

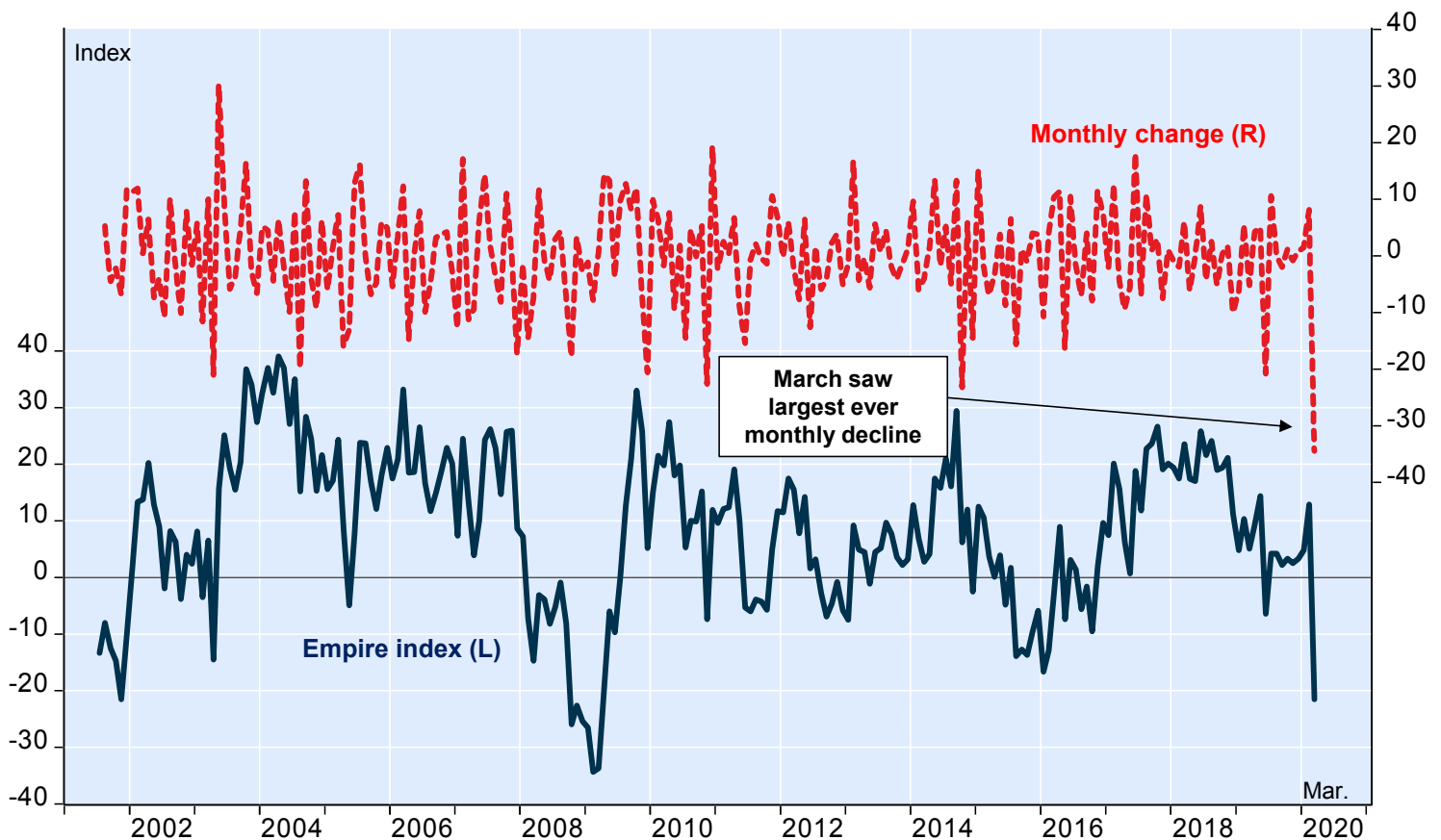
U.S. Watch

By Krishen Rangasamy

The ugly data parade, courtesy of the coronavirus pandemic, has started. China kicked off the horror show today with February data on retail sales, industrial output and fixed asset investment which all showed larger-than-expected declines, leaving little doubt Q1 GDP growth will be dreadful. In the U.S., preliminary data for March point to a massive decline in factory activity. Indeed, the New York Fed's Empire index of manufacturing activity not only sank sharply into negative territory but also registered its largest monthly decline on records (see today's *Hot Chart*). That, coupled with a flagging services sector (according to Markit's PMI), suggests U.S. GDP growth decelerated sharply in Q1. More concerning perhaps is the weak handoff from March sets the U.S. up for a likely negative growth print in Q2, the first quarterly GDP contraction in six years.

U.S.: Factory collapse in March

Empire index of manufacturing activity



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