

Pulse

Resilient growth in the first quarter of 2026

Quarterly Pulse of the Economic Conjoncture

Eurozone - Germany - France - Italy - Spain -
United Kingdom - United States - Japan - China

Nowcast

Eurozone - France - United States

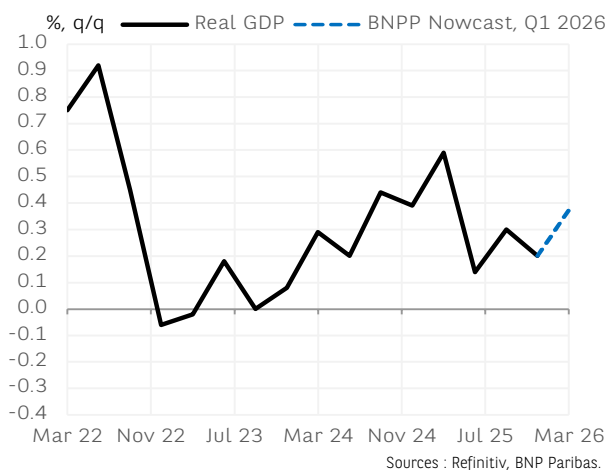


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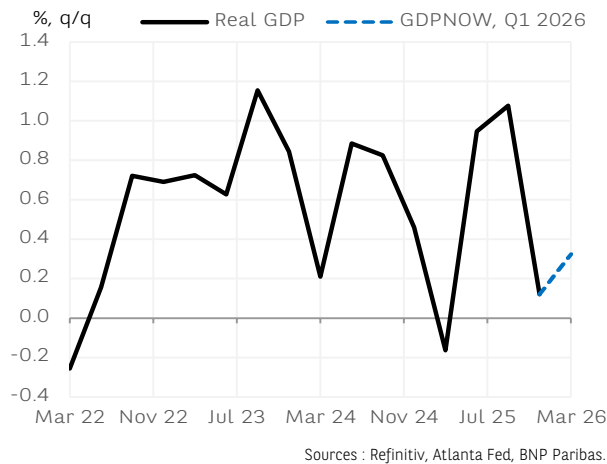
GDP Growth: Nowcasts and estimates

Eurozone



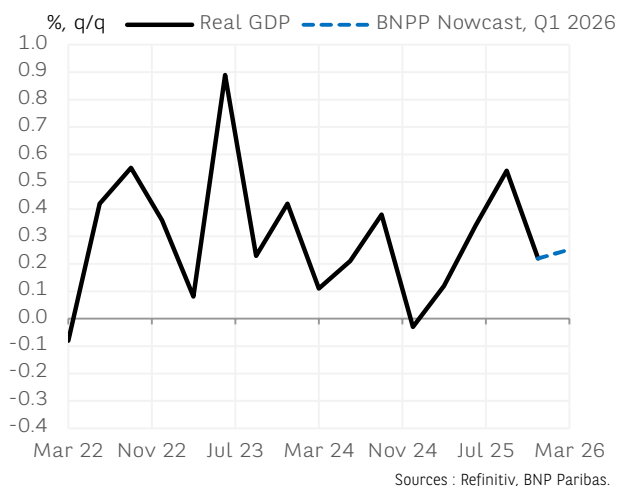
Our nowcast for Eurozone GDP growth indicates an acceleration in Q1 2026 (+0.4% q/q) compared with Q4 2025 (+0.3%). This is due to stronger industrial momentum, as evidenced by the improvement in the manufacturing PMI in Q1 2026.

United States



The Atlanta Fed's GDP Now indicates a modest rebound in activity in Q1 2026 (+0.3% q/q) compared with Q4 2025 (+0.1% q/q). However, the figure likely underestimates the contribution of the "Government" component, as it does not factor in the full effects of the post-shutdown rebound in October–November 2025.

France



Our nowcast for French growth suggests that the momentum seen in 2025 will continue into Q1 2026, standing at +0.3% q/q (the average level recorded since Q2 2025). This growth is driven by industry. The deterioration in household confidence in March is not expected to have an impact on Q1, but it should do so for Q2.

Anis Bensaidani, Stéphane Colliac and Guillaume Derrien (completed on 16 April 2026)



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Overview: Resilient growth in the first quarter of 2026

Solid growth in Q1 2026. According to our nowcast, growth is expected to strengthen in the Eurozone (+0.4% q/q, after +0.2% in Q4) and in France (+0.3% q/q, after +0.2% in Q4), driven by a positive momentum despite the energy shock that began in March. In the United States, the rebound suggested by the GDP Now (+0.3% q/q, after +0.1% in Q4) is underestimated. This is because this indicator does not take into account the favourable post-shutdown effect (which our forecast of 0.9% q/q, non-annualised, does). In the other major Eurozone economies, growth is expected to have remained broadly stable: in Germany and Italy, the pace is expected to remain close to Q4 2025 levels (+0.3% q/q), thanks to public demand (investment and consumption). The United Kingdom is expected to see an acceleration (+0.3%, after +0.1% in Q4) due to strong production performance at the end of Q1 2026. In Japan, growth is expected to increase slightly (+0.4% q/q, compared with +0.3% in Q4). In China, it accelerated in Q1 (+1.3% q/q, compared with +1.2% in Q4). In all countries, a tendency to stockpile (before inflation accelerated) may have boosted growth for the quarter.

A risk of significantly adverse consequences from Q2 2026, though still barely noticeable. Beyond the adverse consequences linked to stockpiling in Q1, rising inflation will weigh negatively on household consumption across all economies. This factor is expected to be partially offset by robust investment (particularly in defence and AI) and public spending (despite moderate support for household purchasing power), which would avert any risk of contraction. The forecasts in this publication will be revised by the end of April in order to take into account a possible risk of more pronounced adverse consequences.

A resilient business climate but more anxious households. Business climate indicators remain broadly positive. They have not faltered despite the rise in input costs (which is still lower than the rise recorded in 2022). By contrast, household confidence is deteriorating significantly as inflation expectations rise (albeit to a lesser extent than in 2022).

Mixed financing trends but relatively unchanged support for growth. In the Eurozone, interest rates on new loans to households and businesses remained stable in February, whilst lending growth (mortgages, and consumer and business loans) was sluggish. Meanwhile, net debt-security issues were on the rise. In the United Kingdom, lending (consumer and corporate) remained buoyant whilst mortgage lending stabilised. In the United States, the rise in interest rates is expected to slow mortgage-lending growth in 2026. Consumer and corporate lending continue to rise. In Japan, lending (mortgage and corporate) continues to rise despite ongoing monetary tightening.

Lucie Barette (completed on 16 April 2026)

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Momentum continues in Q1, with risk of a pull-back in Q2

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Following a rebound in growth in Q1, a risk of stagflation from Q2 onwards emerges

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Strong growth in Q1

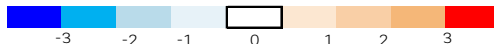
China:

