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ECONOMIC RESEARCH



BNP PARIBAS

The bank
for a changing
world

GREEN INVESTMENTS, PUBLIC DEBT AND FINANCIAL MARKETS

Limiting global warming will require huge investments, which will partly have to come from the public sector. This could lead to a crowding-out effect. Higher public borrowing requirements could push up interest rates and weigh on private investments. In the near-term such a risk seems remote. On the contrary, there could be a crowding-in effect with a reduction in climate-related risk and positive second-round effects from green public investments stimulating private investments. To reduce the risk that financial markets would exclusively focus on the impact on public indebtedness, governments should communicate clearly on the nature of their investments, insisting that they should have a return which is a multiple of the borrowing cost.

Limiting global warming and, more broadly, making production and spending more environmentally sustainable will require huge investments.

The European Commission considers that for the EU to reach the climate and energy targets by 2030, it will require additional investments of EUR 260 billion a year over the coming decade¹, or 1.5% of GDP (in 2018 prices). The effort will have to come both from the private sector (EUR 160 billion) – businesses as well as households – and the public sector (EUR 100 billion) (see Chart). For the latter, this means more pressure on government finances, which raises the question whether a massive green public investment programme might cause a crowding-out effect.

Higher borrowing requirements could exert upward pressure on interest rates² thereby weighing on private sector investments. In the near-term such a risk seems remote. GDP growth should accelerate in the second half of the year and boost the willingness of companies to invest. This should outweigh the headwind coming from somewhat higher interest rates. In addition, ongoing ECB asset purchases would also limit the likelihood of a significant increase in bond yields. There is actually a lot of merit in the counterargument that higher public investments in climate change and energy transition could trigger a crowding-in effect, whereby private investments are stimulated³. This could result from a reduction in climate-related risk – which makes companies more confident when doing long-horizon planning – or, importantly, from positive second-round effects from green public investments. They enable companies to step up their R&D spending, which is instrumental in becoming more innovative and competitive. This in turn would stimulate employment, corporate investment and hence GDP growth. This corresponds to the philosophy underpinning Next Generation EU.

1. European Commission, Sustainable Europe Investment Plan -European Green Deal Investment Plan, Brussels, 14.1.2020, COM(2020) 21 final. This was before the EU decided to cut carbon emission back by 55% by 2030 from an earlier agreed 40% objective.

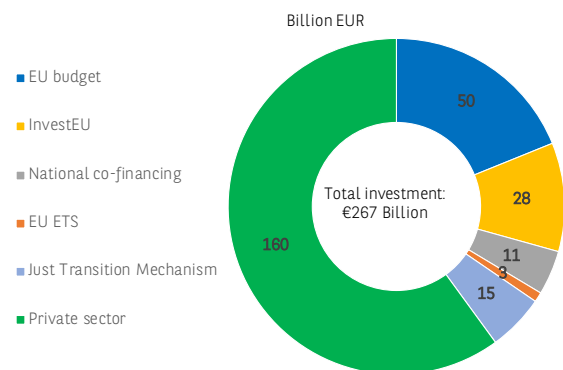
2. The rationale is that the higher public investments require an incentive under the form of higher interest rates to step up savings in order to provide for the financing.

3. For an analysis of crowding-out versus crowding-in, see *Macroeconomic rates of return of public and private investment. Crowding-in and crowding-out effects*, ECB working paper 864, 2008.

Still, the question remains whether, in the medium-run, a backlash could occur. In many countries, public finances have seen a huge deterioration following the outbreak of the Covid-19 pandemic. The structural reduction of public deficits will need to be a gradual process, in order not to nip the recovery in the bud. When adding to this the necessity of important green investments, there is even a risk that public sector indebtedness would continue to increase. Eventually, this could lead to a repricing of sovereign risk and hence higher bond yields.

Such a possibility should not stop governments from making the necessary investments. Not doing enough collectively would imply a certainty of negative economic consequences further down the road. In debt sustainability terminology⁴, g would decline and this could actually increase r via a sovereign risk premium effect.

EU GREEN DEAL: SOURCES OF FUNDING



InvestEU: InvestEU Programme combines the European Fund for Strategic Investments (the Juncker Plan) and 13 other EU financial instruments.

EU ETS: EU Emission Trading System

SOURCE: EUROPEAN COMMISSION, BNP PARIBAS

4. Public debt sustainability is traditionally analysed in terms of primary balance (the budget deficit excluding interest charges), g (the expected long-run growth of nominal GDP) and r (the average nominal interest rate).

To avoid that financial markets would exclusively focus on the impact on public indebtedness, governments should communicate clearly on the nature of their investments, insisting that they should have a return which is a multiple of the borrowing cost.

Making the necessary investments would protect g and it remains to be seen to what extent this would cause an increase in borrowing costs. To reduce this likelihood, the issuance of green bonds – which typically carry a lower yield compared to conventional bonds – would clearly help. What would also help is clear communication to the market about how the proceeds of the bond issuance will be used. Public green investments should have a return on investment which is a multiple of the borrowing cost, all the more so when taking the second-round effects into account, so for the society as a whole they will be value-enhancing, something that bond investors should be sensitive to.

William De Vijlder



MARKETS OVERVIEW

OVERVIEW

Week 16-4-21 to 23-4-21

▼ CAC 40	6 287	▶ 6 258	-0.5 %
▼ S&P 500	4 185	▶ 4 180	-0.1 %
↗ Volatility (VIX)	16.3	▶ 17.3	+1.1 pb
▼ Euribor 3M (%)	-0.54	▶ -0.54	-0.1 bp
▼ Libor 3M (%)	0.19	▶ 0.18	-1.3 bp
▼ OAT 10y (%)	-0.08	▶ -0.08	-0.2 bp
↗ Bund 10y (%)	-0.30	▶ -0.30	+0.2 bp
▼ US Tr. 10y (%)	1.57	▶ 1.57	-0.6 bp
↗ Euro vs dollar	1.20	▶ 1.20	+0.6 %
▼ Gold (ounce, \$)	1 779	▶ 1 776	-0.2 %
▼ Oil (Brent, \$)	66.9	▶ 65.5	-2.1 %

