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ECONOMIC RESEARCH



BNP PARIBAS

The bank
for a changing
world

BOOMERANG ECONOMICS

Corporate sentiment has jumped following the easing of Covid-19 related restrictions. There is a risk of excessive enthusiasm because better business expectations do not tell us where we are in terms of the level of activity and demand. The current phase of the rebound is mechanical. It shows that the supply side starts to function again. The real question however is what happens to the demand side in the coming quarters. Companies and households are confronted with limited visibility, so caution will prevail.

It could be called a boomerang cycle. Earlier on in the year, as lockdowns became ever more stringent, the business climate as reflected in the composite purchasing manager indices deteriorated significantly. As shown in chart 1, there is some relationship between the strictness of lockdown measures –the stringency index- and the collapse of the PMIs. Starting in May, this movement has gone into reverse. Restrictions have been eased and corporate sentiment has jumped. The swing back has been most pronounced in France, which had one of the most stringent lockdowns, but in the UK and Germany as well, the gap between the June reading of the flash PMI and its level in January has narrowed a lot.

Looking at these data, there is a risk of excessive enthusiasm. After all, what the PMI series tell us is that in May, survey respondents felt better about the outlook than in April¹. This feeling was even more pronounced in June. The survey does not convey information on the activity level. When somebody who has been standing in the cold for a long time enters a room without a fire, he will feel better, but not exactly warm. During recessions and recoveries, nowcasts² of quarterly real GDP growth based on the PMIs tend to show bigger errors than in normal times. Given the plunge in the activity level in the second quarter, this will become a real issue in the recovery which is now starting. Optimists will find a reason to be even more confident. As shown in chart 2 for the eurozone, the PMI tends to overestimate growth during a downturn and underestimate it during a recovery. This last point could actually mean that growth would surprise to the upside in the second quarter.

However, this tells us very little about the underlying strength, or rather, weakness of the economy. INSEE emphasised this week that although its business climate indicator in June showed the biggest improvement since the start of the series in 1980, its level is still well below the long term average.

1. "Respondents are asked to state whether business conditions across a number of variables have improved, deteriorated or stayed the same compared with the previous month." (Source: IHS Markit brochure).

2. A nowcast of GDP growth is a real-time, model-based estimate based on the latest available information

A similar observation can be made in Germany where the ifo business climate has also improved significantly. The key question is what happens after the current mechanical rebound. It is mechanical because it is very much driven by the ending of the lockdown, which means "we're open for business": the supply side starts to function again. This has led to a quick narrowing of the gap between current and normal operating conditions. In France, according to INSEE, this difference has shrunk to 12% in June coming from 29% in April and 22% in May³. The real question however is what happens to the demand side in the coming quarters. Companies, confronted with limited visibility about what the future may bring –the prime concern being whether there will be a second wave and, if so, how it would be addressed- will be reluctant to invest. Households face a worsening labour market which should weigh on their spending.

3. Source : INSEE, Point de conjoncture, 17 June 2020

COVID-19 STRINGENCY INDEX AND COMPOSITE PMI
(PERIOD COVERED: JANUARY-JUNE 2020)

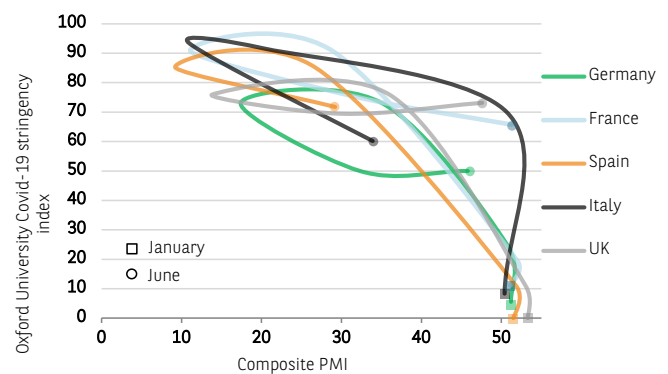


CHART 1

SOURCE: UNIVERSITY OF OXFORD, MARKIT, BNP PARIBAS

The economic rebound is in the mechanical phase, reflecting that shops are open for business again. The real question however is what happens to the demand side in the coming quarters. Companies and households are confronted with limited visibility, so caution will prevail.



The IMF in the June update of its World Economic Outlook provides sobering reading: *“the recovery is projected to be more gradual than previously forecast... The steep decline in activity comes with a catastrophic hit to the global labor market.”*⁴ In this respect it quotes research from the International Labour Organization, that the global decline in work hours in the second quarter of this year versus the final quarter of last year is likely to be the equivalent of more than 300 million full-time jobs. Add to this that in a number of countries and in several US states, the pandemic is not yet under control, the risk of a second wave this fall and pervasive economic uncertainty and one comes to the conclusion that caution is warranted when making forecasts. Against this background, the Fund notes that *“The extent of the recent rebound in financial market sentiment appears disconnected from shifts in underlying economic prospects... raising the possibility that financial conditions may tighten more than assumed in the baseline”*. Were this to happen, it would be another boomerang, but a most unwelcome one.

