



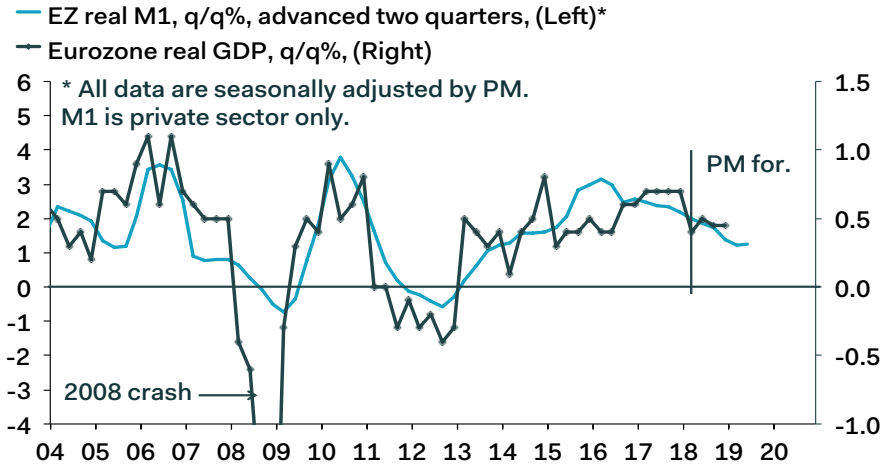
PANTHEONTM
MACROECONOMICS

INDEPENDENT • INCISIVE • ILLUMINATING

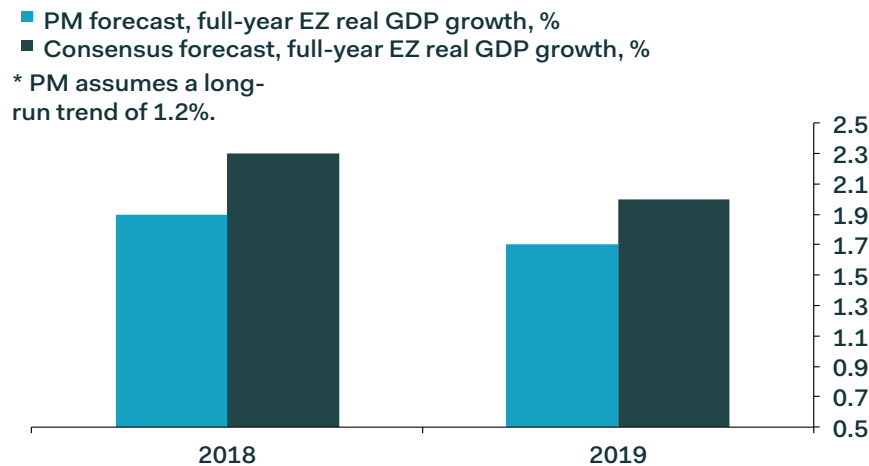
PM EUROZONE CONFERENCE CALL CHARTS

JUNE 6, 2018

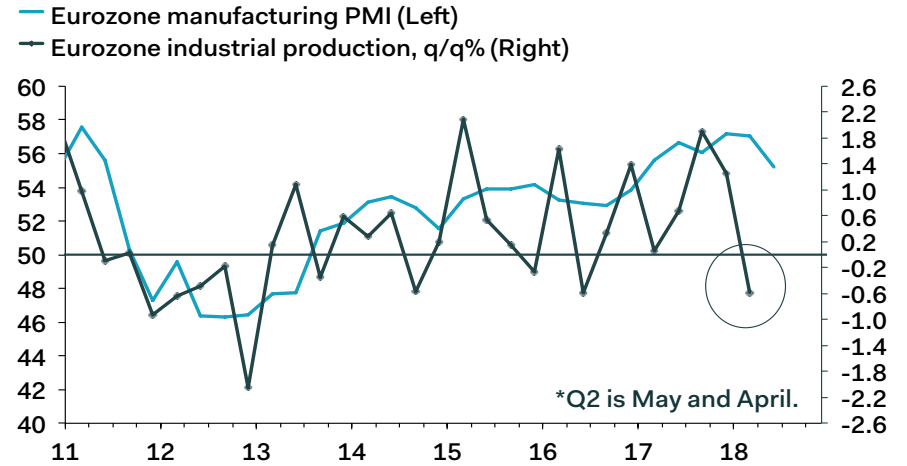
1. WE ARE FAIRLY CONFIDENT THAT EZ GDP GROWTH IS SLOWING...



