

BNP Paribas Conferences

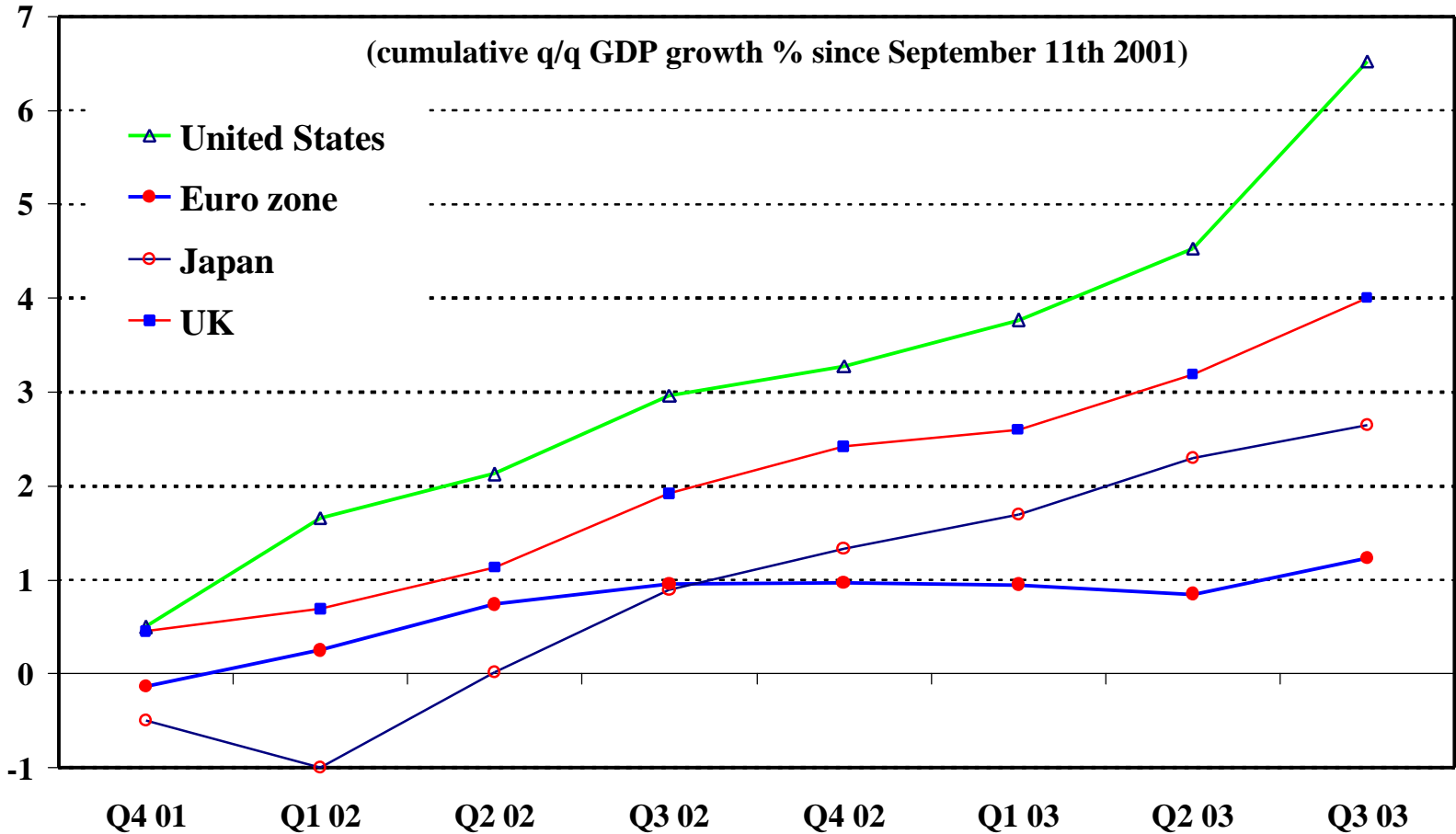
WORLD ECONOMIC OUTLOOK 2004

Philippe d'ARVISENET
Head of Economic Research

February 3rd 2004



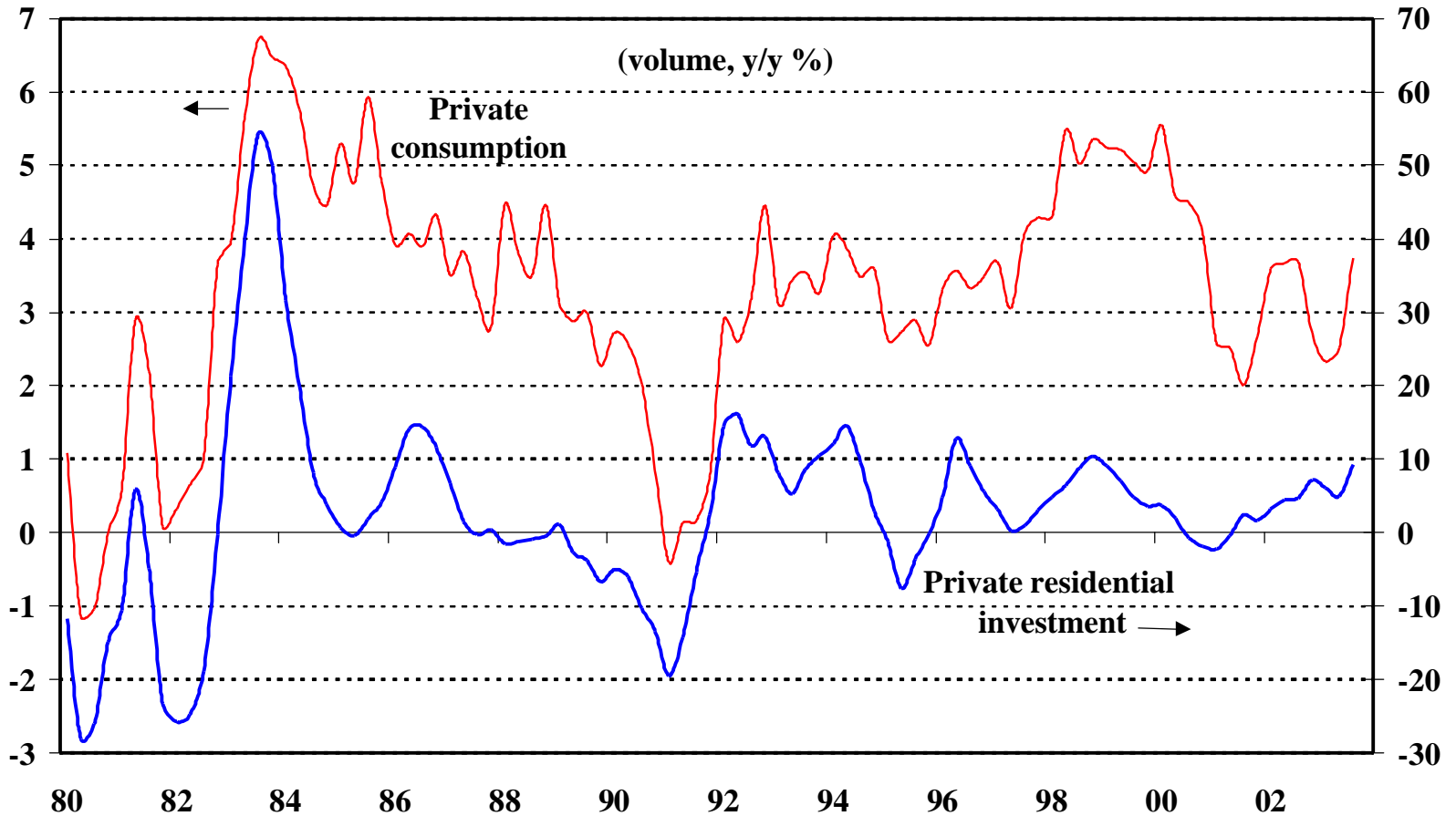
Main economies track record since the end of the US recession



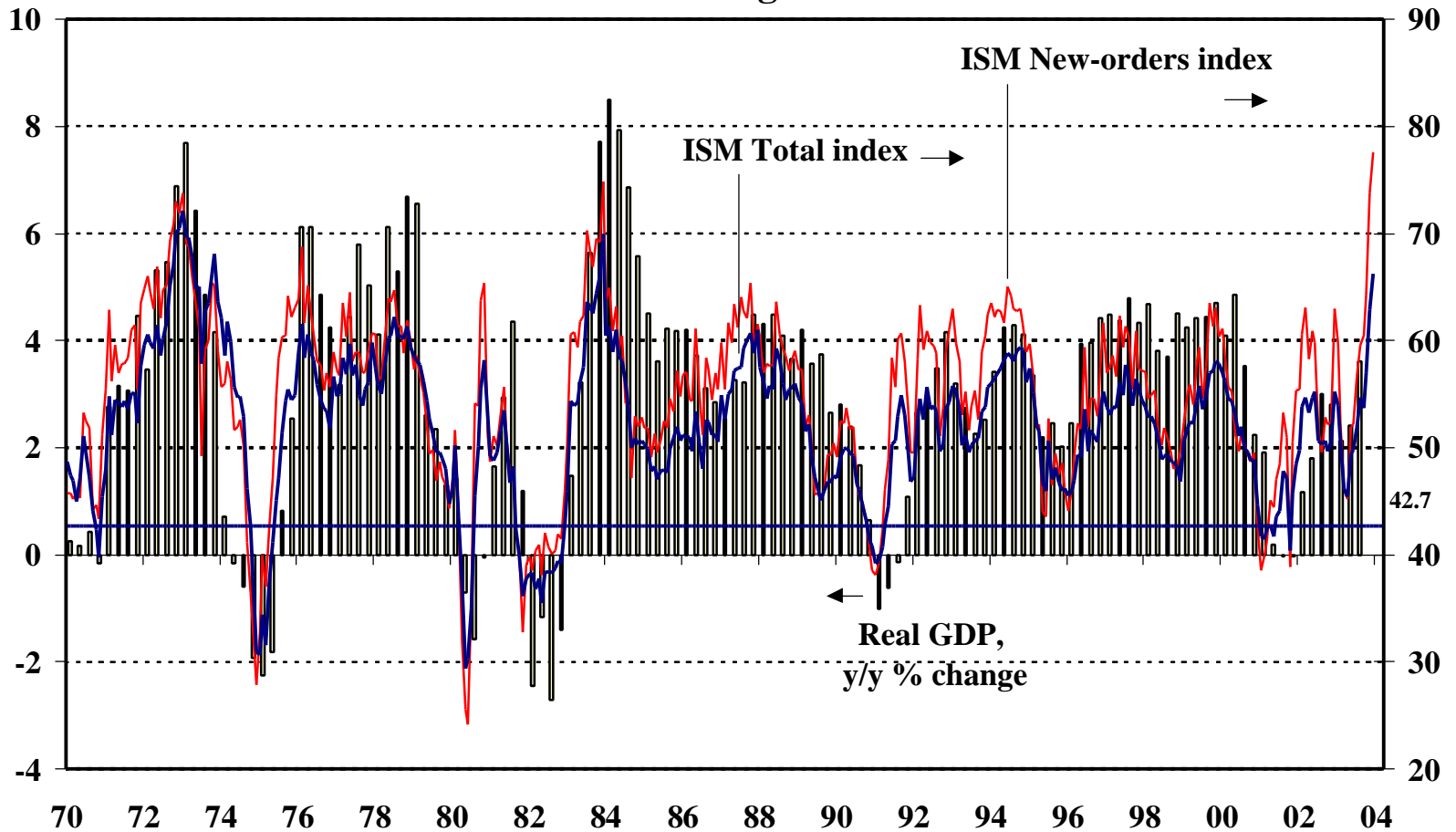
I - UNITED STATES

- **US growth accelerated in 2003H2**
- **all components of demand (excl. inventories) brought a positive contribution in Q3**
- **the policy-mix kept very accommodative**
- **leading indicators point to a very good performance in 2004.**

United States: private consumption and residential investment

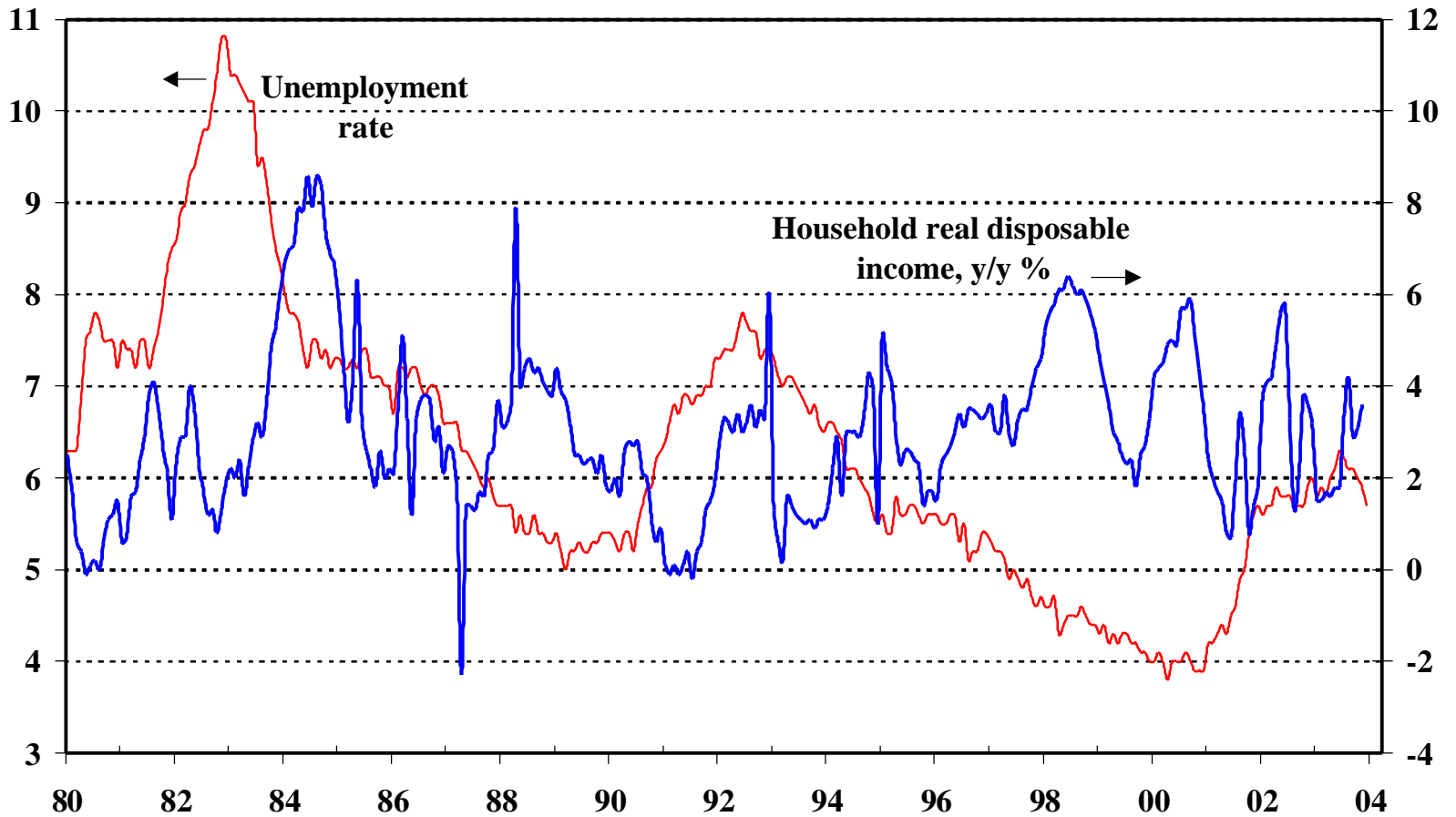


United States : economic growth and ISM index

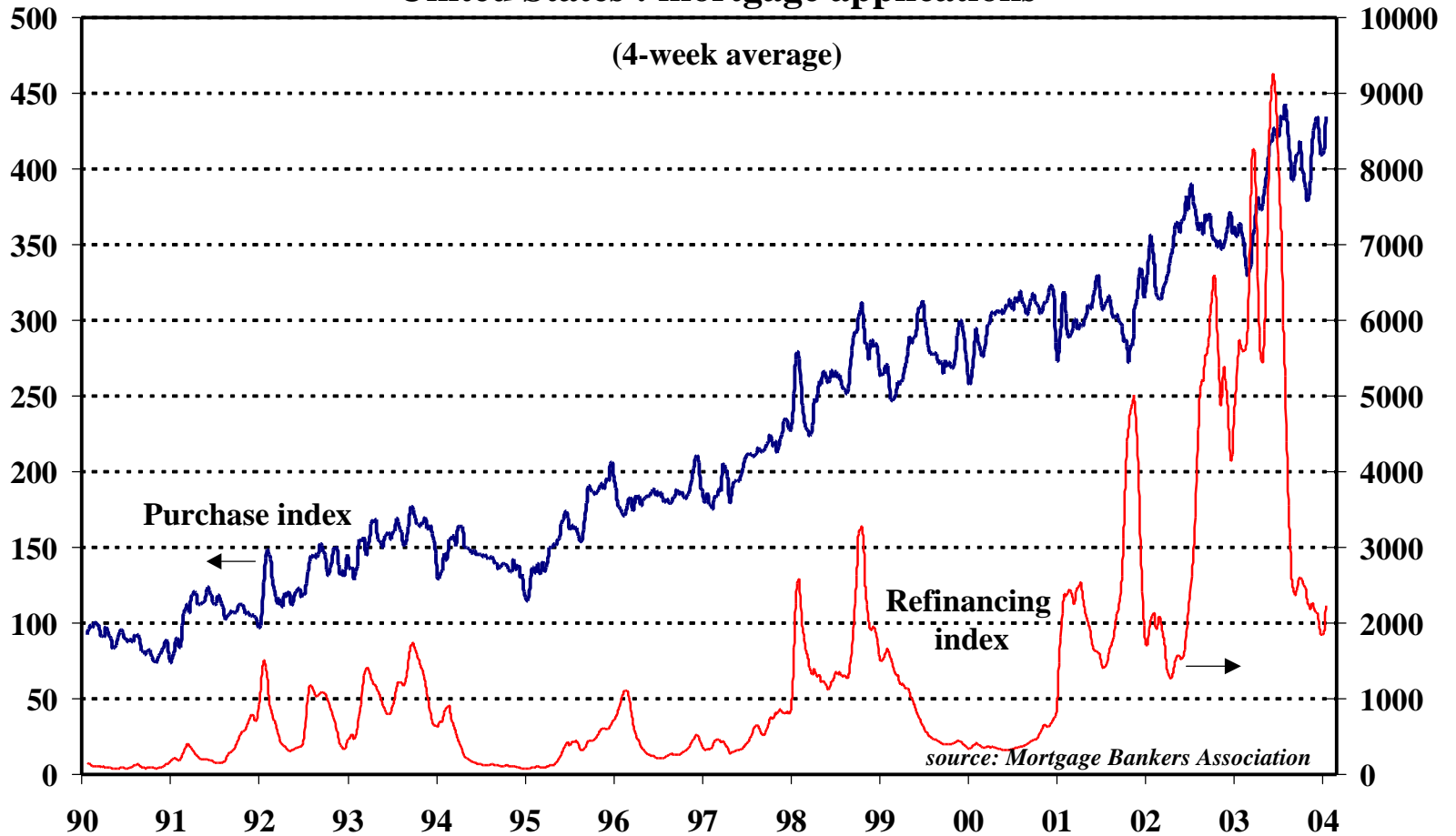


- **HOUSEHOLDS :**
- **Tailwinds**
 - tax rebates
 - an improvement in job creations is expected
 - interest rates remain at/close to record lows
 - a balance sheet consolidation ?
- **Headwinds**
 - the wave of mortgage refinancings has come to an end
 - fiscal support is not to last after the elections.