Calm



Eurozone: Resilience in Q1, but uncertainty ahead

		Apr 25	May 25	Jun 25	Jul 25	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	Feb 26	Mar 26
	Global												
	Composite Index	-0.6	-0.5	-0.6	-0.5	-0.5	-0.5	-0.3	-0.3	-0.4	-0.1	-0.2	-0.4
	Credit*												
	Interest rate on new NFC loans, %	3.8	3.7	3.6	3.5	3.5	3.5	3.5	3.5	3.5	3.6	3.6	3.5
Net flows of NFC loans (12-month cumulative, EUR bn)	93	88	82	93	104	106	115	119	105	118	134		
Net NFC debt securities issuance (12-month cumulative, EUR bn)	31	52	51	64	55	56	50	66	65	79	81		
	Industry												
	Business Climate												
	Composite	-1.0	-0.9	-1.1	-0.9	-0.9	-0.9	-0.6	-0.8	-0.7	-0.5	-0.5	-0.5
	Expected production	-0.8	-0.7	-0.7	-0.3	-0.4	-0.2	0.0	-0.2	-0.1	0.0	0.0	-0.1
	Order books	-1.0	-1.0	-1.2	-1.2	-1.0	-1.1	-0.9	-1.0	-0.9	-0.7	-0.7	-0.6
	Export order books	-1.3	-1.0	-1.3	-1.2	-1.4	-1.2	-0.8	-1.2	-0.9	-0.9	-0.8	-0.7
Price expectations	0.1	-0.1	-0.3	0.0	-0.2	-0.2	-0.1	0.1	0.1	0.1	0.2	0.7	
Employment expectations	-0.6	-0.5	-0.7	-0.7	-0.6	-0.5	-0.6	-0.6	-0.5	-0.5	-0.5	-0.4	
	Services												
	Business Climate												
	Composite	-0.3	-0.3	-0.3	-0.2	-0.2	-0.1	-0.1	0.0	0.0	0.1	-0.1	-0.1
	Expected activity	-0.3	-0.3	-0.4	-0.2	-0.1	0.1	-0.1	0.1	0.1	0.1	0.0	-0.1
Price expectations	0.7	0.6	0.5	0.6	0.7	0.4	0.4	0.6	0.7	0.7	0.6	0.7	
Employment expectations	-0.7	-0.7	-0.6	-0.5	-0.5	-0.7	-0.6	-0.7	-0.8	-0.6	-0.7	-0.8	
	Retail												
	Business Climate												
Retail trade	-0.6	-0.3	-0.4	-0.3	-0.2	-0.4	-0.3	-0.1	-0.3	-0.2	-0.1	-0.4	
Price expectations (Food)	0.3	0.2	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.3	0.3	0.5	
	Construction												
	Business Climate												
	Composite	0.4	0.5	0.5	0.5	0.4	0.5	0.5	0.6	0.6	0.6	0.5	0.5
	Expected activity	0.3	0.4	0.3	0.3	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.4
	Price expectations	0.2	0.1	0.0	0.1	-0.1	0.2	0.3	0.4	0.4	0.4	0.3	0.5
Employment expectations	0.5	0.6	0.8	0.7	0.8	0.7	0.8	1.0	0.9	0.8	0.7	0.7	
	Household Confidence & Credit*												
	Housing purchases	1.3	1.3	1.3	1.2	1.2	1.2	1.4	1.4	1.4	2.8	2.8	2.8
	Interest rate on new housing loans, %	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.4	3.4	
	New housing loans (12-month cumulative, EUR bn)	815	833	851	868	879	894	907	916	930	918	920	
	Household Confidence & Credit*												
	Composite	-0.7	-0.4	-0.5	-0.4	-0.5	-0.4	-0.3	-0.3	-0.4	-0.2	-0.2	-0.9
	Expected financial situation	-0.5	-0.2	-0.3	-0.2	-0.4	-0.1	-0.1	-0.1	-0.3	-0.1	0.0	-0.7
	Major purchases opportunity	0.3	0.5	0.2	0.6	0.6	0.9	0.8	0.6	0.5	0.8	0.7	0.4
	Price expectations	0.8	0.3	0.1	0.4	0.5	0.4	0.2	0.3	0.6	0.3	0.5	2.2
	Fears of Unemployment	-0.3	-0.4	-0.3	-0.3	-0.2	-0.3	-0.1	-0.1	-0.1	-0.1	-0.1	-0.3
	Interest rate on new consumer loans, %	7.5	7.5	7.4	7.5	7.5	7.4	7.3	7.3	7.2	7.6	7.5	
New consumer loans (12-month cumulative, EUR bn)	299	299	298	299	298	300	301	301	303	303	304		



Indicators are converted into z-scores, i.e. deviations from their long-term average (expressed in standard deviations). Positive (negative) values indicate that the indicator is above (below) its long-term average by a given number of standard deviations. Red shading corresponds to strong economic activity, elevated inflation expectations, and low unemployment fears, while blue indicates a slowdown in activity, moderate inflation expectations, and heightened unemployment fears.

*Credit indicators are neither standardised as z-scores nor associated with any colour coding: they are shown in levels (or as 12-month cumulative flows) and should be interpreted separately from the other indicators.

Activity indices are holding up, but household confidence is eroding. Business sentiment indicators did not falter in March, and prospects of price rises are confined to a few sectors (oil and chemicals). The downturn is, at this stage, less pronounced in services and construction. Household confidence is deteriorating more noticeably against a backdrop of significantly rising inflation expectations and gloomier prospects for economic activity and unemployment.

Interest rates also remain stable, but lending is moderating. Interest rates on new loans to households and businesses remained stable in February. This stability came alongside a continued year-on-year slowdown in new loans to households for house purchase. New consumer loans continue to grow at a slower pace than its long-term average. On a year-to-date basis, the weaker momentum in net bank lending to businesses is being partially offset by the increase in net debt-security issues.

GDP: growth, carry-over and forecasts										
OBSERVED GROWTH (q/q)			CARRY-OVER	NOWCAST	FORECAST (q/q)			ANNUAL FORECAST		
Q2 2025	Q3 2025	Q4 2025	Q4 2025	Q1 2026	Q1 2026	Q2 2026	Q3 2026	2025 (observed)	2026	2027
0.1	0.3	0.2	0.3	0.4	0.5	0.5	0.5	1.5	1.6	1.6

See the Nowcast methodology [Contact: Tarik Rharrab](#).

Source: Refinitiv, BNP Paribas

Growth is expected to strengthen to 0.4% q/q in Q1 2026, according to our nowcast. The strong momentum in industry seen in Q1 should enable economic activity to hold up well. Thereafter, a downside risk surrounds our forecast for Q2 (due to the impact of the energy shock, particularly on the outlook for consumption in this quarter). However, these risks to growth in 2026 will be offset by the dynamism of investment in defence and AI.







Guillaume Derrien and Thomas Humblot (completed on 13 April 2026)

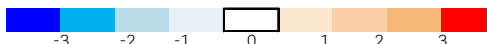


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Germany: Momentum continues in Q1, with risk of a pull-back in Q2

