Q3 | 2020

Global Macro Outlook

An uneven recovery begins

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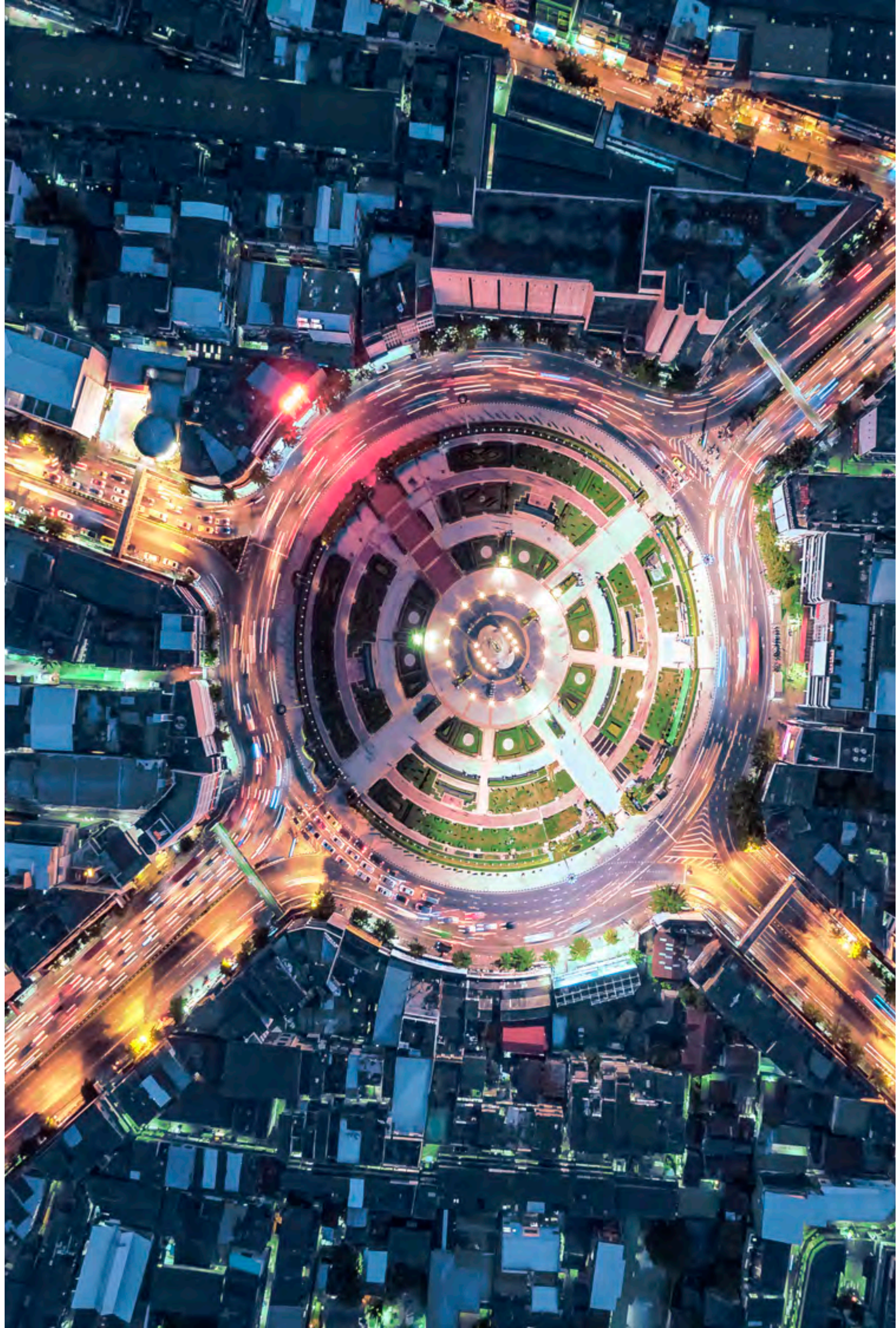

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Introduction

The global economy is rebounding sharply after the worst economic shock of modern times. Just as the COVID-19 recession was unlike any recession we've experienced before, so too will be the recovery. Crucially, the recovery won't be even: We believe the global manufacturing sector will rebound much more sharply than the global services sector and employment activity. The recovery will also be uneven across economies, as countries confront a different mix of headwinds and tailwinds in the next quarter and year ahead.

What's true for most economies, however, is that central banks and governments will continue to provide record amounts of stimulus. Central banks have effectively prevented the economic crisis from evolving into a global financial crisis. Government stimulus has helped to buffer the global employment shock by subsidizing households and businesses, helping them through the worst of the crisis.

And yet, this recovery isn't without risks. Specifically, we're still waiting for an effective treatment for COVID-19 and the possibility of surges in infections continue to threaten the recovery process. Rising geopolitical tensions may also weigh on market sentiment and lead to a slowdown in economic activity. Lastly, the U.S. presidential election is just around the corner and can only garner more investor attention as we move closer to November.

While the global outlook is slightly clearer than it was three months ago, we're still facing an unprecedented level of economic market uncertainty. In times like this, we believe it makes sense to train our focus on the most likely chain of events, apply wide confidence bands on our outlooks, and remain data-dependent on what's likely to be an uneven and bumpy recovery.

The global recovery

Our three-phase recovery framework

It’s time to toss out the idea that the recovery is going to be as simple as a single letter-shaped path, i.e., a V-shaped, U-shaped, or L-shaped trajectory. Rather, we think it could be useful to think about what lies ahead as a three-phase recovery.

Phase 1: Rapid rebound

Now to ~September 2020

- Week-on-week and month-on-month data shows significant improvements from mid-April, producing some of the largest weekly/monthly gains ever seen
- Release of pent-up demand, which could bring 60% to 70% of “lost” demand back online
- Extraordinary monetary policy measures support interest-rate-sensitive sectors (e.g., housing), floods system with liquidity
- Record level of fiscal transfers support lost incomes, raises household savings, and supports consumer spending
- **Downside risks:** Earlier than expected resurgence (or mutation) of the COVID-19 virus; premature stimulus withdrawal (fiscal and/or monetary); amplification of U.S.-China trade tensions

Phase 2: The stall out

September 2020 to year-end 2021

- Economic uplift from income support moderates as one-time fiscal stimulus checks expire or are reduced
- Reduced operating capacity (due to social distancing requirements) hurts business income further, threatening a second wave of insolvencies
- Unemployment in certain segments of the economy remains persistently high as companies that went under during the outbreak couldn’t rehire. Duration of unemployment extends, precautionary savings rise
- U.S. presidential election risks rise, in all likelihood, along with mounting U.S.-China trade tensions, regardless of election outcomes
- **Upside risks:** Heightened expectations of additional fiscal spending as a result of the election campaigning process; a vaccine for COVID-19 becomes widely available earlier than expected

Phase 3: The new normal

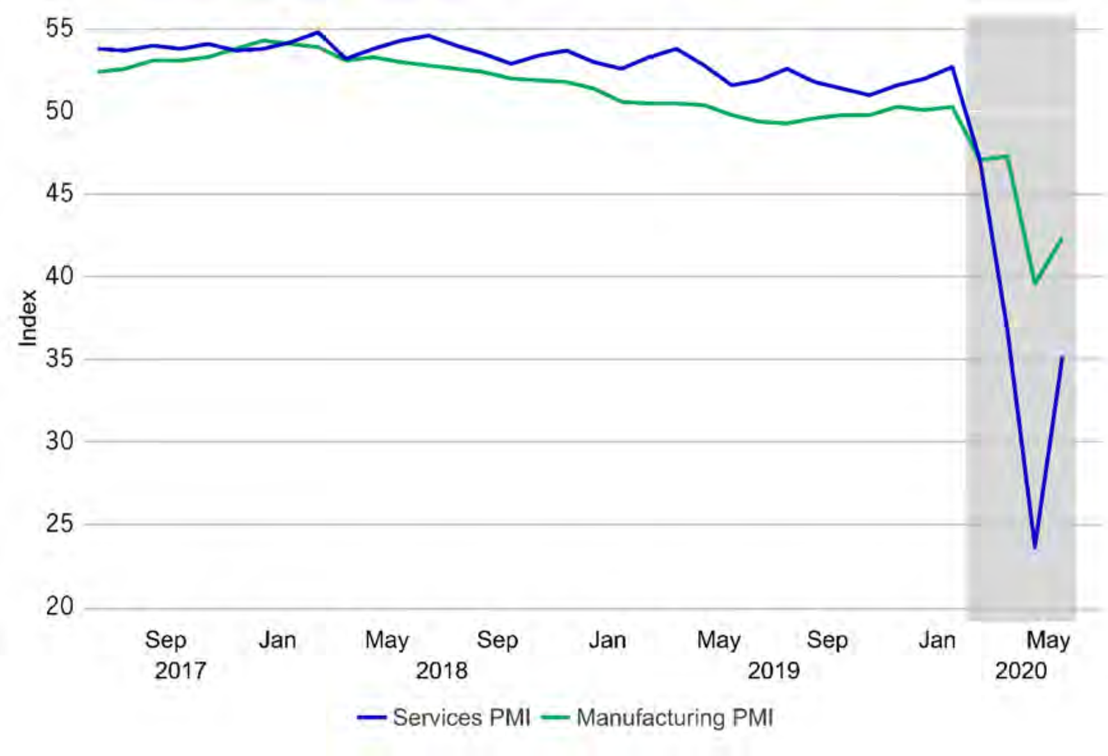
From 2022

- Structural changes, amplified by the COVID-19 outbreak, are brought forward by several years and begin to materialize
- The shift toward deglobalization becomes observable through (i) shifting supply chains, (ii) regionalization through the formation of trading blocs, and (iii) inflation
- Elevated global debt levels due to an increase in government bond issuance, setting the stage for an era defined by calls for austerity
- Interest rates remain extraordinarily low, pushing asset allocators further out the risk spectrum and into more alternative assets in their search for yield
- An array of socioeconomic issues are amplified: How can we rectify massive inequality? Is there room for Universal Basic Income? Modern monetary theory?

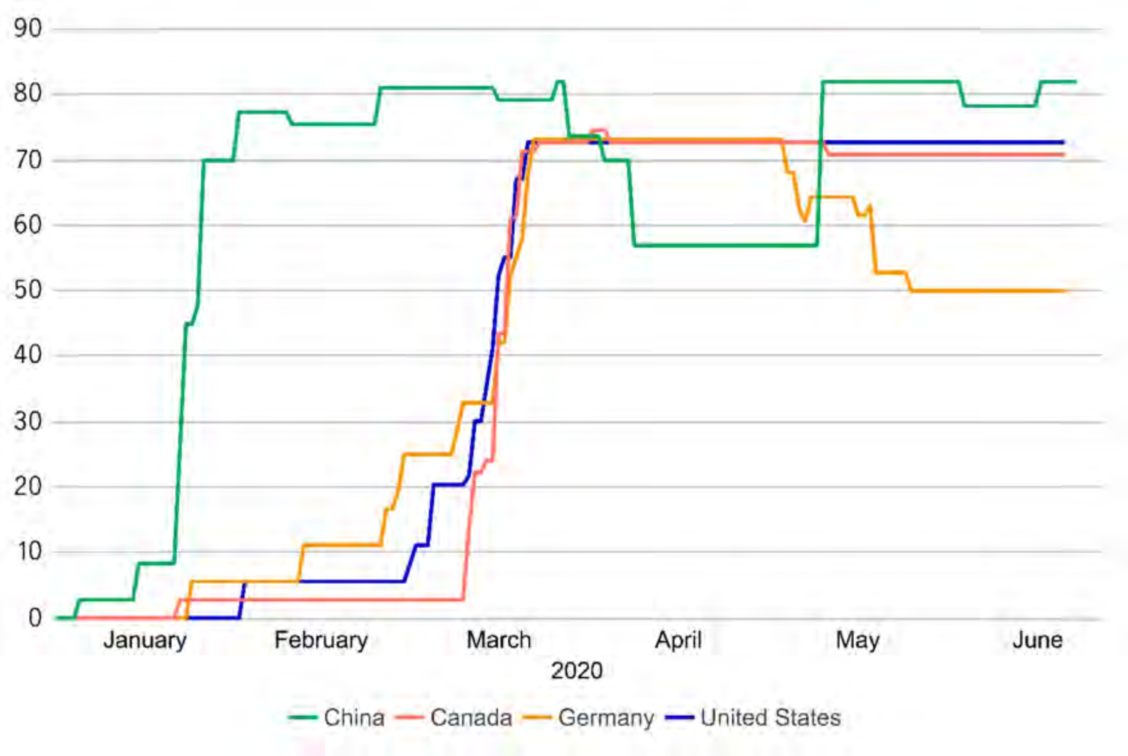
As economies reopen, global PMIs return to expansion mode

The first phase of the economic recovery, a rapid rebound, can be seen in the initial recovery in global Purchasing Managers' Indexes (PMIs), which we expect to return to the critical 50 level (signaling expansion) in the coming months. Since the impact of the COVID-19 outbreak was felt more keenly in the services sector, it's no surprise that the manufacturing sector should lead the global economic rebound. However, the resumption of economic activity is taking place at a different pace globally—Germany, for example, is among the first large global economies to meaningfully reopen while China has seen a re-shuttering of parts of its economy, as measured by the Oxford University Stringency Index.

Global Purchasing Managers' Indexes[1]



Oxford University COVID-19 Stringency Index (%)[2]

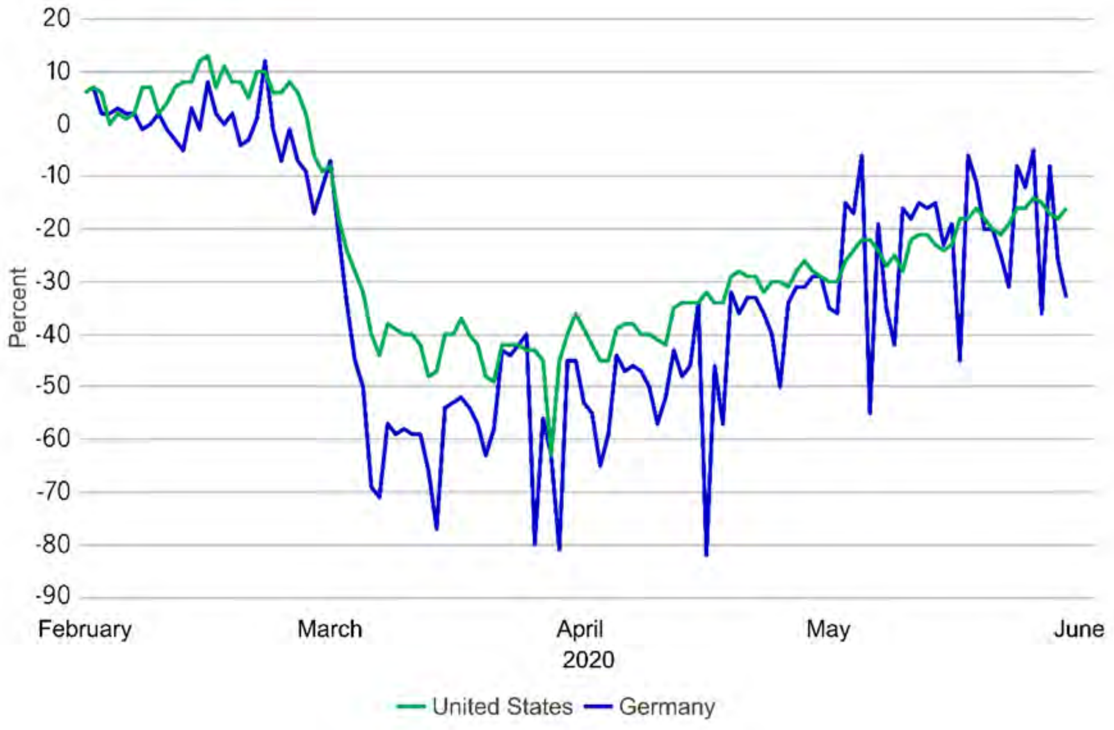


1 IHS Markit, Macrobond, Manulife Investment Management, as of June 18, 2020. The gray area represents a contraction.
2 University of Oxford, Macrobond, Manulife Investment Management, as of June 18, 2020.

