Find our scenario and forecasts

AVANCED ECONOMIES

UNITED STATES – WORLD

Tariffs for everyone. Trump announced "reciprocal tariffs" on 2nd April, applying to all of the United States' trading partners and ranging from 10% to 50% (complete list). The new 10% floor rate has been in force since 5 April. The higher rates will apply from 9 April: 20% for the European Union, 10% for the United Kingdom, 24% for Japan, and 31% for Switzerland. Semiconductors, copper, minerals and pharmaceuticals are exempt from additional tariffs for the time being. At the same time, the exemption applying to products under the USMCA free trade agreement (due to expire at the beginning of April) has been extended. Global markets did not react well to the announcements. The resulting losses were not far off the levels seen at the start of the COVID-19 pandemic (see Markets Review HYPERLINK), with US assets (including the dollar) significantly underperforming. The European Union and the United Kingdom have given themselves four weeks to discuss possible retaliatory measures if no agreement is reached with the United States.

UNITED STATES

Employment holding up better than activity. In March, the nonfarm payrolls accelerated to +228k, driven by private services (+197k). The revision for January and February was down (-48k cumulatively). The unemployment rate rose to 4.2% (+0.1 pp m/m), mainly due to the increase (+200k) in the workforce. The ISM manufacturing index returned to contraction territory in March (49, -1.3 pp). New orders (45.2, -3.4 pp) and hires (44.7, -2.9 pp) deteriorated further, while production slowed (50.7, -1.8 pp). The prices paid index rose to 69.4 (the highest since June 2022). The ISM non-manufacturing index fell to 50.8 (-2.7 pp, below the consensus of 53.0). On the subject of "reciprocal" tariffs, Federal Reserve (Fed) Chairman Jerome Powell said that he expected them to lead to a reduction in growth and an increase in inflation; and he reiterated that the Fed could afford to wait before adjusting rates. The week will be marked by CPI inflation (10 April), the March NFIB survey (8 April) and the University of Michigan consumer sentiment measure (preliminary on 11 April).

EURO AREA

The labour market remains tight. The unemployment rate fell to 6.1% in February, an all-time low. Inflation was surprisingly lower in March (2.2%, compared with 2.3% in February). The slowdown in services (from 3.7% to 3.4%) caused core inflation to fall (2.6% to 2.4%). Producer prices accelerated again (from 1.7% to 3.0% in February), driven by the rise in energy prices.

FRANCE

Manufacturing output rose by 1.4% m/m in February (-1.9% y/y), driven mainly by aerospace production, which returned to its November 2024 level.

GERMANY

Gradual improvement in the economy. In February 2025, retail sales rose by 4.9% y/y (the biggest increase for three years). Harmonised inflation fell to +2.3% y/y in March, compared with +2.6% in February (lower energy prices and slowing services inflation). The final composite PMI was revised upwards in March (from 50.9 to 51.3; +0.9 m/m).

ITALY

The composite PMI is still in expansion territory (50.5; -1.4 pt m/m), despite the manufacturing PMI still contracting (46.6; -0.8 pt). Production is down (-2.6 pts) and new orders are still in the red (44.8). The services PMI deteriorated (52.0; -1.0 pt). Harmonised inflation (+2.1% in March compared with 1.7% in February) reached its highest level since September 2023 (energy prices at +3.2% in March, +0.6% in February). Core inflation also rose (+1.8%, compared with +1.5%).

SPAIN

Private sector activity continued to grow in March, but at a slower pace than in the previous month (composite PMI at 54.0; -1.1 pt over one month). The manufacturing PMI deteriorated for the second month in a row (49.5; -0.2 pt and the lowest level since January 2024), despite increases in production and employment. On the services side, growth slowed (54.7; -1.5 pt).

UNITED KINGDOM

The composite PMI rebounded by 1 point (to 51.5) in March, thanks to services (+1.5 points to 52.5). The manufacturing PMI deteriorated (-2 points to 44.9) due to a plunge in new export orders (-4 points to 40.8). New vehicule registrations saw the biggest monthly increase for a March in 4 years (+12.4 y/y).

EMERGING ECONOMIES

New US tariffs: a particularly severe shock for Asian and developing countries.

• Asia is the region hardest hit. Virtually all countries have large trade surpluses with the United States. They will therefore be subject to tariffs ranging from 17% for the Philippines to over 40% for Vietnam and the poorest countries (Cambodia: 49%). Singapore, which has a trade deficit with the US, is an exception, with the application of the 10% floor rate.

• For Latin America, the new tariffs are limited to 10% for most countries, which have trade deficits with the US (except Venezuela: 15%, Nicaragua: 18%, Guyana: 38%). Mexico is not on the list published on 2 April. Nevertheless, the measures previously announced remain in force (goods not covered by the USMCA, steel and aluminium, and the automotive sector remain taxed at 25%).

• Exports from Central Europe will be taxed at 20%, as for all EU countries. The automotive sector has seen an even greater increase (25%) since 3 April.

• For the African continent, the tariffs announced range from 10% for 34 countries to 50% for Lesotho. Although it is not yet official, these measures are likely to sound the death knell for the African Growth & Opportunities Act, which provided 32 African countries with preferential access to the US market for some categories of goods in 2024. The AGOA was effective since 2000.

• In the Middle East and North Africa region, most countries are subject to the 10% rate. For countries with much higher tariffs, main exports to the US are energy products, which are exempt from new taxes (Algeria, Iraq, Libya) or very low (Tunisia).

CHINA

PMIs rise ahead of the announcement of new US tariffs. The Caixin PMI indices confirm a favourable trend, but the improvement is set to be reversed. The US is considering tariffs of 34% on Chinese goods, in addition to the 35% already in force. Moreover, the exemption on imports worth less than USD 800 is coming to an end. Beijing responded by announcing 34% taxes on US products from 10 April, and controls on rare earth elements.

Fitch downgraded China's sovereign rating from A+ to A. The rating agency cites high budget deficits and rising public debt. These will persist due to weak Chinese GDP growth and the fiscal support that will be needed to boost domestic demand and offset the effects of US tariffs.

INDIA

Economic growth revised downwards. Real GDP growth slowed to 6.2% y/y in Q4 2024 and hit 6.7% over the entire 2024 calendar year (-2.1 pp compared to 2023). The deceleration was mainly due to a sharp slowdown in investment. The increase in US tariffs (to 26% from a current weighted average of 2.56%) will have a modest impact on growth, with India's exports to the United States accounting for just 2.1% of GDP.

CENTRAL EUROPE

Improvement in manufacturing PMIs. In Poland, the index remained above 50 (50.7 in March and 50.6 in February), whereas it had been below that level since May 2022. In Hungary, the index is at its highest level since May 2024. In the Czech Republic, the PMI improved but remained below 50. However, industrial production remains depressed and US tariffs, particularly in the automotive sector, are likely to reinforce the trend.

COMMODITIES

OPEC raises its production quotas. The decision by OPEC members to triple the volume of additional oil put on the market from next May (411 kb/d compared with 138 kb/d initially planned) has accelerated the fall in oil prices. At their lowest for four years, prices are also affected by fears of a slowdown in global demand. The cartel's decision is designed to put pressure on its members who are overproducing and are not compliant with their production quotas.