



Energy shock: Dashboard 2026 vs. 2022



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Will the same causes produce the same effects? In other words, will the war in Iran and the resulting surge in oil and gas prices lead to an inflationary shock comparable to that seen in 2022? Will their negative effects on growth be the same as those for the war in Ukraine and the subsequent energy shock? Although there are similarities, there are many uncertainties.

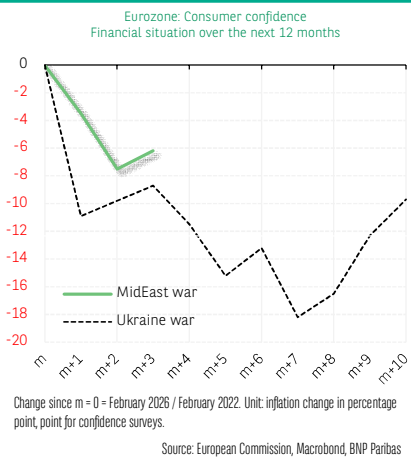
The ongoing energy-led inflation rise should be less strong, as demand is less dynamic and supply is less constrained today compared with the situation in 2022. Conditions do not appear to be conducive to a significant propagation of the rise in energy prices.

The data available to date supports this view, but the situation still needs to be monitored closely. The Memorandum of Understanding (MoU) between the United States and Iran provides some relief but many uncertainties remain. The recent fall in oil prices is good news, but it must continue over the long term. Nevertheless, it is a headwind that is easing, which reinforces our scenario of global growth resilience. Inflation is expected, however, to remain supported for some time by the lagged effects of tensions on oil and other commodity prices and on value chains. The context remains inflationary, albeit to a lesser extent than before the MoU, but enough to justify a more restrictive stance from central banks.

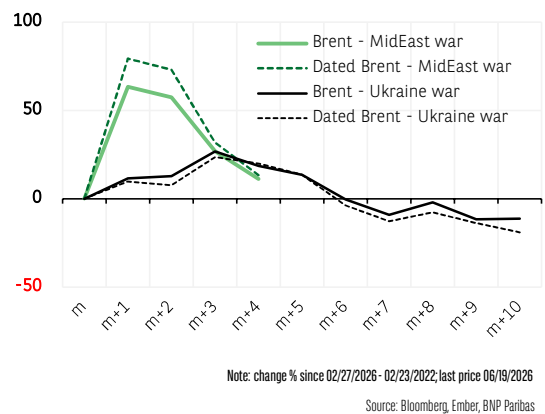
We have selected a set of indicators to track the impact of this new energy shock — caused by the war in the Middle East — on activity and prices in the Eurozone, the United States, oil and gas markets and emerging countries, and to see how much the current situation resembles that of 2022 at the outbreak of the conflict in Ukraine.

This dashboard is featuring charts and comments will be updated on a monthly basis for as long as necessary.

May 2026: Small but encouraging rebound in consumer confidence in the Eurozone



June 2026: The expected reopening of the Strait brings relief on the oil market

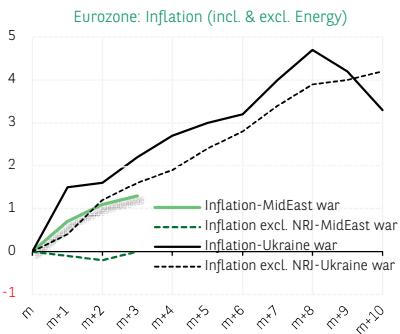


Eurozone: Inflation remains driven by energy, pressures continue to develop but without intensifying, confidence enjoys a respite

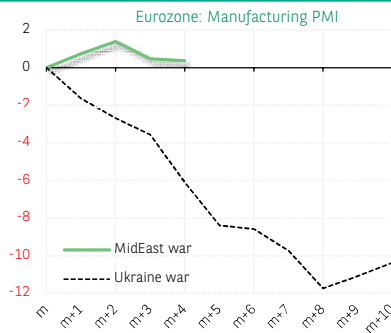
We have selected two inflation measures (with and without energy) and six survey indicators: business confidence, as measured by the PMIs in the manufacturing and services sectors; the “input prices” and “output prices” components of the composite PMI (in order to identify direct inflationary pressures); the “suppliers’ delivery times” component of the manufacturing PMI (a direct indicator of possible supply difficulties and supply-demand imbalance, and therefore, indirectly, of inflationary pressures in the making); household confidence, as reflected in its “assessment of financial situation in the next 12 months” component (in order to capture the impact of inflation on purchasing power). The trends in each of these indicators are observed relative to month m=0, corresponding to the start of the conflict. Each line does not represent the level of the indicator, but its cumulative variation compared to month m=0.