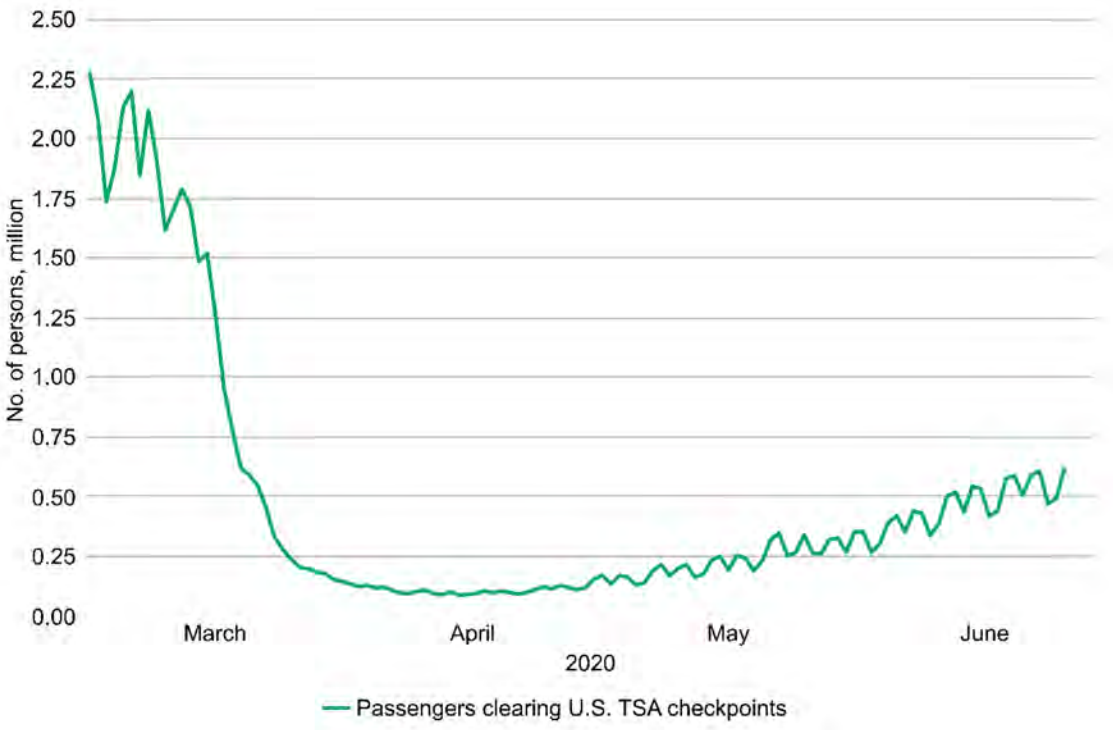
High-frequency data suggests the global economy bottomed in mid-April

The COVID-19 outbreak has led to an unprecedented contraction in economic activity in modern history. We turned to alternative sources of data to have a better understanding of global economic recovery processes. Daily and weekly data, such as Google mobility data and the number of passenger arrivals that cleared U.S. TSA checkpoints, suggests that the worst of the economic downturn had occurred by mid-April, and since then, incremental improvements have been accruing. In our view, reliance on ultra-high-frequency data will likely continue as markets will need to monitor how the economy responds to the evolution of the COVID-19 outbreak very closely.

Google mobility data: retail and recreation[1]



Passengers through U.S. TSA checkpoints[2]

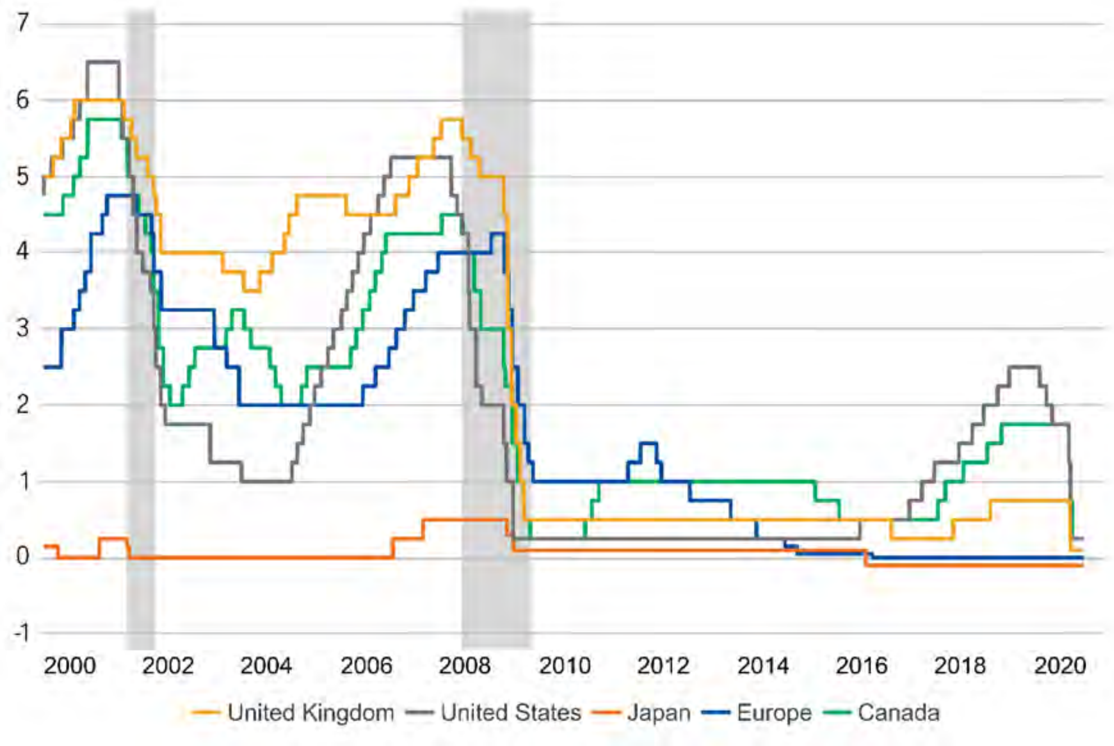


1 Google, Macrobond, as of June 18, 2020. 2 U.S. Department of Homeland Security, Macrobond, as of June 18, 2020.

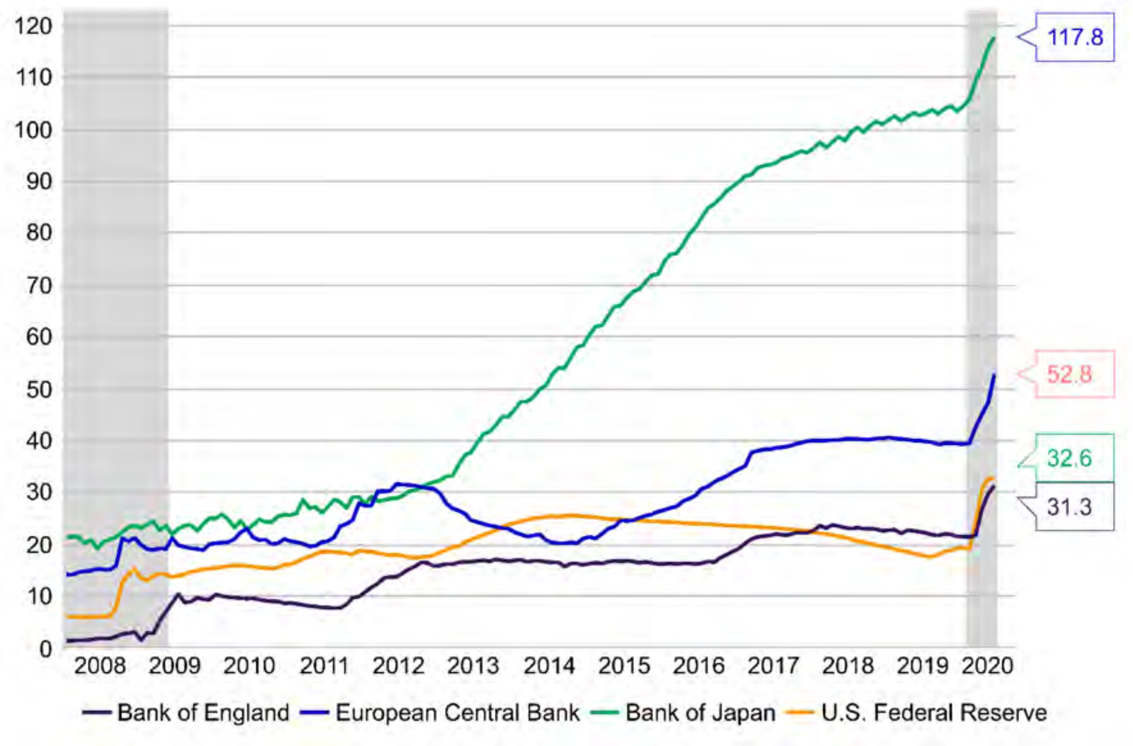
Tremendous central bank accommodation is here to stay

Since March, global central banks have been providing extraordinary and unprecedented levels of support to the global economy. We aren't expecting major new announcements from central banks in Q3 as they adopt a wait-and-see approach; however, we believe they could still act should the situation require it. In our view, central banks have, through their various initiatives, provided important support to rate-sensitive industries, and broadly speaking, prevented a credit crisis from taking place. However, their actions have also exacerbated the existing "search for yield" narrative that we believe has contributed to—and will continue to—be a key driver behind recent gains in the equity market.

Central bank main policy rates (%)[1]



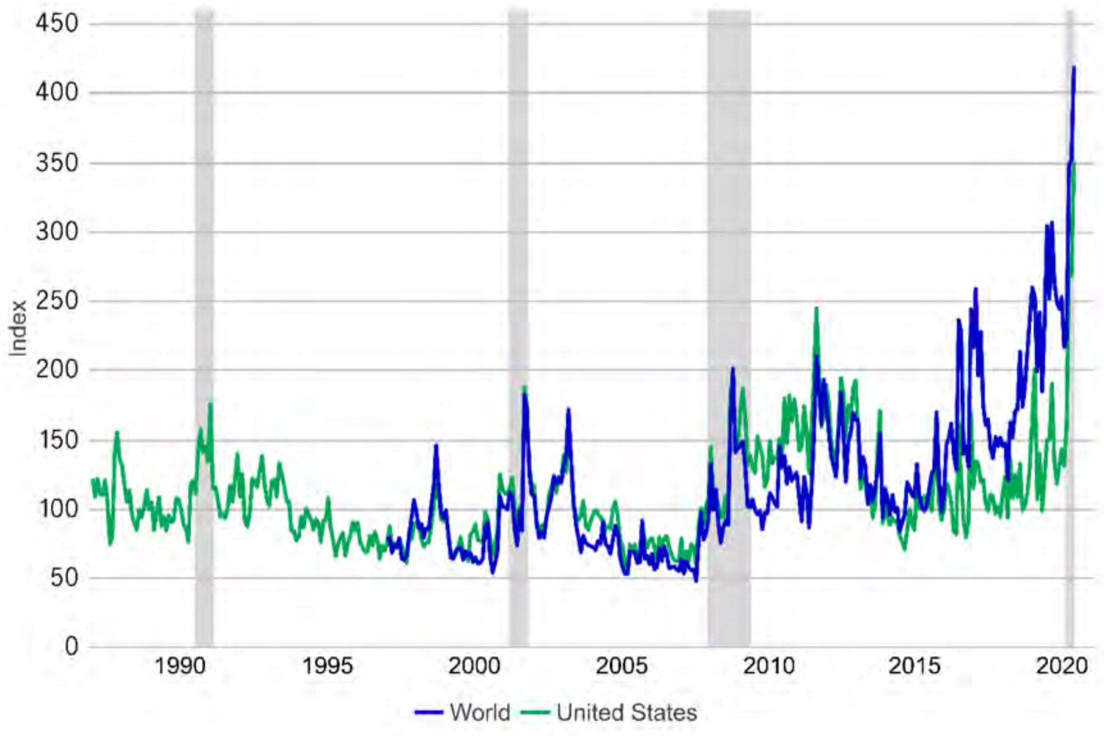
Central bank balance sheet as % of GDP[2]



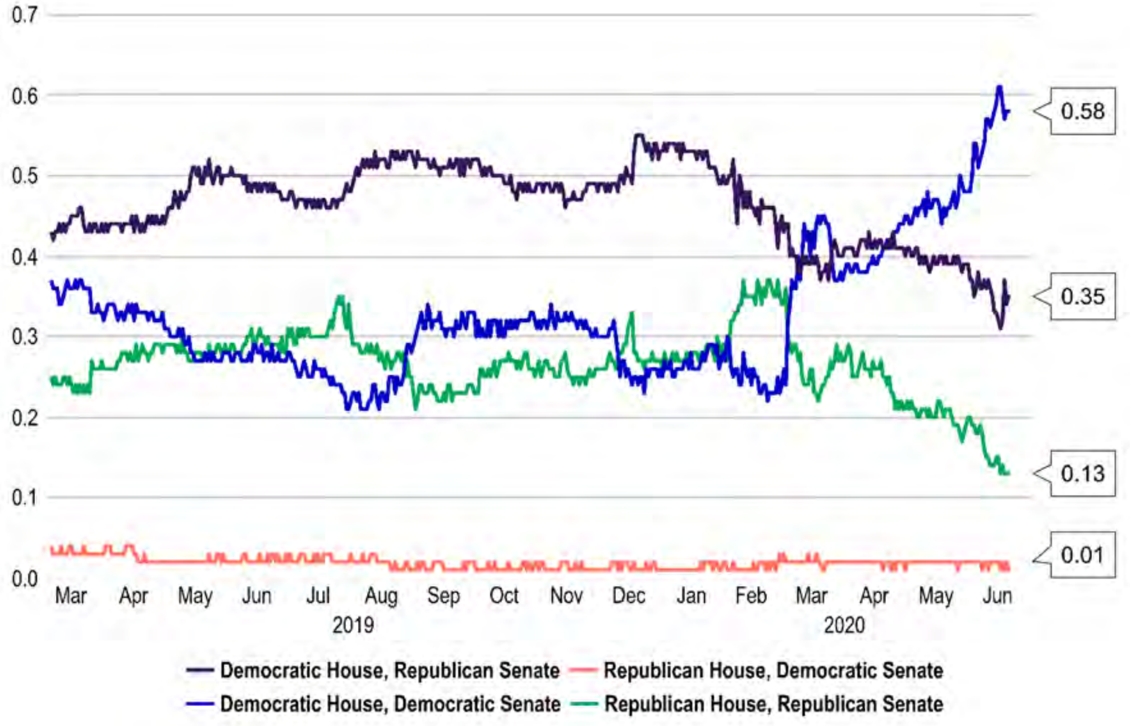
Heightened geopolitical risks are clouding the economic outlook

Several geopolitical factors could upend an otherwise strong initial rebound in Q3. These include U.S.-China trade relations, the China-Hong Kong relationship, China-India tensions, Brexit-related risks, and threats to European Union solidarity. November's U.S. presidential election will also be a key market driver, but we're more focused on the balance of power in Congress than individual presidential candidates. Estimates of future U.S. fiscal spending, U.S. dollar strength, and how each might interact with the factors listed above will likely fluctuate along with changes in the odds of a Democratic sweep across Congress and the presidency.

Economic Policy Uncertainty Index[1]



PredictIt election odds: balance of power after 2020 election[2]



1 Economic Policy Uncertainty, Macrobond, as of June 15, 2020. The gray areas represents recession. 2 PredictIt, Macrobond, as of June 15, 2020.

United States

We've entered phase one of the recovery: a steep, initial ascent

The U.S. economy has entered the first phase of our three-stage recovery framework and is exhibiting an aggressive rebound. Although March and April produced some of the largest falls in economic print ever recorded, the month of May recorded some of the strongest month-on-month surges in economic data in modern history. Notably, this record-breaking data surpassed consensus expectations by a wide margin, pushing the U.S. Citi Economic Surprise Index to new highs.[1] While consensus expectations among economists will likely eventually catch up; the scale of the collective "miss" suggests the stock market was significantly ahead of economists during this phase.

