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“IN ASSESSING THE US INFLATION OUTLOOK, THE VACANCY-TO-UNEMPLOYMENT RATIO AND THE RATIO BETWEEN VACANCIES AND HIRINGS SHOULD BE MONITORED CLOSELY.”

ECONOMIC RESEARCH



BNP PARIBAS

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UNITED STATES DO A HIGH VACANCY RATE AND LABOUR HOARDING IMPLY SLOW DISINFLATION?

In the US, the ratio between the job openings rate and the unemployment rate remains very elevated. It is one sign amongst many of a very tight labour market. As growth slows down, this ratio should decline. Historically, this has been accompanied by slower wage growth. It can be argued that this time, this process may take more time due to labour hoarding, which should limit the increase in layoffs and hence the unemployment rate, and the high level of the vacancy rate, which should underpin the creation of new jobs. This means that there is a genuine risk of disinflation to be slow.

The US labour market remains very tight as illustrated by the low unemployment rate, the monthly pace of job creations - which was huge in January-, the high unfilled job openings (i.e. vacancies). Admittedly, the hiring rate has declined in recent months but it is still at the top end of the historical range that prevailed pre-Covid-19 (chart 1). Moreover, the ratio between the job openings rate and the unemployment rate remains very elevated, which is another sign of labour market tightness (chart 2).

As the economy slows down further, this ratio should decline due to a reduction in the vacancy rate and an increase in the unemployment rate. Historically, such a development has been accompanied by slower wage growth. Normally, this is a very gradual process but research by the Federal Reserve Bank of Kansas City shows that, as of a certain point during the 2001 and 2008 recessions, "wage growth abruptly declined even though the vacancy-to-unemployment ratio did not move much."¹ If wage growth slowed down sufficiently, one would expect core inflation to decline as well (chart 3)².

It can be argued that this time, this process may be different. On the one hand, labour hoarding³ should limit the increase in layoffs and hence the unemployment rate. And on the other, the high level of the vacancy rate should underpin a priori the creation of new jobs, although the decline in the hiring rate suggests that the translation of job openings into effective hiring has become less smooth than before. This could reflect an increasing skill mismatch due to a tight labour market, which should underpin wage growth.

Another interpretation is that companies are becoming more selective in their recruitment process, which means that it takes more time for a vacancy to be filled. In a slowing economy, the opportunity cost of having to work with tight staffing levels declines. Nevertheless, companies may continue to post job openings, to be ready when demand picks up again. Greater selectivity in hiring could weigh on wage growth. The result of these different dynamics is that the decline in the vacancy-to-unemployment ratio might take more time than before, which could imply a slower decline in wage growth and hence slower disinflation.

¹ Source: Huijin Bi, Chaitri Gulati, and José Mustre-del-Río, A Slowdown in Job Vacancies Is Likely to Coincide with Higher Unemployment and Slower Wage Growth, Federal Reserve Bank of Kansas City Economic Bulletin, 10 August 2022.

² In chart 3, core inflation ex shelter is used, based on the view that the relationship between the cost of shelter and the labour market is very indirect.

³ Labour hoarding refers to the decision by firms not to adjust their staffing levels despite a weakening of the demand for their products and services. See: Labour hoarding: a source of resilience during a recession, Eco week 22-45, 5 December 2022, BNP Paribas.

US: VACANCY (JOB OPENINGS) RATE AND HIRING RATE

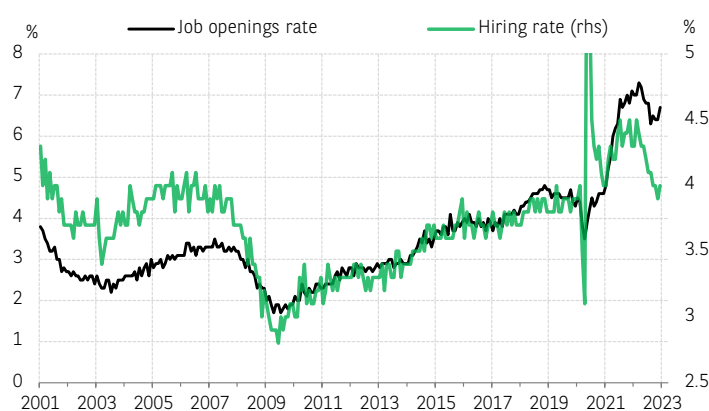


CHART 1

SOURCE: BLS, FED ATLANTA, BNP PARIBAS

The discussion has shown that the relationships between vacancies, hiring, wages and inflation are very complex. The unique nature of the current cyclical environment - a tight labour market despite a slowing economy, an exceptionally high vacancy rate, still elevated inflation driven by past demand and supply shocks- add to the complexity because historical relationships are likely to have changed, at least temporarily. In assessing the inflation outlook, two key metrics should be monitored closely going forward: the vacancy-to-unemployment ratio and the ratio between vacancies and hirings. Based on their current readings, there is a genuine risk of disinflation to be slow.

William De Vijlder

In assessing the US inflation outlook, the vacancy-to-unemployment ratio and the ratio between vacancies and hirings should be monitored closely. Based on their current readings, there is a genuine risk of disinflation to be slow.



US: VACANCY-TO-UNEMPLOYMENT RATIO AND WAGE GROWTH

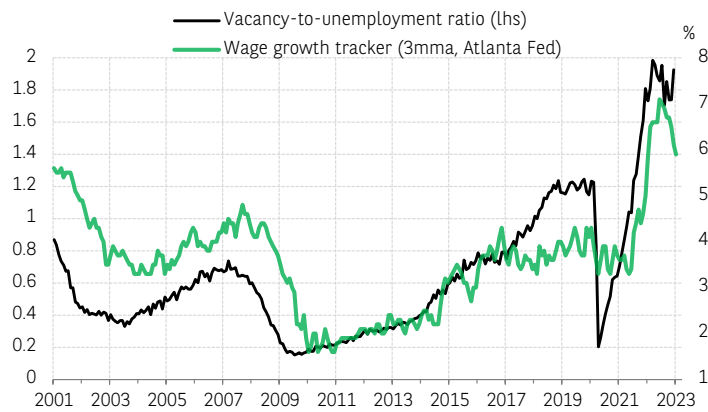


CHART 2

SOURCE: BLS, FED ATLANTA, BNP PARIBAS

US: WAGE GROWTH AND CORE INFLATION EXCLUDING SHELTER

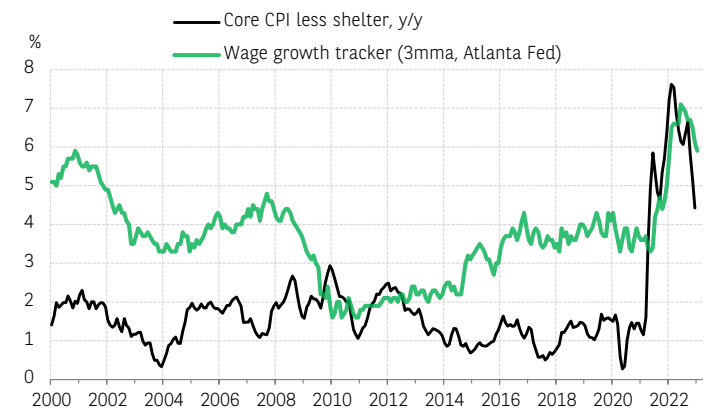


CHART 3

SOURCE: BLS, FED ATLANTA, BNP PARIBAS

MARKETS OVERVIEW

5

OVERVIEW

Week 3-2 23 to 10-2-23

↘ CAC 40	7 234	▶ 7 130	-1.4 %
↘ S&P 500	4 136	▶ 4 090	-1.1 %
↗ Volatility (VIX)	18.3	▶ 20.5	+2.2 pb
↗ Euribor 3M (%)	2.55	▶ 2.62	+7.6 bp
↗ Libor \$ 3M (%)	4.83	▶ 4.87	+3.5 bp
↗ OAT 10y (%)	2.65	▶ 2.83	+18.5 bp
↗ Bund 10y (%)	2.16	▶ 2.33	+17.3 bp
↗ US Tr. 10y (%)	3.53	▶ 3.76	+23.0 bp
↘ Euro vs dollar	1.09	▶ 1.07	-1.7 %
↘ Gold (ounce, \$)	1 870	▶ 1 860	-0.6 %
↗ Oil (Brent, \$)	80.0	▶ 86.5	+8.1 %

