



Blue Line Futures

Macro Corner

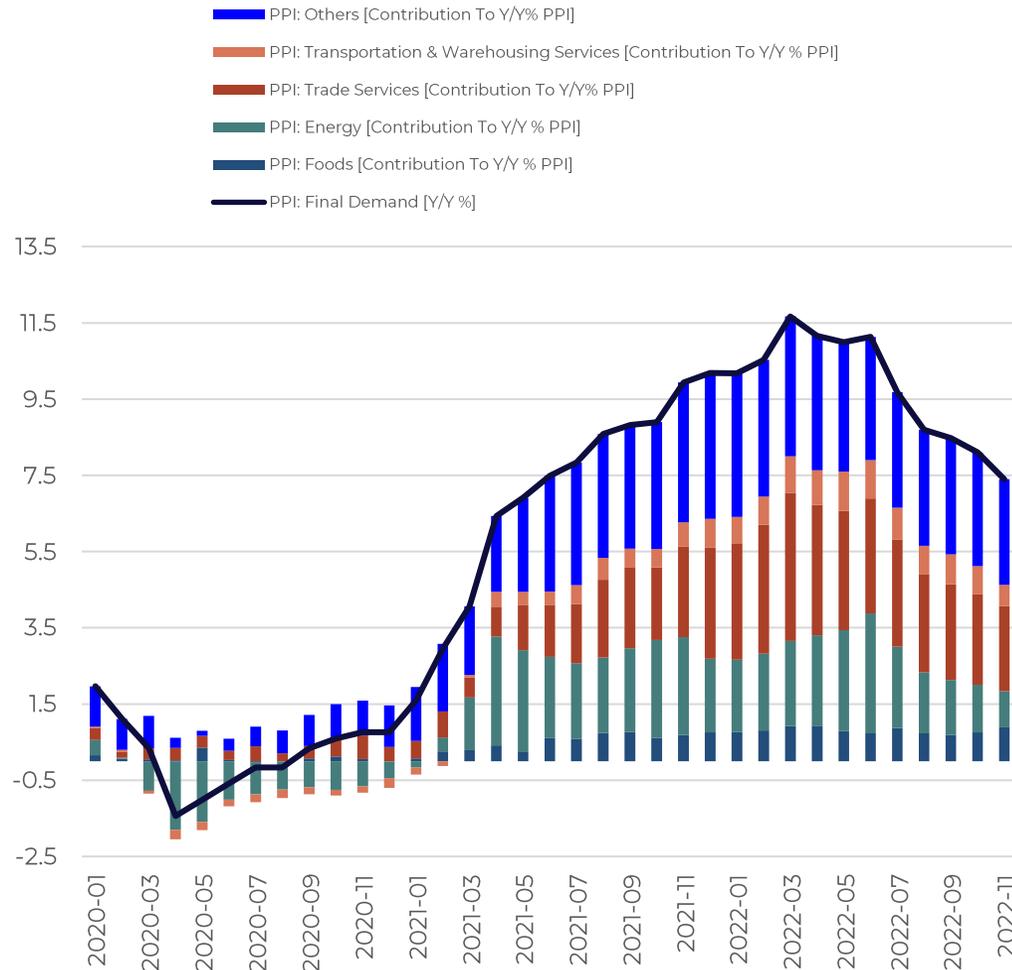
Painting The Next Macro Picture

Episode 27

Paul Wankmueller, CMT & Jannis Meindl

The Drivers Of Producer & Consumer Prices

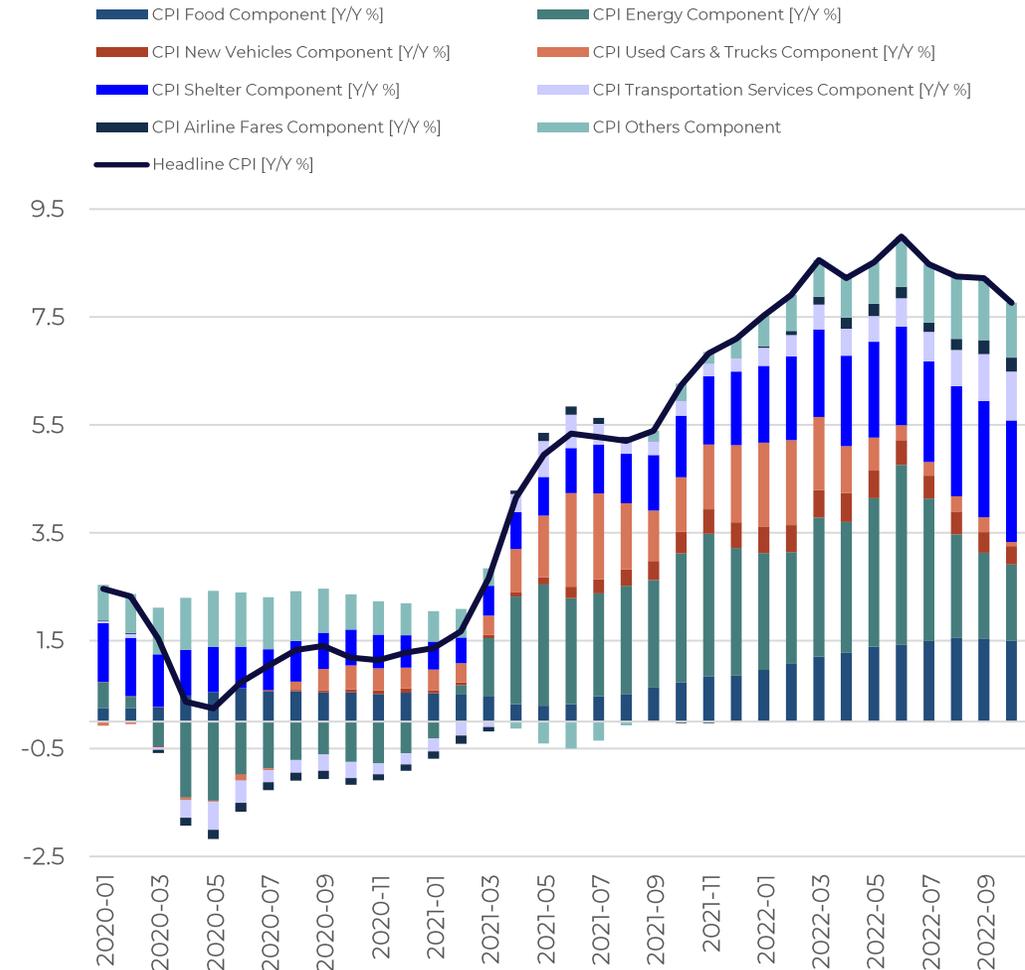
PPI Starting To Lap Favorable Comparisons.



