

Still solid global growth in November

- Global MacroScore edged up in November, driven by improving data in the US
- Cyclical recovery in the global economy still strong
- But China is slowing down, which should lead to slower growth elsewhere in coming quarters

Global cyclical momentum picked up in November

Our MacroScore for the global economy, which is a measure for economic growth relative to its trend, edged up by 0.06 points to 0.34 in November, thereby reversing the decline in October. Still, the index is somewhat below the peak from earlier in 2017. The improvement was fairly broad-based, with a higher score for both households and corporates. Both sectors continue to experience growth above its trend, but momentum seems to have faded somewhat in recent months especially for the corporate sector.

Better data from the US, slowdown in China

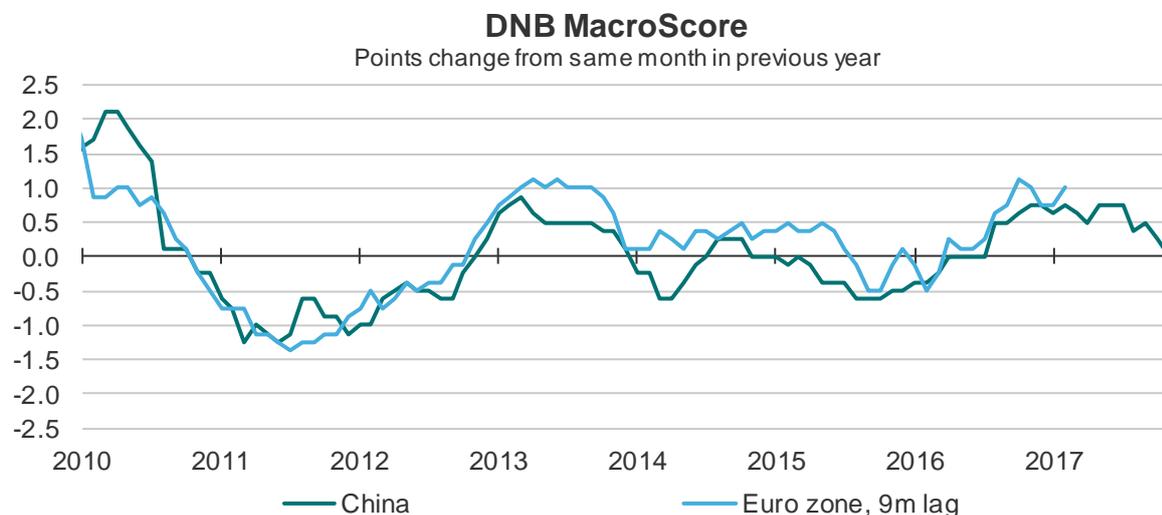
We revised the MacroScore for **the US** up by two notches, as both consumer demand and corporate orders improved the last month. Consequently, the US MacroScore increased to 0.38, thereby indicating that the pace of growth in the US economy has remained somewhat above its trend so far in Q4. The MacroScore for the **euro zone** was unchanged at 0.75, close to its historical highs. All in all, there are few signs that the cyclical recovery in the euro area has started to fade, and most short-term indicators point to activity growth being unchanged from Q3 to Q4. Elsewhere, the MacroScore for **China** was revised down by a notch due to the slowdown in the housing market and weaker growth in heavy industries. This was the second monthly decline for China, and consequently its score is now negative at -0.13, thereby pointing to growth somewhat below its trend and that the cyclical slowdown that we have been expecting for some time has started to materialize.

Turning to **Norway**, the MacroScore fell markedly by 0.38 points to -0.13 in November. This was due to weaker growth in consumer demand and weaker growth for corporates as both production and new orders weakened the last month. The **Swedish economy**, however, maintained a steady pace in November, but we revised down the score for [the housing market](#), which seems to be cooling off.

Steady pace for now, but China driven slowdown ahead

The upshot is the global cyclical recovery seems to have continued in Q4, driven by solid pace of growth in both the US and the euro area. However, with China showing several signs of slowing down, we would not be surprised to see some negative ripple effects spreading throughout the global economy in the coming months.

Ole A. Kjennerud, DNB Markets



Source: DNB Markets

MacroScore for the global economy:

