

2

EDITORIAL

"The global repercussions of the Federal Reserve's inflation averaging strategy"

3-4

MARKETS OVERVIEW

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

5-6

ECONOMIC PULSE

"France: the take-off of the recovery"
"US: The gap has not yet closed"

7

ECONOMIC SCENARIO

Main economic and financial forecasts.

8-9

CALENDARS

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

10

FURTHER READING

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

ECONOMIC RESEARCH



BNP PARIBAS

The bank
for a changing
world

THE GLOBAL REPERCUSSIONS OF THE FEDERAL RESERVE'S INFLATION AVERAGING STRATEGY

The Fed's new inflation averaging strategy should have global real and financial spillover effects. The former refer to international trade whereby a more sustained expansion of US GDP should pull along the economies of its trading partners via increased US imports. The financial spillovers are driven by capital flows, monetary policy and risk appetite. These factors are highly intertwined. The new Fed strategy will also force other central banks to revisit their own strategy. This creates an issue for the ECB.

The revision of the Federal Reserve's longer-run goals which was announced recently¹ should have important repercussions in the US, but also globally. Domestically, the prolongation of the highly accommodative monetary policy is expected to lead to stronger growth, a lower rate of unemployment and, eventually, somewhat higher inflation. It could also lead to a higher cyclical peak in the federal funds rate.

These developments should have global real and financial spillover effects. The former refer to international trade whereby a more sustained expansion of US GDP should pull along the economies of its trading partners via increased US imports. Model-based estimates show that a 1% US growth shock would increase growth in the rest of the world by 0.7 percentage points after one year². The financial spillovers are driven by capital flows, monetary policy and risk appetite. These factors are highly intertwined. Easy monetary policy by the Federal Reserve creates an incentive for US investors to take more risk domestically –e.g. by investing more in corporate bonds, equities, real estate, etc.- and/or to seek attractive opportunities abroad. Capital inflows coming from the US underpin asset prices and force other central banks to adopt a more accommodative policy in order to avoid even bigger inflows and an appreciation of their currencies³. This in turn supports domestic credit growth and risk taking and is one of the reasons why financial markets are highly correlated globally. In addition, a very accommodative Fed policy fuels the expansion of global bank credit because of easy access to cheap dollar funding.

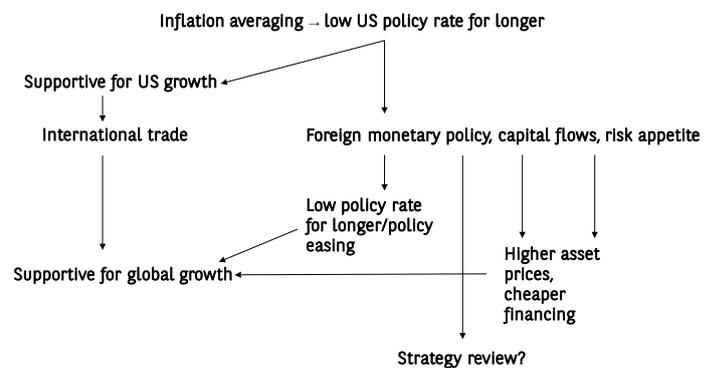
A crucial factor for financial markets is risk appetite of international investors. Research shows that fluctuations in the federal funds rate is a key determinant of swings in the required risk premium⁴. When the US policy rate is low, the willingness to take risk is high across the globe, pushing up asset valuations and the reverse happens in a tightening environment. It is important to keep this in mind considering that the Federal Reserve, having accepted inflation above 2% for a while to allow its average over time to reach 2%, will have to tighten at

some point. There is genuine concern that 'low for longer' in the short run would be followed by 'quickly higher' in the longer run with the effects on asset prices one can imagine.

In addition to the pure economic spillovers, the new Fed strategy will also force other central banks to revisit their own strategy. This is particularly important for the ECB, which is in the process of conducting its own strategy review. The Fed has taken a dovish turn with the revision of its longer-run goals and there is now a big gap between its 'inflation averaging 2% over time' and the ECB's 'inflation close to but below 2%'. Should this continue, it could structurally underpin the euro versus the dollar and make it even more difficult for the ECB to achieve its inflation objective.

William De Vijlder

THE FEDERAL RESERVE'S NEW STRATEGY: GLOBAL REPERCUSSIONS



SOURCE: BNP PARIBAS

1. See *The Federal Reserve enters a new era of inflation targeting*, BNP Paribas, Ecoweek, 31 August 2020

2. Source: *The Global Role of the U.S. Economy, Linkages, Policies and Spillovers*, World Bank Policy Research Working Paper 7962, February 2017

3. See *International monetary spillovers*, BIS Quarterly Review, September 2015

4. See *Global Financial Cycles and Risk Premiums*, Óscar Jordà, Moritz Schularick, Alan M. Taylor and Felix Ward, NBER Working Paper No. 24677, June 2018

The Fed has taken a dovish turn with the revision of its longer-run goals and there is now a big gap between its 'inflation averaging 2% over time' and the ECB's 'inflation close to but below 2%'.



BNP PARIBAS

The bank
for a changing
world

MARKETS OVERVIEW

OVERVIEW

Week 28-8 20 to 3-9-20

▲ CAC 40	5 003	▶ 5 010	+0.1 %
▼ S&P 500	3 508	▶ 3 455	-1.5 %
▲ Volatility (VIX)	23.0	▶ 33.6	+10.6 pb
▲ Libor \$ 3M (%)	0.24	▶ 0.25	+1.0 bp
▼ OAT 10y (%)	-0.16	▶ -0.25	-9.0 bp
▼ Bund 10y (%)	-0.44	▶ -0.49	-4.7 bp
▼ US Tr. 10y (%)	0.72	▶ 0.62	-9.5 bp
▼ Euro vs dollar	1.19	▶ 1.18	-0.5 %
▼ Gold (ounce, \$)	1 966	▶ 1 935	-1.6 %
▼ Oil (Brent, \$)	45.1	▶ 44.1	-2.2 %

