MACRO HIGHLIGHTS

WEEK OF 12 JUNE 2017

KEY TAKEAWAYS OF THE WEEK

Economists’ insight: T. May’s strategy fails in the UK, ECB remains in control (p.1)

› The Conservatives have lost their absolute majority in the British parliament, further weakening the government’s ability to negotiate the UK’s exit from the European Union
› Uncertainty surrounding the outlook for the UK is expected to remain strong and impact activity levels over the coming quarters. In line with our expectations, the pound sterling could fall significantly
› Although more confident about the outlook for growth, the ECB has confirmed that monetary tightening is not imminent. The euro’s upside pressures are therefore expected to be limited

Focus on India: Growth potential still intact (p.5)

› With 6.1%, GDP growth for the first quarter of 2017 was disappointing and reflects the delayed – and higher-than-expected – impacts of the demonetisation, as well as statistical biases. This slowdown is expected to be temporary
› Private consumption has continued to trend up, while the legislative elections at the start of the year reinforce N. Modi’s political legitimacy
› Private investment is still the weakest link and needs to be supported by bank lending

ECONOMISTS’ INSIGHT

T. MAY’S STRATEGY FAILS IN THE UK, ECB REMAINS IN CONTROL

The results of the general election, which she wanted to hold earlier than scheduled, have fallen far short of the expectations of UK Prime Minister T. May. Her party, the Conservatives, not only failed to increase their number of seats in parliament, but also **lost the absolute majority they had held up until now**. Following the election on 8 June, the Prime Minister has seen the number of seats held by her party cut from 331 to 318, below the 326 seats needed for an absolute majority.

T. May’s strategy was simple: in April 2017, when surveys indicated that the Conservatives had a substantial level of voting intentions, she chose to hold an election earlier than expected with a view to strengthening her party’s position in parliament and gaining the domestic leeway needed to conduct negotiations for the UK's exit from the European Union.

But once again, public opinion gradually changed and the outcome of the election turned out to be very different from what the country's leaders were hoping for.

To be able to effectively conduct its negotiations with the European Union, the British government will now need to establish alliances, particularly with the Democratic Unionist Party. This is adding to the uncertainty surrounding the British authorities' ability to define clear guidelines for their strategy throughout this lengthy process.

The levels of uncertainty in the UK, which were already high, could increase. Especially since the strengthening of the Franco-German unit, following E. Macron's election, over and above advances for the eurozone, is expected to support a strengthening of cohesion within the European Union.

Analysis and implications:

- The British parliamentary election results confirm our forecast that **the uncertainty linked to the UK's exit from the European Union is likely to last and have a major impact on the country's economy**.
- In line with our analysis from "Macroeconomic Forecasts #3"[1], **UK household consumption has already slowed down and business investment is expected to be significantly affected** by the lack of visibility concerning the outlook for commercial activity and financial operations being kept in London.
- While foreign trade, thanks to the weaker pound since June 2016, had shown signs of improvement at the end of the year, helping drive the current account deficit as a percentage of GDP up from -5.1% in the third quarter (lowest figure on record for this statistical series, launched in 1955) to -4.4% in the fourth quarter of 2016, it has already lost some of its momentum. **In the first quarter of 2017, net foreign trade had a negative 1.4 point impact on quarterly GDP growth, which came to 0.2%**, after supporting it by 1.7 points in the fourth quarter of 2016, when it represented +0.7%.
- **The price of the pound is expected to be adversely affected by the persistent and significant current account deficit, as well as the uncertainty surrounding the economic outlook.** We are therefore maintaining our forecast for the British currency to weaken to USD 1.20 by the end of 2017.
- Upside pressures on UK inflation look set to continue growing. However, **we expect the Bank of England (BoE) to keep its monetary policy unchanged in order to avoid further penalising domestic activity. But this accommodating monetary policy is not likely to be able to offset the impacts of the uncertainty and rising inflation on domestic demand**.

In the eurozone, the European Central Bank (ECB) has maintained its monetary policy

[1] "Macroeconomic Forecasts # 3: Can the gap between financial hope and macroeconomic reality be bridged?", May 2017

following its meeting on 8 June. Its key interest rates - deposit and refinancing rates - have been kept at -0.40% and 0.00% respectively. Alongside this, the ECB has confirmed its plans to continue with its securities purchase programme at a rate of EUR 60 billion through to the end of 2017 and “beyond” if necessary.

