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Europe's recovery - from caterpillar to butterfly?

JP Morgan Asset Management | 02 September 2015

IN BRIEF

- In the latter part of 2014, we believed that there was a fundamental improvement under way in Europe's recovery that had not been fully reflected in the price of European assets and could therefore offer significant opportunities to investors.
- So far in 2015, our optimism has turned out to be well placed. More expansionary monetary policy, a weaker currency, ongoing structural reforms, and a cheaper oil price have all helped to produce a broad-based economic expansion that has gone along with rising inflows of investor funds and a significant rise in European asset prices.
- This improvement has often outpaced the upturn in European corporate earnings, leading to higher equity market valuations. But, improving fundamentals should continue to support corporate earnings over time and help to keep price-to-earnings valuations in check. Against this backdrop, cyclical, domestically-oriented companies have finally started to outperform and we would expect that trend to continue.
- Fixed income markets appear to have overreacted to the prospect of quantitative easing (QE) by the European Central Bank. Bond yields continued to fall - even after QE began - but then jumped back from their lows in the dramatic market sell offs of May and June. This volatility was a healthy reminder to investors that core sovereign bonds are not a one-way bet, and April may well mark the low-point for European core sovereign yields in this cycle.
- Nevertheless, with inflation and growth still modest and little chance of an early end to QE, we do not see a rationale for European sovereign yields to continue to rise much further on a six-month time frame. In fact, we would expect credit conditions for ordinary businesses and households to continue to improve.
- For all these reasons, we believe the progress we have seen in European markets in 2015 is sustainable over the next 12 months. But, we would encourage investors to temper their return expectations, be more selective in the sectors, countries and companies they invest in and anticipate continued market volatility - for example, in response to higher interest rates in the US.

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INTRODUCTION

Last year, we laid out our view that structural reforms, much looser monetary policy and a weaker euro had finally set the European economy on the road to recovery[1]. We felt that markets had largely underestimated this improvement, opening up opportunities for investors wishing to increase their exposure to the European equity and bond markets.

This optimism has been borne out by the turnaround in market sentiment towards Europe since the start of 2015. As we approach the second half of the year, it seems a good opportunity to take stock of progress over the past 12 months, gauge whether this improvement is sustainable and assess further opportunities for investors in European assets.

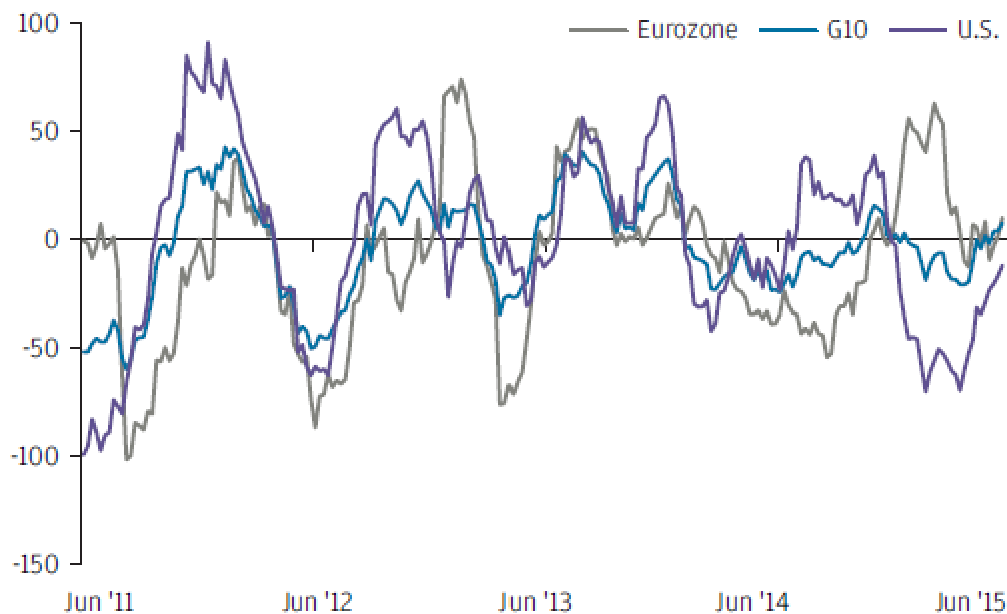
AN IMPROVING ECONOMIC ENVIRONMENT

The Greek crisis dominated the headlines in June and early July, but it did little to dent the flow of good news coming out of the eurozone economy since the start of 2015.

The Citigroup Economic Surprise Index (Figure 1) hit its highest level in two years during the first quarter. It has since dropped as expectations have risen, but the balance of economic reports remains more favourable in the eurozone than in most other developed economies. While forecasters, such as the International Monetary Fund (IMF), have revised down expectations for growth in the US, those for the eurozone have been revised up, with an average forecast of 1.5% growth in 2015. This compares with 0.9% in 2014 and an average of 0.7% between 2010 and 2014.

Figure 1: Citigroup Economic Surprise Index

The Citigroup Economic Surprise Index has dipped from its two-year high in the first quarter, but still points to a brighter outlook for the eurozone vs. the G10 and the U.S.



Sources: Bloomberg, Citi, J.P. Morgan Asset Management; data as of 22 July 2015. This graph and the graphs, charts and tables found herein are for illustrative purposes only.

The economic expansion in the first quarter confirmed this brighter outlook, with quarter-on-quarter growth in the eurozone of 0.4%. Even more encouraging than the headline figure were the country details, which showed not just continued strong performance from Spain and Germany, but also an acceleration in previously lagging economies, such as France and Italy. The obvious exception is Greece, which has slipped back into recession since the Syriza government came to power at the start of the year and will now suffer fresh economic damage from a lengthy period of capital controls.

