

## Key Releases (April 13 - April 24)

\* Thu 4/16: Industrial Production: Regional lockdowns in Italy at the end of February may start to weigh on production and orders in the Eurozone.

	Time	Time	(Consensus Ests. in parentheses, Green = DE Above, Red = DE Below)								
Date	(CET)	(EST)	Economic Indicator		Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
Mon 4/13											
Tue 4/14											
Wed 4/15											
Thu 4/16	11:00 AM	5:00 AM	Feb	Industrial Production (SA)							
				M/M	0.0	-0.3	-0.6	-1.8	2.3	-0.3 (0)	
				Y/Y	-1.5	-1.8	-1.5	-3.6	-1.9	-2.1 (-2)	
Fri 4/17											
					Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
Mon 4/20											
Tue 4/21	11:00 AM	5:00 AM	Apr	ZEW Survey Eurozone Expectation	-22.4	-23.5	-1.0	11.2	25.6	10.4	-49.5
Wed 4/22	4:00 PM	10:00 AM	Apr A	Consumer Confidence	-6.6	0.0	0.2	0.1	0.2	-0.6	-11.6
Thu 4/23	10:00 AM	4:00 AM	Apr P	Eurozone Manufacturing PMI (SA)	45.7	45.9	46.9	46.3	47.9	49.2	44.5
			Apr P	Eurozone Services PMI (SA)	51.6	52.2	51.9	52.8	52.5	52.6	26.4
			Apr P	Eurozone Composite PMI (SA)	50.1	0.1	-0.3	0.3	-1.0	0.2	0.5
Fri 4/24											

## Indicator/Event Wrap-Up

The **European Central Bank (ECB)** added another 750 billion euro of asset purchases to combat the pandemic impacts. The purchases will include broad asset classes and will be guided to countries most affected by the COVID-19. During its previous meeting, the ECB disappointed with the policy rates unchanged, despite adding another 120 billion euros of asset purchases through the end of 2020. The ECB also introduced a new longer-term refinancing operations (LTRO) to temporarily provide liquidity. Terms on the TLTRO III will also be more favorable, with the interest rate on these operations likely to fall 25 bps below the Deposit Facility Rate. However, the refinancing operations and favorable terms may not be enough to inject enough confidence in businesses and the market.

The Eurozone Harmonized **CPI** decelerated to 0.7% y/y as expected in March on a 4.3% contraction in energy prices, compared with 1.2% in February. The Core CPI fell to 1% from 1.2% with Services prices down to 1.3% y/y from 1.6% as people limited activities during the month. Inflation is expected to further decelerate in April. Downward pressure from oil and commodity prices is set to weigh down the Headline CPI in the next few months. Moreover, the deterioration in the growth outlook could derail the underlying upward trend in Core inflation.

Business Sentiment in Europe depicted a halt in the Services Sector, with a relatively passable Manufacturing **PMI** inflated by inventories and suppliers' delivery time. The flash Eurozone Composite PMI for March registered a record low of 31.4, compared with 51.2 in February. The Eurozone Services PMI plunged to 28.4 from 52.6 while the Manufacturing PMI fell to 44.8 from 49.2. **Germany** Services PMI sank to a record-low of 34.5 in March, compared with 52.5 in February, with the Manufacturing PMI sliding to 45.7 from 48. The Composite PMI ended up at an 11-year low of 37.2, indicating a quarterly contraction of roughly 2% in the first quarter.

**GDP** in Q4 was revised up slightly in the Eurozone, at 0.1% q/q or 1% y/y in the second release. Weakness was the most evident in France and Italy, where GDP contracted unexpectedly in the fourth quarter. German GDP stagnated in Q4 due to considerable weakness in the Industrial Sector; Business Investment contracted and Consumption slowed. GDP declined 0.1% q/q in France and 0.3% q/q in Italy, due mainly to weaker domestic demand.

Eurozone **Industrial Production** rebounded more than expected in January, up 2.3% m/m compared with -1.8% m/m in December. The increase was driven by a broad rebound across categories, with capital goods production up 2.6% and intermediate goods production up 3.2%. Robustness should be short-lived before the coronavirus impacts hit the euro-area. Industrial Production jumped 2.7% m/m in Germany, 1.2% in France, and 3.7% in Italy in January.

