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WEEKLY ECONOMIC INSIGHTS

A PUBLICATION OF THE **ECONOMIC RESEARCH** TEAM

RISE IN THE RISK OF RECESSION OVER THE SUMMER

Our economic and financial analysis of the summer: the central banks powerless (p.2)

- A further intensification of the trade tensions…
- … confirming the analysis of our Chief Economist according to which the trade tensions are structural, lasting and recessionary
- The increase in tariffs on Chinese imports decided by Donald Trump should weigh heavily on Chinese GDP, as well as on emerging market countries in 2020…
- … while the spread of the trade conflict to the currency market is a new source of uncertainty and downward bias for growth, in particular that of emerging countries
- The central banks have already reacted, such as the Fed, the central banks of New Zealand and Mexico, Indonesia and Thailand, while others, such as the ECB and SNB, are likely to follow
- We thus notably expect:
    - Another 25 basis point cut by the Fed in its key rate, to 2.00%, at its meeting on 18 September
    - A 10 basis point cut in the ECB's deposit rate to -0.50% on 12 September and a resumption of its asset purchases

Monthly Chartbook: The effects of the trade war can already be observed (p.8)

- Each month, we highlight the trends that we consider to be key through a series of charts. This month, evidence that a downturn in the US economy has already started
- The intensification of trade tensions could exacerbate the unfavourable trend of investment and the trade balance in H2 2019, according to our analysis

Chief Editor : Sophie Casanova, Deputy Director, Economic Research
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1. OUR ECONOMIC AND FINANCIAL ANALYSIS OF THE SUMMER
The central banks powerless

1. OUR ECONOMIC AND FINANCIAL ANALYSIS OF THE SUMMER: THE CENTRAL BANKS WITHOUT RECOURSE

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Despite the China-US truce agreed on alongside the G20 summit at end-June, the summer of 2019 was characterised by a further intensification of the trade tensions, the extent and rapidity of which were particularly marked. While economic activity data was disappointing for the most part, and the risk factors, such as the political instability in Italy or the possibility of a no-deal Brexit in the UK, increased, this escalation in trade tensions contributed to a further substantial fall in global growth expectations.

Of course, the central banks have not remained inactive in the face of the rise in risks and a new wave of monetary easing was initiated worldwide. However, the capacity of monetary policies to curb expectations of a global recession, as had been the case in 2016, may be uncertain; according to our analysis, if the deceleration in world investment were to continue[1].

In this edition of our Weekly Economic Insights we analyse these key events of the summer and draw up the main implications.

International trade: A rapid and sharp escalation in trade tensions

The lull in the China-US trade conflict turned out to be short. While the United States and China had agreed on a truce alongside the G20 on 29 June and had just resumed negotiations on 30 and 31 July in Shanghai, the tensions were abruptly rekindled a few days later and continued to rise over the month of August. Thus, in particular:

- On 1 August, Donald Trump announced that, from 1 September, the US would apply trade tariffs of 10% on the USD300 billion in Chinese imports that had not been subject to tariff hikes up to now.
- On 13 August, Donald Trump decided to postpone the rise in trade tariffs for part of the USD300 billion in Chinese imports targeted by this measure. In all, close to USD150 billion in Chinese products will not be subject to the US trade tariff hikes until 15 December 2019, the remainder is still affected as of 1 September.
- On 23 August, China announced that, in retaliation to the announcements by the US on 1 August, it intended to implement a tariffs increase of 5% to 10% on USD75 billion worth of imports coming from the US, depending on the products, on 1 September or 15 December.
- The same day, Donald Trump announced the 25% to 30% increase in tariffs on USD250 billion in imports from China (as from 1 October) and a rise of 10% to 15% in the trade tariffs on the remaining USD300 billion in Chinese imports (effective for half of them on 1 September and for the rest on 15 December).

[1] For further reading: "*Flash Fed: The Fed seeks to reassure markets without raising the alarm*", Mathilde Lemoine, Group Chief Economist at Edmond de Rothschild, and Sophie Casanova, 31 July 2019.

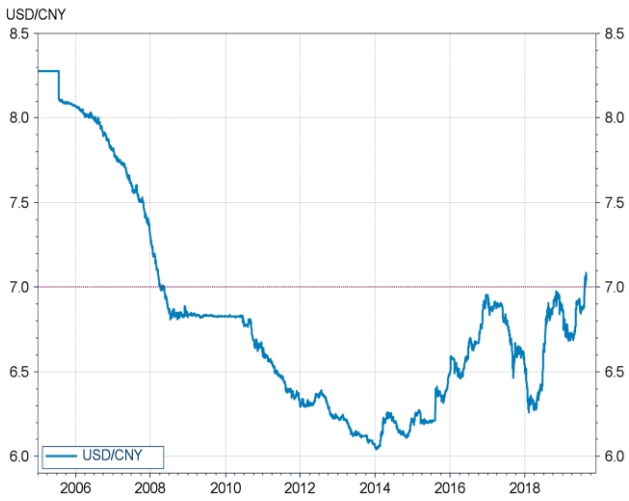
Yuan/dollar: The currency war is no longer latent

Beyond the tariff measures adopted by the US and China, the rise in trade tensions between the two countries has also had implications for the foreign exchange market and, in particular, the dollar/yen rate. Thus:

- On 5 August, following the announcements by the US on 1 August, the yuan recorded a -1.6% decline against the US currency, its most marked drop since August 2015, pushing it below the threshold of 7 yuan to the dollar, its lowest level since May 2008 (see Chart 1).
- The same day, after the market close in the US, the US Treasury officially designated China as a currency manipulator[2].
- Likewise, on 26 August, the first trading day after the announcements by Donald Trump on 23 August, the yuan weakened further against the US currency, dropping from 7.096 yuan to the dollar to 7.151 yuan.

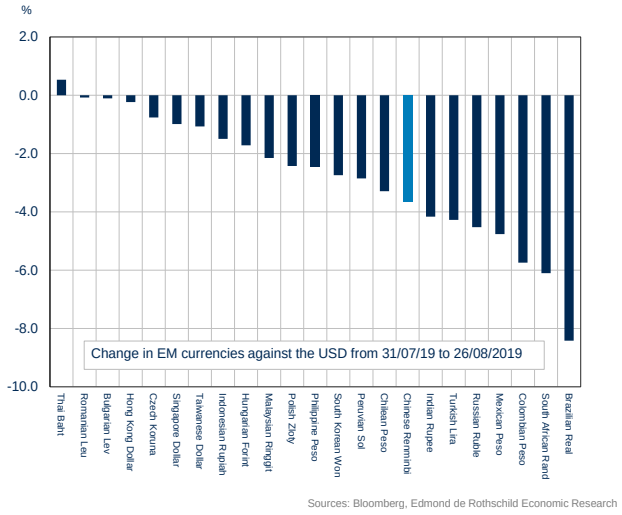
In the wake of the yuan, and while the weakness of the Chinese economy casts a shadow on the outlook of the main emerging economies and several emerging country central banks eased their monetary policies (see below), most emerging currencies lost ground against the US dollar (see Chart 2)[3].

