



Summary

United States

Already over?

The job market's dynamic momentum has been confirmed, with robust job creations, low unemployment rate, rebound in the participation rate and wage growth. ISM surveys point to a rebound in activity, an improvement that should be sustained, based on particularly upbeat "production" and "new orders" components. Rate expectations – which are too low according to Boston Fed President Eric Rosengren – should begin to pick up.

► Page 2

Japan

Gloomy Tankan

The Bank of Japan's Tankan survey indicates a worsening in Q1 activity. In addition this is likely to continue in Q2, as the anticipation index fell down to almost zero, its lowest level since Q2 2013.

► Page 4

Market overview

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Summary of forecasts

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Also in :

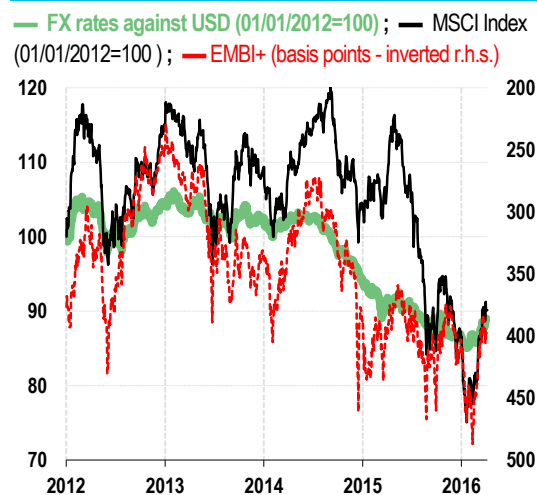


Greater risk appetite

■ Oil prices rebound ■ Currencies pick up ■ Risk premiums decline

A wind of optimism has been sweeping the emerging markets since March: portfolio investment flows, bond issues and exchange rates have all picked up, while risk premiums have declined (see chart). The international environment has certainly evolved somewhat more favourably in recent weeks (rebound in commodity prices; coordination of monetary policies to avoid a currency war). However, nothing fundamental has changed radically since the end of 2015. Growth continues to slow in China despite fiscal and monetary stimulus, the Brazilian political crisis is worsening and Russia remains mired in recession. Country risk is rising in a diffuse manner. First to come to mind is security risk with the increasing number of terrorist attacks. Next is sovereign risk, with the growing financing needs of the oil-producing countries, even though sovereign funds should serve as shock absorbers (Saudi Arabia, Russia). Lastly, there is credit risk: dollar-denominated private debt has increased sharply in recent years, and emerging currencies have depreciated massively against the dollar. In 2015, according to S&P, corporate defaults in emerging countries reached a 6-year high, and they are bound to multiply, at least in commodity-producing countries. According to BIS data, the debt of non-financial companies in emerging countries continued to swell to 100% of GDP at year-end 2015. They will face very high debt repayments for bonds and syndicated loans through 2018.

EMERGING CALM



Sources: Datastream, BNP Paribas Economic Research

THE WEEK ON THE MARKETS

Week 4-4 16 > 7-4-16

▼ CAC 40	4 322	► 4 246	-1.8 %
▼ S&P 500	2 073	► 2 042	-1.5 %
↗ Volatility (VIX)	13.1	► 16.2	+3.1 %
▼ Euribor 3M (%)	-0.25	► -0.25	-0.2 bp
↗ Libor \$ 3M (%)	0.63	► 0.63	+0.1 bp
▼ OAT 10y (%)	0.39	► 0.37	-2.5 bp
▼ Bund 10y (%)	0.14	► 0.09	-5.7 bp
▼ US Tr. 10y (%)	1.79	► 1.69	-10.3 bp
↗ Euro vs dollar	1.13	► 1.14	+0.3 %
↗ Gold (ounce, \$)	1 212	► 1 240	+2.3 %
↗ Oil (Brent, \$)	38.8	► 39.0	+0.5 %

Source: Thomson Reuters



United States

Already over?

- The labour market's dynamic momentum has been confirmed, with robust job creations, low unemployment rate, rebound in the labour participation rate and wage growth.
- ISM surveys point to a rebound, an improvement that could be sustained if upbeat "production" and "new orders" components are a guide.
- Key rate expectations – which are too low according to Boston Fed President Eric S. Rosengren – should begin to pick up.

Although economic data were disappointing at the beginning of the year, notably for durable goods orders and household consumption, the labour market continues to steam along at a dynamic pace. Survey results have also rebounded. It is against this backdrop that Eric S. Rosengren, President of the Federal Reserve Bank of Boston, who is generally viewed as a centrist on the FOMC, indicated that key rate expectations were too low.

