ECOCHARTS

SEPTEMBER 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 dashboard features charts and comments that will be updated on a monthly basis for as long as necessary.

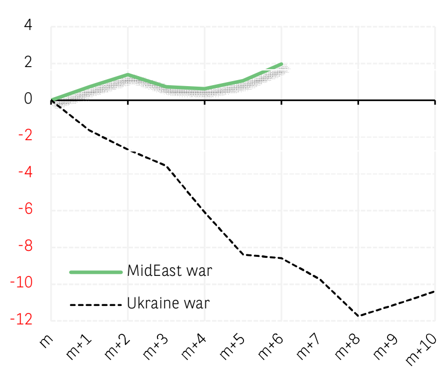
Overall, based on data available through August 2026, the inflationary impact and the negative effect on activity of the current energy shock remain significantly lower than the 2022 shock. Due to renewed tensions in the conflict in Iran and, consequently, on hydrocarbon prices, inflation is moving up again, but still in a limited way for now and driven solely by energy prices. Overall, confidence surveys do not show any signs of these negative trends.

In the euro area, the continued improvement in the business climate in the manufacturing sector and in consumer confidence is noteworthy. In the United States, economic activity continues to shrug off the energy shock. Emerging economies also continue to show resilience, particularly in terms of financing conditions. In the gas and oil markets, the balance is precarious and is keeping prices at a high level.

The positive signs in the Eurozone

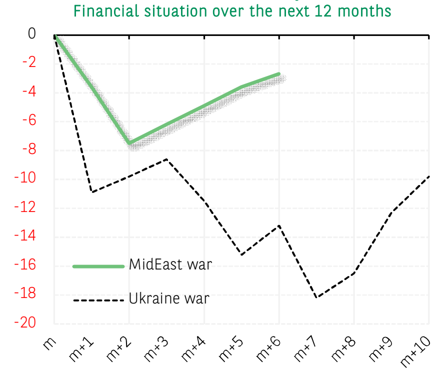
August 2026: Business confidence in the manufacturing sector remains well-oriented

Eurozone: Manufacturing PMI



August 2026: Consumer confidence continues to improve

Eurozone: Consumer confidence
Financial situation over the next 12 months



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

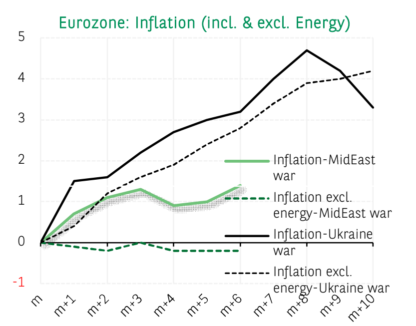
Source: S&P Global, Eurostat, European Commission, Macrobond, BNP Paribas

Eurozone: Inflation rises further, driven by energy prices but inflationary pressures are easing further; and confidence surveys continue to improve

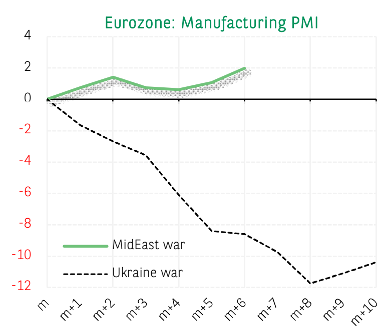
We have selected two inflation measures (with and without energy) and six survey indicators: 1/ business confidence, as measured by the PMIs in the manufacturing and 2/ services sectors; 3/ the “input prices” and 4/ “output prices" components of the composite PMI (in order to identify direct inflationary 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); 6/ 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 overall picture from the data available for August is positive in terms of confidence surveys and reinforces the encouraging signs seen in previous months. According to PMI surveys, inflationary pressures continue to ease, while supply-side tensions have stabilised. Business sentiment in the services sector remains stable, anchoring its previous gains, while confidence in the manufacturing sector shows a further—and marked—improvement. Another notable and encouraging development is the recovery in consumer confidence for the fourth consecutive month. The feared relapse in these various indicators, due to renewed tensions in the Middle East, did not materialize—at least not in August. As for inflation, it continues to rise (+0.4 percentage points, to 3.3% year-over-year), as expected, driven by energy prices, but the increase remains limited in that it has not spread to non-energy inflation, which remains stable at 2.2%.

