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Which Headwind?

Disinflationary Pressures Come Home

(Eurodollar University)



What Disinflation, Exactly?

“ The U.S. economy begins the year 2020 in a good place...over the course of 2019, the FOMC shifted the stance of U.S. monetary policy to offset some significant **global growth headwinds and global disinflationary pressures**. In 2019, sluggish growth abroad and global developments weighed on investment, exports, and manufacturing in the United States, although there are some indications that headwinds to global growth **may be beginning to abate**.

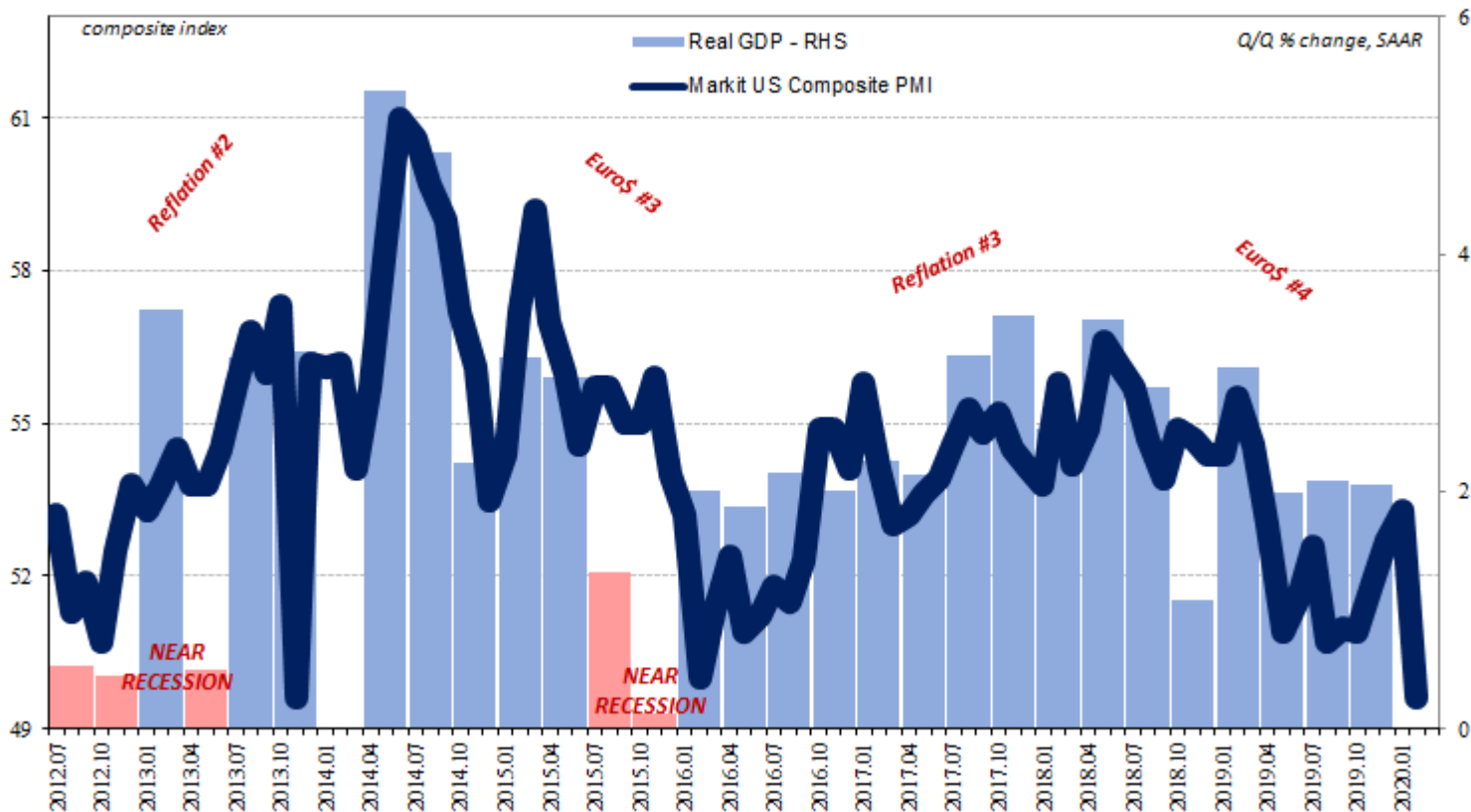


Federal Reserve Vice Chair Richard Clarida

*At the C. Peter McColough Series on International Economics, Council on Foreign Relations
January 9, 2020*



PMI's & GDP (US)



What Disinflation, Exactly?



Total new orders fell for the first time in over a decade. The deterioration in was in part linked to the coronavirus outbreak, manifesting itself in weakened demand across sectors such as travel and tourism, as well as via falling exports and supply chain disruptions. However, companies also reported **increased caution in respect to spending due to worries about a wider economic slowdown** and uncertainty ahead of the presidential election later this year.



News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 0945 (EST) / 1445 (UTC) 21st February 2020

IHS Markit Flash U.S. Composite PMI™

Output contracts for the first time since October 2013

Key findings:

- Flash U.S. Composite Output Index at 49.6 (53.3 in January), 76-month low.
- Flash U.S. Services Business Activity Index at 49.4 (53.4 in January), 76-month low.
- Flash U.S. Manufacturing PMI at 50.8 (51.9 in January), 6-month low.
- Flash U.S. Manufacturing Output Index at 50.6 (52.4 in January), 7-month low.

Data collected February 12-20

IHS Markit Composite PMI and U.S. GDP

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manufacturing production amid supplier delays following the outbreak of coronavirus.

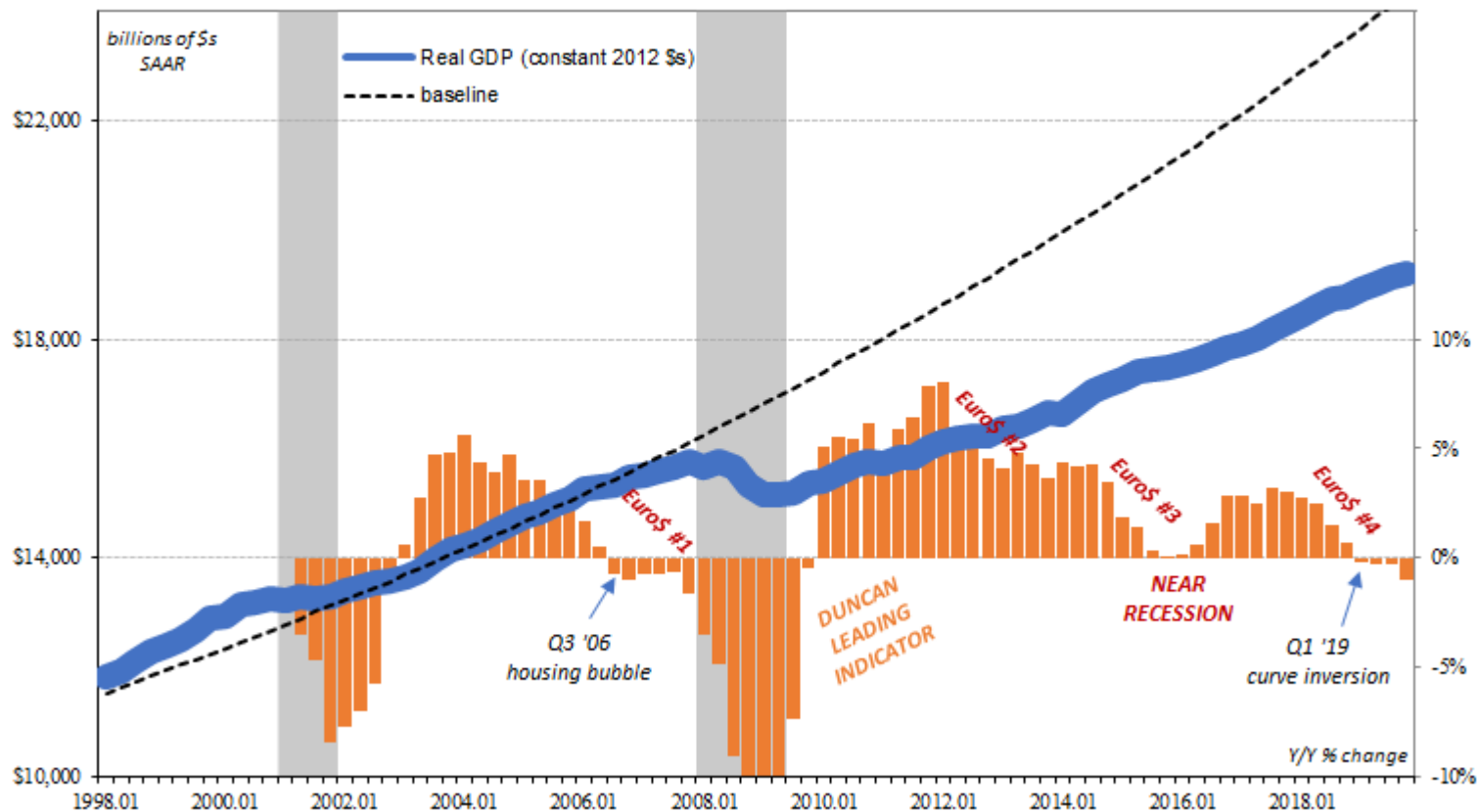
The composite index is based on original survey data from IHS Markit's PMI surveys of both services and manufacturing.

