



## Global recession as virus pandemic disrupts economy

An extreme global health emergency meets an unprecedented policy response.

- **The virus pandemic** deals an unusual and very severe shock to global demand and supply. The medical outlook and the containment will determine economic outcomes much more than usual economic fundamentals.
- **All forecasts are subject to unusual uncertainty:** The numbers in this document illustrate a potential scenario based on the most recent information. While infection curves have flattened, the risk of a second wave looms large, especially in the US. The near-term risks remain still skewed to the downside.
- **Unprecedented near-term disruptions:** Countries across the globe have imposed lockdowns. While these lockdowns last, they will curtail economic activity by far more than the great financial crisis of late 2008 and early 2009.
- **Gradual recovery underway:** Almost all advanced economies have started to ease some of their economically significant lockdowns. Initially, activity may rebound fast as shops and factories re-open. However, private consumption and business investment will likely lag well behind the re-opening of supply. Although government spending will narrow the gap, it will probably take at least two years for economies to return to their pre-pandemic level of GDP.

**A huge policy response:** Monetary, fiscal and regulatory policies remain in “whatever it takes” mode across much of the world. These responses cannot fix the medical emergency, but they can contain second-round risks such as those from potential financial stress. A big stimulus is being put into the pipeline.

**Key risk:** A second wave of the virus could force countries to re-impose lockdowns.

**Forecast changes:**

- **US GDP 2020:** We now expect a contraction of 4.1%, instead of 6.4%.

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	Weight	GDP growth				Inflation				Unemployment				Fiscal balance			
		2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022
<b>World*</b>	100.0	2.4	-4.5	3.5	2.4												
<b>US</b>	24.2	2.3	-4.1	3.5	2.5	1.8	0.7	0.6	1.5	3.7	8.3	7.2	5.7	-4.6	-19.0	-12.0	-11.0
<b>China</b>	15.8	6.2	-3.0	4.0	3.8	2.9	3.4	2.1	2.1	3.6	5.0	4.6	4.4	-6.4	-9.5	-9.8	-8.8
<b>Japan</b>	5.9	0.7	-4.5	3.6	1.1	0.5	0.2	0.3	0.5	2.4	3.0	3.0	2.7	-3.6	-11.0	-9.0	-8.0
<b>India</b>	3.2	5.0	-2.5	3.5	4.0									-2.2	-9.0	-6.0	-4.0
<b>Latin America</b>	6.2	1.5	-6.0	3.5	2.5									-4.6	-10.0	-7.0	-4.0
<b>Europe</b>	25.7	1.2	-8.7	6.3	2.8												
<b>Eurozone</b>	16.1	1.2	-9.6	7.1	2.9	1.2	0.2	0.8	1.3	7.6	9.7	10.0	8.2	-0.8	-11.5	-6.0	-3.0
<b>Germany</b>	4.7	0.6	-7.4	5.9	2.6	1.4	0.1	1.5	1.4	3.2	5.1	5.1	4.2	1.5	-9.5	-5.0	-2.5
<b>France</b>	3.3	1.5	-11.4	9.0	3.4	1.3	0.4	0.9	1.4	8.5	10.4	10.5	8.6	-3.2	-11.0	-6.0	-3.5
<b>Italy</b>	2.4	0.3	-12.1	7.8	2.3	0.6	-0.1	0.4	1.1	9.9	9.6	8.9	7.3	-1.6	-13.5	-6.0	-3.5
<b>Spain</b>	1.7	2.0	-11.5	9.1	3.9	0.8	-0.5	0.4	1.2	14.1	16.0	15.5	13.7	-2.4	-13.0	-6.5	-3.5
<b>Portugal</b>	0.3	2.2	-10.0	7.6	3.1	0.3	-0.2	0.3	0.9	6.6	8.2	8.4	6.6	-0.7	-10.5	-5.5	-3.0
<b>Other Western Europe</b>																	
<b>UK</b>	3.3	1.4	-10.0	6.0	3.1	1.8	0.6	1.1	1.8	3.9	7.1	5.6	5.0	-1.6	-12.0	-6.0	-3.0
<b>Switzerland</b>	0.8	0.8	-6.5	5.0	2.6	0.6	0.0	0.6	0.9	2.3	4.3	4.0	3.2	3.9	-7.5	-3.0	-1.0
<b>Sweden</b>	0.7	1.3	-6.0	5.0	2.6	1.8	0.9	1.3	1.5	6.3	8.0	7.2	6.8	0.5	-7.5	-3.0	-1.5
<b>Eastern Europe</b>																	
<b>Russia</b>	1.9	1.0	-5.0	3.5	2.5	4.5	2.0	3.0	3.9	4.6	7.0	5.0	4.7	2.1	-6.0	-4.0	-1.5
<b>Turkey</b>	0.9	-1.2	-6.0	3.5	3.0	15.2	9.0	8.5	8.0	14.0	18.0	15.0	13.0	-4.0	-9.0	-7.0	-4.0

Unemployment rate: Harmonised definition (ILO/Eurostat); fiscal balance: general government deficit in % of GDP excluding one-off bank support.

\*At market exchange rates, not purchasing power parity. PPP estimates give more weight to fast-growing emerging markets and inflate global GDP.

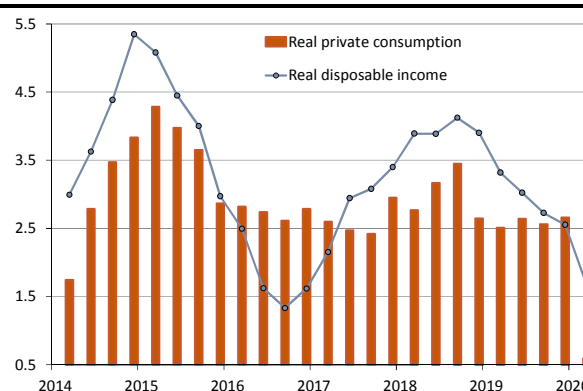
Weights based on IMF World Economic Outlook statistics 2018 GDP figures. Source: Berenberg

## US: virus pandemic causes deep recession

### Key drivers of forecast

- **Virus pandemic:** The negative shock to the US economy is severely affecting and interrupting the normal activities of all citizens and businesses
- **Unlike previous shocks:** This shock to supply and demand in the real economy is fundamentally different than the financial crisis of 2008-2009 that primarily hit the financial industry and housing, and also far different than the 1973 oil price shock
- **Real consumption** declined sharply in March and April due to the lockdowns, but is now rebounding. Sizable job losses and the shock to confidence pose significant risks
- **After the shock:** Following a deep contraction of consumption and investment, the subsequent recovery in many sectors will be tentative as uncertainty weighs on business investment and hiring
- **Aggressive fiscal, monetary and regulatory policy response**
- We expect the Fed to keep its benchmark rate in the new 0.0-0.25% range through 2022

### US private consumption and disposable income



Quarterly data, yoy change in %. Source: Bureau of Economic Analysis

### Berenberg versus consensus

	2020			2021		
	Ber	Cons	Gap	Ber	Cons	Gap
GDP	-4.1	-5.7	1.6	3.5	4.0	-0.5
Inflation	0.7	0.8	-0.1	0.6	1.7	-1.1
Unemployment	8.3	9.5	-1.2	7.2	7.5	-0.3

Bloomberg consensus, taken on 17 June 2020. Numbers may not add up due to rounding

### Risks: Skewed to downside near-term

		2019	2020	2021	2022	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
<b>GDP</b>	% y/y	<b>2.3</b>	<b>-4.1</b>	<b>3.5</b>	<b>2.5</b>	0.3	-8.4	-4.7	-3.6	-1.3	8.4	4.3	3.2	2.8	2.5	2.4	2.3
	% q/q					-1.3	-8.2	4.7	1.7	1.0	0.8	0.7	0.6	0.6	0.6	0.6	0.6
	%q/q ann.					-5.0	-29.0	20.0	7.0	4.0	3.3	3.0	2.5	2.4	2.3	2.3	2.4
Private Consumption	% y/y	<b>2.6</b>	<b>-3.7</b>	<b>4.0</b>	<b>2.5</b>	0.6	-8.1	-4.1	-3.1	-0.3	8.9	4.4	3.5	3.0	2.5	2.4	2.3
	% q/q					-1.7	-7.6	5.1	1.5	1.1	1.0	0.7	0.6	0.6	0.6	0.5	0.6
Residential Investment	% y/y	<b>-1.5</b>	<b>2.5</b>	<b>5.2</b>	<b>4.6</b>	6.4	-2.1	2.6	3.0	-0.1	10.8	5.8	4.8	4.5	4.4	4.7	4.8
	% q/q					4.3	-8.7	6.0	2.0	1.2	1.3	1.2	1.0	0.9	1.2	1.5	1.1
Non-Residential Investment	% y/y	<b>2.1</b>	<b>-8.5</b>	<b>5.4</b>	<b>5.7</b>	-3.4	-14.5	-9.7	-6.3	-2.9	11.7	7.9	6.1	6.1	5.7	5.7	5.3
	% q/q					-2.0	-11.7	5.0	3.1	1.5	1.6	1.4	1.5	1.5	1.2	1.4	1.1
Government Purchases	% y/y	<b>2.3</b>	<b>-0.6</b>	<b>0.7</b>	<b>0.4</b>	2.5	-1.9	-1.6	-1.4	-1.4	2.0	1.5	0.8	0.6	0.4	0.3	0.2
	% q/q					0.2	-3.1	0.7	0.8	0.3	0.2	0.2	0.1	0.1	0.0	0.1	0.0
Final Dom Demand <sup>1</sup>	% y/y	<b>2.4</b>	<b>-3.7</b>	<b>3.7</b>	<b>2.7</b>	0.5	-7.8	-4.3	-3.1	-0.9	8.1	4.4	3.4	3.0	2.7	2.5	2.4
	% q/q					-1.3	-7.4	4.3	1.6	1.0	1.0	0.7	0.7	0.6	0.6	0.6	0.6
Exports	% y/y	<b>0.0</b>	<b>-12.4</b>	<b>4.6</b>	<b>4.3</b>	-2.9	-20.2	-14.9	-11.7	-7.9	15.1	8.7	5.2	4.4	4.2	4.3	4.6
	% q/q					-2.2	-19.0	6.9	4.3	2.0	1.2	1.0	0.9	1.2	1.0	1.1	1.2
Imports	% y/y	<b>1.0</b>	<b>-11.5</b>	<b>6.1</b>	<b>5.4</b>	-5.8	-17.1	-14.2	-8.9	-2.9	12.2	9.4	6.8	5.8	5.3	5.3	5.1
	% q/q					-4.1	-12.0	4.0	3.8	2.2	1.7	1.4	1.3	1.3	1.2	1.4	1.1
Net Exports <sup>1</sup>	% y/y	<b>-0.2</b>	<b>0.5</b>	<b>-0.5</b>	<b>-0.4</b>	0.7	0.5	0.6	0.0	-0.5	-0.3	-0.5	-0.5	-0.5	-0.4	-0.4	-0.3
	% q/q					0.4	-0.4	0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	0.0
Stockbuilding <sup>1,5</sup>	% y/y	<b>0.1</b>	<b>-0.7</b>	<b>0.1</b>	<b>0.1</b>	-1.0	-0.8	-0.8	-0.4	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1
	% q/q					-0.4	0.0	0.0	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Current Account Balance	USD bn	<b>-503</b>	<b>-439</b>	<b>-482</b>	<b>-520</b>	-103	-113	-110	-113	-116	-119	-122	-125	-127	-129	-132	-133
	% of GDP	<b>-2.3</b>	<b>-2.1</b>	<b>-2.3</b>	<b>-2.4</b>	-1.9	-2.3	-2.1	-2.2	-2.2	-2.2	-2.3	-2.3	-2.4	-2.4	-2.4	-2.4
Industrial Production <sup>2</sup>	% y/y	<b>0.9</b>	<b>-6.5</b>	<b>5.7</b>	<b>4.6</b>	-2.0	-14.2	-6.4	-3.4	-0.8	15.2	6.2	3.5	3.8	4.1	4.9	5.6
	% q/q					-1.8	-13.0	9.4	3.3	0.9	1.0	0.8	0.7	1.2	1.4	1.5	1.4
Unemployment Rate <sup>2</sup>	%	<b>3.7</b>	<b>8.3</b>	<b>7.2</b>	<b>5.7</b>	3.8	12.7	8.9	8.0	7.7	7.4	7.1	6.7	6.3	5.9	5.5	5.1
CPI <sup>2</sup>	% y/y	<b>1.8</b>	<b>0.7</b>	<b>0.6</b>	<b>1.5</b>	2.1	0.4	0.4	0.0	-0.1	1.0	0.7	0.8	1.0	1.3	1.6	1.9
Core PCE <sup>2</sup>	% y/y	<b>1.6</b>	<b>0.8</b>	<b>0.7</b>	<b>1.3</b>	1.7	0.9	0.5	0.3	0.1	0.8	0.9	1.0	1.2	1.3	1.4	1.5
Federal Govt. Balance <sup>3,6</sup>	% of GDP	<b>-4.6</b>	<b>-19.0</b>	<b>-12.0</b>	<b>-11.0</b>												
General Govt. Debt	% of GDP	<b>107.0</b>	<b>124.0</b>	<b>124.5</b>	<b>125.5</b>												
Fed Funds Rate <sup>4</sup>	%	<b>1.75</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25

