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INTERNATIONAL TRADE

Free trade agreement between the European Union and India: this provides for the reduction or even elimination of tariffs on more than 90% of European exports (0.8% of its own goods exports) to India, representing savings of EUR 4 billion per year for the EU. Tariffs will gradually be reduced to 10% on cars (up to a limit of 250,000 vehicles per year), machinery, chemicals and pharmaceuticals. The agreement should also facilitate the mobility of Indian nationals within the EU and includes a defence and security component. 99.5% of Indian goods exported (21.1% of its exports) to the EU are covered.

UNITED KINGDOM - CHINA

Keir Starmer has announced a 50% reduction in customs tariffs on British whiskies and a visa exemption (< 30 days) for Chinese nationals. He has also expressed his desire to table a bill aimed at regulating closer ties with the EU.

ADVANCED ECONOMIES

UNITED STATES

The Fed has halted its rate cuts, while President Trump has chosen Kevin Warsh (a former member of the Board of Governors in 2006-11) as the next chair from May 2026; household confidence has fallen sharply. K. Warsh's appointment will have to be confirmed by the Senate. The day ended on 30 January with the dollar appreciating (after depreciating to USD 1.2 per euro until Thursday) and US equities falling slightly (a sign that the markets do not particularly expect any easing of interest rate policy under K. Warsh). Prior to this, the Fed had maintained its Fed Funds target at 3.5%–3.75% (*our commentary on this decision*). The FOMC noted "signs of stabilisation" in the unemployment rate and acknowledged "solid" growth and an outlook which has “clearly improved”. Household confidence (Conference Board) fell to 84.5 (-9.7 points), its lowest level since 2014, linked in particular to the perception of a sharp deterioration in the labour market.

Coming up: ***January Nonfarm Payrolls (Friday)****, ISM manufacturing (Monday) and non-manufacturing (Wednesday), December JOLTS surveys (Tuesday), Michigan consumer confidence (Friday).*

EUROZONE / EUROPEAN UNION

Positive developments. Growth reached +0.3% q/q in Q4 2025 (+1.5% annual average), as in Q3. The Economic Sentiment Index (ESI) reached its highest level in three years in January (99.4; +2.2 pts m/m), with a clear improvement in industry (-6.8; +1.7 pts m/m), services (7.2; +1.4 pts m/m) and household confidence (-12.4; +0.8 pts m/m). The unemployment rate returned to its historic low of 6.2% (-0.1 pp m/m) in December. *Coming up:* ***ECB Meeting (Thursday)****, December household inflation expectations (Tuesday), composite and services PMI and inflation, December PPI (Wednesday), December retail sales (Thursday).*

- France: Strong growth supported by households (consumption and investment) and exports. GDP growth reached +0.2% q/q in Q4 2025 (+0.5% q/q in Q3) and strengthened y/y to 1.1% in Q4 (after +0.9% in Q3). In Q4, household spending (consumption: +0.3% q/q, investment: +1.1% q/q) and exports (+0.9% q/q after +3.2% in Q3) were the main drivers. Annual growth reached 0.9% in 2025 and we are raising our growth forecast for 2026 from 1.1% to 1.3%. Household confidence remained stable at 90 in January. The proportion of households wishing to purchase a home within two years rose to 10.5% in January (the highest since June 2022, up 3 points in two months), heralding a further increase in housing starts in 2026 (+7.1% in 2025). Conversely, the outlook for public works contracted to -27 (-14 points q/q, the lowest since Q3 2015). At the same time, business start-ups grew by 3.9% m/m in December and by nearly 5% in 2025 y/y. Private sector employment declined in Q4 (-0.1% q/q) and the end of 2025 was relatively unchanged from the end of 2024 (-0.2%). *Coming up: January inflation (Tuesday), December industrial production (Thursday), December and 2025 trade balance and balance of payments (Friday).*

