

Could the US tip into recession? The current US expansion that began in July 2009 is now 95 months old though real GDP growth has been comparatively soft at 2% over that period. . **Bank lending growth** in the US has been slowing a number of reasons have been given to explain this (the Fed publishes the [weekly H.8 report](#) which tracks bank lending). US shale oil producers switching their borrowing to capital markets from bank borrowing dependent on movements in the oil price or simply that US consumers are cutting back....credit card demand is at a 5 year low with the credit card default rate at its highest since June 2013. ...auto loan demand is declining...if total commercial and industrial loans have peaked (at USD2.095tr as at 10 May) then the chart below shows a recession follows.

Watch the H.8 report for clues....so far the **level** of lending has been relatively flat in the weekly data.

Equity markets start the week on a positive footing shrugging off last Wednesday's Trump-induced tumble.

The EUR hit a 6 month high against the USD (1.1245 this morning). German Chancellor Angela Merkel says the euro is "too weak" as a result of ECB policy and the weakness accounts for Germany's rising current account surplus.UK Rightmove house price inflation increases to 3.0% in May from 2.2%. Japanese exports increase 7.5% yoy in April.

The [McKinsey Global Institute](#) in a new report funds that 51% of investors and business leaders think that the Eurozone will shrink or disband in coming years. The report also indicates a continuing reluctance among European firms to invest with many hoarding cash. Gross corporate savings rose to almost EUR2tr in 2015 and 47% of companies say they are building reserve for future crises. 19 dead and more than 50 hurt in explosion after **terrorist attack at Manchester Arena** according to the BBC.

Separately, **Greek official creditors** fail to reach deal in 7 hour talks. President Trump calls on Congress to push through **USD3.6tr of spending cuts...**the budget looks for US GDP growth to accelerate to 3% by 2021 with a **balanced budget by 2027**. President Trump aims to raise USD500mn in fy 2018 by draining the **Strategic Petroleum Reserve** and as much as USD16.6bn in oil sales over the

Equity Markets

Index	Previous Close	Current	Change (%)
DOW	20981.94	20979.75	-0.01%
S&P	2402.32	2400.67	-0.07%
FTSE	7522.03	7508.42	-0.18%
EGYPT IDX	1167.487	1167.487	0.00%
JORDAN SE	2157.66	2167.78	0.47%

Foreign Exchange

	Previous Close	Current	Change (%)
GBP/USD	1.2917	1.2914	-0.02%
GBP/JPY	146.116	145.155	-0.66%
AUD/USD	0.7426	0.7408	-0.24%
EUR/GBP	0.85791	0.85941	0.17%
EUR/USD	1.1083	1.1099	0.14%
EUR/JPY	125.37	124.75	-0.49%
USD/JPY	113.12	112.4	-0.64%
USD/CHF	0.9859	0.9832	-0.27%
USD/JOD	0.7102	0.7095	-0.10%

Commodities

	Previous Close	Current	Change (%)
GOLD	1237.24	1243.03	0.47%
SILVER	16.856	16.871	0.09%
OIL	48.66	48.29	-0.76%

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next decade. The Washington Post claims that President Trump had asked two intelligence officials to help him **push back the FBI investigation**. The FT says the MSCI will announce on 20 June whether it will include **China's domestic A-shares** in its benchmark USD1.5tr EM equity index.

The Fed's balance sheet stands at USD4.5tr. Interestingly, the ECB's balance sheet is a touch larger at USD4.6tr. There is now more focus on how and when the Fed might start unwinding its balance sheet. The process is likely to be gradual given concerns that it might create bond market volatility.

Today: German GDP 1Q17 final (forecast: up 0.6% qoq). Eurozone PMI composite May (forecast: 56.7). German IFO business climate index May (forecast: 113.1). Fed's Harker and Kashkari (voters) speak. UK public sector net borrowing April (forecast: GBP8.0bn). UK CBI distributive trades survey May. US PMI mfg index May (forecast: 53.1). US new home sales April (forecast: down 1.8% mom). Richmond Fed mfg index May (forecast: 15). US President Trump presents rest of fy 2018 Budget.

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