<sup>1</sup> Contribution to GDP growth <sup>2</sup> Period averages <sup>3</sup> Federal budget balance <sup>4</sup> End of period <sup>5</sup> Annual data refers to yoy change and quarterly data refers to qoq change

<sup>6</sup> Differs from Maastricht definition used for European countries. Under Maastricht, the balance would be -5.0% in 2017 (European Commission)

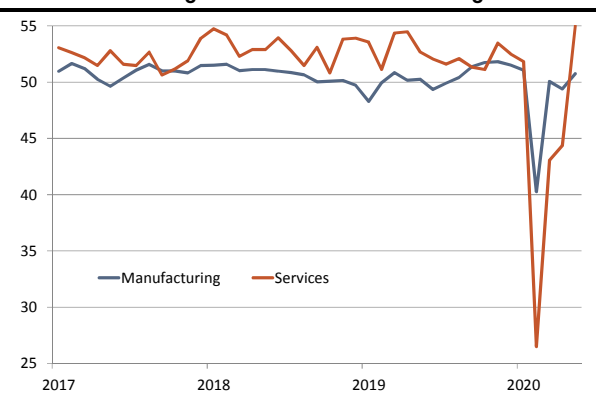
## China: virus epidemic accentuates weak economy

### Key drivers of forecast

- **Negative supply shock:** China's real GDP probably declined by an estimated 10-12% annualised in Q1. There are scant signs of a major recovery in Q2 yet
- **Potential growth decelerating:** The baseline forecast is slower growth on trend
- **Monetary and fiscal stimulus** is constrained by tighter credit standards
- Although the number of infected people has fallen rapidly, production is returning only gradually to more normal levels after a huge hit during the lockdown. The recession in the advanced world is restraining the pace of the rebound

**Risks:** The actual economy could be substantially weaker than official data suggest; the virus epidemic could harm confidence for longer than our base case assumes

PMI manufacturing and service sector stabilising



50=no change. Source: Caixin, Markit

### Berenberg versus consensus

	2020			2021		
	Ber	Cons	Gap	Ber	Cons	Gap
GDP	-3.0	1.8	<b>-4.7</b>	4.0	8.0	<b>-4.0</b>
Inflation	3.4	3.0	<b>0.4</b>	2.1	2.1	<b>-0.1</b>
Unemployment	5.0	4.4	<b>0.6</b>	4.6	4.2	<b>0.4</b>
Fiscal balance	-9.5	-6.5	<b>-3.0</b>	-9.8	-5.8	<b>-4.0</b>

Bloomberg consensus, taken on 12 June 2020. Numbers may not add up due to rounding

Data for 2018 to Q1 2020 are from the China National Bureau of Statistics which significantly overstate actual performance. 2020-2022 are Berenberg forecasts.

		2019	2020	2021	2022	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
<b>GDP</b>	% y/y	<b>6.2</b>	<b>-3.0</b>	<b>4.0</b>	<b>3.8</b>	-6.8	-2.1	-1.2	-1.8	7.1	4.2	2.5	2.1	2.8	3.5	4.1	4.7
	% q/q					-9.8	3.3	2.1	1.0	0.5	0.6	0.5	0.6	1.1	1.2	1.1	1.2
	%q/q ann					-33.8	14.0	8.7	4.1	1.8	2.2	2.0	2.2	4.6	5.1	4.5	4.7
Retail Sales <sup>1</sup>	% y/y	<b>8.0</b>	<b>-6.7</b>	<b>5.6</b>	<b>4.8</b>	-15.3	-8.2	-2.5	-1.0	6.4	5.8	5.3	5.0	4.9	4.8	4.7	4.9
Fixed Asset Investment <sup>2,4</sup>	% y/y	<b>5.7</b>	<b>-6.1</b>	<b>4.8</b>	<b>4.5</b>	-16.1	-6.4	-2.0	0.0	4.9	4.8	4.8	4.7	4.6	4.5	4.6	4.4
Industrial Production	% y/y	<b>5.7</b>	<b>-4.0</b>	<b>4.3</b>	<b>4.2</b>	-9.4	-4.0	-3.0	0.5	4.4	4.3	4.3	4.2	4.1	4.2	4.3	4.1
Exports <sup>3</sup>	% y/y	<b>0.5</b>	<b>-4.5</b>	<b>3.6</b>	<b>3.4</b>	-8.7	-3.2	-5.0	-2.0	4.5	4.0	3.2	3.0	3.5	3.4	3.5	3.0
Imports <sup>3</sup>	% y/y	<b>-2.7</b>	<b>-7.6</b>	<b>3.4</b>	<b>3.4</b>	-0.8	-14.0	-9.0	-6.0	-2.2	3.5	3.2	3.0	3.0	4.0	3.0	3.5
Current Account Balance	\$ bn	<b>142</b>	<b>83</b>	<b>137</b>	<b>110</b>	-9	19	24	49	27	33	38	40	9	26	31	44
	% of GDP	<b>1.0</b>	<b>0.6</b>	<b>0.9</b>	<b>0.6</b>												
Unemployment Rate	%	<b>3.6</b>	<b>5.0</b>	<b>4.6</b>	<b>4.4</b>	3.7	5.5	5.4	5.4	4.6	4.6	4.5	4.5	4.4	4.4	4.3	4.3
CPI	% y/y	<b>2.9</b>	<b>3.4</b>	<b>2.1</b>	<b>2.1</b>	5.0	3.2	3.2	2.4	2.2	2.0	2.0	2.0	2.2	2.0	2.1	2.1
General Govt Balance	% of GDP	<b>-6.4</b>	<b>-9.5</b>	<b>-9.8</b>	<b>-8.8</b>												
General Govt Debt	% of GDP	<b>50.2</b>	<b>56.5</b>	<b>61.2</b>	<b>64.4</b>												

<sup>1</sup> Nominal <sup>2</sup> Year-to-date over same period in previous year <sup>3</sup> Growth rates based on monthly value data in USD <sup>4</sup> Includes government investment

## Japan: near-term recession as VAT and virus shock hit

### Key drivers of forecast

- **Economy to contract in 2020; exports falling**, driven by China's slowdown, trade policy uncertainties and the impact of the coronavirus
- **Densely populated areas have shut down recently**; significant fiscal stimulus has been proposed in response
- **Labour force participation rates** for women and foreigners continue to rise
- **The Bank of Japan** is to continue its quantitative and qualitative monetary easing and its yield curve control (YCC) policy

### Risks: Tilted to the downside in the near term

- **Upside:** A potential bounceback in Asia
- **Downside risk:** An even bigger hit from the coronavirus outbreak; and lasting negative impact from the VAT hike
- **Long-term risk:** Negative demographics and high debt weigh heavily on longer-run potential

### Japan: exports have slumped



Monthly data. In trillion Yen. Source: Ministry of Finance and Japan Tariff Association

### Berenberg versus consensus

	2020			2021		
	Ber	Cons	Gap	Ber	Cons	Gap
GDP	-4.5	-4.9	0.4	3.6	2.3	1.4
Inflation	0.2	0.0	0.2	0.3	0.3	0.0
Unemployment	3.0	3.0	0.0	3.0	3.1	-0.2
Fiscal balance	-11.0	-9.3	-1.7	-9.0	-6.6	-2.5

Bloomberg consensus, taken on 12 June 2020. Numbers may not add up due to rounding

