Week Ahead Economic Preview

Global overview

- FOMC, Bank of England and Bank of Japan policy meetings
- US non-farm payrolls
- Global manufacturing PMI surveys
- Special reports on Eurozone credit conditions and APAC exports

A full diary for the week ahead includes central bank meetings in the US, UK and Japan, plus key data releases such as worldwide manufacturing PMI surveys, US non-farm payrolls and eurozone GDP.

Policymaking at the world's central banks is being led by concerns about the health of the global economy, and especially the extent to which exports are being hit by trade wars. Worldwide PMI data will therefore be closely watched for any further signs of weakness after June saw the smallest rise in global factory activity since 2012 and a deepening export downturn.

Given the recent weak global data flow, anything other than a quarter-point interest rate cut from the US Fed will surprise markets as the FOMC meets. Chances of a larger cut were scaled back after a bumper non-farm payroll report for June, meaning Friday's updated jobs report could form an important steer for future policy action. PMI data from IHS Markit and the ISM will also provide key updates on US manufacturing (page 3).

No change in policy is meanwhile expected at the Bank of England, but the Monetary Policy Committee may take a more dovish stance after the economy has shown signs of sliding into decline and the new government raises the risk of a no-deal Brexit (page 4).

In Asia, views are mixed on whether the Bank of Japan will act to support the economy or bide its time. Recent data show domestic demand helping to offset the trade slowdown, but failing to loosen policy at a time of Fed and ECB stimulus could cause the yen to spike. PMI data, especially for China, will also be particularly closely eyed for damage from trade wars (see page 5), and the escalating impact on APAC trade forms the focus of our special report on page 8.

With the ECB lining up further stimulus, Eurozone GDP is updated for the second quarter, and is widely expected to show growth slowing sharply in line with weaker PMI surveys. Our second special report looks at how a deterioration of credit conditions has added a further worrying headwind in the euro area (page 6).

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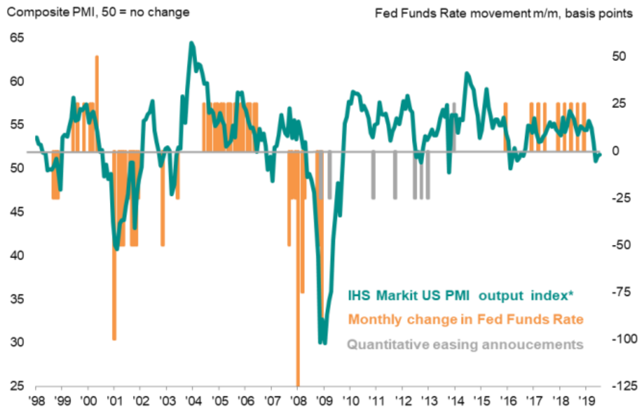
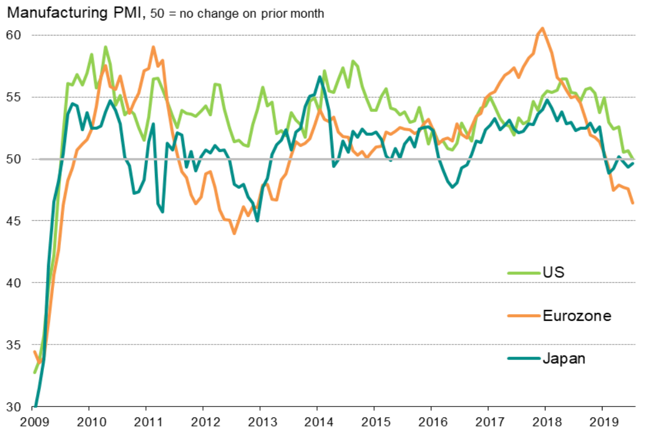
Special reports

IHS Markit's US flash composite PMI remained in dovish territory in July, preceding what's likely to be the first Fed rate cut in over a decade



Sources: PMI uses IHS Markit post-2007 and ISM pre-crisis, Federal Reserve.

Flash PMI surveys indicated a deepening manufacturing downturn in July



Source: IHS Markit, Jibun Bank

Key diary events

Monday 29 July

Japan retail sales (Jun)

Vietnam industrial output, trade balance (Jul)

UK Nationwide housing prices (Jul), mortgage approvals and lending (Jun)

Spain inflation (Prelim, Jul)

US Dallas Fed Manufacturing Index (Jul)

Tuesday 30 July

South Korea business confidence (Jul)

Japan industrial output (Prelim, Jun), jobless rate (Jun)

BoJ monetary policy meeting, quarterly outlook report

France GDP (Prelim, Q2)

Germany consumer confidence (Aug), inflation (Prelim, Jul)

Euro area economic sentiment (Jul)

US PCE price index, pending home sales, personal income and spending (Jun), Case-Shiller home price (May)

Wednesday 31 July

South Korea industrial output, retail sales (Jun)

China NBS Manufacturing PMI (Jul)

Australia inflation (Q2), private sector credit (Jun)

Japan consumer confidence (Jul), housing starts and construction orders (Jun)

Thailand industrial output (Jun)

Hong Kong GDP (Adv, Q2)

UK consumer confidence (Jul)

Germany retail sales (Jun), jobless rate (Jul)

France and Italy inflation (Prelim, Jul)

Euro area, Italy and Spain GDP (Flash, Q2)

