

We would like to inform you that in order to extend our coverage of economic news and provide you with ever more relevant weekly analyses, EcoWeek will henceforth be published every Monday.

2-3

## EDITORIAL

"US: trying to read the mind of the Federal Reserve"

4-5

## MARKETS OVERVIEW

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

6-8

## ECONOMIC PULSE

China: slight loss in growth momentum  
A mixed picture for mobility and economic activity in the main developed economies

9

## ECONOMIC SCENARIO

Main economic and financial forecasts.

10-12

## CALENDARS

This week's main economic data and key releases for next week

13

## FURTHER READING

Latest articles, charts, videos and podcasts of Group Economic Research

ECONOMIC RESEARCH



**BNP PARIBAS**

The bank  
for a changing  
world

## UNITED STATES: TRYING TO READ THE MIND OF THE FEDERAL RESERVE

The new economic projections of the FOMC members reflect a big but temporary boost to growth from the fiscal stimulus and the normalisation of economic activity as the adult population is vaccinated. They expect a limited, temporary increase of inflation. Four participants now expect that the circumstances would warrant an increase in the federal funds rate next year. Seven expect this to be the case in 2023. Fed chairman Powell was quick to point out that the projections are not a committee forecast and that the data do not justify a change in policy. This message clearly anchors short-term interest rates, whereas longer-term bond yields fluctuate on the waves of ease or unease about where the federal funds rate could be several years into the future.

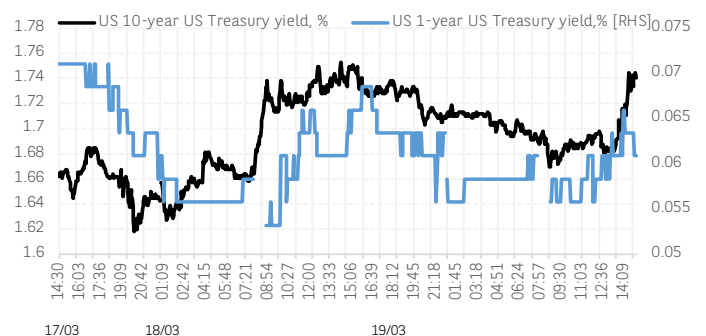
Since October 2007, the participants of the FOMC meeting - the 7 members of the Board of Governors and the 12 presidents of the Federal Reserve Banks - have submitted their individual economic projections on a quarterly basis. They are assembled in a document called "the Summary of Economic Projections". In the charts that are also published on that occasion, individual projections for the federal funds rate are shown with a dot, which is why Fed watchers tend to refer to them as 'the dots'. The latest release, published on 17 March, was eagerly awaited, considering that so much had happened since the previous one, published last December: a quick and very successful vaccination campaign, an improvement of economic data and a USD 1.9 trillion stimulus package. The median projection of the FOMC members for this year's real GDP growth has been revised upwards from 4.2% to 6.5%. More telling is the change in the range of individual projections, which has moved from 0.5-5.5% to 5.0-7.3%. Core inflation for this year is now projected at 2.2% (1.8% previously) with a range of 1.9-2.5%. Next year, it would drop to 2.0% on the back of growth slowing to 3.3%. The projections thus reflect a big but temporary boost to growth from the fiscal stimulus and the normalisation of economic activity as the adult population is vaccinated.

Unsurprisingly, considering the significant increase in Treasury yields in recent weeks, much of the focus during Jerome Powell's press conference was on the interest rate projections and what they convey about the outlook for monetary policy. Four FOMC members now expect that the circumstances would warrant an increase in the federal funds rate next year. In December only one member was of that opinion. For 2023, seven members now expect that conditions would be met to tighten policy (five in December), although 11 still consider that the policy rate could remain unchanged. The Fed chairman was quick to point out that the projections are not a committee forecast: "It's not something we sit around and debate and discuss and approve, and say this represents, you know, our reaction function as a committee." Whilst acknowledging that inflation should accelerate this year, due to base effects and bottlenecks, the increase should be "relatively modest" for a number of reasons. The supply side of the US economy is very dynamic -bottlenecks do not last forever-, some companies may prefer not to hike prices -to protect or increase their market share- and inflation expectations are strongly anchored around 2%.

These statements did not stop bond yields from moving higher the following day. Bond investors may be more concerned than the Federal Reserve about upside surprises to inflation because of the detrimental impact on their performance. It creates a herding type of behaviour: when you think your competitors have reduced their exposure to interest rate risk, you will be tempted to do the same if you consider that inflation could surprise to the upside. What is also in the back of the investors' mind are the clear signals by Powell of a decisiveness to act should inflation expectations become unanchored<sup>1</sup> or when economic conditions justify so. The outcome-based guidance depends, by construction, on the progress towards the Federal Reserve's goals in terms of inflation and employment: "We'll tell people when we think - until we say, until we give a signal, you can assume we're not there yet. And as we approach it well in advance - well in advance - we will give a signal that yes, we're on a path to possibly achieve that, to consider tapering."

1. "If we saw inflation expectations moving materially above 2 percent, of course, we would conduct policy in a way that would make sure that that didn't happen. We're committed to having inflation expectations anchored at 2 percent, not materially above or below 2 percent". Source: Federal Reserve, press conference of Jerome Powell, 17 March 2021.