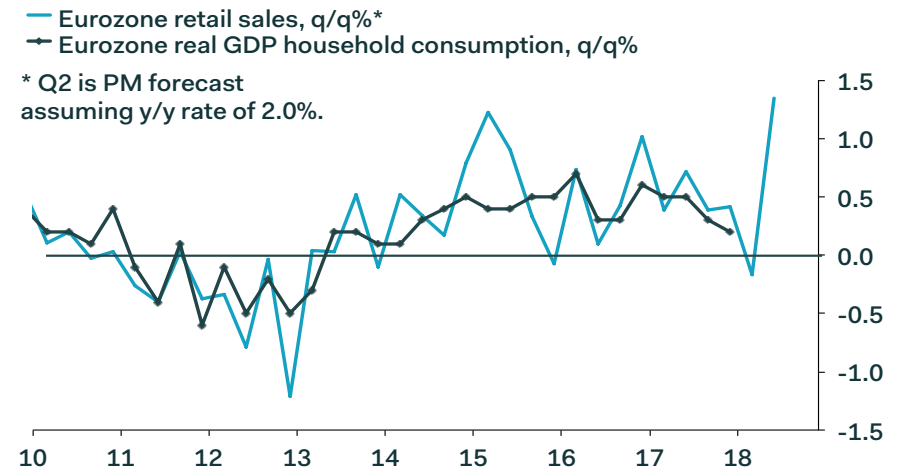
2. ...AND WE THINK THAT CONSENSUS FORECASTS ARE TOO HIGH



3. ...THE OUTLOOK FOR Q2, HOWEVER, IS SOLID DUE TO BASE EFFECTS

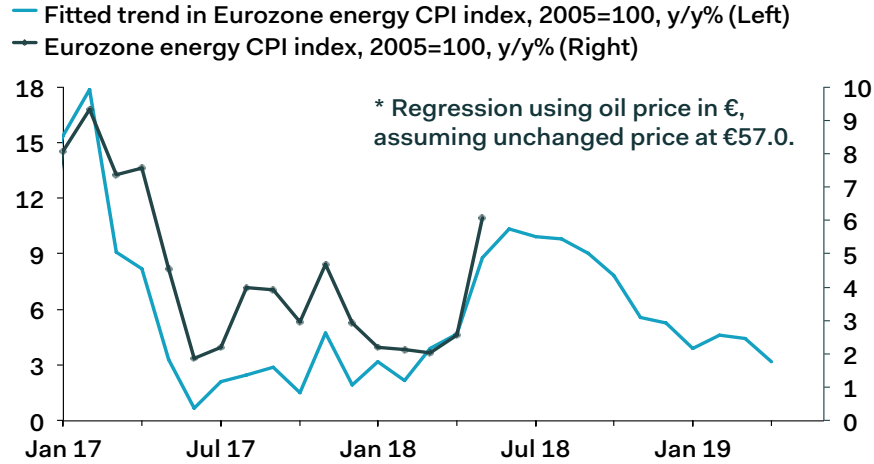


4. ...CONSUMERS' SPENDING, IN PARTICULAR, SHOULD REBOUND

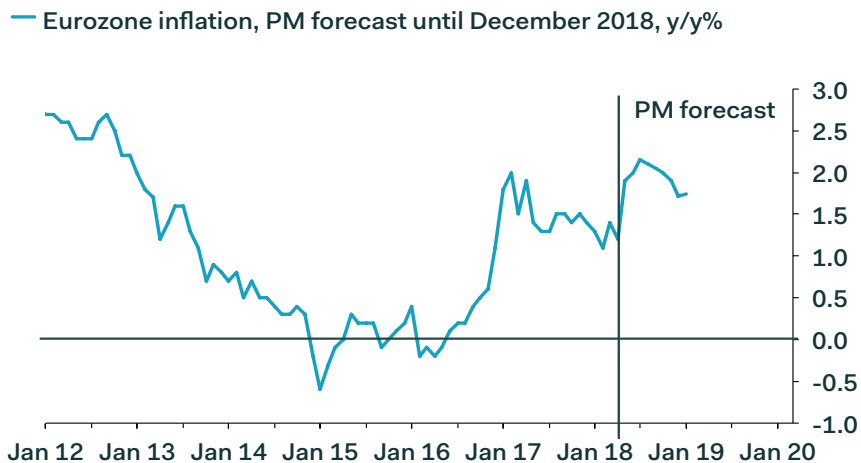




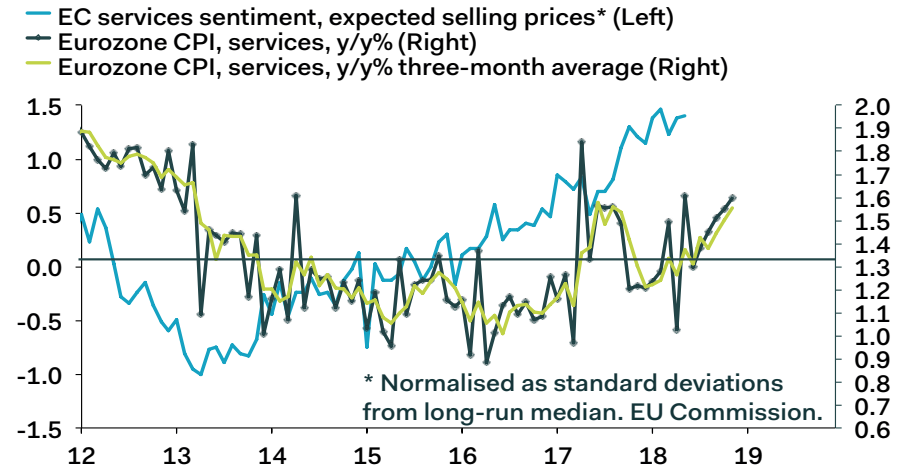
5. ENERGY PRICES HAVE SHOT HIGHER, LIFTING EUROZONE INFLATION...



