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Eco WEEK

ECONOMIC RESEARCH DEPARTMENT

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Infrastructure under threat

The quality of Germany's infrastructure is deteriorating because of lack of spending. In particular, the municipalities have reduced their investments.

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The Eurogroup meeting held earlier this week failed to reach a political agreement. A solution will eventually be found as each party makes concessions, although the size of these efforts has yet to be determined.

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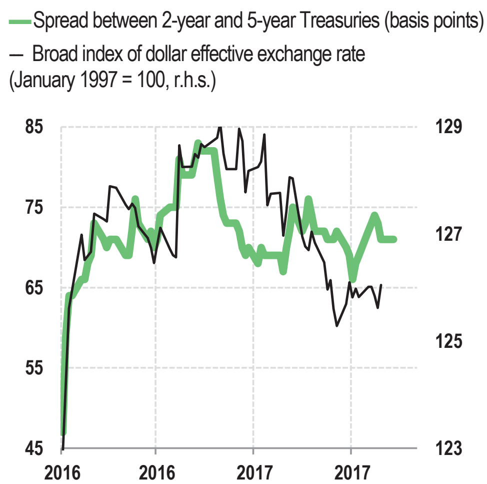
Eco TV WEEK

The Fed knows it knows nothing

■ FOMC members underscore the uncertainty looming over fiscal policy ■ When in doubt, abstain?

Reading the minutes of FOMC meetings often gives rise to semantic debate: does "many" mean more than "several"? Does the word "participants" encompass more people than "members"? These are legitimate questions. Keep in mind that the responses given by "Fed watchers", including ourselves, are subjective. For example, the minutes of the January meeting released this week led many commentators to underscore the following sentence: " many participants expressed the view that it might be appropriate to raise the federal funds rate again fairly soon". But the sentence doesn't stop there, and goes on to place conditions on any such rate increase: " if incoming information on the labor market and inflation was in line with or stronger than their current expectations ". Reading the rest of the minutes, we can see that there is tremendous uncertainty over fiscal policy: not only the content, but the size, timing, and net effect on the economy. A "couple of participants" argued that fiscal policy wasn't everything, and that other factors should be taken into account. Other participants cautioned against adjusting monetary policy in anticipation of policy changes that might not be enacted. They would prefer to know the actual facts before taking action, and disregard their distant cousins, alternative facts.

INTEREST RATES AND EXCHANGE RATE



Source : Federal Reserve

THE WEEK ON THE MARKETS

Week 17-2 17 > 23-2-17

↗ **CAC 40**	4 868	▶	**4 891**	**+0.5**	%
↗ **S&P 500**	2 351	▶	**2 364**	**+0.5**	%
↗ Volatility (VIX)	11.5	▶	11.7	+0.2	%
↗ **Euribor 3M** (%)	-0.33	▶	**-0.33**	**+0.0**	bp
↗ Libor $ 3M (%)	1.05	▶	1.05	+0.2	bp
↘ OAT 10y (%)	1.04	▶	0.99	-4.8	bp
↘ Bund 10y (%)	0.30	▶	0.23	-6.3	bp
↘ US Tr. 10y (%)	2.44	▶	2.39	-5.4	bp
↘ **Euro vs dollar**	1.06	▶	**1.06**	**-0.3**	%
↗ Gold (ounce, $)	1 238	▶	1 249	+0.9	%
↗ **Oil (Brent, $)**	55.5	▶	**56.7**	**+2.2**	%

Source: Thomson Reuters

Germany

Infrastructure under threat

■ **The quality of Germany's infrastructure is deteriorating because of lack of spending.**

■ **In particular, the municipalities have reduced their investments, because of increased social spending and financial problems.**

■ **The *Länder* are also cutting back on capital spending in preparation of tighter budget rules that will come into force in 2020.**

Germany's infrastructure is one of the best in the world. In the WEF Global Competitiveness Report 2016-2017, its infrastructure ranked eighth just behind France, but before the UK (9th) and the US (11th). However, the country is falling behind in this area. In the 2009-2010 Competiveness Report, its infrastructure came in first. The decline is in particular noticeable in the quality of road infrastructure. It tumbled from the fifth position in the 2009-2010 report to the 16th place in the latest.

