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OECD FORECAST

Moderate impact on growth, greater inflationary pressures. The OECD has slightly downgraded its growth forecasts for 2026: in the eurozone, growth is down by 0.4 percentage points to 0.8% (-0.2 percentage points for France and Germany), and in the UK by 0.5 pp (to 0.7%). Conversely, US growth has been revised upwards to 2% (+0.3 pp) in 2026, driven in particular by AI. In Asia and Latin America, the adjustments are modest, with South Korea being the most affected (-0.4 pp). Inflation forecasts have been raised by an average of +1.2 pp, to 4%, across G20 economies. The United States and the United Kingdom are the hardest hit (increases of more than one percentage point), compared with just +0.5pp for France and +0.2pp for Japan. These forecasts are based on a Brent price of USD 91 per barrel and a TTF price of EUR 56/MWh in 2026.

ADVANCED ECONOMIES

UNITED STATES

Markets down, import prices up. On 27 March, the 10-year yield reached 4.43% (a rise of 49 basis points since the end of February) and the S&P 500 closed at its lowest level since August 2025. The administration plans to suspend federal taxes on petrol, subject to congressional approval. A support package for farmers will be announced soon. Import prices surged in February (+3.8% m/m, +5.0pp – the highest increase since 2022) due to rising energy costs. According to the University of Michigan, household inflation expectations for the next 12 months rose in March (+3.8% y/y, +0.4pp). In Q4 2025, improvements in goods and primary income led to a reduction in the current account deficit to 2.4% of GDP (down from 3.1% in Q3). *Upcoming: employment report (Friday), speech by J. Powell (Monday), ISM manufacturing (Wednesday) and non-manufacturing (Friday), consumer confidence (Conference Board) and JOLTS survey (Tuesday), retail sales (Wednesday).*

EUROPEAN UNION

Reform of the Customs framework, new free trade agreements. The Customs Code has been revised, creating a European customs authority based in Lille and a centralised data portal (EU Customs Data Hub) which will replace the 111 existing national systems. The duty-free allowance for parcels valued under EUR 150 will be replaced on 1 July with a flat-rate duty of EUR 3 per item. The free trade agreement with Australia provides for the removal of over 99% of customs duties on exports of European goods ('reduction or elimination' for critical raw materials). European import quotas will remain in place for certain sensitive agricultural products. This agreement is accompanied by a security and defence partnership, but it requires ratification by the Member States. Meanwhile, the European Parliament has approved the trade agreement with the United States, which includes safeguard clauses.

EUROZONE

The conflict in the Middle East is having a moderate impact on business surveys, while long-term interest rates continue to rise. The composite PMI fell to its lowest level since May 2025 (-1.4 month-on-month to 50.5 in March, compared with -0.6 month-on-month in March 2022), but remains in expansionary territory. This decline is attributed to services (-1.8 pp to 50.1), while the manufacturing index rose (+0.6 pp to 51.4) despite pressures on input prices (+10.6 m/m to 68.8; 87 at its peak in 2022) and delivery times. The European Commission's Economic Sentiment Index saw a slight decrease in March (-1.6 points): household confidence fell by 4 points m/m to -16 in March (-13 m/m to -21 in March 2022). The services and trade indices also declined, but industry and construction showed an improvement. The German 10-year yield

rose by nearly 20bp over the week to 3.1% (48bp since the end of February). The spread has stabilised at 75bp against the French 10-year and is approaching 100bp against the Italian 10-year (+15bp and +35bp compared with the end of February respectively). *Upcoming: inflation (Tuesday), unemployment rate (Wednesday).*

- France: Lower growth forecasts, moderate inflationary pressures and a smaller-than-expected public deficit in 2025. INSEE has revised its growth forecast for Q1 and Q2 down to 0.2%, reflecting a reduction of 0.1 percentage points in each quarter, resulting in a carry-over effect of 0.9% at the mid-year mark. The Banque de France has also revised its annual growth forecast down to 0.9% (-0.1 percentage points) for 2026, based on an inflation scenario of 1.7% (+0.4 percentage points). The INSEE business climate index has returned to its November level in industry (99), with performance in the aerospace sector returning to normal. Other indices have remained stable, with the exception of wholesale trade (95 in March, down 5 points), which was hit by falling sales of consumer goods. Three-month price forecasts reflect moderate inflationary pressures primarily affecting hydrocarbons, information and communication equipment, and the food retail sector. The composite PMI deteriorated to 48.3 (-1.6 m/m) in March (-1.3 m/m to 48.3 in services). The manufacturing PMI, however, remains in expansionary territory (50.2; +0.1 m/m). Household confidence deteriorated in March to 89 (-2 m/m), compared with -8 m/m to 89 in March 2022. The willingness to make major purchases and concerns regarding unemployment are relatively stable. The public deficit reached 5.1% of GDP in 2025, compared to the government's target of 5.4%, marking an improvement of 0.7 percentage points attributed to a rebound in compulsory levies ([see our detailed analysis](#)). Public debt continued its upward trajectory, rising to 115.8% of GDP (+3 percentage points, as expected). The government has announced a support package worth EUR 70 million, comprising tax deferrals, emergency loans and fuel purchase subsidies benefiting agriculture (14 million), fisheries (5 million) and road transport (50 million). *Upcoming: inflation (Tuesday), industrial production (Friday).*