MONEY & BOND MARKETS

Interest Rates	highest 20	lowest 20	Yield (%)	highest 20	lowest 20		
\$ FED	0.25	1.75 at 01/01	0.25 at 18/03	€ AVG 5-7y	-0.26	0.72 at 18/03	-0.29 at 11/08
Libor 3M	0.25	1.91 at 01/01	0.23 at 24/08	Bund 2y	-0.69	-0.58 at 14/01	-1.00 at 09/03
Libor 12M	0.43	2.00 at 01/01	0.43 at 02/09	Bund 10y	-0.49	-0.17 at 19/03	-0.84 at 09/03
E BoE	0.10	0.75 at 01/01	0.10 at 19/03	OAT 10y	-0.25	0.28 at 18/03	-0.42 at 09/03
Libor 3M	0.06	0.80 at 08/01	0.06 at 01/09	Corp. BBB	0.91	2.54 at 24/03	0.65 at 20/02
Libor 12M	0.23	0.98 at 01/01	0.23 at 02/09	\$ Treas. 2y	0.13	1.59 at 08/01	0.11 at 04/08
At 3-9-20				Treas. 10y	0.62	1.91 at 01/01	0.50 at 09/03
				High Yield	5.67	11.29 at 23/03	5.44 at 21/02
				£ gilt. 2y	-0.08	0.61 at 08/01	-0.11 at 10/07
				gilt. 10y	0.19	0.83 at 01/01	0.04 at 04/08
				At 3-9-20			

EXCHANGE RATES

1€ =	highest 20	lowest 20	2020	
USD	1.18	1.20 at 01/09	1.07 at 20/03	+5.5%
GBP	0.89	0.94 at 23/03	0.83 at 18/02	+5.3%
CHF	1.08	1.09 at 05/06	1.05 at 14/05	-1.0%
JPY	125.76	126.82 at 31/08	114.51 at 06/05	+3.1%
AUD	1.62	1.87 at 23/03	1.60 at 01/01	+1.6%
CNY	8.09	8.26 at 30/07	7.55 at 19/02	+3.5%
BRL	6.28	6.69 at 20/08	4.51 at 02/01	+39.2%
RUB	89.08	89.53 at 02/09	67.75 at 10/01	+27.8%
INR	86.98	89.12 at 18/08	77.21 at 17/02	+8.6%

At 3-9-20 Change

COMMODITIES

Spot price, \$	highest 20	lowest 20	2020	2020(€)	
Oil, Brent	44.1	69.1 at 06/01	16.5 at 21/04	-33.5%	-36.9%
Gold (ounce)	1 935	2 053 at 06/08	1 475 at 19/03	+27.3%	+20.7%
Metals, LME	2 980	3 037 at 01/09	2 232 at 23/03	+4.8%	-0.6%
Copper (ton)	6 575	6 710 at 02/09	4 625 at 23/03	+6.9%	+1.4%
CRB Foods	327	341.5 at 21/01	272 at 27/04	-3.4%	-8.4%
wheat (ton)	208	2.4 at 21/01	178 at 26/06	-9.1%	-13.9%
Corn (ton)	133	1.5 at 23/01	113 at 28/04	-1.1%	-15.7%

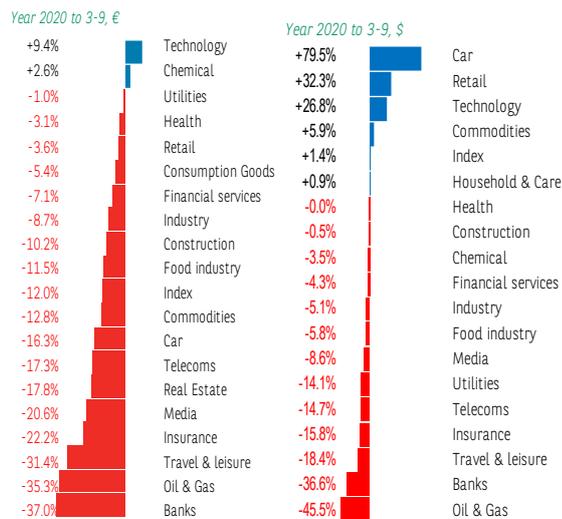
At 3-9-20 Change

EQUITY INDICES

Index	highest 20	lowest 20	2020	
World				
MSCI World	2 426	2 494 at 02/09	1 602 at 23/03	+2.9%
North America				
S&P500	3 455	3 581 at 02/09	2 237 at 23/03	+6.9%
Europe				
EuroStoxx50	3 304	3 865 at 19/02	2 386 at 18/03	-11.8%
CAC 40	5 010	6 111 at 19/02	3 755 at 18/03	-1.6%
DAX 30	13 058	13 789 at 19/02	8 442 at 18/03	-1.4%
IBEX 35	7 006	10 084 at 19/02	6 107 at 16/03	-2.7%
FTSE100	5 851	7 675 at 17/01	4 994 at 23/03	-2.2%
Asia				
MSCI, loc.	947	1 034 at 20/01	743 at 23/03	-0.6%
Nikkei	23 466	24 084 at 20/01	16 553 at 19/03	-0.8%
Emerging				
MSCI Emerging (\$)	1 109	1 147 at 17/01	758 at 23/03	-0.1%
China	100	102 at 02/09	69 at 19/03	+17.0%
India	566	609 at 17/01	353 at 23/03	-1.6%
Brazil	1 561	2 429 at 02/01	1 036 at 23/03	-13.2%
Russia	589	857 at 20/01	419 at 18/03	-13.3%

At 3-9-20 Change

PERFORMANCE BY SECTOR (Eurostoxx50 & S&P500)

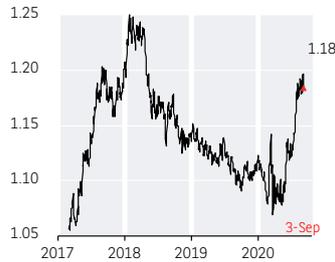


SOURCE: THOMSON REUTERS,

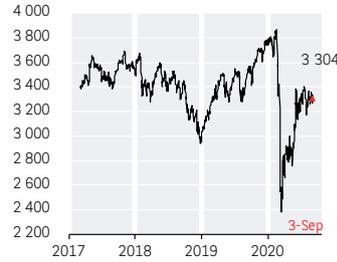


MARKETS OVERVIEW

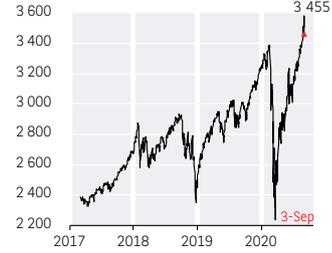
EURO-DOLLAR



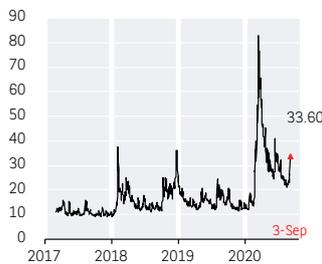
EUROSTOXX50



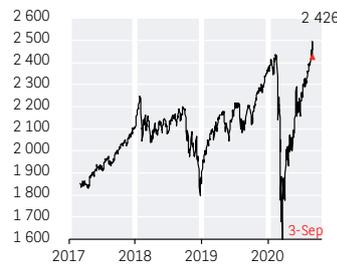
S&P500



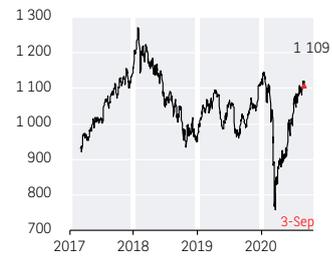
VOLATILITY (VIX, S&P500)



