

Macro Microscope

Uncertainty and Financial Markets



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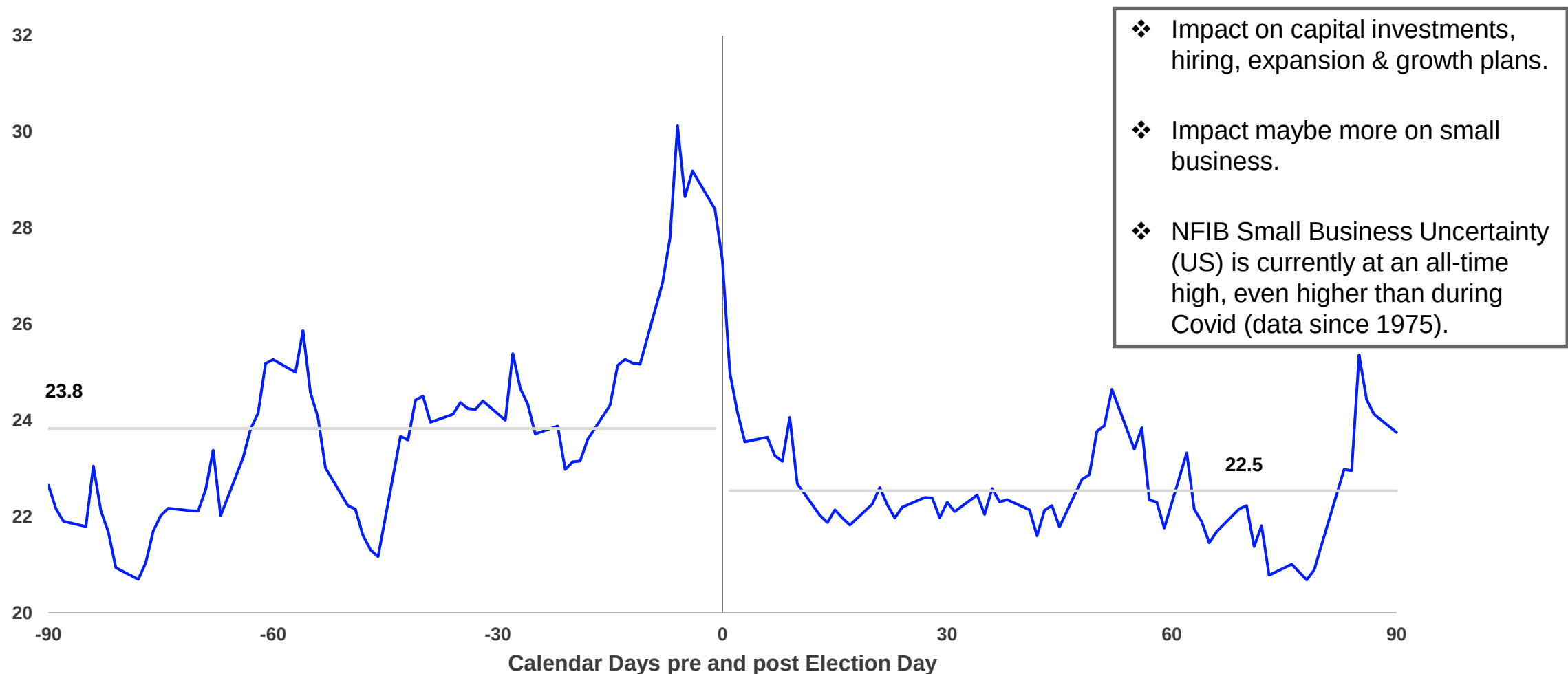
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Uncertainty & Financial Markets: US Presidential Elections