MONEY & BOND MARKETS

Interest Rates		highest 23	lowest 23	Yield (%)	highest 23	lowest 23
€ ECB	3.00	3.00 at 08/02	2.50 at 02/01	€ AVG 5-7y	2.64	2.64 at 02/01
Eonia	-0.51	-0.51 at 02/01	-0.51 at 02/01	Bund 2y	2.77	2.77 at 10/02
Euribor 3M	2.62	2.62 at 10/02	2.16 at 02/01	Bund 10y	2.33	2.44 at 02/01
Euribor 12M	3.47	3.49 at 09/02	3.30 at 19/01	OAT 10y	2.83	2.99 at 02/01
\$ FED	4.75	4.75 at 02/02	4.50 at 02/01	Corp. BBB	4.23	4.63 at 02/01
Libor 3M	4.87	4.87 at 09/02	4.77 at 02/01	\$ Treas. 2y	4.54	4.54 at 10/02
Libor 12M	5.48	5.56 at 06/01	5.25 at 03/02	Treas. 10y	3.76	3.83 at 02/01
£ BoE	4.00	4.00 at 02/02	3.50 at 02/01	High Yield	8.40	9.01 at 02/01
Libor 3M	4.18	4.18 at 10/02	3.87 at 02/01	£ gilt. 2y	3.58	3.69 at 02/01
Libor 12M	0.81	0.81 at 02/01	0.81 at 02/01	gilt. 10y	3.40	3.67 at 02/01

At 10-2-23

At 10-2-23

EXCHANGE RATES

1€ =	highest 23	lowest 23	2023	
USD	1.07	1.09 at 02/02	1.05 at 05/01	+0.0%
GBP	0.88	0.90 at 03/02	0.87 at 19/01	-0.4%
CHF	0.99	1.00 at 24/01	0.99 at 04/01	-0.1%
JPY	140.19	142.58 at 06/02	138.02 at 03/01	-0.4%
AUD	1.54	1.57 at 02/01	1.53 at 27/01	-2.0%
CNY	7.26	7.42 at 02/01	7.23 at 05/01	-2.1%
BRL	5.60	5.79 at 04/01	5.47 at 02/02	-0.6%
RUB	78.50	78.64 at 09/02	73.32 at 12/01	+0.8%
INR	88.08	89.91 at 02/02	86.85 at 05/01	-0.2%

At 10-2-23

Change

COMMODITIES

Spot price, \$	highest 23	lowest 23	2023	2023(€)
Oil, Brent	86.5	88.2 at 23/01	78.0 at 04/01	+1.8%
Gold (ounce)	1 860	1 935 at 24/01	1 824 at 02/01	+2.4%
Metals, LME	4 099	4 404 at 26/01	3 905 at 05/01	+2.9%
Copper (ton)	8 829	9 331 at 23/01	8 236 at 04/01	+5.5%
wheat (ton)	293	2.9 at 10/02	268 at 23/01	+2.4%
Corn (ton)	265	2.7 at 17/01	251 at 04/01	+0.2%

At 10-2-23

Change

EQUITY INDICES

Index	highest 23	lowest 23	2023	
World				
MSCI World	2 784	2 848 at 02/02	2 595 at 05/01	+7.0%
North America				
S&P500	4 090	4 180 at 02/02	3 808 at 05/01	+6.5%
Europe				
EuroStoxx50	4 198	4 258 at 03/02	3 856 at 02/01	+10.7%
CAC 40	7 130	7 234 at 03/02	6 595 at 02/01	+1.0%
DAX 30	15 308	15 523 at 09/02	14 069 at 02/01	+9.9%
IBEX 35	9 117	9 244 at 09/02	8 370 at 02/01	+1.1%
FTSE100	7 882	7 911 at 09/02	7 452 at 02/01	+0.6%
Asia				
MSCI, loc.	1 127	1 130 at 27/01	1 065 at 04/01	+0.5%
Nikkei	27 671	27 694 at 06/02	25 717 at 04/01	+6.0%
Emerging				
MSCI Emerging (\$)	1 014	1 052 at 26/01	956 at 02/01	+0.6%
China	69	75 at 27/01	64 at 02/01	+8.5%
India	741	786 at 18/01	734 at 07/02	-4.2%
Brazil	1 442	1 574 at 25/01	1 357 at 04/01	-1.7%

At 10-2-23

Change

PERFORMANCE BY SECTOR (Eurostoxx50 & S&P500)

Year 2023 to 10-2, €	Year 2023 to 10-2, \$
+17.1%	+42.9%
+16.7%	+15.6%
+16.5%	+13.8%
+15.9%	+13.8%
+13.8%	+12.7%
+13.5%	+10.1%
+13.1%	+8.5%
+11.5%	+8.1%
+9.4%	+7.1%
+8.5%	+6.9%
+7.8%	+5.2%
+7.5%	+5.2%
+6.7%	+2.7%
+5.3%	+2.6%
+4.8%	+2.0%
+3.0%	+0.0%
+1.9%	-2.3%
+1.8%	-3.6%
+0.0%	-3.9%

SOURCE: REFINITIV, BNP PARIBAS,

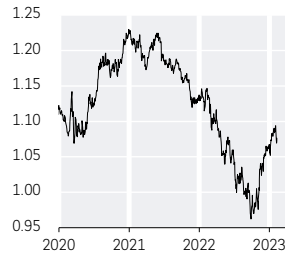


BNP PARIBAS

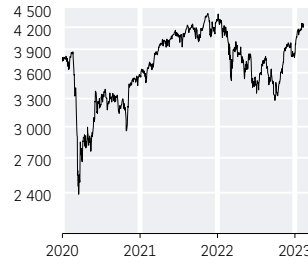
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MARKETS OVERVIEW

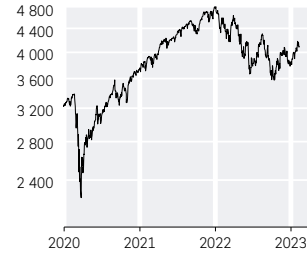
EURO-DOLLAR



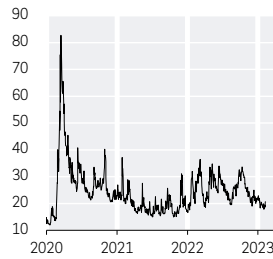
EUROSTOXX50



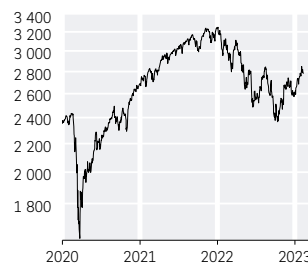
S&P500



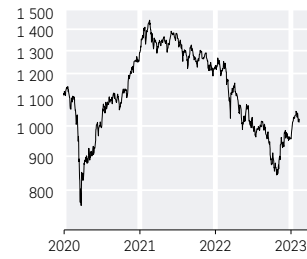
VOLATILITY (VIX, S&P500)



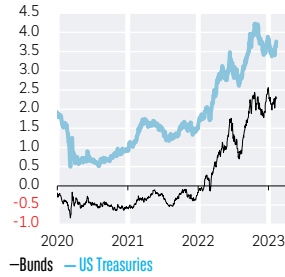
MSCI WORLD (USD)



