Top Risks Map

Macroeconomic Research Team

The table below presents risk factors with judgmental probabilities (i.e. not market based). It also develops the possible market impacts.

Finalised on January 10, 2020	Analysis	Market impact
20% Trade war escalation	The announcement of the Phase one deal signature ad some of the anticipated details are in line with our base case though provide an outlook slightly more constructive (partial rollback of tariffs). Yet, the most complex issues (intellectual property rights, technology transfers, tariffs already in place and the Huawei case) have not been addressed yet. Keep in mind that the US is entering a pre-election period, and opposition to China goes far beyond the Republicans. Whoever the US President is next year, opposition between the two countries on strategic issues could worsen their relations in the coming years. The likelihood of a global trade agreement is very low. Twists and turns continue to deteriorate business confidence, manufacturing has yet to bottom out and profit deterioration continues.	• **Negative for equity and CNY** • **Positive for USD, US Treasury and gold**
20% Mounting corporate vulnerabilities	Corporates have been piling up debt to levels even higher than pre-GFC. Sobering earnings dent corporates' ability to service that debt and cover interest rates payments. At the same time, EM and frontier markets have been attracting capital flows from advanced economies, increasing their external debt. Tightening financial conditions and higher rates will hurt their ability to pay down their debt. Widespread distress and default rate spikes will force deleveraging and a pullback on investment and employment, exacerbating the recession.	• **Negative for risky assets** • **US IG BBB downgrade, EURO and US HY B-CCC default increase** • **Positive for USD, US Treasury and gold**
10% China hard landing	Chinese economic growth is slowing down, but authorities are working hard to stimulate the economy (through monetary and fiscal policies), so that it will remain on a manageable slowdown path. Recent data indicate that the trade war is biting and a supportive policy mix is necessary. China's economic model is fragile, with signs of excessive credit. Non-financial corporate debt has surged since the GFC.	• **Global financial instability** • **Negative for oil, basic materials, currencies of commodity-exporting countries, EM bonds** • **Positive for US Treasury /Bund and gold**
10% US elections	At this stage, there is not trivial result on US presidential election outcome. While investors community focuses on the polls , it is critical to have a look at the policy actions that will follow from the president elected (welfare and financial regulation, in particular). The risk scenario escalates from impeachment proceedings, more extreme foreign policy measures that might led the situation to implode on Ukraine, Iran and Syria, the possibility of tax rates applied to corporate earnings under a new administration therefore faltering confidence and sinking economy.	• **Volatility increase** • **US markets disruption** • **Positive gold**
10% Escalating military tensions with global spillover	China/US, China/HK, Brexit, Iran/ ME, Lybia Geopolitical dimension has a prominent influence on markets. January strikes in Iraq raised concerns about military escalation with implication on oil price and global dynamics. Markets continue to price in a major escalation is unlikely, with minimal corrections on safe haven (gold, treasury, oil, USD, YEN) and risky assets (DM equities) after gain/losses. We expect no further escalation from US or Iraq; we expect oil price spikes to stay short lived (unless oil supply disruption from Iraq takes place).	• **Positive for oil prices and safe haven assets (FX and gold)** • **Negative for risk assets**
10% Credit illiquidity & risk misallocation	The search for yield has pulled institutional investors in a low rate environment towards credit risk accumulation in their portfolios. Liquidity buffers have been decreasing to achieve nominal targets. The critical juncture of a maturing credit cycle and a shift in markets' structures amid regulatory changes, in case of a sharp sell-off, might prove a tangible obstacle to investors selling their positions.	•**Positive for cash, govies (US, Euro) and gold** • **Negative for EM bonds, global equity, HY, oil and basic materials**
10% Drying USD liquidity	US dollar funding liquidity and a shrinking USD liquidity base could amplify the impact of a tightening in funding conditions and create spillover to countries that receive cross-border USD loans.	• **Global financial instability** • **Positive for gold and US Treasury** • **Negative for risk assets (EM in particular)**

MACROECONOMIC CONTEXT

Our convictions and our scenarios

Macroeconomic Research Team

This section provides a reminder of our central scenario and alternative scenarios.

