Economy & Rates
Global economy – *Winter Is Ending*

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(figures and charts updated on 12 March, 2019)

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Summary & Tables of forecasts

Summary
Global economy – *Winter Is Ending*

- The world economy entered 2019 with the bleakest prospects in three years (*). Without pretending to be exhaustive, we think it is worth recalling the three main sources of anxiety weighing on the global growth outlook, before seeing how they have changed over the past three months. *First*, concerns that trade strains will ratchet up further, amplifying the numerous attacks on free trade made throughout 2018 at the US President's initiative. *Second*, concerns that Chinese authorities will lose control of the business cycle, being unable both to stimulate demand in the short term and to tackle the debt overhang in the medium term. *Third*, concerns that central banks will abruptly cut off liquidity taps to the markets (prolongation of quantitative tightening in the US, end of quantitative easing in Europe) and raise the cost of financing the economy (policy rate hikes in the US, preparation of the exit from the zero/negative interest rate policy in Europe). Other problems of secondary importance, or at least with more limited repercussions, could be added to this list, such as the crisis in the German automotive industry, the bout of social unrest in France, vain attacks by the Italian government on the Commission and, last but not least, the political psychodrama of Brexit.
- In recent weeks, the three major risks that we have just named – trade war, Chinese hard landing and monetary tightening – have all evolved in a positive direction. This does not mean they have been resolved once and for all, but they have less chance of materialising.
- In the trade arena, it is now almost certain that the US and China will reach an agreement. Their mutual interest is too strong for it to be otherwise. The same applies to strains between the US and Europe on vehicle imports. What's more, a year of trade strains has clearly demonstrated that the tariff war resulting in a reduction in the volume of trade – for the first time since the end of the financial crisis – has only created losers. US external deficits have not decreased, quite the contrary. We would not be surprised if Donald Trump were to threaten more countries with retaliatory measures – this is in his DNA – but the introduction of new tariffs is likely to be avoided. It hardly needs saying that the ideal scenario would the abolition of tariffs introduced last year on industrial metals and Chinese products.
- In China, recent statistics confirm the weakening of domestic demand and the export/manufacturing sector, without pointing to a collapse. The property sector appears fairly resilient. Credit taps were loosened slightly at the start of the year. Fiscal measures are starting to take shape. All this aims to stabilise economic activity more than to stimulate it strongly, but this is a positive development as China is such an important source of global demand.
- In the monetary arena, all the leading central banks are currently aligned in their efforts to loosen monetary policy. The most spectacular U-turn has been by the Fed at a time when the US economy remains in good shape, notwithstanding a few recent setbacks (stockmarket correction and government shutdown), which will leave their marks on Q1 growth. Policy-rate hikes are no longer on the agenda, at least for the next few quarters. To please the financial markets, the Fed also plans to stop shrinking its balance sheet in the near future. In Europe, the ECB had every reason to act faced with the sudden weakening of the economic outlook. It has done so by postponing until 2020 the debate on the first interest rate increase, by extending still further its reinvestment policy and by offering banks a new long-term refinancing programme. Europe is undoubtedly the region most exposed to downside risks, some of which, such as Brexit, are hard to control. The ECB is on its own in its attempts to fend against them. That said, the resilience of European domestic demand, reflecting positive employment and credit trends, should not be underestimated. In short, as we have already said elsewhere (**), there are a few good reasons to think that Europe is reaching the bottom of this cyclical downturn.

(*) See our *Economy & Rates* of January 2019, "Scary monsters (season 2): Trump, China and the Fed"
(**) See our Economy & Rates of February 2019, "Europe: make-it or break-it"

Table of forecasts (1)

FORECASTS - REAL GDP GROWTH*	Average			2018				2019				Consensus**	
	2018	2019	2020	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2019	2020
World	3.7	3.2	3.1										
US	2.9	2.3	1.9	2.2	4.2	3.4	2.6	1.0	2.4	2.3	1.9	2.5	1.9
EMU	1.8	1.4	1.8	1.4	1.7	0.6	0.9	1.4	1.8	1.9	1.9	1.3	1.4
- Germany	1.5	1.1	1.8	1.5	1.8	-0.8	0.1	1.3	2.1	1.9	1.9	1.2	1.5
- France	1.5	1.5	1.8	0.8	0.6	1.0	1.0	1.5	2.1	2.0	1.9	1.3	1.4
- Italy	0.8	0.1	1.0	0.9	0.3	-0.6	-0.4	0.0	0.2	0.7	1.0	0.3	0.7
- Spain	2.5	2.5	2.2	2.2	2.3	2.2	2.8	2.5	2.5	2.2	2.2	2.2	1.9
UK	1.4	0.8	1.5	0.4	1.7	2.5	0.7	0.4	-0.4	1.6	1.2	1.4	1.5
Japan	0.8	0.7	1.0	-0.4	1.9	-2.4	1.9	0.0	1.6	2.0	0.0	0.9	0.4
China (y/y%)	6.6	6.1	5.9	6.8	6.7	6.5	6.4	6.2	6.1	6.0	5.9	6.2	6.1

* y/y or q/q annualised rate

**11 February 2019

FORECASTS - RATES & FX	Actual	Target		Last 5 years*		Average					
	12/03/2019	3M	12M	High	Low	2014	2015	2016	2017	2018	2019
Policy rate											
Fed funds	2.50	2.50	2.75	2.50	0.25	0.25	0.27	0.52	1.13	1.96	2.52
ECB deposit rate	-0.40	-0.40	-0.40	0.00	-0.40	-0.08	-0.20	-0.38	-0.40	-0.40	-0.40
10Y rate											
US T-note	2.6	2.7	3.0	3.2	1.5	2.5	2.1	1.8	2.3	2.9	2.7
German Bund	0.1	0.2	0.4	1.5	-0.1	1.2	0.5	0.1	0.4	0.5	0.2
French OAT	0.4	0.5	0.8	2.0	0.2	1.7	0.8	0.5	0.8	0.7	0.5
Forex											
EUR/USD	1.13	-	1.18	1.38	1.05	1.33	1.11	1.11	1.13	1.18	1.14
USD/JPY	111	-	110	124	101	106	121	109	112	110	111
USD/RMB	6.71	-	6.70	6.94	6.13	6.16	6.28	6.64	6.76	6.61	6.72

*monthly average

Source: consensus forecasts, IMF, Oddo BHF

Table of forecasts (2)

FORECASTS - KEY MACRO DATA for US, EMU, & France *

	Average			2018				2019			
	2018	2019	2020	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
United States											
Real GDP	2.9	2.3	1.9	2.2	4.2	3.4	2.6	1.0	2.4	2.3	1.9
Private Consumption	2.6	2.5	2.3	0.5	3.8	3.5	2.8	1.0	2.9	2.7	2.3
Nonresidential Investment	7.0	4.1	2.5	11.5	8.7	2.5	6.2	3.5	3.5	3.5	2.5
Residential Investment	-0.2	-1.2	2.3	-3.4	-1.3	-3.6	-3.5	-3.0	2.0	2.0	2.0
Domestic Demand (contribution, %pt)	3.1	2.5	2.3	2.1	4.3	3.1	2.8	1.1	2.9	2.7	2.3
Inventories (contribution, %pt)	0.1	0.3	0.0	0.3	-1.5	2.8	0.2	0.0	0.0	0.0	0.0
Net Exports (contribution, %pt)	-0.3	-0.4	-0.4	-0.1	1.3	-2.3	-0.3	-0.1	-0.4	-0.4	-0.4
Inflation (CPI, % yoy)	2.4	1.8	2.4	2.2	2.7	2.6	2.2	1.6	1.7	1.8	2.0
Unemployment rate (%)	3.9	3.7	3.4	4.1	3.9	3.8	3.8	3.8	3.7	3.6	3.5
Euro area											
Real GDP	1.8	1.4	1.8	1.4	1.7	0.6	0.9	1.4	1.8	1.9	1.9
Private Consumption	1.3	1.5	1.8	1.9	0.6	0.5	1.0	1.8	1.9	1.9	1.9
Investment	3.1	2.5	2.7	0.0	6.3	2.5	2.4	1.8	2.4	2.6	2.7
Domestic Demand (contribution, %pt)	1.5	1.7	1.9	1.1	2.0	0.8	1.6	1.7	1.9	2.0	1.9
Inventories (contribution, %pt)	0.2	-0.2	0.0	1.2	-0.3	1.4	-1.6	-0.1	-0.1	0.0	0.0
Net Exports (contribution, %pt)	0.2	-0.1	0.0	-0.4	-0.1	-1.6	0.8	-0.2	0.0	-0.1	0.0
Inflation (HICP, % yoy)	1.8	1.3	1.5	1.3	1.7	2.1	1.9	1.5	1.4	1.2	1.1
Unemployment rate (%)	8.2	7.7	7.3	8.5	8.3	8.0	7.9	7.8	7.7	7.6	7.5
France											
Real GDP	1.5	1.5	1.8	0.8	0.6	1.0	1.0	1.5	2.1	2.0	1.9
Private Consumption	0.9	1.4	1.8	1.0	-0.4	1.5	0.1	1.8	2.2	2.0	2.0
Investment	2.9	1.9	2.1	0.8	3.4	4.0	0.9	1.0	2.0	2.2	2.1
Domestic Demand (contribution, %pt)	1.4	1.5	1.8	0.8	0.8	1.9	0.6	1.5	2.0	2.0	1.9
Inventories (contribution, %pt)	-0.4	-0.2	0.0	-0.3	0.6	-1.5	-0.8	0.0	0.1	0.1	0.1
Net Exports (contribution, %pt)	0.6	0.2	0.0	0.4	-0.9	0.7	1.2	0.0	0.0	-0.1	-0.1
Inflation (HICP, % yoy)	2.1	1.3	1.4	1.5	2.1	2.6	2.2	1.4	1.4	1.2	1.1
Unemployment rate (%)	8.7	8.5	8.1	8.9	8.7	8.8	8.5	8.6	8.5	8.5	8.4

* y/y or q/q annualised rate

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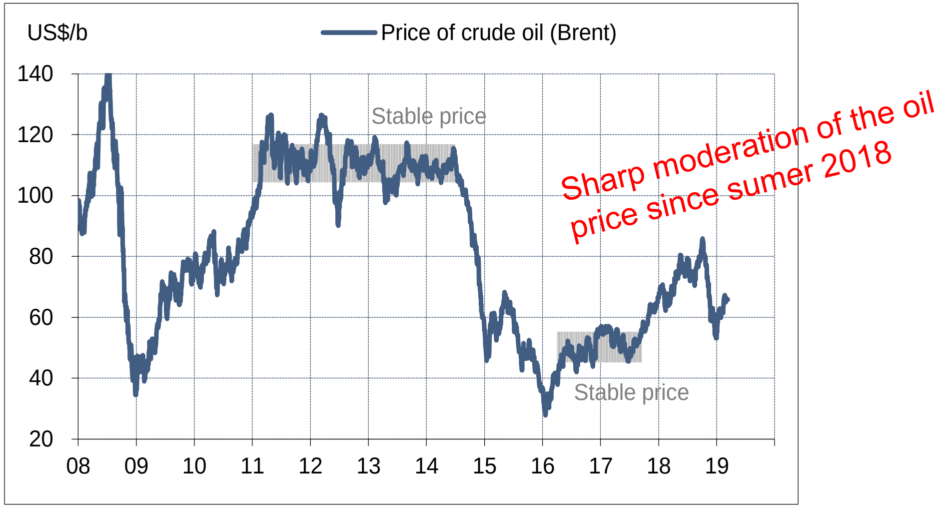
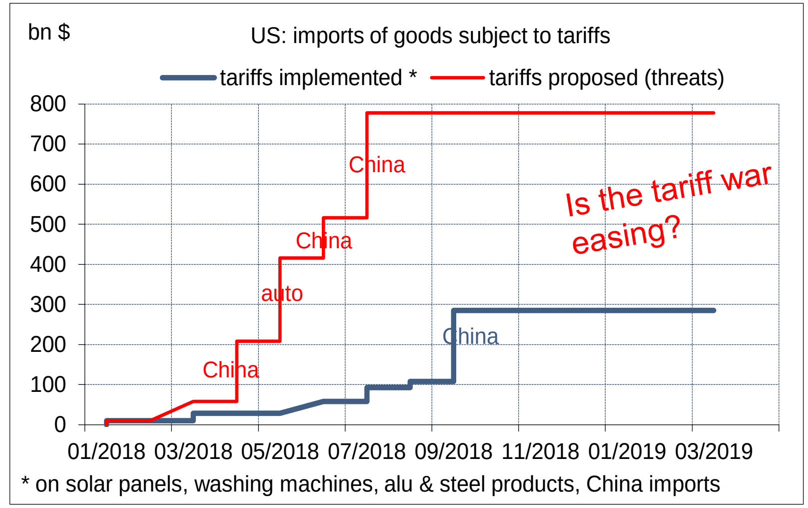
Source: Thomson Reuters, Oddo BHF

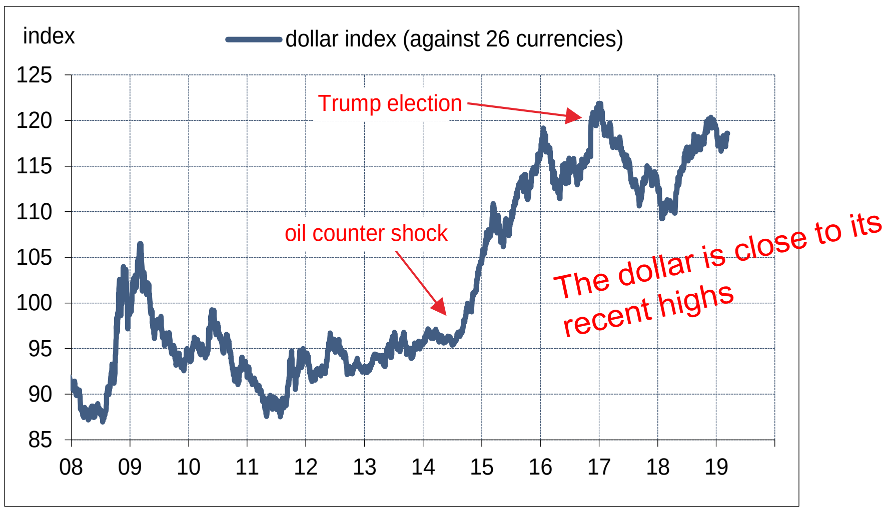
Snapshots on the global economy
(how things stand at the end of Q1 2019)

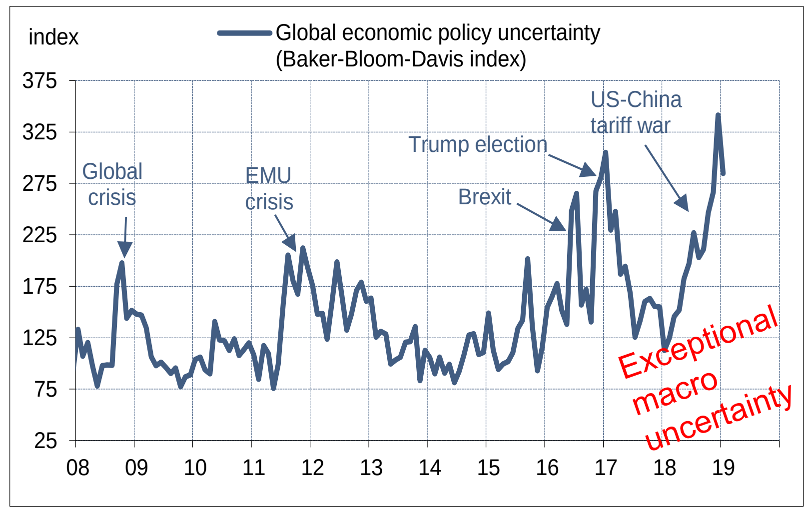
Global environment

The oil market has experienced several directional changes in recent months that have contributed to a more uncertain global environment. The oil price, far lower than at its peak in 2018, looks at first sight to be a positive net shock for the world economy. Trade strains have eased since the autumn. A year of tariff wars has demonstrated that no-one wins from trade frictions









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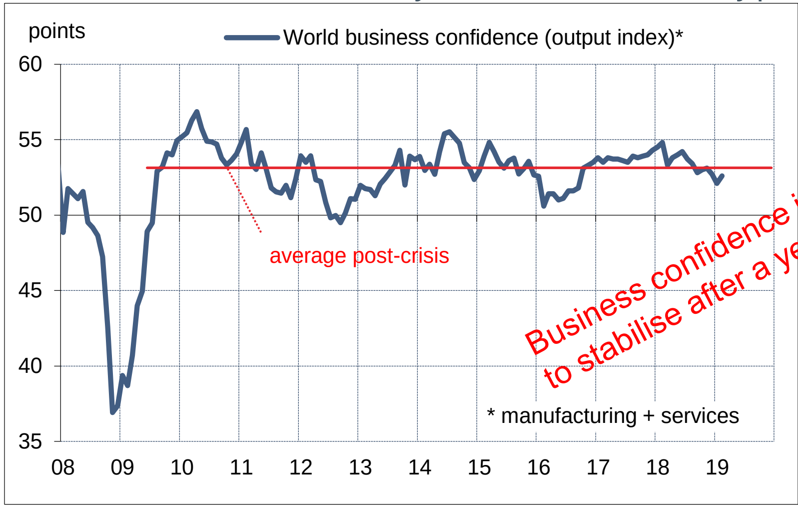
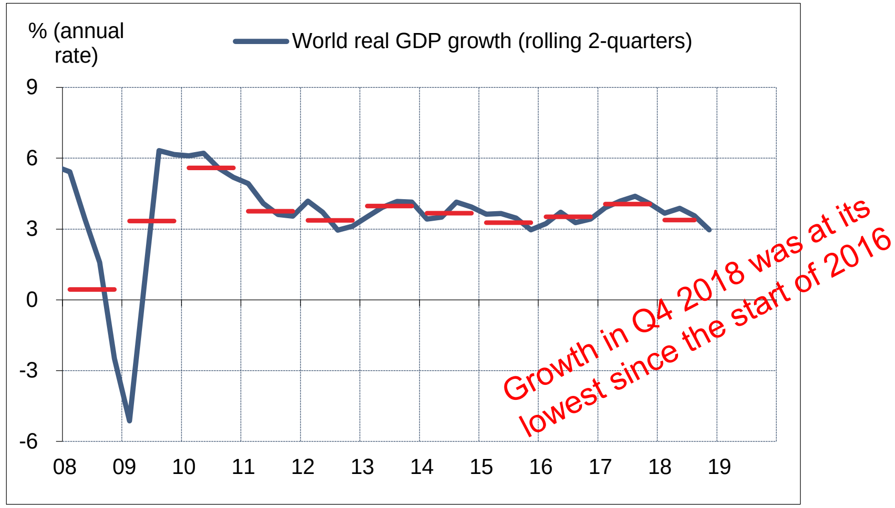
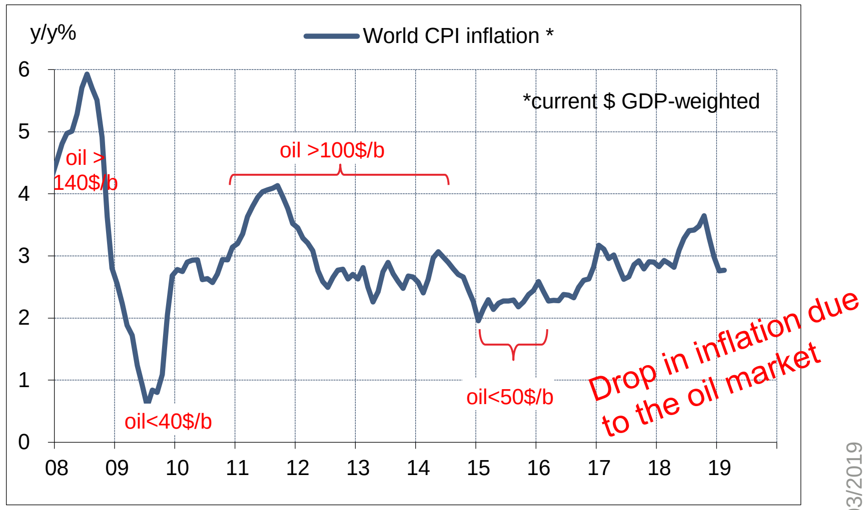
Source: Thomson Reuters, CPB, Oddo-BHF Securities

Economic conditions

The confidence gap is widening between manufacturing and services. The repercussions of the tariff war and production shocks (e.g. automotive sector) are weighing on confidence in the manufacturing sector and trade volumes. In contrast, confidence is picking up in services, reflecting the resilience of domestic demand, aided by the absence of inflationary pressures.







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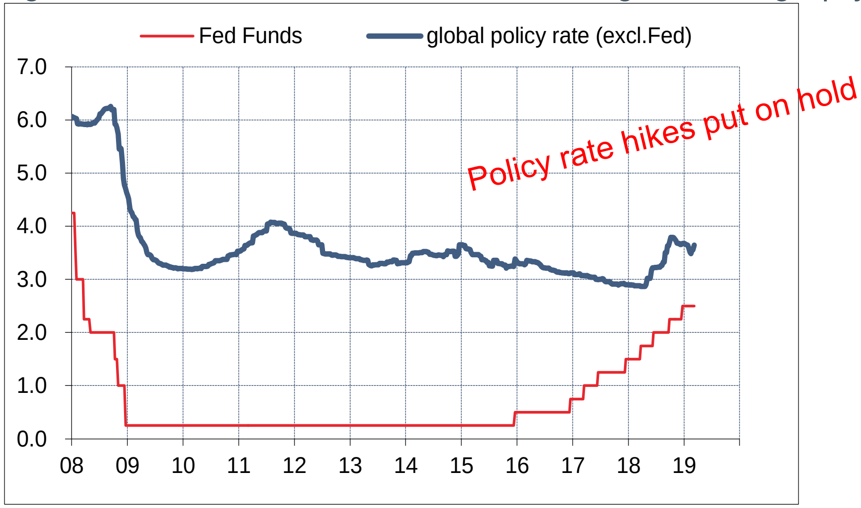
Financial conditions

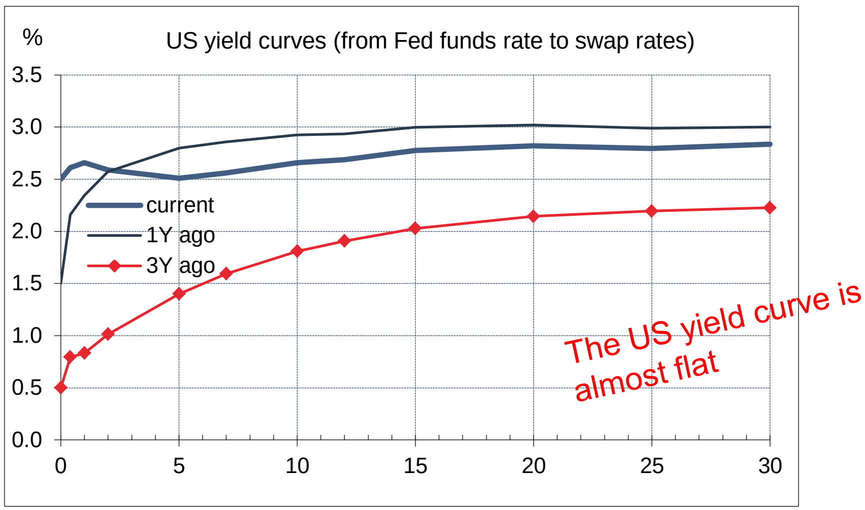
The cold snap in the global economic cycle at the end of 2018 prompted central banks to revise their normalisation plans. The Fed is no longer inclined to raise interest rates. The ECB has extended its bank liquidity injection operations. This additional monetary easing is reflected in yield curves. The risk of outright recession has receded somewhat, contributing to the strong equity market rally at the start of the year.



