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BNP PARIBAS

The bank
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UNITED STATES: NAIL-BITING ABOUT THE NEAR-TERM INFLATION OUTLOOK

In recent months, purchasing managers in the euro area and the US have reported a significant increase in input prices as well as longer delivery lags. They reflect the next stage of the disruptive impact of the pandemic with supply struggling to meet the pick-up in demand. According to an Atlanta Fed survey, firms experiencing the most intense disruption tend to be those with the highest expectation of future inflation. It remains to be seen whether this will convince them to raise prices. The Federal Reserve is relaxed about this but, nevertheless, there will be lot of nail-biting in the second half of the year as US inflation data are released in an economy that should be able to close its output gap quickly.

A recent New York Times article called it floating traffic jams: huge container ships queuing to enter port¹. They are a manifestation of the supply/demand imbalances caused by the Covid-19 pandemic. To make matters worse, there is now concern that the grounded container ship might block the Suez Canal as long as a week, which would imply more supply disruption and temporarily higher prices, due to shortages and the longer, more expensive alternative route around Africa.

Analysing and forecasting inflation is a complex matter. It starts with the need to see the forest for the trees. One-off factors –e.g. extending sales periods– and base effects –such as a temporary reduction in the VAT rate in Germany last year– complicate the interpretation. Short-run dynamics may be quite different from longer-term trends. In recent months, purchasing managers in the euro area and the United States have reported a significant increase in input prices as well as longer delivery lags.

Almost inevitably, the disruptive impact of the pandemic on demand and supply is causing an imbalance when demand recovers and supply is struggling to follow. The shortage of semiconductors is a case in point. The supply side reaction to the pandemic is clearly an issue in the United States. The Federal Reserve Bank of Atlanta recently analysed the swift, significant increase in its District's business inflation expectations survey. More than 50 percent of surveyed companies report delayed deliveries whereas uncertain pandemic-related employee availability is weighing on production capacity. *"Firms experiencing the most intense disruption tend to be those with the highest expectation of future inflation."*² It remains to be seen whether this will convince companies to raise their prices and if retailers can pass them on to customers.

This depends on factors such as competitive pressures, the price elasticity of demand as well as demand growth. In the United States, the latter will get a boost from the USD 1.9 trillion American Rescue Plan. In this respect, the Atlanta Fed researchers finely note that their explanation of rising inflation expectations *"tamps down the speculation that the potential inflationary impact of recent fiscal stimulus on demand is behind heightened year-ahead inflation expectations."*

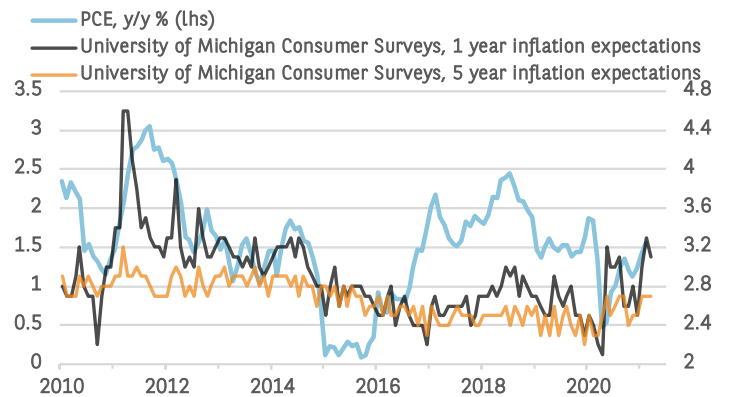
1. *"I've never seen anything like this": chaos strikes global shipping*, New York Times, 6 March 2021.

2. *Inflation Expectations Reflect Concerns over Supply Disruptions, Crimped Capacity*, Federal Reserve Bank of Atlanta, 22 March 2021.

To put it differently: should the fiscal stimulus cause heightened inflation expectations, it still has to show up in the data.

Fed chairman Powell has acknowledged there could be bottlenecks, adding however that the increase in inflation should be relatively modest and transient because the supply side is very dynamic. *"People start businesses, they reopen restaurants, (...) the airlines will be flying again, all of those things will happen. And so it'll turn out to be a one-time sort of bulge in prices, but it won't change inflation going forward. Because inflation expectations are strongly anchored around 2 percent."*³ Until the pandemic, the longer-term expected change in unit costs per year –a factor which influences price-setting behaviour of companies– has fluctuated in a narrow band of about 40 basis points. Likewise, consumer 5-year inflation expectations –which could influence wage demands– and 10-year inflation expectations of professional forecasters –a measure of central bank credibility– exhibit very limited cyclical amplitude.

1-YEAR & 5-YEAR US INFLATION EXPECTATIONS



SOURCE: BEA, UNIVERSITY OF MICHIGAN, BNP PARIBAS

3. Source: Federal Reserve, press conference of Jerome Powell, 17 March 2021.

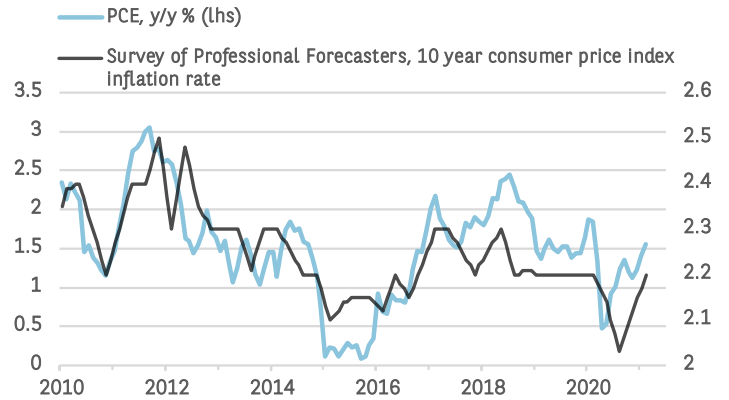
There will be lot of nail-biting in the second half of the year as US inflation data are released in an economy that should be able to close its output gap quickly.



