

Top 10 global cycle indicators

- further decline but with a few rays of light

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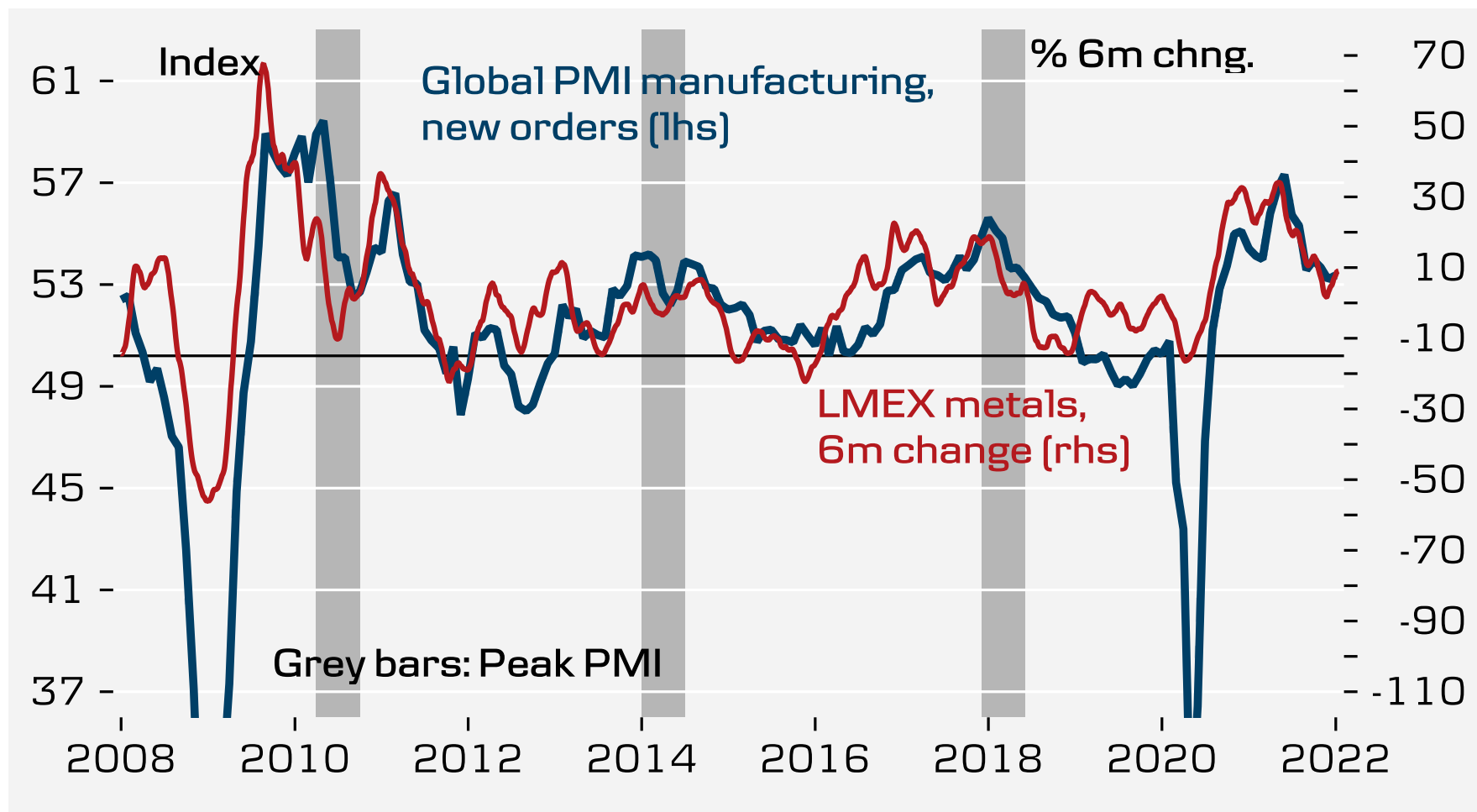
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Keeping track on the global manufacturing cycle

- In this publication we track 10 of our favourite leading indicators to gauge the direction and pace of the global manufacturing cycle.
- **Most indicators still point to downside in global PMI manufacturing but some suggest the decline may lose momentum**
- **The Chinese credit impulse has increased a bit further.** It tends to lead the global cycle by 6-9 months and as it bottomed in September it points to a bottom in global PMI around mid-2022.
- **Real wage growth is currently falling sharply due to high inflation. It provides a short term hit to private consumption.**
- **Easing producer price pressures in China (PMI prices)** points to easing producer prices in Europe and US soon. US is already showing signs of this.

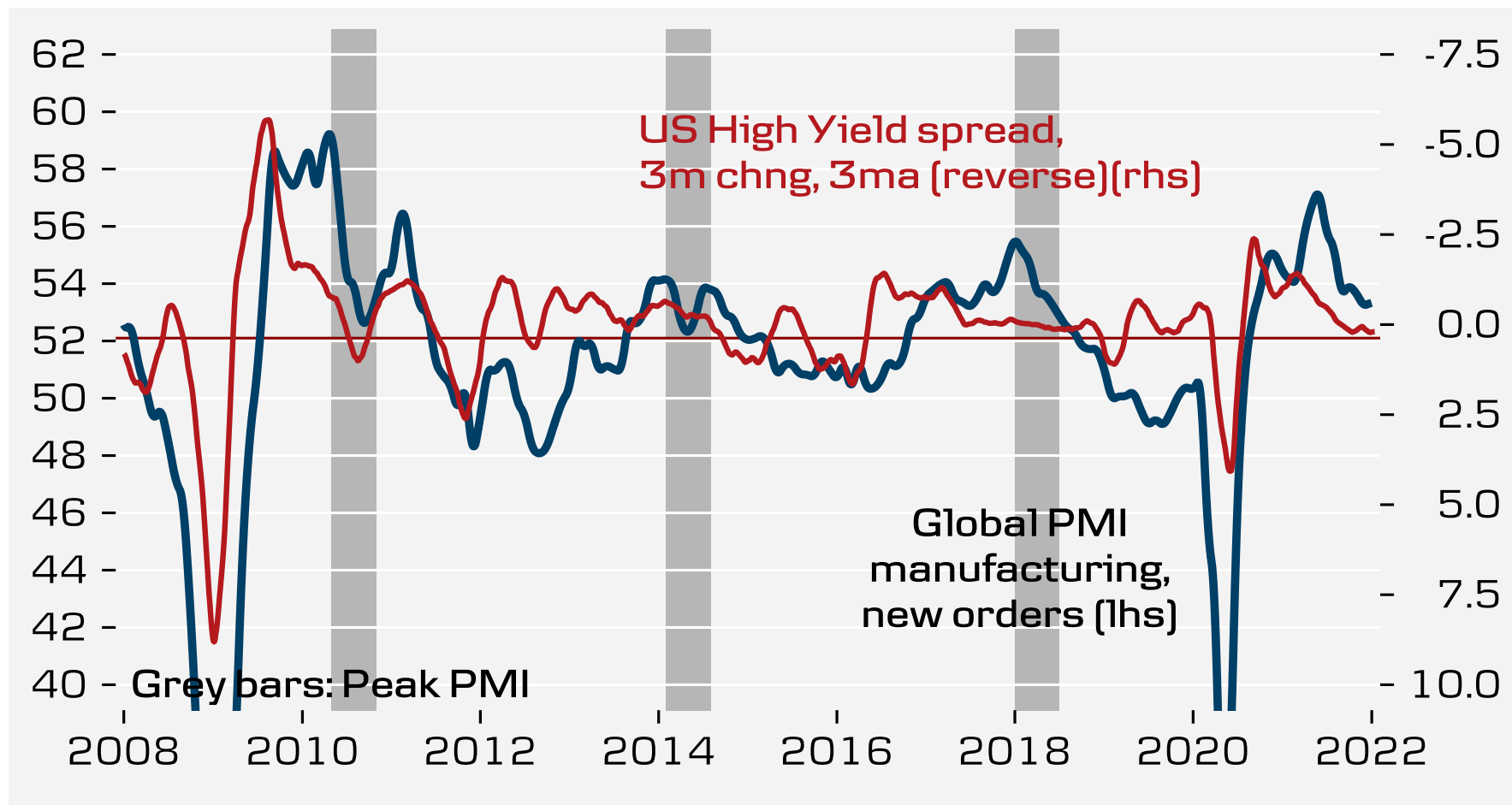
#1: Metal prices vs. global PMI manufacturing



Note: Past performance is not a reliable indicator of current or future results.

