



31 January 2025

Charts of the Week: Looking at the Here and Now

A HAVER ANALYTICS® publication

Link to online commentary: <https://haverproducts.com/charts-of-the-week/>

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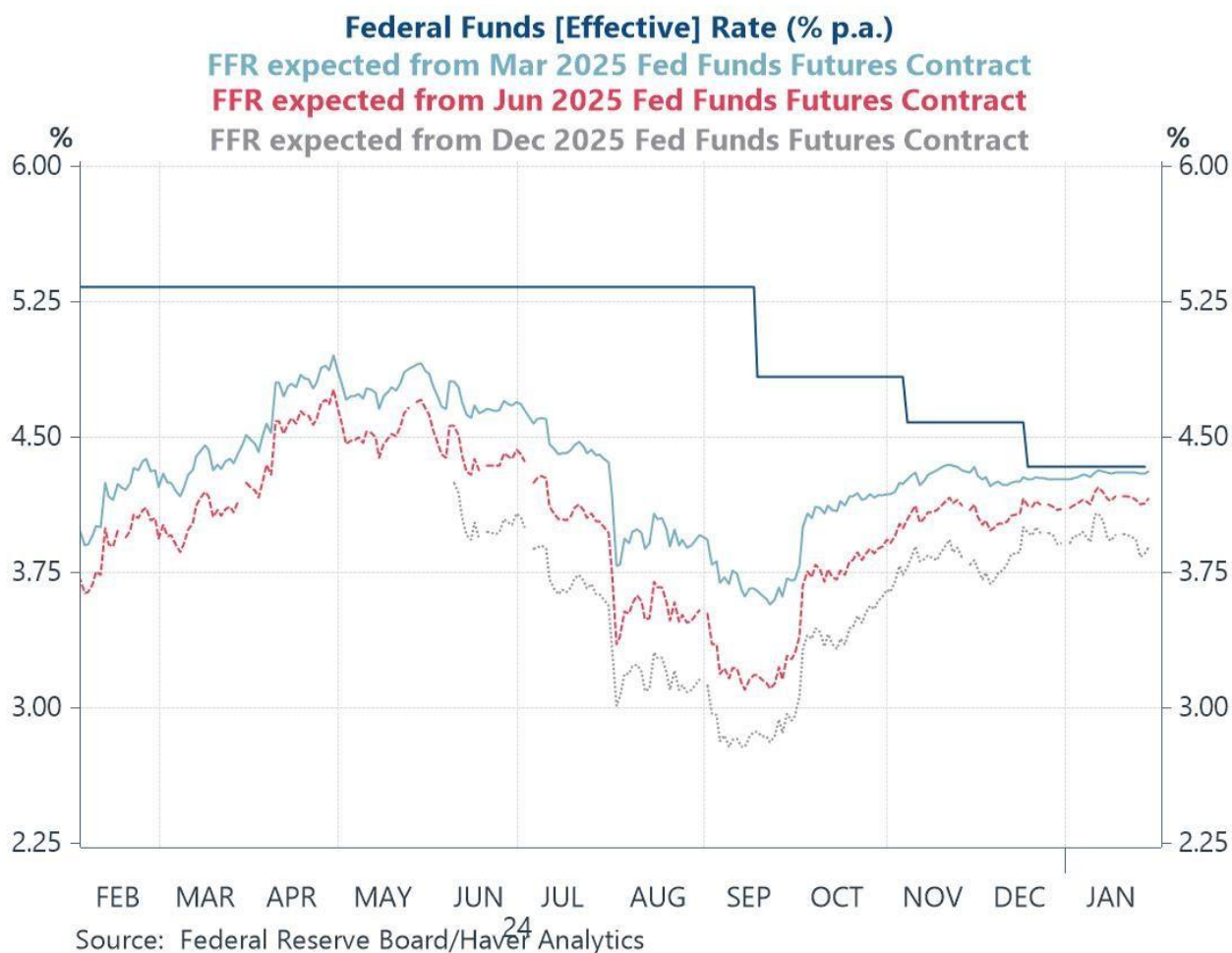
Written by [Andy Cates](#), Senior Economist