Yield on government bonds at various horizons (years)

12 March 19	20	15	10	9	8	7	6	5	4	3	2	1
Switzerland	0.1	0.0	-0.3	-0.4	-0.5	-0.5	-0.6	-0.6	-0.7	-0.7	-0.8	-0.8
Japan	0.4	0.2	0.0	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.1	[illegible]
Germany	**0.5**	**0.3**	**0.1**	**-0.1**	**-0.2**	**-0.2**	**-0.3**	**-0.4**	**-0.5**	[illegible]	[illegible]	[illegible]
Netherlands	**0.7**	**0.5**	**0.1**	**0.1**	**-0.1**	**-0.2**	**-0.3**	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	-	-	0.2	0.1	0.0	-0.1	-0.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland	**0.7**	**0.7**	**0.3**	**0.2**	**0.0**	**0.0**	**-0.2**	[illegible]	[illegible]	[illegible]	[illegible]	**-0.2**
Sweden	1.0	0.7	0.5	0.3	0.2	0.0	-0.1	[illegible]	[illegible]	-0.3	-0.4	-0.7
France	**1.0**	**0.9**	**0.5**	**0.3**	**0.2**	**0.1**	**0.0**	**-0.2**	**-0.3**	**-0.4**	**-0.5**	**-0.5**
Austria	**0.8**	**0.8**	**0.4**	**0.3**	**0.2**	**0.1**	**0.0**	**-0.1**	**-0.3**	**-0.3**	**-0.5**	**-0.4**
Belgium	**1.3**	**1.0**	**0.5**	**0.4**	**0.3**	**0.1**	**0.0**	**-0.1**	**-0.2**	**-0.4**	**-0.5**	**-0.5**
Ireland	-	**1.1**	**0.7**	**0.6**	**0.6**	**0.3**	**0.2**	**0.0**	**-0.1**	**-0.2**	**-0.4**	**-0.4**
Spain	**3.4**	**1.6**	**1.2**	**1.0**	**0.9**	**0.7**	**0.5**	**0.1**	**0.0**	**-0.1**	**-0.3**	**-0.3**
Portugal	**2.1**	**1.8**	**1.3**	**1.2**	**1.0**	**0.8**	**0.6**	**0.2**	**0.1**	**-0.1**	**-0.2**	**-0.3**
US	1.9	1.8	2.6	2.6	2.5	2.5	2.5	2.4	2.4	2.4	2.5	2.5
UK	1.6	1.5	1.2	1.1	1.1	1.0	0.9	0.9	0.8	0.8	0.7	0.7
Italy	**3.4**	**3.2**	**2.5**	**2.3**	**2.1**	**2.1**	**1.8**	**1.5**	**1.1**	**0.8**	**0.2**	**0.0**

Financial repression environment



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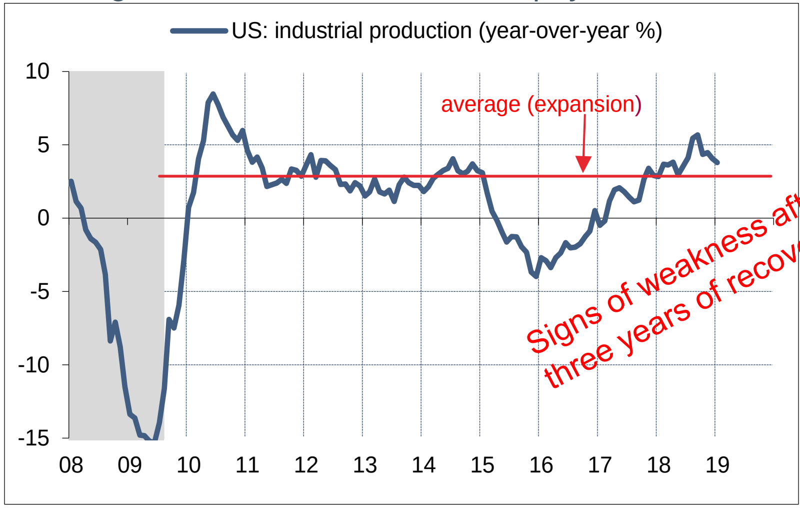
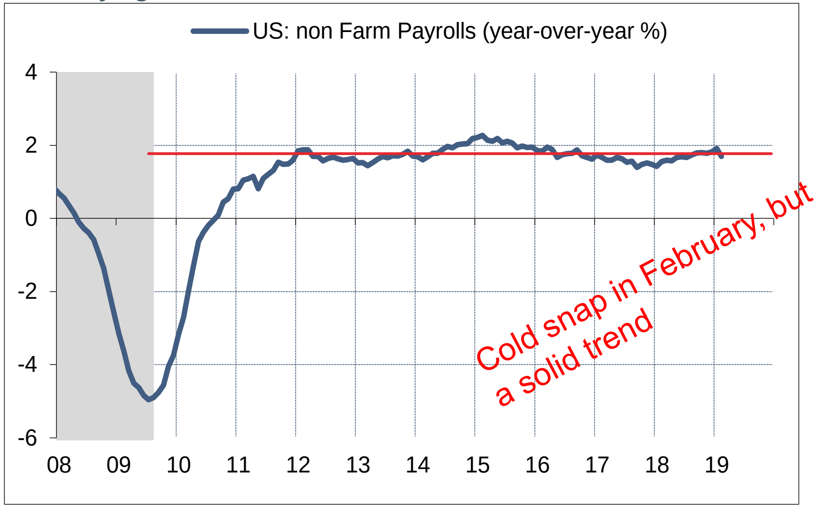
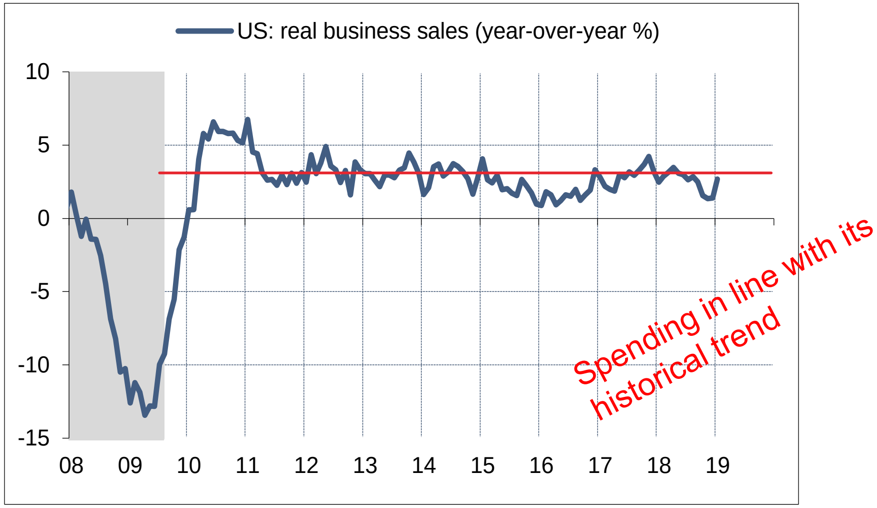
Source: Thomson Reuters, CPB, WFE, Oddo-BHF Securities

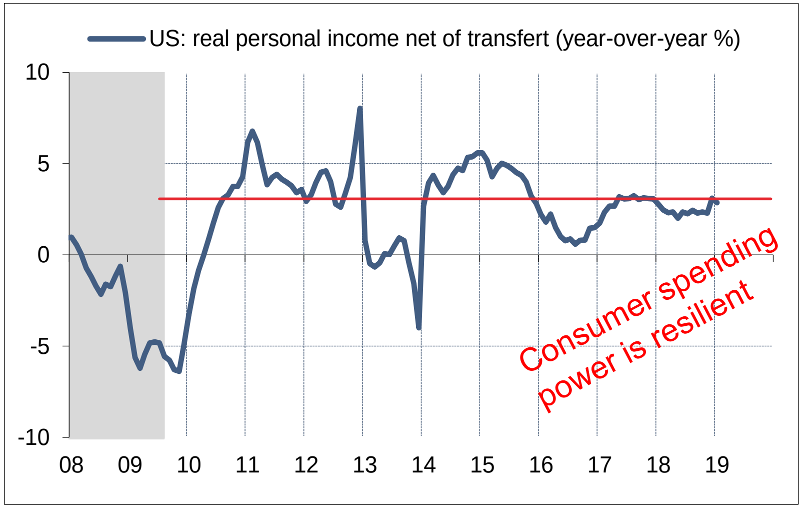
US

The US economy is firmly anchored in an expansion zone, but it has begun slowing towards its long-term trend. Turbulence in the financial sphere (stockmarket correction in Q4) and political sphere (shutdown in December-January) has weakened consumer spending. Growth will slow sharply in Q1. The strength of business confidence and employment conditions indices suggests that underlying demand remains solid.









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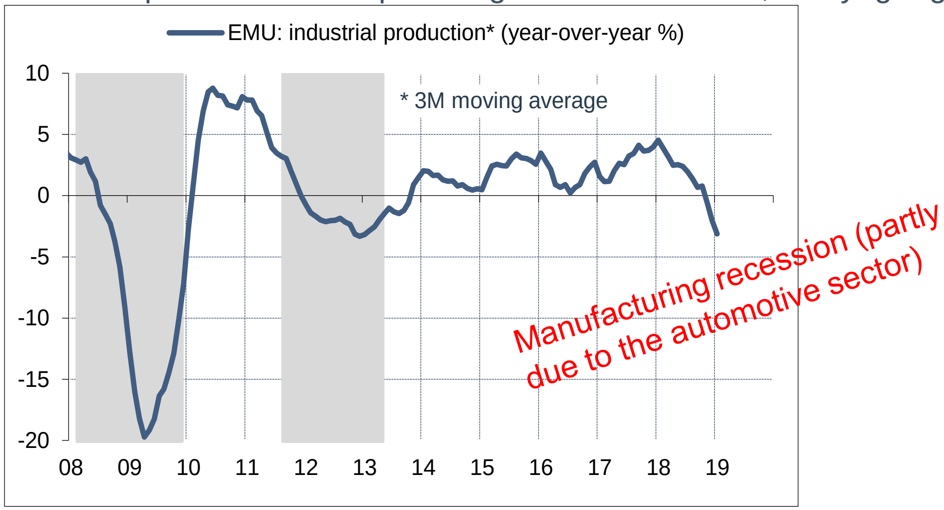
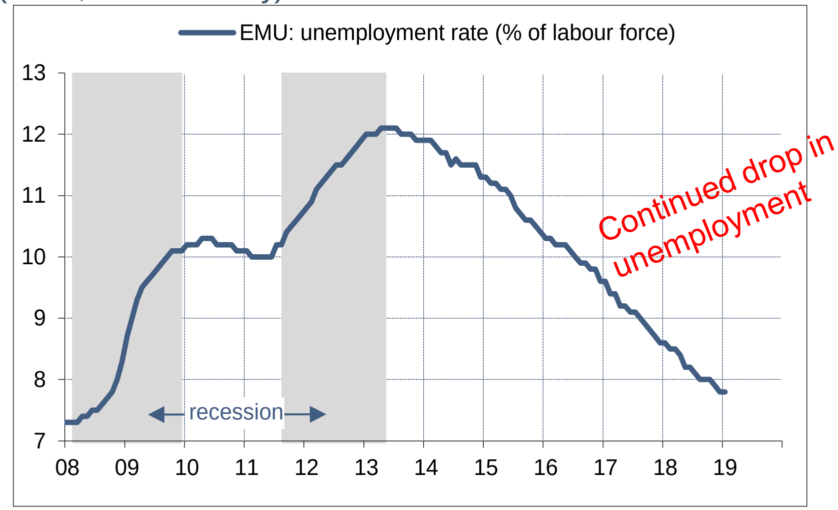
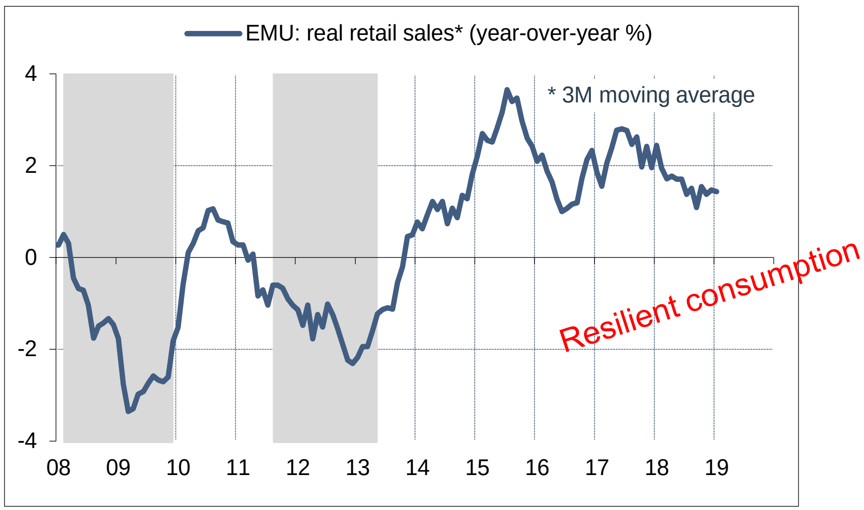
Source: Thomson Reuters, Oddo-BHF Securities

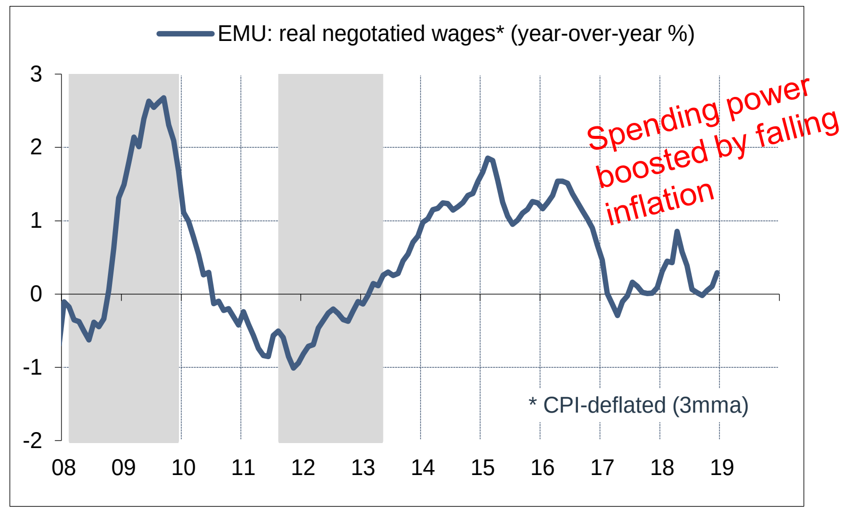
Eurozone

After a year in decline, the first tentative signs of a stabilisation of business confidence in Europe are emerging, especially in services. The manufacturing sector is in recession. Germany is the worst affected, especially its backbone represented by the automotive sector. Several export markets have experienced or are experiencing a loss of momentum, to varying degrees (China, UK and Turkey).









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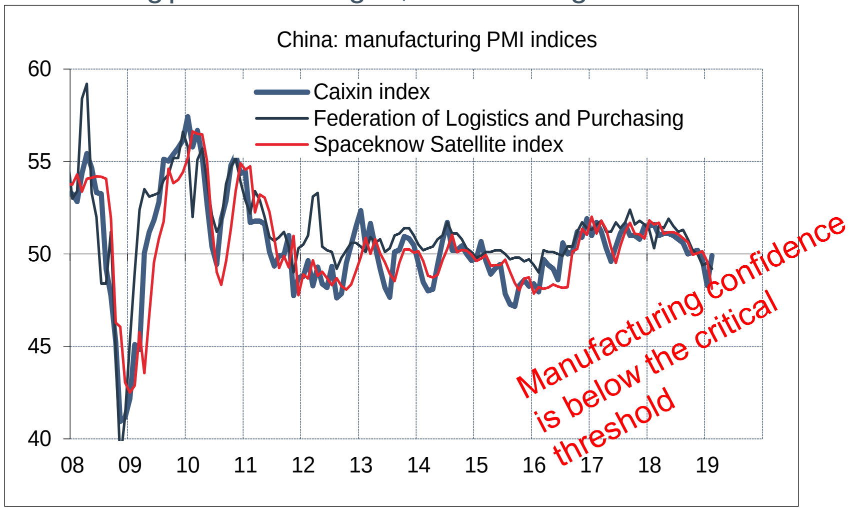
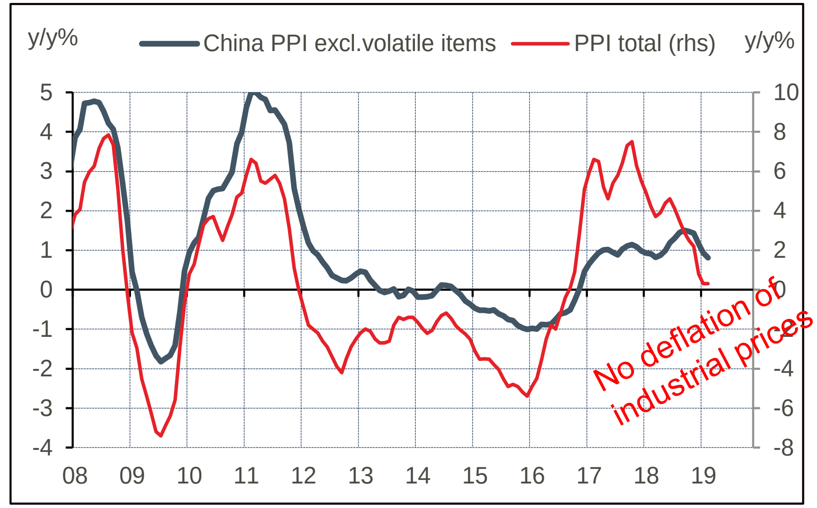
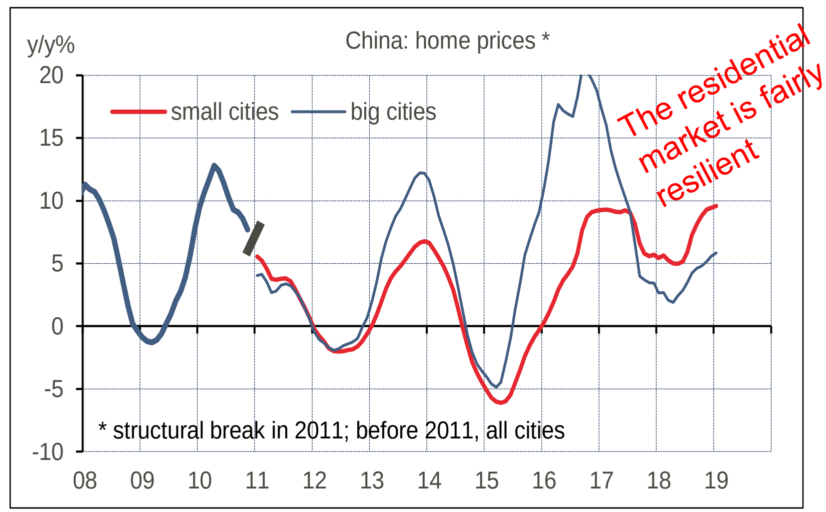
Source: Thomson Reuters, Oddo-BHF Securities

China

The Chinese economy slowed more sharply than expected in 2018 under the twofold influence of tighter financial conditions (domestic shock) and escalating trade strains (external shock). Stabilisation measures are starting to take shape, with some stimulus of credit. Trade frictions with the US have entered an easing phase. Once again, a hard landing will be averted.







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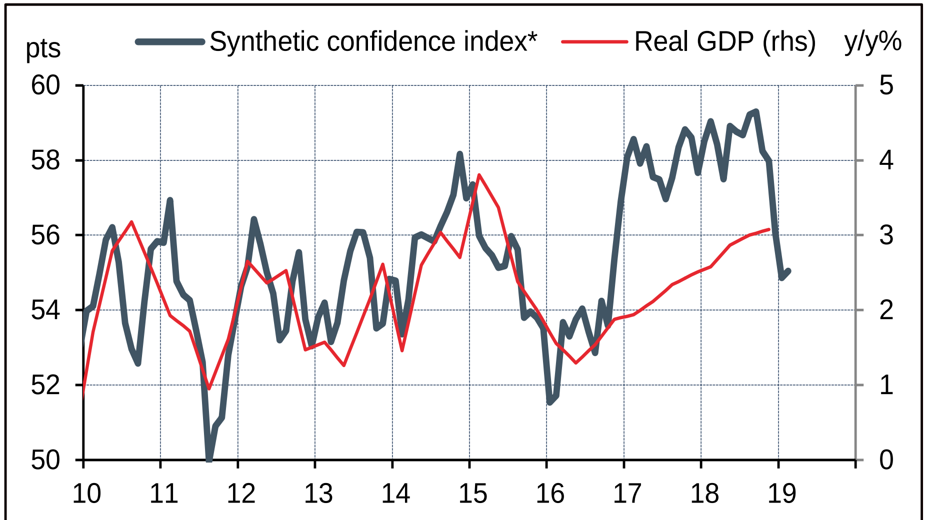
Source: Thomson Reuters, Oddo-BHF Securities

Recession Watch

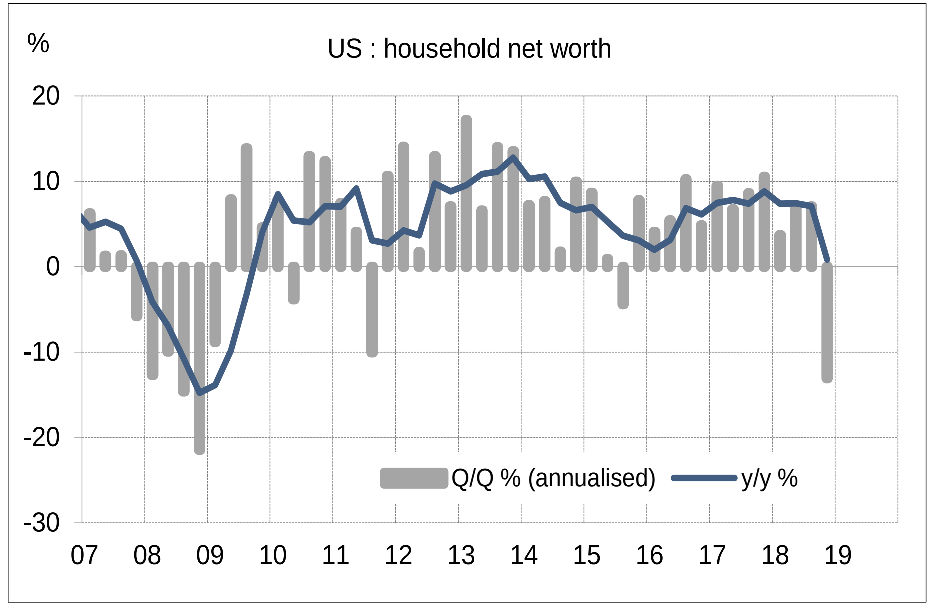
(US vs Europe)

US recession watch – Move on, there's nothing to see…

The US economy entered 2019 on a fairly weak basis after being hit by two recent temporary shocks, one financial (negative wealth effect in Q4) and the other political (the longest shutdown in its history). Aside from these setbacks, the fundamental situation in terms of employment and spending does not appear to have tangibly weakened. The latest monetary and trade developments reduce the risk of recession in the short term.



* rescaled (ISM-equivalent) indices: ISM, Fed indices, Chicago PMI, U.Michigan, Conf. Board, TIPP, Reuters, NAHB, NFIB, Beige Book

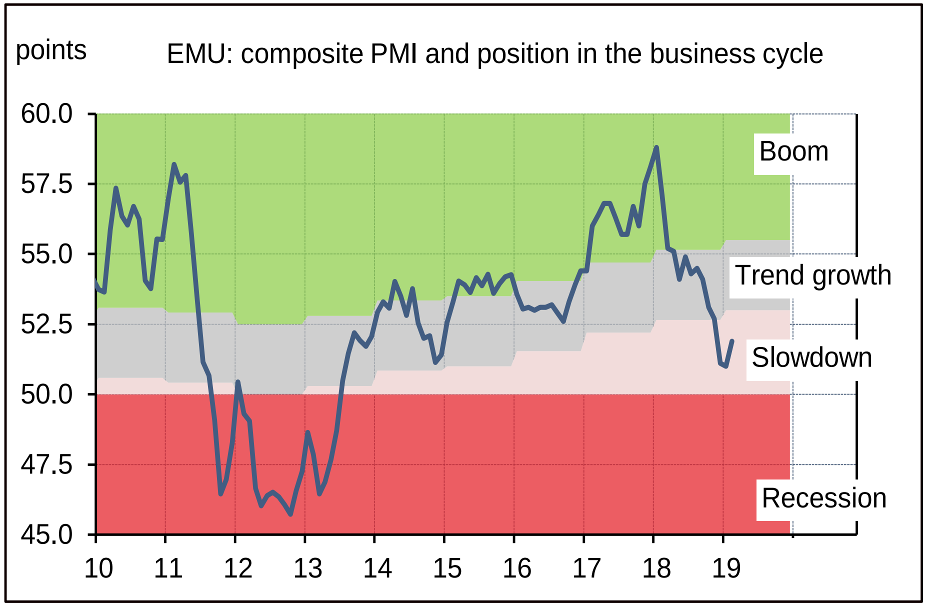


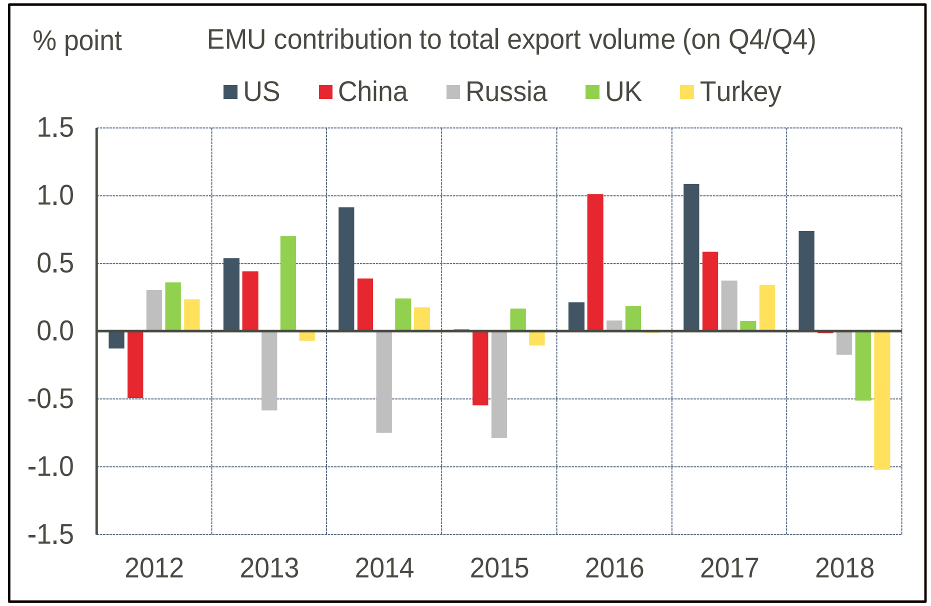
- The US economy has slowed in recent months and quarters but remains firmly anchored in an expansion zone.
  - Business confidence – Confidence indices weakened at the end of summer 2018, but it is worth remembering that they surged after Trump's election in the hope that the promised stimulus would materialise. The current level of business confidence is not a cause for concern.
  - Employment conditions – It is hard to measure the precise impact of recent setbacks (weather and shutdown). Overall, the labour market continues to deliver job creations (slight moderation in the recent trend) and wage increases (fairly marked acceleration).
  - Residential construction – This sector has dented GDP growth for the fifth quarter running. The correction is not intensifying. There are no broad-based bubbles to burst - neither in construction, nor in mortgage debt, nor in home prices.
  - Households – The stockmarket correction at the end of 2018 created the most negative wealth effect since the end of the Great Recession. The negative impact on spending on goods was significant and further accentuated by the shutdown (concerns about tax refunds). A normalisation is underway.

Source: Thomson Reuters, Oddo-BHF Securities

EMU recession watch – Vigilance required

The macroeconomic newsflow has become a little more mixed, instead of being unanimously negative. The Eurozone seems to move beyond its cyclical trough but it will be another few months before this can be said with certainty (or refuted). It economy remains in an expansion regime thanks to resilient domestic demand but still dangerously close to the recession threshold and vulnerable to external shocks such as a chaotic Brexit or trade war.





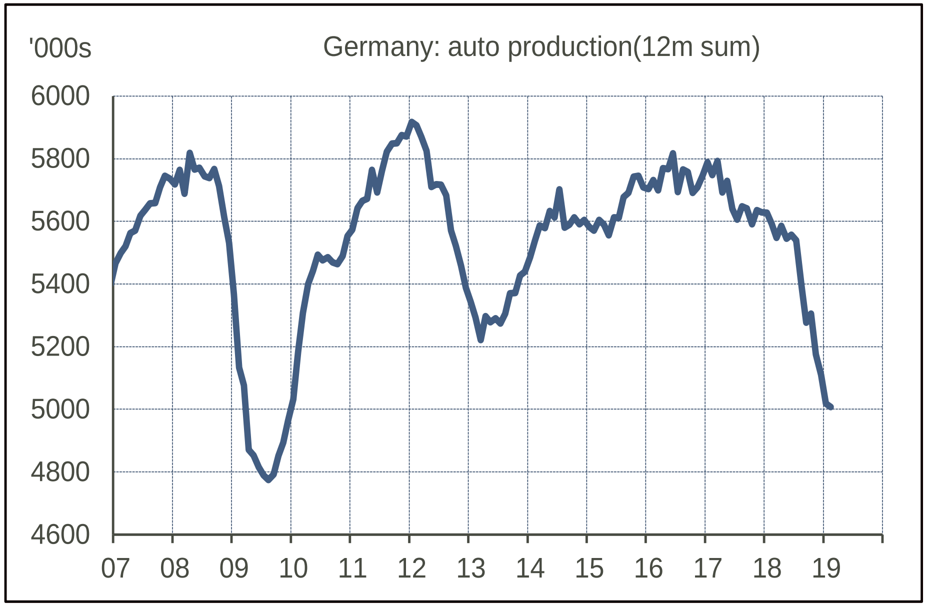
- The European economy continues to be characterised by a sectoral dichotomy, with the manufacturing sector in a technical recession (two quarters of contraction) and the rest of the economy in an expansion regime. This is due to the weakening of the external environment.
  - The manufacturing sector is more globalised than services in its production and markets. It therefore suffers a twin blow when value chains are threatened by trade frictions and foreign demand weakens.
  - Some external risks, though unlikely to occur, could potentially cause significant damage. This is true of no-deal Brexit or trade disputes (threat of US tariffs).
- Even though the external driver has waned over the past year, domestic demand remains resilient in terms of job creations and the distribution of credit. Combined with the easing of inflation and some loosening of the policy mix, the conditions for a recovery are still in place.

