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ECONOMIC RESEARCH

BNP PARIBAS

SYNCHRONOUS RATE HIKES: A SUM-OF-THE-PARTS ANALYSIS

A sum-of-the-parts analysis, which is popular in corporate finance, has made its way in the world of central banking, reflecting concern that the multitude of synchronous rate hikes could have a combined tightening effect that is larger than the sum of its parts. To the extent that inflation in a given country is largely a function of global slack, these hikes could cause an unexpectedly large decline in inflation. Rising import prices due to currency depreciation are another factor because they could force countries to tighten monetary policy. Confidence effects may also play a role, especially at the level of export-oriented companies. To address these risks, central banks could insist that synchronous rate hikes should moderate inflation expectations globally. They should also take into account the spillover effects of the actions of foreign central banks when designing their own course of action.

In corporate finance, a sum-of-the-parts analysis tries to answer the question whether breaking up a conglomerate by spinning off certain entities would create shareholder value. The underlying idea is that the sum of the value of the individual units might be worth more than the current valuation of the conglomerate.

The concept has now made its way in the world of central banking. In a recent speech[1], Lael Brainard, vice-chair of the Federal Reserve noted that *"the combined effect of concurrent global tightening is larger than the sum of its parts."* The number of synchronous[2] rate hikes is indeed exceptionally high (*see chart*). This is not a surprise considering that many countries are suffering from elevated inflation. According to Brainard, it forces the Federal Reserve to take *"into account the spillovers of higher interest rates, a stronger dollar, and weaker demand from foreign economies into the United States, as well as in the reverse direction."*

A similar point was recently made by ECB chief economist Philip Lane: *"The deeply integrated nature of the global economy implies that our analysis needs to incorporate international monetary policy spillovers."*[3]

Another warning came from World Bank staff: *"the highly synchronous tightening of monetary and fiscal policies could cause more damage to growth than would be expected from a simple summing of the effects of the policy actions of individual countries in a highly integrated global economy."*[4]

1. *Restoring Price Stability in an Uncertain Economic Environment*, Remarks by Lael Brainard, Vice Chair Board of Governors of the Federal Reserve System at "Shocks and Aftershocks: Finding Balance in an Unstable World", 64th National Association for Business Economics Annual Meeting, Chicago, Illinois, 10 October 2022.
2. 'Synchronous' refers to the idea that the rate hikes happen during the same timespan, although not in a coordinated way, in which case 'synchronised' would be used.
3. The transmission of monetary policy, Speech by Philip R. Lane, Member of the Executive Board of the ECB, at the SUERF, CGEG|Columbia|SIPA, EIB, Société Générale conference on *"EU and US Perspectives: New Directions for Economic Policy"*, New York, 11 October 2022.
4. *Is a global recession imminent?*, Justin Damien Guénette, M. Ayhan Kose and Naotaka Sugawara, CEPR Discussion Paper DP17566, 03 October 2022.

Why is there a risk that the combined effect of higher interest rates could be greater than the sum of the parts?[5] Maurice Obstfeld of the Peterson Institute for International Economics sees two reasons[6].

To the extent that inflation in a given country is largely a function of global slack -i.e. the global output gap determines to a large degree the price developments at the level of individual countries-, synchronous rate hikes by many countries, through their impact on the global output gap, could cause a sudden, unexpectedly large decline in inflation. Rising import prices are another factor. Tighter monetary policy in a given country should, all else remaining the same, cause an

5. A rate hike in a given country should be negative for growth and inflation in that country. Via a reduction in its imports, this country also creates a spillover effect to other countries. In a sum-of-the-parts approach, synchronous rate hikes in various countries have an impact that corresponds to the sum of the individual country effects.
6. Uncoordinated monetary policies risk a historic global slowdown, Maurice Obstfeld, Peterson Institute for International Economics, 12 September 2022.

CENTRAL BANKS' POLICY RATES

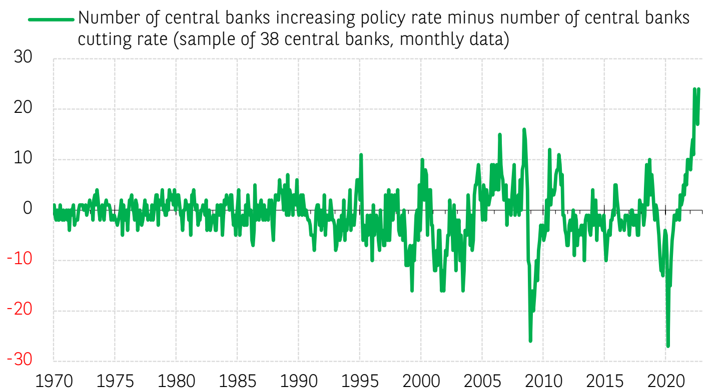


CHART 1

SOURCE: BIS (OCTOBER 2022), BNP PARIBAS

> Synchronous rate hikes by a large number of central banks could have a disproportionate effect on global growth, causing inflation to ease more quickly than anticipated.

appreciation of its currency. The depreciation of the trading partners' currencies could cause an increase of import price inflation that forces the respective central banks to tighten policy as well, thereby contributing to the global growth slowdown. In addition to the points mentioned by Obstfeld, confidence effects may also play a role. This is especially important for export-oriented companies. Demand for their products in a given export market may suffer when the local central bank raises interest rates. When this happens in a synchronous way in several of their export markets, the negative effect in terms of loss of confidence may be disproportionate.

What could be done given the risk that the combined effect of higher interest rates could be greater than the sum of the parts? Central banks could insist in their communication on the synchronous nature of rate hikes. This could moderate inflation expectations globally[7], which should help, to some degree, in bringing inflation back to target.

