

# ECOWEEK

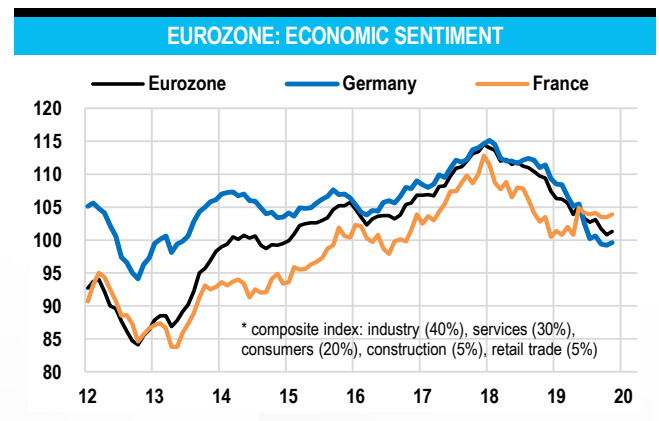
No. 19-45, 06 December

## Global economy: stabilisation, stability, opacity

- Based on business surveys, the cyclical environment, globally, seems to have stabilised. A similar picture emerges for the eurozone and China, whereas in the US it is mixed
- ‘Stability’ characterises the monetary policy outlook. After the announcements in September, the ECB can afford to wait before making a judgment of the effectiveness of its policy stance. For the Federal Reserve, it seems that the bar for envisaging a change in the federal funds rate is high, even more so when it’s about considering a rate hike
- Stabilisation of economic data and a stable, very accommodative monetary stance provide reasons for being hopeful, but this supposes that uncertainty doesn’t increase again. In this respect, unfortunately, the situation remains very opaque. Shifting to a higher gear in terms of growth then becomes more complex.

Recent data releases confirm the signs registered one month ago of a tentative stabilisation of the global cyclical environment. For the eurozone as a whole, the European Commission’s economic sentiment index, increased slightly in November and thus remains above its long-term average. This index covers industry, services, consumers, construction and retail trade. The Commission’s business climate index remained stable. The purchasing managers’ index (PMI) for the manufacturing sector increased further in November and is now close to the level seen in August. The services index on the other hand, declined slightly, to 51.9. Back in August, it was still at 53.5. This development has raised concerns: after a protracted decline of the manufacturing indices, one could fear that the services sector could become a major drag on growth. However, the historical record shows that when the manufacturing sentiment has stabilised, as indeed has been the case as of late, the services sector also tends to see a stabilisation.

Survey data for Germany have rebounded slightly and this has brought relief after a very long and considerable decline in the industrial sector. The PMI manufacturing has rebounded firmly from its low point reached in September and is now close to levels last seen in May. Yet, at 44.1, it remains well below 50, so the contraction continues, albeit at a slower pace. The services PMI has basically been stable in recent months, after the big drop observed in September. The ifo business climate index improved a little in November. Focussing on the expectations component, one observes a rebound in industry, services and trade. The rebound of export expectations in October, from a very low level, was short-lived: November saw a renewed weakening. In France, the business climate, after softening last year, had rebounded in the early part of the year. In recent months it has stabilised at a level well above the long term average. Labour market conditions improved further in November, which bodes well for household spending. In Italy, the manufacturing PMI has been edging down slowly to a low level of 47.6 but services dropped significantly in November (from 52.2 to 50.4). In Spain, both series improved somewhat in November but at 47.5, manufacturing remains under pressure. Services are doing better at 53.2.



Source: European Commission, BNP Paribas

p. 3

Markets Overview

p. 4

Pulse & Calendar

p. 6

Economic scenario

ECONOMIC RESEARCH DEPARTMENT



BNP PARIBAS



The bank  
for a changing  
world

As far as the US is concerned, the picture is mixed. Having troughed at 50.3 in August, the manufacturing sector Markit PMI has improved in the following months, reaching 52.6 in November. The equivalent index of the Institute for Supply Management (ISM), had dropped below 50 in August. In November it declined an additional 0.2 percentage point to 48.1. The ISM non-manufacturing index had increased significantly in October to 54.7 but declined in November to 53.9. However, the Markit PMI for the services sector saw an improvement (from 50.6 to 51.6). Finally, in China, the Caixin manufacturing PMI has beaten expectations in November (51.8 after 51.7 the month before) whereas the National Bureau of Statistics PMI, which is tilted towards larger companies and state-owned enterprises, picked up to 50.2 (49.3 in October). This has triggered hope of a stabilisation of growth.

As mentioned in the introduction, all in all, these survey indicators point towards a stabilisation of the business climate. This obviously brings relief but the real question is whether there is room for some pick-up in growth. The monetary environment is clearly supportive and will continue to be so. The buzzword seems to be 'monetary stability'. The ECB, after its additional easing measures announced in September, can now afford to wait before making a judgment of the effectiveness of its policy stance. For the Federal Reserve, it seems that the bar for envisaging a change in the federal funds rate is high, even more so when it's about considering a rate hike.

Stabilisation of economic data and a stable, very accommodative monetary stance provide reasons for being hopeful. A renewed increase of uncertainty could turn this into an illusion. In this respect, the situation remains opaque and the latest news on the US-China trade negotiations, where the US administration claims it is not in hurry, as well as the threat of US trade measures targeting Argentina, Brazil and France are there to remind us that the perception of progress in one week can be turned around the next one. Fluctuations in uncertainty instil an attitude of 'wait and see' and reduce the effectiveness of monetary policy. Shifting to a higher gear in terms of growth then becomes more complex.

