MARCH 2025

Investment Strategy Focus

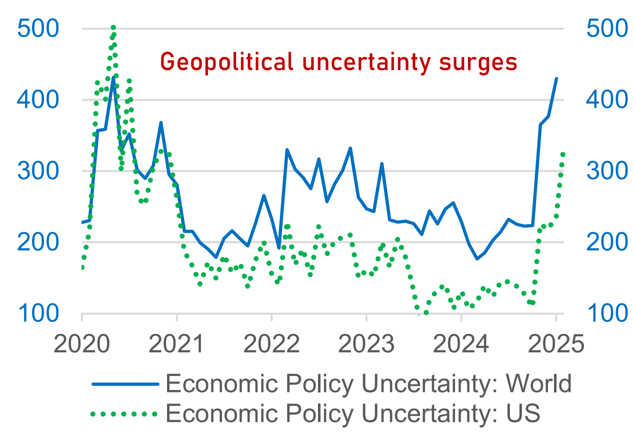
A new peak in geopolitical uncertainty

Summary

1. **German fiscal stimulus proposed:** the German election should lead to a once in a generation stimulus package. German leaders have agreed to propose a EUR 500bn special purpose vehicle over 10 years on infrastructure.
2. **German defence spending will also be boosted**, adding to a European Commission ReArm Europe EUR 800bn spending plan. The final agreement will have to be supported by the Green Party and/or Liberals. This plan will increase structural economic growth from late 2025 onwards. Short term, growth may dip before improving given US tariffs and political uncertainty headwinds.
3. **Favour core Euro sovereign bonds over US:** the German fiscal plan lowers the chances that the ECB cuts rates below neutral, increasing bond issuance and the term premium. We raise our 12-month Bund yield target to 2.50% from 2.25%. We move to Positive from Neutral on core Euro government bonds post sell-off, to Neutral from Positive on US Treasuries after the rally.
4. **American exceptionalism narrative is challenged:** momentum in the US dollar and the Magnificent 7 tech stocks has reversed given record US policy uncertainty, slowing growth and stretched valuations. We downgrade our US equity recommendation to Neutral but maintain a Positive stance on equities overall. Sectors we favour: Financials, Industrials, Health Care.
5. **Focus on record policy uncertainty:** global uncertainty is at an all-time high due to US policy shifts on Ukraine, multiple tariff increases and slowing US growth. Any worsening of the tariff drag on growth or evaporation of hope for a Ukraine-Russia ceasefire would warrant a more cautious asset allocation stance.

Contents

ECONOMIC POLICY UNCERTAINTY AT PEAK POST US NOVEMBER ELECTION



Source: Bloomberg , Baker, Bloom & Davis

Edmund Shing, PhD

Global CIO

BNP Paribas Wealth Management

Macro, Market Views

	Macro		– Rising policy uncertainty and tariff concerns are starting to weigh on US domestic investment and consumption. – In the eurozone, consumer confidence remains on an upward trend as the ECB continues to reduce benchmark interest rates. The announced German stimulus plan should boost long-term potential growth. Chinese stimulus could bring positive surprises.
	Rates	=	– Given a 1-day record surge in German bund yields to 2.8% post the German stimulus plan announcement, we turn Positive on core eurozone government bonds and remain Positive on UK gilts (10-year: 4.7% yield). – Following the rally in US bonds sending 10-year yields from 4.8% down to 4.2%, we downgrade to Neutral on US Treasuries. – US, Euro central banks to cut benchmark rates to 4%, 2% by end-2025 – We see both the US 2-year and 10-year yields at 4.25% in 12 months. We raise our 12-month target on the German 10-year bund yield to 2.5% (from 2.25%).
	Credit	+	– We stay Positive given the strong technicals, high carry and low volatility. We prefer maturities of up to 10 years in the eurozone and maturities of up to 5 years in the US. – We downgrade USD IG corporate bonds to Neutral given the limited upside potential. – We continue to like EUR IG corporate bonds, and we stay Positive on UK IG corporates (offering a 5.5% average yield).
	Equities	+	– Global M2 money supply continues to accelerate (+3.7% y/y currently), supporting stock markets as well as credit. – Favour UK, Japan, China. We downgrade the US to Neutral. – Positive on Health Care, Industrials and Financials (Banks, Insurance). – We downgrade US IT and Consumer Discretionary to Negative. – We prefer investment themes like clean water, gold and copper miners, electricity infrastructure, the circular economy, and deep value markets.
	Real Estate	=	– Lagged impact from higher interest rates to fade after stability in commercial real estate returns in Q2/Q3 2024. We see European real estate prices slowly stabilising, with rental yields now more attractive. – Industrial/logistics exposure preferred for healthy yields, higher expected rental growth on robust underlying demand growth.
	Commod-ities	+/-	– Gold: Positive view as EM central banks continue strategic purchases and Asian households remain buyers. Gold 12m target increased to USD 3200/ounce. – Negative stance on Oil, price range for Brent crude oil of USD 60-70 on weaker global oil demand, potentially higher non-OPEC oil & gas supply and an expected reduction of OPEC+ production quota cuts in 2025.
	Alternative UCITS/ Private Assets	=	– We favour relative value equity, credit, convertible arbitrage and event-driven funds for their robust risk-adjusted returns at low volatility. – Private equity buyout funds are a preferred private asset subclass, given robust long-term returns and an abundance of public market opportunities
	FX		– USD/JPY targets JPY 150 for both 3- and 12-month horizons. – US dollar strength has reversed dramatically on the back of a weaker US growth outlook, and expectations of more Fed rate cuts this year. Our 12-month target remains 1.02 (value of one EUR).

