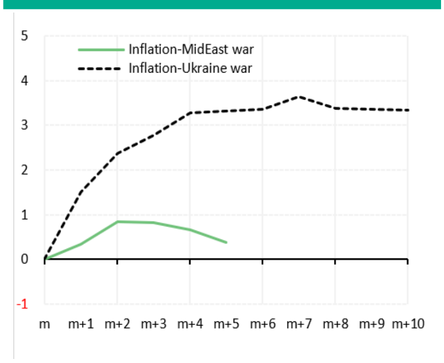
Emerging economies: Good resilience, especially regarding financing conditions

Inflation eased in June and July. The average CPI inflation rate across the fifteen leading emerging economies fell to 4.3% year-on-year in July, down from 4.8% in April. The inflationary impact remains weaker than in 2022, due in particular to reduced spillover effects on agricultural and food prices. Manufacturers' views on the trend in input and finished product prices have returned to their pre-conflict levels. However, against a backdrop of increasingly frequent and destructive extreme weather events, pressure on agricultural and food prices is likely to continue.

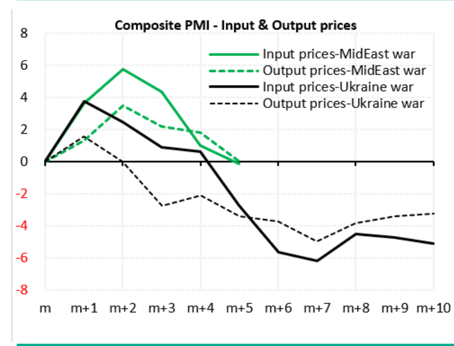
Furthermore, the manufacturing PMI index deteriorated slightly in July and remains below its February 2026 level. The decline in activity was less severe than in 2022, but the recovery is sluggish.

According to estimates by the Institute for International Finance (IIF), non-resident portfolio investment flows into emerging markets have been particularly volatile since the start of the armed conflict, reflecting investor nervousness. Looking at cumulative figures since February provides a clearer picture of the trends. In the equity markets, outflows persisted until July. By contrast, investors have returned to the local bond markets (an average of USD 30 billion per month since April). Domestic interest rates and risk premiums have performed very well.

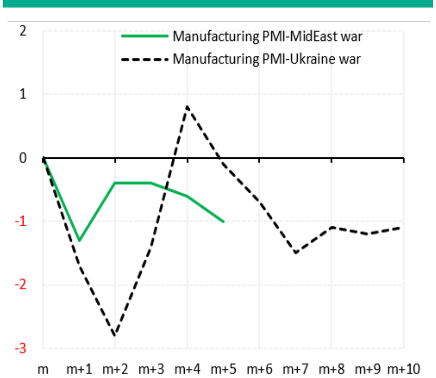
July 2026: A slowdown for consumer price inflation ...



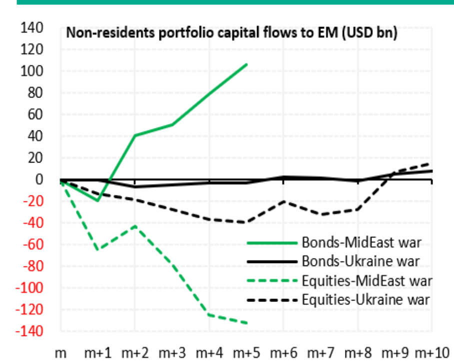
July 2026: ...... and upstream prices



July 2026: A painful recovery in economic activity



July 2026: A rapid and massive return of foreign investors to the bond markets



Change since m = 0 = February 2026 / February 2022.
Unit: inflation change in percentage point, point for confidence surveys.

Cumulative change since m = 0 = February 2026 / February 2022

Source: National Statistical Offices, IIF, S&P Global, BNP Paribas