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BNP PARIBAS

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UNWARRANTED SPREAD WIDENING: MEASUREMENT ISSUES (PART 2)

A lasting, unwarranted widening of sovereign spreads in the euro area would represent an excessive tightening of financial conditions and weigh on activity and demand. It would run into conflict with the objectives of the ECB in the context of its monetary policy normalisation. Spreads are influenced by various fundamental variables that are directly or indirectly related to debt sustainability issues. These tend to be slow-moving. Sovereign spreads also depend on the level of risk aversion, a variable that fluctuates a lot and which is influenced by global factors. This complicates the assessment of whether an observed spread widening is warranted or not.

The recent, significant widening of sovereign spreads in the euro area has triggered a renewed interest in the drivers of the difference between government bond yields in a given country and the yield on German government bonds of equivalent maturity. This interest is influenced by comments from ECB governing council members about the need to address unwarranted spread widening.

Putting a number on 'unwarranted' is a huge challenge considering that the sovereign spread depends on several variables. Moreover, the relationship – the beta in statistical terms – is time-varying. When Bund yields rise, the spread between Italian and German government bonds – the BTP-Bund spread – often widens but sometimes the opposite happens. Recently, the relationship has been positive and increasingly so¹. The prospect of higher policy rates has played an important role. As shown in chart 1, the rise of the one-year forward rate of German government paper with a maturity of one year – a measure of monetary policy expectations – to a very large degree corresponds with the increase in 10-year Bund yields and both series are highly correlated with the rise in the BTP-Bund spread.

From a Finance theory perspective, one would indeed expect a positive beta between German rates and sovereign spreads. When the risk-free rate increases, a smaller exposure to riskier assets is needed to meet the target return. Macroeconomic theory also sees a positive relationship but for another reason: higher interest rates influence the debt sustainability parameters. Indeed, supposing that the debt ratio was initially stable, a permanent increase in the average borrowing cost would require, *ceteris paribus*, a reduction in the public sector primary deficit or a smaller primary surplus to keep the debt ratio stable². Especially in case of a lasting, significant increase in interest rates, there may be concern that measures taken to stabilize the debt ratio would be slow or insufficient. Such concern would be reflected in a higher spread.

1. See *Unwarranted spread widening : measurement issues*, EcoWeek, BNP Paribas, 20 June 2022.

2. The primary balance (i.e. the public sector budget balance excluding interest charges) that stabilizes the debt/GDP ratio is equal to $(r-g) \cdot (\text{debt}/\text{GDP})$ with r = average cost of the debt and g = nominal GDP growth. When $r > g$, a primary surplus will be required to keep the debt ratio stable. The opposite holds when $r < g$.

ECB research³ for the period 1999-2010 shows that in the euro area⁴ the public sector balance and the debt ratio play a statistically significant role in explaining the behaviour of sovereign spreads. The latter are positively correlated with financial risk, represented by the VIX index. Slower growth, an appreciation of the real exchange rate or a decline in bond market liquidity are associated with a widening of spreads. Credit ratings are significant but their influence is small. Importantly, during the European sovereign debt crisis, the sensitivity of bond prices to fundamentals increased. More recent research comes to similar conclusions on these variables and identifies the role of QE

GERMAN INTEREST RATE (1 YEAR IN 1 YEAR) AND BTP-BUND SPREAD

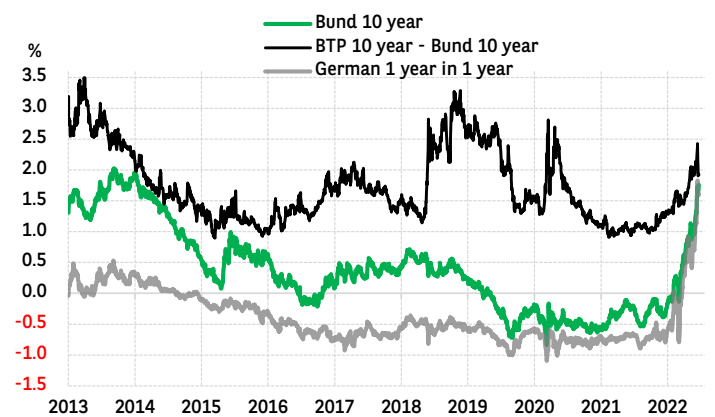


CHART 1

SOURCE: REFINITIV, BLOOMBERG, BNP PARIBAS

3. Source: António Afonso, Michael G. Arghyrou and Alexandros Kantonikas, *The determinants of sovereign bond yield spreads in the EMU*, ECB working paper 1781, April 2015.

4. The following countries were analysed : Austria, Belgium, Finland, France, Greece, Ireland, Italy, Netherlands, Portugal and Spain.

