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ADVANCED ECONOMIES

UNITED STATES

Inflation is on the rise due to increasing energy prices (core inflation remains stable) and is affecting household confidence. CPI inflation reached 3.3% y/y (+0.9pp) in March, with a 21.2% m/m (seasonally adjusted) rise in petrol prices. This monthly change (+0.9% m/m) is the highest since 2022. Core inflation has remained relatively unchanged (+2.6% y/y, +0.1pp), dragged down by used car prices and temporary weakness in non-housing services. Household confidence, as measured by the University of Michigan, hit a record low of 47.6 (-5.7 points) in April due to concerns over inflation, with a 1-point rise in 1-year inflation expectations (4.8%). Orders for durable goods contracted (-1.4% m/m) due to the aerospace component (-28.6% m/m), but the core component rose by 0.8% m/m. Consumer spending improved to +0.5% m/m (+0.2pp), a nominal result that should be viewed in light of the resilience of core PCE inflation over the same period (stable at +0.4% m/m, and down 0.1pp to +3.0% y/y). GDP growth for Q4 2025 has been revised to +0.5% on an annualised basis (-0.9pp) due to private consumption (-0.3pp to +1.3%) and non-residential investment (-1.3pp to +2.4%). The minutes of the latest FOMC meeting (17-18 March) indicate a renewed focus on inflation, with "some participants" noting the possibility of "greater sensitivity of long-term inflation expectations to energy price increases" and, above all, concluding that there are "strong reasons" to shift from a downside risk to the Fed Funds rate to risks in both directions (downside or upside). *Upcoming: Producer prices and NFIB survey (Tuesday), Fed Beige Book (Wednesday), Industrial production (Thursday).*

EUROPEAN UNION

Energy and the budgetary framework: the European Commission (EC) is playing for time. The EC is examining requests from several Member States (Germany, Italy, Spain, Portugal, Austria) to introduce a tax on the windfall profits of energy companies, without considering any action at this stage, while the proposed 'toolkit' (networks, electricity taxation, financial support) is still under development. A working document will be presented by the European Commission ahead of the informal meeting of heads of state on 23 April. The appeal by Italian Prime Minister Meloni to suspend budget rules should the crisis worsen has been rejected by the EC, which considers this option premature. Meanwhile, Brussels is preparing to relax its regulations on methane emissions linked to fossil fuel imports in order to safeguard security of supply.

EUROZONE

Mixed signals. The household savings rate fell to 14.4% in Q4 2025 (the lowest since Q3 2023), while the decline in producer prices accelerated in February (-3% y/y; -1pp m/m) driven by falling energy prices. Retail sales fell slightly (-0.2% m/m), returning to their November levels. *Upcoming: February industrial production (Wednesday), final March inflation (Thursday), February current account (Friday).*

France: Foreign trade remains buoyant. Growth in goods exports continues, building on the momentum seen in the second half of 2025 (+EUR 16 billion y/y) and reaching +EUR 3 bn y/y in January-February 2026, according to Customs figures. This growth is mainly directed towards the EU (including Germany), particularly in the aerospace, defence, pharmaceutical and AI-related equipment sectors. As a result, the current account balance has almost returned to equilibrium, compared with a deficit of EUR 12.5 bn in 2025 (although the deficit is expected to widen in the coming months as oil prices rebound).

The government has announced an 'electrification' plan, comprising measures designed to boost electricity consumption as a substitute for fossil fuels. Dedicated funding will double from EUR 5.5 bn to EUR 10 bn per year (to finance, in particular, the installation of heat pumps and the expansion of social leasing schemes for the purchase of electric vehicles). The "critical metals" fund has announced an investment in a rare-earth refinery in Lacq, aiming to meet 15% of global demand for heavy rare earths by 2027. Moody's has left the sovereign rating and its outlook unchanged (Aa3 with a negative outlook), one notch above S&P and Fitch.