William De Vijlder

MANUFACTURING PMI

SERVICES PMI

	Developed Markets														Emerging countries																				
	World	NA				Europe						Asia-Oceania				LATAM	Eurasia		Middle East & Africa				Asia												
	USA	EURO ZONE	AUSTRIA	DENMARK	FRANCE	GERMANY	GREECE	IRELAND	ITALY	NETHERLANDS	SPAIN	SWITZERLAND	UK	AUSTRALIA	NEW ZEALAND	JAPAN	SINGAPORE	BRAZIL	MEXICO	CZECH REPUBLIC	POLAND	RUSSIA	TURKEY	EGYPT	LEBANON	SAUDI ARABIA	SOUTH AFRICA	UAE	CHINA	HONG KONG	INDIA	INDONESIA	VIETNAM		
Jan-19	50.7	53.0	51.9	50.5	52.7	50.3	51.2	49.7	53.7	52.6	47.8	55.1	52.4	54.3	52.8	52.5	52.8	50.3	50.7	52.7	50.9	49.0	48.2	50.9	44.0	48.5	46.5	56.2	50.3	55.8	48.3	48.2	53.9	49.9	51.9
Feb-19	50.6	52.6	53.0	49.3	51.8	51.7	51.5	47.6	54.2	54.0	47.7	52.7	49.9	55.4	52.1	54.0	53.4	48.9	50.4	53.4	52.6	48.6	47.6	50.1	46.4	48.2	46.9	56.6	49.0	53.4	49.9	48.4	54.3	50.1	51.2
Mar-19	50.5	50.5	52.4	47.5	50.0	46.3	49.7	44.1	54.7	53.9	47.4	52.5	50.9	50.3	55.1	51.0	51.6	49.2	50.8	52.8	49.8	47.3	48.7	52.8	47.2	49.9	46.3	56.8	48.5	55.7	50.8	48.0	52.6	51.2	51.9
Apr-19	50.4	49.7	52.6	47.9	49.2	57.6	50.0	44.4	56.6	52.5	49.1	52.0	51.8	48.5	53.1	54.8	52.7	50.2	50.3	51.5	50.1	46.6	49.0	51.8	46.8	50.8	46.7	56.8	48.0	57.8	50.2	48.4	51.8	50.4	52.5
May-19	49.8	49.1	50.5	47.7	48.3	48.6	50.6	44.3	54.2	50.4	49.7	52.2	50.1	48.6	49.4	52.7	50.2	49.8	49.9	50.2	50.0	46.6	48.8	49.8	49.3	48.2	46.3	57.3	48.2	59.4	50.2	46.9	52.7	51.6	52.0
Jun-19	49.4	49.2	50.6	47.6	47.5	48.2	51.9	45.0	52.4	49.8	48.4	50.7	47.9	47.7	48.0	49.4	51.1	49.3	49.6	51.0	49.2	45.9	48.4	48.6	47.9	49.2	46.3	57.4	49.2	57.7	49.4	47.9	52.1	50.6	52.5
Jul-19	49.3	50.2	50.4	46.5	47.0	49.1	49.7	43.2	54.6	48.7	48.5	50.7	48.2	44.7	48.0	51.3	48.2	49.4	49.8	49.9	49.8	43.1	47.4	49.3	46.7	50.3	47.7	56.6	50.2	55.1	49.9	43.6	52.5	49.6	52.6
Aug-19	49.5	49.1	50.3	47.0	47.9	48.7	51.1	43.5	54.9	48.6	48.7	51.6	48.8	47.2	47.4	53.1	48.6	49.3	49.9	52.5	49.0	44.9	48.8	49.1	48.0	49.4	47.8	57.0	46.5	51.6	50.4	40.8	51.4	49.0	51.4
Sep-19	49.7	51.0	51.1	45.7	45.1	50.5	50.1	41.7	53.6	48.7	47.8	51.6	47.7	44.6	48.3	54.7	48.8	48.9	49.5	53.4	49.1	44.9	47.8	46.3	50.0	49.5	46.4	57.3	45.1	51.1	51.4	41.5	51.4	49.1	50.5
Oct-19	49.8	51.2	51.3	44.9	45.6	50.0	50.7	42.4	53.5	50.7	47.7	50.3	46.8	49.4	49.6	51.6	52.6	48.4	49.6	52.2	50.4	43.0	49.6	47.2	49.0	49.2	48.3	57.4	48.1	51.1	51.7	39.0	50.6	47.7	50.0
Nov-19	50.3	51.4	52.6	46.9	46.1	53.0	51.7	44.1	54.1	49.7	47.6	49.6	47.5	48.8	48.9	48.1	48.9	49.8	52.9	48.0	43.5	46.7	45.6	49.5	47.9	37.0	56.3	47.7	51.8	39.5	51.2	48.2	51.0		

