



## ECONOMIC RESEARCH DEPARTMENT

## Summary

## France

## Some growth, but little progress on structural imbalances

The latest confidence surveys are encouraging and point to another quarter of strong growth, estimated at about 0.4% q/q in first-quarter 2017. The European Commission's latest in-depth review is more mixed as it highlights the limited progress that has been made in terms of structural imbalances.

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## Mexico

## Factoring in the T factor

Mexico is in the frontline of the new US administration's swerve towards protectionism and anti-immigration policies. Our simulations show that the implementation of Donald Trump's programme may lead to a contraction in Mexico's GDP in 2018.

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## A retrouver dans



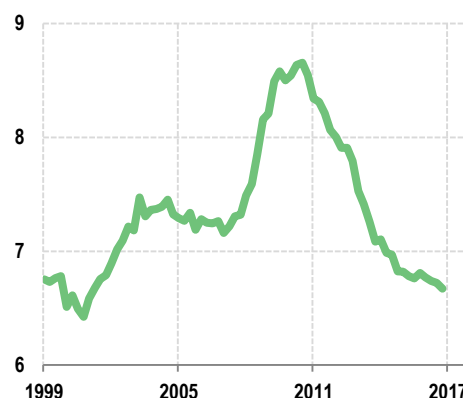
## No news, fake news

■ Donald Trump has repeated his campaign promises, but with no more detail ■ The prospect of a fiscal stimulus looks further off

On 28 February, Donald Trump made his first appearance before the Congress and announced the next steps. Surprises and details were equally scarce. The new US President promised "big, big cuts" in business tax, and a "massive tax cut for the middle class". The desire to repeal Obamacare was confirmed yet again, but still without any details on how to solve the puzzle of unpicking this law. On infrastructure, the lack of detail is still dazzling. The USD 1 trillion target was confirmed, alongside the principle of mixed financing, but that was as far as it went. A single detail stood out: new pipelines, construction of which had been prohibited for environmental reasons, recently authorised by Donald Trump will be included in the figures for new infrastructure spending.

When is it public money? Although nothing detailed was said on this topic we did learn that sequesters on military spending would be removed, suggesting that those on other areas would remain. In short, not one extra cent of public funds will be spent and the policy of spending reductions is not set to change. This leaves us with USD 54 billion increase in military spending. Even assuming that this comes immediately and that there is a fiscal multiplier of 4, the boost to the US economy would be 0.3 of a point of GDP.

## FEDERAL GOVERNMENT SPENDING (% OF GDP)



Source: US Bureau of Economic Analysis

## THE WEEK ON THE MARKETS

Week 24-2 17 > 2-3-17

↗ CAC 40	4 845	↗ 4 964	+2.4 %
↗ S&P 500	2 367	↗ 2 382	+0.6 %
↗ Volatility (VIX)	11.5	↗ 11.8	+0.3 %
↗ Euribor 3M (%)	-0.33	↗ -0.33	+0.0 bp
↗ Libor \$ 3M (%)	1.05	↗ 1.09	+3.9 bp
↗ OAT 10y (%)	0.92	↗ 0.92	+0.2 bp
↗ Bund 10y (%)	0.19	↗ 0.31	+12.4 bp
↗ US Tr. 10y (%)	2.32	↗ 2.49	+17.2 bp
↘ Euro vs dollar	1.06	↘ 1.05	-0.4 %
↘ Gold (ounce, \$)	1 255	↘ 1 242	-1.1 %
↘ Oil (Brent, \$)	56.1	↘ 55.5	-1.0 %

Source: Thomson Reuters



## France

### Some growth, but little progress on structural imbalances

- The latest confidence surveys are encouraging and point to another quarter of strong growth, estimated at about 0.4% q/q in first-quarter 2017.
- The European Commission's latest in-depth review is more mixed as it highlights the limited progress that has been made in terms of structural imbalances.
- Cost-competitiveness is improving, but the same cannot be said for non-cost competitiveness. The fiscal deficit is narrowing, but not the public debt ratio. The jobless rate has begun to decline, but not long-term unemployment.

