

ECOWEEK

Issue 23.09
27 February 2023

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ECONOMIC RESEARCH



BNP PARIBAS

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TABLE OF CONTENT

3

EDITORIAL

Monetary policy's long and variable lags: the case of the Eurozone

6

MARKETS OVERVIEW

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

8

ECONOMIC SCENARIO

Main economic and financial forecasts

9

CALENDARS

Last week's main economic data and key releases for the week ahead

11

FURTHER READING

Latest articles, charts, videos and podcasts of Economic Research



MONETARY POLICY'S LONG AND VARIABLE LAGS: THE CASE OF THE EUROZONE

Monetary policy influences the economy with long and variable lags. They should be considered when assessing the effects of past rate hikes on inflation and its drivers. Bank lending surveys may act as a leading indicator. Historically, tighter credit standards and weak expected credit demand were followed by slower growth of company investments and households' housing investments. However, the relationship between credit demand and supply factors and household consumption is very weak. Considering the current relatively tight credit standards and weak expected credit demand, one should expect a negative impact on company investment and housing investments by households over the next several quarters.

Monetary policy influences demand and activity through various channels: the level of interest rates -which influence credit demand-, a bank lending channel -the availability of bank credit and the conditions that are applied-, a balance sheet channel -in terms of borrowers through the value of their collateral, in terms of banks through the impact on their funding costs-, a risk taking channel -via changes in prices of financial assets, which influence capital markets based financing and via changes in the willingness to take risk of borrowers, investors and banks- as well as an exchange rate channel. Given the variety of transmission mechanisms, the effects of changes in official interest rates only manifest themselves with long and variable lags. This raises a challenge for central banks: when inflation has been running high and several increases in policy rates have already been implemented, how many additional rate hikes are necessary to bring inflation back under control whilst trying to avoid an 'overkill'? Obviously, the answer is also crucial for decisions of households, firms and investors.

When monitoring inflation -the ultimate objective of central banks- or demand and supply conditions in the economy -which influence price developments-, the lags in monetary transmission should be taken into account. When past rate hikes have had only a limited effect on inflation and its drivers, this may reflect a limited policy effectiveness or that the consequences still need to manifest themselves due to the long and variable lags. In this respect, bank lending surveys may provide useful information and act as a leading indicator: one would expect that in reaction to central bank rate hikes, banks will tighten loan conditions. They are also ideally positioned to report on their clients' reactions to higher interest rates. These supply and demand factors will probably influence the volume of new loans and hence economic growth. This should especially be the case in the Eurozone, given the importance of the banking sector in its financing.

To explore this, charts 1-6 show the relationship between, on the one hand, next quarter's loan demand expected by banks as well as the credit conditions banks expect to apply -both based on the ECB's bank

	CREDIT STANDARDS		CREDIT DEMAND	
	Firms			
	beta	R2	beta	R2
4Q	-0.0737	0.2772	0.0538	0.2013
6Q	-0.06	0.3031	0.0424	0.2024
8Q	-0.0432	0.2432	0.0268	0.1255
	housing loans and household investments			
	beta	R2	beta	R2
4Q	-0.0731	0.1589	0.0357	0.2246
6Q	-0.0608	0.1433	0.032	0.2348
8Q	0.0037	0.0062	0.0024	0.0155
	consumer credit and household consumption			
	beta	R2	beta	R2
4Q	-0.0058	0.0051	0.0165	0.125
6Q	-0.0044	0.0048	0.0099	0.0712
8Q	-0.0009	0.0004	0.0066	0.0555

SOURCE: ECB BANK LENDING SURVEY (BLS), BNP PARIBAS

lending survey- and, on the other hand, the average growth in the volume of investments by companies and households as well as the volume of household consumption over the next four quarters¹. Table 1 also shows the regression coefficient and R² for longer time windows in terms of credit growth.

¹ The bank lending survey results are reported as a diffusion index: the net percentage of banks applying tighter standards, the net percentage of banks expecting strong credit demand. A negative number for the latter implies there are more banks expecting weaker demand than banks expecting stronger credit demand.