Several key themes have been driving financial market fluctuations in recent weeks, including the resilience of the US economy, the policy direction of the new US administration, geopolitical instability, and the productivity potential of AI. The trajectory of central bank policy has also taken centre stage, particularly following this week's widely expected decisions by the ECB and the BoC to cut their respective policy rates by 25bps, while the Fed opted to leave its policy rate on hold (see chart 1 and 2). Despite the recent wave of optimism pervading financial markets, several factors continue to warrant caution. Chief among them is the uncertainty surrounding the policy direction of the new US administration, which could have far-reaching implications for global growth (chart 3). China's outlook more specifically remains fragile—not only due to potential shifts in US policy but also because of persistent stress in its property sector (chart 4). Additionally, weaker-than-expected economic data from the euro area this week, particularly the flat reading for Q4 GDP, further underscores concerns about the region's sluggish growth momentum (chart 5). Meanwhile, central banks continue to face a delicate balancing act, as the resilience of the US labour market risks reigniting inflationary pressures, complicating the calibration of monetary policy. Lastly, while artificial intelligence is widely seen as a long-term driver of growth and productivity, growing competitive pressures within the tech sector have recently sparked concerns about the profitability of firms supplying AI infrastructure, highlighting the risks to one of the market's most celebrated growth narratives. Still, there are bright spots that help offset some of these downside risks. One such example is India's economy, which continues to show resilience amid incoming data that point to strong domestic demand, sustained investment flows, and policy measures aimed at bolstering growth (chart 3 and 6).

Fed funds futures

With the Fed now adopting a more cautious approach the Fed Funds futures market has scaled back its expectations of rate cuts during 2025 over the past several weeks. The market specifically looks for only 19 bps of rate cuts during the first quarter of this year; 17 bps of cuts in the second quarter; and 28 bps of cuts in the second half of this year for a total of 63 bps in 2025. The futures market is additionally pricing in a 82% chance of no change at the March FOMC meeting and 57% of no change in May.

