



WEEKLY SPOTLIGHT

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MARCH 16-21 2020



March 21st, 2020

An Eastern Wind

– Remi Tetot



As COVID-19 is spreading globally, the economic impact is going to be violent and reach epic proportions. As western countries are entering lockdown one after the other, I will be reporting on any newly-released economic data that has been particularly impacted by the COVID-19 breakout during the week. As we are still at the very beginning of this marathon, today I will set the tone for what to expect in the coming weeks.

Asia was understandably the first to be hit, and in China the industrial sector just stopped...



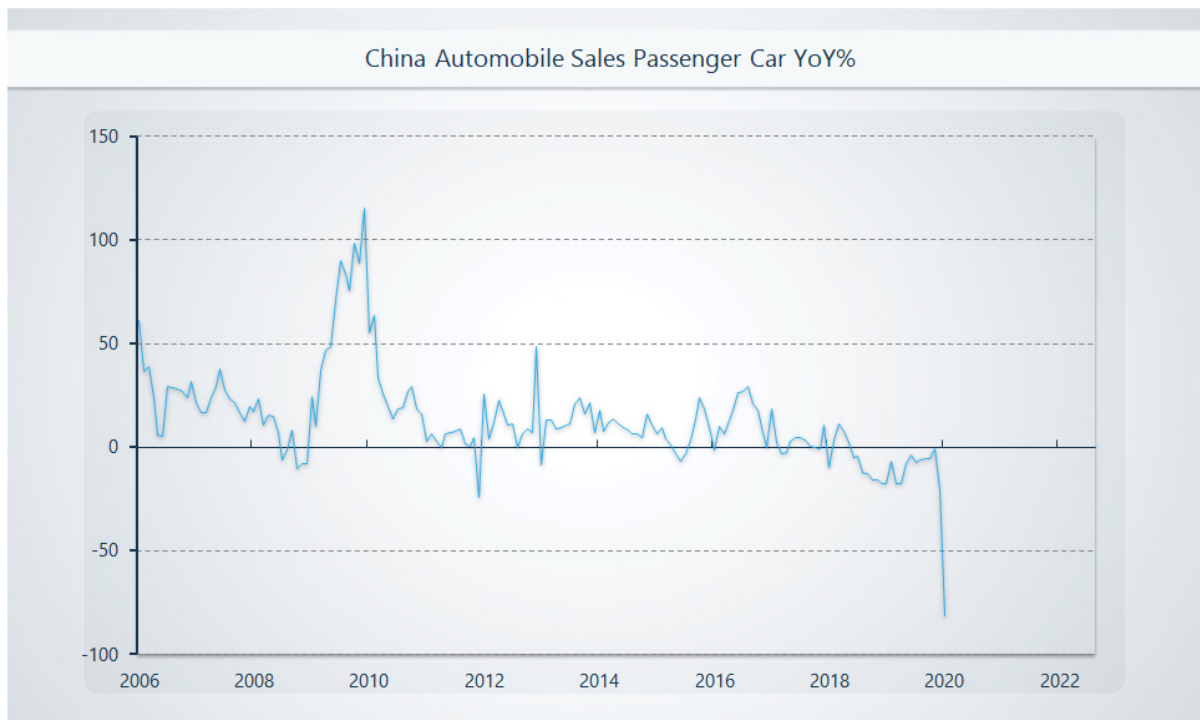
Industrial production completely collapsed...



