

GDP data - a taste of things to come

This week, advance 1Q20 GDP from the US will show how the lockdown is affecting the world's biggest economy, and give a glimpse into how bad things could get in the G-7 in 2Q20. Taiwan GDP provides more insight within Asia



Are we getting used to bad data yet?

Despite surging initial claims data, US stocks seem to be finding more comfort in the amount of stimulus that has been unleashed from various sources than discomfort at the likely path of the US economy, and therefore, corporate earnings. The 1Q20 GDP consensus is -3.9%, which would be fairly dreadful. That would not be as bad as the 4Q2008 GDP 8.4% drop. Our James Knightley is looking for a -6.0% figure for 1Q20. But the consensus is very broad, with a -1.0% high (from a credit card company, they may have some proprietary data that gives them insight...), to -10%, which suggests that there is a lot of wet-finger waving going on (more than usual) with these estimates.

However, about all we will really learn from these numbers is the ceiling for 2Q20 GDP growth. Because whatever the number for 1Q20, 2Q20 is bound to be worse, given the timing of the lockdowns.

In our part of the world, we get Taiwan 1Q20 GDP. Taiwan has taken a very different approach to the virus outbreak than most other parts of the world, including Mainland China, avoiding

widescale lockdowns and instead, taking a technology-based aggressive track, trace and quarantine approach, in particular to overseas arrivals, and including early border closures.

With only 429 confirmed cases and 6 related deaths, Taiwan's Covid-19 experience has been even more successful than that of South Korea, which registered a 1.5%QoQ decline in GDP in its release at the end of last week (still leaving GDP up year-on-year). The consensus 1.7%YoY increase in GDP for Taiwan would imply something of the order of a 0.2pp QoQ (not annualised) decrease, so about -0.8% annualised. Not bad if they come anywhere close to that.

Its all about re-opening

Elsewhere in the world, the conversation is still all about re-opening. Spain and Italy will outline their plans to re-open this week, following Germany, which re-opened some shops last week. Some of Australia's states are also moving towards re-opening, following successful lockdowns. Case numbers in Australia have been consistently low for some time now, making a cautious re-opening look well worth a try.

NY's Governor, Andrew Cuomo, is also floating a possible May 15th re-start for building and manufacturing. And we wait with bated breath to see if Georgia's audacious reopening last Friday is going to work, or if it was premature. It's too early to say yet, and the US' stepped-up testing is making their daily case tally look worse, even though this is really possibly just the result of greater testing. The motivation for re-opening was highlighted by reports that due to meat-packing shutdowns, America is running close to running out of meat.

The UK new case tally remains stubbornly high, and the death rate also. It may be some time before they can re-open. Though the return of PM Boris Johnson to work today after his Covid-19 infection may shed some more light on that. I wish him well on his recuperation.

N Korea leader mystery

Otherwise, Asia's news will probably continue to be coloured by speculation that something serious has happened to N Korea's leader, given the continued absence of any news. While optimists may talk of unification possibilities in the event of his demise or incapacitation, the more plausible story of power vacuum and chaos may be the one that dominates market sentiment.

China data today

Besides the likelihood of an uneventful BoJ meeting today, we have some Chinese industrial profit data today before the long holidays and reopening in China create the potential for some improved consumer activity. Iris Pang in HK writes: "We expect inbound tourism will come back but on a much smaller scale compared to previous years for the May Golden Week holidays in China (starting from 1st May). Catering businesses may not benefit a lot from the Golden Week as social distancing measures in restaurants are still very strict. Spending will not be strong as consumers worry about their job and wage prospects".

