

# Flash Comment

## OECD leading indicators still point to very strong growth

- OECD's leading indicators for September were released today (*OECD publication*). The data continue to point to very strong growth in coming quarters, but also give the first early signals that momentum may fade a bit around Q1/Q2 2010.
- This is broadly in line with our expectations for global growth. We expect very strong growth in Q4 2009 and Q1 2010, but a soft patch setting in around Q2/Q3 2010.
- For now the leading indicators continue to support risky assets, but we may soon be heading for a period in which the momentum will fade. This has traditionally been a more challenging period for risky assets. It will therefore become increasingly important that we see signs of sustainability in the recovery through a pick-up in employment and consumer confidence, which can underpin final demand.

### Details

For the OECD area as a whole the m/m increase in September was 1.3%, slightly down from 1.4% in the previous three months.

The picture is pretty similar across regions, although China is showing stronger growth than the rest. The profile of strong growth with slight easing of momentum is the same for most regions.

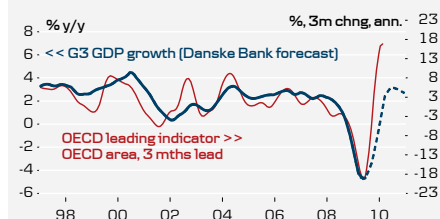
The monthly changes in the leading indicators tend to give a very early signal of where the cycle is heading, as it leads GDP growth and business confidence by about three months. It thus also supports our view of further increases in ISM, Euroland PMI and German Ifo expectations in coming months (see charts overleaf).

For more on the status of the global business cycle see our *Global Business Cycle Monitor*.

OECD leading indicators, Sep, m/m

	Sep	Aug	Jul	Jun
OECD	1.3	1.4	1.4	1.4
US	1.4	1.4	1.5	1.4
Euroland	1.4	1.5	1.6	1.6
Japan	1.3	1.3	1.4	1.3
China	1.6	1.8	1.8	1.8

Still pointing to very strong growth



Source: Reuters Ecowin. G3 covers US, Euroland and Japan

More upside in global PMI

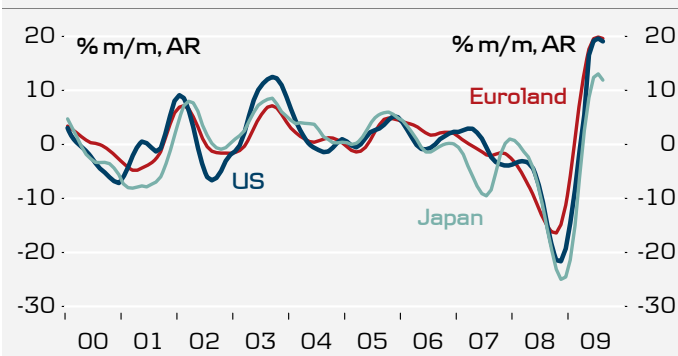


Source: Reuters Ecowin

### Chief Analyst

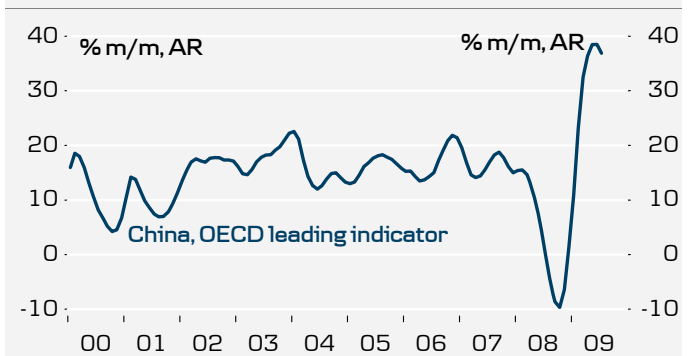
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Momentum is starting to top out in all G3 regions - albeit from very high level



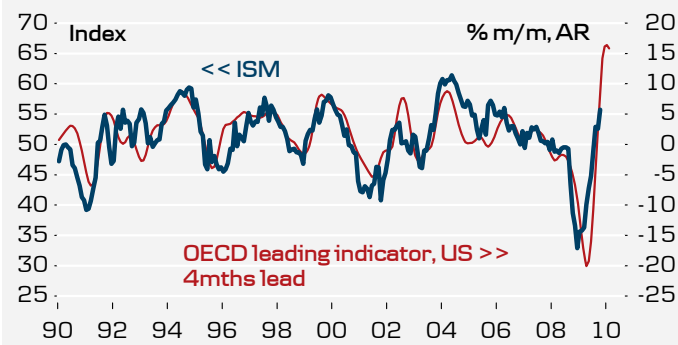
Source: Reuters Ecowin

Same picture in China



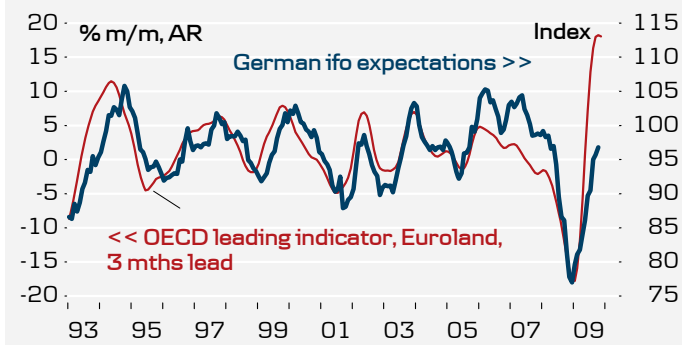
Source: Reuters Ecowin

Leading indicators point to more upside in ISM...



Source: Reuters Ecowin

... as well as in German Ifo expectations



Source: Reuters Ecowin

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