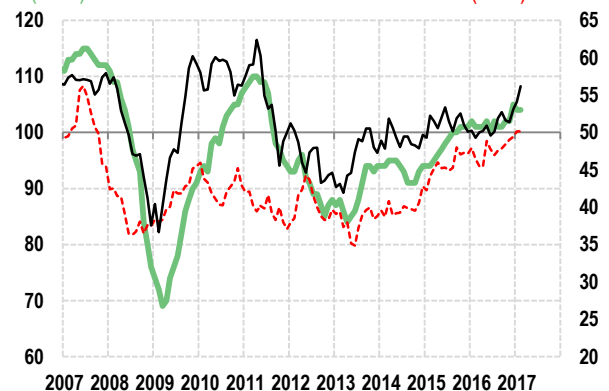
From a cyclical perspective, the French economy is looking more upbeat. Granted the improvements have not been clear cut or strong, and the economy continues to be at the risk of major headwinds. Growth still lacks momentum and this year's acceleration is expected to be mild (1.3% according to our estimates vs. 1.1% in 2016, adjusted for the number of working days). Nonetheless, the most recent indicators are encouraging. The INSEE composite business sentiment index levelled off at 104 in February, the highest level since 2011, and well above the benchmark average of 100. We forecast a quarterly growth rate of 0.4%. Yet given the strong business climate, growth could be stronger, marking an acceleration with regard to fourth-quarter 2016. Indeed, the January-February average of the INSEE index is one point higher than its average level in the fourth quarter. This positive signal is also bolstered by the Markit PMI indices (the composite index hit 56.2 in February, which is also the highest level since 2011) and by the upturn in household confidence (at its highest level since 2007, see chart).

From a structural perspective, in contrast, the situation is still deteriorated according to the European Commission's latest in-depth annual review. Although some progress has been made, it remains limited in scope compared to the imbalances that need to be corrected. Export market shares have stopped declining since 2012, and cost-competitiveness is in the process of improving, thanks notably to the cuts in employers' contributions that lower the cost of labour. But France still faces a long road ahead before it regains lost market shares and sustainably reduces the trade deficit. This task will be even harder given the weak productivity gains. The level of investment is considered as satisfactory but not its characteristics (concentrated around a limited number of large firms; in subsectors of declining importance; with little technological progress embedded). As to the business environment, companies are still strapped with high taxation, heavy regulatory restrictions (despite government efforts to reduce and simplify red tape), and an unstable legal framework. Improvements still need to be made in terms of non-cost competitiveness.

As to public finances, the fiscal deficit should drop below the 3% threshold this year. But the Commission highlights the slow pace of the adjustment, and raises questions about the sustainability of deficit reduction. Recently the deficit was reduced mainly through

#### Confidence surveys

— Composite PMI (RHS) — INSEE composite business confidence index (LHS) --- INSEE household confidence index (LHS)



Chart

Sources: INSEE, Markit

lower interest rates and cutbacks in public investment. It is unlikely that interest rates will remain this low *ad vitam aeternam*, and France's growth potential is likely to be hurt by any further cuts in public investment. Under these conditions, how can the deficit be reduced in line with recommendations? Tax revenues already make up a big share of GDP (53.5% in 2015), leaving little leeway for further tax increases. The solution would be to reduce the weight of other spending (excluding debt servicing and public investment), which is also very high (51.4% of GDP in 2015, 57% all expenses combined). For the Commission, the spending savings would have to be big in order to manage to lower the public debt ratio, which is elevated (estimated at 96.4% in 2016) and still rising.

