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ECONOMIC RESEARCH

BNP PARIBAS

The bank for a changing world

QE FOREVER: ON THE SLIPPERY SLOPE TOWARDS FISCAL DOMINANCE?

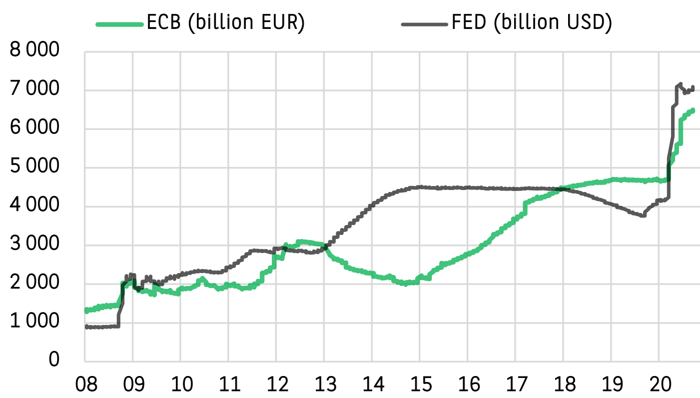
Declining effectiveness of monetary policy and increased fiscal policy space make the case for increased public debt issuance in combination with quantitative easing to boost growth. There is concern that such policy coordination would lead to fiscal dominance whereby monetary policy is dictated by considerations in terms of public finances to maintain public debt sustainability. Once the pandemic will be behind us, governments will have the responsibility to improve their public finances. Inaction in this respect would put the burden on the ECB when fighting future downturns. It would be a different type of fiscal dominance.

Considering that policy rates are close to or, in some cases even below, zero, asset purchase programmes, commonly called quantitative easing, have become a crucial instrument in the toolkit of central banks. It will probably remain like that for many years to come because it seems unlikely that inflation would reach a sufficient level in a sustained way so as to move official interest rates far away from zero. Another reason is of course the low level of the natural rate of interest, the real short-term rate whereby inflation is stable and in line with the central bank's target. There is a concern though that the effect of additional asset purchases on activity and demand declines over time and simply ends up creating excess liquidity in the economy[1]. Low interest rates have another consequence. They create fiscal space, i.e. the possibility for governments to boost growth considering that the cost of borrowing has become very low and has dropped below the expected nominal growth rate of GDP[2]. Declining effectiveness of monetary policy and increased fiscal policy space make the case for increased public debt issuance in combination with quantitative easing to boost growth. In doing so, it also increases the chances that the central bank will reach its inflation target.

Although appealing in theory, there is concern that such policy coordination puts us on the slippery slope towards fiscal dominance. This refers to a situation whereby the conduct of monetary policy is dictated by considerations in terms of public finances to maintain public debt sustainability. Some argue that interest rate hikes, deemed necessary based on inflation developments, would be postponed because they would increase the borrowing cost of the public sector and cause mark-to-market losses on the government bonds on the central bank's balance sheet. Fiscal dominance would imply that the central bank loses its credibility and, de facto, its independence.

Recent speeches have poured cold water on this view that we are moving towards fiscal dominance. Ben Broadbent, deputy governor monetary policy at the Bank of England, argues that, in reacting to the pandemic, monetary and fiscal policy have reacted in parallel by respectively addressing the disinflationary pressure and the blow suffered by households and companies[3]. In the euro area, fiscal dominance concerns come in two guises. The first is the inflationary consequences of QE. The fear is that QE would be continued for too long, to facilitate the financing of budget deficits. However, given its mandate, the definition of its inflation objective and the policy guidance[4], the fear

CENTRAL BANK BALANCE SHEET



SOURCE: ECB, FEDERAL RESERVE, BNP PARIBAS

1. Excess liquidity refers to the build-up of excess reserves of the banking system. Under a QE programme, a central bank buys assets from the banking system, which acts as an intermediary between the central bank and the end investors. The accounts of the banking system with the central bank are credited –giving rise to the creation of excess reserves- and the bank accounts of investors who have sold their assets to the central bank are credited with the equivalent amount.

2. In the policy debate, this is often referred to as a situation whereby r < g with r = average nominal interest rate on the stock of government debt and g = nominal GDP growth. When r < g, governments can run a primary deficit –the budget imbalance excluding interest charges- whilst the public debt/GDP ratio would be stable or even decline

3. *"Government debt and inflation"*, speech given by Ben Broadbent, Deputy Governor Monetary Policy, 2020 Annual Meeting of the Central Bank Research Association, 2 September 2020

4. *"Net purchases under our asset purchase programme (APP) will continue at a monthly pace of €20 billion, together with the purchases under the additional €120 billion temporary envelope until the end of the year. We continue to expect monthly net asset purchases under the APP to run for as long as necessary to reinforce the accommodative impact of our policy rates, and to end shortly before we start raising the key ECB interest rates."* (Source: ECB, Introductory statement to the press conference of Christine Lagarde and Luis de Guindos, 10 September 2020).

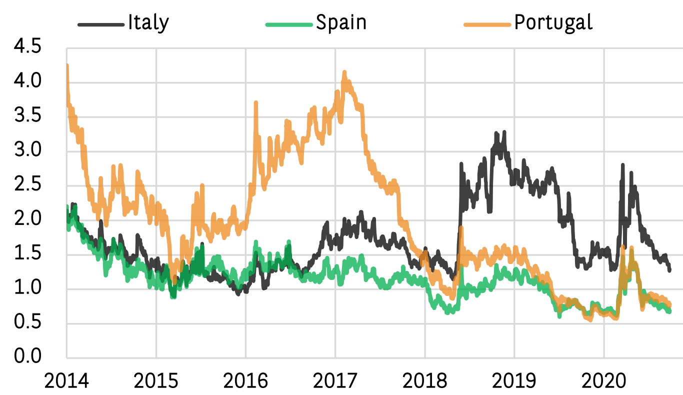
Once the pandemic will be behind us, governments will have the responsibility to improve their public finances. Inaction in this respect would put the burden on the ECB when fighting future downturns. It would be a different type of fiscal dominance.

that QE would continue when it is no longer warranted for monetary reasons, is without ground.