US ADP employment change, Chicago PMI (Jul)

US FOMC meeting

Thursday 1 August

Worldwide release of Manufacturing PMI surveys (Jul)

South Korea inflation, trade (Jul)

Hong Kong monetary policy meeting

Indonesia and Thailand inflation (Jul)

BoE monetary policy decision

Brazil interest rate decision

US ISM Manufacturing survey (Jul), construction spending (Jun)

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Chief Business Economist
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Friday 2 August

BoJ meeting minutes

Malaysia trade (Jun)

Italy industrial output (Jun)

Euro area retail sales (Jun)

UK construction PMI (Jul)

US non-farm payrolls, jobless rate, average earnings (Jul), trade, factory orders (Jun)

United States Week Ahead

Fed policy meetings, non-farm payrolls and manufacturing PMI surveys

By Chris Williamson
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The focus of the week is a hotly anticipated rate cut by the Fed, followed by non-farm payrolls and manufacturing PMI data. Personal income and spending, trade statistics and official factory orders numbers are all also updated.

FOMC meeting

Markets are expecting an interest rate cut of 25 basis points from the FOMC at their 31st July meeting, widely seen as 'insurance' against a weakening of the economy amid growing concerns about the outlook. Survey data from IHS Markit already point to the weakened pace of economic growth seen in the second quarter persisting into July, raising the risk of another subdued GDP reading in the third quarter.

Jobs report

Official data on jobs and consumers will also be eyed for potential to steer future policy action. The flash July PMI surveys also showed price pressures and hiring coming under further downward pressures amid the ongoing slowdown. More will be known about the health of the labour market with the July employment report. Non-farm payroll growth is expected to cool after a surprisingly strong 224,000 gain recorded in June, with our PMI employment index pointing to a 130,000 gain. Wage growth will also be keenly eyed after disappointing, with earnings rising by just 0.2%.

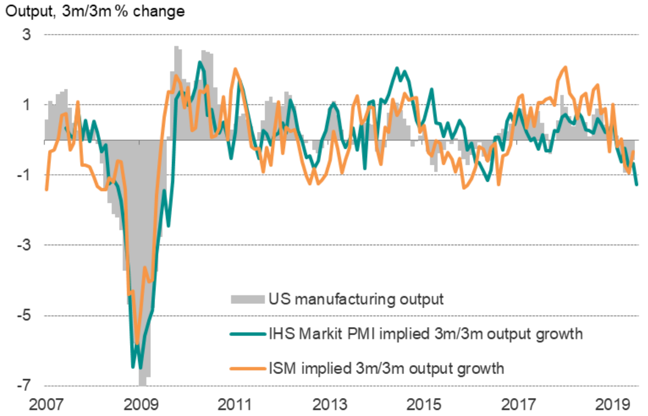
Consumer spending and prices

Consumer expenditure data will be eagerly watched to gauge the health of spending. A welcome aspect of the flash July PMI was an uplift in the service sector as consumers helped drive growth in the face of a manufacturing downturn. Personal spending is widely expected to have risen in June, though PMI price data hint at an easing in the PCE deflator.

Manufacturing and trade updates

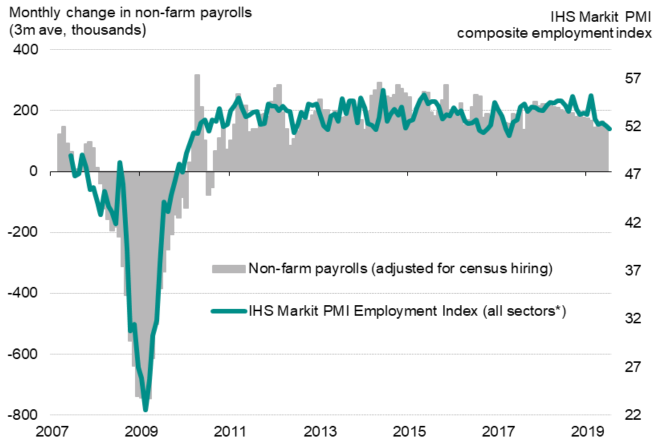
The week also sees the publication of final manufacturing PMI numbers from IHS Markit alongside ISM data. Both surveys have weakened in recent months, and the former's flash reading for July was notable in dropping to its lowest since August 2009. Official exports and factory orders data consequently look prone to weakening when updated on Friday.

Manufacturing PMI surveys are updated for July



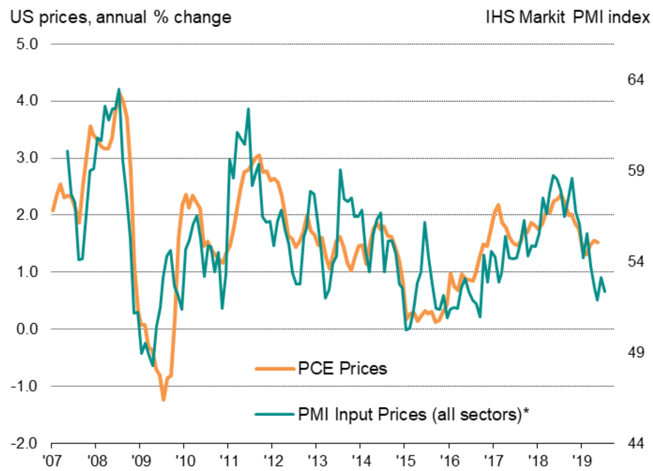
Sources: IHS Markit, ISM.

