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ADVANCED ECONOMIES

UNITED STATES

Consumers are concerned, but producer prices and investment are reassuring. Retail sales slowed in September to +0.2% m/m in value (-0.4pp), especially excluding sales of automobiles and gasoline stations (-0.5pp, or +0.1% m/m). Consumer confidence (Conference Board) fell in November (88.7, -6.8 points) and pessimism grew (about the business climate and income). In September, the producer price index (+2.7% y/y) was buoyed by energy and food, while underlying pressures eased (-0.3pp, or +2.6% y/y); Growth in durable goods orders slowed (+0.5% m/m, -2.5pp), but growth in capital goods (excluding defense and transport), a leading indicator of investment, remained steady at +0.9% m/m.

Regulatory easing to support Treasury market intermediation: on 25 November, regulators finalised the rule easing leverage constraints on US systemically important banks (G-SIBs) and their deposit-taking subsidiaries. The leverage requirement for each of the eight G-SIBs will be between 3.5% and 4.25% (compared with 5% currently), and that for their deposit subsidiaries between 3.5% and 4% (compared with 6% currently). Banks will be able to comply with this rule in advance, as early as 1st January 2026.

Coming up: speeches by J. Powell and M. Bowman (Tuesday), ISM manufacturing (Monday) and non-manufacturing (Wednesday) for November, ADP private employment survey for November and JOLTS survey of job vacancies for September (Wednesday), industrial production for September (Wednesday), PCE for September (Friday), University of Michigan sentiment index for December (Friday).

EUROZONE / EUROPEAN UNION

The Economic Sentiment Index (ESI) reached its highest level since April 2023 thanks to services, trade and construction. Household confidence remained stable. Car sales continued to recover in October (+3.9% m/m; +5.9% y/y), boosted by electric vehicles. Median household inflation expectations for the next year rose to 2.8% in November but remained stable for 3 years (2.5%) and 5 years (2.2%). According to the ECB minutes, the Governing Council does not rule out further adjustments if downside risks increase or if inflation deviates persistently from the 2% target.

The European Commission has unveiled its new assessment of national budgetary plans: fiscal policy is expected to remain broadly neutral in the euro area and the EU in 2025 and 2026. Romania's excessive deficit procedure has been suspended, but another one is being considered for Finland. The Commission points to excessive net expenditure trajectories in six countries (Croatia, Lithuania, Slovenia, Spain, the Netherlands and Malta). The European Parliament has voted to postpone the entry into force of the anti-deforestation law (to 30 December 2026 for large companies and 30 June 2027 for SMEs) and has introduced a review clause in April 2026.

Coming up: November inflation and October unemployment rate (Tuesday), November composite PMI and October producer prices (Wednesday), October retail sales (Thursday), third estimate of Q3 GDP (Friday).

- France: Decline in household savings rates and purchasing power, rebound in corporate margins. The household savings rate fell to 18.4% in Q3, after peaking in Q2 (18.7%), against a backdrop of declining household purchasing power (-0.3% q/q in Q3, with growth expected to reach +0.6% in 2025). The profit margin of non-financial companies rebounded to 31.5% in Q3 from 31.1% in Q2. GDP growth was confirmed at 0.5% q/q in Q3. Salaried employment stabilised in Q3 (the flash estimate for private salaried employment was revised

upwards, while public sector employment increased). Household confidence fell to 89 in November (-1 point m/m). While the opportunity to set savings reached a new record high (+45), the balance of opinion on the outlook for living standards and unemployment continued to improve. Inflation was stable in October and November at 0.8% y/y.