Spreads are influenced by slow-moving fundamental variables that are directly or indirectly related to debt sustainability issues but also by short-term fluctuations in risk aversion. This complicates the assessment of whether an observed spread widening is warranted or not.



measures in influencing spreads.⁵ Jordi Paniagua et al⁶ emphasize that market sentiment and hence spreads also depend on differences in output growth between core and peripheral countries. This argues for macroeconomic policy coordination to enhance convergence within the Eurozone. Research by the IMF⁷ highlights the role of global risk aversion in the behaviour of spreads. Between July 2007 and September 2008 – a period that the authors call the financial crisis build-up – Germany and other core countries benefitted from flight-to-quality flows whereas risk aversion was weighing adversely on peripheral countries.

To illustrate the role of risk aversion, charts 2 and 3 compare the evolution of the BTP-Bund spread and, respectively, the euro high yield spread and the Euro Stoxx 50 equity index. Recently, the correlation between the sovereign spread and the high yield spread has been high and this also applies to the sovereign spread and equity market developments. This suggests that in recent months, risk aversion has increased, probably on the back of a prospect of higher ECB policy rates and a more uncertain growth outlook, in relation with elevated inflation and the war in Ukraine.

To conclude, spreads are influenced by various fundamental variables that are directly – public balance, debt – or indirectly economic growth-related to debt sustainability issues. These tend to be slow-moving. Sovereign spreads also depend on the level of risk aversion, a variable that fluctuates a lot and which is influenced by global factors. This complicates the assessment of whether an observed spread widening is warranted: it may be unwarranted based on the (expected) evolution of the fundamentals whilst making sense in an environment of rising risk aversion.

William De Vijlder

EURO AREA HIGH YIELD BOND SPREAD AND SOVEREIGN SPREAD ITALY-GERMANY

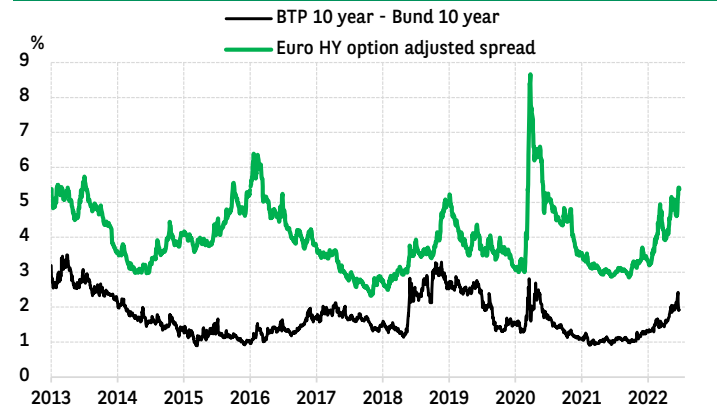


CHART 2

SOURCE: REFINITIV, FRED ST. LOUIS, BNP PARIBAS

EURO STOXX 50 AND SOVEREIGN SPREAD ITALY-GERMANY

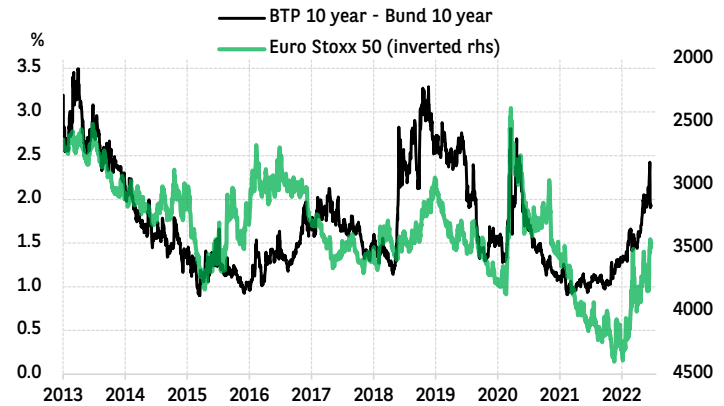


CHART 3

SOURCE: REFINITIV, BNP PARIBAS

5. Source: António Afonso and João Jalles, *Quantitative Easing and Sovereign Yield Spreads: Euro-Area Time-Varying Evidence*, REM Working Paper 020-2017, December 2017.
 6. Jordi Paniagua, Juan Sapena, Cecilio Tamaritba, *Sovereign debt spreads in EMU: The time-varying role of fundamentals and market distrust*, Journal of Financial Stability 33 (2017) 187-206
 7. Source: Carlos Caceres, Vincenzo Guzzo and Miguel Segoviano, *Sovereign Spreads: Global Risk Aversion, Contagion or Fundamentals?*, IMF Working Paper, 10/120, May 2010.

