



## Summary

## United States

## Awaiting details

President Trump's budget propositions still not have been unveiled, except for spending, which would decrease slightly. There is still no detail about receipts. A fiscal boost appears less likely by the day...

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## France

## Behind the reduction in the fiscal deficit

According to preliminary estimates, France's fiscal deficit narrowed to 3.4% of GDP in 2016, 0.2 points less than in 2015. Though small, this improvement nonetheless extends the deficit reduction trend into its seventh consecutive year.

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Also in



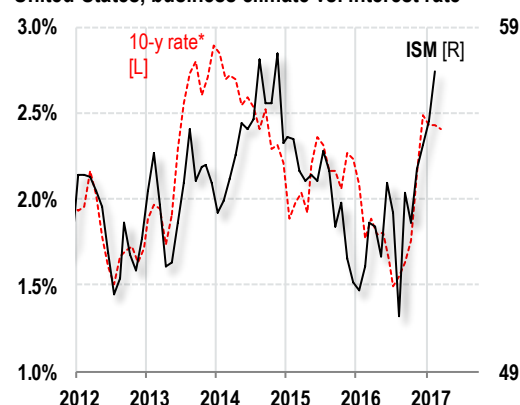
## First setbacks for President Trump

■ Obamacare repeal-and-replace plan has failed ■ “Massive” tax cuts are nothing more than campaign promises so far

Donald Trump might not have read Montesquieu's “The Spirit of the Laws”. The source of the idea of the separation of powers, Montesquieu's thinking might also have inspired a few late night tweets for the US President. Because nothing, or almost nothing, happens in the United States without Congress' approval. Forced to withdraw his star proposal to repeal and replace the Affordable Care Act (Obamacare), President Trump has just learned the hard way. Even though he enjoys a Republican majority in both the Senate and the House of Representatives, the Grand Old Party failed to reach an understanding on the proposed replacement, which was too radical for some, and not radical enough for others. A misstep that announces more to come? Indeed, there hardly seems to be more of a consensus over the “massive” tax cuts promised during the campaign (see article on US, page 2). The tax cuts are not only unfunded (through equivalent spending cutbacks), but some create unfair competition. This is the case for the proposed border tax adjustment, which would exclude export earnings from the taxable income of companies, a proposal that divides Corporate America as much as it does the members of the new administration itself.

## HEATING UP

United-States, business climate vs. interest rate



\*Treasuries

Sources: Thomson, Institute for Supply Management

## THE WEEK ON THE MARKETS

Week 24-3 17 > 30-3-17

↗ CAC 40	5 021	► 5 090	+1.4 %
↗ S&P 500	2 344	► 2 368	+1.0 %
↘ Volatility (VIX)	13.0	► 11.5	-1.4 %
↗ Euribor 3M (%)	-0.33	► -0.33	+0.0 bp
↘ Libor \$ 3M (%)	1.15	► 1.15	-0.4 bp
↘ OAT 10y (%)	1.00	► 0.94	-6.5 bp
↘ Bund 10y (%)	0.41	► 0.33	-8.1 bp
↗ US Tr. 10y (%)	2.40	► 2.42	+1.8 bp
↘ Euro vs dollar	1.08	► 1.07	-0.7 %
↗ Gold (ounce, \$)	1 249	► 1 250	+0.1 %
↗ Oil (Brent, \$)	50.7	► 53.0	+4.6 %

Source: Thomson Reuters



## United States

### Awaiting details

- President Trump has fallen behind in submitting his budget request: all that has been released so far are his estimates of expenditures.
- Spending would be trimmed slightly, as hefty increases in defence budgets are offset by drastic cuts in other departments.
- As to revenues, the picture is totally opaque. Promises were made on the campaign trail, but no draft bills have been released yet. Tax reform certainly should not be ruled out, but that is about all we can say.

In the aftermath of November's presidential elections, some wanted to believe that a fiscal stimulus was on its way through tax cuts and higher spending. Today, it is hard to say with any certainty what to expect in terms of Federal funding. Looking beyond the "normal" complexity of the budget process (see box), virtually no details have been released. Although it is fairly common for deadlines to be missed, especially in a new administration's first year, the lack of precision this time round is particularly glaring. The President still has not published his complete budget request. All we have are his proposals for spending.