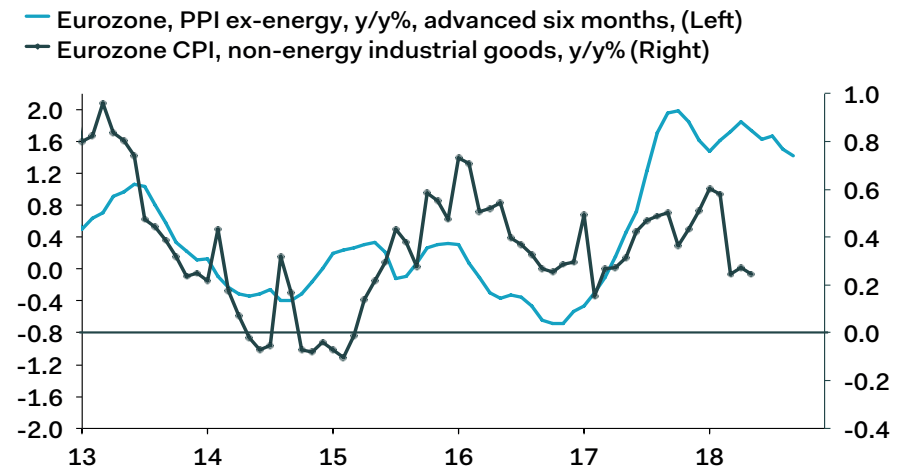
6. ...A HEADLINE ABOVE 2% IS LIKELY IN THE NEXT FEW MONTHS



7. SERVICES INFLATION SHOULD CONTINUE TO DRIFT HIGHER...



8. ...BUT NON-ENERGY GOODS INFLATION IS STILL VERY SUBDUED





9. THE CONSENSUS ON QE HAS SURVIVED ITALIAN CHAOS, WE THINK

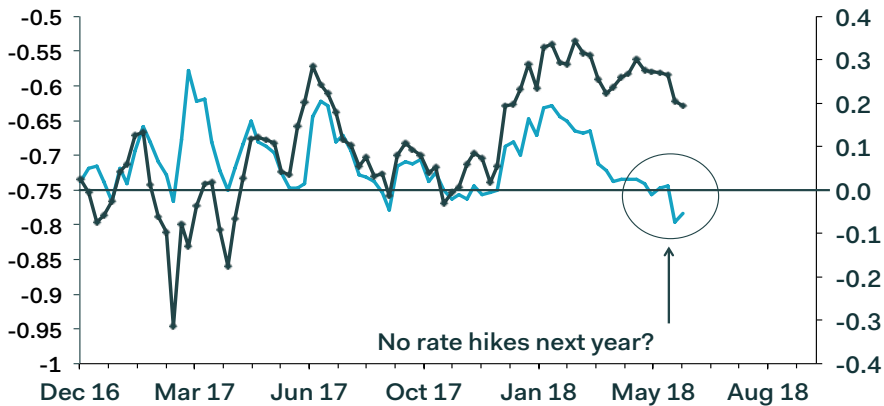
— ECB Balance Sheet, €B

QE of €80B per month until end March 2017, €60B until December 2017, a reduction to €30B starting January 2018 until September, and then a taper to zero at the end of the year.



