

**EUROZONE:** The European Commission's economic sentiment index rose very slightly in November (+0.1 point to 95.8). Significant differences persist between countries, with 11 countries below the long-term average and 9 countries above it. The situation in Spain is still positive. Italian consumer confidence improved when it deteriorated markedly in France and Germany.

**FRANCE-GERMANY:** Rising unemployment fears contributed to a decline in the confidence of French and German households in November. For the time being, labour market indicators are more mixed than negative: a decline in employment in Germany but a slight rise in France in Q3; a still limited rise in unemployment rates since a low level. But fear of unemployment can fuel precautionary savings (the French household saving rate rose again in Q3 to 18.2%), raising the odds of further delaying the expected rebound in consumption.

**EUROZONE:** According to Eurostat's flash estimate, harmonized inflation rose to 2.3% y/y in November (+0.3 pp). This increase was expected and is due to unfavourable base effects on energy. Of the 20 Member States, only 3 have seen their inflation fall (Estonia, Greece, Malta). Inflation remained stable in Germany (2.4%) and rose very little in France (1.7%, +0.1 pp). The increase was more marked (+0.6 pp) in Spain (additional effect of VAT increases on food prices) and in Italy (inflation nevertheless remained below 2%).

**FRANCE:** On 29 November, the S&P rating agency opted for stability, keeping unchanged France's rating (AA-) and the outlook (stable). For the agency, France should be able to "gradually consolidate its public finances in the medium term". It also highlights the risk that political uncertainty poses to this trajectory.

**EUROPE:** The European Parliament has validated the composition of the new European Commission, which officially takes office on 1<sup>st</sup> December. The Commission also unveiled its assessments of the Member States' medium-term national budgetary and structural plans, including the extension of the budgetary adjustment period from four to seven years for five countries (Spain, Finland, France, Italy and Romania).

**UNITED KINGDOM:** According to the CBI's retail survey, consumption prospects are looking gloomier by the end of the year. Activity in the motor vehicle industry remained depressed (15.3% y/y decline in October motor vehicle production; 6.1% y/y decline in new registrations).

**UNITED STATES:** Household confidence and inflation up. Caution at the Fed. According to the Conference Board index, US household confidence rose again in November, in line with the University of Michigan survey. Inflation also rose (+0.2 point, to 2.3% y/y in October for the PCE deflator and +0.1 point, to 2.8% for the core PCE). The November FOMC minutes showed less concern about growth and continued vigilance over inflation, suggesting a gradual easing of interest rates (no urgency to move closer to the neutral rate, which may not be as far from the current level of Fed funds).

**BRAZIL:** Brazil and China strengthen strategic ties. In the wake of the G20 meeting in Rio de Janeiro, Brazil signed 37 new cooperation agreements with China in agriculture, sustainable infrastructure, energy transition, artificial intelligence, health and aerospace, amongst others. Some agreements are aimed at aligning Chinese investment with major Brazilian development projects (New Growth Acceleration Pact and New Industry Brazil plan).

**SOUTH AFRICA:** SARB continued its monetary easing cycle begun in September, with a second 25bp cut in its key rate to 7.75%. The SARB inflation forecast is unchanged for 2025 but revised slightly upwards for 2026 (+0.2pp). The Governor stressed the need for caution in future policy committees. Between 5 and 27 November, the South African rand depreciated by 3.6%.

**MEXICO:** Donald Trump announced on Monday 25 November that he would impose 25% tariffs on all imports from Mexico and Canada (and a 10% increase in existing tariffs on Chinese products) on the first day of his term. The review of the USMCA trade agreement is scheduled for mid-2026, but this announcement effectively opens negotiations. The Canadian Prime Minister and the Mexican President reacted immediately. Sheinbaum spoke about the immigration and drug-trafficking policies that have been in place for several years in Mexico (Donald Trump's main arguments) and of possible retaliation. After Donald Trump's first telephone conversation with the Mexican president, which was described as "positive" on both sides, the tension eased somewhat. To this day, it is impossible to say what position will ultimately be taken. It seems unlikely that such tariffs will finally be applied, given the integration of the three economies. The economic consequences would be highly negative, including for the US economy. The Mexican peso depreciated by 1% since the beginning of the week and by less than 2% since Donald Trump's election.

**INDIA:** Economic growth slowed sharply in the second quarter of the current fiscal year (July to September), the third consecutive quarterly slowdown. Real GDP grew by 5.4% yoy compared with 6.7% in the previous quarter. This figure is well below expectations, including those of Reserve Bank of India (RBI). The slowdown can be explained by lower growth in manufacturing and mining industries while activity in the agricultural sector remained solid due to favourable monsoon. In the full fiscal year, real GDP growth is expected to be well below the RBI's forecast of 7.2% even though economic activity is expected to rebound in the second half of the fiscal year thanks to festive season and the expected rise in public investment. Pressures on the central bank to cut its policy rates this week will be strong but its room for manoeuvre will be limited due to downward pressures on the rupee and persistent inflationary pressures.

