

# ECOWEEK

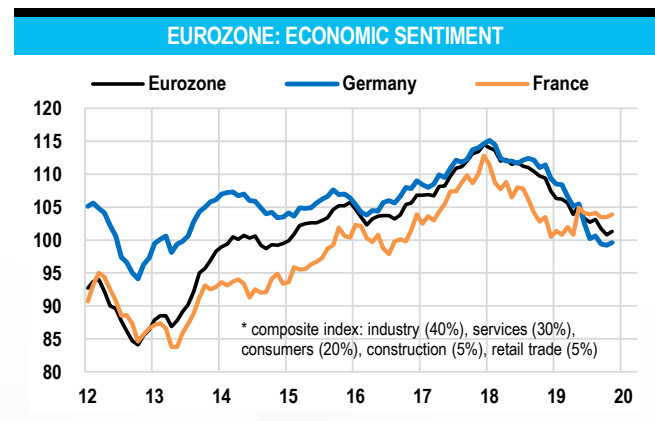
No. 19-45, 06 December

## Global economy: stabilisation, stability, opacity

- Based on business surveys, the cyclical environment, globally, seems to have stabilised. A similar picture emerges for the eurozone and China, whereas in the US it is mixed
- ‘Stability’ characterises the monetary policy outlook. After the announcements in September, the ECB can afford to wait before making a judgment of the effectiveness of its policy stance. For the Federal Reserve, it seems that the bar for envisaging a change in the federal funds rate is high, even more so when it’s about considering a rate hike
- Stabilisation of economic data and a stable, very accommodative monetary stance provide reasons for being hopeful, but this supposes that uncertainty doesn’t increase again. In this respect, unfortunately, the situation remains very opaque. Shifting to a higher gear in terms of growth then becomes more complex.

Recent data releases confirm the signs registered one month ago of a tentative stabilisation of the global cyclical environment. For the eurozone as a whole, the European Commission’s economic sentiment index, increased slightly in November and thus remains above its long-term average. This index covers industry, services, consumers, construction and retail trade. The Commission’s business climate index remained stable. The purchasing managers’ index (PMI) for the manufacturing sector increased further in November and is now close to the level seen in August. The services index on the other hand, declined slightly, to 51.9. Back in August, it was still at 53.5. This development has raised concerns: after a protracted decline of the manufacturing indices, one could fear that the services sector could become a major drag on growth. However, the historical record shows that when the manufacturing sentiment has stabilised, as indeed has been the case as of late, the services sector also tends to see a stabilisation.

Survey data for Germany have rebounded slightly and this has brought relief after a very long and considerable decline in the industrial sector. The PMI manufacturing has rebounded firmly from its low point reached in September and is now close to levels last seen in May. Yet, at 44.1, it remains well below 50, so the contraction continues, albeit at a slower pace. The services PMI has basically been stable in recent months, after the big drop observed in September. The ifo business climate index improved a little in November. Focussing on the expectations component, one observes a rebound in industry, services and trade. The rebound of export expectations in October, from a very low level, was short-lived: November saw a renewed weakening. In France, the business climate, after softening last year, had rebounded in the early part of the year. In recent months it has stabilised at a level well above the long term average. Labour market conditions improved further in November, which bodes well for household spending. In Italy, the manufacturing PMI has been edging down slowly to a low level of 47.6 but services dropped significantly in November (from 52.2 to 50.4). In Spain, both series improved somewhat in November but at 47.5, manufacturing remains under pressure. Services are doing better at 53.2.



Source: European Commission, BNP Paribas

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Economic scenario

ECONOMIC RESEARCH DEPARTMENT



BNP PARIBAS



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As far as the US is concerned, the picture is mixed. Having troughed at 50.3 in August, the manufacturing sector Markit PMI has improved in the following months, reaching 52.6 in November. The equivalent index of the Institute for Supply Management (ISM), had dropped below 50 in August. In November it declined an additional 0.2 percentage point to 48.1. The ISM non-manufacturing index had increased significantly in October to 54.7 but declined in November to 53.9. However, the Markit PMI for the services sector saw an improvement (from 50.6 to 51.6). Finally, in China, the Caixin manufacturing PMI has beaten expectations in November (51.8 after 51.7 the month before) whereas the National Bureau of Statistics PMI, which is tilted towards larger companies and state-owned enterprises, picked up to 50.2 (49.3 in October). This has triggered hope of a stabilisation of growth.