Chart 1: The yuan has weakened significantly against the dollar…



Source: Refinitiv Datastream / Edmond de Rothschild Economic Research

Chart 2: … as have most of the emerging currencies



Sources: Bloomberg, Edmond de Rothschild Economic Research

Economic activity data: Disappointing overall, especially in China

While the intensification of trade tensions increased worries about the outlook for global trade and global growth, economic activity data disappointed for the most part, fuelling concerns with regard to a hard landing of the world economy.

In China, while GDP growth had slowed from 6.4% to 6.2% in Q2, economic activity data for July showed a further deterioration, notably resulting from the weakness of domestic demand, despite the

[2] To designate China as a currency manipulator, the US Treasury referred to the *Omnibus Trade and Competitiveness Act* of 1988. This law is different from the *Trade Facilitation and Trade Enforcement Act* of 2015, which defines three criteria to establish whether a country is a currency manipulator and which are submitted to a bi-annual analysis by the Treasury. The 1988 act is more flexible as it enables the Treasury to determine if a country is manipulating the price of its currency by basing its opinion on the factors that it deems to be relevant among a broad range of economic and financial data. Conversely, designation of a country as a currency manipulator under this law tends to have limited implications as it only provides for the Treasury to undertake negotiations with the country in question either directly or via the IMF

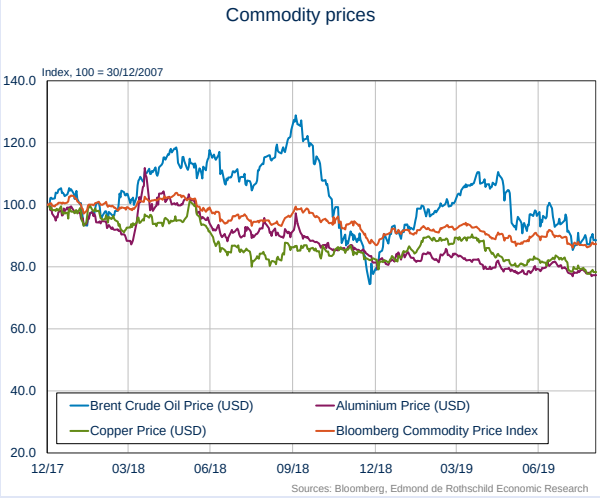
[3] It should be noted that Chart 2 does not show the trend in the Argentinian peso, which depreciated by -26.4% against the dollar as a result of the Argentinian crisis that took place following the defeat of Mr. Macri in the primary elections of 11 August.

fiscal and monetary stimulus plan implemented by the authorities, thereby confirming the slower structural momentum of the Chinese economy[4]. Therefore:

- Industrial production saw its y-o-y growth slow from 6.3% in June to 4.8% in July; such a slow pace has not been observed since 1990.
- The pace of infrastructure investment slowed from 5.4% to 2.7% y-o-y in July
- Y-o-y growth in retail sales fell from 9.8% in June to 7.6% in July
- Y-o-y growth in bank lending came in at 12.7% in July following 13.2%, its lowest level since May 2018, when the PBoC had begun to ease its monetary policy.

Box 1: The weakness of Chinese growth weighs on commodities prices

While China remains the biggest consumer of commodities (see left-hand chart), the weakness of its economic activity, notably the slowdown in its industrial production, continued to weigh on commodities prices and hence on the activity of the main emerging commodity-producing countries.



Thus, by way of example, between 31 July and 28 August, the Brent price in dollars dropped by -7.7%, that of aluminium by -11.5%, copper - 4.2% and, more generally, the Bloomberg commodities index lost -2.8%, despite the large gold component in the index (14.4%), with gold having seen its price rise by +7.5% over this period.

In the eurozone, GDP slowed in Q2, with q-o-q growth of 0.2% after 0.4% in Q1, resulting in a deceleration in the y-o-y figure from 1.2% to 1.1%. This weak activity in the eurozone results notably from the quarterly contraction of activity in Germany, where the positive contribution of domestic demand was unable to offset the deterioration in external trade: German GDP declined by -0.1% in Q2 following a rise of +0.4% in Q1, resulting in a y-o-y deceleration in its y-o-y growth from 0.9% in Q1 to 0.4% in Q2. In Italy, GDP stagnated in Q2 after growth of just +0.1% in Q1. As a result, Italian GDP recorded a y-o-y decline of -0.1% as had already been the case in Q1. In France, the quarterly pace of GDP was stable at +0.3% in Q2, which enabled the y-o-y year figure to rise slightly, up from +1.3% in Q1 to +1.4% in Q2. In Spain, GDP recorded a quarterly rise of +0.5% after +0.7% in Q1, resulting in a slight slowdown of its y-o-y pace, from +2.4% in Q1 to +2.3% in Q2.

In the United States, lastly, the most recent data confirmed the solidity of household consumption. In particular, retail sales grew +0.7% in July following +0.3% in June. Their y-o-y growth thus stood at 3.4% in July after 3.3% in June and 3.1% on average in H1. However, despite this dynamic consumer spending, Q2 GDP figures not only showed a slowdown in growth, with annualised quarterly GDP growth at 2.0% vs. 3.1% and y-o-y growth of 2.3% after 2.7%, their annual revision showed that business investment had slowed earlier than expected and that net external trade had weighed more on growth than what the previous estimates had shown (see the Chart of the month, p. 8).

Central banks: Manoeuvring once again

[4] For further reading, see the monthly analysis by Mathilde Lemoine, Group Chief Economist at Edmond de Rothschild, "*G20: unstable equilibrium, status quo on the China-US situation*", June 2019

The less dynamic activity in most major regions and, in particular, the weakness of Chinese activity, which weighs on the growth of most other emerging economies, combined with the intensification of trade tensions, have led to another sharp drop in global growth expectations. Thus, 10-year inflation expectations, which are a key indicator of global growth projections, continued to decline: in the US and the eurozone, they fell by 13 basis points between 31 July and 30 August, to stand at 1.83% and 1.03%, respectively. In this context, the central banks did not remain inactive and showed that they were ready to ease their monetary conditions.