As to the job market, the good news is that the unemployment rate has finally begun to decline after peaking in 2015. Yet compared to the Eurozone (where unemployment started to fall in 2013), this decline has occurred much later and more slowly: the French unemployment rate has shed half a point, compared to a full point for the Eurozone over the same period. As a result, the two jobless rates are now at the same level, at slightly below 10% according to Eurostat data, which remains high. Moreover, long-term unemployment continues to rise in France. In terms of reforms, the El Khomri labour law has been adopted, resulting in a series of measures that makes it easier for companies to adjust, which should help remedy certain job market rigidities. In contrast, the renegotiation of the unemployment insurance scheme did not come to a successful conclusion, nor, as a consequence, the problem of job market segmentation been addressed. This problem is indeed increased by some modalities of the system that contribute to favour the succession of very short periods of work. From this rapid overview of the French economy's macroeconomic imbalances, we can see the formidable task that awaits France's next president.



## Mexico

### Factoring in the T factor

- Mexico is in the frontline of the new US administration's swerve towards protectionism and anti-immigration policies.
- The Mexican peso has been heckled since Donald Trump's election, interest rates have climbed and the country's short-term economic prospects have been revised significantly downwards.
- Our simulations show that the implementation of Donald Trump's programme may lead to a contraction in Mexico's GDP in 2018.

President Trump's rhetoric and his first protectionist and anti-immigration measures are a big source of uncertainty and concern for Mexico, given its dependence on the United States and its economic and financial openness, which lies at the core of its economic model.

The Mexican peso (MXN) has regained some strength since end-November 2016 but has depreciated by 8% since the 8 November election. CDS premiums on foreign-currency government bonds rose 50 basis points (bp) in just a few days before gradually easing to 134 bp on 2 March. The Mexican Stock Exchange's general index has also picked up, but it was still down 3% in the local currency and 10% in USD for the past four months. Yields on 5-year domestic bonds rose 130 bp over the period to 7.17%.

Under these conditions, Mexico's short-term economic prospects have been revised significantly downwards. The consensus forecast of economists for 2017 GDP growth was lowered from 2.2% in October 2016 to 1.4% in February's latest survey, while 2018 prospects were lowered from 2.8% to 2%, respectively.

Whatever the US decides, and even though it will probably take several months or even quarters before any policy changes actually materialise, the size of the negative shock on confidence and the wait-and-see behaviour of non-resident and local investors are likely to have a big impact on investment spending in Mexico in the months ahead. Consequently, investment is likely to contract in 2017. Already shaken by a big fuel price increase announced in January, household confidence is also expected to deteriorate, straining private consumption. Nor should we expect any support from economic policies. Fiscal policy is likely to remain relatively restrictive, as it has been over the past two years, against a backdrop of declining oil revenues and the financial difficulties of the state-owned company Pemex. Constrained by the peso's sharp drop and surging inflation, the monetary authorities are likely to tighten monetary conditions more severely than was expected just a few months ago, largely leading the Fed rather than following behind. Paradoxically, exports might end up being the only support factor for economic growth while awaiting the concretisation of US trade retaliation measures.

### ■ Impulse response of real Mexican GDP to external shocks (standardised at 1 percentage point)

	Real US GDP	US 10-year rates	Yield spreads	Real exchange rate MXN/USD
Q1	0.24	-0.11	-0.16	-0.13
Cumul Q1-Q4	0.86	-0.55	-0.81	0.09
Cumul Q5-Q8	0.12	-0.09	0.29	0.20
Cumul Q1-Q8	0.98	-0.63	-0.52	0.29

Table 1

Source : BNP Paribas

To estimate the concrete consequences that future US economic and trade policies could have on Mexico's economic performance, we used a vector auto-regression (VAR) econometric model to evaluate the effects of different external economic and financial shocks on economic activity in Mexico.

Our model can be written as follows (for further details see *Conjoncture of February 2017: "Mexico: US anchor called into question"*):

$$y_t = [\Delta y_t^{US}, IR10_t^{US}, Spread_t, RER_t, \Delta y_t^{Mex}, IR_t^{Mex}]$$

where  $\Delta y_t^{US}$  is real US GDP growth,  $IR10_t^{US}$  is the interest rate on 10-year US Treasury bonds,  $Spread_t$  is the yield spread on 10-year Mexican government bonds in foreign currency,  $RER_t$  is the real exchange rate of the peso against the US dollar,  $\Delta y_t^{Mex}$  is real Mexican GDP growth and  $IR_t^{Mex}$  is the Mexican interbank interest rate.

