MORNING BRIEFING
September 25, 2017

Bulls Flying With Doves

See the collection of the individual charts linked below.

(1) Hyperbole for our times. (2) A bull for all seasons. (3) Serious money. (4) Slicing and dicing valuation some more. (5) Stocks overvalued based on ratios of market cap to GNP and to sales. (6) Stocks fairly valued based on inflation-adjusted earnings yields using S&P and NIPA data. (7) Tobin's q isn't bearish so far. (8) Yellen's fashion statement. (9) Yellen lets it slip: She is (probably) leaving. (10) Fed on course of gradual monetary normalization with or without Yellen. (11) Movie review: "Viceroy's House" (+ + +).

Strategy: Flying Bulls. An "adynaton" is a figure of speech that is a hyperbole so extreme that it must be impossible. A good example is: "That will happen when pigs fly!" In effect, many of the most vocal bears were saying just that about the current bull market during its early years. Yet the bulls continue to fly. The bull market in the S&P 500, which started on March 9, 2009, is now more than eight years old, with a gain of 270% through Friday's close. That makes it the second best bull market since the start of the data in 1928.

Still in first place is the bull market from December 4, 1987 through March 24, 2000 with a gain of 582%. In current dollars, the market capitalization of the current bull market has flown well above the first-place holder. Consider the following stats:

(1) *Market capitalization.* The Fed's data, released last week through Q2, show that the value of all equities traded in the US rose by $28.9 trillion from Q1-2009 through Q2-2017, to a record $42.2 trillion (*Fig. 1*). From Q4-1987 through Q1-2000, this value rose by $17.5 trillion, to $20.2 trillion. Of course, on a percentage basis, it's still no contest, with the current bull market's market cap rising 216%, lagging the 646% recorded by the undisputed champ so far.

The market cap of the S&P 500 is up $15.5 trillion to $21.4 trillion during the current bull market through Friday's close (*Fig. 2*).

(2) *Valuation.* The only bad news is that the Buffett Ratio, which is the market value of all equities traded in the US (excluding foreign issues) divided by nominal GNP, was 1.76, approaching its record high of 1.81 during Q1-2000 (*Fig. 3*). The comparable ratio for the S&P 500 (relative to S&P 500 revenues) was 2.00 during Q2, matching the previous record high during Q4-1999.

These ratios suggest that the bull might be flying too close to the sun and could suffer the same fate as the mythical Icarus. Then again, the situation appears less perilous when Joe and I compare the market value of all equities traded in the US (excluding foreign issues) to the after-tax profits reported along with GDP in the National Income and Product Accounts (NIPA). During Q2, the P/E ratios of the two were 19.2 using profits as reported to the IRS and 20.7 using profits from current production (a cash-flow measure) (*Fig. 4*). Those are relatively high P/Es for both of these series that start in 1952, but well below the peaks of around 35 for both during Q1-2000.

(3) *Real earnings yield.* Besides, as Joe and I observed last week, the real yield of the S&P 500 suggests that the index is fairly valued rather than overvalued. We calculated that by subtracting the

CPI inflation rate (on a y/y basis) from the earnings-to-price (E/P) ratio of the S&P 500. During Q2, this measure of the real earnings yield was 2.6%, below the 3.3% average of this series since 1952. That's a "fairly valued" reading for this measure, which typically falls closer to zero before bear markets (*Fig. 5*).

Our initial work on the S&P 500 real yield last Monday was inspired by our good friend John Apruzzese, the chief investment officer of Evercore Wealth Management. Today, let's extend the analysis to calculating the E/P with the NIPA series for after-tax profits reported to the IRS as "E" and the market value of all stocks traded in the US (excluding foreign issues) as "P." The real yield on this basis was 3.3% during Q2-2017, below its average of 4.9% since 1952 (*Fig. 6*). Again, readings closer to zero have been associated with bear markets in the past. The two measures of the real earnings yield are similar, though not the same, but neither is flashing warnings signals of significant overvaluation (*Fig. 7*).

(4) *Tobin ratio.* The Fed's quarterly flow-of-funds database was also updated last week to show Tobin's q, which is the ratio of the market value of equities to the net worth of corporations, including real estate and structures at market value and including equipment, intellectual property products, and inventories at replacement cost. In theory, when q is well above (below) 1.00, investors are paying too much (too little) for companies relative to their replacement cost (*Fig. 8*).

