

ECOWEEK

N° 17-26// 30 June 2017

ECB : confidence, persistence, prudence

■ The ECB's communication maintains a certain ambiguity over the direction of monetary policy ■ This permits to avoid too abrupt a transition from easing to normalisation

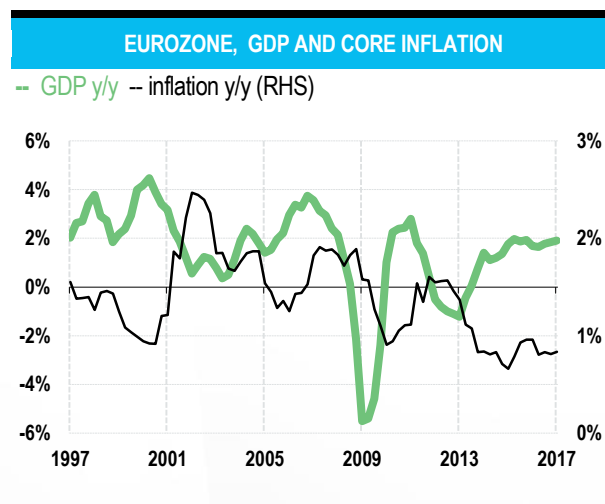
The ECB communication is an increasingly challenging exercise. On one side the central bank is more and more confident about the solidity of the recovery: it has recently upgraded its GDP projections as well as its risk assessment on the growth outlook. But, on the other side, the central bank remains very cautious when it comes to inflation developments, still subdued despite the improving cyclical outlook.

The speech pronounced this week by Mario Draghi at the ECB forum on Central Banking perfectly illustrates this balancing act and the difficulties it entails. The President of the ECB has shown strong confidence about the monetary policy efficiency: the decline in interest rates has triggered a solid economic growth, deflationary pressures have been replaced by reflationary forces. In this context, the ECB stands ready to accompany the recovery that is to say to increase interest rates in line with the pick-up in inflation in order to maintain a constant policy stance.

The confidence expressed by Draghi in his speech has been interpreted by the markets as a sign of an imminent monetary tightening. The euro surged against the dollar. Yet, the speech also underlined the need for the ECB to be persistent and prudent given, in particular, the uncertainties surrounding the real extent of labour market underutilization. In other words, inflation should gradually pick up but it could take more time than currently forecast.

Such a communication maintains a certain ambiguity over the direction of monetary policy. Still, this stance comes with an advantage: the positive effect of avoiding too abrupt a transition from a resolutely accommodating ECB (as has been the case since mid-2014) and an ECB equally resolutely committed to the path to normalisation (which would seem premature).

Thibault Mercier



Source: Eurostat

p. 2

Recommended reading

p. 5

Markets Overview

p. 6

Indicators

p. 7

Economic scenario

p. 8

Economic Forecasts

ECONOMIC RESEARCH DEPARTMENT



BNP PARIBAS

The bank
for a changing
world

Recommended reading

Monetary tightening: Doomed if you do, doomed if you don't?

■ Monetary policy normalisation is a balancing act: tighten too early could trigger a recession, hike too late could mean an inflation overshoot and a need to raise rates more aggressively ■ The reaction of financial markets adds to the complexity of the balancing act ■ Different factors have made the job of central banks more difficult in recent years

Monetary policy normalisation, which in the current environment consists of adopting a less expansionary policy stance, confronts central banks with challenging questions: when to start, what should be the pace, which guidance should be provided?

The answers are important for households, companies and in particular for financial markets, all the more so because the reaction of the latter can weaken or, more likely, reinforce a given impulse coming from the central bank. Weakening would occur if e.g. equity markets would rally because they see a monetary tightening as a signal that according to the central bank the economy is in good shape or because the central bank tightens policy less than expected. Reinforcement would occur if equities would drop and/or credit spreads widen because the required risk premium rises as investors become more risk averse because of increased concern about the economic outlook.

Wage dynamics have changed

These reactions could in turn impact the real economy via spending, hiring and corporate investment decisions. The different outcomes lead to the obvious conclusion that it's important to do the right thing. This also applies when looking at it from the perspective of the real economy. Too slow a pace of tightening would mean that the central bank ends up "being behind the curve": rates are too low considering the output gap and the amount of slack in the labour market. Hike rates too fast and one runs the risk of killing the upswing.

