

February 11, 2019

Economic update

Economy



- The U.S. Composite PMI Output Index remained unchanged at 54.4 in January.
- The Census reported that the trade deficit narrowed in November.
- Factory orders decreased 0.6% in November, the Census noted.
- Durable goods orders increased 0.7% in November, according to the Census.

Employment



- Initial jobless claims fell by 19,000 to 234,000 in the week ended February 2, 2019, according to the Labor Department.

Profits



- As of January 31, 2019, of the 216 S&P 500 Index companies reporting fourth-quarter earnings, 154 — or 71.3% — beat analysts' estimates, according to S&P Dow Jones Indices.

Emotion



- Eurozone investor confidence declined in February, recording its lowest level in four years, according to the Sentix index.

Europe



- Retail trade fell 1.6% in December, according to Eurostat.
- Eurostat reported that industrial producer prices declined 0.8% in December.
- The Markit Eurozone Composite PMI Output Index slipped to 51.0 in January from 51.1 in December.
- Germany's Federal Statistical Office stated that industrial production decreased 0.4% in December.

Rates



- The yield on the 10-year U.S. Treasury note declined.
- The Bank of England's monetary policy committee voted to maintain the bank rate at 0.75%.

Risks



- The Fed risks a policy error if they do not re-evaluate the interest-rate path and terminal size of the balance sheet.
- Brexit, Italian debt dynamics, and the re-emergence of populism risk tipping Europe back into recession.
- Weak stimulus in China thus far is showing little sign of slowing the pace of deceleration.

All economic and performance information is historical and does not guarantee future results. The views and opinions expressed are those of Putnam Investments, are subject to change with market conditions, and are not meant as investment advice.

The information provided relates to Putnam Investments and its affiliates, which include The Putnam Advisory Company, LLC and Putnam Investments Limited®.

Issued in the United Kingdom by Putnam Investments Limited® Putnam Investments Limited is authorized and regulated by the Financial Conduct Authority (FCA).