Moreover, should the ECB create a surprise by extending QE whilst inflation has moved beyond target, bond yields would rise anyhow. There is little that the central bank could do to avoid this. The second worry is that purchases of government securities would reduce fiscal discipline, in particular of highly-indebted euro area countries. Thanks to the asset purchase programme and the pandemic emergency purchase programme, spreads have narrowed. However, these interventions serve a monetary purpose by creating an environment that maximises the likelihood that inflation converges to the target. Avoiding market dysfunctioning is key in this respect. This point was emphasised in a recent speech of Isabel Schnabel[5] : *"when yields are largely reflections of panic rather than fundamental factors, risks of moral hazard are negligible and should not prevent the central bank from acting forcefully"*. On the other hand, her comment that *"debt levels remaining too high for too long will hurt growth and make the euro area more vulnerable"* reflect a concern that future recessions could lead to renewed market turbulence and force intervention by the ECB. Once the pandemic will be behind us, governments will have the responsibility to improve their public finances. It will provide them with policy leeway when economic conditions are difficult. Inaction in this respect would put the burden on the ECB when fighting future downturns. It would be a different type of fiscal dominance.

William De Vijlder

GOVERNMENT BOND, 10-YEAR SPREAD VS BUND, %



SOURCE: REFINITIV, BNP PARIBAS

5. *"The shadow of fiscal dominance: Misconceptions, perceptions and perspectives"*, Speech by Isabel Schnabel, Member of the Executive Board of the ECB, at the Centre for European Reform and the Eurofi Financial Forum on *"Is the current ECB monetary policy doing more harm than good and what are the alternatives?"*, Berlin, 11 September 2020

MARKETS OVERVIEW

OVERVIEW

Week 18-9 20 to 24-9-20

↘ CAC 40	4 978	▸ 4 763	-4.3	%
↘ S&P 500	3 319	▸ 3 247	-2.2	%
↗ Volatility (VIX)	25.8	▸ 28.5	+2.7	pb
↘ Libor $ 3M (%)	0.23	▸ 0.23	-0.0	bp
↘ OAT 10y (%)	-0.28	▸ -0.29	-1.6	bp
↘ Bund 10y (%)	-0.48	▸ -0.50	-1.9	bp
↘ US Tr. 10y (%)	0.69	▸ 0.66	-2.9	bp
↘ Euro vs dollar	1.19	▸ 1.16	-1.9	%
↘ Gold (ounce, $)	1 955	▸ 1 864	-4.6	%
↘ Oil (Brent, $)	43.2	▸ 42.0	-2.8	%

MONEY & BOND MARKETS

Interest Rates		highest 20			lowest 20		
€ ECB	0.00	0.00	at	01/01	0.00	at	01/01
Eonia	-0.47	-0.44	at	31/03	-0.47	at	31/08
Euribor 3M	-0.49	-0.16	at	23/04	-0.51	at	21/09
Euribor 12M	-0.43	-0.05	at	22/04	-0.44	at	22/09
$ FED	0.25	1.75	at	01/01	0.25	at	16/03
Libor 3M	0.23	1.91	at	01/01	0.22	at	22/09
Libor 12M	0.37	2.00	at	01/01	0.37	at	23/09
£ BoE	0.10	0.75	at	01/01	0.10	at	19/03
Libor 3M	0.07	0.80	at	08/01	0.05	at	18/09
Libor 12M	0.16	0.98	at	01/01	0.14	at	18/09

At 24-9-20

Yield (%)		highest 20			lowest 20		
€ AVG 5-7y	-0.34	0.72	at	18/03	-0.35	at	23/09
Bund 2y	-0.65	-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	-0.29	0.28	at	18/03	-0.42	at	09/03
Corp. BBB	0.96	2.54	at	24/03	0.65	at	20/02
$ Treas. 2y	0.13	1.59	at	08/01	0.11	at	04/08
Treas. 10y	0.66	1.91	at	01/01	0.50	at	09/03
High Yield	6.06	1 1.29	at	23/03	5.44	at	21/02
£ gilt. 2y	-0.04	0.61	at	08/01	-0.12	at	21/09
gilt. 10y	0.18	0.83	at	01/01	0.04	at	04/08

At 24-9-20

EXCHANGE RATES

1€ =		highest 20			lowest 20			2020
USD	1.16	1.20	at	01/09	1.07	at	20/03	+3.7%
GBP	0.92	0.94	at	23/03	0.83	at	18/02	+8.0%
CHF	1.08	1.09	at	05/06	1.05	at	14/05	-0.6%
JPY	122.78	126.82	at	31/08	114.51	at	06/05	+0.6%
AUD	1.66	1.87	at	23/03	1.60	at	01/01	+3.8%
CNY	7.94	8.26	at	30/07	7.55	at	19/02	+1.6%
BRL	6.49	6.69	at	20/08	4.51	at	02/01	+43.8%
RUB	90.02	90.18	at	08/09	67.75	at	10/01	+29.1%
INR	86.02	89.12	at	18/08	77.21	at	17/02	+7.4%

