



Summary

European Union

What future for Europe?

March 25 will mark the 60th anniversary of the signing of the Treaty of Rome. The European Commission has tried to shed some light on future trends by examining five possible scenarios. The leaders of the biggest eurozone member states already seem to have opted for a multi-speed Europe.

► Page 2

France

Supply and demand

France is suffering from both supply-side and demand-side problems. The big question is how to support the one and stimulate the other.

► Page 4

Market overview

► Page 5

Summary of forecasts

► Page 6

A retrouver dans



Looking at Germany's surpluses

■ Germany's current account surpluses on the rise ■ ... except with the eurozone

Germany is frequently berated by the European Commission and other international organisations for its huge current account surpluses.

Last month, the US administration joined the chorus when Germany reported the surplus for 2016 at EUR 270 billion (or 8.5% of GDP), a new record.

The widening surplus is partly related to Germany's weak public and private investment. Strengthening of the country's infrastructure and stimulating private capital spending - through deregulation and intensifying competition in services - are among the challenges for the next German government.

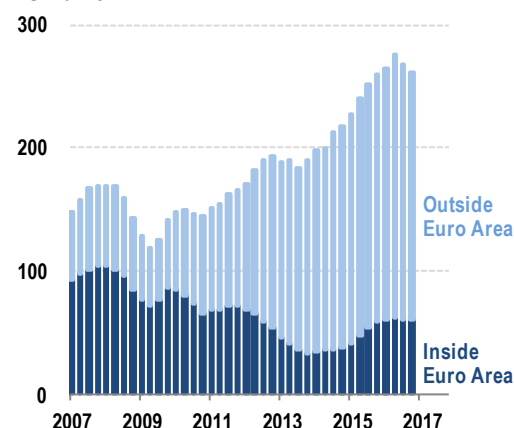
In purely arithmetical terms, the increase in Germany's surplus leads to lower current account balances in other countries.

However, contrary to popular belief, the rising surplus is not so much against the eurozone, but mainly against the US, the UK and the emerging economies including China (see chart).

In particular, the surplus with France tends to narrow. At the moment Germany decided to implement a minimum wage, France implemented supply-side measures. Over the last three years, Unit labour costs are rising faster in Germany than elsewhere in Europe, including France.

GERMANY, CURRENT ACCOUNT SURPLUSES

EUR billion



Source: Bundesbank

THE WEEK ON THE MARKETS

Week 17-3 17 > 23-3-17

↗ CAC 40	5 029	► 5 033	+0.1 %
↘ S&P 500	2 378	► 2 346	-1.4 %
↗ Volatility (VIX)	11.3	► 13.1	+1.8 %
↘ Euribor 3M (%)	-0.33	► -0.33	-0.1 bp
↗ Libor \$ 3M (%)	1.15	► 1.16	+0.5 bp
↘ OAT 10y (%)	1.10	► 1.04	-5.8 bp
↘ Bund 10y (%)	0.43	► 0.42	-0.8 bp
↘ US Tr. 10y (%)	2.50	► 2.42	-8.3 bp
↗ Euro vs dollar	1.07	► 1.08	+0.4 %
↗ Gold (ounce, \$)	1 229	► 1 244	+1.2 %
↘ Oil (Brent, \$)	51.8	► 50.7	-2.0 %

Source: Thomson Reuters



European Union

What future for Europe?

- March 25 will mark the 60th anniversary of the signing of the Treaty of Rome. How can we celebrate this event without stopping to take stock of the obstacles now facing the European project?
- The European Commission has tried to shed some light on future trends by examining five possible scenarios.
- The leaders of the biggest eurozone member states already seem to have opted for a multi-speed Europe. Yet this is surely not the clearest choice for Europe's future, nor does it come without risks.
- The European Commission intends to fuel debate in the months ahead, in the hopes that by the end of 2017, European executive leaders will be in a stronger position to pick a scenario and push forward European construction.

The Treaty of Rome creating the European Economic Community celebrates its 60th year this Saturday, 25 March. Yet it is hard to imagine this anniversary celebration without stopping to think about all the obstacles currently facing Europe, notably the rise of Euroscepticism in several member states; the questioning of the project by other world powers, notably the United States; the UK's decision to exit the EU; and the difficulties of removing the stigma left by a major economic crisis that revealed the single currency's dysfunctions.