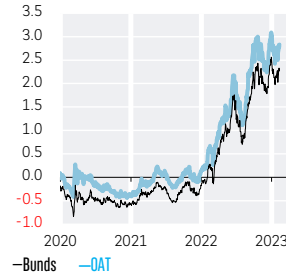
MSCI EMERGING (USD)



10Y BOND YIELD, TREASURIES VS BUND



10Y BOND YIELD

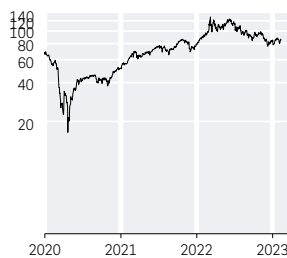


10Y BOND YIELD & SPREADS

Year 2023 to 10-2

4.21%	Greece	188 bp
4.09%	Italy	176 bp
3.32%	Spain	98 bp
3.14%	Portugal	81 bp
2.99%	Austria	66 bp
2.93%	Belgium	59 bp
2.90%	Finland	56 bp
2.83%	France	50 bp
2.80%	Ireland	47 bp
2.63%	Netherlands	30 bp
2.33%	Germany	

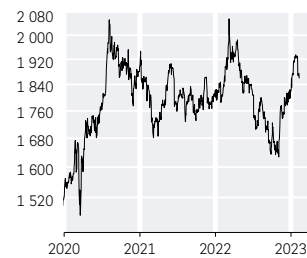
OIL (BRENT, USD)



METALS (LMEX, USD)



GOLD (OUNCE, USD)



SOURCE: REFINITIV, BNP PARIBAS,

ECONOMIC PULSE

PMI: NEW, MIXED SIGNALS OF IMPROVEMENT IN JANUARY

In the manufacturing sector, the global Purchasing Managers' Index (PMI) showed a slight improvement in January following ten months of declines though still in contraction territory (49.1 points). With the exception of Japan, where the index remained stable, 26 of the 33 countries for which data for January was available reported increases. The index rebounded in the United States and China compared to the previous month, while it continued its recovery in the Eurozone, in particular in Germany, Spain and Austria. It passed the 50-point mark in Canada, France, Ireland, Italy and Hong Kong. The Indian index was down in January but remained at a comfortable level, while it fell below the 50-point mark in Switzerland and Mexico, which is indicative of a contraction in activity in the manufacturing sector.

The global PMI index for new orders also showed a slight improvement in January, reaching 47.5 points, after stabilising for two months. For the third consecutive month there were marked improvements in the United States and in the Eurozone, albeit that the levels remained below the 50-point threshold. Improvements were seen in most of the Eurozone countries with the exception of Ireland, where the index fell in January and France where it remained stable. It rose for the second consecutive month in Japan and the United Kingdom. The index showed an increase in China, Hong Kong and Vietnam, while it fell in Indonesia, and for the third month in India, but it remains well above the 50 mark which represents the threshold between contraction and expansion.

The PMI global index for employment in the manufacturing sector performed slightly better in January following three months of declines, rebounding above the 50-point mark. It was somewhat weaker in the United States while it rose slightly in the Eurozone, but this masks diverging trends at the national level, with sharp increases in France (to 51.7) and Ireland (to 52.6), and moderate improvements in Spain and Italy, while sharp falls were seen in the Netherlands and in Germany. The index recovered in the UK, but starting from a very low level. The situation remained stable in Japan. As the other PMI data shows, the situation in Vietnam and in Brazil showed a marked upturn and there was a significant improvement in China, while the index slowed in India and Indonesia.

The global index of input prices registered a small increase in January. The United States saw a strong rise, bringing the downward trend to an end. However, the indices for the Eurozone and for those Member States for which survey data is collected fell sharply. In China and India, the index rose slightly in January, while the downward trend continued in Indonesia. It continued to rise in Vietnam

The global index of output prices was stable in January, with increases seen in the United States and in the Eurozone. The index rose sharply in France and, to a lesser extent, in Germany and Austria, while it fell substantially in Ireland, Spain, the Netherlands and Italy.

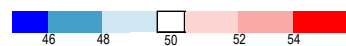
Global delivery times continue to shorten and approached the 50 mark in January. The Eurozone saw a slight deterioration, particularly in Germany, France, Spain and Greece, while the situation improved in the United States, Canada, the Netherlands and Italy (starting from various levels), but also in Asia (China, Hong Kong, India, Indonesia and Vietnam).

Lastly, the global services PMI was up in January, passing just over the 50-point mark, buoyed by a strong rise in China, and by more modest upturns in the United States, Japan and the Eurozone. Conversely, India, the United Kingdom and Brazil all saw declines. The French index also fell but marginally.

Tarik Rharrab

MANUFACTURING PMI

WD	Developed Markets																				Emerging countries														
	NA		Europe										Asia-Oceania								LATAM		Eurasia				Middle East & Africa				Asia				
	CANADA	USA	EURO ZONE	AUSTRIA	DENMARK	FRANCE	GERMANY	GREECE	IRELAND	ITALY	NETHERLANDS	SPAIN	SWITZERLAND	UK	AUSTRALIA	NEW ZEALAND	JAPAN	SINGAPORE	BRAZIL	MEXICO	CZECH REPUBLIC	POLAND	RUSSIA	TURKEY	EGYPT	LEBANON	SAUDI ARABIA	SOUTH AFRICA	UAE	CHINA	HONG KONG	INDIA	INDONESIA	VIETNAM	
Apr-22	52.3	56.2	59.2	55.5	57.9	60.5	55.7	54.6	54.8	59.1	54.5	59.9	53.3	61.6	55.8	58.5	50.9	53.5	50.3	51.8	49.3	54.4	52.4	48.2	49.2	46.9	47.9	55.7	52.3	54.6	46.0	51.7	54.7	51.9	51.7
May-22	52.3	56.8	57.0	54.6	56.6	58.3	54.6	54.8	53.8	56.4	51.9	57.8	53.8	59.8	54.6	52.4	52.8	53.3	50.4	54.2	50.6	52.3	48.5	50.8	49.2	47.0	48.6	55.7	54.5	55.6	48.1	54.9	54.6	50.8	54.7
Jun-22	52.2	54.6	52.7	52.1	51.2	69.2	51.4	52.0	51.1	53.1	50.9	55.9	52.6	59.1	52.8	54.0	50.2	52.7	50.3	54.1	52.2	49.0	44.4	50.9	48.1	45.2	49.1	57.0	52.0	54.8	51.7	52.4	53.9	50.2	54.0
Jul-22	51.1	52.5	52.2	49.8	51.7	38.2	49.5	49.3	49.1	51.8	48.5	54.5	48.7	58.0	52.1	52.5	53.2	52.1	50.1	54.0	48.5	46.8	42.1	50.3	46.9	46.4	49.9	56.3	49.4	55.4	50.4	52.3	56.4	51.3	51.2
Aug-22	50.3	48.7	51.5	49.6	48.8	49.6	50.6	49.1	48.8	51.1	48.0	52.6	49.9	56.7	47.3	49.3	54.6	51.5	50.0	51.9	48.5	46.8	40.9	51.7	47.4	47.6	50.1	57.7	51.1	56.7	49.5	51.2	56.2	51.7	52.7
Sep-22	49.8	49.8	52.0	48.4	48.8	50.3	47.7	47.8	49.7	51.5	48.3	49.0	49.0	56.8	48.4	50.2	51.5	50.8	49.9	51.1	50.3	44.7	43.0	52.0	46.9	47.6	48.8	56.6	48.2	56.1	48.1	48.0	55.1	53.7	52.5
Oct-22	49.4	48.8	50.4	46.4	46.6	51.3	47.2	45.1	48.1	51.4	46.5	47.9	44.7	55.4	46.2	49.6	49.0	50.7	49.7	50.8	50.3	41.7	42.0	50.7	46.4	47.7	49.1	57.2	50.0	56.6	49.2	49.3	55.3	51.8	50.6
Nov-22	48.8	49.6	47.7	47.1	46.6	46.0	48.3	46.2	48.4	48.7	48.4	46.0	45.7	54.4	46.5	44.7	47.2	49.0	49.8	44.3	50.6	41.6	43.4	53.2	45.7	45.4	48.1	58.5	52.6	54.4	49.4	48.7	55.7	50.3	47.4
Dec-22	48.7	49.2	46.2	47.8	47.3	51.4	49.2	47.1	47.2	48.7	48.5	46.4	45.4	54.5	45.3		47.2	48.9	49.7	44.2	51.3	42.6	45.6	53.0	48.1	47.2	47.3	56.9	53.1	54.2	49.0	49.6	57.8	50.9	46.4
Jan-23	49.1	51.0	46.9	48.8	48.4	54.9	50.5	47.3	49.2	50.1	50.4	49.6	48.4	47.0			47.2	48.9	49.8	47.5	48.9	44.6	47.5	52.6	50.1	45.5	47.7	58.2	53.0	54.1	49.2	51.2	55.4	51.3	47.4



