



**BERENBERG**  
PARTNERSHIP SINCE 1590

## MACRO NEWS

20/07/20

Florian Hense, Economist | [florian.hense@berenberg.com](mailto:florian.hense@berenberg.com) | +44 20 3207 7859

### **EU SUMMIT: INCHING TOWARDS A DEAL ON FOURTH DAY?**

#### Berenberg Macro View

EU President Charles Michel has prolonged the EU summit again. Discussions are scheduled to resume at 16h Brussels time.

That the summit heads into its fourth day could be a good sign. It suggests a deal may be possible at this summit already, at least on parts of what is on the table.

Positions have come closer on the size of the recovery fund and the relative size of grants and loans. EU President Charles Michel is reportedly working under the basis of €390bn in grants. That is up from what the „frugal four“ were ready to accept €350bn earlier on Sunday while below the €400bn many others led by France and Germany insisted on as a bare minimum. It remains unclear whether everyone signs up to the €390bn. Total package could amount to something between €700bn („frugal four“) and €750bn (original proposal backed by most others).

A deal, even just a partial, would be major step forward for EU. If EU leaders struggle to strike a deal today, chances are they will do so at another special summit in 2-3 weeks. EU leaders have reportedly not started discussions on the long-term budget.

Although the mood seems tetchy, EU leaders may still bridge the differences in the end, either later today or in the weeks thereafter which had been [our base case](#).

This message has been produced for information purposes for institutional investors or market professionals, it is not a financial analysis within the meaning of § 34b or § 31 of the German Securities Trading Act (Wertpapierhandelsgesetz), no investment advice or recommendation to buy financial instruments. The message does not claim completeness regarding the information on the developments referred to in it. On no account should it be regarded as a substitute for the recipient's procuring information for himself or exercising his own judgements. The message may include certain descriptions, statements, estimates, and conclusions underlining potential development based on assumptions, which may turn out to be incorrect. Berenberg and/or its employees accept no liability whatsoever for any direct or consequential loss or damages of any kind arising out of the use of this message or any part of its content. -- For full economics reports please visit our website or contact [capitalmarkets@berenberg.de](mailto:capitalmarkets@berenberg.de).

Joh. Berenberg, Gossler & Co. KG  
60 Threadneedle Street  
London EC2R 8HP  
Phone +44 20 3207 7859  
[www.berenberg.com](http://www.berenberg.com)  
[florian.hense@berenberg.com](mailto:florian.hense@berenberg.com)