ODDO BHF
CORPORATES & MARKETS

Economy & Rates
The audacity of hope – European version

23/07/2020

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July 2020
(figures and charts updated on 22 July 2020)

Summary & Tables of forecasts

Summary
The audacity of hope – European version

- How does the coronavirus pandemic look today? This question will determine the economic outlook over the coming weeks and months and probably longer into the future. It hardly needs saying that nobody – not even the top medical experts – has the answer. We can only make assumptions. During the past six months when the virus has been a central concern, knowledge of it has deepened. More is known today about what to do and, more importantly, what not to do to slow its propagation. Testing has been expanded. The treatment protocol for infected persons has improved, contributing to the decrease in fatalities. Promising progress is said to have been made in the search for a vaccine. Whatever the case, this virus continues to hang like a Damocles' sword over the world economy.
- In the space of six months, the world economy has been turned on its head. It was supposed to grow by 3% in 2020. It is now forecast to contract by around 4%, according to the latest consensus forecast, followed by growth of 6% in 2021. Practically all countries will record a contraction in their per capita GDP this year. These annual averages distort the outlook, since the world economy is already recovering. The rebound is going on in China since March and in Europe and the US since May. In many cases, this recovery has surprised by its vigour. Some indicators have returned to or near their pre-pandemic levels, displaying an almost perfectly symmetrical profile, with the plunge followed by a surge (yes, this looks like a V). Here too, beware of optical illusions. The recovery reflects in large part a catch-up after business and travel restrictions were lifted or loosened. Suspended spending was able to go ahead, temporary layoffs were cancelled and business managers' depression gave way to relief that they could resume their activity. Although these positive developments should not be played down, they tell us little about the solidity of the recovery against the backdrop of still high health-related uncertainty.
- Even so, financial markets' participants appear to have concluded lately that the pandemic shock is well and truly over. While the trauma caused by the sudden shutdown of economies will probably not be repeated identically, the shockwave continues to grow. Policymakers, whose mandate does not include tempering market optimism, are stressing the permanent damages that may be caused by this crisis, especially in the jobs market. The result is a curious situation in which central banks and fiscal authorities are doing everything possible to deliver maximum support in the medium term in the expectation that the crisis will have lasting effects, while this very monetary and fiscal stimulus is encouraging investors to believe that the crisis is temporary, if not already over. Sometimes it is hard to rationalise everything.
- Another point open to debate is the relative situation of the US and Europe and their respective outlooks. The lockdown shock was more severe in Europe, resulting in a sharper contraction in real GDP than in the US (this could represent a difference of around three points in 2020). What's more, the fiscal response may have seemed slower or more wavering on this side of the Atlantic. The US federal deficit is heading towards 20% of GDP this year, around twice as high as in the Eurozone. That said, Europe can claim a few advantages. Firstly – and we keep coming back to this point – there is the health situation. We would not venture to say that the outbreak is totally under control in Europe, but it seems to be doing better than the US. The recovery could lose momentum or grind to a halt if economic agents stay at home, whether they are obliged to do so or simply out of caution. From this perspective, the heated debate about reopening schools in the US is anything but trivial. Secondly, by favouring reduced activity schemes rather than increasing unemployment benefits, European countries are providing longer term support to the jobs market, a crucial factor for domestic demand. If the US Congress does not prolong exceptional aid to the unemployed (which many Republicans disapprove of, claiming, without evidence, that this encourages laziness), disposable income will fall, and consumer spending with it. Lastly, a word should be said about political risk. Since 2015, Europe has often been described as an institutional framework on the verge of break-up. This was the case during the Greek debt crisis, then during the migrants' crisis, and again after Brexit. For sure, EU member states do not all have the same objectives at the same moment. What's more, strong Eurosceptic political forces exist in nearly all European countries. In reality, however, integration in Europe has made progress over the past five years. This began through the back door, if we dare say so, thanks to the ECB's actions. By preventing the fragmentation of financial conditions, monetary policy helped to reinforce the Eurozone. Integration has now made an explicit progress. The recent agreement by EU leaders on a "recovery plan" puts an official stamp on a form of fiscal solidarity between European countries (if only exceptionally). This plan would simply have been unimaginable not long ago. In comparison, uncertainty surrounding the US election and what comes after looks to be a greater source of volatility in the months ahead.

Table of forecasts (1)

FORECASTS - REAL GDP GROWTH*

	Average			2019				2020				Consensus**		IMF		OECD	
	2019	2020	2021	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2020	2021	2020	2021	2020	2021
World	3.1	*-3.5*	*6.0*											-4.9	5.4	-6.0	5.2
US	2.3	*-5.4*	*5.0*	3.1	2.0	2.1	2.1	-5	*-36*	*20*	*14*	-5.3	4.0	-8.0	4.5	-7.3	4.1
EMU	1.3	*-7.0*	*6.7*	2.0	0.8	1.1	0.1	-14	*-41*	*54*	*12*	-8.4	6.1	-10.2	6.0	-9.1	6.5
- Germany	0.6	*-5.3*	*5.3*	1.9	-1.0	1.1	-0.4	-9	*-31*	*28*	*10*	-6.3	5.0	-7.8	5.4	-6.6	5.8
- France	1.5	*-8.8*	*8.2*	2.0	1.0	0.8	-0.4	-20	*-45*	*71*	*10*	-9.9	7.0	-12.5	7.3	-11.4	7.7
- Italy	0.3	*-8.6*	*7.3*	0.9	0.3	0.1	-1.0	-20	*-41*	*58*	*10*	-10.6	6.1	-12.8	6.3	-11.3	7.7
- Spain	2.0	*-9.3*	*8.3*	2.3	1.5	1.6	1.7	-19	*-52*	*88*	*11*	-10.8	7.1	-12.8	6.3	-11.1	7.5
UK	1.5	*-9.4*	*7.4*	2.7	-0.2	2.1	0.0	-8	*-59*	*87*	*10*	-9.2	5.9	-10.2	6.3	-11.5	9.0
Japan	0.7	*-4.7*	*3.4*	2.6	2.1	0.0	-7.2	-2	*-25*	*17*	*8*	-5.1	2.5	-5.8	2.4	-6.0	2.1
China (y/y%)	6.2	*1.3*	*8.8*	6.4	6.2	6.0	6.0	-7	3	*4*	*4*	1.7	7.9	1.0	8.2	-2.6	6.8

* y/y or q/q annualised rate, except for China (y/y% only)

**13 July 2020 24 June 2020 10 June 2020

FORECASTS - RATES & FX

	Actual	Target		Last 5 years*		Average					
	22/07/2020	3M	12M	High	Low	2015	2016	2017	2018	2019	2020
Policy rate											
Fed funds	0.25	0.25	0.25	2.50	0.25	0.27	0.52	1.13	1.96	2.25	*0.50*
ECB deposit rate	-0.50	-0.50	-0.50	-0.20	-0.50	-0.20	-0.38	-0.40	-0.40	-0.43	*-0.50*
10Y rate											
US T-note	0.6	0.8	1.0	3.2	0.6	2.1	1.8	2.3	2.9	2.1	*0.9*
German Bund	-0.5	-0.3	-0.3	0.7	-0.6	0.5	0.1	0.4	0.5	-0.2	*-0.4*
French OAT	-0.2	0.0	0.0	1.0	-0.3	0.8	0.5	0.8	0.7	0.1	*-0.1*
Forex											
EUR/USD	1.15	-	1.18	1.23	1.05	1.11	1.11	1.13	1.18	1.12	*1.13*
USD/JPY	107	-	110	123	101	121	109	112	110	109	*108*
USD/RMB	6.99	-	7.10	7.12	6.30	6.28	6.64	6.76	6.61	6.91	*7.03*

*monthly average

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Source: consensus forecasts, IMF, OECD, ODDO BHF

Table of forecasts (2)

FORECASTS - KEY MACRO DATA for US, EMU, & France *

	Average			2019				2020			
	2019	2020	2021	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
United States											
Real GDP	2.3	*-5.4*	*5.0*	3.1	2.0	2.1	2.1	-5	*-36*	*20*	*14*
Private Consumption	2.6	*-6.0*	*5.1*	1.1	4.6	3.1	1.8	-7	*-35*	*15*	*15*
Nonresidential Investment	2.1	*-7.0*	*6.3*	4.4	-1.0	-2.3	-2.4	-6	*-40*	*35*	*15*
Residential Investment	-1.5	*-3.1*	*2.5*	-1.0	-3.0	4.6	6.5	18	*-40*	*-5*	*20*
Domestic Demand (contribution, %pt)	2.5	*-5.0*	*4.7*	1.9	3.7	2.3	1.6	-5	*-32*	*15*	*13*
Inventories (contribution, %pt)	0.1	*-1.1*	*0.4*	0.5	-1.0	0.0	-1.2	-2	*-5*	*5*	*1*
Net Exports (contribution, %pt)	-0.2	*0.7*	*-0.2*	0.8	-0.8	-0.2	1.9	2	*0*	*0*	*0*
Inflation (CPI, % yoy)	1.8	*0.9*	*1.6*	1.6	1.8	1.8	2.0	2.1	0.4	*0.5*	*0.7*
Unemployment rate (%)	3.7	*9.2*	*7.8*	3.9	3.6	3.6	3.5	3.8	13.0	*11.0*	*9.0*
Euro area											
Real GDP	1.3	*-7.0*	*6.7*	2.0	0.8	1.1	0.1	-14	*-41*	*54*	*12*
Private Consumption	1.3	*-7.2*	*7.2*	2.2	0.8	1.7	0.5	-17	*-39*	*54*	*9*
Investment	5.0	*-4.4*	*7.3*	1.7	2.9	-1.1	14.0	-7	*-45*	*52*	*11*
Domestic Demand (contribution, %pt)	2.0	*-4.6*	*5.7*	1.9	1.4	1.1	*3.2*	-11	*-33*	*40*	*8*
Inventories (contribution, %pt)	-0.3	*-1.3*	*0.8*	-3.1	5.6	-5.5	*0.9*	-1	*-10*	*9*	*3*
Net Exports (contribution, %pt)	-0.5	*-1.0*	*0.2*	3.3	-5.7	5.3	*-3.9*	-1	*-2*	*2*	*1*
Inflation (HICP, % yoy)	1.2	*0.8*	*1.6*	1.4	1.4	1.0	1.0	1.1	0.2	*0.8*	*1.1*
Unemployment rate (%)	7.6	*8.3*	*9.0*	7.8	7.6	7.5	7.4	7.2	*7.5*	*9.0*	*9.5*
France											
Real GDP	1.5	*-8.8*	*8.2*	2.0	1.0	0.8	-0.4	-20	*-45*	*71*	*10*
Private Consumption	1.5	*-7.6*	*8.3*	2.4	1.3	1.8	1.2	-20	*-40*	*65*	*8*
Investment	4.3	*-13.9*	*10.3*	4.6	5.6	4.9	0.2	-36	*-50*	*80*	*10*
Domestic Demand (contribution, %pt)	2.2	*-7.9*	*7.5*	2.6	2.5	2.7	1.2	-22	*-38*	*59*	*7*
Inventories (contribution, %pt)	-0.4	*-0.8*	*0.8*	0.6	-0.8	-0.4	-1.9	3	*-11*	*9*	*3*
Net Exports (contribution, %pt)	-0.3	*-0.1*	*-0.1*	-1.2	-0.6	-1.5	*0.4*	0	*0*	*0*	*0*
Inflation (HICP, % yoy)	1.3	*0.9*	*1.5*	1.4	1.3	1.2	1.3	1.3	0.3	*0.9*	*1.2*
Unemployment rate (%)	8.2	*8.6*	*9.0*	8.4	8.2	8.2	7.8	7.6	*8.3*	*9.0*	*9.5*

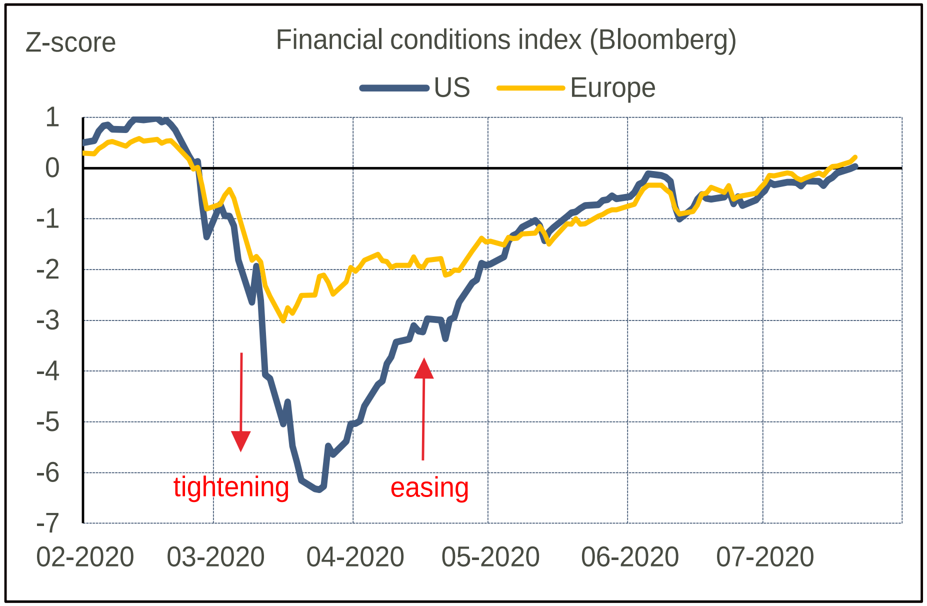
* y/y or q/q annualised rate

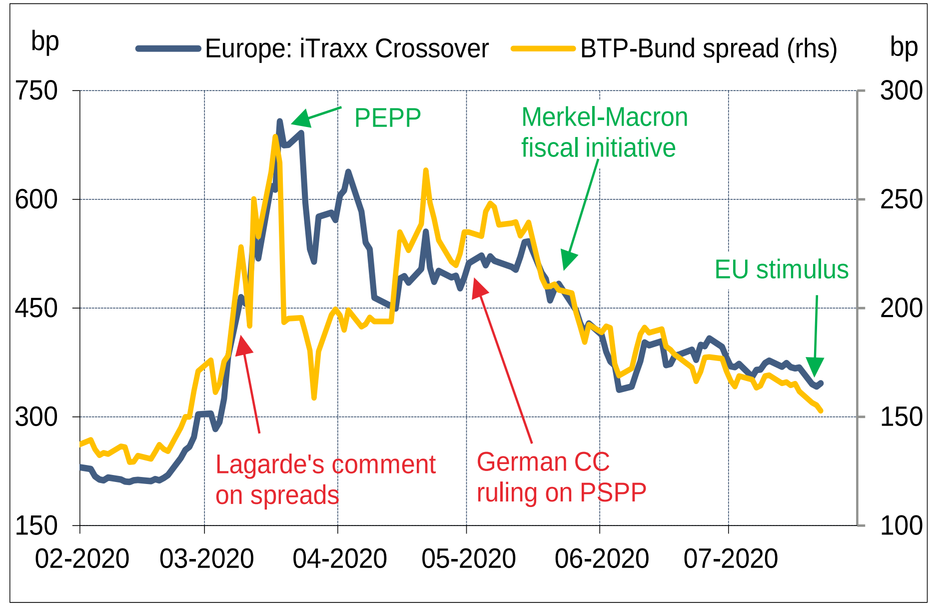
Source: Thomson Reuters, ODDO BHF

The macro situation in Europe/US
(three months after the trough)

Financial conditions are very positive

①





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① Signs of financial panic were abundant and severe in March but have all since disappeared

- The response by central banks was clearly the trigger factor. Their interventions from March onwards resolved market dysfunctions and liquidity concerns one by one. Subsequent signs of a stabilisation of economic activity and a range of fiscal aid measures fuelled scenarios of a swift V-shaped recovery (only visible on a few variables). Recently, hopes of finding a medical treatment (race for a vaccine) have boosted risk appetite.

② The reaction by economic policy makers in Europe appears unusually rapid, especially when one considers the specific institutional characteristics of the EU (no stabilisation budget) and differences/divergences between countries

23/07/2020

Source: Thomson Reuters, ODDO BHF

Confidence indices have rebounded strongly

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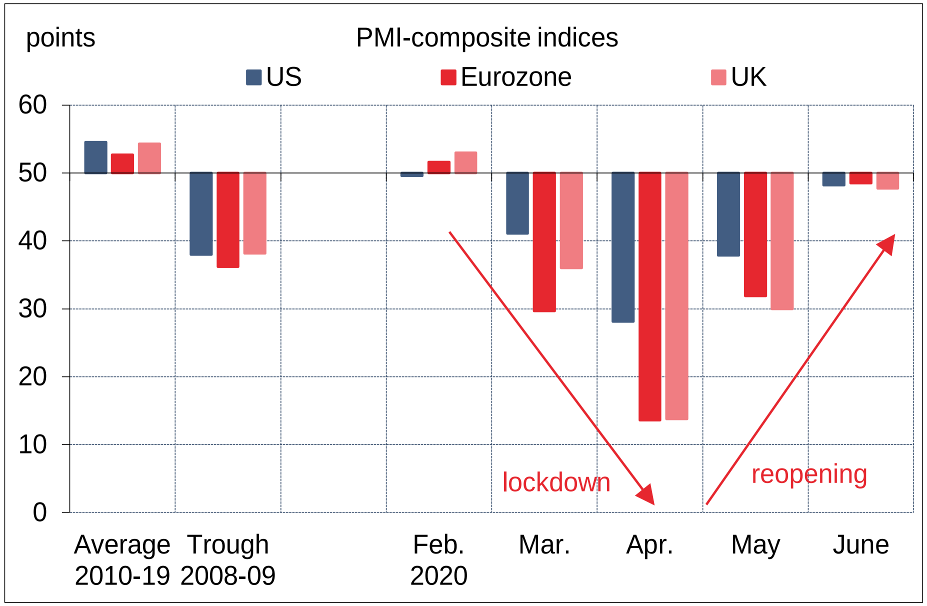

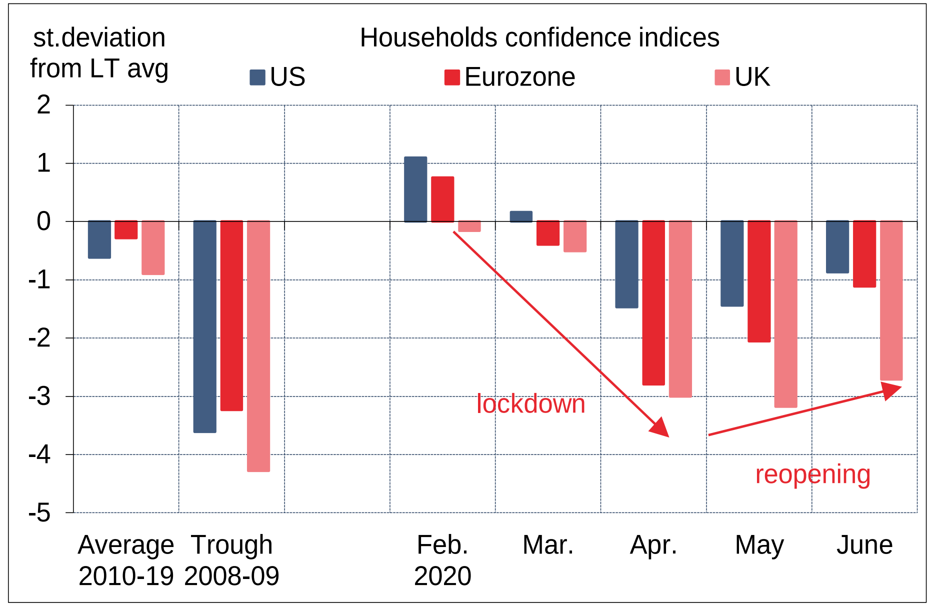

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① PMI indices are back close to pre-crisis levels

- Business confidence indices had a symmetrical profile in H1 2020, with a steep slide followed by a recovery of nearly the same magnitude. Pessimism peaked in April, a period when the lockdown and uncertainty about the health situation were at their height. Activity and employment levels still bear the scars of the shock. Historical correlations between PMIs and growth rates are distorted today.

② The improvement in household confidence is far more modest

- The shock on households’ disposable income has been mitigated by various mechanisms (higher unemployment benefits in the US vs furlough systems in Europe), but the employment outlook remains bleak.

23/07/2020

Source: Thomson Reuters, ODDO BHF

Macro statistics are signalling the end of the “COVID recession”

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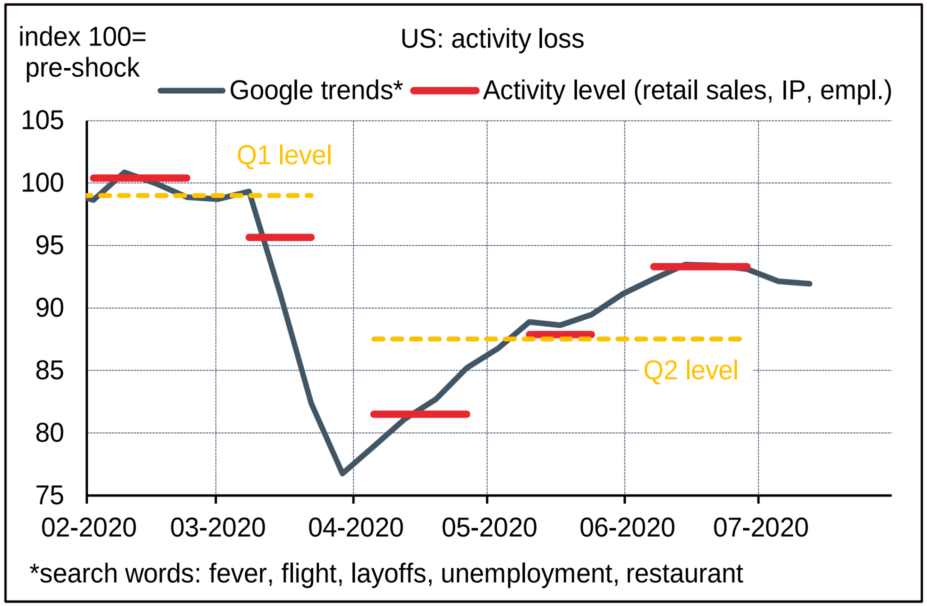

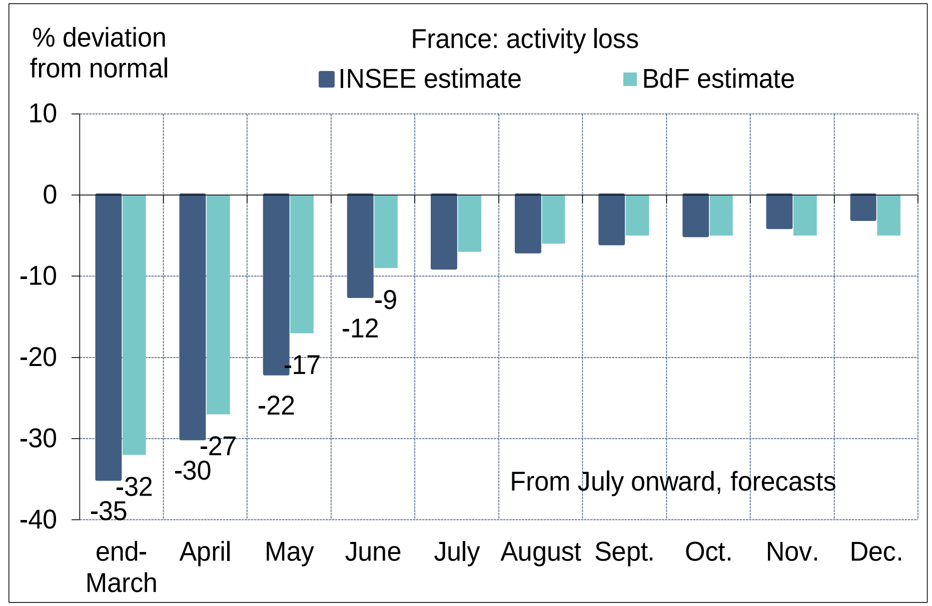

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① In the US, real activity indices have staged a broad-based (but far from complete) recovery for the past 2-3 months

- Since bottoming out in April, employment has risen by 5.8%, retail sales by 27%, industrial production by 6.8% and housing starts by 27% (as a reminder, rebasing these four indices at 100 just prior to the shock, they stood at 90, 99, 89 and 76 respectively in June).

② Same recovery trend in Europe, with pronounced differences between countries

- These differences reflect the severity and length of the lockdown, factors themselves determined by the way in which the health crisis was managed. Germany is held up as a model from this standpoint. Overall, the economic recovery has been swifter to date than initially expected.