13/03/2019

Source: Thomson Reuters, Oddo-BHF Securities

Germany recession watch – "*Das Auto*" is out of order

The cyclical slowdown is stronger in Germany than in the rest of the Eurozone. This sheds light on some structural fragilities: dependence on growth in external demand, exposure to the risk of US protectionism and over-representation of the automotive sector in total activity. However, the Germany economy is in full employment and there is scope for fiscal stimulus



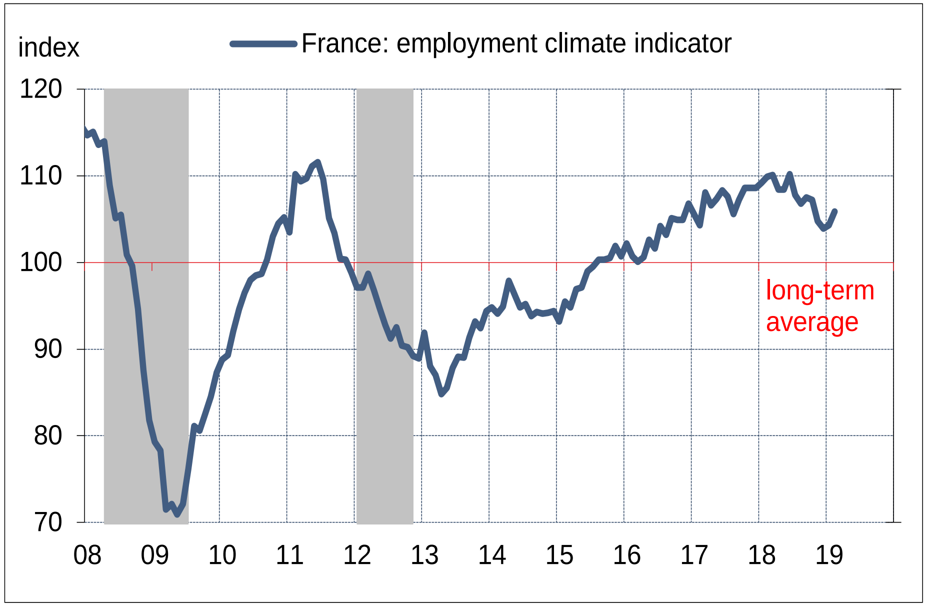
- Real GDP stagnated in H2 2018, narrowly avoiding a technical recession. The contribution of one-offs was probably significant.
  - Downside risk in the short term is linked to external demand. German exports to Chinese grew by around 10% on average in 2018 and are now set to slow. The question of US tariffs on vehicle imports is not a priority for President Trump, but it is not impossible that this will return to centre stage after a US-China trade agreement is reached.
  - Upside risk is linked to a return to normal of river transport (logistical chains are up and running again) and the automotive sector (recovery in new orders from last summer's trough).
- Domestic demand and policy mix conditions should drive an economic recovery in Germany once external risks have stabilised or been clarified. A rebound in industrial production is still awaited. Growth in Q1 will be weak but positive.

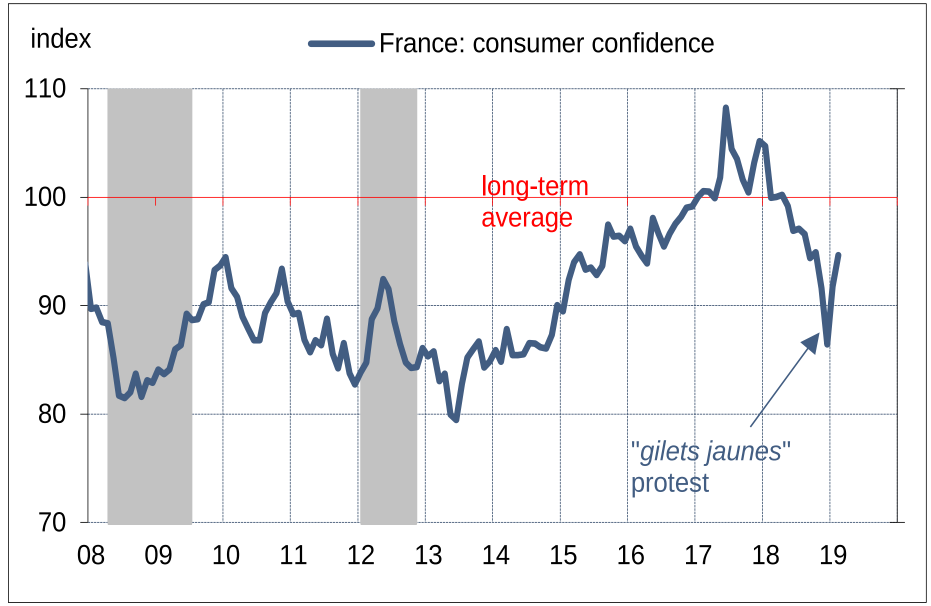
13/03/2019

Source: Thomson Reuters, Oddo-BHF Securities

France recession watch – Minimal risk amid an easing of social tensions

The “yellow vests” movement is almost over, at least as regards its impact on economic activity (slightly negative). Confidence indices are tending to recover. This social crisis has resulted in a slightly more expansionary fiscal policy in 2019 and a media and political comeback by Emmanuel Macron. Otherwise, employment and credit are improving, which is essential for growth.



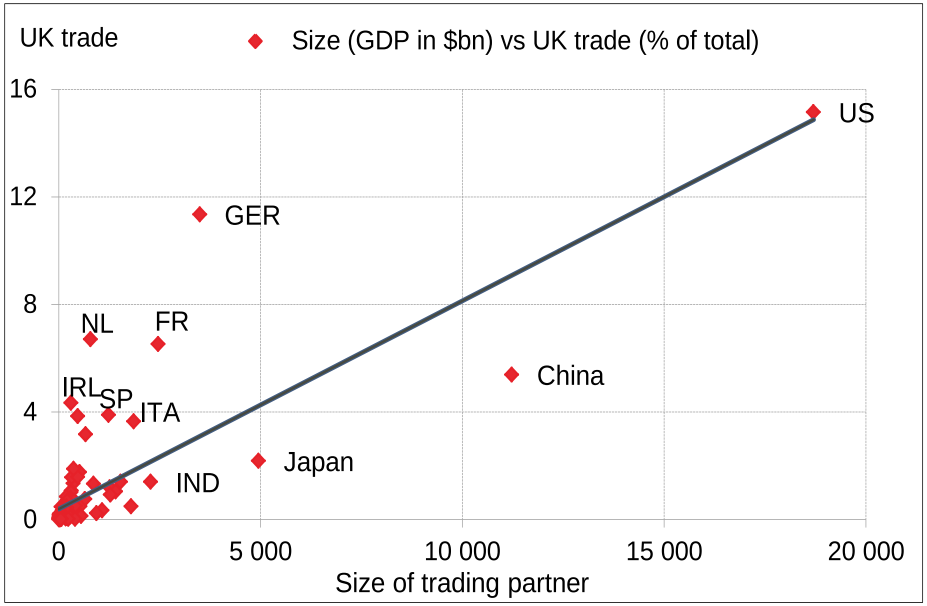


- The state of France after the “yellow vests” crisis
  - Business confidence/Activity – Confidence indices (PMI, households) have recovered after plunging in November/December. Overall, business confidence is at or a little above normal, and hence far from recession zones.
  - Employment – The latest indicators are encouraging (drop in unemployment, rise in hirings of workers on long-term contracts). The social crisis has not weakened the outlook for company hirings, except in the temporary employment sector, which has acted as a safety valve.
  - Fiscal policy – Measures to boost spending power will take the deficit above 3% in 2019. The Commission is likely to be lenient, since the overrun will be temporary (back to 2% in 2020). There is total uncertainty about fiscal measures decided on after the National Great Debate.
  - Political situation – Through his active participation in the National Great Debate, Emmanuel Macron has recovered a little of his popularity and re-motivated his core supporters. Given the fragmented opposition, he may even win European elections.

Source: Thomson Reuters, Oddo-BHF Securities

UK recession watch – Everything hinges on the type of Brexit

Because of the “red lines” she set out at the start of the process, Theresa May has still failed to establish a majority to ratify the withdrawal agreement and political declaration signed with the EU. The default option on 29 March, 2019 (or any other postponed deadline) is a no-deal Brexit. In this case, which is not our baseline scenario, the change of trade paradigm would trigger a very severe recession.



Institution / Think-tank	Date	Long-term impact on UK GDP (%)*
Economists for Brexit	2016	4.0
Bertelsmann	2015	-2.3
Open Europe	2015	-2.8
Center for Eco.Performance/ LES	2016	-2.9
IFO	2015	-2.9
CEPII	2018	-2.9
PwC/CBI	2016	-3.5
Central Planning Bureau	2016	-4.1
CEPR	2017	-4.5
NIESR	2018	-5.5
IMF	2016	-5.6
BoE	2018	-6.3
HM Treasury	2018	-7.7
OECD	2016	-7.7
HM Treasury (zero migration)	2018	-9.3
AVERAGE		**-4.9**

* relative to Remain scenario. If range of estimates, average value

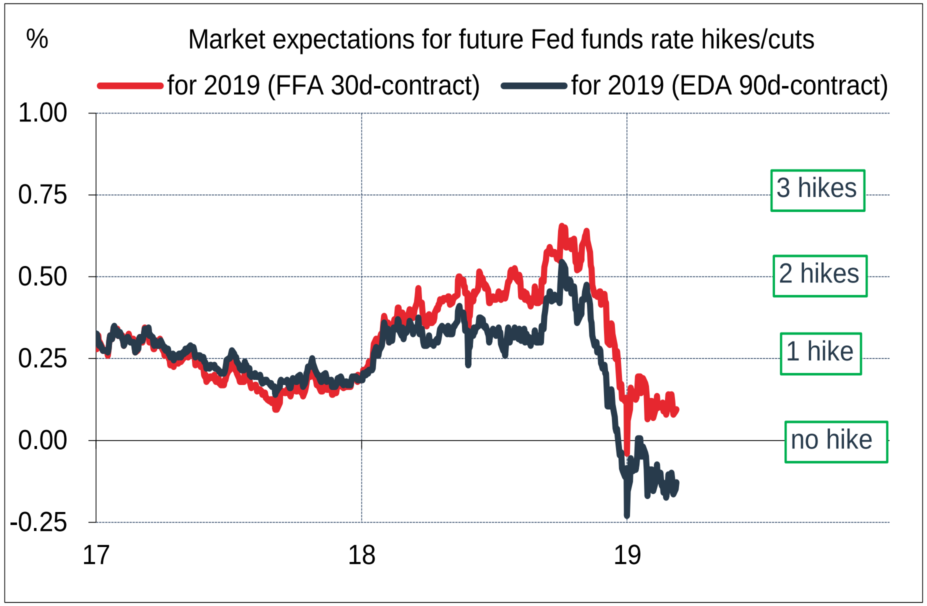
- The countdown to Brexit-Day on 29 March is no longer counted in days but in hours…
  - 25 November, 2018: signing of the exit agreement (including the Irish backstop) + political statement by the EU and the UK government
  - 15 January, 2019: rejection of the agreement by the UK Parliament. Historical defeat for Theresa May (432 against, 202 for)
  - 12 March, 2019: fresh rejection of the agreement by Parliament (391 against, 242 for) despite European concessions over its legal interpretation
  - 21 March, 2019: last EU summit before 29 March. Possible decision to postpone the date of Brexit-Day
- And what if, despite everything, a "no-deal Brexit“ is the outcome?
  - Impact studies estimate a five-point drop in GDP in the medium term compared with the scenario of staying in the EU

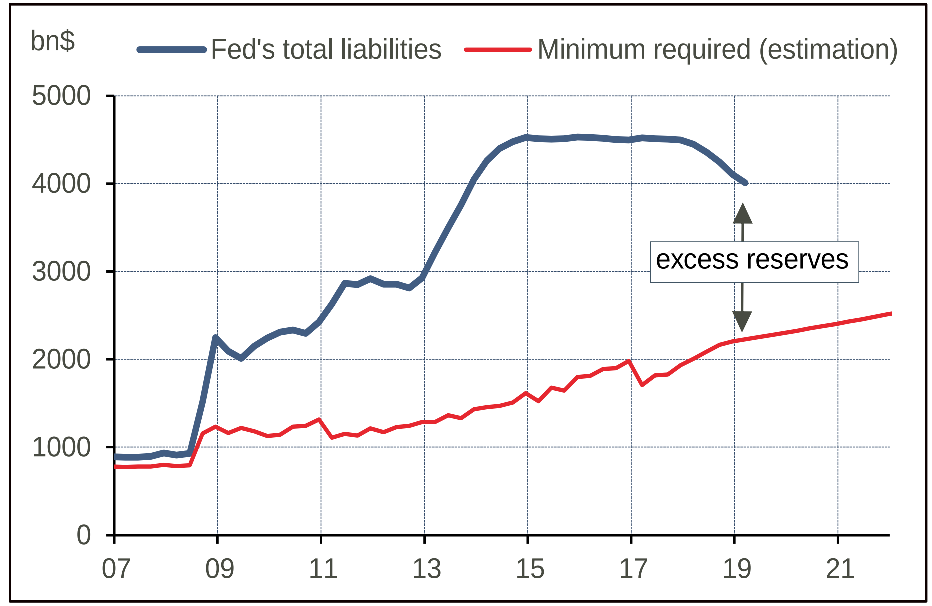
Source: Thomson Reuters, Oddo-BHF Securities

Policy mix
(tilted towards loosening)

Where is the US policy mix headed? (1) Monetary policy

In the space of a few months, the Fed has made a complete policy U-turn. Its watchword is “patience”. This implies a prolonged status quo and does not predetermine the next movement in policy rates, whether upward if the economy strengthens in the second half of the year and inflation picks up, or downward if the early signals of a recession (very scarce today) materialise.



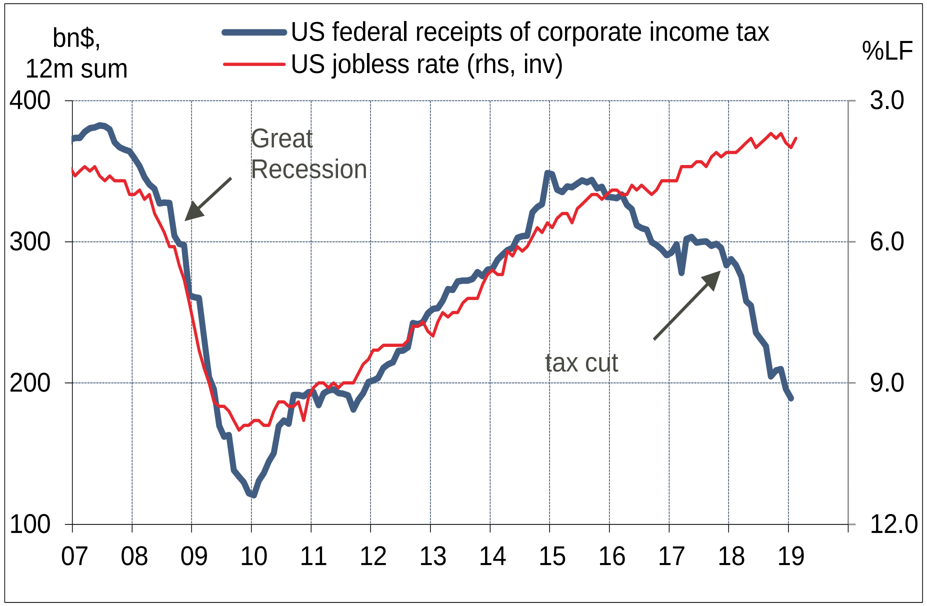


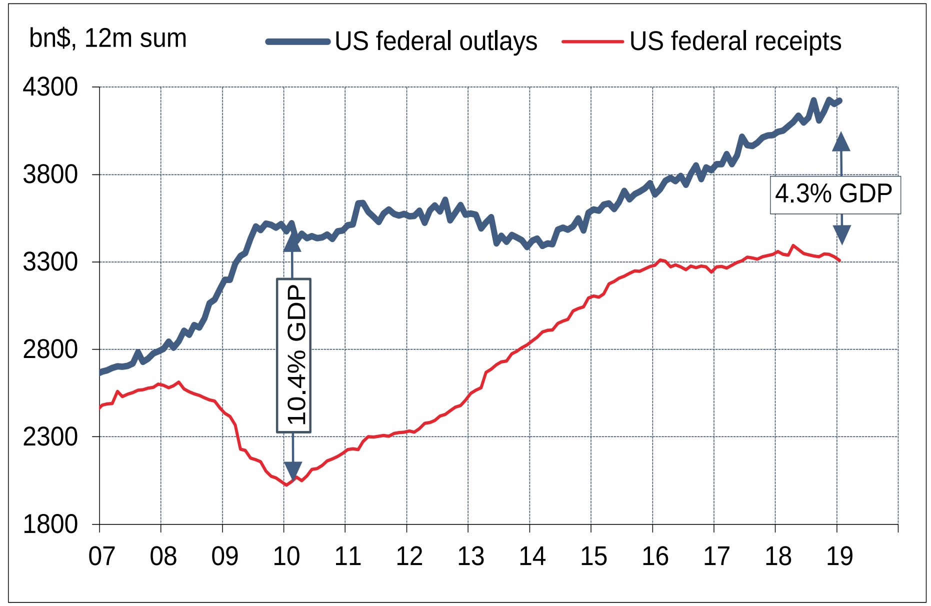
- The swift monetary policy U-turn – between November and December 2018 – is notable in several respects:
  - It occurred at a time when there was no substantial change in the domestic economic outlook. The Fed constantly describes the US economy as solid (which it is) and only expects a gradual moderation towards its potential rate after the effects of the fiscal stimulus disappear.
  - It is justified by a marked increase in uncertainty at the international and political levels (slowdown in the RoW, trade frictions). The Fed does not usually modify its policy for such reasons, which have only an indirect and imprecise link to its mandate. This reaction is welcome, however.
  - It appears to be solely a reaction to the equity market sell-off in Q4, contradicting previous statements. The Fed even went so far as to bring forward the end of its balance-sheet normalisation (a pre-announced programme implemented over several years) when the markets, for mysterious reasons, became acutely anxious about “Quantitative Tightening”.

Source: Thomson Reuters, Oddo-BHF Securities

Where is the US policy mix headed? (2) Fiscal policy

The Republicans enacted a pro-cyclical stimulus that does not improve potential growth. Drawing on heterodox currents of economic thought (Modern Monetary Theory), some Democrats advocate an increase in deficits as a miracle remedy for unemployment, rising inequality and climate change. In short, fiscal irresponsibility is more and more widespread.





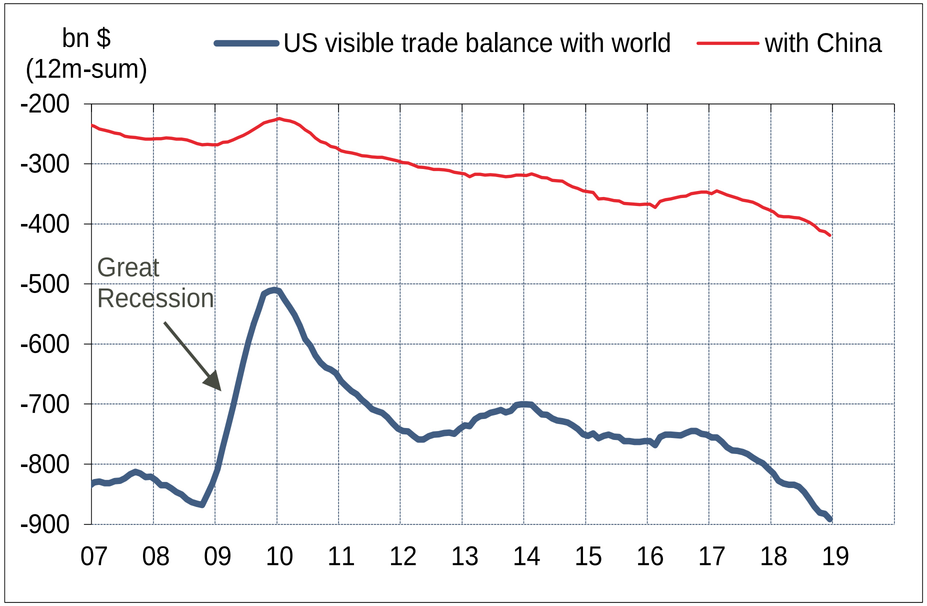
- The tax reform of December 2017 (*Tax Cuts and Jobs Act*) has had visible effects on tax receipts, which have declined slightly despite strong nominal GDP growth.
  - Corporate tax receipts are in freefall.
  - While this reform gave a temporary fillip to GDP, there does not appear to have been any sustained improvement in potential growth.
- The deepening of the federal deficit at the peak of the cycle reduces stabilisation margins during the US economy's next recession.
- Several fiscal questions are unresolved: 1) what about the debt ceiling when the Treasury has exhausted its reserves towards the end of the summer? 2) and what about automatic spending caps from the next fiscal year starting on 1 October?

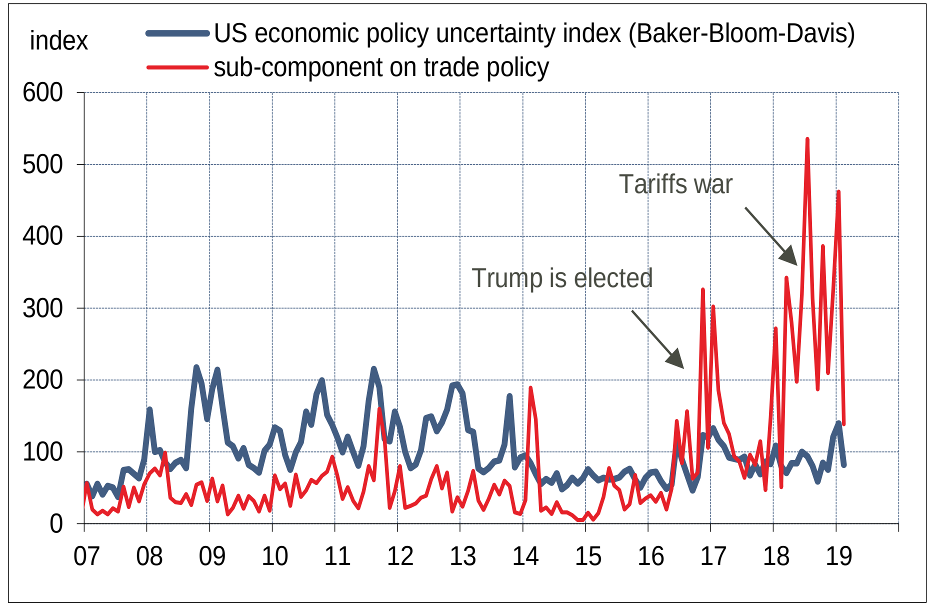
13/03/2019

Source: Thomson Reuters, Oddo-BHF Securities

Where is the US policy mix headed? (3) Trade policy

The US President's stated objective of his trade policy, namely to reduce the trade deficit, has failed. The external deficit deepened in 2018 in accordance with macroeconomic fundamentals, not with tariff measures. Through its incoherence, this policy has significantly raised the degree of uncertainty. The new phase, currently underway, aims to ease strains with China.



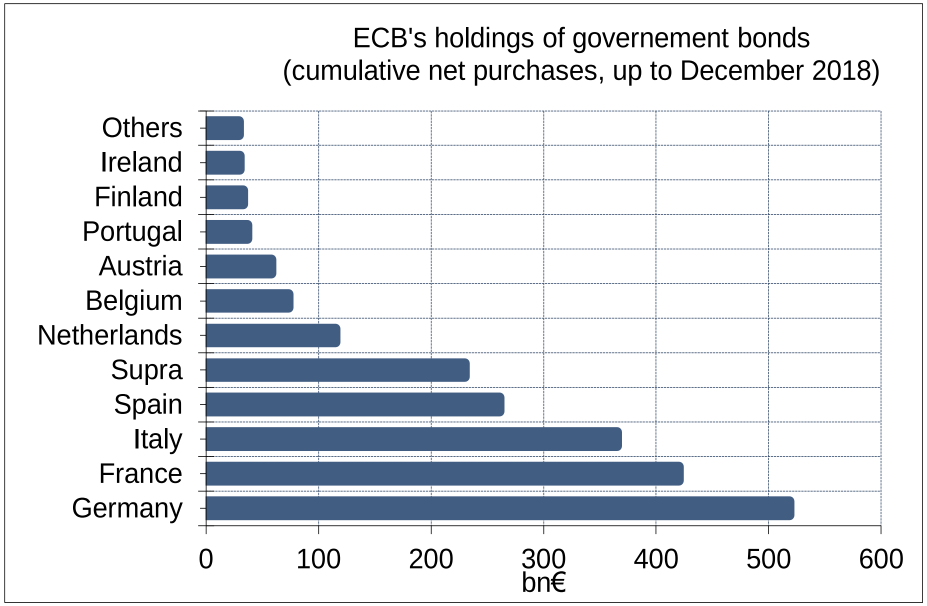


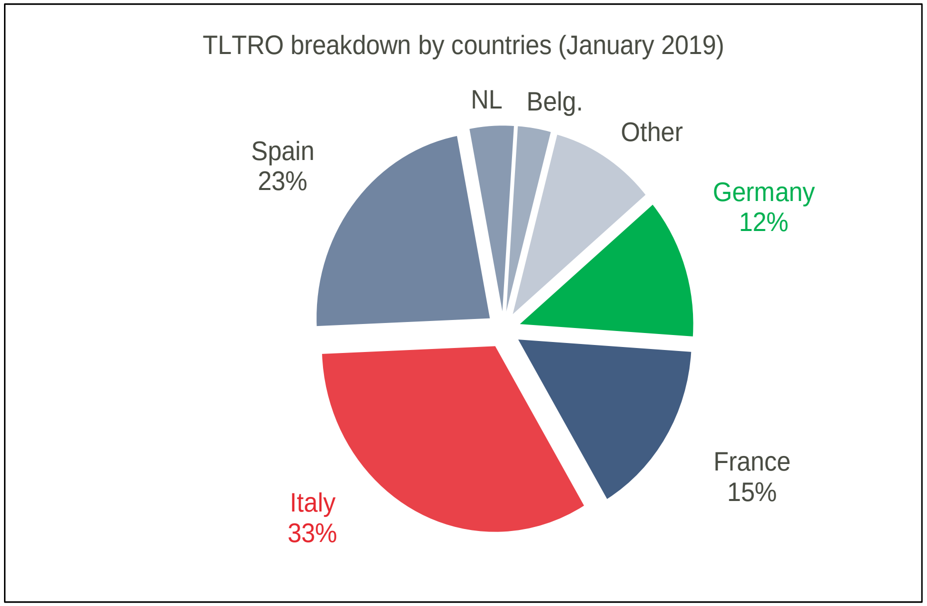
- Because of the national savings-investment balance in the US, its international trade deficit grows when growth is strong, and vice versa. The "solution", if it can be described as such, for bringing about a swift and significant reduction in the deficit would be a recession (see 2008-09), not tariffs.
  - The total trade deficit has increased by around 10% vs. 2017 (more than half is due to trade with China).
- The only apparent benefit of Donald Trump's policy is that it has led China to agree to negotiate its trade practices. But the outcome of this negotiation remains uncertainty, since it is being conduced bilaterally (whereas China is a global "problem) and opaquely.
- By contributing additional demand to the rest of the world, a deepening of the US external deficit usually has positive effects on growth in other countries. This is not the case today, perhaps because this positive "demand effect" has been dominated by a negative "uncertainty effect".