### US: INTRADAY INTEREST RATE



SOURCE: BLOOMBERG, BNP PARIBAS

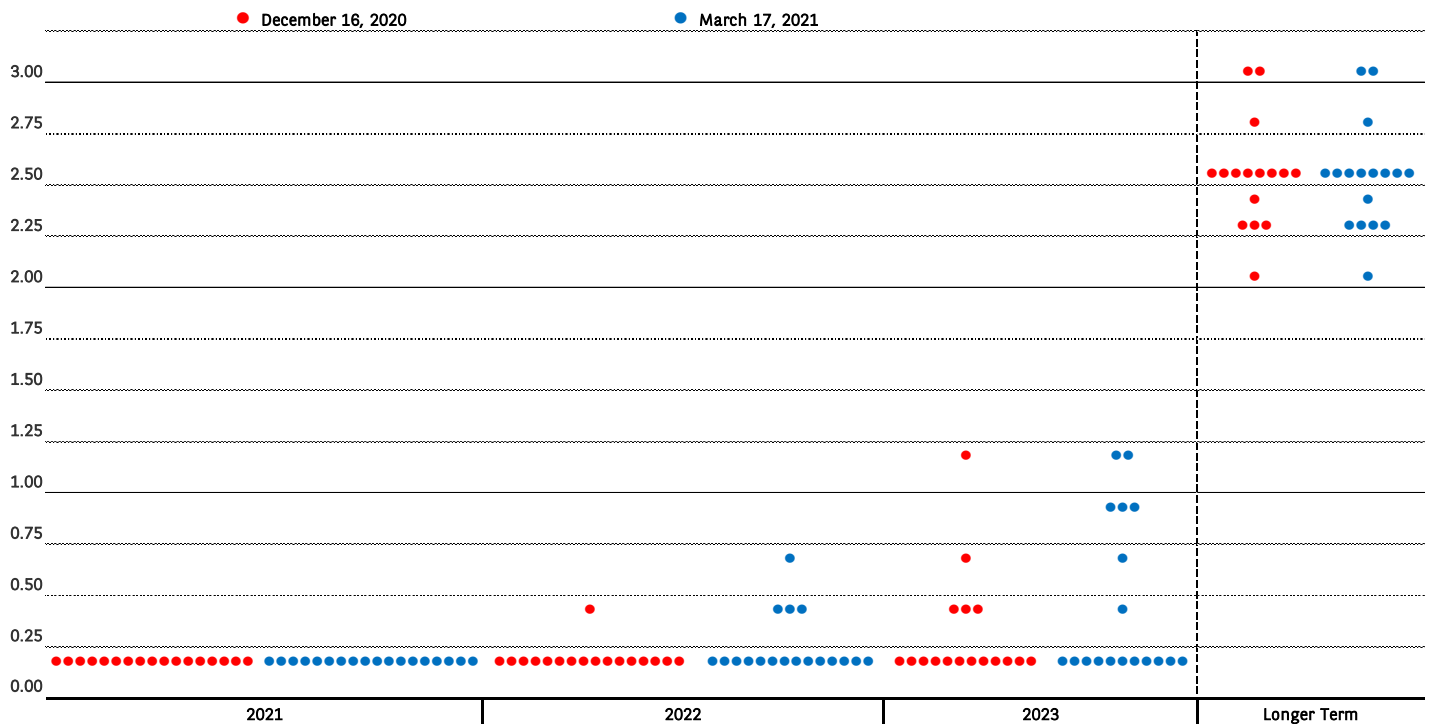
“The Fed’s message clearly anchors short-term interest rates, whereas longer-term bond yields fluctuate on the waves of ease or unease about where the federal funds rate could be several years into the future.”



This message clearly anchors short-term interest rates, whereas longer-term bond yields fluctuate on the waves of ease or unease about where the federal funds rate could be several years into the future. To quote Nobel Prize winner Paul Krugman from a recent appearance on Bloomberg Television, "it's a question of reading the Fed's mind".

**William De Vijlder**

**FOMC PARTICIPANTS' ASSESSMENTS OF APPROPRIATE MONETARY POLICY: MIDPOINT OF TARGET RANGE OR TARGET LEVEL FOR THE FEDERAL FUNDS RATE. NUMBER OF PARTICIPANTS WITH PROJECTED MIDPOINT OF TARGET RANGE OR TARGET LEVEL**



SOURCE: FEDERAL RESERVE, BNP PARIBAS



# MARKETS OVERVIEW

## OVERVIEW

Week 12-3-21 to 19-3-21

▼ CAC 40	6 047	▶ 5 998	-0.8 %
▼ S&P 500	3 943	▶ 3 913	-0.8 %
↔ Volatility (VIX)	20.7	▶ 21.0	+0.3 pb
↔ Euribor 3M (%)	-0.54	▶ -0.54	+0.0 bp
↔ Libor \$ 3M (%)	0.19	▶ 0.19	-0.3 bp
↔ OAT 10y (%)	-0.12	▶ -0.11	+0.6 bp
↔ Bund 10y (%)	-0.33	▶ -0.33	-0.4 bp
↔ US Tr. 10y (%)	1.64	▶ 1.73	+9.6 bp
↔ Euro vs dollar	1.19	▶ 1.19	-0.2 %
↔ Gold (ounce, \$)	1 711	▶ 1 740	+1.7 %
↔ Oil (Brent, \$)	69.3	▶ 62.5	-9.9 %

## MONEY & BOND MARKETS

Interest Rates	highest 21	lowest 21	Yield (%)	highest 21	lowest 21
€ ECB	0.00	0.00 at 01/01	€ AVG 5-7y	-0.29	-0.22 at 26/02
Eonia	-0.48	-0.47 at 26/01	Bund 2y	-0.68	-0.65 at 25/02
Euribor 3M	-0.54	-0.53 at 26/02	Bund 10y	-0.33	-0.26 at 25/02
Euribor 12M	-0.48	-0.48 at 01/03	OAT 10y	-0.11	-0.03 at 25/02
\$ FED	0.25	0.25 at 01/01	Corp. BBB	0.70	0.72 at 18/03
Libor 3M	0.19	0.24 at 13/01	\$ Treas. 2y	0.15	0.17 at 08/03
Libor 12M	0.28	0.34 at 01/01	Treas. 10y	1.73	1.73 at 19/03
£ BoE	0.10	0.10 at 01/01	High Yield	4.84	4.87 at 09/03
Libor 3M	0.08	0.08 at 18/03	£ gilt. 2y	0.10	0.13 at 26/02
Libor 12M	0.16	0.16 at 18/03	£ gilt. 10y	0.88	0.91 at 18/03

At 19-3-21

## EXCHANGE RATES

1€ =	highest 21	lowest 21	2021	
USD	1.19	1.23 at 06/01	1.19 at 08/03	-2.7%
GBP	0.86	0.91 at 06/01	0.86 at 09/03	-4.1%
CHF	1.11	1.11 at 04/03	1.08 at 18/01	+2.4%
JPY	129.64	130.11 at 12/03	125.22 at 18/01	+2.6%
AUD	1.54	1.60 at 04/01	1.53 at 18/03	-3.0%
CNY	7.75	8.00 at 01/01	7.71 at 05/03	-3.2%
BRL	6.52	6.95 at 03/03	6.33 at 18/01	+2.6%
RUB	88.43	92.20 at 28/01	86.53 at 16/03	-2.3%
INR	86.37	89.88 at 07/01	86.30 at 16/03	-3.4%

At 19-3-21

## COMMODITIES

Spot price, \$	highest 21	lowest 21	2021	2021(€)	
Oil, Brent	62.5	69.7 at 11/03	51.2 at 04/01	+20.4%	+23.6%
Gold (ounce)	1 740	1 947 at 05/01	1 682 at 08/03	-8.3%	-5.8%
Metals, LME	3 855	4 027 at 25/02	3 415 at 01/01	+12.9%	+16.0%
Copper (ton)	9 073	9 456 at 25/02	7 749 at 01/01	+17.1%	+20.3%
wheat (ton)	242	2.6 at 15/01	242 at 19/03	-2.1%	+0.6%
Corn (ton)	217	2.2 at 08/02	188 at 04/01	+1.5%	+18.0%