Chart 1: Implied expectations for the US Fed Funds rate from futures markets

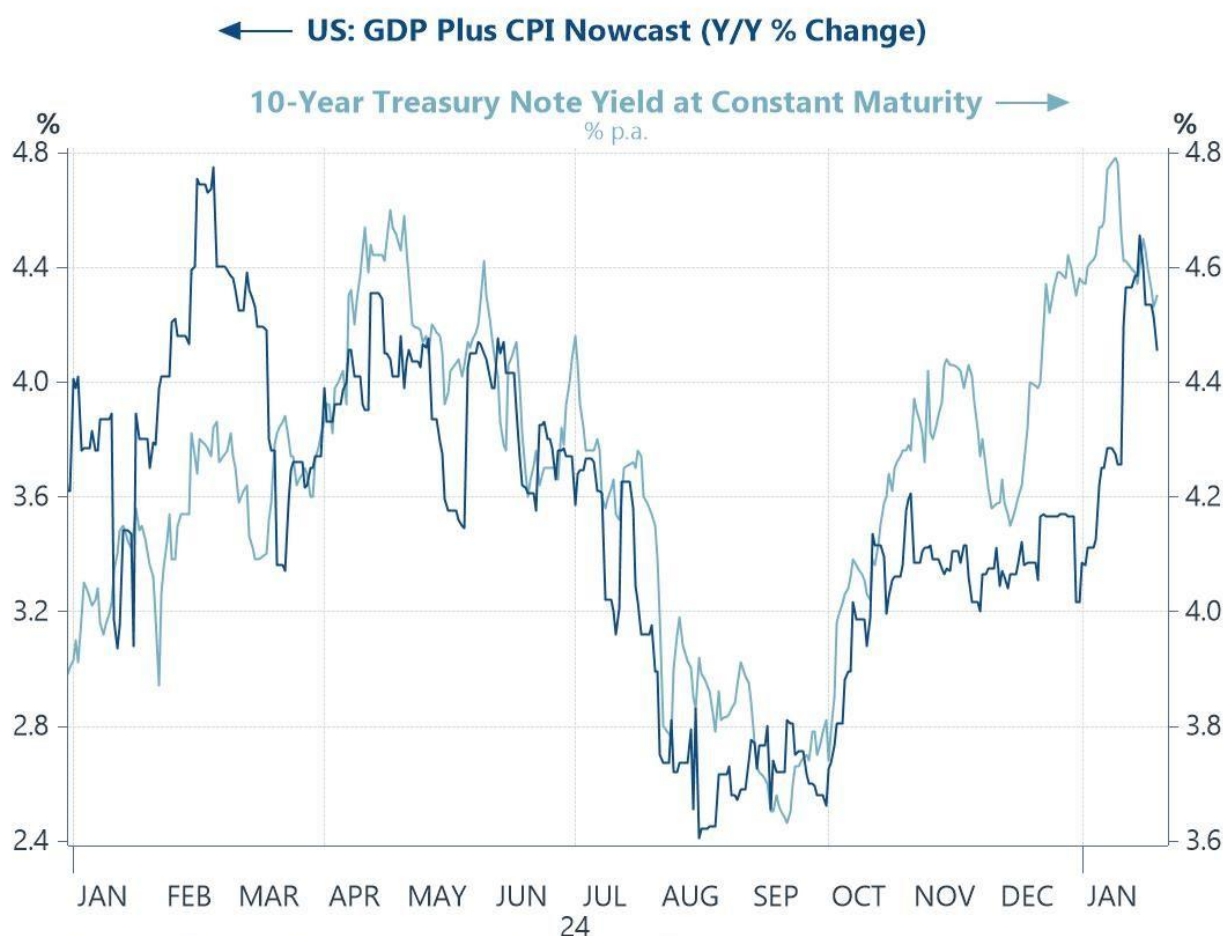


Now-Casting estimates of US growth and inflation

The trajectory of incoming growth and inflation data will be critical in shaping the Fed's approach to monetary policy going forward. Chart 2 below highlights the strong relationship between Now-Casting Economics' real-time estimates for US GDP growth and CPI inflation and movements in the US 10-Year Treasury yield. Notably, while many