This ratio was 1.09 during Q2. Joe and I prefer adjusting the ratio so that its average is 1.00 since the start of the data in 1952. Doing so reveals an adjusted q of 1.51 during Q2. That's relatively high, but well below the record high of 2.23 in this series during Q1-2000.

The Fed: White Dove. Melissa watched Fed Chair Janet Yellen's press conference on CNBC last Wednesday. I was at a meeting with one of our accounts and read the transcript afterwards. Melissa observed that Yellen wore a stark white suit jacket, subliminally projecting her underlying dovish stance on monetary policy. The word "gradual" appeared 14 times during her press conference. (This word appeared as many times during her 6/14 presser.) She signaled one more rate hike before the end of this year and three next year. That's the scenario outlined in Wednesday's Summary of Economic Projections (SEP), reflecting the consensus view of the FOMC participants. That would take the federal funds rate up to 2.25% by the end of 2018. The Fed will let its balance sheet shrink starting in October, but will do so gradually.

Yellen's term as chair of the FOMC expires on February 3, 2018. She could stay on as a Fed Board governor until January 31, 2024. However, she's not expecting to be reappointed or to stay. In her presser, she mentioned that she met with President Donald Trump only once. Twice she said that it will be "up to future policymakers to decide" on the course of monetary policy. (This phrase wasn't mentioned at all in June!) Here are a few other key points she made:

(1) *On inflation*. The word "inflation" was mentioned 68 times by Yellen and those questioning her during the conference. (It appeared 54 and 31 times at the previous two pressers.) She admitted that she and her colleagues are perplexed by why it remains below their 2.0% target despite a tight labor market: "Nonetheless, our understanding of the forces driving inflation is imperfect, and in light of the unexpected lower inflation readings this year, the Committee is monitoring inflation developments closely."

She also said, "This year, the shortfall of inflation from 2 percent, when none of those factors is operative, is more of a mystery, and I will not say that the committee clearly understands what the causes are of that." One of the best and brightest macroeconomists in America is mystified by inflation! Our advice: Janet, order something from Amazon!

Nevertheless, Yellen stubbornly continues to believe that "transitory" factors are keeping a lid on inflation. She observed that the median inflation projections on the FOMC are 1.6% this year, 1.9% next year, and 2.0% in 2019 and 2020.

(2) *On interest rates*. Regarding the federal funds rate, Yellen noted that "the ongoing strength of the economy will [continue to] warrant gradual increases." She said: "That expectation is based on our view that the federal funds rate remains somewhat below its neutral level, that is, the level that is neither expansionary nor contractionary and keeps the economy operating on an even keel. Because the neutral rate currently is quite low by historical standards, the federal funds rate would not have to rise much further to get to a neutral policy stance."

She added: "But because we also expect the federal funds rate to rise over time, additional gradual rate hikes are likely to be appropriate over the next few years to sustain the economic expansion. Even so, the committee continues to anticipate that the longer run neutral level of the federal funds rate is likely to remain below levels that prevailed in previous decades.

"This view is consistent with participant's projections of appropriate monetary policy. The median projection for the federal funds rate is 1.4% at the end of this year, 2.1% at the end of next year, 2.7% at the end of 2019, and 2.9% in 2020. Compared with the projections made in June, the median path for the federal funds rate is essentially unchanged, although the median estimate of the longer run normal value edged down to 2.8%" from 3.0%."

This marks the first time during the current process of normalizing monetary policy that the longer-run federal funds rate target dropped below 3%. It's possible that some of the softening in the projections reflects officials building in a cushion for unintended effects of winding down the Fed's balance sheet.

(3) *On the balance sheet.* Last week's FOMC statement announced that unwinding the Fed's balance sheet will begin in October. This program was described in the 6/14 Addendum to the Policy Normalization Principles and Plans. It will gradually decrease the reinvestments of proceeds from maturing Treasury securities and principal payments from agency securities.

As a result, the Fed's balance sheet will decline "gradually and predictably," according to Yellen. For October through December, the decline in the Fed's securities holdings will be capped at $6 billion per month for Treasuries and $4 billion per month for agencies. These caps will rise gradually over the course of 2018 to maximums of $30 billion per month for Treasuries and $20 billion per month for agency securities and "will remain in place through the process of normalizing the size of our balance sheet."