As mentioned in the introduction, all in all, these survey indicators point towards a stabilisation of the business climate. This obviously brings relief but the real question is whether there is room for some pick-up in growth. The monetary environment is clearly supportive and will continue to be so. The buzzword seems to be 'monetary stability'. The ECB, after its additional easing measures announced in September, can now afford to wait before making a judgment of the effectiveness of its policy stance. For the Federal Reserve, it seems that the bar for envisaging a change in the federal funds rate is high, even more so when it's about considering a rate hike.

Stabilisation of economic data and a stable, very accommodative monetary stance provide reasons for being hopeful. A renewed increase of uncertainty could turn this into an illusion. In this respect, the situation remains opaque and the latest news on the US-China trade negotiations, where the US administration claims it is not in hurry, as well as the threat of US trade measures targeting Argentina, Brazil and France are there to remind us that the perception of progress in one week can be turned around the next one. Fluctuations in uncertainty instil an attitude of 'wait and see' and reduce the effectiveness of monetary policy. Shifting to a higher gear in terms of growth then becomes more complex.

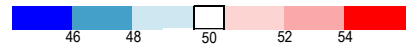
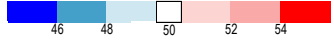
William De Vijlder

MANUFACTURING PMI

SERVICES PMI

	Developed Markets																			Emerging countries																
	WD	NA										Europe									LATAM	Eurasia			Middle East & Africa				Asia							
		World	USA	CANADA	EURO ZONE			AUSTRIA	DENMARK	FRANCE	GERMANY	GREECE	IRELAND	ITALY	NETHERLANDS	SPAIN	SWITZERLAND	UK	AUSTRALIA	NEW ZEALAND		JAPAN	SINGAPORE	BRAZIL	MEXICO	CZECH REPUBLIC	POLAND	RUSSIA	TURKEY	EGYPT	LEBANON	SAUDI ARABIA	SOUTH AFRICA	UAE	CHINA	HONG KONG
Jan-19	50.7	53.0	54.9	50.5	52.7	50.3	51.2	49.7	53.7	52.6	47.8	55.1	52.4	54.8	52.8	52.5	52.8	50.3	50.7	52.7	50.9	49.0	48.2	50.9	44.0	48.5	46.5	56.2	50.3	55.8	48.3	48.2	53.9	49.9	51.9	
Feb-19	50.6	52.6	53.0	49.3	51.8	51.7	51.5	47.6	54.2	54.0	47.7	52.7	49.9	55.4	52.1	54.0	53.4	48.9	50.4	53.4	52.6	48.6	47.6	50.1	46.4	48.2	46.9	56.6	49.0	53.4	49.9	48.4	54.3	50.1	51.2	
Mar-19	50.5	50.5	52.4	47.5	50.0	46.3	49.7	44.1	54.7	53.9	47.4	52.5	50.9	50.3	55.1	51.0	51.6	49.2	50.8	52.8	49.8	47.3	48.7	52.8	47.2	49.9	46.3	56.8	48.5	55.7	50.8	48.0	52.6	51.2	51.9	
