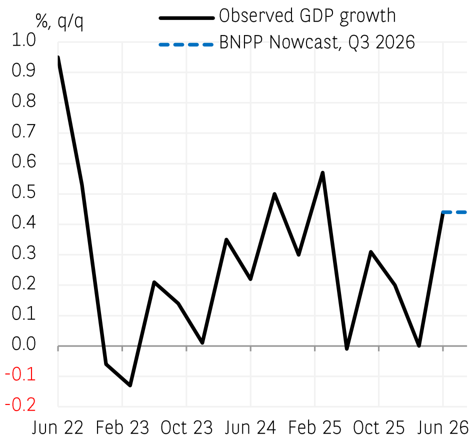
# The scenario, forecasts and nowcasts of the Economic Research - 14 September 2026

## NOWCASTS OF THE ECONOMIC RESEARCH

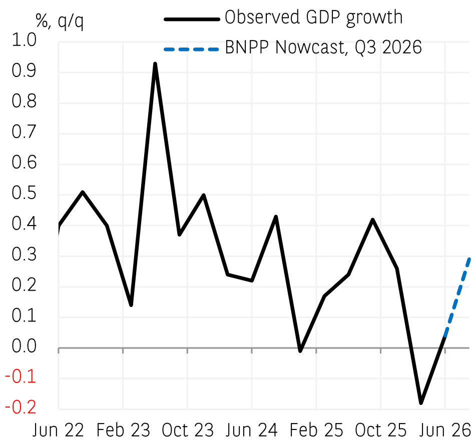
### Eurozone




Source: Refinitiv, BNP Paribas

Our nowcast for Eurozone growth points to resilient growth in Q3 (+0.4% q/q) driven by the improvement in the PMI surveys.

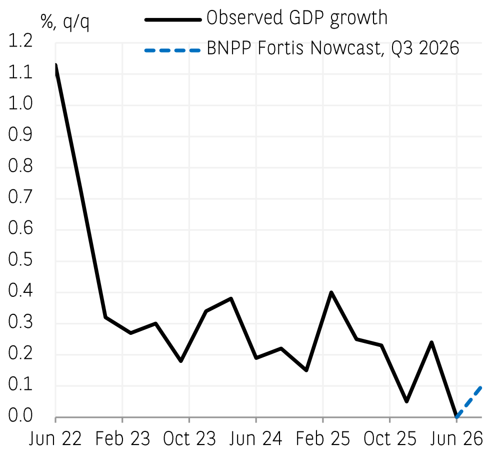
### France




Source: Refinitiv, BNP Paribas

Our nowcast for French GDP growth suggests a recovery in Q3 2026, at +0.3% q/q, albeit the impact of the heat wave on agricultural production is a downside risk.

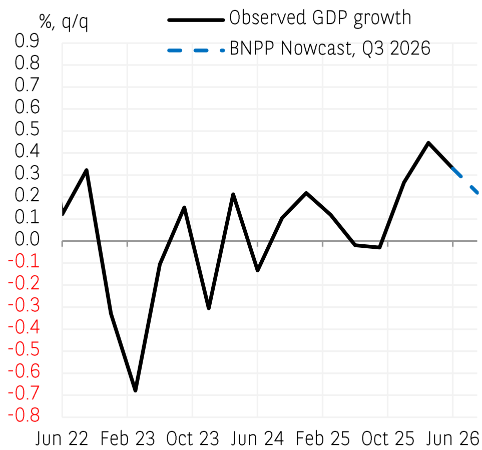
### Belgium




Source: Refinitiv, BNP Paribas Fortis

Our nowcast for Belgium GDP growth suggests a mere growth performance in Q3 (0.1% q/q, after 0% in Q2). The business climate is low, as inflation pressures bind.

### Germany




Source: Refinitiv, BNP Paribas

Our Germany nowcast indicates that growth should slow slightly in Q3 to +0.2% (after +0.4% in Q1 and +0.3% in Q2). It is expected to remain supported by exports. Industrial production remains strong at the start of the quarter but could be affected by the weather conditions recorded in August.