Consequently, the cumulative tightening could be smaller, thereby reducing the risk of a monetary 'overkill'. As mentioned by Brainard and Lane, central banks could also pay particular attention to the spillover effects of the actions of foreign central banks. This could again imply a smaller cumulative tightening. There is a risk however that investors would interpret this as a premature dovish twist, so clear communication will be crucial to avoid a loss of credibility.

William De Vijlder

7. This point is made by Maurice Obstfeld.

MARKETS OVERVIEW

OVERVIEW

Week 30-9 22 to 7-10-22				
↗ CAC 40	5 762	▶ 5 867	+1.8	%
↗ S&P 500	3 586	▶ 3 640	+1.5	%
↘ Volatility (VIX)	31.6	▶ 31.4	-0.3	pb
↗ Euribor 3M (%)	1.17	▶ 1.29	+11.5	bp
↗ Libor $ 3M (%)	3.75	▶ 3.91	+15.4	bp
↗ OAT 10y (%)	2.75	▶ 2.80	+5.3	bp
↗ Bund 10y (%)	2.11	▶ 2.20	+9.1	bp
↗ US Tr. 10y (%)	3.80	▶ 3.88	+8.1	bp
↘ Euro vs dollar	0.98	▶ 0.98	-0.1	%
↗ Gold (ounce, $)	1 674	▶ 1 702	+1.7	%
↗ Oil (Brent, $)	88.2	▶ 97.9	+11.1	%

MONEY & BOND MARKETS

Interest Rates		highest 22			lowest 22		
€ ECB	1.25	1.25	at	14/09	0.00	at	03/01
Eonia	-0.51	-0.51	at	03/01	-0.51	at	03/01
Euribor 3M	1.29	1.29	at	07/10	-0.58	at	05/01
Euribor 12M	2.55	2.63	at	27/09	-0.50	at	05/01
$ FED	3.25	3.25	at	22/09	0.25	at	03/01
Libor 3M	3.91	3.91	at	07/10	0.21	at	03/01
Libor 12M	5.00	5.00	at	07/10	0.58	at	03/01
£ BoE	2.25	2.25	at	22/09	0.25	at	03/01
Libor 3M	3.42	3.75	at	26/09	0.26	at	03/01
Libor 12M	0.81	0.81	at	03/01	0.81	at	03/01

At 7-10-22

Yield (%)		highest 22			lowest 22		
€ AVG 5-7y	2.64	2.79	at	28/09	-0.04	at	03/01
Bund 2y	1.80	1.90	at	27/09	-0.83	at	04/03
Bund 10y	2.20	2.24	at	27/09	-0.14	at	24/01
OAT 10y	2.80	2.83	at	29/09	0.15	at	04/01
Corp. BBB	4.79	4.84	at	29/09	0.90	at	05/01
$ Treas. 2y	4.31	4.37	at	27/09	0.70	at	04/01
Treas. 10y	3.88	3.96	at	27/09	1.63	at	03/01
High Yield	9.63	9.91	at	30/09	5.07	at	03/01
£ gilt. 2y	4.17	4.59	at	27/09	0.69	at	03/01
gilt. 10y	4.24	4.50	at	27/09	0.97	at	03/01

At 7-10-22

EXCHANGE RATES

1€ =		highest 22		lowest 22			2022
USD	0.98	1.15	at 10/02	0.96	at	27/09	-14.0%
GBP	0.88	0.90	at 28/09	0.83	at	14/04	+4.7%
CHF	0.97	1.06	at 10/02	0.95	at	28/09	-6.3%
JPY	142.03	144.46	at 13/09	125.37	at	04/03	+8.5%
AUD	1.53	1.62	at 04/02	1.43	at	25/08	-2.3%
CNY	6.94	7.29	at 10/02	6.75	at	14/07	-4.3%
BRL	5.10	6.44	at 06/01	5.01	at	21/04	-19.5%
RUB	61.06	164.76	at 07/03	55.60	at	26/09	-28.4%
INR	80.56	85.96	at 11/02	78.49	at	27/09	-4.7%

At 7-10-22 — *Change*

COMMODITIES

Spot price, $		highest 22			lowest 22			2022	2022(€)
Oil, Brent	97.9	128.2	at	08/03	79.0	at	03/01	+24.9%	+45.2%
Gold (ounce)	1 702	2 056	at	08/03	1 635	at	27/09	-6.6%	+8.6%
Metals, LMEX	3 577	5 506	at	07/03	3 453	at	27/09	-20.5%	-7.7%
Copper (ton)	7 508	10 702	at	04/03	7 160	at	14/07	-22.9%	-10.4%
wheat (ton)	292	4.7	at	17/05	276	at	18/08	+22.9%	+42.8%
Corn (ton)	259	3.2	at	28/06	226	at	03/01	+1.3%	+31.8%