- Germany: Moderate deterioration in surveys. The composite PMI fell (-1.3 m/m to 51.9), primarily due to rising input prices (+6.7 m/m to 68.1; 15.8 points below the 2022 peak). The services PMI fell (-2.4 m/m to 51.2), whereas the manufacturing PMI rose (+0.8 m/m to 51.7, the highest since June 2022), attributed to pre-emptive purchasing in anticipation of potential supply difficulties. The IFO business climate index fell (-2.1 m/m to 86.4), but by less than in March 2022 (-8.6 m/m). GfK consumer confidence hit a two-year low in March 2026 (-3.2 m/m to -28), but fell less than in March 2022 (-7.2 m/m). *Upcoming: inflation (Monday), retail sales (Tuesday), unemployment rate (Wednesday).*

JAPAN

Inflation provisionally more moderate, activity still buoyant. In February, inflation fell, with headline inflation at 1.3% y/y (-0.2pp) and the index excluding unprocessed food at 1.6% y/y (-0.4pp), due to government interventions on electricity and petrol prices. The New-Core index stands at 2.5% y/y (-0.1pp), indicating ongoing inflationary pressures, which are expected to be bolstered by wage growth (initial agreement for an average increase of +5.3% in 2026). In March, the Composite PMI decreased to 52.5 (-1.4 m/m), as did the manufacturing index (-1.6 m/m to 51.4) and the services index to 52.8 (-1 m/m). On average, for the first quarter, the PMIs represent the strongest performance since 2013. The USD/JPY continues to depreciate and is approaching the 160 mark. The Finance Minister has promised a "firm response" to what is described as speculative activity. Prime Minister S. Takaichi is calling on the IEA to release



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additional oil reserves. Finally, as the upper house has yet to pass a budget, the government has submitted a provisional 11-day budget for the start of the 2026 fiscal year (1 April). *Upcoming: Q1 Tankan survey (Wednesday), BoJ Summary of Opinions (Monday), industrial production and retail sales (Tuesday).*

UNITED KINGDOM

First impacts of the conflict in Iran are evident but limited in scope. PMIs fell in March, with the composite index at 51 (-2.7 m/m), services at 51.2 (-2.7 m/m) and manufacturing at 51.4 (-0.3 m/m), impacted by longer delivery times and rising input costs. According to GfK, household confidence fell to -21 (-3 m/m), marking its lowest level in a year. Headline inflation remained stable at 3% y/y in February, with core inflation rising by 0.1 pp to 3.2%. The government has announced a “framework to combat abusive practices” regarding margins, and intends to expedite the development of energy infrastructure, particularly in nuclear energy. Measures to reduce customs duties on agri-food products are also under consideration. The 10-year yield rose by 10 basis points over the week, crossing the 5% threshold, resulting in a total rise to 80 basis points since the end of February. *Upcoming: Final Q4 GDP (Tuesday).*

EMERGING ECONOMIES

The major emerging market currencies have held up fairly well since the start of the war in the Middle East. From 27 February to 27 March 2026, the sharpest depreciation was seen in Thailand (-5.6% against the USD), South Korea (-4.7%), the Philippines (-4.6%), Chile (-5.6%), South Africa (-6.7%), Egypt (-9.2%) and Hungary (-5.4% against the USD and -3.1% against the EUR). These countries are particularly exposed to the repercussions of the conflict as they are major net importers of oil and gas, rely on Gulf producers for their supply of raw materials, or have macroeconomic vulnerabilities. Last week, the Hungarian forint appreciated slightly. The Brazilian real (-2.4% against the USD in total since 27 February) has also partially recovered following the depreciation of the previous three weeks. Conversely, downward pressure on the Indian rupee has increased in recent days (-4.1% against the USD since 27 February).