There is some correlation between recently observed inflation and inflation expectations –which is suggestive of extrapolative behaviour– but the transmission from the former to the latter is small. Notwithstanding these observations, the second half of the year will see a lot of nail-biting as US inflation data are released in an economy that, on the back of a very successful vaccination campaign, accommodative monetary policy and massive fiscal stimulus should be able to close its output gap quickly.

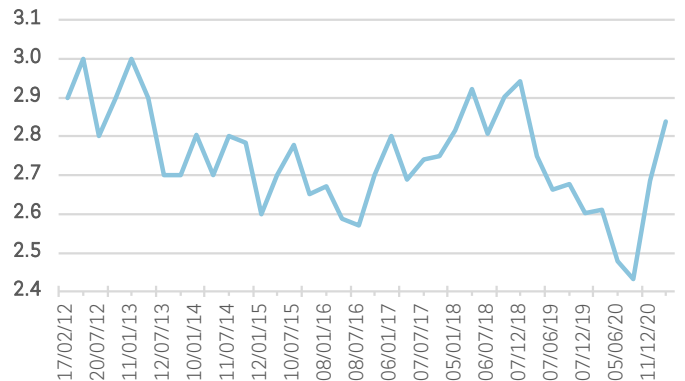
William De Vijlder

10-YEAR US EXPECTATIONS



SOURCE: BEA, UNIVERSITY OF MICHIGAN, BNP PARIBAS

MEAN EXPECTED CHANGE IN UNIT COSTS PER YEAR OVER THE NEXT FIVE TO TEN YEARS



SOURCE: ATLANTA FED BUSINESS EXPECTATIONS SURVEY, BNP PARIBAS



MARKETS OVERVIEW

OVERVIEW

Week 19-3-21 to 26-3-21

▼ CAC 40	5998	▶ 5989	-0.2 %
▲ S&P 500	3913	▶ 3975	+1.6 %
▼ Volatility (VIX)	21.0	▶ 18.9	-2.1 pb
▲ Euribor 3M (%)	-0.54	▶ -0.54	+0.2 bp
▼ Libor \$ 3M (%)	0.20	▶ 0.19	-0.4 bp
▼ OAT 10y (%)	-0.11	▶ -0.18	-6.8 bp
▼ Bund 10y (%)	-0.33	▶ -0.39	-5.6 bp
▼ US Tr. 10y (%)	1.73	▶ 1.66	-7.1 bp
▼ Euro vs dollar	1.19	▶ 1.18	-0.9 %
▼ Gold (ounce, \$)	1740	▶ 1733	-0.4 %
▼ Oil (Brent, \$)	64.8	▶ 61.8	-4.7 %

MONEY & BOND MARKETS

Interest Rates	highest 21	lowest 21	Yield (%)	highest 21	lowest 21		
€ ECB	0.00	0.00 at 01/01	0.00 at 01/01	€ AVG 5-7y	-0.33	-0.22 at 26/02	-0.46 at 04/01
Eonia	-0.48	-0.47 at 26/01	-0.50 at 01/01	Bund 2y	-0.70	-0.65 at 25/02	-0.75 at 01/01
Euribor 3M	-0.54	-0.53 at 26/02	-0.56 at 06/01	Bund 10y	-0.39	-0.26 at 25/02	-0.60 at 04/01
Euribor 12M	-0.49	-0.48 at 01/03	-0.52 at 02/02	OAT 10y	-0.18	-0.03 at 25/02	-0.41 at 04/01
\$ FED	0.25	0.25 at 01/01	0.25 at 01/01	Corp. BBB	0.67	0.72 at 18/03	0.50 at 08/01
Libor 3M	0.19	0.24 at 13/01	0.18 at 19/02	Treas. 2y	0.14	0.17 at 08/03	0.11 at 05/02
Libor 12M	0.28	0.34 at 01/01	0.28 at 18/03	Treas. 10y	1.66	1.73 at 19/03	0.91 at 01/01
€ BoE	0.10	0.10 at 01/01	0.10 at 01/01	High Yield	4.81	4.87 at 09/03	4.60 at 19/02
Libor 3M	0.09	0.09 at 24/03	0.03 at 01/01	€ gilt. 2y	0.06	0.13 at 26/02	-0.08 at 04/01
Libor 12M	0.16	0.16 at 24/03	0.07 at 11/01	€ gilt. 10y	0.80	0.91 at 18/03	0.21 at 04/01

EXCHANGE RATES

1€ =	highest 21	lowest 21	2021	
USD	1.18	1.23 at 06/01	1.18 at 25/03	-3.6%
GBP	0.86	0.91 at 06/01	0.86 at 09/03	-4.4%
CHF	1.11	1.11 at 04/03	1.08 at 18/01	+2.5%
JPY	129.24	130.11 at 12/03	125.22 at 18/01	+2.3%
AUD	1.55	1.60 at 04/01	1.53 at 18/03	-2.4%
CNY	7.72	8.00 at 01/01	7.69 at 25/03	-3.6%
BRL	6.74	6.95 at 03/03	6.33 at 18/01	+6.1%
RUB	89.43	92.20 at 28/01	86.53 at 16/03	-1.2%
INR	85.54	89.88 at 07/01	85.52 at 25/03	-4.3%

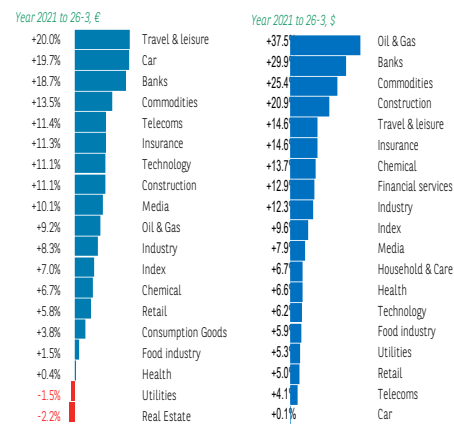
COMMODITIES

Spot price, \$	highest 21	lowest 21	2021	2021(€)	
Oil, Brent	61.8	69.7 at 11/03	51.2 at 04/01	+19.0%	+23.4%
Gold (ounce)	1733	1947 at 05/01	1682 at 08/03	-8.7%	-5.3%
Metals, LME	3791	4027 at 25/02	3415 at 01/01	+11.0%	+15.1%
Copper (ton)	8967	9456 at 25/02	7749 at 01/01	+15.7%	+20.0%
wheat (ton)	236	2.6 at 15/01	236 at 26/03	-4.8%	-1.2%
Corn (ton)	215	2.2 at 08/02	188 at 04/01	+1.4%	+18.4%