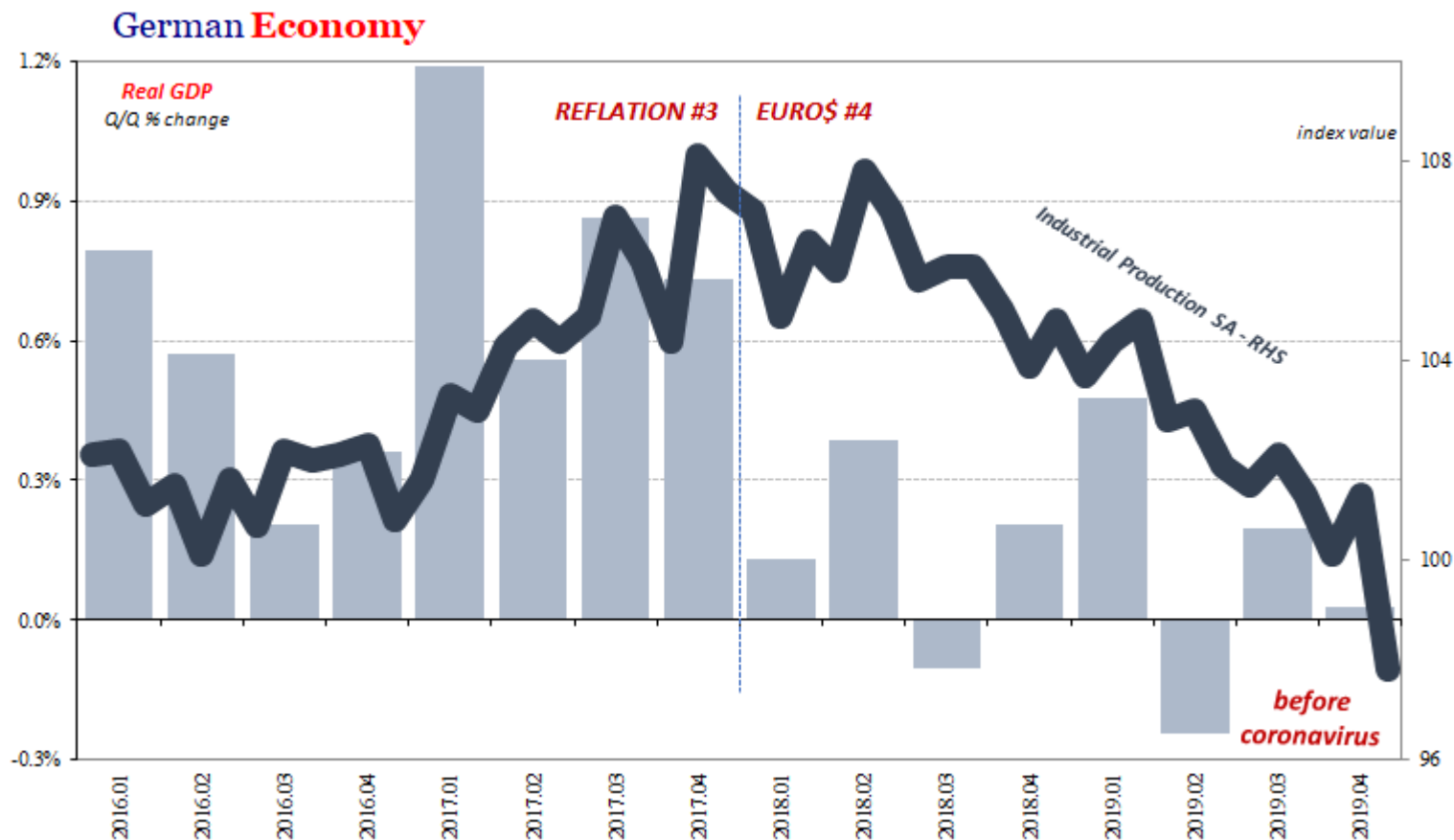
New orders received by private sector firms fell for the first time since data collection began in October 2009. The fractional decline in new business stemmed from weak client demand across the service sector and the slowest rise in manufacturing new order volumes for nine months. Private sector companies continued to struggle to attract foreign client demand as new export orders fell for the second month in a row.

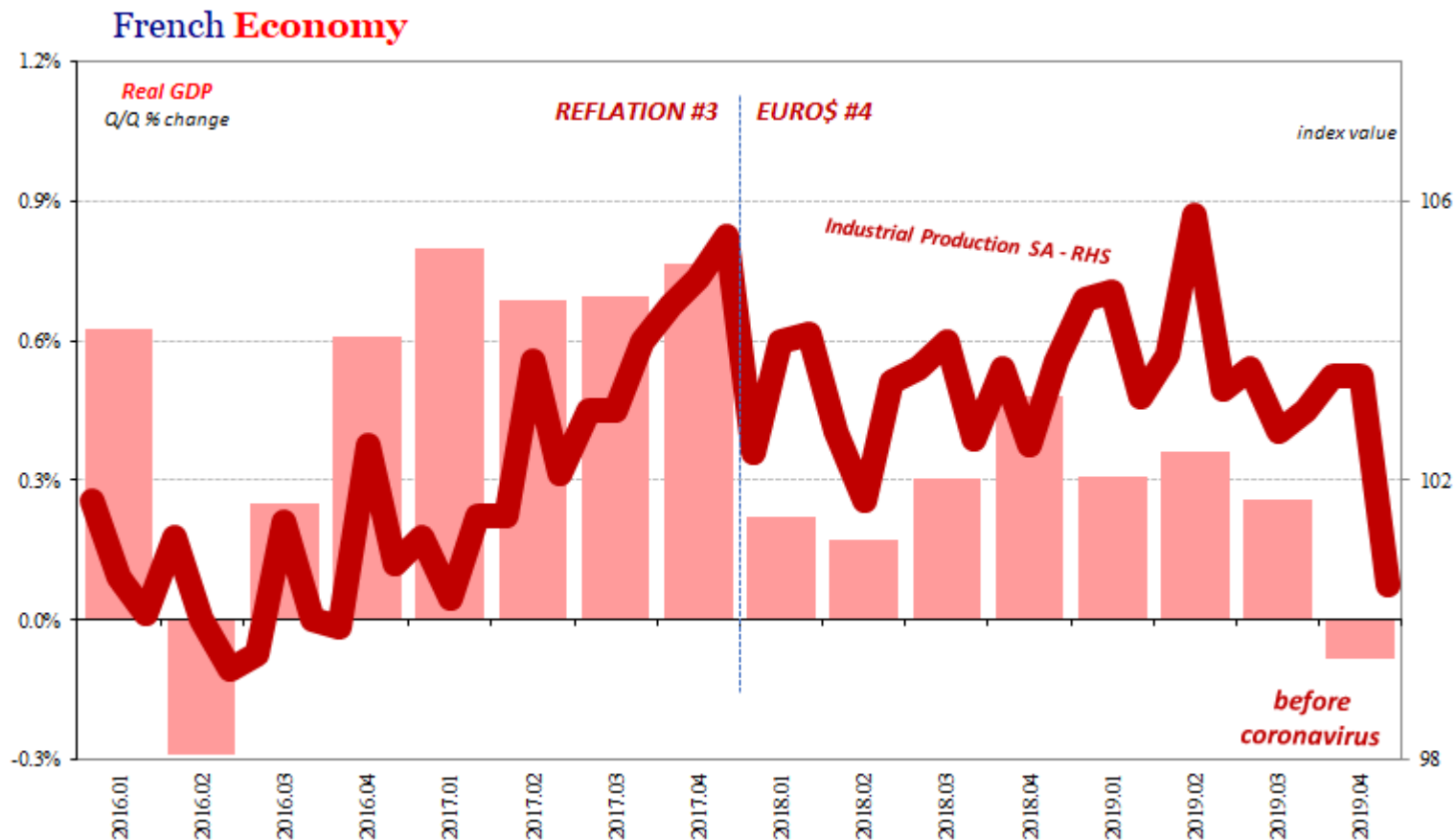
Chris Williamson
Chief Business Economist at IHS Markit
February 21, 2020