However, **the ECB, in line with our expectations, made certain changes to its communications**. On the one hand, **it changed its forward guidance**, indicating that its key rates will remain at their current levels long after the end of its securities purchase programme, but it removed the indication that they could be reduced further. On the other hand, **it now estimates that the risks relating to growth are “balanced”** and no longer bearish.

The ECB's increased optimism concerning the outlook for growth shows that it is taking on board the improvement in the general economic environment from the past few months. However, **Europe’s central bank does not expect inflation to accelerate significantly on the back of stronger activity levels**.

This has been confirmed with its new staff forecasts. As the following table shows, growth forecasts have been revised upwards, but inflation forecasts are down, linked in particular to more moderate expectations for oil price trends.

New ECB staff forecasts

	2017	2018	2019
GDP growth			
June 17 forecasts	**1.9%**	**1.8%**	**1.7%**
March 17 forecasts	*1.8%*	*1.7%*	*1.6%*
Inflation			
June 17 forecasts	**1.5%**	**1.3%**	**1.6%**
March 17 forecasts	*1.7%*	*1.6%*	*1.7%*

Source: ECB / Edmond de Rothschild

Analysis and implications:

- **In line with our expectations, the ECB has withdrawn its downwards bias for interest rates and now considers that the risks for growth are balanced.** Nevertheless, its communications are still accommodating.

- **The ECB staff inflation forecasts have been revised down, which should make it possible to limit expectations for a monetary tightening over the coming months** even if economic statistics continue to strengthen.

- **We still expect the ECB to continue with its securities purchase programme at a rate of EUR 60 billion per month through to the end of 2017.**

- **The ECB is expected to announce plans to gradually reduce the rate of its purchases over the second half of 2017**. It could announce such a programme in September and reveal its details during one of its following meetings (October or more probably December). **However, the slowdown in the rate of securities purchases is not likely to be effective before 2018**.

- **We still expect the ECB to avoid embarking on a rate hike cycle ahead of schedule.** Especially since our analysis shows that the ECB does not have the same leeway as the US Federal Reserve for raising its key rates[2].

- **However, the ECB could reduce the corridor between its refinancing rate**

[2] See “Macro Highlights” from 8 May 2017

and its deposit rate. To achieve this, it could raise its deposit rate while leaving its refinancing rate unchanged. **Nevertheless, such a move is not expected to be seen before 2018 and is not likely to be rolled out before good progress has been made with reducing the rate of securities purchases**.

- **The ECB's dovish tone should help ease the euro's upside pressures. With key rates kept low for an extended period and the gradual slowdown in its asset purchases, this is expected to support a steepening of yield curves in the eurozone**.

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FOCUS ON INDIA

GROWTH POTENTIAL STILL INTACT

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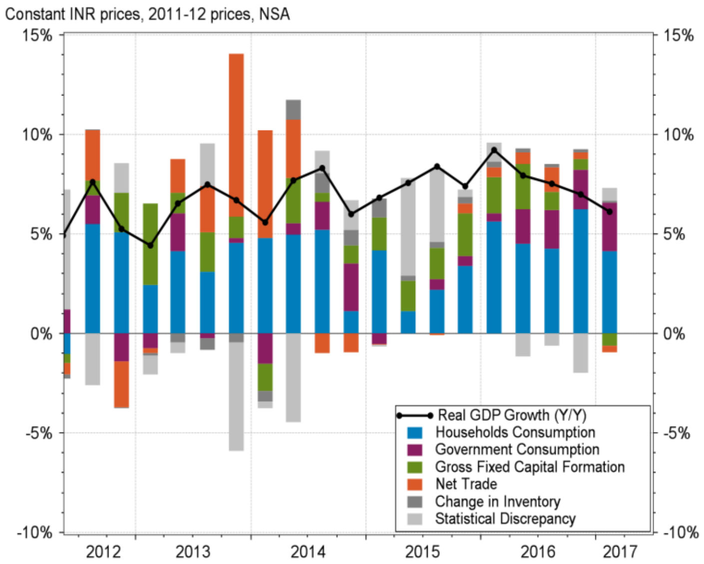
India reported real GDP growth of 6.1% for the first quarter of 2017, compared with 7.0% the previous quarter. This figure is lower than the consensus expectations (7.1%), as well as our own growth forecasts (6.9%). **This slowdown partly reflects the delayed impact of the demonetisation from November 2016 on the formal economy, as well as various statistical biases**, mainly when calculating the GDP deflator. The consequences of the demonetisation can also be seen in the informal sector, as shown by the -3.7% contraction in construction activity. This segment is one of the main recipients of the flows of undeclared money that were specifically targeted with the demonetisation operation. **This slowdown in growth is expected to be temporary and the Indian economy looks set to continue trending up in 2017**. Household consumption, buoyed in particular by public sector wage growth and the drop in inflation to 3% – below the official target of 4% –, is still the leading contributor to the country's growth. The quantity of money in circulation is close to nearly 80% of the level seen before the demonetisation, while the positive trends for leading indicators point to an upturn in economic activity (see right-hand chart). **Growth is expected to reach 6.9% for the calendar year in 2017 and 7.8% for 2018, driven by the structural reforms**.