		Apr 25	May 25	Jun 25	Jul 25	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	Feb 26	Mar 26
	Global												
	Composite Index	-1.4	-1.4	-1.2	-1.2	-1.1	-1.3	-1.2	-1.3	-1.3	-1.3	-1.2	-1.5
	Credit*												
	Interest rate on new NFC loans, %	3.9	3.8	3.8	3.6	3.5	3.6	3.6	3.6	3.7	3.7	3.6	
	Net flows of NFC loans (12-month cumulative, EUR bn)	10	7	6	8	15	10	15	15	10	-3	-2	
	Net NFC debt securities issuance (12-month cumulative, EUR bn)	8	4	1	3	-2	-2	-2	2	2	4	6	
	Industry												
	Business Climate												
	Composite	-1.6	-1.3	-1.3	-1.2	-1.2	-1.3	-1.1	-1.3	-1.3	-1.2	-1.1	-1.3
	Expected production	-0.7	-0.5	-0.9	-0.3	-1.0	-0.6	-0.4	-0.8	-0.9	-0.8	-0.5	-0.3
	Order books	-1.6	-1.5	-1.8	-1.6	-1.5	-1.8	-1.6	-1.5	-1.7	-1.5	-1.3	-1.2
	Export order books	-1.7	-1.5	-1.8	-1.6	-1.5	-1.7	-1.5	-1.4	-1.7	-1.4	-1.4	-1.3
	Price expectations	0.1	-0.3	-0.4	-0.3	-0.3	-0.5	-0.4	-0.2	-0.2	-0.2	0.0	0.5
Employment expectations	-1.4	-1.2	-1.7	-1.5	-1.4	-1.4	-1.6	-1.7	-1.8	-1.7	-1.6	-1.5	
	Services												
	Business Climate												
	Composite	-1.2	-1.2	-0.9	-1.0	-1.0	-1.4	-1.2	-1.1	-1.3	-1.4	-1.2	-1.6
	Expected activity	-1.1	-1.0	-0.5	-0.5	-0.7	-1.1	-0.8	-0.8	-1.1	-1.1	-0.8	-1.6
	Price expectations	0.6	0.3	0.2	0.2	0.6	-0.2	0.1	0.3	0.6	0.2	0.2	0.5
Employment expectations	-1.4	-0.9	-1.5	-1.3	-1.6	-2.2	-1.5	-2.0	-2.2	-1.4	-1.7	-1.5	
	Retail												
	Business Climate												
	Retail trade	-1.5	-0.9	-1.3	-1.6	-1.4	-1.4	-1.3	-1.6	-1.7	-1.4	-1.7	-2.0
	Price expectations (Food)	0.6	0.3	0.4	0.2	0.3	0.5	0.2	0.1	-0.1	-0.2	0.0	0.1
Wholesale trade	-1.7	-1.3	-1.1	-1.2	-1.1	-1.3	-1.1	-1.1	-1.3	-1.2	-1.1	-1.5	
	Construction												
	Business Climate												
	Composite	-1.2	-1.0	-0.8	-0.8	-0.9	-0.8	-0.8	-0.8	-0.8	-0.8	-0.6	-0.9
	Expected activity	-1.2	-1.0	-0.9	-0.4	-0.5	-0.4	-0.4	-0.3	-0.4	-0.4	-0.2	-0.3
	Price expectations	-0.1	-0.4	-0.3	-0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.4	1.0
	Employment expectations	-1.0	-0.9	-0.2	-0.2	-0.4	-0.3	-0.5	0.4	-0.2	-0.3	0.0	-0.3
	Household Confidence & Credit*												
Housing purchases	2.5	2.5	2.5	0.7	0.7	0.7	1.2	1.2	1.2	2.5	2.5	2.5	
Interest rate on new housing loans, %	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.8	3.8	
New housing loans (12-month cumulative, EUR bn)	220	224	227	230	232	234	236	238	241	240	240	240	
	Consumption												
	Household Confidence & Credit*												
	Composite	-0.7	-0.5	-0.6	-0.5	-0.7	-0.5	-0.7	-0.9	-0.9	-0.6	-0.8	-1.2
	Expected financial situation	-0.6	-0.4	-0.4	-0.2	-0.6	-0.3	-0.7	-0.7	-1.0	-0.5	-0.5	-1.0
	Major purchases opportunity	-1.1	-1.0	-1.0	-1.1	-1.2	-1.1	-1.2	-1.0	-1.1	-1.1	-1.2	-1.4
	Price expectations	0.3	-0.1	-0.6	-0.2	0.0	0.1	0.1	0.1	0.3	-0.3	-0.1	1.7
	Fears of Unemployment	-0.9	-0.9	-0.9	-0.9	-1.0	-1.0	-1.0	-0.9	-0.9	-1.0	-1.1	-1.2
Interest rate on new consumer loans, %	8.0	7.9	7.9	8.1	8.0	7.9	7.9	8.0	7.7	8.1	8.1		
New consumer loans (12-month cumulative, EUR bn)	95	94	93	92	91	91	91	90	90	90	90		



Indicators are converted into z-scores, i.e. deviations from their long-term average (expressed in standard deviations). Positive (negative) values indicate that the indicator is above (below) its long-term average by a given number of standard deviations. Red shading corresponds to strong economic activity, elevated inflation expectations, and low unemployment fears, while blue indicates a slowdown in activity, moderate inflation expectations, and heightened unemployment fears.

*Credit indicators are neither standardised as z-scores nor associated with any colour coding: they are shown in levels (or as 12-month cumulative flows) and should be interpreted separately from the other indicators.

The energy shock has mainly resulted in precautionary behaviour on the part of firms, which increased their inventories in March. This reflects the sharp rise in input costs (which are still below their 2022 levels, however). In the short term, the build-up of corporate inventories (prior to the acceleration in inflation) has supported production. The rise in energy prices does not appear, at this stage, to have affected household spending behaviour.

Macroeconomic pressures have led to a marked slowdown in housing loans and a decline in consumer and business lending. Whilst interest rates remain stable, new loans to households for house purchase continued to slow on a year-on-year basis in February. Consumer loans continue to decline sharply. Year-on-year, net bank lending to businesses fell for the second consecutive month in February, a situation which had not been seen since 2015. This decline is only being marginally offset by the modest year-on-year rise in net debt-security issues.

GDP: growth, carry-over and forecasts									
OBSERVED GROWTH (q/q)			CARRY-OVER	FORECAST (q/q)			ANNUAL FORECAST		
Q2 2025	Q3 2025	Q4 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026	2025 (observed)	2026	2027
-0.2	0.0	0.3	0.2	0.3	0.5	0.5	0.4	1.4	1.5

Source: Refinitiv, BNP Paribas

Growth is expected to reach 0.3% in Q1, as in Q4 2025. This continued momentum would once again be driven by public investment and consumption, whilst private consumption is expected to be robust in Q1 (as household purchasing intentions have not deteriorated significantly). Inventory build-up is also expected to have a positive impact, whilst import dynamics will mean that net exports will continue to contribute negatively.

Adverse consequences could be seen in Q2, with household consumption growth hampered by rising inflation. Public consumption and investment (at least public investment) would remain robust.







Lucie Barette and Thomas Humblot (completed on 13 April 2026)

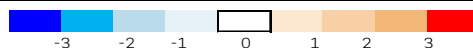


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France: Growth held up well in Q1

