

Monitor

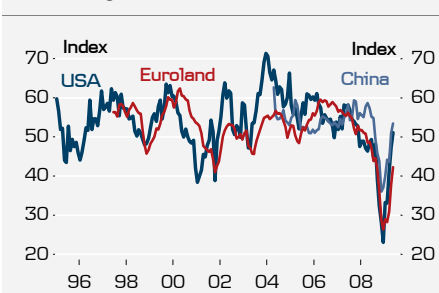
Global: Business cycle monitor

- Leading indicators continued to improve in May. The development points to a rather synchronous recovery with improvement in leading indicators in all regions. The picture of improvement is supported by significant rises in metal prices and freight rates recently.
- Global PMI rose to 45.3 in May from 41.8 in April and thus continues the increasing trend from the previous months reaching for the crucial level of 50. The most leading sub index new orders rose significantly to 48.6 from 43.8. The balance between inventories and orders continued to improve, which points to a further recovery in global PMIs in the months ahead.
- Again Asia has shown strong recovery signs and most PMIs are now above 50. Importantly hard data for exports and production has also risen – perhaps most impressively in Japan where companies plan to increase production further in the coming months.
- In the US, ISM manufacturing has continued its march higher, driven by further increases in new orders. Euroland PMI also surprised positively. As domestic demand has stayed very subdued, the improvement is probably related to improvement on export markets.
- The slowest recovery in the PMI indices can be found in the CEE countries, which is in line with expectations.
- Latin America is also looking stronger, with both PMI and industrial production turning higher in Brazil.
- Outlook: We continue to look for further improvements in leading indicators in the coming months. Lean inventories in combination with demand being lifted by substantial stimulus should pave the way for increases in production. We see increasing upside risk to Q3 growth. See also *Global Scenarios, June 2009*.

Key leading indicators to watch:

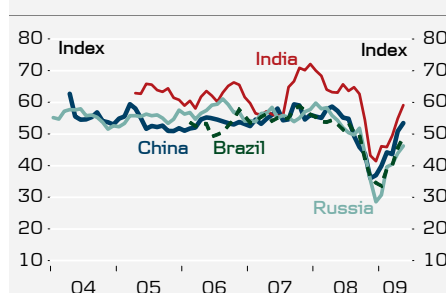
- OECD leading indicators: 8 June
- German factory orders: 8 June
- German ZEW: 16 June
- German Ifo: 22 June
- Euro Flash PMI: 21-24 June
- US ISM/Global PMI: 1 July

PMI – majors



Source: Markit and Reuters Ecowin

PMI – BRIC



Source: Markit and Reuters Ecowin

Chief Analyst

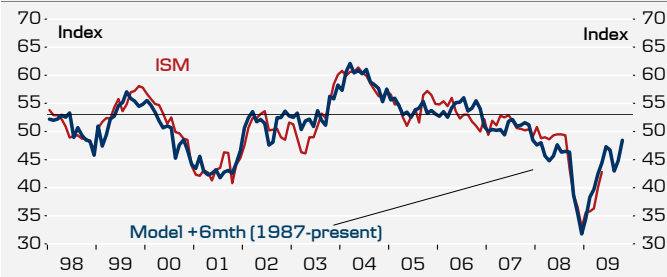
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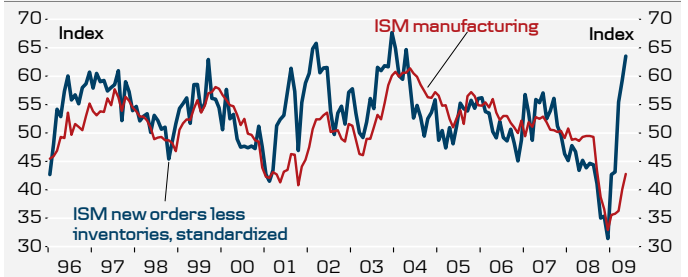
US

