



What is behind the recent slowdown?

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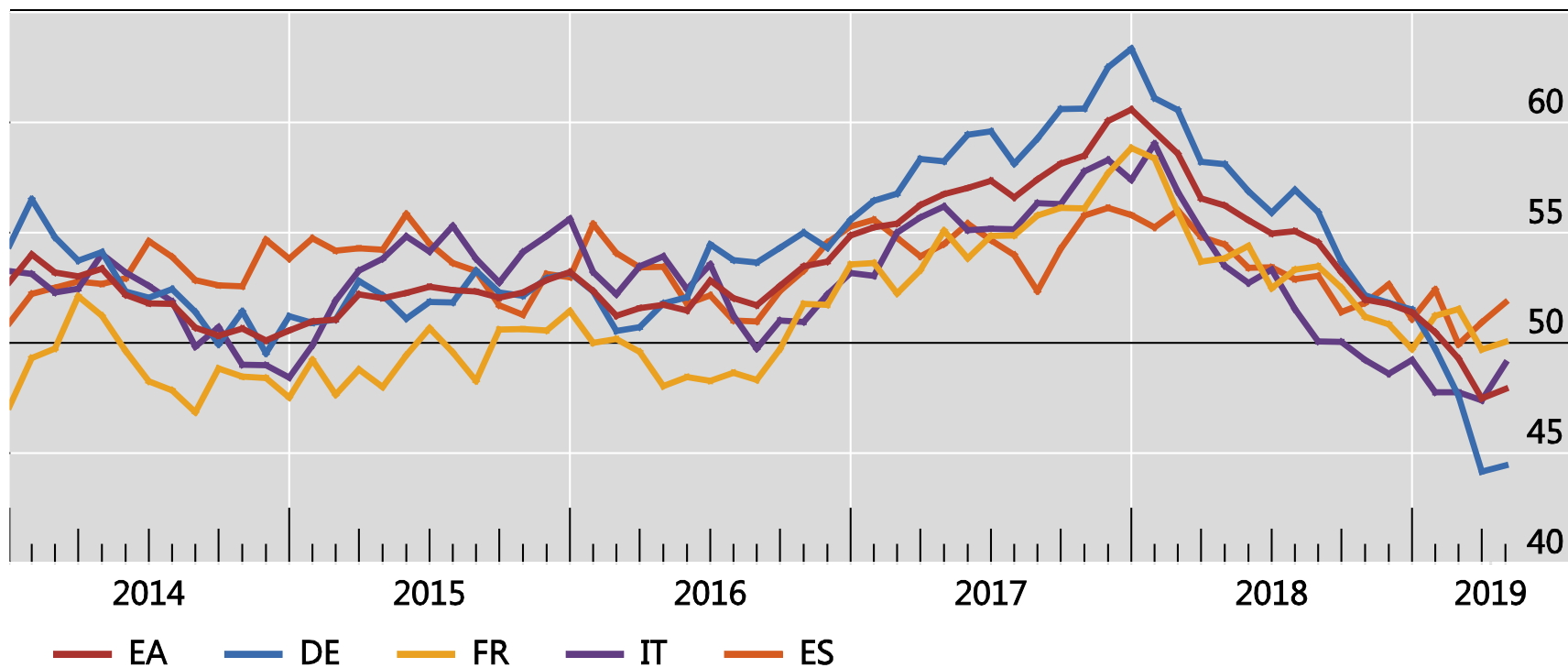
Berlin, 14 May 2019

*The views expressed here are mine and not necessarily those of the Bank for International Settlements

