

WHAT TO EXPECT NEXT WEEK

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Philippe Waechter
Chief Economist

Twitter: @phil_waechter
Blog: philippewaechter.en.ostrum.com
Soundcloud: phil_waechter
Instagram: economic_dynamics
<https://www.facebook.com/philwaechter/>



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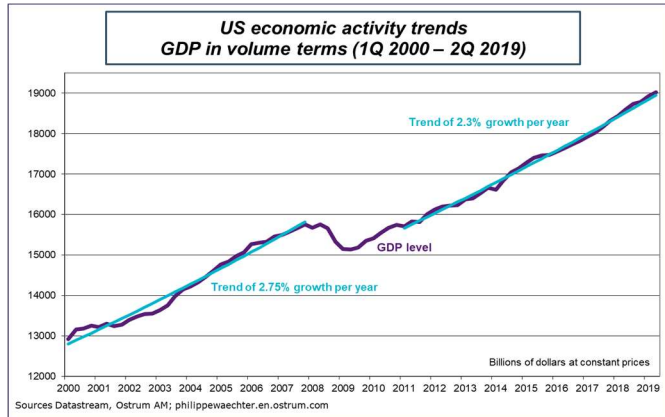
HIGHLIGHTS

- GDP figures for the second quarter in the US (29), Germany (27), Italy (30) and France (29) will give details on the composition of growth in all these countries, providing a better understanding of the current situation. This will be particularly important at this stage of the business cycle, notably because there are fears of recession in Germany and Italy.
- Many surveys on economic activity. IFO in Germany (26), climat des affaires in France (27) and Business confidence in Italy (28). Risk of a weaker index in Germany and in Italy after the political mayhem seen in August.
Consumer confidence in the UK (30), one month after Boris Johnson has been appointed as prime minister.
Consumer confidence in the US (August 27) will bring details on the labor market dynamics at a moment where the situation is changing in the US (Markit index for the manufacturing sector at 49.9 in August)
- CPI figures in the Euro Area for August and in the US for July that will bolster central banks in their will to become more and more accommodative.

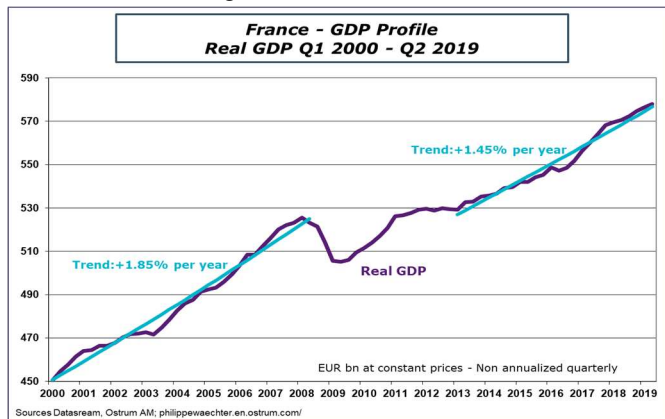
NEXT WEEK'S MAIN DATA AND EVENTS

- GDP growth figures for the second quarter will be released in the US (29), Germany (27), Italy (30) and France (29). We already have estimates for this period (-0.3% in Germany, 0.1% in Italy and 1% in France at annual rate) but we will have details on contributions in Germany and Italy and details on companies and households' situation in France (companies' margin rate, saving rate, purchasing power...). For the US it will be the definitive figure. The advanced estimate is at 2.1% at annual rate. Analysis on each country is provided on the next page.
- Many surveys for August will be out. On Monday, the IFO index will provide a new proof that the German economy is now in recession. ZEW and Markit surveys for August showed a negative momentum. The French Climat des Affaires will be released on Tuesday. It was marginally weaker in July but still above its historical average. The French dynamics is based on a strong domestic demand as it was shown in the Markit survey for August. The interesting point will be in Italy. We will have consumer confidence and companies confidence for August (August 28). As the political situation has dramatically changed in August and may reverse the improvement seen on consumer side in July. Companies' reaction will be interesting to follow as uncertainty increases when Italy is close to recession
UK consumer confidence will give elements on the impact of Boris Johnson's first month at the 10 Downing Street.(August 30)
US consumer confidence (Conference Board on August 27) will provide important elements on the labor market while the global index will probably decrease (as the Michigan index) The point is that the labor market outlook given in this survey is consistent with the Jolts. Will August be a confirmation ? We expect it will.
- US consumption for July (August 30) and durable goods orders for July (August 26) will be the first elements on domestic demand for the third quarter. Consumers' expenditures will remain quite strong but weakness is expected on orders, notably orders ex defense and airplanes, leading to a negative outlook on corporate investment.
- Unemployment rate for the Eurozone for July on August 30. The rate (7.5% in July) is almost at its historical low (7.3% from November 2007 to March 2008) but the jobs creation momentum is weaker now (Markit survey for July and August). The figure will be strong but probably not far from its lowest due to the weaker macroeconomic backdrop.
German figures on employment will be interesting (for July on August the 29th). The momentum is lower and it will probably be lower in coming months as the economic activity falters. On average, jobs were increasing by 130 000 by quarter on average in 2018 but only 33 000 in the second quarter of 2018.
- Inflation figures for August in Spain (29), Germany (29), Italy (30), Euro area (30) France (30). Figures will remain close to a low core inflation rate as the oil price is much lower than a year ago (10 euros per barrel lower this year (63€ in August 2018 vs 53 € in 2019 at August 22). The PCE inflation rate will not provide surprises in July (August 30)
- Case Shiller index for June in the US (27) and Nationwide real estate price for the UK in July (30)