SOURCE: S&P GLOBAL, BNP PARIBAS

ECONOMIC PULSE

MANUFACTURING PMI - EXPORTS NEW ORDERS

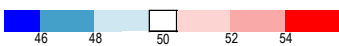
	Developed Markets																	Emerging countries																	
	NA		Europe															Asia-Oceania			LATAM		Eurasia			Middle East & Africa				Asia					
	World	CANADA	USA	EURO ZONE	AUSTRIA	DENMARK	FRANCE	GERMANY	GREECE	IRELAND	ITALY	NETHERLANDS	SPAIN	SWITZERLAND	UK	AUSTRALIA	NEW ZEALAND	JAPAN	SINGAPORE	BRAZIL	MEXICO	CZECH REPUBLIC	POLAND	RUSSIA	TURKEY	EGYPT	ISRAEL	LEBANON	SAUDI ARABIA	SOUTH AFRICA	UAE	CHINA	HONG KONG	INDIA	INDONESIA
Apr-22	48.3	51.8	56.4	49.0	52.7	46.5	47.1	50.9	52.7	50.1	56.3	49.9		47.7	47.7		47.1	50.9	47.7	51.9	48.3	45.3	36.1	49.3	46.9	51.1	49.6	52.6	50.0	54.6	43.2	44.7	54.2	52.9	52.3
May-22	48.0	51.1	52.2	47.7	48.3	47.2	45.0	50.7	52.9	48.7	53.0	49.8		46.3	42.9		46.2	50.7	48.0	52.7	44.2	45.8	35.4	47.2	45.3	53.8	49.8	52.8	49.2	53.2	44.7	51.0	57.1	52.3	53.7
Jun-22	49.5	48.5	48.6	45.8	44.5	44.7	44.1	46.3	46.6	47.8	51.0	48.5		47.0	53.0		47.8	50.8	48.5	51.6	44.6	40.1	41.9	49.1	48.1	49.7	49.3	54.6	48.9	53.1	52.3	46.8	55.0	48.4	53.9
Jul-22	48.0	47.3	46.3	44.3	43.9	45.0	42.9	46.1	48.4	42.8	50.4	43.6		46.4	51.2		48.8	50.5	46.6	50.6	40.5	38.7	45.1	49.9	52.4	57.1	49.6	55.1	50.2	53.2	50.7	46.2	52.6	43.8	52.9
Aug-22	47.0	45.4	47.2	44.0	40.7	47.2	41.5	45.1	47.5	45.0	46.0	45.4		42.7	46.9		47.3	50.2	46.5	49.2	39.5	39.2	40.9	48.5	48.2	43.8	49.8	54.3	50.4	51.3	48.6	47.4	53.9	49.6	52.8
Sep-22	45.9	46.6	47.6	42.5	38.9	44.1	39.8	47.9	47.8	45.5	43.1	41.5		42.2	51.5		47.5	50.0	45.2	49.7	37.3	44.0	44.9	46.1	37.9	45.7	48.8	53.9	47.1	51.7	45.5	49.9	55.2	48.5	51.9
Oct-22	46.2	45.4	44.9	39.6	33.3	44.8	34.9	44.1	47.1	43.3	40.1	40.0		40.0	49.4		47.5	49.9	45.7	48.8	34.7	38.9	40.3	43.7	49.0	45.3	48.4	56.1	50.7	50.8	49.6	47.4	56.6	43.4	50.6
Nov-22	46.2	46.2	45.7	41.6	34.8	42.8	39.1	47.2	48.7	45.3	39.7	40.7		39.1	51.7		45.4	49.5	37.7	49.5	33.7	40.2	42.4	43.4	45.0	44.3	47.8	58.6	47.7	51.3	49.3	49.2	56.3	42.5	46.3
Dec-22	46.2	45.9	46.7	42.8	36.4	41.5	41.5	45.4	49.5	45.3	42.1	42.4		43.1			46.3	49.3	40.4	49.9	35.5	43.9	45.0	45.6	50.6	54.7	48.1	56.3	48.6	49.0	47.5	45.0	53.4	47.9	47.6
Jan-23	47.5	47.4	48.6	44.7	41.3	41.5	42.8	49.2	48.1	49.2	47.6	46.4		44.1			46.6	49.4	39.4	50.1	41.1	45.1	45.3	47.6	44.7		48.8	57.8	47.4	47.5	48.7	50.6	51.2	45.5	50.3

MANUFACTURING PMI - EMPLOYMENT

	Developed Markets																	Emerging countries																
	NA		Europe															Asia-Oceania			LATAM		Eurasia			Middle East & Africa				Asia				
	World	CANADA	USA	EURO ZONE	AUSTRIA	DENMARK	FRANCE	GERMANY	GREECE	IRELAND	ITALY	NETHERLANDS	SPAIN	SWITZERLAND	UK	AUSTRALIA	NEW ZEALAND	JAPAN	SINGAPORE	BRAZIL	MEXICO	CZECH REPUBLIC	POLAND	RUSSIA	TURKEY	EGYPT	ISRAEL	LEBANON	SAUDI ARABIA	SOUTH AFRICA	UAE	CHINA	INDIA	INDONESIA
Apr-22	51.5	54.5	52.7	54.7	57.8	64.0	53.1	55.3	54.9	58.6	52.4	58.5	50.6	60.9	56.7	54.4	49.9	51.4	51.4	51.1	52.7	51.4	45.5	51.5	47.9	51.0	51.4	49.9	49.2	50.5	52.1	52.1		
May-22	51.6	55.3	53.1	56.1	57.7	68.4	54.0	58.0	53.4	59.3	52.7	59.9	50.3	62.1	55.4	51.9	52.9	51.9	53.3	51.7	52.5	51.2	47.1	51.7	48.2	50.9	50.4	50.7	48.6	51.0	50.3	53.0		
Jun-22	51.3	52.9	52.9	54.5	56.4	69.4	52.5	55.4	53.0	55.7	53.0	58.9	51.0	61.6	53.0	52.5	51.5	51.8	53.4	51.2	48.7	47.6	51.2	51.0	48.5	50.7	51.3	51.2	48.8	50.8	48.9	54.0		
Jul-22	50.4	51.9	51.5	53.3	55.7	39.6	50.6	55.2	50.4	52.9	52.0	56.0	48.6	58.7	58.9	53.4	52.9	51.6	55.5	49.6	46.3	47.8	48.4	50.2	50.1	51.3	48.4	51.0	47.8	50.6	52.3	52.3		
Aug-22	50.3	48.8	51.1	52.8	53.9	60.2	52.2	54.5	49.1	52.4	50.5	55.2	48.6	58.5	50.4	54.1	53.5	50.8	53.1	49.8	47.7	45.6	49.2	51.2	50.7	51.2	48.4	51.5	48.3	50.1	51.4	53.4		
Sep-22	50.8	49.5	53.8	52.4	55.7	46.5	51.0	53.4	49.3	53.8	51.0	52.3	49.8	58.8	51.0	53.5	51.6	52.8	52.2	51.6	50.6	45.2	52.2	49.2	50.4	50.5	46.7	51.4	47.7	50.7	51.9	53.3		
Oct-22	50.3	49.0	51.4	52.6	56.2	46.0	51.7	54.5	49.7	52.9	50.8	53.3	45.5	59.3	48.3	53.1	48.8	51.3	52.3	50.3	47.0	43.7	47.0	47.7	49.6	50.2	41.5	52.0	48.7	53.6	50.5	52.3		
Nov-22	49.9	51.1	51.1	52.0	54.4	43.9	51.7	53.8	49.6	49.7	51.2	52.0	47.0	61.6	47.8	52.0	46.9	51.1	48.6	51.6	46.5	44.7	51.5	50.2	50.8	50.6	45.7	51.5	47.6	53.4	50.6	46.8		
Dec-22	49.8	50.8	50.6	51.9	55.4	46.6	49.0	53.4	50.3	50.2	51.0	53.6	50.0	61.1	45.5	51.6	48.8	50.9	47.3	52.3	45.7	47.3	54.3	52.1	49.4	52.0	54.3	50.6	47.7	51.8	50.3	45.1		
Jan-23	50.1	51.5	50.3	52.1	54.9	57.8	51.7	52.3	49.7	52.6	51.7	52.6	50.1	59.0	46.7	53.2		50.9	49.5	49.8	45.7	45.9	53.6	52.0	48.7	51.2	48.4	51.3	48.4	50.1	50.0	47.7		