CENTRAL SCENARIO (55% PROBABILITY): Resilient domestic demand and services despite uncertainty still affecting trade

- **Slower global growth:** the economic weakness seen worldwide during the summer continued into the fall with very few exceptions. Industrial surveys and data continue to show that the global manufacturing sector is not out of the woods yet, although the Phase One deal between US and China may provide some relief. Domestic demand remains more resilient, due primarily to household consumption, which continues to be buoyed by very low inflation and, in certain economies, by strong labour markets. Still, services have proved more resilient than manufacturing.
- **Global trade expected to bottom out in H1 2020:** global trade has plummeted over the past 18 months, driven down by protectionist rhetoric. The damage so far to world trade momentum and the real economy will not be easily and quickly reversed, although the US and China have reached the much-awaited Phase-One deal. We expect global trade to recover very slowly in 2020. Indeed, global trade is expected to remain under pressure in the short run and to grow at a slower pace than global GDP next year. The impacts on economies differs from one region to another. European exports are being hit hard by generally weak intra-EU demand and declining ex-EU demand for intermediate and capital goods (in Italy and Germany). The US is advancing steadily on the path of import substitution (imports of industrial supplies and materials decreased from 27% of total imports in 2007 to 18% in 2019). EMs are trying to transform the challenges posed by trade tensions into opportunities. Taiwan is one of the economies in Asia benefitting the most from the trade diversion from China to the US, and it was the only EM economy, among the ones covered, whose performance was upgraded during 2019. In addition, we must not underestimate the resilience of domestic demand at the global level. While global trade has indeed made a strong contribution to global growth over the last few decades, this is less and less so, as global growth is now being driven primarily by domestic demand.
- **United States:** a gradual return to potential, with slightly greater downside risks. The US economy, boosted by very accommodative fiscal policy in 2018, began decelerating in H2 2018 and continued to do so in the following quarters. After peaking at 3.2% YoY in Q2 2018, GDP growth gradually slowed to 2.1% YoY in Q3 2019. Fixed investments have been trending down markedly since the second half of 2019, while personal consumption expenditures have remained resilient overall (3.2% QoQ annualised, revised up from an initial estimate of 2.9%). Protracted weakness in global trade and manufacturing, coupled with uncertainty over the implementation of tariffs, may have played a role in discouraging investments, partially offsetting the benefits of fiscal policy. Corporate and consumer confidence have indeed worsened and only recently stabilised somewhat. Signals are starting to appear that the labour market is decelerating, supporting the view that domestic demand will keep slowing into 2020. Yet we crecognise that over the past the sentiment around "trade war" developments and the signing of a "phase one deal" have turned more positive over the past few weeks. Simmering trade policy uncertainty could support the manufacturing sector and underpin business confidence, hence providing a better outlook for business investments (and, therefore, some upside risk to our outlook). We nonetheless believe that the balance of risks remains tilted towards the downside. Although a truce on the trade front may be reached, geopolitical tensions will persist and political uncertainty may be added to the framework as presidential elections approach. Although we do not expect a recession, doubts on the extension of the current cycle could intensify over the next few quarters (with less support from fiscal policy, and domestic demand decelerating). The Federal Reserve is expected to stick to its dovish bias, signalling reasonable pragmatism and cautiousness in using its "policy ammunition", yet continuing to check financial conditions (mainly driven by the USD's trade weighted strength).

- **Eurozone:** The Eurozone economy remains under pressure, as uncertainty continues to characterize the global economy, although sentiment has improved recently on the US- China trade front. The Eurozone has seen a deterioration in external demand, and the manufacturing sector has been hit severely, raising the question on whether spillovers into services and other important economic sectors were materializing. However, as domestic growth drivers have remained broadly resilient, expectations on economic fundamentals have progressively turned towards a more constructive outlook. Yet, expectations for an improvement in business sentiment, in particular on the manufacturing side, have not fully materialize yet. Flash PMIs for December in Eurozone worsened once again, while the service sector in aggregate seems to remain shielded from this downturn and to still be expanding. We maintain our expectation for the Eurozone economic growth to stabilize heading towards 2020 and 2021 with the manufacturing sector potentially bottoming out, supported also by a more constructive global trade outlook. The labor market is sound in aggregate terms, the unemployment rate remains low, and wage growth is moderate. Household consumption should be the main driver of growth in Eurozone, playing a pivotal role in shaping its way along the growth stabilization process. Signals of expansionary fiscal policies remain limited to country-level implementation but have not taken shape so far as a coordinated effort. A further push remains theoretically possible, in particular should the economy worsen and struggle to rebound.