EQUITY INDICES

Index	highest 21	lowest 21	2021	
World				
MSCI World	2815	2830 at 15/02	2662 at 29/01	+4.6%
North America				
S&P500	3975	3975 at 26/03	3701 at 04/01	+5.8%
Europe				
EuroStoxx50	3867	3868 at 18/03	3481 at 29/01	+8.8%
CAC 40	5989	6063 at 18/03	5399 at 29/01	+0.8%
DAX 30	14749	14776 at 18/03	13433 at 29/01	+7.5%
IBEX 35	8498	8658 at 16/03	7758 at 29/01	+0.5%
FTSE100	6741	6873 at 08/01	6407 at 29/01	+0.4%
Asia				
MSCI, loc.	1127	1137 at 18/03	1044 at 06/01	+0.8%
Nikkei	29177	30468 at 16/02	27056 at 06/01	+6.3%
Emerging				
MSCI Emerging (\$)	1307	1445 at 17/02	1288 at 25/03	+0.1%
China	108	130 at 17/02	106 at 25/03	-0.6%
India	705	736 at 03/03	659 at 29/01	+3.7%
Brazil	1623	1941 at 14/01	1561 at 09/03	-4.8%
Russia	690	740 at 16/03	647 at 01/02	+5.4%

PERFORMANCE BY SECTOR (Eurostoxx50 & S&P500)

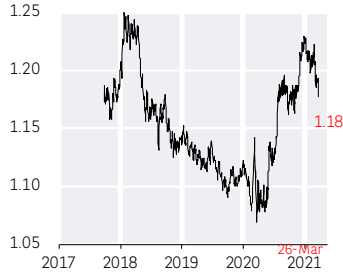


SOURCE: THOMSON REUTERS,

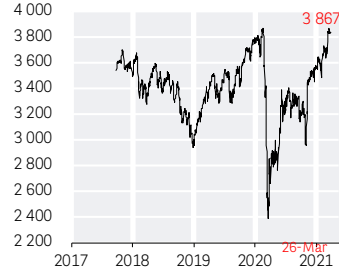


MARKETS OVERVIEW

EURO-DOLLAR



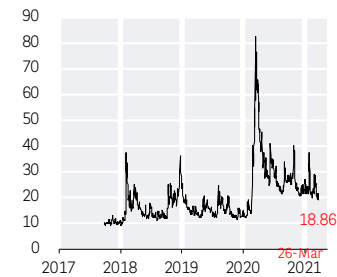
EUROSTOXX50



S&P500



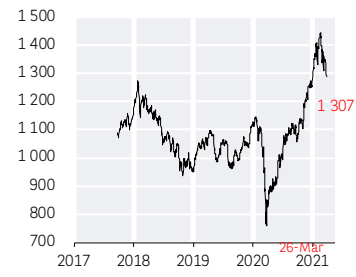
VOLATILITY (VIX, S&P500)



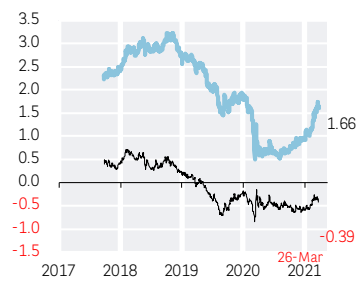
MSCI WORLD (USD)



MSCI EMERGING (USD)

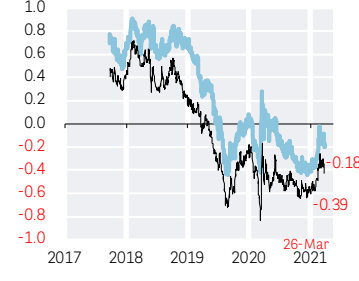


10Y BOND YIELD, TREASURIES VS BUND



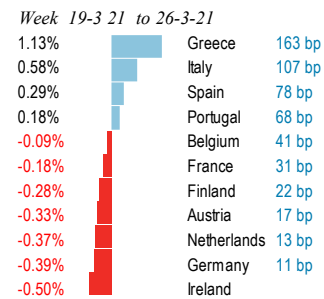
—Bunds —US Treasuries

10Y BOND YIELD



—Bunds —OAT

10Y BOND YIELD & SPREADS



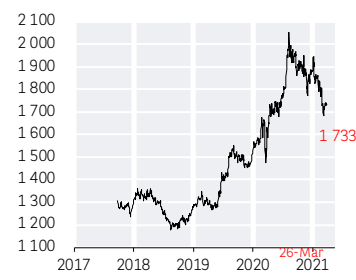
OIL (BRENT, USD)



METALS (LMEX, USD)



GOLD (OUNCE, USD)



SOURCE: THOMSON REUTERS,



ECONOMIC PULSE

GERMANY: THE FIRST GREEN SHOOTS IN SPRING

The economic climate has slightly deteriorated in recent months according to the Pulse. The blue area in the chart shrank compared to the situation three months earlier (the area within the dashed line). The main reason was the sharp fall in retail sales. Excluding VAT, they were 4.8% lower in January from the previous month. This was partly due to the closure of non-essential shops since the middle of December. In addition, customers had advanced their purchases in that month, owing to the expiration of the temporary VAT cut on 1 January. Also other indicators related to trade and services such as GfK consumer confidence and the IFO business climate indices for these sectors were weaker in the past three months compared to three months earlier.