Real GDP United States

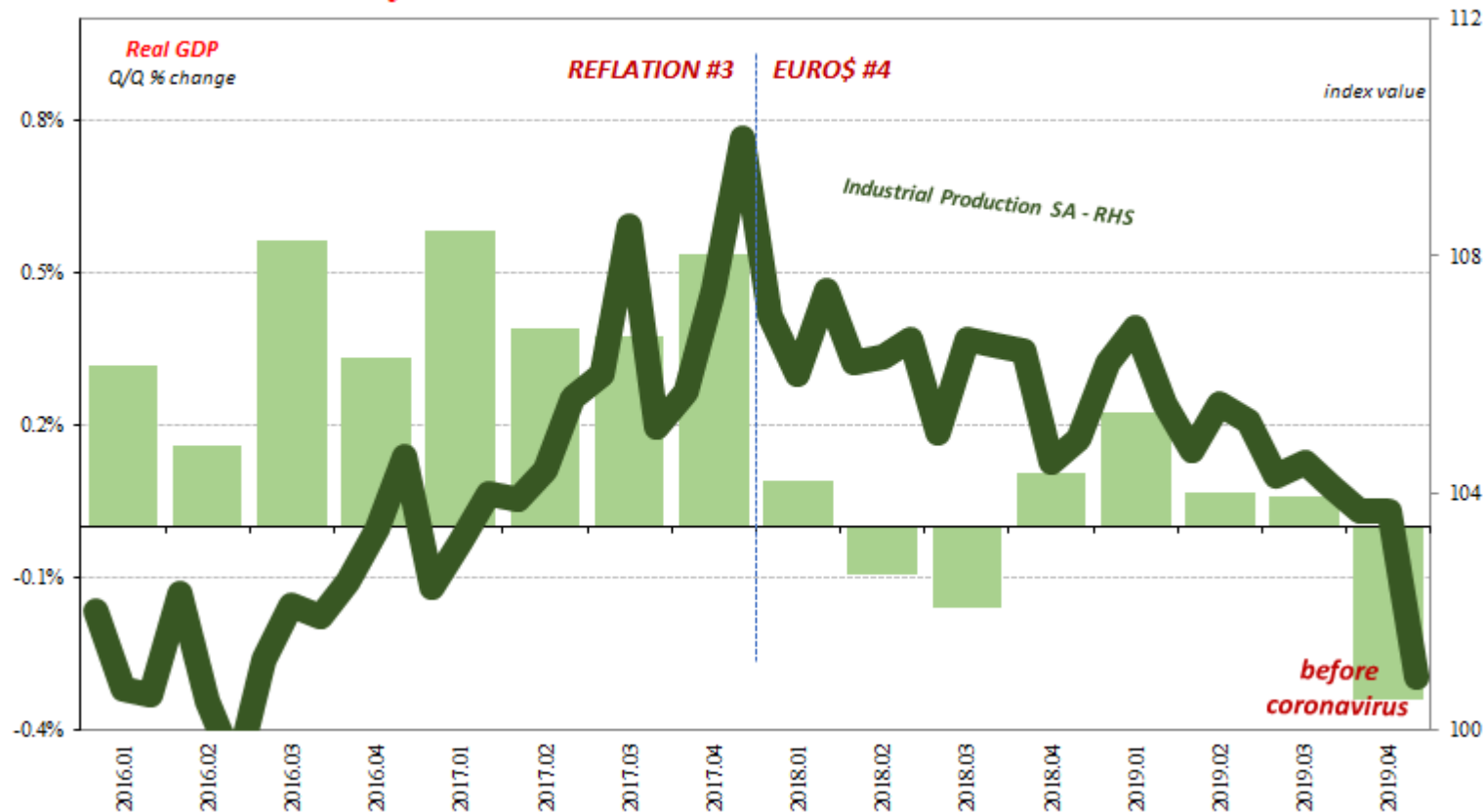






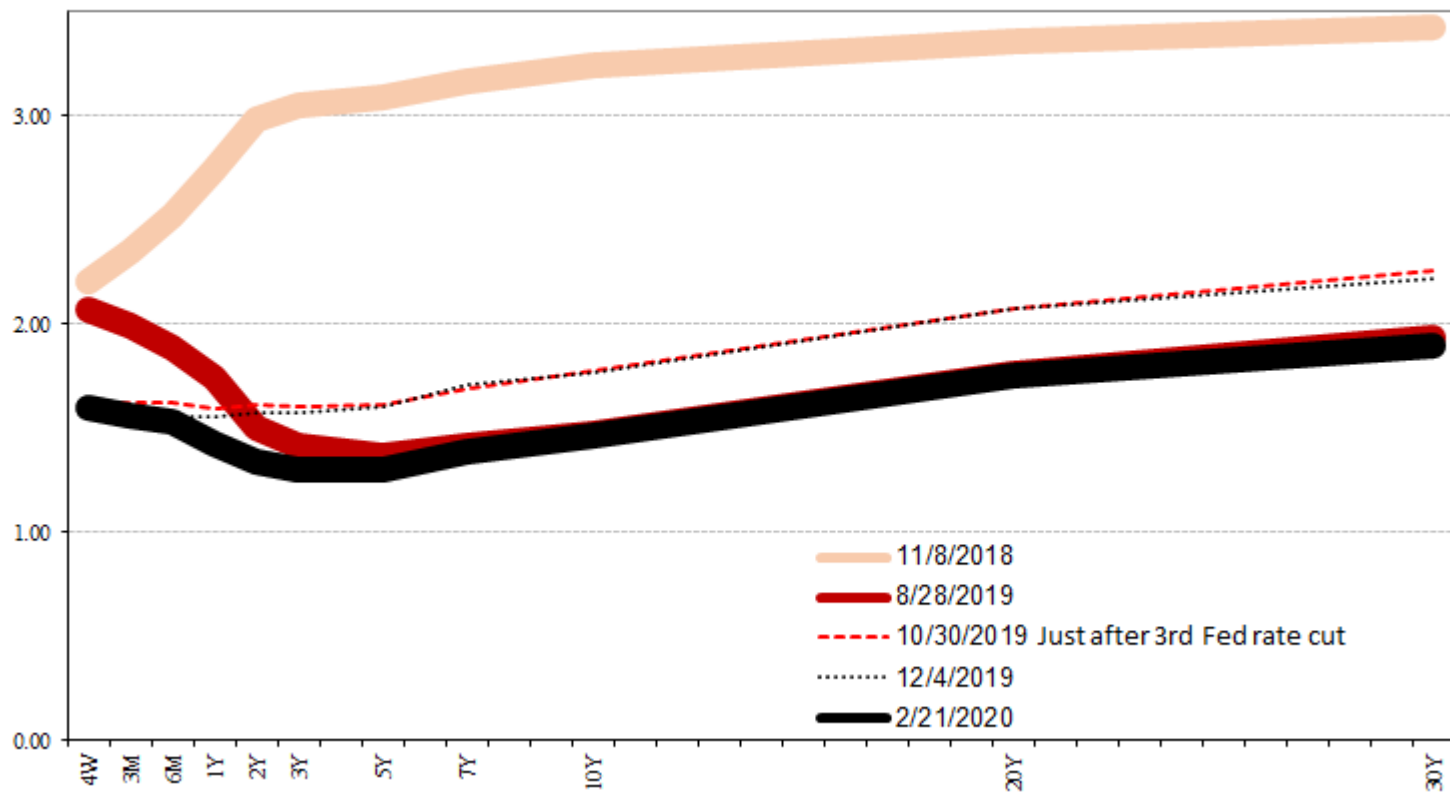


Italian Economy



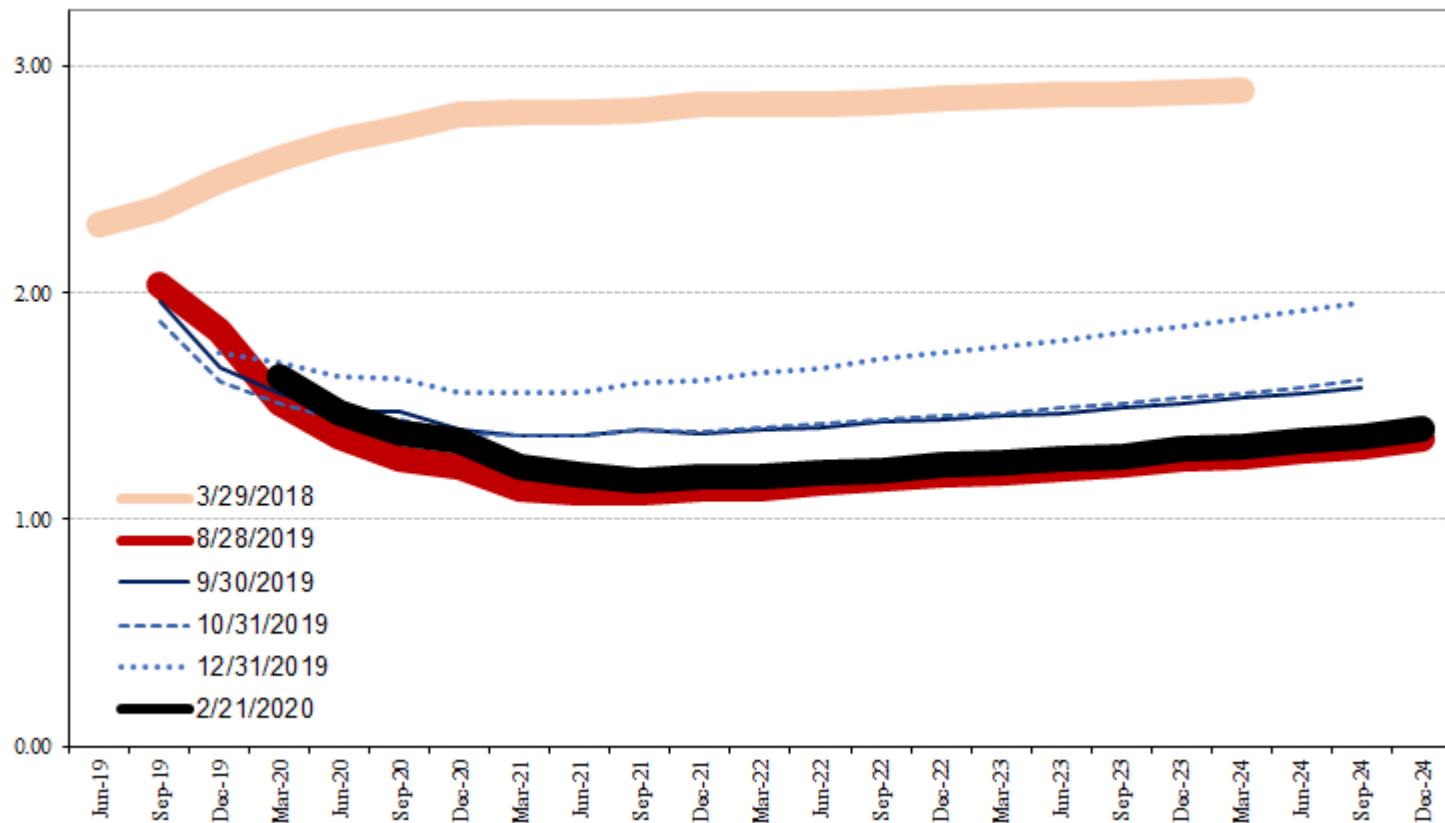


US Treasury Yield Curve



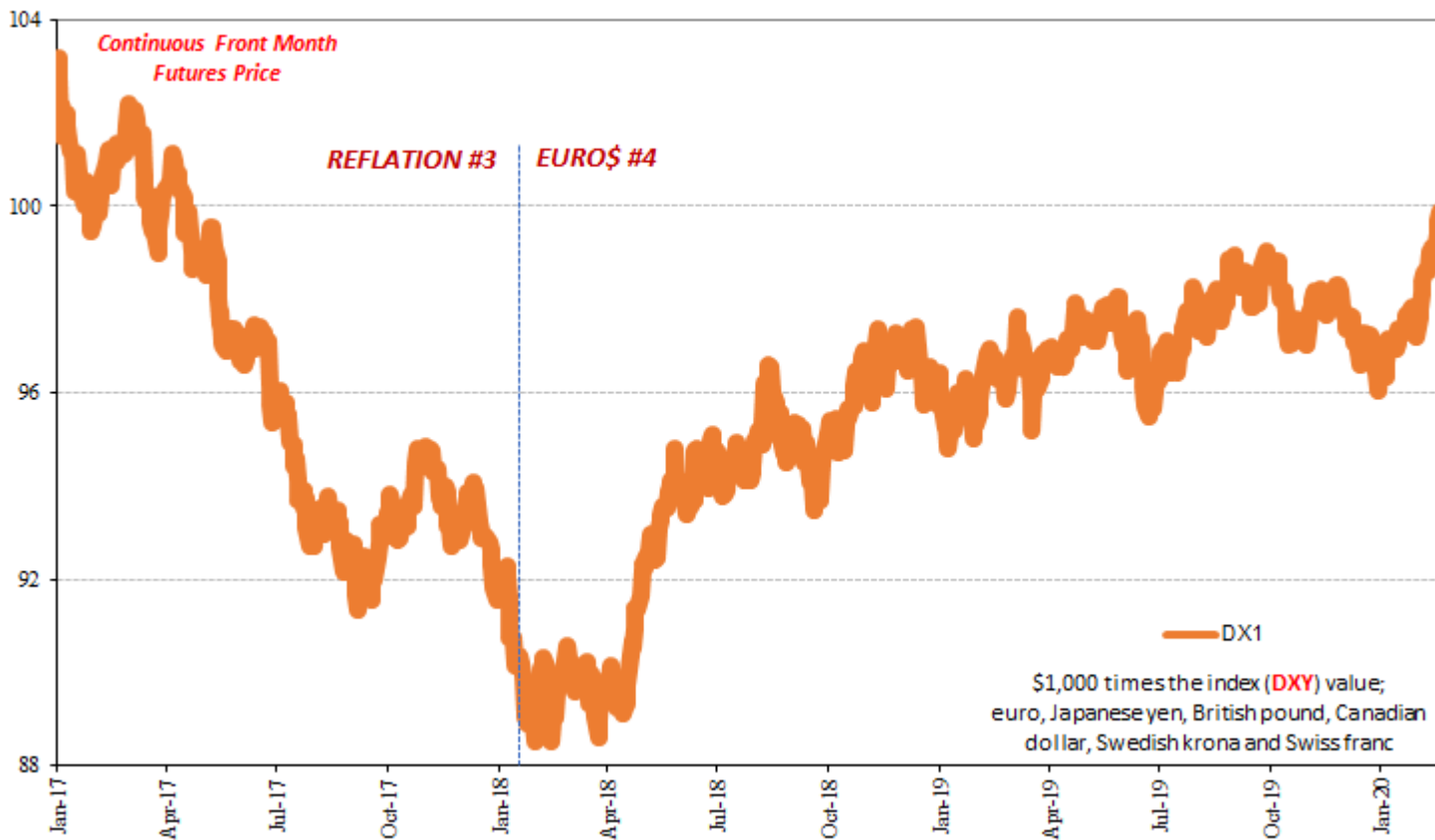


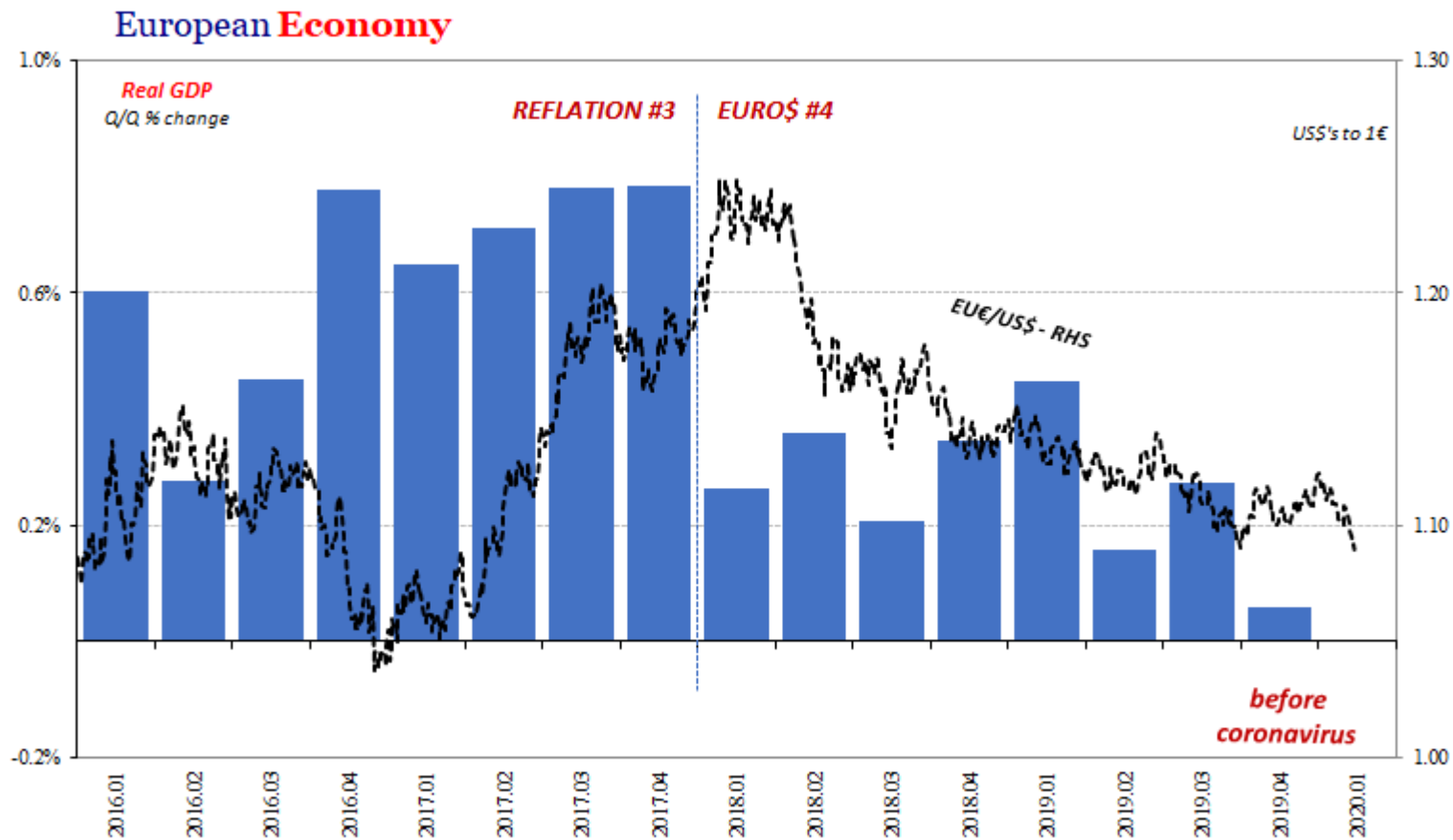
