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WORLD

In its April World Economic Outlook, the IMF has revised downwards its global growth forecast for 2026, while maintaining the projection for 2027, based on the assumption of a 'limited and short-lived' war. In this baseline scenario, the global growth forecast for 2026 stands at 3.1% (unchanged from October 2025, but down 0.2 percentage points from January). The forecast for 2027 remains at 3.2%.

The UK has seen the sharpest downgrade among advanced economies (-0.5 percentage points for 2026 and -0.2 percentage points for 2027), ahead of the eurozone (-0.2 percentage points for both 2026 and 2027). The revision for the United States is minimal (-0.1 percentage points in 2026 but +0.1 percentage points in 2027).

In emerging and developing economies, under the baseline scenario, the average growth forecast for 2026 has been revised to 3.9% (-0.3 pp compared with January), down from the 4.4% in 2025. Growth is expected to recover to 4.2% in 2027 (+0.1 percentage points). The average revisions are modest, attributed to stronger supportive factors than initially anticipated at the start of the year (reduction in US tariffs, significant carry-over effects following a robust Q4 2025 and Q1 2026). However, the repercussions of the war in the Middle East vary widely between countries, ranging from a pronounced impact on low-income net energy-importing countries to a neutral, or even positive, impact on net energy-exporting countries. The most significant revision since January, unsurprisingly, pertains to the Middle East and North Africa region, where growth is expected to be just 1.1% in 2026. Five of the eight hydrocarbon-producing countries in the Persian Gulf are expected to see their GDP contract to varying degrees this year.

ADVANCED ECONOMIES

UNITED STATES

Tensions are mounting regarding K. Warsh's confirmation: K. Warsh's hearing before the Senate Committee on Banking, Housing, and Urban Affairs begins this Tuesday. Republican Senator T. Tillis, whose vote is essential to securing a majority, is tying his support for K. Warsh to the abandonment of proceedings against J. Powell (an attempt to search the Fed's premises has just taken place). President D. Trump is threatening to remove J. Powell (although it is uncertain whether he has the authority to do so) if Powell remains on the Board of Governors after his term as FOMC Chair expires.

A more moderate-than-expected rise in producer prices, with an unexpected increase in regional business sentiment surveys: producer prices rose by 4% y/y in March (3.4% y/y in February; consensus for April: +4.6%), driven by energy prices. The core component is stable (+3.8% y/y). Manufacturing output stagnated in March (-0.1% m/m), while existing home sales fell (-3.6% m/m). Builders are reporting a deteriorating outlook (34, -4 m/m) according to the NAHB index. The April regional surveys (Empire, Philly Fed) show clear improvements in the business climate in industry, despite a rise in the input price index. The 'prices received in 6 months' component is up in both surveys.

As expected, the Fed is slowing the expansion of its balance sheet: on 13 April, the Fed announced a reduction in its monthly net purchases of T-bills to around USD 40 billion (down from USD 55 billion since December). As it will not be reinvesting maturing MBS, its balance sheet is expected to grow by USD 25 billion each month (an increase of USD 350 billion over the year). Looking ahead to 2035, the Fed plans to continue at the same pace (expanding its portfolio by USD 350-400bn each year) in order to maintain banks' reserve holdings at 9.3% of GDP. *Coming up: retail sales (Tuesday).*

EUROPEAN UNION

Strengthening measures to bolster competitiveness: the European Parliament and the Council have agreed to halve the duty-free steel import quotas and to double the duties outside the quota (to 50%). These new rules will apply to products imported from all countries (except Iceland, Norway and Liechtenstein). They will replace the steel safeguard measure, which is due to expire in June 2026. The Commission is set to introduce new guidelines on mergers between European companies. It has also launched consultations with Member States on relaxing the temporary state aid framework, paving the way for targeted support for sectors significantly affected by the crisis in the Middle East. This new framework is expected to be adopted by the end of April. Furthermore, the Commission is expected to unveil a policy paper aimed at mitigating the impact of rising energy prices.