William De Vijlder

NOWCAST ERROR FOR QUARTERLY REAL GDP GROWTH IN THE EUROZONE BASED ON THE MANUFACTURING PMI FOR THE FINAL MONTH OF A QUARTER

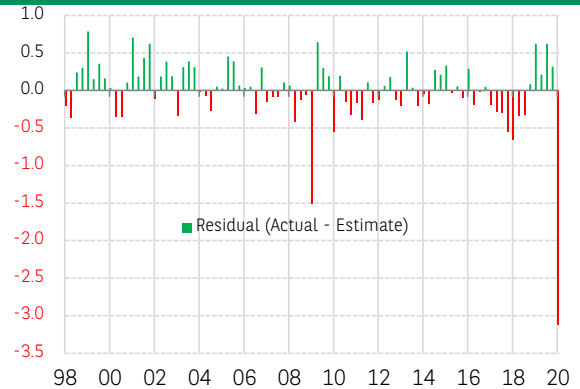


CHART 2

SOURCE: MARKIT, BNP PARIBAS

4. Source : IMF, June update of the World Economic Outlook.



MARKETS OVERVIEW

OVERVIEW

Week 19-6-20 to 25-6-20

▼ CAC 40	4 979	▶ 4 919	-1.2 %
▼ S&P 500	3 098	▶ 3 084	-0.5 %
▼ Volatility (VIX)	35.1	▶ 32.2	-2.9 pb
▼ Libor \$ 3M (%)	0.31	▶ 0.28	-2.1 bp
▼ OAT 10y (%)	-0.14	▶ -0.18	-4.3 bp
▼ Bund 10y (%)	-0.45	▶ -0.50	-5.4 bp
▼ US Tr. 10y (%)	0.69	▶ 0.67	-1.9 bp
↗ Euro vs dollar	1.12	▶ 1.12	+0.3 %
↗ Gold (ounce, \$)	1 741	▶ 1 760	+1.1 %
▼ Oil (Brent, \$)	42.3	▶ 41.2	-2.7 %

Interest Rates

		highest 20	lowest 20
\$ FED	0.25	1.75 at 01/01	0.25 at 16/03
Libor 3M	0.28	1.91 at 01/01	0.28 at 24/06
Libor 12M	0.56	2.00 at 01/01	0.56 at 24/06
£ BoE	0.10	0.75 at 01/01	0.10 at 19/03
Libor 3M	0.16	0.80 at 08/01	0.16 at 24/06
Libor 12M	0.48	0.98 at 01/01	0.48 at 23/06

At 25-6-20

MONEY & BOND MARKETS

Yield (%)		highest 20	lowest 20
€ AVG 5-7y	-0.13	0.72 at 18/03	-0.28 at 04/03
Bund 2y	-0.68	-0.58 at 14/01	-1.00 at 09/03
Bund 10y	-0.50	-0.17 at 19/03	-0.84 at 09/03
OAT 10y	-0.18	0.28 at 18/03	-0.42 at 09/03
Corp. BBB	1.31	2.54 at 24/03	0.65 at 20/02
\$ Treas. 2y	0.19	1.59 at 08/01	0.13 at 07/05
Treas. 10y	0.67	1.91 at 01/01	0.50 at 09/03
High Yield	6.71	11.29 at 23/03	5.44 at 21/02
£ gilt. 2y	-0.08	0.61 at 08/01	-0.08 at 25/06
gilt. 10y	0.11	0.83 at 01/01	0.11 at 25/06

At 25-6-20

EXCHANGE RATES

1€ =		highest 20	lowest 20	2020
USD	1.12	1.14 at 09/03	1.07 at 20/03	-0.1%
GBP	0.90	0.94 at 23/03	0.83 at 18/02	+6.7%
CHF	1.06	1.09 at 05/06	1.05 at 14/05	-2.1%
JPY	120.19	124.16 at 05/06	114.51 at 06/05	-1.5%
AUD	1.63	1.87 at 23/03	1.60 at 01/01	+2.4%
CNY	7.93	8.08 at 04/06	7.55 at 19/02	+1.5%
BRL	5.98	6.42 at 13/05	4.51 at 02/01	+32.5%
RUB	77.65	87.95 at 30/03	67.75 at 10/01	+11.4%
INR	84.84	86.26 at 11/06	77.21 at 17/02	+5.9%