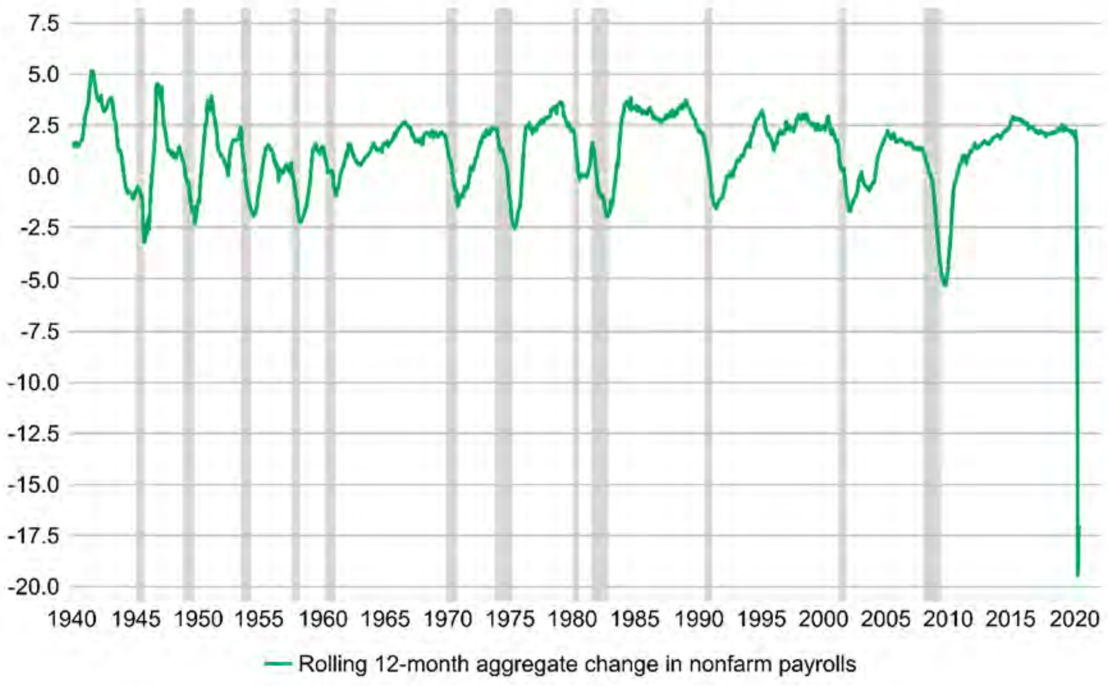
The U.S. Citi Economic Surprise Index[1]

1 Citi, Macrobond, as of June 15, 2020. The gray area represents recession.

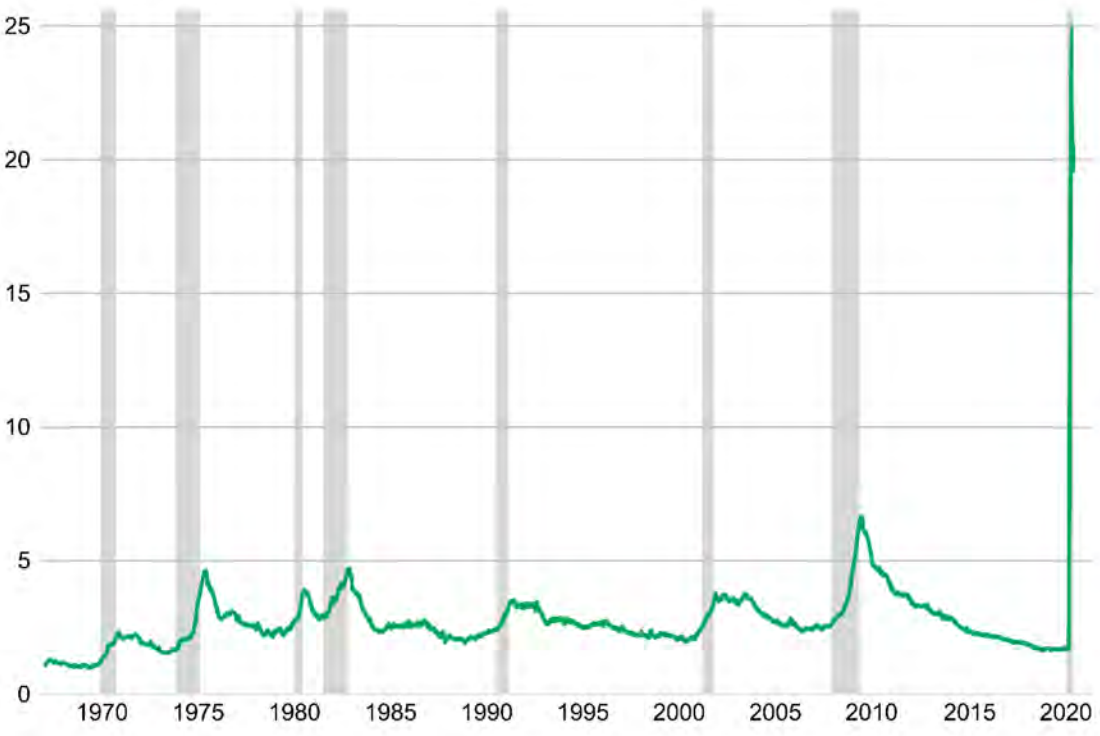
COVID-19's shock to U.S. jobs was unprecedented, with a long way left to go

A record 22.1 million jobs were lost in two months as the unemployment rate hit a record 14.7% in April—no amount of sugarcoating can change the fact that it's a devastating number. While May created 2.5 million jobs, the economy will have to add another 19.6 million jobs before the labor market returns to pre-COVID-19 levels.[1] That said, nearly 70% of those who have lost their jobs believe they'll return to their jobs soon. If that turns out to be true, roughly two-thirds of those who lost their jobs could be rehired soon. However, that'll still leave the U.S. jobless rate at high single digits by year end (~8% to 9%), contributing to our stall-out narrative in the second stage of the recovery.

U.S. nonfarm payrolls (rolling 12-month change, millions)[1]



U.S. continuing jobless claims (millions)[1]



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1 U.S. Bureau of Labor Statistics, Macrobond, as of June 15, 2020. The gray area represents recession.

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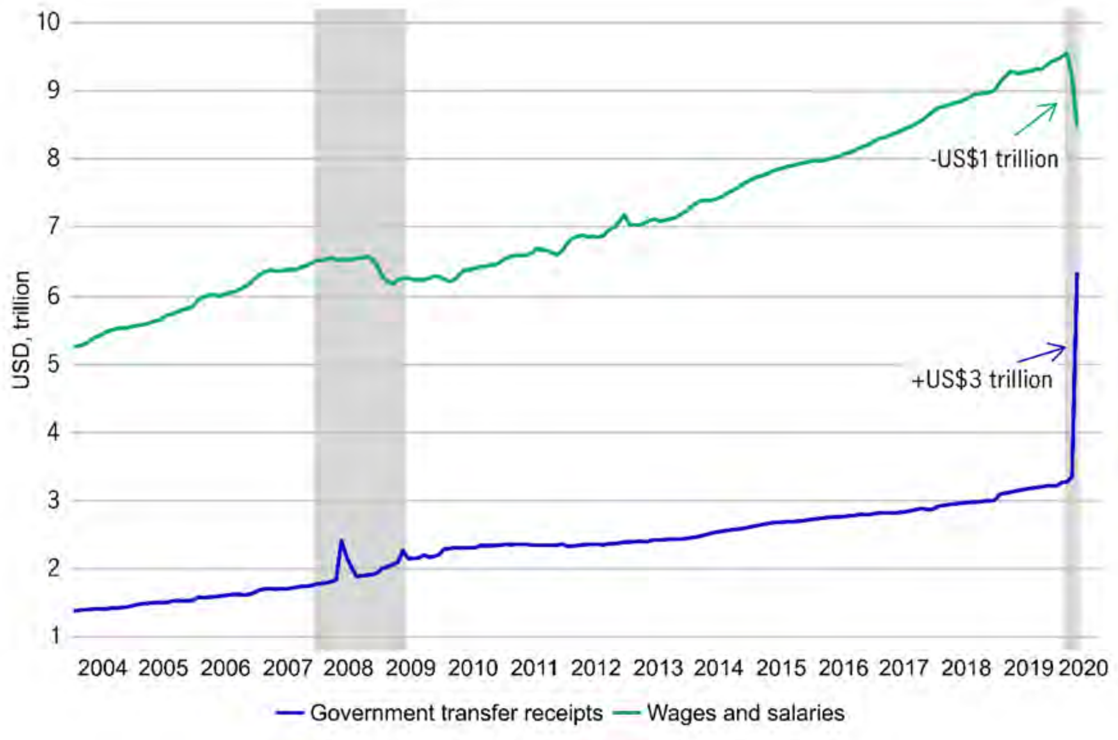
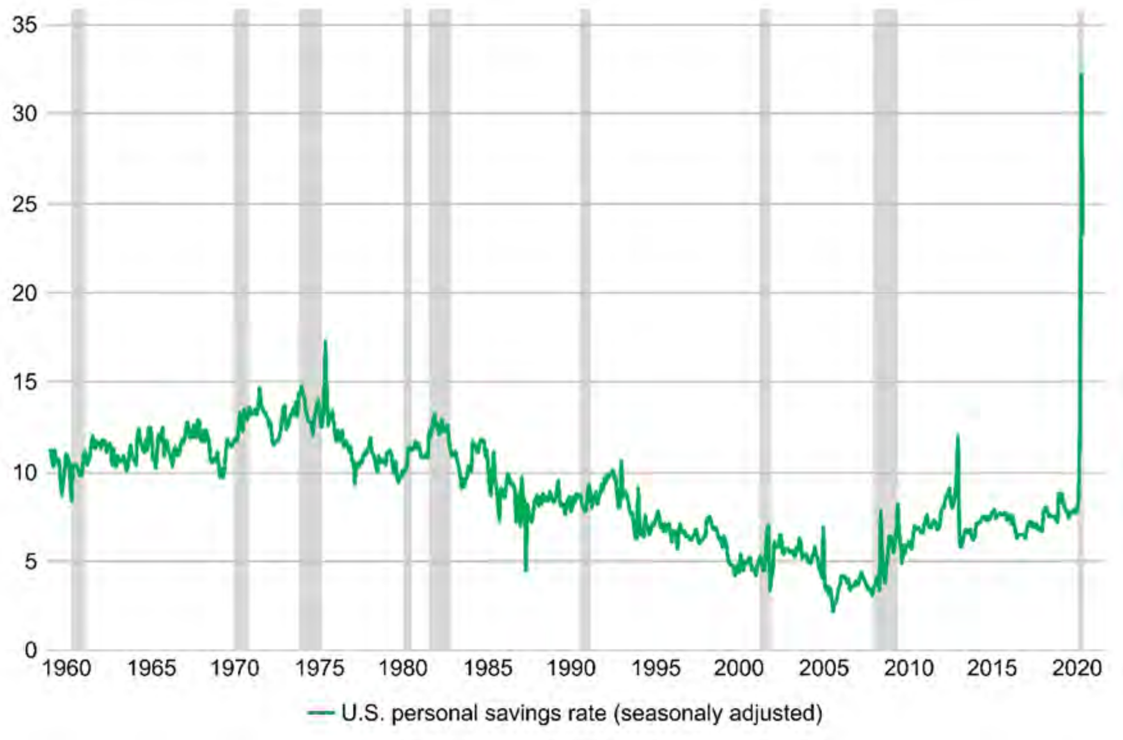
Federal fiscal transfers are buffering the employment shock

Despite record unemployment, U.S. households didn't demonstrate the type of pullback in spending that would be typical in such a situation. This is partly due to the high level of government transfers, such as stimulus checks and unemployment insurance benefits. For instance, wages and salaries for U.S. households fell by US$1 trillion in April, but aggregate government transfer receipts (direct support from the government) rose by US$3 trillion in the same month. With a shut economy, that cash couldn't be initially spent and ended up as savings to be used later. However, these data points can mask the challenges that lower-income households face as a result of the economic fallout.

U.S. personal income: wages and salaries vs. government transfers[1]



U.S. personal savings rate (%)[2]

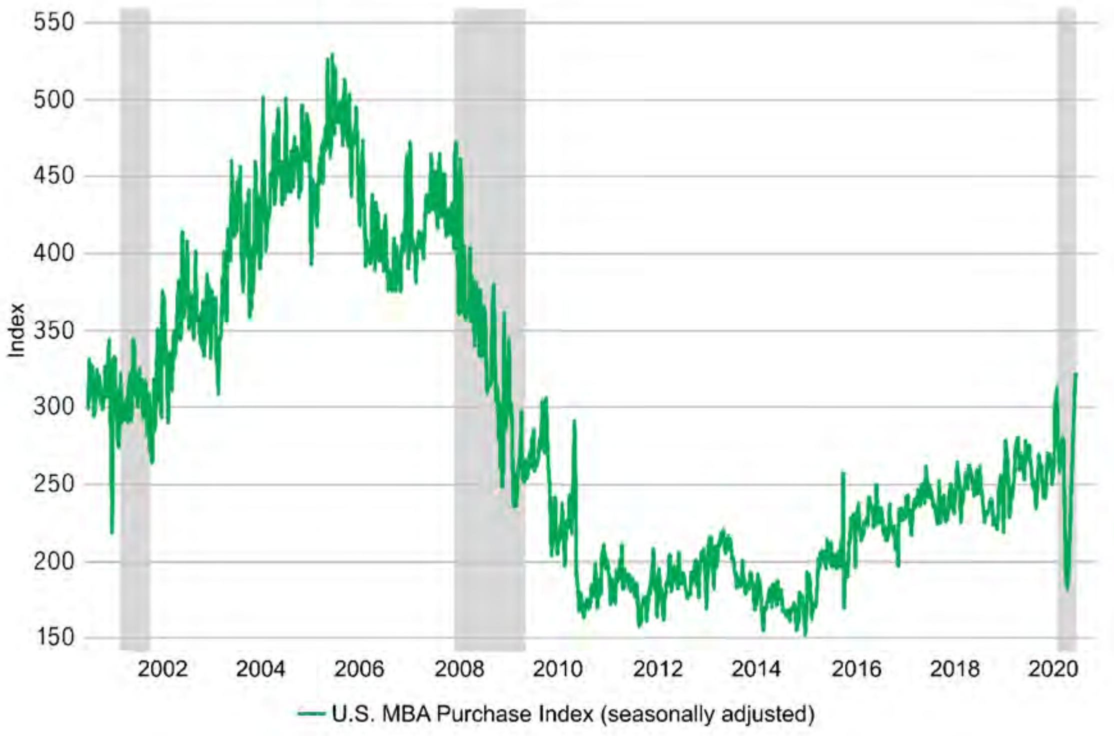


1 U.S. Bureau of Economic Analysis, Macrobond, as of June 18, 2020. 2 U.S. Department of Labor, Macrobond, as of June 15, 2020. The gray area represents recession.

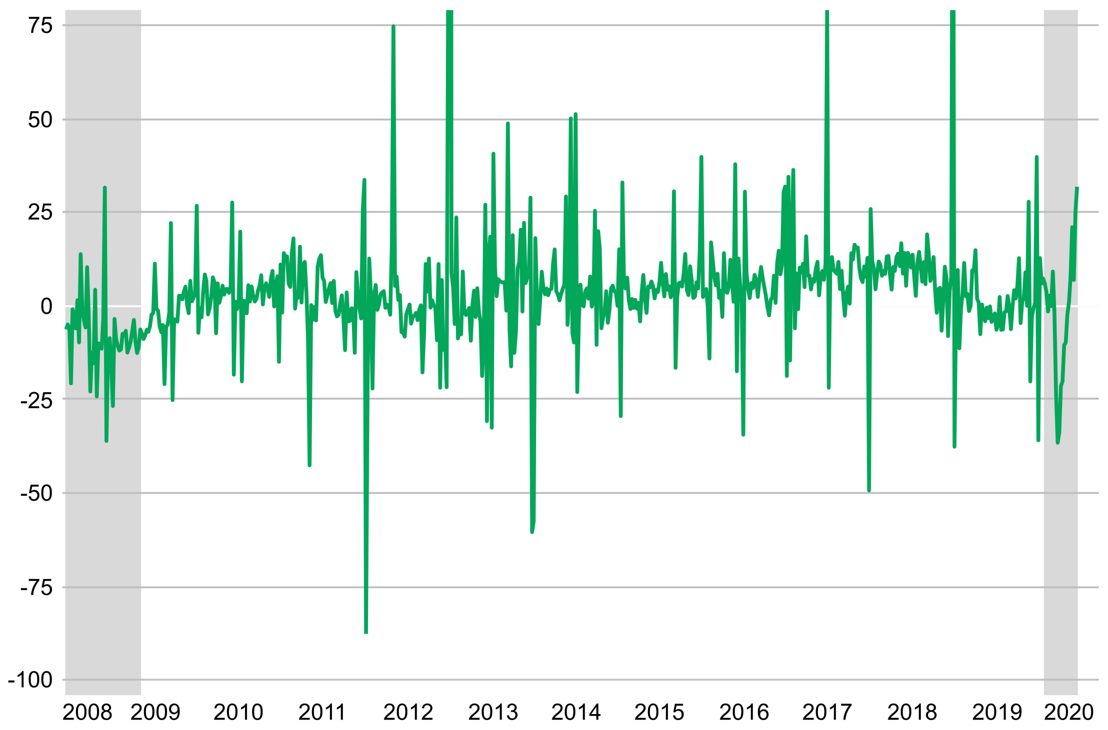
More encouraging signs

In addition to federal fiscal support, which has been helping to buffer the employment shock, we're also seeing strength in some areas that are supporting this initial period of recovery. U.S. mortgage activity, for instance, has recovered, supported by low interest rates and surprisingly resilient consumer confidence. Equally important, business loan applications have swiftly rebounded and are now back to pre-pandemic levels. Both of these developments run in stark contrast to what happened shortly after the global financial crisis and support our view that a strong rebound is likely in Q3.