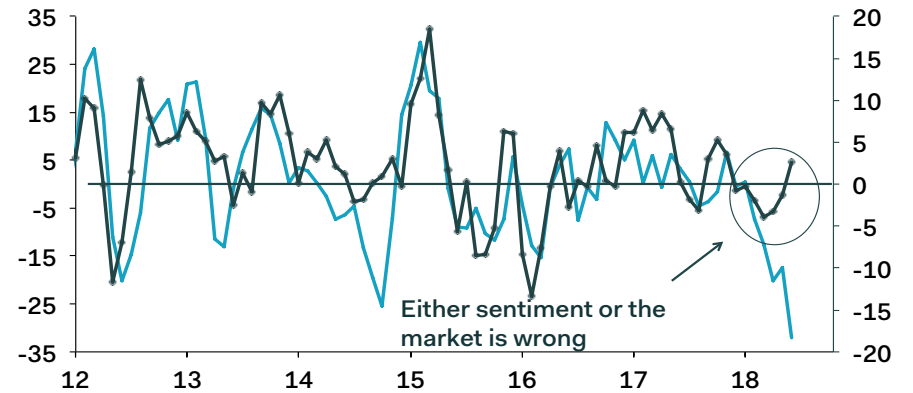
10. ...BUT ECB RATE HIKES ARE BEING KICKED INTO THE LONG GRASS

— Eurozone Dec 2019 implied short-term rate from rate futures, % (Right)
— Eurozone 2-year benchmark yield, % (Left)



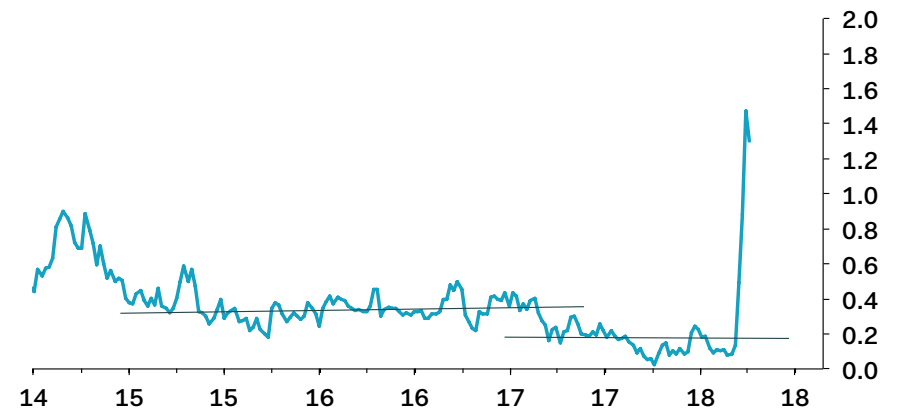
11. INVESTORS ARE GLOOMY, BUT THE MARKET HAS BEEN RESILIENT

— Sentix investor expectations, three-month change (Left)
— MSCI EU ex-UK, three-month chg. %, June is latest spot price (Right)



