



Energy shock: Dashboard 2026 vs. 2022



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Will the same causes produce the same effects? In other words, will the war in Iran and the resulting surge in oil and gas prices lead to an inflationary shock comparable to that seen in 2022? Will their negative effects on growth be the same as those for the war in Ukraine and the subsequent energy shock? Although there are similarities, there are many uncertainties.

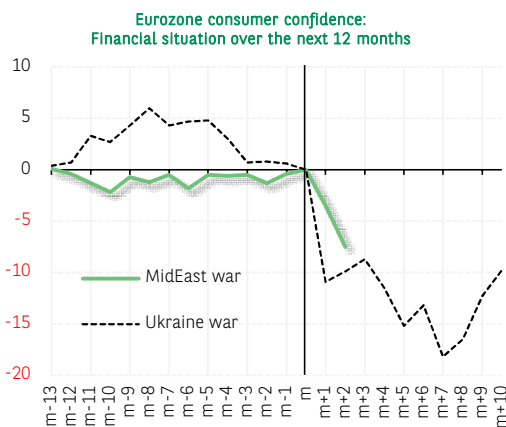
The ongoing energy-led inflation rise should be less strong, as demand is less dynamic and supply is less constrained today compared with the situation in 2022. Conditions do not appear to be conducive to a significant propagation of the rise in energy prices. However this will need to be closely monitored as transmission lags matter, and the return to normal oil production flows will take time while the strait of Hormuz remains blocked.

In addition, central banks have learned from the inflationary shock of 2021–2023. They are ready to react more quickly to counter any spillovers, second-round effects and spiral between price increases, inflation expectations and wages. Such second-round effects are not yet visible in the data, but central banks are on alert of any warning signs.

We have selected a set of indicators to track the impact of this new energy shock — caused by the war in the Middle East — on activity and prices in the Eurozone, the United States, oil and gas markets and emerging countries, and to see how much the current situation resembles that of 2022 at the outbreak of the conflict in Ukraine.

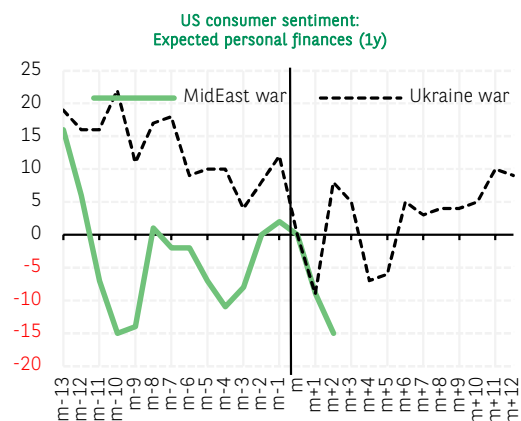
This dashboard featuring charts and comments will be updated on a monthly basis for as long as necessary.

Eurozone/US: Household confidence falters under the impact of rising energy prices



Change since m = 0 = February 2026 / February 2022

Source: S&P Global, Eurostat, European Commission, Macrobond, BNP Paribas



Change since m = 0 = February 2026 / February 2022

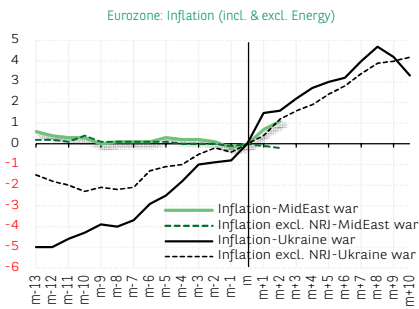
Source: BIS, ISM, NFIB, University of Michigan, BNP Paribas

Eurozone: The inflation rise remains energy-driven, but pressures are mounting and consumer and services sector confidence is deteriorating sharply

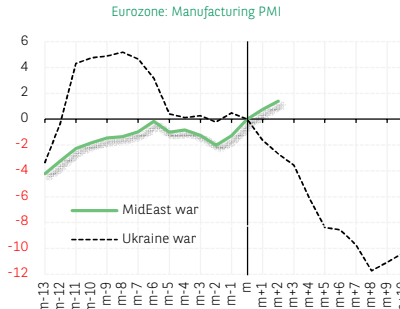
We have selected two inflation measures (with and without energy) and six survey indicators: business confidence, as measured by the PMIs in the manufacturing and services sectors; the "input prices" and "output prices" components of the composite PMI (in order to identify direct inflationary pressures); the "suppliers' delivery times" component of the manufacturing PMI (a direct indicator of possible supply difficulties and supply-demand imbalance, and therefore, indirectly, of inflationary pressures in the making); household confidence, as reflected in its "assessment of financial situation in the next 12 months" component (in order to capture the impact of inflation on purchasing power). The trends in each of these indicators are observed relative to month $m=0$, corresponding to the start of the conflict, more or less during the year that follows and the year that precedes the event. Each line does not represent the level of the indicator but its cumulative variation compared to month $m=0$.

