

## 2-3

### EDITORIAL

"The European Council agreement: not perfect, but truly historical"

## 4-5

### MARKETS OVERVIEW

Recent market developments (foreign exchange, stock markets, interest rates, commodities, etc.)

## 6-7

### ECONOMIC PULSE

*China*: real GDP is back to its pre-crisis level; *Spain*: under the threat of a resurgence of the epidemic

## 8-9

### ECONOMIC SCENARIO

Main economic and financial forecasts.

## 10-11

### CALENDARS

This week's main economic data and key releases for next week

## 12

### FURTHER READING

Latest articles, charts, videos and podcasts of Group Economic Research

ECONOMIC RESEARCH



**BNP PARIBAS**

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## THE EUROPEAN COUNCIL AGREEMENT: NOT PERFECT, BUT TRULY HISTORICAL

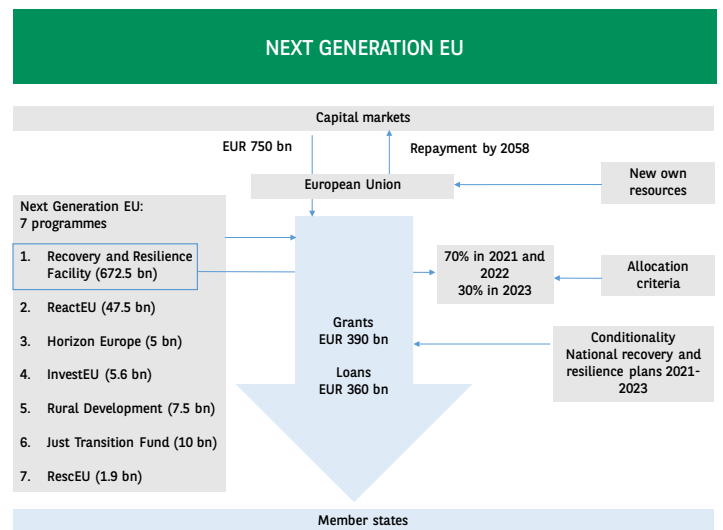
The European Council agreement this week on a recovery effort is, inevitably, a compromise but it is nevertheless historical. It consists of a combination of grants and loans to member states and is funded by debt issued at the EU-level. It sets a precedent for the management of future crisis situations with a better balance between monetary and fiscal policy. The possibility of such a two-pronged approach, reduces economic tail risk, which should structurally support confidence of households, companies and investors. The targeted allocation of the grants to countries which are in greater need, is another historical achievement and should generate a larger multiplier effect.

Like anything which is based on compromise, the agreement on the European Recovery effort reached this week within the European council is not perfect. Those who are concerned about moral hazard may very well consider the conditionality attached to the grants as light. Others will note that, on the one hand, certain countries have obtained rebates from their contribution to the EU budget whilst, on the other hand, amounts available for innovation and green transition have been cut within the Multiannual Financial Framework, the EU budget for 2021-2027. Finally, there will be frustration that the EUR 500 bn grants in the initial Commission proposal has been scaled back to 390 bn.

Yet, the agreement is truly historical and it has joined other momentous events since the start of the euro like the “whatever it takes speech” of Mario Draghi in 2012 at the peak of the euro area sovereign debt crisis, or the launch of the ECB’s Pandemic Emergency Purchase Programme, which is structured in such a way as not to be tied by the capital key constraints of the ‘normal’ asset purchase programme. In both cases, the decisions were monetary in nature. Now, at long last, fiscal policy is where the big step forward is being made. This was necessary, considering that at the current very low to negative interest rates and with QE in full swing, there is only so much that monetary policy can do. Hence the countless calls to action to governments from ECB officials in recent years. There is an obvious urgency, considering the economic costs of the pandemic, in particular in economically less resilient countries. As explained by the Commission at the presentation of the plan end of May, doing nothing would increase the divergences between countries and end up weighing in on the functioning of the Single Market. For this reason, the horizon stretches well beyond a simple cyclical stimulus and the initiative is aptly called Next Generation EU.

The agreement is historical on many grounds. It has been reached quickly considering that the Macron-Merkel proposal of EUR 500 bn, which introduced the concept of grants, was formulated on 18 May and the initial European Commission proposal at the end of May. Barely two months have passed since then. The decision to provide grants would have seemed unthinkable only a couple of months ago and the same applies to the issuance of debt at the EU level. It reminds us never to

say ‘never’. Not only did it turn out to be possible to issue debt jointly but the long-lasting issue of solidarity versus moral hazard was also successfully addressed. One should also refrain from calling it a one-off. Admittedly, Covid-19 has created a unique situation, but a precedent has been set and this should be welcomed. It enhances the policy flexibility should the EU, at some point, again face a major economic crisis. For the euro area countries, this implies that crisis-fighting is no longer the exclusive remit of the ECB –in addition of course to national policy reactions- but that EU-wide fiscal policy can also be called upon. The possibility of such a two-pronged approach, reduces economic tail risk, which should structurally support confidence of households, companies and investors. The euro has strengthened recently versus the dollar, not without a reason.