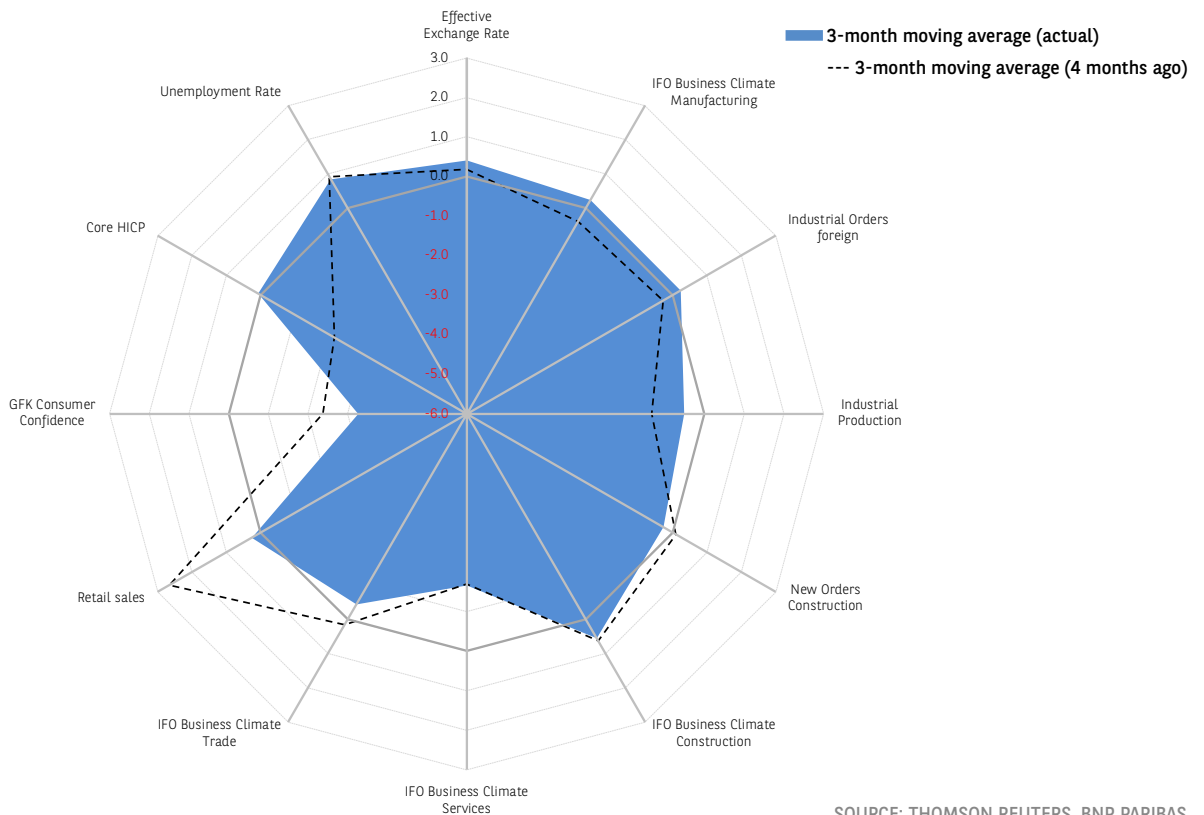
Nevertheless, some incipient signs of improvement can be noted. In March, consumer confidence improved following the easing of lockdown measures, and the institute GfK expects a further strengthening in April. Consumers might have celebrated too early. As the survey was conducted in the beginning of the month, the problems surrounding the AstraZeneca vaccine and the significant rise in the number of infections were not taken into account. In next month's survey, consumers are

likely to moderate expectations that the crisis will soon be over. However, as the vaccination proceeds despite the lack of doses, and the prolongation of the lockdown measures until 18 April, infections should decline, thus opening the prospects of a return to normality. Moreover, the IFO survey reported a marked improvement for trade and services in March. Nevertheless, the situation remains bad, with some notable exceptions such as supermarkets and IT service providers.

Economic conditions in manufacturing and construction broadly improved, as can be seen from the slight widening of the blue area on the right hand side of the chart. Nevertheless, the indicators remain close to their long-term average (the inner dodecagon, the solid line at level zero). According to the IFO survey for March, manufacturers were more satisfied with their current state of business. Moreover, their expectations have reached a highest since November 2010. A similar optimism was noted in the construction sector. In short, the economy is set for a strong rebound in spring.

Raymond Van Der Putten

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 +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

UNITED KINGDOM : THE END OF THE BEGINNING?