Movie. "Viceroy's House" (+ + +) (*link*) is the kind of movie my wife and I especially enjoy. It is based on remarkable historical events and personalities with a remarkable cast, direction, and cinematography. This one is about the final Viceroy of India, Lord Mountbatten, who is tasked with overseeing the transition of British India to independence. The challenge is to accomplish it as quickly and smoothly as possible. It happens all too quickly, but not too smoothly. The situation spirals out of control, resulting in a mass migration between India and Pakistan that turns into a human tragedy of epic proportions.

CALENDARS

US. Mon: Dallas Fed Manufacturing Index 12.0, Chicago Fed National Activity Index 0.11, Dudley, Evans, Kashkari. **Tues:** Consumer Confidence Index 120.2, Richmond Fed Manufacturing Index 13, New Home Sales 583k, S&P Corelogic Case-Shiller HPI 0.4%m/m/5.9%y/y, Yellen, Evans.(Bloomberg estimates)

Global. Mon: Germany Ifo Business Climate, Current Assessment, and Expectations Indexes 116.0/124.7/108.0, Japan M-PMI Flash Estimate, Draghi, Kuroda, BOJ Minutes of July Meeting. **Tues:** None. (DailyFX estimates)

STRATEGY INDICATORS

Global Stock Markets Performance (*link*): The US MSCI index rose 0.1% last week, and ranked 29th out of the 49 markets as 29 countries rose in US dollar terms—compared to ninth a week earlier, when it surged 1.6% as 34 countries moved higher. The AC World ex-US index outperformed the US MSCI for the seventh time in 11 weeks, rising 0.5% compared to a 0.7% gain a week earlier. EAFE and EMU performed best last week with gains of 0.7. EMEA was the worst-performing region as it fell 0.5% w/w, followed by EM Latin America (-0.2), EM Asia (0.1), EM Eastern Europe (0.1), and BRIC (0.2). Argentina was the best-performing country with a gain of 4.9%, followed by Pakistan (2.8), Austria (2.4), the Philippines (2.2), and Greece (2.1). Turkey was the worst performer as it fell 4.2%, followed by Peru (-3.9), India (-2.5), and Morocco (-2.1). The US MSCI is up 12.0% ytd, with its ranking down one place w/w to 37th of the 49 markets, and continues to trail the AC World ex-US (19.3) on a ytd basis. Forty-five of the 49 markets are positive ytd, now led by Argentina (54.9), Austria (49.0), Poland (48.6), China (43.3), Turkey (33.7), Hungary (33.5), and Korea (33.3). The worst country performers ytd: Pakistan (-21.1), Russia (-4.5), Israel (-3.2), and Jordan (-1.7). BRIC is the best-performing region ytd with a gain of 33.0%, followed closely by EM Asia (31.9) and ahead of EM Latin America (27.5) and EMU (24.2). The worst-performing regions, albeit with gains: EM Eastern Europe (8.2), EMEA (8.9), and EAFE (17.4).

S&P 1500/500/400/600 Performance (*link*): Last week, all three of these indexes rose for a second straight week and the fourth time in five weeks. SmallCap's 1.6% rise outpaced those of MidCap (0.8%) and LargeCap (0.1). LargeCap ended the week 0.2% below its Wednesday record high, SmallCap 0.1% below its July 25 high, and MidCap 1.3% below its July 25 peak. Seventeen of the 33 sectors rose w/w, compared to 29 rising a week earlier and just one the week of August 11, which was the lowest since September 2016. Last week's biggest gainers: SmallCap Energy (4.9), LargeCap Telecom (3.8), SmallCap Materials (3.5), MidCap Energy (3.4), SmallCap Financials (3.3), SmallCap Industrials (3.3), and MidCap Industrials (3.1). Last week's worst performers: LargeCap Real Estate (-2.8), LargeCap Utilities (-2.8), MidCap Utilities (-2.4), and LargeCap Consumer Staples (-2.3). Twenty-four of the 33 sectors are positive ytd, up from 22 a week earlier as LargeCap (11.8) continues to easily outperform both MidCap (6.5) and SmallCap (4.4). Tech and Health Care dominate the biggest sector gainers ytd: LargeCap Tech (24.8), SmallCap Health Care (22.3), LargeCap Health Care (18.6), MidCap Health Care (18.2), MidCap Tech (16.5), and SmallCap Utilities (15.0). Energy and Telecom dominate the worst performers ytd: MidCap Telecom (-40.1), SmallCap Energy (-33.3), MidCap Energy (-27.0), LargeCap Energy (-10.3), and LargeCap Telecom (-8.5).

