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ADVANCED ECONOMIES

UNITED STATES

Unexpected moderation in core inflation. While headline CPI reached 3% in September (+0.1pp m/m), in line with consensus, core CPI was lower (3%, -0.1pp m/m and scenario at 3.1%). Goods inflation was stable (+1.5% y/y, with a monthly slowdown in new cars but +3% excluding this sector) and services inflation declined (+3.4% y/y, -0.1pp). **The relatively pleasant surprise in inflation reinforces the scenario of cut rates by the Fed** (-25 bps) in the coming week. *Coming up: Conference Board (Tuesday), FOMC meeting (Wednesday).*

Scott Bessent announced that the United States and China have reached a "framework" agreement: Washington would refrain from imposing additional 100% tariffs; in return, Beijing would resume imports of US soybeans and delay its restrictions on rare earth exports. President Trump abruptly halted trade negotiations with Canada and raised tariffs by 10% to protest an Ontario government-funded advertising campaign using anti-tariff quotes from Ronald Reagan.

EUROZONE / EUROPEAN UNION

Sharp improvement in business surveys. The composite PMI reached its highest level since May 2023 (52.2), driven by services (+1.3 points to 52.6). Household confidence returns to its highest level since last February. The "Omnibus 1" bill, aimed at relaxing the requirements of Due diligence (CSDDD) and Sustainability Reporting (CSRD) for European companies, was rejected by the European Parliament; a new vote is scheduled for 13 November. In a joint letter, the US and Qatari energy ministers protested against the CSDDD, saying it jeopardised the EU's LNG supply and the US-EU trade agreement. At a conference in Berlin, Ursula von der Leyen announced the upcoming adoption of the REsource programme, aimed at reducing the EU's dependence on imports of critical materials, including the creation of a joint purchasing platform for these materials, similar to the REPowerEU joint energy purchasing programme. *Coming up: September credit aggregates (Monday); early parliamentary elections in the Netherlands (Wednesday), Q3 GDP, European Commission business climate, ECB meeting (Thursday); October inflation (Friday).*

- **France: More favourable economic data against a backdrop of difficult budget debates.** The INSEE business climate improved to 97 in October (+1 pt m/m), supported by aeronautics and electrical equipment, and despite the decline in the services index from 98 to 96. There was also a decline in the services PMI (from 48.5 to 47.1), which dragged down the composite PMI (46.8 in October, -1.3 pts m/m, manufacturing PMI stable at 48.3). INSEE household confidence improved to 90 in October (+2 pts m/m, but -6 pts versus September 2024). Opinion balances on living standards and unemployment trends improved by 5 and 6 points respectively (but remain down by nearly 20 points compared to September 2024). The INSEE property development survey highlights an improvement in the outlook for housing starts in Q3, but demand for housing is improving only marginally and the stock of unsold homes is rising sharply (-7, +13 pts q/q). **Budget:** The National Assembly's Finance Committee adopted amendments with a potential impact of 0.3 percentage points of GDP on the deficit (the government's target is -4.7% of GDP), but rejected the revenue section of the budget. The Assembly has begun its review in plenary session. The Socialist Party is asking the government to include a wealth tax measure and has made proposals to this effect. The Social Affairs Committee has begun its review of the social security budget, with a strong likelihood that the savings measures (on health and pensions) will be significantly watered down. Moody's maintained France's sovereign rating at Aa3 (one notch above S&P and Fitch), but lowered its outlook from stable to negative. *Coming up: France Travail registrations for Q3 (Monday), Q3 GDP (Thursday), October inflation (Friday).*

- **Germany: Sharp improvement in business climate.** The IFO index rose to 88.4 in October (+0.7 pts m/m) and the Flash Composite PMI stood at 53.8 (+1.8 pts m/m, highest in 18 months), driven by services (54.5, +3 pts m/m). The manufacturing PMI remained stable at 49.6. Activity continues to benefit from accumulated orders and expectations of accelerated growth in 2026, even though new orders remain depressed (particularly in industrial exports). *Coming up: consumer confidence (Tuesday), October unemployment figures (Thursday), October inflation (Thursday), Q3 GDP (Thursday), September retail sales (Friday).*

- **Spain: New records on the labour market.** The unemployment rate fell by 0.7 pp y/y to 10.5% in Q3, and the employment rate (16-65 years) reached a historic high (68.6%). Merchandise exports fell sharply in August (-9.3% y/y), particularly affected by the automotive sector (-21.8% y/y), mainly to the United States ([a phenomenon also observed in Germany](#)). *Coming up: Q3 GDP and September retail sales (Wednesday), October inflation and the European Commission's economic sentiment survey (Thursday).*

UNITED KINGDOM

Inflation stabilises at 3.8% y/y (headline) and core inflation slows slightly (+3.5% y/y, -0.1pp). However, output price inflation is strengthening (+3.4% y/y, the strongest increase since May 2023). **The outlook remains mixed in industry.** The manufacturing PMI rose sharply (+3.4 to 49.6), but order books contracted according to the CBI survey to -38 in October (-27 in September). The services PMI recovered in October (+0.3 to 51.1) and the composite PMI gained 1 point to 51.1. Public sector net borrowing (PSNB) reached its highest level for September since 2020 (+8.6% y/y, at £20.2 billion). *Coming up: CBI retail survey (Monday), September credit and monetary aggregates (Wednesday), Nationwide house price index for October (Friday).*