Germany: Generally favourable trends. Car registrations rose by 16% y/y in March (+5% y/y in Q1), driven by a sharp rise in electric vehicle sales (+41% y/y in Q1). They accounted for nearly a quarter of sales in March and, for the first time, exceeded sales of combustion-engine vehicles. New industrial orders rebounded in February (+0.9% m/m) and have risen by over 5% on average in the last six months compared with the previous six months. In February, production fell in construction (-1.2% m/m) and stagnated in industry, with improvements noted across most sectors except electronics and furniture. The trade surplus stood at EUR 19.8 billion in February (+12% y/y), driven by rising exports to the EU, particularly to the Eurozone (+5.2% m/m; +7.0% y/y), while sales to China (-10.8% y/y) and the United States (-13.3% y/y) declined.

JAPAN

Household confidence falls while producer prices rebound. Household confidence fell by nearly 6 points to 33.3 in March, after reaching a high in February not seen since April 2019. The concerns expressed are more about the general economic climate rather than individual financial wealth. In March, producer prices rose by +0.8% m/m (+2.6% y/y), with petroleum products and coal seeing an increase of +7.7% m/m. In February, scheduled contractual wages remained robust at +3.3% y/y (+0.3pp, the highest since 1992). The real wage index stood at +1.9% y/y (+1.2pp), aided by a reduction in inflation over recent months.

UNITED KINGDOM

A slight improvement in construction. The construction PMI rose to 45.6 in March (+1.1 m/m), but has remained in contraction territory for over a year. Energy and raw material prices are rising, and the outlook continues to deteriorate. *Upcoming: February growth, foreign trade and industrial production figures (Thursday).*

EMERGING ECONOMIES

AFRICA & MIDDLE EAST

United Arab Emirates-Bahrain: Signing of a currency swap agreement between the two central banks worth AED20bn (USD5.4bn) for a term of five years. The official purpose of this agreement is to strengthen financial and trade relations between the two countries. However, Bahrain is also one of the Gulf economies most vulnerable to the repercussions of the conflict in Iran. This support from the UAE aims to alleviate potential concerns regarding external liquidity and to reassure the markets.

Gulf governments are turning to private placements for their bonds. The Abu Dhabi government has just raised USD2.5 bn, at a time when bond markets have been closed to sovereign issuers in the region since the start of the conflict. This move follows a similar action by the Qatari government, which raised USD3 bn.



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ASIA

Inflation rose moderately in March. In **South Korea**, inflation stood at just 2.2% y/y, up from 2% in January and February, as the impact of rising prices for imported raw materials was mitigated by administrative price controls; the central bank left its key interest rate unchanged at 2.5%. In **Taiwan**, inflation in March (1.5%) remained virtually unchanged from January-February, also kept in check by administrative price controls. In **Indonesia**, inflation slowed to 3.5% y/y, down from 4.8% in February, largely thanks to energy price subsidies, which mitigated the impact of rising oil prices. In **Thailand**, CPI inflation rebounded but remains in negative territory (-0.1% y/y, compared with -0.8% in January-February). The **Philippines** recorded a much sharper rise in inflation, from 2.4% y/y in February to 4.1% in March. The same was true for **Vietnam**, where CPI inflation rose from 2.9% y/y in February to 4.2% in March.

China: A (welcome) rise in inflation. CPI inflation reached 1% y/y in March, up from 0.8% in January-February, driven mainly by rising energy prices. Vehicle fuel prices rose by 3.4% y/y in March, following 19 consecutive months of decline. Crucially, the producer price index rose by 0.5% y/y in March, ending 41 consecutive months of decline.

India: Key interest rate unchanged. The central bank left its key interest rate unchanged at 5.25% this week. The measures taken the previous week helped to shore up the rupee, which has gained 0.9% against the US dollar since 1st April (and has depreciated by just 1.5% against the US dollar since the end of February).

