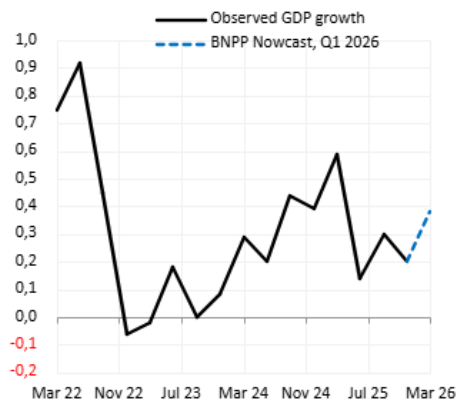


## The scenario, forecasts and nowcasts of the Economic Research – 20 April 2026

### NOWCASTS OF THE ECONOMIC RESEARCH

#### Eurozone



Source: Refinitiv, BNP Paribas

#### France



Source: Refinitiv, BNP Paribas

#### Belgium



Source: Refinitiv, BNP Paribas

Our nowcast for Eurozone growth points to an acceleration in Q1 2026 (+0.4% q/q) compared with Q4 2025 (+0.3%). This is due to stronger industrial momentum, as evidenced by the improvement in the manufacturing PMI in January-February.

Our nowcast for French growth suggests continued momentum in Q1 2026, at +0.3% q/q, which is the average level recorded since Q2 2025. This growth is supported by industry. The decline in consumer confidence in March is not expected to weigh on Q1 GDP, but rather on Q2.

Business sentiment at its lowest level in 10 months and the cooling down of the labor market have led to a downward revision of our nowcast for Q1 Belgian GDP growth (from 0.3% to 0.15%). In parallel, business transactions (a proxy for activity levels) are trending down again since a couple of weeks.

Read the [Nowcast methodology](#)  
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### ECONOMIC SCENARIO AND FORECASTS

#### GDP growth and Inflation

%	GDP Growth				Inflation			
	2024	2025	2026 e	2027 e	2024	2025	2026 e	2027 e
United States	2,8	2,1	2,7	2,0	2,9	2,7	3,2	2,5
Japan	0,1	1,2	0,8	0,9	2,7	3,1	2,0	2,5
United Kingdom	1,1	1,3	0,6	-	2,5	3,4	3,6	3,3
Euro Area	0,9	1,5	1,6	1,6	2,4	2,1	1,9	2,3
Germany	-0,5	0,4	1,4	1,5	2,5	2,2	1,6	2,3
France	1,1	0,9	1,3	1,3	2,3	1,0	1,1	1,5
Italy	0,5	0,7	1,0	0,9	1,1	1,7	1,5	1,9
Spain	3,5	2,8	2,5	2,3	2,8	2,7	2,3	1,9
China	5,0	5,0	4,7	4,5	0,2	0,1	0,9	1,0
India*	7,1	7,6	7,0	6,8	4,6	2,1	4,1	4,3
Brazil	3,4	2,2	1,8	1,4	4,4	5,0	4,0	3,8

Source : BNP Paribas (e: Estimates & forecasts)  
 Last update: 13 April 2026

\* Fiscal year from April 1 of year N to March 31 of year N+1

#### Interest and exchange rates

Interest rates, %		2026				2027
		Spot 17/04	Q2	Q3	Q4	Q4
End of period						
US	Fed Funds (upper limit)	3.75	3.75	3.75	3.75	3.75
Eurozone	T-Note 10y	4.24	4.35	4.45	4.50	-
	deposit rate	2.00	2.25	2.75	2.75	-
	Bund 10y	2.93	3.00	3.05	3.10	-
	OAT 10y	3.51	3.65	3.80	3.87	-
UK	BTP 10y	3.68	3.58	3.70	3.75	-
	BONO 10y	3.39	3.42	3.50	3.55	-
	Base rate	3.75	-	-	-	-
Japan	Gilts 10y	4.76	4.50	4.40	4.30	-
	BoJ Rate	0.75	1.00	1.25	1.25	2.00
	JGB 10y	2.39	2.00	2.05	2.10	-
Exchange Rates		2026				2027
		Spot 17/04	Q2	Q3	Q4	Q4
End of period						
USD	EUR / USD	1.18	1.18	1.19	1.20	1.22
	USD / JPY	158	158	159	160	160
	GBP / USD	1.36	1.30	1.29	1.30	1.30
EUR	EUR / GBP	0.87	0.91	0.92	0.92	0.94
	EUR / JPY	186	186	189	192	195
Brent		2026				2027
		Spot 17/04	Q2	Q3	Q4	Q4
Quarter Average						
Brent	USD/bbl	91	57	63	63	73

Sources: BNP Paribas (Market Economics, Interest Rate Strategy, FX Strategy, Commodities Desk Strategy), Last update: 20/04/2026



We invite you to follow our [Ecolnsights](#) analyses on the war in Iran.  
The “Growth and Inflation” baseline scenarios will be fully updated in April.

