



ECONOMIC RESEARCH DEPARTMENT

Summary

Eurozone

ECB: Waiting for December

As expected, the ECB left its policy unchanged. Mario Draghi nevertheless restated that the ECB will preserve substantial monetary accommodation until inflation has returned sustainably to target.

► Page 2

Austria

Worrisome trends

After a modest upswing in 2016, the Austrian economy is expected to decelerate in 2017, because of reduced fiscal stimulus, slowing investment growth and a less supportive external environment.

► Page 3

Market overview

► Page 5

Summary of forecasts

► Page 6

Also in :



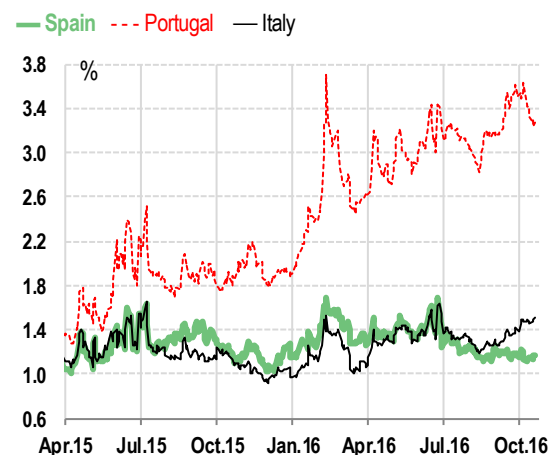
The Portuguese example

■ A downgrade is unlikely ■ Anyway, a toolbox is ready ■ So much power in the pencil of a rating agency...

The credit rating agency DBRS will release its decision this evening on Portugal's sovereign rating. The risk is well known: if Portugal's sovereign debt is downgraded below investment grade by this last agency, it would no longer be eligible for the ECB's regular refinancing operations, QE would have to be halted in this country and, most importantly, Portuguese banks would have to seek financing through the national central bank's emergency liquidity assistance window. One cannot imagine a better way to reactivate the links between banking risks and sovereign risks, which the Banking Union is supposed to alleviate, one way and the other. At this stage, *statu quo* is still the most probable hypothesis based on the latest upward revisions and stable outlooks by all of the rating agencies, and the small but real improvements in the country's economic and fiscal situation. Yet, in case of a bad outcome, it is important to note that adequate tools are in place. The European Stability Mechanism can offer the country a so-called "precautionary" programme, implying very light conditionality, which would allow Portuguese debt to benefit from a waiver and become eligible again for ECB operations. An emergency procedure even exists that would allow such a programme to be opened in record time, not taking into account though the political cost of such a decision, for Portugal, of course, but potentially for other countries as well. This brings us to the big question of whether it is acceptable that a rating agency's decisions can have such a big impact on the smooth functioning of the monetary system.

UNDER PRESSURE

Sovereign spreads (10-year vs Bund)



Source: Thomson Reuters

THE WEEK ON THE MARKETS

Week 14-10 16 > 20-10-16

↗ CAC 40	4 471	▶ 4 540	+1.5 %
↗ S&P 500	2 133	▶ 2 141	+0.4 %
↘ Volatility (VIX)	16.1	▶ 13.8	-2.4 %
↘ Euribor 3M (%)	-0.31	▶ -0.31	-0.2 bp
↘ Libor \$ 3M (%)	0.88	▶ 0.88	-0.1 bp
↘ OAT 10y (%)	0.28	▶ 0.23	-4.7 bp
↘ Bund 10y (%)	-0.02	▶ -0.07	-5.2 bp
↘ US Tr. 10y (%)	1.79	▶ 1.75	-4.6 bp
↘ Euro vs dollar	1.10	▶ 1.09	-0.7 %
↗ Gold (ounce, \$)	1 253	▶ 1 267	+1.0 %
↘ Oil (Brent, \$)	51.6	▶ 51.6	-0.2 %

Source : Thomson Reuters

Eurozone

ECB: Waiting for December

- Unsurprisingly, the ECB maintained the monetary status quo at its October meeting. Mario Draghi restated the commitment to preserving the substantial amount of monetary accommodation needed to secure a sustainable return of inflation towards target.
- Mario Draghi specified the kind of inflation dynamics he was looking for: basically, a self-sustained inflation, which is to say an inflation driven by robust demand and wage growth. The emphasis is put on core inflation.
- M. Draghi dismissed the idea that has been circulating in recent weeks of an imminent tapering. However, no clue was given concerning the possibility of extending QE in December.
- Although the low inflation outlook argues for the extension of QE, there still seems to be major disagreements within the Governing Council concerning changes in the parameters of QE in order for it to continue.

