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# **EDITORIAL**

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#### THE STAIRWAY OF PUBLIC INDEBTEDNESS

For a large sample of developed economies, government debt as a percentage of GDP has been on a rising trend over the past 40 years. High public sector debt weakens the resilience of the economy to cope with interest rate and growth shocks. This calls for embarking, at some point in time, on a fiscal consolidation. Clearly, now is not the time. The economy is still recovering from the Covid-19 shock and the outlook remains highly uncertain. Nor is there any urgency, considering the very low interest rates. However, the absence of urgency in the near term should not make us forget about the necessity to act at a later stage. Otherwise, the resilience of the economy would weaken further. It would also represent a bet that in every downturn, central bank QE will come to the rescue.

For a large sample of developed economies, government debt as a percentage of GDP has been on a rising trend over the past 40 years.<sup>1</sup> Recessions cause an acceleration in this development due to the decline in GDP, the role of automatic stabilisers – whereby revenues decline and expenditures such as unemployment benefit payments increase - and discretionary measures to support growth. The decline in government indebtedness during an economic expansion tends to be slow and more limited. The Great Recession, which, after a short-lived recovery, was followed in many countries in the sample by a relapse in recession, had a profound impact, causing a big jump in indebtedness.

After a limited decline in the average debt ratio, this year will see another big increase due to the Covid-19 crisis. Uncertainty about the economic outlook remains very high and the IMF, in its latest Fiscal Monitor, argues that "more needs to be done to address rising poverty, unemployment, and inequality and to foster the economic recovery."<sup>2</sup> Assuming a healthy rebound in economic activity, the Fund expects the global public debt ratio to stabilise.

Low and stable interest rates play a key role in this respect. The health crisis has probably caused a further decline in the neutral rate of interest, monetary policy and quantitative easing keep bond yields under control and central bank forward guidance is unambiguous: accommodative policy will remain in place for a considerable time. It seems very likely that for several years to come, nominal GDP growth (g) should be higher than the average nominal interest rate on outstanding public debt (r). When g > r, stabilising the debt ratio shouldn't be that difficult, once activity has normalised, considering that it allows governments to run moderate primary deficits.

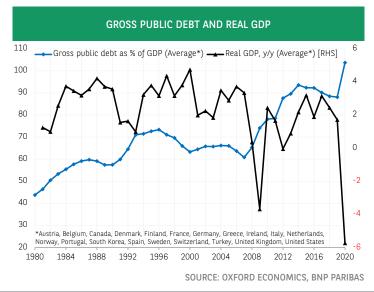
Of course, this would imply that the recession-induced jump in the public debt ratio becomes permanent, thereby extending the historical pattern of the debt stairway. In a recent speech, Banque de France's Governor François Villeroy de Galhau, warned this represents a tragedy on the horizon: "we do not know if nor when the tragedy – a major confidence shock, for instance – may happen. But we know for

1. Only for a small number of countries, the projected public debt ratio at the end of 2020 is not significantly different from that in 1980: Denmark, Ireland and Sweden. The data for 2020 are an estimate.

2. Source: IMF, Fiscal Monitor, October 2020.

sure that rising public debt is a growing risk hanging over us, and still more over our children and grandchildren."<sup>3</sup> High and rising public sector debt is indeed a source of mounting risk. First, it increases the sensitivity of government finances should interest rates rise due to a tightening of monetary policy. Driving down the debt ratio is more challenging when starting from an elevated level given the extent of the effort which is needed to bring it back to acceptable proportions. As a consequence, investors will demand a risk premium, which pushes up the borrowing cost and complicates debt stabilisation<sup>4</sup>.

3. Central banks' response to the "tragedy on the horizon", Speech by Mr François Villeroy de Galhau, Governor of the Bank of France, at the SUERF –Online Conference, 14 October 2020. 4. Cinzia Alcidi and Daniel Gros emphasize that a marginal increase in debt ends up causing a sizeable increase in interest charges because eventually debt will need to be refinanced at more expensive terms. They refer to the rule of the thumb of the IMF "that the risk premium increases by 4 basis points for every percentage of the debt GDP ratio above 60%." The authors mention that according to the European Commission, this increase is 3 basis points. Source: Public Debt and the Risk Premium: A Dangerous Doom Loop, EconPol Europe Opinion, 2019, vol. 2.



The absence of urgency in the near term should not make us forget about the necessity of a fiscal consolidation when circumstances are more favourable. Doing nothing would weaken the resilience of the economy to shocks. It would also represent a bet that in every downturn, central bank QE will come to the rescue.



At the current juncture, this risk looks remote because the ECB's quantitative easing – in particular the Pandemic Emergency Purchase Programme - has been instrumental in lowering sovereign spreads. When the net purchases of these programmes eventually come to a halt, this is expected to cause a repricing of risk and lead to somewhat wider sovereign spreads. Second, because of the impact on borrowing costs, it reduces the possibility to stimulate growth using fiscal policy, unless the central bank would again start a QE programme and buy government paper. Third, the sensitivity of government finances to a recession increases: a contraction of GDP causes a bigger increase in the debt ratio in terms of percentage points of GDP.

All these reasons call for embarking, at some point in time, on fiscal consolidation, i.e. to reduce year after year the cyclically adjusted primary deficit or even increase the surplus. The more difficult question is when to start? Clearly, now is not the time. The economic outlook remains highly uncertain due to the pandemic and even when a vaccine will have been found and deployed, most economies will continue to operate below potential for quite some time.

A contractionary fiscal policy when the output gap is negative would neutralise to a large degree the efforts of central banks in pushing up inflation by means of an accommodative monetary policy. On the other hand, fiscal consolidation when the output gap is positive would reduce the required extent of monetary tightening to keep inflation under control. Although the interaction with monetary policy is relevant to consider when deciding on the timing of a fiscal consolidation, the overriding concern should be whether the economy can withstand the fiscal policy tightening.

Government expenditure cuts or tax increases have a direct impact on final demand and income but they also increase uncertainty about future income and profits. A priori, one would expect the sensitivity to be higher when growth is subdued than when the activity is booming. Empirical research shows that this sensitivity – also known as the fiscal multiplier – fluctuates over time and is higher during recessions and lower during expansions. This calls for 'backloading' the fiscal consolidation effort and waiting for a more robust growth environment. Hysteresis effects – whereby a cyclical increase in unemployment ends up becoming permanent- strengthen the case for postponing the budgetary adjustment 'until the time is ripe'.<sup>5</sup>

The current low rate environment, in conjunction with QE, also means there is no urgency to act. As explained before, when g > r, the debt ratio declines 'automatically', unless the primary deficit would be too high to start with. However, the absence of urgency in the near term should not make us forget about the necessity to act at a later stage, when circumstances are more favourable. Doing nothing would weaken the resilience of the economy to cope with interest rate and growth shocks. It would also represent a bet that in every downturn, central bank QE will come to the rescue.

William De Vijlder

5. This point is analysed in an excellent paper from the IMF: *How delaying fiscal consolidation affects the present value of GDP*, working paper 15/52, March 2015