We believe the generally solid regional performance reflects underlying improvements.

Reduced fiscal austerity

Previous difficult fiscal adjustments have finally borne fruit, with only an average 0.9% reduction in borrowing planned for 2015, compared with 3.7% in 2011. Many countries have also enacted structural reforms to reduce the long-term pressure on public finances without causing short-term damage to overall demand – by raising the retirement age or broadening the tax base, for example.

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Structural reforms

Besides these fiscal measures, many member states have taken further steps to reform their economies and make them more flexible. For example, the level of protection for employees has declined in several countries – notably, Italy and Spain (Figure 2). We have also seen reforms at the European level, such as the introduction of a banking union, overseen by the European Central Bank (ECB).

Figure 2: Recent structural reforms implemented by Eurozone countries
Alongside fiscal reforms, many member states have taken further steps to make their economies more flexible.

Country	Date	Reform	Details
France	Jan-15	“Loi Macron”	Reform of the labour market to improve trading hours, liberalise a number of professions and sell €5-10bn of state assets.
	2015	Local government	The number of different local regions has been lowered in order to cut red tape and improve the ease of doing business.
Italy	Aug-14	Senate reform	Reduces the power and size of the senate to improve political stability
	Oct-14	Jobs act	Improved labour market flexibility via reform and simplification of labour code.
	Jan-15	Electoral law	The largest party will receive additional seats to help form a coalition.
	Jan-15	Co-operate banks	Reform of banking regulation to improve competition and consolidate the sector.
	2015	Pension reform	Significant changes to state pensions to reduce financial burden.
Spain	Jun-14	Tax system reform	Shift towards a more equitable tax system and reducing tax fraud.
	Jul-14	Labour market reform	Changes to labour market laws to improve flexibility.
Netherlands	2015	Labour market reform	Introduction of zero-hour contracts and improvements made to labour market laws.

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Belgium	2015	Pension reform	Increase in retirement age to help lower the state pension burden and changes to calculation of pensions to reduce cost.
	Dec-14	Labour code	Change to employment laws to increase flexibility in certain sectors.

Sources: Various national parliamentary agencies; data as of 22 July 2015.

A more competitive euro and more expansive monetary policy

The ECB was slow to launch quantitative easing (QE) in response to excessively low inflation. But it has now entered the fight with some gusto[2], with the March 2015 launch of an extensive programme of asset purchases, which should increase the size of its balance sheet to just over EUR 3 trillion by September 2016, 30% of GDP. The ECB has also tried to stimulate lending to the crucial small and medium-sized enterprise sector by extending its asset purchase programme to asset-backed securities and covered bonds, as well as continuing with its targeted refinancing operations.

The financial market implications of the ECB's policy are discussed in the following section, but expectations of further loosening by the central bank clearly did help lower the value of the currency, with a 20% fall in the value of the euro against the dollar in the 12 months to the end of June. We have also seen a pickup in monetary indicators that are often forerunners of improvements in the broader economy, including the M1 measure of the money supply (Figure 3).

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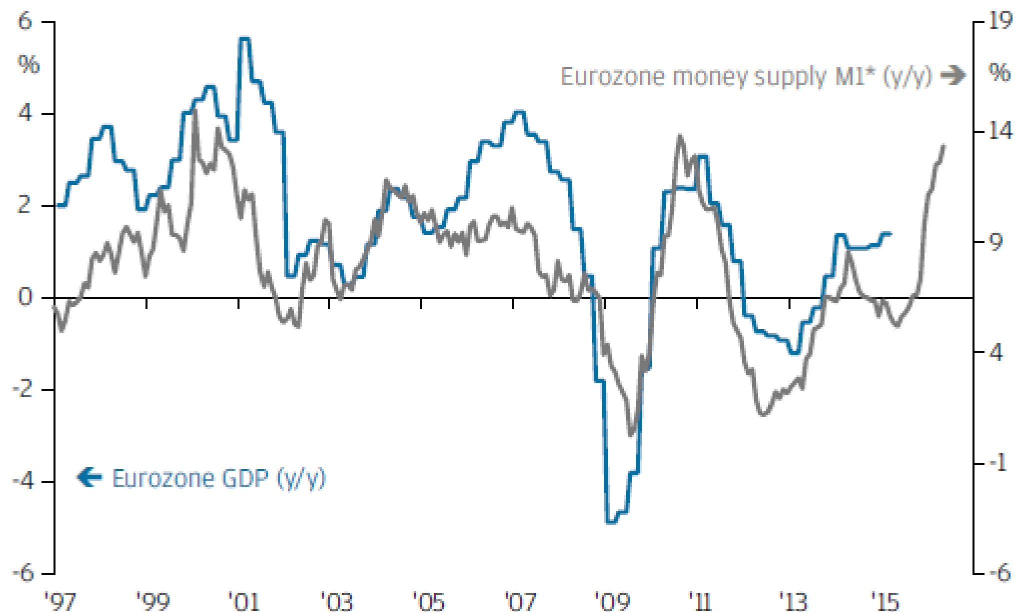
Figure 3: Eurozone M1 money supply vs Eurozone GDP

Monetary indicators have picked up, pointing to a corresponding pickup in the broader economy



Sources: Eurostat, FactSet, J.P. Morgan Asset Management. *M1 led by 12 months. Data as of 22 July 2015.