The assessment of the available data for April is more negative than in March. Inflation rose by 1.1 percentage points in two months, an increase that is however still solely driven by the "energy" component. Excluding energy as well as excluding "energy and food," inflation recorded a new slight decline in April. However inflationary pressures are mounting, through rising input prices and — new development in April — the beginning of an increase in output prices according to PMIs surveys. The lengthening of delivery times is not a good sign either. The good news, coming from confidence surveys, is the further improvement in the business climate in the manufacturing sector (driven by stockpiling in anticipation of price increases). But it is weakened by the new sharp deterioration of the business climate in services and by the further decline in consumer confidence.

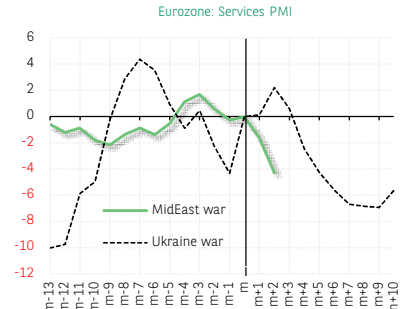
April 2026: The inflation rise remains energy-led



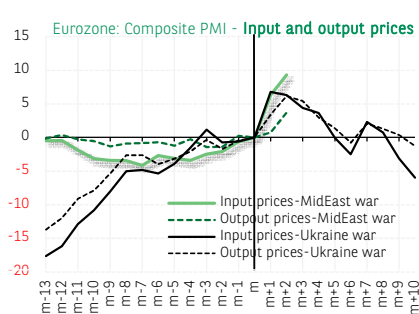
April 2026: Business confidence in the manufacturing sector remains well-oriented



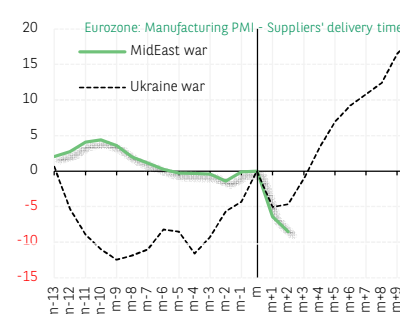
April 2026: Business confidence in services further deteriorates



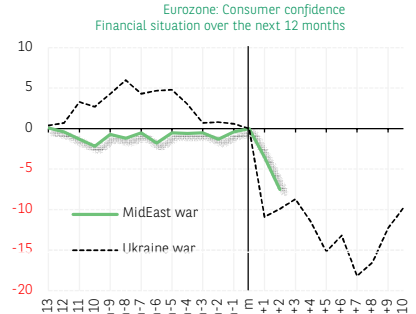
April 2026: Sharp rise in input prices and increase in output prices



April 2026: Further lengthening of delivery times, signaling rising tensions on supply



April 2026: Sharp fall in consumer confidence



Change since $m=0$ = February 2026 / February 2022

Source: S&P Global, Eurostat, European Commission, Macrobond, BNP Paribas

United States: Iran war pushes inflation higher and sustains downward pressure on household sentiment

The Iran war delivered a quick, though relatively contained, negative impact to US activity data and surveys.

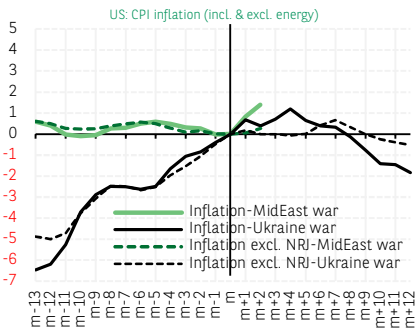
CPI inflation recorded its largest monthly increase since 2022 in March, before reaching 3.8% y/y in April (+1.4pp in two months and a highest since 2023) – almost entirely on the back of gasoline prices, with the non-energy index edging up only moderately.

Business sentiment, which was on an upward trajectory before the shock, stayed resilient but signaled a faster input-price growth (a leading indicator of inflation) and longer delivery times, both directly linked to Middle East turmoil and coming on top of the issue of tariffs.