MANUFACTURING PMI - INPUT PRICES

	Developed Markets																	Emerging countries																
	NA		Europe															Asia-Oceania			LATAM		Eurasia			Middle East & Africa				Asia				
	World	CANADA	USA	EURO ZONE	AUSTRIA	DENMARK	FRANCE	GERMANY	GREECE	IRELAND	ITALY	NETHERLANDS	SPAIN	SWITZERLAND	UK	AUSTRALIA	NEW ZEALAND	JAPAN	SINGAPORE	BRAZIL	MEXICO	CZECH REPUBLIC	POLAND	RUSSIA	TURKEY	EGYPT	LEBANON	SAUDI ARABIA	SOUTH AFRICA	UAE	CHINA	HONG KONG	INDIA	INDONESIA
Apr-22	71.6	75.4	81.9	87.8	90.5	78.1	88.9	88.0	86.7	85.3	87.1	89.2	86.2	89.5	84.4		75.6	52.1	71.4	69.7	86.0	82.6	76.3	73.1	58.3		52.8		53.4	56.9	55.7	59.2	68.8	70.7
May-22	70.3	73.0	84.2	84.2	87.0	76.2	84.1	84.8	85.8	88.0	81.4	84.5	80.3	86.4	86.5		76.0	52.3	72.4	71.9	84.8	77.4	62.5	69.9	62.1		53.3		53.9	55.0	54.2	58.9	67.4	65.7
Jun-22	68.7	74.2	79.5	80.0	81.6	76.2	77.7	83.3	81.8	82.6	74.2	77.6	76.3	84.6	89.3		74.6	52.7	71.7	71.7	77.8	68.9	54.9	71.7	72.0		55.3		58.5	55.2	52.2	58.1	67.5	66.8
Jul-22	65.4	71.4	76.4	74.9	77.2	88.6	71.9	79.1	72.6	82.6	64.4	73.8	70.5	77.5	79.7		75.8	52.6	67.5	70.3	71.1	68.0	55.4	68.9	64.1		55.0		56.5	51.0	53.7	57.2	65.0	56.4
Aug-22	61.1	64.9	68.1	71.7	74.3	72.3	70.1	77.3	61.7	75.7	58.9	73.2	66.1	67.9	81.7		71.9	52.3	59.1	70.3	67.0	67.2	54.1	59.4	58.8		53.5		48.8	47.8	52.9	56.4	63.6	50.7
Sep-22	61.3	62.0	65.2	76.5	79.2	61.4	75.0	79.5	71.6	74.4	73.3	74.4	73.0	74.5	84.8		75.6	51.8	53.0	67.5	67.8	68.4	55.3	64.8	64.6		54.0		51.4	47.6	53.1	53.9	61.6	51.5
Oct-22	61.1	61.7	64.7	72.0	75.3	52.0	72.3	74.0	72.1	72.8	68.4	71.2	66.8	73.7	78.0		74.7	51.5	46.6	69.6	68.8	68.1	58.2	60.6	63.5		52.0		51.4	50.7	54.8	54.0	61.1	52.7
Nov-22	59.2	60.9	63.4	64.5	64.5	53.8	65.1	66.4	69.2	69.4	58.0	66.3	59.4	69.7	77.2		69.5	51.2	48.1	68.6	59.6	62.0	55.9	54.1	72.4		54.7		50.6	51.4	56.3	51.8	60.5	54.1
Dec-22	56.8	61.5	55.6	61.0	61.1	47.7	65.0	60.4	59.1	68.5	56.0	62.1	57.0	62.0			68.9	51.0	51.8	67.1	63.8	56.3	55.4	55.9	65.0		52.9		49.8	51.1	56.7	52.0	58.3	54.5
Jan-23	57.1	58.6	58.8	56.3	57.1	58.6	61.7	53.7	56.4	63.5	53.0	57.7	55.1	60.4			68.1	50.8	55.1	62.6	59.9	59.1	58.0	64.9	72.3		52.4		49.9	52.0	55.4	52.5	57.5	56.3



SOURCE: S&P GLOBAL, BNP PARIBAS



BNP PARIBAS

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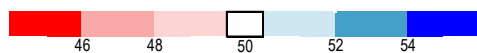
ECONOMIC PULSE

MANUFACTURING PMI - OUTPUT PRICES

WD	Developed Markets																	Emerging countries																
	NA		Europe													Asia-Oceania		LATAM		Eurasia				Middle East & Africa				Asia						
	World	CANADA	USA	EURO ZONE	AUSTRIA	DENMARK	FRANCE	GERMANY	GREECE	IRELAND	ITALY	NETHERLANDS	SPAIN	SWITZERLAND	UK	AUSTRALIA	NEW ZEALAND	JAPAN	SINGAPORE	BRAZIL	MEXICO	CZECH REPUBLIC	POLAND	RUSSIA	TURKEY	EGYPT	LEBANON	SAUDI ARABIA	SOUTH AFRICA	UAE	CHINA	HONG KONG	INDIA	INDONESIA
Apr-22	63.8	69.8	76.3	77.3	79.2	61.9	71.8	79.3	75.8	77.5	77.0	82.5	73.6	78.8			62.5		65.0	54.6	74.9	80.1	72.5	66.8	51.0	53.1	53.4		50.5		54.0	54.1	56.6	58.4
May-22	61.5	68.0	73.9	76.2	76.6	56.1	70.2	79.1	76.2	78.6	72.7	81.4	72.8	76.1			61.4		66.2	54.2	73.7	71.7	51.7	62.6	52.4	54.3	52.8		48.8		51.5	54.4	55.3	56.3
Jun-22	60.4	65.9	71.1	70.9	71.1	76.3	66.9	73.7	68.4	68.4	69.2	73.2	68.6	72.1			62.7		66.7	53.8	69.5	65.6	48.9	62.1	61.8	54.9	53.3		48.2		53.0	53.2	54.7	55.9
Jul-22	58.3	64.1	66.7	67.9	66.3	32.7	67.7	69.1	66.2	71.0	63.9	68.6	66.6	69.6			61.9		61.9	54.5	67.7	62.2	46.4	58.5	56.1	54.2	53.4		49.6		51.3	52.6	53.2	51.6
Aug-22	56.7	60.5	62.9	65.9	65.4	45.3	61.8	69.4	61.3	66.5	60.3	71.3	63.2	64.8			59.5		56.3	54.4	65.6	61.1	50.6	54.8	53.0	57.2	50.8		47.4		52.2	52.7	53.0	50.5
Sep-22	56.6	55.4	64.1	67.4	67.6	60.9	63.3	69.1	62.9	66.9	67.3	71.5	65.3	66.4			61.6		52.6	53.0	65.9	60.7	49.4	59.9	54.8	56.8	51.8		48.5		51.2	51.8	52.9	51.4
Oct-22	56.5	60.8	61.1	66.1	67.0	65.1	61.7	68.5	64.6	68.3	64.1	68.7	61.9	65.0			62.5		47.4	52.0	63.2	61.5	49.8	57.3	53.5	55.9	51.5		49.4		52.0	51.7	52.6	51.1
Nov-22	56.2	56.6	61.2	63.6	66.0	60.0	59.8	67.0	62.4	62.7	59.7	64.9	60.2	64.6			59.6		49.7	51.2	60.1	61.4	50.2	55.2	57.7	54.6	52.9		49.9		51.6	51.0	52.7	47.5
Dec-22	54.7	58.7	56.5	61.2	60.5	70.9	61.4	62.1	58.1	64.9	58.6	63.9	56.8	60.1			59.2		51.5	50.9	59.8	59.3	51.9	55.2	57.3	54.5	53.6		48.6		52.0	53.1	52.2	48.2
Jan-23	54.8	56.6	57.3	61.6	62.3	53.0	66.8	63.3	58.1	59.8	57.0	61.6	54.5	61.3			55.7		51.6	51.1	60.5	60.5	50.7	62.1	63.1	58.2	50.6		48.4		55.4	52.7	51.8	51.5