At its monetary policy meeting on Thursday, the ECB unsurprisingly maintained the status quo. What are the most important points to be gleaned from this meeting?

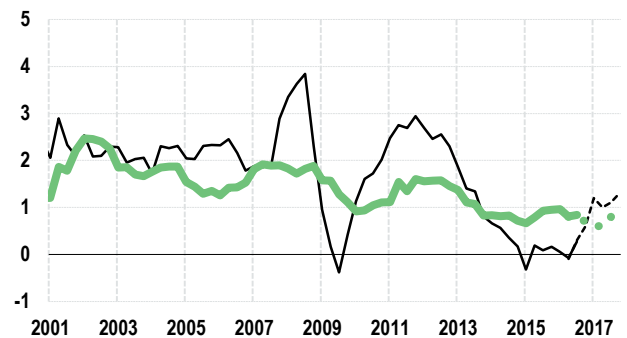
First, there is what was said, or rather reaffirmed: “the monthly asset purchases of EUR 80 bn are intended to run until the end of March 2017, or beyond, if necessary”. This dismissed the idea that has been circulating in recent weeks of an imminent reduction in the pace of monthly purchases. Although QE is bound to be tapered – an abrupt ending is highly unlikely – this is not about to happen anytime soon.

QE will continue as long as necessary to secure a sustained convergence of inflation towards the ECB’s target, i.e. inflation close, but below 2% over the medium term. Concerning this later point, M. Draghi specified what kind of inflation dynamics he meant: a self-sustained inflation, i.e. driven by robust demand and wage growth. This means that the upcoming rebound in inflation due primarily to energy-related base effects will not be considered satisfactory. From a medium-term perspective, the most pertinent indicator is clearly core inflation (excluding energy and food prices), which, in the ECB’s words, shows “no signs yet of a convincing upward trend”.

Several other points remained vague or simply went without comment. During the press conference, M. Draghi offered no clue concerning a possible extension of QE at the next meeting on 8 December. He simply said that the subject had not been discussed during the Governing Council meeting. Yet, given the *de facto* open-ended nature of QE and keeping in mind the outlook for core inflation (chart 1), there can be little doubt that such an option is being explored. M. Draghi’s restraint on the subject could indicate that there are still major disagreements within the Governing Council concerning what changes to make to QE parameters in order for it to

Too low inflation

— Core inflation ; — Headline inflation



Chart

Sources: Eurostat, BNP Paribas

continue. As we have explained recently¹, it is necessary to change the parameters of QE, which is why the ECB recently created ad hoc committees. There is no easy option and it seems the ECB is still working on building a consensus on the subject. The recent upturn in German yields facilitates the implementation of QE and gives the ECB some more time before making a decision.

Although extending QE beyond March still seems like the most probable option, there are still doubts about the pace of monthly asset purchases that would be applied as of April 2017. During the press conference, M. Draghi was asked if monetary stimulus was to be considered in terms of the stock or the flow of purchases – i.e. whether it was more important to consider the total amount of purchases or the pace at which they are made. Once again, M. Draghi chose not to respond, and simply stated that the subject had not been discussed. This could mean that there is different options on the table, and perhaps ongoing technical work on whether it should be a 6-month extension of QE at the current pace of monthly purchases or a longer extension of QE (say 9 months instead of 6 months), but at a smaller monthly amount (EUR 60 bn a month, instead of the current EUR 80 bn). In the second case, the total amount of additional purchases would be higher (EUR 540 bn vs. EUR 480 bn), but a reduction in the flow would risk leading to a tightening of monetary and financial conditions in the short run. We are maintaining our scenario of a 6-month extension of QE at the current pace of EUR 80 bn a month, to be announced in December.

¹ Thibault Mercier “ECB: The PSPP parameters” Ecoweek, 23 September 2016, BNP Paribas

Austria

Worrisome trends

- The Austrian economy is currently experiencing a modest upswing, supported by lower energy prices and income tax reform.
- Growth is expected to decelerate in 2017, because of reduced fiscal stimulus, slowing investment and a less supportive external environment.
- The Grand Coalition between conservatives and social democrats might lose the majority in parliament at the next general election, scheduled to be held by October 2018.

The Austrian economy is currently experiencing a modest upswing. Business cycle indicators have been improving since last February, although remaining well below levels seen before the Great Recession. After having grown in the past four years below 1%, which is about the country's potential growth rate, GDP grew by 1.4% in the first half of 2016. For the year as a whole, economic growth is expected to reach 1.3%.