analysts have attributed recent fluctuations in the Treasury market to uncertainty surrounding the policy direction of the new US administration, it has been the ebb and flow of

economic data—particularly growth and inflation indicators—that have arguably played a more decisive role in driving market dynamics.

Chart 2: Now-Casting estimates of US GDP growth and inflation versus US 10-year Treasury yields



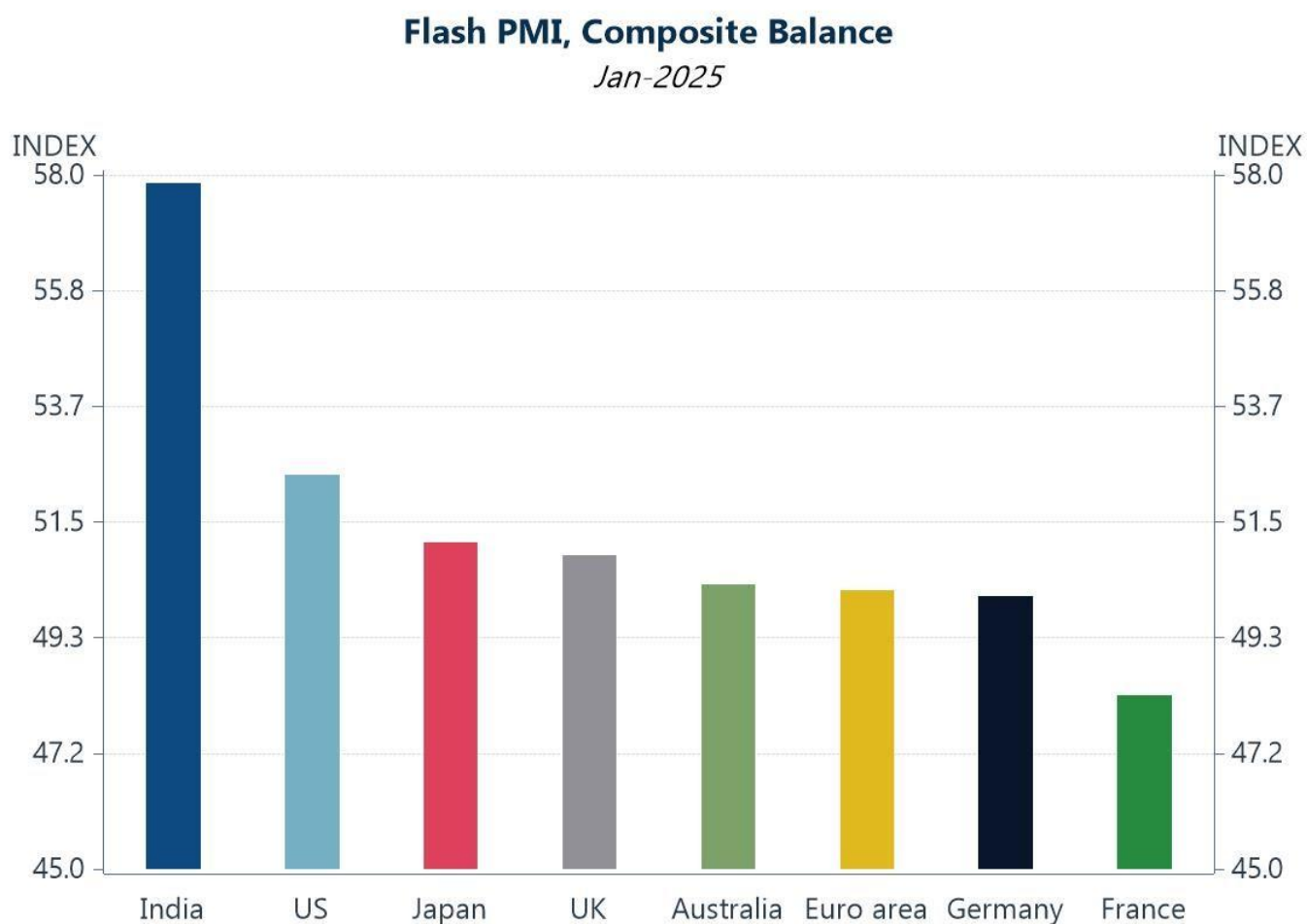
Source: Now-Casting Economics and Haver Analytics