Box 2: Brexit, Italy – the institutional risk rose again over the summer in Europe

In the **UK**, Boris Johnson taking the office of Prime minister on 24 July significantly increased the risk of a no-deal exit of the UK from the European Union. The Theresa May's successor continues to wish to renegotiate the withdrawal agreement concluded between the previous prime minister and the EU and, in particular, the removal of the Irish border backstop, which, in order to avoid a hard border between Ireland and Northern Ireland, provides for the UK remaining within the EU customs union. According to Mr Johnson, in the absence of a renegotiation of the withdrawal agreement, the UK would not hesitate in leaving the EU without a deal on 31 October. Moreover, the EU leaders appear to be holding firm, ruling out a renegotiation of the agreement made at end-2018. In this context, the UK's preparations for an exit from the EU without an agreement (on 31 July, the UK's new finance minister Sajid Javid announced that the UK government would allocate an additional budget of 2.1 billion pounds sterling in this context), as well as Boris Johnson's decision, on 28 August, to suspend the UK parliament from mid-September to 14 October, appear to have confirmed that the risk of a no-deal Brexit has increased. As a result, the pound sterling has weakened significantly against the dollar and the euro. Since 24 July, it has lost -2.6% against the US currency to stand at USD1.216 for GBP1, and fallen -1.3% against the euro, to return to GPB0.90 for EUR1.

Implications: *We maintain our scenario according to which the risks for the UK economy of no-deal Brexit would be major. Despite fiscal stimulus measures, the UK's GDP could contract if, as we expect, business investment and household consumption were to drop sharply. Furthermore, and despite the precautionary measures implemented by the Bank of England, the pound could continue to drop against the other main currencies (against the US dollar it could drop to USD1.10) as could the UK's asset markets.*

In **Italy**, there was a resurgence of political instability on the evening of 8 August, when the minister of the interior, Matteo Salvini, announced the end of the government coalition formed by his party, the Liga, and the 5 Star Movement, calling for early legislative elections. This political crisis, which led to the resignation of the prime minister, Giuseppe Conte, on 20 August, was even more worrying for investors as the early elections were to take place in the autumn, i.e. during the period in which the Italian parliament must vote on its new draft budget. However, the indications received over the month of August of a new temporary coalition, this time made up of the Democrat Party and the 5 Star Movement, aiming to ensure the adoption of the State budget, were reassuring. Especially as this coalition, which has proposed reinstating Mr Conte as prime minister, was confirmed on 28 August, with, on 29 August, the president Sergio Matarella bestowing him with the task of forming a new government. Thus, while the announcement of Matteo Salvini on 8 August had triggered a rise in Italian yields (the 10-year BTP increased from 1.53% on 8 August to 1.81% on 9 August), they have dropped sharply since thanks to both the prospect of a new government coalition in Italy and expectations of a new asset purchase programme by the ECB (see below). As a result, on 30 August, the yield on the 10-year BTP stood at 1.00%, i.e. 54 basis points below its level on 31 July.

Implications: *The set-up of a new government coalition in Italy and the prospect of the ECB resuming its asset purchases contributed to reassuring investors. However, while Italy had succeeded in avoiding being forced to enter an excessive deficit procedure by the European Commission on 3 July, its budgetary challenges remain intact, notably if the future government wishes, as the coalition has committed to, to cancelling the VAT increase planned for January 2020, which would have represented a total amount of revenues of EUR23 billion for the Italian State, i.e. 1.3% of the country's GDP. Therefore, despite new elections not being held in Italy, the uncertainty over the budget remains and could fuel the volatility of Italian yields over the coming months.*

Thus, notably, although it has said it is not any more worried about US growth than previously **The Federal Reserve (Fed)** lowered it fed funds rate by 25 basis points to 2.25% on 31 July, indicating that it was a preventive measure intended to "insure

against downside risks to the outlook from weak global growth and trade tensions"[5]. In order to not alarm investors, Fed Chairman Jerome Powell stated that it represented a "midcycle adjustment to policy". However, since then, during his speech at the annual conference of central bankers in Jackson Hole on 23 August, Mr Powell continued to be confident with regard to the pace of activity in the US, but highlighted the increased trade tensions and geopolitical risks (see text box 2), which led him to open the door to further rate cuts by stating that the Fed will "act as appropriate".

[5] For further reading: "*Flash Fed: the Fed seeks to reassure markets without raising alarm*", Mathilde Lemoine, Group Chief Economist at Edmond de Rothschild, and Sophie Casanova, 31 July 2019.

In the eurozone, although the **European Central Bank (ECB)**, during its meeting on 25 July, had opted for the monetary status quo by notably maintaining its deposit rate at -0.40%, it had given clear indications of its intention to ease its monetary policy in the near future firstly by modifying its forward guidance[6] on its key rates and secondly by stating that the Eurosystem committees would review the different monetary easing options. Since then, both the interview given by Olli Rehn to the Wall Street Journal[7] on 15 August and the ECB minutes published on 22 August indicated that the ECB could announce a substantial set of measures at its meeting on 12 September, including lowering the deposit rate and resuming the asset purchase programme.

In addition to the Fed and the ECB, a large number of other central banks eased their monetary policies at their August monetary policy meetings, and, in general, more than was anticipated by the consensus, as shown in the table below.

Table 1: Selected central banks' announcements in August

Date	Country	Consensus	Rate announcement	Prior rate
07/08/2019	New Zealand	1.25%	**1.00%**	1.50%
07/08/2019	India	5.50%	**5.40%**	5.75%
07/08/2019	Thailand	1.75%	**1.50%**	1.75%
08/08/2019	Philippines	4.25%	**4.25%**	4.50%
15/08/2019	Mexico	8.25%	**8.00%**	8.25%
22/08/2019	Indonesia	5.75%	**5.50%**	5.75%

Conclusions and implications

- The extent and rapidity of the trade tariff hikes this summer confirmed Mathilde Lemoine's analysis according to which the trade tensions were structural and lasting[8].
- The increase in trade tariffs on Chinese imports announced by the US administration, which will come into full effect mid-December, could weigh sharply on Chinese GDP growth in 2020, and hence on the activity of all emerging countries. As a reminder, we had determined that a 25% rise in trade tariffs on all imports from China to the US, i.e. worth USD500 billion, could have a negative impact on Chinese growth of 1.3 of a percentage point[9].
- As we were expecting, the trade conflict has spread to the currency market, which is a new source of uncertainty and downside bias for the growth outlook, in particular that of emerging countries.
- According to our analysis, the drop in the yuan could continue over the coming months while the trade conflict is set to continue. Nevertheless, the Chinese authorities could ensure that the extent of the drop in their currency is limited so as to prevent high capital outflows from China and, thereby, maintain the autonomy of their monetary policy.
- The designation of China as a currency manipulator by the US administration on 5 August could justify the implementation of new tariff hikes by the US against China. However, the message of the US administration could gradually lead long-term investors to turn away from the dollar, which would put downward pressure on the US currency. Conversely, we continue to believe that interventions by the US on the currency market aiming to weaken its currency against all other currencies would be possible, but their efficiency would be uncertain.
- The wave of monetary easing launched by the central banks is set to continue via the channel of interest rate cuts, according to our analysis:

[6] While previously the ECB was committed to maintaining key rates at their current level, the new forward guidance indicates that they could be lowered if necessary: "The Governing Council expects the key ECB interest rates to remain at their present or lower levels at least through the first half of 2020, and in any case for as long as necessary".