Once again, the labour market report contained excellent news: more than 200,000 jobs were created in March, and the labour participation ratio rebounded strongly. This latter upturn explains the slight increase in the unemployment rate, to 5% in March from 4.9% for the previous two months. This should be seen as a positive trend: Americans previously discouraged about finding a position and who had given up on job hunting are returning massively to the job market. The labour participation ratio – the share of the working-age population (16 and over according to the American definition) that have jobs or actively seek one – rose to 63% over the past six months, from a low of 62.4%. Such a big jump illustrates the return to activity of some 2.4 million individuals, virtually all (98%) of whom have directly joined the employment statistics without experiencing an extended period of unemployment.

At first it might seem surprising that such a large number of Americans could go directly from not seeking work to employment. This is all the more surprising considering that over this six month period, the jobs that were created were full time. This phenomenon illustrates the statistical porosity between "not in the labor force" and "unemployed", which is due to the way data are collected¹. This trend also confirms the Fed's analysis in recent years, notably that underemployment is and remains much larger than is suggested by the unemployment rate alone². This "shadow unemployment", as Janet Yellen once called it, also explains (at least in part) why wages are relatively weak despite the sharp drop in unemployment.

Admittedly, wage dynamics are more upbeat than they have been in recent years, and a slight acceleration can be highlighted. Our

¹ See "The truth is out there – or why the falling unemployment rate is slow in accelerating US inflation", Alexandra Estiot, Conjoncture BNP Paribas, October-November 2014.

² See notably "A whiter shade of pale – Janet Yellen and the challenges of US monetary policy" Alexandra Estiot, Conjoncture BNP Paribas, February 2014.

Dynamic job growth!

— Non-farm payrolls ('000); — Unemployment rate (r.h.s., %)

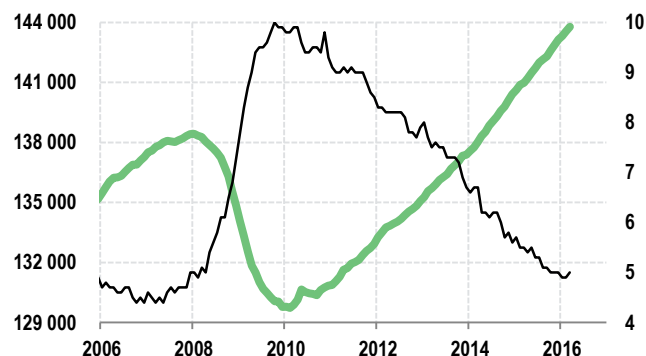


Chart 1

Source: US Bureau of Labor Statistics

Inversion?

— Labour participation ratio (16-year and older, %)

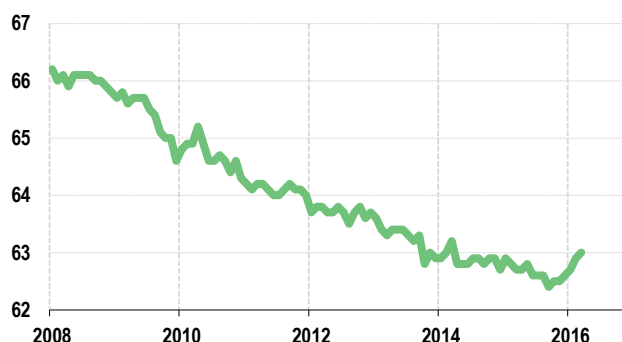


Chart 2

Source: US Bureau of Labor Statistics

preferred measure – average hourly earnings of production and nonsupervisory employees of the private sector, which covers about 70% of payroll employees – accelerated to 2.6% year-on-year in December 2015 from a low of 1.6% in February 2015. Since then, wage growth has eased to 2.3% in March. Under a positive but not excessively optimistic scenario, the labour participation ratio would continue to pick up, preventing the unemployment rate from declining, and wage growth would hold to a rate of about 2.5% a year. Of course, this figure pales when compared to the wage growth reported in 1997-2001 and 2006-2008 (3.8% and 3.9%, respectively), but at a time of low inflation, it would nonetheless support household purchasing power.

It is this last point that supports our relative confidence in the outlook for the US economy. Lately, that confidence might have seemed excessive in the light of manufacturing sector trends. However, over the past few months, we have already expressed our conviction that American manufacturing activity had surely bottomed out. In support



of our hypothesis, the manufacturing ISM rebounded strongly to 51.8 in March, after averaging 48.7 over the previous five months. Based on the most advanced components – “production” and “new orders” both rose, to 55.3 and 58.3, respectively – and past trends, we expect the manufacturing ISM to rise towards 53 points in the months ahead.