On this matter, the past two weeks have seen two important contributions to a debate which has become very intense. [Chapter 4 of the 87th annual report of the Bank for International Settlements](#)¹ discusses how monetary policy is "inching towards normalisation". Wage dynamics play a key role: labour market bottlenecks should eventually cause wages to grow faster than productivity forcing companies to increase their prices (unless their competitive positioning would force them to accept a decline in profit margins). However, despite the decline in the unemployment rate in e.g. the US or the UK, wage growth has been more subdued than in previous cycles. According to the BIS this reflects a long-term trend of "labour's declining pricing power" due to the huge expansion of the global labour force

(increased globalisation, changes in global value chains) and industrial automation.

Wage growth and inflation should eventually accelerate

In addition, the relationship between unit labour costs and inflation has become weaker. However, even a weak relationship would still imply that reduced slack would eventually lead to a pick-up in inflation, possibly in a non-linear way. Central banks are faced with a balancing act: tighten early under the belief that inflation will rise could, via higher real rates of interest, act as a big headwind for growth if inflation does not pick up. Financial markets would also suffer, which in turn could have second-round effects on the real economy. Acting late implies low rates for longer which could lead to higher asset prices and an abrupt correction when it turns out that the central bank should have hiked rates earlier. This in turn would weigh on economic growth.

The BIS eloquently discusses the issues but does not provide a policy recommendation in terms of hiking rates or not, probably because this is out of its remit. At most it emphasizes the need of enhanced central bank cooperation, which is a valid point considering the international spillover effects of monetary policy conducted by the major central banks. [Kristin Forbes](#), external member of the monetary policy committee of the Bank of England, on the other hand, does at least for the UK express a clear opinion. In her recent, particularly rich speech² on "Failure to launch" she starts from the observation that although global growth has been above 3% for seven years in a row and that global inflation is picking up, no central bank of an advanced economy³, except the US, has tightened policy since 2011.

What explains the reluctance to tighten?

Several explanations are provided for this reluctance to tighten. Lingering concern about the fundamental weakness of the economy is one but in her view this argument has lost much of its power. A second explanation concerns the role of central banks. Their toolkit has broadened and now also includes using the balance sheet (QE) and applying forward guidance in addition to setting interest rates. Many central banks also have a macroprudential policy role. The

¹ BIS, 87th annual report 2016-2017, Building, <https://www.bis.org/publ/arpdf/ar2017e.htm>

² Kristin Forbes, Failure to launch, Bank of England, 22 June 2017, <http://www.bankofengland.co.uk/publications/Pages/speeches/2017/985.aspx>

³ The sample excludes Denmark, Hong Kong, Singapore and Iceland.



simultaneous use of several tools would allow for fewer or at least a slower pace of rate hikes. In addition, central bank action has also become much more visible and subject to public scrutiny, which may influence the policy stance, e.g. by paying more attention to the short rather than the longer horizon. A third explanation is about constraints on central bank policy. With still very low interest rates, the case can be made that the cost of tightening too much is bigger than ending up behind the curve. The former would mean a significant growth slowdown or even a recession, which would be hard to address given the limited leeway, if any, to cut rates.

Forbes doesn't buy this "out of ammunition" argument because the balance sheet could always be increased. A more important constraint is the exchange rate: currency appreciation on the back on rate hikes expectations would imply a tightening of financial and monetary conditions, weigh on the growth outlook via exports, and reduce the need for traditional rate hikes. Against this background and focusing on the fundamentals of the British economy, she argues that "*the lift-off of UK interest rates should not be delayed any longer*", all the more considering that sterling weakness will have a persistent upward influence on inflation.

William De Vijlder

Monetary policy and different adjustment speeds of the real economy vs asset prices

Back in 1976, [Rudiger Dornbusch](#) published his seminal article on exchange rate overshooting⁴. A monetary easing weakens the currency in the long run but because of different adjustment speeds between foreign exchange markets and the real economy, the exchange rate overshoots: an excessive depreciation in the short run is followed by a gradual appreciation. The bigger the monetary easing, the bigger the depreciation of the exchange rate in the long run and the bigger the overshooting in the short run.