[7] See: « *ECB Has Big Bazooka Primed for September, Top Official Says*", Wall Street Journal, 15 August 2019

[8] For further reading please see the monthly analysis by Mathilde Lemoine, Group Chief Economist at Edmond de Rothschild, "*G20: unstable equilibrium, status quo on the China-US situation*", June 2019

[9] See the analysis by Mathilde Lemoine, Group Chief Economist at Edmond de Rothschild, "*New tariffs environment – Emerging countries will be the hardest hit*", 13 May 2019

- Thus, we notably forecast that the Federal Reserve could once again lower its fed funds rate by a quarter notch to 2.00% at its 18 September meeting.
- The ECB could announce, at its meeting on 12 September, a cut in its deposit rate (with the introduction of a mechanism to reduce the effects of the negative rates on banks' profitability) and the resumption of its asset purchase programme. We thus expect a 10 basis-point cut in the deposit rate to -0.50%, and the resumption of asset purchases at a monthly pace of close to EUR30 billion.

CHARTBOOK: THE EFFECTS OF THE TRADE WAR CAN ALEADY BE OBSERVED

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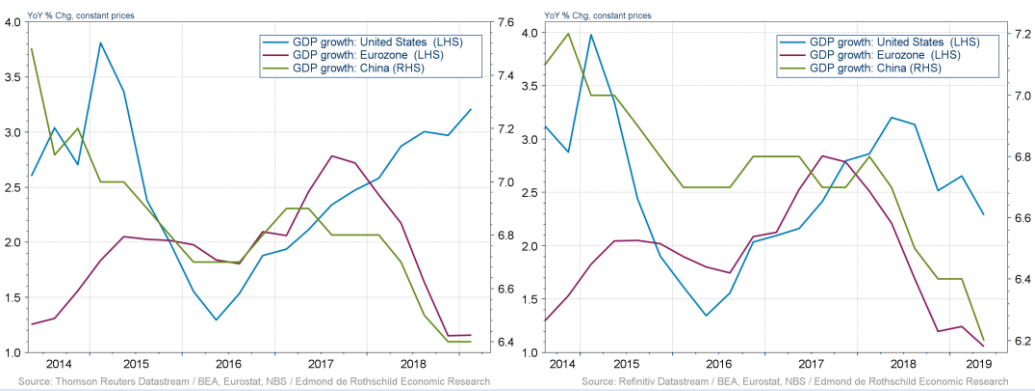
Once a month, the economists of the "Economic Research" team present the changes in the key indicators they follow and analyse in order to understand the latest global macroeconomic trends, in addition to those for the US, Europe and China.

Furthermore, a key theme is highlighted each time. This month: the slowdown in activity in the US since H2 2018.

Chart of the month:
In the end the slowdown in the US economy had started in H2 2018

GDP figures for the second quarter showed a weakening of the pace of GDP growth in the three major regions, which are China, the US and the eurozone. In China, y-o-y GDP growth stood at 6.2% in Q2 following 6.4% in Q1, in the US it was down from 2.7% to 2.3% in Q2 and in the eurozone down from 1.2% to 1.1%.

Furthermore, as shown in our chart of the month, the annual revision of US GDP figures on 27 July showed that the growth trend had been much less favourable (right-hand chart) that had been initially estimated (left-hand chart).



While GDP growth came in at 2.9% on average in 2018, as initially announced, it did not accelerate over the year, but slowed as of the third quarter. Thus, GDP grew by 3.0% on average in H1 (2.7% initially estimated) and by 2.8% in H2 (3.0% initially estimated).

This slowdown in US growth from H2 2018 was notably due to less dynamic business investment, for which y-o-y growth averaged at 6.4% in H1 and 6.3% in H2 (vs. 6.9% in H1 and H2 initially estimated). And especially, the revised GDP figures show that external trade weighed more heavily than expected on US growth from H2: the contribution of net exports to annual GDP growth was -0.2 point in H1 (as initially estimated) and -0.6 in H2 (vs. -0.4 point initially estimated).

These figures tend to confirm that the US economy may have been affected by the trade tensions as from the second half of 2018. Since, the slowdown in business investment has continued (its y-o-y year growth slowed to 4.8% in Q1 and 2.6% in Q2) and the negative impact on growth of external trade increased (-0.3 percentage point in Q1 and -0.7 in Q2).

According to our analysis, the intensification of the trade tensions could exacerbate this unfavourable trend in investment and the trade balance in H2 2019.

Chart 1: GDP growth

Growth slowed in Q2 in the United States, the eurozone and China

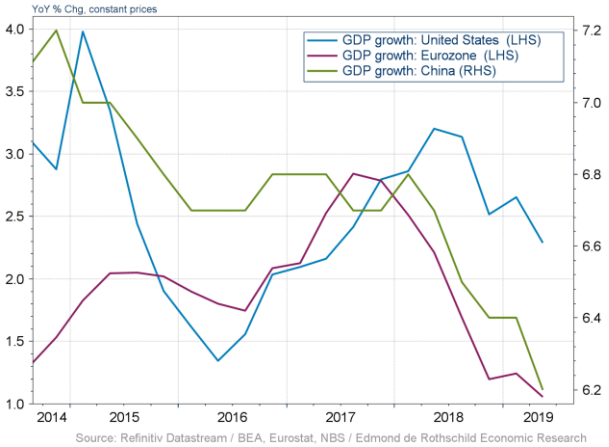


Chart 2: Manufacturing PMIs

For the most part manufacturing PMIs continue to decrease

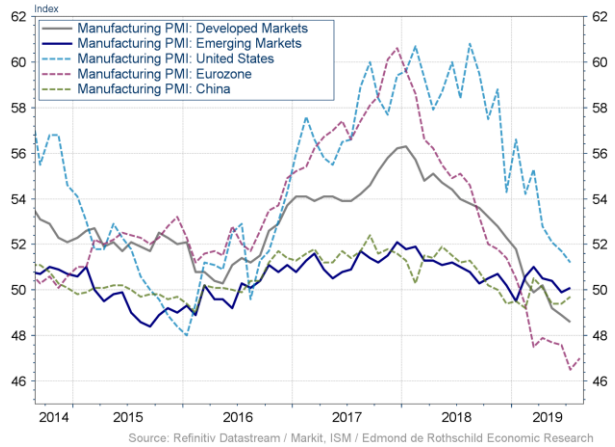


Chart 3: Inflation indices

Inflationary pressure remains contained...