MONEY & BOND MARKETS

Interest Rates	highest 21	lowest 21	Yield (%)	highest 21	lowest 21		
€ ECB	0.00	0.00 at 01/01	0.00 at 01/01	€ AVG 5-7y	-0.22	-0.19 at 20/04	-0.46 at 04/01
Eonia	-0.48	-0.47 at 26/01	-0.50 at 01/01	Bund 2y	-0.68	-0.65 at 25/02	-0.75 at 01/01
Euribor 3M	-0.54	-0.53 at 26/02	-0.56 at 06/01	Bund 10y	-0.30	-0.26 at 25/02	-0.60 at 04/01
Euribor 12M	-0.48	-0.47 at 20/04	-0.52 at 02/02	OAT 10y	-0.08	-0.03 at 25/02	-0.41 at 04/01
\$ FED	0.25	0.25 at 01/01	0.25 at 01/01	Corp. BBB	0.66	0.72 at 18/03	0.50 at 08/01
Libor 3M	0.18	0.24 at 13/01	0.17 at 21/04	\$ Treas. 2y	0.16	0.17 at 05/04	0.11 at 05/02
Libor 12M	0.28	0.34 at 01/01	0.28 at 18/03	Treas. 10y	1.57	1.75 at 31/03	0.91 at 01/01
£ BoE	0.10	0.10 at 01/01	0.10 at 01/01	High Yield	4.64	4.87 at 09/03	4.60 at 19/02
Libor 3M	0.09	0.09 at 24/03	0.03 at 01/01	£ gilt. 2y	0.04	0.13 at 26/02	-0.08 at 04/01
Libor 12M	0.16	0.16 at 30/03	0.07 at 11/01	gilt. 10y	0.78	0.91 at 18/03	0.21 at 04/01

At 23-4-21

EXCHANGE RATES

1e =	highest 21	lowest 21	2021	
USD	1.20	1.23 at 06/01	1.17 at 30/03	-1.5%
GBP	0.87	0.91 at 06/01	0.85 at 05/04	-2.7%
CHF	1.10	1.11 at 04/03	1.08 at 18/01	+2.1%
JPY	130.24	130.46 at 14/04	125.22 at 18/01	+3.1%
AUD	1.56	1.60 at 04/01	1.53 at 18/03	-1.6%
CNY	7.82	8.00 at 01/01	7.69 at 25/03	-2.2%
BRL	6.61	6.95 at 03/03	6.33 at 18/01	+4.0%
RUB	90.34	92.47 at 20/04	86.53 at 16/03	-0.2%
INR	90.39	90.39 at 23/04	85.30 at 27/03	+1.1%

At 23-4-21

COMMODITIES

Spot price, \$	highest 21	lowest 21	2021	2021(€)	
Oil, Brent	65.5	69.7 at 11/03	51.2 at 04/01	+26.2%	+28.2%
Gold (ounce)	1 776	1 947 at 05/01	1 682 at 08/03	-6.4%	-5.0%
Metals, LMEX	4 002	4 027 at 25/02	3 415 at 01/01	+17.2%	+19.0%
Copper (ton)	9 582	9 582 at 23/04	7 749 at 01/01	+23.6%	+25.6%
wheat (ton)	271	2.7 at 22/04	231 at 30/03	+9.7%	+11.4%
Corn (ton)	259	2.6 at 23/04	188 at 04/01	+3.7%	+39.5%

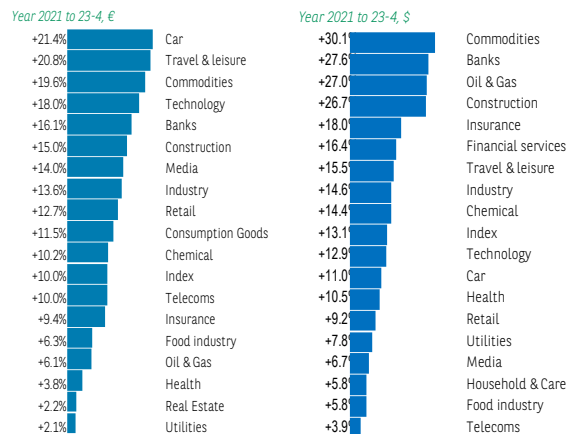
At 23-4-21

EQUITY INDICES

Index	highest 21	lowest 21	2021	
World				
MSCI World	2 946	2 953 at 16/04	2 662 at 29/01	+9.5%
North America				
S&P500	4 180	4 185 at 16/04	3 701 at 04/01	+11.3%
Europe				
EuroStoxx50	4 013	4 033 at 16/04	3 481 at 29/01	+13.0%
CAC 40	6 258	6 297 at 19/04	5 399 at 29/01	+1.3%
DAX 30	15 280	15 460 at 16/04	13 433 at 29/01	+11.4%
IBEX 35	8 619	8 711 at 19/04	7 758 at 29/01	+0.7%
FTSE100	6 939	7 020 at 16/04	6 407 at 29/01	+0.7%
Asia				
MSCI, loc.	1 116	1 137 at 18/03	1 044 at 06/01	+0.7%
Nikkei	29 021	30 468 at 16/02	27 056 at 06/01	+5.7%
Emerging				
MSCI Emerging (\$)	1 353	1 445 at 17/02	1 288 at 25/03	+0.5%
China	111	130 at 17/02	106 at 25/03	+2.7%
India	679	736 at 03/03	659 at 29/01	+3.3%
Brazil	1 767	1 941 at 14/01	1 561 at 09/03	-0.6%
Russia	712	740 at 16/03	647 at 01/02	+7.8%

At 23-4-21

PERFORMANCE BY SECTOR (Eurostoxx50 & S&P500)

