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EDITORIAL

THE ECB'S NEW TEAM FACES A TESTING START — WITH THE SKILLS TO MATCH

European leaders are set to agree on a package deal at their 26–27 November meeting for the three ECB Board seats falling vacant in the first five months of 2027. Individually, they differ markedly from their predecessors. Collectively, they bring a remarkably similar mix of skills. Policy preferences may be another matter. In any case, they will need to hit the ground running. Top priorities: communications, crisis management, soft landing, balance sheet, policy-making upgrades, and role of the euro.

MORE CONTINUITY THAN MEETS THE EYES, WITH A BONUS

Based on the nominations filed by last Friday's deadline, EU leaders are expected to appoint Spain's Pablo Hernández de Cos to replace Christine Lagarde as President in February; France's Laurence Boone to take over market operations from Isabel Schnabel in January; and Germany's Markus Brunnermeier to succeed Philip Lane as chief economist in May.

The incoming Board members share their predecessors' international standing and commitment to Europe and the euro. Beyond that, the individual differences are striking. Yet together they offer the same blend of monetary policy expertise, academic financial economics and political nous. Monetary experience comes not from the chief economist this time, but from Hernandez de Cos, a former Bank of Spain governor who now heads the Bank for International Settlements, the "bank of central banks". Brunnermeier brings his expertise as a Princeton professor; Boone her experience as a presidential "sherpa", OECD chief economist and minister for Europe. Her stints at Axa and several international investment banks also bring an insider's knowledge of capital markets that the Board has lacked since Mario Draghi. All three were involved, if not in frontline roles, in managing the Eurozone crises of the past decade. The essential skills are there.

WILL THE ECB LEAN MORE DOVISH?

A more dovish ECB is not a foregone conclusion. Judging by his record, I expect the new President to seek the same "owl" label as his predecessor: neither dove nor hawk. Boone is likely to be as dovish as Lane. Brunnermeier, however, is hardly a hawk — a marked contrast with the outgoing German Board member, Schnabel. The Governing Council's hawks will need another champion. They will surely find at least one: perhaps Vice-President Boris Vujcic, who succeeded Luis de Guindos last June, or a new national central bank governor. Nature abhors a vacuum, in ornithology as elsewhere.

NO SMOOTH SAILING AHEAD FOR THE NEW CREW

Thorny challenges await:

First, inflation is running at twice the ECB's target, and has probably not peaked, even if oil prices go no higher. Growth has proved surprisingly resilient to rate rises, so the ever-feared trade-off between fighting inflation and sustaining growth has yet to materialise. It will sharpen if inflation proves stickier than expected.

Second, markets have been unsettled for weeks by fears of an AI bubble, and of an ever-ascending path for French public debt, which the coming spring elections could worsen. The risk premium on French debt has hovered around twice its level at the start of the year, threatening contagion to other high debt Eurozone sovereigns, notably Italy, Belgium, and Spain. Market moves have remained orderly, and financial conditions have tightened only moderately thus far. But that may not last.

Third, cyber disruptions, whether driven by AI agents or other sources, have become alarmingly more frequent in recent weeks. They could rattle the financial system, in the Eurozone or globally, at any time.

THE NEW LEADERSHIP'S PRIORITIES

The first few days

Find a sound communications footing. Many a central bank leader celebrated as a tough act to follow upon leaving office caused unintended market volatility early in their tenure. Little prepares for the power of every word to move markets, or for an off-the-cuff remark to undo the effects of a carefully drafted statement. Sometimes, the lessons can be learnt without serious consequences. Now is not such a time.

The first few weeks

- Build a new modus operandi. Each of Hernández de Cos's predecessors brought a different leadership style and skill set, and faced different personal dynamics on the Board and Governing Council. Each eventually made it work. That cannot be taken for granted. Efficient, effective, and well-understood decision-making — for which the current ECB deserves high marks — takes work. With two-thirds of the Board changing in less than a year, establishing an effective way of working will be paramount. Fortunately, Hernandez de Cos wins high praise from those involved in the many central banking committees he has chaired over the years.

- Take ownership of crisis management playbooks — before a crisis hits. Several, no doubt, exist already. The new President and Board members will want to be comfortable with them and may add their own touches. No crisis follows a script, but thinking through the options, trade-offs, and contingencies ahead of time can save precious time and avert mistakes.

The first few months

- Deliver a soft landing. Both the ECB's central forecast and economists' consensus envisage Eurozone inflation returning close to target by late 2027 or early 2028, with growth holding at 1–1.5%. The risks outlined above mean that this outcome is far from assured. The ECB will need to stay nimble.