- **United Kingdom:** the Conservative Party won a large parliamentary majority in the election on 12 December. This allowed the Withdrawal Agreement reached with the EU in October to be ratified in Parliament. Brexit should therefore take place at the end of January 2020. It will be followed by a transition period, during which the UK will retain most of its access to the European single market, which will prevent a trade shock in the short term. During this transition period, the UK and the European Union will have to negotiate a permanent framework for their trade relations (most likely a free-trade agreement). However, at present there is very little visibility as to what will happen at the end of December 2020, when the transition period is set to expire. The transition period could be extended (to the end of 2021 or 2022), but in principle this decision must be made before 1 July 2020 and the United Kingdom has already enacted a law stating it will not seek an extension. Insofar as it seems difficult to negotiate a full trade agreement between now and December 2020, there is a risk that the United Kingdom will lose access to the European market as of this date, in which case trade between the UK and EU would be governed by WTO rules. This would disrupt many business sectors considerably. However, we believe that a solution will be found to avoid this scenario.

- **China:** November's string of data showed a revamp of the weak economic momentum of previous months. We do remain convinced that GDP has remained stable at the range floor of 6% YoY in H2 2019 (Q4 GDP should confirm the level reported in Q3 at 6% YoY) and it will grow below 6% YoY in 2020 (at 5.8% YoY). Chinese authorities have signalled their difficulty of keeping real growth above 6% YoY. Headline inflation has spiked in the recent months, driven by the food (pork prices) component; however, we do expect it moderating following the Chinese New Year celebrations (Q1 2020). The authorities have ramped up their stimulus very mildly to accommodate the still weak economic conditions, in particular on the monetary policy side (with cuts in MLF and LPR in November). Credit growth has very mildly decreased again, driven by RMB loans and local government generic and special bonds. China's surplus with the US is narrowing on the back of marginally higher Imports (as agreed in the Phase One deal) and weaker exports.

- **Inflation:** core inflation remains low in the United States and very low (albeit rising slightly) in the euro zone, despite the strength of the labour market on both sides of the Atlantic. Although the causes of this low inflation are not fully understood, many possible explanations have been put forward. One relates to the poor quality of most of the jobs created in the current cycle (low paid or part time jobs), because workers in these jobs are not in a position of strength to obtain wage increases. Another explanation is the disinflationary nature of structural changes in the goods and services markets (new technologies in trade in particular, and, more generally, the 'uberisation' of the economy). In addition, after years of very low price rises, inflation expectations are low, and this can be a self-fulfilling prophecy. Lastly, recent reforms in the euro zone (labour market and goods and services markets) have created a more competitive environment. Despite these obstacles, we still believe that inflation should rise (until the growth cycle comes to an end), driven by wage rises. However, the increase will be very gradual and the ECB's target ("below, but close to, 2%") seems out of reach for the time being.

- **Oil prices:** Oil prices spiked after Iraq's strikes and in the immediate aftermath of military events/retaliations could move even higher on a temporary basis as the possibility of further actions cannot be ruled out. Yet, unless a full-blown military escalation takes place, with a disruption in Iraq oil production, a sustainable shift to significantly higher oil prices is unlikely, as the elasticity of oil prices to temporary supply shock is lower than in the past, as other producers can absorb the shock. In particular, US oil production is more flexible than in the past and has proven very resilient, making oil less vulnerable than in the past to supply disruption concerns.