RVX Average around the last three elections

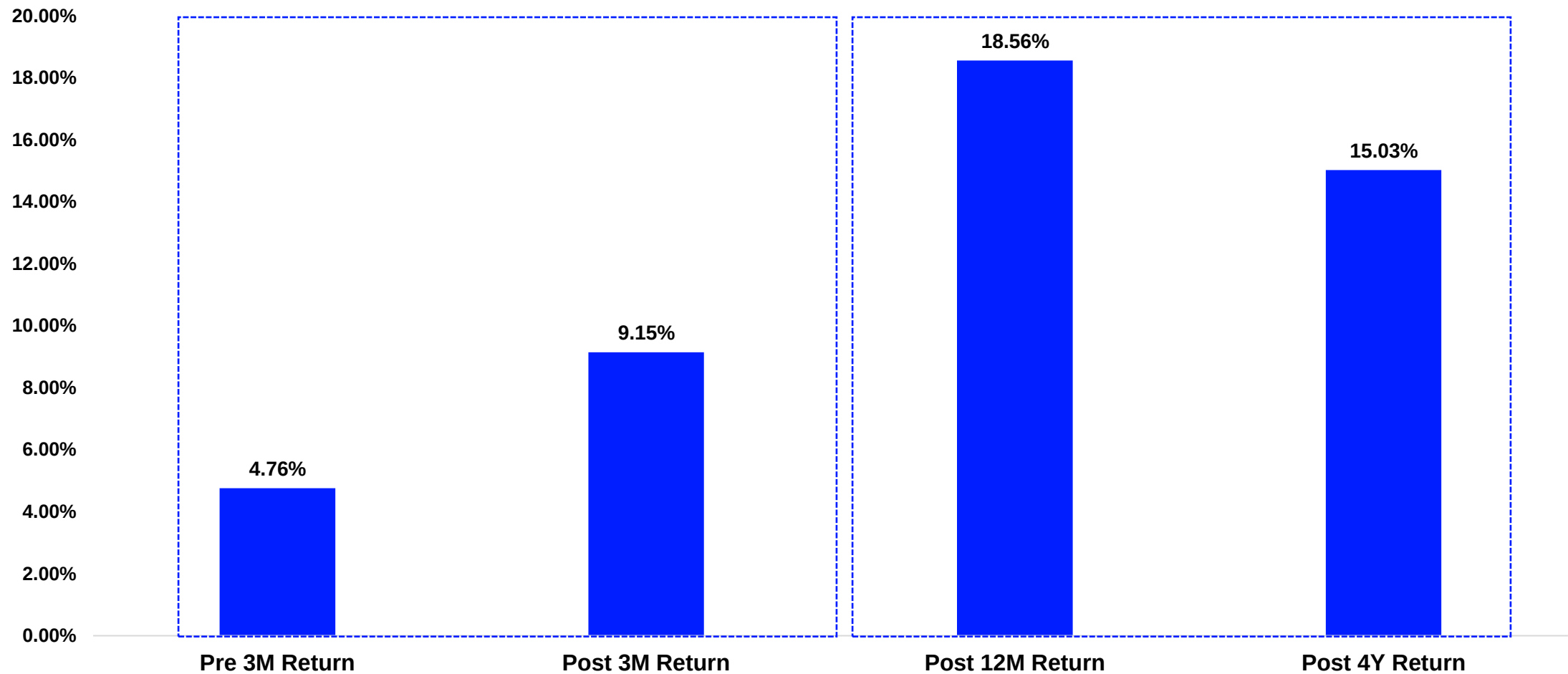


Source: FTSE Russell/LSEG. All data as of 31 August 2024

Uncertainty & Financial Markets: US Presidential Elections

❖ Sign of relief...back to business!
...with lower uncertainty post-election outcome.