Danske Markets' ISM model



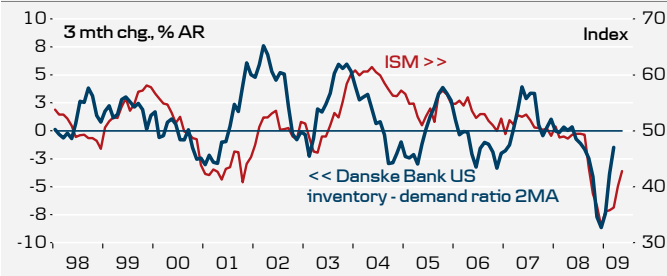
Source: Reuters Ecowin

Order-inventory balance vs. ISM



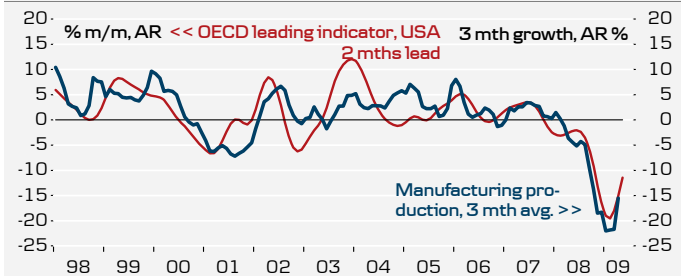
Source: Reuters Ecowin

Inventory demand ratio vs. ISM



Source: Reuters Ecowin

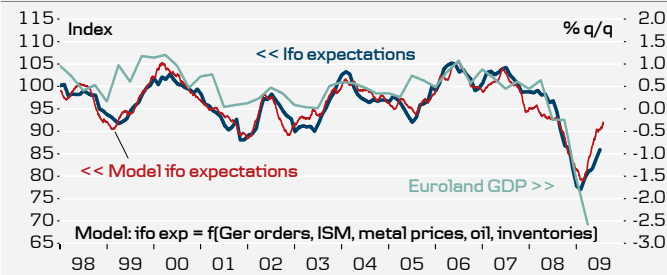
Leading indicator vs. manufacturing production



Source: Reuters Ecowin

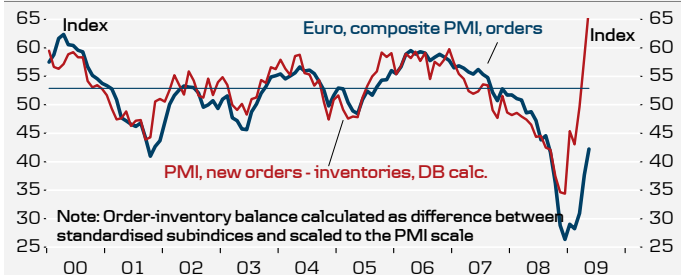
Eurozone

Eurozone: Ifo expectations vs GDP



Source: Reuters Ecowin

PMI New orders vs. inventories balance



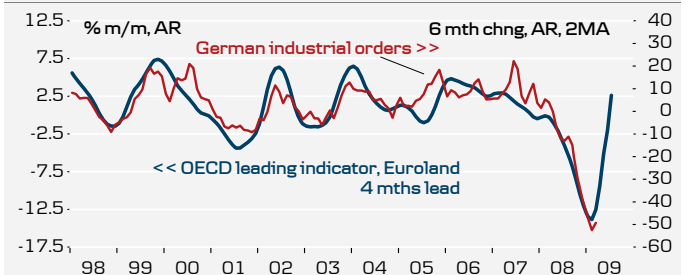
Source: Markit and Reuters Ecowin

Germany: ZEW vs. Ifo expectations



Source: Reuters Ecowin

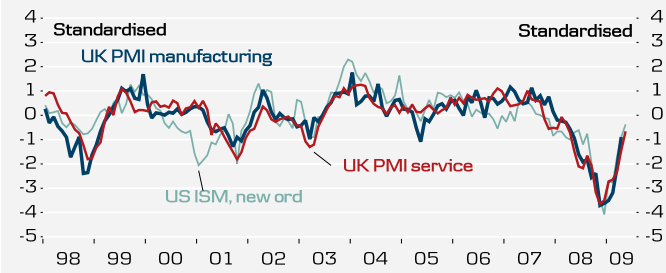
Germany: Industrial orders vs. OECD leading indicator