- Finalise the balance sheet strategy. How large should the ECB's balance sheet be in steady state, and which instruments should manage systemic liquidity? The 2025 Strategy Review left these questions open: there was broad agreement that unwinding crisis-era asset purchases could stay on autopilot for a while. That phase is nearing its end. Better to have a plan before problems arise, not least given the fraught market environment that has settled in.

- Consider the combined effect of monetary, balance sheet and macro-prudential policies. A coherent, comprehensive approach would be a major step forward and improve the odds of a soft landing. The new Board is uniquely qualified to take it: for the first time, it will have deep expertise and experience across all these dimensions, starting with the President and Vice-President.

Longer term

- Understand AI's economic effects on aggregate demand, labour markets and productivity, and the implications for monetary policy. Excellent work on this is already under way, but the effects will evolve rapidly. Unless policymakers anticipate them, or at least understand them in real time, monetary policy risks missing the mark. The ECB must also clarify which effects monetary policy can address, and which belong with fiscal authorities, such as a rise in structural unemployment, were it to occur.

- Use AI to improve monetary policy analysis and decision-making. Brunnermeier has been at the forefront of academic economists' work in this area, and should be able to play a decisive role in upgrading the ECB's work in this regard.

- Continue to promote the euro's international role and its place as a pillar of EU sovereignty. That means continuing to: advocate for progress in the architecture of the European Monetary Union; modernise euro-based cross-border payments and remain at the frontier of support for a vibrant euro-based blockchain finance ecosystem through the ECB's Pontes and Appia projects.

I am confident that the new leadership is as qualified as any to deliver. Nonetheless, their task is a daunting one. All EU citizens and corporates should wish them every success. I certainly do.

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Find out more in our scenario and forecasts

IN BRIEF

A week richer in geopolitical and market developments than macroeconomic ones:

19 November

While President Trump held warm meetings with Presidents Xi and Putin in China (bilaterally and trilaterally, with no deliverables announced), 30+ country leaders gathered in Berlin at the Coalition of the Willing Summit, hosted by German Chancellor Merz and co-chaired with French President Macron and UK Prime Minister Burnham — to pledge continued support to Ukraine, financial and otherwise.

20 November

The EU and UK had a successful Brexit reset summit yielding concrete steps toward a closer economic relationship. Tech stocks led global markets into a tailspin. The S&P 500 is down more than 10% from its peak, and the Nasdaq more than 20%, implying negative returns year to date. It lost $4tn of market capitalisation over the week, of which half on Friday alone.

These moves, should they be sustained, let alone worsen, could call into question the picture of economic strength and hawkish central banks that has prevailed until now (including in the write-up below).

ADVANCED ECONOMIES

EUROZONE

Tame wage growth confirms rate outlook; new ECB leadership package set. Negotiated wages rose 2.6% y/y in Q3. The labour cost index grew faster (3.4%), but this partly reflects higher employment during the period, which is a positive development. That said, ECB officials' statements increasingly converged on the need for further tightening as October inflation was confirmed at 4% y/y, and core at 2.6%. Germany nominated Princeton academic Markus Brunnermeier to succeed Philip Lane as ECB chief economist, while France nominated former Europe Minister Laurence Boone to succeed Isabel Schnabel. EU leaders should formally endorse them, along with Pablo Hernández de Cos as President, at their Summit next week. For a commentary on what this means and the priorities that await them, see Isabelle Mateos y Lago's Substack and Editorial).

France

Mixed economic data, a surprise budget golden rule proposal, and 2027 electoral map starting to take shape. The INSEE business climate index fell from 97 in October to 95 in November, with accommodation, catering and retail particularly affected following the October riots. Manufacturing proved more resilient, with its index at 104, above both its 2026 and long-term average. Business creations were up 14% y/y in October and 16.5% over the latest three months. Growth in bank and market financing to businesses slowed respectively to 4.4% and 3.6% y/y in September (with the average cost of market financing exceeding that of bank financing by 60 bps, the most since December 2022).