Sources: FRED, BLS, Blue Line Futures

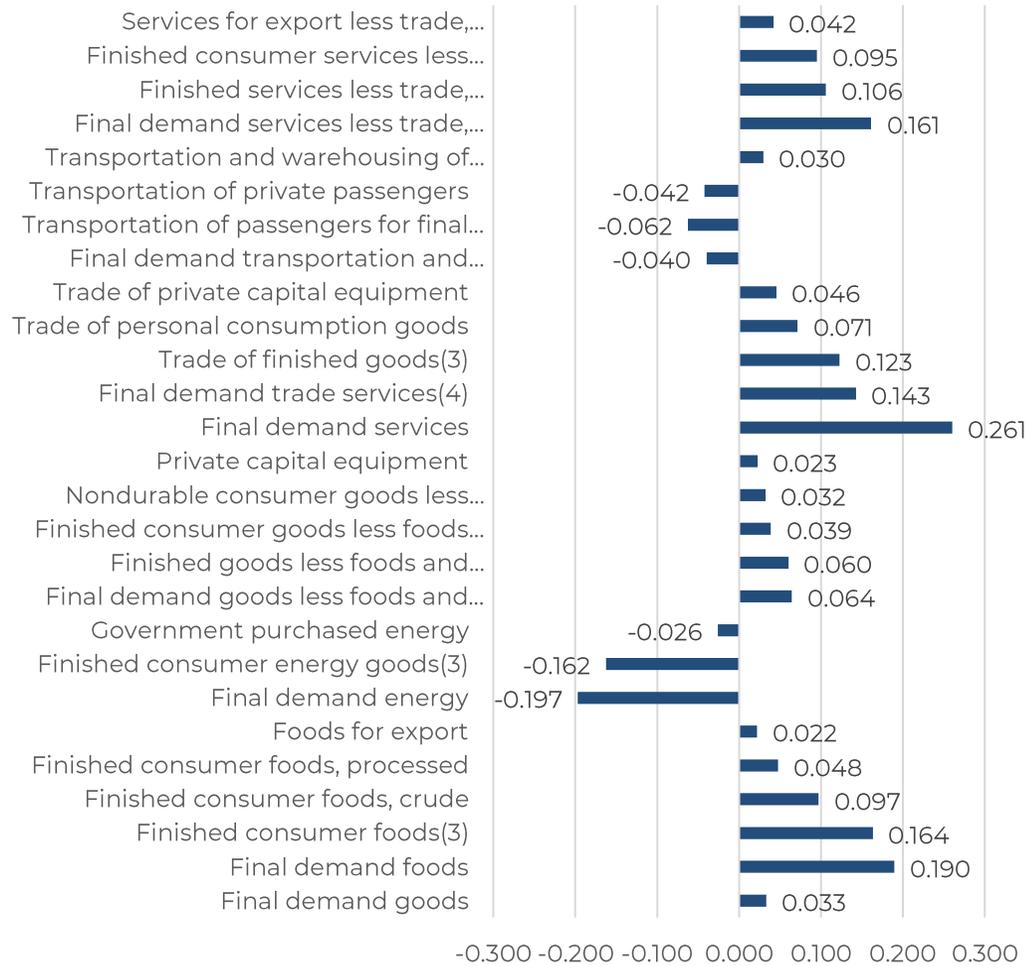
12/10/2022

Shelter Driving Inflation. Favorable Base Comparisons & Energy Helping.

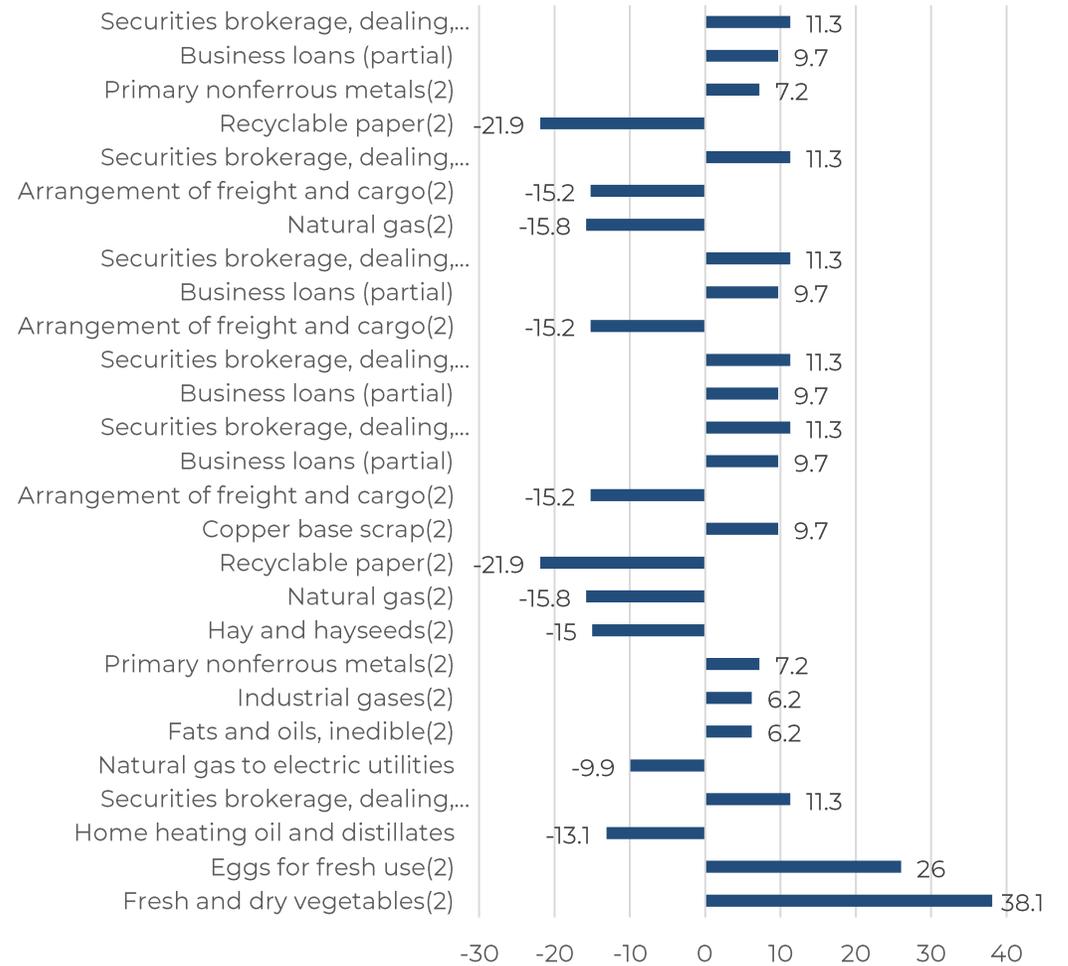


PPI Components & Y/Y Numbers

Services & Food Components As The Main Drivers Of PPI.



Food Inflation Was Substantial In Friday's PPI.



Sources: BLS, Blue Line Futures

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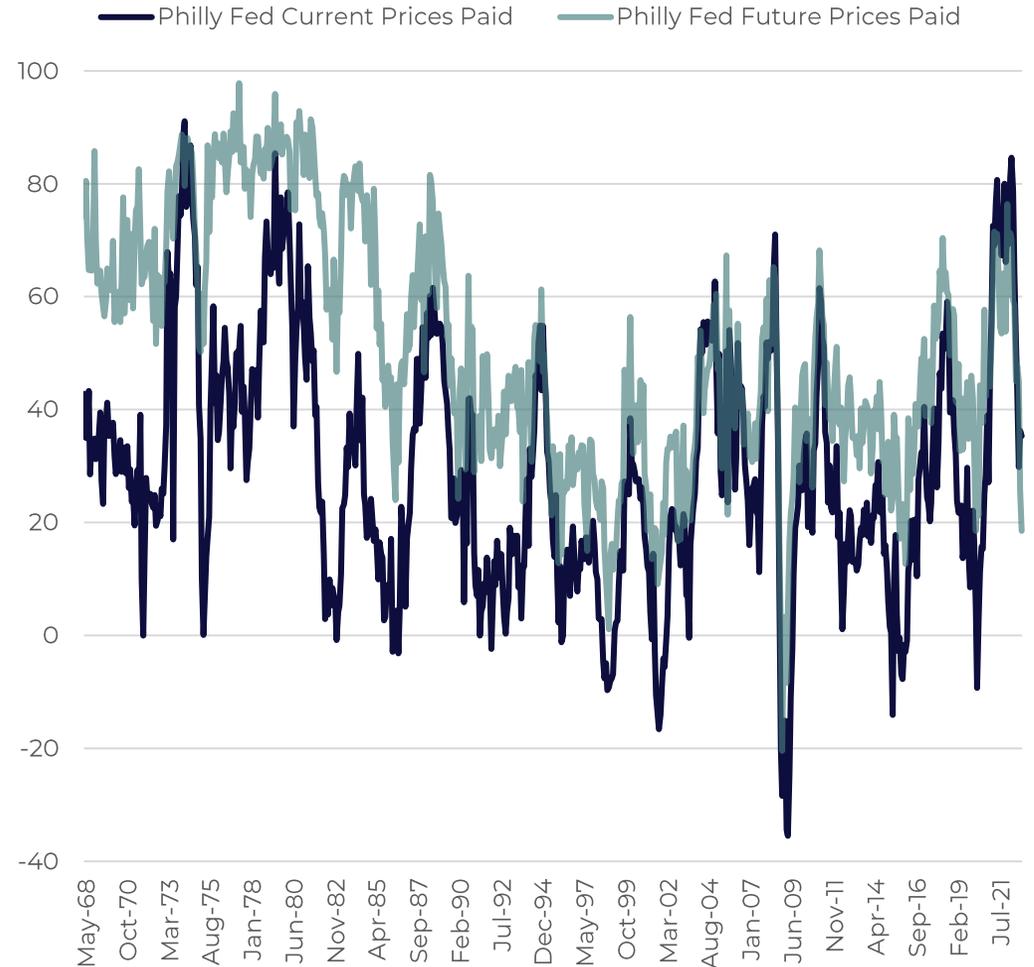
Import & Export Prices Quickly Declining

U.S. Import & Export Prices Are Quickly Declining.