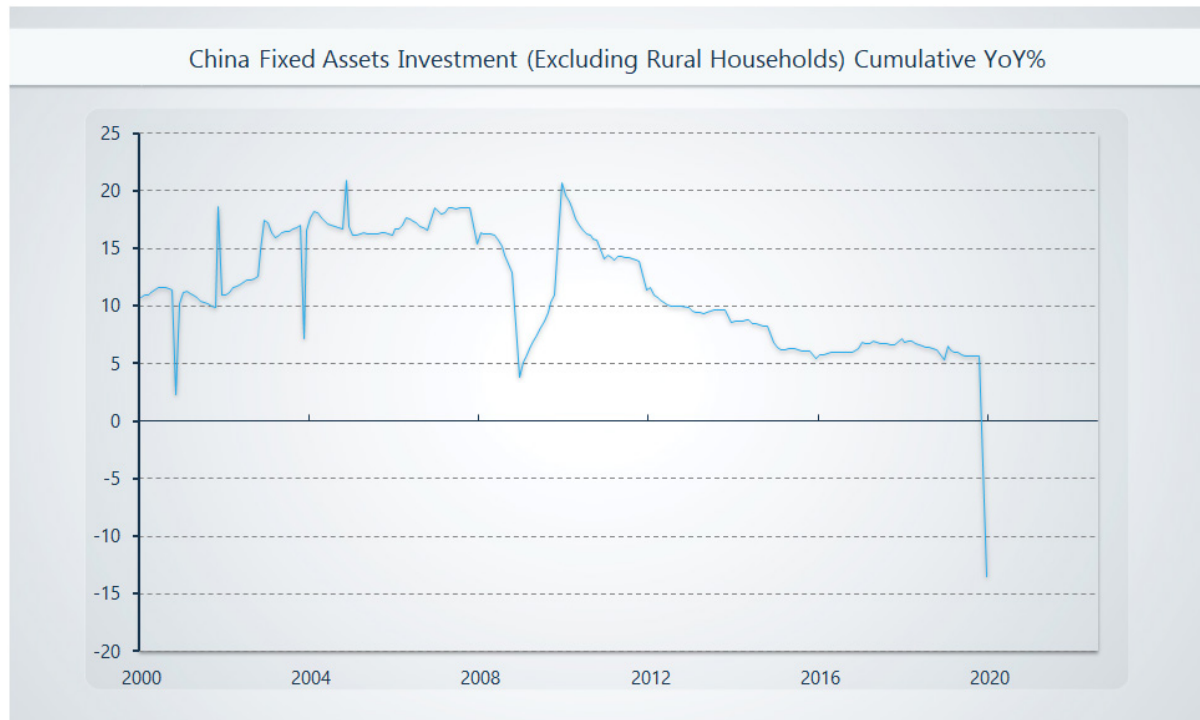
As the lockdown was implemented, Retail Sales logically collapsed...



Car Sales collapsed...



Fixed Assets Investment plummeted...



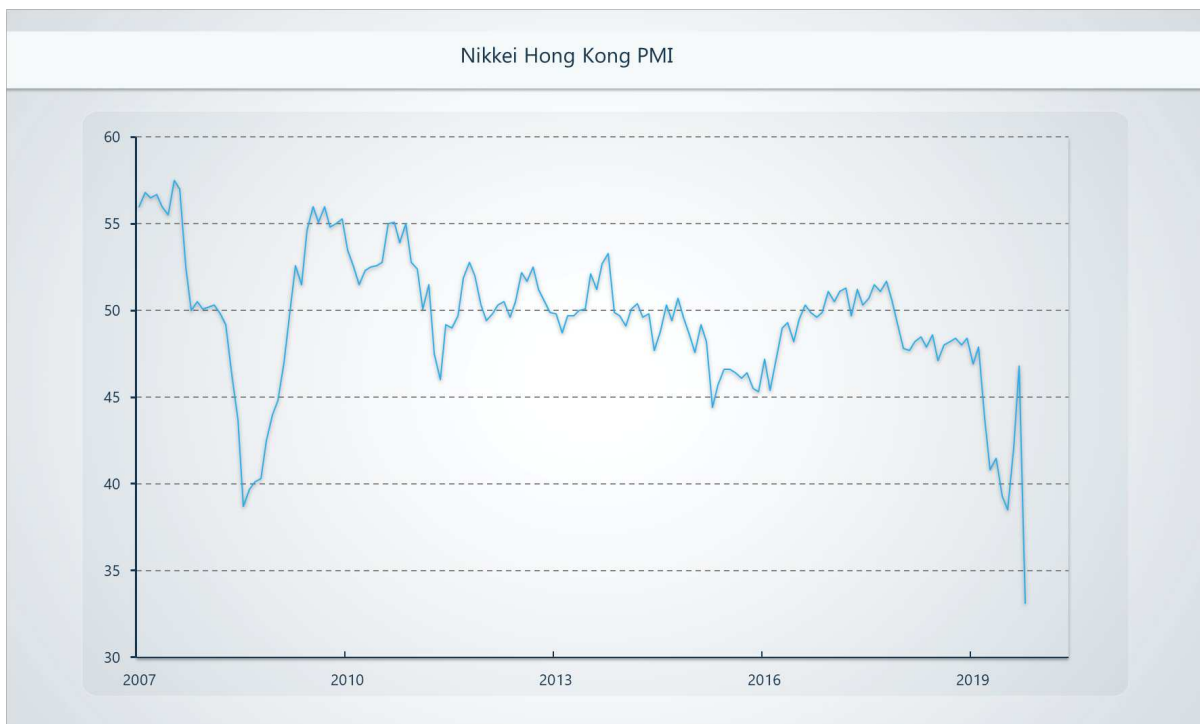
Core CPI is falling...