On Sunday 22 November, President Macron surprised by announcing a plan to convene the National Assembly and Senate in a special session in early January, to vote on a constitutional reform initiated in 2011 that would require to balance the budget over time. This would require a special majority of 3/5ths of the Congress, which arithmetically exists based on parties that have recently proposed a fiscal rule. However, success is far from assured given political dynamics. The passage of this reform would go a long way to appease market fears over the direction of French fiscal policy beyond the 2027 elections. Meanwhile, Budget Minister Amiel said on Nov. 20 that France must find at least €6 billion of additional savings in the 2027 budget after growth slumped and the government made additional spending pledges. This is consistent with the latest European Commission forecast that France's budget deficit will reach 5.5% of GDP in 2026, exceeding the revised 5.4% target, and will barely narrow in 2027.

On the election front, with five months to go before the first round, 3 of the 4 leading candidates of the right and centre (David Lisnard, Bruno Retailleau and Gabriel Attal) have opened discussions on a possible right-and-centre primary election at the end of January. Édouard Philippe has ruled out taking part in it. Meanwhile, the National Rally (Rassemblement national) has presented its long-awaited proposals for pension reform. They include Marine Le Pen's long-made promise to lower the legal retirement age to 62, but with several measures aimed at containing the costs of the reform. Also included is the creation of a mandatory capitalisation pillar. Despite these mitigating steps, most analysts (ourselves included) expect the measures to have a net negative impact on fiscal sustainability. For a synthetic primer on the candidates' fiscal and pension proposals, see our Focus.

Upcoming: INSEE household confidence (Wednesday); November HICP inflation flash estimate, Q3 employment and final Q3 GDP (Friday).

Germany

Sentiment rebounds, but producer-price pressures accelerate sharply. The ZEW economic confidence index jumped 7.5 points to 35.6 in November, its highest since February 2026, while the assessment of current conditions also improved, albeit remaining deeply negative. Producer prices, meanwhile, surged 8.1% y/y and 1.4% m/m in October, their fastest annual increase since February 2023, driven primarily by energy and energy-intensive sectors.

Upcoming: November Ifo Business Survey (Tuesday); Q3 National Accounts (Wednesday); November GfK Consumer Sentiment (Thursday).

Italy

Energy pushes inflation to a three-year high. Harmonised inflation reached 5.6% y/y in October, the highest since September 2023, although core inflation was considerably more contained, at 2.3%. Energy inflation reached 31.8%, while goods prices rose 7.6% against 3.0% for services.

UNITED KINGDOM

Consumers perk up even as inflation and labour-market strains persist. Payroll employment fell by 34,000 in October, extending the 12-month decline to 95,000, and vacancies dropped to 690,000, their lowest since 2014. The LFS measure was more encouraging, showing employment up 156,000 in the three months to September and unemployment edging down to 4.6%. Inflation accelerated slightly to 3.6% y/y, while GfK consumer confidence recovered two points to -22 and October retail-sales volumes rebounded 0.7% m/m after falling 0.6% in September.

The Brexit reset inches forward. At a Summit on Friday hailed as a reset of the UK-EU relationship, the two sides agreed on a series of measures aimed at easing food trade, linking carbon markets and facilitating youth mobility. The implementation plan will also include cooperation on the EU's "Made in Europe" initiative, potentially improving UK firms' access to EU procurement opportunities. UK Prime Minister Burnham is explicitly casting this agreement as the first step of a

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journey to reconsider Brexit. He intends to set out options that could include rejoining the customs union or single market or possibly the EU itself, although this is controversial even within his own party and would in any case only happen in the next Parliament.

UNITED STATES

Resilient activity, struggling housing market and more Fed hikes ahead. October headline activity data were soft, but the details held up better. Industrial production fell 0.4% m/m, largely because of a 4.3% drop in utilities, while manufacturing output rose 0.3% m/m and its annual growth reached 2.1%, the fastest since 2022. Retail sales slowed to 0.2% m/m, but the GDP-relevant control group accelerated to 0.6%. Housing remains the weak spot: starts rebounded 9.9% after three months of sharp declines, but permits fell 7.5% and the NAHB homebuilder index dropped to its lowest since 2012. Minutes from the 27-28 October FOMC meeting showed that "almost all participants" expected further tightening under their baseline outlook and FOMC members comments this week confirmed these views, albeit with disagreement over the pace and scale of extra tightening needed. We have added one rate hike in 2027 to our earlier forecast, to take the Fed Fund rate to 4.5-4.75% by mid-year.

Upcoming: Q3 GDP second estimate, Fed Beige Book, October PCE and core PCE inflation, October durable-goods orders and new-home sales (Wednesday).