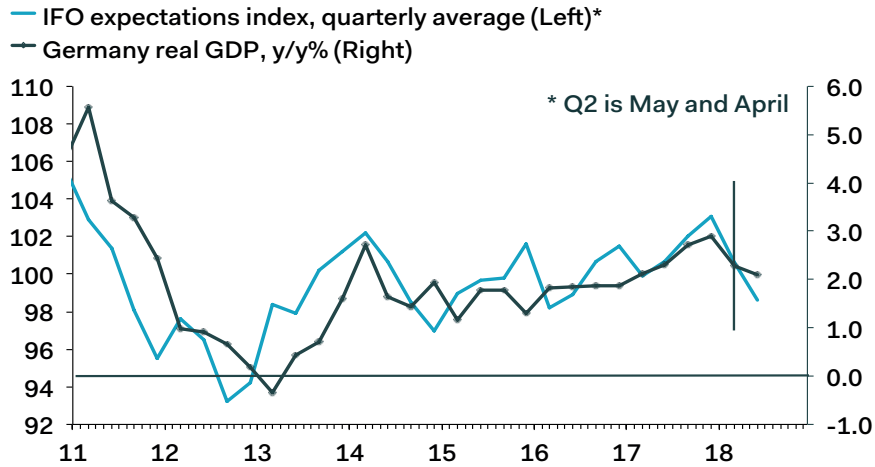
12. ...THE CAT IS OUT OF THE BAG IN ITALY, CAN IT BE PUT BACK?