SOURCE: EUROPEAN COMMISSION, BNP PARIBAS

“ The EU-debt financed recovery effort sets a precedent for the management of future crisis situations with a better balance between monetary and fiscal policy. The possibility of such a two-pronged approach, reduces economic tail risk, which should structurally support confidence of households, companies and investors.

In the shorter run, the prospect of EUR 750 bn being deployed over the next three years, should underpin confidence as well, thereby enhancing the effectiveness of the ECB's monetary policy stance. In this respect, the targeted allocation of the grants to countries which are in greater need, is another historical achievement and should generate a larger multiplier effect.

Another welcome consequence is the increased focus of EU-level policy oversight on structural topics. Countries asking for grants and cheap loans will have to present their 'recovery and resilience plans' and, for the disbursement of additional tranches, how they have scored versus the milestones. Criteria for the assessment by the Commission will be *"consistency with the country-specific recommendations, as well as strengthening the growth potential, job creation and economic and social resilience of the Member State shall need the highest score of the assessment. Effective contribution to the green and digital transition shall also be a prerequisite for a positive assessment."*<sup>1</sup> This implies that European Commission oversight and discussion within the European Council, which needs to approve by qualified majority on a Commission proposal the assessment of the recovery and resilience plans, has a clear structural policy dimension. A final illustration of the far-reaching nature of this week's agreement is the necessity to generate own resources for the EU in order to pay back the part of the debt used for the grants<sup>2</sup>. The Council document mentions in this respect new own resources based on non-recycled plastic waste, a carbon border adjustment mechanism, a digital levy, a revised Emissions Trading System and possibly a financial transaction tax. Although it remains to be seen which own resources will be created and for which amount, the necessity to do so will influence the EU's agenda, which is a positive side-effect of the agreement.

**William De Vijlder**

1. Source: Special meeting of the European Council (17, 18, 19, 20 and 21 July 2020) – Conclusions

2. The part of the EU-debt used to provide loans will of course be reimbursed when the individual countries pay back their loans.



# MARKETS OVERVIEW

## OVERVIEW

Week 17-7 20 to 23-7-20

▼ CAC 40	5 069	▶ 5 034	-0.7 %
▲ S&P 500	3 225	▶ 3 236	+0.3 %
▲ Volatility (VIX)	25.7	▶ 26.1	+0.4 pb
▼ Libor \$ 3M (%)	0.27	▶ 0.26	-0.8 bp
▼ OAT 10y (%)	-0.20	▶ -0.24	-3.8 bp
▼ Bund 10y (%)	-0.49	▶ -0.52	-3.0 bp
▼ US Tr. 10y (%)	0.63	▶ 0.58	-4.6 bp
▲ Euro vs dollar	1.14	▶ 1.16	+1.5 %
▲ Gold (ounce, \$)	1 810	▶ 1 888	+4.3 %
▲ Oil (Brent, \$)	43.2	▶ 43.3	+0.2 %

### Interest Rates

		highest 20	lowest 20
\$ FED	0.25	1.75 at 01/01	0.25 at 16/03
Libor 3M	0.26	1.91 at 01/01	0.26 at 21/07
Libor 12M	0.46	2.00 at 01/01	0.46 at 22/07
£ BoE	0.10	0.75 at 01/01	0.10 at 19/03
Libor 3M	0.08	0.80 at 08/01	0.08 at 20/07
Libor 12M	0.32	0.98 at 01/01	0.32 at 21/07

At 23-7-20

## MONEY & BOND MARKETS

### Yield (%)

		highest 20	lowest 20
€ AVG 5-7y	-0.25	0.72 at 18/03	-0.28 at 04/03
Bund 2y	-0.66	-0.58 at 14/01	-1.00 at 09/03
Bund 10y	-0.52	-0.17 at 19/03	-0.84 at 09/03
OAT 10y	-0.24	0.28 at 18/03	-0.42 at 09/03
Corp. BBB	1.06	2.54 at 24/03	0.65 at 20/02
\$ Treas. 2y	0.15	1.59 at 08/01	0.13 at 07/05
Treas. 10y	0.58	1.91 at 01/01	0.50 at 09/03
High Yield	6.06	11.29 at 23/03	5.44 at 21/02
£ gilt. 2y	-0.09	0.61 at 08/01	-0.11 at 10/07
gilt. 10y	0.07	0.83 at 01/01	0.07 at 22/07