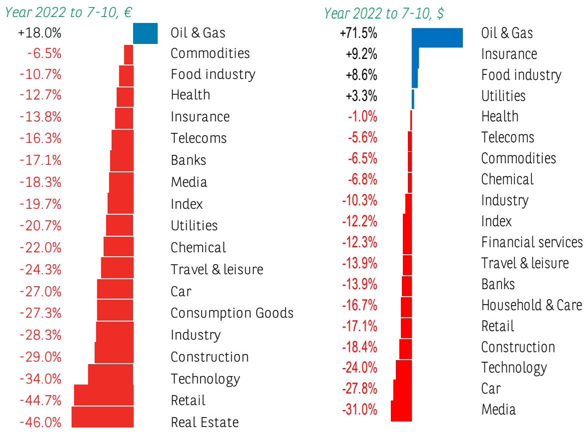
At 7-10-22 — *Change*

EQUITY INDICES

	Index	highest 22			lowest 22			2022
World								
MSCI World	2 418	3 248	at	04/01	2 379	at	30/09	-25.2%
North America								
S&P500	3 640	4 797	at	03/01	3 586	at	30/09	-23.6%
Europe								
EuroStoxx50	3 375	4 392	at	05/01	3 279	at	29/09	-21.5%
CAC 40	5 867	7 376	at	05/01	5 677	at	29/09	-1.8%
DAX 30	12 273	16 272	at	05/01	11 976	at	29/09	-22.7%
IBEX 35	7 437	8 934	at	27/05	7 300	at	29/09	-1.5%
FTSE100	6 991	7 672	at	10/02	6 882	at	29/09	-0.5%
Asia								
MSCI, loc.	1 053	1 165	at	05/01	1 012	at	30/09	-0.8%
Nikkei	27 116	29 332	at	05/01	24 718	at	09/03	-5.8%
Emerging								
MSCI Emerging ($)	898	1 267	at	12/01	873	at	29/09	-2.7%
China	57	86	at	20/01	56	at	03/10	-29.9%
India	757	891	at	13/01	699	at	17/06	-0.8%
Brazil	1 609	2 003	at	04/04	1 311	at	14/07	+5.0%

At 7-10-22 — *Change*

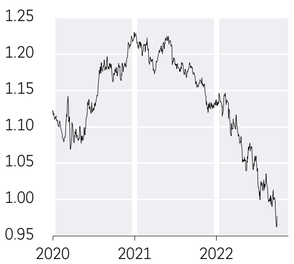
PERFORMANCE BY SECTOR (Eurostoxx50 & S&P500)



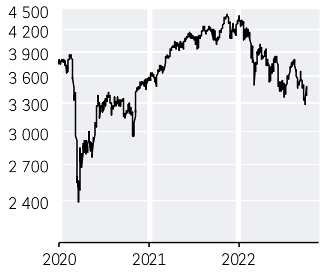
SOURCE: REFINITIV, BNP PARIBAS,

MARKETS OVERVIEW

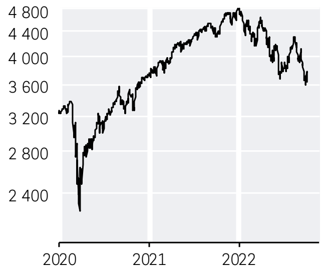
EURO-DOLLAR



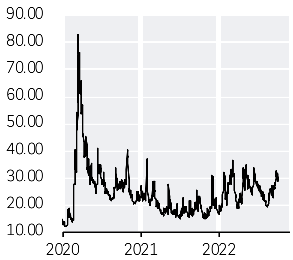
EUROSTOXX50



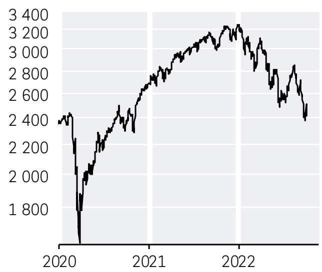
S&P500



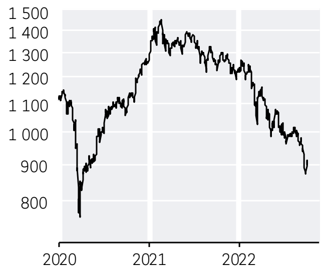
VOLATILITY (VIX, S&P500)



MSCI WORLD (USD)

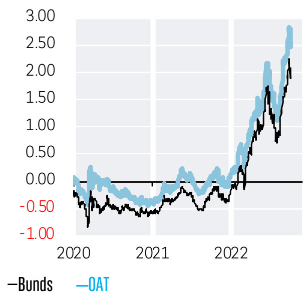


MSCI EMERGING (USD)

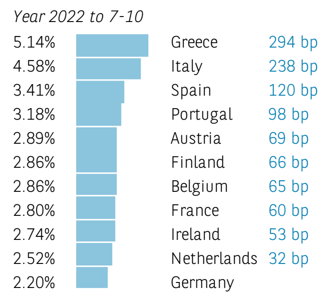


10Y BOND YIELD, TREASURIES VS BUND

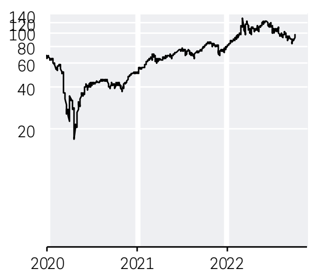
10Y BOND YIELD



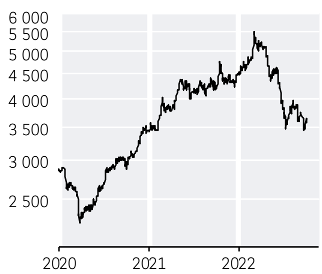
10Y BOND YIELD & SPREADS



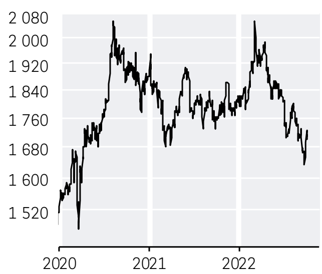
OIL (BRENT, USD)



METALS (LMEX, USD)



GOLD (OUNCE, USD)