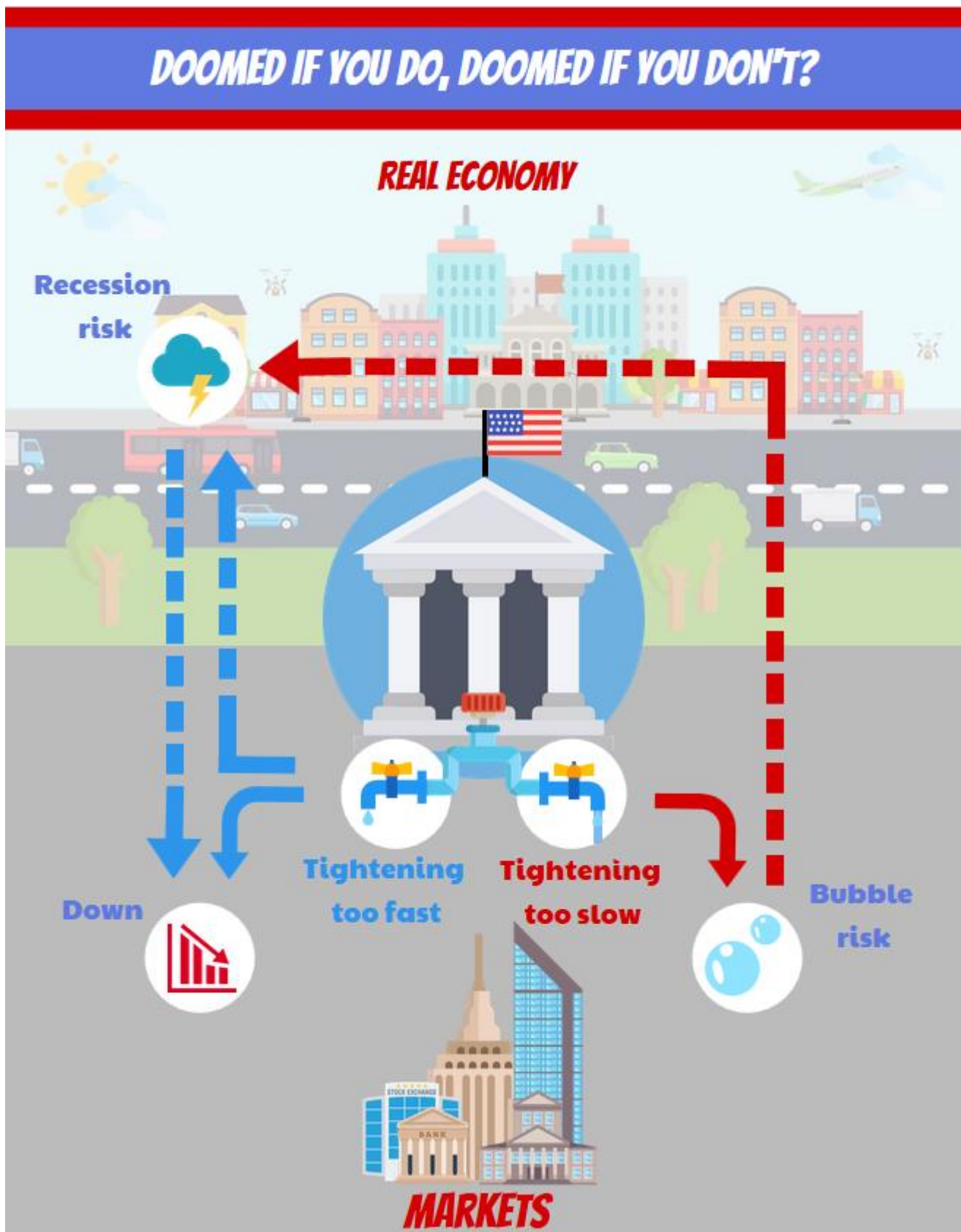
It is tempting to transpose this framework to the relationship between monetary policy, asset markets and the real economy when analysing central bank policy. Asset prices are a key variable in the conduct of monetary policy. Not only do they reflect expectations about the economy as well as the risk appetite of market participants thereby providing useful information to the central bank (signalling role) but they also are a key transmission channel for monetary policy. Interest rate cuts and QE can support asset prices via higher growth expectations and a lower required risk premium.