German election leads to a once in a generation fiscal stimulus

Guy Ertz

The election outcome and the challenges

The Union (CDU/CSU) secured around 28.60% of the votes, ahead of the far-right Alternative for Germany (approx. 20.80%). The Social Democrats (SPD) followed with 16.40% and the Greens with 11.6%. Among the smaller parties, only "*Die Linke*" made it above the 5% minimum threshold to enter the Bundestag.

Coalition talks are focusing on three topics: defence infrastructure and social spending, financing via a reform of the debt brake, and immigration.

The main democratic parties also support measures to reduce energy prices. This factor, combined with the end of the Ukraine conflict could lead to a substantial fall in energy costs for specific industries as well as households. Deregulation is another key issue and offers additional potential to support economic growth.

The key uncertainty since the election was the debt brake and the possible sources of funding. The funding potential is highly limited due to the so-called debt break which is written in the constitution. Reforming the debt break or putting-up off-budget funds requires a two-thirds Bundestag majority. An escape clause can be triggered using a simple majority.

Once in a generation fiscal stimulus

We had a key breakthrough with the announcement on 4 March. Friedrich Merz, the new Chancellor, announced a series of key measures

1. EUR 500bn special purpose vehicle over 10 years and reform of the debt brake before the new Bundestag meets.
2. The SPV is to be used for infrastructure investments and investments that strengthen the economy. EUR 100bn of this fund go to the regional states.
3. Additionally, the Union and SPD will push forward a reform of the debt brake which exempts some portions of defence spending from the current borrowing limits.

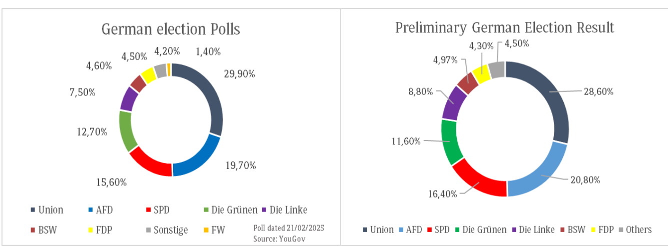
It is important to realise that all these measures are a proposal. To obtain the necessary 2/3 majority for the SPV and a reform of the debt brake, Merz needs the support of the Green party and/or the Liberals.

Another major stimulus measure has been announced at the EU level. Von der Leyen has announced the mobilisation of EUR 800bn to ReArm Europe, that is equal to the sum of the domestic spending estimate (first point of the plan) and the size of the new instrument (second point of the plan).

If confirmed, these measures could boost economic growth but only later in 2025. Growth in 2025 and 2026 could be upgraded by 0.5% and 0.3% in Germany and by 0.2% and 0.3% at the eurozone level.

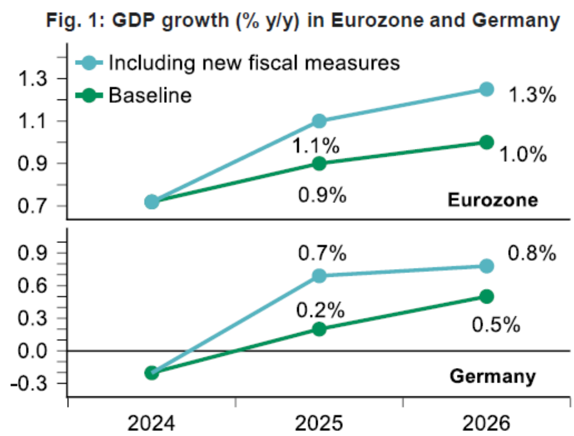
Eurozone real potential GDP **could also be revised up from 0.5% to around 1.5%.** Theoretically, this would suggest slightly higher policy rates from 2025 onwards. We do, however, think the ECB will balance these stronger domestic conditions with the risks of a worse global political and economic environment due to high probability of sustained higher US trade tariffs.

THE OPINION POLLS BEFORE AND AFTER THE ELECTIONS



Source: yougov.de - BNP Paribas

POTENTIAL IMPACT ON EUROPEAN GROWTH



Sources: Eurostat, NiGEM, Macrobond, BNP Paribas

Fixed Income changes post Germany's fiscal policy shift

Edouard Desbonnets

Impact on the ECB

Germany's fiscal policy shift is expected to boost EU growth in the medium term. However, in the short term, downside risks persist due to uncertainty around tariffs. Inflation should also rise in the medium term, preventing the ECB from cutting rates too aggressively and pushing them below the estimated neutral range of 1.75%–2.25%.

The ECB's 6 March meeting indicated a more balanced approach to future rate cuts. President Lagarde stated that "Monetary policy is becoming meaningfully less restrictive".

We maintain our view that the ECB will not cut rates in April, but lower rates in June and September, leaving the deposit rate at 2%.