Source: Reuters Ecowin

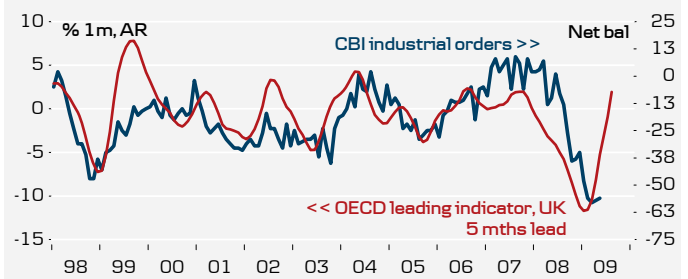
UK and Switzerland

UK: PMI on sectors



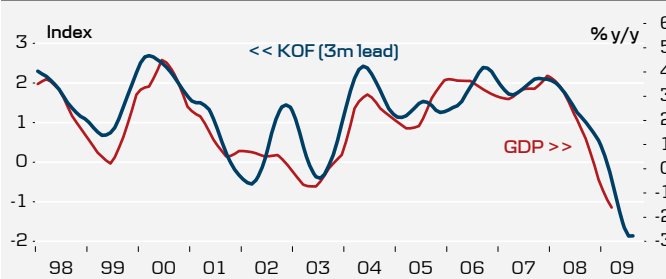
Source: Markit and Reuters Ecowin

UK: Industrial orders vs. leading indicators



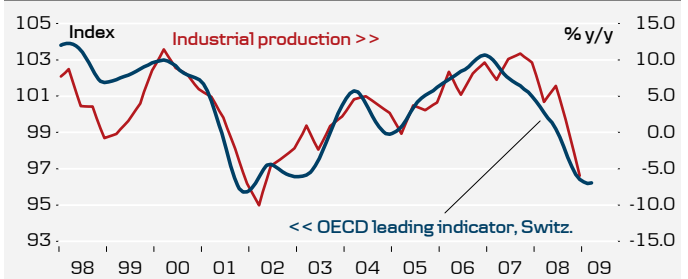
Source: Reuters Ecowin

Switzerland: KOF vs. GDP



Source: Reuters Ecowin

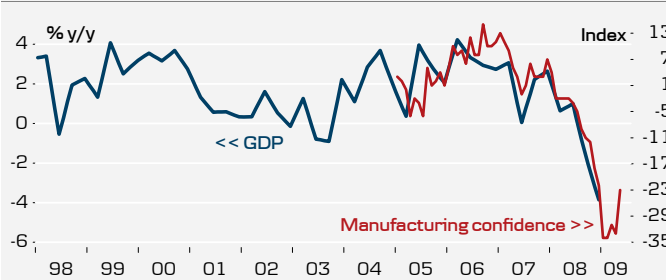
Switzerland: OECD leading indicator vs. industrial production