If the adjustment speed of the real economy is very slow, i.e. if it takes considerable time for inflation to pick up, a central bank which is following an inflation-targeting policy may very well decide to keep rates low for longer and to continue with QE. Quite likely this could squeeze risk premia further to levels well below historical reference points. The longer the expansionary stance would be maintained, the bigger the squeeze on risk premia.

There is concern that this *gradual* overshooting would eventually be followed by a market correction: when the real economy at long last reacts to years of expansionary policy, the increase in wage growth and inflation would force the central bank to react more strongly, which would increase the required risk premium and weigh on asset prices. Via wealth and confidence effects this could turn into a headwind for the real economy.

⁴ Rudiger Dornbusch, *Expectations and exchange rate dynamics*, Journal of Political Economy, 1976, vol. 84 nr 6, <http://www.journals.uchicago.edu/doi/pdfplus/10.1086/260506>





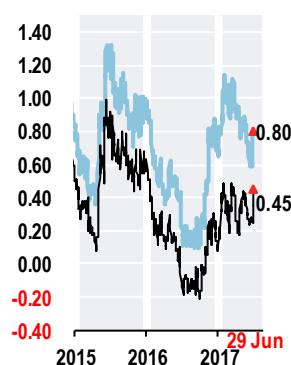
Markets overview

The essentials

Week 23-6-17 > 29-6-17

➤ CAC 40	5 266	➤ 5 154	-2.1 %
➤ S&P 500	2 438	➤ 2 420	-0.8 %
➤ Volatility (VIX)	10.0	➤ 11.4	+1.4 %
➤ Euribor 3M (%)	-0.33	➤ -0.33	+0.0 bp
➤ Libor \$ 3M (%)	1.29	➤ 1.30	+0.3 bp
➤ OAT 10y (%)	0.60	➤ 0.80	+20.0 bp
➤ Bund 10y (%)	0.26	➤ 0.45	+19.5 bp
➤ US Tr. 10y (%)	2.14	➤ 2.27	+12.3 bp
➤ Euro vs dollar	1.12	➤ 1.14	+2.0 %
➤ Gold (ounce, \$)	1 256	➤ 1 244	-1.0 %
➤ Oil (Brent, \$)	45.7	➤ 47.7	+4.6 %

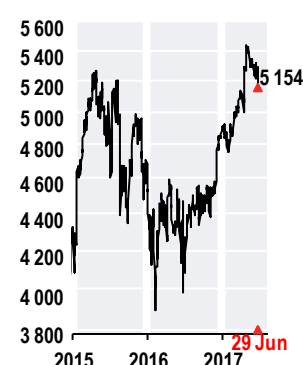
10 y bond yield, OAT vs Bund



Euro-dollar



CAC 40



Money & Bond Markets

Interest Rates		highest' 17		lowest' 17	
€ ECB	0.00	0.00 at 02/01	0.00	0.00 at 02/01	
Eonia	-0.36	-0.33 at 02/06	-0.37	at 05/06	
Euribor 3M	-0.33	-0.32 at 02/01	-0.33	at 10/04	
Euribor 12M	-0.16	-0.08 at 02/01	-0.16	at 23/06	
\$ FED	1.25	1.25 at 15/06	0.75	at 02/01	
Libor 3M	1.30	1.30 at 28/06	1.00	at 02/01	
Libor 12M	1.74	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	0.30	0.37 at 05/01	0.29	at 21/06	
Libor 12M	0.66	0.78 at 09/01	0.61	at 14/06	

At 29-6-17

Yield (%)		highest' 17		lowest' 17	
€ AVG 5-7y	0.31	0.68 at 17/03	0.18	at 21/06	
Bund 2y	-0.61	-0.60 at 27/06	-0.96	at 24/02	
Bund 10y	0.45	0.49 at 10/03	0.09	at 02/01	
OAT 10y	0.80	1.14 at 06/02	0.59	at 14/06	
Corp. BBB	1.43	1.65 at 01/02	1.29	at 26/06	
\$ Treas. 2y	1.36	1.38 at 14/03	1.14	at 24/02	
Treas. 10y	2.27	2.61 at 13/03	2.14	at 26/06	
Corp. BBB	3.53	3.90 at 14/03	3.46	at 14/06	
£ Treas. 2y	0.33	0.33 at 29/06	0.01	at 28/02	
Treas. 10y	1.18	1.51 at 26/01	0.87	at 14/06	