Source: Markit, Macrobond Financial, Danske Bank

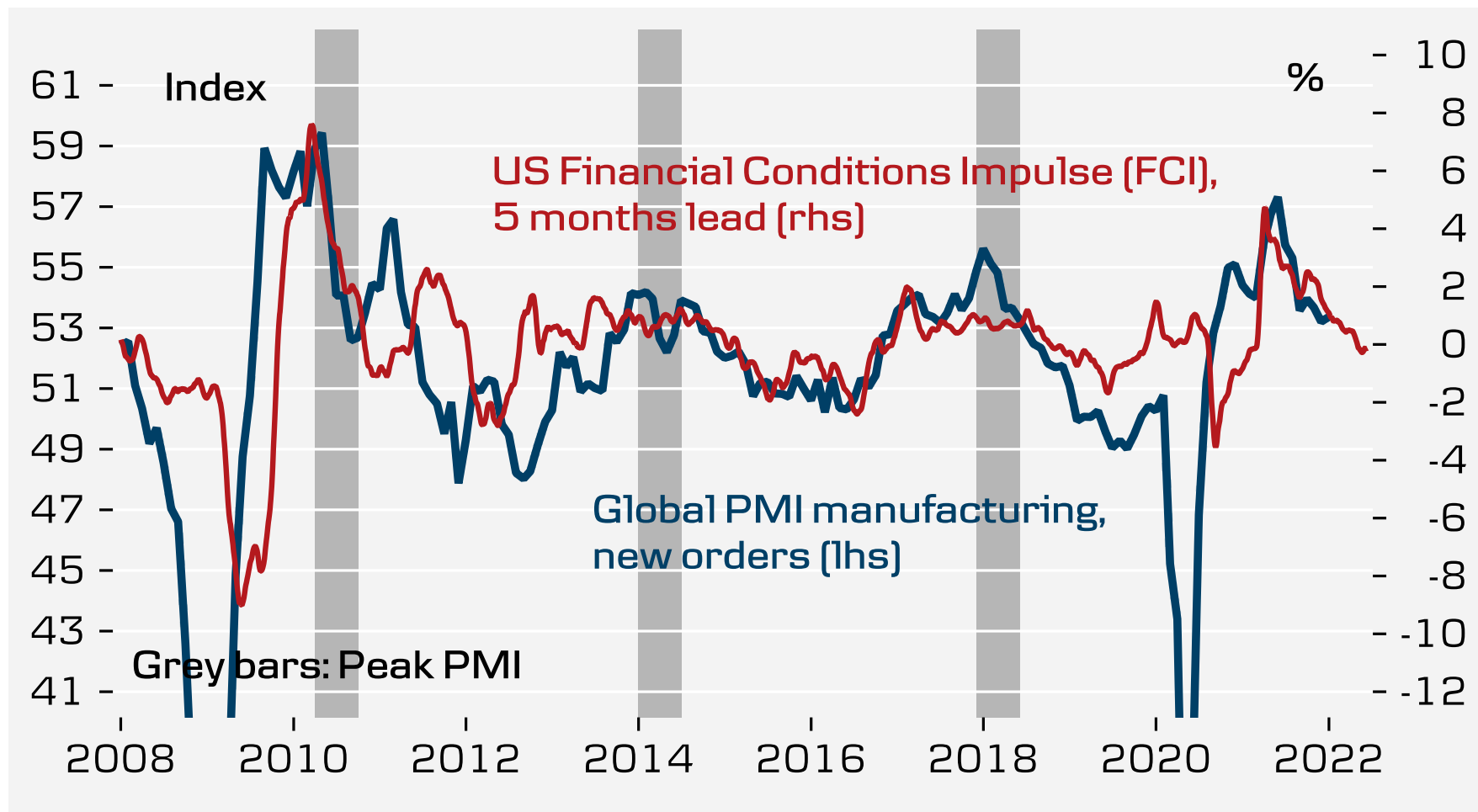
#2: High yield spread vs. global PMI manufacturing



Note: Past performance is not a reliable indicator of current or future results.

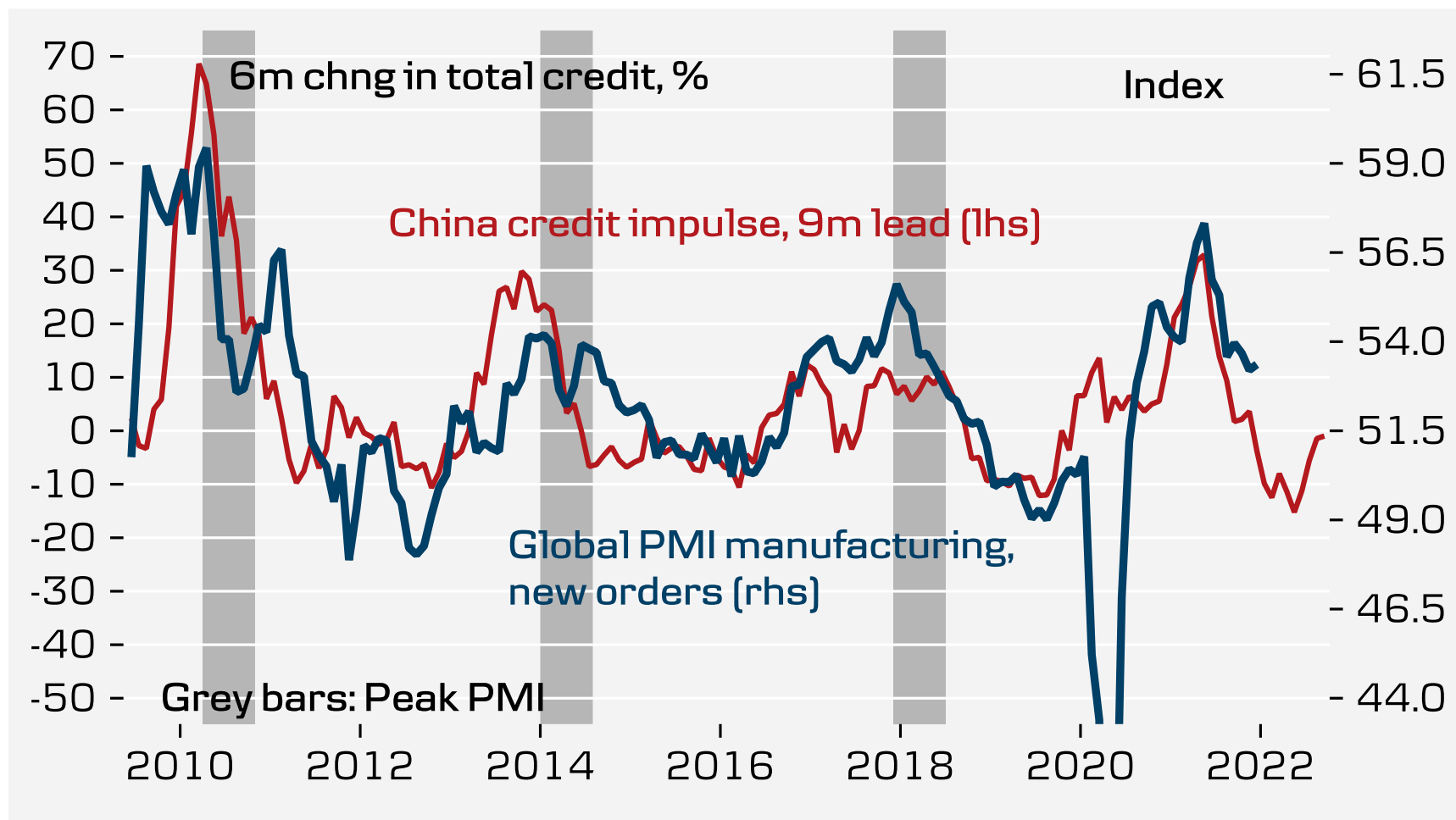
Source: Bloomberg, Markit, Macrobond Financial, Danske Bank