## DE Assessment, Underlying Themes

**Economy:** Slowdown continues in all of the Eurozone, with Germany leading the deceleration. Downward risks persist due to heightened uncertainty as well as deteriorated sentiment in the region and all over the world.

**Inflation:** HICP inflation moving towards yet still well below the 2% target. Focus on core, likely to stay around 1%, or higher, but also with volatility.

**ECB:** Policymakers are expected to keep rates low until inflation and growth show signs of recovery. Future increases in the scale of asset purchasing are unlikely as core EU countries, including France and Germany, opposed the decision.

## Key Releases (April 13 - April 24)

\* Tue 4/21: Jobless Claims: Expected to surge in March due to the closing of non-essential stores; more claims to come in April.

Date	Time (DST)	Time (EDT)	Economic Indicator	(Consensus Ests. in parentheses, Green = DE Above, Red = DE Below)						
				Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
<b>Mon</b> 4/13										
<b>Tue</b> 4/14										
<b>Wed</b> 4/15										
<b>Thu</b> 4/16										
<b>Fri</b> 4/17										
				Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
<b>Mon</b> 4/20										
<b>Tue</b> 4/21	7:00 AM	2:00 AM	Feb	ILO Unemployment Rate 3M (SA)	3.8	3.8	3.8	3.8	3.9	3.9
			Feb	Avg. Weekly Earnings 3M (Y/Y)	3.7	3.2	3.2	2.9	3.1	3.0
	7:00 AM	2:00 AM	Mar	Claimant Count Rate	3.3	3.4	3.4	3.4	3.4	3.5
			Mar	Jobless Claims Change	13.5	26.4	14.9	2.6	-0.2	17.3
										5.0
										50.0
<b>Wed</b> 4/22	7:00 AM	2:00 AM	Mar	Consumer Price Index (NSA)						
				M/M	0.1	-0.2	0.2	0.0	-0.3	0.4
				Y/Y	1.7	1.5	1.5	1.3	1.8	1.7
				Core CPI (Y/Y)	1.7	1.7	1.7	1.4	1.6	1.7
										1.5
	7:00 AM	2:00 AM	Mar	PPI Output (NSA)						
				M/M	-0.1	-0.1	-0.2	-0.1	0.2	-0.3
				Y/Y	1.2	0.8	0.5	0.8	1.0	0.4
										-0.5
										-0.2
<b>Thu</b> 4/23	7:00 AM	2:00 AM	Mar	Retail Sales (Inc. Fuels) (Volume, SA)						
				M/M	-0.2	0.1	-0.9	-0.7	1.1	-0.3
				Y/Y	2.9	3.2	0.7	3.4	0.9	0.0
										-3.5
	9:30 AM	4:30 AM	Apr P	Manufacturing PMI (SA)	48.3	49.6	48.9	47.5	50.0	51.7
			Apr P	Services PMI (SA)	49.5	50	49.3	50	53.9	53.2
										47.8
										34.5
<b>Fri</b> 4/24										

## Indicator/Event Wrap-Up

The **Bank of England (BOE)** slashed the official Bank Rate again to 0.1%, following a 50-bps emergency cut previously. The central bank lowered the countercyclical requirement to 0 from 1% and also provided additional support for small and medium-sized businesses through a new term funding system. Governor Carney said that the virus impacts should be short-lived, while the incoming Governor Bailey reassured that the BOE would still have room to ease if necessary. The government government announced a large fiscal package with more guaranteed loans and tax cuts totaling around 350 billion pounds, in an effort to buffer the pandemic impacts. These monetary and fiscal stimuli in place are probably insufficient to combat the pandemic impact, but it puts the U.K. in a favorable place to endure the global downturn and to recover after the pandemic passes.

**Growth** stagnated in Q4 in the U.K., with a flat q/q GDP reading as DE expected, compared with 0.4% q/q in Q3. Year-over-year comparison stayed at 1.1%. GDP growth was dragged by a 1.2% q/q decline in Gross Fixed Capital Formation, offset by a 1.5% jump in Government Spending. Exports jumped 5% q/q while Imports edged up 0.4% q/q. Weakness in business investment manifested the soft demand amid lingering uncertainties surrounding the Brexit.