At 25-6-20

Change

COMMODITIES

Spot price, \$		highest 20	lowest 20	2020	2020(€)
Oil, Brent	41.2	69.1 at 06/01	16.5 at 21/04	-37.9%	-37.9%
Gold (ounce)	1 760	1 772 at 24/06	1 475 at 19/03	+15.8%	+15.9%
Metals, LME	2 630	2 894 at 20/01	2 232 at 23/03	-7.5%	-7.4%
Copper (ton)	5 884	6 270 at 14/01	4 625 at 23/03	-4.3%	-4.2%
CRB Foods	296	341.5 at 21/01	272 at 27/04	-12.5%	-12.5%
wheat (ton)	182	2.4 at 21/01	180 at 24/06	-20.4%	-20.3%
Corn (ton)	120	1.5 at 23/01	113 at 28/04	-2.0%	-19.9%

At 25-6-20

Change

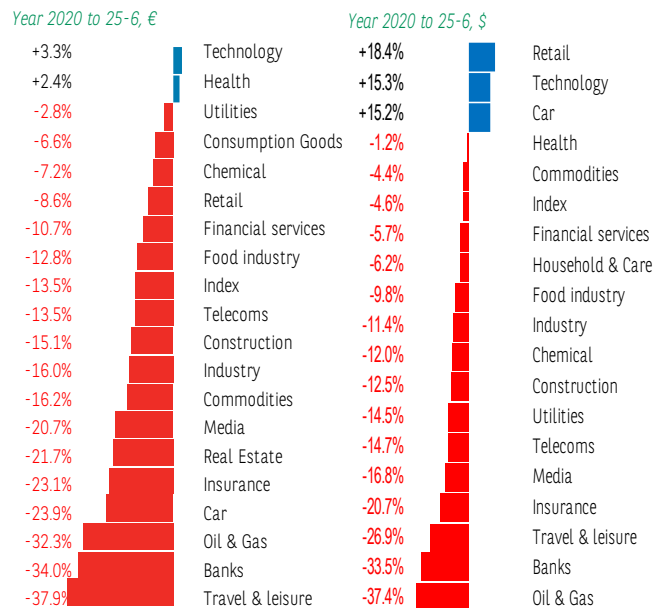
EQUITY INDICES

Index	highest 20	lowest 20	2020	
World				
MSCI World	2 435 at 12/02	1 602 at 23/03	-7.0%	
North America				
S&P500	3 386 at 19/02	2 237 at 23/03	-4.6%	
Europe				
EuroStoxx50	3 219	3 865 at 19/02	2 386 at 18/03	-14.1%
CAC 40	4 919	6 111 at 19/02	3 755 at 18/03	-1.8%
DAX 30	12 178	13 789 at 19/02	8 442 at 18/03	-8.1%
IBEX 35	7 270	10 084 at 19/02	6 107 at 16/03	-2.4%
FTSE100	6 147	7 675 at 17/01	4 994 at 23/03	-1.8%
Asia				
MSCI, loc.	906	1 034 at 20/01	743 at 23/03	-1.0%
Nikkei	22 260	24 084 at 20/01	16 553 at 19/03	-5.9%
Emerging				
MSCI Emerging (\$)	1 004	1 147 at 17/01	758 at 23/03	-1.0%
China	88	90 at 13/01	69 at 19/03	+3.8%
India	488	609 at 17/01	353 at 23/03	-12.6%
Brazil	1 493	2 429 at 02/01	1 036 at 23/03	-16.6%
Russia	626	857 at 20/01	419 at 18/03	-14.2%

At 25-6-20

Change

PERFORMANCE BY SECTOR (EUROSTOXX 50 & S&P500)

