

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

ADVANCED ECONOMIES

UNITED STATES

The path is now clear for Kevin Warsh to be appointed as head of the Federal Reserve. The Fed is expected to adopt a neutral stance at the next FOMC meeting. The Department of Justice (DoJ) has closed its investigation into J. Powell regarding the cost of renovating the Federal Reserve headquarters. Senator Thom Tillis (Republican, North Carolina) based his decisive vote on this outcome. Consequently, he announced that he would vote in favour of Kevin Warsh's confirmation. Previously, K. Warsh had stated, during his hearing before the Senate Banking Committee, that President Donald Trump had '*never asked him to (...) commit (...) to any interest rate decision*' and '*that he would never agree to that*', reaffirming his position on the management of monetary policy ([see our Eco Insight](#)). The upcoming FOMC meeting is likely to see a shift away from the bias towards monetary easing, transitioning to a balanced approach regarding both upside (inflation) and downside (labour market) risks to the policy rate. Retail sales momentum (excluding fuel) remains strong. The core component, which excludes cars and petrol, was relatively stable at +0.6% m/m (-0.1pp) in March. The overall figure rose by +1.7% m/m (+1.0pp), driven by fuel (+15.5% m/m, frontloading). *Coming up: consumer confidence (Conference Board, Tuesday), FOMC meeting, durable goods orders and housing starts for March (Wednesday), Q1 GDP (Thursday), ISM manufacturing (Friday).*

EUROZONE

The energy shock is spreading. Economic activity (as measured by the composite PMI) contracted in April (-2.1 m/m to 48.6) due to the services sector (-2.8 m/m to 47.4). The manufacturing PMI, however, saw an uptick (+0.6 m/m to 52.2) thanks to inventory build-up. The shock to input prices continues (+3.1 m/m to 68.4). This is expected to feed through to selling prices (+3.2 m/m to 57), primarily in sectors that are heavily dependent on oil (notably chemicals). Household confidence fell by a further 4 points (-8 points in two months), reaching -21 in April, nearing its April 2022 level. *Coming up: March monetary aggregates and credit data, European Commission survey (Wednesday), Q1 GDP, inflation figures, March unemployment rate, ECB meeting (Thursday).*

France: Moderate deterioration in business sentiment; more pronounced decline in household confidence. Surveys point to a moderate decline in business sentiment in April, with a score of 97 (-3 points) according to INSEE and 47.6 (-1.2 m/m) for the composite PMI. This drop is primarily due to the services sector (94, down 2 m/m, and 46.5, down 2.3 m/m respectively). Conversely, industry is showing signs of improvement (100, up 1 m/m, and 52.8, +2.8 m/m respectively), which can be attributed to additional purchases (stockpiling) ahead of the rebound in inflation (benefiting the agri-food sector, mainly). Surveys also show that pressure on selling prices is expected to intensify in certain areas of industry and construction, although the services and food retail sectors are likely to remain unaffected. The magnitude of these pressures is still manageable (+0.8% over the next three months in industry, compared with +2.5% in April 2022) and is largely confined to 'other industries', which include inputs (+1.7%, with prices stable in other sectors). Household confidence declined in April (84, down 5 points month-on-month), weighed down by perceptions of rising prices (+23, up 30 points month-on-month), intentions to make important purchases (-36, down 6 points month-on-month) and concerns regarding unemployment (+56, up 7 points month-on-month). The government has frozen EUR 6 billion in spending (EUR 4 billion for the State and EUR 2 billion for Social Security).

This should enable it to finance the support initiatives introduced since early April and to mitigate the projected increase in the debt burden in 2026 (EUR 3.6 billion) and a shortfall in revenue. Support will total EUR 400 million, which includes the continuation of fuel purchase subsidies for vulnerable sectors in May and their tension to 3 million households (subject to means and mileage criteria). *Coming up: Q1 GDP and employment figures, inflation figures (Thursday).*

Germany: Mixed signals. The IFO business climate index is at its lowest level since May 2020 (-2 points) at 84.4. This decline is primarily due to negative expectations, particularly in the retail sector. However, activity is picking up in industry (including investment prospects, with the balance of opinion at +0.1 in March compared with -6.9 in December); it is deteriorating in services (mainly logistics) and construction. The composite PMI (48.3, down 3.5 m/m) indicates a contraction in activity, particularly affected by services (46.9, down 4.1 m/m). The manufacturing PMI, however, remains in expansionary territory (51.2, down 0.9m/m). Input price indices continue to rise but remain below 2022 levels. GfK consumer confidence fell again in April (-5.2 m/m to -33.1, marking a drop of 8.5 points in two months) due to a sharp deterioration in income expectations. The government has halved its growth forecasts (0.5% in 2026 and 0.9% in 2027) and raised its inflation forecasts (2.7% in 2026 and 2.8% in 2027). In March, producer prices stabilised (-0.2% y/y, -3.3% in February). *Coming up: inflation (Wednesday), March retail sales, April unemployment rate and Q1 GDP (Thursday).*