Mortgage purchase applications[1]



Business applications have rebounded[2]

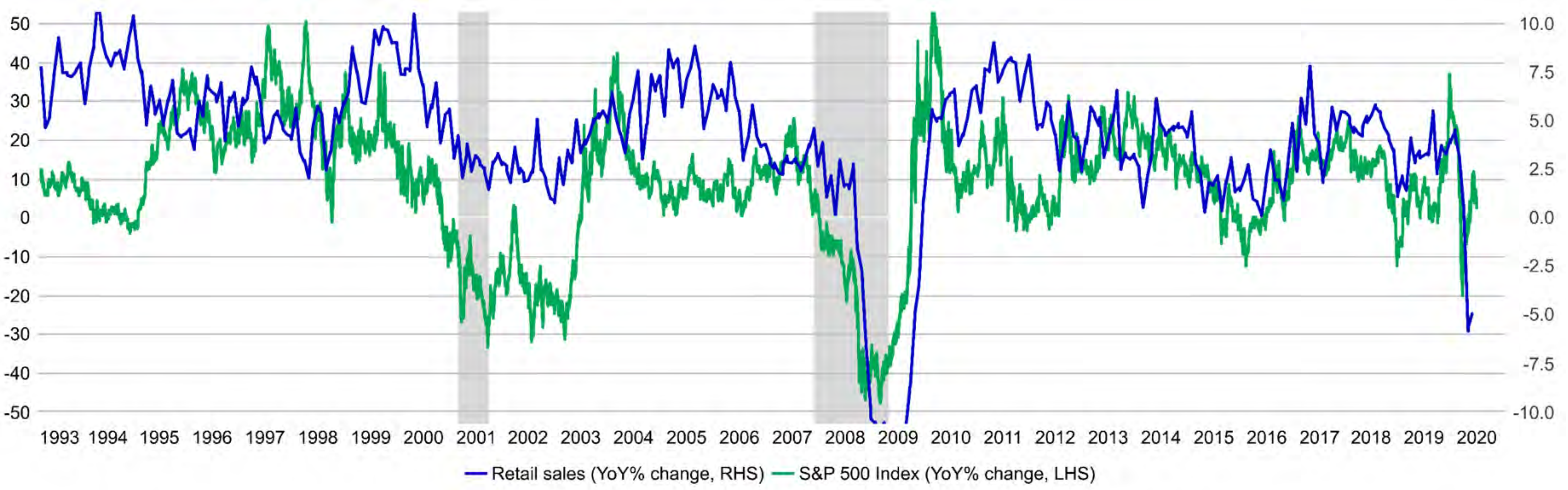


1 Mortgage Bankers Association (MBA), Macrobond, as of June 15, 2020. **2** U.S. Census Bureau, Macrobond, as of June 15, 2020. The gray area represents recession.

The stock market/economy connection

While we consistently emphasize that the economy is *not* the stock market, there are important connections between the two. Take for instance the historically strong correlation between the market returns posted by the S&P 500 Index and U.S. retail sales activity.[1] This makes sense: Better market returns support broad confidence, but they also create a wealth effect. The stock market's rebound since the end of March will likely provide an additional tailwind to retail sales activity when lockdowns lift. However, should we experience another pullback in the markets, that implies that consumer activity would weaken.

The S&P 500 Index's performance vs. U.S. retail sales (%)[1]

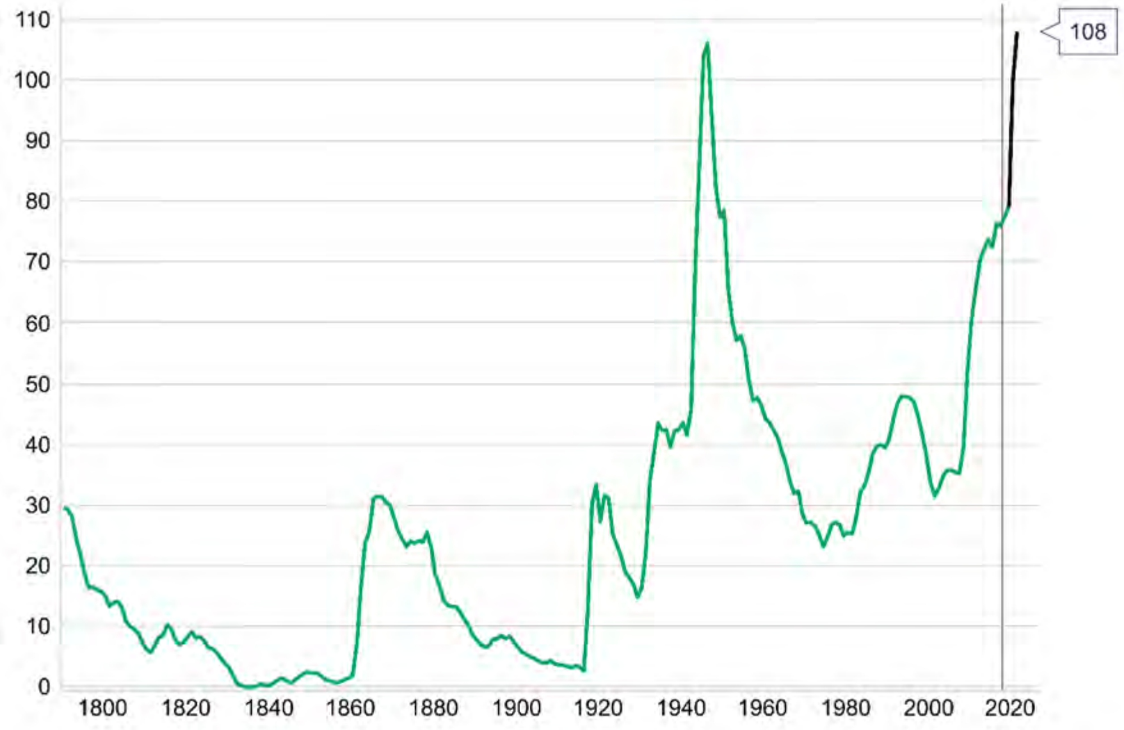


1 S&P Dow Jones Indexes, U.S. Census Bureau, Macrobond, as of June 18, 2020. LHS refers to left-hand side; RHS refers to right-hand side. YoY refers to year on year.

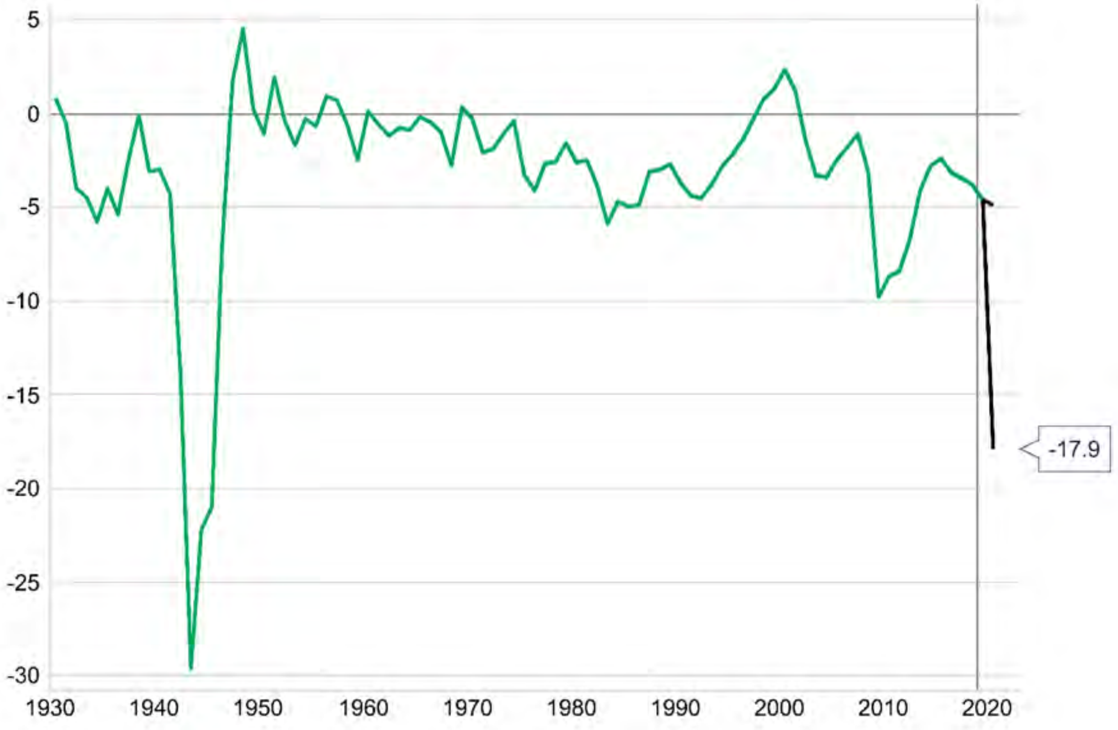
The U.S. federal government's finances are a long way from sound

In our view, one of the biggest macro risks in Q3 is the potential for waning fiscal support, specifically, the possible expiration or reduction of unemployment insurance benefits on July 31. As the United States finds itself in its worst fiscal shape in *centuries*, it's only natural that calls for restrain will get louder as the economy recovers. However, a high unemployment rate means the government might need to not just maintain, but *increase* its support for job seekers. Meanwhile, rising fiscal debt can have longer-term market implications: An increase in U.S. Treasury issuance at the long end might steepen the yield curve and could potentially make austerity measures a necessity in the longer term.

U.S. federal debt as % of GDP (Congressional Budget Office forecasts)[1]



U.S. budget deficit as % of GDP (Congressional Budget Office forecasts)



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1 U.S. Bureau of Labor Statistics, Macrobond, as of June 15, 2020. The section in blue represents projections. **2** Congressional Budget Office, Office of Management and Budget, Macrobond, as of June 15, 2020. The section in black represents projections.

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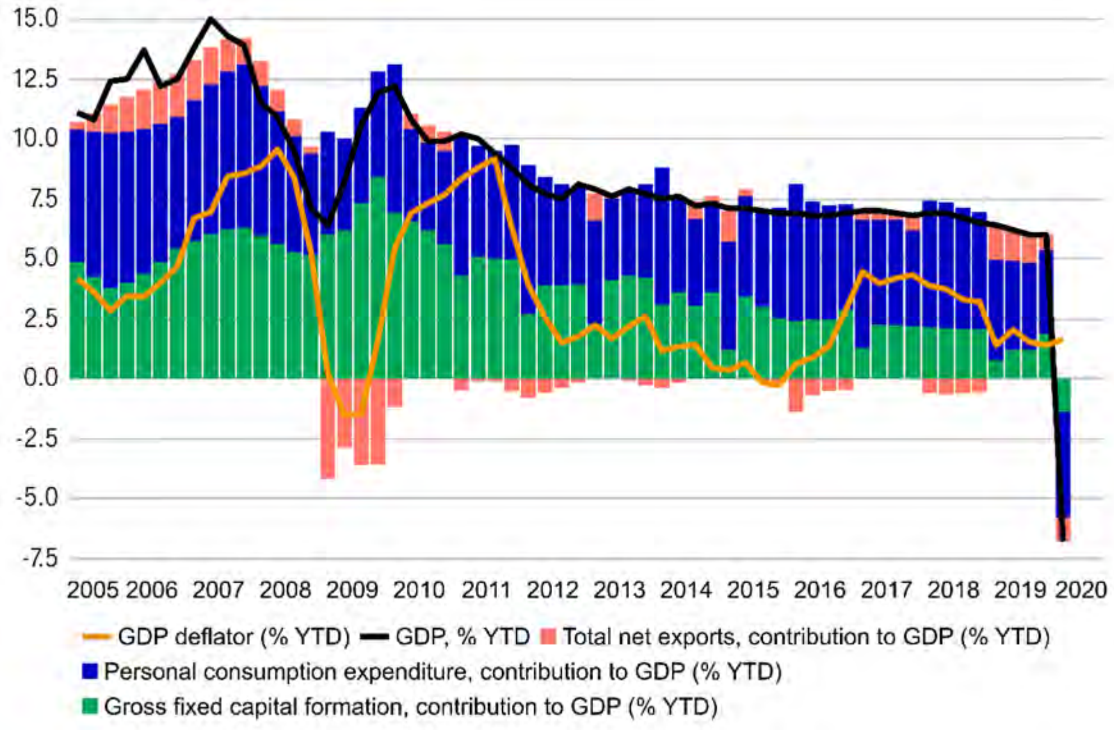
China

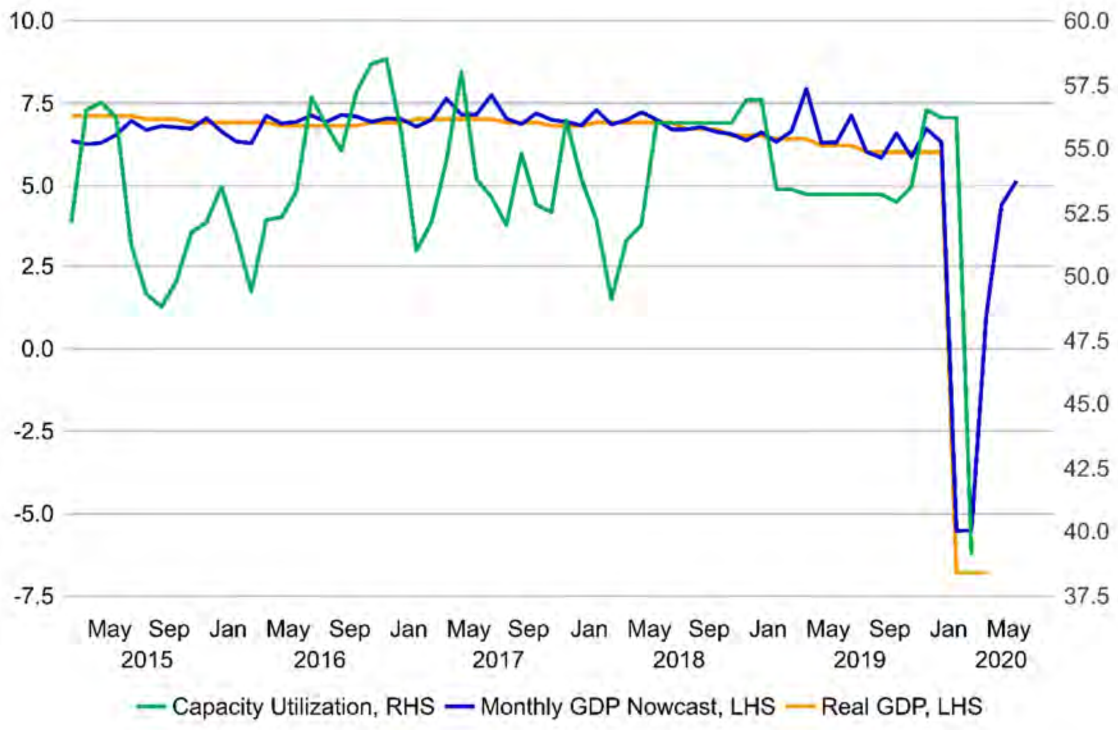
A sharp economic contraction but pace of recovery disappoints

China's Q1 GDP growth contracted sharply, led by a fall in private consumer spending. Activity data is bouncing back as the economy has reopened, but unlike many developed-market economies, the pace of recovery has—in our view—fallen short of expectations. Consensus GDP growth for 2020 has been downgraded from 4.00% (year on year) at the start of April to 1.75% as of June 12.

Contributions to Chinese GDP[1]



Sharp bounce back from the lows, but at a disappointing pace[2]

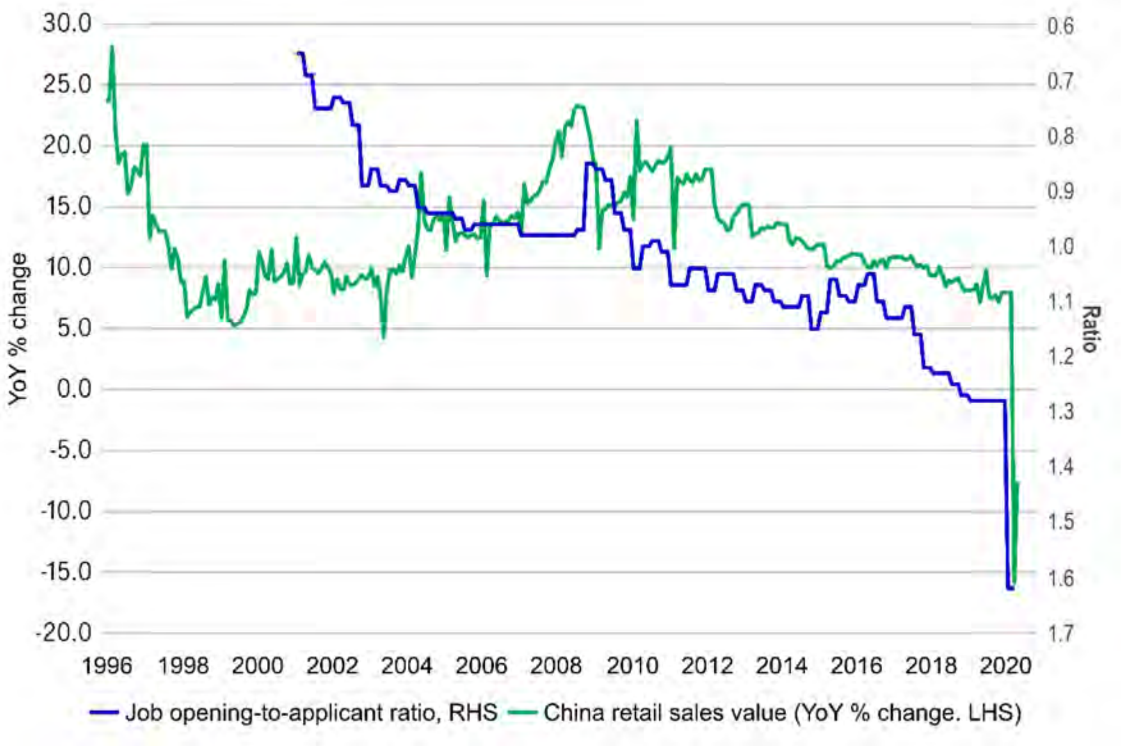


1 Macrobond, Manulife Investment Management, June 13, 2020. YTD refers to year to date. **2** Macrobond, Bloomberg, June 13, 2020. LHS refers to left-hand side; RHS refers to right-hand side.