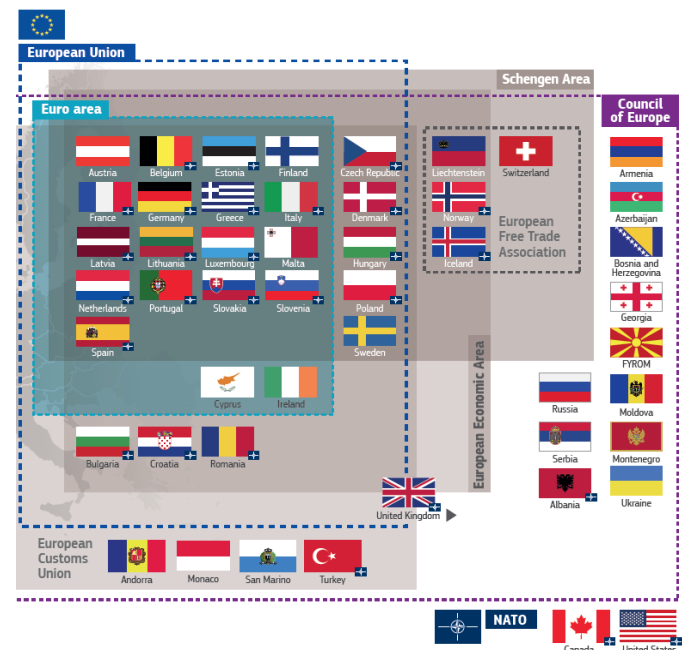
Today, how should we talk about Europe's future? The European Commission rose to the challenge with the recent publication of a white paper on the future of Europe. Its objective is to clarify the terms of the debate by demonstrating that we are not faced with a binary choice between more or less Europe, and to help citizens understand the concrete implications of future evolutions. According to the Commission, member states have several options to choose between.

Five scenarios for the future

The first scenario is to carry on the current path. Today, the European project boasts vast ambitions, in terms of social harmonisation and the convergence of living standards, with all EU countries striving to integrate the euro... But in practice, progress is only limited and gradual, since it is hard to get all 28 member states to agree on these issues. The problem is that the gap between expectations and realisations fuels public mistrust and the rise of Euroscepticism.

The second scenario is nothing but the single market (basically a programme that would have pleased the UK). It would mean renouncing other common policies like convergence, European structural funds and the common agricultural policy. It would also mean foregoing the ambition to harmonise social welfare and environmental standards between member states. Focusing on new

Europe today



Chart

Source: European Commission

priorities for Europe would offer the advantage of adjusting European ambitions to its concrete realisations. Yet the major risk of this scenario is to trigger a race to the bottom in terms of fiscal, social and environmental standards, through competition between member countries. This non-cooperative strategy would obviously be harmful for the citizens of the EU as a whole. Moreover, under these conditions, what would be the euro's role and future?

The third scenario is to launch a multi-speed Europe, allowing one or more circles of countries to emerge that are willing to do more in specific areas of integration.

The fourth scenario is to do less but more efficiently. Member states would still advance altogether, but in fewer areas, with greater financial resources, and with a certain loss of sovereignty. To be more efficient, more restrictive decision-making procedures would be adopted, like those already set up for banking supervision and competition policy.

The fifth and last scenario is to do much more together, to strive for greater integration with the ultimate goal of creating a federal union.

A multi-speed Europe: the *de facto* choice without debate?

Of course, not all of these scenarios are real possibilities, but by presenting them, the Commission highlights the implicit choices hidden behind the big options. The Commission insists on the fact that preserving national sovereignty on fiscal, social and



environmental issues within a single market risks fuelling competition that could hinder progress on these fronts, and could even undermine the advances already made by member states. Inversely, harmonisation and integration cannot result in high standards and efficient policies without the transfer of sovereignty to the European level.

The leaders of EU member states could use this white paper to present their citizens with clear, coherent choices. But will they do it? A few days ahead of legislative elections in the Netherlands, France held a summit meeting of the leaders of the eurozone's four biggest countries, which are also the biggest of a post-Brexit EU-27. They are clearly heading towards a multi-speed Europe, in which those who want to can pursue deeper integration. In the current environment, defence and intelligence are presented as the most probable areas for advancement. In economics, there will ultimately be the question of fiscal and social harmonisation, or the creation of a fiscal capacity for the eurozone. For these leaders, this approach offers the advantage of being based on voluntary efforts and inter-governmental decision-making procedures, which they have tended to favour since the outbreak of the crisis. Assuming they can reach agreement, a multi-speed strategy should also enable the eurozone member states to deepen integration – which is absolutely necessary to anchor the single currency – without being hampered by the need to convince the entire EU-27.

