

# Monitor

## Global: Business Cycle Monitor

### Summary and outlook

- Global leading indicators improved across the board in January, as we have seen a turn for the better in Asia and Europe in particular. US figures continued to improve in both headline and forward-looking details. Global PMI rose for the second month in a row, as Europe got a boost from improving global growth sentiment, driven by among other things the rebound from the flooding in Thailand last autumn.
- We expect European PMIs to continue increasing moderately, supporting our view that the recession will be short lived. The US has been leading the improvement in global manufacturing over the last few months but there are increasing signs that Europe and Asia are now joining in line with our expectations as outlined in *Global Scenarios: Chinese engine set to start pulling again*, 17 January 2012.

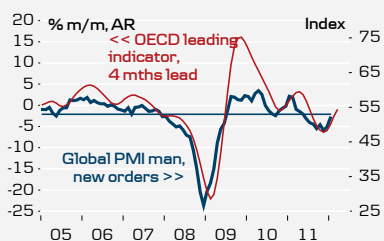
### Details

- **Global PMI** new orders in January rose to 51.9, up from 49.3 in the previous month – the highest level in eight months. Thus, signalling some underlying improvement in global manufacturing sentiment.
- In the **US**, Manufacturing ISM continued to improve, increasing one point to 54.1. The details were solid as well, with a considerable increase in the new orders component from 54.8 to 57.6. The numbers confirmed that US growth will continue at a moderate pace around 2.5% going into 2012.
- In **euroland**, manufacturing PMIs show some signs of improvement, rising for the second month in a row. Though the figures are still in contractionary territory, they send a positive signal, indicating that recession fears are easing. **Scandinavian** manufacturing PMIs likewise send positive signals, with Norwegian PMI in particular pointing towards an expansion in industrial activity ahead.
- In **Asia**, the overall picture has turned brighter, as the rebound from the flooding in Thailand, together with underlying improvement, suggests that the manufacturing cycle has started to turn. In **CEE**, PMIs remain low but we expect them to improve as eurozone demand recovers somewhat. **Brazil** PMI improved greatly, moving into expansionary territory.

### Key leading indicators to watch

- German ZEW: 14 Feb
- Euro flash PMI: 21-24 Feb
- German ifo: 23 Feb
- China flash PMI: 22-25 Feb
- US ISM/Global PMI: 1 Mar
- German factory orders: 7 Mar
- OECD lead. indicators: 12 Mar

### Global PMI and OECD leading indicator



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

Source: Markit, Reuters EcoWin

### PMI new orders manufacturing



Source: Markit, Reuters EcoWin

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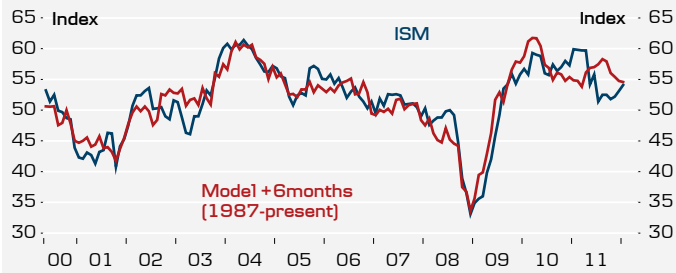
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# US