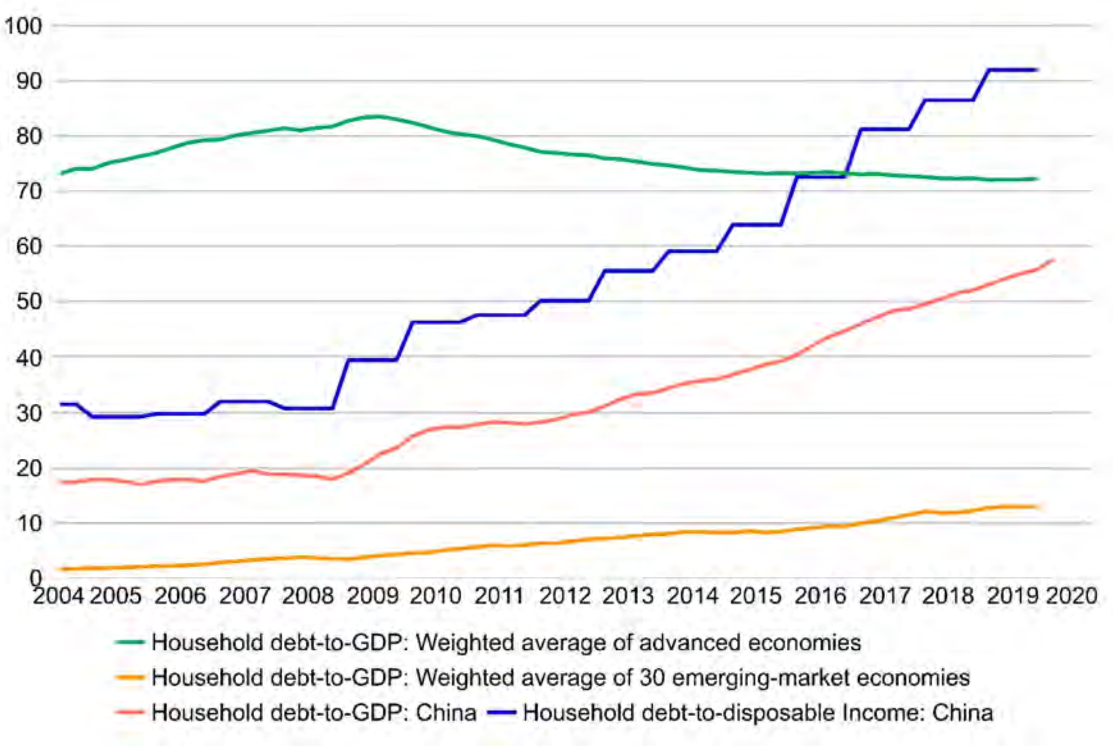
Reigniting consumer spending is challenging given level of household debt

Weak domestic demand is a major headwind to economic growth and China isn't alone in that regard, but what makes the country's challenge unique is the high level of household debt. As a percentage of GDP, China's household debt rose significantly from ~20% to ~60% since 2010, and the fact that it's much higher than the emerging-market average of ~15%. As a percentage of disposable income, China's household debt was inching toward the 100% level before the COVID-19 outbreak tamed the trajectory.[1] In our view, the saturation of household debt also suggests a higher risk to financial stability.

Weak labor market and domestic demand[1]



China's household debt stands out for the wrong reason (%)[1]

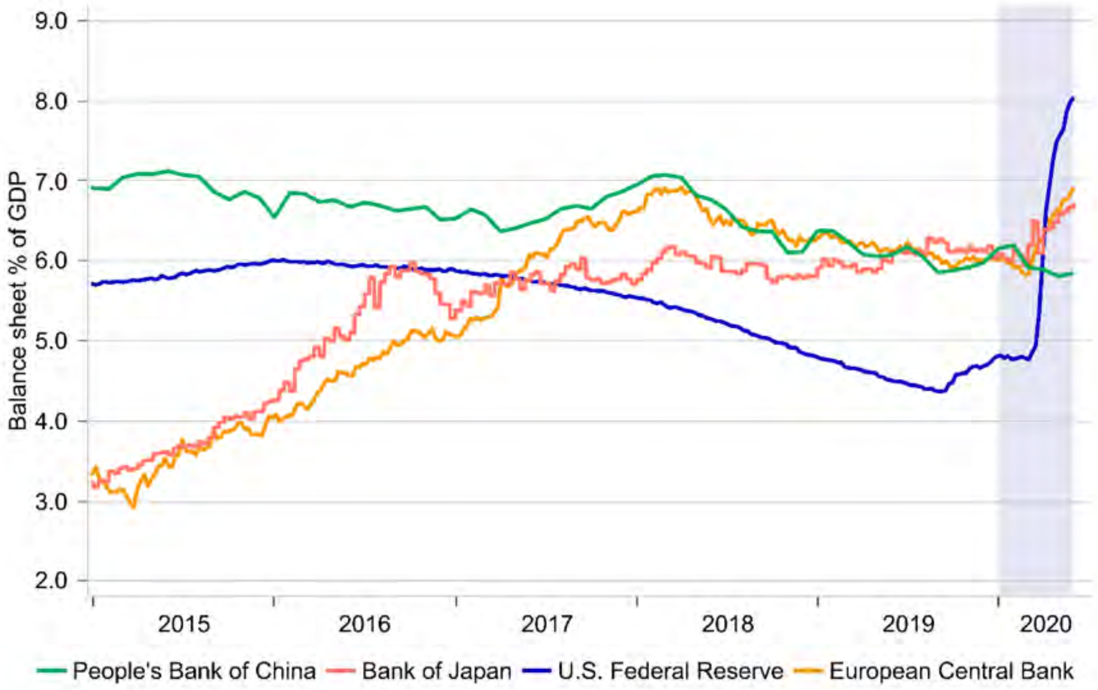


1 Macrobond, Manulife Investment Management, June 13, 2020. YoY refers to year on year. LHS refers to left-hand side; RHS refers to right-hand side.

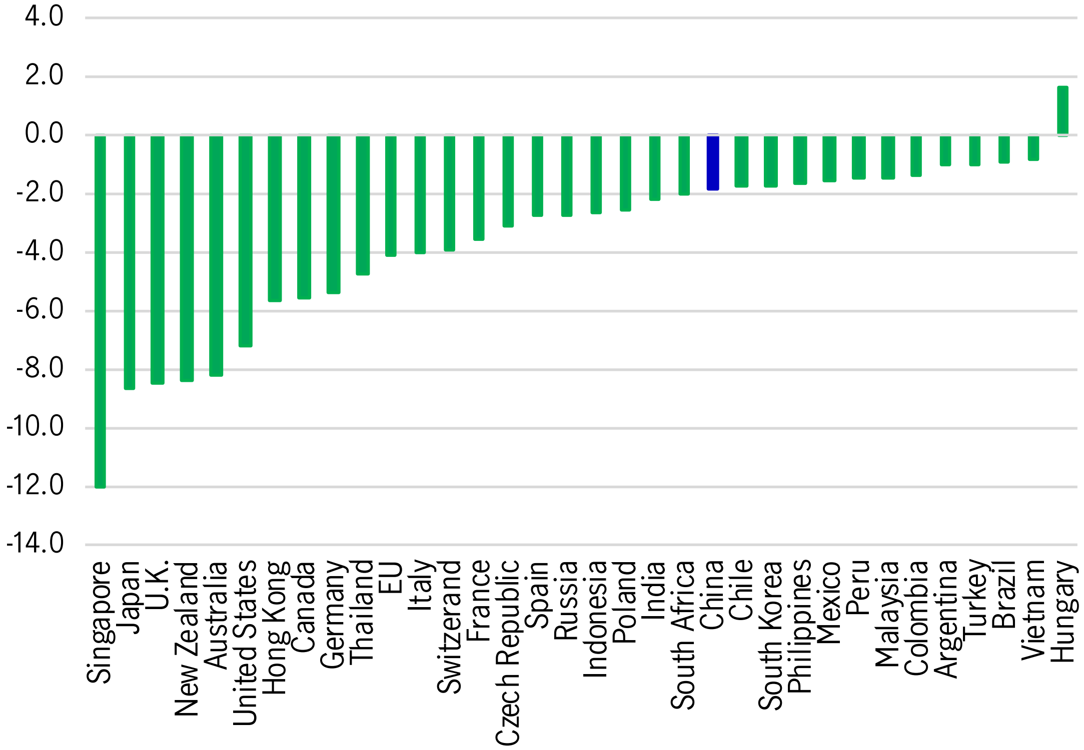
China lagging in monetary and fiscal easing

In a world where governments have abandoned traditional fiscal constraints, and where just about every central bank is doing whatever it takes to loosen domestic monetary/financial conditions, the People's Bank of China (PBOC) stands out for its reluctance to join the liquidity party. Since the start of the year, the PBOC has *shrunk* its balance sheet while the Bank of Japan, the European Central Bank, and the U.S. Federal Reserve have expanded their balance sheet assets dramatically. On the fiscal side, the country's fiscal impulse to date comes in at under 2% of GDP, much smaller than many other economies.[1]

PBOC is lagging global balance sheet expansion[1]



China is lagging on the fiscal front[2]

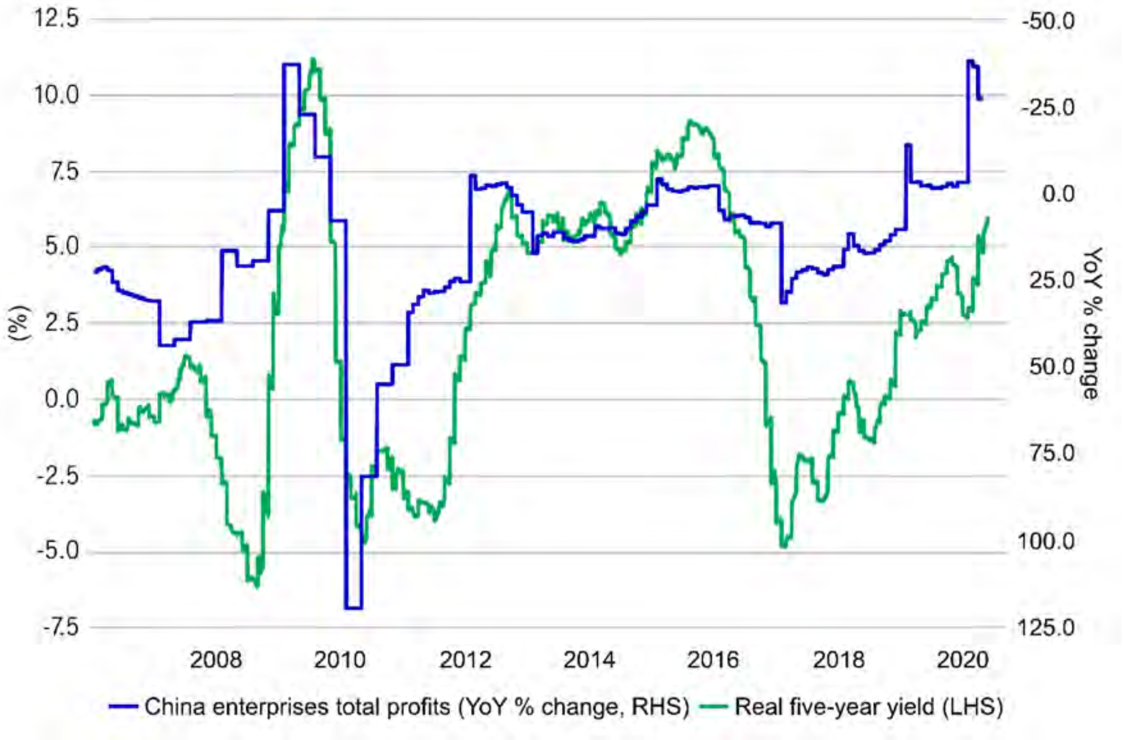


1 Macrobond, Manulife Investment Management, June 13, 2020. **2** Manulife Investment Management, as of June 13, 2020.

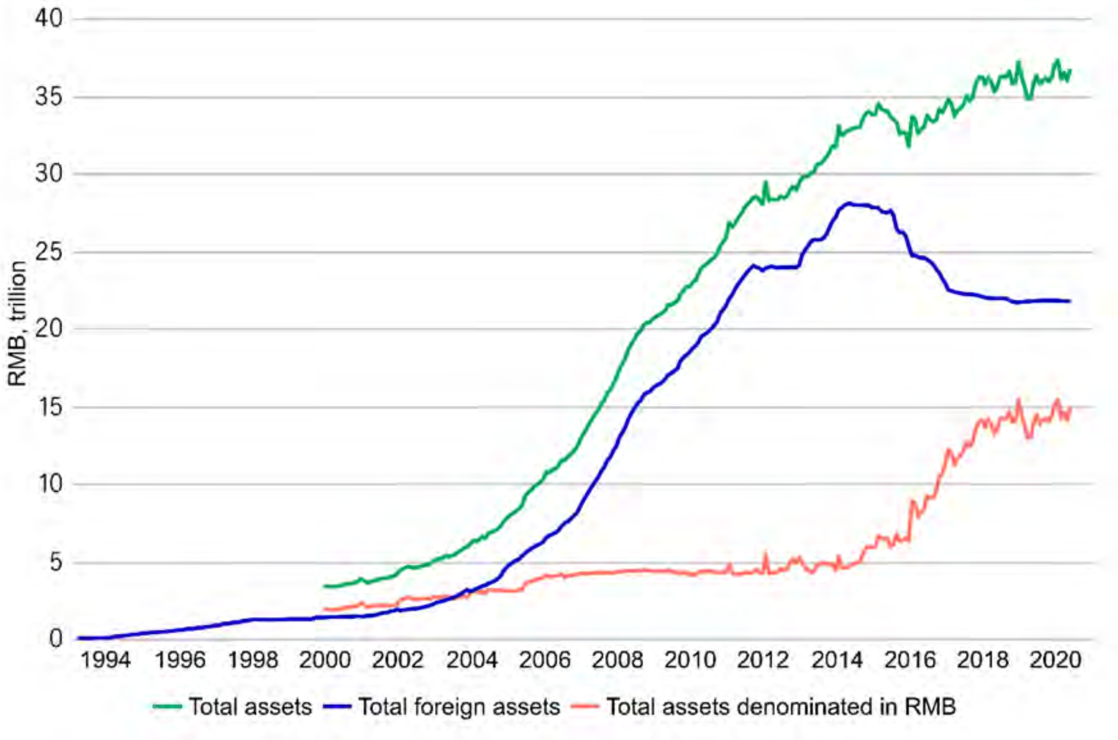
Domestic monetary conditions are tightening as U.S. dollar inflows slow

Deflationary pressures in China remain acute. Producer price index inflation fell 3.7% from a year ago, weaker than expected.[1] It's worth noting that deepening industrial deflation can flow through to deepening profit deflation. In our view, this is due to tight monetary conditions: China's unable to loosen domestic conditions because of a sharp slowdown in U.S. dollar (USD) inflows. From 2000 to 2015, large USD inflows enabled the PBOC to expand its balance sheet. But it had to be more cautious on this front since 2016 as balance sheet expansion has come from expanding renminbi (RMB) monetary base in the absence of USD inflows. If unchecked, this could place downward pressure on the RMB.