	World	USA	EURO ZONE	FRANCE	GERMANY	IRELAND	ITALY	SPAIN	UK	AUSTRALIA	JAPAN	BRAZIL	RUSSIA	LEBANON	CHINA	HONG KONG	INDIA
Jan-19	52.6	54.2	51.2	47.8	53.0	54.2	49.7	54.7	50.1	45.2	51.6	52.0	54.0	46.5	53.6	48.2	52.2
Feb-19	53.3	56.0	52.8	50.2	55.3	55.9	50.4	54.5	51.3	46.7	52.3	52.2	55.3	46.9	51.1	48.4	52.5
Mar-19	53.7	55.9	53.3	49.1	55.4	55.3	53.1	56.8	48.9	45.0	52.0	52.7	54.1	46.3	54.4	48.0	52.0
Apr-19	52.7	53.0	52.8	50.5	55.7	54.7	50.4	53.1	50.4	47.6	51.8	49.9	52.6	46.7	54.5	48.4	51.0
May-19	51.6	50.9	52.9	51.5	55.4	57.0	50.0	52.8	51.0	52.3	51.7	47.8	52.0	46.3	52.7	46.9	50.2
Jun-19	51.9	51.5	53.6	52.9	55.8	56.9	50.5	53.6	50.2	51.4	51.9	48.2	49.7	46.3	52.0	47.9	49.6
Jul-19	52.5	53.0	53.2	52.6	54.5	55.0	51.7	52.9	51.4	44.4	51.8	52.2	50.4	47.7	51.6	43.8	53.8
Aug-19	51.8	50.7	53.5	53.4	54.8	54.6	50.6	54.3	50.6	52.3	53.3	51.4	52.1	47.8	52.1	40.8	52.4
Sep-19	51.4	50.9	51.6	51.1	51.4	53.1	51.4	53.3	49.5	51.8	52.8	51.8	53.6	46.4	51.3	41.5	48.7
Oct-19	51.0	50.6	52.2	52.9	51.6	50.6	52.2	52.7	50.0	55.2	49.7	51.2	55.8	48.3	51.1	39.3	49.2
Nov-19	51.6	51.9	52.2	51.7	53.7	50.4	53.2	49.3	53.7	50.3	55.6	37.0	53.5	38.5	52.7		

Source: Markit, BNP Paribas

Source: Markit, BNP Paribas



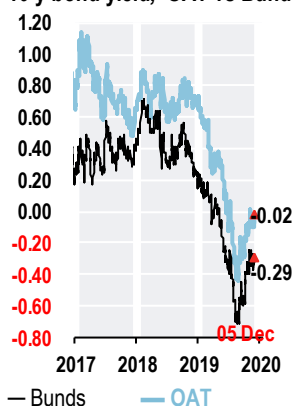
## Markets overview

### The essentials

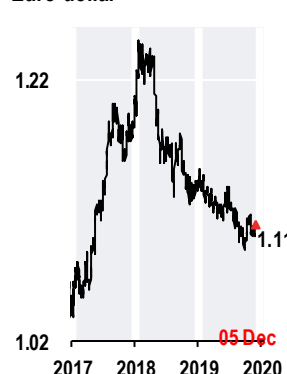
Week 29-11 19 > 5-12-19

↘ CAC 40	5 905	▶ 5 802	-1.8 %
↘ S&P 500	3 141	▶ 3 117	-0.7 %
↗ Volatility (VIX)	12.6	▶ 14.5	+1.9 pb
↗ Euribor 3M (%)	-0.40	▶ -0.40	+0.6 bp
↘ Libor \$ 3M (%)	1.91	▶ 1.89	-1.8 bp
↗ OAT 10y (%)	-0.08	▶ -0.02	+6.2 bp
↗ Bund 10y (%)	-0.35	▶ -0.29	+5.8 bp
↗ US Tr. 10y (%)	1.79	▶ 1.80	+0.5 bp
↗ Euro vs dollar	1.10	▶ 1.11	+0.6 %
↗ Gold (ounce, \$)	1 462	▶ 1 477	+1.1 %
↗ Oil (Brent, \$)	62.6	▶ 63.7	+1.8 %

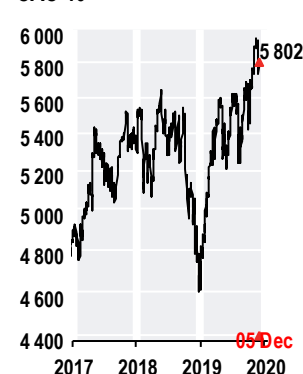
10 y bond yield, OAT vs Bund



Euro-dollar



CAC 40



### Money & Bond Markets

Interest Rates	highest' 19	lowest' 19
€ ECB	0.00 at 01/01	0.00 at 01/01
Eonia	-0.46 at 07/06	-0.47 at 03/10
Euribor 3M	-0.40 at 24/01	-0.45 at 03/09
Euribor 12M	-0.27 at 06/02	-0.40 at 21/08
\$ FED	2.50 at 01/01	1.75 at 31/10
Libor 3M	2.81 at 01/01	1.89 at 04/12
Libor 12M	3.04 at 21/01	1.85 at 04/10
£ BoE	0.75 at 01/01	0.75 at 01/01
Libor 3M	0.93 at 29/01	0.75 at 29/08
Libor 12M	1.19 at 11/01	0.81 at 03/09

