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NOVEMBER 2026



Energy shock: Dashboard 2026 vs. 2022

BNP PARIBAS

The bank for a changing world

Energy shock: Dashboard 2026 vs. 2022

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 of the war in Ukraine and the subsequent energy shock?

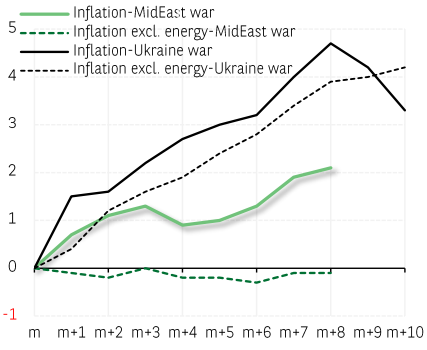
We have selected a set of indicators to track the impact of this new energy shock — caused by the war in the Middle East — on activity and prices in the Eurozone, the United States, oil and gas markets and emerging countries, and to see how much the current situation resembles that of 2022 at the outbreak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

This update marks the end of the publication of this graphical and commented dashboard. The cyclical monitoring continues in our other publications.

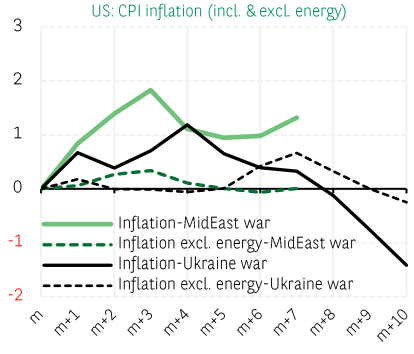
Globally, based on the data available up to October 2026, the 2026 energy shock has had a less pronounced impact on activity and inflation than that of 2022. The deterioration in business climate surveys following the outbreak of the conflict in Iran was, overall, less severe, and an improvement followed fairly quickly, driven by the positive impact of the AI boom. Household confidence has been more affected by the rise in energy prices, without benefiting from the cushioning effect of the AI boom. On the emerging markets side, while non-resident portfolio investment flows have been highly volatile since the start of the conflict in Iran, financing conditions have held up well and continue to withstand both the energy shock and the pressures on advanced economies' sovereign rates. The rise in inflation is, for its part, significant but remains, for the time being, essentially due to the increase in energy prices. Oil and gas prices have experienced significant fluctuations with the evolution of the conflict: October was marked by a persistence of upward pressures.

Contained inflationary impact of the energy shock due to the conflict in Iran, in the euro area, in emerging countries and, to a lesser extent, in the United States

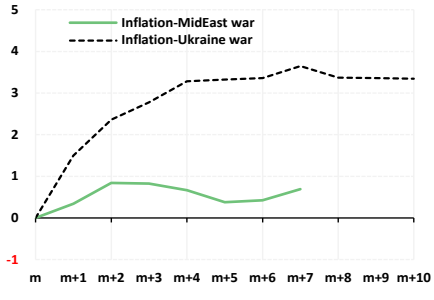
Eurozone: Inflation (incl. & excl. Energy)



US: CPI inflation (incl. & excl. energy)



Emerging countries: headline inflation, average of the fifteen largest economies



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

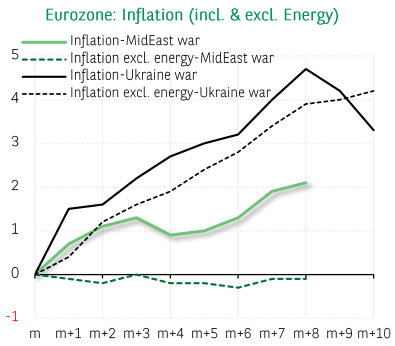
Source: S&P Global, Eurostat, European Commission, Macrobond, BNP Paribas

Eurozone: Contained rise in inflation, contained erosion of confidence surveys

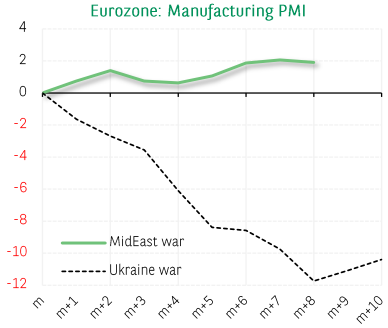
We have selected two inflation measures (with and without energy) and six survey indicators: 1/ & 2/ business confidence, as measured by the PMIs in the manufacturing and services sectors; 3/ & 4/ input and output prices components of the composite PMI (in order to identify direct inflationary pressures); 5/ 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); and 6/ consumer confidence (measured by the "assessment of financial situation in the next 12 months" 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 overall picture from the confidence surveys available for October is one of contained erosion. According to the PMIs, the business climate in the services sector showed a significant decline (seen as a technical backlash from September's strong print) and a slight decrease in the manufacturing sector. The two indices remain well above the 50 threshold, indicating expansion. Household confidence also deteriorated, quite significantly, affected by the rise in inflation, concerns about unemployment and purchasing power. In October, inflation indicators showed a contained rise. According to PMI surveys, input price pressures did not increase, output price pressures slightly eased, and delivery times remained rather tight but stable. HICP inflation rose again but less sharply than in September (+0.2 pp, to 4.0% y/y according to Eurostat's flash estimate) and inflation excluding energy remained stable at 2.3%.

