





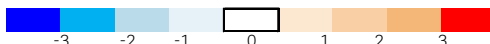


Germany: Momentum continues in Q1, with risk of a pull-back in Q2

		Apr 25	May 25	Jun 25	Jul 25	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	Feb 26	Mar 26
	Global												
	Composite Index	-1.4	-1.4	-1.2	-1.2	-1.1	-1.3	-1.2	-1.3	-1.3	-1.3	-1.2	-1.5
	Credit*												
	Interest rate on new NFC loans, %	3.9	3.8	3.8	3.6	3.5	3.6	3.6	3.6	3.7	3.7	3.6	
	Net flows of NFC loans (12-month cumulative, EUR bn)	10	7	6	8	15	10	15	15	10	-3	-2	
	Net NFC debt securities issuance (12-month cumulative, EUR bn)	8	4	1	3	-2	-2	-2	2	2	4	6	
	Industry												
	Business Climate												
	Composite	-1.6	-1.3	-1.3	-1.2	-1.2	-1.3	-1.1	-1.3	-1.3	-1.2	-1.1	-1.3
	Expected production	-0.7	-0.5	-0.9	-0.3	-1.0	-0.6	-0.4	-0.8	-0.9	-0.8	-0.5	-0.3
	Order books	-1.6	-1.5	-1.8	-1.6	-1.5	-1.8	-1.6	-1.5	-1.7	-1.5	-1.3	-1.2
	Export order books	-1.7	-1.5	-1.8	-1.6	-1.5	-1.7	-1.5	-1.4	-1.7	-1.4	-1.4	-1.3
	Price expectations	0.1	-0.3	-0.4	-0.3	-0.3	-0.5	-0.4	-0.2	-0.2	0.0	0.5	
	Employment expectations	-1.4	-1.2	-1.7	-1.5	-1.4	-1.4	-1.6	-1.7	-1.8	-1.7	-1.6	-1.5
	Services												
	Business Climate												
	Composite	-1.2	-1.2	-0.9	-1.0	-1.0	-1.4	-1.2	-1.1	-1.3	-1.4	-1.2	-1.6
	Expected activity	-1.1	-1.0	-0.5	-0.5	-0.7	-1.1	-0.8	-0.8	-1.1	-1.1	-0.8	-1.6
	Price expectations	0.6	0.3	0.2	0.2	0.6	-0.2	0.1	0.3	0.6	0.2	0.2	0.5
	Employment expectations	-1.4	-0.9	-1.5	-1.3	-1.6	-2.2	-1.5	-2.0	-2.2	-1.4	-1.7	-1.5
	Retail												
	Business Climate												
	Retail trade	-1.5	-0.9	-1.3	-1.6	-1.4	-1.4	-1.3	-1.6	-1.7	-1.4	-1.7	-2.0
	Price expectations (Food)	0.6	0.3	0.4	0.2	0.3	0.5	0.2	0.1	-0.1	-0.2	0.0	0.1
	Wholesale trade	-1.7	-1.3	-1.1	-1.2	-1.1	-1.3	-1.1	-1.1	-1.3	-1.2	-1.1	-1.5
	Construction												
	Business Climate												
	Composite	-1.2	-1.0	-0.8	-0.8	-0.9	-0.8	-0.8	-0.8	-0.8	-0.8	-0.6	-0.9
	Expected activity	-1.2	-1.0	-0.9	-0.4	-0.5	-0.4	-0.4	-0.3	-0.4	-0.4	-0.2	-0.3
	Price expectations	-0.1	-0.4	-0.3	-0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.4	1.0
	Employment expectations	-1.0	-0.9	-0.2	-0.2	-0.4	-0.3	-0.5	0.4	-0.2	-0.3	0.0	-0.3
	Household Confidence & Credit*												
	Housing purchases	2.5	2.5	2.5	0.7	0.7	0.7	1.2	1.2	1.2	2.5	2.5	2.5
	Interest rate on new housing loans, %	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.8	3.8	
	New housing loans (12-month cumulative, EUR bn)	220	224	227	230	232	234	236	238	241	240	240	
	Consumption												
	Household Confidence & Credit*												
	Composite	-0.7	-0.5	-0.6	-0.5	-0.7	-0.5	-0.7	-0.9	-0.9	-0.6	-0.8	-1.2
	Expected financial situation	-0.6	-0.4	-0.4	-0.2	-0.6	-0.3	-0.7	-0.7	-1.0	-0.5	-0.5	-1.0
	Major purchases opportunity	-1.1	-1.0	-1.0	-1.1	-1.2	-1.1	-1.2	-1.0	-1.1	-1.1	-1.2	-1.4
	Price expectations	0.3	-0.1	-0.6	-0.2	0.0	0.1	0.1	0.1	0.3	-0.3	-0.1	1.7
	Fears of Unemployment	-0.9	-0.9	-0.9	-0.9	-1.0	-1.0	-1.0	-0.9	-0.9	-1.0	-1.1	-1.2
	Interest rate on new consumer loans, %	8.0	7.9	7.9	8.1	8.0	7.9	7.9	8.0	7.7	8.1	8.1	
	New consumer loans (12-month cumulative, EUR bn)	95	94	93	92	91	91	91	90	90	90	90	



Indicators are converted into z-scores, i.e. deviations from their long-term average (expressed in standard deviations). Positive (negative) values indicate that the indicator is above (below) its long-term average by a given number of standard deviations. Red shading corresponds to strong economic activity, elevated inflation expectations, and low unemployment fears, while blue indicates a slowdown in activity, moderate inflation expectations, and heightened unemployment fears.

*Credit indicators are neither standardised as z-scores nor associated with any colour coding: they are shown in levels (or as 12-month cumulative flows) and should be interpreted separately from the other indicators.

The energy shock has mainly resulted in precautionary behaviour on the part of firms, which increased their inventories in March. This reflects the sharp rise in input costs (which are still below their 2022 levels, however). In the short term, the build-up of corporate inventories (prior to the acceleration in inflation) has supported production. The rise in energy prices does not appear, at this stage, to have affected household spending behaviour.

Macroeconomic pressures have led to a marked slowdown in housing loans and a decline in consumer and business lending. Whilst interest rates remain stable, new loans to households for house purchase continued to slow on a year-on-year basis in February. Consumer loans continue to decline sharply. Year-on-year, net bank lending to businesses fell for the second consecutive month in February, a situation which had not been seen since 2015. This decline is only being marginally offset by the modest year-on-year rise in net debt-security issues.

GDP: growth, carry-over and forecasts									
OBSERVED GROWTH (q/q)			CARRY-OVER	FORECAST (q/q)			ANNUAL FORECAST		
Q2 2025	Q3 2025	Q4 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026	2025 (observed)	2026	2027
-0.2	0.0	0.3	0.2	0.3	0.5	0.5	0.4	1.4	1.5

Source: Refinitiv, BNP Paribas

Growth is expected to reach 0.3% in Q1, as in Q4 2025. This continued momentum would once again be driven by public investment and consumption, whilst private consumption is expected to be robust in Q1 (as household purchasing intentions have not deteriorated significantly). Inventory build-up is also expected to have a positive impact, whilst import dynamics will mean that net exports will continue to contribute negatively.

Adverse consequences could be seen in Q2, with household consumption growth hampered by rising inflation. Public consumption and investment (at least public investment) would remain robust.

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