Danske Markets' ISM model



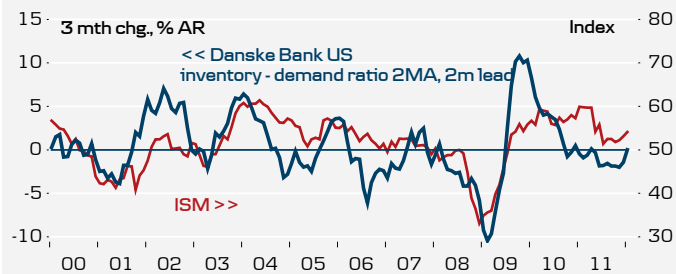
Source: Reuters EcoWin

Order-inventory balance vs ISM



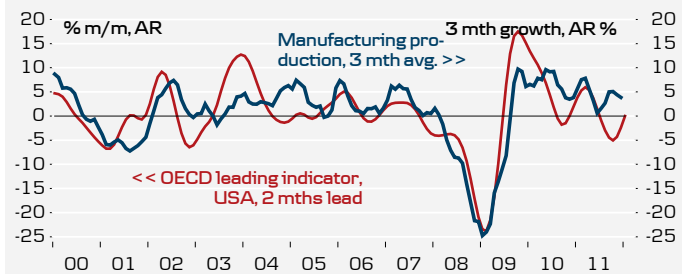
Source: Reuters EcoWin

Inventory demand ratio vs ISM



Source: Reuters EcoWin

Leading indicator vs manufacturing production



Source: Reuters EcoWin

# Eurozone

Eurozone: ifo expectations vs GDP



Source: Reuters EcoWin

PMI new orders vs inventories balance



Source: Markit, Reuters EcoWin

Germany: ZEW vs ifo expectations



Source: Reuters EcoWin

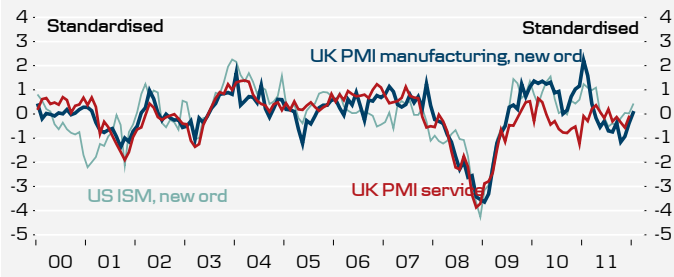
Germany: industrial orders vs OECD leading indicator