JAPAN

Inflation moves further above target. Headline CPI rose 0.8% m/m and 2.3% y/y in October as energy prices increased for the first time since July. Underlying pressures strengthened as the new core measure excluding fresh food and energy accelerated to 0.5% m/m. BoJ Governor Kazuo Ueda expressed confidence that consumption would rebound after disappointing Q3 GDP and reiterated that raising the policy rate remained warranted.

TO WATCH NEXT WEEK

Major economies: Flash PMIs for November (Monday).

EMERGING ECONOMIES

ASIA

The AI-led equity market sell-off is spreading.

- Hong Kong Hang Seng Index: -5.2% between 13 November and 20 November;

- China CSI 300 Index: -1.5% between 13 November and 20 November (of which IT subindex: -5.5%);

- South Korea Kospi Index: -8% between 13 November and 20 November and -30.1% since 1 October;

- Taiwan TWSE: -17.5% between 13 November and 20 November and -25.5% since 1 October. The KRW and TWD have held up.

Southeast Asia is still one of the world's strongest growth spots. Over the first nine months of 2026, Vietnam led the region with 9% growth, followed by Singapore at 6% and Malaysia at 5.6%, while Thailand and the Philippines lagged with GDP growing at 2.8% and 2.5%. The divergence largely reflects the stronger boost from AI-related investment and semiconductor and electronics exports in the more technology-oriented economies.

LATIN AMERICA

Brazil

Slower activity and fiscal doubts put the *real* under renewed pressure. The central bank's activity index contracted 0.9% q/q in Q3 amid tight monetary conditions. The Senate approved a fiscal package expected to improve the primary balance by 0.2pp of GDP, but concerns about the public-debt trajectory persist. The real has depreciated 9% against the dollar since President Lula's re-election, prompting the central bank to intervene in the foreign-exchange market on 19 November.

EMERGING EUROPE

Central Europe

Hungary : Policy rate on hold. As expected, the Central bank maintained its policy rate on hold at 5.5% for the 3rd consecutive month. Whilst inflation is still contained (2% y/y in October), it has been rising and should pick up further in the coming months due to the end of fuel price caps and the possible end of food margin caps. Meanwhile, the future shift in the Central bank's inflation target to 2.5% ±1% in 2028 and the need to anchor inflation expectations suggest some caution ahead. In the meantime, Hungary's 10-year sovereign bond yield has fallen markedly since last April's elections (-143 bp). **In Poland**, currency and bond markets may be more prone to volatility due to increasing political tensions between the Central bank and the Constitutional court.

Türkiye

Inflation fears and investment fund scandal shake sentiment. On November 12, the Turkish central bank raised its end-2027 inflation forecast to 21% from 15%, citing the Iran war. Foreign currency deposits held by Turkish residents rose $5.2 billion in the week through November 13 — the biggest weekly increase since July.

COMMODITIES

Oil and gas. Prices fall as markets look through geopolitical risks. Despite a flare-up in attacks in the Strait of Hormuz and Saudi Arabia and renewed rumours of imminent US-Israeli massive strikes on Iran, Brent fell 0.5% over the week to $92/bbl as markets focused on the expected year-end crude surplus forecast by the IEA, and improving refined-product inventories. US commercial crude inventories increased another 3.4mb to 418mb, while SPR stocks fell 3.2mb. Diesel cracks declined 10% in the US and 8.5% in Europe. European gas prices rose by 11% to €94/MWh amid forecasts of cold temperatures for the next two weeks.

y/y = year-on-year
m/m = month-on-month
bp = basis point
pp = percentage point
mb = million barrels

FOCUS – FRENCH ELECTIONS

A PRIMER ON FISCAL MEASURES DEBATED IN FRENCH ELECTIONS: MOST CANDIDATES COMMIT TO RESTORING FISCAL SUSTAINABILITY, WITH UNEVEN CREDIBILITY

This note offers an overview of the measures proposed by presidential election candidates from the main political groups, namely Marine Le Pen, Jean-Luc Mélenchon, Édouard Philippe, Raphaël Glucksmann, David Lisnard and Bruno Retailleau. The focus here is on their proposals for public finances and pensions[1]. Overall, budget plans go in the right direction but rely on overly optimistic costs and revenue assumptions. However, in several cases a proposed "golden rule" enhances credibility. The proposals regarding pensions improve on the status quo in most cases, including, in some cases, by introducing a capitalisation pillar. However, most safeguard costly features of the current system, without enough measures to offset their impact fully.

Proposals on Public Finances: Optimistic assumptions in general, but a "golden rule," proposed by a majority of candidates, could boost the credibility of the fiscal path.