Raising our 10-year bund yield target to 2.5%

We maintain our 2-year yield target at 2.25% as our ECB outlook remains unchanged.

Germany's fiscal shift will primarily affect long-term bonds, as higher spending implies an increase in debt-to-GDP and bond issuance. We estimate that German sovereign bond supply could rise by EUR 30bn this year, reaching a cumulative EUR 145bn by 2028. For more context, since 2020 Germany's net bond issuance has averaged EUR 80bn annually.

We therefore revise our 10-year Bund yield target upwards from 2.25% to 2.50%. While this increase may appear modest given the market's reaction (+40bp in two days), several factors should limit further rises. Inflation is falling, so the ECB will continue cutting rates, and trade policy uncertainty - particularly US tariff risks - should support safe-haven demand for Bunds. Moreover, the 10-year Bund yield only reached 3% in October 2023, when the US 10-year yield reached 5%, and that was at a time when the market did not expect the ECB to change rates in the next six months. The current environment is different.

Turning Positive on euro core government bonds

Following the recent sell-off, **we turn Positive on euro core government bonds.** We see the best opportunities in intermediate maturities (5–10 years). Indeed, the very long end is likely to be affected by a higher term premium, which remains difficult to assess, while the short end will be impacted by increased bond issuance. In the past, the German Finance Agency has used short-term bills as a buffer to deal with funding surprises (cf. Global Financial Crisis, Covid-19 crisis).

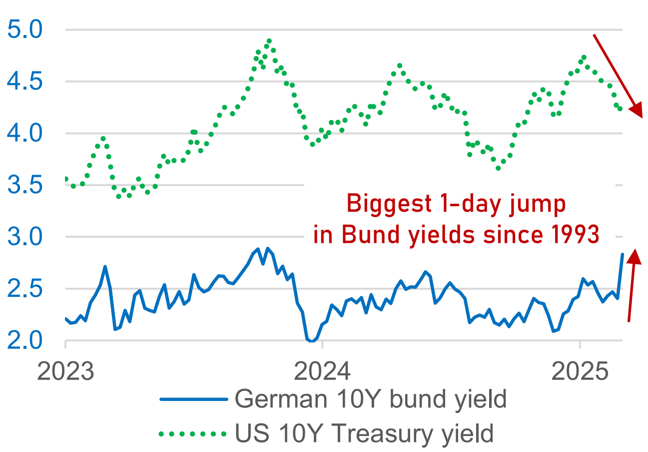
But remain Neutral on peripheral bonds

We remain Neutral on peripheral eurozone bonds. Spreads remain tight, and did not widen after Germany's fiscal surprise. Over the medium term, spreads could widen slightly due to Germany's relatively stronger macroeconomic position compared to peripheral economies.

Turning Neutral on US Government Bonds

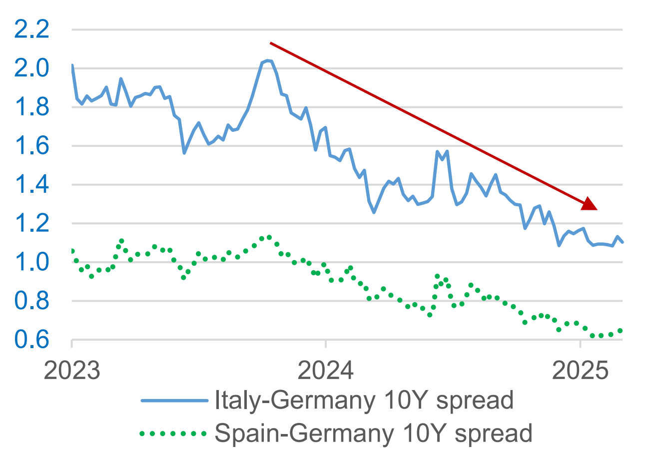
We shift to a Neutral stance on US government bonds. Yields have fallen sharply from 4.8% to 4.2%. This move seems exaggerated unless the US economy enters a recession, which is not our base-case scenario.

SHARP MOVEMENTS ON GERMAN AND US 10-YEAR BOND YIELDS



Source: Bloomberg.

PERIPHERAL SPREADS HAVE REMAINED BROADLY UNCHANGED



Source: Bloomberg

Record policy uncertainty impacts US growth

Higher policy uncertainty starts to weigh on US economic momentum

The Trump 2.0 tornado is starting to have some adverse effects on US economic growth, notably on the consumer. The unpredictable nature of the new Trump administration and its almost-daily pronouncements has driven rising policy uncertainty. It seems that a more uncertain employment outlook, worries over a tariff-fuelled resurgence in inflation and an uncertain outlook for businesses are weighing on overall activity. January retail sales were disappointing, consumer confidence is slumping, and lower-income American households remain concerned over a potential loss of purchasing power, should tariffs increase the sticker price of imported goods.

