Find out more in our scenario and forecasts

ADVANCED ECONOMIES

UNITED STATES

Despite moderate inflation and unemployment, concerns remain. Headline CPI inflation fell sharply (+2.4% y/y, -0.3pp) due to a slowdown in food price increases and a sharp decline (-7.5% y/y) in petrol prices; the same was true, to a lesser extent, of the core index (+2.5% y/y, -0.1pp). However, the latter is accelerating on a monthly basis (+0.3% m/m, +0.1pp), mainly due to non-housing services. Nonfarm payrolls reached +130k in January 2026 (+82k m/m), marking the highest level since December 2024. Private payroll growth posted a robust increase of +172k (-42k for public sector employment), bolstered by the construction sector (+33k) and, above all, education and health services (+137k), as the latter conceal a widespread weakness. Another encouraging sign is the improvement in the unemployment rate (4.3%, -0.1pp), along with the participation rate (62.5%). Furthermore, there have been significant revisions for the previous two years: job creation is now estimated at +1.46 million and +0.18 million for 2024 and 2025, respectively, compared with earlier estimates of +2.01 million and +0.58 million. In December, retail sales (both aggregate and underlying) stabilised. On the trade front, the Trump administration is reportedly considering a revision to steel and aluminium tariffs (currently standing at 50%). *Coming up: Q4 2025 GDP growth (Friday, BNP Paribas forecast: +3.8% AR), industrial production, and the January FOMC minutes (Wednesday).*

EUROZONE / EUROPEAN UNION

European Union: Reforms are gaining momentum

On Thursday, 12 February, the 27 EU leaders convened in Belgium for an informal summit on enhancing European competitiveness, in preparation for the European Council meeting scheduled for 19 March. Among the priorities discussed and agreed upon were administrative simplification (omnibus packages), the establishment of a simplified regime - so called 28th regime - for business creation across Europe, and the formation of a savings and investment union. However, the potential for European preference in strategic sectors (defence, cleantech, AI, space) was not agreed upon. Ahead of this event, the ECB had sent a letter outlining its priorities: the union of savings and investment, the digital euro, the single market, support for innovation, and the reduction of barriers to entrepreneurship. The 3rd European Industrial Summit had taken place the day before, attended by over 500 leaders who emphasised the challenges of energy prices, the need to reduce regulatory constraints, and the importance of stimulating demand through public procurement aimed at bolstering European production. The ECB expressed its intention to broaden access to its euro liquidity facility (repo) to all central banks "in principle", which is a positive development for the euro's international standing.

Eurozone: GDP growth was confirmed at +0.3% q/q in Q4 2025

The trade balance recorded a surplus of EUR 164.6 billion in 2025 (-2.6% compared to 2024); exports grew by 2.4%, bolstered by intra-European trade. The ECB's wage tracker indicates that negotiated wage pressures are expected to normalise in 2026 (+2.4%) compared to 2025 (+3.2%). However, they are expected to increase slightly during the year (+2.7% in Q4 2026 compared to +2.2% in Q2). *Coming up: December's industrial production (Monday), December's current account and consumer confidence data (Thursday), and the PMI report (Friday).*

France: Economic growth is gaining momentum, bolstered by industry and services, but unemployment is on the rise. The Banque de France (BdF) estimates that growth will be between 0.2 and 0.3% q/q in Q1 2026 (after 0.2% in Q4 2025), compared with +0.3% in our nowcast (link to the scenario page). This growth would be primarily driven by market services (including business services and temporary employment) and industry (notably aeronautics and defence). The BdF reports that the household financial savings rate fell to 9.8% of gross disposable household income in Q3 2025, down from a peak of 10.3% in Q2 2025 (+2.7 pp above its 2023 level). Basic monthly wages rose by 1.7% y/y in Q4 2025 (+2% in Q3), outpacing harmonised inflation (0.8% y/y in Q4) for the eighth consecutive quarter. The unemployment rate rose to 7.9% in Q4 2025 (+0.2 pp q/q and +0.6 pp y/y). This increase was largely due to youth unemployment (21.5%, +2.4 pp q/q), while the proportion of young people neither in employment nor in training rose to 12.9% in Q4 (the highest since Q3 2019). However, the employment rate remained at 69.4% (close to its all-time high), with a slight decrease among young people being offset by a continued increase among 55–64-year-olds. *Coming up: PMI indices (Friday).*

Germany: The Bundesbank in favour of joint European debt issuance. Bundesbank Governor J. Nagel highlighted the advantage of having liquid instruments at the European level to attract investors, which entails exceeding the current outstanding amount of nearly EUR 800 billion. *Coming up: ZEW survey (Tuesday), and the PMI report (Friday).*

JAPAN

Growth fell short of expectations: In Q4 2025, GDP growth only recovered to +0.1% q/q (compared to +0.4% expected by the consensus and -0.7%, a figure revised downwards, in Q3). Private demand indicators were relatively weak, with household demand up +0.1% q/q (the lowest increase since Q4 2024) and residential investment up +0.2% q/q. At the same time, public demand and inventories made negative contributions, while the external balance improved marginally. The average annual growth rate reached +1.1% in 2025, including +0.7pp from the carry-over effect from 2025. On 16 February, bond and FX markets reacted negatively, as weaker-than-expected activity indicated a potential need for broader government stimulus and a slower adjustment by the BoJ, without erasing the clear improvements noted in the previous week. *Coming up: CPI inflation and PMI (Friday).*