MARKETS OVERVIEW

OVERVIEW

Week 17-6-22 to 24-6-22

➔ CAC 40	5 883	➔ 6 073	+3.2 %
➔ S&P 500	3 675	➔ 3 912	+6.4 %
➔ Volatility (VIX)	31.1	➔ 27.2	-3.9 pb
➔ Euribor 3M (%)	-0.17	➔ -0.22	-4.9 bp
➔ Libor \$ 3M (%)	2.10	➔ 2.23	+13.9 bp
➔ OAT 10y (%)	2.08	➔ 1.81	-26.4 bp
➔ Bund 10y (%)	1.66	➔ 1.44	-22.7 bp
➔ US Tr. 10y (%)	3.24	➔ 3.12	-11.5 bp
➔ Euro vs dollar	1.05	➔ 1.05	+0.8 %
➔ Gold (ounce, \$)	1 840	➔ 1 829	-0.6 %
➔ Oil (Brent, \$)	113.2	➔ 113.2	+0.0 %

MONEY & BOND MARKETS

Interest Rates

		highest 22	lowest 22
€ ECB	0.00	0.00 at 03/01	0.00 at 03/01
Eonia	-0.51	-0.51 at 03/01	-0.51 at 03/01
Euribor 3M	-0.22	-0.16 at 21/06	-0.58 at 05/01
Euribor 12M	0.98	1.12 at 17/06	-0.50 at 05/01
\$ FED	1.75	1.75 at 16/06	0.25 at 03/01
Libor 3M	2.23	2.23 at 24/06	0.21 at 03/01
Libor 12M	3.54	3.67 at 16/06	0.58 at 03/01
£ BoE	1.25	1.25 at 16/06	0.25 at 03/01
Libor 3M	1.63	1.63 at 24/06	0.26 at 03/01
Libor 12M	0.81	0.81 at 03/01	0.81 at 03/01

At 24-6-22

Yield (%)

		highest 22	lowest 22
€ AVG 5-7y	1.76	2.21 at 15/06	-0.04 at 03/01
Bund 2y	0.70	1.02 at 14/06	-0.83 at 04/03
Bund 10y	1.44	1.76 at 21/06	-0.14 at 24/01
OAT 10y	1.81	2.17 at 21/06	0.15 at 04/01
Corp. BBB	3.76	4.02 at 21/06	0.90 at 05/01
\$ Treas. 2y	3.06	3.43 at 14/06	0.70 at 04/01
Treas. 10y	3.12	3.48 at 14/06	1.63 at 03/01
High Yield	8.59	8.68 at 22/06	5.07 at 03/01
£ gilt. 2y	2.04	2.38 at 21/06	0.69 at 03/01
gilt. 10y	2.27	2.62 at 21/06	0.97 at 03/01

At 24-6-22

EXCHANGE RATES

1€ =		highest 22	lowest 22	2022
USD	1.05	1.15 at 10/02	1.04 at 13/05	-7.3%
GBP	0.86	0.87 at 14/06	0.83 at 14/04	+2.2%
CHF	1.01	1.06 at 10/02	1.00 at 04/03	-2.8%
JPY	142.58	143.95 at 22/06	125.37 at 04/03	+8.9%
AUD	1.52	1.62 at 04/02	1.43 at 05/04	-2.9%
CNY	7.06	7.29 at 10/02	6.87 at 14/04	-2.6%
BRL	5.53	6.44 at 06/01	5.01 at 21/04	-12.7%
RUB	56.89	164.76 at 07/03	56.89 at 24/06	-33.3%
INR	82.61	85.96 at 11/02	80.30 at 05/05	-2.3%

At 24-6-22

COMMODITIES

Spot price, \$		highest 22	lowest 22	2022	2022(€)
Oil, Brent	113.2	128.2 at 08/03	79.0 at 03/01	+44.4%	+55.7%
Gold (ounce)	1 829	2 056 at 08/03	1 785 at 28/01	+0.3%	+8.2%
Metals, LME	3 919	5 506 at 07/03	3 919 at 24/06	-13.0%	-6.1%
Copper (ton)	8 381	10 702 at 04/03	8 381 at 24/06	-14.0%	-7.2%
wheat (ton)	337	4.7 at 17/05	281 at 14/01	+41.6%	+52.7%
Corn (ton)	298	3.2 at 16/05	226 at 03/01	+3.1%	+40.8%