Author

Olivia Grace

Editor

olivia.grace@ing.com

Julian Geib

Junior Economist, Global Trade

julian.geib@ing.de

Zoltán Homolya

Economic research trainee

zoltan.homolya@ing.com

Amrita Naik Nimbalkar

Junior Economist, Global Macro

amrita.naik.nimbalkar@ing.com

Mateusz Sutowicz

Senior Economist, Poland

mateusz.sutowicz@ing.pl

Alissa Lefebre

Economist

alissa.lefebvre@ing.com

Deepali Bhargava

Regional Head of Research, Asia-Pacific

Deepali.Bhargava@ing.com

Ruben Dewitte

Economist

+32495364780

ruben.dewitte@ing.com

Kinga Havasi

Economic research trainee

kinga.havasi@ing.com

Marten van Garderen

Consumer Economist, Netherlands

marten.van.garderen@ing.com

David Havrlant

Chief Economist, Czech Republic

420 770 321 486

david.havrlant@ing.com

Sander Burgers

Senior Economist, Dutch Housing

sander.burgers@ing.com

Lynn Song

Chief Economist, Greater China

lynn.song@ing.com

Michiel Tukker

Senior UK & Eurozone Rates Strategist

michiel.tukker@ing.com

Michal Rubaszek

Senior Economist, Poland

michal.rubaszek@ing.pl

This is a test author

Stefan Posea

Economist, Romania

tiberiu-stefan.posea@ing.com

Marine Leleux

Sector Strategist, Financials

marine.leleux2@ing.com

Jesse Norcross

Senior Sector Strategist, Real Estate

jesse.norcross@ing.com

Teise Stellema

Research Assistant, Energy Transition

teise.stellema@ing.com

Diederik Stadig

Senior Economist, Healthcare & Technology

diederik.stadig@ing.com

Diogo Gouveia

Sector Economist

diogo.duarte.vieira.de.gouveia@ing.com

Marine Leleux

Sector Strategist, Financials

marine.leleux2@ing.com

Ewa Manthey

Commodities Strategist

ewa.manthey@ing.com

ING Analysts

James Wilson

EM Sovereign Strategist

James.wilson@ing.com

Sophie Smith

Digital Editor

sophie.smith@ing.com

Frantisek Taborsky

EMEA FX & FI Strategist

frantisek.taborsky@ing.com

Adam Antoniak

Senior Economist, Poland

adam.antoniak@ing.pl

Min Joo Kang

Senior Economist, South Korea and Japan

min.joo.kang@ing.com

Coco Zhang

ESG Research

coco.zhang@ing.com

Jan Frederik Slijkerman

Senior Sector Strategist, TMT

jan.frederik.slijkerman@ing.com

Katinka Jongkind

Senior Economist, Services and Leisure

Katinka.Jongkind@ing.com

Marina Le Blanc

Sector Strategist, Financials

Marina.Le.Blanc@ing.com

Samuel Abettan

Junior Economist

samuel.abettan@ing.com

Franziska Biehl

Senior Economist, Germany

Franziska.Marie.Biehl@ing.de

Rebecca Byrne

Deputy Global Head of Editorial and Supervisory Analyst

rebecca.byrne@ing.com

Mirjam Bani

Sector Economist, Commercial Real Estate & Public Sector (Netherlands)