JAPAN

Economic activity continues to grow and is picking up pace in the manufacturing sector. The manufacturing PMI rose sharply to 54.9 (+3.3 m/m) in April, with production bolstered by stockpiling purchases. However, the input price index (71.1, +8.9 m/m) and the delivery times index (37.4, -10.6 m/m) fell to levels similar to those seen in 2022. The composite PMI (52.4, -0.6 m/m) was dragged down by services (51.2, -2.2 m/m), although all sectors remained in positive territory. In March, inflation excluding unprocessed food rose to 1.8% y/y (+0.2pp), driven by oil prices (+8.7% m/m). *Coming up: BoJ meeting (Tuesday), March industrial production and retail sales, consumer confidence (Thursday), employment (Saturday).*

UNITED KINGDOM

Inflation and economic activity rebound. Inflation rebounded to 3.3% year-on-year in March (3% in February). Core inflation fell to 3.1% (-0.1percentage points), but producer prices point to a rebound, rising by 5.4% year-on-year (+0.7% in February), driven by rising energy and transport costs. According to the Bank of England's Decision Maker Panel survey, businesses' one-year inflation expectations rose from 3.5% in March to 4% in April (the highest level since December 2023). The unemployment rate fell to 4.9% in February (-0.3 pp m/m), while wage growth slowed (+3.5% y/y weekly, excluding bonuses, -0.3 pp on January). PMIs are improving, with the composite index rising to 52 (+1.7 m/m), as both the services index at 52 (+1.5 m/m) and the manufacturing index at 53.6 (+2.6 m/m) increased. Production and new orders are bolstered by stockpiling purchases, while the technology sectors are driving services growth. Companies report a continued rise in input prices. The GfK consumer confidence index fell by four points to 25 in April, its lowest level since October 2023. Retail sales (+0.7% m/m) were buoyed in March by fuel purchases (+0.2% m/m otherwise). *Coming up: BoE meeting (Thursday).*



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

EMERGING ECONOMIES

AFRICA & MIDDLE EAST

Several Gulf countries, including the United Arab Emirates, are in discussions to establish a currency swap line with the US Treasury. The Emirates' foreign exchange liquidity remains comfortable despite the ongoing conflict (the UAE central bank's foreign exchange reserves stand at over USD280 billion), but such an agreement would bolster investor confidence in the stability of the Emirati financial system.

ASIA

Monetary policy: Status quo in Indonesia, tightening in the Philippines. The central bank of Indonesia left its policy rate unchanged at 4.75% despite downward pressure on the rupiah (-3% against the US dollar since the start of the conflict), as inflationary pressures remain limited (+3.5% y/y in March) and risks to growth are mounting. In contrast, the Philippine central bank raised its key rate by 25 basis points to 4.5%. It forecasts that CPI inflation will exceed the upper limit of its target range (set at 4%) in 2026, and aims to limit the spillover effects of rising global oil and fertiliser prices while anchoring inflation expectations. Monetary tightening could benefit the Philippine peso, which has recorded the sharpest fall against the USD among Asian currencies since the start of the war in Iran (-4.5%).

South Korea: A marked acceleration in real GDP growth in Q1 (3.6% y/y), driven by strong semiconductor exports. All GDP components grew (with the exception of the 'construction' component of investment). The main contribution to growth came from exports (+10.3% y/y in volume terms). Despite the country's high exposure to the energy crisis, strong exports and the support measures announced by the government should mitigate the economic slowdown. In its April forecasts, the IMF maintained its growth forecast at 1.9% for 2026.

EMERGING EUROPE

Türkiye: Monetary status quo. The central bank has kept its key interest rate unchanged at 37%, opting for a wait-and-see approach in the face of the energy shock. Its cycle of rate cuts has been on hold since January. Despite this, the lira has continued to depreciate against the USD. It has fallen by 2.4% since 27 February and by 4.6% since the start of the year.

COMMODITIES

In its latest quarterly report on the gas market, the IEA states that the reduction in liquefied natural gas (LNG) supply from Qatar and the UAE has been partially offset by increased production in the United States, and to a lesser extent in Africa. The market has adjusted through higher prices and reduced demand. In March, imports fell by 3% year-on-year in volume in Europe (the first decline since late 2024) and by 6% in Asia (mainly due to China). Losses resulting from the conflict could reduce the available supply of LNG by 15% over the period from 2026 to 2030 and delay the availability of all additional production that was scheduled before February 2026 by two years.

The spread between the price of a barrel of Dated Brent and that of Brent for June 2026 (the nearest futures contract) continues to narrow, standing at USD7.5/b on 24 April. Brent and TTF prices rose by 13% and 12% respectively compared with Monday 20 April, standing at EUR108/b and EUR45/MWh respectively.

Aluminium prices remain close to their highest level since 2022 (USD3,600/t on the LME) due to a reduction in supply associated with the loss of part of the Gulf's production.

Copper prices are trading close to their all-time high of January 2026 on the European and US markets (at USD13,310/t on the LME), buoyed by concerns over a decline in sulphuric acid supply (the Middle East accounts for 24% of global production) and hopes for an extension of the ceasefire, which would be favourable to growth in copper demand.