Global growth

The latest composite flash PMIs for January 2025 suggest that global growth remains uneven across major developed and developing economies. India leads the pack with a robust PMI reading close to 57.9, indicating strong expansion in business activity. But among the advanced economies, the US continued to outperform, albeit with the divergence lately narrowing. Elsewhere, Japan, the UK, Australia, and the euro

area exhibited signs of modest expansion although within the latter, France, and to a lesser extent Germany, underperformed.

Chart 3: Composite flash PMI for selected developed and developing economies

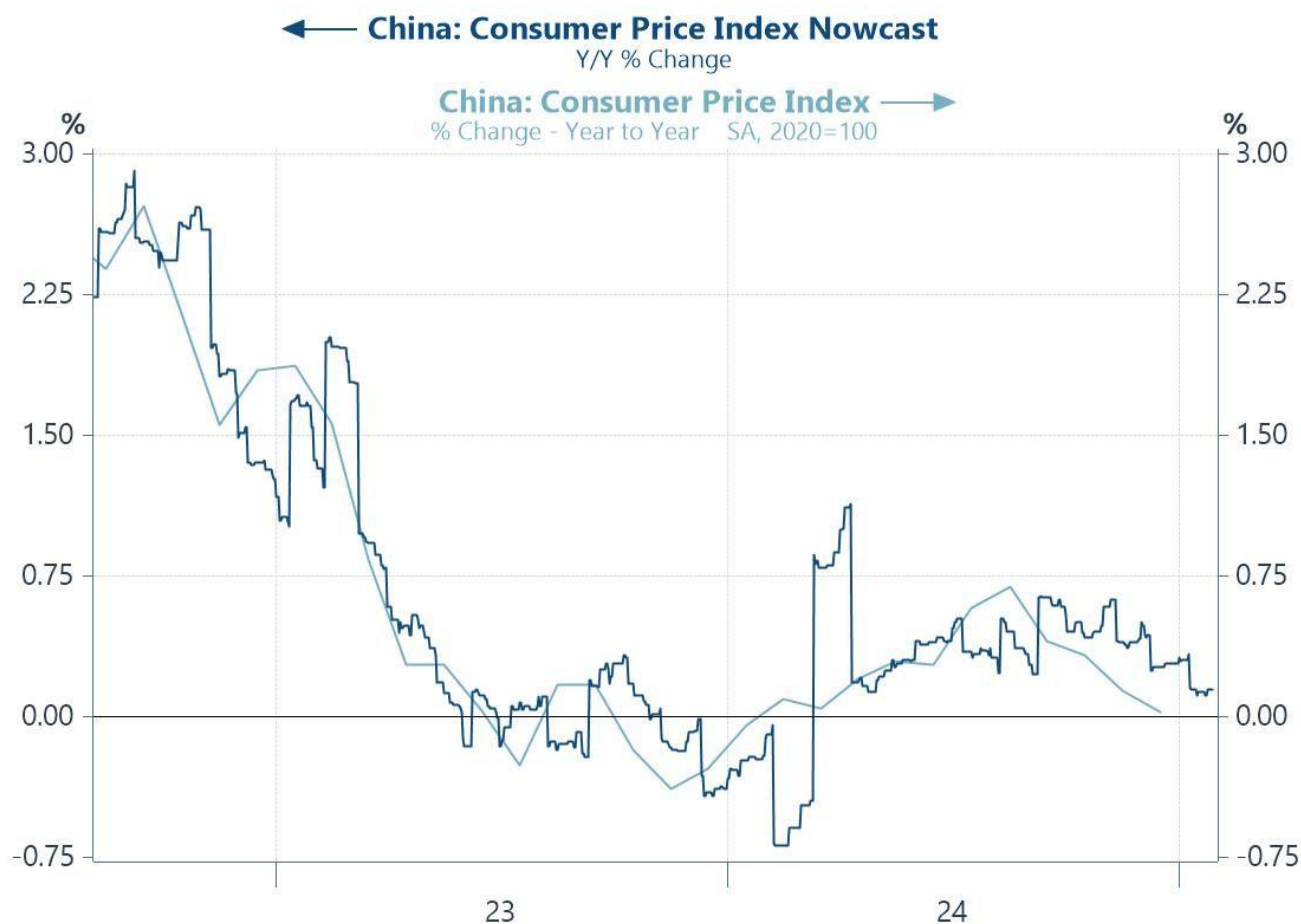


Sources: SPG, JB/SPG, SPG/HCOB/Haver

China's inflation

As for China, the economy continues to struggle with weak domestic demand, excess industrial capacity, and a property sector downturn, all of which have contributed to deflationary pressure. The evidence for this is shown in the chart below which illustrates the year-on-year change in the Nowcast for China's consumer price index from Now-casting Economics. Although there have been brief rebounds, the data signal that inflation has remained extremely subdued over the past 18 months.