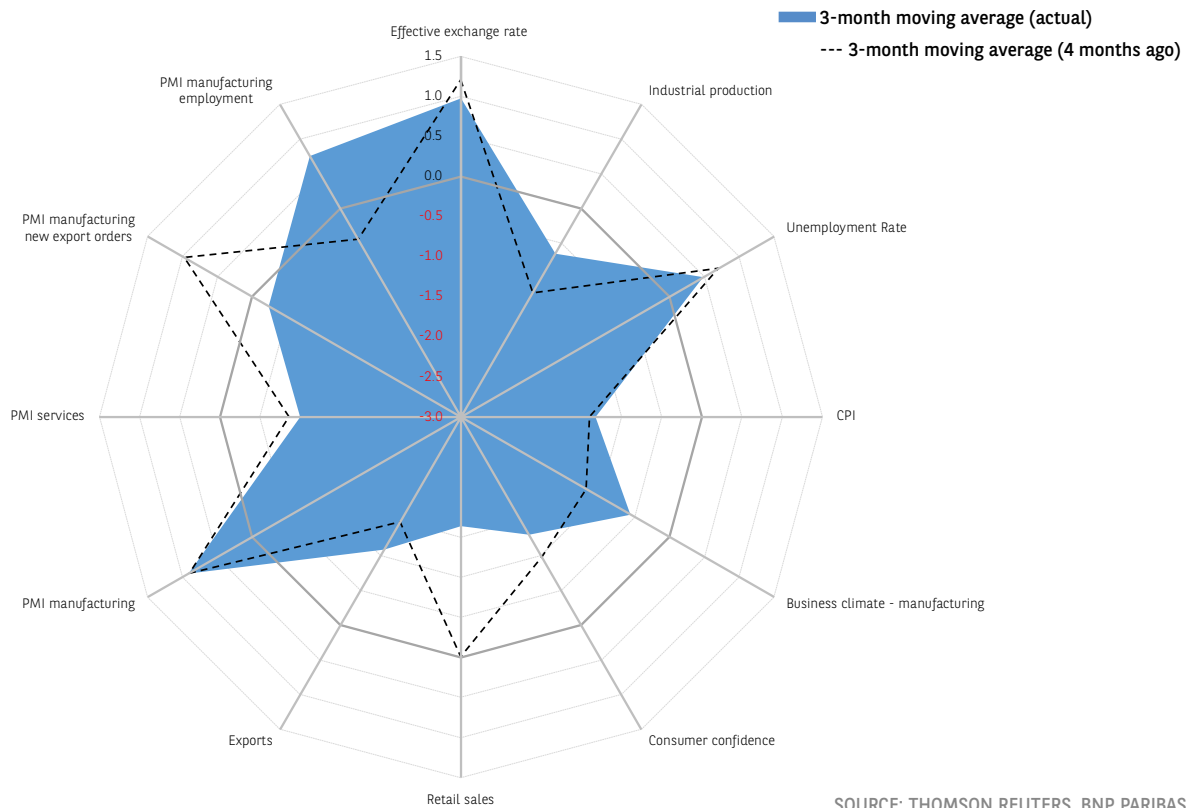
Having been hit particularly hard by Covid-19 (more than 126,000 Britons have died so far), the UK is now one of the countries vaccinating most rapidly. With 31 million doses administered since the beginning of the year, coverage of the population has reached 46%, compared to just 14% in the European Union, where delays to the vaccination programme are piling up, as are frustrations with its British supplier.

The result is that the pandemic is in retreat in the UK. With the death rate now down to 90 per day (from 1,500 at the peak of the epidemic in January) and the daily number of new cases at its lowest since the virus first struck, hope is finally starting to grow. Despite the double whammy of Brexit and the health crisis, even the economy has managed to find some stability. In January, a strict lockdown and an unprecedented collapse of exports to the EU—the result of the reintroduction of non-tariff barriers—caused a further fall in GDP of 3%, coming on top of the drop of nearly 10% in 2020. Since then, however, economic indicators have recovered. This is particularly true of surveys of purchasing

managers, which look more optimistic, and the mobility reports from Google, which are showing some signs of movement. In his budget, presented on 3 March, Chancellor of the Exchequer Rishi Sunak took a resolutely combative approach for the coming fiscal year (April 2021 to April 2022). Having been very busy on the spending front in 2020 (when the government deficit hit 16.9% of GDP), he is planning to contribute an additional GBP60 billion or 3 points of GDP to the economy in order to help it recover from the epidemic. The time for sacrifices (increases in business tax, the freezing of tax allowances and rates...) will come later, in 2023.

Jean-Luc Proutat

QUARTERLY CHANGES



SOURCE: THOMSON REUTERS, BNP PARIBAS

The indicators in the radar are all transformed into 'z-scores' (deviations from the long-term average, as standard deviations). These z-scores have mean zero and their values are between -3 and +1.5. In the radar chart, the blue area shows the actual conditions of economic activity. It is compared with the situation four months earlier (dotted-line). An expansion of the blue area compared to the dotted area signals an increase in the variable.



ECONOMIC PULSE

A RESURGENCE OF THE PANDEMIC AGAINST THE BACKGROUND OF A TWO-SPEED VACCINATION CAMPAIGN

According to data from Johns Hopkins University, the number of Covid-19 cases worldwide continues to rise. This fresh surge in cases has been seen in Europe, Asia (with the exception of China) and in the American continent as a whole (chart 1). However, the United States and the United Kingdom have seen notable falls in case numbers since mid-January.

This latest wave of infection has forced certain countries to tighten the health restrictions introduced in recent months. For example, Italy and France introduced tougher measures at a regional level on 15 March and 20 March respectively. The negative impact of this tightening of controls is evident in the latest Google Mobility Report. Italy and France saw falls in footfall to retail and recreation relative to their baseline level of -49% and -41% respectively on a seven-day moving average* (chart 3). Conversely, footfall continued to improve in Germany, and is now -39% below the baseline. Despite a slight improvement, visits to retail and leisure facilities in the UK remain amongst the hardest hit, at around -52% below the baseline.

In spite of a poor health environment, the OECD Weekly Tracker of year-on-year GDP growth continues to improve. 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).

Lastly, the vaccine roll-out is a key factor in a return to normal for the global economy. Over the past month, the number of doses administered per 100 people worldwide has increased by 2 points: thus 3.7% of the global population has now received at least one dose (chart 2), from 1.7% a month ago. This figure remains very low, and the data also show a mixed picture when it comes to national vaccination campaigns. When it comes to country performances, Israel continues to lead the way, with 60.1% of its population having received at least one dose, a 7.2 points increase over the month. Next come the UK (42.2%), Chile (31.1%) and the USA (25.6%). These three countries have seen the biggest change over the past month, with increases of 15.3 points, 14.7 points and 12.0 points respectively. The vaccination picture in the European Union is very mixed. Only 9.7% of the EU population has received at least one dose, putting it far behind the UK and the US.