## **MARKETS OVERVIEW**

**OVERVIEW** 

| 2 |  |  |
|---|--|--|
|   |  |  |

| ¥ CAC 40           | 1 0 2 6 | ▶ 4 851 | -1.7 | 0/  | Interest Rates |       | highest  | 20    | lowest   | 20    | Yield (%)    |       | high   | est 20   | low   | est 20   |
|--------------------|---------|---------|------|-----|----------------|-------|----------|-------|----------|-------|--------------|-------|--------|----------|-------|----------|
|                    |         |         |      |     | € ECB          | 0.00  | 0.00 at  | 01/01 | 0.00 at  | 01/01 | € AVG 5-7y   | -0.36 | 0.72   | at 18/03 | -0.40 | at 19/10 |
| ¥ S&P 500          | 3 484   | ▶ 3 453 | -0.9 | %   | Eonia          | -0.47 | -0.44 at | 31/03 | -0.49 at | 30/09 | Bund 2y      | -0.77 | -0.58  | at 14/01 | -1.00 | at 09/03 |
| 🛪 Volatility (VIX) | 27.4    | ▶ 28.1  | +0.7 | bp  | Euribor 3M     | -0.51 | -0.16 at | 23/04 | -0.51 at | 12/10 | Bund 10y     | -0.56 | -0.17  | at 19/03 | -0.84 | at 09/03 |
| 뇌 Libor \$ 3M (%)  | 0.22    | ▶ 0.21  | -0.9 | bp  | Euribor 12M    | -0.47 | -0.05 at | 22/04 | -0.47 at | 20/10 | OAT 10y      | -0.35 | 0.28   | at 18/03 | -0.42 | at 09/03 |
| ■ OAT 10y (%)      | -0.41   | ► -0.35 | +6.2 | bp  | \$ FED         | 0.25  | 1.75 at  | 01/01 | 0.25 at  | 16/03 | Corp. BBB    | 0.80  | 2.54   | at 24/03 | 0.65  | at 20/02 |
| ■ Bund 10y (%)     | -0.62   | ▶ -0.56 | +6.1 | bp. | Libor 3M       | 0.21  | 1.91 at  | 01/01 | 0.21 at  | 19/10 | \$ Treas. 2y | 0.16  | 1.59   | at 08/01 | 0.11  | at 04/08 |
| ■ US Tr. 10y (%)   | 0.74    |         |      |     | Libor 12M      | 0.33  | 2.00 at  | 01/01 | 0.33 at  | 21/10 | Treas. 10y   | 0.85  | 1.91   | at 01/01 | 0.50  | at 09/03 |
| 7 Euro vs dollar   |         | ▶ 1.18  | +0.9 | . 1 | £ BoE          | 0.10  | 0.75 at  | 01/01 | 0.10 at  | 19/03 | High Yield   | 5.71  | 1 1.29 | at 23/03 | 5.44  | at 21/02 |
|                    |         |         |      |     | Libor 3M       | 0.05  | 0.80 at  | 08/01 | 0.05 at  | 14/10 | £ gilt. 2y   | -0.02 | 0.61   | at 08/01 | -0.12 | at 21/09 |
| ы Gold (ounce, \$) | 1 903   | ▶ 1 899 | -0.2 | %   | Libor 12M      | 0.12  | 0.98 at  | 01/01 | 0.12 at  | 20/10 | gilt. 10y    | 0.33  | 0.83   | at 01/01 | 0.04  | at 04/08 |
| 🔰 Oil (Brent, \$)  | 43.0    | ▶ 42.5  | -1.0 | %   | At 22-10-20    | -     |          |       |          |       | At 22-10-20  | -     |        |          |       |          |

#### **EXCHANGE RATES**

| 1€ =    |        | high   | est 20   | low    | est | 20    | 2020   |
|---------|--------|--------|----------|--------|-----|-------|--------|
| USD     | 1.18   | 1.20   | at 01/09 | 1.07   | at  | 20/03 | +5.4%  |
| GBP     | 0.90   | 0.94   | at 23/03 | 0.83   | at  | 18/02 | +6.6%  |
| CHF     | 1.07   | 1.09   | at 05/06 | 1.05   | at  | 14/05 | -1.3%  |
| JPY     | 123.96 | 126.82 | at 31/08 | 114.51 | at  | 06/05 | +1.6%  |
| AUD     | 1.66   | 1.87   | at 23/03 | 1.60   | at  | 01/01 | +4.2%  |
| CNY     | 7.89   | 8.26   | at 30/07 | 7.55   | at  | 19/02 | +0.9%  |
| BRL     | 6.60   | 6.69   | at 20/08 | 4.51   | at  | 02/01 | +46.1% |
| RUB     | 90.50  | 92.95  | at 29/09 | 67.75  | at  | 10/01 | +29.8% |
| INR     | 86.98  | 89.12  | at 18/08 | 77.21  | at  | 17/02 | +8.6%  |
| At 22-2 | 10-20  |        |          |        |     |       | Change |

#### COMMODITIES

**MONEY & BOND MARKETS** 

| Spot price, \$ |       | hig   | hest | t <b>20</b> | lov     | vest | 20    | 2020   | 2020(€) |
|----------------|-------|-------|------|-------------|---------|------|-------|--------|---------|
| Oil, Brent     | 42.5  | 69.1  | at   | 06/01       | 16.5    | at 2 | 21/04 | -35.9% | -39.1%  |
| Gold (ounce)   | 1 899 | 2 053 | at   | 06/08       | 1 475   | at 3 | 19/03 | +24.9% | +18.6%  |
| Metals, LMEX   | 3 108 | 3 125 | at   | 21/10       | 2 2 3 2 | at 2 | 23/03 | +9.3%  | +3.7%   |
| Copper (ton)   | 6 907 | 6 978 | at   | 21/10       | 4 625   | at 2 | 23/03 | +12.3% | +6.6%   |
| wheat (ton)    | 235   | 2.4   | at   | 21/01       | 178     | at 2 | 26/06 | +2.7%  | -2.5%   |
| Corn (ton)     | 156   | 1.6   | at   | 22/10       | 113     | at 2 | 28/04 | +0.4%  | -1.1%   |
| At 22-10-20    | -     |       |      |             |         | _    |       |        | Change  |

#### **EQUITY INDICES**

|                    | Index  | highest 20      | lowest 20       | 2020   |
|--------------------|--------|-----------------|-----------------|--------|
| World              |        |                 |                 |        |
| MSCI World         | 2 421  | 2 494 at 02/09  | 1 602 at 23/03  | +2.7%  |
| North America      |        |                 |                 |        |
| S&P500             | 3 453  | 3 581 at 02/09  | 2 237 at 23/03  | +6.9%  |
| Europe             |        |                 |                 |        |
| EuroStoxx50        | 3 171  | 3 865 at 19/02  | 2 386 at 18/03  | -15.3% |
| CAC 40             | 4 851  | 6 111 at 19/02  | 3 755 at 18/03  | -1.9%  |
| DAX 30             | 12 543 | 13 789 at 19/02 | 8 442 at 18/03  | -5.3%  |
| IBEX 35            | 6 797  | 10 084 at 19/02 | 6 107 at 16/03  | -2.9%  |
| FTSE100            | 5 786  | 7 675 at 17/01  | 4994 at 23/03   | -2.3%  |
| Asia               |        |                 |                 |        |
| MSCI, loc.         | 936    | 1 034 at 20/01  | 743 at 23/03    | -0.7%  |
| Nikkei             | 23 474 | 24 084 at 20/01 | 16 553 at 19/03 | -0.8%  |
| Emerging           |        |                 |                 |        |
| MSCI Emerging (\$) | 1 1 37 | 1 147 at 17/01  | 758 at 23/03    | +0.2%  |
| China              | 103    | 104 at 21/10    | 69 at 19/03     | +20.5% |
| India              | 583    | 609 at 17/01    | 353 at 23/03    | +1.6%  |
| Brazil             | 1 499  | 2 429 at 02/01  | 1 036 at 23/03  | -12.4% |
| Russia             | 548    | 857 at 20/01    | 419 at 18/03    | -18.1% |
| At 22-10-20        | -      |                 |                 | Change |

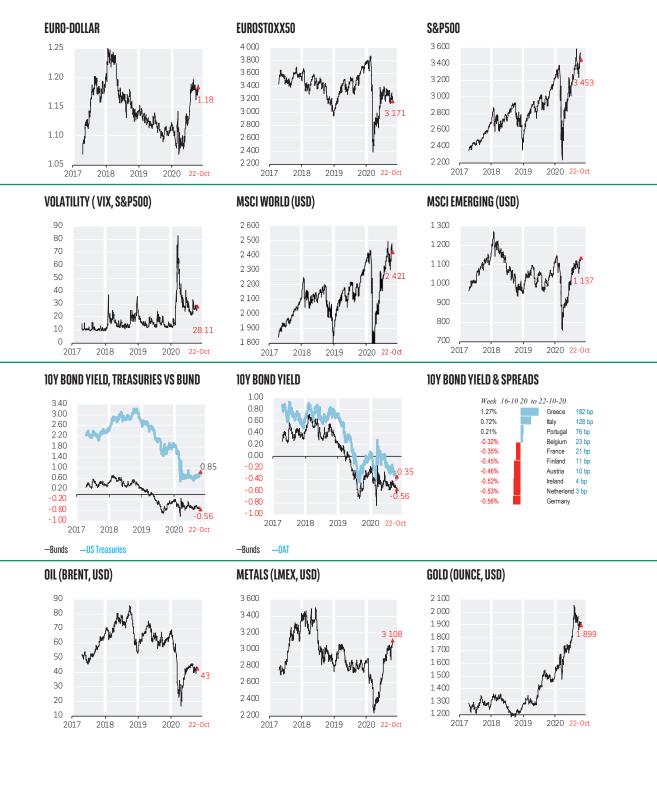
#### PERFORMANCE BY SECTOR (Eurostoxx50 & S&P500)

| Year 2020 to 22-10, €<br>+6.6%<br>+2.2%<br>-0.2%<br>-0.6%<br>-2.8%<br>-5.0%<br>-6.5%<br>-10.3%<br>-12.3%<br>-12.6%<br>-13.4%<br>-14.5%<br>-14.5%<br>-18.9%<br>-19.5% | Technology<br>Retail<br>Chemical<br>Utilities<br>Consumption Goods<br>Health<br>Industry<br>Construction<br>Commodities<br>Car<br>Index<br>Food industry<br>Media<br>Telecoms | Year 2020 to 22-10, \$<br>+93.4%<br>+30.2%<br>+26.8%<br>+7.1%<br>+6.4%<br>+3.3%<br>+2.1%<br>+2.0%<br>-1.6%<br>-3.0%<br>-4.4%<br>-5.6%<br>-7.0%<br>-8.0% | Car<br>Retail<br>Technology<br>Construction<br>Commodities<br>Household & Care<br>Index<br>Health<br>Industry<br>Chemical<br>Financial services<br>Food industry<br>Utilities<br>Media |
|--|---|---|--|
|  |   |   |  |