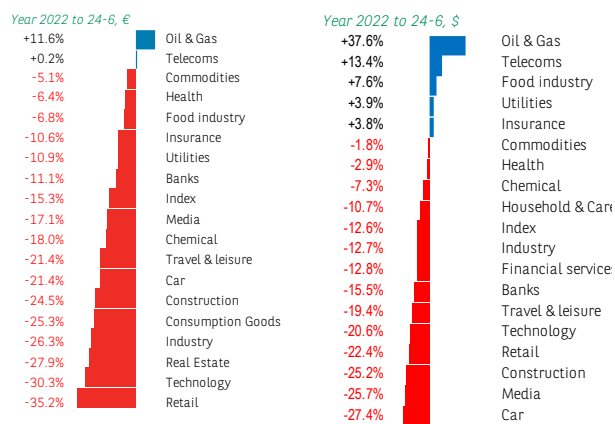
At 24-6-22

EQUITY INDICES

Index	highest 22	lowest 22	2022	
World				
MSCI World	2 619	3 248 at 04/01	2 486 at 17/06	-18.9%
North America				
S&P500	3 912	4 797 at 03/01	3 667 at 16/06	-17.9%
Europe				
EuroStoxx50	3 533	4 392 at 05/01	3 428 at 16/06	-17.8%
CAC 40	6 073	7 376 at 05/01	5 883 at 17/06	-1.5%
DAX 30	13 118	16 272 at 05/01	12 832 at 08/03	-17.4%
IBEX 35	8 244	8 934 at 27/05	7 645 at 07/03	-0.5%
FTSE100	7 209	7 672 at 10/02	6 959 at 07/03	-0.2%
Asia				
MSCI, loc.	1 050	1 165 at 05/01	1 024 at 08/03	-0.8%
Nikkei	26 492	29 332 at 05/01	24 718 at 09/03	-8.0%
Emerging				
MSCI Emerging (\$)	1 011	1 267 at 12/01	988 at 12/05	-1.8%
China	74	86 at 20/01	59 at 15/03	-10.6%
India	714	891 at 13/01	699 at 17/06	-10.9%
Brazil	1 397	2 003 at 04/04	1 372 at 06/01	-8.4%

At 24-6-22

PERFORMANCE BY SECTOR (Eurostoxx50 & S&P500)

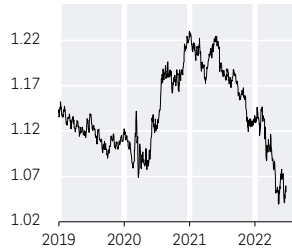


SOURCE: REFINITIV, BNP PARIBAS,



MARKETS OVERVIEW

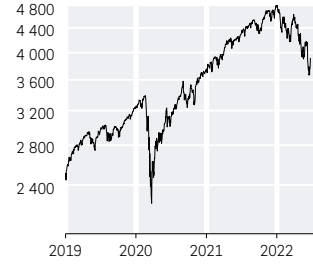
EURO-DOLLAR



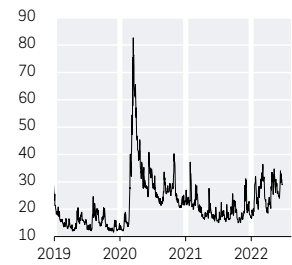
EUROSTOXX50



S&P500



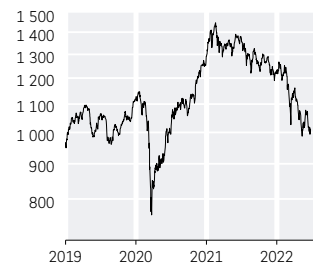
VOLATILITY (VIX, S&P500)



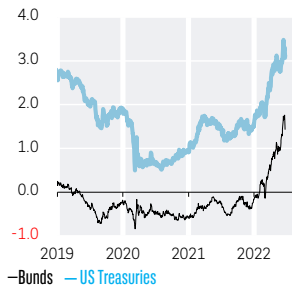
MSCI WORLD (USD)



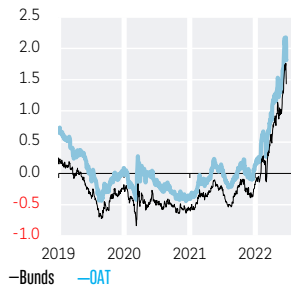
MSCI EMERGING (USD)



10Y BOND YIELD, TREASURIES VS BUND



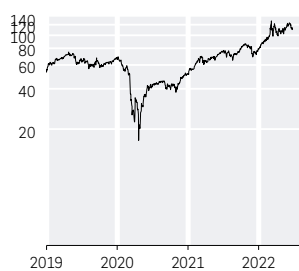
10Y BOND YIELD



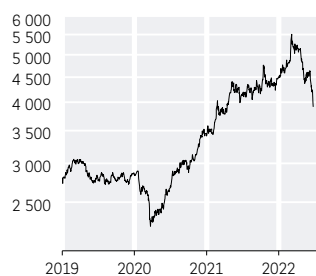
10Y BOND YIELD & SPREADS

Year 2022 to 24-6		
3.48%	Greece	204 bp
3.45%	Italy	201 bp
2.55%	Spain	111 bp
2.40%	Portugal	96 bp
2.06%	Belgium	62 bp
1.98%	Austria	54 bp
1.81%	France	37 bp
1.81%	Finland	37 bp
1.75%	Netherlands	31 bp
1.63%	Ireland	19 bp
1.44%	Germany	