SOURCE: REFINITIV, BNP PARIBAS

ITALY: NO RESPITE FOR THE NEW GOVERNMENT

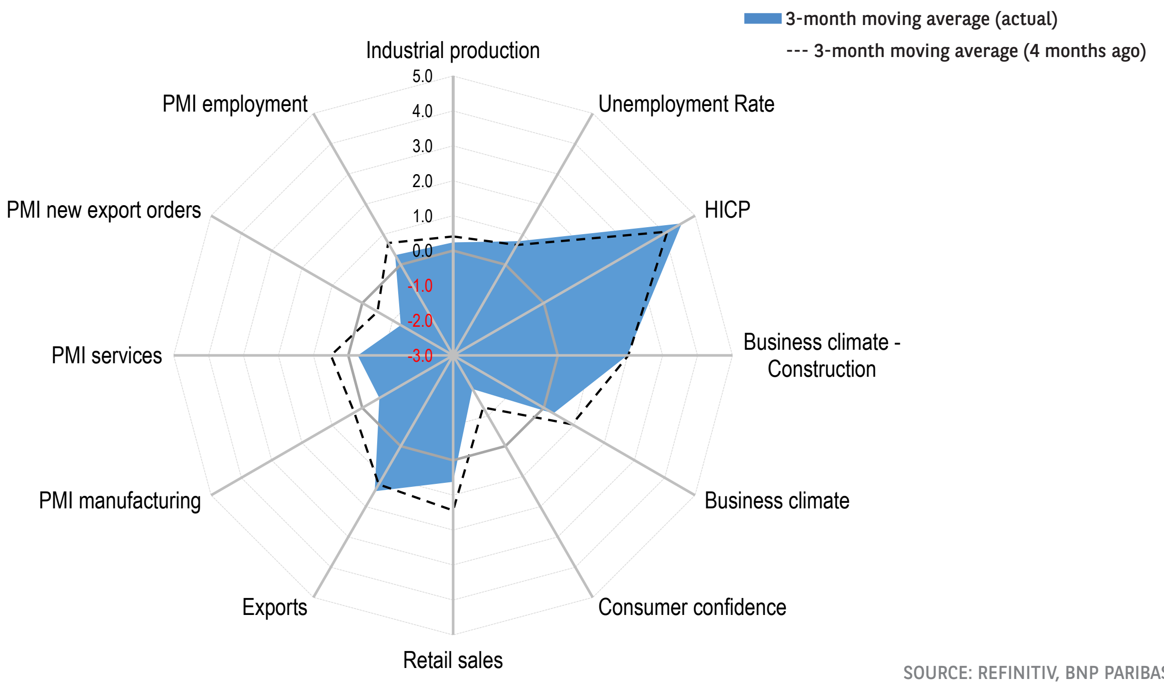
The new Italian government, headed by Giorgia Meloni, has come to power in a challenging environment and divisions have already appeared between the various partners of the right-wing alliance. In addition to political dissension, the Italian economic context is also conducive to tension. Most of the barometer's indicators have continued to deteriorate in recent weeks, both in terms of business and household indices. After a slight improvement, the composite PMI fell again in September (-2.0 points to 47.6). The same dynamic was seen in consumer confidence, where the unemployment outlook recorded its sharpest deterioration ever seen over a single month (+28 points, an increase indicating a deterioration in the outlook). The scenario of an upcoming recession in Italy therefore seems increasingly likely, especially as consumer price inflation, as well as producer price inflation, are still not stabilising this autumn.

Indeed, the rise in the harmonised consumer price index accelerated to 9.4% in September, compared with 9.1% the previous month. Although the increase in energy prices slowed somewhat – relatively speaking as it was still substantial in September (+44.5% y/y) – the rise of the underlying index (excluding energy and food products) showed no sign of abating. The opposite is true: the monthly increase of 0.8% m/m was the largest since the start of current statistics (January 1996), while annual growth crossed the threshold of 5% – the 'hotel and catering services' (8.0% y/y) and 'home furniture and equipment' (6.5% y/y) components climbed to a level never seen before. A growing price increase in clothing and footwear (+2.5% y/y) is also of note.

Household consumption continues to shrink under the weight of inflation. In real terms, retail sales fell in August to their lowest level since spring 2021. The majority of the adjustment has been made so far on food spending, which has fallen 4.1% since the beginning of the year.

Guillaume Derrien

ITALY: QUARTERLY CHANGES



SOURCE: REFINITIV, BNP PARIBAS

The indicators in the radar are all transformed into 'z-scores' (deviations from the long-term average, as standard deviations). These z-scores have mean zero and their values are between -3 and +5. In the radar chart, the blue area shows the actual conditions of economic activity. It is compared with the situation four months earlier (dotted-line). An expansion of the blue area compared to the dotted area signals an increase in the variable.

UNITED KINGDOM: RESIGNATIONS AND INFLATION

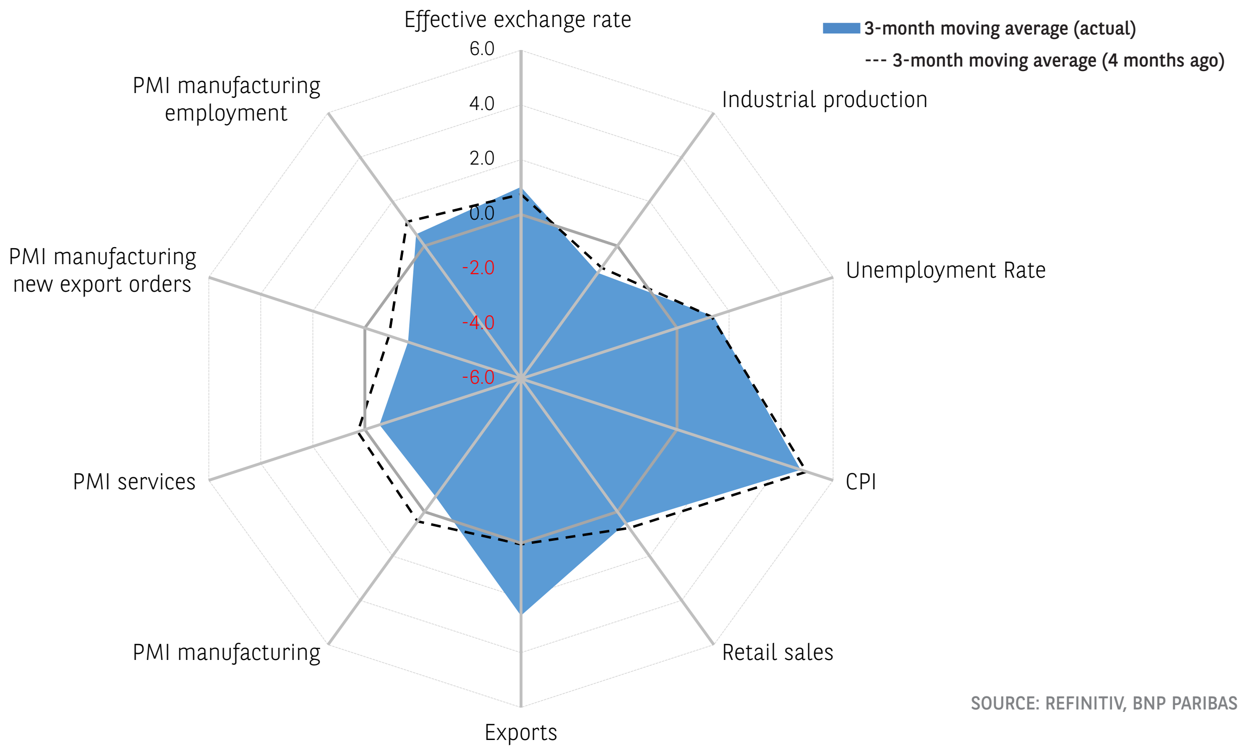
Inflation jumped sharply in September, moving into the symbolic territory of double digits (10.1% y/y), slightly above expectations (10%). The rise in inflation is expected to continue as it is widespread in the economy. Furthermore, core inflation rose significantly in September (+0.5 points) to 7.5% y/y.