SOURCE: THOMSON REUTERS,



## **MARKETS OVERVIEW**



SOURCE: THOMSON REUTERS,



# **ECONOMIC PULSE**

### **CHINA: A SOLID CAPACITY TO REBOUND**

China's economic dynamics have remained the same in the past three months, i.e. the recovery has continued and strengthened gradually. As a result, real GDP registered positive growth of 0.7% y/y in the first three quarters of 2020, and 4.9% y/y in Q3 alone. The main economic sectors all reported positive growth in the first three quarters: +2.3% in the primary sector (vs. 3.1% in 2019), +0.9% in the secondary sector (vs. 5.7% in 2019) and +0.4% in the tertiary sector (vs. 6.9% in 2019). These data underline both the solid capacity of the Chinese economy to rebound after the Q1 shock, and the greater fragility of the services sector, where the recovery has started later and been slower than in the industrial sector.

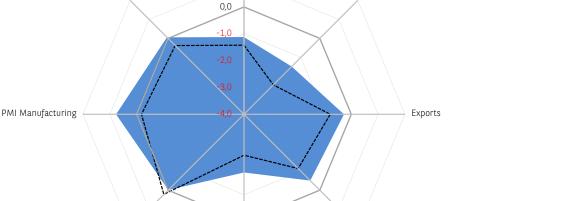
As seen in our monthly Pulse, the expansion of the blue area compared to the dotted area shows a more widespread recovery in activity in Q3 2020 than in Q2. The recovery that followed the lockdown period of Q1 was initially driven by the rebound in industrial production and investment in both public infrastructure and real estate. Then,

PMI Services

CPI

in Q3 2020, it has also been supported by the improvement in the services sector and by the strengthening in other demand components. Export growth accelerated strongly (+9.9% y/y in September), driven by sales of medical equipment and IT goods and, more recently, by sales of home appliances and other consumer goods. Investment in the manufacturing sector strengthened in Q3, but yet is lagging behind investment in the property sector and public infrastructure. The rebound in retail sales has also gained momentum since August, but they were still well below their 2019 level over the first nine months of the year (-7.2% y/y). Consumer price inflation has continued to slow (to 2.3% y/y on average in Q3). While core inflation stayed low and stable (at 0.5%) au T3, disinflation has resulted mainly from the fall in fuel prices and slower inflation in food prices.

#### **Christine Peltier**



Retail Sales

Imports

QUARTERLY CHANGES

--- 3-month moving average (4 months ago) Industrial Production

3-month moving average (actual)

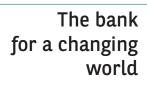
1,0

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 -4 and +2. 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.

Fixed-asset investment





# **ECONOMIC SCENARIO**

#### **UNITED STATES**

After its collapse in the second quarter (-31.7% on an annualized basis) the economy partially recovered during the summer months, with surveys (among households and businesses) returning to almost normal levels. However, at the end of September, the activity deficit to be filled compared to 2019 remains significant (in the order of 4 percentage points of GDP), as the sectors most exposed internationally are far from having returned to their pre-crisis level. With an unemployment rate that has doubled and is now close to 8.5%, the labour market remains hard-hit, a fact that no doubt weighed in the Fed's decision to further accommodate its policy in the long term by adapting its inflation targeting strategy.

#### CHINA

After plummeting during the period of the strictest lockdown in February, economic activity has gradually turned around since March. The contraction in real GDP was unprecedented in Q1 2020, but the rebound in Q2 was strong enough to completely regain the ground that was lost. Monetary policy has been eased cautiously and should become less supportive in H2 2020 as the authorities focus more on containing risks in the financial system. Stimulus efforts should depend increasingly on fiscal policy in the year ahead, with infrastructure investment boosted further. Downside risks on our short-term scenario are significant, notably due to the sluggish momentum in private consumption growth and tensions with the US.

#### **EUROZONE**

As expected, confinement measures taken to tackle the epidemic have severely hit the eurozone economy. GDP has massively fallen in Q2 2020, by -11.8% (q/q) after -3.7% in Q1 2020. While the economy entered Q3 2020 with relatively strong momentum, the latest indicators point to a somewhat slower pace with the risk of a significant decrease in GDP growth in Q4 2020. In all likelihood, the loss of activity following the Covid-19 shock should not be erased by the end-2021. Beyond the uncertainties about the pandemic, worries remain regarding the expected increase in both unemployment rate and bankruptcies. These developments could weigh respectively on consumer confidence and private investment. The policy mix will remain supportive, which is an essential condition for a strong recovery. Fiscal recovery packages, both at the national and European level, are a crucial complement to the accommodative and flexible monetary policy.

#### FRANCE

In the first half of 2020, the economy suffered a massive recessionary shock caused by the Covid-19 pandemic and containment measures: GDP plunged by 5.9%q/q in Q1 and then by 13.8% q/q in Q2. Since mid-May and the end of the lockdown, a mechanical rebound has been at work: the catching up was vigorous until June-July and is helping to moderate the 2020 GDP contraction. But it remains incomplete and is losing steam. The French sectoral specificities, the dispersed nature of the recovery and the return to normal, both at the sector level and geographically, act as a brake. Uncertainty remains high as to the extent of the shock wave in terms of company failures and rising unemployment. The health situation remains worrying. By 2021, GDP would still be about 2% below its end-2019 level. However, the emergency measures implemented in the spring have played a key cushioning role, while the EUR 100 bn France Recovery plan, detailed on 3 September, have a reinforcing role. We estimate the additional growth in 2021 at 0.6 points.

### **INTEREST RATES AND FX RATES**

In the US, the Federal Reserve's new strategy of targeting average inflation implies a dovish twist. Policy should remain on hold for quite some time, considering that the FOMC wants inflation to move beyond 2% so as to make up for below target inflation in recent years. Should the economic situation worsen, more measures are to be expected. Treasury yields should move higher on the back of the economic recovery and because the Fed will accept and actually wants inflation to rise beyond 2%.



In the eurozone, the ECB projects inflation in 2022 to remain well below its objective and, although the economy is recovering, it considers that risks are still tilted to the downside. This implies that current monetary policy will be maintained for a long time and that more easing is possible should circumstances require. This very accommodative setting should keep a lid on sovereign bond spreads. As usual, eurozone bond yields will be very much influenced by what happens to US yields. Clearly, fluctuations in risk appetite also play an important role.

The Bank of Japan is expected to maintain its current policy stance including its yield curve control strategy.

We expect the recent trend of dollar weakening to continue. 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 which should support the euro. Similar arguments apply for the dollar versus the yen.