UNITED KINGDOM

Moderate growth in Q4: It reached +0.1% q/q, the same as in Q3. Industrial output increased (+1.2% q/q), but construction experienced a decline (-2.1% q/q) and services remained stagnant. Business investment fell by 2.7% q/q, marking its worst performance since 2021, primarily due to a sharp decline in transport equipment (-20% q/q). Annual growth improved to +1.3% in 2025, up from +1.1% in 2024. In 2025, the UK's trade deficit in goods hit a record GBP 247 billion (-30 billion compared with 2024). According to the BRC-KPMG index, retail sales rose by 2.3% y/y in January, the highest since August 2025 (+1.3pp m/m). *Coming up: December employment (Tuesday), inflation (Wednesday), retail sales and PMI (Friday).*

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EMERGING ECONOMIES

AFRICA & MIDDLE EAST

Sub-Saharan Africa: Cautious monetary easing. The Central Bank of Kenya lowered its key interest rate to 8.75% (-25 bp). Inflation was contained at an average of 4.1% in 2025 (below the official target of 5%). The Zambian Central Bank also lowered its key interest rate to 13.5% (-75 bp) following a drop in January's inflation below the 10% mark for the first time in three years. Meanwhile, the Central Bank of Uganda left its key interest rate unchanged at 9.75% but revised its inflation forecast for 2026 downwards.

ASIA

China: Deflationary pressures persist. The slight increase in inflation observed in Q4 2025 came to a halt in January. CPI inflation fell to +0.2% y/y (from +0.8% in December) and core inflation to +0.8% (+1.2% in December). However, the decline in producer prices continued to ease (-1.4% in January compared with -1.9% in December). Growth in domestic financing to the economy continues to slow gradually: growth in bank lending (63% of total outstanding financing) reached +6% y/y in January (compared with +7.2% at the end of 2024), held back in particular by the virtual stagnation in outstanding household loans (+0.4% y/y at the end of 2025, with a 1% contraction in housing loans). Under these conditions, the Central Bank unsurprisingly reasserted its commitment to maintaining a "moderately accommodative" stance in its monetary policy report for Q4 2025. Further (cautious) easing measures are likely in the very short term.

ASEAN: Economic growth in Thailand slowed to 2.4% in 2025 (compared to 2.9% in 2024) and is expected to slow further in 2026. In the ASEAN-6 countries, the average growth rate stood 5% in 2025, compared with 5.1% a year earlier.

EMERGING EUROPE

Central Europe: Resilient growth in 2025. Despite the tariff shock, GDP growth rose slightly to an average of 2.3% in 2025, up from 1.9% in 2024. It was mainly driven by Poland, which recorded the best performance, at 3.6% in 2025. The Hungarian economy, meanwhile, is struggling to gain momentum, with only marginal growth (+0.3%) due to a sharp decline in investment (detailed national accounts figures available up to Q3). Growth in Romania has also slowed (0.6% in 2025, down from 0.9% in 2024) due to political uncertainties in early 2025 and major fiscal consolidation measures in the second half of the year. In the fourth quarter, the Romanian economy entered a technical recession (-1.9% q/q in Q4 2025; -0.1% q/q in Q3 2025).

Hungary: Inflation slowed significantly, falling to 2.1% y/y in January after reaching 3.3% in December 2025. This gives the monetary authorities greater flexibility, potentially allowing them to lower the key interest rate, currently set at 6.50%, as early as this month.

LATIN AMERICA

Inflation rose very slightly in Brazil (4.4% y/y in January after 4.3% in December) and Mexico (3.8% after 3.7%). In both cases, inflationary pressures remain moderate and targeted due to new taxes on tobacco and sugary drinks in Mexico, as well as energy and transport components in Brazil.

Peru: Inflation also rose slightly but remains low and on target (at 1.5% in January). The Central Bank left its key rate unchanged (at 4.25%) and expressed its intention to maintain its neutral stance over the coming months.

Argentina: Inflation continued to accelerate. In January, the consumer price index rose by 2.9% month-on-month, while the exchange rate has been stable since December. This is the fifth consecutive month of rising inflation (2.5% on average per month from September 2025 to January 2026, compared with 1.7% from May to August 2025). Year-on-year, the inflation rate stands at 32.4%, compared with 31.3% in October. Just before the January figures were released, the director of the National Institute of Statistics resigned due to governmental pressure aimed at preventing a change in methodology that would have given more weight to services.

COMMODITIES

The US EIA has revised its forecast for the Brent crude prices for 2026, raising it to USD 57.69/barrel (+USD 1.8/b), while lowering its forecast for 2027 to USD 53/b. The IEA has significantly adjusted its forecast for global oil demand for 2026 downwards (-0.08 mb/d compared to the January 2026 estimate): it is now expected to reach 0.85 mb/d, which is close to the December 2025 forecast (0.83 mb/d). Meanwhile, the OPEC has left its growth forecast for demand unchanged at 1.4 mb/d.

OPEC+ oil production fell by 0.44 mb/d in January following several production disruptions, mainly in Kazakhstan, which accounts for around 1% of total OPEC+ production.