The main drivers have been common with other European countries, i.e. low energy prices and the easier financial conditions. Two specific domestic drivers are the income tax reform effective from 1 January and the extra expenditure related to the inflow of refugees and asylum seekers.

The economic climate is set to deteriorate somewhat in 2017 as the support of some of the tailwinds is diminishing or even turn into headwinds. Private consumption will be less supported by the income tax reform. Moreover, rising energy prices will weigh on purchasing power. Inflation is expected to accelerate to 1.4%, which is among the highest in the eurozone. The corporate sector will be confronted with slower growth in its major export markets such as Germany. Moreover, the uncertainty created by Brexit might weigh on investment decisions. All in all, GDP growth is expected to slow to 1.1%.

Households benefit from income tax reform

Consumer spending was rather sluggish in recent years. Between 2012 and 2015, it even contracted by 0.4%. The main reason was the decline in disposable income during this period by -1.7%. To limit the impact on consumption, households had to dig into their saving, and as a consequence, the net savings rate declined from 8.7% to 7.4%.

Several factors were responsible for the weakness in income and spending. First, inflation proved stickier than in other eurozone countries. Between 2012 and 2015 consumer prices increased by 4.4%. Second, the government pursued a tight fiscal policy. The OECD estimates that between 2012 and 2015, the cyclically adjusted fiscal balance improved by more than 2 percentage points of GDP.

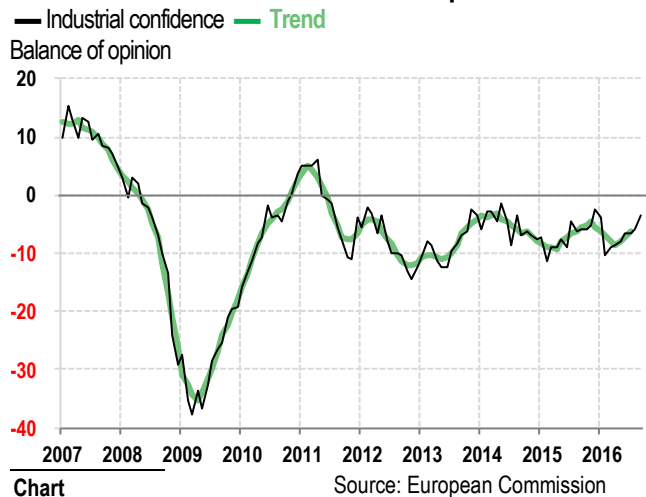
During this period, job creation was quite buoyant, as employment increased by 1.5%, including many part-time jobs. Nevertheless, the

Forecast Summary

Annual growth, %	2015	2016 e	2017 e
GDP	1.0	1.3	1.1
Private consumption	-0.0	1.1	0.9
Gross Fixed Capital Formation	0.5	3.5	1.7
Exports	3.6	1.8	3.1
Consumer Price Index (CPI)	0.8	1.0	1.4
CPI ex food and energy	1.7	1.6	1.5
Unemployment rate	5.7	6.1	6.3
Current account balance	8.6	9.4	10.4
Gen. Govt. Balance (% of GDP)	2.5	2.7	2.9
Public Debt (% GDP)	85.5	83.2	80.9

e: BNP Paribas Group Economic Research (estimates & forecasts)

Industrial confidence well below pre-crisis level



unemployment rate actually edged up, reaching 6.2% in August, due to the rapid increase in the labour force, following the arrival of immigrants and cross-border workers. Still, the unemployment rate is one of the lowest in the EU.

In 2016, the main supports for household spending are the low level of energy prices and the income tax reform. The latter will provide tax relief, estimated at EUR 5 billion (1.5% of GDP) per annum. This is compensated by an increase in the withholding tax on capital gains to 27.5% and an increase in the reduced VAT rate from 10% to 13% for certain goods and services. In addition, disposable income will be supported by public expenditure for refugees. In total, household real disposable income might increase by more than 2%. As the additional income generated by the income tax reform might not be immediately spent, the savings rate is likely to increase in 2016. Nevertheless, the savings rate is expected to resume its decline in the following years.

**Slow recovery in the non-financial corporate sector**

Thanks to the moderate growth pick-up that started in 2015, profitability in the non-financial corporate sector has started to improve. In real terms, the gross operating surplus of the non-financial sector was 1% higher in the first half of 2016 from a year earlier, thanks to the increase in activity. Moreover, production costs moderated because of moderate wage growth and lower prices for oil and other commodities. This was partly offset by weak selling prices. Consequently, the downward trend in the profit ratio, i.e. gross operating surplus as percentage of gross value added, came to a halt at 41.3%, but remains well below levels observed before the financial crisis (46.5% on average during the period 2004-2008).