EUROZONE

Slight upward revision to inflation: It reached 2.6% in March (revised up by 0.1 percentage points). On a twelve-month rolling basis, the current account surplus stood at EUR 289 billion in February 2026, compared with EUR 371 billion a year earlier. *Coming up: PMI (Thursday).*

France: the government is maintaining its deficit target, while business start-ups are rising sharply. Growth has been revised downwards from 1% to 0.9% in 2026 (due to the conflict in Iran), while inflation was revised higher from 1.3% to 1.9%. The public deficit target is 5% of GDP, with the flexibility created by a lower-than-expected deficit in 2025 (5.1% compared to 5.4%) being offset by the impact of the inflationary shock on growth and debt servicing. The Banque de France projects growth of 0.3% in Q1 2026 (our nowcast arrives at the same result). Business start-ups rose by 5% q/q in Q1 2026 (following a 5% increase in 2025), driven by services, including information & communication and business support (two sectors linked to AI). Services also account for the rise in business insolvencies (+6.4% y/y in Q1 2026 according to Altares). *Coming up: INSEE business climate and PMI (Thursday), household confidence (Friday).*

Germany: acceleration in wholesale price inflation; the government announces further support measures. The rise in wholesale prices reached +4.1% year-on-year in March (+1.2% on average between December and February), driven by energy products and raw materials. To mitigate the rise in energy prices, the government has announced: 1/ a reduction in fuel taxes of EUR 0.17 per litre for two months (the cost of EUR 1.6bn will be financed by antitrust or tax measures targeting companies in the energy sector); 2/ a tax-free bonus of EUR 1,000 that companies will be able to pay to their employees (to be funded by an increase in tobacco tax). Following the EU's approval of temporary aid for electricity prices, the government plans to introduce subsidies aimed at reducing energy costs for heavy industry (€3.8bn, including €800m more than planned in November). Beneficiaries will be required to invest at least 50% of the aid received in new or modernised assets to reduce electricity grid costs without increasing fossil fuel consumption. *Coming up: producer prices (Monday), government macroeconomic forecasts (Wednesday), PMI (Thursday), Ifo business climate (Friday).*

Spain: Headline inflation was revised upwards by 0.1 percentage points to 3.4% year-on-year in March, while core inflation was revised up by 0.2 pp to 2.9% year-on-year (due to rising transport costs). *Coming up: foreign trade (Tuesday), producer prices (Friday).*

UNITED KINGDOM

Economic activity held up well in February. GDP rose by +0.5% m/m in February (+0.1% m/m in January), bolstered by services (+0.5%) and industry (+0.5%, driven by energy, in contrast to -0.1%



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in manufacturing). The BRC leading indicator for retail sales rose by +3.1% y/y in March (Easter fell earlier in the calendar than in 2025). *Coming up: unemployment and wages (Tuesday), inflation (Wednesday), PMI (Thursday), GfK consumer confidence and retail sales (Friday).*

EMERGING ECONOMIES

Emerging markets: Sharp contraction in portfolio investment. According to IIF estimates, outflows of non-resident portfolio investment from major emerging markets reached a record USD 70 billion in March 2026. However, South Korea and Taiwan, which should be regarded more as developed countries, accounted for three-quarters of this figure.

AFRICA & MIDDLE EAST

Saudi Arabia: No inflationary pressures despite the conflict. Inflation rose slightly in March to 1.8% y/y, up from 1.7% in February, mainly due to seasonal effects on food prices (+0.3%) linked to Ramadan. Elsewhere, the slowdown continues in the property sector (+3.9%, its lowest level since October 2022), the 'transport' component is slowing down and energy prices remain unchanged (as they are regulated). **Furthermore, the Saudi sovereign wealth fund, the PIF, has just unveiled its new strategy for 2026-2030.** Structured around three portfolios, this strategy marks a shift towards seeking greater efficiency in investments focused on domestic economic development, while maintaining an international dimension.