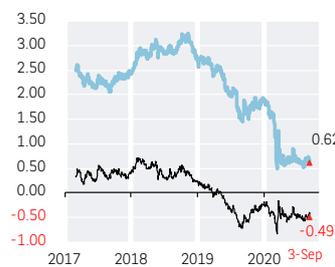
MSCI WORLD (USD)



MSCI EMERGING (USD)

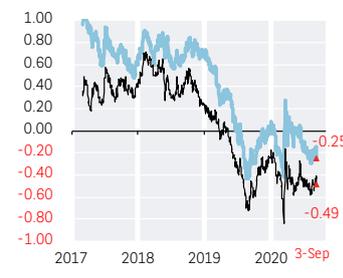


10Y BOND YIELD, TREASURIES VS BUND



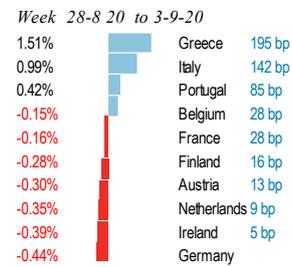
—Bunds —US Treasuries

10Y BOND YIELD

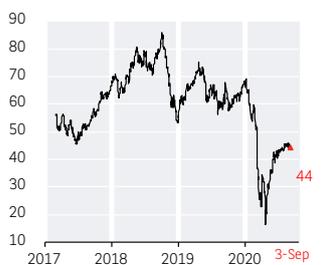


—Bunds —OAT

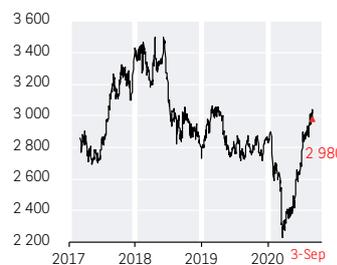
10Y BOND YIELD & SPREADS



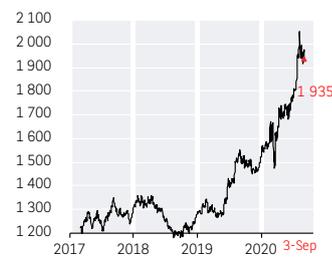
OIL (BRENT, USD)



METALS (LMEX, USD)



GOLD (OUNCE, USD)



SOURCE: THOMSON REUTERS,



ECONOMIC PULSE

FRANCE: THE TAKE-OFF OF THE RECOVERY

Signs of the French economic recovery since the lockdown was lifted on 11 May are starting to show in our Pulse barometer. The upturn in the business climate indicators and household spending on goods clearly appears (data available through August and July, respectively). The improvement in production and exports isn't visible yet, but this is normal given that the most recent statistics date back to June and are still handicapped by the drop-off in activity in March-April (the average for the past three months remains much lower than the average for the previous 3 months).

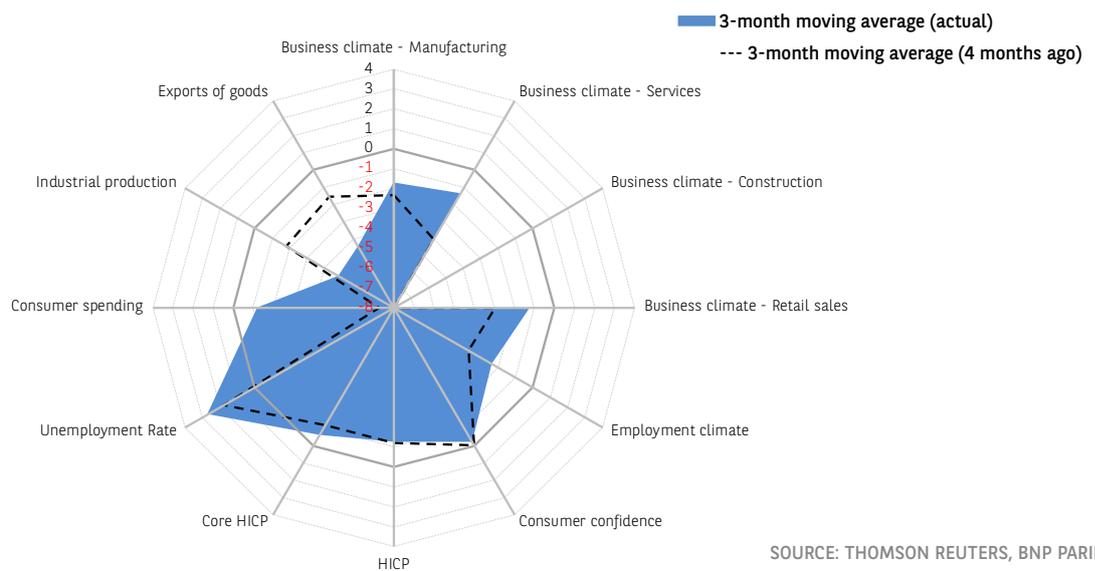
As to the business climate, INSEE survey results continue to pick up at a good pace and, unlike the Markit PMIs, they are not yet showing signs of winding down. The decline in August's PMIs can be attributed to a backlash after its exuberant rise. By June, the indices had more or less returned to pre-crisis levels, and July's increase brought the composite index to its highest level since February 2018 and well above the 50 threshold separating expansion from contraction (57.3). August marked a return to reality after what looks like an excessive bout of optimism. The upturn in INSEE survey results was more gradual, and the sector indexes are still holding at low levels, significantly below the benchmark average of 100 (91 for the composite index). The message sent by the INSEE survey data seems to be more realistic than that of the PMIs. It is more in keeping with the Bank of France's assessment, which estimates the economy turning at 93% of normal levels in July. In other words, the French economy has not fully recovered yet. Although the speed of the recovery is slowing according to the Bank of France, for the moment INSEE survey results are not sending the same message. The battle between a V-shaped and wing-shaped recovery continues.