Source: Thomson Reuters, Oddo-BHF Securities

Where is the European policy mix headed? (1) Monetary policy

The ECB has adjusted its monetary policy stance over the past three months by postponing to 2020 the debate over the first increase in key rates, extending the total asset reinvestment period and adding a new bank liquidity injection programme (TLTRO III) to avoid any refinancing accidents until 2023.





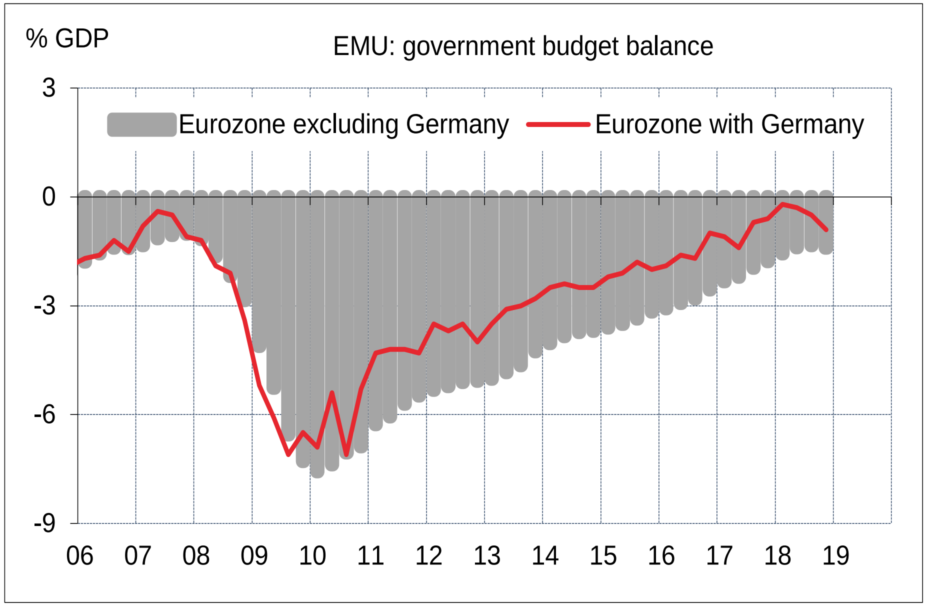
- In response to the marked weakening of the growth and inflation outlook, the ECB has loosened its monetary policy.
    - The ECB has delivered what could be reasonably expected, namely a modification of forward guidance and new long-term refinancing operations for banks (seven two-year operations will be held until 2021). Interest rates will be left unchanged until the end of 2019 at the earliest, and total reinvestments will be extended accordingly. The ECB declined to take more heterodox measures (compensation for negative interest rates paid by banks).
    - The objective is probably less to stimulate bank loan origination than to avert a liquidity accident, which would involuntarily tighten financing conditions in the Eurozone.
- These unanimously approved measures commit the ECB well beyond the end of Mario Draghi's term in October 2019. In this respect, they force his successor, even if he arrives with a hawkish reputation, to maintain an accommodative monetary policy for an extended period.

13/03/2019

Source: Thomson Reuters, Oddo-BHF Securities

Where is the European policy mix headed? (2) Fiscal policy

The overall fiscal situation is good (2018 deficit <1%), authorising a fiscal stimulus effort of around half a point in 2019. The expansionary orientation of fiscal policy complements the central bank's accommodative policy. The absence of a common stabilisation budget and/or coordination principles for national policies remains a handicap, however.



	Change in deficit				Change in structural deficit			
	2011-13	2014-17	2018e	2019e	2011-13	2014-17	2018e	2019e
EU 28	-1.0	-0.6	-0.3	0.1	-0.9	-0.2	-0.1	0.2
_UK	-1.3	-0.9	-0.5	-0.3	-0.9	-0.5	-0.6	-0.4
Eurozone	-1.0	-0.5	-0.3	0.3	-1.0	-0.1	-0.1	0.4
_Germany	-1.4	-0.3	-0.5	0.4	-0.7	-0.1	-0.6	0.5
_France	-0.9	-0.4	-0.1	0.6	-0.8	-0.2	0.0	0.4
_Italy	-0.4	-0.1	-0.5	0.4	-0.9	0.3	0.0	0.7
_Spain	-0.8	-1.0	-0.4	-0.5	-1.8	0.3	0.2	0.0
US	-1.6	-0.2	0.5	0.6	-0.9	0.1	1.0	0.9
Japan	-0.5	-1.0	-0.4	-0.2	-0.2	-1.0	-0.7	-0.3
China	-0.8	1.6	-0.1	0.2	-	-	-	-
World*	-1.1	0.0	0.0	0.3	-0.8	-0.2	0.3	0.5

EC data for EU countries, CBO data for the US, OECD for Japan, IMF for China ("augmented" gov.deficit)
French and Italian data w ere adjusted based on the latest announcements
*w eighted average of EU, US, Japan, China by GDP, ex China for structural deficit

- The eurozone's budget deficit has fallen to its lowest level since 2007
  - Eurozone: deficit of 0.6% of GDP (average). Mixed situations: Germany (surplus: +1.6%) vs Eurozone excluding Germany (deficit: -1.4%)
  - The easing of strains between Rome and Brussels (no excessive deficit procedure) reduces the risk of an accident in the debt market
- Overall, the fiscal stimulus effort is around half a point of GDP in 2019
  - Germany: debate about tax cuts (different positions within the coalition, but no absolute rejection of a more expansionary policy)
  - France: implementation of the "Macron plan" (€10-15bn), mostly targeted at the middle classes
  - Italy: bigger deficit breach than expected because of recession

13/03/2019

Source: Thomson Reuters, Oddo-BHF Securities

Appendix – statistics and charts

Appendix 1
Real GDP growth in the major countries (% quarterly change)

	GDP 2016	Weights 2016		Real GDP change (Q/Q non annualised, %)																								
	bn $	current $	PPP $	2013				2014				2015				2016				2017				2018				
		%	%	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
World *	**80111**	100.0	100.0	**0.99**	**0.94**	**1.11**	**0.93**	**0.75**	**0.98**	**1.06**	**0.88**	**0.91**	**0.89**	**0.82**	**0.65**	**0.95**	**0.88**	**0.74**	**0.95**	**0.98**	**1.08**	**1.08**	**0.92**	**0.88**	**1.03**	**0.72**	**0.74**	e
Developed countries	43116	53.8	36.5	0.49	0.40	0.66	0.50	0.23	0.49	0.76	0.50	0.76	0.53	0.29	0.21	0.54	0.35	0.42	0.54	0.59	0.66	0.65	0.57	0.39	0.70	0.39	0.42	e
Asia excl.Japan	19151	23.9	32.7	1.61	1.49	1.78	1.57	1.41	1.83	1.62	1.36	1.55	1.69	1.62	1.32	1.72	1.74	1.44	1.30	1.47	1.63	1.79	1.41	1.48	1.57	1.32	1.40	e
US	19485	24.3	15.5	0.9	0.1	0.8	0.8	-0.3	1.3	1.2	0.5	0.8	0.8	0.2	0.1	0.4	0.6	0.5	0.4	0.4	0.7	0.7	0.6	0.5	1.0	0.8	0.6	
EMU	12417	15.5	11.5	-0.4	0.5	0.4	0.2	0.5	0.2	0.4	0.5	0.7	0.4	0.4	0.5	0.7	0.3	0.3	0.8	0.7	0.7	0.7	0.7	0.4	0.4	0.1	0.2	
- Germany	3701	4.6	3.3	-0.3	0.9	0.6	0.4	1.0	-0.1	0.3	1.0	-0.1	0.6	0.3	0.5	0.9	0.4	0.2	0.4	1.1	0.5	0.6	0.5	0.4	0.5	-0.2	0.0	
- France	2588	3.2	2.3	0.0	0.7	0.0	0.4	0.1	0.3	0.4	0.1	0.4	0.0	0.4	0.3	0.7	-0.2	0.2	0.6	0.8	0.7	0.6	0.7	0.2	0.2	0.3	0.3	
- Italy	1939	2.4	1.9	-1.0	0.0	0.4	-0.2	0.1	-0.1	0.2	0.0	0.2	0.4	0.3	0.4	0.2	0.2	0.3	0.5	0.5	0.3	0.4	0.4	0.2	0.1	-0.1	-0.1	
Japan	4873	6.1	4.3	1.1	0.8	0.8	0.0	0.9	-1.8	0.1	0.5	1.3	0.2	-0.1	-0.4	0.7	0.0	0.2	0.2	0.9	0.4	0.6	0.4	-0.1	0.5	-0.6	0.5	
UK	2628	3.3	2.3	0.6	0.5	0.9	0.5	0.8	0.8	0.7	0.7	0.4	0.6	0.4	0.7	0.3	0.2	0.5	0.7	0.4	0.3	0.5	0.4	0.1	0.4	0.6	0.2	
Switzerland	679	0.8	0.4	0.4	0.8	0.7	0.2	0.7	0.6	0.8	0.8	-0.3	0.0	0.6	0.4	0.6	0.3	0.4	-0.1	0.4	0.7	0.8	0.8	0.9	0.7	-0.3	0.2	
Canada	1653	2.1	1.4	0.9	0.6	0.8	1.1	0.1	0.9	1.0	0.7	-0.5	-0.3	0.4	0.1	0.6	-0.5	1.1	0.6	1.0	1.1	0.3	0.4	0.3	0.6	0.5	0.1	
Australia	1380	1.7	1.0	0.3	0.6	0.7	0.8	0.7	0.7	0.4	0.4	0.9	0.2	1.0	0.5	1.0	0.8	0.0	0.9	0.4	0.8	0.6	0.6	1.1	0.8	0.3	0.2	
China	12015	15.0	17.6	1.9	1.8	2.1	1.6	1.8	1.8	1.8	1.7	1.7	1.8	1.7	1.5	1.4	1.9	1.7	1.6	1.5	1.8	1.8	1.5	1.5	1.7	1.6	1.5	
India **	2602	3.2	7.2	1.8	1.2	1.7	2.0	1.0	2.7	1.8	0.9	1.9	2.6	2.0	1.2	3.4	2.1	1.4	0.7	1.8	1.8	2.2	1.9	1.7	1.9	1.2	1.5	
Korea	1540	1.9	1.6	0.6	1.1	0.8	0.9	1.0	0.6	0.7	0.5	0.8	0.4	1.2	0.8	0.6	0.8	0.4	0.7	1.0	0.6	1.4	-0.2	1.0	0.6	0.6	1.0	
Indonesia **	1015	1.3	2.5	1.4	1.5	1.3	1.2	1.2	1.3	1.3	1.2	1.1	1.1	1.3	1.4	1.0	1.3	1.2	1.2	1.2	1.3	1.3	1.3	1.1	1.4	1.2	1.3	
Taiwan	573	0.7	0.9	-0.3	1.0	0.8	1.5	0.6	1.2	1.1	0.5	0.6	-1.4	-0.1	0.0	0.8	0.9	0.4	0.9	0.8	0.5	1.2	0.8	0.7	0.3	0.4	0.4	
Thailand	455	0.6	1.0	-0.1	-0.6	0.8	0.0	-0.4	0.6	1.0	1.1	0.4	0.4	1.4	0.8	0.8	0.7	0.8	0.9	1.1	1.4	1.1	0.3	2.1	1.1	-0.3	0.8	
Malaysia **	312	0.4	0.7	-0.3	1.6	1.8	1.6	1.1	1.8	1.1	1.4	1.4	1.0	1.0	1.2	0.7	1.1	1.3	1.4	1.7	1.5	1.5	1.1	1.1	0.7	1.4	1.5	
Philippines	314	0.4	0.7	2.2	1.1	1.6	1.1	2.0	1.7	0.7	1.9	1.0	2.1	1.2	2.2	1.4	1.9	1.3	1.8	1.4	2.0	1.7	1.4	1.4	1.5	1.5	1.6	
Singapore	324	0.4	0.4	1.6	2.1	0.6	1.2	1.1	0.8	0.6	1.7	-0.2	0.6	0.8	0.2	0.7	0.8	0.5	2.1	0.2	0.4	2.2	0.8	1.2	0.0	0.4	0.3	
Brazil	2055	2.6	2.6	-0.1	2.3	0.4	0.0	0.5	-1.3	0.2	0.4	-1.1	-2.2	-1.4	-0.8	-0.9	-0.2	-0.7	-0.6	1.5	0.3	0.1	0.3	0.4	0.0	0.5	0.1	
Chile	277	0.3	0.4	1.0	1.6	0.8	0.5	0.0	0.3	0.1	1.2	0.4	0.9	-0.1	0.9	0.4	-0.6	0.4	0.2	-0.6	0.8	2.4	0.7	1.2	0.7	0.3	-	
Mexico	1151	1.4	2.0	0.3	-0.7	1.0	0.5	0.6	1.3	0.4	1.1	0.5	1.0	1.2	0.0	0.6	0.5	1.1	1.1	0.4	0.4	-0.4	1.1	1.0	-0.2	0.6	0.2	
Russia **	1578	2.0	3.2	0.6	0.4	0.2	0.7	-0.5	0.9	-0.4	0.2	-2.4	-0.7	0.2	-0.1	0.3	-0.8	0.3	0.7	0.4	1.0	0.0	-0.4	0.8	1.5	-0.2	-	
Poland	525	0.7	0.9	0.2	1.1	0.8	0.1	1.1	1.1	0.8	0.6	1.3	0.7	1.1	1.2	-0.2	1.3	0.2	2.1	1.1	0.9	1.1	1.4	1.5	1.0	1.6	0.5	
Turkey	852	1.1	1.7	3.6	2.6	1.3	0.7	2.7	-1.5	2.4	1.5	1.9	1.5	1.2	1.4	0.4	1.1	-2.8	5.5	1.4	2.0	1.6	2.5	0.9	0.0	-1.6	-2.4	
South Africa	349	0.4	0.6	0.5	1.2	0.2	1.4	-0.6	0.3	0.6	1.1	0.5	-0.7	0.1	0.3	-0.4	0.8	0.2	0.1	-0.1	0.8	0.7	0.8	-0.7	-0.1	0.5	0.4	

* as usual, world weighting is based on real GDP at PPP exchange rate (IMF data)

** for those countries, seasonaly-adjusted figures by Oddo BHF Securities

Source: Thomson Reuters, Oddo BHF

Appendix 2
Contributions to real GDP growth: G7 countries

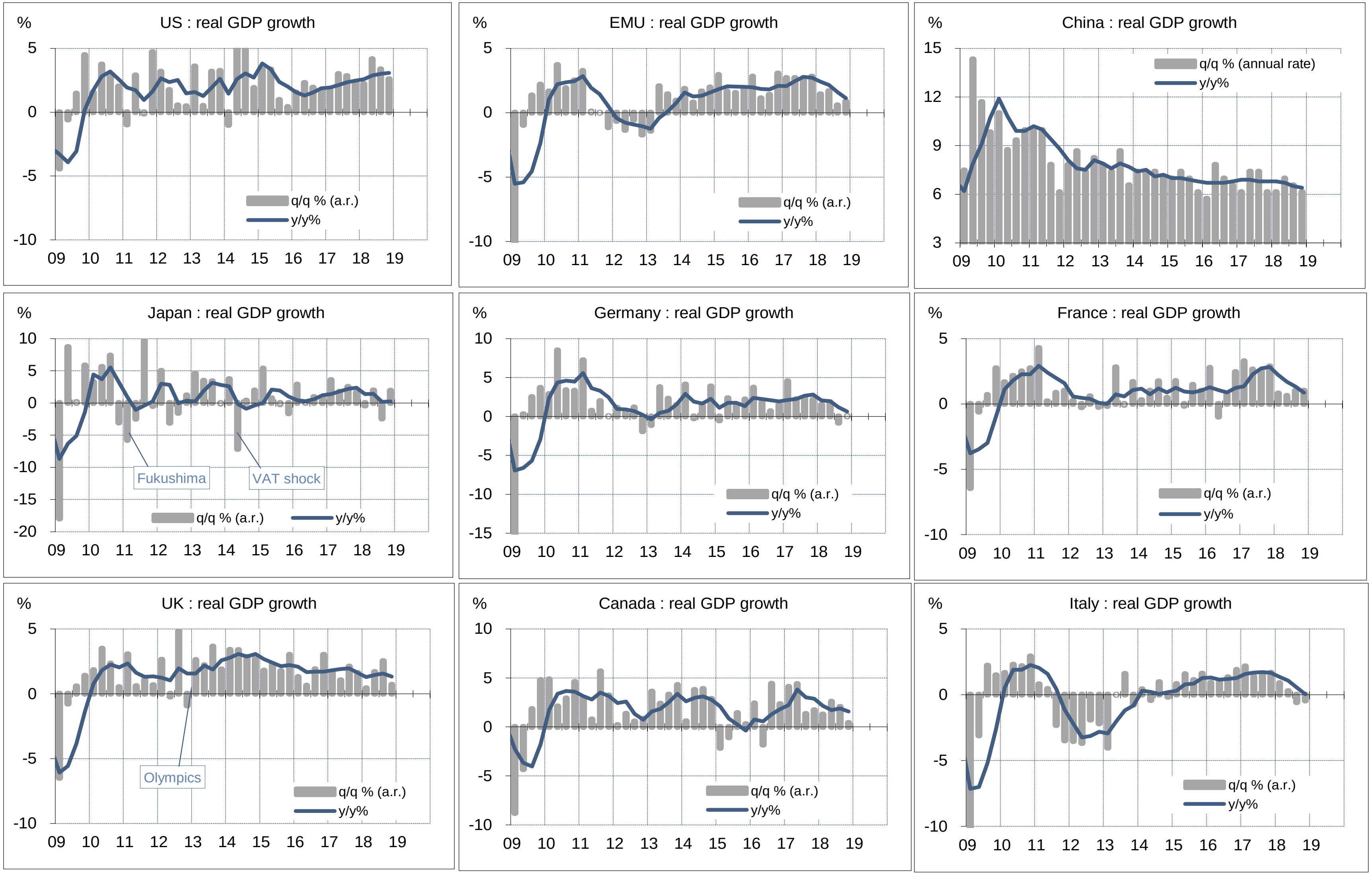
Real GDP change (Q/Q non annualised, %) and contributions to growth *

	Pre-crisis	Crisis	Post-crisis	2013				2014				2015				2016				2017				2018			
	1999-2007	Q3 08-Q2 09	2010 to date	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
US																											
Real GDP qoq %	**0.7**	**-1.0**	**0.6**	**0.9**	**0.1**	**0.8**	**0.8**	**-0.3**	**1.3**	**1.2**	**0.5**	**0.8**	**0.8**	**0.2**	**0.1**	**0.4**	**0.6**	**0.5**	**0.4**	**0.4**	**0.7**	**0.7**	**0.6**	**0.5**	**1.0**	**0.8**	**0.6**
- Inventories	0.0	-0.3	0.0	0.3	0.1	0.4	-0.2	-0.3	0.3	0.0	-0.2	0.5	-0.1	-0.2	-0.2	-0.2	-0.2	-0.1	0.3	-0.2	0.1	0.3	-0.2	0.1	-0.3	0.6	0.0
- Net exports	-0.1	0.3	-0.1	0.1	-0.1	0.0	0.3	-0.3	-0.1	0.0	-0.3	-0.4	0.0	-0.3	-0.1	-0.1	0.1	0.0	-0.3	0.0	0.0	0.0	-0.2	0.0	0.3	-0.5	-0.1
- Final demand	0.8	-1.0	0.6	0.5	0.1	0.4	0.6	0.3	1.1	1.2	0.9	0.7	0.9	0.7	0.3	0.6	0.6	0.6	0.5	0.7	0.7	0.4	1.0	0.5	1.0	0.7	0.7
Japan																											
Real GDP qoq %	**0.3**	**-1.6**	**0.3**	**1.1**	**0.8**	**0.8**	**0.0**	**0.9**	**-1.8**	**0.1**	**0.5**	**1.3**	**0.2**	**-0.1**	**-0.4**	**0.7**	**0.0**	**0.2**	**0.2**	**0.9**	**0.4**	**0.6**	**0.4**	**-0.1**	**0.5**	**-0.6**	**0.5**
- Inventories	0.0	-0.5	0.0	-0.1	-0.6	0.2	0.1	-0.4	0.9	-0.4	-0.3	0.3	0.4	-0.3	-0.1	0.1	0.4	-0.5	-0.3	0.2	-0.1	0.5	0.1	-0.1	-0.1	0.1	0.0
- Net exports	0.1	-0.4	0.0	0.3	0.0	-0.3	-0.5	-0.2	0.9	0.0	0.4	0.0	-0.1	-0.1	0.0	0.3	0.1	0.3	0.4	0.1	-0.3	0.5	0.0	0.1	-0.1	-0.1	-0.3
- Final demand	0.2	-0.7	0.3	0.9	1.4	0.9	0.4	1.5	-3.7	0.6	0.4	1.0	-0.1	0.3	-0.3	0.3	-0.4	0.4	0.1	0.6	0.9	-0.4	0.3	0.0	0.7	-0.6	0.8
Germany																											
Real GDP qoq %	**0.4**	**-1.7**	**0.5**	**-0.3**	**0.9**	**0.6**	**0.4**	**1.0**	**-0.1**	**0.3**	**1.0**	**-0.1**	**0.6**	**0.3**	**0.5**	**0.9**	**0.4**	**0.2**	**0.4**	**1.1**	**0.5**	**0.6**	**0.5**	**0.4**	**0.5**	**-0.2**	**0.0**
- Inventories	0.0	-0.5	0.0	0.7	0.3	0.0	-0.7	0.6	0.3	-0.9	0.1	0.4	-0.5	-0.2	0.2	0.3	-0.2	0.1	0.4	-0.4	0.1	-0.1	0.0	0.0	0.3	0.8	-0.6
- Net exports	0.2	-0.9	0.1	-0.3	-0.3	0.0	0.9	-0.1	-0.2	0.8	0.1	-0.5	0.7	-0.3	-0.7	-0.3	0.8	-0.4	-0.5	0.7	-0.2	0.4	0.2	0.0	-0.2	-0.9	0.0
- Final demand	0.2	-0.3	0.4	-0.7	0.9	0.6	0.2	0.5	-0.2	0.4	0.8	0.0	0.4	0.8	1.0	0.9	-0.2	0.5	0.5	0.8	0.6	0.3	0.3	0.4	0.4	-0.1	0.6
France																											
Real GDP qoq %	**0.6**	**-0.9**	**0.3**	**0.0**	**0.7**	**0.0**	**0.4**	**0.1**	**0.3**	**0.4**	**0.1**	**0.4**	**0.0**	**0.4**	**0.3**	**0.7**	**-0.2**	**0.2**	**0.6**	**0.8**	**0.7**	**0.6**	**0.7**	**0.2**	**0.2**	**0.3**	**0.3**
- Inventories	0.0	-0.4	0.0	0.1	0.2	0.3	-0.1	0.4	0.2	0.2	-0.2	0.2	-0.4	0.4	0.3	-0.4	-0.8	0.6	-0.3	0.8	-0.8	0.3	-0.2	-0.1	0.2	-0.5	-0.1
- Net exports	-0.1	-0.1	0.0	-0.1	0.1	-0.3	0.0	0.0	-0.3	-0.1	0.1	-0.2	0.3	-0.6	-0.5	0.1	0.3	-0.6	0.2	-0.6	1.0	-0.3	0.6	0.0	-0.2	0.3	0.2
- Final demand	0.6	-0.4	0.3	0.0	0.4	0.0	0.5	-0.3	0.4	0.4	0.2	0.4	0.0	0.5	0.4	1.0	0.3	0.1	0.7	0.6	0.4	0.7	0.3	0.2	0.2	0.5	0.1
Italy																											
Real GDP qoq %	**0.4**	**-1.8**	**0.1**	**-1.0**	**0.0**	**0.4**	**-0.2**	**0.1**	**-0.1**	**0.2**	**0.0**	**0.2**	**0.4**	**0.3**	**0.4**	**0.2**	**0.2**	**0.3**	**0.5**	**0.5**	**0.3**	**0.4**	**0.4**	**0.2**	**0.1**	**-0.1**	**-0.1**
- Inventories	0.0	-0.5	0.0	-0.1	0.2	0.6	0.3	0.0	0.4	0.0	-0.9	0.6	-0.2	0.1	0.1	0.1	0.2	-0.1	-0.4	-0.2	0.6	-0.6	-0.1	0.4	-0.1	-0.1	-0.5
- Net exports	0.0	-0.3	0.1	0.2	0.1	0.0	-0.2	0.2	-0.3	0.0	0.3	-0.5	-0.1	-0.4	0.1	-0.2	0.0	0.0	0.2	0.5	-0.5	0.2	0.1	-0.1	-0.3	0.2	0.2
- Final demand	0.4	-1.0	-0.1	-1.1	-0.3	-0.2	-0.3	0.0	-0.2	0.2	0.5	0.1	0.6	0.6	0.3	0.3	0.0	0.5	0.7	0.2	0.3	0.7	0.4	-0.1	0.5	-0.2	0.1
EMU																											
Real GDP qoq %	**0.6**	**-1.4**	**0.3**	**-0.4**	**0.5**	**0.4**	**0.2**	**0.5**	**0.2**	**0.4**	**0.5**	**0.7**	**0.4**	**0.4**	**0.5**	**0.7**	**0.3**	**0.3**	**0.8**	**0.7**	**0.7**	**0.7**	**0.7**	**0.4**	**0.4**	**0.1**	**0.2**
- Inventories	0.0	-0.4	0.0	0.3	0.1	0.2	-0.2	0.4	0.2	-0.2	-0.1	0.2	-0.3	0.2	0.2	0.0	-0.2	0.0	0.2	-0.1	0.0	-0.2	0.0	0.2	-0.1	0.3	-0.4
- Net exports	0.0	-0.2	0.1	0.0	0.1	-0.2	0.2	0.0	-0.1	0.2	0.2	0.2	-1.1	0.8	-0.6	0.0	0.1	-0.1	-0.2	0.7	-0.1	0.5	0.3	-0.1	0.0	-0.4	0.2
- Final demand	0.5	-0.8	0.2	-0.6	0.3	0.3	0.3	0.1	0.1	0.5	0.4	0.3	1.8	-0.6	0.9	0.7	0.4	0.4	0.7	0.1	0.7	0.3	0.4	0.3	0.5	0.2	0.4
UK																											
Real GDP qoq %	**0.7**	**-1.4**	**0.5**	**0.6**	**0.5**	**0.9**	**0.5**	**0.8**	**0.8**	**0.7**	**0.7**	**0.4**	**0.6**	**0.4**	**0.7**	**0.3**	**0.2**	**0.5**	**0.7**	**0.4**	**0.3**	**0.5**	**0.4**	**0.1**	**0.4**	**0.6**	**0.2**
- Inventories	-0.1	0.0	0.1	0.0	0.9	0.2	1.2	-1.1	-0.2	0.5	0.8	0.0	-1.2	0.3	0.7	-0.3	-0.7	1.3	-0.9	0.1	-0.5	-0.2	-0.1	0.0	0.9	0.3	-0.1
- Net exports	0.0	0.1	0.0	0.9	-0.7	-0.8	-1.2	1.1	0.6	-0.8	-0.3	-0.3	0.9	-0.4	-0.2	-0.1	0.1	-1.8	1.8	-0.2	0.1	0.4	0.2	-0.1	-0.6	0.1	-0.1
- Final demand	0.8	-1.5	0.4	-0.3	0.4	1.5	0.5	0.8	0.5	0.9	0.1	0.7	0.9	0.5	0.3	0.8	0.8	1.0	-0.1	0.5	0.7	0.4	0.3	0.2	0.2	0.3	0.4