Yet this is not necessarily the clearest choice, nor does it come without risks. First, it leaves no way of knowing in advance in what direction the EU intends to evolve in the years ahead, as this direction will be the result of the different circles of integration that the countries will decide, or not, to implement. There is no way of ensuring the coherence between the different domains in which progress is made, and whether they will form a stable body for both

the EU and the eurozone. Second, it should be hard to prevent a multi-speed Europe from creating new opportunities for a Europe “à la carte”, with member countries picking and choosing to opt in or out. Forming a powerful hard core group, the four member countries attending the summit are counting on their size and power to sway other members. But how can they prevent the smallest member states from adopting free-rider strategies? The third risk is division. Several member countries fear that a “multi-speed Europe” masks the determination of some eurozone countries to go it alone, and worry about what consequences that might have.

In the months ahead, the European Commission intends to continue fuelling debate by publishing a series of papers on developing the social dimension of Europe, deepening Economic and Monetary Union, harnessing globalisation, the future of Europe's defence, and the future of EU finances. Hopefully all of this will encourage the heads of state to take the initiative at the next European Summit in December 2017, provided that upcoming elections in several member states will give the future executive leaders the political capital necessary to develop proposals.



France

Supply and demand

- France is suffering from both supply-side and demand-side problems. This is the analysis made by most of the international institutions.
- This is not as contradictory as it might sound: an economy can experience structural problems that limit its potential growth while at a given time still be hit by a shortage of demand.
- The big question is how to reconcile supply-side improvements and demand stimulus. One response highlights the positive impact of structural reforms on demand in the short term through wealth effect. A second response underscores the key role of investment, which is both a component of demand and a source of productivity gains.

Today, most of the international institutions (foremost of which are the IMF, OECD, and European Commission) point out the structural imbalances of the French economy arising from its low potential growth, which is dependent on supply-side factors. The same institutions also agree that France has a negative output gap, i.e. that the actual level of production is below potential, a sign of a demand shortage. This raises the question of whether France's problem is one of supply or demand. In this article, we are not trying to settle the matter one way or the other, but rather to clarify the stakes and, to a certain degree, to question its pertinence.

Supply-side problems

The French economy's supply-side difficulties are well-documented. They formed the basis for revising down potential growth estimates in recent years. According to the OECD, France's potential growth rate has slipped from an average of 1.8% in 2000 to 2009, to 1.1% since 2010. Potential growth corresponds to the cruising speed at which an economy *at equilibrium* (i.e. when aggregate demand equals aggregate supply) can grow without overheating. In the long term, it depends on demographic factors and productivity gains, i.e. changes in the size of the working age population and their output. France is not the only economy hit by a decline in potential growth: slowdown in technical progress is global and a lot of advanced economies are affected by ageing population. But specific developments, such as high structural unemployment or lack of productive investment, can aggravate these trends. This is the case in France. Inversely, improving these factors can be a way of raising potential growth. This is why the international institutions have issued various recommendations to implement structural reforms in order to stimulate supply and, more specifically, to improve competitiveness.

Shortage of demand

At the same time, the IMF, OECD and European Commission all estimate that France has a negative output gap, even though their estimates vary significantly. The OECD estimates the negative output gap at 2.3% (of potential GDP) at year-end 2016, compared to 1.8% for the IMF and 1.3% for the European Commission. According to this analysis, France's sluggish growth in recent years is not due to supply-side constraints hindering production, but rather to a shortfall of demand. This assessment seems corroborated by the low level of core inflation, which averaged 0.4% year-on-year over the past three months, suggesting that the economy has some underemployed resources. Stimulating demand – via fiscal measures, for example — would generate more vigorous growth, lifting it above the potential growth rate (it being understood that GDP growth above potential is necessary to close the output gap). The impact on public finances would depend on the fiscal multiplier, that is to say GDP variation in response to a 1%-increase in public spending. A multiplier equal to or higher than 1 would stimulate demand without raising the debt-to-GDP ratio.