The icing on the cake - cheaper oil

A final positive for Europe entering 2015 - especially for consumers - was cheaper energy costs. Oil prices fell by 58% between September 2014 and March 2015. While prices have recovered somewhat since then, the typical price of a litre of petrol in the euro area was still 40% lower than a year earlier at the start of June. This is a boon for an economy that imports most of its energy needs. U.S. consumers surprised economists in the first quarter by apparently not choosing to spend the windfall gains produced by cheaper energy. European consumers have reacted more enthusiastically, with consumer confidence at its highest since the financial crisis and retail sales growing at 2.2% year on year (y/y).

Sentiment was hit in the early part of the summer by events in Greece. We believe that the Greek referendum and its aftermath will have long-term costs for the eurozone, not just for Greece but for the relationship between France and Germany. The possibility of a Greek exit from the eurozone has not gone away. But in the short term, we do not believe the travails of a country accounting for less than 2% of the eurozone economy will derail the broad-based recovery that is finally now under way. All in all, the European economy seems to have entered a virtuous cycle that is drawing the attention of a lot of investors.

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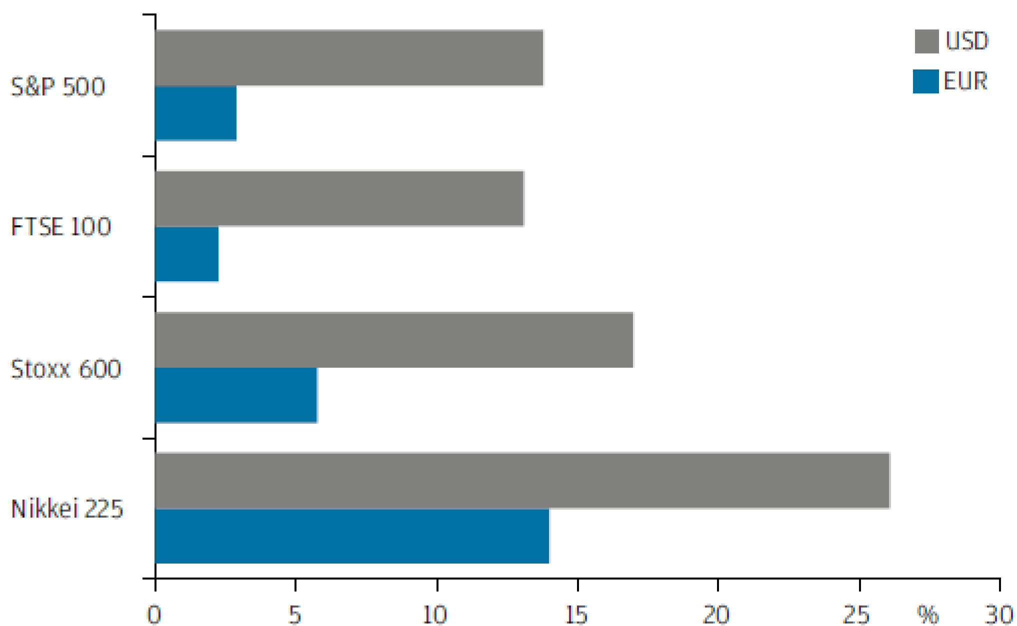
FINANCIAL MARKET DEVELOPMENTS

Equity markets

A lot of investor capital has flowed into Europe in response to the improving economic picture, especially around the formal start of the ECB's QE programme in March, which turned out to be the second-biggest month for retail equity market inflows since the financial crisis began.

This inflow of cash has accompanied double-digit returns in the main European stock index, which has outperformed many other developed markets in local currency terms so far in 2015, although foreign investors saw these gains partly offset by the impact of the weaker currency (Figure 4).

Figure 4: Equity market performance in Eur and USD
Inflows of investor capital coincided with double-digit returns from the main European stock index



Sources: FactSet, J.P. Morgan Asset Management; data as of 22 July 2015.

The upward move in the market has come at the expense of valuations. The relative valuation between Europe and the U.S., as measured on the basis of forward price-to-earnings (P/E) ratio, is close to a 15-year high, but has dropped back slightly in the midst of the Greek crisis (Figure 5).

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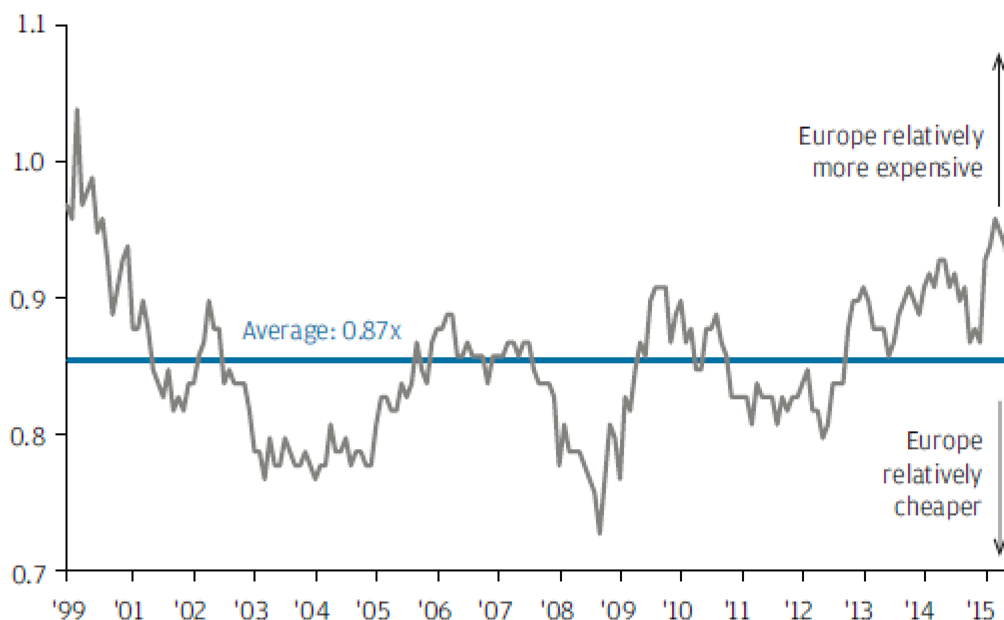
In this environment of heightened valuations, it is more important than ever that European equities begin to deliver sustainable earnings growth in order to keep P/E ratios in check and help push the index higher. Thankfully, with the help of lower oil prices, a weaker currency and improving economic conditions, European companies have begun to deliver just that kind of improvement.