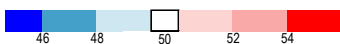
MANUFACTURING PMI - DELIVERY TIMES

WD	Developed Markets																	Emerging countries															
	NA		Europe													Asia-Oceania		LATAM		Eurasia				Middle East & Africa				Asia					
	World	CANADA	USA	EURO ZONE	AUSTRIA	DENMARK	FRANCE	GERMANY	GREECE	IRELAND	ITALY	NETHERLANDS	SPAIN	UK	AUSTRALIA	NEW ZEALAND	JAPAN	SINGAPORE	BRAZIL	MEXICO	CZECH REPUBLIC	POLAND	RUSSIA	TURKEY	EGYPT	SAUDI ARABIA	SOUTH AFRICA	UAE	CHINA	HONG KONG	INDIA	INDONESIA	VIETNAM
Apr-22	35.8	34.0	26.9	26.3	22.5	33.8	25.4	23.9	24.8	31.5	29.7	24.6	31.2	32.8	40.4	49.4	37.8	50.1	45.2	43.7	26.2	37.2	33.6	43.7	48.9	45.6	43.5	53.5	37.8	38.7	48.9	48.8	46.5
May-22	38.8	33.3	31.1	29.9	24.2	45.0	30.0	28.2	27.0	33.3	32.6	28.4	33.7	34.1	48.0	54.9	37.1	49.8	44.1	41.9	32.9	41.5	34.3	47.0	48.5	52.2	58.0	52.3	43.3	44.1	49.4	48.3	42.2
Jun-22	42.2	31.0	33.6	34.2	34.6	44.2	31.2	33.0	30.7	32.4	38.0	36.6	39.8	34.5	51.5	51.6	38.0	50.1	42.1	38.5	37.9	43.2	40.7	46.8	46.1	64.8	63.9	51.4	50.2	44.5	50.3	50.0	45.1
Jul-22	42.8	33.1	33.7	37.9	38.7	49.3	32.0	38.7	33.4	36.6	40.8	38.5	40.8	37.9	47.4	49.9	39.2	50.3	41.5	41.9	42.4	45.7	39.0	46.2	48.7	55.0	60.2	51.0	49.1	46.9	50.2	48.9	48.5
Aug-22	44.8	37.6	38.9	40.2	41.4	47.1	33.1	40.9	36.1	37.7	44.5	39.8	44.9	44.5	47.1	54.0	40.0	50.4	46.6	42.5	46.5	47.3	43.8	46.7	49.5	54.6	59.9	52.8	49.4	49.2	50.8	50.0	50.5
Sep-22	45.7	41.2	43.1	41.8	39.5	54.1	37.8	44.6	35.4	39.5	40.8	42.6	41.1	42.1	52.8	54.4	41.6	50.5	49.1	42.0	47.0	47.7	45.3	46.1	49.4	50.9	61.7	51.7	48.7	49.1	49.4	49.8	50.1
Oct-22	46.5	44.1	44.3	43.4	41.7	58.0	38.5	47.1	36.7	38.9	42.2	42.2	43.9	43.6	48.3	55.1	43.7	50.6	49.7	43.8	46.4	49.3	43.5	51.2	50.2	51.4	61.9	52.1	48.8	49.0	49.6	49.1	50.4
Nov-22	47.3	45.0	50.5	47.5	47.4	53.0	39.9	53.1	42.6	42.3	45.7	45.3	44.8	45.3	39.2	49.7	43.8	50.4	52.2	46.2	47.9	49.8	44.8	53.3	49.2	54.6	61.7	51.7	45.5	50.4	50.3	49.4	49.6
Dec-22	47.8	44.4	49.9	50.0	49.6	57.8	39.1	56.8	47.1	44.7	46.9	49.5	48.4	46.8		48.4	43.9	50.5	53.6	46.2	47.0	48.9	45.0	53.3	49.3	51.5	65.8	50.5	46.7	50.5	50.0	49.2	49.2
Jan-23	49.0	46.6	50.2	49.8	50.5	58.0	36.5	55.4	46.9	50.7	47.3	52.2	47.8	47.8		45.6	50.4	51.2	47.8	49.0	48.5	47.4	49.8	48.9	52.7	57.6	51.9	49.3	51.2	50.5	49.3	50.3	