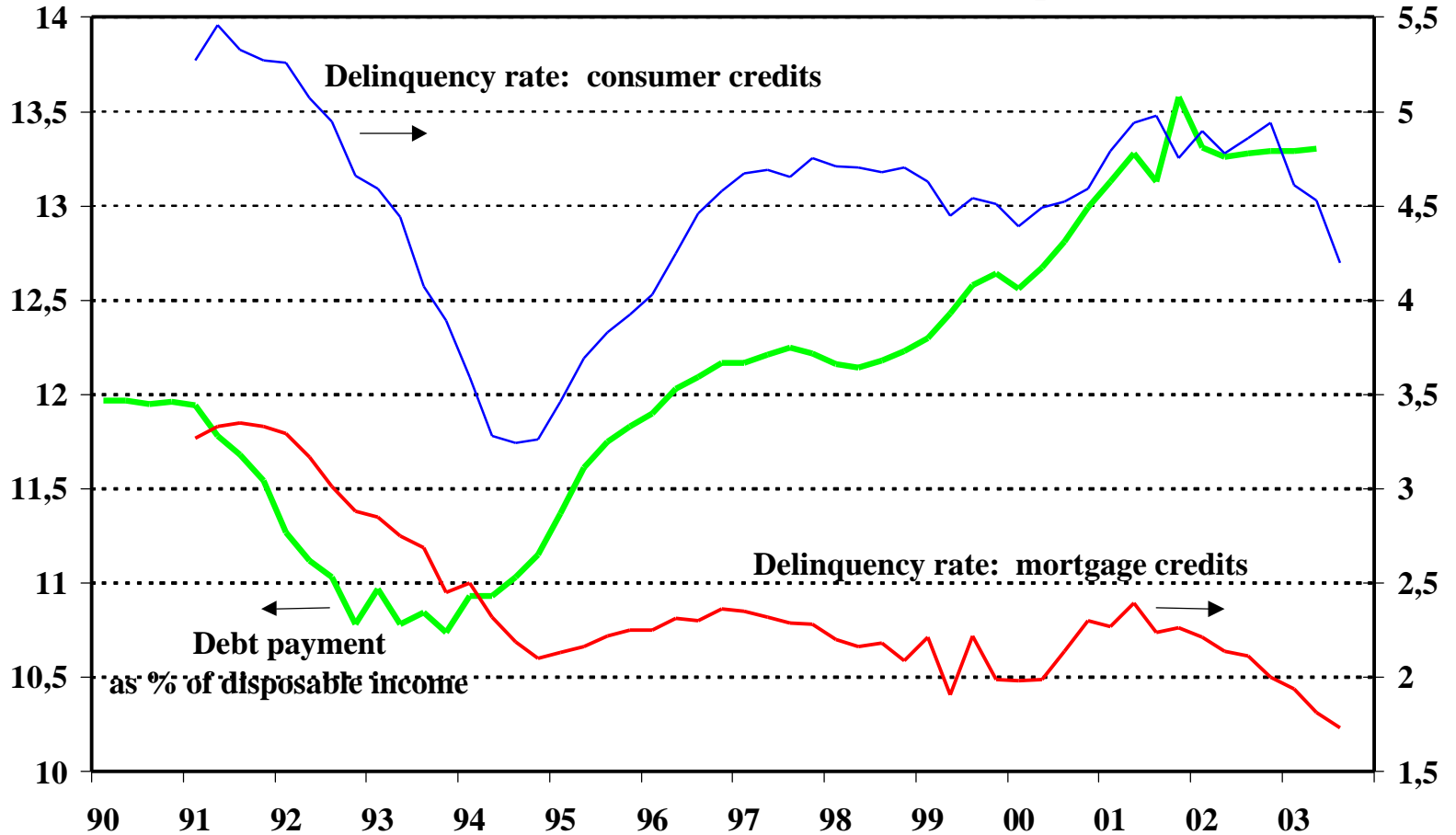
United States: disposable income and unemployment rate



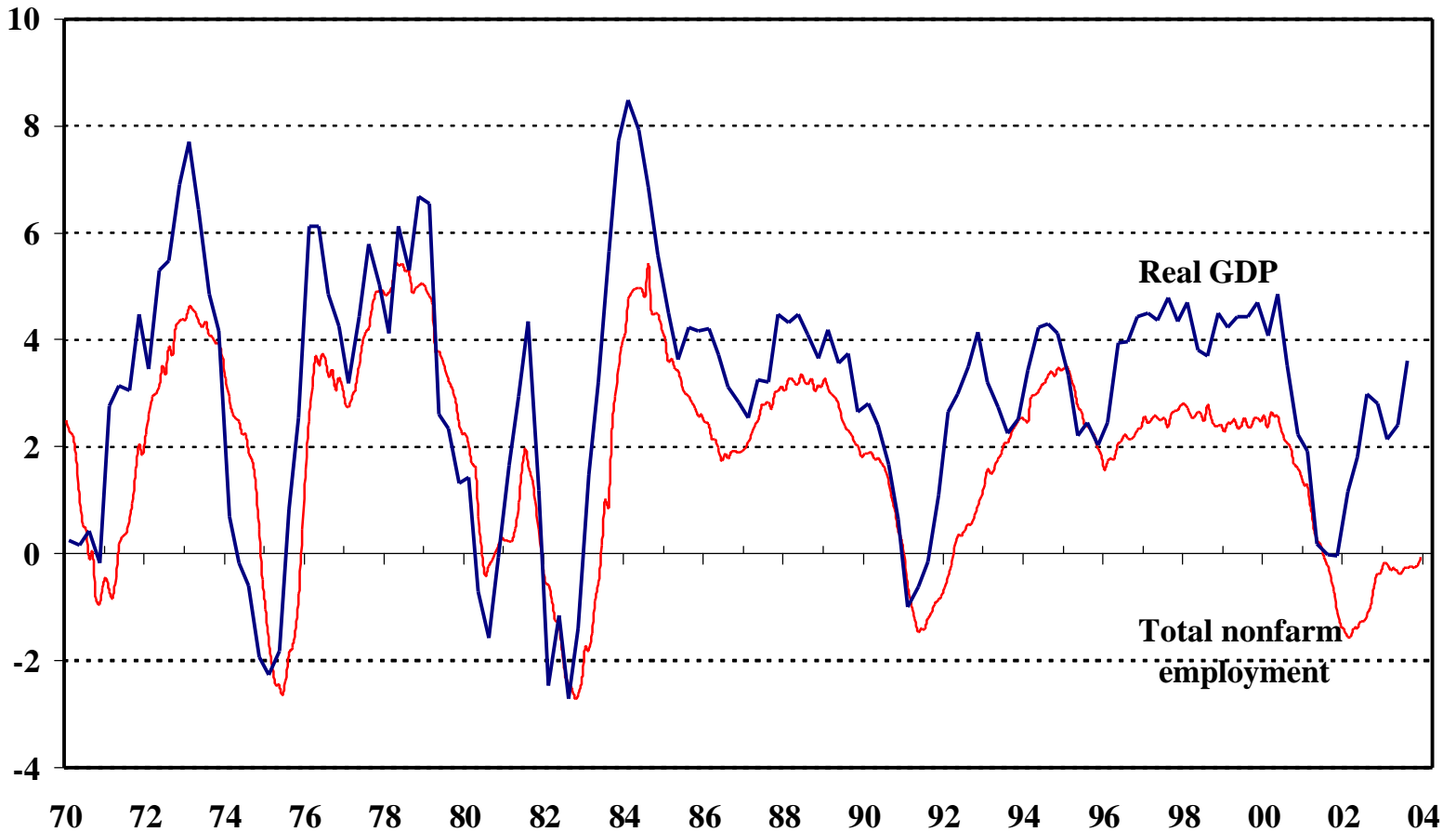
United States : mortgage applications

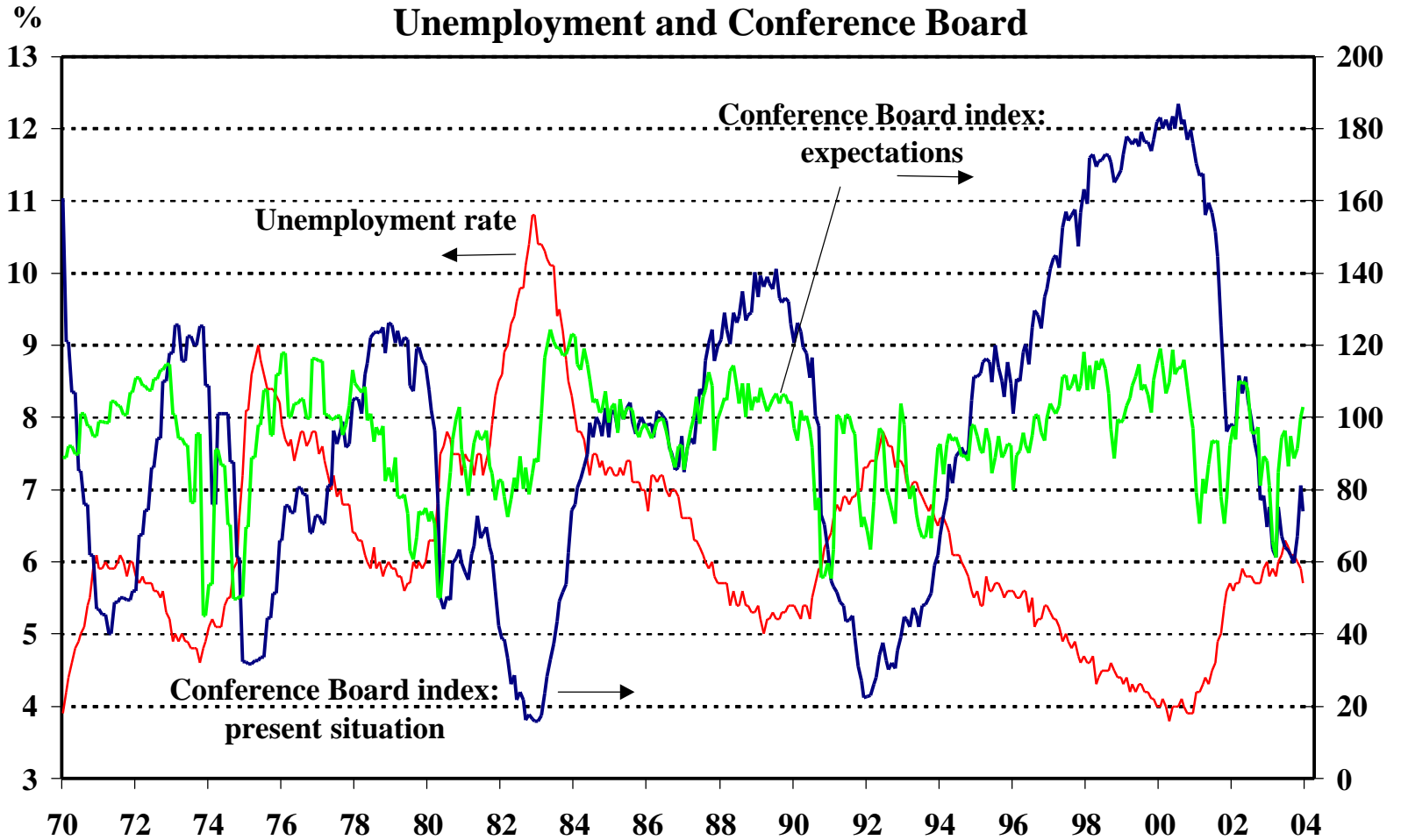


United States : household debt and delinquency rate



United States : GDP and employment growth, y/y %

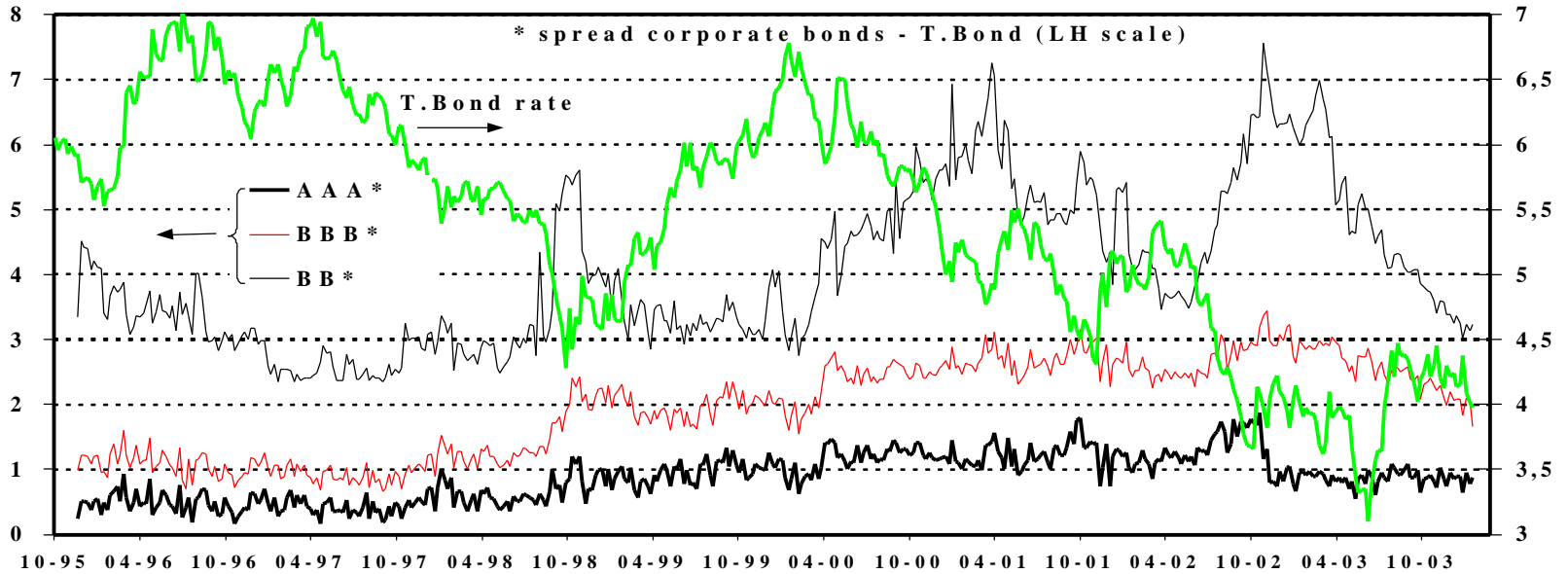




- **CORPORATE SECTOR :**

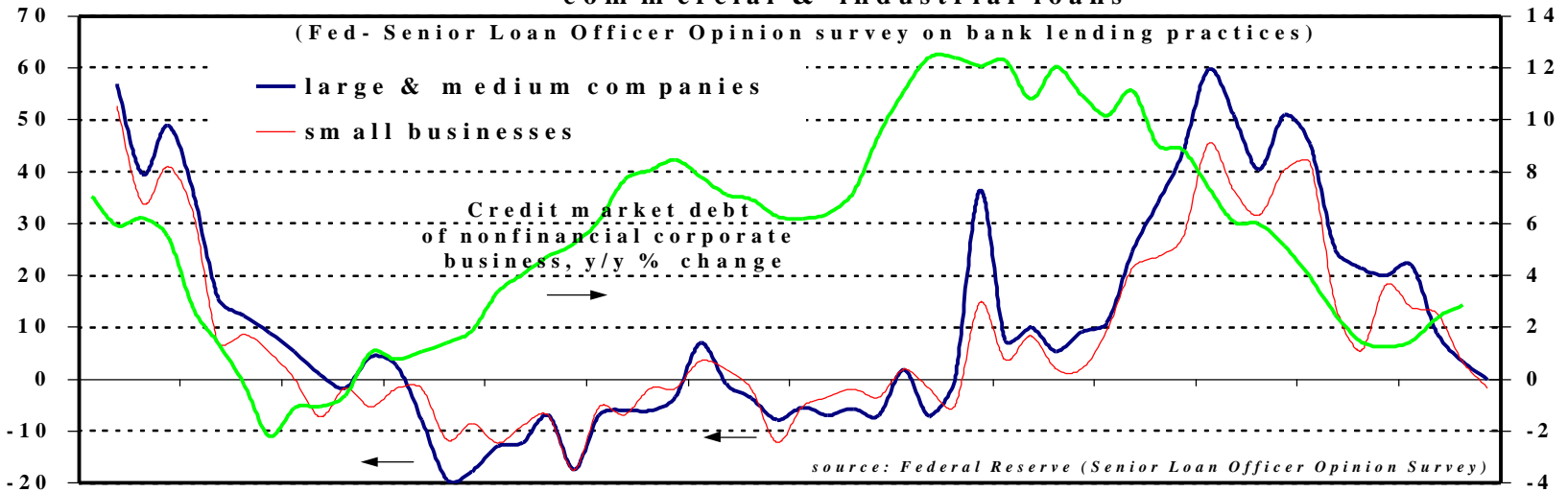
- lower spreads
- balance sheets are mended
- profits are rapidly increasing thanks to high productivity gains, corporates generate a net financial surplus
- tax incentives boost capital spending.

United States: 10-year interest spread, %

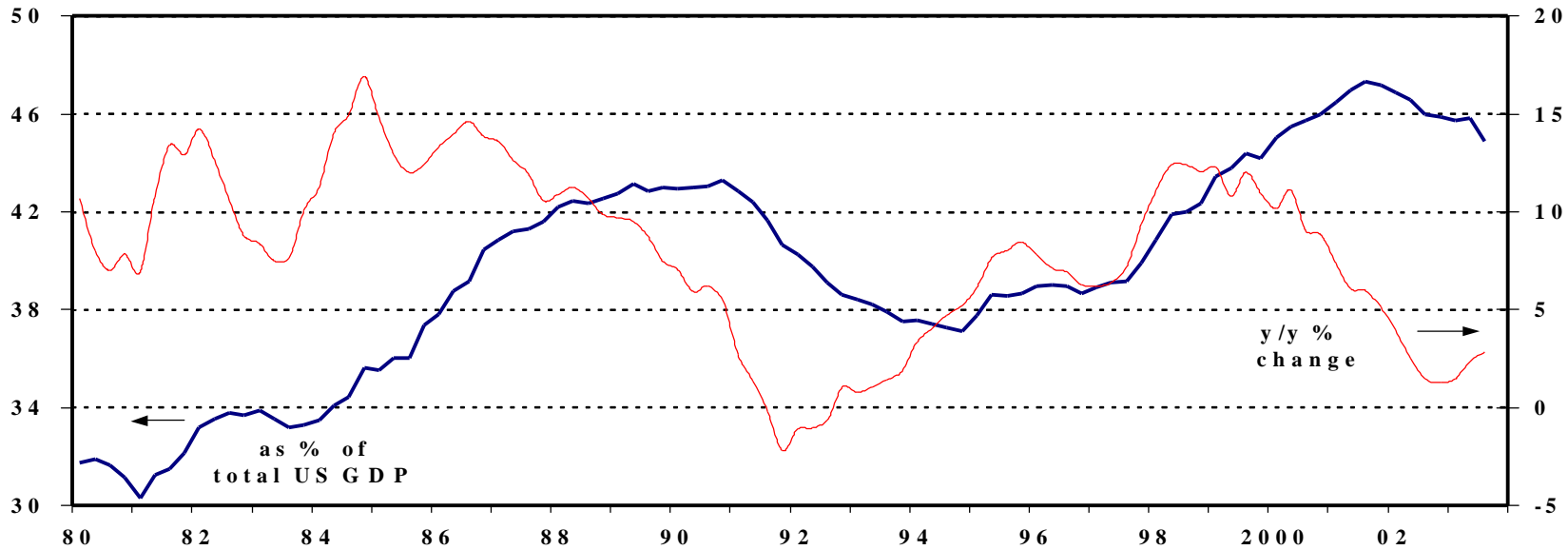


Net % of bank respondents tightening standards for commercial & industrial loans

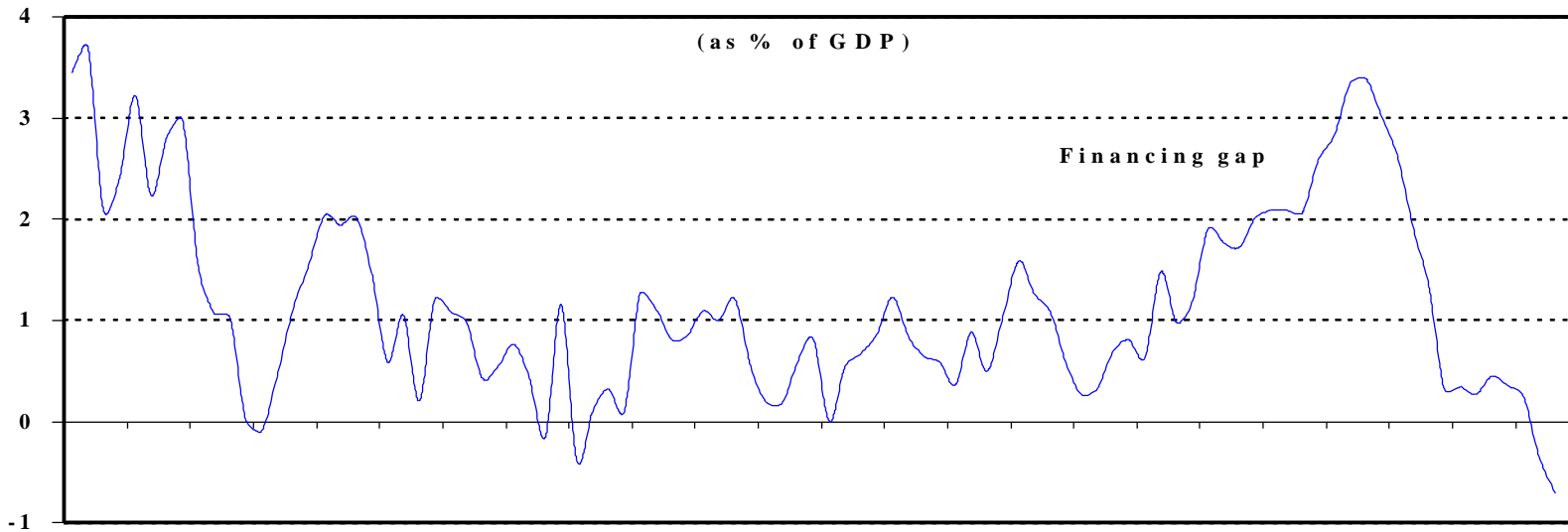
(Fed- Senior Loan Officer Opinion survey on bank lending practices)