Nevertheless, inflation continues to weigh on economic activity. Household confidence remained largely negative (-47 points) although it recovered slightly (+2 points) in October, thanks to the first support measures, such as the gas and electricity price caps, coming into force. On the corporate side, surveys show the business climate remains close to a tipping a point. While the manufacturing sector index is already in contraction territory for the second consecutive month (48 points), the services sector remains balanced (50 points) thanks to hopes for a potential recovery in activity. Another area of concern is the rise in the price of imports (+3.1% m/m and +21% y/y in September), partly due to the fall in the pound since the beginning of the year but especially since early September, which could have a negative impact on domestic inflation. However, the UK is not reducing its imports, on the contrary. According to the latest publication by the Office for National Statistics (ONS), the British trade deficit widened to GBP -25.6 billion in for the three months to August, mainly due to the sharp increase in imports (+5.7% m/m) from countries outside the European Union (EU) (+13.3% m/m). Exports grew well, but to a lesser extent (1.2% m/m), mainly destined for countries outside the EU (4.1%). To cope with the widening trade deficit, the UK Government recently accelerated ongoing trade negotiations to encourage its export opportunities and to reduce the cost of its imports, particularly with India and the Gulf countries, but also by joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

The recent fall in the value of the British pound and the rise in gilt yields, British sovereign bonds and, more widely, the worrying economic situation of the United Kingdom partly explain Prime Minister Liz Truss' resignation and the withdrawal of many of tax cuts from the growth plan. This withdrawal has restored some confidence in the control of public finances. Although the transition is faster than when Boris Johnson was replaced, the UK now finds itself in a weaker economic environment.

Félix Berte

UNITED KINGDOM: QUARTERLY CHANGES



SOURCE: REFINITIV, BNP PARIBAS

The indicators in the radar are all transformed into 'z-scores' (deviations from the long-term average, as standard deviations). These z-scores have mean zero and their values are between -6 and +6. In the radar chart, the blue area shows the actual conditions of economic activity. It is compared with the situation four months earlier (dotted-line). An expansion of the blue area compared to the dotted area signals an increase in the variable.

ECONOMIC SCENARIO

UNITED STATES

In the US, the Federal Reserve will continue its tightening policy at a swift pace. After the 75bp hike in September, further increases will follow in November, December and January, bringing the federal funds rate to its terminal rate for this cycle at 5.25% (upper end of the target range). This level should be maintained through 2023 and be followed by rate cuts in 2024. The Fed's hawkish stance is motivated by the particularly elevated inflation and a strong labour market. Once the economy has slowed down and inflation is on a downward path, the Federal Reserve should adapt its guidance to achieve a soft landing. US Treasury are largely pricing in the upcoming rate hikes. In the course of next year, we expect somewhat lower yields as growth slows, inflation declines, and the market starts anticipating policy easing in 2024.

CHINA

Economic activity contracted in Q2 2022 due to the lockdowns imposed in large industrial regions such as Shanghai. The economic growth rebound since late spring has proved difficult. The authorities are enhancing fiscal and monetary easing measures. However, factors constraining growth remain significant: the correction in the property sector continues, and the deterioration in the labour market, the still tight zero Covid strategy and weak household confidence weigh on private consumption. Moreover, exports are expected to suffer from the slowdown in global demand. Consumer price inflation is accelerating only moderately..

EUROZONE

The look in the rear-view mirror is fairly favorable. The first half of 2022 was better than expected, leading to a comfortable growth carry-over a bit above 3%. However, the outlook for the coming quarters is negative: according to our forecasts, the Eurozone will not escape a contraction of its GDP. The current unprecedented combination of shocks (inflation, health, geopolitical, energy, climate, monetary) should overcome the resilience observed so far. We already have signs of this in the deterioration in confidence surveys, which has intensified over the summer. However, the recession should remain limited in scope thanks to the support of fiscal measures and as long as the labor market continues to perform well as it is now. In annual average terms, we expect Eurozone growth to reach 2.8% in 2022 but only 0.3% in 2023 (2 points lower than in our previous scenario in June). Regarding inflation, we forecast it will soon reach its peak, nearing 10% y/y, before engaging in a rather slow disinflation process in 2023.