Non-farm payroll growth looks likely to have eased after a bumper 224,000 rise was recorded in June



Sources: IHS Markit, BLS.

PCE price growth is indicated to have softened, according to IHS Markit PMI surveys



Source: IHS Markit.

Economic Research

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Europe Week Ahead

Manufacturing PMIs, euro area GDP and Bank of England policy meeting

By Joe Hayes

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A busy macroeconomic data calendar lies ahead for the final week of July. As well as manufacturing PMIs, several GDP estimates for the second quarter are due and are widely touted to signal slowing growth momentum across the euro area.

Meanwhile, the Bank of England will set interest rates and publish its latest Inflation Report. No change is expected but Mark Carney's post-announcement press conference will be closely watched for potential future policy clues.

Manufacturing PMIs

Final Manufacturing PMI data for the euro area, UK and the wider reaches of Europe will show whether the deepening struggles in the factory sector seen in July 'flash' data have plagued other parts of the continent. The 'flash' surveys showed the eurozone economy relapsing in July, led by a deepening manufacturing downturn. Weakness was particularly apparent in Germany, which posted its worst manufacturing performance in seven years. Other parts of the Europe have also looked fragile, particularly the UK, where the PMI fell to its lowest since February 2013.

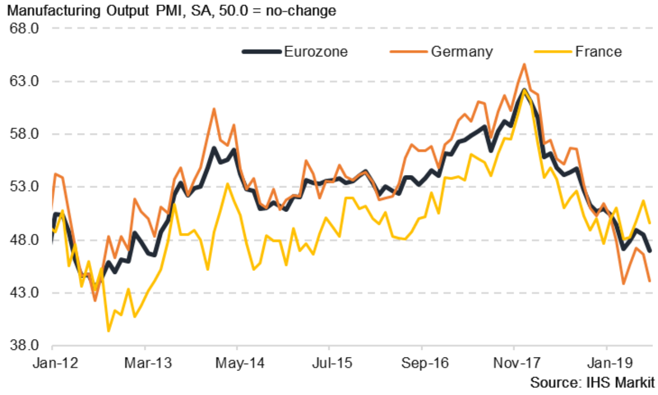
Bank of England

While the broad consensus is for no change from the Bank of England's Monetary Policy Committee, there are signs that policymakers will start to take a more dovish stance, not least because the data are indicating a likely contraction of GDP on the second quarter but also because the chances of a disruptive 'no deal' Brexit appear to have risen with new Prime Minister Boris Johnson at the helm. The Inflation Report and post-meeting press conference will provide updated forecasts for growth and inflation and help market assess the Bank's potential response to various Brexit developments in coming months.

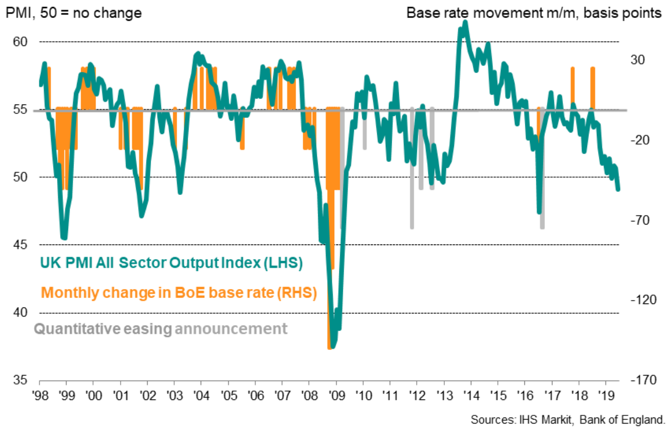
Eurozone GDP

Second quarter GDP estimates for the eurozone, France, Spain and Italy are set to show a mixed bag of results, but overall euro area growth is set to slow from the 0.4% quarter-on-quarter expansion seen in the first quarter. PMI data, as well as our nowcast model, signal slower growth of approximately 0.2% across the three months to June.

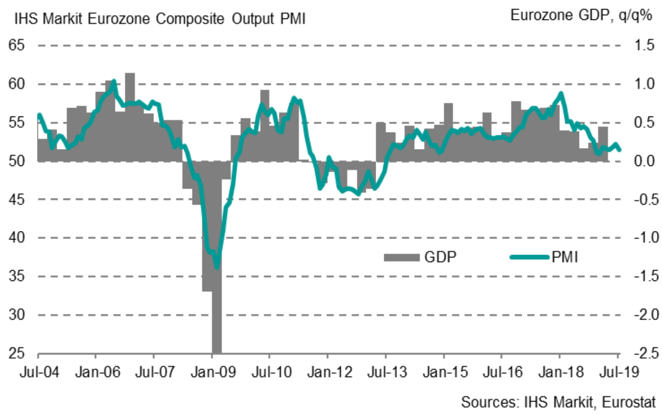
Eurozone manufacturing on weak footing



Bank of England could start to sound less hawkish



Eurozone GDP growth set to slow



Initial third quarter nowcasts following 'flash' PMIs

Our judgement-free nowcast models (updated 24.7.19) are unchanged for the second quarter, with the model estimating a 0.22%q/q expansion in the euro area. However, following the release of the 'flash' PMI surveys for July, Germany now looks to be skirting close to recession, with GDP set to fall 0.1% in Q3. Meanwhile, the model currently estimates that the eurozone is growing at a rate of approximately 0.13%q/q.

