ECOWEEK

N°20-23

12 June 2020

ECONOMIC RESEARCH DEPARTMENT

BNP PARIBAS

The bank for a changing world

EDITORIAL

CORPORATE LEVERAGE AS A HEADWIND DURING THE RECOVERY

One of the longer-lasting consequences of this crisis is a forced increase in corporate gearing. A high level of corporate leverage can act as a drag on growth. Research shows that firms with higher leverage invest less than others. This reduces the effectiveness of monetary accommodation. Highly indebted companies may also suffer a lasting loss in competitiveness vis-à-vis their better capitalised competitors. It implies that policies aimed at recapitalising companies should have lasting favourable effects on growth.

During the lockdown due to the Covid-19 pandemic, many companies have been confronted with a negative scissors effect: the drop in revenues was significantly bigger than the decline in costs. This forced them to cut costs including letting people go, to run down their cash reserves and to draw on credit lines. It implies that one of the longer-lasting consequences of this crisis is a forced increase in corporate gearing. Quite probably, for many, this phenomenon continues despite the gradual easing of lockdown measures.

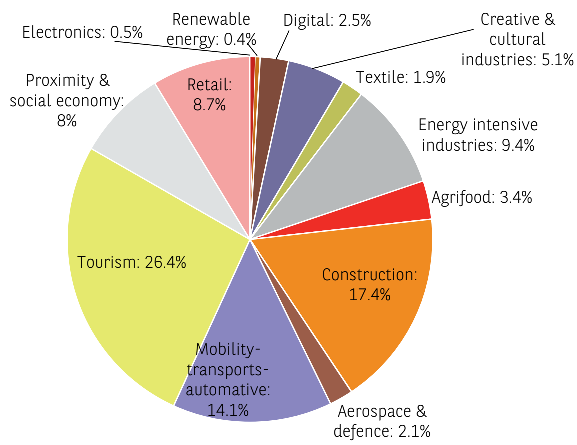
Combining firm-level data analysis and its latest macroeconomic projections, the European Commission concludes that *"total losses to be incurred by firms could exceed EUR 720bn by the end of the year and would increase to above EUR 1.2 trn in the stress scenario."*[1] Many companies would end with insufficient equity, triggering a need for recapitalisation to reduce corporate leverage or to allow for additional borrowing without causing a huge additional increase in gearing. The amount of 'missing equity' is hard to estimate and depends on two buffers: the initial cash reserves and other liquid assets which can be used to cover (part of) the losses. According to the European Commission, after having exhausted these buffers, between 25% and 35% of EU companies would experience a liquidity shortfall, in a range between EUR 350 and 500 bn. It could concern 180 000 – 260 000 companies employing between 25 and 35 million people[2]. Should it become increasingly difficult to cover the liquidity shortfall by means of a combination of recapitalisation and additional borrowing, the problem would spill over to the household sector, via an increase in unemployment.

Although meeting the financing needs would avoid a negative spiral of losses leading to labour shedding, a decline in consumption and more losses for companies, there could still be a drag on growth if corporate leverage stays very high[3]. A key channel of transmission works via corporate investment. Companies with a high gearing could find it difficult to obtain loans to finance investment projects, or could face higher borrowing costs or stricter covenants. Management could also become more cautious so as to avoid that investments, which would end up not meeting expectations, would put the company at risk. However, the opposite arguments can also be made. When interest rates are low, the quest for yield will force investors to accept ever looser lending standards by investing in covenant-lite loans. Managers of highly geared companies might adopt an all-or-nothing attitude and make riskier investments when their compensation depends on share price performance. When the net effect is theoretically ambiguous, empirical research can provide the answer. A Bank of England working paper has found that during the global financial crisis and the recovery phase which followed, cash-rich companies in the UK invested significantly more than cash-poor firms: *"having a liquid balance sheet when the credit cycle turns thus gives firms a competitive edge that lasts far beyond the crisis years"*[4].

1. *Identifying Europe's recovery needs, European Commission staff working document*, SWD(2020) 98 final, Brussels, 27 May 2020
2. In the adverse scenario the shortfall could end up between EUR 650 and 900 bn and concern between 35 and 50% of companies.
3. For an interesting overview of the literature, see Neeltje van Horen, *Covid-19 Briefing: Corporate Balance Sheets*, BankUnderground, Bank of England, 9 June 2020

4. Source: *All you need is cash: corporate cash holdings and investment after the financial crisis*, Bank of England staff working paper n° 843, January 2020.

EUROPEAN UNION: EQUITY LOSSES PER SECTOR (SHARE OF TOTAL LOSSES)



SOURCE: EUROPEAN COMMISSION, BNP PARIBAS

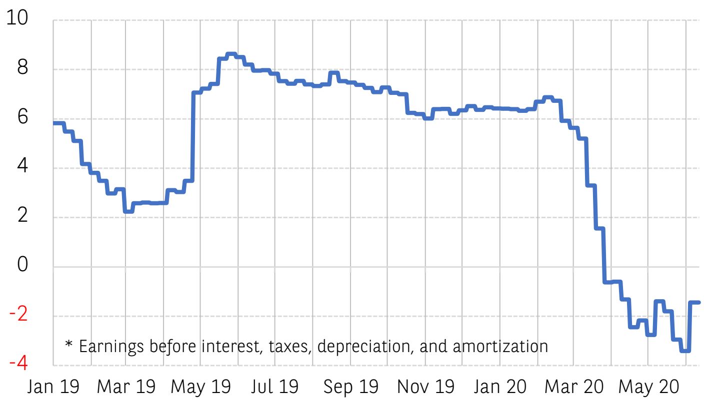
> Policies aimed at recapitalising companies should have lasting favourable effects on growth, by reducing default risk in the short run but, in particular, by giving these companies the oxygen allowing them to invest.