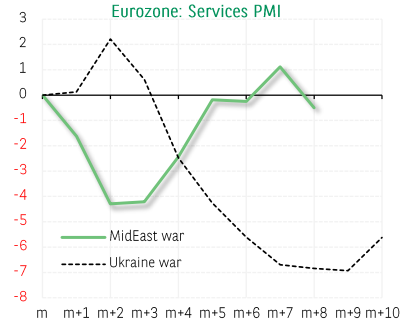
October 2026: Inflation continues to rise but remains stable and contained excluding energy



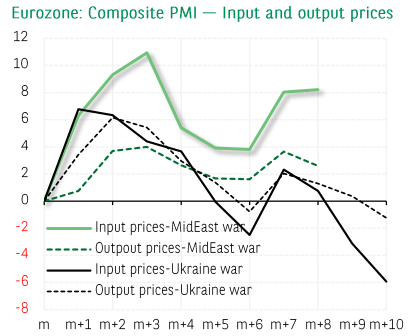
October 2026: Stabilisation at a relatively high level of the business climate in the manufacturing sector



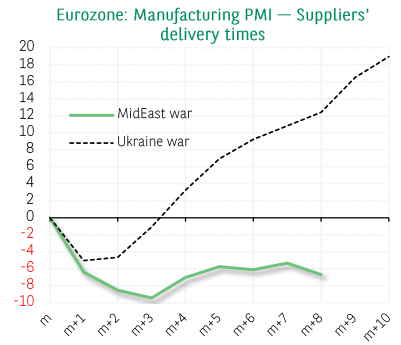
October 2026: The decline in business confidence in services interrupts a 5-month improvement



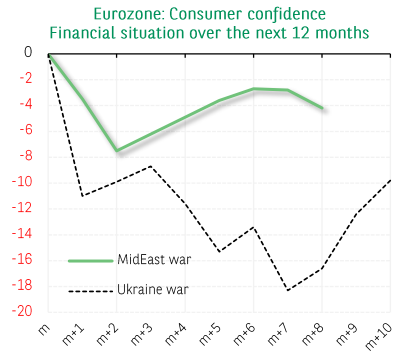
October 2026: Between unchanged and easing inflationary pressures



October 2026: Delivery times indicate persistent but stable supply tensions



October 2026: Household confidence deterioration



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: Growth shrugs off inflation

The US macroeconomic performance has seemingly been unaffected by the energy shock. GDP growth came in at 3.4% AR in Q3 2026 (up 0.8pp), its highest print since Q3 2025.

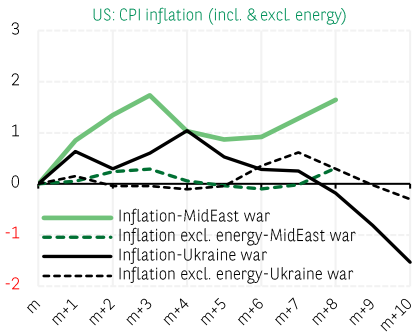
This result was underpinned by buoyant private domestic demand. Consumer spending held at 3.8% AR, despite higher inflation and still-gloomy household sentiment. Business investment jumped 12.7M AR, the fastest since Q3 2020, on the back of the AI capex cycle.

Survey data suggest the momentum carried into Q4. In October, the Manufacturing ISM confirmed the sector's recovery, while services growth eased but remained solid. Price and supply-chain pressures persisted.

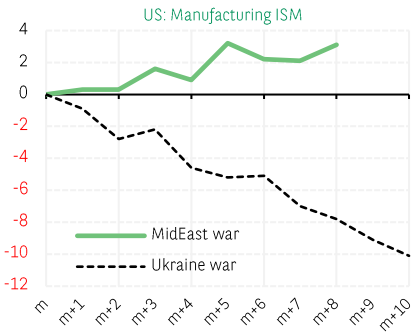
October data were a reminder that the US inflation problem reaches beyond the rise in energy prices. Admittedly, the associated subcomponent accounts for almost all of the rise in headline CPI inflation since the last pre-Iran print.