The other subject of concern was the possibility that the manufacturing sector could contaminate the rest of the economy, as the non-manufacturing ISM index seemed to suggest. This index has declined almost constantly since last August, with a cumulative loss of 6.2 points. Yet the non-manufacturing ISM was not only holding at comfortable levels, it also rebounded in March to 54.5 (from 53.4 in February), thanks to particularly upbeat “production” and “new orders” components, which rose in March to 59.8 and 58.5, respectively. Our M&N index, a weighted average of ISM data comparable to the PMI composite index, rose 1.3 points in March to 54.1, which is in line with GDP growth of about 2.5%. After a first quarter promising disappointment³, a rebound seems to be taking shape.

Under these conditions, there would be nothing surprising about renewed expectations of a key rate increase in June. Janet Yellen reaffirmed the FOMC's attachment to a data-dependent policy. Positive statistics thus should lead the financial markets to increase the probability given to a June rate increase. As to the next FOMC meeting on 26 and 27 April, expectations have not changed. Although the FOMC meets eight times a year, only every other meeting is followed by a press conference. Whatever the Fed does, its officials have never managed to convince the markets that at this phase in the tightening cycle a rate increase could occur at a meeting without a press conference. The minutes from the March meeting showed that the Fed had heard the message: although some FOMC members believe that recent economic trends could merit another rate increase in April, many more fear that acting immediately would lend a sense of urgency to the decision, which is not the message they want to deliver.

We did not learn much from the minutes of the 15-16 March meeting, which once again confirmed our analysis. 1) The economic outlook remains generally the same. There was a perfect leftward translation of individual projections for 2016, which confirms that the Fed officials only updated their forecasts using the most recently available statistics. 2) The uncertainty attached to these forecasts is broadly the same as in the past, but it is clearly on the downside: the majority of FOMC members identified downside risks to their inflation forecasts, and although the risks associated with their growth forecasts were smaller (notably for unemployment), they were also on the pessimistic side. 3) Near the effective lower bound, risks are asymmetrical: it is much easier to tighten monetary policy more rapidly than expected than to ease policy any further.

We would like to highlight one last point. Eric S. Rosengren, President of the Boston Fed, made a speech this week. With the reputation of a “centrist” and someone close to Janet Yellen, his interventions are followed closely. Without the least ambiguity, he indicated that the financial markets' key rate expectations were too

³ See “Don't change a winning team”, Alexandra Estiot, EcoWeek BNP Paribas, 1 April 2016.

Progress

— Purchasing power generated by one hour of work (2009 USD)

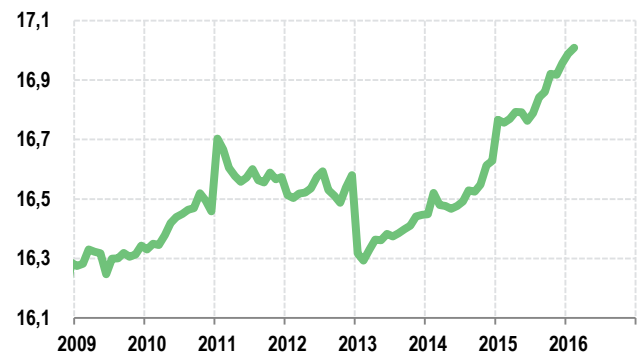


Chart 3

Sources: BEA, BLS, BNP Paribas Economic Research

Rebound

— M&N index; — Production; --- New orders

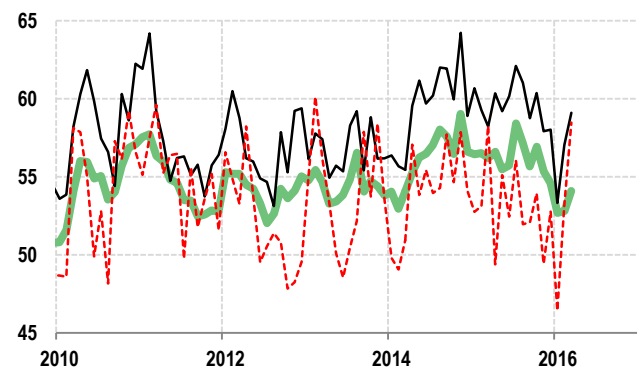


Chart 4

Sources: ISM, BNP Paribas Economic Research

Fed Fund Target Projections (%)

■ Fed Fund Market Futures (April 4th, 2016) ■ FOMC members'