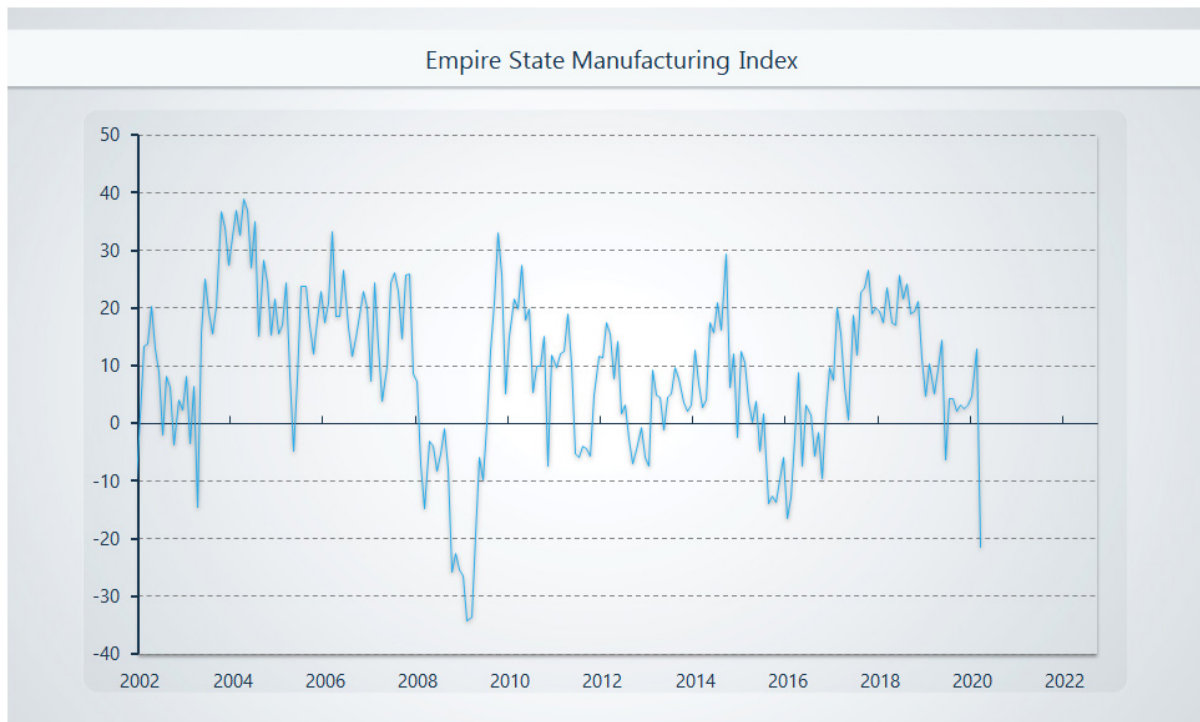
And we can expect the Chinese economic data to be grim for the next few months...



