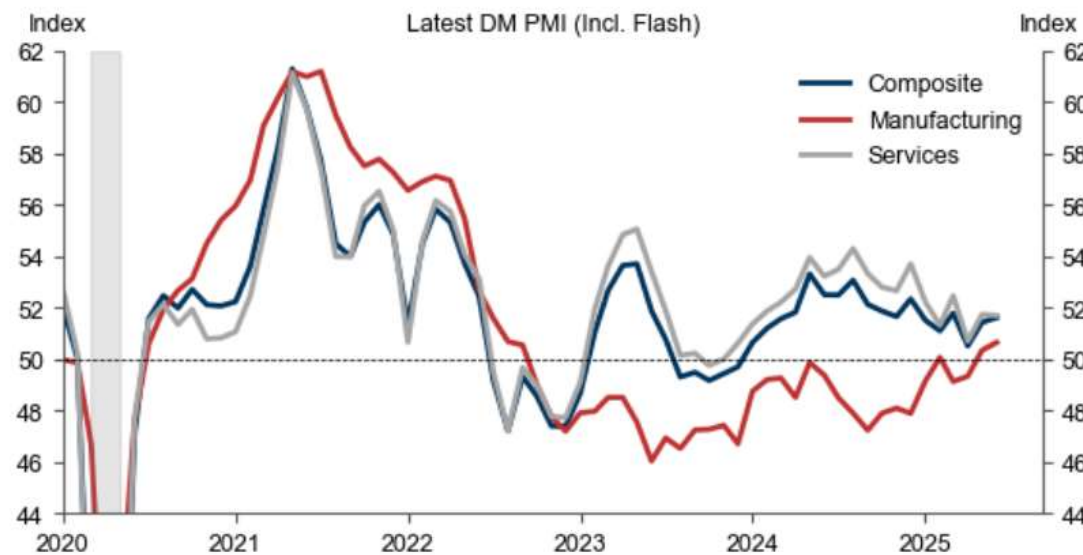


The composite flash PMI ticked up by +0.2pt in June to 51.6, reflecting a gain in the manufacturing component and no change in the services component. US manufacturing output prices rose further in June (+4.8pt to 64.5) but remained stable in other major DMs



Exhibit 2: The DM Composite Flash PMI Ticked Up by +0.2pt in June to 51.6, Reflecting a Gain in the Manufacturing Component (+0.3pt to 50.6) and No Change in the Services Component (51.7)

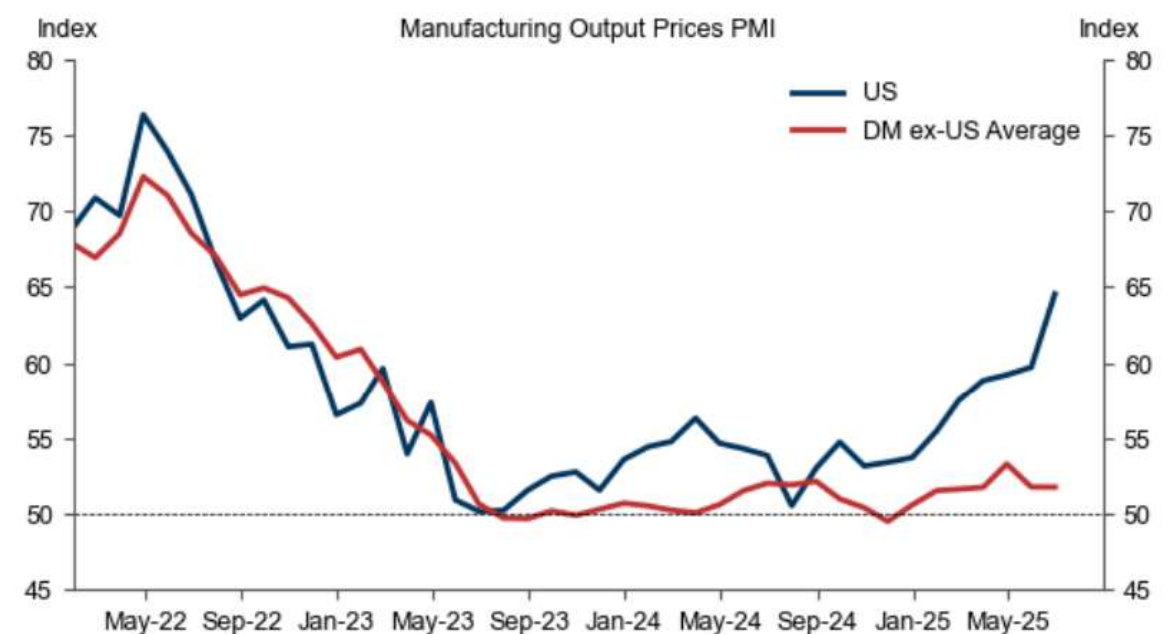


Note: Grey bars denote US recession.