Recent research[5] based on firm-level data shows that during the eurozone sovereign debt crisis, firms with higher leverage reduced their investment more than others, even more so in the peripheral countries. This negative effect lasted for up to four years after the crisis and explains about 40 percent of the observed decline in corporate investment.

These results lead to several conclusions. First, economic shocks can cause a corporate balance sheet recession[6] because a high degree of leverage creates a preference for strengthening the balance sheet rather than investing. A high degree of uncertainty about the outlook would reinforce this attitude. Second, such behaviour reduces the effectiveness of monetary accommodation. Ironically, this effect can be the outcome of an easy monetary policy in previous years which has stimulated companies to increase their gearing. Third, highly indebted companies will suffer a lasting loss in competitiveness vis-à-vis their better capitalised competitors. Fourth, the same applies to cash-strapped companies. Fifth, *"growth-enhancing policies that more directly target the financial conditions of firms may be needed to reduce the debt overhang and stimulate the real economy."*[7] To put it differently, policies aimed at recapitalising companies should have lasting favourable effects on growth, by reducing default risk in the short run but, in particular, by giving these companies the oxygen allowing them to invest. Finally, international differences in terms of starting position and policy reaction can have lasting effects on the competitiveness of countries. All of these points are very much relevant in the current environment.

William De Vijlder

CONSENSUS IBES EBITDA* GROWTH IN % FOR THE NEXT 12 MONTHS FOR EUROZONE COMPANIES



SOURCE: THOMSON REUTERS, BNP PARIBAS

5. Source: *Debt Overhang, Rollover Risk, and Corporate Investment: Evidence from the European Crisis*, Sebnem Kalemli-Özcan, Luc Laeven and David Moreno, January 2020
6. The concept of balance sheet recession was made popular by Richard Koo to explain Japan's Lost Decade after the asset price bubble's collapse in the early nineties.
7. Source: Sebnem Kalemli-Özcan et al., op cit.

MARKETS OVERVIEW

OVERVIEW

Week 5-6 20 to 11-6-20

↘ CAC 40	5 198	▸ 4 816	-7.4	%
↘ S&P 500	3 194	▸ 3 002	-6.0	%
↗ Volatility (VIX)	24.5	▸ 40.8	+16.3	pb
↗ Libor $ 3M (%)	0.31	▸ 0.32	+0.6	bp
↘ OAT 10y (%)	0.05	▸ -0.07	-11.0	bp
↘ Bund 10y (%)	-0.27	▸ -0.42	-14.7	bp
↘ US Tr. 10y (%)	0.91	▸ 0.65	-25.3	bp
↗ Euro vs dollar	1.13	▸ 1.14	+0.6	%
↗ Gold (ounce, $)	1 681	▸ 1 742	+3.6	%
↘ Oil (Brent, $)	42.3	▸ 38.7	-8.6	%

MONEY & BOND MARKETS

Interest Rates		highest 20			lowest 20		
$ FED	0.25	1.75	at	01/01	0.25	at	16/03
Libor 3M	0.32	1.91	at	01/01	0.31	at	08/06
Libor 12M	0.65	2.00	at	01/01	0.62	at	03/06
£ BoE	0.10	0.75	at	01/01	0.10	at	19/03
Libor 3M	0.20	0.80	at	08/01	0.20	at	09/06
Libor 12M	0.56	0.98	at	01/01	0.52	at	11/03

At 11-6-20

Yield (%)		highest 20			lowest 20		
€ AVG 5-7y	0.01	0.72	at	18/03	-0.28	at	04/03
Bund 2y	-0.63	-0.58	at	14/01	-1.00	at	09/03
Bund 10y	-0.42	-0.17	at	19/03	-0.84	at	09/03
OAT 10y	-0.07	0.28	at	18/03	-0.42	at	09/03
Corp. BBB	1.34	2.54	at	24/03	0.65	at	20/02
$ Treas. 2y	0.21	1.59	at	08/01	0.13	at	07/05
Treas. 10y	0.65	1.91	at	01/01	0.50	at	09/03
High Yield	6.79	11.29	at	23/03	5.44	at	21/02
£ gilt. 2y	-0.06	0.61	at	08/01	-0.06	at	11/06
gilt. 10y	0.14	0.83	at	01/01	0.13	at	29/05

At 11-6-20

EXCHANGE RATES

1€ =		highest 20		lowest 20			2020
USD	1.14	1.14	at 09/03	1.07	at	20/03	+1.4%
GBP	0.90	0.94	at 23/03	0.83	at	18/02	+6.2%
CHF	1.07	1.09	at 05/06	1.05	at	14/05	-1.7%
JPY	121.37	124.16	at 05/06	114.51	at	06/05	-0.5%
AUD	1.65	1.87	at 23/03	1.60	at	01/01	+3.3%
CNY	8.05	8.08	at 04/06	7.55	at	19/02	+2.9%
BRL	5.66	6.42	at 13/05	4.51	at	02/01	+25.4%
RUB	79.06	87.95	at 30/03	67.75	at	10/01	+13.4%
INR	86.26	86.26	at 11/06	77.21	at	17/02	+7.7%

