

[Find out more in our scenario and forecasts](#)

## INTERNATIONAL TRADE

**Renewed tensions between the United States and China.** China has announced new restrictions on rare earth exports (by including equipment and technologies using these critical metals) and introduced port fees on US ships, effective 14 October. This second measure is a direct response to Washington's decision to tax Chinese ships entering the United States. President Trump has responded by threatening to impose a 100% tariff on Chinese goods as of 1 November. This renewed tension, with the truce approaching its theoretical end date (10 November), has caused a sharp correction in the financial markets. The WTO has revised its forecast for global trade growth in 2025 to 2.4% (from 0.9% in April) and to 0.5% for 2026 (down from 1.8% in April).

## ADVANCED ECONOMIES

## UNITED STATES

**The minutes of the latest FOMC meeting confirm the dissension.** They point to further rate cuts, as "most [members] judged that it would likely be appropriate to ease monetary policy further for the remainder of the year", echoing the dot plots. Nevertheless, some Committee members suggest that the current policy may "not be particularly restrictive" or may have supported stability in the rate target, while the data-dependent approach prevails. **The federal government shutdown continues** preventing the release of official economic data. Consumer sentiment, as measured by the University of Michigan, remains weak in October (55.0, down 0.1 points); it rebounded among Republicans (98.2, up 5.8 points) for the first time since July to its highest level since the end of 2020. *Coming up: NFIB Small Business Optimism Index for September (Monday).*

## EUROZONE / EUROPEAN UNION

**High personal savings rate, decline in corporate margins, reduction in private debt.** The household savings rate reached 15.4% of disposable income in Q2 2025 (+0.2pp q/q, +2.5pp compared to 2019). Corporate margins fell to 39.1% of value added in Q2 (post-Covid low with -0.2pp q/q and -0.6pp compared to the average level in 2024). Non-financial private sector debt is at its lowest level since 2004 for households (81.5% of disposable income) and since Q3 2007 for non-financial companies (consolidated: 66.6% of GDP). *Coming up: August industrial production (Wednesday), August trade balance (Thursday), final inflation estimate for September (Friday).*

## - France:

**Favourable economic developments in Q3.** Exports are believed to have boosted growth in Q3, driven by the aerospace industry (+1.4 bn y/y in July-August) with record deliveries by Airbus in September (73 aircrafts). The Banque de France confirmed its nowcast of 0.3% for Q3 (identical to ours: [see our analysis](#)): accelerated growth in industry is expected to offset the slowdown in market services. In August, home loans and consumer credit continued to recover despite rising interest rates. New home loans, excluding renegotiations, fell to EUR 12.2 billion, while their average rate rose slightly to 3.10%. Consumer loans remain relatively buoyant, although new lending declined slightly and their average rate reached 6.06%. Outstanding loans to non-financial corporations increased, thanks in particular to investment loans to large companies, while outstanding cash loans declined (up 3.9% and down 3.2% y/y, respectively). The spread between bank and market rates narrowed. *Coming up: September business start-ups (Friday).*

**Towards a budget at the end of 2025?** After his resignation on 6 October, S. Lecornu was reappointed Prime Minister. His government is composed of ministers from political parties and civil society. S. Lecornu is expected to deliver his general policy speech on Tuesday 14, before the opposition immediately tables several motions of no confidence. A budget is expected to be presented at the beginning of the week in the Council of Ministers, then by Wednesday 15th to the National Assembly (which will give Parliament the constitutional 70 days to deliberate and allow the budget to be adopted before the end of 2025). This budget is expected to be close to the one submitted to the High Council of Public Finance and to target a deficit of 4.7% of GDP (growth forecast of 1% in 2026), thanks in particular to several taxes that are essentially a continuation of the increases implemented in 2025 (corporate tax surcharge of EUR 4 billion, taxation of the wealthiest households for EUR 3 billion, increases in social security contributions for nearly EUR 1.5 billion). Added to this would be a blank year (no indexation of tax brackets or social benefits, yielding EUR 7 billion) and cuts in government spending (EUR 6 billion). This draft budget would then be amended by Parliament, with the main topic of discussion being whether to postpone or freeze the implementation of the 2023 pension reform.

## - Germany:

**Decline in industrial activity and exports in August, but progress in structural reforms.** The decline in industrial production (-4.3% m/m), which fell to its lowest level since 2010 excluding the Covid period, is reflected in the drop in exports (-4% y/y), both of which were mainly affected by the automotive sector. Exports to the United States reached their lowest level since November 2021. In parallel, new car registrations rose in August (+5% y/y) and September (+13%). At an average of 18% for January-September, the share of electric vehicles returned to the peak reached in 2023 (14% in 2024). Social leasing and purchase incentive measures worth nearly EUR 3 billion were announced. The "autumn of reforms" has resulted in employment incentives: more tightly controlled social assistance (the amount will be conditional on actively seeking employment) will replace the citizen's income and an "active retirement" scheme (tax benefits for retirees wishing to continue or resume working). *Coming up: October ZEW survey (Tuesday).*

## - Italy:

**Industrial production fell in August** to its lowest level in 40 years (excluding the Covid period) (91.6; -2.4% y/y), penalised by consumer goods (-2.1% y/y) and energy (-8.4% y/y). Nevertheless, production of transport equipment (+5.1pp to +4.1% y/y), machinery and equipment (+0.4pp to +4.8% y/y) and pharmaceuticals (+9.2pp to +14.0% y/y) held up fairly well. *Coming up: final inflation estimate for September and trade balance for August (Thursday).*