FRANCE

Real GDP growth has surprised on the upside in the 2nd quarter of 2022 (+0.5% q/q after -0.2% in the 1st quarter), mainly as a result of tourism (positive contribution of net exports) and accommodation & catering following the unwinding of the bulk of Covid related restrictions. However, inflation has continued to accelerate (reaching a peak of 6.1% y/y in July) and household purchasing power has reduced for a second quarter in a row (-1.1% q/q during the 2nd quarter). Backlog of orders in the manufacturing have continued to decrease, and GDP growth should follow (we expect 0.5% in 2023 after 2.3% in 2022).

RATES AND EXCHANGE RATES

In the US, the Federal Reserve will continue its tightening policy at a swift pace. After the 75bp hike in September, further increases will follow in November, December and January, bringing the federal funds rate to its terminal rate for this cycle at 5.25% (upper end of the target range). This level should be maintained through 2023 and be followed by rate cuts in 2024. The Fed's hawkish stance is motivated by the particularly elevated inflation and a strong labour market. US Treasury are largely pricing in the upcoming rate hikes. In the course of next year, we expect somewhat lower yields as growth slows, inflation declines, and the market starts anticipating policy easing in 2024.

After the 50bp rate hike in July and the 75bp increase in September, the ECB Governing Council will continue to raise its policy rates at its next meetings. Policy tightening is frontloaded, which means that the terminal rate -i.e. the peak rate in this cycle- should be reached by the end of the first quarter of next year. We expect a peak for the deposit rate at 3.00%. This should cause an increase in Bund yields.

The Bank of Japan is expected to maintain its current policy stance, at least until Governor Kuroda's term ends in the spring of 2023. Thereafter, we expect a less dovish policy and a one-off rate hike in the fourth quarter of 2023.

We expect the dollar to weaken somewhat versus the euro. The dollar's valuation is expensive, positioning in the market is very long and the long-term interest rate differential should narrow. The yen has already weakened significantly versus the dollar, reflecting the prospect of increased policy divergence between the Fed and the Bank of Japan. We expect the exchange rate to remain around current levels for the remainder of the year. In 2023, the yen should strengthen versus the dollar considering that the federal funds rate should have reached its terminal rate and that the Bank of Japan is expected to tighten policy.

GDP GROWTH & INFLATION

	GDP Growth				Inflation			
%	2021	2022 e	2023 e	2024 e	2021	2022 e	2023 e	2024 e
United-States	5.7	1.7	1.0	0.9	4.7	8.0	4.4	3.9
Japan	1.7	1.3	0.8	0.6	-0.2	2.2	1.1	0.6
United-Kingdom	7.4	3.4	-0.1	1.4	2.6	8.9	6.5	3.0
Euro Area	5.3	2.8	0.3	1.5	2.6	8.3	5.9	2.5
Germany	2.6	1.4	0.4	1.7	3.2	8.6	5.8	2.4
France	6.8	2.3	0.5	1.5	2.1	5.7	4.8	2.1
Italy	6.6	3.4	0.4	1.6	1.9	8.4	6.4	2.2
Spain	5.1	4.3	0.5	1.7	3.0	8.8	4.1	1.6
China	8.1	3.0	5.3	5.0	0.9	2.3	3.1	2.5
India*	9.3	8.3	6.2	6.5	5.4	7.9	5.9	5.5
Brazil	4.6	3.0	0.5	1.3	8.3	9.4	5.4	4.9
Russia	4.5	-7.0	0.8	0.3	7.1	14.0	10.5	7.6

SOURCE: BNP PARIBAS GROUP ECONOMIC RESEARCH (E: ESTIMATES & FORECASTS)
*FISCAL YEAR FROM 1ST APRIL OF YEAR N TO MARCH 31ST OF YEAR N+1

INTEREST & EXCHANGE RATES

Interest rates, %						
End of period		Q2 2022	Q4 2022 e	Q1 2023 e	Q2 2023 e	Q4 2023 e
US	Fed Funds (upper limit)	1.75	4.75	5.25	5.25	5.25
Eurozone	Deposit rate	-0.50	2.25	3.00	3.00	3.00
UK	Base rate	1.25	3.50	4.50	4.50	4.50
	Gilts 10y	2.21	4.75	4.85	4.50	4.40
Japan	BoJ Rate	-0.04	-0.10	-0.10	-0.10	0.00
	JGB 10y	0.23	0.25	0.25	0.25	0.45
Exchange Rates						
End of period		Q2 2022	Q4 2022 e	Q1 2023 e	Q2 2023 e	Q4 2023 e
USD	EUR / USD	1.05	1.00	1.01	1.02	1.06
	USD / JPY	136	137	135	133	127
	GBP / USD	1.21	1.05	1.12	1.12	1.12
EUR	EUR / GBP	0.86	0.95	0.95	0.95	0.95
	EUR / JPY	142	137	136	136	135
Brent						
End of period		Q2 2022	Q4 2022 e	Q1 2023 e	Q2 2023 e	Q4 2023 e
Brent	USD/bbl	115	100	102	107	115

Forecasts as of 6 September unless mentioned otherwise. Fed Funds Rate and US 10-Year : forecast as of 19 October. BoE Rate: forecast as of 17 October. Gilt 10-Year, GBP/USD and EUR/GBP : forecast as of 28 September. Eurozone Deposit Rate: forecast as of 29 September.

SOURCES: BNP PARIBAS (E: ESTIMATES & FORECASTS) (MARKET ECONOMICS, INTEREST RATE STRATEGY, FX STRATEGY, COMMODITIES DESK STRATEGY)

CALENDAR

LATEST INDICATORS

In the euro area, the ZEW expectations survey improved marginally in October, whilst remaining at a very low level. Inflation accelerated further in September, reaching 9.9%. Consumer confidence improved in October, against expectations. French business confidence was stable. In Germany, the ZEW expectations survey improved -following the change in the euro area index- but the assessment of the current situation worsened far more than anticipated. In the UK, consumer confidence improved marginally, which was a positive surprise. Retail sales on the other hand contracted more than expected. In the US, the NAHB housing market index showed a significant decline but building permits moved unexpectedly higher. Housing starts on the other hand declined more than anticipated. Initial jobless claims moved lower, reflecting the ongoing strength of the labour market. The Conference Board index of leading economic indicators continued its downward trend.