ASIA

China: Growth accelerated in Q1 2026 and continues to follow a 'K-shaped' trajectory. Real GDP grew by +5% y/y (and +1.3% q/q), following +4.5% in Q4 2025 (+1.2% q/q). On the one hand, exports remained buoyant (+17.4% y/y in value terms vs 5.1% in H2 2025) and supported industrial production (+6.1% y/y in real terms in Q1, following +5.0% in Q4 2025). Imports rebounded sharply (+22.4% y/y in Q1 vs +3.6% in H2 2025), due to a price effect and the significant rise in trade of electronic goods. On the other hand, domestic demand remained sluggish. Retail sales, which had rebounded in the first two months of the year, slowed again in March (+0.7% y/y in real terms), due in particular to a reduced impact from government subsidy schemes for the replacement of certain consumer goods. The contraction in property transactions (-11% y/y in Q1) and house prices (-6.3% y/y on average in the existing housing market) continued. Growth in services slowed from +5.6% y/y in Q4 2025 to +5.0% in Q1 2026. The strong Q1 GDP figures should reinforce the authorities' decision to provide moderate support for demand – particularly as China is fairly well positioned to withstand the repercussions of the war in the Gulf.

EMERGING EUROPE

Romania: Unsurprisingly, inflation rose in March (9.9% y/y vs 9.3% in February), mainly due to rising fuel prices. As measures to curb inflation are very limited (caps on retail margins, reductions in excise duties), inflation is expected to reach double figures as early as next month. The Central Bank kept its key interest rate unchanged last week and is expected to remain cautious in the coming months.

Hungary: The final vote count is complete and confirms the two-thirds majority secured by Tisza in the elections held on 12 April, with 141 seats secured out of the 199 in Parliament, exceeding initial estimates. Fidesz came second with 52 seats, while MI Hazánk obtained 6 seats. The Hungarian President is due to officially announce the election results by early May and propose the name of the Prime Minister.

Bulgaria: The centre-left party, Progressive Bulgaria, won the general election on 19 April (the eighth election in five years). The party, led by Rumen Radev (the former president who resigned last December), won the election with 44.7% of the vote and an absolute majority in Parliament (around 130 seats out of 240), according to the latest estimates. Progressive Bulgaria campaigned on an anti-corruption platform. This is likely to be one of the future government's priorities and, in the long term, should improve the business environment. However, structural changes will take time. Furthermore, Rumen Radev's victory could signal a less pro-European stance for Bulgaria.

LATIN AMERICA

Argentina: Rising inflation. Unsurprisingly, the consumer price index increased by 3.4% m/m in March, compared with 2.9% in February and 3.7% in March 2025. Year-on-year, the inflation rate fell slightly to 32.6% from 33.1% in February. The 'petrol' category recorded one of the sharpest rises (7% m/m), but this was much lower than the rise in crude oil prices on international markets, thanks to a commitment by the oil company YPF (which accounts for half of the motor fuel market) not to raise prices until May.

COMMODITIES

The OPEC+ and IEA forecasts for global oil demand in 2026 diverge significantly. While the IEA anticipates a slight decline in 2026 (-0.08 mb/d to 104.3 mb/d), OPEC maintains its growth scenario (+1.4mb/d to 106.5 mb/d), assuming that the decline forecast for Q2 2026 will be offset by a rise in demand towards the end of the year.

According to the IEA, oil supply contracted by 10.1 mb/d in March 2026. Furthermore, for the year as a whole, the IEA forecasts an average increase in production from non-OPEC+ countries of 0.85 mb/d. For its part, OPEC forecasts an increase of 0.6 mb/d.

The spread between the spot price of Dated Brent (for immediate delivery) and the June 2026 Brent futures contract (the nearest expiry) narrowed to \$8.50/bbl on 17 April (compared with \$30/bbl at the start of the week). However, ongoing restrictions on maritime traffic in the Strait of Hormuz are weighing on the price of Brent for June 2026 delivery, which stands at around \$96/b on Monday 20 April (+6% compared to its closing price last Friday).

Aluminium prices have reached their highest level since March 2022 (USD 3,644/MT on the LME) due to constraints affecting production in the Gulf countries, which account for 9% of global capacity (damaged facilities and the blockade of the Strait of Hormuz).

