



Summary

United States

The day after tomorrow

The victory is complete for the Republican Party but the details of the policy that will be implemented still have to be spelled out. There is a large common ground between D. Trump and P. Ryan's platforms, but some divergences also appear.

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France

A closer look at weak Q3 growth

The Q3 growth rebound was limited to +0.2% on a quarterly basis. Besides, the breakdown by components is rather negative on balance. However, the apparently temporary nature of this weakness helps put it into perspective.

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Finland

Slow motion turnaround

After a long recession, the Finnish economy is recovering, thanks to robust private consumption. This contrasts with a tight fiscal policy.

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Market overview

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Summary of forecasts

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Also in :



Shifts in focus

■ **Two-step market reaction to US elections: first flight to safe havens, then improved sentiment** ■ **The president-elect's communication and the composition of his cabinet are now the focus**

Financial markets are discounting mechanisms: price changes reflect changing expectations. As it became increasingly likely during the Asian session on 9 November that Donald Trump would be the next president of the US, the market reaction was swift and significant. Equities and equity futures were down significantly, the dollar weakened against the euro, US treasury yields and German Bund yields declined, some Eurozone spreads widened, the Mexican peso saw a big drop, commodities weakened but gold rallied. In summary, investors switched to 'risk off' mode: risky assets suffered and safe havens rallied. The reaction reflected the surprise element (investors were positioned for a Clinton victory) and an increase in uncertainty. Subsequently things calmed down: equities recovered, the dollar strengthened, bond yields rose. This change of direction suggests that investors were quick to shift focus on the medium term implications of the elections. The rise in US Treasury yields to levels well above those of the previous day reflects the view that there could very well be some degree of fiscal expansion, that this could impact the stance of Fed policy and that this warrants a higher risk premium. Anticipations change of course on the back of new information, implying a particular focus on the president-elect's communication and the composition of his team.

US 10-YEAR BOND YIELD ON NOVEMBER 8 & 9, 2016



Sources: Bloomberg, BNP Paribas

THE WEEK ON THE MARKETS

Week 4-11 16 > 9-11-16

➤ CAC 40	4 377	➤ 4 543	+3.8 %
➤ S&P 500	2 085	➤ 2 163	+3.7 %
➤ Volatility (VIX)	22.5	➤ 14.4	-8.1 %
➤ Euribor 3M (%)	-0.31	➤ -0.31	+0.0 bp
➤ Libor \$ 3M (%)	0.88	➤ 0.88	-0.0 bp
➤ OAT 10y (%)	0.46	➤ 0.50	+4.5 bp
➤ Bund 10y (%)	0.06	➤ 0.10	+3.9 bp
➤ US Tr. 10y (%)	1.78	➤ 2.07	+28.8 bp
➤ Euro vs dollar	1.11	➤ 1.09	-1.6 %
➤ Gold (ounce, \$)	1 304	➤ 1 289	-1.1 %
➤ Oil (Brent, \$)	45.6	➤ 46.0	+0.9 %

Source: Thomson Reuters



United States

The day after tomorrow

- **The Republican Party is the big winner of the elections.**
- **The Presidency, House of Representatives and Senate are all controlled by the Republicans, who will have free rein to implement their policies.**
- **Yet the exact nature of their policies must still be defined. There is a consensus on certain points, such as cutting taxes and repealing Obamacare.**
- **There are divergences on other issues, including spending, the minimum wage and existing free-trade agreements.**
- **The financial markets' immediate reaction was clearly negative, but it is also harder to interpret than it might seem. Did market players fear a repeat of the 2000 elections, when the outcome was not known for 5 long weeks? Or were they reacting to the uncertainty over which policies would be implemented? It will take some time before these questions can be answered.**

The Republican Party's stunning victory is undisputable. In addition to the Presidency, the Republicans will hold onto their majorities in both the House of Representatives and the Senate, even though all of the results are not official yet. They will have free rein to implement their policies, although Senate operating rules will make this task harder since the Republicans will have only a slim majority. It would take 60 seats to overcome a Democratic filibuster, but currently the Republican majority is estimated at 51 seats at the time we went to press.

