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ECB: RULES AND A LOT OF DISCRETION

Based on Christine Lagarde's latest press conference, it is clear that the ECB's Governing Council view on the inflation outlook has evolved quite significantly. Since the December meeting, upside risks to inflation have increased, raising unanimous concern within the Council. Financial markets interpreted this as a signal that the first rate hike might come earlier than previously expected and bond yields moved significantly higher. The ECB's forward guidance, which can also be considered as a description of its reaction function, suggests a rule-based approach to setting interest rates with clear conditions in terms of inflation outlook and recent price developments. In reality, a lot of judgment will be used as well. This makes perfect sense given the many uncertainties surrounding the outlook, although it makes the outcome less predictable. With this caveat in mind, we expect a first 25bp rate hike in September, to be followed by a similar increase in December.

For central bankers, a press conference following a monetary policy committee meeting is a balancing act. It is an opportunity to explain the thinking behind the decisions in terms of monetary policy but there is also the risk of saying too much or being misinterpreted. For market participants, these press conferences are, at times, an invaluable source of information, allowing for a better understanding of how policy might evolve. This improves the pricing of financial instruments, also known as the price discovery process.

On this point, last week's press conference of Christine Lagarde provided a perfect example. Markets discovered that the view of the governing council on the inflation outlook has evolved quite significantly in recent weeks. This was already clear from the monetary policy statement with its insistence that since the December meeting, upside risks to inflation have increased¹ and was confirmed during the Q&A with the journalists: "with the upside surprise that we have seen first in December, second in January, I can tell you that there was unanimous concern around the table of the Governing Council about inflation numbers." Bund yields jumped as Lagarde spoke, pulling along US Treasury yields (chart 1). The euro strengthened because the more hawkish tone from the ECB implies the prospect of less monetary divergence between the US and the euro area (chart 2). Equity markets declined and, as shown in chart 3, the spread between Italian and German government bond yields widened. The difference between Spanish and German bonds increased as well, albeit to a lesser degree.

Markets will be eagerly awaiting the March meeting with its new set of projections. They will probably see higher inflation for 2022 and possibly for later years as well, although this depends to a large degree on expected wage growth and how it feeds through to consumer price inflation.

1. "Compared with our expectations in December, risks to the inflation outlook are tilted to the upside, particularly in the near term. If price pressures feed through into higher than anticipated wage rises or the economy returns more quickly to full capacity, inflation could turn out to be higher." Source: ECB, Press conference of Christine Lagarde, President of the ECB, and Luis de Guindos, Vice-President of the ECB, Frankfurt am Main, 3 February 2022.

A recent ECB survey of major companies operating in the euro area showed that they expect "average wage increases to move from around 2% in the recent past to 3% or possibly more this year."² The survey also reported ongoing strong or growing demand across most sectors, tighter labour market conditions and a favourable environment in the manufacturing and construction sectors for passing rising input costs through to prices. Moreover, the frequency of price increases has increased in order to avoid a squeeze on profit margins.

Clearly, these elements must have played a role in the more hawkish tone of the ECB, in particular considering that since April last year, in every single month with the exception of September, the flash estimate of euro area consumer price inflation has surprised to the upside. Since last summer, these surprises have become bigger (chart 4). The rise in energy price plays a role but it is not the only factor considering that core inflation has also surprised to the upside (chart 5).

2. Source: Main findings from the ECB's recent contacts with non-financial companies, Economic Bulletin Issue 1, 2022, published on 4 February 2022.

INTRADAY (FEBRUARY 3, CET): GERMAN BUND/US TREASURY NOTE

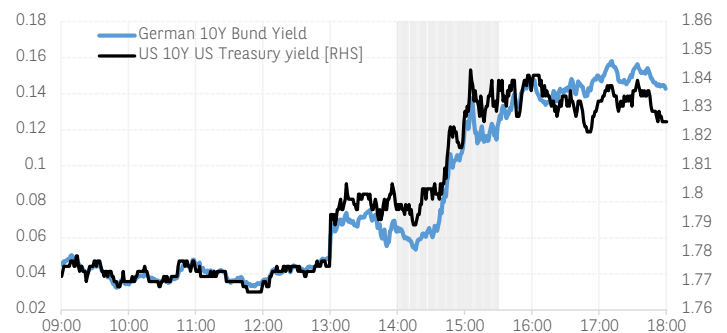


CHART 1

SOURCE: BLOOMBERG, BNP PARIBAS

The ECB's forward guidance, which can also be considered as a description of its reaction function, suggests a rule-based approach to setting interest rates. In reality, a lot of judgment will be used as well. This makes perfect sense given the many uncertainties surrounding the outlook, although it makes the outcome less predictable.



C. Lagarde insisted during the press conference that the ECB's policy stance is data dependent. Given the recent evolution of the data – rising price pressures, inflation surprising to the upside, faster wage growth – last week's change in message is understandable and even necessary, but what are the implications for the monetary policy outlook? The forward guidance of the ECB states that three conditions need to be met in order to envisage a policy rate hike: inflation at target, i.e. 2%, well ahead of the end of the projection horizon, a conviction that inflation will stay at this level until the end of the projection horizon and sufficiently strong underlying inflation, which would show there is progress towards target. When the data change, the projections may change as well and, eventually, this would end up justifying an increase in official interest rates³.

This guidance, which can also be considered as the reaction function of the central bank, suggests a rule-based approach to setting interest rates. In reality, a lot of judgment will be used as well. The ECB President insisted, when commenting on the staff projections that *"the determination is made by the Governing Council. Indeed, there is an element of discretionary judgement. We don't take projections just at face value and this is particularly relevant in the current circumstances..."* The combination of rules and a lot of discretion makes sense given the many uncertainties surrounding the outlook, although it makes the outcome less predictable. With this caveat in mind, we expect a first 25bp rate hike in September, to be followed by a similar increase in December.

William De Vijlder

3. It remains to be seen whether, on the occasion of the first rate hike, the ECB governing council would only increase the deposit rate or would increase the refinancing rate as well.

INTRADAY (FEBRUARY 3, CET): EUR/USD



CHART 2

SOURCE: BLOOMBERG, BNP PARIBAS

INTRADAY (FEBRUARY 3, CET): SPREADS BTP-BUND/BONOS-BUND

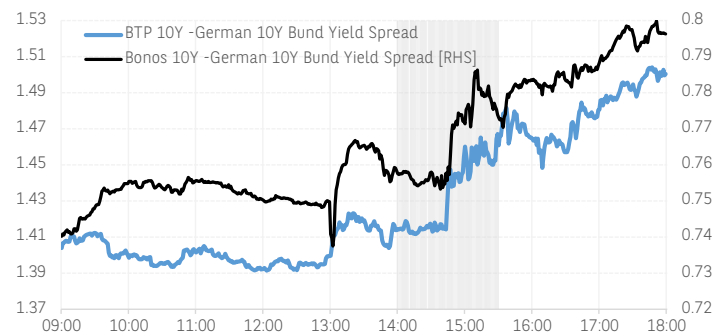


CHART 3

SOURCE: BLOOMBERG, BNP PARIBAS

EUROZONE: FLASH ESTIMATE INFLATION

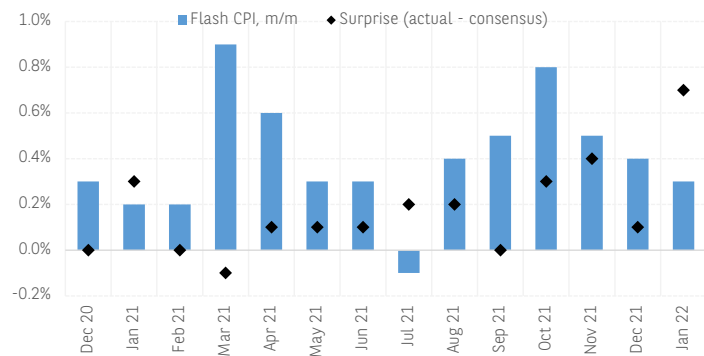


CHART 4

SOURCE: EUROSTAT, BLOOMBERG, BNP PARIBAS

EUROZONE: SURPRISE FLASH

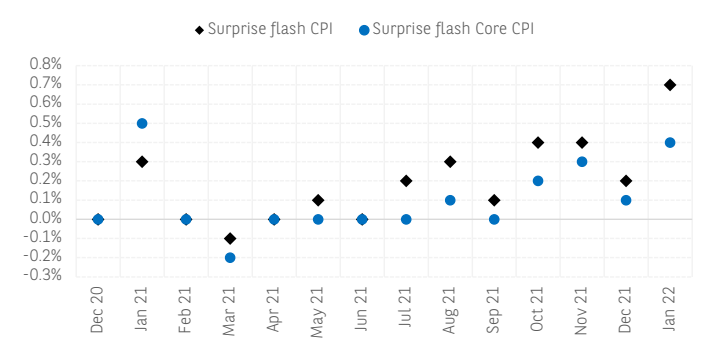


CHART 5

SOURCE: EUROSTAT, BLOOMBERG, BNP PARIBAS



MARKETS OVERVIEW

OVERVIEW

Week 28-1 22 to 4-2-22

▼ CAC 40	6 966	▶ 6 951	-0.2 %
▲ S&P 500	4 432	▶ 4 501	+1.5 %
▼ Volatility (VIX)	27.7	▶ 23.2	-4.4 pb
▲ Euribor 3M (%)	-0.55	▶ -0.55	+0.2 bp
▲ Libor \$ 3M (%)	0.32	▶ 0.34	+2.2 bp
▲ OAT 10y (%)	0.24	▶ 0.52	+27.9 bp
▲ Bund 10y (%)	-0.08	▶ 0.17	+25.0 bp
▲ US Tr. 10y (%)	1.78	▶ 1.93	+15.1 bp
▲ Euro vs dollar	1.12	▶ 1.14	+2.5 %
▲ Gold (ounce, \$)	1 785	▶ 1 804	+1.1 %
▲ Oil (Brent, \$)	90.0	▶ 93.4	+3.8 %