At 29-6-17

10y bond yield & spreads

5.43%	Greece	498 pb
3.03%	Portugal	257 pb
2.15%	Italy	170 pb
1.53%	Spain	107 pb
0.86%	Ireland	40 pb
0.80%	France	35 pb
0.78%	Belgium	32 pb
0.64%	Netherlands	18 pb
0.61%	Austria	15 pb
0.50%	Finland	4 pb
0.45%	Germany	

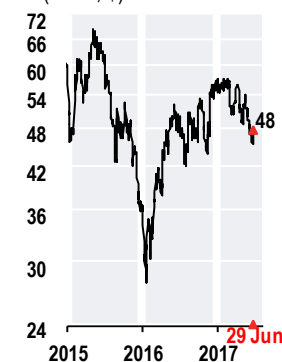
Commodities

Spot price in dollars		lowest' 17		2017(€)	
Oil, Brent	48	46 at 26/06	-22.3%		
Gold (ounce)	1 244	1 156 at 03/01	-0.8%		
Metals, LMEX	2 853	2 639 at 03/01	-1.0%		
Copper (ton)	5 931	5 462 at 08/05	-0.9%		
CRB Foods	368	325 at 24/04	+0.3%		
wheat (ton)	180	146 at 24/04	+13.9%		
Corn (ton)	133	130 at 23/03	-7.4%		

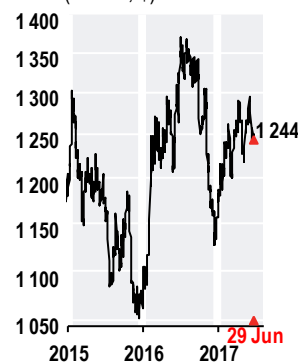
At 29-6-17

Variations

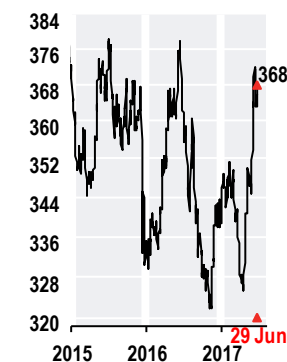
Oil (Brent, \$)



Gold (Ounce, \$)



CRB Foods



Exchange Rates

1€ =		highest' 17		lowest' 17		2017	
USD	1.14	1.14 at 29/06	1.04	at 03/01	+8.3%		
GBP	0.88	0.88 at 12/06	0.84	at 19/04	+3.0%		
CHF	1.09	1.10 at 10/05	1.06	at 08/02	+2.0%		
JPY	128.65	128.65 at 29/06	115.57	at 17/04	+4.6%		
AUD	1.49	1.52 at 01/06	1.37	at 23/02	+2.2%		
CNY	7.75	7.75 at 22/05	7.22	at 03/01	+5.7%		
BRL	3.77	3.77 at 29/06	3.24	at 15/02	+9.7%		
RUB	67.47	67.48 at 28/06	59.66	at 17/04	+4.8%		
INR	73.80	73.80 at 29/06	68.18	at 07/04	+3.1%		

At 29-6-17

Variations

Equity indices

	Index	highest' 17		lowest' 17		2017	2017(€)
CAC 40	5 154	5 432	at 05/05	4 749	at 31/01	+6.0%	+6.0%
S&P500	2 420	2 453	at 19/06	2 239	at 02/01	+8.1%	-0.2%
DAX	12 416	12 889	at 19/06	11 510	at 06/02	+8.1%	+8.1%
Nikkei	20 220	20 230	at 20/06	18 336	at 14/04	+5.8%	+1.2%
China*	73	74	at 08/06	59	at 02/01	+25.0%	+14.8%
India*	533	546	at 05/06	445	at 03/01	+13.6%	+10.2%
Brazil*	1 692	2 001	at 22/02	1 639	at 21/06	+2.5%	-6.6%
Russia*	511	622	at 03/01	497	at 22/06	-17.4%	-21.7%