23/07/2020

Source: Thomson Reuters, ODDO BHF

But… health risk has not vanished

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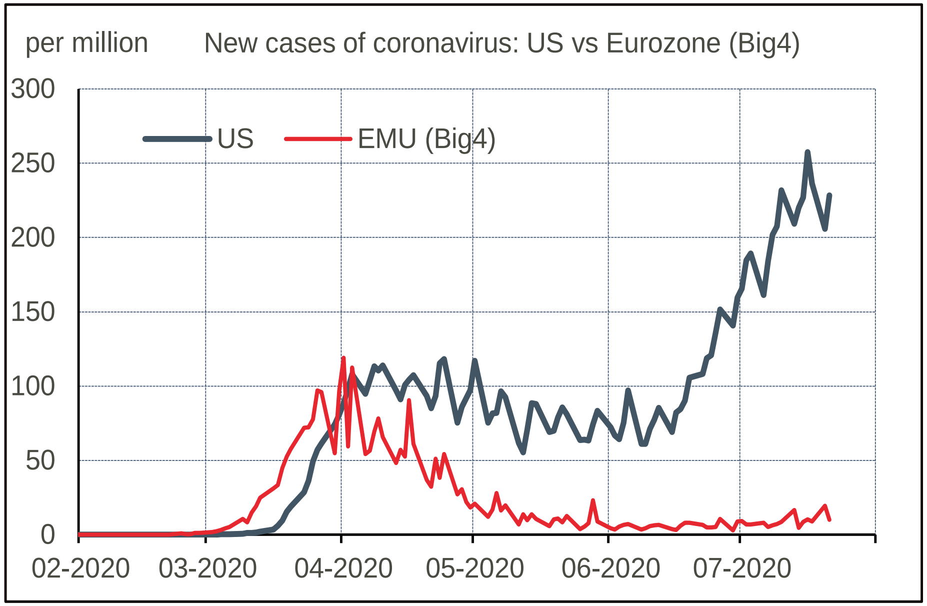

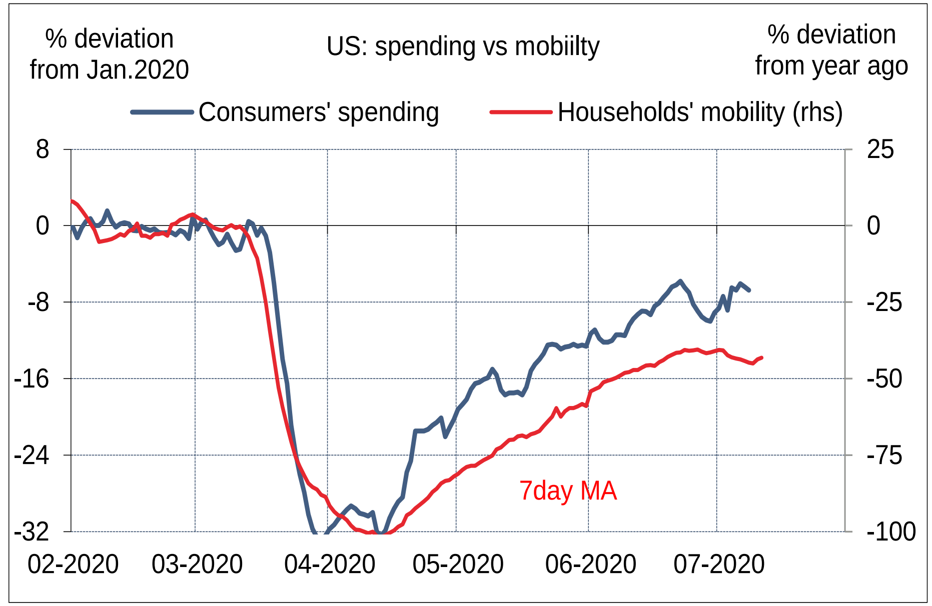

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① Since mid-June, the propagation of the virus has accelerated sharply in the US (but not, to date, in Europe)

- The spike in new infections is a sign that the US economy was probably re-opened too soon in some places and that prophylactic measures (distancing, hygiene and mask wearing) were not sufficiently followed. In the absence of a medical treatment, these are the sole way to slow the pandemic. Patient treatment protocols have made progress (lowering the risk of death), but this is not enough for a return to normal life in many areas (everything relating to business travel or leisure).

② The spread of the virus has a direct and immediate influence on people's mobility and, in turn, their activity and spending.

23/07/2020

Source: Thomson Reuters, Fed Dallas, Harvard University, ODDO BHF

But… the employment outlook has been severely weakened

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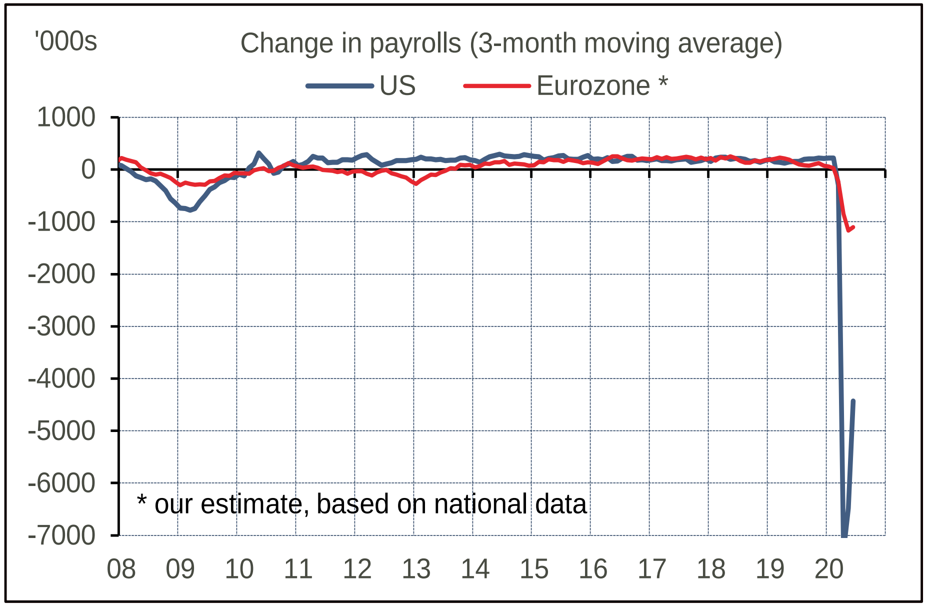

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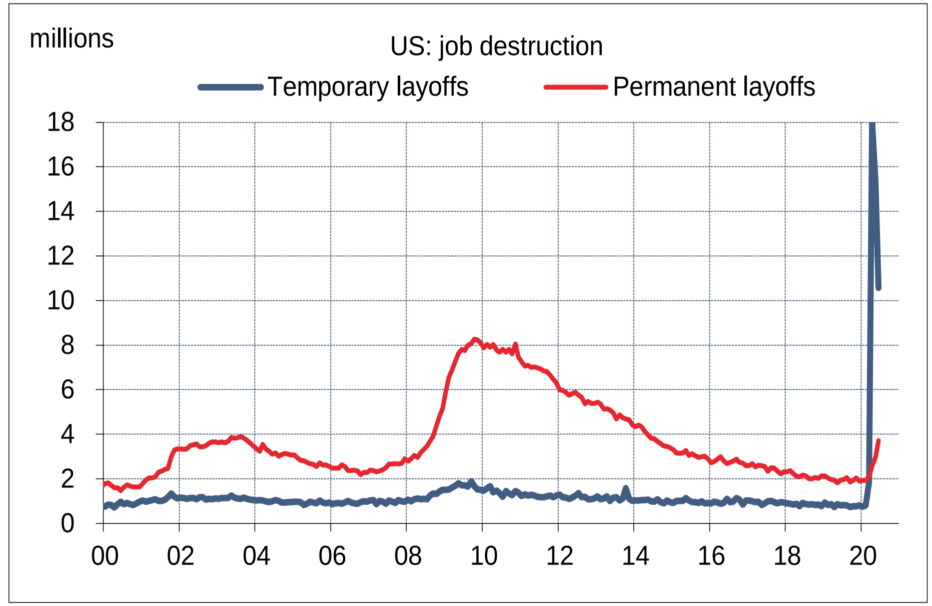

① Job destructions have surpassed all records set in past recessions, including the crisis of 2008-09

- Reduced activity systems were implemented rapidly in Europe (based on Germany's *Kurzarbeit* model, which proved its worth in 2009) under which the state covered a portion of salaries, averting mass layoffs. In the US, unemployment benefits were raised in the hope that companies would re-hire staff once the shock is over. At first sight, the European system appears more effective and less costly.

② The shockwave on the job market (permanent vs temporary layoffs) is still growing

- In US, the Fed continues to sound an alert about the medium-term damages. Besides rising unemployment, the number of discouraged workers is also mounting, with the risk of a permanent exit from the job market.

Source: Thomson Reuters, ODDO BHF

But… corporate credit conditions are tightening

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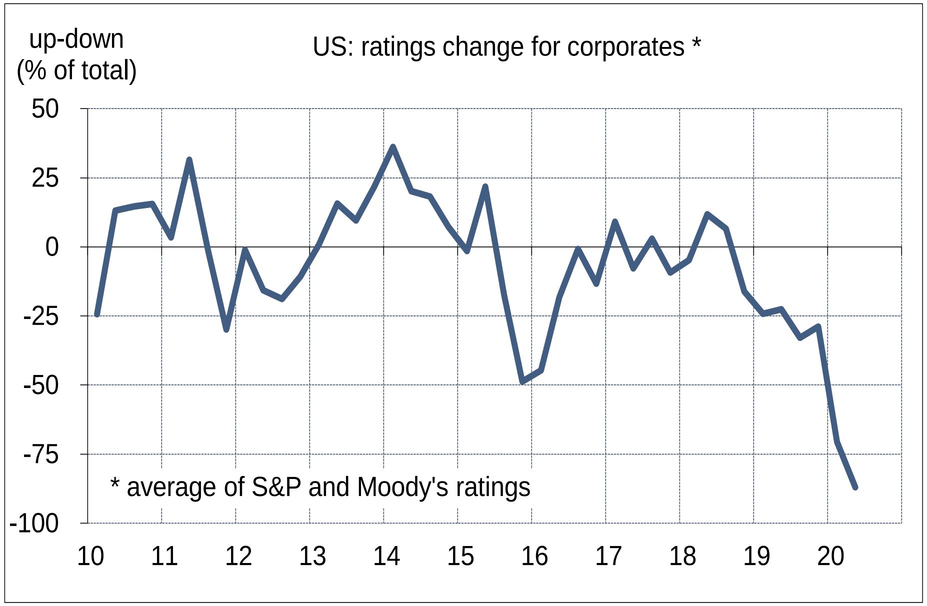

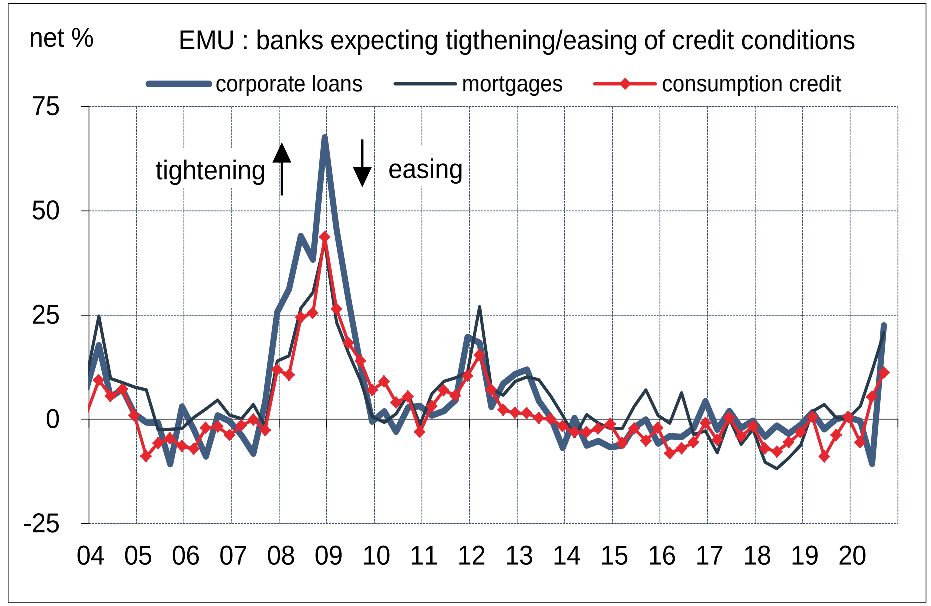

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① In the US, the risk of company bankruptcies is rising sharply (ratings' downgrades)

- Bankruptcies are closely correlated to deviations in GDP from the pre-crisis trend. Since it is a near certainty that the output gap will not be plugged in the short term, bankruptcies are set to climb. In general, they peak six to twelve months after the end of the recession.

② In the Eurozone, banks expect their loan standards to tighten

- According to the ECB, this tightening will be less severe than after the 2008 financial crisis. Added to this, government loan guarantees provide a significant buffer. That said, it is tricky to assess companies' viability in the face of this shock. All this calls for a wait-and-see attitude on the credit front.

23/07/2020

Source: Bloomberg, Thomson Reuters, ODDO BHF

GDP growth revisions have bottomed out

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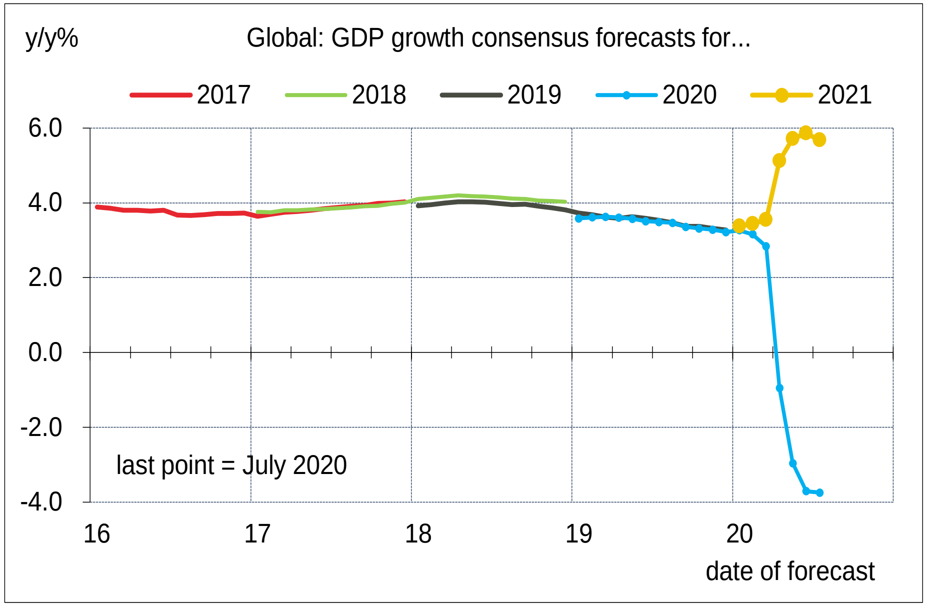

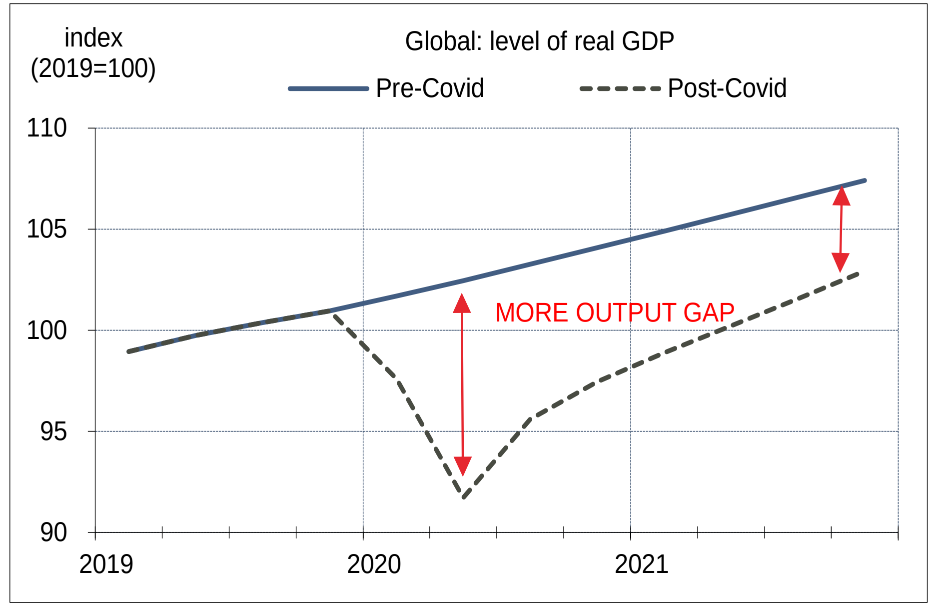

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① After four months of sharp downward revisions, world growth forecasts have stabilised at around -4% in 2020

- The negative surprise effect (pandemic/lockdown) is now fully incorporated in forecasts. The re-opening of economies has generally delivered positive surprises to date.

② The output gap has deepened durably, prolonging a low inflation regime

- Along with the downward revision for 2020, forecasts have been revised up symmetrically for 2021 (around +6%), but the net result remains negative. In this scenario – which assumes there is no major second wave – global activity at end-2021 would be approximately 5% below the level it would have reached without the pandemic.

23/07/2020

Source: Thomson Reuters, consensus, ODDO BHF

Emergency measures, stimulus & risks
(up update on the main countries)

Monetary policies make financing the stimulus plans easier

①

Federal reserve banks consolidated statement (bn$)					
Assets	1 Jan.2020	July 15	**Liabilities**	1 Jan.2020	July 15
Gold/FX Reserves *	18	18	Banknotes	1759	1933
Loans	0	93	Deposits	2032	4638
- o/w PD credit facility	0	2	- o/w held by banks	1549	2733
- o/w MMMF liq.facility	0	19	- o/w T'sy account	404	1740
- o/w PPP liq.facility	0	68			
Repo	256	0			
Central bank swap	4	155			
Securities	3740	6204			
- o/w Treasuries	2329	4253			
- o/w MBS	1409	1948			
Other assets	156	489	Other liabilities (incl.capital)	382	388
TOTAL	**4174**	**6959**	**TOTAL**	**4174**	**6959**
Δ =		67%			

* not all Gold/FX reserves recorded in FRB accounts, gold valued at historical cost

PD: primary dealer , MMMF: money market mutual fund, PPP: Paycheck Protection Program

②

Eurosystem consolidated statement (bn€)					
Assets	3 Jan.20	17 July	**Liabilities**	3 Jan.20	17 July
Gold	471	549	Banknotes	1289	1373
FX Reserves	347	356			
Lending to EZ banks	618	1590	Deposits	2446	3946
- o/w (T)LTRO	616	1589	- o/w held by banks	1867	2916
- o/w MRO	1	1	- o/w EZ residents	313	793
			- o/w non EZ residents	266	237
Securities	2847	3435			
- o/w gov.bonds (PSPP)	2103	2251			
- o/w corp.bonds (CSPP)	184	224			
- o/w covered.bonds	264	285			
- o/w PEPP (emergency)	0	404			
Other assets	382	392	Other liabilities (incl.capital & reevaluation account)	929	1004
TOTAL	**4664**	**6323**	**TOTAL**	**4664**	**6323**
Δ =		36%			

① The Fed is reducing its interventions (less stress in the markets) but is preparing to strengthen forward guidance

- The Fed's balance sheet has been shrinking since mid-June (-3%, but +67% ytd). This reflects a moderation of its asset purchases, a halt to emergency repo operations and waning demand for dollar swaps. Loan facilities are little used. The key message from FOMC members is that economic risks are tilted on the downside. To prevent renewed stress, the Fed is considering introducing rate targets, with a preference for the three-year maturity.

② The ECB is pursuing its asset purchases and continues to loosen bank refinancing conditions

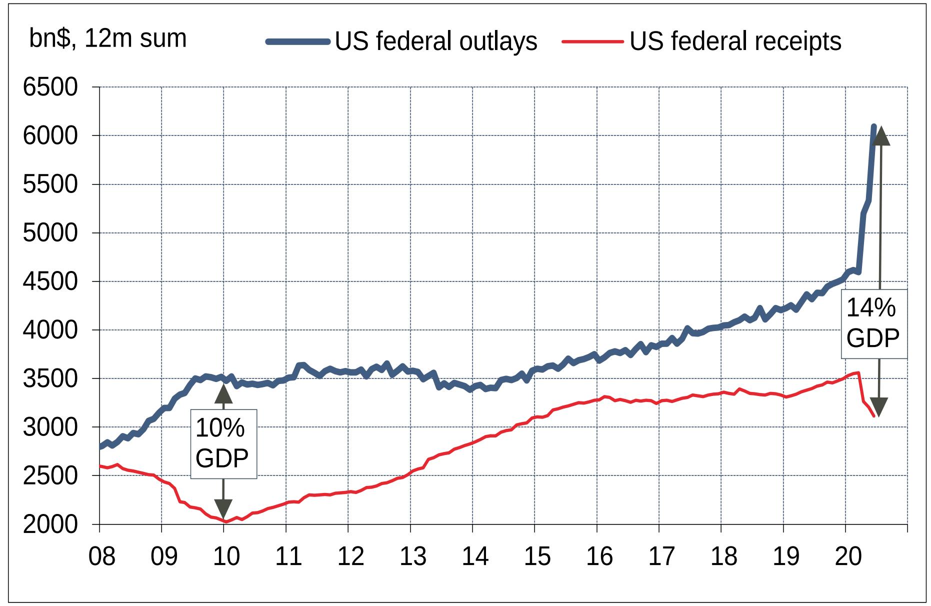
- QE purchases have fallen from a peak of €160bn in May to €120bn in July (partly due to a negative seasonal effect). The ECB is leaning towards using the PEPP in full (€1,350bn) and has not ruled out an extension. The TLTRO operation at -1% overcompensated for the NIRP tax (-0.5% on excess reserves, excluding tiering).

Source: Fed, ECB, ODDO BHF

US – Strong reaction in the short term, but risk of a fiscal cliff

US: fiscal metrics	bn$	% GDP*
Emergency transfers to households & SMEs	**1610**	**7.5**
_o/w Paycheck Protection Program	669	3.1
Guaranteed loans to firms	**600**	**2.8**
_o/w actually commited	0	0.0
2020 budget deficit (fcst)	**4280**	**20.0**
_vs 2019 budget deficit	1549	7.2
2020 gross public debt issuance (H1)	6023	28.1
_vs 2019 issuance (H1)	4662	21.8

* 2019 GDP = $24 428bn



- **Crisis and emergency measures** – The authorities have created the *Paycheck Protection Program.* This grants loans to businesses and subsequently transforms them into subsidies if companies retain their employees or re-hire laid off staff rapidly. Support for households comes from exceptional transfers: direct cheques and higher unemployment benefits. In Q2, household income increased and their savings rate jumped from 8% in February to 32% in April (23% in May). Barring an extension, emergency aid for the unemployed expires at the end of July. Democrats and Republicans want an additional aid plan, but differ widely on the amounts and measures (unemployment insurance vs payroll tax). An additional package worth at least $1-1.5 trillion appears likely. The deficit, currently at 14% of GDP, would head towards 20%.
- **Stimulus plan** – A few months ahead of elections, each party is making (vague) promises about infrastructure spending, as they did in 2016. To achieve this, however, the objectives of the White House, the House and Senate need to be aligned. This is not the case.