At 23-7-20

## EXCHANGE RATES

1€ =		highest 20	lowest 20	2020
USD	1.16	1.16 at 23/07	1.07 at 20/03	+3.3%
GBP	0.91	0.94 at 23/03	0.83 at 18/02	+7.4%
CHF	1.07	1.09 at 05/06	1.05 at 14/05	-1.3%
JPY	124.06	124.27 at 22/07	114.51 at 06/05	+1.7%
AUD	1.63	1.87 at 23/03	1.60 at 01/01	+1.9%
CNY	8.11	8.12 at 22/07	7.55 at 19/02	+3.7%
BRL	5.99	6.42 at 13/05	4.51 at 02/01	+32.7%
RUB	82.79	87.95 at 30/03	67.75 at 10/01	+18.7%
INR	86.68	86.68 at 23/07	77.21 at 17/02	+8.2%

At 23-7-20

Change

## COMMODITIES

Spot price, \$		highest 20	lowest 20	2020	2020(€)
Oil, Brent	43.3	69.1 at 06/01	16.5 at 21/04	-34.7%	-36.7%
Gold (ounce)	1 888	1 888 at 23/07	1 475 at 19/03	+24.1%	+20.2%
Metals, LME	2 889	2 894 at 13/07	2 232 at 23/03	+1.6%	-1.6%
Copper (ton)	6 570	6 580 at 13/07	4 625 at 23/03	+6.8%	+3.4%
CRB Foods	301	341.5 at 21/01	272 at 27/04	-11.0%	-13.9%
wheat (ton)	200	2.4 at 21/01	1.78 at 26/06	-12.7%	-15.5%
Corn (ton)	124	1.5 at 23/01	113 at 28/04	-1.7%	-19.8%

At 23-7-20

Change

## EQUITY INDICES

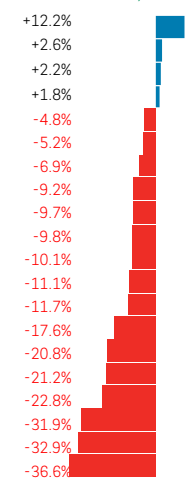
Index	highest 20	lowest 20	2020	
<b>World</b>				
MSCI World	2 308	2 435 at 12/02	1 602 at 23/03	-2.1%
<b>North America</b>				
S&P500	3 236	3 386 at 19/02	2 237 at 23/03	+0.2%
<b>Europe</b>				
EuroStoxx50	3 372	3 865 at 19/02	2 386 at 18/03	-10.0%
CAC 40	5 034	6 111 at 19/02	3 755 at 18/03	-1.6%
DAX 30	13 103	13 789 at 19/02	8 442 at 18/03	-1.1%
IBEX 35	7 385	10 084 at 19/02	6 107 at 16/03	-2.3%
FTSE100	6 211	7 675 at 17/01	4 994 at 23/03	-1.8%
<b>Asia</b>				
MSCI, loc.	919	1 034 at 20/01	743 at 23/03	-0.9%
Nikkei	22 752	24 084 at 20/01	16 553 at 19/03	-3.8%
<b>Emerging</b>				
MSCI Emerging (\$)	1 078	1 147 at 17/01	758 at 23/03	-0.3%
China	96	100 at 09/07	69 at 19/03	+12.7%
India	538	609 at 17/01	353 at 23/03	-4.8%
Brazil	1 639	2 429 at 02/01	1 036 at 23/03	-11.2%
Russia	618	857 at 20/01	419 at 18/03	-13.1%

