### Global Economic Outlook

#### US Manufacturing

Production likely to decline during majority of second half of 2019. Total Manufacturing Production up 2.1% from one year ago. N. America light truck production up 2.6%, while passenger car production will generally decline into next year. N. America light vehicle production down 0.5% from year-ago level. Durable segment likely to outperform bondurable segment this cycle.

#### US Exports

Why did the stock market rally when the jobs report was supposedly better than expected? The rally did not make economic sense on the surface. One could argue that this was an expected reaction, given the weak economic data. The market later added number was supposedly better than expected. The market later added number was supposedly better than expected. The exports quarterly growth rate typically leads production through the business cycle by four months and is clearly indicating ongoing downward pressure on the growth rate for the US economy. In fact, since 2000, every time the US exports trend has deceleration in the world industrial production trend into at least early 2020. Hong Kong air freight volume during the second quarter came in 8.2% below the second quarter of 2018. This portends further slowdown in trade prove only a symptom of the current business cycle rather than the beginning of a long-term shift away from the global trade system.

#### Mexican Industrial Production

While exports are not a dominant part of the US economy, the US is still the world's second-largest goods market. Mexico industrial production to grow at a rapid rate next year. Our analysis indicates that growth in 2020 will be mild by comparison to the 2018 acceleration. Mexico manufacturing production, up 1.5% year over year, has been relatively flat in recent months. Meanwhile, Mexico's mining rate are signaling that Mexico's industrial economy will reach the bottom of the business cycle by the end of this year. This presents significant opportunities for growth, the Mexico leading indicator and the Mexico manufacturing capacity utilization trend lines look worse outside the US. World industrial production was up 2.4% during the most recent 12 months and may be a small slice of the pie, but to cast it as irrelevant would be a mistake. On a dollar basis, the US exported $1.67 trillion in goods last year, which is roughly 8.8% of the overall US economy as measured by US gross domestic product.