Apr-19	50.4	49.7	52.6	47.9	49.2	57.6	50.0	44.4	56.6	52.5	49.1	52.0	51.8	48.5	53.1	54.8	52.7	50.2	50.3	51.5	50.1	46.6	49.0	51.8	46.8	50.8	46.7	56.8	48.0	57.8	50.2	48.4	51.8	50.4	52.5	
May-19	49.8	49.1	50.5	47.7	48.3	48.6	50.6	44.3	54.2	50.4	49.7	52.2	50.1	48.6	49.4	52.7	50.2	49.8	49.9	50.2	50.0	46.6	48.8	49.8	49.3	48.2	46.3	57.3	48.2	59.4	50.2	46.9	52.7	51.6	52.0	
Jun-19	49.4	49.2	50.6	47.6	47.5	48.2	51.9	45.0	52.4	49.8	48.4	50.7	47.9	47.7	48.0	49.4	51.1	49.3	49.6	51.0	49.2	45.9	48.4	48.6	47.9	49.2	46.3	57.4	49.2	57.7	49.4	47.9	52.1	50.6	52.5	
Jul-19	49.3	50.2	50.4	46.5	47.0	49.1	49.7	43.2	54.6	48.7	48.5	50.7	48.2	44.7	48.0	51.3	48.2	49.4	49.8	49.9	49.8	43.1	47.4	49.3	46.7	50.3	47.7	56.6	50.2	55.1	49.9	43.6	52.5	49.6	52.6	
Aug-19	49.5	49.1	50.3	47.0	47.9	48.7	51.1	43.5	54.9	48.6	48.7	51.6	48.8	47.2	47.4	53.1	48.6	49.3	49.9	52.5	49.0	44.9	48.8	49.1	48.0	49.4	47.8	57.0	46.5	51.6	50.4	40.8	51.4	49.0	51.4	
Sep-19	49.7	51.0	51.1	45.7	45.1	50.5	50.1	41.7	53.6	48.7	47.8	51.6	47.7	44.6	48.3	54.7	48.8	48.9	49.5	53.4	49.1	44.9	47.8	46.3	50.0	49.5	46.4	57.3	45.1	51.1	51.4	41.5	51.4	49.1	50.5	
Oct-19	49.8	51.2	51.3	44.9	45.6	50.0	50.7	42.4	53.5	50.7	47.7	50.3	46.8	49.4	49.6	51.6	52.6	48.4	49.6	52.2	50.4	43.0	49.6	47.2	49.0	49.2	48.3	57.4	48.1	51.1	51.7	39.0	50.6	47.7	50.0	
Nov-19	50.3	51.4	52.6	46.9	46.1	53.0	51.7	44.1	54.1	49.7	47.6	49.6	47.5	48.8	48.9	48.1	48.9	49.8	52.9	48.0	43.5	46.7	45.6	49.5	47.9	37.0	58.3	47.7	51.8	38.9	51.2	48.2	51.0			

	World	USA	EURO ZONE	FRANCE	GERMANY	IRELAND	ITALY	SPAIN	UK	AUSTRALIA	JAPAN	BRAZIL	RUSSIA	LEBANON	CHINA	HONG KONG	INDIA
Jan-19	52.6	54.8	51.2	47.8	53.0	54.2	49.7	54.7	50.1	45.2	51.6	52.0	54.9	46.5	53.6	48.2	52.2
Feb-19	53.3	56.0	52.8	50.2	55.3	55.9	50.4	54.5	51.3	46.7	52.3	52.2	55.3	46.9	51.1	48.4	52.5
Mar-19	53.7	55.9	53.3	49.1	55.4	55.3	53.1	56.8	48.9	45.9	52.0	52.7	54.1	46.3	54.4	48.0	52.0
Apr-19	52.7	53.0	52.8	50.5	55.7	54.7	50.4	53.1	50.4	47.6	51.8	49.9	52.6	46.7	54.5	48.4	51.0
May-19	51.6	50.9	52.9	51.5	55.4	57.0	50.0	52.8	51.0	52.3	51.7	47.8	52.0	46.3	52.7	46.9	50.2
Jun-19	51.9	51.5	53.6	52.9	55.8	56.9	50.5	53.6	50.2	51.4	51.9	48.2	49.7	46.3	52.0	47.9	49.6
Jul-19	52.5	53.0	53.2	52.6	54.5	55.0	51.7	52.9	51.4	44.4	51.8	52.2	50.4	47.7	51.6	43.8	53.8
Aug-19	51.8	50.7	53.5	53.4	54.8	54.6	50.6	54.3	50.6	52.3	53.3	51.4	52.1	47.8	52.1	40.8	52.4
Sep-19	51.4	50.9	51.6	51.1	51.4	53.1	51.4	53.3	49.5	51.8	52.8	51.8	53.6	46.4	51.3	41.5	48.7
Oct-19	51.0	50.6	52.2	52.9	51.6	50.6	52.2	52.7	50.0	55.2	49.7	51.2	55.6	48.3	51.1	39.9	49.2
Nov-19	51.6	51.9	52.2	51.7	53.7	50.4	53.2	49.3	53.7	50.3	55.6	37.0	53.5	38.5	52.7		