Chart 4: Now-casting estimates of China's CPI inflation

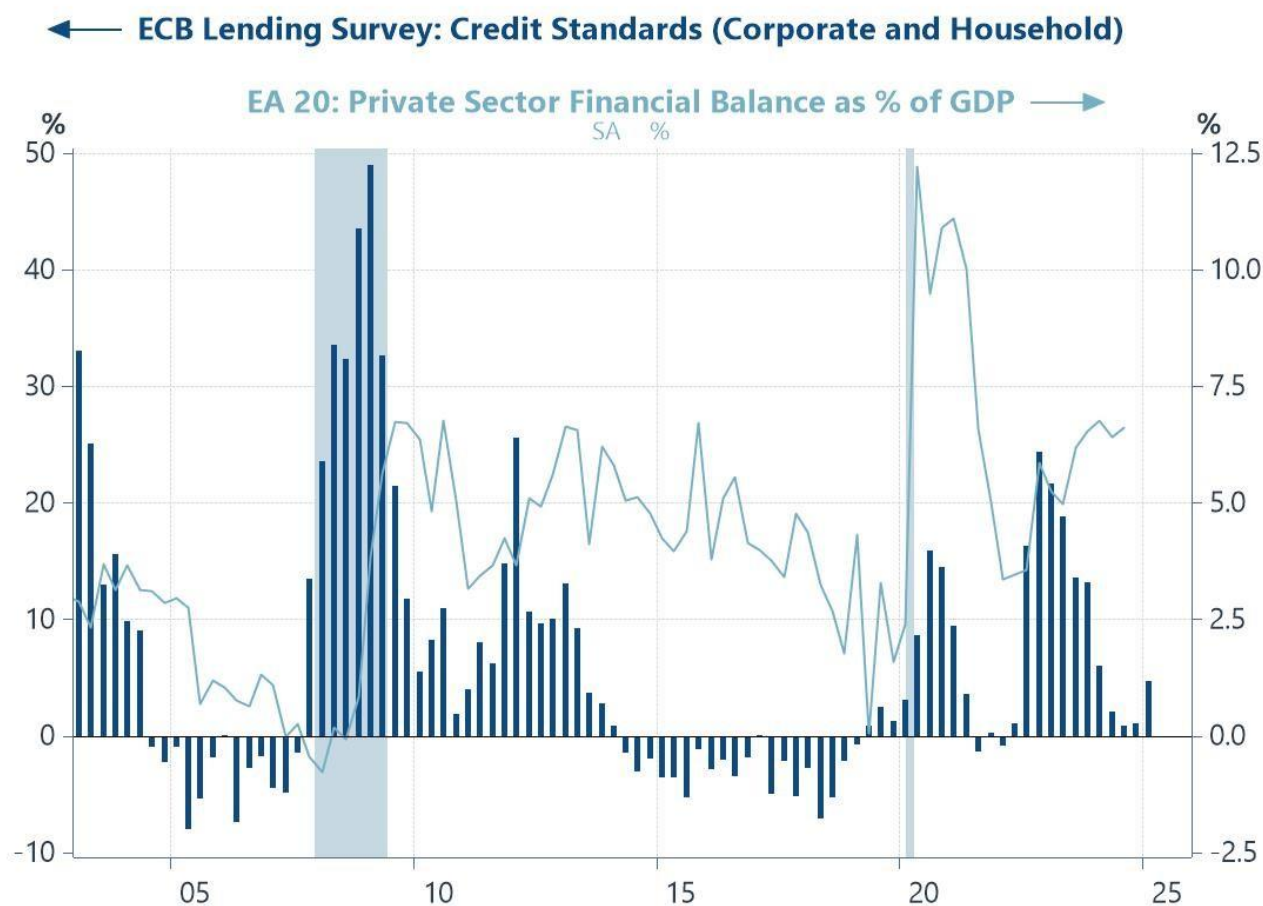


Sources: NCE, CNBS/Haver

Conditions in the euro area banking sector

Notwithstanding the signals from the latest flash PMI surveys, other data from the euro area this week have been signalling that growth momentum is weak. The flash estimates for GDP in both France and Germany, for example, contracted in Q4 2024 while the broader euro area stagnated. That chimes too with the latest signals from this week's Q1 Bank Lending survey from the ECB. This revealed that lending standards tightened for the corporate sector and remained restrictive for the household sector (chart 5). Against a backdrop where private sector financial balances have remained elevated compared to pre-pandemic norms, indicating continued risk aversion and subdued credit demand, these tightening signals could place further downward pressure on economic growth in the period ahead.