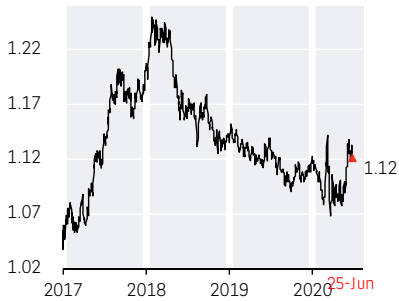


SOURCE: THOMSON REUTERS,

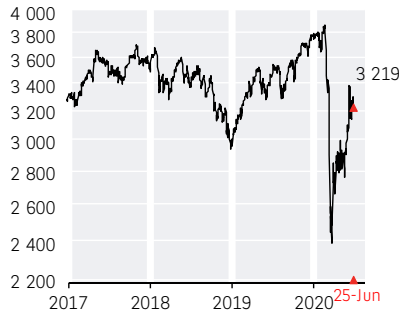


MARKETS OVERVIEW

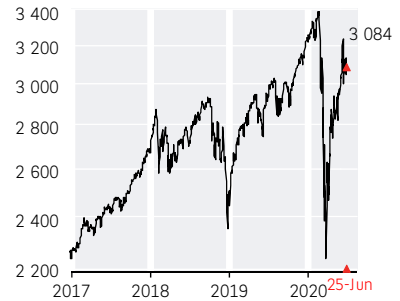
EURO-DOLLAR



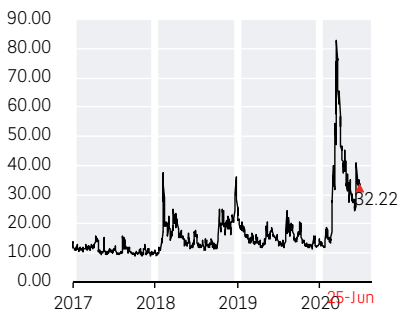
EUROSTOXX50



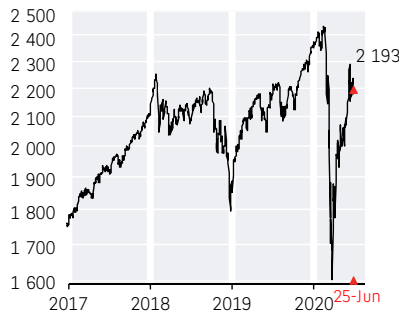
S&P500



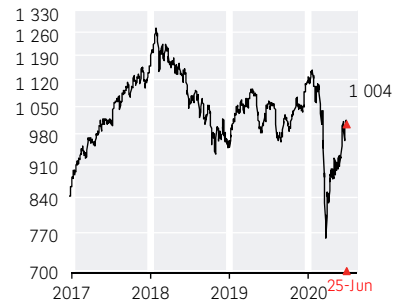
VOLATILITY (VIX, S&P500)



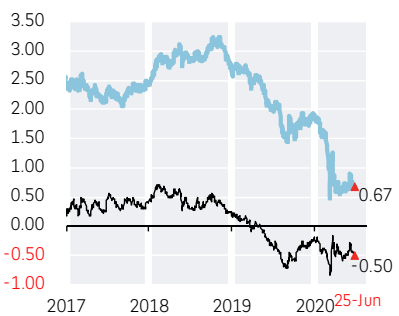
MSCI WORLD (USD)



MSCI EMERGING (USD)

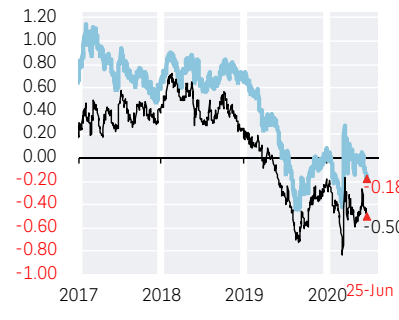


10Y BOND YIELD, TREASURIES VS BUND



—Bunds —US Treasuries

10Y BOND YIELD



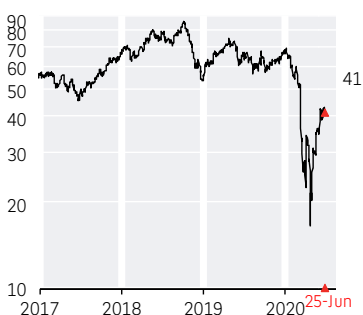
—Bunds —OAT

10Y BOND YIELD & SPREADS

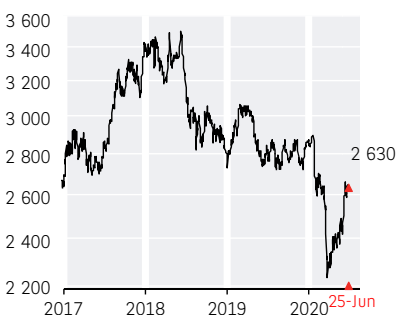
Week 19-6-20 to 25-6-20

1.80%	Greece	230 pb
1.27%	Italy	177 pb
0.39%	Spain	89 pb
0.36%	Portugal	86 pb
-0.14%	Belgium	36 pb
-0.18%	France	32 pb
-0.25%	Finland	25 pb
-0.28%	Austria	22 pb
-0.29%	Ireland	21 pb
-0.38%	Netherlands	12 pb
-0.50%	Germany	

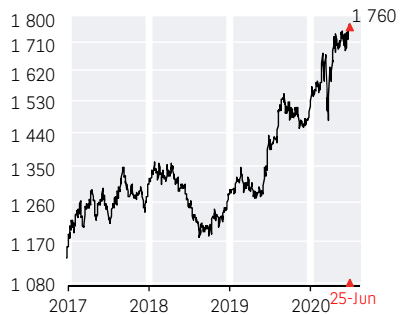
OIL (BRENT, USD)



METALS (LMEX, USD)



GOLD (OUNCE, USD)



SOURCE: THOMSON REUTERS,



ECONOMIC PULSE

GERMANY: MORE CONFIDENCE AMONG BUSINESSES AND HOUSEHOLDS

The significant shrinking of the blue area in today's Pulse indicates that the economic climate has substantially deteriorated during the past three months because of the lockdown measures in order to stop the Covid-19 pandemic. However, there were some remarkable differences. In April, in the industry sector, manufacturing output was 30% lower than a year earlier. By contrast, construction was among the least affected activities, and production was even slightly above the level in April 2019. In the retail sector, clothing stores were particularly hit, reporting a fall in turnover more than 70% from last year. Nevertheless, the sector had also some clear winners. Food stores reported an increase in sales of 10%, as bars and restaurants were closed, and online sales rose by almost 25% from last year.