The assessment of the available data for May is rather positive. Granted, inflation keeps rising (+1.3 percentage points over three months), but the contribution of the “energy” component remains dominant. According to the PMIs business climate surveys, inflationary pressures continue to develop through rising input prices, while the increase in output prices is more contained. However, the lengthening of delivery times continues, which is likely to fuel inflation. Business confidence in the manufacturing sector has deteriorated a bit, after four consecutive months of improvement. This time, business confidence in services and consumer confidence are sources of good news: the former has stopped falling and the latter has slightly recovered. Now that the risk of a severe escalation of the conflict in Iran has decreased, it remains to be seen to which extent survey data will improve starting in June.

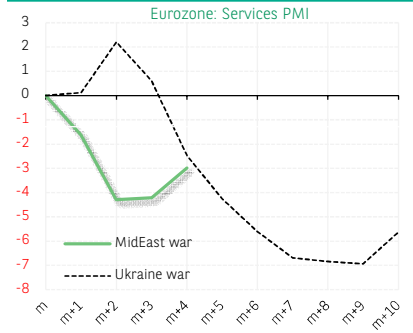
May 2026: The inflation rise remains energy-led



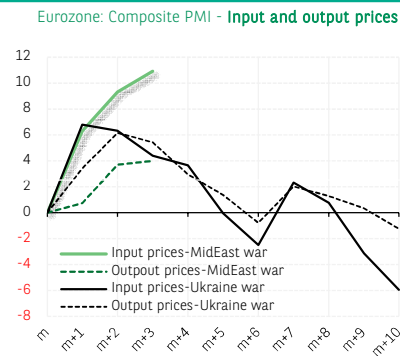
May 2026: Limited correction of business confidence in the manufacturing sector



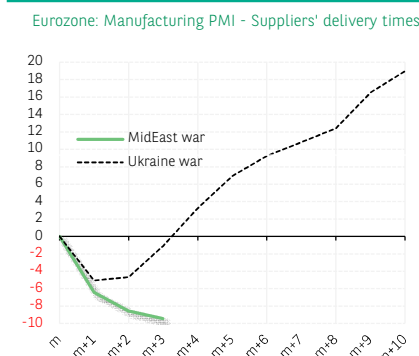
May 2026: No further deterioration in business confidence in the services sector



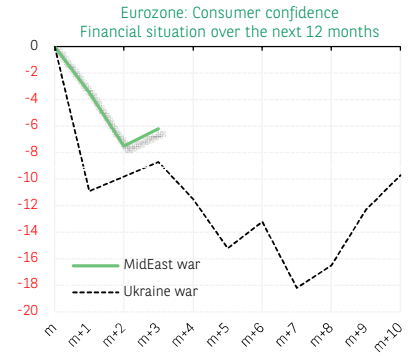
May 2026: Sharp rise in input prices continues, more limited one in output prices



May 2026: More signs of rising tensions on supply (longer delivery times)



May 2026: Small but encouraging rebound in consumer confidence



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

Source: S&P Global, Eurostat, European Commission, Macrobond, BNP Paribas

United States: Oil prices pushes inflation higher and household sentiment is under growing pressure

The Iran war delivered a quick, though relatively contained, negative impact to US activity data and surveys.

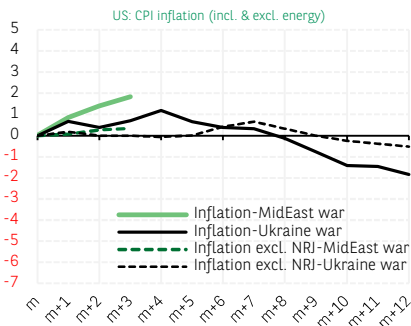
CPI inflation recorded its largest monthly increase since 2022 in March and stood at 4.2% y/y in May (+1.8pp in three months and a highest since 2023) – almost entirely on the back of gasoline prices, with the non-energy index edging up as well but to a lesser extent (+0.3pp to 2.9% y/y in three months).

Business sentiment, which was on an upward trajectory before the shock, stayed resilient but signaled a faster input-price growth (a leading indicator of inflation) and longer delivery times, both directly linked to Middle East turmoil and coming on top of the issue of tariffs.

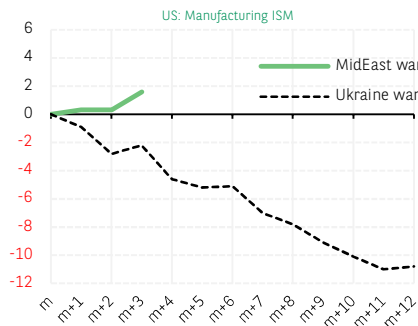
Meanwhile, the outlook of households, which were already low on optimism, has further deteriorated due to their sensibility to gasoline prices, while inflation expectations have risen.

