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“ THE 4TH QUARTER US GDP SHOWED RESILIENT QUARTERLY GROWTH, BUT THE UNDERCURRENTS ARE NEGATIVE. THE DELAYED EFFECTS OF PAST RATE HIKES AND THE UPCOMING POLICY RATE INCREASES SHOULD REINFORCE THEM. ”

ECONOMIC RESEARCH



BNP PARIBAS

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UNITED STATES: GDP GROWTH, GOOD ON THE SURFACE BUT WITH NEGATIVE UNDERCURRENTS

On an annualised basis, US GDP increased 2.9% in the fourth quarter compared to the third. This healthy increase implies only a mild quarterly slowdown. The result was also better than the consensus expectation. However, a detailed analysis shows causes for concern. About half of the increase in GDP reflects inventory rebuilding, although this comes after a negative contribution in the previous two quarters. Personal consumption expenditures have also contributed approximately half of the GDP increase, but investments in structures had a negligible impact and residential investments continue to act as a drag, suffering from high mortgage rates. Moreover, in the final quarter of 2022, GDP only grew 1.0% versus the same quarter of 2021. Despite the apparent resilience in the fourth quarter, the undercurrents are clearly negative, and they should be reinforced by the delayed effects of past rate hikes and the upcoming policy rate increases. Were it not for the strength of the labour market, the talk about recession risk would be even more intense.

The latest US GDP data will have pleased those who like to see the glass as half full. After all, 2.9% quarterly growth (seasonally adjusted at an annual rate, column f in the table) is a healthy increase in GDP, which only implies a mild slowdown compared to the third quarter growth of 3.2%. Moreover, the result was also better than the Bloomberg consensus of +2.6%

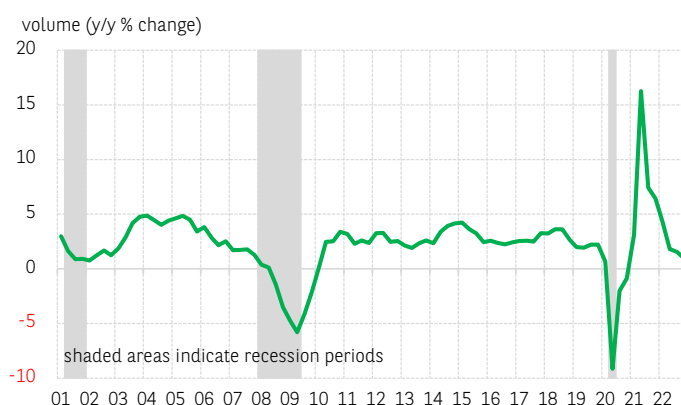
So far for the good news. The 'glass is half empty' camp has an easier task to underpin its cautious view. About half of the increase in GDP reflects inventory rebuilding, with a contribution of 1.46 percentage points to growth (column j of the table). Admittedly, this comes after a negative contribution in the previous two quarters, which makes it difficult to assess to what extent the latest data reflect an unexpected slowdown in demand leading to excess inventories.

Personal consumption expenditures have also contributed approximately half of the GDP increase. At 1.42 percentage points, the contribution is in line with that in the previous two quarters.

The bulk is coming from services. The contribution of durable goods spending has turned positive again -after two negative quarters- but remains very small (0.04 percentage points). The contribution of gross private domestic investment has also become positive again (0.27 percentage points), underpinned by investments in intellectual property products.

Investments in structures had a negligible impact on GDP -after a negative contribution in the first three quarters- and residential investments continue to suffer from high mortgage rates and the drop in housing affordability. The negative contribution of 1.29 percentage points implies that in each quarter of 2022, residential investments have acted as a drag on growth.

US: FINAL SALES TO PRIVATE DOMESTIC SECTOR



SOURCE: FEDERAL RESERVE BANK OF ST-LOUIS, NBER, BNP PARIBAS

For the full year, they have shrunk 10.7% versus 2021 (column a of the table). The contraction is even more spectacular when comparing the fourth quarter of 2022 with the same quarter of 2021: -19.3% (column b).

The same exercise for GDP and some of its components sheds light on the slowdown in the course of 2022: GDP only grew 1.0% (Q4/Q4), gross private domestic investment was down 4.6%, whereas exports growth was resilient (+5.3% versus +7.2% for the year 2022 as a whole).

“ The fourth quarter US GDP showed resilient quarterly growth, but the undercurrents are negative. The delayed effects of past rate hikes and the upcoming policy rate increases should reinforce them. Were it not for the strength of the labour market, the talk about recession risk would be even more intense.



EDITORIAL

Import growth however slowed to +1.7% (+8.1% for the year), which paints a gloomy picture about domestic demand. This is illustrated in real final sales to private domestic demand, with a year-over-year growth rate that has slowed significantly (*chart 1*).

Despite the resilience in the fourth quarter, the undercurrents are clearly negative, and they should be reinforced by the delayed effects of past rate hikes and the upcoming policy rate increases. Were it not for the strength of the labourmarket, the talk about recession risk would be even more intense.