At 24-9-20 *Change*

COMMODITIES

Spot price, $		highest 20			lowest 20			2020	2020(€)
Oil, Brent	42.0	69.1	at	06/01	16.5	at	21/04	-36.7%	-39.0%
Gold (ounce)	1 864	2 053	at	06/08	1 475	at	19/03	+22.6%	+18.2%
Metals, LMEX	2 916	3 046	at	18/09	2 232	at	23/03	+2.6%	-1.1%
Copper (ton)	6 527	6 853	at	18/09	4 625	at	23/03	+6.2%	+2.4%
wheat (ton)	205	2.4	at	21/01	178	at	26/06	-10.4%	-13.6%
Corn (ton)	135	1.5	at	23/01	113	at	28/04	-1.0%	-13.0%

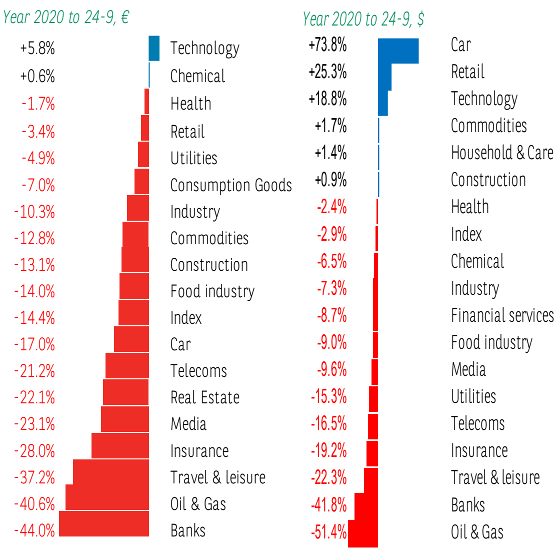
At 24-9-20 *Change*

EQUITY INDICES

	Index	highest 20			lowest 20			2020
World								
MSCI World	2 300	2 494	at	02/09	1 602	at	23/03	-2.5%
North America								
S&P500	3 247	3 581	at	02/09	2 237	at	23/03	+0.5%
Europe								
EuroStoxx50	3 160	3 865	at	19/02	2 386	at	18/03	-15.6%
CAC 40	4 763	6 111	at	19/02	3 755	at	18/03	-2.0%
DAX 30	12 607	13 789	at	19/02	8 442	at	18/03	-4.8%
IBEX 35	6 643	10 084	at	19/02	6 107	at	16/03	-3.0%
FTSE100	5 823	7 675	at	17/01	4 994	at	23/03	-2.3%
Asia								
MSCI, loc.	928	1 034	at	20/01	743	at	23/03	-0.8%
Nikkei	23 088	24 084	at	20/01	16 553	at	19/03	-2.4%
Emerging								
MSCI Emerging ($)	1 058	1 147	at	17/01	758	at	23/03	-0.5%
China	95	102	at	02/09	69	at	19/03	+11.0%
India	536	609	at	17/01	353	at	23/03	-6.3%
Brazil	1 425	2 429	at	02/01	1 036	at	23/03	-16.8%
Russia	564	857	at	20/01	419	at	18/03	-14.9%

At 24-9-20 *Change*

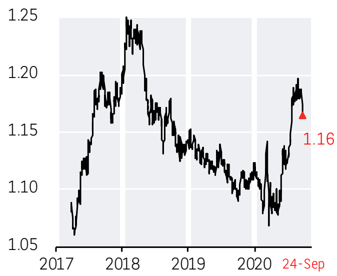
PERFORMANCE BY SECTOR (Eurostoxx50 & S&P500)



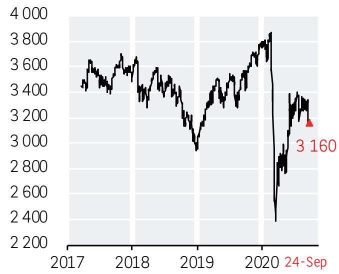
SOURCE: THOMSON REUTERS,

MARKETS OVERVIEW

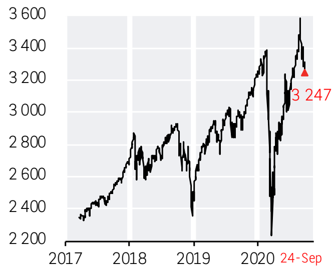
EURO-DOLLAR



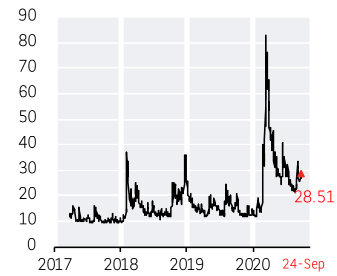
EUROSTOXX50



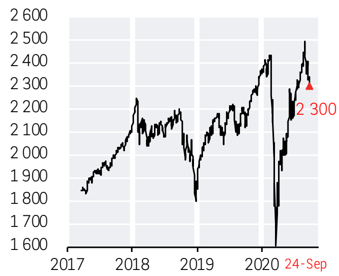
S&P500



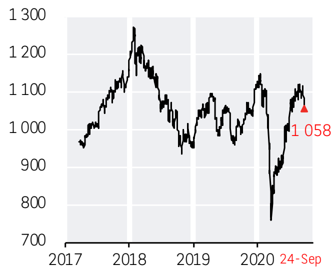
VOLATILITY (VIX, S&P500)



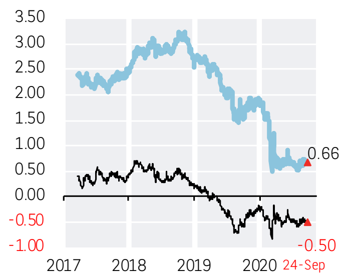
MSCI WORLD (USD)