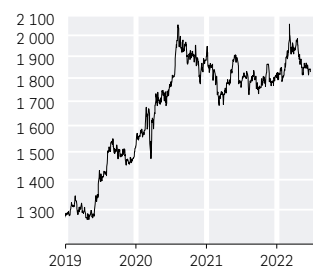
OIL (BRENT, USD)



METALS (LMEX, USD)



GOLD (OUNCE, USD)



SOURCE: REFINITIV, BNP PARIBAS



ECONOMIC PULSE

INTERNATIONAL TRADE: A FEW SIGNS THAT TENSIONS ARE EASING

Although some signs of improvement are visible on certain trade routes – notably between China and the West Coast of the US – the overall situation is still far from a return to normal. The lockdown in Shanghai will continue to have significant repercussions for the operation of ports in China and elsewhere in Asia throughout the second half of 2022.

Albeit from very low levels, the component of Manufacturing PMI relating to delivery times has improved in the euro zone and the US, and to a lesser extent in some Asian countries including Japan, South Korea and China. The truck drivers' strike in South Korea, which lasted for eight days in June, proved very disruptive to the country's industrial production and accentuated the logistics problems in the region. Meanwhile, Chinese ports face a shortage of containers, many of which remain stuck in Europe, due to the lockdown in China¹.

However, the global freight rate index (Chart 5) has fallen significantly since the end of April (shipping prices were down 22.7% between the third week of April and the third week of June). This fall was largely due to lower costs for transport between China and the West Coast of the USA (down 42.6% over the same period), whilst costs increased 14.8% for routes between Europe and America's east coast.

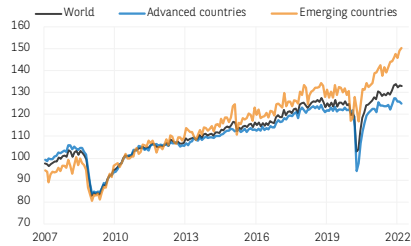
The synthetic index of tensions in global value chains, published by the New York Fed, fell half a point in May, but remains at historically high levels (Chart 3). These minor improvements in global logistics probably reflect more than just an easing of pressure on the supply side. Global demand is also showing signs of fragility. The global PMI for new export orders fell steeply again in May, hitting 48.9, close to its lowest level in two years (Chart 2). In real terms, trade in goods continued to see strong trends in March (Chart 1), particularly for exports from emerging economies. However, these figures only capture a very small fraction of trade since the beginning of the war in Ukraine.

Guillaume Derrien

1. See *Asia's Shortage of Empty Containers May Worsen on Rotterdam Jam*, Bloomberg, 20 June 2022

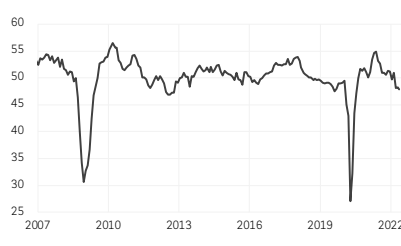
INTERNATIONAL TRADE INDICATORS

1. World exports by area, volume (index 2010 = 100)



Source: CPB, BNP Paribas

2. Global manufacturing PMI, new export orders



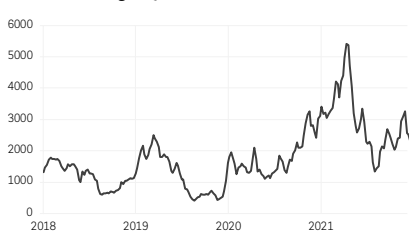
S&P Global (Markit), BNP Paribas

3. Global supply-chain pressures index



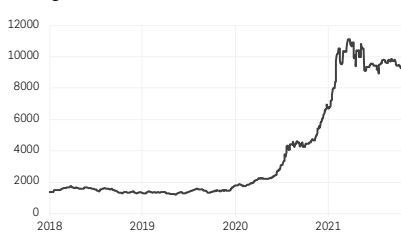
Source: Federal Reserve of New York

4. Baltic Exchange Dry Index



Source: Baltic Exchange, BNP Paribas

5. Freight rate index



Source: Freightos, BNP Paribas

6. Global manufacturing PMI, delivery times (Inverted line)



S&P Global (Markit), BNP Paribas



ECONOMIC SCENARIO

7

UNITED STATES

Despite a surprising contraction in Q1 2022, the US economy remains dynamic and well supported by household consumption and business investment. The robustness of the labour market which is at full employment, bolsters wages and household consumption. However, inflation, at its highest for four decades, causes a decline in purchasing power. As inflation is higher and more persistent than anticipated, the Federal Reserve is raising sharply the fed funds rate and shrinking its balance sheet. The downward revision of the government's fiscal ambitions, especially its social welfare and environmental plans, may also contribute to moderate growth. Against this background, despite avoiding a recession, the U.S. economy is expected to slow down clearly.

