

Light at the end of the tunnel

European countries begin to mull easing of restrictions, though worries about second waves persist



light at the end of the tunnel

Source: Shutterstock

Good news or just to prop up morale?

If the people of Europe are feeling anything like the cabin fever I'm struggling with, then the prospect of some gradual easing of restrictions will help to keep spirits buoyed and movement restrictions adhered to. If it seems a bit early to be considering deconfinement, it probably is. But the thinking might be that you can't keep extending lockdowns and expecting there not to be some sort of pushback or some crumbling of adherence.

In any case, the FT is suggesting that France, Spain, Belgium, and Finland may be actively looking at formulating a plan for deconfinement. In addition, Denmark, Germany, Italy, and the UK are apparently looking into this, though perhaps not wanting to distract attention from the current message, which remains to comply with lockdowns.

The relevance of this is that it could indicate the end in sight for the deep economic trough being ploughed by some economies. Though the very cagey steps being discussed re-emphasize that any improvement may be very gradual, and there remains a high risk that even these easing restrictions could result in second waves of the disease, which would doubtless result in countries returning quickly to lockdown.

If that turns out to be the case, this would be more like the third [\(and second-worst scenario in our latest monthly - if you haven't yet had a chance to read it, please give it a look\)](#).

US cases still on upward path

Though the numbers of new cases in Europe does indeed seem to be on a downward path, this is far from a straight line, and the occasional huge spike, as recorded in France over the weekend is going to keep policy setters from proceeding too rapidly. But even this jerky improvement is better than the current picture in the US, where the numbers of new cases is steadily and relentlessly climbing. At the regional level, there are some positive developments, and New York, the epicentre of the US epidemic, might be in the early stages of peaking. Nationally though, a peak in new cases still looks weeks away, with the death count lagging one to two weeks behind that.

That means the economic shock to the US caused by widening and deepening restrictions on movement is running behind that in Europe, so the economy will continue to deteriorate while Europe's numbers find a floor.

That provides scope for further, even worse figures than those we saw last Friday with the release of the March jobs report. [I've linked to James Knightley's note here](#). But note Knightley's comment that things are likely to get much, much worse, with the jobless rate next month potentially already exceeding that reached during the height of the global financial crisis. If that doesn't put all this into perspective, I don't know what does.

Singapore tightens social distancing measures

Singapore's new case count isn't running away, but neither is it falling, and the weekend saw a record number of new cases. It is probably no coincidence that the new [social distancing circuit breaker measures introduced by the government](#) will fall as thousands of returning Singaporeans and ex-pats from overseas see their stay-at-home (SHN) notices come to an end. This includes my eldest son, so the condo pool will be out of bounds for him the moment he is allowed to leave the apartment to use it. A second X-box will hopefully ease some of his pain.

On the new Singapore measures and additional stimulus plans, Prakash Sakpal writes "Finance Minister Heng Swee Keat is due to announce the third stimulus package today. Coming less than two weeks after the second package of S\$48 billion, the new package will enhance the existing job support program. Despite increasing policy support, the month-long social distancing and movement restricting "circuit-breaker" means a significant dent to GDP growth in the current quarter, probably more than our -4.5% YoY forecast.

Thailand: Deputy Prime Minister Somkid Jatusripitak has signalled additional stimulus worth THB 1.68 trillion (10% of GDP) to be tabled for Cabinet approval on Tuesday (7 April). The package will be funded with fresh borrowing and reallocation of the existing budget. It also includes executive decrees for the Bank of Thailand to implement the stimulus, empowering the central bank to directly extend soft loans to SMEs and purchase corporate debt that's being rolled over. We continue to expect an additional 50bp of rate cuts from the BoT in the current quarter.

Author

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@asia.ing.com

Michiel Tukker

Senior European 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
Sector Economist, TMT & Healthcare
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@asia.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

Senior Editor 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

Oleksiy Soroka, CFA

Senior High Yield Credit Strategist

oleksiy.soroka@ing.com

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 Corporates 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

Piotr Poplawski

Senior Economist, Poland

piotr.poplawski@ing.pl

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@asia.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, Germany, 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