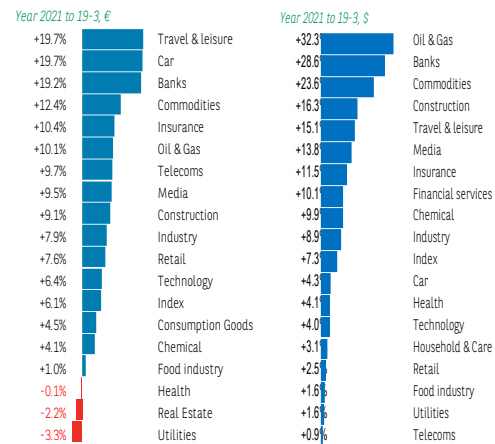
At 19-3-21

## EQUITY INDICES

Index	highest 21	lowest 21	2021	
<b>World</b>				
MSCI World	2 796	2 830 at 15/02	2 662 at 29/01	+3.9%
<b>North America</b>				
S&P500	3 913	3 974 at 17/03	3 701 at 04/01	+4.2%
<b>Europe</b>				
EuroStoxx50	3 837	3 868 at 18/03	3 481 at 29/01	+8.0%
CAC 40	5 998	6 063 at 18/03	5 399 at 29/01	+0.8%
DAX 30	14 621	14 776 at 18/03	13 433 at 29/01	+6.6%
IBEX 35	8 493	8 658 at 16/03	7 758 at 29/01	+0.5%
FTSE100	6 709	6 873 at 08/01	6 407 at 29/01	+0.4%
<b>Asia</b>				
MSCI, loc.	1 134	1 137 at 18/03	1 044 at 06/01	+0.9%
Nikkei	29 792	30 468 at 16/02	27 056 at 06/01	+8.6%
<b>Emerging</b>				
MSCI Emerging (\$)	1 337	1 445 at 17/02	1 292 at 01/01	+0.4%
China	112	130 at 17/02	108 at 08/03	+3.6%
India	715	736 at 03/03	659 at 29/01	+5.0%
Brazil	1 717	1 941 at 14/01	1 561 at 09/03	-3.6%
Russia	700	740 at 16/03	647 at 01/02	+5.0%

At 19-3-21

## PERFORMANCE BY SECTOR (Eurostoxx50 & S&P500)

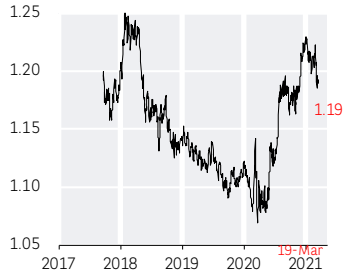


SOURCE: THOMSON REUTERS

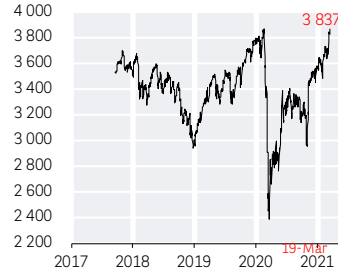


# MARKETS OVERVIEW

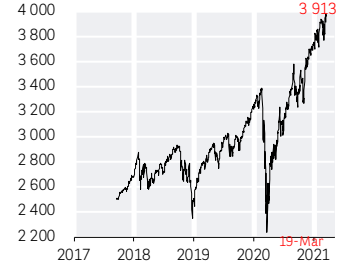
**EURO-DOLLAR**



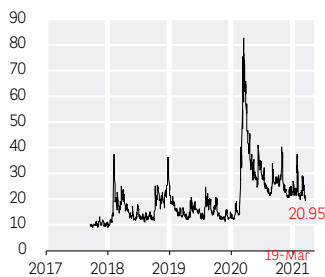
**EUROSTOXX50**



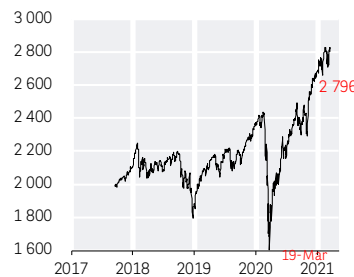
**S&P500**



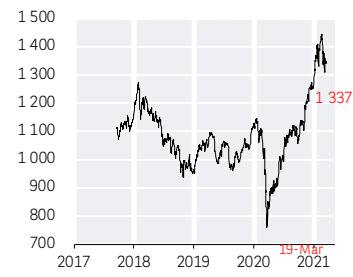
**VOLATILITY (VIX, S&P500)**



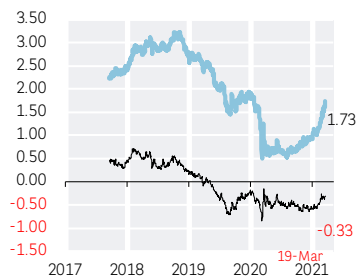
**MSCI WORLD (USD)**



**MSCI EMERGING (USD)**

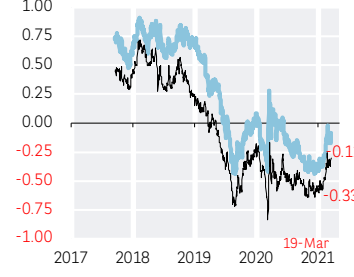


**10Y BOND YIELD, TREASURIES VS BUND**



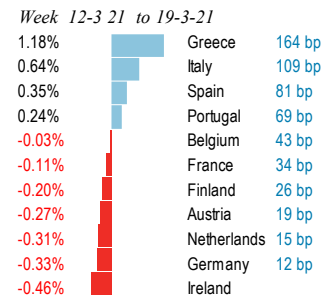
—Bunds —US Treasuries

**10Y BOND YIELD**



—Bunds —OAT

**10Y BOND YIELD & SPREADS**



**OIL (BRENT, USD)**



**METALS (LMEX, USD)**



**GOLD (OUNCE, USD)**



SOURCE: THOMSON REUTERS



# ECONOMIC PULSE

## CHINA: SLIGHT LOSS IN GROWTH MOMENTUM

According to the latest indicators, China's economic recovery remained strong over the first two months of 2021, although there was a slight slowdown in the domestic demand growth momentum.

In our monthly Pulse, the expansion of the blue area compared to the dotted area shows an improvement in the indicator for the period December 2020 to February 2021 compared to the previous three months. Yet the Pulse is strongly biased by major base effects between January-February 2020 (when activity was cut short by lockdown measures) and January-February 2021. As a result, year-on-year growth rates for industrial production, fixed-asset investment and retail sales are all unusually high (33% to 35% in the first two months of 2021).

The decline in the PMIs over the past three months is more telling. PMIs remain in expansion territory, with the manufacturing PMI at 50.9 and the services PMI at 51.5 in February, according to Markit. Their decline nonetheless signals a slight deceleration in domestic demand growth. The new . The new restrictions introduced in February hampered private consumption. Moreover, households continue to feel the consequences of last year's income loss and the still deteriorated job market.