As time goes by, the impact of the ECB's rate hikes should become increasingly visible. Based on the correlation analysis over the various time windows, one should expect a negative impact on company investment and housing investments by households over the next several quarters.



Several conclusions can be drawn. One, as expected, tighter credit standards tend to be followed by slower growth of company investments and households' housing investments. However, the relationship with household consumption is very weak. Two, again as expected, when banks expect credit demand to be weak (strong), subsequent growth of company investments and households' housing investments tend to be weak (strong). The relationship with household consumption is again very weak. Three, the relationship between credit standards and corporate investments is the highest over a window of 6 quarters but even for 8 quarters, the R² remains relatively high compared to those of households' housing investments and consumption. Four, expected credit demand and corporate investments correlate well over 4 and 6 quarters, but far less for an 8 quarter window. Five, housing investments are more correlated with credit demand than with credit standards. In both cases, the correlation is very low for the 8 quarter window. Finally, the correlation between credit standards, expected credit demand and consumption growth is low for the different horizons. This probably reflects the limited role of bank credit in financing household consumption, in comparison with household income.

In each chart, the vertical line shows the results for the latest survey (1st quarter 2023). Generally speaking, credit standards are already relatively tight and expected credit demand rather weak, although in both cases we're not at historical extremes. Nevertheless, based on the correlation analysis over the various time windows, one should expect a negative impact on company investment and housing investments by households over the next several quarters, even in the absence of a further deterioration of the lending survey data. As time goes by, the impact of the ECB's rate hikes should become increasingly visible