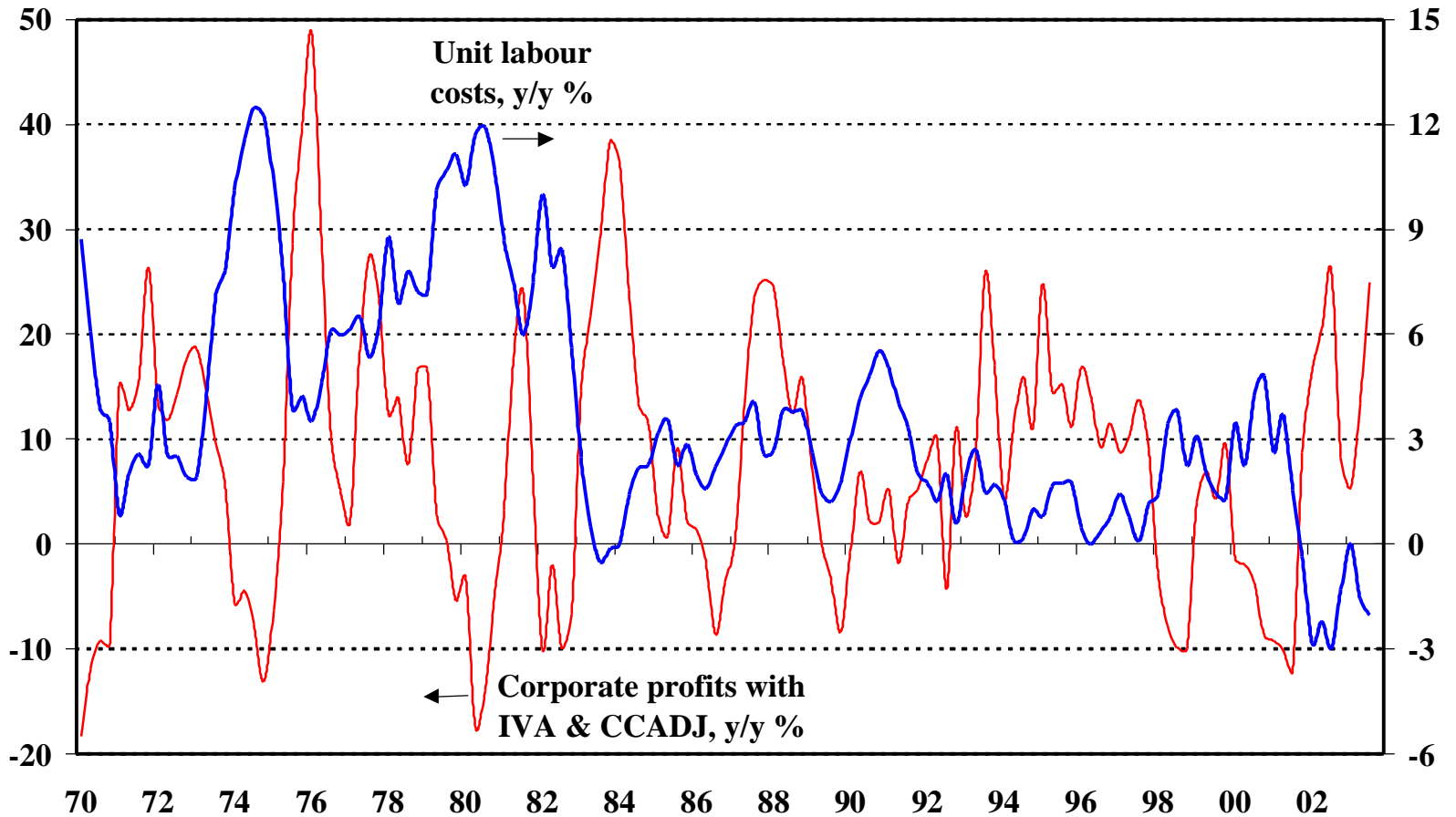
USA : credit market debt of nonfinancial corporate business



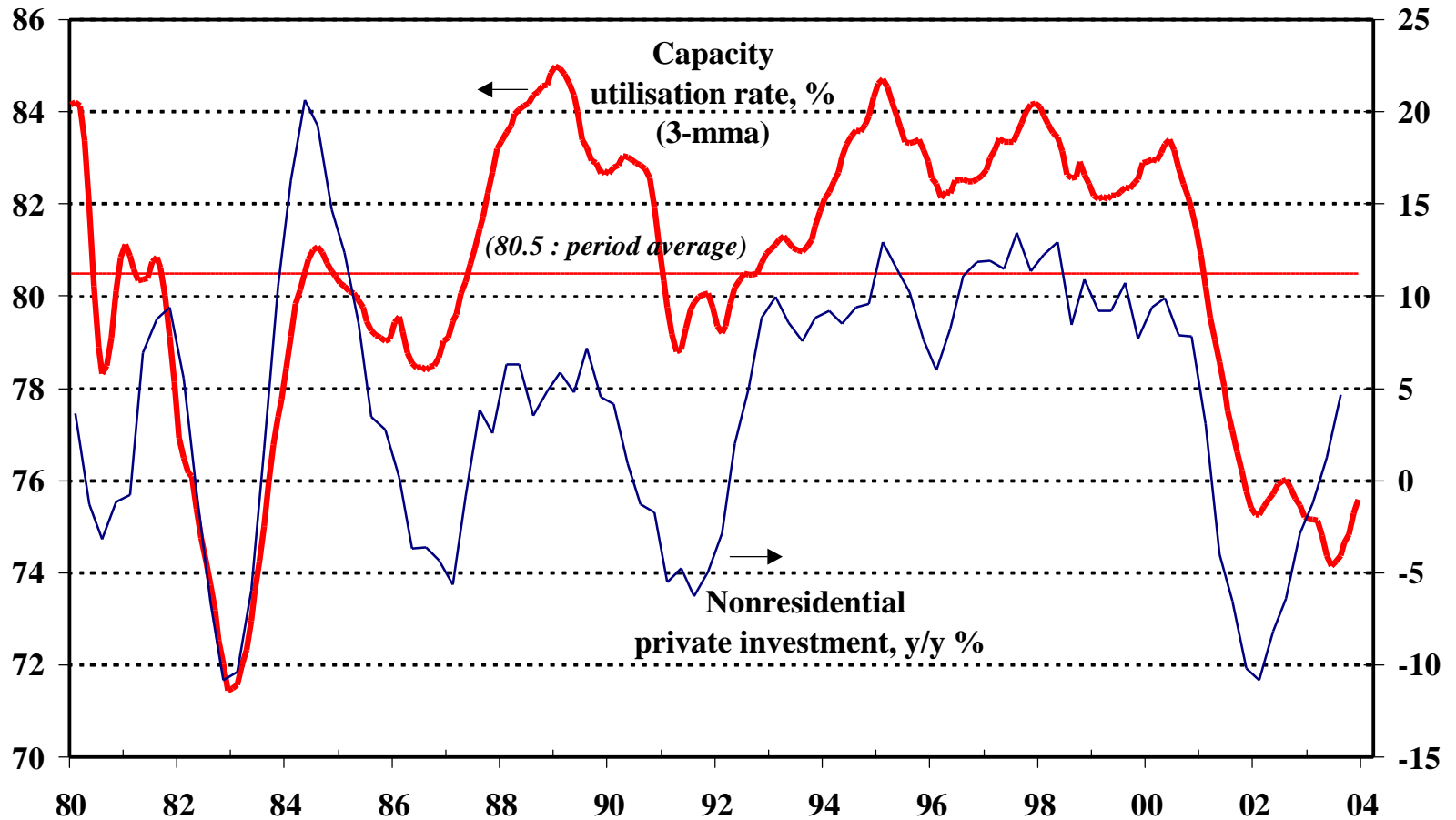
USA : financing of nonfarm nonfinancial corporate business



United States: unit labour costs and corporate profits

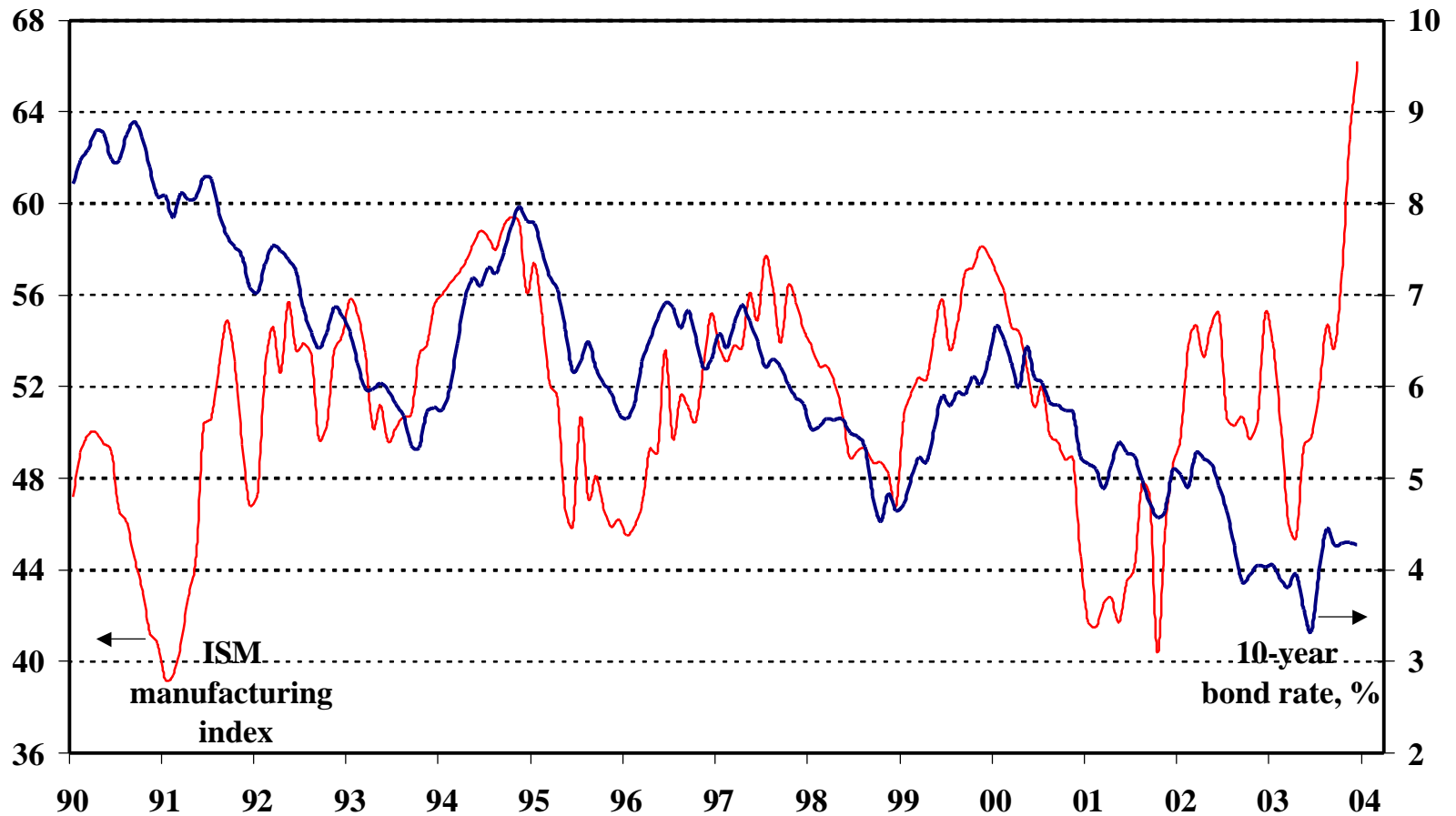


United States: capacity utilisation rate and private investment

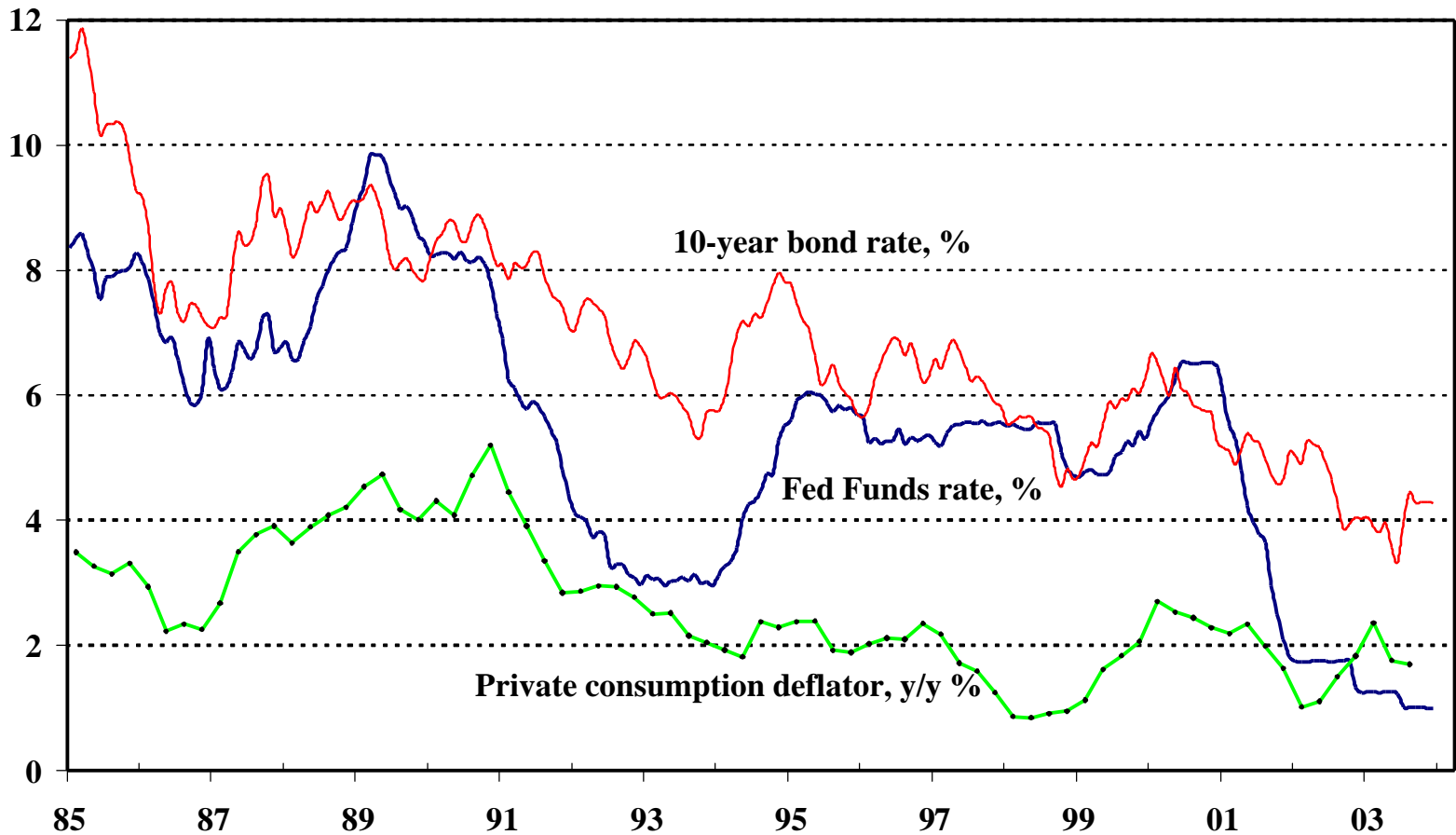


- **MONETARY POLICY : neither deflation nor inflation**
 - risks are better balanced
 - the output gap narrows very progressively
 - towards a normalization... but there is no hurry.

United States: ISM index and 10-year bond rate



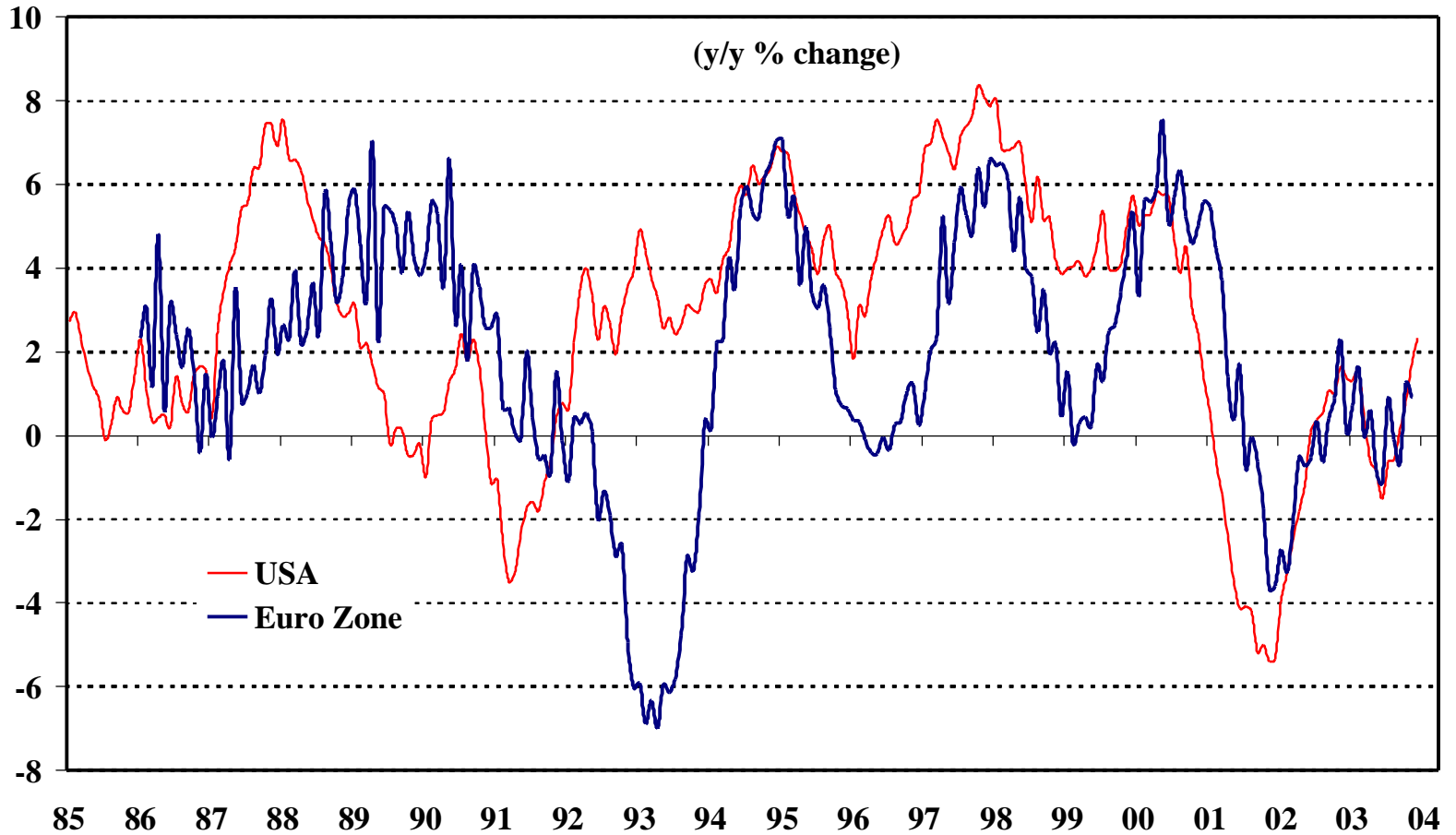
United States : private consumption deflator and interest rates