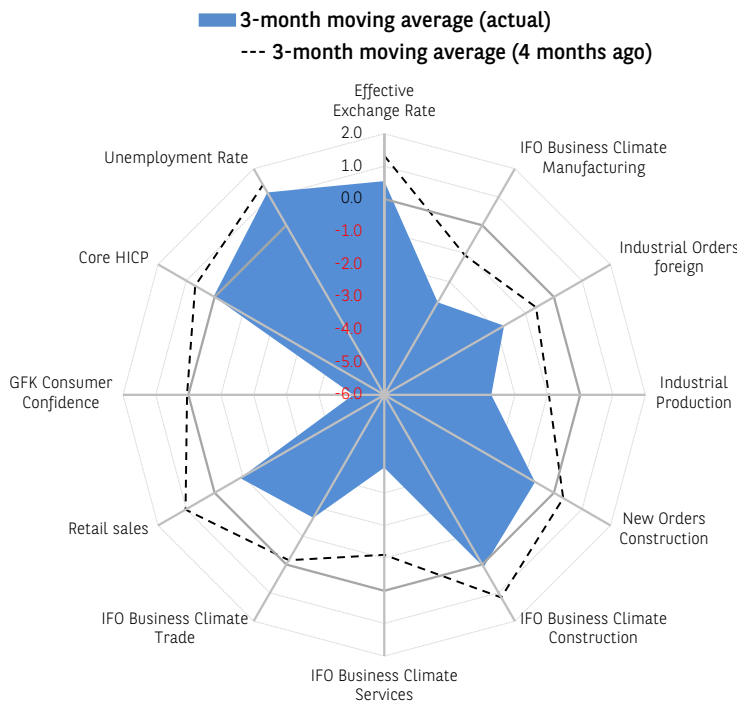
The trough is likely behind us. Following the decline in new Covid-19 cases, all German states have been gradually lifting lockdown restrictions, although each at its own speed. The progressive opening of businesses has certainly contributed to the improvement in economic sentiment. Consumer confidence strengthened both in May and June and a further improvement is anticipated for July. Also the ifo climate index improved in June for the second consecutive month on the back of a rebound in expectations.

By contrast, the assessment of actual conditions continued to decline. The improvement in confidence is underpinned by the economic stimulus package, announced in early June. In particular, the temporary reduction in value-added tax will stimulate activity in the second half of the year.

Nevertheless, the situation remains both difficult and fragile. The recent re-institution of lockdown measures in several districts shows that the health crisis is far from over. Moreover, a record number of short-time workers and rising unemployment are likely to weigh on confidence. The economy is expected to rebound in the third quarter, but it may take until the end of 2022 before activity is back at its pre-crisis level.

Raymond Van Der Putten

QUARTERLY CHANGES



SOURCE: THOMSON REUTERS, BNP PARIBAS

The indicators in the radar 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 compared to the dotted area signals an improvement.



ECONOMIC PULSE

FRANCE : MUCH BRIGHTER SKIES IN JUNE

While the economic horizon cleared up a bit in May, the improvement was much bigger in June. Given its construction, our Pulse does not yet show any traces of this rebound, which is just as remarkable as the preceding plunge. Markit's composite PMI index rose above the 50 threshold, which means it is back in the expansion zone. At 51.3 (preliminary estimate), the index has nearly returned to its pre-crisis level (52 at year-end 2019). It has almost completely recovered the ground lost in March-April. In manufacturing, the business climate rebounded even higher, to 55.5, the highest level since February 2018. In the services sector, there is only a 2-point gap to be closed.

The message from the INSEE surveys is a little less optimistic. The composite index rebounded significantly (18 points). There was a big upturn in services and retailing (26 and 21 points, respectively), but industry gained only 7 points*. At 78, the composite index is only less low and it remains far below 100, the benchmark average. Between May and June, the index has barely regained half of the ground lost in March-April. The improvement is due to a sharp turnaround in the balance of opinions concerning future trends, while those concerning past trends remain deteriorated.

Based on this point, one cannot take for granted that industrial output hit bottom in April and begun to recover in May.