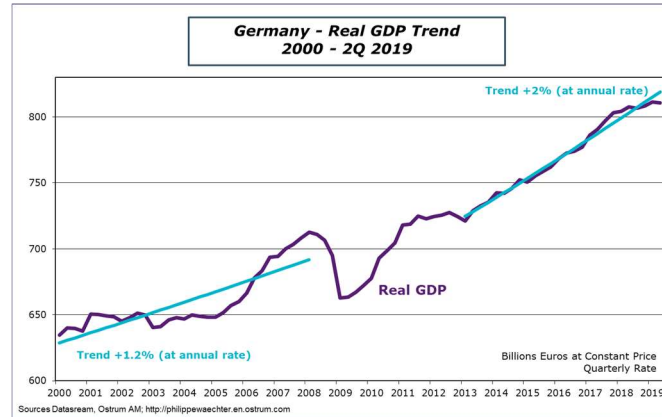
MAIN GRAPHS



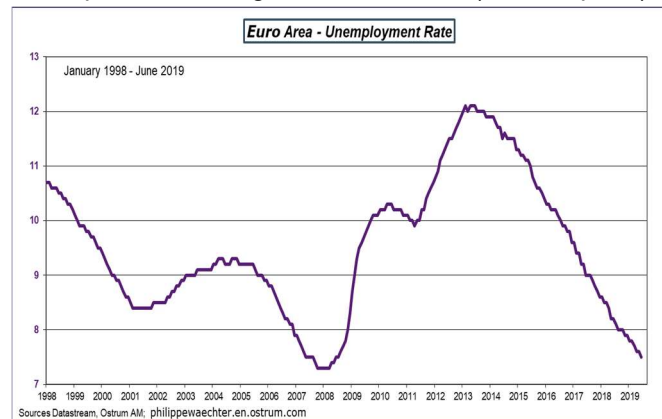
The GDP final publication for the second quarter (August 29) will confirm the slowdown on the US economy. The Voo Doo economics (tax cut will pay for itself) has not been able to create a persistent impulse on the economic activity. As a consequence, the White House has a strong call for lower Fed's interest rates



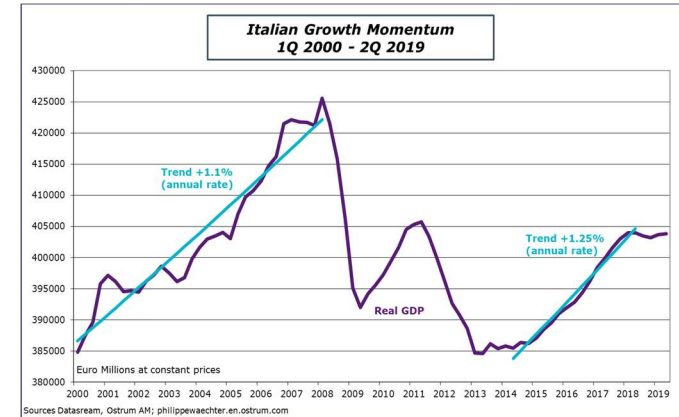
The French GDP growth has a relatively strong momentum when it is compared with Germany, Italy or the UK. The main reason is a robust domestic demand linked with the government fiscal policy. This has boosted expectations and can be seen on corporate investment (GDP details on August 29)



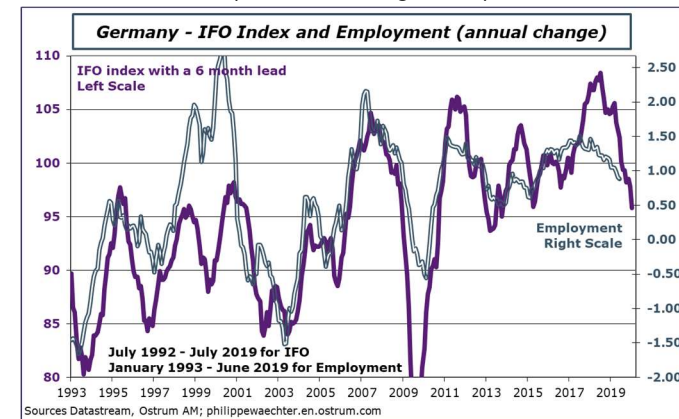
We will have the GDP details for the second quarter (August 27). Destatis (the German statistical institute) said that HH consumption was quite strong but corporate investment was deceptive. The important element will be the magnitude of these figures while net exports has a negative contribution (lower exports)



The Euro Area unemployment rate is close to its historical low. The July figure will be out on August the 30th. The figure will remain strong with improvement in France and in Spain while many other countries are close to full employment. Nevertheless, expectations on jobs' dynamics, through the Markit survey is weaker in August. We're probably close to the lowest point.



Since the second quarter of last year, the Italian GDP is flat. The coalition hasn't boosted the economic activity. A possible new coalition between the Democrats and the 5Stars movement will not be able to change this trend. It will just pass the budget. The situation is bleak. (Details on August 30)



The IFO index is a good predictor of the German's momentum. The August figure will out on Monday the 29th. It will probably be weaker than in July if we follow the Markit survey for August. On Thursday (29), figures on the labor market will probably show a weaker dynamics. The graph shows the consistency between IFO and employment. Weaker jobs figures to come

ADDITIONAL NOTES

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