Domestic monetary conditions are too tight[1]



PBOC can't expand its balance sheet aggressively without USD inflow[1]



1 Macrobond, Manulife Investment Management, June 13, 2020. YoY refers to year on year.

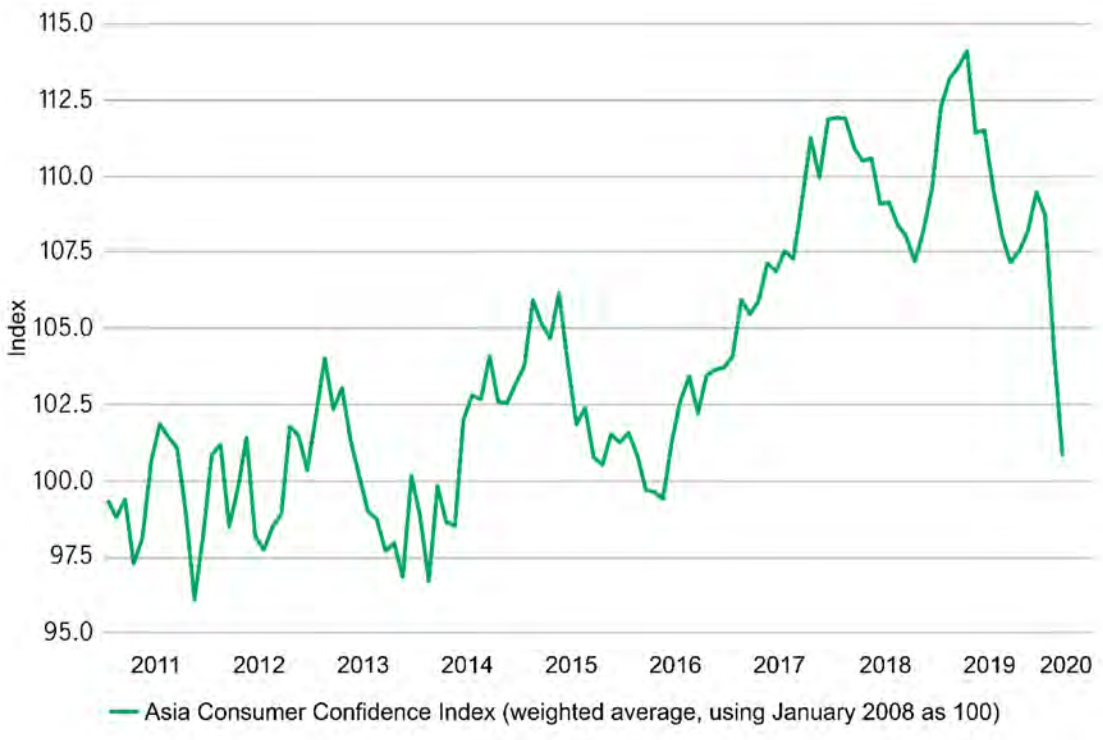
Asia

Turning on a machine is much easier than turning on consumption

The relative difficulty in turning consumption growth back on relative to a machine is underscored by the different trajectories that the region's Purchasing Managers' Index (PMI) and Consumer Confidence Index have embarked on in recent months. As production comes back online and aggregate PMI shows some signs of bottoming out, there's not yet a bottom in place for aggregate consumer confidence.

Weighted average Asia PMI[1]

Weighted average Asia consumer confidence[1]

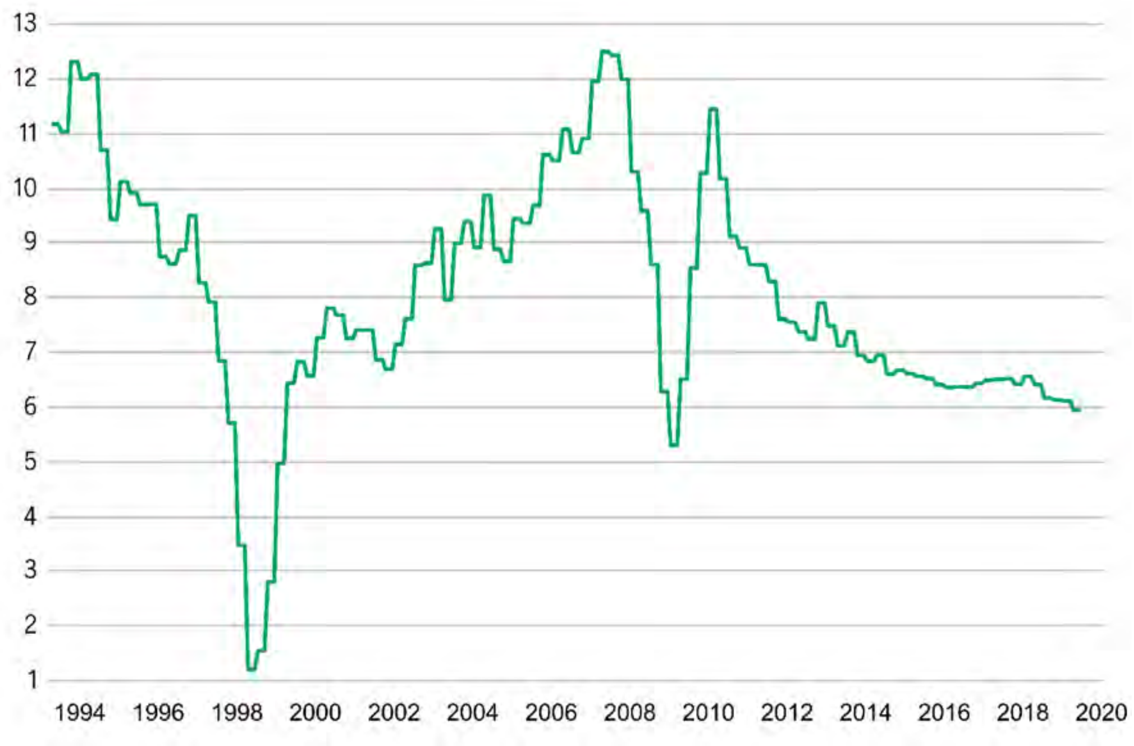


1 Macrobond, Manulife Investment Management, June 13, 2020.

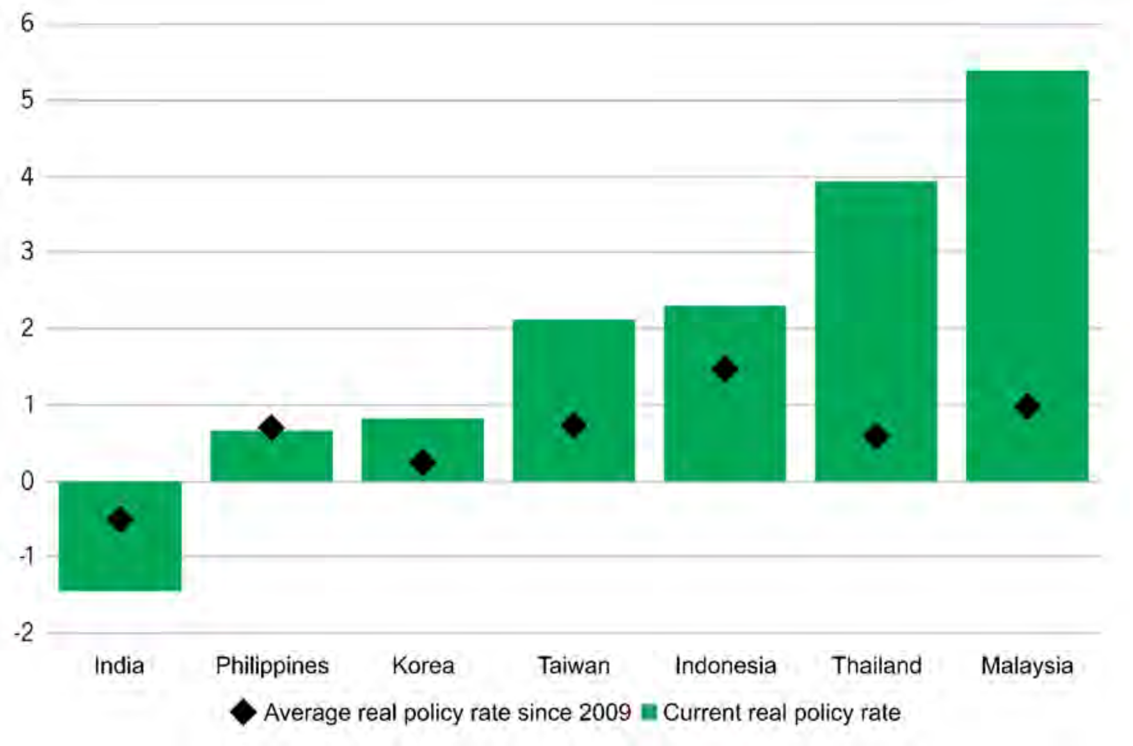
Strong headwinds to GDP growth

Without a full return of consumer confidence in Asia, aggregate GDP growth will remain under pressure after registering the slowest pace of growth since 2009.[1] Against that backdrop, some central banks have more room than others to cut policy rates—Malaysia and Thailand stand out as two economies with very high real interest rates given the level of deflation that they've experienced. In the meantime, India occupies the other end of the spectrum, as its real policy rate is already in negative territory.

GDP growth in Asia (YoY % change)[1]



Some central banks have less room than others to cut interest rates (%)[1]

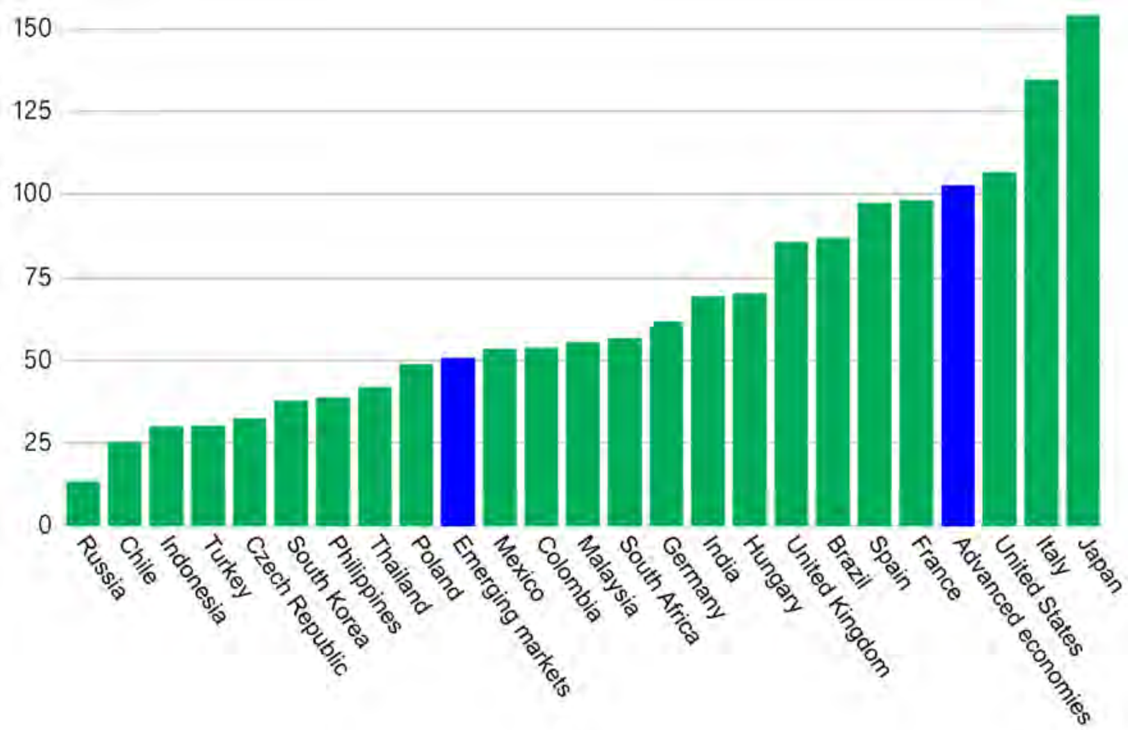


1 Macrobond, Manulife Investment Management, as of June 13, 2020. YoY refers to year on year.

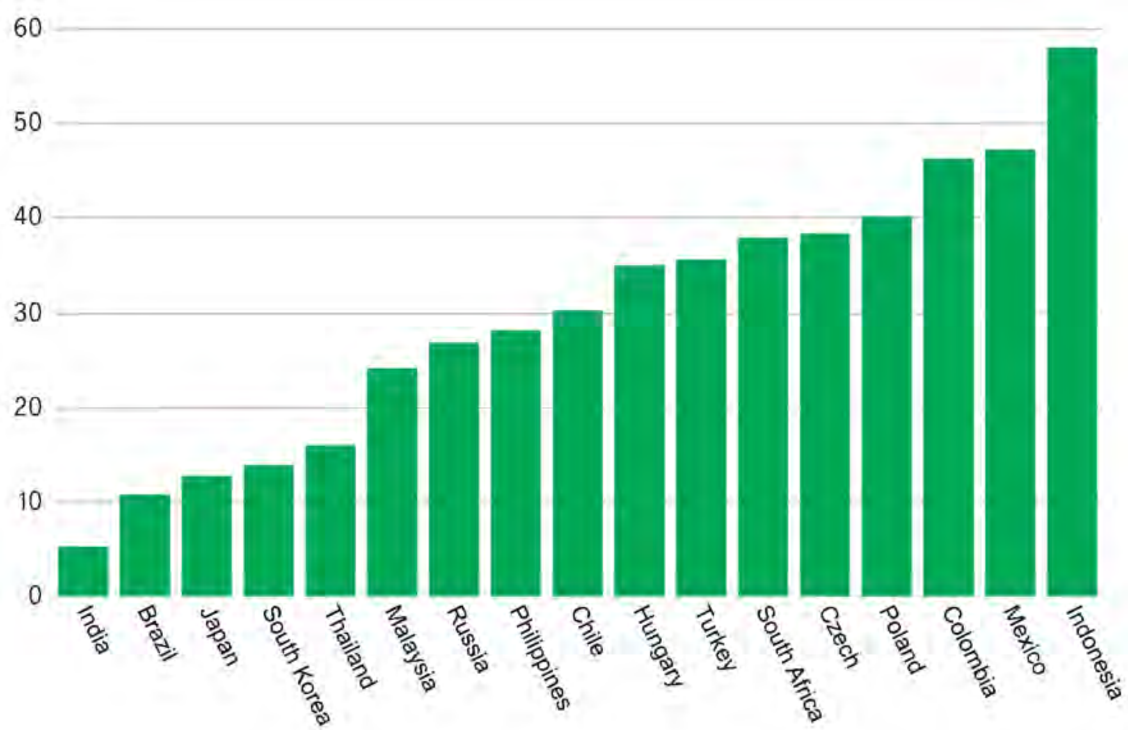
Low public debt isn't a license to cut blank checks

There are *real* constraints on governments in terms of their ability to deliver fiscal support—just because an economy has low public debt doesn't mean its government can write blank checks to fund growth. In our view, a more holistic approach to fiscal wherewithal must take into account an economy's dependence on external financing. On the surface, Indonesia might seem to be in a strong position to deliver large fiscal stimulus packages, but with foreign debt ownership at close to 60%, it could be exposed to capital flight risk. In contrast, Japan's high public debt ratio may look worrying, but low foreign debt ownership means its government has more room to move from a fiscal perspective.

Gross public debt as a % of GDP[1]



Foreign holdings of outstanding debt as a % of total debt[1]