S&P 500 Sectors and Industries Performance (*link*): Five of the 11 sectors rose last week, and five outperformed the S&P 500's 0.1% rise. This compares to nine sectors rising a week earlier, when five outperformed the S&P 500's 1.6% gain. Telecom was the best-performing sector for a second week as its 3.8% gain beat these outperforming sectors: Financials (2.6%), Energy (2.0), Industrials (2.0), and Materials (1.0). Real Estate (-2.8) and Utilities (-2.8) were the worst-performing sectors, followed by Consumer Staples (-2.3), Health Care (-1.2), Tech (-0.7), and Consumer Discretionary (-0.1). So far in 2017, nine of the 11 sectors are higher, but only four have outperformed the S&P 500's 11.8% gain. In the latest week, Industrials began to outperform the S&P 500 on a ytd basis and Utilities began to underperform. The best performers in 2017 to date: Tech (24.8), Health Care (18.6), Materials (13.7), and Industrials (12.1). The seven sectors underperforming the S&P 500 ytd: Energy (-10.3), Telecom (-8.5), Real Estate (4.4), Consumer Staples (4.5), Financials (9.4), Utilities (9.5), and Consumer Discretionary (10.1).

Commodities Performance (*link*): Thirteen of the 24 commodities we follow rose last week as the S&P GSCI commodities index rose 0.5%. That compares to 15 commodities rising a week earlier, when the GSCI index rose 2.3%. The week's strongest performers: Lead (5.9%), Feeder Cattle (4.6), Live Cattle (4.1), and Aluminum (3.4). Last week's laggards: Nickel (-6.1), Coffee (-4.9), Silver (-4.1), Sugar (-3.5), and Lean Hogs (-3.2). Industrial metals-related commodities dominate Q3's best performers: Zinc (44.3), Lead (39.2), Copper (33.0), and Aluminum (30.4). Q3's worst performers to date: Cocoa (-33.1), Lean Hogs (-32.0), Sugar (-28.0), and Soybeans (-14.7). Industrial metals-related commodities also dominate the best performers in 2017 so far: Aluminum (27.1), Feeder Cattle (26.0), Lead (24.0), Zinc (18.2), Copper (16.5), and Gold (12.7). This year's laggards: Sugar (-25.0), Natural Gas (-18.9), Lean Hogs (-14.4), Cocoa (-6.7), and Crude Oil (-5.7).

Assets Sorted by Spread w/ 200-dmas (*link*): Spreads between prices and 200-day moving averages (200-dmas) rose last week for 15/24 commodities, 8/9 global stock indexes, and 22/33 US stock indexes compared to 14/24, 6/9, and 28/33 rising a week earlier, respectively. Fourteen commodities trade above their 200-dmas, down from 15 a week earlier. Commodities' average spread weakened w/w to 2.1% from 2.3%. Heating Oil leads all commodities at 13.7% above its 200-dma, followed by Feeder Cattle (13.0%), GasOil (12.7), and Aluminum (12.4). Lead (10.7) performed the best of all commodities and all assets as it improved 6.0ppts w/w. Lean Hogs (-20.5) trades the lowest of all commodities relative to its 200-dma, but Nickel (3.3) fell 6.7ppts last week for the worst performance of all commodities and all assets. The global indexes trade at an average of 6.1% above their 200-dmas, up from 5.5% in the prior week. Eight of the nine global indexes trade above their 200-dmas, up from seven a week earlier as Canada (0.4) turned positive; Canada's 1.8ppt gain w/w was best among its peers. Brazil (15.2) leads the global indexes and all assets, but had the worst performance among its peers as it declined 1.3ppts. The United Kingdom (-0.3) trades the lowest of the global indexes relative to their 200-dmas. The US indexes trade at an average of 1.5% above their 200-dmas, with 24 of the 33 sectors above, up from an average of 1.0% below a week earlier, when 22 sectors were above. LargeCap Consumer Staples (-1.0) turned negative w/w, but these three US indexes turned positive: SmallCap Materials (3.3), MidCap Financials (1.1), and SmallCap Financials (0.5). SmallCap Health Care leads all US stock indexes at 9.9% above its 200-dma, followed by LargeCap Tech (8.9). LargeCap Utilities (3.0) fell 3.2ppts for the worst performance among US assets last week. MidCap Telecom trades 25.6% below its 200-dma, the lowest among the US stock indexes and all assets, followed by SmallCap Energy (-13.7), which surged 5.0ppts for the best performance of the US stock indexes and all asset classes last week.