Economic Research

29 July 2019

Asia Pacific Week Ahead

Manufacturing PMIs, Bank of Japan policy meeting and Hong Kong GDP

By Bernard Aw

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The coming week has plenty of data releases and central bank meetings to keep investors busy. The worldwide release of manufacturing PMI surveys will provide the earliest glimpse into global economic trends in July, with China, Japan and South Korea in particular focus. The Bank of Japan decides on monetary policy while Hong Kong second quarter GDP will be scrutinised after PMI surveys signalled the negative impact of recent protests on business activity.

July manufacturing PMIs

With flash PMI surveys pointing to a deepening manufacturing downturn in major economies, market participants will eagerly await the worldwide release of manufacturing PMI results for insights into economic trends and price developments at the start of the third quarter. In Asia, the focus will be on survey data for Japan, South Korea and Taiwan amid rising trade frictions, as well as of course China. Caixin PMI surveys indicated that growth in the Chinese economy lost further traction in June, recording the weakest rise in business activity for eight months. Confidence sank to its lowest on record as trade worries escalated.

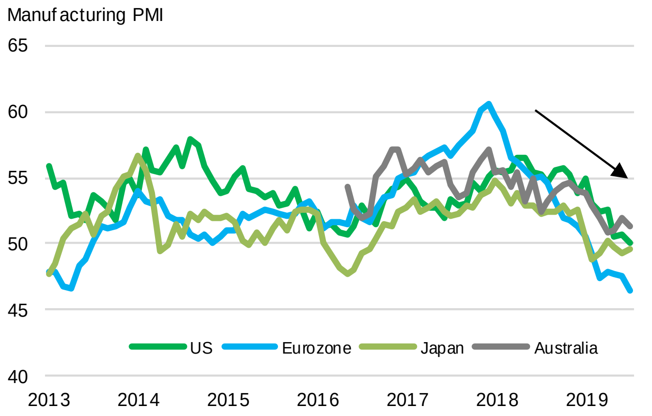
Hong Kong GDP

Hong Kong releases an advance estimate of second quarter GDP next week. IHS Markit PMI survey-based indicators are consistent with economic growth slightly above an annual rate of 1% in the three months ending June. However, the surveys also pointed to a further deterioration in business conditions in June, with recent protests dampening economic activity.

Bank of Japan

Several major central banks are meeting next week to set monetary policy, including the US Fed and the European Central Bank. In Asia, eyes will be on the Bank of Japan, where opinions are divided on the need for greater monetary easing. Flash PMI surveys signalled that the manufacturing malaise continued in July amid an export slump, though overall economic growth remained supported by resilient services sector. Firms' views on the outlook for future business activity nevertheless became gloomier. Even if the BOJ decides on further monetary easing, questions remained as to whether any viable and effective policy options are available.

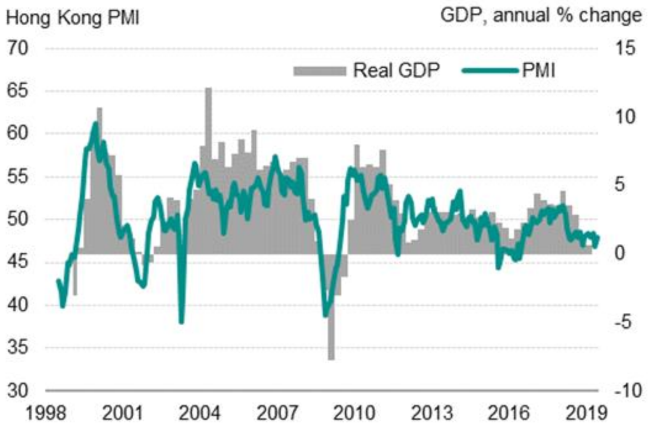
Manufacturing PMIs* of major economies



Sources: IHS Markit, Jibun Bank, Commonwealth Bank

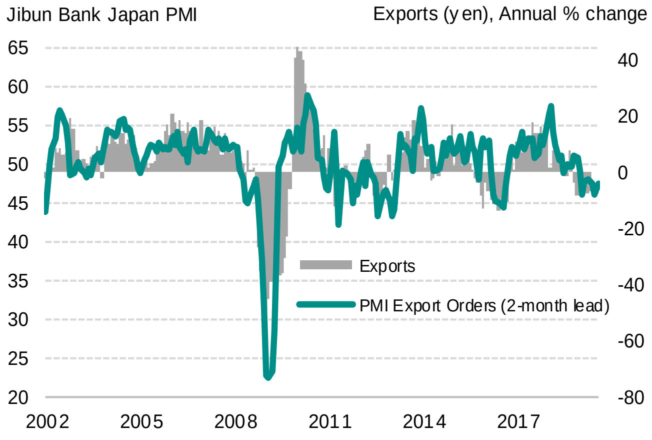
*July data are from flash PMI

Hong Kong PMI and economic growth



Sources: IHS Markit, C&SD

Japan PMI points to further export weakness



Sources: IHS Markit, Jibun Bank, MOF

Europe
Special Focus

Eurozone Credit Conditions: Creating Concerns

By Ken Wattret
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The ECB's Bank Lending Survey for Q2 showed an unexpected tightening in credit standards for loans to enterprises. The tightening was particularly pronounced in France and Italy. Given the continued reliance of eurozone corporates on credit from banks, this looks like another potential growth headwind. In contrast, credit standards for mortgage loans eased, while demand jumped, with the pick-up broad-based across member states. The ECB's monetary policy stimulus is having an effect but not in the preferred areas.