		Apr 25	May 25	Jun 25	Jul 25	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	Feb 26	Mar 26
	Global												
	Composite Index	-0.1	-0.5	-0.9	-0.7	-0.7	-0.6	-0.4	-0.3	-0.4	0.3	-0.1	-0.5
	Credit*												
	Interest rate on new NFC loans, %	3.7	3.5	3.5	3.5	3.4	3.4	3.4	3.4	3.4	3.5	3.5	3.5
	Net flows of NFC loans (12-month cumulative, EUR bn)	31	29	15	24	22	25	25	26	21	21	23	
	Net NFC debt securities issuance (12-month cumulative, EUR bn)	-6	5	9	19	19	32	31	37	34	45	44	
	Industry												
	Business Climate												
	Composite	0.0	-0.6	-1.0	-0.8	-0.6	-0.6	-0.1	-0.4	-0.4	0.7	0.1	-0.4
	Expected production	0.1	-1.0	-0.9	-0.8	-0.9	0.1	0.9	0.4	0.2	0.8	0.0	-0.1
	Order books	-0.1	-0.6	-0.6	-0.3	-0.3	-0.6	0.1	-0.4	0.0	0.5	0.0	-0.2
	Export order books	-0.2	-0.3	-0.2	-0.4	-0.2	-0.2	0.9	0.0	0.6	0.7	0.5	0.0
	Price expectations	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.3	-0.4	-0.2	0.1
	Employment expectations	0.2	0.2	0.3	0.1	0.1	0.4	0.4	0.3	0.4	0.4	0.3	0.3
	Services												
	Business Climate												
	Composite	0.0	-0.4	-0.5	-0.2	-0.5	0.0	-0.2	-0.1	0.0	0.0	-0.2	-0.3
	Expected activity	0.0	-0.4	-0.8	-0.2	-0.3	0.2	-0.3	0.0	0.0	0.0	-0.4	-0.3
	Price expectations	0.5	0.4	0.2	0.6	0.8	0.4	0.5	0.4	0.5	0.6	0.3	0.3
	Employment expectations	-0.7	-1.4	-1.0	-1.0	-0.6	-0.9	-0.6	-0.3	-0.7	-0.4	-0.7	-0.6
	Retail												
	Business Climate												
	Retail trade	-0.9	-0.8	-1.0	-0.4	-0.3	-1.3	-1.2	-0.6	-0.7	-0.5	-0.5	-1.0
	Price expectations (Food)	0.0	-0.1	-0.1	-0.1	0.1	0.1	-0.2	0.2	0.1	0.0	0.1	0.1
	Wholesale trade	-0.6	-0.6	-0.6	-0.3	-0.3	-0.1	-0.1	-0.1	-0.1	0.1	0.1	-0.5
	Construction												
	Business Climate												
	Composite	-0.1	0.0	0.0	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2
	Expected activity	-0.4	0.2	-0.2	-0.4	0.1	0.1	-0.3	-0.4	-0.5	-0.4	-0.2	0.1
	Price expectations	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2	-0.1	-0.1	-0.1
	Employment expectations	0.1	0.2	0.2	0.1	0.2	0.1	-0.1	-0.1	0.0	0.0	0.0	0.0
	Household Confidence & Credit*												
	Housing purchases	-0.2	-0.2	-0.2	-0.1	-0.1	-0.1	0.2	0.2	0.2	1.5	1.5	1.5
	Interest rate on new housing loans, %	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.1	3.1	
	New housing loans (12-month cumulative, EUR bn)	162	166	170	173	175	179	182	185	187	188	188	
	Consumption												
	Household Confidence & Credit*												
	Composite	-0.7	-0.9	-0.9	-0.7	-1.1	-1.2	-0.5	-0.5	-0.6	-0.5	-0.2	-0.8
	Expected financial situation	0.1	-0.1	-0.1	0.2	-0.4	-0.4	0.4	0.3	0.0	0.4	1.0	0.1
	Major purchases opportunity	-0.2	-0.5	-0.4	-0.3	-0.4	-0.7	-0.7	-0.7	-0.5	-0.6	-0.6	-0.6
	Price expectations	-0.6	-0.7	-0.9	-0.2	0.2	-0.1	-0.2	-0.1	0.1	0.1	-0.2	1.5
	Fears of Unemployment	-0.4	-0.8	-0.5	-0.4	-0.4	-0.4	-0.1	-0.3	-0.1	-0.2	-0.4	-0.2
	Interest rate on new consumer loans, %	6.4	6.3	6.2	6.0	6.0	6.0	6.0	6.2	6.0	6.4	6.3	
	New consumer loans (12-month cumulative, EUR bn)	73	73	72	72	72	72	72	72	72	71	71	



Indicators are converted into z-scores, i.e. deviations from their long-term average (expressed in standard deviations). Positive (negative) values indicate that the indicator is above (below) its long-term average by a given number of standard deviations. Red shading corresponds to strong economic activity, elevated inflation expectations, and low unemployment fears, while blue indicates a slowdown in activity, moderate inflation expectations, and heightened unemployment fears.

*Credit indicators are neither standardised as z-scores nor associated with any colour coding: they are shown in levels (or as 12-month cumulative flows) and should be interpreted separately from the other indicators.

The impact of the energy price shock has been limited so far. Expected price indices rebounded only slightly in March, across all sectors (a very different situation to 2022). For the time being, this shock does not involve any major supply constraints. Output is likely to be more severely affected by falling demand as the issue of purchasing power resurfaces. Although this is a concern for households, they have not yet scaled back their spending intentions.

Lending trends are beginning to reflect these tensions, as lending to households is slowing, whilst lending to businesses remains relatively stable. The year-on-year slowdown in new mortgage lending loans to households for house purchase accelerated in February as interest rates began to rise. New consumer loans have fallen for the eighth consecutive month, whilst interest rates remain at historically high levels. On a year-to-date basis, net flows of bank lending to businesses – driven in particular by the repayment of state-guaranteed loans – and net debt-security issues have risen only slightly since December 2025. Bank lending rates remained stable in February.

GDP: growth, carry-over and forecasts

OBSERVED GROWTH (q/q)			CARRY-OVER	NOWCAST	FORECAST (q/q)			ANNUAL FORECAST		
Q2 2025	Q3 2025	Q4 2025	Q4 2025	Q1 2026	Q1 2026	Q2 2026	Q3 2026	2025 (actual GDP)	2026	2027
0.3	0.5	0.2	0.5	0.3	0.3	0.3	0.3	0.9	1.3	1.3

See the Nowcast methodology. [Contact: Tarik Rharrab](#)

Source: Refinitiv, BNP Paribas

Growth is expected to have reached 0.3% q/q in the first quarter of 2026, according to our nowcast. This acceleration compared with Q4 2025 (0.2% q/q) indicates that demand (private, public, and export) remains strong. Furthermore, this growth is thought to have been supported by households stockpiling goods in anticipation of rising inflation.

In Q2, there is a significant likelihood of adverse consequences. Our forecasts are expected to be updated soon in order to reflect the expected impact of the energy shock. Although inflation remains relatively contained outside the energy sector, this fear persists among households. Therefore, they are likely to scale back their spending intentions, which could push GDP closer to stagnation in Q2 (contrary to the forecast of 0.3% q/q prior to the outbreak of the war in Iran).








Stéphane Colliac and Thomas Humblot (completed on 13 April 2026)

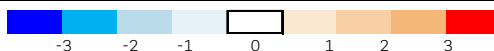


BNP PARIBAS

The bank for a changing world

Italy: Good momentum in Q1, but less certainty thereafter

		Apr 25	May 25	Jun 25	Jul 25	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	Feb 26	Mar 26
	Global												
	Composite Index	-0.3	0.0	0.1	0.1	0.0	0.1	0.2	0.3	0.3	0.4	0.3	0.2
	Credit*												
	Interest rate on new NFC loans, %	3.9	3.8	3.7	3.6	3.5	3.5	3.6	3.6	3.7	3.6	3.5	
	Net flows of NFC loans (12-month cumulative, EUR bn)	-8	-11	-2	1	3	3	4	8	9	8	8	
	Net NFC debt securities issuance (12-month cumulative, EUR bn)	4	8	11	16	16	14	14	11	14	13	14	
	Industry												
	Business Climate												
	Composite	-0.7	-0.5	-0.5	-0.4	-0.5	-0.5	-0.3	-0.2	-0.3	-0.2	-0.3	-0.2
	Expected production	-0.9	-0.8	-0.6	-0.6	-0.7	-0.8	-0.5	-0.3	-0.4	-0.4	-0.4	-0.5
	Order books	-0.5	-0.4	-0.4	-0.4	-0.3	-0.3	-0.3	-0.2	-0.3	-0.2	-0.2	-0.1
	Export order books	-0.9	-0.8	-0.8	-0.8	-0.8	-0.8	-0.7	-0.5	-0.7	-0.6	-0.6	-0.5
	Price expectations	0.1	-0.1	-0.1	0.0	-0.1	-0.2	-0.1	0.0	0.0	0.1	0.4	
	Employment expectations	0.1	0.1	0.3	0.4	0.3	0.4	0.4	0.2	0.1	0.1	0.0	
	Services												
	Business Climate												
	Composite	-0.1	0.1	0.2	0.1	0.2	0.2	0.2	0.4	0.4	0.8	0.6	0.7
	Expected activity	-0.5	-0.1	-0.2	-0.2	0.1	0.6	0.7	0.6	0.5	0.8	0.9	0.8
	Price expectations	1.0	0.7	0.6	0.6	0.6	0.6	0.2	0.4	0.6	1.0	1.0	0.8
	Employment expectations	0.6	0.9	1.4	0.7	0.5	0.2	0.3	0.6	0.9	1.0	0.9	
	Retail												
	Business Climate												
	Retail trade	0.7	0.7	0.6	0.8	0.5	0.5	0.8	1.0	0.9	0.4	0.7	0.4
	Price expectations (Food)	1.0	0.6	0.4	0.2	0.4	0.5	0.5	0.1	0.2	0.0	0.0	0.6
	Construction												
	Business Climate												
	Composite	1.1	1.1	1.2	1.2	1.0	1.1	1.2	1.2	1.1	0.8	1.0	1.1
	Expected activity	1.0	1.1	1.1	1.2	0.9	1.0	1.2	1.0	1.1	0.8	0.9	1.0
	Price expectations	0.5	0.6	0.3	0.3	0.3	0.3	0.4	0.3	0.3	0.5	0.7	0.7
	Employment expectations	1.1	1.0	1.2	1.0	1.0	1.0	1.3	1.5	1.1	0.7	1.0	1.1
	Household Confidence & Credit*												
	Housing purchases	0.1	0.1	0.1	1.3	1.3	1.3	0.4	0.4	0.4	5.5	5.5	5.5
	Interest rate on new housing loans, %	3.3	3.2	3.2	3.2	3.3	3.3	3.3	3.3	3.4	3.5	3.4	
	New housing loans (12-month cumulative, EUR bn)	68	69	71	72	72	73	73	73	73	72	72	
	Household Confidence & Credit*												
	Composite	-0.4	0.1	-0.1	0.0	0.0	0.2	0.2	0.1	0.1	0.2	0.3	-0.5
	Expected financial situation	-0.9	-0.4	-0.5	-0.2	-0.9	-0.6	-0.3	-0.7	-0.4	-0.4	-0.7	-1.5
	Major purchases opportunity	1.1	1.3	0.9	1.0	1.3	1.5	0.8	1.0	0.8	1.3	1.6	1.5
	Price expectations	1.6	0.9	0.7	0.9	1.0	0.4	0.2	0.5	0.6	0.4	0.5	2.0
	Fears of Unemployment	0.4	0.5	0.5	0.6	0.5	0.5	0.7	0.5	0.5	0.5	0.4	0.3
	Interest rate on new consumer loans, %	8.6	8.5	8.5	8.6	8.7	8.6	8.5	8.5	8.3	8.5	8.5	
	New consumer loans (12-month cumulative, EUR bn)	55	55	55	55	55	55	55	55	55	55	55	