The breakdown of annual Mexican GDP growth (Cholesky matrix) confirms that external factors are key explanations, mainly US GDP growth (31%) and yield spreads (20%), which are influenced by international market conditions, but also by internal factors specific to Mexico (political risk, stability of public finances).

The results of our simulation, summarised in Table 1, can be interpreted as follows: an initial shock on US GDP growth of 1 percentage point (pp) would generate an instantaneous response of 0.24 pp of real GDP growth for Mexico, a cumulative response over four quarters of 0.86 pp, and a cumulative response over eight quarters of 0.98 pp.



Using VAR, we construct a system of equations to predict real GDP growth for Mexico using the following three alternative scenarios based on whether or not Donald Trump's programme is realised (see table 2):

#### S1: most favourable scenario for Mexico

US GDP growth accelerates to an annual average of 2.3% in 2017 and 2.8% in 2018, bolstered by a fiscal stimulus package (infrastructure), corporate tax cuts (acceleration of investment and job creations rather than hoarding or dividend payments) and financial deregulation (acceleration of lending). At the same time, we consider a mild increase in tariffs on Mexican imports, which would be proxied by a 10% appreciation in the real exchange rate in Q3 2017.

#### S2: intermediate scenario

The same assumptions for US growth as in S1, but with the introduction of major tariff and non-tariff barriers on Mexican goods, which would be proxied by a 30% appreciation in the real exchange rate in Q3 2017.

#### S3: worst-case scenario for Mexico

No stimulus in the US (GDP growth would average between 2% and 2.2% in 2017-18) accompanied by major trade barriers, identical to those in S2.

We conclude (see chart 1) that under the most favourable scenario (S1), Mexican economic growth would stall on a year-on-year basis in Q4 2017 and Q1 2018, reducing the carryover for 2018, before regaining some traction to finish 2018 with an average annual growth rate of 0.5%. In both S1 and S2, real GDP growth would average 1.2% in 2017. Yet in S2, economic activity would slump from Q1 2018-Q3 2018 (on a year-on-year basis). This would bring average GDP growth to -0.3% in 2018. Lastly, under worst-case scenario S3, real GDP would remain in negative territory until early 2019. It would increase at an average annual rate of 1.1% in 2017 before contracting 0.5% in 2018.

### Hypotheses for explanatory variables

	Y_US	IR_US10	Spread	RER	IR_MEX
<b>Scenario 1</b>					
2017 Q1	2.2	2.6	232	729	6.8
2017 Q2	2.4	2.8	232	729	7.8
2017 Q3	2.2	2.9	232	656	8.0
2017 Q4	2.4	3.0	232	656	8.0
2018 Q1	2.6	3.2	232	656	8.0
2018 Q2	2.8	3.3	232	656	8.0
2018 Q3	2.8	3.4	232	656	8.0
2018 Q4	2.9	3.5	232	656	8.0
<b>Scenario 2</b>					
2017 Q1	2.2	2.6	232	729	6.8
2017 Q2	2.4	2.8	232	729	7.8
2017 Q3	2.2	2.9	280	510	8.0
2017 Q4	2.4	3.0	280	510	7.8
2018 Q1	2.6	3.2	280	510	7.5
2018 Q2	2.8	3.3	280	510	7.5
2018 Q3	2.8	3.4	280	510	7.5
2018 Q4	2.9	3.5	280	510	7.5
<b>Scenario 3</b>					
2017 Q1	2.2	2.6	232	729	6.8
2017 Q2	2.0	2.8	232	729	7.8
2017 Q3	1.9	2.9	280	510	8.0
2017 Q4	2.1	3.0	280	510	7.8
2018 Q1	2.2	3.0	280	510	7.5
2018 Q2	2.3	3.0	280	510	7.5
2018 Q3	2.3	3.0	280	510	7.5
2018 Q4	2.1	3.0	280	510	7.5