MSCI EMERGING (USD)

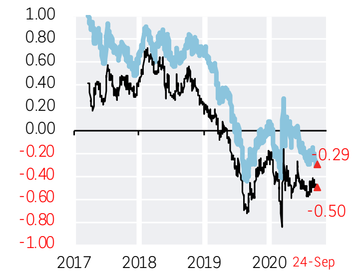


10Y BOND YIELD, TREASURIES VS BUND



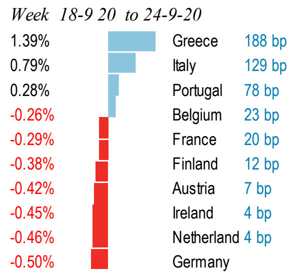
—Bunds —US Treasuries

10Y BOND YIELD

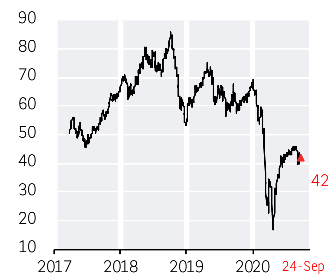


—Bunds —OAT

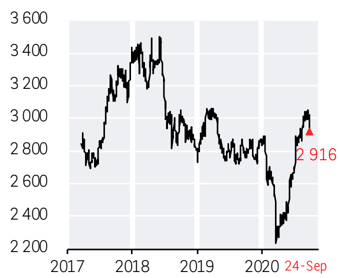
10Y BOND YIELD & SPREADS



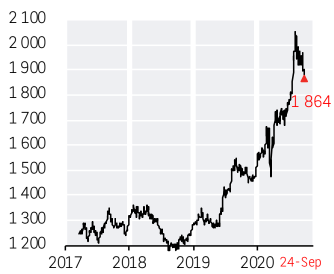
OIL (BRENT, USD)



METALS (LMEX, USD)



GOLD (OUNCE, USD)



SOURCE: THOMSON REUTERS,

UNCERTAINTY: STILL HIGH, THOUGH LESS THAN BEFORE

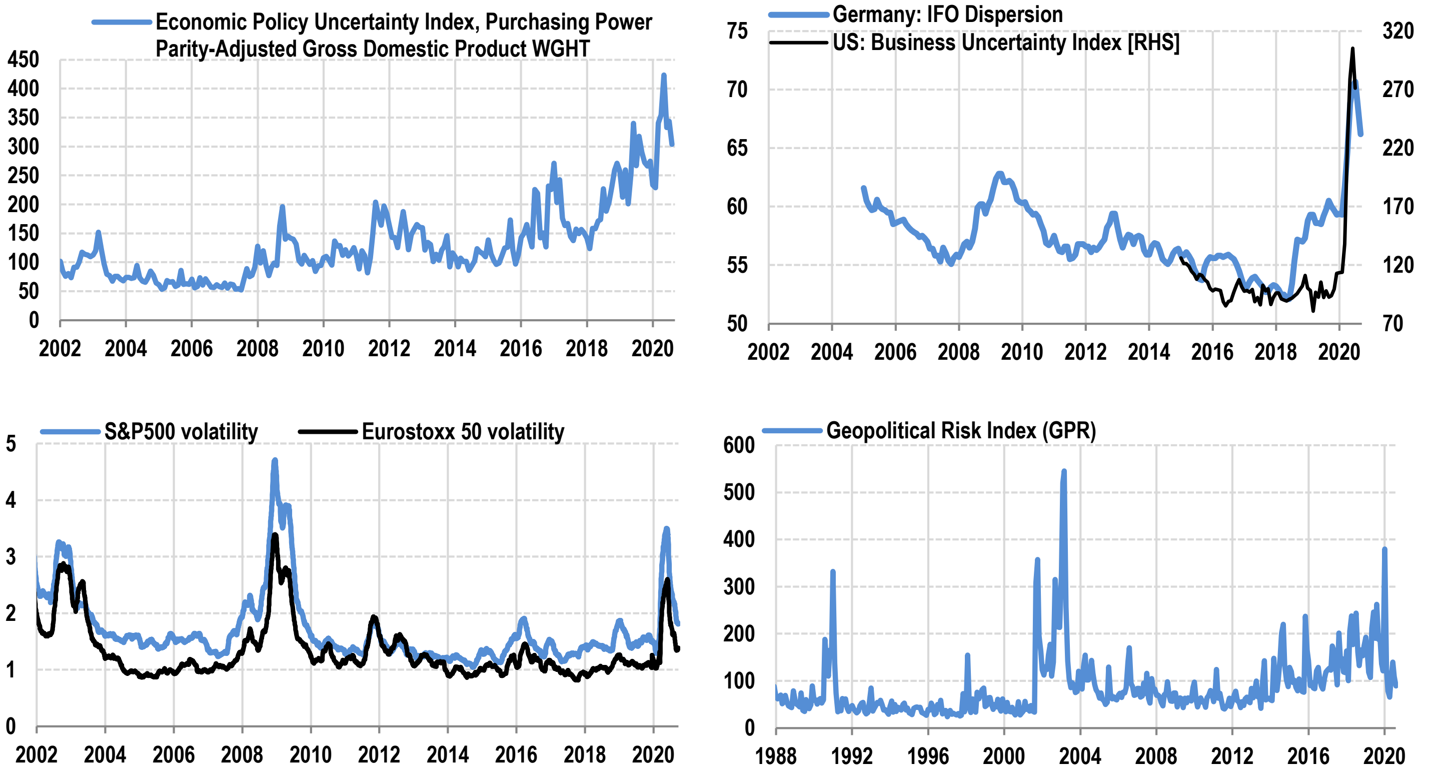
Based on our indicators, uncertainty has declined after the huge jump earlier in the year following the outbreak and spreading of Covid-19. Starting top left and moving clockwise, the media coverage based indicator has declined but remains at a high level, reflecting that the pandemic continues to dominate headlines. Uncertainty based on company surveys has eased in the US whereas in Germany, the improvement is more outspoken. In both cases however, the level remains very high. The geopolitical risk measure has increased recently. The series is quite volatile but one observes a rising trend.