Source: Markit, BNP Paribas

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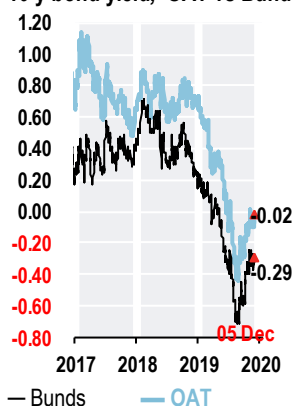
## Markets overview

### The essentials

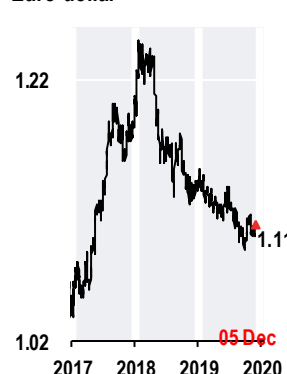
Week 29-11 19 > 5-12-19

↘ CAC 40	5 905	▶ 5 802	-1.8 %
↘ S&P 500	3 141	▶ 3 117	-0.7 %
↗ Volatility (VIX)	12.6	▶ 14.5	+1.9 pb
↗ Euribor 3M (%)	-0.40	▶ -0.40	+0.6 bp
↘ Libor \$ 3M (%)	1.91	▶ 1.89	-1.8 bp
↗ OAT 10y (%)	-0.08	▶ -0.02	+6.2 bp
↗ Bund 10y (%)	-0.35	▶ -0.29	+5.8 bp
↗ US Tr. 10y (%)	1.79	▶ 1.80	+0.5 bp
↗ Euro vs dollar	1.10	▶ 1.11	+0.6 %
↗ Gold (ounce, \$)	1 462	▶ 1 477	+1.1 %
↗ Oil (Brent, \$)	62.6	▶ 63.7	+1.8 %

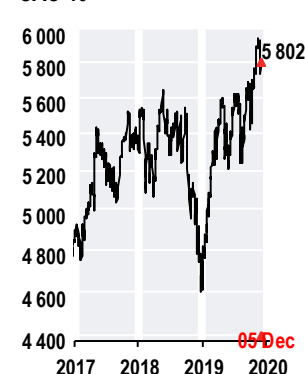
10 y bond yield, OAT vs Bund



Euro-dollar



CAC 40



### Money & Bond Markets

Interest Rates	highest' 19	lowest' 19
€ ECB	0.00 at 01/01	0.00 at 01/01
Eonia	-0.46 at 07/06	-0.47 at 03/10
Euribor 3M	-0.40 at 24/01	-0.45 at 03/09
Euribor 12M	-0.27 at 06/02	-0.40 at 21/08
\$ FED	2.50 at 01/01	1.75 at 31/10
Libor 3M	2.81 at 01/01	1.89 at 04/12
Libor 12M	3.04 at 21/01	1.85 at 04/10
£ BoE	0.75 at 01/01	0.75 at 01/01
Libor 3M	0.93 at 29/01	0.75 at 29/08
Libor 12M	1.19 at 11/01	0.81 at 03/09