Candidates	Golden rule	Fiscal deficit target for 2032	Spending reduction target	Taxation	Analysis (BNP Paribas)
Marine Le Pen *Rassemblement National*	**Yes** *A fiscal deficit at least 0.5 pp below the threshold required to stabilise the debt ratio (about 3% of GDP), as long as the public debt-to-GDP ratio exceeds 60%. A fiscal adjustment of 0.5 pp per year is required if the fiscal deficit exceeds the deficit level required to stabilise the public debt-to-GDP ratio by more than 1 pp.*	**2.2% of GDP** *Target of EUR193 bn in savings (of which 53 bn is allocated to tax cuts and 140 bn to the reduction of the public deficit)*	Public spending reduced to less than 50% by 2032, from 57% of GDP in 2026 (an "optimistic" estimate, including 28 bn from streamlining public spending, 11 bn from contributions to the European budget, and 15 bn from immigration)	Tax increases estimated at nearly EUR20 bn (notably the tax on share buybacks) Tax cuts financed by spending cuts: estimated at EUR53.2 bn; of which 30 bn by 2027, including the VAT cut on energy. The programme also includes the elimination of production taxes	**Higher fiscal deficit likely without further consolidation measures.** The impact of the measures is overestimated and the growth assumption of 1.7% per year too optimistic. The fiscal deficit should reach 6% of GDP in 2027 and remain between 6% and 6.5% of GDP thereafter (from now until 2032). Further consolidation measures will therefore be necessary if a "golden rule" is adopted.
Jean-Luc Mélenchon *La France insoumise*	**No**	Stabilising debt/GDP within the term (five years).	No objective to reduce spending, instead new spending deemed "urgent" (starting in 2027, totaling 81 billion euros): EUR37.5 bn for income (civil servant pay adjustments, inflation indexation, increases in pensions and benefits), EUR22.2 bn for public services, EUR10 bn for environmental planning, and EUR12 bn for social spending. Proposal for debt relief through a freeze or cancellation of French sovereign debt held by the ECB	Additional revenue (EUR106.4 bn from 2027): EUR54 bn from wealth and capital gains (inheritances, the Zucman tax, increased wealth tax, elimination of the flat tax), EUR 22 bn from lower tax breaks, EUR 20 bn from corporate taxes	**Surge in fiscal deficit likely.** The impact of revenue measures is largely overestimated. The fiscal deficit would reach 10% of GDP in 2027 and 12% in 2028. Negative effects are likely (capital flight). Market reaction is likely and should trigger a constrained consolidation accompanied by spending cuts
Édouard Philippe *Horizons*	**Yes** *The rule would be written into the Constitution and adopted by referendum at the start of the term to stop parliamentarians from pushing the deficit past the EU's 3% threshold.*	**< 2.5% of GDP**	EUR150 bn in savings. 50% on social spending (pensions, Reducing the number of RSA recipients, imposing three waiting days for sick leave, and a reduction in the duration of unemployment benefits to 12 months (currently 18) for those under 50), 25% on the central government and local authorities. 25% will come from higher revenues (from country's economic recovery). A goal of not replacing 250,000 civil servants who retire; merge, eliminate, or privatise 30 government agencies.	A reduction of EUR50 bn in production taxes, financed by a reduction in business subsidies of the same amount. A commitment not to create any new taxes during the term of the mandate	**Credible targets.** The impact of the measures is probably slightly overestimated, particularly the 25% of the adjustment that should come from higher growth and job creation. However, the golden rule should mean that additional measures would be implemented in case of a disappointing growth impact.
Raphaël Glucksmann *Social Démocrate*	**NA**	**NA**	Goal of redirecting a portion of spending, particularly the EUR211 bn in subsidies and tax exemptions for businesses (candidate's estimate)	Increase in inheritance taxes (+EUR15 bn) to finance lower social security contributions	NA
David Lisnard *Nouvelle Énergie*	**Yes** *Ultimately, borrowing would be permitted only to finance an investment (the operating budget would have to be balanced)*	Timeline unknown, **but the final target would be to have a balanced operating budget**	EUR200 (documented) to 300 (target) bn in public spending cuts. Savings, first year: EUR80 bn. Bring down the share of public spending in GDP to 50% (-7pp) through a large reform of policymaking processes (decentralisation, cutting 10% of the civil servant positions;	Cutting the CSG on earned income from 9.2% to 6.6% to raise take-home pay directly.	More details are needed.
Bruno Retailleau *Les Républicains*	**Yes** *Put the public finance programming law into the constitution. Any draft finance law should thus comply with the trajectory defined in this law*	**2.2% of GDP** Target of EUR197 bn in savings (146 bn devoted to reducing the public deficit, 51 bn to tax cuts)	Government spending: EUR96 bn in savings (from not replacing 400,000 civil servants) Reduction of administrative agencies: EUR7.5 bn Social spending: EUR91 bn in savings (of which 42 bn on pensions and 14 bn on unemployment insurance)	EUR51 bn in savings would be allocated to reducing the tax burden (30 bn for businesses, 21 bn for households)	**Proposal** balanced between a constraint (the "golden rule") and measures that will generate credible savings (particularly on pensions), under a credible growth assumption (1% per year through 2032).