CHINA

Economic activity contracted in April due to the lockdowns imposed in large industrial regions such as Shanghai. This has led us to revise down our real GDP projection for 2022. Economic growth has rebounded since May and the authorities are enhancing fiscal and monetary easing measures. However, short-term downside risks remain high: exports will suffer from the slowdown in global demand, the correction in the property sector should continue, and the recent deterioration in the labour market should weigh on private consumption. Consumer price inflation is accelerating only moderately.

EUROZONE

The surge in inflation that began in early 2021 has morphed into an inflationary shock. Inflation continues to be driven primarily by energy prices but it is also becoming more widespread and thus more persistent. The deterioration of business climate surveys remained limited up until May but consumer confidence has worsened more noticeably. We expect growth to remain positive but weak in the coming quarters. The risk of a recession in the short term is increasing but, should there be one, it would only be technical (limited in duration and extent). The labour market remains robust and the economy still benefits from the cyclical momentum that existed prior to the war in Ukraine, fiscal measures that seek to cushion the impact of inflation on purchasing power, excess savings which are still available and the need to invest. In our scenario (no recession), we expect eurozone growth to reach 2.5% on average over 2022 and 2.3% in 2023.

FRANCE

Real GDP growth entered into negative territory in the 1st quarter of 2022 (-0.2% q/q after +0.4% in the 4th quarter of 2021), as a result of a decrease in household consumption (-1.5% q/q). Higher inflation has pressured households' purchasing power and should also weigh on Q2 expectations. In parallel, corporate investment maintained its growth (+0.4% q/q), as corporates have to cope with output capacity constraints. Overall, in 2022, GDP growth should ease to 2.3% (6.8% in 2021), against a background of higher inflation (5.4% expected in 2022 after 1.6% in 2021).

RATES AND EXCHANGE RATES

In the US, the Federal Reserve will continue its tightening policy at a swift pace. The terminal rate of 3.5% (upper end of the target range) should be reached towards the end of this year. The Fed's hawkish stance is motivated by still very low policy rates against a background of particularly elevated inflation and a strong labour market. When the economy slows down and inflation will be on a downward path, the Federal Reserve should adapt its guidance in an effort to achieve a soft landing. To a very large degree, US Treasury yields already reflect the prospect of monetary policy tightening. This means that year-end levels shouldn't be that different from current levels. For next year we expect somewhat lower yields as growth slows and inflation declines.

The ECB has announced to end its asset purchases at the start of July and to raise its deposit rate later that month. We expect 50bp rate hikes at its September and October meetings, to be followed by five further 25bp hikes between December 2022 and September 2023. This should cause an increase in Bund yields and a widening of sovereign spreads in the euro area.

The Bank of Japan is expected to maintain its current policy stance, at least until Governor Kuroda's term ends in the spring of 2023. Thereafter, we expect the negative interest rate policy to be scrapped and the 10-year rate target to be hiked.

We expect the dollar to weaken significantly versus the euro. The dollar's valuation is expensive, positioning in the market is very long and the long-term interest rate differential should narrow. The yen has already weakened significantly versus the dollar, reflecting the prospect of increased policy divergence between the Fed and the Bank of Japan. We expect the exchange rate to remain around current levels for the remainder of the year. In 2023, the yen should appreciate considering that the federal funds rate should have reached its terminal rate and that the Bank of Japan is expected to tighten policy.

GDP GROWTH & INFLATION

%	GDP Growth				Inflation			
	2021	2022 e	2023 e	2024 e	2021	2022 e	2023 e	2024 e
United-States	5.7	2.6	1.9	1.7	4.7	7.5	3.9	2.4
Japan	1.7	1.4	1.1	0.6	-0.2	1.9	1.0	0.7
United-Kingdom	7.4	3.6	1.5	1.6	2.6	8.0	4.4	2.1
Euro Area	5.3	2.5	2.3	2.2	2.6	7.9	4.1	2.0
Germany	2.9	1.3	2.2	2.3	3.2	8.1	4.6	2.1
France	6.8	2.3	2.1	2.0	2.1	5.9	3.6	1.8
Italy	6.6	2.8	2.0	1.8	1.9	7.7	4.5	1.8
Spain	5.1	4.1	2.5	2.2	3.0	8.0	3.6	1.7
China	8.1	3.7	5.7	5.0	0.9	2.3	3.4	2.5
India*	9.3	8.3	6.2	6.5	5.4	7.9	5.9	5.5
Brazil	4.6	1.5	0.0	1.2	8.3	11.0	7.1	4.3
Russia	4.5	-7.0	0.8	0.3	7.1	14.0	10.5	7.6