At 23-7-20

Change

## PERFORMANCE BY SECTOR (EUROSTOXX 50 & S&P500)

Year 2020 to 23-7, €



Year 2020 to 23-7, \$

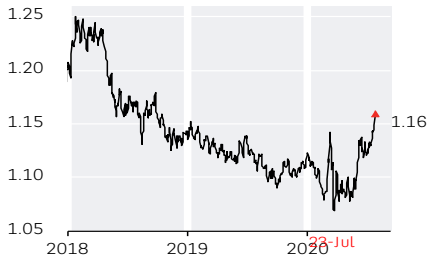


SOURCE: THOMSON REUTERS

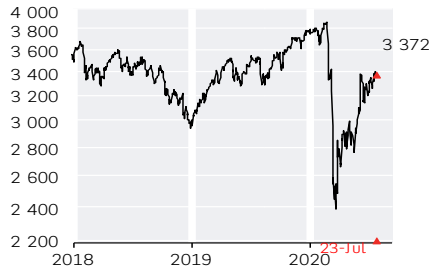


# MARKETS OVERVIEW

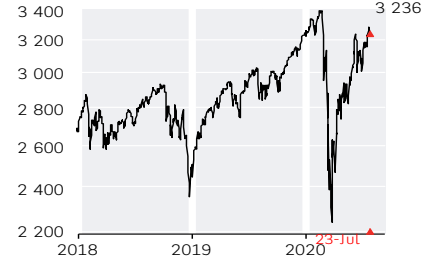
## EURO-DOLLAR



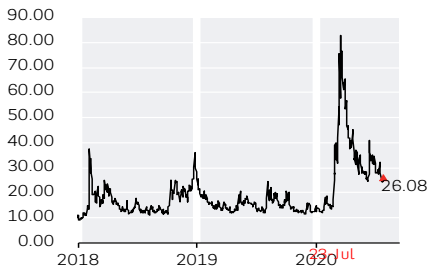
## EUROSTOXX50



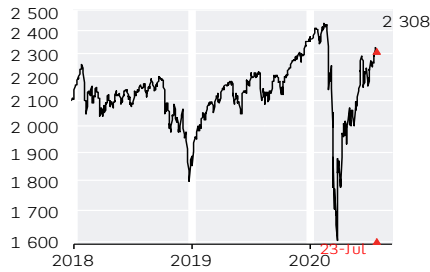
## S&P500



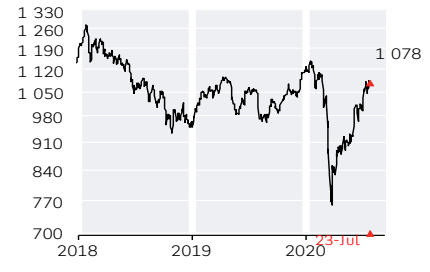
## VOLATILITY ( VIX, S&P500)



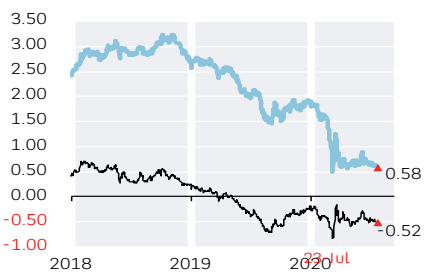
## MSCI WORLD (USD)



## MSCI EMERGING (USD)

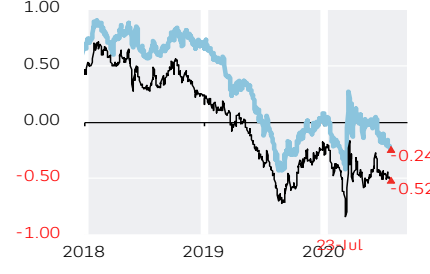


## 10Y BOND YIELD, TREASURIES VS BUND



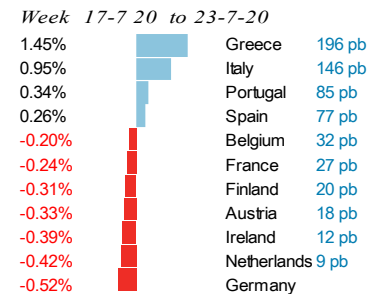
—Bunds —US Treasuries

## 10Y BOND YIELD

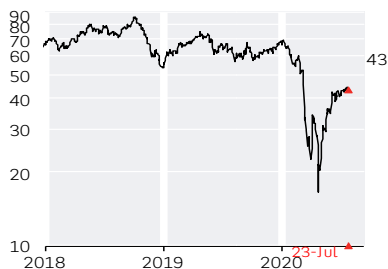


—Bunds —OAT

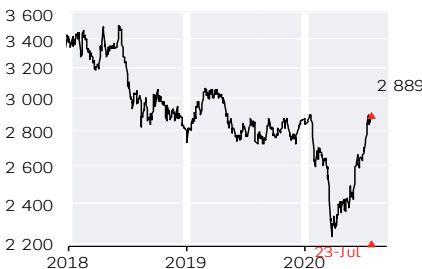
## 10Y BOND YIELD & SPREADS



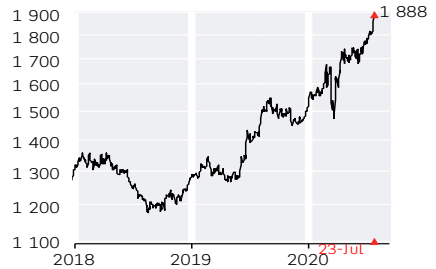
## OIL (BRENT, USD)



## METALS (LMEX, USD)



## GOLD (OUNCE, USD)



SOURCE: THOMSON REUTERS



# ECONOMIC PULSE

## CHINA: REAL GDP IS BACK TO ITS PRE-CRISIS LEVEL

China's economic dynamics continued to improve in June. As seen in our monthly Pulse, the expansion of the blue area compared to the dotted area shows a steady recovery in economic activity in Q2 2020. In fact, real GDP rebounded by 11.5% quarter-on-quarter (-3.2% year-on-year), which was strong enough to completely regain the ground that was lost in Q1 (when real GDP contracted by 10% quarter-on-quarter).