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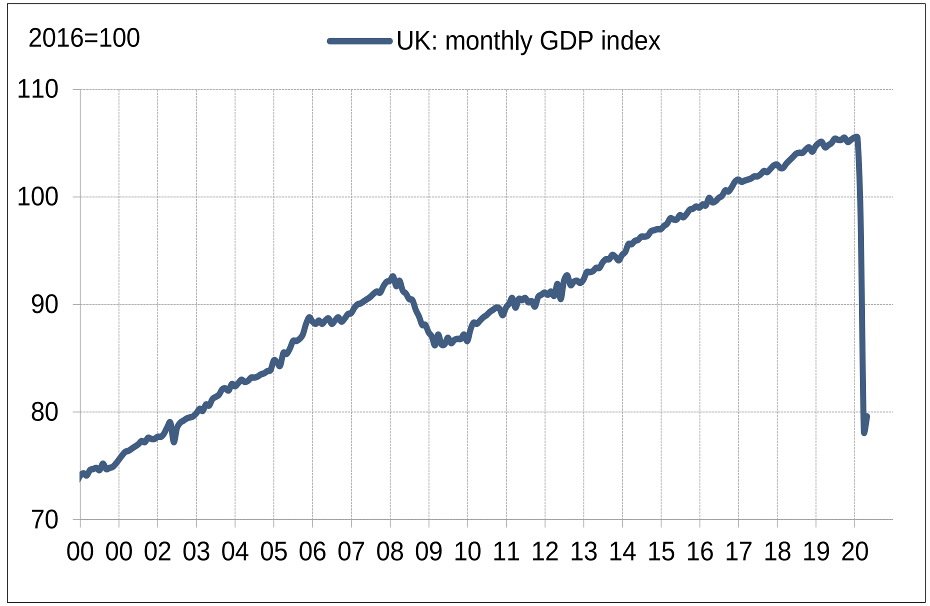
Source: Thomson Reuters, ODDO BHF

UK – Poor management of the crisis / Trade uncertainty

UK: fiscal metrics	bn£	% GDP*
Emergency transfers to households & SMEs	**92**	**4.2**
_o/w partial unemployment	54	2.4
Guaranteed loans to firms	**360**	**16.2**
_o/w actually commited	44	2.0
2020 budget deficit (fcst)	**322**	**14.5**
_vs 2019 budget deficit	46	2.1
2020 gross public debt issuance (H1)	384	17.3
_vs 2019 issuance (H1)	229	10.3

* 2019 GDP = £2 216bn



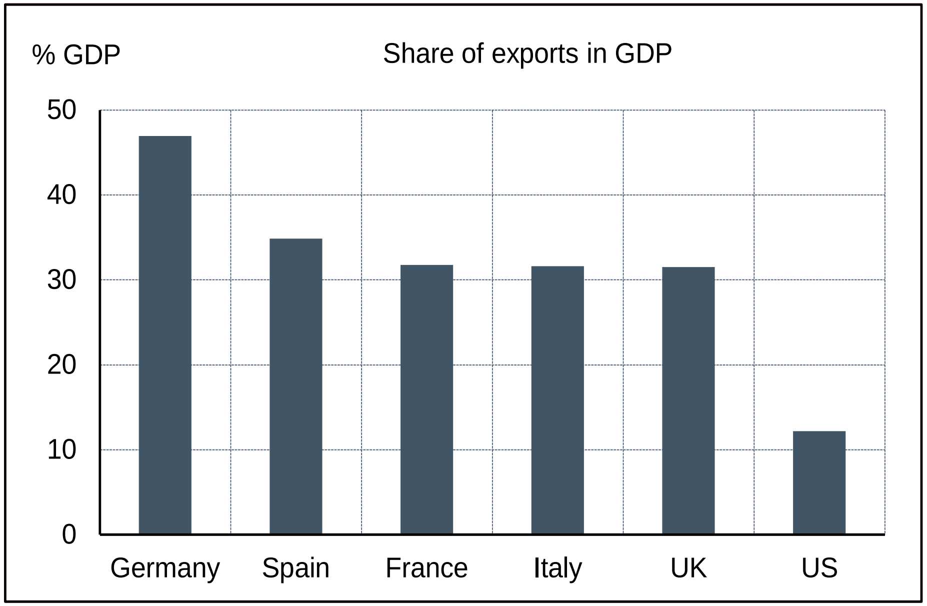
- **Criss and emergency measures** – The management of the pandemic by the authorities has been wavering to say the least, shifting from a herd immunity strategy to an extremely strict lockdown plan. These lockdown measures were lifted later than in Continental Europe. UK GDP staged a spectacular plunge in March-April and a very modest recovery in May. To protect employment, the government introduced a large partial furlough system covering around 9.5m people at its peak.
- **Stimulus plan** – The fiscal taps are wide open, but the authorities' priority is concentrated on short-term aid. Talks with the EU over a free trade agreement have resumed but there are no signs of any progress. The baseline scenario is that of a no-deal Brexit, which can only fuel continued trade uncertainty. The climate is thus far from conducive to launching medium-term investment plans.

Source: Thomson Reuters, ODDO BHF

Germany – Good domestic resilience / External vulnerabilities

Germany: fiscal metrics	bn€	% GDP*
Emergency transfers to households & SMEs	**65**	**1.9**
_o/w partial unemployment	10	0.3
Guaranteed loans to firms	**756**	**22.0**
_o/w actually commited	33	1.0
2020 budget deficit (fcst)	**243**	**7.1**
_vs 2019 budget deficit	-50	-1.4
2020 gross public debt issuance (H1)	373	10.8
_vs 2019 issuance (H1)	211	6.1

* 2019 GDP = €3 441bn



- **Crisis and emergency measures** – Germany is rightly praised for how it responded to the health crisis (early testing that allowed for a less stringent lockdown than in France, Italy, Spain or the UK). The recession is obviously severe, but far less so than elsewhere. What's more, the country enjoyed a lot of fiscal space. The *Kurzarbeit* system, which demonstrated its effectiveness after the 2008 financial crisis, was reactivated (≈8m people at its height). The German economy remains one of the most exposed to fluctuations in external demand.

- **Stimulus plan** – The last fiscal package to date assigns approximately €50bn to investment spending, helping to prolong the upward trend seen in recent years. The German government has also significantly shifted its position in the European fiscal debate by playing a key role in the adoption of the EU "recovery plan", which is the combination of national plans (see p.22).

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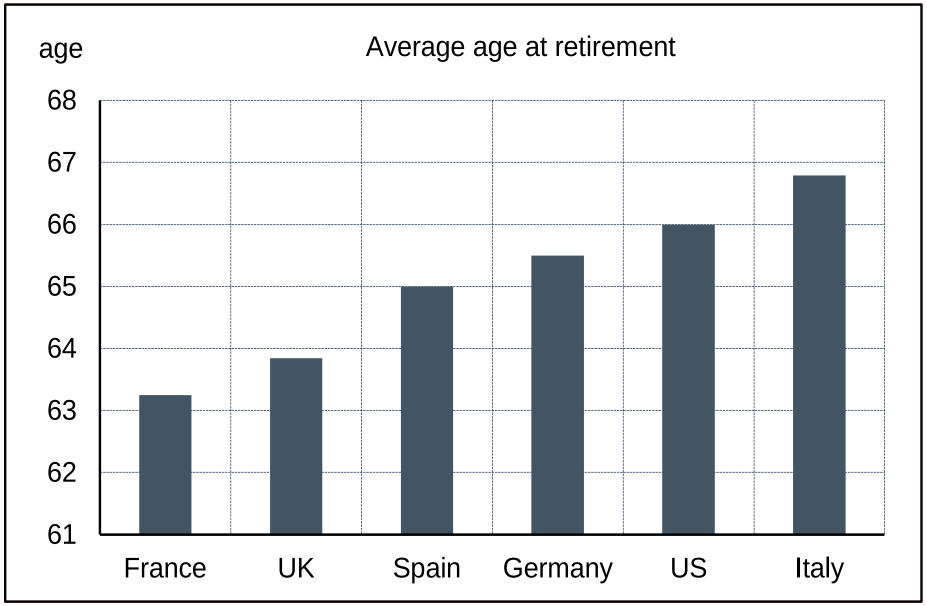
Source: Thomson Reuters, ODDO BHF

France – Reforms suspended / Promises of stimulus and tax cuts

France: fiscal metrics	bn€	% GDP*
Emergency transfers to households & SMEs	**40**	**1.6**
_o/w partial unemployment	31	1.3
Guaranteed loans to firms	**300**	**12.4**
_o/w actually commited	106	4.4
2020 budget deficit (fcst)	**247**	**10.2**
_vs 2019 budget deficit	73	3.0
2020 gross public debt issuance (H1)	587	24.2
_vs 2019 issuance (H1)	411	16.9

* 2019 GDP = €2 427bn



- **Crisis and emergency measures** – The French lockdown was particularly severe. The result was a colossal economic contraction in March and April. The gradual lifting of restrictions on travel and activity from mid-May, and then more broadly in June, drove a strong recovery. The government implemented one of the most generous reduced activity schemes in the world (more than 13m applicants for a usage of >8m at its height). The allocation terms have been tightened somewhat since June (higher cost for the employer) but this system will be continued, as it is seen as the best protection for disposable income.
- **Stimulus plan** – The crisis has suspended the structural reforms programme, already set back by strikes at the end of 2019 (pension reform). The priority is a stimulus quantified at €100bn (no precise details, besides demands for greening). Production taxes that are shouldered by companies will be cut (€10-20bn over two years). Like Germany, France lobbied actively for the adoption of the EU “recovery plan”.

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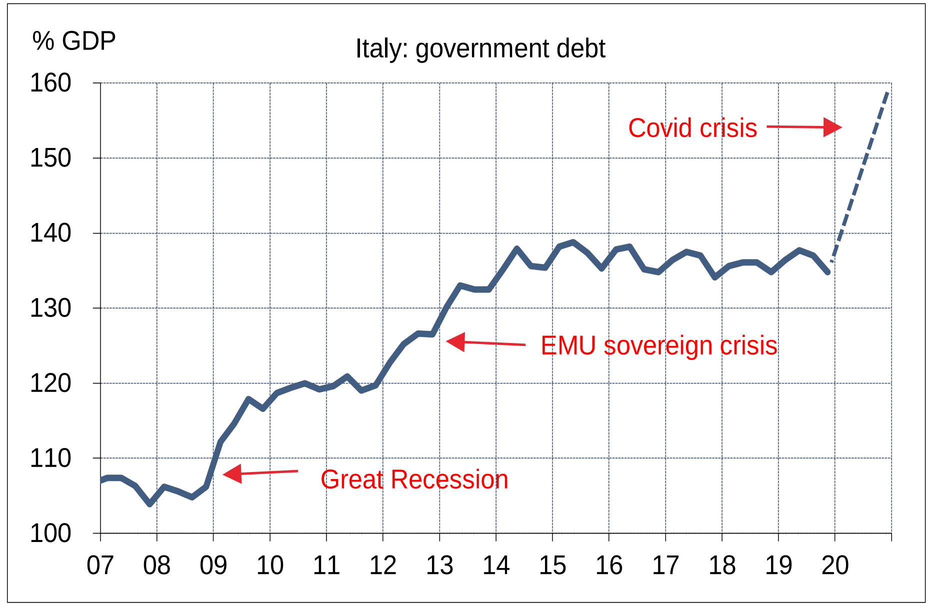
Source: Thomson Reuters, ODDO BHF

Italy – Supported by the ECB (cost of debt) and the EU (stimulus subsidies)

Italy: fiscal metrics	bn€	% GDP*
Emergency transfers to households & SMEs	**29**	**1.6**
_o/w partial unemployment	14	0.8
Guaranteed loans to firms	**300**	**16.8**
_o/w actually commited	40	2.2
2020 budget deficit (fcst)	**167**	**9.3**
_vs 2019 budget deficit	29	1.6
2020 gross public debt issuance (H1)	318	17.8
_vs 2019 issuance (H1)	238	13.3

* 2019 GDP = €1 787bn



- **Crisis and emergency measures** – Italy was among the countries most rapidly and severely affected by the pandemic. The health catastrophe, combined with a mediocre economic situation and weak public finances, could have led to a financial crisis. The threat was tangible in March, before the ECB launched its PEPP programme. The Italian spread stopped widening and then largely reversed course. As in other countries, the government launched a furlough system to slow job destructions.

- **Stimulus plan** – Although its cost of refinancing debt has stabilised, Italy has little fiscal leeway. The planned VAT hike has been cancelled (a classic move). The debt ratio may reach close to 160% of GDP in 2020. Italy looks set to be one of the principal beneficiaries of the EU's "recovery plan". Despite the fact that it will not be implemented before 2021, with a gradual ramp-up over 2022-2024, the amounts allocated to Italy could represent more than 1.5% of annual GDP.

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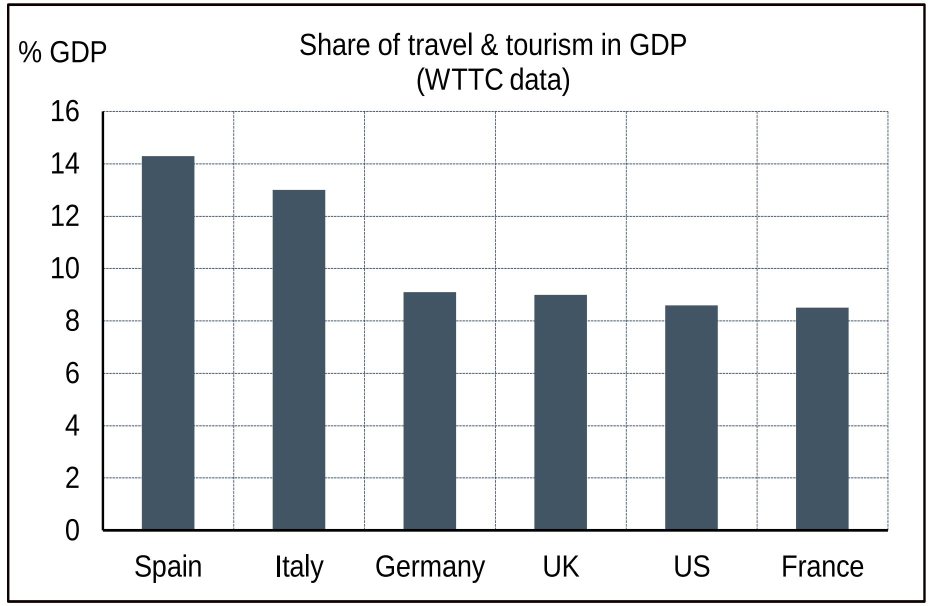
Source: Thomson Reuters, ODDO BHF

Spain – Heightened vulnerabilities pending EU support

Spain: fiscal metrics	bn€	% GDP*
Emergency transfers to households & SMEs	**24**	**1.9**
_o/w partial unemployment	18	1.4
Guaranteed loans to firms	**183**	**14.7**
_o/w actually commited	77	6.2
2020 budget deficit (fcst)	**115**	**9.2**
_vs 2019 budget deficit	35	2.8
2020 gross public debt issuance (H1)	197	15.8
_vs 2019 issuance (H1)	118	9.5

* 2019 GDP = €1 245bn

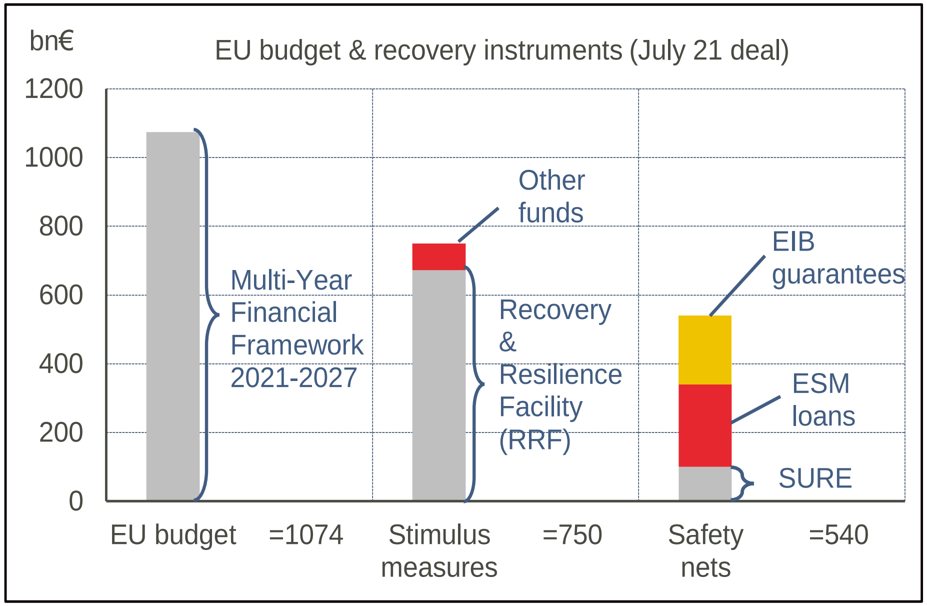


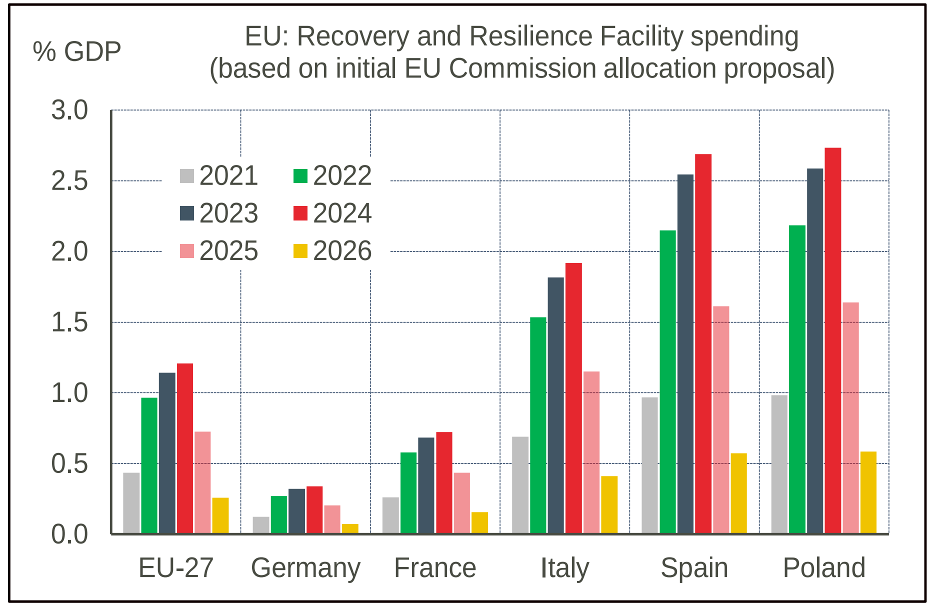
- **Crisis and emergency measures** – The Spanish population was also severely affected by the pandemic and the economy has been durably weakened by the lockdown. In line with the response by other European countries, a reduced activity system was introduced covering around 3m people. Prior to the pandemic, Spain had exited he radar of European risks, despite the government's instability and the recurrent problem of Catalonia. After the 2012 recession, the country reformed its jobs market (reduction in costs), but the current government is reversing these measures (hike in the minimum wage). The tourism sector represents a very large share of total activity. The plunge in cross-border travel could take a heavy toll over the summer season. Economic vulnerabilities are set to increase.
- **Stimulus plan** – Along with Italy and Poland, Spain should be one of the countries receiving the most subsidies under the EU's "recovery plan". The amounts at stake could represent around 2% of GDP annually when the system is fully operational from 2022..

Source: Thomson Reuters, ODDO BHF

Europe – The “recovery plan" on the launch pad / Lift-off planned in 2021

①





②

① A strong and swift agreement on the EU’s multi-annual budget and the associated “recovery plan” (€750bn)

- It took two months for the Franco-German fiscal initiative, taken up by the EC, to be approved by the EU Council. True, there are compromises, conditions and grey areas, but the package assigned to support the recovery is of significant size. More than half consists of subsidies.

② The breakdown by country has not yet been finalised, but it provides welcome support to southern (and eastern) Europe

- The plan is presented as a one-off (response to the pandemic), but now that this step has been taken it could serve as a model for other interventions if they prove necessary in the future. EU integration has made progress. Contrary to how it is often presented, this is not a zero sum game.

23/07/2020

Source: European Commission, ODDO BHF

Appendix – statistics and charts

Appendix 1
Real GDP growth in the major countries (% quarterly change)

	GDP 2019	Weights 2019		Real GDP change (Q/Q non annualised, %)																							
	bn $	current $	PPP $	2015				2016				2017				2018				2019				2020	2020		
		%	%	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q1	Q2	
World *	**86659**	100.0	100.0	**1.0**	**1.0**	**0.9**	**0.6**	**1.0**	**1.0**	**0.8**	**1.0**	**1.1**	**1.1**	**1.1**	**1.0**	**1.0**	**0.9**	**0.7**	**0.6**	**1.1**	**0.8**	**0.7**	**0.5**	**-3.4**	**-3.4**	**-4.0**	e
Developed countries	45523	52.5	34.4	0.8	0.5	0.3	0.2	0.5	0.3	0.5	0.6	0.7	0.6	0.7	0.8	0.4	0.6	0.3	0.3	0.6	0.4	0.4	0.0	-2.0	-2.0	-10.2	e
Asia excl.Japan	22390	25.8	35.4	1.7	1.7	1.5	1.3	1.8	1.8	1.6	1.3	1.4	1.7	1.7	1.4	1.6	1.4	1.3	1.3	1.7	1.1	1.0	1.1	-5.6	-5.6	3.8	e
US	21439	24.7	15.1	0.8	0.7	0.3	0.0	0.5	0.5	0.5	0.5	0.6	0.5	0.8	0.9	0.6	0.9	0.7	0.3	0.8	0.5	0.5	0.5	-1.3	-1.3	-	
EMU	12363	14.3	10.4	0.8	0.4	0.4	0.4	0.6	0.3	0.4	0.8	0.7	0.7	0.8	0.8	0.3	0.3	0.2	0.4	0.5	0.2	0.3	0.0	-3.6	-3.6	-	
- Germany	3863	4.5	3.1	-0.2	0.6	0.5	0.4	0.8	0.6	0.2	0.4	1.2	0.6	0.9	0.7	0.1	0.4	-0.1	0.2	0.5	-0.2	0.3	-0.1	-2.2	-2.2	-	
- France	2707	3.1	2.2	0.5	-0.1	0.3	0.1	0.7	-0.2	0.2	0.6	0.8	0.7	0.7	0.8	0.2	0.2	0.3	0.6	0.5	0.3	0.2	-0.1	-5.3	-5.3	-	
- Italy	1989	2.3	1.7	0.2	0.4	0.2	0.5	0.3	0.2	0.5	0.3	0.6	0.4	0.4	0.5	0.0	0.0	-0.1	0.2	0.2	0.1	0.0	-0.2	-5.3	-5.3	-	
Japan	5154	5.9	4.0	1.4	0.1	-0.1	-0.4	0.5	0.1	0.2	0.3	1.2	0.4	0.6	0.5	-0.5	0.4	-0.8	0.6	0.6	0.5	0.0	-1.9	-0.6	-0.6	-	
UK	2744	3.2	2.2	0.5	0.7	0.4	0.7	0.2	0.5	0.5	0.6	0.6	0.3	0.3	0.4	0.1	0.5	0.6	0.2	0.7	-0.1	0.5	0.0	-2.2	-2.2	-	
Switzerland	715	0.8	0.4	-0.3	0.0	0.6	0.4	0.4	0.5	0.6	0.4	0.1	0.6	0.7	1.0	1.0	0.8	-0.3	-0.1	0.4	0.4	0.4	0.3	-2.6	-2.6	-	
Canada	1731	2.0	1.3	-0.5	-0.3	0.4	0.1	0.5	-0.5	1.0	0.6	1.2	1.2	0.4	0.4	0.5	0.4	0.6	0.2	0.3	0.8	0.3	0.1	-2.1	-2.1	-	
Australia	1376	1.6	1.0	0.8	0.1	1.1	0.6	0.9	0.7	0.1	1.0	0.3	0.7	1.0	0.5	0.9	0.8	0.3	0.2	0.5	0.6	0.6	0.5	-0.3	-0.3	-	
China	14140	16.3	19.2	1.8	1.8	1.7	1.6	1.5	1.8	1.7	1.6	1.7	1.8	1.6	1.5	1.7	1.7	1.5	1.5	2.0	1.2	1.4	1.3	-10.0	-10.0	11.5	
Hong Kong	373	0.4	0.3	0.6	0.6	0.5	0.1	-0.3	1.5	1.1	1.1	0.6	0.9	0.8	1.1	1.5	-0.1	0.1	-0.3	0.8	-0.3	-3.0	-0.5	-5.3	-5.3	-	
India **	2936	3.4	7.8	2.1	2.8	1.6	1.0	3.6	2.3	2.0	0.6	1.2	2.1	2.4	1.8	1.7	1.4	1.2	1.1	1.8	1.2	0.3	0.5	1.0	1.0	-	
Korea	1630	1.9	1.6	0.9	0.4	1.5	0.7	0.3	1.1	0.4	0.8	0.8	0.7	1.5	-0.1	1.1	0.6	0.6	0.9	-0.3	1.0	0.4	1.3	-1.3	-1.3	-3.3	
Indonesia **	1112	1.3	2.6	1.1	1.1	1.3	1.4	1.1	1.3	1.2	1.2	1.3	1.2	1.2	1.3	1.3	1.4	1.1	1.2	1.3	1.4	1.0	1.1	-0.5	-0.5	-	
Taiwan	586	0.7	0.9	0.6	-1.4	-0.1	0.0	0.8	0.9	0.4	0.9	0.8	0.5	1.2	0.8	1.1	0.3	0.2	0.8	0.7	0.7	0.5	1.9	-1.5	-1.5	-	
Thailand	529	0.6	1.0	0.5	0.4	1.5	0.7	0.7	0.8	1.0	0.9	0.9	1.3	1.3	0.5	1.9	0.8	0.1	1.0	1.0	0.3	0.3	-0.2	-2.2	-2.2	-	
Malaysia **	365	0.4	0.8	1.4	1.0	0.9	1.2	1.0	1.1	1.2	1.4	1.7	1.4	1.5	1.1	1.2	0.9	1.1	1.5	1.1	1.1	0.6	0.8	-1.6	-1.6	-	
Philippines	357	0.4	0.7	1.6	1.7	1.4	2.3	1.7	1.7	1.4	1.9	1.5	2.1	1.7	1.1	1.6	1.7	1.4	1.4	1.3	1.2	2.3	1.8	-5.1	-5.1	-	
Singapore	363	0.4	0.4	-0.4	1.2	1.2	0.0	0.7	1.0	0.8	1.8	0.6	0.3	2.3	1.4	0.8	0.5	0.2	-0.3	0.6	-0.2	0.6	0.2	-0.8	-0.8	-12.4	
Brazil	1847	2.1	2.4	-1.2	-2.1	-1.4	-0.8	-0.9	-0.1	-0.7	-0.6	1.7	0.5	0.0	0.2	0.8	0.1	0.4	-0.1	0.2	0.5	0.5	0.4	-1.5	-1.5	-	
Chile	294	0.3	0.3	0.1	1.0	0.0	1.1	0.5	-0.4	0.5	0.4	-0.9	0.9	1.9	0.9	1.3	0.9	-0.1	1.0	0.1	0.8	0.8	-4.1	3.0	3.0	-	
Mexico	1274	1.5	1.8	0.6	1.2	1.2	-0.2	0.6	0.4	1.0	1.1	0.5	0.3	-0.4	1.3	1.3	-0.1	0.2	-0.2	0.2	-0.2	-0.2	-0.6	-1.2	-1.2	-	
Russia **	1638	1.9	3.1	-2.7	-0.4	0.1	-0.1	0.0	-0.4	0.1	0.8	0.9	0.4	0.3	-0.6	2.2	0.5	0.3	-0.2	0.0	1.0	0.7	0.3	-0.4	-0.4	-	
Poland	566	0.7	0.9	1.2	0.7	1.1	1.2	-0.2	1.3	0.2	2.3	1.0	1.0	1.1	1.7	1.4	1.3	1.3	0.8	1.4	0.7	1.2	0.2	-0.4	-0.4	-	
Turkey	744	0.9	1.7	1.9	1.4	1.6	0.6	0.5	1.1	-3.1	5.8	1.5	1.7	1.8	2.3	1.3	0.0	-1.3	-2.9	2.1	1.1	0.7	1.9	0.6	0.6	-	
South Africa	359	0.4	0.6	0.5	-0.7	0.1	0.3	-0.4	0.8	0.2	0.1	-0.1	0.8	0.7	0.8	-0.7	-0.1	0.5	0.4	-0.9	0.7	-0.1	-0.3	-0.6	-0.6	-	