MONEY & BOND MARKETS

Interest Rates

	highest 22	lowest 22
€ ECB	0.00 at 03/01	0.00 at 03/01
Eonia	-0.51 at 03/01	-0.51 at 03/01
Euribor 3M	-0.55 at 24/01	-0.58 at 05/01
Euribor 12M	-0.35 at 04/02	-0.50 at 05/01
\$ FED	0.25 at 03/01	0.25 at 03/01
Libor 3M	0.34 at 04/02	0.21 at 03/01
Libor 12M	1.00 at 04/02	0.58 at 03/01
€ BoE	0.50 at 03/02	0.25 at 03/01
Libor 3M	0.74 at 04/02	0.26 at 03/01
Libor 12M	0.81 at 03/01	0.81 at 03/01

At 4-2-22

Yield (%)

	highest 22	lowest 22
€ AVG 5-7y	0.40 at 04/02	-0.04 at 03/01
Bund 2y	-0.31 at 04/02	-0.67 at 25/01
Bund 10y	0.17 at 04/02	-0.14 at 24/01
OAT 10y	0.52 at 04/02	0.15 at 04/01
Corp. BBB	1.50 at 04/02	0.90 at 05/01
\$ Treas. 2y	1.33 at 04/02	0.70 at 04/01
Treas. 10y	1.93 at 04/02	1.63 at 03/01
High Yield	5.75 at 04/02	5.07 at 03/01
£ gilt. 2y	1.27 at 04/02	0.69 at 03/01
gilt. 10y	1.41 at 04/02	0.97 at 03/01

At 4-2-22

EXCHANGE RATES

1€ =	highest 22	lowest 22	2022
USD	1.14 at 13/01	1.11 at 27/01	+0.6%
GBP	0.85 at 04/02	0.83 at 20/01	+0.7%
CHF	1.06 at 04/02	1.03 at 04/01	+2.2%
JPY	131.90 at 04/02	128.46 at 25/01	+0.7%
AUD	1.62 at 04/02	1.56 at 05/01	+3.6%
CNY	7.29 at 13/01	7.10 at 27/01	+0.5%
BRL	6.44 at 06/01	5.94 at 01/02	-3.4%
RUB	87.11 at 26/01	84.45 at 03/01	+2.1%
INR	85.49 at 04/02	83.65 at 31/01	+1.1%

At 4-2-22

Change

COMMODITIES

Spot price, \$	highest 22	lowest 22	2022	2022(€)
Oil, Brent	93.4 at 04/02	79.0 at 03/01	+19.1%	+18.3%
Gold (ounce)	1 804 at 25/01	1 785 at 28/01	-1.0%	-1.6%
Metals, LME	4 768 at 20/01	4 489 at 06/01	+4.2%	+3.6%
Copper (ton)	10 081 at 12/01	9 543 at 06/01	+1.3%	+0.7%
wheat (ton)	283 at 25/01	281 at 14/01	+18.9%	+18.1%
Corn (ton)	239 at 28/01	226 at 03/01	+0.5%	+4.2%

At 4-2-22

Change

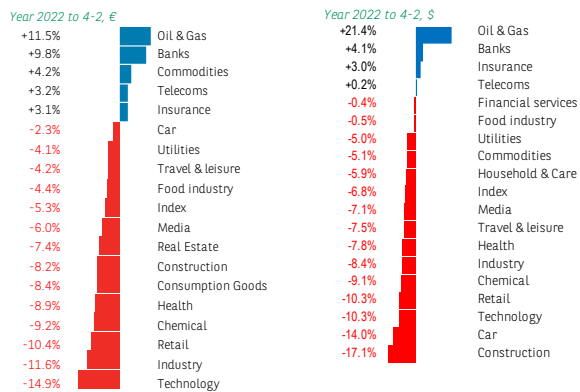
EQUITY INDICES

Index	highest 22	lowest 22	2022
World			
MSCI World	3 061 at 04/01	2 955 at 27/01	-5.3%
North America			
S&P500	4 501 at 03/01	4 327 at 27/01	-5.6%
Europe			
EuroStoxx50	4 087 at 05/01	4 054 at 24/01	-4.9%
CAC 40	6 951 at 05/01	6 788 at 24/01	-0.3%
DAX 30	15 100 at 05/01	15 011 at 24/01	-4.9%
IBEX 35	8 589 at 17/01	8 418 at 24/01	-0.1%
FTSE100	7 516 at 17/01	7 297 at 24/01	+0.2%
Asia			
MSCI, loc.	1 111 at 05/01	1 068 at 27/01	-0.3%
Nikkei	27 440 at 05/01	26 170 at 27/01	-4.7%
Emerging			
MSCI Emerging (\$)	1 221 at 12/01	1 191 at 28/01	-0.1%
China	83 at 20/01	79 at 28/01	-1.0%
India	839 at 13/01	814 at 27/01	-0.2%
Brazil	1 620 at 01/02	1 372 at 06/01	+8.3%
Russia	689 at 03/01	614 at 24/01	-7.9%

At 4-2-22

Change

PERFORMANCE BY SECTOR (Eurostoxx50 & S&P500)

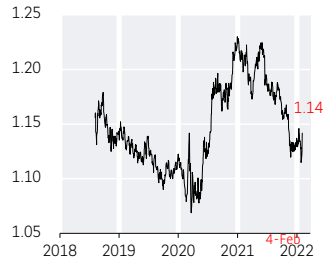


SOURCE: REFINITIV, BNP PARIBAS,



MARKETS OVERVIEW

EURO-DOLLAR



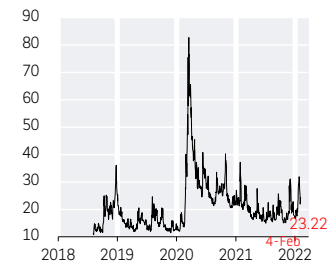
EUROSTOXX50



S&P500



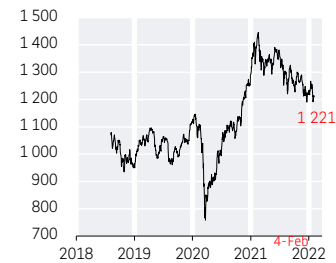
VOLATILITY (VIX, S&P500)



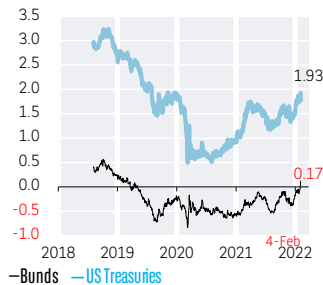
MSCI WORLD (USD)



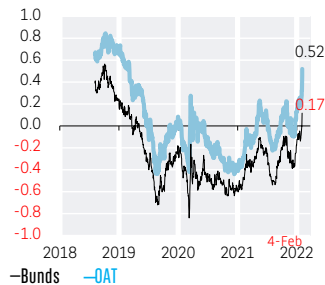
MSCI EMERGING (USD)



10Y BOND YIELD, TREASURIES VS BUND



10Y BOND YIELD



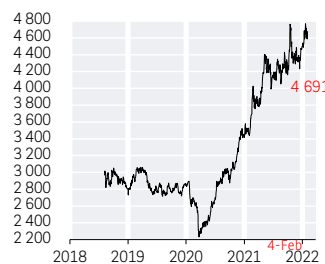
10Y BOND YIELD & SPREADS

Year 2022 to 4-2		
2.07%	Greece	181 bp
1.66%	Italy	141 bp
1.05%	Spain	80 bp
0.98%	Portugal	73 bp
0.52%	France	27 bp
0.51%	Belgium	26 bp
0.43%	Finland	18 bp
0.35%	Austria	10 bp
0.34%	Ireland	8 bp
0.25%	Netherlands	
0.17%	Germany	-8 bp

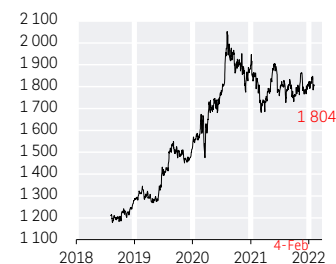
OIL (BRENT, USD)



METALS (LMEX, USD)



GOLD (OUNCE, USD)



SOURCE: REFINITIV, BNP PARIBAS



PMI: STABLE DELIVERY LAGS AT THE GLOBAL LEVEL BUT SEVERAL EURO AREA COUNTRIES SEE AN IMPROVEMENT

The global manufacturing PMI declined in January, which is partly related to the drop in the US, whereas the euro saw a further increase. The index jumped in Austria and moved higher in Germany, after having been stable for several months. The data were weaker in Greece and Italy. The improvement continued in Japan but the situation worsened in Brazil and Mexico with the respective PMIs dropping further below 50. The Chinese PMI weakened and has moved below 50. The services PMI recorded a huge, Omicron-related, drop in the US and the score for the euro area was also down. France saw a considerable decline and the numbers were particularly bad in Spain. Germany on the other hand saw an improvement. Japan and India also had poor data.