- Germany: Rebound in growth and household purchasing intentions. Growth reached +0.3% q/q in Q4 2025 (+0.4% y/y), driven by consumption. Investment spending in 2025 was EUR 28.8 billion lower than expected (partial deployment of infrastructure spending). The government has lowered its 2026 growth forecast to 1.0% (vs. 1.3% in the autumn 2025 projection and +0.6% for the Bundesbank). GfK consumer confidence improved in January (+2.8 points m/m). Purchasing intentions returned to their highest level since March 2022 (at -4, +3.5 points m/m). Harmonised inflation stood at 2.1% y/y in January (+0.1 pts m/m), with core inflation at 2.5% y/y (+0.1 pts m/m). *Coming up: new industrial orders (Thursday), industrial production and trade balance for December (Friday).*

- **Italy: Positive surprises.** GDP growth increased in Q4 2025 (+0.3% q/q vs. +0.1% in Q3), bringing annual growth to 0.7%. The ESI reached its highest level since April 2023 (102.7; +1.3 pts m/m), supported by services (8.8; +3.3 pts), industry (-5.8; +0.6 pts) and household confidence (-15.4; +1.0 pts). Intentions to purchase major goods improved (+4.2 pts m/m). The manufacturing PMI recovered in January (48.1; +0.2 pp m/m). *Coming up: Services and composite PMIs, and inflation (Wednesday), December retail sales (Friday).*

- Spain: The lights are green. Growth reached +0.8% q/q in Q4 2025 (+0.6% in Q3; +2.8% in 2025), driven by private consumption and investment. The unemployment rate fell below 10% (9.9% in December) for the first time since Q1 2008. The ESI improved (106.2; +1.7 pts m/m), driven by construction (26.4; +7.1 pts) and industry (-2.4; +1.1 pts). Harmonised inflation slowed (+2.5% y/y; -0.5pp m/m) due to lower electricity prices. The manufacturing PMI deteriorated (49.2; -0.4pp m/m) in January, penalised by new orders, but production returned to positive territory. *Coming up: Services and composite PMI (Wednesday), December industrial production (Friday).*

JAPAN

Economic conditions deteriorate at the end of 2025. In December 2025, industrial production declined (-0.1% m/m) after falling in November (-2.7% m/m), and retail sales fell (-2.0% m/m) for the first time since August. In January, Tokyo core inflation, a leading indicator of the national result, fell to +2.0% y/y (-0.3 pp, the lowest since the end of 2024) thanks to the decline in petrol prices. *Coming up: BoJ Summary of Opinions (Monday), December consumer spending (Friday).*

EMERGING ECONOMIES

AFRICA & MIDDLE EAST

Saudi Arabia: Economic activity remains robust. Growth reached 4.9% y/y in Q4, driven by a 10.4% increase in oil GDP. Excluding hydrocarbon, activity remains strong (4.1% y/y compared with 4.3% in Q3). For 2025 as a whole, GDP grew by 4.5%, its fastest growth pace since 2022.

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ASIA

Manufacturing PMIs: Indices are strong in India and ASEAN countries. Although slightly down in Thailand (due to upcoming elections) and Vietnam, PMIs in ASEAN remained buoyant in January (52.8 on average).

- China: PMI deterioration in January. Official PMIs for the manufacturing and non-manufacturing sectors fell back below 50, signaling a general slowdown at the start of the year. However, the manufacturing PMI published by RatingDog paints a slightly more positive picture (50.1 in December versus 50.3 in January).

- Hong Kong: Growth continues to accelerate in Q4 2025. Real GDP growth was stronger than expected throughout 2025, reaching +3.8% y/y in Q4 (+1.0% q/q) and +3.5% for the year as a whole. Activity, including in the financial sector, picked up after a difficult period of post-Covid recovery. Foreign trade was boosted by strong growth in Asian exports. Private domestic demand was supported by easing monetary conditions and positive wealth effects due to the rebound in the property market and the sharp rise in the Hang Seng Index (+28% between the end of 2024 and the end of 2025 and +9% in January 2026).

- India: 2026/2027 budget, weak consolidation of public finances. The government plans to reduce its budget deficit by only 0.1pp to 4.3% of GDP. Its revenues will remain low (9.3% of GDP) and the interest burden on its debt will remain very high (38.4% of revenues). Its room for manoeuvre to support growth or cope with a shock is limited.