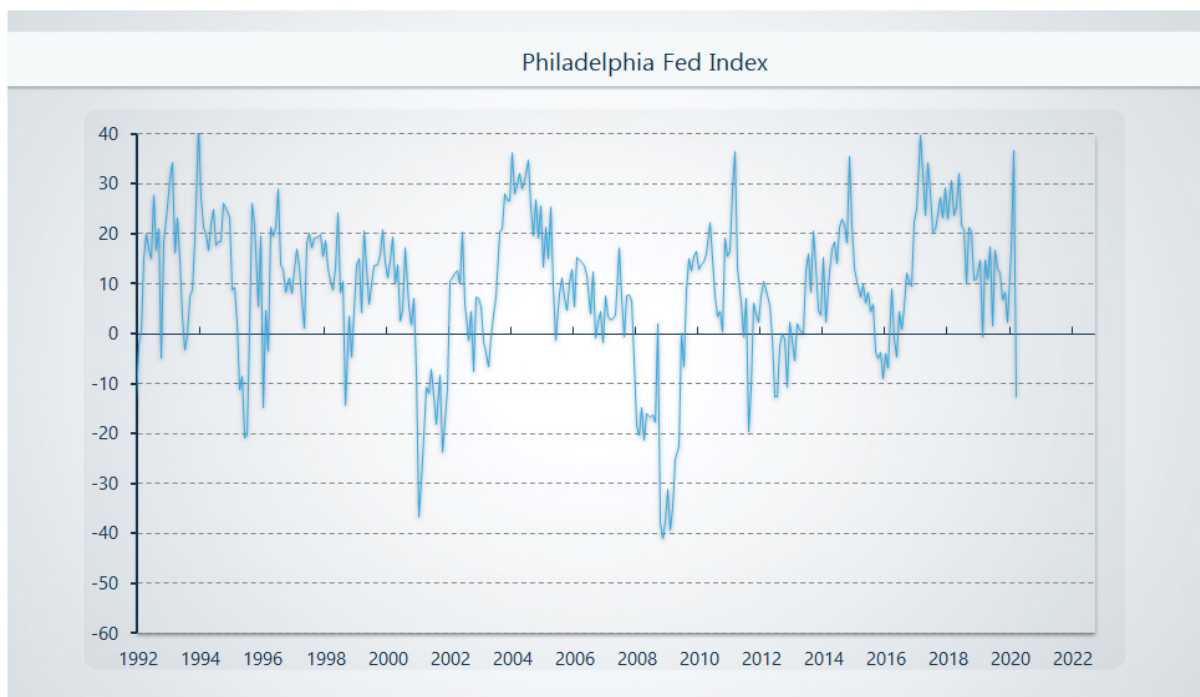
The Hong Kong PMI was just beginning to recover from the recent social unrest; it just nosedived again...



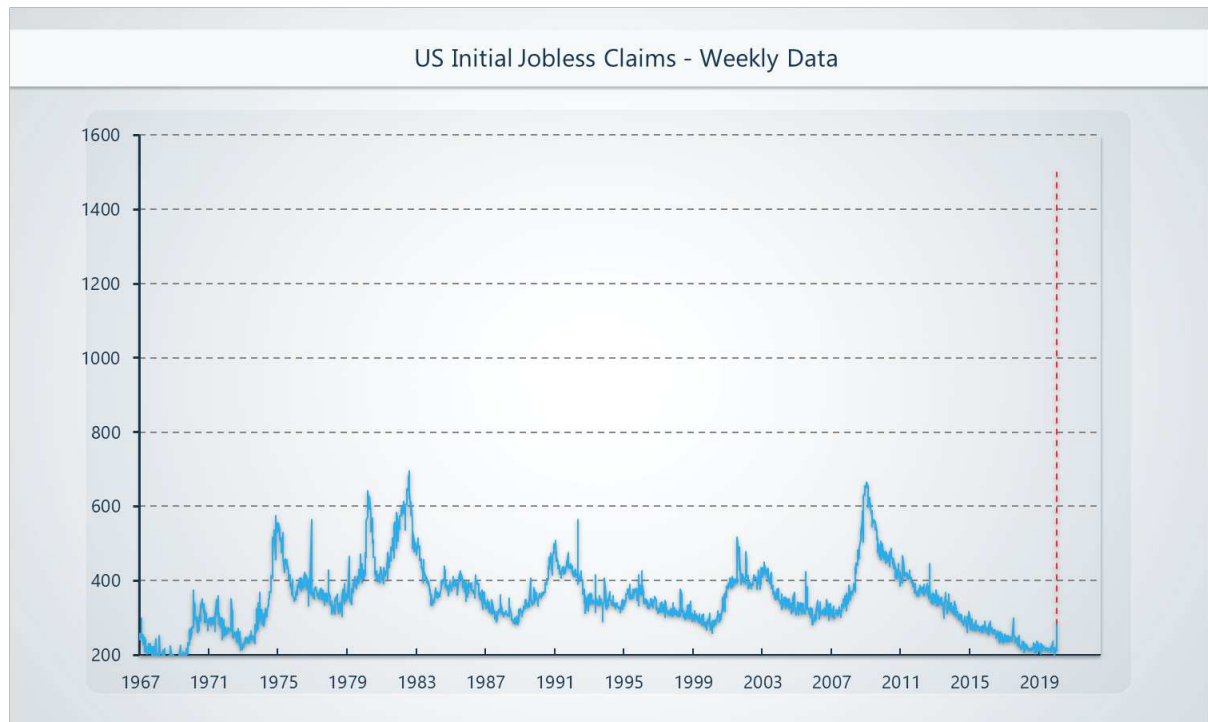
In America, the first dominoes to fall are within the manufacturing sector. The Empire State Manufacturing Index plunged the most ever in a single month and, as NY has just implemented a partial lockdown, we can expect this number to keep plummeting...