Figure 5: Europe - US relative valuations (MSCI Europe vs MSCI US forward P/E ratio)

The relative valuation between Europe and the U.S. is at its highest level in more than 15 years



Sources: Eurostat, FactSet, J.P. Morgan Asset Management; data as of 22 July 2015.

First-quarter results for the Stoxx 600 built on the positive results from the end of 2014, with headline earnings-per-share (EPS) growth of 9.0%. Top-line revenue growth also picked up strongly, coming in at 8% y/y. However, digging deeper into the numbers highlights the need for active management within European equities. As shown in Figure 6, the sharp decline in oil prices hurt the energy sector, which posted a significant 34% y/y contraction in EPS, while the non-energy related companies in the Stoxx 600 grew at a healthy 18.6%.

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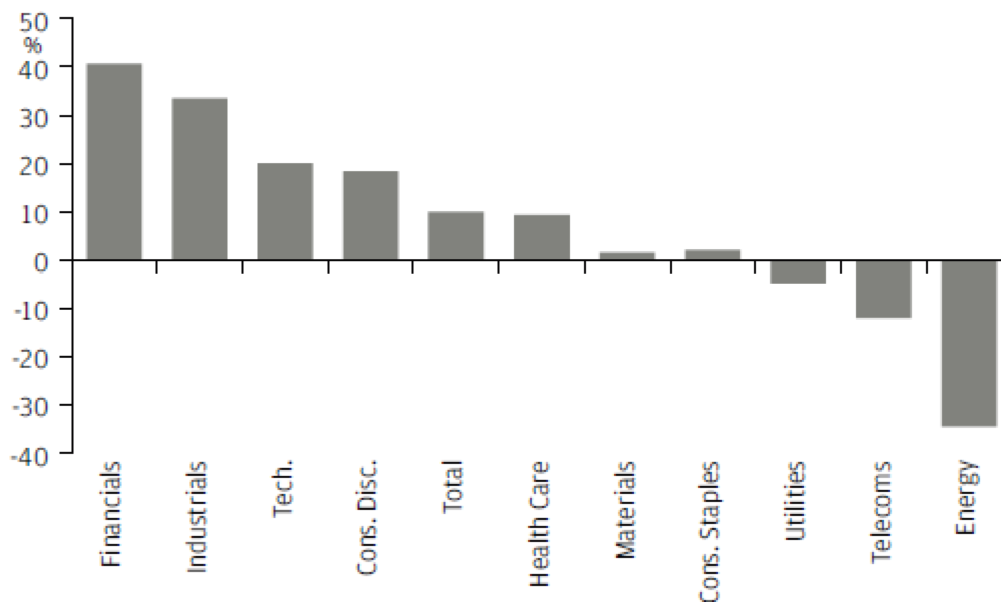
Figure 6: European earnings-per-share growth by sector

The sharp drop in oil prices saw the energy sector post a hefty EPS contraction

1Q15, y/y



Sources: FactSet, Thomson Reuters, J.P. Morgan Asset Management; data as of 22 July 2015.

How should European equity investors position themselves going forward?

For most of the last 12 months, investors will have benefited from an overweight towards export-orientated companies. However, as the eurozone economic recovery begins to pick up speed, investors should be considering the long-run potential of more cyclical sectors. Indeed, we have seen this reflected in more recent market moves with domestic-orientated firms delivering 5% returns in the second quarter of 2015 vs. -1.7% returns from export-orientated firms.

Figure 6 shows that earnings from cyclical sectors, such as consumer discretionary, financials and industrials, significantly outperformed defensive sectors, such as utilities and telecoms, in the first quarter of this year. Another sector we would expect to benefit disproportionately from the brighter environment would be the financials sector.

At current valuations, it is fair to say that a good part of the earnings improvement we expect to see in the months and years ahead is already “priced in”. But, as Figure 7 suggests, there could be some further upside in the more cyclical sectors.