What about the Republican platform? For the president-elect, the answer is not so simple, given the numerous contradictions and inconsistencies expressed over the long months of the campaign. Nonetheless, there are some similarities between his campaign promises and the platform advocated by the Republican officials, notably in the House. These points of convergence shed light on what we can expect.

There is a general consensus on taxation. The number of income tax brackets would be reduced from seven to only three, with broad cuts in the marginal tax rates. Capital gains taxes would be reduced and estate taxes would be virtually eliminated. There is also an agreement in principle on corporate taxes, although a reform seems less probable. Numerous attempts have been made in past decades, and despite bipartisan consensus on reducing tax rates and eliminating tax shelters (at least in part), various draft bills have never been enacted.

Another strong point of agreement between the various Republicans is repealing the Affordable Care Act, the legacy of President Obama's first mandate, widely known as Obamacare. The legislative process could be more complicated, however, since several aspects of Obamacare have already been validated by the Supreme Court. But where there's will, there's a way.

Several of Donald Trump's campaign promises have little chance of being enacted, notably raising the minimum wage to USD 10 an hour and spending on infrastructure. Barack Obama made similar proposals that were rejected by Congress during previous legislatures. Trade agreements are another point of contention. Legally, it is hard to be absolutely certain that the president has the power to unilaterally cancel such agreements. Rather than risk possible legal redress, the Congress might be called to settle the matter. The outcome of such a vote is anything but certain: American voters, notably those supporting Donald Trump, certainly have a very protectionist bent, but given the power of lobbyists, we advise caution about the probable outcome. One thing is certain: negotiations pending on the transatlantic and transpacific free trade agreements will remain in their current state, which is to say, stillborn.

There are also questions about various rules and regulations. Republicans oppose Obamacare without a doubt, their position on the Dodd-Frank Wall Street Reform and Consumer Protection Act has been less stressed out. And yet recent legislatures have worked tirelessly to slash funding for the agencies responsible for implementing this act. Since this was not one of the campaign issues, there is total uncertainty over the Republicans' position.

The market's immediate reaction was strongly negative, as most of the world's equity markets ticked downwards. The dollar plunged before rebounding after the final results were announced. More than Hillary Clinton's defeat, the US markets seemed to have feared a repeat of the 2000 elections, when it took 5 weeks to determine who would be the next president. Volatility is bound to remain very high given the enormous uncertainty over the policies to be implemented.

Looking beyond calls for national unity, attention will focus in the weeks ahead on the formation of the President-elect's cabinet. Few names are in circulation. Other questions will then arise, such as the attitude towards the Fed. Will the central bank's independence be re-affirmed or called into question? One thing seems certain, assuming we trust the financial markets: the Fed will skip the opportunity to raise key rates in December, and will opt for the monetary status quo. Rather than a negative analysis of future economic policy, such a move would show the Fed's determination to restore calm in the financial markets.



France

A closer look at weak Q3 growth

- The expected rebound in Q3 GDP growth was limited to only 0.2% q/q, and the weakness of this performance is accentuated by the growth breakdown.
- Final domestic demand only contributed 0.1 points of growth. The very positive contribution of the change in inventories (+0.6 points) was offset by the very negative contribution of foreign trade (-0.5 points).
- Nonetheless, weak household consumption and business investment only seem to be passing trends. We should see a more robust rebound in Q4 (+0.4% q/q according to our forecasts).

According to preliminary estimates, French GDP rose at a quarterly rate of 0.2% in Q3 2016. A rebound was expected after the slight decline in Q2 GDP (-0.1% q/q) – a payback from the strong Q1 performance (+0.6% q/q) – but it appears to have been very mild. The preliminary figure is in line with the INSEE forecast, but was slightly lower than our estimate and that of the Bank of France (+0.3% q/q). It is also slightly below the average quarterly growth rate of 0.3% observed since the recovery started up again in Q2 2013, which already was pretty low. It falls slightly short of the Eurozone average too, estimated at 0.3% q/q.

The weakness of this performance was accentuated by the growth breakdown. First, the very positive contribution of the change in inventories (+0.6 percentage points) is not a sustainable support factor. It is the counterpart of strong import growth (+2.2% q/q), which trimmed nearly as many percentage points from growth (-0.7%)¹. Second, and more importantly, household consumption stagnated for a second straight quarter, and corporate investment declined, albeit mildly (-0.3% q/q), also for the second quarter in a row. Consumption was widely expected to stall, but the decline in investment came as a surprise, and was the bad news of these Q3 growth figures. The very small rise in final domestic demand (+0.1% q/q) is only due to the positive contribution of public consumption and public and household investment.