The global manufacturing employment PMI – which sheds light on the labour market outlook- weakened. The US saw a decline but the data improved in the euro area and particularly in France. The UK also recorded an improvement. The index declined further in Brazil and especially in Mexico. The number in China was also down. The global manufacturing new export orders PMI recorded a big drop in Germany, falling below the 50 mark. This was in line with the movement observed in the US. The number was stable for the euro area but this masks diverging developments (Austria and Ireland up strongly, the Netherlands moving higher as well but a big decline in Italy). In line with other PMI series, Brazil and Mexico saw a big decline. Indonesia and in particular Vietnam are doing better. Chinese data dropped and are now well below 50.

The global manufacturing input prices PMI continued its downward trend in January, although its level remains high. The scores were lower than the previous month in the US and the euro area, as well as in several euro area countries, but the levels remain very high, reflecting that the vast majority of interviewed companies are facing higher input prices. Whereas the index jumped in Russia, Turkey registered a huge decline. The input prices PMI for the services sector dropped in the US in January. It hardly changed in the euro area but rose in France and Germany. The UK also registered an increase. On the whole, price tensions in services are elevated but less so than in the manufacturing sector.

After two months of decline, the global manufacturing output prices PMI increased again. It was down in the US but up in the euro area. France registered a huge jump and Germany also saw a sizeable increase. The same happened in Japan. The data were down in the UK and even more so in Turkey. Finally, the delivery lags PMI was stable at the global level. The index value declined slightly in the US – a decline corresponds to longer delivery lags- but was up a bit in the euro area. There was a noticeable improvement in Italy (shorter lags) and Spain and, to a lesser extent, Germany. UK industry recorded significantly shorter lags.

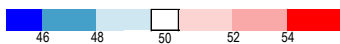
William De Vijlder

MANUFACTURING PMI

WD	Developed Markets																			Emerging countries															
	World	NA		Europe								Asia-Oceania			LATAM		Eurasia			Middle East & Africa			Asia												
		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
Apr-21	55.8	57.2	60.5	62.9	64.7	66.8	58.9	66.2	54.4	60.8	60.7	67.2	57.7	68.3	60.9	61.7	57.9	53.6	50.9	52.3	48.4	58.9	53.7	50.4	50.4	47.7	47.1	55.2	58.1	52.7	51.9	50.3	55.5	54.6	54.7
May-21	56.0	57.0	62.1	63.1	66.4	65.6	59.4	64.4	58.0	64.1	62.3	69.4	59.4	68.6	65.6	61.8	58.4	53.0	50.7	53.7	47.6	61.8	57.2	51.9	49.3	48.6	47.9	56.4	58.3	52.3	52.0	52.5	50.8	55.3	53.1
Jun-21	55.5	56.5	62.1	63.4	67.0	65.5	59.0	65.1	58.6	64.0	62.2	68.8	60.4	67.1	63.9	63.2	59.9	52.4	50.8	56.4	48.8	62.7	59.4	49.2	51.3	49.9	47.5	56.4	57.5	52.2	51.3	51.4	48.1	53.5	44.1
Jul-21	55.4	56.2	63.4	62.8	63.9	69.6	58.0	65.9	57.4	63.3	60.3	67.4	59.0	70.0	60.4	60.8	62.9	53.0	51.0	56.7	49.6	62.0	57.6	47.5	54.0	49.1	47.0	55.8	43.5	54.0	50.3	51.3	55.3	40.1	45.1
Aug-21	54.1	57.2	61.1	61.4	61.8	67.2	57.5	62.6	59.3	62.8	60.9	65.8	59.5	67.0	60.3	51.6	39.9	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	65.3	55.0	58.4	58.4	60.3	59.7	62.0	58.1	67.6	57.1	51.2	51.7	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	71.3	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	67.6	55.9	57.4	58.8	59.9	62.8	60.7	57.1	63.8	58.1	54.8	51.2	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	63.9	55.6	57.4	59.0	58.3	62.0	58.7	56.2	64.2	57.9	53.7	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	60.9	55.5	59.8	57.9	59.4	58.3	60.1	56.2	63.8	57.3	48.4	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	54.0	53.7	53.7		

SERVICES PMI

WD	World	USA	EURO ZONE		FRANCE	GERMANY	IRELAND	ITALY	SPAIN	UK	AUSTRALIA	JAPAN	BRAZIL	RUSSIA	LEBANON	CHINA	HONG KONG	INDIA
Apr-21	57.1	64.7	50.5	50.3	49.9	57.7	47.3	54.6	61.0	61.0	49.5	42.9	55.2	47.1	56.3	50.3	54.0	
May-21	59.6	70.4	55.2	56.6	52.8	62.1	53.1	59.4	62.9	61.2	46.5	48.3	57.5	47.9	55.1	52.5	46.4	
Jun-21	57.5	64.6	58.3	57.8	57.5	63.1	56.7	62.5	62.4	57.8	48.0	53.9	56.5	47.5	50.3	51.4	41.2	
Jul-21	56.3	59.9	59.8	56.8	61.8	66.6	58.0	61.9	59.6	51.8	47.4	54.4	53.5	47.0	54.9	51.3	45.4	
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	51.3	51.2	51.1	53.1	52.2	56.2	48.5	46.6	54.1	47.6	52.8	49.8	47.1	51.5				

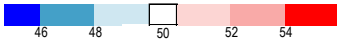


SOURCE: MARKIT, BNP PARIBAS



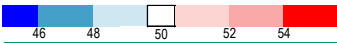
PMI SERVICES INPUT PRICES

	World	USA	EURO ZONE	FRANCE	GERMANY	IRELAND	ITALY	SPAIN	UK	AUSTRALIA	JAPAN	BRAZIL	RUSSIA	CHINA	INDIA
Apr-21	63.2	73.3	57.6	55.6	60.5	59.9	52.6	60.2	64.9	69.7	54.0	69.3	62.2	54.5	57.8
May-21	65.3	77.1	59.6	54.8	63.0	65.3	58.2	61.3	67.3	68.1	52.9	66.5	68.3	56.6	56.7
Jun-21	64.1	74.2	63.2	56.0	70.0	66.5	60.0	64.4	71.8	65.4	52.5	67.5	62.4	50.9	56.5
Jul-21	64.1	72.3	63.1	58.0	67.7	68.5	61.3	63.2	74.2	74.1	53.8	64.2	61.8	54.8	56.7
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	65.8	54.3	57.0
Jan-22	66.3	71.9	70.9	69.6	72.0	70.1	69.9	72.1	79.7		57.1	69.3	65.6		58.1



PMI MANUFACTURING OUTPUT 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
Apr-21	59.8	63.3	68.0	64.3	62.4	66.7	63.8	64.4	64.6	62.8	65.5	66.7	62.6	65.3			51.4		77.2	48.6	61.6	69.0	67.1	61.8	51.8	56.2	50.7	51.1		49.3	54.2	52.9	56.9	
May-21	62.6	65.9	70.9	69.1	67.9	68.7	65.8	70.6	66.3	64.6	72.0	70.4	65.1	68.3			51.5		76.5	47.5	65.5	73.8	66.9	62.3	51.3	50.8	51.0	49.8		52.7	53.3	51.5	58.0	
Jun-21	60.8	64.9	70.9	71.1	68.4	64.3	66.4	73.7	69.5	66.3	71.6	77.1	67.1	73.2			51.6		72.5	49.3	68.7	76.2	66.2	66.4	51.0	54.6	51.1	50.1		52.5	52.1	52.9	50.8	
Jul-21	60.3	65.2	72.8	71.9	73.2	69.3	66.8	75.1	64.9	68.9	72.6	77.1	63.9	73.1			53.3		69.5	50.0	72.6	72.6	61.1	64.7	50.7	55.1	51.9	50.4		52.1	51.7	53.2	53.6	
Aug-21	60.1	65.1	73.2	68.6	69.0	60.5	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	57.3	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	64.3	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	60.4	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	61.0	62.3	68.9	72.7	68.0	60.4	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			51.7	53.8	52.5	



