

2

EDITORIAL

"The recession narrative"

4

MARKETS OVERVIEW

Recent market developments (foreign exchange, stock markets, interest rates, commodities, etc.)

6

ECONOMIC PULSE

Analysis of the recent economic data: PMI, United States, Eurozone, mobility & vaccination

13

ECONOMIC SCENARIO

Main economic and financial forecasts.

14

CALENDARS

Last week's main economic data and key releases for the week ahead

19

FURTHER READING

Latest articles, charts, videos and podcasts of Economic Research

ECONOMIC RESEARCH



BNP PARIBAS

The bank
for a changing
world

THE RECESSION NARRATIVE

Since the start of the year, media increasingly use the word recession and, over the same period, there was a significant increase in Treasury yields. The common driver behind these developments is, to a large degree probably, the more hawkish tone from the Federal Reserve. Unease about recession risk shows up in the latest quarterly Survey of Professional Forecasters conducted by the Federal Reserve Bank of Philadelphia. Recession probabilities across the projection horizon have moved higher and they are now well above what we have seen in the past at this stage of the tightening cycle. Exceptionally high inflation requires aggressive rate hikes to bring it back under control. This implies a difficult balancing act for the Federal Reserve and explains the heightened concerns about recession risk.

The narrative that the US may enter recession is gaining ground. Since the start of the year, more and more Bloomberg articles mention the word recession (chart 1). Interestingly, over the same period, there was a significant increase in Treasury yields.

The common driver behind these developments is, to a large degree probably, the more hawkish tone from the Federal Reserve. Not only has it started a rate hike cycle, but it has also provided clear guidance of delivering several 50 basis points hikes during this year. Unsurprisingly, this has pushed bond yields higher, but it has also raised concern about recession risk.

This also shows up in the latest quarterly Survey of Professional Forecasters conducted by the Federal Reserve Bank of Philadelphia. One of the survey questions concerns the probability of negative quarter-over-quarter growth in the current and the following four quarters¹. Charts 2 to 6 show the evolution of these probabilities in the early stages of each rate hike cycle since 1994².

In general, the probability of a recession increases as the projection horizon lengthens and as the tightening cycle progresses: the risk of a recession in the near-term is higher when rates have already been increased more than once. Against this background, the recent developments are striking. Recession probabilities across the projection horizon have moved higher and for the latest observation, which concerns the survey released in May, they are well above what we have seen in the past at this stage of the tightening cycle³.

This probably reflects a combination of two things. The first is the narrative that 'soft landings' are hard to achieve: in recent decades, tightening cycles have most of the time been followed by a recession.⁴ This doesn't mean that higher official interest rates were the only cause of the contraction of activity, but they certainly did play a role.

1. In charts 2-6 these are respectively referred to as RECESS1 and RECESS2 to RECESS5.
2. The charts do not show the complete cycle because the purpose of this text is to compare the current cycle in its early stage with previous experiences.
3. The 1999 cycle had high recession probabilities at certain horizons whereas at the current juncture, the entire probability curve is at a high level.
4. The 1994-95 cycle is the successful exception.

The second is that at the current juncture, inflation is exceptionally high, which would require more aggressive rate hikes to bring it back under control. This makes the balancing act of the Federal Reserve even more difficult than normally is the case and explains the heightened concerns about recession risk.

William De Vijlder

RECESSION STORY COUNT AND 10 YEAR US TREASURY YIELD

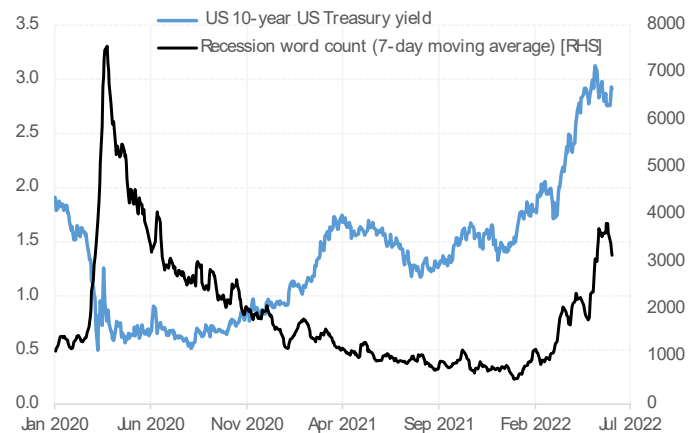


CHART 1

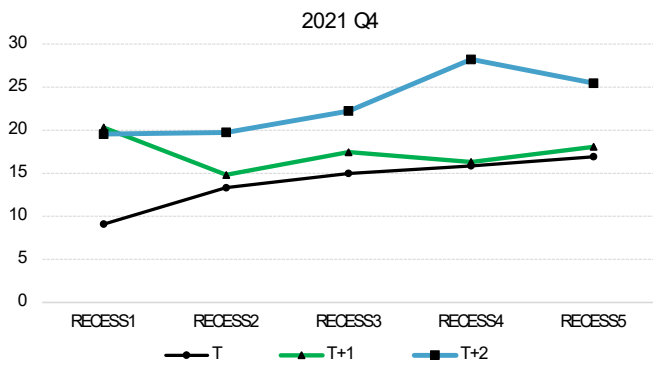
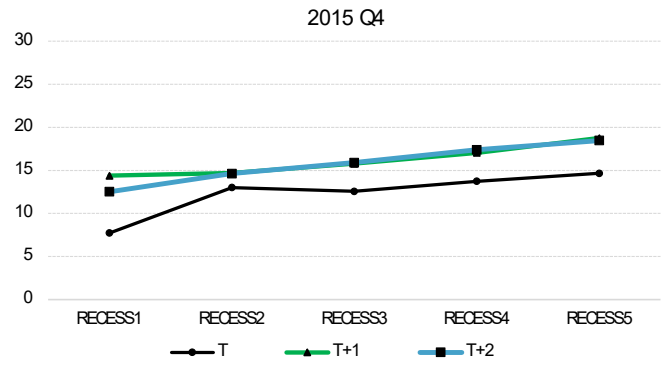
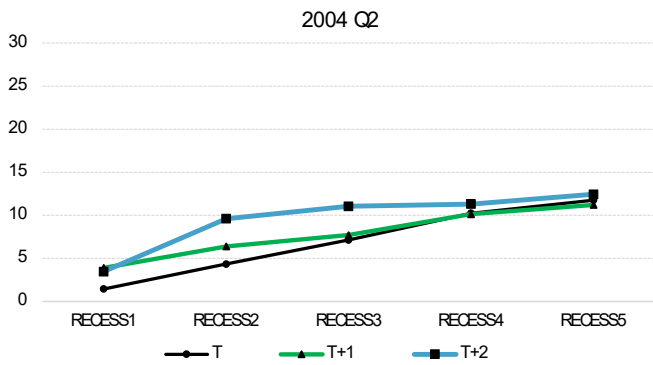
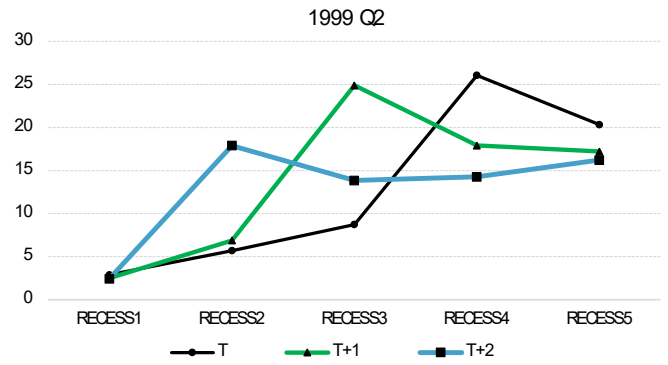
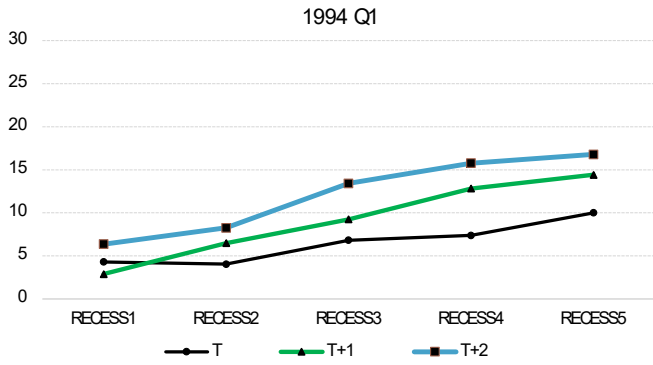
SOURCE: BLOOMBERG, BNP PARIBAS



At the current juncture, inflation is exceptionally high, which requires more aggressive rate hikes to bring it back under control. This makes the balancing act of the Federal Reserve even more difficult than normally is the case and explains the heightened concerns about recession risk.



US RECESSION PROBABILITY*



*The quarter mentioned at the top of each chart corresponds to the start of a rate hike cycle by the Federal Reserve. The lines refer to the recession probabilities from the surveys during the quarter of the first rate hike (T) and the following two quarters (T+1, T+2). RECESS1 shows the probability of entering recession in the current quarter and RECESS2 does the same for a recession in the next quarter. For the current rate cycle, 2021 Q4 was chosen as starting point for the chart although the first rate hike occurred in 2022 Q1. This allows to show the big increase in the recession probability in the survey conducted during 2022 Q1.

CHARTS 2-6

SOURCE: FEDERAL RESERVE BANK OF PHILADELPHIA, SURVEY OF PROFESSIONAL FORECASTERS, BNP PARIBAS



MARKETS OVERVIEW

OVERVIEW

Week 3-6 22	to 6-6-22			
↗ CAC 40	6 485	↗ 6 549	+1.0 %	
↗ S&P 500	4 109	↗ 4 121	+0.3 %	
↗ Volatility (VIX)	24.8	↘ 25.1	+0.3 pb	
↗ Euribor 3M (%)	-0.33	↘ -0.31	+1.4 bp	
↘ Libor \$ 3M (%)	1.63	↗ 1.63	+0.0 bp	
↗ OAT 10y (%)	1.64	↗ 1.68	+3.2 bp	
↗ Bund 10y (%)	1.26	↗ 1.33	+6.2 bp	
↗ US Tr. 10y (%)	2.95	↗ 3.04	+8.3 bp	
↘ Euro vs dollar	1.07	↗ 1.07	-0.0 %	
↘ Gold (ounce, \$)	1 857	↗ 1 844	-0.7 %	
↘ Oil (Brent, \$)	120.0	↗ 119.6	-0.3 %	

MONEY & BOND MARKETS

Interest Rates		highest 22	lowest 22	Yield (%)	highest 22	lowest 22
€ ECB	0.00	0.00 at 03/01	0.00 at 03/01	€ AVG 5-7y	1.62	1.62 at 06/06
Eonia	-0.51	-0.51 at 03/01	-0.51 at 03/01	Bund 2y	0.52	0.52 at 06/06
Euribor 3M	-0.31	-0.31 at 06/06	-0.58 at 05/01	Bund 10y	1.33	1.33 at 06/06
Euribor 12M	0.52	0.52 at 06/06	-0.50 at 05/01	OAT 10y	1.68	1.68 at 06/06
\$ FED	1.00	1.00 at 05/05	0.25 at 03/01	Corp. BBB	3.15	3.15 at 06/06
Libor 3M	1.63	1.63 at 01/06	0.21 at 03/01	\$ Treas. 2y	2.71	2.71 at 06/06
Libor 12M	2.78	2.78 at 01/06	0.58 at 03/01	Treas. 10y	3.04	3.13 at 06/05
£ BoE	1.00	1.00 at 05/05	0.25 at 03/01	High Yield	7.44	7.80 at 19/05
Libor 3M	1.42	1.42 at 31/05	0.26 at 03/01	£ gilt. 2y	1.85	1.85 at 06/06
Libor 12M	0.81	0.81 at 03/01	0.81 at 03/01	gilt. 10y	2.21	2.21 at 06/06

