



## 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.

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### 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.

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Also in :



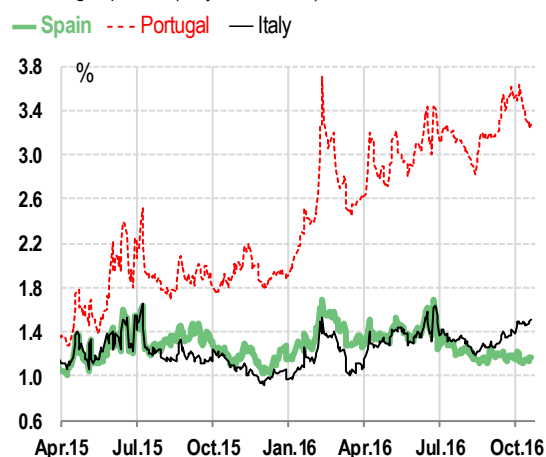
## The Portuguese example

■ 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?

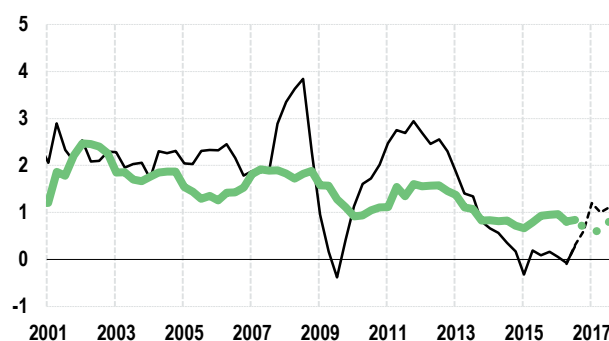
First, there is what was said, or rather reaffirmed: “the monthly asset purchases of EUR 80 bn are intended to run until the end of March 2017, or beyond, if necessary”. This dismissed the idea that has been circulating in recent weeks of an imminent reduction in the pace of monthly purchases. Although 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 recently<sup>1</sup>, 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.

<sup>1</sup> Thibault Mercier “ECB: The PSPP parameters” Ecweek, 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.

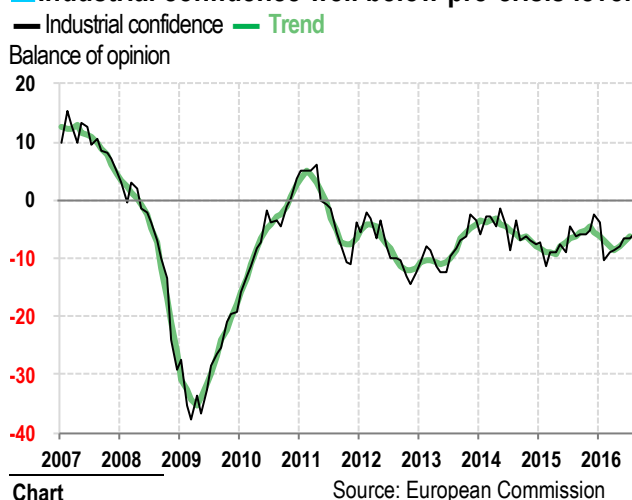
During this period, job creation was quite buoyant, as employment increased by 1.5%, including many part-time jobs. Nevertheless, the

## 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 needs 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).





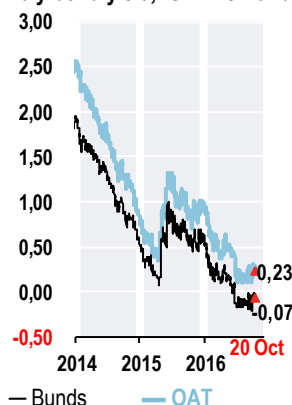
## Markets overview

## The essentials

Week 14-10-16 &gt; 20-10-16

➤ CAC 40	4 471	➤ 4 540	+1.5 %
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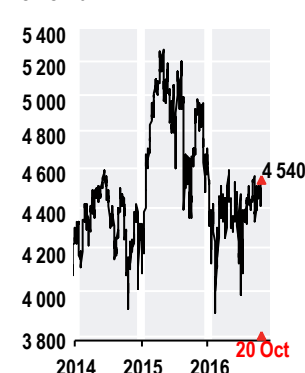
10 y bond yield, OAT vs Bund



Euro-dollar



CAC 40



## Money &amp; Bond Markets

Interest Rates		highest' 16		lowest' 16	
€ ECB	0.00	0.05	at 01/01	0.00	at 16/03
Eonia	-0.35	-0.13	at 01/01	-0.36	at 26/05
Euribor 3M	-0.31	-0.13	at 01/01	-0.31	at 19/10
Euribor 12M	-0.07	0.06	at 01/01	-0.07	at 18/10
\$ FED	0.50	0.50	at 01/01	0.50	at 01/01
Libor 3M	0.88	0.88	at 14/10	0.61	at 04/01
Libor 12M	1.56	1.60	at 12/10	1.12	at 12/02
£ BoE	0.25	0.50	at 01/01	0.25	at 04/08
Libor 3M	0.41	0.59	at 15/02	0.38	at 08/09
Libor 12M	0.80	1.07	at 01/01	0.72	at 10/08