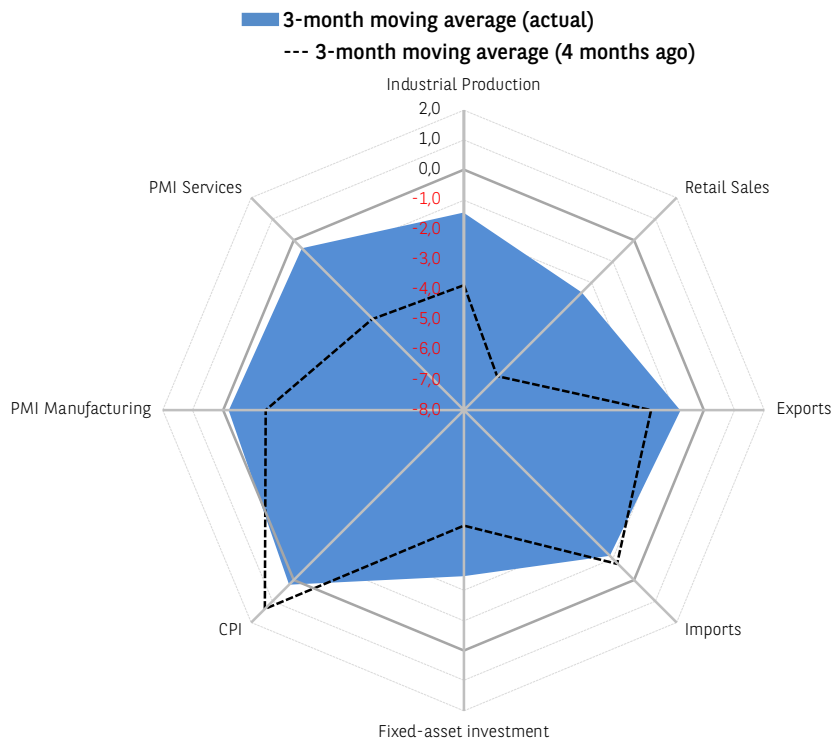
The economic growth recovery since March has been driven by a V-shaped rebound in industrial production and investment in public infrastructure and real estate. Industrial production swung back into positive growth as of April and rose by 4.8% in volume in June. However, some sectors, notably in the export industry, are still a long way from returning to normal. The shock due to the Covid19 epidemic has severely damaged the financial situation of a large number of firms (especially micro enterprises and SMEs) and households – and this heavily weighs on private investment and consumption. Moreover, the risk of new outbreaks of the epidemic is also hampering consumer behaviour. In June, volumes of retail sales continued to fall

in year-on-year terms (-2.9%). Regarding external trade, data show that exports of goods declined much less over the period March-June ( - 1.6% year-on-year on average in USD), after the major disruption in February (-40%), but export prospects remain bleak in the short term.

Inflation in consumer prices (CPI index) slowed to 2.7% year-on-year in Q2 2020 from 5% in Q1 due to weak demand and lower commodity prices. Yet, food price inflation remains elevated (+12.2% year-on-year in Q2), driven by still fast-increasing pork prices. Deflation in producer prices worsened in Q2 (-3.3% year-on-year), thus aggravating the deterioration in profits of industrial enterprises.

**Christine Peltier**

### QUARTERLY CHANGES



SOURCE: THOMSON REUTERS, BNP PARIBAS

The indicators in the radar are all transformed into 'z-scores' (deviations from the long-term average, as standard deviations). These z-scores have mean zero and their values are between -8 and +2. 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 compared to the dotted area signals an increase in the variable.



# ECONOMIC PULSE

## SPAIN: UNDER THE THREAT OF A RESURGENCE OF THE EPIDEMIC

The Q2 GDP figures – released next week – should confirm that Spain has been one of the European economies hit hardest by the health crisis. In its monthly bulletin, the National Statistics Institute (INE) estimates that in May, non-financial companies’ turnover was 30.6% below the level reported during the same month last year. This decline is visible in our barometer, particularly for the retail sales and industrial production data. Although business activity picked up in June with the easing of lockdown restrictions, the Q2 contraction will be unprecedented.

The resurgence of Covid-19 cases in Catalonia shows that significant downside risks to economic activity persist. Since 17 June, the city of Barcelona has reintroduced restrictions, including the closures of movie theatres and arts centres as well as a ban on gatherings of more than 10 people. The city is also encouraging the population to restrict their movements as much as possible, which has already triggered a sharp decline in retail activity.