Eurozone businesses reliant on bank loans

Despite various post-crisis initiatives aimed at broadening the range of financing available to eurozone businesses, they remain heavily reliant on bank credit. Sub-dividing the liabilities of eurozone non-financial corporates (NFCs) between loans and debt issued helps to illustrate the point: the former accounts for around 77% of the combined total, versus 23% for the latter.

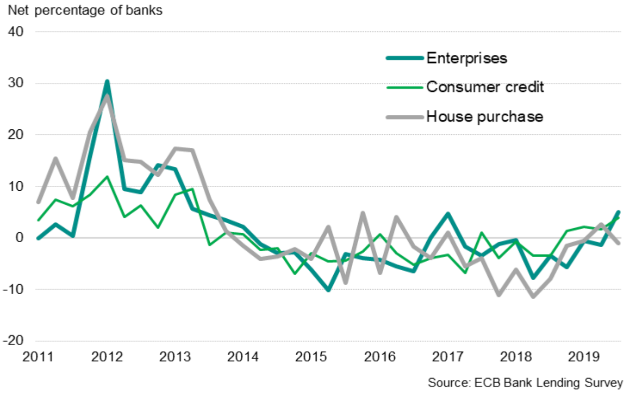
Changes in credit conditions therefore can be a significant influence on business cycle dynamics. Since 2003, the ECB has been collating data in this area via its quarterly Bank Lending Survey (BLS) for the eurozone. The survey is based on responses from around 150 banks, in the form of net percentages: i.e. the difference between the share of banks reporting that credit standards applied to loan approval have been tightened and the share of banks reporting that they have been eased.

Unexpected tightening of credit conditions …

Q2's BLS was published on 23rd July and on the supply side, the standout feature was the tightening of credit standards for loans to enterprises. The net percentage of banks reporting tighter credit standards was +5 in Q2, compared to -1 in Q1 (see first chart). This breaks the near-continuous run of easing conditions seen in the survey since 2014 and contradicts the expected future easing reported in Q1's survey (net balance of -2%).

The deterioration in the general economic outlook and firm-specific conditions contributed to the tightening, along with a reduction in risk appetite. By size of firm, there was also some differentiation. Credit standards tightened for loans to small and medium-sized enterprises (+5) but were broadly unchanged for loans to large firms (1%). The share of rejected loan applications from enterprises continued to increase, with the net percentage (+2 to +7) reaching its highest level since the start of the series in 2015.

Eurozone credit standards tightening for business loans

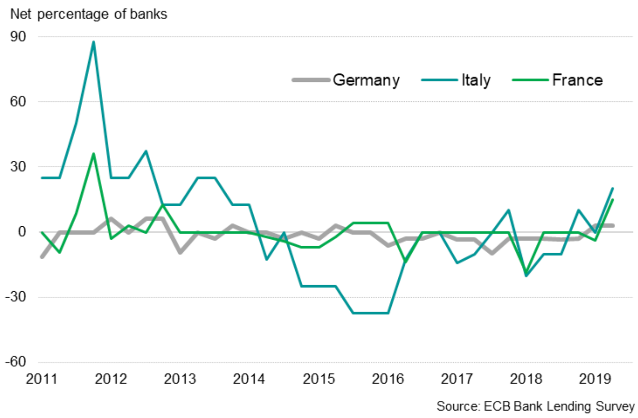


Some perspective is helpful. Q2's net percentage was still below its long-run average of +9. Moreover, the net percentage of banks reporting tighter standards remains a long way below those reported during prior periods of economic and financial turbulence.

…in France and Italy particularly

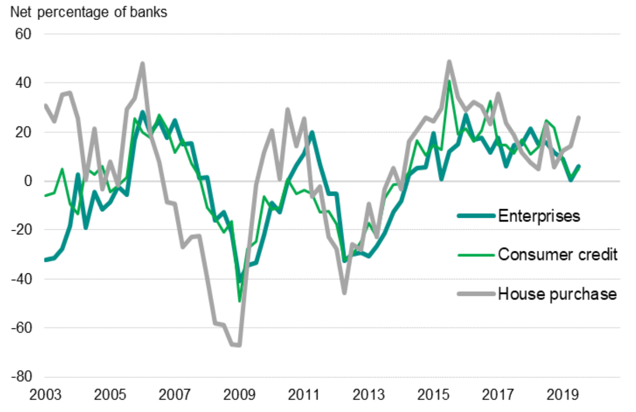
The BLS provides a breakdown for the five largest eurozone member states. It shows that the tightening of credit standards for loans to enterprises in Q2 was particularly pronounced in France (-4 to +15) and Italy (0 to +20). This was not the case in Germany, Spain or the Netherlands. Their net percentages were all unchanged (at +3, zero and -24, respectively).