William De Vijlder

US REAL GDP: GROWTH AND ITS DECOMPOSITION										
	% change from preceding year	% change from Q4 to Q4	% change from preceding quarter				% change at annual rate (GDP) and contribution			
	2022	2022	2022				2022			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	a	b	c	d	e	f	g	h	i	j
Gross domestic product (GDP)	2,1	1	-1,6	-0,6	3,2	2,9	-1,6	-0,6	3,2	2,9
Personal consumption expenditures (PCE)	2,8	1,9	1,3	2	2,3	2,1	0,91	1,38	1,54	1,42
Goods	-0,4	-0,5	-0,1	-2,6	-0,4	1,1	-0,02	-0,6	-0,08	0,26
Durable goods	-0,3	1,1	7,6	-2,8	-0,8	0,5	0,64	-0,2	-0,07	0,04
Nondurable goods	-0,4	-1,4	-4,4	-2,5	-0,1	1,5	-0,66	-0,4	-0,01	0,22
Services	4,5	3,2	2,1	4,6	3,7	2,6	0,93	1,99	1,63	1,16
Gross private domestic investment	3,8	-4,6	5,4	-14,1	-9,6	1,4	0,98	-2,8	-1,8	0,27
Fixed investment	-0,3	-2,7	4,8	-5	-3,5	-6,7	0,83	-0,9	-0,62	-1,2
Nonresidential	3,6	3,7	7,9	0,1	6,2	0,7	0,98	0,01	0,8	0,09
Structures	-7,4	-5,2	-4,3	-12,7	-3,6	0,4	-0,11	-0,3	-0,09	0,01
Equipment	4,3	3,8	11,4	-2	10,6	-3,7	0,55	-0,1	0,53	-0,2
Intellectual property products	8,7	7,9	10,8	8,9	6,8	5,3	0,54	0,46	0,36	0,28
Residential	-10,7	-19,3	-3,1	-17,8	-27,1	-2,7	-0,15	-0,9	-1,42	-1,29
Change in private inventories							0,15	-1,9	-1,19	1,46
Net exports of goods and services							-3,13	1,16	2,86	0,56
Exports	7,2	5,3	-4,6	13,8	14,6	-1,3	-0,53	1,51	1,65	-0,15
Goods	6,3	4,1	-7,2	15,5	17,8	-7	-0,58	1,18	1,38	-0,58
Services	9,2	7,8	1,6	9,9	7,5	12,4	0,06	0,33	0,26	0,43
Imports	8,1	1,7	18,4	2,2	-7,3	-4,6	-2,6	-0,4	1,21	0,71
Goods	6,9	0,8	20,4	-0,4	-8,6	-5,6	-2,38	0,05	1,19	0,72
Services	14,5	6,1	9,1	16,6	-0,8	0,4	-0,22	-0,4	0,02	-0,01
Government consumption expenditures and gross investment	-0,6	0,9	-2,3	-1,6	3,7	3,7	-0,4	-0,3	0,65	0,64
Federal	-2,5	0,2	-5,3	-3,4	3,7	6,2	-0,36	-0,2	0,24	0,39
National defense	-2,8	-0,1	-8,5	1,4	4,7	2,4	-0,33	0,05	0,17	0,09
Nondefense	-2,2	0,6	-1,1	-9,2	2,5	11,2	-0,03	-0,3	0,07	0,3
State and local	0,6	1,3	-0,4	-0,6	3,7	2,3	-0,04	-0,1	0,41	0,25

SOURCE: US BUREAU OF ECONOMIC ANALYSIS.



MARKETS OVERVIEW

OVERVIEW

Week	20-1-23	to 27-1-23		
↗ CAC 40	6 996	↗ 7 097	+1.4 %	
↗ S&P 500	3 973	↗ 4 071	+2.5 %	
↘ Volatility (VIX)	19.9	↘ 18.5	-1.3 pb	
↗ Euribor 3M (%)	2.42	↗ 2.49	+7.5 bp	
↗ Libor \$ 3M (%)	4.82	↗ 4.83	+1.0 bp	
↗ OAT 10y (%)	2.61	↗ 2.71	+9.9 bp	
↗ Bund 10y (%)	2.13	↗ 2.20	+7.0 bp	
↗ US Tr. 10y (%)	3.49	↗ 3.52	+3.4 bp	
↗ Euro vs dollar	1.08	↗ 1.08	+0.1 %	
↘ Gold (ounce, \$)	1 929	↘ 1 928	-0.0 %	
↘ Oil (Brent, \$)	87.7	↘ 86.7	-1.1 %	

MONEY & BOND MARKETS

Interest Rates	highest 23	lowest 23	Yield (%)	highest 23	lowest 23
€ ECB	2.50	at 02/01	2.50	at 02/01	€ AVG 5-7y 2.64
Eonia	-0.51	at 02/01	-0.51	at 02/01	Bund 2y 2.58
Euribor 3M	2.49	at 24/01	2.16	at 02/01	Bund 10y 2.20
Euribor 12M	3.36	at 11/01	3.30	at 19/01	OAT 10y 2.71
\$ FED	4.50	at 02/01	4.50	at 02/01	Corp. BBB 4.19
Libor 3M	4.83	at 12/01	4.77	at 02/01	\$ Treas. 2y 4.28
Libor 12M	5.32	at 06/01	5.30	at 26/01	Treas. 10y 3.52
€ BoE	3.50	at 02/01	3.50	at 02/01	High Yield 8.19
Libor 3M	4.10	at 27/01	3.87	at 02/01	£ gilt. 2y 3.45
Libor 12M	0.81	at 02/01	0.81	at 02/01	gilt. 10y 3.33

EXCHANGE RATES

1€ =	highest 23	lowest 23	2023
USD	1.08	1.09 at 25/01	1.05 at 05/01 +1.6%
GBP	0.88	0.89 at 12/01	0.87 at 19/01 -1.1%
CHF	1.00	1.00 at 24/01	0.99 at 04/01 +1.3%
JPY	140.90	142.58 at 11/01	138.02 at 03/01 +0.1%
AUD	1.53	1.57 at 02/01	1.53 at 27/01 -2.9%
CNY	7.34	7.42 at 02/01	7.23 at 05/01 -1.0%
BRL	5.52	5.79 at 04/01	5.52 at 13/01 -2.0%
RUB	75.82	77.91 at 02/01	73.32 at 12/01 -2.7%
INR	88.38	88.95 at 25/01	86.85 at 05/01 +0.1%