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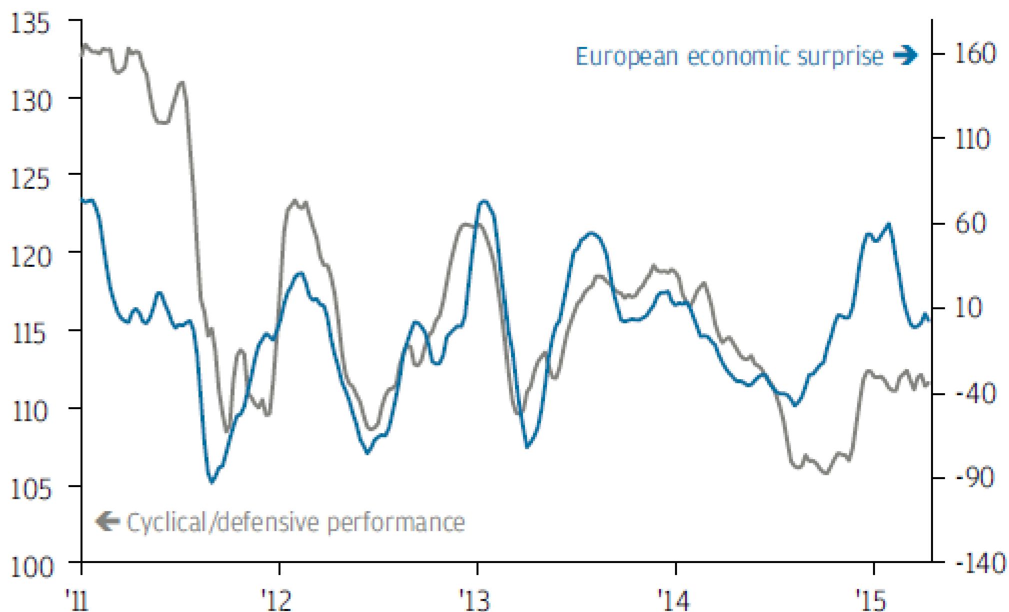
Figure 7: European economic surprise vs cyclical/defensive sectors
There are signs of further potential upside from the more cyclical sectors

Four-week moving average



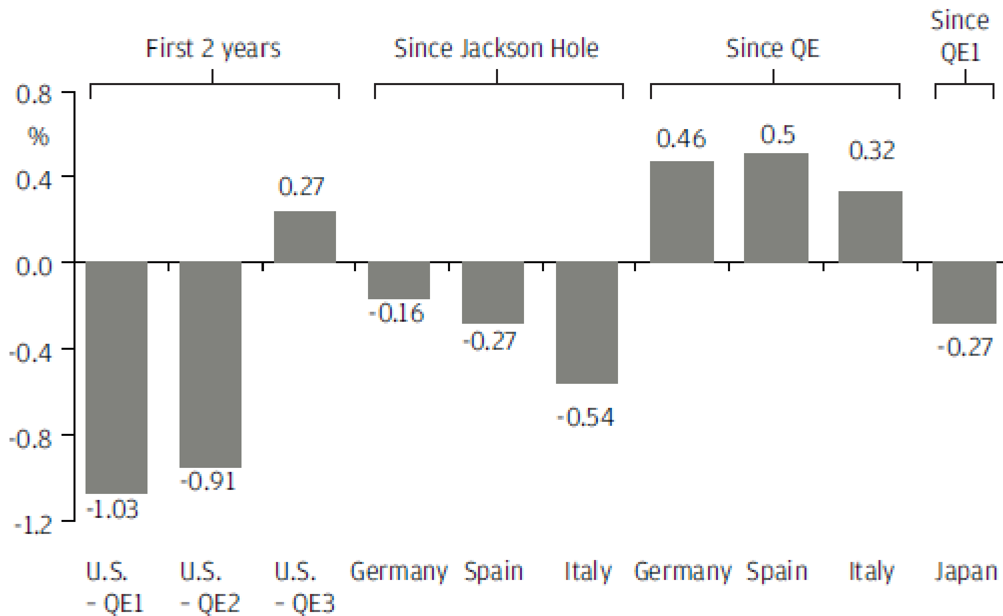
Sources: Citigroup, FactSet, J.P. Morgan Asset Management; data as of 22 July 2015.

The greater potential upside for European corporate earnings growth relative to many other developed equity markets should make Europe attractive to investors, especially given its more generous average dividend yield of 3.1%. We also see a range of technical factors supporting European markets—including the prospect for more merger activity and share buyback schemes, which have made such a contribution to US stock market returns in the QE era. European corporate leverage is now relatively low at 194% debt to equity vs. 260% historically and 300% before the financial crisis.

Fixed income markets

Markets typically react to the expectation of QE – not the reality – and so it proved for the ECB's asset purchase scheme. Mario Draghi's speech in Jackson Hole in the summer of 2014, in which he talked about expanding the ECB's balance sheet, marked an inflection point for European fixed income markets (Figure 8). Since then, we have also seen further spread tightening between core countries and the periphery.

Figure 8: Changes in 10-year sovereign yields
Draghi's Jackson Hole speech was a clear turning point for European fixed income markets



Sources: IMF, J.P. Morgan Asset Management; data as of 22 July 2015.

The fact that yields continued to fall, even after the QE programme began in March, was a surprise to many analysts who believed that most of the benefit of the scheme had by then been fully reflected in market prices. By the end of April, 29% of eurozone sovereign debt was trading at negative yields. But what looked like an easy carry trade turned against investors at the beginning of May, in a bond market rout that left only 18% of the market cap trading at negative yields by mid-July (Figure 9).