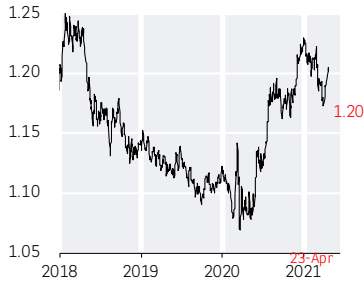


SOURCE: THOMSON REUTERS,

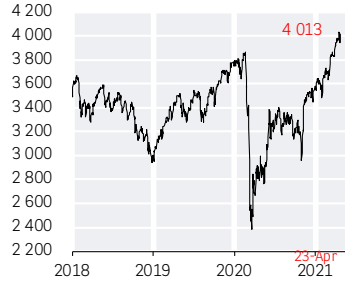


MARKETS OVERVIEW

EURO-DOLLAR



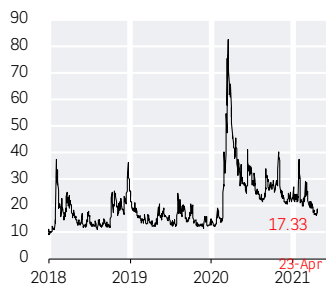
EUROSTOXX50



S&P500



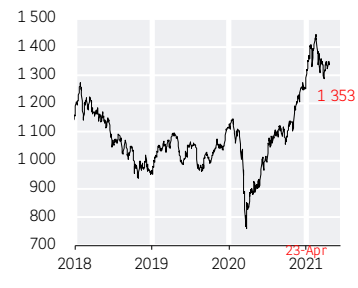
VOLATILITY (VIX, S&P500)



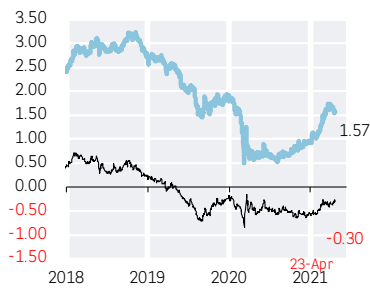
MSCI WORLD (USD)



MSCI EMERGING (USD)

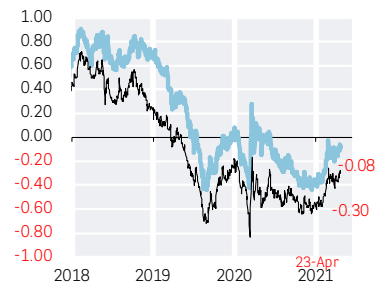


10Y BOND YIELD, TREASURIES VS BUND



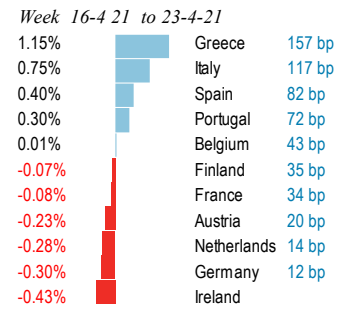
—Bunds —US Treasuries

10Y BOND YIELD



—Bunds —OAT

10Y BOND YIELD & SPREADS



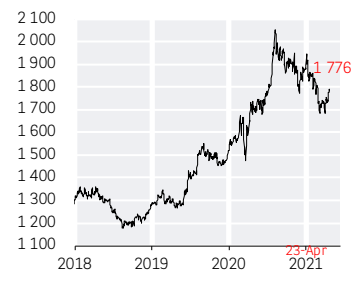
OIL (BRENT, USD)



METALS (LMEX, USD)



GOLD (OUNCE, USD)



SOURCE: THOMSON REUTERS,



ECONOMIC PULSE

CHINA: THE REBOUND IN ECONOMIC GROWTH HAS PEAKED

Real GDP growth reached 18.3% year-on-year in Q1 2021 and 0.6% in quarter-on-quarter seasonally-adjusted terms (according to China's NBS). The latest activity indicators as well as our economic Pulse are strongly biased by major base effects between the first months of 2020 (when lockdown measures brought business to a standstill) and the first months of 2021. The year-on-year growth rates for industrial production, services output, investment and retail sales were all abnormally high in Q1 2021.

After adjusting for these base effects, the recovery in activity is still dynamic in the first months of the year. Yet the rebound in real GDP growth following the Covid-19 shock has now peaked, notably in the industrial sector. In contrast, activity in the services sector should strengthen further in the short term.

PMI indexes declined slightly in January-February. Growth in private consumption of goods and services has lost steam, curbed by new travel restrictions introduced in response to the surge in new cases in certain regions around Beijing and in the northeast part of the country. Households have also been weakened by the still deteriorated job market. Nonetheless, PMIs remain in expansion territory and PMIs in

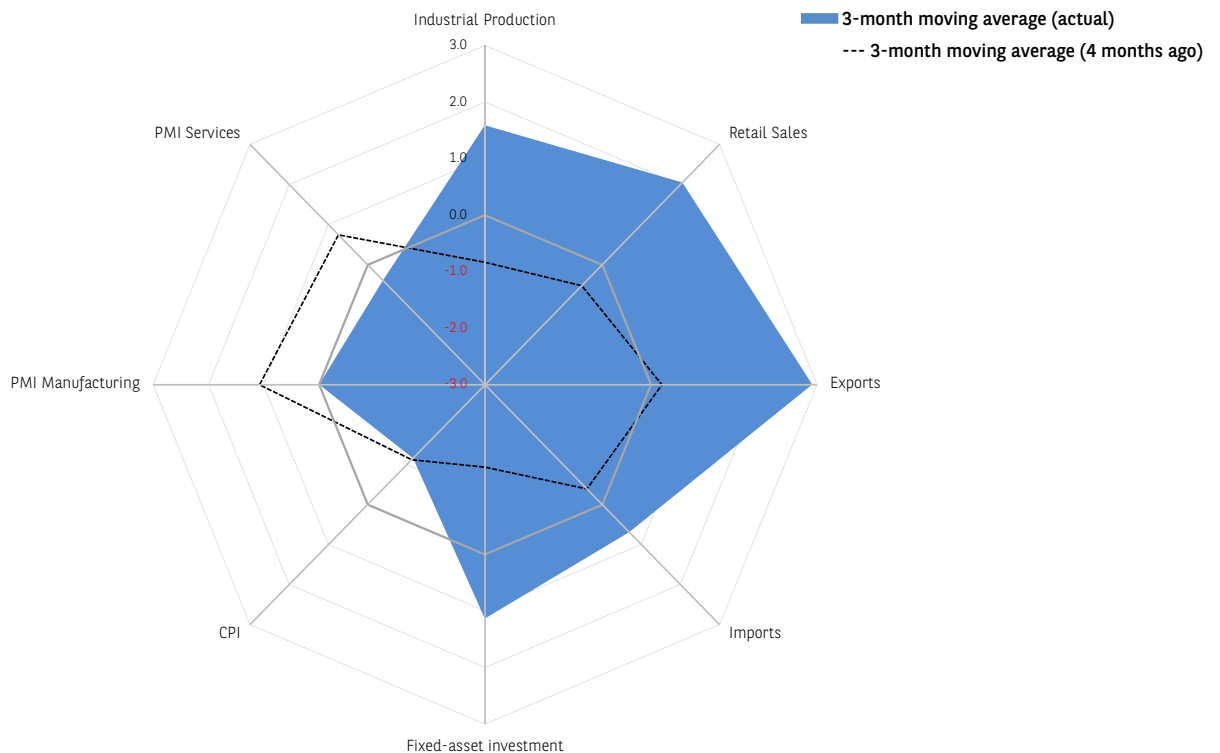
the services sector rose again as of March (to 54.3 from 51.5 in February, according to Markit). In the manufacturing sector, Markit's PMI dipped very slightly again in March (to 50.6) while the PMI published by the National Bureau of Statistics (which uses a narrower scope) rebounded.