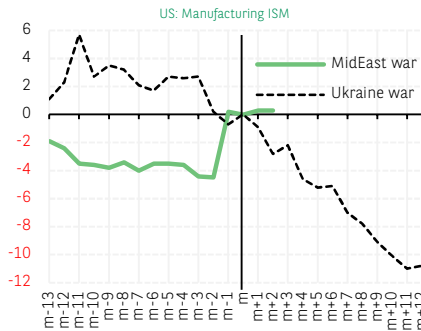
Meanwhile, the outlook of households, which were already low on optimism, has further deteriorated due to their sensibility to gasoline prices, while inflation expectations were rising.

However, macro conditions are significantly less inflationary than in 2022, and small businesses have not yet materially raised their price plans.

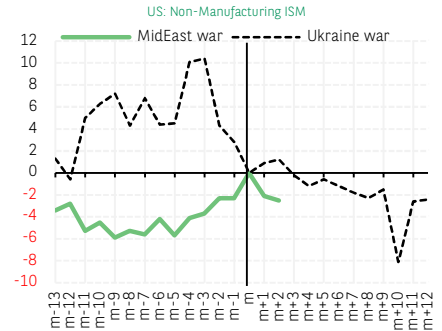
April 2026:
Energy-related inflation bounce



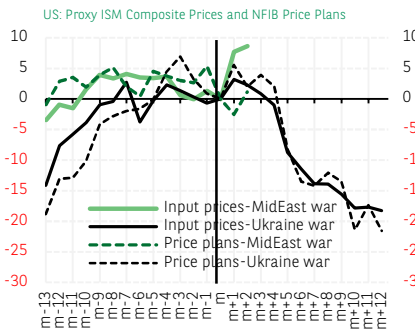
April 2026: Positive trend for manufacturing business sentiment



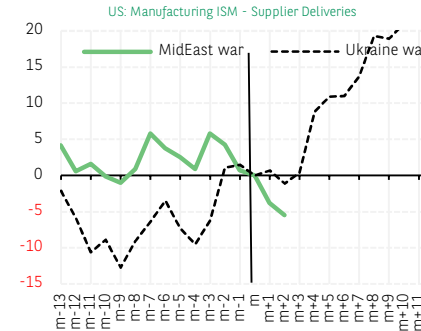
April 2026: Services business sentiment down but still buoyant



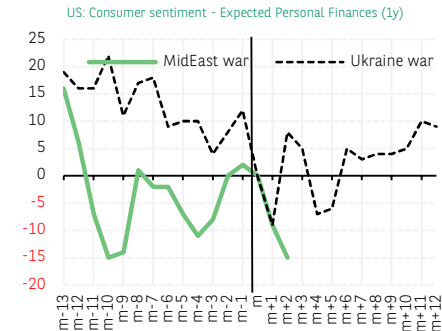
April 2026: Sharp rise in input prices, moderate rise in price plans



April 2026:
Longer delivery times



May 2026:
Growing concerns among households



Change since m = 0 = February 2026 / February 2022

Source: BLS, ISM, NFIB, University of Michigan, BNP Paribas

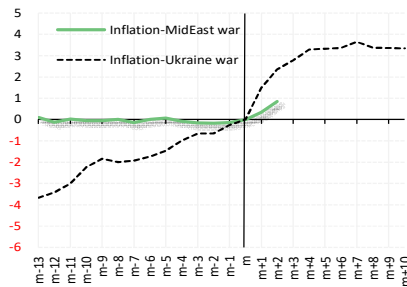
Emerging economies: Manufacturing activity seems to be holding up much better than in 2022 but the inflation shock is spreading

In April 2026, the inflationary impact of the oil price shock is spreading as the average CPI inflation rate for the main emerging economies reached 4.8% year-on-year, compared with 3.9% in February. The shock is still contained compared to 2022 due to limited spillover to agricultural and food prices. However, manufacturers' opinion on the trend in input & output prices have deteriorated significantly. The contagion of oil and gas prices to fertiliser and oil-derived input prices is being felt more acutely.

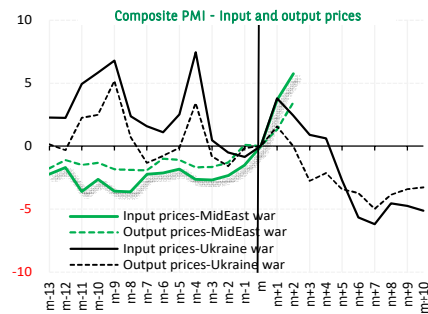
As anticipated in March, the impact on manufacturing activity is far less severe than in 2022, as the business climate has become less negative. By comparison, prior to the shock of 2022, the business climate had continued to deteriorate significantly.