DM is a GDP weighted sum of PMI indices for the US, the Euro area, the UK, Australia, and Japan.

Source: S&P Global, Haver Analytics, Goldman Sachs Global Investment Research

Exhibit 1: US Manufacturing Output Prices Rose Further in June (+4.8pt to 64.5) but Remained Stable in Other Major DMs



Source: S&P Global, Goldman Sachs Global Investment Research

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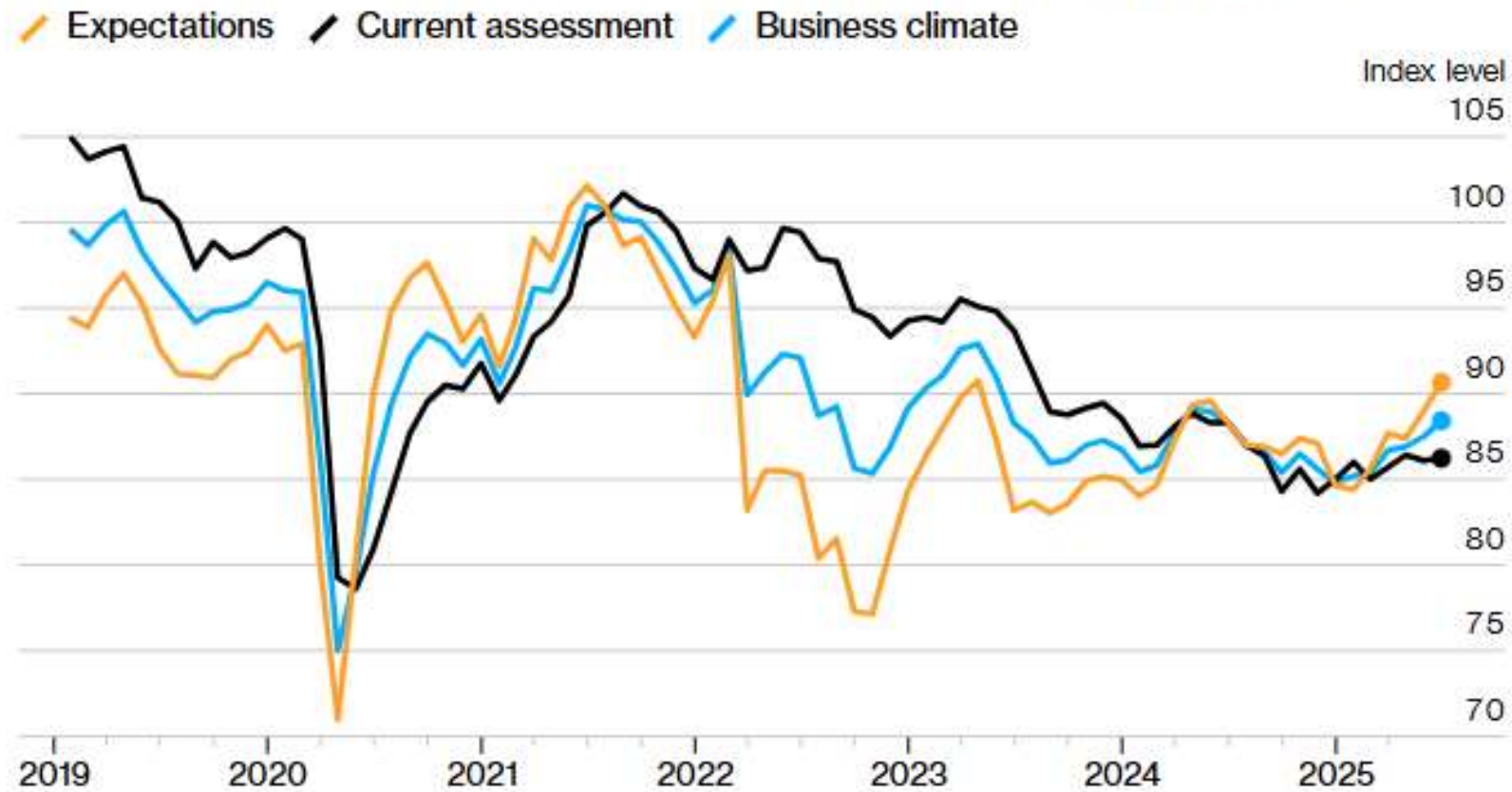
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German companies are the most optimistic about the economy in over two years, driven by an expected boost in public spending