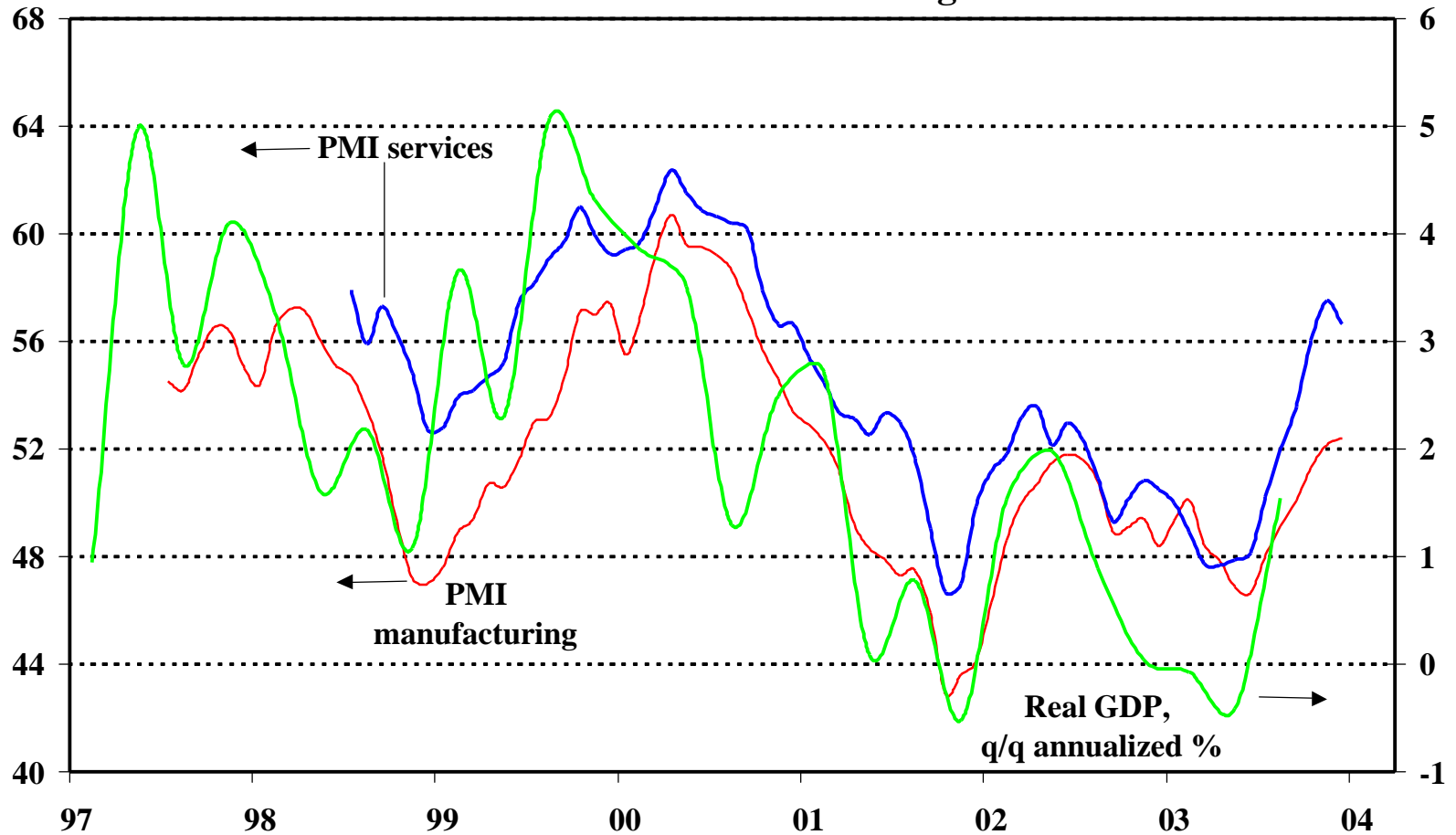
II - EUROLAND

- a moderate recovery is showing up
- corporate adjustment
- labour market and confidence
- world recovery and the euro
- limited margins of maneuver

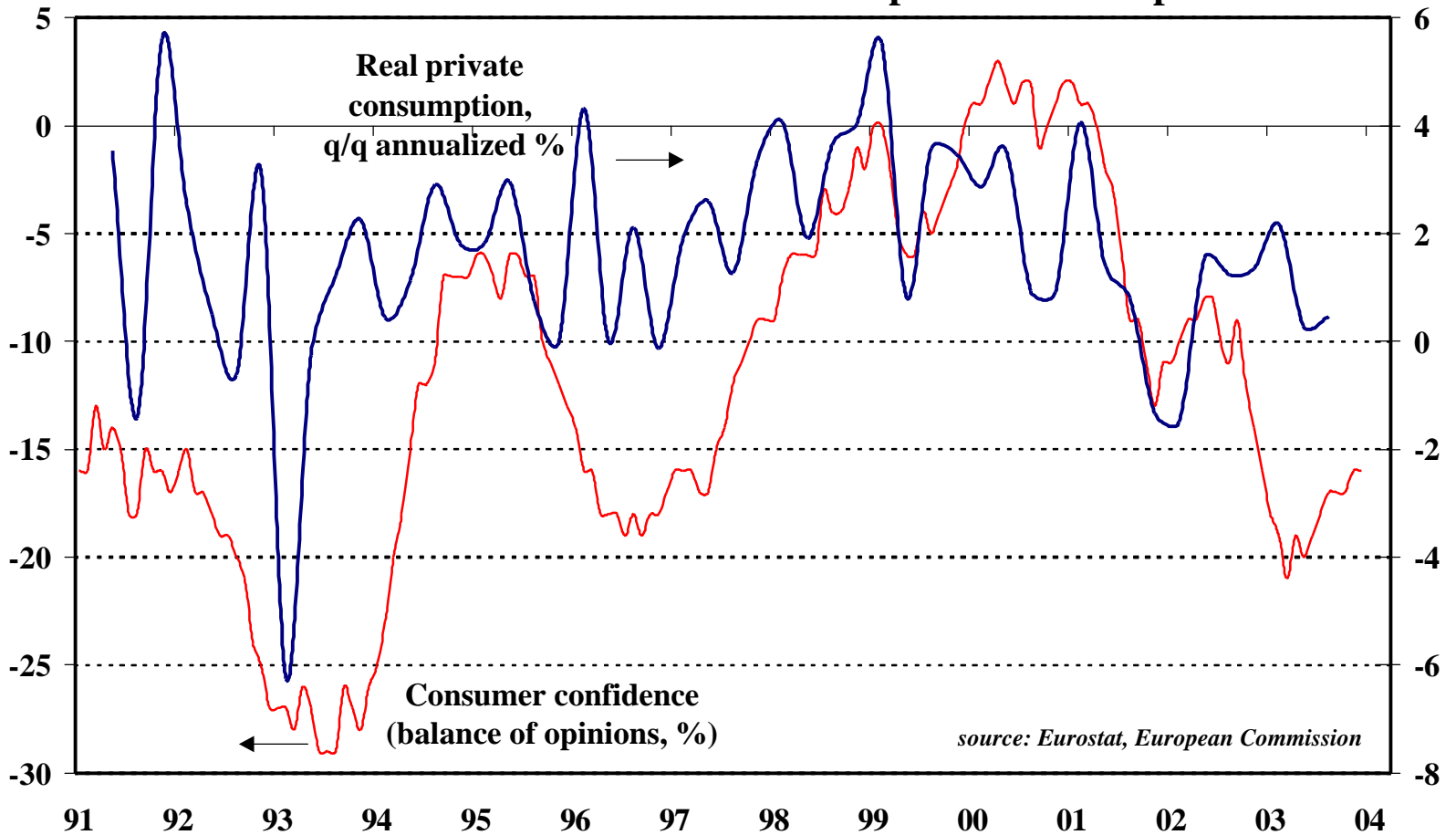
United States/Euro zone : industrial production