Source: Reuters EcoWin

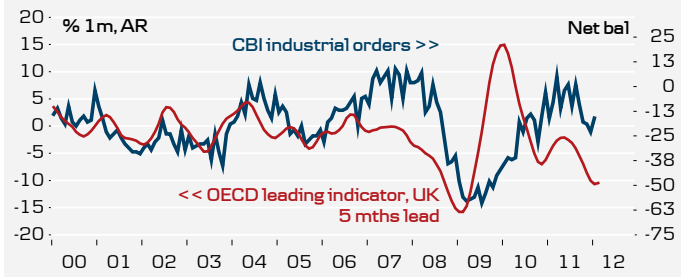
# UK and Switzerland

UK: PMI on sectors



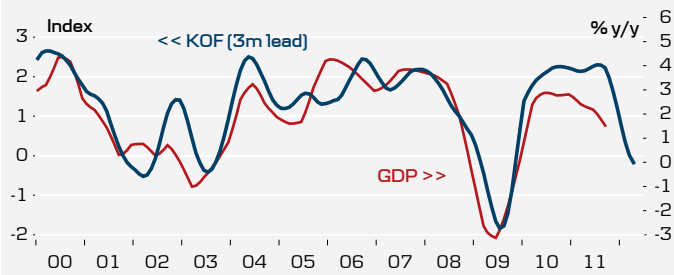
Source: Markit, Reuters EcoWin

UK: industrial orders vs leading indicators



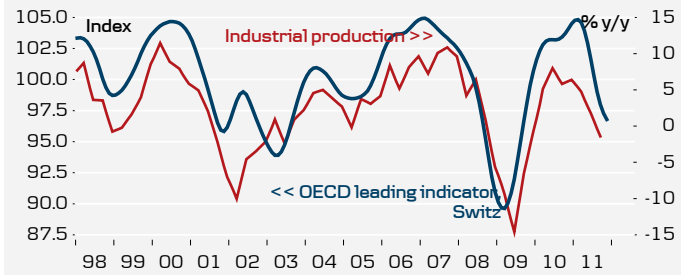
Source: Reuters EcoWin

Switzerland: KOF vs GDP



Source: Reuters EcoWin

Switzerland: OECD leading indicator vs industrial production



Source: Reuters EcoWin

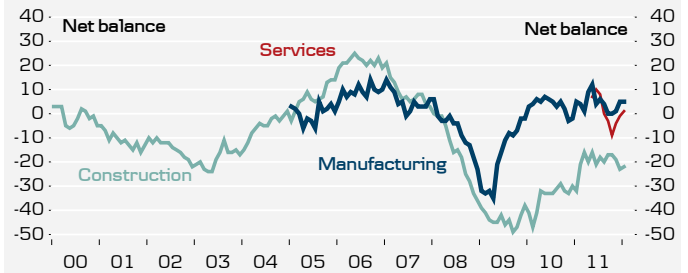
# Scandinavia

Denmark: manufacturing confidence vs GDP



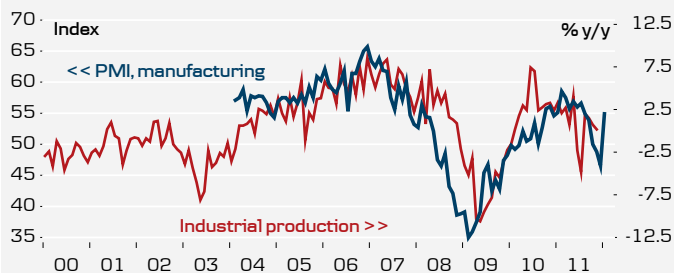
Source: Reuters EcoWin

Denmark: confidence indicators



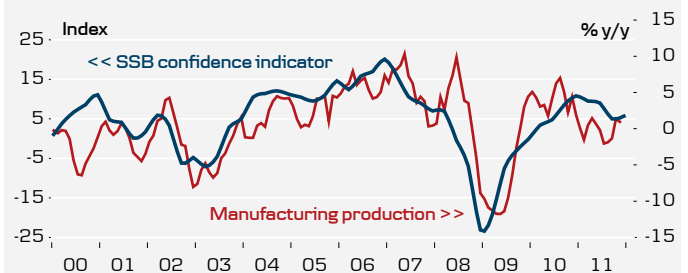