As to household confidence, the picture is mixed or even negative. In March-April, the drop-off in household confidence was not nearly as sharp as for the business climate, but the rebound was also much weaker as well (delayed by a month, to June, and limited in scope). Moreover, it immediately faltered. Fears about rising unemployment have taken a heavy toll. Yet this discouraging trend for household confidence is not reflected in consumer spending on goods. The latter's vigorous rebound is one of the most positive – if not the most positive – points on our dashboard. In June, household spending on goods already exceeded February's level by 2.3%. In July, it rose by another 0.5% m/m. Although this isn't much compared to the surge of 35% in May and 10% in June, the pace is more representative of the trends we hope to see in the months ahead.

Much will depend, however, on how the labour market evolves. Although the massive recessionary shock due to the Covid-19 pandemic is behind us, more shock waves are still to come in the form of firms' bankruptcies and layoffs. The unemployment rate is bound to rise again. The big question is by how much. There is also the corollary question of what will happen to the involuntary household savings accumulated during the lockdown? To what extent will they be transformed into precautionary savings instead of consumer spending? On Thursday, 3 September, the government presented the details of its EUR 100 bn stimulus plan, which essentially aims to directly limit the scars of the crisis on companies and employment, which in turn indirectly benefits consumption. Supply-side support also helps stimulate demand.

Hélène Baudchon

QUARTERLY CHANGES



SOURCE: THOMSON REUTERS, BNP PARIBAS

The indicators in the radar are all transformed into 'z-scores' (deviations from the long-term average, as standard deviations). These z-scores have mean zero and their values are between -8 and +4. 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.



UNITED STATES: THE GAP HAS NOT YET CLOSED

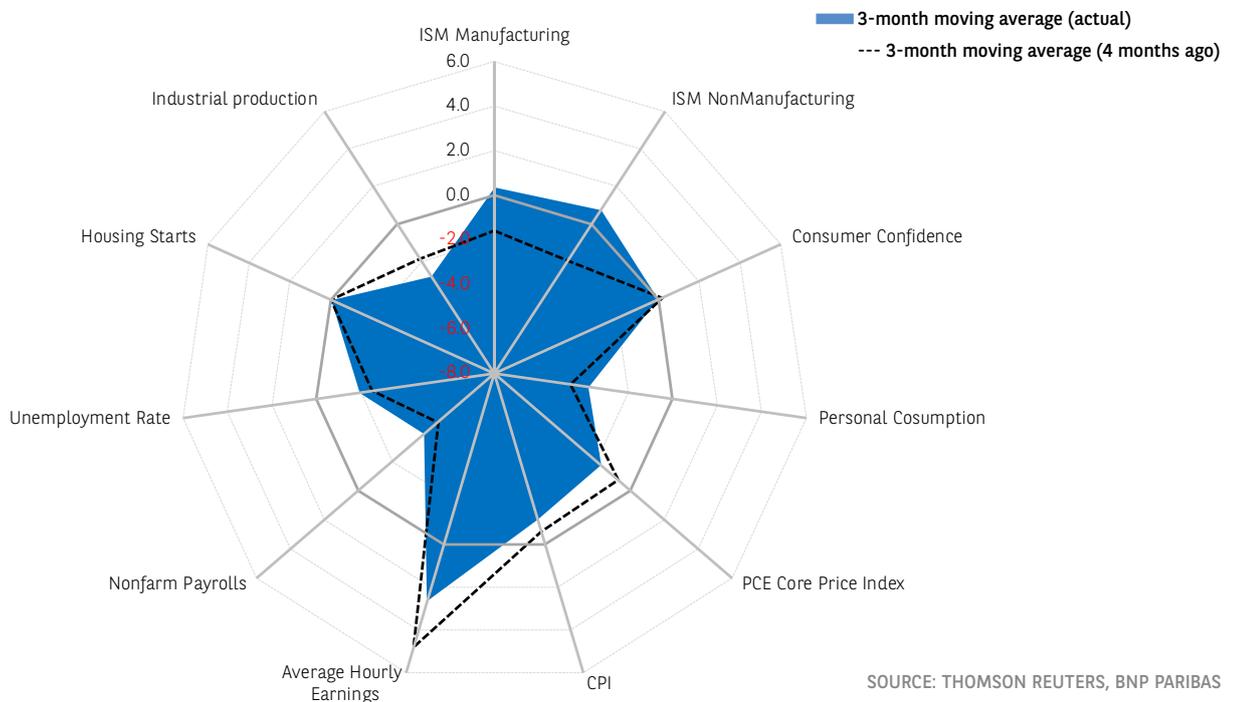
In the United States, as nearly everywhere else, the economy was partially paralysed in the spring of 2020 by protective health measures in response to the Covid-19 pandemic. US GDP collapsed by 9.1% in the second quarter (31.7% annualized), a record fall. There has been a recovery over the summer, bringing a strong rally in business climate indicators and markets.

This is what this week's barometer shows; a return to normal in surveys, both for companies (the Institute for Supply Management's PMI figures) and for consumers (Conference Board confidence indices). However the 'hard' data (on production, employment, consumption and so forth) have seen nothing like the same level of improvement. Industrial activity remains around 8% below its 2019 average and only half of the 22 million jobs lost between March and April have been recovered, leaving a considerable shortfall in employment that still needs to be addressed. Job losses have particularly affected low-income groups, creating the illusion of an increase in hourly wage rates (caused by change in composition). If Americans have not been impoverished - their disposable income rose sharply in the second quarter - , this is because the federal government has intervened on a massive scale, e.g. increasing by USD600 weekly unemployment benefits. Although

they have been extended to the end of the year, these measures will nevertheless be scaled back, by between 30% and 50% depending on the state. The recovery in consumption could therefore begin to run out of steam. As far as the epidemic is concerned the latest figures remain chilling, although they have at least stopped getting worse. New case numbers have fallen since the end of July, but with new infections running at the rate of 40,000 per day as autumn approaches, Covid-19 remains active in the United States.

Jean-Luc Proutat

QUARTERLY CHANGES



The indicators in the radar are all transformed into 'z-scores' (deviations from the long-term average, as standard deviations). These z-scores have mean zero and their values are between -8 and +6. 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

7

UNITED STATES

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

CHINA

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

EUROZONE

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

FRANCE

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

INTEREST RATES AND FX RATES

• In the US, the Federal Reserve has taken, in several meetings, a host of measures to inject liquidity in the financial system and facilitate the financing of companies. The federal funds rate has been brought down to the zero lower bound and QE has been restarted. Additional measures are to be expected should the economic and liquidity situation deteriorate further. Treasury yields have seen initially a big drop, reflecting a flight to safety but have also been very volatile. More recently yields have increased on the back of expectations of a pick-up in activity once the lockdown eases and due to increased bond supply. We expect this trend to continue.