PMIs for the manufacturing sector

Diffusion indices¹

Graph 1



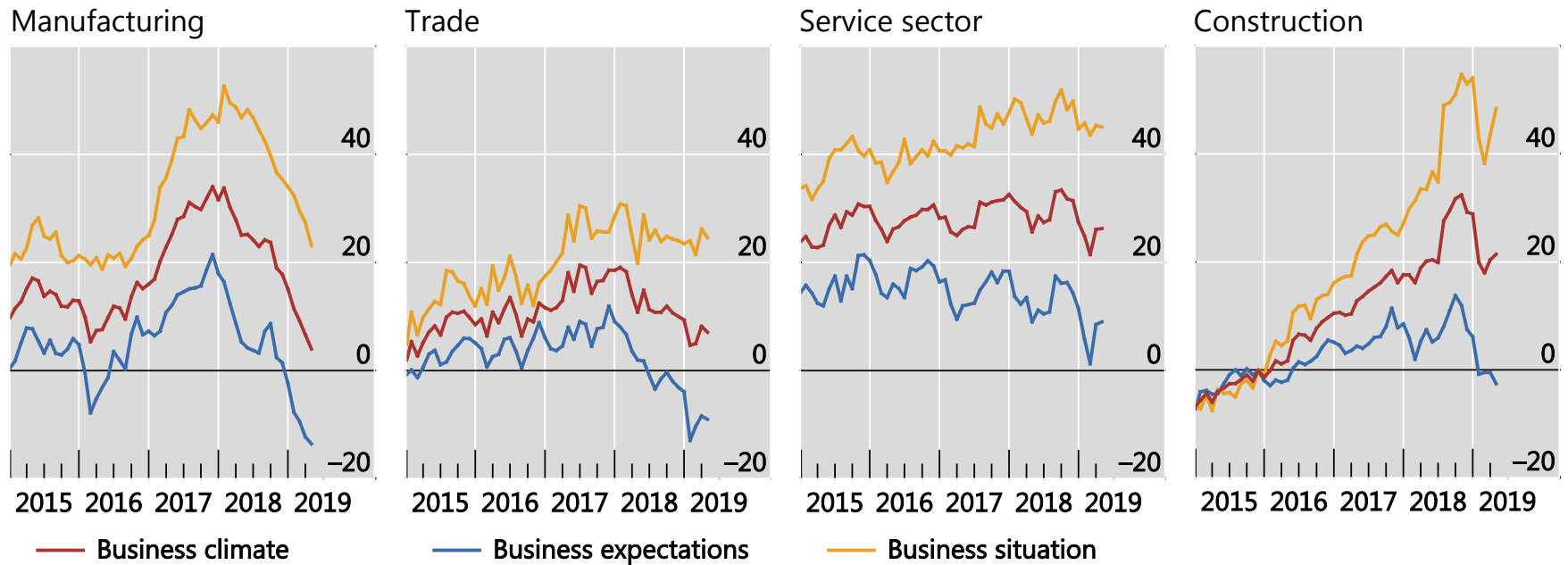
¹ A value of 50 indicates that the number of firms reporting improvement and deterioration is equal; a value above 50 indicates improvement.

Source: IHS Markit.

Germany: Ifo business climate index by sector

Balances, seasonally adjusted¹

Graph 2

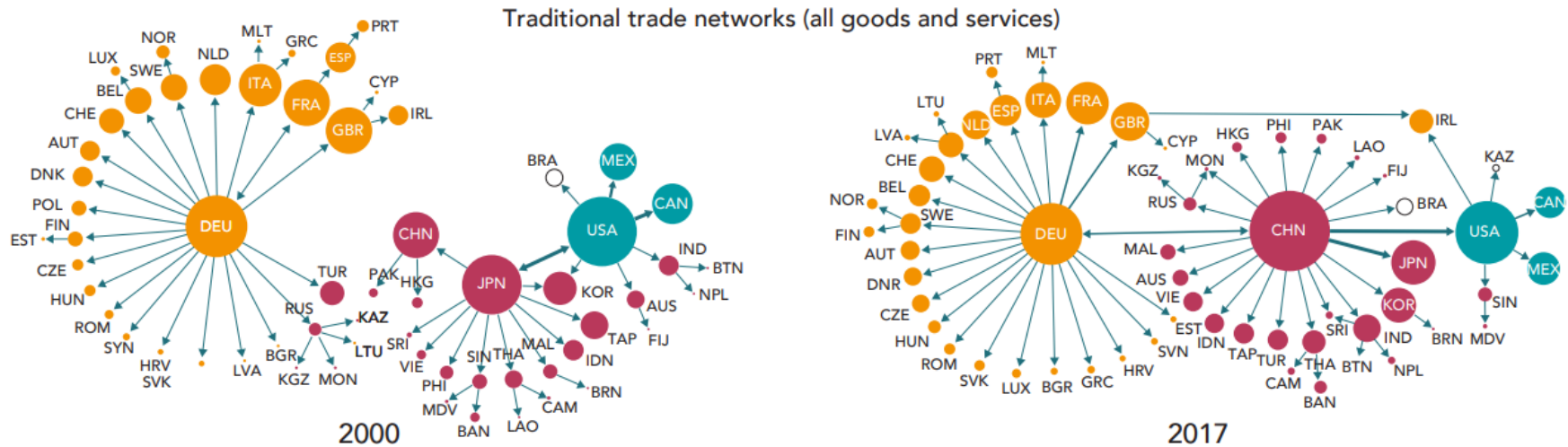


¹ The balance value for the business situation (expectations) is computed as the difference between the percentages of the responses "good" ("more favourable") and "poor" ("more unfavourable"). The business climate is a transformed mean of the balances of the business situation and the expectations.