Source: Reuters EcoWin

Norway: PMI vs industrial production



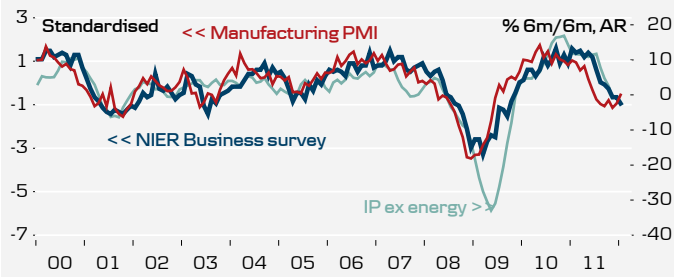
Source: Markit, Reuters EcoWin

Norway: manufacturing production vs confidence



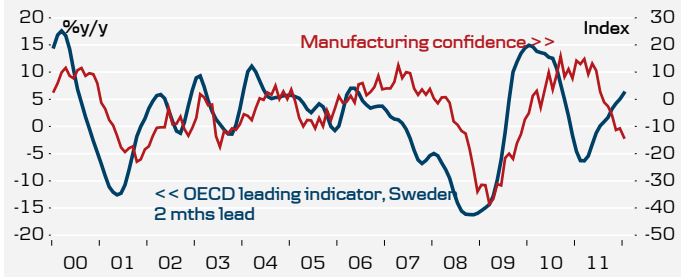
Source: Reuters EcoWin

Sweden: IP vs business surveys



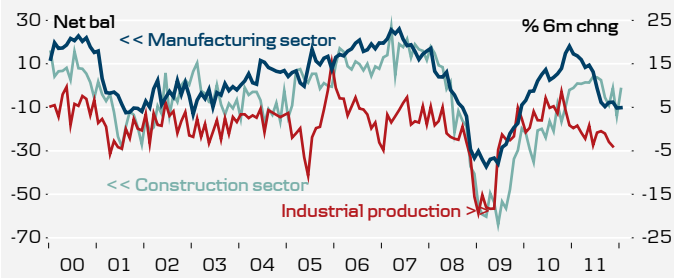
Source: Markit, Reuters EcoWin

Sweden: leading indicator vs activity index



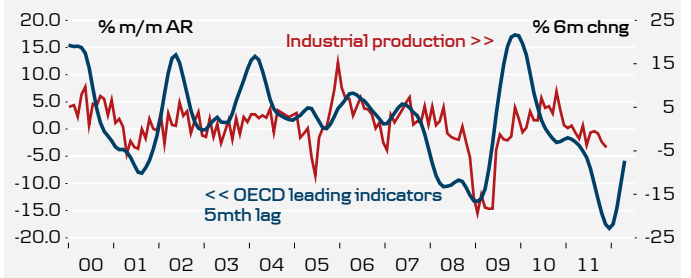
Source: Reuters EcoWin

Finland: confidence indicators vs industrial production



Source: Reuters EcoWin

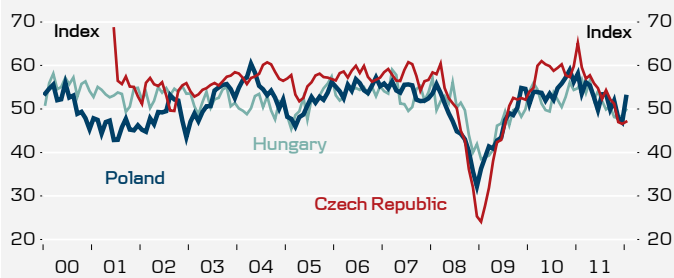
Finland: leading indicators vs industrial production