At 5-12-19

Yield (%)	highest' 19	lowest' 19
€ AVG 5-7y	0.68 at 09/01	-0.36 at 03/09
Bund 2y	-0.61 at 05/03	-0.92 at 02/09
Bund 10y	-0.29 at 01/01	-0.72 at 28/08
OAT 10y	0.73 at 08/01	-0.44 at 28/08
Corp. BBB	2.15 at 08/01	0.64 at 30/08
\$ Treas. 2y	2.62 at 18/01	1.39 at 03/10
Treas. 10y	2.78 at 18/01	1.46 at 04/09
Corp. BBB	4.65 at 01/01	3.15 at 04/09
£ Treas. 2y	0.83 at 27/02	0.31 at 08/10
Treas. 10y	1.35 at 18/01	0.33 at 03/09

At 5-12-19

10y bond yield & spreads

2.07%	Greece	236 pb
1.38%	Italy	167 pb
0.50%	Spain	79 pb
0.43%	Portugal	72 pb
0.00%	Belgium	29 pb
-0.02%	France	27 pb
-0.05%	Finland	24 pb
-0.07%	Austria	22 pb
-0.16%	Ireland	13 pb
-0.16%	Netherlands	13 pb
-0.29%	Germany	

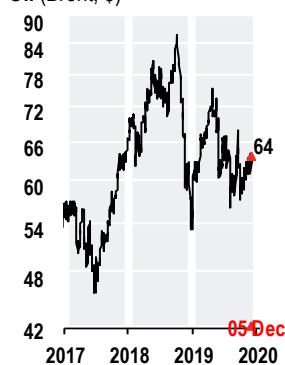
### Commodities

Spot price in dollars	lowest' 19	2019(€)
Oil, Brent	53.1 at 01/01	+23.6%
Gold (ounce)	1 268 at 02/05	+18.8%
Metals, LME	2 718 at 07/08	+0.5%
Copper (ton)	5 585 at 03/09	+1.5%
CRB Foods	312 at 11/09	+3.7%
wheat (ton)	166 at 30/08	+12.1%
Corn (ton)	128 at 24/04	+9.0%

At 5-12-19

Variations

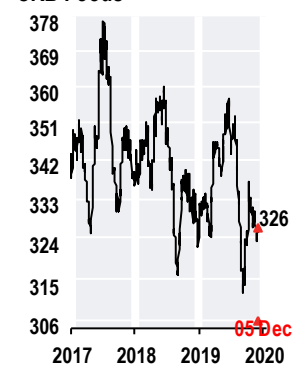
Oil (Brent, \$)



Gold (Ounce, \$)



CRB Foods



### Exchange Rates

€ =	highest' 19	lowest' 19	2019
USD	1.15 at 10/01	1.09 at 30/09	-3.0%
GBP	0.93 at 12/08	0.84 at 05/12	-6.0%
CHF	1.14 at 23/04	1.08 at 04/09	-2.7%
JPY	127.43 at 01/03	116.08 at 03/09	-3.8%
AUD	1.66 at 07/08	1.57 at 18/04	+0.1%
CNY	7.96 at 27/08	7.51 at 25/04	-0.5%
BRL	4.70 at 26/11	4.18 at 31/01	+5.5%
RUB	79.30 at 01/01	70.22 at 24/09	-10.7%
INR	82.00 at 04/02	76.37 at 01/08	-0.9%

At 5-12-19

Variations

### Equity indices

Index	highest' 19	lowest' 19	2019	2019(€)
CAC 40	5 939 at 15/11	4 611 at 03/01	+22.6%	+22.6%
S&P500	3 154 at 27/11	2 448 at 03/01	+24.4%	+28.2%
DAX	13 289 at 07/11	10 417 at 03/01	+23.6%	+23.6%
Nikkei	23 530 at 02/12	19 562 at 04/01	+16.4%	+21.0%
China*	86 at 09/04	68 at 03/01	+12.1%	+15.5%
India*	612 at 03/06	526 at 22/08	+7.2%	+8.1%
Brazil*	2 354 at 10/07	1 862 at 17/05	+22.1%	+15.7%
Russia*	793 at 07/11	572 at 01/01	+21.8%	+34.9%

At 5-12-19

Variations

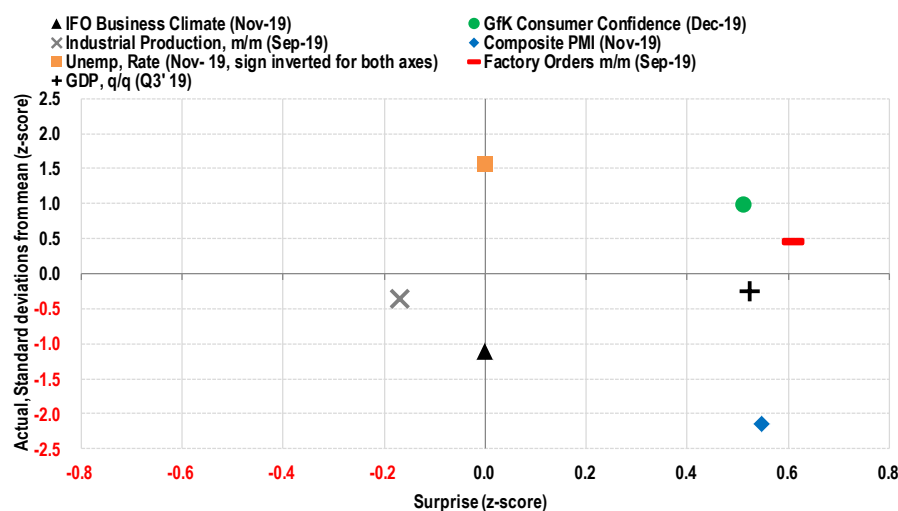
\* MSCI index



## Pulse

## Germany: passed the trough?

Most indicators for November surprised on the upside. Despite a string of disappointing data, in particular from the manufacturing sector, GDP actually increased in Q3 by a meagre 0.1%, whereas the consensus had expected a further shrinkage (-0.1%). The main reason was robust growth of private consumption, underpinned strong household confidence levels. GfK indicate that household confidence has remained also very strong in Q4. Also net exports contributed positively to growth, as world trade bounced back. Nevertheless, industrial production remained very weak and the strong rebound in orders in September was the only positive surprise for manufacturers.