Indicators are converted into z-scores, i.e. deviations from their long-term average (expressed in standard deviations). Positive (negative) values indicate that the indicator is above (below) its long-term average by a given number of standard deviations. Red shading corresponds to strong economic activity, elevated inflation expectations, and low unemployment fears, while blue indicates a slowdown in activity, moderate inflation expectations, and heightened unemployment fears.

*Credit indicators are neither standardised as z-scores nor associated with any colour coding: they are shown in levels (or as 12-month cumulative flows) and should be interpreted separately from the other indicators.

Business sentiment remains solid for the time being, despite the energy shock. Above all, companies are reporting, above all, a rise in input costs, which is expected to lead to higher prices for goods sold in the coming months. Output remains buoyant, in both industry and services. However, household confidence is deteriorating significantly, driven by sharply rising inflation expectations.

The divergence in trends between households and businesses is reflected in lending, as lending to households continues to slow, whilst lending to businesses is picking up. New loans to households for house purchase and consumer loans continued to slow year-on-year in February for the fourth consecutive month. Interest rates remained stable in February. On a year-to-date basis, net bank lending to businesses and net debt issues saw a slight uptick in February, against a backdrop of a moderate fall in lending rates.

GDP: growth, carry-over and forecasts									
OBSERVED GROWTH (q/q)			CARRY-OVER	FORECAST (q/q)			ANNUAL FORECAST		
Q2 2025	Q3 2025	Q4 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026	2025 (observed)	2026	2027
0.0	0.2	0.3	0.3	0.3	0.3	0.3	0.7	1.0	0.9

Source: Refinitiv, BNP Paribas

In Q1, growth is expected to maintain solid momentum of 0.3% q/q. It is expected to have been supported by investment (via continued disbursements of NGEU funds) and an increase in inventories (a precautionary stance ahead of accelerating inflation). Consumption is also expected to have remained buoyant, driven in particular by the Winter Olympics.

Our forecast for Q2 carries a significant downside risk. Rising energy prices are likely to spread rapidly, and household spending intentions would suffer a setback following the pre-inflation stockpiling observed in Q1. Nevertheless, investment should remain a supportive factor for the rest of the year.

Lucie Barette and Thomas Humblot (completed on 13 April 2026)



BNP PARIBAS

The bank for a changing world

United Kingdom: Following a rebound in growth in Q1, a risk of stagflation from Q2 onwards

		Apr 25	May 25	Jun 25	Jul 25	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	Feb 26	Mar 26
Global	Composite Index	-0.9	-0.6	-0.2	-0.4	0.1	-0.6	-0.2	-0.4	-0.4	0.1	0.1	-0.6
	Credit*												
	Interest rate on NFC loans, %	6.4	5.6	5.9	5.8	5.7	5.5	5.8	5.6	5.6	5.7	5.7	
	New NFC loans (GBP bn)	24	25	23	24	29	24	25	27	27	25	28	
Industry	Business Climate												
	Composite	-1.5	-1.3	-1.0	-0.9	-1.1	-1.3	-0.5	-0.4	-0.3	0.0	-0.1	-0.2
	Expected production	-1.2	-1.1	-1.0	-0.5	-0.6	-1.2	-0.1	-0.4	-0.3	-0.2	0.0	-0.6
	Order books	-1.4	-1.2	-0.6	-0.6	-1.3	-1.3	-0.7	-0.3	-0.2	0.3	0.1	0.0
	Export order books	-2.5	-1.3	-0.7	-0.9	-1.6	-1.8	-1.7	-0.6	-0.1	0.5	0.6	0.3
	Price expectations	0.5	0.1	0.1	-0.1	-0.4	-0.6	-0.5	-1.1	-0.7	-0.6	-0.6	0.1
	Employment expectations	-1.7	-1.8	-1.4	-1.6	-1.5	-1.4	-0.6	-0.6	-0.4	-0.4	-0.3	-0.8
Services	Business Climate												
	Composite	-0.9	-0.5	-0.1	-0.3	0.2	-0.5	-0.2	-0.4	-0.4	0.1	0.1	-0.6
	Expected activity	-2.1	-0.4	-0.8	-0.5	-0.1	-0.4	0.2	-0.2	0.2	0.5	0.1	-0.7
	Price expectations	1.1	0.3	-0.2	0.1	0.3	0.1	0.0	-0.5	0.2	0.3	0.3	1.0
	Employment expectations	-1.1	-0.7	-1.0	-1.3	-1.0	-1.0	-0.4	-1.5	-1.1	-1.3	-1.2	-1.0
Retail	Business Climate												
	Retail trade	-1.4	-1.5	-1.7	-2.2	-1.5	-0.8	-1.7	-1.8	-1.2	-2.5	-1.4	-0.9
	Price expectations	-0.8	-0.8	-0.8	0.5	0.5	0.5	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2
	Wholesale trade	-1.2	-1.3	-1.4	-1.8	-1.4	-1.3	-1.1	-1.6	-1.6	-2.2	-1.9	-1.5
Construction	Business Climate												
	Composite	-0.9	-0.7	-0.6	-1.3	-1.1	-1.0	-1.3	-2.0	-1.9	-0.9	-1.2	-1.1
	Price expectations	-0.6	-0.5	-1.0	-0.8	-1.3	-1.3	-1.2	-1.8	-1.0	-0.7	-0.1	-0.8
	Employment expectations	-0.8	-1.2	-1.0	-0.9	-1.1	-1.1	-1.4	-2.3	-2.1	-1.3	-0.4	-1.2
	Credit*												
	Interest rate on housing loans, %	4.5	4.5	4.3	4.3	4.3	4.2	4.2	4.2	4.2	4.1	4.1	0.0
	New housing loans (GBP bn)	17	21	24	24	23	25	24	24	23	24	24	
Consumption	Household Confidence & Credit*												
	Composite												
	Expected financial situation	-0.2	0.4	0.4	0.4	0.7	0.6	0.5	0.3	0.4	0.8	0.4	0.3
	Major purchases opportunity	0.4	0.2	0.2	0.2	0.0	0.2	0.0	0.2	-0.1	-0.2	0.1	-0.4
	Interest rate on consumer loans, %	8.7	8.7	8.4	8.3	8.3	8.3	8.4	8.6	8.7	9.0	9.0	0.0
	New consumer loans (GBP bn)	33	34	34	33	35	34	35	35	35	36	36	



Indicators are converted into z-scores, i.e. deviations from their long-term average (expressed in standard deviations). Positive (negative) values indicate that the indicator is above (below) its long-term average by a given number of standard deviations. Red shading corresponds to strong economic activity, elevated inflation expectations, and low unemployment fears, while blue indicates a slowdown in activity, moderate inflation expectations, and heightened unemployment fears.

