



#### ECONOMIC RESEARCH DEPARTMENT

# **Summary**

#### **France**

# Some growth, but little progress on structural imbalances

The latest confidence surveys are encouraging and point to another quarter of strong growth, estimated at about 0.4% q/q in first-quarter 2017. The European Commission's latest in-depth review is more mixed as it highlights the limited progress that has been made in terms of structural imbalances.

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## **Mexico**

### Factoring in the T factor

Mexico is in the frontline of the new US administration's swerve towards protectionism and anti-immigration policies. Our simulations show that the implementation of Donald Trump's programme may lead to a contraction in Mexico's GDP in 2018.

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#### Market overview

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## **Summary of forecasts**

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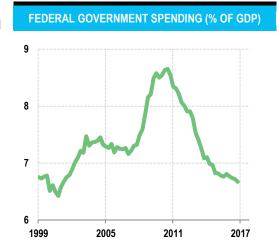
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# No news, fake news

■ Donald Trump has repeated his campaign promises, but with no more detail ■ The prospect of a fiscal stimulus looks further off

On 28 February, Donald Trump made his first appearance before the Congress and announced the next steps. Surprises and details were equally scarce. The new US President promised "big, big cuts" in business tax, and a "massive tax cut for the middle class". The desire to repeal Obamacare was confirmed yet again, but still without any details on how to solve the puzzle of unpicking this law. On infrastructure, the lack of detail is still dazzling. The USD 1 trillion target was confirmed, alongside the principle of mixed financing, but that was as far as it went. A single detail stood out: new pipelines, construction of which had been prohibited for environmental reasons, recently authorised by Donald Trump will be included in the figures for new infrastructure spending. When is it public money? Although nothing detailed was said on this topic we did learn that sequesters on military spending would be removed, suggesting that those on other areas would remain. In short, not one extra cent of public funds will be spent and the policy of spending reductions is not set to change. This leaves us with USD 54 billion increase in military spending. Even assuming that this comes immediately and that there is a fiscal multiplier of 4, the boost to the US economy would be



Source: US Bureau of Economic Analysis

THE WEEK ON THE MARKETS					
Week 24-2 17 > 2-3-17					
<b>对 CAC 40</b>	4 845	•	4 964	+2.4	%
<b>⊅</b> S&P 500	2 367	•	2 382	+0.6	%
→ Volatility (VIX)	11.5	•	11.8	+0.3	%
<b>↗</b> Euribor 3M (%)	-0.33	•	-0.33	+0.0	bp
<b>↗</b> Libor \$ 3M (%)	1.05	•	1.09	+3.9	bp
<b>对</b> OAT 10y (%)	0.92	•	0.92	+0.2	bp
<b>&gt;</b> Bund 10y (%)	0.19	•	0.31	+12.4	bp
<b>对</b> US Tr. 10y (%)	2.32	•	2.49	+17.2	bp
Euro vs dollar	1.06	•	1.05	-0.4	%
Sold (ounce, \$)  ■ Gold (ou	1 255	•	1 242	-1.1	%
→ Oil (Brent, \$)	56.1	•	55.5	-1.0	%

Source: Thomson Reuters

0.3 of a point of GDP.