

## Key events in developed markets this week

Though most of the data stills lags the spike in numbers of Covid-19 cases in March, sentiment data out this week should capture some early impact. Government-wise we'll also be looking for any more fiscal stimulus announcements



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### **US: All eyes on government response**

Once again, the major releases, such as durable goods orders will be ignored given they pre-date the coronavirus related macro and market dislocations. Instead, it will be small regional surveys and numbers published by individual states, such as we saw with the spike in Ohio jobless claims last week, which give us the most timely indications of what is happening.

The focus though will be on the progress of the US fiscal stimulus plan and any new announcements on support for workers and businesses that can help to mitigate some of the effects of the Covid-19 containment measures currently being enacted.

### **UK PMIs to give earlier taster of economic hit**

The flash UK PMIs, which are likely to have captured responses up until around 19th or 20th March, will give a first indication of the impact on businesses. It goes without saying that a large drop is

likely, although remember as with any PMI, it is a diffusion index, which simply means a fall tells us that more firms are seeing weaker activity, but not necessarily by how much.

That's why we've often said, for example after the UK election, that PMIs aren't always the best indicator of growth levels at turning points. Often that means PMIs can overstate the scale of a deterioration, although in this case there's little doubt the risk is the other way around, that the actual deterioration in growth could be much worse.

Remember too that a key component of the PMIs are supplier delivery times. In normal times an increase might signal that firms are flooded with orders – a good economic sign. Now though, a rise in delivery times is not a good thing, but mechanically it may see the scale of the fall in the PMIs capped, as we saw in the February numbers.

We aren't expecting much new from the Bank of England meeting on Thursday, given that policymakers have already essentially gone all-in. However we wouldn't rule out further QE further down the line, although the timing is more uncertain. Also keep an eye out for further signs that the UK will apply for an extension to the post-Brexit transition period. The Article 50 process allowed for a further two-year delay, as long as it is activated by the end of June.

## Eurozone: Some early signs of impact

This week will bring the first March confidence data for the eurozone as a whole and the IFO has already given a bleak taster of what that will look like.

German business confidence plummeted, indicating that confidence has obviously been impacted by Covid-19. February confidence data had still been surprisingly strong, but those mainly reflected the Chinese lockdown measures and supply chain issues. March PMI and consumer confidence data includes the rapid spreading across the Eurozone itself, providing the first clue about what impact for March activity can be expected.

## Developed Market Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 23 March</b>					
Eurozone	1500	Mar A Consumer Confidence	-13	-	-6.6
<b>Tuesday 24 March</b>					
US	1345	Fed's Bullard Speaks at Bank of France Event in Paris			
Japan	0500	Jan F Leading economic index	-	-	90.3
	2350	BOJ Minutes of January Meeting			
Eurozone	0900	Mar P Markit Manufacturing PMI	39.0	-	49.2
	0900	Mar P Markit Services PMI	48.0	-	52.6
	0900	Mar P Markit Composite PMI	45.0	-	51.6
	0820	ECB's Lagarde Speaks at ECB and Its Watchers Conference			
UK	0930	Mar P Markit/CIPS Manufacturing PMI	43.0	-	51.7
	0930	Mar P Markit/CIPS Services PMI	47.0	-	53.2
	0930	Mar P Markit/CIPS Composite PMI	46.5	-	53.0
<b>Wednesday 25 March</b>					
US	1230	Feb P Durable Goods Orders (MoM%)	-1.1	-	-0.2
	1230	Feb P Durable Goods Orders (ex. Transport, MoM%)	-0.5	-	0.8
UK	0930	Feb CPI (MoM/YoY%)	0.6/1.7	-/-	-0.3/1.8
	0930	Feb Core CPI (YoY%)	1.6	-	1.6
Norway	0700	Jan Unemployment Rate AKU	-	-	3.9
Netherlands	0530	4Q F GDP (QoQ%)	0.4	-	0.4
<b>Thursday 26 March</b>					
US	1230	4Q T GDP (QoQ Annualised %)	2.1	-	2.1
	1330	Fed's Bullard Speaks at Monetary Policy Forum at the ECB			
Eurozone	0900	Feb M3 Money Supply (YoY%)	5.1	-	5.2
	0900	ECB Publishes Economic Bulletin			
UK	0930	Feb Retail Sales ex Auto Fuel (MoM/YoY%)	-0.2/1.1	-/-	1.6/1.2
	0930	Feb Retail Sales (MoM/YoY%)	-0.2/0.4	-/-	0.9/0.8
	1200	BoE Policy Rate	0.10	0.10	0.10
Sweden	0800	Mar Economic Tendency Indicator	-	-	99.1
	0830	Feb Household Lending (YoY%)	-	-	5.1
<b>Friday 27 March</b>					
Norway	0700	Feb Retail Sales (Ex. Motor Vehicles, SA, MoM%)	-	-	0.5
Sweden	0830	Feb Retail sales (Ex. Fuel, MoM/YoY%)	-/-	-/-	0.9/2.7

Source: ING, Bloomberg

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