Source: Reuters Ecowin

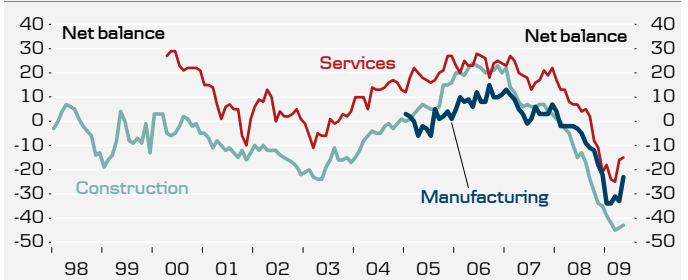
Scandinavia

Denmark: Manufacturing confidence vs GDP



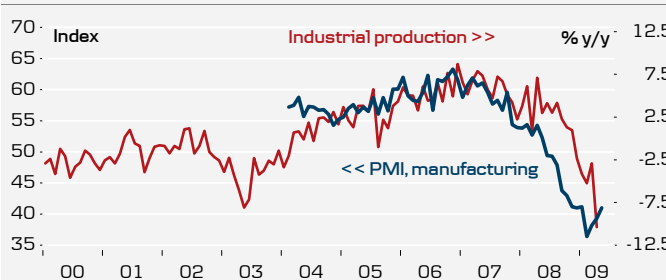
Source: Reuters Ecowin

Denmark: Confidence indicators



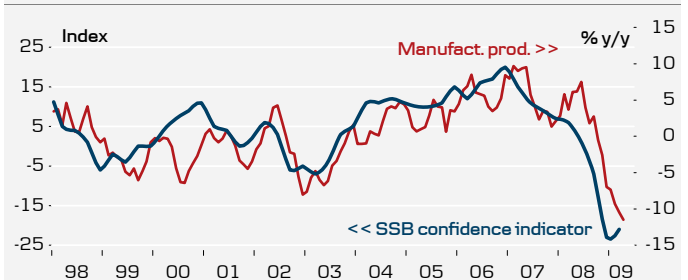
Source: Reuters Ecowin

Norway: PMI vs industrial production



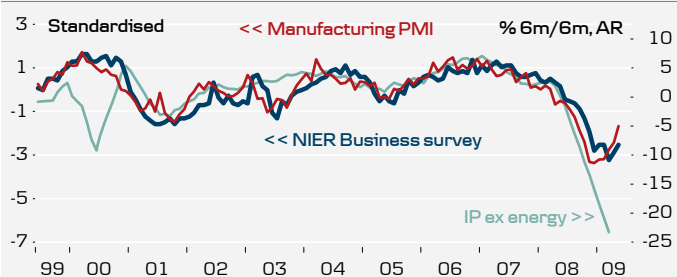
Source: Markit and Reuters Ecowin

Norway: Manufacturing production vs. confidence



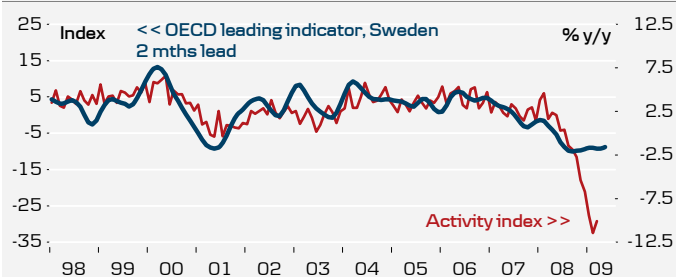
Source: Reuters Ecowin

Sweden: IP vs business surveys



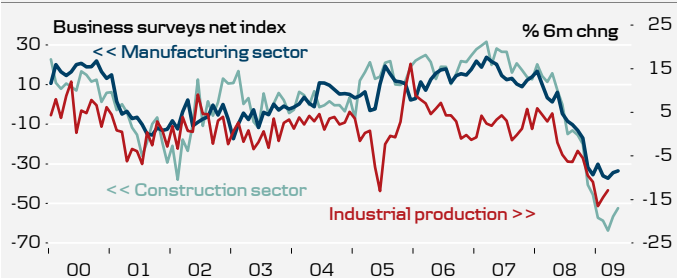
Source: Markit and Reuters Ecowin

Sweden: Leading indicator vs. activity index



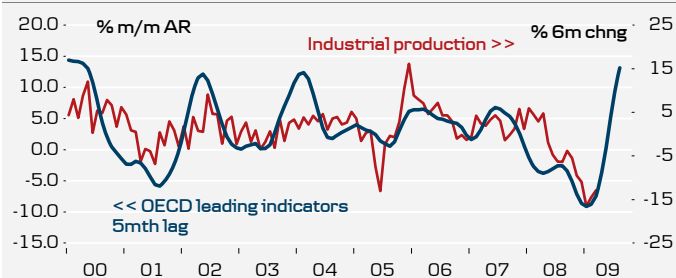
Source: Reuters Ecowin

Finland: Confidence indicators vs industrial prod



Source: Reuters Ecowin

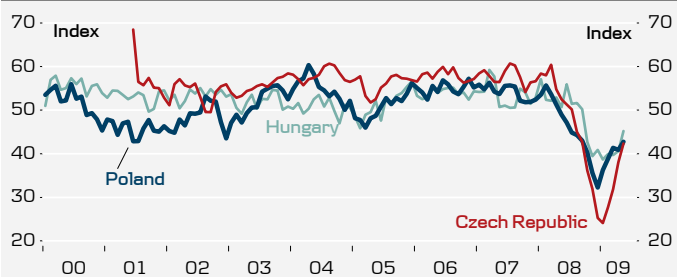
Finland: Leading indicators vs. industrial production