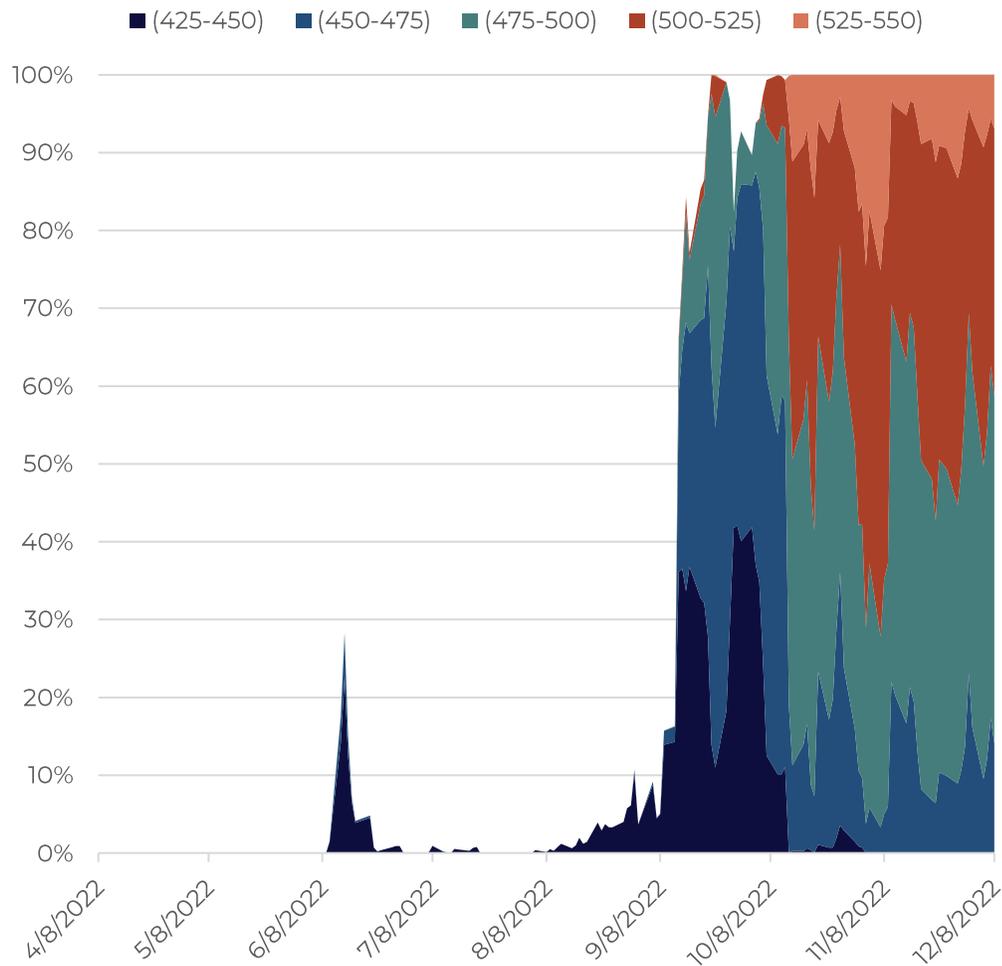
Sources: FRED, Philadelphia Fed, Blue Line Futures

Philadelphia Fed Current & Future Prices Paid Coming Off Rapidly.



Fed Funds Rate Expectations Shifting Lower

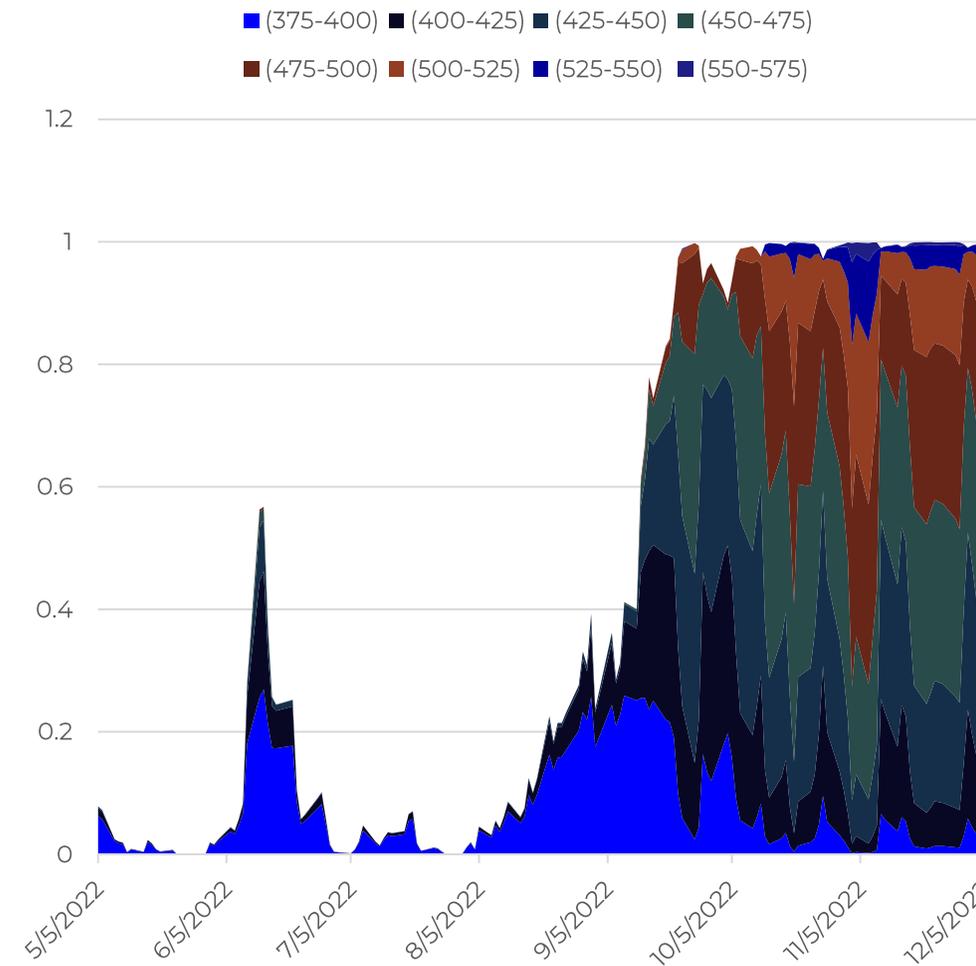
March 2023 Fed Funds Rate Expectation Ticking Down.



Sources: CME Group, Blue Line Futures

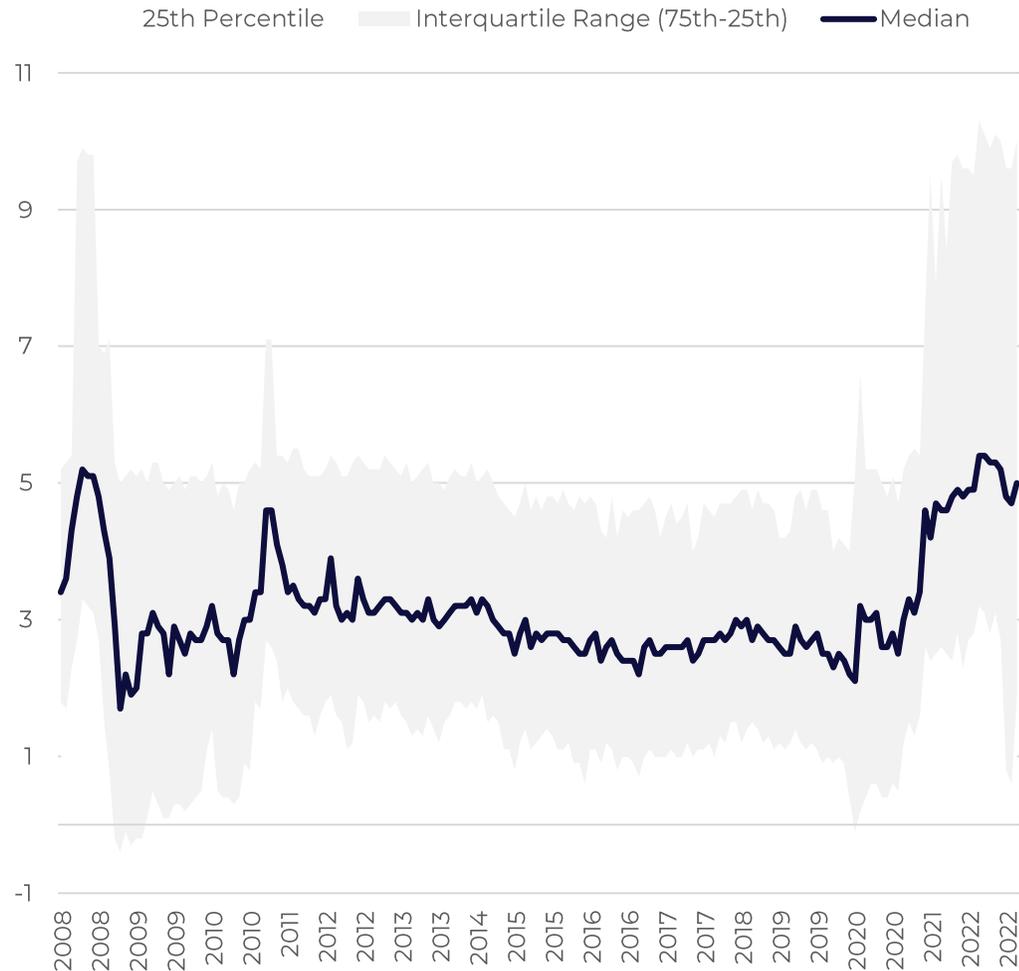
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December 2023 Fed Funds Rate Expectations Lower.