#3: US Financial Conditions Impulse vs. global PMI manufacturing



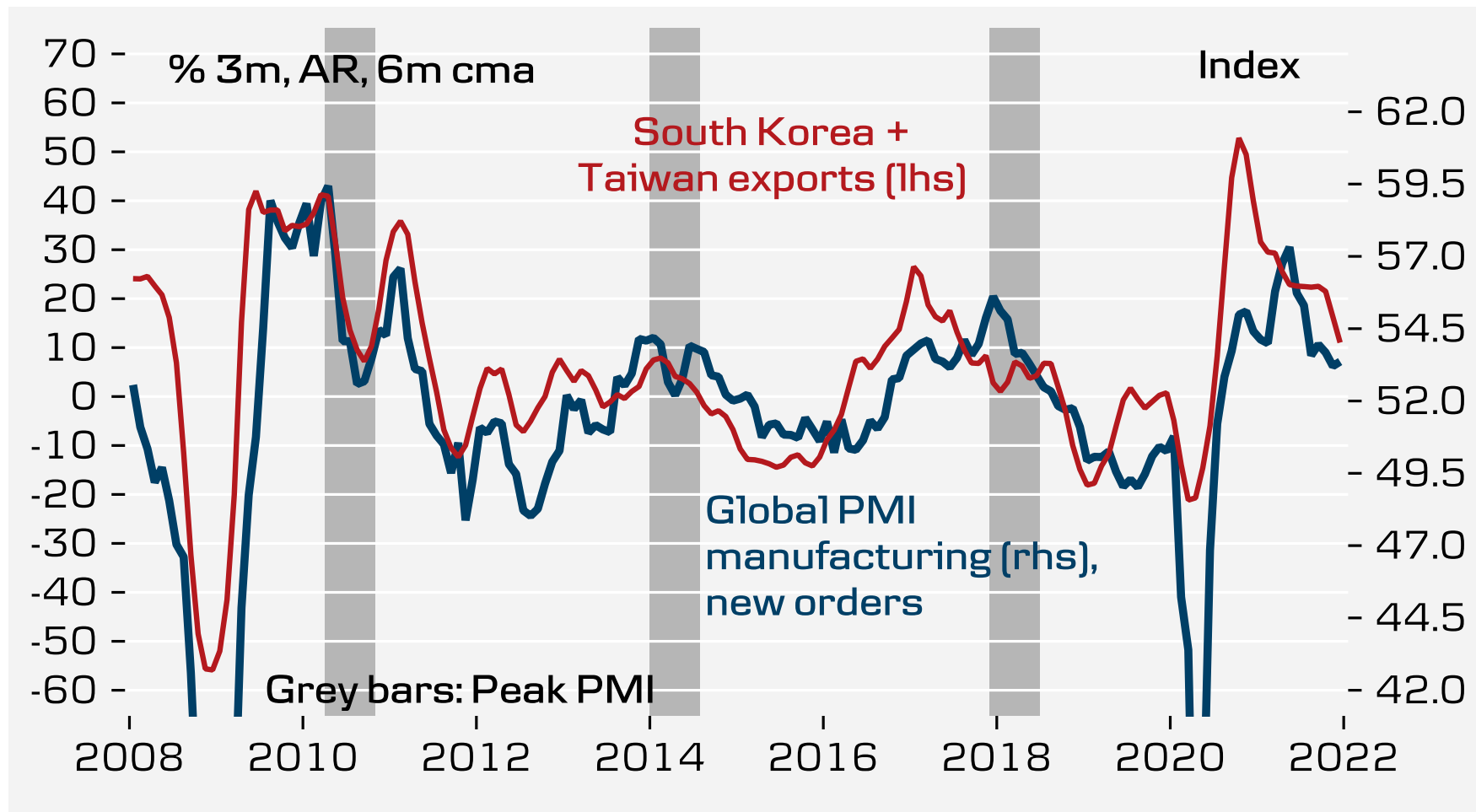
Note: The FCI is calculated as the average of 6m change in US stocks, in high yield spread and in the USD index]

#4: China credit impulse (9m lead) vs global PMI man



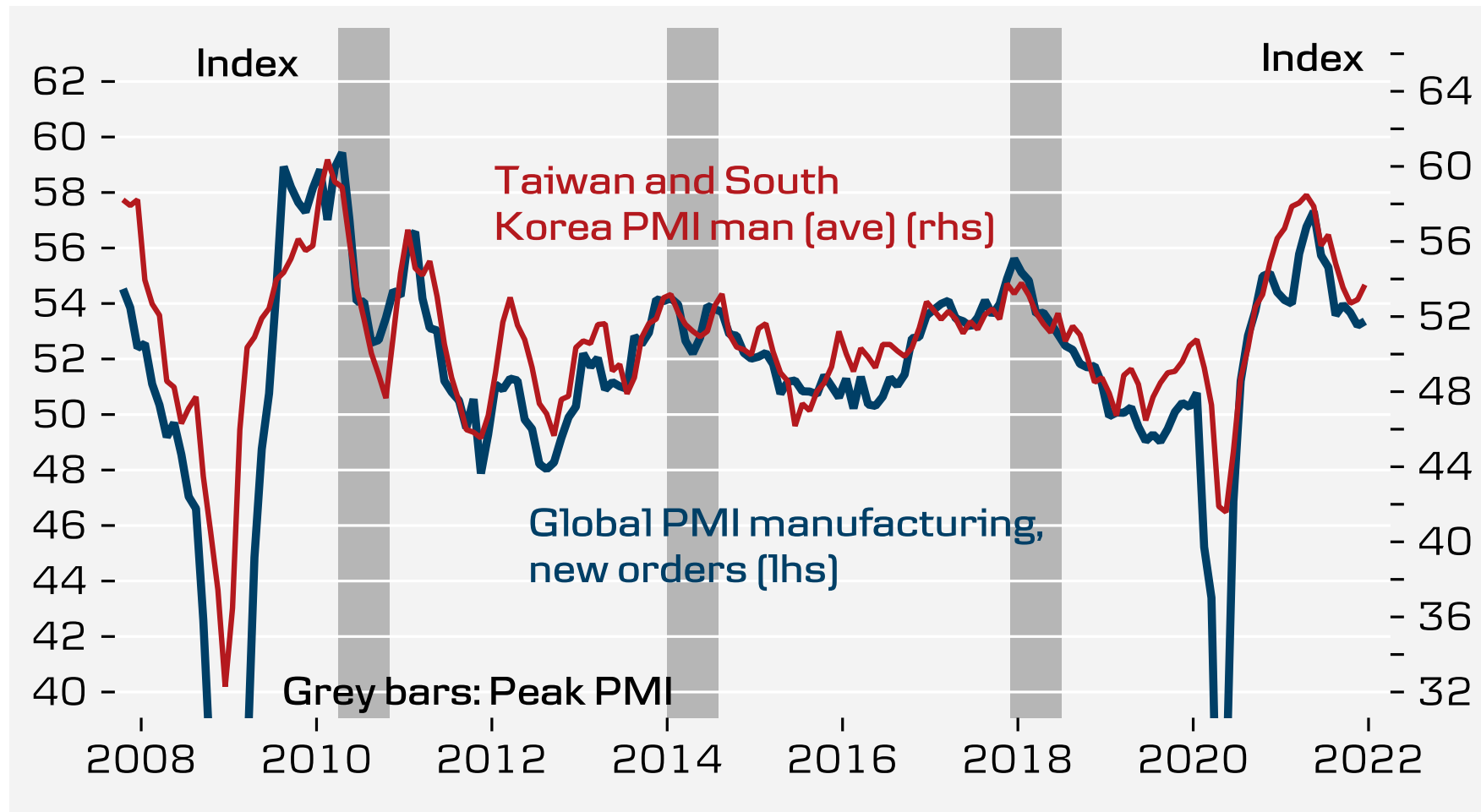
Note: The Chinese credit impulse is measured as the 6-month change in total Chinese credit.

