



ECONOMIC RESEARCH DEPARTMENT

Summary

United States

First, vote

The Fed left its monetary policy unchanged. Economic activity slowed, but the Fed esteems that this is only a passing trend. Inflation and wage developments could justify a pause in the normalisation of monetary policy.

► Page 2

Brazil

Step by step

After eight consecutive quarters of GDP contraction, some indicators point to a very gradual upturn in economic activity in the quarters ahead. A stronger real, rapid disinflation and monetary easing are all support factors, unlike fiscal austerity, which is nonetheless essential for the credibility of the policy mix.

► Page 3

Market overview

► Page 5

Summary of forecasts

► Page 6

Also in



Oil prices, a temporary rebound?

■ The rebound in oil prices has stalled ■ Yet world growth seems to have accelerated ■ Causes rely to the supply side

Oil prices have levelled off since the beginning of the year. Yet world growth seems to be accelerating. A temporary paradox?

Let's have a look to supply factors.

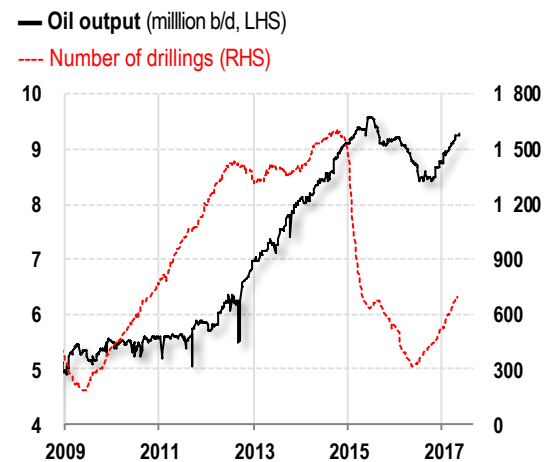
First, oil and shale gas production in the United States has picked up again.

Thanks to lower operating costs, the number of wells in service surged by 88% between May 2016 and February 2017. At 8.8 million barrels/day in December 2016, production is expected to increase by 0.7 m b/d this year.

Second, the November 2016 production cut deal between OPEC and certain non-OPEC countries (-1.2 million b/d out of total production of 33.1 m b/d in Q4 2016) is not being respected by all of the signing countries.

On the whole, OPEC's production target is being met (95% compliance), but this is mainly due to Saudi Arabia's self-imposed cuts. Russia, in contrast, reduced its production by 0.1 million b/d whereas it agreed to cut production by 0.3 m b/d. All in all, supply is being reduced much less than operators initially expected.

UNITED STATES OIL PRODUCTION



Source: Thomson Reuters

THE WEEK ON THE MARKETS

Week 28-4 17 > 4-5-17

↗ CAC 40	5 267	▶ 5 372	+2.0 %
↗ S&P 500	2 384	▶ 2 390	+0.2 %
↘ Volatility (VIX)	10.8	▶ 10.5	-0.4 %
↗ Euribor 3M (%)	-0.33	▶ -0.33	+0.0 bp
↘ Libor \$ 3M (%)	1.17	▶ 1.17	-0.1 bp
↗ OAT 10y (%)	0.76	▶ 0.84	+7.2 bp
↗ Bund 10y (%)	0.32	▶ 0.39	+6.8 bp
↗ US Tr. 10y (%)	2.28	▶ 2.36	+7.3 bp
↗ Euro vs dollar	1.09	▶ 1.09	+0.5 %
↘ Gold (ounce, \$)	1 268	▶ 1 230	-3.0 %
↘ Oil (Brent, \$)	51.6	▶ 50.4	-2.3 %

Source: Thomson Reuters