EXCHANGE RATES

1€ =	highest 22	lowest 22	2022	Change
USD	1.07	1.15 at 10/02	1.04 at 13/05	-5.7%
GBP	0.85	0.86 at 06/05	0.83 at 14/04	+1.7%
CHF	1.04	1.06 at 10/02	1.00 at 04/03	-0.0%
JPY	140.80	140.80 at 06/06	125.37 at 04/03	+7.5%
AUD	1.48	1.62 at 04/02	1.43 at 05/04	-5.1%
CNY	7.13	7.29 at 10/02	6.87 at 14/04	-1.7%
BRL	5.14	6.44 at 06/01	5.01 at 21/04	-18.9%
RUB	66.20	164.76 at 07/03	61.01 at 24/05	-22.4%
INR	83.23	85.96 at 11/02	80.30 at 05/05	-1.5%

COMMODITIES

Spot price, \$	highest 22	lowest 22	2022	2022(€)	Change
Oil, Brent	119.6	128.2 at 08/03	79.0 at 03/01	+52.5%	+61.8%
Gold (ounce)	1 844	2 056 at 08/03	1 785 at 28/01	+1.2%	+7.3%
Metals, LME	4 632	5 506 at 07/03	4 369 at 12/05	+2.9%	+9.1%
Copper (ton)	9 743	10 702 at 04/03	9 104 at 12/05	+0.0%	+6.1%
wheat (ton)	400	4.7 at 17/05	281 at 14/01	+68.2%	+78.4%
Corn (ton)	293	3.2 at 16/05	226 at 03/01	+2.8%	+36.3%

EQUITY INDICES

Index	highest 22	lowest 22	2022	Year 2022 to 6-6, €	Change
World				+27.3%	
MSCI World	2 790	3 248 at 04/01	2 640 at 12/05	-13.7%	
North America				+17.3%	
S&P500	4 121	4 797 at 03/01	3 901 at 19/05	-13.5%	-3.5%
Europe				-4.1%	
EuroStoxx50	3 838	4 392 at 05/01	3 505 at 08/03	-10.7%	-5.3%
CAC 40	6 549	7 376 at 05/01	5 963 at 08/03	-0.8%	-5.3%
DAX 30	14 654	16 272 at 05/01	12 832 at 08/03	-7.7%	-5.4%
IBEX 35	8 836	8 934 at 27/05	7 645 at 07/03	+0.1%	-7.1%
FTSE100	7 608	7 672 at 10/02	6 959 at 07/03	+0.3%	-9.0%
Asia				-11.1%	
MSCI, loc.	1 107	1 165 at 05/01	1 024 at 08/03	-0.3%	-12.7%
Nikkei	27 916	29 332 at 05/01	24 718 at 09/03	-3.0%	-13.9%
Emerging				-15.2%	
MSCI Emerging (\$)	1 071	1 267 at 12/01	988 at 12/05	-1.3%	-17.4%
China	71	86 at 20/01	59 at 15/03	-14.5%	-19.1%
India	760	891 at 13/01	732 at 19/05	-6.0%	-21.1%
Brazil	1 709	2 003 at 04/04	1 372 at 06/01	+2.5%	-24.5%

PERFORMANCE BY SECTOR (Eurostoxx50 & S&P500)

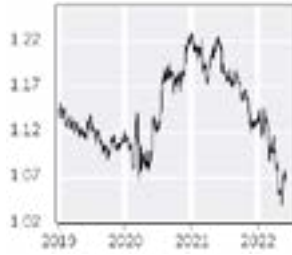
Year 2022 to 6-6, \$	Change
Oil & Gas	+66.7%
Commodities	+16.3%
Telecoms	+11.9%
Utilities	+10.0%
Banks	+9.6%
Food industry	+6.4%
Insurance	+3.5%
Health	-4.6%
Chemical	-8.0%
Index	-8.5%
Car	-8.7%
Media	-9.0%
Travel & leisure	-9.4%
Construction	-12.5%
Industry	-16.7%
Real Estate	-18.9%
Consumption Goods	-20.3%
Technology	-21.2%
Retail	-28.6%

SOURCE: REFINITIV, BNP PARIBAS,

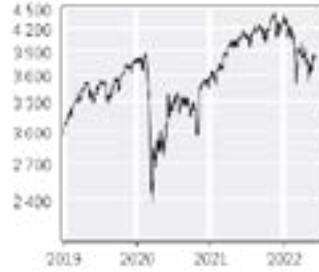


MARKETS OVERVIEW

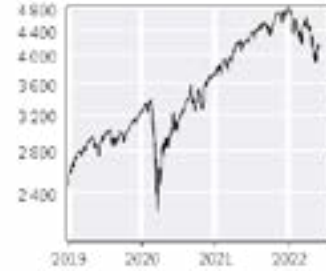
EURO-DOLLAR



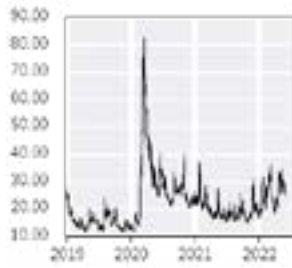
EUROSTOXX50



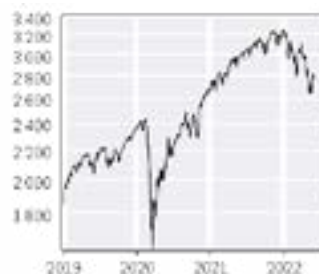
S&P500



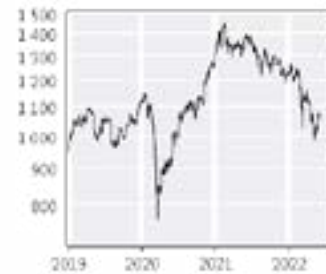
VOLATILITY (VIX, S&P500)



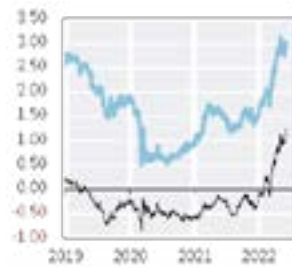
MSCI WORLD (USD)



MSCI EMERGING (USD)

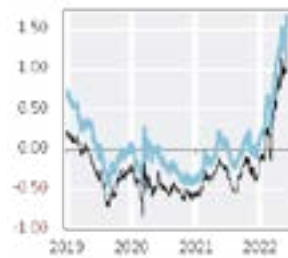


10Y BOND YIELD, TREASURIES VS BUND



-Bunds -US Treasuries

10Y BOND YIELD



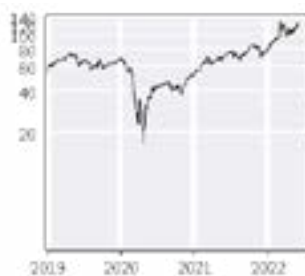
-Bunds -OAT

10Y BOND YIELD & SPREADS

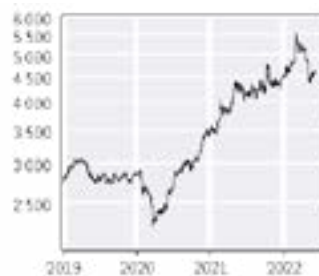
Year 2022 to 6-6

3.41%	Italy	208 bp
3.17%	Greece	184 bp
2.47%	Spain	114 bp
2.40%	Portugal	107 bp
1.93%	Belgium	60 bp
1.84%	Austria	51 bp
1.71%	Finland	38 bp
1.68%	France	35 bp
1.61%	Netherlands	28 bp
1.42%	Ireland	9 bp
1.33%	Germany	

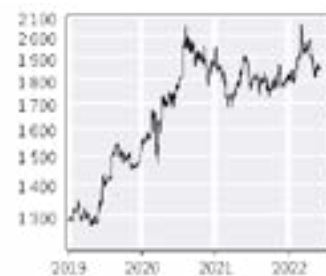
OIL (BRENT, USD)



METALS (LMEX, USD)



GOLD (OUNCE, USD)



SOURCE: REFINITIV, BNP PARIBAS



PMI: RESILIENCE OF EMPLOYMENT DATA BUT NEW EXPORT ORDERS CONTINUE TO DETERIORATE

The global manufacturing PMI continues its sideways movement since March, when it had declined due to the war in Ukraine. May saw a weakening in the US and the euro area, where in particular Italy recorded a considerable decline. In Australia the PMI recorded a big drop. China saw a rebound following the easing of mobility restrictions. In India the PMI has been stable at a high level for several months and Vietnam saw a sizeable improvement in May.

The services PMI was down in the US and the euro area, where in particular Germany was confronted with weaker data, although still well above the 50 mark. In the UK, the index recorded a huge drop. Japan is benefiting from better data and in India the already elevated index moved higher again in May.

There was good news in terms of manufacturing employment. Hiring intentions moved higher in the US and in the euro area, where they were up strongly. The opposite happened in Australia. The data for Japan were marginally better whereas they were weaker in China compared to April.

New export orders continue to be a source of concern. The global number was down, the US recorded a drop and the number for the euro area was also weaker on the back of a poor performance of Germany, Italy and the Netherlands. Australia saw a big drop and Japan was also weaker. China recorded an uptick from a very low level and India, which was also strong, benefited from a further improvement.

The global manufacturing input price PMI declined in May but stays at a very elevated level. This is a widespread phenomenon. The US moved higher still and in the euro area, the index declined.

The global manufacturing output price PMI declined in May, converging to its February level. There was a decline in the US and the euro area. Italy recorded a big drop. The UK was also down. The global manufacturing delivery times shortened (this shows up in higher numbers). This also applies to the US, the euro area and the individual euro area countries. China also saw an improvement.

In services, the input prices PMI hardly changed in the US but declined in the euro, although the behaviour of individual countries was heterogeneous. The index was up in France but down in Germany and Spain. Japan also recorded an increase.

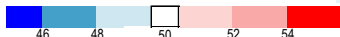
William De Vijlder

MANUFACTURING PMI

	Developed Markets																			Emerging countries															
	WD	NA		Europe								Asia-Oceania				LATAM		Eurasia			Middle East & Africa			Asia											
		World	CANADA	USA	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	INDIA	INDONESIA
Aug-21	54.1	57.2	61.1	61.4	61.8	67.3	57.5	62.6	59.3	62.8	60.9	65.8	59.5	67.0	60.3	51.6	40.0	52.7	50.9	53.6	47.1	61.0	56.0	46.5	54.1	49.8	46.6	54.1	56.2	53.8	49.2	53.3	52.3	43.7	40.2
Sep-21	54.1	57.0	60.7	58.6	62.8	65.2	55.0	58.4	58.4	60.3	59.7	62.0	58.1	67.6	57.1	51.2	51.8	51.5	50.8	54.4	48.6	58.0	53.4	49.8	52.5	48.9	46.9	58.6	54.7	53.3	50.0	51.7	53.7	52.2	40.2
Oct-21	54.2	57.7	58.4	58.3	60.6	71.4	53.6	57.8	58.9	62.1	61.1	62.5	57.4	65.7	57.8	50.4	54.6	53.2	50.8	51.7	49.3	55.1	53.8	51.6	51.2	48.7	46.6	57.7	53.6	55.7	50.6	50.8	55.9	57.2	52.1
Nov-21	54.2	57.2	58.3	58.4	58.1	67.4	55.9	57.4	58.8	59.9	62.8	60.7	57.1	63.8	58.1	54.8	51.3	54.5	50.6	49.8	49.4	57.1	54.4	51.7	52.0	48.7	46.1	56.9	57.2	55.9	49.9	52.6	57.6	53.9	52.2
Dec-21	54.3	56.5	57.7	58.0	58.7	63.5	55.6	57.4	59.0	58.3	62.0	58.7	56.2	64.2	57.9	53.8	54.3	50.7	49.8	49.4	59.1	56.1	51.6	52.1	49.0	46.7	53.9	54.1	55.6	50.9	50.8	55.5	53.5	52.5	
Jan-22	53.2	56.2	55.5	58.7	61.5	59.9	55.5	59.8	57.9	59.4	58.3	60.1	56.2	63.8	57.3	48.4	52.2	55.4	50.6	47.8	46.1	59.0	54.5	51.8	50.5	47.9	47.1	53.2	57.1	54.1	49.1	48.9	54.0	53.7	53.7
Feb-22	53.7	56.6	57.3	58.2	58.4	50.7	57.2	58.4	57.8	57.8	58.3	60.6	56.9	62.6	58.0	53.2	53.4	52.7	50.2	49.6	48.0	56.5	54.7	48.6	50.4	48.1	47.5	56.2	58.6	54.8	50.4	42.9	54.9	51.2	54.3
Mar-22	52.9	58.9	58.8	56.5	59.3	61.8	54.7	56.9	54.6	59.4	55.8	58.4	54.2	64.0	55.2	55.7	53.7	54.1	50.1	52.3	49.2	54.7	52.7	44.1	49.4	46.5	47.4	56.8	60.0	54.8	48.1	42.0	54.0	51.3	51.7
Apr-22	52.3	56.2	59.2	55.5	57.9	62.8	55.7	54.6	54.8	59.1	54.5	59.9	53.3	62.5	55.8	58.5	51.2	53.5	50.3	51.8	49.3	54.4	52.4	48.2	49.2	46.9	47.9	55.7	50.7	54.6	46.0	51.7	54.7	51.9	51.7
May-22	52.4	56.8	57.0	54.6	56.6	60.7	54.6	54.8	53.8	56.4	51.9	57.8	53.8	60.0	54.6	52.4	53.3	50.4	54.2	50.6	52.3	48.5	50.8	49.2				54.8	55.6	48.1		54.6	50.8	54.7	