Source: Reuters Ecowin

CEE/CIS

CEE: Manufacturing PMI orders



Source: Markit and Reuters Ecowin

CEE: Industrial production



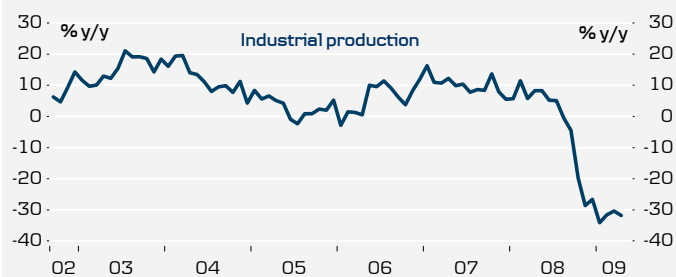
Source: Reuters Ecowin

Russia: PMI vs. industrial production



Source: Markit and Reuters Ecowin

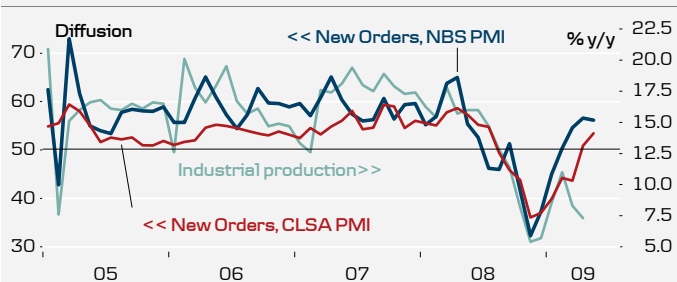
Ukraine: Industrial production



Source: Reuters Ecowin

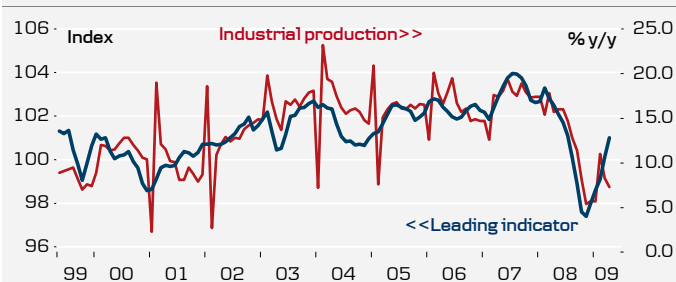
China

Industrial production vs. PMI



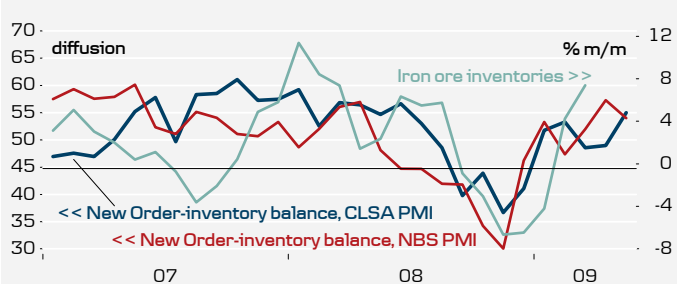
Source: Markit and Reuters Ecowin

Leading indicator vs. industrial production



Source: Reuters Ecowin

Inventories



Source: Markit and Reuters Ecowin

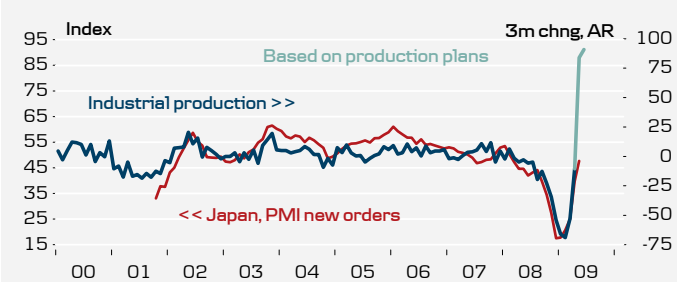
Industrial production and real export



Source: Markit and Reuters Ecowin

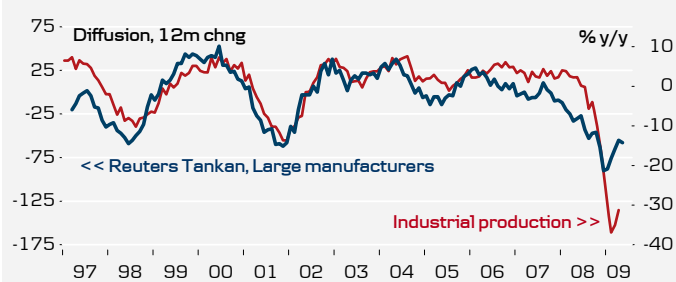
Japan

PMI vs. industrial production



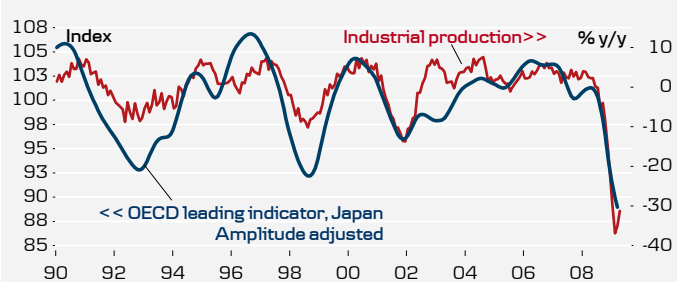
Source: Markit and Reuters Ecowin

Reuters Tankan vs. Industrial production



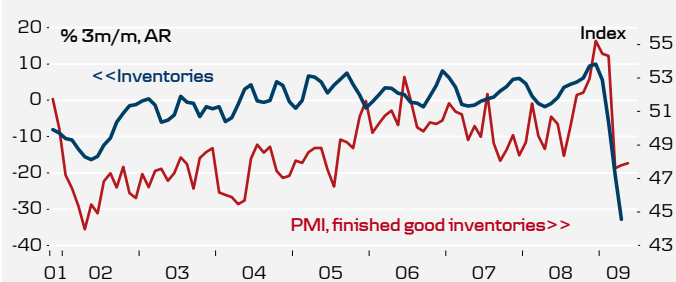