After passing through the Senate, the budget returns to the National Assembly, which has until midnight on 23 December to adopt it (it must be promulgated before 31 December). In the absence of a budget for 2026, the government would have until 19 December to pass a special law extending the 2025 budget. The European Commission approves the draft budget: the Commission anticipates a public deficit of 4.9% in 2026 and considers the budget submitted to it for 2026 to be in line with France's commitments and consistent with a return to a 3% public deficit in 2029. *Coming up: September foreign trade and industrial production figures (Friday).*

- Germany: Investment and inflation rebound and 2026 budget adopted. GDP stagnated in Q3 (supported by public consumption and investment in machinery and equipment, but weighed down by a contraction in exports and household consumption). The GfK consumer confidence index rose to -23.2 (+0.9 points m/m). Harmonized inflation reached 2.6% y/y in November, its highest level in nine months, due to energy prices. Inflation in services is stable and core inflation fell to 2.7% (-0.1pp m/m). The 2026 federal budget has been adopted: core spending is increasing and more than EUR 80 billion is being mobilized through special funds (defense, climate transition, infrastructure). Net borrowing is at its second-highest level in history. A comprehensive pension reform is planned for 2026.

- Italy: Improving economic conditions, falling inflation. Harmonized inflation fell from 1.3% to 1.1% in November, while the annualized 3m/3m index fell to its lowest level in five years (-2.4% seasonally adjusted). Q3's GDP growth was revised upwards by 0.1 pp to 0.1% q/q (+0.6% y/y). The ESI returned to its highest level since April 2023 (101.8; +1.1 points m/m), driven by services and the continued rebound in industry. *Coming up: October unemployment rate (Tuesday), November PMI (Wednesday), October retail sales (Friday).*

- Spain: Strong economy, relatively high inflation. Harmonized inflation fell slightly in November (-0.1 pp to 3.1%) but has risen in recent months (3m/3m annualized to 4.7%). The ESI improved in November (105.9; +2 points m/m), supported by industry and construction.

JAPAN

The BoJ is preparing for a rate hike in December as hard data is in the green. The Governor of the Bank of Japan has indicated that the BoJ will "weigh the pros and cons" of a rate hike in December and that it is "actively collecting information" on corporate wage policy. Industrial production rose again in October (+1.4% m/m), buoyed by the automotive sector (+6.6% m/m) to its highest level since February. Retail sales rebounded (+1.6% m/m in October) after falling in Q3. Tokyo's core inflation, a leading indicator of the national level, surprised on the upside, reaching +2.8% y/y (+0.1pp) in November, supported by processed food and energy prices.

UNITED KINGDOM

Budget well received by the markets, but the credibility of the consolidation plan is questionable. Fiscal headroom has been raised from GBP 9.9 billion to GBP 22.7 billion but remains limited, while most consolidation measures will take effect from 2027 onwards. The government has announced a freeze on income tax thresholds until 2030 (compared with 2028 previously) and the taxation of sums placed by employees into



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their pension schemes via their employers above GBP 2,000. In return, the limit of two children for entitlement to social benefits will be abolished. The bond market reacted favorably due to a lower-than-expected volume of debt auctions (GBP 303.7 billion compared to GBP 308 billion) in 2026. *Coming up: October credit and monetary aggregate (Monday), Nationwide November house price index (Tuesday) and Halifax (Friday).*

EMERGING ECONOMIES

AFRICA & MIDDLE EAST

- **Nigeria: Monetary status quo.** After a 50 bp cut in September, the Central Bank kept its key rate at 27%. Inflation has been falling steadily over the last seven months, from 24.2% y/y in March 2025 to 16% in October.

- **Senegal: The GDP rebasement will not significantly reduce the public debt ratio.** This rebasement led to an upward revision of 13.5% of nominal GDP for 2021; data are not yet available for subsequent years. Assuming nominal GDP growth of 13.5% in 2024, the public debt ratio would fall to around 115% of GDP, compared with 132% according to the latest IMF estimate. This ratio remains well above the 70% of GDP convergence criterion set by the WAEMU.

ASIA

- **China: November PMIs signal continued slowdown.** The official manufacturing PMI index remains in contraction territory, although it improved very slightly (49.2 in November compared with 49 in October); RatingDog's manufacturing PMI deteriorated and settled just below the 50 mark. The extension of the truce between Washington and Beijing and the lowering of tariffs on Chinese goods since the end of October have led to a slight increase in the "new export orders" component, but without giving much momentum to manufacturing activity. In services, the official PMI moved into contraction territory (49.5 in November compared with 50.2 in October).

