

## Resilient growth in the euro area and still strong in the United States!

*In the United States and the euro area, GDP growth in Q3 2024 was positive, but not on the same scale: continued strength in the United States versus weak growth in the euro area. More specifically, in Germany, recession was avoided (at least temporarily) while the Olympic Games supported activity in France. With inflationary risks now behind us, the ECB and the Fed are likely to continue cutting rates.*

**The euro area is holding up well.** GDP growth in the euro area reached 0.4% quarter-on-quarter in Q3, the strongest pace for over two years. The Q3 figures also confirm the good momentum of the peripheral economies, with Spanish growth of 0.8% compared with 0.4% in France and 0.2% in Germany. Growth in peripheral economies continues to benefit from the EU recovery package and strong service exports (tourism).

**France is boosted by the Olympic Games.** Growth in France in Q3-24 was 0.4% quarter-on-quarter, the strongest rise since Q3 2023. This was clearly supported by the Olympic Games, and as such question about the underlying strength of the French economy remains open. Business investment remains sluggish, contracting again in Q3 24 given the negative impact of new norms on vehicles. In addition, residential investment continues to decline against a backdrop of still high interest rates, while exports have fallen back.

*Past performance is not a guarantee of future performance. All data is from Bloomberg, Macrobond as of 10/31/2024, completion date of this publication. In accordance with the regulations in force, we inform the reader that this document is qualified as a promotional document*

Public spending, on the other hand, has remained buoyant but, in view of the budget debates currently taking place in Parliament, will soon be reduced.

**Germany avoids recession.** While the consensus forecast was for a further contraction in the economy, growth came in at 0.2% quarter on quarter in Q3-24, albeit with a sharp downward revision to Q2-24 growth.

Indicators at the end of the quarter were already giving positive signals, with a slight rebound in the business climate and consumer confidence indices. Activity in Germany has been yo-yoing since 2022, with GDP remaining at its pre-crisis Covid level. Germany is therefore doing better than expected.

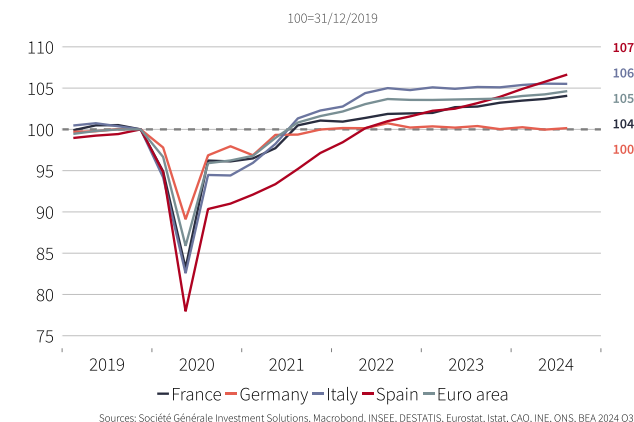
On the other hand, given the heightened signs of weakness on the labour market, activity could remain sluggish.

**The United States on a roll.** The United States is continuing to build on its excellent momentum, with growth in Q3-24 of 2.8% on annualized rate (0.7% quarter-on-quarter), driven by a 3.7% jump in personal spending and continued expansion in public spending and non-residential investment. The only negative factor in the Q3-24 figures was the negative contribution from international trade, reflecting strong domestic demand.

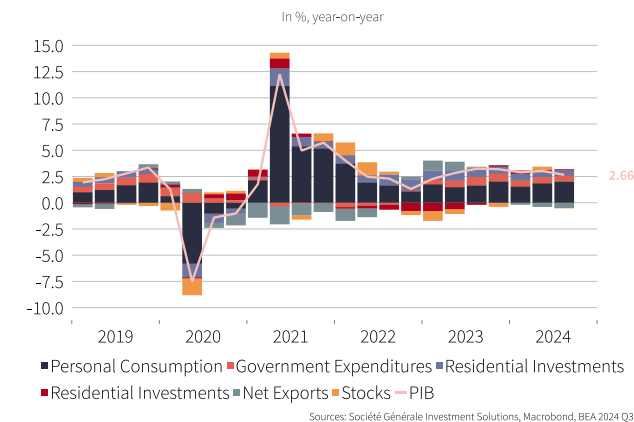
In terms of inflation, the core personal consumption deflator, the Fed's preferred measure, eased to 2.7% quarter-on-quarter in Q3-24, likely allowing the Fed to continue the rate-cutting cycle at its meeting on 7 November.

Looking ahead, the United States is set to experience a soft-landing given the softening of the labour market. In the euro area, purchasing power gains (wage increases above inflation) and monetary easing should support economic activity.

GDP in volume



United States: GDP and contributions



# OUR MACRO COMMENTS

## Events of the week

### EURO AREA : measured slowdown in disinflation

The disinflation process halted in the euro area in October. Total inflation stood at 2% year-on-year, while core inflation was 2.7% (from 1.7% and 2.7% respectively).

This pause in disinflation essentially reflects the rise in energy prices. Inflation in services, the most rigid component, continues to slow, coming in at 3.9% year-on-year in October. These figures should allow the ECB to cut its key interest rate again in December.