PMI MANUFACTURING DELIVERY TIMES

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	UK	AUSTRALIA	NEW ZEALAND	JAPAN	SINGAPORE	BRAZIL	MEXICO	CZECH REPUBLIC	POLAND	RUSSIA	TURKEY	EGYPT	SAUDI ARABIA	SOUTH AFRICA	UAE	CHINA	HONG KONG	INDIA	INDONESIA	VIETNAM	
Apr-21	37.6	30.5	24.3	20.0	13.2	24.8	22.7	14.0	32.1	25.4	27.4	13.7	30.9	22.2	89.1	53.2	42.6	49.6	35.2	43.8	21.2	31.7	45.3	39.6	49.3	51.3	62.2	48.9	47.3	52.0	49.6	49.9	48.3	
May-21	37.3	29.2	25.5	18.5	11.1	21.4	23.5	11.6	33.1	22.5	27.6	13.1	27.2	19.8	51.6	53.8	43.7	50.1	38.1	43.1	18.6	30.1	44.2	40.9	48.7	52.7	56.2	48.6	46.9	46.5	48.1	47.7	44.5	
Jun-21	35.9	30.2	17.2	19.1	13.2	26.0	21.0	14.9	31.0	26.9	22.8	12.2	28.9	18.4	58.3	54.6	41.0	50.2	39.9	43.6	18.1	29.6	44.8	43.7	49.6	52.3	67.7	49.3	47.0	45.2	48.7	47.0	39.5	
Jul-21	36.0	32.9	16.5	20.0	15.3	20.2	20.4	15.9	32.7	26.5	24.4	16.0	28.8	21.2	69.6	54.6	40.8	50.1	42.9	42.2	17.9	29.5	46.1	41.8	50.4	50.7	71.3	47.6	47.5	49.0	48.7	38.0	34.2	
Aug-21	36.1	28.6	16.8	22.8	20.3	11.0	22.5	19.1	31.3	24.4	28.8	16.1	32.0	17.4	41.3	33.0	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	8.5	19.7	22.3	28.7	26.4	24.7	15.3	27.2	19.3	49.2	47.9	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	34.7	23.1	16.8	19.4	16.9	10.6	17.7	17.8	24.1	18.0	24.1	15.8	24.3	18.3	41.2	60.2	37.0	50.3	42.4	39.7	21.6	32.9	43.3	42.6	50.8	51.8	72.6	50.8	48.4	45.1	48.4	48.6	46.3	39.3
Nov-21	36.4	24.4	18.9	21.7	19.3	5.3	19.8	21.3	24.5	25.9	24.5	18.5	21.8	21.4	53.4	43.9	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	13.5	24.7	25.9	24.9	31.1	24.0	22.0	25.3	23.8		50.0	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	37.9	27.8	23.2	26.6	24.6	27.7	24.2	27.1	26.4	27.4	27.4	23.4	30.0	30.4	37.8		37.8	50.1	40.7	38.8	31.1	34.9	45.3	41.7	49.7	60.0	65.5	52.4	47.5		48.5	50.1	45.2	



SOURCE: MARKIT, BNP PARIBAS



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ECONOMIC PULSE

9

EUROZONE: THE CREDIT IMPULSE REMAINED NEGATIVE IN Q4 BUT CONTINUED ITS RECOVERY

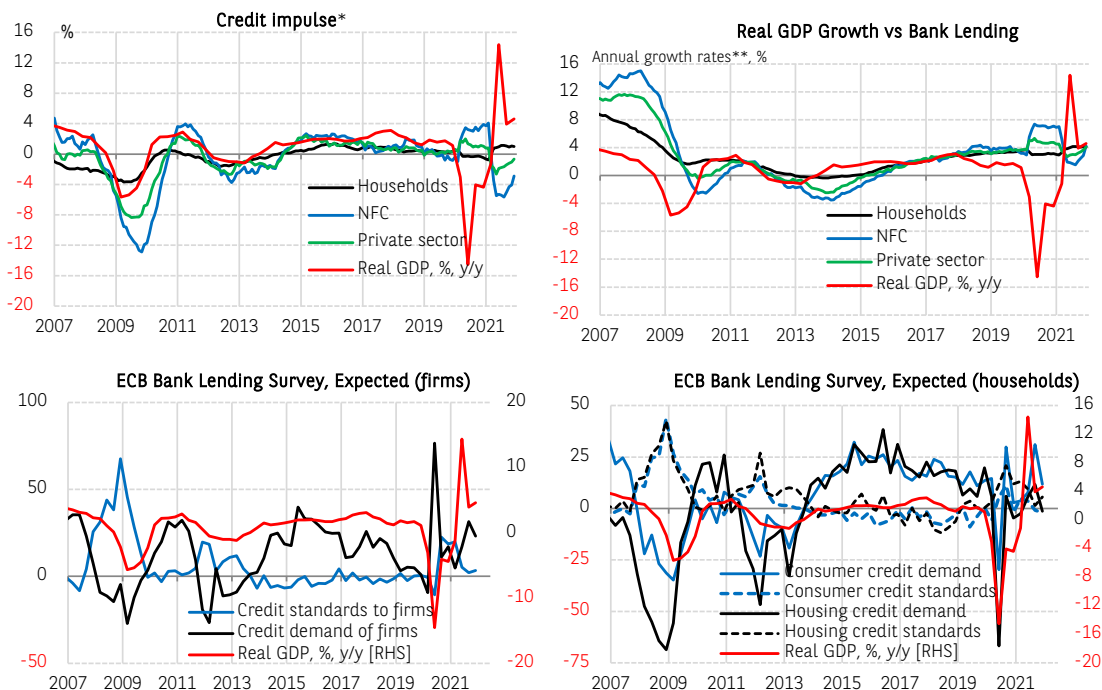
Against the background of economic recovery (real year-on-year GDP growth of 14.4% in Q2 2021, followed by 3.9% in Q3 and 4.6% in Q4 according to Eurostat's preliminary estimate), outstanding bank loans to non-financial companies (NFCs) and households continued to accelerate in the eurozone between May and December 2021. Although substantial comparison effects mean that the figure is still in negative territory, its impulse (measuring the variation in annual growth in outstanding loans over one year) improved to -0.6% in December 2021.

In responding to the ECB's Bank Lending Survey for Q4 2021 (conducted between 13 December 2021 and 11 January 2022), banks indicated an increase in business demand for credit on a scale not seen since the first half of 2020, the period during which the bulk of government-guaranteed loans were taken out. In December 2021, the annual growth in outstanding loans to NFCs, at 4.2%, was above its pre-pandemic average of 3.8% in 2018 and 2019. The impulse of lending to NFCs improved significantly as a result, climbing from -5% in September 2021 to -2.9% by December. The dynamic growth in outstanding loans to households continued through the second half of last year. In December 2021, the year-on-year increase was 4.1%. The exceptionally low level of interest rates continued to support housing loans (up 5.4% y/y), whilst consumer credit remained stable (up 0.3% y/y). Banks in Germany, Spain and Italy reported that households had increased demand for credit in all its forms. In France, by contrast, demand for housing loans was reported as unchanged and that for consumer credit weakened somewhat.

The banks surveyed expected that the overall picture for the first quarter of 2022 would be an increase in demand for financing from both businesses and households. Reflecting their predominantly positive view of economic prospects, despite the resurgence of Covid-19 and persistent supply chain difficulties, credit institutions described NFC credit risk as moderate. They are expecting to leave their credit standards for businesses unchanged, relax those for consumer credit but tighten those for housing loans. Faced with the risk of overheating in the German real estate market, the banking supervisor there has also announced on January 31 an increase in the countercyclical buffer to 0.75% (to be reached by 1 February 2023) and a likely tightening of capital requirements for housing loans.

Céline Choulet

CREDIT IMPULSE IN THE EUROZONE



*Credit impulse is measured as the annual change of the annual growth rate of MFI loans ** Adjusted for securitizations

SOURCE: ECB, ECB SURVEY ON THE DISTRIBUTION OF CREDIT, BLS, BNP PARIBAS CALCULATIONS



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ECONOMIC PULSE

GERMANY: A HARSH WINTER

Although Germany is not the eurozone country experiencing the highest inflation rate, the trend is nevertheless uncomfortable. Consumer prices posted another hefty rise in January (+5.1% y/y, harmonised index), although this was less than in December 2021 (+5.7%). The end of positive base effects – caused by the end of the VAT rate cut in place in the second half of 2020 – did not therefore result in a marked fall in inflation.

Instead, other factors had a significantly stronger effect, with higher energy prices leading the way. The CPI's energy component¹ rose by 7.3% m/m in January, its biggest monthly rise since July 1991. With oil prices now at their highest level for eight years, and the escalation of tensions in Eastern Europe, it looks less and less likely that consumers' energy bills will ease significantly in the near term.