At 11-6-20 *Change*

COMMODITIES

Spot price, $		highest 20			lowest 20			2020	2020(€)
Oil, Brent	38.7	69.1	at	06/01	16.5	at	21/04	-41.6%	-42.4%
Gold (ounce)	1 742	1 746	at	20/05	1 475	at	19/03	+14.6%	+13.0%
Metals, LMEX	2 607	2 894	at	20/01	2 232	at	23/03	-8.3%	-9.6%
Copper (ton)	5 742	6 270	at	14/01	4 625	at	23/03	-6.6%	-7.9%
CRB Foods	301	341.5	at	21/01	272	at	27/04	-11.2%	-12.4%
wheat (ton)	191	2.4	at	21/01	190	at	19/05	-16.7%	-17.8%
Corn (ton)	124	1.5	at	23/01	113	at	28/04	-1.7%	-18.5%

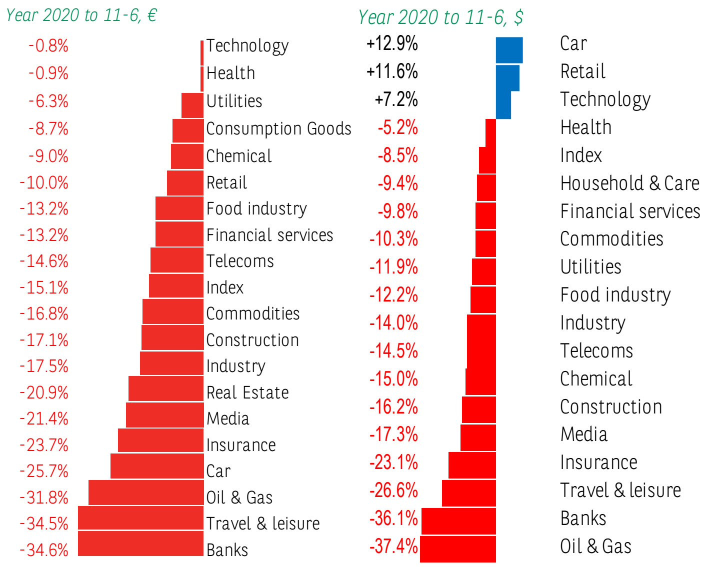
At 11-6-20 *Change*

EQUITY INDICES

	Index	highest 20			lowest 20			2020
World								
MSCI World	2 154	2 435	at	12/02	1 602	at	23/03	-8.7%
North America								
S&P500	3 002	3 386	at	19/02	2 237	at	23/03	-7.1%
Europe								
EuroStoxx50	3 145	3 865	at	19/02	2 386	at	18/03	-16.0%
CAC 40	4 816	6 111	at	19/02	3 755	at	18/03	-1.9%
DAX 30	11 970	13 789	at	19/02	8 442	at	18/03	-9.7%
IBEX 35	7 278	10 084	at	19/02	6 107	at	16/03	-2.4%
FTSE100	6 077	7 675	at	17/01	4 994	at	23/03	-1.9%
Asia								
MSCI, loc.	919	1 034	at	20/01	743	at	23/03	-0.9%
Nikkei	22 473	24 084	at	20/01	16 553	at	19/03	-5.0%
Emerging								
MSCI Emerging ($)	994	1 147	at	17/01	758	at	23/03	-1.1%
China	85	90	at	13/01	69	at	19/03	-0.6%
India	471	609	at	17/01	353	at	23/03	-15.5%
Brazil	1 574	2 429	at	02/01	1 036	at	23/03	-18.0%
Russia	629	857	at	20/01	419	at	18/03	-13.6%

At 11-6-20 *Change*

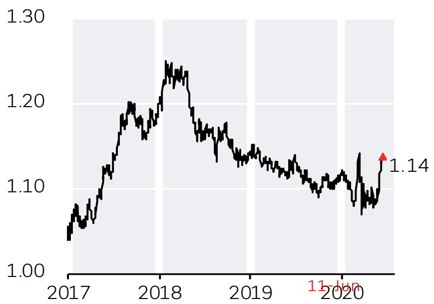
PERFORMANCE BY SECTOR (EUROSTOXX 50 & S&P500)