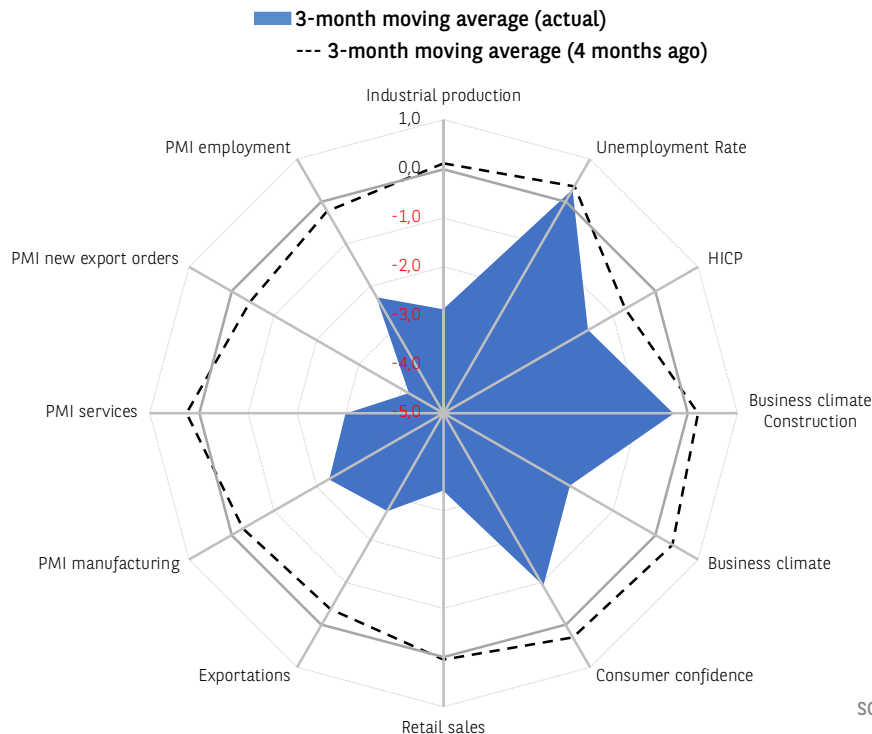
External demand is also weak. In May, exports have hit their lowest level since February 2011, on a 3-month moving average basis. The rebound in exports could be modest during the summer: the export

orders indicator -a sub-index of the Purchasing managers’ index (PMI) – remained low in June, at 47.5. This said, the Spanish trade balance has improved since imports have fallen more sharply than exports. Indeed, the trade deficit narrowed to EUR 359.1 m in May, the smallest shortfall since June 2013 (adjusted data).

Core inflation has held steady despite the collapse in economic activity in H1 2020. The core consumer price index (CPI), which excludes energy and fresh foods, rose only 0.5% over the past six months and the annual rate was 0.99% in June. Headline CPI remained in deflation territory (-0.33%), but it should gradually pick up. Indeed, the rebound in oil prices since the end of April has been filtering through to the energy CPI, which recorded in June its biggest monthly rise in a year.

**Guillaume Derrien**

### QUARTERLY CHANGES



SOURCE: THOMSON REUTERS, BNP PARIBAS

The indicators in the radar are all transformed into ‘z-scores’ (deviations from the long-term average, as standard deviations). These z-scores have mean zero and their values are between -8 and +2. 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 compared to the dotted area signals an increase in the variable.



# ECONOMIC SCENARIO

8

## 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 Reserve and 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 corpo-

rate 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	-4.9	4.8	1.8	0.8	1.5
Japan	0.7	-4.8	2.1	0.5	-0.3	-0.7
United-Kingdom	1.4	-9.1	5.3	1.8	0.8	1.3
Euro Area	1.2	-9.0	5.8	1.2	0.1	0.9
Germany	0.6	-5.6	5.3	1.4	0.4	1.5
France	1.3	-11.1	5.9	1.3	0.5	1.0
Italy	0.3	-12.1	6.1	0.6	-0.2	0.5
Spain	2.0	-12.5	6.3	0.7	-0.4	0.6
China	6.1	2.5	8.1	2.9	2.5	2.3
India*	4.2	-4.7	9.5	4.8	2.5	3.5
Brazil	1.1	-7.0	4.0	3.7	2.5	3.0
Russia	1.3	-6.5	3.5	4.3	3.0	3.5

SOURCE: BNP PARIBAS GROUP ECONOMIC RESEARCH (E: ESTIMATES & FORECASTS)

\*FISCAL YEAR FROM 1<sup>ST</sup> APRIL OF YEAR N TO MARCH 31<sup>ST</sup> OF YEAR N+1