** do not sum up exactly due to roundings*

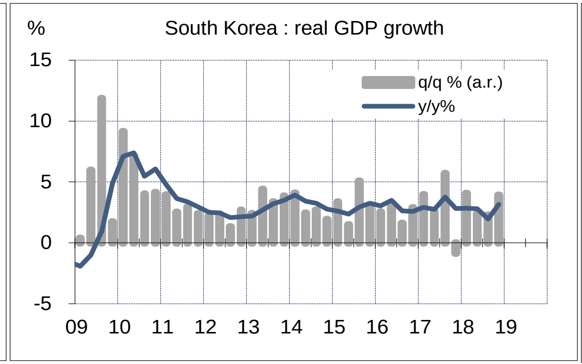
Source: Thomson Reuters, Oddo BHF

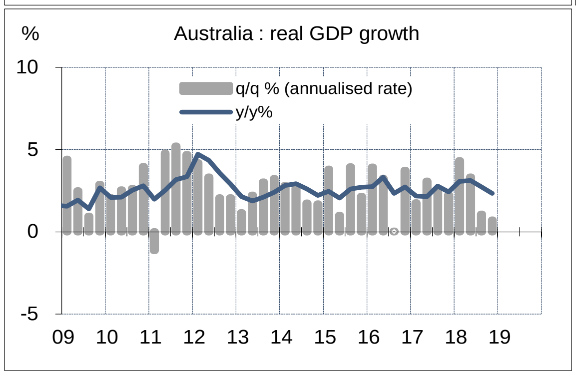
Appendix 3
Real GDP growth: G7 countries + China

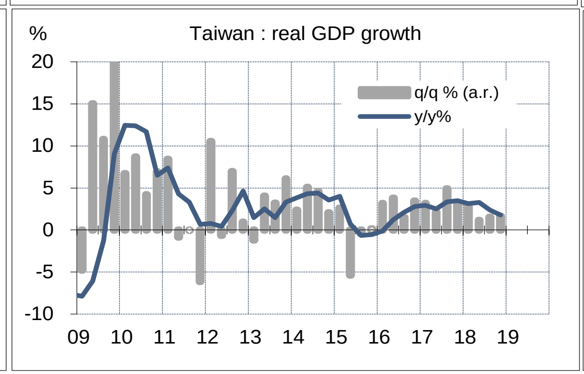


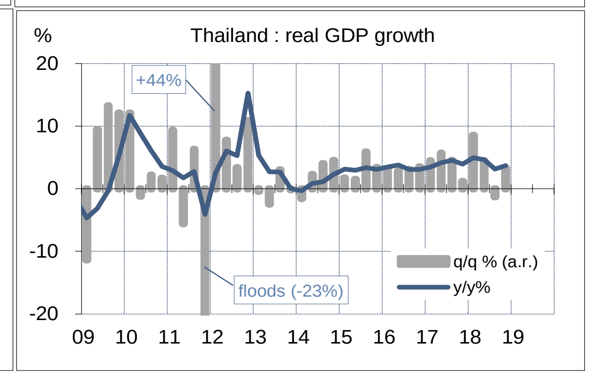
Source: Thomson Reuters, Oddo BHF

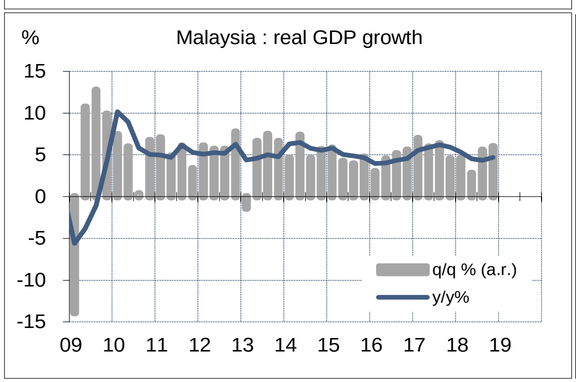
Appendix 4
Real GDP growth: countries of Asia excl. China-Japan (selection)

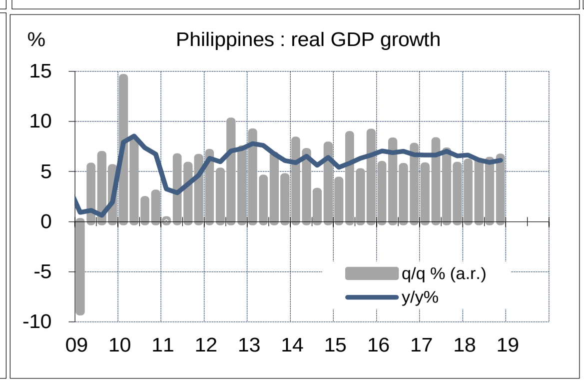


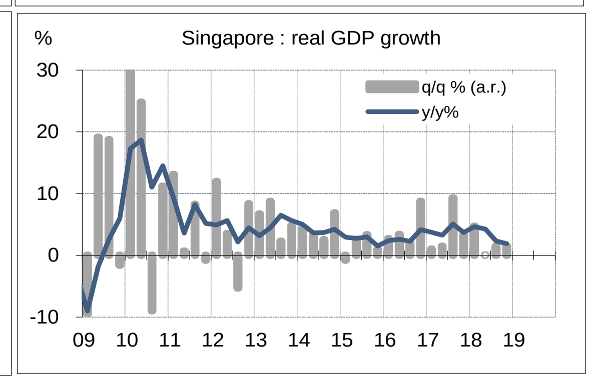








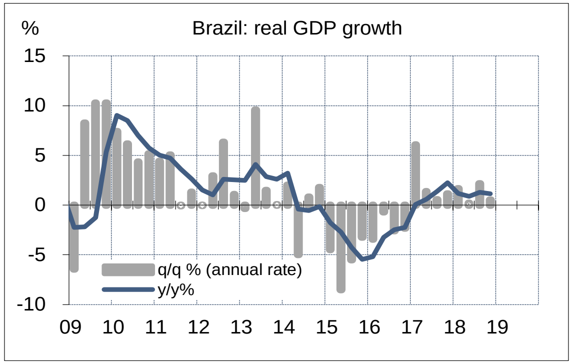


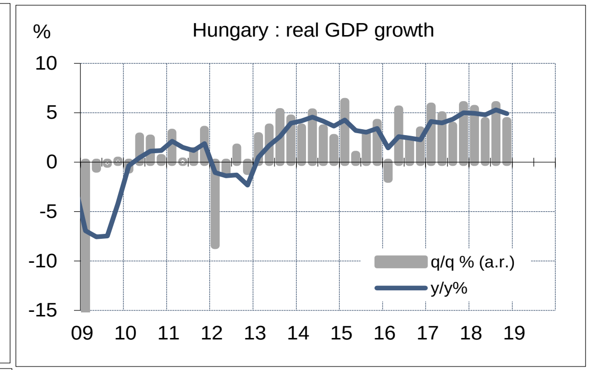


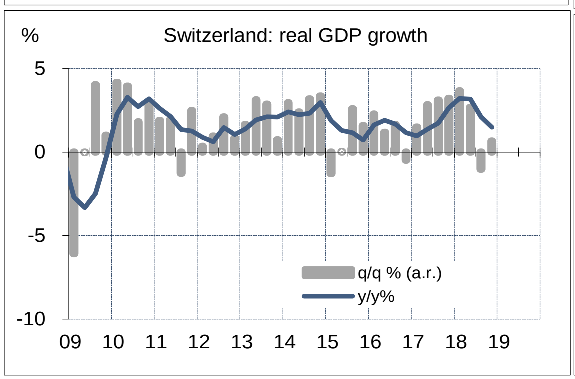
13/03/2019

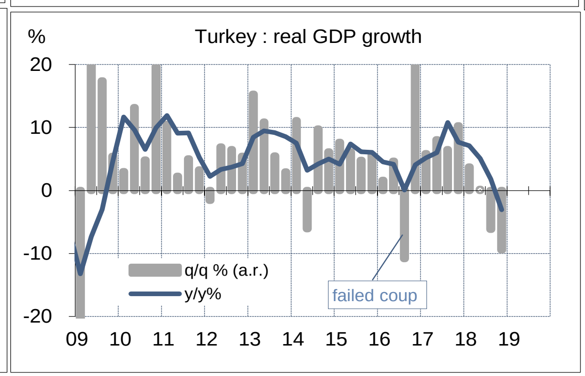
Source: Thomson Reuters, Oddo BHF

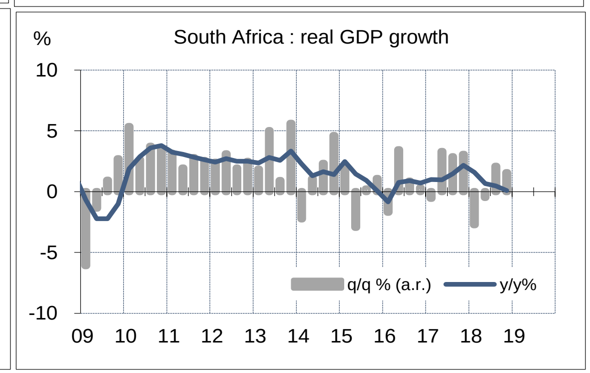
Appendix 5
Real GDP growth: other countries (selection)







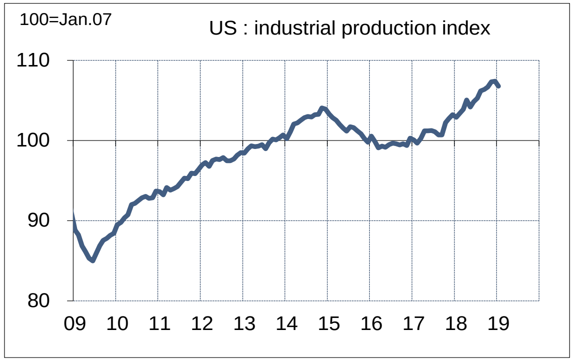


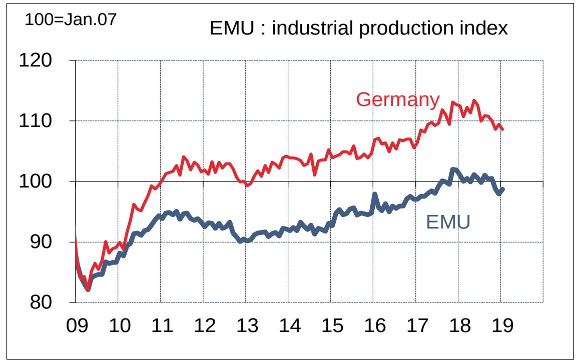


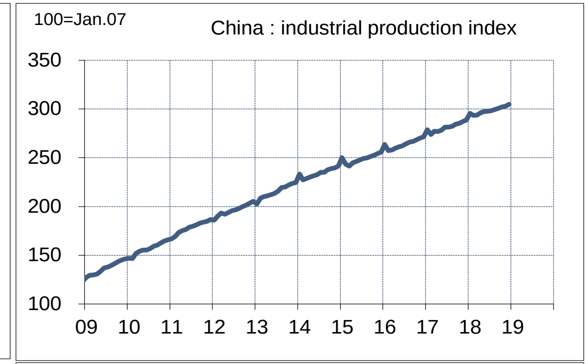
Source: Thomson Reuters, Oddo BHF

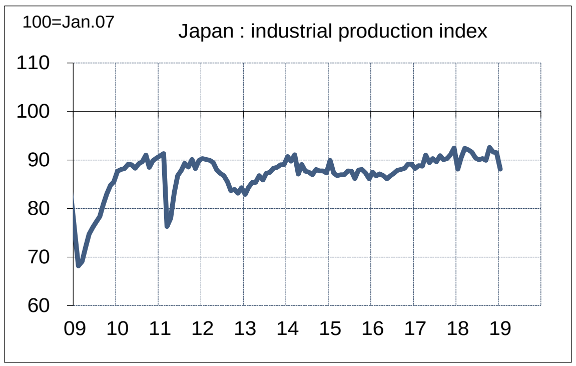
13/03/2019

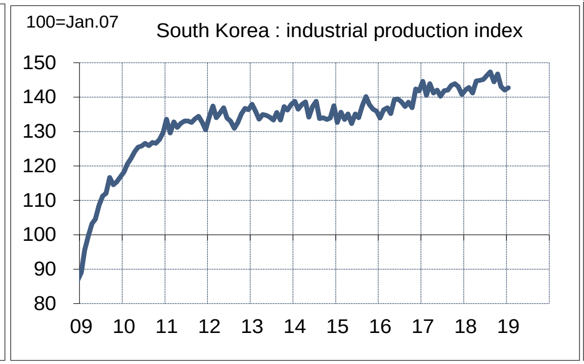
Appendix 6
Industrial production (index): selected countries

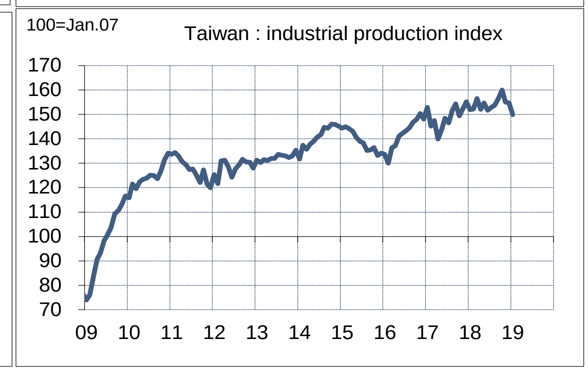


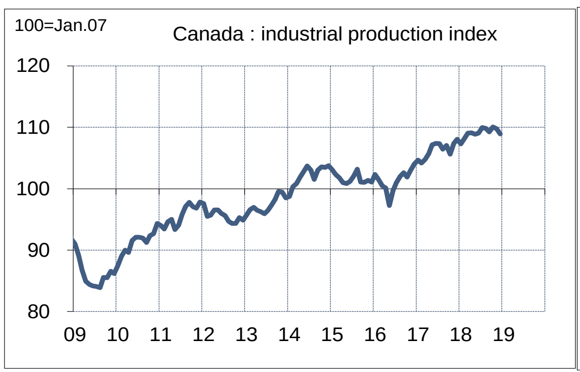


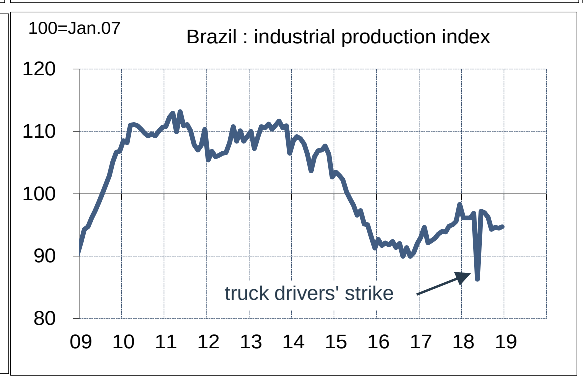








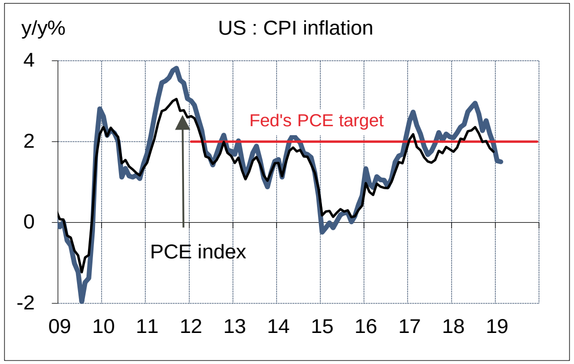


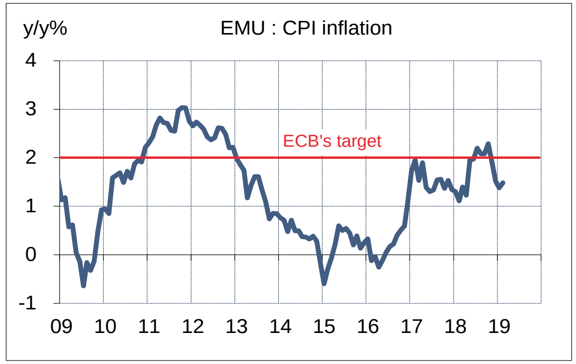


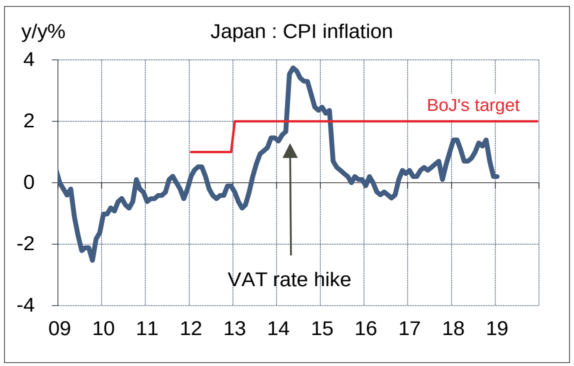
13/03/2019

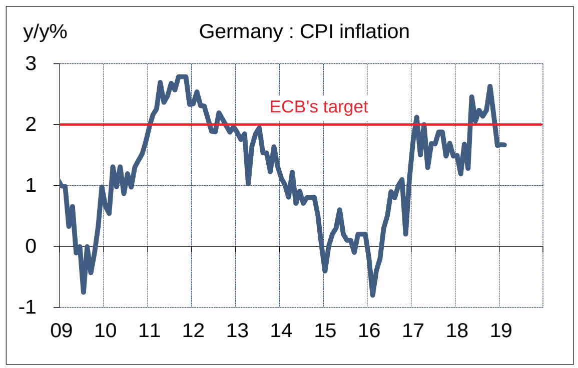
Source: Thomson Reuters, Oddo BHF

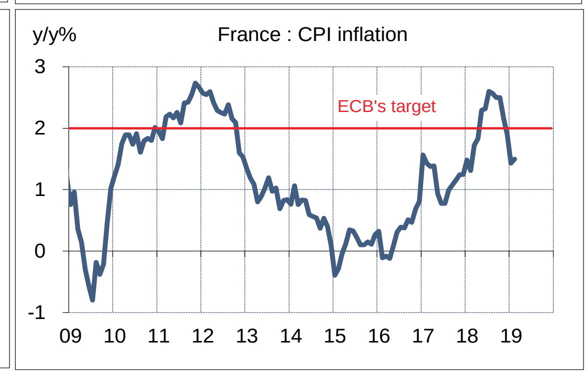
Appendix 7
Consumer price inflation: G7 countries + China

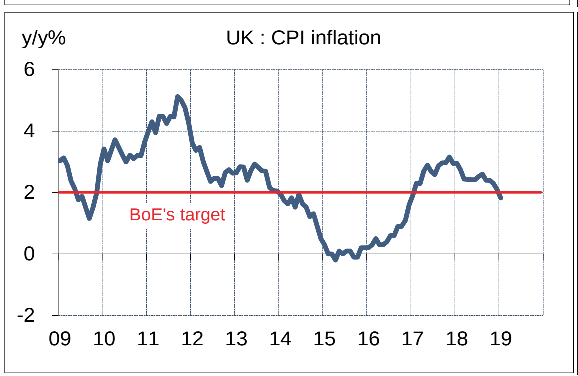


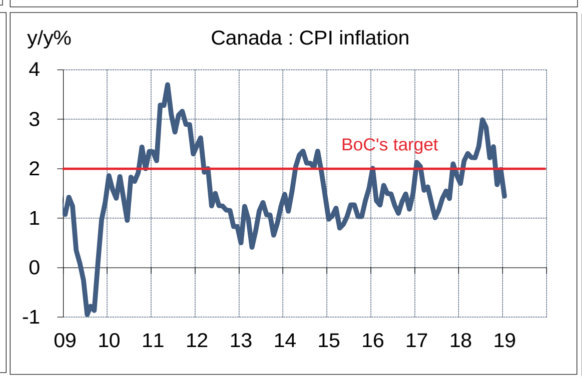


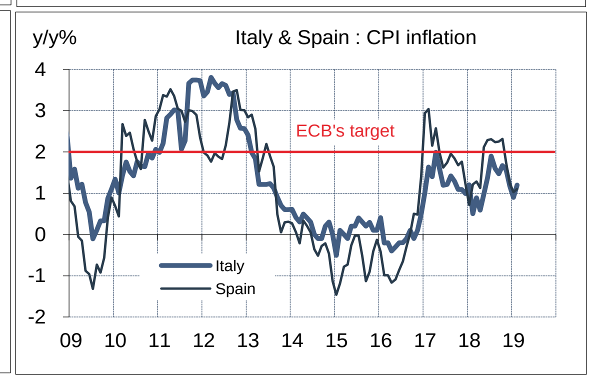








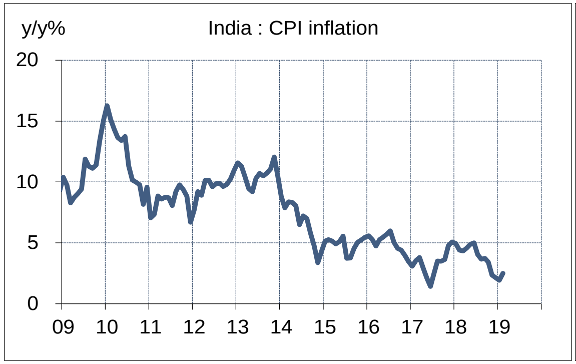


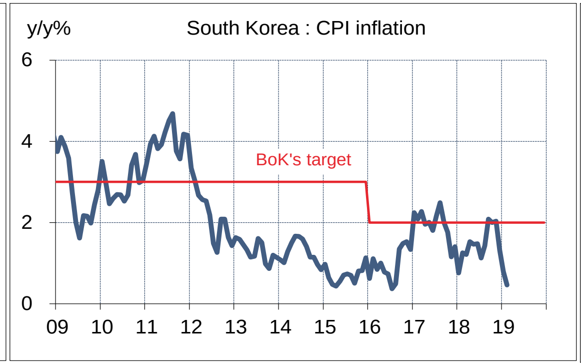


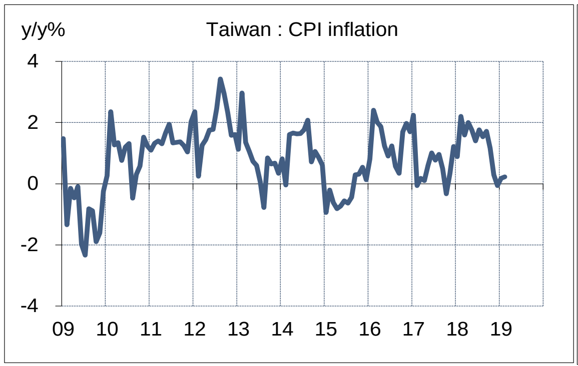
13/03/2019

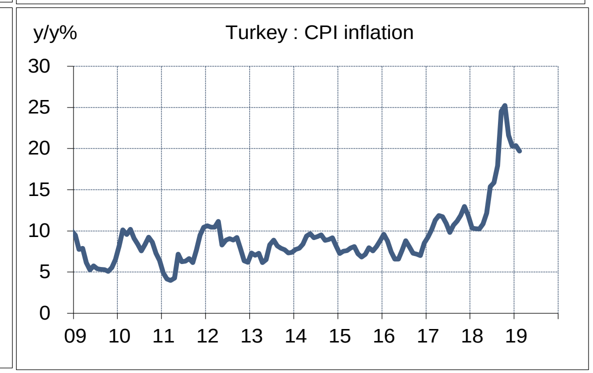
Source: Thomson Reuters, Oddo BHF

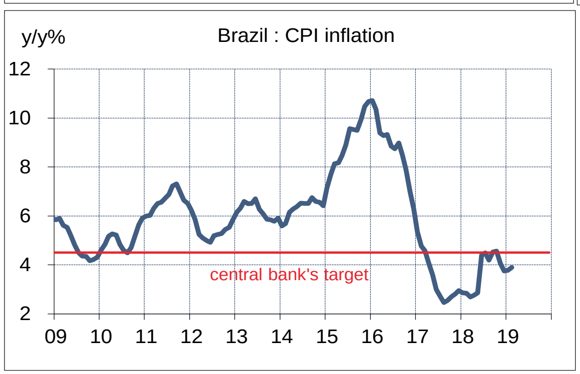
Appendix 8
Consumer price inflation: emerging countries (selection)