		2019	2020	2021	2022	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
<b>GDP</b>	% y/y	0.7	-4.5	3.6	1.1	-1.9	-8.6	-5.7	-2.0	-0.4	7.3	4.7	3.0	2.1	1.2	0.6	0.4
	% q/q					-0.6	-6.3	3.1	2.0	1.0	0.9	0.6	0.3	0.1	0.1	0.1	0.1
	%q/q ann.					-2.2	-22.9	13.1	8.4	4.2	3.8	2.6	1.4	0.6	0.3	0.3	0.5
Private Consumption	% y/y	0.2	-6.8	4.4	1.4	-2.7	-11.9	-8.8	-3.7	-1.5	9.5	6.1	4.1	2.6	1.5	0.9	0.5
	% q/q					-0.8	-9.0	4.0	2.5	1.5	1.2	0.8	0.5	0.1	0.1	0.2	0.1
Government Consumption	% y/y	2.0	4.6	3.6	0.6	2.5	4.0	5.3	6.7	7.1	4.4	2.3	1.0	0.8	0.5	0.5	0.5
	% q/q					0.0	3.0	2.0	1.5	0.4	0.4	0.0	0.2	0.2	0.1	0.0	0.2
Private Investment	% y/y	0.9	-6.8	3.5	2.4	-2.4	-12.8	-9.2	-2.6	-2.6	9.0	5.1	3.1	2.9	2.5	2.1	1.9
	% q/q					1.0	-10.0	4.5	2.5	1.0	0.8	0.7	0.6	0.8	0.4	0.3	0.4
Public Investment	% y/y	2.8	4.5	3.4	0.4	2.6	3.9	5.0	6.6	7.3	4.1	2.2	0.3	0.4	0.4	0.4	0.3
	% q/q					-0.6	3.0	2.0	2.0	0.1	0.0	0.1	0.1	0.2	0.0	0.1	0.0
Final Domestic Demand <sup>1</sup>	% y/y	0.8	-3.9	4.0	1.3	-1.3	-8.1	-5.4	-0.8	0.5	8.0	4.9	3.0	2.2	1.4	1.0	0.8
	% q/q					-0.3	-6.1	3.5	2.3	1.1	0.9	0.6	0.4	0.3	0.2	0.2	0.2
Exports	% y/y	-1.6	-18.5	6.6	6.5	-6.0	-28.4	-20.8	-18.7	-11.0	20.0	11.5	10.4	8.2	6.8	6.0	5.0
	% q/q					-6.0	-23.7	10.0	3.0	3.0	2.8	2.2	2.0	1.0	1.4	1.5	1.0
Imports	% y/y	-0.6	-15.6	7.3	7.0	-4.8	-25.3	-18.4	-13.8	-7.1	18.8	10.5	9.8	8.2	7.7	6.8	5.5
	% q/q					-4.9	-20.0	10.0	3.0	2.5	2.3	2.3	2.4	1.0	1.8	1.4	1.2
Net Exports <sup>1</sup>	% y/y	-0.2	-0.4	-0.2	-0.2	-0.2	-0.4	-0.3	-0.8	-0.6	0.0	0.0	0.0	-0.1	-0.2	-0.2	-0.1
	% q/q					-0.2	-0.5	-0.1	0.0	0.0	0.0	0.0	-0.1	0.0	-0.1	0.0	0.0
Stockbuilding <sup>1</sup>	% y/y	0.0	-0.2	-0.3	-0.1	-0.4	-0.1	-0.1	-0.3	-0.3	-0.6	-0.2	0.0	0.0	0.0	-0.2	-0.2
	% q/q					-0.1	0.3	-0.3	-0.2	-0.1	0.0	0.1	0.0	-0.1	0.0	-0.1	0.0
Current Account Balance	JPY trn	20.1	17.6	16.4	15.2	5.8	2.9	5.4	3.4	5.5	2.6	5.1	3.1	5.2	2.3	4.8	2.8
	% of GDP	3.6	3.3	3.0	2.7												
Industrial Production <sup>2</sup>	% y/y	-2.7	-8.7	5.1	3.4	-4.3	-16.2	-10.4	-3.6	-2.9	12.2	7.3	4.8	4.6	3.7	3.0	2.4
	% q/q					0.4	-12.5	5.8	3.7	1.2	1.1	1.2	1.2	1.0	0.3	0.5	0.7
Unemployment Rate <sup>2</sup>	%	2.4	3.0	3.0	2.7	2.4	3.4	3.2	3.1	3.1	3.0	2.9	2.9	2.8	2.7	2.6	2.6
CPI <sup>2</sup>	% y/y	0.5	0.2	0.3	0.5	0.5	0.2	0.3	-0.1	0.2	0.3	0.3	0.3	0.4	0.5	0.5	0.6
General Govt. Balance	% of GDP	-3.6	-11.0	-9.0	-8.0												
General Govt. Debt	% of GDP	202	222	223	230												

<sup>1</sup> Contribution to GDP growth <sup>2</sup> Period averages

## UK: sharp recession in 2020 as virus restricts economic activity

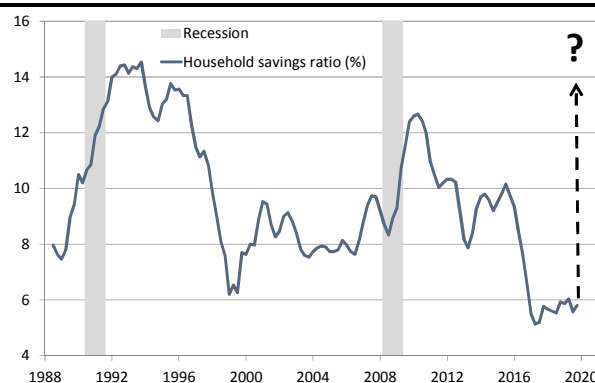
### Key drivers of forecast

- **Near-term virus impact:** Risks and disruptions linked to COVID-19 will hurt all components of non-healthcare related private economic activity – we expect sharp declines in consumption and investment in Q2
- **Partial offset from policy:** Aggressive fiscal support can minimise bankruptcies and limit the rise in unemployment
- **More asset purchases ahead for Bank of England (BoE):** The BoE has already cut the policy rate to 0.1% and announced £200bn in asset purchases. More QE to come in proportion to the sharp rise in public debt issuance
- **Brexit hurts:** Leaving the EU could lower UK potential growth from 2.1% to roughly 1.7% – depending on the nature of any future UK-EU trade agreement

### Risks: Tilted to the downside in the near term

- **Downside risk:** Risk of a disorderly Brexit at the end of 2020 may weigh on confidence and consumer spending
- **Medium-term upside risk:** A bigger-than-expected fiscal stimulus could lift demand and spending by more than expected in 2021 once the virus impact has faded

### UK: Household savings ratio is likely to surge



Quarterly data. Three quarter moving average. Source: ONS

### Berenberg versus consensus

	2020			2021		
	Ber	Cons	Gap	Ber	Cons	Gap
GDP	-10.0	-7.9	-2.1	6.0	5.5	0.5
Inflation	0.6	0.9	-0.3	1.1	1.5	-0.4
Unemployment	7.1	7.0	0.1	5.6	6.3	-0.6
Fiscal balance	-12.0	-10.7	-1.3	-6.0	-5.9	-0.1

Bloomberg consensus, taken on 12 June 2020. Numbers may not add up due to rounding

		2019	2020	2021	2022	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
<b>GDP</b>	% y/y	1.4	-10.0	6.0	3.1	-1.6	-18.2	-11.5	-8.7	-4.9	16.4	8.3	6.1	4.5	3.5	2.6	1.7
	% q/q					-2.0	-17.0	8.8	3.2	2.1	1.5	1.2	1.1	0.6	0.5	0.4	0.3
	%q/q ann.					-7.7	-52.6	39.9	13.6	8.6	6.3	5.0	4.6	2.3	2.1	1.5	1.2
Private Consumption	% y/y	1.1	-11.1	6.4	4.0	-1.0	-21.2	-11.9	-10.1	-6.8	18.9	8.2	8.0	6.5	4.9	3.1	1.6
	% q/q					-1.7	-20.0	12.0	2.0	2.0	2.0	2.0	1.8	0.6	0.4	0.3	0.3
Government Consumption	% y/y	3.5	6.0	0.1	-1.8	-0.1	6.7	9.9	7.3	9.0	-0.1	-3.9	-3.9	-3.9	-2.4	-1.0	0.4
	% q/q					-2.6	8.0	3.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	0.6	0.4	0.4
Investment	% y/y	0.6	-16.9	10.6	8.4	-2.3	-26.3	-24.5	-14.4	-10.5	23.0	23.0	13.1	12.0	9.8	7.5	4.8
	% q/q					-1.0	-25.0	3.0	12.0	3.5	3.0	3.0	3.0	2.5	1.0	0.8	0.4
Final Domestic Demand <sup>1</sup>	% y/y	1.4	-8.8	5.6	3.5	-1.1	-16.8	-9.9	-7.5	-4.4	14.9	7.5	6.2	5.1	4.1	3.0	1.9
	% q/q					-1.7	-15.5	8.5	2.7	1.6	1.5	1.5	1.4	0.6	0.5	0.4	0.3
Exports	% y/y	5.1	-18.0	7.1	2.8	-6.6	-17.6	-24.6	-22.4	-4.5	12.2	15.6	7.1	2.0	2.0	3.0	4.1
	% q/q					6.2	-14.0	-3.0	8.0	6.0	1.0	0.0	0.0	1.0	1.0	1.0	1.0
Imports	% y/y	4.6	-17.2	6.1	4.4	-17.4	-16.0	-20.1	-15.3	-2.7	8.0	12.6	7.4	4.4	4.5	4.5	4.5
	% q/q					-9.4	-9.0	-3.0	6.0	4.0	1.0	1.1	1.1	1.1	1.1	1.1	1.1
Net Exports <sup>2</sup>	% y/y	0.1	-0.1	0.2	-0.5	3.9	-0.3	-1.4	-2.5	-0.5	1.1	0.6	-0.2	-0.7	-0.7	-0.5	-0.2
	% q/q					-1.6	-1.4	0.1	0.4	0.5	0.0	-0.3	-0.3	0.0	0.0	0.0	0.0
Stockbuilding <sup>1</sup>	% y/y	0.2	-0.8	-1.0	-0.1	-2.1	-0.7	0.1	-0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	% q/q					-0.3	0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current Account Balance	GBP bn	-83.8	-79.7	-70.7	-70.7	-21.3	-20.4	-19.5	-18.6	-17.7	-17.7	-17.7	-17.7	-17.7	-17.7	-17.7	-17.7
	% of GDP	-3.8	-4.0	-3.3	-3.1	-3.9	-4.5	-4.0	-3.6	-3.4	-3.3	-3.3	-3.2	-3.2	-3.2	-3.1	-3.1
Industrial Production <sup>2</sup>	% y/y	-1.6	-11.7	4.2	1.8	-4.2	-19.0	-13.1	-10.5	-6.9	13.6	7.2	4.9	3.0	1.5	0.8	1.7
	% q/q					-2.1	-16.6	7.3	2.2	1.8	1.8	1.2	0.0	0.0	0.3	0.5	0.9
Unemployment Rate <sup>2</sup>	%	3.9	7.1	5.6	5.0	5.0	8.8	8.0	6.5	5.9	5.7	5.5	5.4	5.2	5.1	4.9	4.8
CPI <sup>2</sup>	% y/y	1.8	0.6	1.1	1.8	1.6	0.6	0.0	0.1	0.6	0.9	1.2	1.5	1.6	1.6	1.8	2.1
General Govt. Balance <sup>3</sup>	% of GDP	-1.6	-12.0	-6.0	-3.0												
General Govt. Debt <sup>3</sup>	% of GDP	86.1	107.1	106.0	104.1												
BoE Bank Rate <sup>4</sup>		0.75	0.75	0.10	0.10	0.75	0.75	0.75	0.75	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10