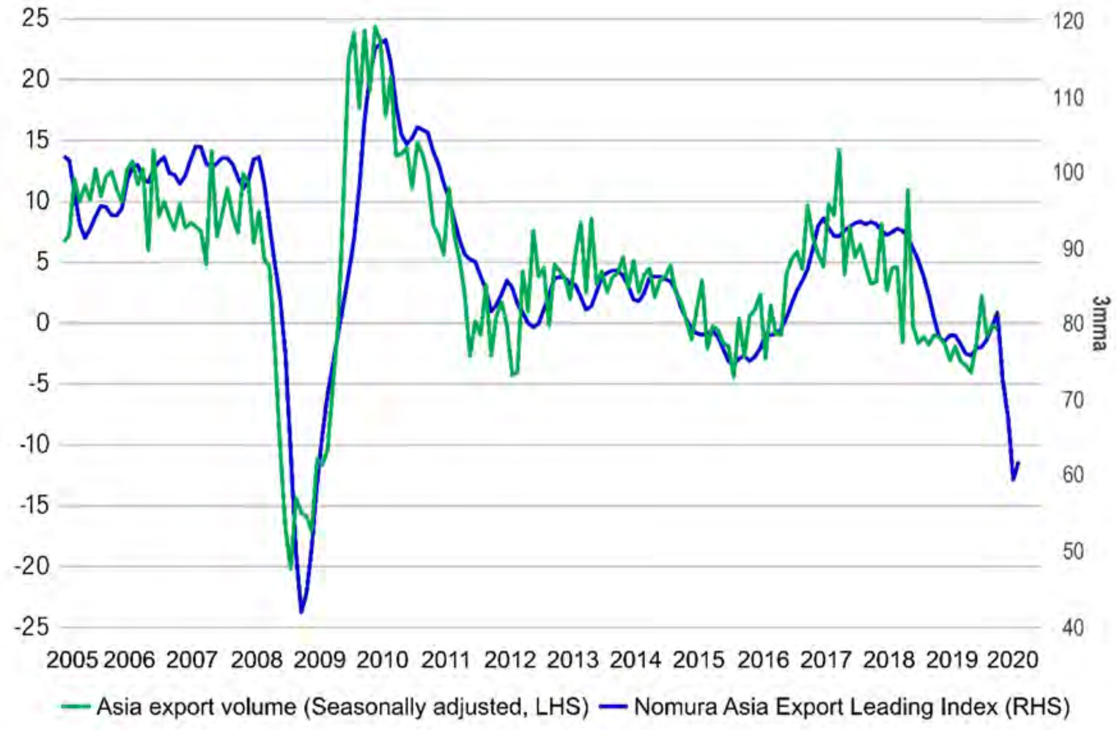


1 Macrobond, Manulife Investment Management, as of June 13, 2020.

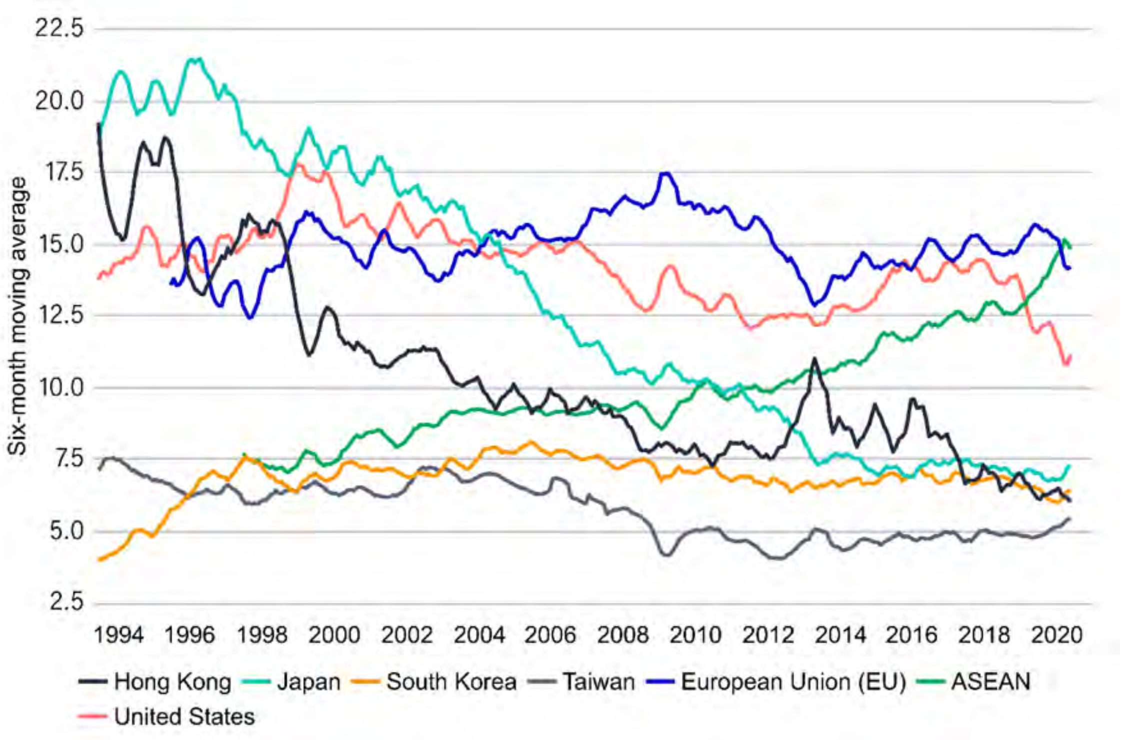
A silver lining for ASEAN countries amid the trade war and COVID-19

Nomura's leading index of Asian exports is signaling that aggregate export growth in the region could shrink between 10% and 20% (relative to last year) in the months ahead. Further downside risk to global trade comes from the worsening U.S.-China relations, a development that poses challenges for the Association of Southeast Asian Nations (ASEAN), a highly trade-dependent region. However, its experience in the past two years suggests it has the ability to navigate these challenges. China has looked increasingly to ASEAN to offset the impact of the trade war and COVID-19. ASEAN's share of Chinese trade overtook that of the United States in early 2019 and is now China's largest trading partner.[1]

Trade indicator for Asian exports sends a warning sign (YoY % change)[1]



ASEAN takes a bigger share of Chinese trade (YoY % change)[1]

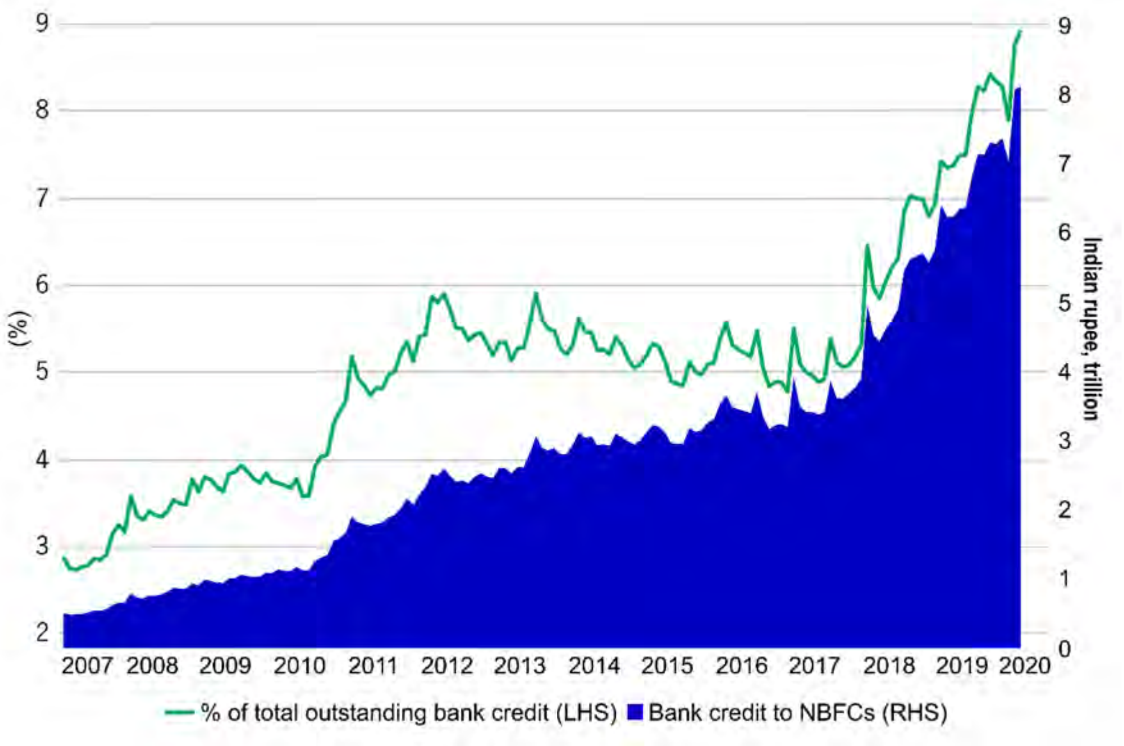


1 Macrobond, Nomura, Manulife Investment Management, June 13, 2020. LHS refers to left-hand side; RHS refers to right-hand side. YoY refers to year on year.

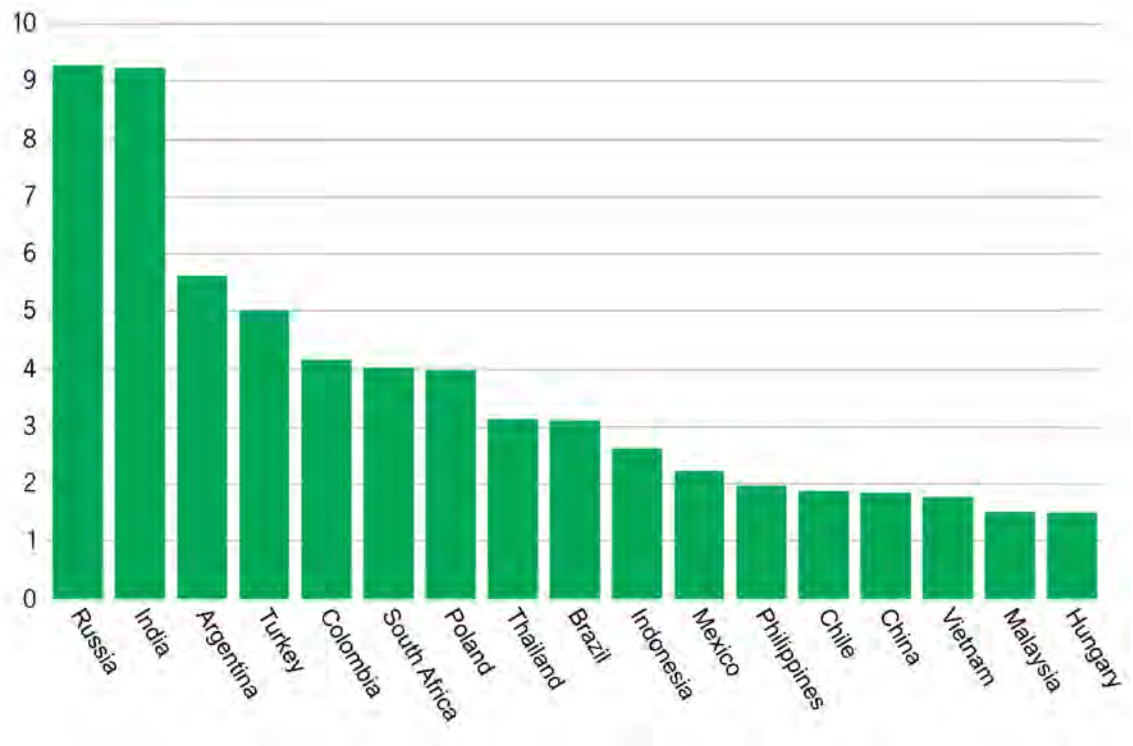
India’s banking sector remains weak

A risk to India’s medium-to-long-term positive structural growth story is the banking sector’s ability to support the recovery. The banking sector entered the crisis in a relatively weak position with nonperforming assets (NPAs) at stubbornly high levels. While the extension of the moratorium on debt repayments will provide relief to companies, banks will bear the brunt. It’s likely that NPAs will rise when the moratorium ends in September. Although bank lending to nonbanking financial companies (NBFCs) has risen sharply, many banks didn’t grant moratoriums on debt repayments to NBFCs. Defaults will likely rise in the NBFCs that lend to micro, small, and medium enterprises.

Bank lending to NBFCs has risen sharply in recent years[1]



India’s bad loan problem stands out among its EM peers (%)[1]



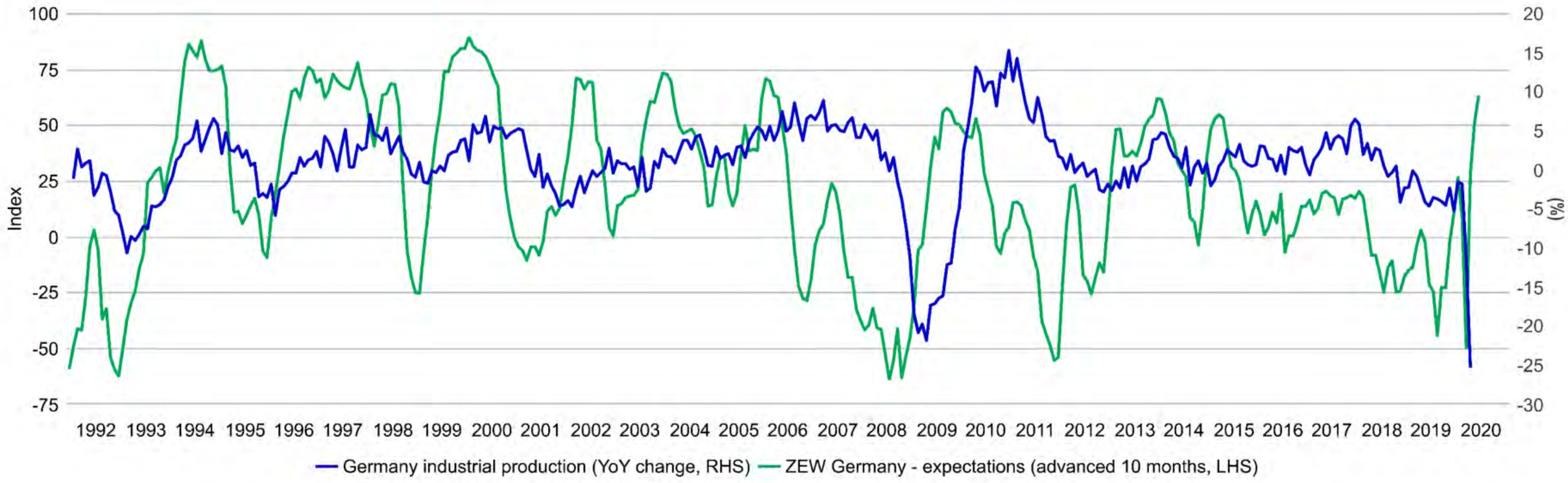
1 Macrobond, Manulife Investment Management, June 13, 2020. LHS refers to left-hand side, RHS refers to right-hand side.

Europe

Expectations for a rebound in Germany

The expectations subcomponents of a wide variety of sentiment indicators have surged over the past couple of months, delivering a significant reversal from the lows we saw during the shutdown, showing that Germany—and Europe—are entrenched in the first phase of recovery. This is supported by the upbeat tone of the respondents who participated in the various economic surveys. Specifically, the latest recovery in the German ZEW (financial market experts) expectations subcomponent offers an incredibly constructive outlook for German industrial production data while also strengthening the broader European growth narrative given Germany role as the continent's growth engine.

German ZEW sentiment expectations and German industrial production[1]



1 Bloomberg, Macrobond, Manulife Investment Management, as of June 18, 2020. LHS refers to left-hand side, RHS refers to right-hand side. YoY refers to year on year.

Low inflation expectations imply the need for sustained policy stimulus

Euro-area inflation expectations fell to a record low in late March, touching 71 basis points as market participants priced the worst of the economic fallout. Policy action from the European Central Bank (ECB) helped to arrest the decline, and subsequent political efforts have solidified reflationary impulse in the euro area, and expectations for future inflation are now stabilizing. However, the latest readings remain well short of the ECB's 2% price stability target, and are likely to encourage the need for significant additional policy stimulus.

The EUR five-year/five-year forward inflation swap (%) [1]

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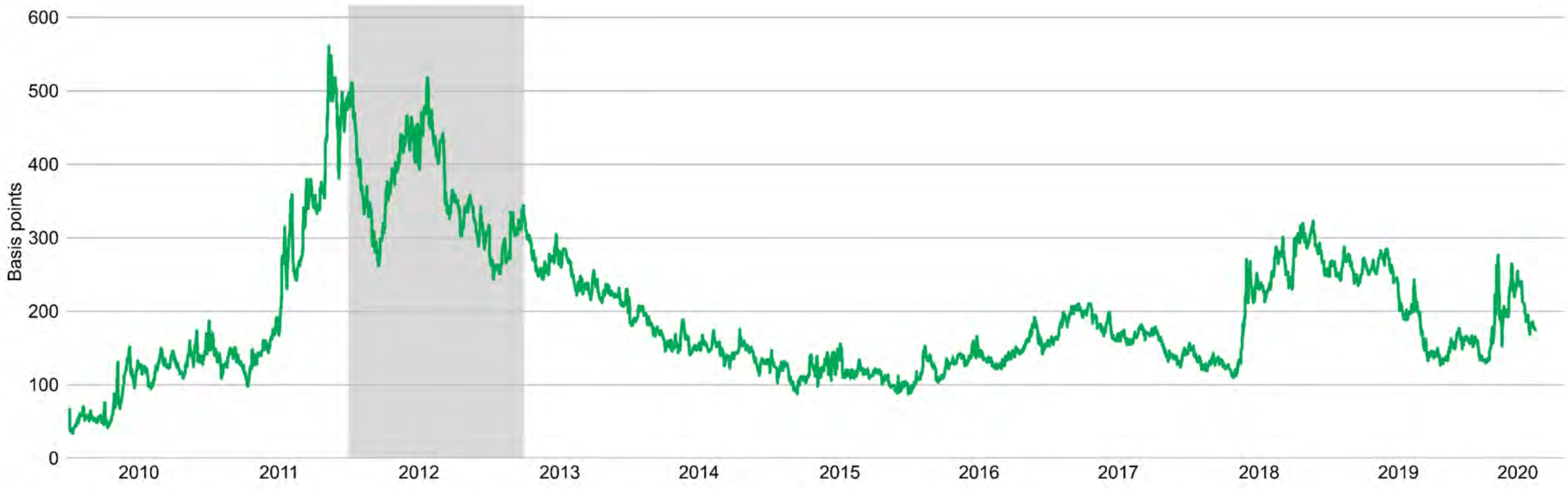
1 Bloomberg, Macrobond, Manulife Investment Management, as of June 18, 2020. The five-year/five-year forward inflation swap rate is widely used as an indicator of where financial markets expect inflation to be five years from now.

The European Recovery Fund is a game changer

The European Recovery Fund, spearheaded by French President Emmanuel Macron and German Chancellor Angela Merkel, aims to help EU countries that are most affected by the COVID-19 crisis. The proposal would see the issuance of €500 billion in bonds, building on existing monetary policy tools (PEPP, the pandemic emergency purchase program) that have sought to limit the extent of fragmentation in the region's sovereign bond markets while still allowing for price discovery within an accepted range. Reducing sovereign yield spreads assists with the transmission of the ECB's monetary policy as it seeks to strengthen the recovery in the hopes of achieving its price stability target.