William De Vijlder

EUROZONE: NET CHANGE IN FIRMS CREDIT DEMAND NEXT QUARTER

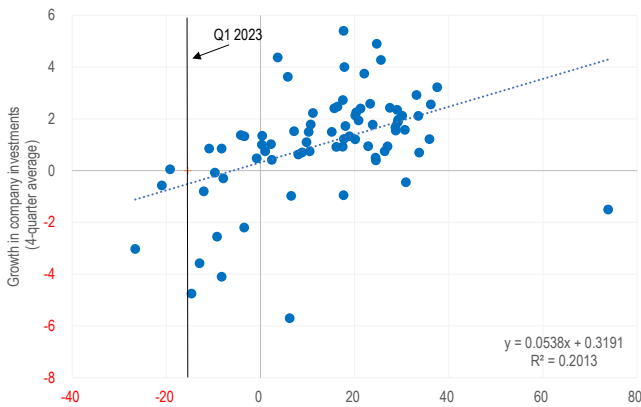


CHART 1

SOURCE: ECB BANK LENDING SURVEY (BLS), BNP PARIBAS

EUROZONE: NET CHANGE IN FIRMS CREDIT STANDARDS NEXT QUARTER

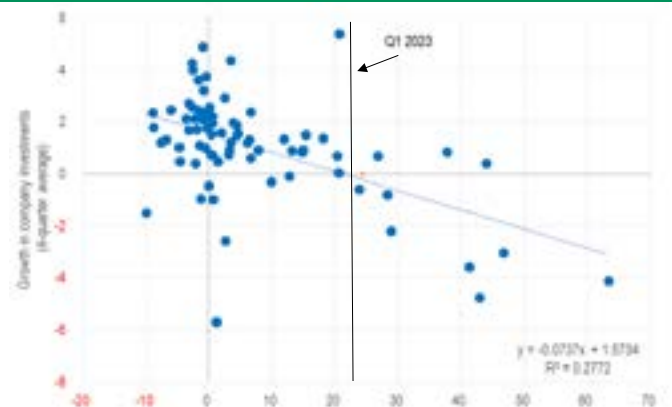


CHART 2

SOURCE: ECB BANK LENDING SURVEY (BLS), BNP PARIBAS

EUROZONE: NET CHANGE IN HOUSING CREDIT DEMAND NEXT QUARTER

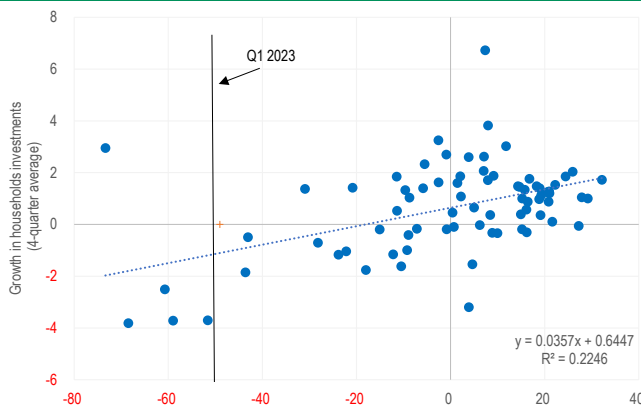


CHART 3

SOURCE: ECB BANK LENDING SURVEY (BLS), BNP PARIBAS

EUROZONE: NET CHANGE IN HOUSING CREDIT STANDARDS NEXT QUARTER

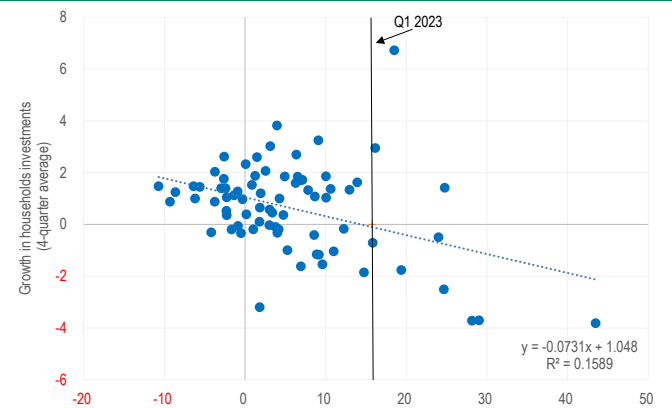


CHART 4

SOURCE: ECB BANK LENDING SURVEY (BLS), BNP PARIBAS



EUROZONE: NET CHANGE IN CONSUMER CREDIT DEMAND NEXT QUARTER

EUROZONE: NET CHANGE IN CONSUMER CREDIT STANDARDS NEXT QUARTER

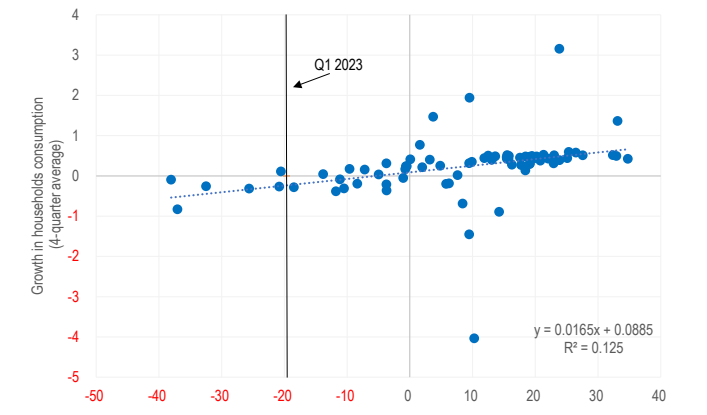


CHART 5

SOURCE: ECB BANK LENDING SURVEY (BLS), BNP PARIBAS

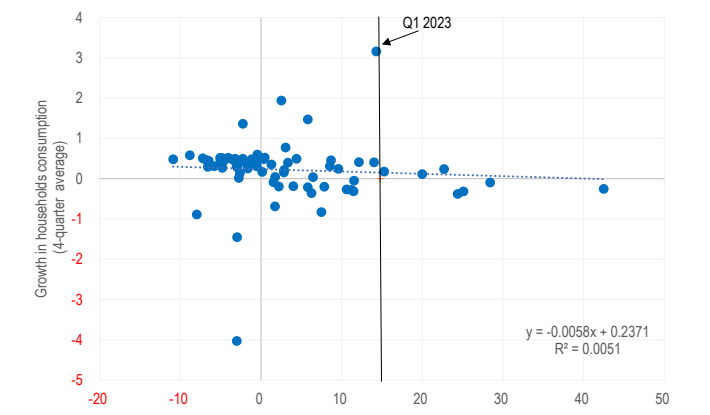


CHART 6

SOURCE: ECB BANK LENDING SURVEY (BLS), BNP PARIBAS



MARKETS OVERVIEW

6

OVERVIEW

Week 24-2'23 to 3-3-23			
📈 CAC 40	7 187	▶ 7 348	+2.2 %
📈 S&P 500	3 970	▶ 4 046	+1.9 %
📉 Volatility (VIX)	21.7	▶ 18.5	-3.2 pb
📈 Euribor 3M (%)	2.70	▶ 2.85	+15.1 bp
📈 Libor \$ 3M (%)	4.95	▶ 4.98	+3.1 bp
📈 OAT 10y (%)	3.02	▶ 3.23	+20.9 bp
📈 Bund 10y (%)	2.49	▶ 2.72	+22.7 bp
📉 US Tr. 10y (%)	3.97	▶ 3.96	-1.8 bp
📈 Euro vs dollar	1.05	▶ 1.06	+0.5 %
📈 Gold (ounce, \$)	1 810	▶ 1 846	+2.0 %
📈 Oil (Brent, \$)	83.2	▶ 86.0	+3.3 %

