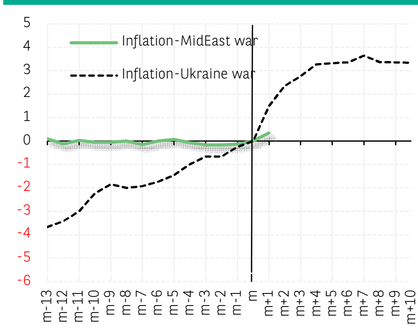
EMERGING ECONOMIES

In March 2026, the inflationary impact of the surge in oil and gas prices remained moderate, both in absolute terms with an average inflation rate for the main emerging countries of 4.3% compared to 3.9% in February, and relative to 2022. The absence of contagion to agricultural and food prices is the main explanation. Manufacturers' opinion on input prices is, moreover, less degraded than in 2022. However, a catch-up should occur with the expected release of the rise in fertilizer and petroleum-derived input prices to all prices.

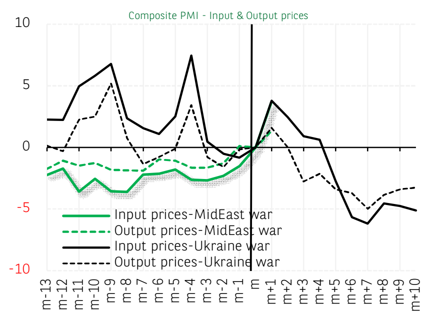
The business climate has significantly deteriorated both in absolute and relative terms. This deterioration, however, follows a significant recovery in February 2026. On the contrary, before the 2022 shock, the business climate was deteriorating. The impact on activity may be less severe this time.

According to estimates by the Institute of International Finance (IIF), portfolio investment outflows by non-residents in major emerging markets reached USD 70 bn in March 2026, a record. However, South Korea and Taiwan, which should rather be considered as developed countries, account for three-quarters of this. Overall, the financial stress triggered by the energy shock on emerging countries was, by the end of March 2026, slightly less significant than in 2022.

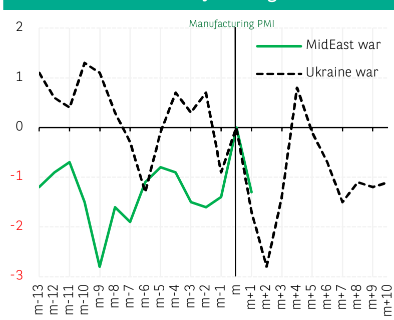
March 2026 :
A much less severe inflation rebound



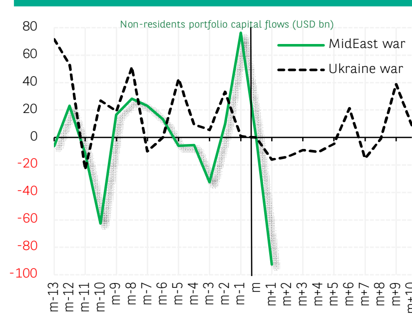
March 2026 : More muted anticipations of higher input prices



March 2026 : Same decline in business climate in the manufacturing sector



March 2026 :
A much larger sell-off



Change since m = 0 = February 2026 / February 2022

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