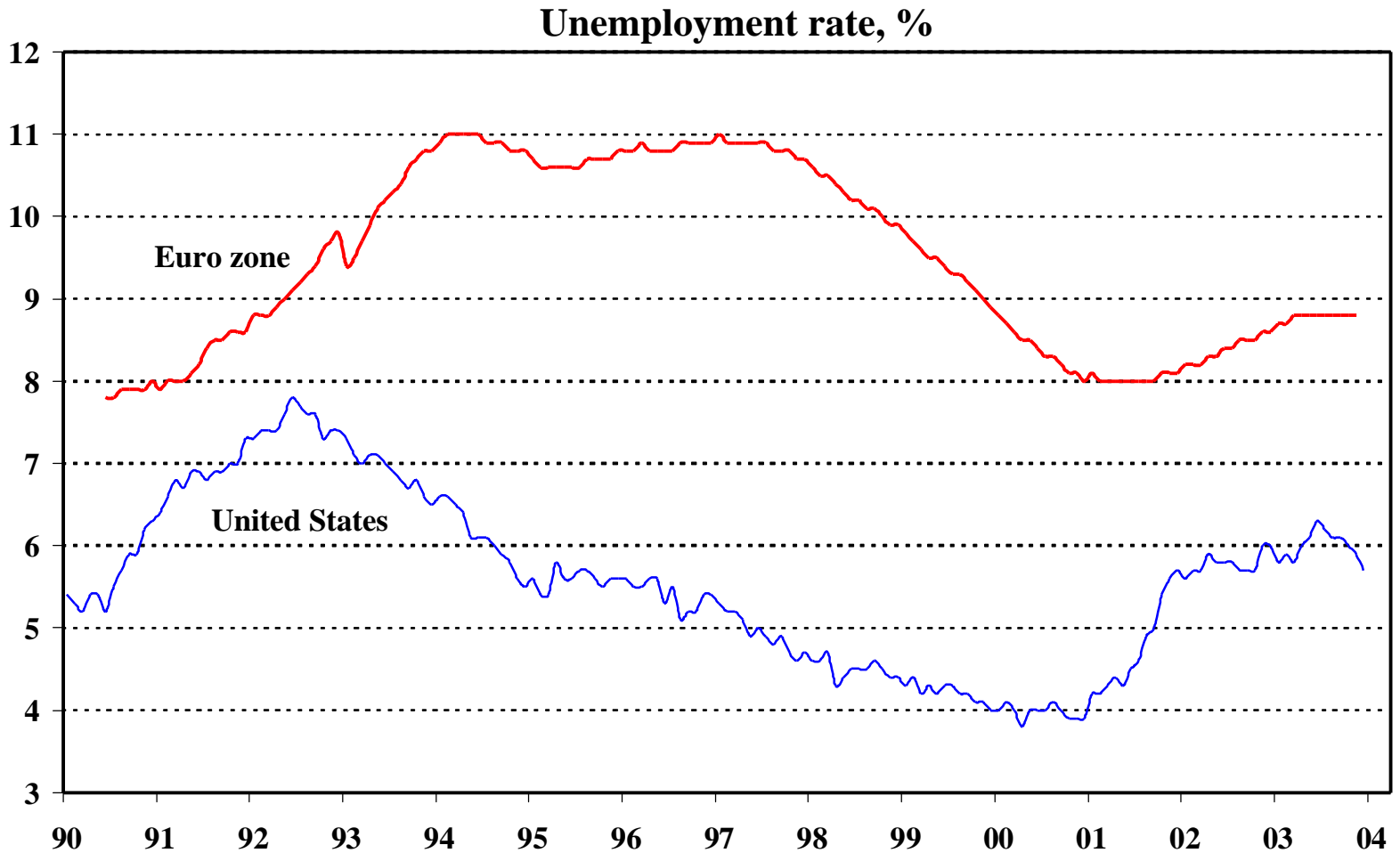


Euro zone : PMI and real GDP growth

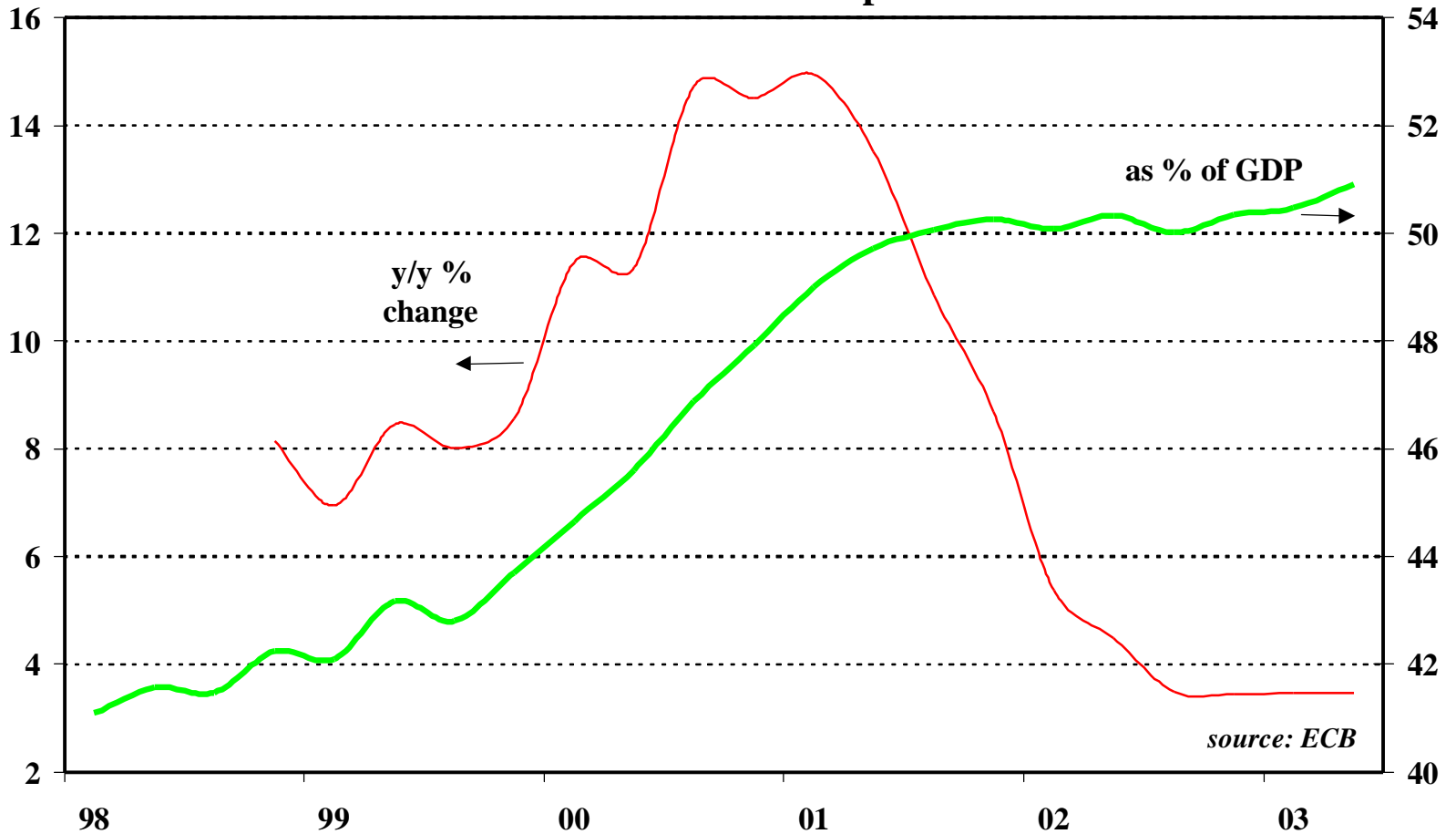


Euro zone : consumer confidence and private consumption

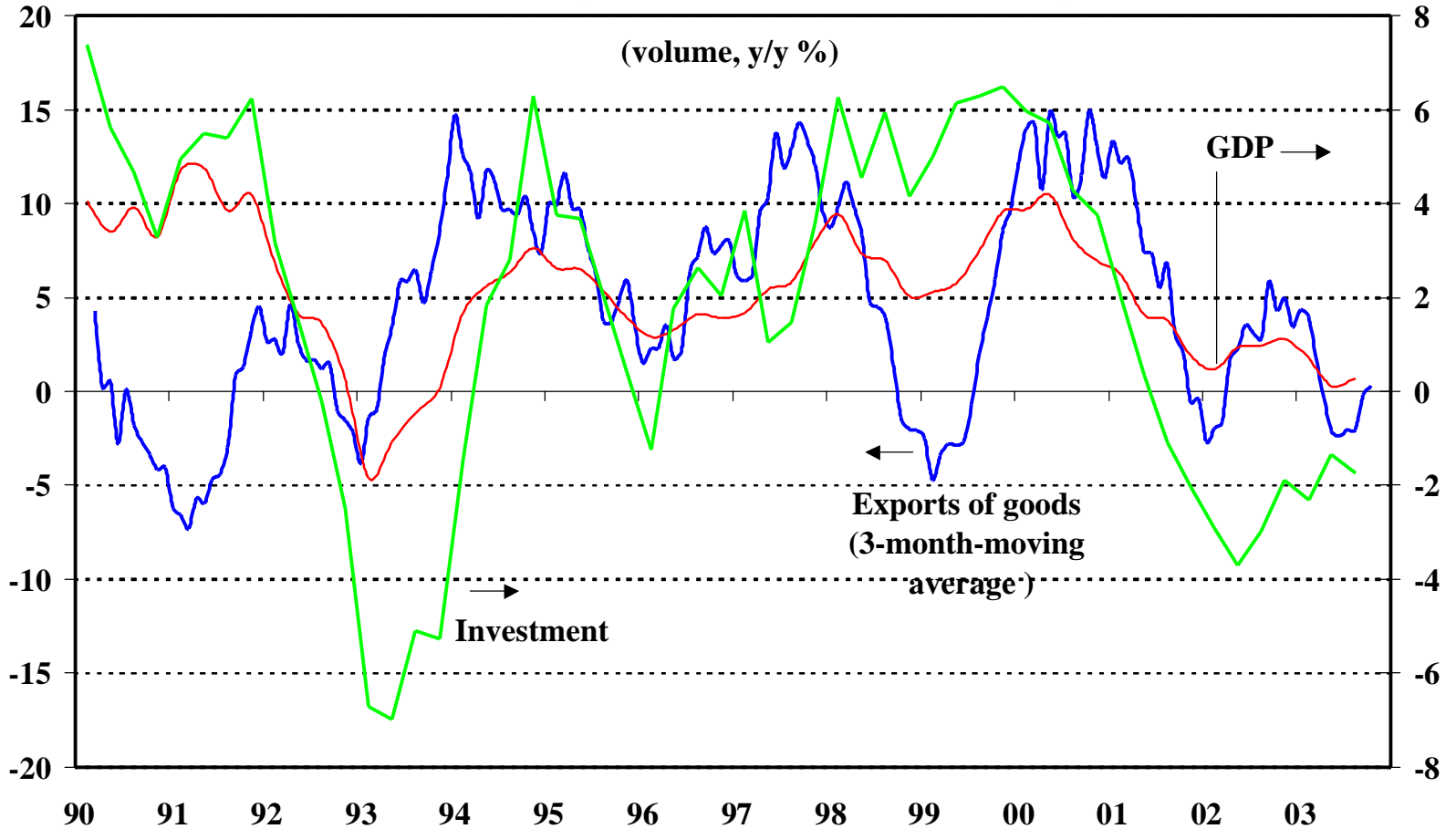




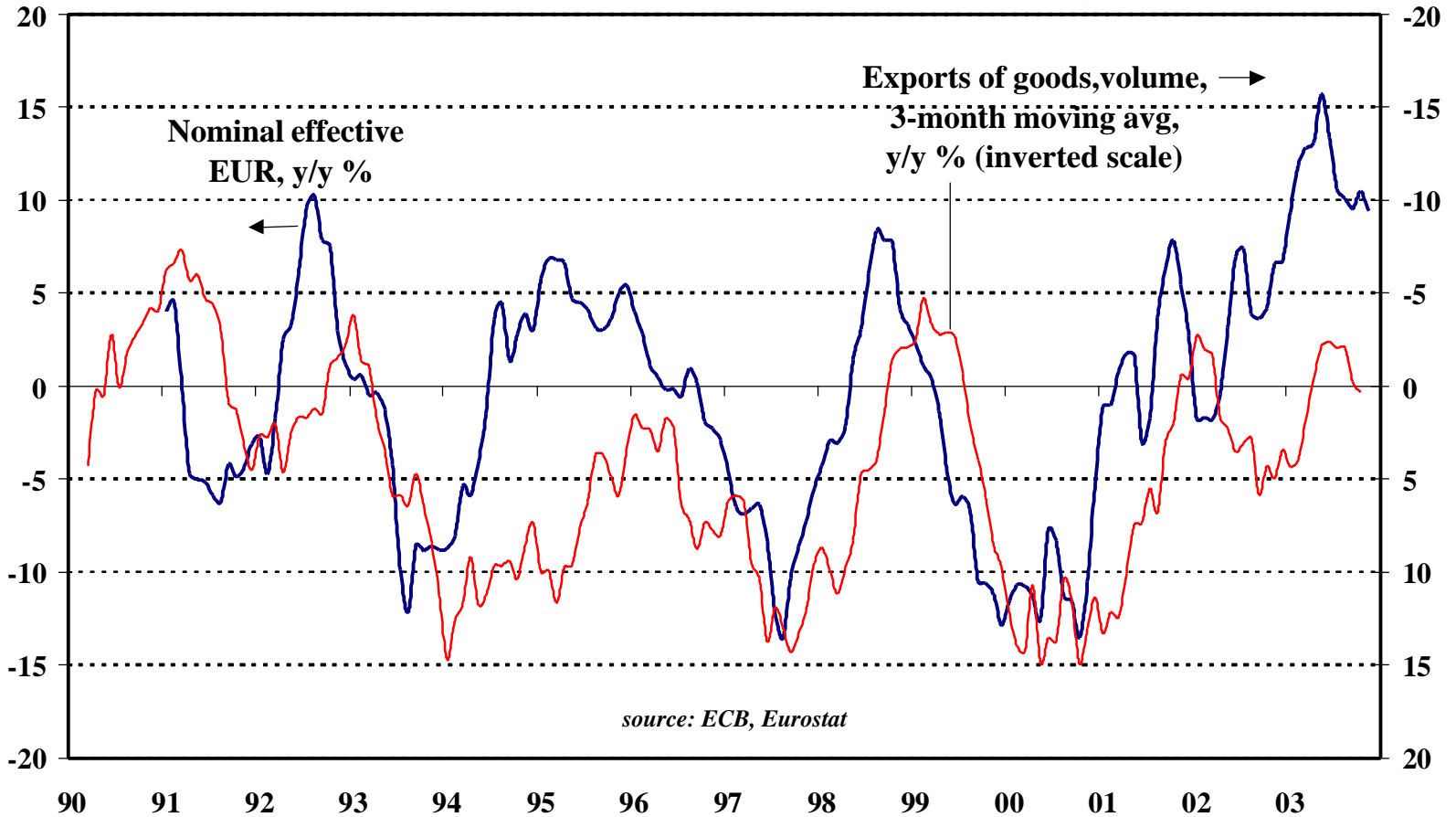
Euro zone : nonfinancial corporate debt



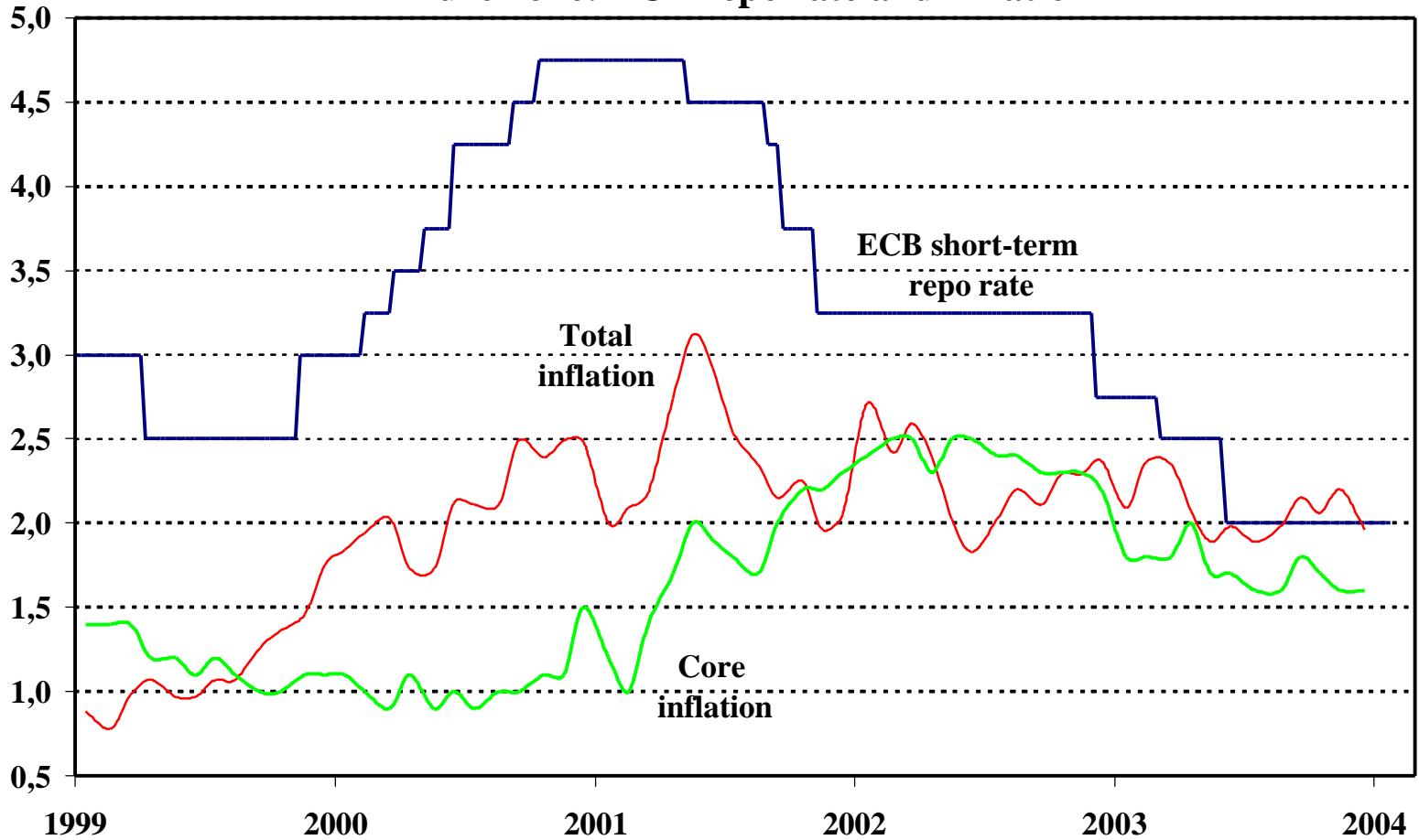
Euro zone: exports, investment and GDP growth



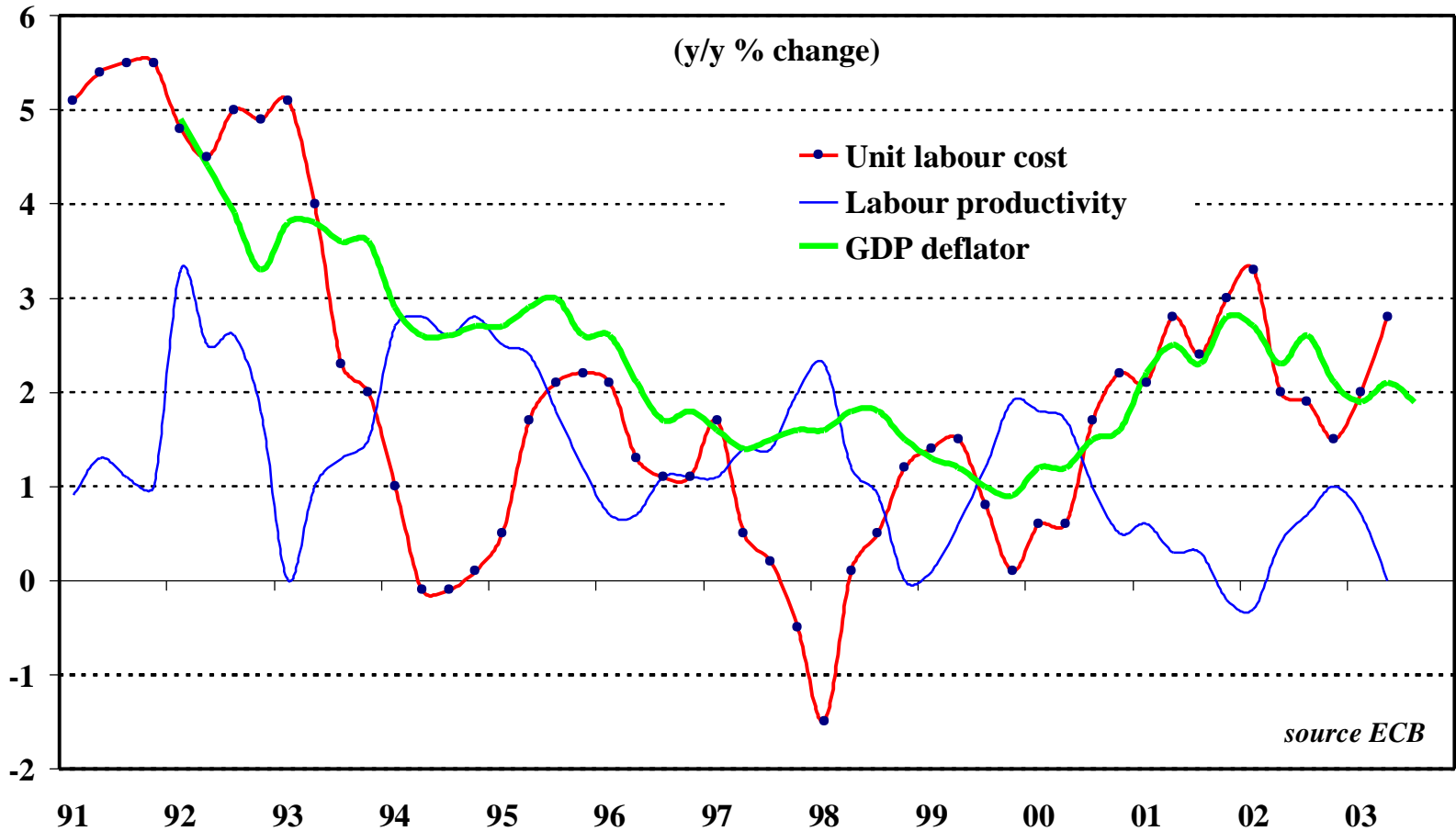
Euro zone: trade weighted EUR and exports