The increase in profits was accompanied by an increase in investment. In the first half of 2016, investment in equipment and machinery was almost 3% higher from a year earlier. However, despite high levels of corporate financial assets and favourable external financing conditions, investment is likely to cool quickly. In particular, entrepreneurs are hesitant to expand their businesses due to the moderate growth outlook of Austria's main trading partners. We expect the German economy to slow to 1.3% in 2017 from 1.8% in the preceding year. In addition, the uncertainties surrounding the negotiations concerning Brexit and the free trade agreements with the US and Canada are weighing on investment.

By contrast, housing investment might pick up in the coming years, spurred by the rapid increase in house prices and the government's housing initiative. However, the timing is rather uncertain given the lengthy preparation period.

Public sector spending in a straightjacket

The grand coalition between the conservatives (ÖVP) and the social-democrats (SPÖ) follows an orthodox fiscal policy. A major objective of the government is to reduce the government deficit to 0.5% of GDP in 2020. In 2015, the deficit fell to only 1.2% of GDP from 2.7% in the previous year. But this was due to some special factors such as the anticipatory effects of the increase in the withholding tax on dividends. In 2016 and 2017 the government deficit is expected to widen again to around 1.6% of GDP, which is still well below the 3% norm of the Maastricht treaty.

The federal budget is benefiting from the extraordinary low interest rate environment. On the other hand, expenditure has to be increased to cope with the inflow of refugees and asylum seekers. Since the outbreak of the migration crisis in 2015, Austria has taken in about 110,000 asylum seekers, almost 1% of the population. The budgetary costs are expected to rise to 0.6% of GDP per year. Moreover, the deterioration of the labour market

Presidential election on 4 December

On 4 December, the Austrians will go to ballot box to vote for a new president for a six-year term. The choice is between Norbert Höfer (FPÖ, far-right) and Alexander Van der Bellen (Independent candidate supported by The Greens). It is a re-run of the second round held in May, which was narrowly won by Mr. Van der Bellen. After having discovered irregularities in the counting of the votes in several constituencies, the constitutional court annulled the election and ordered a new vote.

The role of the president is largely ceremonial, although, according to the Austrian constitution, the president has far reaching powers. He can appoint and dismiss the Chancellor and the government, and dissolve the National Council (Nationalrat), the lower house of parliament. For this reason, the French jurist Maurice Duverger called the Austrian president "a sleeping giant".

Mr Höfer has announced that, if elected, he will make more use of these extensive powers. However, as previous presidents, he might discover that the presidential prerogatives are limited by political realities. For example, the government need the support by a majority in parliament. The risk is that a more proactive presidency might come at a heavy cost by upsetting the constitutional balance.

might entail an increase in expenditure on unemployment benefits.

Government debt is relatively high at 86% at the end of 2015 compared with only 65% in 2007 before the financial crisis. The main reason for the deterioration is that the authorities were forced to provide participation capital and liquidity boosting funds to Austrian banks. The support measures might have amounted to EUR 21 billion or 6% of GDP. For 2017, the government aims at reducing the debt ratio to 80.9% of GDP.

The grand coalition might lose its majority

As in many European countries, the Austrian political scene has become rather polarised since the advent of populist parties such as the far-right FPÖ. In the re-voting in the second round of the presidential elections in December, the candidate of the FPÖ is facing the candidate of the Greens (see box).

The next general election is scheduled to be held by October 2018. According to the latest polls, the Grand Coalition would lose its majority and the FPÖ would be the big winner with a third of the vote. In that case, the Grand Coalition may need to be made even grander by including other parties such as the Greens or the young liberals (NEOS).



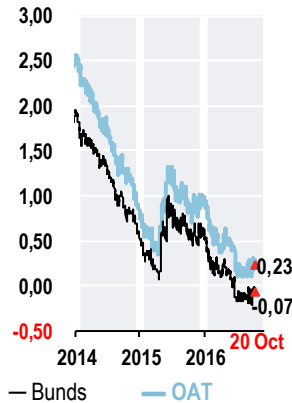
Markets overview

The essentials

Week 14-10 16 > 20-10-16

➔ CAC 40	4 471	▶ 4 540	+1.5 %
➔ S&P 500	2 133	▶ 2 141	+0.4 %
➔ Volatility (VIX)	16.1	▶ 13.8	-2.4 %
➔ Euribor 3M (%)	-0.31	▶ -0.31	-0.2 bp
➔ Libor \$ 3M (%)	0.88	▶ 0.88	-0.1 bp
➔ OAT 10y (%)	0.28	▶ 0.23	-4.7 bp
➔ Bund 10y (%)	-0.02	▶ -0.07	-5.2 bp
➔ US Tr. 10y (%)	1.79	▶ 1.75	-4.6 bp
➔ Euro vs dollar	1.10	▶ 1.09	-0.7 %
➔ Gold (ounce, \$)	1 253	▶ 1 267	+1.0 %
➔ Oil (Brent, \$)	51.6	▶ 51.6	-0.2 %