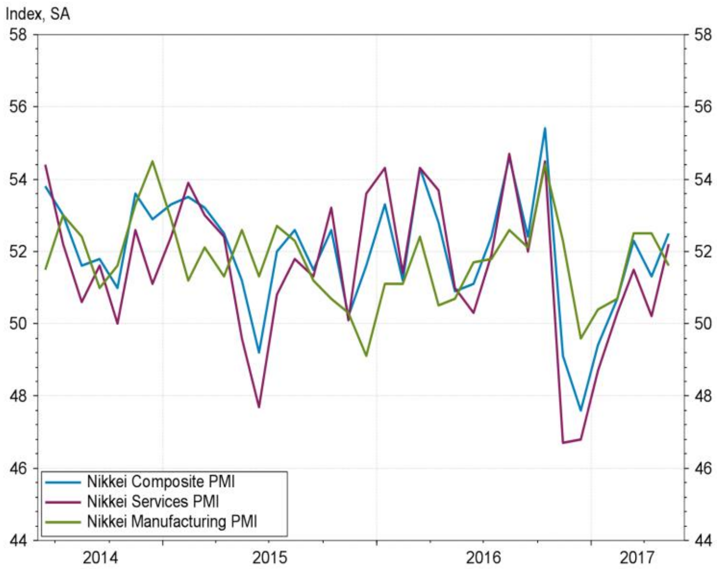
The recent upswing in investment in fixed assets has been driven primarily by the public sector and should not mask the relative weakness of private investment, linked to the fragile banking sector. Indeed, 9.2% of outstanding loans are non-

Private consumption is a key contributor



Source: Thomson Reuters Datastream / CSO, Edmond de Rothschild

Leading indicators are showing positive trends



Source: Thomson Reuters Datastream / Markit, Edmond de Rothschild performing, with the majority concentrated in public banks, which account for nearly 75% of credit generation (see right-hand chart). The position adopted by the members of the Reserve Bank of India supporting the creation of a dedicated organisation for restructuring non-performing assets is encouraging, but the provisional budget for the 2017-18 tax year, in line with the fiscal consolidation advocated by Prime Minister N. Modi, does not include the capitalisation of such a structure. **Indian credit growth is therefore not likely to accelerate significantly in 2017**, especially since the central bank is expected to drop its accommodating monetary stance and keep its base rates at 6.25%, considering the good level of domestic growth, while inflationary trends are expected to pick up again in the second part of the year, driven by wage growth, oil price-related effects and the introduction of a single tax system for goods and services. The reformist wave followed by N. Modi will therefore need to include a drive to clean up the public banks. Otherwise, there is a risk of the country's capital stock, which has remained unchanged since 2015, developing too weakly, which would reduce India's potential GDP.

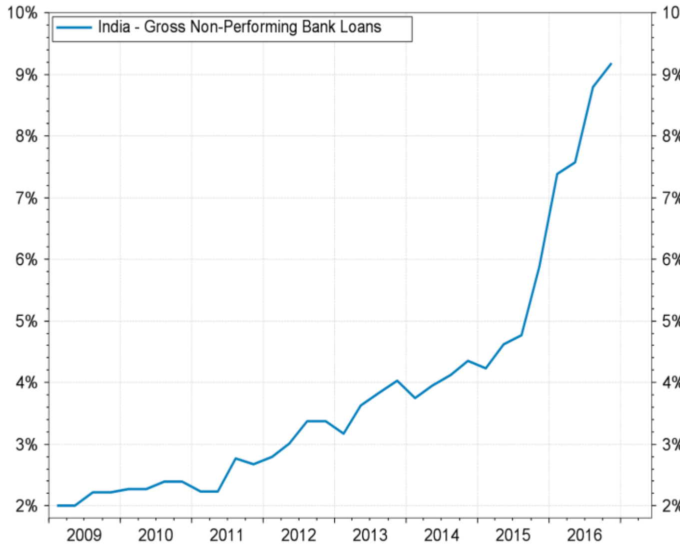
The unified tax system for trade in goods and services is expected to come into force from July 2017, making India one vast single market. While there are legitimate fears of more complex administrative processes, particularly for small businesses, and higher supervision costs due to the increase in the number of tax brackets with different rates, this is a substantial reform that is working towards developing the formalisation of economic activity and therefore increasing the tax collection base in India. **This reformist progress and the improvement in the country's external position in the last few years are being recognised internationally**, as shown by the 140% increase in net direct investment over the past five years.