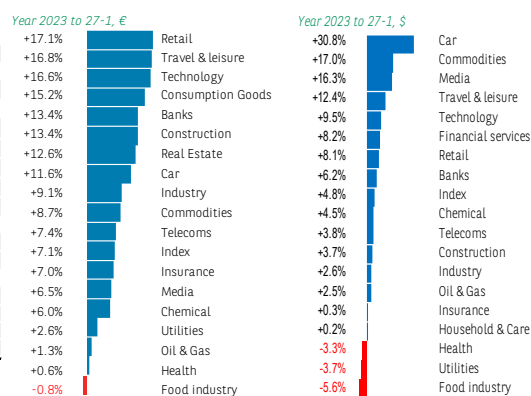
COMMODITIES

Spot price, \$	highest 23	lowest 23	2023	2023(€)
Oil, Brent	86.7	88.2 at 23/01	78.0 at 04/01	+2.0% +0.5%
Gold (ounce)	1 928	1 935 at 24/01	1 824 at 02/01	+6.2% +4.5%
Metals, LMEX	4 354	4 404 at 26/01	3 905 at 05/01	+9.3% +7.6%
Copper (ton)	9 242	9 331 at 23/01	8 236 at 04/01	+10.5% +8.8%
wheat (ton)	279	2.9 at 02/01	268 at 23/01	-2.2% -3.7%
Corn (ton)	265	2.7 at 17/01	251 at 04/01	+0.2% +0.2%

EQUITY INDICES

Index	highest 23	lowest 23	2023
World			
MSCI World	2 786	2 786 at 27/01	2 595 at 05/01 +7.0%
North America			
S&P500	4 071	4 071 at 27/01	3 808 at 05/01 +6.0%
Europe			
EuroStoxx50	4 178	4 178 at 27/01	3 856 at 02/01 +10.1%
CAC 40	7 097	7 097 at 27/01	6 595 at 02/01 +1.0%
DAX 30	15 150	15 187 at 17/01	14 069 at 02/01 +8.8%
IBEX 35	9 060	9 060 at 27/01	8 370 at 02/01 +1.0%
FTSE100	7 765	7 860 at 16/01	7 452 at 02/01 +0.4%
Asia			
MSCI, loc.	1 130	1 130 at 27/01	1 065 at 04/01 +0.6%
Nikkei	27 383	27 395 at 25/01	25 717 at 04/01 +4.9%
Emerging			
MSCI Emerging (\$)	1 051	1 052 at 26/01	956 at 02/01 +1.0%
China	75	75 at 27/01	64 at 02/01 +17.1%
India	752	786 at 18/01	752 at 27/01 -3.9%
Brazil	1 540	1 574 at 25/01	1 357 at 04/01 +1.9%

PERFORMANCE BY SECTOR (Eurostoxx50 & S&P500)



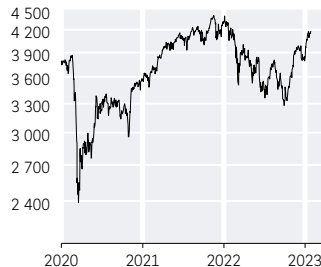
SOURCE: REFINITIV, BNP PARIBAS,

MARKETS OVERVIEW

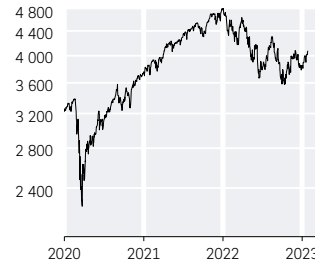
EURO-DOLLAR



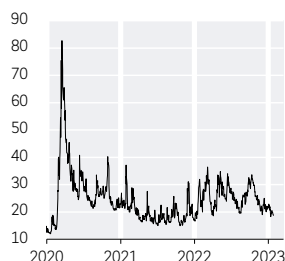
EUROSTOXX50



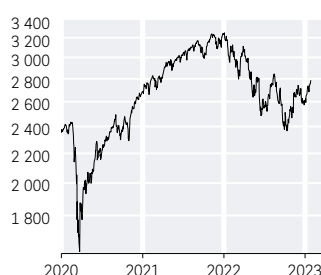
S&P500



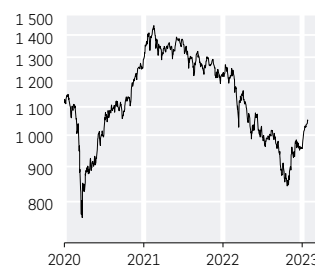
VOLATILITY (VIX, S&P500)



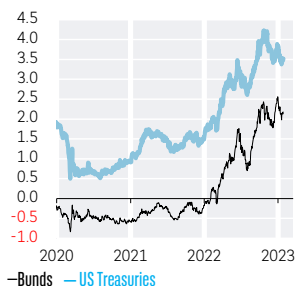
MSCI WORLD (USD)



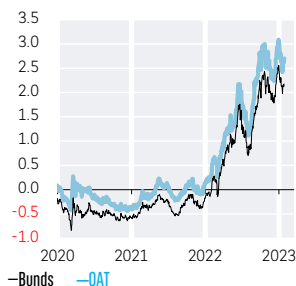
MSCI EMERGING (USD)