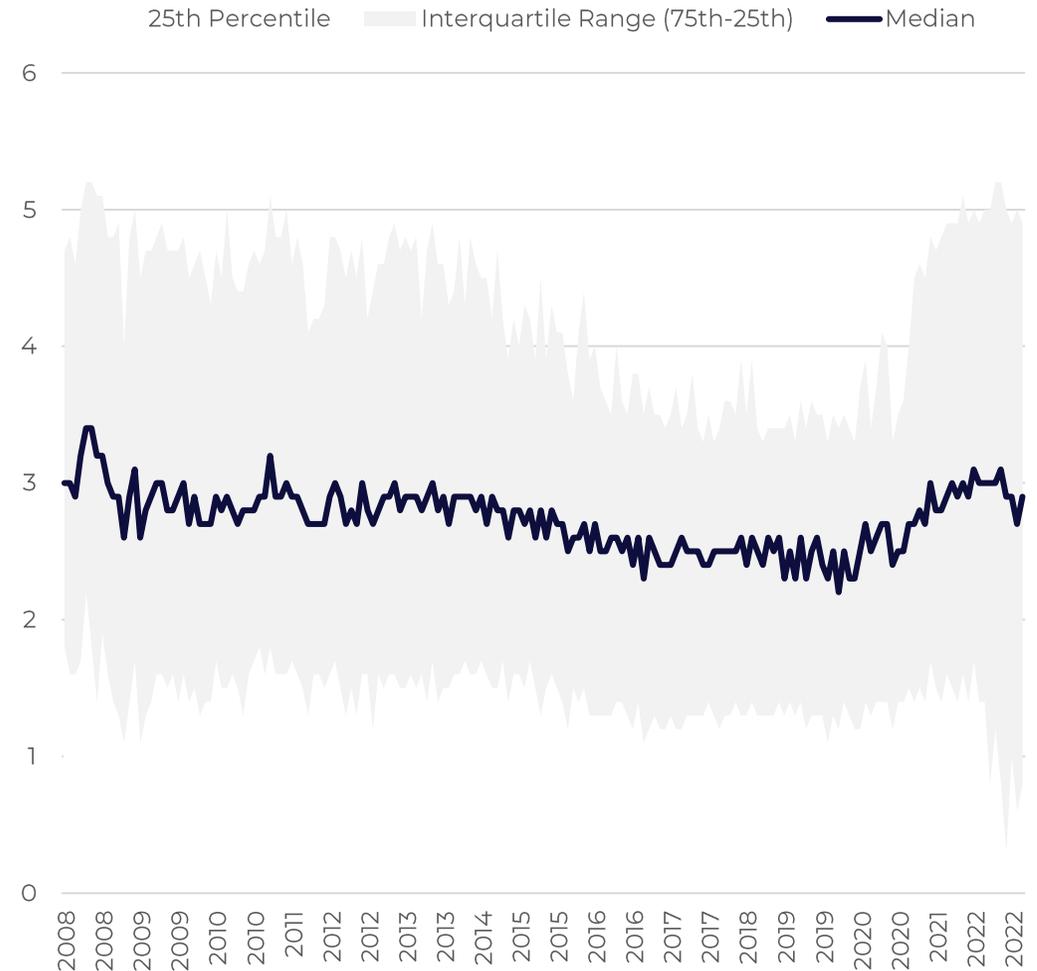
Inflation Expectations Remain Well-Anchored Long-Term

1-Year Forward Inflation Expectations Elevated, But With Uncertainty.



Sources: University of Michigan, Blue Line Futures

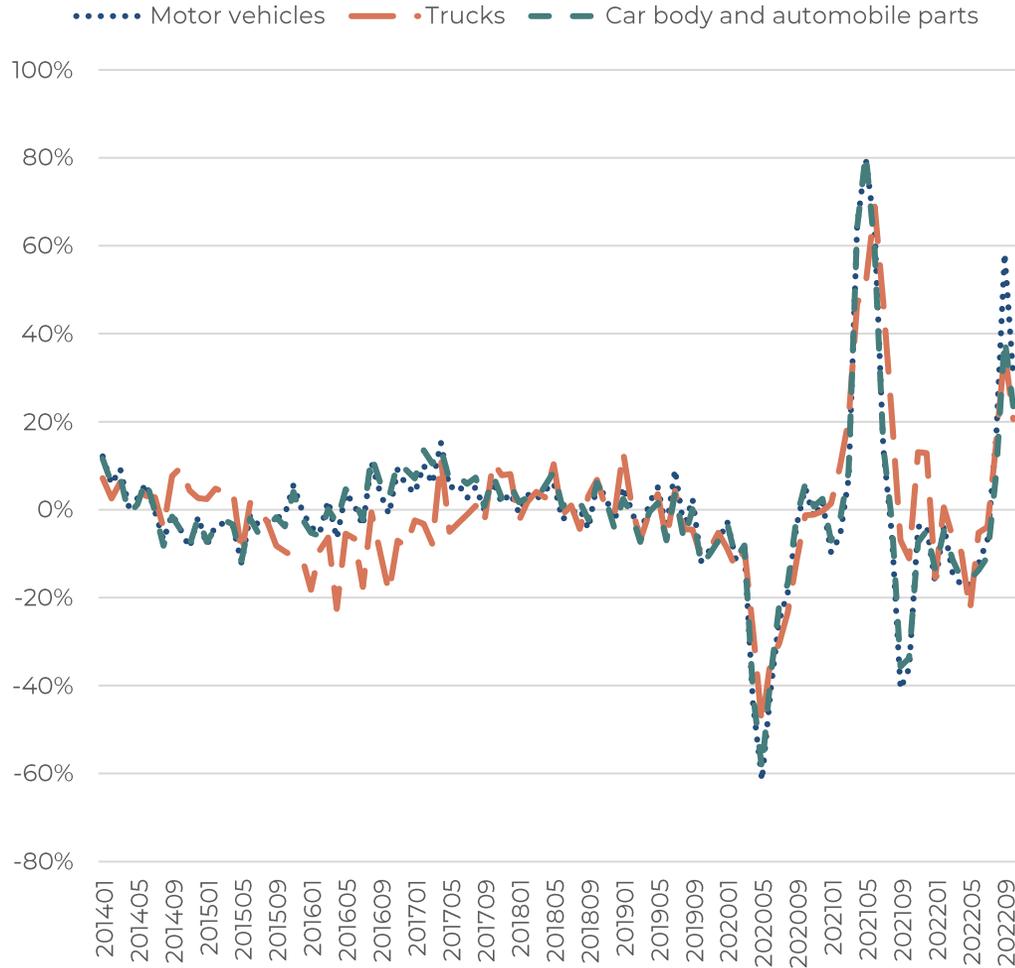
5-Year Forward Inflation Expectations Remain Well-Anchored, But Also Uncertain.



