

Charting the Global Economy: Supply Constraints Restrain Growth

B Zoe Schneeweiss, Vince Golle, June 4, 2021

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Supply shortages remain a headwind for otherwise growth in global manufacturing and are also putting upward pressure on prices.

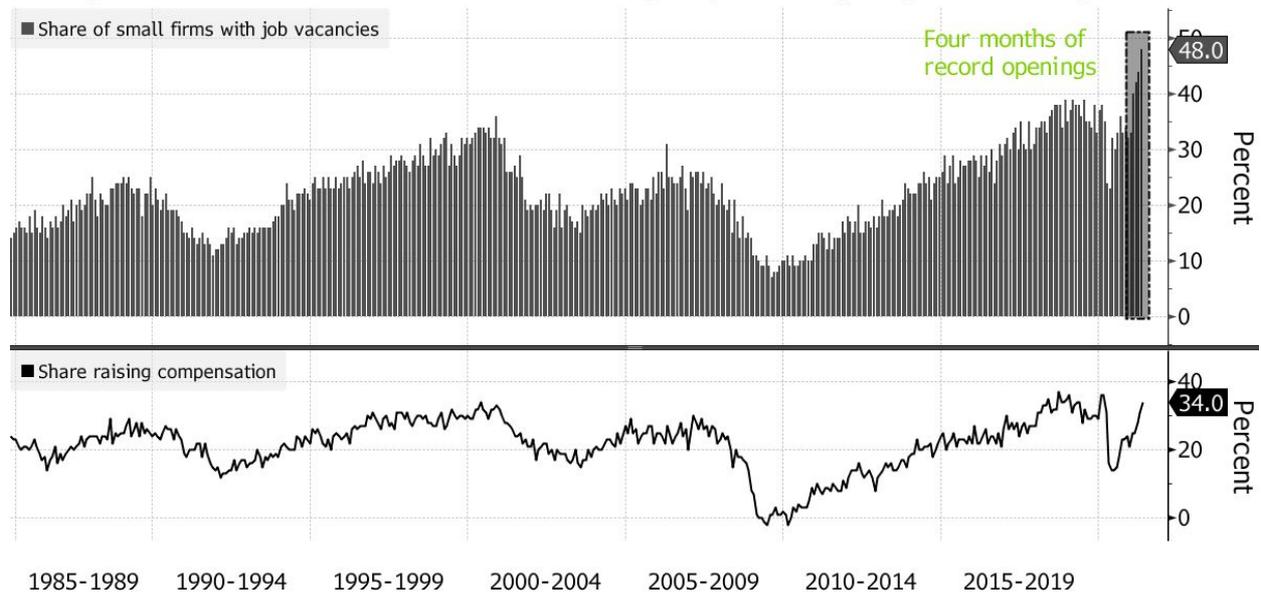
For the U.S. economy, the supply constraints include labor as the closely watched monthly jobs report showed companies are making moderate progress filling a record number of vacancies. Manufacturing in most Asian nations continues to expand, though materials shortages are impeding progress.

Here are some of the charts that appeared on Bloomberg this week on the latest developments in the global economy:

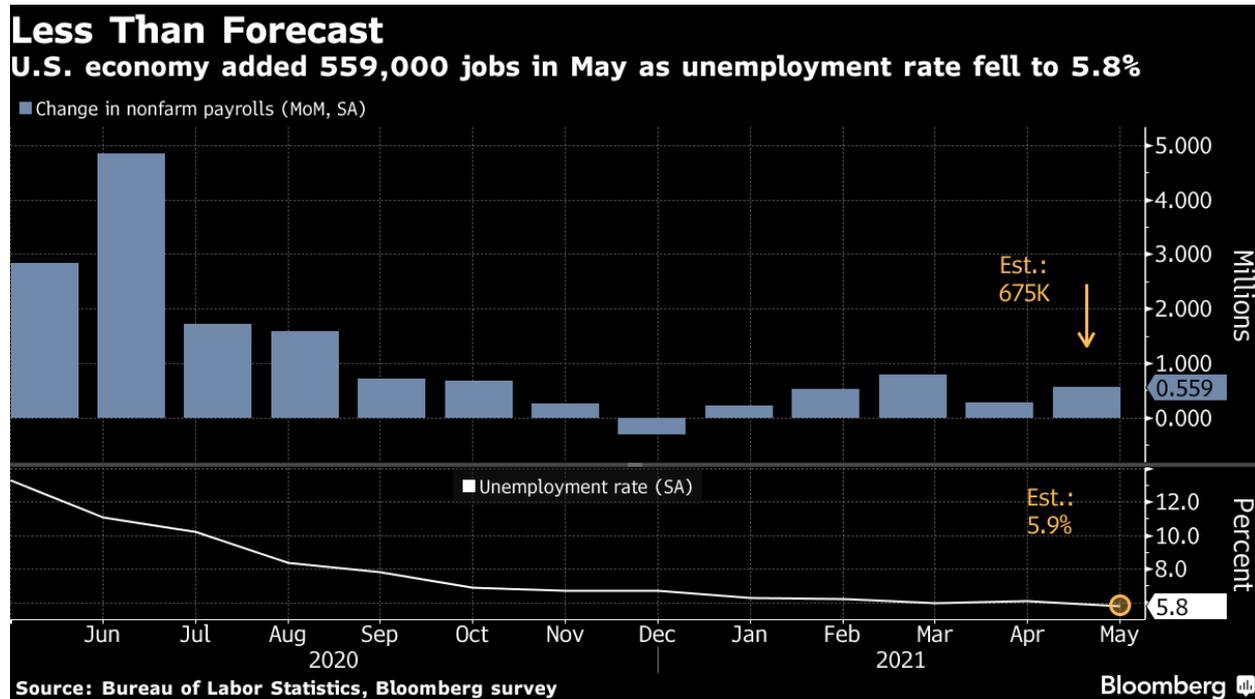
U.S.

Another Fresh High

Nearly half of U.S. small businesses have open positions, wages following



Small-business owners reported a record share of unfilled positions in May, and more firms are boosting wages to attract workers, the latest National Federation of Independent Business data show.



Job growth picked up in May, along with worker pay, signaling firms are making some progress filling a record number of open positions as the economy powers up. The recovery in employment may remain bumpy as childcare obligations, enhanced jobless benefits, skills mismatches and supply shortages impede hiring efforts.

Record Delays

Delivery times for materials used by U.S. manufacturers are longest in data to 1987