At 5-12-19

Yield (%)	highest' 19	lowest' 19
€ AVG 5-7y	0.68 at 09/01	-0.36 at 03/09
Bund 2y	-0.61 at 05/03	-0.92 at 02/09
Bund 10y	-0.29 at 01/01	-0.72 at 28/08
OAT 10y	0.73 at 08/01	-0.44 at 28/08
Corp. BBB	2.15 at 08/01	0.64 at 30/08
\$ Treas. 2y	2.62 at 18/01	1.39 at 03/10
Treas. 10y	2.78 at 18/01	1.46 at 04/09
Corp. BBB	4.65 at 01/01	3.15 at 04/09
£ Treas. 2y	0.83 at 27/02	0.31 at 08/10
Treas. 10y	1.35 at 18/01	0.33 at 03/09

At 5-12-19

10y bond yield & spreads

2.07%	Greece	236 pb
1.38%	Italy	167 pb
0.50%	Spain	79 pb
0.43%	Portugal	72 pb
0.00%	Belgium	29 pb
-0.02%	France	27 pb
-0.05%	Finland	24 pb
-0.07%	Austria	22 pb
-0.16%	Ireland	13 pb
-0.16%	Netherlands	13 pb
-0.29%	Germany	

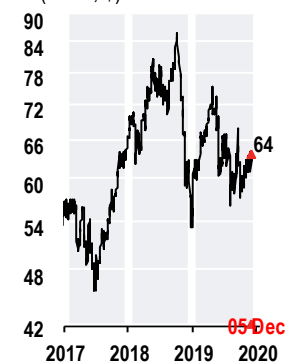
### Commodities

Spot price in dollars	lowest' 19	2019(€)
Oil, Brent	53.1 at 01/01	+23.6%
Gold (ounce)	1 268 at 02/05	+18.8%
Metals, LME	2 718 at 07/08	+0.5%
Copper (ton)	5 585 at 03/09	+1.5%
CRB Foods	312 at 11/09	+3.7%
wheat (ton)	166 at 30/08	+12.1%
Corn (ton)	128 at 24/04	+9.0%

At 5-12-19

Variations

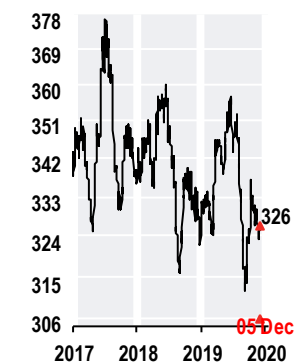
Oil (Brent, \$)



Gold (Ounce, \$)



CRB Foods



### Exchange Rates

€ =	highest' 19	lowest' 19	2019
USD	1.15 at 10/01	1.09 at 30/09	-3.0%
GBP	0.93 at 12/08	0.84 at 05/12	-6.0%
CHF	1.14 at 23/04	1.08 at 04/09	-2.7%
JPY	127.43 at 01/03	116.08 at 03/09	-3.8%
AUD	1.66 at 07/08	1.57 at 18/04	+0.1%
CNY	7.96 at 27/08	7.51 at 25/04	-0.5%
BRL	4.70 at 26/11	4.18 at 31/01	+5.5%
RUB	79.30 at 01/01	70.22 at 24/09	-10.7%
INR	82.00 at 04/02	76.37 at 01/08	-0.9%

At 5-12-19

Variations

### Equity indices

Index	highest' 19	lowest' 19	2019	2019(€)
CAC 40	5 939 at 15/11	4 611 at 03/01	+22.6%	+22.6%
S&P500	3 154 at 27/11	2 448 at 03/01	+24.4%	+28.2%
DAX	13 289 at 07/11	10 417 at 03/01	+23.6%	+23.6%
Nikkei	23 530 at 02/12	19 562 at 04/01	+16.4%	+21.0%
China*	86 at 09/04	68 at 03/01	+12.1%	+15.5%
India*	612 at 03/06	526 at 22/08	+7.2%	+8.1%
Brazil*	2 354 at 10/07	1 862 at 17/05	+22.1%	+15.7%
Russia*	793 at 07/11	572 at 01/01	+21.8%	+34.9%