At 29-6-17

Variations

* MSCI index



BNP PARIBAS

The bank
for a changing
world

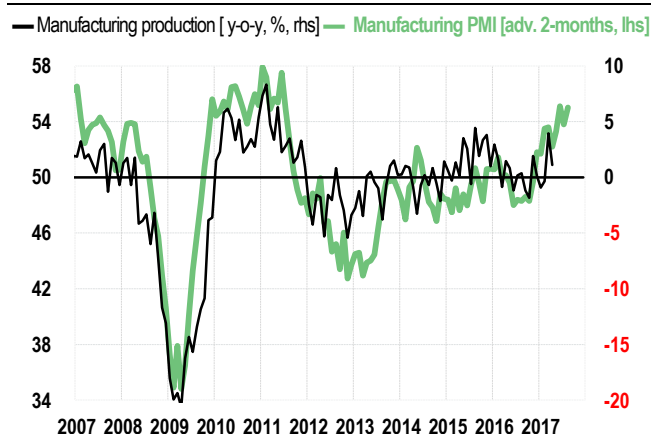
Indicators

France

Friday 7 July – Production index (May, m/m)

April	May	Over 3-m	The improvement in business confidence signals a production rebound.
-0.5%	0.6%	↗	

France: Production and business confidence



Sources: INSEE, Markit

Eurozone

Monday 3 – Unemployment rate (May)

April	May	Over 3-m	The unemployment rate should continue to decline.
9.3%	9.2%	↘	

Wednesday 5 – Composite PMI Final Estimate (June)

May	June	Over 3-m	The final estimate should confirm the decline of the composite PMI.
56.8	55.7	↘	

Wednesday 5 – Retail sales (May)

April	June	Over 3-m	Continued growth in retail sales expected
0.1%	0.3%	↗	

Eurozone: Unemployment rate



Source: Eurostat

United States

Monday 3 – Manufacturing ISM (June)

May	June	Over 3-m	The manufacturing sentiment is not deteriorating : it is only back to more normal strength.
54.9	55.1	↘	

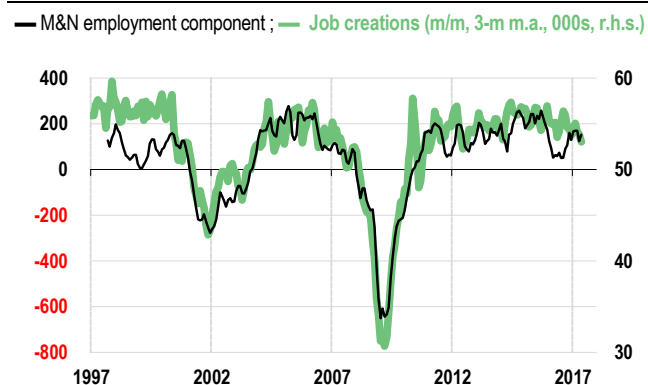
Thursday 6 – Non-manufacturing ISM (June)

May	June	Over 3-m	Meanwhile, business confidence keeps on historical highs in the non-manufacturing sector.
56.9	56.5	→	

Friday 7 – Labour market report (June)

May	June	Over 3-m	Non-farm payrolls have been expending for 80 months in a row...
138k	180k	↗	
4.3%	4.3%	↘	... driving the unemployment rate well below the estimated NAIRU...
+2.5%	+2.6%	→	... which is still not mirrored in strong wage growth

United States: Labour prospects



Sources: BNP Paribas Economic Research, BLS, ISM



Economic scenario

UNITED STATES

- GDP growth keeps on a decent 2% pace and may have picked-up in Q2. However the fiscal outlook remains uncertain. A fiscal stimulus still is possible, but it would not be implemented before end-2017. Potential effects are thus uncertain.
- The labour market is buoyant than ever. Still, the support to households' disposable income is not as strong as it looks as wage inflation remains limited.
- With inflation relatively muted at this stage of the cycle, the Fed is in no rush to increase rates.. We forecast the Fed Funds target rates to come at 1.25/1.50% by year-end, 2/2.5% by mid 2018.

Annual growth, %	2016	2017 e	2018 e
GDP	1.6	2.2	2.6
Private consumption	2.7	2.8	2.8
Gross Fixed Capital Formation	-0.5	5.0	5.5
Exports	0.4	3.0	2.6
Consumer Price Index (CPI)	1.3	2.0	2.5
CPI ex food and energy	2.2	2.1	2.7
Unemployment rate	4.9	4.6	4.2
Current account balance	-2.6	-2.8	-3.1
Fed. Govt. Budget Balance (% of GDP)	-3.1	-2.9	-3.5
Gross Fed. Govt. Debt (% GDP)	75.9	76.2	76.8

CHINA

- After a period of stabilisation since Q2 2016, growth is expected to slow down moderately in the short term.
- Exports should continue to rebound and infrastructure projects will continue to drive investment. However the downside risks are high due to the reduction in industrial production capacity, risks of a downturn in the real estate market and greater financial instability, and slow growth of household revenues.
- The authorities are expected to maintain an expansionist fiscal policy, while the central bank continues to tighten monetary conditions very cautiously.