SERVICES PMI

	World	USA	EURO ZONE	FRANCE	GERMANY	IRELAND	ITALY	SPAIN	UK	AUSTRALIA	JAPAN	BRAZIL	RUSSIA	LEBANON	CHINA	HONG KONG	INDIA
Aug-21	52.8	55.1	59.0	56.3	60.8	63.7	58.0	60.1	55.0	45.6	42.9	55.1	49.3	46.6	46.7	53.3	56.7
Sep-21	53.8	54.9	56.4	56.2	56.2	63.7	55.5	56.9	55.4	45.7	47.8	54.6	50.5	46.9	53.4	51.7	55.2
Oct-21	55.6	58.7	54.6	56.6	52.4	63.4	52.4	56.6	59.1	47.6	50.7	54.9	48.8	46.6	53.8	50.8	58.4
Nov-21	55.6	58.0	55.9	57.4	52.7	59.3	55.9	59.8	58.5	49.6	53.0	53.6	47.1	46.1	52.1	52.6	58.1
Dec-21	54.7	57.6	53.1	57.0	48.7	55.4	53.0	55.8	53.6	52.1	53.6	49.5	46.7	53.1	50.8	55.5	
Jan-22	51.0	51.2	51.1	53.1	52.2	56.2	48.5	46.6	54.1	56.2	47.6	52.8	49.8	47.1	51.4	48.9	51.5
Feb-22	54.0	56.5	55.5	55.5	55.8	61.8	52.8	56.6	60.5	60.0	44.2	54.7	52.1	47.5	50.2	42.9	51.8
Mar-22	53.4	58.0	55.6	57.4	56.1	63.4	52.1	53.4	62.6	56.2	49.4	58.1	38.1	47.4	42.0	42.0	53.6
Apr-22	51.9	55.6	57.7	58.9	57.6	61.7	55.7	57.1	58.9	57.8	50.7	60.6	44.5	47.9	36.2	51.7	57.9
May-22	53.5	56.1	58.3	55.0	60.2		56.5	51.8		52.6		48.5					58.9



SOURCE: MARKIT, BNP PARIBAS



MANUFACTURING PMI – EMPLOYMENT

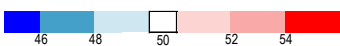
WD	Developed Markets																	Emerging countries														
	NA		Europe										Asia-Oceania					LATAM		Eurasia			Middle East & Africa			Asia						
	World	CANADA	USA	EURO ZONE	AUSTRIA	DENMARK	FRANCE	GERMANY	GREECE	IRELAND	ITALY	NETHERLANDS	SPAIN	SWITZERLAND	UK	AUSTRALIA	NEW ZEALAND	JAPAN	BRAZIL	MEXICO	CZECH REPUBLIC	POLAND	RUSSIA	TURKEY	EGYPT	SAUDI ARABIA	SOUTH AFRICA	UAE	CHINA	INDIA	INDONESIA	VIETNAM
Aug-21	52.0	53.2	52.8	57.3	62.6	57.6	54.0	58.2	54.7	58.0	55.9	61.6	55.7	61.8	57.8	52.8	53.8	51.7	53.5	47.8	55.4	51.1	47.0	54.8	50.2	50.3	48.5	51.6	49.8	49.9	45.5	41.1
Sep-21	51.4	52.8	53.1	55.4	62.2	58.0	50.1	56.5	54.4	55.6	56.3	57.1	53.4	61.5	51.5	54.5	53.8	52.1	54.8	46.9	56.2	50.3	48.5	53.6	50.3	50.5	47.2	50.6	48.9	49.4	45.8	37.8
Oct-21	51.8	53.2	52.7	55.4	63.1	57.7	51.2	55.7	56.0	55.7	56.4	59.5	52.2	60.6	54.5	53.4	51.8	52.6	54.1	47.3	52.4	50.5	50.4	52.9	50.5	50.3	47.0	50.8	49.7	49.5	50.1	42.7
Nov-21	51.4	53.0	52.0	54.9	62.0	57.3	53.1	53.8	56.4	55.0	58.3	57.2	51.8	60.2	56.1	52.9	48.5	52.7	51.0	47.0	53.6	49.6	51.9	52.7	48.5	50.9	50.6	50.1	48.9	50.2	50.3	45.6
Dec-21	51.7	52.9	52.8	55.3	59.8	63.7	52.6	56.0	57.0	54.3	57.3	55.7	51.6	60.9	55.7	53.0	52.2	53.1	50.6	46.6	57.9	52.5	51.0	53.7	49.5	50.3	42.4	50.6	48.7	49.3	50.0	50.7
Jan-22	51.0	53.2	50.3	57.1	61.1	58.2	54.0	58.9	58.1	54.9	57.3	57.7	52.7	62.4	59.0	52.1	49.6	53.3	48.2	40.8	56.6	53.5	52.6	51.6	49.1	50.1	49.2	50.4	47.9	48.4	50.2	51.7
Feb-22	51.6	54.6	52.2	57.1	62.1	56.1	55.8	58.0	56.5	53.7	57.1	59.3	54.2	63.1	57.9	54.6	51.8	52.8	49.8	46.2	53.3	53.2	47.5	53.0	49.2	50.3	50.7	50.1	48.5	49.8	50.6	51.2
Mar-22	52.1	53.2	54.0	54.2	60.2	63.8	51.8	54.4	55.0	56.6	53.2	57.5	51.4	62.4	56.7	53.7	52.2	52.6	51.2	49.2	52.8	51.0	44.7	50.7	48.8	49.7	48.5	50.6	50.4	50.1	50.8	48.3
Apr-22	51.5	54.5	52.7	54.7	57.8	64.3	53.1	55.3	54.9	58.6	52.4	58.5	50.6	60.7	56.7	54.4	49.8	51.4	51.4	51.1	52.7	51.4	45.5	51.5	47.9	51.0	51.5	49.9	49.2	50.5	52.1	52.1
May-22	51.7	55.3	53.1	56.1	57.7	69.7	54.0	58.0	53.4	59.3	52.7	59.9	50.3	62.8	55.4	51.9	51.9	53.3	51.7	52.5	51.2	47.1	51.7		49.9	50.7	48.6	51.0	50.3	53.0		

MANUFACTURING PMI – NEW EXPORT ORDERS

WD	Developed Markets																	Emerging countries																	
	NA		Europe										Asia-Oceania					LATAM		Eurasia			Middle East & Africa			Asia									
	World	CANADA	USA	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	ISRAEL	LEBANON	SAUDI ARABIA	SOUTH AFRICA	UAE	CHINA	HONG KONG	INDIA	INDONESIA
Aug-21	51.0	54.3	52.8	59.1	55.3		53.9	61.0	56.4	59.3	60.3	64.7	55.1	54.5	45.1		49.3	51.3	49.7	46.5	57.3	53.3	40.2	56.1	50.4	48.7	48.2	52.3	49.8	49.2	48.0	49.5	50.6	34.6	37.2
Sep-21	51.0	53.8	54.9	55.8	57.8		50.5	56.3	56.7	55.1	58.6	59.6	54.7	49.7	51.9		50.5	51.2	48.9	45.2	54.4	49.1	45.2	54.9	46.3	52.2	48.1	52.8	49.0	52.6	47.7	49.1	51.5	44.5	27.4
Oct-21	50.6	55.6	50.4	55.4	54.3		50.3	56.2	56.2	51.7	60.9	57.0	52.3	49.5	46.1		50.3	51.0	48.1	45.0	49.8	49.2	44.4	53.9	44.4	48.9	48.3	54.8	44.9	51.2	48.1	48.9	52.7	49.6	51.5
Nov-21	51.3	53.7	51.0	54.9	51.3		52.2	54.2	56.0	51.6	60.7	56.1	54.1	49.0	54.6		52.8	50.9	50.5	44.5	52.1	48.5	50.1	51.6	50.7	44.5	45.7	56.2	48.5	51.6	49.9	50.3	51.3	53.1	54.0
Dec-21	51.3	53.9	51.0	54.1	52.9		52.7	53.0	54.9	51.5	60.0	55.0	52.1	49.2			51.1	51.0	53.3	49.5	54.4	50.8	49.1	51.7	54.9	46.3	47.2	51.7	45.8	50.6	49.9	50.3	51.3	53.1	54.0
Jan-22	49.7	52.7	49.8	54.2	59.4		52.6	54.0	53.5	54.3	54.4	57.6	53.3	50.4	45.1		52.1	51.0	46.5	45.9	53.3	51.4	51.9	49.0	51.2	38.9	48.5	49.1	48.0	50.5	46.5	45.3	51.1	54.2	56.2
Feb-22	51.0	48.5	53.4	55.0	55.7		52.4	56.4	52.8	54.2	54.1	58.6	53.3	49.1	42.6		50.6	50.6	50.7	46.6	52.0	53.3	47.5	51.2	48.3	44.0	48.6	48.9	48.6	51.6	48.3	37.5	51.6	52.9	55.7
Mar-22	48.1	51.9	54.9	49.7	55.5		45.8	49.1	49.1	53.4	51.5	53.7	46.4	49.4	58.3		46.5	50.7	49.0	46.9	46.5	43.0	31.1	50.4	46.4	44.7	48.3	52.0	48.9	51.4	44.5	38.9	48.4	52.3	53.1
Apr-22	48.3	51.8	56.4	49.0	52.7		46.5	47.1	50.9	52.7	50.1	56.3	49.9	47.7	47.7		47.1	50.9	47.7	51.9	48.3	45.3	36.1	49.3	46.9		49.6	52.6	50.0	54.6	43.2	44.7	54.2	52.9	52.3
May-22	47.9	51.1	52.2	47.7	48.3		47.2	45.0	50.7	52.9	48.7	53.0	49.8	46.3	42.9		46.2		48.0	52.7	44.2	45.8	35.4	47.2			49.2	53.2	44.7		57.1	52.3	53.7		