• In the eurozone, the ECB has taken considerable measures to inject liquidity by starting and subsequently extending a temporary Pandemic Emergency Purchase Programme, expanding the range of eligible assets under the corpo-

rate sector purchase programme (CSPP) to non-financial commercial paper and by easing the collateral standards by adjusting the main risk parameters of the collateral framework. More is to be expected should circumstances require. These measures should also keep a lid on sovereign bond spreads. The movement of bond yields will be very much influenced by what happens to US yields, and hence, in the near term, by news about the epidemic.

• The Bank of Japan has kept its policy rate unchanged but has decided to double its purchases of ETFs and J-REITS (Investment funds tied to Japanese real estate). The target for its corporate bonds purchases has also been increased.

• We expect the recent trend of dollar weakening to continue due to hedging behaviour and a view that the ECB action will be successful in avoiding market fragmentation and in supporting the economy.

GROWTH & INFLATION

%	GDP Growth			Inflation		
	2019	2020 e	2021 e	2019	2020 e	2021 e
United-States	2.3	-4.9	4.8	1.8	0.8	1.5
Japan	0.7	-4.8	2.1	0.5	-0.3	-0.7
United-Kingdom	1.4	-9.1	5.3	1.8	0.8	1.3
Euro Area	1.2	-9.0	5.8	1.2	0.1	0.9
Germany	0.6	-5.6	5.3	1.4	0.4	1.5
France	1.3	-11.1	5.9	1.3	0.5	1.0
Italy	0.3	-12.1	6.1	0.6	-0.2	0.5
Spain	2.0	-12.5	6.3	0.7	-0.4	0.6
China	6.1	2.5	8.1	2.9	2.5	2.3
India*	4.2	-4.7	9.5	4.8	2.5	3.5
Brazil	1.1	7.0	4.0	3.7	2.5	3.0
Russia	1.3	-6.5	3.5	4.3	3.0	3.5

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

*FISCAL YEAR FROM 1ST APRIL OF YEAR N TO MARCH 31ST OF YEAR N+1

**LAST UPDATE 07/07/2020

INTEREST & EXCHANGE RATES

Interest rates, %	2019		2020				2019	2020e	2021e
	Q3	Q4	Q1	Q2	Q3e	Q4e			
End of period									
US									
Fed Funds (upper limit)	2.00	1.75	0.25	0.25	0.25	0.25	1.75	0.25	0.25
T-Notes 10y	1.67	1.92	0.67	0.80	1.00	0.90	1.92	0.90	1.20
Ezone									
Deposit rate	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
Bund 10y	-0.57	-0.19	-0.46	-0.50	-0.40	-0.30	-0.19	-0.30	0.00
OAT 10y	-0.28	0.08	-0.05	-0.15	-0.10	-0.05	0.08	-0.05	0.20
BTP 10y	0.83	1.32	1.55	1.30	1.30	1.30	1.32	1.30	1.60
BON0 10y	0.15	0.47	0.68	0.50	0.40	0.40	0.47	0.40	0.70
UK									
Base rate	0.75	0.75	0.10	0.10	0.10	0.10	0.75	0.10	0.10
Gilts 10y	0.40	0.83	0.31	0.55	0.30	0.40	0.83	0.40	0.80
Japan									
BoJ Rate	-0.06	-0.05	-0.07	-0.10	-0.10	-0.10	-0.05	-0.10	-0.10
JGB 10y	-0.22	-0.02	0.02	0.00	0.05	0.05	-0.02	0.05	0.15
LAST UPDATE: 07/07/2020									
Exchange Rates	2019		2020				2019	2020e	2021e
	Q3	Q4	Q1	Q2	Q3e	Q4e			
End of period									
USD									
EUR / USD	1.09	1.12	1.10	1.09	1.15	1.17	1.12	1.17	1.22
USD / JPY	108	109	108	104	103	100	109	100	98
GBP / USD	1.23	1.32	1.24	1.24	1.29	1.34	1.32	1.34	1.42
EUR									
EUR / GBP	0.89	0.83	0.89	0.88	0.89	0.87	0.83	0.87	0.86
EUR / JPY	118	122	118	113	118	117	122	117	120
Brent									
Period-average									
Brent USD/bbl	62	63	51	33	43	49	64	44	59
LAST UPDATE: 07/07/2020									

SOURCE: BNP PARIBAS GLOBAL MARKETS (E: ESTIMATES)



BNP PARIBAS

The bank
for a changing
world

CALENDAR

8

LATEST INDICATORS

The Japanese industrial production data for July improved versus the previous month and also beat expectations. Retail sales however declined and more so than expected. The PMI data in China for August were more or less stable compared to July and remained at a satisfactory to, in case of services, high level. PMI data in the eurozone, Germany and France were not significantly different from those for July. This doesn't come as a surprise given the extent of the rebound in previous months. Interestingly, in the United States, the ISM manufacturing index increased further. Finally, the US labour market report was significantly better than expected.