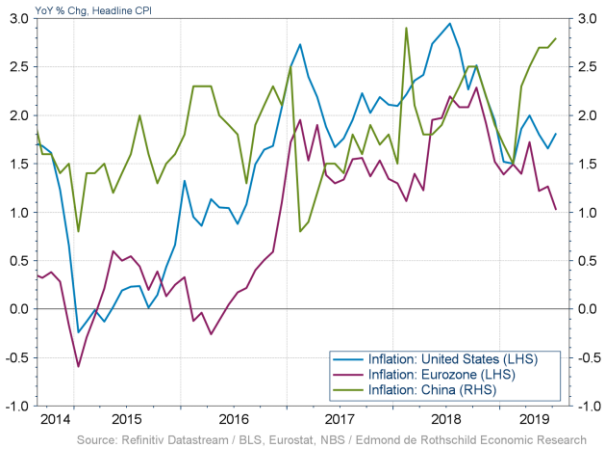


Chart 4: International trade

... and the escalation of trade tensions is set to weigh on commodities

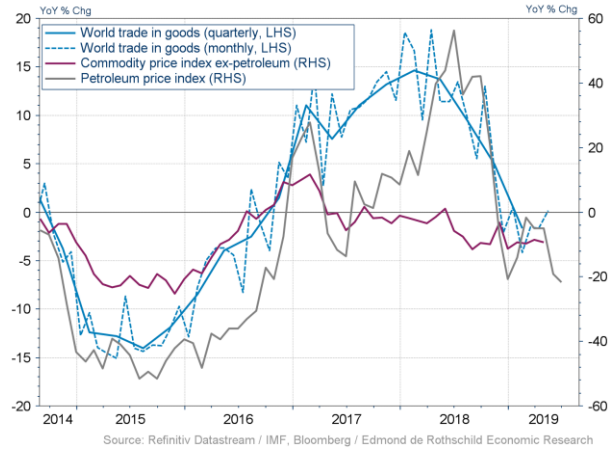
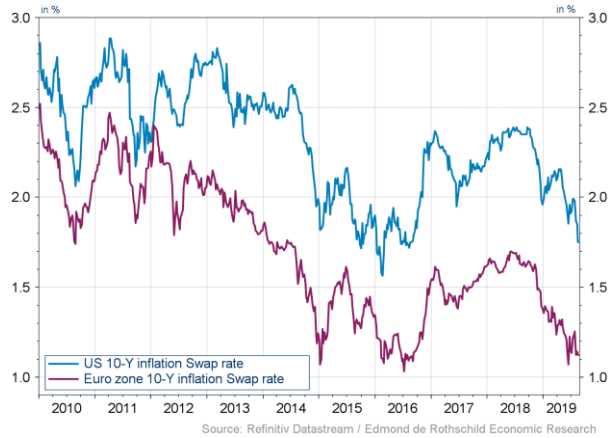


Chart 5: Interest rates

The drop in sovereign rates has sharpened...

Chart 6: Inflation expectations

... notably as a result of the further deterioration in global growth expectations



United States

Chart 7: Labour market

The upward trend in the participation rate of the 25-54 age bracket...

US: Unemployment & participation rate

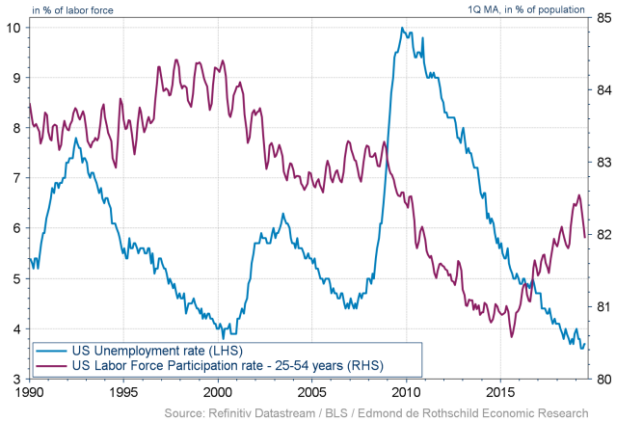
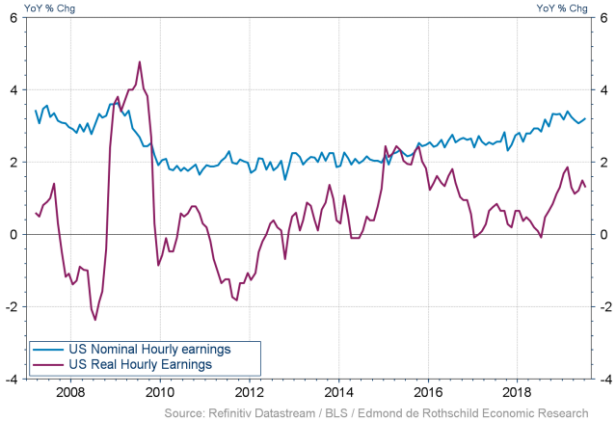


Chart 8: Nominal and real wages

... is containing nominal wage growth

US: Average Hourly Earnings (Current vs Constant)



Eurozone

Chart 9: Wages and inflation

Inflation remains moderate, which should restrain higher growth in nominal wages

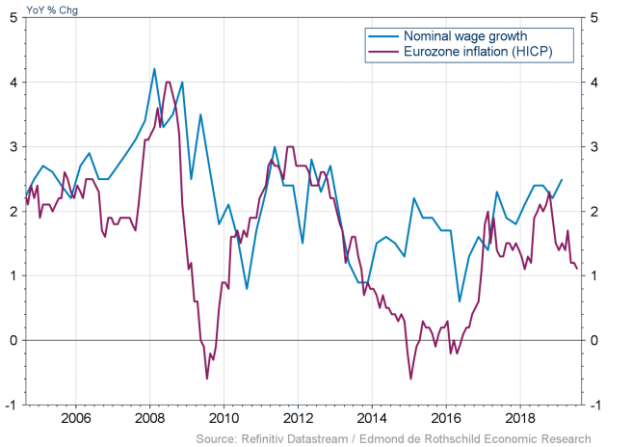
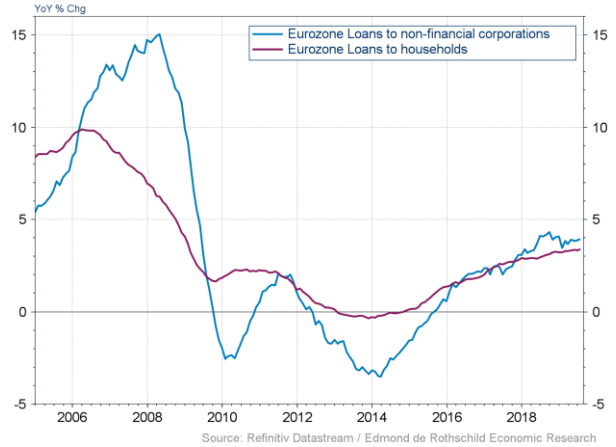


Chart 10: Loans to the private sector

Growth in bank lending continues



China

Chart 11: Minimum

Infrastructure investment has weakened...