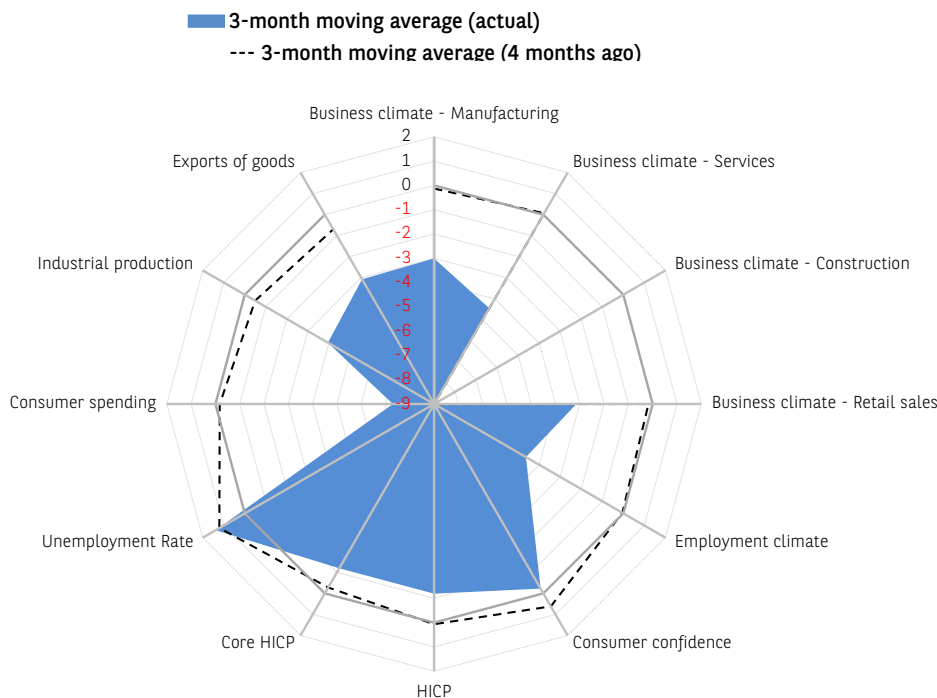
Prospects are looking better for household consumption of goods, based on the sharp rise in May and June in the proportion of households who think it is a good time to purchase big ticket items. The huge rebound in May in the Bank of France's retail survey bodes well too. In its past two economic notes dated 27 May and 17 June, the INSEE noted a more rapid recovery in consumption (which in June was 5% below its level in a "normal" situation) than in production (-12%).

The news from the job market is also encouraging. The number of category A jobseekers registered with Pôle Emploi, the national employment agency, fell back by 3.3% m/m in May, while declarations of new hiring of more than a month (excluding temporary jobs) rebounded 76% m/m that same month. However, French households continue to have a negative perception of the situation: their fears about unemployment trend have increased again in June, even though only slightly.

* Since April, the INSEE no longer provides the composite business climate indicator for the construction sector, but only releases the related balances of opinions.

Hélène Baudchon

QUARTERLY CHANGES



SOURCE: THOMSON REUTERS, BNP PARIBAS

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ECONOMIC PULSE

SPAIN: A RECOVERY STREWN WITH OBSTACLES

The barometer for Spain has begun to improve with the introduction of post-lockdown data, but it continues to fluctuate around historically-low averages.

The composite purchasing managers index (PMI) rose to only 29.2 in May (the manufacturing PMI for June will be released on 1 July) and the employment sub-component was still deep into contraction territory at 32.1. That said, the first leading indicators for June in Europe (IFO in Germany, INSEE business climate in France) show an upturn in economic activity, which should also be observed in Spain.

The return of foreign tourists from 21 June will provide some respite to the economy, but the government must carefully monitor the evolution of the epidemics. Minister of Foreign Affairs Arancha Gonzalez Laya warned that restrictive measures could be reinstated if the weekly contamination rate rises above 50 per 100,000 inhabitants.

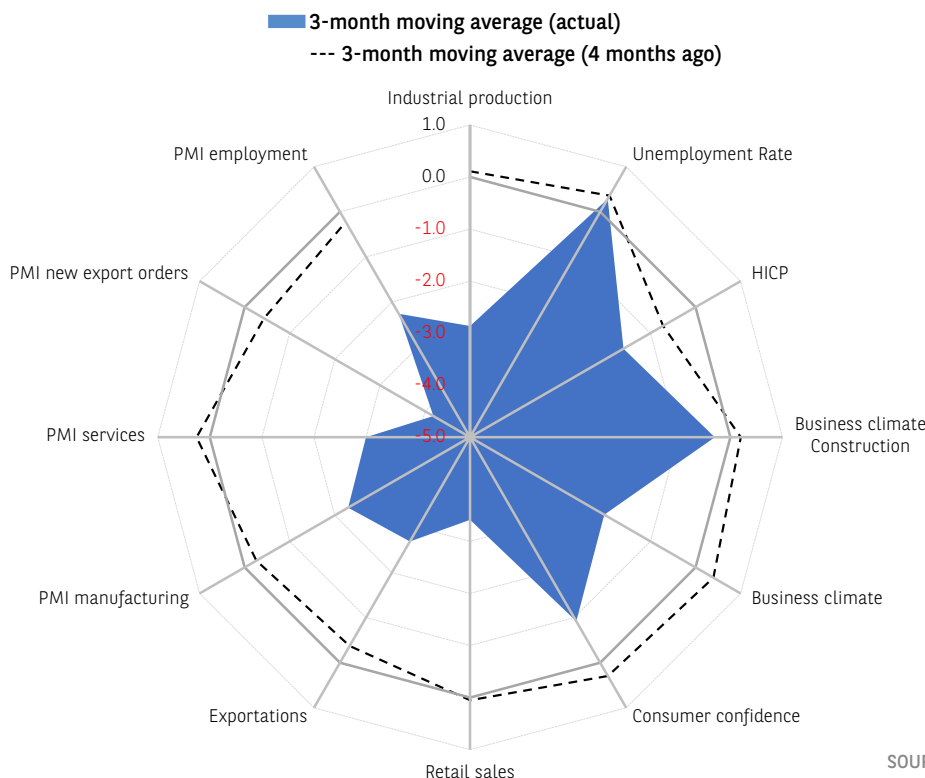
Negotiations between the government and trade unions on the revamp of short-term work regulations (ERTE) from 1 July have highlighted how uncertain the financial situation of numerous companies remains.