Note: z-score is a score which indicates how many standard deviations an observation is from the mean:  $z=(x-\mu)/\sigma$  where  $x$ : observation,  $\mu$ : mean,  $\sigma$ : standard deviation. On the X-axis,  $x$  corresponds to the last known surprise for each indicator represented on the graph,  $\mu$  and  $\sigma$  corresponds respectively to the mean and the standard deviation of the last 24 value for monthly data and the last 8 quarters for quarterly data. On the Y-axis,  $x$  corresponds to the last known value of indicator,  $\mu$  and  $\sigma$  corresponds respectively to the mean and the standard deviation for this indicator since 2000 (for China since 2011).

## Indicators preview

It is central bank week next week. Markets will try to gauge whether there is any change in emphasis in Jerome Powell's press conference after the FOMC meeting. In the eurozone, the first press conference following the Governing Council meeting, of Christine Lagarde as ECB president, is eagerly awaited. We can expect a broad range of questions on topics such as the policy stance, the strategy review, climate change and the ECB, etc. In terms of data, we have several releases in France (in particular, industry sentiment and job creations), the Tankan survey and machine orders in Japan as well as US retail sales.

Date	Country/Region	Event	Period	Survey	Prior
12/09/2019	Japan	GDP SA QoQ	3Q	--	0.1%
12/09/2019	Germany	Trade Balance	Oct	--	2.11e+10
12/09/2019	France	Bank of France Ind. Sentiment	Nov	--	98
12/09/2019	Japan	Eco Watch Survey Current SA	Nov	--	36.7
12/09/2019	Switzerland	Aggregate Financing CNY	Nov	--	6.189e+11
12/10/2019	Switzerland	CPI YoY	Nov	4.1%	3.8%
12/10/2019	Switzerland	PPI YoY	Nov	--	-1.6%
12/10/2019	Japan	Machine Tool Orders YoY	Nov	--	-37.4%
12/10/2019	France	Private Sector Payrolls QoQ	3Q	--	0.3%
12/10/2019	France	Industrial Production MoM	Oct	--	0.3%
12/10/2019	United Kingdom	Industrial Production MoM	Oct	--	-0.3%
12/10/2019	United States	NFIB Small Business Optimism	Nov	103.1	102.4
12/11/2019	United States	CPI MoM	Nov	0.3%	0.4%
12/11/2019	United States	FOMC Rate Decision (Upper Bound)	Dec	1.75%	1.75%
12/12/2019	Japan	Core Machine Orders MoM	Oct	--	-2.9%
12/12/2019	Germany	CPI EU Harmonized MoM	Nov	--	-0.8%
12/12/2019	France	CPI EU Harmonized MoM	Nov	--	0.1%
12/12/2019	Eurozone	Industrial Production SA MoM	Oct	--	0.1%
12/12/2019	Eurozone	ECB Deposit Facility Rate	Dec	--	-0.500%
12/12/2019	United States	PPI Ex Food and Energy MoM	Nov	--	0.3%
12/12/2019	United Kingdom	CBI Retailing Reported Sales	Dec	--	-3
12/13/2019	Japan	Tankan Large Mfg Index	4Q	--	--
12/13/2019	United States	Retail Sales Advance MoM	Nov	0.5%	0.3%

Source: Bloomberg, BNP Paribas



## Economic scenario

### UNITED STATES

- Despite the support coming from the Fed rate cuts in 2019, we expect growth to slow in the near term under the influence of corporate investment (slower profits growth, trade uncertainty) and housing (declining trend of affordability, despite a recent rebound). Consumer spending should be more resilient but could slow on the back of a less dynamic labour market.
- As a consequence, we expect two Fed funds target rate cuts in the first half of 2020.

### CHINA

- Economic growth continues to slow. Industrial activity and exports have been hard hit by US tariff hikes. Domestic demand has also decelerated.
- The central bank is easing liquidity and credit conditions, but the reduction in financial-instability risks should remain a priority and banks are prudent. Fiscal policy is expansionary through increased investment in infrastructure projects and household/corporate tax cuts. Tax measures are expected to have some success in supporting consumer spending.
- Consumer price inflation has accelerated due to rising food prices (soaring pork prices), but core inflation remains subdued.

### EUROZONE

- The economic slowdown is continuing in the eurozone, especially in Germany, due to the international environment and difficulties in the manufacturing sector. The recent stabilization of business surveys, albeit at a low level, provides some hope but needs to be confirmed.
- Inflation is now expected to decrease while core CPI is hardly moving. The activity slowdown also implies that the pick-up in core inflation could be slower than expected until recently.
- The very accommodative monetary policy should be maintained as long as inflation hasn't converged sufficiently, in a convincing and lasting way, towards the ECB's objective.