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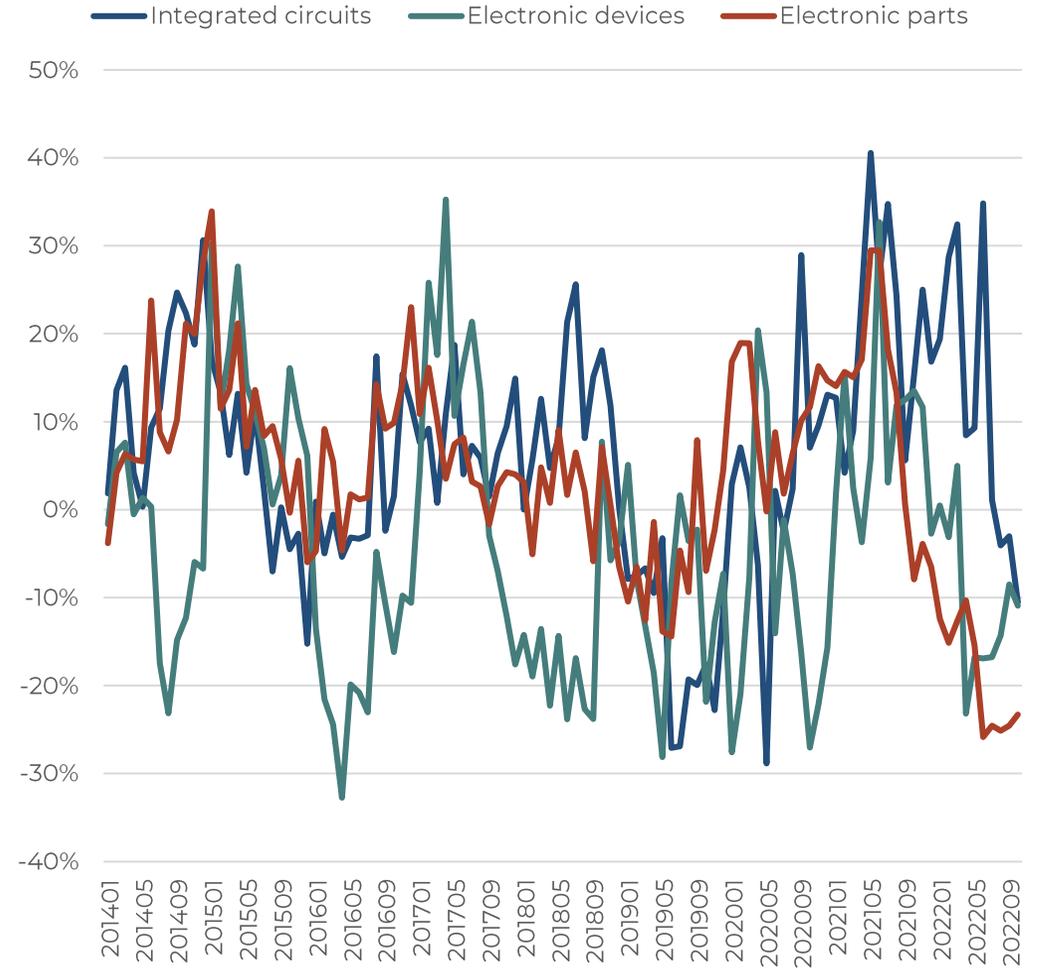
Global Economic Activity Normalized In Areas & Buoyant In Others

Japanese Activity In Automobiles As A Proxy For Global Economic Activity Is Very Solid Any Way You Slice It.



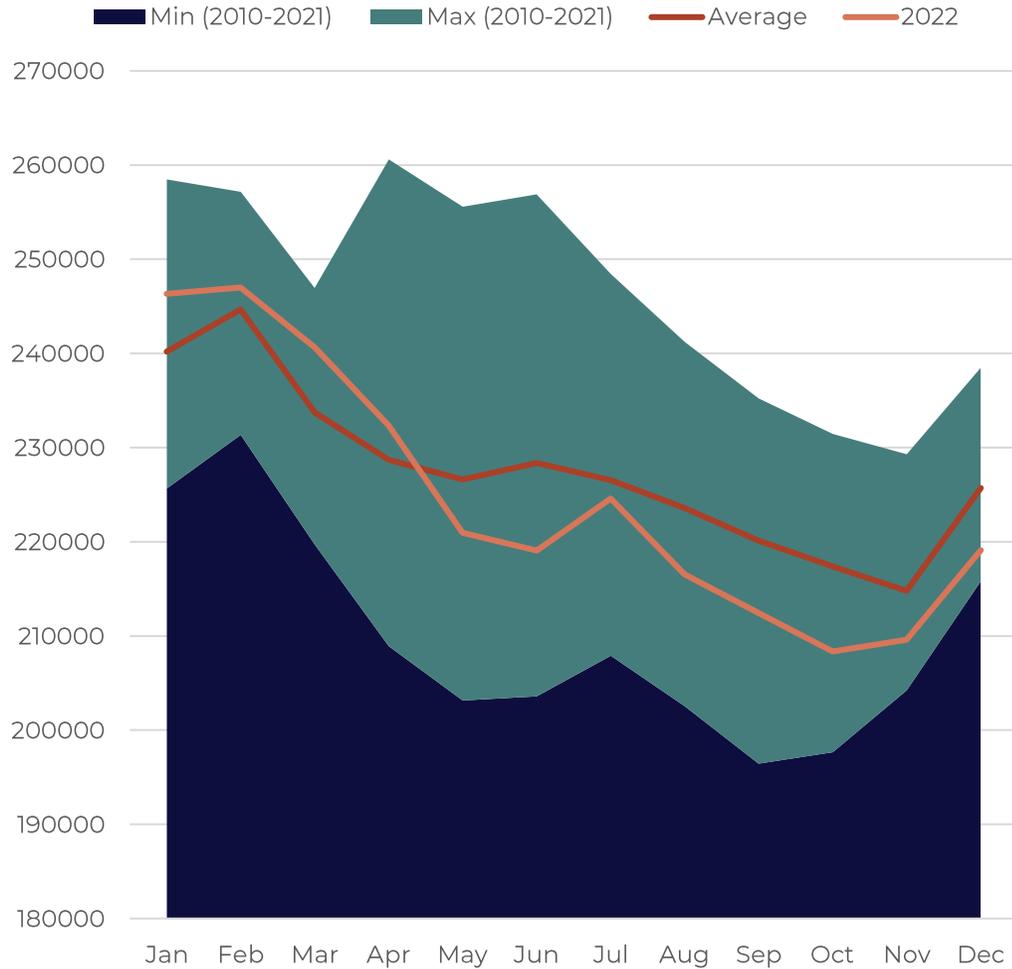
Sources: Japan Ministry of Economy, Blue Line Futures

As A Clear Beneficiary Of Pandemic Dynamics, Electronics Have Corrected To A More Normalized Level (Japan Data).



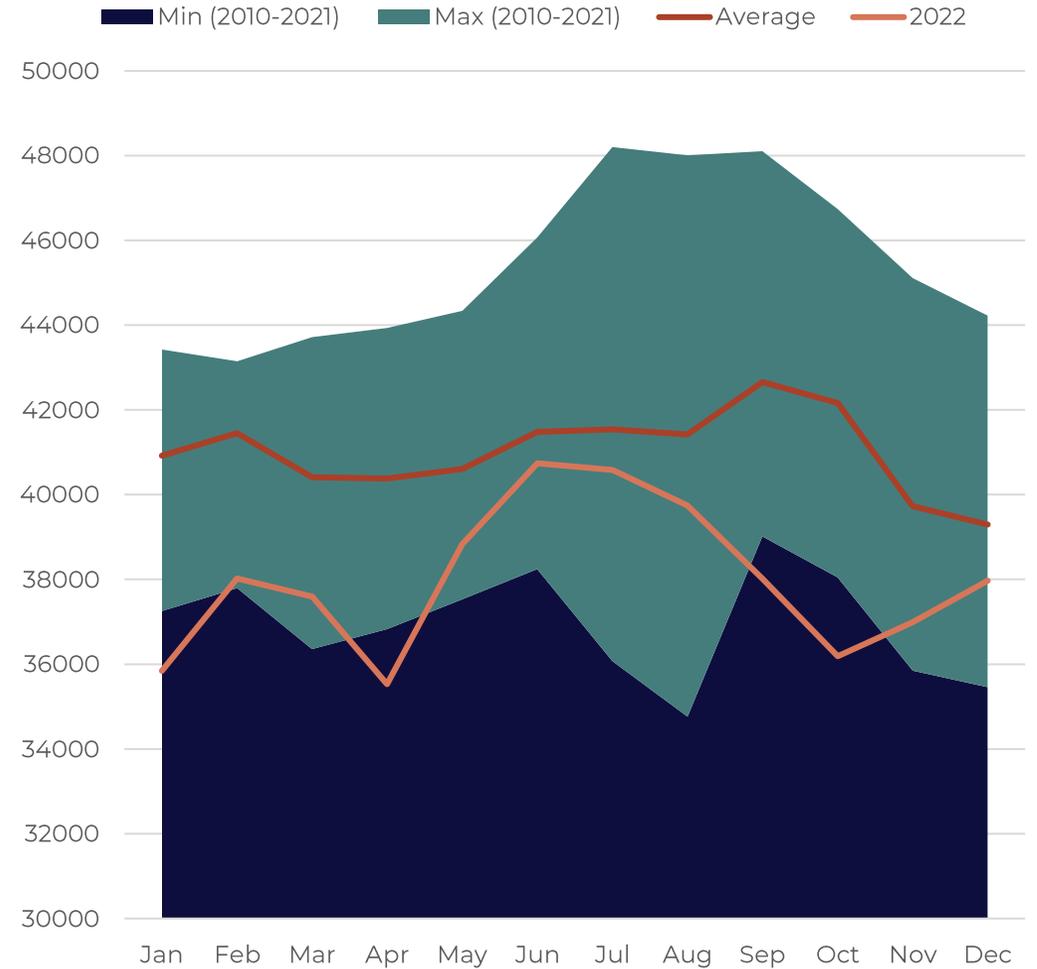
Gasoline & Jet Fuel Inventories Pointing To A Slower Consumer?