MANUFACTURING PMI – INPUT PRICES

WD	Developed Markets																	Emerging countries																
	NA		Europe										Asia-Oceania					LATAM		Eurasia			Middle East & Africa			Asia								
	World	CANADA	USA	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	INDIA	INDONESIA
Aug-21	70.3	77.2	87.5	87.0	88.1	84.2	80.3	93.0	78.8	74.6	84.1	93.5	80.7	86.4	81.3		64.5	51.4	79.1	59.4	89.1	79.4	65.8	70.0	57.9		51.4	52.0	56.2	55.3	56.3	66.2	65.7	
Sep-21	71.2	77.4	87.0	86.9	90.2	79.6	85.5	90.3	89.6	82.9	82.3	87.8	82.7	84.4	78.1		68.0	51.7	78.1	55.3	86.5	78.1	65.0	70.2	59.3		52.5	51.4	58.6	57.3	57.5	65.7	66.0	
Oct-21	74.4	77.3	86.9	89.5	91.5	70.7	88.4	91.3	92.3	87.8	86.6	91.2	87.7	87.4	81.8		70.4	51.8	77.6	62.9	88.5	80.8	63.7	74.8	64.5		52.6	51.1	65.1	56.7	60.3	69.5	67.5	
Nov-21	71.5	74.5	87.6	88.9	89.5	84.2	84.6	91.0	94.5	84.5	88.0	90.4	89.0	89.7	78.3		72.3	51.7	81.4	62.4	90.7	82.3	66.6	87.3	63.7		52.4	50.9	52.3	56.5	60.1	71.0	70.4	
Dec-21	69.7	71.7	83.1	86.7	85.1	80.1	81.0	88.9	86.6	83.1	87.8	88.6	85.9	86.0			71.9	51.4	77.5	67.8	85.0	81.9	66.7	92.1	59.3		53.0	52.3	50.8	57.0	58.8	71.4	59.4	
Jan-22	68.3	69.4	80.1	83.5	83.9	80.6	81.3	86.7	87.9	79.0	81.3	81.1	80.8	82.9	82.3		72.0	51.6	73.2	67.4	87.3	82.5	70.2	82.4	59.5		52.6	52.6	56.8	58.4	69.1	60.2		
Feb-22	68.5	70.1	79.3	82.1	81.3	75.6	80.6	83.9	85.8	83.6	79.9	80.0	79.2	82.4	75.6		74.0	51.7	68.1	65.5	81.3	77.8	72.2	78.8	54.5		51.5	52.2	54.6	56.4	57.3	67.6	60.3	
Mar-22	71.5	78.6	79.5	87.0	89.2	77.7	84.6	87.2	87.3	92.7	85.1	87.7	86.8	85.3	82.4		75.2	51.9	75.0	69.8	90.1	83.1	90.0	78.5	58.6		54.4	53.5	57.8	57.6	57.5	67.9	71.1	
Apr-22	71.6	75.4	81.9	87.8	90.5	78.2	88.9	88.0	86.7	85.3	87.1	89.2	86.2	89.5	84.4		75.6	52.1	71.4	69.7	86.0	82.6	76.3	73.1	58.3		52.8	53.4	56.9	55.7	59.2	68.8	70.7	
May-22	70.5	73.0	84.2	84.2	87.0	76.2	84.1	84.8	85.8	88.0	81.4	84.5	80.3	86.4	86.5		76.0		72.4	71.9	84.8	77.4	62.5	69.9			53.9	55.0		58.9	67.4	65.7		



SOURCE: MARKIT, BNP PARIBAS



BNP PARIBAS

The bank for a changing world

PMI - MANUFACTURING PRICES

	Developed Markets																			Emerging countries																
	WD	NA		Europe										Asia-Oceania				LATAM		Eurasia			Middle East & Africa			Asia										
		World	CANADA	USA	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	INDIA	INDONESIA
Aug-21	60.1	65.1	73.2	68.6	69.0	60.3	61.6	72.6	61.0	66.0	68.1	72.4	62.7		71.6			54.4			69.3	49.5	72.6	72.0	62.3	61.1	54.4	52.0	53.1		49.6		54.8	52.3	53.5	53.9
Sep-21	60.9	67.7	73.9	70.4	73.0	57.1	66.7	73.3	67.7	69.3	68.4	74.9	64.8		71.9			54.9			66.3	48.6	70.6	71.4	57.2	61.6	52.2	50.9	51.1		48.7		53.7	52.0	54.3	51.3
Oct-21	63.7	67.1	76.4	72.6	73.3	79.0	66.1	75.6	77.2	70.2	71.5	78.4	68.8		74.2			56.6			67.2	51.0	71.8	75.2	58.5	67.2	54.6	51.3	53.7		49.0		53.1	52.3	54.0	54.7
Nov-21	61.3	65.8	73.6	73.7	71.1	63.9	68.2	76.3	76.5	71.7	73.4	79.5	70.7		74.0			56.1			66.2	48.8	72.3	71.4	58.4	78.3	54.3	51.9	52.6		48.5		52.6	52.1	54.0	59.3
Dec-21	59.8	63.7	70.5	70.2	70.4	60.0	62.7	70.9	72.8	69.9	73.2	76.6	69.6		74.3			55.9			65.9	52.6	70.9	72.2	59.8	79.9	53.5	53.4	52.6		49.0		54.8	51.0	53.7	55.3
Jan-22	60.9	62.3	68.9	72.7	68.0	59.6	71.7	74.7	74.9	66.3	73.5	73.5	71.1		70.9			59.1			62.1	52.9	78.1	73.7	60.4	71.7	51.7	53.7	52.1		49.2		53.0	51.7	53.8	52.5
Feb-22	61.3	62.4	70.9	71.8	67.5	60.0	68.0	74.3	73.6	70.3	70.0	73.6	71.4		69.9			58.2			60.7	52.8	70.3	68.8	62.8	66.3	51.2	51.7	50.1		49.5		49.8	51.0	53.5	54.3
Mar-22	62.3	70.8	69.7	74.2	72.5	66.0	71.3	75.6	77.8	72.8	73.5	80.0	71.4		71.3			58.8			68.5	53.1	73.3	78.5	77.8	68.7	51.5	52.5	53.8		49.8		51.5	52.2	56.5	58.2
Apr-22	63.8	69.8	76.3	77.3	79.2	61.9	71.8	79.3	75.8	77.5	77.0	82.5	73.6		78.8			62.5			65.0	54.6	74.9	80.1	72.5	66.8	51.0	53.1	53.4		50.5		54.0	54.1	56.6	58.4
May-22	61.5	68.0	73.9	76.2	76.6	56.7	70.2	79.1	76.2	78.6	72.7	81.4	72.8		76.1			61.4			66.2	54.2	73.7	71.7	51.7	62.6				50.5			54.4	55.3	56.3	



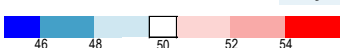
PMI - MANUFACTURING DELIVERY TIMES

	Developed Markets																			Emerging countries													
	WD	NA		Europe										Asia-Oceania				LATAM		Eurasia			Middle East & Africa			Asia							
		World	CANADA	USA	EURO ZONE		AUSTRIA	DENMARK	FRANCE	GERMANY	GREECE	IRELAND	ITALY	NETHERLANDS	SPAIN	UK	AUSTRALIA	NEW ZEALAND	JAPAN	SINGAPORE	BRAZIL	MEXICO	CZECH REPUBLIC	POLAND	RUSSIA	TURKEY	EGYPT	SAUDI ARABIA	SOUTH AFRICA	UAE	CHINA	HONG KONG	INDIA
Aug-21	36.2	28.6	16.8	22.8	20.3	10.7	22.5	19.1	31.3	24.4	28.8	16.1	32.0	17.4	41.3	32.8	39.5	50.0	42.8	41.0	21.9	32.3	46.9	42.5	52.0	48.6	70.1	50.7	46.6	46.6	48.5	45.1	30.5
Sep-21	36.5	25.4	16.6	22.5	18.1	7.7	19.7	22.3	28.7	26.4	24.7	15.3	27.2	19.3	49.2	47.7	38.3	50.1	44.4	41.1	22.9	32.1	46.9	45.5	52.8	51.0	73.7	49.8	48.3	49.3	48.5	46.4	28.7
Oct-21	34.8	23.1	16.8	19.4	16.9	9.8	17.7	17.8	24.1	18.0	24.1	15.8	24.3	18.3	41.2	60.1	37.0	50.3	42.4	39.7	21.6	32.9	43.3	42.6	50.8	51.8	72.6	50.8	45.1	48.4	48.6	46.3	39.3
Nov-21	36.4	24.4	18.9	21.7	19.3	5.9	19.8	21.3	24.5	25.9	24.5	18.5	21.8	21.4	53.4	44.4	37.7	50.5	41.3	38.6	22.8	33.4	45.3	36.1	49.1	52.4	70.4	51.5	48.4	48.5	49.1	49.3	43.0
Dec-21	37.8	28.7	24.4	25.3	24.5	15.2	24.7	25.9	24.9	31.1	24.0	22.0	25.3	23.8		51.4	37.1	50.4	42.2	34.7	25.6	35.2	44.1	33.8	49.5	52.3	69.6	51.8	48.7	49.8	47.9	48.6	46.2
Jan-22	38.0	27.8	23.2	26.6	24.6	28.3	24.2	27.1	26.4	27.4	27.4	23.4	30.0	30.4	37.8	53.7	37.8	50.1	40.7	38.8	31.1	34.9	45.3	41.7	49.7	50.0	65.5	52.4	47.5	46.6	48.5	50.1	45.2
Feb-22	39.4	26.8	25.0	31.0	29.2	38.3	25.2	34.0	25.3	30.8	31.5	25.1	31.5	31.7	49.0	52.7	38.1	50.5	45.0	43.3	32.0	38.3	44.1	42.1	49.4	53.1	65.8	52.7	48.1	44.2	48.8	50.7	44.8
Mar-22	38.7	24.8	28.5	25.9	20.2	33.6	24.7	24.9	24.3	32.8	29.9	24.5	22.4	33.4	45.7	51.3	37.5	50.3	44.1	41.1	25.8	32.2	30.5	41.2	48.3	64.1	67.3	52.7	47.1	37.6	49.5	48.2	41.3
Apr-22	35.8	34.0	26.9	26.3	22.5	32.1	25.4	23.9	24.8	31.5	29.7	24.6	31.2	32.8	60.4	49.5	37.8	50.1	45.2	43.7	26.2	37.2	33.6	43.7	48.9	55.6	63.5	53.5	37.8	38.7	48.9	48.8	46.5
May-22	38.9	33.3	31.1	29.9	24.2	44.8	30.0	28.2	27.0	33.3	32.6	28.4	33.7	34.1	48.0		37.1		44.1	41.9	32.9	41.5	34.3	47.0		55.8	52.3	43.3		49.4	48.3	42.2	



PMI - SERVICES - INPUT PRICES

	World	USA	EURO ZONE	FRANCE	GERMANY	IRELAND	ITALY	SPAIN	UK	AUSTRALIA	JAPAN	BRAZIL	RUSSIA	CHINA	INDIA
Aug-21	63.8	72.5	63.3	58.5	68.7	70.3	59.9	62.5	72.3	71.5	53.7	68.5	61.2	52.1	57.1
Sep-21	65.2	74.1	65.2	63.9	67.9	70.8	60.9	65.2	73.5	64.5	54.0	73.2	63.1	53.0	55.7
Oct-21	65.4	71.7	67.5	66.5	70.0	73.1	62.7	68.3	78.7	73.6	54.7	72.6	64.7	53.6	57.5
Nov-21	68.5	75.7	71.4	67.5	73.9	72.6	69.5	75.4	82.0	65.3	57.7	74.4	64.9	55.6	57.6
Dec-21	68.1	77.4	69.6	67.2	70.4	71.5	68.7	73.0	77.0			58.2	65.9	54.3	57.0
Jan-22	66.3	71.9	70.9	69.6	72.0	70.1	69.9	72.1	79.7	66.1	57.1	69.3	65.6	54.5	58.1
Feb-22	67.3	74.8	72.2	67.9	73.7	74.2	73.1	75.2	81.5	66.0	57.8	66.7	64.9	52.5	57.3
Mar-22	70.2	76.7	79.6	78.3	78.5	83.6	80.3	83.2	81.6	77.5	57.7	70.9	81.3	54.2	59.7
Apr-22	71.2	79.6	78.7	76.0	81.9	82.2	75.7	79.3	82.4	77.8	61.4	73.7	87.1	53.7	62.1
May-22		79.7	77.4	78.1	80.3	82.4		75.6	85.5		62.7		70.0		62.5