Tarik Rharrab

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

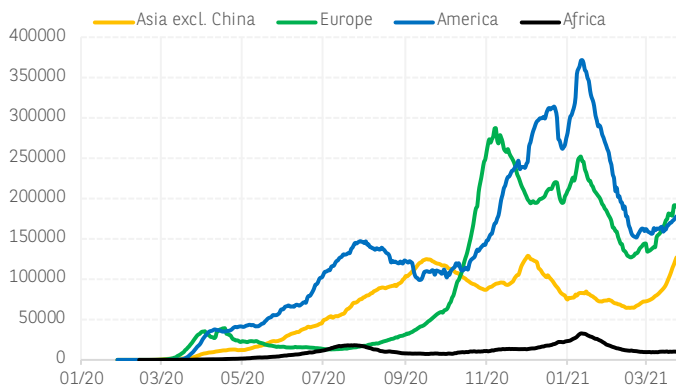


CHART 1

SHARE OF PEOPLE WHO RECEIVED AT LEAST ONE DOSE OF VACCIN

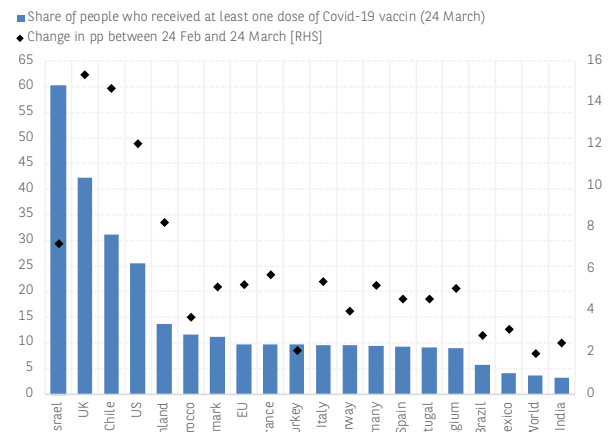


CHART 2

SOURCE: JOHNS-HOPKINS UNIVERSITY (03/24/2021), BNP PARIBAS

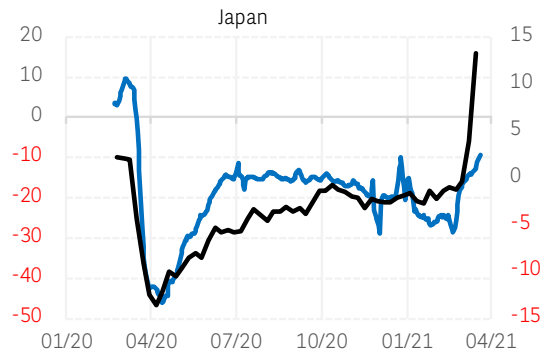
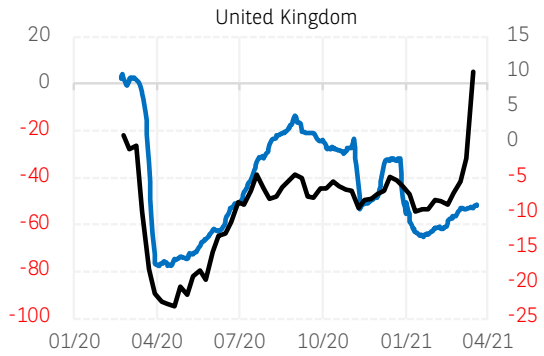
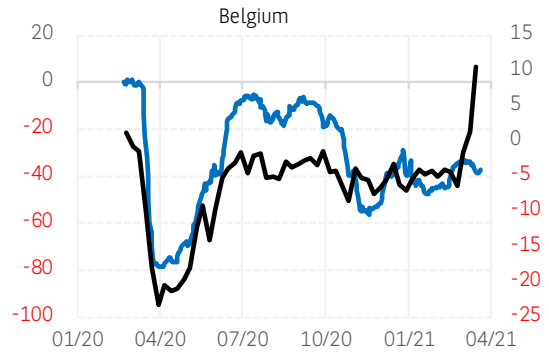
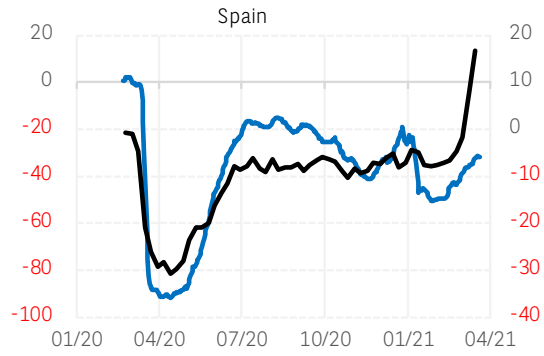
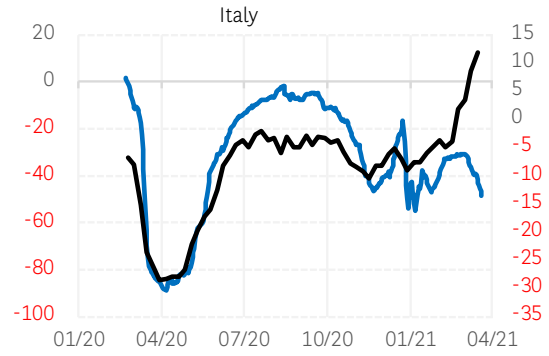
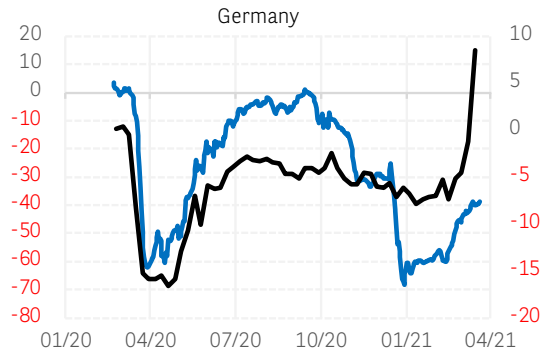
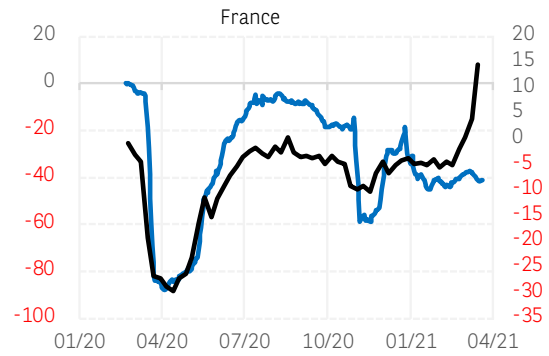
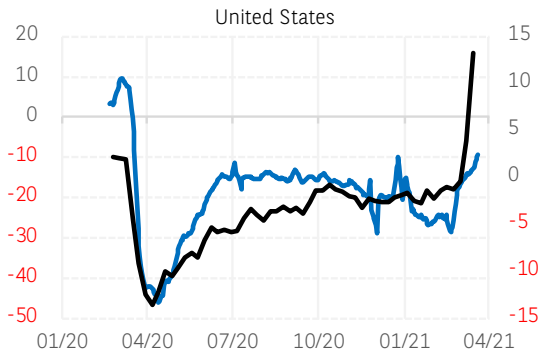
* Google Mobility Reports show how visits and length of stay at different places change compared to a baseline. The baseline is the median value, for the corresponding day of the week, during the 5-week period Jan 3–Feb 6, 2020. A figure of negative 30% indicates that traffic was down 30% compared to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