The reason for Germany's relative decline is the lack of investment spending on infrastructure. Following the reunification-related investment boom in the early 1990s, public capital spending has settled at around 2.2% of GDP (chart 1). This is one of the lowest in the EU. For example, in France, public investment amounted to 3.5% in 2015. The gap can be partly attributed to differences in definitions. Moreover, the increase in the public investment rate elsewhere in Europe in the run-up to the financial crisis was related to the boom in real estate prices. The differences have clearly narrowed in the aftermath of the crisis.

Germany's modest capital spending is hardly enough to compensate for the depreciation of the capital stock. Since 2013, net investment, i.e. gross investment minus depreciation, has been even negative (chart 2). This situation is not unique for Germany. Also in Spain and Italy, net investment is currently in negative territory.

In Germany, investment spending by municipalities, which carry out more than 60% of all public investment, has particularly come under pressure (chart 3). It dropped from 17% of their total expenditure in 1995 to only 9.7% in 2015. This is largely a result of the expansion of municipalities' responsibilities in the area of social security. Between 2002 and 2010, municipal social spending doubled. The Federal government has taken measures to reduce the financial pressure on the local authorities, such as taking on the costs of the old-age basic pension. Also outsourcing, for example, in the field of waste management, has played a crucial role. Net capital spending has been in negative territory (chart 4).

The KfW Municipal Survey reports that in particular financially-weak municipalities have been cutting back on capital spending. On average, municipalities with a budget deficit invest one third less than those with a balanced budget or a surplus. This is also confirmed by the statistics. Local authorities in the wealthier *Länder* such as

Gross public investment (as % of GDP)

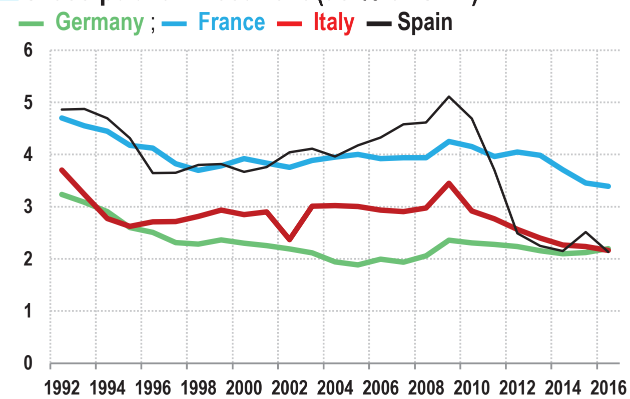


Chart 1 Sources: Eurostat and BNP Paribas

Net public investment (as % of GDP)

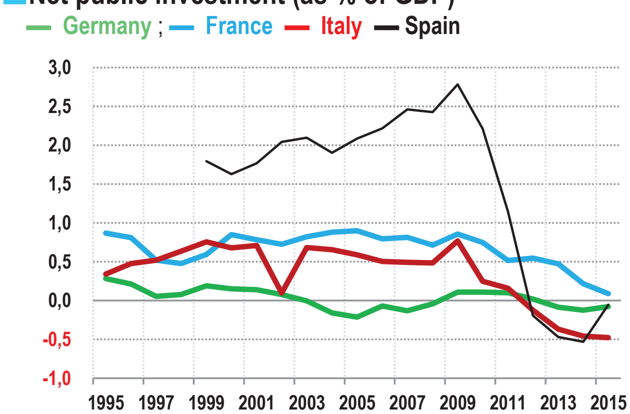


Chart 2 Sources: Eurostat and BNP Paribas

Gross capital formation (as % of total spending)

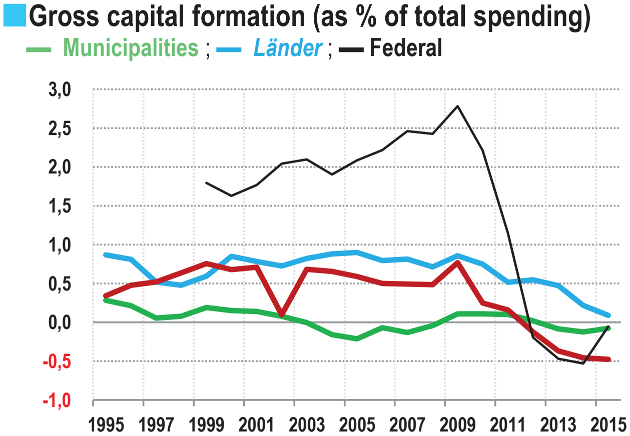


Chart 3 Sources: Eurostat and BNP Paribas

Bavaria and Baden-Württemberg invest considerably more than in the poorer ones (chart 5). In addition, the KfW Survey notes that municipal projects are often not undertaken or with a certain delay because of uncertainty concerning the division of costs between the state and the municipality, and lack of administrative capacity for the planning and implementation.