Supply and demand

Should we conclude then that France is suffering from a shortage of both supply and demand? It is conceptually possible to imagine an economy experiencing structural problems that hinder potential growth while at the same time recording a level of production lower than it should be (i.e. lower than potential GDP). This brings us to the big question of how to reconcile supply-side improvements and support for demand. The stakes are high: numerous studies show that an extended period of a demand shortfall can have a significant, lasting impact on supply.

Faced with this challenge, several institutions highlight the positive impact of structural reforms on demand. This is notably the case for the ECB. By raising productivity expectations, and thus expectations of future revenues, supply-side policies act as a wealth effect that stimulates spending in the short term. But a certain number of conditions must also come together: economic agents must make rational expectations and not be squeezed by liquidity constraints; and the credibility of the reforms must be strong.

Another response underscores the key role investment plays, as both a source of demand and productivity gains. In this respect, the priority is often placed on investment in infrastructure and human capital. This kind of public investment is esteemed to have a high multiplier effect because of its stronger knock-on effect on private investment, notably when the output gap is negative. This explains the debate about introducing a “golden rule” that excludes certain public investments from European fiscal criteria.



Markets overview

The essentials

Week 17-3-17 > 23-3-17

➤ CAC 40	5 029	➤ 5 033	+0.1 %
➤ S&P 500	2 378	➤ 2 346	-1.4 %
➤ Volatility (VIX)	11.3	➤ 13.1	+1.8 %
➤ Euribor 3M (%)	-0.33	➤ -0.33	-0.1 bp
➤ Libor \$ 3M (%)	1.15	➤ 1.16	+0.5 bp
➤ OAT 10y (%)	1.10	➤ 1.04	-5.8 bp
➤ Bund 10y (%)	0.43	➤ 0.42	-0.8 bp
➤ US Tr. 10y (%)	2.50	➤ 2.42	-8.3 bp
➤ Euro vs dollar	1.07	➤ 1.08	+0.4 %
➤ Gold (ounce, \$)	1 229	➤ 1 244	+1.2 %
➤ Oil (Brent, \$)	51.8	➤ 50.7	-2.0 %

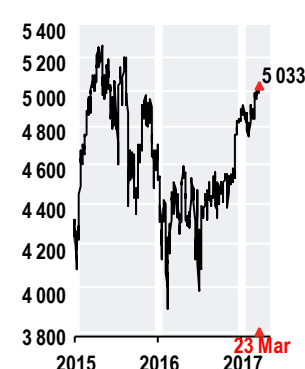
10 y bond yield, OAT vs Bund



Euro-dollar



CAC 40



Money & Bond Markets

Interest Rates		highest' 17		lowest' 17	
€ ECB	0.00	0.00 at 02/01	0.00	at 02/01	
Eonia	-0.36	-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	1.00	1.00 at 16/03	0.75	at 02/01	
Libor 3M	1.16	1.16 at 22/03	1.00	at 02/01	
Libor 12M	1.81	1.83 at 15/03	1.68	at 06/01	
£ BoE	0.25	0.25 at 02/01	0.25	at 02/01	
Libor 3M	0.34	0.37 at 05/01	0.34	at 20/03	
Libor 12M	0.74	0.78 at 09/01	0.72	at 13/03	

At 23-3-17

Yield (%)		highest' 17		lowest' 17	
€ AVG 5-7y	0.56	0.68 at 17/03	0.23	at 02/01	
Bund 2y	-0.76	-0.66 at 25/01	-0.96	at 24/02	
Bund 10y	0.42	0.49 at 10/03	0.09	at 02/01	
OAT 10y	1.04	1.14 at 06/02	0.67	at 02/01	
Corp. BBB	1.57	1.65 at 01/02	1.41	at 24/02	
\$ Treas. 2y	1.25	1.38 at 14/03	1.14	at 24/02	
Treas. 10y	2.42	2.61 at 13/03	2.32	at 24/02	
Corp. BBB	3.73	3.90 at 14/03	3.62	at 24/02	
£ Treas. 2y	0.11	0.22 at 06/01	0.01	at 28/02	
Treas. 10y	1.16	1.51 at 26/01	1.07	at 28/02	

At 23-3-17

10y bond yield & spreads

7.51%	Greece	709 pb
4.20%	Portugal	377 pb
2.25%	Italy	182 pb
1.72%	Spain	129 pb
1.09%	Ireland	66 pb
1.04%	France	61 pb
0.91%	Belgium	49 pb
0.62%	Austria	19 pb
0.53%	Finland	10 pb
0.50%	Netherlands	7 pb
0.42%	Germany	