### THE WEEK IN DATA

Country	Data	Actual	Last	Forecast
<b>Euro Area</b>	GDP Growth (QoQ) Q3	0,40%	0,20%	0,30%
	Inflation Rate october	2%	1,70%	1,90%
<b>Germany</b>	Unemployment Rate october	6,10%	6%	6%
	GDP Growth (QoQ) Q3	0,20%	-0,30%	-0,10%
<b>United States</b>	JOLTs Job Openings	7,443M	7,861M	7,8M
	GDP Growth Rate (QoQ) Q3	2,80%	3%	3,30%
<b>France</b>	GDP Growth Rate (QoQ) Q3	0,40%	0,20%	0,40%
	Inflation Rate october	1,20%	1,10%	1,20%

Source: Macrobond, October 31, 2024. The colors in the 'Actual' column correspond to the difference from the forecast

### UNITED KINGDOM : A supportive budget

The Labour government has presented its first budget and multi-year plan. Numerous tax rises are planned (employers' social security contributions, capital gains tax, etc.) to finance an increase in public spending (hospitals, education). The government has also decided to increase public investment.

Tax increases will not be enough to cover the additional public spending and investment. As a result, this budget should support economic activity, which could slow the Bank of England's rate-cutting cycle.

The markets continue to anticipate a cut in November, but not anymore in December. Finally, the sharp rise in bond issuance announced for the next 5 years has pushed up long-term rates.

### KEY EVENTS NEXT WEEK



#### Monday

**United States** Factory Orders (MoM) September

#### Tuesday

**United States** -ISM Services PMI October  
-Presidential and general election

#### Thursday

**China** Balance of Trade October  
**Germany** Balance of Trade September  
**United Kingdom** BoE decision on Interest rates  
**United States** Fed decision on Interest rates

#### Friday

**France** Balance of Trade September

#### Saturday

**China** Inflation Rate October

# MARKET PERFORMANCES

## Interbank rates

%	29/10/2024	30/09/2024	31/07/2024	01/01/2024	31/10/2023
US SOFR	4,855	5,16	5,35	5,34	5,32
Euro area €ster	3,164	3,41	3,65	3,88	3,88
UK SONIA	4,950	4,95	5,20	5,19	5,19
Switzerland SARON	0,951	0,96	1,21	1,70	1,70
Japan TONAR	0,228	0,23	0,08	-0,04	-0,02

## 10Y Government rates

%	30/10/2024	30/09/2024	31/07/2024	01/01/2024	31/10/2023
US Treasuries	4,29	3,81	4,09	3,88	4,88
France OAT	3,12	2,92	3,01	2,55	3,42
Germany Bund	2,37	2,12	2,31	2,02	2,80
Italy BTP	3,55	3,37	3,65	3,70	4,72
Spain Bonos	3,09	2,93	3,12	2,98	3,87
Switzerland	0,42	0,41	0,45	0,66	1,05
UK Gilts	4,35	4,00	4,01	3,60	4,59
Japan JGB	0,97	0,85	1,00	0,62	0,89

## Credit

%	30/10/2024	30/09/2024	31/07/2024	01/01/2024	31/10/2023
United States IG	5,14	4,72	5,14	5,06	6,35
United States HY	7,28	6,99	7,59	7,59	9,49
Europe IG	3,55	3,45	3,68	3,72	4,68
Europe HY	5,98	6,04	6,58	6,80	8,41
Emerging FX	6,25	6,03	6,64	6,77	8,08

## Equity indices

30/10/2024 vs	-1w	-1m	-3m	01/01/2024	-1y
World	-0,01	0,293	3,756	18,66	35,69
United States	0,14	1,061	5,394	21,94	43,08
Euro area	-1,16	-2,407	-0,028	9,01	23,34
France	-1,02	-2,764	-1,104	1,56	13,24
Germany	-1,10	-0,939	3,923	13,39	29,47
United Kingdom	-1,25	-0,975	-1,794	8,72	17,53
Japan	2,63	2,269	-1,996	16,76	22,82
Emerging	-0,50	-2,203	3,212	15,49	26,28
China USD	-0,76	-5,418	18,295	21,66	20,06
India USD	-0,22	-6,745	-3,689	18,24	36,72
Latin America USD	-1,37	-4,327	-1,719	-16,39	2,05

## Foreign exchange rates

	30/10/2024	30/09/2024	31/07/2024	01/01/2024	31/10/2023
EUR/USD	1,09	1,12	1,08	1,11	1,06
GBP/USD	1,30	1,34	1,28	1,27	1,21
EUR/CHF	0,94	0,94	0,95	0,93	0,96
USD/JPY	153,10	143,13	150,43	141,03	151,36
USD/CNY	7,12	7,02	7,22	7,08	7,32

## Commodity prices

	30/10/2024	30/09/2024	31/07/2024	01/01/2024	31/10/2023
Brent, USD/BL	73	72	81	77	86
Copper, USD/Metric ton	9 356	9 767	9 015	8 476	8 038
Gold, USD/Troy oz	2 787	2 635	2 447	2 063	1 984
Silver, USD/Troy oz	34	31	29	24	23
Palladium, USD/Troy oz	1 156	998	923	1 136	1 136
Platinum, USD/Troy oz	1 020	985	972	1 000	940

Source : Bloomberg on 31 October 2024, 1W = 1 week change, 3M = 3 month change, 12M = 12 month change, YTD = year to date change, Equities; total return in local currency. Government bonds = 10 year returns. Figures are rounded.



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