As a result of weak investment, the local authorities' fixed assets decreased by EUR 60 billion between 2003 and 2015. According to the KfW Survey, the total observed backlog amounted to EUR 136 billion in 2015, EUR 4 billion more than in preceding year. Maintaining the capital stock at the same level requires a permanent increase in spending by at least EUR 4 billion. In order to reduce the backlog, the additional investment would need to rise to close to EUR 8 billion.

Public investment is likely to come under increased pressure in the coming years because of the application of the so-called debt brake (Schuldenbremse). This policy instrument requires structural balanced budgets at federal and *Länder* level, in accordance with the European Stability and Growth Pact. The debt brake came into force at the federal level in 2016 and from 2020, structural deficits will be forbidden for the *Länder*. As the *Länder* may not borrow anymore for structural purposes, they may have to reduce their investment spending by about EUR 20 billion. This is already affecting their investment spending. Certain *Länder* have even renounced tapping federal or European investment funds because they are unable to contribute their share in the co-financing arrangements.

The policy goes against the recommendations of the international organisations, such as the IMF and the OECD. They have called on Germany to step up public investment, as this would not only stimulate demand in the near term, but would also improve the growth potential of the economy. Moreover, a temporary fiscal stimulus in Germany can support growth in the rest of the eurozone and reduce Germany's current account surplus.

The German government is extremely reluctant to heed this advice, preferring to stick to the tight budget policy. A possible solution for improving the country's infrastructure would be the setting up of public-private partnerships. However, in the case of motorways, such financial construction has been met with great resistance, as the population is fiercely opposed to the introduction of tolls for passenger cars. Moreover, many fear that the involvement of private capital in the provision of public goods will result in these goods being subject to profit considerations.

Net investment (as % of GDP)

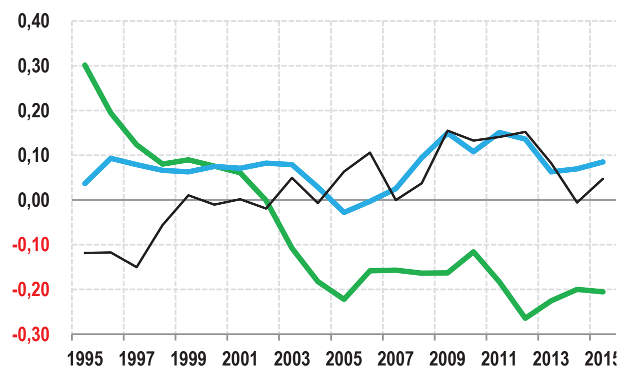


Chart 4 Sources: Eurostat and BNP Paribas

Municipal investment by *Länder*

Euro per capita

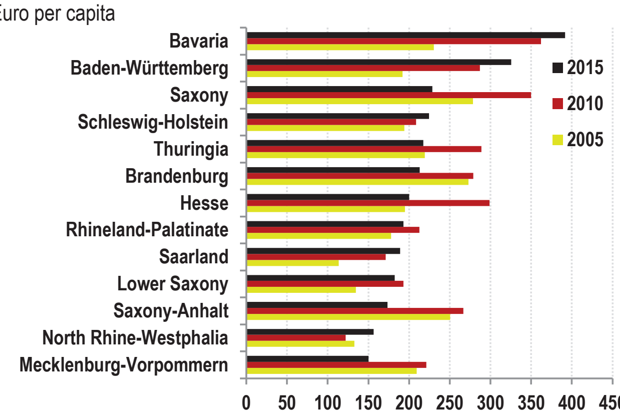


Chart 5 Sources: Destatis and BNP Paribas

Greece

Another try

■ **Midway through its third adjustment programme, for which it has already received a little more than EUR 30 billion out of a maximum of EUR 86 billion, Greece is seeking to conclude negotiations on the bailout's second review, which would pave the way for the unblocking of a third tranche of funding.**