* as usual, world weighting is based on real GDP at PPP exchange rate (IMF data)

** for those countries, seasonaly-adjusted figures by ODDO BHF

Source: Thomson Reuters, ODDO BHF

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Appendix 2
Contributions to real GDP growth: G7 countries

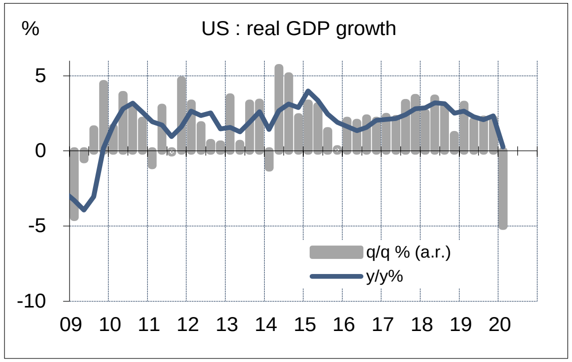
Real GDP change (Q/Q non annualised, %) and contributions to growth *

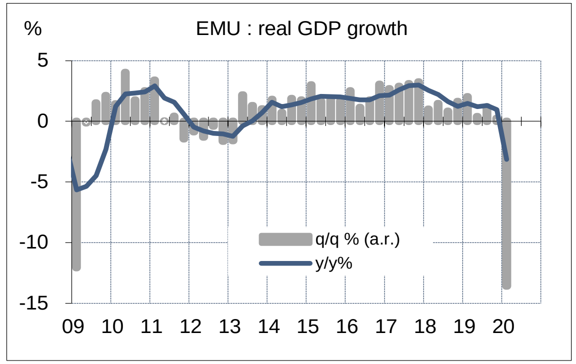
	Pre-crisis	Crisis	Post-crisis	2015				2016				2017				2018				2019				2020
	1999-2007	Q3 08-Q2 09	2010-2019	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
US																								
Real GDP qoq %	**0.7**	**-1.0**	**0.6**	**0.8**	**0.7**	**0.3**	**0.0**	**0.5**	**0.5**	**0.5**	**0.5**	**0.6**	**0.5**	**0.8**	**0.9**	**0.6**	**0.9**	**0.7**	**0.3**	**0.8**	**0.5**	**0.5**	**0.5**	**-1.3**
- Inventories	0.0	-0.3	0.0	0.5	-0.1	-0.2	-0.2	-0.2	-0.2	-0.1	0.3	-0.2	0.0	0.3	-0.2	0.0	-0.3	0.5	0.0	0.1	-0.2	0.0	-0.2	-0.4
- Net exports	-0.1	0.3	-0.1	-0.4	0.0	-0.3	-0.1	-0.1	0.1	0.0	-0.3	0.0	-0.1	0.1	-0.2	0.0	0.2	-0.5	-0.1	0.2	-0.2	0.0	0.4	0.3
- Final demand	0.8	-1.0	0.6	0.7	0.8	0.7	0.3	0.8	0.6	0.7	0.5	0.7	0.6	0.5	1.2	0.6	1.0	0.7	0.3	0.5	0.9	0.6	0.4	-1.2
Japan																								
Real GDP qoq %	**0.3**	**-1.6**	**0.3**	**1.4**	**0.1**	**-0.1**	**-0.4**	**0.5**	**0.1**	**0.2**	**0.3**	**1.2**	**0.4**	**0.6**	**0.5**	**-0.5**	**0.4**	**-0.8**	**0.6**	**0.6**	**0.5**	**0.0**	**-1.9**	**-0.6**
- Inventories	0.0	-0.5	0.0	0.3	0.5	-0.3	-0.1	-0.1	0.4	-0.5	-0.2	0.2	0.0	0.5	0.1	-0.4	-0.1	0.3	0.0	0.0	0.0	-0.3	0.0	-0.1
- Net exports	0.1	-0.4	0.0	0.0	-0.1	-0.1	0.0	0.3	0.1	0.3	0.3	0.1	-0.3	0.5	-0.1	0.1	0.0	-0.1	-0.5	0.5	-0.3	-0.2	0.5	-0.2
- Final demand	0.2	-0.7	0.2	1.1	-0.2	0.3	-0.3	0.2	-0.4	0.4	0.2	0.9	0.6	-0.5	0.5	-0.1	0.5	-0.9	1.1	0.1	0.8	0.5	-2.4	-0.3
Germany																								
Real GDP qoq %	**0.4**	**-1.7**	**0.5**	**-0.2**	**0.6**	**0.5**	**0.4**	**0.8**	**0.6**	**0.2**	**0.4**	**1.2**	**0.6**	**0.9**	**0.7**	**0.1**	**0.4**	**-0.1**	**0.2**	**0.5**	**-0.2**	**0.3**	**-0.1**	**-2.2**
- Inventories	0.0	-0.5	0.0	0.1	-0.5	0.1	0.1	0.1	-0.1	0.0	0.6	-0.1	0.2	-0.1	0.0	-0.2	0.2	0.8	-0.3	-0.8	0.2	-0.9	0.3	0.3
- Net exports	0.2	-0.9	0.0	-0.4	0.6	-0.4	-0.5	-0.4	0.7	-0.2	-0.6	0.7	-0.2	0.5	0.1	0.1	-0.2	-1.0	-0.2	0.2	-0.6	0.7	-0.4	-0.9
- Final demand	0.2	-0.3	0.4	0.1	0.5	0.8	0.8	1.1	0.0	0.4	0.4	0.6	0.6	0.5	0.6	0.2	0.4	0.1	0.7	1.1	0.2	0.5	0.0	-1.6
France																								
Real GDP qoq %	**0.6**	**-0.9**	**0.3**	**0.5**	**-0.1**	**0.3**	**0.1**	**0.7**	**-0.2**	**0.2**	**0.6**	**0.8**	**0.7**	**0.7**	**0.8**	**0.2**	**0.2**	**0.3**	**0.6**	**0.5**	**0.3**	**0.2**	**-0.1**	**-5.3**
- Inventories	0.0	-0.4	0.0	0.2	-0.4	0.4	0.4	-0.3	-0.9	0.5	-0.3	0.7	-0.7	0.3	0.1	0.0	0.2	-0.4	-0.2	0.2	-0.2	-0.1	-0.5	0.7
- Net exports	-0.1	0.0	0.0	-0.2	0.3	-0.5	-0.6	0.1	0.5	-0.5	0.0	-0.7	0.9	-0.3	0.4	-0.1	-0.2	0.3	0.2	-0.3	-0.2	-0.4	0.1	0.0
- Final demand	0.6	-0.4	0.3	0.5	0.0	0.5	0.3	1.0	0.1	0.2	0.8	0.8	0.5	0.7	0.3	0.2	0.1	0.4	0.6	0.6	0.6	0.7	0.3	-6.0
Italy																								
Real GDP qoq %	**0.4**	**-1.7**	**0.0**	**0.2**	**0.4**	**0.2**	**0.5**	**0.3**	**0.2**	**0.5**	**0.3**	**0.6**	**0.4**	**0.4**	**0.5**	**0.0**	**0.0**	**-0.1**	**0.2**	**0.2**	**0.1**	**0.0**	**-0.2**	**-5.3**
- Inventories	0.0	-0.4	0.0	0.7	-0.3	0.4	0.0	0.1	0.2	0.1	-0.1	-0.1	0.5	-0.3	0.3	-0.3	0.1	-0.3	0.3	-0.7	0.1	0.2	-0.8	1.0
- Net exports	0.0	-0.3	0.1	-0.7	0.0	-0.4	0.2	-0.4	-0.1	0.0	-0.1	0.4	-0.5	0.2	-0.2	0.1	-0.4	0.3	-0.2	0.7	0.0	-0.4	0.6	-0.8
- Final demand	0.4	-1.0	-0.1	0.2	0.7	0.2	0.3	0.7	0.1	0.5	0.4	0.3	0.4	0.5	0.4	0.2	0.3	-0.1	0.1	0.3	0.0	0.2	-0.1	-5.5
EMU																								
Real GDP qoq %	**0.6**	**-1.4**	**0.3**	**0.7**	**0.4**	**0.4**	**0.4**	**0.6**	**0.3**	**0.4**	**0.8**	**0.7**	**0.7**	**0.8**	**0.8**	**0.2**	**0.4**	**0.2**	**0.4**	**0.5**	**0.1**	**0.3**	**0.1**	**-3.6**
- Inventories	0.0	-0.4	0.0	0.2	-0.3	0.3	0.0	0.1	-0.3	0.1	0.2	0.1	0.0	-0.1	0.0	0.1	0.0	0.3	-0.3	-0.3	-0.1	-0.1	-0.3	0.3
- Net exports	0.0	-0.2	0.1	0.2	-1.2	0.8	-0.5	-0.2	0.1	0.0	-0.2	0.6	-1.1	1.6	0.3	-0.2	-0.1	-0.2	0.0	0.3	-1.4	1.2	-0.8	-0.4
- Final demand	0.5	-0.8	0.3	0.3	1.9	-0.6	0.9	0.7	0.5	0.4	0.7	0.0	1.9	-0.7	0.5	0.3	0.5	0.2	0.7	0.5	1.5	-0.7	1.2	-3.5
UK																								
Real GDP qoq %	**0.7**	**-1.4**	**0.5**	**0.5**	**0.7**	**0.4**	**0.7**	**0.2**	**0.5**	**0.5**	**0.6**	**0.6**	**0.3**	**0.3**	**0.4**	**0.1**	**0.5**	**0.6**	**0.2**	**0.7**	**-0.1**	**0.5**	**0.0**	**-2.2**
- Inventories	0.0	0.0	0.0	0.4	-1.3	0.1	1.0	-1.0	-0.7	1.1	-1.0	-0.1	-0.2	0.0	0.1	0.0	0.5	-0.3	0.9	2.7	-3.4	-0.9	-1.2	2.1
- Net exports	0.0	0.0	0.0	-0.8	0.9	-0.2	-0.3	-0.1	0.3	-1.6	1.4	0.3	0.0	0.1	-0.1	0.0	-0.2	0.4	-1.0	-2.4	2.8	1.1	1.4	-1.4
- Final demand	0.8	-1.4	0.4	1.0	1.1	0.5	0.0	1.2	1.0	1.0	0.2	0.3	0.4	0.2	0.4	0.0	0.3	0.4	0.3	0.4	0.5	0.2	-0.2	-2.9

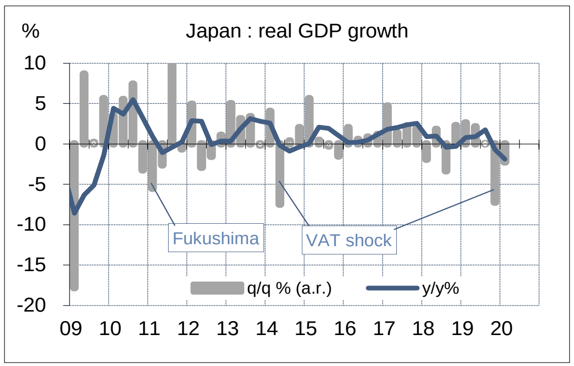
** do not sum up exactly due to roundings*

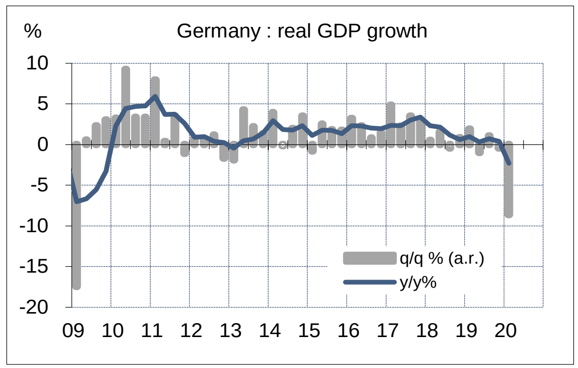
Source: Thomson Reuters, ODDO BHF

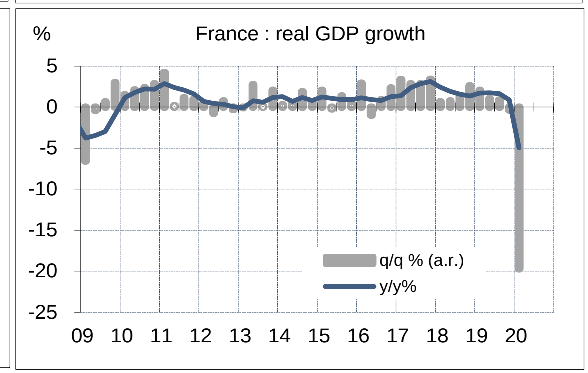
Appendix 3
Real GDP growth: G7 countries + China

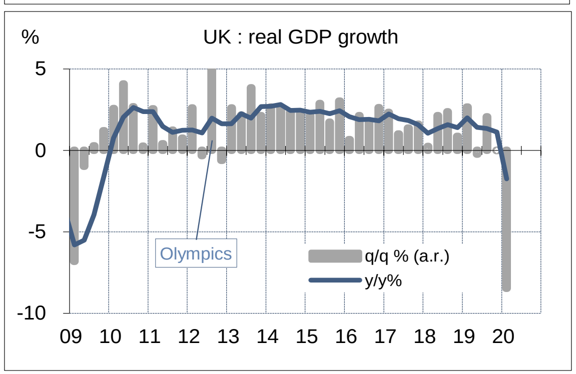


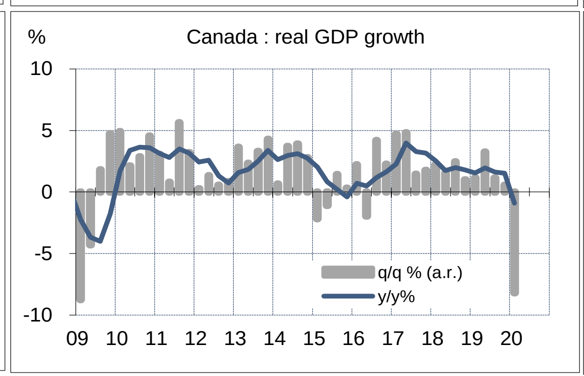


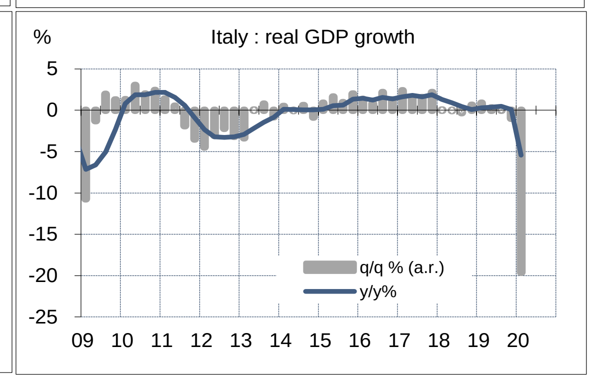








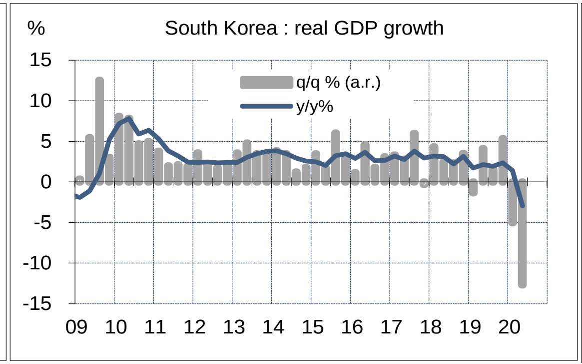


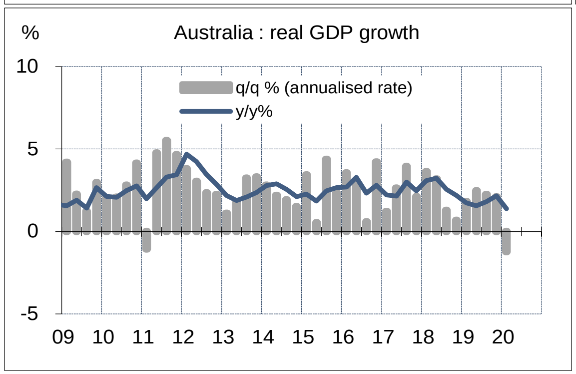


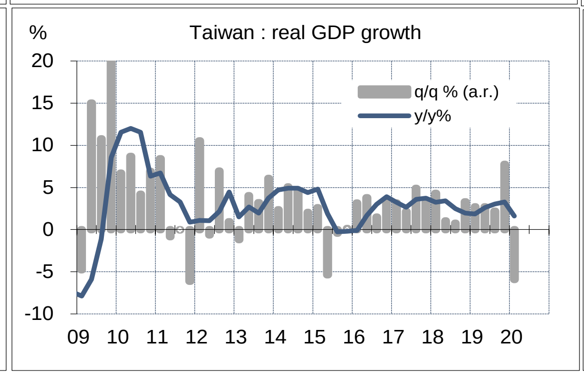
23/07/2020

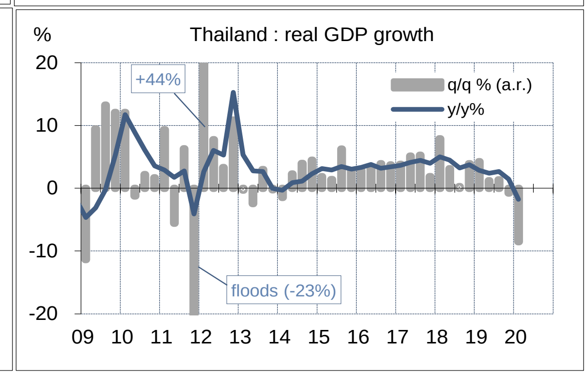
Source: Thomson Reuters, ODDO BHF

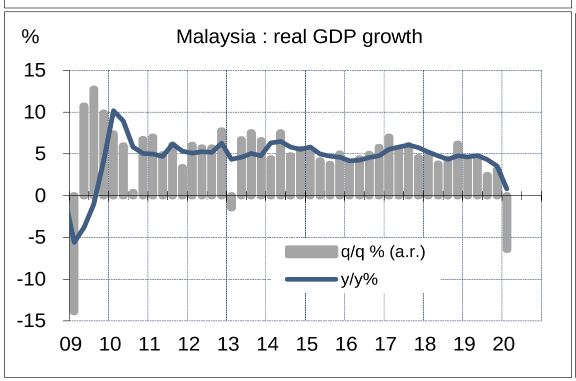
Appendix 4
Real GDP growth: countries of Asia excl. China-Japan (selection)

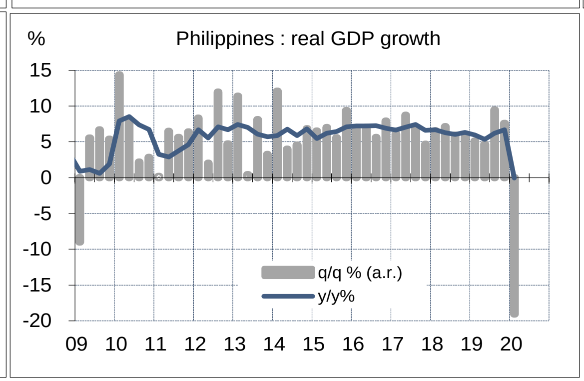


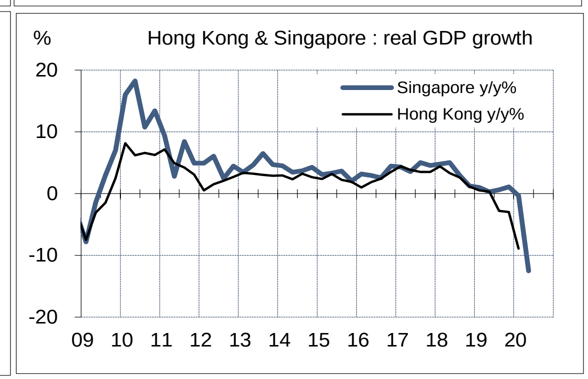








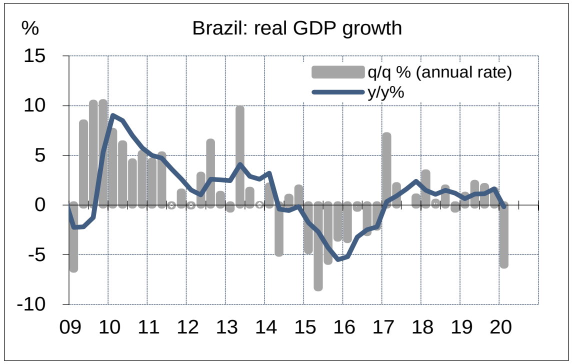


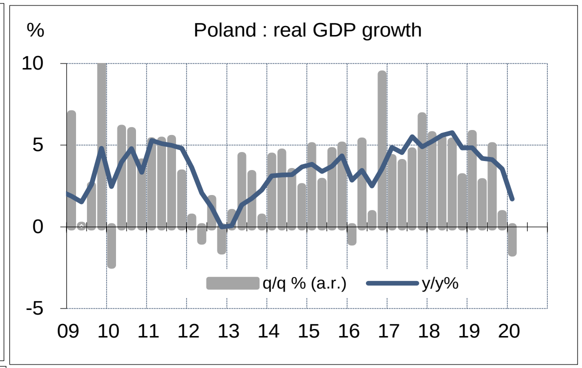


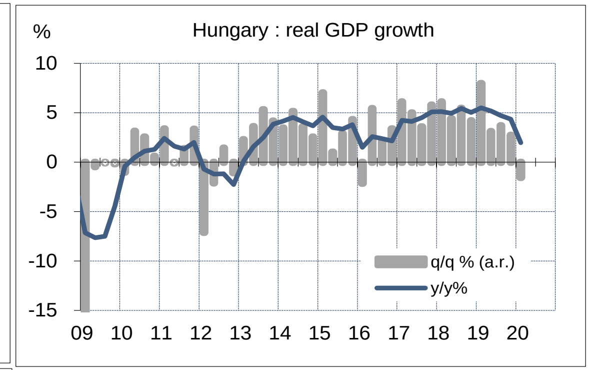
23/07/2020

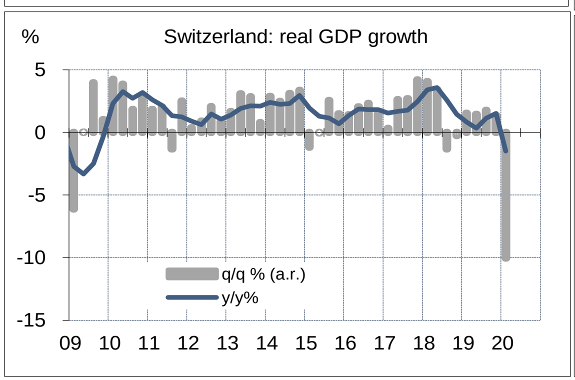
Source: Thomson Reuters, ODDO BHF

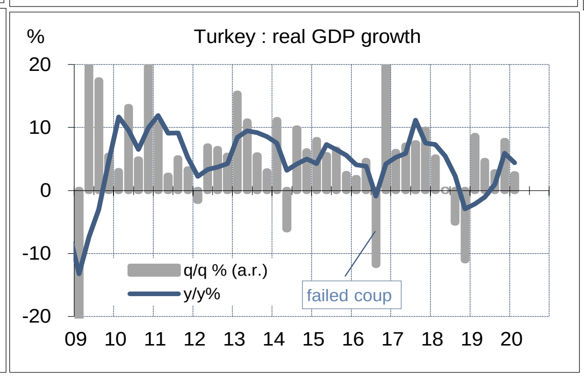
Appendix 5
Real GDP growth: other countries (selection)

