

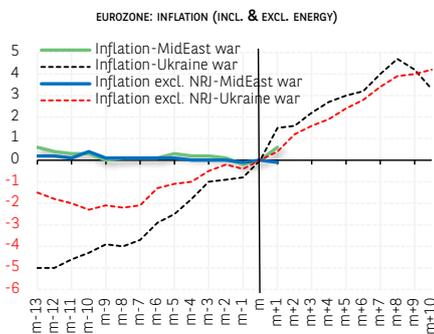
## EUROZONE: SIX CHARTS COMPARING THE IMPACT OF THE 2026 ENERGY CRISIS WITH THAT OF 2022

Hélène Baudchon

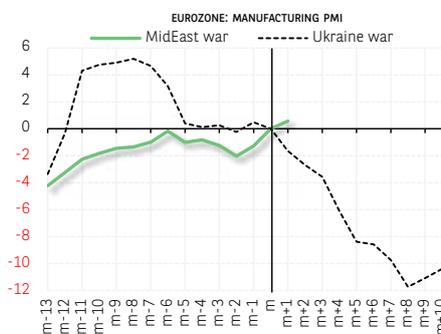
Will the same causes produce the same effects? In other words, will the outbreak of war in Iran and the associated surge in oil prices (+44% to date) and gas prices (+64%) lead to an inflationary shock<sup>1</sup> comparable to that of 2022? Will their negative effects on growth<sup>2</sup> be the same as those of the war in Ukraine and the ensuing energy shock (a rise in oil prices of around 30% between 23 February and its peak in early June 2022<sup>3</sup>, and a rise in gas prices of around 210% between 23 February and the peak in late August 2022)? The risk cannot be ruled out. Indeed, there are similarities and numerous uncertainties.

**Middle East war: a more limited impact, for now, on Eurozone inflation and confidence than at the onset of the Ukraine war**

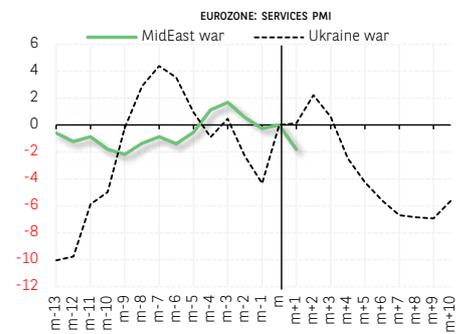
March 2026: a more limited inflation rebound



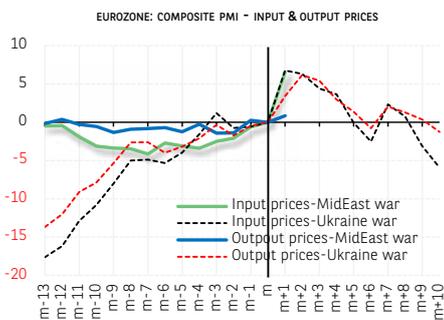
March 2026: business confidence in the manufacturing sector remains well oriented



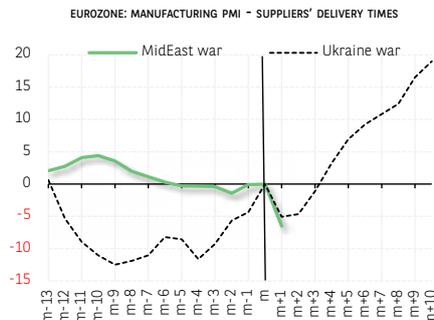
March 2026: business confidence in services on a downtrend



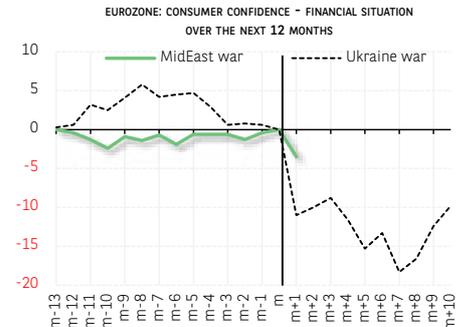
March 2026: input prices rose but not output prices