Source: Ifo Institute for Economic Research, *Business Survey*, April 2019.

Network structure of global value chains in 2000 and 2017

Graph 3

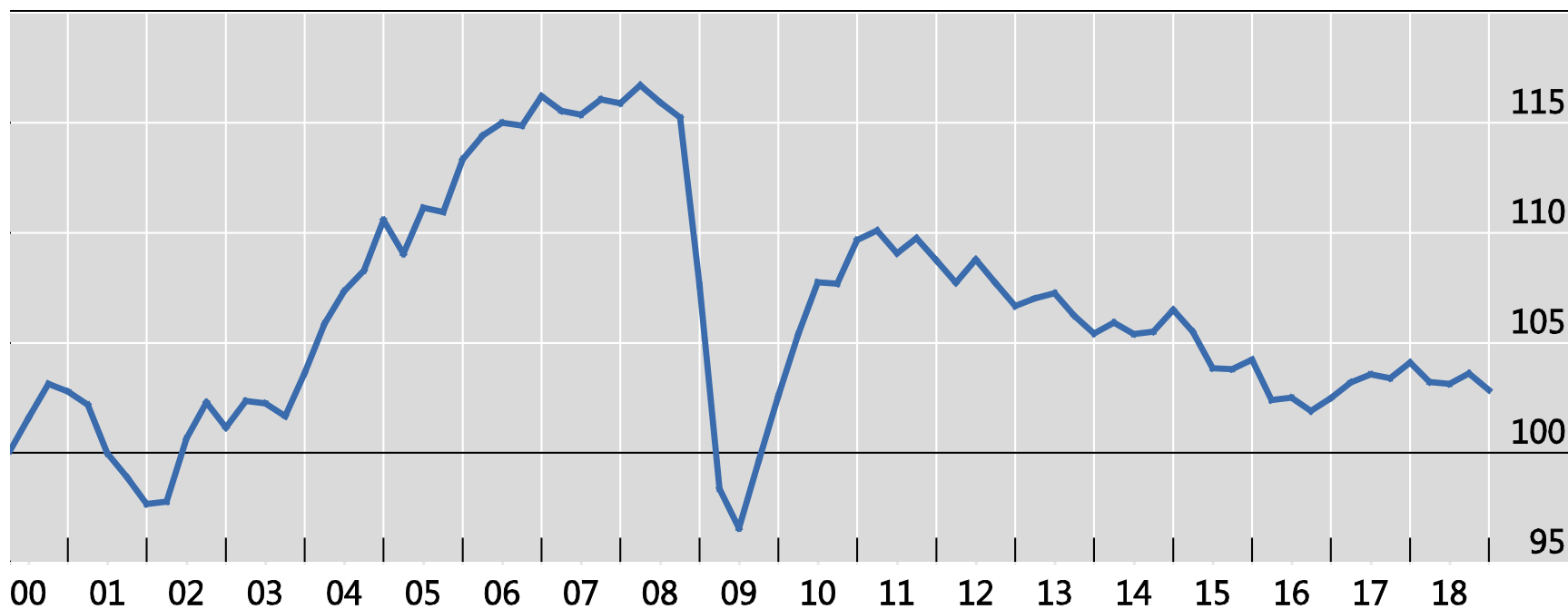


Source: X Li, B Meng and Z Wang, "Recent patterns of global production and GVC participation", in D Dollar (ed), *Global Value Chain Development Report 2019*, World Trade Organization et al (see footnote 3 for full reference).