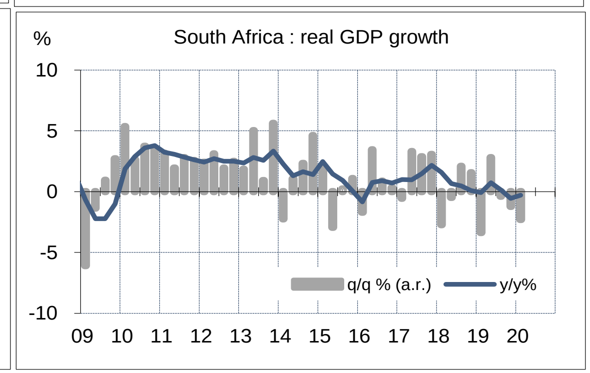








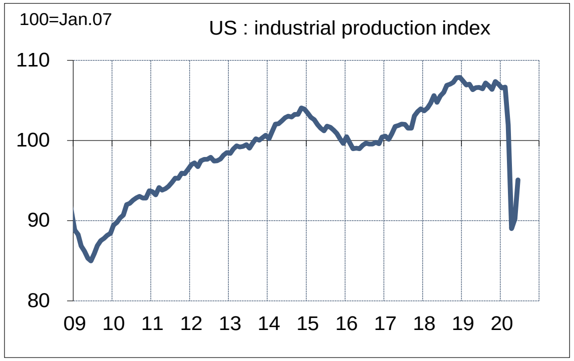


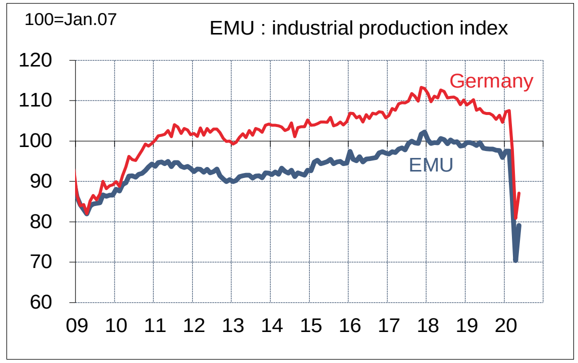


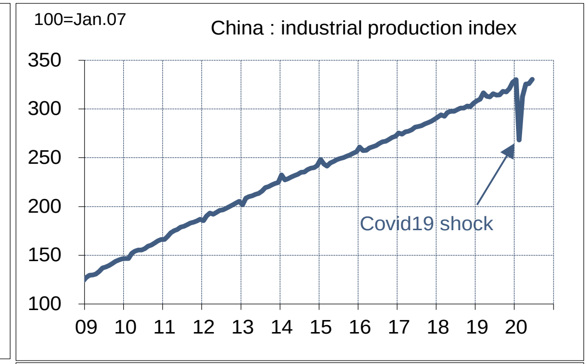
23/07/2020

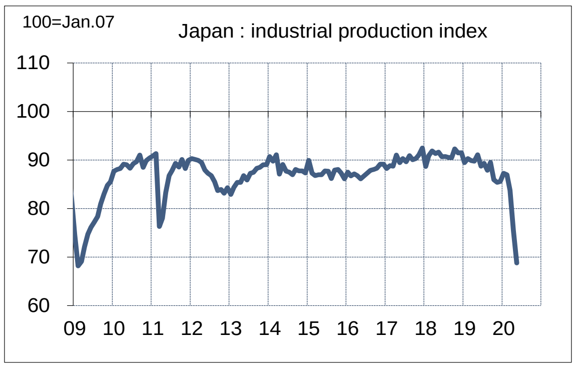
Source: Thomson Reuters, ODDO BHF

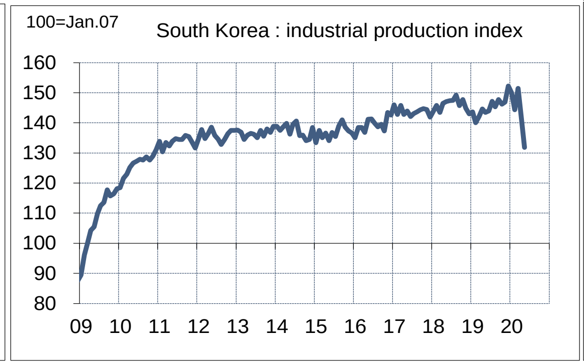
Appendix 6
Industrial production (index): selected countries

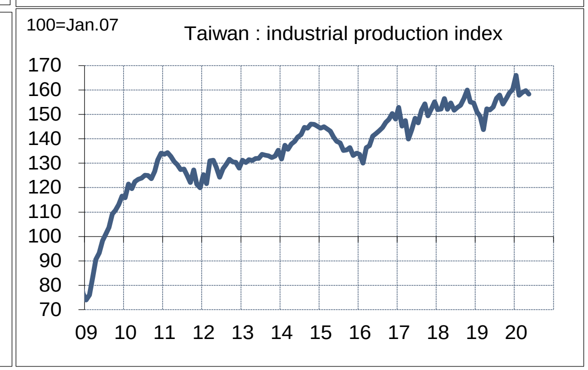


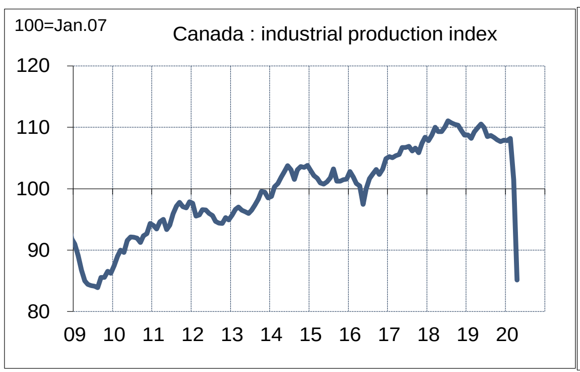


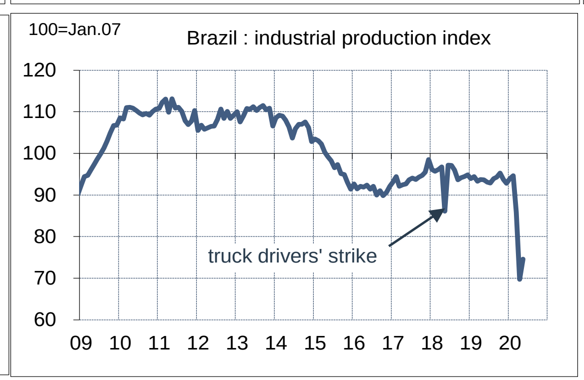


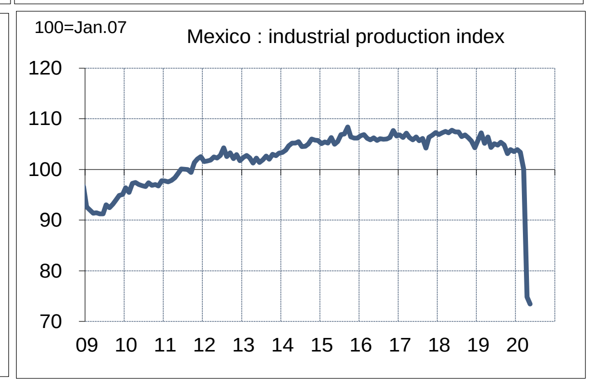






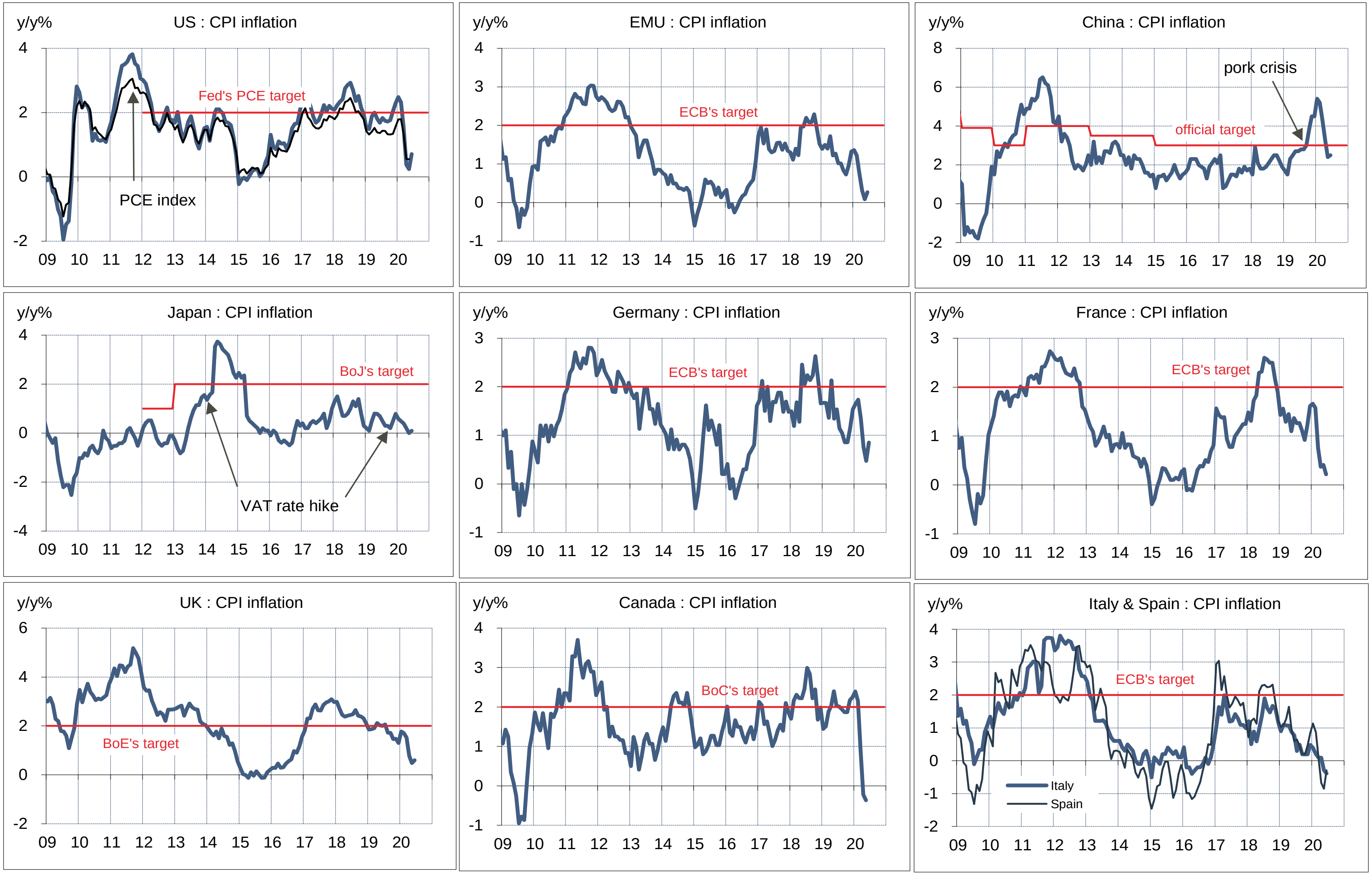






Source: Thomson Reuters, ODDO BHF

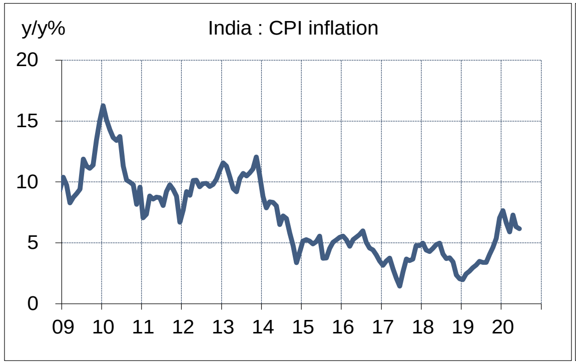
Appendix 7
Consumer price inflation: G7 countries + China

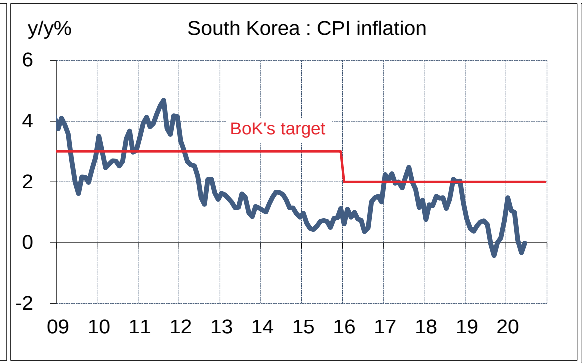


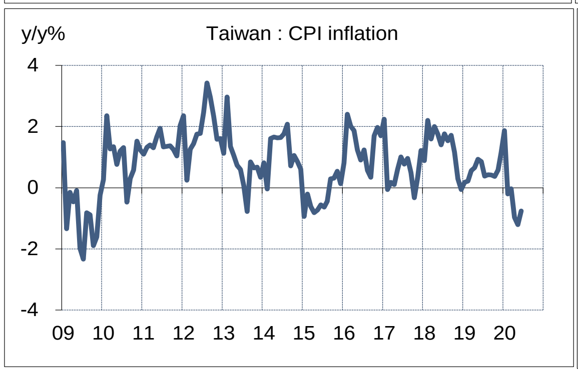
Source: Thomson Reuters, ODDO BHF

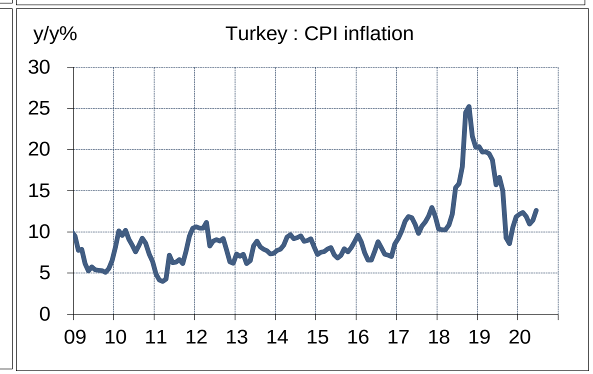
23/07/2020

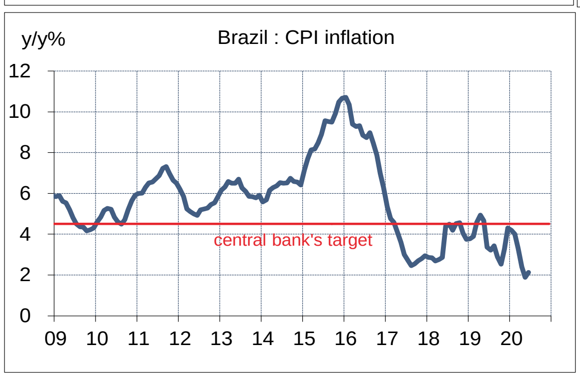
Appendix 8
Consumer price inflation: emerging countries (selection)







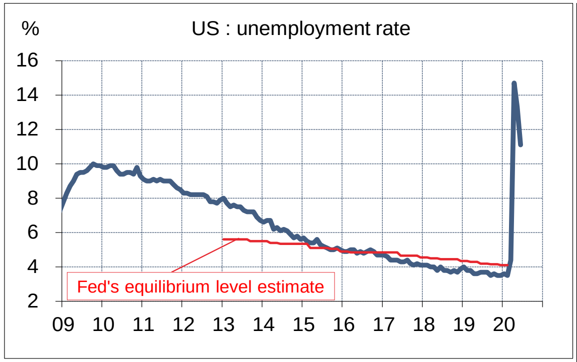


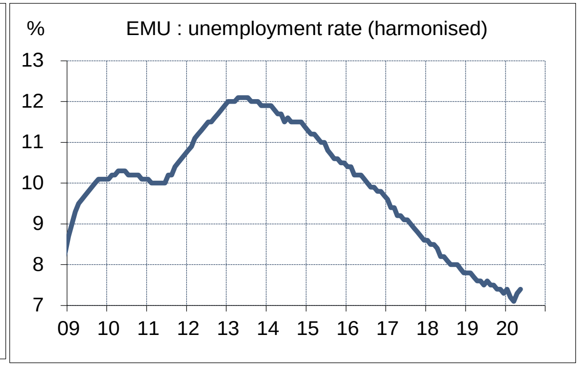


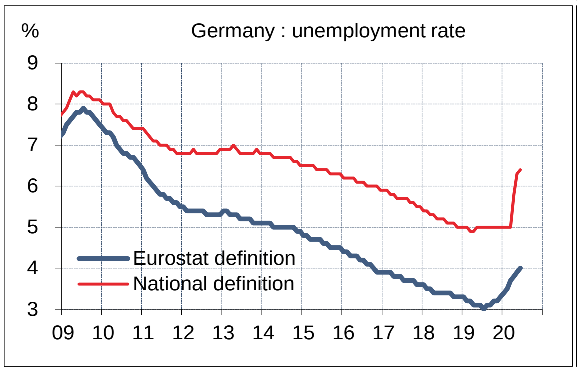
23/07/2020

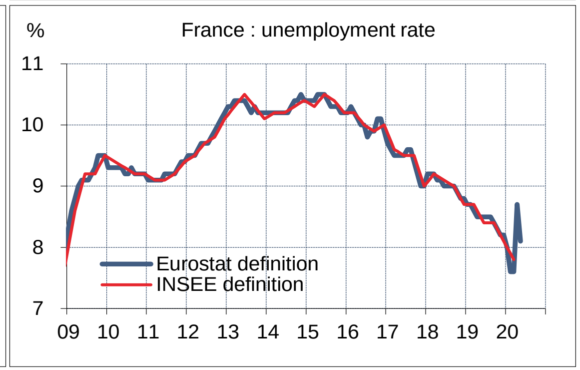
Source: Thomson Reuters, ODDO BHF

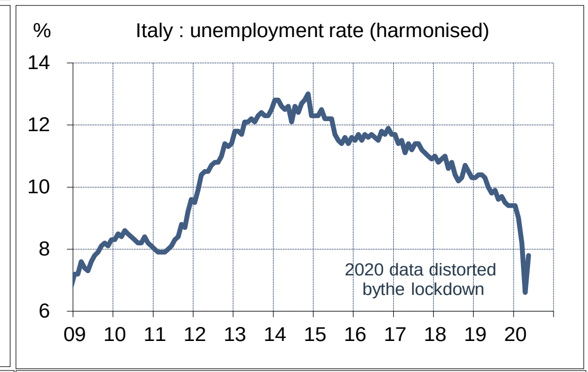
Appendix 9
Unemployment rates: G7 countries

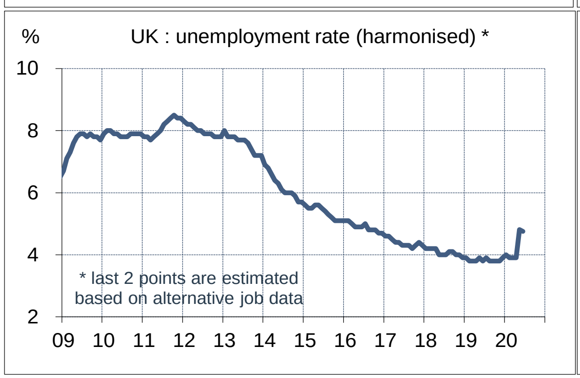


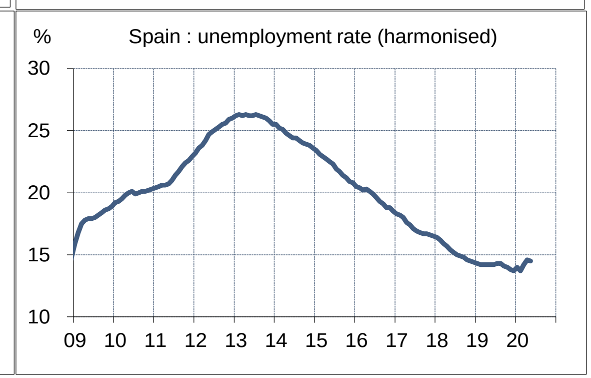








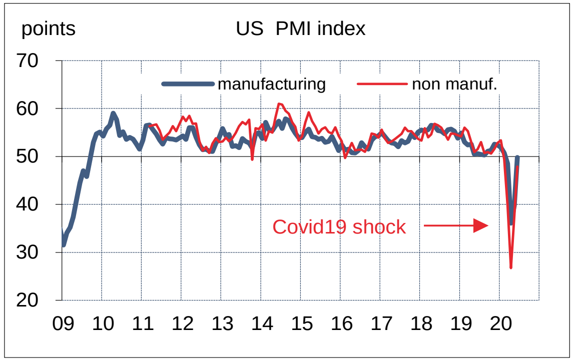


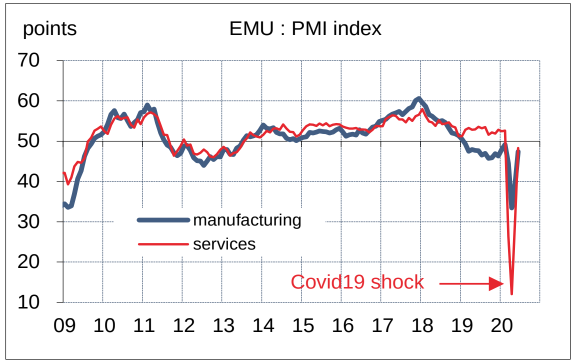


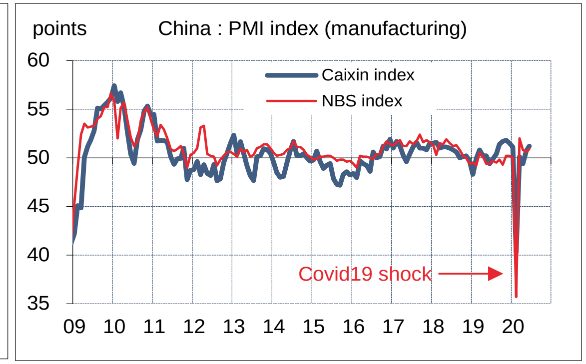
23/07/2020

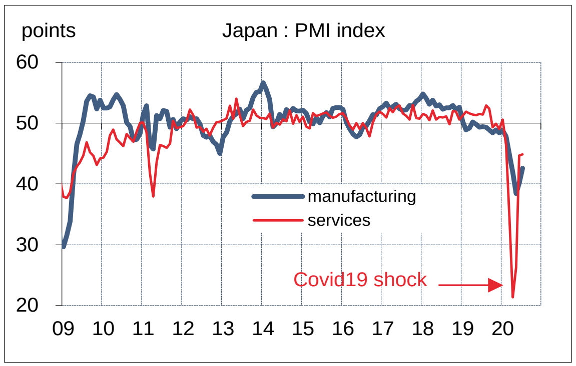
Source: Thomson Reuters, ODDO BHF

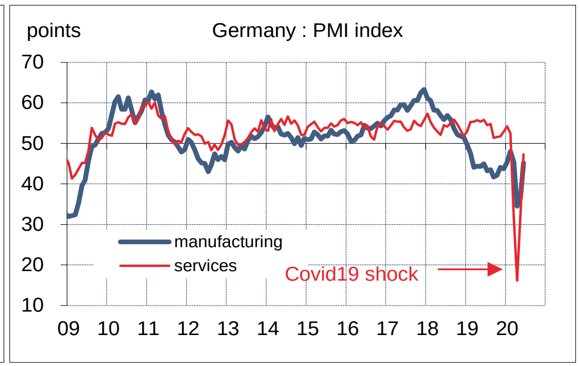
Appendix 10
Purchasing managers' confidence (PMI indices): G7 + BRIC countries

