

Macroeconomic review: future of U.S. and Eurozone economies

USA

- **Daily average COVID-19 cases for the last 7 days, thousands**

yesterday	change for 7 days	change for month
54.7	-9.6	-9.8

- **FRS led interest rate unchanged within 0 to 0.25 range and maintained bond purchase rate at \$120 billion per month**
- **IHS Markit Manufacturing PMI was 60.6 in April** over 59.1 in March.
- **IHS Markit Services PMI was 63.1 in April** over 60.4 in March.
- **GDP grew by 6.4% (QoQ) in Q1 2021** over the previous quarter's 4.3% (QoQ) growth.
- **Actual consumer spending increased by 10.7% (MoM) in March** over 2.3% (MoM) growth in February.
- **Number of unemployment benefit applications in week ending 25 April: 553 thousand** over 566 thousand a week earlier.

U.S. GDP shows very fast growth pace due to decreasing incidence rate and government aid packages. Consumption growth rate in the 1st quarter was the second highest since 1960s. As shown by current data, the labor market continues to recover as unemployment benefit applications fall to hit new minimums since the pandemic onset. This means in early May we will see another positive report showing unemployment rate decline in April.

U.S. Unemployment rate

Source: U.S. Bureau of Labor Statistics

Concerns about growing USD inflation are still relevant amid growing demand and jobs. However, as FRS chair said at yesterday's press conference, the coming rise in the U.S. inflation rate is going to be transitory, and the regulator does not intend to scale back stimulus benefits.

U.S. Inflation rate, % (YoY)

Source: U.S. Bureau of Labor Statistics

Euro area

• Daily average COVID-19 cases for the last 7 days, thousands

	yesterday	change for 7 days	change for month
Germany	20.2	+0.2	+3.3
Italy	12.6	-0.8	-8.1
France	26.3	-5.2	-10

- **IHS Markit Manufacturing PMI** was **63.3 in April** over 62.5 in March.
- **IHS Markit Services PMI** was **50.3 in April** over 49.6 in March.
- **Business Climate** index was **110.3 in April** over 100.9 in March.
- **Consumer Confidence** index was **-8.1 in April** over -10.8 in March.

Business activity in Euro area's manufacturing sector has been growing for 10 months in a row. While Germany and France were the key contributors to the manufacturing boom, industrial sector showed growth in April in the rest of the Euro area as well.

Business activity in services sector began to increase for the first time since last August as companies got used to constraints and are now optimistic about the lifting of restrictions in the future.

Euro area business index

- Eurozone Manufacturing PMI
- Eurozone Services PMI

** Value above 50 refers to growth in business activity, and value below 50 refers to a decline.*

Source: IHS Markit

Situation is improving on the demand side too. Consumers get more optimistic which will definitely lead to an increase in spending, especially with decreasing incidence rate.

Business climate and consumer confidence

Source: European Commission

We will most probably see improvement of Euro area's economic data during the nearest months. This could additionally support euro and European assets.

Global Markets Research Department

Moscow Partners
123056 Moscow
23 Maly Tishinsky lane, building 1
Tel.: +7 495 787-52-56
Fax: +7 495 787-52-57
www.moscowpartners.com

DISCLAIMER OF LIABILITY

This review is provided for informational purposes. It does not constitute, in whole or in any part, an offer to purchase, sell or conduct any transactions or investments in relation to the securities specified in the review. It is not a recommendation for making any investment decisions. The information used in this review is obtained from supposedly reliable sources, however, no verification of this information has been carried out, and Moscow Partners does not give any guarantees of the correctness of the information in this review. Moscow Partners is not obliged to change or update this review in any way, but the company has the right to change and/or update this review, at its sole discretion and without any notice. This review may not be reproduced, published or distributed in whole or in any part, links on it or quotations from it may not be made without a prior written permission of Moscow Partners. Moscow Partners is not responsible for any adverse consequences, including losses (direct or indirect), caused as a result of using the information contained in this review, or as a result of investment decisions made on the basis of this information.