■ **The Eurogroup meeting held earlier this week failed to reach a political agreement. A solution will eventually be found as each party makes concessions, although the size of these efforts has yet to be determined.**

■ **The country is not threatened with a short-term liquidity crisis. Even so, this latest episode reveals that even though Greece's economic parameters are relatively favourable, from a political standpoint, it is never far from outbreaks of stress and the dramatization of all that is at stake.**

The 20 February Eurogroup meeting showed that Greece and its creditors have not given up on the possibility of reaching an agreement, even though they still failed to do so. Although teams from the IMF and the European institutions will be returning to Athens soon to pursue discussions, Eurogroup President Jeroen Dijsselbloem was careful to point out that a "political agreement" had not been reached between the different parties attending the meeting. The goal is still to complete the bailout's second review, which would pave the way for the release of a new tranche of the bailout programme.

The current bout of stress arises from a fundamental disagreement between the Europeans and the IMF. The European Commission has adopted a rather optimistic vision of Greece's economic situation, as illustrated by its winter economic outlook. EC departments highlight Greece's 2016 results, which were better than expected in terms of GDP growth (+0.3%) and public finances (primary surplus of more than 2% of GDP). The Commission is looking for a robust recovery this year (+2.7%) and in 2018 (+3.1%). Under these conditions, it should not be too hard for the country to meet its high primary surplus targets (3.5% of GDP in 2018). European creditors, especially Germany, are quick to use these observations to justify postponing debt restructuring talks. As long as debt relief remains is sight but is not achieved, the Greek authorities remain under pressure. The creditors also hope to put off a very costly political decision as long as possible.

It has been clear for months now that the IMF does not share in this analysis. Although the latest economic statistics show a real but fragile recovery[1], IMF experts point out that one-off revenue made a big contribution to the improvement in public finances. Looking beyond a short-term catching-up movement, Greece's growth potential is apparently not very high. Lastly, although they esteem that the pension system is placing an excessive burden on the Greek economy, in terms of fiscal policy, they do not think it would be productive to try to obtain now more than the package of measures already approved at the beginning of the programme. The IMF's position can be summarised as follows: "Greece cannot grow out of its debt problem." This implies that the solvency of the Greek state depends on substantial debt relief provided by its European creditors (ESM, EFSF)[2].

There is nothing new about this fundamental disagreement. Three solutions have been considered in recent months to break the deadlock:

1. **The European programme continues without the IMF**, based on the European institutions' economic parameters. There are a lot of arguments to support this position. The Washington-based IMF has already lent Greece enormous sums by its own standards, and it is not necessarily "begging" to increase its involvement. As to the Europeans, the funding shortfall would be rather painless considering the amounts at stake: press reports are talking about EUR 5 billion that the IMF might lend to Greece as part of the third bailout package of EUR 86 billion[3]. Moreover, some stakeholders are not particularly

The Commission is confident

Composition of the fiscal balance, in % of GDP

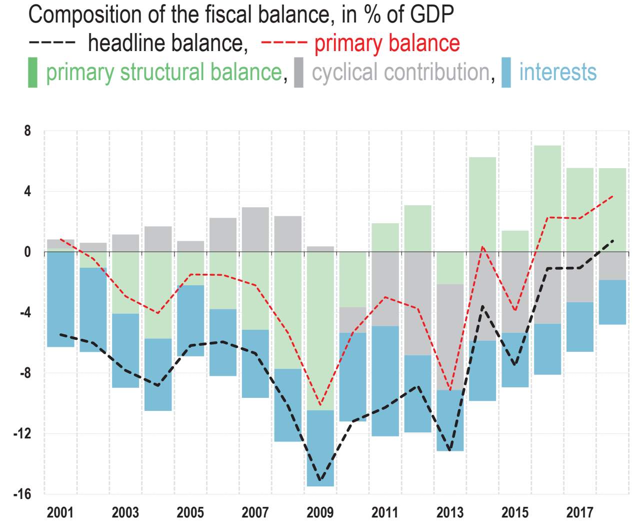


Chart 1 Source: Ameco

[1] After only two consecutive quarters of positive GDP growth in the spring and summer, growth slumped again last winter (-0.4% q/q in Q4).