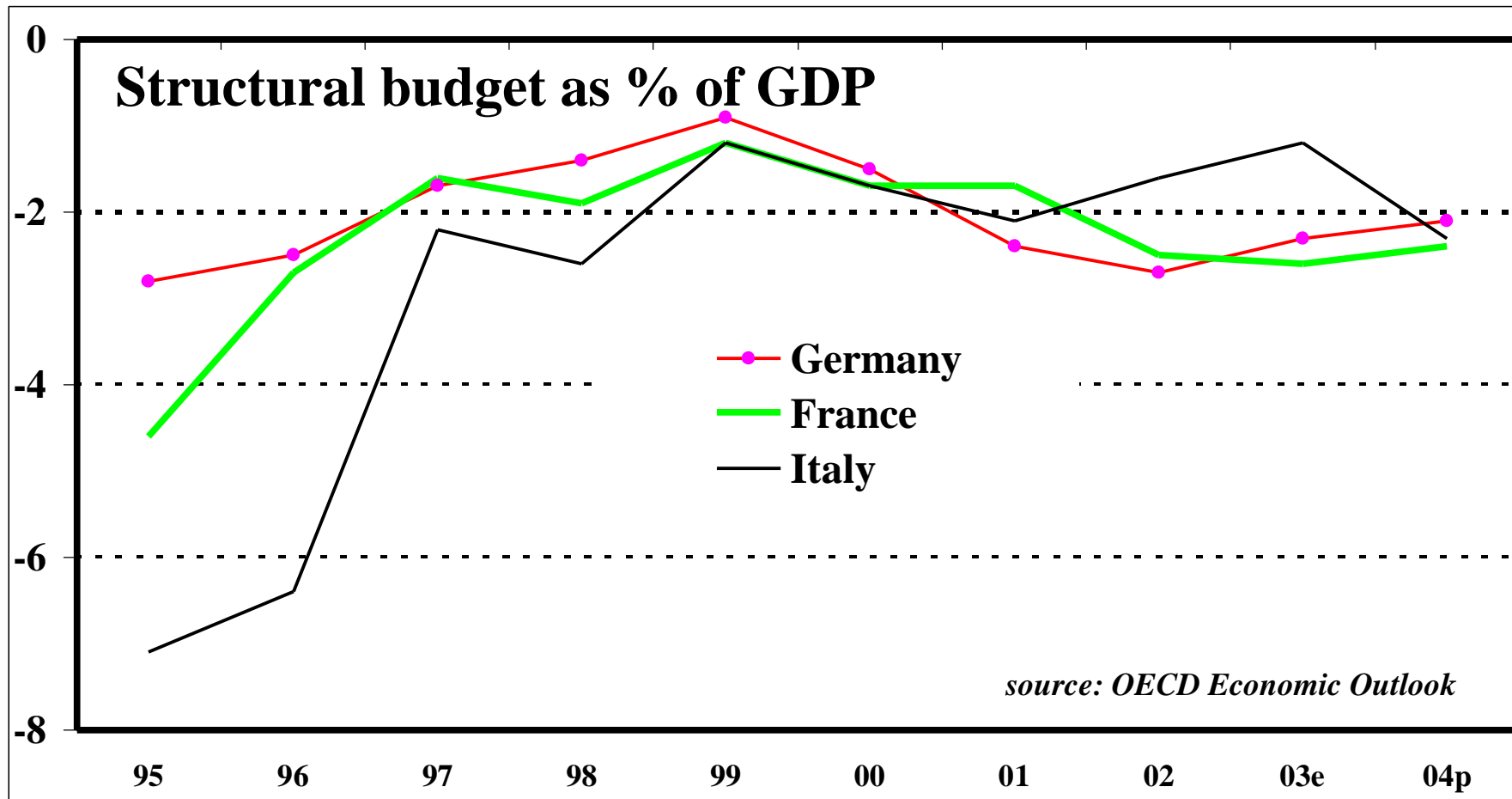


Euro zone: ECB repo rate and inflation

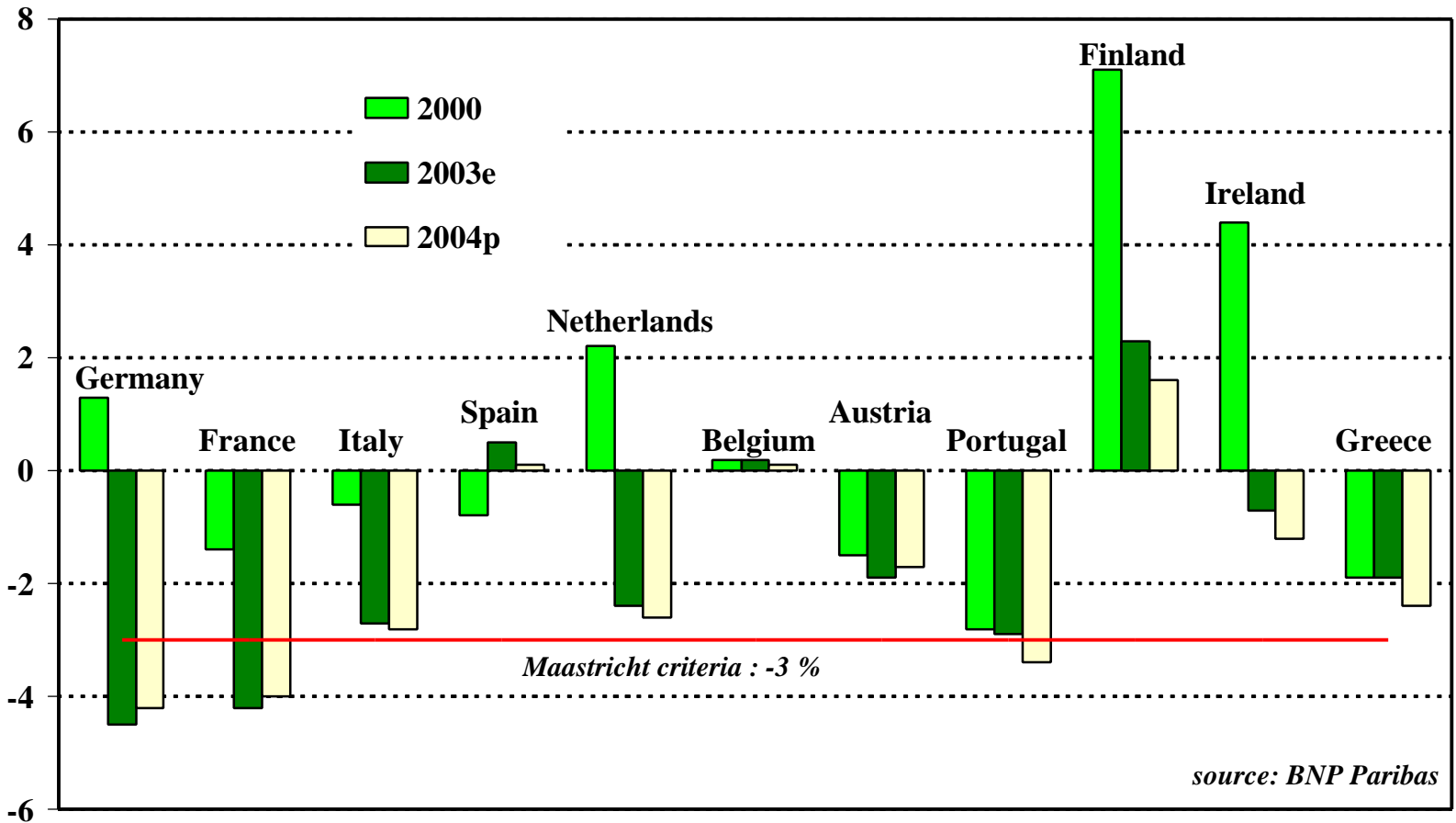


Euro zone: unit labour cost and GDP deflator

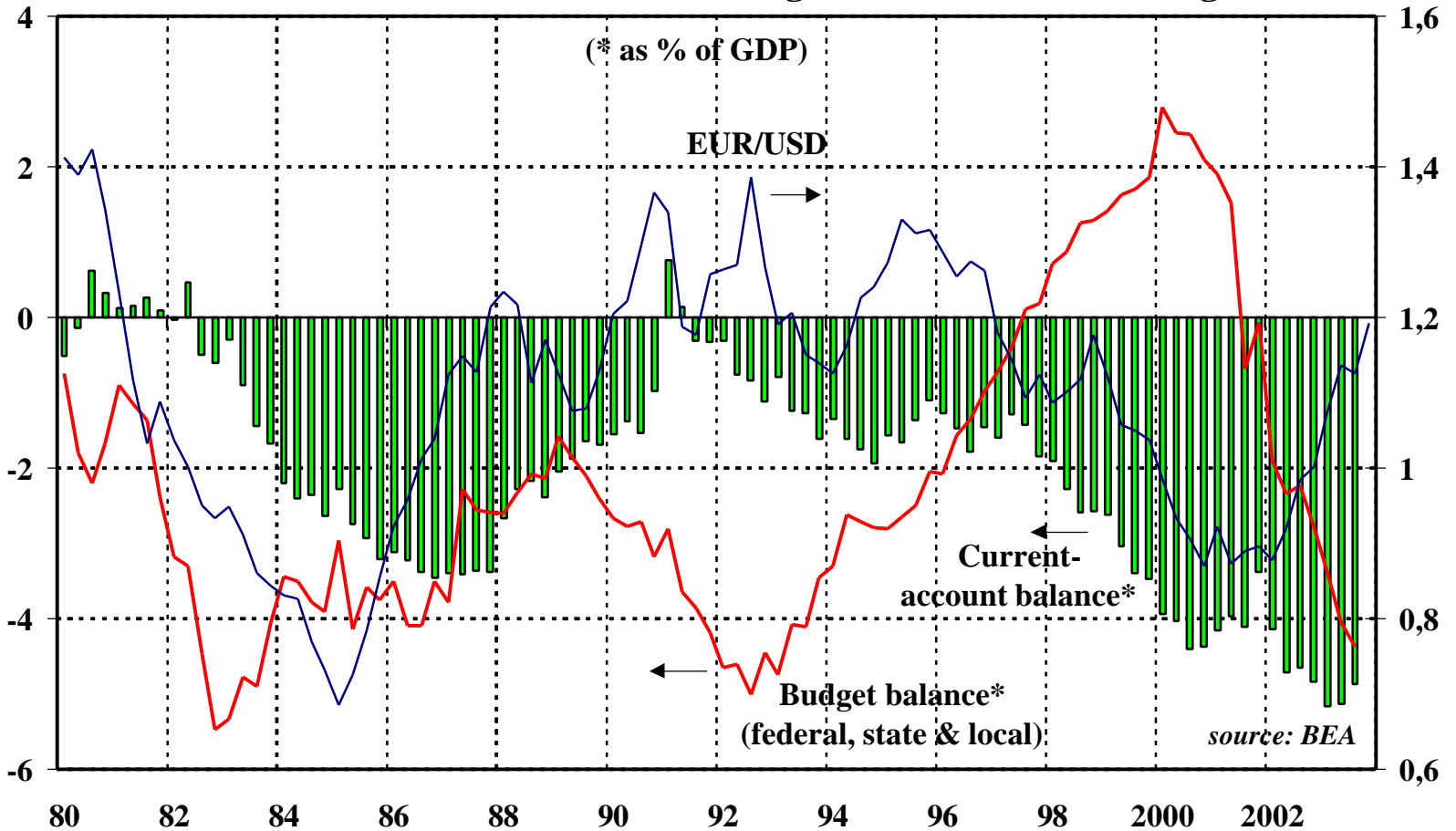




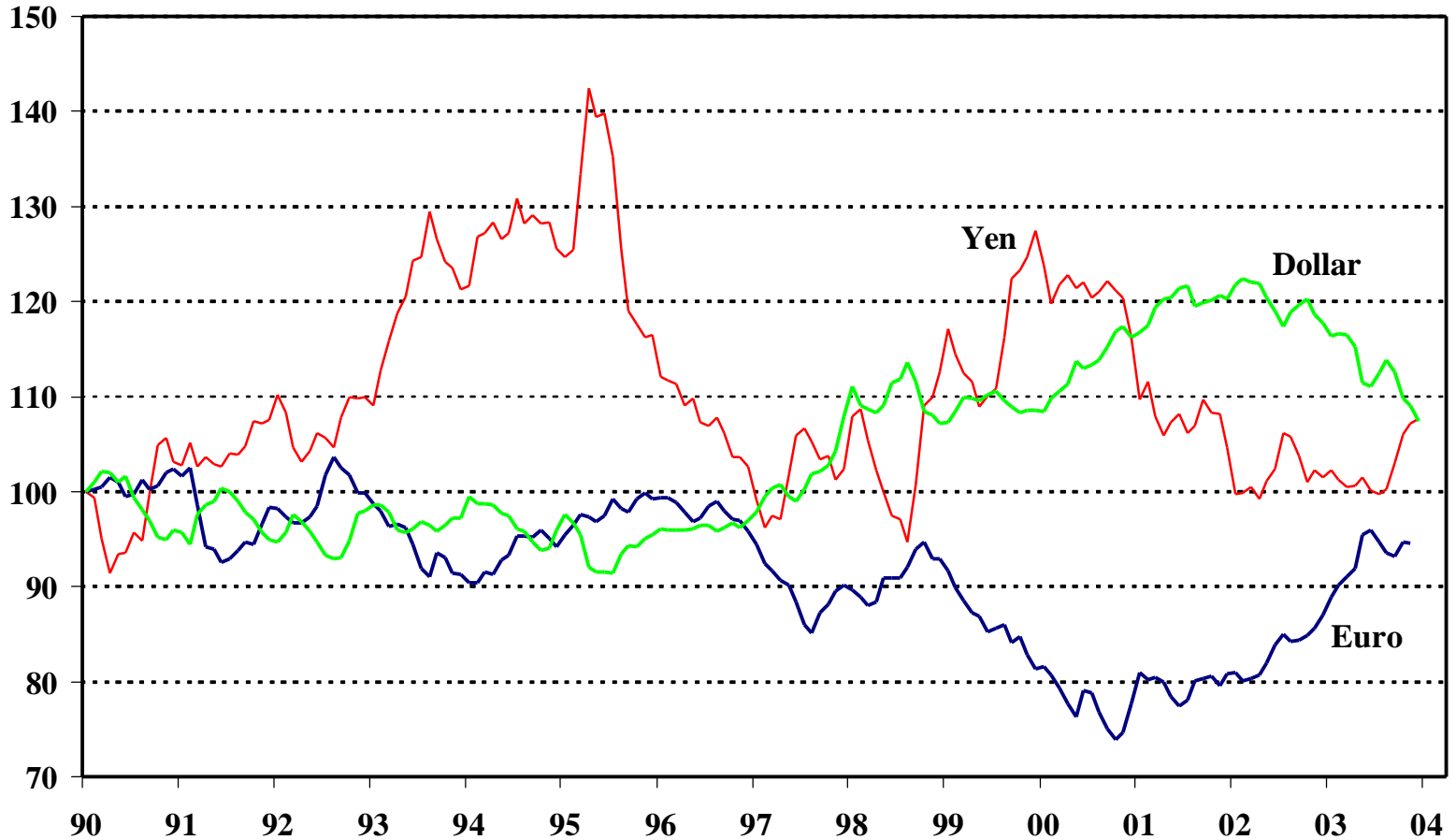
Budget balance as % of GDP



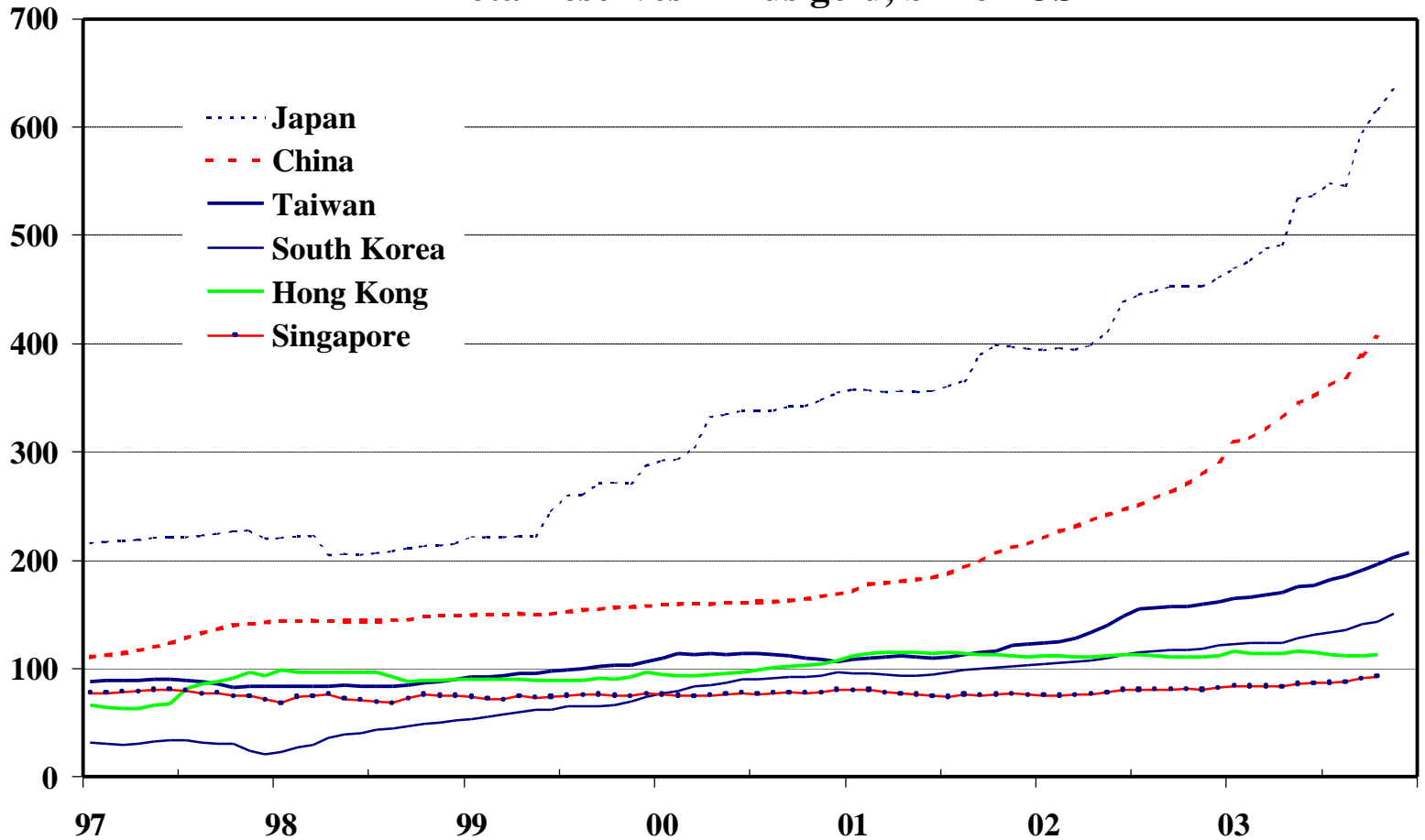
United States : current-account and budget balances and exchange rate



Real effective exchange rates, indices 01/90 = 100

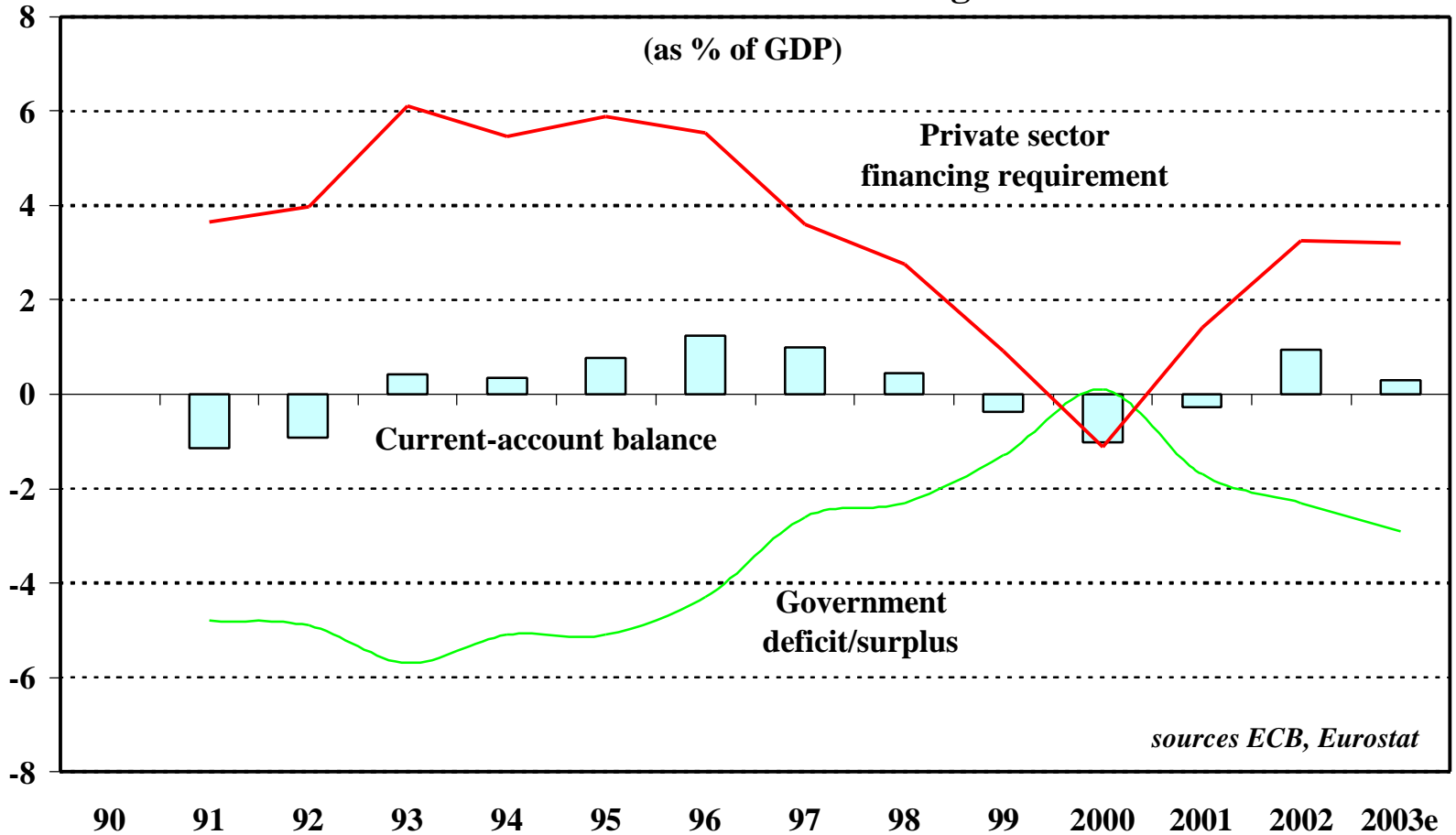


Total reserves minus gold, billion USD



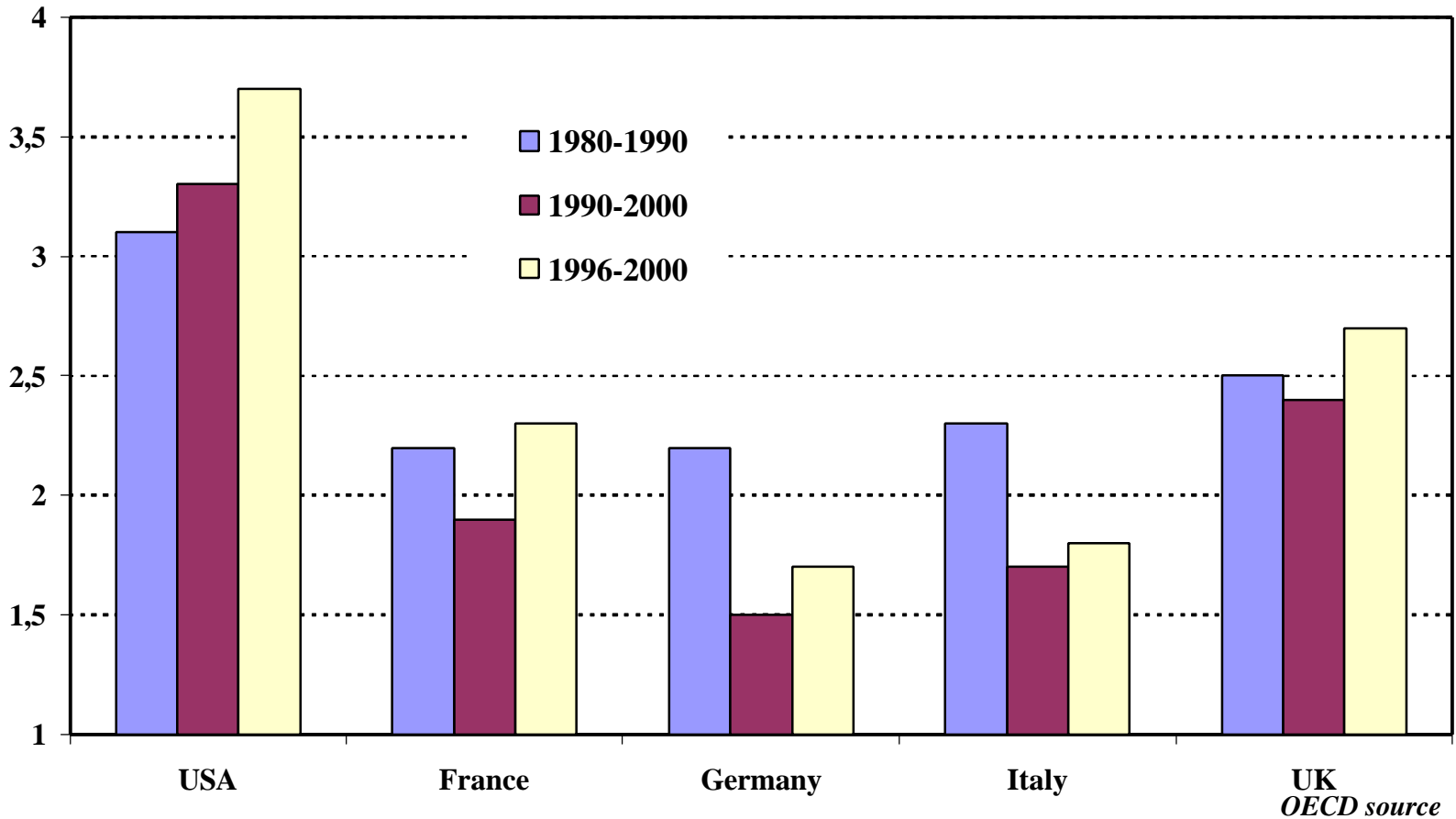
Euro zone : current-account and budget balances

(as % of GDP)