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
Eonia	-0.51	-0.51 at 02/01	-0.51 at 02/01	Bund 2y	3.24
Euribor 3M	2.85	2.85 at 03/03	2.16 at 02/01	Bund 10y	2.72
Euribor 12M	3.83	3.83 at 03/03	3.30 at 19/01	OAT 10y	3.23
\$ FED	4.75	4.75 at 02/02	4.50 at 02/01	Corp. BBB	4.75
Libor 3M	4.98	4.99 at 02/03	4.77 at 02/01	\$ Treas. 2y	4.91
Libor 12M	5.69	5.71 at 02/03	5.25 at 03/02	Treas. 10y	3.96
€ BoE	4.00	4.00 at 02/02	3.50 at 02/01	High Yield	8.70
Libor 3M	4.31	4.33 at 01/03	3.87 at 02/01	£ gilt. 2y	4.01
Libor 12M	0.81	0.81 at 02/01	0.81 at 02/01	£ gilt. 10y	3.74
At 3-3-23				At 3-3-23	

EXCHANGE RATES

1€ =	highest 23	lowest 23	2023	Change
USD	1.06	1.09 at 02/02	1.05 at 05/01	-0.7%
GBP	0.88	0.90 at 03/02	0.87 at 19/01	-0.3%
CHF	1.00	1.00 at 24/01	0.99 at 04/01	+0.8%
JPY	144.49	145.27 at 01/03	138.02 at 03/01	+2.6%
AUD	1.57	1.58 at 01/03	1.53 at 27/01	-0.1%
CNY	7.31	7.42 at 02/01	7.23 at 05/01	-1.4%
BRL	5.52	5.79 at 04/01	5.43 at 23/02	-2.0%
RUB	79.95	80.40 at 22/02	73.32 at 12/01	+2.6%
INR	86.88	89.91 at 02/02	86.85 at 05/01	-1.6%
At 3-3-23				Change

COMMODITIES

Spot price, \$	highest 23	lowest 23	2023	2023(€)	Change
Oil, Brent	86.0	88.2 at 23/01	78.0 at 04/01	+1.3%	+2.0%
Gold (ounce)	1 846	1 935 at 24/01	1 810 at 24/02	+1.7%	+2.4%
Metals, LME	4 050	4 404 at 26/01	3 905 at 05/01	+1.7%	+2.4%
Copper (ton)	8 955	9 331 at 23/01	8 236 at 04/01	+7.1%	+7.8%
wheat (ton)	257	2.9 at 13/02	255 at 28/02	-10.0%	-9.4%
Corn (ton)	248	2.7 at 13/02	242 at 28/02	-0.5%	-3.9%
At 3-3-23					Change