DATE	COUNTRY	INDICATOR	PERIOD	CONSENSUS	ACTUAL	PREVIOUS
08/31/2020	Japan	Industrial Production MoM	July	5.0%	8.0%	1.9%
08/31/2020	Japan	Industrial Production YoY	July	-17.5%	-16.1%	-18.2%
08/31/2020	Japan	Retail Sales MoM	July	-2.5%	-3.3%	13.1%
08/31/2020	China	Composite PMI	August	--	54.5	54.1
08/31/2020	China	Manufacturing PMI	August	51.2	51.0	51.1
08/31/2020	China	Non-manufacturing PMI	August	54.2	55.2	54.2
08/31/2020	United States	Dallas Fed Manf. Activity	August	0.0	8.0	-3.0
08/31-09/02/2020	Germany	Retail Sales MoM	July	0.5%	-0.9%	-1.9%
09/01/2020	Japan	Jibun Bank Japan PMI Mfg	August	--	47.2	46.6
09/01/2020	China	Caixin China PMI Mfg	August	52.5	53.1	52.8
09/01/2020	France	Markit France Manufacturing PMI	August	49.0	49.8	49.0
09/01/2020	Germany	Markit/BME Germany Manufacturing PMI	August	53.0	52.2	53.0
09/01/2020	Germany	Unemployment Claims Rate SA	August	6.4%	6.4%	6.4%
09/01/2020	Eurozone	Markit Eurozone Manufacturing PMI	August	51.7	51.7	51.7
09/01/2020	United Kingdom	Markit UK PMI Manufacturing SA	August	55.3	55.2	55.3
09/01/2020	Eurozone	Unemployment Rate	July	8.0%	7.9%	7.7%
09/01/2020	Eurozone	CPI Core YoY	August	0.8%	0.4%	1.2%
09/01/2020	United States	Markit US Manufacturing PMI	August	53.6	53.1	53.6
09/01/2020	United States	ISM Manufacturing	August	54.8	56.0	54.2
09/02/2020	United States	Durable Goods Orders	Jul F	11.2%	11.4%	11.2%
09/02/2020	United States	Durables Ex Transportation	Jul F	2.4%	2.6%	2.4%
09/02/2020	United States	Cap Goods Orders Nondef Ex Air	July	1.9%	1.9%	1.9%
09/02/2020	United States	U.S. Federal Reserve Releases Beige Book				
09/03/2020	Japan	Jibun Bank Japan PMI Composite	August	--	45.2	44.9
09/03/2020	China	Caixin China PMI Composite	August	--	55.1	54.5
09/03/2020	France	Markit France Composite PMI	August	51.7	51.6	51.7
09/03/2020	Germany	Markit/BME Germany Composite PMI	August	53.7	54.4	53.7
09/03/2020	Eurozone	Markit Eurozone Composite PMI	August	51.6	51.9	51.6
09/03/2020	United Kingdom	Markit/CIPS UK Composite PMI	August	60.3	59.1	60.3
09/03/2020	Eurozone	Retail Sales MoM	July	1.0%	-1.3%	5.3%
09/03/2020	United States	Initial Jobless Claims	August	950000	881000	1.011e+06
09/03/2020	United States	Markit US Services PMI	August	54.7	55.0	54.8
09/03/2020	United States	Markit US Composite PMI	August	--	54.6	54.7
09/03/2020	United States	ISM Services Index	August	57.0	56.9	58.1
09/04/2020	United States	Change in Nonfarm Payrolls	August	1.35e+06	1.371e+06	1.734e+06
09/04/2020	United States	Unemployment Rate	August	9.8%	8.4%	10.2%
09/04/2020	United States	Labor Force Participation Rate	August	61.8%	61.7%	61.4%



CALENDAR: THE WEEK AHEAD

9

COMING INDICATORS

The highlight of next week is the Governing Council meeting of the ECB. Considering the negative inflation rate in August, the strengthening of the euro and the new strategy of the Federal Reserve which was announced last week, the press conference will be particularly interesting. In terms of data we will have updated estimates for second quarter GDP growth in Japan and the eurozone as well as inflation numbers in China and the United States. Concerning the survey data for August, we have the Eco Watchers Survey in Japan, small business optimism in the United States and Banque de France industrial sentiment.

DATE	COUNTRY/ZONE	INDICATOR	PERIOD	CONSENSUS	PREVIOUS
09/07/2020	Germany	Industrial Production SA MoM	July	--	8.9%
09/07/2020	China	Exports YoY (CNY)	August	--	10.4%
09/07/2020	China	Imports YoY (CNY)	August	--	1.6%
09/08/2020	Japan	GDP SA QoQ	2Q	-8.1%	-7.8%
09/08/2020	Japan	Eco Watchers Survey Current SA	August	--	41.1
09/08/2020	Japan	Eco Watchers Survey Outlook SA	August	--	36.0
09/08/2020	France	Private Sector Payrolls QoQ	2Q	--	-0.6%
09/08/2020	Germany	Exports SA MoM	July	--	14.9%
09/08/2020	Eurozone	Employment QoQ	2Q	--	-2.8%
09/08/2020	Eurozone	GDP SA QoQ	2Q	--	-12.1%
09/08/2020	United States	NFIB Small Business Optimism	August	98.9	98.8
09/09/2020	China	PPI YoY	August	-2.0%	-2.4%
09/09/2020	China	CPI YoY	August	2.3%	2.7%
09/09/2020	Japan	Machine Tool Orders YoY	August	--	-31.1%
09/09/2020	France	Bank of France Ind. Sentiment	August	--	99
09/10/2020	Japan	Core Machine Orders YoY	July	--	-22.5%
09/10/2020	France	Industrial Production MoM	July	--	12.7%
09/10/2020	Eurozone	ECB Deposit Facility Rate	Sept-10	--	-0.500%
09/10/2020	United States	PPI Ex Food and Energy YoY	August	--	0.3%
09/10/2020	United States	Initial Jobless Claims	Sept-05	--	--
09/11/2020	United Kingdom	Manufacturing Production YoY	July	--	-14.6%
09/11/2020	United States	CPI Ex Food and Energy YoY	August	1.6%	1.6%

SOURCE: BLOOMBERG



FURTHER READING

10

The headaches of the ECB	EcoTV Week	4 September
China: investment recovery continues	Chart of the Week	2 September
US : The Federal Reserve enters a new era of inflation targeting	EcoWeek	31 August
Eurozone : The recovery continues but momentum is slowing	EcoWeek	31 August
Brazil: Investment in times of fiscal adjustment	EcoConjoncture	31 August
France: matching surges in non-financial corporations' fundind and deposits	Chart of the Week	26 August
Germany : Government stimulus package instills confidence	EcoWeek	31 July
Global : Looking beyond the second quarter GDP numbers	EcoWeek	31 July
The euro area economy: doing better	EcoTV Week	31 July
Recovery fund: will the EU kill one bird with two stones?	Chart of the Week	28 July
Eurozone: Confirmation of an economic upturn	EcoFlash	27 July
European Union: The European Council agreement: not perfect, but truly historical	EcoWeek	24 July
China: Real GDP is back to its pre-crisis level	EcoWeek	24 July
Spain: Under the threat of a resurgence of the epidemic	EcoWeek	24 July
The European Council agreement: truly historical	EcoTV Week	24 July
Quarterly economic outlook on emerging countries	EcoEmerging	23 July
United Kingdom: Measures to support bank financing of businesses	EcoFlash	22 July
Latin America's largest economies: struggling to bend the COVID-19 epidemic	Chart of the Week	22 July
Covid and the outlook for inflation	Podcast	22 July
Global: Covid-19 and the environment	EcoWeek	17 July