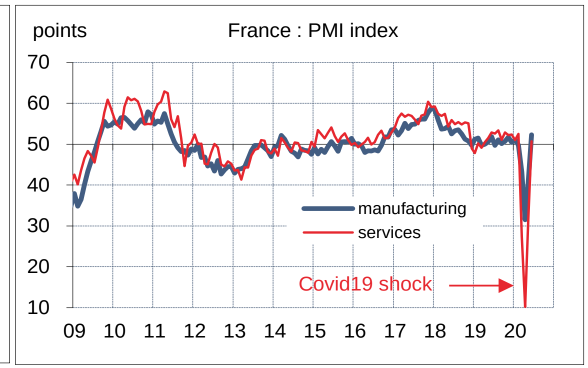


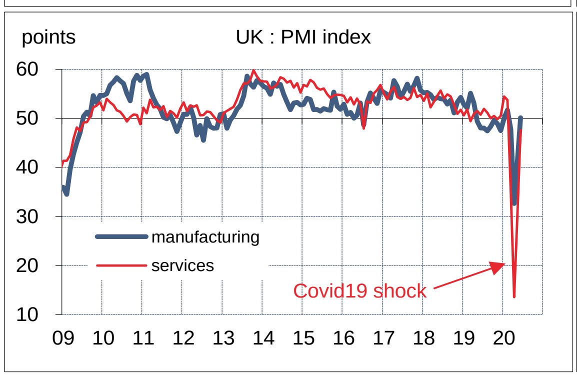


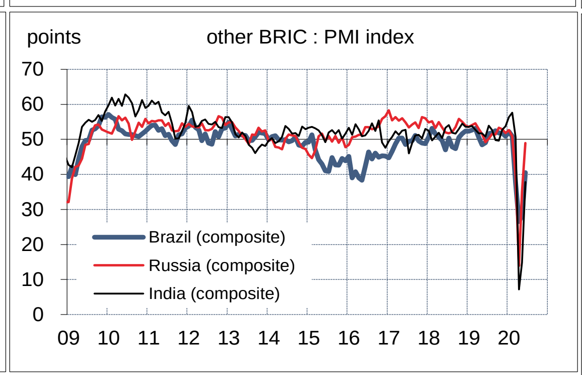


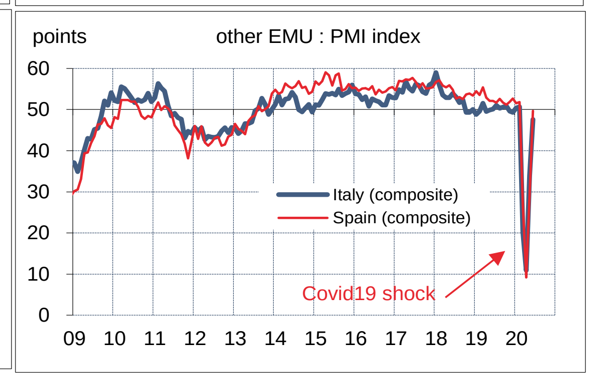












Source: Thomson Reuters, ODDO BHF

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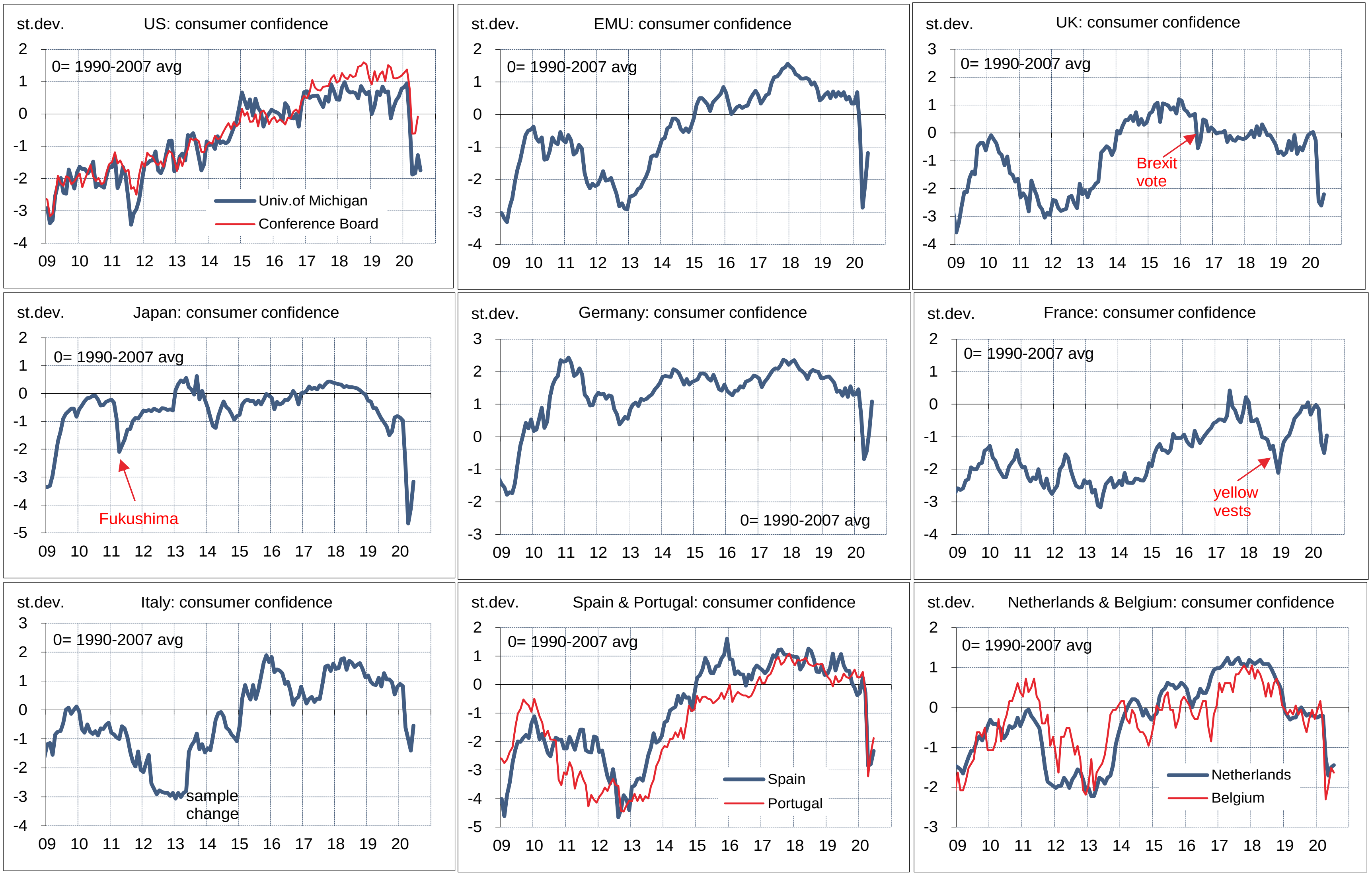
Appendix 11
Consumer confidence: developed countries (selection)



Source: Thomson Reuters, ODDO BHF

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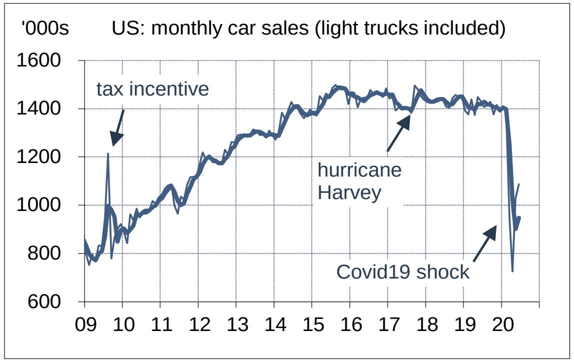
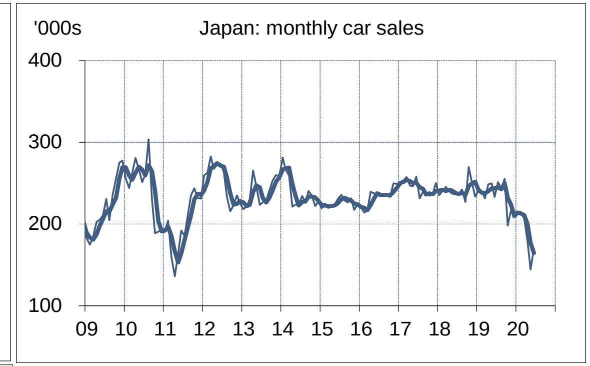
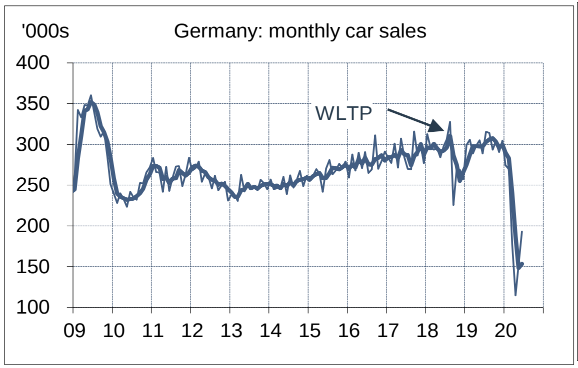
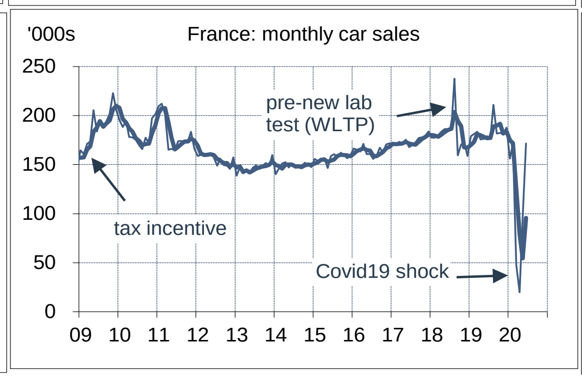
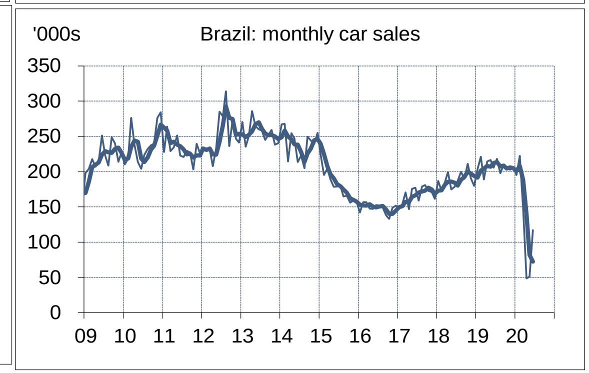
Appendix 12
Car sales: G7 countries + China + Brazil

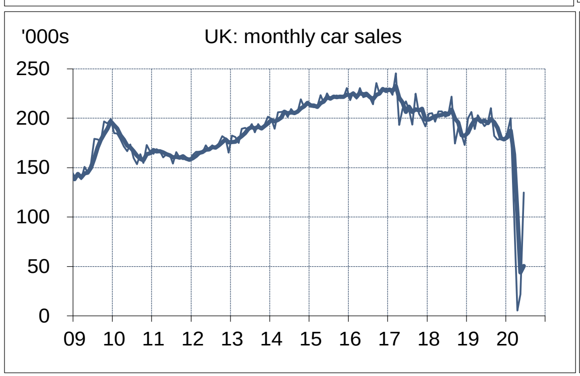


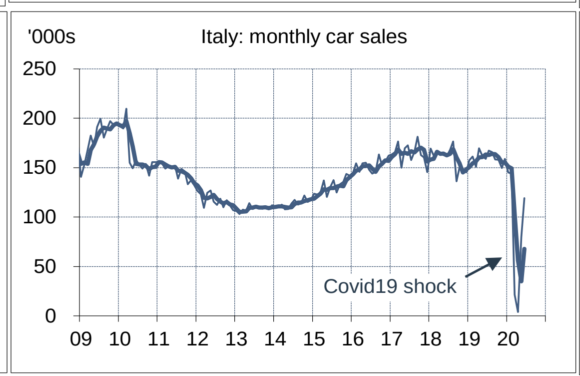


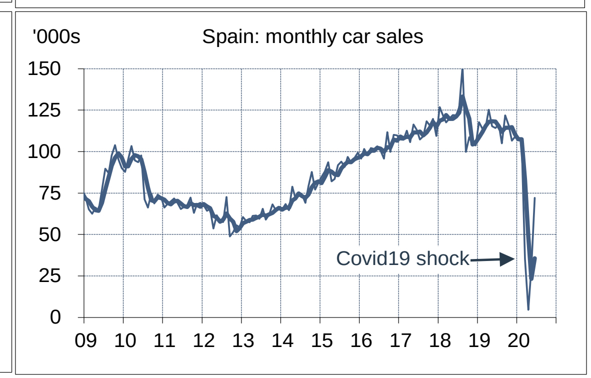






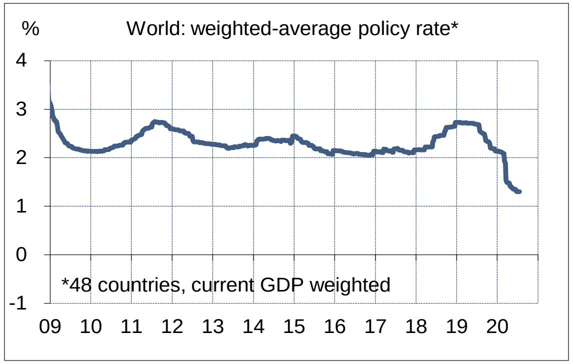


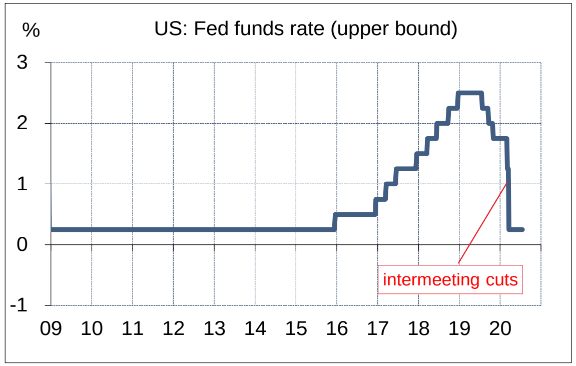


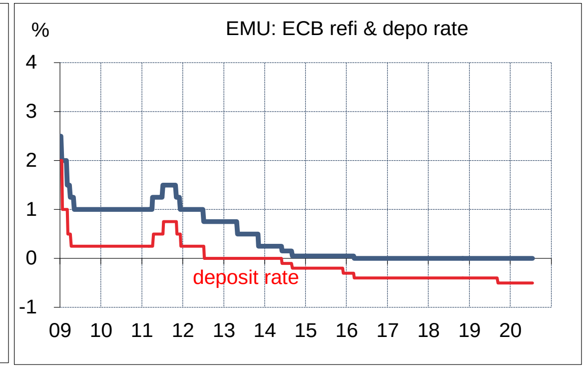


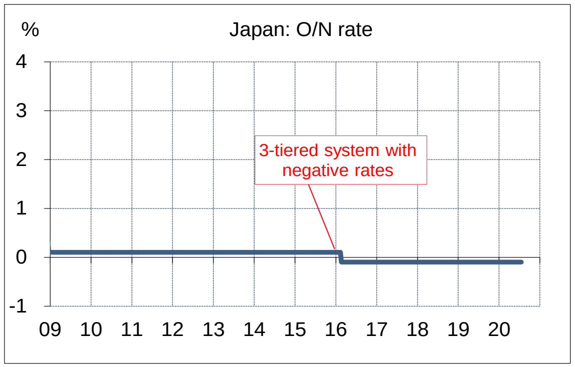
Source: Thomson Reuters, ODDO BHF

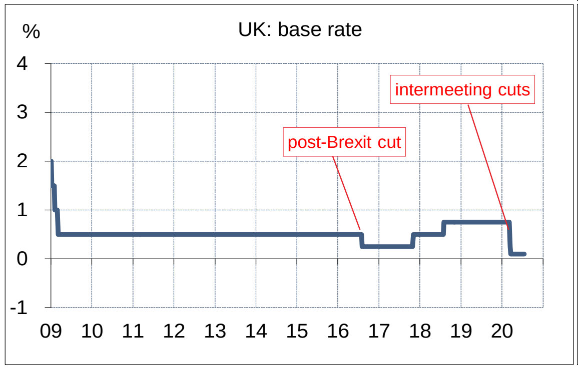
Appendix 13
Central bank policy rates: developed countries (selection)

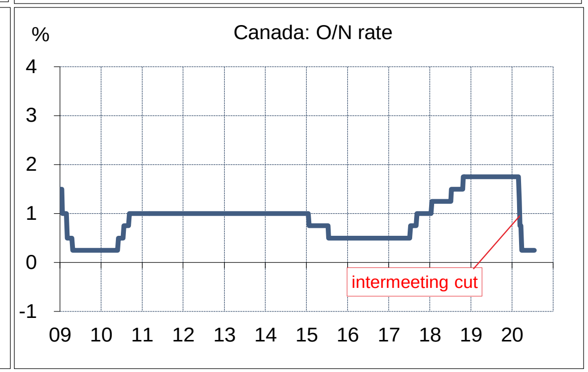


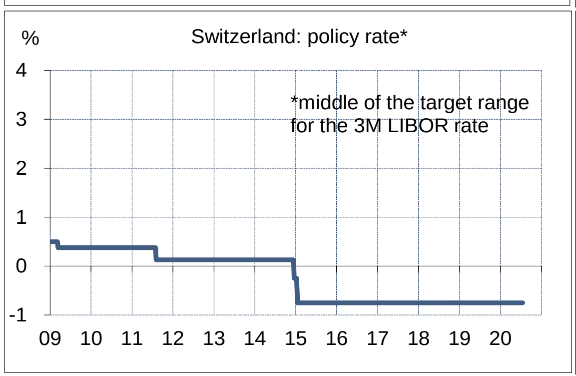


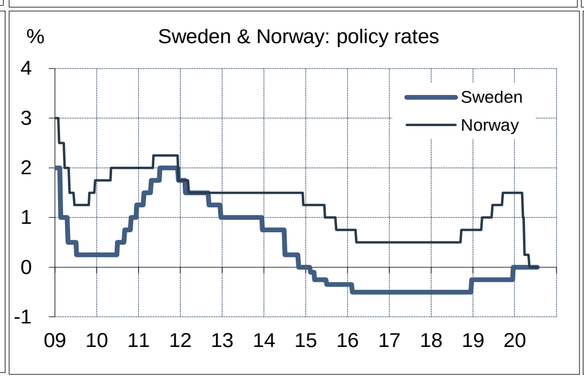


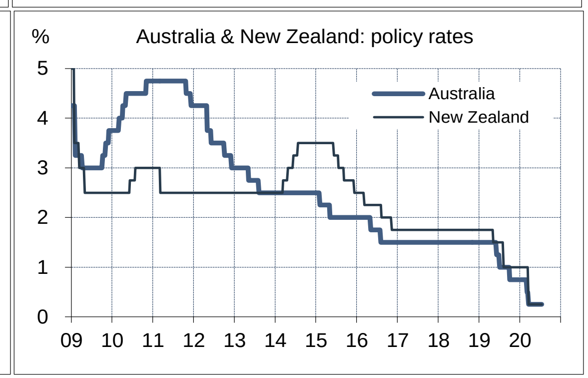












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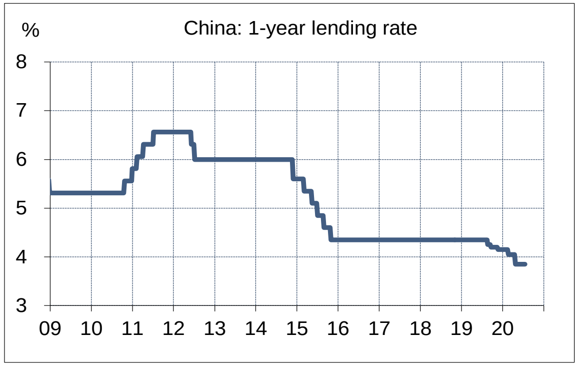
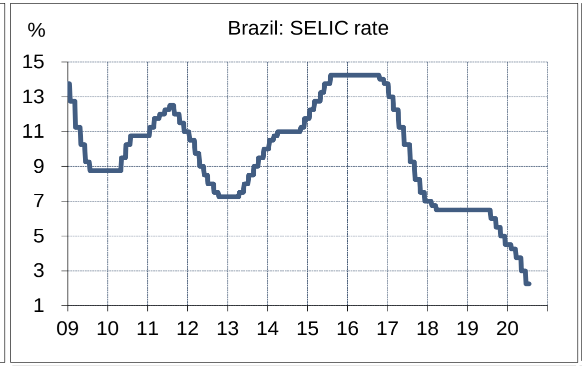
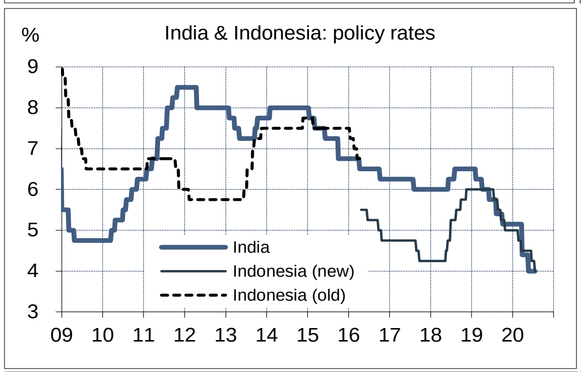
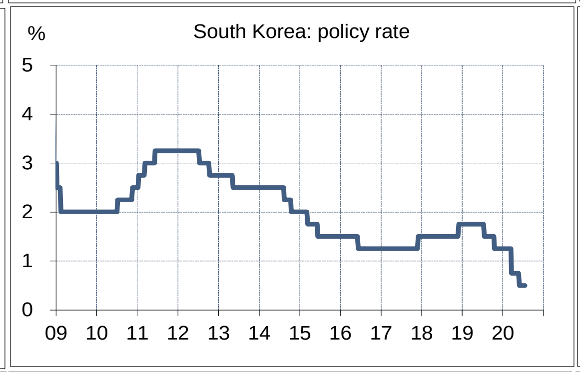
Source: Thomson Reuters, ODDO BHF

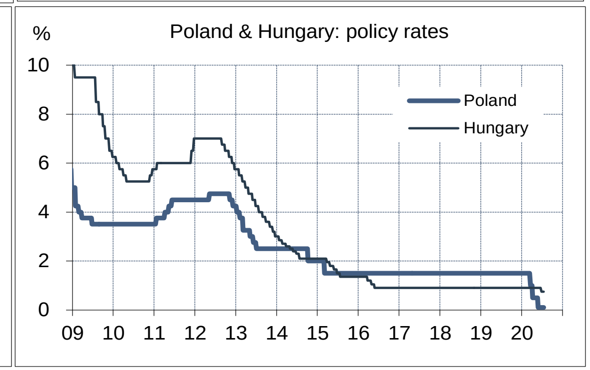
Appendix 14
Central bank policy rates: emerging countries (selection)