ECONOMIC PULSE

UNITED STATES: EMPLOYMENT HOLDS AS GROWTH SLOWS

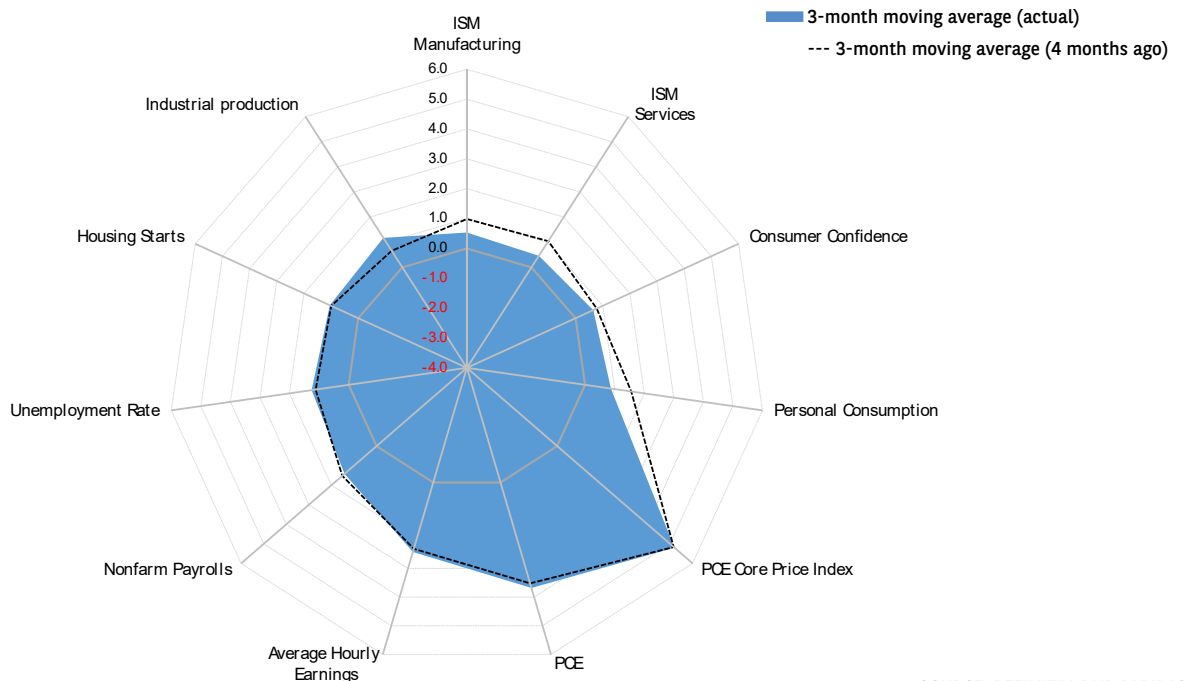
US GDP growth was revised slightly downwards (-0.1 point) for Q1 2022, bringing the contraction in the annualised quarterly growth rate to -1.5%, contrary to expectations of a smaller contraction of only -1.3%. This correction can be attributed to a lower-than-expected private inventory investment (contribution of -1.1 points) as well as to the smaller contribution of investment (+1.2 point), especially residential investment. These revisions were partly offset by an increase in consumer spending of both goods and services (+2.1 points). Increases in exports and imports of goods cancelled each other out, leaving foreign trade's net contribution unchanged (-3.2 points).

The strong increase in household consumption in Q1 is no less surprising given the inflationary environment, especially since inflation continued to rise in April (+0.7% m/m in real terms, vs +0.5% m/m in March). We should nonetheless expect consumption to slow over the next several months. According to the Conference Board index, consumer confidence fell 2.2 points to 106.4 in May (from 108.6 in April), with a bigger drop in the assessment of the current situation (-3.3 points) than in future expectations (-1.5 points). The final Index of Consumer Sentiment, published by the University of Michigan, declined in May (58.4), largely driven by negative views on current buying conditions for houses and durable goods. The ISM business climate indexes are still holding comfortably in expansion. The manufacturing index even rebounded slightly in May (to 56.1, from 55.4 in April), while the services index deteriorated slightly (56 compared to 57 in April).

The robust performance of the job market, a key stronghold against the inflationary shock, was confirmed as the unemployment rate slipped to 3.6%, its lowest level in fifty years. Job creations slowed but were still dynamic (+390,000 jobs m/m), notably in the leisure and hospitality, in professional and business services and in transportation and hospitality sectors. The job market participation rate improved slightly to 62.3%, but is still below the February 2020 level of 63.4%, prior to the Covid-19 crisis. The job market's dynamic momentum can also be seen in wage growth, which was more vigorous. The Average hourly earnings (AHE) increased 0.3% in April, lifted mainly by earnings increases in the IT, financial services, and professional and business services.

Félix Berte

UNITED STATES: QUARTERLY CHANGES



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 -4 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 PULSE

10

ECB MEETING OF 9 JUNE: PREPARING FOR LIFT-OFF – TOWARDS NEUTRALITY OR BEYOND?

At its 10 March meeting, the ECB paved the way for raising its key deposit rate, although the timing of the first rate increase remained uncertain at the time: the odds of a September move had declined compared to a few weeks ago and July was excluded, which left December. The wait-and-see approach still seemed appropriate given the increasing downside risks to growth, aggravated by the current inflationary shock, the war in Ukraine and China's zero-Covid strategy. Yet economic data reported in the meantime, as well as the hawkish tone of several ECB members, seems to have accelerated the tempo.

Concerning data, it is the combination of high inflation, a weak euro and relatively resilient growth that has moved forward the lift-off date. Inflation continues to gather steam. According to the Eurostat flash estimate, headline inflation was 8.1% year-on-year in May (0.7 points higher than in April), and core inflation was 3.8% (0.3 points higher than in April). Prices of manufactured goods were up 4.2% year-on-year, while services prices were up 3.5%. About 50% of inflation is still due to the energy component and 20% to the food component. Nearly 70% of the components of the HICP reported year-on-year increases of more than 2% in April. And all Eurozone member countries reported accelerating prices, with the notable exception of the Netherlands. As to the euro, it has been weakened by the monetary policy gap between the two sides of the Atlantic: over the past year, since the single currency resumed depreciating, the EUR has lost 12% against the USD (the nominal effective exchange rate is down 5%). Around mid-May 2022, the euro seemed to be heading towards parity with the dollar: it depreciated to USD 1.04, the lowest level since mid-December 2016. Although a weak euro is favourable for exports, it is also and most importantly an inopportune source of imported inflation. As to growth, the resilience mentioned above is reflected in business climate surveys (their decline is still limited in scope, although there is reason to fear that it underestimates the negative impact of the inflationary shock) and job market figures (the unemployment rate held steady at 6.8% in April, for the third consecutive month).

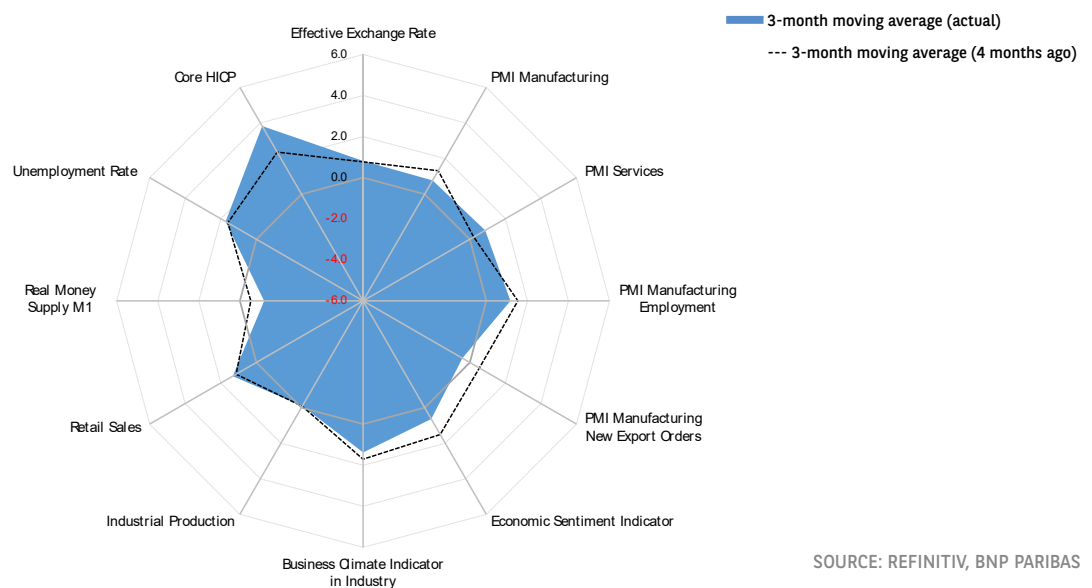
In this context, July should mark the lift-off date for the normalisation of ECB monetary policy. In an ECB blog post dated 23 May¹, Christine Lagarde made the unusual move of pre-announcing a decision, which is that the ECB could begin raising its deposit rate at the July meeting. She also said the ECB would be in a position to lift interest rates out of negative territory by the end of the third quarter, thus signalling another rate increase in September. The ECB's new set of forecasts to be released during next week's meeting will reveal the growth and inflation assumptions underlying these statements, i.e. inflation should be much higher and growth much slower, albeit not in an alarming manner². The deposit rate is therefore likely to be raised only a few weeks after the halting of the Asset Purchase Programme (APP), announced for Q3 and which should take place in early July, while the ECB meeting is scheduled for 21 July. In the same blog post, the ECB president argued for a gradual approach, which we understand to mean 25bp rate increases, and not the 50bp increases that some are defending. Now that the calendar for the next several months is clearer, the debate is turning more towards the size of each rate hike. By 2023, the focus will also be on the frequency of rate increases (at each meeting or not) and the terminal rate (return to neutrality or beyond), not to mention the effectiveness of monetary tightening in staving off inflation without hurting growth too much.

Hélène Baudchon

1. [Monetary policy normalisation in the euro area \(europa.eu\)](https://www.ecb.europa.eu/press/pr/20220523_monetary_policy_normalisation_in_the_euro_area.en.html)

2. In March, the ECB's inflation forecasts were 5.1% in 2022, 2.1% in 2023 and 1.9% in 2024. Its growth forecasts were 3.7%, 2.8% and 1.6%, respectively.

EUROZONE: QUARTERLY CHANGES



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.



BNP PARIBAS

The bank
for a changing
world

ECONOMIC PULSE

COVID-19 PANDEMIC: THE SITUATION CONTINUES TO IMPROVE IN MOST REGIONS OF THE WORLD

The epidemiological situation arising from the Covid-19 pandemic continues to improve in most regions of the world. For the first time since mid-November 2021, the number of new cases has dropped below the symbolic level of 3.5 million per week (7-day moving average). Altogether, 3.3 million new cases were recorded between 25 and 31 May, an 11% decline compared to the previous week (chart 1). At the regional level, the number of new cases continued to decline sharply in Europe (-24%) and Africa (-18%), and to a lesser extent in Asia (-7%), while North America reported its first weekly decline (-8%) after two months of virtually continuous increases. The number of new cases continued to rise strongly in South America (+52%). All in all, 66% of the world's population has now received at least one dose of a Covid-19 vaccine (chart 2).

Over the same period, visits to retail and leisure facilities held at pre-pandemic levels in Belgium, Germany and France, and are approaching normal levels in Italy. Retail and leisure mobility still falls short of pre-pandemic levels in the other countries (United States, Spain, the UK and Japan; chart 3, blue line).

Lastly, the OECD Weekly Tracker of GDP growth continues to decline in the United States, Germany, Italy, Belgium and Japan, and to a lesser extent, in France. The UK and Spain stand apart due to a rebound in the Tracker from the latest data point (chart 3, black line). The OECD Tracker is based on Google Trends resulting from queries on consumption, the labour market, housing, industrial activity as well as uncertainty. The OECD calculates the tracker over a 2-year period (y/2y) to avoid the base effect of a comparison with 2020 data.

Tarik Rharrab

* Google Mobility Reports show how visits and length of stay at different places change compared to a baseline. The baseline is the median value, for the corresponding day of the week, during the 5-week period Jan 3–Feb 6, 2020. A figure of negative 30% indicates that traffic was down 30% compared to a baseline. The reports show trends over several weeks with the most recent data representing approximately 2-3 days ago—this is how long it takes to produce the reports. In order to smooth the series, we use a seven-day moving average of the raw data in the Google Mobility Reports. Source: Google.