— Italy 2-year yield spread to ECB deposit rate, %

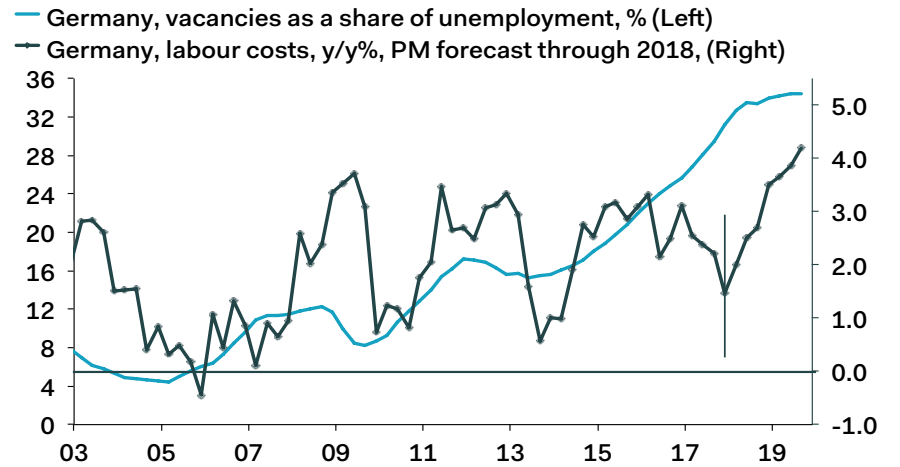




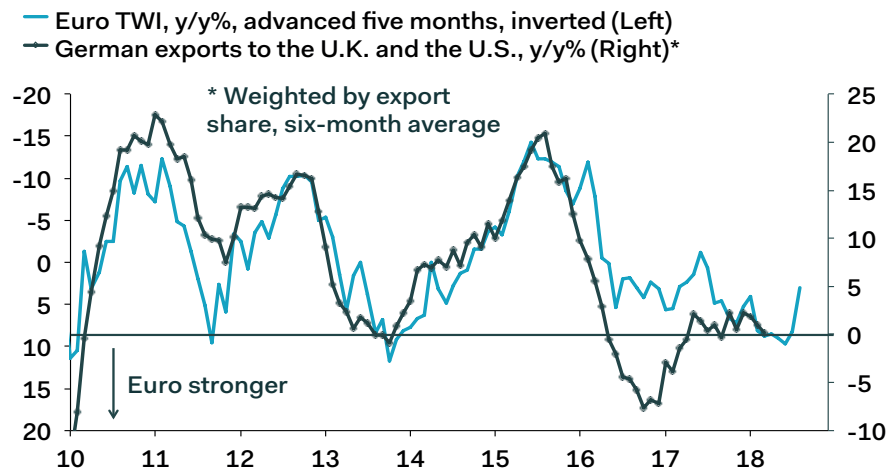
13. THE GERMAN ECONOMY HAS LOST SOME MOMENTUM IN 2018



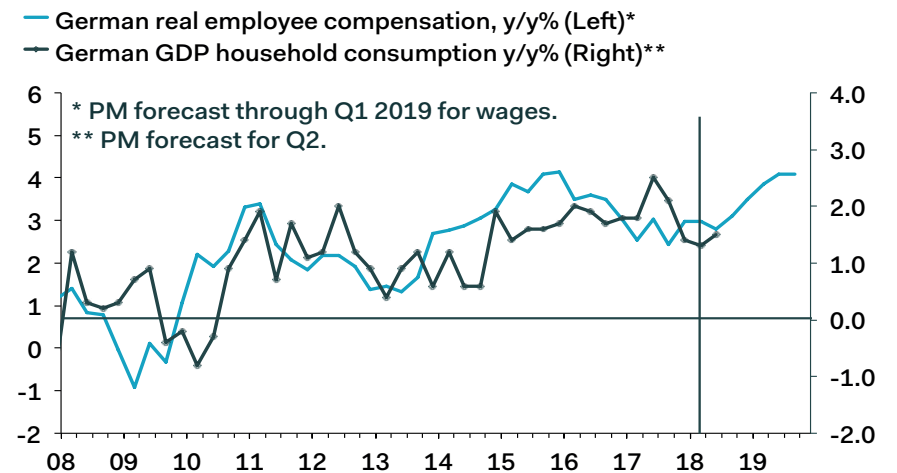
15. GERMAN WAGES AND LABOUR COSTS SHOULD ACCELERATE...