At 20-10-16

Yield (%)		highest' 16		lowest' 16	
€ AVG 5-7y	0.04	0.49	at 12/01	-0.14	at 27/09
Bund 2y	-0.68	-0.34	at 01/01	-0.70	at 28/09
Bund 10y	-0.07	0.63	at 01/01	-0.22	at 28/09
OAT 10y	0.23	0.98	at 01/01	0.10	at 27/09
Corp. BBB	1.28	2.50	at 20/01	1.14	at 07/09
\$ Treas. 2y	0.82	1.06	at 01/01	0.56	at 05/07
Treas. 10y	1.75	2.27	at 01/01	1.36	at 08/07
Corp. BBB	3.28	4.50	at 12/02	3.24	at 18/08
£ Treas. 2y	0.22	0.65	at 01/01	0.07	at 29/09
Treas. 10y	1.09	1.96	at 01/01	0.61	at 12/08

At 20-10-16

10y bond yield &amp; 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%	Netherlands	18 pb
-0.07%	Germany	

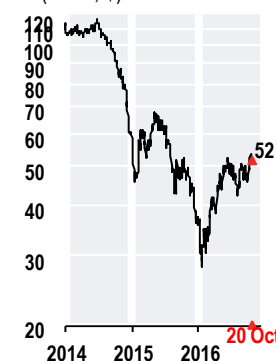
## Commodities

Spot price in dollars		lowest' 16		2016(€)	
Oil, Brent	52	28	at 20/01	+43.6%	
Gold (ounce)	1 267	1 062	at 01/01	+18.5%	
Metals, LMEX	2 376	2 049	at 12/01	+7.2%	
Copper (ton)	4 633	4 328	at 15/01	-2.1%	
CRB Foods	325	325	at 20/10	-3.5%	
wheat (ton)	148	126	at 16/08	-4.8%	
Corn (ton)	130	113	at 31/08	-6.0%	

At 20-10-16

Variations

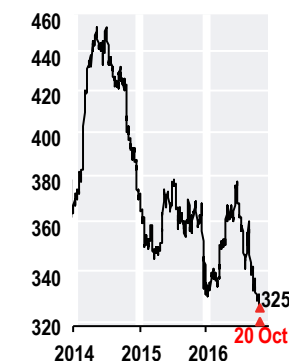
Oil (Brent, \$)



Gold (Ounce, \$)



CRB Foods



## Exchange Rates

€ =		highest' 16		lowest' 16		2016	
USD	1.09	1.15	at 03/05	1.07	at 05/01	+0.6%	
GBP	0.89	0.90	at 13/10	0.73	at 05/01	+21.1%	
CHF	1.08	1.11	at 04/02	1.08	at 24/06	-0.3%	
JPY	113.64	131.84	at 01/02	110.95	at 08/07	-13.0%	
AUD	1.43	1.60	at 11/02	1.43	at 19/10	-4.1%	
CNY	7.36	7.54	at 22/08	6.99	at 05/01	+4.4%	
BRL	3.46	4.53	at 16/02	3.46	at 20/10	-19.5%	
RUB	68.28	91.22	at 11/02	68.25	at 19/10	-13.9%	
INR	73.01	77.50	at 11/02	71.42	at 05/01	+1.6%	

At 20-10-16

Variations

## Equity indices

Index		highest' 16		lowest' 16		2016	2016(€)
CAC 40	4 540	4 637	at 01/01	3 897	at 11/02	-2.1%	-2.1%
S&P500	2 141	2 190	at 15/08	1 829	at 11/02	+4.8%	+4.2%
DAX	10 701	10 753	at 07/09	8 753	at 11/02	-0.4%	-0.4%
Nikkei	17 236	19 034	at 01/01	14 952	at 24/06	-9.4%	+4.1%
China*	63	65	at 22/09	48	at 12/02	+6.6%	+5.9%
India*	490	504	at 08/09	393	at 11/02	+7.6%	+5.9%
Brazil*	1 850	1 850	at 20/10	860	at 21/01	+42.9%	+77.5%
Russia*	516	529	at 10/10	331	at 20/01	+12.5%	+26.7%

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
<b>Advanced</b>	<b>1.9</b>	<b>1.4</b>	<b>1.3</b>	<b>0.3</b>	<b>0.7</b>	<b>1.5</b>						
<b>United States</b>	<b>2.6</b>	<b>1.5</b>	<b>1.6</b>	<b>0.1</b>	<b>1.3</b>	<b>2.3</b>	<b>-2.5</b>	<b>-2.6</b>	<b>-2.7</b>	<b>-2.5</b>	<b>-3.1</b>	<b>-3.1</b>
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
<b>Euro Area</b>	<b>1.9</b>	<b>1.5</b>	<b>1.1</b>	<b>0.0</b>	<b>0.2</b>	<b>1.0</b>	<b>3.2</b>	<b>2.9</b>	<b>2.7</b>	<b>-2.1</b>	<b>-2.1</b>	<b>-1.9</b>
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
<b>Emerging</b>	<b>4.1</b>	<b>4.2</b>	<b>4.9</b>	<b>5.9</b>	<b>6.5</b>	<b>5.5</b>						
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
<b>World</b>	<b>3.1</b>	<b>3.0</b>	<b>3.3</b>	<b>3.5</b>	<b>4.0</b>	<b>3.8</b>						

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			
<b>US</b>	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
<b>EMU</b>	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
<b>UK</b>	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
<b>Japan</b>	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			
<b>USD</b>	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
<b>EUR</b>	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)



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Internet : [www.group.bnpparibas.com](http://www.group.bnpparibas.com) - [www.economic-research.bnpparibas.com](http://www.economic-research.bnpparibas.com)

Publisher: Jean Lemerre  
Editor: William De Vijlder