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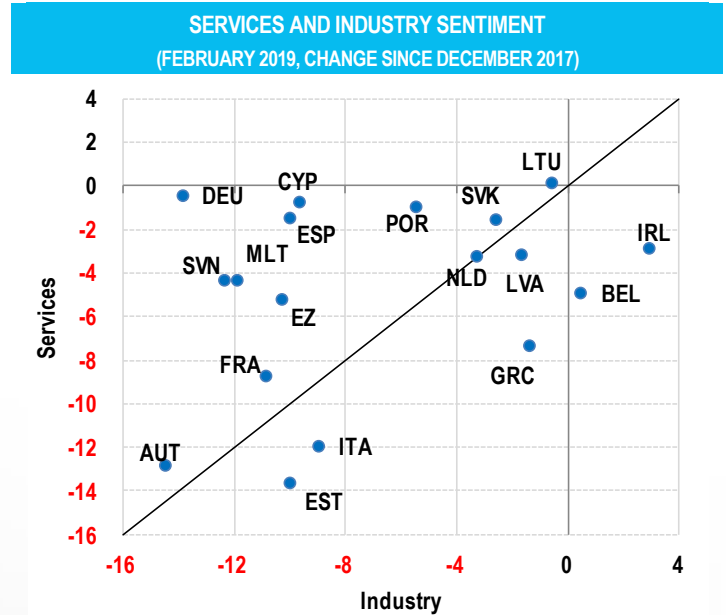
Sentiment measures offer mixed picture

■ The latest survey data show a very mixed picture ■ In the manufacturing sector, China saw some signs of stabilisation, whereas Japan experienced a deterioration. In Germany, manufacturing remains under pressure ■ The picture in the eurozone is quite diverse, depending on the country and the sector ■ Looking at the broadest survey indicator for the eurozone, one observes a stabilisation. Whether this will be confirmed depends to a large degree on developments in China and on the well-known sources of uncertainty (trade, Brexit).

The slowing trend of the global economy means that the recent survey data were eagerly awaited. The picture which emerges is mixed. In Japan, the Nikkei manufacturing PMI index dropped below 50, the dividing line between expansion and contraction. In the US, the manufacturing ISM index dropped to 54.2. It had rebounded in January following a big decline in December. In China the contraction seems to have come to an end as the Caixin PMI index rose to 49.9, its highest level in three months. In France the manufacturing PMI moved moderately higher, echoing the small improvement seen in the INSEE business climate survey in the past two months. In Germany the signals are conflicting (see Pulse). After a six month uninterrupted decline, the IFO Business Climate Index reached its lowest level since December 2014. The manufacturing PMI dropped significantly, reaching a very low 47.6. As shown in chart 1, since the peak of the business cycle in the eurozone (December 2017), Germany had mainly suffered on the manufacturing side and the decline of the service sector sentiment had been very moderate. However the IFO institute has reported a significant deterioration in services in February. Against this background, the slight improvement in export expectations could signal that the worst is behind us. In Italy, the manufacturing PMI has stabilised at a very low level. It has been below 50 since October last year. Spain saw a significant drop of the Markit PMI index, from 52.4 to 49.9. For the eurozone as a whole this translated in a decline of the manufacturing PMI from 50.5 to 49.3. Given the close correlation with GDP growth, this implies quasi stagnation at the start of the year. This also shows up in the €-coin index, a real-time estimate of economic growth which is calculated by the Bank of Italy¹ and which weakened again, reaching a level last seen early 2015. Finally, the European Commission's surveys showed a slight increase in consumer confidence. Its business climate index, by construction narrowly correlated with industrial production, remained flat whereas the broader Economic Sentiment Index, which covers industry, services, consumers, retail trade and construction, was broadly stable. All in all, the picture which emerges in the eurozone as a whole is a stabilisation, although individual country experiences differ somewhat. In most countries the manufacturing sector remains under pressure. A stabilisation of Chinese growth and a reduction in uncertainty (trade negotiations, Brexit) are key for an upturn in sentiment.

William De Vijlder

¹ The €-coin index a synthetic indicator based on survey data, activity and demand indicators as well as market and financial



AUT: Austria, BEL: Belgium, CYP: Cyprus, DEU: Germany, ESP: Spain, EST: Estonia, EZ: Eurozone, FRA: France, GRC: Greece, IRL: Ireland, ITA: Italy, LTU: Lithuania, LVA: Latvia, MLT: Malta, NLD: Netherlands, POR: Portugal, SVN: Slovenia, SVK: Slovakia

