



## Summary

### United States

Interest rate uncertainty: how big an issue?

Several measures point to the same conclusion: the uncertainty surrounding the future Fed's policy is increasing. How could this impact the real economy?

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### Market overview

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### Summary of forecasts

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Also in



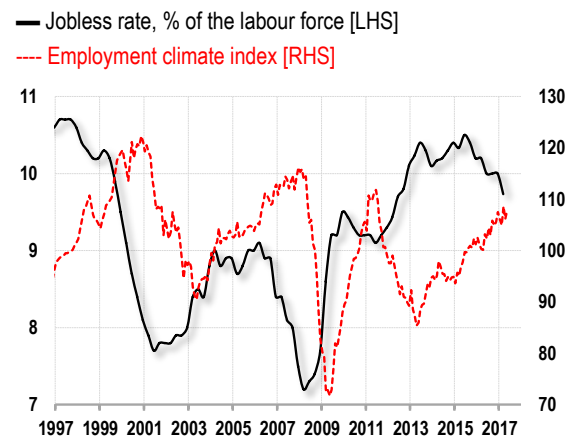
## France: unemployment down, confidence up

■ The unemployment rate at its lowest since early 2012 ■ Business confidence at its highest since late 2010

The sharp drop in the unemployment rate in first-quarter 2017 (down 0.4 points to 9.6% of the labour force as measured by the INSEE) is remarkable on several counts. It confirms and amplifies the downward trend that began in mid-2015, with a cumulative decline of nearly one point. The jobless rate has finally fallen well below the 10% threshold and stands at its lowest level for five years.

It is rare to see the unemployment rate decline so sharply in just one quarter. In the past, this has only happened during periods of strong growth, like in 2000 and 2006-2007. Yet, today we can hardly say that French growth is strong. This leads us to conclude that the big drop in Q1 unemployment probably paints a more optimistic picture than the actual situation. Other indicators are more mixed: the long-term unemployment rate slipped only 0.1 points for the quarter and 0.2 points for the year (to 4.1% of the labour force); underemployment is steady (at 6.2% of the working population); and the unemployment halo is still on the rise. As gradual as it may be, the improvement in the unemployment situation is nonetheless expected to continue. Growth and employment prospects are both looking strong. The outlook even looks brighter in the second quarter than in the first, based on the improvement in May survey results for business sentiment (+1 point to 105) and the employment climate (+2 points to 108).

### FRANCE: UNEMPLOYMENT AND EMPLOYMENT CLIMATE



Source: INSEE

### THE WEEK ON THE MARKETS

Week 19-5 17 > 23-5-17

↗ CAC 40	5 324	► 5 348	+0.4 %
↗ S&P 500	2 382	► 2 398	+0.7 %
↘ Volatility (VIX)	12.0	► 10.7	-1.3 %
↗ Euribor 3M (%)	-0.33	► -0.33	+0.1 bp
↗ Libor \$ 3M (%)	1.19	► 1.19	+0.6 bp
↗ OAT 10y (%)	0.81	► 0.84	+2.5 bp
↗ Bund 10y (%)	0.37	► 0.40	+3.2 bp
↗ US Tr. 10y (%)	2.24	► 2.28	+3.8 bp
↗ Euro vs dollar	1.12	► 1.12	+0.3 %
↗ Gold (ounce, \$)	1 253	► 1 260	+0.5 %
↗ Oil (Brent, \$)	53.6	► 54.1	+0.9 %

Source: Thomson Reuters