<sup>1</sup> Contribution to GDP growth <sup>2</sup> Period averages <sup>3</sup> Maastricht basis <sup>4</sup> End period

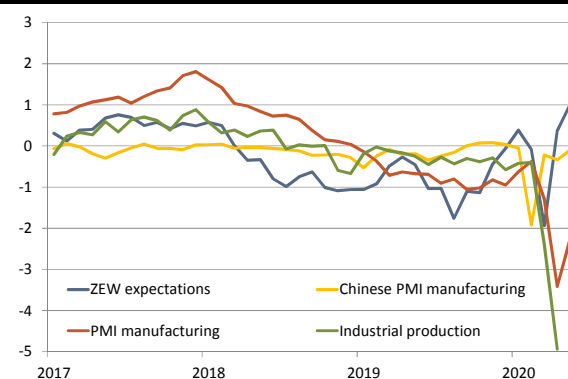
## Eurozone: major recession in H1 caused by virus pandemic

### Key drivers of forecast

- **Worst short-term contraction in peacetime:** In March and April, the economy may probably contracted by a cumulative 30%, the worst peacetime plunge on record
- **Broad-based collapse in activity:** The impact of the lockdowns is broad-based across countries, sectors and industries. Some sectors (retail, travel, entertainment) and countries (France, Spain, Italy) suffer more than others
- **Rebound started in May:** As the lockdowns are being eased gradually, activity has started to recover. However, consumer demand and business investment will rise only haltingly. It will take at least until mid-2022 for GDP to return to its pre-coronavirus level
- **Policy outlook:** Monetary, fiscal and regulatory policies are providing a major stimulus. The unprecedented economic policy response can contain the risk of a financial crisis and support a rebound if and when the corona shock has faded.

**Risks:** Largely balanced again as economies re-open gradually. A second wave of the pandemic could cause a major downside. But the big stimulus creates upside potential

### Beyond the worst



Industrial production and key indicators normalised by average and standard deviation since 2005. Sources: ZEW, Caixin, Markit, Eurostat, Haver Analytics, Berenberg

### Berenberg versus consensus

	2020			2021		
	Ber	Cons	Gap	Ber	Cons	Gap
GDP	-9.6	-7.8	<b>-1.9</b>	7.1	5.2	<b>1.9</b>
Inflation	0.2	0.4	<b>-0.2</b>	0.8	1.1	<b>-0.3</b>
Unemployment	9.7	9.4	<b>0.3</b>	10.0	9.6	<b>0.5</b>
Fiscal balance	-11.5	-9.4	<b>-2.1</b>	-6.0	-4.4	<b>-1.7</b>

Bloomberg consensus, taken on 12 June 2020. Numbers may not add up due to rounding

		2019	2020	2021	2022	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
<b>GDP</b>	% y/y	<b>1.2</b>	<b>-9.6</b>	<b>7.1</b>	<b>2.9</b>	-3.1	-19.2	-9.9	-6.2	-1.3	19.6	7.9	4.3	3.6	3.0	2.7	2.4
	% q/q					-3.6	-16.5	11.8	4.2	1.5	1.2	0.9	0.8	0.7	0.6	0.5	0.5
	%q/q ann.					-13.6	-51.3	56.2	17.9	5.9	4.8	3.5	3.1	2.9	2.5	2.2	2.0
Private Consumption	% y/y	<b>1.3</b>	<b>-12.4</b>	<b>8.2</b>	<b>2.9</b>	-3.9	-24.3	-13.3	-8.2	-2.3	25.0	9.5	4.2	3.3	3.0	2.8	2.5
	% q/q					-4.7	-21.0	15.0	6.0	1.5	1.0	0.8	0.8	0.7	0.7	0.6	0.6
Government Consumption	% y/y	<b>1.8</b>	<b>3.0</b>	<b>-0.3</b>	<b>1.0</b>	1.0	3.6	4.4	3.1	2.7	-0.9	-2.0	-0.7	0.4	1.2	1.2	1.2
	% q/q					-0.4	3.1	1.4	-1.0	-0.8	-0.5	0.3	0.3	0.3	0.3	0.3	0.3
Investment	% y/y	<b>4.5</b>	<b>-11.4</b>	<b>9.4</b>	<b>4.5</b>	1.5	-22.9	-12.5	-11.7	-5.0	25.8	13.0	7.9	5.8	4.7	4.0	3.4
	% q/q					-4.3	-23.0	13.0	6.0	3.0	2.0	1.5	1.2	1.0	0.9	0.8	0.7
Final Domestic Demand <sup>1</sup>	% y/y	<b>2.0</b>	<b>-8.5</b>	<b>6.2</b>	<b>2.7</b>	-1.6	-17.1	-8.9	-6.4	-1.7	17.5	7.1	3.7	3.1	2.8	2.6	2.3
	% q/q					-3.5	-15.5	10.5	4.1	1.2	0.8	0.8	0.7	0.6	0.6	0.6	0.5
Exports	% y/y	<b>2.5</b>	<b>-14.8</b>	<b>14.2</b>	<b>5.1</b>	-3.5	-25.7	-17.8	-12.1	-3.3	30.7	20.3	13.6	8.8	5.4	3.5	2.9
	% q/q					-4.2	-23.0	11.3	7.0	5.5	4.0	2.5	1.0	1.0	0.8	0.6	0.5
Imports	% y/y	<b>3.4</b>	<b>-13.1</b>	<b>12.9</b>	<b>5.3</b>	-0.8	-22.9	-16.3	-12.3	-4.2	27.1	19.7	13.3	8.7	5.7	3.7	3.2
	% q/q					-3.6	-21.8	9.0	6.8	5.2	3.8	2.6	1.1	1.0	0.9	0.7	0.6
Net Exports <sup>1</sup>	% y/y	<b>-0.3</b>	<b>-1.4</b>	<b>1.0</b>	<b>0.1</b>	-1.4	-2.3	-1.5	-0.4	0.3	2.3	1.0	0.6	0.3	0.1	0.0	0.0
	% q/q					-0.4	-1.3	1.3	0.3	0.3	0.2	0.1	0.0	0.0	0.0	0.0	0.0
Stockbuilding <sup>1</sup>	% y/y	<b>-0.5</b>	<b>0.3</b>	<b>-0.1</b>	<b>-0.1</b>	-0.2	0.3	0.5	0.6	0.1	-0.2	-0.2	0.0	0.1	0.1	0.1	0.1
	% q/q					0.4	0.4	0.0	-0.2	-0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Current Account Balance	EUR bn	<b>327</b>	<b>323</b>	<b>299</b>	<b>275</b>	97	61	89	76	91	55	83	70	85	49	77	64
	% of GDP	<b>2.7</b>	<b>3.0</b>	<b>2.6</b>	<b>2.3</b>												
Industrial Production <sup>2</sup>	% y/y	<b>-1.3</b>	<b>-11.1</b>	<b>7.1</b>	<b>2.2</b>	-5.8	-22.3	-10.3	-6.0	-0.9	21.7	6.8	3.6	2.4	2.2	2.1	2.1
	% q/q					-3.5	-18.0	14.7	3.7	1.6	0.7	0.6	0.5	0.5	0.5	0.5	0.5
Unemployment Rate <sup>2</sup>	%	<b>7.6</b>	<b>9.7</b>	<b>10.0</b>	<b>8.2</b>	7.2	8.7	11.4	11.5	10.9	10.3	9.7	9.1	8.6	8.3	8.0	7.7
	% y/y	<b>1.2</b>	<b>0.2</b>	<b>0.8</b>	<b>1.3</b>	1.1	0.1	-0.3	-0.3	0.2	0.7	1.2	1.2	1.1	1.3	1.4	1.5
General Govt. Balance	% of GDP	<b>-0.8</b>	<b>-11.5</b>	<b>-6.0</b>	<b>-3.0</b>												
General Govt. Debt	% of GDP	<b>84.1</b>	<b>104.4</b>	<b>102.7</b>	<b>101.5</b>												
ECB main refinancing rate <sup>3</sup>	%	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

<sup>1</sup>Contribution to GDP growth <sup>2</sup>Period averages <sup>3</sup>End of period

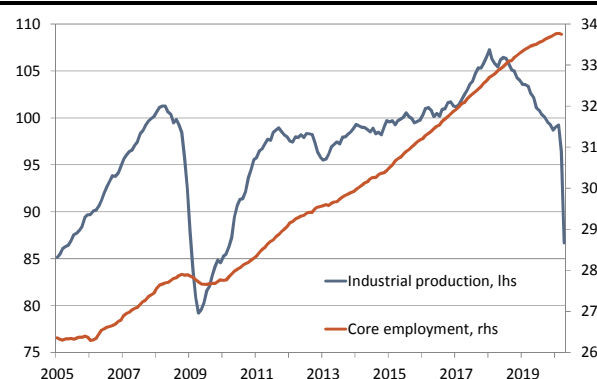
## Germany: coronavirus pandemic triggers recession in H1

### Key drivers of forecast

- **Serious near-term disruption:** The coronavirus pandemic is an extremely severe shock to supply and demand. It has caused the economy to contract strongly in March and April, de-railing the rebound that had started in late 2019
- **Rebound in H2 likely:** Once the lockdowns are eased, activity can recover. Some losses stemming from interrupted global supply chains can be recouped thereafter, possibly starting in H2. However, it will take at least until mid-2022 for GDP to return to its pre-coronavirus level
- **The rewards of prudence:** Germany is weathering the pandemic less badly than most other countries. Because it responded early to the risks, its lockdowns were less harsh than in many other countries. Germany can afford a bigger fiscal policy response due to its prudent fiscal policies in the years before
- **Inflation still subdued:** The 2019 wage deals have raised costs but the recession and low oil prices will keep inflation very subdued

**Risks:** Largely balanced. A second wave of the pandemic could cause a major downside. But the big stimulus creates upside potential. A renewed US-China trade war could restrain the pace of the post-pandemic upswing

### 2008/2009 lesson: "Kurzarbeitergeld" can limit dismissals



Index for industrial output excluding construction, three-month moving average, 2015=100; core employment not subject to payroll taxes, in million. Sources: Destatis, Bundesbank

### Berenberg versus consensus

	2020			2021		
	Ber	Cons	Gap	Ber	Cons	Gap
GDP	-7.4	-6.3	-1.1	5.9	4.9	1.0
Inflation	0.1	0.7	-0.6	1.5	1.4	0.1
Unemployment	5.1	5.8	n/a	5.1	6.1	n/a
Fiscal balance	-9.5	-7.5	-2.0	-5.0	-3.3	-1.7

Bloomberg consensus, taken on 12 June 2020. Numbers may not add up due to rounding