10Y BOND YIELD, TREASURIES VS BUND



10Y BOND YIELD



10Y BOND YIELD & SPREADS

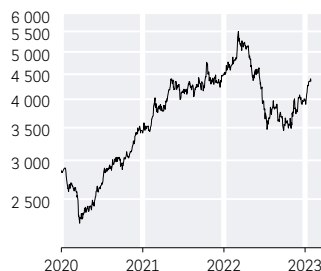
Year 2023 to 27-1

4.26%	Greece	205 bp
4.10%	Italy	189 bp
3.23%	Spain	103 bp
3.08%	Portugal	87 bp
2.82%	Belgium	61 bp
2.81%	Austria	60 bp
2.78%	Finland	57 bp
2.71%	France	50 bp
2.68%	Ireland	47 bp
2.52%	Netherlands	31 bp
2.20%	Germany	

OIL (BRENT, USD)



METALS (LMEX, USD)



GOLD (OUNCE, USD)



SOURCE: REFINITIV, BNP PARIBAS,

ECONOMIC SCENARIO

7

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 quarter 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 quarter 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 & 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

The bank
for a changing
world

ECONOMIC PULSE

UNCERTAINTY: DIVERGENT TRENDS

Our various uncertainty indicators are complementary in terms of both scope and methodology. Some discrepancies have become apparent in the most recent surveys.

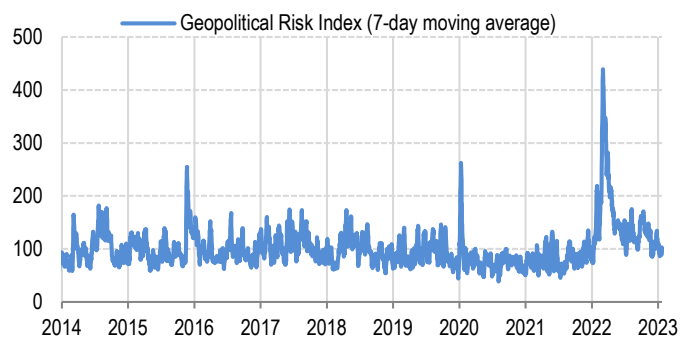
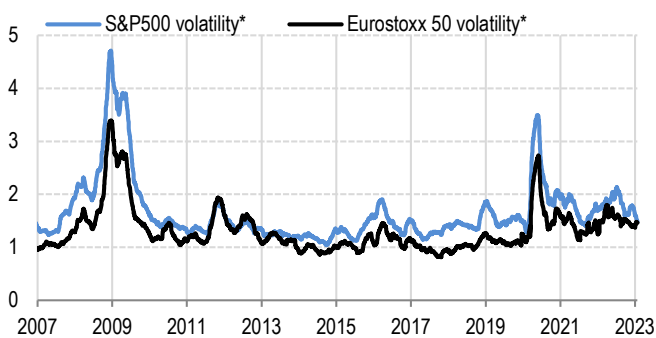
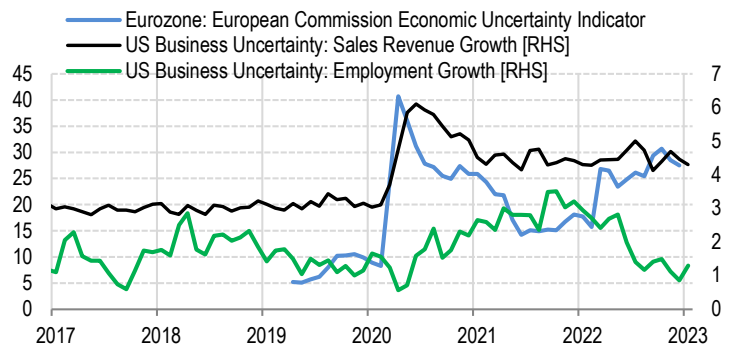
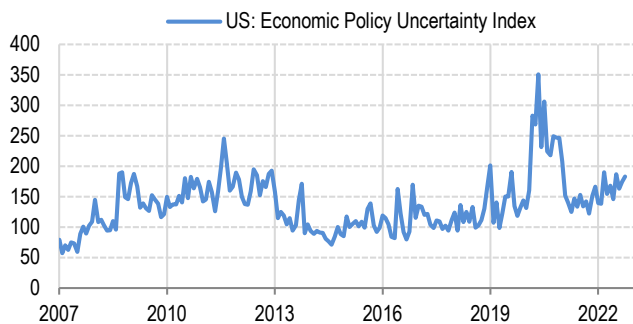
As can be seen in the top left of the set of charts, uncertainty about US economic policy, based on media coverage, has continued on an upward trend since mid-April 2021, on the back of the tightening of monetary policy by the Federal Reserve. Continuing in a clockwise direction, in the United States uncertainty among companies about their turnover reduced (after a brief upturn), but it increased in relation to employment prospects, a slight increase in the context of a downward trend ongoing since October 2021.

The European Commission’s economic uncertainty index fell slightly, due to less uncertainty in the various sectors of activity, with the exception of households (which rose slightly).

The geopolitical risk index (bottom right), which is based on media coverage, is showing signs of stabilising since the start of 2023 after a decline over the final months of 2022. Finally, our uncertainty indicator based on stock markets (cross-sectional dispersion of individual share price changes) rose slightly as of late in the eurozone, while it remains on a downward trend in the United States.

