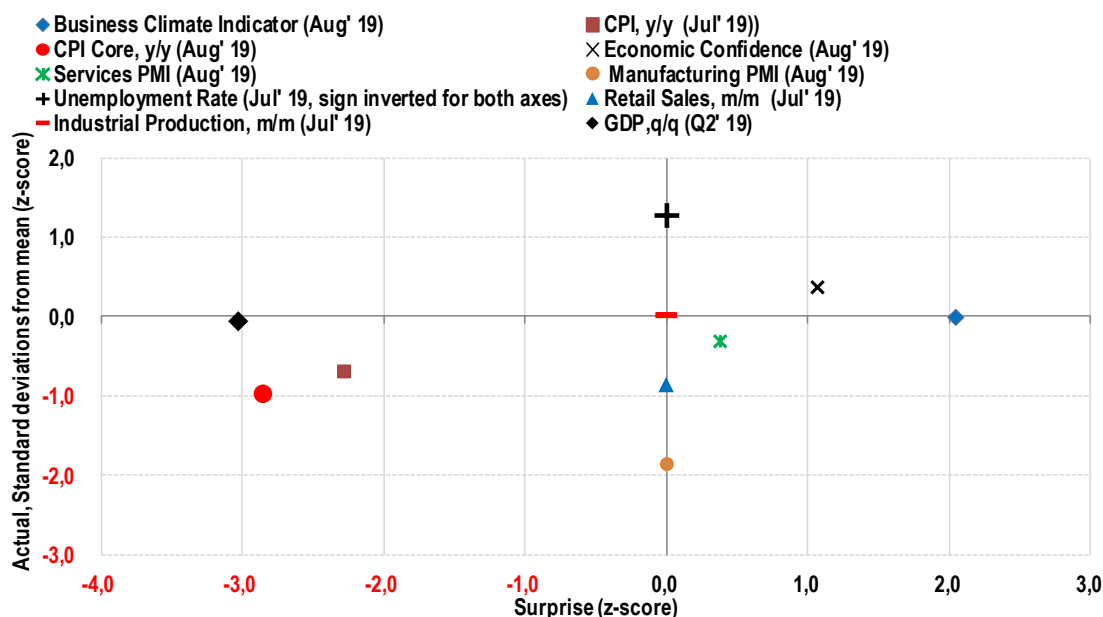


Pulse

Eurozone: fragile economic equilibrium between manufacturing and services sectors

The latest economic indicators still send a mixed signal. The months pass but nothing seems to change. While GDP growth is declining (+0.2% q/q in Q2 2019 after +0.4% in Q1), activity in manufacturing remains subdued and the Purchasing Managers Index (PMI) of this sector is well below its long-term average. Conversely, the services sector resists and the PMI is globally in line with expectations. In this environment, headline inflation remains pretty far from the 2% target, and surprised to the downside. The core component of the CPI keeps oscillating around only 1% (+0.9% in July).



Note: z-score is a score which indicates how many standard deviations an observation is from the mean: $z=(x-\mu)/\sigma$ where x : observation, μ : mean, σ : standard deviation.

On the X-axis, x corresponds at the last known surprise for each indicator represented on the graph, μ and σ corresponds respectively to the mean and the standard deviation of the last 24 value for monthly data and the last 8 quarters for quarterly data. On the Y-axis, x corresponds at the last-known value of indicator, μ and σ corresponds respectively to the mean and the standard deviation for this indicator since 2000 (for China since 2011).

Indicators preview

The highlight of the week will be the ECB Governing Council meeting. More easing measures are a virtual certainty, the question is which and to which extent. In Japan, many data will be published: sentiment of analysts (EcoWatchers survey), machinery orders, capacity utilisation, etc. The Banque de France will publish its industrial sentiment indicator for the month of August. In the US, the focus will be on the retail sales numbers and University of Michigan sentiment.

Date	Region	Event	Period	Survey	Prior
09/09/2019	Japan	GDP SA QoQ	2Q	0.3%	0.4%
09/09/2019	France	Bank of France Ind. Sentiment	August	--	95
09/09/2019	United Kingdom	Monthly GDP (3M/3M)	July	--	0.3%
09/09/2019	Japan	Eco Watchers Survey Outlook SA	August	--	44.3
09/09/2019	China	Aggregate Financing CNY	August	1.7e+12	1.01e+12
09/10/2019	France	Private Sector Payrolls QoQ	2Q	--	0.3%
09/10/2019	France	Industrial Production MoM	July	--	-2.3%
09/10/2019	United Kingdom	ILO Unemployment Rate 3Mths	July	--	3.9%
09/10/2019	United States	NFIB Small Business Optimism	August	--	104.7
09/11/2019	United States	PPI Ex Food and Energy MoM	August	0.2%	-0.1%
09/12/2019	Japan	Core Machine Orders MoM	July	--	13.9%
09/12/2019	Germany	CPI EU Harmonized MoM	August	--	-0.1%
09/12/2019	France	CPI EU Harmonized MoM	August	--	0.5%
09/12/2019	Eurozone	Industrial Production SA MoM	July	--	-1.6%
09/12/2019	Eurozone	ECB Deposit Facility Rate	Sept-12	--	-0.400%
09/12/2019	United States	CPI MoM	August	0.1%	0.3%
09/13/2019	Japan	Capacity Utilization MoM	July	--	-2.6%
09/13/2019	Japan	Industrial Production MoM	July	--	1.3%
09/13/2019	Eurozone	Trade Balance SA	July	--	1.79e+10
09/13/2019	United States	Retail Sales Control Group	August	0.4%	1.0%
09/13/2019	United States	University of Michigan Sentiment	Sep.	--	89.8

Source: Bloomberg, BNP Paribas