#### **GROWTH & INFLATION**

|                | G    | DP Grow | <i>r</i> th |      | Inflation | í      |
|----------------|------|---------|-------------|------|-----------|--------|
| %              | 2019 | 2020 e  | 2021 e      | 2019 | 2020 e    | 2021 e |
| United-States  | 2.2  | -4.2    | 4.2         | 1.8  | 1.3       | 1.9    |
| Japan          | 0.7  | -5.4    | 1.2         | 0.5  | 0.0       | -0.3   |
| United-Kingdom | 1.5  | -9.7    | 6.9         | 1.8  | 0.7       | 1.3    |
| Еиго Агеа      | 1.3  | -8.0    | 5.2         | 1.2  | 0.3       | 0.9    |
| Germany        | 0.6  | -5.6    | 4.7         | 1.4  | 0.6       | 1.6    |
| France         | 1.5  | -9.8    | 6.8         | 1.3  | 0.6       | 0.9    |
| Italy          | 0.3  | -10.0   | 5.3         | 0.6  | -0.1      | 0.4    |
| Spain          | 2.0  | -13.0   | 5.0         | 0.8  | -0.3      | 0.6    |
| China          | 6.1  | 2.5     | 7.5         | 2.9  | 2.8       | 2.3    |
| India*         | 4.2  | -11.4   | 9.6         | 4.8  | 5.5       | 3.4    |
| Brazil         | 1.1  | -5.0    | 3.0         | 3.7  | 2.6       | 2.6    |
| Russia         | 1.3  | -5.0    | 3.1         | 4.3  | 3.3       | 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 09/10/2020

#### **INTEREST & EXCHANGE RATES**

| milleres                      | t rates, %   | 2020  |                             |                             |                             | 2021   |                            |                            |                             |                                   |
|-------------------------------|--|---|-----------------------------|-----------------------------|-----------------------------|--|----------------------------|----------------------------|-----------------------------|-----------------------------------|
| End of                        | period   | Q1  | Q2                          | Q3                          | Q4e                         | Q1e  | Q2e                        | Q4e                        | 2020e                       | 2021e                             |
| US                            | Fed Funds<br>(upper limit)                                 | 0.25  | 0.25                        | 0.25                        | 0.25                        | 0.25   | 0.25                       | 0.25                       | 0.25                        | 0.25                              |
|                               | T-Notes 10y  | 0.67  | 0.80                        | 0.64                        | 0.75                        | 0.90   | 1.00                       | 1.20                       | 0.75                        | 1.20                              |
| Ezone                         | Deposit rate   | -0.50   | -0.50                       | 0.00                        | -0.50                       | -0.50  | -0.50                      | -0.50                      | -0.50                       | -0.50                             |
|                               | Bund 10y   | -0.46   | -0.50                       | -0.54                       | -0.30                       | -0.20  | -0.10                      | 0.00                       | -0.30                       | 0.00                              |
|                               | OAT 10y  | -0.05   | -0.15                       | -0.32                       | -0.05                       | 0.05   | 0.15                       | 0.25                       | -0.05                       | 0.25                              |
|                               | BTP 10y  | 1.55  | 1.30                        | 0.77                        | 0.90                        | 1.20   | 1.40                       | 1.50                       | 0.90                        | 1.50                              |
|                               | B0N0 10y   | 0.68  | 0.50                        | 0.16                        | 0.30                        | 0.50   | 0.20                       | 0.70                       | 0.30                        | 0.70                              |
| υк                            | Base rate  | 0.10  | 0.10                        | 0.10                        | 0.10                        | 0.10   | 0.10                       | 0.10                       | 0.10                        | 0.10                              |
|                               | Gilts 10y  | 0.31  | 0.55                        | 0.14                        | 0.30                        | 0.30   | 0.40                       | 0.70                       | 0.30                        | 0.70                              |
| Japan                         | BoJ Rate   | -0.07   | -0.10                       | -0.03                       | -0.10                       | -0.10  | -0.10                      | -0.10                      | -0.10                       | -0.10                             |
|                               | JGB 10y  | 0.02  | 0.00                        | 0.02                        | 0.05                        | 0.05   | 0.10                       | 0.15                       | 0.05                        | 0.15                              |
|                               |  |   |                             |                             |                             |  |                            |                            |                             |                                   |
| Fueb c -                      | ge Rates   | 2020  |                             |                             |                             | 2021   |                            |                            | 1                           |                                   |
| exchan                        | ge nares   |   |                             |                             |                             |  |                            |                            |                             |                                   |
| Exchan<br>End of              |  | Q1  | Q2                          | Q3                          | Q4e                         | Q1e  | Q2e                        | Q4e                        | 2020e                       | 20216                             |
|                               |  |   | <b>Q2</b>                   | <b>Q3</b><br>1.17           | <b>Q4e</b><br>1.23          |  | <b>Q2e</b><br>1.25         | <b>Q4e</b><br>1.27         | 2020e                       | <b>2021</b>                       |
| End of                        | period   | Q1  |                             |                             |                             | Q1e  |                            |                            |                             |                                   |
| End of                        | period<br>EUR / USD  | <b>Q1</b><br>1.10                               | 1.09                        | 1.17                        | 1.23                        | <b>Q1e</b><br>1.24                               | 1.25                       | 1.27                       | 1.23                        | 1.27                              |
| End of                        | period<br>EUR / USD<br>USD / JPY                           | <b>Q1</b><br>1.10<br>108                        | 1.09<br>104                 | 1.17<br>106                 | 1.23<br>102                 | <b>Q1e</b><br>1.24<br>101                        | 1.25<br>99                 | 1.27<br>95                 | 1.23<br>102                 | 1.27<br>95                        |
| End of<br>USD                 | period<br>EUR / USD<br>USD / JPY<br>GBP / USD              | <b>Q1</b><br>1.10<br>108<br>1.24                | 1.09<br>104<br>1.24         | 1.17<br>106<br>1.28         | 1.23<br>102<br>1.41         | <b>Q1e</b><br>1.24<br>101<br>1.43                | 1.25<br>99<br>1.45         | 1.27<br>95<br>1.48         | 1.23<br>102<br>1.41         | 1.27<br>95<br>1.48                |
| End of<br>USD                 | period<br>EUR / USD<br>USD / JPY<br>GBP / USD<br>EUR / GBP | <b>Q1</b><br>1.10<br>108<br>1.24<br>0.89        | 1.09<br>104<br>1.24<br>0.88 | 1.17<br>106<br>1.28<br>0.91 | 1.23<br>102<br>1.41<br>0.87 | <b>Q1e</b><br>1.24<br>101<br>1.43<br>0.87        | 1.25<br>99<br>1.45<br>0.86 | 1.27<br>95<br>1.48<br>0.86 | 1.23<br>102<br>1.41<br>0.87 | 1.27<br>95<br>1.48<br>0.86        |
| End of<br>USD<br>EUR<br>Brent | period<br>EUR / USD<br>USD / JPY<br>GBP / USD<br>EUR / GBP | <b>Q1</b><br>1.10<br>108<br>1.24<br>0.89<br>118 | 1.09<br>104<br>1.24<br>0.88 | 1.17<br>106<br>1.28<br>0.91 | 1.23<br>102<br>1.41<br>0.87 | <b>Q1e</b><br>1.24<br>101<br>1.43<br>0.87<br>125 | 1.25<br>99<br>1.45<br>0.86 | 1.27<br>95<br>1.48<br>0.86 | 1.23<br>102<br>1.41<br>0.87 | 1.27<br>95<br>1.48<br>0.86<br>121 |

LAST UPDATE: 09/10/2020

SOURCE: BNP PARIBAS GLOBAL MARKETS (E: ESTIMATES)

## CALENDAR

#### LATEST INDICATORS

The recovery in China continues. Admittedly, third quarter GDP growth slowed - for understandable reasons, coming after a very strong second quarter -, but versus last year, growth accelerated. This is also the case for industrial production in September. It should be noted however that most indicators came in slightly below expectations. In the US, the NAHB housing market index saw a small improvement whereas building permits increased significantly, beating expectations. Housing starts are also on the rise but less than expected. In Japan, the year-over-year decline of Tokyo department store sales was even bigger in September than the month before. France saw a slight decline in business confidence, to a large degree driven by services. Although UK retail sales growth picked up in September, beating expectations, consumer confidence declined more than expected in October. The flash PMIs weakened as well and the decline in services was unexpectedly large. The PMIs in Japan were hardly changed compared to September. The services PMI declined more than expected in France, Germany and the euro area. The manufacturing PMI eased slightly in France. It improved for the euro zone, thereby largely beating the consensus which had expected a decline. The manufacturing index powered ahead in Germany and the positive surprise was huge (58 versus 55). In the US, the manufacturing PMI was virtually unchanged versus the previous month. The services sector saw an unexpected improvement.