Finally, the uncertainty measure which is based on equity prices –the cross-sectional dispersion of individual company share price returns- has seen a big decline.

The overall conclusion is that uncertainty has declined but remains high. It concerns the health situation but also how households and companies will cope with the economic consequences. In addition, political developments have become a new source of uncertainty: the Brexit negotiations and the concern that the election outcome in the US would not be clearcut and would be contested.

William De Vijlder

CHANGES IN UNCERTAINTY



* volatility = 60-day moving average of the cross-sectional standard deviation of daily returns of the index constituents

SOURCE: ECONOMIC POLICY UNCERTAINTY, BLOOMBERG, IFO, ATLANTA FED, BC, BNP PARIBAS

ECONOMIC PULSE

GERMANY: RECOVERY HELD BACK BY UNCERTAINTIES

Compared with three months earlier, the blue area of the chart – representing data for the last three months – is spreading out like an oil stain. Nevertheless, most indicators remain well below their long-term average, i.e. the inner grey circle in the chart. In particular, indicators for households and services improved substantially, due to the lifting of the lockdown restrictions. Retail sales boomed in the period May-July following the reopening of shops and the temporary reduction of the VAT rate in July.

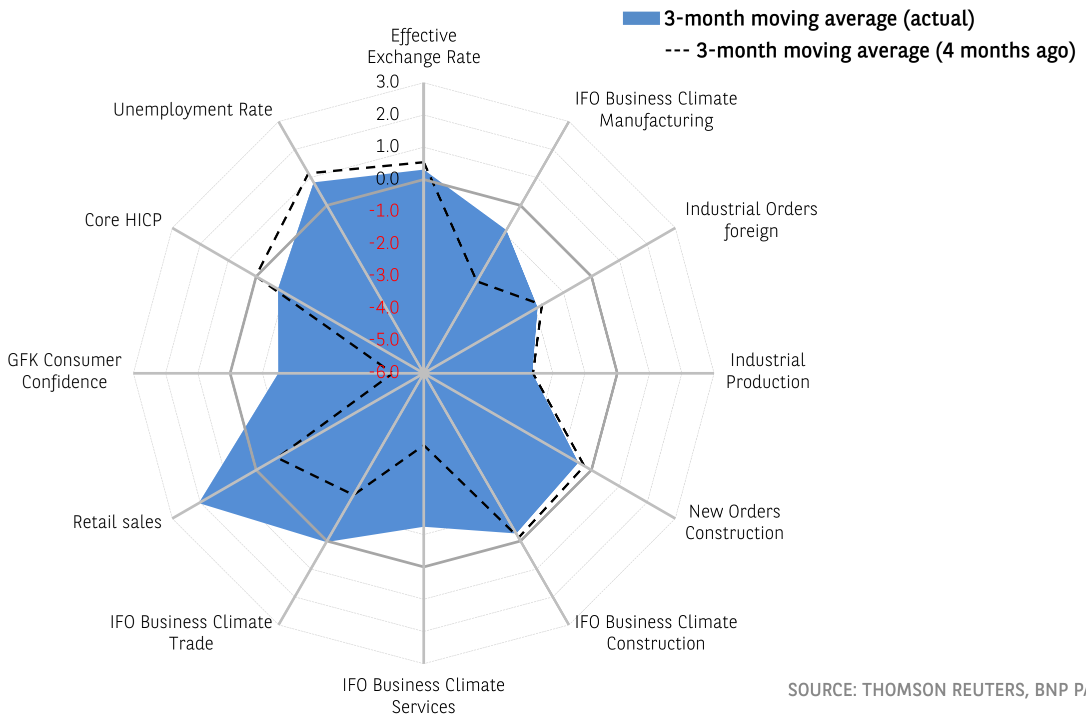
The manufacturing sector is also showing incipient signs of recovery. The ifo indicator for the manufacturing business climate improved in September for the fifth consecutive month. Also hard data have started to improve. In July, manufacturing production strengthened by 0.3% on the previous month, the third consecutive improvement, but it was still 12% lower than a year earlier. This subdued performance is largely due to the structural problems that existed before the sanitary crisis.

The German economy seems on the road to recovery, but many actors remain wary. The main immediate worry is the rise in infections, which may result in the tightening of restrictions. The labour market is also a cause for concern. Even though unemployment rose only slightly in August, the number of workers on furlough amounted to 4.6 million in August, i.e. 14% of socially insured employees. The government has already announced an extension the furlough scheme until end 2021. It is partly politically motivated, as the general election will be held in autumn 2021. However, it also signals that the government expects the pandemic to go on well into next year. Finally, it is not sure how the global economy will get out of the crisis and how Germany industry might benefit from the new environment.

These concerns are likely to limit any further improvement in economic sentiment. The ifo survey for September only showed a limited improvement in the expectations component and it even declined for business services. Moreover, even though both economic and income expectations were on the rise, consumer sentiment dropped in September, due to a fall in the propensity to buy.

