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ADVANCED ECONOMIES

UNITED STATES

United States: Mixed signals continue between economic activity and employment. In November, private payroll fell by 31,000 according to the ADP survey (the third month of contraction in four), which was the worst result since March 2023. The "Employment" component of the ISM survey echoed this (-2.0 points to 44 for manufacturing, +0.3 points to 48.9, i.e. contraction zone for services). However, it is positive in terms of activity, for manufacturing production (51.4, +3.2 pp) and services (54.5, +0.2 pp). At the aggregate level, the indices moved moderately (-0.5 pp to 48.2 for manufacturing, +0.2 pp to 52.6 for non-manufacturing).

Less concern about prices. At the same time, the ISM suggests a slowdown in the rise in prices paid. September PCE inflation was in line with CPI inflation, with +0.1 pp for headline inflation and -0.1 pp for core inflation (+2.8% y/y for both), alongside a stable import price index (excluding customs duties). In December, the University of Michigan's consumer sentiment index erased much of the losses linked to the November shutdown (+2.3 points to 53.3, vs. 53.6 in October), with a decline in 1-year inflation expectations (-0.4 pp to 4.1%) and 5-10-year inflation expectations (-0.2 pp to 3.4%), which reached their lowest level since February 2025.

Coming up: FOMC meeting including the Summary of Economic Projections(Wednesday), NFIB small business optimism for November and JOLTS survey of job vacancies for September (Tuesday).

EUROZONE / EUROPEAN UNION

EUROPEAN UNION

Two structural advances:

- Adoption of the RESourceEU plan aimed at reducing the EU's dependence on critical materials. EUR 3 billion will be deployed for investment projects in 2026, a joint purchasing centre for critical materials and common storage capacities will be set up to improve European recycling capacities.

- Savings and Investment Union (SIU): On 4 December the European Commission presented a package of measures aimed at strengthening the integration of EU financial markets. The aim is to enable key market participants to operate more seamlessly across Member States. In particular, the Commission proposes to entrust the European Securities and Markets Authority (ESMA) with the direct supervision of significant market infrastructures and all crypto-asset service providers. This package of measures must now be approved by the European Parliament and the European Council.

EUROZONE

Growth revised upwards and slight rise in inflation. Q3 growth was revised upwards (+0.1 pp to 0.3% q/q) thanks to revisions in Italy (+0.1% q/q now) and Austria (+0.4% q/q). Domestic demand was solid (investment (contribution of 0.2 pp), public consumption (+0.1 pp) and private consumption (+0.1 pp), inventories (+0.1 pp)), while the external balance weighed (-0.2 pp). Retail sales were stable in October, as was the unemployment rate (at 6.4% and 14.8% for under-25s). The composite PMI for November was revised upwards (+0.3 points) to 52.8, its highest level in two and a half years. The construction PMI rebounded (+1.4 points to 45.4), supported by the new orders index (+2.3 points to 46.1, the highest since February 2022). Harmonised inflation rose slightly in November (+0.1 pp to 2.1% y/y), due to an increase in services (+0.1 pp to 3.5%) and a less pronounced decline in energy prices (+0.4 pp to -0.5%). Nevertheless, producer prices (excluding construction) fell further (-0.3 pp to -0.5% y/y).

- France: Improvement in business climate and goods exports. The composite PMI expanded in November (50.4), for the first time in 15 months due to an upward revision of the services PMI from 50.8 to 51.4 (+3.4 points m/m, highest in 15 months), driven in November by production and new orders. The manufacturing PMI was confirmed at 47.8 (-1 point m/m), penalised by production and new domestic orders, but supported by new export orders. Manufacturing production stabilised at a good level in October (+1.5% y/y), still driven by aeronautics, but penalised by the automotive sector. Exports of goods continued to grow in October (EUR +3 billion y/y, particularly in aeronautics). The goods deficit fell from EUR 70 billion to EUR 63 billion over 10 months, according to customs data. It stabilised according to data from the Banque de France (different methodology), while the surplus on services increased from EUR 46.5 billion to EUR 48 billion. Car registrations stabilised in November, after an average gain of 2.1% y/y in the previous three months. On the budget front, the National Assembly adopted the revenue section of the social security budget, paving the way for a vote on the entire text on 9 December, ahead of the examination of the state budget.

- Germany: The recovery is confirmed. In October, industrial orders rose by +1.5% m/m, driven by the domestic market (+9.9%), while exports fell (-4.0%). The six-month moving average remained stable but confirmed the relative state of forces: domestic momentum was picking up, unlike external orders. The November services PMI was revised upwards by 0.4 points to 53.1 (pulling the composite PMI up to 52.4), but fell compared to October (54.6). The construction PMI rebounded over one month (+2.4 points to 45.2). *Coming up: October industrial production (Monday), October trade balance (Tuesday).*

- Italy: Private sector activity at its highest level in two and a half years. The composite PMI reached 53.8 (+0.7 points m/m), supported by services and manufacturing activity. Companies remained optimistic about their future activity despite weak international demand. Retail sales accelerated (+1.3% y/y; +0.8 pp m/m). *Coming up: October industrial production (Wednesday).*

- Spain: Activity remains buoyant. The composite PMI slowed slightly in November but remained high (-0.9 points m/m to 55.1). Activity continued to grow in both services and manufacturing, albeit at a slower pace than last month. However, companies remained optimistic about their future activity.

JAPAN

Household confidence and bond yields on the rise. According to the Cabinet Office, household confidence reached a 2025 high in November (37.5, +1.7 pts), with a general improvement across all four sub-components. Following the announcement of an upcoming rate hike by the BoJ, the 10-year rate gained 14 bp over the week, bringing it to 1.94% for a total increase of 85 bp since the beginning of the year.