German Business Outlook Jumps to Highest in Two Years



Source: Ifo

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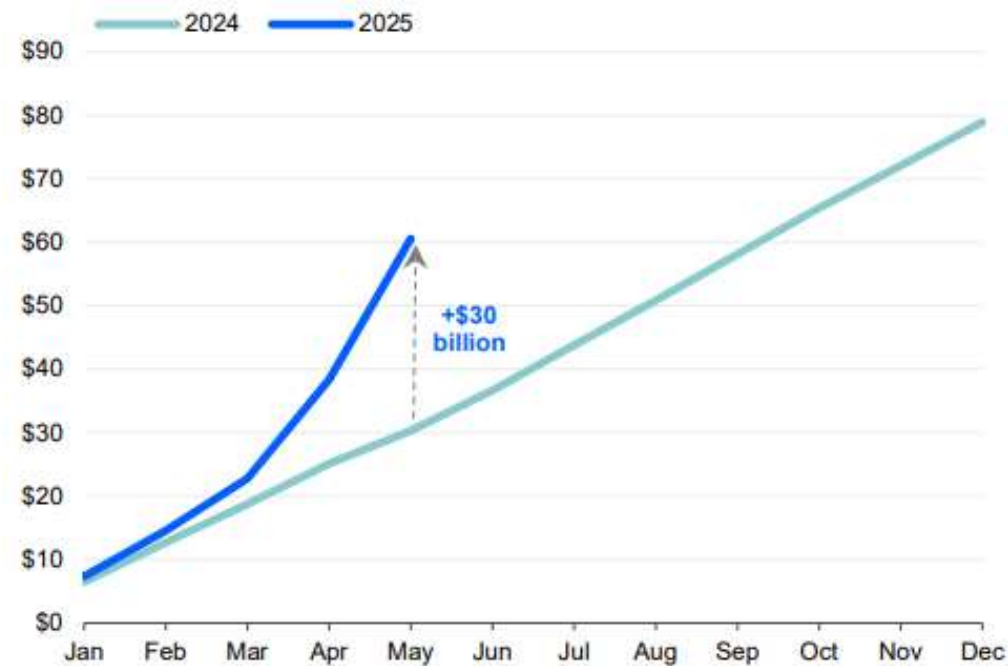
Customs duties collected have grown rapidly to a cumulative \$61 bn (0.2% of GDP) in the first five months of 2025. 75% of manufacturing and service sector businesses facing tariff-induced cost increases passed along at least some of these higher costs to their customers



