

Deal for OPEC+

With much of the world still on holiday, this will be a quiet start to the week, though an OPEC deal and some stabilisation in Covid-19 cases provide a steady start. Increasingly, thoughts will turn to the process of deconfinement, something that we expect will be very slow and phased



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OPEC+ deal

Since Warren Patterson put his [preliminary note out last night](#), OPEC+ does seem to have dragged Mexico on board for a deal. But the 10MMbbls/d decline isn't quite what it seems, once baseline conditions are taken into account, and it is also not enough to bring the market into balance this quarter, given the amount of demand destruction there has been. For more, watch out for our Commodity guys' note later this morning, which will do a better job of spelling out what this all means. But I suppose you could say, while it might not be enough to push oil prices decisively higher, it is definitely better than no deal.

Covid-19 - also steady

The news over the extended weekend on Covid-19 has also been a bit less grim. Yes, the death toll is still alarmingly high, but new cases seem to be levelling off in the low 30,000s for the US, and on

a state-wide basis (which is how you have to look at these figures to really be able to say anything sensible about the national numbers), few states look particularly alarming. Texas and Georgia are both still worth watching. Their numbers are erratic and a clear trend is hard to observe - made more tricky by what we have observed to be a "weekend" effect, where new cases can dip at, or shortly after weekends. The extended Easter break may be playing a role here. Florida, Virginia and Maryland still appear to be on an upward trend, but the other states with rising new case numbers either have a small number of total cases, or are unlikely to offer a high peak due to low populations (North Carolina, Rhode Island). Elsewhere, case numbers seem to be steady or in decline. The death toll will follow with a lag.

The news from Europe also continues to improve, though the UK is more in the "steady" camp of the US, rather than showing any outright decline. Talk is beginning to grow about easing movement restrictions. Italy and Spain may be in a position to do this within the next two weeks or so if their improvements continue. The degree of their success will shine a light for other countries to follow.

Globally, there are still areas where this virus is still in the ascendancy. Russia is one of the notable hotspots, having kept its numbers low for a long time. Japan is also seeing its new case numbers rise after weak restrictions on movement were imposed last week. It is our belief that these measures will be further tightened in the days ahead.

Data - China GDP the week's highlight

With Easter foreshortening the week, there won't be too much on the economic calendar globally this week.

But we do get the 1Q20 China GDP figures on Friday. Given the depth of unease generally over the accuracy of China's GDP figures, it will be hard to extract the signal from any noise these numbers deliver. Already, the market consensus is splattered across a range from -20%QoQ to -5%QoQ. That tells us that the consensus really has no idea at all what to expect - or how much "fudging" of the underlying data to allow for in the final figure. Certainly, the amount of stimulus has been substantial. But can anyone seriously be expected to believe anything other than a sharp decline in 1Q20 output? We don't think so. But let's wait and see what the data brings.

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India - lockdown to be extended

Prakash Sakpal writes this on the Indian lockdown today, "The central government is considering an extension of the nation-wide lockdown, which is due to end on Tuesday (14 April), while some state governments have decided to continue with the current restrictions until the end of this month. This imparts further downside risk to our forecast of a 5% GDP fall in the current quarter from a year ago. The market is waiting for the second stimulus package this week with targeted support for small businesses. And, today's consumer price data for March may be assessed for the easing options the Reserve Bank of India is left with after the 75 basis point emergency rate cut last month. We expect high food prices, amid a surge in demand, possible hoarding, and supply bottlenecks during the lockdown to sustain inflation above the RBI's 6% policy limit. Even so, we anticipate an additional 25-50bp rate cut in this quarter".

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