| DATE       | COUNTRY        | INDICATOR                     | PERIOD | ACTUAL | SURVEY | PREVIOUS |
|------------|----------------|-------------------------------|--------|--------|--------|----------|
| 10/19/2020 | China          | GDP SA QoQ                    | 3Q     | 2.7%   | 3.3%   | 11.7%    |
| 10/19/2020 | China          | GDP YoY                       | 3Q     | 4.9%   | 5.5%   | 3.2%     |
| 10/19/2020 | China          | Industrial Production YTD YoY | Sep.   | 1.2%   | 1.0%   | 0.4%     |
| 10/19/2020 | China          | Retail Sales YTD YoY          | Sep.   | -7.2%  | -7.4%  | -8.6%    |
| 10/19/2020 | China          | Fixed Assets Ex Rural YTD YoY | Sep.   | 0.8%   | 0.9%   | -0.3%    |
| 10/19/2020 | China          | Property Investment YTD YoY   | Sep.   | 5.6%   | 5.2%   | 4.6%     |
| 10/19/2020 | China          | Surveyed Jobless Rate         | Sep.   | 5.4%   | 5.5%   | 5.6%     |
| 10/19/2020 | United States  | NAHB Housing Market Index     | Oct.   | 85     | 83     | 83       |
| 10/20/2020 | United States  | Building Permits MoM          | Sep.   | 5.2%   | 3.0%   | -0.5%    |
| 10/20/2020 | United States  | Housing Starts MoM            | Sep.   | 1.9%   | 3.5%   | -6.7%    |
| 10/21/2020 | United States  | U.S. Fed. Releases Beige Book |        | 0      | 0      |          |
| 10/22/2020 | Japan          | Tokyo Dept Store Sales YoY    | Sep.   | -35.0% |        | -29.1%   |
| 10/22/2020 | France         | Business Confidence           | Oct.   | 90     | 92     | 92       |
| 10/22/2020 | United Kingdom | CBI Business Optimism         | Oct.   | 0      | -17    | -1       |
| 10/22/2020 | United States  | Initial Jobless Claims        | Oct.   | 787k   | 870k   | 842k     |
| 10/22/2020 | Eurozone       | Consumer Confidence           | Oct.   | -15.5  | -15.0  | -13.9    |
| 10/23/2020 | United Kingdom | GfK Consumer Confidence       | Oct.   | -31    | -28    | -25      |
| 10/23/2020 | Japan          | Jibun Bank PMI Mfg            | Oct.   | 48.0   |        | 47.7     |
| 10/23/2020 | Japan          | Jibun Bank PMI Services       | Oct.   | 46.6   |        | 46.9     |
| 10/23/2020 | Japan          | Jibun Bank PMI Composite      | Oct.   | 46.7   |        | 46.6     |

SOURCE: BLOOMBERG



| DATE       | COUNTRY        | INDICATOR                         | PERIOD | ACTUAL | SURVEY | PREVIOUS |
|------------|----------------|-----------------------------------|--------|--------|--------|----------|
| 10/23/2020 | United Kingdom | Retail Sales Ex Auto Fuel MoM     | Sep.   | 1.6%   | 0.5%   | 0.6%     |
| 10/23/2020 | France         | Markit France Manufacturing PMI   | Oct.   | 51.0   | 51.0   | 51.2     |
| 10/23/2020 | France         | Markit France Services PMI        | Oct.   | 46.5   | 47.0   | 47.5     |
| 10/23/2020 | France         | Markit France Composite PMI       | Oct.   | 47.3   | 48.0   | 48.5     |
| 10/23/2020 | Germany        | Markit/BME Manufacturing PMI      | Oct.   | 58.0   | 55.0   | 56.4     |
| 10/23/2020 | Germany        | Markit Germany Services PMI       | Oct.   | 48.9   | 49.4   | 50.6     |
| 10/23/2020 | Germany        | Markit/BME Germany Composite PMI  | Oct.   | 54.5   | 53.3   | 54.7     |
| 10/23/2020 | Eurozone       | Markit Eurozone Manufacturing PMI | Oct.   | 54.4   | 53.0   | 53.7     |
| 10/23/2020 | Eurozone       | Markit Eurozone Services PMI      | Oct.   | 46.2   | 47.0   | 48.0     |
| 10/23/2020 | Eurozone       | Markit Eurozone Composite PMI     | Oct.   | 49.4   | 49.2   | 50.4     |
| 10/23/2020 | United Kingdom | Markit UK PMI Manufacturing SA    | Oct.   | 53.3   | 53.1   | 54.1     |
| 10/23/2020 | United Kingdom | Markit/CIPS UK Services PMI       | Oct.   | 52.3   | 53.9   | 56.1     |
| 10/23/2020 | United Kingdom | Markit/CIPS UK Composite PMI      | Oct.   | 52.9   | 54.0   | 56.5     |
| 10/23/2020 | United States  | Markit US Manufacturing PMI       | Oct.   | 53.3   | 53.5   | 53.2     |
| 10/23/2020 | United States  | Markit US Services PMI            | Oct.   | 56     | 54.6   | 54.6     |
| 10/23/2020 | United States  | Markit US Composite PMI           | Oct.   | 55.5   |        | 54.3     |

SOURCE: BLOOMBERG



## **CALENDAR: THE WEEK AHEAD**

#### **COMING INDICATORS**

The highlight of next week is the ECB Governing Council meeting. Analysts will be eager to hear the reaction to the mounting economic headwinds coming from the rising number of Covid-19 infections against a background of very low and declining core inflation. The week will also be very rich in terms of data releases with the publication of third quarter GDP growth in the US, France, Germany and the euro area. Several surveys will be published for the month of October: IFO business climate in Germany, Conference Board consumer confidence and University of Michigan sentiment in the US, consumer confidence in France, economic confidence and its sub-series for the euro area as well as several regional surveys in the US. Finally, there is also the meeting of the Bank of Japan.