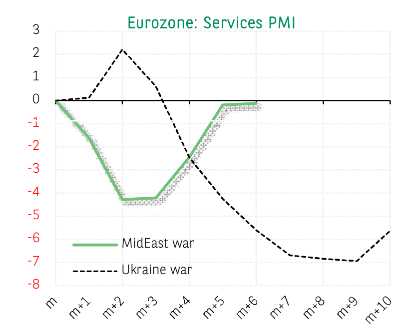
August 2026: Limited rise in inflation, driven by energy prices (bis)



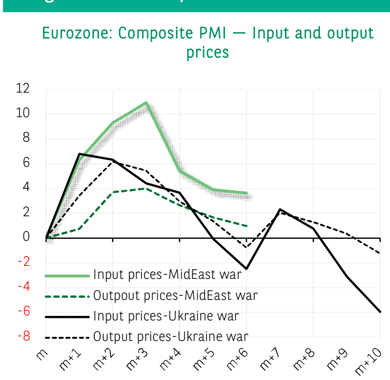
August 2026: Business confidence in the manufacturing sector remains well-oriented



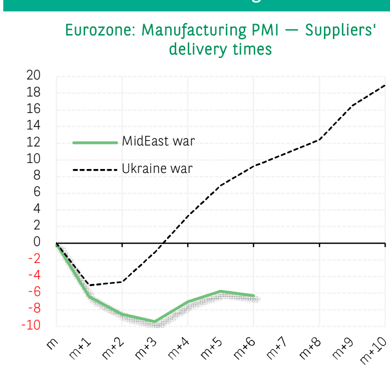
August 2026: Business confidence in the services sector anchors its improvement



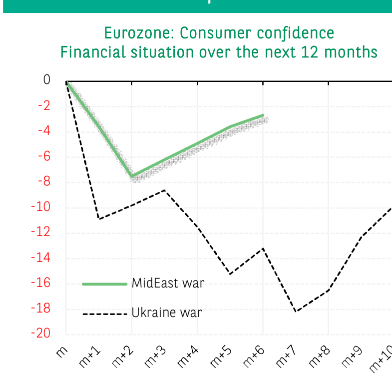
August 2026: Price pressures continue to abate



August 2026: Supply-side tensions are stabilising



August 2026: Consumer confidence continues to improve



Change since m = 0 = February 2026 / February 2022.
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Source: S&P Global, Eurostat, European Commission, Macrobond, BNP Paribas

United States: Activity shrugs off the energy shock

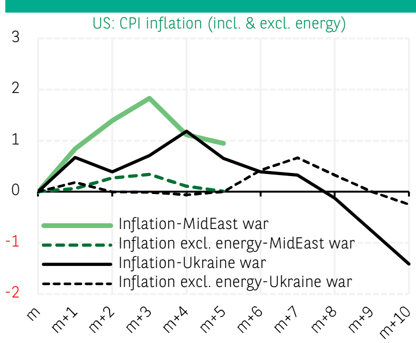
The US economy has held up well since the shock began. Consumption and business investment grew at a 4.1% annualized pace in Q2. At the same time, the scope for energy-driven disinflation has narrowed: WTI (the US reference) has averaged USD 82/bbl since 8 July, ranging between USD 72-92.

CPI rose 0.1% m/m in July, reversing June's -0.4% drop. The year-on-year rate eased to 3.4% (down 0.1pp) but remained 1.0pp higher than in February – the last pre-war reading. Energy accounts for the entire gap: its contribution to the annual rate was negligible in February and stood at 1.0pp in July. Inflation excluding energy reached 2.55% y/y in July (down 0.1pp), unchanged from February. Macroeconomic conditions remain far less inflationary than in 2022, although small businesses have raised their pricing intentions.