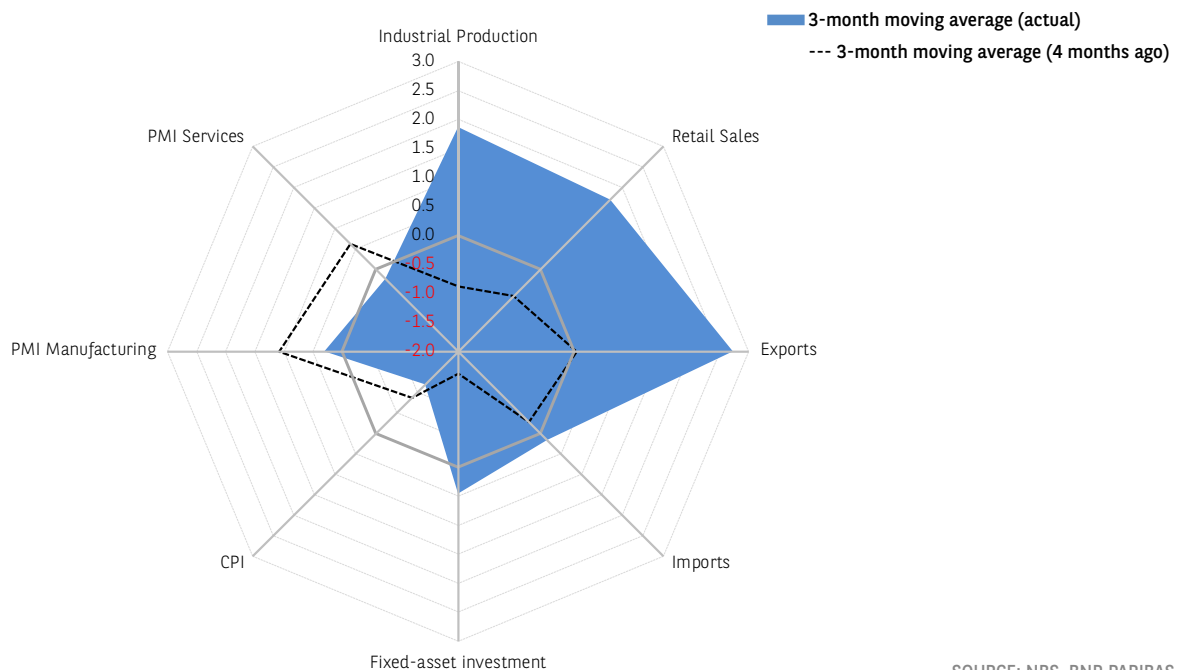
Manufacturing firms also seemed to be cautious in the first weeks of 2021. Meanwhile, infrastructure investment slowed. Only investment in the real estate sector remained buoyant.

Exports surged by 60% year-on-year in the first two months of 2021. They continued to be driven by sales of technological goods and medical devices, but also by sales of consumer goods and auto parts. This strong export performance continued to boost industrial production and should stimulate manufacturing investment in the short term.

The authorities have just released their main macroeconomic targets for 2021. They are targeting real GDP growth of "more than 6%", which should not be difficult to reach as it is far below forecasts, and CPI inflation of 3%. The government deficit is targeted at 3.2% of GDP in 2021, down from 3.6% in 2020, which signals a mild easing of fiscal support measures. Moreover, the tightening of the credit policy initiated in recent months will be continued. The authorities are aiming to stabilise the domestic debt-to-GDP ratio in 2021, after the big increase reported in 2020 (debt neared 285% of GDP).

**Christine Peltier**

### QUARTERLY CHANGES



SOURCE: NBS, BNP PARIBAS

The indicators in the radar are all transformed into 'z-scores' (deviations from the long-term average, as standard deviations). These z-scores have mean zero and their values are between -2 and +3. 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

7

## A MIXED PICTURE FOR MOBILITY AND ECONOMIC ACTIVITY IN THE MAIN DEVELOPED ECONOMIES

A deterioration in the health situation is once again affecting consumer behaviour in certain European countries. According to the latest Google Mobility Report, visits to retail and recreation facilities have seen divergent trends in the main developed economies. In Italy, France and Belgium, where the number of Covid-19 cases has been rising again, footfall has fallen. Some Italian regions went back into lockdown on 15 March. For its part, the French government will impose tougher restrictions for some regions from March 20. In Germany, Spain and the United Kingdom lockdown restrictions continue to be eased, as the daily new case count has been falling for the last two months. As a result, footfall continues to improve, taking them to 40%, 35% and 53% respectively below the reference point on a seven-day moving average\*. Footfall has also continued to climb in the United States and Japan, where it remains higher than in European countries, due to less stringent measures (charts 1 and 2).

Meanwhile, recently, there has been a marked improvement in the OECD Weekly Tracker of year-on-year GDP growth. This indicator is based on Google Trends resulting from queries on consumption, the labour market, housing, industrial activity as well as uncertainty. Note, however, that these calculations may partly reflect a base effect (chart 3).