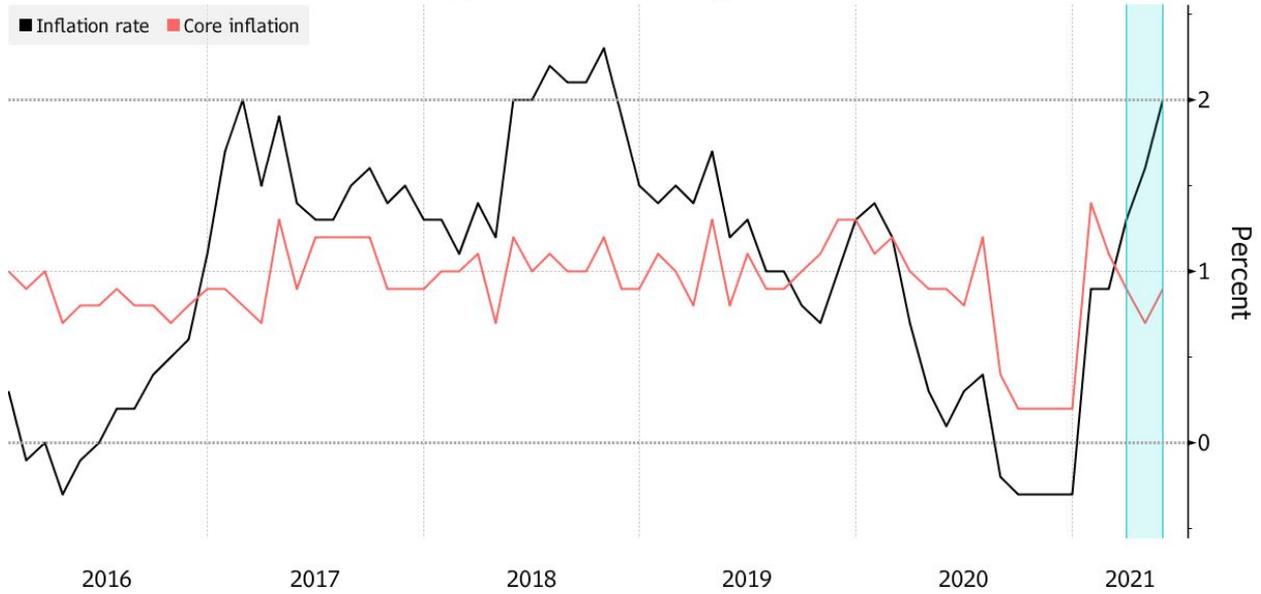
Source: Institute for Supply Management

The supply crunch is tightening its grip on U.S. producers. The average delivery time for materials -- from foam to steel to semiconductors -- increased in May to 85 days, according to the Institute for Supply Management's latest manufacturing report.

Europe

Euro-Area Price Watch

Inflation accelerated 2% in May, but core reading remained subdued

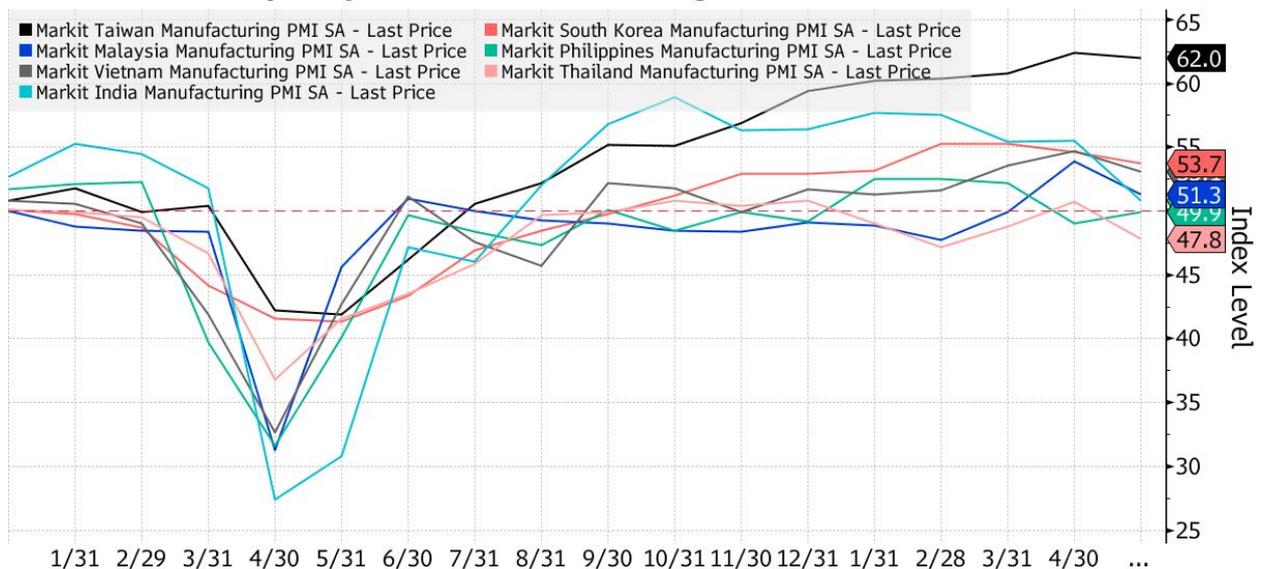


Inflation in the euro area climbed to the highest level in more than two years after economies across the region started to lift coronavirus restrictions and rebounding demand aggravated supply bottlenecks.

