

May 2025

Macro Outlook

KEEPING OPTIONS OPEN

Investment Research & Advisory

Completed: 19 May 2025



Macro Outlook

01 DM Growth – Don't judge by the cover

02 DM Inflation – Looking through volatility

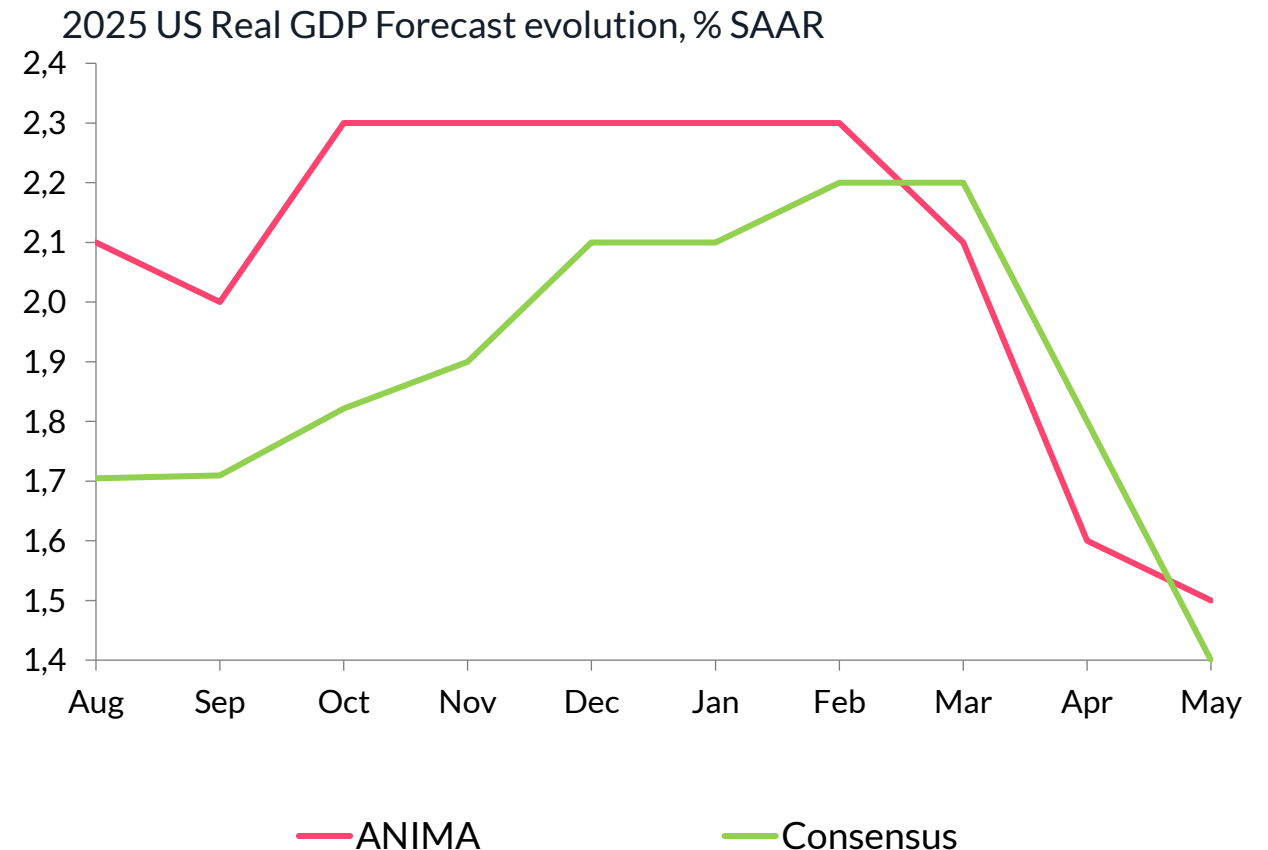
03 China – Breathing space

04 Monetary policy – Every man for himself

US – A slower slowdown

Risks to our growth baseline now skewed to the upside + Lowered recession odds to 25-30% from 45%

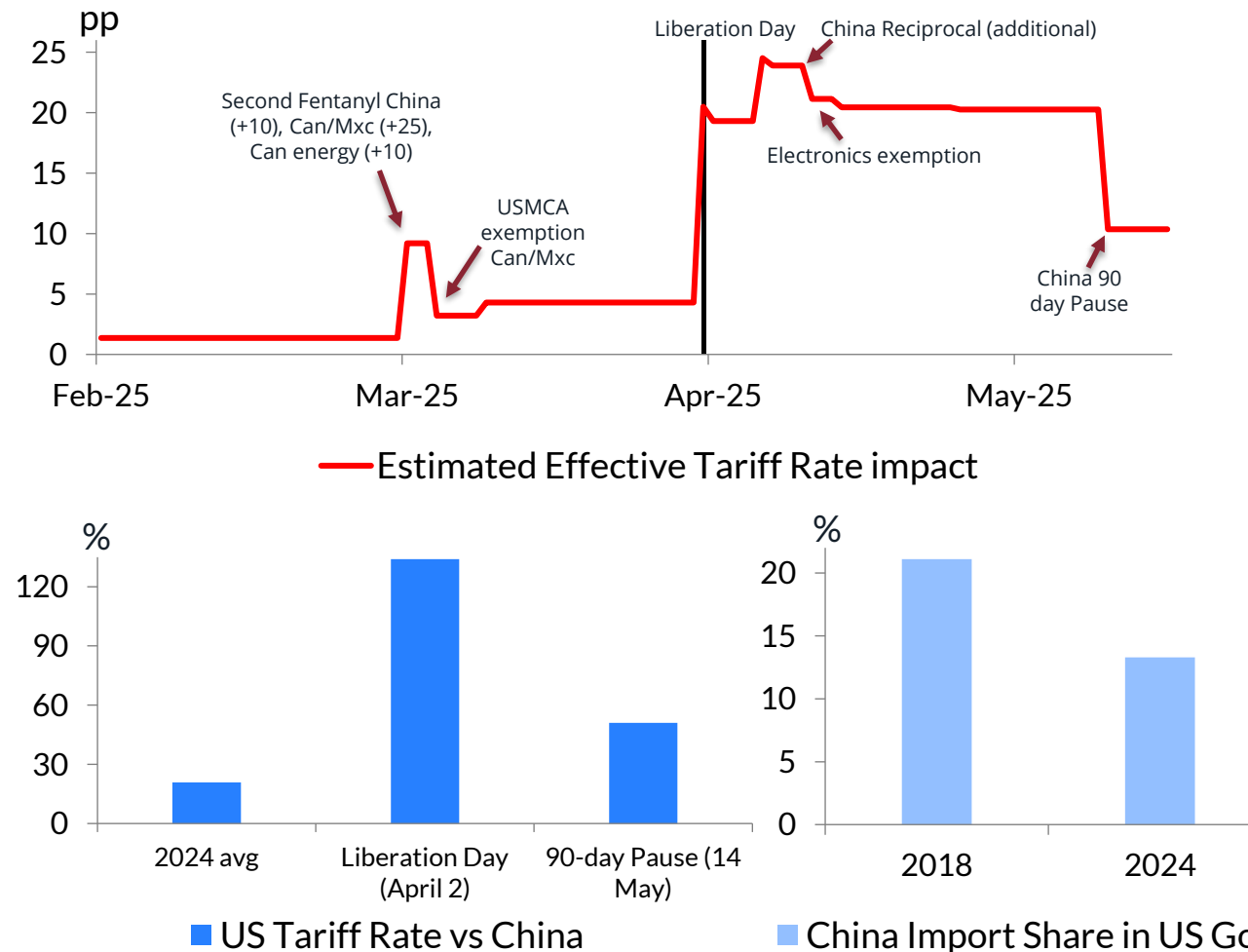
	US ANIMA	US Consensus
	Q/Q %, SAAR	Q/Q %, SAAR
Q4 24	2.5	2.5
2024	2.8	2.8
Q1 25	-0.2 ↓	-0.3 ↓
Q2 25	2.0 ↑	0.9 ↓
Q3 25	0.8 ↑	1.6 ↓
Q4 25	0.8 ↑	1.1 ↓
2025	1.5 ↓	1.4 ↓



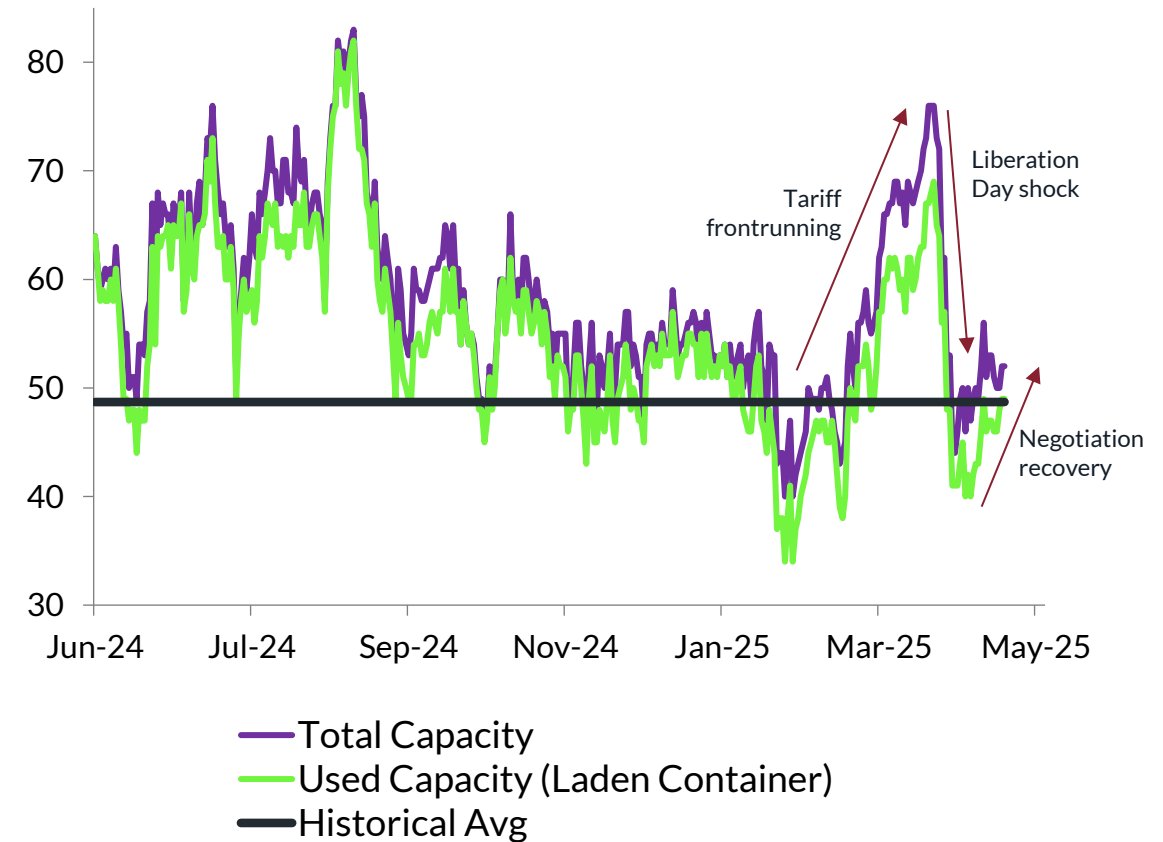
Source: Bloomberg, Haver Analytics, ANIMA Research

US: Trade deals in the making

Massive tariff de-escalation (LHS) normalizing global supply chain conditions (RHS)



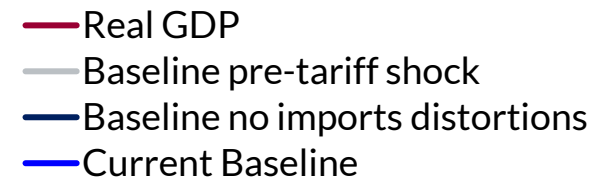
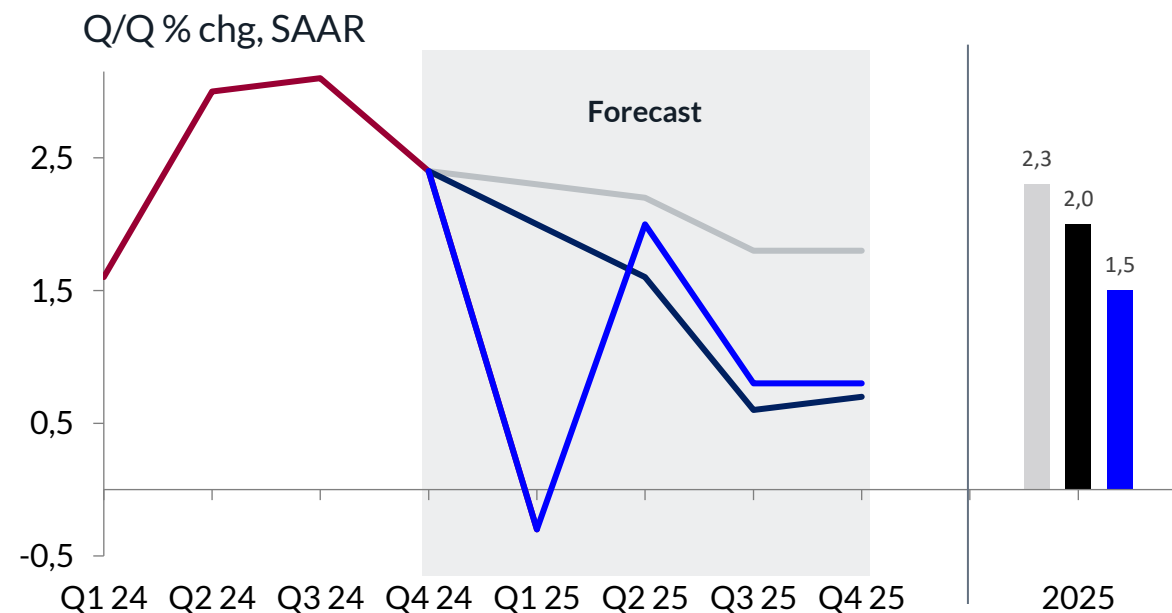
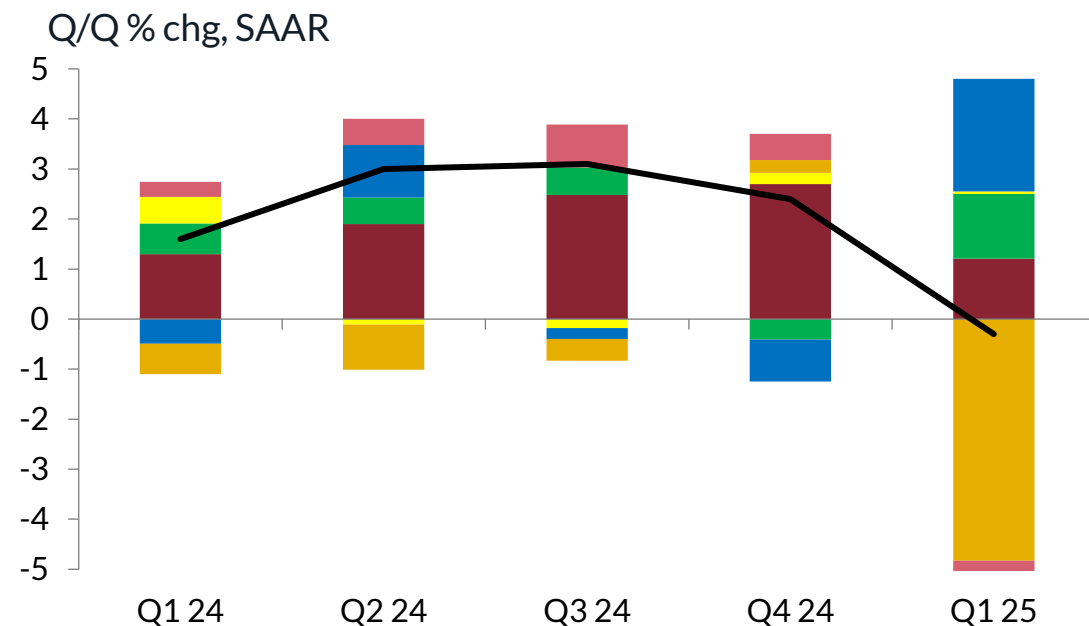
Container ships, CH to US (15dma, vessel count)



Source: Bloomberg, Haver Analytics, ANIMA Research

US: Don't take Q1 GDP at face value (I)

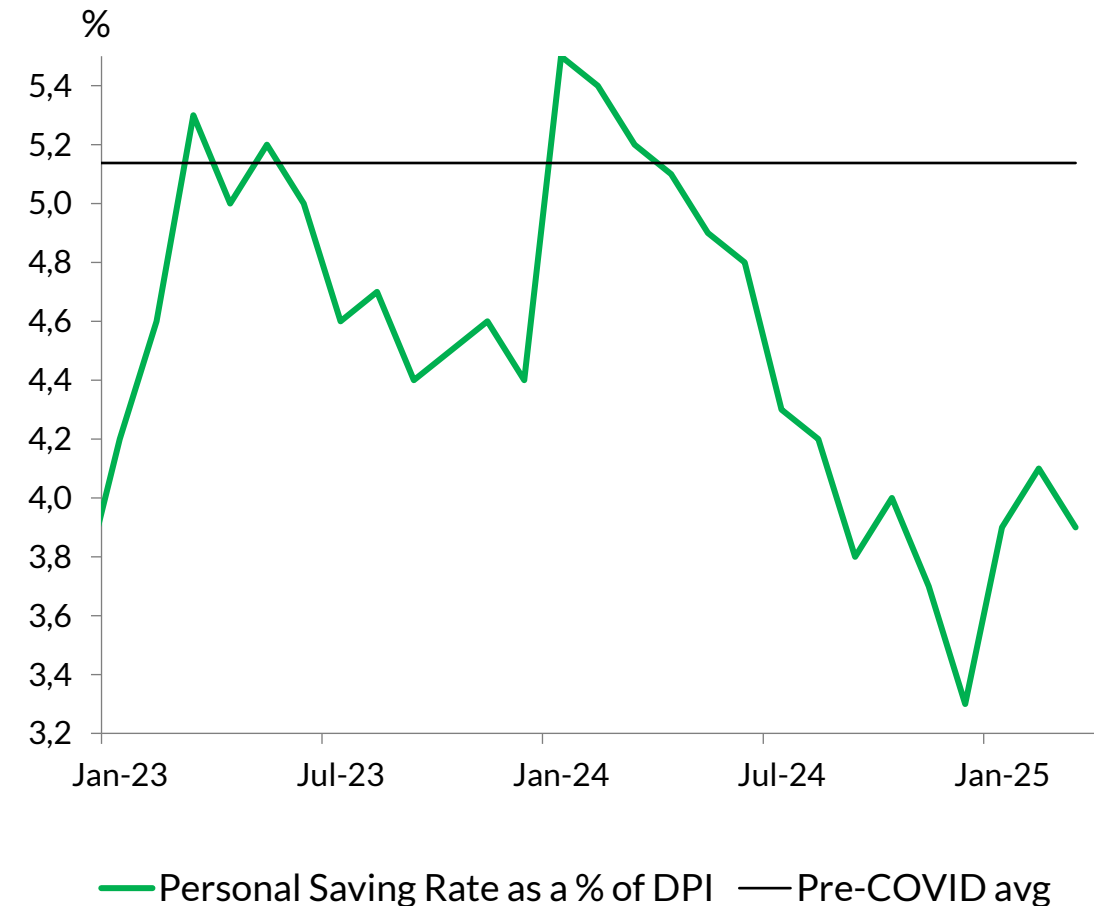
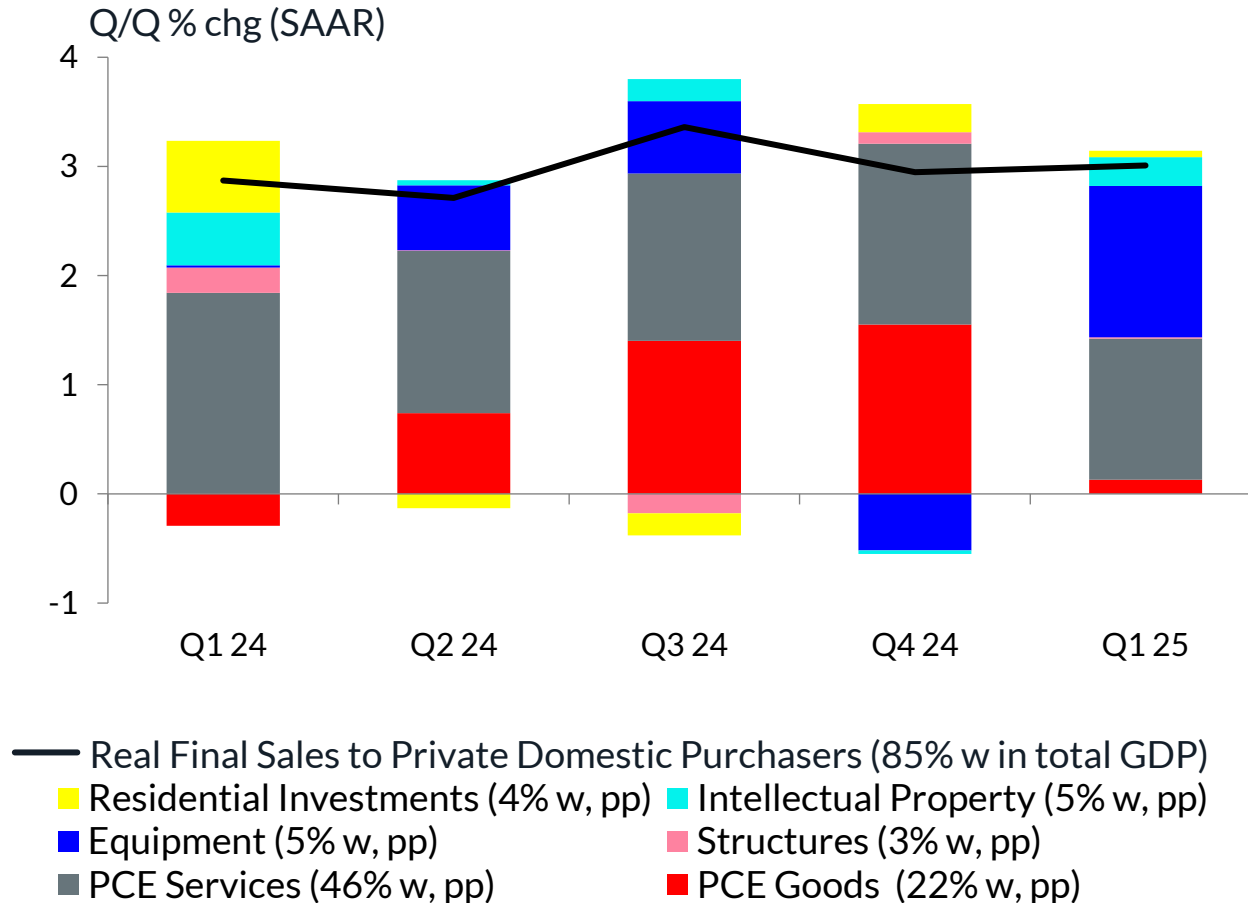
Imports surge offset still solid domestic demand (LHS); growth set to rebound in Q2 (RHS)