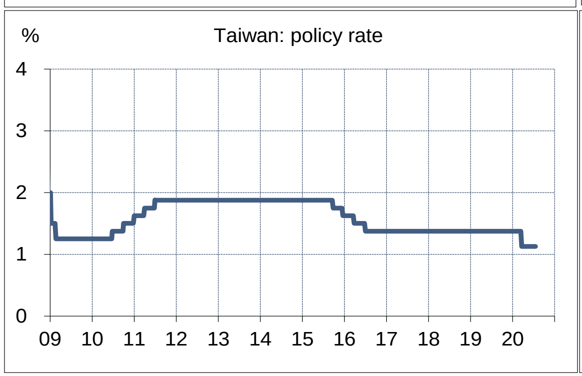


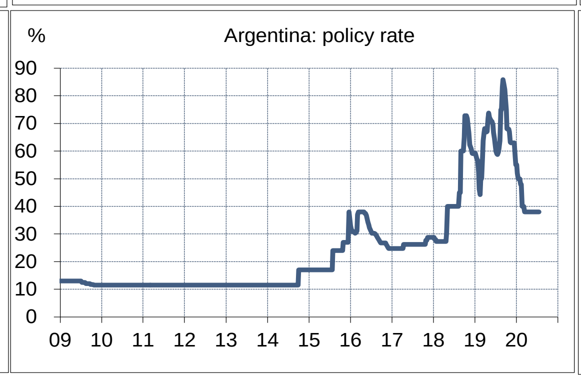








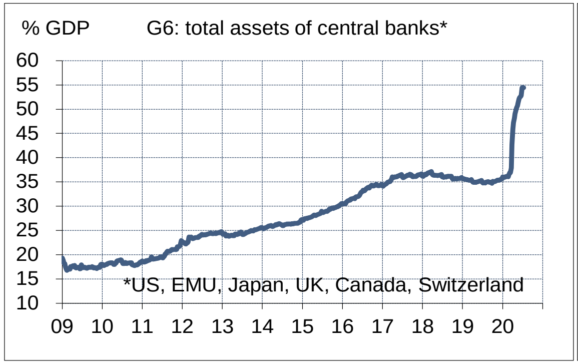


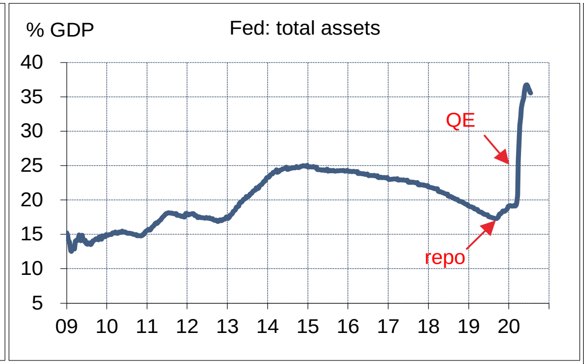


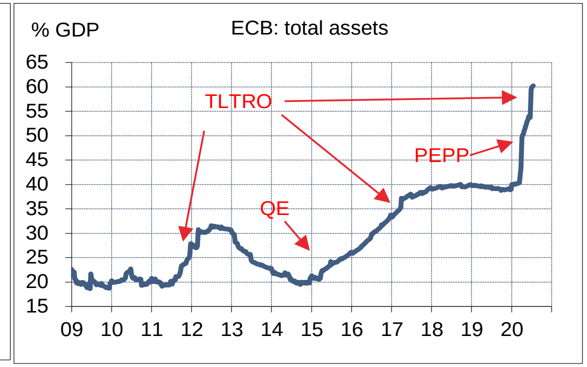
23/07/2020

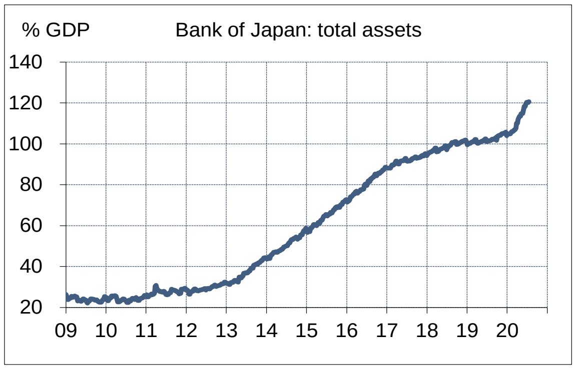
Source: Thomson Reuters, ODDO BHF

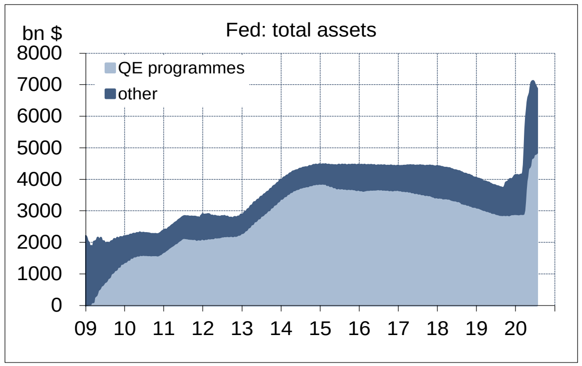
Appendix 15
Central bank balance sheets: developed countries (selection)

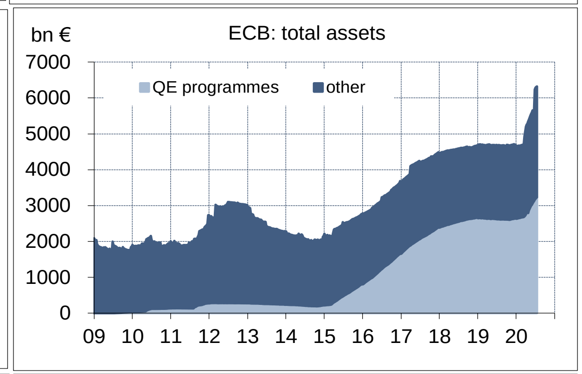


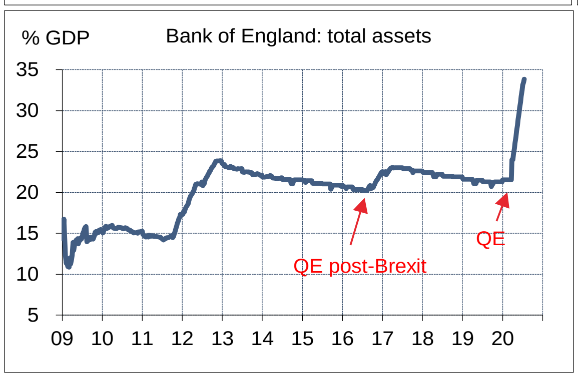


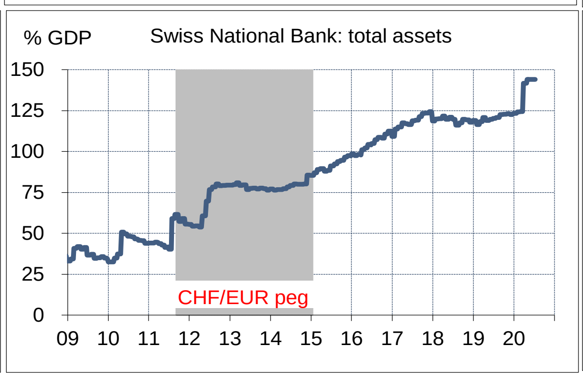


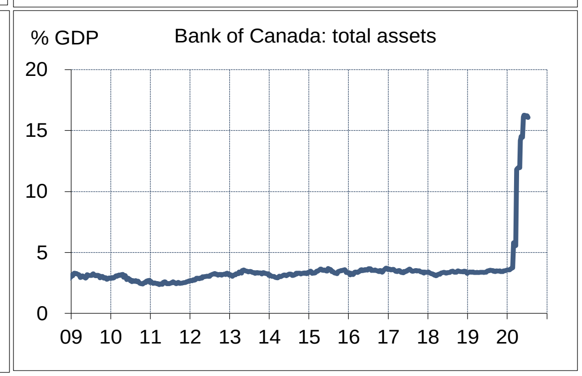






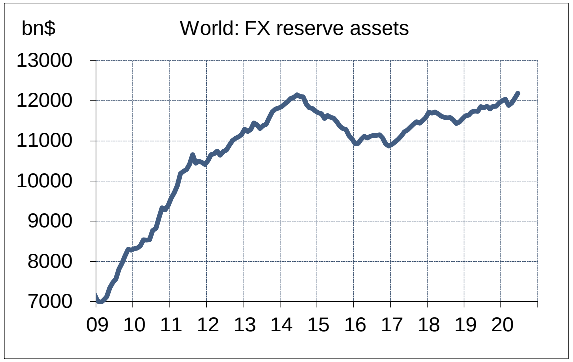


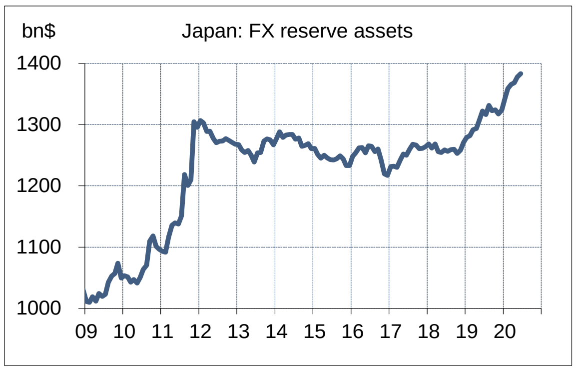


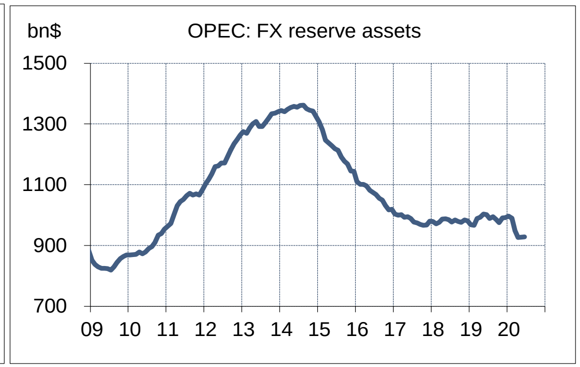


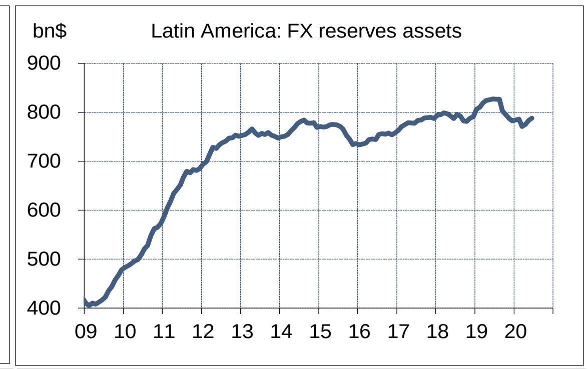
Source: Thomson Reuters, ODDO BHF

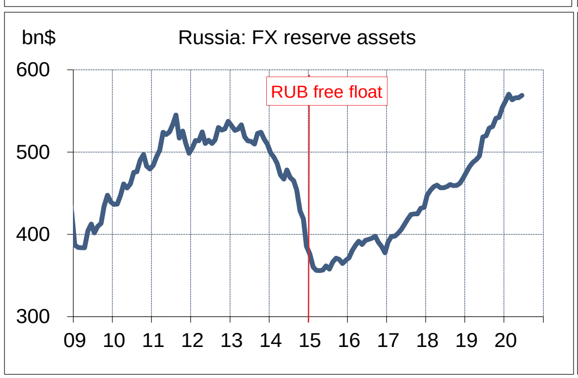
Appendix 16
Currency reserves (in US$): world and principal holders

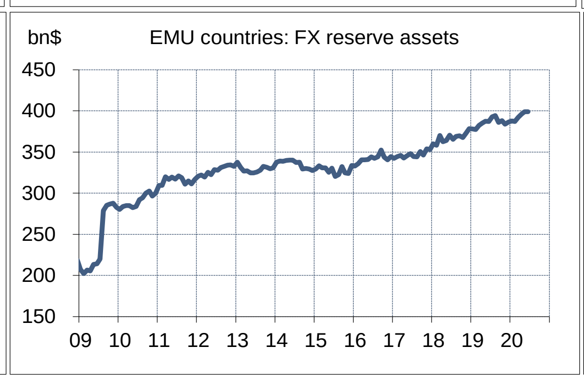


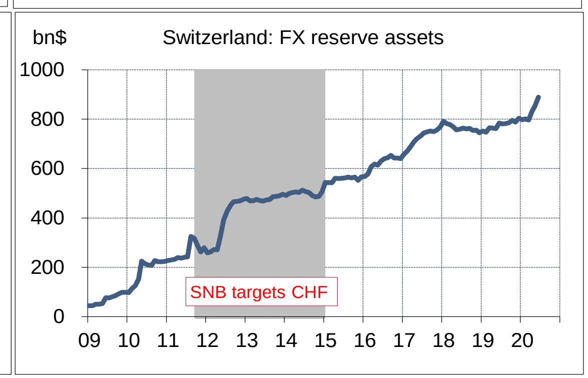








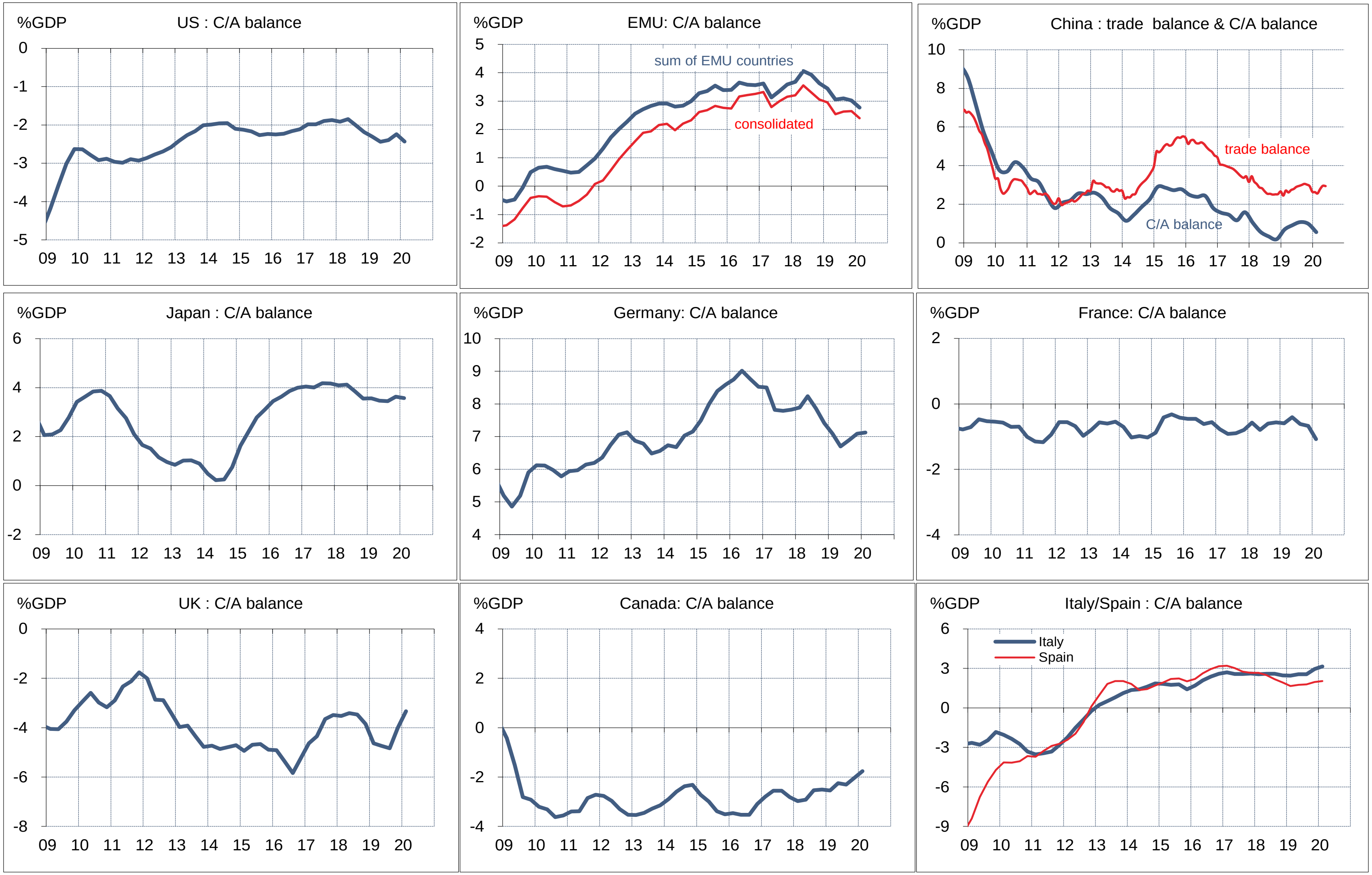




23/07/2020

Source: Thomson Reuters, ODDO BHF

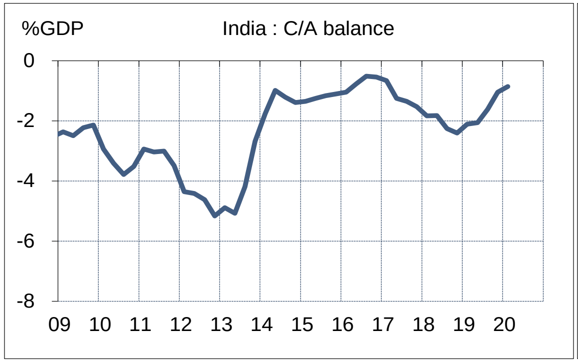
Appendix 17
Current account balances (% of GDP): G7 countries + China

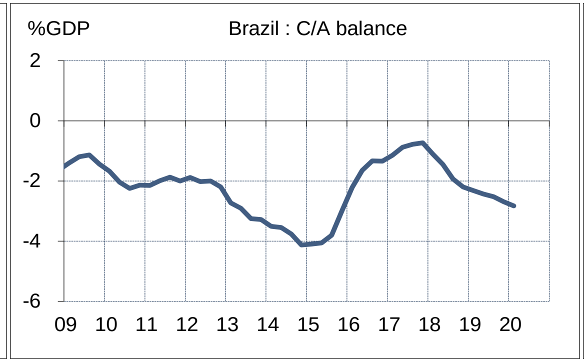


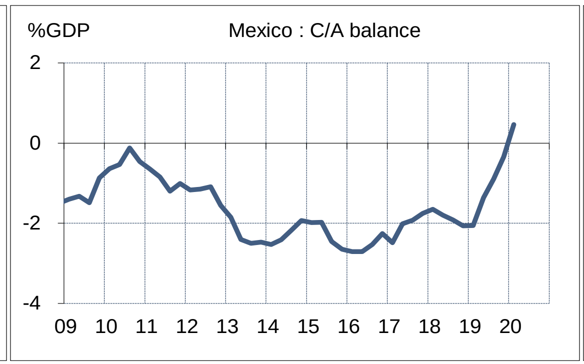
23/07/2020

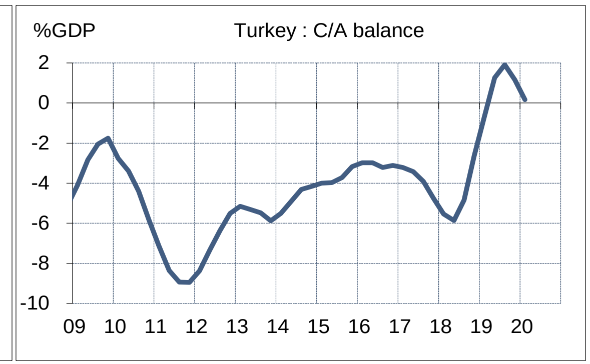
Source: Thomson Reuters, ODDO BHF

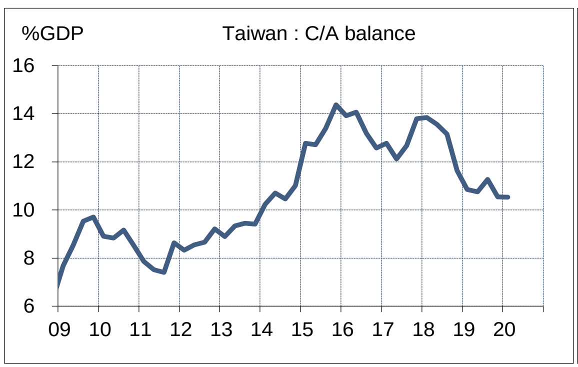
Appendix 18
Current account balances (% of GDP): emerging countries (selection)

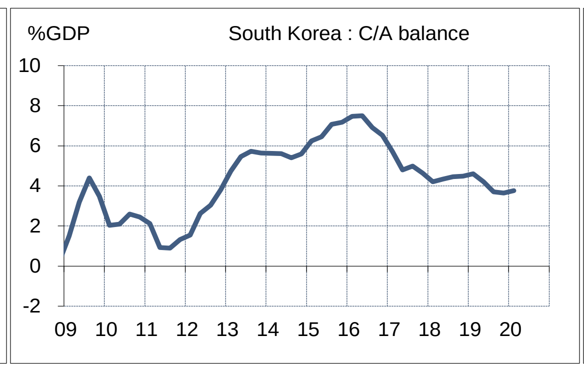


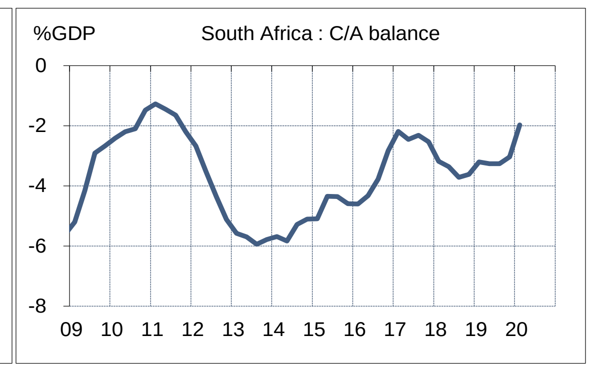






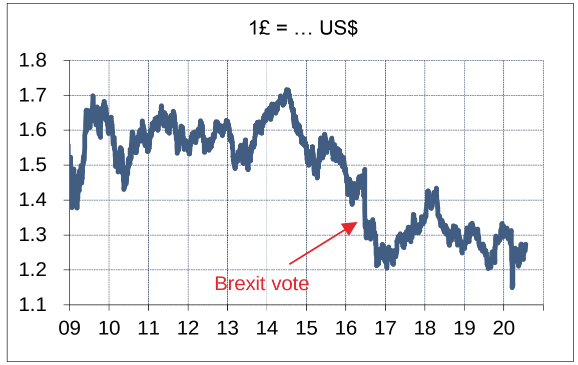


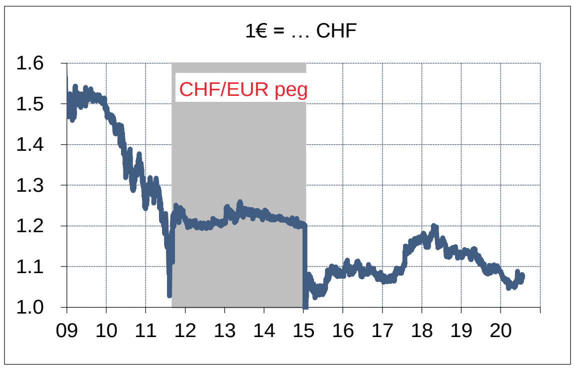


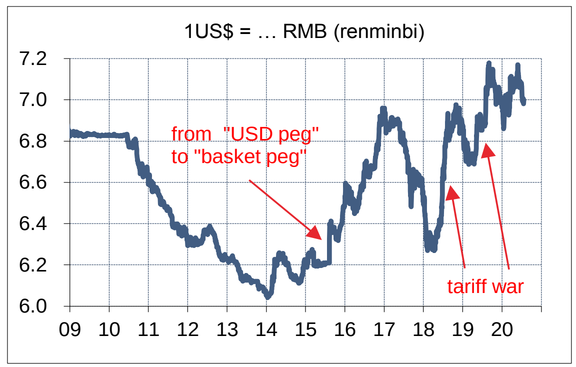


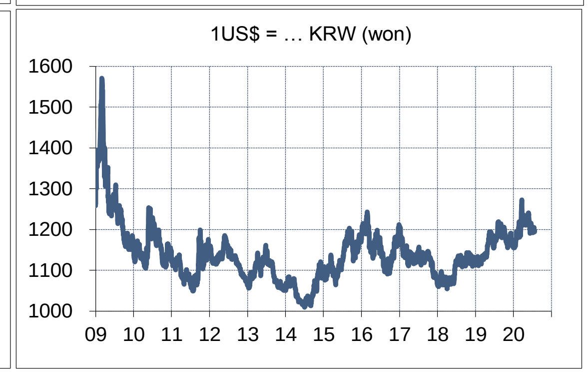
Source: Thomson Reuters, ODDO BHF

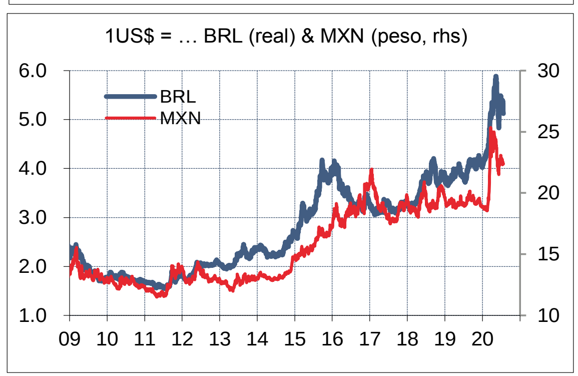
Appendix 19
Exchange rates vs EUR or US$: major currencies