At 5-12-19

Variations

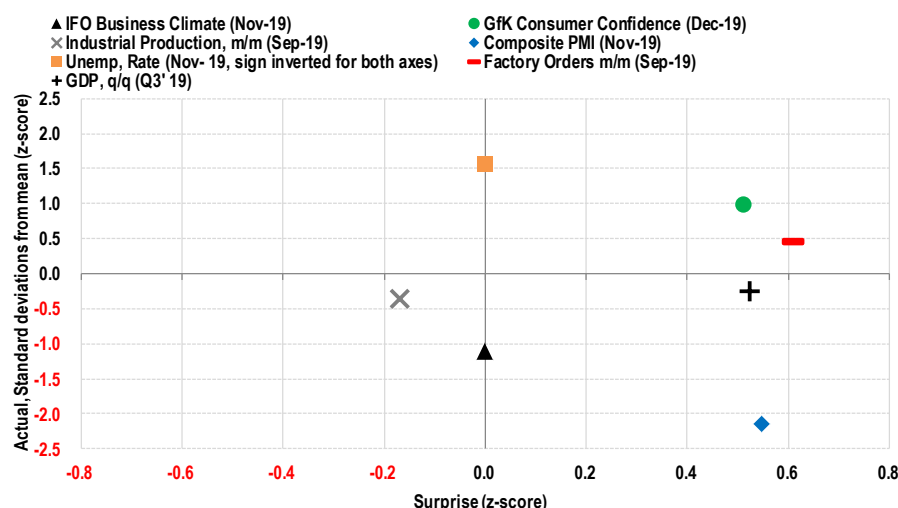
\* MSCI index



## Pulse

## Germany: passed the trough?

Most indicators for November surprised on the upside. Despite a string of disappointing data, in particular from the manufacturing sector, GDP actually increased in Q3 by a meagre 0.1%, whereas the consensus had expected a further shrinkage (-0.1%). The main reason was robust growth of private consumption, underpinned strong household confidence levels. GfK indicate that household confidence has remained also very strong in Q4. Also net exports contributed positively to growth, as world trade bounced back. Nevertheless, industrial production remained very weak and the strong rebound in orders in September was the only positive surprise for manufacturers.



Note: z-score is a score which indicates how many standard deviations an observation is from the mean:  $z=(x-\mu)/\sigma$  where  $x$ : observation,  $\mu$ : mean,  $\sigma$ : standard deviation. On the X-axis,  $x$  corresponds to the last known surprise for each indicator represented on the graph,  $\mu$  and  $\sigma$  corresponds respectively to the mean and the standard deviation of the last 24 value for monthly data and the last 8 quarters for quarterly data. On the Y-axis,  $x$  corresponds to the last known value of indicator,  $\mu$  and  $\sigma$  corresponds respectively to the mean and the standard deviation for this indicator since 2000 (for China since 2011).

## Indicators preview

It is central bank week next week. Markets will try to gauge whether there is any change in emphasis in Jerome Powell's press conference after the FOMC meeting. In the eurozone, the first press conference following the Governing Council meeting, of Christine Lagarde as ECB president, is eagerly awaited. We can expect a broad range of questions on topics such as the policy stance, the strategy review, climate change and the ECB, etc. In terms of data, we have several releases in France (in particular, industry sentiment and job creations), the Tankan survey and machine orders in Japan as well as US retail sales.