- **Central banks: back to a "wait and see" attitude in AEs.** At the December FOMC meeting, the Fed decided to keep rates on hold after its "mid-cycle adjustment". The so-called "dot plot" of interest rate projections implies interest rates will be left unchanged in 2020. Median forecasts indicate one rate rise in 2021 and 2022. The soft outlook for inflation is keeping a dovish, and not a hawkish, stance for the future. The Fed is keeping its easing bias, despite moving to a more data-dependent approach. In line with market expectations, our central scenario is for another rate cut in 2020, in order to maintain accommodative financial conditions and to keep US growth on track.
  - **ECB:** At her first monetary policy meeting, President Lagarde managed to provide a balanced message. Although acknowledging the recent improved flow of data for the Eurozone, she reiterated the CB's commitment to the current policy stance. Lagarde opened the press conference touching on the ongoing strategic review that the Governing Council is undertaking throughout this year, which will be very comprehensive and the precise scope of which will be given soon. There was very little change in the Eurosystem staff's updated projections, and while risks are still tilted to the downside they have become "less pronounced". QE2 has just started and no major new measures are expected to be delivered in the short term, especially in light of the ongoing strategic review. **Unless a material deterioration in the macro picture occurs, we expect the ECB to keep its rates on hold for the next 12 months, as the bar looks quite high for another cut, given the very limited room left by risks of additional negative effects to the banking system.**
  - **BoJ:** At the December meeting the CB kept its policy unchanged, as widely expected. The forward guidance is unchanged vs last meeting: the BoJ may still consider additional easing in 2020 if geo-political risks increase again and JPY strengthens materially. We expect one, 10bps rate cut in the next 12 months on the following two conditions. First, a cut in the short-term interest rate target must be accompanied by realignment of the three-tiered structure in the BoJ's current account deposit in order to mitigate adverse effects on financial institutions. Second, the BoJ will obviously keep the longer-end of the curve from declining, in order to secure the slope of the curve.
  - **BoE:** At its December meeting the central bank's policymakers voted 7-2 to keep rates on hold at 0.75%. In the minutes they are still indicating that monetary policy could respond in either direction to changes in the economic outlook in order to ensure a sustainable return of inflation to the 2% target. The forward guidance remained unchanged relative to the last meeting. *"Provided these risks do not materialise and the economy recovers broadly in line with the MPC's projections, some modest tightening of policy, at a gradual pace and to a limited extent, may be needed to maintain inflation sustainably at the target"*. **We still believe the likeliest attitude will be to keep rates on hold over the next 12 months.**

DOWNSIDE RISK SCENARIO (30%): full-blown contagion into domestic demand

- Trade war escalates and materialises into a deeper contraction of global trade, a manufacturing slump (with a spillover iknto services) and a currency war. Recession due to globalisation unwinding.
- Exacerbation of idiosyncratic risks (Middle East, Hong Kong, US elections), Chinese hard landing with the policy mix's inability to support a gradual slowdown, with regional and global implication on growth and macro stability.

UPSIDE RISK SCENARIO (15%): modest reacceleration of global growth in 2020

- Fiscal policy support stronger than anticipated both in Europe (Germany and the Netherlands) and possibly the US, too; unexpected coordinated fiscal push at the Eurozone level; this would pose key upside risks of a better policy mix and powerful support to a monetary-policy stance.
- Europe: significant progress on the financial architecture (capital market union, banking union, and flexible fiscal rules) could create a better framework for investments to thrive, stabilise expectations, and improve the monetary-policy transmission mechanism.
- True de-escalation between China and the US, with a meaningful trade agreement.

Macroeconomic picture by area

Macroeconomic Research Team

Finalised on 26/12/2019

United States

US growth gliding along, supported by monetary policy

- Domestic demand keeps slowing, with investment spending hit worse than private consumption. Business climate surveys have worsened over the past few months but have recently shown signs of a tentative bottoming-out.
- Consumer confidence signals are mixed but in aggregate terms still compatible with decent consumption growth in the near future. With softer growth in aggregate income, consumption should moderate going forward, while remaining the main engine of growth. On the investment front, spending plans are slowing.
- Inflation remains low (2.1% headline and 2.3% core inflation); core PCE (1.6% YoY) remains close to, but below, the Federal Reserve's target.
- The Fed flagged that it considers its policy stance appropriate and well calibrated to support moderate growth and resilience on the labour market, and that another cut would require a "material reassessment of the economic outlook". Yet, as we expect some disappointment to come on growth, we are still pencilling another cut for H1 2020.