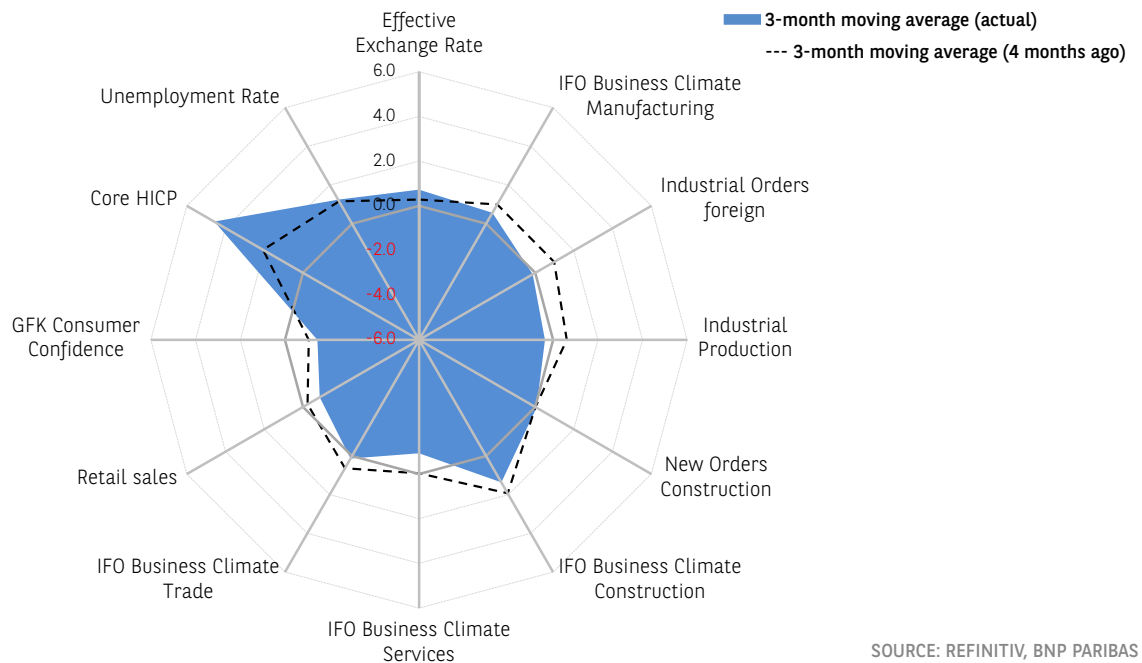
The German economy, where real GDP contracted by 0.7% q/q in Q4 2021, nevertheless continued to show a strong performance on the employment front. According to the Federal Ministry of Labour, the drop in unemployment accelerated in January (-48,000), and the jobless rate dipped by 0.1 percentage points at 5.1%. Further evidence of this strength came from new job openings, which hit nearly 840,000 in January. This has been the highest figure since 1992, when the current statistical series began. On the flipside, many vacancies are unfilled and labour shortages seem to be intensifying².

Industrial activity continues to be hampered by supply-chain problems. These remained substantial in January, affecting most sectors, as shown in the latest Ifo survey³. This survey nevertheless reveals a slight easing of these issues, which is also visible in the PMI figures. In January, the latter showed a further shortening of delivery lead times and an increase in manufacturing orders for the first time in six months. There was also a visible improvement in the Ifo survey: the business climate index, which had been falling since last June, improved slightly in January.

Guillaume Derrien

1. Which includes vehicle fuels and domestic energy.
 2. This at least is what is suggested by the latest European Commission quarterly survey.
 3. <https://www.ifo.de/en/node/67761>

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.



ECONOMIC PULSE

COVID-19: FIRST DROP IN GLOBAL CASE NUMBERS IN MORE THAN TWO MONTHS

According to the latest data from Johns Hopkins University, more than 22 million new cases were recorded around the world between 27 January and 2 February, a fall of 3% on the previous week. This was the first weekly decline reported in more than two months. The drop was registered in North America (-28%), Africa (-14%) and South America (-3%). However, in Asia and Europe there were small increases, of 2% and 5% respectively over the same period (Chart 1).

Over the same period, several countries saw declines (Chart 4, black line): USA (-30%), India and Italy (both -19%), Spain (-16%), France and the UK (both -5%). Meanwhile, Russia (+105%), Japan (+67%) and Germany (+40%) stood out for their sharp increases in case numbers. Global vaccination doses are above the 10 billion mark, including 997 million booster doses. Nearly 61.3% of the world's population has now received at least one dose of a Covid-19 vaccine (Chart 2).

The last two weeks have brought an increase in visits to retail and recreation facilities in Spain, Belgium, France, Germany, Italy and the USA. The UK saw a bigger increase, probably due to the removal of nearly all health protection measures, whilst the downward trend in Japan continued (Chart 3, blue line).

Lastly, the trend in the weekly proxy indicator of GDP remained negative in Italy and the USA. France, Germany, Belgium and Spain seem to be experiencing a slight improvement on recent levels. The indicator fell in Japan and stabilised in the UK (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 change over a two-year period (y/2y) is calculated to avoid the base effect that would arise from 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)