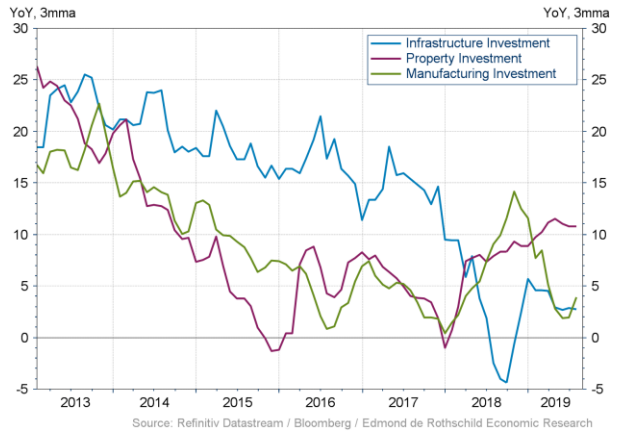
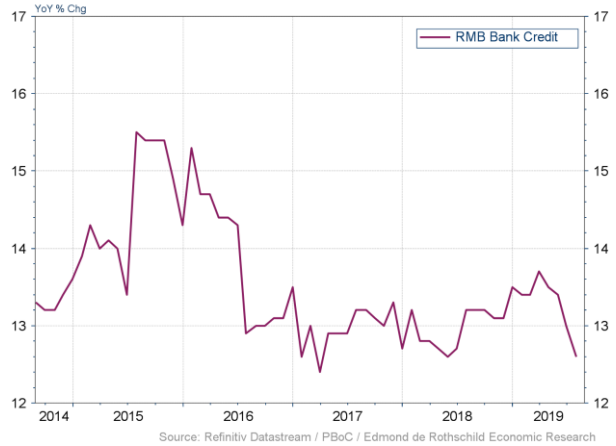


Chart 12: Bank credit

... while growth in bank lending has slowed.



APPENDIX 1 – LATEST CHANGES ON FINANCIAL MARKETS

PERFORMANCE IN LOCAL CURRENCY 30.08.2019	LAST PRICE	WEEKLY CHANGE	MONTHLY CHANGE	YEAR-TO-DATE CHANGE	1-YEAR CHANGE
Equities					
World (MSCI)	2'139	2.1%	-0.5%	13.5%	-1.7%
United States (S&P 500)	2'926	2.8%	-0.2%	16.7%	0.9%
Eurozone (Euro Stoxx 50)	3'427	2.8%	1.5%	14.2%	1.0%
Germany (DAX)	11'939	2.8%	0.6%	13.1%	-3.4%
France (CAC 40)	5'480	2.9%	2.3%	15.8%	1.4%
Spain (IBEX 35)	8'813	1.9%	-1.0%	3.2%	-6.2%
Italy (FTSE MIB)	21'323	4.2%	1.3%	16.4%	5.2%
Portugal (PSI 20)	4'888	2.0%	-0.3%	3.3%	-9.9%
United Kingdom (FTSE 100)	7'207	1.1%	-2.7%	7.1%	-3.0%
Switzerland (SMI)	9'896	1.6%	0.9%	17.4%	10.3%
Japan (Nikkei)	20'704	0.0%	-1.8%	3.4%	-9.5%
Emerging Markets (MSCI)	984	1.1%	-1.9%	1.9%	-6.8%
Sovereign Bonds, 10Y *(change in basis point)*					
United States	1.50%	-3.9	-34.9	-118.8	-136.4
Eurozone					
Germany	-0.70%	-2.5	-20.5	-94.2	-102.6
France	-0.40%	-3.0	-16.5	-111.3	-108.5
Spain	0.11%	-3.3	-14.1	-131.1	-136.8
Italy	1.00%	-31.9	-54.3	-174.4	-223.8
Portugal	0.13%	-3.9	-16.7	-159.7	-179.9
United Kingdom	0.48%	-0.2	-7.1	-79.8	-94.8
Switzerland	-1.02%	-8.1	-18.4	-76.5	-92.0
Japan	-0.27%	-3.8	-10.6	-27.2	-37.6
Emerging Markets (local currency)	3.90%	-1.1	-16.7	-95.3	-139.5
Corporate Bonds *(change in basis point)*					
United States (IG Corp.)	2.81%	-1.0	-23.0	-49.4	-115.0
Eurozone (IG Corp.)	0.23%	-4.8	-9.7	-48.4	-78.4
Emerging Markets (USD)	5.10%	1.7	13.8	59.3	-97.7
High-Yield Bonds *(change in basis point)*					
United States (HY Corp.)	5.72%	-15.9	-19.6	1.1	-51.6
Eurozone (HY Corp.)	3.47%	-12.3	-12.7	56.9	-38.5
Convertible Bonds					
United States (Convert. Barclays)	53	1.0%	-0.2%	12.6%	-3.1%
Eurozone (Convert. Exane)	8'057	1.0%	0.9%	9.6%	3.0%
Commodities					
Commodities	384	2.1%	-0.6%	-1.9%	-5.0%
Gold	1'523	-0.2%	5.4%	18.9%	26.7%
Crude Oil (Brent)	59	1.5%	-3.3%	11.3%	-23.3%
Currencies					
Dollar Index	99.1	1.0%	1.0%	3.0%	4.1%
EURUSD	1.10	-1.2%	-1.2%	-4.3%	-5.6%
GBPUSD	1.21	-1.1%	-0.7%	-5.3%	-6.1%
USDCHF	1.01	1.2%	0.9%	0.9%	2.2%
USDJPY	106.4	0.2%	-0.2%	-3.0%	-4.3%

Source : Bloomberg

APPENDIX 2 – MAIN ECONOMIC INDICATORS

Main Economic Indicators - Released (29 July - 30 August) and to be released (2 - 6 September)