Spreads between the German bund and the Italian BTP tightens[1]



1 Bloomberg, Macrobond, Manulife Investment Management, as of June 19, 2020. The gray area represents recession.

Flood of central bank liquidity offers upside risk for the euro

Global central bank reserve accumulation has historically offered upside risk for the euro, as evidenced by the strong correlation between official purchases of typical reserve assets and the single currency. In our view, this is likely to inform the euro's move in the near term. The latest crisis saw emerging-market (EM) policymakers favor exchange rate weakness over foreign exchange reserve depletion. We believe their efforts to resist exchange rate appreciation (in the hope of cementing an economic recovery) will offer upside risk for the euro as EM central banks add to their reserves.

EUR/USD vs. foreign official purchases of U.S. securities

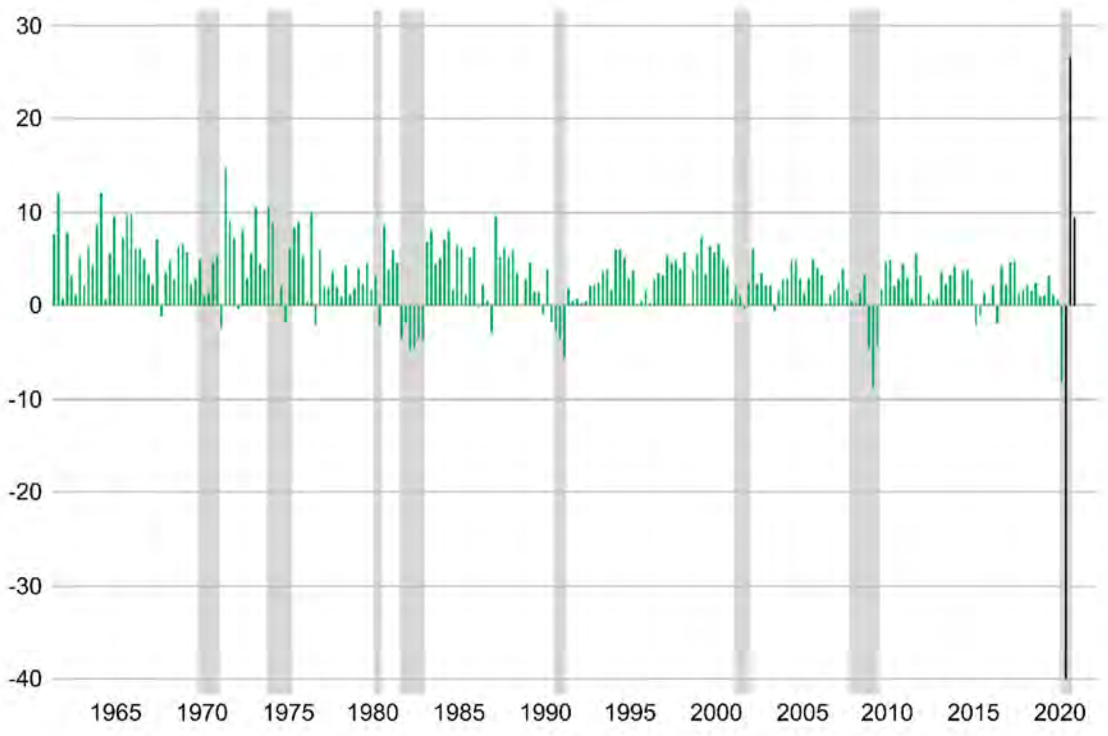
Canada

Experiencing a similar economic shock as the United States …

Like most major developed-market economies, Canada is in the midst of its largest growth and employment shock in modern economic history. The unemployment rate in the country remained at its highest level on record in April, even as the U.S. labor market improved.[1] Canada is also buffering its employment shock with exceptional levels of monetary and fiscal policy, and as such, is likely to experience a "rapid rebound" recovery in the coming months, led by the Canadian manufacturing sector.

Canadian unemployment rate (%)[1]

Canadian real GDP (QoQ % change)[1]

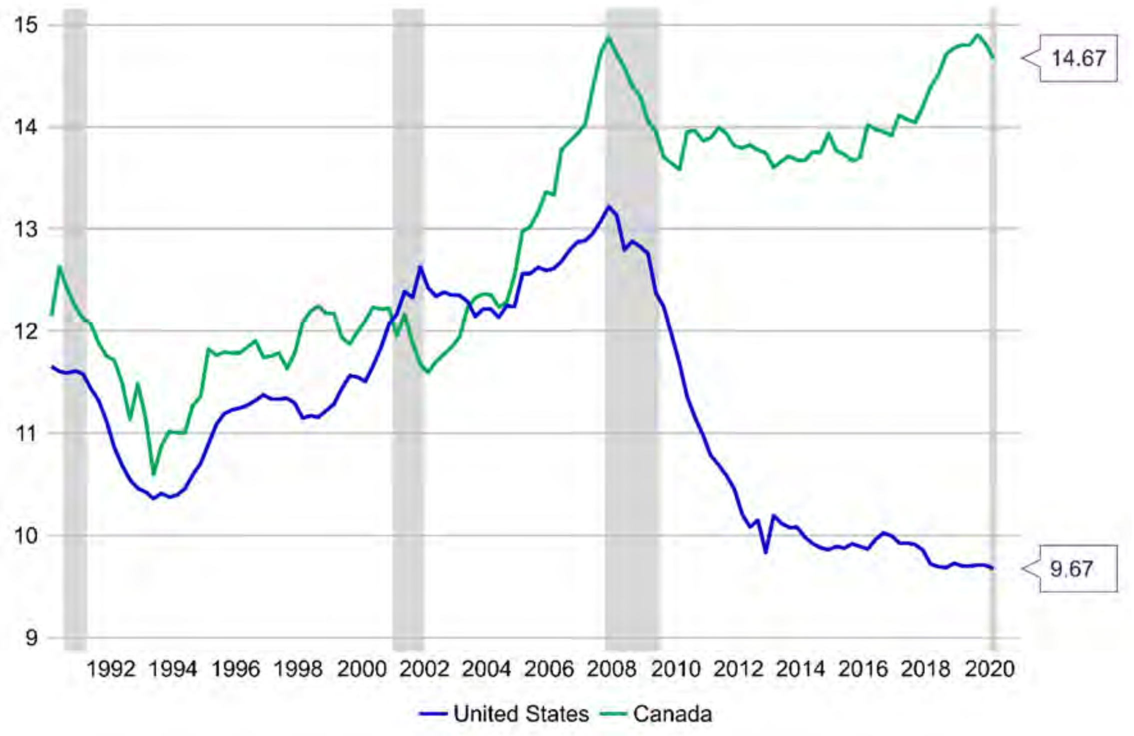


1 Bloomberg, Macrobond, Manulife Investment Management, as of June 19, 2020. QoQ refers to quarter on quarter. Black columns represents Bloomberg consensus forecasts. The gray area represents recession.

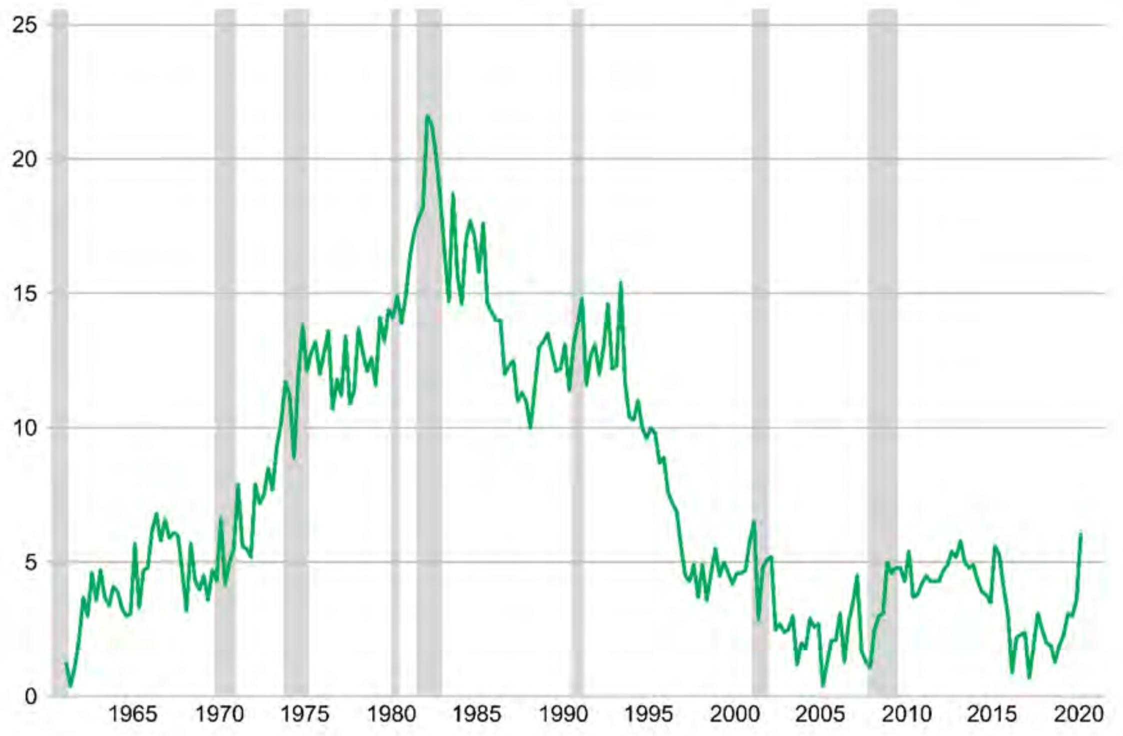
… but with different and bigger challenges

While Canada may appear similar to the United States during its initial rebound, the country entered the COVID-19 crisis with a far more fragile economy. Canadian consumers face very elevated debt servicing costs relative to their U.S. neighbors. While the Bank of Canada's interest-rate cuts have reduced some of that expense, nearly 14.7% of the average Canadians' take-home pay still goes toward repaying the interest and principle on their debt.[1] Canadian consumers also don't save as much as their U.S. neighbors. While precautionary savings have risen slightly in light of recent government stimulus, it's more likely to be an anomaly than a trend.

Household debt service ratio: Canada vs. the United States (%)[1]



Canadian personal savings rate (%)[1]

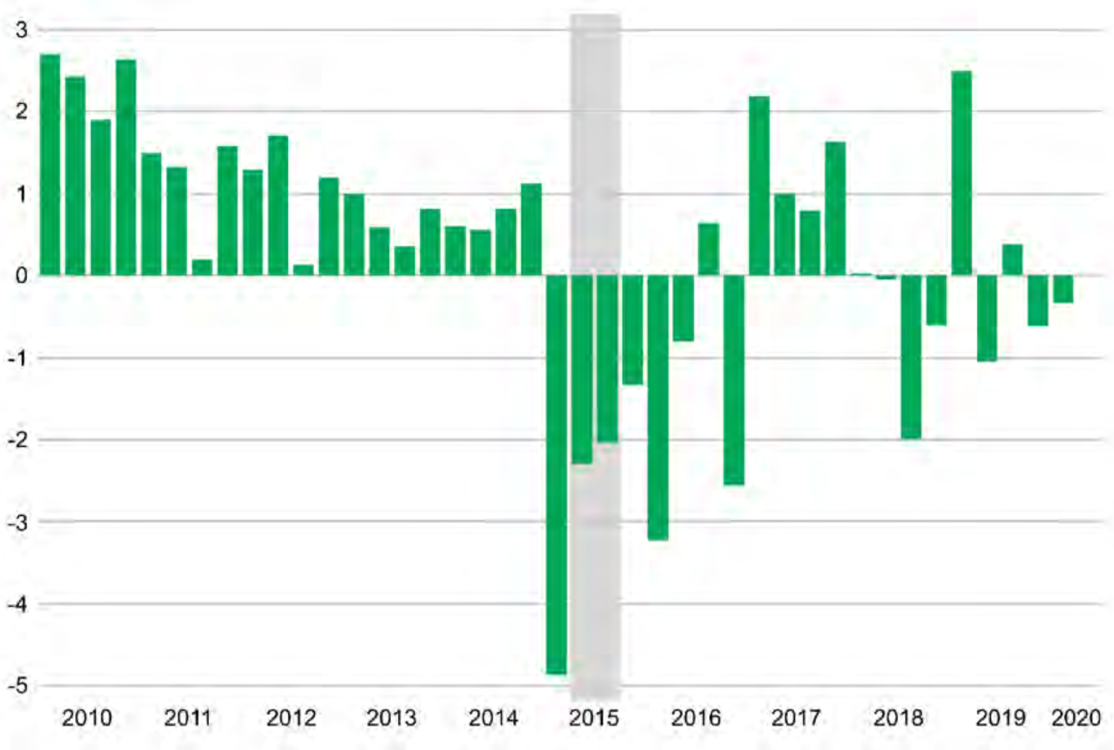


1 Statistics Canada, Macrobond, Manulife Investment Management, as of June 18, 2020. The gray areas represent recession.

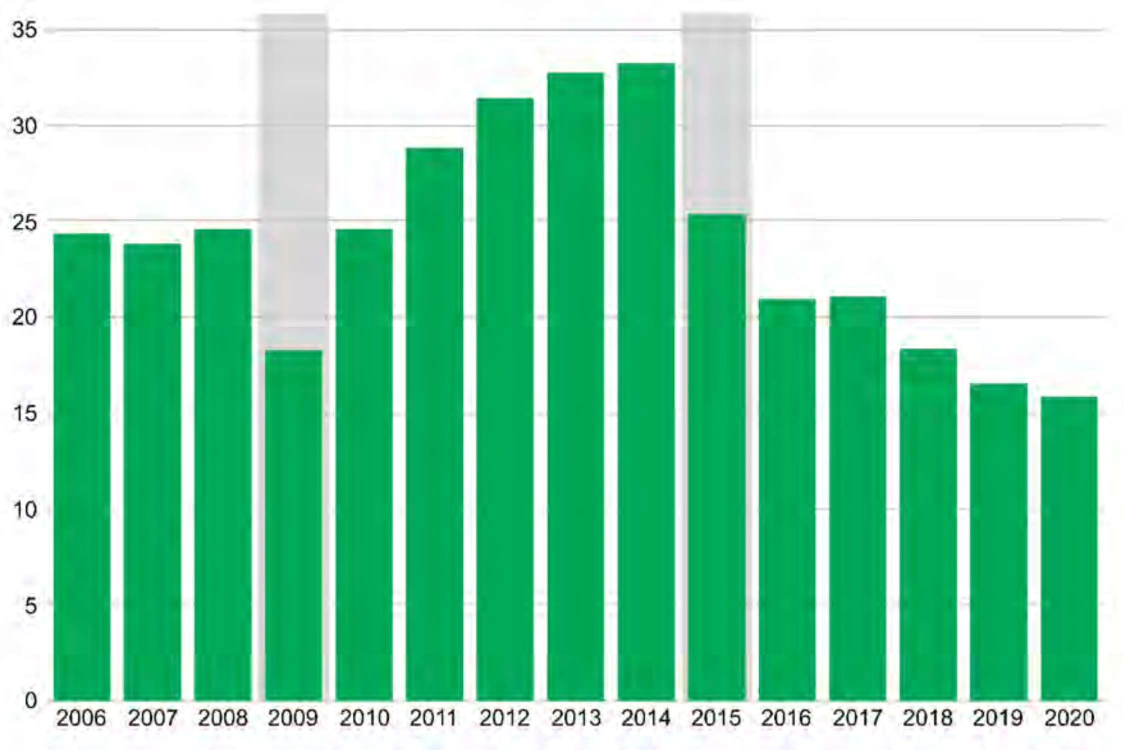
Canadian capital expenditure remains lackluster

Canada's challenges aren't isolated to its consumer sector—business investment has also disappointed over the past year, *weighing* on growth instead of supporting it. Part of the problem is the structural weakening of its energy patch, exacerbated by depressed oil prices. In 2014, nearly one-third of all capital expenditures originated from the energy sector; today, it only accounts for about 15% of all capital investment. While policymakers have worked to reduce red tape, enhance Canada's competitiveness, and did much to encourage the development of new sectors, the absence of consumer spending in the coming year requires a step up from business activity, which isn't likely to happen.

Contribution to GDP from nonresidential business investment (%)[1]



Share of total capital expenditures heading to energy sector (%)[1]



1 Statistics Canada, Macrobond, Manulife Investment Management, as of June 16, 2020. The gray area represents recession.

Important information

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Definitions

Purchasing Managers' Indexes (PMI)	Purchasing Managers' Indexes (PMI) are used as a leading indicator of the economic health of a country's manufacturing sector (Manufacturing PMI) and services sector (Services PMI). Manufacturing PMI measures the health of the manufacturing sector based on five major indicators: new orders, inventory levels, production, supplier deliveries, and the employment environment. The Services PMI is the equivalent for the services sector, covering transport and communication, financial intermediaries, business and personal services, computing and IT, and hotel and restaurants. It is not possible to invest directly in an index.
Bloomberg Barclays U.S. Corporate High Yield Index	The Bloomberg Barclays U.S. Corporate High Yield Bond Index tracks the performance of the U.S. dollar-denominated, high-yield, fixed-rate corporate bond market. It is not possible to invest directly in an index.

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