Pre and Post Election Returns of Russell 1000 , Annualized
(1980-2024)



Source: FTSE Russell/LSEG. All data as of 31 August 2024

Uncertainty & Financial Markets: Macro Uncertainty & Economic Surprises Pt1

	Local Date	Local Time				Indicator Name	Period	Reuters Poll		Actual	Surprise	Prior	Revised	Min	Max	Count	Smart Economics®	Predicted Surprise	
	4 Oct	13:30	≈				Non-Farm Payrolls	Sep	140k	⚡↑	254k	114.0k	159k		70k	220k	73	144.3k	4.3k
	4 Oct	13:30	≈				Private Payrolls	Sep	125k	⚡↑	223k	98.0k	114k		70k	190k	29	126.0k	1.0k
	7 Oct	07:00	≈				Industrial Orders MM	Aug	-2.0%	⚡↓	-5.8%	-3.80%	2.9%	3.9%	-3.5%	-1.0%	17	-2.12%	-0.12%
	7 Oct	08:00	≈				Trade Balance	Aug	-4.3B	⚡↑	14.3B	18.60B	-4.1B		-6.6B	10.8B	9	-1.13B	3.17B
	7 Oct	12:00	≈				IGP-DI Inflation Index	Sep	0.80%	⚡↑	1.03%	0.230%	0.12%		0.74%	0.94%	10	0.837%	0.037%
	7 Oct	12:30	≈				Trade Balance	Sep	1,400M	⚡↑	1,816M	416.0M	1,132M		1,378M	1,700M	5	1,468.3M	68.3M
	8 Oct	00:50					Current Account NSA JPY	Aug	2,921.9B	⚡↑	3,803.6B	881.70B	3,193.0B		2,477.2B	3,289.1B	18	2,940.47B	18.57B
	8 Oct	08:00	≈				Retail Sales WDA YY	Aug	4.2%	⚡↑	5.3%	1.10%	4.5%	4.9%	3.2%	4.9%	11	4.40%	0.20%
	8 Oct	09:00	≈				Imports of Goods	Sep	11.00%	⚡↑	17.30%	6.300%	11.80%		9.00%	16.00%	19	11.882%	0.882%
	8 Oct	12:00	≈				Inflation MM	Sep	0.30%	⚡↓	0.10%	-0.200%	0.30%		0.20%	0.40%	15	0.291%	-0.009%
	8 Oct	21:30	≈				API wkly crude Stk	30 Sep, w/e	2.048M	⚡↑	10.958M	8.9100M	-1.458M		-2.000M	3.000M	9	1.8953M	-0.1047M
	9 Oct	07:00	≈				Exports MM SA	Aug	-1.0%	⚡↑	1.3%	2.30%	1.7%		-2.0%	0.5%	12	-0.93%	0.07%
	9 Oct	07:00	≈				Trade Balance, EUR, SA	Aug	18.4B	⚡↑	22.5B	4.10B	16.8B	16.9B	16.0B	20.2B	10	18.25B	-0.15B
	9 Oct	13:00					Core Inflation	Sep	0.32%	⚡↓	0.28%	-0.040%	0.22%		0.30%	0.40%	12	0.327%	0.007%
	9 Oct	13:00					12-Month Inflation	Sep	4.62%	⚡↓	4.58%	-0.040%	4.99%		4.59%	4.70%	16	4.624%	0.004%
	9 Oct	15:00	≈				Wholesale Sales MM	Aug	0.5%	⚡↓	-0.1%	-0.60%	1.1%		0.2%	0.9%	6	0.44%	-0.06%
	9 Oct	15:30	≈				EIA Wkly Crude Stk	30 Sep, w/e	2.048M	⚡↑	5.810M	3.7620M	3.889M		-2.000M	3.000M	9	1.8720M	-0.1280M
	9 Oct	15:30	≈				EIA Wkly GsIn Stk	30 Sep, w/e	-1.123M	⚡↓	-6.304M	-5.1810M	1.119M		-2.600M	1.800M	9	-0.9735M	0.1265M