Annual growth, %	2016	2017 e	2018 e
GDP	6.7	6.6	6.4
Industrial output	6.0	6.5	6.0
Gross Fixed Capital Formation (nominal)	8.1	8.5	8.0
Exports (nominal)	-7.7	6.0	5.0
Consumer Price Index (CPI)	2.0	1.8	2.3
Producer Price Index (PPI)	6.0	6.5	6.0
Current account (% GDP)	1.8	1.4	1.1
Gen. Govt. Balance (% of GDP)	-3.8	-3.2	-3.0
Foreign reserves (\$bn)	3 011	3 024	3 072

EUROZONE

- The recovery is getting stronger and broader: the dispersion of economic performances among member states is receding.
- Despite the cyclical recovery, core inflation still shows no sign of a convincing upward trend. For the recovery to enter its inflationary phase the economy has to improve further, until the point at which wages will tend to increase.
- The level of slack remains uncertain though. Broader measures of labor underutilization reach 18%, double the level of the current unemployment rate. The ECB is expected to remain cautious.

Annual growth, %	2016	2017 e	2018 e
GDP	1.7	1.9	1.6
Private consumption	1.9	1.5	1.4
Gross Fixed Capital Formation	3.5	1.9	2.6
Exports	2.9	4.5	3.9
Consumer Price Index (CPI)	0.2	1.6	1.4
CPI ex food and energy	0.9	1.1	1.4
Unemployment rate	10.0	9.3	8.8
Current account balance	3.3	3.6	3.5
Gen. Govt. Balance (% of GDP)	-1.5	-1.4	-1.3
Public Debt (% GDP)	91.3	90.3	89.0

FRANCE

- A clear growth acceleration is underway. Higher rates of growth should resume. Households' consumption is supported by the jobs recovery but restrained by the upturn in inflation. Investment and exports dynamics are favourable. Risks lie slightly on the upside.
- We expect the output gap to slowly narrow and the unemployment rate to progressively decline, containing the rise in inflation.
- Fiscal policy should continue to combine growth supportive measures and consolidation ones. The fiscal deficit should not be a lot more reduced but it should remain below the 3% threshold.

Annual growth, %	2016	2017 e	2018 e
GDP	1.1	1.6	1.6
Private consumption	1.8	1.4	1.6
Gross Fixed Capital Formation	2.7	2.4	3.1
Exports	1.2	2.9	3.7
Consumer Price Index (HCPI)	0.3	1.3	1.0
CPI ex food and energy	0.6	0.7	0.9
Unemployment rate	10.1	9.6	9.3
Current account balance	-0.9	-1.1	-0.9
Gen. Govt. Balance (% of GDP)	-3.4	-3.0	-2.8
Public Debt (% GDP)	96.3	96.3	96.2

Sources: BNP Paribas Group Economic Research, European Commission ; e: Estimates and forecasts



Economic forecasts

%	GDP Growth				Inflation			
	2016	2017 e	2018 e	2019 e	2016	2017 e	2018 e	2019 e
Advanced	1.7	2.0	1.9	1.2	0.8	1.7	1.9	2.0
United-States	1.6	2.2	2.6	1.3	1.3	2.0	2.5	2.8
Japan	1.0	1.4	1.0	0.2	-0.1	0.6	0.7	0.5
United-Kingdom	1.8	1.8	1.1	2.0	0.6	2.6	2.6	2.3
Euro Area	1.7	1.9	1.6	1.3	0.2	1.6	1.4	1.6
Germany	1.8	2.0	1.9	1.4	0.4	1.8	1.7	1.7
France	1.1	1.6	1.6	1.4	0.3	1.3	1.0	1.1
Italy	1.0	1.2	0.6	0.5	-0.1	1.6	1.2	1.3
Spain	3.2	2.8	2.2	1.8	-0.3	2.1	1.6	1.8
Emerging	4.1	4.6	4.9	4.8	4.4	3.2	3.5	3.7
China	6.7	6.6	6.4	6.5	2.0	1.8	2.3	2.5
India	7.1	7.5	7.9	8.0	4.5	4.6	4.9	5.1
Brazil	-3.6	0.5	3.0	2.5	8.8	4.0	4.4	3.8
Russia	-0.2	1.4	1.6	1.5	7.1	4.5	4.5	4.8
World	3.1	3.5	3.7	3.3	2.8	2.6	2.8	3.0