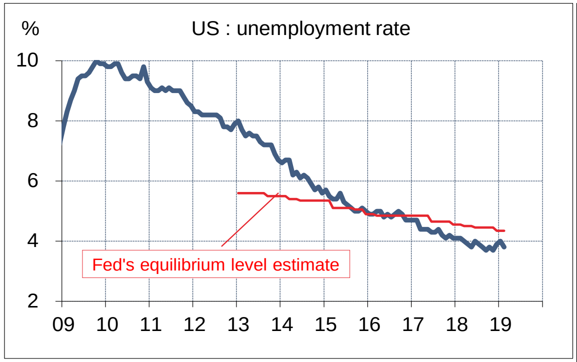


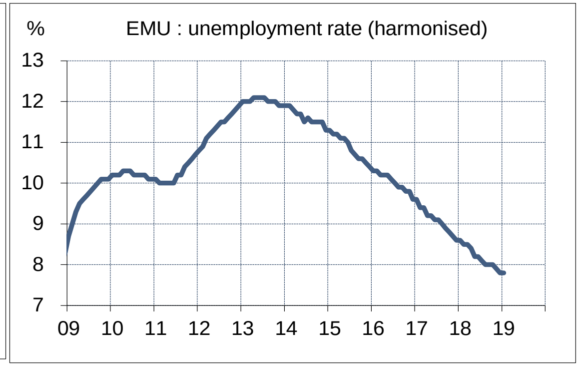


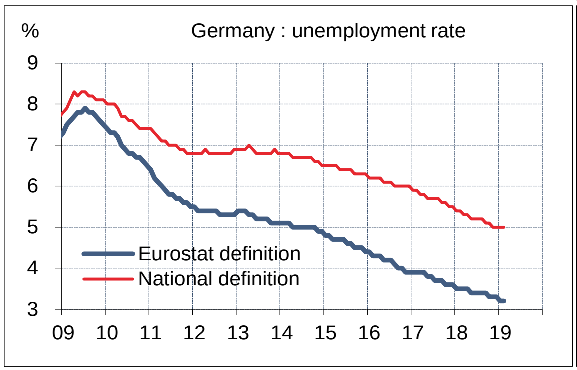
13/03/2019

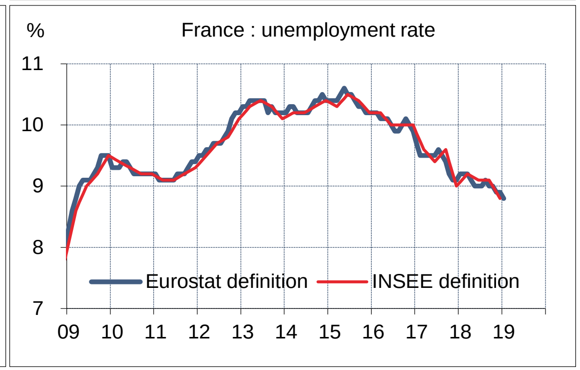
Source: Thomson Reuters, Oddo BHF

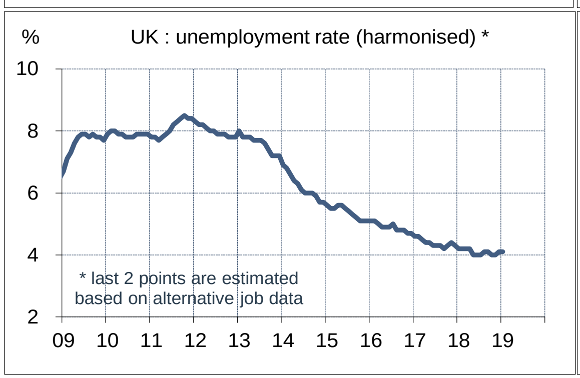
Appendix 9
Unemployment rates: G7 countries

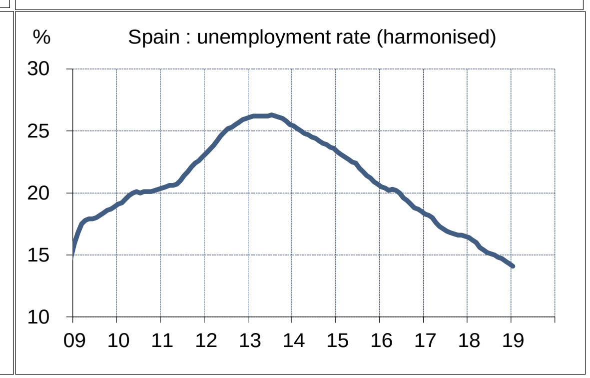








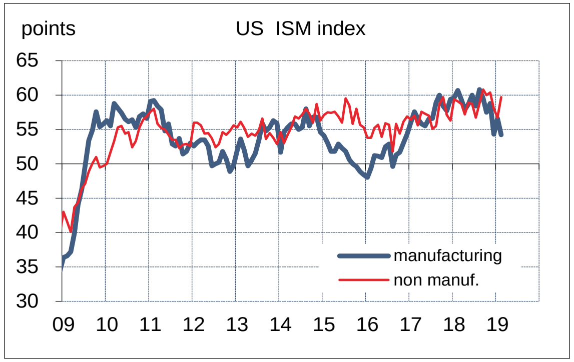


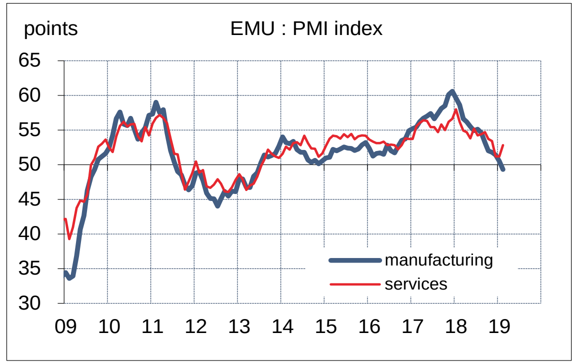


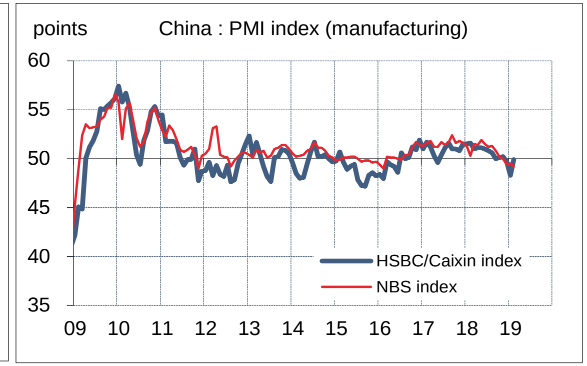
13/03/2019

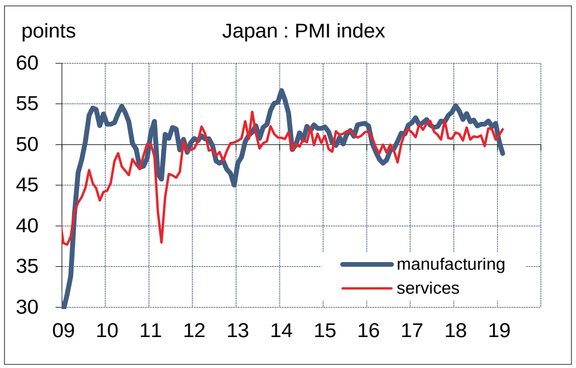
Source: Thomson Reuters, Oddo BHF

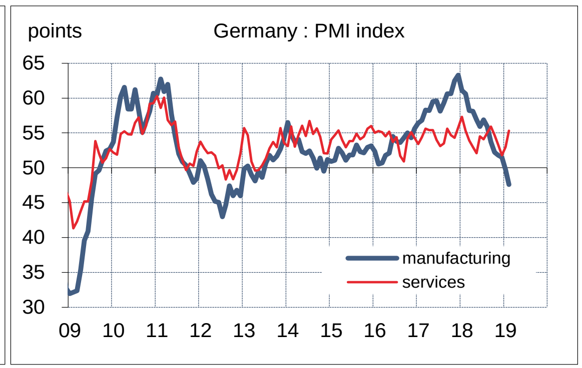
Appendix 10
Purchasing managers' confidence (PMI indices): G7 + BRIC countries

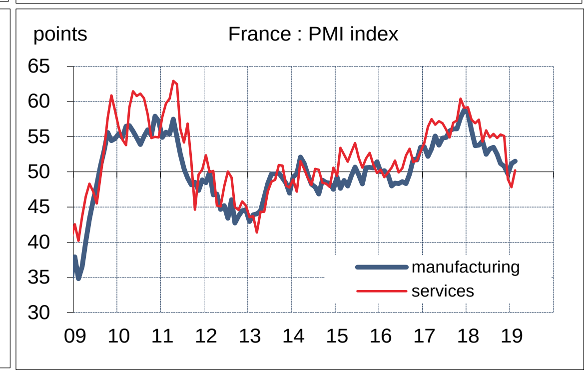


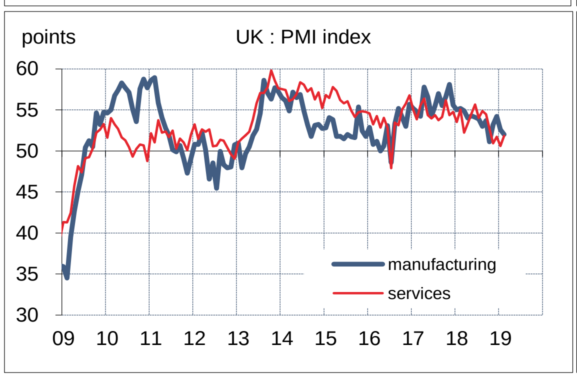


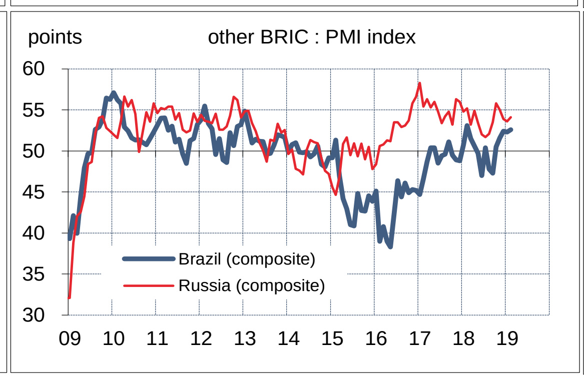


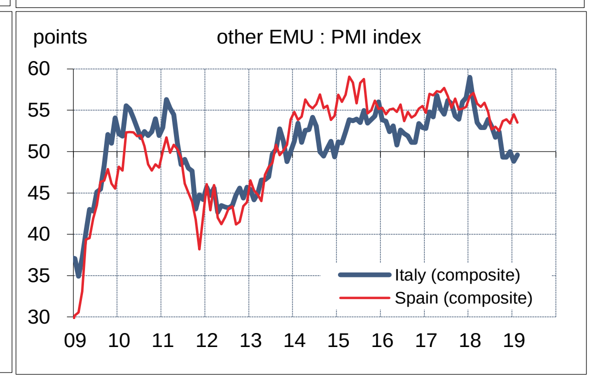








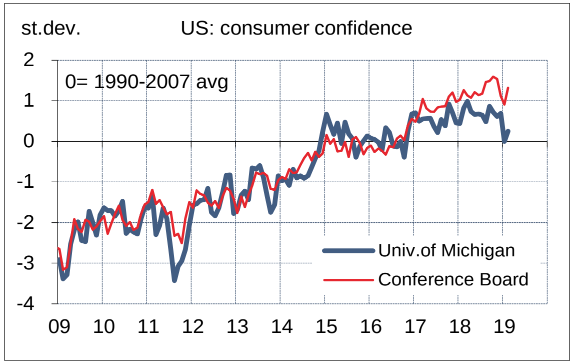


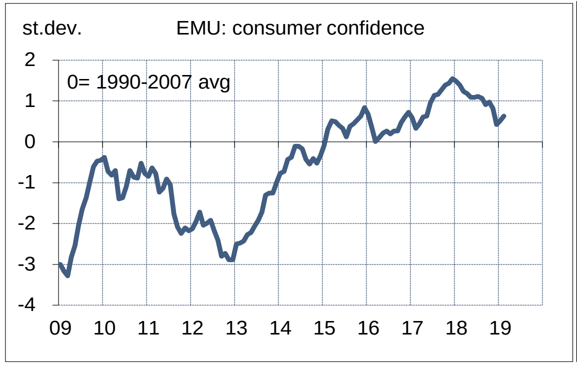


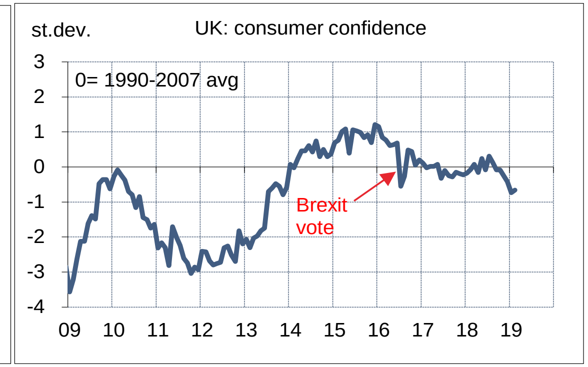
13/03/2019

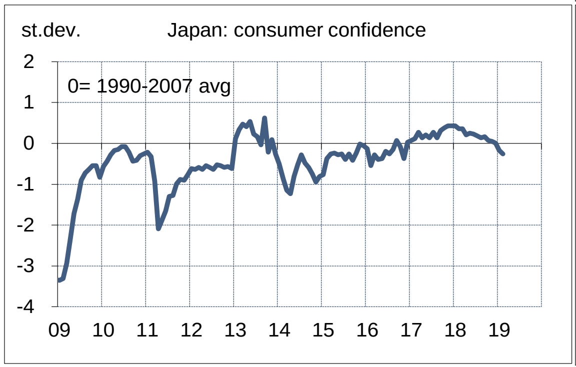
Source: Thomson Reuters, Oddo BHF

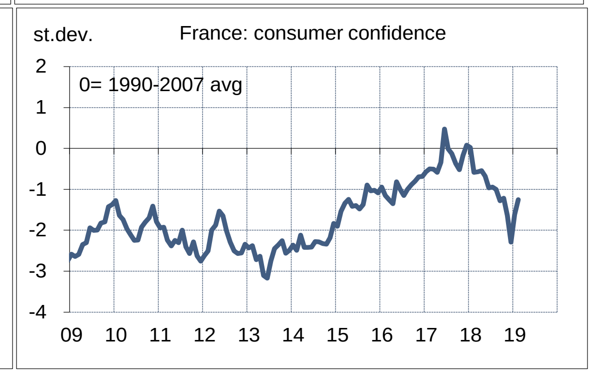
Appendix 11
Consumer confidence: developed countries (selection)

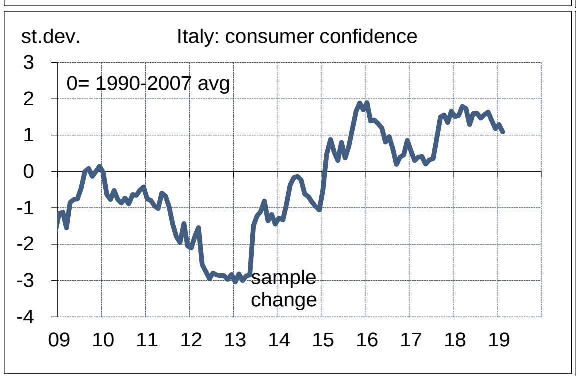


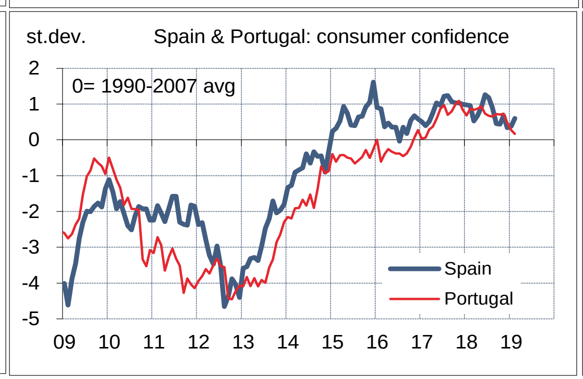


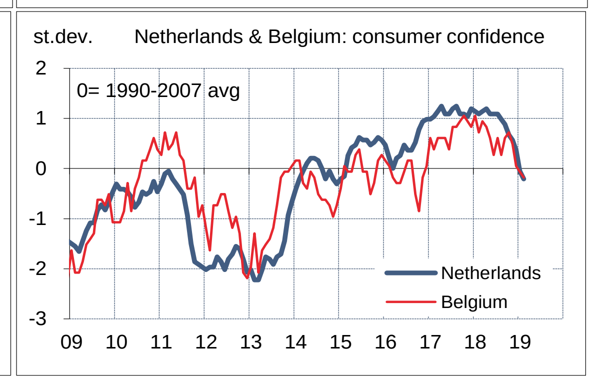








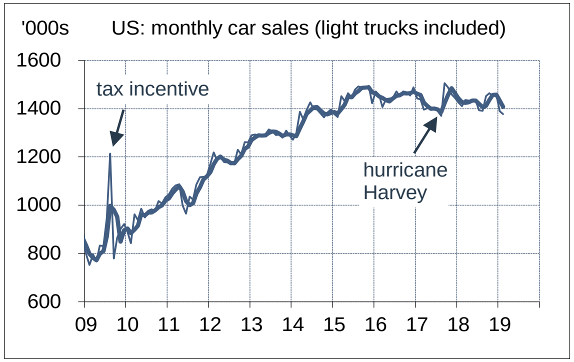


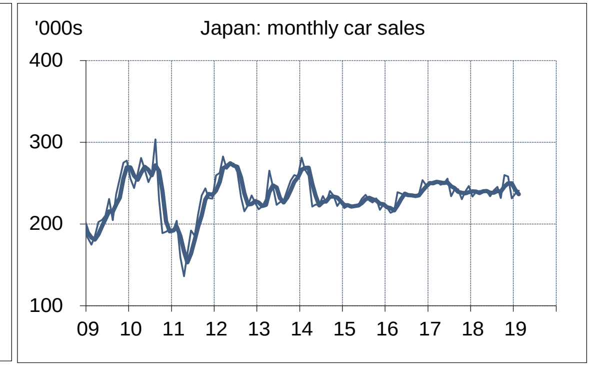


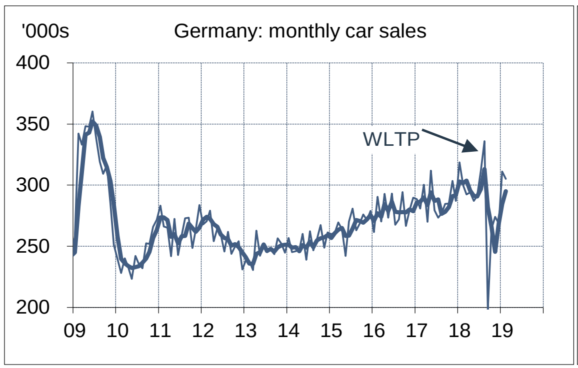
13/03/2019

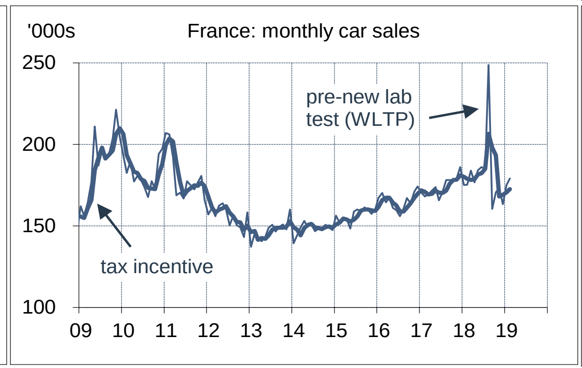
Source: Thomson Reuters, Oddo BHF

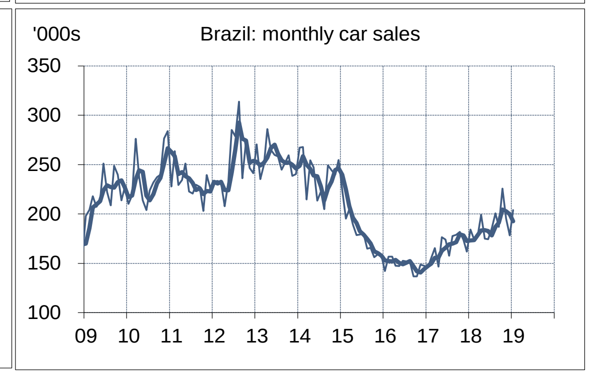
Appendix 12
Car sales: G7 countries + China + Brazil

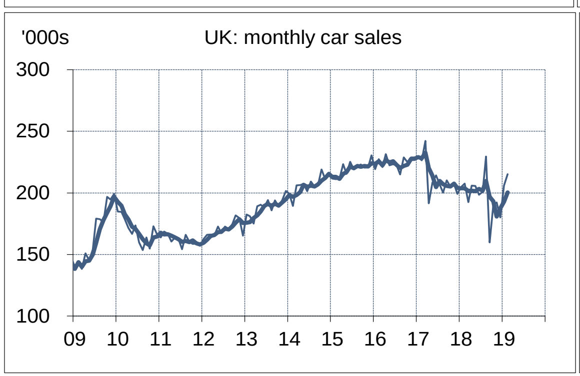


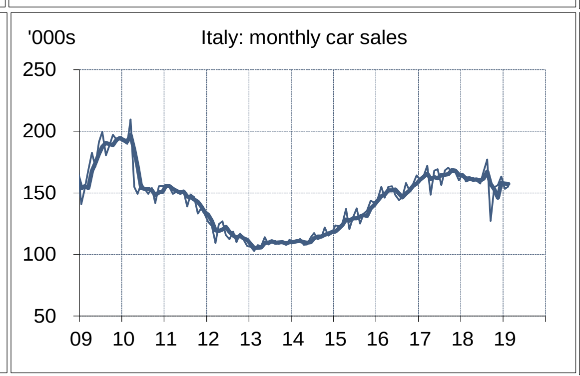


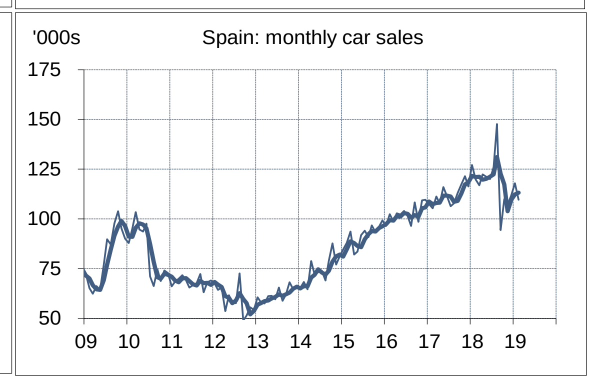








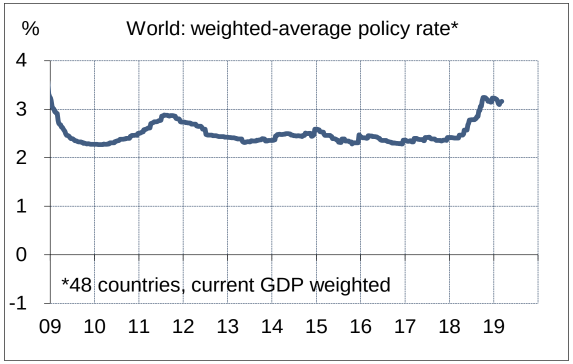


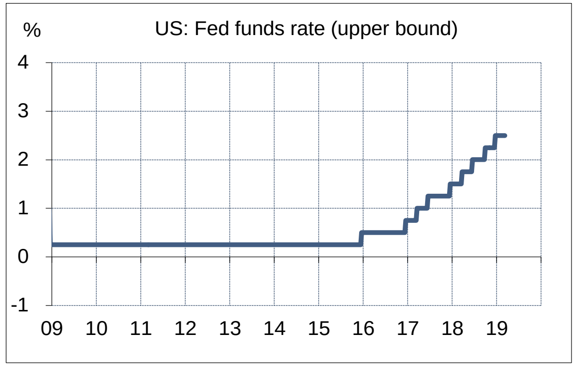


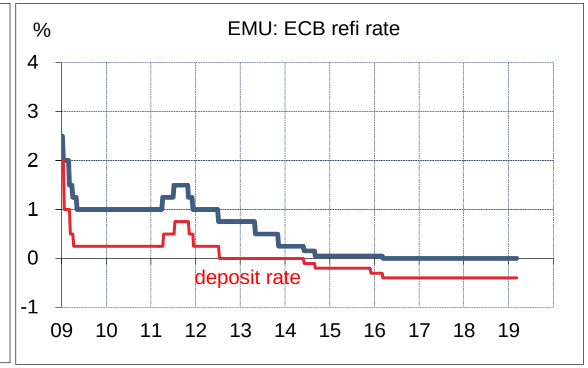
13/03/2019

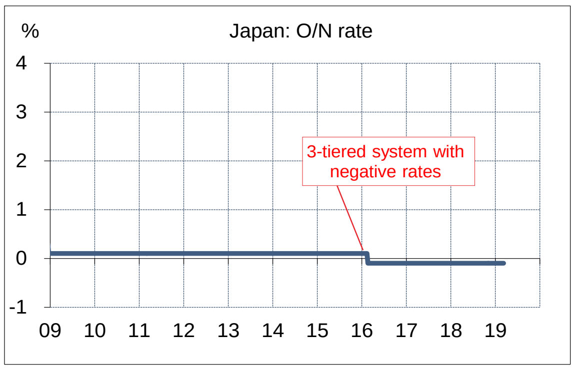
Source: Thomson Reuters, Oddo BHF

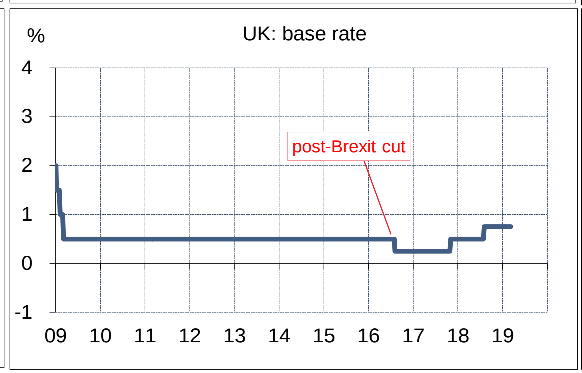
Appendix 13
Central bank policy rates: developed countries (selection)