**Retail Sales** edged down 0.3% m/m in February following a 0.9% jump in January. Retail Sales Ex-Auto Fuel decreased 0.5% m/m, reflecting soft demand even before the coronavirus outbreak in the U.K., signaling further contractions in months ahead. **Industrial Production** edged up 0.1% in February ahead of a destined slump in the next few months. Weakness in the industrial sectors should persist throughout 2020 amid lockdown measures and supply-chain disruptions.

**PMI** figures tumbled in March. The Composite PMI fell to 36, the Services Index plunged to 34.5, while the Manufacturing PMI fell to 48 after the jump to a 10-month high of 51.9 in the prior month. A lengthening of suppliers' delivery times artificially inflated the Manufacturing gauge while New Orders and Output were hit hard by the COVID-19 outbreak worldwide.

Price inflation gauges remained stable in February before decelerating sharply due to low energy prices and weak underlying demand. The **CPI** edged down to 1.7% y/y in February. The **PPI Output** moderated to 0.4% before steep declines in the next few months.

U.K.'s **employment** increased another 180,000 in December, compared with a 208,000 surge in November, as unemployment rate stayed at 3.8%. Wage growth softened to 2.9% on a 3m/3m basis. The Labor Market stayed tight as jobless claims remained low (5,500) in January.

## DE Assessment, Underlying Themes

**Economy:** Growth continues to soften in 2019, slowing to the worst reading since 2012. Uncertainty related to Brexit diminishes, below-par growth to continue in the first half of 2020 due to soft global and regional demand. The U.K. is now finally on track to leave the EU after four years of chaos surrounding Brexit. The transition stage should last until the end of 2020 with negotiations between the U.K. and the remaining EU members.

**Inflation:** CPI has been declining since the second half of 2018, while wages growth accelerates steadily and begins to stabilize.

**BOE:** The Bank of England should keep rates low and shift to a more dovish stance with the Eurozone and global slowdown. Risk of a no-deal Brexit diminishes but the prolonged timetable weighs on economic growth amid steepening slowdown in Europe.

## Key Releases (April 10 - April 24)

\* Thu 4/23: Germany and France PMIs: Lockdown measures across the Eurozone are set to put more strains on all businesses before potentially picking up in late April.

Date	Time (CET)	Time (EST)	Economic Indicator	(Consensus Ests. in parentheses, Green = DE Above, Red = DE Below)						
				Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
<b>Fri</b> 4/10 8:45 AM	2:45 AM	Feb	France Industrial Production M/M Y/Y	0.4 0.3	0.4 -0.2	-0.2 0.4	-2.5 -3.1	1.2 -2.8	-0.2 (0) -2.9 (-2.5)	
<b>Mon</b> 4/13										
<b>Tue</b> 4/14										
<b>Wed</b> 4/15										
<b>Thu</b> 4/16										
<b>Fri</b> 4/17										
				Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
<b>Mon</b> 4/20										
<b>Tue</b> 4/21 11:00 AM	5:00 AM	Apr Apr	Germany ZEW Survey Expectations Germany ZEW Current Situation	-22.5 -19.9	-22.8 -25.3	-2.1 -24.7	10.7 -19.9	26.7 -9.5	8.7 -15.7	-49.5 -43.1
<b>Wed</b> 4/22										
<b>Thu</b> 4/23 9:15 AM	3:15 AM	Apr P Apr P	France Manufacturing PMI (SA) Services PMI (SA)	50.1 51.1	50.7 52.9	51.7 52.2	50.4 52.4	51.1 51.0	49.8 52.5	43.2 27.4
	9:30 AM	Apr P Apr P	Germany Manufacturing PMI (SA) Services PMI (SA)	41.7 51.4	42.1 51.6	44.1 51.7	43.7 52.9	45.3 54.2	48.0 52.5	45.4 31.7
<b>Fri</b> 4/24 10:00 AM	4:00 AM	Apr Apr	Germany IFO Business Climate (SA) Germany IFO Expectations (SA)	94.9 91.1	94.7 91.5	95.1 92.1	96.3 93.8	95.9 92.7	96.0 93.1	86.1 79.7

## Indicator/Event Wrap-Up

Germany's **Industrial Production** strengthened slightly by 0.3% m/m in February, following a 3% increase in January. Intermediate goods and non-durable consumer goods were supportive while capital goods and durable consumer goods. Similar to Factory Orders data, the resilience could not represent the current conditions of the Industrial Sector as the whole country is in lockdown until at least Apr. 20. Even after that, weakness is set to persist throughout Q2 due to the whipsawed global demand. Eurozone **Industrial Production** rebounded more than expected in January, up 2.3% m/m compared with -1.8% m/m in December. The increase was driven by a broad rebound across categories, with capital goods production up 2.6% and intermediate goods production up 3.2%. Robustness should be short-lived before the coronavirus impacts hit the euro-area.