DAILY CONFIRMED COVID-19 CASES (7-DAY MOVING AVERAGE)

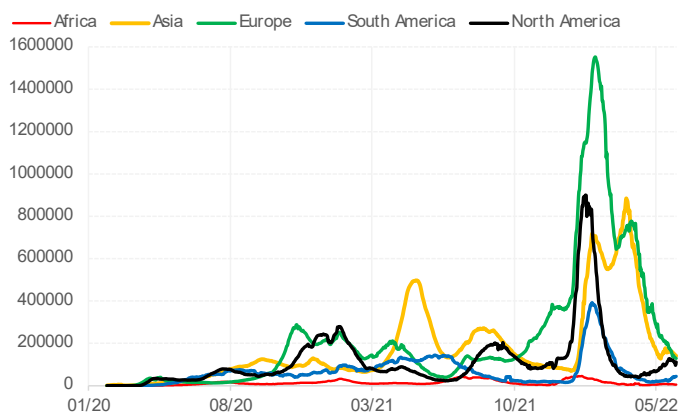


CHART 1

SOURCE: JOHNS-HOPKINS UNIVERSITY (06/02/2022), BNP PARIBAS

SHARE OF PEOPLE WHO RECEIVED AT LEAST ONE DOSE OF VACCINE

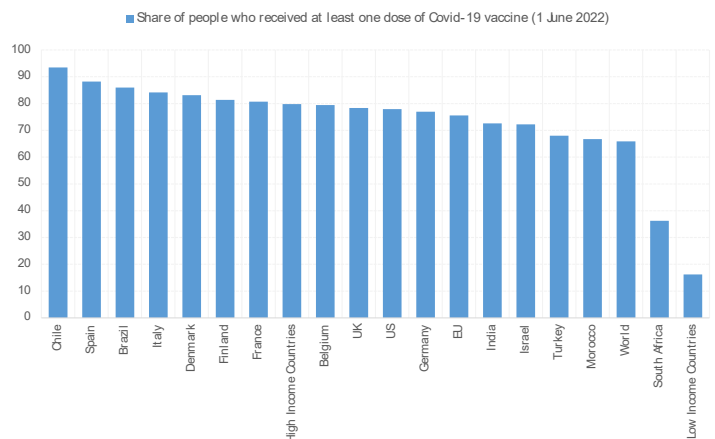


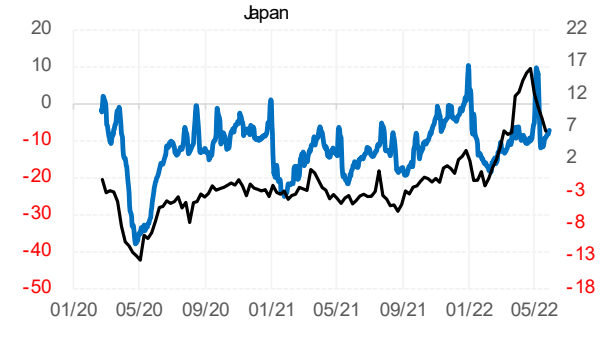
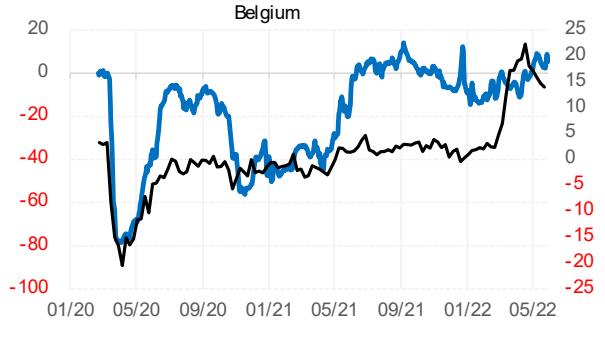
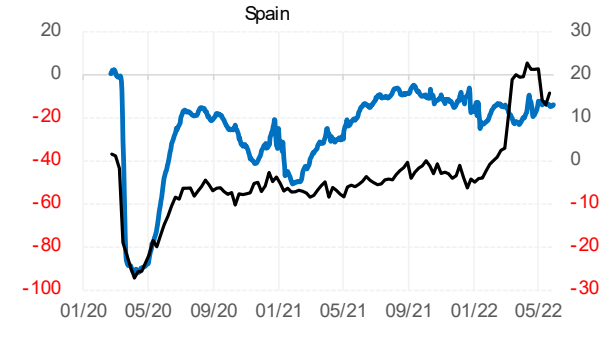
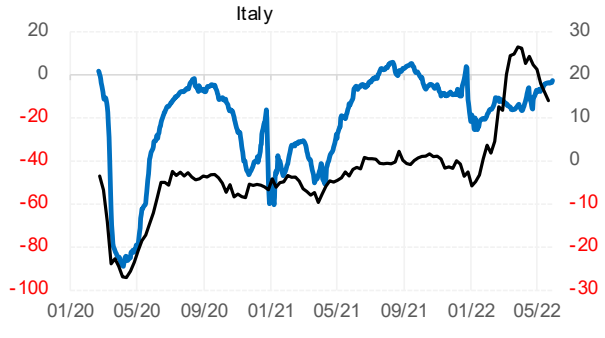
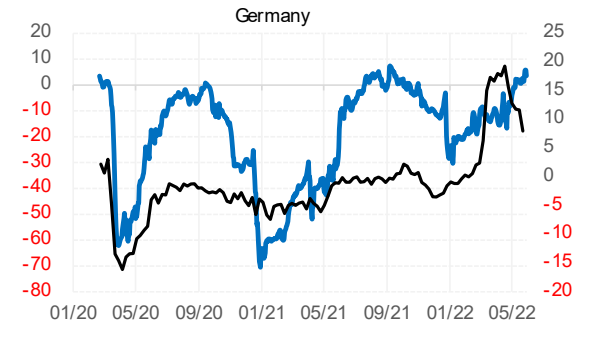
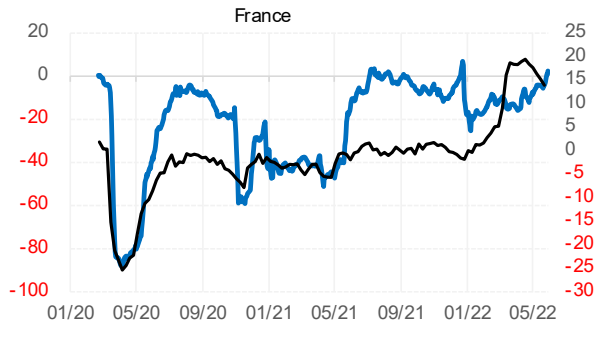
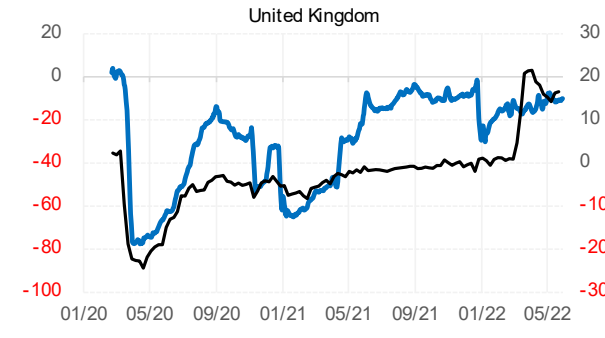
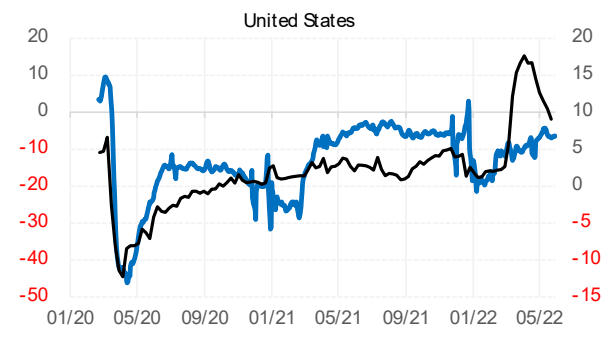
CHART 2

SOURCE: OUR WORLD IN DATA (06/02/2022), BNP PARIBAS



RETAIL AND RECREATION MOBILITY & OECD WEEKLY TRACKER

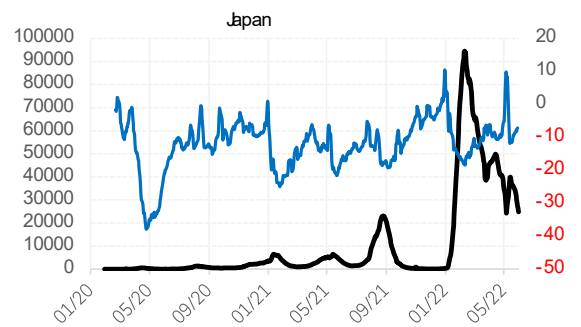
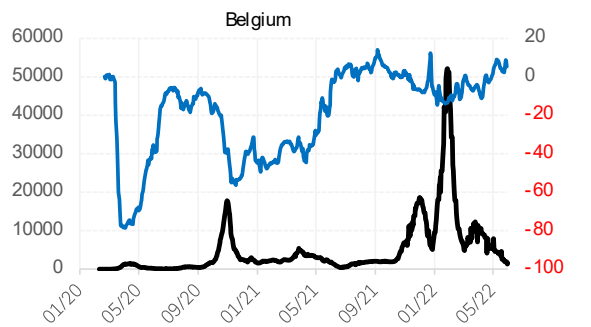
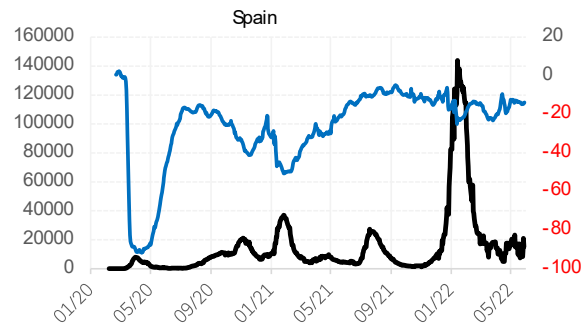
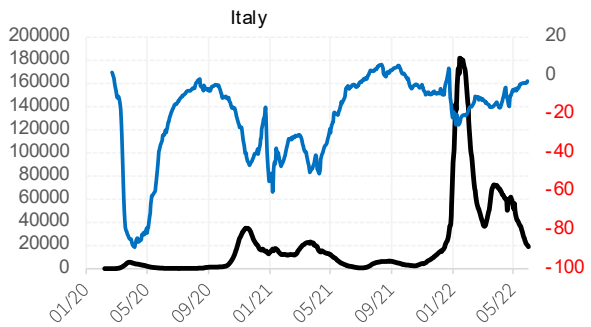
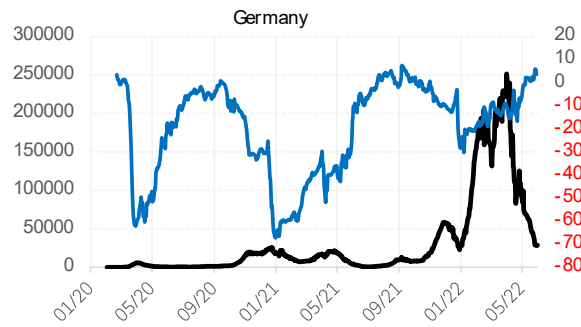
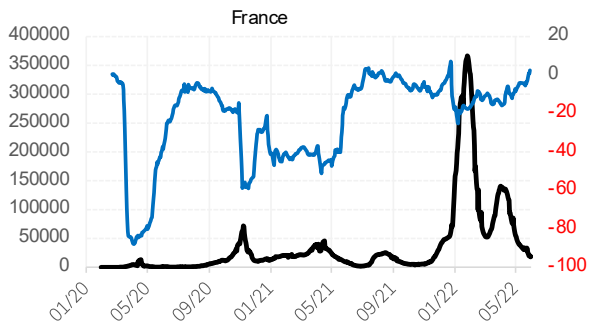
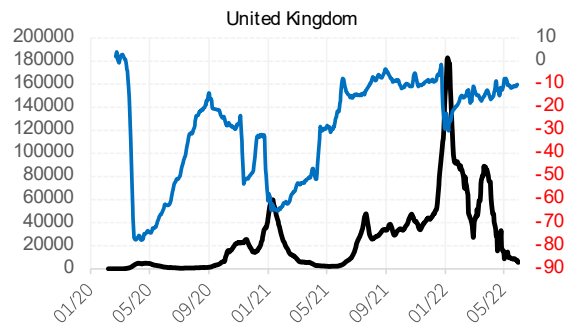
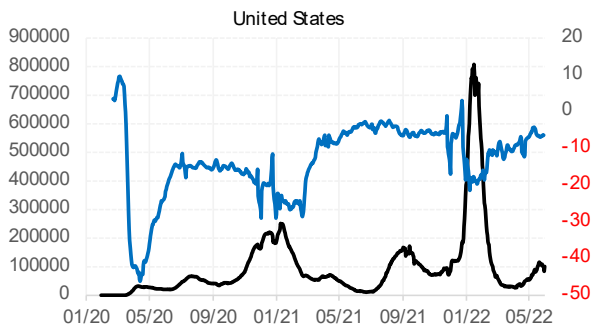
— Retail and recreation mobility (7-day moving average, % from baseline*) — OECD Weekly tracker, y/2y GDP growth [RHS]



SOURCE: OECD (06/02/2022), GOOGLE (06/02/2022), BNP PARIBAS

DAILY NEW CASES & RETAIL AND RECREATION MOBILITY

— Daily new confirmed cases of Covid-19 (7-day moving average)
 — Retail and recreation mobility (7-day moving average, % from baseline*)[RHS]



SOURCE: JOHNS-HOPKINS UNIVERSITY (06/02/2022), GOOGLE (06/02/2022), BNP PARIBAS



ECONOMIC SCENARIO

14

UNITED STATES

Despite a surprising contraction in Q1 2022, the US economy remains dynamic and well supported by household consumption and business investment. The robustness of the labour market, which is at full employment, bolsters wages and household consumption. However, inflation, at its highest for four decades, weighs on purchasing power. As inflation is far beyond the Federal Reserve's objective and also more persistent than anticipated, monetary policy is being tightened sharply. The scaling back of the government's fiscal ambitions, especially its social welfare and environmental plans, may also contribute to moderate growth. Against this background, whilst avoiding a recession, the U.S. economy is expected to slow down clearly.