EQUITY INDICES

Index	highest 23	lowest 23	2023	Year 2023 to 3-3, €	Change
World					
MSCI World	2 758	2 848 at 02/02	2 595 at 05/01	+6.0%	+24.1%
North America					
S&P500	4 046	4 180 at 02/02	3 808 at 05/01	+5.4%	+20.2%
Europe					
EuroStoxx50	4 295	4 297 at 16/02	3 856 at 02/01	+13.2%	+19.6%
CAC 40	7 348	7 366 at 16/02	6 595 at 02/01	+1.4%	+17.7%
DAX 30	15 578	15 578 at 03/03	14 069 at 02/01	+11.9%	+16.2%
IBEX 35	9 464	9 464 at 03/03	8 370 at 02/01	+1.5%	+15.6%
FTSE100	7 947	8 014 at 20/02	7 452 at 02/01	+0.7%	+13.7%
Asia					
MSCI, loc.	1 125	1 130 at 27/01	1 065 at 04/01	+0.5%	+13.0%
Nikkei	27 927	27 927 at 03/03	25 717 at 04/01	+7.0%	+11.5%
Emerging					
MSCI Emerging (\$)	988	1 052 at 26/01	956 at 02/01	+0.3%	+9.3%
China	67	75 at 27/01	64 at 02/01	+5.7%	+7.8%
India	730	786 at 18/01	712 at 28/02	-6.2%	+6.3%
Brazil	1 400	1 574 at 25/01	1 357 at 04/01	-5.2%	+5.5%
At 3-3-23					+5.4%

PERFORMANCE BY SECTOR (Eurostoxx50 & S&P500)

Year 2023 to 3-3, \$	Year 2023 to 3-3, €
Car	+45.0%
Retail	+20.2%
Banks	+16.1%
Construction	+15.1%
Travel & Leisure	+13.8%
Technology	+13.8%
Telecoms	+10.8%
Industry	+9.7%
Media	+8.8%
Chemical	+7.5%
Financial services	+7.5%
Banks	+6.7%
Index	+6.4%
Insurance	+5.3%
Household & Care	+2.0%
Telecoms	+1.2%
Oil & Gas	+0.6%
Commodities	-0.0%
Food industry	-3.5%
Health	-3.7%
Utilities	-5.7%
Health	+0.4%

SOURCE: REFINITIV, BNP PARIBAS,

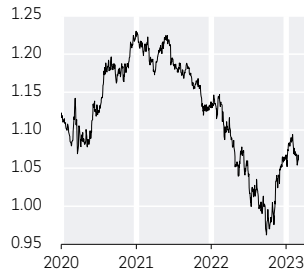


BNP PARIBAS

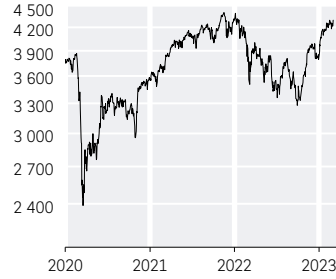
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MARKETS OVERVIEW

