	**-5.2**	**23.7**	**15.0**	**-0.4**	**31.6**	**11.4**	**5.4**	**10.3**	**-6.2**	**25.4**	**7.2**	**21.4**	**16.1**	**5.9**	**17.9**	**13.1**	**19.8**
Advanced Economies	-12.7	-3.2	21.2	2.5	14.5	19.0	9.5	3.4	9.2	1.9	10.3	5.1	10.7	9.3	9.3	14.1	13.8	14.3
Emerging Market and Developing Economies	-3.3	-6.4	25.2	22.7	-8.0	39.5	12.5	6.6	11.0	-10.3	34.6	8.4	27.9	20.4	3.8	20.1	12.7	23.1
Commodity-exporting EMDE	-1.0	-7.2	21.2	31.5	-13.1	-	11.8	2.1	8.8	-15.3	39.7	7.2	31.5	22.4	-0.4	21.2	11.2	-
Other EMDE	-11.4	-3.1	39.4	-2.7	11.1	20.6	15.1	23.1	18.8	11.0	17.4	12.6	16.0	14.3	17.5	16.6	17.9	13.9
East Asia and Pacific	-13.1	-3.6	50.0	-11.2	12.9	17.4	17.1	34.1	20.6	12.4	17.7	13.4	15.8	13.9	19.1	17.8	18.6	9.7
Europe and Central Asia	-20.8	-1.2	39.0	16.8	16.8	18.9	20.5	9.9	13.5	9.1	23.0	13.7	26.7	16.9	19.8	20.9	22.6	24.0
Latin America and Caribbean	-9.9	-7.4	25.3	-8.5	10.8	16.1	11.0	4.8	13.1	-1.3	12.1	6.2	7.5	9.3	4.9	15.7	8.8	6.5
Middle East and North Africa	1.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
South Asia	-13.2	-5.4	32.5	15.5	-10.4	34.9	15.5	21.5	40.5	42.2	31.4	13.7	22.6	20.9	18.5	10.9	18.9	19.9
Sub-Saharan Africa	-7.8	-13.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
International Reserves, US$ [1]																		
World	**-5.7**	**-2.0**	**1.7**	**2.1**	**1.7**	**1.2**	**0.6**	**0.3**	**0.7**	**0.7**	**0.8**	**0.5**	**0.8**	**0.6**	**0.3**	**0.0**	**0.5**	**0.7**
Advanced Economies	2.2	3.2	3.4	2.9	1.7	1.1	1.5	0.4	1.5	1.2	1.1	0.5	0.9	0.5	0.3	-0.3	0.7	0.8
Emerging Market and Developing Economies	-10.7	-5.2	0.5	1.5	1.7	1.2	0.1	0.3	0.2	0.4	0.7	0.4	0.7	0.6	0.4	0.2	0.4	0.6
Commodity-exporting EMDE	-11.1	-4.5	0.5	0.5	0.8	-	0.0	0.3	0.1	0.1	0.2	0.2	0.3	0.2	0.1	0.5	-	-
Other EMDE	-10.3	-5.7	0.5	2.0	2.2	1.1	0.1	0.3	0.2	0.5	0.9	0.6	0.9	0.8	0.5	0.1	0.4	0.7
East Asia and Pacific	-12.4	-7.3	0.5	1.7	2.1	1.1	0.0	0.4	0.1	0.8	0.8	0.1	1.0	0.6	0.5	0.0	0.4	0.7
Europe and Central Asia	-6.8	3.4	2.9	3.2	3.1	0.9	1.9	0.6	0.3	-0.2	1.3	2.0	1.1	1.6	0.3	0.2	1.0	-0.3
Latin America and Caribbean	-5.3	1.4	0.5	1.7	1.0	-1.0	0.6	0.2	-0.3	0.8	0.2	0.8	0.6	0.3	-0.1	0.5	-0.4	-0.7
Middle East and North Africa	-17.7	-10.7	-2.0	-1.7	-	-	-1.6	-0.6	0.2	-1.2	-0.2	-0.3	-1.0	-0.2	-	-	-	-
South Asia	10.9	3.6	2.1	4.5	2.5	2.3	0.5	0.5	1.0	0.7	2.0	1.7	1.1	1.3	0.1	-0.1	0.2	2.2
Sub-Saharan Africa	-12.7	-4.7	3.2	0.7	0.4	-	1.3	2.4	-0.5	3.5	-1.2	-1.6	2.4	-1.7	0.0	0.5	-	-