As a matter of fact, growth in private consumption and services picked up again according to March activity indicators. Restriction measures were lifted and, most importantly, households' disposable income recovered strongly in Q1 2021. The catching-up movement in private consumption and services, which rebounded much later than investment and industrial production following the Covid-19 shock, should accelerate in the months ahead.

Exports are still performing strongly and prospects continue to look good in the very short term. This should encourage manufacturing investment. In contrast, public infrastructure projects have begun to slow as fiscal policy has started to be normalized. Real estate investment, which was still buoyant in January-February, has only just begun to slow as a result of the tightening in credit policy.

Christine Peltier

QUARTERLY CHANGES



SOURCE: NBS, 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 -3 and +3. 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

RETAIL AND LEISURE FOOTFALL IS IMPROVING

Showing no signs of slowing, the Covid-19 pandemic reported a new global record for the number of new cases for the week of 13-20 April. The biggest increase was in Asia, notably in India. In Europe and the Americas, conversely, the number of new cases declined during the week (chart 1).

In the retail and leisure sectors, which are still hit by health restrictions, footfall improved in developed countries during the week of 9-16 April compared to the previous week, especially in the UK, which reported a big improvement in footfall (from -51% to -34% compared to the baseline*). This can be attributed to the reopening of bars and restaurants on 12 April. Footfall also improved in Italy (-51% to -40%), Germany (-47% to -40%) and Belgium (-43% to -38%). In France, footfall increased very slightly and is still the lowest in Europe (chart 3).

In keeping with the health situation, which has deteriorated worldwide, the OECD Weekly Tracker of annual GDP growth continued to decline in most of developed countries. However, in Belgium there is a recent improvement in the indicator, whilst it continued to rise in Japan. The OECD Tracker is based on Google Trends resulting from queries on consumption, the labour market, housing, industrial activity as well as uncertainty. Note that these calculations may partly reflect a base effect (chart 3).

Lastly, vaccination campaigns continue to advance around the globe. This acceleration is due notably to the expansion of the Covid-19 vaccination campaigns in EU countries and the increase in shipments by Pfizer/BioNTech in April, which were initially scheduled for the fourth quarter 2021. In contrast, in India and Brazil, where the pandemic is the most virulent, the vaccination rollout is advancing slowly (chart 2).

Tarik Rharrab

*Google Mobility Reports show how visits and length of stay at different places change compared to a baseline. The baseline is the median value, for the corresponding day of the week, during the 5-week period Jan 3–Feb 6, 2020. A figure of negative 30% indicates that traffic was down 30% compared to a baseline. The reports show trends over several weeks with the most recent data representing approximately 2-3 days ago—this is how long it takes to produce the reports. In order to smooth the series, we use a seven-day moving average of the raw data in the Google Mobility Reports. Source: Google.

DAILY CONFIRMED COVID-19 CASES (7-DAY MOVING AVERAGE)