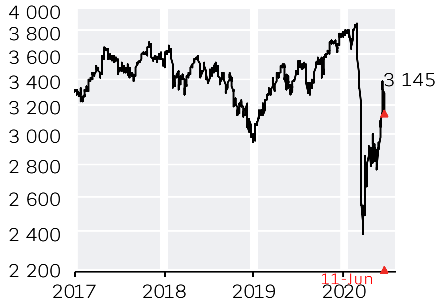
SOURCE: THOMSON REUTERS

MARKETS OVERVIEW

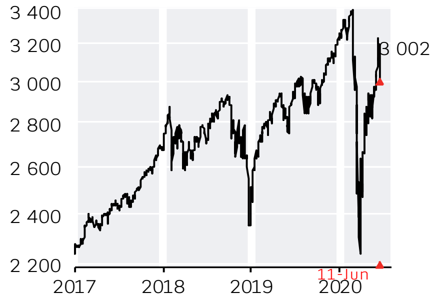
EURO-DOLLAR



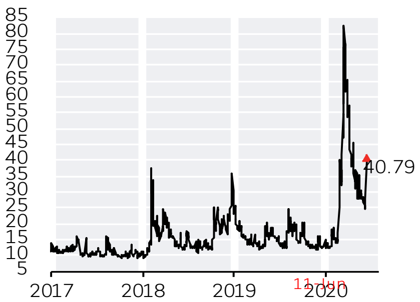
EUROSTOXX50



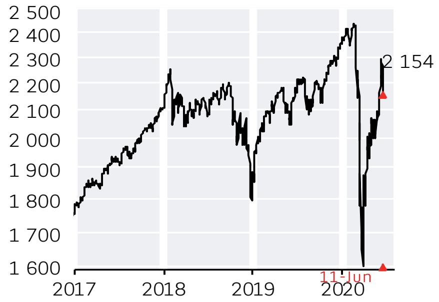
S&P500



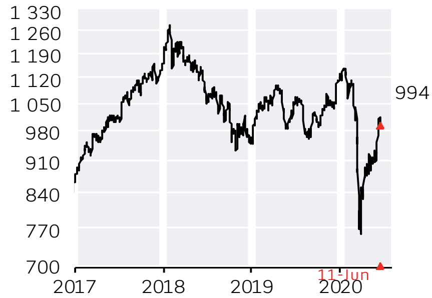
VOLATILITY (VIX, S&P500)



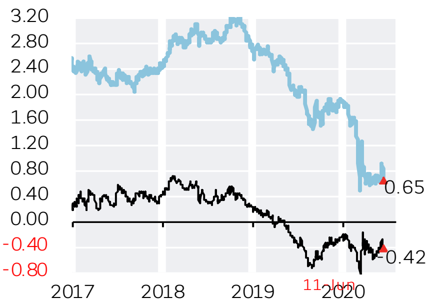
MSCI WORLD (USD)



MSCI EMERGING (USD)

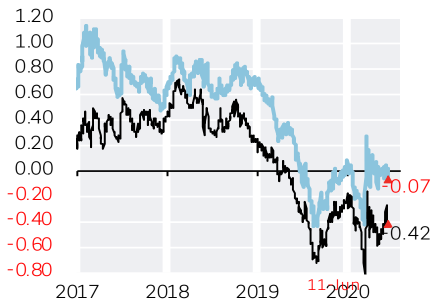


10Y BOND YIELD, TREASURIES VS BUND



—Bunds —US Treasuries

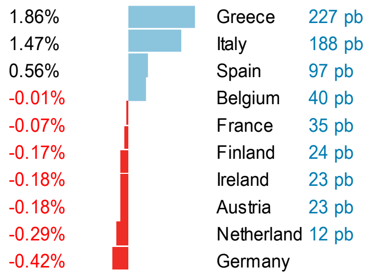
10Y BOND YIELD



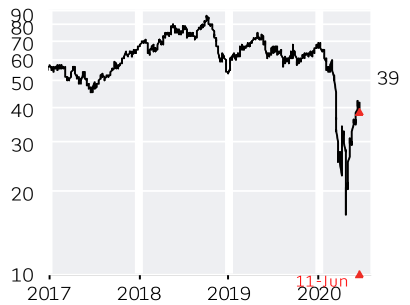
—Bunds —OAT

10Y BOND YIELD & SPREADS

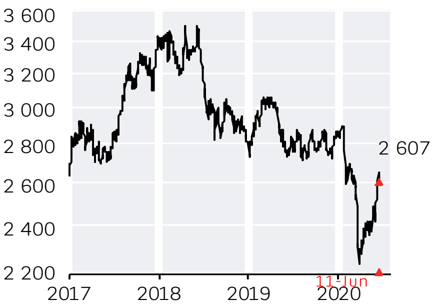
Week 5-6 20 to 11-6-20



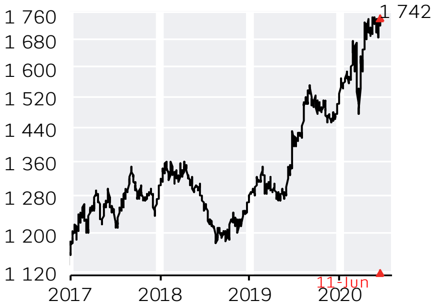
OIL (BRENT, USD)



METALS (LMEX, USD)



GOLD (OUNCE, USD)



