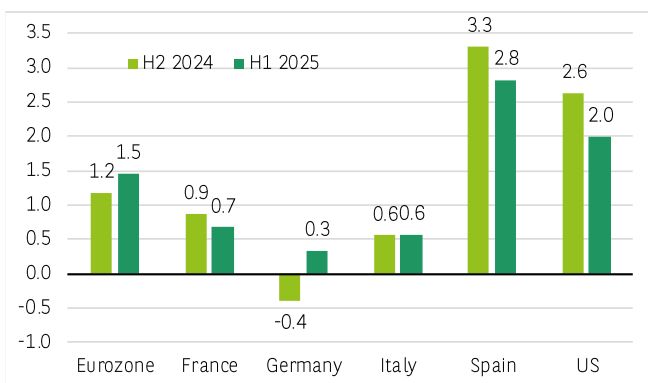


## EcoFlash

## Resilient growth in Q2, in both the Eurozone and the United States

GDP growth figures for the first half of the year were clouded by a series of conflicting factors. In Q2, growth in the Eurozone was hit by a decline in exports, while imports in the United States led to a sharp rebound. This is a backlash from Q1, when additional exports, in anticipation of the tariff shock, had supported growth in the Eurozone, while penalising growth in the United States. Beyond this unusual volatility, it is the robustness of growth that is striking. In the Eurozone, German growth was back, although moderately, and monetary policy easing had an impact, with this robustness set to continue in the second half of the year. In the United States, the slowdown remained relative but is likely to strengthen due to the growing impact of tariffs on inflation and consumption.

Chart: average half-yearly growth (year-on-year, %)



Source: Macrobond, BNP Paribas

**In the Eurozone, real GDP growth stood at 0.1% q/q in Q2, in line with our forecasts.** This anticipated slowdown following strong growth in Q1 (mainly driven by higher exports) nevertheless reflected a healthy pace of growth at the aggregate level. Year-on-year, real GDP grew by 1.4%. Spain posted the strongest growth (+0.7% q/q after +0.6% in Q1) in the Eurozone, thanks to continued buoyant domestic demand (contribution of +0.9pp compared with +0.5pp in Q1) and despite a slowdown in external demand (-0.1pp after +0.1pp in Q1). Ireland, on the other hand, experienced the sharpest contraction (-1.0% q/q) after a 7.4% increase in Q1. However, this figure does not appear to be bad news, after a sharp rise in exports in Q1. As also, Irish growth is known for its high volatility. Germany and Italy also recorded contractions (-0.1% q/q), although to a lesser extent, and were probably penalised by a decline in exports offsetting the sharp rise in Q1 ([see our analysis](#)). However, as shown by the calculation of average growth levels per half-year (chart), Germany has benefited from a return to growth in H1 2025, contributing to additional growth in the Eurozone as well.

**France, meanwhile, saw its growth improve compared with Q1** (+0.3% q/q; +0.2pp). However, this rebound was partly due to exceptional factors, with agricultural production returning to normal (after being severely affected by heavy rainfall in 2024) and an increase in inventories mainly explained by transport equipment (heralding a rebound in aerospace exports in H2, after a contraction in H1). Overall, growth was lower than in 2024 and than in the Eurozone as a whole. Household investment has improved, however, thanks to the significant impact of lower interest rates.

**In the United States, a technical rebound enabled growth to post an impressive result of +0.7% q/q in Q2.** This figure contrasts sharply with the contraction (-0.1% q/q) recorded in the first quarter<sup>1</sup>. However, it was mainly due to a return to normal levels of imports. In Q2, they fell by 8.6% q/q, after rising by 8.4% in Q1, driven by the need to pre-empt new customs tariffs, which had reduced the aggregate quarterly result by 1.2pp. Furthermore, clear signs of an economic slowdown were appearing in the core measure of private demand (private domestic final purchases), whose growth (+0.3% q/q, -0.2pp) slowed again. Ultimately, beyond the inter-quarter volatility caused by foreign trade, the US economy appears to be continuing its soft landing, with year-on-year growth stable at +2.0% in Q1 and Q2.

**Thus, initial estimates for Q2 painted a picture of developed economies more resilient than expected to the shock of uncertainty.** While initial fears and developments in monetary policy caused volatility, growth appeared to remain robust. This robustness should continue to characterize the Eurozone in H2, with the conclusion and

<sup>1</sup> On an annualised basis, growth rose from -0.5% in Q1 to +3.0% in Q2.

implementation of the US-EU agreement ([see our analysis](#)) and the implementation of German investment plans ([see our analysis](#)). In the United States, the additional increase in customs tariffs should feed through to inflation and further dampen growth.

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