Ratio of world goods exports to world GDP

In constant prices, Q1 2000 = 100

Graph 4

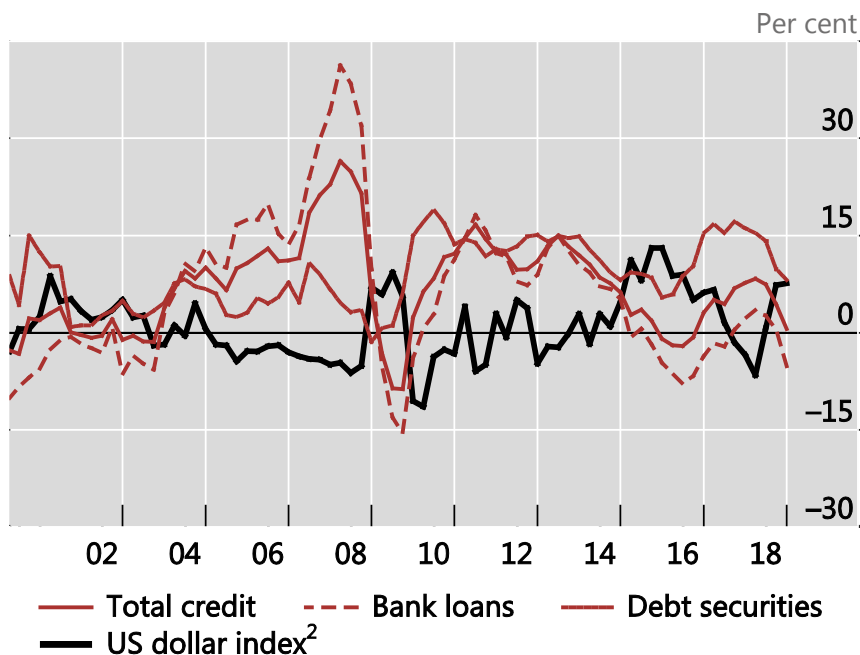


Sources: IMF, *World Economic Outlook*; World Trade Organization; Datastream; national data; BIS calculations.

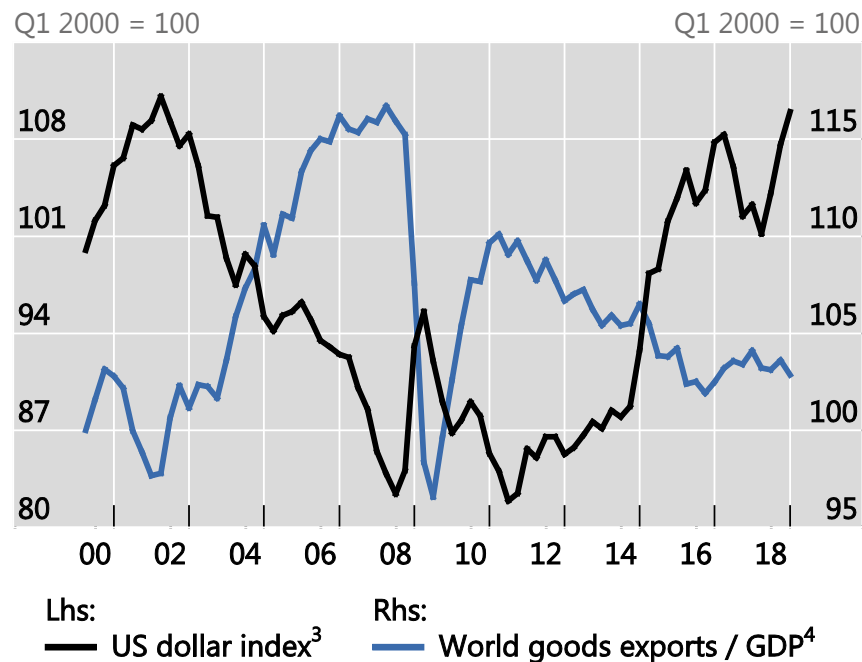
Dollar credit growth and GVC activity are negatively related to dollar strength