MANUFACTURING PMI - OUTPUT PRICES

WD	Developed Markets																	Emerging countries																
	NA		Europe													Asia-Oceania		LATAM		Eurasia				Middle East & Africa				Asia						
	World	CANADA	USA	EURO ZONE	AUSTRIA	DENMARK	FRANCE	GERMANY	GREECE	IRELAND	ITALY	NETHERLANDS	SPAIN	SWITZERLAND	UK	AUSTRALIA	NEW ZEALAND	JAPAN	SINGAPORE	BRAZIL	MEXICO	CZECH REPUBLIC	POLAND	RUSSIA	TURKEY	EGYPT	LEBANON	SAUDI ARABIA	SOUTH AFRICA	UAE	CHINA	HONG KONG	INDIA	INDONESIA
Apr-22	63.8	69.8	76.3	77.3	79.2	61.9	71.8	79.3	75.8	77.5	77.0	82.5	73.6	78.8			62.5		65.0	54.6	74.9	80.1	72.5	66.8	51.0	53.1	53.4		50.5		54.0	54.1	56.6	58.4
May-22	61.5	68.0	73.9	76.2	76.6	56.1	70.2	79.1	76.2	78.6	72.7	81.4	72.8	76.1			61.4		66.2	54.2	73.7	71.7	51.7	62.6	52.4	54.3	52.8		48.8		51.5	54.4	55.3	56.3
Jun-22	60.4	65.9	71.1	70.9	71.1	76.3	66.9	73.7	68.4	68.4	69.2	73.2	68.6	72.1			62.7		66.7	53.8	69.5	65.6	48.9	62.1	61.8	54.9	53.3		48.2		53.0	53.2	54.7	55.9
Jul-22	58.3	64.1	66.7	67.9	66.3	32.7	67.7	69.1	66.2	71.0	63.9	68.6	66.6	69.6			61.9		61.9	54.5	67.7	62.2	46.4	58.5	56.1	54.2	53.4		49.6		51.3	52.6	53.2	51.6
Aug-22	56.7	60.5	62.9	65.9	65.4	45.3	61.8	69.4	61.3	66.5	60.3	71.3	63.2	64.8			59.5		56.3	54.4	65.6	61.1	50.6	54.8	53.0	57.2	50.8		47.4		52.2	52.7	53.0	50.5
Sep-22	56.6	55.4	64.1	67.4	67.6	60.9	63.3	69.1	62.9	66.9	67.3	71.5	65.3	66.4			61.6		52.6	53.0	65.9	60.7	49.4	59.9	54.8	56.8	51.8		48.5		51.2	51.8	52.9	51.4
Oct-22	56.5	60.8	61.1	66.1	67.0	65.1	61.7	68.5	64.6	68.3	64.1	68.7	61.9	65.0			62.5		47.4	52.0	63.2	61.5	49.8	57.3	53.5	55.9	51.5		49.4		52.0	51.7	52.6	51.1
Nov-22	56.2	56.6	61.2	63.6	66.0	60.0	59.8	67.0	62.4	62.7	59.7	64.9	60.2	64.6			59.6		49.7	51.2	60.1	61.4	50.2	55.2	57.7	54.6	52.9		49.9		51.6	51.0	52.7	47.5
Dec-22	54.7	58.7	56.5	61.2	60.5	70.9	61.4	62.1	58.1	64.9	58.6	63.9	56.8	60.1			59.2		51.5	50.9	59.8	59.3	51.9	55.2	57.3	54.5	53.6		48.6		52.0	53.1	52.2	48.2
Jan-23	54.8	56.6	57.3	61.6	62.3	53.0	66.8	63.3	58.1	59.8	57.0	61.6	54.5	61.3			55.7		51.6	51.1	60.5	60.5	50.7	62.1	63.1	58.2	50.6		48.4		55.4	52.7	51.8	51.5



SOURCE: S&P GLOBAL, BNP PARIBAS



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ECONOMIC SCENARIO

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UNITED STATES

The U.S. economy continued to grow in Q4, although it slowed slightly compared to Q3. The determinants of growth, namely household consumption and private inventories, are fragile, suggesting that the economy should continue to slow. The labour market is showing very early signs of a slowdown, but job creation remains high, the unemployment rate is still low and wages are still buoyant. Inflation seems to have peaked in the middle of the year and should continue to fall while remaining significantly above the target of 2% by late 2023. Following the mid-term elections, the Democrats retained a narrow majority in the Senate and the Republicans won a very tiny majority in the House of Representatives. This should limit what President Joe Biden can do over the remainder of his term, but, at the same time, compromises could also be reached.

CHINA

The recovery in Chinese economic growth since its Q2 2022 contraction has been sluggish and unbalanced. Industrial production has been the main growth driver, but it has lost steam since last October, largely due to the weakening in external demand and slower export growth. Meanwhile, activity driven by the domestic market and the services sector remains constrained by powerful drags, including the crisis in the property sector, the deterioration in the labour market, weak household confidence, and the Covid policy. Since early December 2022, the very sudden and ill-prepared abandonment of the strict zero Covid policy has plunged the country into new turbulence. However, domestic demand should rebound when the epidemic wave starts to ease. The authorities are enhancing again fiscal and monetary support measures, which are notably aimed at stabilizing the property sector.

EUROZONE

Growth in the euro zone in the third quarter was weak, but at least it remained positive, while the survey data (business and consumer confidence) seemed to be clearly pointing to a decline. Although a contraction was avoided in the third quarter, the euro zone is unlikely to avoid recession. The combination of the inflationary shock, the energy crisis and the enforced monetary tightening and their increasingly negative effects are likely to overcome the resistance seen to date. However, the recession should remain shallow thanks to the fiscal policy cushion and the current tightness of the labour market. In annual average terms, real GDP growth in the euro zone is expected to reach 3.4% in 2022 and 0.2% in 2023. The subsequent recovery is likely to be weak. Inflation is likely to remain elevated, well above the 2% target at the end of this year and only falling back to it at the end of 2024, which will keep monetary policy in restrictive territory.

FRANCE

Real GDP growth has continued during the 3rd quarter (0.2% q/q, after +0.5% during the 2nd quarter), driven by a growth of manufacturing production partly explained by a recovery of sectors exposed to supply-side problems (particularly the car sector) and partly related to growing inventories in order to avoid potential stronger constraints on production during the winter. This element should weigh on Q4 GDP growth, which should also suffer from the ongoing inflation acceleration (from 5.9% y/y in December towards 6.5% in February, before a gradual disinflation). These shocks should weigh on GDP growth in 2023 (0% according to our forecasts, after 2.5% in 2022).

RATES AND EXCHANGE RATES

In the US, the Federal Reserve will continue its tightening policy, bringing the federal funds rate to its terminal rate for this cycle at 5.25% (upper end of the target range) in the first half of this year. Given the expected slow decline in inflation and despite the economy entering recession, this level should be maintained through 2023 and only be followed by rate cuts in 2024. US Treasuries are largely pricing in the upcoming rate hikes. In the near term there is still some upward potential, but subsequently yields should move lower as the inflation outlook improves and the market starts anticipating policy easing in 2024.

The ECB Governing Council will continue to raise its policy rates at its next meetings. We expect the terminal rate -i.e. the peak rate in this cycle- to be reached by the end of the first half of this year. We expect a peak for the deposit rate at 3.25%. We expect quantitative tightening to start in the second quarter of 2023. Early on in 2023, we expect higher government bond yields on the back of important supply but thereafter yields should move lower, driven by a gradual decline in inflation. Lower US yields should also play a role in the decline of eurozone yields.

The Bank of Japan has increased the upper end of its target range for the 10-year JGB yield to 0.5% and further adjustments to the yield curve control policy cannot be excluded. Nevertheless, we do not expect the BoJ to proceed with a rate hike.

We expect the dollar to weaken somewhat versus the euro. The dollar's valuation is expensive, positioning in the market is very long and the long-term interest rate differential should narrow.

The yen has already weakened significantly versus the dollar, reflecting the increased policy divergence between the Fed and the Bank of Japan. We expect the exchange rate to remain around current levels in the near term. In 2023, the yen should strengthen versus the dollar considering that the federal funds rate should have reached its terminal rate.

GDP GROWTH AND INFLATION

%	GDP Growth				Inflation			
	2021	2022 e	2023 e	2024 e	2021	2022 e	2023 e	2024 e
United-States	5,7	2,1	0,7	0,2	4,7	8,1	4,2	2,4
Japan	1,7	1,2	0,9	0,3	-0,2	2,5	2,2	1,2
United-Kingdom	7,4	4,4	-0,9	0,8	2,6	9,0	6,8	2,1
Euro Area	5,3	3,4	0,2	1,3	2,6	8,4	5,0	2,4
Germany	2,6	1,9	-0,2	1,2	3,2	8,6	4,6	2,1
France	6,8	2,5	0,0	1,0	2,1	5,9	5,8	2,9
Italy	6,6	3,9	0,2	1,2	1,9	8,7	6,7	2,3
Spain	5,1	5,3	0,6	1,4	3,0	8,3	1,8	1,7
China	8,1	3,0	5,1	5,3	0,9	2,0	2,7	2,5
India*	9,3	8,3	6,2	6,5	5,4	7,9	5,9	5,5
Brazil	4,6	3,0	0,5	1,3	8,3	9,4	5,4	4,9
Russia	4,5	-7,0	0,8	0,3	7,1	14,0	10,5	7,6

