

## CLIs point to a moderation in growth

OECD Composite leading indicators (CLIs) for September continue to recover from the Covid-19 crisis lows, but at a moderating pace.

For all major OECD economies, the CLIs in September continue to signal that GDP will remain below trend. While in **France** and **Germany** the CLIs are now pointing to a stabilisation in growth, in the **United States**, **Japan**, **United Kingdom**, **Canada** and **Italy** they continue to point to a moderation in growth.

Among major emerging economies, the CLIs for **India** and **Russia** continue to signal moderating growth. This is now also the assessment for **Brazil** (albeit with the level of GDP expected to be above trend). In **China**, the CLI (for manufacturing) points to a stabilisation in growth.

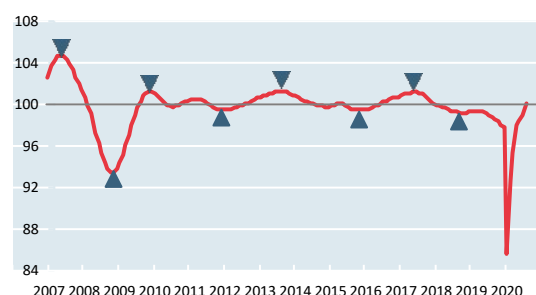
With the resurgence of COVID-19 cases in many countries, there remains considerable uncertainty around the possibility of future mitigation measures that may curtail economic activity, and which may not be fully factored into current indicators used in the construction of the CLIs. As such this month's CLIs should continue to be interpreted with care.

As always, the magnitude of the CLI should be regarded as an indication of the strength of the signal rather than as a measure of the degree of growth in economic activity.

**OECD area: Moderating pace of growth**



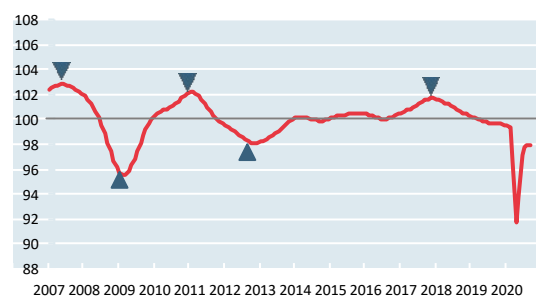
**China: Stabilisation in the pace of growth**



**United States: Moderating pace of growth**



**Euro area: Stabilisation in the pace of growth below trend**

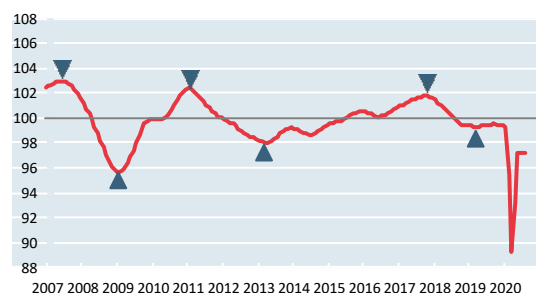


The above graphs show country specific composite leading indicators (CLIs solid line, left axis and the relative month-on-month growth rate, right axis). Turning points of CLIs tend to precede turning points in economic activity relative to trend by six to nine months. The horizontal line at 100 represents the trend of economic activity. Shaded triangles mark confirmed turning-points of the CLI. Blank triangles mark provisional turning-points that may be reversed.

### Japan: Moderating pace of growth



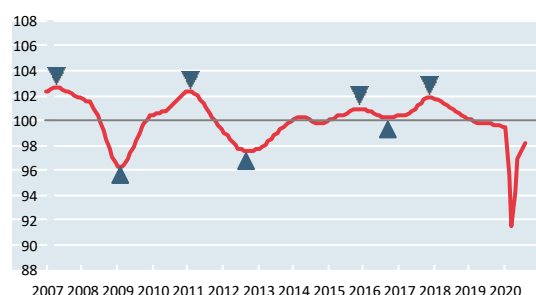
### France: Stabilisation in the pace of growth below trend



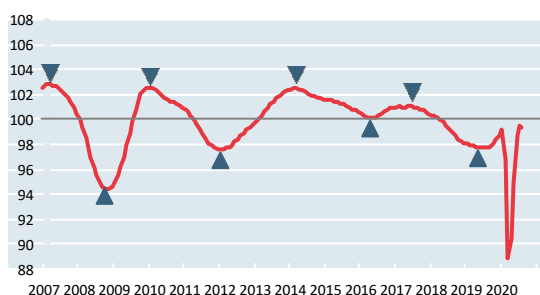
### Germany: Stabilisation in the pace of growth below trend



### Italy: Moderating pace of growth



### United Kingdom: Moderating pace of growth



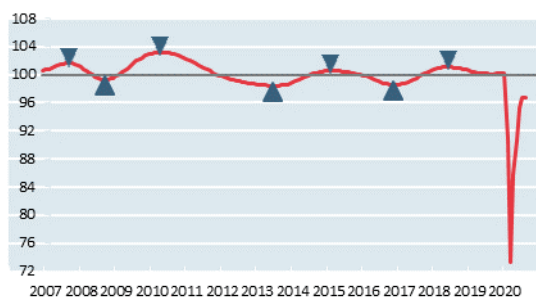
### Brazil: Moderating pace of growth



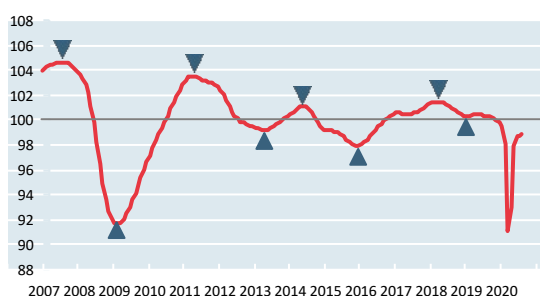
### Canada: Moderating pace of growth



### India: Moderating pace of growth



### Russia: Moderating pace of growth



The graphs show country specific composite leading indicators (CLIs solid line, left axis and the relative month-on-month growth rate, right axis). Turning points of CLIs tend to precede turning points in economic activity relative to trend by six to nine months. The horizontal line at 100 represents the trend of economic activity. Shaded triangles mark confirmed turning-points of the CLI. Blank triangles mark provisional turning-points that may be reversed.