*Credit indicators are neither standardised as z-scores nor associated with any colour coding: they are shown in levels (or as 12-month cumulative flows) and should be interpreted separately from the other indicators.

Surveys suggest a healthy level of activity in Q1 but are already showing signs of deterioration from Q2 onwards. Business sentiment indicators were fairly positive at the start of 2026. However, they now point to a downturn, with a resurgence of supply constraints and an expected deterioration in demand (from both businesses and households). The manufacturing output index is contracting for the first time in six months.

Before the outbreak of the war in Iran, lending remained buoyant. Year-to-date new mortgage lending had stabilised above pre-pandemic levels, driven by falling interest rates. Net consumer-lending flows are growing at a faster pace than their historical average. Net bank lending to businesses was also quite strong, concentrated mainly on large firms. In the near term, the inflationary climate and pressure on bond yields are likely to result in tighter financial conditions and rising interest rates, which could weigh on lending growth.

GDP: growth, carry-over and forecasts									
OBSERVED GROWTH (q/q)			CARRY-OVER	FORECAST (q/q)			ANNUAL FORECAST		
Q2 2025	Q3 2025	Q4 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026	2025 (observed)	2026	2027
0.2	0.1	0.1	0.1	0.3	0.2	0.1	1.4	0.6	-

Source: Refinitiv, BNP Paribas

According to our forecasts, growth is expected to have accelerated to 0.3% q/q in the first quarter of 2026 (after 0.1% q/q in Q4). The growth recorded in February (+0.5% m/m, following +0.1% m/m in January) is consistent with this figure.

From Q2 onwards, the energy shock resulting from disruptions from the war in Iran is expected to weigh on growth, which would be limited to 0.6% on an annual average as a result. This slowdown compared with 2025 is expected to be due to a downward revision in household consumption, as well as a decline in private investment (already trending downwards by the end of 2025). GDP growth is expected to be driven by public spending.






Marianne Mueller (completed on 16 April 2026)

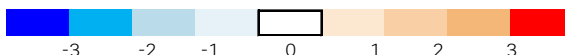


BNP PARIBAS

The bank for a changing world

United States: Business sentiment remains buoyant

		Apr 25	May 25	Jun 25	Jul 25	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	Feb 26	Mar 26
	Global												
	Composite index	-1.2	-1.6	-1.4	-1.5	-1.1	-1.5	-1.1	-1.0	-0.7	-0.5	0.1	-0.4
	Credit*												
	New NFC loans (USD bn)	3.1	3.1	3.1	1.7	1.7	1.7	4.9	4.9	4.9			
	Business Climate												
	Composite	-1.0	-1.0	-0.9	-1.1	-1.0	-1.0	-1.0	-1.2	-1.2	-0.1	-0.2	-0.1
	Expected production	-1.1	0.2	-0.3	-0.1	0.3	0.2	0.3	0.4	0.2	-0.3	0.6	0.4
	Order books	-1.0	-0.9	-1.1	-1.0	-0.5	-0.9	-0.9	-1.1	-1.1	0.4	0.2	-0.2
	Export order books	-1.9	-2.6	-1.2	-1.3	-0.9	-2.0	-1.6	-1.2	-1.1	-0.4	-0.3	-0.4
	Price expectations	1.3	0.8	0.8	1.2	0.8	0.9	0.6	0.8	0.8	1.3	1.1	0.9
	Employment expectations	-1.6	-1.4	-1.1	-0.5	-0.8	-1.0	-0.9	-0.2	-0.4	-0.6	-0.3	0.3
	Services												
	Composite	-1.2	-1.6	-1.4	-1.5	-1.1	-1.5	-1.1	-0.9	-0.5	-0.5	0.2	-0.5
	Expected activity	-1.8	-0.9	-0.9	-0.7	-0.4	-0.5	-1.1	-1.0	-0.6	0.2	-0.3	-0.7
	Price expectations	-1.5	-1.3	-1.3	-1.0	-1.2	-0.6	-1.1	-0.9	-0.9	-0.6	-0.1	-0.5
	Employment expectations	-1.3	-0.3	-0.8	-0.8	-1.3	-0.8	-1.2	-1.3	-0.7	-0.9	-0.6	-1.0
	Business Climate												
	Composite	-0.8	-1.1	-1.2	-1.1	-1.2	-1.2	-0.9	-0.9	-0.8	-0.9	-0.9	-0.9
	Expected activity	-1.0	-1.0	-1.2	-1.0	-1.0	-0.9	-0.3	-0.5	-0.5	-0.6	-0.7	-0.6
	Household Confidence & Credit*												
	Housing purchases	-1.7	-1.7	-1.5	-1.5	-1.6	-1.7	-1.5	-1.5	-1.6	-1.5	-1.4	-2.3
	Interest rate on housing loans, %	6.8	6.8	6.8	6.7	6.6	6.4	6.2	6.2	6.2	6.1	6.0	6.2
	New housing loans (annual change)	9.7	16.1	16.9	16.3	19.9	17.7	20.9	21.5	18.5	14.5	9.3	4.1
House prices & housing transactions													
Existing home prices	-0.8	-0.8	-0.9	-0.9	-0.8	-0.8	-0.7	-0.8	-1.0	-1.1	-1.0	-0.9	
Housing transactions	-0.2	-0.2	0.0	-0.1	0.1	0.3	0.2	0.0	0.1	-0.3	-1.3	-1.4	
	Household Confidence & Credit*												
	Composite	-2.1	-2.1	-1.2	-1.3	-1.4	-1.8	-1.9	-1.8	-1.5	-1.3	-1.4	-1.8
	Expected financial situation	-2.9	-2.9	-1.7	-1.9	-1.9	-2.3	-2.6	-2.4	-1.8	-1.6	-1.8	-2.3
	Major purchases opportunity	-1.4	-1.3	-1.2	-1.1	-1.4	-1.5	-1.7	-1.9	-2.0	-1.8	-1.8	-1.7
	Price expectations	1.1	0.9	1.1	1.4	1.7	2.4	2.2	2.2	2.1	2.2	1.9	-2.2
	Fears of Unemployment	2.6	2.5	2.0	2.0	2.4	2.7	2.6	3.1	2.6	2.5	2.2	5.4
	Interest rate on consumer loans, %	11.6	11.6	11.6	11.1	11.1	11.1	11.7	11.7	11.7	11.4	11.4	11.4
	New consumer loans (annual change)	0.4	0.5	0.4	0.2	0.1	0.3	0.2	0.3	3.1	3.0	3.2	



Indicators are converted into z-scores, i.e. deviations from their long-term average (expressed in standard deviations). Positive (negative) values indicate that the indicator is above (below) its long-term average by a given number of standard deviations. Red shading corresponds to strong economic activity, elevated inflation expectations, and low unemployment fears, while blue indicates a slowdown in activity, moderate inflation expectations, and heightened unemployment fears.