Based on the few pages released so far, it is impossible to say anything about a possible stimulus. Mr. Trump is calling for a very slight reduction in spending, by USD 2.7 billion (-0.3%). Granted, he does plan to increase appropriations to the department of defence and the veterans' administration, by USD 52.3 billion (+10%) and USD 4.4 billion (+5.9%), respectively. And he has earmarked USD 3 billion for the construction of a wall along the Mexican border.

These amounts are more than offset by spending cuts elsewhere. For some departments, the cutbacks are drastic: -28.7% for the State department and international development programs, -20.7% each for the Agriculture and Labor departments, and -16.2% for the Health department. These figures counter the notion that spending would be increased to stimulate US growth. They also seem to shoot down plans for infrastructure spending.

Note that candidate Trump never promised to increase spending. His famous "trillion dollar infrastructure plan" was never more than a corporate tax credit estimated at USD 167 billion, which thanks to a big multiplier effect, would generate spending of USD 1,000 billion. We must wait for the release of his revenue projections to know whether or not this plan will be maintained. As to fiscal policy, candidate Trump promised income tax cuts and corporate tax reform.

In brief, if all these campaign promises were approved today – and that is a big if, especially following the withdrawal of the draft proposal to repeal and replace Obamacare – the Federal budget

### A very long budget process

Once the President has submitted his budget request, Congress must examine it and either approve, modify or reject it. The legislators must vote on the entire budget before discussing individual appropriations. The House and Senate Budget Committees formulate budget recommendations. According to the legislative calendar, both chambers of Congress must adopt a budget resolution by 15 April at the latest each year, but this deadline is regularly missed. Once Congress has approved the budget resolution, it votes on appropriation bills and implementation laws. Appropriation bills are drafted by the House of Representatives. Once the sub-committee has compiled a draft bill, the House must approve it before sending it to the Senate. If the Senate does not agree with the House version, which is often the case, the two chambers meet in a conference committee, comprised of members of both chambers, to reconcile their points of view. The conference committee revises the draft bill and sends it to both chambers for approval. Once the revised budget proposal has been approved, first by the House and then by the Senate, Congress sends it to the President, who either approves or vetoes it. Note that the President can only approve or veto the draft proposal as a whole, not in parts. Once all the proposed bills have been approved and signed by the President, the entire US Federal budget is finally voted on. Since the US budget process rarely respects deadlines, Congress must adopt one or more continuing resolutions that authorise Federal structures to continue operating temporarily at existing funding levels. The other option is a partial shutdown in which only the most essential public services continue to operate. This brief description of the budget process shows how long it can be, and also how Congress has numerous occasions to modify the budget proposals.

#### Box

deficit would not contract, much to the contrary. With spending virtually unchanged, any tax cuts would widen the deficit, especially since interest rates – which are still low – have been trending upwards since November.

To counter this reasoning, growth forecasts would have to be very dynamic. As part of the monitoring of President Obama's stimulus package, the Congressional Budget Office (CBO) published precise estimates of these fiscal multipliers. Unsurprisingly, they were particularly high for investment spending, and particularly low for tax cuts, and even negative when high-income households were the main target.

We will have to follow the ups and downs of this debate, which has not really started yet, knowing that this is not the most urgent matter on the agenda. To avoid another shutdown – in which only the most essential Federal services are maintained – Congress must approve an appropriations bill before the end of April. Once again, the news cycle will focus on the debt ceiling issue this spring.



## France

### Behind the reduction in the fiscal deficit

- According to preliminary estimates, France's fiscal deficit narrowed to 3.4% of GDP in 2016, 0.2 points less than in 2015. Though small, this improvement nonetheless extends the deficit reduction trend into its seventh consecutive year.
- As in 2015, public spending and revenues both declined as a share of GDP, with the first declining more than the latter (by 0.5 and 0.3 points, respectively).
- Since 2012, the deficit has been cut by 1.4 points, half of which can be attributed to lower debt servicing charges and half to the narrowing of the primary structural deficit.

According to preliminary INSEE results, France's fiscal deficit was 3.4% of GDP in 2016. This is slightly higher than the government's target of 3.3%, but the 0.2-point improvement compared to 2015 is in line with government expectations<sup>1</sup>. The deficit nonetheless complies with European Commission recommendations. And the government is not far from its target: the 0.1-point shortfall is not significant, especially since the results are likely to be revised again in later versions of the national accounts. Since 2008, revisions have generally ranged between -0.1 and +0.1 points<sup>2</sup>.