SOURCE: THOMSON REUTERS

ECONOMIC PULSE

UNITED STATES : WIDESPREAD DECLINE

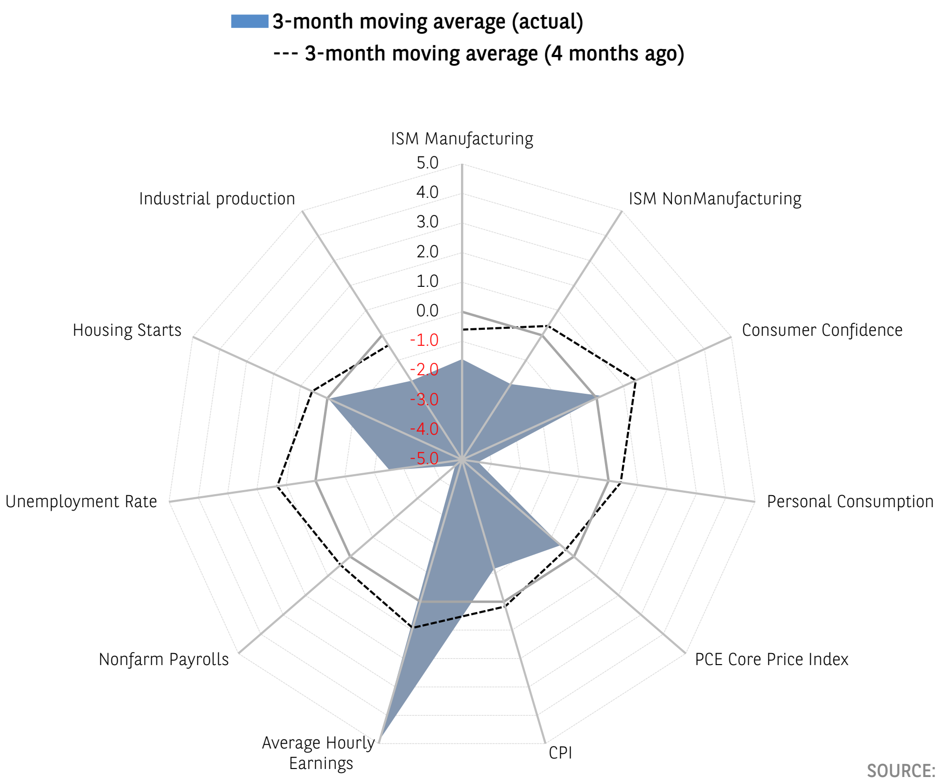
There were no exceptions. As expected, the US economic barometer, which covers all or part of the data available through May 2020, is signalling the worst recession to have hit the United States since 1946.

Slammed by protective measures to combat the Coronavirus pandemic, household consumption collapsed (-29.1% in April). Given its weighting as a share of GDP (70%), this confirms that the world's largest economy has plunged headlong into the crisis, after showing some resilience through early spring. According to the Federal Reserve Bank of Atlanta, GDP may have contracted 15% in Q2 (or an annualised rate of 48%), comparable to the downturn expected in the eurozone. Although unemployment slipped from 14.7% of the activity population to 13.3% in May, feeding hopes of a recovery, the figures are still bad in absolute terms and must be interpreted with caution (unemployment was probably underestimated due to incomplete data collection).

The Federal Reserve, which held its monetary policy committee meeting on Wednesday, is interpreting these figures cautiously, and qualified the pace of the recovery in the United States as "extraordinarily uncertain".

Jean-Luc Proutat

QUARTERLY CHANGES



SOURCE: THOMSON REUTERS, BNP PARIBAS

The indicators in the radar and surprise charts are all transformed into z-scores. By construction, the z-scores have mean zero and their values, which indicate how far the indicator is removed from its long-term average, are in the interval between -3 and 3 in almost all cases. In the radar chart, the blue area shows the actual conditions of economic activity. It is compared with the situation four months earlier (dotted-line). An expansion of the blue area signals an improvement. In the right pane, the surprise is an actual outcome that differs from the market forecast.

ITALY: A VERY FRAGILE RECOVERY

The chart below incorporates data that largely covers the lockdown period and thus continues to display historically low averages.

Industrial output and retail sales both plunged in April – by 19.1% and 10.5%, respectively on a month-on-month basis – bringing the average for the past three months to -42.7% and -28.8%. Furthermore, the latest labour market figures show a misleading decline in the unemployment rate of 6.3% in April. Indeed, this was due to a record contraction in the labour force (-757,975); employment also fell sharply (-274,080). The Italian statistics office (Istat) did not provide an explanation to this drop in the labour force but it acknowledges some difficulties in conducting the survey due to the sanitary measures. Job seekers may have been discouraged by lockdown measures and the impossibility to go to employment agencies, which temporarily led to this fall in the labour force. This trend should reverse in the coming months.

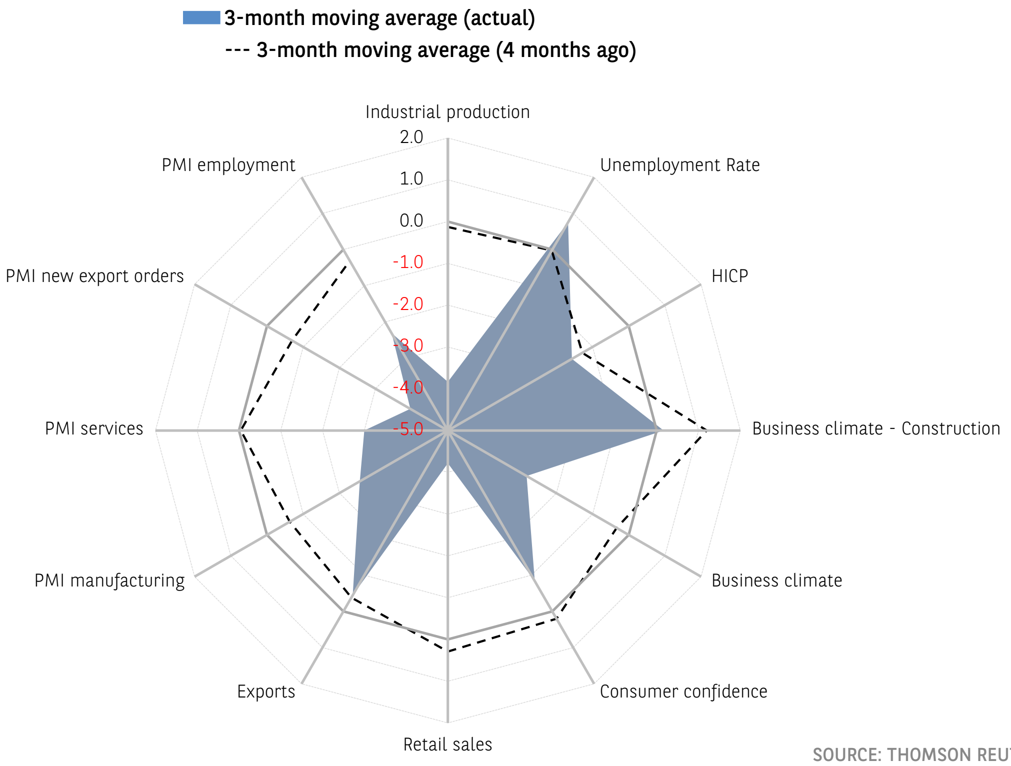
The more timely surveys confirm that the economy has recovered very gradually since May, in line with the easing in business restrictions. The composite purchasing managers index (PMI) improved from 10.9 in April to 33.9 in May, but remains deep in contraction territory. The services PMI rose only from 10.8 to 28.9. Economic activity should continue to recover as the pandemic regresses in both Italy and Europe. Italy has reopened its borders to European tourists since 3 June.