Graph 5

US dollar credit to emerging market economies (EMEs)¹



Global trade and US dollar



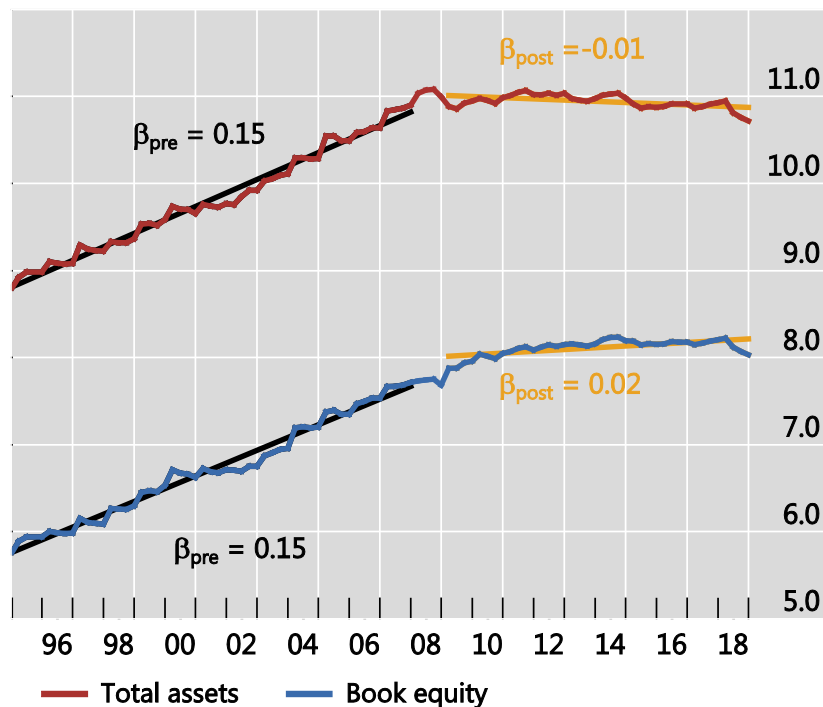
¹ Annual growth of credit to non-banks denominated in US dollars. ² Annual growth of Federal Reserve Board trade-weighted nominal dollar index, major EMEs ("other important trading partners"), based only on trade in goods. A positive value indicates appreciation of the US dollar. ³ Federal Reserve Board trade-weighted nominal dollar index, broad group of major trading partners of the US ("broad"), based only on trade in goods. An increase indicates appreciation of the US dollar. ⁴ Both exports and GDP are measured in constant prices.

Sources: Federal Reserve Bank of St Louis, FRED; IMF, *World Economic Outlook*; World Trade Organization; Datastream; Dealogic; Euroclear; Thomson Reuters; Xtrakter Ltd; national data; BIS locational banking statistics; BIS calculations.

Banking sector assets and book equity¹

Graph 6

Ln (USD bn)



¹ Sum of respective variables for a sample of 75 banks (as listed below). Ln denotes natural logarithm.

ANZ, Commonwealth Bank of Australia, Macquarie Group Ltd, National Australia Bank, Westpac Banking, Chiba Bank Ltd, Fukuoka Financial Group, Hokuoku Financial Group Inc, Mitsubishi UFJ Financial, Mizuho Financial Group, Resona Holdings, Shizuoka Bank Ltd, Sumitomo Mitsui Financial, Sumitomo Mitsui Trust, Bank of Montreal, Bank of Nova Scotia, Canadian Imperial Bank, National Bank of Canada, Royal Bank of Canada, Toronto-Dominion Bank, BB&T Corp, Bank of America Corporation, Bank of New York Mellon Corp, Capital One Financial Corp, Citigroup Inc, Citizens Financial Group Inc, Fifth Third Bancorp, JPMorgan Chase & Co, Morgan Stanley, Goldman Sachs Group Inc, Northern Trust Corp, PNC Financial Services Group, Regions Financial Corp, State Street Corp, SunTrust Banks Inc, US Bancorp, Wells Fargo & Co, Erste Group Bank, RBI AG, Dexia, KBC Group, Commerzbank, Deutsche Bank, BBVA, Banco Popular Español, Banco Santander, Banco de Sabadell, Bankia SA, CaixaBank, BNP Paribas, Crédit Agricole SA, Crédit Industriel, Natixis, Société Générale, AIB Group Plc, Bank of Ireland Group, Banca Monte dei Paschi, Banco Popolare, Intesa Sanpaolo, UniCredit, UBI Banca, ING Groep, Credit Suisse, UBS Group AG, Danske Bank, Barclays, HSBC Holdings, Lloyds Banking Group, Royal Bank of Scotland Group, Standard Chartered, DNB ASA, Nordea Bank Abp, Skandinaviska Enskilda Banken, Handelsbanken, Swedbank.

Sources: Datastream; BIS calculations.