Find our scenario and forecasts

WORLD

IMF growth forecasts sharply revised downwards. Taking into account the protectionist shock caused by the Trump administration and the very high level of uncertainty that now surrounds economic policies, the IMF has just revised its forecasts for global economic growth significantly downwards.

For the advanced countries, average growth, which was 1.8% in 2024, is expected to slow to 1.4% in 2025 and 1.5% in 2026, according to forecasts revised downwards from those of January (-0.5pp and -0.3pp resp.). For 2025, growth forecasts for the USA (-0.9pp to 1.8%), Canada (-0.6pp to 1.4%), the UK (-0.5pp to 1.1%), and Japan (-0.5pp to 0.6%) have been revised downwards the most. The other advanced countries (with the exception of Spain [+0.2pp to 2.5%]), see their growth revised downwards by 0.2 to 0.3pp this year: Germany would record zero growth (-0.3pp to 0.0%) and Italy would be the second lowest-growth country (-0.3pp to 0.4%), followed by France (-0.2pp to 0.6%). Forecasts for 2026 have also been revised downwards, with larger revisions for the USA and Canada (-0.4pp to 1.7% and 1.6% respectively).

For emerging countries and developing countries as a whole, average growth (4.3% in 2024) is set to slow sharply in 2025. In its scenario based on information available as of April 4, the IMF expects average growth of 3.7% for 2025 (compared with 4.2% forecast in January) and 3.9% for 2026 (compared with 4.3% in January). The revisions are greater for the economies most directly affected by the recent tariff measures and/or affected by negative factors of their own (such as Mexico and South Africa). The biggest revisions relate to Asia, which, nevertheless, is still the region with the highest growth rate (4.5% expected in 2025, compared with 5.1% forecast in January). The IMF has lowered its growth forecast for China to 4% in 2025 (compared with 4.6% forecast in January). There has also been a major revision for Latin America (expected growth of 2% in 2025, compared with 2.5% forecast in January), and in particular for Mexico (-0.3% expected in 2025, compared with +1.4% in January). For sub-Saharan Africa, average growth for 2025 has been lowered from 4.2% to 3.8%, and for South Africa from 1.5% to 1%. Central Europe is less affected by the revisions, with growth expected to reach 2.1% in 2025 (compared with 2.2% forecast in January).

AVANCED ECONOMIES

UNITED STATES

Respite for Fed independence. Trump indicated that he had no intention of terminating Jerome Powell, while one Fed Speaker after another this week reaffirmed the importance of the institution's independence. In addition, Governor Waller once again departed from the central message on the direction of monetary policy (patience is the key, with the upside risk to inflation outweighing the downside risk to activity). He emphasised the risk of a rise in unemployment, which would call for rate cuts in the second half of the year. Real estate and construction indicators for March were mixed, with a fall in sales of existing homes (-5.9% m/m) but an increase in new homes (+7.4% m/m) and building permits (+0.5% m/m after -1.0% in February). Durable goods orders increased by +9.2% m/m (+8.3 pp). However, the core figure excluding transport was significantly less robust (+0%, -0.7 pp). *GDP for Q1 will be published on Wednesday 30 April. We expect growth to slow sharply, from +0.6% in Q4 2024 to +0.1% q/q. The Atlanta Fed's GDP Now oscillates between a gross result of -0.5% q/q and virtual stability after adjustment for gold trading; while the Bloomberg Consensus puts the median at +0.2 – +0.3%. The ISM Manufacturing Index will be published on 1 May and the Employment Situation for April on 2 May.*

EUROZONE

Business surveys deteriorate. The flash consumer confidence index fell in April to its lowest level since November 2023, according to the European Commission. The composite PMI fell from 50.8 to 50.1 in April. The manufacturing PMI was stable, unlike the services PMI (-1.3 points to 49.7). Business expectations in this sector deteriorated notably (-4.7 points to 53.1). Public deficits fell from -3.5% in 2023 to -3.1% of GDP in 2024 on average in the eurozone (the primary deficit from -1.8% to -1.2%). The public debt to GDP ratio rose marginally (+0.1 pp to 87.4%). *The flash estimate of GDP for Q1 will be released on Wednesday 30 April.*

FRANCE

Concerned households versus improvement in industry. Consumer confidence remained stable in April, at 92 (100 in October 2021, before it fell). Fears about future living standards are growing, while those about unemployment remain high. The opportunity to buy a home continues to decline, and now concerns just 7.5% of households (2 pp below the December 2024 level). The INSEE business climate indicator deteriorated from 97 in March to 96 in April, due to a sharp fall in sales in the specialist retail sector. By contrast, the climate is improving in industry and services (from 96 to 99 and from 97 to 98, respectively), buoyed by a rebound in production. The PMI surveys are consistent, with a deterioration from 47.9 to 46.8 in services (the services PMI includes trade) and an improvement from 48.6 to 50.3 in the manufacturing PMI, production index. INSEE's quarterly industry survey highlights an improvement in demand, in the production capacity utilisation rate (up to 82% in April from 81% in January) and in investment intentions (balance of opinion up to +10 from +2). *Q1 GDP and April inflation will be published on 30 April.*