Tarik Rharrab

## RETAIL AND RECREATION MOBILITY

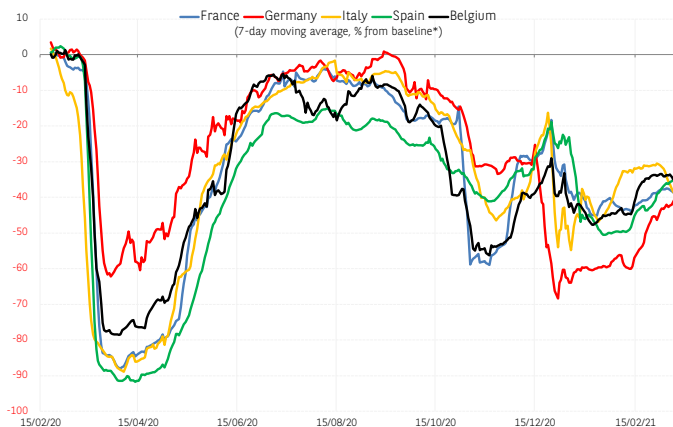


CHART 1

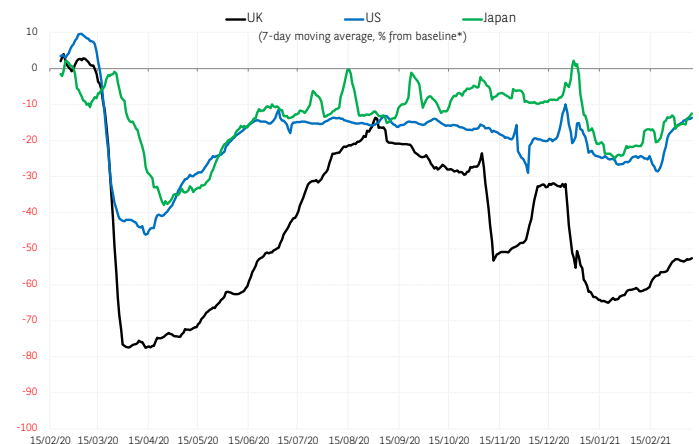


CHART 2

SOURCE: GOOGLE (16 MARCH 2021), BNP PARIBAS

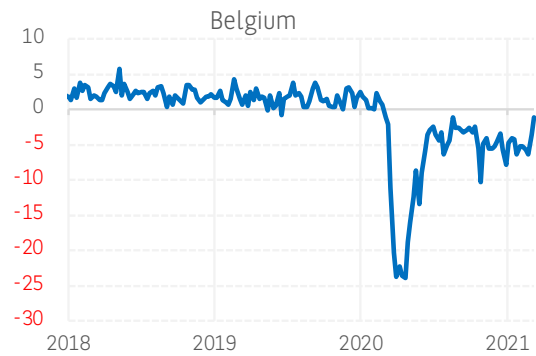
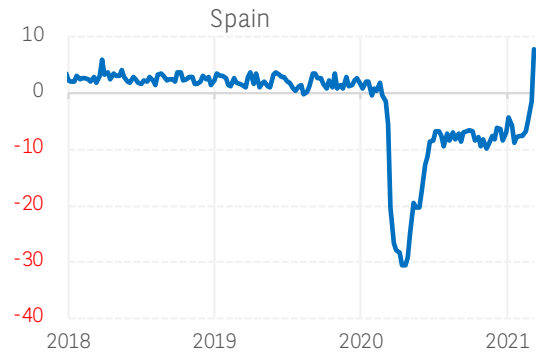
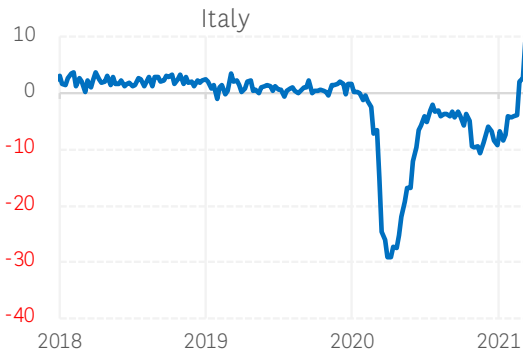
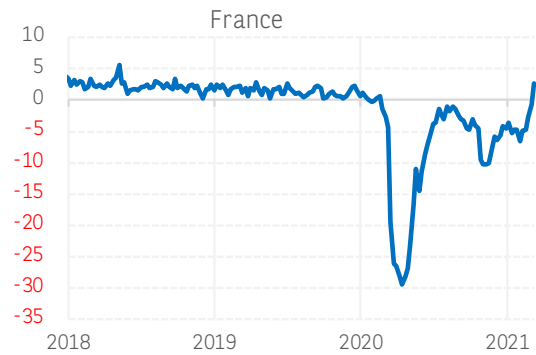
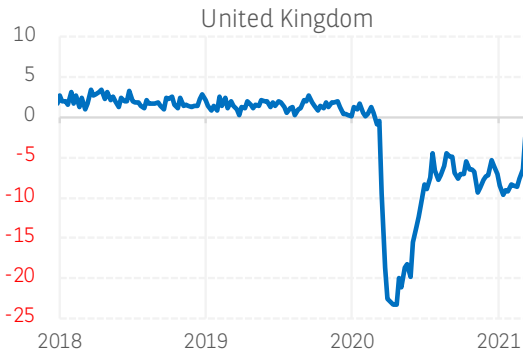
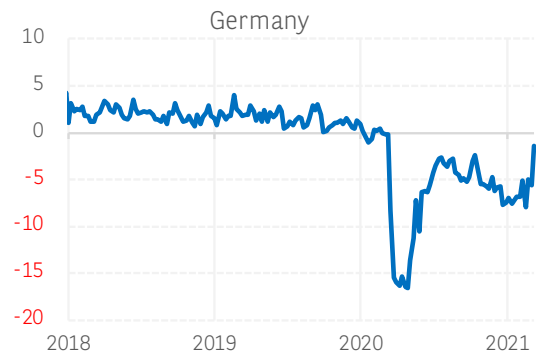
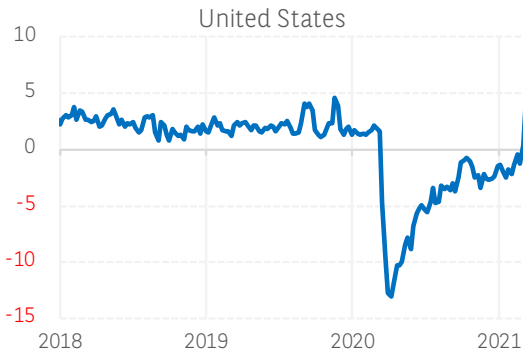
\* Google Mobility Reports show how visits and length of stay at different places change compared to a baseline. The baseline is the median value, for the corresponding day of the week, during the 5-week period Jan 3–Feb 6, 2020. A figure of negative 30% indicates that traffic was down 30% compared to 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.



BNP PARIBAS

The bank  
for a changing  
world

OECD WEEKLY TRACKER OF GDP GROWTH (Y/Y)



SOURCE: OECD (18 MARCH 2021), BNP PARIBAS





# ECONOMIC SCENARIO

9

## UNITED STATES

With a drop in GDP of an estimated 3.6% in 2020, the USA has experienced a record-breaking recession, albeit one that has been less severe than in most other countries. The health cost of the Covid-19 epidemic has, however, been immense, with the USA having the highest number of deaths in the world and suffering a higher mortality rate than the European Union. As we move into winter, the disease is surging again, forcing certain states, such as New York and California, to tighten social distancing measures. Although the economy had seemed able to avoid a further contraction, it could be flatlining at the start of the new year, although a gradual return to normal is then expected as vaccines become available.

## CHINA

After plummeting in Q1 2020, economic activity has experienced a V-shaped rebound since Q2. The recovery has first been driven principally by industrial production and investment in infrastructure projects and the real estate sector. Then exports have strengthened, supported by the rebound in global demand. Finally, the services sector and private consumption have regained growth momentum since last summer. In the short term, fiscal policy should continue to support economic growth. Domestic credit conditions, which have been eased prudently in 2020, have started to be tightened since Q4, as the authorities aim to contain risks in the financial system.

## EUROZONE

After a solid rebound in Q3 2020 (+12.6%), even exceeding expectations, Eurozone GDP should slow sharply in Q4 2020. Given the resurgence of the pandemic and the implementation of new sanitary restrictions in most of the member states, the recovery is losing momentum. The activity loss caused by the Covid-19 crisis is unlikely to be fully erased before year-end 2021. Despite the hopes raised by the vaccines, worries about the pandemic and unemployment trends in eurozone member states in the months ahead are shaking consumer confidence, which remains low. The risk of corporate defaults continues to rise as long as the pandemic is not completely under control, which is undermining private investment. Support from fiscal policy at both the national and European levels will be essential, as is maintaining an accommodating and flexible monetary policy.

## FRANCE

The risks have materialized for a W-shaped growth profile. After the massive recessionary shock of H1 2020 due to the first lockdown, the economy vigorously recovered in Q3 before relapsing again in Q4 under the impact of a new lockdown designed to curb the second wave of the Covid-19 pandemic. Yet the second V is bound to be less pronounced than the first: on the downside because the second lockdown was not as restrictive nor as long, and on the upside because this time the restrictive measures will be lifted gradually and conditionally. Major fiscal resources have been deployed that effectively buffered the double shock, but still the economy has been weakened, which is straining its rebound capacity. The start-up of a massive vaccination campaign in 2021 raises hopes that we might be seeing the light at the end of the tunnel. Growth should also get a boost from the first effects of the France Relance stimulus package. French GDP is expected to catch up pre-crisis levels during 2022 and the economy to return to 100% of its normal functioning. Inflation is also expected to pick up, but will hold at extremely low levels.