The Philly Fed fell off a cliff...



US Jobless Claims missed this week and the Bloomberg survey for next week (here in dotted red lines) suggests the employment sector is about to implode...



In Europe, German ZEW Economic Growth Expectations collapsed...



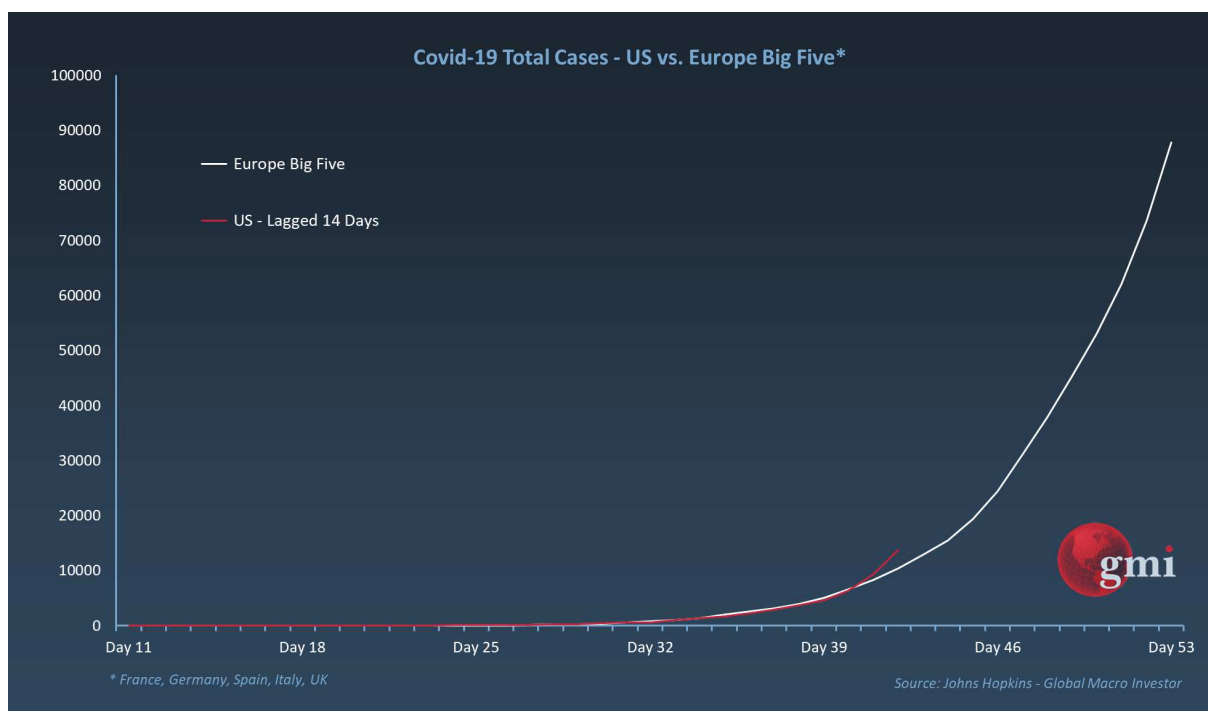
Conclusion

As the virus spreads globally, the manufacturing sector will slow dramatically, the retail sector will crumple, trade will collapse and obviously tourism revenue will totally vanish.

The little economic data that has been released from China since the COVID-19 breakout is indicating what we should expect for Europe, the US and the rest of the world.

In the US, the data is beginning to reveal the impact of COVID-19 when activity between the two countries slowed dramatically as China went into lockdown.

Now that COVID-19 has been quietly spreading through the US for few weeks and Los Angeles and New York have just gone into lockdown, we can expect the situation to worsen rapidly...



In Europe we have yet to see much data, but this week German ZEW Expectations collapsed, signalling what we can expect to see in the rest of Europe.

Data to keep an eye on in the coming week:

Europe: PMIs, confidence indexes,

US: Regional manufacturing indexes, Durable Goods Orders.



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