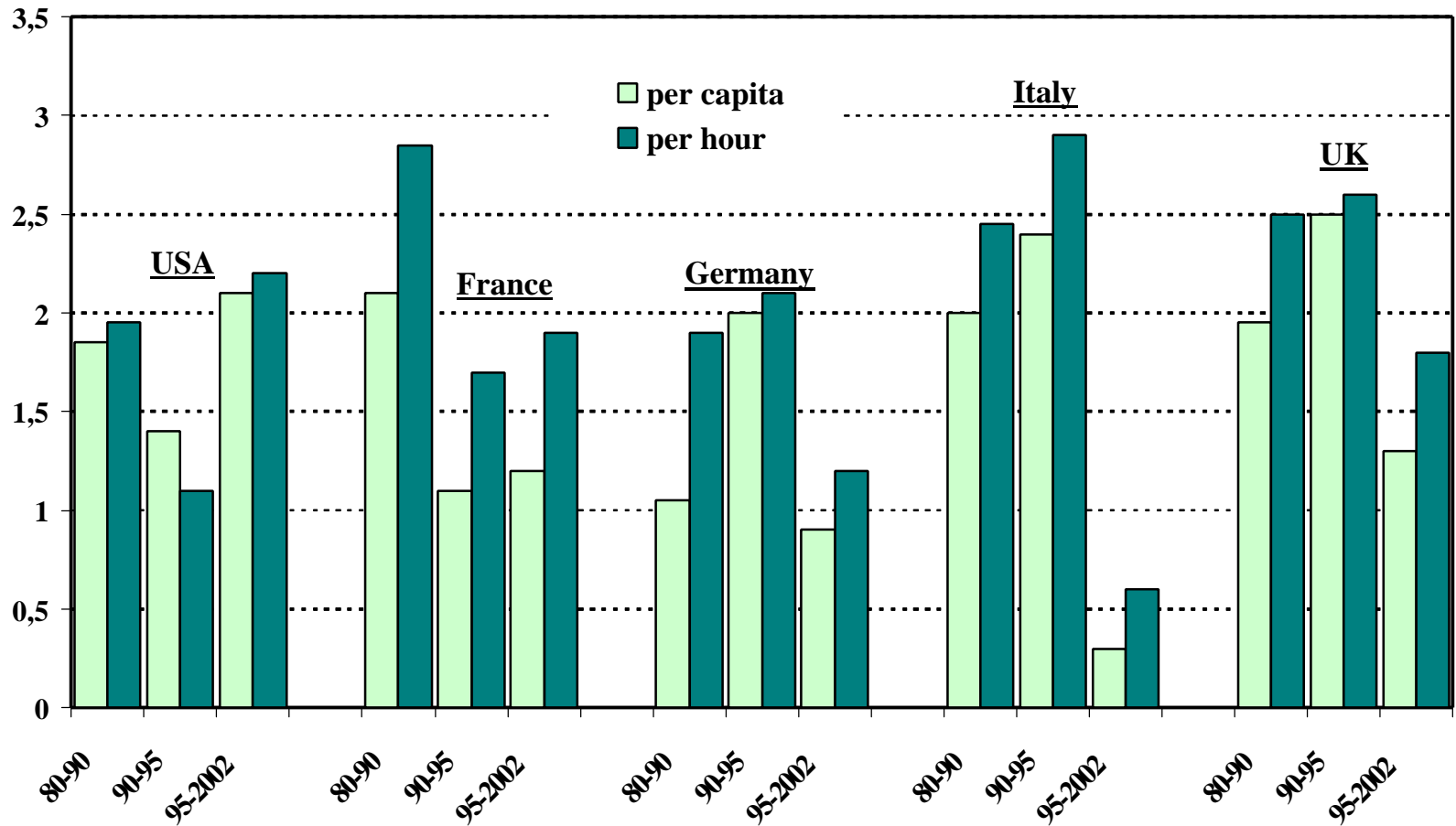


sources ECB, Eurostat

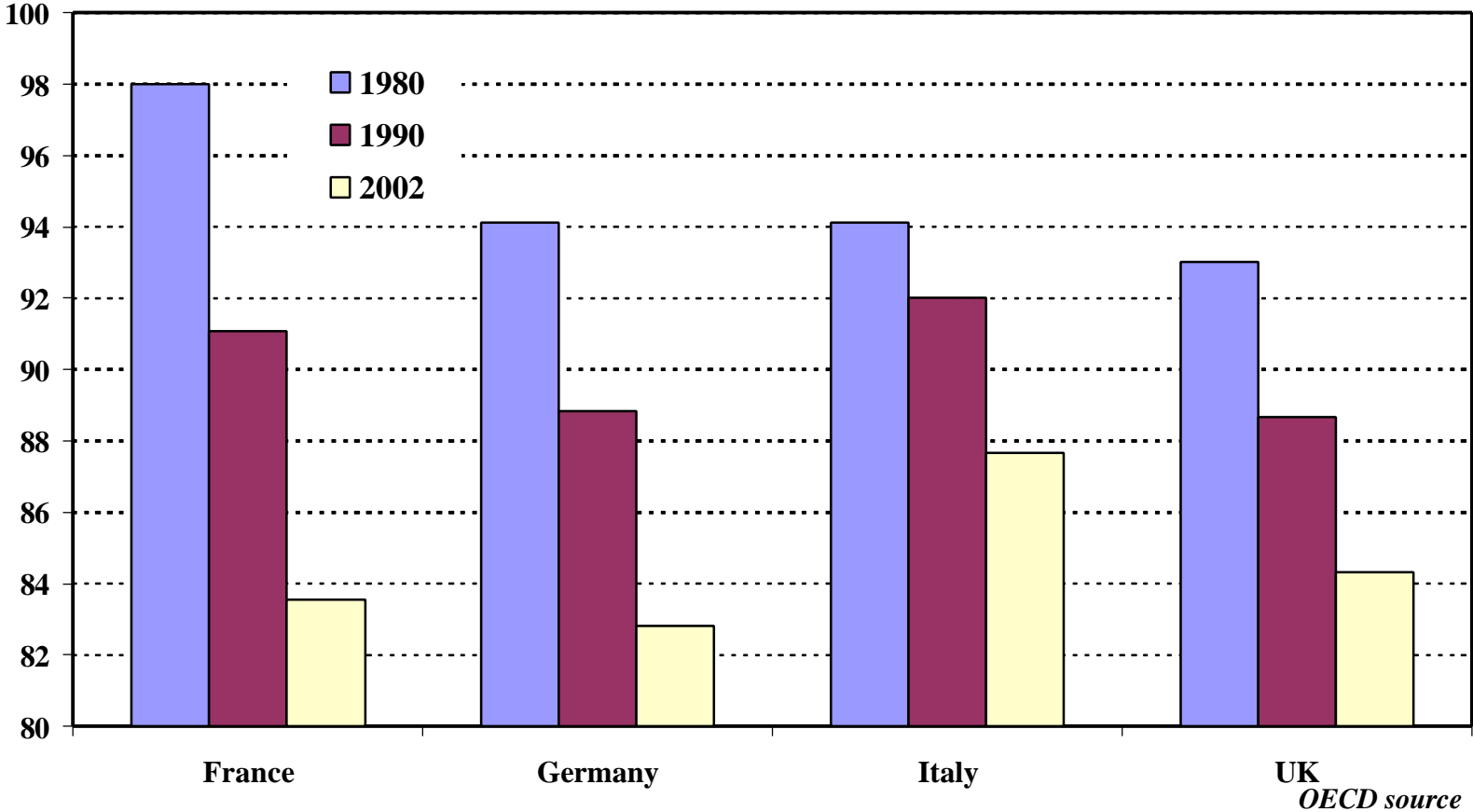
Potential rate of growth



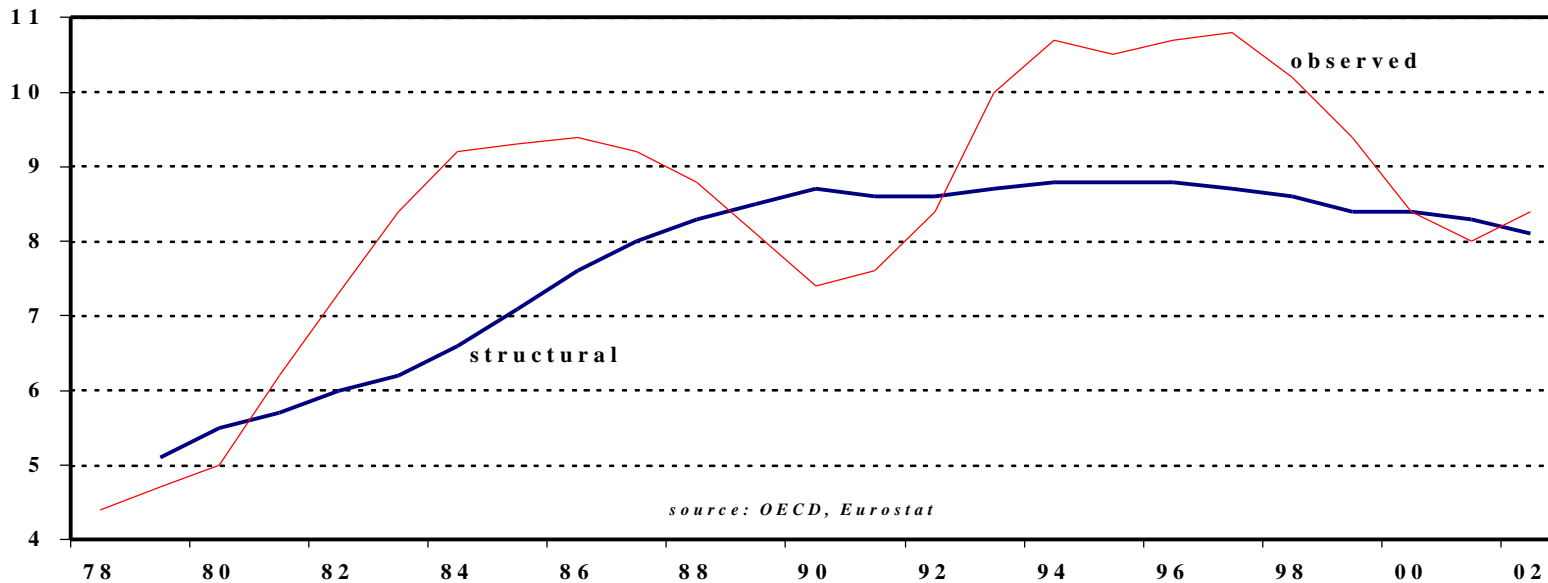
Labour productivity, average annual growth %



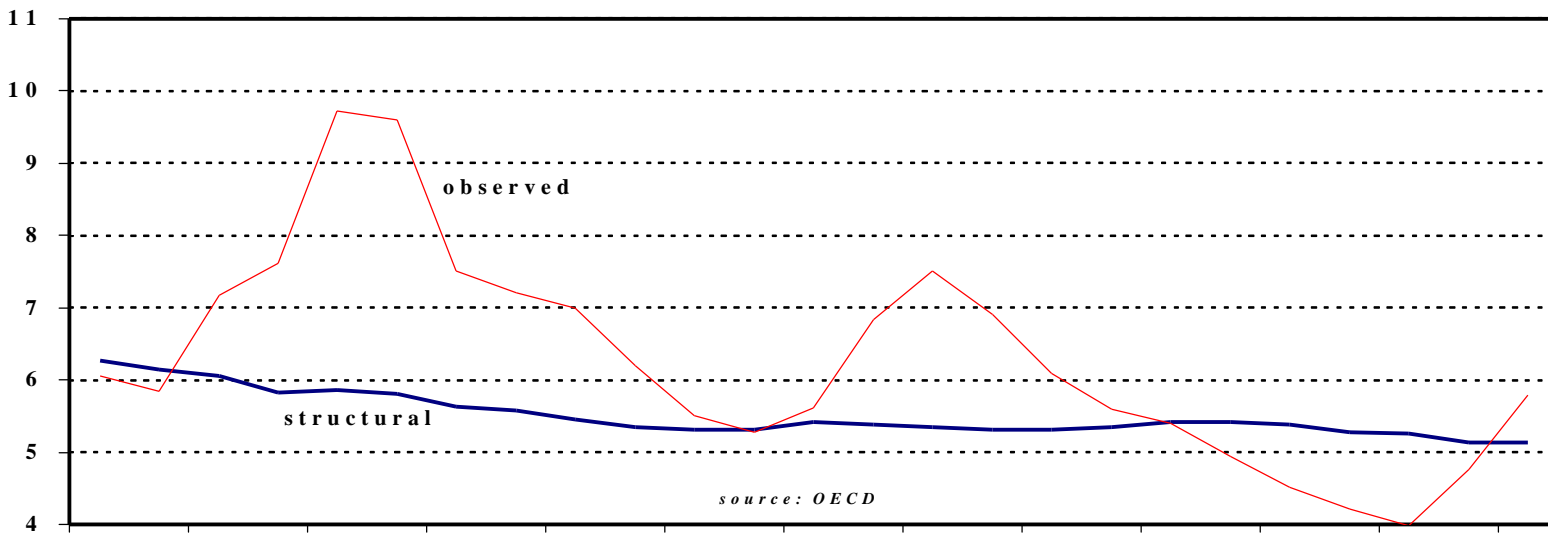
Hours worked (USA = 100)