This continues the deficit reduction trend that began in 2010, albeit in small increments. The slow pace comes at a cost: the public debt ratio has only just begun to level off (at 96% of GDP in 2016, after 95.6% in 2015 and 94.9% in 2014, see chart 2). But it is still high and the absence of a decline contrasts with the aggregated decline for the eurozone.

The limited reduction in the 2016 fiscal deficit masks more significant trends, such as the concomitant decline in public spending and revenues as a share of GDP (parallel declines were already observed in 2015). The weight of public spending declined by 0.5 points (to 56.2%) while revenues declined 0.3 points (to 52.8%). The improvement in the headline deficit also masks a widening of government financing needs (by EUR 2.5 bn to EUR 74.1 bn), which was more than offset by the improvement in the balance of other government spheres (by EUR 0.3 bn to -EUR 1.9 bn for other central government bodies; by EUR 3.1 bn to EUR 3 bn for local governments, which now generate a financing capacity; and by EUR 1.8 bn to -EUR 2.9 bn for Social Security).

This near compliance with the deficit reduction target is also remarkable because the target has been set at 3.3% since the Stability Programme of April 2015. At the time (and until very recently), this target seemed hard to reach, notably given the downside risks to the government's 2016 growth and inflation forecasts (average annual rates of 1.5% and 1%, respectively). In the end, the deficit target was virtually met, even though neither growth

<sup>1</sup> The preliminary estimate for 2016 was accompanied by a downward revision of the 2014 deficit (-3.9% instead of the previous estimate of -4%) and an increase in the 2015 deficit (-3.6% vs. -3.5%). This reduces the size of the improvement in 2015 (from 0.5 points to 0.3 points) and slightly increases that of 2016 (from 0.1 points to 0.2 points).

<sup>2</sup> The switch to the 2010 basis in May 2014 was accompanied by a bigger revision.

### Breakdown of the fiscal deficit

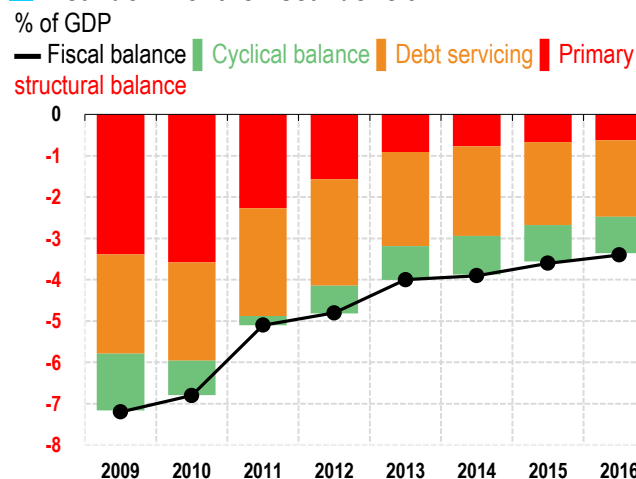


Chart 1

Sources: INSEE, European Commission

### Public debt ratio

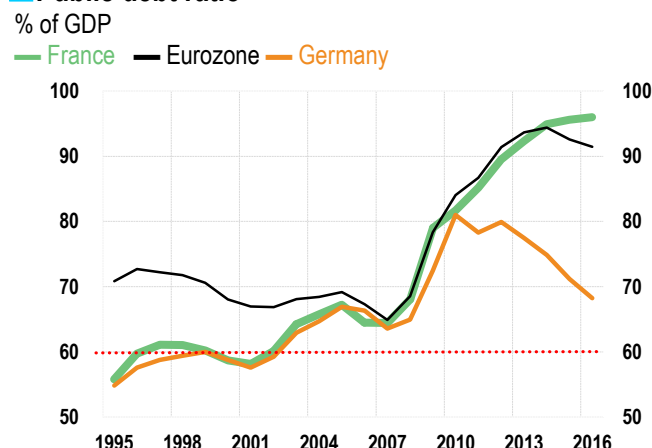


Chart 2

Sources: INSEE, European Commission

nor inflation were on target. Last year, real GDP rose only 1.1% (1.2% excluding adjustments for working days) and the increase in consumer prices was limited to 0.2%.