AFRICA & MIDDLE EAST

South Africa: Policy rate remains unchanged. Inflation reached the Central Bank's new target in February (3% year-on-year), but is expected to rise sharply from April onwards as regulated petrol prices are set to increase in response to fluctuations in oil prices. The depreciation of the rand is also likely to fuel inflation in the coming weeks. As a result, the Central Bank may consider raising its key interest rate at the next monetary policy committee meeting in May, whereas cuts had been anticipated prior to the conflict. The yield on 10-year government bonds rose by 117 basis points between 27 February and 27 March.

Nigeria: The Central Bank is strengthening its monetary framework by introducing an inflation target (of 6–9% year-on-year). Since 2024, combating inflation has become its priority. Inflation is falling sharply (15% in February) following several months of restrictive monetary policy. However, it is expected to rise again in the short term due to the war in the Middle East.

Gulf countries: Air traffic has plummeted. The number of departures from the region's main airports is now less than half of what it was before the conflict. The situation is almost back to normal in Saudi Arabia and Oman, while Dubai airport is operating at only 35% of its capacity (despite a slight upturn in traffic last week). Airports in Bahrain, Kuwait and Qatar are virtually at a standstill.

In Kuwait, the authorities have just announced a support plan for the banking sector. Meanwhile, the Saudi authorities sought to reassure investors during the FII PRIORITY Summit in Miami, emphasising the strength of macroeconomic fundamentals. Its Public Investment Fund (PIF) reiterated its commitment to its international investment strategy. It is worth noting that Gulf sovereign wealth funds have participated in several transactions since the start of the conflict.

ASIA

Governments are taking action in response to the sharp rise in petrol prices and supply difficulties. A state of emergency has been declared in the Philippines. Elsewhere, exports of refined petroleum products have been banned (China, Vietnam, Thailand), taxes on exports of coal (Indonesia) or petroleum products (India) have been increased, and petrol subsidy policies have been revised. To protect public finances, Thailand has suspended its petrol price subsidies, while Malaysia has capped its subsidies at 200 litres per month for the most disadvantaged households. **India** is currently maintaining fixed prices but has abolished taxes on heating oil to limit losses for state-owned enterprises, which absorb the difference between international market prices and domestic selling prices. **China** is tightening its controls on retail prices for petrol and diesel and is asking state-owned energy companies to absorb part of the price rise, at least temporarily.

Bond yields in local currencies rose only slightly, except in the Philippines (+110 basis points on 10-year bonds since 27 February). The rise accelerated this week in India, which has seen a total rise of only +28 bps since 27 February. In China, government bond yields have barely moved over the past month (+3 bp), as markets do not expect any rate hikes from the central bank.

EMERGING EUROPE

Measures announced in response to rising energy prices. In Poland, the VAT rate on fuel will fall to 8% from the current 23%, and excise duty will be reduced. The authorities are also considering a windfall tax on oil companies. Slovakia is set to impose restrictions on the sale of diesel at petrol stations. The latter can also fix a higher price for diesel for vehicles registered abroad.

Tensions on the bond markets. The Romanian government cancelled several bond auctions in March. However, the rise in bond yields has been contained in the region, with an average increase of around 100 basis points for five-year yields since 27 February.

Hungary: Monetary status quo. As expected, the Central Bank kept its key interest rate at 6.25%. It is expected to proceed with caution in the coming months.

LATIN AMERICA

Chile: The key interest rate was kept at 4.5%. The Central Bank stated that, given the inflationary pressures linked to rising oil prices and uncertainties about the duration of the shock, the target of bringing inflation down to 3% has been pushed back to 2027.

Mexico: The base rate has been cut by 25 basis points to 6.75%. Although inflation forecasts have been revised upwards (4% in 2026 compared with 3.8% previously), the Central Bank asserts that “the current inflation outlook leaves room for manoeuvre” for a further rate cut in the short term. The target for inflation to reach 3% remains unchanged for Q2 2027.

COMMODITIES

LNG: Around 8% of global production has been affected by a Category 4 cyclone in Australia, resulting in the temporary shutdown of three Australian LNG production units, including the two largest. Since the suspension of Qatari exports, Australia has become the world's second-largest exporter of LNG, supplying exclusively to Asia (primarily China and Japan). European gas prices (TTF) remained stable on Friday.

Saudi Arabia's East-West pipeline is now operating at full capacity, with 7 mb/d of crude oil flowing to the Yanbu terminal. In total, 5 mb/d of crude oil is exported, while less than 1 mb/d is refined prior to export; the remainder is allocated to domestic consumption.

The price of Brent crude continues to rise, currently standing at around USD116 per barrel following a 12.6% increase last week.