### FRANCE

- Growth is slowing although the economy shows resilience. Households' consumption should get a boost from the tax cuts and the jobs recovery. Business investment dynamics remain favourable. The global backdrop is less supportive.
- A slight rise in core inflation is appearing but remains to be confirmed.

### INTEREST RATES AND FX RATES

- In the US, we expect the Fed to cut its official rate twice in the first half of 2020 in reaction to a slowing economy, moderate inflation and high uncertainty. This should support the medium term growth outlook, which is why, after an initial decline, we expect Treasury yields to increase gradually.
- In the eurozone, the ECB's state-dependent forward guidance and the sluggishness of the inflation process imply that the very accommodative environment will remain in place for a long time. The movement of bond yields will be very much influenced by what happens to US yields, although we expect the increase in Bund yields to be smaller. Sovereign spreads in the eurozone should decline.
- We expect that the Bank of Japan will refrain from further monetary easing.
- We expect little change in EUR/USD even though euro's fair value is quite higher than current pricing.

%	GDP Growth				Inflation			
	2018	2019 e	2020 e	2021 e	2018	2019 e	2020 e	2021 e
<b>Advanced</b>	<b>2.2</b>	<b>1.7</b>	<b>1.1</b>	<b>1.6</b>	<b>2.0</b>	<b>1.5</b>	<b>1.6</b>	<b>1.4</b>
United-States	2.9	2.3	1.5	2.0	2.4	1.8	2.4	1.9
Japan	0.8	1.0	0.2	0.7	1.0	0.5	0.6	0.3
United-Kingdom	1.4	1.3	1.1	1.7	2.5	1.8	1.5	1.8
<b>Euro Area</b>	<b>1.9</b>	<b>1.1</b>	<b>0.8</b>	<b>1.3</b>	<b>1.8</b>	<b>1.2</b>	<b>1.0</b>	<b>1.0</b>
Germany	1.5	0.5	0.4	1.2	1.9	1.4	1.2	1.2
France	1.7	1.3	1.1	1.3	2.1	1.3	1.0	1.1
Italy	0.7	0.2	0.2	0.6	1.2	0.7	0.6	0.5
Spain	2.4	2.0	1.7	1.6	1.7	0.8	0.8	0.9
<b>Emerging</b>	<b>4.4</b>	<b>3.8</b>	<b>4.0</b>	<b>4.2</b>	<b>4.6</b>	<b>4.6</b>	<b>4.6</b>	<b>3.6</b>
China	6.6	6.1	5.7	5.8	2.1	2.8	3.5	1.5
India*	6.8	5.8	5.5	6.0	2.9	3.0	3.3	3.5
Brazil	1.1	1.0	2.0	3.0	3.7	3.7	3.4	3.7
Russia	2.3	0.9	1.5	1.5	2.9	4.7	3.8	4.0

Source : BNP Paribas Group Economic Research (e: Estimates & forecasts)

\* Fiscal year from April 1st of year n to March 31st of year n+1

Interest rates, %	2019		2020				2018	2019e	2020e
	End of period	Q3	Q4e	Q1e	Q2e	Q3e			
<b>US</b>									
Fed Funds	2.00	1.75	1.50	1.25	1.25	1.25	2.50	1.75	1.25
T-Notes 10y	1.67	1.75	1.60	1.80	2.10	2.00	2.69	1.75	2.00
<b>Ezone</b>									
Deposit rate	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
Bund 10y	-0.57	-0.35	-0.50	-0.40	-0.30	-0.30	0.25	-0.35	-0.30
OAT 10y	-0.28	-0.05	-0.20	-0.15	-0.10	-0.10	0.71	-0.05	-0.10
<b>UK</b>									
Base rate	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Gilts 10y	0.40	0.71	1.00	1.10	1.20	1.20	1.27	0.71	1.20
<b>Japan</b>									
BoJ Rate	-0.06	-0.10	-0.10	-0.10	-0.10	-0.10	-0.07	-0.10	-0.10
JGB 10y	-0.22	-0.05	-0.10	0.00	0.05	0.10	0.00	-0.05	0.10

Source : BNP Paribas GlobalMarkets (e: Forecasts)

Exchange Rates	2019		2020				2018	2019e	2020e
	End of period	Q3	Q4e	Q1e	Q2e	Q3e			
<b>USD</b>									
EUR / USD	1.09	1.11	1.12	1.13	1.13	1.14	1.14	1.11	1.14
USD / JPY	108	107	104	103	103	103	110	107	103
GBP / USD	1.23	1.32	1.35	1.36	1.36	1.39	1.27	1.32	1.39
USD / CHF	1.00	0.99	0.99	0.99	0.99	1.00	0.99	0.99	1.00
<b>EUR</b>									
EUR / GBP	0.89	0.84	0.83	0.83	0.83	0.82	0.90	0.84	0.82
EUR / CHF	1.09	1.10	1.11	1.12	1.12	1.14	1.13	1.10	1.14
EUR / JPY	118	119	116	116	116	117	125	119	117

Source : BNP Paribas GlobalMarkets (e: Forecasts)



# GROUP ECONOMIC RESEARCH

**William De Vijlder**  
Chief Economist

+33 1 55 77 47 31 [william.devijlder@bnpparibas.com](mailto:william.devijlder@bnpparibas.com)

## ADVANCED ECONOMIES AND STATISTICS

**Jean-Luc Proutat**

Head – United States, United Kingdom

+33 1 58 16 73 32 [jeanluc.proutat@bnpparibas.com](mailto:jeanluc.proutat@bnpparibas.com)