		2019	2020	2021	2022	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
<b>GDP</b> <sup>1</sup>	% y/y	<b>0.6</b>	<b>-7.4</b>	<b>5.9</b>	<b>2.6</b>	-2.3	-15.7	-7.0	-4.6	-1.1	16.0	5.9	4.1	3.3	2.8	2.4	2.1
	% q/q					-2.2	-13.9	10.5	2.5	1.4	1.0	0.9	0.7	0.5	0.6	0.5	0.4
	%q/q ann.					-8.6	-45.0	49.2	10.4	5.5	4.2	3.8	2.9	2.2	2.3	2.0	1.7
Private Consumption	% y/y	<b>1.7</b>	<b>-9.1</b>	<b>6.9</b>	<b>2.8</b>	-2.8	-20.0	-8.1	-5.4	-1.1	21.1	6.2	4.0	3.4	3.0	2.6	2.2
	% q/q					-3.2	-17.5	15.0	3.0	1.2	1.0	0.9	0.8	0.7	0.6	0.5	0.4
Government Consumption	% y/y	<b>2.7</b>	<b>2.1</b>	<b>-0.9</b>	<b>0.9</b>	2.2	2.7	2.3	1.2	0.2	-1.0	-2.0	-0.7	0.4	0.9	1.2	1.2
	% q/q					0.2	1.0	1.0	-1.0	-0.8	-0.2	0.0	0.3	0.3	0.3	0.3	0.3
Investment	% y/y	<b>2.6</b>	<b>-9.1</b>	<b>7.2</b>	<b>3.9</b>	-1.0	-17.6	-10.9	-7.0	-4.0	17.4	10.1	7.1	4.9	4.2	3.5	3.0
	% q/q					-0.2	-17.0	8.0	4.0	3.0	1.5	1.3	1.1	0.9	0.8	0.7	0.6
Final Domestic Demand <sup>2</sup>	% y/y	<b>1.9</b>	<b>-6.3</b>	<b>4.9</b>	<b>2.5</b>	-1.3	-13.7	-6.1	-4.1	-1.4	13.9	4.8	3.4	2.9	2.6	2.4	2.0
	% q/q					-1.7	-12.6	9.4	2.1	1.1	0.8	0.7	0.7	0.6	0.5	0.5	0.4
Exports	% y/y	<b>1.0</b>	<b>-12.4</b>	<b>9.7</b>	<b>4.5</b>	-3.9	-21.0	-15.3	-9.3	-3.3	22.2	14.2	8.4	6.0	4.5	3.9	3.8
	% q/q					-3.1	-19.0	8.6	6.4	3.3	2.4	1.5	1.0	1.0	1.0	0.9	0.9
Imports	% y/y	<b>2.5</b>	<b>-10.5</b>	<b>8.6</b>	<b>4.6</b>	-2.1	-19.0	-13.0	-7.9	-3.6	19.4	13.0	7.8	5.8	4.5	4.2	4.0
	% q/q					-1.6	-17.5	7.0	6.0	3.0	2.2	1.3	1.1	1.1	1.0	1.0	0.9
Net Exports <sup>2</sup>	% y/y	<b>-0.6</b>	<b>-1.5</b>	<b>0.9</b>	<b>0.2</b>	-1.0	-2.0	-1.9	-1.2	0.0	2.0	1.1	0.7	0.4	0.2	0.1	0.1
	% q/q					-0.9	-1.6	1.0	0.4	0.3	0.2	0.2	0.0	0.0	0.0	0.0	0.0
Stockbuilding <sup>2</sup>	% y/y	<b>-0.8</b>	<b>0.4</b>	<b>0.1</b>	<b>-0.1</b>	0.0	0.1	1.0	0.6	0.3	0.0	0.0	0.1	0.0	-0.1	-0.1	-0.1
	% q/q					0.3	0.3	0.1	-0.1	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	0.0
Current Account Balance	EUR bn	<b>250</b>	<b>242</b>	<b>230</b>	<b>218</b>	63	56	61	61	60	53	58	58	57	50	55	55
	% of GDP	<b>7.3</b>	<b>7.6</b>	<b>6.7</b>	<b>6.1</b>	7.4	7.8	7.7	7.4	7.1	6.3	6.8	6.6	6.5	5.7	6.2	6.0
Industrial Production <sup>3</sup>	% y/y	<b>-4.3</b>	<b>-13.5</b>	<b>8.1</b>	<b>2.3</b>	-6.7	-24.7	-14.5	-8.0	-3.5	23.7	10.7	4.9	2.9	2.2	2.1	2.1
	% q/q					-2.3	-21.0	12.5	6.1	2.4	1.2	0.6	0.5	0.5	0.5	0.5	0.5
Unemployment Rate <sup>4</sup>	%	<b>3.2</b>	<b>5.1</b>	<b>5.1</b>	<b>4.2</b>	3.4	4.5	6.2	6.2	5.8	5.2	4.7	4.6	4.4	4.3	4.1	4.0
	% y/y	<b>1.4</b>	<b>0.1</b>	<b>1.5</b>	<b>1.4</b>	1.6	0.5	-0.9	-0.9	0.5	1.0	2.3	2.4	1.3	1.3	1.4	1.5
General Govt. Balance	% of GDP	<b>1.5</b>	<b>-9.5</b>	<b>-5.0</b>	<b>-2.5</b>												
	% of GDP	<b>59.8</b>	<b>73.8</b>	<b>73.7</b>	<b>73.4</b>												

<sup>1</sup> Calendar-adjusted <sup>2</sup> Contribution to GDP growth <sup>3</sup> Ex construction, s.a., period averages <sup>4</sup> ILO measure, period averages, s.a.

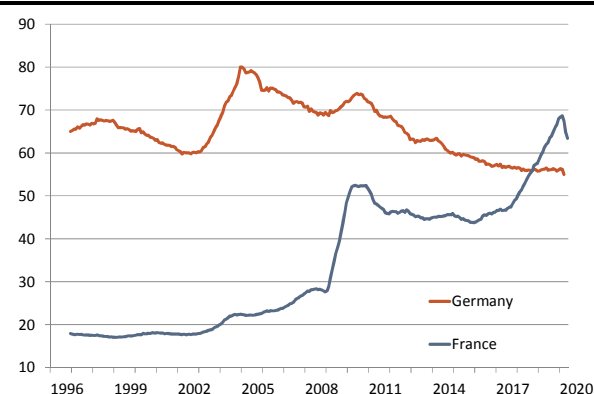
<sup>5</sup> EU-harmonised, period averages

## France: coronavirus causes serious recession

### Key drivers of forecast

- **Coronavirus:** Severe near-term disruption to supply and demand. Lockdown measures were among the most stringent in Europe. Consequently, France (with Italy) reported the worst drop in activity during Q1 among the major European economies
- **Reforms on hold:** President Macron has pushed through reforms to the labour market, SNCF, the public sector, unemployment insurance and the education system. The first results have been encouraging. More new businesses started up in France than in Germany in 2018 and 2019. However, reform momentum has now stalled in response to the pandemic
- **A crucial test:** Macron weathered the “yellow vests” by granting some tax cuts without reversing his key supply-side reforms. The way he responds to the virus emergency could bolster or damage his ability to pursue further reforms once the medical emergency is over
- **A golden decade after the corona recession?** If Macron implements further serious supply-side reforms once the pandemic is over, France could remain on track to enjoy a golden decade of growth from 2021 onwards. If so, France could eventually overtake Germany as Europe’s growth engine. But whether Macron can deliver further reforms is now an open question. For now, momentum has stalled

### French business creations take a huge hit



New businesses outside agriculture in France; new business registrations in Germany, in 1000. 2008 surge in France reflects an easier registration procedure for small businesses. Source: Eurostat

### Berenberg versus consensus

	2020			2021		
	Ber	Cons	Gap	Ber	Cons	Gap
GDP	-11.4	-9.0	<b>-2.4</b>	9.0	5.9	<b>3.1</b>
Inflation	0.4	0.5	<b>-0.1</b>	0.9	1.0	<b>-0.1</b>
Unemployment	10.4	9.9	<b>0.5</b>	10.5	9.9	<b>0.6</b>
Fiscal balance	-11.0	-10.6	<b>-0.4</b>	-6.0	-5.0	<b>-1.0</b>

Bloomberg consensus, taken on 12 June 2020. Numbers may not add up due to rounding

### Risks: Tilted to downside in the near term

	2019	2020	2021	2022	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
<b>GDP</b>																
% y/y	<b>1.5</b>	<b>-11.4</b>	<b>9.0</b>	<b>3.4</b>	-5.0	-22.3	-11.2	-7.2	-0.1	23.7	9.3	5.5	4.4	3.5	3.0	2.7
% q/q					-5.3	-18.0	14.4	4.5	1.9	1.5	1.1	0.9	0.8	0.7	0.6	0.6
%q/q ann.					-19.7	-54.8	71.6	19.2	7.8	6.3	4.4	3.6	3.2	2.6	2.5	2.3
Private Consumption																
% y/y	<b>1.5</b>	<b>-12.6</b>	<b>11.6</b>	<b>3.9</b>	-4.5	-25.8	-12.4	-7.5	0.4	31.3	12.2	6.9	5.2	4.0	3.5	3.2
% q/q					-5.5	-22.0	18.5	6.0	2.5	2.0	1.2	1.0	0.9	0.8	0.8	0.7
Government Consumption																
% y/y	<b>1.7</b>	<b>0.4</b>	<b>-0.7</b>	<b>1.2</b>	-0.4	0.6	1.4	-0.2	1.0	-0.8	-2.1	-0.7	0.5	1.2	1.6	1.6
% q/q					-2.0	1.5	1.3	-1.0	-0.8	-0.3	0.0	0.4	0.4	0.4	0.4	0.4
Investment																
% y/y	<b>4.3</b>	<b>-19.8</b>	<b>11.9</b>	<b>4.4</b>	-8.1	-32.9	-21.8	-16.4	-3.3	33.4	14.9	8.4	5.8	4.5	3.8	3.5
% q/q					-10.5	-26.0	18.0	7.0	3.5	2.1	1.6	1.0	1.0	0.9	0.9	0.8
Final Domestic Demand <sup>1</sup>																
% y/y	<b>2.2</b>	<b>-11.4</b>	<b>8.6</b>	<b>3.4</b>	-4.4	-21.5	-11.6	-8.0	-0.3	22.7	9.0	5.3	4.2	3.4	3.1	2.9
% q/q					-6.0	-17.4	13.6	4.4	1.9	1.5	1.0	0.9	0.8	0.7	0.7	0.7
Exports																
% y/y	<b>1.8</b>	<b>-17.6</b>	<b>8.1</b>	<b>3.9</b>	-7.4	-28.4	-20.1	-14.5	-6.7	23.4	12.7	7.0	5.2	4.1	3.3	2.8
% q/q					-6.1	-23.0	11.0	6.5	2.5	1.8	1.4	1.1	0.9	0.7	0.7	0.6
Imports																
% y/y	<b>2.6</b>	<b>-15.2</b>	<b>6.3</b>	<b>4.0</b>	-5.8	-23.7	-18.0	-13.1	-6.0	17.8	10.2	5.7	4.6	4.0	3.8	3.5
% q/q					-5.7	-19.0	8.1	5.3	2.0	1.5	1.1	1.0	1.0	0.9	0.9	0.8
Net Exports <sup>1</sup>																
% y/y	<b>-0.3</b>	<b>-0.5</b>	<b>0.4</b>	<b>-0.1</b>	-0.4	-1.1	-0.3	-0.2	-0.1	1.0	0.4	0.2	0.1	-0.1	-0.2	-0.3
% q/q					0.0	-0.9	0.6	0.2	0.1	0.1	0.1	0.0	0.0	-0.1	-0.1	-0.1
Stockbuilding <sup>1</sup>																
% y/y	<b>-0.4</b>	<b>0.4</b>	<b>0.1</b>	<b>0.1</b>	-0.2	0.3	0.7	1.1	0.4	0.1	-0.2	0.0	0.1	0.1	0.1	0.1
% q/q					0.6	0.3	0.3	-0.1	-0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Current Account Balance																
EUR bn	<b>-16.6</b>	<b>-20.5</b>	<b>-21.1</b>	<b>-22.3</b>	-8.7	-4.2	-5.0	-2.7	-8.6	-4.3	-5.3	-3.0	-8.9	-4.6	-5.6	-3.3
% of GDP	<b>-0.7</b>	<b>-0.9</b>	<b>-0.9</b>	<b>-0.9</b>												
Industrial Production <sup>2</sup>																
% y/y	<b>0.4</b>	<b>-15.1</b>	<b>8.7</b>	<b>2.2</b>	-7.3	-29.1	-14.9	-8.7	-2.0	28.8	9.3	3.1	2.3	2.2	2.1	2.1
% q/q					-5.6	-23.4	18.6	6.6	1.3	0.6	0.6	0.5	0.5	0.5	0.5	0.5
Unemployment Rate <sup>2</sup>																
%	<b>8.5</b>	<b>10.4</b>	<b>10.5</b>	<b>8.6</b>	7.7	10.1	11.9	11.8	11.4	10.8	10.2	9.6	9.2	8.8	8.4	8.1
CPI <sup>2</sup>																
% y/y	<b>1.3</b>	<b>0.4</b>	<b>0.9</b>	<b>1.4</b>	1.3	0.2	0.0	0.1	0.4	0.9	1.1	1.2	1.3	1.4	1.4	1.5
General Govt. Balance																
% of GDP	<b>-3.2</b>	<b>-11.0</b>	<b>-6.0</b>	<b>-3.5</b>												
General Govt. Debt																
% of GDP	<b>98.2</b>	<b>121.1</b>	<b>116.8</b>	<b>118.7</b>												