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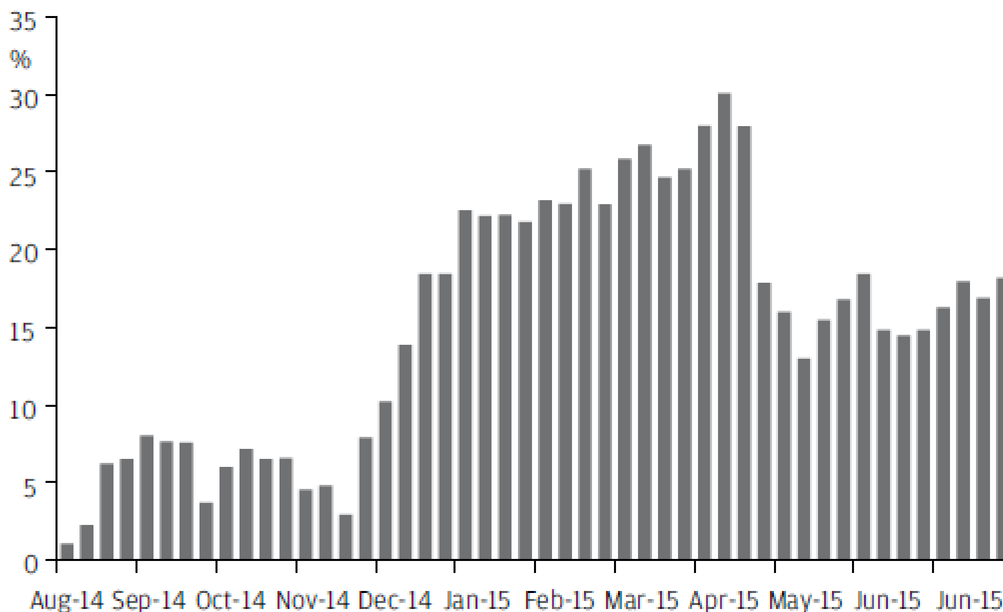
Figure 9: Euro area government bonds yields in negative territory
May's bond market rout left just 16% of eurozone sovereign debt trading at negative yields



Sources: Bloomberg, BoA/ML, J.P. Morgan Asset Management. *BoA/ML euro area bond index. Data as of 22 July 2015.

The correction was something of a wake-up call for investors who had started to believe that bond prices could only move in one direction. It seems to have been triggered by a combination of factors, including:

- **Rising inflation expectations**: Eurozone inflation exited negative territory in April and M3 aggregate growth (a good proxy for inflation) accelerated further to 6.3% y/y in May. Given this background, investors have reassessed their inflation expectations.
- **Excessive valuations**: European government bond markets were clearly on the expensive side at the end of April, when even nine-year German Bunds traded briefly at a negative yield. Taken at face value, such a low yield suggests an expectation of almost no growth in Germany for the best part of a decade. Even the gloomiest of economic commentators would have said this was overly-pessimistic.
- **Technicals**: With the ECB expected to buy 190% of net issuance in Europe over the QE period, there were grounds for thinking that the market could be supported—even at these historically extreme valuations—by declining net supply. In fact, May is one of the two months this year, along with September, when governments will have issued

> more debt than the ECB is buying. While the ECB says that is it comfortable with the increased level of volatility in the bond market, officials are clearly mindful of their impact on day-to-day liquidity. They have emphasised that the QE programme only targets EUR 60 billion of purchases a month "on average" and have said they will front-load their summer purchases to occur in times of greater market liquidity.

Will this market turbulence continue? That seems all too possible, especially given recent concerns about market liquidity. But we do not believe it is the start of a lasting upturn in yields in Europe. With luck, the euro area has put the threat of prolonged deflation behind it, although with an unemployment rate still above 11% and GDP growth still well below potential, we doubt that Europe will see a substantially higher inflation rate in the coming months. Nor do we see a case for the ECB to cut short its planned programme of bond purchases, currently scheduled to continue until October 2016. As long as that continues to be the case, we do not see grounds for a sustained further rise in sovereign yields; indeed, we would expect at least part of the recent increase to be reversed.

AN INVESTOR'S TOUR OF EUROPE: A CLOSER LOOK AT THE FIVE BIGGEST ECONOMIES AND MARKETS

With markets no longer cheap and volatility set to continue, it is more important than ever for investors in European assets to take an active approach, with a keen focus on the fundamentals of individual companies and sectors.

Germany

The German economy is heading for solid, but not spectacular growth in the coming quarters, close to its long-term trend of 1.3% y/y. By contrast, movements in bond and equity markets since the start of 2015 have been quite dramatic.

As mentioned above, German sovereign bond yields reached alltime lows at the beginning of April. While they have retraced a lot of ground since then, we expect them to fluctuate between 0.5% and 1.0% through to the end of the year, although lack of liquidity is likely to make this market more volatile than other European fixed income markets. In the summer there could well be renewed downward pressure on yields, since net debt issuance will be significantly below ECB purchases. But Bunds still look expensive relative to any historical yardstick, and given recent price moves, we have certainly passed the point at which investors can consider Bunds to be a one-way bet.

The DAX had performed strongly this year on the back of the weak currency but has now fallen more than 5% since its April peak. Exporters in the materials, consumer cyclicals and health care sectors performed especially well while utilities and financials lagged the index. Looking forward, market expectations for earnings growth are rather bullish, with an expected increase of 33% for the calendar year, putting the market on a 13.7x forward P/E

multiple. This is above the historical average for an index that has traditionally been highly cyclical, but is lower than most other European markets.

France

Many leading economic indicators have been firm in recent months and for once, France grew faster than the eurozone average in the first quarter of 2015, with quarter-on-quarter growth of 0.6%. The news is not all good; unemployment reached a record high of 3.5 million in March. But this is partly due to the fact that France is one of the few major economies in the eurozone whose labour force is still growing.