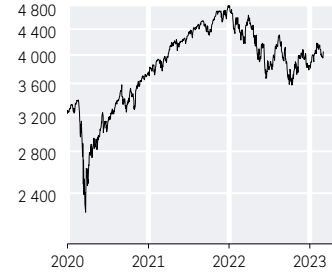
EURO-DOLLAR



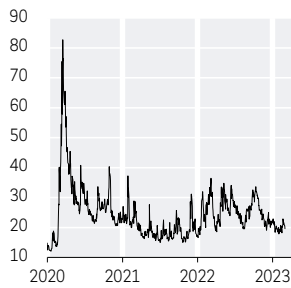
EUROSTOXX50



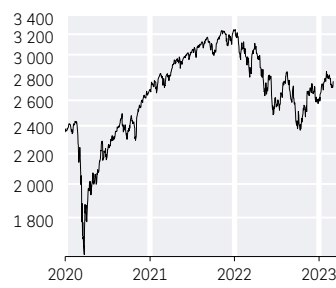
S&P500



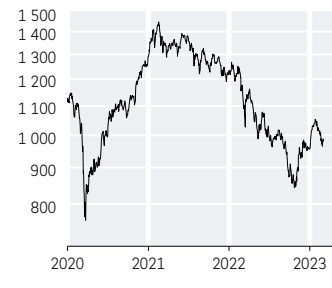
VOLATILITY (VIX, S&P500)



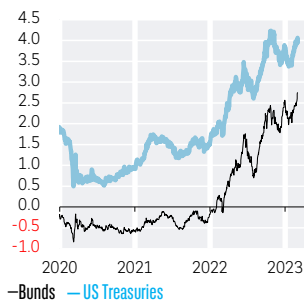
MSCI WORLD (USD)



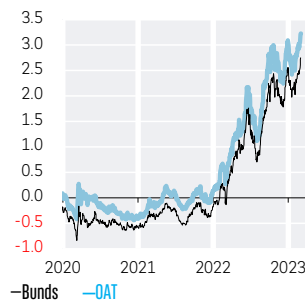
MSCI EMERGING (USD)



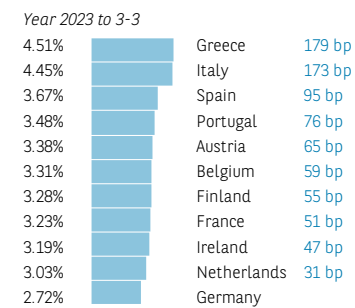
10Y BOND YIELD, TREASURIES VS BUND



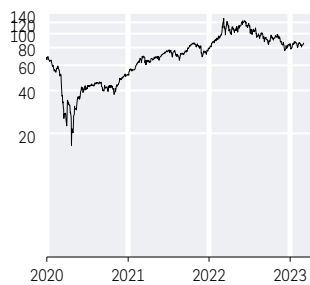
10Y BOND YIELD



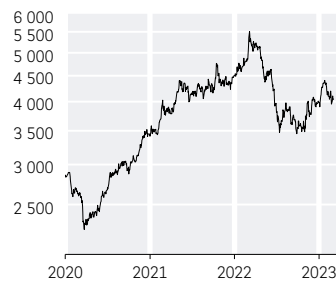
10Y BOND YIELD & SPREADS



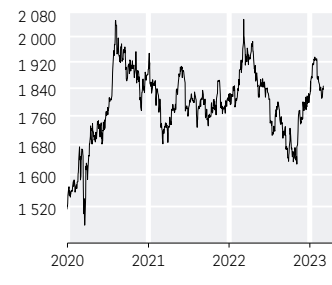
OIL (BRENT, USD)



METALS (LMEX, USD)



GOLD (OUNCE, USD)



SOURCE: REFINITIV, BNP PARIBAS



ECONOMIC SCENARIO

8

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)



BNP PARIBAS

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CALENDAR

9

LATEST INDICATORS

In the Eurozone, consumer confidence edged higher but it remains very low. The manufacturing PMI hardly changed, which was a disappointment, whereas the services PMI brought a positive surprise by rising strongly to 53.0. The ZEW expectations survey also jumped. The final number for core CPI moved higher, reaching 5.3%. France saw a similar movement of the PMIs as the euro area: manufacturing down, services up. Business confidence improved slightly. The German manufacturing PMI was also down and the services PMI improved slightly. The ZEW survey saw a jump in expectations and the IFO business climate also improved on the back of better expectations. In Japan, the services PMI also improved and the same occurred in the UK and the US. In the US, initial jobless claims hardly changed, which was a positive surprise. Finally, University of Michigan consumer sentiment showed a significant increase on the back of improved expectations and a better assessment of current conditions.