Alongside this, the parliamentary elections have

Inflation is historically low

Source: Thomson Reuters Datastream / MOSPI, Edmond de Rothschild

Non-performing loans are limiting credit development



Source: Thomson Reuters Datastream / Edmond de Rothschild consolidated N. Modi's political legitimacy, with his BJP party winning a huge majority in the key state of Uttar Pradesh, which has India's highest population, home to 204 million people. This victory highlights the popular support for N. Modi, whose intransigent and sometimes challenging attitude to reforms could have been called into question by citizens. These developments are encouraging with a view to obtaining more seats in the parliament's upper house, which would enable the reforms to progress more smoothly, pending the national elections in 2019 and a potential second term of office for N. Modi.

ANNEX 1 – LATEST CHANGES ON THE FINANCIAL MARKETS

PERFORMANCE IN LOCAL CURRENCY	LAST PRICE	WEEKLY RETURN	MONTHLY RETURN	YEAR-TO-DATE RETURN	1-YEAR RETURN
Equities					
World (MSCI)	465	-0.7%	1.6%	11.7%	17.4%
United States (S&P 500)	2'429	-0.2%	1.8%	9.5%	16.9%
Euro Area (DJ EuroStoxx)	385	-0.9%	-1.0%	11.9%	25.6%
United Kingdom (FTSE 100)	7'519	0.0%	1.5%	7.4%	24.4%
Switzerland (SMI)	8'867	-2.6%	-3.4%	10.5%	13.9%
Japan (Nikkei)	19'899	-1.3%	0.1%	5.0%	24.2%
Emerging Markets (MSCI)	1'009	-0.8%	0.9%	17.9%	24.6%
Sovereign Bonds					
United States (7-10 Yr)	2.22%	-0.2%	1.2%	3.1%	-1.9%
Euro Area (7-10 Yr)	0.27%	0.9%	2.0%	1.4%	0.5%
Germany (7-10 Yr)	0.27%	0.3%	1.2%	0.3%	-0.4%
United Kingdom (7-10 Yr)	1.03%	0.6%	0.9%	2.8%	4.2%
Switzerland (7-10 Yr)	-0.16%	-0.1%	0.9%	0.4%	-1.9%
Japan (7-10 Yr)	0.06%	-0.1%	-0.1%	0.0%	-1.8%
Emerging (5-10 Yr)	4.47%	0.1%	1.2%	6.0%	8.0%
Corporate Bonds					
United States (IG Corp.)	3.19%	-0.1%	1.1%	3.6%	2.9%
Euro Area (IG Corp.)	0.65%	0.2%	0.5%	1.0%	1.7%
Emerging (IG Corp.)	3.75%	0.1%	0.9%	5.3%	5.6%
High-Yield Bonds					
United States (HY Corp.)	5.60%	-0.1%	0.7%	5.1%	12.7%
Euro Area (HY Corp.)	2.27%	0.0%	0.4%	3.3%	7.5%
Emerging (HY Corp.)	6.33%	-0.5%	-0.4%	5.7%	13.3%
Convertible Bonds					
United States (Convert. Barclays)	50	0.4%	2.2%	10.2%	14.0%
Euro Area (Convert. Exane)	7'718	-0.6%	-0.5%	3.4%	7.1%
Commodities					
Commodities (CRB)	402	-0.1%	-1.8%	-4.3%	-6.9%
Gold (Troy Ounce)	1'263	-2.3%	2.5%	9.5%	-1.6%
Oil (Brent, Barrel)	48	-2.7%	-5.6%	-14.3%	-1.4%
Currencies					
Dollar Index	97.1	0.4%	-2.2%	-5.0%	2.9%
EURUSD	1.12	-0.6%	2.1%	6.6%	-0.8%
GBPUSD	1.27	-1.4%	-1.3%	3.1%	-10.8%
USDCHF	1.03	0.6%	-2.8%	-5.0%	0.4%
USDJPY	110.1	0.7%	-3.2%	-5.9%	3.7%