*Credit indicators are neither standardised as z-scores nor associated with any colour coding: they are shown in levels (or as 12-month cumulative flows) and should be interpreted separately from the other indicators.

Business sentiment surveys point to a healthy economy, despite the energy shock. In March, business sentiment (ISM PMI) remained in expansion territory in both the manufacturing (which hit a four-year high) and non-manufacturing sectors, but supplier delivery times extended and, above all, input-price growth accelerated (and stood at a high not seen since 2022). By contrast, consumer sentiment (Michigan) has dipped sharply. Expectations deteriorated, particularly around 1-year inflation.

Mortgage rates have been rising since the start of the war in the Middle East. This, combined with the continuing rise of prices for existing homes, is expected to slow the growth of outstanding mortgages in 2026. However, growth in outstanding consumer loans remained robust at the start of the year. In Q4 2025, growth in outstanding business loans and debt issuance increased compared with the previous quarter, whilst the trend of falling short-term interest rates was interrupted by the war.

GDP: growth, carry-over and forecasts										
OBSERVED GROWTH (q/q)			CARRY-OVER	GDP NOW	FORECAST (q/q)			ANNUAL FORECAST		
Q2 2025	Q3 2025	Q4 2025	Q4 2025	Q1 2026	Q1 2026	Q2 2026	Q3 2026	2025 (actual GDP)	2026	2027
0.9	1.1	0.1	0.9	0.3	0.9	0.7	0.5	2.1	2.7	2.0

Sources : BEA, Fed d'Atlanta, BNP Paribas

GDP growth to rebound in Q1. According to our forecast, it is expected to reach +0.9% q/q (+3.7% AR) in Q1 2026, compared with +0.1% q/q (+0.5% AR) in Q4 2025. This volatility is linked to the federal government shutdown (October–November 2025), with the government sector having shaved 1.0pp off growth, before contributing 1.7 percentage points in Q1, according to our forecasts (AR). Private demand (consumption and investment) is expected to rise slightly following the Q4 slowdown. The Atlanta Fed's GDP Now forecast differs significantly, standing at +1.3% AR, as it does not factor in the offsetting effects of the shutdown (adjusted for the shutdown's effects, our forecast is closer to this figure).

Anis Bensaidani (completed on 14 April 2026)

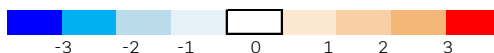


BNP PARIBAS

The bank for a changing world

Japan: Strong growth in Q1

		Apr 25	May 25	Jun 25	Jul 25	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	Feb 26	Mar 26
Global	Composite Index	0.2	0.0	0.3	0.4	0.5	0.3	0.3	0.5	0.2	0.8	1.0	0.7
	Credit*												
	Interest rate on NFC loans, %	1.2	1.1	1.2	1.3	1.1	1.4	1.3	1.1	1.4	1.4	1.5	
	Outstanding NFC loans (annual change)	3.6	3.2	4.6	4.7	5.3	5.6	6.2	6.5	6.9	6.6	6.8	
Industry	Business Climate												
	Composite	-0.7	-0.4	-0.2	-0.6	-0.3	-0.8	-0.9	-0.7	-0.2	0.4	1.0	0.4
	Expected production	-0.3	-0.4	0.3	-0.6	-0.1	-0.7	-0.5	-0.1	-0.1	0.4	1.0	0.5
	Order books	-0.8	-0.3	-0.4	-0.4	-0.4	-0.6	-1.0	-0.9	0.0	0.5	0.8	0.4
	Export order books	-0.7	-0.5	-0.5	-0.4	-1.2	-0.5	-0.3	-0.4	-0.3	0.8	1.2	0.8
	Price expectations	0.3	0.2	0.3	0.8	0.2	0.5	0.5	0.6	0.5	1.2	0.9	1.1
	Employment expectations	-0.1	0.7	0.8	0.1	0.6	-0.5	-0.3	-0.2	-0.1	1.2	1.5	0.8
Services	Business Climate												
	Composite	0.5	0.2	0.3	0.8	0.6	0.7	0.6	0.7	0.3	0.8	0.8	0.7
	Expected activity	0.7	0.1	0.2	0.4	0.5	0.5	0.1	0.3	0.2	0.4	0.7	0.3
	Price expectations	1.2	1.2	1.7	0.9	0.9	0.8	1.3	1.0	1.1	1.5	1.9	1.5
	Employment expectations	0.9	0.2	1.0	-0.5	-0.7	0.2	0.1	1.0	2.3	1.7	1.1	0.5
Retail	Business Climate												
	Tankan: Retail trade - Expected activity	0.4	1.3	1.6	1.6	0.7	1.1	1.2	0.8	0.9	-0.2	-0.1	0.3
Construction	Business Climate												
	Tankan: Expected activity	0.9	1.1	0.5	0.6	0.4	0.5	0.5	1.0	1.0	1.1	0.6	0.6
	Credit*												
	Interest rate on housing loans, %	1.2	1.1	1.2	1.3	1.1	1.4	1.3	1.1	1.4	1.4	1.5	
	Outstanding housing loans (annual change)	3.7	3.7	3.6	3.4	3.4	3.4	3.5	3.4	3.5	3.5	3.6	
	New housing loans (annual change)												
	Existing home prices												
	Housing transactions	-0.4	-0.1	0.7	-0.1	-0.7	0.3	1.1	-0.4	0.3			
Consumption	Household Confidence & Credit*												
	Composite	-1.6	-1.2	-0.9	-1.0	-0.8	-0.7	-0.6	-0.3	-0.3	-0.2	0.3	-1.2
	Expected financial situation	-2.3	-1.6	-1.1	-1.3	-1.0	-0.9	-0.6	-0.2	-0.3	-0.1	0.5	-1.7
	Major purchases opportunity	-1.9	-1.6	-1.3	-1.4	-1.3	-1.2	-1.2	-0.9	-1.1	-1.0	-0.4	-1.7
	Price expectations	1.1	1.2	1.0	1.0	1.1	1.1	1.1	0.9	1.0	0.9	0.4	1.1
	Fears of Unemployment	0.7	0.4	0.3	0.4	0.2	0.1	0.1	0.0	0.0	-0.1	-0.4	0.5
	Outstanding consumer loans (annual change)	4.7	4.7	6.2	6.4	5.4	7.2	6.3	6.3	6.4	5.7	5.4	



Indicators are converted into z-scores, i.e. deviations from their long-term average (expressed in standard deviations). Positive (negative) values indicate that the indicator is above (below) its long-term average by a given number of standard deviations. Red shading corresponds to strong economic activity, elevated inflation expectations, and low unemployment fears, while blue indicates a slowdown in activity, moderate inflation expectations, and heightened unemployment fears.

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The economy was in good health before the energy shock. Business sentiment (PMI) reached a high not seen since 2013 in Q1 2026, but March data pointed to a slowdown. New household concerns were evident that same month in the decline in consumer confidence (following a post-COVID high in February), which was widespread across its sub-components (overall livelihood, willingness to buy durable goods). This brought an end to an upward trend spanning several months.

Financing is keeping pace with generally healthy growth. Outstanding loans to businesses are on an upward trajectory against a positive backdrop for the investment cycle (evident in GDP and business plans). Outstanding loans have also been rising steadily since the end of Q3 2025. Interest rates charged by domestic banks are on an upward trajectory, in line with monetary adjustment.