US

Date	Indicator	Period	Consensus	Actual	Prior	Revised
30/07	Personal Income, MoM	Jun	0.4%	0.4%	0.5%	0.4%
30/07	Personal Spending, MoM	Jun	0.3%	0.3%	0.4%	0.5%
30/07	PCE index, YoY	Jun	1.5%	1.4%	1.5%	1.4%
30/07	Case-Shiller 20-City Home Price index, YoY	May	2.4%	2.4%	2.5%	2.5%
31/07	ADP Employment Change, month	Jul	150k	156k	102k	112k
31/07	FOMC Rate Decision (Upper Bound)		2.25%	2.25%	2.50%	-
31/07	FOMC Rate Decision (Lower Bound)		2.00%	2.00%	2.25%	-
01/08	ISM Manufacturing, month	Jul	52.0	51.2	51.7	-
02/08	Change in Nonfarm Payrolls, month	Jul	165k	164k	224k	193k
02/08	Change in Private Payrolls, month	Jul	165k	148k	191k	179k
02/08	Unemployment Rate, month	Jul	3.6%	3.7%	3.7%	-
02/08	Average Hourly Earnings, YoY	Jul	3.1%	3.2%	3.1%	-
02/08	Trade Balance, month	Jun	-$54.6b	-$55.2b	-$55.5b	-$55.3b
02/08	Durable Goods Orders, MoM	Jun F	-	1.9%	2.0%	1.8%
05/08	ISM Non-Manufacturing, month	Jul	55.5	53.7	55.1	-
09/08	PPI, YoY	Jul	1.7%	1.7%	1.7%	-
09/08	Core PPI, Yoy	Jul	2.3%	2.1%	2.3%	-
13/08	CPI, YoY	Jul	1.7%	1.8%	1.6%	-
13/08	Core CPI, YoY	Jul	2.1%	2.2%	2.1%	-
15/08	Retail Sales, MoM	Jul	0.3%	0.7%	0.4%	0.3%
15/08	Retail Sales, Control Group, MoM	Jul	0.4%	1.0%	0.7%	-
15/08	Industrial Production, MoM	Jul	0.1%	-0.2%	0.0%	0.2%
15/08	Manufacturing Production, MoM	Jul	-0.3%	-0.4%	0.4%	0.6%
16/08	Housing Starts, month	Jul	1256k	1191k	1253k	1241k
16/08	Building Permits, month	Jul	1270k	1336k	1220k	1232k
21/08	Existing Home Sales, month	Jul	5.40m	5.42m	5.27m	5.29m
21/08	FOMC Meeting Minutes		-	-	-	-
23/08	New Home Sales, month	Jul	647k	635k	646k	728k
26/08	Durable Goods Orders, MoM	Jul P	1.2%	2.1%	1.9%	1.8%
27/08	Case-Shiller 20-City Home Price index, YoY	Jun	2.3%	2.1%	2.4%	2.4%
29/08	GDP, QoQ annualized	2Q S	2.0%	2.0%	2.1%	-
29/08	GDP, YoY	2Q S	-	2.3%	2.3%	
29/08	Advance Goods Trade Balance, month	Jul	-$74.4b	-$72.3b	-$74.2b	-
30/08	Personal Income, MoM	Jul	0.3%	0.1%	0.4%	0.5%
30/08	Personal Spending, MoM	Jul	0.5%	0.6%	0.3%	-
30/08	PCE index, YoY	Jul	1.4%	1.4%	1.4%	1.3%
03/09	*ISM Manufacturing, month*	*Aug*	*51.2*	-	*51.2*	-
04/09	*Trade Balance, month*	*Jul*	*-$53.5b*	-	*-$55.2b*	-
05/09	*ADP Employment Change, month*	*Aug*	*146k*	-	*156k*	-
05/09	*Durable Goods Orders, MoM*	*Jul F*	*2.1%*	-	*2.1%*	-
05/09	*ISM Non-Manufacturing, month*	*Aug*	*54.0*	-	*53.7*	-
06/09	*Change in Nonfarm Payrolls, month*	*Aug*	*158k*	-	*164k*	-
06/09	*Change in Private Payrolls, month*	*Aug*	*150k*	-	*148k*	-
06/09	*Unemployment Rate, month*	*Aug*	*3.7%*	-	*3.7%*	-
06/09	*Average Hourly Earnings, YoY*	*Aug*	*3.0%*	-	*3.2%*	-

Euro zone

Date	Indicator	Period	Consensus	Actual	Prior	Revised
30/07	Economic Confidence, month	Jul	102.6	-	103.3	-
30/07	Business Climate Indicator, month	Jul	0.1	-	0.2	-
31/07	Unemployment Rate, month	Jun	7.5%	-	7.5%	-
31/07	GDP, QoQ	2Q A	0.2%	-	0.4%	-
31/07	GDP, YoY	2Q A	1.0%	1.1%	1.2%	-
31/07	Core HICP, YoY	Jul A	1.0%	0.9%	1.1%	-
31/07	HICP, YoY	Jul	1.1%	1.1%	1.3%	-
01/08	Manufacturing PMI, month	Jul F	46.4	46.5	47.6	46.5
02/08	PPI, YoY	Jun	0.8%	0.7%	1.6%	-
02/08	Retail Sales, MoM	Jun	0.3%	1.1%	-0.3%	-0.6%
05/08	Services PMI, month	Jul F	53.3	53.2	53.6	53.2
05/08	Composite PMI, month	Jul F	51.5	51.5	52.2	51.5
08/08	ECB Publishes Economic Bulletin					
14/08	Industrial Production, MoM	Jun	-1.5%	-1.6%	0.9%	0.8%
14/08	GDP, QoQ	2Q P	0.2%	0.2%	0.2%	-
14/08	GDP, YoY	2Q P	1.1%	1.1%	1.1%	-
19/08	Core HICP, YoY	Jul F	0.9%	0.9%	0.9%	-
19/08	HICP, YoY	Jul F	1.1%	1.0%	1.1%	1.3%
22/08	Manufacturing PMI, month	Aug P	46.2	-	46.5	-
22/08	Services PMI, month	Aug P	53.0	53.4	53.2	-
22/08	Composite PMI, month	Aug P	51.2	51.8	51.5	-
28/08	M3 Money Supply, YoY	Jul	4.7%	5.2%	4.5%	-
28/08	Loans to non-financial corporations, YoY	Jul		3.9%	3.9%	
28/08	Loans to households, YoY	Jul		3.4%	3.3%	
29/08	Economic Confidence, month	Aug	102.3	103.1	102.7	-
29/08	Business Climate Indicator, month	Aug	-14.0%	11.0%	-12.0%	-11.0%
30/08	Unemployment Rate, month	Jul	7.5%	7.5%	7.5%	-
30/08	Core HICP, YoY	Aug A	1.0%	0.9%	0.9%	-
30/08	HICP, YoY	Aug	1.0%	1.0%	1.1%	-
02/09	*Manufacturing PMI, month*	*Aug F*	*47.0*	-	*47.0*	-
03/09	*PPI, YoY*	*Jul*	*0.2%*	-	*0.7%*	-
04/09	*Services PMI, month*	*Aug F*	*53.4*	-	*53.4*	-
04/09	*Composite PMI, month*	*Aug F*	*51.8*	-	*51.8*	-
04/09	*Retail Sales, MoM*	*Jul*	*-0.6%*	-	*1.1%*	-
06/09	*GDP, QoQ*	*2Q F*	*0.2%*	-	*0.2%*	-
06/09	*GDP, YoY*	*2Q F*	*1.1%*	-	*1.1%*	-