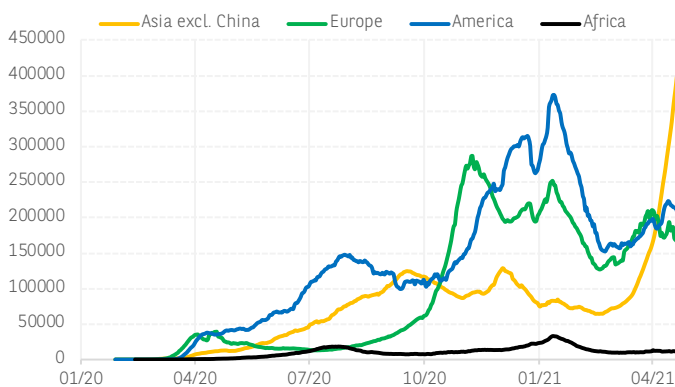


CHART 1

SOURCE: JOHNS-HOPKINS UNIVERSITY (04/21/2021), BNP PARIBAS

SHARE OF PEOPLE WHO RECEIVED AT LEAST ONE DOSE OF VACCINE

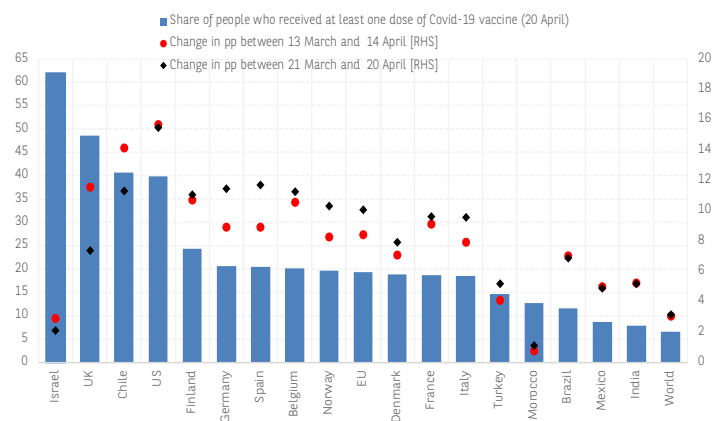


CHART 2

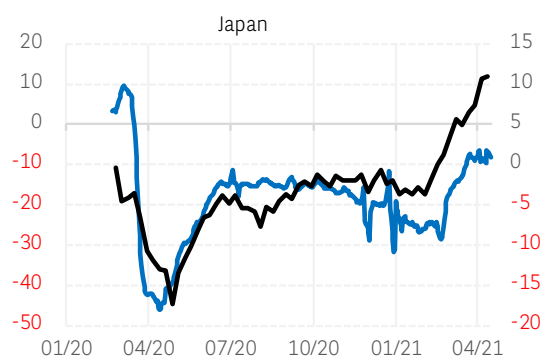
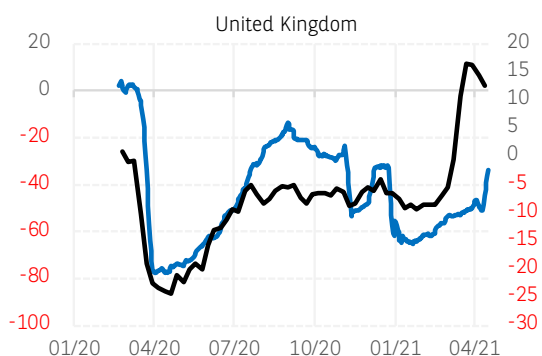
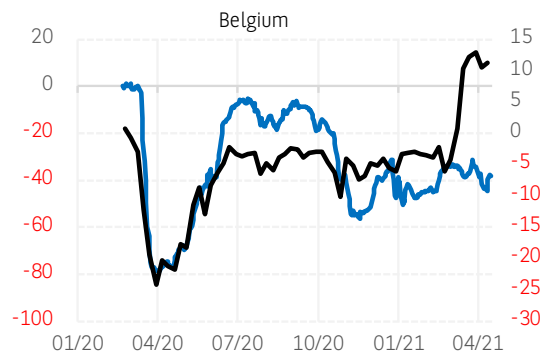
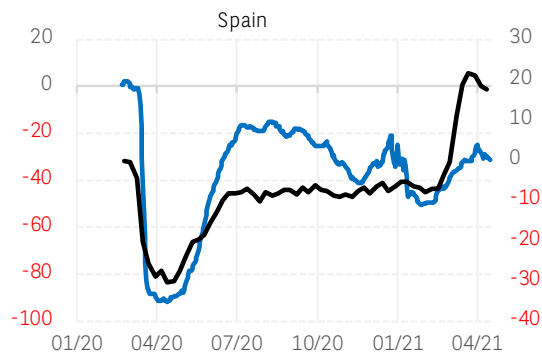
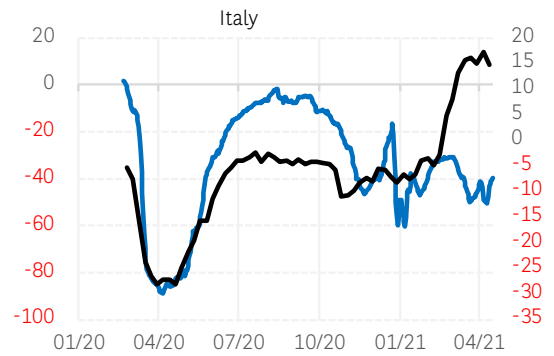
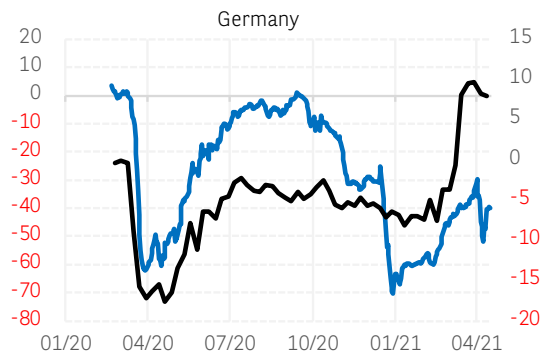
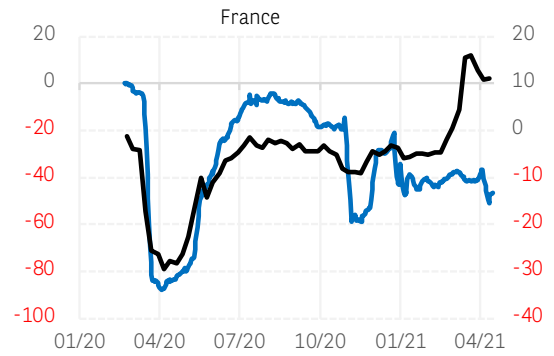
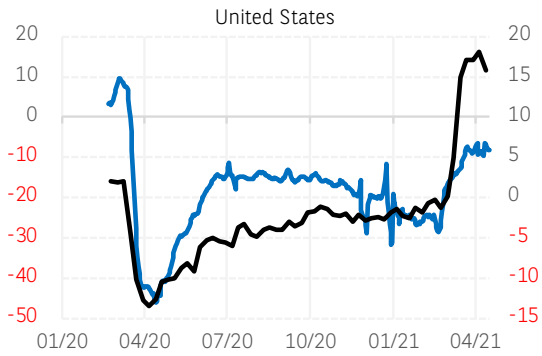
SOURCE: OUR WORLD IN DATA (04/21/2021), BNP PARIBAS



RETAIL AND RECREATION MOBILITY & OECD WEEKLY TRACKER

— Retail and recreation mobility (7-day moving average, % from baseline*)