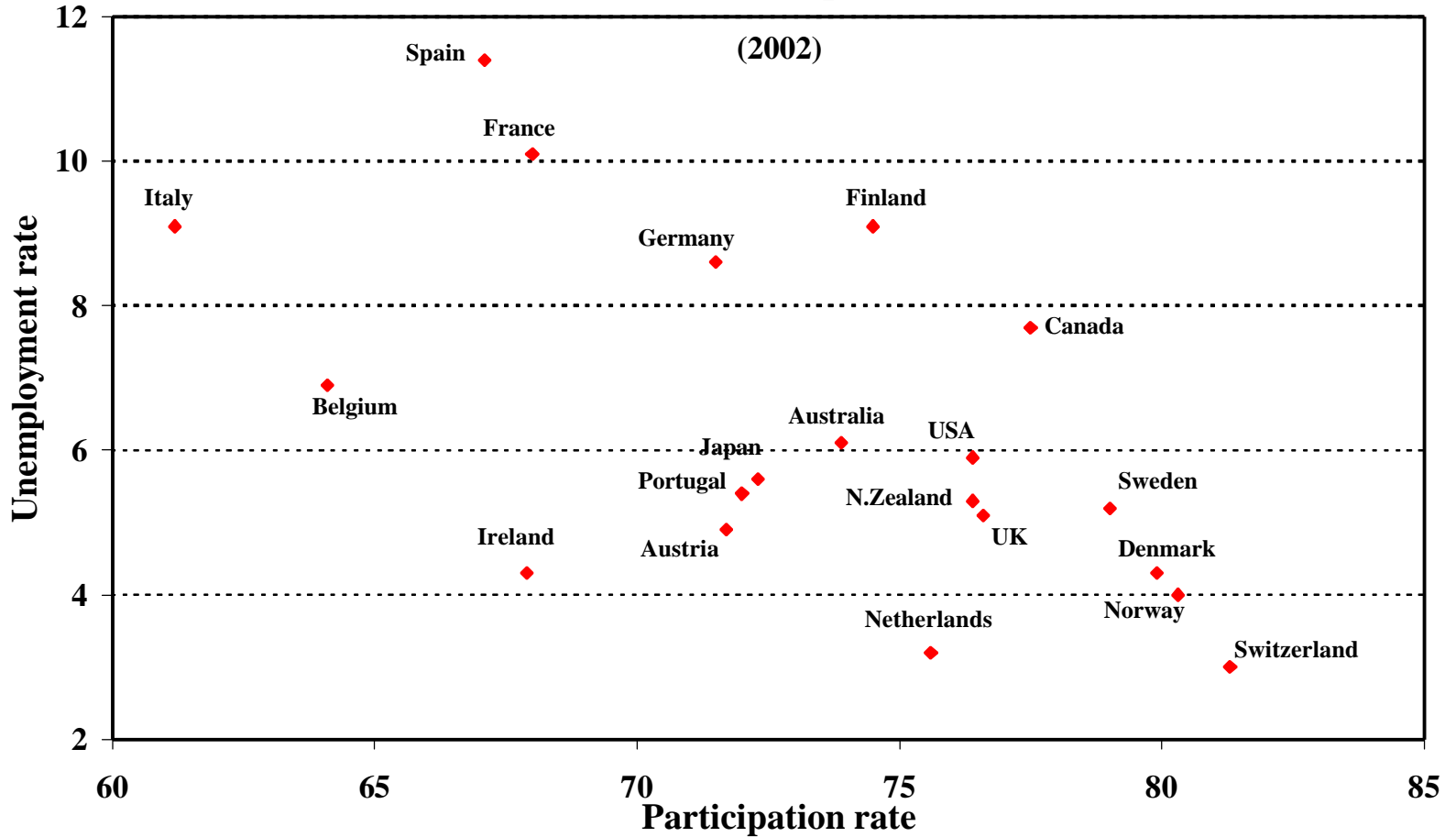
Euro zone: unemployment rate, %



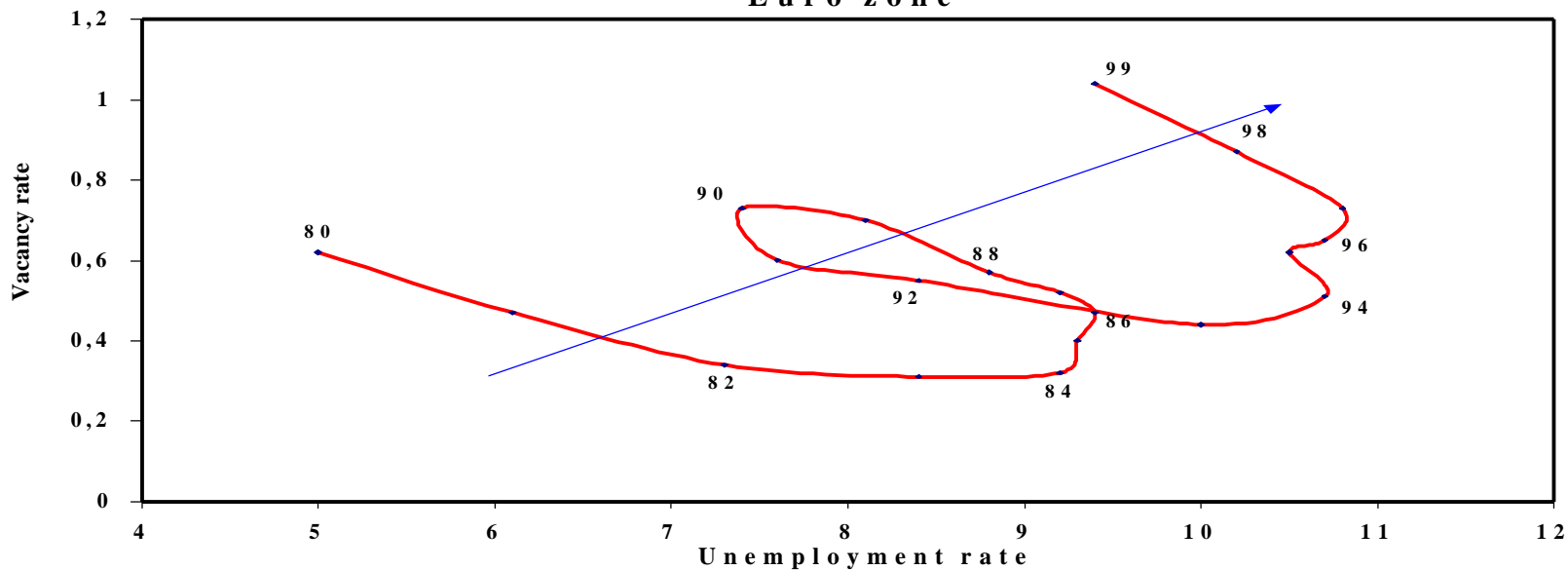
United States: unemployment rate, %



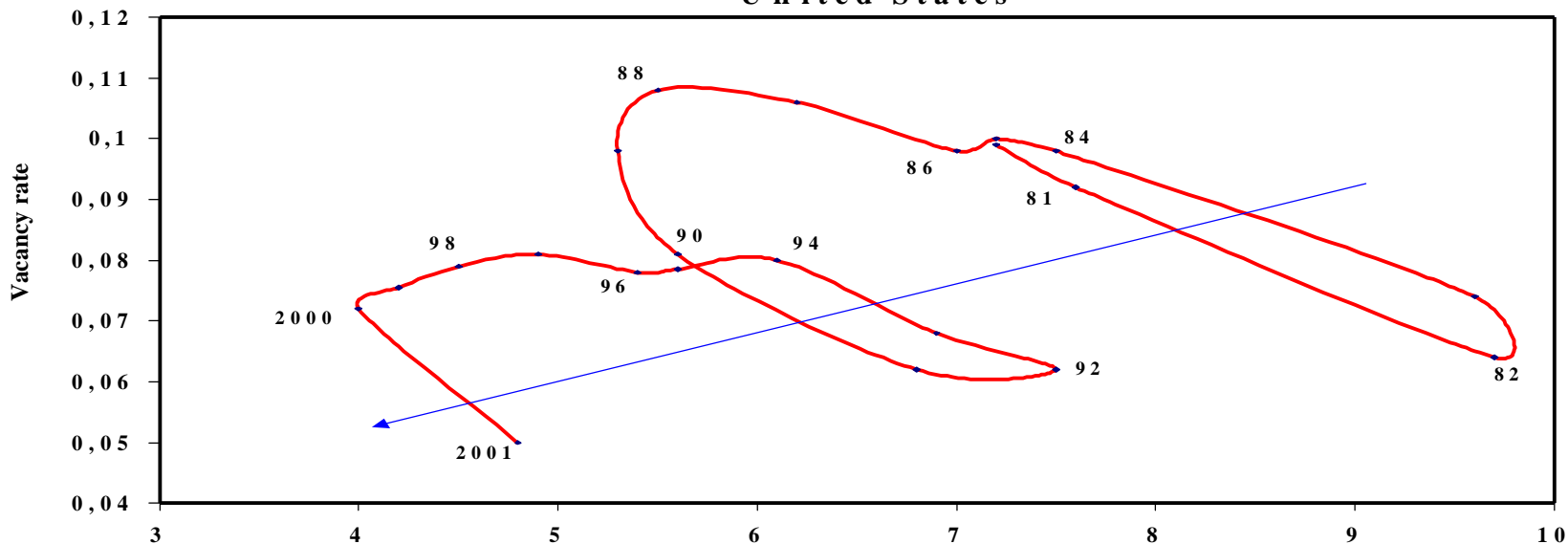
Euro zone: employment



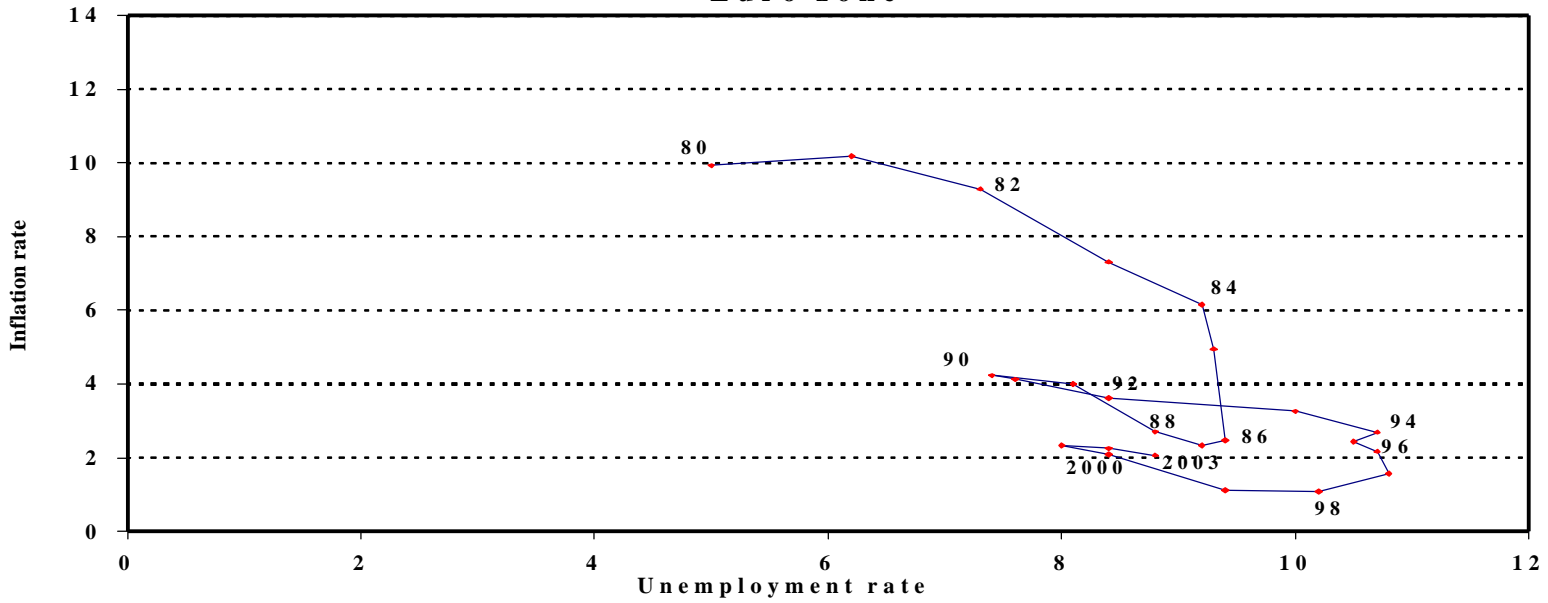
Euro zone



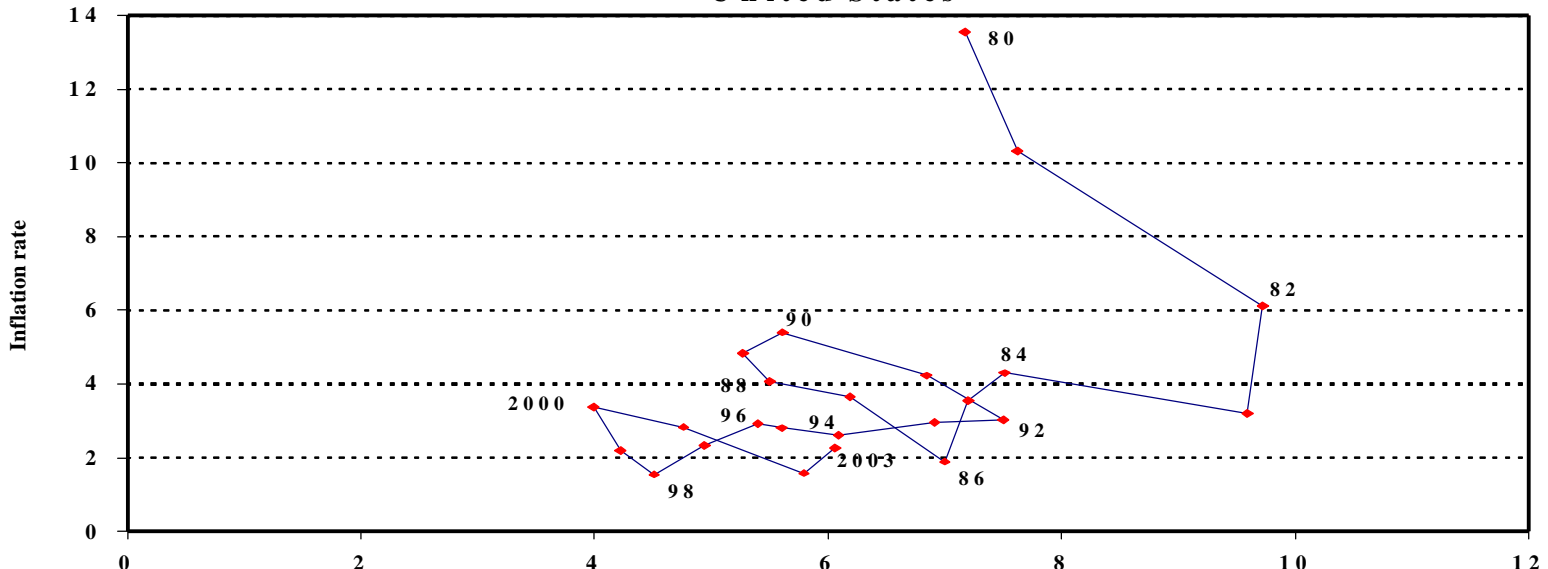
United States

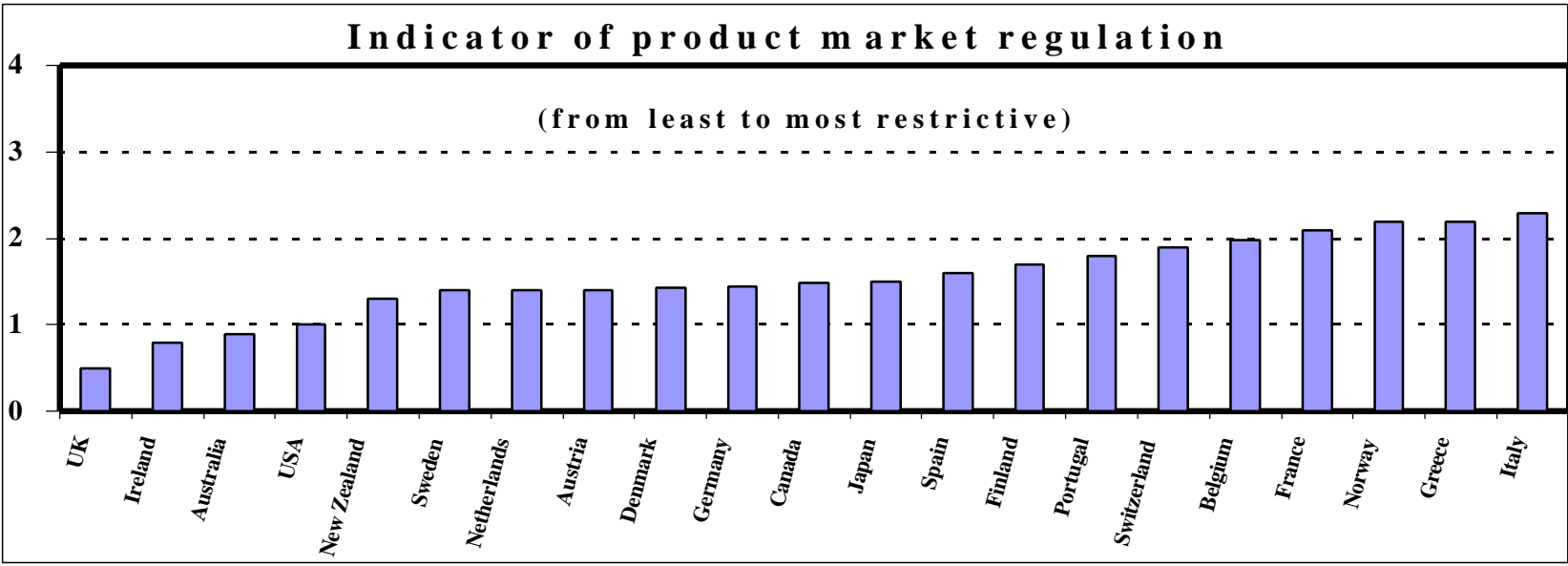


Euro zone

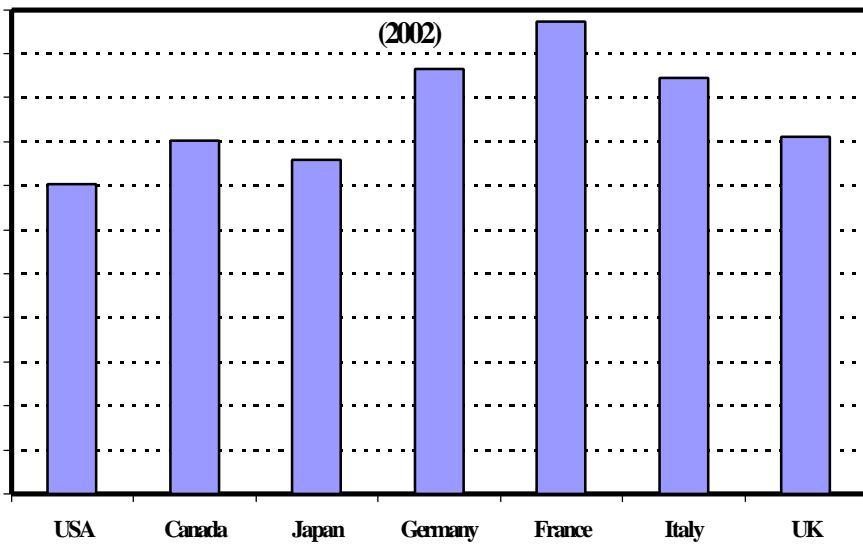


United States

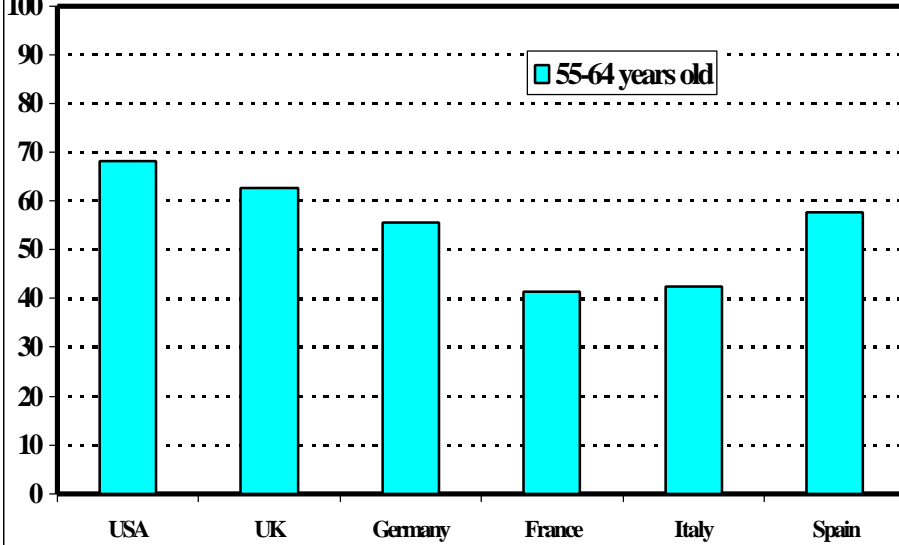




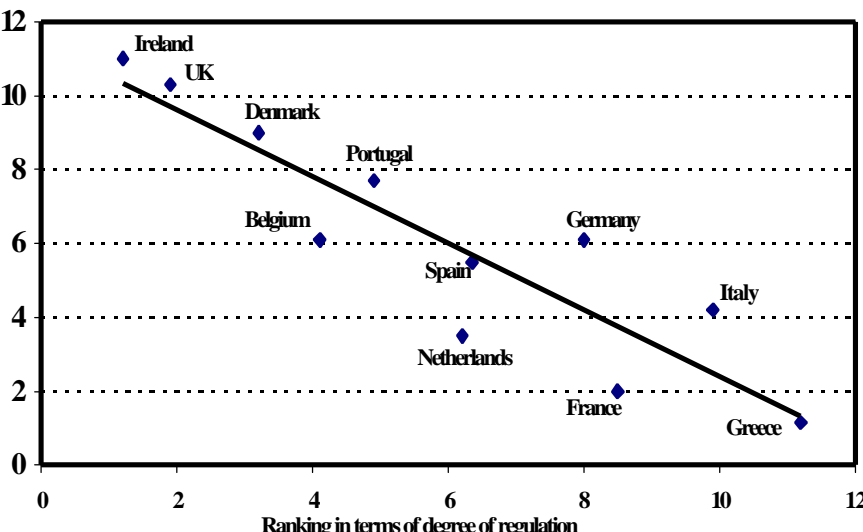
Total public spending as % of GDP



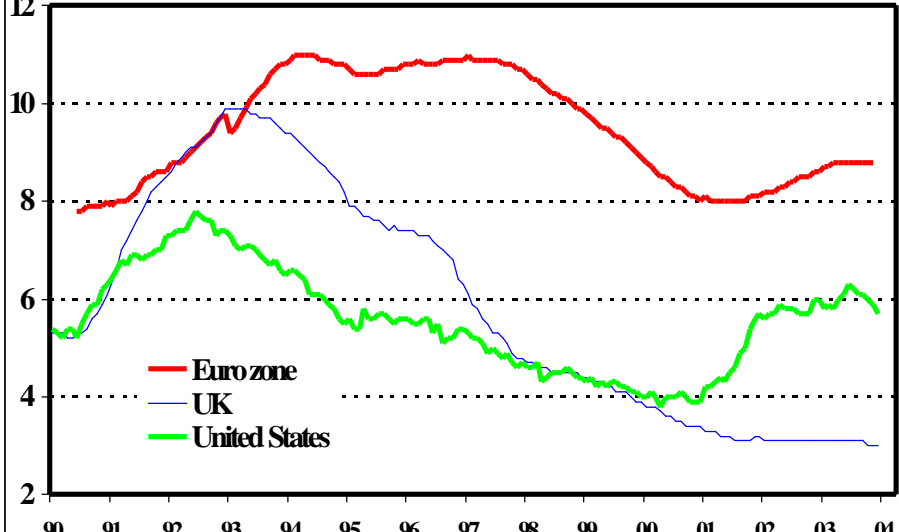
Men activity rate %



Medium & LT growth rates & the impact of regulation



Unemployment rate %



I - UNITED STATES:

charts n° 2 to 16

- 2 : Private consumption and residential investment
- 3 : GDP growth and ISM index

- 4 : Disposable income and unemployment rate
- 5 : Mortgage applications
- 6 : Household debt and delinquency rate
- 7 : GDP and employment growth
- 8 : Unemployment and Conference Board

- 9 : 10-year interest spread
- 10 : Senior loan officer opinion survey on bank lending
- 11-12 : Debt and financing of non financial corporate business
- 13 : Unit labour cost and corporate profits
- 14 : Capacity utilisation rate and private investment

- 15 : ISM index and 10-year bond rate
- 16 : Private consumption deflator and interest rates

II - EURO ZONE: charts n° 17 to 47

- 17 : Euro zone/USA, industrial production
- 18 : PMI and real GDP growth
- 19 : Consumer confidence and private consumption
- 20 : Euro zone/USA, unemployment rate
- 21 : Non financial corporate debt
- 22 : Exports, investment and GDP growth
- 23 : Trade weighted EUR and exports
- 24 : ECB repo rate and inflation
- 25 : Unit labour cost and GDP deflator
- 26 : Structural budget as % of GDP
- 27 : Budget balance as % of GDP / country
- 28 : US current-account and budget balances as % of GDP

- 29 : Real effective exchange rate (USD, JPY, EUR)
- 30 : Total reserves of different asian countries
- 31 : Current-account and budget balances
- 32 : Potential rate of growth
- 33 : Labour productivity
- 34 : Hours worked (USA = 100)
- 35-36 : USA/Euro zone, observed & structural unemployment rates
- 37 : Participation and unemployment rates
- 38-39 : Euro zone/USA, vacancy and unemployment rates
- 40-41 : Euro zone/USA, inflation and unemployment rates
- 42-43 : Indicators of labour and market regulation
- 44-47 : Public spending, activity and unemployment/country

ECONOMIC RESEARCH DEPARTMENT

Philippe d'ARVISENET
Chief Economist

33 1.43.16.95.58

philippe.darvisenet@bnpparibas.com

OECD COUNTRIES

Philippe d'ARVISENET

Eric VERGNAUD
Structural issues, forecasts

33 1.42.98.49.80

eric.vergnaud@bnpparibas.com

Caroline NEWHOUSE-COHEN
Country economics

33 1.43.16.95.50

caroline.newhouse-cohen@bnpparibas.com

UNITED STATES, CANADA

Alexandra ESTIOT

33 1.43.16.95.52

alexandra.estiot@bnpparibas.com

JAPAN, AUSTRALIA, NEW ZEALAND

Anne-Valérie HERMEZ

33 1.42.98.56.03

anne-valerie.hermez@bnpparibas.com

EURO ZONE, PUBLIC FINANCES

Florence BARJOU

33 1.42.98.27.62

florence.barjou@bnpparibas.com

FRANCE, EURO ZONE LABOUR MARKET

Jean-Marc LUCAS

33 1.43.16.95.53

jean-marc.lucas@bnpparibas.com

GERMANY, AUSTRIA, SWITZERLAND, EU ENLARGEMENT

Jean-Loic GUIEZE

33 1.42.98.43.86

jeanloic.guieze@bnpparibas.com

SOUTHERN EUROPE, SINGLE EUROPEAN FINANCIAL MARKET

Marion GIRARD-VASSEUR

33 1.42.98.26.77

marion.girard-vasseur@bnpparibas.com

UNITED KINGDOM, PENSIONS, LONG TERM FORECASTS

Raymond VAN DER PUTTEN

33 1.42.98.53.99

raymond.vanderputten@bnpparibas.com

NORDIC COUNTRIES

Caroline NEWHOUSE-COHEN

33 1.43.16.95.50

caroline.newhouse-cohen@bnpparibas.com

BANKING ECONOMICS

**Van NGUYEN THE
Head**

33 1.43.16.95.54

van.nguyenthe@bnpparibas.com

Laurent QUIGNON

33 1.42.98.56.54

laurent.quignon@bnpparibas.com

COUNTRY RISK

**Guy LONGUEVILLE
Head**

33 1.43.16.95.40

guy.longueville@bnpparibas.com

ASIA

Aude DEBARD

33 1.43.16.95.41

aude.debard@bnpparibas.com

Nhu-Nguyen NGO

33 1.43.16.95.44

nhu-nguyen.ngo@bnpparibas.com

LATIN AMERICA

Raphaël GALLARDO

33 1.42.98.56.10

raphael.gallardo@bnpparibas.com

AFRICA, LATIN AMERICA

Emmanuelle VULLIEZ

33 1.42.98.56.27

emmanuelle.vulliez@bnpparibas.com

AFRICA

Adama KONATE

33 1.42.98.02.04

adama.konate@bnpparibas.com

EASTERN EUROPE – CAPITAL FLOWS TO EMERGING MARKETS

François FAURE

33 1.42.98.56.10

francois.faure@bnpparibas.com

RUSSIA, FORMER SOVIET REPUBLICS

Tatiana ESANU

33 1.42.98.48.45

tatiana.esanu@bnpparibas.com

MIDDLE EAST – SCORING

Pascal DEVAUX

33 1.43.16.95.51

pascal.devaux@bnpparibas.com

Our internet site – economic-research.bnpparibas.com

OUR PUBLICATIONS

- > **CONJONCTURE** focuses each month both on the main economic issues and structural problems.
- > **ECONOMIC MARKET MONITOR** provides a detailed follow-up of the economic situation whilst analysing interest and exchange rate developments in OECD countries (8 issues per year).
- > **PUBLIC FINANCES IN THE EURO ZONE** is issued quarterly.
- > **ECOFASH** comments and analyses the main economic events (data releases, economic policy decisions) in the hours following their release.
- > **ECOWEEK** focuses on specific and current economic issues (every Monday).

To receive our publications, please contact :
Francine BATHREAU ☎ 33-1-43-16-95-48
francine.bathreau@bnpparibas.com

This publication was produced by a BNP Paribas Company. It will have been approved for publication and distribution in the United Kingdom by BNP Paribas London Branch, a branch of BNP Paribas SA whose Head Office is in Paris, France. BNP Paribas London Branch is regulated by the Financial Services Authority ("FSA"), for the conduct of its designated investment business in the United Kingdom and is a member of the London Stock Exchange. BNP Paribas Securities Corp. in the United States accepts responsibility for the contents of this publication in circumstances where the report has been distributed by BNP Paribas Securities Corp. direct to U.S recipients.

This publication reflects the view of the Economic Research Department of BNP Paribas. It is published for information purposes only. Neither the information nor the opinion expressed constitutes an offer or solicitation to buy or sell any investments. Information contained herein has been obtained from sources believed to be reliable but BNP Paribas does not guarantee its accuracy or completeness. All opinions and forecasts are subject to change. Discretion with respect to suitability should prudently exercised.

A BNP Paribas Group Company and/or persons connected with it may effect or have effected a transaction for their own account in the investments referred to in the material contained in this report or any related investment before the material is published to any BNP Paribas Group Company's customers. On the date of this report a BNP Paribas Group Company, persons connected with it and their respective directors and/or representatives and/or employees may have a long or short position in any of the investments mentioned in this report and may purchase and/or sell the investments at any time in the open market or otherwise, in each case either as principal or as agent. Additionally, a BNP Paribas Group Company within the previous twelve months may have acted as an investment banker or may have provided significant advice or investment services to the companies or in relation to the investment(s) mentioned in this report.

This publication is not intended for private customers in the UK (as defined by the rules of the FSA) and should not be passed to such persons.

By accepting this publication you agree to be bound by the foregoing limitations