

OUR MACRO COMMENTS

This week and next

EUROZONE

- Final manufacturing PMI bounced to 51.8 in July from 47.4 in June. This is the first reading above the 50 mark, which separates growth from contraction, since January 2019. At the same time, final services PMI came in at 55.1 in July from 48.3 in June.
- Retail sales jumped 5.7% MoM in June after +17.8% in May. On an annual basis, they rose 1.3% in June suggesting that economic activity is recovering well.

UNITED KINGDOM

- Final manufacturing PMI stood at 53.3 in July after 50.1 in June suggesting that the UK economy has started to recover despite the pandemic. Final services PMI rose to 56.5 from 47.1.
- The Bank of England left interest rates unchanged on expectations that the downturn will be less severe than first thought.
- According to Halifax, house prices rose 1.6% MoM in July following four months of decline.



Next week's key events

		Per.	Prev.	Cons.
10 Aug	Investors sentiment index	Aug	-18.2	-15.2
12 Aug	Industrial production YoY	Jun	-20.9%	-11.7%



Next week's key events

		Per.	Prev.	Cons.
11 Aug	Unemployment rate	Jun	3.9%	4.2%
12 Aug	Industrial production YoY	Jun	-20.0%	-13.1%

UNITED STATES

- The ISM manufacturing PMI rose to 54.2 in July from 52.6 in June, continuing its recovery after the disruption caused by the coronavirus. Non-manufacturing PMI increased to 58.1 in July from 57.1 the previous month.
- The unemployment rate fell to 10.2% in July from 11.1% in June. However, it remains far above the 3.5% rate in February.
- Weekly jobless claims hit their lowest level since the beginning of the pandemic, totalling 1.186 million for the week ended August 1.

ASIA & EMERGING

- In China, Caixin's manufacturing PMI came in at 52.8 in July after 51.2 in June, in line with China's fast economic recovery. On the other hand, services PMI fell to 54.1 in July from 58.4. Exports rose 7.2% YoY in July and Imports dropped 1.4%.
- In Japan, household spending fell 1.2% YoY in May, after -16.2% in April.
- In Indonesia, GDP fell -5.3% YoY in Q2, down from +3% in Q1.



Next week's key events

		Per.	Prev.	Cons.
14 Aug	Retail sales MoM	Jul	7.5%	1.7%
14 Aug	Industrial production MoM	Jul	5.4%	3.3%



Next week's key events

		Per.	Prev.	Cons.
10 Aug	China : Inflation rate	Jul	2.5%	2.6%
10 Aug	China: Retail sales	Jul	-1.8%	-

Sources: DataStream, Bloomberg, 07 August 2020. Note: YoY = year-on-year; QoQ = quarter-on-quarter; MoM = month-on-month, P = preliminary figure, A = advanced figure, F = final figure, seasonally adjusted, PMI = Purchasing Manager's Index.

Our 3-month targets for currencies and commodities

	Thursday close	3mth target
EUR/USD	1.19	1.13
GBP/USD	1.31	1.26
EUR/CHF	1.08	1.08
USD/JPY	105.6	108.0
Brent	\$45.2	\$40
Gold (oz.)	\$2053	\$1800

NB our latest changes to 3-month targets.

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All data taken from Bloomberg, Macrobond, (07/08/2020). In accordance with the applicable regulation, we inform the reader that this material is qualified as a marketing document. CA016/H1/2020

MARKET PERFORMANCE

Interest rates	Last	1wk	3mth	YTD	12mth
EONIA (EUR)	-0,47 %	0 bp →	-1 bp	-2 bp	-11 bp
3mth Euribor (EUR)	-0,47 %	-1 bp ↓	-21 bp	-9 bp	-9 bp
3mth Libor (USD)	0,24 %	-1 bp →	-20 bp	-167 bp	-194 bp
3mth Libor (GBP)	0,07 %	-1 bp →	-33 bp	-72 bp	-70 bp
10-year US Treasury bond	0,54 %	-1 bp →	-18 bp	-137 bp	-120 bp
10-year German bond	-0,53 %	2 bp ↑	-3 bp	-34 bp	1 bp
10-year French bond	-0,23 %	-1 bp ↓	-24 bp	-35 bp	4 bp
10-year UK bond	0,11 %	2 bp ↑	-12 bp	-72 bp	-41 bp