[2] For further information on the European Commission and IMF's debt sustainability analyses and their differences, see "Greece: missed opportunity", Conjoncture, July-August 2016, BNP Paribas.

[3] Moreover, Greece used only about EUR 5 bn out of a total of EUR 15 bn in funds set aside for the recapitalisation of banks in 2015. Generally speaking, it seems extremely unlikely that the third bailout programme will reach its maximum amount.

in favour of the IMF's implication in the bailout and adjustment mechanisms for the eurozone countries. Considering the firepower of the European Stability Mechanism, and the expertise of the European Commission and the ECB, the Europeans should be able to settle their affairs on their own, perfectly autonomously.

For all these reasons, we have long thought that this would be the most probable outcome: the IMF would continue to provide technical support to the Europeans without entering financially into the third bailout programme. The withdrawal would be discreet as it would be done simply by preserving the *statu quo* (the 3-year programme has been proceeding without the IMF for the past 18 months). Yet it seems we overlooked the tougher stances taken by several European executives, foremost of which is Germany, who affirm that their parliaments will no longer approve the bailout without the IMF's participation. This position is paradoxical since the IMF's quasi-forced participation would hardly strengthen the current programme's credibility in circumstances where fundamental disagreements are patent between the IMF, who esteems that debt relief is essential and urgent, and the German authorities, who find that the timing is inopportune, and might not even be necessary.

2. **The IMF bends under European pressure.** Since summer 2015, very strong pressure is exerted through the media, which suggest the IMF is the one that is always demanding more austerity during bailout negotiations, and through the European representatives on the IMF's Executive Board[4]. This practice has its limits, however: a press release earlier this month shows that the majority of Board members support the positions of IMF staff. And this is before the Trump administration appointed its Board representative. On the whole, IMF teams have proven to be very resilient so far. If the IMF ends up participating in the programme, it will only be after winning some major concessions. For example, the Europeans might have to agree to quantify future debt relief efforts, on condition, of course, that the programme is successfully completed in 2018.

3. Under the third option, **Greece would try to satisfy both the EC and IMF.** If push comes to shove, the IMF might agree to participate in a plan in which debt sustainability is assured primarily by very high fiscal surpluses (3.5% of GDP before interest charges, for several years after 2018), rather than substantial debt relief by European creditors. In this case, the IMF might ask the Greek authorities to immediately enact measures designed to sustain the primary surplus at high levels, by emphasising what it sees as the main weak points of the country's public finances: a deficit-ridden pension system and an excessively narrow tax base. So far, Alexis Tspiras has refused to consider reform legislation that would take effect after the European programme closes. Yet a few statements made at the end of this week's Eurogroup meeting suggest that this idea is still on the table. Christine Lagarde's statements after meeting with Angela Merkel mid-week also point in this direction. Although she is still very firm about the need to allow the country to benefit from debt restructuring, the IMF's Managing Director said she is much more confident that an agreement can be reached after seeing the progress the Greek authorities have made towards satisfying the demands of its creditors.

[4] France and Germany are permanent members.

Of the parties present at the meeting, it is in the interest of none to see the situation deteriorate any further, or to replay summer 2015 events. In the end, an agreement will probably be reached. If each party were to make concessions, the agreement could be a synthesis of the three options outlined above, although the mix would still have to be determined. From this perspective, it is worth noting that Alexis Tsipras is undoubtedly in the weakest position[5].

As to the timing, the Eurogroup president pointed out that even though current delays were harming the country's economic recovery by eroding confidence (and risk fostering another build-up of government arrears to the private sector), the country does not face any major repayment dates before the second half of July, and is still far from a liquidity crisis. The real urgency is much more political.

[5] He does not pose a real threat to current negotiations, especially since the latest polls suggest that if early elections were held today, he would lose to the pro-European, centre-right New Democracy movement.