Asia

Trade Buffer

Asia factories keep busy even amid virus resurgence

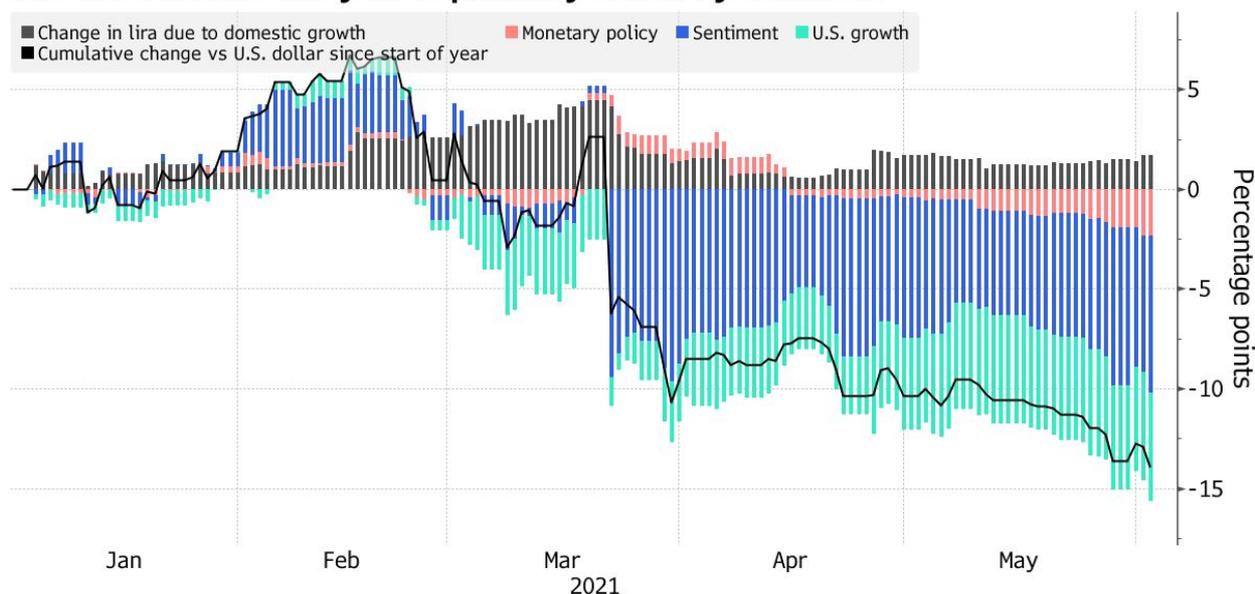


Asia's manufacturing activity continued to advance in May, though at a slightly slower pace, despite flare-ups of Covid-19 around the region that could force some plants to close and weigh on sentiment.

Emerging Markets

Bad Feeling

The lira's decline this year is primarily driven by sentiment



Source: Bloomberg Economics

President Recep Tayyip Erdogan's statement that Turkish interest rates could be cut in July or August points to another dramatic summer for the lira. Deteriorating sentiment has already pushed the lira to a record low and turned what was the best-performing major emerging-market currency until mid-February to the worst, according to Bloomberg Economics.

Surprise Rate Cut

Ghana's central bank unexpectedly lowered its benchmark interest rate

Source: Bloomberg

Note: Mapped data show rate changes for distinct central banks

Ghana's central bank unexpectedly reduced its benchmark interest rate to the lowest in more than nine years to support the recovery of the economy. It's only the second institution in Africa to have cut this year -- most of its peers have left borrowing rates unchanged and a few have even raised them.

Brazil's Bursting Bubbles

Pandemic heats up housing markets after years of declines

Source: Fipezap

Note: 12-month accumulated price variation

A slump in Brazil's real is heating up the high-end housing segment.

World

Remaining Deficit

The ILO fears there'll be a shortfall in job creation due to the pandemic

Source: ILO

The International Labor Organization fears not enough jobs will be created to accommodate those who lost employment as a result of Covid-19, plus new labor-market entrants. The global shortfall is estimated to be 75 million this year, and 23 million in 2022.

— *With assistance by Ziad Daoud, Alexander Weber, Rene Vollgraaff, Andrew Rosati, Jana Randow, Michelle Jamrisko, Enda Curran, and Catherine Bosley*