Eurodollar Futures Curve





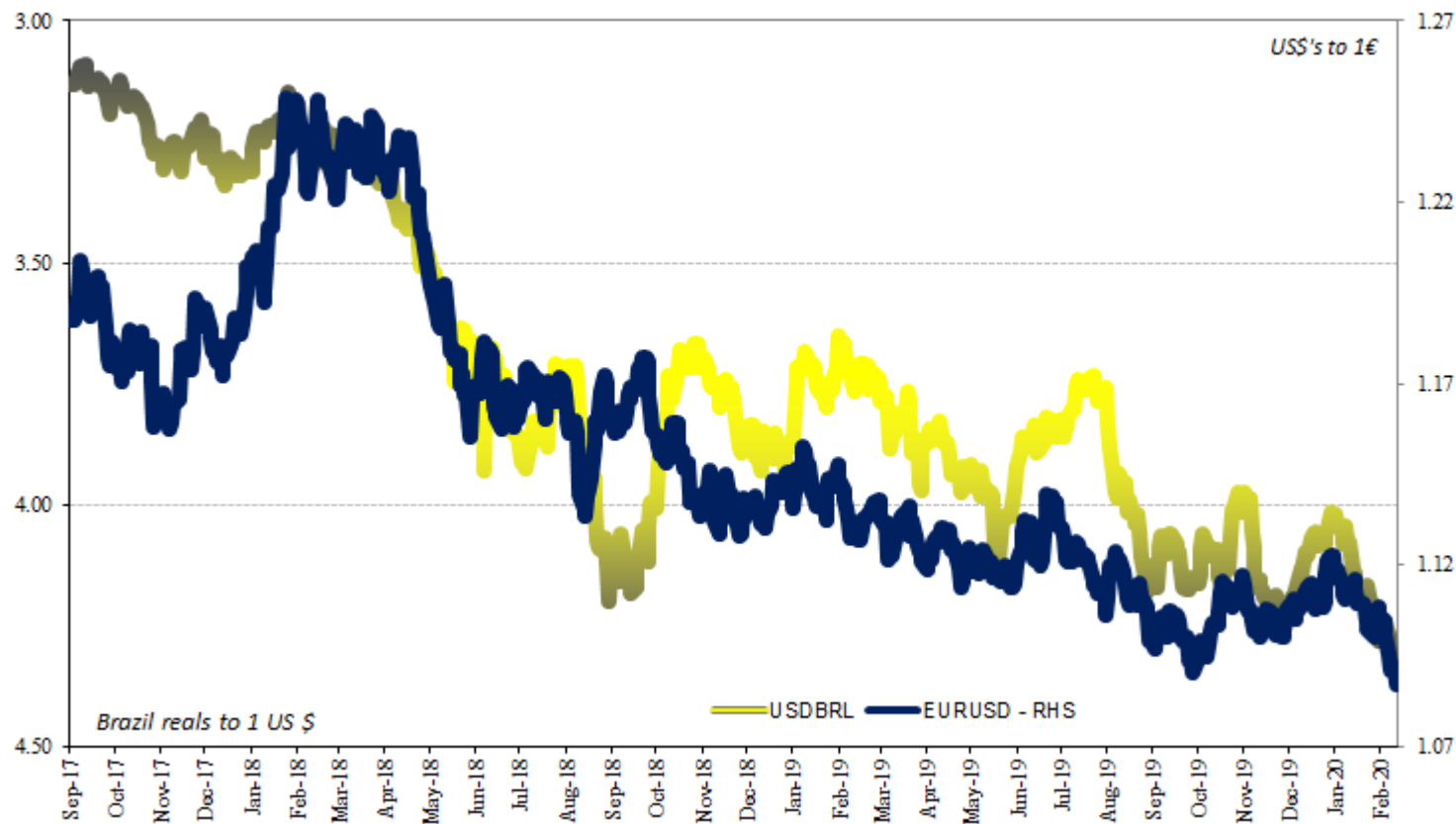
ICE: US\$ Index Futures DX1





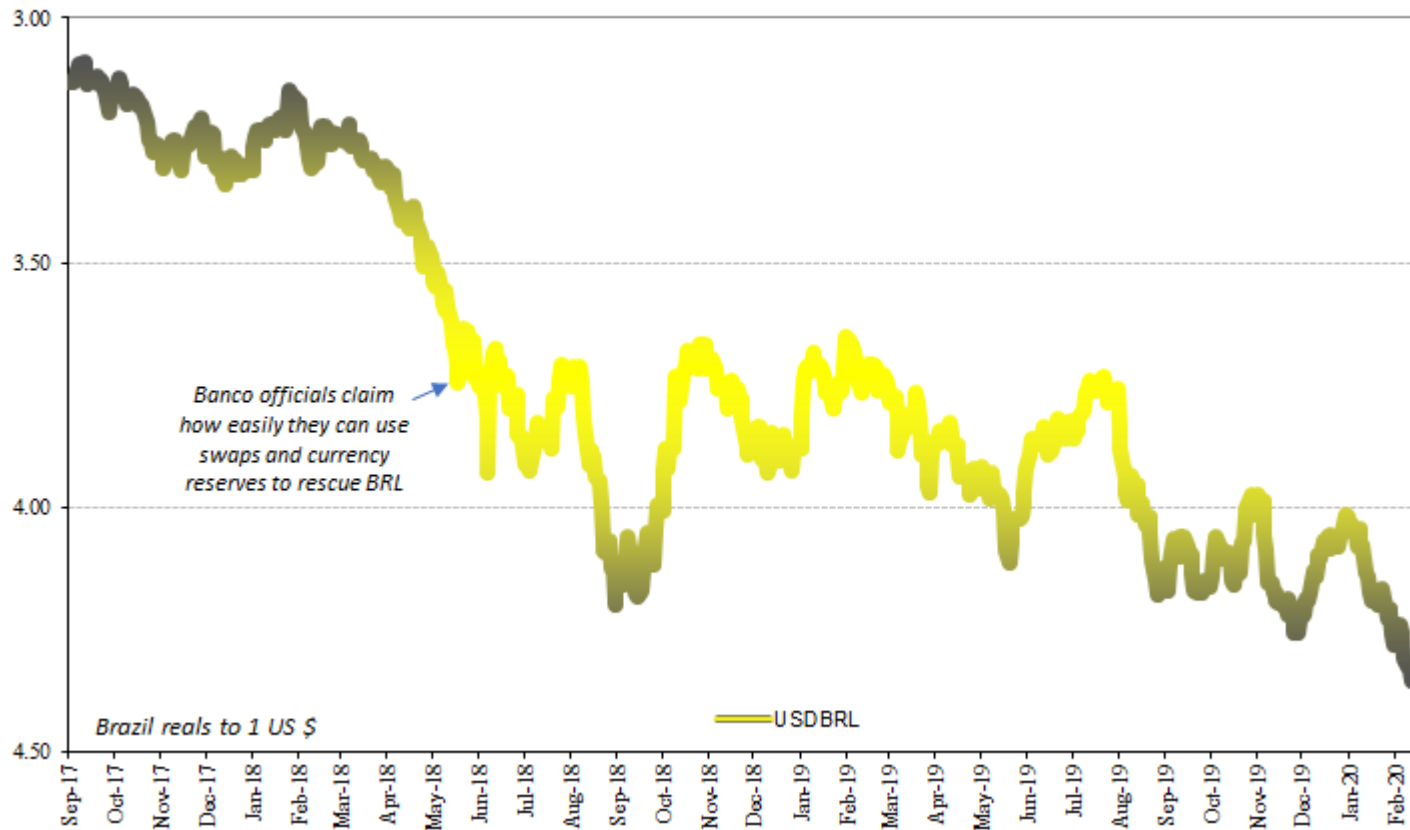


Dollar Correlations



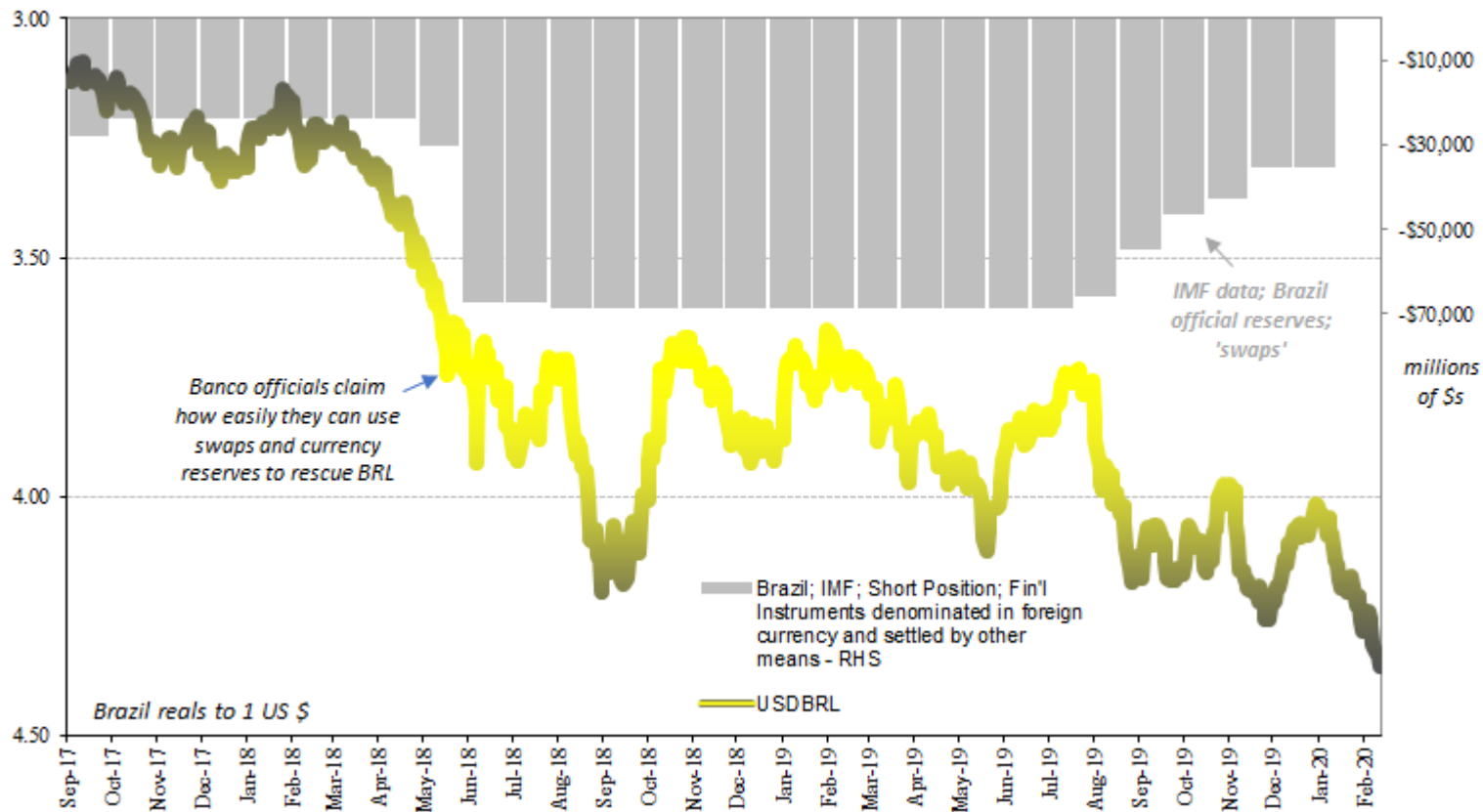


Dollar Correlations





Dollar Correlations



What Boom, Exactly?



Barack Obama ✓
@BarackObama

Eleven years ago today, near the bottom of the worst recession in generations, I signed the Recovery Act, paving the way for more than a decade of economic growth and the longest streak of job creation in American history.



10:46 AM · Feb 17, 2020 · [Twitter for iPhone](#)