— OECD Weekly tracker, y/y GDP growth [RHS]



SOURCE: OECD (04/20/2021), GOOGLE (04/20/2021), BNP PARIBAS



ECONOMIC SCENARIO

9

UNITED STATES

Having limited the damage in 2020, the US economy is now recovering fast, driven by a vaccination campaign that is steaming ahead and raising hopes of collective immunity to Covid-19 being achieved at some point in the summer. The economy has also benefited from the exceptional fiscal stimulus package, which is twice the size of that put in place after the financial crisis of 2008. As a result, US GDP growth will be close to 7% in 2021, opening the way to a rapid return to pre-crisis levels. The employment deficit remains significant as a result of the pandemic, but this should steadily be absorbed, opening the way to a rapid fall in the unemployment rate, which is expected to drop below the 5% mark in the second half. Expected inflation has risen sharply and is unlikely to fall back, particularly as reported inflation is picking up. Over the coming months the latter is likely to run well above the 2% target set by the Federal Reserve, but this will not cause the central bank to deviate from its accommodating stance.

CHINA

After plummeting in Q1 2020, economic activity has experienced a V-shaped rebound since Q2. Economic growth will stay strong in 2021, still supported by industrial production and exports. Manufacturing investment growth should accelerate in the short term while investment growth in infrastructure and real estate projects is expected to slow. The growth recovery in the services sector and in private consumption has started later and been slower, but it should gain momentum in 2021. The authorities are expected to reduce very gradually their fiscal policy support measures and continue the cautious credit policy tightening, which was initiated in Q4 2020 in order to stabilize domestic debt-to-GDP ratios and contain risks in the financial system.

EUROZONE

After an historic recession in 2020 (-6.8%, annual average), the Eurozone economy should firmly rebound this year (+4.2%), especially from the H2. In 2022, the economic recovery would be still on track with an economic growth of +5%. Globally, Eurozone GDP could reach its pre-crisis level faster than we expected before, around the middle of 2022. The current resurgence in the pandemic across many Member states and new health restrictions keep weighing on the dynamics of the recovery and uncertainties remain at a significant level. Nevertheless, the expected acceleration of vaccines rollout is the brightest spot for the economy in the months ahead. Also, in this still tricky situation, the policy-mix will remain accommodative to support the recovery. The European central bank has already announced a higher pace of assets purchases, helping to maintain very favorable financing conditions in the Eurozone. Over the coming months, one of the most important issues to focus on will be to restore consumers' confidence. This constitutes an essential vector of a prompt and sustained recovery.

FRANCE

Contrary to what the discovery of vaccines at the end of 2020 suggested, i.e. the end of the stop-and-go activity, at the beginning of 2021, due to the appearance of variants and the slowness of vaccination, we are still on a trajectory of crisis exit in fits and starts. The capacity of the economy to rebound and the possibility of a vigorous rebound are not, as such, called into question; it is the timing of the rebound that has been postponed. It is now expected in H2 2021, bolstered by the acceleration of the immunization and the support of the policy-mix. For 2021 as a whole, growth would average 6.1%. This is a rather optimistic forecast, half a point above the March 2021 consensus. In 2022, growth would remain strong (4.4%). According to our scenario, French GDP would exceed its pre-crisis level in Q1 2022. Inflation is also expected to pick up, driven by temporary factors (commodity prices) but also by the more lasting influence of supply (constrained) and demand (rising) and the reflationary efforts of monetary policy.

RATES AND EXCHANGE RATES

In the US, policy will remain on hold for quite some time, considering that the FOMC wants inflation to move beyond 2% to make up for past below-target inflation. Its outcome-dependent guidance is very clear: the current pace of asset purchases will

be maintained 'until substantial further progress has been made' toward reaching its goals in terms of maximum employment and inflation and the FOMC will signal well in advance when the economy is on a path warranting a change in policy. Although it expects an increase in inflation later this year, it considers it will be transient and limited. Treasury yields should continue to move higher on the back of fiscal stimulus and the prospect of a strong acceleration of economic growth.

In the eurozone, the ECB will maintain its very accommodative stance centered around its asset purchases and forward guidance, with the objective to generate a pick-up in inflation. The pandemic emergency purchase programme (PEPP) is to last at least until the end of March 2022. Nevertheless, bond yields are expected to move higher based on the acceleration of euro area growth, the reduction in uncertainty and the spillover effect of higher US Treasury yields. This should also lead to a slight increase in sovereign spreads in the euro area. The Bank of Japan is expected to maintain its current policy stance including its yield curve control strategy although the range of the latter has recently been widened to +/- 25 bp around 0%. Within this range, JGB yields are expecting to move higher, following the global trend. We expect the dollar to weaken slightly versus the euro. This is the result of conflicting forces: faster growth in the US than in the eurozone but narrow interest rate differentials at the short end of the curve and a dollar which at current levels is expensive compared to fair value. Concerning the yen, little change is expected versus the dollar whereas it is expected to weaken against the euro.

GROWTH & INFLATION

%	GDP Growth				Inflation			
	2019	2020	2021 e	2022 e	2019	2020	2021 e	2022 e
United-States	2.2	-3.5	6.9	4.7	1.8	1.2	2.5	2.2
Japan	0.3	-4.8	3.0	2.3	0.5	0.0	-0.3	0.0
United-Kingdom	1.5	-10.2	6.1	6.0	1.8	0.9	1.4	2.1
Euro Area	1.3	-6.8	4.2	5.0	1.2	0.3	1.7	1.4
Germany	0.6	-5.3	3.0	4.8	1.4	0.4	2.1	1.5
France	1.5	-8.2	6.1	4.4	1.3	0.5	1.4	1.0
Italy	0.3	-8.9	5.0	3.9	0.6	-0.1	1.5	1.4
Spain	2.0	-10.8	5.9	5.6	0.8	-0.3	1.3	1.2
China	6.1	2.3	9.2	5.3	2.9	2.5	1.8	2.8
India*	4.2	-7.2	12.5	4.1	4.8	6.2	4.9	4.6
Brazil	1.1	-4.1	2.5	3.0	3.7	3.2	6.5	4.0
Russia	1.3	-4.5	4.0	3.0	4.3	3.4	5.1	4.0