Source: Reuters EcoWin

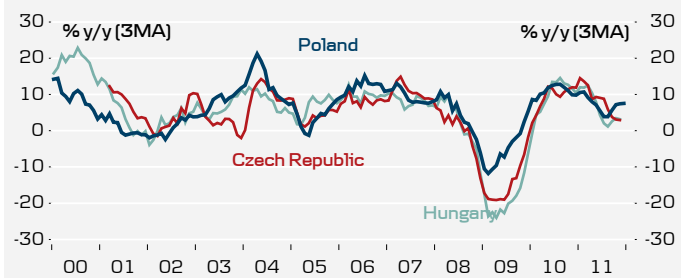
CEE/CIS

CEE: manufacturing PMI orders



Source: Markit, Reuters EcoWin

CEE: industrial production



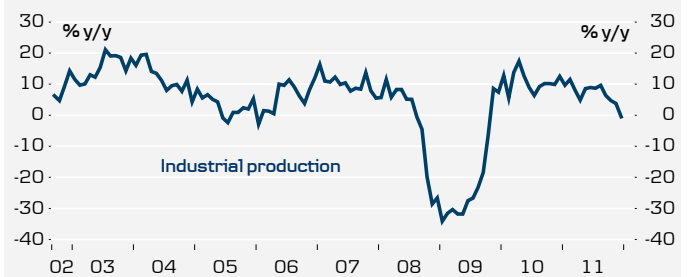
Source: Reuters EcoWin

Russia: PMI vs industrial production



Source: Markit, Reuters EcoWin

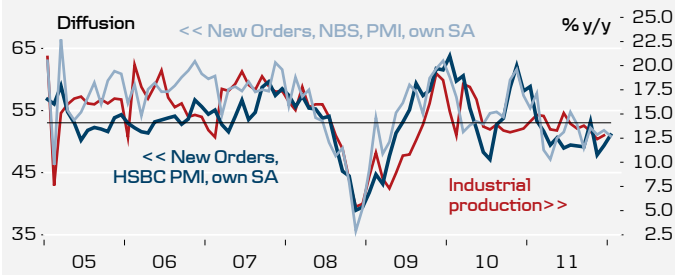
Ukraine: industrial production



Source: Reuters EcoWin

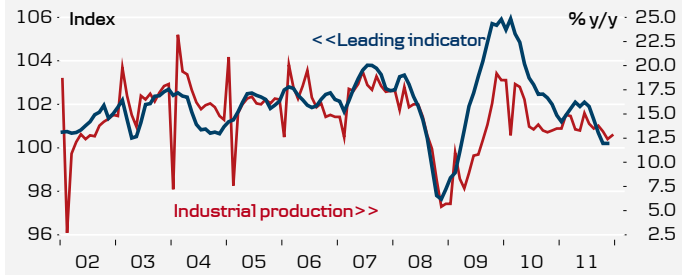
# China

Industrial production vs PMI



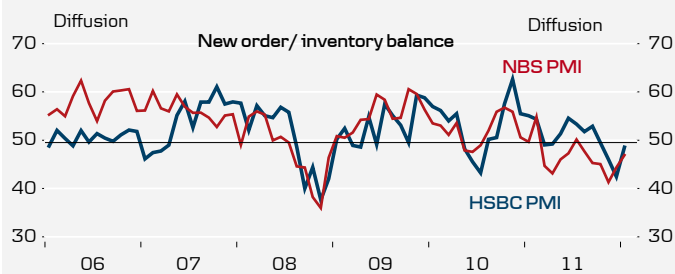
Source: Markit, Reuters EcoWin

Leading indicator vs industrial production



Source: Reuters EcoWin

Inventories



Source: Markit, Reuters EcoWin

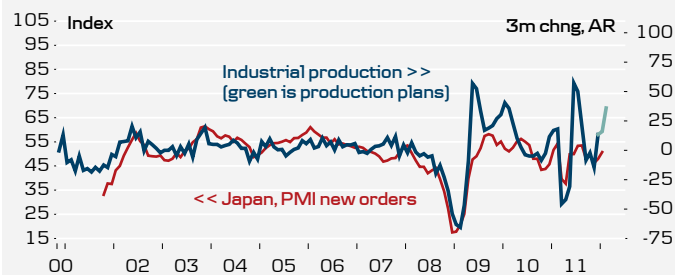
Industrial production and real export



Source: Markit, Reuters EcoWin

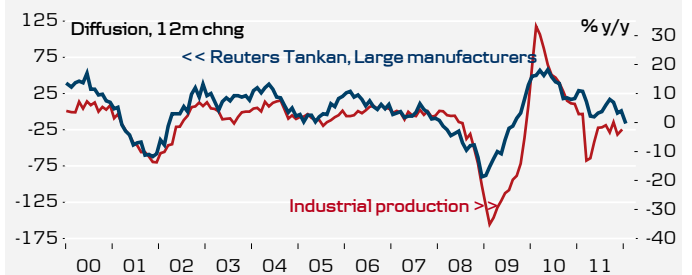
# Japan

PMI vs industrial production



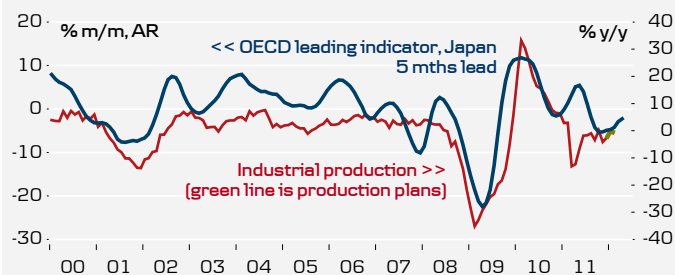
Source: Markit, Reuters EcoWin

Reuters Tankan vs industrial production



Source: Reuters EcoWin