Tarik Rharrab

CHANGES IN UNCERTAINTY



*volatility = 60-day moving average of the cross-sectional standard deviation of daily returns of the index constituents

SOURCE: REFINITIV, ECONOMIC POLICY UNCERTAINTY, EUROPEAN COMMISSION, ATLANTA FED, GPR INDEX (MATTEOIACOVIELLO.COM), BNP PARIBAS

ECONOMIC PULSE

COVID-19: A SIGNIFICANT SLOWDOWN IN THE PANDEMIC AROUND THE WORLD

The worldwide fall in Covid-19 cases has continued for the fifth consecutive week. 1.8 million new cases were reported between 20 and 26 January, down 27% from the previous week (figure 1). Overall, the situation has improved significantly in Asia (-34%), Europe (-29%) and South America (-24%), while it has stabilised in North America after falling for eight weeks. In Africa, new cases increased slightly (+3%), but the numbers remain very low. Meanwhile, vaccination campaigns are continuing to progress worldwide, but at a much slower pace. 69.4% of the global population have received at least one dose of a vaccine (figure 2).

The weekly GDP proxy indicator has recovered significantly in Germany, France, Belgium and Italy, while it remains relatively stable in Spain. In the United States, the United Kingdom and Japan, an increase over the latest data points can be noted (figure 3, black curve). This tracker is produced by the OECD using Google Trends data from searches relating to consumption, the labour market, real estate, industrial activity and uncertainty. The tracker shown here is calculated on a year-on-year basis.

Tarik Rharrab

* Google Mobility Reports show how visits and length of stay at different places change compared to a baseline. The baseline is the median value, for the corresponding day of the week, during the 5-week period Jan 3–Feb 6, 2020. A figure of negative 30% indicates that traffic was down 30% compared to a baseline. The reports show trends over several weeks with the most recent data representing approximately 2-3 days ago—this is how long it takes to produce the reports. In order to smooth the series, we use a seven-day moving average of the raw data in the Google Mobility Reports. Source: Google.

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

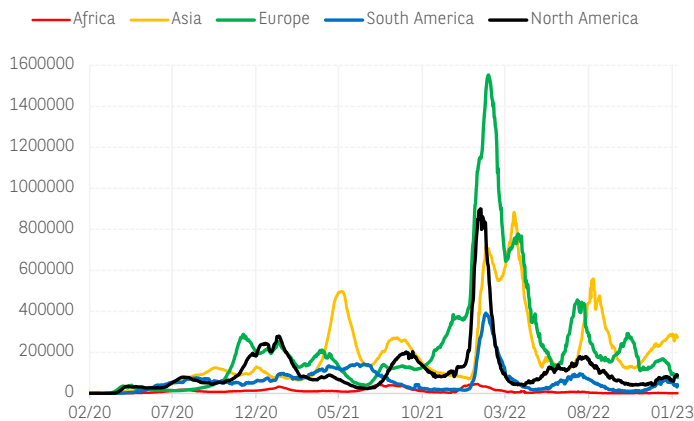


CHART 1

SOURCE: JOHNS-HOPKINS UNIVERSITY (01/26/2023), BNP PARIBAS

SHARE OF PEOPLE WHO RECEIVED AT LEAST ONE DOSE OF VACCINE

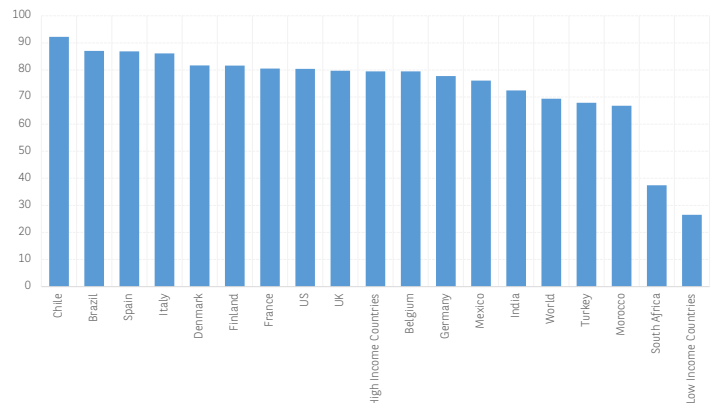


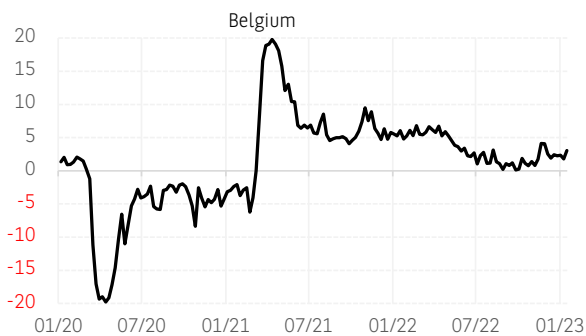
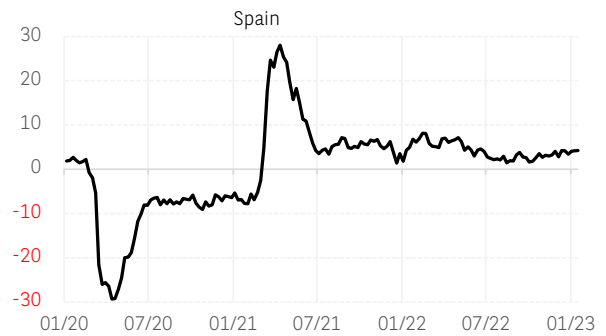
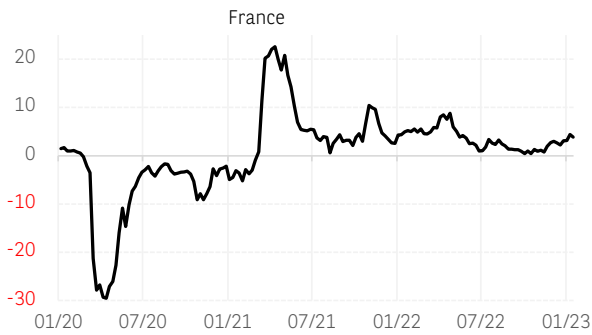
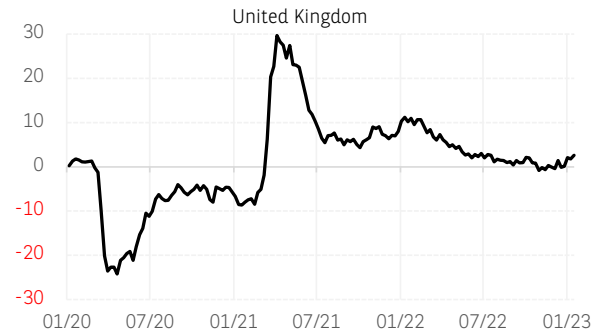
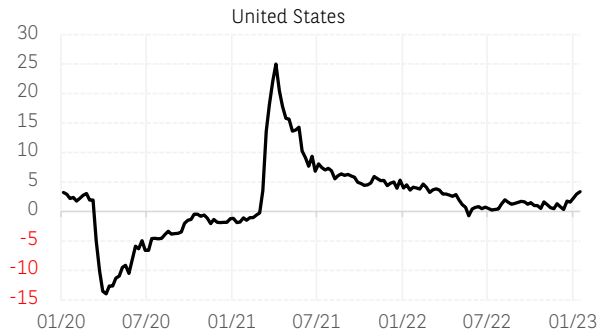
CHART 2

