



Summary

Global

Youth unemployment: an important ongoing policy challenge

Within the OECD countries the youth unemployment rate is higher and cyclically more sensitive than the total unemployment rate.

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Ireland

Beyond revisions

The presentation of Ireland's 2017 budget proposal provides a good occasion to review the country's public finance situation. Recent revisions of the national accounts have muddled the reading of its public finance ratios.

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Market overview

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Summary of forecasts

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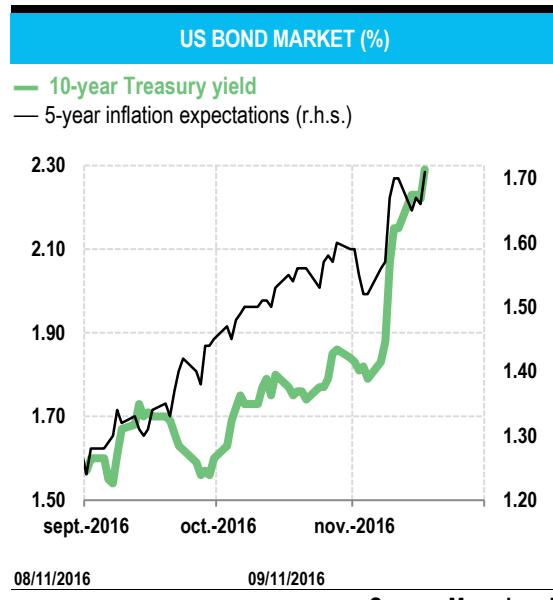
Also in :



Relative stimulus

■ Widespread rally in the financial markets ■ Expected fiscal stimulus welcomed or pricing in wider deficits?

Are the financial markets really welcoming a new development, and if so, which one? Is it the victory of Donald Trump, even though they previously seemed to fear it? Or is it his fiscal pronouncements, against the background of an apparent retreat away from protectionism? A naïve reading of Donald Trump's comments suggests that tax cuts and higher spending are on the way. However, talk of higher spending should be put into context, since planned infrastructure investment is not what it may seem. The aim is to help the private sector, via tax credits, to raise funds directed to motorways and toll bridges financing: USD 167 billion of tax credits would then apparently generate USD 1,000 billion of infrastructure spending. The House of Representatives, whose speaker Paul Ryan was re-elected this week, is highly unlikely to vote in higher public spending. Tax cuts, on the other hand, are something all Republicans agree on and have every chance of being passed. The planned tax cuts are huge and would seriously widen the federal deficit. More deficit equals more debt and therefore a larger supply of Treasuries, pushing down their price and increasing their yields. This is probably what lies behind recent market movements, rather than expectations of renewed upward pressure on inflation. Indeed, neither Fed funds futures contracts nor movements in short-term interest rates suggest any major change in monetary policy expectations.



Source: Macrobond

THE WEEK ON THE MARKETS

Week 11-11-16 > 17-11-16

↗ CAC 40	4 489	↗ 4 528	+0.9 %
↗ S&P 500	2 164	↗ 2 187	+1.0 %
↘ Volatility (VIX)	14.2	↗ 13.4	-0.8 %
↗ Euribor 3M (%)	-0.31	↗ -0.31	+0.0 bp
↗ Libor \$ 3M (%)	0.91	↗ 0.91	+0.3 bp
↗ OAT 10y (%)	0.74	↗ 0.75	+1.3 bp
↘ Bund 10y (%)	0.23	↗ 0.20	-3.0 bp
↗ US Tr. 10y (%)	2.15	↗ 2.30	+14.9 bp
↘ Euro vs dollar	1.09	↗ 1.07	-1.7 %
↘ Gold (ounce, \$)	1 229	↗ 1 228	-0.0 %
↗ Oil (Brent, \$)	44.4	↗ 46.6	+4.9 %

Source: Thomson Reuters