#5: Manufacturing Asia exports momentum vs. global PMI man

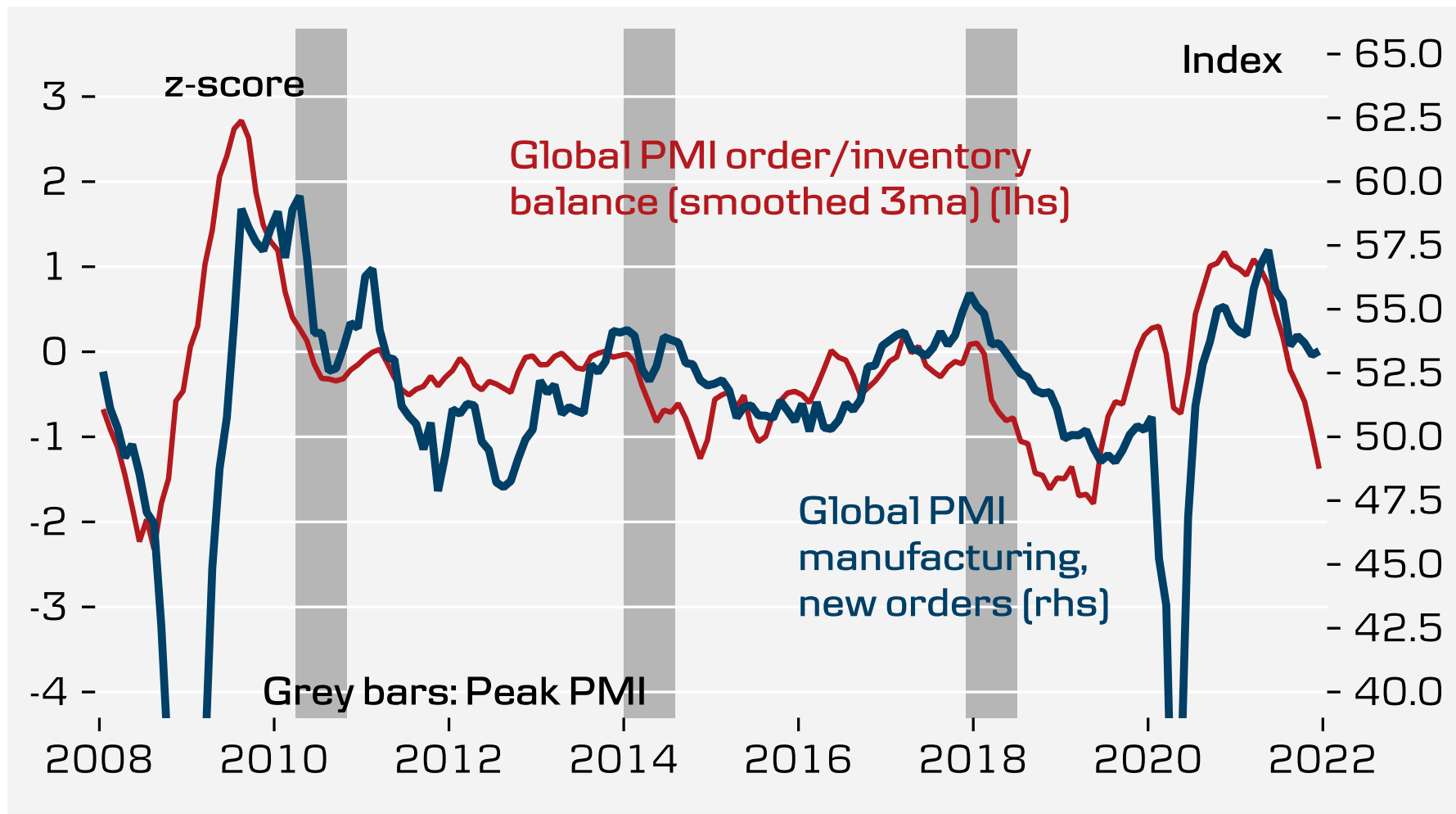


Source: Markit, Korea Customs Service, Taiwan Ministry of Finance, Macrobond Financial, Danske Bank

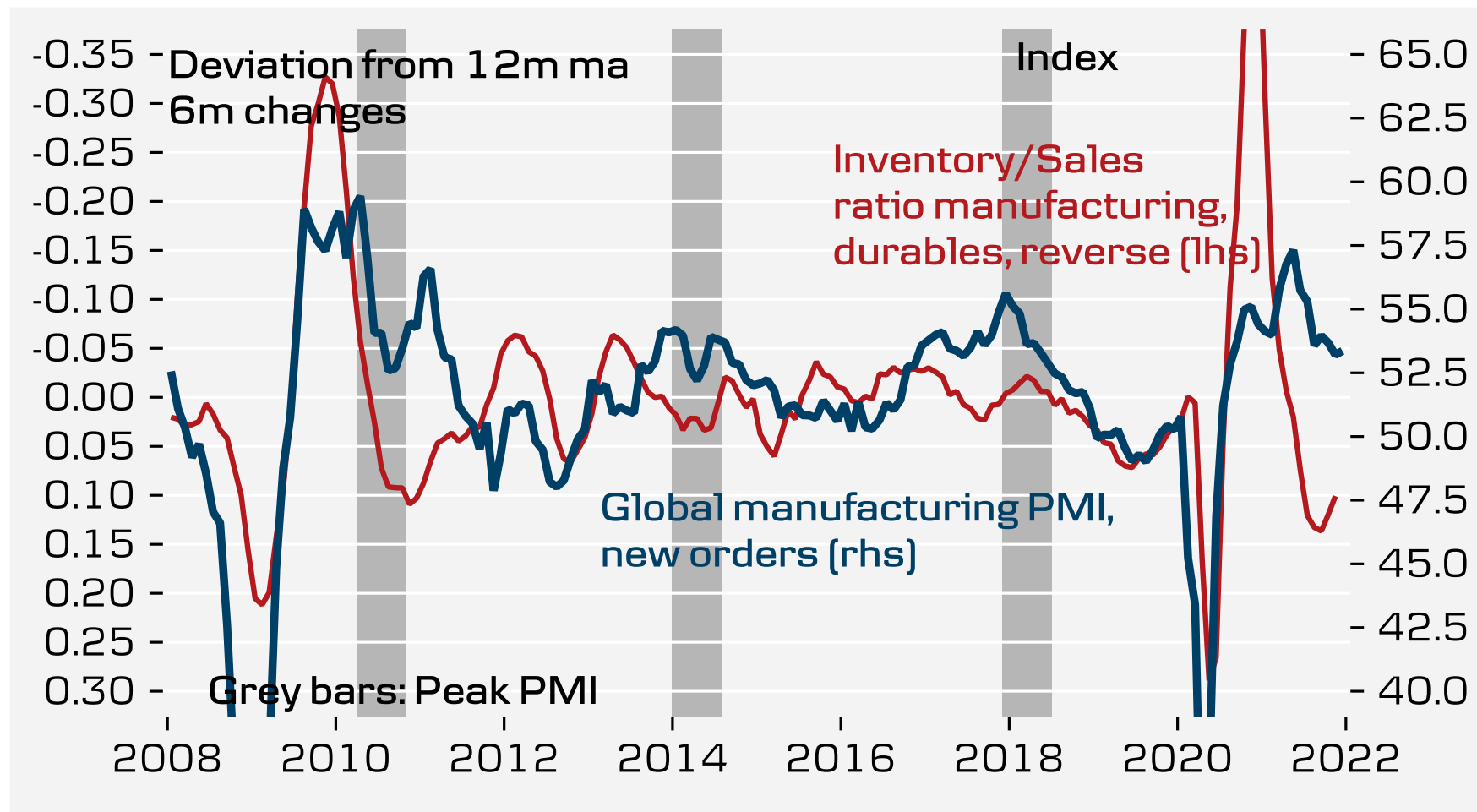
#6: Manufacturing Asia PMI vs. global PMI manufacturing



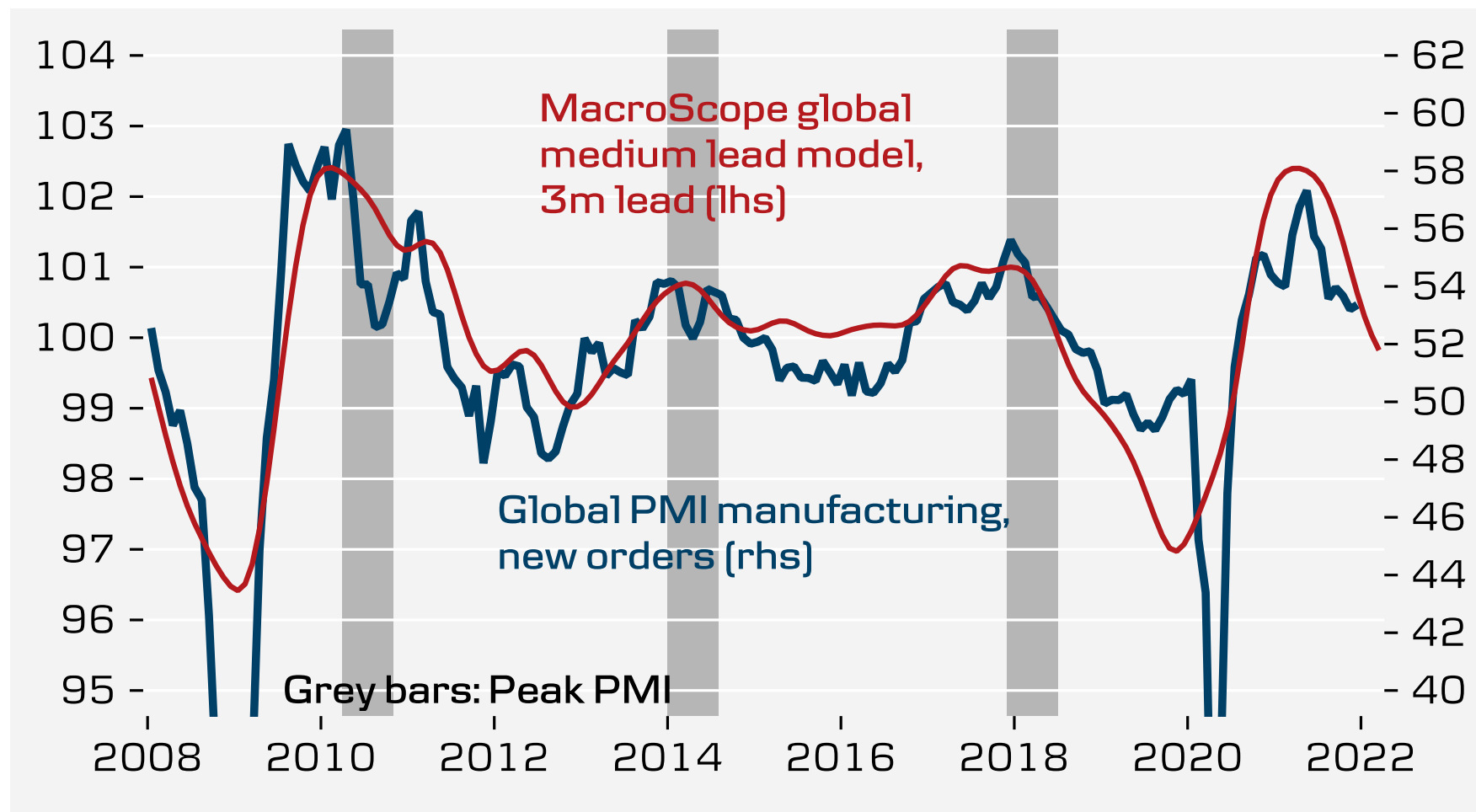
#7: Global order-inventory balance vs. global PMI manufacturing