14. THE EURO WON'T BE A DRAG ON EXPORTS FOR MUCH LONGER

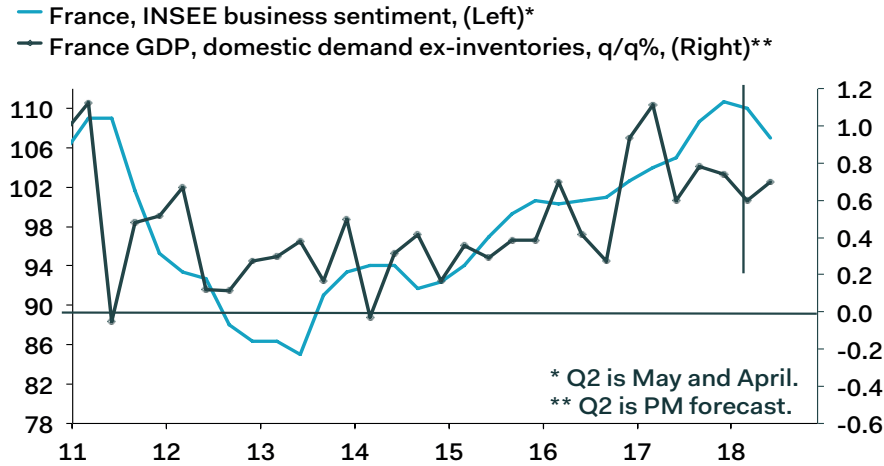


16. ...HELPING TO SUSTAIN DECENT GROWTH IN CONSUMERS' SPENDING

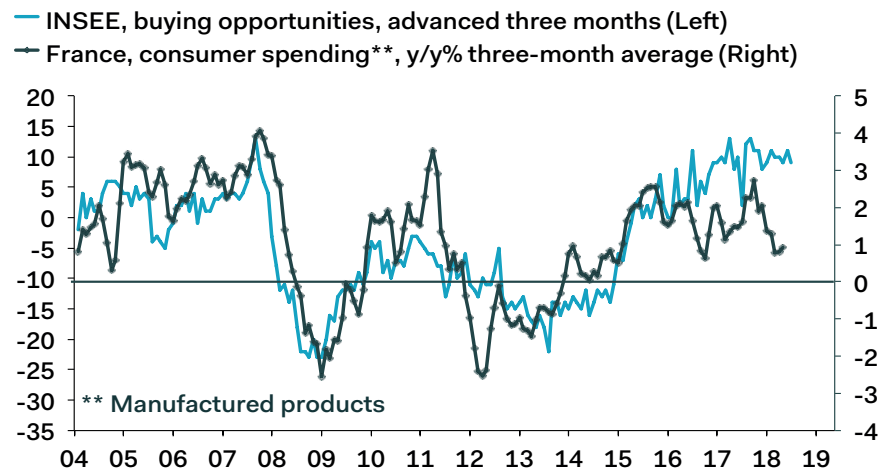




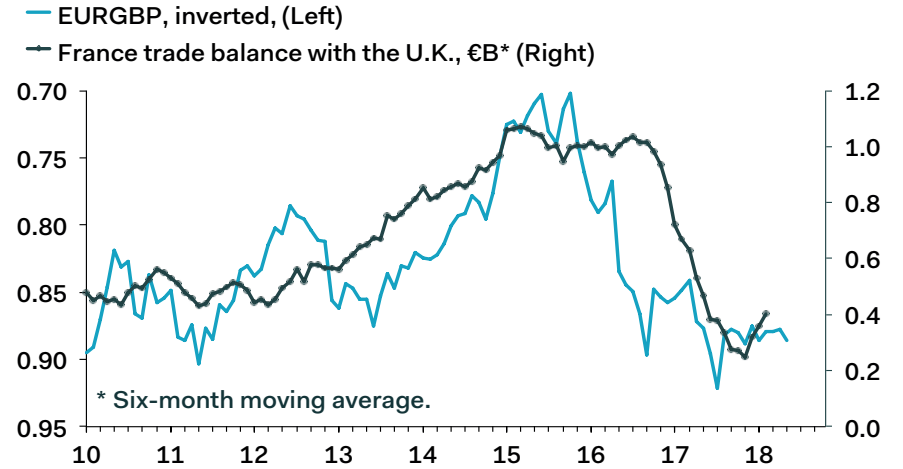
17. GROWTH IN FRENCH DOMESTIC DEMAND SHOULDN'T SLOW FURTHER



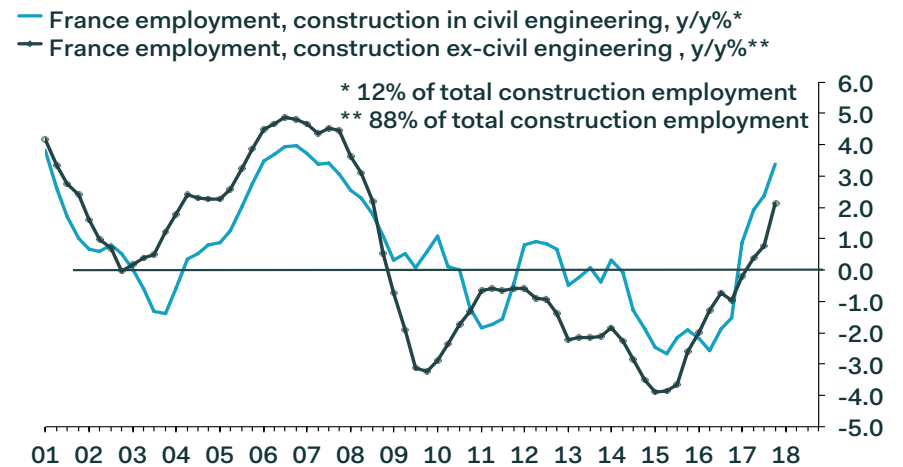
18. WILL CONSUMERS' SPENDING IN FRANCE PICK UP IN Q2?