Source : Bloomberg

ANNEX 2 – MAIN ECONOMIC INDICATORS

Main Economic Indicators - Released (5 - 9 June) and to be released (12 - 16 June)

US

Date	Indicator	Period	Consensus	Actual	Prior	Revised
05/06	**ISM Non-Manufacturing, month**	**mai**	**57.1**	**56.9**	**57.5**	**-**
14/06	*CPI, YoY*	*mai*	*2.0%*	*-*	*2.2%*	*-*
14/06	*Core CPI, YoY*	*mai*	*1.9%*	*-*	*1.9%*	*-*
14/06	*FOMC Rate Decision (Upper Bound)*		*1.25%*	*-*	*1.00%*	*-*
14/06	*FOMC Rate Decision (Lower Bound)*		*1.00%*	*-*	*0.75%*	*-*
15/06	*Industrial Production, MoM*	*mai*	*0.1%*	*-*	*1.0%*	*-*
15/06	*Manufacturing Production, MoM*	*mai*	*0.2%*	*-*	*1.0%*	*-*
16/06	*Housing Starts, month*	*mai*	*1223k*	*-*	*1172k*	*-*
16/06	*Building Permits, month*	*mai*	*1250k*	*-*	*1229k*	*1228k*
16/06	*Labor Market Conditions Index Change, month*	*mai*	*3.0*	*-*	*3.5*	*-*

Euro zone

Date	Indicator	Period	Consensus	Actual	Prior	Revised
05/06	**Services PMI, month**	**mai F**	**56.2**	**56.3**	**56.2**	**-**
05/06	**Composite PMI, month**	**mai F**	**56.8**	**56.8**	**56.8**	**-**
08/06	**GDP, QoQ**	**T1 F**	**0.5%**	**0.6%**	**0.5%**	**-**
08/06	**GDP, YoY**	**T1 F**	**1.7%**	**1.9%**	**1.7%**	**-**
08/06	**ECB - Refinancing rate**		**0.00%**	**0.00%**	**0.00%**	**-**
08/06	**ECB - Deposit rate**		**-0.40%**	**-0.40%**	**-0.40%**	**-**
08/06	**ECB - Asset Purchase Target**	**juin**	**EU60b**	**EU60b**	**EU60b**	**-**
16/06	*HICP, YoY*	*mai F*	*1.4%*	*-*	*1.9%*	*1.9%*
16/06	*Core HICP, YoY*	*mai F*	*0.9%*	*-*	*0.9%*	*-*

Germany

Date	Indicator	Period	Consensus	Actual	Prior	Revised
05/06	**Services PMI, month**	**mai F**	**55.2**	**55.4**	**55.2**	**-**
05/06	**Composite PMI, month**	**mai F**	**57.3**	**57.4**	**57.3**	**-**
07/06	**Factory Orders, MoM**	**avr.**	**-0.3%**	**-2.1%**	**1.0%**	**1.1%**
08/06	**Industrial Production, MoM**	**avril**	**0.5%**	**0.8%**	**-0.4%**	**-0.1%**
13/06	*ZEW Survey Current Situation, month*	*juin*	*85.4*	*-*	*83.9*	*-*
13/06	*ZEW Survey Expectations, month*	*juin*	*21.5*	*-*	*20.6*	*-*
14/06	*HICP, YoY*	*mai F*	*1.4%*	*-*	*1.4%*	*-*

France

Date	Indicator	Period	Consensus	Actual	Prior	Revised
05/06	**Services PMI, month**	**mai F**	**58.0**	**57.2**	**58.0**	**-**
05/06	**Composite PMI, month**	**mai F**	**57.6**	**56.9**	**57.6**	**-**
09/06	**Manufacturing Production, MoM**	**avril**	**-0.5%**	**-1.2%**	**2.5%**	**2.8%**
15/06	*HICP, YoY*	*mai F*	*-*	*-*	*0.9%*	*-*