The **European Central Bank (ECB)** added another 750 billion euro of asset purchases to combat the pandemic impacts. The purchases will include broad asset classes and will be guided to countries most affected by the COVID-19. During its previous meeting, the ECB disappointed with the policy rates unchanged, despite adding another 120 billion euros of asset purchases through the end of 2020. The ECB also introduced a new longer-term refinancing operations (LTRO) to temporarily provide liquidity. Terms on the LTRO III will also be more favorable, with the interest rate on these operations likely to fall 25 bps below the Deposit Facility Rate. However, the refinancing operations and favorable terms may not be enough to inject enough confidence in businesses and the market.

The Eurozone Harmonized **CPI** decelerated to 0.7% y/y as expected in March on a 4.3% contraction in energy prices, compared with 1.2% in February. The Core CPI fell to 1% from 1.2% with Services prices down to 1.3% y/y from 1.6% as people limited activities during the month. Inflation is expected to further decelerate in April. Downward pressure from oil and commodity prices is set to weigh down the Headline CPI in the next few months. Moreover, the deterioration in the growth outlook could derail the underlying upward trend in Core inflation.

**Unemployment** increased slightly by 10,000 in **Germany** in March, much lower than expectations because the data covered claims only up until Mar. 12. The unemployment rate stayed at 5%. Lockdowns and weak global demand will continue weigh on the labor market in Q2. The Kurzarbeit program, essentially shorter working time, may ease the surge in

Business Sentiment in Europe depicted a halt in the Services Sector, with a relatively passable Manufacturing **PMI** inflated by inventories and suppliers' delivery time. The flash Eurozone Composite PMI for March registered a record low of 31.4, compared with 51.2 in February. The Eurozone Services PMI plunged to 28.4 from 52.6 while the Manufacturing PMI fell to 44.8 from 49.2. **Germany** Services PMI sank to a record-low of 34.5 in March, compared with 52.5 in February, with the Manufacturing PMI sliding to 45.7 from 48. The Composite PMI ended up at an 11-year low of 37.2, indicating a quarterly contraction of roughly 2% in the first quarter. **France** Services PMI plunged to 29 from 52.5, dragging the Composite gauge down to 30.2 from 52.

**GDP** in Q4 was revised down slightly in the Eurozone, at 0.1% q/q or 0.9% y/y in the second release. Weakness was the most evident in France and Italy, where GDP contracted unexpectedly in the fourth quarter. German GDP stagnated in Q4 due to considerable weakness in the Industrial Sector; Business Investment contracted and Consumption slowed. GDP declined 0.1% q/q in France and 0.3% q/q in Italy, due mainly to weaker domestic demand.

## DE Assessment, Underlying Themes

**Economy:** Slowdown continues in all of the Eurozone, with Germany leading the deceleration. Downward risks persist due to heightened uncertainty as well as deteriorated sentiment in the region and all over the world.

**Inflation:** HICP inflation moving towards yet still well below the 2% target. Focus on core, likely to stay around 1%, or higher, but also with volatility.

**ECB:** Policymakers are expected to keep rates low until inflation and growth show signs of recovery. Future increases in the scale of asset purchasing and fiscal spending are likely as core EU countries, including France and Germany, abandoned budget limits and proposed large-scale fiscal packages.

## Key Releases (April 13 - April 24)

\* Fri 4/17: Tertiary Industry Activity: Expected to show some impact of the coronavirus outbreak in Asia before further slumps in March or April.