Source: Bloomberg, Haver Analytics, ANIMA Research

US: Don't take Q1 GDP at face value (II)

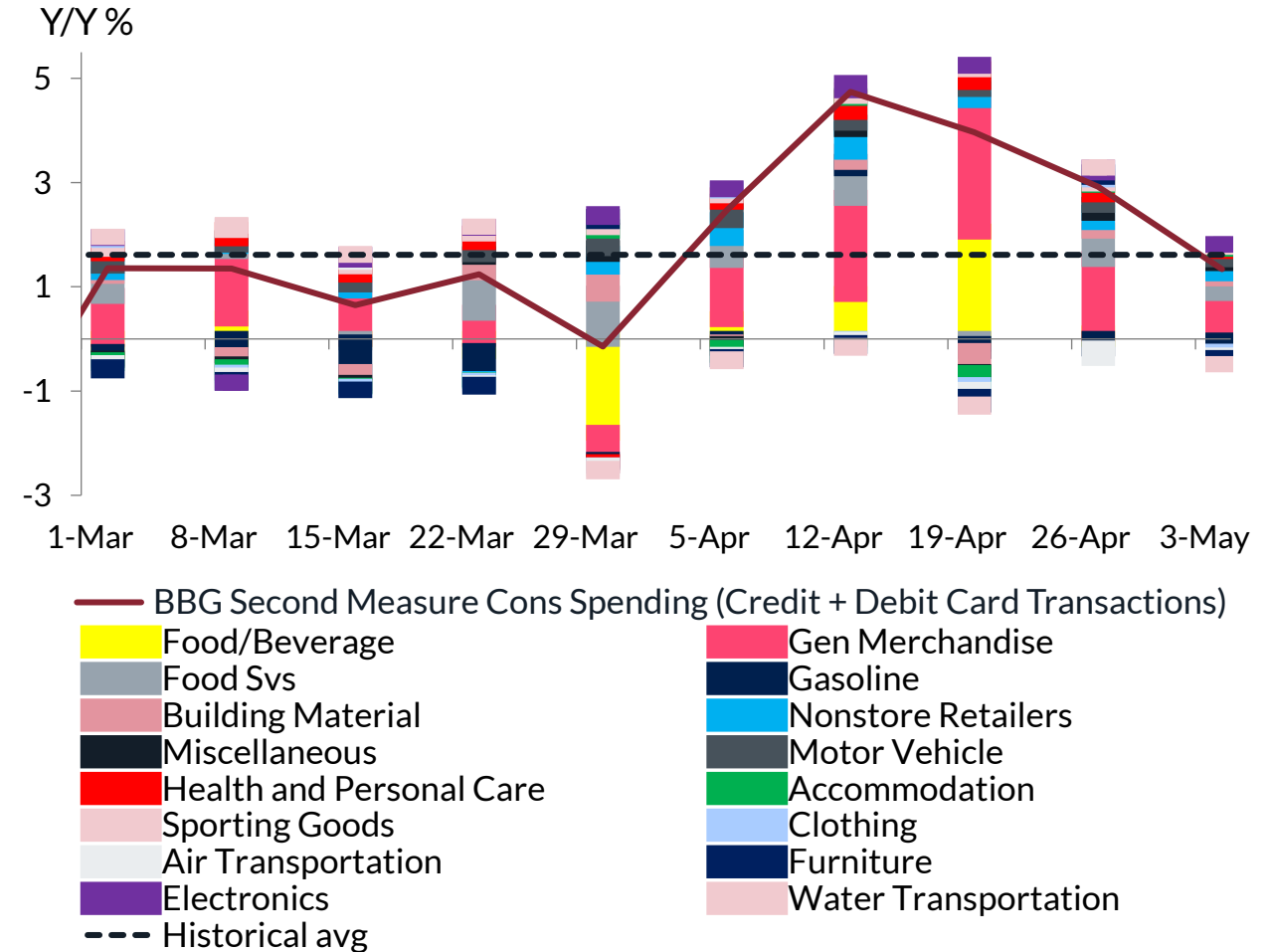
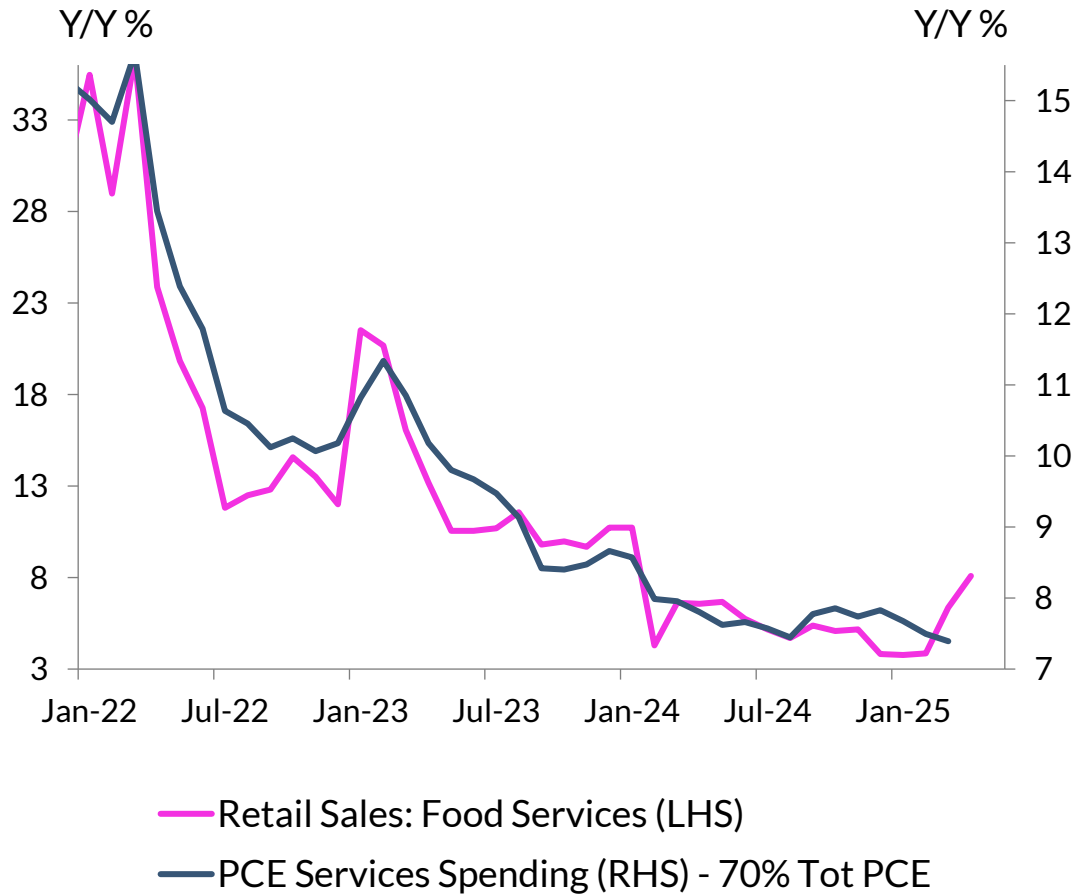
The curious case of goods and services spending (LHS); The saving rate remains historically low (RHS)



Source: Bloomberg, Haver Analytics, ANIMA Research

US: Consumption remains solid into Q2

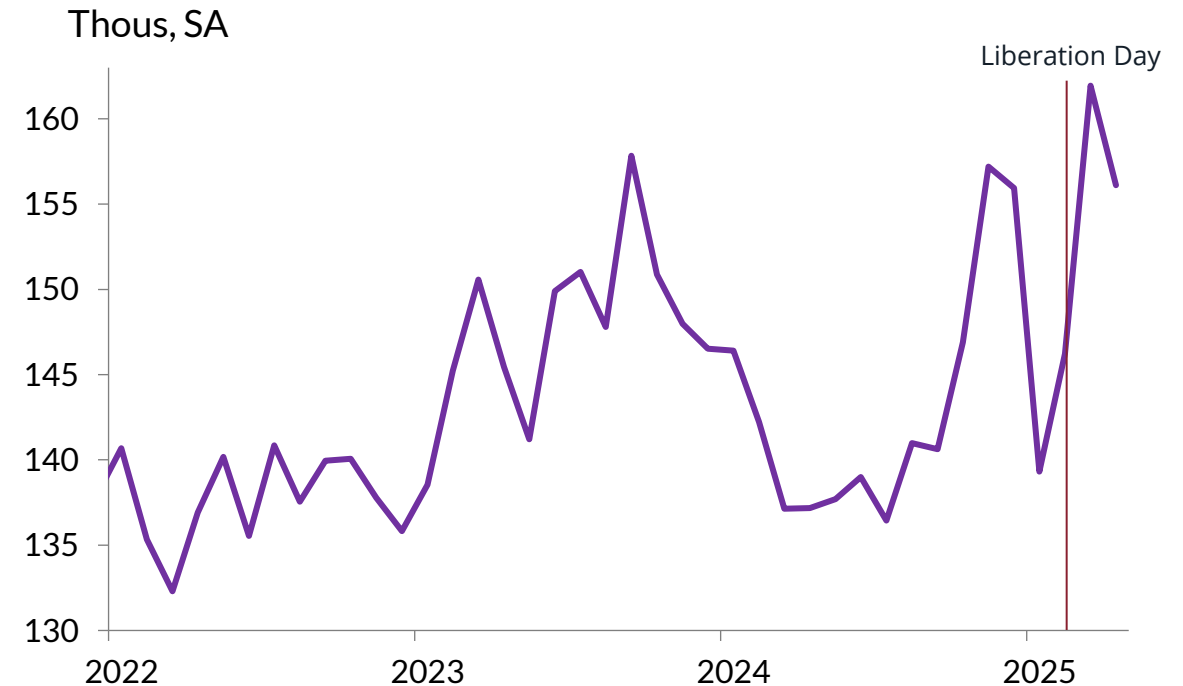
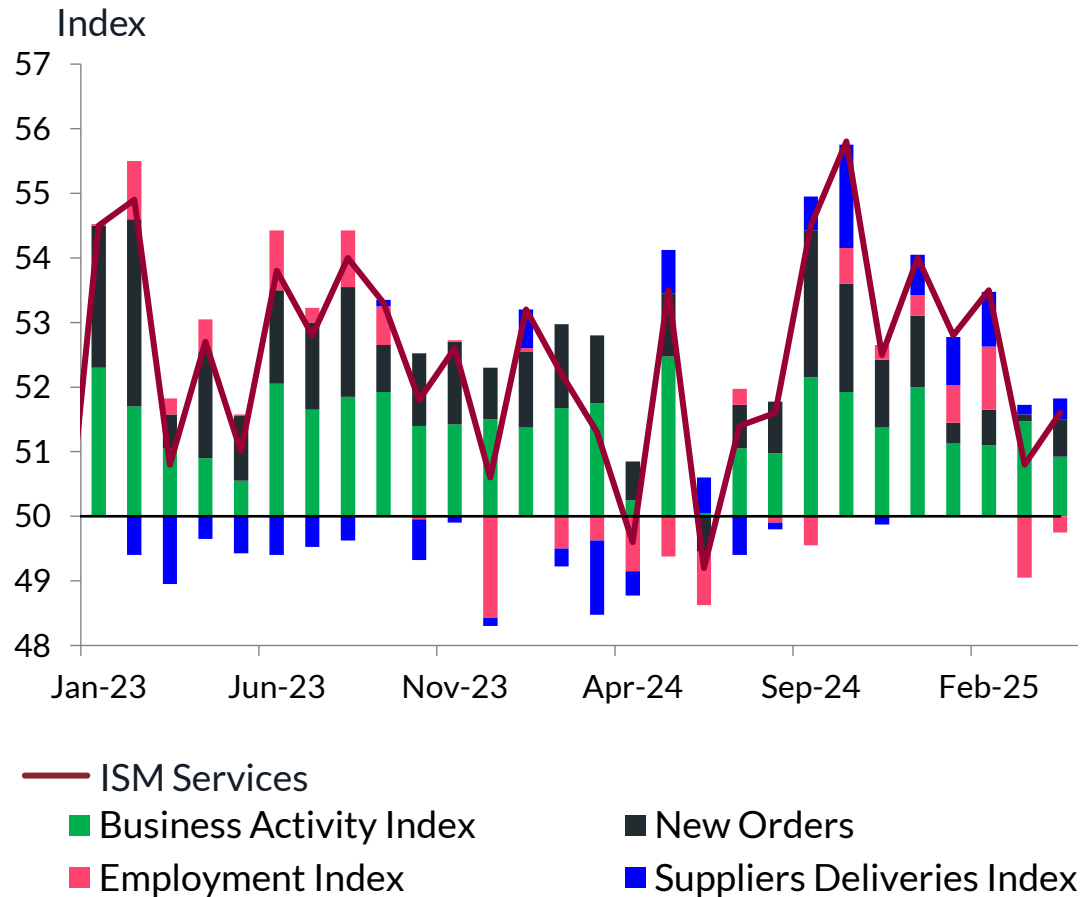
Spending on services continued in April (LHS); Credit card data points to upward revisions for goods sales (RHS)



Source: Bloomberg, Haver Analytics, ANIMA Research

US: The services sector continues to expand

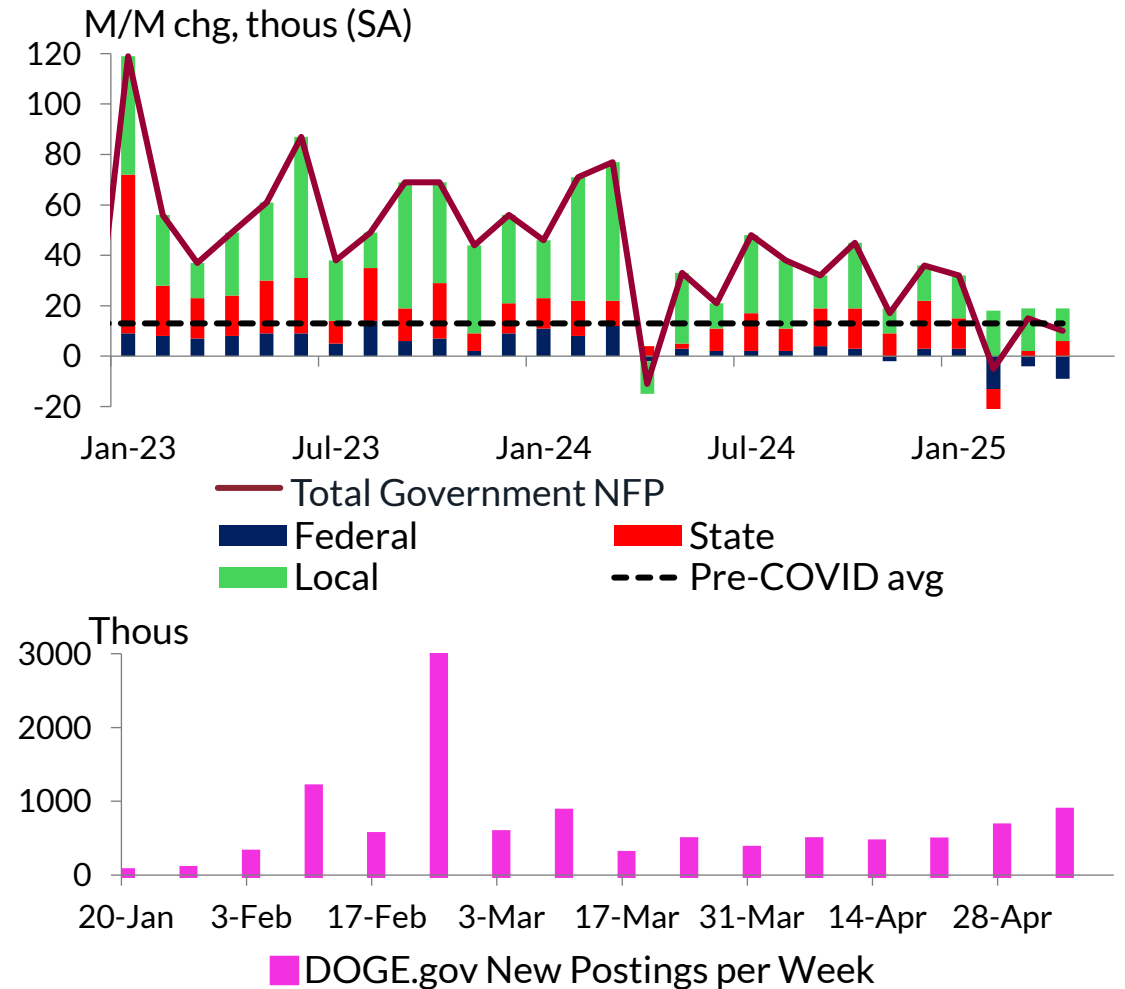
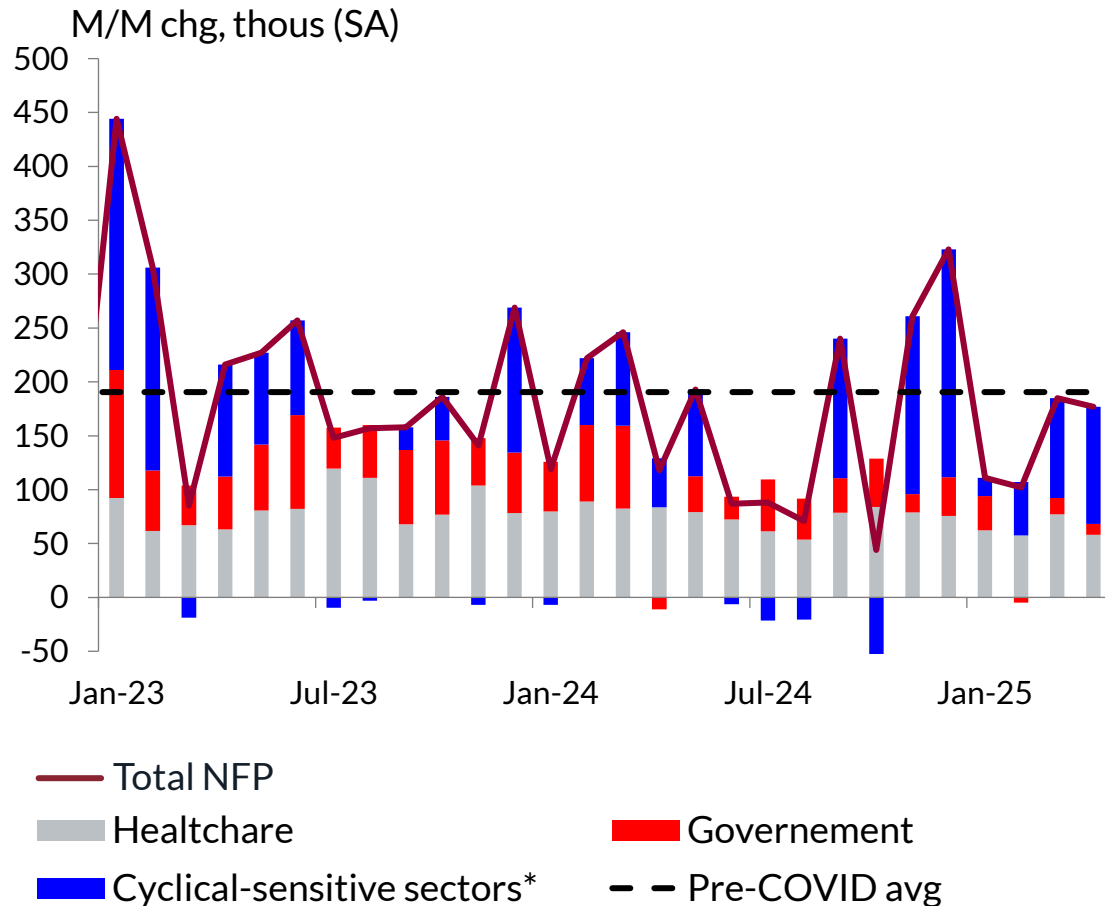
Mixed-to-strong composition for the ISM services in April (LHS); High-potential business applications soaring (RHS)



