

July 20, 2020

Economic update

Economy



- Both import and export prices increased 1.4% in June, according to the Bureau of Labor Statistics.
- Industrial production grew 5.4% in June, the Federal Reserve reported.
- The CPI rose 0.6% and core CPI increased 0.2% in June, the Bureau of Labor Statistics found.
- Retail sales jumped 7.5% in June, the Census Bureau noted in an advance estimate.

Employment



- Initial jobless claims reached 1.3 million in the week ended July 11, 2020, the Department of Labor reported.

Profits



- As of July 8, 2020, of the 19 S&P 500 Index companies reporting second-quarter earnings, 15 beat analysts' estimates, according to S&P Dow Jones Indices.

Emotion



- The University of Michigan's index of consumer sentiment fell to 73.2 in July from 78.1 in June.
- The NFIB Small Business Optimism Index increased in June.

Europe



- Eurostat reported that the euro area posted a trade surplus in May.
- Eurostat noted that euro-area industrial production jumped 12.4% in May compared with April.
- The ZEW Indicator of Economic Sentiment for Germany fell slightly in July.

Rates



- The yield on the 10-year Treasury note traded in a narrow range.
- Economic activity increased in almost all regions in June but remained below pre-pandemic levels, the Federal Reserve stated in its Beige Book report.
- The European Central Bank maintained its current monetary policy.
- The Bank of Japan held rates steady.

Risks



- Many countries around the world are now in recession as a result of the "sudden stop" induced by governments to contain the spread of COVID-19.
- The liquidity-fueled recovery in risk assets will at some point need to resolve with the pace of recovery in fundamentals, and the latter may happen over a longer horizon than hoped.
- The possibility of a "blue wave" in the U.S. November election, with Democrats winning control of the House, Senate, and Presidency, could mean a future rollback of corporate tax cuts.

All economic and performance information is historical and does not guarantee future results. The views and opinions expressed are those of Putnam Investments, are subject to change with market conditions, and are not meant as investment advice.

The information provided relates to Putnam Investments and its affiliates, which include The Putnam Advisory Company, LLC and Putnam Investments Limited®.

Issued in the United Kingdom by Putnam Investments Limited® Putnam Investments Limited is authorized and regulated by the Financial Conduct Authority (FCA).