Nonetheless, the OECD in its latest Economic Outlook forecasts a 11.3% decline in Italian GDP in 2020, based on its most optimistic scenario (a single wave of the virus) and a 14% decline under a worst-case scenario (second wave of the virus). In 2021, the rebound would be 7.7% and 5.3%, respectively.

Note: The European Commission business climate and household confidence data were not available for Italy in April. The average is calculated using the results for March and May.

Guillaume Derrien

QUARTERLY CHANGES



SOURCE: THOMSON REUTERS, BNP PARIBAS

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ECONOMIC SCENARIO

UNITED STATES

- The economy is increasingly impacted by the spreading of the coronavirus and concern is mounting about the increase in the unemployment rate, which will weigh on consumer spending. This explains the very significant measures taken by the Federal Reservend those announced by the Administration. In addition the Administration is preparing a new package of measures. Clearly, the near term prospects depend on how the epidemic evolves. Once we will be beyond the peak, the measures taken thus far will be instrumental in supporting the recovery in demand and activity.

CHINA

- Economic activity fell abruptly in February, the first month of the lockdown, and real GDP contracted by an unprecedented 6.8% y/y in Q1 2020. Since March, activity has been recovering gradually, though more rapidly on the supply side and in the industry than on the demand side and in services. The authorities have loosened their monetary and fiscal policies gradually. Credit conditions are expected to continue to be eased cautiously given the already excessive debt burden of the economy. Meanwhile, the fiscal leeway remains large and public investment growth should accelerate further. Downside risks on our 2020 scenario are significant. On the external front, they are due to the vulnerability of the Chinese manufacturing sector to global trade weakening and US protectionism.

EUROZONE

- The huge impact of the coronavirus epidemic is becoming increasingly visible in activity and demand data, following lockdowns, but also in confidence data and business expectations. The first semester will be significantly affected although the extent depends on when the epidemic will be brought under control. Taking guidance from the experience in China, the second semester should see an improvement in activity, which should be helped by the huge support measures which are being taken. Forecasts are entirely dependent on the scenario which is assumed for the epidemic.

FRANCE

- The recessionary shock triggered by the Covid-19 pandemic and ensuing lockdown measures is massive. After an already historic fall of 5.3% q/q in Q1, Q2 GDP plunge could reach 20% q/q according to the INSEE. However, as a result of the first phase of the deconfinement, some green shoots of the recovery are visible in May business surveys. The recovery is expected to gain momentum, but only progressively as it spreads to all sectors of activity. Not all of them are in the same boat in terms of catching up and getting back to normal. Our new growth scenario incorporates a deeper trough in activity followed by a shallower rebound. After responding to the emergency with relief measures, support for the economy is changing. Sectoral measures have already been identified (tourism, automobile); the global stimulus package, currently being drawn up, is announced for September.

INTEREST RATES AND FX RATES

- In the US, the Federal Reserve has taken, in several meetings, a host of measures to inject liquidity in the financial system and facilitate the financing of companies. The federal funds rate has been brought down to the zero lower bound and QE has been restarted. Additional measures are to be expected should the economic and liquidity situation deteriorate further. Treasury yields have seen initially a big drop, reflecting a flight to safety but have also been very volatile. More recently yields have increased on the back of expectations of a pick-up in activity once the lockdown eases and due to increased bond supply. We expect this trend to continue.
- In the eurozone, the ECB has taken considerable measures to inject liquidity by starting and subsequently extending a temporary Pandemic Emergency Purchase Programme, expanding the range of eligible assets under the corporate sector purchase programme (CSPP) to non-financial commercial paper and by easing the collateral standards by adjusting the main risk parameters of the collateral framework. More is to be expected should circumstances require. These measures should also keep a lid on sovereign bond spreads. The movement of bond yields will be very much influenced by what happens to US yields, and hence, in the near term, by news about the epidemic.
- The Bank of Japan has kept its policy rate unchanged but has decided to double its purchases of ETFs and J-REITS (Investment funds tied to Japanese real estate). The target for its corporate bonds purchases has also been increased.
- We expect the recent trend of dollar weakening to continue due to hedging behaviour and a view that the ECB action will be successful in avoiding market fragmentation and in supporting the economy.