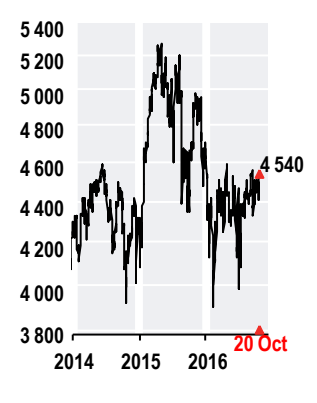
10 y bond yield, OAT vs Bund



Euro-dollar



CAC 40



Money & Bond Markets

Interest Rates	highest' 16	lowest' 16
€ ECB	0.00	0.05 at 01/01
Eonia	-0.35	-0.13 at 01/01
Euribor 3M	-0.31	-0.13 at 01/01
Euribor 12M	-0.07	0.06 at 01/01
\$ FED	0.50	0.50 at 01/01
Libor 3M	0.88	0.88 at 14/10
Libor 12M	1.56	1.60 at 12/10
£ BoE	0.25	0.50 at 01/01
Libor 3M	0.41	0.59 at 15/02
Libor 12M	0.80	1.07 at 01/01

At 20-10-16

Yield (%)	highest' 16	lowest' 16
€ AVG 5-7y	0.04	0.49 at 12/01
Bund 2y	-0.68	-0.34 at 01/01
Bund 10y	-0.07	0.63 at 01/01
OAT 10y	0.23	0.98 at 01/01
Corp. BBB	1.28	2.50 at 20/01
\$ Treas. 2y	0.82	1.06 at 01/01
Treas. 10y	1.75	2.27 at 01/01
Corp. BBB	3.28	4.50 at 12/02
£ Treas. 2y	0.22	0.65 at 01/01
Treas. 10y	1.09	1.96 at 01/01

At 20-10-16

10y bond yield & spreads

8.44%	Greece	850 pb
3.20%	Portugal	326 pb
1.45%	Italy	151 pb
1.11%	Spain	117 pb
0.46%	Ireland	52 pb
0.26%	Belgium	32 pb
0.23%	France	30 pb
0.19%	Austria	26 pb
0.13%	Finland	20 pb
0.12%	Netherland	18 pb
	Germany	

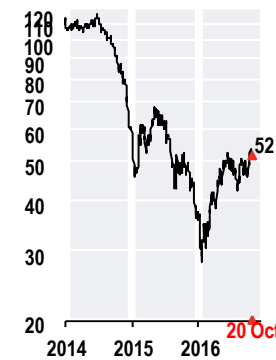
Commodities

Spot price in dollars	lowest' 16	2016(€)
Oil, Brent	52	28 at 20/01
Gold (ounce)	1 267	1 062 at 01/01
Metals, LME	2 376	2 049 at 12/01
Copper (ton)	4 633	4 328 at 15/01
CRB Foods	325	325 at 20/10
wheat (ton)	148	126 at 16/08
Corn (ton)	130	113 at 31/08

At 20-10-16

Variations

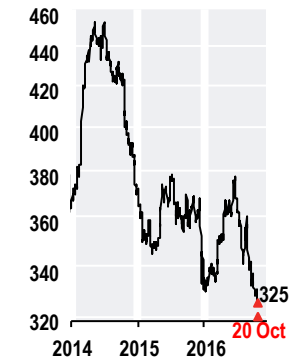
Oil (Brent, \$)



Gold (Ounce, \$)



CRB Foods



Exchange Rates

€ =	highest' 16	lowest' 16	2016
USD	1.09	1.15 at 03/05	
GBP	0.89	0.90 at 13/10	
CHF	1.08	1.11 at 04/02	
JPY	113.64	131.84 at 01/02	
AUD	1.43	1.60 at 11/02	
CNY	7.36	7.54 at 22/08	
BRL	3.46	4.53 at 16/02	
RUB	68.28	91.22 at 11/02	
INR	73.01	77.50 at 11/02	