SOURCE: BNP PARIBAS GROUP ECONOMIC RESEARCH (E: ESTIMATES & FORECASTS)
*FISCAL YEAR FROM 1ST APRIL OF YEAR N TO MARCH 31ST OF YEAR N+1
** LAST UPDATE 06/13/2022

INTEREST & EXCHANGE RATES

Interest rates, %		17/06/2022 Q3 2022 e Q4 2022 e Q2 2023 e Q4 2023 e				
End of period		17/06/2022	Q3 2022 e	Q4 2022 e	Q2 2023 e	Q4 2023 e
US	Fed Funds (upper limit)	1.75	3.00	3.50	3.50	3.50
	T-Note 10y	3.24	3.10	3.20	3.10	3.00
Ezone	Deposit rate	-0.50	0.25	1.00	1.75	2.00
	Bund 10y	1.66	1.60	1.80	2.25	2.25
	OAT 10y	2.08	2.15	2.38	2.85	2.85
	BTP 10y	3.57	3.85	4.40	4.65	4.75
	BONO 10y	2.75	2.95	3.40	3.75	3.75
UK	Base rate	1.25	2.00	2.50	2.50	2.50
	Gilts 10y	2.46	2.30	2.50	2.65	2.50
Japan	BoJ Rate	-0.10	-0.10	-0.10	-0.10	0.00
	JGB 10y	0.23	0.24	0.25	0.25	0.45
Exchange Rates		17/06/2022 Q3 2022 e Q4 2022 e Q2 2023 e Q4 2023 e				
End of period		17/06/2022	Q3 2022 e	Q4 2022 e	Q2 2023 e	Q4 2023 e
USD	EUR / USD	1.05	1.09	1.12	1.16	1.20
	USD / JPY	135	131	130	125	120
	GBP / USD	1.22	1.25	1.27	1.32	1.36
EUR	EUR / GBP	0.86	0.87	0.88	0.88	0.88
	EUR / JPY	141	143	146	145	144
Brent		17/06/2022 Q3 2022 e Q4 2022 e Q2 2023 e Q4 2023 e				
End of period		17/06/2022	Q3 2022 e	Q4 2022 e	Q2 2023 e	Q4 2023 e
Brent	USD/bbl	113	120	122	125	125

SOURCE: BNP PARIBAS (E: ESTIMATES & FORECASTS)
(MARKET ECONOMICS, INTEREST RATE STRATEGY, FX STRATEGY, COMMODITIES DESK STRATEGY)
* BASE CASE ** LAST UPDATE 06/17/2022



CALENDAR

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LATEST INDICATORS

Growth is slowing. That is the message from the data published last week. Not only were they lower than the previous month but in most cases they came also in below expectations. The flash PMI in Japan was a notable exception by moving slightly higher in June versus May. The composite PMI in the UK was stable, which was a welcome surprise but consumer confidence declined further, reaching particularly low levels. Eurozone consumer confidence was a huge disappointment by declining a lot whereas the consensus had expected an improvement. The composite PMIs in France, Germany and the euro area all recorded a significant decline, well below expectations. The same applies for the US, where University of Michigan sentiment in terms of the assessment of current conditions declined (the consensus had expected an unchanged number). Expectations however improved somewhat. Short- and longer-term inflation expectations edged down.

DATE	COUNTRY	INDICATOR	PERIOD	CONSENSUS	ACTUAL	PREVIOUS
06/21/22	United Kingdom	CBI Trends Total Orders	June	21.0	18.0	26.0
06/22/22	United Kingdom	CPIH YoY	May	0.1	0.1	0.1
06/22/22	Eurozone	Consumer Confidence	June	-20.5	-23.6	-21.2
06/23/22	Japan	Jibun Bank Japan PMI Composite	June	--	53.2	52.3
06/23/22	France	Business Confidence	June	105.0	104.0	106.0
06/23/22	France	S&P Global France Composite PMI	June	55.9	52.8	57.0
06/23/22	Germany	S&P Global Germany Composite PMI	June	53.0	51.3	53.7
06/23/22	Eurozone	S&P Global Eurozone Composite PMI	June	54.0	51.9	54.8
06/23/22	United Kingdom	S&P Global/CIPS UK Composite PMI	June	52.4	53.1	53.1
06/23/22	United States	Initial Jobless Claims	18 June	226k	229k	231k
06/23/22	United States	S&P Global US Composite PMI	June	53.0	51.2	53.6
06/24/22	United Kingdom	GfK Consumer Confidence	June	-40.0	-41.0	-40.0
06/24/22	Germany	IFO Business Climate	June	92.9	92.3	93.0
06/24/22	Germany	IFO Current Assessment	June	99.1	99.3	99.6
06/24/22	Germany	IFO Expectations	June	87.4	85.8	86.9
06/24/22	United States	U. of Mich. Sentiment	June	50.2	50.0	50.2
06/24/22	United States	U. of Mich. Current Conditions	June	55.4	53.8	55.4
06/24/22	United States	U. of Mich. Expectations	June	--	47.5	46.8
06/24/22	United States	U. of Mich. 1 Yr Inflation	June	5.4%	5.3%	5.4%
06/24/22	United States	U. of Mich. 5-10 Yr Inflation	June	3.3%	3.1%	3.3%