GROUP ECONOMIC RESEARCH

William De Vijlder
Chief Economist

+33 1 55 77 47 31

william.devijlder@bnpparibas.com

ADVANCED ECONOMIES AND STATISTICS

Jean-Luc Proutat

Head – United States, United Kingdom

+33 1 58 16 73 32

jeanluc.proutat@bnpparibas.com

Hélène Baudchon

France – Labour markets

+33 1 58 16 03 63

helene.baudchon@bnpparibas.com

Louis Boisset

European Central Bank watch, Euro area global view, Japan

+33 1 57 43 02 91

louis.boisset@bnpparibas.com

Frédérique Cerisier

Euro area (European governance and public finances), Spain, Portugal

+33 1 43 16 95 52

frederique.cerisier@bnpparibas.com

Raymond Van Der Putten

Germany, Netherlands, Austria, Switzerland – Energy, climate
– Long-term projections

+33 1 42 98 53 99

raymond.vanderputten@bnpparibas.com

Tarik Rharrab

Statistics

+33 1 43 16 95 56

tarik.rharrab@bnpparibas.com

BANKING ECONOMICS

Laurent Quignon

Head

+33 1 42 98 56 54

laurent.quignon@bnpparibas.com

Laure Baquero

+ 33 1 43 16 95 50

laure.baquero@bnpparibas.com

Céline Choulet

+33 1 43 16 95 54

celine.choulet@bnpparibas.com

Thomas Humblot

+ 33 1 40 14 30 77

thomas.humblot@bnpparibas.com

ECONOMIES EMERGENTES ET RISQUE PAYS

François Faure

Head – Argentina

+33 1 42 98 79 82

francois.faure@bnpparibas.com

Christine Peltier

Deputy Head – Greater China, Vietnam, South Africa

+33 1 42 98 56 27

christine.peltier@bnpparibas.com

Stéphane Alby

Africa (French-speaking countries)

+33 1 42 98 02 04

stephane.alby@bnpparibas.com

Stéphane Colliac

Turkey, Ukraine, Central European countries

+33 1 42 98 26 77

stephane.colliac@bnpparibas.com

Sara Confalonieri

Africa (Portuguese & English-speaking countries)

+33 1 42 98 43 86

sara.confalonieri@bnpparibas.com

Pascal Devaux

Middle East, Balkan countries

+33 1 43 16 95 51

pascal.devaux@bnpparibas.com

Hélène Drouot

Korea, Thailand, Philippines, Mexico, Andean countries

+33 1 42 98 33 00

helene.drouot@bnpparibas.com

Salim Hammad

Latin America

+33 1 42 98 74 26

salim.hammad@bnpparibas.com

Johanna Melka

India, South Asia, Russia, CIS

+33 1 58 16 05 84

johanna.melka@bnpparibas.com

CONTACT MEDIA

Michel Bernardini

+33 1 42 98 05 71

michel.bernardini@bnpparibas.com



BNP PARIBAS

The bank
for a changing
world

GROUP ECONOMIC RESEARCH



CONJONCTURE

Structural or in news flow, two issues analysed in depth



EMERGING

Analyses and forecasts for a selection of emerging economies



PERSPECTIVES

Analyses and forecasts for the main countries, emerging or developed



ECOFASH

Data releases, major economic events. Our detailed views...



ECOWEEK

Weekly economic news and much more...



ECOTV

In this monthly web TV, our economists make sense of economic news



ECOTV WEEK

What is the main event this week? The answer is in your two minutes of economy



MACROWAVES

The economic podcasts

The information and opinions contained in this report have been obtained from, or are based on, public sources believed to be reliable, but no representation or warranty, express or implied, is made that such information is accurate, complete or up to date and it should not be relied upon as such. This report does not constitute an offer or solicitation to buy or sell any securities or other investment. It does not constitute investment advice, nor financial research or analysis. Information and opinions contained in the report are not to be relied upon as authoritative or taken in substitution for the exercise of judgement by any recipient; they are subject to change without notice and not intended to provide the sole basis of any evaluation of the instruments discussed herein. Any reference to past performance should not be taken as an indication of future performance. To the fullest extent permitted by law, no BNP Paribas group company accepts any liability whatsoever (including in negligence) for any direct or consequential loss arising from any use of or reliance on material contained in this report. All estimates and opinions included in this report are made as of the date of this report. Unless otherwise indicated in this report there is no intention to update this report. BNP Paribas SA and its affiliates (collectively "BNP Paribas") may make a market in, or may, as principal or agent, buy or sell securities of any issuer or person mentioned in this report or derivatives thereon. BNP Paribas may have a financial interest in any issuer or person mentioned in this report, including a long or short position in their securities and/or options, futures or other derivative instruments based thereon. Prices, yields and other similar information included in this report are included for information purposes. Numerous factors will affect market pricing and there is no certainty that transactions could be executed at these prices. BNP Paribas, including its officers and employees may serve or have served as an officer, director or in an advisory capacity for any person mentioned in this report. BNP Paribas may, from time to time, solicit, perform or have performed investment banking, underwriting or other services (including acting as adviser, manager, underwriter or lender) within the last 12 months for any person referred to in this report. BNP Paribas may be a party to an agreement with any person relating to the production of this report. BNP Paribas, may to the extent permitted by law, have acted upon or used the information contained herein, or the research or analysis on which it was based, before its publication. BNP Paribas may receive or intend to seek compensation for investment banking services in the next three months from or in relation to any person mentioned in this report. Any person mentioned in this report may have been provided with sections of this report prior to its publication in order to verify its factual accuracy.

BNP Paribas is incorporated in France with limited liability. Registered Office 16 Boulevard des Italiens, 75009 Paris. This report was produced by a BNP Paribas group company. This report is for the use of intended recipients and may not be reproduced (in whole or in part) or delivered or transmitted to any other person without the prior written consent of BNP Paribas. By accepting this document you agree to be bound by the foregoing limitations.

Certain countries within the European Economic Area:

This report has been approved for publication in the United Kingdom by BNP Paribas London Branch. BNP Paribas London Branch is authorised and supervised by the Autorité de Contrôle Prudentiel et autorisée and subject to limited regulation by the Financial Services Authority. Details of the extent of our authorisation and regulation by the Financial Services Authority are available from us on request.

This report has been approved for publication in France by BNP Paribas SA. BNP Paribas SA is incorporated in France with Limited Liability and is authorised by the Autorité de Contrôle Prudentiel (ACP) and regulated by the Autorité des Marchés Financiers (AMF). Its head office is 16, boulevard des Italiens 75009 Paris, France.

