United States: Growth shrugs off inflation

The US macroeconomic performance has seemingly been unaffected by the energy shock. GDP growth came in at 3.4% AR in Q3 2026 (up 0.8pp), its highest print since Q3 2025.

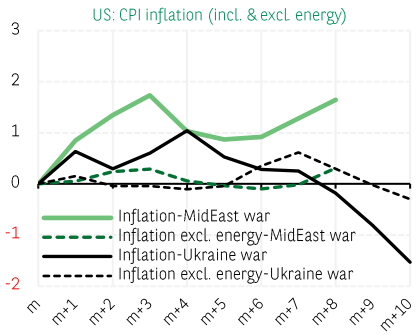
This result was underpinned by buoyant private domestic demand. Consumer spending held at 3.8% AR, despite higher inflation and still-gloomy household sentiment. Business investment jumped 12.7M AR, the fastest since Q3 2020, on the back of the AI capex cycle.

Survey data suggest the momentum carried into Q4. In October, the Manufacturing ISM confirmed the sector's recovery, while services growth eased but remained solid. Price and supply-chain pressures persisted.

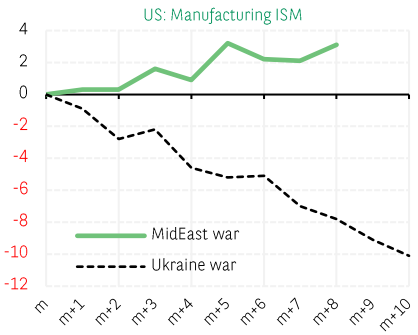
October data were a reminder that the US inflation problem reaches beyond the rise in energy prices. Admittedly, the associated subcomponent accounts for almost all of the rise in headline CPI inflation since the last pre-Iran print.

Underlying pressures, however, have been broadening and strengthening. The monthly pace of CPI excluding energy has accelerated every month since June, to 0.3% m/m in October. We therefore expect the FOMC to hike by 25bp in both December and January, taking the Fed Funds target range to 4.25% - 4.5%.

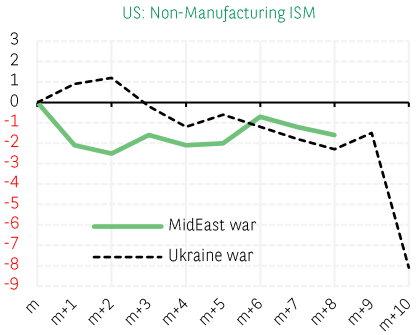
October 2026: Broad-based rise in inflation



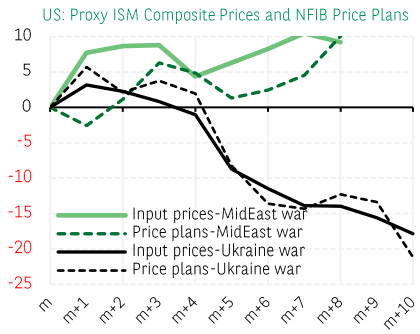
October 2026: Manufacturing expansion gathers pace



October 2026: Services activity is easing, but still solid

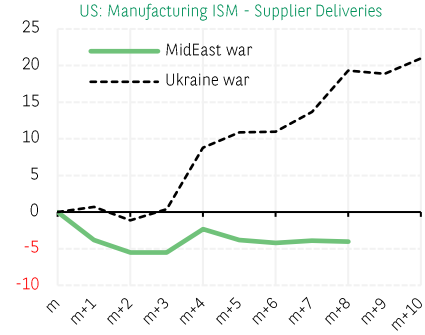


October 2026: Price pressures persist on the production side

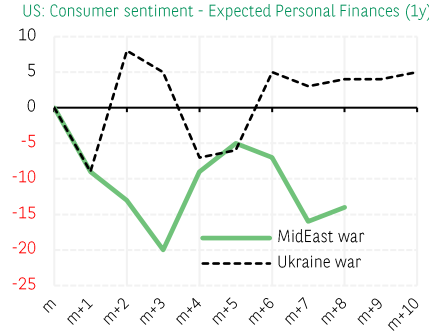


Price plans= companies stated plans to adjust their selling prices in the short term.

October 2026: No improvement in supply delivery times



October 2026: Consumers remain worried about their finances



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