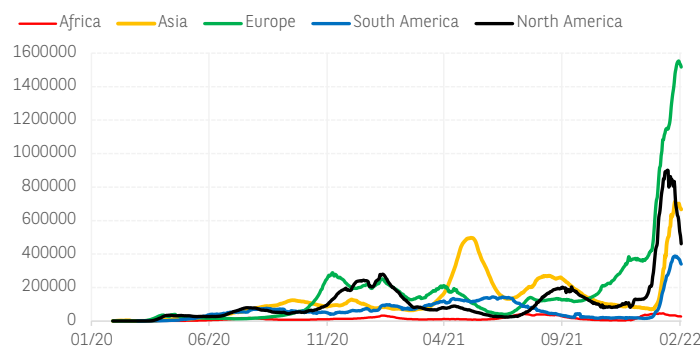


CHART 1

SOURCE: JOHNS-HOPKINS UNIVERSITY (02/03/2022), BNP PARIBAS

SHARE OF PEOPLE WHO RECEIVED AT LEAST ONE DOSE OF VACCINE

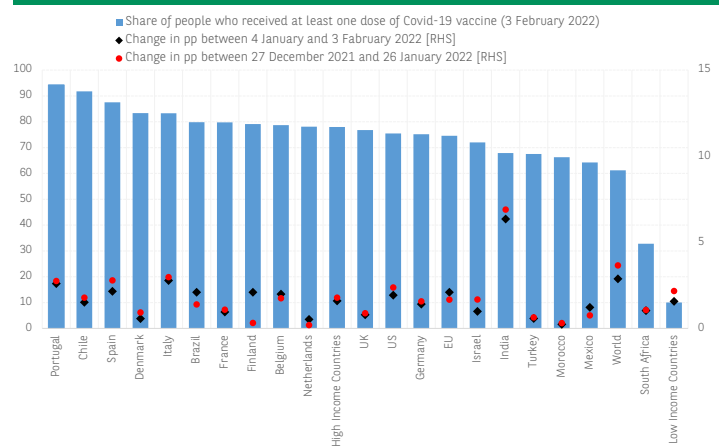


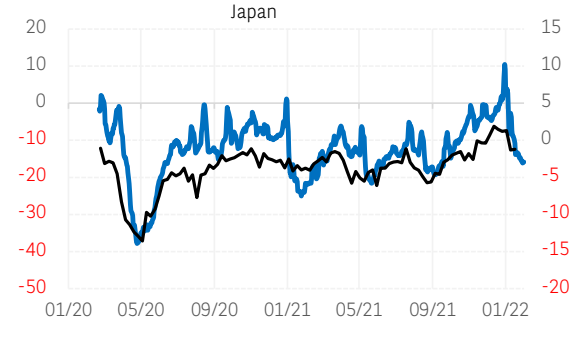
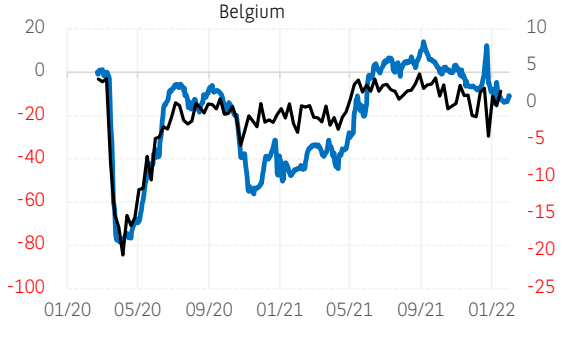
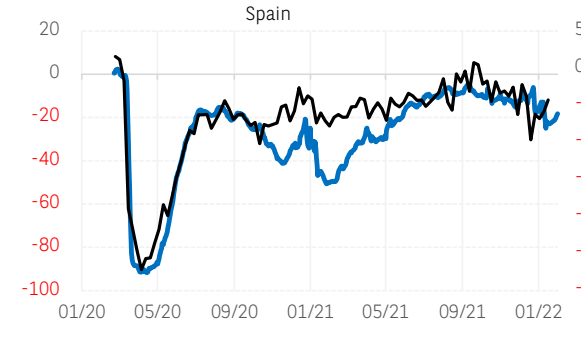
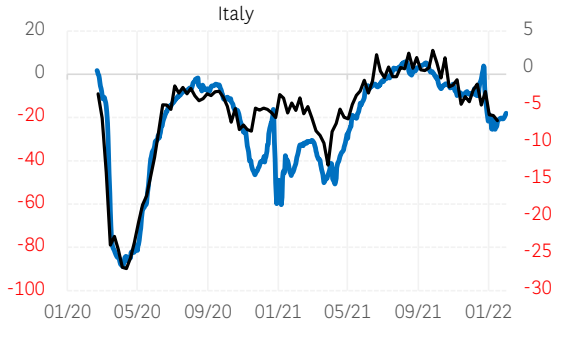
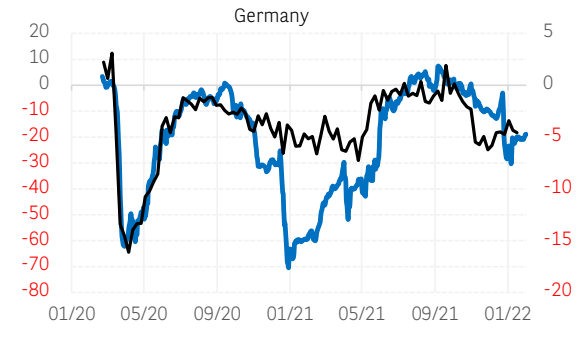
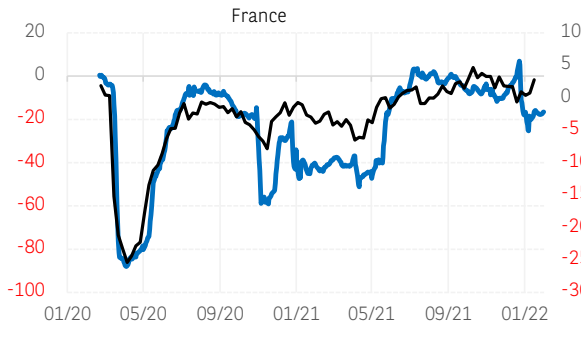
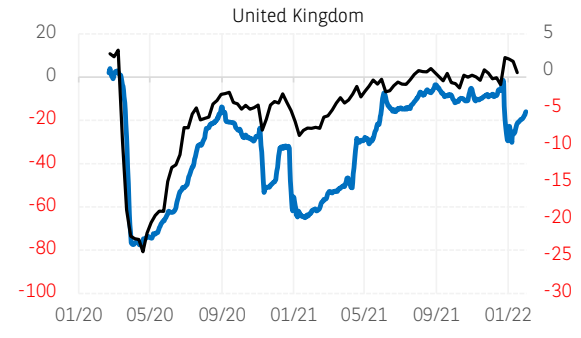
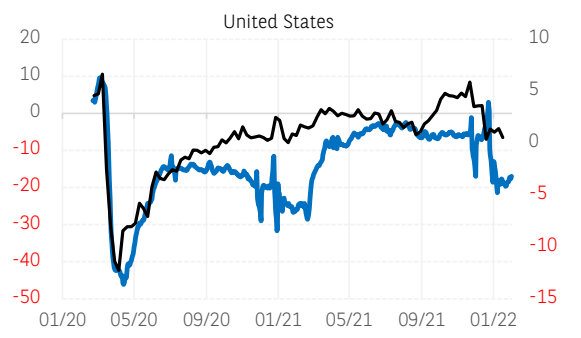
CHART 2

SOURCE: OUR WORLD IN DATA (02/04/2022), BNP PARIBAS



RETAIL AND RECREATION MOBILITY & OECD WEEKLY TRACKER

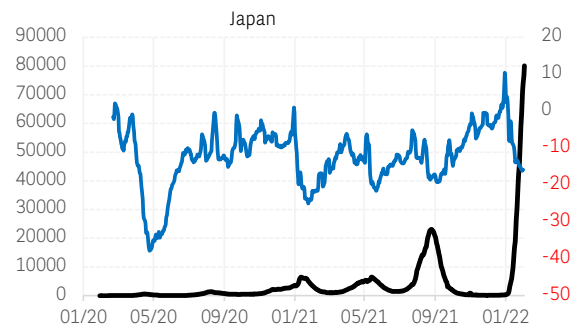
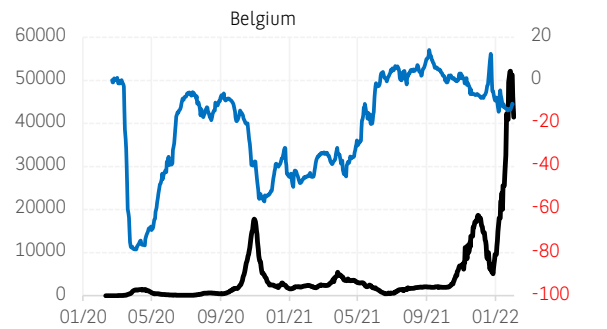
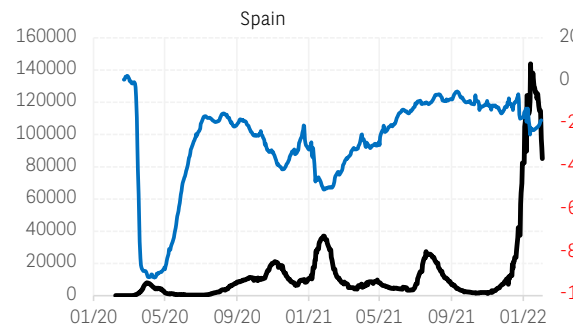
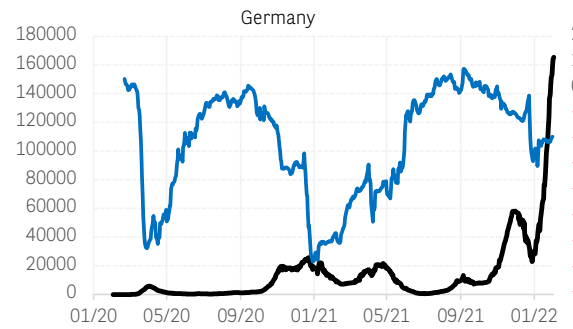
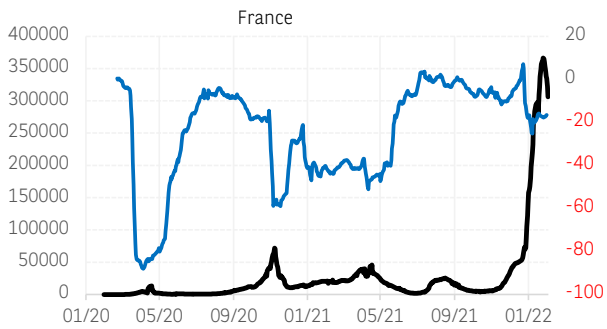
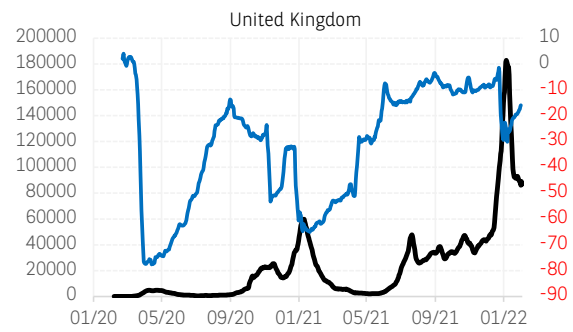
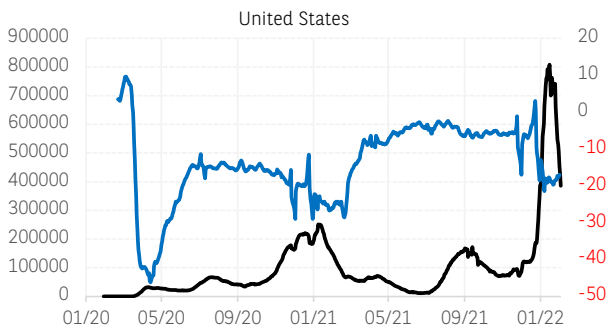
— Retail and recreation mobility (7-day moving average, % from baseline*) — OECD Weekly tracker, y/2y GDP growth [RHS]



SOURCE: OECD (01/27/2022), GOOGLE (02/03/2022), 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 (02/03/2022), GOOGLE (02/03/2022), BNP PARIBAS

ECONOMIC SCENARIO

14

UNITED STATES

Albeit in a rather uneven manner, the US economy has bounced back swiftly from the Covid-19 pandemic and is now stronger than in 2019. Its growth rate, at 5.5% in 2021, is likely to return gradually to normal. Longer and stronger than expected, the upturn in inflation is also likely to ease, if only due simply to the basis of comparison (once prices stop being compared to their depressed levels of 2020). The return towards the 2% target could, however, be hampered by rising prices for services, particularly rents. The situation in the labour market has improved: with a rising activity rate and unemployment dropping significantly below 5% of the active population, the economy is approaching full employment.

CHINA

Economic growth has slowed markedly since last summer. Export performance remains strong and supports manufacturing investment. However, the other components of domestic demand are constrained by a host of factors: the effects of the H1 tightening in fiscal policy and domestic credit conditions, the toughening of regulations in various services, the crisis in the property sector, supply constraints in the industry, and the resurgence of the epidemic. In the short term, industrial production growth should recover. Moreover, the authorities should increase their support to domestic activity through prudent monetary and fiscal policy measures, while continuing regulatory tightening and maintaining their objective of rebalancing the real estate market. The contraction in housing sales and the "zero covid" strategy should continue to weigh on private consumption.