CHINA

Economic growth has slowed again markedly since March, after two months of improvement. Lockdown measures imposed in many regions in order to contain the Covid-19 epidemic, the continued correction in the real estate sector, the persisting weakness of private consumption and the effects of the war in Ukraine on commodity prices and world demand are major negative factors that will continue to constrain economic growth in the short-term. Consequently, the government increases fiscal policy support and the central bank enhances monetary easing measures..

EUROZONE

Following on from Q4 2021, the eurozone again saw positive but weak growth in Q1 2022. The surge in inflation that began in early 2021 has morphed into an inflationary shock. Inflation continues to be driven primarily by energy prices, but has climbed to new record levels nonetheless. In addition, it is now becoming more widespread and thus more persistent. Although the deterioration of business climate surveys remained limited up until April, consumer confidence has worsened more noticeably. The risk of a recession in the short term is increasing but, should there be one, it would only be technical (limited in duration and extent). The labour market remains robust and the economy still benefits from the cyclical momentum that existed prior to the war in Ukraine, fiscal measures that seek to cushion the impact of inflation on purchasing power, excess savings which are still available and the need to invest. In our scenario (no recession), we expect eurozone growth to reach 2.8% on average over 2022 and something similar (2.7%) in 2023. This scenario is in line with the April consensus for 2022 but is more optimistic for 2023. The risks are on the downside.

FRANCE

GDP growth has slowed markedly in the 1st quarter of 2022 (0% q/q after +0.8% in the 4th quarter of 2021), as a result of a decrease in household consumption (-1.3% q/q). Higher inflation has pressured households' purchasing power and should also weigh on Q2 expectations. In parallel, corporate investment maintained its growth (+0.7% q/q), as corporates have to cope with output capacity constraints. Overall, in 2022, GDP growth should ease to 3.2% (7% in 2021), against a background of higher inflation (4.8% expected in 2022 after 1.6% in 2021).

RATES AND EXCHANGE RATES

In the US, the Federal Reserve will continue its tightening policy at a swift pace. We expect 50bp hikes at the June, July and September meetings, followed by an increase of 25bp in November and December. The terminal rate of 3.00-3.25% to be reached in 2023 Q1. In addition, the reduction of the size of the balance sheet (quantitative tightening) will influence the level of interest rates. The Fed's hawkish stance is motivated by particularly elevated inflation, a strong economy and very low policy rates. These policy changes should only put limited upward pressure on long-term Treasury yields considering that the market has anticipated to a large degree the policy tightening. In addition, as the rate hike cycle continues, bond investors will start to price the prospect of slower growth and the decline of inflation.

In the euro area, the jump in uncertainty and commodity prices are weighing on the sentiment of companies and households. Confronted with high and widespread inflation, the ECB has changed its tone. We expect a first hike of the deposit rate in September although an earlier move, on the occasion of the July meeting, is becoming

increasingly likely. A further rate hike will follow bringing the deposit rate to 0.00% at the end of this year. 2023 should see several rate increase, with a deposit rate at 1.25% at the end of the year. This should push bond yields higher but also lead to a widening of certain sovereign spreads.

The Bank of Japan is expected to maintain its current policy stance in the near term but raise its short-term policy rate from -0.10% to the 0-0.10% range in the latter part of 2023, whilst allowing the 10-year JGB yield to drift higher. These decisions would be based on an increased emphasis on the side effects of the negative interest rate policy and concern about the risk of further yen weakening and its impact on households via higher import prices.

We expect the dollar to weaken versus the euro, considering that both the Federal Reserve and the ECB will tighten policy, that the long-term interest rate differential should narrow and that the euro is undervalued versus the dollar. The increased policy divergence between the Fed and the Bank of Japan should cause an appreciation of the dollar versus the yen but in the latter part of 2023, we expect the yen to appreciate following the change in monetary policy of the Bank of Japan.

GDP GROWTH

%	GDP Growth			Inflation*		
	2021	2022 e	2023 e	2021	2022 e	2023 e
United-States*	5.7	3.7	2.5	4.7	6.5	2.8
Japan	1.7	1.6	2.0	-0.2	1.5	1.1
United-Kingdom*	7.5	3.6	1.7	2.5	7.4	3.3
Euro Area*	5.3	2.8	2.7	2.6	7.3	4.0
Germany	2.9	2.1	3.4	3.2	6.6	3.6
France	7.0	3.2	2.5	2.1	5.3	2.5
Italy	6.6	2.8	2.2	2.0	6.4	2.6
Spain	5.0	4.8	2.7	3.0	8.1	3.5
China	7.7	4.8	5.1	0.9	2.4	2.7
India**	8.1	9.5	7.3	5.1	6.3	5.2
Brazil	5.0	-0.5	0.0	8.3	9.0	5.7
Russia	4.5	-8.5	3.1	7.0	18.2	5.0

SOURCE: BNP PARIBAS GROUP ECONOMIC RESEARCH (E: ESTIMATES & FORECASTS)
*FISCAL YEAR FROM 1ST APRIL OF YEAR N TO MARCH 31ST OF YEAR N+1
** LAST UPDATE 05/06/2022

INTEREST & EXCHANGE RATES

Interest rates, %		Q1 2022	Q2 2022 e	Q3 2022 e	Q4 2022 e	Q4 2023 e
End of period						
US	Fed Funds (upper limit)**	0.50	1.50	2.50	3.00	3.25
	T-Note 10y	2.33	2.50	2.60	2.70	2.60
Ezone	Deposit rate**	-0.50	-0.50	-0.25	0.00	1.25
	Bund 10y	0.51	0.75	0.90	1.00	1.20
	OAT 10y	0.84	1.20	1.40	1.50	1.70
	BTP 10y	1.97	2.45	2.75	3.00	3.20
	BCNO 10y	1.37	1.75	2.00	2.15	2.35
UK	Base rate	0.75	1.00	1.25	1.25	1.75
	Gilts 10y	1.59	1.75	1.90	2.00	2.00
Japan	BoJ Rate	-0.02	-0.10	-0.10	-0.10	0.10
	JGB 10y	0.21	0.25	0.25	0.25	0.45
Exchange Rates		Q1 2022	Q2 2022 e	Q3 2022 e	Q4 2022 e	Q4 2023 e
End of period						
USD	EUR / USD	1.11	1.11	1.13	1.14	1.20
	USD / JPY	121	125	124	123	115
	GBP / USD	1.32	1.29	1.31	1.33	1.40
EUR	EUR / GBP	0.85	0.86	0.86	0.86	0.86
	EUR / JPY	135	139	140	140	138
Brent		Q1 2022	Q2 2022 e	Q3 2022 e	Q4 2022 e	Q4 2023 e
End of period						
Brent*	USD/bbl	107	113	115	110	105

FORECASTS PRODUCED ON 2 MAY 2022. SOURCE: BNP PARIBAS (E: ESTIMATES & FORECASTS)
(MARKET ECONOMICS, INTEREST RATE STRATEGY, FX STRATEGY, COMMODITIES DESK STRATEGY)
* BASE CASE ** LAST UPDATE 06/05/2022



BNP PARIBAS

The bank
for a changing
world

CALENDAR

15

LATEST INDICATORS

The PMI data in China brought relief. They improved compared to April on the back of the lifting of mobility restrictions, although they are still below the 50 mark. Eurozone economic confidence was stable with industry seeing some weakening but services doing better. Consumer confidence continues to suffer from high inflation. Concerning the latter, the data for May were a disappointment with higher monthly and annual inflation and in both cases also more than expected. This also applies to core inflation. There was little change in the PMI data compared with the flash estimates. Producer price inflation increased on an annual basis but declined more than expected versus the previous month. Retail sales declined in April versus March, which was a disappointment. French inflation increased in May and monthly consumer spending shrunk whereas the consensus had expected an increase. The updated estimate of first quarter GDP growth brought bad news with a slight contraction of -0.2%. In Germany, inflation recorded a significant increase and retail sales tanked in April versus March. The decline in the unemployment rate slowed down and did worse than expected. Japanese consumer confidence improved slightly and this also holds for the PMI data. In the US, there was little change in the Conference Board consumer confidence index. Mortgage applications were down again and more so than in April. The ISM manufacturing index increased unexpectedly with prices paid down, new orders up but also weaker employment expectations. The ISM services on the other hand declined. Finally, the labour market report was again very strong.

DATE	COUNTRY	INDICATOR	PERIOD	CONSENSUS	ACTUAL	PREVIOUS
05/30/2022	Eurozone	Economic Confidence	May	104.9	105.0	104.9
05/30/2022	Eurozone	Industrial Confidence	May	7.5	6.3	7.7
05/30/2022	Eurozone	Services Confidence	May	13.7	14.0	13.6
05/30/2022	Eurozone	Consumer Confidence	May	--	-21.1	-21.1
05/30/2022	Germany	CPI EU Harmonized MoM	May	0.5%	1.1%	0.7%
05/30/2022	Germany	CPI EU Harmonized YoY	May	8.1%	8.7%	7.8%
05/30/22-06/01/22	Germany	Retail Sales MoM	Apr	-0.5%	-5.4%	0.9%
05/31/2022	Japan	Retail Sales MoM	Apr	0.9%	0.8%	1.7%
05/31/2022	Japan	Industrial Production MoM	Apr P	-0.2%	-1.3%	0.3%
05/31/2022	China	Composite PMI	May	--	48.4	42.7
05/31/2022	China	Manufacturing PMI	May	49.0	49.6	47.4
05/31/2022	China	Non-manufacturing PMI	May	45.5	47.8	41.9
05/31/2022	Japan	Consumer Confidence Index	May	33.8	34.1	33.0
05/31/2022	France	CPI EU Harmonized MoM	May	0.7%	0.7%	0.5%
05/31/2022	France	CPI EU Harmonized YoY	May	5.8%	5.8%	5.4%
05/31/2022	France	Consumer Spending MoM	Apr	0.5%	-0.4%	-1.4%
05/31/2022	France	GDP QoQ	1Q F	0.0%	-0.2%	0.0%
05/31/2022	Germany	Unemployment Change (000's)	May	-15.5k	-4.0k	-13.0k
05/31/2022	Eurozone	CPI Estimate YoY	May	7.8%	8.1%	7.5%
05/31/2022	Eurozone	CPI MoM	May	0.6%	0.8%	0.6%
05/31/2022	Eurozone	CPI Core YoY	May	3.6%	3.8%	3.5%
05/31/2022	United States	S&P CoreLogic CS 20-City MoM SA	Mar	1.9%	2.4%	2.4%
05/31/2022	United States	S&P CoreLogic CS 20-City YoY NSA	Mar	20.0%	21.2%	20.3%
05/31/2022	United States	Conf. Board Consumer Confidence	May	103.6	106.4	108.6
05/31/2022	United States	Conf. Board Present Situation	May	--	149.6	152.9
05/31/2022	United States	Conf. Board Expectations	May	--	77.5	79.0
06/01/2022	Japan	Jibun Bank Japan PMI Mfg	May	--	53.3	53.2
06/01/2022	China	Caixin China PMI Mfg	May	49.0	48.1	46.0
06/01/2022	France	S&P Global France Manufacturing PMI	May	54.5	54.6	54.5