- Indonesia: Stock market indices fell sharply at the end of last week due to MSCI's concerns about the ease of investing in the Indonesian stock market. In response, the authorities announced an increase in the minimum free float from 7.5% to 15% in order to improve the liquidity of shares and meet the criteria for an "*investable*" market according to MSCI standards. If MSCI does not see sufficient improvement, Indonesia could be reclassified from an emerging market to a "frontier market". However, the country depends on foreign portfolio investment to cover its financing needs in foreign currency. This announcement comes amid tensions in Indonesian financial markets due to falling interest rates, questions about the independence of the central bank and the risk of public finances slipping.

- Taiwan: Growth in 2025 at its highest level in 15 years. Growth reached +12.7% y/y in Q4 (+5.5% q/q) and +8.6% for 2025 as a whole. Activity was largely driven by exports of chips and other electronic components linked to the AI boom. Total exports rose by +35% in current dollar terms in 2025, compared with +10% in 2024. The United States accounted for 31% of the total (compared with 23% in 2024).

EMERGING EUROPE

Manufacturing PMIs: Down in the Czech Republic, Hungary and Romania. In Hungary and the Czech Republic, the index fell back below 50 in January. New orders decreased in Romania and the Czech Republic. In Poland, the trend is tilted to the upside, with a slight improvement in January (six increases in seven months).

Growth: Mixed performance in 2025. GDP growth was solid in Poland (+3.6% vs. 2024: +3.0%) and the Czech Republic (+2.5% vs. 2024: +1.1%). In contrast, the Hungarian economy is struggling to gain momentum (+0.3% vs. 2024: +0.6%). In Poland, growth in 2025 was supported by household consumption (+3.7% y/y) and investment (4.2%). The figures for Q4 2025 are not yet available. In the Czech Republic, growth slowed slightly in Q4 (+0.5% q/q); it was driven by consumption and external demand, while investment had a downward effect. In Hungary, there was a modest rebound in Q4 (+0.2% q/q; Q3: +0.0%). Household consumption is holding up: retail sales remained strong in October and November. This should also be the case in Dec, judging by the increase in new car registrations and the improvement in household confidence indices.

LATIN AMERICA

- Argentina: Budget surplus and lower sovereign spread. The central government budget posted a surplus of 0.2% of GDP in 2025 (after -0.1% in 2024). The primary balance is in surplus for the second consecutive year (estimated at 1.4% of GDP, after 1.3% in 2024). The markets' assessment of sovereign risk is improving, with the CDS spread (source: CMA) close to the 500 basis point mark (compared to 1,000 bp at the beginning of 2025).

- Brazil: Monetary policy pivot approaching. On 28 January, the Brazilian Central Bank (BCB) left its key interest rate (Selic rate), unchanged at 15%, while indicating that an initial cut could occur in March. This signal reflects a more pronounced decline in inflation (including core inflation), driven by weaker economic activity, a slowdown in credit growth and the appreciation of the real (+7% against the dollar since the beginning of January). The BCB is preparing its monetary shift with caution: inflation in services persists and inflation expectations still exceed the 3% target until 2029. Furthermore, the labour market remains resilient, geopolitical uncertainties persist, fiscal stimulus measures ahead of the October elections could revive demand and credit quality is deteriorating (rise in household debt and non-performing loans).

- Chile: The Central Bank kept its key rate unchanged at 4.5%. Inflationary pressures are easing and inflation is approaching the 3% target (3.5% in December). The statement highlights a "combination of geopolitical, fiscal and financial risks" to justify its cautious stance.

- Colombia: The Central Bank began a cycle of monetary tightening by raising its key rate by 100 basis points on 30 January, well above expectations. While the inflation target is set at 3%, inflation has been above 5% for the past five months (5.1% y/y in December).

COMMODITIES

US gas prices (Henry Hub) fell sharply and have almost returned to their pre-Arctic blast levels. On the European market (TTF), prices are falling, but to a lesser extent, due to more favourable weather forecasts, but to a lesser extent than in the United States.. Low stock levels and ongoing tensions in the Middle East continue to support prices.

OPEC+ members have agreed to extend oil production in March.

Copper prices in London continue to break records (the USD 14,000/t threshold has been reached) due to significant speculative movements.

Gold and silver prices are falling, in line with the appreciation of the dollar and supported by the appointment of Kevin Warsh. The two precious metals are down by around 12% and 30% (2 February) from their respective all-time highs.