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

INTEREST & EXCHANGE RATES

Interest rates, %		2021					
End of period		Q1	Q2e	Q3e	Q4e	2021e	2022e
US	Fed Funds (upper limit)	0.25	0.25	0.25	0.25	0.25	0.25
	T-Notes 10y	1.75	2.00	2.10	2.20	2.20	2.50
Ezone	Deposit rate	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
	Bund 10y	-0.33	-0.20	-0.10	0.20	0.20	0.20
	OAT 10y	-0.11	0.00	0.15	0.50	0.50	0.20
	BTP 10y	0.63	0.70	0.90	1.35	1.35	0.20
	BONO 10y	0.34	0.45	0.60	0.95	0.95	0.20
UK	Base rate	0.10	0.10	0.10	0.10	0.10	0.10
	Gilts 10y	0.88	1.00	1.10	1.20	1.20	1.30
Japan	BoJ Rate	-0.04	-0.10	-0.10	-0.10	-0.10	-0.10
	JGB 10y	0.09	0.12	0.18	0.23	0.23	0.28

Exchange Rates		2021					
End of period		Q1	Q2e	Q3e	Q4e	2021e	2022e
USD	EUR / USD	1.18	1.18	1.20	1.23	1.23	1.18
	USD / JPY	111	111	111	111	111	114
	GBP / USD	1.38	1.39	1.43	1.46	1.46	1.42
EUR	EUR / GBP	0.85	0.85	0.84	0.84	0.84	0.83
	EUR / JPY	130	131	133	137	137	135

SOURCE: BNP PARIBAS GLOBAL MARKETS (E: ESTIMATES)



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CALENDAR

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LATEST INDICATORS

In the UK, unexpectedly, the contraction of employment in February was -in moving average terms- more limited than the previous reading. March retail sales improved strongly, beating expectations, and April business optimism jumped, widely surpassing the consensus. April consumer confidence on the other hand hardly moved. The April flash PMIs improved across the board and did better than expected. In France, business confidence eased somewhat but there was relief about the decline in services sentiment, which was more limited than expected. Manufacturing confidence improved strongly. The composite PMI improved unexpectedly on the back of a positive surprise in services where the PMI has now crossed the 50.0 hurdle. The German composite PMI came in below expectations on the back of some weakening in services. The PMIs for the eurozone improved further and were better than expected. In the US, the composite PMI improved further, driven by a strong and higher than expected increase of the services PMI and a more limited improvement in the manufacturing sector. Finally, during the press conference following the ECB meeting, Christine Lagarde strongly insisted it was premature to start talking about tapering the asset purchases.

DATE	COUNTRY	INDICATOR	PERIOD	CONSENSUS	ACTUAL	PREVIOUS
04/20/2021	United Kingdom	ILO Unemployment Rate 3Mths	Feb	5.1%	4.9%	5.00%
04/20/2021	United Kingdom	Employment Change 3M/3M	Feb	--	-73k	-147k
04/20/2021	Japan	Machine Tool Orders YoY	Mar	--	0.7	65.00%
04/22/2021	France	Business Confidence	Apr	93	95.0	97
04/22/2021	France	Manufacturing Confidence	Apr	99	104.0	99
04/22/2021	United Kingdom	CBI Business Optimism	Apr	--	38.0	-22
04/22/2021	Eurozone	ECB Deposit Facility Rate	Apr	-0.5%	0.0	-0.5%
04/22/2021	United States	Initial Jobless Claims	Apr	--	547k	586k
04/22/2021	Eurozone	Consumer Confidence	Apr	-11	-8.1	-10.8
04/23/2021	United Kingdom	GfK Consumer Confidence	Apr	-11	-15.0	-16
04/23/2021	Japan	Jibun Bank Japan PMI Mfg	Apr	--	53.3	52.7
04/23/2021	Japan	Jibun Bank Japan PMI Services	Apr	--	48.3	48.3
04/23/2021	Japan	Jibun Bank Japan PMI Composite	Apr	--	50.2	49.9
04/23/2021	Japan	Nationwide Dept Sales YoY	Mar	--	21.8%	-10.7%
04/23/2021	United Kingdom	Retail Sales Ex Auto Fuel MoM	Mar	1.9%	4.9%	2.5%
04/23/2021	France	Markit France Manufacturing PMI	Apr	59.2	59.2	59.3
04/23/2021	France	Markit France Services PMI	Apr	44.1	50.4	48.2
04/23/2021	France	Markit France Composite PMI	Apr	46.5	51.7	50
04/23/2021	Germany	Markit/BME Germany Manufacturing PMI	Apr	65.5	66.4	66.6
04/23/2021	Germany	Markit Germany Services PMI	Apr	51	50.1	51.5
04/23/2021	Germany	Markit/BME Germany Composite PMI	Apr	57.3	56.0	57.3
04/23/2021	Eurozone	Markit Eurozone Manufacturing PMI	Apr	62	63.3	62.5
04/23/2021	Eurozone	Markit Eurozone Services PMI	Apr	49.1	50.3	49.6
04/23/2021	Eurozone	Markit Eurozone Composite PMI	Apr	53.3	53.7	53.2
04/23/2021	United Kingdom	Markit UK PMI Manufacturing SA	Apr	59	60.7	58.9
04/23/2021	United Kingdom	Markit/CIPS UK Services PMI	Apr	59	60.1	56.3
04/23/2021	United Kingdom	Markit/CIPS UK Composite PMI	Apr	57.8	60.0	56.4
04/23/2021	United States	Markit US Manufacturing PMI	Apr	60	60.6	59.1
04/23/2021	United States	Markit US Services PMI	Apr	61.3	63.1	60.4
04/23/2021	United States	Markit US Composite PMI	Apr	--	62.2	59.7

SOURCE: BLOOMBERG



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CALENDAR: THE WEEK AHEAD

COMING INDICATORS

The highlights of next week, which will be very busy, are the FOMC meeting and first quarter GDP data for the US, the eurozone, Germany and France. In addition, several surveys will be published for the month of April: the European Commission's economic sentiment index and its subseries, IFO business climate in Germany, Conference Board consumer confidence and University of Michigan sentiment in the US, consumer confidence in Japan, France and Germany, PMI surveys in Japan and China. Finally, there is also a meeting of the Bank of Japan.