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

Financial forecasts

Interest rates, %		2017				2018				2016	2017e	2018e
End of period		Q1	Q2e	Q3e	Q4e	Q1e	Q2e	Q3e	Q4e			
US	Fed Funds	1.00	1.25	1.25	1.50	1.75	2.00	2.25	2.50	0.75	1.50	2.50
	Libor 3m \$	1.15	1.20	1.50	1.75	1.90	2.05	2.25	2.45	1.00	1.75	2.45
	T-Notes 10y	2.40	2.20	2.60	3.00	3.10	3.25	3.25	3.25	2.45	3.00	3.25
Ezone	Taux "refi" BCE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.00	0.00	0.25
	Euribor 3 mois	-0.33	-0.33	-0.36	-0.36	-0.36	-0.36	-0.16	0.05	-0.32	-0.36	0.05
	Bund 10y	0.33	0.29	0.60	0.80	1.00	1.20	1.40	1.50	0.11	0.80	1.50
	OAT 10y	0.97	0.74	1.05	1.25	1.45	1.65	1.80	1.90	0.69	1.25	1.90
UK	Base rate	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.25	0.25	0.50
	Gilts 10y	1.07	1.00	1.10	1.25	1.40	1.55	1.80	2.00	1.24	1.25	2.00
Japan	BoJ Rate	-0.06	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.06	-0.10	-0.10
	JGB 10y	0.07	0.06	0.07	0.08	0.08	0.08	0.08	0.08	0.05	0.08	0.08

Exchange Rates		2017				2018				2016	2017e	2018e
End of period		Q1	Q2e	Q3e	Q4e	Q1e	Q2e	Q3e	Q4e			
USD	EUR / USD	1.07	1.10	1.07	1.04	1.05	1.06	1.08	1.10	1.05	1.04	1.10
	USD / JPY	111	115	117	120	118	116	114	112	117	120	112
	GBP / USD	1.25	1.31	1.30	1.30	1.30	1.29	1.29	1.29	1.24	1.30	1.29
	USD / CHF	1.00	1.00	1.05	1.08	1.07	1.06	1.04	1.05	1.02	1.08	1.05
EUR	EUR / GBP	0.86	0.84	0.82	0.80	0.81	0.82	0.84	0.85	0.85	0.80	0.85
	EUR / CHF	1.07	1.10	1.12	1.12	1.12	1.12	1.12	1.15	1.07	1.12	1.15
	EUR / JPY	119	127	125	125	124	123	123	123	123	125	123

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



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

■ **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 - Argentina

+33.(0)1 42 98 79 82

francois.faure@bnpparibas.com

■ **Christine PELTIER**

Deputy Head - Greater China, Vietnam, other North Asia countries

+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

+33.(0)1.42.98.26.77

sylvain.bellefontaine@bnpparibas.com

■ **Sylvain BERSINGER**

Angola, Nigeria, South Africa

+33.(0)1.42.98.02.45

sylvain.bersinger@bnpparibas.com

■ **Pascal DEVAUX**

Middle East, Balkan countries

+33.(0)1.43.16.95.51

pascal.devaux@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

■ **Michel BERNARDINI**
Contact Média

+33.(0)1.42.98.05.71

michel.bernardini@bnpparibas.com



BNP PARIBAS

**The bank
for a changing
world**

OUR PUBLICATIONS



CONJUNCTURE

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 that is 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 WANT TO RECEIVE OUR PUBLICATIONS?

SUBSCRIBE ON OUR WEBSITE
<http://economic-research.bnpparibas.com>

OR

READ AND WATCH OUR ANALYSES ON ECO NEWS, OUR IPAD AND ANDROID APPLICATION

© 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
 Publisher: Jean Lemierre. Editor: William De Vijlder



BNP PARIBAS

**The bank
for a changing
world**