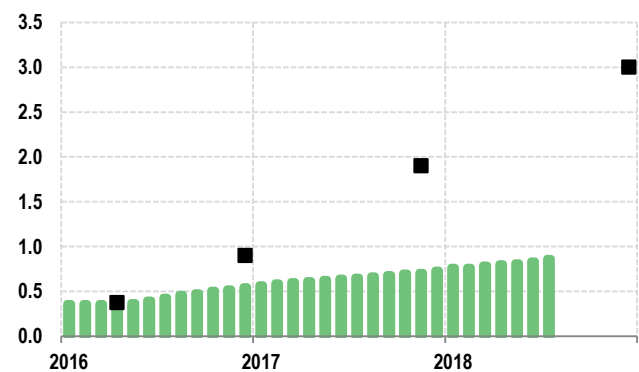


Chart 5

Sources: Bloomberg, FOMC

low this year. He stated: “While it has been appropriate to pause while waiting for information that clarified the response of the U.S. economy to foreign turmoil, it increasingly appears that the U.S. has weathered foreign shocks quite well. As a consequence, if the incoming data continue to show a moderate recovery – as I expect they will – I believe it will likely be appropriate to resume the path of gradual tightening sooner than is implied by financial-market futures”.



Japan

Gloomy Tankan

- The Bank of Japan's short-term economic survey (Tankan) published in March indicates a slowdown in activity in Q1.
- The manufacturing and non-manufacturing sectors were both hit, although for the first, the present conditions index is approaching dangerously close to zero.
- The situation in both sectors is also likely to deteriorate in Q2. The expectations index fell sharpest in the manufacturing sector, however, swinging into negative territory for the first time in ten quarters.

The Bank of Japan's short-term economic survey (Tankan) indicates a slowdown in Q1 activity. Based on a survey of business leaders, the general index of present conditions declined 2 points to 7 (from 9 in December 2015) and is now at the same level as in Q1 2015. Worse, the situation is likely to continue deteriorating in Q2, regardless of the sector: the expectations index contracted by 6 points to 1, the biggest decline since Q2 2011, and the lowest level since Q2 2013.

The manufacturing sector runs out of steam

The present conditions index for the manufacturing sector reported the sharpest decline, down 2 points to 1, the lowest level since Q3 2013. The decline in non-manufacturing was not as steep, down only 2 points to 11. Large manufacturing companies reported the biggest decline (-6 points). For small businesses, which account for nearly half of the sector sample, the confidence index did not fall as much (-4 points), but it has now dropped below zero again, after holding in positive territory almost continuously over the past nine quarters. These survey results are in line with the latest sector hard data. In Q1, assuming zero growth in March, acquired growth in manufacturing activity was -1.9% q/q. We have to look back to Q4 2012 to find such a sharp decline in manufacturing output. At that time, GDP contracted slightly (-0.1% q/q). Moreover, the expectations index for the manufacturing sector indicates an ongoing deterioration in the situation. The index dropped to -3, the lowest level since Q2 2013, and the first time it has been in negative territory since Q3 2013.

Confidence in the non-manufacturing sector has also deteriorated. The diffusion index (DI) declined 3 points to 22 for large enterprises, and 2 points to 17 for mid-sized enterprises. For small businesses, which account for more than half of the sample of enterprises in the non-manufacturing sector, the index was down 5 points to 4. The general expectations index for the non-manufacturing sector points to an even sharper decline in Q2. It was down 7 points to 4, the lowest level in the past seven quarters.