At 20-10-16

Variations

Equity indices

Index	highest' 16	lowest' 16	2016	2016(€)
CAC 40	4 540	4 637 at 01/01		
S&P500	2 141	2 190 at 15/08		
DAX	10 701	10 753 at 07/09		
Nikkei	17 236	19 034 at 01/01		
China*	63	65 at 22/09		
India*	490	504 at 08/09		
Brazil*	1 850	1 850 at 20/10		
Russia*	516	529 at 10/10		

At 20-10-16

Variations

* MSCI index



Economic forecasts

En %	GDP Growth			Inflation			Curr. account / GDP			Fiscal balances / GDP		
	2015	2016 e	2017 e	2015	2016 e	2017 e	2015	2016 e	2017 e	2015	2016 e	2017 e
Advanced	1.9	1.4	1.3	0.3	0.7	1.5						
United States	2.6	1.5	1.6	0.1	1.3	2.3	-2.5	-2.6	-2.7	-2.5	-3.1	-3.1
Japan	0.5	0.4	0.1	0.8	-0.2	0.5	3.3	3.6	3.2	-4.5	-4.3	-3.9
United Kingdom	2.2	1.6	0.7	0.1	0.6	2.4	-5.4	-5.9	-4.4	-4.1	-3.6	-4.4
Euro Area	1.9	1.5	1.1	0.0	0.2	1.0	3.2	2.9	2.7	-2.1	-2.1	-1.9
Germany	1.5	1.8	1.3	0.1	0.3	1.1	8.6	8.2	7.5	0.7	0.3	0.1
France	1.2	1.3	1.0	0.1	0.4	1.2	-0.2	-0.2	-0.4	-3.5	-3.4	-3.1
Italy	0.6	0.8	0.3	0.1	-0.1	0.9	2.2	2.2	2.1	-2.6	-2.8	-2.8
Spain	3.2	3.1	1.9	-0.6	-0.4	1.2	1.4	1.2	1.0	-5.1	-4.6	-3.5
Netherlands	2.0	1.8	1.3	0.2	0.1	0.8	8.5	8.5	8.1	-1.9	-1.2	-0.8
Belgium	1.4	1.2	1.5	0.6	1.5	1.5	0.8	1.3	1.5	-2.5	-2.7	-2.3
Portugal	1.6	1.0	1.1	0.5	0.8	1.2	0.8	0.6	0.4	-4.2	-2.9	-2.7
Emerging	4.1	4.2	4.9	5.9	6.5	5.5						
China	6.9	6.6	6.3	1.4	2.0	2.2	3.1	2.6	1.9	-2.4	-3.0	-3.2
India	7.2	7.9	8.3	4.9	5.4	5.0	-1.3	-1.1	-1.3	-4.1	-3.9	-3.5
Brazil	-3.8	-3.0	2.0	9.0	8.8	5.0	-3.3	-1.0	-1.5	-10.3	-10.1	-9.4
Russia	-3.7	0.0	2.2	15.6	7.1	5.4	5.2	2.8	3.5	-2.4	-3.4	-2.2
World	3.1	3.0	3.3	3.5	4.0	3.8						

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

Financial forecasts

Interest rates		2016				2017				2015	2016e	2017e
		Q1	Q2	Q3	Q4e	Q1e	Q2e	Q3e	Q4e			
US	Fed Funds	0.25-0.5	0.25-0.5	0.25-0.5	0.50-0.75	0.50-0.75	0.50-0.75	0.50-0.75	0.50-0.75	0.25-0.5	0.50-0.75	0.50-0.75
	3-month Libor \$	0.63	0.65	0.85	0.85	0.90	0.90	0.95	0.95	0.61	0.85	0.95
	10-year T-notes	1.79	1.49	1.61	1.60	1.60	1.55	1.55	1.50	2.27	1.60	1.50
EMU	Refinancing rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.00	0.00
	3-month Euribor	-0.24	-0.29	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.13	-0.30	-0.30
	10-year Bund	0.16	-0.13	-0.19	-0.20	-0.20	-0.20	-0.20	-0.20	0.63	-0.20	-0.20
	10-year OAT	0.41	0.20	0.12	0.10	0.20	0.10	0.10	0.10	0.98	0.10	0.10
	10-year BTP	1.23	1.35	1.19	0.90	0.90	0.90	0.80	0.80	1.60	0.90	0.80
UK	Base rate	0.50	0.50	0.25	0.10	0.10	0.10	0.10	0.10	0.50	0.10	0.10
	3-month Libor £	0.59	0.56	0.38	0.20	0.30	0.35	0.35	0.35	0.59	0.20	0.35
	10-year Gilt	1.42	1.02	0.76	0.65	0.65	0.65	0.70	0.80	1.96	0.65	0.80
Japan	Overnight call rate	-0.00	-0.06	-0.06	-0.10	-0.10	-0.10	-0.10	-0.10	0.04	-0.10	-0.10
	3-month JPY Libor	0.10	0.06	0.06	0.05	0.05	0.05	0.05	0.05	0.17	0.05	0.05
	10-year JGB	-0.04	-0.23	-0.08	-0.10	-0.15	-0.15	-0.15	-0.15	0.25	-0.10	-0.15