GROWTH & INFLATION

	GDP Growth**			Inflation		
%	2019	2020 e	2021 e	2019	2020 e	2021 e
United-States	2.3	-6.6	5.8	1.6	1.2	2.2
Japan	0.7	-5.0	2.1	0.5	-0.2	-0.2
United-Kingdom	1.4	-8.8	5.4	1.8	0.7	1.7
Euro Area	1.2	-9.2	5.8	1.2	0.2	1.2
Germany	0.6	-6.0	5.3	1.4	0.5	1.4
France	1.3	-11.1	5.9	1.3	0.3	1.3
Italy	0.2	-12.1	6.1	0.6	-	-
Spain	2.0	-12.5	6.3	0.7	-0.2	1.3
China	6.1	2.5	8.1	2.9	3.1	2.0
India*	6.1	2.7	5.2	3.0	3.8	3.5
Brazil	1.1	-7.0	4.0	3.7	2.5	3.0
Russia	1.3	-6.5	3.5	4.3	3.3	3.5

SOURCE: BNP PARIBAS GROUP ECONOMIC RESEARCH (E: ESTIMATES & FORECASTS)
*FISCAL YEAR FROM 1ST APRIL OF YEAR N TO MARCH 31ST OF YEAR N+1
**LAST UPDATE 01/06/2020

INTEREST & EXCHANGE RATES

Interest rates, %		2019		2020						
End of period		Q3	Q4	Q1	Q2e	Q3e	Q4e	2019	2020e	2021e
US	Fed Funds (upper limit)	2.00	1.75	0.25	0.25	0.25	0.25	1.75	0.25	0.25
	T-Notes 10y	1.67	1.92	0.67	0.80	1.00	1.25	1.92	1.25	1.50
Ezone	Deposit rate	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
	Bund 10y	-0.57	-0.19	-0.46	-0.50	-0.30	-0.20	-0.19	-0.20	0.00
	OAT 10y	-0.28	0.08	-0.05	-0.15	0.00	0.05	0.08	0.05	0.20
	BTP 10y	0.83	1.32	1.55	1.30	1.20	1.10	1.32	1.10	1.10
	BONO 10y	0.15	0.47	0.68	0.50	0.50	0.50	0.47	0.50	0.60
UK	Base rate	0.75	0.75	0.10	0.10	0.10	0.10	0.75	0.10	0.10
	Gilts 10y	0.40	0.83	0.31	0.55	0.85	0.90	0.83	0.90	1.10
Japan	BoJ Rate	-0.06	-0.05	-0.07	-0.10	-0.10	-0.10	-0.05	-0.10	-0.10
	JGB 10y	-0.22	-0.02	0.02	0.00	0.00	0.05	-0.02	0.05	0.15

LAST UPDATE: 20/03/2020

Exchange Rates		2019		2020						
End of period		Q3	Q4	Q1	Q2e	Q3e	Q4e	2019	2020e	2021e
USD	EUR / USD	1.09	1.12	1.10	1.09	1.10	1.12	1.12	1.12	1.17
	USD / JPY	108	109	108	104	102	100	109	100	95
	GBP / USD	1.23	1.32	1.24	1.24	1.26	1.29	1.32	1.29	1.38
	USD / CHF	1.00	0.97	0.97	0.97	0.96	0.96	0.97	0.96	0.92
EUR	EUR / GBP	0.89	0.83	0.89	0.88	0.87	0.87	0.83	0.87	0.85
	EUR / CHF	1.09	1.09	1.06	1.06	1.06	1.07	1.09	1.07	1.08
	EUR / JPY	118	122	118	113	112	112	122	112	111

LAST UPDATE: 12/05/2020

SOURCE: BNP PARIBAS GLOBAL MARKETS (E: ESTIMATES)

CALENDAR

LATEST INDICATORS

In Japan, the huge drop in machine orders in April is a reminder of the severity of the recession but in May sentiment of analysts about the economy improved. In the eurozone, the revised estimate shows 1st quarter growth was less bad than initially thought. In the US, small business sentiment improved somewhat but the message from the FOMC was very cautious with Chairman Powell emphasizing that he was not even thinking about starting to think about when there would be a need to hike rates. In France, the Banque de France industrial sentiment index saw a big improvement in May, reflecting the influence of the easing of the lockdown.