#8: US inventory/sales ratio momentum vs. global PMI manufacturing

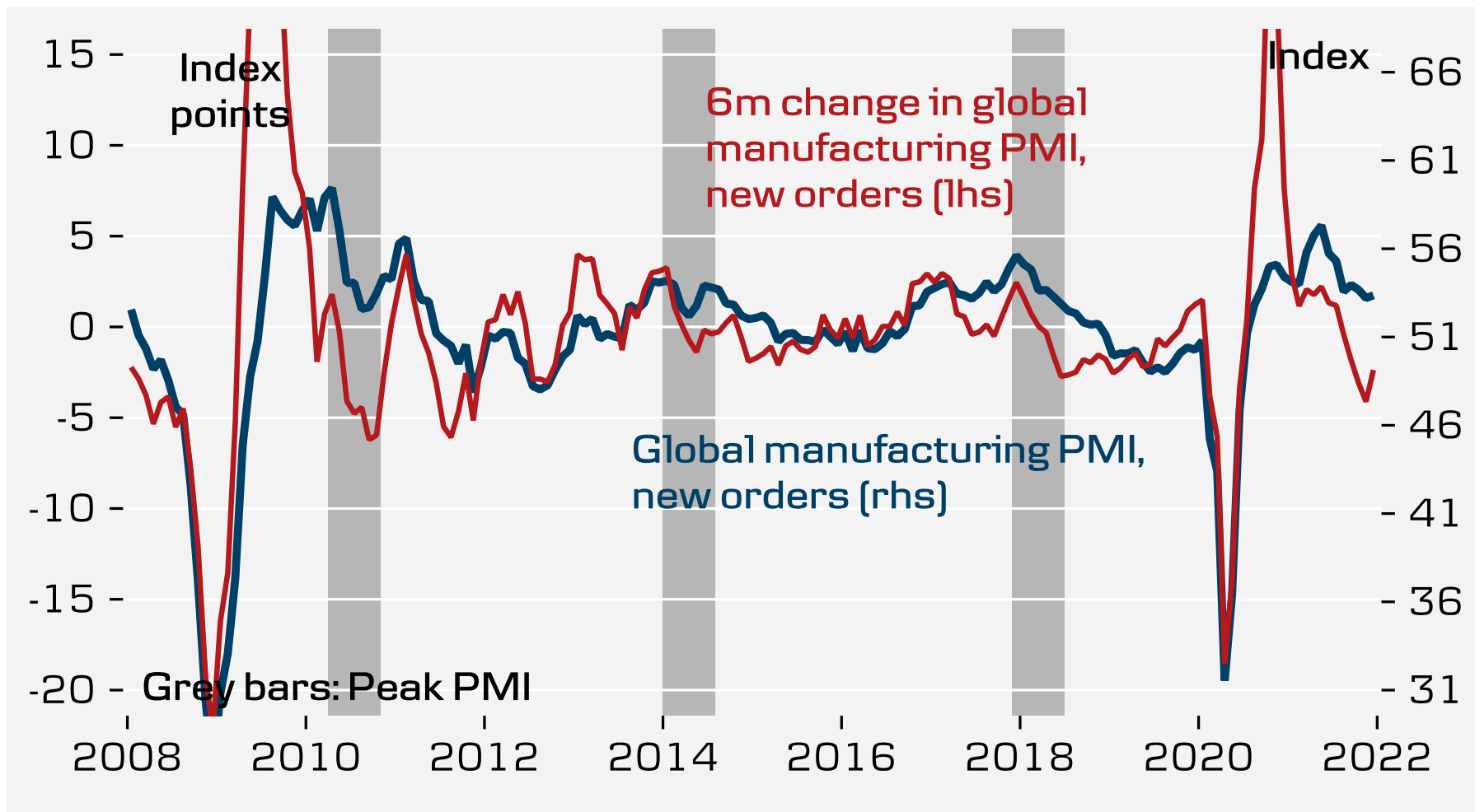


#9: Global MacroScope model (medium lead) vs. global PMI man



Note: MacroScope is Danske Bank's own business cycle models, which forecast OECD's leading indicator

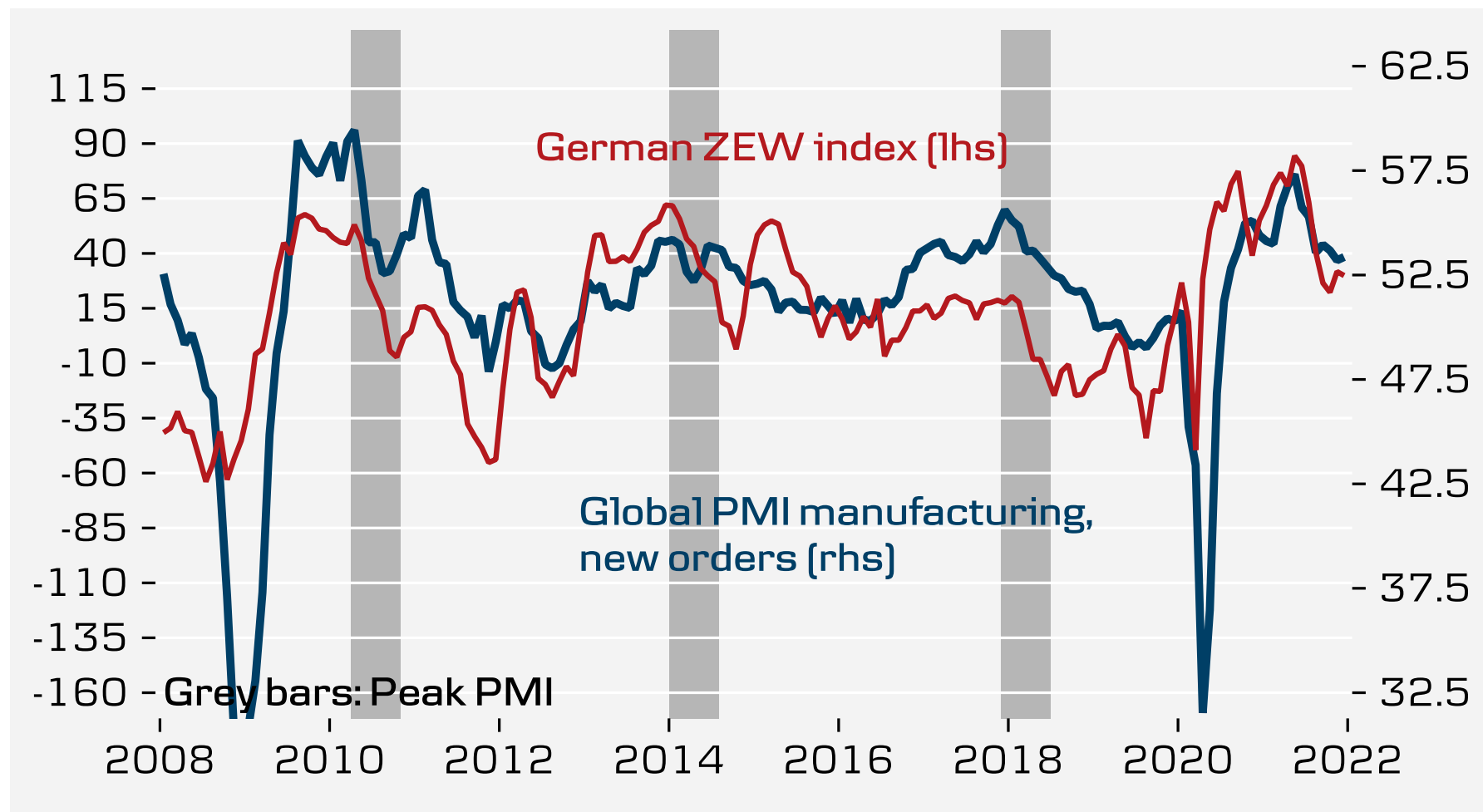
#10: Change in global PMI vs level of global PMI manufacturing