March 2026: delivery times eased



March 2026: consumer confidence less affected



Change since m = 0 = February 2026 / February 2022

SOURCE: EUROSTAT, EUROPEAN COMMISSION, MACROBOND, BNP PARIBAS

1 Headline inflation in the Eurozone soared by 11 percentage points (pp) between its low in December 2020 (-0.3% y/y) and its peak in October 2022 (10.6% y/y). The energy shock triggered by the outbreak of war in Ukraine amplified an inflationary surge that was already underway: between February and October 2022, the rise in headline inflation reached nearly 5 pp.  
 2 This is illustrated by the halt to growth in the Eurozone in late 2022 and early 2023. From an average quarterly rate of close to 1% (driven by the post-Covid rebound) in the first half of 2022, growth halved in Q3 2022 (+0.5%), before stalling in Q4 2022 and Q1 2023. This was followed by a year of sluggish growth (+0.15% q/q on average per quarter between Q2 2023 and Q2 2024).  
 3 The rise in oil prices began in April 2020 and was substantial. On 21 April, Brent fell to an exceptionally low level of USD 10 per barrel, meaning that between this low and the peak of around USD 120 per barrel reached in early June 2022, its price increased twelvefold.



**At first glance, a shock less inflationary than in 2022.** It is clear, however, that the economic context in which this new energy shock is unfolding is less inflationary than in 2022. At that time, economic activity was still benefiting from the post-Covid rebound. Strong demand was accompanied by numerous supply constraints due to severe disruptions and tensions in supply chains. Furthermore, energy inflation was compounded by food inflation. Today, the surge in inflation is likely to be less severe: demand is less robust and supply constraints have eased. Therefore, the conditions do not appear to be in place for a significant spillover of rising energy prices. But this will need to be monitored closely.

Moreover, central banks have learnt lessons from the inflationary shock of 2021-2023. They are ready to react more swiftly to counter any spillover, spiral and second-round effects between rising prices, inflation expectations and wages.

**A muted impact so far.** To date, the impact has remained contained within both the financial and real spheres. The limited and somewhat surprising reaction of financial markets does raise questions. Nevertheless, it constitutes a welcome, mitigating factor, preventing, for the time being, the energy shock from being exacerbated by a financial shock<sup>4</sup>. The first macroeconomic indicators available for March (survey data and flash inflation estimates) tell a reassuring story too: their reaction is also, for the most part, limited. This is good news, but in no way does it prejudice what will happen next. It is highly likely that the deterioration observed will continue: the question is by how much.

To track the effects of this new energy shock on activity and prices in the Eurozone, and also to see how closely the current situation resembles that of 2022, we have selected two measures of inflation (including and excluding energy) and six soft data:

- Business confidence, as measured by the PMI indices for business sentiment in the manufacturing and services sectors;
- The 'input prices' and 'output prices' components of the composite PMI (to identify direct inflationary pressures);
- The 'suppliers' delivery times' component of the manufacturing PMI (a direct indicator of possible supply difficulties and supply-demand imbalances and, therefore, indirectly, of potential inflationary pressures at work);
- Household confidence, as reflected in its 'assessment of financial situation' component (to capture the effect on purchasing power).

The trend in each of these indicators is observed relative to month  $m=0$ , when the conflict began, more or less during the year that follows and the year that precedes it. We are interested in the variation in each of them as well as the broader trend within which it fits.

**Less unfavorable developments in March 2026 than in March 2022.** The charts speak for themselves: excluding energy, inflation has not (yet) budged, and last March, most of the surveys showed a less unfavorable reaction to that of March 2022. The improvement in the manufacturing PMI in March 2026 is one of the positive signals, as is the absence of a rise in the 'output price' component, and the fact that the deterioration in household sentiment regarding their financial situation was more limited than in March 2022. The easing of delivery times is also a positive sign, but these are likely to tighten again due to growing supply difficulties linked to the closure of the Strait of Hormuz. The deterioration in the services PMI is a black spot on the picture, as is the rise in input prices, which was of a similar magnitude in March 2026 to that of March 2022. The starting point is, however, much lower. Moreover, what matters most is the absence of – or limited – pass-through to output prices.

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<sup>4</sup> For further details, see Isabelle Mateos y Lago's editorial in Ecweek, [Gulf War: Are Financial Markets Sleepwalking?](#), 30 March 2026.



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