**Hélène Baudchon**

France – Labour markets

+33 1 58 16 03 63 [helene.baudchon@bnpparibas.com](mailto:helene.baudchon@bnpparibas.com)

**Louis Boisset**

European Central Bank watch, Euro area global view, Japan

+33 1 57 43 02 91 [louis.boisset@bnpparibas.com](mailto:louis.boisset@bnpparibas.com)

**Frédérique Cerisier**

Euro area (European governance and public finances), Spain, Portugal

+33 1 43 16 95 52 [frederique.cerisier@bnpparibas.com](mailto:frederique.cerisier@bnpparibas.com)

**Raymond Van Der Putten**

Germany, Netherlands, Austria, Switzerland – Energy, climate – Long-term projections

+33 1 42 98 53 99 [raymond.vanderputten@bnpparibas.com](mailto:raymond.vanderputten@bnpparibas.com)

**Tarik Rharrab**

Statistics

+33 1 43 16 95 56 [tarik.rharrab@bnpparibas.com](mailto:tarik.rharrab@bnpparibas.com)

## BANKING ECONOMICS

**Laurent Quignon**

Head

+33 1 42 98 56 54 [laurent.quignon@bnpparibas.com](mailto:laurent.quignon@bnpparibas.com)

**Laure Baquero**

+ 33 1 43 16 95 50 [laure.baquero@bnpparibas.com](mailto:laure.baquero@bnpparibas.com)

**Céline Choulet**

+33 1 43 16 95 54 [celine.choulet@bnpparibas.com](mailto:celine.choulet@bnpparibas.com)

**Thomas Humblot**

+ 33 1 40 14 30 77 [thomas.humblot@bnpparibas.com](mailto:thomas.humblot@bnpparibas.com)

## EMERGING ECONOMIES AND COUNTRY RISK

**François Faure**

Head, Argentina, Turkey, Ukraine, Central European countries

+33 1 42 98 79 82 [francois.faure@bnpparibas.com](mailto:francois.faure@bnpparibas.com)

**Christine Peltier**

Deputy Head – Greater China, Vietnam, South Africa

+33 1 42 98 56 27 [christine.peltier@bnpparibas.com](mailto:christine.peltier@bnpparibas.com)

**Stéphane Alby**

Africa (French-speaking countries)

+33 1 42 98 02 04 [stephane.alby@bnpparibas.com](mailto:stephane.alby@bnpparibas.com)

**Sara Confalonieri**

Africa (Portuguese & English-speaking countries)

+33 1 42 98 43 86 [sara.confalonieri@bnpparibas.com](mailto:sara.confalonieri@bnpparibas.com)

**Pascal Devaux**

Middle East, Balkan countries

+33 1 43 16 95 51 [pascal.devaux@bnpparibas.com](mailto:pascal.devaux@bnpparibas.com)

**Hélène Drouot**

Korea, Thailand, Philippines, Mexico, Andean countries

+33 1 42 98 33 00 [helene.drouot@bnpparibas.com](mailto:helene.drouot@bnpparibas.com)

**Salim Hammad**

Latin America

+33 1 42 98 74 26 [salim.hammad@bnpparibas.com](mailto:salim.hammad@bnpparibas.com)

**Johanna Melka**

India, South Asia, Russia, Kazakhstan, CIS

+33 1 58 16 05 84 [johanna.melka@bnpparibas.com](mailto:johanna.melka@bnpparibas.com)

## CONTACT MEDIA

**Michel Bernardini**

+33 1 42 98 05 71 [michel.bernardini@bnpparibas.com](mailto:michel.bernardini@bnpparibas.com)



**BNP PARIBAS**

The bank  
for a changing  
world

# OUR PUBLICATIONS



## CONJONCTURE

Structural or in news flow, two issues analysed in depth



## EMERGING

Analyses and forecasts for a selection of emerging economies



## PERSPECTIVES

Analyses and forecasts for the main countries, emerging or developed



## ECOFASH

Data releases, major economic events. Our detailed views...



## ECOWEEK

Weekly economic news and much more...



## ECOTV

In this monthly web TV, our economists make sense of economic news



## ECOTV WEEK

What is the main event this week? The answer is in your two minutes of economy

The information and opinions contained in this report have been obtained from, or are based on, public sources believed to be reliable, but no representation or warranty, express or implied, is made that such information is accurate, complete or up to date and it should not be relied upon as such. This report does not constitute an offer or solicitation to buy or sell any securities or other investment. It does not constitute investment advice, nor financial research or analysis. Information and opinions contained in the report are not to be relied upon as authoritative or taken in substitution for the exercise of judgement by any recipient; they are subject to change without notice and not intended to provide the sole basis of any evaluation of the instruments discussed herein. Any reference to past performance should not be taken as an indication of future performance. To the fullest extent permitted by law, no BNP Paribas group company accepts any liability whatsoever (including in negligence) for any direct or consequential loss arising from any use of or reliance on material contained in this report. All estimates and opinions included in this report are made as of the date of this report. Unless otherwise indicated in this report there is no intention to update this report. BNP Paribas SA and its affiliates (collectively "BNP Paribas") may make a market in, or may, as principal or agent, buy or sell securities of any issuer or person mentioned in this report or derivatives thereon. BNP Paribas may have a financial interest in any issuer or person mentioned in this report, including a long or short position in their securities and/or options, futures or other derivative instruments based thereon. Prices, yields and other similar information included in this report are included for information purposes. Numerous factors will affect market pricing and there is no certainty that transactions could be executed at these prices. BNP Paribas, including its officers and employees may serve or have served as an officer, director or in an advisory capacity for any person mentioned in this report. BNP Paribas may, from time to time, solicit, perform or have performed investment banking, underwriting or other services (including acting as adviser, manager, underwriter or lender) within the last 12 months for any person referred to in this report. BNP Paribas may be a party to an agreement with any person relating to the production of this report. BNP Paribas, may, to the extent permitted by law, have acted upon or used the information contained herein, or the research or analysis on which it was based, before its publication. BNP Paribas may receive or intend to seek compensation for investment banking services in the next three months from or in relation to any person mentioned in this report. Any person mentioned in this report may have been provided with sections of this report prior to its publication in order to verify its factual accuracy.