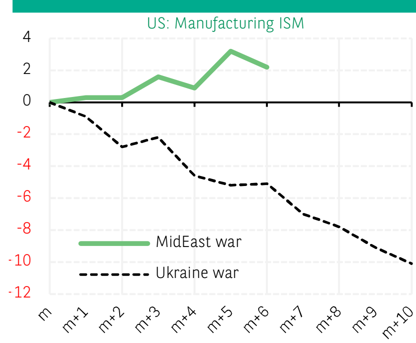
Business sentiment strengthened despite the shock. The ISM manufacturing index has remained in growth territory without interruption since January 2026, following 36 months of contraction out of 38. Input prices – a leading indicator of inflation – and delivery times have tightened further, as the Middle East situation compounds existing pressures from steel and aluminum prices, tariffs, and input availability.

Household confidence remains deeply depressed – a long-standing trend – and sensitivity to gasoline prices rules out any improvement in the near-term. Real consumer spending, however, has never contracted monthly since the onset of the conflict.

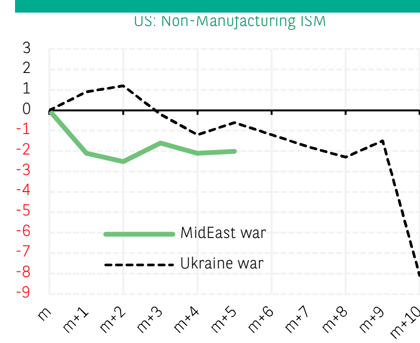
July 2026: Inflation excluding energy back at its pre-war level



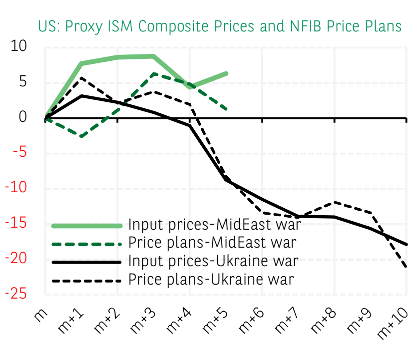
August 2026: Manufacturing activity firmly anchored in expansion territory



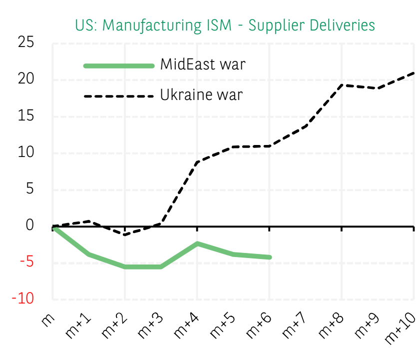
July 2026: Business sentiment holds up in services



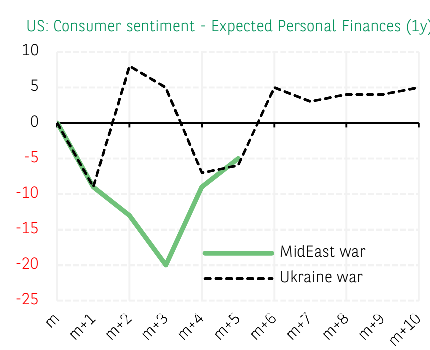
July 2026: Persistent pressure on input prices



August 2026: Supplier delivery times lengthen again



July 2026: Concerns over household finances ease again



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

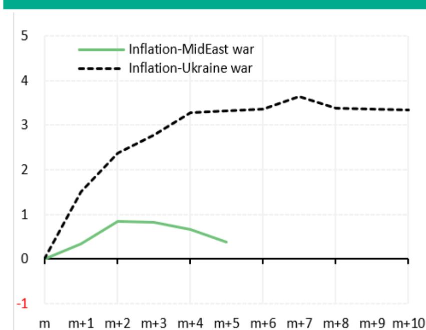
Emerging economies: Good resilience, especially regarding financing conditions

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.

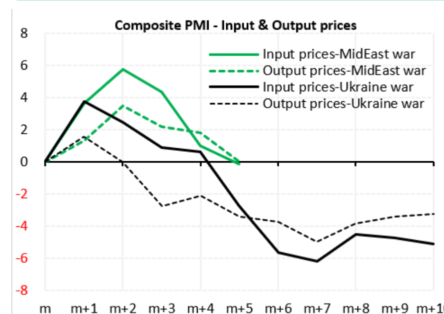
Furthermore, the manufacturing PMI index deteriorated slightly in July and remains below its February 2026 level. The decline in activity was less severe than in 2022, but the recovery is sluggish.