Table 2

Source: BNP Paribas

### Mexico's GDP growth projections

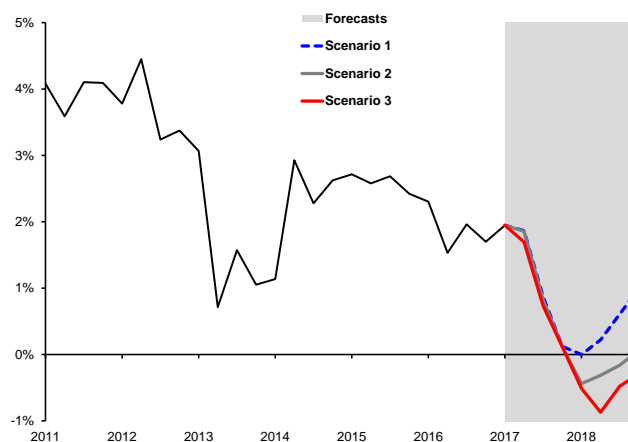


Chart 1

Source : BNP Paribas





## Markets overview

## The essentials

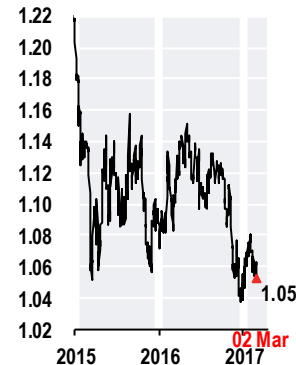
Week 24-2 17 &gt; 2-3-17

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➤ Euro vs dollar	1.06	➤ 1.05	-0.4 %
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➤ Oil (Brent, \$)	56.1	➤ 55.5	-1.0 %

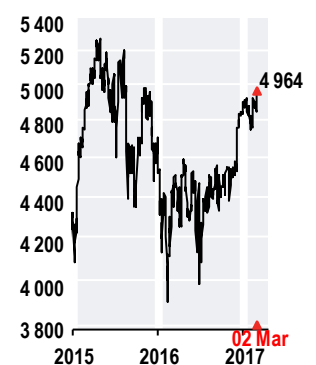
10 y bond yield, OAT vs Bund



Euro-dollar



CAC 40



## Money &amp; Bond Markets

Interest Rates		highest' 17		lowest' 17	
€ ECB	0.00	0.00 at 02/01	0.00 at 02/01		
Eonia	-0.35	-0.35 at 04/01	-0.36 at 22/02		
Euribor 3M	-0.33	-0.32 at 02/01	-0.33 at 22/02		
Euribor 12M	-0.11	-0.08 at 02/01	-0.11 at 28/02		
\$ FED	0.75	0.75 at 02/01	0.75 at 02/01		
Libor 3M	1.09	1.09 at 01/03	1.00 at 02/01		
Libor 12M	1.79	1.79 at 01/03	1.68 at 06/01		
£ BoE	0.25	0.25 at 02/01	0.25 at 02/01		
Libor 3M	0.35	0.37 at 05/01	0.35 at 01/03		
Libor 12M	0.73	0.78 at 09/01	0.73 at 01/03		

At 2-3-17

Yield (%)		highest' 17		lowest' 17	
€ AVG 5-7y	0.47	0.56 at 02/02	0.23 at 02/01		
Bund 2y	-0.85	-0.66 at 25/01	-0.96 at 24/02		
Bund 10y	0.31	0.49 at 26/01	0.09 at 02/01		
OAT 10y	0.92	1.14 at 06/02	0.67 at 02/01		
Corp. BBB	1.50	1.65 at 01/02	1.41 at 24/02		
\$ Treas. 2y	1.32	1.32 at 02/03	1.14 at 24/02		
Treas. 10y	2.49	2.52 at 15/02	2.32 at 24/02		
Corp. BBB	3.75	3.81 at 03/01	3.62 at 24/02		
£ Treas. 2y	0.03	0.22 at 06/01	0.01 at 28/02		
Treas. 10y	1.14	1.51 at 26/01	1.07 at 28/02		