\*\*LAST UPDATE 07/07/2020

### INTEREST & EXCHANGE RATES

Interest rates, %	2019		2020				2019	2020e	2021e
	Q3	Q4	Q1	Q2	Q3e	Q4e			
End of period									
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	0.90	1.92	0.90	1.20
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	-0.40	-0.30	-0.19	-0.30	0.00
OAT 10y	-0.28	0.08	-0.05	-0.15	-0.10	-0.05	0.08	-0.05	0.20
BTP 10y	0.83	1.32	1.55	1.30	1.30	1.30	1.32	1.30	1.60
BON0 10y	0.15	0.47	0.68	0.50	0.40	0.40	0.47	0.40	0.70
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	0.30	0.40	0.83	0.40	0.80
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	0.05	0.05	-0.02	0.05	0.15
LAST UPDATE: 07/07/2020									
Exchange Rates	2019		2020				2019	2020e	2021e
	Q3	Q4	Q1	Q2	Q3e	Q4e			
End of period									
USD									
EUR / USD	1.09	1.12	1.10	1.09	1.15	1.17	1.12	1.17	1.22
USD / JPY	108	109	108	104	103	100	109	100	98
GBP / USD	1.23	1.32	1.24	1.24	1.29	1.34	1.32	1.34	1.42
EUR									
EUR / GBP	0.89	0.83	0.89	0.88	0.89	0.87	0.83	0.87	0.86
EUR / JPY	118	122	118	113	118	117	122	117	120
Brent									
Period-average									
Brent USD/bbl	62	63	51	33	43	49	64	44	59
LAST UPDATE: 07/07/2020									

SOURCE: BNP PARIBAS GLOBAL MARKETS (E: ESTIMATES)



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## CALENDAR

9

## LATEST INDICATORS

The latest ECB survey of professional forecasters paints a gloomier picture compared to the previous one which was released early May. Longer-term inflation expectations (for 2025) declined to a new historical low of 1.6%. The composite purchasing managers' indices improved again to a significant degree, with the exception of Japan where it was more moderate. The services PMIs are reaching particularly high levels in France, Germany and the eurozone. In Germany, the sub-series for new export orders made a big jump and is now well above 50. The improvement in the employment sub-series on the other hand remains very subdued in the various countries, which is a source of concern. Consumer confidence in the eurozone was more or less stable whereas the consensus had anticipated an improvement.

DATE	COUNTRY	INDICATOR	PERIOD	CONSENSUS	ACTUAL	PREVIOUS
07/19/2020	United Kingdom	CBI Business Optimism	July	--	-1	-87
07/20/2020	Eurozone	ECB Survey of Professional Forecasters				
07/22/2020	Japan	Jibun Bank Japan PMI Mfg	July	--	42.6	40.1
07/22/2020	Japan	Jibun Bank Japan PMI Services	July	--	45.2	45.0
07/22/2020	Japan	Jibun Bank Japan PMI Composite	July	--	43.9	40.8
07/23/2020	Germany	GfK Consumer Confidence	August	-4.5	-0.3	-9.4
07/23/2020	France	Business Confidence	July	86	85	78
07/23/2020	United States	Initial Jobless Claims	18 July	1.3e+06	1.416e+06	1.307e+06
07/23/2020	Eurozone	Consumer Confidence	July	-12.0	-15.0	-14.7
07/23/2020	United States	Kansas City Fed Manf. Activity	July	5	3	1
07/24/2020	United Kingdom	GfK Consumer Confidence	July	-24	-27	-30
07/24/2020	United Kingdom	Retail Sales Ex Auto Fuel MoM	June	7.9%	13.5%	10.6%
07/24/2020	France	Markit France Manufacturing PMI	July	53.0	52.0	52.3
07/24/2020	France	Markit France Services PMI	July	52.4	57.8	50.7
07/24/2020	France	Markit France Composite PMI	July	53.5	57.6	51.7
07/24/2020	Germany	Markit/BME Germany Manufacturing PMI	July	48.0	50.0	45.2
07/24/2020	Germany	Markit Germany Services PMI	July	50.5	56.7	47.3
07/24/2020	Germany	Markit/BME Germany Composite PMI	July	50.2	55.5	47.0
07/24/2020	Eurozone	Markit Eurozone Manufacturing PMI	July	50.1	51.1	47.4
07/24/2020	Eurozone	Markit Eurozone Services PMI	July	51.0	55.1	48.3
07/24/2020	Eurozone	Markit Eurozone Composite PMI	July	51.1	54.8	48.5
07/24/2020	United Kingdom	Markit/CIPS UK Composite PMI	July	51.7	57.1	47.7
07/24/2020	United States	Markit US Manufacturing PMI	July	52.0	51.3	49.8
07/24/2020	United States	Markit US Services PMI	July	51.0	49.6	47.9
07/24/2020	United States	Markit US Composite PMI	July	--	50.0	47.9
07/24/2020	United States	New Home Sales MoM	June	3.6%	13.8%	19.4%

SOURCE: BLOOMBERG



## CALENDAR: THE WEEK AHEAD

10

## COMING INDICATORS

Highlights of next week are the FOMC meeting and, in particular the press conference which follows, and the second quarter GDP numbers in the US, the eurozone, Germany and France. In addition, we have the European Commission confidence surveys for July as well as University of Michigan sentiment and the Conference Board consumer confidence index for the US. The week starts with the important IFO business climate for Germany. For China, the purchasing managers' indices for July will be released.