Chart 5: Private sector credit standards versus saving in the euro area

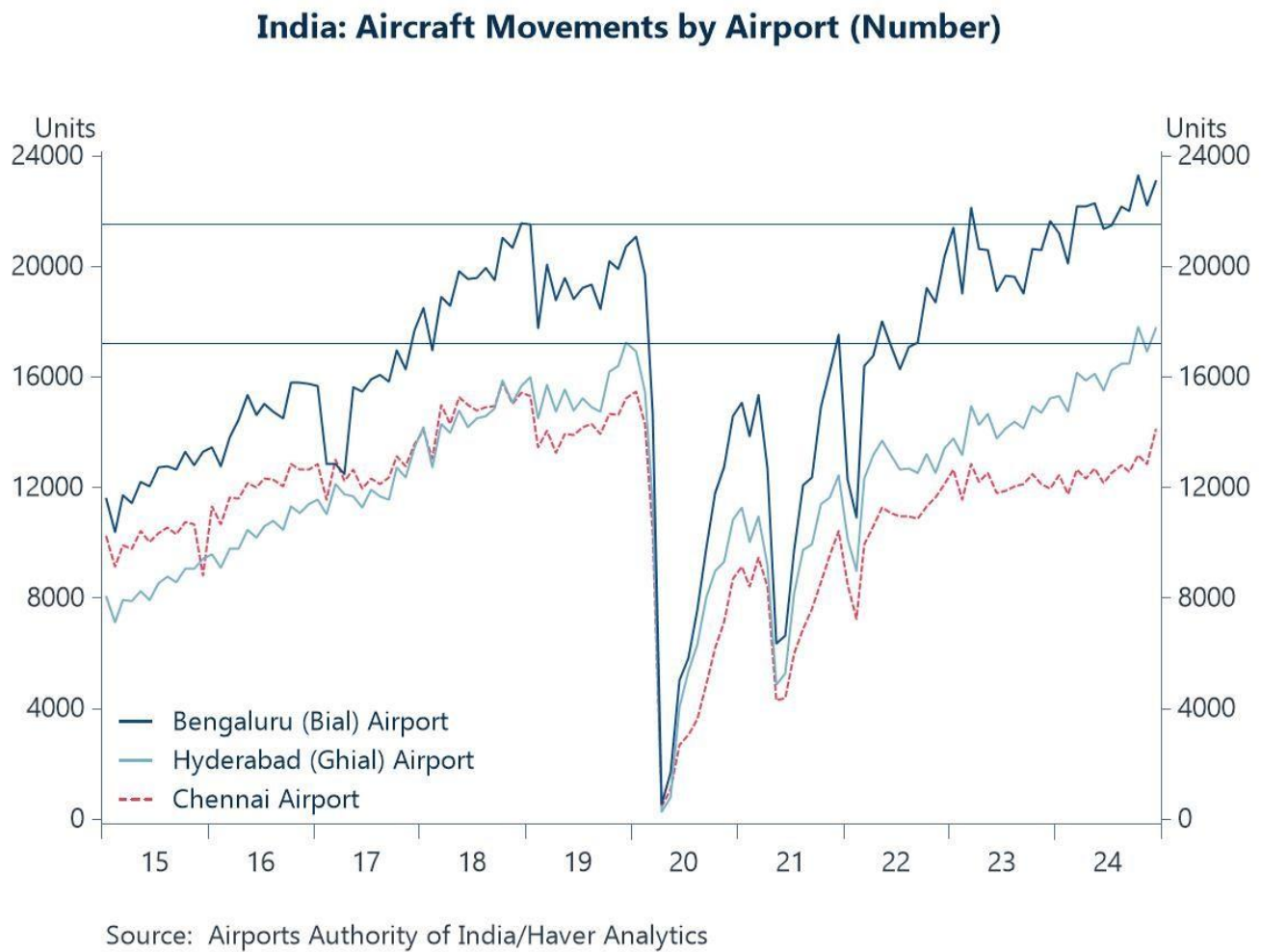


Source: Statistical Office of the European Communities/Haver Analytics

India's aircraft movements

Finally, high frequency indicators for India continue to suggest the economy is performing well. That's more specifically the suggestion from latest data for aircraft movements (the total number of take-offs and landings) from a selection of its major airports (chart 6 below). Many of these airports faced some of the steepest declines in absolute numbers during the pandemic but have revealed a much stronger post-pandemic recovery compared to other regions. Both Bengaluru and Hyderabad, for example, are now surpassing pre-pandemic highs.

Chart 6: Indian aircraft movements in selected airports



About the author



Haver Analytics is pleased to bring [Andy Cates's](#) commentaries on the state of the global economy to its clients. Andy has more than 25 years of experience forecasting the global economic outlook and in assessing the implications for policy settings and financial markets. He has held various senior positions in London in a number of Investment Banks including as Head of Developed Markets Economics at Nomura and as Chief Eurozone Economist at RBS. These followed a spell of 21 years as Senior International Economist at UBS, 5 of which were spent in Singapore. Prior to his time in financial services Andy was a UK economist at HM Treasury in London holding positions in the domestic forecasting and macroeconomic modelling units. He has a BA in Economics from the University of York and an MSc in Economics and Econometrics from the University of Southampton.

Series info:

Chart 1: Implied expectations for the US Fed Funds rate from futures markets

Series 1: [FFED@DAILY](#)

FFED@DAILY [Federal Funds [Effective] Rate (% p.a.)]