Source: Markit, Macrobond Financial, Danske Bank

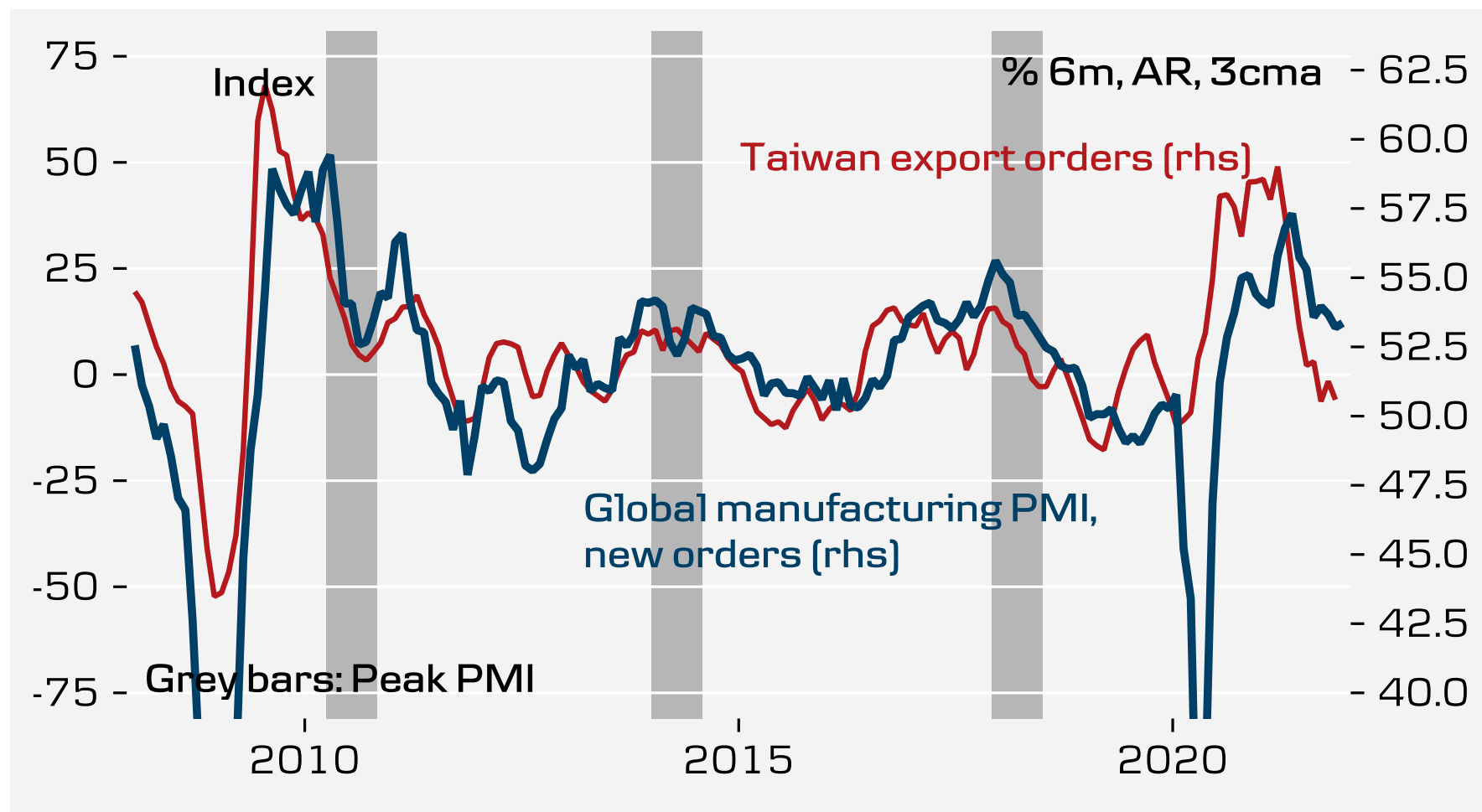
Other charts worth watching

German ZEW vs. global PMI man



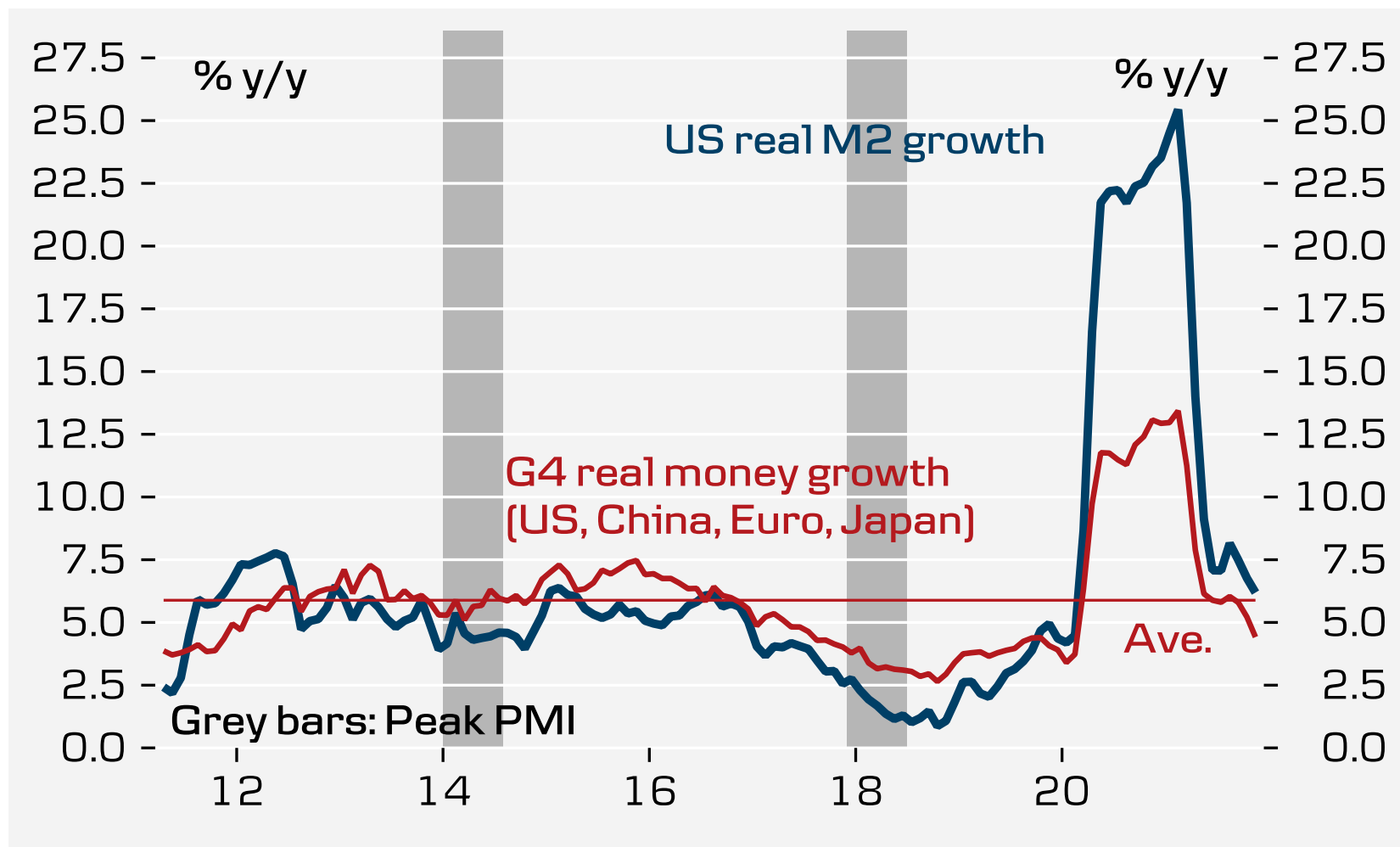
Source: Markit, ZEW, Macrobond Financial, Danske Bank