Underlying pressures, however, have been broadening and strengthening. The monthly pace of CPI excluding energy has accelerated every month since June, to 0.3% m/m in October. We therefore expect the FOMC to hike by 25bp in both December and January, taking the Fed Funds target range to 4.25% - 4.5%.

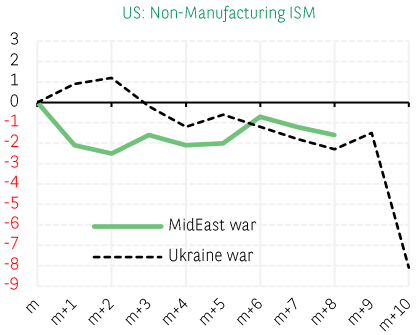
October 2026: Broad-based rise in inflation



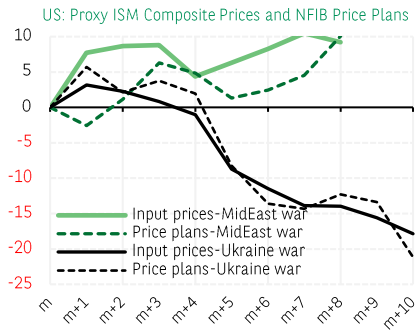
October 2026: Manufacturing expansion gathers pace



October 2026: Services activity is easing, but still solid

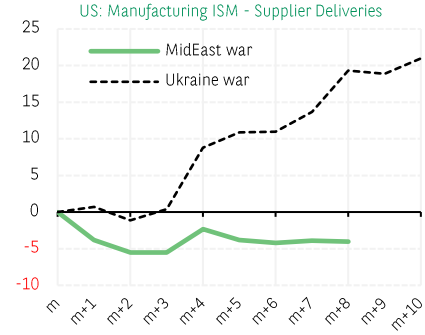


October 2026: Price pressures persist on the production side

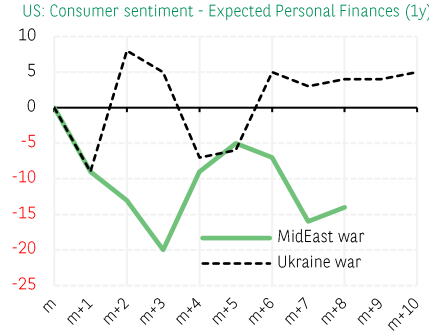


Price plans= companies stated plans to adjust their selling prices in the short term.

October 2026: No improvement in supply delivery times



October 2026: Consumers remain worried about their finances



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

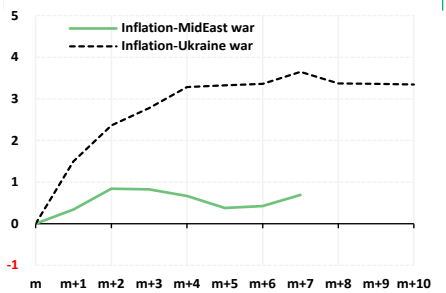
Emerging economies: An almost complete recovery in manufacturing activity but heavy capital outflows from the equity markets

The average CPI inflation rate of the fifteen leading emerging economies rose again year-on-year in September (4.6% compared with 4.3% in August); a similar acceleration had already been observed in the Spring. However, the inflationary impact of the conflict remains lower than in 2022. Manufacturers' views on trends in the prices of inputs and finished goods have returned to their pre-conflict levels. However, agricultural and food prices have been rising more rapidly in recent months against a backdrop of increasingly frequent and destructive extreme weather events.

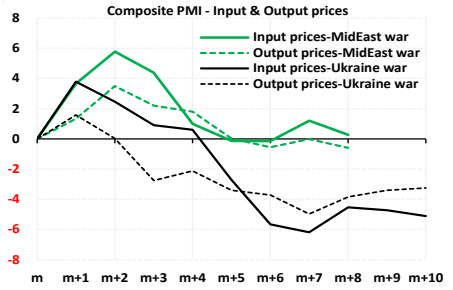
The manufacturing PMI average index of the fifteen leading emerging economies has almost returned to its February 2026 level since September. The main countries for which the overall index remains well below that level are Brazil, Chile and Türkiye. Despite the AI boom, the overall indices and/or opinion of export order books in China, South Korea and Taiwan are not significantly higher than in February. For these countries, the recovery is therefore, in principle, less pronounced in manufacturing sectors that do not benefit directly from the AI boom.