Risk factors

- Although a trade deal within reach could remove part of the uncertainty, sentiment is not the only factor: past trade actions have materially impacted the economy and will gradually be more visible
- Political uncertainty to rise around the Democratic candidate's program
- Geopolitical risks and tariffs could pose an upside risk to oil prices and to our inflation outlook

Eurozone

Bottoming out

- Q3 GDP growth (+0.2% QoQ) was slightly better than expected, leaving the YoY growth rate at 1.2% and posing the risk of a mild upward revision to our growth outlook for 2019 (currently 1.1%); after a very strong performance of gross fixed capital formation in Q2, investments moderated in the third quarter while household consumption improved above expectations. Going into 2020, we expect personal consumption to remain the key driver of growth, while investments moderate; fiscal incentives to new investments (e.g., "green" investments) may pose upside risks to our forecasts, though.
- December Eurozone flash PMIs were more mixed, highlighting ongoing weakness in manufacturing and resilience/expansion in services.
- Inflation remained subdued and well below the target (November 1% YoY). The new ECB leadership announced the initiation of a strategic review, a long process that should conclude in one year's time.

Risk factors

- The threat hanging over the European automotive sector from US customs duties is a risk that may resurface once the US-China deal is reached
- Domestic political tensions may put at risk the stability of few governments
- Lack of strategic plans/ reforms implementation and design, due to political fragmentation
- Risks of new Brexit "cliffs"

United Kingdom

An orderly Brexit at the end of January 2020

- The Conservative Party's large win in December's elections has set the scene for an orderly Brexit at the end of January 2020.
- However, there is still a big question mark as to whether the UK and the EU can sign a free trade agreement by the end of 2020 (scheduled end of the transition period, which the UK does not want to extend).
- Q3 GDP growth has been revised up to +0.4% from +0.3%. However, several recent statistics (retail sales, PMI) were disappointing.

Risk factors

- Trade shock at the end of 2020 if a free trade agreement with the EU cannot be reached before then

Macroeconomic picture by area

Finalised on 26/12/2019

Japan

A glimmer of hope

- Business conditions of large manufacturers worsened to six-year lows. With eroding corporate profits, companies began to slash payrolls.
- However, there are several green shoots. Despite precarious consumer demand after the sales tax hike and inert exports, manufacturing PMI eventually rebounded in October, thanks to improved semiconductor demand. Companies have accelerated the replacement of the old equipment to boost productivity as well as to cope with the labour shortage.
- The BoJ began increasing monthly outright purchase of short-term JGBs in September. As a consequence, base money growth slightly accelerated and money stock growth followed suit.
- The government announced a sizable economic package, which is expected to boost the economy by 0.7 percentage point over the next two years. .

Risk factors

- **Stagnant global vehicle sales spoil the automotive industry's broad pyramidal structure**
- **Consumer demand collapses on weaker wage growth before the economic measures take effect**

China

- In November, most of the economic data monitored rebounded (except in the Property sector), in line with a form of stabilisation expected ahead. However, economic conditions remain quite sluggish. The trade surplus with the US keeps narrowing as exports continue to decline while imports are mildly increasing.
- Headline Inflation keeps rising, driven by the Food component while Core Inflation and PPI remain muted.
- The policy mix is once again proving only marginally supportive: after reducing the 7-day rate, on 18 December the PBoC reduced the 14-day reverse repo rate by 5bps to inject liquidity into the money market.
- The Phase One Deal has been officially agreed and should be signed in January. The Central Economic Working Conference has set out next year's targets (not yet official): stable growth, no change in the policy mix and enhancing the quality of growth.