Markets overview

The essentials

Week 17-2 17 > 23-2-17

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↘ Bund 10y (%)	0.30 ▶ 0.23	-6.3	bp
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↘ **Euro vs dollar**	1.06 ▶ **1.06**	**-0.3**	%
↗ Gold (ounce, $)	1 238 ▶ 1 249	+0.9	%
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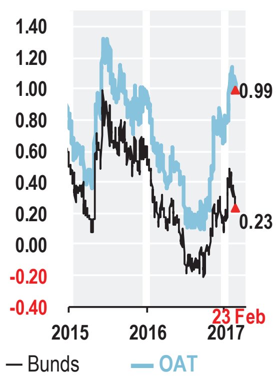
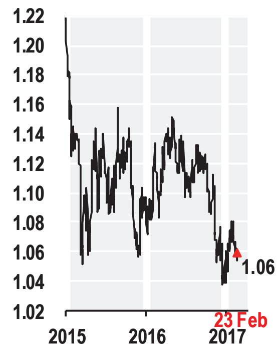
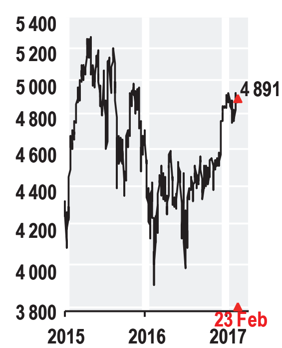
10 y bond yield, OAT vs Bund



Euro-dollar



CAC 40



Money & Bond Markets

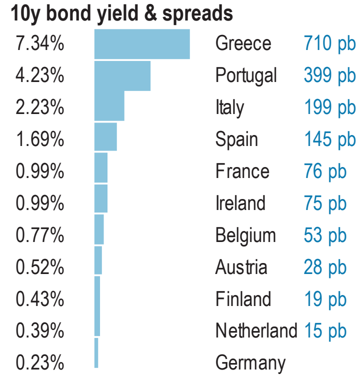
Interest Rates		highest' 17		lowest' 17	
€ ECB	**0.00**	0.00	at 02/01	0.00	at 02/01
Eonia	**-0.36**	-0.35	at 04/01	-0.36	at 22/02
Euribor 3M	**-0.33**	-0.32	at 02/01	-0.33	at 22/02
Euribor 12M	**-0.11**	-0.08	at 02/01	-0.11	at 21/02
$ FED	**0.75**	0.75	at 02/01	0.75	at 02/01
Libor 3M	**1.05**	1.06	at 16/02	1.00	at 02/01
Libor 12M	**1.75**	1.75	at 22/02	1.68	at 06/01
£ BoE	**0.25**	0.25	at 02/01	0.25	at 02/01
Libor 3M	**0.35**	0.37	at 05/01	0.35	at 03/02
Libor 12M	**0.74**	0.78	at 09/01	0.74	at 22/02

At 23-2-17

Yield (%)		highest' 17		lowest' 17	
€ AVG 5-7y	**0.49**	0.56	at 02/02	0.23	at 02/01
Bund 2y	**-0.91**	-0.66	at 25/01	-0.91	at 22/02
Bund 10y	**0.23**	0.49	at 26/01	0.09	at 02/01
OAT 10y	**0.99**	1.14	at 06/02	0.67	at 02/01
Corp. BBB	**1.44**	1.65	at 01/02	1.44	at 23/02
$ Treas. 2y	**1.18**	1.26	at 15/02	1.15	at 23/01
Treas. 10y	**2.39**	2.52	at 15/02	2.33	at 17/01
Corp. BBB	**3.68**	3.81	at 03/01	3.68	at 17/01
£ Treas. 2y	**0.04**	0.22	at 06/01	0.04	at 23/02
Treas. 10y	**1.16**	1.51	at 26/01	1.16	at 23/02

At 23-2-17

10y bond yield & spreads

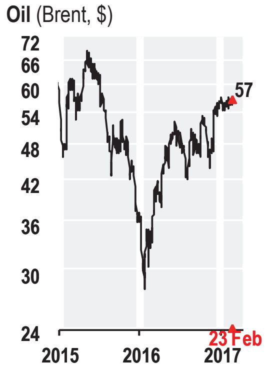


Commodities

Spot price in dollars		lowest' 17			2017(€)
Oil, Brent	**57**	54	at	19/01	**-0.4%**
Gold (ounce)	**1 249**	1 156	at	03/01	**+7.5%**
Metals, LMEX	**2 827**	2 639	at	03/01	**+5.8%**
Copper (ton)	**5 845**	5 487	at	03/01	**+5.4%**
CRB Foods	**346**	339	at	02/01	**+1.6%**
wheat (ton)	**161**	146	at	02/01	**+9.6%**
Corn (ton)	**137**	133	at	02/01	**+2.5%**