Source: European Commission, BNP Paribas

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Pulse & Calendar

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Economic scenario

ECONOMIC RESEARCH DEPARTMENT

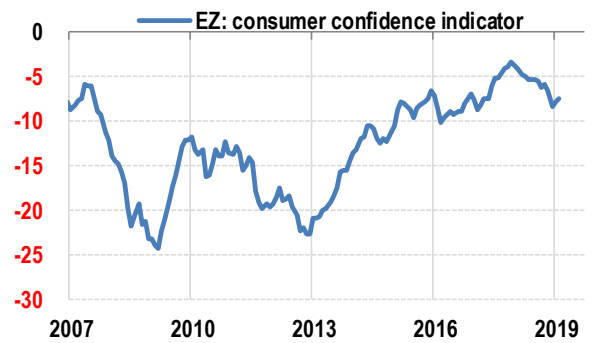
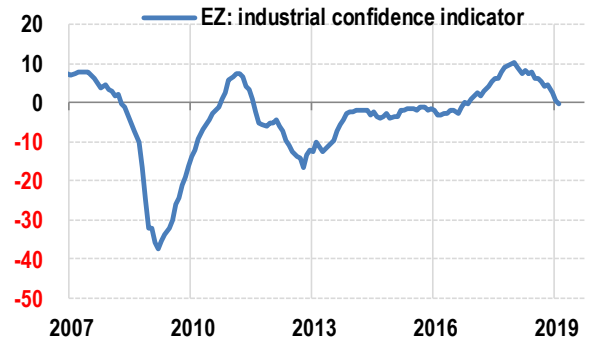
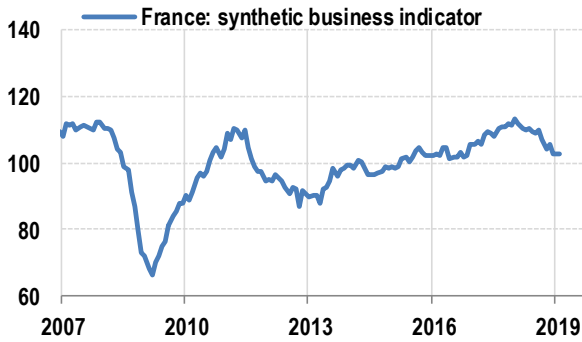


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SURVEY INDICATORS AND PMI MANUFACTURING



	Developed Markets														Emerging countries																						
	WD	NA		Europe						Asia-Oceania			ATAM	Eurasia		Middle East & Africa				Asia																	
	World	CANADA	USA	EURO ZONE		AUSTRIA	DENMARK	FRANCE	GERMANY	GREECE	IRELAND	ITALY	NETHERLANDS	SPAIN	SWITZERLAND	UK	AUSTRALIA	NEW ZEALAND	JAPAN	SINGAPORE	BRAZIL	MEXICO	CZECH REPUBLIC	POLAND	RUSSIA	TURKEY	EGYPT	ISRAEL	LEBANON	SAUDI ARABIA	SOUTH AFRICA	UAE	CHINA	HONG KONG	INDIA	INDONESIA	VIETNAM
Mar-18	53	56	56	57	58	61	54	58	55	54	55	62	55	61	55	62	53	53	53	53	52	57	54	51	52	49	55	47	53	47	55	51	51	51	51	52	
Apr-18	53	56	57	56	58	54	54	58	53	55	54	61	54	63	54	59	59	54	53	52	52	57	54	51	49	50	54	46	51	49	55	51	49	52	52	53	
May-18	53	56	56	56	57	48	54	57	54	55	53	60	53	63	54	57	54	53	53	51	51	57	53	50	46	49	50	46	53	49	57	51	48	51	52	54	
Jun-18	53	57	55	55	57	50	53	56	54	57	53	60	53	62	54	56	53	53	50	52	57	54	50	47	49	53	46	55	48	57	51	48	53	50	56		
Jul-18	53	57	55	55	57	56	53	57	54	56	52	58	53	62	54	53	51	52	52	51	52	55	53	48	49	50	58	45	55	50	56	51	48	52	51	55	
Aug-18	53	57	55	55	56	59	54	56	54	58	50	59	53	65	53	56	52	53	53	51	51	55	51	49	46	51	50	46	55	45	55	51	49	52	52	54	
Sep-18	52	55	56	53	55	54	53	54	54	56	50	60	51	60	54	57	52	53	52	51	52	53	51	50	43	49	50	46	53	45	55	50	48	52	51	52	
Oct-18	52	54	56	52	54	66	51	52	53	55	49	57	52	58	51	55	54	53	52	51	51	53	50	51	44	49	53	46	54	42	55	50	49	53	51	54	
Nov-18	52	55	55	52	55	58	51	52	54	55	49	56	53	58	53	51	54	52	52	53	50	52	50	53	45	49	54	47	55	50	56	50	47	54	50	57	
Dec-18	51	54	54	51	54	58	50	52	54	55	49	57	51	58	54	50	55	53	51	53	50	50	48	52	44	50	46	55	51	54	50	48	53	51	54		
Jan-19	51	53	55	51	53	51	51	50	54	53	48	55	52	54	53	53	53	50	51	53	51	49	48	51	44	49	47	56	50	56	48	48	54	50	52		
Feb-19		54	49	52		52	48	54	54	48	53	50	55	52	54		49				49	48	50	46					46		50	54	50	51			

Source: INSEE, Ifo, European Commission, Markit, BNP Paribas