## UNITED STATES

The US economy is expected to grow above its potential pace in 2026, with an average annual growth rate of +2.7%, a yearly improvement (+2.1% in 2025). This apparent resilience to uncertainty, tariff and energy shocks, together with above-trend productivity growth, masks K-shaped growth, supported by investment linked to AI-optimism and consumption by the wealthiest amid a wealth effect (historically high stock market valuations). The inflation overshooting of the target is set to continue (+3.2% in 2026) until at least 2028 due to tariffs – although the impact of these appears to be less significant than expected – and the rise in oil prices. The labour market is experiencing a slowdown in both demand and supply, linked to a less dynamic economy than after the post-pandemic reopening due to the administration's immigration policy. The rebalancing of risks surrounding the Fed's dual mandate and its emphasis on the ‘employment’ component has triggered a new cycle of rate cuts. The FOMC implemented three rate cuts (-75 bps cumulative) in total in 2025, and we expect the Fed Funds target range to be held steady à 3,5% - 3,75% throughout 2026.

## CHINA

Economic growth accelerated to +5.0% y/y in Q1 2026, vs. +4.5% in Q4 2025. It stood at 5% in 2025 as a whole and it is expected to slow moderately in 2026. Growth remains characterized by a K-shaped trajectory. On the one hand, exports are still dynamic, and Chinese goods are likely to remain competitive in the short term. On the other hand, domestic demand remains sluggish. It rebounded in the first two months of 2026 but weakened again in March. The crisis in the property sector continues and confidence of households and private investors remains low. The authorities will maintain supportive fiscal and monetary policies, but their measures will continue to be modest, even in a less supportive global environment. Deflationary pressures are expected to decline in 2026, notably thanks to higher global energy prices and anti-involution measures implemented by the authorities.

## EUROZONE

After holding up well in 2025 (1.5%), growth is expected to strengthen in 2026 (+1.6%). It is expected to grow at a stable quarterly rate of 0.5% over the year. Favourable carryover effect would keep the average annual unchanged in 2027 (1.6%), despite a lower quarterly profile (+0.3% q/q). The roll-out of fiscal measures in Germany and the planned increase in military spending and AI-related investment in Europe, against a backdrop of labour market resilience, underpin this scenario. This momentum will nevertheless be undermined by the energy shock linked to developments in the Middle East, which leads us to revise our monetary policy scenario for 2026: the ECB would implement three successive rate hikes (June, July, September), bringing the deposit rate to 2.75%. In this context, this tightening would increase uncertainty regarding our growth outlook, without invalidating it at this stage.

## FRANCE

GDP growth reached 0.2% q/q in Q4 (after 0.5% q/q in Q3), driven by private consumption (+0.3% q/q), household investment (+1.1% q/q) and the exports of aeronautics. Inflation was quite low in 2025 (1%) and should not accelerate in 2026 (1.1%). In 2026, GDP growth should increase to 1.3%, driven by demand (business investment, exports, private consumption), after a lower performance in 2025 (0.9%).

## UNITED KINGDOM

Economic activity is expected to slow in 2026, with growth easing to 0.6% after 1.4% in 2025. The energy shock linked to the war in Iran would generate renewed inflationary pressures, and instead of gradually converging back to target, inflation is projected to reach 3.6% a/a before declining only gradually to 3.3% a/a in 2027. In this context, and contrary to the previously expected monetary easing, we now anticipate a tightening of 50 basis points in 2026. Growth momentum would remain weak, with quarterly expansion averaging around +0.1%. Activity would be mainly supported by public spending, particularly through increased public investment; defense investment plans in the UK and across Europe are expected to provide some support to economic activity. Conversely, persistent labor market tightness, risks of de-anchoring of inflation expectations (and thus second-round inflationary effects), as well as deterioration in corporate conditions could weigh further on the outlook.

## JAPAN

Japanese growth is expected to slightly exceed its potential level in 2026. In 2025, the average annual growth rate stood at +1.2% and is expected to slow to +0.8% in 2026, as fiscal policy should support activity while supply constraints and inflation temper it. Underlying inflation has exceeded the +2% y/y target since 2022. As a result, solid nominal wage increases, which are expected to continue in 2026, are proving insufficient to stem the decline in real incomes and support household demand. The level of public debt is contributing to bond pressure, illustrated by record 10-year and 30-year rates over more than two decades, probably reinforced by expansionary fiscal policy and the spacing of key rate hikes. In fact, in 2024, the Bank of Japan began a cycle of ‘less accommodative’ policy and the policy rate currently stands at +0.75% (previously negative). We expect the process to extend, including one hike in Q2 2026 (+25pb), until a +2.0% terminal rate is reached at the end of 2027.

## EXCHANGE RATES

We expect the dollar to continue depreciating against the euro. Structural changes in fiscal policy and the expected strengthening of growth in Europe, coupled with the slowdown in the United States, underpin our forecast of a gradual and moderate rise in the EUR/GBP exchange rate by the end of 2026 (1.20 in Q4 2026). Conversely, we anticipate a slight depreciation of the yen and the GBP against the dollar (USD/JPY 160 and GBP/USD 1.3 in Q4 2026).