SOURCE: OUR WORLD IN DATA (01/26/2023), BNP PARIBAS



ECONOMIC PULSE

OECD WEEKLY TRACKER

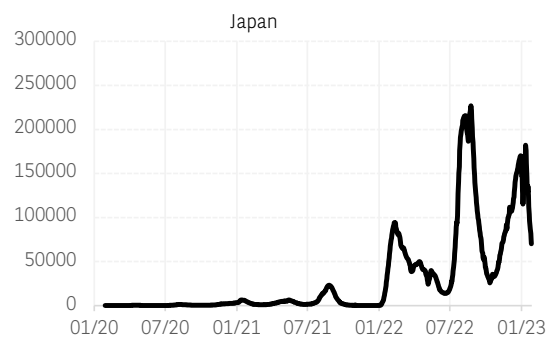
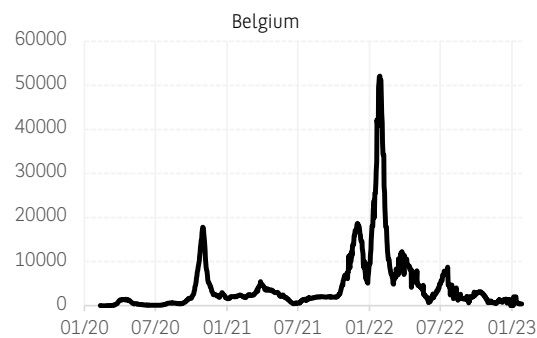
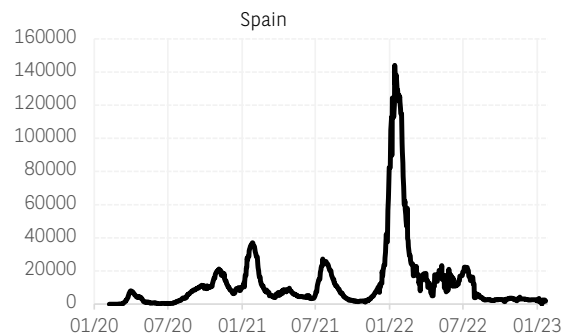
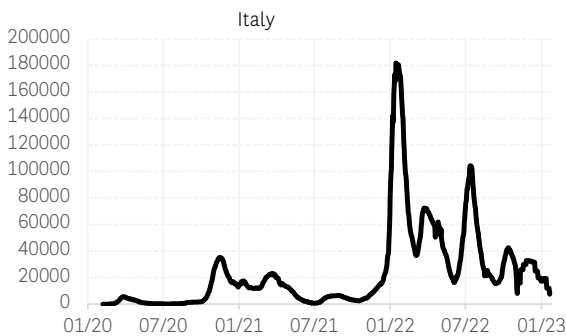
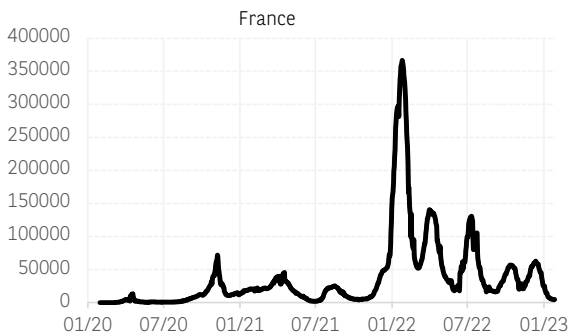
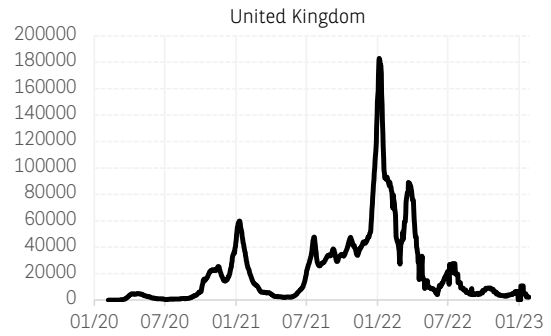
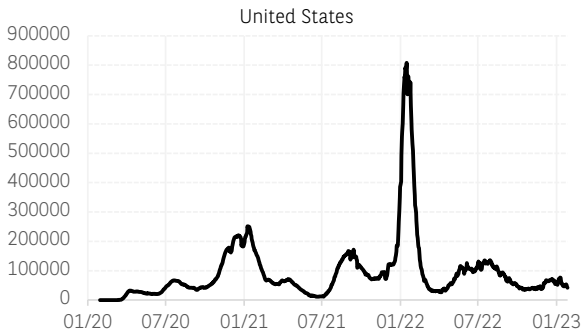


