



Summary

Germany

Favourable business climate despite uncertainties

The IFO climate index has been on a rising trend, supported by strong activity. But entrepreneurs are reluctant to invest given skill shortages and political uncertainty.

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China

PBOC is acting to reduce financial risks

Recent growth acceleration has enabled China's central bank to start to tighten its monetary policy, but downside risks to short-term economic prospects remain high and the authorities' determination to contain financial risks could be tested rapidly in case of another slowdown in economic activity.

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Market overview

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Summary of forecasts

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Also in



France: A (temporary) slowdown

■ Growth was limited to 0.3% in the first quarter ■ Consumer spending is sluggish ■ Investment is strong

The French economy grew by 0.3% q/q in the first quarter of 2017 according to INSEE's first estimate. This figure was slightly below what more upbeat confidence surveys were suggesting.

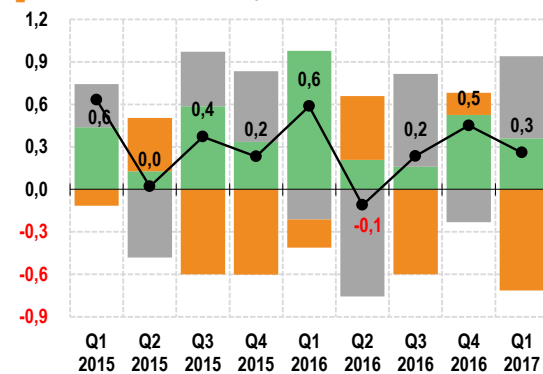
The weak areas (consumer spending was virtually stagnant and there was a marked fall in exports) were, however, explained by one-off factors (the weather, fluctuations in Airbus deliveries).

And they should not overshadow the strong points, notably the sharp rise in business and household investment.

Besides, this moderate growth figure does not call into question the strength of the ongoing French recovery, which is becoming job-richer, if we are to believe INSEE's new labour market climate indicator which is at its highest since 2011.

FRANCE, MODERATE GROWTH

Contribution to growth, q/q, percentage points
■ final domestic demand ■ change in business inventories
■ net exports — real GDP growth



Source: INSEE

THE WEEK ON THE MARKETS

Week 21-4 17 > 27-4-17

↗ CAC 40	5 059	▶ 5 272	+4.2 %
↗ S&P 500	2 349	▶ 2 389	+1.7 %
↘ Volatility (VIX)	14.6	▶ 10.4	-4.3 %
↗ Euribor 3M (%)	-0.33	▶ -0.33	+0.2 bp
↗ Libor \$ 3M (%)	1.16	▶ 1.17	+1.6 bp
↘ OAT 10y (%)	0.88	▶ 0.76	-12.5 bp
↗ Bund 10y (%)	0.25	▶ 0.30	+5.0 bp
↗ US Tr. 10y (%)	2.24	▶ 2.30	+6.1 bp
↗ Euro vs dollar	1.07	▶ 1.09	+1.7 %
↘ Gold (ounce, \$)	1 286	▶ 1 265	-1.6 %
↘ Oil (Brent, \$)	51.9	▶ 50.7	-2.4 %

Source: Thomson Reuters