Government bonds*	1wk	3mth	YTD	12mth
United States (3-7yr)	0,1 % →	0,9 %	7,4 %	7,4 %
United Kingdom (3-7yr)	-0,2 % ↓	0,6 %	3,2 %	2,1 %
Germany (3-7yr)	-0,1 % ↓	-0,2 %	0,8 %	-1,0 %
Japan (3-7yr)	0,0 % →	-0,2 %	-0,1 %	-0,8 %

Credit	1wk	3mth	YTD	12mth
BAML EURO Corp. IG	0,1 % ↑	3,7 %	0,4 %	-0,1 %
BAML EURO Corp HY	0,6 % ↑	8,1 %	-2,8 %	0,0 %
BAML GBP Corp IG	0,1 % ↑	4,9 %	5,7 %	6,5 %
BAML US IG	0,5 % ↑	8,5 %	8,6 %	11,2 %
BAML US HY	0,7 % ↑	10,9 %	0,3 %	4,6 %
BAML Global EM Sov. External Plus	1,5 % ↑	15,6 %	0,9 %	2,3 %

Exchange rates	Last	1wk	3mth	YTD	12mth
EUR/USD	1,19	0,2 % ↑	10,0 %	5,9 %	6,0 %
EUR/CHF	1,08	0,3 % ↑	2,7 %	-0,4 %	-1,2 %
GBP/USD	1,31	0,4 % ↑	6,5 %	-0,8 %	8,1 %
USD/JPY	105,6	0,8 % ↑	-0,6 %	-2,8 %	-0,9 %
USD/BRL	5,33	3,4 % ↑	-6,7 %	32,7 %	34,6 %
USD/CNY	6,95	-0,8 % ↓	-2,1 %	-0,1 %	-1,0 %
USD/RUB	73,4	0,4 % ↑	-1,5 %	18,5 %	12,4 %

Equities*	Last	1wk	3mth	YTD	12mth
MSCI AC World	565	2,4 % ↑	19,0 %	1,4 %	14,8 %
Eurostoxx 50	3 240	1,0 % ↑	15,4 %	-11,5 %	1,2 %
DAX	12 592	1,7 % ↑	18,7 %	-5,0 %	8,9 %
CAC 40	4 885	0,7 % ↑	11,3 %	-16,7 %	-4,6 %
S&P 500	3 349	3,2 % ↑	18,2 %	4,8 %	18,5 %
FTSE 100	6 027	0,8 % ↑	3,8 %	-18,5 %	-12,6 %
SMI	10 067	-0,3 % ↓	5,4 %	-2,1 %	9,0 %
Topix	1 550	0,7 % ↑	8,4 %	-8,7 %	6,1 %
IBOV Brazil	104 126	-0,8 % ↓	31,7 %	-10,0 %	1,9 %
MICEX Russia *	2 989	3,7 % ↑	13,5 %	-1,9 %	11,4 %
MSCI EM	1 107	2,3 % ↑	24,6 %	1,0 %	16,9 %
SENSEX 30 India	38 025	0,8 % ↑	20,8 %	-7,0 %	4,0 %
Hang Seng (H-K)	24 931	0,9 % ↑	5,7 %	-9,4 %	-0,6 %
Shanghai Composite	3 386	3,0 % ↑	17,7 %	11,0 %	21,9 %

Commodities	Last	1wk	3mth	YTD	12mth
Brent	\$45,2	4,9 % ↑	51,6 %	-31,9 %	-24,5 %
Gold	\$2 053	5,8 % ↑	21,7 %	35,0 %	39,3 %
Copper	\$6 480	0,6 % ↑	25,4 %	5,4 %	14,6 %

Source: DataStream, on 07 August 2020.

1wk = 1-week change, 3mth = 3-month change, 12mth = 12-month change, YTD = year-to-date change, YoY = year-on-year change, BAML = Bank of America Merrill Lynch, JPM = JP Morgan, IG = Investment Grade, EM = emerging markets. * Price return for MICEX equity index. Equities; total return in local currency. Government bonds = 3-7-year returns. Figures are rounded.

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