Exchange rates		2016				2017				2015	2016e	2017e
		Q1	Q2	Q3	Q4e	Q1e	Q2e	Q3e	Q4e			
USD	EUR / USD	1.14	1.11	1.12	1.08	1.12	1.10	1.07	1.05	1.09	1.08	1.05
	USD / JPY	112	103	101	108	106	108	115	120	120	108	120
EUR	EUR / GBP	0.79	0.83	0.87	0.84	0.86	0.84	0.79	0.77	0.74	0.84	0.77
	EUR / CHF	1.09	1.08	1.09	1.12	1.13	1.14	1.15	1.16	1.09	1.12	1.16
	EUR / JPY	128	114	114	117	119	119	123	126	131	117	126

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



Most recent articles

OCTOBER	14 October	16-36	United States: In the name of credibility, but which one ? France: The CICE tax credit must still prove its worth
	07 October	16-34	Eurozone: Budget season France: Economic indicators are turning green
SEPTEMBER	30 September	16-33	Germany: Slowing growth but peaking confidence France: A constrained budget
	23 September	16-32	United States: Rich, deep, serious Eurozone: ECB: The PSPP parameters Japan: Monetary policy: let's give it another try France: Growth prospects and confidence
	16 September	16-31	United States: The meaning of prudence France: Labour market: a mild but virtuous improvement
	09 September	16-30	United States: Who pays the ferryman? On the disappearance of the treasury market risk premium Eurozone: ECB: the status quo, for the time being Emerging countries: Is the restart of portfolio investments justified?
	02 September	16-29	United States: Jackson Hole 2016 : conventional monetary policy redefined Eurozone: Summer's end France: Growth hits another snag
JULY	29 July	16-28	Global: A midsummer month's dream European Union: A transitional phase for bail-ins
	22 July	16-27	United States: Not this time either Eurozone: ECB: See you in September
	08 July	16-26	France: Brexit: economic repercussions United Kingdom: UK banks facing the Brexit test South Korea: Small reforms
	01 July	16-25	France: The state of the recovery Spain: In search of a coalition
JUNE	24 June	16-24	Emerging markets: Hangover United Kingdom: After the referendum
	17 June	16-23	Global: TTIP, a challenging obstacle course Eurozone: TLTRO-II, a weapon of choice Germany: Low rates and savings behaviour of households
	10 June	16-22	Global: The rise in the price of oil: short term relief, longer term concern? France: Loss of momentum?
	03 June	16-21	Eurozone: Patience and cautious optimism Germany: Savings surplus harms growth potential
MAY	27 May	16-20	Global: Updated economic forecasts: The challenge of 2017 Eurozone: A reverse snowball effect
	20 May	16-19	Eurozone: A slightly less buoyant environment Greece: A compromise will provide some relief
	13 May	16-18	United States: At a crossroads Eurozone: ECB: a race against time Spain: The persistent labour market duality
APRIL	29 April	16-17	Global: Helicopter money United States: Déjà vu? European Union: The Juncker Plan is still on track France: Stable business climate masks contrasting trends
	22 April	16-16	China: Public finances under pressure United States: Stripped to the core
	15 April	16-15	United States: Potential problem France: Fiscal targets maintained Brazil: Rebuilding confidence for a fresh start
	08 April	16-14	United States: Already over? Japan: Gloomy Tankan



Group Economic Research

<ul style="list-style-type: none"> ■ William DE VIJDER Chief Economist 	+33.(0)1 55 77 47 31	william.devijlder@bnpparibas.com
--	----------------------	----------------------------------