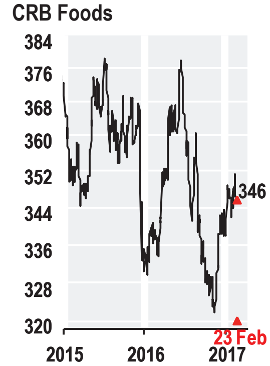
At 23-2-17 *Variations*

Oil (Brent, $)



Gold (Ounce, $)

CRB Foods



Exchange Rates

1€ =		highest' 17			lowest' 17			2017
USD	**1.06**	1.08	at	31/01	1.04	at	03/01	**+0.4%**
GBP	**0.84**	0.88	at	16/01	0.84	at	23/02	-1.1%
CHF	**1.07**	1.07	at	24/01	1.06	at	08/02	-0.6%
JPY	**119.27**	123.21	at	06/01	119.27	at	23/02	-3.0%
AUD	**1.37**	1.46	at	02/01	1.37	at	23/02	-5.9%
CNY	**7.28**	7.43	at	31/01	7.22	at	03/01	-0.6%
BRL	**3.24**	3.44	at	18/01	3.24	at	15/02	-5.5%
RUB	**61.02**	64.95	at	31/01	60.60	at	15/02	-5.2%
INR	**70.79**	73.32	at	31/01	70.51	at	21/02	-1.1%

At 23-2-17 *Variations*

Equity indices

	Index	highest' 17			lowest' 17			2017	2017(€)
CAC 40	**4 891**	4 925	at	15/02	4 749	at	31/01	+0.6%	**+0.6%**
S&P500	**2 364**	2 365	at	21/02	2 239	at	02/01	+5.6%	**+5.1%**
DAX	**11 948**	11 999	at	22/02	11 510	at	06/02	+4.1%	**+4.1%**
Nikkei	**19 371**	19 594	at	04/01	18 788	at	24/01	+1.3%	**+4.5%**
China*	**66**	66	at	22/02	59	at	02/01	+12.8%	**+12.3%**
India*	**494**	494	at	23/02	445	at	03/01	+8.9%	**+10.1%**
Brazil*	**1 978**	2 001	at	22/02	1 654	at	02/01	+11.3%	**+17.8%**
Russia*	**592**	622	at	03/01	589	at	23/01	-6.2%	**-2.1%**