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Read the Nowcast methodology
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## ECONOMIC SCENARIO AND FORECASTS

### GDP growth and Inflation

| % | GDP Growth 2024 | 2025 | 2026 e | 2027 e | Inflation 2024 | 2025 | 2026 e | 2027 e |
|---|---|---|---|---|---|---|---|---|
| United States | 2.8 | 2.1 | 2.2 | 2.3 | 2.9 | 2.7 | 3.4 | 2.3 |
| Japan | -0.2 | 1.2 | 1.0 | 1.2 | 2.7 | 3.1 | 2.0 | 2.5 |
| United Kingdom | 1.0 | 1.3 | 1.2 | 1.3 | 2.5 | 3.4 | 3.2 | 3.2 |
| Euro Area | 0.9 | 1.3 | 1.1 | 1.5 | 2.4 | 2.1 | 3.0 | 2.8 |
| Germany | -0.5 | 0.3 | 1.1 | 1.3 | 2.5 | 2.3 | 2.7 | 2.6 |
| France | 1.1 | 0.9 | 0.5 | 1.0 | 2.3 | 0.9 | 2.4 | 2.3 |
| Italy | 0.6 | 0.7 | 0.9 | 0.8 | 1.1 | 1.6 | 2.9 | 2.1 |
| Spain | 3.5 | 2.8 | 2.6 | 2.2 | 2.8 | 2.7 | 4.0 | 3.9 |
| China | 5.0 | 5.0 | 4.6 | 4.5 | 0.2 | 0.0 | 1.0 | 1.2 |
| India* | 7.2 | 7.8 | 6.7 | 6.9 | 4.6 | 2.1 | 5.0 | 4.6 |
| Brazil | 3.4 | 2.3 | 1.9 | 1.3 | 4.4 | 5.0 | 4.5 | 4.6 |

Source : BNP Paribas (e: Estimates & forecasts)
Last update: 14/09/2026
* Fiscal year from April 1 of year N to March 31 of year N+1

### Interest and exchange rates

| Interest rates, % | | 2026 | | 2027 | | | |
|---|---|---|---|---|---|---|---|
| End of period | | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| US | Fed Funds (upper limit) | 4.00 | 4.25 | 4.50 | 4.50 | 4.50 | 4.50 |
| | T-Note 10y | - | 4.95 | 4.95 | 4.90 | 4.85 | 4.80 |
| Eurozone | deposit rate | 2.50 | 2.75 | 2.75 | 2.75 | 2.75 | 2.75 |
| | Bund 10y | - | 3.50 | 3.40 | 3.30 | 3.25 | 3.20 |
| | OAT 10y | - | 4.43 | 4.40 | 4.25 | 4.18 | 4.10 |
| | BTP 10y | - | 4.38 | 4.33 | 4.18 | 4.08 | 3.98 |
| | BONO 10y | - | 3.98 | 3.90 | 3.74 | 3.65 | 3.55 |
| UK | Base rate | 3.75 | 4.00 | 4.00 | 4.00 | 3.75 | 3.50 |
| | Gilts 10y | - | 4.90 | 4.80 | 4.70 | 4.65 | 4.50 |
| Japan | BoJ Rate | 1.25 | 1.50 | 1.75 | 1.75 | 1.75 | 2.00 |
| | JGB 10y | - | 2.90 | 2.95 | 2.95 | 3.15 | 3.25 |

| Exchange Rates | | 2026 | | 2027 | | | |
|---|---|---|---|---|---|---|---|
| End of period | | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| USD | EUR / USD | - | 1.14 | 1.14 | 1.16 | - | 1.20 |
| | USD / JPY | - | 163 | 163 | 163 | - | 163 |
| | GBP / USD | - | 1.34 | 1.36 | 1.38 | - | 1.43 |
| EUR | EUR / GBP | - | 0.85 | 0.84 | 0.84 | - | 0.84 |
| | EUR / JPY | - | 186 | 186 | 189 | - | 198 |

| Brent | | 2026 | | 2027 | | | |
|---|---|---|---|---|---|---|---|
| Quarter Average | | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Brent | USD/bbl | 87 | 81 | 78 | 79 | 81 | 80 |

Sources: BNP Paribas (Market Economics, Interest Rate Strategy, FX Strategy, Commodities Desk Strategy), Last update: 14/09/2026


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## UNITED STATES

The US economy is expected to grow above its potential in 2026, with an average annual growth rate of 2.2%, close to the 2025 rate (2.1%). This apparent resilience tothe uncertainty, tariff and energy shocks, together with above-trend productivity growth, masks K-shaped growth, driven by investment linked to AI-optimism and consumption by the wealthiest amid a wealth effect (historically high stock market valuations). Inflation overshooting is set to continue (3.4% in 2026) at least through 2028, largely because of the rise in oil prices and tariffs – although the impact of these latter appears to be less significant than expected. The labour market is showing clear signs of improvement that should bring the unemployment rate down toward 4.0%. Given this shift in price and employment risks amid dynamic growth, we expect the FOMC to start a cycle of three rate hikes (+25pb each) at the September 2026 FOMC meeting, bringing the Fed Funds target range at 4,25% - 4,50% in January 2027.