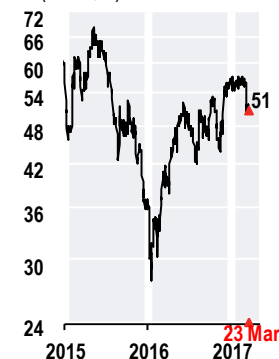
Commodities

Spot price in dollars		lowest' 17		2017(€)	
Oil, Brent	51	50 at 22/03	-12.5%		
Gold (ounce)	1 244	1 156 at 03/01	+5.1%		
Metals, LMEX	2 854	2 639 at 03/01	+4.9%		
Copper (ton)	5 798	5 487 at 03/01	+2.6%		
CRB Foods	340	339 at 02/01	-1.7%		
wheat (ton)	151	146 at 02/01	+1.0%		
Corn (ton)	130	130 at 23/03	-4.0%		

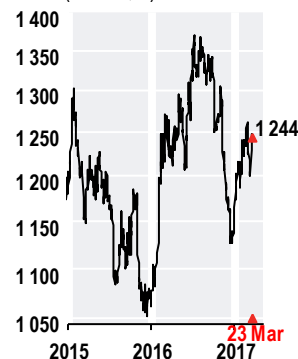
At 23-3-17

Variations

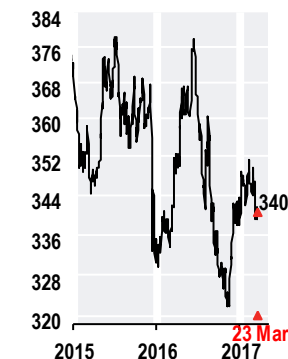
Oil (Brent, \$)



Gold (Ounce, \$)



CRB Foods



Exchange Rates

1€ =		highest' 17		lowest' 17		2017	
USD	1.08	1.08 at 21/03	1.04	at 03/01	+2.3%		
GBP	0.86	0.88 at 16/01	0.84	at 23/02	+0.9%		
CHF	1.07	1.08 at 10/03	1.06	at 08/02	-0.1%		
JPY	119.89	123.21 at 06/01	118.74	at 24/02	-2.5%		
AUD	1.41	1.46 at 02/01	1.37	at 23/02	-3.1%		
CNY	7.43	7.46 at 21/03	7.22	at 03/01	+1.4%		
BRL	3.38	3.44 at 18/01	3.24	at 15/02	-1.5%		
RUB	61.93	64.95 at 31/01	60.60	at 15/02	-3.8%		
INR	70.70	73.32 at 31/01	69.84	at 15/03	-1.2%		

At 23-3-17

Variations

Equity indices

	Index	highest' 17		lowest' 17		2017	2017(€)
CAC 40	5 033	5 033	at 23/03	4 749	at 31/01	+3.5%	+3.5%
S&P500	2 346	2 396	at 01/03	2 239	at 02/01	+4.8%	+2.5%
DAX	12 040	12 095	at 17/03	11 510	at 06/02	+4.9%	+4.9%
Nikkei	19 085	19 634	at 13/03	18 788	at 24/01	-0.2%	+2.5%
China*	67	68	at 20/03	59	at 02/01	+14.5%	+11.8%
India*	512	517	at 16/03	445	at 03/01	+10.8%	+12.2%
Brazil*	1 817	2 001	at 22/02	1 654	at 02/01	+4.7%	+6.3%
Russia*	580	622	at 03/01	537	at 09/03	-8.5%	-5.9%

At 23-3-17

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
Advanced	1.6	2.0	2.1	0.8	2.0	1.9						
United States	1.6	2.4	2.7	1.3	2.5	2.6	-2.5	-2.4	-2.4	-3.4	-4.2	-5.0
Japan	1.0	1.2	0.9	-0.1	0.7	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	2.6	-4.7	-4.1	-3.2	-3.0	-2.7	-3.1
Euro Area	1.7	1.6	1.6	0.2	1.7	1.2	3.4	3.0	3.1	-1.7	-1.4	-1.2
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	1.6	0.9	2.1	2.2	2.1	-2.4	-2.4	-2.5
Spain	3.3	2.6	2.0	-0.3	2.3	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
Emerging	4.2	4.5	5.0	4.8	4.6	4.4						
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	7.5	7.3	7.8	4.9	4.9	5.2	-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
World	3.1	3.4	3.8	3.1	3.5	3.3						