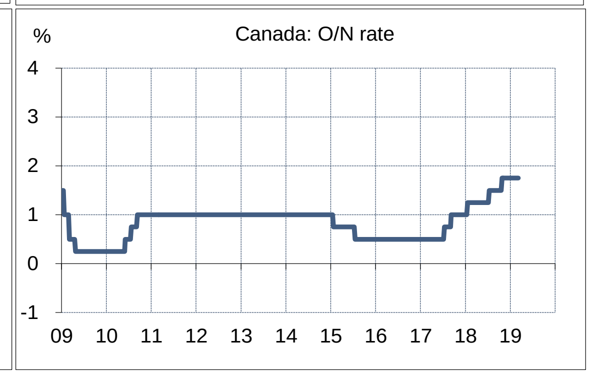


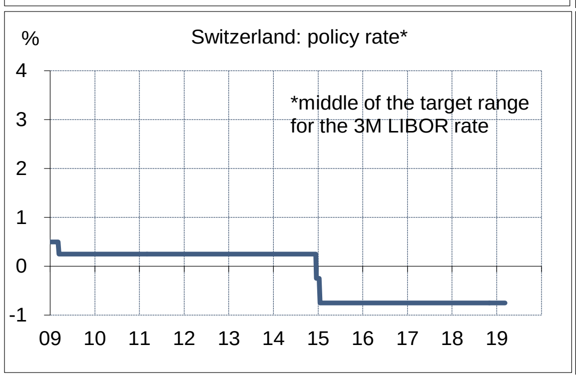


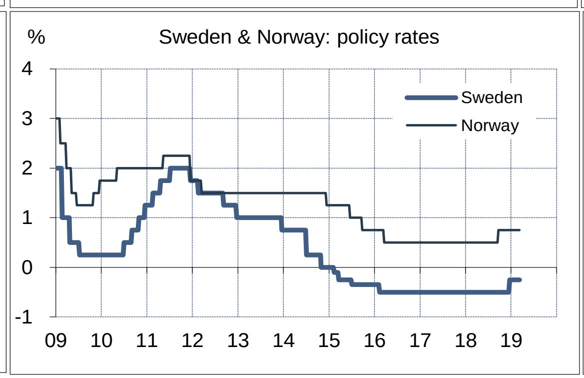


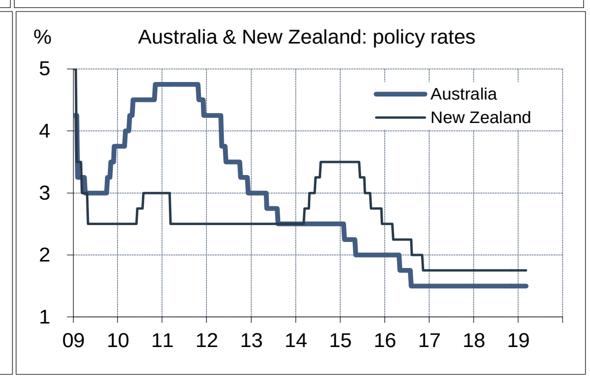






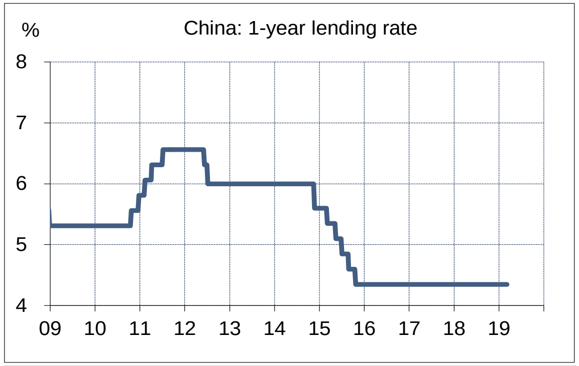


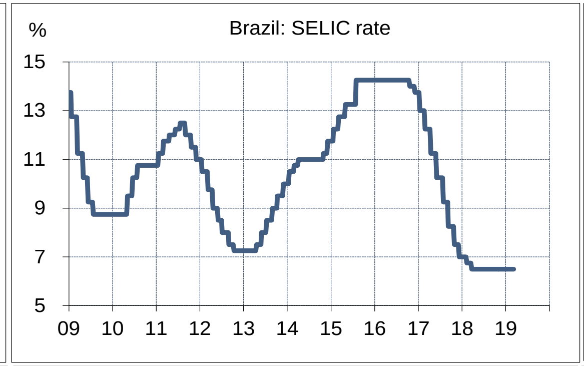


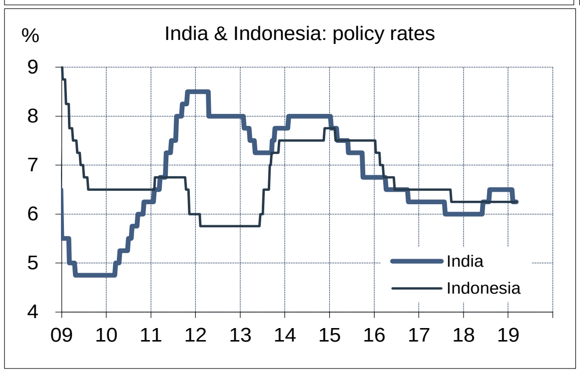


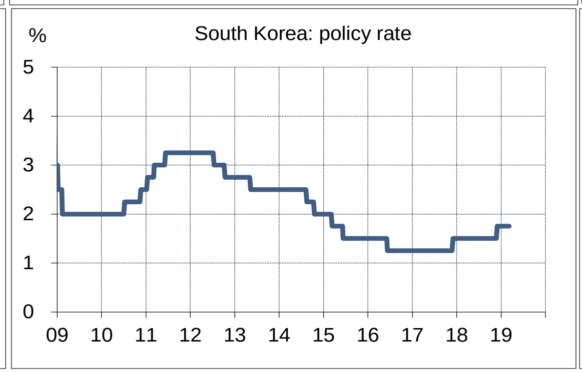
Source: Thomson Reuters, Oddo BHF

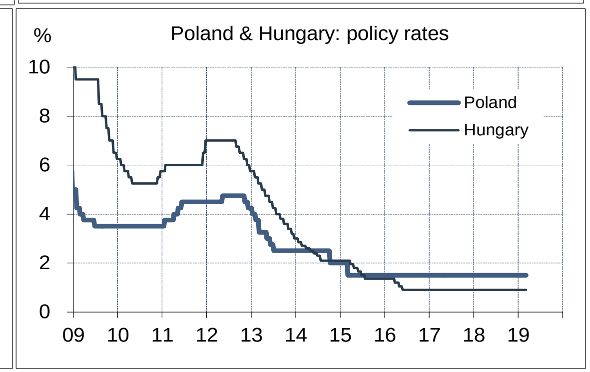
Appendix 14
Central bank policy rates: emerging countries (selection)

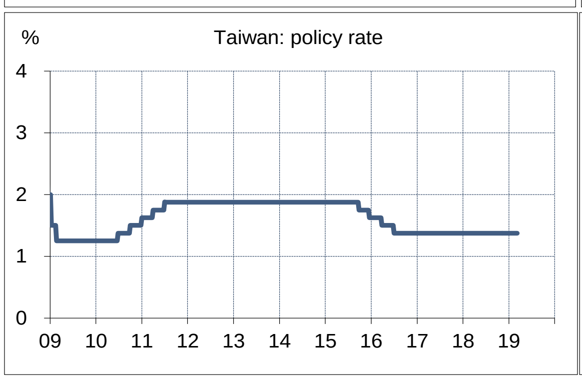


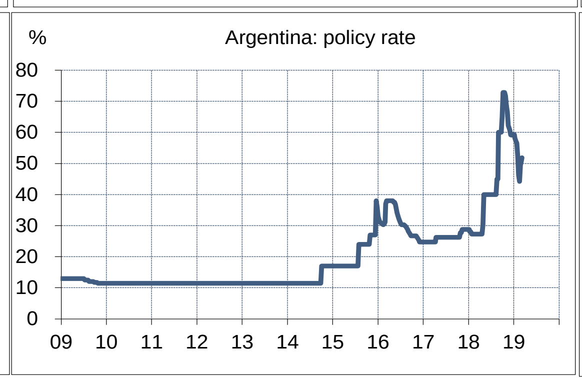


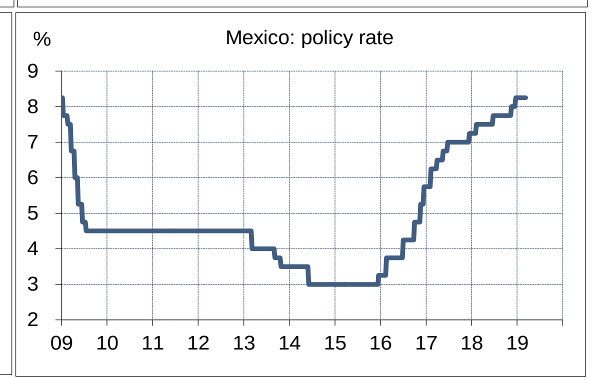








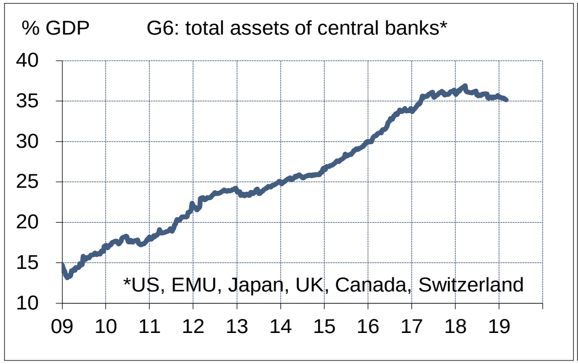


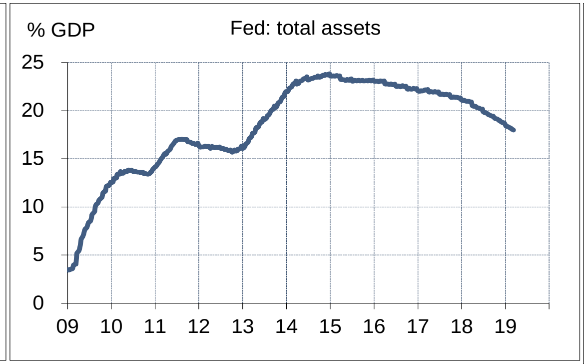


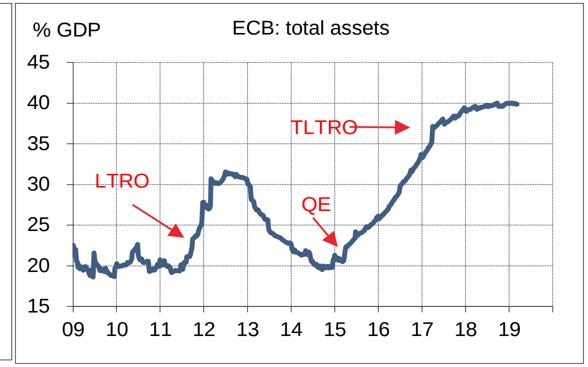
13/03/2019

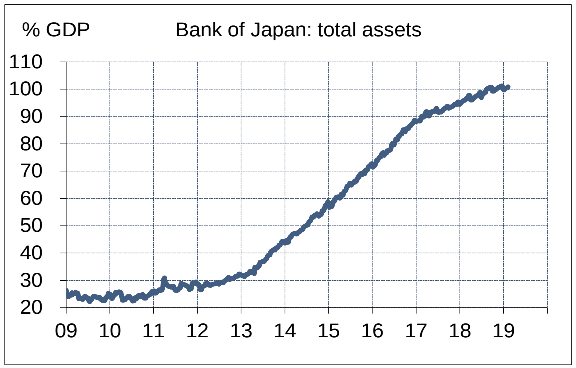
Source: Thomson Reuters, Oddo BHF

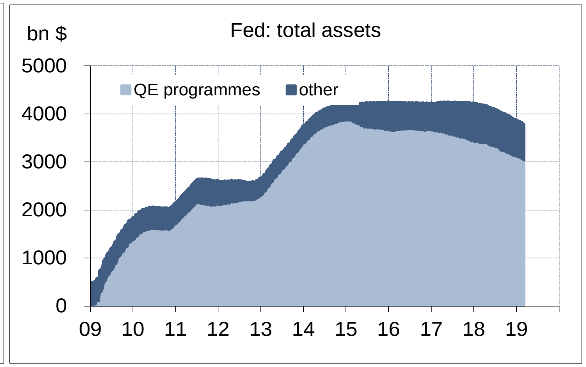
Appendix 15
Central bank balance sheets: developed countries (selection)

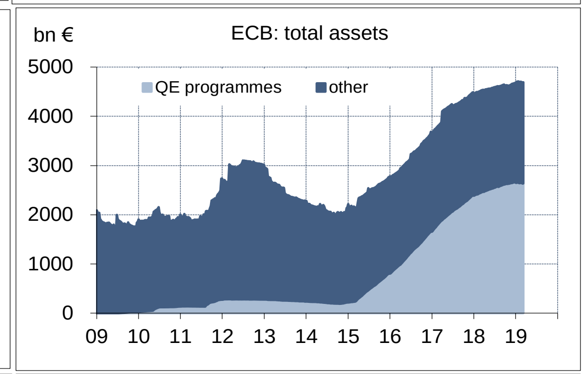


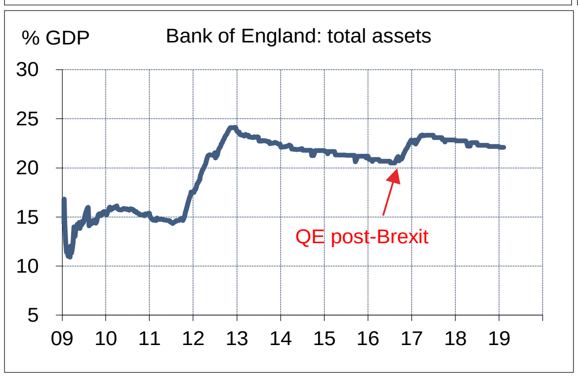


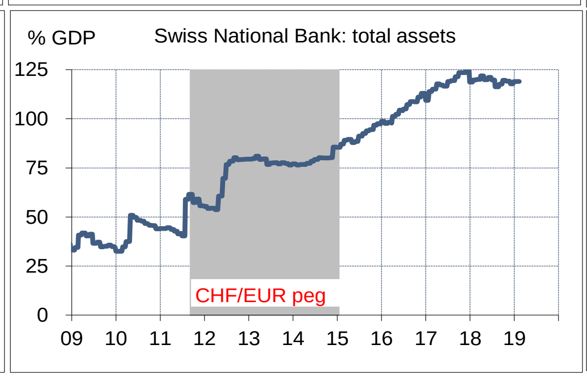


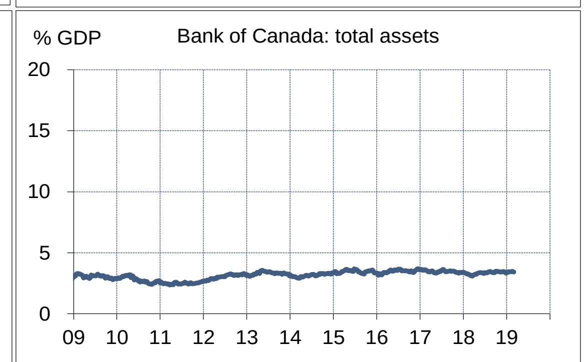








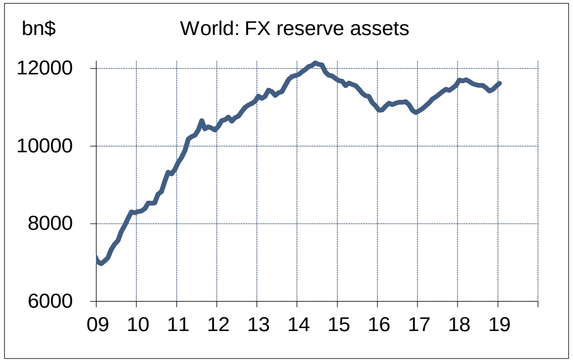


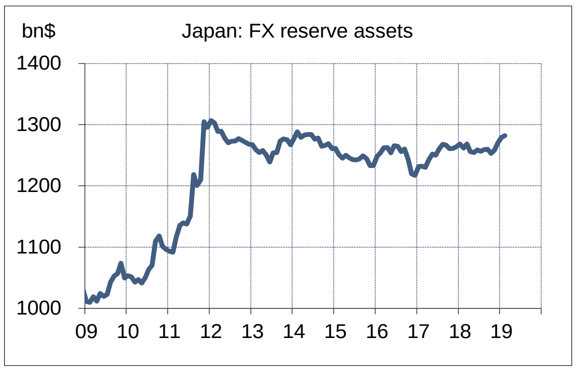


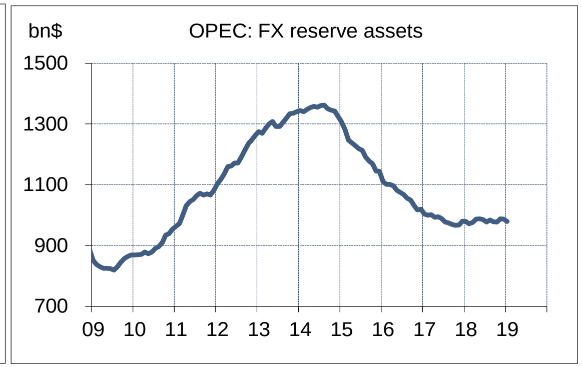
13/03/2019

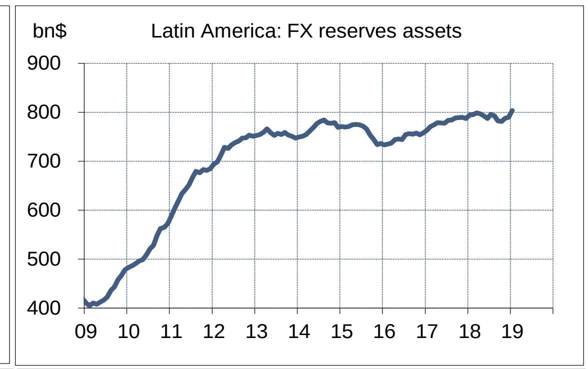
Source: Thomson Reuters, Oddo BHF

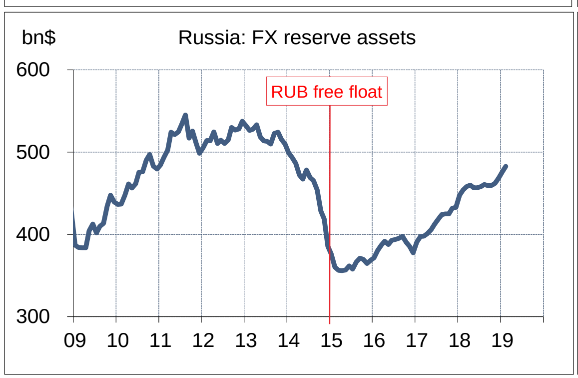
Appendix 16
Currency reserves (in US$): world and principal holders

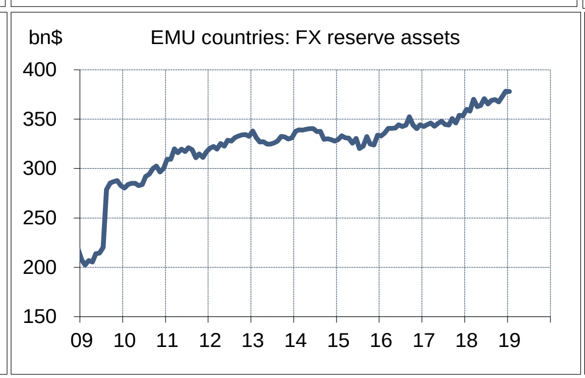


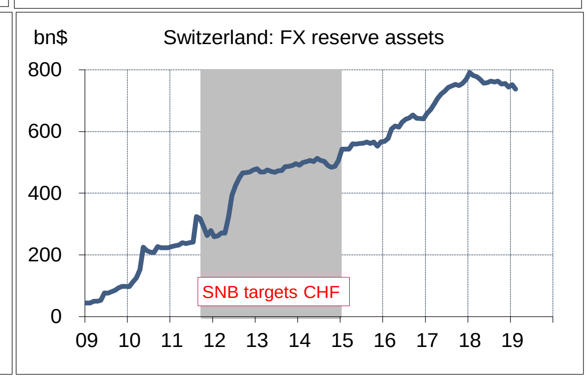






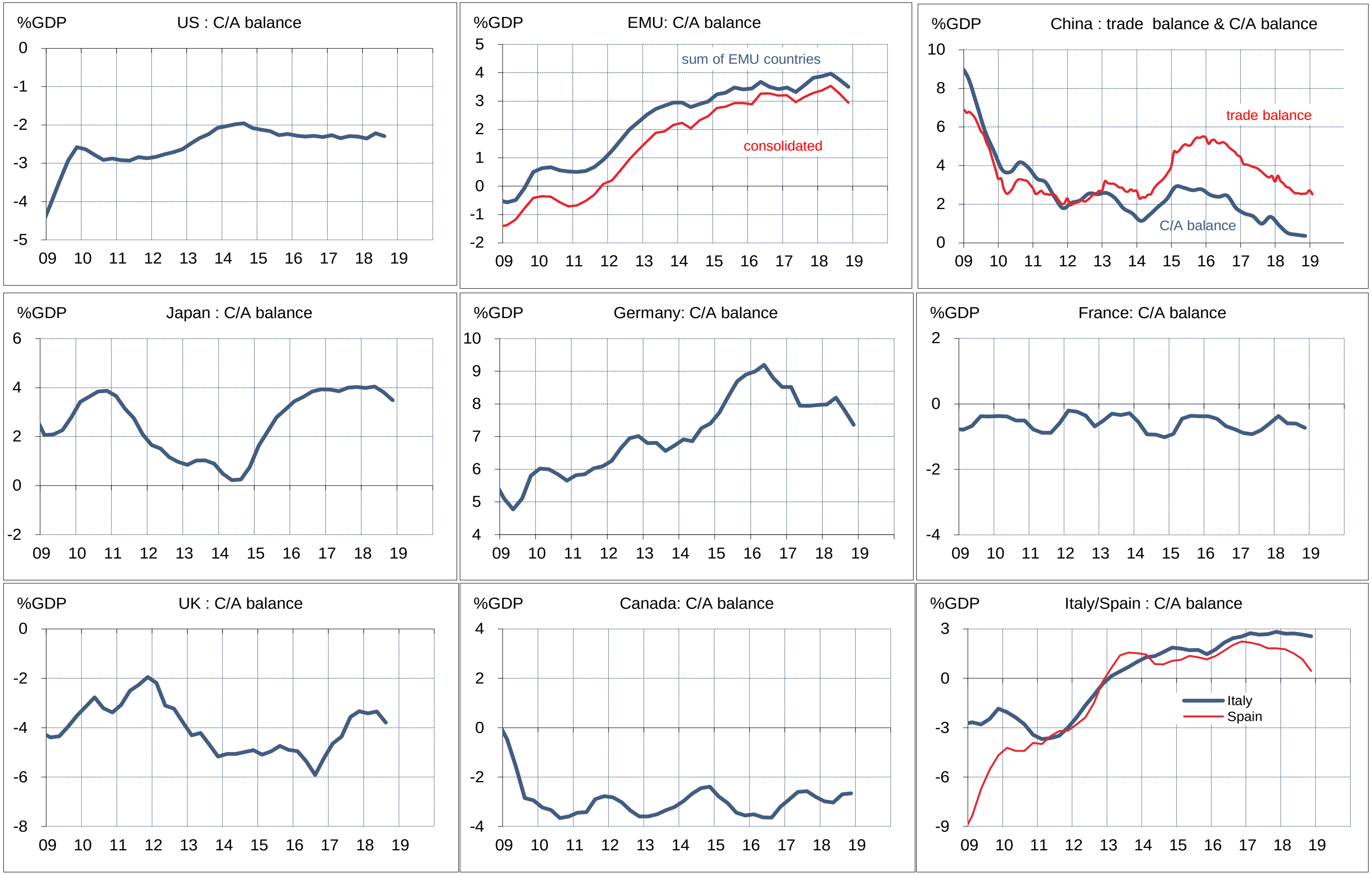






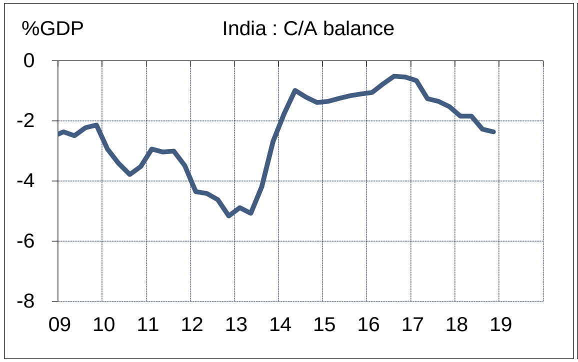
Source: Thomson Reuters, Oddo BHF

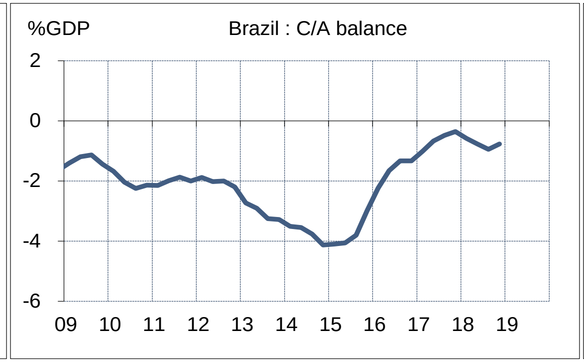
Appendix 17
Current account balances (% of GDP): G7 countries + China

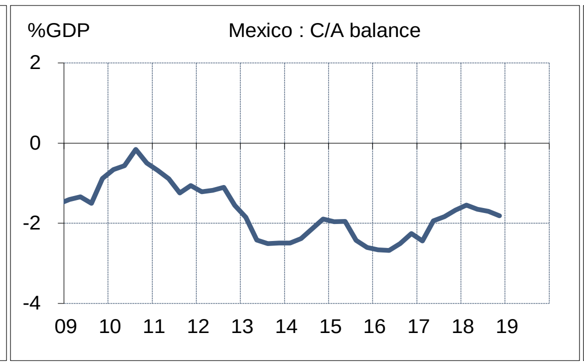


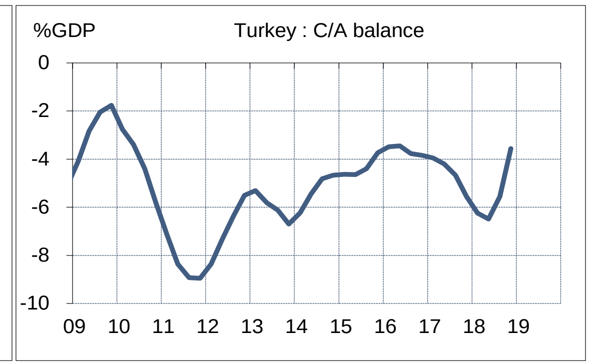
Source: Thomson Reuters, Oddo BHF

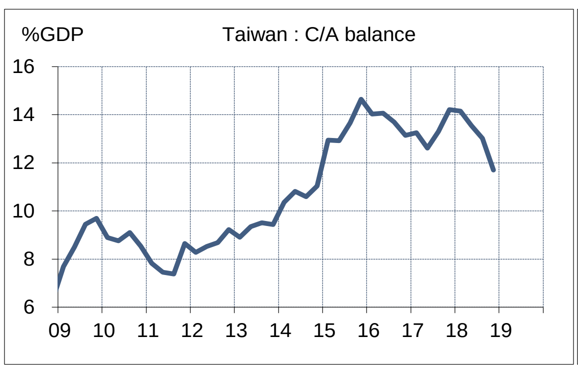
Appendix 18
Current account balances (% of GDP): emerging countries (selection)