INE, the Spanish National Statistics Institute, recently published April turnover by sector: unsurprisingly, a record contraction in activity for the month is reported, estimated at -25.9%. The loss of activity was approximately the same between manufacturing (-28.7%) and the services sector (-27.1%). However, the very high proportion of small and medium-sized enterprises (SMEs) in services increases the risk of bankruptcies and layoffs in the sector. The monthly decline in the utility sector was comparatively smaller (-4.9%).

The decline in oil prices early this year continues to feed through to the consumer price index (CPI). Deflation on the CPI measure intensified to 0.91% in May. The energy CPI declined by 14.3% between January and May, after seasonal adjustments. This was partially offset by a 2.1% rebound over the same period in food and non-alcoholic beverage prices, which account for nearly a fifth of the benchmark consumer basket. Core inflation - which excludes energy and fresh food - held steady at 1.1% in May.

Guillaume Derrien

QUARTERLY CHANGES



SOURCE: THOMSON REUTERS, BNP PARIBAS

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ECONOMIC SCENARIO

9

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	-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				2019			2020e			2021e		
	Q3	Q4	Q1	Q2e	Q3e	Q4e	2019	2020e	2021e	2019	2020e	2021e	2019	2020e	2021e
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	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															
Bol 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				2019			2020e			2021e		
	Q3	Q4	Q1	Q2e	Q3e	Q4e	2019	2020e	2021e	2019	2020e	2021e	2019	2020e	2021e
End of period															
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)



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CALENDAR

10

LATEST INDICATORS

The further easing of lockdown measures has led, as expected, to a significant improvement in business sentiment indicators such as the flash PMIs, French business confidence and the IFO business climate in Germany. In certain cases, the jump in June versus May was the highest ever recorded, but it should be added that this comes after plunging in March and April. Consumer confidence in the eurozone, France and Germany has also improved, but in a less forceful way than business sentiment. It should be noted that capital goods orders in the US have picked up in May.

DATE	COUNTRY	INDICATOR	PERIOD	ACTUAL	PREVIOUS
06/22/2020	United Kingdom	CBI Trends Total Orders	June	-58	-62
06/22/2020	United States	Chicago Fed Nat Activity Index	May	2,6	-17.9
06/22/2020	Eurozone	Consumer Confidence	June	-14.7	-18.8
06/22/2020	United States	Existing Home Sales MoM	May	-9.7%	-17.8%
06/23/2020	Japan	Jibun Bank Japan PMI Composite	June	37.9	27.8
06/23/2020	France	Markit France Manufacturing PMI	June	52.1	40.6
06/23/2020	France	Markit France Services PMI	June	50.3	31.1
06/23/2020	France	Markit France Composite PMI	June	51.3	32.1
06/23/2020	Germany	Markit/BME Germany Manufacturing PMI	June	44.6	36.6
06/23/2020	Germany	Markit Germany Services PMI	June	45.8	32.6
06/23/2020	Germany	Markit/BME Germany Composite PMI	June	45.8	32.3
06/23/2020	Eurozone	Markit Eurozone Manufacturing PMI	June	46.9	39.4
06/23/2020	Eurozone	Markit Eurozone Services PMI	June	47.3	30.5
06/23/2020	Eurozone	Markit Eurozone Composite PMI	June	47.5	31.9
06/23/2020	United Kingdom	Markit/CIPS UK Composite PMI	June	47.6	30.0
06/23/2020	United States	Markit US Composite PMI	June	46.8	37.0
06/23/2020	United States	New Home Sales MoM	May	16.6%	-5.2%
06/23/2020	United States	Richmond Fed Manufact. Index	June	-27	70.9
06/24/2020	France	Business Confidence	June	78	60
06/24/2020	Germany	IFO Business Climate	June	86.2	79.7
06/25/2020	Germany	GfK Consumer Confidence	July	-9.6	-18.6
06/25/2020	United States	GDP Annualized QoQ	Q1	-5.0%	-5.0%
06/25/2020	United States	Cap Goods Orders Nondef Ex Air	May	2.3%	-6.5%
06/25/2020	United States	Initial Jobless Claims	20 June	1480k	1540k
06/25/2020	United States	Kansas City Fed Manf. Activity	June	1	-19
06/26/2020	France	Consumer Confidence	June	97	93
06/26/2020	United States	U. of Mich. Sentiment	June	78.1	78.9