Raymond Van Der Putten

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 -6 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 SCENARIO

UNITED STATES

After its collapse in the second quarter (-31.7% on an annualized basis) the economy partially recovered during the summer months, with surveys (among households and businesses) returning to almost normal levels. However, at the end of September, the activity deficit to be filled compared to 2019 remains significant (in the order of 4 percentage points of GDP), as the sectors most exposed internationally are far from having returned to their pre-crisis level. With an unemployment rate that has doubled and is now close to 8.5%, the labour market remains hard-hit, a fact that no doubt weighed in the Fed's decision to further accommodate its policy in the long term by adapting its inflation targeting strategy.

CHINA

After plummeting during the period of the strictest lockdown in February, economic activity has gradually turned around since March. The contraction in real GDP was unprecedented in Q1 2020, but the rebound in Q2 was strong enough to completely regain the ground that was lost. Monetary policy has been eased cautiously and should become less supportive in H2 2020 as the authorities focus more on containing risks in the financial system. Stimulus efforts should depend increasingly on fiscal policy in the year ahead, with infrastructure investment boosted further. Downside risks on our short-term scenario are significant, notably due to the sluggish momentum in private consumption growth and tensions with the US.

EUROZONE

As expected, confinement measures taken to tackle the epidemic have severely hit the eurozone economy. GDP has massively fallen in Q2 2020, by -11.8% (q/q) after -3.7% in Q1 2020. While the economy entered Q3 2020 with relatively strong momentum, the latest indicators point to a somewhat slower pace with the risk of a significant decrease in GDP growth in Q4 2020. In all likelihood, the loss of activity following the Covid-19 shock should not be erased by the end-2021. Beyond the uncertainties about the pandemic, worries remain regarding the expected increase in both unemployment rate and bankruptcies. These developments could weigh respectively on consumer confidence and private investment. The policy mix will remain supportive, which is an essential condition for a strong recovery. Fiscal recovery packages, both at the national and European level, are a crucial complement to the accommodative and flexible monetary policy.

FRANCE

In the first half of 2020, the economy suffered a massive recessionary shock caused by the Covid-19 pandemic and containment measures: GDP plunged by 5.9%q/q in Q1 and then by 13.8% q/q in Q2. Since mid-May and the end of the lockdown, a mechanical rebound has been at work: the catching up was vigorous until June-July and is helping to moderate the 2020 GDP contraction. But it remains incomplete and is losing steam. The French sectoral specificities, the dispersed nature of the recovery and the return to normal, both at the sector level and geographically, act as a brake. Uncertainty remains high as to the extent of the shock wave in terms of company failures and rising unemployment. The health situation remains worrying. By 2021, GDP would still be about 2% below its end-2019 level. However, the emergency measures implemented in the spring have played a key cushioning role, while the EUR 100 bn France Recovery plan, detailed on 3 September, have a reinforcing role. We estimate the additional growth in 2021 at 0.6 points.

INTEREST RATES AND FX RATES

In the US, the Federal Reserve's new strategy of targeting average inflation implies a dovish twist. Policy should remain on hold for quite some time, considering that the FOMC wants inflation to move beyond 2% so as to make up for below target inflation in recent years. Should the economic situation worsen, more measures are to be expected. Treasury yields should move higher on the back of the economic recovery and because the Fed will accept and actually wants inflation to rise beyond 2%.

In the eurozone, the ECB projects inflation in 2022 to remain well below its objective and, although the economy is recovering, it considers that risks are still tilted to the downside. This implies that current monetary policy will be maintained for a long time and that more easing is possible should circumstances require. This very accommodative setting should keep a lid on sovereign bond spreads. As usual, eurozone bond yields will be very much influenced by what happens to US yields. Clearly, fluctuations in risk appetite also play an important role.

The Bank of Japan is expected to maintain its current policy stance including its yield curve control strategy.

We expect the recent trend of dollar weakening to continue. Due to the limited short-term interest rate differential, international investors incur low costs when they want to hedge their dollar exposure, the euro is still undervalued versus the dollar and the Fed's new strategy of targeting average inflation implies a more dovish stance compared to the ECB which should support the euro. Similar arguments apply for the dollar versus the yen.

GROWTH & INFLATION

%	GDP Growth 2019	GDP Growth 2020 e	GDP Growth 2021 e	Inflation 2019	Inflation 2020 e	Inflation 2021 e
United-States	2.2	-4.2	4.2	1.8	1.3	1.9
Japan	0.7	-5.4	1.2	0.5	0.0	-0.3
United-Kingdom	1.5	-9.7	6.9	1.8	0.7	1.3
Euro Area	1.3	-8.0	5.2	1.2	0.3	0.9
Germany	0.6	-5.6	4.7	-	-	-
France	1.5	-9.8	6.8	-	-	-
Italy	0.3	-10.0	5.3	-	-	-
Spain	2.0	-13.0	5.0	-	-	-
China	6.1	2.5	7.5	2.9	2.8	2.3
India*	4.2	-11.4	9.6	4.8	5.5	3.4
Brazil	1.1	-5.0	3.0	3.7	2.6	2.6
Russia	1.3	-5.0	3.1	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 09/10/2020