Yet these results are not representative of the underlying trends, as lacklustre as they may be. The line-by-line breakdown shows rather distinct trends from one quarter to the next, disrupted by various one-off factors. Household purchases of capital goods, for example, were hard hit by the backlash after a very strong Q1 increase (purchases in preparation for the Euro 2016 football championship). Energy expenditures also contracted sharply after being driven up by unseasonably low temperatures in H1. As to corporate investment, the anticipated ending of the extra-depreciation measure in April 2016 (which was finally extended for a year) also created volatility. After rising 5.2% q/q in Q1, investment in capital goods contracted by

¹ The strong upturn in imports can be attributed notably to purchases of crude hydrocarbon products and transport equipment, items that also contributed to the increase in the change of inventories according to INSEE.

French growth breakdown

Contribution to quarterly GDP growth (percentage points)

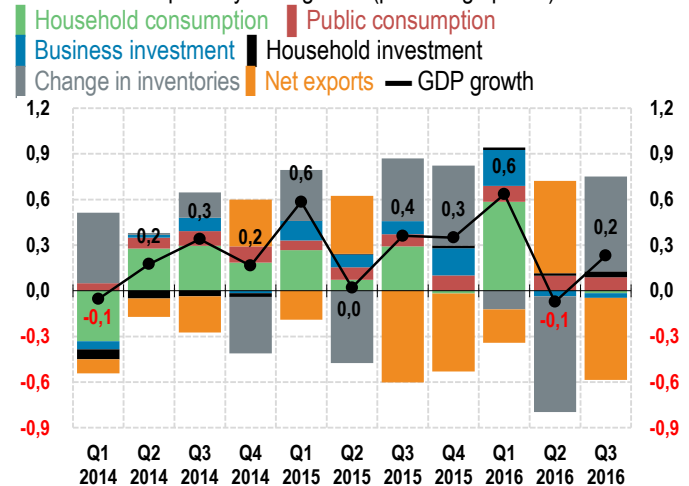


Chart 1

Source: INSEE

2.9% in Q2, and by another 0.7% in Q3. The sharp drop in investment in transport equipment (-7.3%) follows four quarters of strong growth.

This bout of weakness in terms of household consumption and business investment highlights the recovery's vulnerability, but most importantly, it only seems to be a passing trend. These two key components of growth are bolstered by major support factors: for consumers, the jobs recovery (as illustrated by the 0.3% q/q increase in non-farm payroll employment in Q3), and for companies, the turnaround in corporate profit margins. They are expected to pick up again in Q4, fuelling a somewhat stronger rebound in GDP (which we forecast at +0.4%). Business confidence surveys available through October also indicate slightly more positive growth. Plus, the Q3 figures also harboured some good news. Exports growth has become more vigorous (+0.6% q/q). The upturn in household investment was confirmed and is even gaining strength (+0.8% q/q).

For 2016 as a whole, we continue to forecast average annual growth of 1.3%. Our estimate does have some downside risk however, notably given the uncertainty looming over the international environment. The government is also becoming a little less optimistic. Until recently, it was forecasting 2016 growth of 1.5%, but this is now the upper limit of its forecast range of 1.3% to 1.5%.



Finland

Slow motion turnaround

- Business cycle indicators show that the recovery, which started in 2015, has slowly gathered speed this year.
- The main aims of the centre-right coalition are fiscal consolidation and improving international price competitiveness.
- The Finnish economy is forecast to grow by 1.1% in 2016 and 0.8% in 2017. Growth will be mainly driven by domestic demand.

A modest rebound

Between 2012 and 2014, the Finnish economy experienced a deep recession. GDP contracted by almost 3%. As the economy grew by only 0.2% in 2015, the unemployment rate continued to rise and reached 9.4% in the second half of 2015, five percentage points higher than in 2008.