**Note: Business Applications that have a high propensity of turning into businesses with payroll. Source: Bloomberg, Haver Analytics, ANIMA Research*

US: Labor markets on solid footing

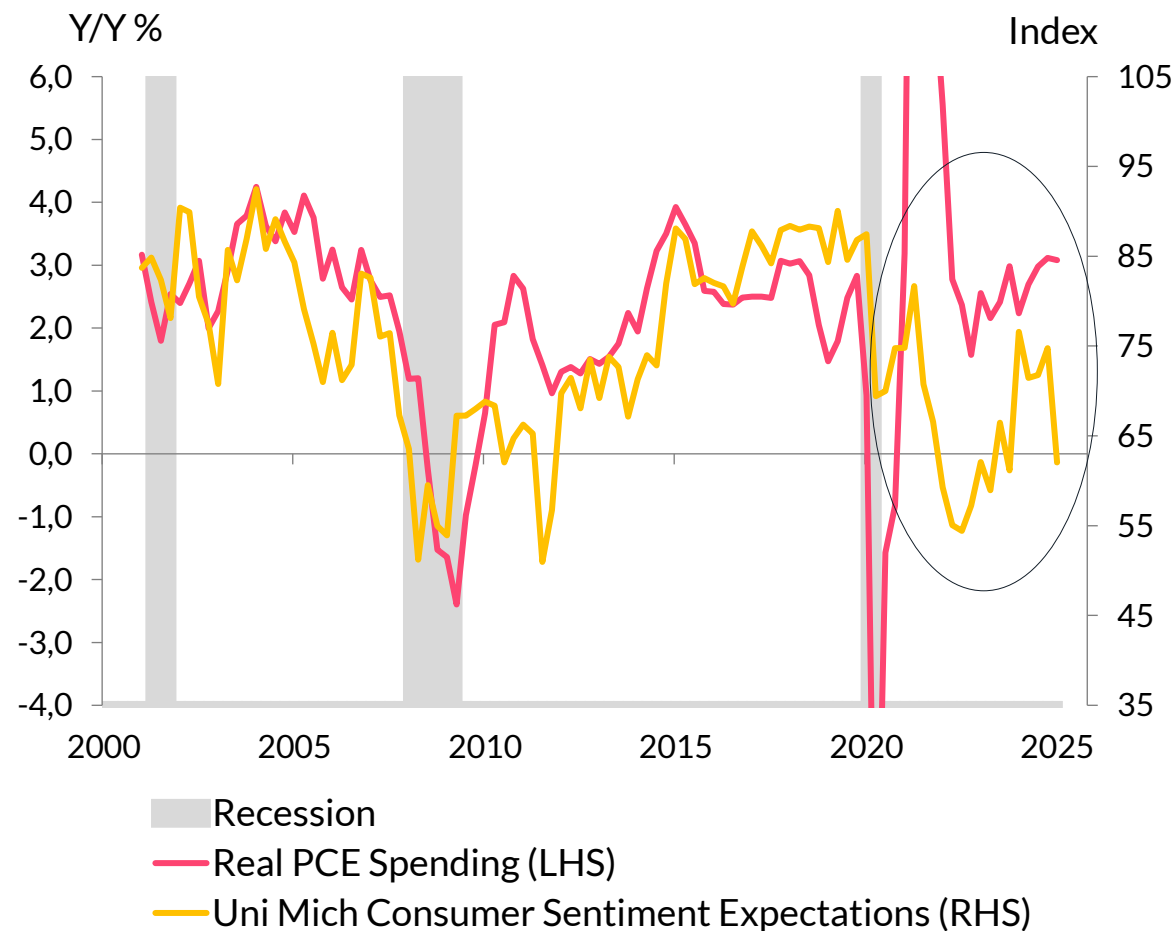
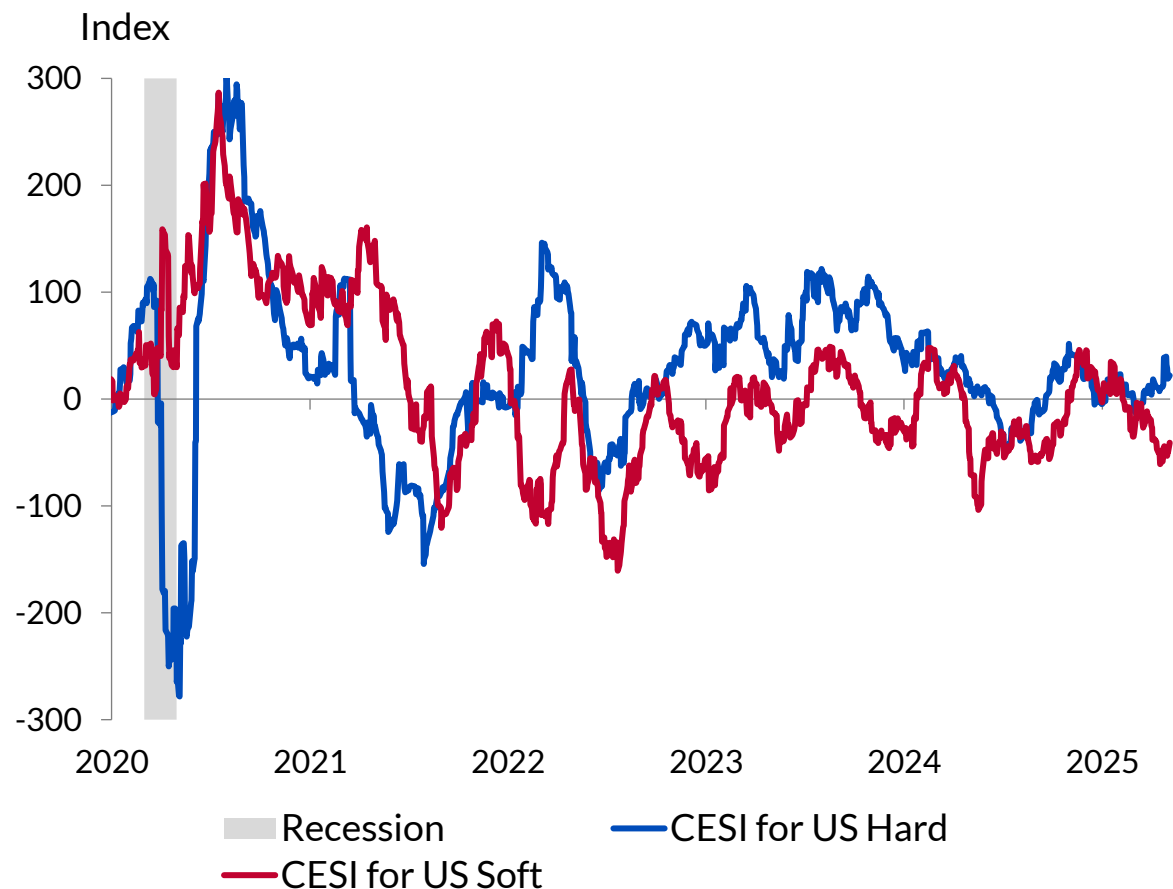
Cyclical employment back to life (LHS); DOGE firing losing momentum (LHS, RHS)



*Note: Cycle-sensitive sectors = leisure/hospitality svcs, prof/business svcs, manufacturing, financial activities, retail trade, transportation and construction. Source: Bloomberg, Haver Analytics, ANIMA Research

US: Americans are worried, but will they act?

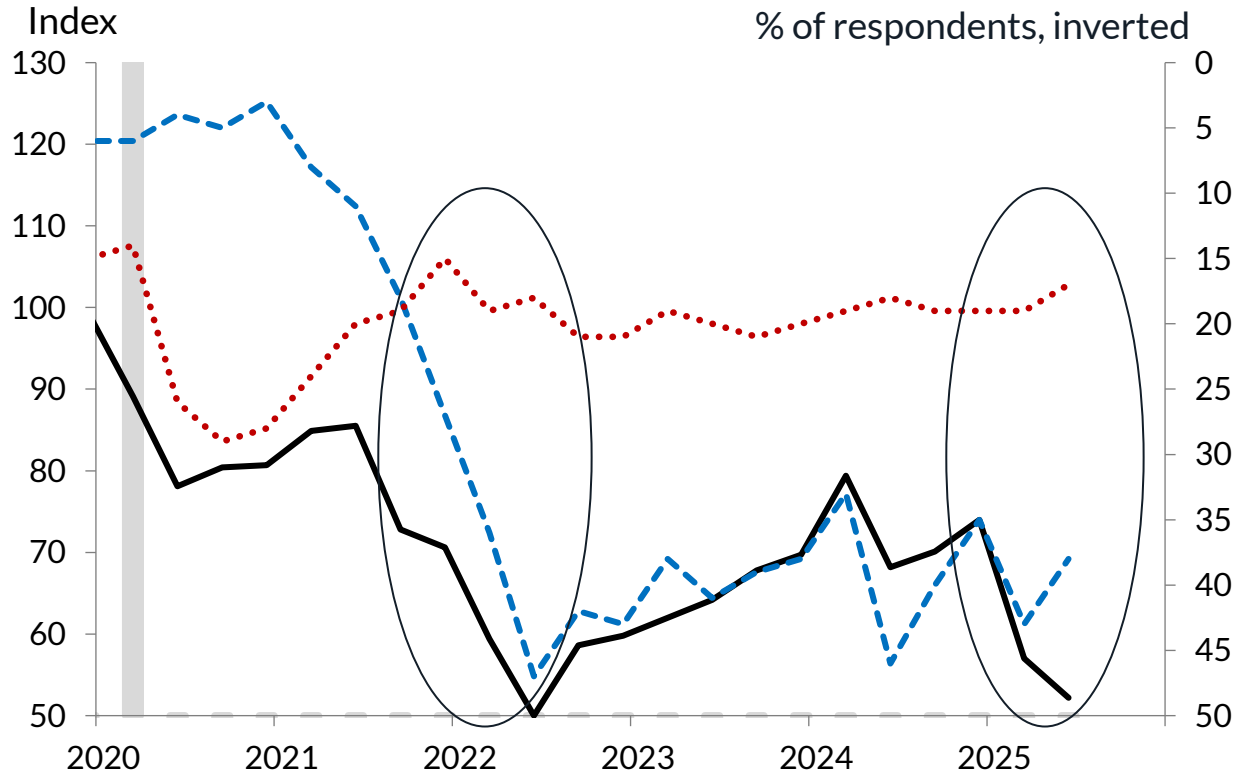
Soft data much weaker than hard peers since 2022; at that time, recession was widely seen as imminent (LHS, RHS)



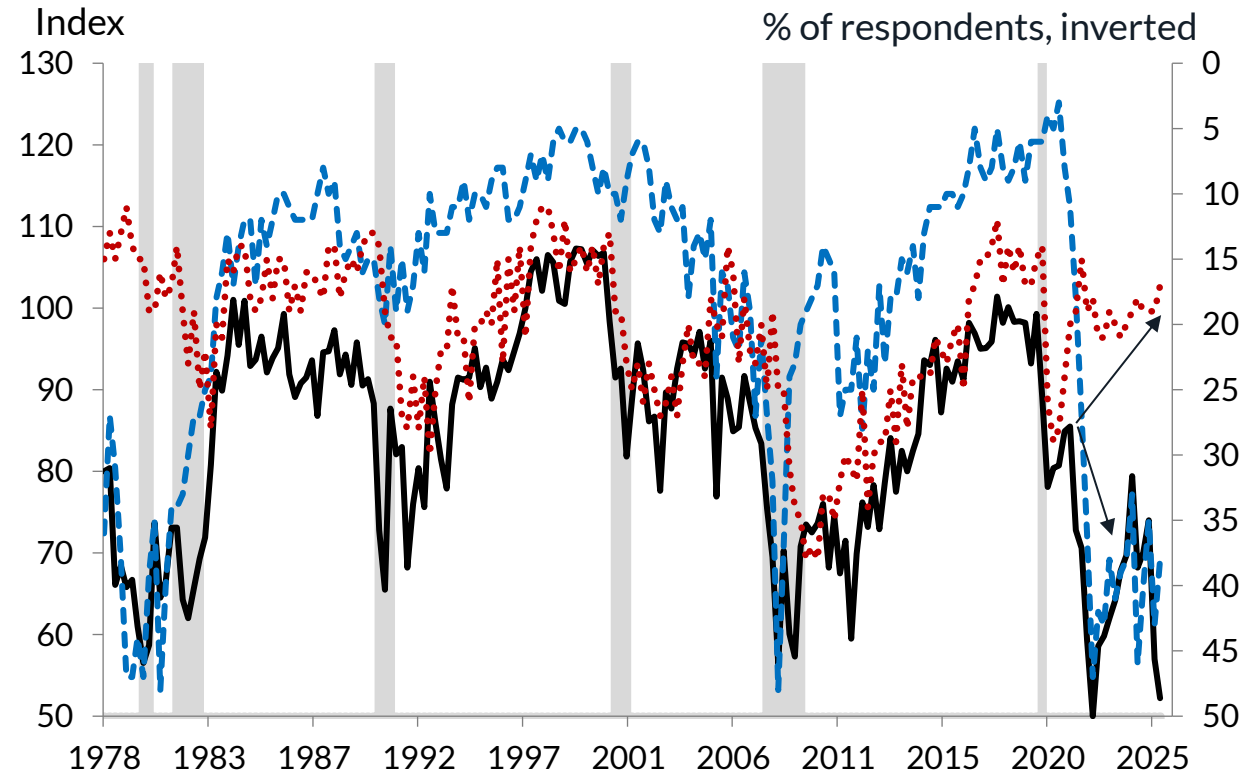
Source: Bloomberg, Haver Analytics, ANIMA Research

US: Consumer confidence under the microscope

Since 2022, consumer confidence closely correlated with sentiment regarding higher prices than income (LHS, RHS)



■ Recession
— Consumer Sentiment, Uni Mich (LHS)
- - Higher Prices (Reasons for HHs Fin Situation being "Worse than a year ago", RHS)
... Lower Income (Reasons for HHs Fin Situation being "Worse than a year ago", RHS)

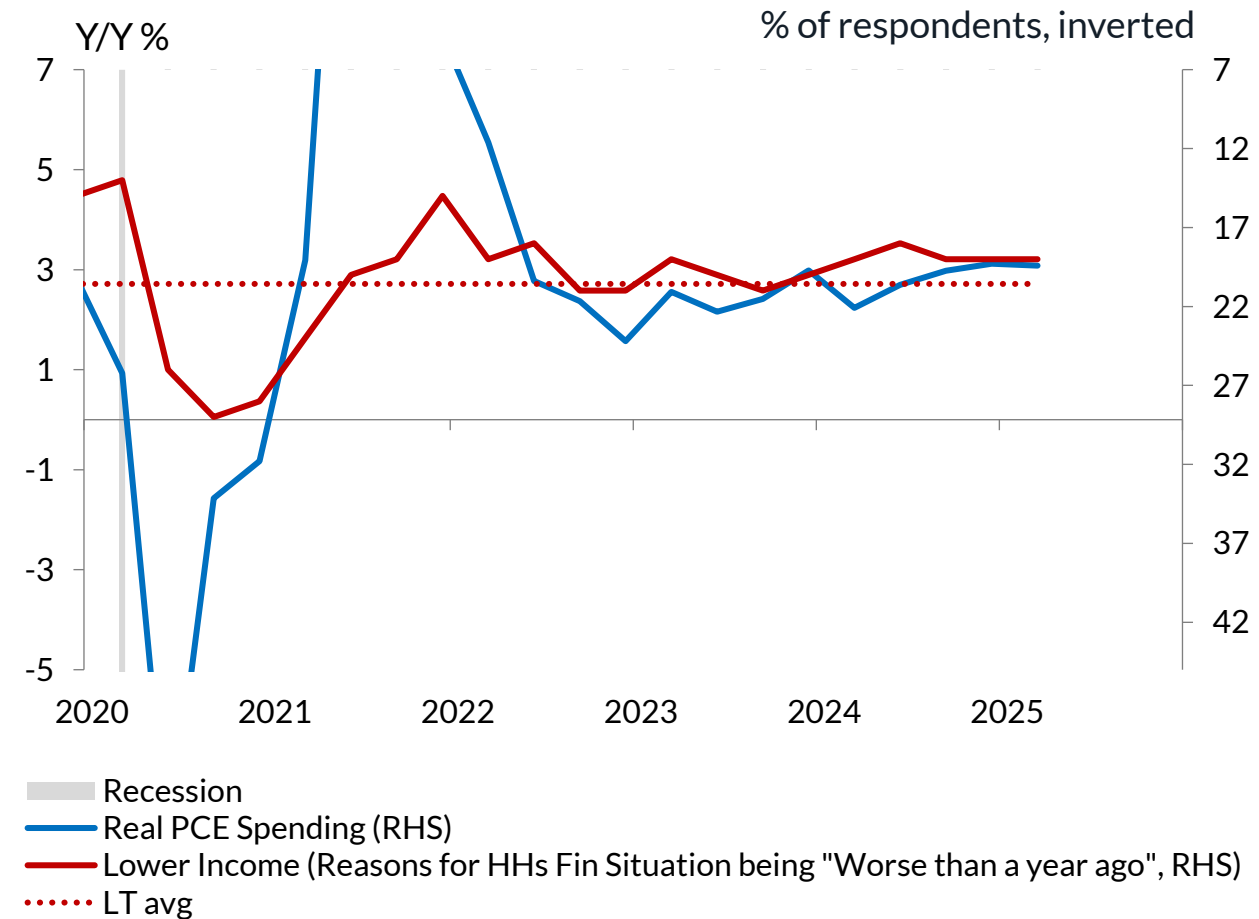
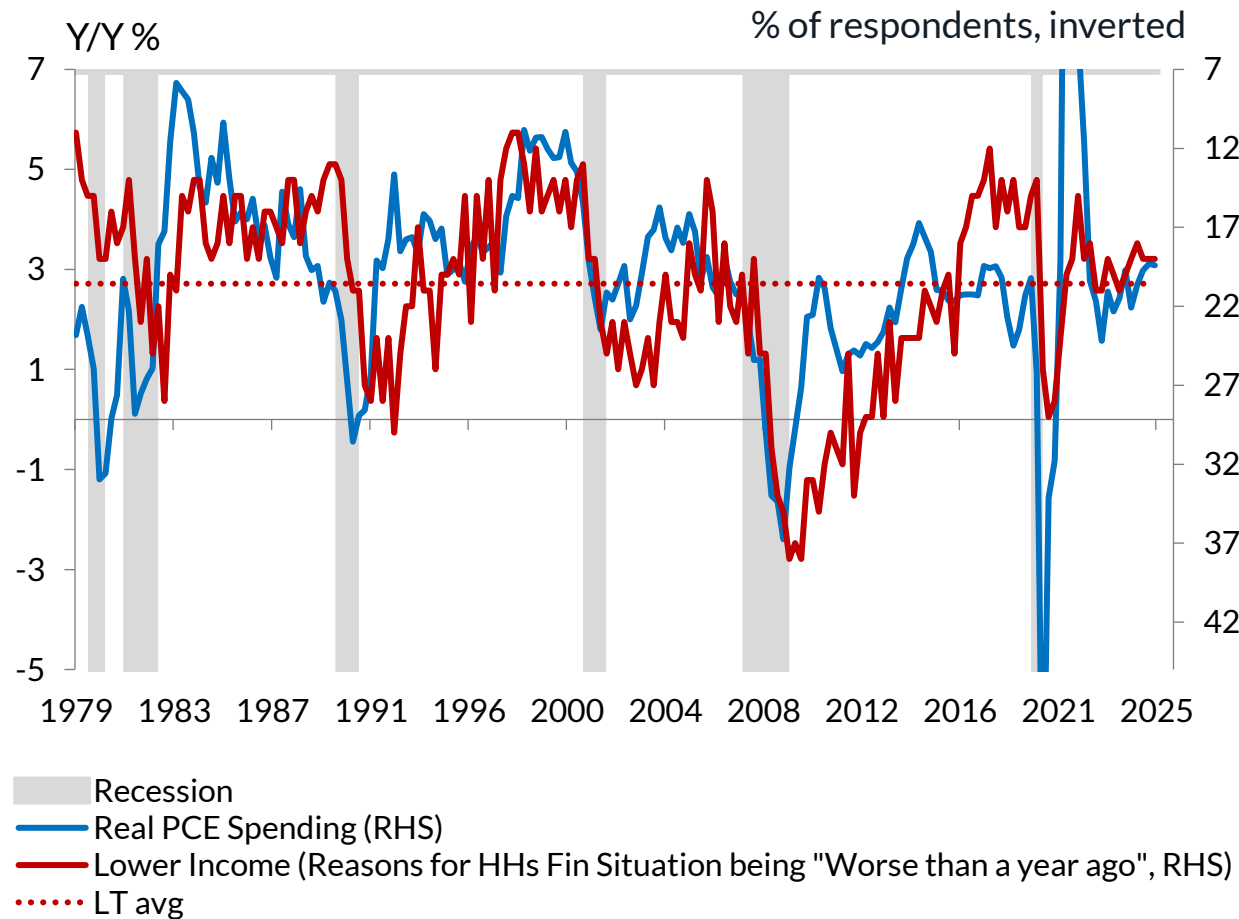