GDP growth and Tankan

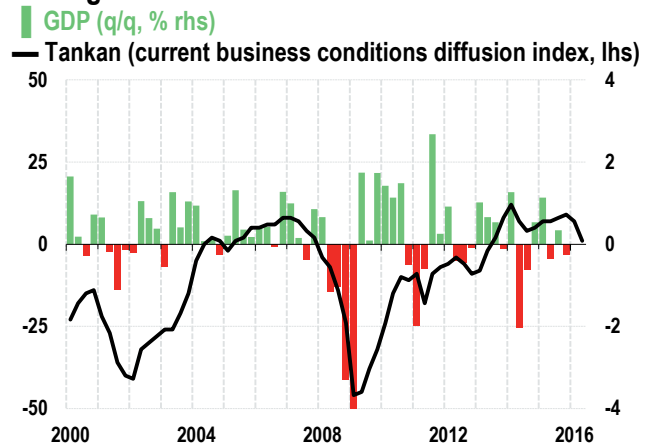


Chart 1

Sources : Bank of Japan, Cabinet office

Manufacturing output and Tankan

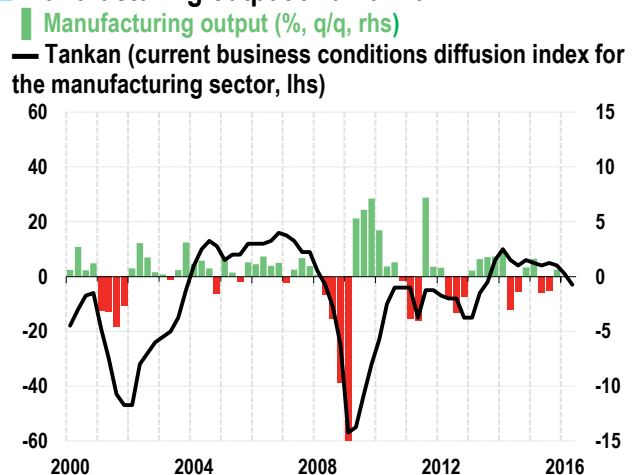


Chart 2

Sources : Bank of Japan, Cabinet office

Investment programmes stall early in the year

All of the companies participating in the Tankan survey expected their investment programmes to decline (-4.8%) in fiscal year 2016 (ending 31 March 2017). Once again, small businesses are the most pessimistic: investment is expected to decline by more than 19%. Although this decline might seem alarming at first, there is a good chance that it will be revised upwards over the course of the year, as is generally the case. At the same time last year, all companies expected investment to contract by 5%, but it ended up rising 1.5% in 2015. In terms of R&D investment as a share of GDP, note that Japan ranks third among the OECD countries (more than 3% in 2014, according to the OECD), behind Israel and Sweden. Unlike other countries, companies in the private sector account for the lion's



share of this investment, representing 80% of the amounts engaged (the defence sector accounts for a small portion in Japan, unlike in the United States, for example). The biggest R&D investments are in information technology and telecoms equipment, followed by automobiles, machine tools as well as the chemicals and pharmaceuticals industries. As of the 1980s, measures were introduced to promote private partnerships with universities. Consequently, Japanese companies have developed a culture of placing their actions within a long-term framework. Lastly, the third arrow of Abenomics aims to stimulate private sector investment and innovation by reforming and deregulating traditional sectors (agriculture, machinery and electronics) in order to boost productivity.

Yet these investment programmes still seem very timid compared to the earnings and cash flows reported over the past several years. Moreover, the level of the yen should encourage manufacturing companies to produce locally, which should boost investment and domestic production. It is also worth noting that excess production capacity has been largely absorbed. In the manufacturing sector, the relative DI has fallen back to 4 in Q1 2016 after reaching 36 in Q2 2009, an all-time high since the start of the series in 1974. For the economy as a whole, the companies surveyed considered that they had been slightly short of capacity for the past eight quarters.

Companies hits by a labour shortage

According to the Tankan survey, companies are facing a labour shortage. For all companies, the balance between overstaffed and understaffed companies was still about -18, which is nearly the lowest level since Q2 1992, when the jobless rate was 2.3%, compared to 3.3% last February. Job market tensions are strongest in the non-manufacturing sector, where DI dropped to -26, the lowest level since Q2 1992, and should continue to decline in June (-28). For all sectors combined, small and mid-sized companies felt they were particularly understaffed (-20 and -27, respectively) compared to large companies (-11). This is a key trend in so far as small and mid-sized companies employ 70% of the active population. Companies have begun hiring again since late 2013. The job offers to demand ratio rose above 1 in November 2013, signally that job market conditions continue to tighten. In February 2016, this ratio rose to 1.28, the highest level since December 1991, when the unemployment rate was 2.1%. The diffusion index for all companies is expected to decline further in June, to -20 from -18.

The pressures of an aging population, which fuels job offers, are likely to gradually dilute the specificities of the Japanese job market. In the past, employees were fiercely loyal to their employers, who in return virtually guaranteed job security. Changes in Japan's work culture and the labour shortage that seems to be taking shape will lead to greater job market participation by women, youth and seniors. In this respect, Japan's female employment rate has increased 7 points from the 2000 level and is now nearly 6 points higher than the OECD average (63.7% vs. 56%). We can also see the emergence of high paid specialists, to the detriment of multi-skilled generalists, and a new generation of "freeters", independent workers who move between small jobs, temp services and short-term contracts, thereby maintaining their social and financial autonomy.