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			
US	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
EMU	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
UK	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
Japan	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			
USD	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
EUR	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)



Most recent articles

MARCH	17 March	17-11	United Kingdom: What if Brexit never happens? Emerging countries: Argentina-Venezuela: a tale of two stories
	10 March	17-10	United States: Sometimes there is no room for doubt Netherlands: Wide range of choices at election
	03 March	17-09	France: Some growth, but little progress on structural imbalances Mexico: Factoring in the T factor
FEBRUARY	24 February	17-08	Germany: Infrastructure under threat Greece: Another try
	17 February	17-07	United States: Reflation? France: Significantly more jobs, a little less unemployment in 2016
	10 February	17-06	Emerging: Justified caution Turkey: A complex equation
	03 February	17-05	Eurozone: Four inflation criteria China: The threat of capital outflows
JANUARY 2017	27 January	17-04	Global: 2017 outlook France: Could growth be stronger in 2017 than in 2016? Brazil: A slow recovery in the making
	20 January	17-03	Global: Focus on a classical nexus United States: Ceasing purchases is the plan Italy: Monte dei Paschi: What's next?
	13 January	17-02	United Kingdom: London Bridge Is Falling Down European Union: Dealing with Chinese competition France: Towards a net rebound in Q4 growth
	6 January	17-01	Global: A weak euro for long Global: 2017: A critical year for the climate negotiations Eurozone: Characteristics of a healthier job market
DECEMBER	16 December	16-44	United States: A bird in the hand is worth two in the bush Netherlands: Government faces disgruntled voters
	09 December	16-43	Eurozone: ECB: "A sustained presence on the markets" Eurozone: The European Commission's case Italy: Referendum: limited consequences for banks
	02 December	16-42	France: Inflation picks up slightly Portugal: The European Commission shows some flexibility
NOVEMBER	25 November	16-41	Japan: Abenomics: A failure called too early France: Labour market: Late November update
	18 November	16-40	Global: Youth unemployment: an important ongoing policy challenge Ireland: Beyond revisions
	10 November	16-39	United States: The day after tomorrow France: A closer look at weak Q3 growth Finland: Slow motion turnaround
	04 November	16-38	United States: Time to spend China: No rest for credit risks
OCTOBER	28 October	16-37	United States: The sin of certainty Russia: A budget constrained
	21 October	16-36	Eurozone: ECB: Waiting for December Austria: Worrisome trends
	14 October	16-35	United States: In the name of credibility, but which one ? France: The CICE tax credit must still prove its worth
	07 October	16-34	Eurozone: Budget season France: Economic indicators are turning green
SEPTEMBER	30 September	16-33	Germany: Slowing growth but peaking confidence France: A constrained budget
	23 September	16-32	United States: Rich, deep, serious Eurozone: ECB: The PSPP parameters Japan: Monetary policy: let's give it another try France: Growth prospects and confidence



BNP PARIBAS

The bank
for a changing
world

Group Economic Research

■ **William DE VIJDER**
Chief Economist

+33(0)1 55 77 47 31

william.devijlder@bnpparibas.com

ADVANCED ECONOMIES AND STATISTICS

■ **Jean-Luc PROUTAT**
Head

+33(0)1 58 16 73 32

jean-luc.proutat@bnpparibas.com

■ **Alexandra ESTIOT**
Works coordination - United States - United Kingdom - Globalisation

+33(0)1 58 16 81 69

alexandra.estiot@bnpparibas.com

■ **Hélène BAUDCHON**
France (short-term outlook and forecasts) - Labour markets

+33(0)1 58 16 03 63

helene.baudchon@bnpparibas.com

■ **Frédérique CERISIER**
Euro Area (European governance and public finances), Spain, Portugal

+33(0)1 43 16 95 52

frederique.cerisier@bnpparibas.com

■ **Thibault MERCIER**
Euro Area (short-term outlook and monetary policy), France (structural reforms)

+33(0)1 57 43 02 91

thibault.mercier@bnpparibas.com

■ **Manuel NUNEZ**
Japan, Ireland - Projects

+33(0)1 42 98 27 62

manuel.a.nunez@bnpparibas.com

■ **Catherine STEPHAN**
Nordic countries - World trade - Education, health, social conditions