| 10/26/2020GermanyIFO Business ClimateOct93.410/26/2020GermanyIFO Current AssessmentOct89.210/26/2020United StatesNeikoper Mat Activity IndexSep89.210/26/2020United StatesNew Home Sales MoMSep81.810/26/2020United StatesDallas Fed Marf, Activity IndexSep81.810/26/2020ChinaIndustrial Prifts Yo'Sep81.910/27/2020FraceCatal ObseekersSqu19.810/27/2020United StatesConf. Board Present StruationOct   | DATE       | COUNTRY       | INDICATOR                              | PERIOD | CONSENSUS | PREVIOUS   |
|---|------------|---------------|--|--------|-----------|------------|
| 10/26/2020GermanyIFO Current AssessmentOpt89.210/26/2020United StatesChicago Fed Nat Activity IndexSep0.7910/26/2020United StatesNew Home Sales MoMOct.13.513.610/26/2020United StatesDallas Fed Marf ActivityOct.13.513.610/26/2020ChinaIndustrial Profits YoYSep19.1%10/27/2020FranceCog Goods Orders Nondef Ex AirSep19.810/27/2020United StatesConf Goods Orders Nondef Ex AirSep19.610/27/2020United StatesConf Board Present SituationOct98.510/27/2020United StatesConf Board ExpectationsOct98.510/27/2020United StatesRichinond Fed Manufact. IndexOct95.510/28/2020FranceConsumer ConfidenceOct95.710/28/2020IapanRetail Sales MoMSep11.110/29/2020IapanRetail Sales MoMSep11.110/29/2020IapanConsumer ConfidenceOct95.710/29/2020IapanConsumer ConfidenceOct10/29/2020FarceGorsumer ConfidenceOct10/29/2020IurozoneConsumer ConfidenceOct10/29/2020Fu  | 10/26/2020 | Germany       | IFO Business Climate                   | Oct.   |           | 93.4       |
| 10/26/2020     United States     Chicago Fed Nat Activity Index     Sep.      0.79       10/26/2020     United States     New Home Sales MoM     Sep.     -0.1%     4.8%       10/26/2020     United States     Datas Fed Manf, Activity     Oct.     13.5     13.6       10/27/2020     China     Industrial Profits YOY     Sep.      4.1493e+06       10/27/2020     France     Total Lobseckers     3Q      4.1493e+06       10/27/2020     United States     Conf, Board Present Situation     Oct.     10.9     9.85       10/27/2020     United States     Conf, Board Present Situation     Oct.      104.0       10/27/2020     United States     Richmond Fed Manufact. Index     Oct.     16.2     21       10/27/2020     United States     Richmond Fed Manufact. Index     Oct.     16.9     21       10/27/2020     Iapan     Retail Sales MoM     Sep.      31.8       10/29/2020     Iapan     Consumer Confidence     Oct.      91.1       10/29/2020 | 10/26/2020 | Germany       | IFO Expectations                       | Oct.   |           | 97.7       |
| 10/26/2020United StatesNew Home Sales MoMSep0.1%4.8%10/26/2020United StatesDallas Fed Manf ActivityOct.13.513.610/27/2020ChinaIndustrial Profits YoYSep19.1%10/27/2020United StatesCap Goods Orders Nondel Ex AirSep19.8%10/27/2020United StatesCap Goods Orders Nondel Ex AirSep19.8%10/27/2020United StatesConf. Board Consumer ConfidenceOct.10.1910.810/27/2020United StatesConf. Board ExpectationsOct88.510/27/2020United StatesConf. Board ExpectationsOct10.410/27/2020United StatesRichmonf Fed Manufact. IndexOct31.%10/27/2020United StatesRichmonf Fed Manufact. IndexOct31.%10/27/2020United StatesRichmonf ConfidenceOct31.%10/27/2020IapanRetail Sales MoMSep4.6%10/29/2020IapanConsumer ConfidenceOct31.110/29/2020EurozoneConsumer ConfidenceOct10/29/2020EurozoneConsumer ConfidenceOct10/29/2020EurozoneConsumer ConfidenceOct10/29/2020EurozoneConsumer ConfidenceOct10/29/2020EurozoneSep  | 10/26/2020 | Germany       | IFO Current Assessment                 | Oct.   |           | 89.2       |
| 10/26/2020     United States     Dallas Fed Manf, Activity     Oct.     13.5     13.6       10/27/2020     China     Industrial Profits YoY     Sep.      19.1%       10/27/2020     France     Total Jobsekers     30      14.493e+06       10/27/2020     United States     Conf, Board Consumer Confidence     Oct.     10.19     19.8%       10/27/2020     United States     Conf, Board Present Stuation     Oct.      98.5       10/27/2020     United States     Conf, Board Present Stuation     Oct.      98.5       10/27/2020     United States     Conf, Board Present Stuation     Oct.      98.5       10/27/2020     United States     Richmond Fed Manufact. Index     Oct.      31.4       10/27/2020     Germany     Retail Sales MoM     Sep.      31.4       10/29/2020     Japan     Retail Sales MoM     Sep.      31.4       10/29/2020     Japan     Consumer Confidence     Oct.      -11.1       10/29/2020     Eu                           | 10/26/2020 | United States | Chicago Fed Nat Activity Index         | Sep.   |           | 0.79       |
| 10/27/2020     China     Industrial Profits Yor     Sep.      19 1%       10/27/2020     France     Total Jobseekers     3Q      4.1493e+06       10/27/2020     United States     Cap Goods Orders Nondef Ex Air     Sep.      1.9%       10/27/2020     United States     Conf. Board Consumer Confidence     Oct.     10.1.9     101.8       10/27/2020     United States     Conf. Board Present Situation     Oct.      104.0       10/27/2020     United States     Conf. Board Expectations     Oct.      104.0       10/27/2020     United States     Consumer Confidence     Oct.      91.5       10/27/2020     Germany     Retail Sales MoM     Sep.      4.6%       10/28/2020     France     Consumer Confidence Index     Oct.      91.1       10/29/2020     Lurozone     Economic Confidence     Oct.      91.1       10/29/2020     Eurozone     Consumer Confidence     Oct.      -11.1  10/29/2020     Eurozone                                      | 10/26/2020 | United States | New Home Sales MoM                     | Sep.   | -0.1%     | 4.8%       |
| 10/27/2020     France     Total Jobseekers     3Q      4.1493e-06       10/27/2020     United States     Cap Goods Orders Nondef Ex Air     Sep.      19%       10/27/2020     United States     Conf. Board Consumer Confidence     Oct.     101.9     101.8       10/27/2020     United States     Conf. Board Persent Situation     Oct.      98.5       10/27/2020     United States     Conf. Board Expectations     Oct.      98.5       10/27/2020     United States     Richmond Fed Manufact. Index     Oct.      31%       10/27/2020     Germany     Retail Sales MoM     Sep.      4.6%       10/29/2020     Japan     Consumer Confidence Index     Oct.      95       10/29/2020     Leuozone     Economic Confidence     Oct.      91.1       10/29/2020     Eurozone     Industrial Confidence     Oct.      11.1       10/29/2020     Eurozone     Consumer Confidence     Oct.      10/29/202       10/29/2020  | 10/26/2020 | United States | Dallas Fed Manf. Activity              | Oct.   | 13.5      | 13.6       |
| 10/27/2020United StatesCap Goods Orders Nondef Ex AirSep19%10/27/2020United StatesConf. Board Consumer ConfidenceOct.101.9101.810/27/2020United StatesConf. Board ExpectationsOct98.510/27/2020United StatesConf. Board ExpectationsOct104.0010/27/2020United StatesRichmond Fed Manufact. IndexOct.16.021.0010/27/2020GermanyRetail Sales MoMSep31.%10/28/2020FranceConsumer ConfidenceOct9510/29/2020JapanRetail Sales MoMSep46%10/29/2020LapanConsumer Confidence IndexOct91.110/29/2020EurozoneEconomic Confidence IndexOct91.110/29/2020EurozoneConsumer ConfidenceOct91.110/29/2020EurozoneConsumer ConfidenceOct10/29/2020EurozoneConsumer ConfidenceOct10/29/2020United StatesOnsumer ConfidenceOct10/29/2020United StatesBOP Annualized QoQ3Q32.0%-31.4%10/29/2020JapanBOI Policy Balance RateOct10/29/2020JapanIndustrial Production MoMSep0.100%10/29/2020JapanGDP AoQ3Q3.3%   | 10/27/2020 | China         | Industrial Profits YoY                 | Sep.   |           | 19.1%      |