S&P 500 Technical Indicators (*link*): The S&P 500 index remained in a Golden Cross last week for a 74th week (after 17 weeks in a Death Cross), but both the short-term and long-term technicals deteriorated w/w. The index's 50-day moving average (50-dma) relative to its 200-dma was steady w/w at 3.5% for a third week, and remains near 2017's lowest level. That's down from a 34-month high of 5.4% in early April and compares to a six-month low of 2.0% in early December and a 52-month low of -4.5% in March 2016. The 50-dma and 200-dma both rose together for a fifth straight week, after failing to rise together in mid-August for the first time in 36 weeks. The S&P 500's 50-dma moved higher w/w for a fifth week, after falling briefly for a week in mid-August for the first time in 40 weeks. The index closed above its 50-dma for a fourth week after three weeks below, which was its worst streak since it closed below its 50-dma for 10 straight weeks from September 2016 until the November election. The S&P 500 weakened to 1.3% above its rising 50-dma from a seven-week high of 1.5% above its rising 50-dma a week earlier, which compares to a four-month low of 1.0% below its falling 50-dma in mid-August. These 50-dma readings compare to a 38-week high of 4.8% on December 13, and a 52-month high of 6.2% in March 2016. The S&P 500 edged down to 4.9% above its rising 200-dma from a five-week high of 5.0% a week earlier, which compares to a post-election low of 3.0% above its rising 200-dma in mid-August. That's down from a 38-month high of 9.4% on March 1, but up from an eight-month low of -0.1% immediately before the election.

S&P 500 Sectors Technical Indicators (*link*): Among the 11 sectors, just five improved w/w relative to their 50-dma and 200-dma: Energy, Financials, Industrials, Materials, and Telecom. Eight of the 11 sectors trade above their 50-day moving averages (50-dmas), down from 10 a week earlier as these three joined Consumer Discretionary: Consumer Staples, Real Estate, and Utilities. During mid-August, just three sectors traded above their 50-dmas, matching mid-April's reading, which was the lowest since the election. All 11 sectors had been above their 50-dmas during mid-January, and all 11 were below the week before the election, for the first time since December 11, 2015. The longer-term picture is a tad weaker: Eight of the 11 sectors were above their 200-dmas last week, down from nine a week earlier. Consumer Staples was below its 200-dma for the first time in 33 weeks, Energy was below for a 29th week and Telecom for a 27th week. Nine sectors are in a Golden Cross, with 50-dmas higher than their 200-dmas, unchanged from a week earlier and leaving Energy and Telecom still out of the club. All 11 had been in a Golden Cross during a 21-week streak that ended October 24, the longest such stretch since October 2014. Eight of the 11 sectors have rising 50-dmas, down from 10 a week earlier as Financials turned up w/w and these three started declining: Consumer Discretionary, Consumer Staples, and Real Estate. Nine sectors have rising 200-dmas, unchanged from a week earlier. Energy's 200-dma fell for a 21st straight week and Telecom for a fourth week.

US ECONOMIC INDICATORS

Leading Indicators (*link*): "The August gain is consistent with continuing growth in the U.S. economy for the second half of the year, which may even see a moderate pick up," according to the Conference Board. The Leading Indicators Index (LEI) advanced for the 12th straight month, by 0.4% m/m and 4.4% y/y—the largest yearly gain since June 2015. August's advance once again was broad-based, with seven of the 10 components in the plus column. Jobless claims (-0.11ppt) was the only negative contributor, while stock prices and real core capital goods orders were unchanged. Building permits (0.16ppt)—which was the only negative contributor to July's LEI—was the biggest positive contributor to August's LEI, followed by the interest rate spread (0.12), consumer expectations (0.11), new orders diffusion index (0.10), leading credit index (0.07), average workweek (0.7), and real consumer goods orders (0.01). The Conference Board noted, "While the economic impact of recent hurricanes is not fully reflected in the leading indicators yet, the underlying trends suggest that the current solid pace of growth should continue in the near term."