US households worry about inflation

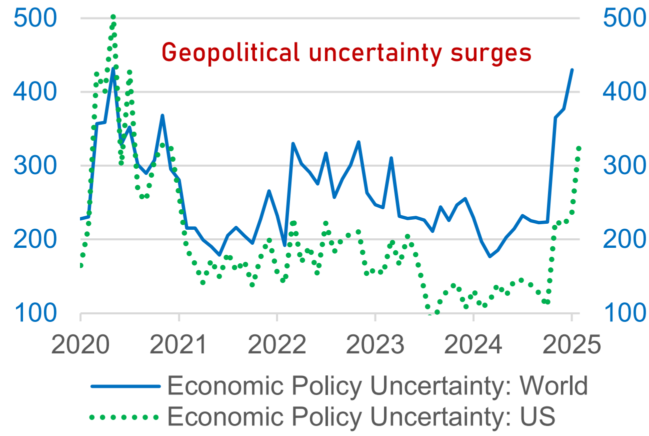
In the lead-up to the November 's Presidential election in November, the high cost of living was the main concern of US consumers. In the latest University of Michigan consumer sentiment survey, expected inflation in 1 year leapt from 3.3% in January to 4.3% in February as consumers worried about the potential impact of higher tariffs on imported goods prices. Service sector activity has also stalled, according to the latest US services PMI reading, reflecting a more cautious consumer. No wonder then that US retail stocks have suffered a 15% fall since peaking in December, even as more defensive stocks and sectors have rallied.

Should we expect lower inflation?

While the consensus is expecting a potential pick-up in US inflation in the coming months, I suspect that we might be surprised by a) continued softening of the US employment market as the Department of Government Efficiency lays off government staff and contractors; b) lower consumer end-demand; and c) easing of housing, energy, insurance and medical care costs.

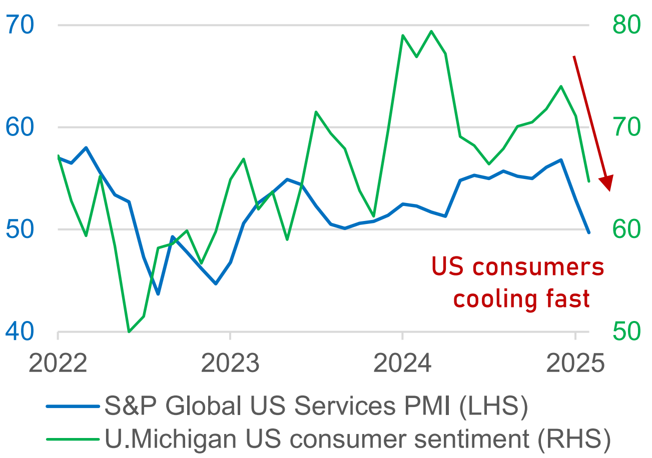
Key messages: slowing US economic activity and contained inflation could allow for further Fed Funds rate cuts in H2. We maintain our call for 2 Fed Funds rate cuts to reach 4.0% by year-end.

US ECONOMIC POLICY UNCERTAINTY HAS EXPLODED SINCE TRUMP 2.0



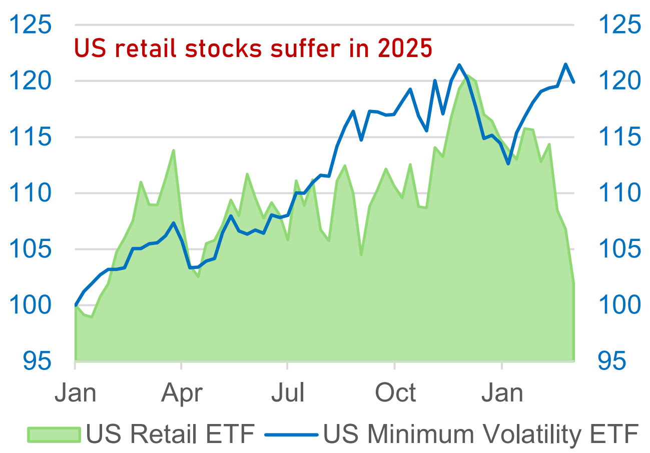
Source: Bloomberg , Baker, Bloom & Davis

PRE-ELECTION SURGE IN CONSUMER CONFIDENCE HAS EVAPORATED



Source: BNP Paribas, Bloomberg

US RETAIL SECTOR HAS DROPPED 15% SINCE EARLY DECEMBER



Source: BNP Paribas, Bloomberg

Balancing risk and return after strong performance

Impressive returns, but now record uncertainty

Investors in risk assets such as stocks have been spoilt by the impressive performance of global stocks since this current bull market kicked off in October 2022. Over the last 29 months, the MSCI World index has returned 62% in US dollars and 50% in euros including dividends (+22% and +19% respectively on an annual average basis). Corporate bonds have also delivered solid returns at +20% for US credit and +17% for European credit over this period.

There have been several following winds that have propelled stocks and credit higher: a) strong US economic growth, b) double-digit US and European earnings growth, c) falling policy uncertainty resulting in lower financial market volatility and tighter credit spreads, and d) latterly central banks that have started to ease policy rates.

Out of these four drivers for stocks and credit, two have now reversed as we are instead confronted with an environment of record-high global political uncertainty, coupled with a sharp slowdown in the near-term outlook for US growth.

Since late January, financial markets have started to price this higher perceived level of risk, with wider high yield credit spreads and the Citi Macro Risk index rising from 0.2 to a current reading of 0.5 (on a scale of 0 to 1, where 1 is maximum risk).