INTEREST & EXCHANGE RATES

Interest rates, %		2020				2021				
End of period		Q1	Q2	Spot	Q4e	Q1e	Q2e	Q4e	2020e	2021e
US	Fed Funds (upper limit)	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
	T-Notes 10y	0.67	0.80	0.68	0.75	0.90	1.00	1.20	0.75	1.20
Ezone	Deposit rate	-0.50	-0.50	0.00	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
	Bund 10y	-0.46	-0.50	-0.43	-0.30	-0.20	-0.10	0.00	-0.30	0.00
	OAT 10y	-0.05	-0.15	-0.20	-0.05	0.05	0.15	0.25	-0.05	0.25
	BTP 10y	1.55	1.30	0.98	0.90	1.20	1.40	1.50	0.90	1.50
	BONO 10y	0.68	0.50	0.28	0.30	0.50	0.60	0.70	0.30	0.70
UK	Base rate	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
	Gilts 10y	0.31	0.55	0.19	0.30	0.30	0.40	0.70	0.30	0.70
Japan	BoJ Rate	-0.07	-0.10	-0.07	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10
	JGB 10y	0.02	0.00	0.03	0.05	0.05	0.10	0.15	0.05	0.15

Exchange Rates		2020				2021				
End of period		Q1	Q2	Spot	Q4e	Q1e	Q2e	Q4e	2020e	2021e
USD	EUR / USD	1.10	1.09	1.19	1.23	1.24	1.25	1.27	1.23	1.27
	USD / JPY	108	104	106	102	101	99	95	102	95
	GBP / USD	1.24	1.24	1.29	1.41	1.43	1.45	1.48	1.41	1.48
EUR	EUR / GBP	0.89	0.88	0.92	87.23	0.87	0.86	85.81	0.87	0.86
	EUR / JPY	118	113	126	125	125	124	121	125	121

Brent		2020				2021				
Period-average		Q1	Q2	Spot	Q4e	Q1e	Q2e	Q4e	2020e	2021e
Brent	USD/bbl	51	33	40.12	49	61	58	-	44	59

LAST UPDATE: 09/10/2020
SOURCE: BNP PARIBAS GLOBAL MARKETS (E: ESTIMATES)

CALENDAR

LATEST INDICATORS

A lot of survey data were published for the month of September. Eurozone consumer confidence improved slightly and beat expectations. In Japan, the purchasing managers' indices (PMI) improved marginally. Importantly, they remain well below 50 illustrating that the economic situation remains difficult. In France, the services PMI disappointed and dropped significantly compared to last month. The INSEE business confidence indicator on the other hand improved slightly. In Germany, the services PMI disappointed as well whereas manufacturing saw a considerable improvement. The IFO business climate picked up further, driven by a better assessment of the current situation. Expectations only improved slightly. The eurozone PMIs were in line with those of Germany and France: better for manufacturing and a drop in services. In the UK, both sectors saw a deterioration of their PMI. In the US, the composite index eased marginally, reflecting a limited improvement in manufacturing and a slight decline in services. Also noteworthy in the US is the increase in initial unemployment claims whereas the consensus had expected a decline. It raises concern about a loss of momentum of the recovery. The services PMIs in Europe raise a similar concern.

DATE	COUNTRY	INDICATOR	PERIOD	CONSENSUS	ACTUAL	PREVIOUS
09/22/2020	Eurozone	Consumer Confidence	Sep	--	-13.9	-14.7
09/22/2020	United States	Existing Home Sales MoM	Aug	1.5%	2.4%	24.7%
09/23/2020	Japan	Jibun Bank Japan PMI Mfg	Sep	--	47.3	47.2
09/23/2020	Japan	Jibun Bank Japan PMI Services	Sep	--	45.6	45.0
09/23/2020	Japan	Jibun Bank Japan PMI Composite	Sep	--	45.5	45.2
09/23/2020	Germany	GfK Consumer Confidence	Oct	--	-1.6	-1.7
09/23/2020	France	Markit France Manufacturing PMI	Sep	--	50.9	49.8
09/23/2020	France	Markit France Services PMI	Sep	--	47.5	51.5
09/23/2020	France	Markit France Composite PMI	Sep	--	48.5	51.6
09/23/2020	Germany	Markit/BME Germany Manufacturing PMI	Sep	--	56.6	52.2
09/23/2020	Germany	Markit Germany Services PMI	Sep	--	49.1	52.5
09/23/2020	Germany	Markit/BME Germany Composite PMI	Sep	--	53.7	54.4
09/23/2020	Eurozone	Markit Eurozone Manufacturing PMI	Sep	--	53.7	51.7
09/23/2020	Eurozone	Markit Eurozone Services PMI	Sep	--	47.6	50.5
09/23/2020	Eurozone	Markit Eurozone Composite PMI	Sep	--	50.1	51.9
09/23/2020	United Kingdom	Markit UK PMI Manufacturing SA	Sep	--	54.3	55.2
09/23/2020	United Kingdom	Markit/CIPS UK Services PMI	Sep	--	55.1	58.8
09/23/2020	United Kingdom	Markit/CIPS UK Composite PMI	Sep	--	55.7	59.1
09/23/2020	United States	Markit US Manufacturing PMI	Sep	--	53.5	53.1
09/23/2020	United States	Markit US Services PMI	Sep	--	54.6	55.0
09/23/2020	United States	Markit US Composite PMI	Sep	--	54.4	54.6
09/24/2020	France	Business Confidence	Sep	--	92	90
09/24/2020	Germany	IFO Business Climate	Sep	--	93.4	92.5
09/24/2020	Germany	IFO Expectations	Sep	--	97.7	97.2
09/24/2020	Germany	IFO Current Assessment	Sep	--	89.2	87.9
09/24/2020	Eurozone	ECB Publishes Economic Bulletin				
09/24/2020	United States	Initial Jobless Claims	Sep	--	870000	-866000
09/24/2020	United States	New Home Sales MoM	Aug	-2.9%	4.8%	14.7%
09/25/2020	United States	Cap Goods Orders Nondef Ex Air	Aug	--	1.8%	1.9%

SOURCE: BLOOMBERG

CALENDAR: THE WEEK AHEAD

COMING INDICATORS

The calendar is particularly heavy next week, as usual when we move into a new month. In Japan, several indicators will be published but attention will focus on the Tankan survey for the third quarter. The European Commission will publish its confidence surveys for the month of September. Purchasing managers' indices will be published for a large number of countriies. In the US we will have the Conference Board consumer confidence index as well as the University of Michigan index. The highlight of the week will be, as always at the start of the month, the US labour market report.