Tighter credit standards for business loans in France and Italy



On the demand side of the BLS, Q2's data were comparatively robust (see third chart). The net percentage of banks reporting higher demand for loans from eurozone enterprises increased from 0 to +6, above the long-run average (-1). A range of factors contributed to the increase in loan demand, including the still low level of interest rates and fixed investment intentions. The latter's contribution to the pick-up in loan demand did fall back, however (+11 to +7).

Stronger eurozone demand for mortgage loans

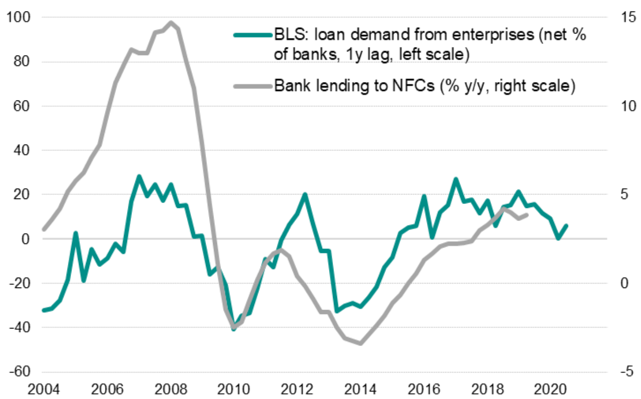


Source: ECB Bank Lending Survey

Business loan growth set to slow, albeit gradually

The "hard" eurozone lending data for June were released by the ECB shortly after Q2's BLS and the year-on-year rate of growth in loans to eurozone non-financial corporates was stable at around 4%. While at face value a positive sign, the dynamics of loan growth to NFCs typically lag the GDP growth cycle rather than lead it, so this is an area to monitor going forward. The loan demand series from the BLS is actually a decent leading indicator of the trend in "hard" loan growth to NFCs (see fourth chart). It suggests that the growth rate of lending is likely to moderate from its current pace, though not dramatically.

Eurozone corporate lending growth to moderate



Source: Eurostat, ECB

What about household sector lending conditions? The standards applied to consumer credit also tightened further in Q2's BLS (see first chart). The net percentage rose from +2 to +4, the highest since Q2 2013 and matching its long-run average.

Demand for mortgage loans jumps

In contrast, for loans to households for house purchase (which accounts for the lion's share of household lending), credit standards eased slightly in Q2. The net percentage dipped from +4 to -1. At the same time, the net percentage of eurozone banks reporting increased demand for loans for house purchase surged from +14 to +26 in Q2 (see third chart). This represents the highest reading since Q1 2017 and is well above the long-run average (+4).

Across member states, the pick-up in demand for loans for house purchase was broad-based. Germany saw the biggest increase in Q2 versus Q1 (from +14 to +38), while net percentages in France (+28) Italy (+20) and particularly the Netherlands (+50) were all rather elevated.

Sub-optimal sectoral shifts

The latest BLS data suggest that credit conditions for loans to enterprises have become less growth-friendly as economic prospects have become more uncertain, though it seems that the cloudy outlook is yet to affect loan demand significantly. On the household side, demand for mortgages has ramped up across the eurozone, despite the dampening effect on consumer sentiment of more uncertain growth and employment prospects.

Accommodative monetary policy is having an effect but from the perspective of growth composition and longer-term sustainability, the mix looks sub-optimal. The ECB would presumably prefer to see its policy stimulus transmitted through to the economy in the form of loan flows to the corporate sector supporting business investment rather than generating potential overheating in housing markets.

Economic Research

29 July 2019

Asia Pacific Special Focus

The APAC Export Slump: Asia's Canaries in a Coal Mine

By Rajiv Biswas

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The export sectors of many Asia-Pacific (APAC) nations are still facing strong headwinds from the transmission effects of the US-China trade war as well as a continued slowdown in the global electronics sector. The US-China trade war truce, agreed to by President Trump and President Xi at the G20 Summit held on 28–29th June in Osaka, defused the immediate risk of another round of US tariff hikes on China.

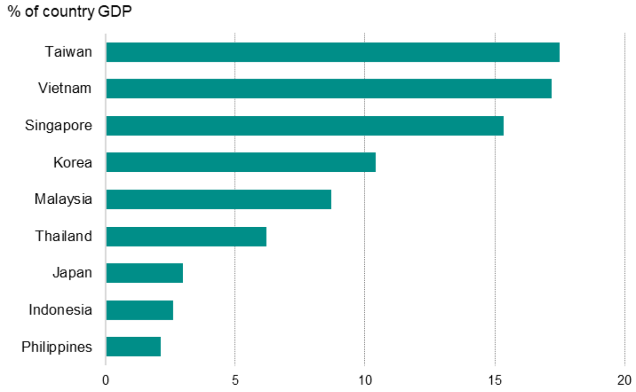
However escalating trade tensions between Japan and South Korea since the end of the G20 Summit have added to the downside risks facing the APAC trade outlook. Many APAC central banks have lowered policy rates in recent months, reflecting concerns about weakening exports and industrial production. South Korea and Singapore are Asia's proverbial canaries in a coal mine, with their heavily export-driven economies experiencing a deep slump in exports during recent months, acting as a significant drag on GDP growth.

APAC's Export Downturn

The latest IHS Markit Purchasing Managers' Index (PMI) surveys continue to show manufacturing export orders contracting in many of Asia's largest industrial economies, including China, Japan, and South Korea. The combined effects of the US-China trade war, the downcycle in global electronics new orders, and moderating growth momentum in the United States and European Union imply that many APAC economies will continue to face significant near-term headwinds.