The unpredictability of US policy under Donald Trump is illustrated by his raising of trade tariffs on allies (Mexico and Canada) and adversaries (China) alike.

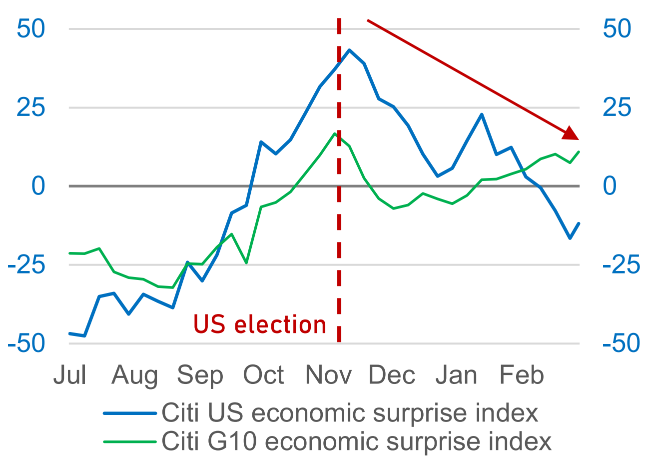
So why not adopt a more cautious stance now?

Investors have profited from strong financial markets for over 2 years. So given the rising risks, why not adopt a more cautious asset allocation stance?

The many uncertainties and today's volatile market regime suggest a more cautious asset allocation stance. But there are also several positive factors to consider:

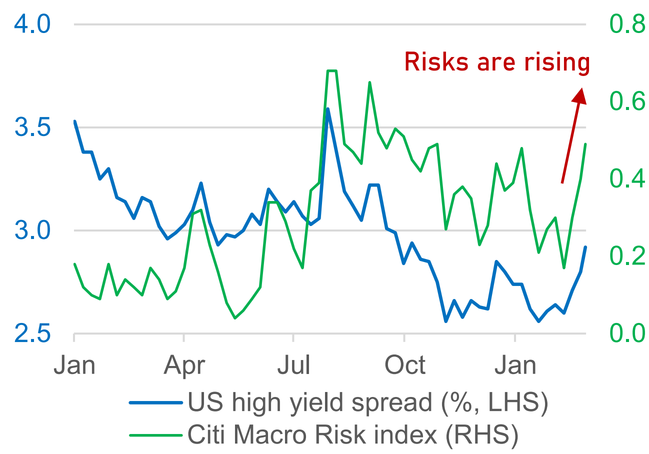
1. We believe that there is still a good chance of a Ukrainian ceasefire in the near term. US-Ukraine talks will be led by US special envoy Steve Witkoff in Saudi Arabia in the week beginning 10 March.
2. Trump has amended the Mexico-Canada tariffs to exclude exports covered under the pre-existing USMCA agreement in place since mid-2020. Half of Mexican and Canadian exports will now not be subject to the 25% US tariffs. This substantially lowers the impact on US growth and inflation.
3. The proposed German fiscal stimulus plan should boost both German and eurozone economic growth meaningfully from late this year onwards.
4. Europe is starting to feel the beneficial economic effects from lower interest rates (stimulating loan demand) and from lower energy prices – EU benchmark natural gas and electricity prices have fallen 33%-40% over the past month.
5. Further Chinese fiscal and monetary stimulus will be delivered in the next few months following the conclusion of the National People's Congress.
6. Global M2 money supply growth is accelerating thanks to central bank provision of liquidity, which supports stock and credit markets.

US ECONOMIC MOMENTUM HAS DROPPED SHARPLY SINCE NOVEMBER



Source: BNP Paribas, Bloomberg

FINANCIAL MARKETS ARE PRICING HIGHER RISKS



Source: BNP Paribas, Bloomberg

Maintain a Positive view on equities, but downgrade US

US momentum stocks, currency at risk of reversal?

Stock market corrections are more common than one might think at first. In the case of US large-cap stocks, the S&P 500 index suffers a correction of 5% or more almost every year, and a 10%+ correction in 2 out of every 3 years on average. A bear market, commonly defined as a drop from peak of at least 20%, occurs around once in every four years.

When bullish investor sentiment turns bearish and provokes a shift in momentum, the former stock market leaders are usually those that then suffer the most severe price adjustments downwards.

Following the most recent all-time high in the S&P 500 achieved on 19 February, US large-caps have dropped 6% (to 5 March). Former high momentum retail investor favourites, such as the Magnificent 7 tech stocks, have given back more of their prior gains, dropping 15% since peaking in mid-December. Even post this correction, the Magnificent 7 remain highly valued at an average forward P/E of 27x and are still 23% higher than this time last year.

It seems that the market narrative of American exceptionalism that has helped to propel US stocks and the dollar to historically extreme valuations is finally being challenged by frequent radical and unpredictable shifts in US government policy.

In contrast, the formerly lagging MSCI World ex US index has held up well in 2025, posting a 9% gain in USD and 4% in euros since the start of the year, led by a 13% return for the Euro STOXX 50.

Reduce US stock exposure on peak uncertainty

We downgrade US equites to Neutral as our positive base-case scenario for growth is increasingly challenged by rising risks stemming from President Trump's policies.