The necessary structural efforts have apparently been made to manage to reduce the deficit. Based on the European Commission's estimate of potential growth, however, these efforts seem very small. The 0.2-point improvement in the deficit can be attributed to a 0.1-point reduction in debt servicing charges and a 0.1-point reduction in the primary structural deficit, while the cyclical deficit remained the same. Since 2012, debt servicing charges have eased due to the sharp drop in interest rates, a key factor behind the improvement in the deficit. It explains half of the 1.4-point reduction in the deficit over the period (see chart 1). The only drawback is that this source of savings is not permanent. The rest of the improvement in the deficit is nonetheless structural, and is thus more solid.



As to 2017 and the current government's target of bringing the deficit below the 3% threshold (to 2.7% to be exact), the 2016 results do not change the size of the task at hand. The target remains elusive since the step that must be overcome is very high (the deficit is expected to improve by 0.7 points in one year, whereas it took three years to reduce it 0.6 points between 2014 and 2016).

In any case, the situation will change following the presidential elections. The five main candidates are all combining fiscal consolidation measures with a fiscal stimulus (see table), although to

differing degrees and means. For Hamon, Mélenchon and Le Pen, the focus is to support demand; Fillon concentrates on supply; and Macron defends a mixed approach. Macron is the only candidate to promise to keep the deficit below the 3% threshold during the entire 5-year mandate. The fiscal trajectories provided by the other candidates show a more or less sharp deterioration in 2017-2018 before a more or less substantial turnaround gets underway in 2019 to 2022.

## ■ Comparison of electoral platforms

	Mélenchon	Hamon	Macron	Fillon	Le Pen
Fiscal trajectory: public deficit (% of GDP)	2018: 4.8% 2022: 2.5%	2017: 2.7% 2020: 3% 2018: 3.5% 2021: 2.9% 2019: 3.2% 2022: 2.7%	2017: 2.9% 2020: 2.4% 2018: 2.8% 2021: 1.8% 2019: 2.7% 2022: 1%	2017: 3.7% 2020: 1.9% 2018: 3.5% 2021: 0.9% 2019: 2.9% 2022: 0%	2017: 3.2% 2020: 2.2% 2018: 4.5% 2021: 1.6% 2019: 2.9% 2022: 1.3%
Fiscal savings	None	€15 bn (administrative expenses, prevention policies)	€ 60 bn over 5 years (State – 25; health insurance – 15; unemployment insurance – 10; local government – 10) -120,000 civil servants	€ 100 bn over 5 years (State – 30; local government – 20*; Social Security – 50) -500,000 civil servants	€ 60 bn over 5 years (end of multi-layered government structure, Social Security administrative expenses, EU budget, immigration)
New expenditures	€ 173 bn (public sector wage increases, 100% reimbursement of healthcare costs) € 100 bn investment plan (energy transition, "social emergency" plan, public services)	€ 36 bn (state prerogatives, solidarity, education and infrastructure expenditures), Investment plan for the energy transition and energy efficiency	€ 15 bn (state prerogatives, social expenditures) € 50 bn 5-year investment plan (15 professional training; 15 energy transition; 20 divided equally between administration modernisation, agriculture, public transport & amenities and healthcare)	€ 12 bn for state prerogatives (defence, police, justice)	State prerogatives (defence, police, justice), R&D budget, increase in minimum social welfare benefits, public sector wages
Social security/pensions	Lower legal retirement age from 62 to 60 (€ 18 bn)	Progressively introduce a universal minimum income (estimated annual cost: € 35 bn)	Merge all pension regimes into a single point-based system	Raise the legal retirement age from 62 to 65 + harmonisation of pension regimes	Lower the legal retirement age from 62 to 60
New taxes and revenues	€ 33 bn (stronger ISF wealth tax; increase the number of income tax brackets from 4 to 14, highest 90% bracket for revenues of more than € 400,000) Merge income tax and CSG € 38 bn from elimination of tax loopholes € 30 bn from fight against tax fraud Elimination of CICE tax credit	Fight against tax evasion and social welfare fraud (€ 11 bn); reduction of tax loopholes Robot tax Corporate tax adjustments based on share of earnings reinvested Surtax on bank profits (€ 5bn), Merge ISF wealth tax, property tax, and transfer taxes into a single wealth tax	1.7 point increase in CSG (except for small pension holders and jobless benefits) Increase green taxes Transformation of ISF into a single tax on real-estate wealth 30% flat rate tax on capital income	2-point increase in standard VAT rate to 22% Elimination of ISF wealth tax 30% flat rate tax on capital income	3% import tax (€ 15 bn), Additional tax for hiring foreign workers (€ 2 bn)
Corporate tax cuts	Lower corporate tax rate from 33.3% to 25%		CICE transformed into reduced employers' contributions + 4-point reduction for minimum wage earners (in addition to 6-point decline due to CICE transformation) Corporate tax rate lowered from 33.3% to 25%	€ 40 bn (including capital taxation measures): CICE transformed into reduced employers' contributions; corporate tax rate lowered from 33.3% to 25%; cut in various taxes on production	Targeted support for small and medium-sized enterprises and very small businesses: introduction of an intermediate corporate tax rate of 24% (€ 5.5 bn) CICE transformed into reduced employers' contributions, on condition that jobs are preserved
Household tax cuts			Elimination of employee contributions for healthcare and unemployment insurance (€ 22 bn) Elimination of local residence tax for 80% of households (€ 10 bn) Exoneration of charges (employer and employee) on overtime work Increase minimum old age pension and allowance for adults with disabilities	€ 12 bn: reintroduce universal family allowances; higher ceiling on standard deductions ( <i>quotient familial</i> ); lump-sum cut in employee contributions; increase in small pensions	€ 20 bn: tax exemption for overtime work; 10% decline in personal income tax, except for highest bracket; higher ceiling on standard deductions ( <i>quotient familial</i> ); reintroduce universal family allowances; increase minimum old age pension and allowance for adults with disabilities