Exhibit 3

Tariff revenue is surging

Federal customs duties collected year-to-date, in billions

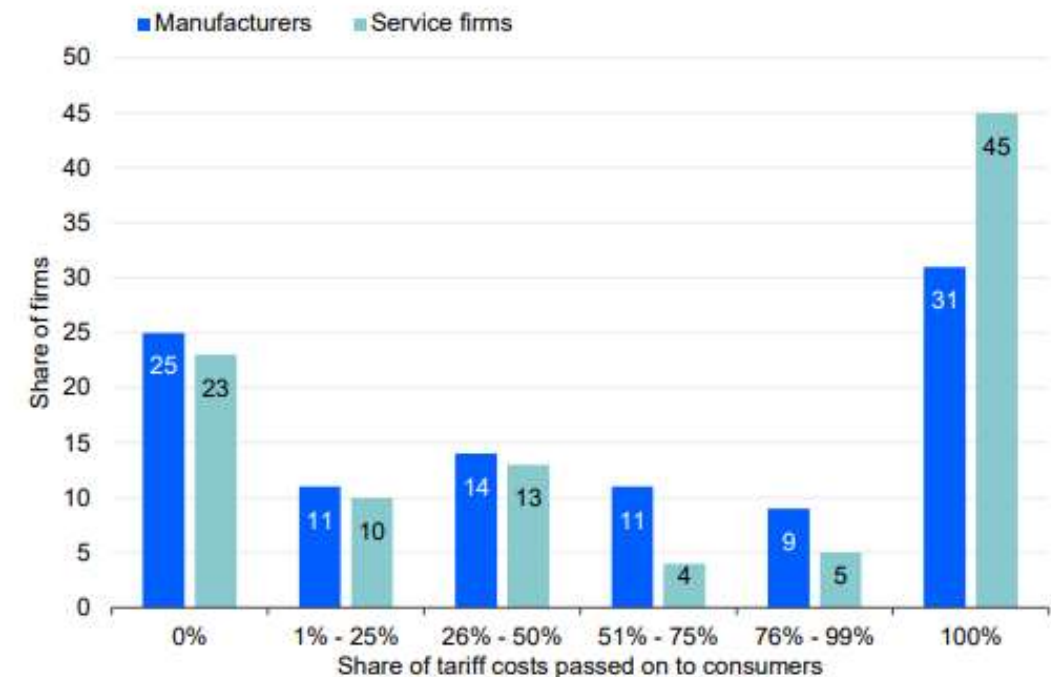


Sources: US Treasury and Moody's Ratings

Exhibit 4

Most firms passed through some or all of tariffs

Share of US businesses passing on tariff costs to consumers by pass-through rate



Sources: Federal Reserve Bank of New York and Moody's Ratings

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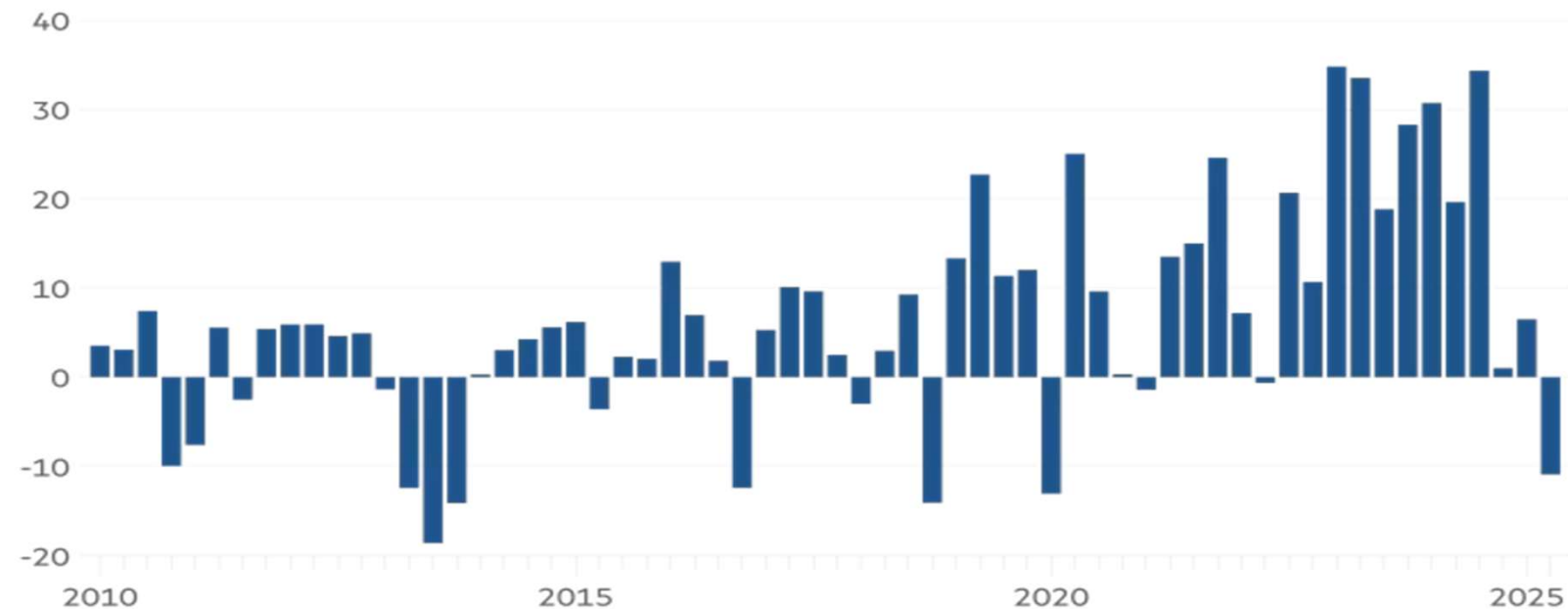
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Investors are fleeing long-term US bond funds at the swiftest rate since the height of the Covid-19 pandemic five years ago as America's soaring debt load tarnishes the appeal of one of the world's most important markets



US long-term bond funds sustain heavy redemptions

Quarterly net flows (\$bn)



Sources: EPFR, FT calculations

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While the US dollar is still expensive, concerns over the US economy from Trump's trade war and broader economic policies could weigh further on the greenback in the coming months. That said a short-term tactical rebound is not excluded



Figure 3: The dollar has been more than 20% expensive vs PPP for 3 years - unprecedented



Source : Refinitiv Eikon Datastream, Deutsche Bank.

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