SOURCE: BLOOMBERG



CALENDAR: THE WEEK AHEAD

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COMING INDICATORS

A lot of survey data will be published for the month of June: the manufacturing purchasing managers indices in several countries, the ISM manufacturing index in the US, the European Commission's economic sentiment index, consumer confidence in France, Japan and the US. Japan will publish the Tankan survey for the second quarter. In the US we will also have personal income and personal spending, core inflation and mortgage applications. Finally, June inflation data will be published for the euro area.

DATE	COUNTRY	INDICATOR	PERIOD	CONSENSUS	PREVIOUS
06/28/2022	France	Consumer Confidence	Jun	--	86
06/28/2022	United States	Conf. Board Consumer Confidence	Jun	100.0	106.4
06/29/2022	Japan	Consumer Confidence Index	Jun	--	34.1
06/29/2022	Eurozone	Economic Confidence	Jun	--	105.0
06/29/2022	Eurozone	Industrial Confidence	Jun	--	6.3
06/29/2022	Eurozone	Services Confidence	Jun	--	14.0
06/29/2022	Eurozone	Consumer Confidence	Jun F	--	-23.6
06/29/2022	United States	MBA Mortgage Applications	juin-24	--	4.2%
06/30/2022	China	Composite PMI	Jun	--	48.4
06/30/2022	France	Consumer Spending MoM	May	--	-0.4%
06/30/2022	United States	Personal Income	May	0.5%	0.4%
06/30/2022	United States	Personal Spending	May	0.5%	0.9%
06/30/2022	United States	Initial Jobless Claims	juin-25	--	--
06/30/2022	United States	PCE Core Deflator MoM	May	0.5%	0.3%
07/01/2022	Japan	Tankan Large Mfg Index	2Q	13	14
07/01/2022	China	Caixin China PMI Mfg	Jun	--	48.1
07/01/2022	France	S&P Global France Manufacturing PMI	Jun F	--	51.0
07/01/2022	Germany	S&P Global/BME Germany Manufacturing PMI	Jun F	--	52.0
07/01/2022	Eurozone	S&P Global Eurozone Manufacturing PMI	Jun F	--	52.0
07/01/2022	Eurozone	CPI MoM	Jun P	--	0.8%
07/01/2022	Eurozone	CPI Core YoY	Jun P	--	3.8%
07/01/2022	United States	S&P Global US Manufacturing PMI	Jun F	--	--
07/01/2022	United States	ISM Manufacturing	Jun	55.5	56.1

SOURCE: BLOOMBERG



FURTHER READING

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France: when the construction sector goes well, so does the economy	EcoTVWeek	24 June 2022
United States: Fed's new experience in quantitative tightening	Chart of the Week	22 June 2022
Eurozone: unwarranted spread widening: measurement issues	EcoWeek	20 June 2022
Indonesia: weakened by the pandemic, but solid enough to handle new shocks	EcoConjoncture	19 June 2022
Portugal: a resilient economy	EcoTVWeek	17 June 2022
South Africa: a fragile economic recovery	EcoConjoncture	16 June 2022
Central Europe: higher funding costs in bond markets	Chart of the Week	15 June 2022
The worrisome cost of worrying about recession	EcoWeek	13 June 2022
Italy: banks' net income sharply declined in the first quarter of 2022	EcoTVWeek	10 June 2022
Japan: foreign subsidiaries, a key driver of the Japanese industry	EcoFlash	8 June 2022
France: housing development and food head the list of retail price rises	Chart of the Week	8 June 2022
US: The recession narrative	EcoWeek	6 June 2022
Let's talk about climate change, often	EcoTVWeek	3 June 2022
Italy: the ratio of new non-performing loans of NFCs has started to rise again	Chart of the Week	1 June 2022
Global: Inflation: shifting focus, shifting concerns	EcoWeek	30 May 2022
United Arab Emirates: favourable economic prospects	EcoTVWeek	27 May 2022
Colombia: recent behaviour of capital flows ahead of the presidential election	Chart of the Week	25 May 2022
European Union : the reaction of uncertainty to Covid-19 and the war in Ukraine	EcoWeek	23 May 2022
China: new economic slowdown, new rise in credit risks	EcoTV Week	20 May 2022
Energy price inflation in the Eurozone: government responses and impact on household purchasing power	EcoFlash	20 May 2022



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