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

INTEREST AND EXCHANGE RATES

Interest rates, %		Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q4 2024
End of period						
US	Fed Funds (upper limit)	5.00	5.25	5.25	5.25	3.25
	T-Note 10y	4.30	4.00	3.75	3.50	3.25
Eurozone	deposit rate	3.00	3.25	3.25	3.25	2.00
	Bund 10y	2.75	2.65	2.50	2.30	2.00
	OAT 10y	3.45	3.30	3.10	2.90	2.50
	BTP 10y	5.25	5.05	4.80	4.60	3.80
UK	BONO 10y	4.05	3.90	3.75	3.55	2.90
	Base rate	4.25	4.25	4.25	4.25	3.50
Japan	Gilts 10y	4.00	3.75	3.60	3.35	3.15
	BoJ Rate	-0.10	-0.10	-0.10	-0.10	-0.10
	JGB 10y	0.90	0.95	0.95	0.90	0.90

Exchange Rates		Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q4 2024
End of period						
USD	EUR / USD	1.01	1.00	1.03	1.06	1.10
	USD / JPY	140	138	133	128	120
	GBP / USD	1.09	1.08	1.11	1.14	1.18
EUR	EUR / GBP	0.93	0.93	0.95	0.95	0.95
	EUR / JPY	141	138	137	136	132

Brent		Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q4 2024
End of period						
Brent	USD/bbl	95	93	95	92	95

SOURCES: BNP PARIBAS (E: ESTIMATES & FORECASTS) (MARKET ECONOMICS, INTEREST RATE STRATEGY, FX STRATEGY, COMMODITIES DESK STRATEGY)



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CALENDAR

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LATEST INDICATORS

In Germany, the construction PMI improved somewhat but remains at a very low level. Retail sales in the euro area declined significantly in December -as expected- but the November number was revised upwards. In France, employment was stable in the fourth quarter but the consensus had expected an increase of 0.3%. In the UK, fourth quarter GDP was stable, in line with expectations. The construction PMI edged down. China consumer price inflation rose in January to 2.1% (1.8% the month before). The EcoWatchers' survey picked up in Japan, in particular with respect to the outlook, where the assessment improved far more than anticipated. In the US, University of Michigan sentiment improved thanks to a better assessment of current conditions. The assessment of the outlook was down slightly. Short-term inflation expectations were up but the longer-term expectations were stable.

DATE	COUNTRY	INDICATOR	PERIOD	SURVEY	ACTUAL	PREVIOUS
02/06/2023	Germany	S&P Global Germany Construction PMI	Jan	--	43.3	41.7
02/06/2023	United Kingdom	S&P Global/CIPS UK Construction PMI	Jan	48.5	48.4	48.8
02/06/2023	Eurozone	Retail Sales MoM	Dec	-2.5%	-2.7%	1.2%
02/08/2023	Japan	Eco Watchers Survey Current SA	Jan	48.2	48.5	48.7
02/08/2023	Japan	Eco Watchers Survey Outlook SA	Jan	47.6	49.3	46.8
02/08/2023	France	Private Sector Payrolls QoQ	4Q	0.3%	0.0%	0.6%
02/08/2023	United States	MBA Mortgage Applications	Feb	--	7.4%	-9.0%
02/10/2023	China	CPI YoY	Jan	2.1%	2.1%	1.8%
02/10/2023	China	PPI YoY	Jan	-0.5%	-0.8	-0.7%
02/10/2023	United Kingdom	GDP QoQ	4Q	0.0%	0.0	-0.2
02/10/2023	United Kingdom	GDP YoY	4Q	0.4%	0.4	1.9%
02/10/2023	France	Wages QoQ	4Q	1.0%	0.6%	1.0%
02/10/2023	United States	U. of Mich. Sentiment	Feb	65.0	66.4	64.9
02/10/2023	United States	U. of Mich. Current Conditions	Feb	68.0	72.6%	68.4
02/10/2023	United States	U. of Mich. Expectations	Feb	63.0	62.3	62.7
02/10/2023	United States	U. of Mich. 1 Yr Inflation	Feb	4.0%	4.2%	3.9%
02/10/2023	United States	U. of Mich. 5-10 Yr Inflation	Feb	2.9%	2.9%	2.9%

SOURCE: BLOOMBERG


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CALENDAR: THE WEEK AHEAD

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COMING INDICATORS

The European Commission will publish its new economic forecasts. For the Eurozone we will have an updated estimate of 4th quarter GDP growth as well as the change in employment in the 4th quarter. France and the United Kingdom will also publish labour market data. Inflation data will be released in the United States (CPI and PPI) and the United Kingdom. The latter will also release data on retail sales. In the US we will also have data on housing as well as the index of leading indicators.

DATE	COUNTRY	INDICATOR	PERIOD	SURVEY	PREVIOUS
02/13/2023	Eurozone	European Commission Publishes Economic Forecasts			
02/14/2023	Japan	GDP SA QoQ	4Q	0.5%	-0.2%
02/14/2023	France	ILO Unemployment Rate	4Q	--	7.3%
02/14/2023	United Kingdom	Employment Change 3M/3M	Dec	--	27k
02/14/2023	Eurozone	GDP SA QoQ	4Q	0.1%	0.1%
02/14/2023	Eurozone	Employment QoQ	4Q	--	0.3%
02/14/2023	United States	NFIB Small Business Optimism	Jan	89.8	89.8
02/14/2023	United States	CPI MoM	Jan	0.5%	-0.1%
02/14/2023	United States	CPI Ex Food and Energy MoM	Jan	0.4%	0.3%
02/15/2023	United Kingdom	CPI MoM	Jan	--	0.4%
02/15/2023	United States	Retail Sales Ex Auto MoM	Jan	0.7%	-1.1%
02/15/2023	United States	NAHB Housing Market Index	Feb	36	35
02/16/2023	United States	Building Permits MoM	Jan	1.0%	-1.6%
02/16/2023	United States	Initial Jobless Claims	Feb	--	196k
02/16/2023	United States	Housing Starts MoM	Jan	-2.3%	-1.4%
02/16/2023	United States	PPI Ex Food and Energy MoM	Jan	0.3%	0.1%
02/17/2023	United Kingdom	Retail Sales Ex Auto Fuel MoM	Jan	--	-1.1%
02/17/2023	United States	Leading Index	Jan	-0.3%	-0.8%

SOURCE: BLOOMBERG


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FURTHER READING

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Productivity, an endemic weakness of the Spanish economic model	Conjoncture	10 February 2023
Slowdown in the labour market and recession	EcoFlash	10 February 2023
Make sense of 'premature' monetary policy easing expectations	EcoTVWeek	10 February 2023
Tunisia: concerns over debt	Chart of the Week	8 February 2023
Central banks, markets and the economy: three times wrongfooted	EcoWeek	6 February 2023
What can Asian economies expect from a rebound in Chinese growth?	EcoTVWeek	3 February 2023
Behind the watts, a big contrast	Chart of the Week	1 February 2023
United States: GDP growth, good on the surface but with negative undercurrents	EcoWeek	30 January 2023
France: a "phony" recession	EcoTVWeek	27 January 2023
Eurozone: will a contraction in gdp be avoided again in q4?	EcoPulse	27 January 2023
Forecast 2023	EcoTVWeek	26 January 2023
United states: the fed's discount window now more attractive for smaller banks	Chart of the Week	25 January 2023
Us: job creation and the unemployment rate	EcoWeek	23 January 2023
Wage-price loop in the Eurozone: Where do we stand?	EcoTVWeek	20 January 2023
Inertia in emerging countries	EcoEmerging	18 January 2023
Business insolvencies remain below pre-covid levels	Chart of the Week	18 January 2023
US: leading indicators, the labour market and the recession narrative	EcoWeek	16 January 2023
Chinese-German trade: increasing dependence	EcoFlash	12 January 2023
2023, electric atmosphere	EcoTVWeek	12 January 2023
Euro adoption strengthens Croatia's economy	Chart of the Week	11 January 2023
Eurozone: starting the year on an upbeat note	EcoWeek	9 January 2023



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