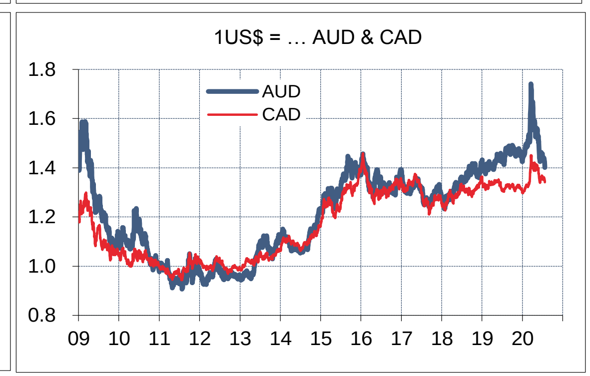












Source: Thomson Reuters, ODDO BHF

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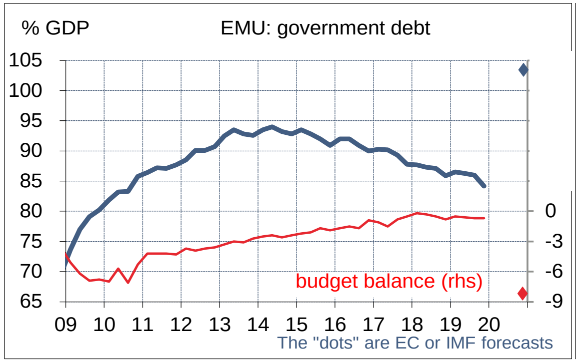
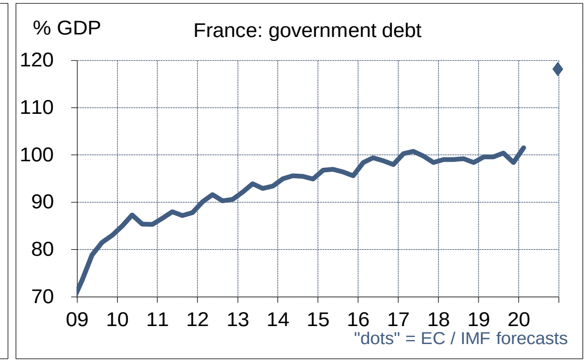
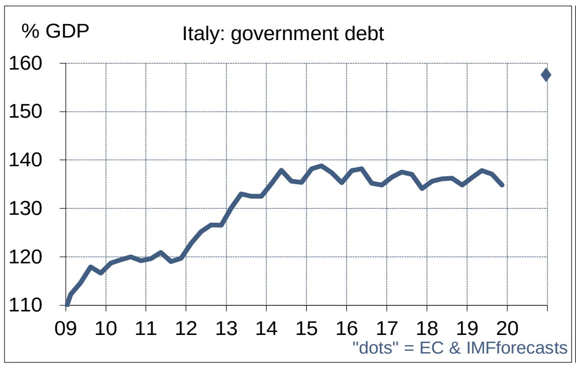
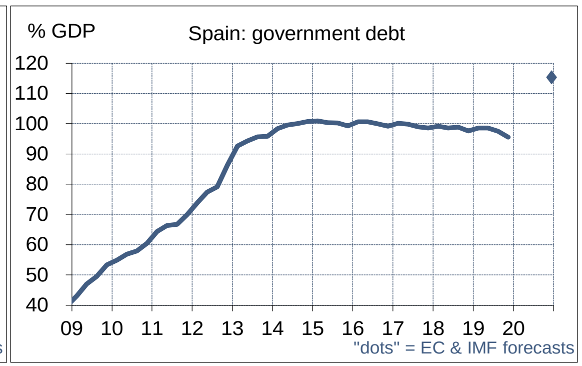
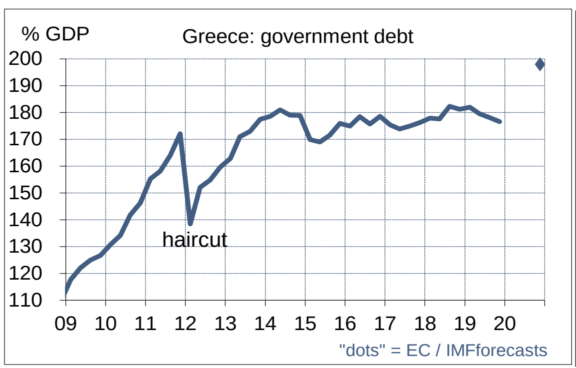
Appendix 20
Government debt (as a % of GDP): European countries (selection)

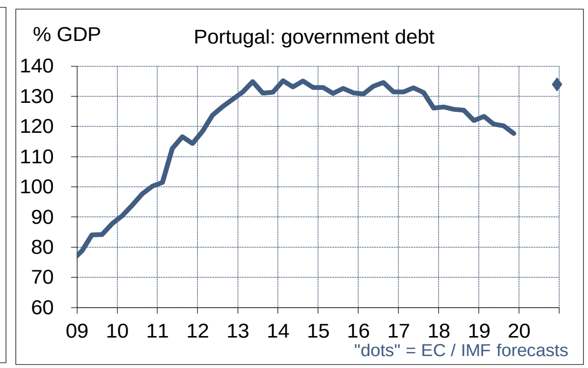








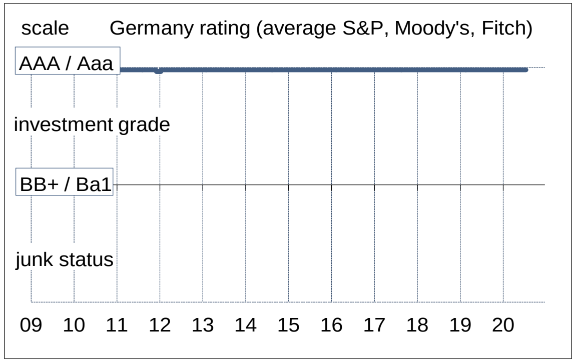


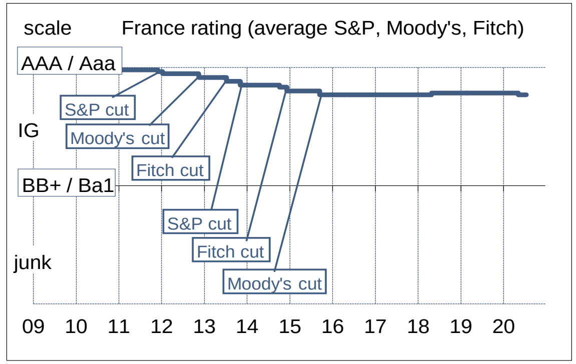


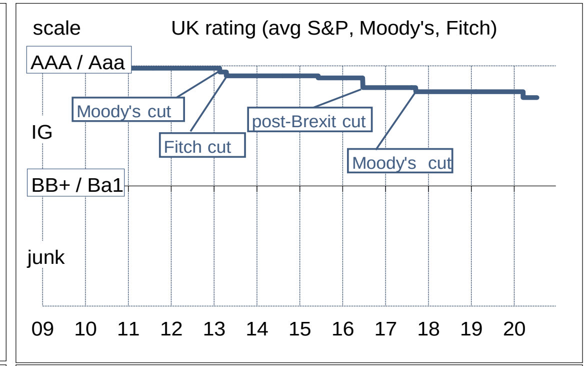
23/07/2020

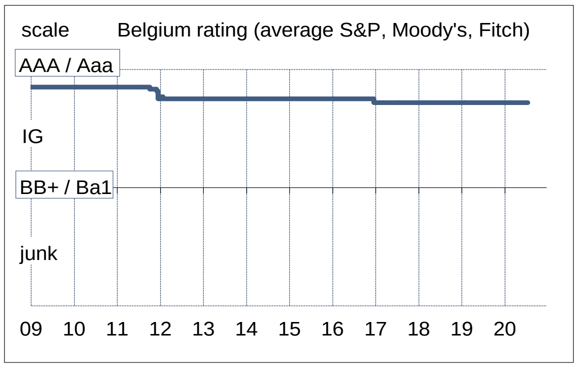
Source: Thomson Reuters, ODDO BHF

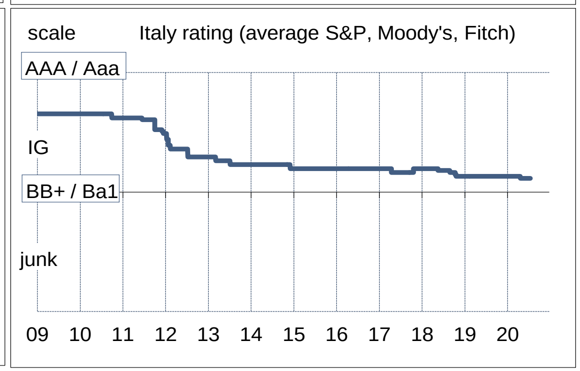
Appendix 21
Sovereign ratings: European countries (selection)

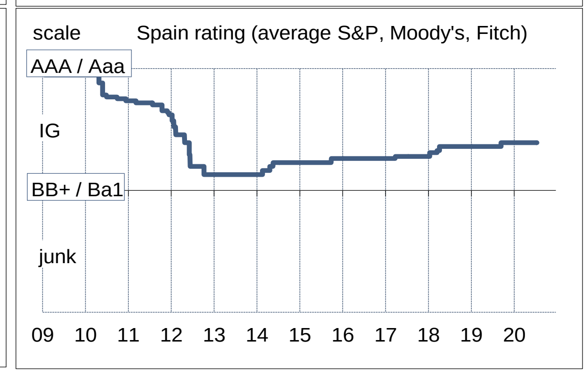


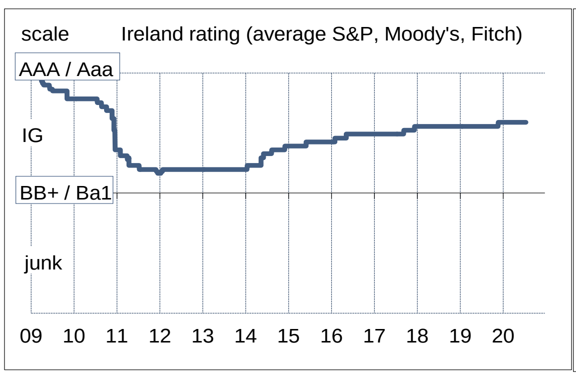


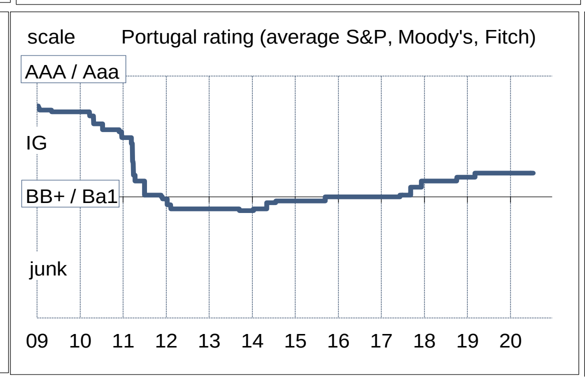


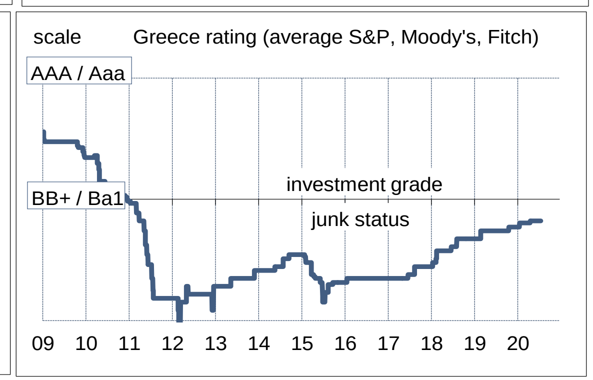








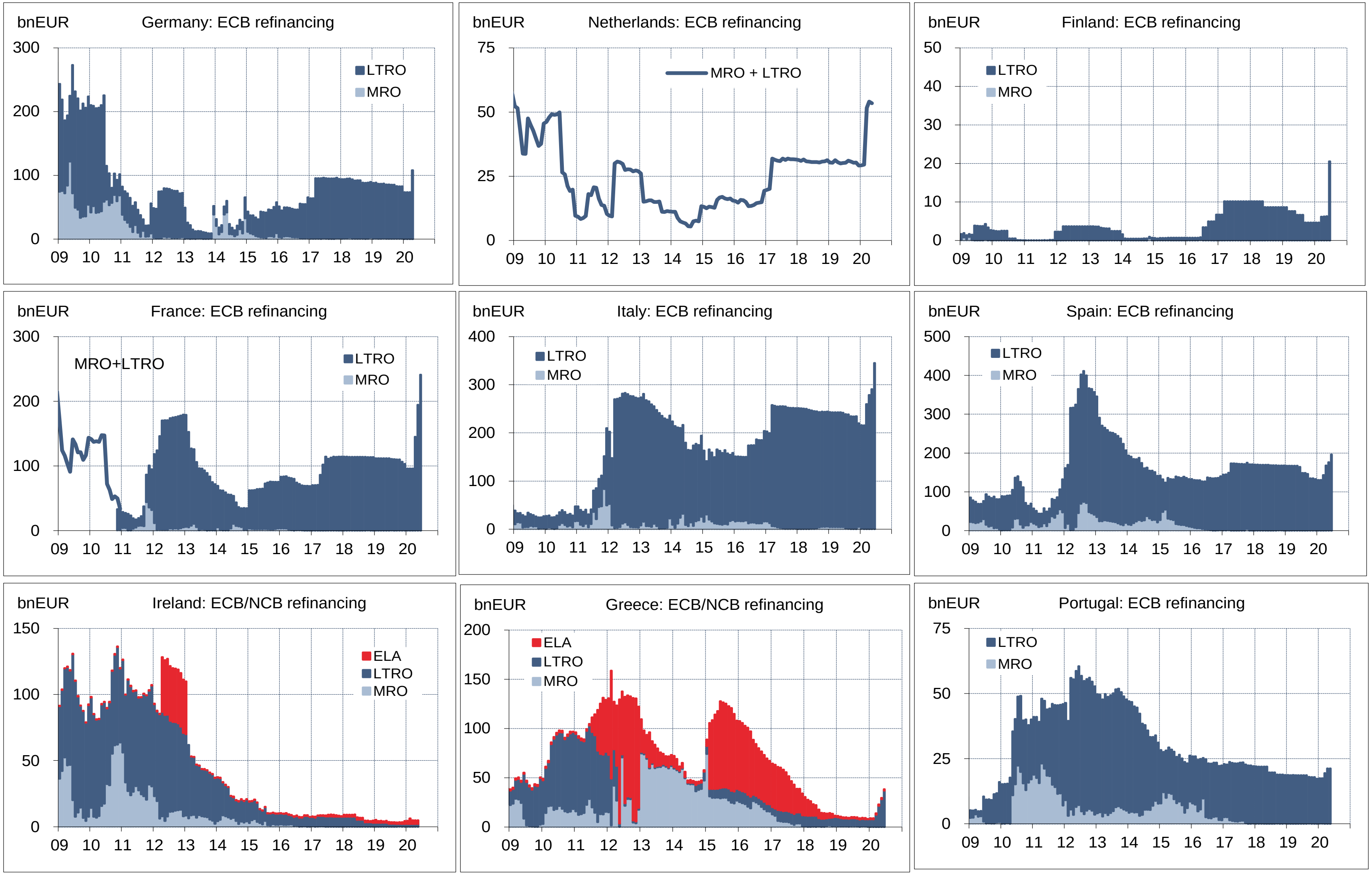




23/07/2020

Source: Bloomberg, ODDO BHF

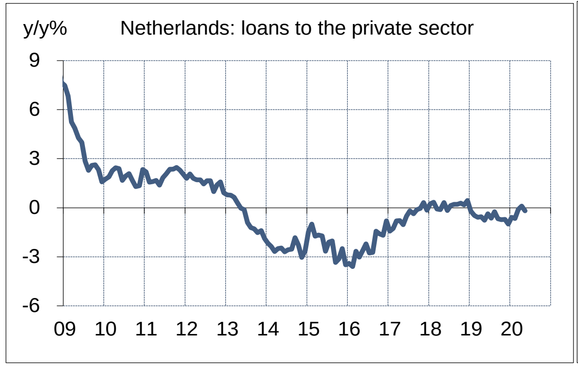
Appendix 22
Bank financing by the Eurosystem

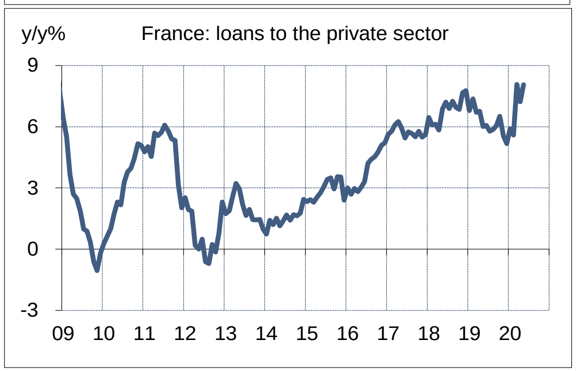


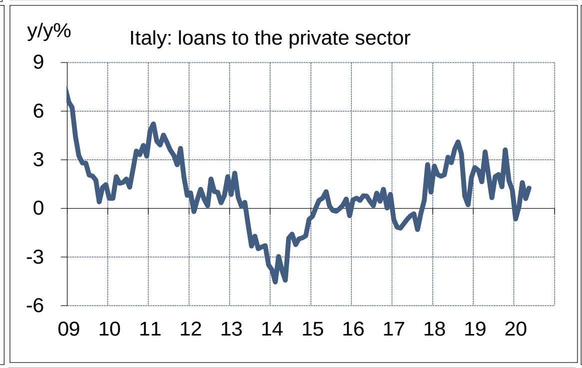
Source: Thomson Reuters, ODDO BHF

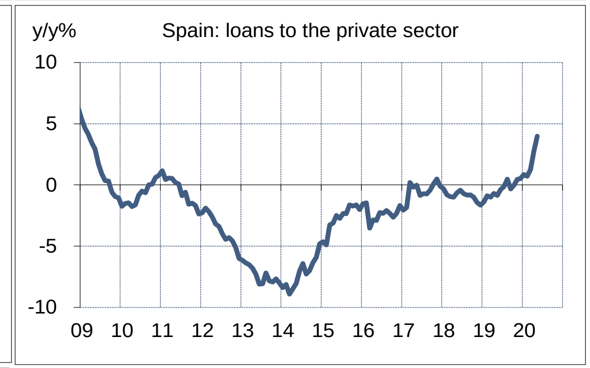
23/07/2020

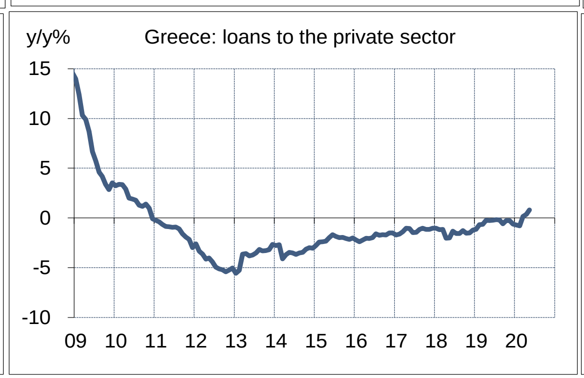
Appendix 23
Bank loans to the private sector: European countries (selection)

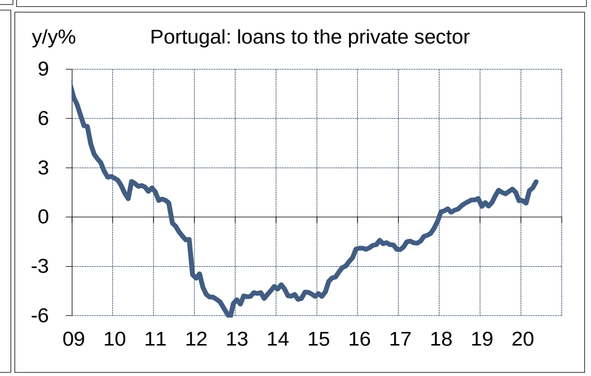








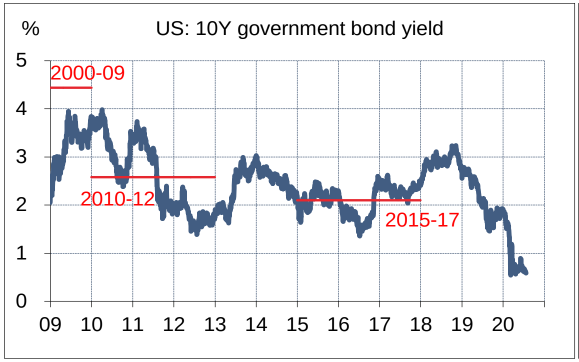


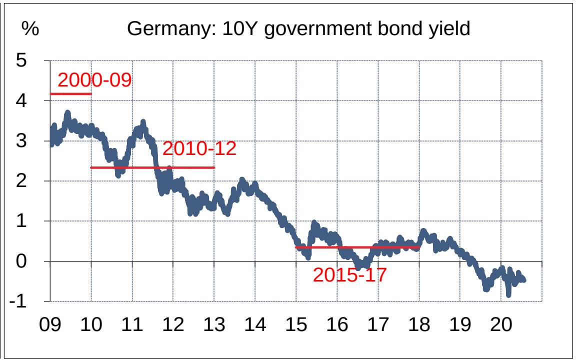


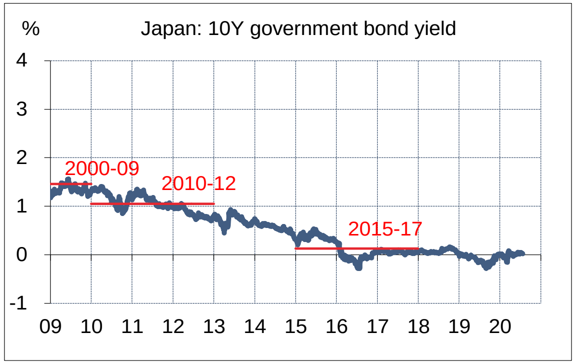
Source: Thomson Reuters, ODDO BHF

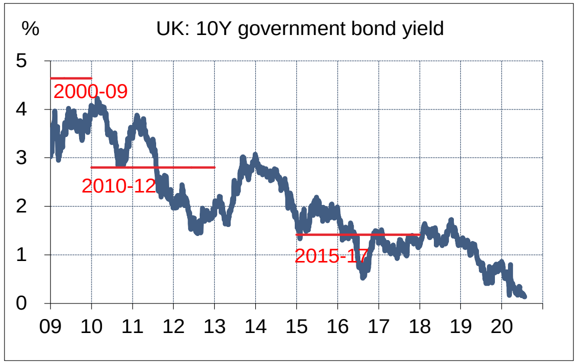
23/07/2020

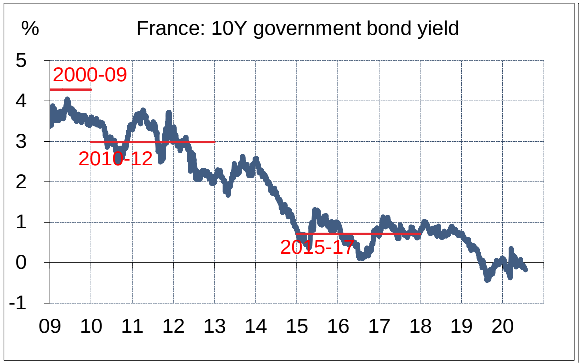
Appendix 24
10-year government bond yield

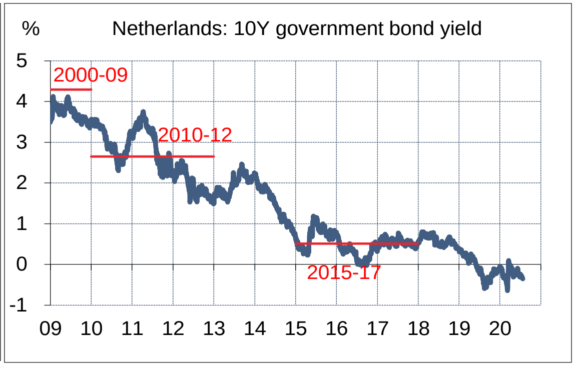


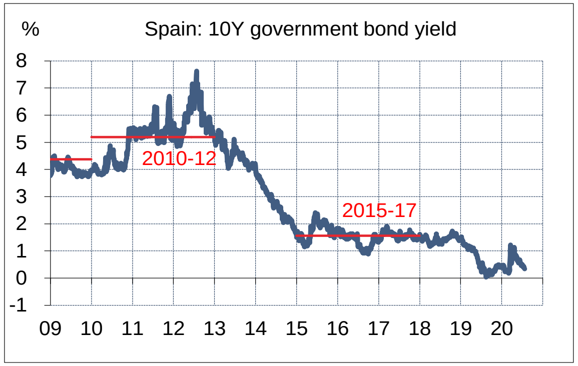


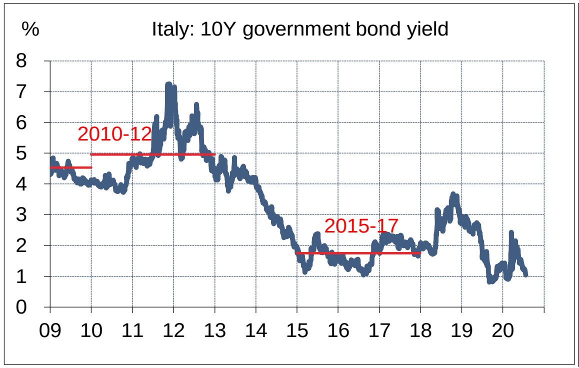


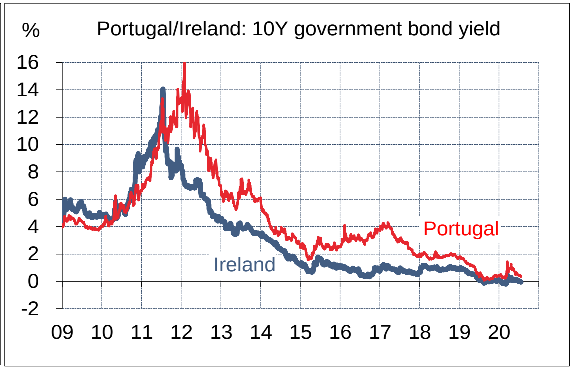












Source: Bloomberg, ODDO BHF

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