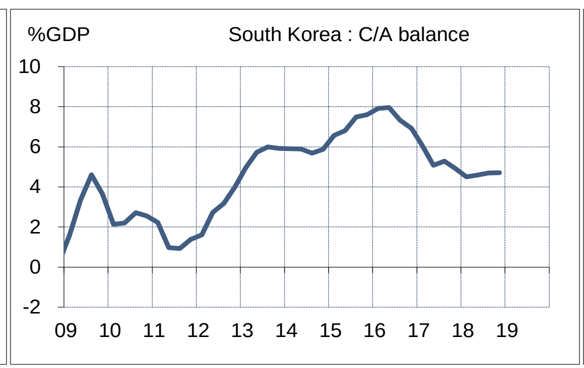


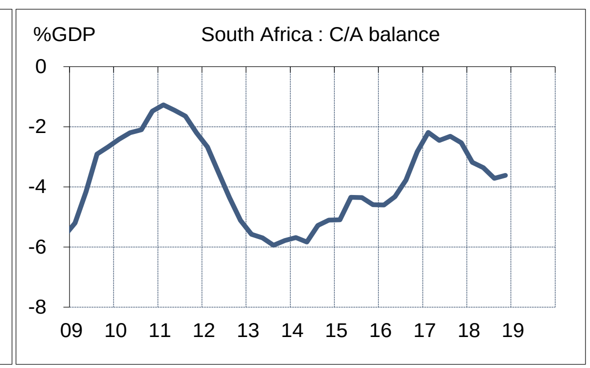








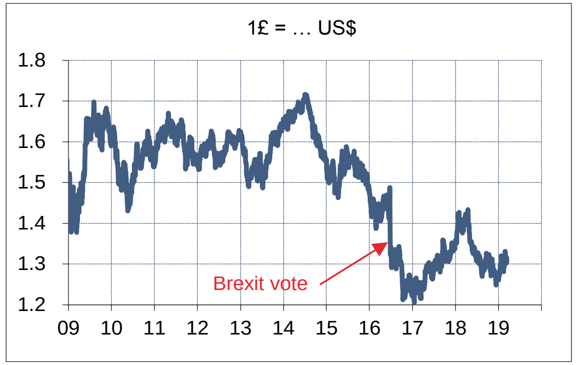


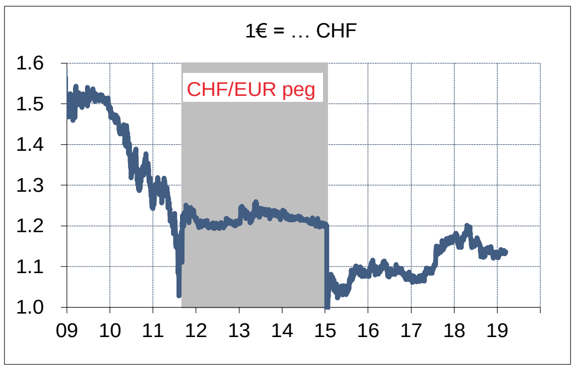


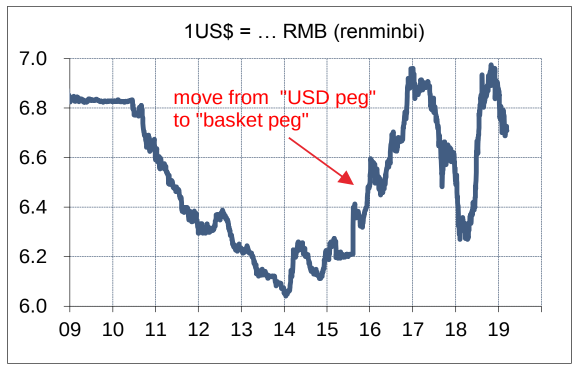
13/03/2019

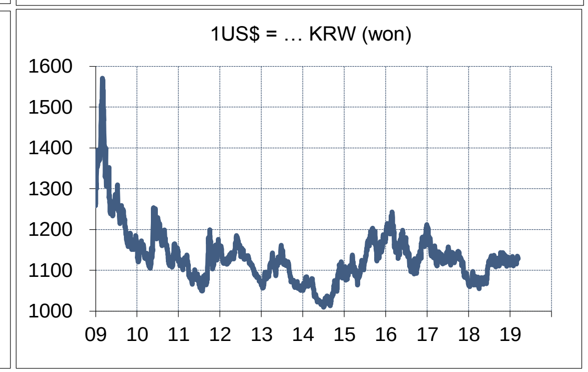
Source: Thomson Reuters, Oddo BHF

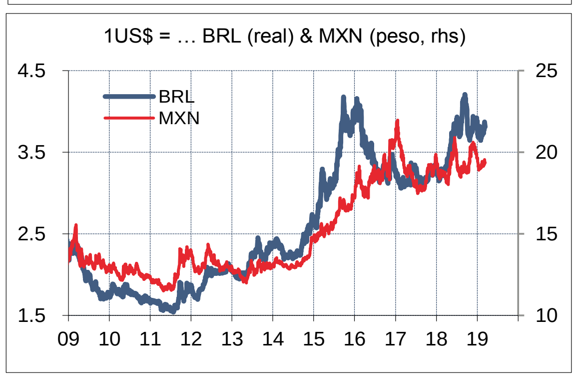
Appendix 19
Exchange rates vs EUR or US$: major currencies

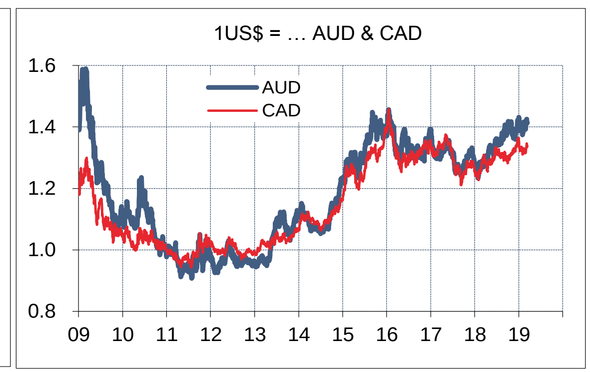






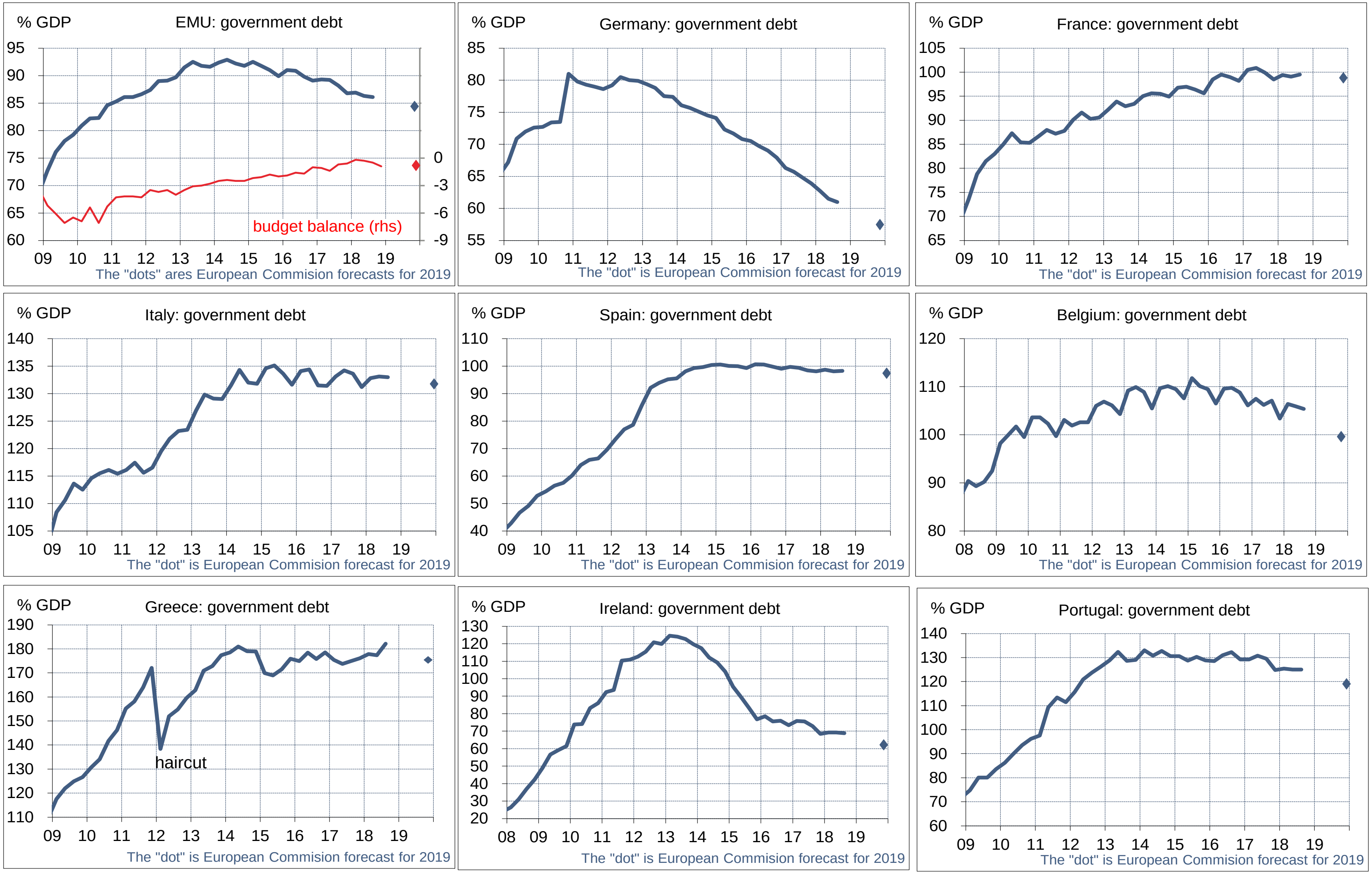






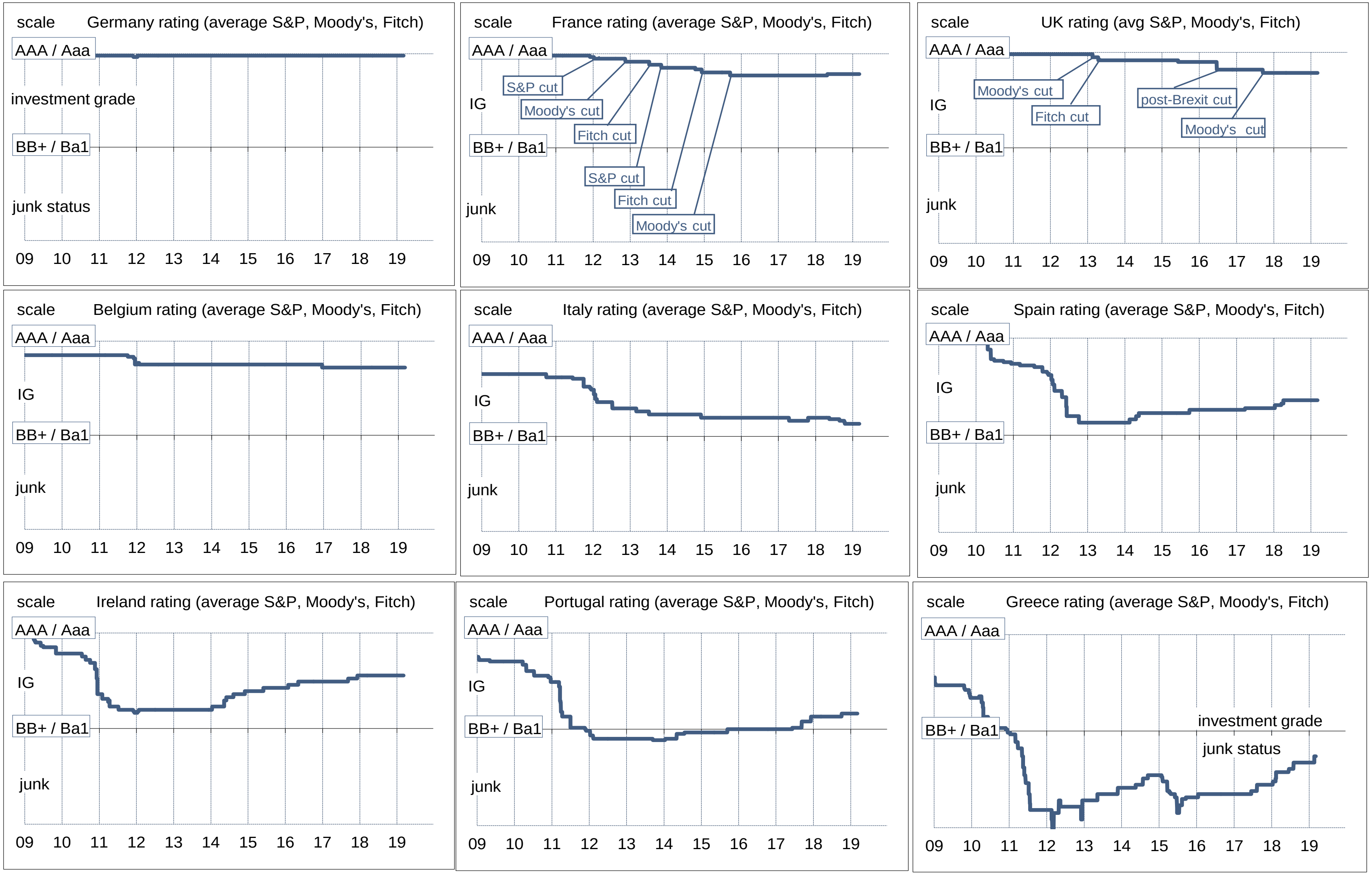
Source: Thomson Reuters, Oddo BHF

Appendix 20
Government debt (as a % of GDP): European countries (selection)



Source: Thomson Reuters, Oddo BHF

Appendix 21
Sovereign ratings: European countries (selection)



Source: Bloomberg, Oddo BHF

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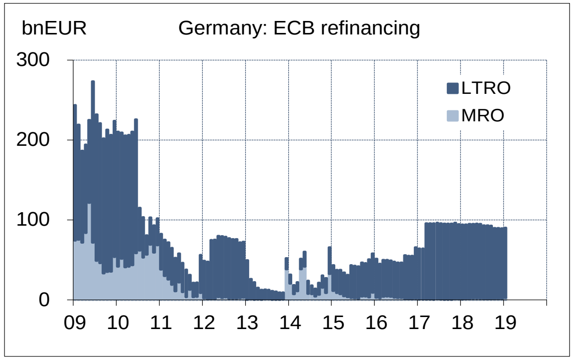
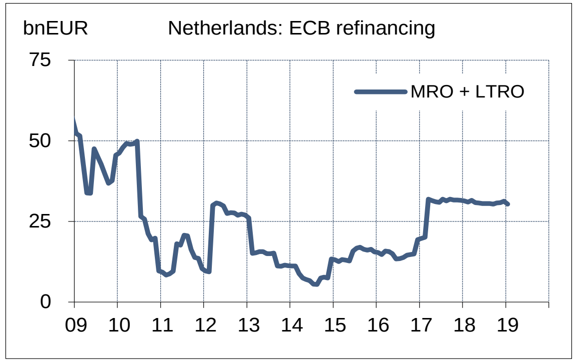
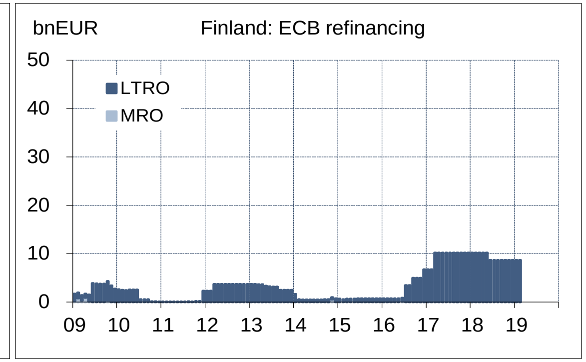
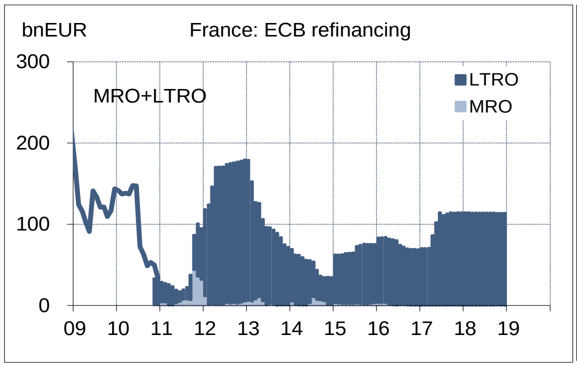
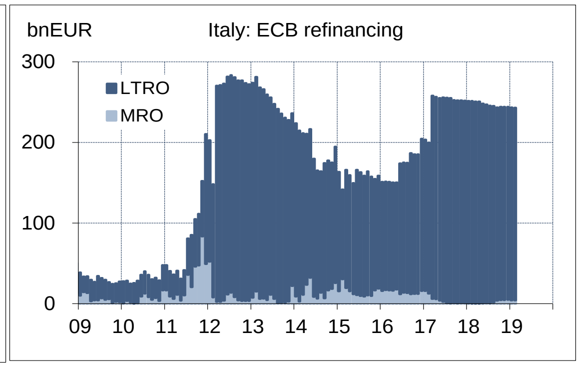
Appendix 22
Bank financing by the Eurosystem

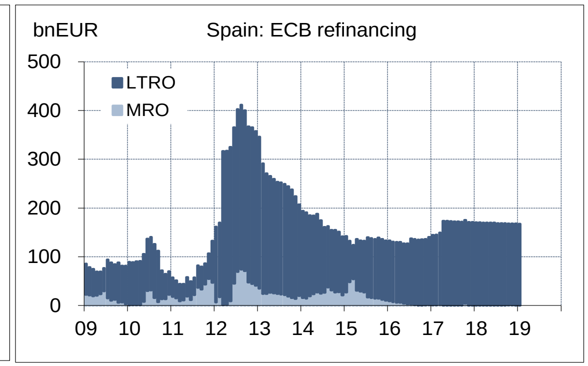


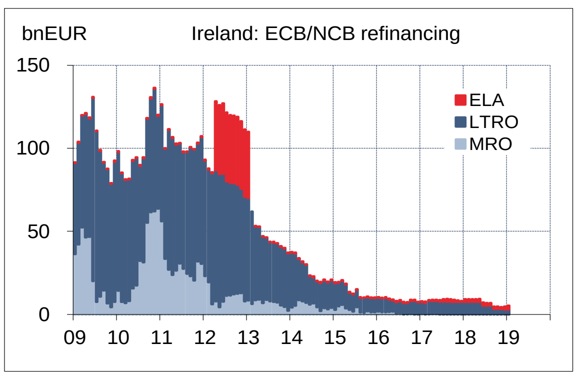


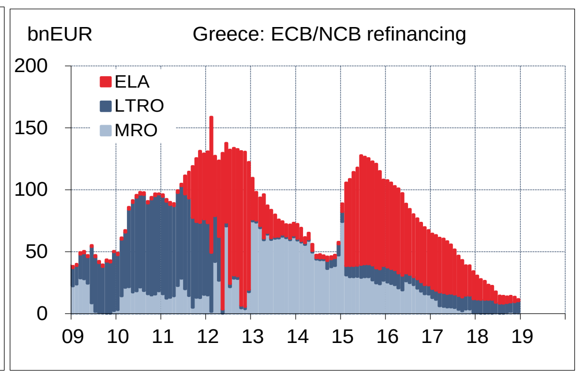


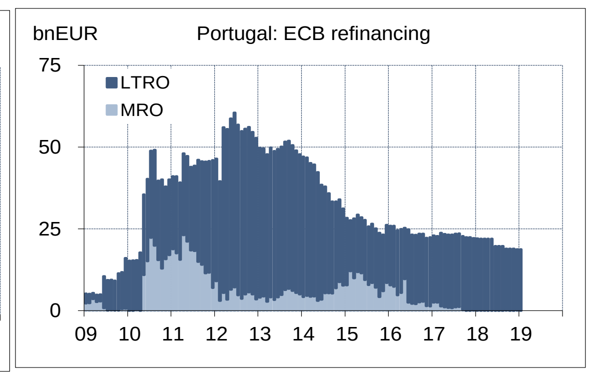












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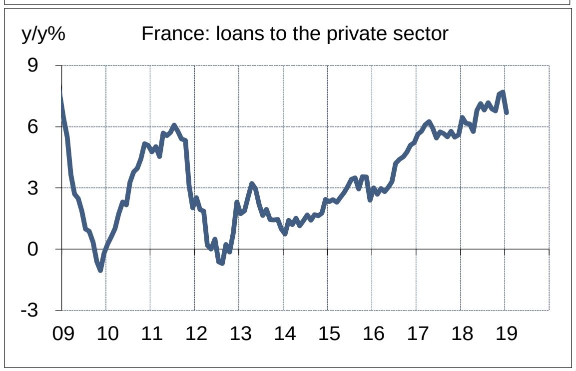
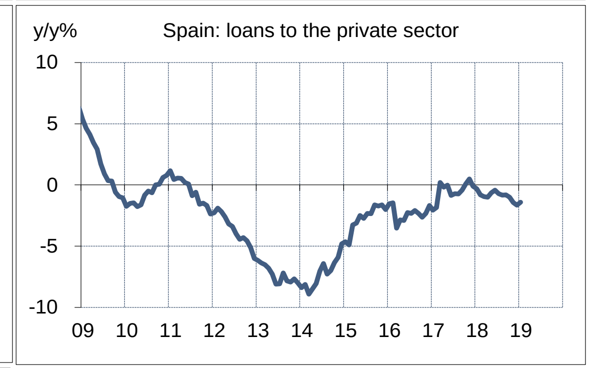
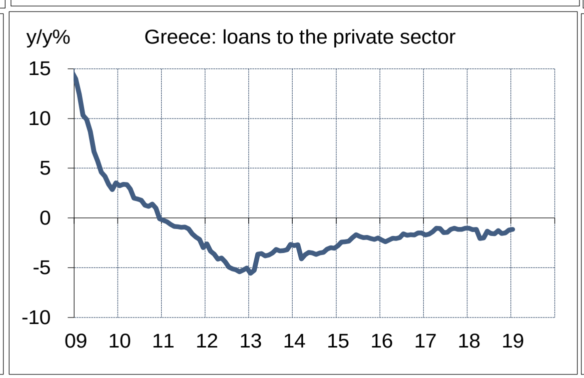
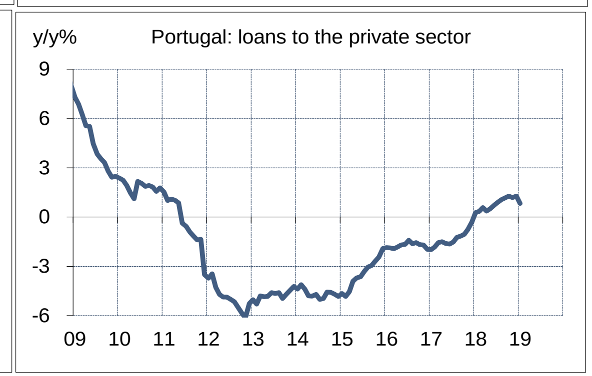
Source: Thomson Reuters, Oddo BHF

Appendix 23
Bank loans to the private sector: European countries (selection)



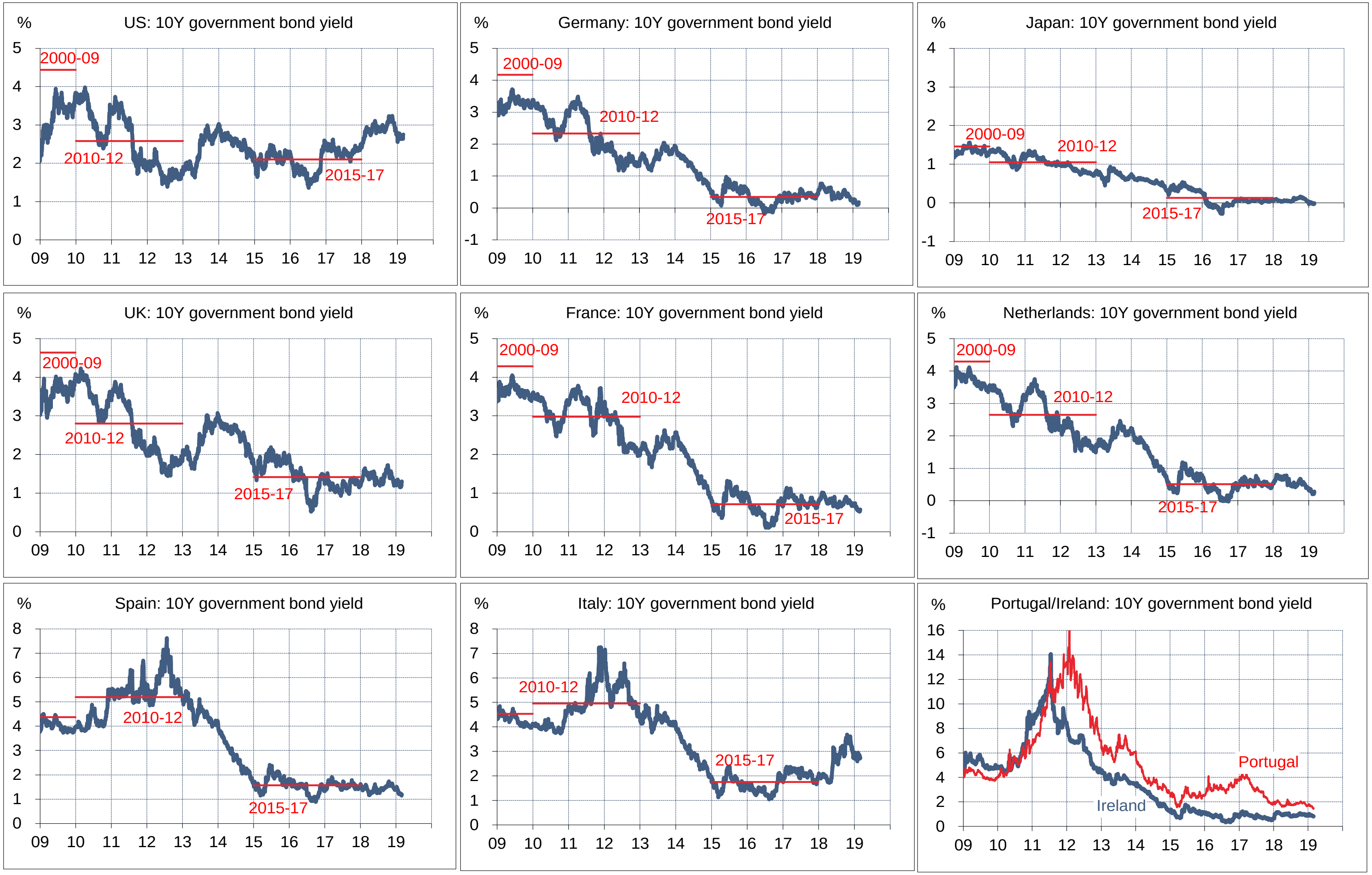






Source: Thomson Reuters, Oddo BHF

Appendix 24
10-year government bond yield



Source: Bloomberg, Oddo BHF

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