

Overview: Resilient growth in the first quarter of 2026

Solid growth in Q1 2026. According to our nowcast, growth is expected to strengthen in the Eurozone (+0.4% q/q, after +0.2% in Q4) and in France (+0.3% q/q, after +0.2% in Q4), driven by a positive momentum despite the energy shock that began in March. In the United States, the rebound suggested by the GDP Now (+0.3% q/q, after +0.1% in Q4) is underestimated. This is because this indicator does not take into account the favourable post-shutdown effect (which our forecast of 0.9% q/q, non-annualised, does). In the other major Eurozone economies, growth is expected to have remained broadly stable: in Germany and Italy, the pace is expected to remain close to Q4 2025 levels (+0.3% q/q), thanks to public demand (investment and consumption). The United Kingdom is expected to see an acceleration (+0.3%, after +0.1% in Q4) due to strong production performance at the end of Q1 2026. In Japan, growth is expected to increase slightly (+0.4% q/q, compared with +0.3% in Q4). In China, it accelerated in Q1 (+1.3% q/q, compared with +1.2% in Q4). In all countries, a tendency to stockpile (before inflation accelerated) may have boosted growth for the quarter.

A risk of significantly adverse consequences from Q2 2026, though still barely noticeable. Beyond the adverse consequences linked to stockpiling in Q1, rising inflation will weigh negatively on household consumption across all economies. This factor is expected to be partially offset by robust investment (particularly in defence and AI) and public spending (despite moderate support for household purchasing power), which would avert any risk of contraction. The forecasts in this publication will be revised by the end of April in order to take into account a possible risk of more pronounced adverse consequences.

A resilient business climate but more anxious households. Business climate indicators remain broadly positive. They have not faltered despite the rise in input costs (which is still lower than the rise recorded in 2022). By contrast, household confidence is deteriorating significantly as inflation expectations rise (albeit to a lesser extent than in 2022).

Mixed financing trends but relatively unchanged support for growth. In the Eurozone, interest rates on new loans to households and businesses remained stable in February, whilst lending growth (mortgages, and consumer and business loans) was sluggish. Meanwhile, net debt-security issues were on the rise. In the United Kingdom, lending (consumer and corporate) remained buoyant whilst mortgage lending stabilised. In the United States, the rise in interest rates is expected to slow mortgage-lending growth in 2026. Consumer and corporate lending continue to rise. In Japan, lending (mortgage and corporate) continues to rise despite ongoing monetary tightening.

Lucie Barette (completed on 16 April 2026)

CONTENT

Eurozone:

Resilience in Q1, but uncertainty ahead

Germany:

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

France:

Growth held up well in Q1

Italy:

Good momentum in Q1, but less certainty thereafter

United Kingdom:

Following a rebound in growth in Q1, a risk of stagflation from Q2 onwards emerges

United States:

Business sentiment remains buoyant

Japan:

Strong growth in Q1

China:

Calm