The recession was related to the structural problems in the paper industry and the electronics industry (Nokia). Moreover, the Russian embargo weighted heavily on Finnish exports. In 2012, Russia was the first destination of Finnish goods (18% of total exports). By 2015, it had slid into fifth position at only 6%.

The recovery that started in 2015 has slowly gathered speed. In the first half of 2016, GDP was 0.9% higher from a year earlier. Moreover, the steady improvement in business cycle indicators shows that the economy has remained well oriented. Both industrial confidence and economic sentiment have been on a rising trend.

The turnaround is largely due to stronger household consumption. In the first half of 2016, private consumption was 2% higher from a year earlier. This is partly due to substantial gains in purchasing power. As in the other advanced economies, inflation has fallen considerably, mainly because of the fall in energy prices. In September, consumer prices were 0.5% higher from a year earlier, whereas core prices rose by 1%. As wages are rising by just over 1%, real wages have been increasing around 0.7%. In addition, growing household confidence and the fall in interest rates has stimulated purchases of consumer durables.

Government policy is based on fiscal consolidation and structural reform

Since May 2015, Finland has a centre-right coalition government headed by Prime Minister Juha Sipilä. It consists of the conservative Centre Party, the populist "Finns" Party, and the moderate conservative National Coalition Party. The government has a wide majority, with its parties holding 124 of the 200 seats in parliament.

The main objective of the government is to reduce the government deficit, which amounted to 2.8% in 2015. Moreover, gross debt-to-GDP ratio has been on rising trend, reaching 63.6% in 2015. A strict austerity policy should bring the deficit down to around 2.5% both in

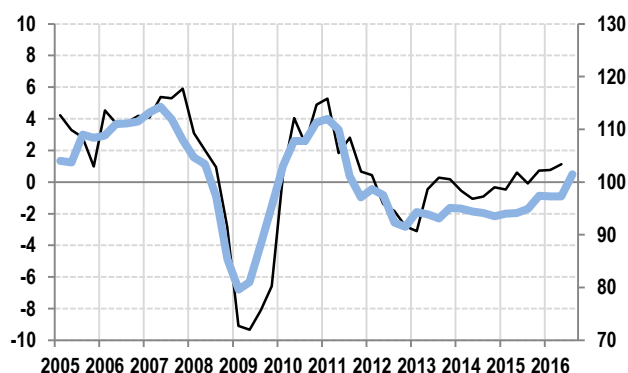
Forecast Summary

Annual growth, %	2015	2016 e	2017 e
GDP	0.2	1.0	0.8
Private consumption	1.5	1.2	0.7
Gross Fixed Capital Formation	0.7	3.0	2.5
Exports	-0.2	1.0	3.0
Consumer Price Index (CPI)	-0.2	0.4	1.1
CPI ex food and energy	0.8	0.7	0.8
Unemployment rate	9.4	9.2	9.2
Current account balance	-0.4	-0.0	0.1
Gen. Govt. Balance (% of GDP)	-2.8	-2.4	-2.6
Public Debt (% GDP)	63.6	64.6	65.8

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

Economic sentiment is picking up

— Economic Sentiment (RHS) — GDP (% y/y)



Chart

Source: Statistics Finland, European Commission

2016 and 2017. The debt-to-GDP ratio is projected to increase further to 65.8% by end-2017.

The government aims to improve the economy by boosting international competitiveness. After long negotiations with trade-unions and employers' organisations, the government succeeded in getting the Competitiveness Pact adopted. The Pact covers almost all Finnish wage and salary earners.

It includes:

- An extension of the current collective bargaining agreements without adjustments to salaries for 2017
- Reduced pay for public sector employees
- A gradual transfer of social security contributions from employers to employees. By 2020, the employers' contribution will be lowered by 3.5 percentage points.
- An increase in the annual working time of 24 hours without additional pay.



The Pact should make the highly centralised wage bargaining process more flexible at the firm level, which will allow a better alignment of wages with productivity. It makes an end to the centralised collective bargaining agreements and national income policies, which have dominated the Finnish labour market since the 1960s.

As sweetener, the Government promised to cut income taxes by EUR 515 million, implying a reduction of about 0.5 percentage points in the taxation of income earners. In addition, the Pact should help to promote employment. The government expect that it will create 40 000 new jobs.

