

# Economic Commentary

US & Global Markets

October 2024

## United States

Inflation continues to head towards the Fed’s target range, but underlying pressures remain.

Both headline Consumer price index (CPI) and Personal consumption expenditures (PCE) printed 2.4% and 2.1% year-over-year (YoY) in September.

Nonfarm payrolls increased by 212,000 in September, while the unemployment rate remain unchanged at 4.1%.

## Japan

Monetary policy normalization broadly intact with the Bank of Japan (BoJ) maintaining its overnight rate at 0.25%.

The BoJ expects inflation accelerating and stabilizing at 2%, driven by rising incomes and consumer spending.

BOJ forecasts GDP growth to be at 0.6%, 1.1% and 1.0% YoY for FY ‘24, ‘25 and ‘26, respectively.

## Canada

CPI rose 1.6% on a YoY basis in September, down from a 2.0% gain in August.

Employment rose by 47,000 in September and the unemployment rate fell 0.1 percentage points to 6.5%.

With economic activity subdued and rates above neutral, the Bank of Canada cut its policy rate by 50 bps at the October meeting and set a dovish tone overall.

## China

China has shifted focus away from producers and exporters to consumers, as the country battles deflationary pressures.

China's Ministry of Finance intensified economic support, focusing on fiscal stimulus and an increased willingness to take on debt.

A weak CNY has the potential to impact other emerging markets with closer economic ties.

## Eurozone

The European Central Bank (ECB) cut its policy rate 25 bps to 3.25% on October 17<sup>th</sup>.

Disinflation continues with September headline CPI revised lower to 1.7% YoY and services inflation revised down to 3.9% YoY.

Recent weakening in sentiment surveys and easing labor cost pressures also hint to a slowdown in economic activity.

## India

Headline and core inflation continued its downward trend, with the economy in excess supply.

With monetary easing cycle underway in the US and other advanced markets, the Reserve Bank of India (RBI) is likely to start cutting rates in the next few months.

	CPI	Unemployment Rate	Policy Rate	Real Policy Rate	Real GDP (Q3)
United States	2.6%	4.1%	4.75%	2.2%	3.1%
Canada	1.6%	6.5%	3.75%	2.1%	2.2%
Eurozone	2.2%	6.4%	3.25%	1.1%	0.4%
Japan	2.5%	2.5%	0.05%	-2.5%	1.2%
India	6.2%	8.7%	6.50%	0.3%	5.6%
China	0.30%	5.1%	3.60%	3.3%	4.6%

\*Annualized