KEY TAKEAWAYS

- The bulk of the candidates target a below 3% of GDP fiscal deficit by 2032. The budget proposals are often optimistic (or lack sufficient detail), which is a common feature of previous presidential campaigns (*e.g.*, in 2017, E. Macron proposed reducing public spending to 50% of GDP by 2022).

- A majority of candidates propose a "golden rule", including the National Rally (Rassemblement national). A rule would lend credibility to their fiscal path (if the planned measures are insufficient, the golden rule would require them to adopt additional measures, as it was done *e.g.* in Germany under the debt brake).

- The budget announcements made by several candidates — including the National Rally (RN) and La France Insoumise (LFI) — are expected to worsen the fiscal deficit in 2027. According to our calculations, a one-year delay in fiscal consolidation would result in a 2 pp increase in the public debt-to-GDP ratio by the end of that consolidation (in 2032, debt would reach 126.5% of GDP instead of 124.5% without this delay), and even more if the deficit or interest rate conditions were to deteriorate significantly.

1 Other growth-critical policy proposals will be reviewed in thematic deep-dives to be published over the coming months.

- In the absence of a golden rule, LFI's commitment to fiscal consolidation remains uncertain. The candidate's promises are very costly, leading to a clear increase in the fiscal deficit. Some of the proposed measures are confiscatory in nature and would likely shrink the tax base. The candidate proposes no binding safeguards to ensure that the deficit does not spiral out of control. Furthermore, his proposal to write off part of the public debt held by the ECB could be interpreted as a way to avoid having to undertake fiscal consolidation efforts to stabilise public debt (not to mention its feasibility).

Pension costs are the main obstacle to fiscal consolidation. Most candidates propose measures to mitigate them, some much more than others.