Switzerland

Date	Indicator	Period	Consensus	Actual	Prior	Revised
08/06	**Unemployment Rate, month**	**mai**	**3.3%**	**3.2%**	**3.3%**	**3.2%**
08/06	**CPI, YoY**	**mai**	**0.3%**	**0.5%**	**0.4%**	**-**
15/06	*SNB 3-Month Libor Lower Target Range*		*-*	*-*	*-1.25%*	*-*
15/06	*SNB 3-Month Libor Upper Target Range*		*-*	*-*	*-0.25%*	*-*

Main Economic Indicators - Released (5 - 9 June) and to be released (12 - 16 June)						
UK						
Date	Indicator	Period	Consensus	**Actual**	Prior	Revised
05/06	**Services PMI, month**	**mai**	**55.0**	**53.8**	**55.8**	**-**
05/06	**Composite PMI, month**	**mai**	**55.5**	**54.4**	**56.2**	**-**
07/06	**Halifax House Price Index, YoY**	**mai**	**3.0%**	**3.3%**	**3.8%**	**-**
07/06	**Halifax House Price Index, MoM**	**mai**	**-0.2%**	**0.4%**	**-0.1%**	**0.0%**
09/06	**Manufacturing Production, MoM**	**avr.**	**0.8%**	**-**	**-0.6%**	**-**
13/06	*CPI, YoY*	*mai*	*2.7%*	*-*	*2.7%*	*-*
13/06	*Core CPI, YoY*	*mai*	*2.3%*	*-*	*2.4%*	*-*
14/06	*ILO Unemployment Rate, month*	*avril*	*4.6%*	*-*	*4.6%*	*-*
15/06	*Retail Sales Inc. Auto Fuel, MoM*	*mai*	*-0.7%*	*-*	*2.3%*	*-*
15/06	*Bank of England Bank Rate*		*0.3%*	*-*	*0.3%*	*-*
15/06	*BOE Asset Purchase Target*	*juin*	*435b*	*-*	*435b*	*-*
Japan						
Date	Indicator	Period	Consensus	**Actual**	Prior	Revised
08/06	**GDP, QoQ**	**T1 F**	**0.6%**	**0.3%**	**0.3%(T4 16)**	**-**
08/06	**GDP, YoY**	**T1 F**	**-**	**1.3%**	**1.6%(T4 16)**	**-**
16/06	*BOJ Short-Term Policy Rate*		*-0.10%*	*-*	*-0.10%*	*-*
16/06	*BOJ Long-Term Policy Rate*		*0.00%*	*-*	*0.00%*	*-*
China						
Date	Indicator	Period	Consensus	**Actual**	Prior	Revised
05/06	**Caixin China PMI Composite, month**	**mai**	**-**	**51.5**	**51.2**	**-**
05/06	**Caixin China PMI Services, month**	**mai**	**-**	**52.8**	**51.5**	**-**
07/06	**Foreign Reserves, month**	**mai**	**$3046.0b**	**$3053.6b**	**$3029.5b**	**-**
08/06	**Imports, YoY**	**mai**	**8.3%**	**14.8%**	**11.9%**	**-**
08/06	**Exports, YoY**	**mai**	**7.2%**	**8.7%**	**8.0%**	**-**
08/06	**Trade Balance USD, month**	**mai**	**$47.80b**	**$40.81b**	**$38.05b**	**$38.03b**
09/06	**CPI, YoY**	**mai**	**1.5%**	**1.5%**	**1.2%**	**-**
14/06	*M2 Money Supply, YoY*	*mai*	*10.4%*	*-*	*10.5%*	*-*
14/06	*New Yuan Loans CNY, month*	*mai*	*1000.0b*	*-*	*1100.0b*	*-*
14/06	*Retail Sales, YoY*	*mai*	*10.7%*	*-*	*10.7%*	*-*
14/06	*Fixed Assets Ex Rural, YTD YoY*	*mai*	*8.8%*	*-*	*8.9%*	*-*
14/06	*Industrial Production, YoY*	*mai*	*6.4%*	*-*	*6.5%*	*-*