At the same time, European markets have rallied on the prospects of increased fiscal spending and a ceasefire in Ukraine. While we acknowledge that such developments would be a long-term positive, we think that near-term expectations are (too) high and see the risk of disappointment rising. **We thus remain Neutral on Europe for now.**

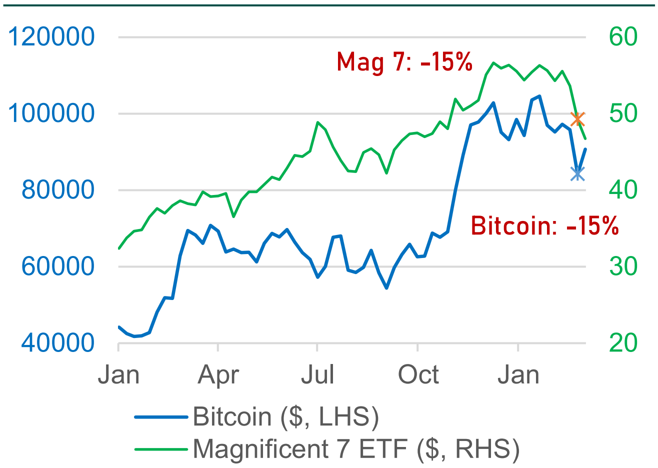
Our overall stance on equities remains Positive but we are adopting a state of high vigilance. Should the geopolitical situation deteriorate, we would likely take a more cautious view on stock markets.

Sector allocation changes

At the sector level in the US, given the deteriorating household confidence, we avoid consumption-related sectors as well as those at risk due to mounting supply chain issues. Therefore, **we downgrade both US Consumer Discretionary and US Information Technology from Neutral to Negative**.

In Europe, we increase our cyclical bias further by **upgrading European Chemicals from Negative to Neutral** after sizeable underperformance of the last 2-3 years **and downgrading European Real Estate from Positive to Neutral** given the increasing headwind to this sector from higher long-term yields.

US RETAIL FAVOURITES CORRECT: MAGNIFICENT 7, CRYPTOCURRENCIES



Source: BNP Paribas, Bloomberg. As of 5 March 2025

EURO STOXX 50 FINALLY AT A NEW ALL-TIME HIGH AFTER 24 YEARS

Source: Bloomberg.

Trend change in the US dollar – can it persist?

Guy Ertz

A stronger euro despite a lower ECB deposit rate

The US dollar has shown major volatility and is trading at around USD 1.08 (value of one euro).

The Fed kept rates on hold at 4.5% while the ECB cut rates by 25bps to 2.75% in January as expected. The Fed reiterated the message that the Federal Open Market Committee (FOMC) was in no rush to cut rates.

The ECB remains confident that rising real income and the fading effects of past monetary tightening will support economic activity. We maintain our expectation of two 25bp rate cuts in the US this year as the economy weakens, leading to a final rate of 4%. In the eurozone, we expect three 25bp rate cuts as disinflation continues, leading to a terminal rate (deposit rate) of 2%. The yield difference should thus continue to support the USD over the coming months.

The recent rise in EUR/USD is mainly related to the recent news on the European economic outlook, in particular defence/infrastructure spending and the positive news regarding the German debt brake issue. The macro momentum (economic surprise index) has been better in the eurozone than in the US. All this news has led to a repricing of the expected Fed Funds rate. The market expects more than 3 rate cuts by year-end for the Fed. However, this reaction looks a little exaggerated. In the short term, the optimism in the eurozone could be dampened by more negative news on US tariffs. That should help the dollar to rebound.

We maintain our 12-month EUR/USD target at USD1.02 (value of one euro).

Longer term, US dollar remains overvalued

Beyond our 12-month forecast horizon, we expect a gradual fall in the USD. The dollar remains very expensive relative to history and relative to long-term fair value estimates such as purchasing power parity.

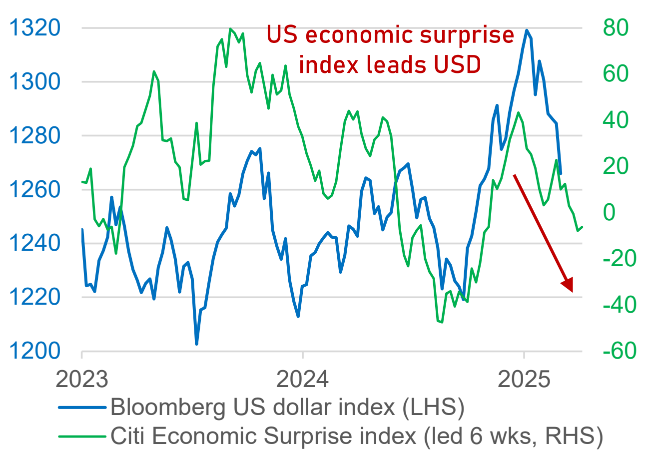
This concept refers to the EUR/USD exchange rate that equalises the price of a representative basket of goods when calculated in dollars. The estimated long-term fair value for one euro (“Purchasing Power Parity” or PPP) provided by the OECD is around 1.40 dollars (based on Germany’s figures).

Deviations from PPP can, however, be seen over a long period (due to high transport costs, barriers of trade etc.). Some academic studies suggest that a more relevant approach would be the so-called notion of half-life.