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

	2015	2016	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2017 Feb	2017 Mar	2017 Apr	2017 May	2017 Jun	2017 Jul	2017 Aug	2017 Sep	2017 Oct	2017 Nov	2017 Dec	2018 Jan	MRV [1]
Interest rates and LIBOR (percent)																			
U.S. Fed Funds Effective	0.13	0.39	0.67	0.92	1.13	1.17	0.63	0.76	0.88	0.88	1.01	1.13	1.13	1.13	1.13	1.13	1.27	1.38	1.38
ECB repo	0.05	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	0.32	0.74	1.07	1.20	1.32	1.47	1.04	1.13	1.16	1.19	1.26	1.31	1.31	1.32	1.36	1.43	1.61	1.73	1.90
EURIBOR 3-months	-0.02	-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
US 10-yr Treasury yield	2.14	1.84	2.44	2.26	2.24	2.37	2.42	2.48	2.30	2.30	2.19	2.32	2.21	2.20	2.36	2.35	2.41	2.58	2.88
German Bund, 10 yr	0.54	0.11	0.35	0.31	0.46	0.38	0.33	0.40	0.26	0.37	0.29	0.54	0.42	0.41	0.43	0.37	0.36	0.50	0.66
Spreads (basis points)																			
JP Morgan Emerging Markets	415	410	340	325	322	313	338	329	331	320	325	327	325	314	306	320	312	299	307
Asia	224	221	175	169	161	151	173	166	173	167	166	163	163	157	148	153	151	146	153
Europe	348	302	261	242	234	233	258	253	250	237	240	243	234	224	226	244	229	212	212
Latin America & Caribbean	540	537	445	427	428	416	442	431	431	420	430	435	435	416	407	422	419	410	419
Middle East	456	517	396	362	383	400	396	377	350	353	382	382	382	384	381	421	398	359	372
Africa	415	518	389	386	380	350	387	380	400	376	383	394	378	367	360	359	332	305	317
Stock Indices (end of period)																			
Global (MSCI)	399	424	449	465	487	508	445	449	455	464	465	478	478	487	497	505	508	502	519
Advanced Economies ($ Index)	1663	1761	1854	1916	2001	2086	1839	1854	1878	1912	1916	1961	1960	2001	2037	2077	2086	2053	2118
United States (S&P 500)	2044	2258	2363	2423	2519	2668	2364	2363	2384	2421	2423	2470	2472	2519	2575	2648	2668	2631	2701
Europe (S&P Euro 350)	1474	1475	1547	1534	1571	1558	1501	1547	1564	1576	1534	1526	1512	1571	1600	1563	1558	1518	1535
Japan (Nikkei 225)	18817	19302	18909	20033	20356	22530	19342	18909	19197	19836	20033	19974	19720	20356	22198	22730	22530	21650	21705
Emerging Market and Developing Economies (MSCI)	794	861	958	1011	1082	1139	936	958	978	1005	1011	1066	1088	1082	1119	1121	1139	1158	1210
EM Asia	404	419	474	512	543	577	459	474	484	505	512	538	544	543	571	572	577	584	605
EM Europe	244	295	301	304	331	341	296	301	313	308	304	315	336	331	330	330	341	354	374
EM Europe & Middle East	211	248	252	251	268	275	249	252	259	255	251	261	274	268	268	265	275	285	298
EM Latin America & Caribbean	1830	2341	2611	2544	2917	2811	2600	2611	2601	2532	2544	2752	2873	2917	2809	2719	2811	2945	3120
Exchange Rates (LCU / USD)																			
Advanced Economies																			
Euro Area	0.90	0.90	0.94	0.91	0.85	0.85	0.94	0.94	0.93	0.91	0.89	0.87	0.85	0.84	0.85	0.85	0.84	0.82	0.81
Japan	121.00	108.80	113.63	111.10	110.96	112.75	112.96	112.91	110.02	112.36	110.91	112.31	109.78	110.80	112.93	112.81	112.51	109.83	106.64
Emerging and Developing Economies																			
Brazil	3.33	3.49	3.14	3.21	3.16	3.24	3.10	3.13	3.14	3.20	3.30	3.20	3.15	3.13	3.19	3.26	3.28	3.19	3.23
China	6.29	6.65	6.89	6.86	6.67	6.61	6.87	6.90	6.89	6.88	6.81	6.77	6.67	6.57	6.62	6.62	6.59	6.41	6.34
Egypt	7.70	10.12	17.82	18.10	17.77	17.71	17.01	17.76	18.09	18.10	18.11	17.92	17.75	17.65	17.64	17.68	17.81	17.74	17.71
India	64.14	67.19	66.97	64.48	64.29	64.71	67.01	65.83	64.52	64.46	64.45	64.44	63.97	64.46	65.07	64.85	64.20	63.72	64.22
Russia	61.34	67.06	58.67	57.17	58.93	58.47	58.42	57.83	56.53	56.88	58.10	59.72	59.42	57.66	57.76	58.97	58.70	56.93	56.41
South Africa	12.77	14.71	13.24	13.21	13.19	13.62	13.17	12.95	13.46	13.25	12.91	13.15	13.25	13.17	13.71	14.06	13.11	12.15	11.67
Memo: U.S. nominal effective rate (index)	114.6	119.7	123.5	120.7	116.6	117.5	123.1	122.5	121.7	121.0	119.4	117.9	116.5	115.5	117.5	117.7	117.4	114.7	113.7

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

Commodity Prices

	2015	2016	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2017 Feb	2017 Mar	2017 Apr	2017 May	2017 Jun	2017 Jul	2017 Aug	2017 Sep	2017 Oct	2017 Nov	2017 Dec	2018 Jan	MRV [1]
Energy [2]	65	55	68	64	65	75	69	65	67	64	60	62	65	68	71	76	78	85	85
Non-energy [2]	82	79	85	82	84	85	86	84	82	82	82	83	84	85	85	85	85	87	87
Agriculture [2]	88	88	89	87	86	86	90	88	87	88	87	88	85	86	86	86	86	88	88
Metals and minerals [2]	68	64	78	74	81	84	79	79	75	73	72	76	83	84	84	84	85	89	87
Memo items:																			
Crude oil, average ($/bbl)	51	43	53	50	50	59	54	51	52	50	46	48	50	53	55	60	61	66	63
Gold ($/toz)	1161	1249	1219	1258	1278	1275	1234	1231	1267	1246	1260	1237	1283	1314	1280	1282	1264	1331	1331
Baltic Dry Index	711	676	938	1023	1138	1509	760	1142	1229	979	861	906	1144	1363	1484	1455	1589	1234	1087

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