In the last decade, the importance of China as a key export market for many APAC nations has grown significantly, making these economies increasingly vulnerable to economic shocks that affect Chinese economic growth and trade flows.

Merchandise exports to China, 2018



Source: IMF Direction of Trade database, national sources..

The downturn in the global electronics sector has also been an important contributor to the weakness of APAC exports during the first half of 2019, with electronics accounting for a significant share of exports in many East Asian economies, including South Korea, Taiwan, Japan, Singapore, Malaysia, Thailand and the Philippines. June data from the IHS Markit Global Electronics Purchasing Managers' Index survey pointed to the fastest deterioration in operating conditions faced by global electronics manufacturers since November 2012. The latest survey showed the seventh successive monthly contraction in global electronics sector new orders.

Among policymakers in many Asian economies, concerns are increasing about the impact of weakening exports on economic growth. Several of Asia's most export-dependent economies have experienced a significant deterioration in exports in the first half of 2019, including South Korea and Singapore.

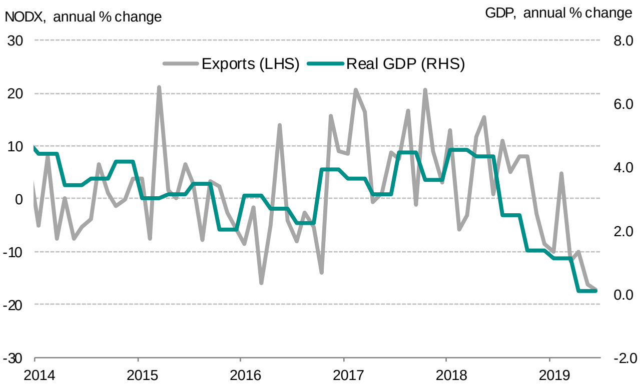
Asia's Canaries in a Coal Mine

South Korea recorded negative GDP growth of -0.4% quarter-on-quarter in the first quarter of 2019, while Singapore's second quarter 2019 GDP contracted by 3.4% quarter-on-quarter, reflecting slumping exports and weak manufacturing output in both countries. The manufacturing export slowdown in both of these highly export-driven Asian economies is an early warning signal of the mounting negative shockwaves to the export sectors of many Asian economies.

The Monetary Authority of Singapore warned on 27th June that Singapore's GDP growth rate for 2019 is likely to be weaker than previously forecast. Singapore's non-oil domestic exports have contracted since the beginning of 2019 as exports of electronics products have slumped. In June 2019, Singapore's non-oil domestic exports fell by -13.7% year-on-year, following a -16.3% year-on-year decline in May.

Exports of electronic products fell by 31.9% year-on-year, with exports of integrated circuits down by 33% year-on-year. The quarter-on-quarter contraction in Singapore's real GDP in the second quarter of 2019 pulled year-on-year GDP growth down to just 0.1%, according to the official flash estimate.

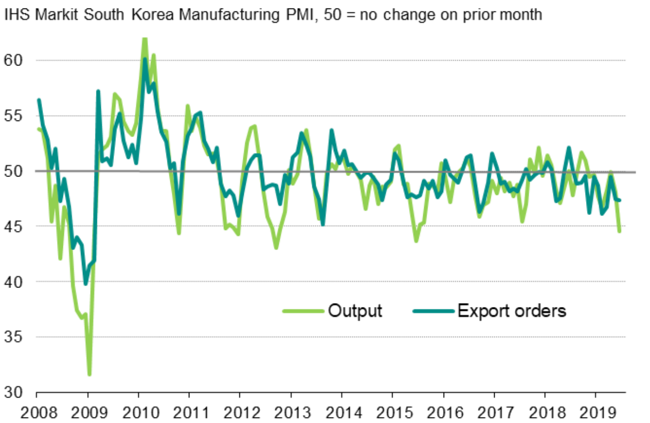
Singapore GDP and export weakness



Source: Singapore Statistics

In South Korea, exports have also plunged in recent months, with Korea Customs Service data for the first 20 days of July showing that exports fell 13.6% year-on-year, reflecting slumping semiconductors exports, which fell 30.2% year-on-year. This follows a 13.5% annual decline in South Korean exports in June 2019, with second quarter 2019 exports down annually by 8.4%.

Korean Manufacturing PMI



Source: IHS Markit

In response to weakening economic growth, the Bank of Korea has taken action to try to stimulate the economy with a 25-basis-point rate cut on 18th July. However, monetary policy acts with long lags, so is unlikely to have much stimulatory impact on overall economic growth in calendar year 2019. Some fiscal stimulus from the recent South Korean supplementary budget is also in the pipeline for the second half of 2019. Although GDP did show a rebound in the second quarter of 2019, rising by 1.1% on the first quarter, this was driven by government consumption spending, which rose by 2.5%. The Bank of Korea has revised down its GDP growth forecast for 2019 from 2.5% to 2.2% on 18th July 2019.

Escalating Japan-South Korea Trade Frictions

With South Korean economic growth momentum already weakening, the escalating trade tensions between Japan and South Korea have added to downside risks facing the South Korean economy in H2 2019. The negative impact to South Korea's export sector from Japan's export restrictions on key materials critical for the electronics industry add to the economic shocks from the US-China trade war and downturn in global electronics sector new orders, which have already hit South Korean exports.