mirjam.bani@ing.com

Timothy Rahill

Credit Strategist

timothy.rahill@ing.com

Leszek Kasek

Senior Economist, Poland

leszek.kasek@ing.pl

Antoine Bouvet

Head of European Rates Strategy

antoine.bouvet@ing.com

Jeroen van den Broek

Global Head of Sector Research

jeroen.van.den.broek@ing.com

Edse Dantuma

Senior Sector Economist, Industry and Healthcare

edse.dantuma@ing.com

Francesco Pesole

FX Strategist

francesco.pesole@ing.com

Rico Luman

Senior Sector Economist, Transport and Logistics

Rico.Luman@ing.com

Jurjen Witteveen

Sector Economist

jurjen.witteveen@ing.com

Dmitry Dolgin

Chief Economist, CIS

dmitry.dolgin@ing.de

Nicholas Mapa

Senior Economist, Philippines

nicholas.antonio.mapa@asia.ing.com

Egor Fedorov

Senior Credit Analyst

egor.fedorov@ing.com

Sebastian Franke

Consumer Economist

sebastian.franke@ing.de

Gerben Hieminga

Senior Sector Economist, Energy

gerben.hieminga@ing.com

Nadège Tillier

Head of Corporate Sector Strategy

nadege.tillier@ing.com

Charlotte de Montpellier

Senior Economist, France and Switzerland

charlotte.de.montpellier@ing.com

Laura Straeter

Behavioural Scientist

+31(0)611172684

laura.Straeter@ing.com

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

James Smith

Developed Markets Economist, UK

james.smith@ing.com

Suvi Platerink Kosonen

Senior Sector Strategist, Financials

suvi.platerink-kosonen@ing.com

Thijs Geijer

Senior Sector Economist, Food & Agri

thijs.geijer@ing.com

Maurice van Sante

Senior Economist Construction & Team Lead Sectors

maurice.van.sante@ing.com

Marcel Klok

Senior Economist, Netherlands

marcel.klok@ing.com

Paolo Pizzoli

Senior Economist, Italy, Greece

paolo.pizzoli@ing.com

Marieke Blom

Chief Economist and Global Head of Research

marieke.blom@ing.com

Raoul Leering

Senior Macro Economist

raoul.leering@ing.com

Maarten Leen

Head of Global IFRS9 ME Scenarios

maarten.leen@ing.com

Maureen Schuller

Head of Financials Sector Strategy

Maureen.Schuller@ing.com

Warren Patterson

Head of Commodities Strategy

Warren.Patterson@ing.com

Rafal Benecki

Chief Economist, Poland

rafal.benecki@ing.pl

Philippe Ledent

Senior Economist, Belgium, Luxembourg

philippe.ledent@ing.com

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

Inga Fechner

Senior Economist, Global Trade

inga.fechner@ing.de

Dimitry Fleming

Senior Data Analyst, Netherlands

Dimitry.Fleming@ing.com

Ciprian Dascalu

Chief Economist, Romania

+40 31 406 8990

ciprian.dascalu@ing.com

Muhammet Mercan

Chief Economist, Turkey

muhammet.mercan@ingbank.com.tr

Iris Pang

Chief Economist, Greater China

iris.pang@asia.ing.com

Sophie Freeman

Writer, Group Research

+44 20 7767 6209

Sophie.Freeman@uk.ing.com

Padhraic Garvey, CFA

Regional Head of Research, Americas

padhraic.garvey@ing.com

James Knightley

Chief International Economist, US

james.knightley@ing.com

Tim Condon

Asia Chief Economist

+65 6232-6020

Martin van Vliet

Senior Interest Rate Strategist

+31 20 563 8801

martin.van.vliet@ing.com

Karol Pogorzelski

Senior Economist, Poland

Karol.Pogorzelski@ing.pl

Carsten Brzeski

Global Head of Macro

carsten.brzeski@ing.de

Viraj Patel

Foreign Exchange Strategist

+44 20 7767 6405

viraj.patel@ing.com

Owen Thomas

Global Head of Editorial Content

+44 (0) 207 767 5331

owen.thomas@ing.com

Bert Colijn

Chief Economist, Netherlands

bert.colijn@ing.com

Peter Vanden Houte

Chief Economist, Belgium, Luxembourg, Eurozone

peter.vandenhoute@ing.com

Benjamin Schroeder

Senior Rates Strategist

benjamin.schroeder@ing.com

Chris Turner

Global Head of Markets and Regional Head of Research for UK & CEE

chris.turner@ing.com

Gustavo Rangel

Chief Economist, LATAM

+1 646 424 6464

gustavo.rangel@ing.com

Carlo Cocuzzo

Economist, Digital Finance

+44 20 7767 5306

carlo.cocuzzo@ing.com