■ Recession
— Consumer Sentiment, Uni Mich (LHS)
- - Higher Prices (Reasons for HHs Fin Situation being "Worse than a year ago", RHS)
... Lower Income (Reasons for HHs Fin Situation being "Worse than a year ago", RHS)

Source: Bloomberg, Haver Analytics, ANIMA Research

US: Money talks

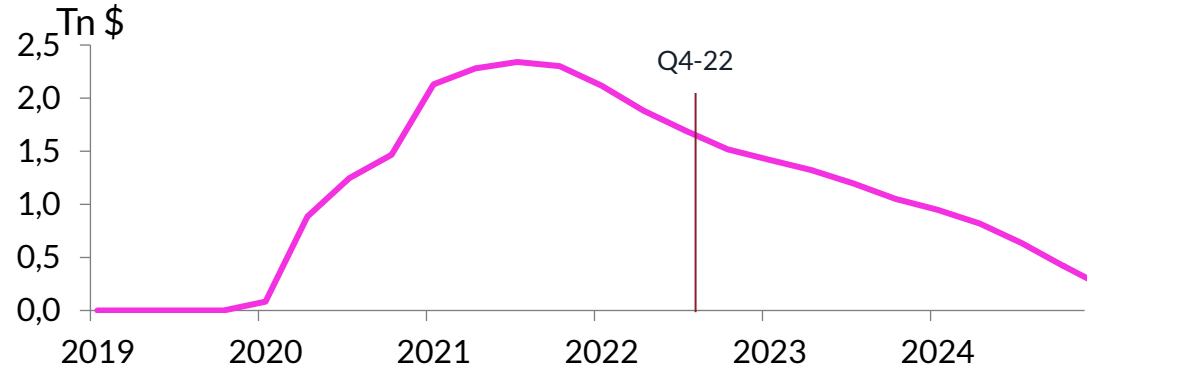
As long as income fears remain under control, consumers continue to spend (LHS, RHS)



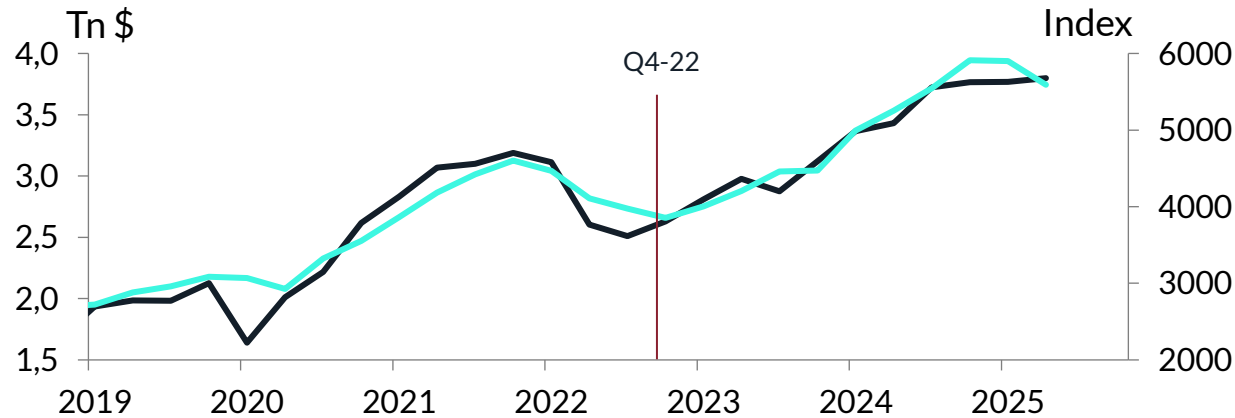
Source: Bloomberg, Haver Analytics, ANIMA Research

US: Testing the X-factor

Compared to 2022, excess savings almost depleted (LHS), yet aggregate liquid wealth improved (RHS)

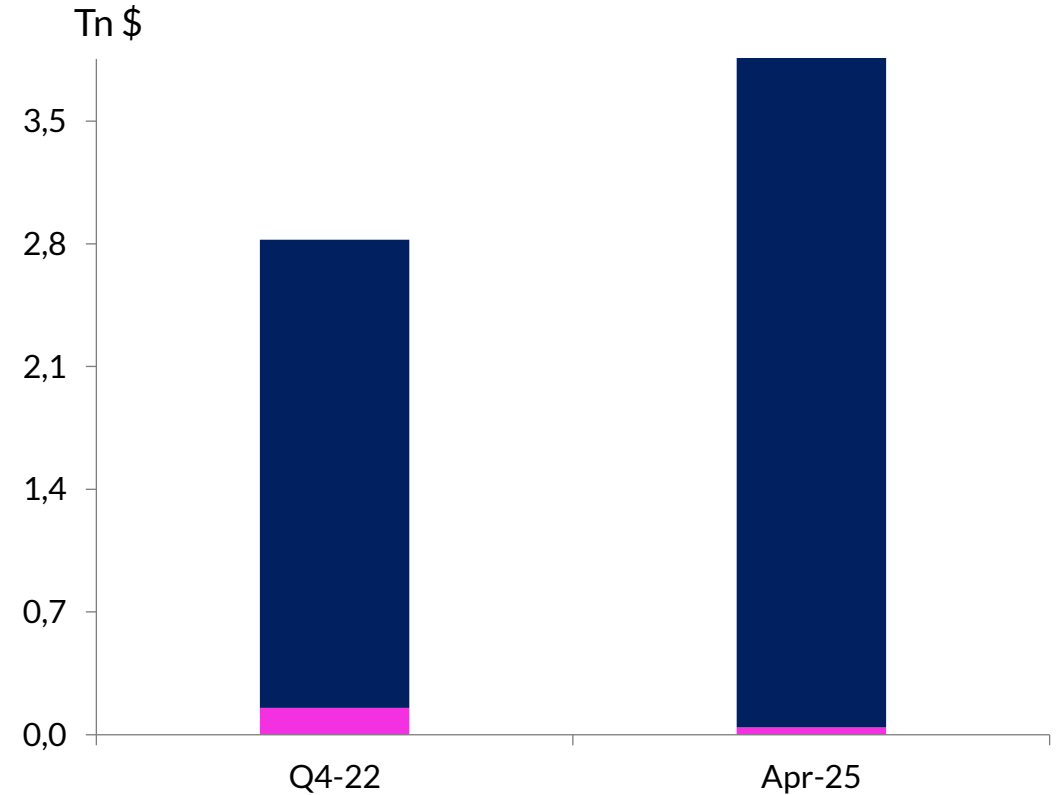


— Excess Savings Relative to Pre-Pandemic Growth Trend (2014-2019)



— US Balance Sheets HHs Fin Assets: Corporate Equities (LHS)

— S&P 500 (RHS)









■ US Balance Sheets HHs Fin Assets: Corporate Equities

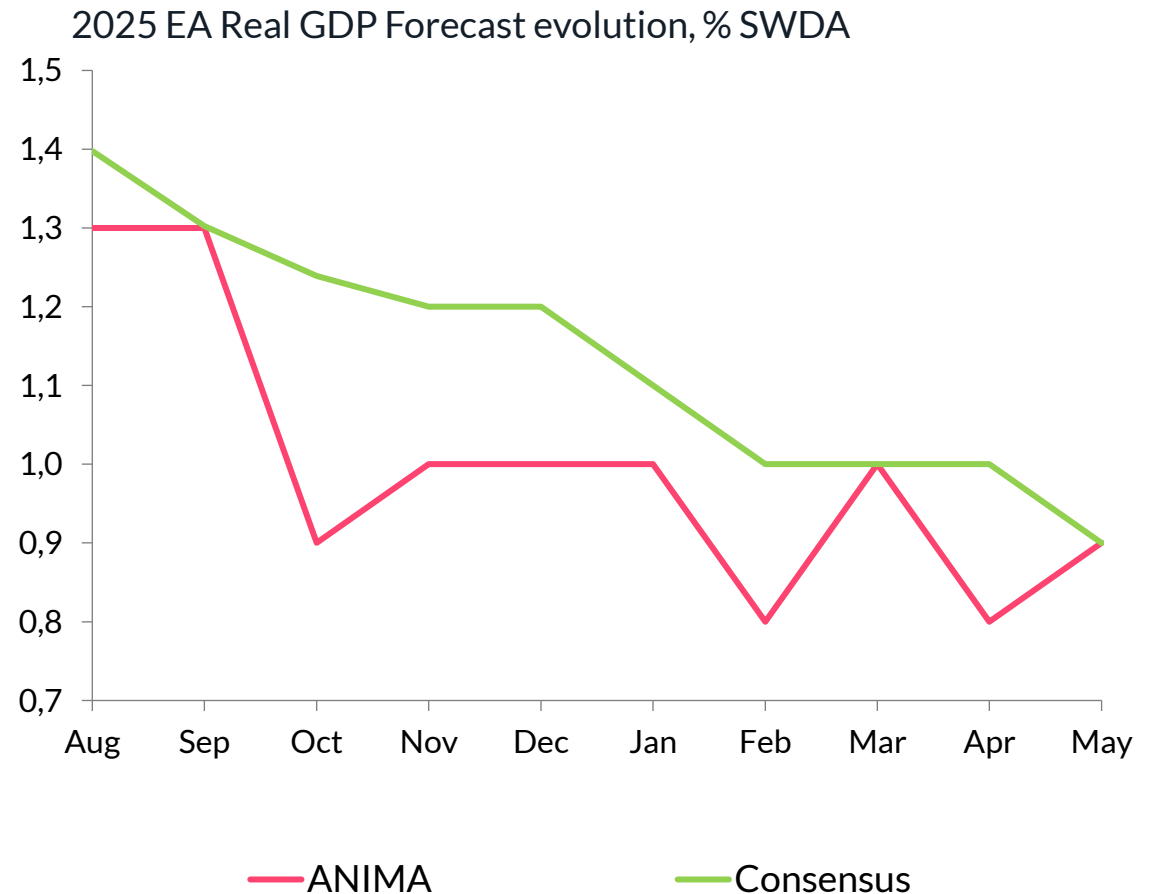
■ Excess Savings

Source: Bloomberg, Haver Analytics, ANIMA Research

EA – Handle with care

A mechanical adjustment to our GDP baseline

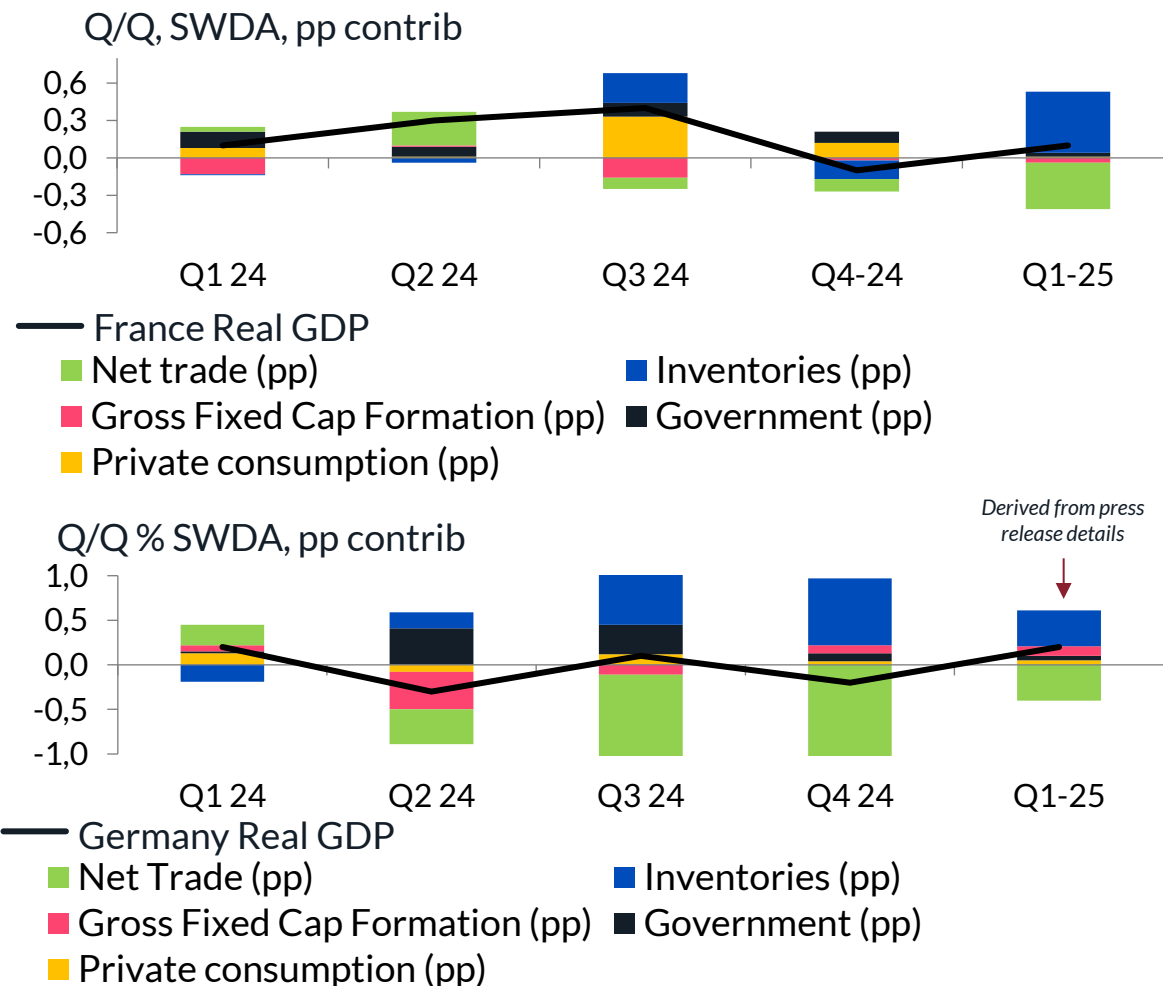
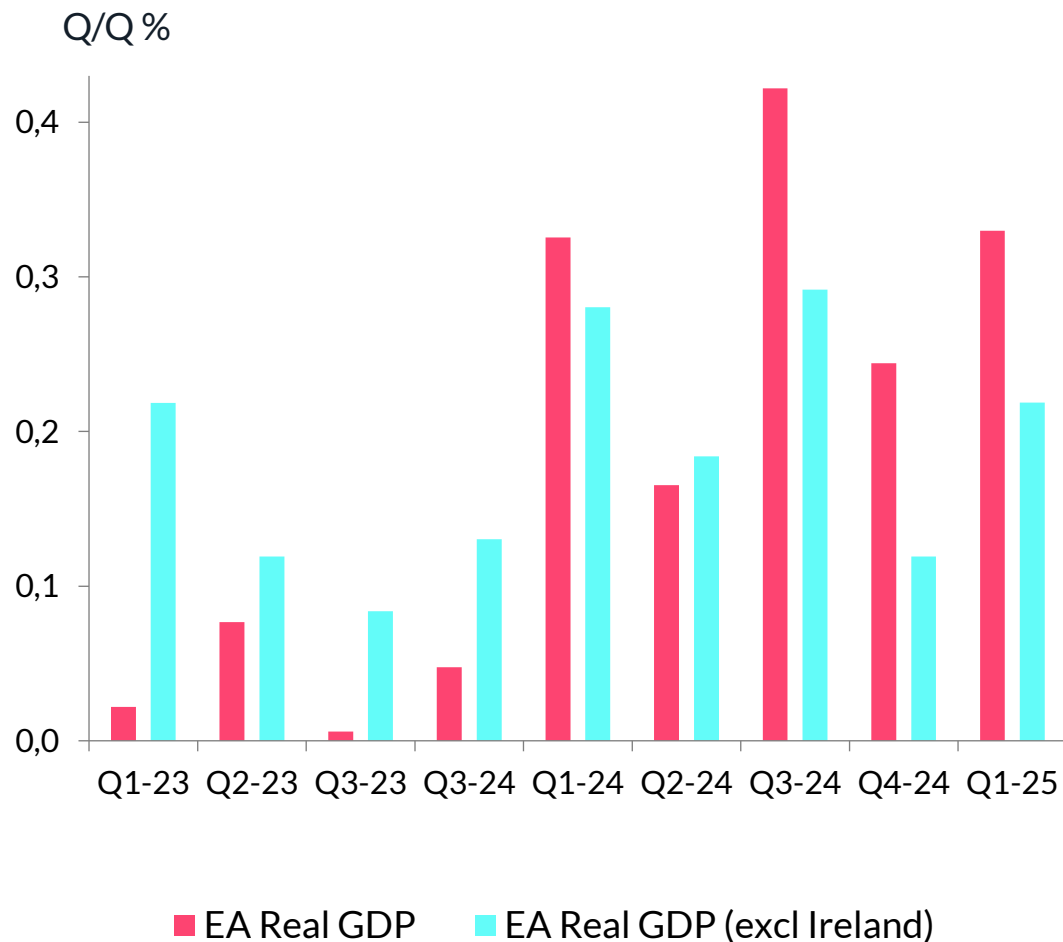
	EA ANIMA	EA Consensus
	Q/Q %	Q/Q %
Q4 24	0.2	0.2
2024	0.9	0.9
Q1 25	0.3 	0.3 
Q2 25	0.1	0.1 
Q3 25	0.1	0.2 
Q4 25	0.2	0.3
2025	0.9 	0.9 



Source: Bloomberg, Haver Analytics, ANIMA Research

EA: Underlying growth remains sluggish

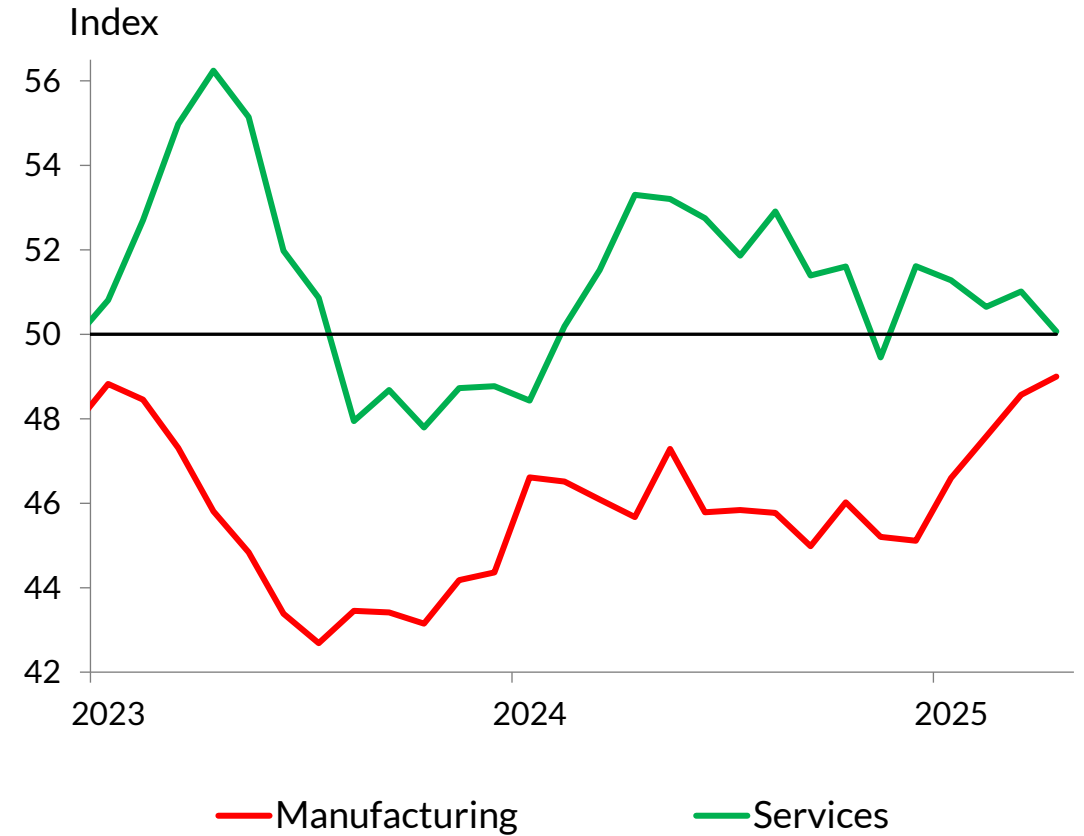
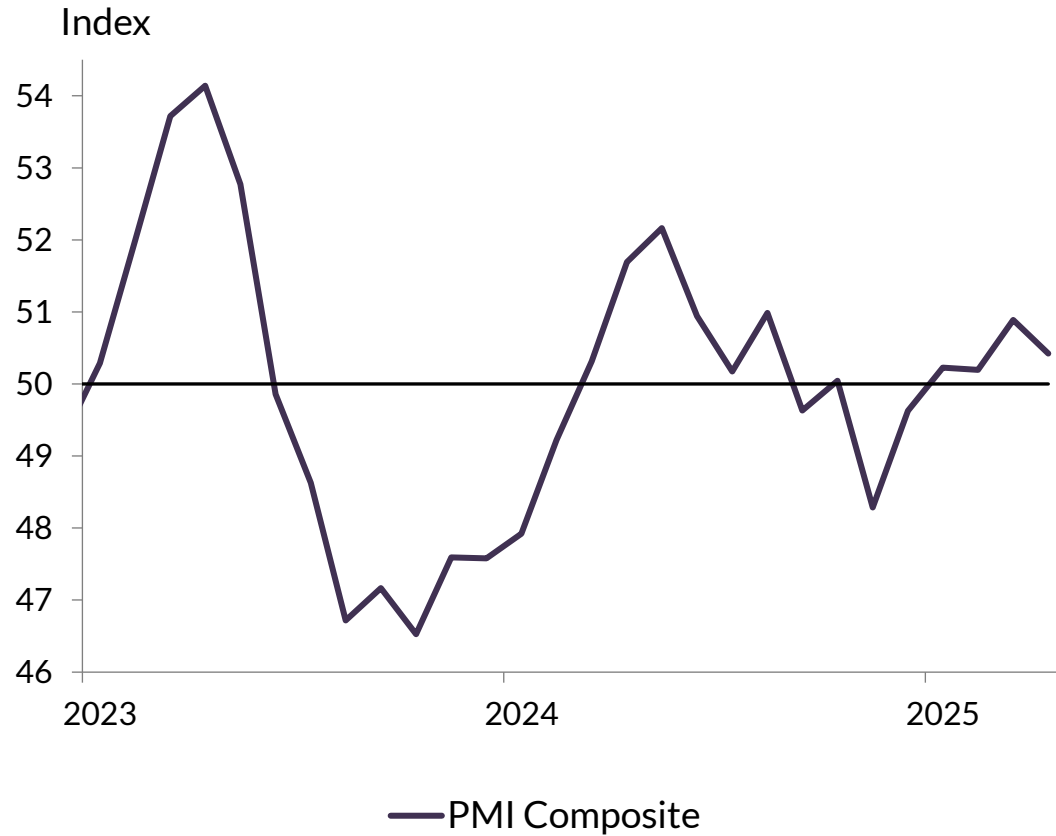
Ireland lifted EA GDP growth in Q1 (LHS); Country details paint a weak picture (RHS)