Source: LSEG Workspace. Data as of 14 October 2024

Uncertainty & Financial Markets: Macro Uncertainty & Economic Surprises Pt2

	Local Date	Local Time				Indicator Name	Period	Reuters Poll		Actual	Surprise	Prior	Revised	Min	Max	Count	Smart Economics®	Predicted Surprise	
	10 Oct	00:01	≈				RICS Housing Survey	Sep	4	⚡↑	11	7.0	1	0	1	10	6	3.3	-0.7
	10 Oct	10:30	≈				Mining Production YY	Aug	-2.1%	⚡↑	0.3%	2.40%	-1.4%	-1.0%	-5.3%	-0.5%	4	-1.57%	0.53%
	10 Oct	13:30	≈				CPI Index, NSA	Sep	314.860	⚡↑	315.301	0.4410	314.796		314.540	315.216	11	314.8335	-0.0265
	10 Oct	13:30	≈				Initial Jobless Clm	30 Sep, w/e	230k	⚡↑	258k	28.0k	225k		220k	250k	34	232.5k	2.5k
	10 Oct	13:30	≈				Cont Jobless Clm	23 Sep, w/e	1.830M	⚡↑	1.861M	0.0310M	1.819M		1.800M	1.840M	10		
	10 Oct	15:30	≈				EIA-Nat Gas Chg Bcf	30 Sep, w/e	71B	⚡↑	82B	11.0B	55B		57B	77B	12	71.8B	-0.2B
	11 Oct	07:00	≈				GDP Estimate YY	Aug	1.4%	⚡↓	1.0%	-0.40%	1.2%	0.9%	1.2%	1.5%	8	1.37%	-0.03%
	11 Oct	07:00	≈				Services YY	Aug	1.8%	⚡↓	1.5%	-0.30%	1.7%	1.6%	1.7%	1.9%	7	1.82%	0.02%
	11 Oct	07:00	≈				Manufacturing Output MM	Aug	0.2%	⚡↑	1.1%	0.90%	-1.0%	-1.2%	-0.3%	0.8%	20	0.30%	0.10%
	11 Oct	07:00	≈				Construction O/P Vol YY	Aug	-0.3%	⚡↑	0.3%	0.60%	-1.6%	-1.4%	-0.5%	-0.1%	7	-0.27%	0.03%
	11 Oct	07:00	≈				Goods Trade Balance GBP	Aug	-19.25...	⚡↑	-15.060B	4.1900B	-20.003B	-18.871B	-19.500B	-18.500B	8	-18.9375B	0.3125B
	11 Oct	13:00	≈				Service Sector Growth YY	Aug	3.6%	⚡↓	1.7%	-1.90%	4.3%	4.0%	3.0%	5.1%	11	3.77%	0.17%
	11 Oct	13:00					Industrial Output YY	Aug	0.5%	⚡↓	-0.9%	-1.40%	2.1%	2.2%	-0.5%	1.5%	10	0.58%	0.08%
	11 Oct	13:00					Industrial Output MM	Aug	0.2%	⚡↓	-0.5%	-0.70%	0.2%		-0.2%	0.4%	6	0.02%	-0.18%
	11 Oct	13:30	≈				PPI exFood/Energy YY	Sep	2.7%	⚡↑	2.8%	0.10%	2.4%	2.6%	2.5%	2.7%	19	2.66%	-0.04%
	11 Oct	13:30	≈				Unemployment Rate	Sep	6.7%	⚡↓	6.5%	-0.20%	6.6%		6.6%	6.8%	16	6.67%	-0.03%
	11 Oct	15:00					U Mich Conditions Prelim	Oct	64.3	⚡↓	62.7	-1.60	63.3		62.8	64.5	4	63.94	-0.36
	14 Oct	09:00					Current Account Balance	Aug	-5.17B	⚡↑	18.54B	23.710B	-13.74B		-17.10B	11.50B	7	-5.206B	-0.036B
	14 Oct	13:00	≈				CPI Inflation YY	Sep	5.04%	⚡↑	5.49%	0.450%	3.65%		3.60%	5.40%	48	5.006%	-0.034%
	14 Oct	13:00					Current Account	Aug	-920M	⚡↓	-2,827M	-1,907.0M	-1,462M		-1,911M	-420M	17	-1,037.1M	-117.1M
	14 Oct		≈				M2 Money Supply YY	Sep	6.4%	⚡↑	6.8%	0.40%	6.3%		5.8%	6.5%	25	6.33%	-0.07%
	14 Oct		≈				Exports YY	Sep	6.0%	⚡↓	2.4%	-3.60%	8.7%		4.0%	10.0%	20	5.99%	-0.01%