Candidates	Retirement age	Contribution period	Possibility of early departure	Capitalisation	Indexation	Costs/ savings analysis (BNP Paribas estimates)
Marine Le Pen *Rassemblement National*	**Main: 62 years** *Repeal of the 2023 Reform* ***Full retirement benefits: 67 years***	**40 (for careers started before 20 years old) to 42 years (for careers started from 23 years old).** *For each quarter, validation is achieved by completing at least half time work (227 hours against 150 hours currently). At least 40 years of contributions will be required to retire before reaching the age for full retirement benefits (which will remain at 67).*	60 years for individuals who started their career before the age of 20 (with 40 years of contributions); this number of years increases gradually depending on the age at which they entered the workforce, to reach 42 years of contributions at age 62.	**Yes** A mandatory capitalisation pillar would create a EUR 900 bn fund (initially for those aged 52 or younger) in one generation, funded with the remaining EUR25 bn of the FRR (pension reserve fund) and financed by repurposed existing contributions (1% housing levy, the social housing fund and 50% of the contribution for professional training). The pillar should generate EUR 12 bn/year (4 6% return), with a deposit of approximately EUR500 each year, without any additional deductions. This would result, on average, in accumulating 81,000 euros by the end of a full career started in 2028.	**Yes** Full	**A net cost of EUR 90 bn by 2032 according to a first estimate (o/w 2/2 from full indexation).** The repeal of the 2023 reform (cost of the age-based measure and the reduction in the contribution period) should carry a EUR 90bn cost. Mitigating measures would save about EUR 60 bn (minimum contribution period needed to retire (40 years), increased discount (2.5% per quarter missed), and the cap at 4 quarters accumulated for unemployed people). Full indexation of the pensions for the next five years should entail a cost (EUR 60 bn).
Jean-Luc Mélenchon *La France insoumise*	**Main: 60 years** (Repeal of the 2023 reform followed another decrease) ***Full retirement benefits after 40 years of contribution***	**40 years**	**Yes**	**No** End tax advantages for capitalisation-based pensions and use the savings to fund the pay-as-you-go system.	**Yes** Full	**Costs of EUR 210 bn by 2032**, but would increase thereafter (the retirement age would not be raised to 60 immediately). Retiring at age 60, instead of the current age of 62 years and 9 months, would cost nearly EUR 60 bn per year. Full indexation of pensions would entail a cost estimated at EUR 60 bn
Édouard Philippe *Horizons*	**Main: 65 years** *Restoration of the 2023 reform, followed by another increase* **Full retirement benefits: 67 years**	**45 years**	**Yes** One in three French people could retire before age 65 (unchanged at 55 in the case of a disability, 60 in the case of permanent incapacity, and 62 in the case of reduced capability), as do early retirement for long careers.	**Yes** Expand to all employees defined-contribution corporate pension plans and establish a retirement savings plan (PER) for every French citizen, with a 500-euros contribution from the government upon entering the workforce.	**No mention**	**Savings of EUR 60 bn by 2032,** with the restoration of the 2023 reform (compared to the scenario in which the reform is frozen at age 62 years and 9 months). The delay in implementing the 2023 reform means that a retirement age of 64 would be reached in 2032. The transition to age 65 would therefore take effect later, by 2036, if the pace of the 2023 reform is maintained (one additional quarter per year).
Raphaël Glucksmann *Espace Social Démocrate*	**Main: 62 years** *Repeal of the 2023 Reform* *Full retirement benefits: no mention*	**43 years**	**Yes** Hardship is the central criterion. (e.g., some senior executives in large administrations and companies would work longer)	**No** Advocate of the pay-as-you-go system	**Yes** Full	**Costs of EUR 120 bn by 2032. EUR 60 bn is** resulting from the repeal of the age-based provision in the Borne reform, while maintaining 43 years of contributions (a position advocated by the Socialist Party). This cost could be reduced by extending the contribution period (a savings of 7.5 bn per year for each year the contribution period is extended). Full indexation of pensions to inflation should entail a cost (EUR 60 bn)
David Lisnard *Nouvelle Énergie*	**Main: 65 years** Full retirement benefits: no mention	**43 years and 6 months**	Basic pay-as-you-go pension paid unconditionally from 65, with a minimum old-age pension of EUR 1,000 per month.	**Yes** Mandatory, collective and universal, with about 40% of contributions moving into individual savings accounts. Savings managed by private firms or by default through a public fund. Transition would take about 8 successive tranches, reaching about EUR 116 bn of capitalisation, or about 40% of total pensions.	**Yes** Only for pensions below EUR 2200	**Savings of EUR 40 bn by 2032** estimated at this stage: EUR 60 bn from the pension reform, assuming that the transition to 65 years old should be gradual (64 years old to be reached in 2032 and 65 years old in 2036); indexation of the lower pensions should entail a cost (EUR 20bn)
Bruno Retailleau *Les Républicains*	**Main: 65 years including *for full retirement benefits***	**43 years**	**Minimum retirement age of 63** (7% pension reduction per year). People with long careers could retire at age 63 with full benefits (contribution exemptions to encourage them to work until 65).	**Yes** For new entrants, with a return set at a minimum of 4%, representing approximately 25 to 30% of their pension. One option is a 1% contribution on gross salary, split between employee and employer.	**No mention**	**Savings of EUR 42 bn** (candidate's estimate). The timeline for implementing the reform is unknown, which complicates the analysis. The candidate wants to push through his own reform (rather than adopting the 2023 reform), which could delay it.

KEY TAKEAWAYS

- The candidates' positions on pensions reflect real, underlying progress, particularly in order to mitigate the impact of the repeal of the Borne reform (retirement age back to 62 years old) through savings on other parameters (contribution period, or tightened conditions such as an increased discount per missing quarter).
- The prospect of fully indexing pensions, as proposed in several candidates' platforms, would be very costly (nearly 2% of GDP).
- Both measures (lowering the retirement age and full indexation) undermine the system's long-term financial stability. Everything else equal, they also reduce the size of the active labour force, a headwind to growth and fiscal sustainability.
- Édouard Philippe, David Lisnard and Bruno Retailleau advocate raising the retirement age to 65, and Édouard Philippe also calls for extending the contribution period to 45 years (while maintaining more favourable treatment for long careers and physically demanding jobs). The savings associated with extending working careers represent a significant contribution to the announced fiscal consolidation effort.
- With regard to capitalisation, there are marked differences between the candidates who currently rule it out (J.L. Mélenchon, R. Glucksmann) and the others, who have all made proposals along these lines (including the RN).