DATE	COUNTRY	INDICATOR	PERIOD	SURVEY	ACTUAL	PREVIOUS
02/20/2023	Eurozone	Consumer Confidence	Feb	-19.0	-19.0	-20.7
02/21/2023	Eurozone	S&P Global Eurozone Manufacturing PMI	Feb	49.3	48.5	48.8
02/21/2023	Eurozone	S&P Global Eurozone Services PMI	Feb	51.0	53.0	50.8
02/21/2023	Eurozone	ZEW Survey Expectations	Feb	--	29.7	16.7
02/23/2023	Eurozone	CPI YoY	Jan	8.6%	8.6%	8.5%
02/23/2023	Eurozone	CPI MoM	Jan	-0.2%	-0.2%	-0.4%
02/23/2023	Eurozone	CPI Core YoY	Jan	5.2%	5.3%	5.2%
02/21/2023	France	S&P Global France Manufacturing PMI	Feb	51.0	47.9	50.5
02/21/2023	France	S&P Global France Services PMI	Feb	49.8	52.8	49.4
02/22/2023	France	Business Confidence	Feb	102	103	102
02/24/2023	France	Consumer Confidence	Feb	80	82	83.00
02/21/2023	Germany	S&P Global/BME Germany Manufacturing PMI	Feb	48.1	46.5	47.3
02/21/2023	Germany	S&P Global Germany Services PMI	Feb	51.0	51.3	50.7
02/21/2023	Germany	ZEW Survey Expectations	Feb	23.0	28.1	16.9
02/21/2023	Germany	ZEW Survey Current Situation	Feb	-50.5	-45.1	-58.6
02/22/2023	Germany	IFO Business Climate	Feb	91.2	91.1	90.1
02/22/2023	Germany	IFO Current Assessment	Feb	95.0	93.9	94.1
02/22/2023	Germany	IFO Expectations	Feb	88.4	88.5	86.4
02/24/2023	Germany	GfK Consumer Confidence	Mar	-30.5	-31	-33.80
02/21/2023	Japan	Jibun Bank Japan PMI Mfg	Feb	--	47.4	48.9
02/21/2023	Japan	Jibun Bank Japan PMI Services	Feb	--	53.6	52.3
02/21/2023	United Kingdom	S&P Global/CIPS UK Manufacturing PMI	Feb	47.5	49.2	47.0
02/21/2023	United Kingdom	S&P Global/CIPS UK Services PMI	Feb	49.2	53.3	48.7
02/24/2023	United Kingdom	GfK Consumer Confidence	Feb	-43	-38	-45
02/21/2023	United States	S&P Global US Manufacturing PMI	Feb	47.2	47.8	46.9
02/21/2023	United States	S&P Global US Services PMI	Feb	47.3	50.5	46.8
02/22/2023	United States	FOMC Meeting Minutes	Feb	--	--	--
02/23/2023	United States	Initial Jobless Claims	Feb	200k	192k	195k
02/24/2023	United States	Real Personal Spending	Jan	1.1%	1.1%	-0.3%
02/24/2023	United States	PCE Core Deflator MoM	Jan	0.4%	0.6%	0.4%
02/24/2023	United States	New Home Sales MoM	Jan	0.7%	7.2%	7.2%
02/24/2023	United States	U. of Mich. Sentiment	Feb	66.4	67.0	66.4
02/24/2023	United States	U. of Mich. Current Conditions	Feb	72.7	70.7	72.6
02/24/2023	United States	U. of Mich. Expectations	Feb	62.5	64.4	62.3
02/24/2023	United States	U. of Mich. 1 Yr Inflation	Feb	4.2%	4.1%	4.2%
02/24/2023	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

10

COMING INDICATORS

A very busy week with several surveys covering the month of February: European Commission consumer and business surveys, manufacturing, services and composite PMIs in a large number of countries, in the US the Conference Board consumer confidence index as well as the ISM surveys for manufacturing and for services. In the Eurozone, the attention will also go to the inflation numbers for February.