<sup>1</sup> Contribution to GDP growth <sup>2</sup> Period averages



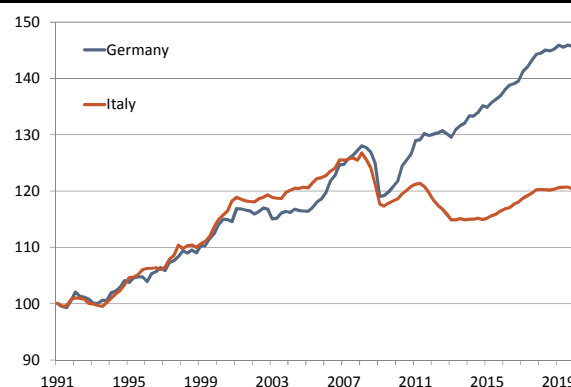
## Italy: particularly hit by virus pandemic

### Key drivers of forecast

- **Coronavirus:** Italy is suffering its worst recession in peacetime during H1. The economy is one of the most affected by the spread of the virus and the harsh lockdown. Reliance on tourism will also hurt for quite a while with a worse drop in activity now and slower rebound later on
- **Fiscal policy:** Brussels has given Italy green light to do what it takes to contain the pandemic. The common EU/Eurozone fiscal response to the crisis is gradually taking shape. Italy will be the major beneficiary
- **A renewed blow-out in yield spreads** could pose a major risk for Italy. But as the pandemic is a clear external shock, the ESM, the ECB and likely also the EU stand ready to help Italy even more than before
- **Political risks cloud the outlook:** The Five Star-PD alliance formed in mid-2019 looks fragile. There is little love lost between these partners. While the severe crisis stabilises the fragile coalition for a while, the political fallout from the pandemic accentuates the long-term risks. Anti-EU voices have gained ground as Europe is perceived as not helping Italy enough
- **Italy needs serious pro-growth reforms much more than money. The current, or any conceivable coalition, however, look unlikely to implement such reforms**

**Risks:** Tilted to downside, pandemic adds to deep-seated structural problems

### Italy hit more badly: Will history repeat itself?



Real GDP, indexed at 1991Q1=100. Sources: Destatis, Istat

### Berenberg versus consensus

	2020			2021		
	Ber	Cons	Gap	Ber	Cons	Gap
GDP	-121	-101	<b>-2.0</b>	7.8	5.5	<b>2.3</b>
Inflation	-0.1	-0.1	<b>0.0</b>	0.4	0.7	<b>-0.3</b>
Unemployment	9.6	12.0	<b>-2.4</b>	8.9	11.6	<b>-2.7</b>
Fiscal balance	-13.5	-11.0	<b>-2.5</b>	-6.0	-5.5	<b>-0.6</b>

Bloomberg consensus, taken on 12 June 2020. Numbers may not add up due to rounding

		2019	2020	2021	2022	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
<b>GDP</b>	% y/y	<b>0.3</b>	<b>-12.1</b>	<b>7.8</b>	<b>2.3</b>	-5.4	-22.5	-12.4	-7.8	-1.2	21.9	8.7	4.2	3.2	2.4	2.0	1.7
	% q/q					-5.3	-18.0	13.1	5.0	1.5	1.2	0.8	0.6	0.5	0.5	0.4	0.4
	%q/q ann.					-19.6	-54.8	63.4	21.5	6.2	4.9	3.2	2.6	2.1	1.8	1.6	1.4
Private Consumption	% y/y	<b>0.4</b>	<b>-15.4</b>	<b>8.0</b>	<b>2.1</b>	-6.3	-28.1	-15.9	-11.2	-3.5	27.1	8.9	3.9	2.8	2.2	1.8	1.5
	% q/q					0.8	-23.3	17.5	5.5	1.5	1.0	0.7	0.6	0.5	0.4	0.4	0.3
Government Consumption	% y/y	<b>-0.4</b>	<b>1.0</b>	<b>1.2</b>	<b>0.6</b>	-0.3	0.6	1.6	2.2	2.5	1.5	0.6	0.3	0.5	0.6	0.7	0.7
	% q/q					1.0	1.0	1.0	0.5	0.0	0.0	0.1	0.2	0.2	0.2	0.2	0.2
Investment	% y/y	<b>1.4</b>	<b>-17.8</b>	<b>9.7</b>	<b>3.5</b>	-8.8	-30.0	-18.9	-13.6	-3.6	28.2	11.9	6.7	4.9	3.8	2.9	2.3
	% q/q					0.0	-23.5	16.0	6.0	2.5	1.7	1.3	1.0	0.8	0.6	0.5	0.4
Final Domestic Demand <sup>1</sup>	% y/y	<b>0.4</b>	<b>-12.4</b>	<b>6.6</b>	<b>1.9</b>	-5.5	-22.4	-12.8	-8.9	-2.2	20.2	7.4	3.5	2.6	2.0	1.7	1.4
	% q/q					-5.6	-18.0	12.7	4.3	1.3	0.9	0.7	0.6	0.4	0.4	0.3	0.3
Exports	% y/y	<b>1.4</b>	<b>-19.5</b>	<b>6.4</b>	<b>3.9</b>	-7.5	-29.2	-22.6	-18.5	-9.2	20.2	11.7	7.0	5.3	4.1	3.4	3.0
	% q/q					1.5	-23.0	9.0	5.5	2.5	2.0	1.3	1.0	0.9	0.8	0.7	0.6
Imports	% y/y	<b>-0.2</b>	<b>-18.4</b>	<b>2.9</b>	<b>2.8</b>	-6.3	-27.6	-21.8	-17.8	-11.0	15.2	6.5	4.3	3.4	3.0	2.6	2.2
	% q/q					1.3	-22.0	9.1	3.0	1.5	1.0	0.9	0.8	0.7	0.6	0.5	0.4
Net Exports <sup>1</sup>	% y/y	<b>0.5</b>	<b>-0.8</b>	<b>1.1</b>	<b>0.4</b>	-0.5	-1.3	-0.8	-0.7	0.3	1.7	1.6	0.9	0.6	0.4	0.3	0.3
	% q/q					-0.7	-0.8	0.1	0.8	0.3	0.3	0.1	0.1	0.1	0.1	0.1	0.1
Stockbuilding <sup>1</sup>	% y/y	<b>-0.5</b>	<b>1.2</b>	<b>0.9</b>	<b>0.0</b>	1.1	1.2	1.2	1.2	0.2	0.0	-0.2	-0.1	0.0	0.0	0.0	0.0
	% q/q					0.9	0.2	0.2	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current Account Balance	EUR bn	<b>52.9</b>	<b>57.7</b>	<b>56.6</b>	<b>55.4</b>	8.6	12.8	16.5	19.8	8.4	12.5	16.2	19.5	8.1	12.2	15.9	19.2
	% of GDP	<b>3.0</b>	<b>3.7</b>	<b>3.3</b>	<b>3.2</b>												
Industrial Production <sup>2</sup>	% y/y	<b>-1.1</b>	<b>-25.3</b>	<b>4.0</b>	<b>2.0</b>	-10.7	-37.7	-28.9	-24.0	-15.0	24.1	10.0	4.7	2.7	1.9	1.8	1.6
	% q/q					-8.4	-30.7	13.4	5.6	2.3	1.2	0.6	0.5	0.4	0.4	0.4	0.4
Unemployment Rate <sup>2</sup>	%	<b>9.9</b>	<b>9.6</b>	<b>8.9</b>	<b>7.3</b>	8.8	8.4	10.6	10.4	9.8	9.2	8.6	8.0	7.7	7.4	7.2	7.0
CPI <sup>2</sup>	% y/y	<b>0.6</b>	<b>-0.1</b>	<b>0.4</b>	<b>1.1</b>	0.2	-0.1	-0.2	-0.3	0.1	0.4	0.5	0.6	0.8	1.1	1.3	1.4
General Govt. Balance	% of GDP	<b>-1.6</b>	<b>-13.5</b>	<b>-6.0</b>	<b>-3.5</b>												
General Govt. Debt	% of GDP	<b>134.8</b>	<b>166.6</b>	<b>160.0</b>	<b>161.7</b>												

<sup>1</sup>Contribution to GDP growth <sup>2</sup>Period averages

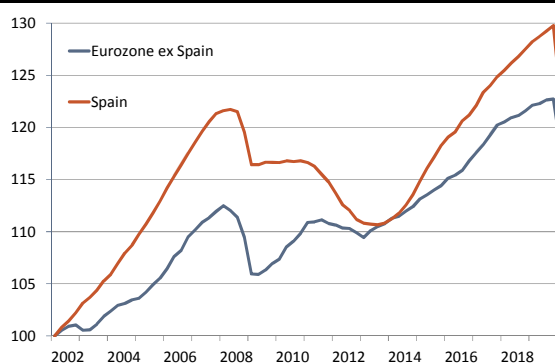
## Spain: virus pandemic deals heavy blow

### Key drivers of forecast

- **Coronavirus:** We expect an unprecedented near-term hit to private consumption, investment and exports during H1. A rebound towards the pre-virus trend could start in H2
- **A bad spring and summer season:** The reliance on tourism makes Spain more vulnerable than many other countries to the virus pandemic
- **Fiscal response:** Spain will inject a significant fiscal stimulus to counteract the economic fallout from the virus pandemic. Spain would be one of the main beneficiaries of a common EU/Eurozone fiscal response.
- **Reform reversals?** The left-wing coalition (Socialists with Podemos) has only 156 out of 350 seats. With the help of regional parties, it may still overcome the political stalemate – and reverse some labour markets reforms. It has started to do so.