Date	Time (JST)	Time (EST)		Economic Indicator	(Consensus Ests. in parentheses, Green = DE Above, Red = DE Below)	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
Mon 4/13												
Tue 4/14												
Wed 4/15												
Thu 4/16												
Fri 4/17	1:30 PM	12:30 AM	Feb	Tertiary Industry Activity (SA) (M/M)		2.3	-5.2	1.3	-0.3	0.8	-2.5 (-0.5)	
						Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
Mon 4/20												
Tue 4/21												
Wed 4/22												
Thu 4/23	9:30 AM	8:30 PM (-1)	Apr P Apr P	Manufacturing PMI (SA) Services PMI (SA)		48.9 52.8	48.4 49.7	48.9 50.3	48.4 49.4	48.8 51.0	47.8 46.8	44.8 33.8
Fri 4/24	8:30 AM	7:30 PM (-1)	Mar	Nationwide CPIs (Y/Y)								
				Total		0.2	0.2	0.5	0.8	0.7	0.4	0.2
				Ex-Fresh Food		0.3	0.4	0.5	0.7	0.8	0.6	0.5
				Ex-Food & Energy		0.5	0.7	0.8	0.9	0.8	0.6	0.6
	1:30 PM	12:30 AM	Feb	All Industrial Activity (SA) (M/M)		1.9	-4.8	0.9	-0.1	0.8	-2.0	

## Indicator/Event Wrap-Up

Industrial Production and Retail Sales figures came in better-than-expected, but the worst may be yet to come. **Industrial Production** increased 0.4% m/m, with the y/y comparison down to 4.7% y/y. **Retail Sales** jumped 0.6% m/m, lifting the y/y gauge to 1.7% y/y. The disruption in activity of the sales-tax hike in October should be smaller than the one in 2014, reflecting a smaller effect and a smoother transition of the tax hike. Nevertheless, both production and consumption are set to soften in 1H20 due to the severe disruption caused by the COVID-19 outbreak.

**Q1 Tankan** survey figures plunged from the previous quarter, but were still better than expected which could be due to the timing of the survey. The large manufacturing enterprises business conditions index plunged to -8 from 0 in Q4 and the large non-manufacturing index fell to 8 from 20, while capital expenditure slowed to 1.8% y/y compared with 6.8% in the fourth quarter. Large manufacturing enterprises' outlook index dropped to -11 from 0, whereas the outlook index of large non-manufacturing enterprises sank to -1 from 18.

**GDP** plunged 1.8% q/q in Q4 on a 2.8% contraction in Private Consumption, compared with a 0.5% q/q expansion in Q3. Business Investment plunged 4.6% q/q and Residential Investment fell 2.5% q/q. Government Consumption increased 0.2% q/q. The full-year 2019 growth picked up to 0.7% from 0.3% in 2018. The COVID-19 is bound to weigh on the Japanese economy in the first half of 2020, which urges the government to employ more fiscal and monetary stimulus.

The **Bank of Japan** held all policy levers unchanged as expected, leaving the heavy-lifting of growth stimulation to fiscal spending. Two of nine board members continued to vote against the decision to keep yield curve settings unchanged at -0.1% and 0% for the short-term and 10-yr yield, respectively. Fiscal 2019 GDP forecast was upgraded to 0.8% from 0.6% because of the fiscal package. CPI forecast was lowered unexpectedly to 0.6% from 0.7%. The BOJ is expected to hold the policy rate unchanged and opt for more asset purchases and loan programs instead to combat the internal or external shocks.

**National CPI** fell to 0.4% y/y in February on lower oil and energy prices. Soft demand worldwide will continue to weigh on inflation, adding more pressure for BOJ to move more aggressively. CPI ex-fresh food edged down to 0.6% y/y, with the ex-fresh food and energy gauge slowed to 0.6%. **Tokyo CPI** dropped to 0.3% y/y in March on lower oil and accommodation prices from 0.4% in January, with CPI Ex-Fresh Food sliding to 0.4% y/y from 0.5% y/y and CPI Ex-Fresh Food and Energy down to 0.6% y/y.

## DE Assessment, Underlying Themes

**Economy:** Japan's growth outlook in 2020 worsened drastically due to the COVID-19 outbreak and the delay of the Olympics. Despite a large fiscal stimulus package exceeding the one in 2008, GDP is set to contract in 2020. The now 2021 Olympics may boost demand and help the economy rebound quickly after a recession.

**Inflation:** Core inflation is likely to remain silent throughout 2020 despite the sales tax last year. Higher retail prices would have driven core inflation to above 1% but still nowhere near the 2% target. Japan continues to suffer from the world of perpetually low prices far from central bank target.

**BOJ:** The Bank of Japan is expected to adopt a wait-and-watch approach and leave the heavy-lifting of economic stimulus to the government. Further reduction in the policy rate is unlikely as the negative interest rate imposes significant disruption in the banking system.