■ Manufacturing and non-manufacturing sectors — Current business conditions diffusion index for the manufacturing sector ; — Current business conditions diffusion index for the non-manufacturing sector

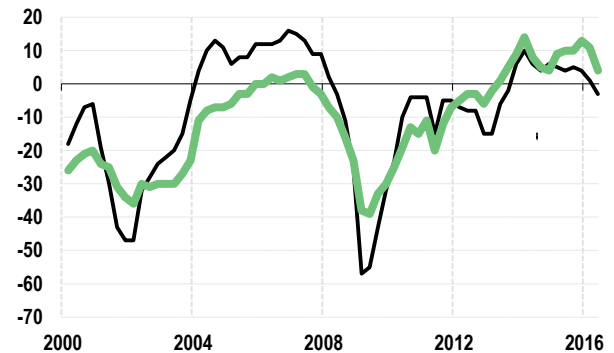


Chart 3

Sources : Bank of Japan, Cabinet office

Corporate financial situation further improves in Q1

According to the Tankan survey, for all companies the diffusion index regarding their financial position rose in Q1 2016 to the highest level since Q1 1990.

Even so, companies remain extremely cautious and continue to accumulate liquidity, despite negative financial market conditions. According to Flow of Funds statistics, liquidity and deposits accounted for 22% of total financial assets in Q4 2015, i.e. the equivalent of JPY 246 bn (nearly 50% of GDP), compared to 35% in the 1990s. This sub-optimal use of capital is harmful not only for corporate development, but also for the rest of the economy.



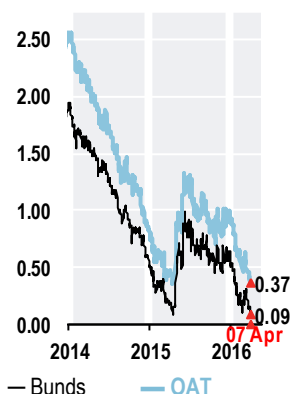
Markets overview

The essentials

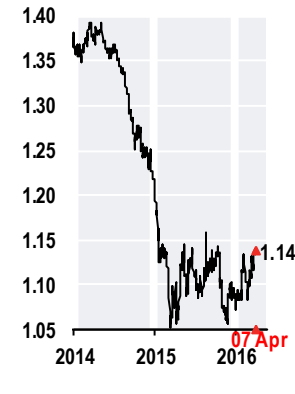
Week 4-4 16 > 7-4-16

➤ CAC 40	4 322	➤ 4 246	-1.8 %
➤ S&P 500	2 073	➤ 2 042	-1.5 %
➤ Volatility (VIX)	13.1	➤ 16.2	+3.1 %
➤ Euribor 3M (%)	-0.25	➤ -0.25	-0.2 bp
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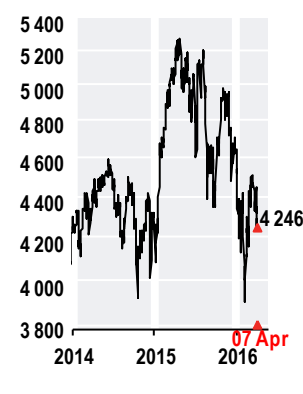
10 y bond yield, OAT vs Bund



Euro-dollar



CAC 40



Money & Bond Markets

Interest Rates		highest' 16		lowest' 16	
€ ECB	0.00	0.05	at 01/01	0.00	at 16/03
Eonia	-0.33	-0.13	at 01/01	-0.35	at 24/03
Euribor 3M	-0.25	-0.13	at 01/01	-0.25	at 05/04
Euribor 12M	-0.01	0.06	at 01/01	-0.03	at 04/03
\$ FED	0.50	0.50	at 01/01	0.50	at 01/01
Libor 3M	0.63	0.64	at 15/03	0.61	at 04/01
Libor 12M	1.21	1.24	at 16/03	1.12	at 12/02
£ BoE	0.50	0.50	at 01/01	0.50	at 01/01
Libor 3M	0.59	0.59	at 15/02	0.58	at 08/03
Libor 12M	1.00	1.07	at 01/01	0.98	at 12/02

At 7-4-16

Yield (%)		highest' 16		lowest' 16	
€ AVG 5-7y	0.18	0.49	at 12/01	0.16	at 01/03
Bund 2y	-0.51	-0.34	at 01/01	-0.56	at 03/03
Bund 10y	0.09	0.63	at 01/01	0.09	at 07/04
OAT 10y	0.37	0.98	at 01/01	0.36	at 05/04
Corp. BBB	1.76	2.50	at 20/01	1.76	at 07/04
\$ Treas. 2y	0.70	1.06	at 01/01	0.64	at 11/02
Treas. 10y	1.69	2.27	at 01/01	1.64	at 11/02
Corp. BBB	3.81	4.50	at 12/02	3.80	at 05/04
£ Treas. 2y	0.33	0.65	at 01/01	0.28	at 08/02
Treas. 10y	1.33	1.96	at 01/01	1.28	at 11/02