+33(0)1 55 77 71 89

catherine.stephan@bnpparibas.com

■ **Raymond VAN DER PUTTEN**
Germany, Netherlands, Austria, Switzerland - Energy, climate - Long-term projections

+33(0)1 42 98 53 99

raymond.vanderputten@bnpparibas.com

■ **Tarik RHARRAB**
Statistics and Modelling

+33(0)1 43 16 95 56

tarik.rharrab@bnpparibas.com

BANKING ECONOMICS

■ **Laurent QUIGNON**
Head

+33(0)1 42 98 56 54

laurent.quignon@bnpparibas.com

■ **Céline CHOULET**

+33(0)1 43 16 95 54

celine.choulet@bnpparibas.com

■ **Thomas HUMBLLOT**

+33(0)1 40 14 30 77

thomas.humblot@bnpparibas.com

EMERGING ECONOMIES AND COUNTRY RISK

■ **François FAURE**
Head - South Africa, Argentina - Methodology

+33(0)1 42 98 79 82

francois.faure@bnpparibas.com

■ **Christine PELTIER**
Deputy Head - Greater China, Vietnam, other North Asia countries - Methodology

+33(0)1 42 98 56 27

christine.peltier@bnpparibas.com

■ **Stéphane ALBY**
Africa (French-speaking countries)

+33(0)1 42 98 02 04

stephane.alby@bnpparibas.com

■ **Sylvain BELLEFONTAINE**
Turkey, Brazil, Mexico, Central & South America - Methodology

+33(0)1 42 98 26 77

sylvain.bellefontaine@bnpparibas.com

■ **Pascal DEVAUX**
Middle East, Balkan countries, Nigeria, Angola - Scoring

+33(0)1 43 16 95 51

pascal.devau@bnpparibas.com

■ **Anna DORBEC**
CIS, Central European countries

+33(0)1 42 98 48 45

anna.dorbec@bnpparibas.com

■ **Johanna MELKA**
Asia, Russia

+33(0)1 58 16 05 84

johanna.melka@bnpparibas.com

■ **Alexandra WENTZINGER**
Chile, Uruguay, Paraguay

+33(0)1 42 98 74 26

alexandra.wentzinger@bnpparibas.com

■ **Michel BERNARDINI**
Public Relation Officer

+33(0)1 42 98 05 71

michel.bernardini@bnpparibas.com



BNP PARIBAS

The bank
for a changing
world

OUR PUBLICATIONS



CONJONCTURE

Structural or in news flow, two issues analysed in depth



EMERGING

Analyses and forecasts for a selection of emerging economies



PERSPECTIVES

Analyses and forecasts for the main countries, emerging or developed



ECOFASH

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



ECOWEEK

Weekly economic news and much more...



ECOTV

In this monthly web TV, our economists make sense of economic news



ECOTV WEEK

What is the main event this week? The answer is in your two minutes of economy

The information and opinions contained in this report have been obtained from, or are based on, public sources believed to be reliable, but no representation or warranty, express or implied, is made that such information is accurate, complete or up to date and it should not be relied upon as such. This report does not constitute an offer or solicitation to buy or sell any securities or other investment. It does not constitute investment advice, nor financial research or analysis. Information and opinions contained in the report are not to be relied upon as authoritative or taken in substitution for the exercise of judgement by any recipient; they are subject to change without notice and not intended to provide the sole basis of any evaluation of the instruments discussed herein. Any reference to past performance should not be taken as an indication of future performance. To the fullest extent permitted by law, no BNP Paribas group company accepts any liability whatsoever (including in negligence) for any direct or consequential loss arising from any use of or reliance on material contained in this report. All estimates and opinions included in this report are made as of the date of this report. Unless otherwise indicated in this report there is no intention to update this report. BNP Paribas SA and its affiliates (collectively "BNP Paribas") may make a market in, or may, as principal or agent, buy or sell securities of any issuer or person mentioned in this report or derivatives thereon. BNP Paribas may have a financial interest in any issuer or person mentioned in this report, including a long or short position in their securities and/or options, futures or other derivative instruments based thereon. Prices, yields and other similar information included in this report are included for information purposes. Numerous factors will affect market pricing and there is no certainty that transactions could be executed at these prices. BNP Paribas, including its officers and employees may serve or have served as an officer, director or in an advisory capacity for any person mentioned in this report. BNP Paribas may, from time to time, solicit, perform or have performed investment banking, underwriting or other services (including acting as adviser, manager, underwriter or lender) within the last 12 months for any person referred to in this report. BNP Paribas may be a party to an agreement with any person relating to the production of this report. BNP Paribas may, to the extent permitted by law, have added upon or used the information contained herein, or the research or analysis on which it was based, before its publication. BNP Paribas may receive or intend to seek compensation for investment banking services in the next three months from or in relation to any person mentioned in this report. Any person mentioned in this report may have been provided with sections of this report prior to its publication in order to verify its factual accuracy.