Uncertainty & Financial Markets: Monetary Policy Divergence

INTEREST RATE PROBABILITIES													
	Central Bank	Target Rate	Next Meeting Date	Current Rate	Implied Rate		Most Probable Action	Change By	Probability (%)		Least Probable Action	Change By	Probability (%)
	Federal Reserve	Fed Funds Target	07-Nov-2024	+4.875	4.618		CUT	-0.25	84.1		NO CHANGE	-	15.9
	European Central Bank	Deposit Facility Rate	17-Oct-2024	+3.50	3.170		CUT	-0.25	97.7		NO CHANGE	-	2.4
	Bank of Japan	Policy Rate Balance	31-Oct-2024	+0.25	0.232		NO CHANGE	-	94.3		HIKE	0.10	5.7
	Bank of England	Bank Rate	07-Nov-2024	+5.00	4.735		CUT	-0.25	84.7		NO CHANGE	-	15.3
	Swiss National Bank	3M Target LIBOR Rate	12-Dec-2024	+1.00	0.633		CUT	-0.25	88.7		CUT	-0.50	11.3
	Bank of Canada	ON Target Rate	23-Oct-2024	+4.25	3.926		CUT	-0.25	51.4		CUT	-0.50	48.6
	Reserve Bank of Australia	Cash Target Rate	05-Nov-2024	+4.35	4.309		NO CHANGE	-	88.0		CUT	-0.25	12.0
	Reserve Bank of New Zealand	Cash Rate	27-Nov-2024	+4.75	4.248		CUT	-0.5	80.1		CUT	-0.25	19.9
	Sveriges Riks Bank	Repo Rate	07-Nov-2024	+3.25	2.970		CUT	-0.25	58.6		CUT	-0.50	41.4
	Banco Central do Brasil	SELIC Target Rate	06-Nov-2024	10.75	11.245		HIKE	0.5	98.0		HIKE	0.25	2.0
	Central Bank of Chile	Target Rate	17-Oct-2024	+5.50	5.289		CUT	-0.25	84.4		NO CHANGE	-	15.6
	Czech National Bank	2 Week Repo Rate	07-Nov-2024	+4.25	3.686		CUT	-0.25	92.7		CUT	-0.50	7.3
	Reserve Bank of India	Repo Rate	06-Dec-2024	+6.50	6.447		NO CHANGE	-	66.5		CUT	-0.25	33.6
	Central Bank of Colombia	Intervention Rate	31-Oct-2024	+10.25	9.146		CUT	-0.5	92.3		CUT	-0.25	7.7
	National Bank of Poland	7 Day Repo Rate	06-Nov-2024	+5.75	5.484		NO CHANGE	-	89.1		HIKE	0.25	10.9
	Danmarks Nationalbank **	Certificate of Deposit Rate	17-Oct-2024	+3.25	2.989		CUT	-0.25	97.3		CUT	-0.50	2.7
	Central Bank of Turkey	Repo Rate	17-Oct-2024	+50.00	46.638		CUT	-0.75	76.7		CUT	-1.00	23.3
	Central Bank of Thailand	1-Day Repo Rate	16-Oct-2024	+2.50	2.455		NO CHANGE	-	85.1		CUT	-0.25	14.9
	Bank Indonesia	7-Day Reverse Repo	16-Oct-2024	+6.00	6.179		NO CHANGE	-	99.0		CUT	-0.25	1.0

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