## CHINA

Economic growth slowed to 4.3% y/y in Q2 2026 vs. 5.0% in Q1. It is projected to reach 4.6% in 2026 as a whole, down from 5% in 2025. Growth remains characterized by a K-shaped trajectory, and the gap between the strong performance of exports and the fragility of sectors that rely on domestic demand has even widened this year. Domestic demand rebounded in the first two months of 2026 but has weakened significantly since March. The crisis in the property sector continues and household confidence remains low. Fiscal policy measures aimed at supporting economic growth are expected to increase in the second half of the year. CPI inflation rebounded slightly in H1 2026, mostly due to the rise in global energy prices, as well as due to the increase in electronic good prices and anti-involution measures implemented by the authorities. Deflationary pressures persist, however, given weakness in domestic demand.

## EUROZONE

Eurozone growth is expected to slow to 1.1% in 2026 (from 1.3% in 2025), before strengthening to 1.5% in 2027, supported by higher defence and infrastructure spending as well as the global AI capex cycle. The economy has proven resilient to the energy shock, notably thanks to the increasingly tangible impact of German defence spending on the real economy. Elevated energy prices in the autumn (especially for natural gas), combined with resilient growth, are set to accelerate inflation to a peak around the turn of the year. Annual average inflation is thus expected to reach 3.0% in 2026 (from 2.1% in 2025), before easing to 2.8% in 2027. Given persistent inflation and resilient growth, we anticipate another 25bp hike from the ECB in December 2026, bringing the deposit rate to 2.75%, followed by an extended pause. That said, stronger than expected second-round effects could lead to more tightening than our current baseline.

## FRANCE

GDP growth remained low in Q2 (0% after -0.2% in Q1) as a result of deteriorated agricultural and construction output, as well as higher inflation (2.4% in 2026 according to our forecast, after 0.9% in 2025). In 2026, GDP growth should reach 0.5% (after 0.9% in 2025), driven mainly by exports.

## UNITED KINGDOM

UK GDP growth would ease slightly to 1.2% in 2026 (1.3% in 2025), holding at a similar 1.3% in 2027. The economy has weathered both the energy price shock and domestic political volatility so far. That said, growth is expected to decelerate in the second half of the year, while inflation should remain stubbornly above target (annual average of 3.2% both in 2026 and 2027), driven by energy, food and a build-up of second-round effects. We expect the BoE to deliver a single "insurance" hike in November 2026, bringing the Bank Rate to 4.00%, in response to the ongoing energy shock. We expect the BoE to resume easing in H2 2027, with two cuts taking the Bank Rate to 3.50% by end-2027.

## JAPAN

We expect annual GDP growth to stand at 1.0% in 2026, down from 1.2% in 2025. Higher inflation and production costs associated with the energy shock are expected to weigh on the economy's overall performance. On the other hand, the latter is supported by fiscal policy and AI-related investment. Inflation has generally overshot the 2% y/y target since 2022. Accordingly, the Bank of Japan initiated a cautious process of "adjustment in the degree of monetary accommodation" in 2024, lifting the policy rate to 1.0% so far (previously negative) – the highest since 1995. We expect three hikes by the end of Q1 2027, followed by a return to a more cautious pace until the terminal rate of +2.5% is reached in H2 2028. Japan is facing long-term rates pressure, illustrated by historically high 10- and 30-year yields, probably fueled by the level of public debt and the pace of monetary adjustment.

## EXCHANGE RATES

We expect Fed hikes to temporarily offset structural headwinds and support the dollar. EUR/USD would target 1.14 by end-2026, before the dollar's structural downtrend resumes toward 1.20 by end-2027, although political and fiscal risk may weigh on the euro next year. The USD/JPY appreciation would continue but at a more moderate pace, with the BoJ still behind the curve despite its hikes. By contrast, GBP/USD would see relative support underpinned by a modest fiscal risk premium under the new Labour government, and resilient growth.