Risk factors

- **More details of Phase One deal announced: constructive outcome on tariffs**
- **Some mild improvement in macroeconomic conditions.**
- **The policy mix is still very mildly supportive**

Asia (ex JP & CH)

- Economic conditions in the region remained stable but on the weak side in December. The same signs of stabilization at weak levels came from the first 20 days of exports in South Korea, a sort of leading indicator on the external sector. The base effect mitigated November's negative figures somewhat.
- The region's inflation figures have remained very benign. Noteworthy November figures came once again from India and China, with higher-than-expected food basket components (fuel prices, too, in the case of India), at 5.5% YoY and 4.5% YoY, respectively.
- In December, the Reserve Bank of India unexpectedly remained on hold (at 5.15%) on the back of inflation levels approaching the upper band level.
- Indonesia announced a recalibration of its fiscal deficit target above 3% of GDP. The market reacted nervously to the announcement that has soon turned down by the MoF.

Risk factors

- **Stable weak macro momentum in the region. Phase One deal officially announced.**
- **Inflation still very benign, with a pick-up in China and India.**
- **RBI unexpectedly on hold.**
- **Indonesia announced a revision in the FD target rule.**

Macroeconomic picture by area

Finalised on 26/12/2019

Latam

- Macro momentum in the region has remained stable. Brazilian labour market figures and Colombia economic trends showed some acceleration, while the other main countries struggled further to achieve some improvement in their economic cycle.
- On the inflation front, the overall environment remains benign. Mexican inflation fell marginally below 3% in November, at 2.97% YoY (and the first half of December figure confirms this promising trend, at 2.6% YoY). In Argentina, inflation rebounded again above 50%, broadly supported by all components.
- The easing stance is continuing in Mexico and Brazil (Banxico cutting by 25bps to 7.25% and BCB cutting by 50 bps to 4.5%).
- Following some concessions by President Duque, in Colombia the Congress approved a revision of a tax bill that had been rejected in October by the courts. The President's small political capital and streets protests backed these final concessions.

Risk factors

- **Economic conditions are weak but mildly accelerating in Brazil and Colombia**
- **Inflation is overall benign except in Argentina**
- **Banxico and the BCB cut their policy rates again**
- **A revised financing bill finally passed in Colombia**

EMEA (Europe Middle East & Africa)

Russia: Real GDP growth is expected to slow to 1.2% in 2019. However, it is expected to accelerate in 2020 and over the medium term on the back of a significant infrastructure spending programme from 2019 to 2024 and a lower-interest-rate environment.

- Despite the threat of potential US sanctions down the road, the macroeconomic scenario remains supportive. Russia is one of the few emerging market sovereigns with "twin surpluses" in 2019, while accumulating assets in its National Wealth Fund.
- The CBR cut its policy rate again in December by 25bps, to 6.25%. We expect another 25bp cut in the next twelve months, given decelerating inflation.

South Africa: strong headwinds with a challenging political and social backdrop

- Q3 GDP contracted QoQ, after the rebound in Q2, the latter being mainly thanks to a post-strike recovery in mining. We expect GDP growth of 0.4% YoY or lower by in 2019, with a slight pickup in 2020.
- Despite a negative output gap and declining inflation expectations (but above midpoint), the SARB remains cautious regarding capital outflows and the impact on the exchange rate, hence, upside risks to inflation. Fiscal reforms and risk sentiment will determine whether the SARB cuts rates going forward. We expect the SARB to remain on hold in 2020, unless the February Budget announcement is very encouraging.

Turkey: inflation is on the decline, and GDP growth picked up in Q3- 2019

- The third-quarter growth report showed +0.9% GDP growth YoY, relative to a negative release from the previous two quarters. We expect GDP growth to be flat or slightly negative in 2019, followed by a rebound in 2020, accompanied by a lax fiscal stance.
- The Central Bank of Turkey cut its policy rate again in December, by 200bps to 12%. We expect some more easing to come in support of weak economic conditions.