DATE	COUNTRY	INDICATOR	PERIOD	CONSENSUS	PREVIOUS
04/26/2021	Germany	IFO Expectations	Apr	101.3	100.4
04/26/2021	Germany	IFO Current Assessment	Apr	94	93
04/26/2021	Germany	IFO Business Climate	Apr	97.5	96.6
04/26/2021	United States	Cap Goods Orders Nondef Ex Air	Mar	1.50%	-0.90%
04/26/2021	United States	Cap Goods Ship Nondef Ex Air	Mar	--	-1.10%
04/27/2021	France	Total Jobseekers	1Q	--	3574.3k
04/27/2021	United Kingdom	CBI Retailing Reported Sales	Apr	--	-45
04/27/2021	United States	Conf. Board Consumer Confidence	Apr	111.9	109.7
04/27/2021	United States	Conf. Board Present Situation	Apr	--	110
04/27/2021	United States	Conf. Board Expectations	Apr	--	109.6
04/27/2021	Japan	BOJ 10-Yr Yield Target	Apr	0.00%	0.00%
04/27/2021	Germany	Retail Sales MoM	Mar	--	1.20%
04/28/2021	Japan	Retail Sales MoM	Mar	0.60%	3.10%
04/28/2021	Germany	GfK Consumer Confidence	May	-5	-6.2
04/28/2021	France	Consumer Confidence	Apr	93	94
04/28/2021	United States	FOMC Rate Decision (Upper Bound)	Apr	0.25%	0.25%
04/29/2021	Eurozone	Economic Confidence	Apr	102	101
04/29/2021	Eurozone	Consumer Confidence	Apr	--	--
04/29/2021	Eurozone	Industrial Confidence	Apr	--	2
04/29/2021	Eurozone	Services Confidence	Apr	--	-9.3

SOURCE: BLOOMBERG



DATE	COUNTRY	INDICATOR	PERIOD	CONSENSUS	PREVIOUS
04/29/2021	United States	Initial Jobless Claims	Apr	--	--
04/29/2021	United States	GDP Annualized QoQ	1Q	6.50%	4.30%
04/29/2021	United States	Personal Consumption	1Q	10.30%	2.30%
04/29/2021	United States	Core PCE QoQ	1Q	1.60%	1.30%
04/30/2021	Japan	Jibun Bank Japan PMI Mfg	Apr	--	--
04/30/2021	China	Non-manufacturing PMI	Apr	55.9	56.3
04/30/2021	China	Manufacturing PMI	Apr	51.7	51.9
04/30/2021	China	Composite PMI	Apr	--	55.3
04/30/2021	Japan	Consumer Confidence Index	Apr	34	36.1
04/30/2021	France	Consumer Spending MoM	Mar	--	0.00%
04/30/2021	France	GDP QoQ	1Q	-0.40%	-1.40%
04/30/2021	Germany	GDP SA QoQ	1Q	-1.50%	0.30%
04/30/2021	Eurozone	Unemployment Rate	Mar	8.40%	8.30%
04/30/2021	Eurozone	CPI Core YoY	Apr	0.80%	0.90%
04/30/2021	Eurozone	GDP SA QoQ	1Q	-1.00%	-0.70%
04/30/2021	Eurozone	GDP SA YoY	1Q	-2.10%	-4.90%
04/30/2021	United States	Personal Income	Mar	20.10%	-7.10%
04/30/2021	United States	Personal Spending	Mar	4.20%	-1.00%
04/30/2021	United States	Real Personal Spending	Mar	3.30%	-1.20%
04/30/2021	United States	U. of Mich. Sentiment	Apr	87.5	86.5
04/30/2021	United States	U. of Mich. Current Conditions	Apr	--	97.2
04/30/2021	United States	U. of Mich. Expectations	Apr	--	79.7
04/30/2021	United States	U. of Mich. 1 Yr Inflation	Apr	--	3.70%
04/30/2021	United States	U. of Mich. 5-10 Yr Inflation	Apr	--	2.70%

SOURCE: BLOOMBERG



FURTHER READING

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Israel: A mixed economic situation, but positive prospects	EcoTVWeek	23 April 2021
Exports rebounded strongly in march 2021, supported by the global economic recovery	Chart of the Week	21 April 2021
Eurozone : The upturn in inflation could be short-lived	EcoFlash	19 April 2021
EcoWeek 21.15 - April 19 issue	EcoWeek	19 April 2021
EcoEmerging - April 2021 issue	EcoEmerging	16 April 2021
Emerging countries: speed races	EcoTVWeek	16 April 2021
Exchange rate regime under pressure	Chart of the Week	14 April 2021
EcoWeek 21.14. April 12 issue	EcoWeek	12 April 2021
EcoPerspectives April 2021 issue	EcoPerspectives	9 April 2021
EcoTV. April 2021 issue	EcoTV	9 April 2021
US banks: reactivation of the Fed's reverse repo facility, a factor in reducing balance sheets	Chart of the Week	7 April 2021
France: The French labour market: 2020 in review	EcoFlash	6 April 2021
EcoWeek 21.13. April 2 issue	EcoWeek	2 April 2021
Eurozone: green shoots of recovery	EcoTVWeek	2 April 2021
Nordic countries: greater confidence?	Chart of the Week	31 March 2021
EcoWeek 21.12. March 29 issue	EcoWeek	29 March 2021
Banks are keeping appetite for TLTROs	EcoTVWeek	26 March 2021
Rising us treasury yields : no spillovers yet to emerging bond markets	Chart of the Week	24 March 2021
US : Does the American Rescue Plan go too far?	EcoFlash	23 March 2021
Netherlands : A liberal victory at the general election	EcoFlash	22 March 2021



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