EUROZONE

After a strong Q3, growth in Q4 2021 was, as expected, significantly weaker (+0.3% t/t according to the first Eurostat estimate). In addition to the expected normalization, headwinds have increased (supply-side problems, surging inflation and uncertainties arising from the new wave of the pandemic). However, business climate surveys continue to show some resilience. Although the downside risks have increased, our scenario for 2022 remains fairly optimistic. This is because there is no shortage of tailwinds – supportive policy mix, a build-up of forced savings, scope for the service sector to catch-up, the need for companies to invest and rebuild inventories. Growth should remain well above its trend rate in 2022. We also expect it to be not much lower than in 2021 (4.2% versus 5%). However, growth risks are tilted to the downside while inflation risks are to the upside. Behind the current temporary pressures on prices, more sustained and widespread factors are also at play. We expect average inflation to be higher in 2022 than in 2021 (5% après 2,6%). The downward trend expected over the course of the year should also be more limited than anticipated previously.

FRANCE

What is happening at the aggregate eurozone level is representative of what is happening in France, and vice-versa. Although the figures are different, our analysis and view of the economic outlook are identical. In Germany, the headwinds are stronger, while France is less exposed. French growth surprised on the upside in Q4 2021 (0.7% q/q according to INSEE's initial estimate) and reached 7% in 2021 as a whole. In 2022, GDP growth would ease to 4.2%, against a background of higher inflation (3.5% expected in 2022 after 1.8% in 2021).

RATES AND EXCHANGE RATES

In the US, the Federal Reserve has started tapering and this should lead to net asset purchases ending in March this year. The tone of the minutes of the December meeting of the FOMC was hawkish. Given current particularly elevated inflation, the inflation outlook and the strength of the labour market, as reflected in the unemployment rate that has dropped below 4.0%, we expect a first rate hike in March, followed by five additional hikes in 2022 and three more in 2023. In addition, we expect the reduction of the balance sheet (quantitative tightening) to start in July this year. These policy changes should put upward pressure on Treasury yields

In the eurozone, the ECB will stop net purchases under the PEPP in March and will temporarily increase the monthly volume under the traditional asset purchase program. It insists on the risk that inflation will continue to surprise to the upside, in particular in the short run. Against this background and considering the expected path of inflation, we now forecast a first hike in the deposit rate of 25 bp on the occasion of the September meeting, followed by another hike in December. Two more hikes of 25 bp would follow in 2023. The change in message of the ECB has caused a rise in euro area bond yields. Further increases are to be expected given the outlook for monetary policy. This, in combination with the influence from higher US Treasury yields, should lead to higher Bund yields and some widening of sovereign spreads.

The Bank of Japan is expected to maintain its current policy stance over the forecast horizon, whilst allowing the 10-year JGB yield to drift higher under the influence of globally rising yields, towards about 20bp, which is in the upper end of its target range of 0 to 25bp.

We expect the dollar to strengthen versus the euro, based on the view that the Federal Reserve will be more hawkish than the ECB. The divergence will also increase between the Fed and the Bol, which explains our forecast of an appreciation of the dollar versus the yen.

GROWTH & INFLATION

%	GDP Growth			Inflation		
	2021 e	2022 e	2023 e	2021 e	2022 e	2023 e
United-States	5,5	4,7	2,8	4,7	4,6	2,1
Japan	1,7	2,6	1,6	-0,2	0,7	0,5
United-Kingdom	7,1	5,4	2,1	2,5	4,5	2,1
Euro Area	5,0	4,2	3,0	2,5	3,1	2,0
Germany	2,6	3,6	3,6	3,1	3,4	2,2
France	6,7	4,2	2,5	2,0	2,5	2,1
Italy	6,3	4,9	3,0	1,8	2,9	1,7
Spain	4,3	5,4	3,5	3,0	3,7	1,7
China	7,9	5,3	5,5	0,9	2,1	2,5
India*	8,0	11,0	6,0	5,4	5,7	5,0
Brazil	4,8	0,5	2,0	8,3	8,3	4,3
Russia	4,5	3,0	1,8	7,0	6,3	4,1

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

INTEREST & EXCHANGE RATES*

Interest rates, %

End of period		Q1 2022 e	Q2 2022 e	Q3 2022 e	Q4 2022 e	Q4 2023 e
US	Fed Funds (upper limit)**	0.50	1.00	1.50	1.75	2.50
	T-Note 10y	1.70	1.80	1.90	2.00	2.30
	Deposit rate**	-0.50	-0.50	-0.25	0.00	0.50
Ezone	Bund 10y	0.00	0.05	0.05	0.10	0.40
	OAT 10y	0.45	0.40	0.35	0.45	0.70
	BTP 10y	1.35	1.45	1.45	1.55	2.00
	BONO 10y	0.75	0.85	0.90	1.05	1.45
	Base rate**	0.50	0.75	1.00	1.25	1.75
UK	Gilts 10y	1.10	1.20	1.30	1.45	1.75
	BoJ Rate	-0.10	-0.10	-0.10	-0.10	-0.10
Japan	BoJ Rate	-0.10	-0.10	-0.10	-0.10	-0.10
	IJB 10y	0.12	0.14	0.15	0.18	0.20

Exchange Rates

End of period		Q1 2022 e	Q2 2022 e	Q3 2022 e	Q4 2022 e	Q4 2023 e
USD	EUR / USD	1.13	1.12	1.11	1.09	1.09
	USD / JPY	115	116	117	118	120
	GBP / USD	1.35	1.35	1.35	1.33	1.36
EUR	EUR / GBP	0.84	0.83	0.82	0.82	0.80
	EUR / JPY	130	130	130	129	131

Brent

End of period		Q1 2022 e	Q2 2022 e	Q3 2022 e	Q4 2022 e	Q4 2023 e
Brent	USD/bbl**	87	84	87	92	97

*FORECASTS PRODUCED ON 22 NOVEMBER 2021. FORECASTS WITH A ** HAVE BEEN UPDATED SINCE 07/02/2022. SOURCE: BNP PARIBAS (E: ESTIMATES & FORECASTS) (MARKET ECONOMICS, INTEREST RATE STRATEGY, FX STRATEG, COMMODITIES DESK STRATEGY)



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CALENDAR

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LATEST INDICATORS

For the comments on the PMI data published last week, please read the Pulse on this topic. Euro area 4th quarter growth slowed down significantly compared to the previous quarter, but slightly more than expected. The unemployment rate declined further, reaching 7.0% and beating expectations. Rather than declining, headline inflation rose further to 5.1%. Core inflation eased from 2.6% to 2.3% but far less than anticipated. Producer price inflation recorded another increase and is now at 26.2% on an annual basis. The recent inflation developments and the risk of seeing further upside surprises led to a hawkish message coming from the ECB's Governing Council. In France, private sector jobs growth in the 4th quarter was stable compared to the previous quarter. Wage growth picked up, in line with consensus expectations. German monthly inflation in January came in way ahead of expectations (0.9% versus 0.0%). Unemployment numbers dropped far more than expected and factory orders grew far more than anticipated. In Japan, retail sales disappointed in December and in January consumer confidence declined slightly more than the consensus forecast. The Bank of England hiked its policy rate 25 basis points - several monetary policy committee members had advocated a 50bp hike - and will start a policy of quantitative tightening. In the US, the ISM data pointed towards slower growth in manufacturing and services, in line with expectations. The "priced paid" component disappointed registering an unexpected significant increase. The number of job creations beat expectations by a very wide margin, reflecting the strength of the labour market. The unemployment rate increased slightly but this is related to the increase in the labour force participation rate.