- **India: Very strong acceleration in growth between July and September 2025** (Q2 of the 2025/2026 fiscal year). Growth once again surprised on the upside (+8.2% y/y), but analysis of its components does not explain such a rebound. As activity indicators suggested, all components of growth slowed and the contribution of net exports was negative for the second consecutive quarter. Statistical discrepancies account for 50% of growth. On the other hand, the manufacturing PMI index fell in November (from 59.2 to 56.6), mainly due to a decline in "new export orders", which reached a 13-month low.

- **Southeast Asia: Rise in PMI indices.** Manufacturing PMIs rebounded in November (except in the Philippines). The rise was most pronounced in Indonesia.

- **South Korea: The key interest rate is maintained at 2.5%.** The slight rise in inflation (the Central Bank has raised its forecast slightly to 2.1% for 2025 and 2.0% for 2026), the depreciation of the won against the US dollar since early July (by nearly 9%) and persistent tensions in the property market in the Seoul region explain the status quo. Financial stability is the Central Bank's priority. Furthermore, its statement indicates that the strong performance of the IT and semiconductor sectors has led to an upward revision of growth forecasts to 1% for 2025 (previously 0.9%) and 1.8% for 2026 (previously 1.6%). The manufacturing PMI remained stable in November (at 49.4).

EMERGING EUROPE

- **Central Europe: Manufacturing PMI indices rise in Poland, the Czech Republic and Hungary.** In November, Poland's manufacturing PMI rose for the fifth consecutive month but remains below the 50 mark. In the Czech Republic, the PMI rebounded slightly after four consecutive months of decline but remains below 50. The improvement in both countries is due to an increase in "export orders". Hungary stands out with an expansion of the index, which has remained above 50 for the third consecutive month.

- **Türkiye: Strong GDP growth in Q3 2025.** Real GDP growth in CVS-CJO data came in at +1.1% q/q in Q3 2025, with contributions from both final demand (+2pp) and net external demand (+1.5pp), while inventories made a very negative contribution. Nevertheless, growth is rebalancing, with investment growing more significantly than household consumption (+4% vs. 2.1%). In addition, exports continued to hold up (+2.9%) while imports declined (-4.4%). Year-on-year GDP growth stands at 3.7%.

LATIN AMERICA

- **Argentina: Surprise rebound in the activity index despite financial instability.** In September, the INDEC activity index (a good proxy for GDP) rose by 0.5% and the August figure was revised upwards (+0.7% m/m). Over the quarter as a whole, the index rose by 0.5%, while industrial production fell by 2.6% q/q and construction activity also contracted (-1% q/q). The publication of Q3 GDP figures in mid-December should therefore show a strong contribution from agriculture and services.

- **Brazil: Budget vote compromised by tensions with Congress.** A few days after the close of COP30, the Brazilian Congress voted to overturn President Lula's vetoes on a bill speeding up the process for obtaining environmental licences. This decision intensifies tensions between the executive and legislative branches. This could complicate the adoption of the 2026 draft budget. This political setback contrasts with recent good news on the economic front: inflation returned to the target range in November for the first time since January, and Washington has eased customs duties on several Brazilian agricultural products (40% of Brazilian exports to the United States remain subject to 50% customs tariffs, according to the FGV think tank).

COMMODITIES

- **Gas prices on the European market are at their lowest since May 2024.** The TTF price, down around 10% over one month, has fallen below EUR 30/MWh. This decline is fueled by renewed diplomatic efforts regarding the Russia-Ukraine conflict and relatively mild weather in Europe.

- **OPEC+ member countries confirmed their decision to pause their production increase programme** in the first quarter of 2026. The price of Brent crude was up at the opening of the markets (+1.8%). The decision was widely anticipated.