Source: Bloomberg, Haver Analytics, ANIMA Research

EA: No acceleration in sight

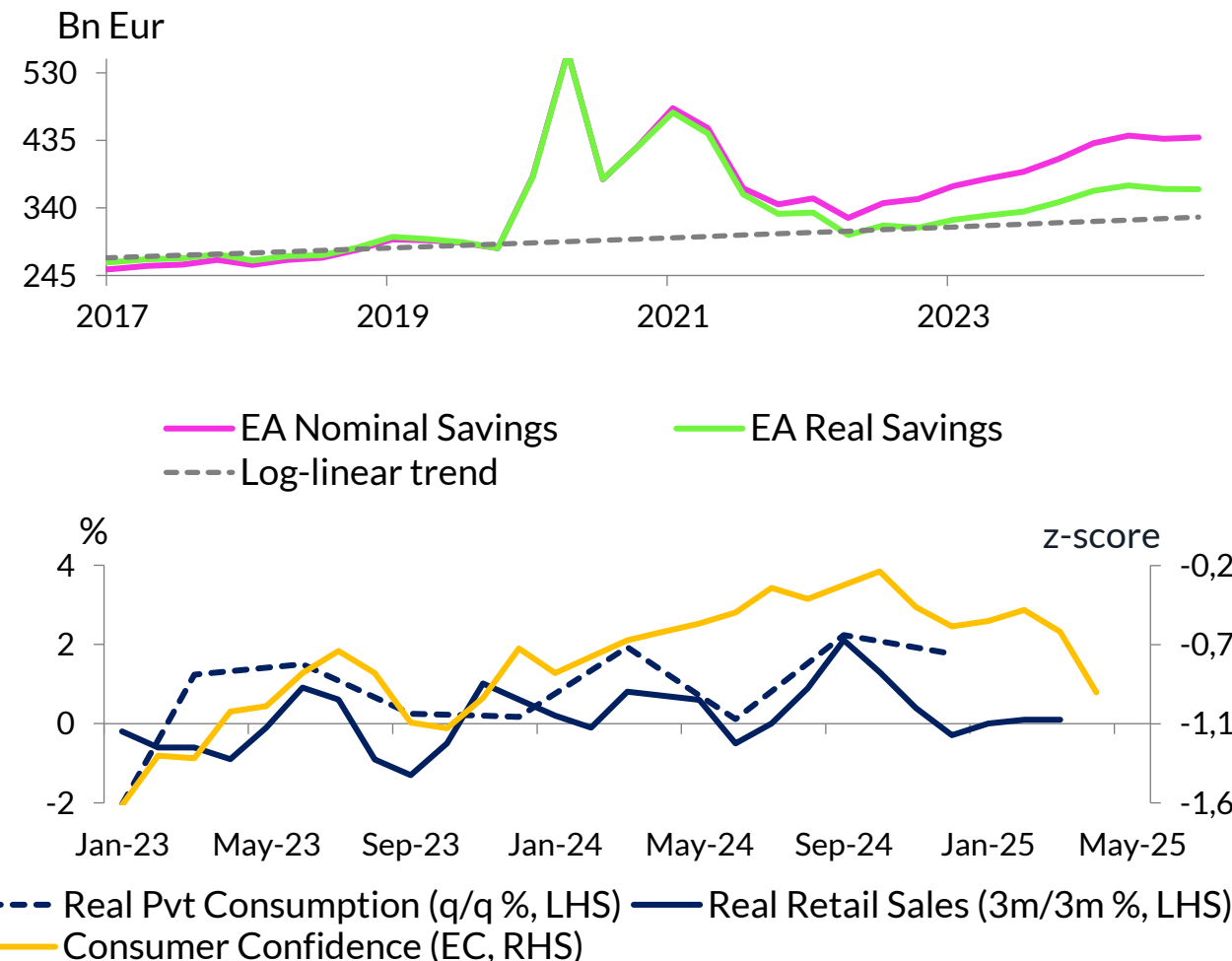
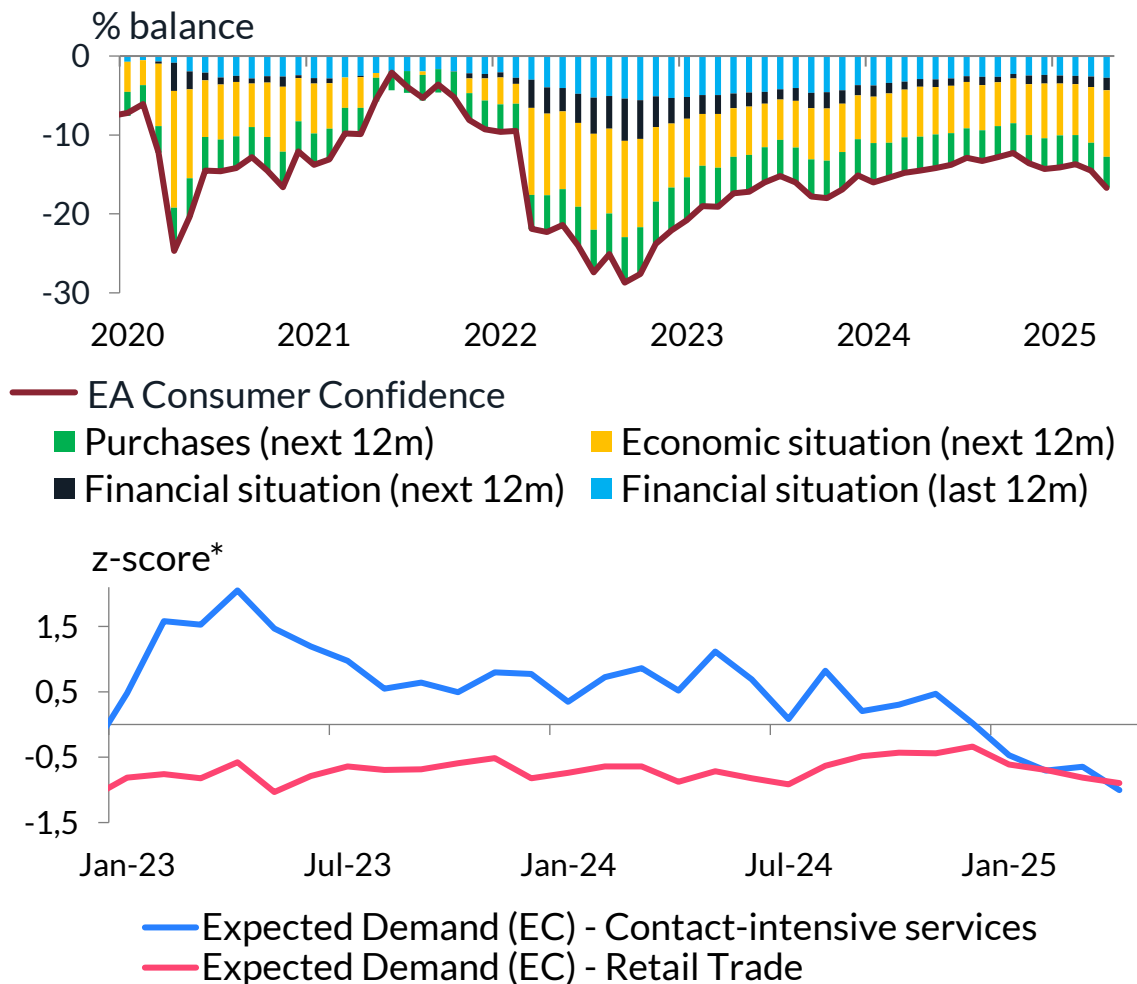
Composite PMI around no-growth area (LHS), with mixed-bag composition (RHS)



Source: Bloomberg, Haver Analytics, ANIMA Research

EA: Sluggish consumer activity

Households remain downbeat (LHS, RHS)



*Note: We follow [ECB approach](#). "Contact-intensive services": accommodation, travel and food services. Source: Bloomberg, Haver Analytics, ANIMA Research

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03 **China** – Breathing space

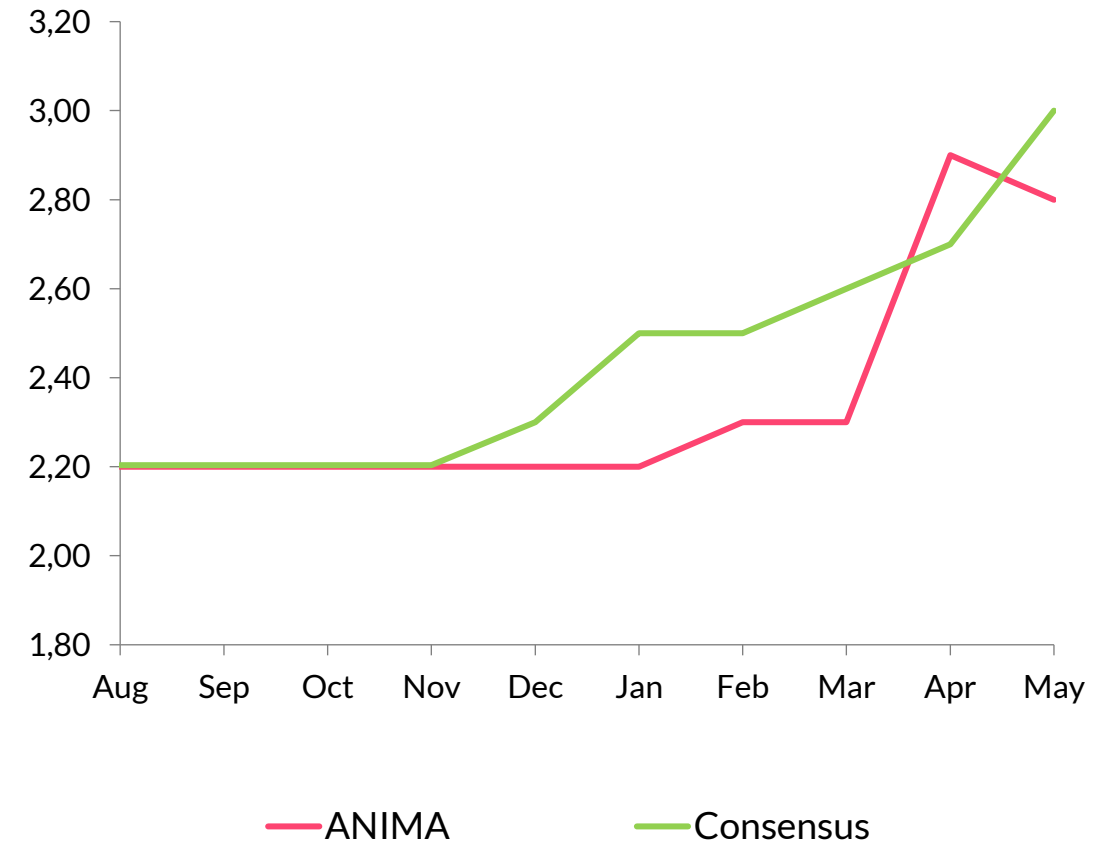
04 **Monetary policy** – Every man for himself

US – Rollercoaster

Tariffs to mechanically delay target hit

	CPI Core	CPI Core	PCE Core	PCE Core
	US ANIMA	US Consensus	US ANIMA	US Consensus
	Y/Y %	Y/Y %	Y/Y %	Y/Y %
Q4 24	3.3	3.3	2.8	2.8
2024	3.4	3.4	2.8	2.8
Q1 25	3.1	3.1	2.8	2.8
Q2 25	2.9 ↓	3.0	2.8 ↓	2.9 ↑
Q3 25	3.1 ↓	3.7 ↑	3.1 ↓	3.2 ↑
Q4 25	3.0	3.9 ↑	2.7	3.3 ↑
2025	3.0 ↓	3.4 ↑	2.8 ↓	3.0 ↑

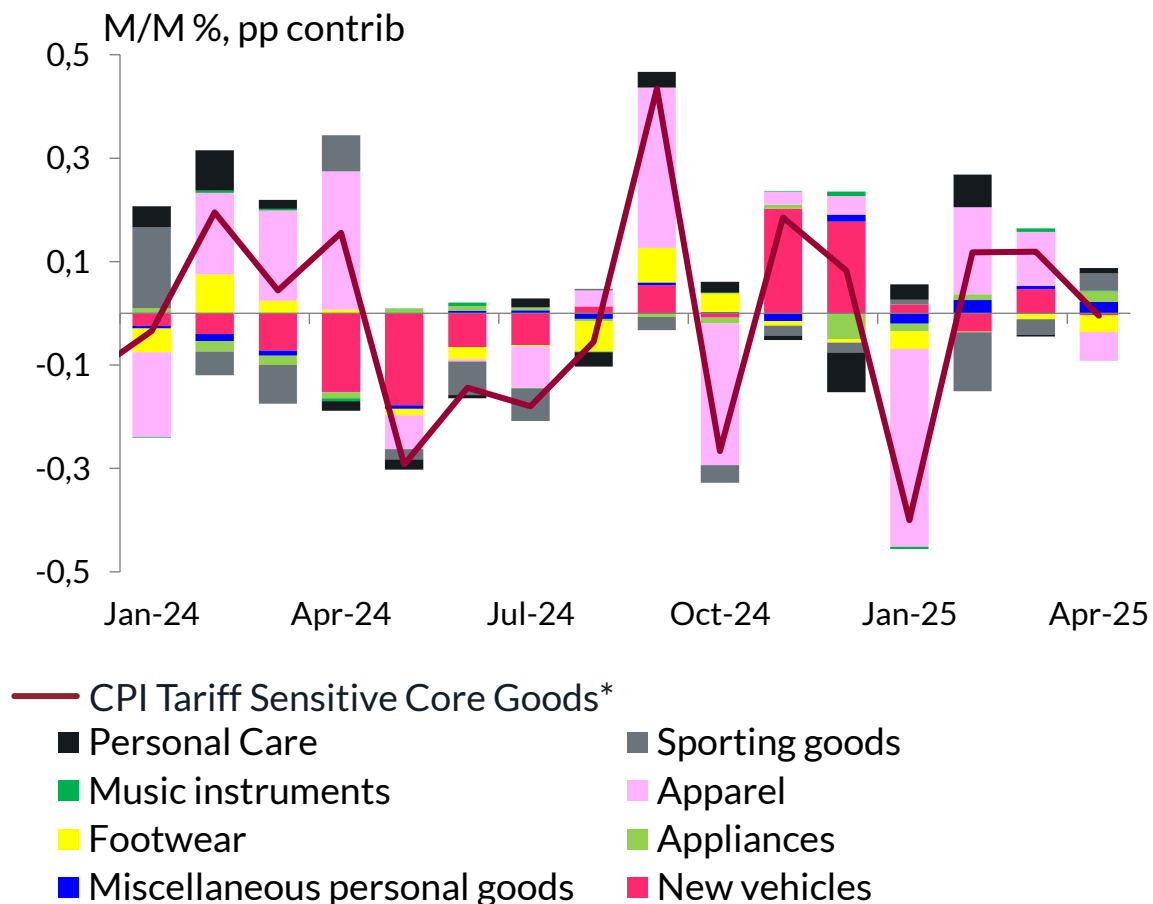
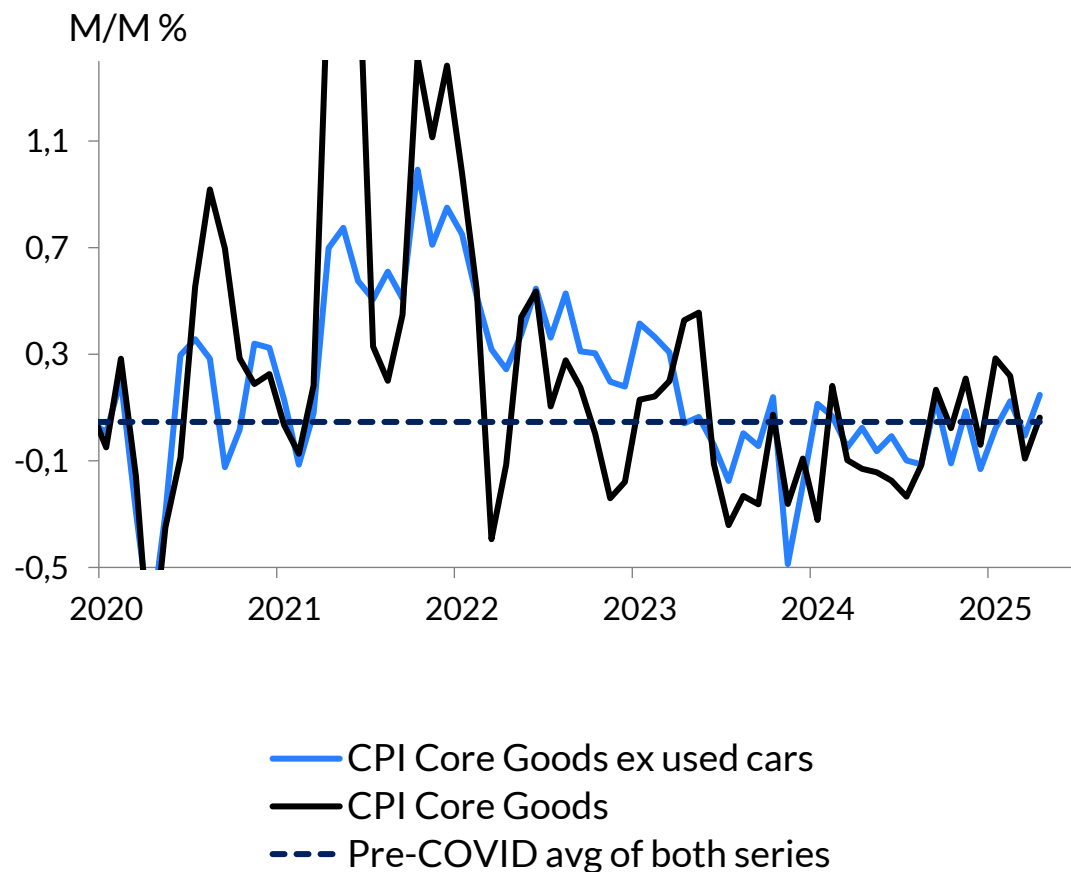
2025 US CORE PCE Forecast evolution, %



Note: CPI Core consensus for US not available on BBG. Hence, we use an in-house calculated index (aggregating GS, UBS, Barclays, BofA forecasts). Source: Bloomberg, Haver Analytics, ANIMA Research