At 7-4-16

10y bond yield & spreads

9.08%	Greece	899 pb
3.28%	Portugal	319 pb
1.61%	Spain	151 pb
1.48%	Italy	139 pb
0.59%	Ireland	50 pb
0.49%	Belgium	40 pb
0.37%	Finland	28 pb
0.37%	France	27 pb
0.32%	Netherlands	23 pb
0.31%	Austria	22 pb
0.09%	Germany	

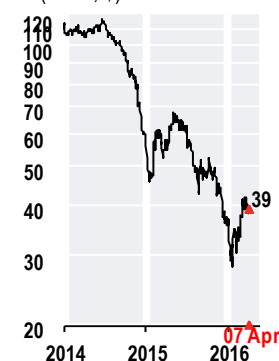
Commodities

Spot price in dollars		lowest' 16		2016(€)	
Oil, Brent	39	28	at 20/01	+4.2%	
Gold (ounce)	1 240	1 062	at 01/01	+11.4%	
Metals, LMEX	2 206	2 049	at 12/01	-4.4%	
Copper (ton)	4 666	4 328	at 15/01	-5.4%	
CRB Foods	352	329	at 11/01	+0.1%	
wheat (ton)	171	146	at 04/01	+5.7%	
Corn (ton)	138	134	at 31/03	-4.2%	

At 7-4-16

Variations

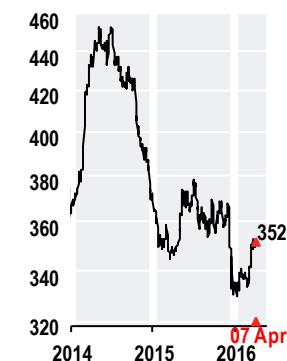
Oil (Brent, \$)



Gold (Ounce, \$)



CRB Foods



Exchange Rates

1€ =		highest' 16		lowest' 16		2016	
USD	1.14	1.14	at 31/03	1.07	at 05/01	+4.8%	
GBP	0.81	0.81	at 06/04	0.73	at 05/01	+9.6%	
CHF	1.09	1.11	at 04/02	1.08	at 29/02	-0.1%	
JPY	122.82	131.84	at 01/02	122.54	at 24/02	-6.0%	
AUD	1.51	1.60	at 11/02	1.47	at 09/03	+1.4%	
CNY	7.37	7.45	at 11/02	6.99	at 05/01	+4.5%	
BRL	4.21	4.53	at 16/02	4.03	at 14/03	-2.0%	
RUB	77.68	91.22	at 11/02	75.64	at 22/03	-2.1%	
INR	75.72	77.50	at 11/02	71.42	at 05/01	+5.4%	

At 7-4-16

Variations

Equity indices

Index		highest' 16		lowest' 16		2016	2016(€)
CAC 40	4 246	4 637	at 01/01	3 897	at 11/02	-8.4%	-8.4%
S&P500	2 042	2 073	at 01/04	1 829	at 11/02	-0.1%	-4.7%
DAX	9 531	10 743	at 01/01	8 753	at 11/02	-11.3%	-11.3%
Nikkei	15 750	19 034	at 01/01	14 953	at 12/02	-17.3%	-12.0%
China*	55	59	at 01/01	48	at 12/02	-6.6%	-11.0%
India*	434	460	at 01/01	393	at 11/02	-5.0%	-9.9%
Brazil*	1 227	1 331	at 30/03	860	at 21/01	+10.8%	+13.0%
Russia*	455	476	at 22/03	331	at 20/01	+6.6%	+7.4%