## RATES AND EXCHANGE RATES

In the US, policy should remain on hold for quite some time, considering that the FOMC wants inflation to move beyond 2% to make up for past below target inflation. To this end, it has decided at its December meeting that the current pace of asset purchases will be maintained 'until substantial further progress has been made' toward reaching its goals in terms of maximum employment and inflation. Should the economic situation worsen, more measures are to be expected. Treasury yields should move higher on the back of fiscal stimulus and the economic recovery and because the Fed will accept and actually wants inflation to rise beyond 2%.

In the eurozone, at its December meeting, the ECB has eased policy further. In particular, it has decided to increase the envelope of the pandemic emergency purchase programme (PEPP) and to extend its horizon for net purchases to at least the end of March 2022. These measures aim to support the economy so as to create a pick-up in inflation, which has dropped to a very low level. This very accommodative stance –which will be maintained for a long time– should keep a lid on sovereign bond spreads, although at some point, speculation that the PEPP's end date might not be prolonged any further should cause some spread widening. As usual, eurozone bond yields will be very much influenced by what happens to US yields. The prospect of a more lasting recovery as a vaccine will be deployed, should contribute to somewhat higher bond yields.

The Bank of Japan is expected to maintain its current policy stance including its yield curve control strategy. We expect the dollar to weaken further versus the euro. Due to the limited short-term interest rate differential, international investors incur low costs when they want to hedge their dollar exposure, the euro is still undervalued versus the dollar and the Fed's new strategy of targeting average inflation implies a more dovish stance compared to the ECB. The 'risk-on' environment is also supportive for the euro. Similar arguments apply for the dollar versus the yen.

### GROWTH & INFLATION

%	GDP Growth				Inflation			
	2019	2020	2021 e	2022 e	2019	2020	2021 e	2022 e
United-States	2.2	-3.5	4.2	4.1	1.8	1.2	1.9	1.9
Japan	0.3	-5.3	1.1	3.0	0.5	0.0	-0.4	-0.3
United-Kingdom	1.5	-9.9	4.0	8.6	1.8	0.9	1.5	2.1
Euro Area	1.3	-6.8	3.8	5.5	1.2	0.2	0.8	1.3
Germany	0.6	-5.3	2.7	5.1	1.4	0.5	1.3	1.2
France	1.5	-8.3	5.5	4.7	1.3	0.5	0.6	1.2
Italy	0.3	-8.9	4.5	4.4	0.6	-0.2	0.5	1.3
Spain	2.0	-11.0	5.4	5.9	0.8	-0.3	0.4	0.9
China	6.1	3.0	9.5	5.3	2.9	2.9	2.3	2.8
India*	4.2	-11.4	11.6	5.0	4.8	4.9	4.3	3.8
Brazil	1.1	-4.5	3.0	3.0	3.7	2.7	4.0	4.0
Russia	1.3	-4.5	3.8	3.0	4.3	3.2	3.5	3.5

SOURCE: BNP PARIBAS GROUP ECONOMIC RESEARCH (E: ESTIMATES & FORECASTS)

\*FISCAL YEAR FROM 1<sup>ST</sup> APRIL OF YEAR N TO MARCH 31<sup>ST</sup> OF YEAR N+1

LAST UPDATE: 23 NOVEMBER 2020, \*GROWTH UPDATED ON 7 JANUARY 2021

### INTEREST & EXCHANGE RATES

Interest rates, %		2021				2021e		2022e	
End of period		Q1e	Q2e	Q3e	Q4e	2021e	2022e		
US	Fed Funds (upper limit)	0.25	0.25	0.25	0.25	0.25	0.25		
	T-Notes 10y	1.10	1.20	1.30	2.00	2.00			
	Ezone Deposit rate	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
Ezone	Bund 10y	-0.35	-0.50	-0.40	-0.20	-0.20	0.10		
	OAT 10y	-0.10	-0.25	-0.15	0.10	0.10	0.50		
	BTP 10y	0.75	0.60	0.80	1.20	1.20	1.70		
	BONO 10y	0.35	0.20	0.40	0.60	0.60	1.00		
UK	Base rate	0.10	0.10	0.10	0.10	0.10	0.10		
	Gilts 10y	0.40	0.40	0.50	0.60	0.60	0.75		
Japan	Bol Rate	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10		
	JGB 10y	0.05	0.05	0.10	0.10	0.10	0.15		
Exchange Rates		2021				2021e		2022e	
End of period		Q1e	Q2e	Q3e	Q4e	2021e	2022e		
USD	EUR / USD	1.22	1.24	1.25	1.25	1.25	1.30		
	USD / JPY	101	100	98	98	98	95		
	GBP / USD	1.39	1.41	1.44	1.44	1.44	1.59		
EUR	EUR / GBP	0.88	0.88	0.87	0.87	0.87	0.82		
	EUR / JPY	123	124	123	123	123	124		
Brent		2021				2021e		2022e	
Period-average		Q1e	Q2e	Q3e	Q4e	2021e	2022e		
Brent	USD/bbl	56	54	55	59	56	-		

LAST UPDATE: 23/11/2020

SOURCE: BNP PARIBAS GLOBAL MARKETS (E: ESTIMATES)



BNP PARIBAS

The bank  
for a changing  
world

## CALENDAR

10

## LATEST INDICATORS

Chinese data on industrial production, investments, retail sales showed very strong growth versus last year but this is biased due to the pandemic that, one year ago, had just started. Compared to consensus expectations, retail sales and industrial production came in stronger than anticipated but the opposite applies for fixed asset investment as well as property investment. Unemployment was also higher than expected. ZEW survey expectations improved for Germany and the euro area. In the United States, several data releases were weaker than last month but also below consensus: retail sales, industrial production, building permits and housing starts as well as initial unemployment claims disappointed. The Philadelphia Fed business index on the other hand improved very strongly, beating expectations by a huge margin. Following the FOMC meeting, Jerome Powell reiterated that the current very accommodative stance will be maintained as long as necessary in the context of a data-dependent policy which seeks to achieve maximum employment as well as reaching its average inflation target. The Bank of Japan announced it will allow 10-year bond yields to fluctuate in a wider range around zero. Moreover it has scrapped its target for equity purchases.