US: No tough tariff yet

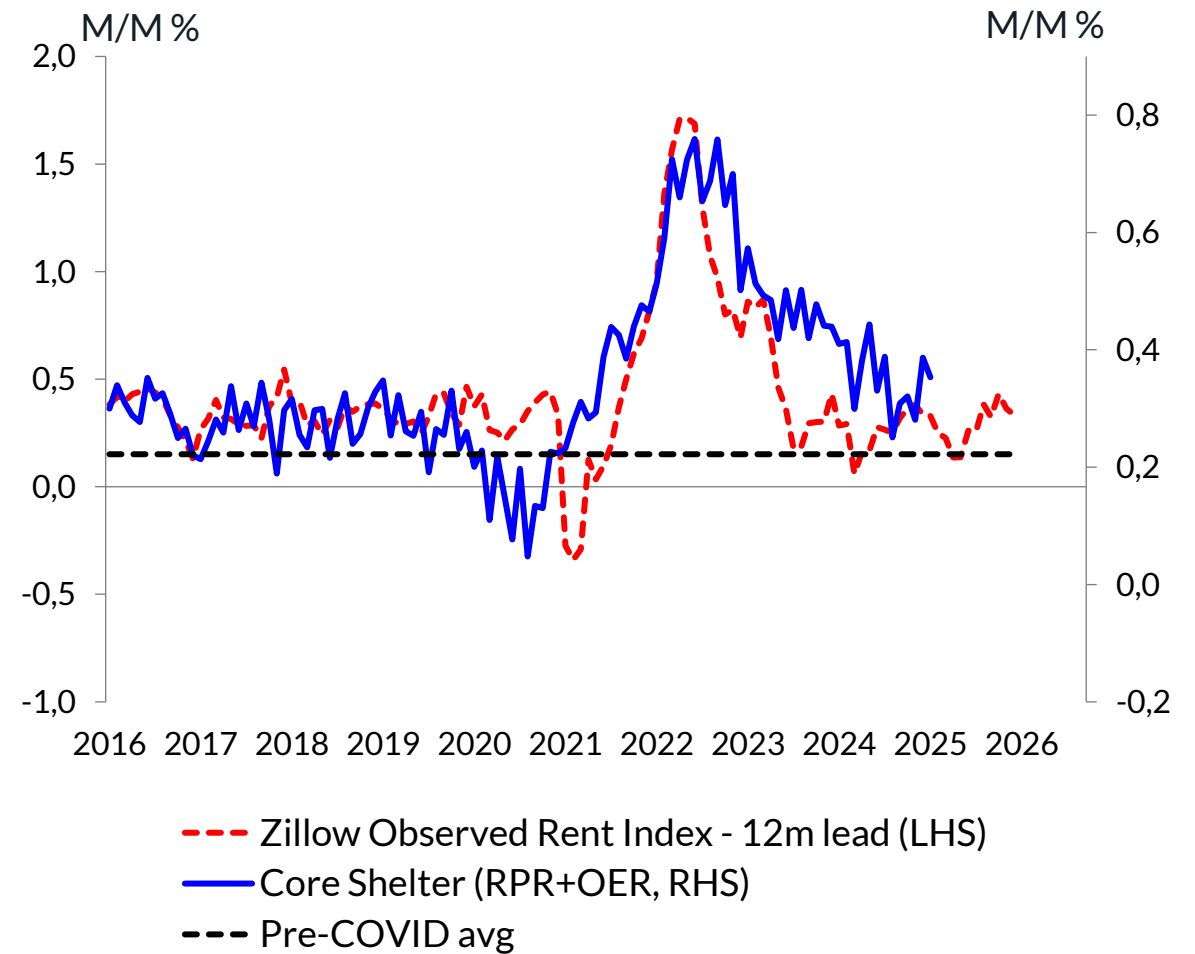
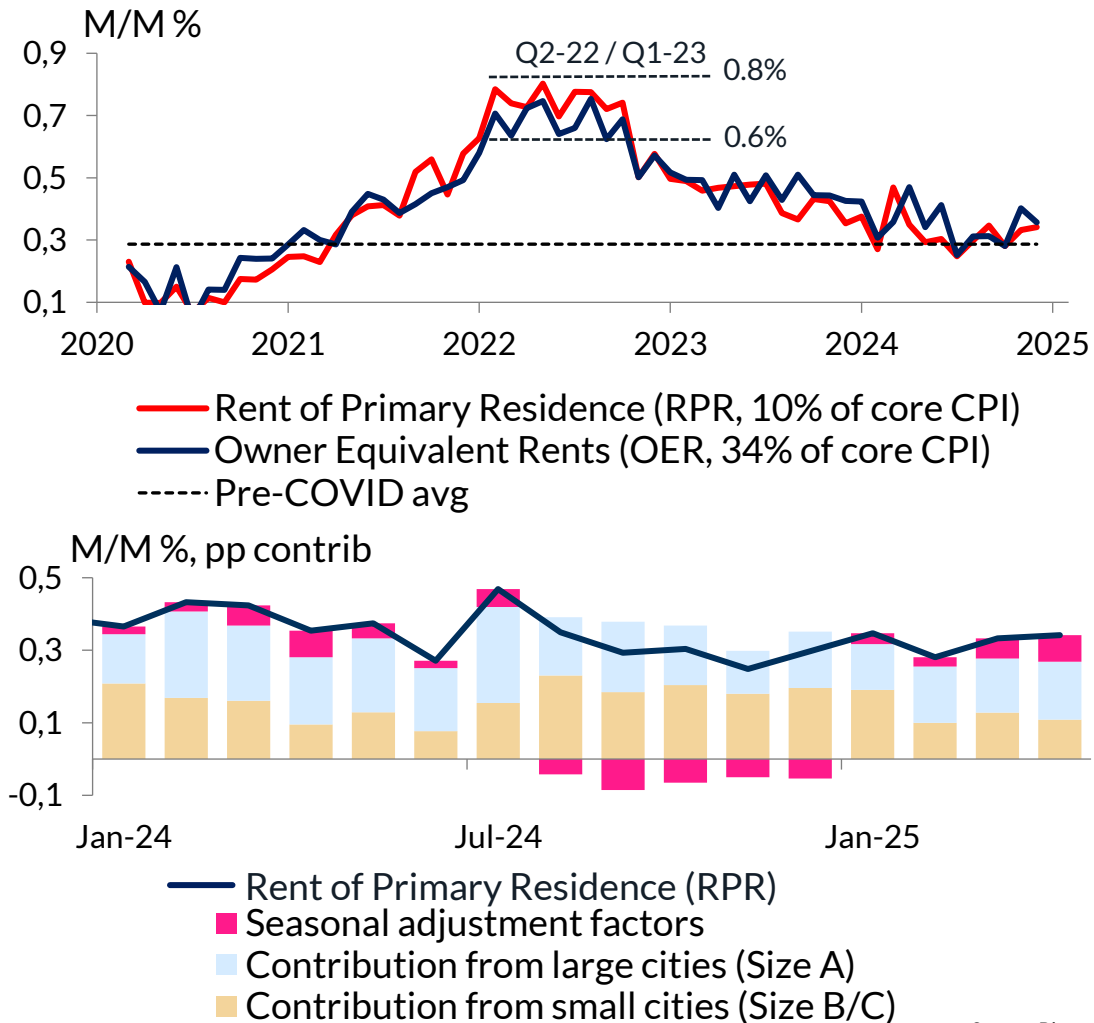
Core goods momentum in line with pre-COVID norm (LHS); Tariff-sensitive items keep behaving (RHS)



*Note: We categorize the most tariff-sensitive items using an Input-Output table methodology (converting NAICS industry/commodity codes with BEA's PCE Bridge data). Source: Bloomberg, Haver Analytics, ANIMA Research

US: Helter shelter

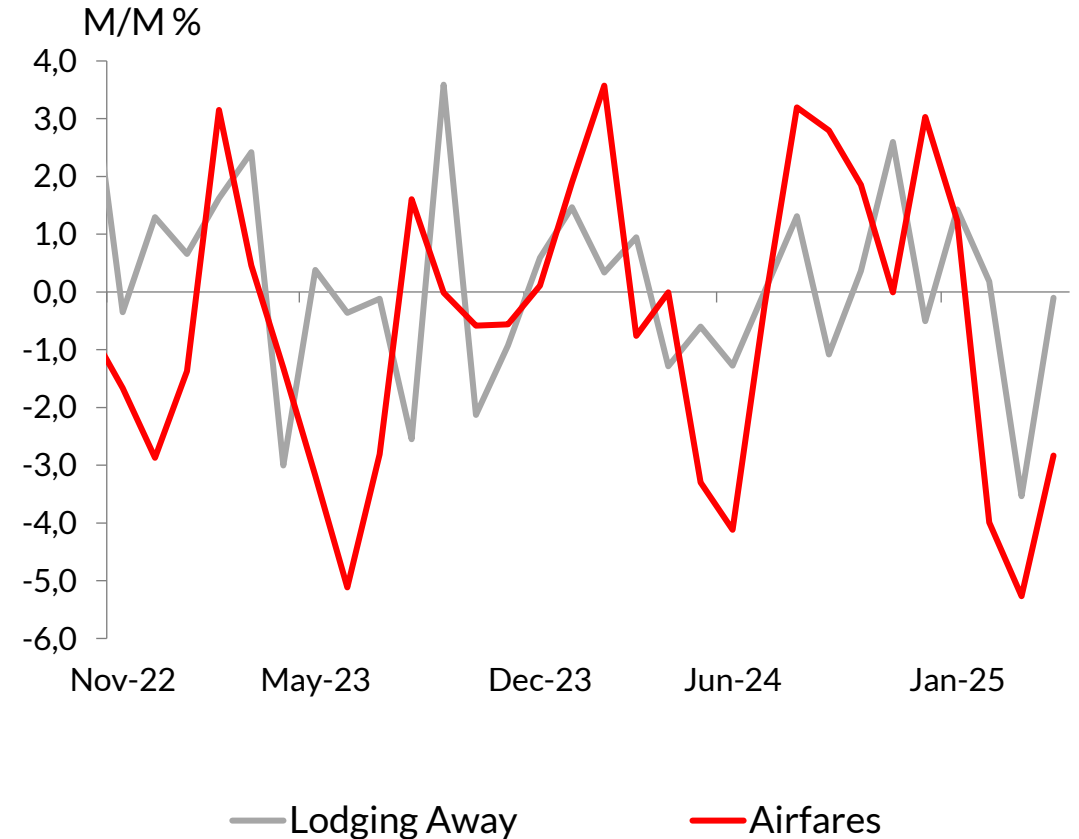
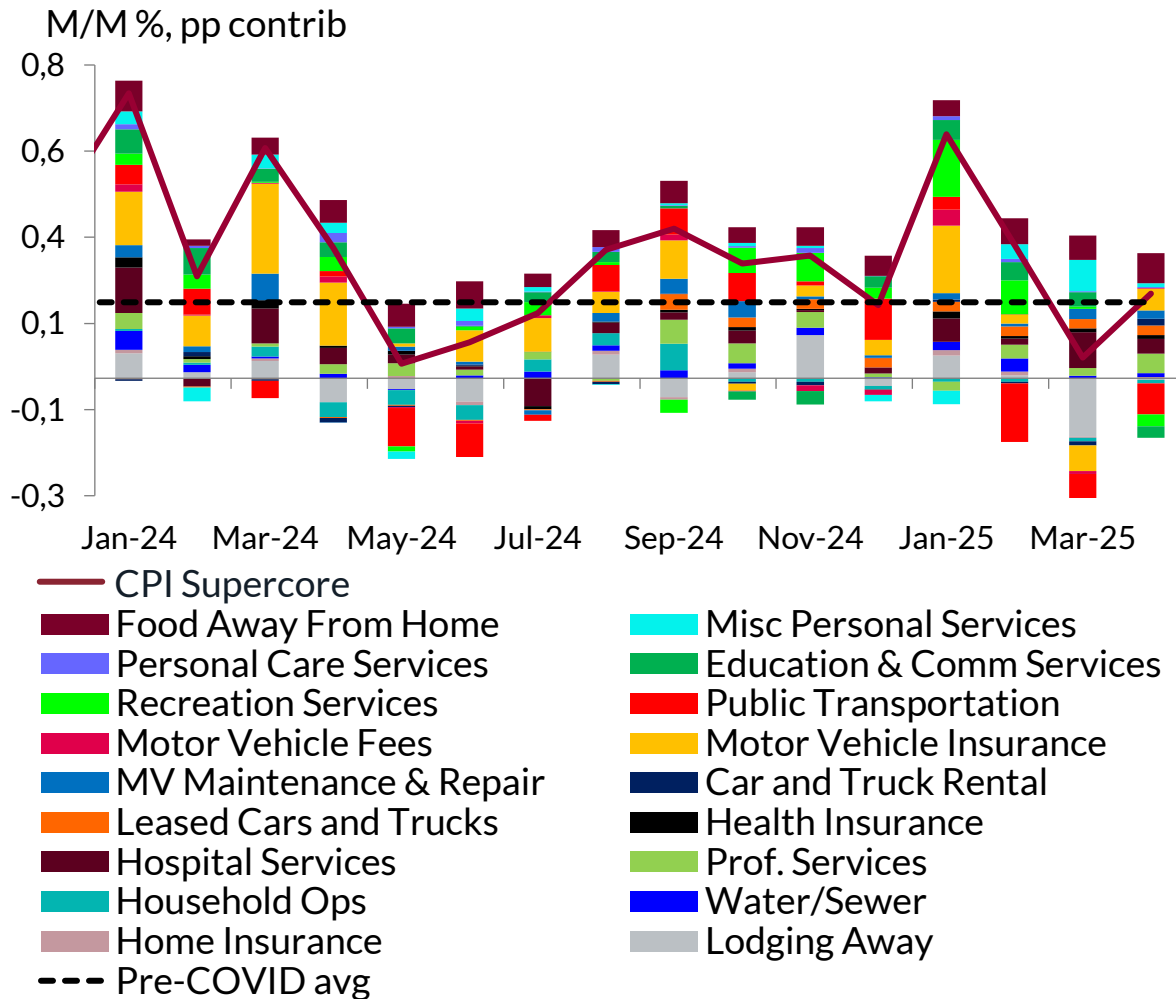
Core shelter mixed-bag in April amid seasonal issues (LHS); More slowing ahead (RHS)



Source: Bloomberg, Haver Analytics, ANIMA Research

US: Little to report on *supercore*

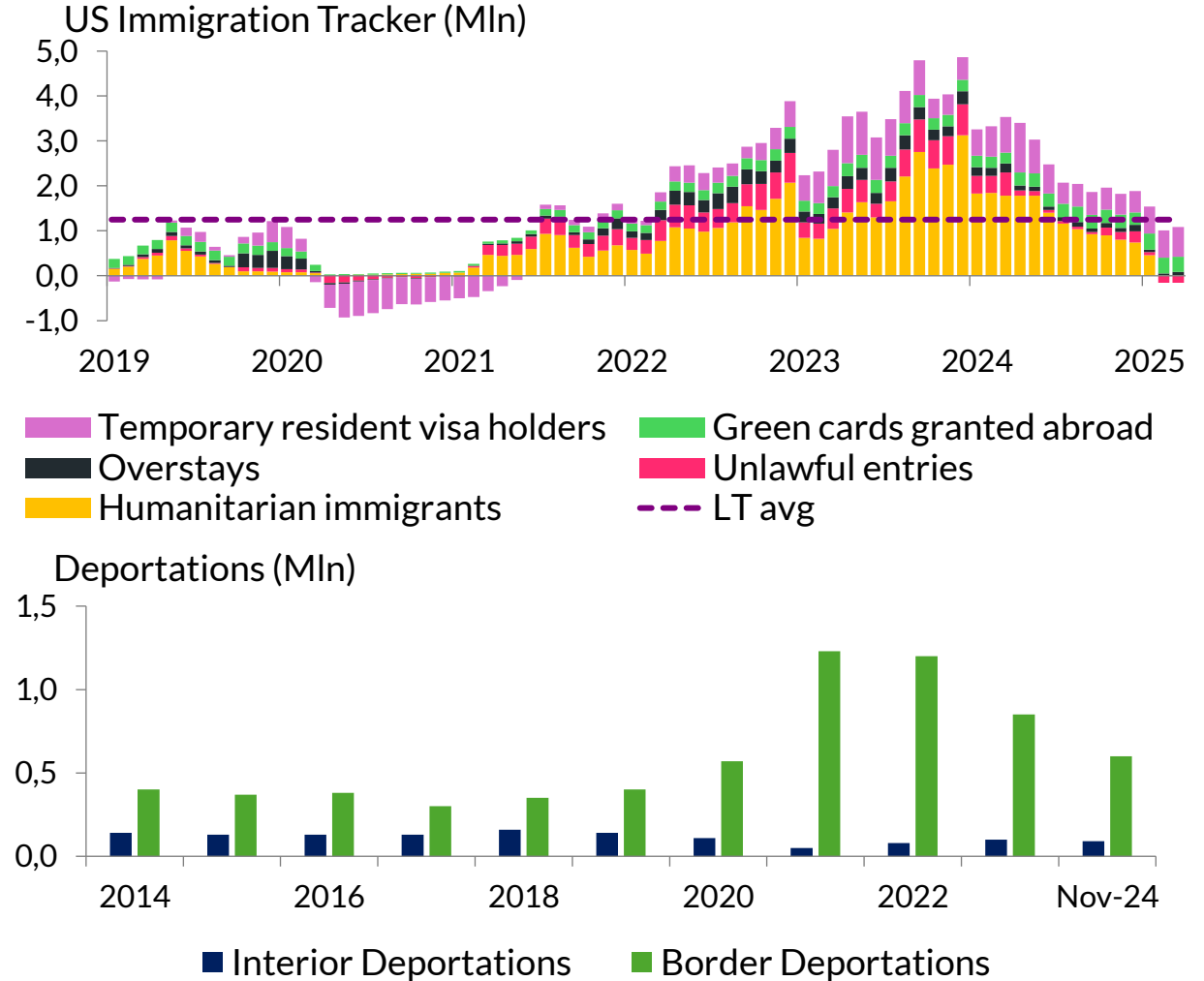
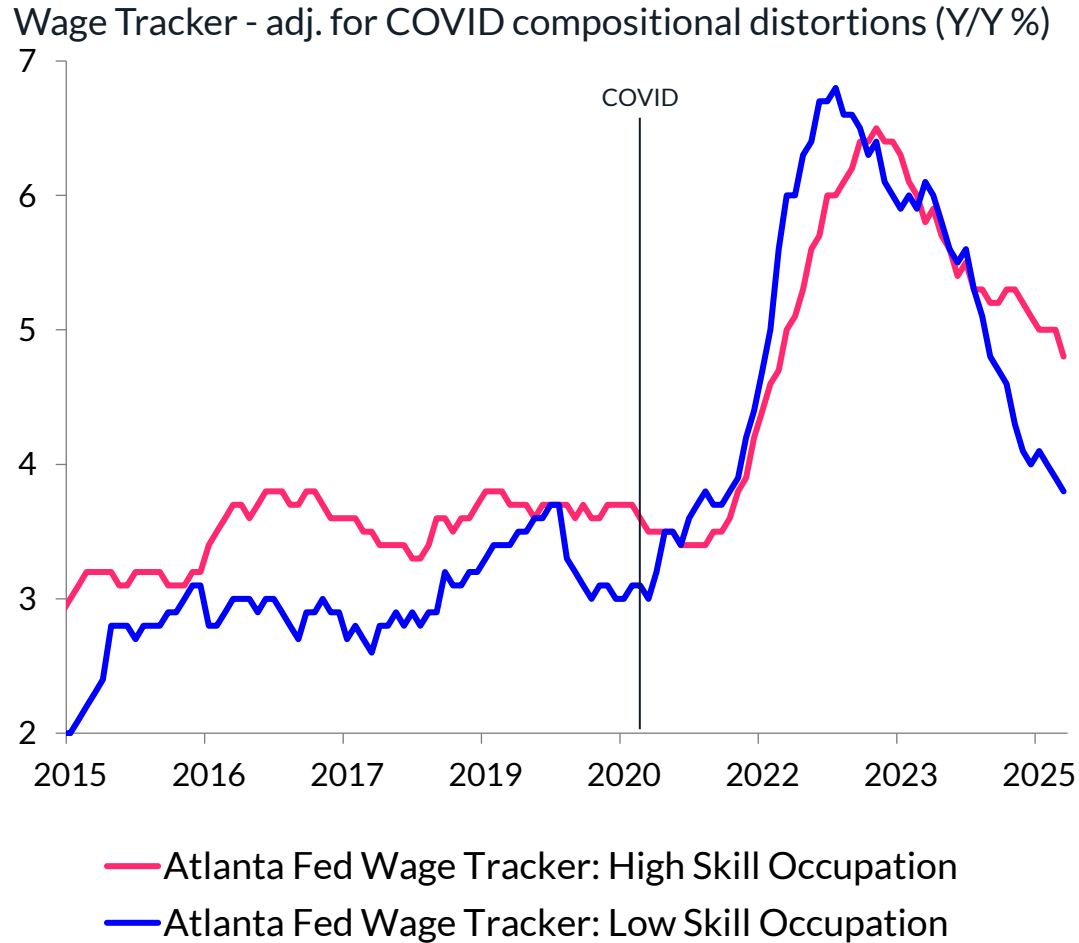
Supercore CPI bounced back in April led volatile items (LHS, RHS)



Source: Bloomberg, Haver Analytics, ANIMA Research

US: Wages continue to pay back

Labor cost growth coming off (LHS) despite low immigration pressures (RHS)