DATE	COUNTRY	INDICATOR	PERIOD	CONSENSUS	ACTUAL	PREVIOUS
01/31/2022	Japan	Retail Sales MoM	Dec	0.3%	-1.0%	1.3%
01/31/2022	Japan	Consumer Confidence Index	Jan	37.0	36.7	39.1
01/31/2022	Eurozone	GDP SA QoQ	4Q	0.4%	0.3%	2.3%
01/31/2022	Eurozone	GDP SA YoY	4Q	4.6%	4.6%	3.9%
01/31/2022	Germany	CPI EU Harmonized YoY	Jan	4.3%	5.1%	5.7%
01/31/2022	Germany	CPI EU Harmonized MoM	Jan	0.0%	0.9%	0.3%
01/31/22-02/02/22	Germany	Retail Sales MoM	Dec	-1.4%	-5.5%	0.8%
02/01/2022	Japan	Jibun Bank Japan PMI Mfg	Jan	--	55.4	54.6
02/01/2022	France	CPI EU Harmonized MoM	Jan	-0.2%	0.1%	0.2%
02/01/2022	France	CPI EU Harmonized YoY	Jan	2.9%	3.3%	3.4%
02/01/2022	France	Markit France Manufacturing PMI	Jan	55.5	55.5	55.5
02/01/2022	Germany	Unemployment Change (000's)	Jan	-6.0k	-48.0k	-29.0k
02/01/2022	Germany	Markit/BME Germany Manufacturing PMI	Jan	60.5	59.8	60.5
02/01/2022	Eurozone	Markit Eurozone Manufacturing PMI	Jan	59.0	58.7	59.0
02/01/2022	United Kingdom	Markit UK PMI Manufacturing SA	Jan	56.9	57.3	56.9
02/01/2022	Eurozone	Unemployment Rate	Dec	7.1%	7.0%	7.1%
02/01/2022	United States	Markit US Manufacturing PMI	Jan	55.0	55.5	55.0
02/01/2022	United States	ISM New Orders	Jan	58.0	57.9	61.0
02/01/2022	United States	ISM Manufacturing	Jan	57.5	57.6	58.8
02/01/2022	United States	ISM Employment	Jan	53.0	54.5	53.9
02/01/2022	United States	ISM Prices Paid	Jan	67.0	76.1	68.2
02/01/2022	United States	JOLTS Job Openings	Dec	10300k	10925k	10775k
02/02/2022	Eurozone	CPI Estimate YoY	Jan	4.4%	5.1%	5.0%
02/02/2022	Eurozone	CPI MoM	Jan	-0.4%	0.3%	0.4%
02/02/2022	Eurozone	CPI Core YoY	Jan	1.9%	2.3%	2.6%

SOURCE: BLOOMBERG



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DATE	COUNTRY	INDICATOR	PERIOD	CONSENSUS	ACTUAL	PREVIOUS
02/03/2022	Japan	Jibun Bank Japan PMI Services	Jan	--	47.6	46.6
02/03/2022	Japan	Jibun Bank Japan PMI Composite	Jan	--	49.9	48.8
02/03/2022	France	Markit France Services PMI	Jan	53.1	53.1	53.1
02/03/2022	France	Markit France Composite PMI	Jan	52.7	52.7	52.7
02/03/2022	Germany	Markit Germany Services PMI	Jan	52.2	52.2	52.2
02/03/2022	Germany	Markit/BME Germany Composite PMI	Jan	54.3	53.8	54.3
02/03/2022	Eurozone	Markit Eurozone Services PMI	Jan	51.2	51.1	51.2
02/03/2022	Eurozone	Markit Eurozone Composite PMI	Jan	52.4	52.3	52.4
02/03/2022	United Kingdom	Markit/CIPS UK Services PMI	Jan	53.3	54.1	53.3
02/03/2022	United Kingdom	Markit/CIPS UK Composite PMI	Jan	53.4	54.2	53.4
02/03/2022	Eurozone	PPI MoM	Dec	2.8%	2.9%	1.8%
02/03/2022	Eurozone	PPI YoY	Dec	26.1%	26.2%	23.7%
02/03/2022	United Kingdom	Bank of England Bank Rate	Feb	0.5%	0.5%	0.3%
02/03/2022	Eurozone	ECB Deposit Facility Rate	Feb	-0.5%	-0.5%	-0.5%
02/03/2022	United States	Initial Jobless Claims	Jan	245k	238k	261k
02/03/2022	United States	Markit US Services PMI	Jan	50.9	51.2	50.9
02/03/2022	United States	Markit US Composite PMI	Jan	50.8	51.1	50.8
02/03/2022	United States	ISM Services Index	Jan	59.5	59.9	62.3
02/03/2022	United States	Cap Goods Orders Nondef Ex Air	Dec	--	0.3%	0.0%
02/04/2022	Germany	Factory Orders MoM	Dec	0.3%	2.8%	3.6%
02/04/2022	France	Private Sector Payrolls QoQ	4Q	0.4%	0.5%	0.5%
02/04/2022	France	Wages QoQ	4Q	0.5%	0.5%	0.3%
02/04/2022	Eurozone	ECB Survey of Professional Forecasters				
02/04/2022	Eurozone	Retail Sales MoM	Dec	-0.9%	-3.0%	1.0%
02/04/2022	United States	Change in Nonfarm Payrolls	Jan	125k	467k	510k
02/04/2022	United States	Unemployment Rate	Jan	3.9%	4.0%	3.9%
02/04/2022	United States	Average Hourly Earnings YoY	Jan	5.2%	5.7%	4.9%
02/04/2022	United States	Average Weekly Hours All Employees	Jan	34.7	34.5	34.7
02/04/2022	United States	Labor Force Participation Rate	Jan	61.9%	62.2%	61.9%

SOURCE: BLOOMBERG



CALENDAR: THE WEEK AHEAD

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COMING INDICATORS

A rather light week in terms of data. In China we will have the Caixin PMI and in Japan the Eco Watchers survey. The Banque de France will publish its industrial sentiment index. In the US the consumer price inflation data will be published - an important release given the hawkish tone of the Federal Reserve - as well as University of Michigan household sentiment. In the UK, 4th quarter GDP data will be re-leased. Finally, the European Commission will publish its new economic forecasts.

DATE	COUNTRY	INDICATOR	PERIOD	CONSENSUS	PREVIOUS
02/07/2022	China	Caixin China PMI Composite	Jan	--	53
02/07/2022	China	Caixin China PMI Services	Jan	50.5	53.1
02/08/2022	Japan	Eco Watchers Survey Current SA	Jan	--	56.4
02/08/2022	Japan	Eco Watchers Survey Outlook SA	Jan	--	49.4
02/09/2022	Germany	Exports SA MoM	Dec	--	1.70%
02/09/2022	Germany	Imports SA MoM	Dec	--	3.30%
02/09/2022	France	Bank of France Ind. Sentiment	Jan	--	108
02/10/2022	Eurozone	European Commission publishes Economic Forecasts			
02/10/2022	United States	CPI MoM	Jan	0.50%	0.50%
02/10/2022	United States	CPI Ex Food and Energy MoM	Jan	0.50%	0.60%
02/10/2022	United States	CPI YoY	Jan	7.30%	7.00%
02/10/2022	United States	Initial Jobless Claims	Feb	--	--
02/10/2022	United States	CPI Ex Food and Energy YoY	Jan	5.90%	5.50%
02/11/2022	Germany	CPI EU Harmonized YoY	Jan	--	5.10%
02/11/2022	Germany	CPI EU Harmonized MoM	Jan	--	0.90%
02/11/2022	United Kingdom	GDP QoQ	4Q	--	1.10%
02/11/2022	United Kingdom	GDP YoY	4Q	--	6.80%
02/11/2022	United Kingdom	Private Consumption QoQ	4Q	--	2.70%
02/11/2022	United Kingdom	Government Spending QoQ	4Q	--	-0.50%
02/11/2022	United Kingdom	Gross Fixed Capital Formation QoQ	4Q	--	-0.90%
02/11/2022	United Kingdom	Exports QoQ	4Q	--	-3.50%
02/11/2022	United Kingdom	Imports QoQ	4Q	--	1.10%
02/11/2022	United States	U. of Mich. Sentiment	Feb	67.2	67.2
02/11/2022	United States	U. of Mich. Current Conditions	Feb	--	72
02/11/2022	United States	U. of Mich. Expectations	Feb	--	64.1
02/11/2022	United States	U. of Mich. 1 Yr Inflation	Feb	--	4.90%
02/11/2022	United States	U. of Mich. 5-10 Yr Inflation	Feb	--	3.10%

SOURCE: BLOOMBERG



FURTHER READING

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Inflation: a cycle in the three phases	EcoTVWeek	4 February 2022
European Union: Inflation in France and Germany: an unusual gap	Chart of the Week	2 February 2022
US: US monetary policy outlook: more questions than answers	EcoWeek	31 January 2022
The new Turkish economic policy	EcoTVWeek	28 January 2022
France: Shortages in industry – less acute but not gone	Chart of the Week	26 January 2022
Economic analyses and economic forecasts for a selection of emerging countries	EcoEmerging	26 January 2022
10-year Bund yield back at zero percent. What are the drivers?	EcoWeek	24 January 2022
Euro zone: An economic assessment in early 2022	EcoTVWeek	21 January 2022
Ghana: debt concerns	Chart of the Week	19 January 2022
US: Bye bye QE, here comes QT	EcoWeek	17 January 2022
US: monetary policy at a turning point	EcoTVWeek	14 January 2022
US: The Bank of Japan is the main counterparty in the Fed's FRRP facility	Chart of the Week	12 January 2022
French Economy Pocket Atlas - January issue	Pocket Atlas	11 January 2022
Global: Supply side disruption, some hopeful signs	EcoWeek	10 January 2022
Euros in our pockets: looking back, looking ahead	EcoTVWeek	7 January 2022
European Union : New year, new fiscal rules for Europe?	Chart of the Week	5 January 2022
Global: 2022: assessing upside and downside risks	EcoWeek	3 January 2022
Economic analyses and economic forecasts for a selection of countries.	EcoPerspectives	17 December 2021
Beyond interest rates: the role of fiscal, financial and monetary conditions	EcoTVWeek	17 December 2021
Portugal : Non-performing loans remain stable despite moratoria coming to an end	Chart of the Week	15 December 2021



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