## UNITED KINGDOM

**New car registrations rebounded in September (+13.7% y/y)** and reached their highest level since March 2020, on a twelve-month total basis. The housing market is sending mixed signals. The balance of price trends (RICS survey) rose for the first time since December 2024 (to -15), while the Halifax index fell by 0.3% m/m and recorded its lowest annual rate since April 2024 (+1.3% y/y). *Coming up: August labour market report (Tuesday), GDP, industrial production and trade balance for August (Thursday), BRC retail index for September (Tuesday).*

## JAPAN

**Another dilemma for the BoJ.** Wage growth slowed in August to +1.5% y/y (-1.9pp) due to the contraction in bonuses (-10.5% y/y). Real wage dynamics deteriorated (-1.2pp to -1.4% y/y). Consumer spending accelerated to +2.3% y/y (+0.9pp). The JPY lost more than 4% against the USD between Friday 3 and Friday 10 October, following the election of S. Takaichi, considered favourable to accommodative policies, as leader of the LDP (the ruling party). The break-up of the LDP's coalition with its traditional ally, Komeito, complicates the task of its new president and compromises S. Takaichi's ability to become Prime Minister.

## EMERGING ECONOMIES

## ASIA

**- China: Export resilience confirmed.** In September, exports of goods rose by +8.3% y/y in current USD (vs. +4.4% in August). The contraction in exports to the United States (-27% y/y) continues to be more than offset by strong sales to other regions of the world (EU: +14.2%, ASEAN: +15.6%, Latin America: +15.2%, Africa: +56.4%). Import growth accelerated (+7.4%, after +1.3% in August), and the trade surplus (12-month moving sum) reached a new all-time high (USD 1,174 billion). The outlook for exports is now clouded by President Trump's threat on 10 October to impose additional 100% tariffs on Chinese goods.

**- Taiwan: Exports continue to grow rapidly** (+33.8% y/y in September and +29.6% y/y in the first nine months of 2025), driven in particular by exports to the United States (+54.9% y/y in the first nine months of 2025) and ASEAN countries (+38.9%). Exports of technological goods are largely driven by investments in AI by US companies.

**- Vietnam: Economic growth remains strong.** Real GDP grew by +8.2% y/y in Q3 2025 and +7.8% over the first three quarters of 2025 (after +7.1% in 2024). The acceleration is widespread. It is supported by industry and services on the supply side, and by exports, consumption and investment on the demand side. After a slight slowdown in August, merchandise export growth accelerated again to +24.7% y/y in September. Consumer price inflation remained stable in Q3 (+3.3% y/y, as in Q2).

## CENTRAL &amp; EASTERN EUROPE

**Poland: Continued monetary policy easing.** The central bank cut its key rate by 25 basis points to 4.50%. Two key factors weighed on the decision: 1/ the improvement in the short-term inflation outlook, and 2/ the return of inflation to the target since July. There have been four rate cuts (-125 bp in total) since last May, with more expected in the coming months.

## LATAM

**- Chile: Inflation rose in September** (4.4% y/y after 4.0% in August), Colombia (5.2% after 5.1%), Mexico (3.8% after 3.6%) and Peru (1.3% after 1.2%). Except in Chile, where the increase affects all components of the inflation index (especially services and imported goods), it is premature to talk of widespread inflationary pressures. Further rate cuts remain on the cards in the coming months.

**- Argentina: Confirmation of US financial support.** On 9 October, US Treasury Secretary Scott Bessent confirmed the establishment of a USD 20 bn swap line and the Treasury's intervention in the foreign exchange market to support the peso. These announcements and interventions have succeeded in stabilising Argentina's currency at around 1420 to the dollar since the beginning of October.

**- Peru: On 9 October, amid political crisis, the Central Bank left its key interest rate unchanged** at 4.25%. On the same day, President Dina Boluarte was removed from office following a vote in Parliament. The President of Parliament, José Jeri, will assume the presidency of the country until the next general elections in April 2026.

## AFRICA

**Senegal: Towards a new IMF programme.** More than a year after the first revelations about the government's "hidden debt", the IMF announced bilateral negotiations in mid-October to determine the outlines of a new programme. Its financial support will be crucial to reassure foreign investors and ease pressure on the government's short-term liquidity. However, in the medium term, questions remain about the sustainability of the debt, which reached 119% of GDP at the end of 2024.

## COMMODITIES

**- The EIA (US Energy Information Administration) has revised its oil production forecast for 2026 upwards** to 107.2 mb/d (+0.6 mb/d compared to the previous forecast), while demand remains unchanged (105.1 mb/d). Most of the increase in production forecast for 2025 and 2026 comes from non-OPEC+ producers. The increase in production by cartel members remains well below the announced targets. North American production is expected to remain stable in 2026 at 13.5 mb/d. The forecast price per barrel for 2026 is virtually unchanged at an average of USD 52.2/b (Brent benchmark).

**- Benefiting from their status as safe-haven assets, gold and silver prices reached historic highs on Monday.** The following factors have contributed to this trend: the resurgence of trade tensions between China and the United States, the prospect of Fed rate cuts, concerns about the political situation and public finances in some OECD countries, and tighter conditions in the physical silver market. Platinum prices, and to a lesser extent palladium prices, are also rising sharply, benefiting from growing tensions in the market for critical materials.