Under the new prime minister Manuel Valls and the economy minister Emmanuel Macron, the French government has adopted a more liberal approach to the economy. Although there is a still a significant gap between the rhetoric and reality, the so-called “Macron law” will increase flexibility in several sectors, for example by increasing trading hours for retailers and deregulating a number of professions. Political risks have also lessened somewhat, at least in the short term. A large majority of French voters still tell pollsters that they do not want to support either President François Hollande or Nicolas Sarkozy in the 2017 presidential elections – raising the prospect of a strong showing for the National Front. But the extreme right party did not make much headway in the most recent local elections.

Even though France’s debt-to-GDP ratio is close to 100%, the slow, but steady, improvement in the fiscal situation, along with ECB bond purchases, should provide continued support for French government bonds. We also see scope for further narrowing in the spread between France and Germany, which currently stands at 35 basis points (bps) and could easily narrow to 15bps.

French equities have risen 19% this year, but remain 19% below the 2008 peak. At 15.5x, the market’s P/E ratio is above the 10-year average of 11.4x. With 70% of French corporate revenues generated overseas, this is a market that will gain more than most from the fall in the value of the euro[3]. Cyclical sectors that are expected to perform well in Europe in the coming months are also well represented in the index, although the index also has the disadvantage of a comparatively small weight for financials and an above-average share of energy companies. This underscores the importance of taking an active approach to the French market, but there are still opportunities at these valuations—particularly given the more reformist noises from the government.

Italy

Italy has provided reasons for cautious optimism in recent months, as the country emerges from the worst period for economic growth in living memory. The manufacturing purchasing managers’ index increased in June to 54.1 and new car registrations rebounded by an

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astonishing 24% in April on a year-on-year basis. Exports to non-European Union markets grew by nearly 8% in volume terms between January and April.

More encouraging than this short-term economic improvement are the long-term structural changes being pursued by prime minister Matteo Renzi, who continues to drive an ambitious programme of reforms to streamline governmental decisionmaking, cut unemployment and improve the competitiveness of the economy. The most important reforms taken recently include the Jobs Act to reform the labour market and the Italicum - a new electoral law that should increase the tenure of governments and reduce political instability. While progress is slower than many would like, Renzi has achieved more than any of his recent predecessors and he continues to move in the right direction.

Bond markets have shared in some of this optimism: in the past 12 months, 10-year sovereign yields have declined by roughly 100bps and the spread vs. the German Bund narrowed by 30bps (from 147 to 117). Although Italy has been affected by the recent sell-off, the Italian market should benefit from the ECB's purchasing programme, albeit by less than other peripheral countries due to its size and the fact that its debt-to-GDP ratio is greater than 100%. We believe this could see the spread vs. Germany narrow further, towards the 60bps-80bps range.

The Italian equity market has been one of Europe's strongest performing markets so far in 2015, with a rise of roughly 25% since the start of the year. But the FTSE MIB index remains nearly 50% below its 2007 peak and still offers interesting opportunities for investors who want exposure to an economy that is not only enjoying a long awaited economic upturn but - hopefully - a major period of structural reform.

The Italian equity market has traditionally been held back by the high presence of family-owned companies in the Italian corporate scene and reluctance of these shareholders to reduce their control. This left the corporate sector highly dependent on bank financing, but we believe this will change in the future and that improving corporate governance will make the Italian equity market a much more attractive place for investors.

Spain

Spain's economy is gaining momentum, with the latest data pointing to an annualised growth rate of nearly 4% in the first quarter of 2015 - double the eurozone average. This economic momentum seems to be self-sustaining and we could well be seeing the start of a strong cyclical recovery supported by both internal and external demand. Real estate prices turned positive last summer and the number of mortgages and housing permits have reached levels not seen since 2006. Spanish consumers' willingness to undertake major purchases has also risen sharply.

Politically, the country is in flux, with the recent regional elections confirming the end of the old two party system in Spain and a surge in support for new parties, both of which are

opposed to fiscal austerity and less supportive of structural reforms. However, the most radical – Podemos – has seen declining support in recent months. If the economy continues to improve, history suggests that at least some of the support for the new parties will move back to the "old" parties when it comes to the all important general election at the end of the year.

The spread between 10-year Spanish and German government bonds narrowed to 130bps before rebounding to 173bps but it has the potential to shrink again in the coming months. The ECB's bond-buying programme should have a greater impact on the smaller bond markets, especially in those countries with lower debt-to-GDP ratios and increasing economic momentum.

Spanish equities have climbed 11% since the beginning of the year, but the headline figure masks a significant spread in performance among sectors, with a 50% range between the best-performing IT and consumer discretionary sectors and the worst-performing financials and energy sectors. The improving economic performance means that market expectations for earnings growth over the coming year is extremely high at 20% y/y. The financials sector will be critical to meeting those lofty expectations given its one-third weighting in the index. The turn in the credit cycle is encouraging for bank profits, but the historically heavy exposure of Spanish banks to the emerging world will need be to be carefully monitored.

The Netherlands

The Dutch economy has expanded for the past four quarters and the economy is now just above its pre-crisis level of output, with the latest data showing a broadening of economic growth, underpinned by positive contributions from business investment, household consumption and trade. However, like many other European countries, the Netherlands has struggled to translate this into significant jobs growth; in the past year, employment has grown by just 1.1%.

The March provincial elections complicated the work of the ruling coalition. The current coalition maintained its parliamentary majority but not in the senate and is dependent on opposition parties to pass new legislation. Much of the reform agenda (labour market, housing, pensions and the health care system) has been passed already, with only key changes to the tax system remaining. However, there appears to be broad support for tax reform across the political spectrum.