Risk factors

- **Drop in oil prices, stepped-up US sanctions and further geopolitical tensions**
- **Increased risk aversion, risk of sovereign rating downgrades, rising social demands, and continued fiscal slippage in the absence of reforms**
- **Excessive easing by the central bank, a loose fiscal stance, escalation of geopolitical tensions, and a slowdown in Eurozone activity**

Macro and Market forecasts

Macroeconomic forecasts
(8 January 2020)

Annual averages (%)	Real GDP growth %			Inflation (CPI, yoy, %)		
	2019	2020	2021	2019	2020	2021
US	**2.3**	**1.7**	**1.7**	**1.8**	**2.3**	**2.1**
Japan	**0.9**	**0.9**	**0.8**	**0.7**	**0.8**	**0.6**
Eurozone	**1.1**	**1.1**	**1.3**	**1.3**	**1.3**	**1.4**
Germany	0.6	0.8	1.2	1.5	1.5	1.5
France	1.3	1.3	1.2	1.4	1.4	1.3
Italy	0.2	0.4	0.6	0.6	1.0	1.3
Spain	2.0	1.6	1.6	0.9	1.3	1.4
UK	**1.3**	**1.1**	**1.4**	**1.8**	**2.2**	**2.1**
Brazil	1.1	1.7	1.8	3.7	3.9	4.2
Mexico	-0.2	0.4	1.2	3.6	3.4	3.6
Russia	1.2	1.7	2.5	4.0	3.5	4.0
India	5.1	5.4	5.8	3.6	5.2	4.6
Indonesia	5.0	5.1	5.3	3.0	3.1	3.8
China	6.2	5.8	5.8	3.0	3.7	1.8
Turkey	-1.8	1.5	2.3	15.6	11.6	10.8
Developed countries	**1.7**	**1.4**	**1.5**	**1.5**	**1.8**	**1.7**
Emerging countries	**4.1**	**4.2**	**4.5**	**4.2**	**4.4**	**3.6**
World	**3.1**	**3.1**	**3.3**	**3.1**	**3.4**	**2.8**

Source: Amundi Research

Key interest rate outlook

	13/01/2020	Amundi + 6m.	Consensus Q2 2020	Amundi + 12m.	Consensus Q4 2020
US	1.75	1.50	1.60	1.50	1.55
Eurozone	-0.50	-0.50	-0.50	-0.50	-0.50
Japan	-0.1	-0.2	-0.11	-0.2	-0.06
UK	0.75	0.75	0.81	0.75	0.95

Long rate outlook

2Y. Bond yield

	13/01/2020	Amundi + 6m.	Forward + 6m.	Amundi + 12m.	Forward + 12m.
US	1.57	1.30/1.50	1.60	1.30/1.50	1.63
Germany	-0.586	-0.70/-0.50	-0.58	-0.70/-0.50	-0.57
Japan	-0.136	-0.30/-0.20	-0.13	-0.30/-0.20	-0.14
UK	0.474	0.40/0.60	0.39	0.40/0.60	0.44

10Y. Bond yield

	13/01/2020	Amundi + 6m.	Forward + 6m.	Amundi + 12m.	Forward + 12m.
US	1.84	1.70/1.90	1.90	1.50/1.70	1.96
Germany	-0.17	-0.20/0.00	-0.13	-0.40/-0.20	-0.08
Japan	0.00	-0.10/0.10	0.03	-0.10/0.10	0.06
UK	0.74	0.80/1.00	0.81	0.80/1.00	0.87

Currency outlook

	09/01/2020	Amundi + 6m.	Consensus Q2 2020	Amundi + 12m.	Consensus Q4 2020
EUR/USD	1.11	1.13	1.13	1.14	1.15
USD/JPY	110	107	108	104	107
EUR/GBP	0.85	0.86	0.85	0.86	0.85
EUR/CHF	1.08	1.12	1.11	1.10	1.12
EUR/NOK	9.87	9.79	9.80	9.91	9.70
EUR/SEK	10.54	10.50	10.50	10.44	10.40
USD/CAD	1.31	1.30	1.31	1.26	1.30
AUD/USD	0.69	0.69	0.69	0.70	0.70
NZD/USD	0.66	0.65	0.66	0.67	0.66
USD/CNY	6.93	7.05	7.00	7.10	7.00

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