Emerging economies: Industrial activity is resilient, the rebound in inflation is less significant in 2026 than in 2022, foreign investors are more nervous

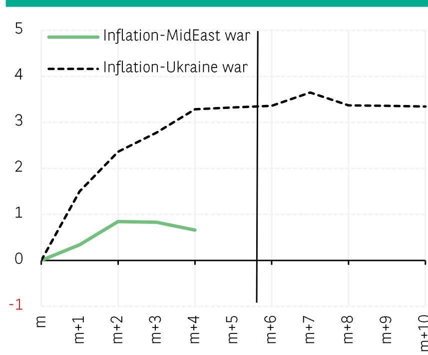
The acceleration in consumer price inflation since February 2026 is much less significant than in 2022, and it stopped in May and June 2026. The average CPI inflation rate for the fifteen main emerging economies was estimated at 4.6% y/y in June, against 4.8% in April. The inflationary shock is more moderate than in 2022 notably due to more limited spillovers to agricultural and food prices.

Manufacturers' opinion on the trend in input & output prices has stopped deteriorating since last May.

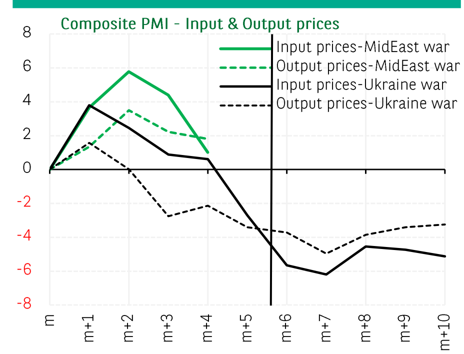
The manufacturing PMI was almost stable in May and June after the rebound in April. The negative impact of the energy shock on manufacturing activity since the beginning of the war in Iran is — so far — less severe than in 2022.

According to the Institute of International Finance (IIF) estimates, non-resident portfolio investment flows in the main emerging markets remained negative in June 2026 (totaling -USD 17.8 bn). Large volatility in capital flows since the beginning of the war has highlighted investors' nervousness. In May and June, negative investment flows affected mostly equities while debt flows remained positive. In June, China registered net foreign capital outflows in both its debt and equity markets.

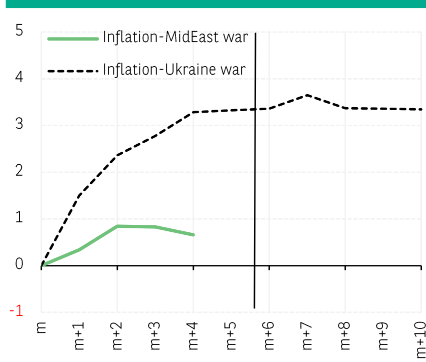
June 2026: A much less severe CPI inflation rebound than in 2022



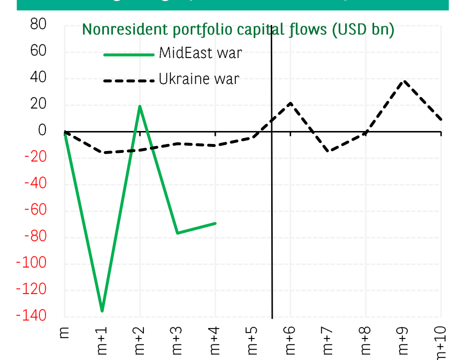
June 2026: The acceleration in input and output producer prices eased after a strong start



June 2026: Manufacturers in a wait-and-see attitude after the March shock



June 2026: Foreign capital flows remain volatile given geopolitical uncertainty



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

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