DATE	COUNTRY	INDICATOR	PERIOD	CONSENSUS	PREVIOUS
07/27/2020	Germany	IFO Business Climate	July	--	86.2
07/27/2020	Germany	IFO Expectations	July	--	91.4
07/27/2020	Germany	IFO Current Assessment	July	--	81.3
07/27/2020	France	Total Jobseekers	2Q	--	3.3338e+06
07/27/2020	United States	Cap Goods Orders Nondef Ex Air	June	--	1.6%
07/27/2020	United States	Dallas Fed Manf. Activity	July	--	-6.1
07/27/20-08/02/20	Germany	Retail Sales MoM	June	--	13.9%
07/28/2020	United States	Conf. Board Consumer Confidence	July	96.5	98.1
07/28/2020	United States	Richmond Fed Manufact. Index	July	--	0
07/29/2020	France	Consumer Confidence	July	--	97
07/29/2020	United States	FOMC Rate Decision (Upper Bound)	29 July	0.25%	0.25%
07/30/2020	Japan	Retail Sales MoM	June	--	2.1%
07/30/2020	Germany	GDP SA QoQ	2Q	--	-2.2%
07/30/2020	Germany	Unemployment Change (000's)	July	--	69000
07/30/2020	Eurozone	ECB Publishes Economic Bulletin			
07/30/2020	Eurozone	Economic Confidence	July	--	75.7
07/30/2020	Eurozone	Industrial Confidence	July	--	-21.7
07/30/2020	Eurozone	Services Confidence	July	--	-35.6
07/30/2020	Eurozone	Consumer Confidence	July	--	--
07/30/2020	Eurozone	Unemployment Rate	June	--	7.4%
07/30/2020	United States	GDP Annualized QoQ	2Q	-32.8%	-5.0%
07/30/2020	United States	Initial Jobless Claims	25 July	--	--
07/31/2020	United Kingdom	GfK Consumer Confidence	July	--	--
07/31/2020	Japan	Industrial Production MoM	June	--	-8.9%
07/31/2020	China	Composite PMI	July	--	54.2
07/31/2020	China	Manufacturing PMI	July	--	50.9
07/31/2020	China	Non-manufacturing PMI	July	--	54.4
07/31/2020	France	GDP QoQ	2Q	--	-5.3%
07/31/2020	Eurozone	GDP SA QoQ	2Q	--	-3.6%
07/31/2020	Eurozone	CPI MoM	July	--	0.3%
07/31/2020	Eurozone	CPI Core YoY	July	--	0.8%
07/31/2020	United States	U. of Mich. Sentiment	July	--	73.2

SOURCE: BLOOMBERG



# FURTHER READING

<a href="#">The European Council agreement: truly historical</a>	EcoTV Week	24 July
<a href="#">Quarterly economic outlook on emerging countries</a>	EcoEmerging	23 July
<a href="#">United Kingdom : Measures to support bank financing of businesses</a>	EcoFlash	22 July
<a href="#">Latin America's largest economies: struggling to bend the COVID-19 epidemic</a>	Chart of the Week	22 July
<a href="#">Covid and the outlook for inflation</a>	Podcast	22 July
<a href="#">Global : Covid-19 and the environment</a>	EcoWeek	17 July
<a href="#">Eurozone : Credit pulse: demand is still robust for corporate loans but continues to slow for household loans</a>	EcoWeek	17 July
<a href="#">Italy : Economic activity rebounds, but employment continues to fall</a>	EcoWeek	17 July
<a href="#">United Kingdom : Hopes for a quick rebound are fading</a>	EcoWeek	17 July
<a href="#">Morocco: A sharp recession in 2020</a>	EcoTV Week	17 July
<a href="#">French Economy Pocket Atlas</a>	Pocket Atlas	16 July
<a href="#">United Kingdom: Is the TFSME more effective than the TFS in lowering business loan rates?</a>	Chart of the Week	15 July
<a href="#">Quarterly economic outlook on China and OECD countries</a>	EcoPerspectives	13 July
<a href="#">Fighting a global recession</a>	EcoTV	10 July 2020
<a href="#">Eurozone : A growth spurt or marathon?</a>	EcoWeek	10 July 2020
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<a href="#">Japan : A timid turnaround</a>	EcoWeek	10 July 2020
<a href="#">Germany: Supply chains after Covid-19</a>	EcoFlash	8 July 2020
<a href="#">United States: an economic rebound accompanied by an alarming resurgence of Covid-19</a>	Chart of the Week	8 July 2020
<a href="#">Global: Business sentiment continues to improve</a>	EcoWeek	3 July 2020



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