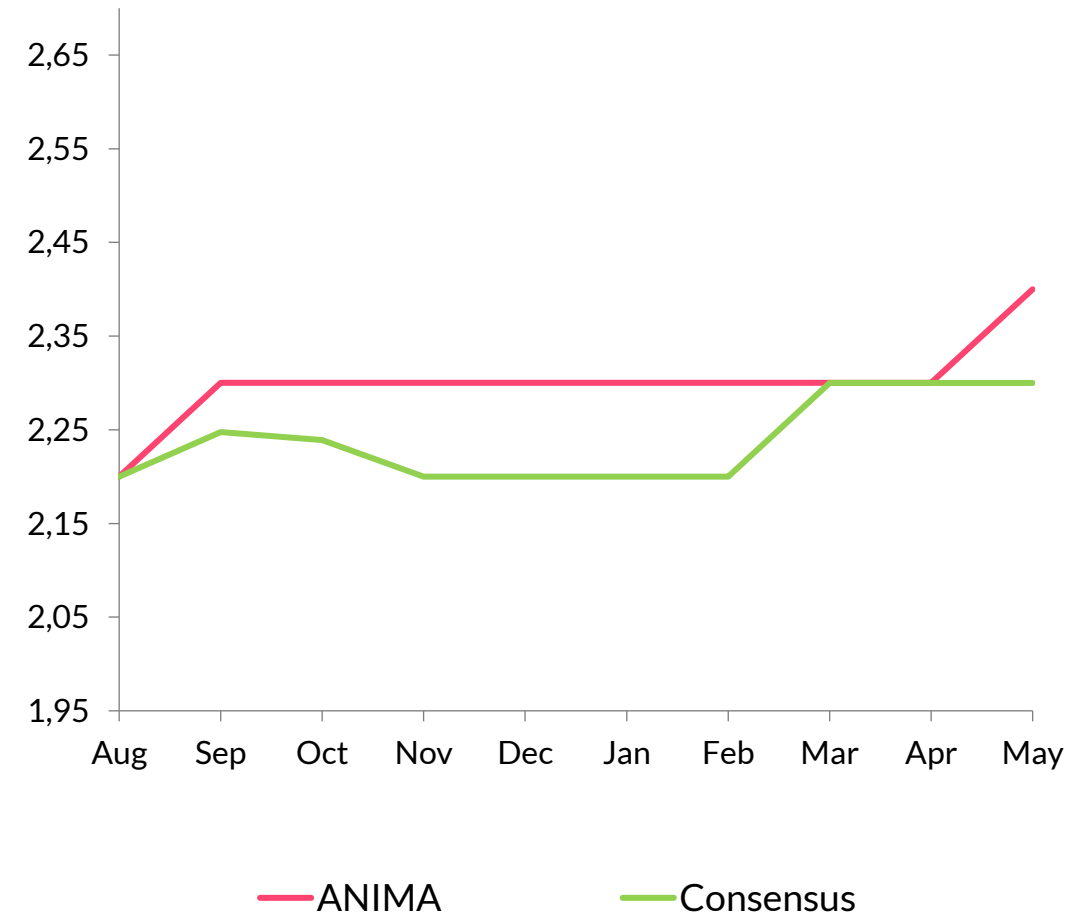
Source: Bloomberg, Haver Analytics, Barclays, ANIMA Research

EA Inflation – Good old trends

We have mechanically adjusted our profile to incorporate the Easter related blip

	HICP Core	HICP Core
	EA ANIMA	EA Consensus
	Y/Y %	Y/Y %
Q4 24	2.7	2.7
2024	2.8	2.8
Q1 25	2.6	2.6
Q2 25	2.5 ↑	2.3
Q3 25	2.3 ↑	2.1
Q4 25	2.2 ↑	2.1
2025	2.4	2.3

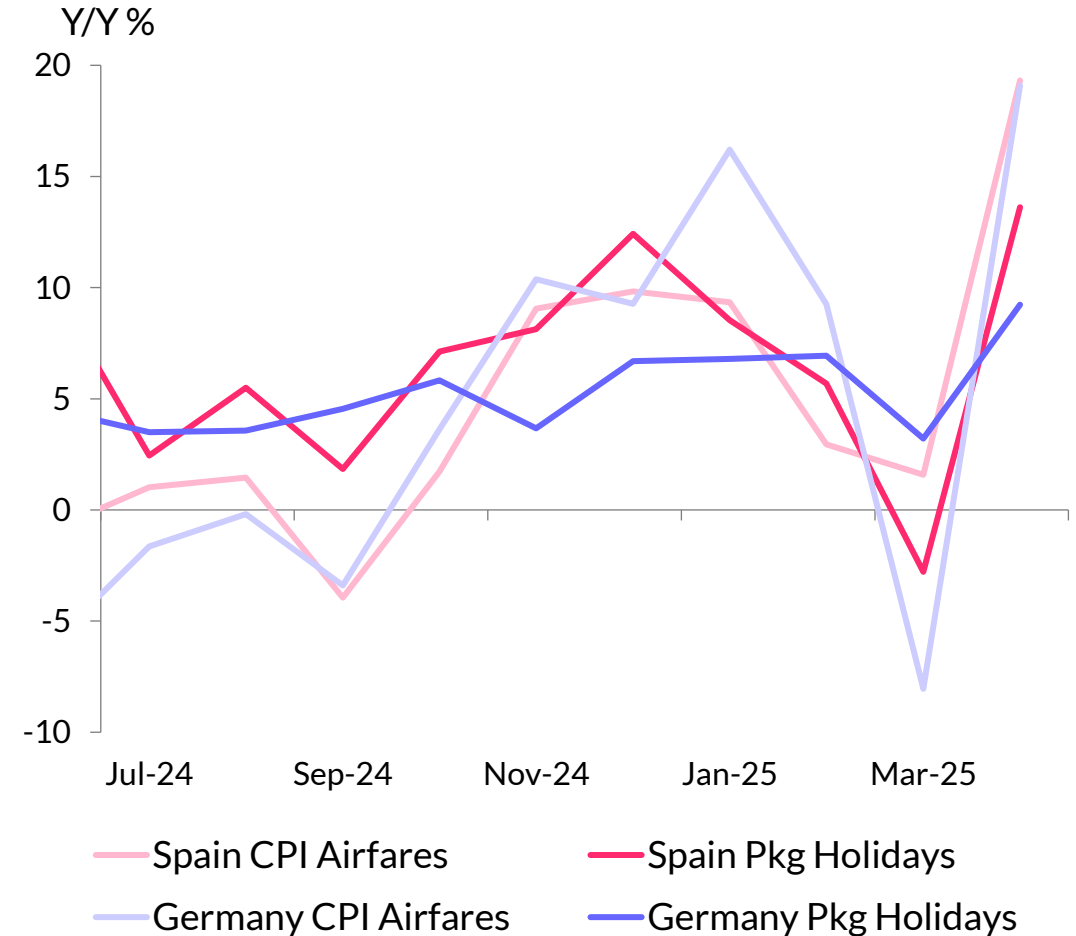
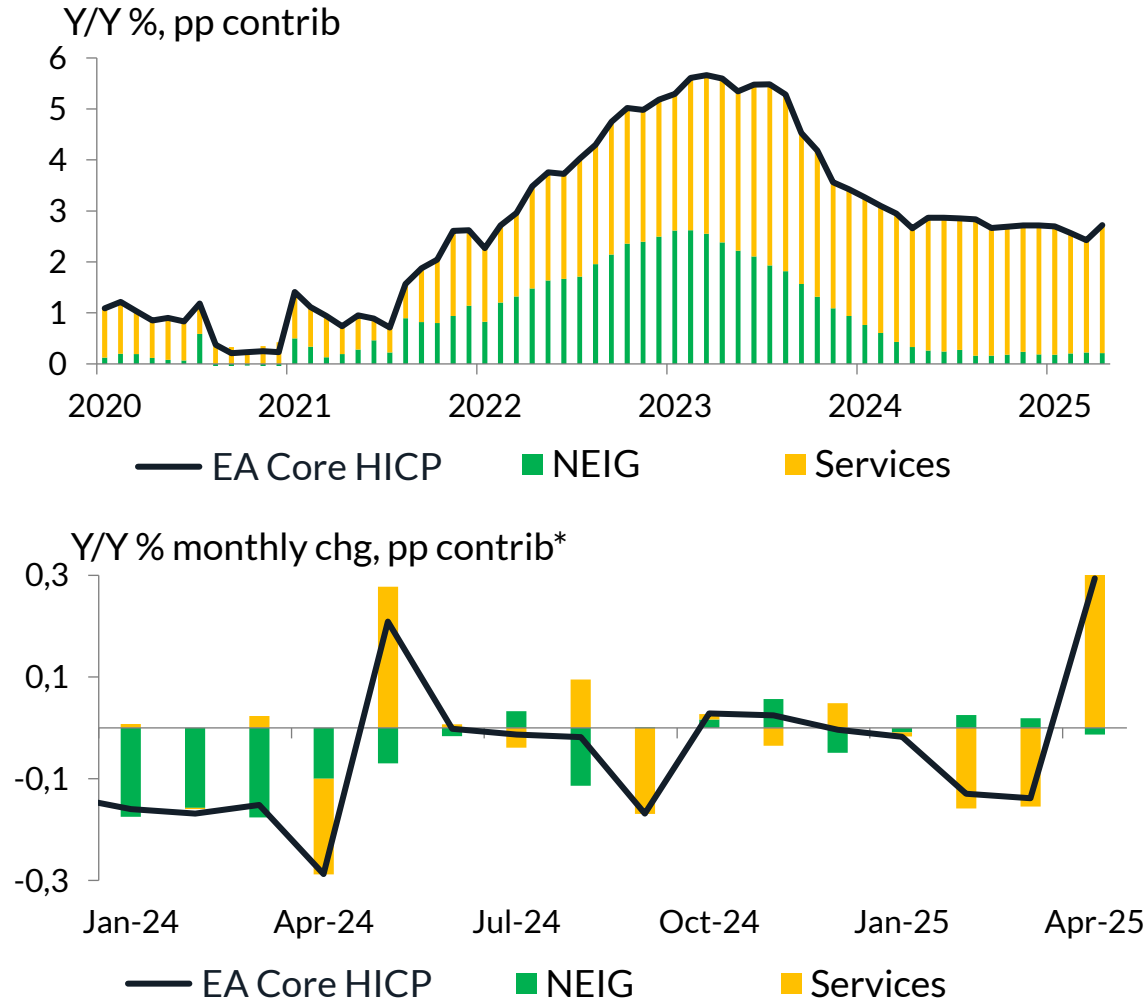
2025 EA CORE HICP Forecast evolution, %



Source: Bloomberg, Haver Analytics, ANIMA Research

EA: An Easter related blip

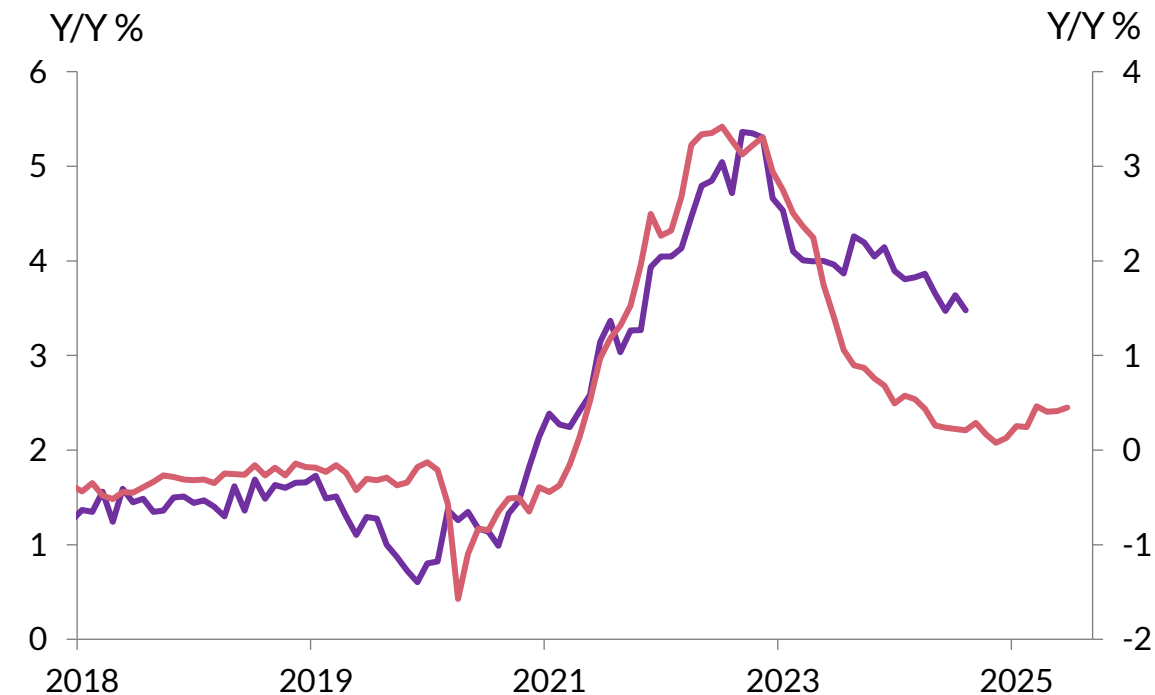
Core HICP up-ticked after 5 consecutive months of declines (LHS) amid temporary Easter related effect (RHS)



Source: Bloomberg, Haver Analytics, ANIMA Research

EA: Disinflationary pressures ahead (I)

Excluding volatile items, there seems to be no upward pressure in the pipeline (LHS, RHS)



— EA HICP Services ex airfares (estimated from DE+BE), DE pkg hols
— EC Retail Trade Price Expect (9m lead, RHS)

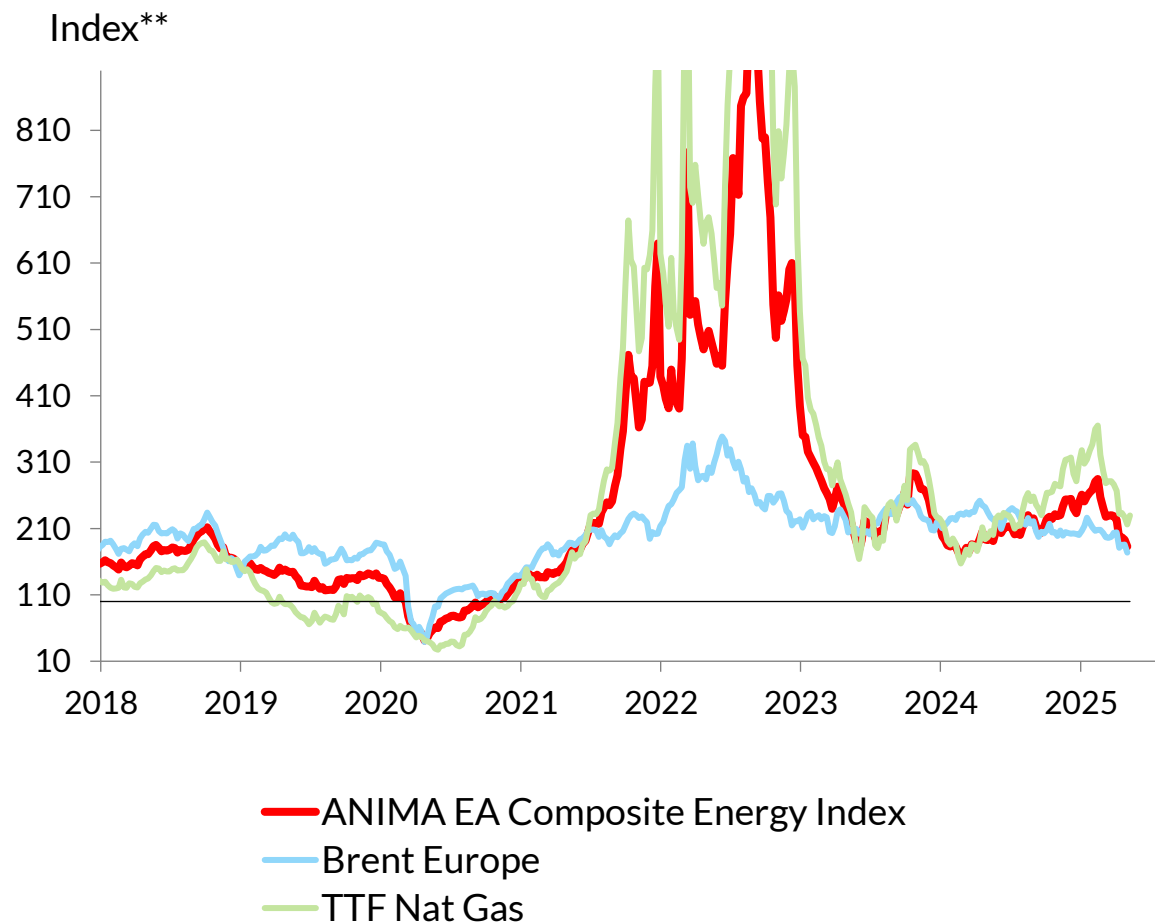
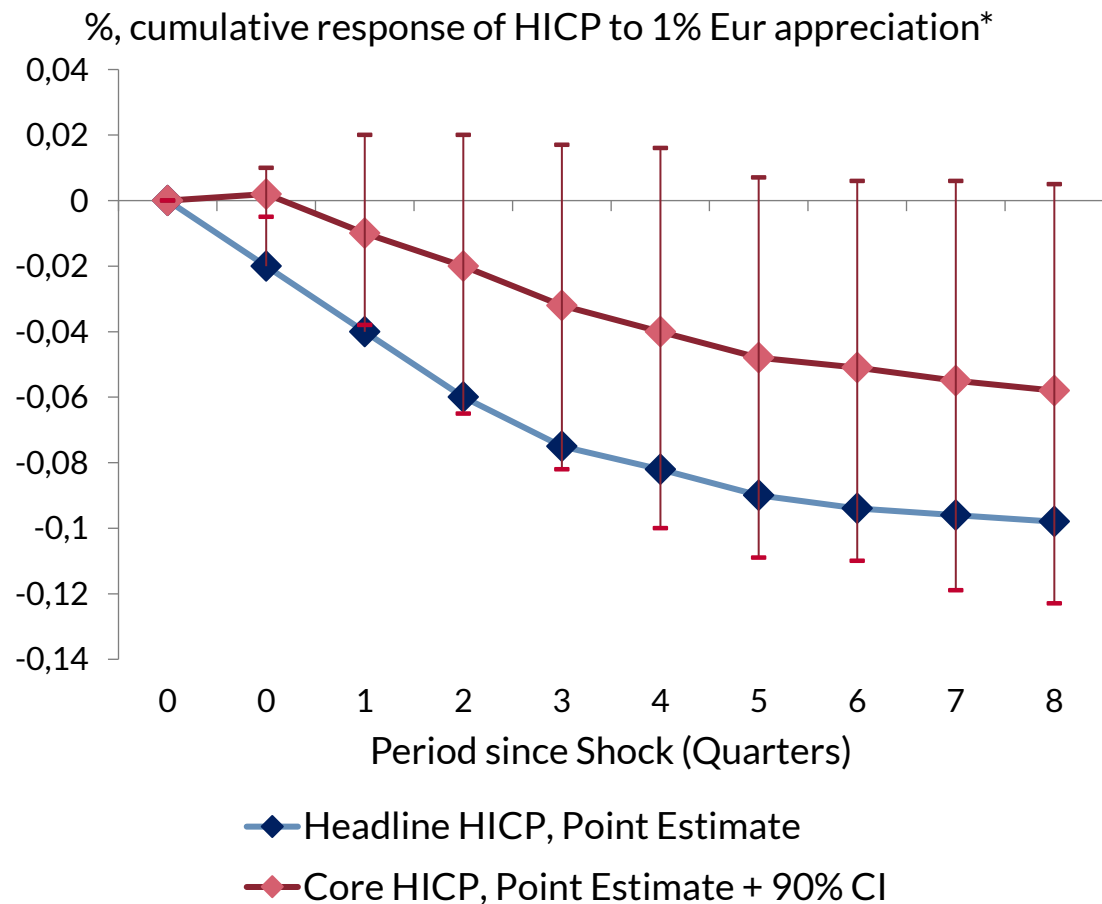


— ANIMA Wage Tracker* — ECB Negotiated Wages

*Note: Average of GE (with one-offs), IT, FR, ES, NE, AT, PG, BE. Weighted by Nominal GDP. Source: Bloomberg, Haver Analytics, ANIMA Research

EA: Disinflationary pressures ahead (II)

Recent EUR appreciation (LHS) + Drop in energy prices (RHS) further consolidate the disinflationary trend



*See: "Exchange rate pass-through in the euro area and EU countries" (ECB, No 241 / April 2020). **Our composite measure of natural gas and oil prices in the EA weighs the two by their respective, time-varying HICP weights.
Source: Bloomberg, Haver Analytics, ANIMA Research