Gasoline Inventory Levels In-Line With Historical Trends.



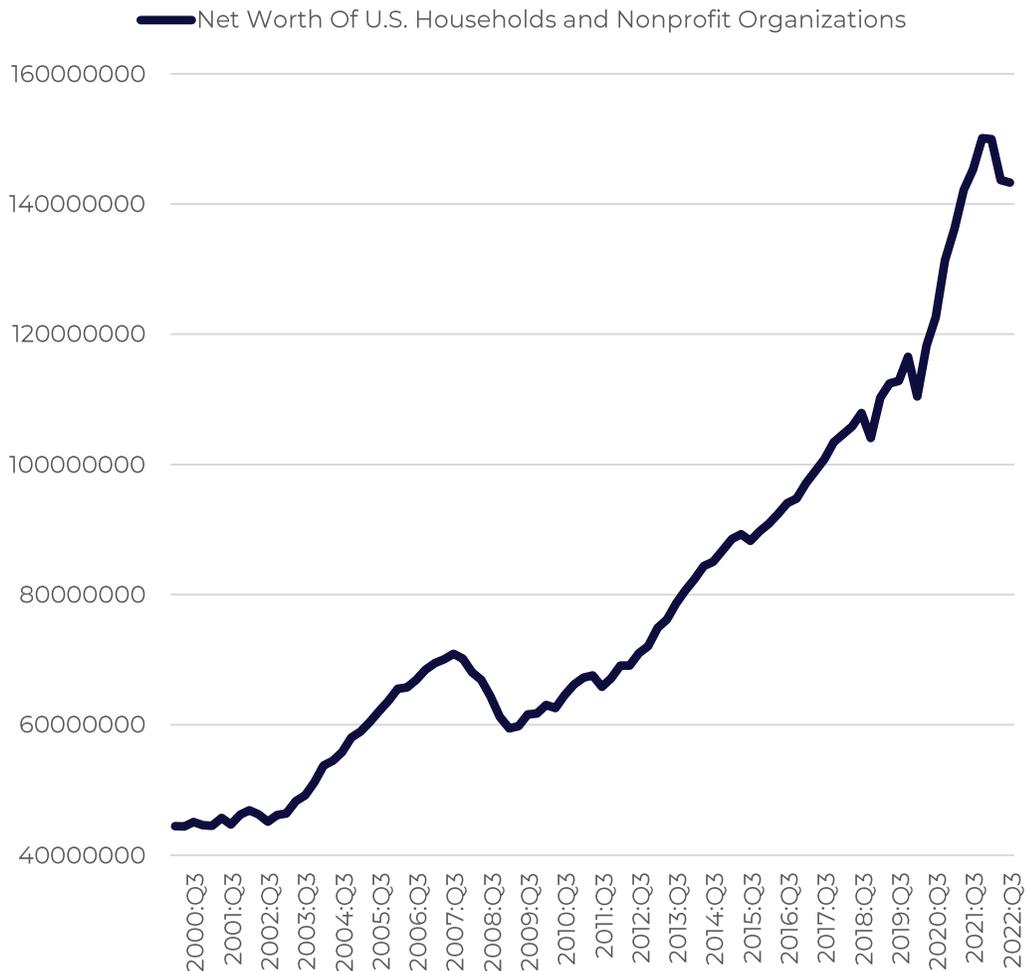
Sources: EIA, Blue Line Futures

Jet Fuel Inventories Around 2010-2021 Average.



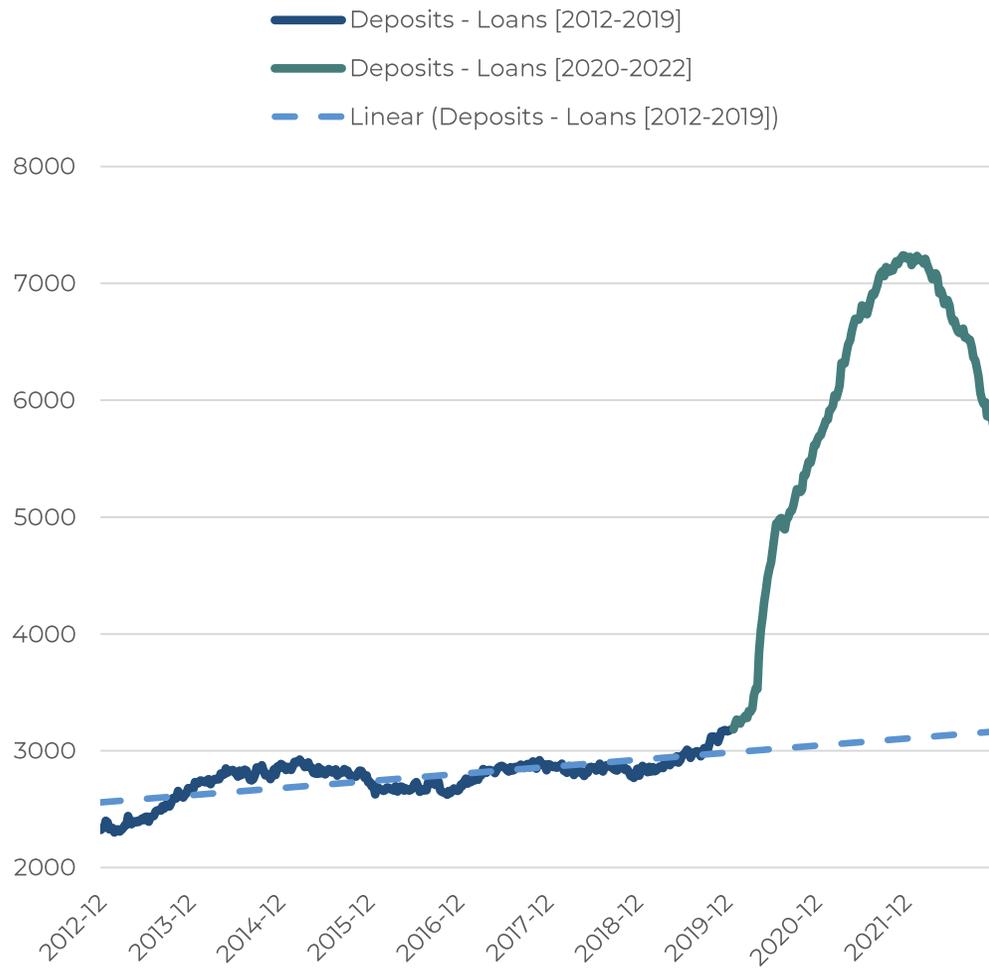
Household Wealth & Deposits Are Very Healthy

The Wealth Effect Of Fed Policy Has Been Limited Thus Far.