According to estimates by the Institute for International Finance, non-resident portfolio investment flows into the main emerging markets have been particularly volatile since the start of the armed conflict, reflecting investor jitters. Looking at cumulative figures since February provides a clearer picture of the trends. In the equity markets, outflows have been much greater than in 2022 (particularly from South Korea and Taiwan). They resumed in September and October after stabilising over the summer. In the bond markets, unlike in 2022, net flows remained positive until July and have been stable since then. Except for a very few cases, domestic interest rates and risk premiums have held up very well against the shock (much better than in 2022), as well as against the tensions in the bond markets of advanced economies, which intensified this summer.

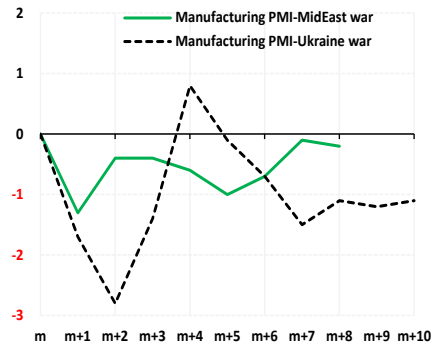
September 2026: Inflation accelerated again but only slightly ...



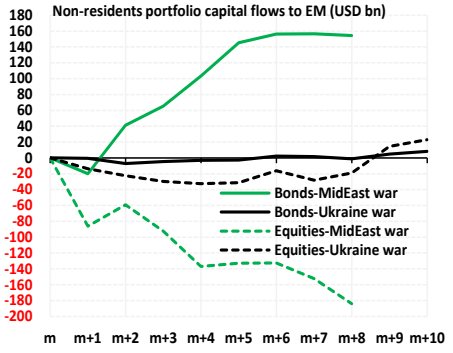
October 2026: ... in line with the stabilisation of upstream prices



October 2026: Recovery almost complete



October 2026: Substantial outflows of non-residents' investments from the equity markets in September and October



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

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

Oil & gas: Persisting upward pressures across all hydrocarbon markets in October

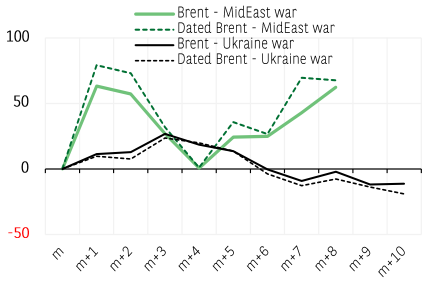
Oil and gas markets remained tilted to the upside in October due to the increased risk of re-escalation in the Gulf conflict. Added to this geopolitical risk premium is a regional component for gas: the beginning of the winter season with historically low inventories in Europe. The price variations for oil and gas are currently greater than those recorded during the 2022 crisis, but in terms of levels, gas prices remain well below 2022 levels.

Oil: Brent crude prices again averaged over $100/b during the month of October due to persistent tensions in the Gulf and the risk of re-escalation in the short term, and despite high export levels from Gulf countries. In this context, the spread between the Brent futures price and the physical barrel price (dated Brent) has narrowed significantly.

Gas: European spot gas prices (TTF) continue to rise for two main reasons: 1/ The lack of significant recovery in LNG flows from the Gulf (unlike oil), 2/ Heightened competition on the LNG market between Europe, which is rebuilding pre-winter stocks, and Asia, where demand remains sustained.

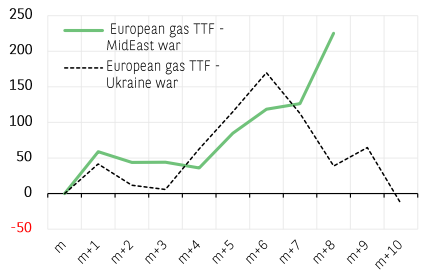
Electricity: European electricity production remains constrained by climatic factors during fall. High temperatures and the historically low levels of many European rivers have constrained decarbonized electricity production (wind, hydro, and nuclear). In this context, the reliance on more expensive resources (gas) is driving electricity prices upward.

October 2026: Crude oil prices on the rise again



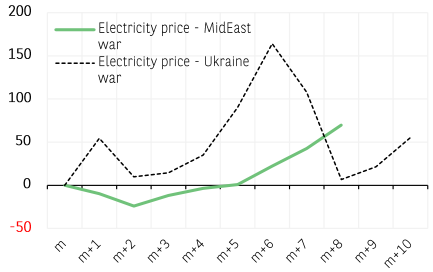
Note: change % since 02/27/2026- 02/23/2022; last price 08/31/2026

October 2026: Persisting tensions on the European gas market



Note: change % since 02/27/2026- 02/23/2022; last price 08/31/2026

October 2026: Constraints on non-fossil production and high gas prices fuel wholesale electricity prices inflation in Europe



Note: change % since 02/2026 - 02/2022; last price 08/31/2026

Source: Bloomberg, Ember, BNP Paribas

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