Coincident Indicators (*link*): August's Coincident Indicators Index (CEI) was unchanged at July's record high. Over the past 17 months, the CEI has posted only one decline—advancing 2.8% over the period. Three of the four components contributed positively last month: 1) Nonfarm payroll employment continues to head straight up to new record highs; it hasn't posted a decline since July 2010. 2) Real personal income—excluding transfer payments—remains on its upswing since stalling in early 2016 at record highs; it's up 2.7% since declining the first two months of 2016. 3) Real manufacturing & trade sales rebounded 1.4% in the four months through August—surpassing the previous high in December. 4) Industrial production fell 0.9%—with Hurricane Harvey accounting for 0.75ppt of the decline. Output had increased in seven of the previous eight months, by a total of 2.7%, to its highest level since the end of 2014.

Regional M-PMIs (*link*): Two Fed districts so far have reported on manufacturing activity for this month—New York and Philadelphia—and they show growth in the sector accelerated for the second month at a robust pace. We average the composite, orders, and employment measures as data become available. The composite index rebounded from 14.7 in July to 24.1 this month, moving back toward February's 31.0—which was the highest reading since July 2004. The New York (to 24.4 from 25.2) gauge held near August's cyclical high, while Philadelphia's (23.8 from 18.9) continued to expand at a robust pace. The new orders gauge expanded markedly for the second month from 7.7 in July to 27.2 this month as bookings in both the New York (24.9 from 20.6) and Philadelphia (29.5 from 20.4) districts accelerated sharply—with the former's at a new cyclical high. The employment measure edged higher for the second month to 8.6 after slowing steadily from April's cyclical high of 16.9 to 7.4 in July. New York (10.6 from 6.2) manufacturers added to payrolls at a faster pace for the second month, while Philadelphia's (6.6 from 10.1) hired at a slower rate for the fifth month.

GLOBAL ECONOMIC INDICATORS

US PMI Flash Estimates (*link*): Private-sector growth slowed this month, but continued to grow at a robust pace. The C-PMI flash estimate slipped to 54.6 after climbing the prior five months from 53.0 in March to a seven-month high of 55.3 in August. The NM-PMI fell for the first time in six months to 55.1 after reaching a two-year high of 56.0 in August, while the M-PMI rose to 53.0, only the second increase since reaching a cyclical high of 55.0 in January. According to the report, service providers enjoyed another hearty rise in new business, leading to solid employment growth and a further increase in the backlog orders. As for the manufacturing sector, output grew only modestly faster than August's 14-month low, while new orders expanded at one of the slowest rates seen over the past year. However, the rate of employment growth was the fastest so far this year, as backlogs continued to increase. Price pressures for the service sector eased slightly from August's 26-month high, while input price inflation for manufacturers was the steepest since December 2012.

Eurozone PMI Flash Estimates (*link*): Growth in the Eurozone in September continued to expand at one of the strongest rates seen over the past six years, according to Markit—led by the manufacturing sector. Meanwhile, inflationary pressures accelerated for the second month, reaching its highest rates since April. September's flash estimate shows the C-PMI climbed from a six-month low of 55.7 in July to 56.7 this month, just shy of April/May's 56.8—which was the best pace since spring 2011. The M-PMI (to 58.2 from 57.4) jumped to a 79-month high, while the NM-PMI (55.6 from 54.7) rose to a four-month high. The outperformance of manufacturing relative to services was the widest since January 2014. According to the report, strength in the manufacturing sector was buoyed by rising exports, with backlogs of orders the highest since February 2011 and suppliers' delivery times the slowest in six and a half years—all reflected in a record rise in employment. By country, C-PMIs for both Germany (57.8 from 55.8) and France (57.2 from 55.2) showed growth accelerated sharply—recording the strongest growth since April 2001 and May 2001, respectively. The manufacturing sector is driving growth, with Germany (60.6 from 59.3) and France (56.0 from 55.8) M-PMIs both at 77-month highs, while Germany's NM-PMI (55.6 from 53.5) was the best in six months and France's (57.1 from 54.9) the best in four months. The rest of the Eurozone saw the slowest growth in six months, though holding around the ytd average. Jobs growth accelerated slightly, while the outlook improved.

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