RETAIL AND RECREATION MOBILITY & OECD WEEKLY TRACKER

— Retail and recreation mobility (7-day moving average, % from baseline*)

— OECD Weekly tracker, y/y GDP growth [RHS]



SOURCE: OECD (03/24/2021), GOOGLE (03/23/2021), BNP PARIBAS

ECONOMIC SCENARIO

10

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 1ST APRIL OF YEAR N TO MARCH 31ST 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	0.10	0.10
	OAT 10y	-0.10	-0.25	-0.15	0.10	0.10	0.10	0.50	
	BTP 10y	0.75	0.60	0.80	1.20	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	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	-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)



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CALENDAR

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LATEST INDICATORS

The data in the United Kingdom were rather good. The unemployment rate declined slightly (the consensus had expected an increase) and the purchasing managers' indices (PMI) improved, in particular in services where they beat expectations by a wide margin. Inflation saw an unexpected decline. In Japan, the March flash PMIs hardly changed versus the month before. French business confidence improved strongly, far better than expected, and the flash PMIs also recorded an improvement. The consensus had expected stable numbers. The flash PMIs for Germany and the euro area in March were significantly better than the previous month, thereby clearly beating expectations. German and euro area consumer confidence also improved and the same holds for the IFO business climate. In the United States, the flash PMIs were stable but initial unemployment claims saw a big improvement, dropping below 700.000. University of Michigan confidence improved somewhat. As expected, February personal income recorded a big drop versus January, which had benefitted from the transfer payments to households that had been approved by Congress in December last year.

DATE	COUNTRY	INDICATOR	PERIOD	SURVEY	ACTUAL	PREVIOUS
03/23/2021	United Kingdom	ILO Unemployment Rate 3Mths	Jan	5.2%	5.0%	5.1%
03/23/2021	United States	New Home Sales MoM	Feb	-5.7%	-18.2%	4.3%
03/24/2021	Japan	Jibun Bank Japan PMI Mfg	Mar	--	52	51.4
03/24/2021	Japan	Jibun Bank Japan PMI Services	Mar	--	46.5	46.3
03/24/2021	Japan	Jibun Bank Japan PMI Composite	Mar	--	48.3	48.2
03/24/2021	United Kingdom	CPI Core YoY	Feb	1.4%	0.9%	1.4%
03/24/2021	France	Markit France Manufacturing PMI	Mar	56.3	58.8	56.1
03/24/2021	France	Markit France Services PMI	Mar	45.5	47.8	45.6
03/24/2021	France	Markit France Composite PMI	Mar	47.2	49.5	47.0
03/24/2021	Germany	Markit/BME Germany Manufacturing PMI	Mar	60.5	66.6	60.7
03/24/2021	Germany	Markit Germany Services PMI	Mar	46.5	50.8	45.7
03/24/2021	Germany	Markit/BME Germany Composite PMI	Mar	51.6	56.8	51.1
03/24/2021	Eurozone	Markit Eurozone Manufacturing PMI	Mar	57.6	62.4	57.9
03/24/2021	Eurozone	Markit Eurozone Services PMI	Mar	46	48.8	45.7
03/24/2021	Eurozone	Markit Eurozone Composite PMI	Mar	49.1	52.5	48.8
03/24/2021	United Kingdom	Markit UK PMI Manufacturing SA	Mar	55	57.9	55.1
03/24/2021	United Kingdom	Markit/CIPS UK Services PMI	Mar	51	56.8	49.5
03/24/2021	United Kingdom	Markit/CIPS UK Composite PMI	Mar	51.4	56.6	49.6
03/24/2021	United States	Cap Goods Orders Nondef Ex Air	Feb P	0.50%	-0.80%	0.40%
03/24/2021	United States	Markit US Manufacturing PMI	Mar	59.5	59.0	58.6
03/24/2021	United States	Markit US Services PMI	Mar	60.1	60.0	59.8
03/24/2021	United States	Markit US Composite PMI	Mar	--	59.1	59.5

SOURCE: BLOOMBERG



DATE	COUNTRY	INDICATOR	PERIOD	SURVEY	ACTUAL	PREVIOUS
03/24/2021	Eurozone	Consumer Confidence	Mar	-14.5	-10.8	-14.8
03/25/2021	Germany	GfK Consumer Confidence	Apr	-12.1	-6.2	-12.9
03/25/2021	France	Business Confidence	Mar	91.0	97.0	90.0
03/25/2021	Eurozone	ECB Publishes Economic Bulletin				
03/25/2021	United States	Initial Jobless Claims	Mar	730k	684k	770k
03/25/2021	United States	GDP Annualized QoQ	4Q	4.1%	4.3%	4.1%
03/26/2021	Japan	Tokyo CPI Ex-Fresh Food, Energy YoY	Mar	0.2%	0.3%	0.2%
03/26/2021	United Kingdom	Retail Sales Ex Auto Fuel MoM	Feb	1.7%	2.4%	-8.8%
03/26/2021	Germany	IFO Expectations	Mar	95.0	100.4	94.2
03/26/2021	Germany	IFO Current Assessment	Mar	91.3	93.0	90.6
03/26/2021	Germany	IFO Business Climate	Mar	93.2	96.6	92.4
03/26/2021	United States	Personal Income	Feb	-7.20%	-7.10%	10.00%
03/26/2021	United States	Personal Spending	Feb	-0.80%	-1.00%	2.40%
03/26/2021	United States	U. of Mich. Sentiment	Mar	83.6	84.9	83
03/26/2021	United States	U. of Mich. Current Conditions	Mar	93.1	93	91.5
03/26/2021	United States	U. of Mich. Expectations	Mar	78.8	79.7	77.5
03/26/2021	United States	U. of Mich. 1 year Inflation	Mar	--	3.10%	3.10%
03/26/2021	United States	U. of Mich. 5-10 years Inflation	Mar	--	2.80%	2.70%