Outlook

The Finnish economy is forecast to grow by 1.0% in 2016 and 0.8% in 2017. Growth will be mainly driven by domestic demand. In 2016, household consumption benefits from substantial gains in purchasing power and a turnaround in the labour market. Moreover, the household savings will continue to fall to -0.3% of disposable income in 2016, helped by lower interest rates and easy access to credit. As a result, household indebtedness is set to rise further to around 130% of disposable income by end-2017. In 2017 household consumption is likely to slow to 0.7% in particular because of the rise in consumer prices. The impact of the Competitive Acts will be largely compensated by the income tax reduction.

In addition, investment spending is set to increase in 2016 and 2017, particularly driven by construction. Housing investment is mainly driven by low interest rates and supply shortages in the larger cities such as Helsinki. The volume of new housing production could increase by around 15% this year. Also other building construction has seen strong growth. Planning permissions for business and office buildings has risen sharply. Investment in public service buildings is at its highest level in 10 years.

Moreover, several projects in the energy sector are in planning stages or have recently started. This concerns the improvement of the electricity grid, the construction of terminals for liquefied natural gas and the installation of wind mills. Civil engineering work for the Pyhäjoki nuclear power plant has started and plans are in place to build some auxiliary structures.

Investment in machinery and equipment is projected to expand at a rapid pace. According to the latest survey by the Confederation of Finnish Industries, business investment could grow by more than 10%. The single most important project in a new bioproduct mill in Äänekoski at an estimated cost of EUR 1.2 billion, around 10% of total annual investment. In addition to wood pulp, the basic material for paper production, the mill will also produce more electricity than it will need, as well as tall oil and turpentine. After completion, the bioproduct mill will increase the annual value of Finland's exports by EUR 0.5 billion, which is 2.5% of total exports.

Export growth is projected to remain sluggish. It is projected to accelerate from 1% in 2016 to 3% in 2017. This is slower than in the Eurozone, 2% in 2016 and 3.5% in 2017. This poor performance is partly due to losses in price competitiveness. In addition, the Finnish economy is confronted with structural problems in the electronics sector and the Russian embargo. Beyond 2017, exporters are likely

to regain market share because of improved price competitiveness thanks to the implementation of the Competitiveness Pact and the pick-up in investment.

Strong domestic growth will increase import demand by 2% in 2016 and 2.9% in 2017. The contribution of net export will remain negative in 2016 and 2017. The current account should remain close to balance.

Risks are mainly related to the external environment

As a small open economy, Finland is very sensitive to what is happening in the global economy. The government's strategy has been concentrated upon improving international competitiveness by reducing production costs. This strategy could fail if world trade does not pick up significantly. In that case, the Finnish economy will slow more than currently expected, and the government might feel compelled to take additional savings measures to keep budget consolidation on track. This might lead to further social tensions. On the other hand, a possible lifting of the Russian embargo would provide a considerable fillip for Finnish industry, in which case, the government could ease its fiscal stance.



Markets overview

■ The essentials

Week 4-11-16 > 9-11-16

➤ CAC 40	4 377	➤ 4 543	+3.8 %
➤ S&P 500	2 085	➤ 2 163	+3.7 %
➤ Volatility (VIX)	22.5	➤ 14.4	-8.1 %
➤ Euribor 3M (%)	-0.31	➤ -0.31	+0.0 bp
➤ Libor \$ 3M (%)	0.88	➤ 0.88	-0.0 bp
➤ OAT 10y (%)	0.46	➤ 0.50	+4.5 bp
➤ Bund 10y (%)	0.06	➤ 0.10	+3.9 bp
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➤ Euro vs dollar	1.11	➤ 1.09	-1.6 %
➤ Gold (ounce, \$)	1 304	➤ 1 289	-1.1 %
➤ Oil (Brent, \$)	45.6	➤ 46.0	+0.9 %

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	-0.36	-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 21/10		
\$ FED	0.50	0.50 at 01/01	0.50 at 01/01		
Libor 3M	0.88	0.89 at 26/10	0.61 at 04/01		
Libor 12M	1.57	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	0.40	0.59 at 15/02	0.38 at 08/09		
Libor 12M	0.81	1.07 at 01/01	0.72 at 10/08		