ADVANCED ECONOMIES AND STATISTICS

<ul style="list-style-type: none"> ■ Jean-Luc PROUTAT Head 	+33.(0)1.58.16.73.32	jean-luc.proutat@bnpparibas.com
<ul style="list-style-type: none"> ■ Alexandra ESTIOT Works coordination - United States - United Kingdom - Globalisation 	+33.(0)1.58.16.81.69	alexandra.estiot@bnpparibas.com
<ul style="list-style-type: none"> ■ Hélène BAUDCHON France (short-term outlook and forecasts) - Labour markets 	+33.(0)1.58.16.03.63	helene.baudchon@bnpparibas.com
<ul style="list-style-type: none"> ■ Frédérique CERISIER Euro Area - European Institutions and governance - Public finances 	+33.(0)1.43.16.95.52	frederique.cerisier@bnpparibas.com
<ul style="list-style-type: none"> ■ Thibault MERCIER France (structural reforms) - European central bank 	+33.(0)1.57.43.02.91	thibault.mercier@bnpparibas.com
<ul style="list-style-type: none"> ■ Manuel NUNEZ Japan, Ireland - Projects 	+33.(0)1.42.98.27.62	manuel.a.nunez@bnpparibas.com
<ul style="list-style-type: none"> ■ Catherine STEPHAN Spain, Portugal - World trade - Education, health, social conditions 	+33.(0)1.55.77.71.89	catherine.stephan@bnpparibas.com
<ul style="list-style-type: none"> ■ Raymond VAN DER PUTTEN Germany, Netherlands, Austria, Switzerland - Energy, climate - Long-term projections 	+33.(0)1.42.98.53.99	raymond.vanderputten@bnpparibas.com
<ul style="list-style-type: none"> ■ Tarik RHARRAB Statistics and Modelling 	+33.(0)1.43.16.95.56	tarik.rharrab@bnpparibas.com

BANKING ECONOMICS

<ul style="list-style-type: none"> ■ Laurent QUIGNON Head 	+33.(0)1.42.98.56.54	laurent.quignon@bnpparibas.com
<ul style="list-style-type: none"> ■ Céline CHOLET 	+33.(0)1.43.16.95.54	celine.choulet@bnpparibas.com
<ul style="list-style-type: none"> ■ Thomas HUMBLLOT 	+33.(0)1.42.98.44.24	thomas.humbloit@bnpparibas.com
<ul style="list-style-type: none"> ■ Laurent NAHMIAS 	+33.(0)1.40.14.30.77	laurent.nahmias@bnpparibas.com

EMERGING ECONOMIES AND COUNTRY RISK

<ul style="list-style-type: none"> ■ François FAURE Head 	+33.(0)1 42 98 79 82	francois.faure@bnpparibas.com
<ul style="list-style-type: none"> ■ Christine PELTIER Deputy Head - Greater China, Vietnam - Methodology 	+33.(0)1.42.98.56.27	christine.peltier@bnpparibas.com
<ul style="list-style-type: none"> ■ Stéphane ALBY Africa (French-speaking countries) 	+33.(0)1.42.98.02.04	stephane.alby@bnpparibas.com
<ul style="list-style-type: none"> ■ Sylvain BELLEFONTAINE Turkey, Brazil, Mexico, Central America - Methodology 	+33.(0)1.42.98.26.77	sylvain.bellefontaine@bnpparibas.com
<ul style="list-style-type: none"> ■ Valérie PERRACINO-GUERIN Africa (English and Portuguese speaking countries) 	+33.(0)1.55.77.80.60	valerie.perracino@bnpparibas.com
<ul style="list-style-type: none"> ■ Pascal DEVAUX Middle East, Balkan countries - Scoring 	+33.(0)1.43.16.95.51	pascal.devaux@bnpparibas.com
<ul style="list-style-type: none"> ■ Anna DORBEC CIS, Central European countries 	+33.(0)1.42.98.48.45	anna.dorbec@bnpparibas.com
<ul style="list-style-type: none"> ■ Hélène DROUOT Asia 	+33.(0)1.42.98.33.00	helene.drouot@bnpparibas.com
<ul style="list-style-type: none"> ■ Johanna MELKA Asia, Russia 	+33.(0)1.58.16.05.84	johanna.melka@bnpparibas.com
<ul style="list-style-type: none"> ■ Alexandra WENTZINGER South America, Caribbean countries 	+33.(0)1.42.98.74.26	alexandra.wentzinger@bnpparibas.com

<ul style="list-style-type: none"> ■ Michel BERNARDINI Public Relation Officer 	+33.(0)1.42.98.05.71	michel.bernardini@bnpparibas.com
--	----------------------	----------------------------------



OUR PUBLICATIONS



CONJONCTURE

Structural or in the 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



ECOFLASH

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



ECOWEEK

Weekly economic news and much more...



ECOTV

In this monthly webTV, 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 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 Dealers 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.groupe.bnpparibas.com - www.economic-research.bnpparibas.com

Publisher: Jean Lémierre
Editor: William De Vijlder

You can read and watch our analyses
on Eco news, our iPad and Android application



<http://economic-research.bnpparibas.com>