JAPAN

Ms Sanae Takaichi (LDP) was elected Prime Minister, thanks to a coalition agreement with Ishin (right-wing, not represented in the cabinet), with a relative majority. Measures to support households (in the face of inflation) are expected to follow. The Unions are demanding a 5% wages increase for 2026, in line with their demands for 2024 and 2025. The Bank of Japan will come under pressure to slow its rate hikes, even if inflation



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rises: core CPI reached +2.9% y/y (+0.2pp). **PMIs declined in October**, in manufacturing (-0.2pp to 48.3, despite an improvement in the production component) and in services (-0.9pp to 52.4). *Coming up: BoJ rate decision and outlook (Thursday), official visit by D. Trump (Monday-Wednesday), consumer confidence (Wednesday), industrial production and retail sales for September (Friday).*

EMERGING ECONOMIES

ASIA

Progress in trade negotiations between ASEAN countries and the Trump administration, to the benefit of the United States. Washington just signed trade agreements with Malaysia and Cambodia, and framework agreements with Thailand and Vietnam. These agreements confirm US tariffs of 20% on goods imported from Vietnam and 19% for the other three countries. Asian countries are eliminating their tariffs on imports of US goods and committing to purchase certain US products (particularly in the agricultural, aerospace and energy sectors). Malaysia has committed not to impose taxes on digital services and not to ban or impose quotas on its exports of critical minerals or rare earths to the United States.

- **China: A 15th five-year plan for 2026-2030, continuing on from the previous plan.** The official statement indicates continuity in the objectives of China's development strategy compared with the 14th plan. The top priorities are "high-quality" economic development, strengthening autonomy in the technology sector and strengthening national security. The state continues to play a key role in the economy, including in the implementation of industrial policy. However, little mention is made of issues such as the imbalance of China's growth model, deflation or excess production capacity. The need to stimulate private consumption is reiterated, but apparently without proposing any structural reforms. More details are expected in the coming days, and the 15th five-year plan will be officially adopted in March.

- **South Korea: The central bank left its key interest rate unchanged** at 2.5% for the third consecutive time. The recent acceleration in inflation (2.1% year-on-year in September, after 1.7% in August) and household credit, rising property prices in the Seoul region (up nearly 10% since the beginning of 2025, compared with less than 1% for the national index) and the weakening of the won against the US dollar (by nearly 3% over the last month) were the main factors behind the decision. The easing cycle is not over, but managing financial stability is the Central Bank's priority.

CENTRAL EUROPE

- **Hungary: Monetary status quo.** In line with expectations, the Central Bank has kept its key rate at 6.5%; it has remained unchanged for over a year. The monetary authorities have opted for caution as inflation is still above the 3% target range (± 1 pt), even though it has been falling for several months. Furthermore, in an uncertain macroeconomic environment, episodes of volatility in the Hungarian forint cannot be ruled out and could therefore exert upward pressure on inflation through imported inflation.

- **Türkiye: Continued monetary easing.** The central bank cut its main policy rate (the 1-week repo rate) by 100 basis points from 40.5% to 39.5% and its two other rates (from 43.5% to 42.5% for the overnight lending rate and from 39% to 38% for the overnight borrowing rate). However, monetary policy remains very restrictive, as the 12-month inflation rate was 33.3% in September and the 1-year forecast for this rate is 19%.

LATIN AMERICA

Argentina: Victory for the presidential party in the mid-term elections. Somewhat unexpectedly, President Milei's party (La Libertad Avanza) emerged victorious from Sunday's mid-term legislative and senatorial elections. With 90% of the votes counted, LLA won 41% of the vote and 64 of the 127 seats up for re-election in the lower house and 13 of the 24 seats in the Senate. LLA is expected to become the largest minority force in the lower house, with around 110 seats, including its allies. The day before, President Trump had declared that he would financially support Milei's government if he won the election. That has now happened, and the markets have welcomed this victory with a rebound in the peso and a reduction in spreads on international bond debt.

Colombia: The central government deficit has been growing faster since the fiscal rule was lifted in June. Year-on-year, primary expenditure growth accelerated from 11% in January-June to 15% in January-August. Revenue growth is much weaker, at 6% for January-August. In the first eight months of the year, the deficit reached 5.1% of the GDP forecast for the whole year. At this rate, it could reach 8% of GDP in 2025, a record high.

RAW MATERIALS

New series of sanctions against Russian hydrocarbon exports. The United States will sanction Rosneft and Lukoil (approximately 45% of Russian crude oil production) and their subsidiaries. These "secondary" sanctions (affecting entities, American or non-American, that deal with the two Russian majors) should encourage Indian importers in particular (around one-third of Russian exports) to stop sourcing from Russia. The EU has announced that it will strengthen its ban on all transactions with the two Russian majors. In addition, a total halt to European imports of Russian gas is expected to come into force on 1st January 2027. Since these announcements, Brent crude has risen by around 8% in anticipation of possible tensions on the oil market, while the price of gas in Europe (TTF ref) has remained virtually stable.

A rare earths agreement between Australia and the United States provides for joint investments (initially USD 1 billion each) in the extraction and processing of rare earths in Australia.