South Korea is heavily reliant on imports of Japanese intermediate parts and materials for its manufacturing industry, having recorded a bilateral trade deficit in parts and materials with Japan amounting to USD 15.1 billion in 2018 – around three-quarters of the total bilateral trade deficit. This highlights the vulnerability of South Korea's manufacturing supply chain to Japanese intermediate goods, notably for electronics components and chemicals products.

If the Japanese government decides to remove South Korea from its 'white list,' this could substantially increase the negative impact of trade frictions with Japan on the South Korean economy.

Trade Diversion and Reconfiguration of Manufacturing Supply Chains

The protracted US-China trade war has reinforced trade diversion effects among APAC economies. US buyers are shifting their orders away from China to other manufacturing hubs, while manufacturers are restructuring production across global supply chains to reduce their exposure to the US tariffs. Some emerging APAC manufacturing hubs are gaining export orders from the US as a result. Vietnamese exports to the US surged 36% year-on-year in the first five months of 2019.

With President Trump recently criticizing Vietnamese trade practices and the US Treasury having included Vietnam in May 2019 on its list of countries being monitored for potential currency manipulation, concerns have been rising among Vietnamese exporters that Vietnam may become a target for US trade measures. Trade data for the first five months of 2019 show some other APAC economies, including Taiwan and Thailand, are benefiting from some diversion of export orders, with their exports to the US rising strongly.

Southeast Asian low-cost manufacturing hubs, notably Vietnam, are already benefiting from stronger foreign direct investment (FDI) inflows as multinationals diversify their global supply chains away from China. Vietnam's Foreign Investment Agency has reported a 69% year-on-year rise in foreign direct investment in the first five months of 2019. While the US-China trade war has intensified this diversification, this shift of manufacturing supply chains had already been underway since 2012 because of rising Chinese manufacturing wage costs and concerns about potential supply chain disruptions due to a concentration of production in mainland China.

A March 2019 survey of Taiwanese firms with production in mainland China or Hong Kong indicated around 42% were considering shifting some production back to Taiwan, with 49% considering increasing production in the Association of Southeast Asian Nations (ASEAN) region. Meanwhile, approved FDI commitments into Malaysia's manufacturing sector surged 127% in the first quarter of 2019. According to the Malaysian Investment Development Authority, much of the increase is coming from the US and focused on the electronics sector.

Recent trade frictions between Japan and South Korea are also likely to trigger some reconfiguration of supply chains for South Korean multinationals, as they try to reduce their vulnerability to Japanese intermediate materials and components.

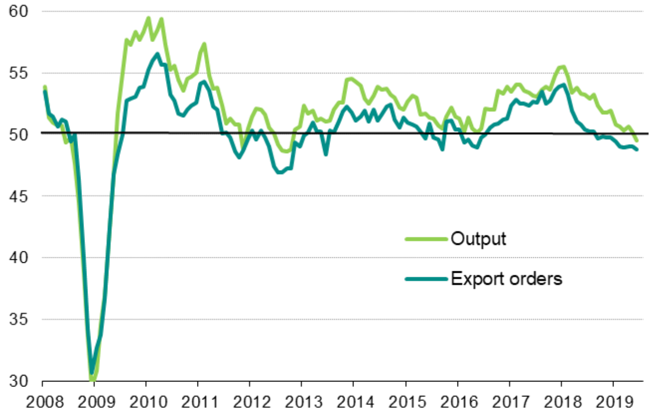
Wave of Policy Easing by APAC Central Banks

Domestic demand from private consumption and investment is still supporting growth momentum in many large Asian economies, notably China, India and Indonesia, helping to mitigate the impact of weaker exports. However, many central banks across the Asia-Pacific region have eased monetary policy in recent months.

This wave of monetary policy easing across the Asia-Pacific region reflecting concerns about the impact of weakening exports on overall GDP growth, triggering rate cuts from the Bank of Korea, Bank Negara Malaysia, the Reserve Bank of Australia, the Reserve Bank of New Zealand, the Reserve Bank of India and Bangko Sentral ng Pilipinas. With the near-term outlook for global manufacturing and exports still weak, further monetary policy easing by some APAC central banks is expected in coming months.

Global Manufacturing PMI

JPMorgan Global Manufacturing PMI, 50 = no change on prior month



Sources: IHS Markit, JPMorgan.

APAC trade outlook

Although the restart of bilateral trade negotiations between the US and China is positive news for world trade and for China's export sector, such complex trade negotiations can often be protracted. Likely, the bilateral trade talks will take some time before a final trade agreement can be reached. While progress has been made towards reducing the bilateral trade deficit, finding a mutually acceptable deal on intellectual property rights is a complex negotiation that may take more time.

The APAC export sector is expected to continue to face headwinds in the near term because of the combined impact of the ongoing US-China trade war, the global electronics cycle downturn, and moderating growth in the key US and EU export markets. Meanwhile escalating trade frictions between Japan and South Korea have added new downside risks to the APAC trade outlook. As a result, APAC's real GDP growth is projected to moderate from 4.8% in 2018 to 4.5% in 2019 and 4.4% in 2020—despite more accommodative monetary and fiscal policies in several countries.