

US Consumer Sentiment Rises to Six-Month High on Rate Relief as Households Grew More Upbeat about Buying Conditions

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Sentiment among US consumers increased in October to a six-month high as households grew more upbeat about buying conditions, partly because of cheaper financing costs. The final October sentiment index rose to 70.5 from 70.1 a month earlier, according to the University of Michigan. The preliminary reading was 68.9.

Consumers expect prices will climb at an annual rate of 2.7% over the next year, unchanged from the prior month, the data out Friday showed. They see costs rising 3% on average over the next five to 10 years, down from 3.1% in the prior month.

The university's measure of buying conditions for durable goods picked up to a four-month high as more than half of consumers indicated they expect further interest-rate relief in the coming year. That suggests consumer spending will remain resilient and help underpin the economy. Moreover, expectations about household incomes rose to the highest level since June and respondents were more upbeat about the labor market.

“The share of consumers spontaneously mentioning high interest rates as a negative factor for buying conditions for homes, durable goods, and vehicles all fell,” Joanne Hsu, director of the survey, said in a statement.

At the same time, lower-income consumers continue to anticipate less income growth than those who earn more, the report showed.

Source: <https://www.bloomberg.com/news/articles/2024-10-25/us-consumer-sentiment-rises-to-six-month-high-on-rate-relief>

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Japan Prime Minister Shigeru Ishiba Vows to Restore Stability After Losing Majority

“Japanese Prime Minister Shigeru Ishiba promised on Monday to restore political stability after his ruling coalition lost its majority in the lower house for the first time since 2009.”

Japanese Prime Minister Shigeru Ishiba promised Monday to take on the responsibility of restoring political stability following the loss of his ruling coalition’s majority in a lower house election for the first time since 2009.

“On how to take responsibility for this result, we have to humbly listen to the voices of criticism,” Ishiba said at a press briefing in Tokyo. “I want to take responsibility by protecting people’s daily lives, and protecting Japan.”

Ishiba’s comments indicate his intention to continue as prime minister and forge ahead with putting together an administration despite the coalition’s poor showing. The premier said he wasn’t considering expanding the ruling coalition, but said he had signed a policy agreement with existing partner Komeito following the result.

He vowed to hold talks over political reforms with other parties following the election in which voters showed their dissatisfaction over the handling of a ruling party slush-fund scandal.

Ishiba’s move comes after his gamble to call an early election and capitalize on a potential popularity bump as a new leader backfired. While the LDP still won the most votes in the election, it lost 56 seats, leaving the ruling coalition with Komeito 18 seats short of a majority of 233.

Source: <https://www.bloomberg.com/news/articles/2024-10-28/japan-s-ishiba-vows-to-restore-stability-after-losing-majority>

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Chinese Economic Slowdown Looks Even Worse Across Some Provinces

“ Chinese provinces representing about a third of the economy are experiencing a tougher year than the nation overall, facing a slowdown that likely influenced the government’s decision to implement new stimulus measures last month. ”

Chinese provinces that account for about a third of the economy are enduring a worse year than the nation as a whole, succumbing to a slowdown that likely swayed the government in moving ahead with a range of stimulus measures last month.

Only five mainland provinces are seeing real gross domestic product growing faster this year than the whole of last year, according to Bloomberg calculations based on official figures. Of the 26 provinces that have reported third-quarter data, 11 experienced a steeper deceleration than the national slowdown.

The worst performers so far this year are Tibet, Jilin and Hainan, whose 3.2% gain is 6 percentage points lower than in 2023. Even economic powerhouses such as Zhejiang, Shanghai and Jiangsu saw GDP growth slow.

Guangdong, which made up more than 10% of the economy last year, expanded just 3.4%, the weakest result since the pandemic and down 1.4 percentage points from the whole of 2023. GDP nationwide expanded 4.8% in the first nine months, versus 5.2% last year.

The sharp downswing evident in key Chinese regions has left wide swathes of the \$18 trillion economy expanding far below the official target of around 5%. In response, Beijing pivoted in late September and deployed a barrage of measures that marked President Xi Jinping’s boldest stimulus since the pandemic.

The problems facing China’s economy are widespread, with industrial output falling in Heilongjiang, Qinghai and Shanxi this year and retail sales also dropping in Beijing and Shanghai, two of the wealthiest cities in the country.

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News: Bloomberg

Underscoring how personal consumption never really rebounded from the pandemic, restaurant and hotel sales have fallen 5.1% this year in Beijing and are down more than 11% in Shanghai.

Local governments across China are also having to contend with worsening finances, as debt piles up and incomes fall due to a slump in land sales. Though the central government has promised to do more to help them pay off debt, so far their deficits continue to worsen.

The broad budget deficit for all local governments grew almost 3% this year from a year earlier, reaching 11.2 trillion yuan (\$1.6 trillion) through the end of September, according to Ministry of Finance data released last week.

Source: <https://www.bloomberg.com/news/articles/2024-10-28/chinese-economic-slowdown-looks-even-worse-across-some-provinces>

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