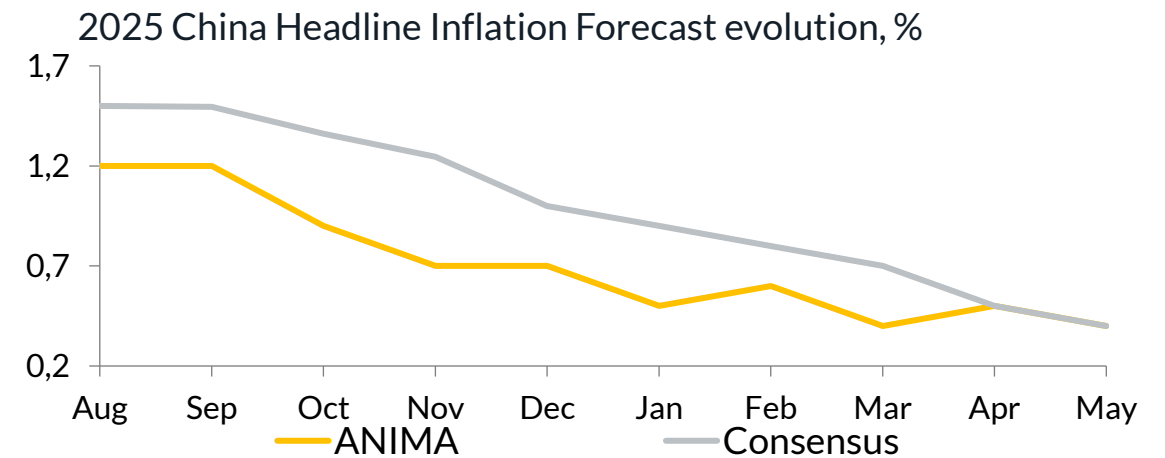
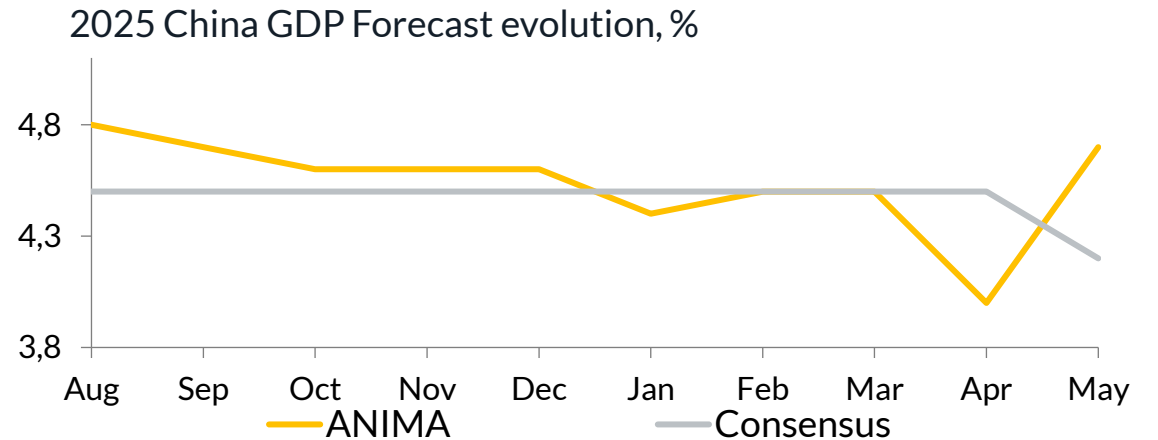
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- 04 **Monetary policy** – Every man for himself

China – Breathing space

De-escalation efforts to support exports

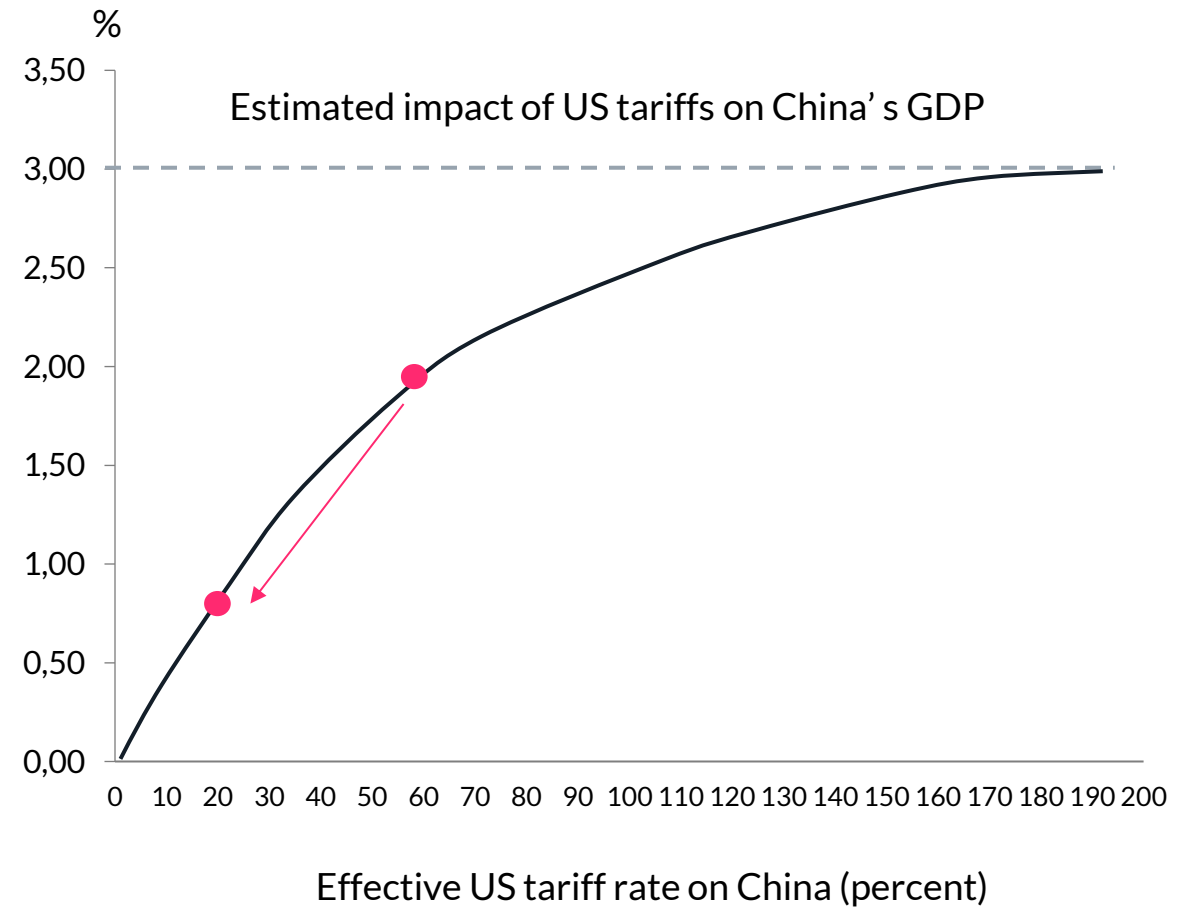
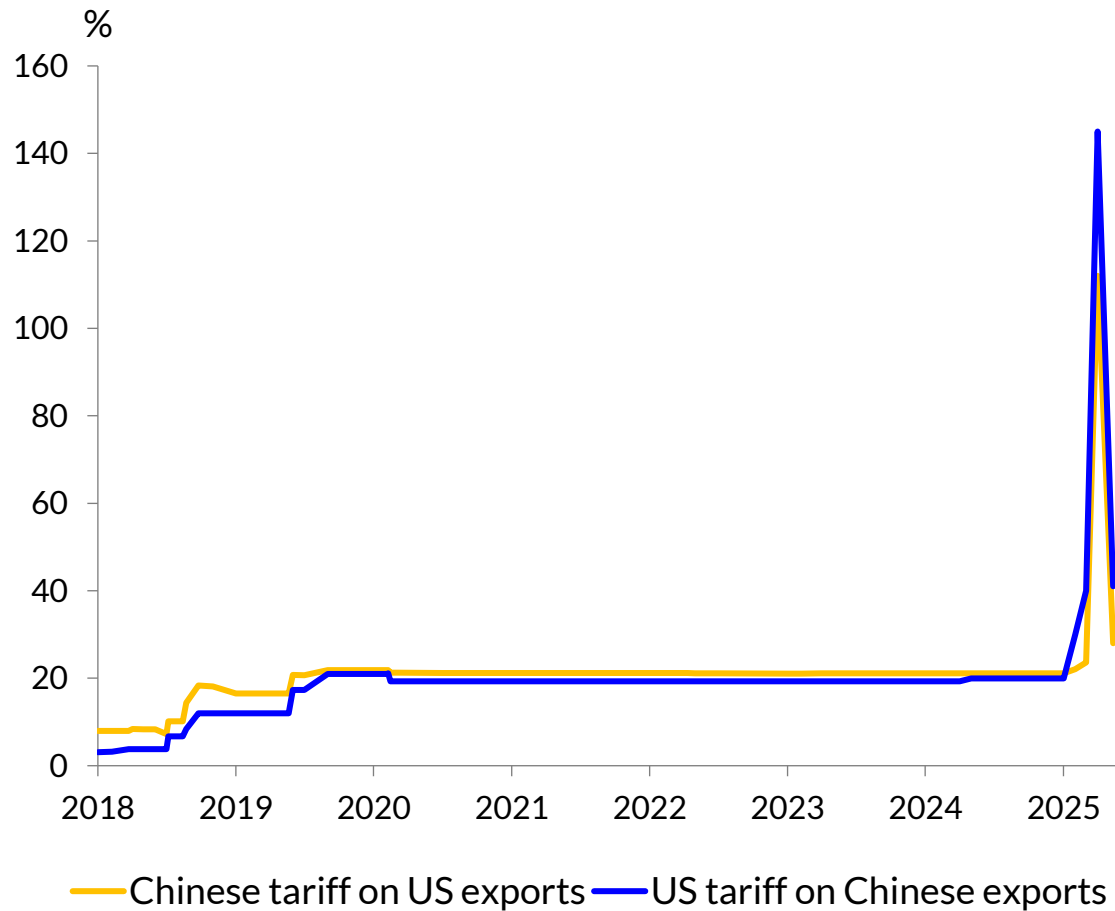
	Real GDP	Real GDP	CPI Headline	CPI Headline
	China ANIMA	China Consensus	China ANIMA	China Consensus
	Y/Y %	Y/Y %	Y/Y %	Y/Y %
Q4 24	5.4	5.4	0.3	0.2
2024	5.0	5.0	0.3	0.2
Q1 25	5.4 ↑	5.4 ↑	-0.1	-0.1
Q2 25	4.9 ↑	4.5 ↓	0.2 ↓	0.2 ↓
Q3 25	4.0 ↑	3.9 ↓	0.4 ↓	0.2 ↓
Q4 25	4.5 ↑	3.7 ↓	1.4	0.5 ↓
2025	4.7 ↑	4.2 ↓	0.4 ↓	0.4 ↓



Source: Bloomberg, Haver Analytics, ANIMA Research

China: What goes up (Must come down)

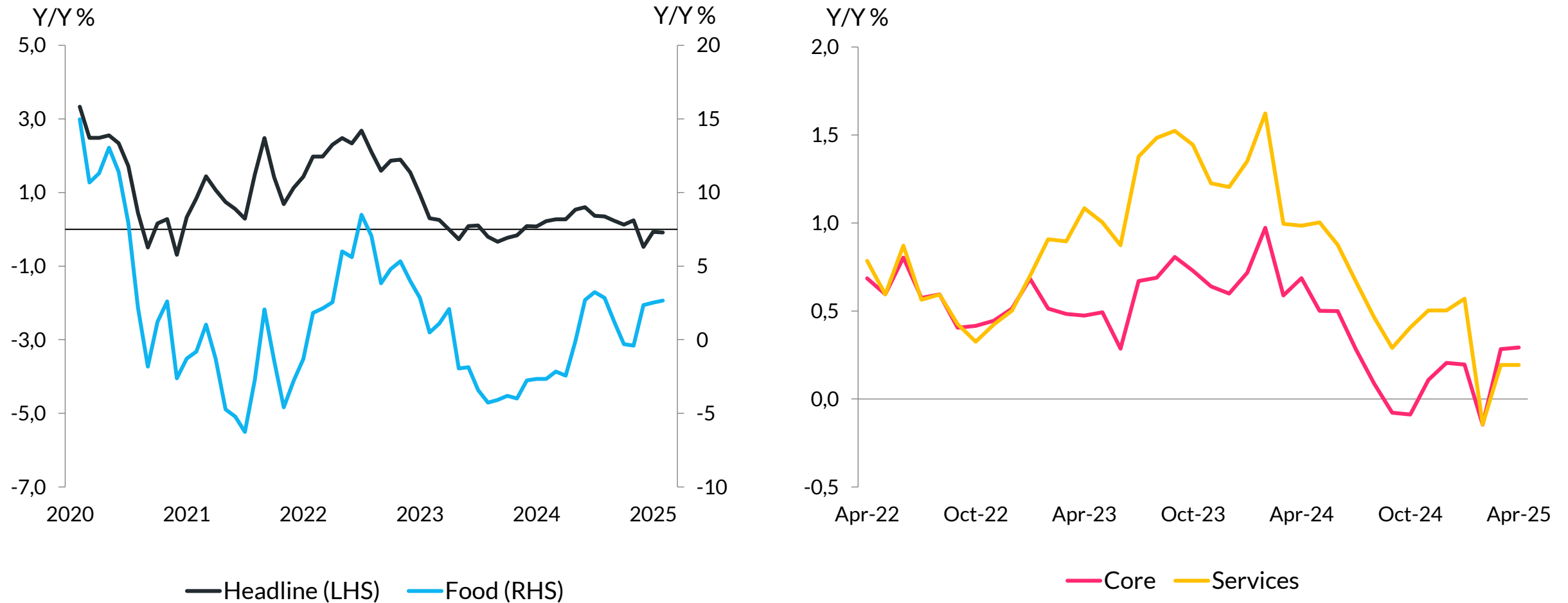
Boom-bust tariff cycle (LHS) to ease downward pressures on growth (RHS)



Source: Bloomberg, Haver Analytics, ANIMA Research

China: Deflation remains the baseline

Entrenched deflationary pressure still intact (LHS) as services prices flattened in April (RHS)



Source: Bloomberg, Haver Analytics, ANIMA Research

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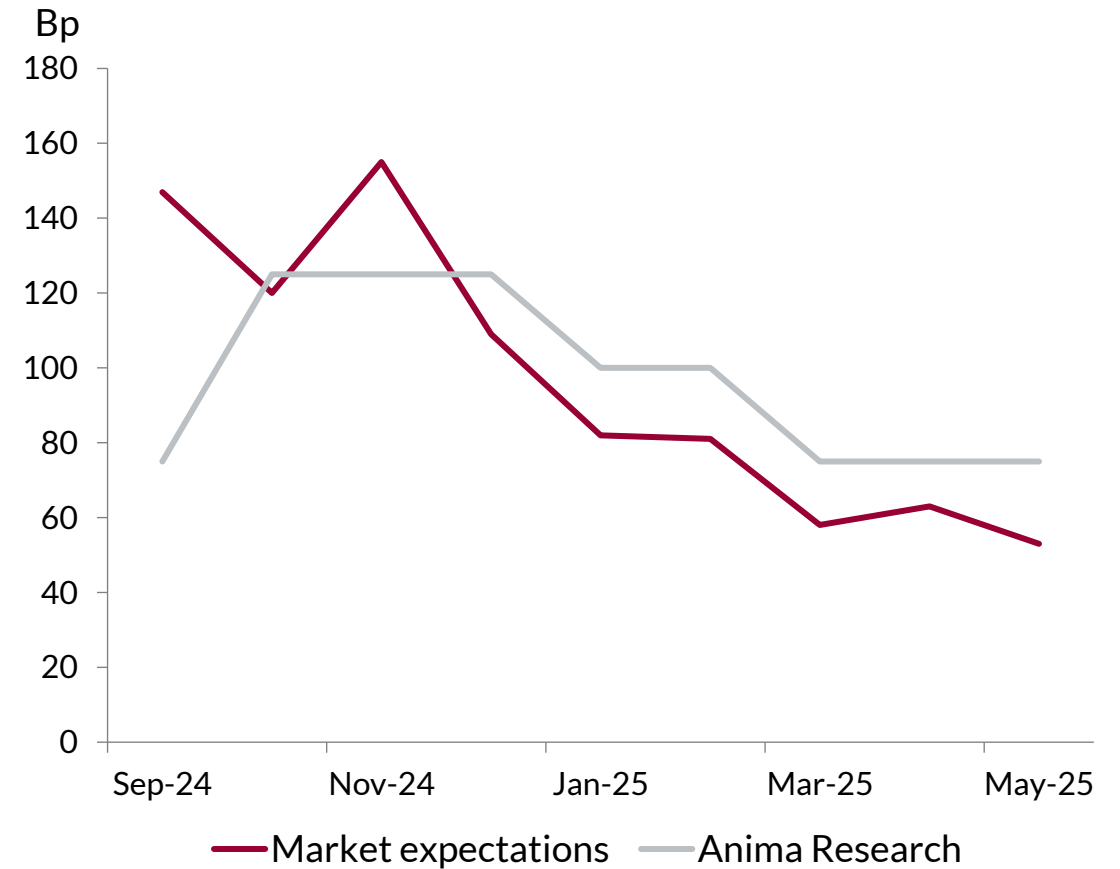
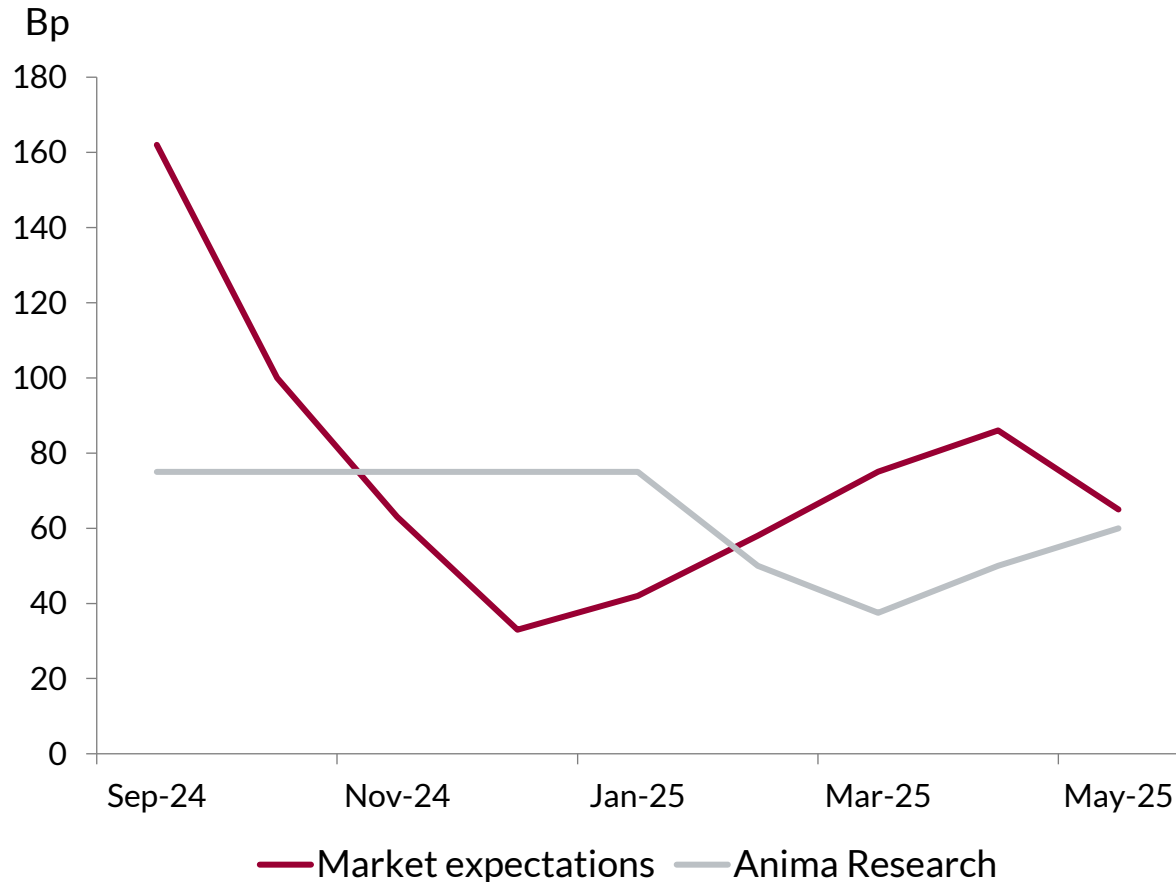
Global – Every man for himself (I)

- ❑ **Fed** – *Caught between a still healthy economy and rising risks on both sides of its dual mandate, yet with no clear understanding of the impact of tariffs on the US economy, the Fed remains stuck in a wait-and-see mode. Against this backdrop, we continue to expect the Fed to cut rates twice this year (market: 52bp). The risks surrounding our call are that the Fed may cut only once in Q4.*
- ❑ **ECB** - *The ECB introduced, for the first time, the notion that tariffs tensions and increased uncertainty have led to a deterioration in its growth outlook. Against this backdrop, we expect three additional rate cuts by the end of the year, though we do not rule out the possibility that the ECB could cut more aggressively if growth and inflation deteriorate further vis-à-vis our baseline (market: 52bp).*
- ❑ **PBoC** – *We now anticipate another 20 basis points in policy rate cuts later this year (vs 40bp previously), but no further RRR cuts before the summer (vs. 50bp previously).*

Source: ANIMA Research

Global – Every man for himself (II)

Taking stock of Fed (LHS) and ECB (RHS) market pricing – Rolling six meetings ahead (Bp, cumulative)



Source: Bloomberg, Haver Analytics, ANIMA Research



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