GERMANY

The IFO business climate index edged up to 86.9 in April from 86.7 in March, contrary to consensus expectations of a sharp fall (to 85.2) due to the announced increases in US tariffs. The manufacturing PMI, production index, fell slightly, but it is still in expansion territory (51.5 in April after 52.1 in March), after two years in contraction territory. The services PMI fell from 50.9 in March to 48.8 in April. Concerns about the impact of customs duties on the volume of exports are cited. The German government has revised its growth forecast for 2025 from 0.3% to 0%. *The consumer confidence index for April will be published on 29 April, while Q1 GDP and April inflation will be published on 30 April.*

SPAIN

A EUR 10.5 billion industrial and technological plan has been unveiled. It aims to achieve the target of 2% of GDP spent on defence this year. To achieve this without increasing the deficit or raising taxes, the government plans to redirect some of the NGEU funds (initially earmarked for cyber security), redistribute budget surpluses and recycle unused post-COVID reserves. *Coming up this week: unemployment rate and retail sales (28/04), flash estimates of Q1 GDP and April inflation (29/04), manufacturing PMI (02/05).*

GREECE

S&P has raised Greece's rating from BBB- to BBB, with a stable outlook. This improvement is justified by strong GDP growth and fiscal consolidation.

UNITED KINGDOM

Public accounts are slipping further into the red. The deficit hit GBP 151.9 billion in FY2024, or 5.2% of GDP (+GBP 20.7 billion vs. 2023 and GBP 14.6 billion above the OBR projection). The flash PMI for services fell from 52.5 to 48.9. The manufacturing index fell by 0.9 points to 44, dragged down by the export orders component (40.8 to 36.3). As a result, the composite PMI hit its lowest level since November 2022 (48.2). Consumer confidence fell from -19 in March to -23 in April. There was good news for retail sales, which were up by 0.4% m/m in March (+1.6% q/q over Q1). *Local elections will be held on 1 May. On the same day, the March figures on credit and monetary aggregates will be published, along with the Nationwide House Price Index.*

JAPAN

Business activity started Q2 on an upward trend. The services PMI rose from 50 in March to 52.2 in April. The manufacturing PMI was stable. The week ahead will see the Bank of Japan hold its monetary policy meeting, and we do not expect any changes. *Production, consumption and employment data for March will also be published.*

EMERGING ECONOMIES

CHINA

New support measures in the pipeline. At its April meeting, which focuses on economic affairs, the Politburo of the Chinese Communist Party reiterated its firm intention to stimulate domestic demand, support enterprises affected by US tariffs and preserve jobs. The authorities say they are ready to introduce new monetary and fiscal policy measures (i.e. interest rate cuts, strengthening of unemployment insurance funds). Furthermore, exemptions from tariffs on a list of goods imported from the US seem to be under consideration in order to relieve Chinese importers. Beijing has called on Washington to remove the new tariffs before entering into any negotiations.

SOUTH AFRICA

The ANC abandons a VAT hike, but the future of the coalition government is still uncertain. As a flagship measure of the 2025/2026 budget adopted by Parliament at the beginning of April, the 0.5 pp increase in the VAT rate, which was due to come into force on 1 May, has finally been withdrawn. The DA, the second largest party in the Government of National Unity (GNU), was firmly opposed to it. However, the withdrawal of this controversial measure does not mean an end to the tensions between the GNU parties. In addition, these parties still have to reach an agreement on the budget cuts that will offset the loss of the ZAR 75 billion expected from the VAT hike over the next 3 years.

SOUTH KOREA

Contraction in economic activity in Q1. Real GDP contracted by -0.2% q/q in seasonally adjusted terms and by -0.1% y/y in Q1 2025. All the components of domestic demand and exports fell on a quarter-on-quarter basis, due to intense local political turbulence and uncertainties over US trade policy. In the first 20 days of April, exports of goods were already down by -5.2% y/y as a result of the new US tariffs. The decline was driven by falling car and steel sales. Seoul has just started negotiations with Washington.

POLAND

Slowdown in economic activity in Q1. The slower rise in wages (+8.3% y/y compared with +10.2% in Q4 2024), retail sales and industrial production since January suggests lower than expected GDP growth in Q1 2025 (Bloomberg consensus: 3.3% y/y). However, there is still a divergence by sector. Construction activity is improving (+5.4% y/y in January and +0.8% in February after -8.8% in Q4 2024 for the construction output index). The slowdown in wage growth could pave the way for a cut in the central bank's policy rate (after a monetary standstill since October 2023), provided that inflation also slows in the short term. It has been stable at 4.9% y/y over the last three months.