However, macro conditions are significantly less inflationary than in 2022, although small businesses have raised their price plans.

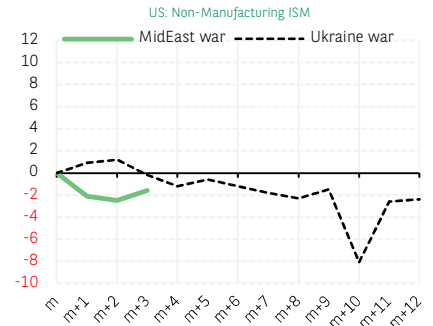
May 2026:
Energy-related inflation bounce



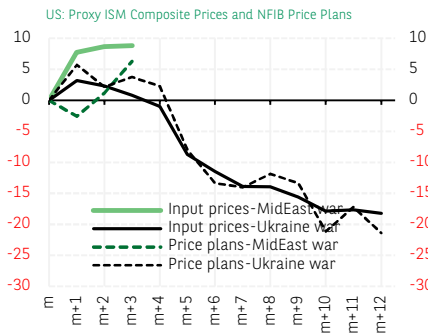
May 2026: Positive trend for manufacturing business sentiment



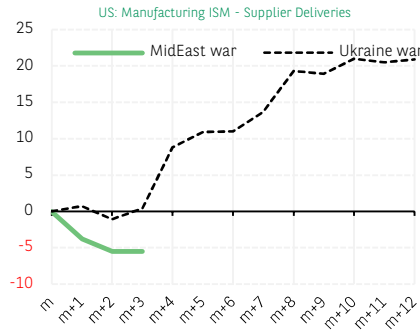
May 2026: Services business sentiment still buoyant



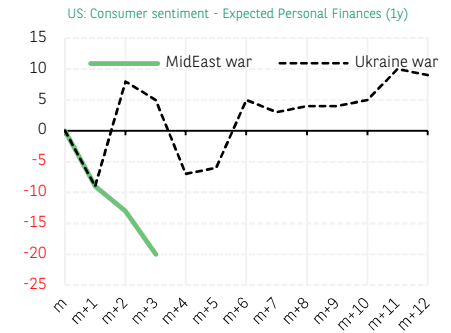
May 2026: Very elevated input prices, another rise in price plans



May 2026:
Longer delivery times



June 2026:
Growing concerns among households



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

Source: BLS, ISM, NFIB, University of Michigan, BNP Paribas

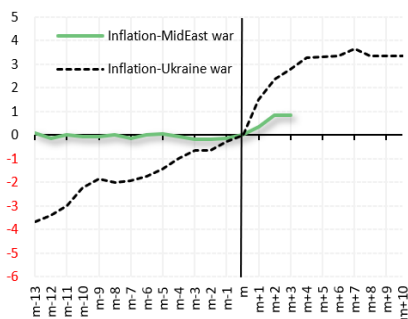
Emerging economies: Manufacturing activity seems to be holding up much better than in 2022 while the volatility of capital flows reflects investors' nervousness

In May 2026, the average CPI inflation rate for the main emerging economies was broadly stable at 4.7% y/y after 4.8% in April. The shock is still contained compared to 2022 due to limited spillover to agricultural and food prices. Manufacturers' opinion on the trend in input & output prices has stopped deteriorating but remains higher than in 2022.

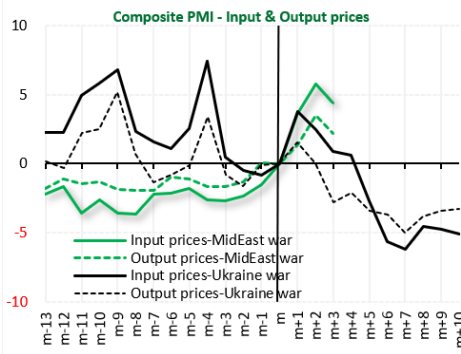
The manufacturing PMI was stable in May after the rebound in April. The impact on manufacturing activity since the beginning of the military intervention in Iran is less severe than in 2022 but the situation remains fragile.

According to estimates by the Institute of International Finance (IIF), non-resident portfolio investment flows in the main emerging markets showed a new strong reversal (USD-26.6 bn) in May after the rebound in April. Volatility in capital flows since March has showed investors' nervousness given the very high geopolitical uncertainty. In May, the reversal in investment flows was concentrated in equities while debt flows remained positive. EM Asia alone accounted for more than half of the total EM outflow, driven by large equity selling in South Korea and India. The announcement of an agreement between US and Iran may result in a new positive correction in June.