At 2-3-17

10y bond yield &amp; spreads

7.03%	Greece	671 pb
4.25%	Portugal	393 pb
2.13%	Italy	181 pb
1.68%	Spain	136 pb
0.97%	Ireland	65 pb
0.92%	France	60 pb
0.76%	Belgium	44 pb
0.52%	Austria	20 pb
0.43%	Finland	11 pb
0.40%	Netherlands	8 pb
0.31%	Germany	

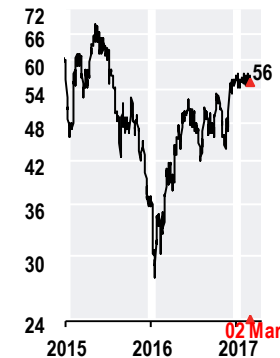
## Commodities

Spot price in dollars		lowest' 17		2017(€)	
Oil, Brent	56	54 at 19/01	-1.9%		
Gold (ounce)	1 242	1 156 at 03/01	+7.5%		
Metals, LMEX	2 918	2 639 at 03/01	+9.9%		
Copper (ton)	5 918	5 487 at 03/01	+7.4%		
CRB Foods	347	339 at 02/01	+2.7%		
wheat (ton)	160	146 at 02/01	+9.8%		
Corn (ton)	140	133 at 02/01	+5.6%		

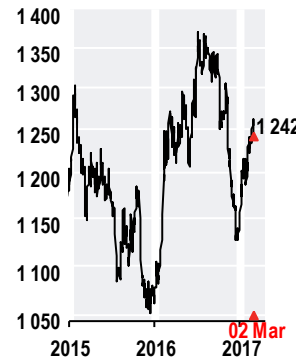
At 2-3-17

Variations

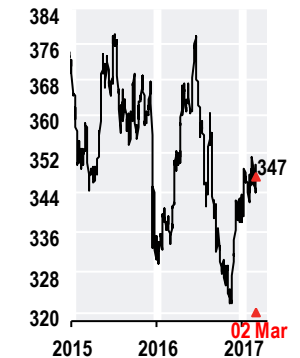
Oil (Brent, \$)



Gold (Ounce, \$)



CRB Foods



## Exchange Rates

1€ =		highest' 17		lowest' 17		2017	
USD	1.05	1.08 at 31/01	1.04 at 03/01	-0.2%			
GBP	0.86	0.88 at 16/01	0.84 at 23/02	+0.4%			
CHF	1.06	1.07 at 24/01	1.06 at 08/02	-0.7%			
JPY	120.42	123.21 at 06/01	118.74 at 24/02	-2.1%			
AUD	1.39	1.46 at 02/01	1.37 at 23/02	-4.7%			
CNY	7.25	7.43 at 31/01	7.22 at 03/01	-1.2%			
BRL	3.29	3.44 at 18/01	3.24 at 15/02	-4.2%			
RUB	61.73	64.95 at 31/01	60.60 at 15/02	-4.1%			
INR	70.21	73.32 at 31/01	70.21 at 02/03	-1.9%			

At 2-3-17

Variations

## Equity indices

Index		highest' 17		lowest' 17		2017		2017(€)
CAC 40	4 964	4 964 at 02/03	4 749 at 31/01	+2.1%				
S&P500	2 382	2 396 at 01/03	2 239 at 02/01	+6.4%				
DAX	12 060	12 067 at 01/03	11 510 at 06/02	+5.0%				
Nikkei	19 565	19 594 at 04/01	18 788 at 24/01	+2.4%				
China*	65	66 at 22/02	59 at 02/01	+10.5%				
India*	493	495 at 01/03	445 at 03/01	+8.5%				
Brazil*	1 890	2 001 at 22/02	1 654 at 02/01	+8.5%				
Russia*	567	622 at 03/01	563 at 28/02	-9.0%				

At 2-3-17

Variations

\* MSCI index



## Economic forecasts

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

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

## Financial forecasts

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

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

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



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