GDP: growth, carry-over and forecasts									
OBSERVED GROWTH (q/q)			CARRY-OVER	FORECAST (q/q)			ANNUAL FORECAST		
Q2 2025	Q3 2025	Q4 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026	2025 (observed)	2026	2027
0.6	-0.7	0.3	0.1	0.4	0.3	0.2	1.2	0.8	0.9

Source: Cabinet Office, BNP Paribas

Growth above potential. According to our forecasts, GDP growth is expected to reach +0.4% q/q in Q1 2026, an improvement on Q4 2025 (+0.1pp). Retail sales, industrial production and the Tankan survey have all been positive. They do not yet show any sign of adverse consequences from the energy shock. However, this is plausible in Q2 2026, given the rise in oil prices.

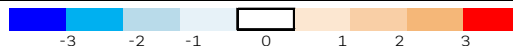
Anis Bensaidani (completed on 14 April 2026)



BNP PARIBAS

The bank for a changing world

		Apr 25	May 25	Jun 25	Jul 25	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	Feb 26	Mar 26
Global	Composite index	-0.1	-0.6	0.0	-0.2	0.2	0.4	0.1	-0.1	0.0	0.1	1.4	0.0
	Goods exports	1.1	1.0	0.9	1.3	1.2	1.7	1.0	1.1	1.8	1.6	0.8	2.6
	Goods imports	-0.3	-0.5	-0.2	0.0	-0.2	0.3	-0.2	-0.2	0.1	1.6	0.7	1.7
Industry	Business Climate												
	Composite	0.1	-1.2	0.1	-0.4	0.2	0.7	0.3	-0.2	-0.1	0.1	1.2	0.4
	Expected production	-0.9	-0.5	-0.4	-0.6	-0.5	0.0	-0.9	-0.8	-0.1	-0.6	-1.0	-0.2
	Order books	-0.6	-0.4	-0.2	-0.6	-0.5	-0.4	-0.8	-0.6	0.0	-0.6	-0.9	0.4
	Export order books	-1.3	-0.3	-0.2	-0.5	-0.4	-0.2	-0.9	-0.3	0.2	-0.2	-1.2	0.3
	Price expectations	-1.2	-1.3	-0.9	-0.4	-0.3	-0.5	-0.6	-0.5	-0.3	0.1	0.1	1.2
	Employment expectations	-0.4	-0.3	-0.4	-0.3	-0.4	0.0	-0.1	-0.1	-0.2	-0.3	-0.3	0.1
Industrial production	-0.2	-0.3	0.0	-0.3	-0.4	-0.1	-0.5	-0.5	-0.4	-1.8		-0.3	
Services	Business Climate												
	Composite	-0.7	-0.7	-0.7	-0.7	-0.6	-0.7	-0.7	-0.9	-0.8	-0.9	-0.8	-0.5
	Expected activity	-1.0	-0.8	-0.7	-0.9	-0.5	-0.8	-1.0	-1.1	-0.6	-0.6	-1.0	-0.7
	Price expectations	-1.6	-1.1	-0.2	-0.9	-0.4	-1.2	-0.9	0.0	-0.7	-0.2	-0.1	-0.5
	Employment expectations	-0.7	-0.8	-0.9	-0.9	-1.2	-1.2	-1.1	-1.2	-0.6	-0.6	-0.8	-1.0
Activity in services	0.1	0.2	0.1	0.1	0.0	0.0	-0.2	-0.2	-0.1	-1.0		-0.1	
Property & Construction	Business Climate												
	Expected activity	-1.3	-1.5	-1.1	-1.6	-1.9	-1.9	-1.9	-1.8	-1.1	-2.0	-2.1	-1.9
	Order books	-2.2	-1.5	-1.3	-1.7	-2.0	-1.7	-1.1	-1.0	-0.8	-2.1	-1.7	-1.5
	Price expectations	-1.9	-1.7	-1.4	-0.9	-0.7	-1.5	-1.3	-1.3	-1.8	-1.4	-1.7	-0.9
	Employment expectations	-2.5	-2.2	-2.1	-1.9	-1.4	-2.1	-2.1	-1.7	-1.9	-1.9	-1.6	-2.2
	House prices & housing transactions												
Existing home prices	-0.3	-0.3	-0.3	-0.3	-0.4	-0.4	-0.5	-0.5	-0.5	-0.7	-0.7	-0.6	
Housing transactions	-0.2	-0.2	-0.3	-0.4	-0.6	-0.6	-1.0	-0.9	-0.8	-0.7	-0.7	-0.4	
Conso.	Household Confidence												
	Composite	-1.4	-1.3	-1.4	-1.3	-1.3	-1.2	-1.2	-1.2	-1.2	-1.1	-1.1	
	Fears of Unemployment	-1.3	-1.4	-1.4	-1.3	-1.2	-1.3	-1.2	-1.1	-1.1	-1.1	-1.2	
Credit	Financing to the economy*												
	Total outstanding financing (annual change)	8.7	8.7	8.9	9.0	8.8	8.7	8.5	8.5	8.3	8.2	8.2	7.9
	Outstanding bank loans to corporations (annual change)	8.1	7.8	7.7	7.7	7.6	7.8	8.1	8.2	8.5	8.2	8.4	8.1
	Outstanding bank loans to households (annual change)	2.9	2.9	2.9	2.5	2.3	2.2	1.5	1.0	0.4	0.4	0.1	-0.5
1-year reference interest rate, %	3.1	3.1	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	



Indicators are converted into z-scores, i.e. deviations from their long-term average (expressed in standard deviations). Positive (negative) values indicate that the indicator is above (below) its long-term average by a given number of standard deviations. Red shading corresponds to strong economic activity, elevated inflation expectations, and low unemployment fears, while blue indicates a slowdown in activity, moderate inflation expectations, and heightened unemployment fears.

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Economic growth accelerated in Q1, driven by the export-oriented manufacturing sector. The improvement in the business climate within the industry had signalled a strengthening of activity. Industrial production growth reached 6.1% year-on-year in Q1, vs. 5.0% in Q4 2025, supported by a sharp rise in exports – particularly of electronic goods. This momentum contributed to a slight recovery in investment in Q1. Growth in services, meanwhile, slowed from 5.6% y/y in Q4 2025 to 5.0% in Q1 2026. The rebound in retail sales observed in January–February did not last, due in particular to the waning impact of government subsidy schemes. The consumer confidence index has been recovering slowly for several months, but remains very low. The contraction in property transactions and house prices continued.

Households are reducing their debt. Outstanding bank loans to households recorded an unprecedented decline in March (-0.5% y/y), in line with the contraction in house sales and low confidence. Growth in domestic credit to enterprises and the government continued to slow. The central bank is nevertheless expected to keep its key interest rates unchanged in the very short term.

The inflationary impact of the war in the Middle East was evident in March. CPI inflation reached 1% y/y, up from 0.8% in January–February, driven by rising energy prices, while core inflation slowed to 1.1% in March, down from 1.3% in January–February. The producer price index rose by 0.5% y/y, ending 41 consecutive months of decline.

GDP: growth, carry-over and forecasts									
OBSERVED GROWTH (q/q)			CARRY-OVER	FORECAST (q/q)			ANNUAL FORECAST		
Q3 2025	Q4 2025	Q1 2026	Q4 2025	Q2 2026	Q3 2026	Q4 2026	2025 (observed)	2026	2027
1.1	1.2	1.3	1.7	1.0	1.2	1.0	5.0	4.7	4.5

Source: NBS, BNP Paribas

Following a strong first quarter, economic growth is expected to slow moderately in Q2 and CPI inflation to continue accelerating slightly. Real GDP growth reached 5% y/y in Q1 (1.3% quarter-on-quarter), vs. 4.5% in Q4 2025 (1.2% q/q). It remained characterized by a 'K-shaped' pattern, with buoyant exports and sluggish domestic demand. The strong GDP figures in Q1 should reinforce the authorities' plan to keep moderately supportive economic policies. However, whilst China is relatively immune to the risks of hydrocarbon supply disruptions, it could feel the effects of a weakening in global demand in the coming months.

Christine Peltier (completed on 16 April 2026)



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