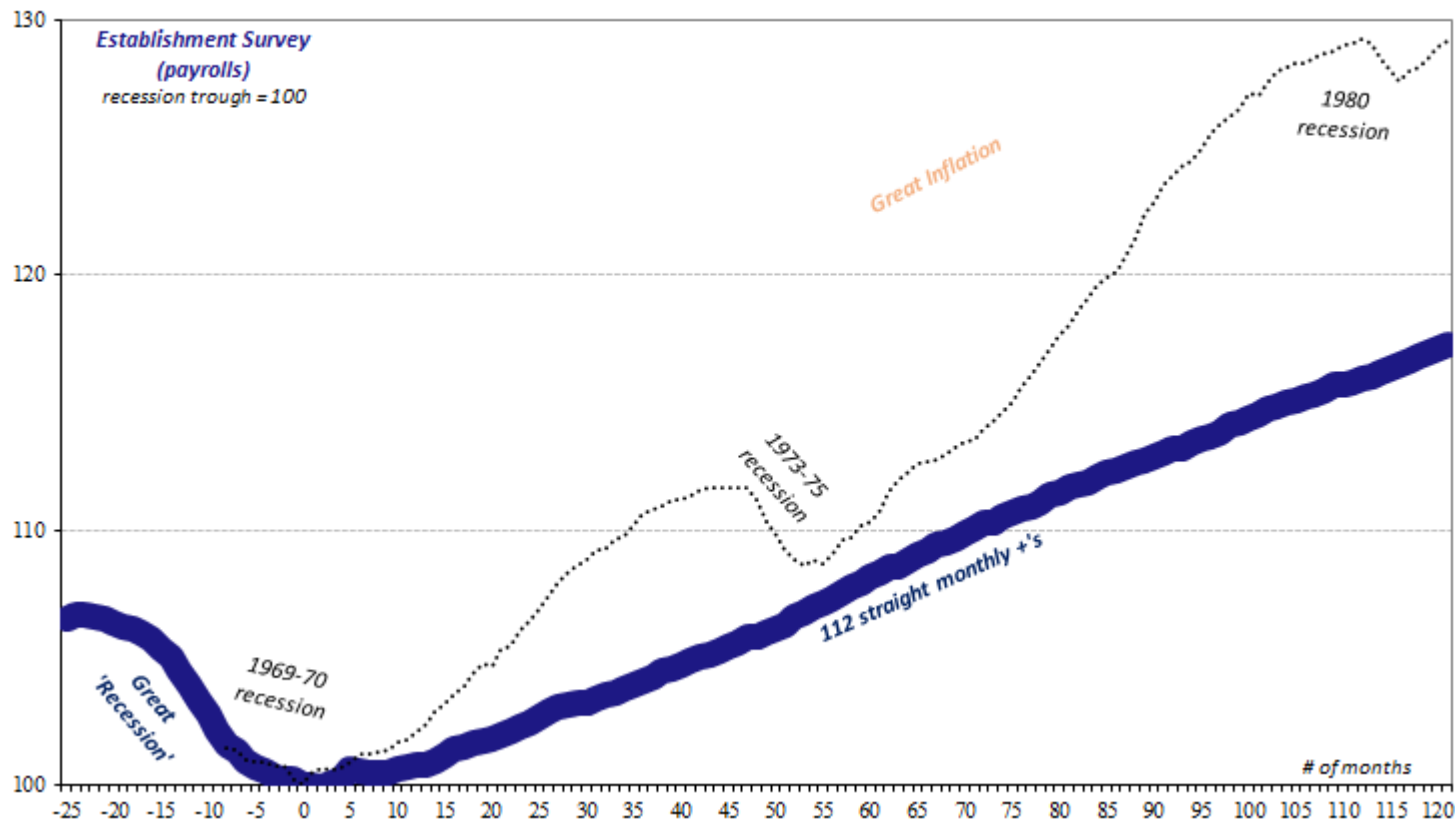
Donald J. Trump ✓
@realDonaldTrump

Did you hear the latest con job? President Obama is now trying to take credit for the Economic Boom taking place under the Trump Administration. He had the WEAKEST recovery since the Great Depression, despite Zero Fed Rate & MASSIVE quantitative easing. NOW, best jobs numbers....

6:40 PM · Feb 17, 2020 · [Twitter for iPhone](#)