DATE	COUNTRY	INDICATOR	PERIOD	ACTUAL	SURVEY	PREVIOUS
10/18/2022	Germany	ZEW Survey Expectations	Oct	-59.2	-66.5	-61.9
10/18/2022	Germany	ZEW Survey Current Situation	Oct	-72.2	-68.5	-60.5
10/18/2022	Eurozone	ZEW Survey Expectations	Oct	-59.7	--	-60.7
10/18/2022	United States	NAHB Housing Market Index	Oct	38.0	43.0	46.0
10/19/2022	United Kingdom	CPIH YoY	Sep	8.8%	8.8%	8.6%
10/19/2022	Eurozone	CPI YoY	Sep	9.9%	10.0%	9.1%
10/19/2022	Eurozone	CPI Core YoY	Sep	4.8%	4.8%	4.8%
10/19/2022	United States	Building Permits MoM	Sep	1.4%	-0.8%	-10.0%
10/19/2022	United States	Housing Starts MoM	Sep	-8.1%	-7.2%	12.2%
10/19/2022	United States	U.S. Federal Reserve Releases Beige Book				
10/20/2022	France	Business Confidence	Oct	102.0	101.0	102.0
10/20/2022	United States	Initial Jobless Claims	Oct	214k	233k	228k
10/20/2022	United States	Leading Index	Sep	-0.4%	-0.3%	-0.3%
10/21/2022	United Kingdom	GfK Consumer Confidence	Oct	-47.0	-52.0	-49.0
10/21/2022	United Kingdom	Retail Sales Ex Auto Fuel MoM	Sep	-1.5%	-0.4%	-1.6%
10/21/2022	Eurozone	Consumer Confidence	Oct	-27.0	-30.0	-28.8

SOURCE: BLOOMBERG

CALENDAR: THE WEEK AHEAD

COMING INDICATORS

The week will be very busy with two central bank meetings -ECB and Bank of Japan- and important survey data (flash PMIs in several countires, the European Commission's surveys, the IFO survey in Germany, consumer confidence in France and Germany, University of Michigan sentiment, the Conference Board consumer confidence, etc.). Finally, we will have an estimate of third quarter GDP growth in the US, Germany and France. Recently, the release of several Chinese data (GDP, retail sales, unemployment rate) has been postponed. They may be published this week.

DATE	COUNTRY	INDICATOR	PERIOD	CONSENSUS	PREVIOUS
10/20-10/31/22	China	Property Investment YTD YoY	Sep.	-7.50%	-7.40%
10/20-10/31/22	China	Fixed Assets Ex Rural YTD YoY	Sep.	6.00%	5.80%
10/20-10/31/22	China	GDP SA QoQ	3Q	2.80%	-2.60%
10/20-10/31/22	China	Retail Sales YoY	Sep.	3.00%	5.40%
10/20-10/31/22	China	Surveyed Jobless Rate	Sep.	5.20%	5.30%
10/24/22	Japan	Jibun Bank Japan PMI Services	Oct.	--	52.2
10/24/22	Japan	Jibun Bank Japan PMI Mfg	Oct.	--	50.8
10/24/22	France	S&P Global France Manufacturing PMI	Oct.	--	47.7
10/24/22	France	S&P Global France Services PMI	Oct.	--	52.9
10/24/22	Germany	S&P Global/BME Germany Manufacturing PMI	Oct.	--	47.8
10/24/22	Germany	S&P Global Germany Services PMI	Oct.	--	45
10/24/22	Eurozone	S&P Global Eurozone Manufacturing PMI	Oct.	--	48.4
10/24/22	Eurozone	S&P Global Eurozone Services PMI	Oct.	--	48.8
10/24/22	UK	S&P Global/CIPS UK Manufacturing PMI	Oct.	--	48.4
10/24/22	UK	S&P Global/CIPS UK Composite PMI	Oct.	--	49.1
10/24/22	United States	S&P Global US Manufacturing PMI	Oct.	--	52
10/24/22	United States	S&P Global US Services PMI	Oct.	--	49.3
10/25/22	Germany	IFO Business Climate	Oct.	--	84.3
10/25/22	Germany	IFO Current Assessment	Oct.	--	94.5
10/25/22	Germany	IFO Expectations	Oct.	--	75.2
10/25/22 12:00	UK	CBI Trends Selling Prices	Oct.	--	59
10/25/22	UK	CBI Business Optimism	Oct.	--	-21
10/25/22	United States	Conf. Board Consumer Confidence	Oct	105	108
10/25/22	United States	Conf. Board Present Situation	Oct	--	149.6

SOURCE: BLOOMBERG

DATE	COUNTRY	INDICATOR	PERIOD	CONSENSUS	PREVIOUS
10/25/22	United States	Conf. Board Expectations	Oct	--	80.3
10/26/22	France	Consumer Confidence	Oct	--	79
10/26/22	United States	MBA Mortgage Applications	21-oct	--	-4.50%
10/26/22	United States	New Home Sales MoM	Sep	-12.40%	28.80%
10/27/22	Germany	GfK Consumer Confidence	Nov	--	-42.5
10/27/22	Eurozone	ECB Deposit Facility Rate	27-oct	--	0.75%
10/27/22	United States	Initial Jobless Claims	22-oct	--	--
10/28/22	France	GDP QoQ	3Q P	--	0.50%
10/28/22	France	CPI EU Harmonized MoM	Oct P	--	-0.50%
10/28/22	Eurozone	ECB Survey of Professional Forecasters			
10/28/22	Germany	GDP SA QoQ	3Q P	--	0.10%
10/28/22	Eurozone	Economic Confidence	Oct	--	93.7
10/28/22	Eurozone	Industrial Confidence	Oct	--	-0.4
10/28/22	Eurozone	Services Confidence	Oct	--	4.9
10/28/22	Eurozone	Consumer Confidence	Oct F	--	--
10/28/22	Germany	CPI EU Harmonized MoM	Oct P	--	2.20%
10/28/22	United States	U. of Mich. Sentiment	Oct F	59.7	59.8
10/28/22	United States	U. of Mich. Current Conditions	Oct F	--	65.3
10/28/22	United States	U. of Mich. Expectations	Oct F	--	56.2
10/28/22 16:00	United States	U. of Mich. 1 Yr Inflation	Oct F	--	5.10%
10/28/22 16:00	United States	U. of Mich. 5-10 Yr Inflation	Oct F	--	2.90%
10/28/22	Japan	BOJ Policy Balance Rate	28-oct	-0.10%	-0.10%