DATE	COUNTRY	INDICATOR	PERIOD	ACTUAL	PREVIOUS
06/08/2020	Japan	GDP Annualized SA QoQ	1Q	-2.2%	-3.4%
06/08/2020	Germany	Industrial Production WDA YoY	April	-25.3%	-11.3%
06/08/2020	Japan	Eco Watchers Survey Outlook SA	May	36.5	16.6
06/09/2020	France	Trade Balance	Apr	-5021m	-3223m
06/09/2020	Eurozone	Employment QoQ	1Q	-0.2%	-0.2%
06/09/2020	Eurozone	GDP SA QoQ	1Q	-3.6%	-3.8%
06/09/2020	United States	NFIB Small Business Optimism	May	94.4	90.9
06/10/2020	Japan	Core Machine Orders YoY	April	-17.7%	-0.7%
06/10/2020	China	PPI YoY	May	-3.7%	-3.1%
06/10/2020	China	CPI YoY	May	2.4%	3.3%
06/10/2020	France	Industrial Production MoM	April	-20.1%	-16.2%
06/10/2020	Eurozone	OECD Publishes Economic Outlook			
06/10/2020	United States	MBA Mortgage Applications	June	9.3%	-3.9%
06/10/2020	United States	CPI Ex Food and Energy YoY	May	1.2%	1.4%
06/10/2020	United States	FOMC Rate Decision (Upper Bound)	June	0.25%	0.25%
06/10/2020	China	Aggregate Financing CNY	May	3190.0b	3094.1b
06/11/2020	France	Private Sector Payrolls QoQ	1Q	-2.5%	-2.3%
06/11/2020	France	Bank of France Ind. Sentiment	May	83	50
06/11/2020	United States	PPI Ex Food and Energy YoY	May	0.3%	0.6%
06/11/2020	United States	Initial Jobless Claims	June	1542k	1897k
06/12/2020	France	CPI EU Harmonized YoY	May	0.4%	0.2%
06/12/2020	Eurozone	Industrial Production WDA YoY	April	-28.0%	-13.5%
06/12/2020	United States	University of Michigan. Sentiment	June	78.9	72.3

SOURCE: BLOOMBERG

CALENDAR: THE WEEK AHEAD

COMING INDICATORS

In China several data will allow to assess the economic situation in May. The US will see the publication of housing market data (permits, starts, NAHB index) as well as industrial production and retail sales. The Philadelphia business outlook for June is eagerly awaited. The schedule is rather light in terms of European data: car registrations, inflation, ZEW survey. Finally, we also have the meetings fo the Bank of Japan and the Bank of England.

DATE	COUNTRY	INDICATOR	PERIOD	CONSENSUS	PREVIOUS
06/15/2020	China	Industrial Production YTD YoY	May	-2.8%	-4.9%
06/15/2020	China	Retail Sales YTD YoY	May	-11.9%	-16.2%
06/15/2020	China	Property Investment YTD YoY	May	-0.8%	-3.3%
06/15/2020	China	Fixed Assets Ex Rural YTD YoY	May	-6.0%	-10.3%
06/15/2020	United States	Empire Manufacturing	June	-32.5	-48.5
06/16/2020	Germany	ZEW Survey Expectations	June	--	51.0
06/16/2020	Eurozone	ZEW Survey Expectations	June	--	46.0
06/16/2020	United States	Retail Sales Control Group	May	--	-15.3%
06/16/2020	United States	Industrial Production MoM	May	2.8%	-11.2%
06/16/2020	United States	NAHB Housing Market Index	June	43	37
06/16/2020	Japan	BoJ Policy Balance Rate	June	--	-0.100%
06/17/2020	Japan	Exports YoY	May	--	-21.9%
06/17/2020	Eurozone	EU27 New Car Registrations	May	--	-76.3%
06/17/2020	Eurozone	CPI Core YoY	May	--	0.9%
06/17/2020	United States	Building Permits MoM	May	14.9%	-20.8%
06/17/2020	United States	Housing Starts MoM	May	23.5%	-30.2%
06/18/2020	United Kingdom	Bank of England Bank Rate	June	--	0.100%
06/18/2020	United States	Philadelphia Fed Business Outlook	June	-27.5	-43.1
06/18/2020	United States	Initial Jobless Claims	June	--	--
06/19/2020	Japan	Natl CPI Ex Fresh Food, Energy YoY	May	--	0.2%
06/19/2020	United Kingdom	Retail Sales Ex Auto Fuel MoM	May	--	-15.2%

SOURCE: BLOOMBERG

FURTHER READING

Southern Europe: sharp increase in the cost of risk	EcoTV Week	12 June 2020
India: Unemployment surges in May	Chart of the Week	10 June 2020
Global: COVID-19: Key measures taken by governments and central banks (update)	EcoFlash	10 June 2020
Spain: Hopes of a green recovery	EcoFlash	9 June 2020
Global: Does forecast uncertainty matter? It depends	EcoWeek	5 June 2020
Global: Purchasing managers' indices have troughed but the level remains low	EcoWeek	5 June 2020
Turkey: Resilience ahead	EcoTV Week	5 June 2020
Eurozone : Fastest broad money growth since 2009	Chart of the Week	3 June 2020
Global: COVID-19: Key measures taken by governments and central banks (update)	EcoFlash	3 June 2020
European Union: After an ambitious proposal, preparing for difficult negotiations	EcoWeek	29 May 2020
Eurozone: First signs of a timid turnaround	EcoWeek	29 May 2020
France: slightly brighter skies in May	EcoTV Week	29 May 2020
Covid-19, unemployment, human capital and households' balance sheet	Podcast	28 May 2020
Eurozone: At the trough?	Chart of the Week	27 May 2020
Global: COVID-19: Key measures taken by governments and central banks (update)	EcoFlash	27 May 2020
Dual economic shock in the Gulf: risks and prospects	EcoTV Week	25 May 2020
Central European economies should not avoid a recession in 2020	Chart of the Week	20 May 2020
Spain, Eurozone and China in the EcoTV of May	EcoTV	19 May 2020
US: The COVID-19 pandemic and the US equity market	EcoWeek	18 May 2020
US: Accelerated fall	EcoWeek	18 May 2020

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Internet : www.group.bnpparibas.com - www.economic-research.bnpparibas.com

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