Date	Country/Region	Event	Period	Survey	Prior
12/09/2019	Japan	GDP SA QoQ	3Q	--	0.1%
12/09/2019	Germany	Trade Balance	Oct	--	2.11e+10
12/09/2019	France	Bank of France Ind. Sentiment	Nov	--	98
12/09/2019	Japan	Eco Watch Survey Current SA	Nov	--	36.7
12/09/2019	Switzerland	Aggregate Financing CNY	Nov	--	6.189e+11
12/10/2019	Switzerland	CPI YoY	Nov	4.1%	3.8%
12/10/2019	Switzerland	PPI YoY	Nov	--	-1.6%
12/10/2019	Japan	Machine Tool Orders YoY	Nov	--	-37.4%
12/10/2019	France	Private Sector Payrolls QoQ	3Q	--	0.3%
12/10/2019	France	Industrial Production MoM	Oct	--	0.3%
12/10/2019	United Kingdom	Industrial Production MoM	Oct	--	-0.3%
12/10/2019	United States	NFIB Small Business Optimism	Nov	103.1	102.4
12/11/2019	United States	CPI MoM	Nov	0.3%	0.4%
12/11/2019	United States	FOMC Rate Decision (Upper Bound)	Dec	1.75%	1.75%
12/12/2019	Japan	Core Machine Orders MoM	Oct	--	-2.9%
12/12/2019	Germany	CPI EU Harmonized MoM	Nov	--	-0.8%
12/12/2019	France	CPI EU Harmonized MoM	Nov	--	0.1%
12/12/2019	Eurozone	Industrial Production SA MoM	Oct	--	0.1%
12/12/2019	Eurozone	ECB Deposit Facility Rate	Dec	--	-0.500%
12/12/2019	United States	PPI Ex Food and Energy MoM	Nov	--	0.3%
12/12/2019	United Kingdom	CBI Retailing Reported Sales	Dec	--	-3
12/13/2019	Japan	Tankan Large Mfg Index	4Q	--	--
12/13/2019	United States	Retail Sales Advance MoM	Nov	0.5%	0.3%

Source: Bloomberg, BNP Paribas



## Economic scenario

### UNITED STATES

- Despite the support coming from the Fed rate cuts in 2019, we expect growth to slow in the near term under the influence of corporate investment (slower profits growth, trade uncertainty) and housing (declining trend of affordability, despite a recent rebound). Consumer spending should be more resilient but could slow on the back of a less dynamic labour market.
- As a consequence, we expect two Fed funds target rate cuts in the first half of 2020.

### CHINA

- Economic growth continues to slow. Industrial activity and exports have been hard hit by US tariff hikes. Domestic demand has also decelerated.
- The central bank is easing liquidity and credit conditions, but the reduction in financial-instability risks should remain a priority and banks are prudent. Fiscal policy is expansionary through increased investment in infrastructure projects and household/corporate tax cuts. Tax measures are expected to have some success in supporting consumer spending.
- Consumer price inflation has accelerated due to rising food prices (soaring pork prices), but core inflation remains subdued.

### EUROZONE

- The economic slowdown is continuing in the eurozone, especially in Germany, due to the international environment and difficulties in the manufacturing sector. The recent stabilization of business surveys, albeit at a low level, provides some hope but needs to be confirmed.
- Inflation is now expected to decrease while core CPI is hardly moving. The activity slowdown also implies that the pick-up in core inflation could be slower than expected until recently.
- The very accommodative monetary policy should be maintained as long as inflation hasn't converged sufficiently, in a convincing and lasting way, towards the ECB's objective.

### FRANCE

- Growth is slowing although the economy shows resilience. Households' consumption should get a boost from the tax cuts and the jobs recovery. Business investment dynamics remain favourable. The global backdrop is less supportive.
- A slight rise in core inflation is appearing but remains to be confirmed.

### INTEREST RATES AND FX RATES

- In the US, we expect the Fed to cut its official rate twice in the first half of 2020 in reaction to a slowing economy, moderate inflation and high uncertainty. This should support the medium term growth outlook, which is why, after an initial decline, we expect Treasury yields to increase gradually.
- In the eurozone, the ECB's state-dependent forward guidance and the sluggishness of the inflation process imply that the very accommodative environment will remain in place for a long time. The movement of bond yields will be very much influenced by what happens to US yields, although we expect the increase in Bund yields to be smaller. Sovereign spreads in the eurozone should decline.
- We expect that the Bank of Japan will refrain from further monetary easing.
- We expect little change in EUR/USD even though euro's fair value is quite higher than current pricing.

