



Summary

Eurozone

A favourable cyclical environment

The focus on political risk in Europe in recent months has tended to overshadow the economic upturn. Yet favourable statistics suggest that growth will maintain a cruising speed that might not be all that high, but at least is comfortable.

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Also in



France: the job market is holding well

■ Net job gains are still going strong ■ Thanks to the services sector and less to temporary employment services

After a healthy 2016, the French job market is still going strong. Non-farm payrolls rose 0.3% in Q1 2017, according to the INSEE flash estimate, in line with the average quarterly growth rate for 2016.

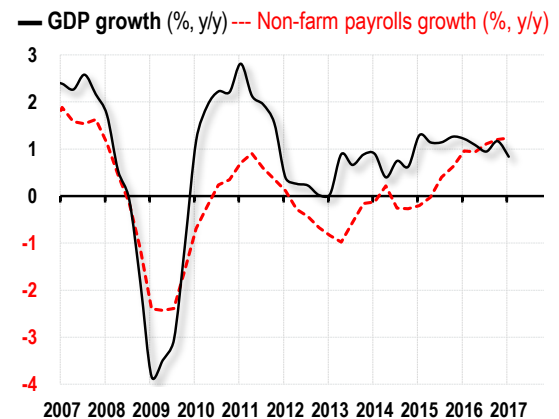
The slowdown was minimal compared to Q4 2016 (+0.4% q/q). An unusual configuration, job growth now surpasses GDP growth (see chart). Even so, employment has not returned to its pre-crisis level of early 2008 (it is still 1.3% short), while GDP is nearly 5% higher.

On the whole, the sector breakdown of the payrolls data is positive. Granted, industry and construction have not begun creating jobs yet, but job losses are no longer as high, at about 5,000 and 2,000, respectively, in Q1 2017 like in Q4 2016.

Job gains in temporary employment services have slowed sharply (+12,000), bringing down the headline figure (+49,400 vs. +67,300), but this follows two quarters of strong growth (+28,600 and +40,500, respectively, in Q3 and Q4 2016).

Last but not least, excluding temporary employment services, net job creations in the services sector (which accounts for 68% of total payroll employment) increased and reached 44,100 (vs. +34,600 the previous quarter).

FRANCE: GROWTH AND EMPLOYMENT



Source: INSEE

THE WEEK ON THE MARKETS

Week 5-5 17 > 11-5-17

↘ CAC 40	5 432	► 5 383	-0.9 %
↘ S&P 500	2 399	► 2 394	-0.2 %
↗ Volatility (VIX)	10.6	► 10.6	+0.0 %
↗ Euribor 3M (%)	-0.33	► -0.33	+0.0 bp
↗ Libor \$ 3M (%)	1.18	► 1.18	+0.1 bp
↗ OAT 10y (%)	0.85	► 0.88	+3.2 bp
↗ Bund 10y (%)	0.42	► 0.43	+1.6 bp
↗ US Tr. 10y (%)	2.35	► 2.41	+5.6 bp
↘ Euro vs dollar	1.10	► 1.09	-1.1 %
↘ Gold (ounce, \$)	1 228	► 1 224	-0.3 %
↗ Oil (Brent, \$)	49.3	► 51.0	+3.4 %

Source: Thomson Reuters