SOURCE: OECD (01/26/2023), BNP PARIBAS



ECONOMIC PULSE

DAILY NEW CASES OF COVID-19 (7-DAY MOVING AVERAGE)



SOURCE: JOHNS-HOPKINS UNIVERSITY (01/26/2023), BNP PARIBAS



CALENDAR

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LATEST INDICATORS

In the Eurozone, consumer confidence and the flash PMIs in manufacturing and services improved slightly in January. Business confidence was stable in France but the manufacturing PMI jumped, moving above 50. The services PMI hardly moved. The total number of jobseekers declined in the fourth quarter of 2022. In Germany, consumer confidence improved, the manufacturing PMI was stable but the services PMI recorded an improvement. The IFO business climate also improved on the back of the expectations component. In Japan, the manufacturing PMI was flat but services did better. In the UK, the manufacturing PMI improved but it dropped in services. CBI business optimism did a lot better in January than before. In the US, the services PMI jumped, thereby creating a positive surprise. Fourth quarter GDP growth was better than expected but below the third quarter number. Initial jobless claims were far lower than predicted by the consensus. Capital goods orders were down, as expected, but new home sales growth, although slowing down, did surprise positively. The index of leading indicators continued its downward trend and declined more than expected. According to the University of Michigan's final survey, short and long term inflation expectations improved, which increases consumer confidence in the current economic situation. PCE inflation continues to slow down to 5% y/y in December (versus 5.5% in November).

DATE	COUNTRY	INDICATOR	PERIOD	SURVEY	ACTUAL	PREVIOUS
01/23/2023	United States	Leading Index	Dec	-0.7%	-1.0%	-1.1%
01/23/2023	Eurozone	Consumer Confidence	Jan	-20.0	-20.9	-22.0
01/24/2023	Japan	Jibun Bank Japan PMI Mfg	Jan	--	48.9	48.9
01/24/2023	Japan	Jibun Bank Japan PMI Services	Jan	--	52.4	51.1
01/24/2023	Germany	GfK Consumer Confidence	Feb	-33.3	-33.9	-37.6
01/24/2023	France	Business Confidence	Jan	102.0	102.0	103.0
01/24/2023	France	S&P Global France Manufacturing PMI	Jan	49.5	50.8	49.2
01/24/2023	France	S&P Global France Services PMI	Jan	49.8	49.2	49.5
01/24/2023	Germany	S&P Global/BME Germany Manufacturing PMI	Jan	48.0	47.0	47.1
01/24/2023	Germany	S&P Global Germany Services PMI	Jan	49.5	50.4	49.2
01/24/2023	Eurozone	S&P Global Eurozone Manufacturing PMI	Jan	48.5	48.8	47.8
01/24/2023	Eurozone	S&P Global Eurozone Services PMI	Jan	50.1	50.7	49.8
01/24/2023	United Kingdom	S&P Global/CIPS UK Manufacturing PMI	Jan	45.5	46.7	45.3
01/24/2023	United Kingdom	S&P Global/CIPS UK Services PMI	Jan	49.5	48.0	49.9
01/24/2023	United Kingdom	CBI Business Optimism	Jan	--	-5.0	-48.0
01/24/2023	United States	S&P Global US Manufacturing PMI	Jan	46.0	46.8	46.2
01/24/2023	United States	S&P Global US Services PMI	Jan	45.0	46.6	44.7
01/25/2023	Germany	IFO Business Climate	Jan	90.3	90.2	88.6
01/25/2023	Germany	IFO Current Assessment	Jan	94.9	94.1	94.4
01/25/2023	Germany	IFO Expectations	Jan	85.3	86.4	83.2
01/25/2023	France	Total Jobseekers	4Q	--	2834.0k	2946.1k
01/26/2023	United States	GDP Annualized QoQ	4Q	2.6%	2.9%	3.2%
01/26/2023	United States	Initial Jobless Claims	Jan	205k	186k	192k
01/26/2023	United States	Cap Goods Orders Nondef Ex Air	Dec	-0.2%	-0.2%	0.0%
01/26/2023	United States	New Home Sales MoM	Dec	-4.4%	2.3%	0.7%
01/27/2023	France	Consumer Confidence	Jan	83.0	80.0	81.0
01/27/2023	United States	Personal Income	Dec	0.2%	0.2%	0.3%
01/27/2023	United States	Personal Spending	Dec	-0.2%	-0.2%	-0.1%
01/27/2023	United States	PCE Core Deflator MoM	Dec	0.3%	0.3%	0.2%
01/27/2023	United States	U. of Mich. Sentiment	Jan	64.6	64.9	64.6
01/27/2023	United States	U. of Mich. Current Conditions	Jan	68.6	68.4	68.6
01/27/2023	United States	U. of Mich. Expectations	Jan	62.0	62.7	62.0
01/27/2023	United States	U. of Mich. 1 Yr Inflation	Jan	4.0%	3.9%	4.0%
01/27/2023	United States	U. of Mich. 5-10 Yr Inflation	Jan	3.0%	2.9%	3.0%

SOURCE: BLOOMBERG



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CALENDAR: THE WEEK AHEAD

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COMING INDICATORS

An incredibly busy week with as highlights the monetary policy meetings of the Federal Reserve, the Bank of England and the ECB, whereby the press conferences will be as important as the decisions. A heavy load of data will be published: first quarter GDP in the Eurozone, France and Germany, the US labour market report, Eurozone inflation, the European Commission's survey data, manufacturing and services PMIs in many countries. In the US we will also have the ISM surveys in manufacturing and services and the Conference Board consumer confidence data.