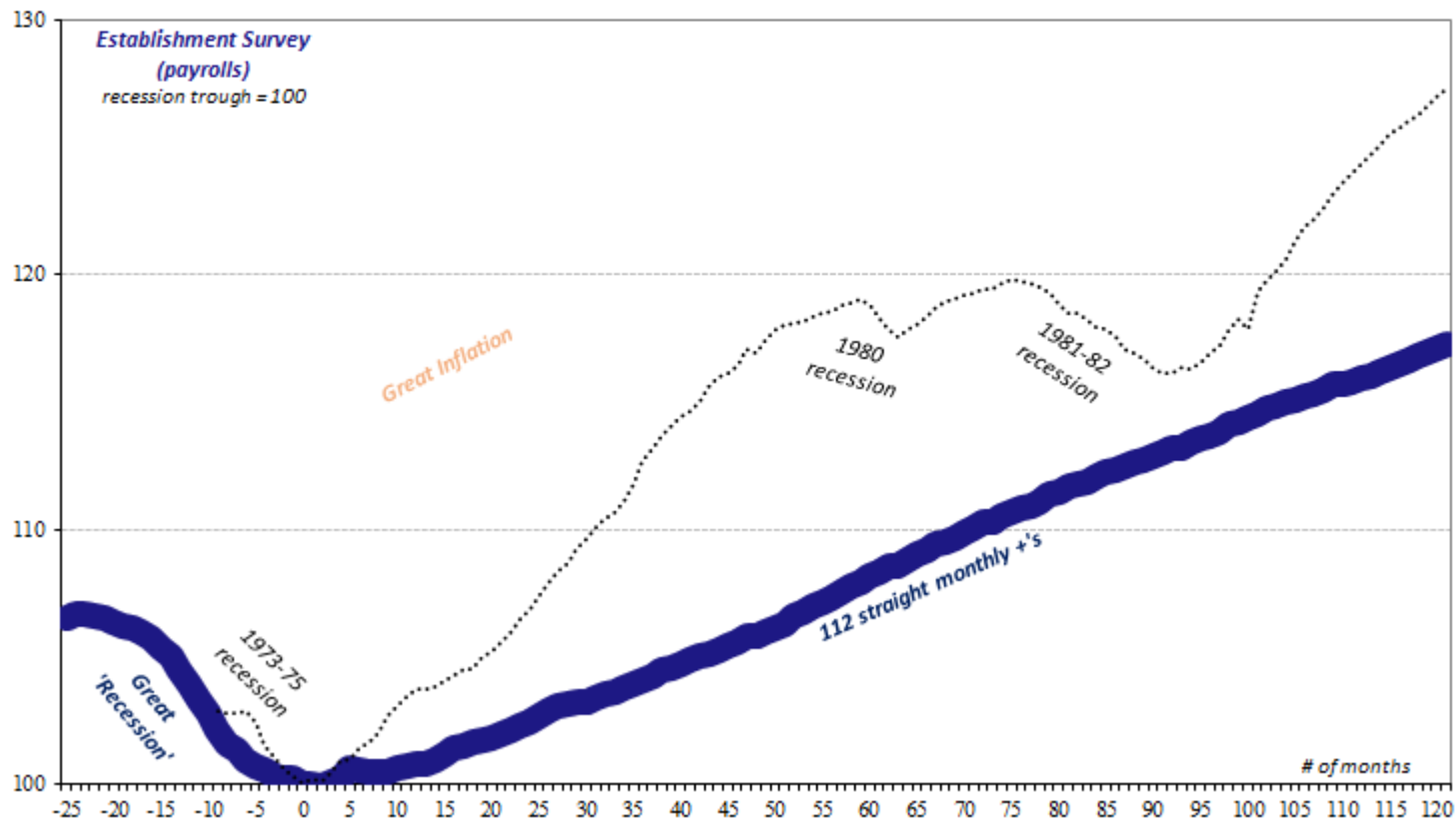


Recovery But Not Recovery



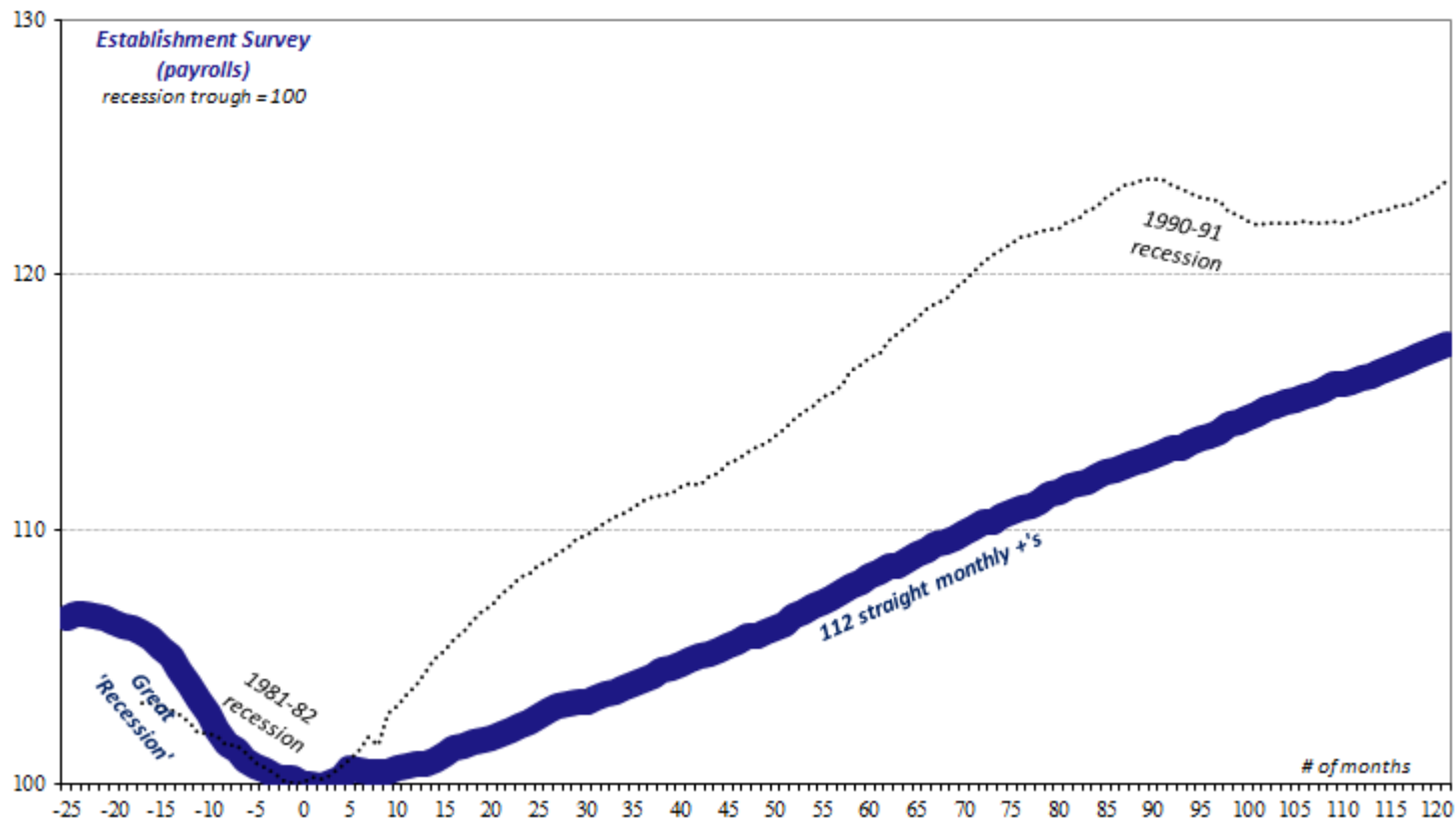


Recovery But Not Recovery



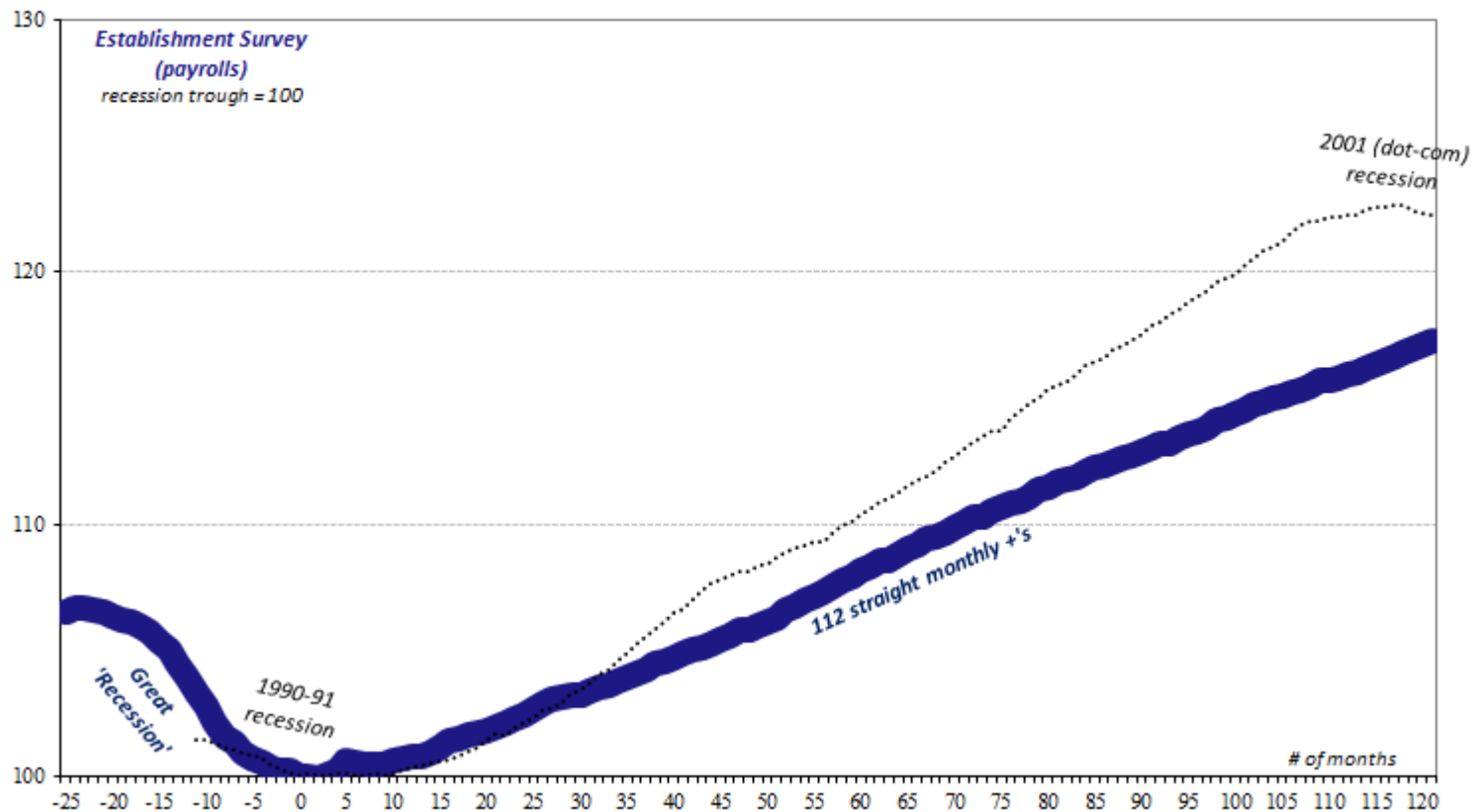