SOURCE: BLOOMBERG



CALENDAR: THE WEEK AHEAD

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COMING INDICATORS

A very heavy week ahead of us with, as highlight, the US labour market report, but before that we will have the purchasing managers' indices in several countries, the Institute of Supply Management index and the Conference Board consumer confidence index in the US as well as, for the euro area, the European Commission confidence surveys. In addition we will have consumer confidence in France and the Tankan survey in Japan.

DATE	COUNTRY	INDICATOR	PERIOD	CONSENSUS	PREVIOUS
03/30/2021	Japan	Retail Sales MoM	Feb	--	-0.50%
03/30/2021	France	Consumer Confidence	Mar	--	91
03/30/2021	Eurozone	Consumer Confidence	Mar	--	--
03/30/2021	Eurozone	Economic Confidence	Mar	--	93.4
03/30/2021	Eurozone	Industrial Confidence	Mar	--	-3.3
03/30/2021	Eurozone	Services Confidence	Mar	--	-17.1
03/30/2021	United States	Conf. Board Consumer Confidence	Mar	96	91.3
03/30/2021	United States	Conf. Board Present Situation	Mar	--	92
03/30/2021	United States	Conf. Board Expectations	Mar	--	90.8
03/31/2021	China	Non-manufacturing PMI	Mar	52	51.4
03/31/2021	China	Manufacturing PMI	Mar	51	50.6
03/31/2021	China	Composite PMI	Mar	--	51.6
03/31/2021	United Kingdom	GDP QoQ	4Q	--	1.00%
03/31/2021	France	Consumer Spending MoM	Feb	--	-4.60%
03/31/2021	Eurozone	CPI Core YoY	Mar	--	1.10%
04/01/2021	Japan	Tankan Small Mfg Index	1Q	-20	-27
04/01/2021	Japan	Tankan Small Non-Mfg Index	1Q	-14	-12
04/01/2021	Japan	Tankan Large Mfg Index	1Q	0	-10
04/01/2021	Japan	Tankan Large Non-Mfg Index	1Q	-4	-5
04/01/2021	Japan	Jibun Bank Japan PMI Mfg	Mar	--	--
04/01/2021	China	Caixin China PMI Mfg	Mar	51.2	50.9
04/01/2021	France	Markit France Manufacturing PMI	Mar	--	--
04/01/2021	Germany	Markit/BME Germany Manufacturing PMI	Mar	--	--
04/01/2021	Eurozone	Markit Eurozone Manufacturing PMI	Mar	--	--
04/01/2021	United Kingdom	Markit UK PMI Manufacturing SA	Mar	--	--
04/01/2021	United States	Initial Jobless Claims	Mar	--	--
04/01/2021	United States	Markit US Manufacturing PMI	Mar	--	--
04/01/2021	United States	ISM Manufacturing	Mar	60.5	60.8
04/01/2021	United States	ISM Prices Paid	Mar	--	86
04/01/2021	United States	ISM Employment	Mar	--	54.4
04/02/2021	United States	Change in Nonfarm Payrolls	Mar	580k	379k
04/02/2021	United States	Unemployment Rate	Mar	6.00%	6.20%
04/02/2021	United States	Labor Force Participation Rate	Mar	--	61.40%
04/02/2021	United States	Underemployment Rate	Mar	--	11.10%

SOURCE: BLOOMBERG



FURTHER READING

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Banks are keeping appetite for TLTROs	EcoTVWeek	26 March 2021
Rising us treasury yields : no spillovers yet to emerging bond markets	Chart of the Week	24 March 2021
US : Does the American Rescue Plan go too far?	EcoFlash	23 March 2021
Netherlands : A liberal victory at the general election	EcoFlash	22 March 2021
EcoWeek 21.11. March 22 issue	EcoWeek	22 March 2021
France: state of play after one year of crisis	EcoTVWeek	19 March 2021
Denmark: negative rates are applied to more than 80% of corporate deposits outstanding	Chart of the Week	17 March 2021
EcoWeek 21.10. March 15 issue	EcoWeek	15 March 2021
EcoTV - March 2021	EcoTV	11 March 2021
France : Debt. size is not all that matters	Chart of the Week	10 March 2021
French economy Pocket Atlas	Pocket Atlas	9 March 2021
Eurozone : Towards an unwelcome tightening of financial conditions in the euro area?	EcoWeek	5 March 2021
Does the rise of bond yields call for yield curve control?	EcoTVWeek	5 March 2021
Growth jumps to 0.4% In third quarter of the fiscal year	Chart of the Week	3 March 2021
Europe: the shock of Covid-19 and the fear of accelerated zombification	Conjoncture	2 March 2021
United Kingdom : the trajectory of UK public finances after Covid	Conjoncture	2 March 2021
EcoWeek 21.08. February 26. 2021 issue	EcoWeek	26 February 2021
Central Europe: growth amid shortages	EcoTVWeek	26 February 2021
Accommodation and food service activities have made intensive use of sgls	Chart of the Week	24 February 2021
EcoWeek 21.07. February 19. 2021 issue	EcoWeek	19 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



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

Internet : www.group.bnpparibas.com - www.economic-research.bnpparibas.com

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



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