Taiwan export order momentum



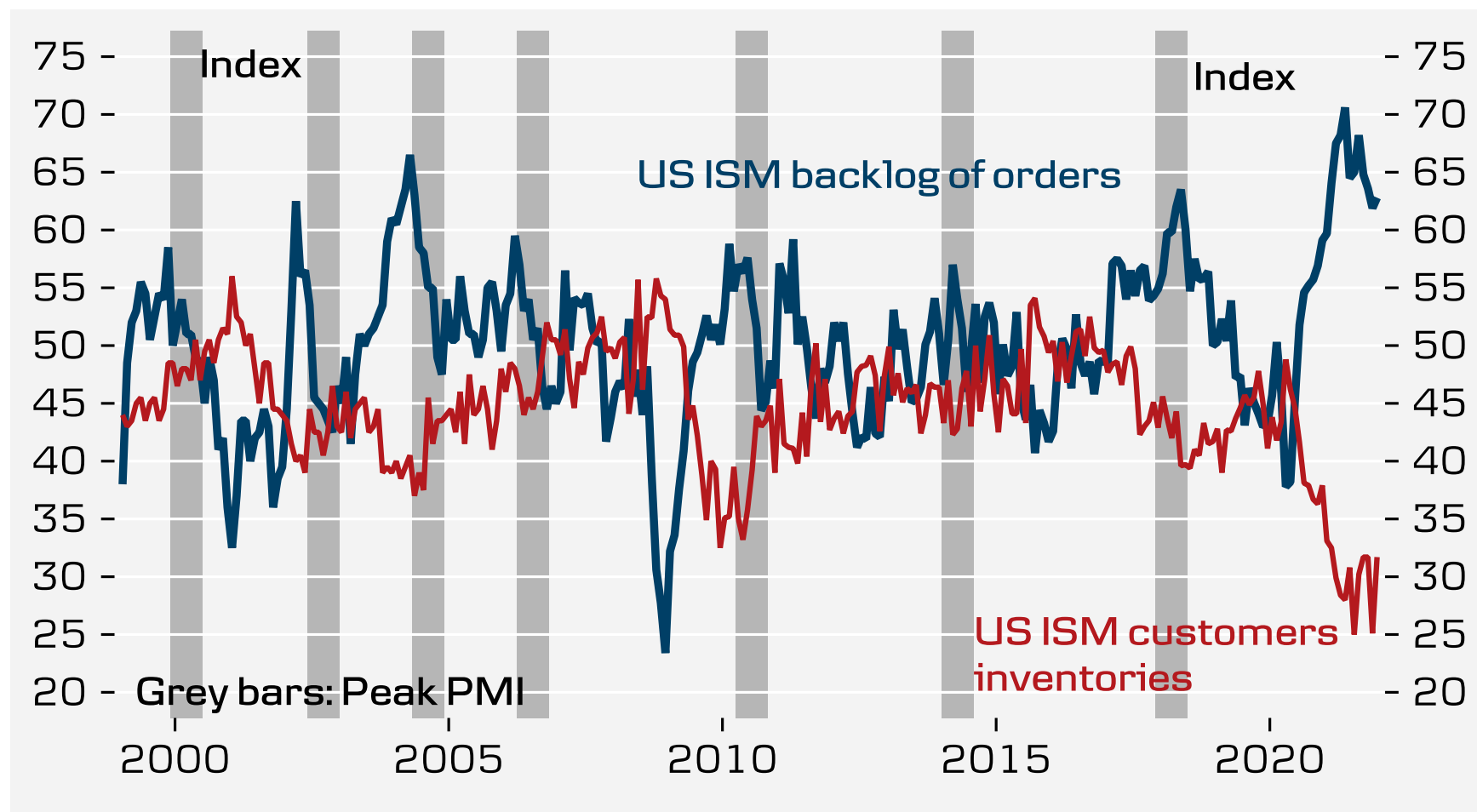
Source: Macrobond Financial, Danske Bank, Markit

Real money growth



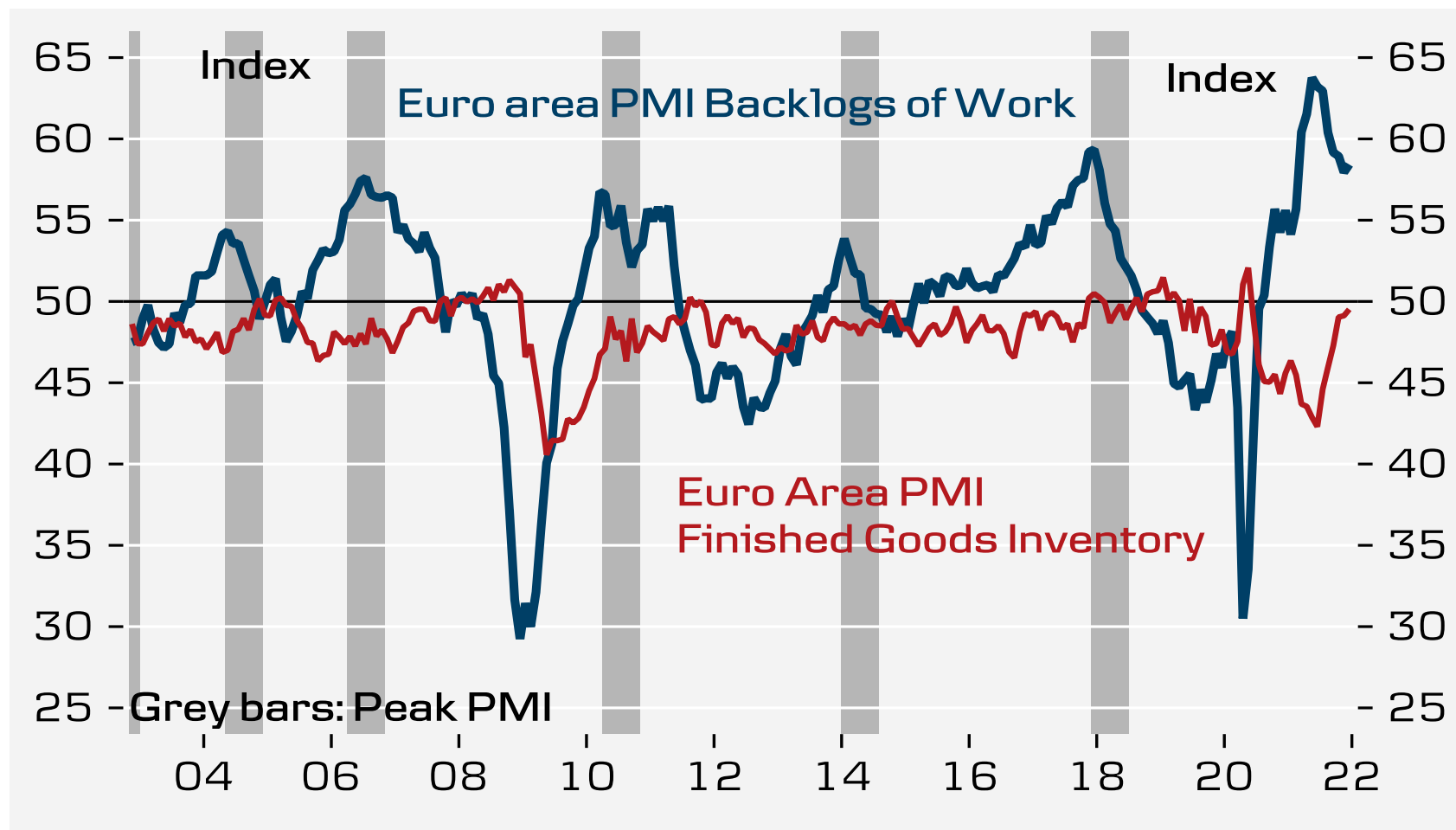
Source: Macrobond Financial, Danske Bank

US backlog and inventories



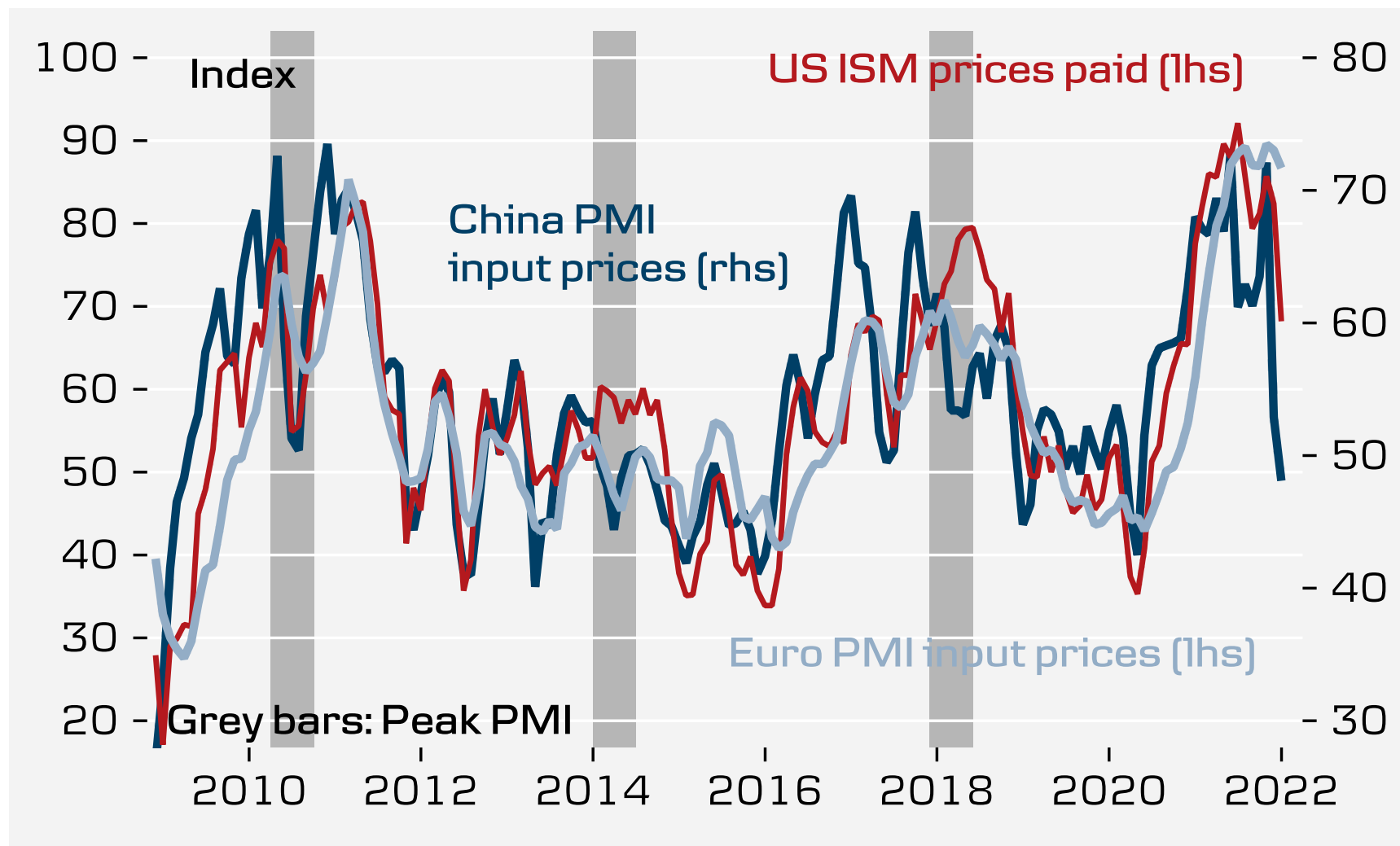
Source: ISM, Macrobond Financial, Danske Bank