DATE	COUNTRY	INDICATOR	PERIOD	SURVEY	PREVIOUS
02/27/2023	Eurozone	Consumer Confidence	Feb	--	-19.0
02/27/2023	Eurozone	Economic Confidence	Feb	--	99.9
02/27/2023	Eurozone	Industrial Confidence	Feb	--	1.3
02/27/2023	Eurozone	Services Confidence	Feb	--	10.7
02/27/2023	United States	Cap Goods Orders Nondef Ex Air	Jan	0.0%	-0.1%
02/28/2023	France	GDP QoQ	4Q	--	0.1%
02/28/2023	United States	Conf. Board Consumer Confidence	Feb	108.5	107.1
02/28/2023	United States	Conf. Board Present Situation	Feb	--	150.9
02/28/2023	United States	Conf. Board Expectations	Feb	--	77.8
03/01/2023	Japan	Jibun Bank Japan PMI Mfg	Feb	--	47.4
03/01/2023	China	Manufacturing PMI	Feb	--	50.1
03/01/2023	China	Non-manufacturing PMI	Feb	--	54.4
03/01/2023	China	Caixin China PMI Mfg	Feb	--	49.2
03/01/2023	France	S&P Global France Manufacturing PMI	Feb	--	47.9
03/01/2023	Germany	S&P Global/BME Germany Manufacturing PMI	Feb	--	46.5
03/01/2023	Eurozone	S&P Global Eurozone Manufacturing PMI	Feb	--	48.5
03/01/2023	United Kingdom	S&P Global/CIPS UK Manufacturing PMI	Feb	--	49.2
03/01/2023	United States	S&P Global US Manufacturing PMI	Feb	--	47.8
03/01/2023	United States	ISM Manufacturing	Feb	47.7	47.4
03/02/2023	Eurozone	CPI Estimate YoY	Feb	--	8.6%
03/02/2023	Eurozone	CPI MoM	Feb	--	-0.2%
03/02/2023	Eurozone	CPI Core YoY	Feb	--	5.3%
03/02/2023	Eurozone	Unemployment Rate	Jan	--	6.6%
03/02/2023	United States	Initial Jobless Claims	Feb	--	192k
03/03/2023	Japan	Tokyo CPI Ex-Fresh Food, Energy YoY	Feb	3.0%	3.0%
03/03/2023	Japan	Jibun Bank Japan PMI Services	Feb	--	53.6
03/03/2023	China	Caixin China PMI Services	Feb	--	52.9
03/03/2023	France	S&P Global France Services PMI	Feb	--	52.8
03/03/2023	Germany	S&P Global Germany Services PMI	Feb	--	51.3
03/03/2023	Eurozone	S&P Global Eurozone Services PMI	Feb	--	53.0
03/03/2023	United Kingdom	S&P Global/CIPS UK Services PMI	Feb	--	53.3
03/03/2023	Eurozone	PPI MoM	Jan	--	1.1%
03/03/2023	United States	S&P Global US Services PMI	Feb	--	50.5
03/03/2023	United States	ISM Services Index	Feb	54.3	55.2

SOURCE: BLOOMBERG


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FURTHER READING

11

OECD: EcoPulse February 2023	EcoPulse	24 February 2023
Southern Europe: improvement in public accounts	EcoTVWeek	24 February 2023
The business climate continues to improve in February 2023, but inflation persists	EcoBrief	22 February 2023
European Union: sectoral variations in business bankruptcies	Chart of the Week	22 February 2023
US: "It ain't over till it's over"	EcoWeek	20 February 2023
Political turmoil in Peru	EcoTVWeek	17 February 2023
Disinflation: it is a matter of scale	Chart of the Week	15 February 2023
United States: Do a high vacancy rate and labour hoarding imply slow disinflation?	EcoWeek	13 February 2023
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



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

Head of publication : Jean Lemierre / Chief editor: William De Vijlder

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