DATE	COUNTRY	INDICATOR	PERIOD	CONSENSUS	ACTUAL	PREVIOUS
03/15/2021	Japan	Core Machine Orders MoM	Jan	-5.5%	-4.5%	5.3%
03/15/2021	China	Industrial Production YTD YoY	Feb	32.2%	35.1%	--
03/15/2021	China	Fixed Assets Ex Rural YTD YoY	Feb	40.9%	35.0%	--
03/15/2021	China	Property Investment YTD YoY	Feb	53.4%	38.3%	--
03/15/2021	China	Surveyed Jobless Rate	Feb	5.2%	5.5%	--
03/15/2021	China	Retail Sales YTD YoY	Feb	32.0%	33.8%	--
03/15/2021	United States	Empire Manufacturing	Mar	15.0	17.4	12.1
03/16/2021	Germany	ZEW Survey Expectations	Mar	74.0	76.6	71.2
03/16/2021	Eurozone	ZEW Survey Expectations	Mar	--	74.0	69.6
03/16/2021	United States	Retail Sales Control Group	Feb	-0.6%	-3.5%	8.7%
03/16/2021	United States	Industrial Production MoM	Feb	0.3%	-2.2%	1.1%
03/16/2021	United States	Capacity Utilization	Feb	75.5%	73.8%	75.5%
03/16/2021	United States	NAHB Housing Market Index	Mar	84.0	82.0	84.0
03/17/2021	Eurozone	EU27 New Car Registrations	Feb	--	-19.3%	-24.0%
03/17/2021	Eurozone	CPI YoY	Feb	0.9%	0.9%	0.9%
03/17/2021	Eurozone	CPI Core YoY	Feb	1.1%	1.1%	1.1%
03/17/2021	United States	Building Permits MoM	Feb	-7.2%	-10.8%	10.7%
03/17/2021	United States	Housing Starts MoM	Feb	-1.3%	-10.3%	-5.1%
03/17/2021	United States	FOMC Rate Decision (Upper Bound)	Mar	0.25%	0.25%	0.25%
03/18/2021	Eurozone	Labour Costs YoY	4Q	--	3.0%	1.6%
03/18/2021	United Kingdom	Bank of England Bank Rate	Mar	0.10%	0.10%	0.10%
03/18/2021	United States	Initial Jobless Claims	Mar	700k	770k	712k
03/18/2021	United States	Philadelphia Fed Business Outlook	Mar	23.3	51.8	23.1
03/19/2021	Japan	Natl CPI Ex Fresh Food, Energy YoY	Feb	0.2%	0.2%	0.1%
03/19/2021	United Kingdom	GfK Consumer Confidence	Mar	-20.0	-16.0	-23.0
03/19/2021	Japan	BOJ Policy Balance Rate	Mar	-0.1%	-0.1%	-0.1%
03/19/2021	Japan	BOJ 10-Yr Yield Target	Mar	0.0	0.0	0.0

SOURCE: BLOOMBERG



# CALENDAR: THE WEEK AHEAD

## COMING INDICATORS

Next week will be dominated by the publication of the flash purchasing managers' indices. They will give a first indication on how several economies are doing in the month of March. Several additional data in Europe will serve the same purpose: euro area consumer confidence, business confidence in France, the IFO survey in Germany. In the US we will have University of Michigan sentiment, capital goods orders, personal income and spending as well as initial unemployment claims. Worth noting as well is the release of the ECB's economic bulletin.

DATE	COUNTRY	INDICATOR	PERIOD	CONSENSUS	PREVIOUS
03/23/2021	United Kingdom	ILO Unemployment Rate 3Mths	Jan	5.20%	5.10%
03/23/2021	United States	New Home Sales MoM	Feb	-4.10%	4.30%
03/24/2021	Japan	Jibun Bank Japan PMI Mfg	Mar	--	51.4
03/24/2021	Japan	Jibun Bank Japan PMI Services	Mar	--	46.3
03/24/2021	Japan	Jibun Bank Japan PMI Composite	Mar	--	48.2
03/24/2021	United Kingdom	CPI Core YoY	Feb	1.40%	1.40%
03/24/2021	France	Markit France Manufacturing PMI	Mar	56.4	56.1
03/24/2021	France	Markit France Services PMI	Mar	45.6	45.6
03/24/2021	France	Markit France Composite PMI	Mar	--	47
03/24/2021	Germany	Markit/BME Germany Manufacturing PMI	Mar	60.7	60.7
03/24/2021	Germany	Markit Germany Services PMI	Mar	46.4	45.7
03/24/2021	Germany	Markit/BME Germany Composite PMI	Mar	51.8	51.1
03/24/2021	Eurozone	Markit Eurozone Manufacturing PMI	Mar	57.6	57.9
03/24/2021	Eurozone	Markit Eurozone Services PMI	Mar	45.7	45.7
03/24/2021	Eurozone	Markit Eurozone Composite PMI	Mar	49.2	48.8
03/24/2021	United Kingdom	Markit UK PMI Manufacturing SA	Mar	55.3	55.1
03/24/2021	United Kingdom	Markit/CIPS UK Services PMI	Mar	50.3	49.5
03/24/2021	United Kingdom	Markit/CIPS UK Composite PMI	Mar	51	49.6
03/24/2021	United States	Cap Goods Orders Nondef Ex Air	Feb P	--	0.40%
03/24/2021	United States	Markit US Manufacturing PMI	Mar	59.7	58.6
03/24/2021	United States	Markit US Services PMI	Mar	60	59.8
03/24/2021	United States	Markit US Composite PMI	Mar	--	59.5

SOURCE: BLOOMBERG



DATE	COUNTRY	INDICATOR	PERIOD	CONSENSUS	PREVIOUS
03/24/2021	Eurozone	Consumer Confidence	Mar	-15.2	-14.8
03/25/2021	Germany	GfK Consumer Confidence	Apr	-13	-12.9
03/25/2021	France	Business Confidence	Mar	--	90
03/25/2021	Eurozone	ECB Publishes Economic Bulletin			
03/25/2021	United States	Initial Jobless Claims	Mar	--	770k
03/25/2021	United States	GDP Annualized QoQ	4Q	4.10%	4.10%
03/26/2021	Japan	Tokyo CPI Ex-Fresh Food, Energy YoY	Mar	0.20%	0.20%
03/26/2021	United Kingdom	Retail Sales Ex Auto Fuel MoM	Feb	2.00%	-8.80%
03/26/2021	Germany	IFO Expectations	Mar	94.3	94.2
03/26/2021	Germany	IFO Current Assessment	Mar	91.6	90.6
03/26/2021	Germany	IFO Business Climate	Mar	93.1	92.4
03/26/2021	United States	Personal Income	Feb	-7.00%	10.00%
03/26/2021	United States	Personal Spending	Feb	-0.60%	2.40%
03/26/2021	United States	U. of Mich. Sentiment	Mar	83.5	83
03/26/2021	United States	U. of Mich. Current Conditions	Mar	--	91.5
03/26/2021	United States	U. of Mich. Expectations	Mar	--	77.5
03/26/2021	United States	U. of Mich. 1 year Inflation	Mar	--	3.10%
03/26/2021	United States	U. of Mich. 5-10 years Inflation	Mar	--	2.70%