SOURCE: BLOOMBERG



CALENDAR: THE WEEK AHEAD

COMING INDICATORS

Our understanding of the economic environment in June will have improved significantly by the end of next week considering the abundance of data which will be released. To be noted are the confidence indicators of the European Commission, the purchasing managers' indices (manufacturing, services and composite) in several countries, the Tankan report in Japan, the ISM in the US. Highlight of the week is the US labour market report. The FOMC minutes will be scrutinised for indications about the future monetary policy stance.

DATE	COUNTRY	INDICATOR	PERIOD	CONSENSUS	PREVIOUS
06/29/2020	Eurozone	Economic Confidence	June	--	67.5
06/29/2020	Eurozone	Industrial Confidence	June	--	-27.5
06/29/2020	Eurozone	Services Confidence	June	--	-43.6
06/29/2020	Eurozone	Consumer Confidence	June	--	-14.7
06/30/2020	United Kingdom	GfK Consumer Confidence	June	--	-30
06/30/2020	China	Composite PMI	June	--	53.4
06/30/2020	China	Manufacturing PMI	June	50.3	50.6
06/30/2020	China	Non-manufacturing PMI	June	--	53.6
06/30/2020	France	CPI EU Harmonized YoY	June	--	0.4%
06/30/2020	France	Consumer Spending MoM	May	--	-20.2%
06/30/2020	Eurozone	CPI Estimate YoY	June	--	0.1%
06/30/2020	Eurozone	CPI Core YoY	June	--	0.9%
06/30/2020	United States	Conf. Board Consumer Confidence	June	90.0	86.6
07/01/2020	Japan	Tankan Large Mfg Index	2Q	-31	-8
07/01/2020	Japan	Tankan Large Non-Mfg Index	2Q	-20	--
07/01/2020	Japan	Jibun Bank Japan PMI Mfg	June	--	37.8
07/01/2020	China	Caixin China PMI Mfg	June	--	50.7
07/01/2020	Japan	Consumer Confidence Index	June	--	24.0
07/01/2020	France	Markit France Manufacturing PMI	June	--	52.1
07/01/2020	Germany	Markit/BME Germany Manufacturing PMI	June	--	44.6
07/01/2020	Eurozone	Markit Eurozone Manufacturing PMI	June	--	46.9
07/01/2020	United Kingdom	Markit UK PMI Manufacturing SA	June	--	50.1
07/01/2020	United States	ISM Manufacturing	June	48.5	43.1
07/01/2020	United States	FOMC Meeting Minutes	10 June	--	--
07/02/2020	Eurozone	Unemployment Rate	May	--	7.3%
07/02/2020	United States	Change in Nonfarm Payrolls	June	3.25e+06	2.509e+06
07/02/2020	United States	Unemployment Rate	June	12.1%	13.3%
07/03/2020	Japan	Jibun Bank Japan PMI Composite	June	--	37.9
07/03/2020	China	Caixin China PMI Composite	June	--	54.5
07/03/2020	France	Markit France Services PMI	June	--	50.3
07/03/2020	France	Markit France Composite PMI	June	--	51.3
07/03/2020	Germany	Markit Germany Services PMI	June	--	45.8
07/03/2020	Germany	Markit/BME Germany Composite PMI	June	--	45.8
07/03/2020	Eurozone	Markit Eurozone Services PMI	June	--	47.3
07/03/2020	Eurozone	Markit Eurozone Composite PMI	June	--	47.5
07/03/2020	United Kingdom	Markit/CIPS UK Composite PMI	June	--	47.6

SOURCE: BLOOMBERG



FURTHER READING

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Impact investing and the European Recovery Plan	EcoTV Week	26 June 2020
COVID-19: main fiscal and monetary measures	EcoFlash	25 June 2020
US : Granting of government-backed loans is winding down	Chart of the Week	24 June 2020
United Kingdom: Record fall in GDP in April	EcoWeek	19 June 2020
China: The rebound in economic activity is clear, but will it continue?	EcoWeek	19 June 2020
European Union: The long shadow of unemployment	EcoWeek	19 June 2020
Spain: renewable energies offer new opportunities	EcoTV Week	19 June 2020
The Paris office market: a matter of yield	EcoTV	17 June 2020
DESI Index, a roadmap for the European Union	Chart of the Week	17 June 2020
Global: COVID-19: Key measures taken by governments and central banks (update)	EcoFlash	17 June 2020
French Economy Pocket Atlas	Pocket Atlas	16 June 2020
European Union: Corporate leverage as a headwind during the recovery	EcoWeek	12 June 2020
Italy: A very fragile recovery	EcoWeek	12 June 2020
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



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