At 9-11-16

Yield (%)		highest' 16		lowest' 16	
€ AVG 5-7y	0.22	0.49 at 12/01	-0.14 at 27/09		
Bund 2y	-0.66	-0.34 at 01/01	-0.70 at 28/09		
Bund 10y	0.10	0.63 at 01/01	-0.22 at 28/09		
OAT 10y	0.50	0.98 at 01/01	0.10 at 27/09		
Corp. BBB	1.46	2.50 at 20/01	1.14 at 07/09		
\$ Treas. 2y	0.90	1.06 at 01/01	0.56 at 05/07		
Treas. 10y	2.07	2.27 at 01/01	1.36 at 08/07		
Corp. BBB	3.56	4.50 at 12/02	3.24 at 18/08		
£ Treas. 2y	0.20	0.65 at 01/01	0.07 at 29/09		
Treas. 10y	1.24	1.96 at 01/01	0.61 at 12/08		

At 9-11-16

10y bond yield & spreads

7.41%	Greece	731 pb
3.27%	Portugal	317 pb
1.74%	Italy	163 pb
1.30%	Spain	119 pb
0.70%	Ireland	60 pb
0.50%	France	40 pb
0.44%	Belgium	34 pb
0.37%	Austria	27 pb
0.36%	Finland	26 pb
0.30%	Netherlands	20 pb
0.10%	Germany	

■ Commodities

Spot price in dollars		lowest' 16		2016(€)	
Oil, Brent	46	28 at 20/01	+27.9%		
Gold (ounce)	1 289	1 062 at 01/01	+20.4%		
Metals, LMEX	2 617	2 049 at 12/01	+17.9%		
Copper (ton)	5 399	4 328 at 15/01	+13.9%		
CRB Foods	322	322 at 09/11	-4.7%		
wheat (ton)	150	126 at 16/08	-3.6%		
Corn (ton)	128	113 at 31/08	-8.1%		

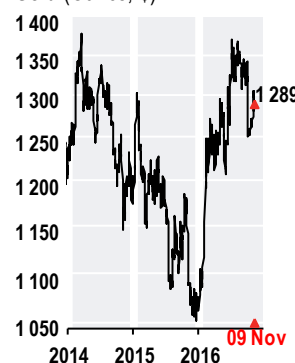
At 9-11-16

Variations

Oil (Brent, \$)



Gold (Ounce, \$)



CRB Foods



■ Exchange Rates

1€ =		highest' 16		lowest' 16		2016	
USD	1.09	1.15 at 03/05	1.07 at 05/01	+0.8%			
GBP	0.88	0.90 at 13/10	0.73 at 05/01	+19.4%			
CHF	1.07	1.11 at 04/02	1.07 at 09/11	-1.1%			
JPY	114.45	131.84 at 01/02	110.95 at 08/07	-12.4%			
AUD	1.43	1.60 at 11/02	1.42 at 25/10	-4.2%			
CNY	7.41	7.54 at 22/08	6.99 at 05/01	+5.1%			
BRL	3.54	4.53 at 16/02	3.39 at 25/10	-17.6%			
RUB	70.10	91.22 at 11/02	67.55 at 25/10	-11.6%			
INR	72.77	77.50 at 11/02	71.42 at 05/01	+1.3%			

At 9-11-16

Variations

■ Equity indices

Index		highest' 16		lowest' 16		2016		2016(€)	
CAC 40	4 543	4 637 at 01/01	3 897 at 11/02	-2.0%				-2.0%	
S&P500	2 163	2 190 at 15/08	1 829 at 11/02	+5.8%				+5.0%	
DAX	10 646	10 761 at 24/10	8 753 at 11/02	-0.9%				-0.9%	
Nikkei	16 252	19 034 at 01/01	14 952 at 24/06	-14.6%				-2.5%	
China*	61	65 at 22/09	48 at 12/02	+2.0%				+1.1%	
India*	469	504 at 08/09	393 at 11/02	+2.5%				+1.3%	
Brazil*	1 791	1 882 at 31/10	860 at 21/01	+41.3%				+71.5%	
Russia*	514	529 at 10/10	331 at 20/01	+14.5%				+26.1%	

At 9-11-16

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)



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Publisher: Jean Lemerre
Editor: William De Vijlder