19. HAS THE TRADE SURPLUS WITH THE U.K. TURNED A CORNER?

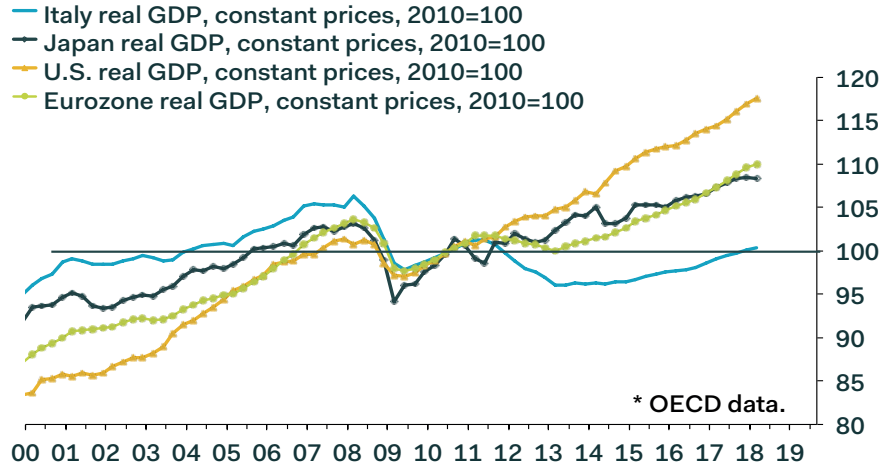


20. FRENCH CONSTRUCTION EMPLOYMENT IS ON THE MEND,

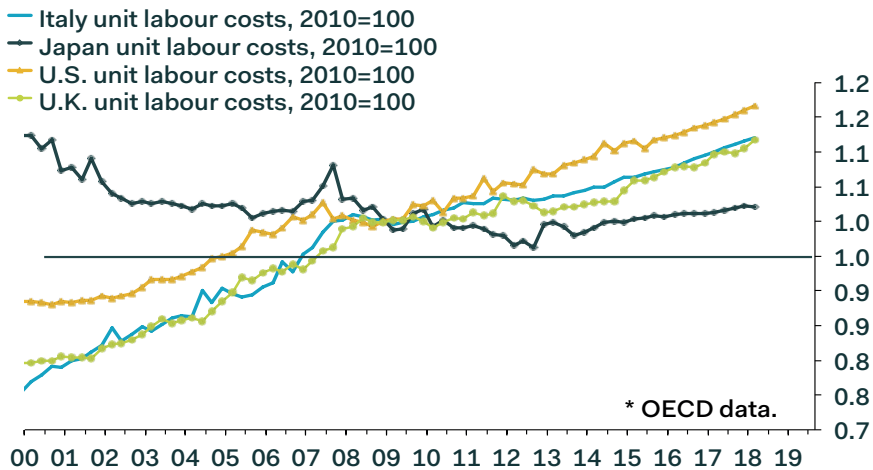




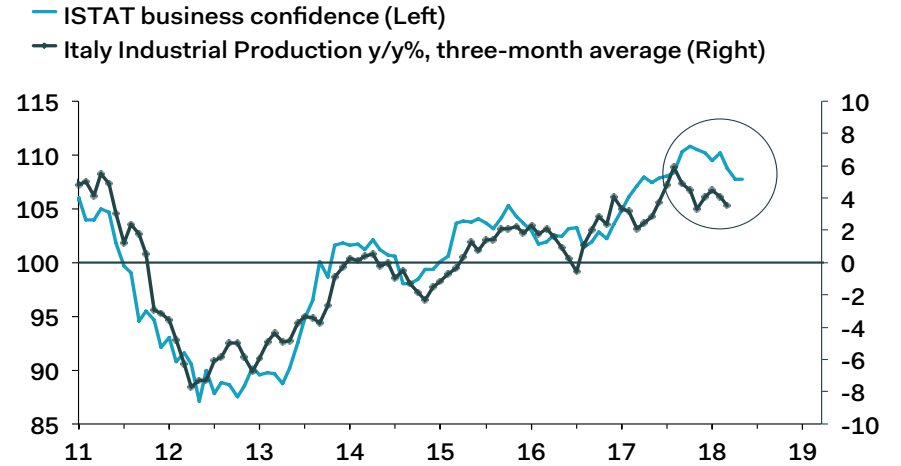
21. ITALY IS BEING LEFT BEHIND THE REST OF THE WORLD, AT WHAT PRICE?



22. HIGHER PRODUCTIVITY OR WAGE RESTRAINT IN ITALY?



23. DOWN A NOTCH FOR MANUFACTURING IN THE ITALIAN ECONOMY?



24. ITALIAN INFLATION AND EMPLOYMENT STILL STUCK IN 1ST GEAR

