A negative oil price, pint-sized PMIs and spiralling government spending all point towards a new world order. And while the accuracy of survey-based indicators has diminished, consumer demand has clearly collapsed and firms are going out of business. Although the governments have been swift to act, it doesn’t come without a price.

Negative. You can use all the technicalities you like to explain the fall in benchmark WTI oil price to below zero. But the decline in oil prices was thanks to welling up of supply against a backdrop of weak petroleum demand. It is also now clear that the cut in the OPEC+ production is unlikely to correct the glut in the oil market in the near term. There are perhaps lessons for equity markets too which are now technically in the “bull phase”, partially buoyed by the massive amount of stimulus. If a repricing of risks takes place, could we have someone conjuring a scenario with negative stock prices?

Schemes save the day. The ONS's Business Impact of Coronavirus Survey, with over 6K business respondents, confirms that COVID-19 has hit some businesses particularly hard. Since the lockdown began, 24% of the respondents temporarily suspended their services while 0.3% permanently ceased trade. Expectedly, the Arts, Entertainment and Recreational sector has been hit the worst along with Accommodation and Food services. Of those in business, 94% have an interest in at least one of the government schemes on offer – the Job Retention Scheme being the most preferred. No surprises.

Who picks up the tab? The UK job retention scheme, under which government will pay 80% of furloughed workers' salaries, went live on Monday. By Thursday, 435,000 firms had made claims valuing £3.75bn and covering 3.2 million employees. But this falls short of the projection from the Office for Budget Responsibility suggesting 8m furloughed workers would end up on the scheme. The scheme limitations might explain the difference. The good news is that there is little evidence so far that employers are shunning the furlough scheme in favour of mass redundancies.

Gathering storm. The public finance implications of COVID-19 and the policies employed to respond to it will be gigantic. Just how big is very uncertain as yet, but we can probably get the clearest steer from the UK Government's announcement that it will seek to raise a whopping £180 billion from gilt investors over the next three months. That's more than had been planned for the entire year and comes on top of an increase to the Government's overdraft with the Bank of England. Good job the MPC has already announced £200 billion of extra QE purchases, most of which will be gilts.

Record breakers. Retail sales volumes in the UK dropped 5.1% m/m in March; the largest fall ever recorded. Bad as this is, worse is likely come, since most 'non-essential' retailers only shut up shop late in the month. Food store sales climbed 4% thanks to consumers stockpiling and eating-in. But this was insufficient to offset a 19% reduction in other in-store purchases. Clothing shops experienced the sharpest decline in sales, -35%, whilst, tellingly, Off-Licenses saw the strongest growth (33%). The lockdown is rapidly accelerating the online shift too, with a record 22p in every £1 now spend online.

Rock bottom? Like elsewhere, the UK’s lockdown economy saw private sector activity plunge in April. The composite PMI sank from 36.0 in March to 12.9. Service activity hit a record low of 12.3 with manufacturing output managing to remain in the teens (16.6). Some 81% of UK service providers reported a fall in activity in April, which compared with ‘just’ 38% during the single worst month of the global financial crisis. Three-quarters of manufacturers reported a drop in activity in April. Those that managed positive growth included food and drink producers and firms involved in medical supply chains. Surely these pint-sized PMIs are the bottom?

When shocks stop shocking. Most countries are grasping new records like hot potatoes – i.e., they’re painful to hold. The US ‘flash’ PMI fell to a record low of 27.4 in April. Still a slight eyebrow-raiser, even these days. Both manufacturing and services have taken a beating, with services, perhaps unsurprisingly, looking the more bruised. They posted a reading of 27.0. Perhaps the most shocking thing is that we’re becoming desensitised to these numbers. But behind the data lies real people and firms. We need to stat learning to live with CV19 pretty rapidly.

Sinking. The Euro area Composite PMI index dived to 13.5 in April, from 29.7 in March, the lowest level on record as the restrictive lockdown took its toll. The main casualty was the services sector which plunged to an all-time low of 11.7 in April compared to 26.4 in March. The manufacturing PMI output index slumped to a new low of 18.4, a tad higher than services. German and French composite PMIs recorded all-time lows in April, at 17.1 and

11.2 respectively. With some Euro area counties unwinding lockdown measures recently, April should mark the trough. A small crumb of comfort.

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