At 23-2-17 *Variations*

* MSCI index

Economic forecasts

En %	GDP Growth 2016 e	GDP Growth 2017 e	GDP Growth 2018 e	Inflation 2016 e	Inflation 2017 e	Inflation 2018 e	Curr. account / GDP 2016 e	Curr. account / GDP 2017 e	Curr. account / GDP 2018 e	Fiscal balances / GDP 2016 e	Fiscal balances / GDP 2017 e	Fiscal balances / GDP 2018 e
Advanced	**1.6**	**2.0**	**2.1**	**0.8**	**2.0**	**1.9**						
United States	**1.6**	**2.4**	**2.7**	**1.3**	**2.5**	**2.7**	**-2.5**	**-2.4**	**-2.4**	**-3.4**	**-4.2**	**-5.0**
Japan	1.0	1.1	0.9	-0.1	1.1	1.0	3.8	4.2	4.6	-4.7	-4.4	-4.1
United Kingdom	1.8	1.8	1.1	0.6	2.7	2.7	-4.7	-4.1	-3.2	-3.0	-2.7	-3.1
Euro Area	**1.7**	**1.6**	**1.6**	**0.2**	**1.7**	**1.3**	**3.4**	**3.0**	**3.1**	**-1.7**	**-1.4**	**-1.2**
Germany	1.8	1.8	2.0	0.4	2.0	1.6	8.8	8.3	8.5	0.6	0.7	0.6
France	1.1	1.3	1.5	0.3	1.4	1.0	-1.2	-0.9	-1.1	-3.3	-3.0	-2.7
Italy	0.9	0.6	0.6	-0.1	1.3	1.0	2.1	2.2	2.1	-2.4	-2.4	-2.5
Spain	3.3	2.6	2.0	-0.3	2.6	1.5	1.8	2.1	2.1	-4.6	-3.6	-3.0
Netherlands	2.1	2.1	1.6	0.1	1.2	1.4	8.7	8.7	8.3	-0.5	0.0	0.3
Belgium	1.2	1.4	1.5	1.8	2.1	1.9	0.7	0.5	0.5	-3.0	-2.3	-2.2
Emerging	**4.2**	**4.5**	**5.0**	**4.8**	**4.6**	**4.4**						
China	6.7	6.2	6.4	2.0	2.7	2.5	1.9	1.6	1.4	-2.9	-3.5	-3.3
India	7.0	7.3	8.0	4.9	4.7	5.5	-1.1	-0.8	-1.5	-3.8	-3.5	-3.2
Brazil	-3.5	1.0	3.0	8.8	4.1	4.3	-1.2	-1.4	-2.1	-8.9	-9.6	-8.3
Russia	-0.6	1.2	2.0	7.1	4.2	4.3	1.7	2.4	2.0	-3.5	-3.1	-2.8
World	**3.1**	**3.4**	**3.8**	**3.1**	**3.5**	**3.4**						

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

Financial forecasts

Interest rates		2016				2017						
End period		Q1	Q2	Q3	Q4	Q1e	Q2e	Q3e	Q4e	**2016**	**2017e**	**2018e**
US	Fed Funds	0.25-0.5	0.25-0.5	0.25-0.5	0.5-0.75	0.50-0.75	0.75-1.00	1.00-1.25	1.25-1.50	0.5-0.75	1.25-1.50	2.25-2.50
	3-month Libor $	0.63	0.65	0.85	1.00	1.05	1.25	1.50	1.75	1.00	1.75	2.50
	10-year T-notes	1.79	1.49	1.61	2.45	2.60	3.00	3.25	3.50	2.45	3.50	4.00
EMU	Refinancing rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25
	3-month Euribor	-0.24	-0.29	-0.30	-0.32	-0.33	-0.33	-0.30	-0.30	-0.32	-0.30	-0.05
	10-year Bund	0.16	-0.13	-0.19	0.11	0.30	0.50	0.75	1.00	0.11	1.00	1.60
	10-year OAT	0.41	0.20	0.12	0.69	0.95	0.95	1.15	1.45	0.69	1.45	2.00
	10-year BTP	1.23	1.35	1.19	1.84	2.10	2.20	2.60	3.00	1.84	3.00	3.40
UK	Base rate	0.50	0.50	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
	3-month Libor £	0.59	0.56	0.38	0.37	0.40	0.40	0.40	0.40	0.37	0.40	0.40
	10-year Gilt	1.42	1.02	0.76	1.24	1.25	1.55	1.75	1.90	1.24	1.90	2.50
Japan	Overnight call rate	-0.00	-0.06	-0.06	-0.06	-0.10	-0.10	-0.10	-0.10	-0.06	-0.10	-0.10
	3-month JPY Libor	0.10	0.06	0.06	0.06	0.05	0.05	0.05	0.05	0.06	0.05	0.05
	10-year JGB	-0.04	-0.23	-0.08	0.05	0.10	0.10	0.10	0.30	0.05	0.30	0.40

Exchange rates		2016				2017						
End period		Q1	Q2	Q3	Q4	Q1e	Q2e	Q3e	Q4e	**2016**	**2017e**	**2018e**
USD	EUR / USD	1.14	1.11	1.12	1.05	1.04	1.02	1.02	1.00	1.05	1.00	1.06
	USD / JPY	112	103	101	117	118	121	124	128	117	128	130
EUR	EUR / GBP	0.79	0.83	0.87	0.85	0.83	0.82	0.82	0.80	0.85	0.80	0.82
	EUR / CHF	1.09	1.08	1.09	1.07	1.08	1.10	1.12	1.12	1.07	1.12	1.15
	EUR/JPY	128	114	114	123	123	123	126	128	123	128	138

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

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