ANNEX 3 – OUR GDP GROWTH AND INFLATION FORECASTS

GDP GROWTH IN VOLUME (%)	2014	2015	2016	2017f	Consensus	2018f	Consensus
United States	2.4	2.6	1.6	2.1	2.2	2.5	2.3
Japan	0.4	1.1	1.0	1.3	1.2	0.8	1.0
Eurozone	1.2	1.9	1.7	1.7	1.7	1.8	1.6
Germany	1.6	1.5	1.8	1.6	1.6	1.8	1.6
France	0.7	1.2	1.1	1.4	1.4	1.7	1.5
Italy	0.2	0.7	1.0	0.9	0.9	0.8	0.9
Spain	1.4	3.2	3.2	2.7	2.7	2.6	2.3
Portugal	0.9	1.6	1.4	1.6	1.6	1.4	1.5
Luxembourg	5.6	4.0	4.2	4.5	3.4	4.3	3.3
Europe ex-Eurozone							
United Kingdom	3.1	2.2	1.8	1.5	1.7	1.2	1.3
Switzerland	2.0	0.8	1.3	1.4	1.5	1.6	1.7
Israel	3.2	2.6	4.0	3.4	3.3	3.3	3.2
Emerging countries	4.9	4.0	4.1	4.6	-	4.7	-
China	7.3	6.9	6.7	6.6	6.6	6.1	6.3
Brazil	0.1	-3.8	-3.6	0.3	0.6	1.9	2.3
India	7.0	7.5	7.6	6.9	7.0	7.8	7.7

CONSUMER PRICE INDEX (%)	2014	2015	2016	2017f	Consensus	2018f	Consensus
United States	1.6	0.1	1.3	2.3	2.4	2.5	2.3
Japan	2.7	0.8	-0.1	0.5	0.6	0.9	0.9
Eurozone (HCPI)	0.4	0.0	0.2	1.6	1.6	1.6	1.5
Germany	0.8	0.1	0.4	1.8	1.8	1.9	1.7
France	0.6	0.1	0.3	1.3	1.3	1.4	1.3
Italy	0.2	0.1	0.0	1.4	1.4	1.3	1.3
Spain	-0.2	-0.6	-0.3	2.1	2.1	1.7	1.5
Portugal	-0.2	0.5	0.6	1.2	1.3	1.2	1.4
Luxembourg	0.7	0.1	0.0	2.4	2.0	2.2	1.7
Europe ex-Eurozone							
United Kingdom	1.5	0.0	0.6	3.1	2.6	3.0	2.6
Switzerland	0.0	-1.1	-0.4	0.4	0.4	0.6	0.6
Israel	0.5	-0.6	-0.5	0.8	0.7	1.4	1.3
Emerging countries	4.4	4.7	4.0	3.7	-	3.9	-
China	2.0	1.4	2.0	1.8	2.1	2.2	2.2
Brazil	6.3	9.0	8.8	4.4	4.2	4.7	4.5
India	6.7	4.9	5.0	3.8	3.9	5.0	4.8

ANNEX 4 – OUR INTEREST-RATE AND CURRENCY FORECASTS

KEY INTEREST RATES (%)*	2014	2015	2016	2017f	Consensus	2018f	Consensus
United States	0.25	0.50	0.75	1.50	1.50	2.25	-
Japan	0.10	0.10	-0.10	-0.10	-0.10	-0.10	-
Eurozone	0.05	0.05	0.00	0.00	0.00	0.00	-
Europe ex-Eurozone							
United Kingdom	0.50	0.50	0.25	0.25	0.25	0.25	-
Switzerland	-0.25	-0.75	-0.75	-0.75	-0.75	-0.75	-
Israel	0.25	0.10	0.10	0.10	0.10	0.25	-
Emerging countries							
China	5.60	4.35	4.35	4.35	4.40	4.10	-
Brazil	11.75	14.25	13.75	9.00	8.65	8.00	-
India	8.00	6.75	6.25	6.25	6.25	6.75	-

*data at end of period

EXCHANGE RATE**	2014	2015	2016	2017f	Consensus	2018f	Consensus
Dollar							
EUR/USD	1.20	1.08	1.11	1.11	1.08	1.10	-
USD/JPY	120	120	109	114	114	118	-
GBP/USD	1.56	1.47	1.36	1.24	1.25	1.21	-
USD/CHF	0.99	1.00	0.98	0.98	1.00	1.00	-
USD/CNY	6.21	6.49	6.95	7.00	7.00	7.30	-
Euro							
EUR/JPY	144	130	120	126	123	130	-
EUR/GBP	0.77	0.73	0.81	0.89	0.86	0.91	-
EUR/CHF	1.20	1.09	1.09	1.08	1.08	1.10	-
EUR/SEK	9.44	9.17	9.47	9.56	9.36	9.50	-

**yearly average

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