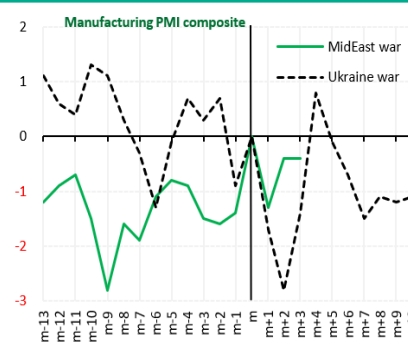
May 2026:
A much less severe CPI inflation rebound ...



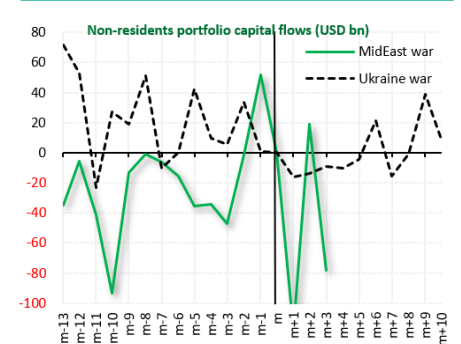
May 2026: ... but a stronger acceleration in input and output producer prices



May 2026: Better business confidence after the March shock



May 2026: A marked volatility in capital flows since March



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

Oil & gas: Prospects for the reopening of the strait of Hormuz are easing tensions in the hydrocarbon market, but prices remain high

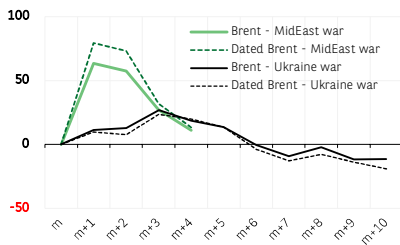
Until the agreement extending the ceasefire (second half of June), European oil and gas prices had reacted more strongly to the energy shock caused by the war in the Middle East than they had to the shock that followed Russia's invasion of Ukraine. This is no longer the case now that the prospects for a resumption of traffic through the strait of Hormuz are becoming more tangible.

Oil: Brent crude prices had reached very high levels during the first three months of the conflict in Iran. Fears of a short-term shortage — due to a decline in the volume of oil available on the market caused by the closure of the strait of Hormuz, repeated attacks on production capacity in the Gulf, and restrictions on traffic through the strait — led to a sharp reaction in the price of physical crude (dated Brent). Since early June, Brent prices have fallen sharply, and the spread between the prices of futures (Brent) and physical price (dated Brent) has narrowed for two reasons: 1/ First, the accelerated drawdown of OECD inventories, the decline in Chinese oil imports, and the beginning of a resumption of traffic through the Strait; 2/ Second, the announcement of the extension of the ceasefire and the start of negotiations between the warring parties.

Gas: The reaction of the spot gas price in Europe (TTF) to the agreement between Iran and the United States has been more moderate than that of oil. This is due in particular to 1) European demand, which remains buoyed by the need to replenish inventories, and 2) the time required to bring all facilities back online, which will take longer for natural gas (due to the destruction of significant production and liquefaction capacity in Qatar) than for oil.

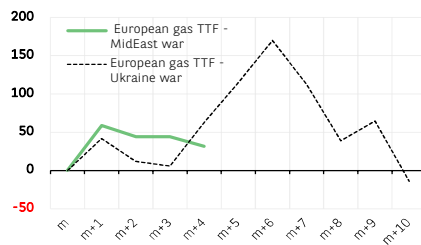
Electricity: Unlike 2022, wholesale electricity prices in Europe have been falling since the start of the conflict. Gas prices remain an important determinant of wholesale electricity prices, but progress in decarbonization of the electricity mix since 2022 and favorable weather conditions explain this recent development. Nevertheless, the prolonged heat wave affecting parts of Europe in June is expected to significantly boost electricity demand and drive prices higher.

June 2026: The expected reopening of the Strait brings relief on the oil market



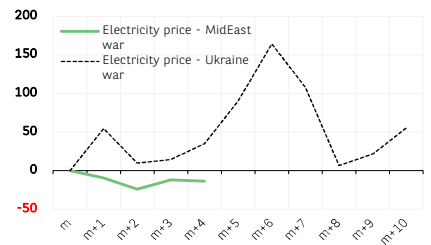
Note: change % since 02/27/2026 - 02/23/2022; last price 06/19/2026

June 2026: Gradual easing in tensions over liquefied natural gas prices in Europe



Note: change % since 02/27/2026 - 02/23/2022; last price 06/19/2026

June 2026: Wholesale electricity prices did not react



Note: change % since 02/2026 - 02/2022

Source: Bloomberg, Ember, BNP Paribas

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