DATE	COUNTRY	INDICATOR	PERIOD	SURVEY	PREVIOUS
01/30/2023	Eurozone	Consumer Confidence	Jan	--	-20.9
01/30/2023	Eurozone	Economic Confidence	Jan	--	95.8
01/30/2023	Eurozone	Industrial Confidence	Jan	--	-1.5
01/30/2023	Eurozone	Services Confidence	Jan	--	6.3
01/31/2023	China	Manufacturing PMI	Jan	50.0	47.0
01/31/2023	China	Non-manufacturing PMI	Jan	51.0	41.6
01/31/2023	Japan	Consumer Confidence Index	Jan	--	30.3
01/31/2023	France	Consumer Spending MoM	Dec	--	0.5%
01/31/2023	France	GDP QoQ	4Q	--	0.2%
01/31/2023	Germany	GDP SA QoQ	4Q	--	0.4%
01/31/2023	Eurozone	GDP SA QoQ	4Q	--	0.3%
01/31/2023	United States	Employment Cost Index	4Q	1.2%	1.2%
01/31/2023	United States	Conf. Board Consumer Confidence	Jan	109.4	108.3
01/31/2023	United States	Conf. Board Present Situation	Jan	--	147.2
01/31/2023	United States	Conf. Board Expectations	Jan	--	82.4
02/01/2023	Japan	Jibun Bank Japan PMI Mfg	Jan	--	48.9
02/01/2023	China	Caixin China PMI Mfg	Jan	49.5	49.0
02/01/2023	France	S&P Global France Manufacturing PMI	Jan	--	50.8
02/01/2023	Germany	S&P Global/BME Germany Manufacturing PMI	Jan	--	47.0
02/01/2023	Eurozone	S&P Global Eurozone Manufacturing PMI	Jan	--	48.8
02/01/2023	United Kingdom	S&P Global/CIPS UK Manufacturing PMI	Jan	--	46.7
02/01/2023	Eurozone	CPI Estimate YoY	Jan	--	9.2%

SOURCE: BLOOMBERG


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DATE	COUNTRY	INDICATOR	PERIOD	SURVEY	PREVIOUS
02/01/2023	Eurozone	Unemployment Rate	Dec	--	6.5%
02/01/2023	Eurozone	CPI MoM	Jan	--	-0.4%
02/01/2023	Eurozone	CPI Core YoY	Jan	--	5.2%
02/01/2023	United States	S&P Global US Manufacturing PMI	Jan	--	--
02/01/2023	United States	ISM Manufacturing	Jan	48.1	48.4
02/01/2023	United States	JOLTS Job Openings	Dec	--	10458k
02/01/2023	United States	FOMC Rate Decision (Upper Bound)	Feb	4.75%	4.50%
02/02/2023	United Kingdom	Bank of England rate	Feb	--	3.50%
02/02/2023	Eurozone	ECB Deposit Facility Rate	Feb	--	2.00%
02/02/2023	United States	Initial Jobless Claims	Jan	--	--
02/03/2023	Japan	Jibun Bank Japan PMI Services	Jan	--	52.4
02/03/2023	China	Caixin China PMI Services	Jan	--	48.0
02/03/2023	France	S&P Global France Services PMI	Jan	--	49.2
02/03/2023	Germany	S&P Global Germany Services PMI	Jan	--	50.4
02/03/2023	Eurozone	S&P Global Eurozone Services PMI	Jan	--	50.7
02/03/2023	Eurozone	ECB Survey of Professional Forecasters			
02/03/2023	United Kingdom	S&P Global/CIPS UK Services PMI	Jan	--	48.0
02/03/2023	Eurozone	PPI MoM	Dec	--	-0.9%
02/03/2023	United States	Change in Nonfarm Payrolls	Jan	175k	223k
02/03/2023	United States	Unemployment Rate	Jan	3.6%	3.5%
02/03/2023	United States	Average Hourly Earnings MoM	Jan	0.3%	0.3%
02/03/2023	United States	Average Weekly Hours All Employees	Jan	34.4	34.3
02/03/2023	United States	Labor Force Participation Rate	Jan	--	62.3%
02/03/2023	United States	S&P Global US Services PMI	Jan	--	--
02/03/2023	United States	ISM Services Index	Jan	50.3	49.6

SOURCE: BLOOMBERG



FURTHER READING

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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
Economic outlook 2023: three “certainties”, many uncertainties	EcoTVWeek	6 January 2023
GDP and carbon, a united couple	Chart of the Week	4 January 2023
2023: a year of transition, to what?	EcoWeek	2 January 2023
France: Nearly a third of housing loans are still guaranteed by mortgage	Chart of the Week	21 December 2022
Three «certainties», many uncertainties	EcoPerspectives	20 December 2022
ECB: tough talk and puzzling projections	EcoWeek	19 December 2022
US disinflation: surely, but slowly	EcoTVWeek	16 December 2022



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A weekly video discussing the main event of the week.

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