SOURCE: BLOOMBERG



## FURTHER READING

13

<a href="#">France: state of play after one year of crisis</a>	EcoTVWeek	19 March 2021
<a href="#">Denmark: negative rates are applied to more than 80% of corporate deposits outstanding</a>	Chart of the Week	17 March 2021
<a href="#">EcoWeek 21.10, March 15 issue</a>	EcoWeek	15 March 2021
<a href="#">EcoTV - March 2021</a>	EcoTV	11 March 2021
<a href="#">France : Debt, size is not all that matters</a>	Chart of the Week	10 March 2021
<a href="#">French economy Pocket Atlas</a>	Pocket Atlas	9 March 2021
<a href="#">Eurozone : Towards an unwelcome tightening of financial conditions in the euro area?</a>	EcoWeek	5 March 2021
<a href="#">Does the rise of bond yields call for yield curve control?</a>	EcoTVWeek	5 March 2021
<a href="#">Growth jumps to 0.4% In third quarter of the fiscal year</a>	Chart of the Week	3 March 2021
<a href="#">Europe: the shock of Covid-19 and the fear of accelerated zombification</a>	Conjoncture	2 March 2021
<a href="#">United Kingdom : the trajectory of UK public finances after Covid</a>	Conjoncture	2 March 2021
<a href="#">EcoWeek 21.08, February 26, 2021 issue</a>	EcoWeek	26 February 2021
<a href="#">Central Europe: growth amid shortages</a>	EcoTVWeek	26 February 2021
<a href="#">Accommodation and food service activities have made intensive use of sgls</a>	Chart of the Week	24 February 2021
<a href="#">EcoWeek 21.07, February 19, 2021 issue</a>	EcoWeek	19 February 2021
<a href="#">Spain: the debate on pension reform arises again</a>	EcoTVWeek	19 February 2021
<a href="#">Sub-Saharan Africa : dealing with Africa's risk of debt distress</a>	Conjoncture	18 February 2021
<a href="#">World merchandise trade quickly back to pre-pandemic levels</a>	Chart of the Week	17 February 2021
<a href="#">EcoWeek 21.06, February 12, 2021 issue</a>	EcoWeek	12 February 2021
<a href="#">Spain: Catalonia regional election: independence no longer the key issue?</a>	EcoFlash	11 February 2021



# GROUP ECONOMIC RESEARCH

William De Vijlder  
Chief Economist

+33 1 55 77 47 31

william.devijlder@bnpparibas.com

## ADVANCED ECONOMIES AND STATISTICS

Jean-Luc Proutat

US, UK - Head of economic projections, relationship with French network

+33 1 58 16 73 32

jeanluc.proutat@bnpparibas.com

Hélène Baudchon

France - Labour markets

+33 1 58 16 03 63

helene.baudchon@bnpparibas.com

Louis Boisset

Japan - European Central Bank watch, Euro area global view

+33 1 57 43 02 91

louis.boisset@bnpparibas.com

Frédérique Cerisier

Euro area (European governance and public finances), Nordic countries

+33 1 43 16 95 52

frederique.cerisier@bnpparibas.com

Guillaume Derrien

Italy, Spain, Portugal - International trade

+33 1 55 77 71 89

guillaume.a.derrien@bnpparibas.com

Raymond Van Der Putten

Germany, Netherlands, Austria, Switzerland - Energy, climate

+33 1 42 98 53 99

raymond.vanderputten@bnpparibas.com

Tarik Rharrab

Statistics

+33 1 43 16 95 56

tarik.rharrab@bnpparibas.com

## BANKING ECONOMICS

Laurent Quignon

Head

+33 1 42 98 56 54

laurent.quignon@bnpparibas.com

Laure Baquero

+33 1 43 16 95 50

laure.baquero@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

+33 1 42 98 79 82

francois.faure@bnpparibas.com

Christine Peltier

Deputy Head - Greater China, Vietnam, South Africa

+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

Stéphane Colliac

Turkey, Ukraine, Central European countries

+33 1 42 98 43 86

stephane.colliac@bnpparibas.com

Perrine Guerin, Sara Confalonieri

Africa (Portuguese & English-speaking countries)

+33 1 42 98 43 86

perrine.guerin@bnpparibas.com

Pascal Devaux

Middle East, Balkan countries

+33 1 43 16 95 51

pascal.devaux@bnpparibas.com

Hélène Drouot

Korea, Thailand, Philippines, Mexico, Andean countries

+33 1 42 98 33 00

helene.drouot@bnpparibas.com

Salim Hammad

Latin America

+33 1 42 98 74 26

salim.hammad@bnpparibas.com

Johanna Melka

India, South Asia, Russia, CIS

+33 1 58 16 05 84

johanna.melka@bnpparibas.com

## CONTACT MEDIA

Michel Bernardini

+33 1 42 98 05 71

michel.bernardini@bnpparibas.com



**BNP PARIBAS**

**The bank  
for a changing  
world**



# GROUP ECONOMIC RESEARCH



## CONJONCTURE

Structural or in news flow, two issues analysed in depth



## EMERGING

Analyses and forecasts for a selection of emerging economies



## PERSPECTIVES

Analyses and forecasts for the main countries, emerging or developed



## ECOFASH

Data releases, major economic events. Our detailed views...



## ECOWEEK

Weekly economic news and much more...



## ECOTV

In this monthly web TV, our economists make sense of economic news



## ECOTV WEEK

What is the main event this week? The answer is in your two minutes of economy



## MACROWAVES

The economic podcasts

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 et autorisée and subject to limited regulation by the Financial Services Authority. Details of the extent of our authorisation and regulation by the Financial Services Authority are available from us on request.

This report has been approved for publication in France by BNP Paribas SA. BNP Paribas SA is incorporated in France with Limited Liability and is authorised by the Autorité de Contrôle Prudentiel (ACP) and regulated by the Autorité des Marchés Financiers (AMF). Its head office is 16, boulevard des Italiens 75009 Paris, France.

This report is being distributed in Germany either by BNP Paribas London Branch or by BNP Paribas Niederlassung Frankfurt am Main, a branch of BNP Paribas S.A. whose head office is in Paris, France. BNP Paribas S.A. - Niederlassung Frankfurt am Main, Europa Allee 12, 60327 Frankfurt is authorised and supervised by the Autorité de Contrôle Prudentiel and it is authorised and subject to limited regulation by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin).

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

Japan: This report is being distributed in Japan by BNP Paribas Securities (Japan) Limited or by a subsidiary or affiliate of BNP Paribas 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.

POUR RECEVOIR NOS PUBLICATIONS

SUBSCRIBE ON OUR WEBSITE

[see the economic research's website](#)

ET

FOLLOW US ON LINKEDIN

[see the economic research's linkedin page](#)

OU TWITTER

[voir la page twitter des études économiques](#)



Bulletin édité par les Etudes Economiques - BNP PARIBAS

Siège social : 16 boulevard des Italiens - 75009 PARIS / Tél : +33 (0) 1.42.98.12.34

Internet : [www.group.bnpparibas.com](http://www.group.bnpparibas.com) - [www.economic-research.bnpparibas.com](http://www.economic-research.bnpparibas.com)

Directeur de la publication : Jean Lemierre / Rédacteur en chef : William De Vijlder



BNP PARIBAS

The bank  
for a changing  
world