Dutch government debt trades at a slight discount to German debt with a small spread on offer. While this spread may be partly due to the greater liquidity of the Bund market, it is difficult to justify on any fundamental basis, given that German total sovereign debt is higher as a percentage of GDP and its growth outlook appears to be weaker.

Dutch equities have been one of the stronger European performers so far this year, and the AEX is up 17%, but still 9% below the 2007 peak. Energy companies account for 15% of the

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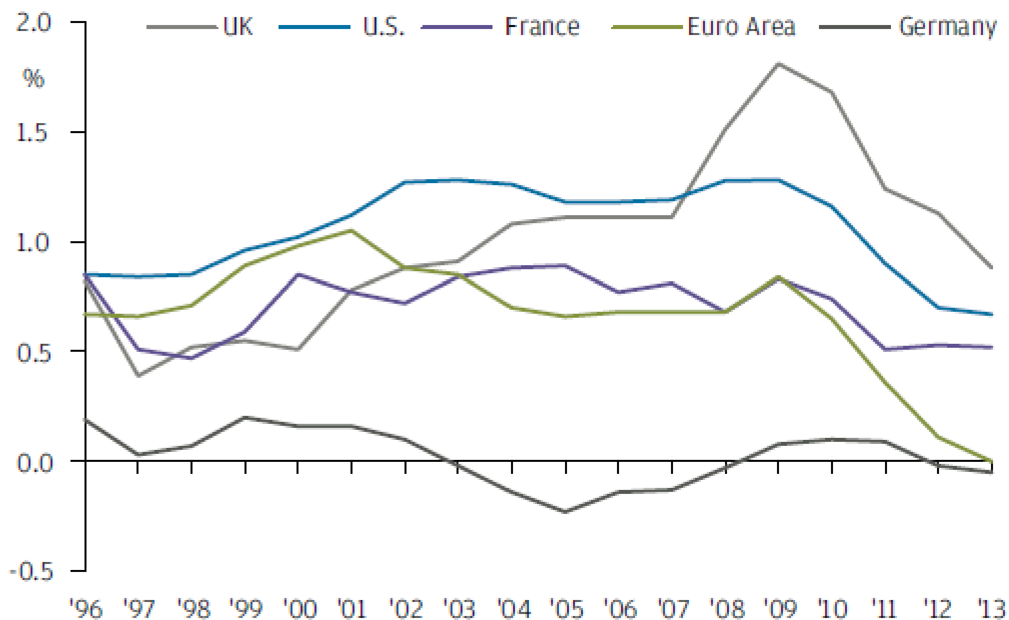
equity market, meaning swings in the oil price can have a big impact on the index level and headline valuations. The forward P/E ratio of 17.1x is above its long-run average (11.5x), but the collapse in earnings expectations from oil companies may be distorting this valuation metric. Moving past the headline figures, we see the most attractive potential opportunities within the banking and technology sectors, which include many world-class companies.

KEY CHALLENGES AND INVESTMENT IMPLICATIONS

An abundance of good news for Europe and its economy in the past year has rightly boosted expectations for both output and corporate earnings growth. But it is not all plain sailing from here. With unemployment still very high, jobs growth remains a crucial—and as yet, missing—ingredient if this recovery is going to blossom into self-sustaining economic growth. This makes the recovery still highly dependent on the actions of politicians.

As we have seen, each country faces its own priorities when it comes to structural reform. But one area where Europe-wide efforts might bear fruit is in supporting increased investment, which is still much weaker than it should be after such a prolonged period of stagnation and recession. Infrastructure investment is structurally low in the eurozone (Figure 10) and years of under-investment have led to a huge need for better railways and roads. The IMF has estimated that an investment of 1% of GDP in infrastructure adds up to 1.5% to GDP over four years. European Commission president Jean-Claude Juncker plans to increase infrastructure spending by EUR 320 billion over the next three years, roughly 3% of euro area GDP. This should stimulate growth and could, according to the International Labour Organization, create two million jobs.

Figure 10: Net fixed capital formation as a % of GPD
Years of underinvestment in infrastructure have left their mark



Sources: ECB, FactSet, J.P. Morgan Asset Management; data as of 22 July 2015.

This is just one of the long-term challenges facing Europe and its politicians. In the short term, the focus of both policymakers and investors is likely to be on more pressing concerns, such as the Greek financial crisis and the ongoing volatility in equity and bond markets, especially European sovereign bond markets.

Against this background, there are two key takeaways for investors in European bonds and equities:

- **Stay invested in European equities, but be selective and moderate your expectations:** After the stunning performance of European equity markets in the first few months of 2015, some moderation of expectations is called for: investors should not expect the second half of 2015 to be as positive as the first. But continued improvement in the real economy, stronger earnings growth and generous dividend yields all suggest that a total return in the low double digits is perfectly achievable and give us reason to be fairly optimistic about European equities.
- **The search for yield continues and bond prices are better supported than recent market moves might suggest. But they are not cheap, and volatility is here to stay:** The recent sell-off in European fixed income markets looks overdone to us, but is a reminder that sovereign bonds are far from "risk free". It also underscores the

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importance of taking a flexible approach to fixed income markets, with active management of duration and an increased focus on spread products, like European high yield bonds. Investors in high yield have been largely spared the heavy sell-off in sovereign markets in recent months, with the asset class still offering positive total market returns year to date.

ENDNOTES

1. The path to a stronger Europe, J.P. Morgan Asset Management, September 2014.

2. Eurozone HICP (Harmonised Index of Consumer Prices) inflation returned to positive territory in May 0.3% y/y.

3. L'activité internationale des entreprises du CAC 40, EY 2013.

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