\* Amount lowered to € 7.5 bn

Table

Sources: Candidates' platform and figures





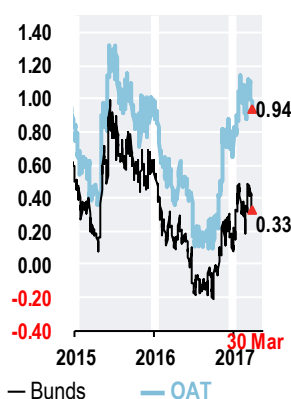
## Markets overview

## The essentials

Week 24-3 17 &gt; 30-3-17

➤ CAC 40	5 021	➤ 5 090	+1.4 %
➤ S&P 500	2 344	➤ 2 368	+1.0 %
➤ Volatility (VIX)	13.0	➤ 11.5	-1.4 %
➤ Euribor 3M (%)	-0.33	➤ -0.33	+0.0 bp
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➤ Bund 10y (%)	0.41	➤ 0.33	-8.1 bp
➤ US Tr. 10y (%)	2.40	➤ 2.42	+1.8 bp
➤ Euro vs dollar	1.08	➤ 1.07	-0.7 %
➤ Gold (ounce, \$)	1 249	➤ 1 250	+0.1 %
➤ Oil (Brent, \$)	50.7	➤ 53.0	+4.6 %

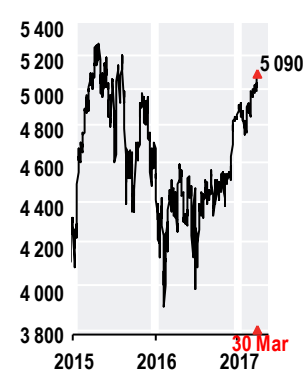
10 y bond yield, OAT vs Bund



Euro-dollar



CAC 40



## Money &amp; Bond Markets

Interest Rates	highest' 17	lowest' 17
€ ECB	0.00 at 02/01	0.00 at 02/01
Eonia	-0.36 at 04/01	-0.36 at 22/02
Euribor 3M	-0.33 at 02/01	-0.33 at 22/02
Euribor 12M	-0.11 at 02/01	-0.11 at 28/02
\$ FED	1.00 at 16/03	0.75 at 02/01
Libor 3M	1.15 at 22/03	1.00 at 02/01
Libor 12M	1.79 at 15/03	1.68 at 06/01
£ BoE	0.25 at 02/01	0.25 at 02/01
Libor 3M	0.34 at 05/01	0.34 at 29/03
Libor 12M	0.73 at 09/01	0.72 at 13/03