Main Economic Indicators - Released (29 July - 30 August) and to be released (2 - 6 September)

Germany

Date	Indicator	Period	Consensus	Actual	Prior	Revised
30/07	HICP, YoY	Jul P	1.2%	1.1%	1.5%	-
01/08	Manufacturing PMI, month	Jul F	43.1	43.2	45.0	43.2
05/08	Services PMI, month	Jul F	55.4	54.5	55.8	54.5
05/08	Composite PMI, month	Jul F	51.4	50.9	52.6	50.9
06/08	Factory Orders, MoM	Jun	0.5%	2.5%	-2.2%	-2.0%
07/08	Industrial Production, MoM	Jun	-0.5%	-1.5%	0.3%	0.1%
13/08	HICP, YoY	Jul F	1.1%	1.1%	1.1%	-
13/08	ZEW Survey Current Situation, month	Aug	-6.3	-13.5	-1.1	-
13/08	ZEW Survey Expectations, month	Aug	-28.0	-44.1	-24.5	-
14/08	GDP, QoQ	2Q P	-0.1%	-0.1%	0.4%	-
14/08	GDP, YoY	2Q P	0.1%	0.4%	0.7%	0.9%
22/08	Manufacturing PMI, month	Aug P	43.0	-	43.2	-
22/08	Services PMI, month	Aug P	54.0	54.4	54.5	-
22/08	Composite PMI, month	Aug P	50.6	51.4	50.9	-
26/08	IFO Business Climate, month	Aug	95.1	94.3	95.7	95.8
27/08	GDP, QoQ	2Q F	-0.1%	-0.1%	-0.1%	-
27/08	GDP, YoY	2Q F	0.4%	0.4%	0.4%	-
29/08	HICP, YoY	Aug P	1.2%	1.0%	1.1%	-
02/09	*Manufacturing PMI, month*	*Aug F*	*43.6*	-	*43.6*	-
04/09	*Services PMI, month*	*Aug F*	*54.4*	-	*54.4*	-
04/09	*Composite PMI, month*	*Aug F*	*51.4*	-	*51.4*	-
05/09	*Factory Orders, MoM*	*Jul*	*-1.4%*	-	*2.5%*	-
06/09	*Industrial Production, MoM*	*Jul*	*0.4%*	-	*-1.5%*	-

France

Date	Indicator	Period	Consensus	Actual	Prior	Revised
30/07	GDP, QoQ	2Q P	0.3%	0.2%	0.3%	-
30/07	GDP, YoY	2Q P	1.4%	1.3%	1.2%	-
30/07	Consumer Spending, MoM	Jun	0.2%	-0.1%	0.4%	0.3%
31/07	HICP, YoY	Jul P	1.2%	1.3%	1.4%	-
01/08	Manufacturing PMI, month	Jul F	50.0	49.7	51.9	49.7
05/08	Services PMI, month	Jul F	52.2	52.6	52.9	52.6
05/08	Composite PMI, month	Jul F	51.7	51.9	52.7	51.9
09/08	Manufacturing Production, MoM	Jun	-1.3%	-2.2%	1.6%	-
14/08	HICP, YoY	Jul F	1.3%	1.3%	1.3%	-
22/08	Manufacturing PMI, month	Aug P	49.5	-	49.7	-
22/08	Services PMI, month	Aug P	52.5	53.3	52.6	-
22/08	Composite PMI, month	Aug P	51.8	52.7	51.9	-
27/08	INSEE Business Confidence, month	Aug	104.0	105.0	105.0	-
29/08	Consumer Spending, MoM	Jul	0.4%	0.4%	-0.1%	-0.2%
29/08	GDP, QoQ	2Q F	0.2%	0.3%	0.2%	-
29/08	GDP, YoY	2Q F	1.3%	1.4%	1.3%	-
30/08	HICP, YoY	Aug P	1.2%	1.2%	1.3%	-
02/09	*Manufacturing PMI, month*	*Aug F*	*51.0*	-	*51.0*	-
04/09	*Services PMI, month*	*Aug F*	*53.3*	-	*53.3*	-
04/09	*Composite PMI, month*	*Aug F*	*52.7*	-	*52.7*	-

Switzerland

Date	Indicator	Period	Consensus	Actual	Prior	Revised
30/07	KOF Leading Indicator, month	Jul	93.7	97.1	93.6	93.8
02/08	CPI, YoY	Jul	0.5%	0.3%	0.6%	-
02/08	Manufacturing PMI, month	Jul	47.5	44.7	47.7	-
05/08	Ventes au détail réelle, GA	Jun	-	0.7%	-1.7%	-1.1%
07/08	Foreign Reserves, CHF, month	Jul	-	767.9b	759.1b	759.8b
09/08	Unemployment Rate, month	Jul	2.3%	2.3%	2.3%	-
20/08	Exportations réelles, GM	Jul	-	-1.8%	-0.1%	2.5%
20/08	Importations réelles, GM	Jul	-	-0.5%	1.4%	-1.3%
21/08	M3 Money Supply, YoY	Jul	-	3.1%	3.7%	3.6%
22/08	Production industrielle et construction, GA	2Q	-	3.6%	3.7%	3.9%
22/08	Industrial Production, YoY	2Q	-	4.8%	4.3%	4.5%
30/08	KOF Leading Indicator, month	Aug	95.1	97.0	97.1	97.0
02/09	*Ventes au détail réelle, GA*	*Jul*	-	-	*0.7%*	-
02/09	*Manufacturing PMI, month*	*Aug*	*45.4*	-	*44.7*	-
03/09	*CPI, YoY*	*Aug*	*0.3%*	-	*0.3%*	-
05/09	*GDP, QoQ*	*2Q*	*0.2%*	-	*0.6%*	-
05/09	*GDP, YoY*	*2Q*	*0.9%*	-	*1.7%*	-
06/09	*Foreign Reserves, CHF, month*	*Aug*	-	-	*767.9b*	-

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