This report is being distributed in Germany either by BNP Paribas London Branch or by BNP Paribas Niederlassung Frankfurt am Main, a branch of BNP Paribas S.A. whose head office is in Paris, France. BNP Paribas S.A. - Niederlassung Frankfurt am Main, Europa Allee 12, 60327 Frankfurt is authorised and supervised by the Autorité de Contrôle Prudentiel and it is authorised and subject to limited regulation by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin).

United States: This report is being distributed to US persons by BNP Paribas Securities Corp., or by a subsidiary or affiliate of BNP Paribas that is not registered as a US broker-dealer. BNP Paribas Securities Corp., a subsidiary of BNP Paribas, is a broker-dealer registered with the U.S. Securities and Exchange Commission and a member of the Financial Industry Regulatory Authority and other principal exchanges. BNP Paribas Securities Corp. accepts responsibility for the content of a report prepared by another non-U.S. affiliate only when distributed to U.S. persons by BNP Paribas Securities Corp.

Japan: This report is being distributed in Japan by BNP Paribas Securities (Japan) Limited or by a subsidiary or affiliate of BNP Paribas not registered as a financial instruments firm in Japan, to certain financial institutions defined by article 17-3, item 1 of the Financial Instruments and Exchange Law Enforcement Order. BNP Paribas Securities (Japan) Limited is a financial instruments firm registered according to the Financial Instruments and Exchange Law of Japan and a member of the Japan Securities Dealers Association and the Financial Futures Association of Japan. BNP Paribas Securities (Japan) Limited accepts responsibility for the content of a report prepared by another non-Japan affiliate only when distributed to Japanese based firms by BNP Paribas Securities (Japan) Limited. Some of the foreign securities stated on this report are not disclosed according to the Financial Instruments and Exchange Law of Japan.

Hong Kong: This report is being distributed in Hong Kong by BNP Paribas Hong Kong Branch, a branch of BNP Paribas whose head office is in Paris, France. BNP Paribas Hong Kong Branch is registered as a Licensed Bank under the Banking Ordinance and regulated by the Hong Kong Monetary Authority. BNP Paribas Hong Kong Branch is also a Registered Institution regulated by the Securities and Futures Commission for the conduct of Regulated Activity Types 1, 4 and 6 under the Securities and Futures Ordinance.

Some or all the information reported in this document may already have been published on <https://globalmarkets.bnpparibas.com>

© BNP Paribas (2015). All rights reserved.

POUR RECEVOIR NOS PUBLICATIONS

SUBSCRIBE ON OUR WEBSITE

[see the economic research's website](#)

ET

FOLLOW US ON LINKEDIN

[see the economic research's linkedin page](#)

OU TWITTER

[voir la page twitter des études économiques](#)



Bulletin édité par les Etudes Economiques - BNP PARIBAS

Siège social : 16 boulevard des Italiens - 75009 PARIS / Tél : +33 (0) 1.42.98.12.34

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

Directeur de la publication : Jean Lemierre / Rédacteur en chef : William De Vijlder



BNP PARIBAS

The bank
for a changing
world

CALENDAR

13

LATEST INDICATORS

Vivamus dapibus quam at leo tempor commodo. Vestibulum lorem nibh, tristique quis ligula vitae, sagittis mollis tellus. Nunc porttitor in augue at egestas. Donec at nibh id odio laoreet mollis. Suspendisse potenti. Duis pretium vulputate placerat. Mauris lorem leo, hendrerit tincidunt cursus sit amet, vestibulum vel nibh.

Curabitur lorem diam, ultrices posuere orci sit amet, facilisis tempus justo. Morbi eu porttitor tellus. Praesent a tristique purus. Nam semper maximus turpis molestie volutpat. Duis in leo vel purus ultricies sagittis. Vivamus commodo sapien nec commodo ultrices.

DATE	COUNTRY	INDICATOR	PERIOD	CONSENSUS	ACTUAL	PREVIOUS
08/03/2020	China	Caixin China PMI Mfg	July	51.2		51.2
08/03/2020	France	Markit France Manufacturing PMI	July	--		52.0
08/03/2020	Germany	Markit/BME Germany Manufacturing PMI	July	--		50.0
08/03/2020	Eurozone	Markit Eurozone Manufacturing PMI	July	--		51.1
08/03/2020	United States	ISM Manufacturing	July	53.5		52.6
08/05/2020	Japan	Jibun Bank Japan PMI Composite	July	--		43.9
08/05/2020	China	Caixin China PMI Composite	July	--		55.7
08/05/2020	France	Markit France Composite PMI	July	--		57.6
08/05/2020	Germany	Markit/BME Germany Composite PMI	July	--		55.5
08/05/2020	Eurozone	Markit Eurozone Composite PMI	July	--		54.8
08/05/2020	United States	ISM Services	July	55.0	58,1	57.1
08/06/2020	United Kingdom	Bank of England Bank Rate	August	--		0.100%
08/07/2020	United States	Change in Nonfarm Payrolls	July	2,00E+06		4.8e+06
08/07/2020	United States	Unemployment Rate	July	10.2%		11.1%
08/10/2020	France	Bank of France Ind. Sentiment	July	--		89
08/12/2020	United Kingdom	GDP QoQ	2Q	--		-2.2%
08/13/2020	France	ILO Unemployment Rate	2Q	--		7.8%
08/14/2020	China	Industrial Production YoY	July	--		4.8%
08/14/2020	China	Retail Sales YoY	July	--		-1.8%
08/14/2020	China	Fixed Assets Ex Rural YTD YoY	July	--		-3.1%
08/14/2020	China	Property Investment YTD YoY	July	--		1.9%
08/14/2020	Eurozone	Employment QoQ	2Q	--		-0.2%
08/14/2020	Eurozone	GDP SA QoQ	2Q	--		--
08/14/2020	United States	Retail Sales Advance MoM	July	2.0%		7.5%
08/14/2020	United States	U. of Mich. Sentiment	August	--		--
08/17/2020	United States	NAHB Housing Market Index	August	--		72
08/18/2020	United States	Building Permits MoM	July	--		2.1%
08/18/2020	United States	Housing Starts MoM	July	--		17.3%
08/19/2020	Eurozone	CPI Core YoY	July	--		--
08/21/2020	France	Markit France Composite PMI	August	--		--
08/21/2020	Germany	Markit/BME Germany Composite PMI	August	--		--
08/21/2020	Eurozone	Markit Eurozone Composite PMI	August	--		--
08/21/2020	United States	Markit US Composite PMI	August	--		--
08/21/2020	Eurozone	Consumer Confidence	August	--		--

SOURCE: BLOOMBERG



BNP PARIBAS

The bank
for a changing
world