



## ECONOMIC RESEARCH DEPARTMENT

### Summary

#### United States

##### Awaiting details

President Trump's budget propositions still not have been unveiled, except for spending, which would decrease slightly. There is still no detail about receipts. A fiscal boost appears less likely by the day...

► Page 2

#### France

##### Behind the reduction in the fiscal deficit

According to preliminary estimates, France's fiscal deficit narrowed to 3.4% of GDP in 2016, 0.2 points less than in 2015. Though small, this improvement nonetheless extends the deficit reduction trend into its seventh consecutive year.

► Page 3

#### Market overview

► Page 5

#### Summary of forecasts

► Page 6

Also in



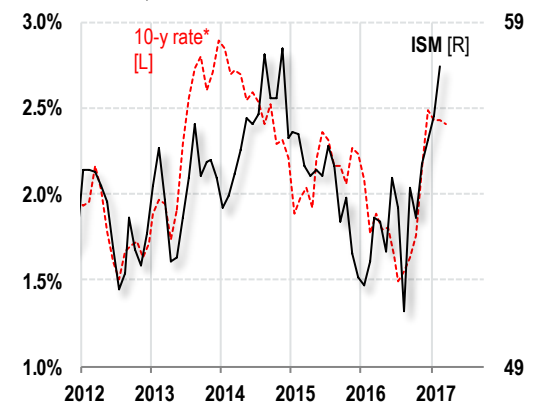
### First setbacks for President Trump

#### ■ Obamacare repeal-and-replace plan has failed ■ "Massive" tax cuts are nothing more than campaign promises so far

Donald Trump might not have read Montesquieu's "The Spirit of the Laws". The source of the idea of the separation of powers, Montesquieu's thinking might also have inspired a few late night tweets for the US President. Because nothing, or almost nothing, happens in the United States without Congress' approval. Forced to withdraw his star proposal to repeal and replace the Affordable Care Act (Obamacare), President Trump has just learned the hard way. Even though he enjoys a Republican majority in both the Senate and the House of Representatives, the Grand Old Party failed to reach an understanding on the proposed replacement, which was too radical for some, and not radical enough for others. A misstep that announces more to come? Indeed, there hardly seems to be more of a consensus over the "massive" tax cuts promised during the campaign (see article on US, page 2). The tax cuts are not only unfunded (through equivalent spending cutbacks), but some create unfair competition. This is the case for the proposed border tax adjustment, which would exclude export earnings from the taxable income of companies, a proposal that divides Corporate America as much as it does the members of the new administration itself.

#### HEATING UP

United-States, business climate vs. interest rate



\*Treasuries

Sources: Thomson, Institute for Supply Management

#### THE WEEK ON THE MARKETS

Week 24-3 17 > 30-3-17

↗ CAC 40	5 021	► 5 090	+1.4 %
↗ S&P 500	2 344	► 2 368	+1.0 %
↘ Volatility (VIX)	13.0	► 11.5	-1.4 %
↗ Euribor 3M (%)	-0.33	► -0.33	+0.0 bp
↘ Libor \$ 3M (%)	1.15	► 1.15	-0.4 bp
↘ OAT 10y (%)	1.00	► 0.94	-6.5 bp
↘ Bund 10y (%)	0.41	► 0.33	-8.1 bp
↗ US Tr. 10y (%)	2.40	► 2.42	+1.8 bp
↘ Euro vs dollar	1.08	► 1.07	-0.7 %
↗ Gold (ounce, \$)	1 249	► 1 250	+0.1 %
↗ Oil (Brent, \$)	50.7	► 53.0	+4.6 %

Source: Thomson Reuters