According to Craig (2005)*, “a half-life represents the amount of time that elapses before a discrepancy between the PPP level and the current exchange rate is half its current size”. He found that for large differences that period could be around 12 to 18 months.

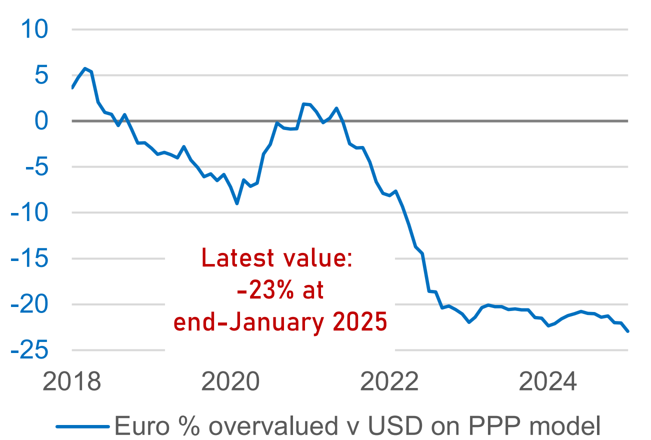
Currently, the notion of half-life suggests a EUR/USD of USD 1.24. That could be an order of magnitude for long-term adjustments.

WEAKER US ECONOMIC MOMENTUM DRAGS US DOLLAR LOWER



Source: BNP Paribas, Bloomberg.

EUR/USD PURCHASING POWER PARITY: EURO UNDERVALUED LONG TERM



Source: Bloomberg. Latest value as of 31 January 2025

Should we hold or take profits on gold now?

Patrick Casselman

Gold: fuelled by central bank buying and heightened geopolitical uncertainty

The gold price rose to a new all-time-high, close to our USD 3,000 target. Apart from ongoing buying by central banks (diversifying their reserves away from USD assets), the gold price is mainly supported by investors' flight to safe havens, due to high geopolitical uncertainties mainly over Trump's policies (threats of higher tariffs, Europe's military isolation and exclusion from negotiations with Russia). Will Trump be able to cool down inflation and reduce fiscal deficit?).

After the recent rally (+16% since the November low), gold may be somewhat overbought. In the short term we think a consolidation or slight correction is possible, particularly if the Russia/Ukraine peace negotiations go in the right direction and/or if there is a trade deal between the US and its main trading partners (China, Europe, Canada, Mexico). But in the longer term, we still expect the upward trend to continue, supported by a further accumulation of gold reserves by central banks, combined with the likely continuation of geopolitical and economic uncertainties (Trump's inflationary policy, high US fiscal deficits and government debt, a possible trade war, military developments).

Hence, we slightly increase our 12-month target for gold from USD 3000/oz to USD 3200/oz and maintain our Positive view. Any short-term correction could offer new buying opportunities.

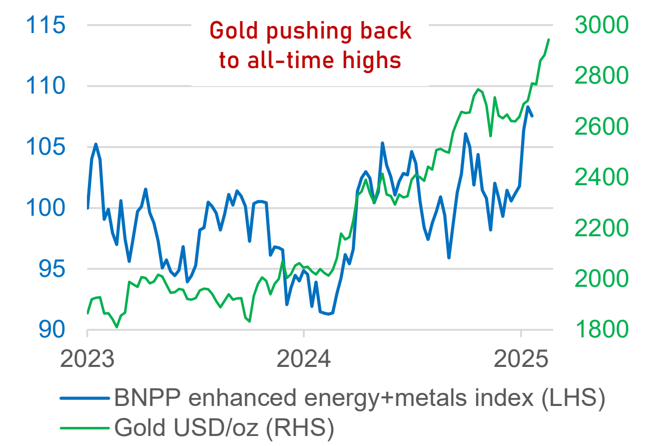
Silver continues to offer an attractive opportunity thanks to both investment and industrial demand

Silver follows the gold rally, benefitting from a substitution effect in the jewellery sector. industrial demand should also continue to increase, notably related to electronics, data centres, and solar panels.

As the market for silver is much smaller than for gold, it is more exposed to potential supply/demand imbalances, which could trigger a further catch-up in prices compared with gold. The gold/silver ratio is currently around 90 but could eventually move back to 80.

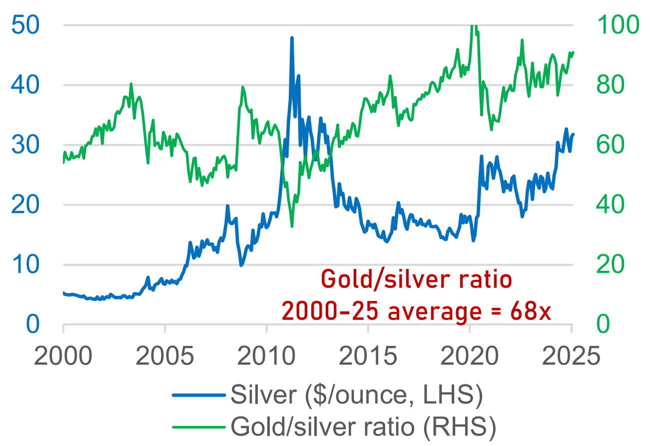
We increase our 12-month target from USD 35 to USD 38/oz.

