

A Heavy News-Flow Week Of Economic Data

9th August, 2021

Thoughts Of The Week

PMI's Are Flat Lining

It has been a heavy news-flow week of economic data for both activity and employment, and neither disappointed. While PMIs (Purchasing Managers' Index – used as a gauge of economic trends in manufacturing) are flat-lining, even down a little, this is entirely down to supply constraints and rising prices. Demand remains healthy and strong, export orders are rising and inflationary pressures are omnipresent.

Employee's Market In The US

The US jobs report is telling. Not only did it come in stronger than expected at 943,000 but even last month's was revised up. That's two months in a row of near 1 million gains each month. This is the result of two things: the vaccination programme and recent efforts to dial back on state support. The employment market is now 5.7 million below its pre-pandemic high while there are some 9.2 million vacant job openings throughout the economy – and those are just the officially reported ads. It's an employee's market.



LATEST

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The Week That Was...

Skybound Wealth Management Investment Committee

Our Investment Committee provides clients with peace of mind through ongoing, in-depth investment research and analysis, while remaining focused on our aim to protect your wealth and pursue strong long-term returns.

The Week That Was...

There has been no letup in rising property prices in Australia despite the tight covid restrictions. Median home prices in Sydney jumped 8.2% q/q (a rise of A\$1,200 per day); The ABS estimates the value of homes stands at A\$8TN, a rise of A\$450BN on the quarter.

June factory orders in the US surged 18.4% y/y. The gain was widespread with notable gains across machinery, computers & electronics, electrical equipment, appliances and components.

Q2 unemployment fell to 4% (Q1: 4.6%) in New Zealand. Economic spending has recovered to above pre-pandemic levels prompting a rate rise debate. Ordinary time wages for non-government workers rose 0.9% q/q. Wages are up 2.2% y/y.

July car sales in the U.K fell -29.5% to their lowest level since 1998 on the back of chip shortages, supply constraints and the “pingdemic”.

IMF: Board yesterday approved the release of \$650BN of SDRs (Special Drawing Rights), the IMF’s unit of exchange which is backed by \$, €, ¥, £ and CNY in proportion with their existing quota shareholdings in the fund. All 190 members approved it. The last distribution they made was back in 2009 for \$250BN so this is sizeable. To spend them, countries have to exchange them for underlying hard FX which means finding a willing exchange partners country.



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