DATE	COUNTRY	INDICATOR	PERIOD	CONSENSUS	PREVIOUS
09/27/2020	Germany	Retail Sales MoM	Aug	0.0%	-0.9%
09/28/2020	Japan	Leading Index CI	July	--	86.9
09/28/2020	United States	Dallas Fed Manf. Activity	Sep	--	8.0
09/29/2020	Japan	Tokyo CPI Ex-Fresh Food, Energy YoY	Sep	--	-0.1%
09/29/2020	France	Consumer Confidence	Sep	--	94
09/29/2020	Eurozone	Economic Confidence	Sep	--	87.7
09/29/2020	Eurozone	Industrial Confidence	Sep	--	-12.7
09/29/2020	Eurozone	Services Confidence	Sep	--	-17.2
09/29/2020	Eurozone	Consumer Confidence	Sep	--	--
09/29/2020	Germany	CPI EU Harmonized YoY	Sep	--	-0.1%
09/29/2020	United States	Conf. Board Consumer Confidence	Sep	90.0	84.8
09/30/2020	Japan	Retail Sales MoM	Aug	--	-3.3%
09/30/2020	Japan	Industrial Production MoM	Aug	1.1%	8.7%
09/30/2020	China	Composite PMI	Sep	--	54.5
09/30/2020	China	Manufacturing PMI	Sep	51.5	51.0
09/30/2020	China	Non-manufacturing PMI	Sep	--	55.2
09/30/2020	China	Caixin China PMI Mfg	Sep	53.0	53.1
09/30/2020	Japan	Machine Tool Orders YoY	Aug	--	-23.3%
09/30/2020	France	CPI EU Harmonized YoY	Sep	--	0.2%
09/30/2020	France	Consumer Spending MoM	Aug	--	0.5%
09/30/2020	Eurozone	CPI Core YoY	Sep	--	0.4%
10/01/2020	Japan	Tankan Large Mfg Index	3Q	-23	-34
10/01/2020	Japan	Tankan Large Non-Mfg Index	3Q	-9	-17
10/01/2020	Japan	Tankan Small Mfg Index	3Q	-37	-45

SOURCE: BLOOMBERG

DATE	COUNTRY	INDICATOR	PERIOD	CONSENSUS	PREVIOUS
10/01/2020	Japan	Tankan Small Non-Mfg Index	3Q	-21	-26
10/01/2020	Japan	Jibun Bank Japan PMI Mfg	Sep	--	--
10/01/2020	France	Markit France Manufacturing PMI	Sep	--	--
10/01/2020	Germany	Markit/BME Germany Manufacturing PMI	Sep	--	--
10/01/2020	Eurozone	Markit Eurozone Manufacturing PMI	Sep	--	--
10/01/2020	United Kingdom	Markit UK PMI Manufacturing SA	Sep	--	--
10/01/2020	Eurozone	Unemployment Rate	Aug	--	7.9%
10/01/2020	United States	Initial Jobless Claims	Sep	--	--
10/01/2020	United States	Markit US Manufacturing PMI	Sep	--	--
10/01/2020	United States	ISM Manufacturing	Sep	55.5	56.0
10/02/2020	Japan	Consumer Confidence Index	Sep	--	29.3
10/02/2020	United States	Change in Nonfarm Payrolls	Sep	900k	1371k
10/02/2020	United States	Unemployment Rate	Sep	8.2%	8.4%
10/02/2020	United States	Labor Force Participation Rate	Sep	--	61.7%
10/02/2020	United States	U. of Mich. Sentiment	Sep	79.2	78.9

SOURCE: BLOOMBERG

FURTHER READING

United Kingdom: How hard will Brexit be?	EcoTV Week	25 September
A worrying trend in the public finances	Chart of the Week	23 September
US monetary policy goes inclusive	EcoWeek	18 September
China: Economic recovery is broadening	EcoWeek	18 September
France: An overview of the recovery plan	EcoTV Week	18 September
Towards a resumption of banking consolidation in southern europe?	Chart of the Week	16 September
Spain: The epidemic's rebound weighs on confidence	EcoWeek	11 September
Italy: Disinflationary pressures in services increase	EcoWeek	11 September
United Kingdom: While the economy is recovering, Brexit concerns are mounting	EcoWeek	11 September
Eurozone: ECB: patience required	EcoWeek	11 September
EcoTV - September 2020	EcoTV	10 September
Nordics not particularly optimistic despite smaller recession	Chart of the Week	9 September
Covid-19, lockdown and the environment	Podcast	8 September
Towards a lasting change in the way we produce and consume?	Podcast	8 September
Killing two birds with one stone: fiscal policy to boost growth and meet climate goals	Podcast	8 September
The global repercussions of the Federal Reserve's inflation averaging strategy	EcoWeek	4 September
France: The take-off of the recovery	EcoWeek	4 September
United States: The gap has not yet closed	EcoWeek	4 September
The headaches of the ECB	EcoTV Week	4 September
China: investment recovery continues	Chart of the Week	2 September

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