| 10/27/2020United StatesConf, Board Consumer ConfidenceOct.101.9101.810/27/2020United StatesConf, Board ExpectationsOct98.510/27/2020United StatesRichmond Fed Manufact. IndexOct.16.02110/27/2020GermanyRetail Sales MoMSep31%10/28/2020FranceConsumer ConfidenceOct9510/29/2020JapanRetail Sales MoMSep4.6%10/29/2020JapanRetail Sales MoMSep91.110/29/2020JapanRetail Soles MoMOct91.110/29/2020EurozoneConsumer Confidence IndexOct91.110/29/2020EurozoneEconomic ConfidenceOct91.110/29/2020EurozoneServices ConfidenceOct10/29/2020EurozoneConsumer ConfidenceOct10/29/2020United StatesIndustrial ConfidenceOct10/29/2020United StatesInitial Jobless ClaimsOct10/29/2020United StatesBOI Polucy Balance RateOct10/29/2020IapanIndustrial Production MoMSep0.100%10/29/2020IapanGDP SA QoQServe10/29/2020IapanGDP SA QoQServe10/30/202  | 10/27/2020 | France        | Total Jobseekers                       | ЗQ     |           | 4.1493e+06 |
| 10/27/2020United StatesConf, Board Present SituationOct98.510/27/2020United StatesConf, Board ExpectationsOct104.010/27/2020United StatesRichmond Fed Manufact. IndexOct.16.02110/27/2020GermanyRetail Sales MoMSep3.1%10/28/2020FranceConsumer ConfidenceOct9510/29/2020JapanRetail Sales MoMSep4.6%10/29/2020JapanConsumer Confidence IndexOct9.110/29/2020EurozoneEconomic ConfidenceOct9.110/29/2020EurozoneIndustrial ConfidenceOct11.110/29/2020EurozoneConsumer ConfidenceOct10/29/2020EurozoneConsumer ConfidenceOct10/29/2020EurozoneConsumer ConfidenceOct10/29/2020EurozoneConsumer ConfidenceOct10/29/2020United StatesInitial Jobless ClaimsOct10/29/2020United StatesGDP Annualized QoQ3Q32.0%-110/29/2020IapanBO Policy Balance RateOct10/30/2020FranceGDP QoQSep2.3%10/30/2020FranceGDP QoQSep<   | 10/27/2020 | United States | Cap Goods Orders Nondef Ex Air         | Sep.   |           | 1.9%       |
| Dirital States     Conf. Board Expectations     Oct.  | 10/27/2020 | United States | Conf. Board Consumer Confidence        | Oct.   | 101.9     | 101.8      |
| 10/27/2020United StatesRichmond Fed Manufact. IndexOct.162110/27/2020GermanyRetail Sales MoMSep3.1%10/28/2020FranceConsumer ConfidenceOct9510/29/2020JapanRetail Sales MoMSep4.6%10/29/2020JapanConsumer Confidence IndexOct32.710/29/2020EurozoneEconomic ConfidenceOct91.110/29/2020EurozoneIndustrial ConfidenceOct11.110/29/2020EurozoneServices ConfidenceOct10/29/2020EurozoneConsumer ConfidenceOct10/29/2020EurozoneConsumer ConfidenceOct10/29/2020LurozoneConsumer ConfidenceOct10/29/2020LurozoneConsumer ConfidenceOct10/29/2020LurozoneGDP Annulized QoQ3Q32.0%-31.4%10/29/2020LurozoneECB Deposit Facility RateOct10/30/2020IapanBOI Policy Balance RateOct10/30/2020FranceConsumer Spending MoMSep2.3%10/30/2020FranceGDP SA QoQ3Q3.1%10/30/2020EurozoneGDP SA QoQSp10/30/2020EurozoneGDP SA QoQSp<  | 10/27/2020 | United States | Conf. Board Present Situation          | Oct.   |           | 98.5       |
| 10/27/2020     Germany     Retail Sales MoM     Sep.      3.1%       10/28/2020     France     Consumer Confidence     Oct.      95       10/29/2020     Japan     Retail Sales MoM     Sep.      4.6%       10/29/2020     Japan     Consumer Confidence Index     Oct.      32.7       10/29/2020     Eurozone     Economic Confidence     Oct.      91.1       10/29/2020     Eurozone     Industrial Confidence     Oct.      91.1       10/29/2020     Eurozone     Services Confidence     Oct.      91.1       10/29/2020     Eurozone     Consumer Confidence     Oct.         10/29/2020     Eurozone     Consumer Confidence     Oct.         10/29/2020     United States     Initial Jobless Claims     Oct.         10/29/2020     Japan     BOI Policy Balance Rate     Oct.      0.100%       10/30/2020     France     Consumer Spending MoM     Sep.   | 10/27/2020 | United States | Conf. Board Expectations               | Oct.   |           | 104.0      |
| IO28/2020     France     Consumer Confidence     Ot.  | 10/27/2020 | United States | Richmond Fed Manufact. Index           | Oct.   | 16        | 21         |
| 10/29/2020     Japan     Retail Sales MoM     Sep.      4.6%       10/29/2020     Japan     Consumer Confidence Index     Oct.      32.7       10/29/2020     Eurozone     Economic Confidence     Oct.      91.1       10/29/2020     Eurozone     Industrial Confidence     Oct.      -11.1       10/29/2020     Eurozone     Services Confidence     Oct.         10/29/2020     Eurozone     Consumer Confidence     Oct.         10/29/2020     Eurozone     Consumer Confidence     Oct.         10/29/2020     Eurozone     Consumer Confidence     Oct.         10/29/2020     United States     Initial Jobless Claims     Oct.         10/29/2020     United States     GDP Annualized QoQ     3Q     32.0%     -31.4%       10/29/2020     Japan     Industrial Production MoM     Sep.     2.7%     1.0%       10/30/2020     France     GDP QoQ     3Q   | 10/27/2020 | Germany       | Retail Sales MoM                       | Sep.   |           | 3.1%       |
| 10/29/2020JapanConsumer Confidence IndexOctO32.710/29/2020EurozoneEconomic ConfidenceOctO91.110/29/2020EurozoneIndustrial ConfidenceOctO-11.110/29/2020EurozoneServices ConfidenceOctO-11.110/29/2020EurozoneConsumer ConfidenceOctOO10/29/2020Iurited StatesInitial Jobless ClaimsOctOO10/29/2020United StatesGDP Annualized QoQ3Q32.0%-31.4%10/29/2020United StatesGDP Annualized QoQOctO-0.500%10/29/2020JapanBOI Policy Balance RateOctO-0.100%10/30/2020JapanIndustrial Production MoMSep.2.7%1.0%10/30/2020FranceConsumer Spending MoMSepO-13.8%10/30/2020FranceGDP QoQ3QO-13.8%10/30/2020GermanyGDP SA QoQ3QO9.7%10/30/2020EurozoneECB Survey of Professional Forecasters10/30/2020EurozoneGDP SA QoQSep8.1%10/30/2020EurozoneGDP SA QoQSq8.1%10/30/2020EurozoneGDP SA QoQSq8.1%10/30/2020EurozoneGDP SA QoQSq8.1%10/30/2020EurozoneGDP SA QoQSq<  | 10/28/2020 | France        | Consumer Confidence                    | Oct.   |           | 95         |
| 10/29/2020EurozoneEconomic ConfidenceOct91.110/29/2020EurozoneIndustrial ConfidenceOct11.110/29/2020EurozoneServices ConfidenceOct11.110/29/2020EurozoneConsumer ConfidenceOct10/29/2020United StatesInitial Jobless ClaimsOct10/29/2020United StatesGDP Annualized QoQOct10/29/2020United StatesGDP Annualized QoQOct0.500%10/29/2020IapanBOJ Policy Balance RateOct0.100%10/30/2020JapanIndustrial Production MoMSep.2.7%1.0%10/30/2020FranceConsumer Spending MoMSep13.8%10/30/2020FranceGDP QoQ3Q13.8%10/30/2020EurozoneECB Survey of Professional Forecasters10/30/2020EurozoneCB Survey of Professional Forecasters10/30/2020EurozoneGDP SA QoQSep8.1%10/30/2020EurozoneGDP SA QoQSep8.1%10/30/2020EurozoneGDP SA QoQSep8.1%10/30/2020EurozoneGDP SA QoQSep8.1%10/30/2020EurozoneGDP SA QoQSep8.1%10/30/2020EurozoneGDP SA QoQ<   | 10/29/2020 | Japan         | Retail Sales MoM                       | Sep.   |           | 4.6%       |
| 10/29/2020     Eurozone     Industrial Confidence     Oct.      -11.1       10/29/2020     Eurozone     Services Confidence     Oct.      -11.1       10/29/2020     Eurozone     Consumer Confidence     Oct.         10/29/2020     United States     Initial Jobless Claims     Oct.         10/29/2020     United States     GDP Annualized QoQ     3Q     32.0%     -31.4%       10/29/2020     Eurozone     ECB Deposit Facility Rate     Oct.      -0.500%       10/29/2020     Eurozone     BOJ Policy Balance Rate     Oct.      -0.100%       10/29/2020     Japan     Industrial Production MoM     Sep.     2.7%     1.0%       10/30/2020     France     Consumer Spending MoM     Sep.      3.3%       10/30/2020     France     GDP QoQ     3Q      3.3%       10/30/2020     Eurozone     ECB Survey of Professional Forecasters      1.38%       10/30/2020     Eurozone     CDE Survey of Professional Forecaste                                      | 10/29/2020 | Japan         | Consumer Confidence Index              | Oct.   |           | 32.7       |
| 10/29/2020EurozoneServices ConfidenceOct11.110/29/2020EurozoneConsumer ConfidenceOct10/29/2020United StatesInitial Jobless ClaimsOct10/29/2020United StatesGDP Annualized QoQ3Q32.0%-31.4%10/29/2020EurozoneECB Deposit Facility RateOct0.500%10/29/2020JapanBOJ Policy Balance RateOct0.100%10/30/2020JapanIndustrial Production MoMSep.2.7%1.0%10/30/2020FranceConsumer Spending MoMSep2.3%10/30/2020FranceGDP QoQ3Q13.8%10/30/2020EurozoneECB Survey of Professional Forecasters9.7%10/30/2020EurozoneECB Survey of Professional Forecasters8.1%10/30/2020EurozoneGDP SA QoQ3Q8.1%10/30/2020EurozoneGDP SA QoQ3Q1.1.8%10/30/2020EurozoneGDP SA QoQ3Q1.1.8%10/30/2020EurozoneGDP SA QoQ3Q1.1.8%10/30/2020EurozoneGDP SA QoQ3Q1.1.8%10/30/2020EurozoneGDP SA QoQ3Q1.1.8%10/30/2020EurozoneCPI Core YOYOct0.2%  | 10/29/2020 | Eurozone      | Economic Confidence                    | Oct.   |           | 91.1       |