GOLD HITS NEW ALL-TIME HIGHS CLOSE TO USD 3000/OUNCE



Source: BNP Paribas, Bloomberg.

GOLD/SILVER RATIO TODAY = 90X; LONG-TERM AVERAGE = 68X



Source: BNP Paribas, Bloomberg.

Summary of our main recommendations, by asset class

	Current Recom	Prior Recom	Segments	We like	We avoid	Comments
EQUITIES	+	+	Markets	UK, Japan, Brazil, China, S. Korea Singapore and Indonesia		Buoyant global liquidity continues to support stock markets. Key drivers include lower interest rates, improving macro liquidity, and easing energy prices. Build stock exposure on market consolidations. Downgrade US stock exposure to Neutral.
			Sectors	Global Health Care, Industrials, Materials, EU Financials	EU Oil & Gas, Consumer Staples, US IT, US Consumer Discretionary	**Banks and financial services** should benefit from improving loan demand, elevated Net Interest Margins & loan loss provisioning. **Health Care** has benefited from a strong earnings season and promising drug pipelines.
			Styles/ Themes	Quality, Megatrend themes		Circular Economy, Electrification, Security, Deep Value themes
BONDS	=	=	Govies	Favour above-benchmark euro duration. Prefer US inflation-indexed bonds		Positive on core eurozone, UK government bonds. 12-month US 10Y yield target 4.25%, German 10Y bund yield 2.5%
	+	+	Credit	Euro IG credit, UK IG		We favour investment grade Credit, focusing on EU credit (especially financials) on the back of decade-high yields and strong balance sheets. We turn Positive on UK IG corporate bonds
	=	=	EM bonds	USD and local currency		Neutral on EM bonds given risks ahead (trade barriers, stronger USD, high-for-longer US yields and tight valuations. The fundamentals remain however in place.
CASH	-	-				2 cuts to take Fed Funds rate to 4% by late 2025, 2% for the ECB deposit rate.
COMMO-DITIES	+/-	+/=		Gold (+) Oil (-) Industrial metals (+)		Oil (-) Weaker global oil demand and the prospect of a steady reduction in OPEC+ production cuts force Brent prices into the USD 60-70 range. Base metals (+) The outlook for the manufacturing sector is improving. Cyclical demand will join structural demand while supply remains constrained. Gold (+) we remain Positive on the medium term for geopolitical reasons, 12-month range = USD 3200.
FOREX			EUR/USD			Our EUR/USD 12m target remains USD 1.02. USD/CNY 12-month target is CNY 7.30.
REAL ESTATE	=	=		Health Care, logistics/ warehouses		Lower interest rates and a slow improvement in net asset values should support unlisted real estate.
ALTERNATIVE UCITS				Long/Short Equity, Credit and Relative Value, Convertible Arbitrage		Relative value alternative UCITS funds have beaten bond/credit indices since the start of 2023, offering lower risk returns, at low volatility.
INFRA STRUCTURE	+	+		Energy, transportation, water		Excellent long-term returns expected from private and listed infrastructure given long-term underinvestment.

Economic, FX forecast tables

BNP Paribas Forecasts			
GDP Growth %	**2023**	**2024**	**2025**
United States	2,9	2,8	2,3
Japan	1,5	0,1	1,1
Eurozone	**0,5**	**0,7**	**0,9**
Germany	-0,1	-0,2	0,2
France	1,1	1,1	0,7
Italy	0,8	0,5	0,8
Emerging			
China	5,2	5,0	4,5
India*	7,0	8,2	6,2
Brazil	2,9	3,6	2,1

* Fiscal year

Source : BNP Paribas - 10/03/2025

BNP Paribas Forecasts			
CPI Inflation %	**2023**	**2024**	**2025**
United States	4,1	2,9	3,2
Japan	3,3	2,7	3,1
Eurozone	**5,4**	**2,4**	**2,1**
Germany	6,0	2,5	2,4
France	5,7	2,3	1,1
Italy	5,9	1,1	2,0
Emerging			
China	0,2	0,2	0,8
India*	6,7	5,4	4,8
Brazil	4,6	4,4	5,3

* Fiscal year

Source : BNP Paribas - 10/03/2025

	Country		Spot 05/03/2025	Target 3 months	Target 12 months
Against euro	United States	EUR / USD	1.08	1.04	1.02
	United Kingdom	EUR / GBP	0.84	0.83	0.83
	Switzerland	EUR / CHF	0.96	0.94	0.94
	Japan	EUR / JPY	160.29	156	153
	Sweden	EUR / SEK	11.03	11.40	11.70
	Norway	EUR / NOK	11.80	11.60	11.30
Against dollar	Japan	USD / JPY	148.91	150	150
	Canada	USD / CAD	1.44	1.45	1.40
	Australia	AUD / USD	0.63	0.66	0.64
	New Zealand	NZD / USD	0.57	0.60	0.60
	Brazil	USD / BRL	5.85	5.80	6.00
	India	USD / INR	86.96	88.0	88.0
	China	USD / CNY	7.26	7.40	7.40

Source: : BNP Paribas, Refinitiv Datastream. As at 5 March 2025

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