%	GDP Growth				Inflation			
	2018	2019 e	2020 e	2021 e	2018	2019 e	2020 e	2021 e
<b>Advanced</b>	<b>2.2</b>	<b>1.7</b>	<b>1.1</b>	<b>1.6</b>	<b>2.0</b>	<b>1.5</b>	<b>1.6</b>	<b>1.4</b>
United-States	2.9	2.3	1.5	2.0	2.4	1.8	2.4	1.9
Japan	0.8	1.0	0.2	0.7	1.0	0.5	0.6	0.3
United-Kingdom	1.4	1.3	1.1	1.7	2.5	1.8	1.5	1.8
<b>Euro Area</b>	<b>1.9</b>	<b>1.1</b>	<b>0.8</b>	<b>1.3</b>	<b>1.8</b>	<b>1.2</b>	<b>1.0</b>	<b>1.0</b>
Germany	1.5	0.5	0.4	1.2	1.9	1.4	1.2	1.2
France	1.7	1.3	1.1	1.3	2.1	1.3	1.0	1.1
Italy	0.7	0.2	0.2	0.6	1.2	0.7	0.6	0.5
Spain	2.4	2.0	1.7	1.6	1.7	0.8	0.8	0.9
<b>Emerging</b>	<b>4.4</b>	<b>3.8</b>	<b>4.0</b>	<b>4.2</b>	<b>4.6</b>	<b>4.6</b>	<b>4.6</b>	<b>3.6</b>
China	6.6	6.1	5.7	5.8	2.1	2.8	3.5	1.5
India*	6.8	5.8	5.5	6.0	2.9	3.0	3.3	3.5
Brazil	1.1	1.0	2.0	3.0	3.7	3.7	3.4	3.7
Russia	2.3	0.9	1.5	1.5	2.9	4.7	3.8	4.0

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

\* Fiscal year from April 1st of year n to March 31st of year n+1

Interest rates, %	2019		2020				2018	2019e	2020e
	End of period	Q3	Q4e	Q1e	Q2e	Q3e			
<b>US</b>									
Fed Funds	2.00	1.75	1.50	1.25	1.25	1.25	2.50	1.75	1.25
T-Notes 10y	1.67	1.75	1.60	1.80	2.10	2.00	2.69	1.75	2.00
<b>Ezone</b>									
Deposit rate	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
Bund 10y	-0.57	-0.35	-0.50	-0.40	-0.30	-0.30	0.25	-0.35	-0.30
OAT 10y	-0.28	-0.05	-0.20	-0.15	-0.10	-0.10	0.71	-0.05	-0.10
<b>UK</b>									
Base rate	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Gilts 10y	0.40	0.71	1.00	1.10	1.20	1.20	1.27	0.71	1.20
<b>Japan</b>									
BoJ Rate	-0.06	-0.10	-0.10	-0.10	-0.10	-0.10	-0.07	-0.10	-0.10
JGB 10y	-0.22	-0.05	-0.10	0.00	0.05	0.10	0.00	-0.05	0.10

Source : BNP Paribas GlobalMarkets (e: Forecasts)

Exchange Rates	2019		2020				2018	2019e	2020e
	End of period	Q3	Q4e	Q1e	Q2e	Q3e			
<b>USD</b>									
EUR / USD	1.09	1.11	1.12	1.13	1.13	1.14	1.14	1.11	1.14
USD / JPY	108	107	104	103	103	103	110	107	103
GBP / USD	1.23	1.32	1.35	1.36	1.36	1.39	1.27	1.32	1.39
USD / CHF	1.00	0.99	0.99	0.99	0.99	1.00	0.99	0.99	1.00
<b>EUR</b>									
EUR / GBP	0.89	0.84	0.83	0.83	0.83	0.82	0.90	0.84	0.82
EUR / CHF	1.09	1.10	1.11	1.12	1.12	1.14	1.13	1.10	1.14
EUR / JPY	118	119	116	116	116	117	125	119	117

Source : BNP Paribas GlobalMarkets (e: Forecasts)





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