| Inv29/2020     Eurozone     Consumer Confidence     Oct.         10/29/2020     United States     Initial Jobless Claims     Oct.         10/29/2020     United States     GDP Annualized QoQ     3Q     32.0%     -31.4%       10/29/2020     Eurozone     ECB Deposit Facility Rate     Oct.      0.500%       10/29/2020     Japan     BOJ Policy Balance Rate     Oct.      0.100%       10/30/2020     Japan     Industrial Production MoM     Sep.     2.7%     1.0%       10/30/2020     France     Consumer Spending MoM     Sep.      2.3%       10/30/2020     France     GDP QoQ     3Q      1.38%       10/30/2020     Germany     GDP SA QoQ     3Q      9.7%       10/30/2020     Eurozone     ECB Survey of Professional Forecasters      1.18%       10/30/2020     Eurozone     GDP SA QoQ     Sep.      1.18%       10/30/2020     Eurozone     GDP SA QoQ     Sq   | 10/29/2020 | Eurozone      | Industrial Confidence                  | Oct.   |           | -11.1      |
| 101/29/2020United StatesInitial Jobless ClaimsOct10/29/2020United StatesGDP Annualized QoQ3Q32.0%-31.4%10/29/2020EurozoneECB Deposit Facility RateOct0.500%10/29/2020JapanBOJ Policy Balance RateOct0.100%10/30/2020JapanIndustrial Production MoMSep.2.7%1.0%10/30/2020FranceConsumer Spending MoMSep2.3%10/30/2020GermanyGDP SA QoQ3Q9.7%10/30/2020EurozoneECB Survey of Professional Forecasters8.1%10/30/2020EurozoneGDP SA QoQ3Q8.1%10/30/2020EurozoneCDP SA QoQ3Q1.1.8%10/30/2020EurozoneGDP SA QoQ3Q1.1.8%10/30/2020EurozoneGDP SA QoQ3Q0.2%10/30/2020EurozoneCDP SA QoQ3Q0.1.8%10/30/2020EurozoneCDP SA QoQ3Q0.1.8%10/30/2020EurozoneCDP SA QoQ3Q0.2%10/30/2020EurozoneCDP SA QoQ3Q0.2%10/30/2020EurozoneCDP SA QoQ3Q0.2%10/30/2020EurozoneCDP SA QoQ0ct0.2%10/30/2020EurozoneCDP SA QoQ0ct0.2%   | 10/29/2020 | Eurozone      | Services Confidence                    | Oct.   |           | -11.1      |
| 10/29/2020United StatesGDP Annualized QoQ3Q32.0%-31.4%10/29/2020EurozoneECB Deposit Facility RateOct0.500%10/29/2020JapanBOJ Policy Balance RateOct0.100%10/30/2020JapanIndustrial Production MoMSep.2.7%1.0%10/30/2020FranceConsumer Spending MoMSep2.3%10/30/2020FranceGDP QoQ3Q13.8%10/30/2020GermanyGDP SA QoQ3Q9.7%10/30/2020EurozoneUnemployment RateSep8.1%10/30/2020EurozoneGDP SA QoQSq8.1%10/30/2020EurozoneGDP SA QoQSp8.1%10/30/2020EurozoneGDP SA QoQSp8.1%10/30/2020EurozoneGDP SA QoQSp8.1%10/30/2020EurozoneGDP SA QoQSp8.1%10/30/2020EurozoneGDP SA QoQSp9.2%10/30/2020EurozoneGDP SA QoQSp9.2%10/30/2020EurozoneGDP SA QoQSp9.2%10/30/2020EurozoneGDP SA QoQSp9.2%10/30/2020EurozoneGDP SA CoP YSp9.2%10/30/2020EurozoneCP Core YOYSp0.2%   | 10/29/2020 | Eurozone      | Consumer Confidence                    | Oct.   |           |            |
| 10/29/2020EurozoneECB Deposit Facility RateOct0.500%10/29/2020JapanBOJ Policy Balance RateOct0.100%10/30/2020JapanIndustrial Production MoMSep.2.7%1.0%10/30/2020FranceConsumer Spending MoMSep2.3%10/30/2020FranceGDP QoQSq13.8%10/30/2020GermanyGDP SA QoQSq9.7%10/30/2020EurozoneECB Survey of Professional Forecasters8.1%10/30/2020EurozoneGDP SA QoQSep8.1%10/30/2020EurozoneGDP SA QoQSq11.8%10/30/2020EurozoneGDP SA QoQSep8.1%10/30/2020EurozoneGDP SA QoQSep0.2%10/30/2020EurozoneGDP SA QoQSep0.2%10/30/2020EurozoneCP I Core YoYOct0.2%   | 10/29/2020 | United States | Initial Jobless Claims                 | Oct.   |           |            |
| 10/29/2020JapanBOJ Policy Balance RateOct0.100%10/30/2020JapanIndustrial Production MoMSep.2.7%1.0%10/30/2020FranceConsumer Spending MoMSep2.3%10/30/2020FranceGDP QoQ3Q13.8%10/30/2020GermanyGDP SA QoQ3Q9.7%10/30/2020EurozoneECB Survey of Professional Forecasters8.1%10/30/2020EurozoneODP SA QoQSep8.1%10/30/2020EurozoneGDP SA QoQSep9.7%10/30/2020EurozoneGDP SA QoQSep8.1%10/30/2020EurozoneGDP SA QoQSep9.2%10/30/2020EurozoneGDP SA QoQSep9.2%10/30/2020EurozoneGDP SA QoQSep0.2%10/30/2020EurozoneCPI Core YoYOct0.2%   | 10/29/2020 | United States | GDP Annualized QoQ                     | ЗQ     | 32.0%     | -31.4%     |
| 10/30/2020JapanIndustrial Production MoMSep.2.7%1.0%10/30/2020FranceConsumer Spending MoMSep2.3%10/30/2020FranceGDP QoQ3Q13.8%10/30/2020GermanyGDP SA QoQ3Q9.7%10/30/2020EurozoneECB Survey of Professional Forecasters8.1%10/30/2020EurozoneODP SA QoQ3Q11.8%10/30/2020EurozoneGDP SA QoQ3Q11.8%10/30/2020EurozoneCPI Core YoYOct0.2%  | 10/29/2020 | Eurozone      | ECB Deposit Facility Rate              | Oct.   |           | -0.500%    |
| 10/30/2020FranceConsumer Spending MoMSep2.3%10/30/2020FranceGDP QoQ3Q13.8%10/30/2020GermanyGDP SA QoQ3Q9.7%10/30/2020EurozoneECB Survey of Professional Forecasters8.1%10/30/2020EurozoneOP SA QoQSep8.1%10/30/2020EurozoneGDP SA QoQ3Q11.8%10/30/2020EurozoneCPI Core YoYOct0.2%   | 10/29/2020 | Japan         | BOJ Policy Balance Rate                | Oct.   |           | -0.100%    |
| 10/30/2020FranceGDP QoQ3Q13.8%10/30/2020GermanyGDP SA QoQ3Q9.7%10/30/2020EurozoneECB Survey of Professional Forecasters8.1%10/30/2020EurozoneUnemployment RateSep8.1%10/30/2020EurozoneGDP SA QoQ3Q11.8%10/30/2020EurozoneCPI Core YoYOct0.2%   | 10/30/2020 | Japan         | Industrial Production MoM              | Sep.   | 2.7%      | 1.0%       |
| 10/30/2020     Germany     GDP SA QoQ     3Q      -9.7%       10/30/2020     Eurozone     ECB Survey of Professional Forecasters <td>10/30/2020</td> <td>France</td> <td>Consumer Spending MoM</td> <td>Sep.</td> <td></td> <td>2.3%</td>   | 10/30/2020 | France        | Consumer Spending MoM                  | Sep.   |           | 2.3%       |
| 10/30/2020     Eurozone     ECB Survey of Professional Forecasters       10/30/2020     Eurozone     Unemployment Rate     Sep.      8.1%       10/30/2020     Eurozone     GDP SA QoQ     3Q      -11.8%       10/30/2020     Eurozone     CPI Core YoY     Oct.      0.2%   | 10/30/2020 | France        | GDP QoQ                                | ЗQ     |           | -13.8%     |
| 10/30/2020     Eurozone     Unemployment Rate     Sep.      8.1%       10/30/2020     Eurozone     GDP SA QoQ     3Q      -11.8%       10/30/2020     Eurozone     CPI Core YoY     Oct.      0.2%  | 10/30/2020 | Germany       | GDP SA QoQ                             | ЗQ     |           | -9.7%      |
| 10/30/2020     Eurozone     GDP SA QoQ     3Q      -11.8%       10/30/2020     Eurozone     CPI Core YoY     Oct.      0.2%   | 10/30/2020 | Eurozone      | ECB Survey of Professional Forecasters |        |           |            |
| 10/30/2020 Eurozone CPI Core YoY Oct 0.2%   | 10/30/2020 | Eurozone      | Unemployment Rate                      | Sep.   |           | 8.1%       |
|   | 10/30/2020 | Eurozone      | GDP SA QoQ                             | ЗQ     |           | -11.8%     |
| 10/30/2020United StatesUniversity of Michigan SentimentOct.81.281.2   | 10/30/2020 | Eurozone      | CPI Core YoY                           | Oct.   |           | 0.2%       |
|   | 10/30/2020 | United States | University of Michigan Sentiment       | Oct.   | 81.2      | 81.2       |

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## **FURTHER READING**

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| <u>Global : Will companies use better cash flows to invest?</u>                 | EcoWeek           | 9 October  |
| <u>Global : PMI: services sector is suffering again from the pandemic</u>       | EcoWeek           | 9 October  |
| EcoTV October 2020  | EcoTV             | 9 October  |
| <u>Russia: Weak recovery</u>  | Chart of the Week | 7 October  |
| 4 <sup>th</sup> quarter 2020 issue of EcoEmerging                               | EcoEmerging       | 5 October  |
| Japan : Under pressure but improved household confidence provides some hope     | EcoWeek           | 2 October  |
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