OECD leading indicators vs industrial production



Source: Reuters EcoWin

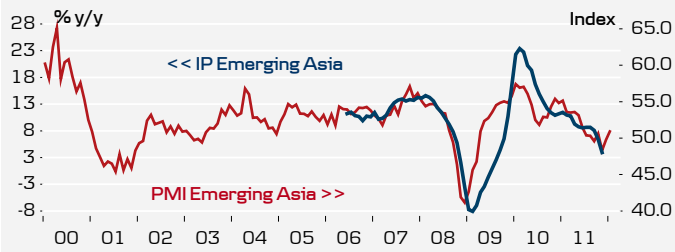
Inventories



Source: Reuters EcoWin

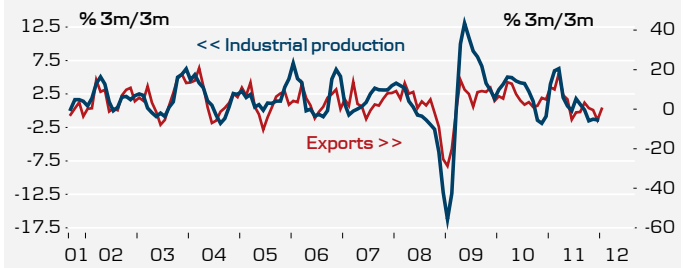
# Other Asia

Asia: industrial production



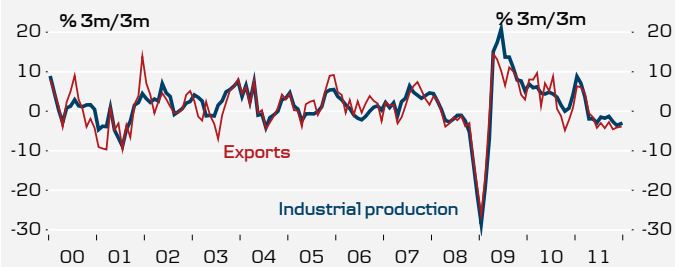
Source: Reuters EcoWin

South Korea: industrial production vs exports



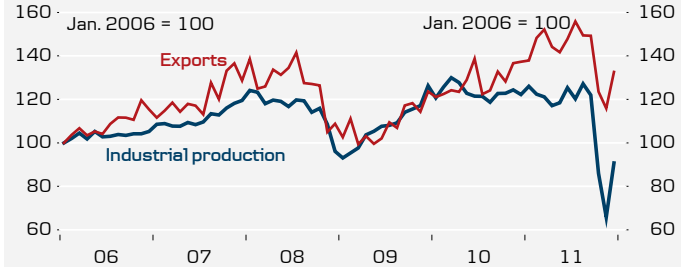
Source: Reuters EcoWin

Taiwan: industrial production vs exports



Source: Reuters EcoWin

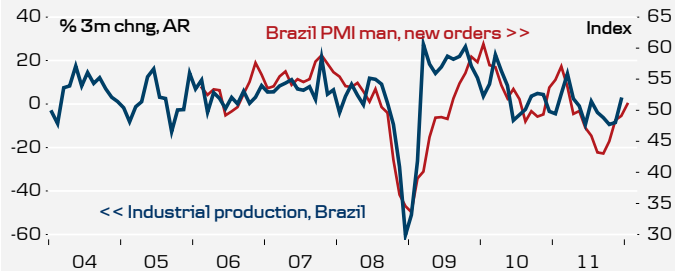
Thailand: industrial production and export



Source: Reuters EcoWin

# LATAM and Commodities

Brazil: industrial production



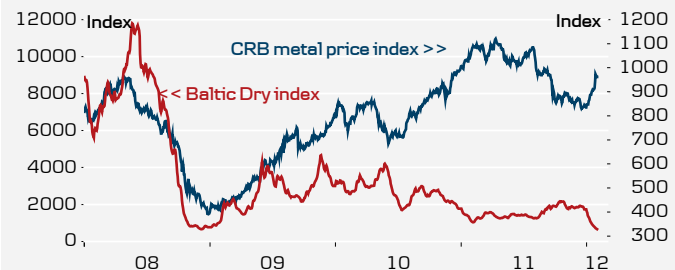
Source: Reuters EcoWin

Mexico: industrial production vs PMI



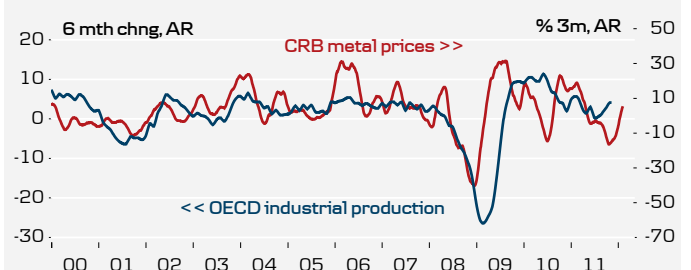
Source: Reuters EcoWin

Baltic Dry freight index and metal prices



Source: Reuters EcoWin

CRB metals vs industrial production



Source: Reuters EcoWin

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