Recovery But Not Recovery



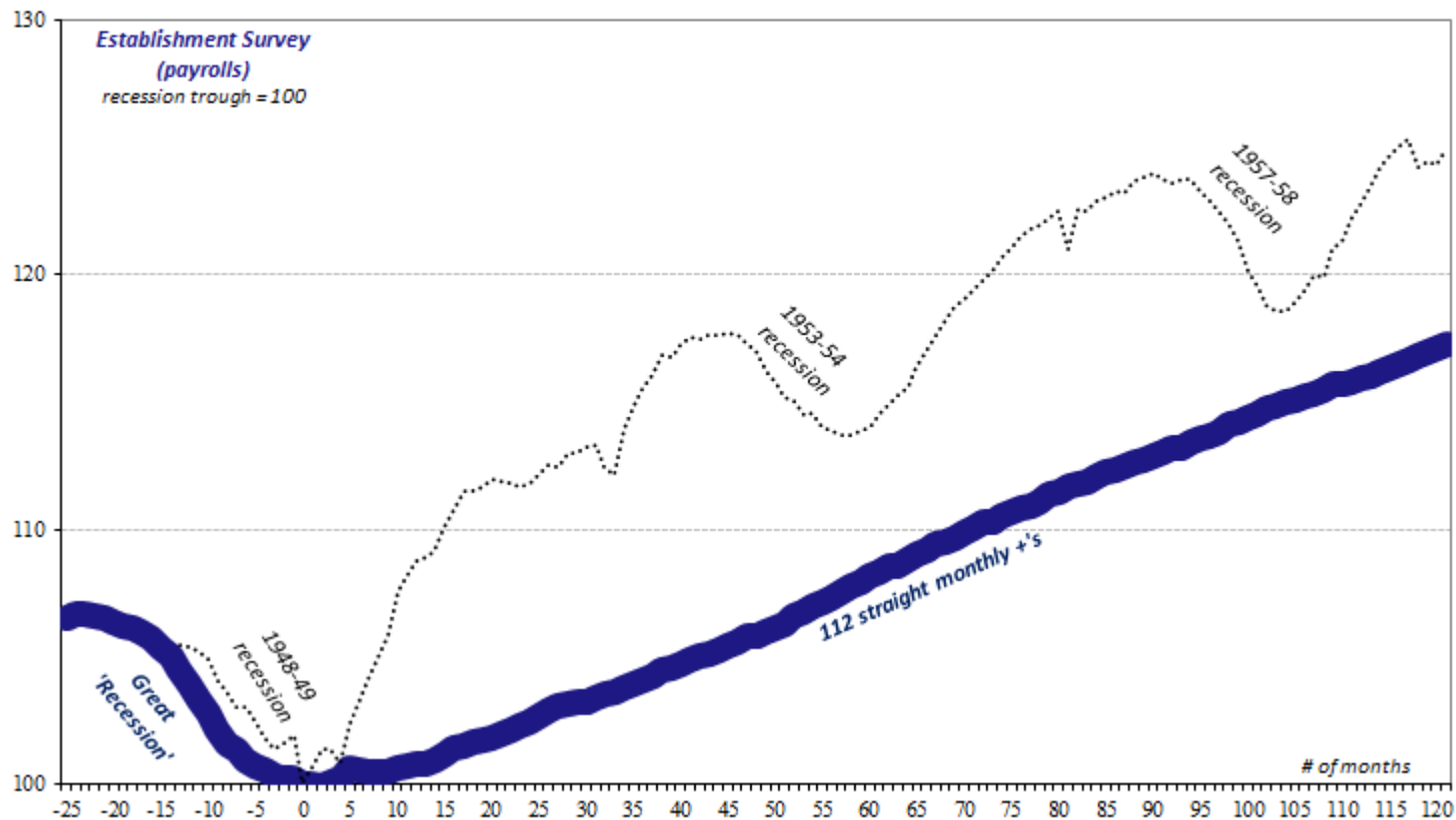


Recovery But Not Recovery





Recovery But Not Recovery





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CONCLUDED