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.

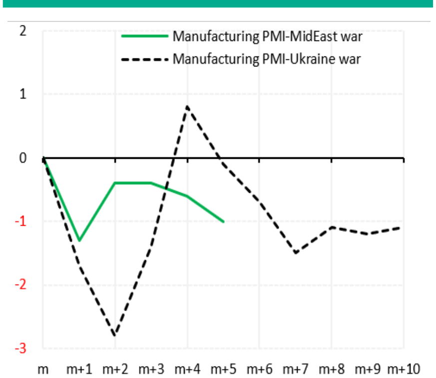
July 2026: A slowdown for consumer price inflation ...



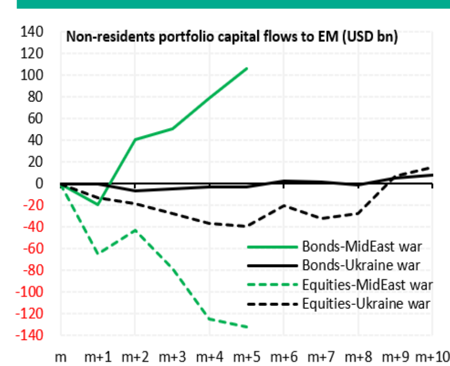
July 2026: ...... and upstream prices



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

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

Oil & gas: A fragile market equilibrium maintains elevated price levels

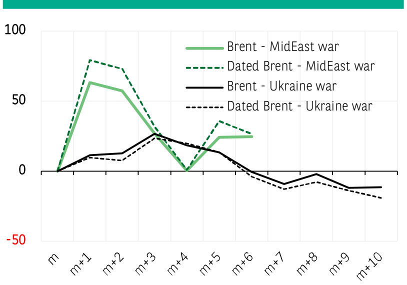
Oil and gas markets remain volatile and followed different trajectories during August. The gas market does not benefit from the buffers in place in the crude oil market. Oil prices have stabilised at a high level, widening the gap compared to the 2022 crisis. While the increase in gas prices remains lower than that seen following Russia's invasion of Ukraine, the pace of the price increase is high.

Oil: Brent oil prices stabilised at a high level during August, in the absence of further military escalation and supported by increased flows passing through the Strait (bypass pipelines and trade shuttle (tanker convoy escorted by US navy)). The spread between the Brent futures price and the physical price (Dated Brent) has remained narrow since early June, driven by the use of bypass, the accelerated drawdown on OECD inventories (notably US SPRs), and declining Chinese oil imports.

Gas: European spot gas prices (TTF) have risen significantly over the past month for two main reasons: 1/ the lack of recovery in LNG flows exiting the Gulf (unlike crude oil), and 2/ increased competition in the LNG market between Europe, which is replenishing its pre-winter stocks, and Asia, where demand remains high during the summer months.

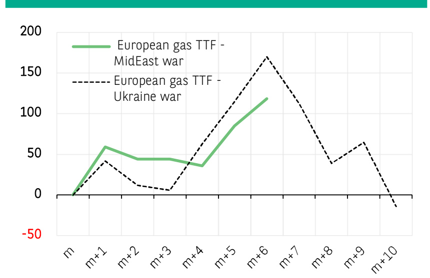
Electricity: The rise in European wholesale electricity prices accelerated during the summer due to successive heatwaves. These heatwaves increased electricity demand and, furthermore, nuclear power production was constrained by heatwaves and drought conditions in certain Central European countries and in France to a lesser extent. In this context, the reliance on more expensive resources (gas) is driving electricity prices upward.

August 2026: Crude oil prices stabilize at a high level



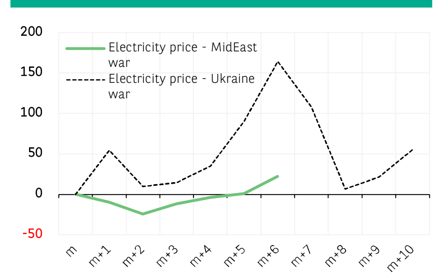
Note: change % since 02/27/2026 - 02/23/2022; last price 08/31/2026

August 2026: Persisting tensions on the European gas market



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

August 2026: Heatwaves 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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