At 7-4-16

Variations

* Indices MCSI



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	1.6	1.4	0.3	0.6	1.7						
United States	2.4	1.9	1.5	0.1	1.4	2.1	-2.7	-2.8	-2.9	-2.5	-3.2	-3.2
Japan	0.5	0.3	0.2	0.5	0.1	1.8	3.3	3.6	3.3	-4.6	-3.7	-3.2
United Kingdom	2.2	1.7	2.0	0.1	0.5	1.9	-4.5	-4.8	-3.8	-4.1	-3.0	-2.2
Euro Area	1.5	1.3	1.4	0.0	-0.1	1.1	3.0	2.6	2.5	-2.2	-2.0	-1.7
Germany	1.4	1.4	1.5	0.1	0.0	1.5	8.1	7.7	7.6	0.7	0.3	0.3
France	1.1	1.2	1.3	0.1	0.3	1.1	-0.1	-0.1	-0.8	-3.5	-3.4	-3.2
Italy	0.6	1.0	0.9	0.1	-0.0	0.9	2.1	2.0	2.0	-2.7	-2.8	-2.3
Spain	3.2	2.6	2.1	-0.6	-0.9	1.0	0.9	0.6	0.5	-5.2	-3.8	-2.7
Netherlands	2.0	1.8	1.6	0.2	0.3	1.1	9.6	8.7	8.5	-1.8	-2.0	-1.8
Belgium	1.4	1.3	1.6	0.6	0.5	1.6	0.8	1.4	1.7	-2.7	-2.7	-2.5
Portugal	1.5	1.5	1.5	0.5	0.3	1.2	1.0	1.2	1.4	-4.1	-3.0	-2.5
Emerging	4.1	4.1	4.6	6.0	6.4	5.4						
China	6.9	6.4	6.1	1.4	1.5	1.7	2.8	3.1	2.2	-2.4	-3.0	-3.3
India	7.3	7.9	8.1	4.9	5.8	5.2	-1.3	-0.6	-0.6	-4.1	-3.9	-3.5
Brazil	-3.8	-4.0	0.0	9.0	9.1	7.3	-3.3	-1.0	-1.1	-10.3	-8.4	-8.2
Russia	-3.7	-1.8	0.6	15.6	9.1	7.2	5.4	2.8	7.4	-3.7	-5.3	-4.7
World	3.1	3.0	3.2	3.6	3.9	3.8						

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

Financial forecasts

Interest rates		2015				2016						
End period		Q1	Q2	Q3	Q4	Q1	Q2e	Q3e	Q4e	2015	2016e	2017e
US	Fed Funds	0.25	0.25	0.25	0.5	0.5	0.25-0.50	0.25-0.50	0.25-0.50	0.01	0.25-0.50	0.25-0.50
	3-month Libor \$	0.27	0.28	0.33	0.61	0.63	0.70	0.70	0.70	0.61	0.70	1.05
	10-year T-notes	1.93	2.35	2.03	2.27	1.79	1.75	1.65	1.50	2.27	1.50	1.75
EMU	Refinancing rate	0.05	0.05	0.05	0.05	0.00	0.00	0.00	0.00	0.05	0.00	0.00
	3-month Euribor	0.02	-0.01	-0.04	-0.13	-0.24	-0.30	-0.30	-0.30	-0.13	-0.30	-0.30
	10-year Bund	0.18	0.77	0.59	0.63	0.16	0.20	0.00	-0.20	0.63	-0.20	-0.20
	10-year OAT	0.42	1.20	0.90	0.98	0.41	0.50	0.30	0.10	0.98	0.10	0.10
	10-year BTP	1.29	2.31	1.73	1.60	1.23	1.45	1.25	0.95	1.60	0.95	0.80
UK	Base rate	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	1.00
	3-month Libor £	0.57	0.58	0.58	0.59	0.59	0.75	0.75	0.75	0.59	0.75	1.25
	10-year Gilt	1.58	2.03	1.77	1.96	1.42	1.40	1.47	1.50	1.96	1.50	1.80
Japan	Overnight call rate	0.02	0.01	0.01	0.04	-0.00	-0.30	-0.30	-0.30	0.04	-0.30	-0.50
	3-month JPY Libor	0.17	0.17	0.17	0.17	0.10	-0.30	-0.30	-0.30	0.17	-0.30	-0.50
	10-year JGB	0.40	0.44	0.35	0.25	-0.04	-0.35	-0.35	-0.35	0.25	-0.35	-0.50

Exchange rates		2015				2016						
End period		Q1	Q2	Q3	Q4	Q1	Q2e	Q3e	Q4e	2015	2016e	2017e
USD	EUR / USD	1.07	1.11	1.12	1.09	1.14	1.16	1.15	1.14	1.09	1.14	1.05
	USD / JPY	120	122	120	120	112	108	110	115	120	115	124
EUR	EUR / GBP	0.72	0.71	0.74	0.74	0.79	0.77	0.74	0.72	0.74	0.72	0.68
	EUR / CHF	1.04	1.04	1.09	1.09	1.09	1.14	1.14	1.16	1.09	1.16	0.01
	EUR/JPY	129	136	134	131	128	125	127	131	131	131	130

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



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