**Risks:** Tilted to the downside in the near term

### Real GDP: Spain hit worse than most of its neighbours



Real GDP, indexed at Q1 2002=100. Sources: Eurostat, INE

### Berenberg versus consensus

	2020			2021		
	Ber	Cons	Gap	Ber	Cons	Gap
GDP	-11.5	-9.3	<b>-2.2</b>	9.1	5.9	<b>3.3</b>
Inflation	-0.5	-0.1	<b>-0.4</b>	0.4	0.9	<b>-0.5</b>
Unemployment	16.0	18.2	<b>-2.2</b>	15.5	16.4	<b>-0.9</b>
Fiscal balance	-13.0	-10.2	<b>-2.8</b>	-6.5	-5.8	<b>-0.8</b>

Bloomberg consensus, taken on 12 June 2020. Numbers may not add up due to rounding

		2019	2020	2021	2022	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
<b>GDP</b>	% y/y	<b>2.0</b>	<b>-11.5</b>	<b>9.1</b>	<b>3.9</b>	-4.1	-21.6	-11.8	-8.4	-0.9	22.9	10.3	6.8	5.2	4.2	3.4	3.0
	% q/q					-5.2	-18.0	13.0	4.3	2.5	1.7	1.5	1.0	0.9	0.8	0.7	0.7
Private Consumption	% q/q ann.					-19.4	-54.7	63.3	18.3	10.2	7.1	6.0	4.1	3.5	3.1	2.9	2.7
	% y/y	<b>1.1</b>	<b>-15.2</b>	<b>10.8</b>	<b>3.9</b>	-6.6	-28.0	-15.7	-10.7	-1.1	30.4	11.8	6.5	4.7	4.0	3.6	3.3
Government Consumption	% q/q					-7.3	-23.0	18.0	6.0	2.7	1.5	1.2	1.0	0.9	0.9	0.8	0.8
	% y/y	<b>2.3</b>	<b>5.0</b>	<b>0.7</b>	<b>1.8</b>	3.5	5.1	6.4	4.9	2.5	0.5	-0.8	0.5	1.5	2.0	1.9	1.9
Investment	% q/q					1.8	2.0	1.8	-0.8	-0.5	0.0	0.5	0.5	0.5	0.5	0.5	0.5
	% y/y	<b>1.8</b>	<b>-14.9</b>	<b>9.4</b>	<b>4.2</b>	-6.7	-26.6	-15.9	-10.5	-2.6	26.7	10.7	6.5	5.0	4.4	3.9	3.4
Final Domestic Demand <sup>1</sup>	% q/q					-5.8	-22.0	16.0	5.0	2.5	1.5	1.3	1.1	1.0	0.9	0.8	0.7
	% y/y	<b>1.4</b>	<b>-10.7</b>	<b>7.8</b>	<b>3.3</b>	-4.4	-20.1	-10.9	-7.2	-0.6	20.9	8.3	5.0	3.9	3.4	3.1	2.9
Exports	% q/q					-5.0	-16.6	12.8	4.0	1.9	1.1	1.0	0.9	0.8	0.7	0.7	0.6
	% y/y	<b>2.6</b>	<b>-20.7</b>	<b>9.9</b>	<b>5.5</b>	-6.3	-29.3	-25.8	-21.1	-9.5	22.1	19.2	13.1	8.9	6.0	4.2	3.2
Imports	% q/q					-8.4	-23.3	5.0	7.0	5.0	3.5	2.5	1.5	1.1	0.8	0.7	0.6
	% y/y	<b>1.2</b>	<b>-19.3</b>	<b>6.4</b>	<b>4.1</b>	-7.4	-27.0	-24.0	-18.6	-8.4	17.6	12.7	7.3	5.2	4.3	3.8	3.1
Net Exports <sup>1</sup>	% q/q					-8.4	-20.8	5.6	6.3	3.0	1.7	1.2	1.2	1.0	0.8	0.7	0.6
	% y/y	<b>0.5</b>	<b>-1.2</b>	<b>1.3</b>	<b>0.6</b>	0.1	-1.9	-1.5	-1.6	-0.7	1.9	2.2	2.0	1.3	0.7	0.3	0.2
Stockbuilding <sup>1</sup>	% q/q					-0.3	-1.7	0.0	0.4	0.7	0.6	0.5	0.1	0.1	0.0	0.0	0.0
	% y/y	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	0.2	0.4	0.7	0.6	0.4	0.1	-0.2	-0.1	0.0	0.0	0.0	0.0
Current Account Balance	EUR bn	<b>24.9</b>	<b>23.0</b>	<b>20.6</b>	<b>18.2</b>	-1.4	10.0	7.3	7.2	-2.0	9.4	6.7	6.6	-2.6	8.8	6.1	6.0
	% of GDP	<b>2.0</b>	<b>2.1</b>	<b>1.7</b>	<b>1.5</b>												
Industrial Production <sup>2</sup>	% q/q					-5.2	-24.7	18.6	9.2	2.2	0.7	0.6	0.5	0.5	0.5	0.5	0.5
	% y/y	<b>0.7</b>	<b>-14.8</b>	<b>11.2</b>	<b>2.2</b>	-6.0	-29.5	-16.0	-7.5	-0.3	33.3	13.1	4.1	2.4	2.2	2.1	2.1
Unemployment Rate <sup>2</sup>	%	<b>14.1</b>	<b>16.0</b>	<b>15.5</b>	<b>13.7</b>	13.9	15.8	17.1	17.3	16.6	15.7	15.1	14.6	14.2	13.8	13.5	13.2
	CPI <sup>2</sup>	<b>0.8</b>	<b>-0.5</b>	<b>0.4</b>	<b>1.2</b>	0.7	-0.8	-0.9	-0.9	-0.5	0.4	0.8	0.9	1.0	1.2	1.3	1.4
General Govt. Balance	% of GDP	<b>-2.4</b>	<b>-13.0</b>	<b>-6.5</b>	<b>-3.5</b>												
General Govt. Debt	% of GDP	<b>95.5</b>	<b>121.2</b>	<b>117.0</b>	<b>119.1</b>												

<sup>1</sup>Contribution to GDP growth <sup>2</sup>Period averages

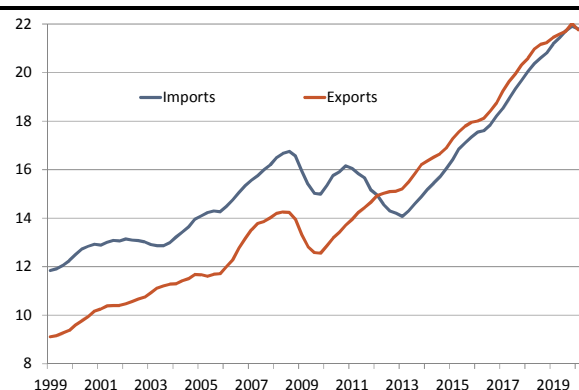
## Portugal: severe short-term disruption

### Key drivers of forecast

- **Coronavirus:** We expect an unprecedented near-term hit to private consumption, investment and exports during H1. A rebound towards the pre-virus trend could start in H2
- **A bad spring and summer season:** The reliance on tourism makes Portugal more vulnerable than many other countries to the virus pandemic
- **Fiscal response:** Because Portugal met fiscal targets in recent years, it has more room than most other countries for a significant fiscal stimulus
- **Politics:** The leftist minority government remains stable for the time being

**Risks:** Tilted to the downside in the near term

### Expect major hit after a successful external adjustment



Real exports and imports of goods and services, chained 2010 prices, 4-quarter rolling sum in billions of euros. Source: Eurostat

### Berenberg versus consensus

	2020			2021		
	Ber	Cons	Gap	Ber	Cons	Gap
GDP	-10.0	-6.5	<b>-3.5</b>	7.6	3.6	<b>4.0</b>
Inflation	-0.2	0.3	<b>-0.5</b>	0.3	0.7	<b>-0.4</b>
Unemployment	8.2	8.2	<b>0.0</b>	8.4	8.0	<b>0.4</b>
Fiscal balance	-10.5	-5.6	<b>-4.9</b>	-5.5	-1.7	<b>-3.9</b>

Bloomberg consensus, taken on 12 June 2020. Numbers may not add up due to rounding