FURTHER READING

Hungarian Forint: under selling pressure	EcoTVWeek	21 October 2022
Germany : Revising the PMI to better understand shocks affecting industry	EcoFlash	19 October 2022
US : Foreign investors in US Treasuries: official and private sectors now neck and neck	Chart of the Week	19 October 2022
Global growth at risk	EcoWeek	17 October 2022
Qatar: favorable prospects thanks to the gas rent	EcoTVWeek	14 October 2022
Emerging Countries: Double whammy	EcoEmerging	12 October 2022
Eurozone: the contribution of supply-side issues to food price inflation	Chart of the Week	12 October 2022
Eurozone: Rising interest rates and public debt sustainability	EcoWeek	10 October 2022
United Kingdom: "God save the Gilt"	EcoTVWeek	7 October 2022
Kenya: Focus on fiscal consolidation	Chart of the Week	5 October 2022
United Kingdom: The 'dash for cash', leverage and the need for economic policy coordination	EcoWeek	3 October 2022
Key figures of the French economy	Pocket Atlas	3 October 2022
EcoPerspectives: The recession narrative	EcoPerspectives	30 September 2022
Spain: Complete reversal of real estate financing model in 12 years	Chart of the Week	28 September 2022
United States: vacancies, job turnover and disinflation	EcoWeek	26 September 2022
France: After inflation comes recession?	EcoTVWeek	23 September 2022
Developed economies: housing prices and bubble risk	Chart of the Week	21 September 2022
The monetary cycle: from panic to perseverance to patience	EcoWeek	19 September 2022
Latin America: the mechanisms of inflation	EcoTVWeek	17 September 2022
2022, towards a likely new record in CO2 emissions	Chart of the Week	15 September 2022

GROUP ECONOMIC RESEARCH

William De Vijlder Chief Economist	+33 1 55 77 47 31	william.devijlder@bnpparibas.com

OECD ECONOMIES AND STATISTICS

Hélène Baudchon Head - Eurozone - Climate	+33 1 58 16 03 63	helene.baudchon@bnpparibas.com
Felix Berte United States, United Kingdom	+33 1 40 14 01 42	felix.berte@bnpparibas.com
Stéphane Colliac France	+33 1 42 98 43 86	stephane.colliac@bnpparibas.com
Guillaume Derrien Southern Europe, Japan - International trade	+33 1 55 77 71 89	guillaume.a.derrien@bnpparibas.com
Anthony Morlet-Lavidalie Germany, Northern Europe	+33 1 53 31 59 14	anthony.morletlavidalie@bnpparibas.com
Veary Bou, Tarik Rharrab Statistics		

ECONOMIC PROJECTIONS, RELATIONSHIP WITH THE FRENCH NETWORK

Jean-Luc Proutat Head	+33 1 58 16 73 32	jean-luc.proutat@bnpparibas.com

BANKING ECONOMICS

Laurent Quignon Head	+33 1 42 98 56 54	laurent.quignon@bnpparibas.com
Céline Choulet	+33 1 43 16 95 54	celine.choulet@bnpparibas.com
Thomas Humblot	+33 1 40 14 30 77	thomas.humblot@bnpparibas.com
Marianne Mueller	+33 1 40 14 48 11	marianne.mueller@bnpparibas.com

EMERGING ECONOMIES AND COUNTRY RISK

François Faure Head – Argentina, Turkey – Methodology, Modelling	+33 1 42 98 79 82	francois.faure@bnpparibas.com
Christine Peltier Deputy Head – Greater China, Vietnam – Methodology	+33 1 42 98 56 27	christine.peltier@bnpparibas.com
Stéphane Alby Africa (French-speaking countries)	+33 1 42 98 02 04	stephane.alby@bnpparibas.com
Pascal Devaux Middle East, Balkan countries	+33 1 43 16 95 51	pascal.devaux@bnpparibas.com
Hélène Drouot South Korea, Philippines, Thailand, Andean countries	+33 1 42 98 33 00	helene.drouot@bnpparibas.com
Perrine Guérin South Africa & English/Portuguese-speaking African countries	+33 1 42 98 43 86	perrine.guerin@bnpparibas.com
Salim Hammad Latin America	+33 1 42 98 74 26	salim.hammad@bnpparibas.com
Cynthia Kalasopatan Antoine Ukraine, Central European countries	+33 1 53 31 59 32	cynthia.kalasopatan.antoine@bnpparibas.com
Johanna Melka India, South Asia, Russia, Kazakhstan	+33 1 58 16 05 84	johanna.melka@bnpparibas.com

CONTACT MEDIA

Mickaelle Fils Marie-Luce	+33 1 42 98 48 59	mickaelle.filsmarie-luce@bnpparibas.com

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Head office: 16 boulevard des Italiens – 75009 Paris France / Phone : +33 (0) 1.42.98.12.34
Internet: www.group.bnpparibas.com - **www.economic-research.bnpparibas.com**

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