EMERGING EUROPE

Hungary: Defeat for Viktor Orbán's government after 16 years in power. In the parliamentary elections on 12 April, the opposition party Tisza, (centre-right and pro-European), led by Péter Magyar, won a landslide victory with an absolute majority (138 out of 199 seats in Parliament). Fidesz, Viktor Orbán's party, managed to secure 55 seats. Voter turnout stood at 79.5%, a record high compared to previous elections (69.6% in 2022). Securing an absolute majority will enable the new government to implement institutional reforms. This should pave the way for the release of European funds for Hungary (around EUR 19 billion). Furthermore, the pro-European stance of the future Hungarian government is expected to result in the release of the EUR 90 billion European loan to Ukraine.

Hungary: Inflation accelerated slightly in March (+1.8% y/y vs. 1.4% in February), due to rising prices for fuel, services, as well as alcoholic beverages and tobacco. Food prices remained stable in March. Core inflation fell slightly to +1.9% y/y in March (+2.1% in February).

Poland and Romania: Monetary status quo. As expected, the Polish and Romanian central banks kept their respective key interest rates at 3.75% and 6.5%. They are expected to remain cautious over the coming months in the face of rising inflation.

LATIN AMERICA

First signs of inflationary pressures. March data reveal a rise in inflation, driven mainly by the transport sector, which accounts for nearly 15% of the overall index. In **Brazil**, CPI inflation increased to 4.1% y/y from 3.8% in February, but remains below the average for the final months of 2025 (4.5% y/y in Q4 2025). In **Peru**, the inflation rate reached 3.4% y/y and 2.1% m/m, exacerbated by a gas pipeline failure in early March. In **Chile**, inflation rose from 2.4% y/y in February to 2.8% in March (1% m/m), despite the fuel price control mechanism remaining in place until 24 March. In **Mexico**, despite the price stabilisation mechanism in effect since 2022, inflation increased to 4.6% y/y (up from 4% in February) and 0.9% m/m, driven by the price of fruit and vegetables. In **Colombia**, while the transport component did not rise in March, headline inflation accelerated to 5.6% y/y. Inflation was already high (above 5% y/y) even before the start of the conflict in the Middle East.

COMMODITIES

Restrictions on shipping through the Strait of Hormuz, and repeated disruptions to production capacity are increasing tensions in the oil and oil derivatives markets. The cumulative shortfall in barrels since the start of the conflict is prompting the release of new stocks and driving up the price of physical crude to record levels.

In a sign of sharply rising short-term tensions in the oil market, the spread between the spot price of a barrel of physical oil and the futures price continues to widen, reaching a record high. The spread between the price of a barrel of Dated Brent (for immediate delivery) and Brent for June 2026 (the nearest futures contract) was over USD30 per barrel on 10 April, whereas it had been less than USD3 per barrel prior to the outbreak of the conflict.

Saudi Arabia: Rapid restoration of most production capacity. The latest attacks on the Khurais and Manifa oil fields, as well as on the East-West pipeline (which allows Saudi Arabia to bypass the Strait of Hormuz), have reportedly reduced the kingdom's production capacity by 0.6 million b/d (5% of total production capacity) and transit capacity by 0.7 million b/d, according to a statement by the Saudi Energy Minister on 9 April. However, he confirmed on Sunday that most of the damage had been repaired, with the exception of 0.3 million barrels per day from the Khurais oil field, where repairs are ongoing.

Japan has unilaterally decided to release additional barrels from its public strategic reserves, amounting to 20 days' worth of oil demand (approximately 32 million barrels of oil), onto the market for the month of May. The country has already begun releasing 79.8 million barrels of oil (crude and products), equivalent to around 50 days' worth of demand, as part of the agreement reached by members of the International Energy Agency on 11 March (400 million barrels).

The markets reacted strongly to President Trump's announcement on Sunday regarding the blockade of the Strait of Hormuz. The price of Brent rose by 9% at the markets' opening and is now trading above USD100 per barrel once again. Additionally, the TTF (European spot gas price) rose by 8% and is currently trading at around EUR47 per MWh.

