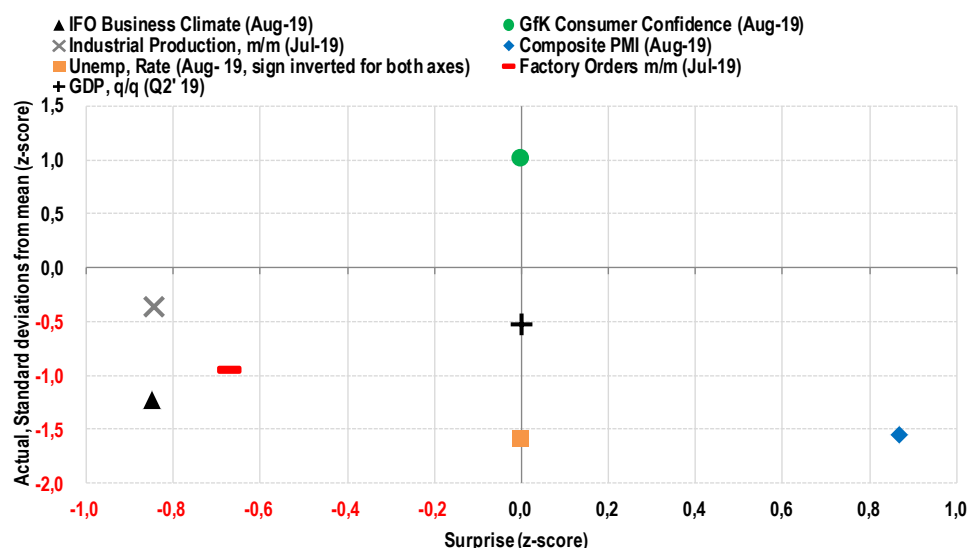


Pulse

Germany: slowdown is spreading

Business cycle indicators mostly disappointed during the summer months and ended up below the already subdued expectations. In July, both industrial production and orders fell sharply. This could be partly attributed to the early start of the summer holidays. In that case, an opposite effect can be expected in August. More worrying was the more-than-expected decline of the IFO climate index in August, as business conditions in trade and services fell sharply. It is a sign that the deterioration of the business climate is not anymore confined to only manufacturing, something which has been emphasized by the Bundesbank. But this was contradicted in early September by the PMI composite. The indicator was actually stronger than expected, as services growth remained solid.



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 to 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 to 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 next week is the meeting of the FOMC (a rate cut is widely expected) although the meetings of the Bank of England and the Bank of Japan will also be important for the information they may provide on the assessment of the economic situation. In the US, several data will be released concerning the housing market and construction activity. This is of particular importance given the negative contribution of residential investment to GDP in recent quarters. The US index of leading indicators will be watched closely given the concern about slowing growth. In the eurozone, consumer confidence will be watched closely, in particular the unemployment expectations component.

Date	Country/Region	Event	Period	Survey	Prior
09/16/2019	United States	Empire Manufacturing	Sept.	2.0	4.8
09/17/2019	Germany	ZEW Survey Expectations	Sept.	--	-44.1
09/17/2019	Eurozone	ZEW Survey Expectations	Sept.	--	-43.6
09/17/2019	United States	Industrial Production MoM	Aug.	0.1%	-0.2%
09/17/2019	United States	Capacity Utilization	Aug.	77.6%	77.5%
09/17/2019	United States	NAHB Housing Market Index	Sept.	66	66
09/18/2019	Japan	Trade Balance	Aug.	--	-2.496e+11
09/18/2019	Eurozone	EU27 New Car Registrations	Aug.	--	-7.8%
09/18/2019	United Kingdom	CPI MoM	Aug.	--	0.0%
09/18/2019	Eurozone	CPI MoM	Aug.	--	-0.5%
09/18/2019	United States	MBA Mortgage Applications	Sept-13	--	--
09/18/2019	United States	Building Permits MoM	Aug.	-0.9%	8.4%
09/18/2019	United States	Housing Starts MoM	Aug.	5.0%	-4.0%
09/18/2019	United States	FOMC Rate Decision (Upper Bound)	Sept-18	2.00%	2.25%
09/19/2019	United Kingdom	Retail Sales Ex Auto Fuel MoM	Aug.	--	0.2%
09/19/2019	United Kingdom	Bank of England Bank Rate	Sept-19	--	0.750%
09/19/2019	United States	Philadelphia Fed Business Outlook	Sept.	--	16.8
09/19/2019	United States	Leading Index	Aug.	--	0.5%
09/19/2019	United States	Existing Home Sales MoM	Aug.	-0.9%	2.5%
09/19/2019	Japan	BOJ Policy Balance Rate	Sept-19	--	-0.100%
09/19/2019	United Kingdom	CBI Trends Total Orders	Sept.	--	-13
09/20/2019	France	Wages QoQ	2Q	--	0.5%
09/20/2019	Eurozone	Consumer Confidence	Sept.	--	-7.1

Source: Bloomberg, BNP Paribas