According to estimates by the Institute of International Finance (IIF), non-resident portfolio investment in the main emerging markets rebounded (+USD 38.9 billion) following the massive outflows in March (-USD 85.7 billion), which were revised upwards from the first estimates. The return of foreign investors to the Chinese, Taiwanese and Korean markets accounts for most of the rebound. It should be noted, however, that investment outflows from Indian markets continued. At first sight, the oil shock has generated much higher volatility in portfolio investments flows than in 2022, but volatility was concentrated in a few markets.

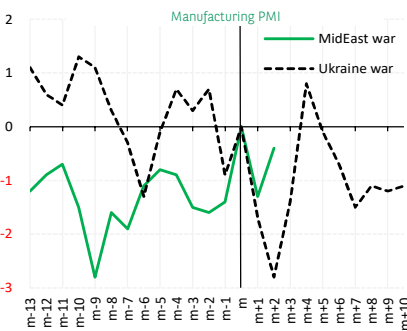
April 2026 :
A much less severe CPI inflation rebound ...



April 2026: ... but a stronger acceleration in
input and output producer prices

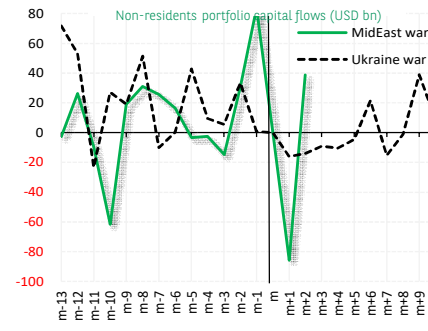


April 2026 : Better business confidence
after the March shock



Change since m = 0 = February 2026 / February 2022

April 2026 :
A marked rebound in portfolio investments



Source: National Statistical Offices, IIF, S&P Global, BNP Paribas

Oil & gas: The sharp rise in U.S. exports is providing temporary relief to the oil market, but prices remain very high

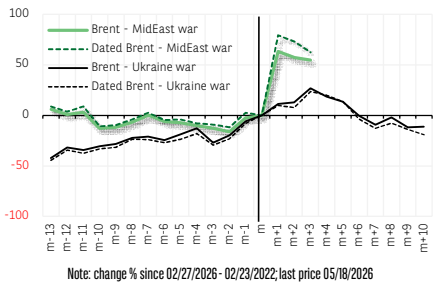
For now, European oil and gas prices appear to be reacting more strongly to the energy shock caused by the war in the Middle East than they did to the shock that followed Russia's invasion of Ukraine.

Oil: The growing loss of barrels available on the market due to the closure of the Strait of Hormuz, repeated attacks on production capacity in the Gulf, and restrictions on traffic through the Strait increase the risk of a physical oil shortage in the short term. This has led to a sharp reaction in the prices of physical barrels (dated Brent). In recent weeks, better pricing of this risk of shortage has caused the prices of futures (Brent) to converge with that of the physical barrel (dated Brent). Furthermore, the sharp rise in oil exports from the United States and, to a lesser extent, the decline in Chinese imports have eased tensions in the physical market and pushed prices lower.

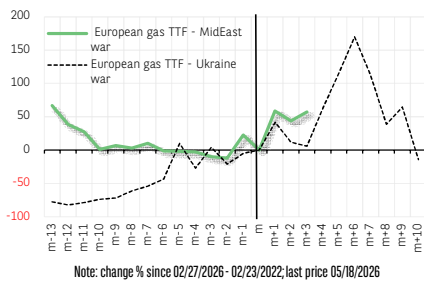
Gas: The reaction of the spot gas price in Europe (TTF) has been more moderate than that of oil. This is due in particular to 1) European countries' limited direct dependence on gas from the Gulf, 2) the reduction in European demand as winter ends, and 3) the decline in Asian demand. Nevertheless, TTF prices remain high and have trended upward over the past month due to the ongoing blockade of the Strait and the start of the restocking period in Europe.

Electricity: Unlike 2022, wholesale electricity prices in Europe have been falling since the start of the conflict. Gas prices remain an important determinant of wholesale electricity prices, but progress in decarbonation of the electricity mix since 2022 and favorable weather conditions explain this recent development.

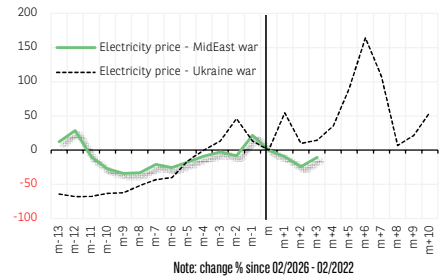
May 2026: Narrowing spread between the physical barrel price and futures price



May 2026: Rebound in LNG prices in Europe



May 2026: Wholesale electricity prices in Europe have not reacted yet



Source: Bloomberg, Ember, BNP Paribas

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