BNP Paribas is incorporated in France with limited liability. Registered Office 16 Boulevard des Italiens, 75009 Paris. This report was produced by a BNP Paribas group company. This report is for the use of intended recipients and may not be reproduced (in whole or in part) or delivered or transmitted to any other person without the prior written consent of BNP Paribas. By accepting this document you agree to be bound by the foregoing limitations.

Certain countries within the European Economic Area:

This report has been approved for publication in the United Kingdom by BNP Paribas London Branch. BNP Paribas London Branch is authorised and supervised by the Autorité de Contrôle Prudentiel and authorised and subject to limited regulation by the Financial Services Authority. Details of the extent of our authorisation and regulation by the Financial Services Authority are available from us on request.

This report has been approved for publication in France by BNP Paribas SA. BNP Paribas SA is incorporated in France with limited liability and is authorised by the Autorité de Contrôle Prudentiel (ACP) and regulated by the Autorité des Marchés Financiers (AMF). Its head office is 16, boulevard des Italiens 75009 Paris, France.

This report is being distributed in Germany either by BNP Paribas London Branch or by BNP Paribas Niederlassung Frankfurt am Main, a branch of BNP Paribas S.A. whose head office is in Paris, France. BNP Paribas S.A. – Niederlassung Frankfurt am Main, Europa Allee 12, 60327 Frankfurt is authorised and supervised by the Autorité de Contrôle Prudentiel and it is authorised and subject to limited regulation by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin).

**United States:** This report is being distributed to US persons by BNP Paribas Securities Corp., or by a subsidiary or affiliate of BNP Paribas that is not registered as a US broker-dealer. BNP Paribas Securities Corp., a subsidiary of BNP Paribas, is a broker-dealer registered with the U.S. Securities and Exchange Commission and a member of the Financial Industry Regulatory Authority and other principal exchanges. BNP Paribas Securities Corp. accepts responsibility for the content of a report prepared by another non-U.S. affiliate only when distributed to U.S. persons by BNP Paribas Securities Corp.

**Japan:** This report is being distributed in Japan by BNP Paribas Securities (Japan) Limited or by a subsidiary or affiliate of BNP Paribas not registered as a financial instruments firm in Japan, to certain financial institutions defined by article 17-3, item 1 of the Financial Instruments and Exchange Law Enforcement Order. BNP Paribas Securities (Japan) Limited is a financial instruments firm registered according to the Financial Instruments and Exchange Law of Japan and a member of the Japan Securities Dealers Association and the Financial Futures Association of Japan. BNP Paribas Securities (Japan) Limited accepts responsibility for the content of a report prepared by another non-Japan affiliate only when distributed to Japanese based firms by BNP Paribas Securities (Japan) Limited. Some of the foreign securities stated on this report are not disclosed according to the Financial Instruments and Exchange Law of Japan.

**Hong Kong:** This report is being distributed in Hong Kong by BNP Paribas Hong Kong Branch, a branch of BNP Paribas whose head office is in Paris, France. BNP Paribas Hong Kong Branch is registered as a Licensed Bank under the Banking Ordinance and regulated by the Hong Kong Monetary Authority. BNP Paribas Hong Kong Branch is also a Registered Institution regulated by the Securities and Futures Commission for the conduct of Regulated Activity Types 1, 4 and 6 under the Securities and Futures Ordinance.

Some or all the information reported in this document may already have been published on <https://globalmarkets.bnpparibas.com>

© BNP Paribas (2015). All rights reserved.

© BNP Paribas (2015). All rights reserved.

Prepared by Economic Research – BNP PARIBAS

Registered Office: 16 boulevard des Italiens – 75009 PARIS

Tel: +33 (0) 1.42.98.12.34 – Internet :

[www.group.bnpparibas.com](http://www.group.bnpparibas.com)

Publisher: Jean Lemierre. Editor: William De Vijlder

POUR RECEVOIR NOS PUBLICATIONS

VOUS POUVEZ VOUS ABONNER SUR NOTRE SITE ONGLET ABONNEMENT  
<http://economic-research.bnpparibas.com>

ET

NOUS SUIVRE SUR LINKEDIN  
<https://www.linkedin.com/showcase/bnp-paribas-economic-research/>  
OU TWITTER  
[https://twitter.com/EtudesEco\\_BNPP](https://twitter.com/EtudesEco_BNPP)



# BNP PARIBAS

The bank  
for a changing  
world