Table 1: Composite Leading Indicators\*

|                          | Ratio to trend, amplitude adjusted<br>(long term average =100) |       |       |       |       | Month on Month change<br>(%) |      |      |      |       | Year on Year change<br>(%) | Growth cycle outlook                            | Memorandum item   |                           |
|--------------------------|--|-------|-------|-------|-------|------------------------------|------|------|------|-------|----------------------------|---|---|---------------------------|
|                          | 2020   |       |       |       |       | 2020                         |      |      |      |       | Latest month               |   | Last month's growth cycle outlook<br>(when different from current assessment) |                           |
|                          | May  | Jun   | Jul   | Aug   | Sep   | May                          | Jun  | Jul  | Aug  | Sep   |                            |   |   |                           |
| <b>OECD Area</b>         | 94.8   | 97.0  | 98.1  | 98.5  | 98.8  | 1.76                         | 2.35 | 1.08 | 0.45 | 0.27  | -0.58                      | Moderating pace of growth                       |   |                           |
| <b>Euro Area</b>         | 93.9   | 97.1  | 97.7  | 97.9  | 98.0  | 2.33                         | 3.42 | 0.67 | 0.13 | 0.15  | -1.65                      | Stabilisation in the pace of growth below trend |   | Moderating pace of growth |
| <b>Major Five Asia**</b> | 94.9   | 96.3  | 97.6  | 98.4  | 98.8  | 4.49                         | 1.44 | 1.40 | 0.78 | 0.39  | -0.60                      | Moderating pace of growth                       |   |                           |
| <b>Major Seven</b>       | 94.5   | 96.7  | 97.9  | 98.4  | 98.7  | 1.66                         | 2.37 | 1.27 | 0.48 | 0.29  | -0.55                      | Moderating pace of growth                       |   |                           |
| <b>Canada</b>            | 96.9   | 98.1  | 98.6  | 99.1  | 99.4  | 1.05                         | 1.19 | 0.59 | 0.47 | 0.34  | 0.77                       | Moderating pace of growth                       |   |                           |
| <b>France</b>            | 93.3   | 97.2  | 97.2  | 97.2  | 97.3  | 4.45                         | 4.21 | 0.03 | 0.03 | 0.03  | -2.22                      | Stabilisation in the pace of growth below trend |   | Moderating pace of growth |
| <b>Japan</b>             | 97.8   | 97.8  | 98.2  | 98.6  | 98.8  | -0.53                        | 0.02 | 0.41 | 0.36 | 0.17  | -1.24                      | Moderating pace of growth                       |   |                           |
| <b>Germany</b>           | 93.5   | 98.0  | 99.1  | 99.3  | 99.5  | 1.91                         | 4.76 | 1.13 | 0.22 | 0.22  | 0.58                       | Stabilisation in the pace of growth below trend |   | Moderating pace of growth |
| <b>Italy</b>             | 94.2   | 96.9  | 97.5  | 97.9  | 98.2  | 3.05                         | 2.81 | 0.66 | 0.36 | 0.30  | -1.55                      | Moderating pace of growth                       |   |                           |
| <b>United Kingdom</b>    | 90.5   | 94.9  | 98.7  | 99.6  | 99.4  | 1.87                         | 4.91 | 3.97 | 0.90 | -0.14 | 1.74                       | Moderating pace of growth                       |   |                           |
| <b>United States</b>     | 94.4   | 96.2  | 97.6  | 98.2  | 98.6  | 1.70                         | 1.95 | 1.43 | 0.59 | 0.43  | -0.70                      | Moderating pace of growth                       |   |                           |
| <b>Brazil</b>            | 95.1   | 100.1 | 101.2 | 102.6 | 103.1 | 2.44                         | 5.23 | 1.08 | 1.42 | 0.45  | -0.15                      | Moderating pace of growth                       |   | Continued strengthening   |
| <b>China***</b>          | 98.0   | 98.4  | 99.0  | 99.5  | 100.1 | 2.73                         | 0.44 | 0.55 | 0.59 | 0.60  | 1.38                       | Stabilisation in the pace of growth             |   |                           |
| <b>India</b>             | 85.8   | 90.7  | 95.2  | 96.7  | 96.8  | 17.18                        | 5.78 | 4.92 | 1.60 | 0.08  | -3.31                      | Moderating pace of growth                       |   |                           |
| <b>Russia</b>            | 93.1   | 97.9  | 98.7  | 98.8  | 98.8  | 2.18                         | 5.23 | 0.79 | 0.05 | 0.07  | -1.51                      | Moderating pace of growth                       |   |                           |

\* CLI data for 33 OECD member countries and 6 OECD non-member economies are available at:

[http://stats.oecd.org/default.aspx?datasetcode=MEI\\_CLI](http://stats.oecd.org/default.aspx?datasetcode=MEI_CLI)

Please note that CLI estimates for Mexico and New Zealand could not be updated this month.

\*\* China, India, Indonesia, Japan and Korea.

\*\*\* The reference series for China is the value added of industry, at 1995 constant prices, 100 million Yuan.