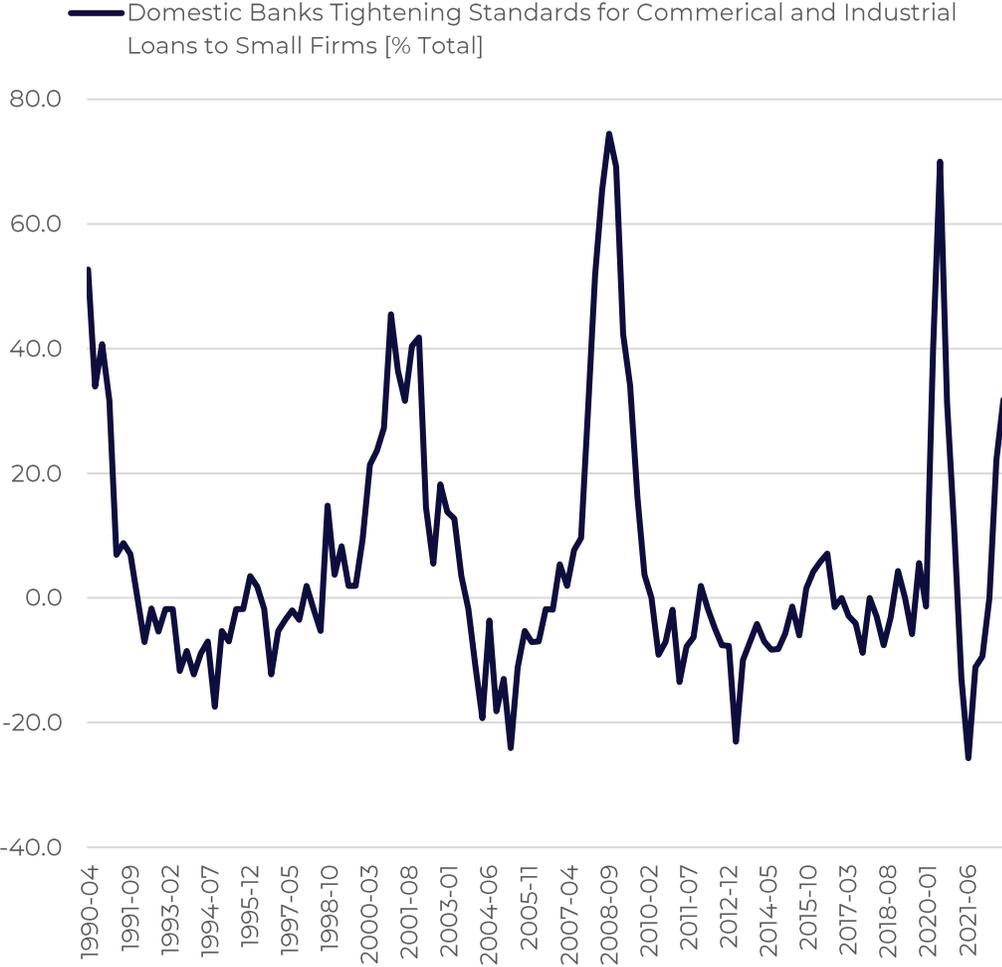
Sources: FRED, Blue Line Futures

Commercial Bank Deposits Compared To Loans Way Above Pre-Covid Trend.



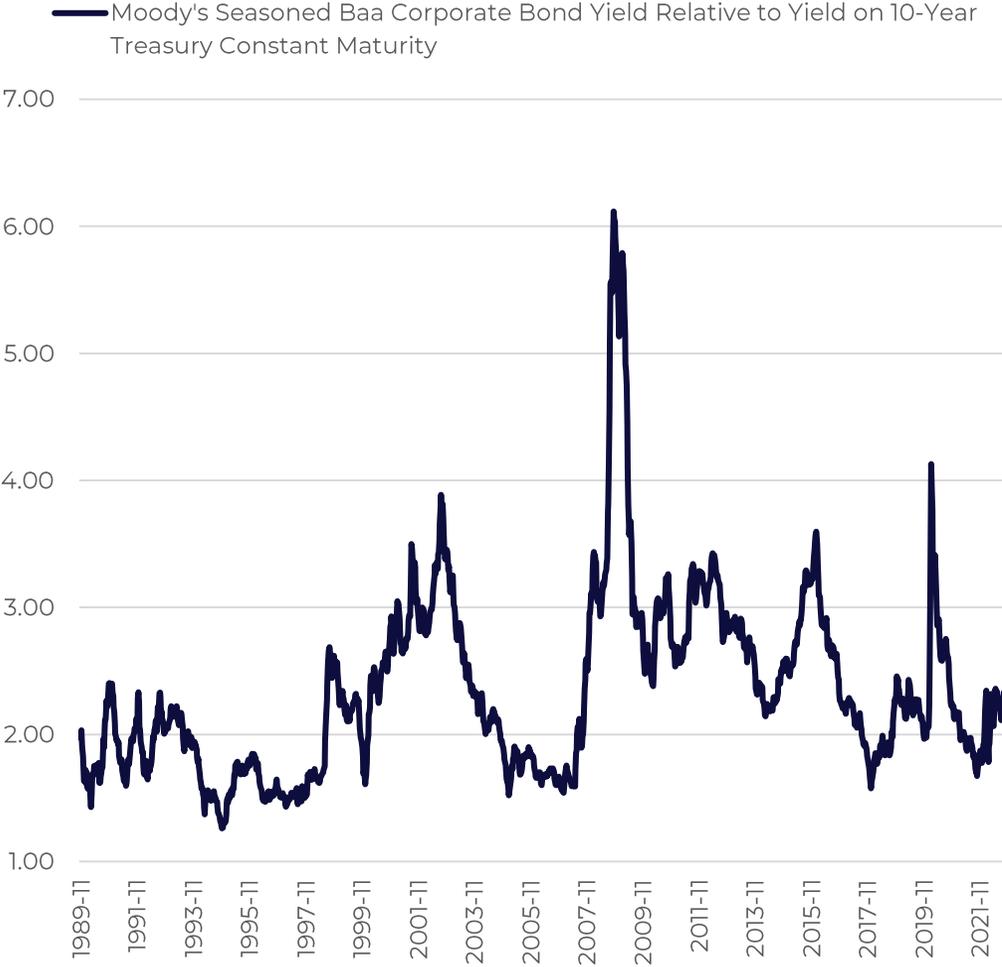
Lending Standards Tightening, But Credit Well Behaved

Domestic Lending Standards Are Tightening.



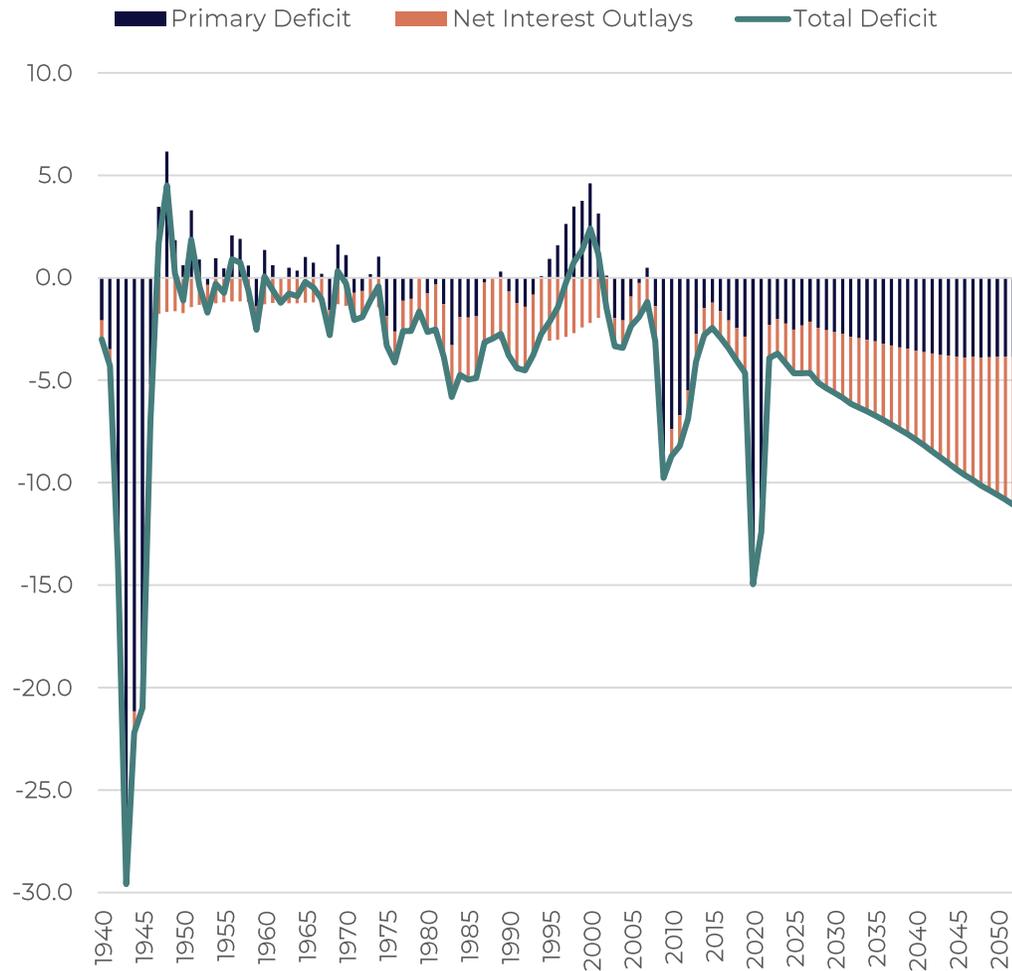
Sources: FRED, Blue Line Futures

Credit Spreads Remain Extremely Well Behaved.