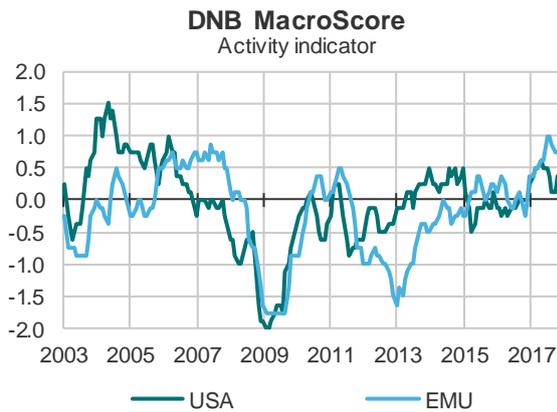


Source: DNB Markets



Source: DNB Markets

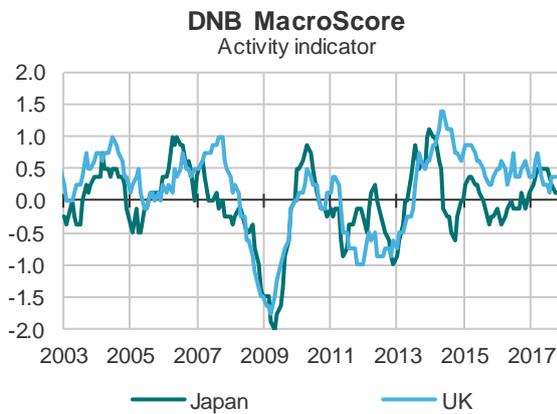
MacroScore for individual countries:



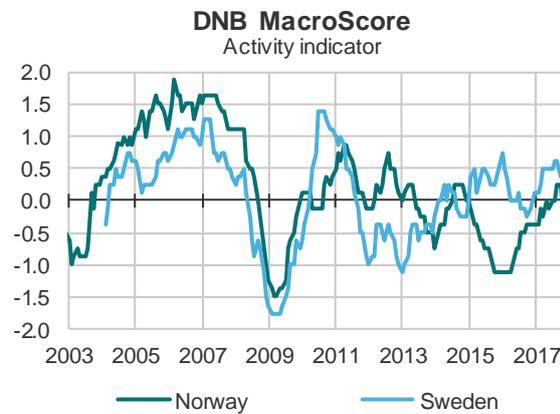
Source: DNB Markets



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Source: DNB Markets



Source: DNB Markets

About the MacroScore:

The MacroScore is a weighted index based on economic data from the eight economies on which we devote the bulk of our analytical resources. These are USA, China, the euro area, Japan, UK, Sweden and Norway. The data represent eight categories, of which four are related to the household sector and four are related to the corporate sector. The household sector categories are consumer confidence, consumer demand, the housing market and the labour market. The corporate sector categories are business confidence, production, orders and exports.

Each category is covered by a broad range of economic data. Both stationary and non-stationary variables are represented. The former are scored based on their growth rate relative to trend, while the latter are scored based on how much they deviate from their long-term averages. The categories are scored from -2 to +2, with 0 being a neutral score. However, the score is not done mechanically. For instance, if we judge that trend growth in a country has slowed over time, a score of 0 is consistent with a slower pace of growth now than before.

Illustration of non-stationary variables:

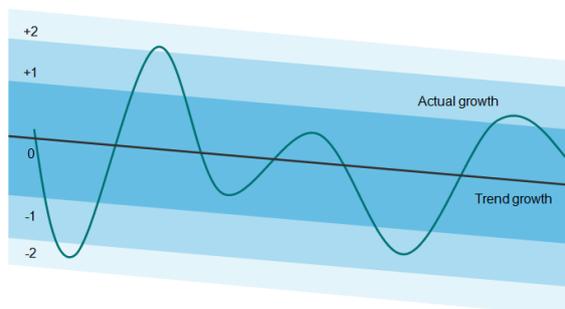
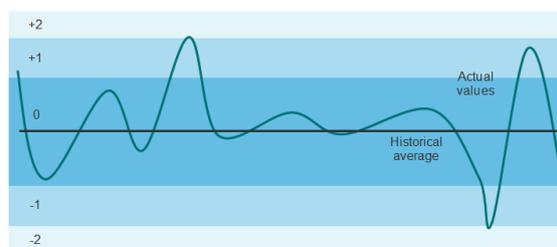


Illustration of stationary variables:



For simplicity, each category is weighted equally in the country-specific MacroScore, while each country is GDP-weighted in the global MacroScore.

DNB Markets Macro Analysis

Kjersti Haugland

Chief Economist, Euro area
+47 24 16 90 01 / +47 917 23 756
kjersti.haugland@dnb.no

Jeanette Strøm Fjære

Economist, Norway and Sweden
+47 24 16 90 03 / +47 920 37 011
jeanette.strom.fjare@dnb.no

Ole A. Kjennerud

Economist, China and Japan
+47 24 16 90 07 / +47 477 57 482
ole.kjennerud@dnb.no

Knut A. Magnussen

Senior Economist, USA, UK and Brazil
+47 24 16 90 04 / +47 476 04 046
knut.magnussen@dnb.no

Magne Østnor

FX Strategist
+47 24 16 90 06 / +47 907 47 902
magne.ostnor@dnb.no

Marit Øvre-Johnsen

FX Analyst
+47 24 16 90 08 / +47 970 42 190
marit.owre-johnsen@dnb.no

Kyrre Aamdal

Senior Economist, Norway, Sweden, interest rates
+47 24 16 90 02 / +47 906 61 112
kyrre.aamdal@dnb.no

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