Series 2: [\(100 - BFFH25S@FFUTURES\)](#)

100

BFFH25S@FFUTURES [CBOT: 30-Day Fed Funds Futures: Mar 2025 Contract: Settlement Price(100-FF Rate)]

Series 3: [\(100 - BFFM25S@FFUTURES\)](#)

100

BFFM25S@FFUTURES [CBOT: 30-Day Fed Funds Futures: Jun 2025 Contract: Settlement Price(100-FF Rate)]

Series 4: [\(100 - BFFZ25S@FFUTURES\)](#)

100

BFFZ25S@FFUTURES [CBOT: 30-Day Fed Funds Futures: Dec 2025 Contract: Settlement Price(100-FF Rate)]

Chart 2: Now-Casting estimates of US GDP growth and inflation versus US 10-year Treasury yields

Series 1: [\(USCPIMN@NOWCSTD + USGDPQN@NOWCSTD\)](#)

USCPIMN@NOWCSTD [United States: Consumer Price Index Nowcast (Y/Y % Change)]

USGDPQN@NOWCSTD [United States: Real Gross Domestic Product Nowcast (Q/Q % Change)]

Series 2: [FCM10@DAILY](#)

FCM10@DAILY [10-Year Treasury Note Yield at Constant Maturity (% p.a.)]

Chart 3: Composite flash PMI for selected developed and developing economies

Series 1: [H534TG@MKTPMI](#)

H534TG@MKTPMI [India PMI: Composite Output [Flash] (SA, 50+=Expansion)]

Series 2: [H111MTG@MKTPMI](#)

H111MTG@MKTPMI [US PMI: Composite Output [Flash] (SA, 50+=Expansion)]

Series 3: [H158TG@MKTPMI](#)

H158TG@MKTPMI [Japan PMI: Composite Output [Flash] (SA, 50+=Expansion)]

Series 4: [H112TG@MKTPMI](#)

H112TG@MKTPMI [UK PMI: Composite Output [Flash] (SA, 50+=Expansion)]

Series 5: [H193TG@MKTPMI](#)

H193TG@MKTPMI [Australia PMI: Composite Output [Flash] (SA, 50+=Expansion)]

Series 6: H023TG@MKTPMI

H023TG@MKTPMI [HCOB Euro Area PMI: Composite Output [Flash] (SA, 50+=Expansion)]

Series 7: H134TG@MKTPMI

H134TG@MKTPMI [HCOB Germany PMI: Composite Output [Flash] (SA, 50+=Expansion)]

Series 8: H132TG@MKTPMI

H132TG@MKTPMI [HCOB France PMI: Composite Output [Flash] (SA, 50+=Expansion)]

Chart 4: Now-casting estimates of China's CPI inflation

Series 1: CNCPIMN@NOWCSTD

CNCPIMN@NOWCSTD [China: Consumer Price Index Nowcast (Y/Y % Change)]

Series 2: yyr%(H924PC@EMERGEPR)

H924PC@EMERGEPR [China: Consumer Price Index (SA, 2020=100)]

Chart 5: Private sector credit standards versus saving in the euro area

Series 1: (((E025TB@EUDATA + E025TCC@EUDATA) + E025TCH@EUDATA) / 3)

E025TB@EUDATA [EA: Chg in Credit Stds for Bus Loans, Overall, Past 3M, (Wtd Net %)]

E025TCC@EUDATA [EA: Chg in Cr Stds, Past 3M, Apprv Cons Cr/Oth Ldg (Wtd Net %)]

E025TCH@EUDATA [EA: Chg in Cr Stds, Past 3M, Apprv House Purch Lns Net (Wtd Net %)]

3

Series 2: sa(N025ZFPP@G10)

N025ZFPP@G10 [EA 20: Private Sector Financial Balance as % of GDP(%)]

Chart 6: Indian aircraft movements in selected airports

Series 1: INMATBE@TRANSPRT

INMATBE@TRANSPRT [India: Aircraft Movements: Bengaluru [Bial] Airport (Number)]

Series 2: INMATHE@TRANSPRT

INMATHE@TRANSPRT [India: Aircraft Movements: Hyderabad [Ghial] Airport (Number)]

Series 3: INMATCB@TRANSPRT

INMATCB@TRANSPRT [India: Aircraft Movements: Chennai Airport (Number)]

Get in touch

Drop us a line on sales@haver.com and someone from our team will connect with you to discuss your data needs.