At 30-3-17

Yield (%)	highest' 17	lowest' 17
€ AVG 5-7y	0.49 at 17/03	0.23 at 02/01
Bund 2y	-0.76 at 25/01	-0.96 at 24/02
Bund 10y	0.33 at 10/03	0.09 at 02/01
OAT 10y	0.94 at 06/02	0.67 at 02/01
Corp. BBB	1.50 at 01/02	1.41 at 24/02
\$ Treas. 2y	1.27 at 14/03	1.14 at 24/02
Treas. 10y	2.42 at 13/03	2.32 at 24/02
Corp. BBB	3.73 at 14/03	3.62 at 24/02
£ Treas. 2y	0.06 at 06/01	0.01 at 28/02
Treas. 10y	1.05 at 26/01	1.05 at 30/03

At 30-3-17

10y bond yield &amp; spreads

7.02%	Greece	669 pb
3.95%	Portugal	361 pb
2.13%	Italy	180 pb
1.63%	Spain	129 pb
0.95%	Ireland	61 pb
0.94%	France	61 pb
0.84%	Belgium	51 pb
0.54%	Austria	21 pb
0.45%	Finland	12 pb
0.43%	Netherlands	10 pb
0.33%	Germany	

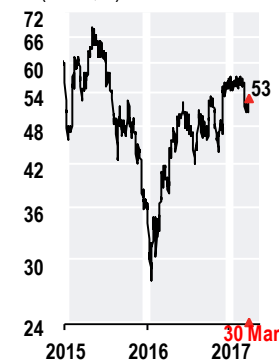
## Commodities

Spot price in dollars	lowest' 17	2017(€)
Oil, Brent	53 at 22/03	-8.2%
Gold (ounce)	1 156 at 03/01	+6.1%
Metals, LMEX	2 639 at 03/01	+7.3%
Copper (ton)	5 487 at 03/01	+5.6%
CRB Foods	335 at 30/03	-2.9%
wheat (ton)	146 at 02/01	+2.0%
Corn (ton)	130 at 23/03	-3.2%

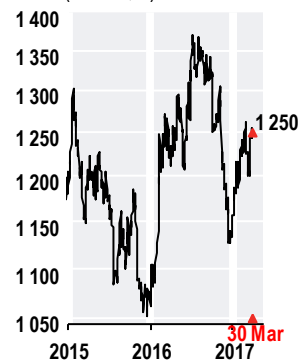
At 30-3-17

Variations

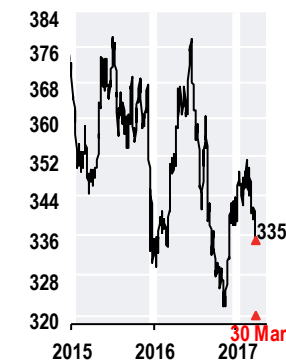
Oil (Brent, \$)



Gold (Ounce, \$)



CRB Foods



## Exchange Rates

1€ =	highest' 17	lowest' 17	2017
USD	1.09 at 27/03	1.04 at 03/01	+1.8%
GBP	0.88 at 16/01	0.84 at 23/02	+0.7%
CHF	1.07 at 10/03	1.06 at 08/02	-0.2%
JPY	119.48 at 06/01	118.74 at 24/02	-2.9%
AUD	1.40 at 02/01	1.37 at 23/02	-4.0%
CNY	7.48 at 27/03	7.22 at 03/01	+0.9%
BRL	3.44 at 18/01	3.24 at 15/02	-2.4%
RUB	64.95 at 31/01	60.12 at 30/03	-6.6%
INR	73.32 at 31/01	69.70 at 30/03	-2.6%

At 30-3-17

Variations

## Equity indices

Index	highest' 17	lowest' 17	2017	2017(€)
CAC 40	5 090 at 30/03	4 749 at 31/01	+4.7%	+4.7%
S&P500	2 396 at 01/03	2 239 at 02/01	+5.8%	+3.9%
DAX	12 256 at 30/03	11 510 at 06/02	+6.8%	+6.8%
Nikkei	19 634 at 13/03	18 788 at 24/01	-0.3%	+2.7%
China*	67 at 20/03	59 at 02/01	+13.9%	+11.7%
India*	521 at 30/03	445 at 03/01	+11.5%	+14.5%
Brazil*	1 875 at 22/02	1 654 at 02/01	+7.5%	+10.2%
Russia*	586 at 03/01	537 at 09/03	-9.4%	-4.5%

At 30-3-17

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>2.6</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	1.2	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
<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>1.2</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	1.6	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
<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	7.5	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
<b>World</b>	<b>3.1</b>	<b>3.4</b>	<b>3.8</b>	<b>3.1</b>	<b>3.5</b>	<b>3.3</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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