UNITED KINGDOM

Activity deteriorated sharply in construction, with the PMI index plunging to 39.4 in November (-4.7 points m/m), the sharpest decline in new orders since May 2020. The slowdown in the property market also continued, with prices rising by only 0.7% y/y (Halifax index). According to the Decision Maker Panel, businesses' one-year inflation expectations are stable at 3.4% in November. They forecast a slight decline in em-

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ployment (-0.2% year-on-year). Car sales fell by 1.6% y/y in November. A trade agreement with the United States confirms the exemption of British pharmaceutical products from customs duties, in exchange for a 25% increase in the price of new American medicines in the United Kingdom. Coming up: November retail sales (Tuesday), GDP, industrial production and October trade balance (Friday).

The Bank of England has reduced what it considers to be the adequate level of Tier 1 capital for British banks, bringing it down from 14% to 13% of risk-weighted assets (equivalent to a CET1 ratio of 11%). This reduction, the first since 2015, comes as the seven largest banks have passed their latest stress tests. The Bank will also work on encouraging UK banks to reduce their capital buffers (capital in excess of regulatory requirements) in order to increase their support for the economy.

EMERGING ECONOMIES

AFRICA & MIDDLE EAST

Sub-Saharan Africa: Towards robust economic growth in Q3. Year-on-year (y/y) growth in Q3 accelerated in South Africa (+2%) and Angola (+1.8%). It remained resilient in Nigeria (+4%). In South Africa, investment rebounded after two quarters of contraction but remained below its Q4 2024 level. Activity in the oil sector slowed sharply to 5.8% y/y (from 20.4% in Q2) in Nigeria while it contracted in Angola for the 4th consecutive quarter (-7.8% in Q3).

Saudi Arabia: 2026 budget, between ambition and caution. After slipping to more than 5% of GDP this year, the budget deficit is forecast at 3.3% in 2026. While revenues are expected to rise by 5% thanks to strong economic momentum, most of the fiscal consolidation will result from spending cuts (-1.7%), particularly in public investment (-5.8%). This item remains substantial (USD 43 billion), despite the unfavourable oil market.

ASIA

China: Merchandise exports rebounded in November after declining in October. They returned to their average growth rate for the first nine months of 2025 (up 5.9% y/y in current USD in November, after -1.1% in October). Imports rose by +1.9% y/y and the monthly trade surplus exceeded USD 110 billion once again. The contraction in exports to the United States continued (-28.6% y/y), as the reduction in US tariffs on Chinese goods since the end of October had no immediate effect on bilateral trade. China's exports to Japan (+4.3% y/y), Latin America (+14.9%) and the European Union (+14.8%) rebounded after the deterioration in October. Export growth to ASEAN countries remained solid (+8.2%, including Vietnam: +25.8%), but has been slowing gradually since September.

India: The rupee reached a low against the US dollar. It exceeded the symbolic threshold of INR 90 to USD 1 and recorded the worst performance among Asian currencies since the beginning of 2025 (-5.2%), despite massive interventions by the Central Bank. Under pressure for several months due to US tariffs, depreciation pressure worsened with President Putin's visit to India, which could complicate ongoing trade negotiations with the United States. The further cut in policy rates (-25 bp in December, bringing the reduction to 125 bp since the start of the year, one of the largest cuts alongside Indonesia), encouraged by the slowdown in inflation (+0.3% y/y in October), is likely to increase downward pressure on the rupee.

EMERGING EUROPE

Central Europe: GDP growth improved to 2.6% y/y in Q3, after 2.3% y/y in Q2. The publication of national accounts for the 3rd quarter shows that consumption was the main contributor to growth, except in Romania. Investment improved in all countries except Hungary. Poland and Romania stood out with a sharp rebound in investment. In Poland, the central bank lowered its policy rate by 25 basis points to 4.00%, in line with expectations.

Türkiye: Slowdown in inflation. In November, the overall consumer price index rose by 0.9% month-on-month and the core index by 1.2%, compared with 2.6% and 2.4% respectively in October. Year-on-year, the inflation rate stood at 31.1% for the overall index and 31.6% for the core index. Inflation has kept pace with the depreciation of the currency. These developments could prompt the monetary authorities to continue easing despite strong household consumption.

LATIN AMERICA

Latin America: PMIs published in early December point to a deterioration in manufacturing conditions in Chile, Colombia and, above all, Mexico (from 49.5 to 47.3). Except in Colombia, PMIs remained in contraction territory.

Brazil: Growth continues to slow. Real GDP growth continued to slow in Q3 (to +1.8% y/y and +0.1% q/q). Strong exports (+3.3% q/q after +1% q/q in Q2) and a rebound in private investment (+0.9% q/q after -1.5% q/q in Q2) failed to offset the sharp slowdown in household consumption (+0.1% q/q after +0.6% q/q). The labour market is showing signs of a slowdown, household income (in real terms) is no longer growing and high interest rates are weighing on domestic demand. The manufacturing PMI for November improved only slightly (from 48.2 to 48.8). The Central Bank could begin its easing cycle in Q1 2026.

COMMODITIES

Rare earths: China is easing its export licensing regime. The granting of "general licences" valid for one year (instead of licences required for each delivery) should accelerate Chinese exports of rare earths and associated magnets, particularly to the automotive sector.

Copper: Prices are rising sharply across all markets (reaching a historic high in London) against a backdrop of accelerating exports to the United States (in anticipation of new tariffs), production disruptions at certain mines and the announcement of a reduction in production by Chinese refiners with overcapacity in 2026.