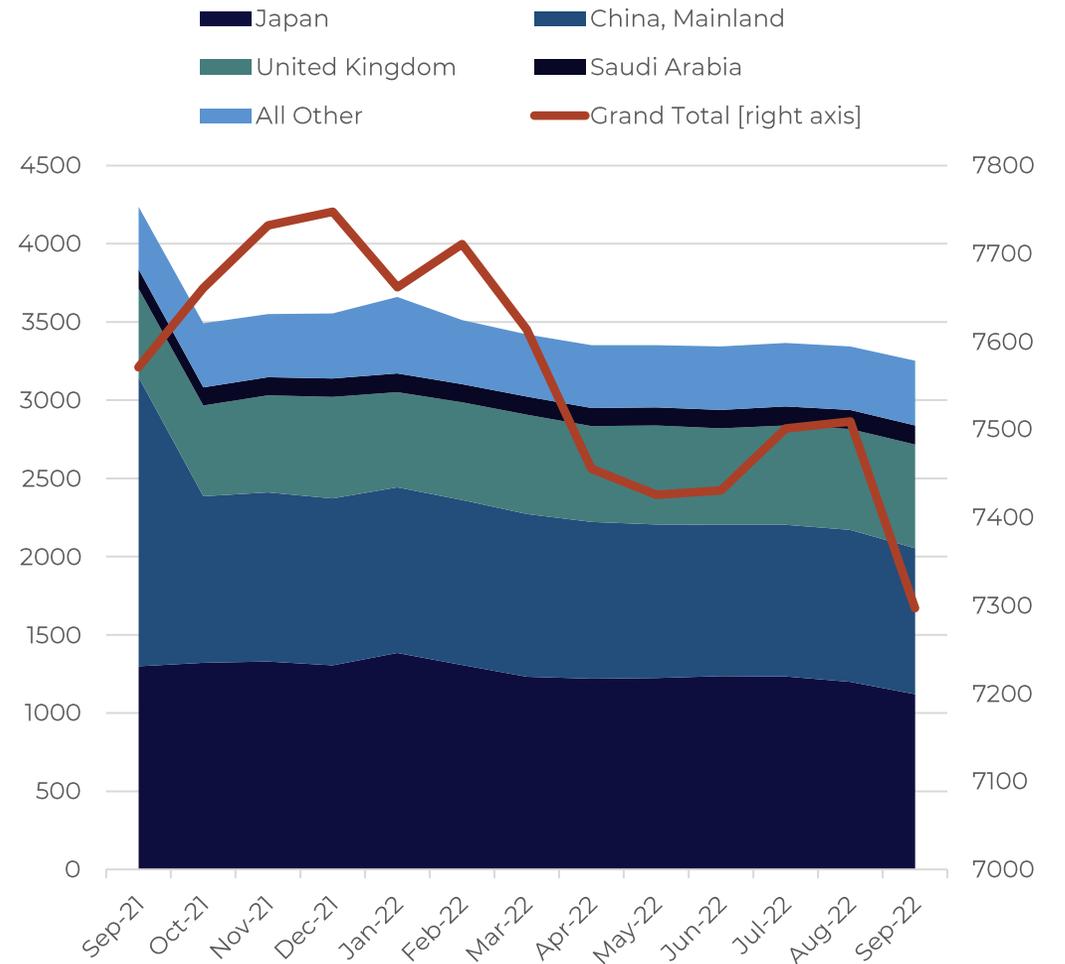
Where Will Deficit Financing Come From?

The U.S. Is Running War-Time Deficits In Peace-Time.



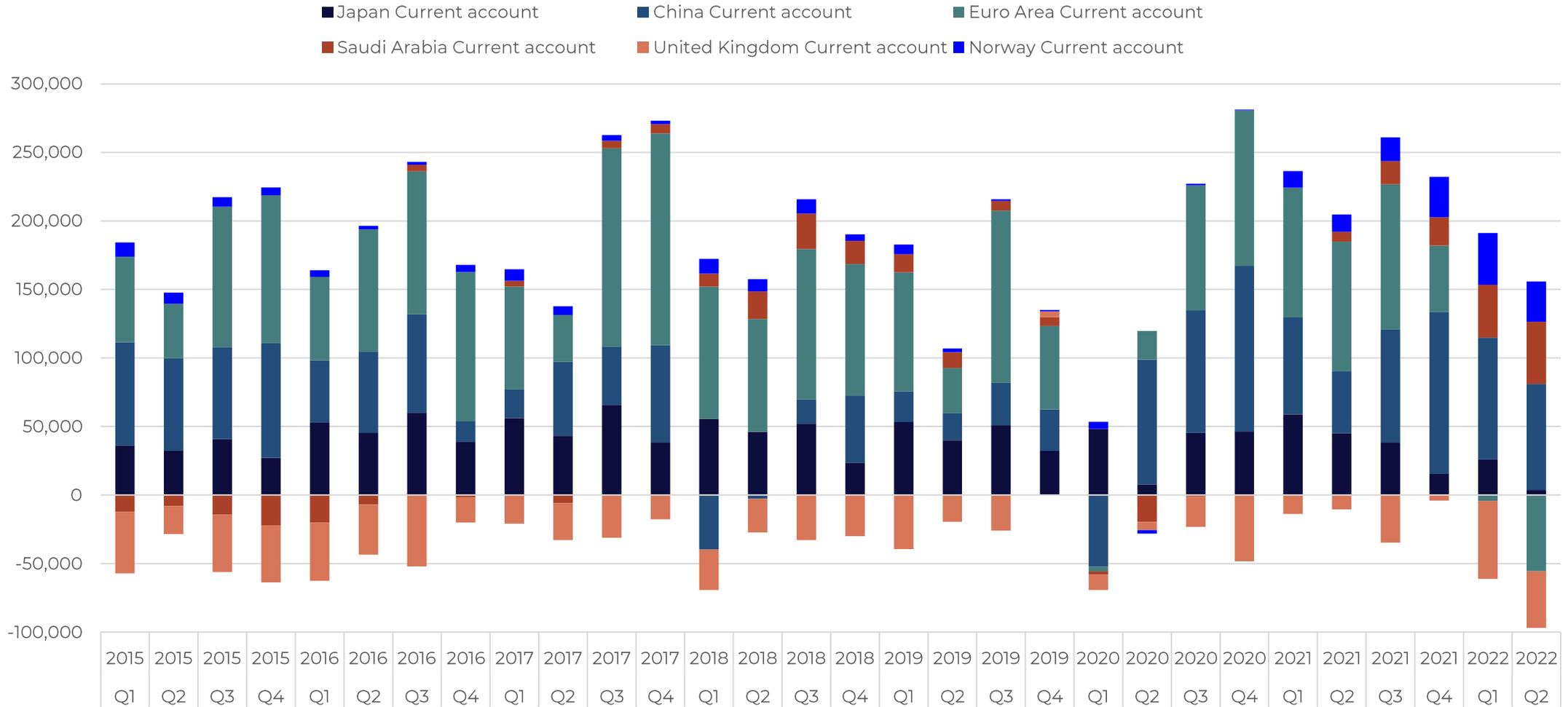
Sources: CBO, US Treasury, Blue Line Futures

Sovereigns Less Favorable Toward Holding U.S. Treasuries.



Global Current Account Surpluses & Deficits

Friendly vs. Unfriendly Nations Takes A Whole New Meaning In The Context Of Financial Asset Flows



Sources: U.S. Treasury, Blue Line Futures

Disclosure

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