BNP Paribas is incorporated in France with limited liability. Registered Office 16 Boulevard des Italiens, 75009 Paris. This report was produced by a BNP Paribas group company. This report is for the use of intended recipients and may not be reproduced in whole or in part or delivered or transmitted to any other person without the prior written consent of BNP Paribas. By accepting this document you agree to be bound by the foregoing limitations.

Certain countries within the European Economic Area:

This report has been approved for publication in the United Kingdom by BNP Paribas London Branch. BNP Paribas London Branch is authorised and supervised by the Autorité de Contrôle Prudentiel and authorised and subject to limited regulation by the Financial Services Authority. Details of the extent of our authorisation and regulation by the Financial Services Authority are available from us on request.

This report has been approved for publication in France by BNP Paribas SA. BNP Paribas SA is incorporated in France with limited liability and is authorised by the Autorité de Contrôle Prudentiel (ACP) and regulated by the Autorité des Marchés Financiers (AMF). Its head office is 16, boulevard des Italiens 75009 Paris, France.

This report is being distributed in Germany either by BNP Paribas London Branch or by BNP Paribas Niederlassung Frankfurt am Main, a branch of BNP Paribas S.A. whose head office is in Paris, France. BNP Paribas S.A. – Niederlassung Frankfurt am Main, Europa Allee 12, 60327 Frankfurt is authorised and supervised by the Autorité de Contrôle Prudentiel and it is authorised and subject to limited regulation by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin).

United States: This report is being distributed to US persons by BNP Paribas Securities Corp., or by a subsidiary or affiliate of BNP Paribas that is not registered as a US broker-dealer. BNP Paribas Securities Corp., a subsidiary of BNP Paribas, is a broker-dealer registered with the U.S. Securities and Exchange Commission and a member of the Financial Industry Regulatory Authority and other principal exchanges. BNP Paribas Securities Corp. accepts responsibility for the content of a report prepared by another non-U.S. affiliate only when distributed to U.S. persons by BNP Paribas Securities Corp.

Japan: This report is being distributed in Japan by BNP Paribas Securities (Japan) Limited or by a subsidiary or affiliate of BNP Paribas not registered as a financial instruments firm in Japan, to certain financial institutions defined by article 17-3, item 1 of the Financial Instruments and Exchange Law Enforcement Order. BNP Paribas Securities (Japan) Limited is a financial instruments firm registered according to the Financial Instruments and Exchange Law of Japan and a member of the Japan Securities Dealers Association and the Financial Futures Association of Japan. BNP Paribas Securities (Japan) Limited accepts responsibility for the content of a report prepared by another non-Japan affiliate only when distributed to Japanese based firms by BNP Paribas Securities (Japan) Limited. Some of the foreign securities stated on this report are not disclosed according to the Financial Instruments and Exchange Law of Japan.

Hong Kong: This report is being distributed in Hong Kong by BNP Paribas Hong Kong Branch, a branch of BNP Paribas whose head office is in Paris, France. BNP Paribas Hong Kong Branch is registered as a Licensed Bank under the Banking Ordinance and regulated by the Hong Kong Monetary Authority. BNP Paribas Hong Kong Branch is also a Registered Institution regulated by the Securities and Futures Commission for the conduct of Regulated Activity Types 1, 4 and 6 under the Securities and Futures Ordinance.

Some or all the information reported in this document may already have been published on <https://globalmarkets.bnpparibas.com>

© BNP Paribas (2015). All rights reserved.

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



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

© BNP Paribas (2015). All rights reserved.

Prepared by Economic Research – BNP PARIBAS
Registered Office: 16 boulevard des Italiens – 75009 PARIS
Tel : +33 (0) 1.42.98.12.34
Internet : www.group.bnpparibas.com - www.economic-research.bnpparibas.com

Publisher: Jean Lemierre
Editor : William De Vijlder