Source: Reuters Ecowin

OECD leading indicators vs. industrial production



Source: Reuters Ecowin

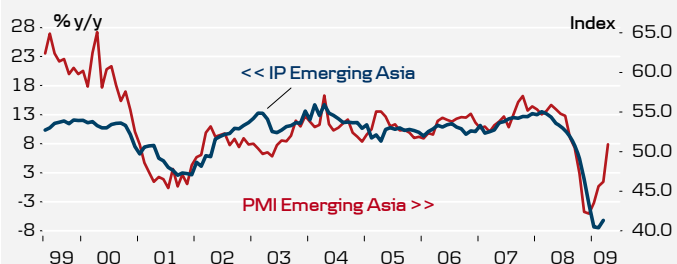
Inventories



Source: Reuters Ecowin

Other Asia

Asia: Industrial production



Source: Reuters Ecowin

South Korea: Industrial production vs. exports



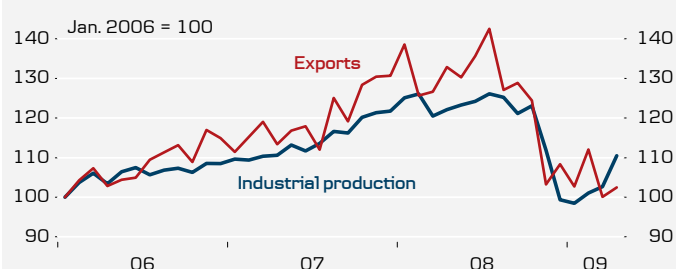
Source: Reuters Ecowin

Taiwan: Industrial production vs. exports



Source: Reuters Ecowin

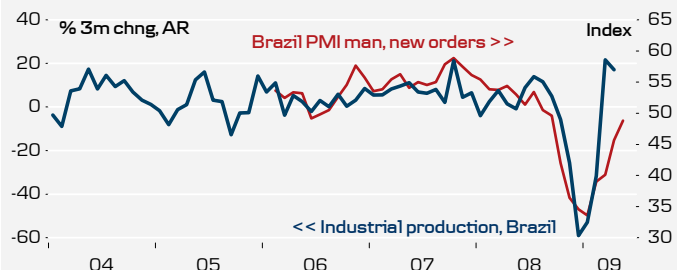
Thailand: Industrial production and export



Source: Reuters Ecowin

LATAM and Commodities

Brazil: Industrial production



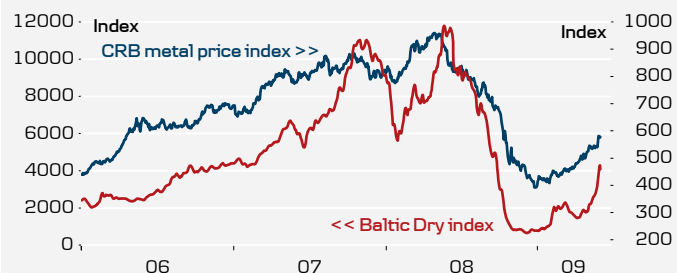
Source: Reuters Ecowin

Mexico: Industrial production vs. PMI



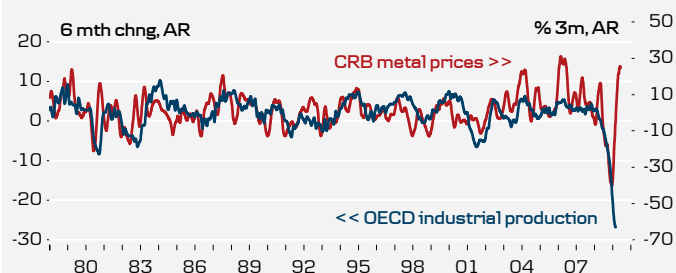
Source: Reuters Ecowin

Baltic dry freight index and metal prices



Source: Reuters Ecowin

CRB metals vs. industrial production



Source: Reuters Ecowin

Disclosure

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