		2019	2020	2021	2022	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
<b>GDP</b>	% y/y	<b>2.2</b>	<b>-10.0</b>	<b>7.6</b>	<b>3.1</b>	-2.4	-20.0	-10.2	-7.5	-2.1	20.7	8.5	5.6	4.4	3.4	2.6	2.1
	% q/q					-3.8	-17.7	12.6	3.7	1.8	1.4	1.3	0.9	0.6	0.6	0.5	0.4
	%q/q ann.					-14.4	-54.1	60.9	15.8	7.5	5.9	5.3	3.8	2.6	2.2	1.9	1.6
Private Consumption	% y/y	<b>2.2</b>	<b>-10.3</b>	<b>8.6</b>	<b>3.0</b>	-1.8	-21.8	-11.1	-6.8	-1.6	24.9	9.3	4.9	3.9	3.1	2.6	2.2
	% q/q					-3.7	-20.2	15.5	5.0	1.7	1.3	1.0	0.8	0.7	0.6	0.5	0.4
Government Consumption	% y/y	<b>1.1</b>	<b>3.8</b>	<b>-0.1</b>	<b>1.5</b>	2.5	4.0	5.0	3.5	1.6	-0.4	-1.4	-0.1	1.0	1.6	1.6	1.6
	% q/q					1.2	1.8	1.4	-0.9	-0.7	-0.2	0.4	0.4	0.4	0.4	0.4	0.4
Investment	% y/y	<b>6.6</b>	<b>-16.6</b>	<b>10.8</b>	<b>3.9</b>	-8.4	-29.2	-17.2	-11.5	-2.3	29.2	12.9	7.6	5.2	4.2	3.4	3.0
	% q/q					-6.5	-23.0	16.0	6.0	3.2	1.8	1.4	1.0	0.9	0.8	0.7	0.6
Final Domestic Demand <sup>1</sup>	% y/y	<b>2.8</b>	<b>-9.0</b>	<b>7.3</b>	<b>2.9</b>	-2.3	-18.6	-9.5	-5.8	-1.1	20.3	7.8	4.5	3.6	3.0	2.6	2.2
	% q/q					-3.3	-16.7	12.6	4.0	1.5	1.1	1.0	0.8	0.7	0.6	0.5	0.4
Exports	% y/y	<b>3.7</b>	<b>-13.5</b>	<b>9.9</b>	<b>5.8</b>	-1.5	-23.4	-15.4	-13.9	-6.9	23.0	16.2	11.4	8.4	6.3	4.8	3.6
	% q/q					-3.8	-22.0	8.3	6.0	4.0	3.0	2.3	1.7	1.2	1.0	0.8	0.6
Imports	% y/y	<b>5.3</b>	<b>-11.2</b>	<b>9.0</b>	<b>5.1</b>	-1.4	-20.3	-14.0	-9.2	-4.1	21.4	13.5	8.1	6.4	5.3	4.7	4.1
	% q/q					-2.5	-19.3	8.6	6.3	2.9	2.2	1.5	1.3	1.3	1.1	0.9	0.7
Net Exports <sup>1</sup>	% y/y	<b>-0.6</b>	<b>-1.0</b>	<b>0.3</b>	<b>0.3</b>	-0.1	-1.4	-0.5	-2.1	-1.2	0.4	0.9	1.2	0.8	0.4	0.0	-0.2
	% q/q					-0.6	-1.2	-0.2	-0.2	0.4	0.3	0.3	0.2	0.0	0.0	0.0	0.0
Stockbuilding <sup>1</sup>	% y/y	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	0.0	0.0	-0.1	0.5	0.3	0.0	-0.2	-0.1	0.0	0.0	0.0	0.0
	% q/q					0.1	0.3	0.2	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current Account Balance	EUR bn	<b>-0.2</b>	<b>-1.0</b>	<b>-1.3</b>	<b>-2.0</b>	-0.8	0.3	-0.4	-0.1	-0.9	0.2	-0.5	-0.2	-1.0	0.2	-0.6	-0.6
	% of GDP	<b>-0.1</b>	<b>-0.5</b>	<b>-0.6</b>	<b>-0.9</b>												
Industrial Production <sup>2</sup>	% y/y	<b>-0.5</b>	<b>-10.5</b>	<b>7.5</b>	<b>2.2</b>	-1.2	-22.1	-11.6	-7.2	-3.2	22.8	9.7	4.0	2.4	2.2	2.1	2.1
	% q/q					-2.2	-20.6	12.6	6.1	2.0	0.7	0.6	0.5	0.5	0.5	0.5	0.5
Unemployment Rate <sup>2</sup>	%	<b>6.6</b>	<b>8.2</b>	<b>8.4</b>	<b>6.6</b>	6.5	7.4	9.5	9.6	9.0	8.6	8.1	7.8	7.2	6.8	6.3	6.0
CPI <sup>2</sup>	% y/y	<b>0.3</b>	<b>-0.2</b>	<b>0.3</b>	<b>0.9</b>	0.5	-0.5	-0.5	-0.4	-0.1	0.3	0.5	0.6	0.7	0.9	1.0	1.2
General Govt. Balance	% of GDP	<b>-0.7</b>	<b>-10.5</b>	<b>-5.5</b>	<b>-3.0</b>												
General Govt. Debt	% of GDP	<b>117.7</b>	<b>141.1</b>	<b>136.3</b>	<b>133.9</b>												

<sup>1</sup> Contribution to GDP growth <sup>2</sup> Period averages

# FORECASTS AT A GLANCE

## Economics

### Forecast changes

**US GDP:** The upward revision to our Q2 call from -12% qoq to -8.2% more than offset the downward revision to our Q3 and Q4 calls from 5.7% and 2.4%, respectively, to 4.7% and 1.7%, taking our annual call from -6.4% to -4.1% for 2020.

### Berenberg compared with consensus

	GDP		Inflation		Unemployment		Fiscal balance	
	2020	2021	2020	2021	2020	2021	2020	2021
US	1.6	-0.5	-0.1	-1.1	-1.2	-0.3	n/a	n/a
China	-4.7	-4.0	0.4	-0.1	0.6	0.4	-3.0	-4.0
Japan	0.4	1.4	0.2	0.0	0.0	-0.2	-1.7	-2.5
UK	-2.1	0.5	-0.3	-0.4	0.1	-0.6	-1.3	-0.1
Eurozone	-1.9	1.9	-0.2	-0.3	0.3	0.5	-2.1	-1.7
Germany	-1.1	1.0	-0.6	0.1	n/a	n/a	-2.0	-1.7
France	-2.4	3.1	-0.1	-0.1	0.5	0.6	-0.4	-1.0
Italy	-2.0	2.3	0.0	-0.3	-2.4	-2.7	-2.5	-0.6
Spain	-2.2	3.3	-0.4	-0.5	-2.2	-0.9	-2.8	-0.8
Portugal	-3.5	4.0	-0.5	-0.4	0.0	-3.9	-4.9	-3.9

The table shows the difference between Berenberg forecasts and Bloomberg consensus. The bars show graphically whether Berenberg forecasts are stronger (green) or weaker (red) than consensus. Bloomberg consensus is taken on 12 June 2020. Berenberg's German unemployment forecasts are based on the ILO measure, which is not comparable to consensus figures that are based on the national unemployment definition. Source: Bloomberg, Berenberg

### Key financial forecasts

	Current <sup>1</sup>	Mid-2020	End-2020	End-2021
<b>Central bank rates</b>				
US Fed	0.00-0.25%	0.00-0.25%	0.00-0.25%	0.50-0.75%
ECB refi	0.00%	0.00%	0.00%	0.00%
ECB deposit rate	-0.50%	-0.50%	-0.50%	-0.50%
BoE	0.10%	0.10%	0.10%	0.10%
BoJ	-0.10%	-0.10%	-0.10%	-0.10%
<b>10-year bond yields</b>				
US	0.73%	0.80%	1.10%	1.40%
Germany	-0.41%	-0.30%	-0.20%	0.10%
UK	0.18%	0.20%	0.40%	0.60%
<b>Currencies</b>				
EUR-USD	1.12	1.13	1.15	1.17
EUR-GBP	0.90	0.90	0.91	0.88
GBP-USD	1.25	1.26	1.26	1.33
USD-JPY	107	109	108	106
EUR-JPY	120	123	124	124
EUR-CHF	1.07	1.08	1.10	1.12
USD-CNY	7.09	7.10	7.10	7.20

<sup>1</sup> Taken on 17 June 2020 at 15:40 UK time. Currency forecasts may not add up due to rounding

Forecasts for US, China and Japan supplied by Berenberg Capital Markets

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##### FOOD RETAIL

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##### GENERAL RETAIL

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Michelle Wilson	+44 20 3465 2663

##### ENERGY

##### OIL & GAS

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Ilkin Karimli	+44 20 3465 2684
Henry Tarr	+44 20 3207 7827

##### UTILITIES

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Lawson Steele	+44 20 3207 7887

#### FINANCIALS

##### BANKS

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Michael Christodoulou	+44 20 3207 7920
Andrew Lowe	+44 20 3465 2743
Eoin Mullany	+44 20 3207 7854
Peter Richardson	+44 20 3465 2681

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Michael Healy	+44 20 3753 3201
Tom Jones	+44 20 3207 7877
Odysseas Manesiotis	+44 20 375 3200

##### INDUSTRIALS

##### AEROSPACE & DEFENCE

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##### AUTOMOTIVES

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Philip Buller	+44 203 753 3071
Philippe Lorrain	+44 20 3207 7823
Daniel Petkov	+44 20 3753 3230
Joel Spungin	+44 20 3207 7867
Otto Sieber	+44 20 3465 2698

#### SALES (cont'd)

##### GERMANY

Simone Arnhelther	+49 69 91 30 90 740
Nina Buechs	+49 69 91 30 90 735
André Grosskurth	+49 69 91 30 90 734
Jannik Peters	+49 69 91 30 90 747

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##### SWITZERLAND, AUSTRIA & ITALY

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Gianni Lavigna	+41 44 283 2038
Jamie Nettleton	+41 44 283 2026
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Laura Cooper	+44 20 3753 3065
Beau Dibbs	+44 20 3753 3048
Jessica Jarmyn	+44 20 3465 2696
Madeleine Lockwood	+44 20 3753 3110
Vikram Nayyar	+44 20 3465 2737
Fenella Neill	+44 20 3207 7868

### EQUITY TRADING

#### HAMBURG

David Hohn	+49 40 350 60 761
Lukas Niehoff	+49 40 350 60 798
Lennart Pleus	+49 40 350 60 596
Marvin Schweden	+49 40 350 60 576
Philipp Wieschmann	+49 40 350 60 346
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##### CHEMICALS

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##### MATERIALS

##### METALS & MINING

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Laurent Kimman	+44 20 3465 2675

##### TMT

##### TECHNOLOGY

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Lou Ann Yong	+44 20 3753 3159

##### MEDIA

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##### EQUITY STRATEGY

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Dipti Jethwani	+44 20 3753 7936
Phoebe Lindsay	+44 20 3753 3246
Ross Mackay	+44 20 3207 7866
Stella Siggins	+44 20 3465 2630
Lucy Stevens	+44 20 3753 3068
Abbie Stewart	+44 20 3753 3054

##### EVENTS

Miranda Bridges	+44 20 3753 3008
Charlotte David	+44 20 3207 7832
Lisa Hamersley	+44 20 3753 3188
Suzy Khan	+44 20 3207 7915
Natalie Meech	+44 20 3207 7831
Eleanor Metcalfe	+44 20 3207 7834
Sarah Weyman	+44 20 3207 7801

##### COO Office

Greg Swallow	+44 20 3207 7833
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#### LONDON (cont'd)

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Ross Tobias	+44 20 3753 3137
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#### ELECTRONIC TRADING

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# FORECASTS AT A GLANCE

## Economics



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### EQUITY RESEARCH

#### GENERAL MID CAP - US

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### EQUITY SALES

#### SALES

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 Zachary Krivine +1 646 949 9051  
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### SALES TRADING

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 Michael Haughey +1 646 949 9106  
 Brian Hegarty +1 646 949 9126  
 Christopher Kanian +1 646 949 9103  
 Kevin Kology +1 646 949 9120  
 Chad Greiner +1 646 949 -9221  
 Lars Schwartau +1 646 949 9101  
 Bob Spillane +1 646 949 9102  
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