Euro area backlog of work and inventories

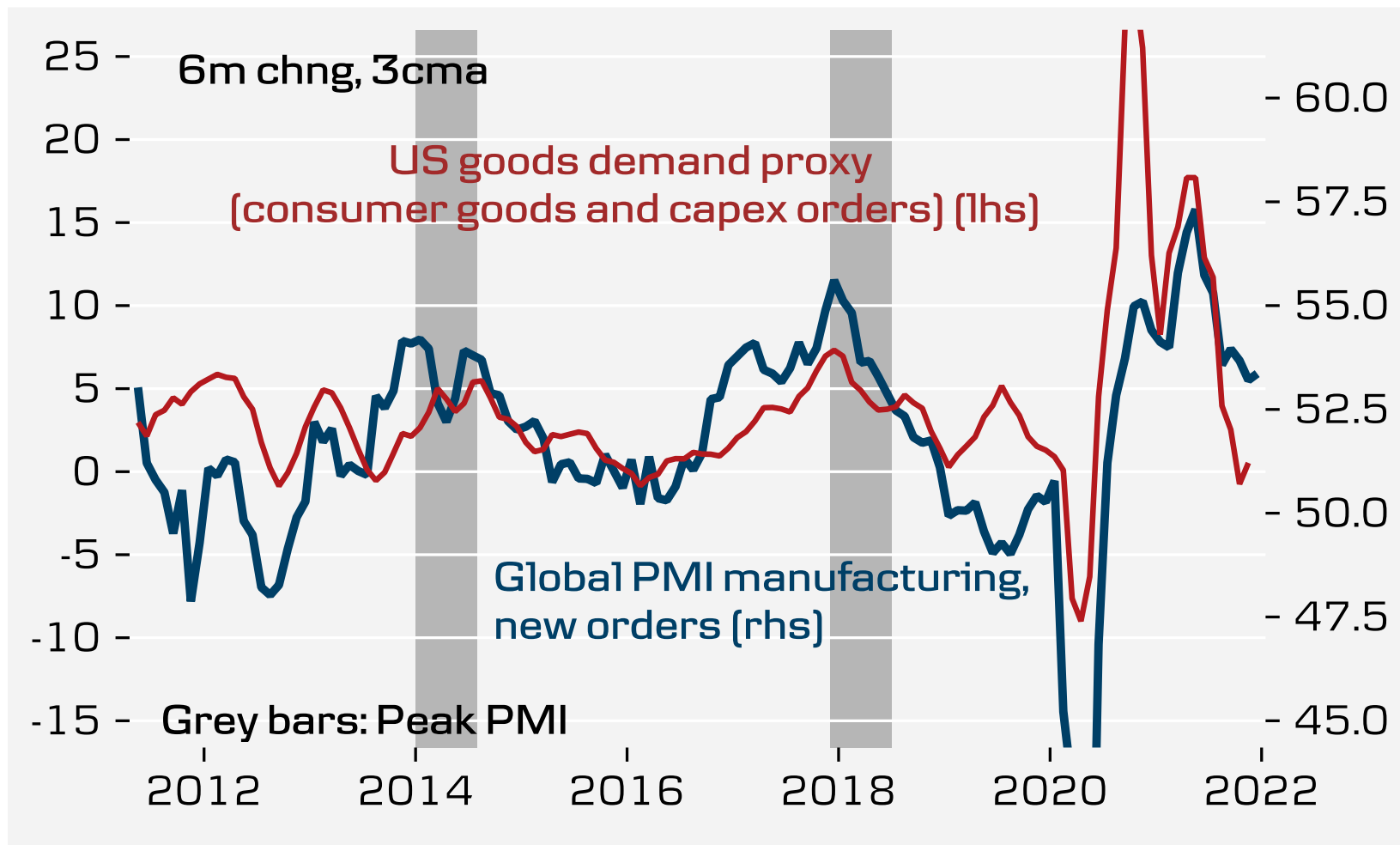


Source: Markit Macrobond Financial, Danske Bank

China PMI input prices vs US and Euro area

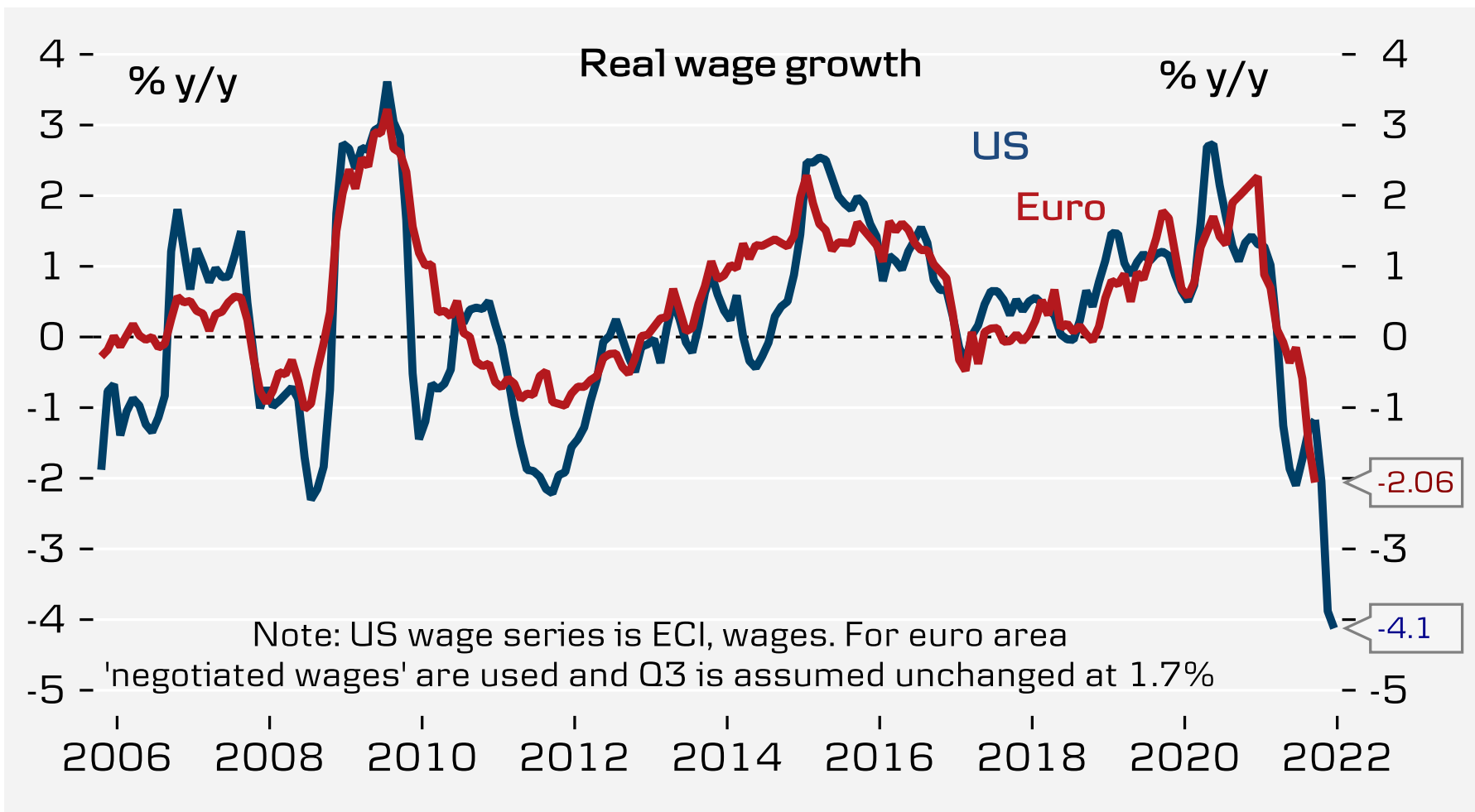


US goods spending vs. global PMI



Source: Markit, BEA, Census Bureau, Macrobond Financial, Danske Bank

US and euro real wage growth



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