DATE	COUNTRY	INDICATOR	PERIOD	CONSENSUS	ACTUAL	PREVIOUS
06/01/2022	Germany	S&P Global/BME Germany Manufacturing PMI	May	54.7	54.8	54.7
06/01/2022	Eurozone	S&P Global Eurozone Manufacturing PMI	May	54.4	54.6	54.4
06/01/2022	United Kingdom	S&P Global/CIPS UK Manufacturing PMI	May	54.6	54.6	54.6
06/01/2022	Eurozone	Unemployment Rate	Apr	6.8%	6.8%	6.8%
06/01/2022	United States	MBA Mortgage Applications	May	--	-2.3%	-1.2%
06/01/2022	United States	S&P Global US Manufacturing PMI	May	57.5	57.0	57.5
06/01/2022	United States	Construction Spending MoM	Apr	0.5%	0.2%	0.3%
06/01/2022	United States	ISM Manufacturing	May	54.5	56.1	55.4
06/01/2022	United States	ISM Prices Paid	May	81.0	82.2	84.6
06/01/2022	United States	ISM New Orders	May	52.9	55.1	53.5
06/01/2022	United States	ISM Employment	May	52.0	49.6	50.9
06/01/2022	United States	JOLTS Job Openings	Apr	11350k	11400k	11855k
06/01/2022	United States	U.S. Federal Reserve Releases Beige Book				
06/02/2022	Eurozone	PPI MoM	Apr	2.0%	1.2%	5.3%
06/02/2022	Eurozone	PPI YoY	Apr	38.2%	37.2%	36.9%
06/02/2022	United States	Initial Jobless Claims	May	210k	200k	211k
06/02/2022	United States	Cap Goods Orders Nondef Ex Air	Apr F	0.4%	0.4%	0.3%
06/03/22 02:30	Japan	Jibun Bank Japan PMI Services	May	--	52.6	51.7
06/03/22 02:30	Japan	Jibun Bank Japan PMI Composite	May	--	52.3	51.4
06/03/22 08:00	Germany	Exports SA MoM	Apr	1.0%	4.4%	-3.0%
06/03/22 08:45	France	Industrial Production MoM	Apr	0.2%	-0.1%	-0.4%
06/03/22 09:50	France	S&P Global France Services PMI	May	58.4	58.3	58.4
06/03/22 09:50	France	S&P Global France Composite PMI	May	57.1	57.0	57.1
06/03/22 09:55	Germany	S&P Global Germany Services PMI	May	56.3	55.0	56.3
06/03/22 09:55	Germany	S&P Global Germany Composite PMI	May	54.6	53.7	54.6
06/03/22 10:00	Eurozone	S&P Global Eurozone Services PMI	May	56.3	56.1	56.3
06/03/22 10:00	Eurozone	S&P Global Eurozone Composite PMI	May	54.9	54.8	54.9
06/03/22 11:00	Eurozone	Retail Sales MoM	Apr	0.1%	-1.3%	0.3%
06/03/22 11:00	Eurozone	Retail Sales YoY	Apr	5.4%	3.9%	1.6%
06/03/22 14:30	United States	Change in Nonfarm Payrolls	May	318k	390k	436k
06/03/22 14:30	United States	Unemployment Rate	May	3.5%	3.6%	3.6%
06/03/22 14:30	United States	Average Hourly Earnings MoM	May	0.4%	0.3%	0.3%
06/03/22 14:30	United States	Average Weekly Hours All Employees	May	34.6	34.6	34.6
06/03/22 14:30	United States	Labor Force Participation Rate	May	62.3%	62.3%	62.2%
06/03/22 15:45	United States	S&P Global US Services PMI	May	53.5	53.4	53.5
06/03/22 15:45	United States	S&P Global US Composite PMI	May	53.8	53.6	53.8
06/03/22 16:00	United States	ISM Services Index	May	56.5	55.9	57.1

SOURCE: BLOOMBERG



CALENDAR: THE WEEK AHEAD

17

COMING INDICATORS

The highlight of the week is the governing council meeting of the ECB. Considering that a recent ECB blog post has de facto pre-announced rate hikes at the July and September meetings, questions during the press conference will focus on the possibility of increasing the deposit rate 50bp at the July meeting rather than 25bp. Another important event is the publication of US inflation data. We will also have several survey data (Caixin PMI in China, PMI data in the UK, construction PMI in Germany, Banque de France industrial sentiment, EcoWatchers survey in Japan, University of Michigan sentiment) as well as updated estimates of first quarter GDP growth in China and the euro area. China will release data on international trade. The OECD will publish its Economic Outlook.

DATE	COUNTRY	INDICATOR	PERIOD	CONSENSUS	PREVIOUS
06/06/2022	China	Caixin China PMI Composite	May	--	37.2
06/06/2022	China	Caixin China PMI Services	May	46.0	36.2
06/07/2022	Germany	S&P Global Germany Construction PMI	May	--	46.0
06/07/2022	Eurozone	Sentix Investor Confidence	Jun	--	-22.6
06/07/2022	United Kingdom	S&P Global/CIPS UK Services PMI	May	--	51.8
06/07/2022	United Kingdom	S&P Global/CIPS UK Composite PMI	May	--	51.8
06/08/2022	Japan	GDP SA QoQ	1Q	-0.3%	-0.2%
06/08/2022	Japan	Eco Watchers Survey Current SA	May	--	50.4
06/08/2022	Japan	Eco Watchers Survey Outlook SA	May	--	50.3
06/08/2022	Germany	Industrial Production SA MoM	Apr	--	-3.9%
06/08/2022	United Kingdom	S&P Global/CIPS UK Construction PMI	May	--	58.2
06/08/2022	Eurozone	OECD Publishes Economic Outlook			
06/08/2022	Eurozone	Gross Fix Cap QoQ	1Q	--	3.5%
06/08/2022	Eurozone	Household Cons QoQ	1Q	--	-0.6%
06/08/2022	Eurozone	Employment QoQ	1Q	--	0.5%
06/08/2022	Eurozone	Employment YoY	1Q	--	2.6%
06/08/2022	Eurozone	GDP SA QoQ	1Q	--	0.3%
06/08/2022	Eurozone	GDP SA YoY	1Q	--	5.1%
06/08/2022	Eurozone	Govt Expend QoQ	1Q	--	0.5%
06/08/2022	United States	MBA Mortgage Applications	Jun	--	--
06/09/2022	France	Private Sector Payrolls QoQ	1Q	--	0.3%
06/09/2022	Eurozone	ECB Deposit Facility Rate	Jun	--	-0.500%
06/09/2022	United States	Initial Jobless Claims	Jun	--	--
06/09/2022	France	Bank of France Ind. Sentiment	May	--	--



DATE	COUNTRY	INDICATOR	PERIOD	CONSENSUS	PREVIOUS
06/09/2022	China	Trade Balance	May	\$60.60b	\$51.12b
06/09/2022	China	Exports YoY	May	8.9%	3.9%
06/09/2022	China	Imports YoY	May	2.9%	0.0%
06/09/2022	China	Exports YoY CNY	May	--	1.9%
06/09/2022	China	Imports YoY CNY	May	--	-2.0%
06/09/2022	China	Trade Balance CNY	May	--	325.08b
06/10/2022	China	PPI YoY	May	6.6%	8.0%
06/10/2022	China	CPI YoY	May	2.3%	2.1%
06/10/2022	United States	CPI MoM	May	0.7%	0.3%
06/10/2022	United States	CPI Ex Food and Energy MoM	May	0.5%	0.6%
06/10/2022	United States	CPI YoY	May	8.2%	8.3%
06/10/2022	United States	CPI Ex Food and Energy YoY	May	5.9%	6.2%
06/10/2022	United States	U. of Mich. Sentiment	Jun	59.0	58.4
06/10/2022	United States	U. of Mich. Current Conditions	Jun	--	63.3
06/10/2022	United States	U. of Mich. Expectations	Jun	--	55.2
06/10/2022	United States	U. of Mich. 1 Yr Inflation	Jun	--	5.3%
06/10/2022	United States	U. of Mich. 5-10 Yr Inflation	Jun	--	3.0%

SOURCE: BLOOMBERG



FURTHER READING

19

Let's talk about climate change, often	EcoTVWeek	3 June 2022
Italy: The ratio of new non-performing loans of NFCs has started to rise again	Chart of the Week	1 June 2022
Global: Inflation: shifting focus, shifting concerns	EcoWeek	30 May 2022
United Arab Emirates: Favourable economic prospects	EcoTVWeek	27 May 2022
Colombia: recent behaviour of capital flows ahead of the presidential election	Chart of the Week	25 May 2022
European Union : The reaction of uncertainty to Covid-19 and the war in Ukraine	EcoWeek	23 May 2022
China: new economic slowdown, new rise in credit risks	EcoTV Week	20 May 2022
Energy price inflation in the Eurozone: government responses and impact on household purchasing power	EcoFlash	20 May 2022
On the need to restate Manufacturing PMI in order to understand the shock to German industry	Chart of the Week	18 May 2022
Eurozone : Inflation and the sustainability of public sector debt	EcoWeek	16 May 2022
Eurozone : Wage-price loop: low risk but one to watch	EcoTV Week	13 May 2022
United States: money supply losing steam	Chart of the Week	11 May 2022
Central banks: the need and courage to act	EcoWeek	9 May 2022
The complex relationship between financial conditions, nominal and real interest rates	EcoTVWeek	06 May 2022
ECB: the weaker euro, a blessing or a headache?	EcoWeek	02 May 2022
Chinese exports: a major growth slowdown is expected	Chart of the Week	29 April 2022
France: Supply-side constraints and inflation are weighing on growth	EcoTVWeek	29 April 2022
Spanish housing market: cautious optimism	EcoFlash	29 April 2022
France: Supply-side constraints and inflation are weighing on growth	EcoTVWeek	29 April 2022
United Kingdom : Higher inflation causes decline in real wages	Chart of the Week	27 April 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, Patrick Capeillère, 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

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@bnpparibas.com

Johanna Melka

India, South Asia, Russia, Kazakhstan

+33 1 58 16 05 84

johanna.melka@bnpparibas.com

CONTACT MEDIA

Mickaëlle Fils Marie-Luce

+33 1 42 98 48 59

mickaëlle.filsmarie-luce@bnpparibas.com



BNP PARIBAS

**The bank
for a changing
world**

GROUP ECONOMIC RESEARCH



CONJONCTURE

Structural or thematic topics.



EMERGING

Analyses and forecasts for a selection of emerging economies.



PERSPECTIVES

Analyses and forecasts with a focus on developed countries.



ECOFLASH

Data releases, major economic events.



ECOWEEK

Recent economic and policy developments, data comments, economic calendar, forecasts.



ECOTV

A monthly video with interviews of our economists.



ECOTV WEEK

A weekly video discussing the main event of the week.



MACROWAVES

Our economic podcast.

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 acted 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 Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin).

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

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

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

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

© BNP Paribas (2015). All rights reserved.

HOW TO RECEIVE OUR PUBLICATIONS

SUBSCRIBE ON OUR WEBSITE
[see the Economic Research website](#)

&

FOLLOW US ON LINKEDIN
[see the Economic Research linkedin page](#)

OR TWITTER
[see the Economic Research Twitter page](#)



Published by BNP PARIBAS Economic Research

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

Head of publication : Jean Lemierre / Chief editor: William De Vijlder



BNP PARIBAS

**The bank
for a changing
world**