Completed on 23 November 2026

MARKETS OVERVIEW

Bond Markets

	In %	In bps			
	20/11/2026	1-Week	1-Month	Year to date	1-Year
Bund 2Y	3.06	+5.5	+0.4	+97.2	+107.9
Bund 5Y	3.12	+4.3	-6.0	+65.3	+86.3
Bund 10Y	3.28	+3.7	-8.9	+41.8	+59.8
OAT 10Y	4.78	+12.4	-1.1	+127.9	+136.5
BTP 10Y	4.39	+10.7	-13.7	+89.3	+92.4
BONO 10Y	3.86	+8.4	-12.0	+61.6	+68.6
Treasuries 2Y	4.63	+5.8	-15.7	+115.1	+106.1
Treasuries 5Y	4.73	+5.2	-21.4	+100.0	+106.5
Treasuries 10Y	4.92	-1.2	-19.0	+75.4	+3.2
Gilt 2Y	4.70	+11.2	-10.7	+94.3	+89.7
Treasuries 5Y	4.91	+11.1	-15.1	+105.8	+100.6
Gilt 10Y	5.24	-3.9	-17.2	+47.6	+17.2

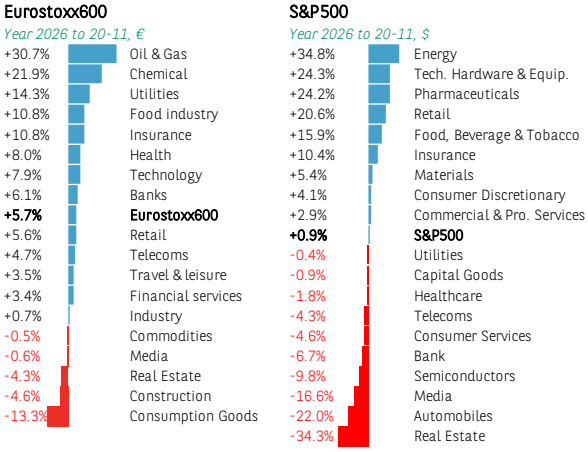
Currencies & Commodities

	Level	Change, %			
	20/11/2026	1-Week	1-Month	Year to date	1-Year
EUR/USD	1.10	-1.9	-2.3	-6.5	-4.7
GBP/USD	1.31	-2.2	-2.1	-2.6	+0.1
USD/JPY	158.73	+0.4	+0.5	+1.3	+0.7
DXY	103.81	+2.1	+2.1	+5.6	+3.6
EUR/GBP	0.84	+0.4	-0.2	-4.0	-4.8
EUR/CHF	0.92	+0.2	-0.7	-0.9	-0.9
EUR/JPY	174.32	-1.5	-1.9	-5.3	-4.1
Oil, Brent ($/bbl)	92.50	-0.1	-15.0	+52.0	+45.8
Gold ($/ounce)	3555	-13.9	-14.0	-17.8	-12.7

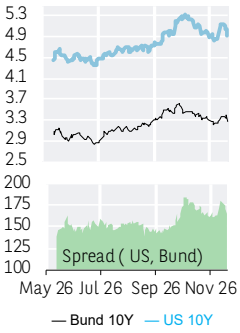
Equity Indices

	Level	Change, %			
	20/11/2026	1-Week	1-Month	Year to date	1-Year
World					
MSCI World ($)	4460	-8.0	-9.4	+0.7	+5.8
North America					
S&P500	6910	-8.5	-10.4	+0.9	+5.7
Dow Jones	48147	-8.1	-8.3	+0.2	+5.2
Nasdaq composite	22618	-10.4	-14.4	-2.7	+2.4
Europe					
CAC 40	7928	-3.7	+1.1	-2.7	-0.7
DAX 30	24803	-5.6	-2.0	+1.3	+6.5
EuroStoxx50	5942	-5.5	-2.9	+2.6	+6.7
FTSE100	10346	-4.0	-3.6	+4.2	+8.6
Asia					
MSCI, loc.	1774	-4.3	-7.4	+5.0	+7.6
Nikkei 225	56437	-4.0	-11.9	+12.1	+13.3
Emerging					
MSCI Emerging ($)	1420	-6.9	-11.2	+1.0	+3.5
China	63	-9.4	-8.4	-23.5	-24.8
India	1018	+3.7	+13.0	-3.8	-4.8
Brazil	1500	-10.5	-31.8	-8.9	-8.9

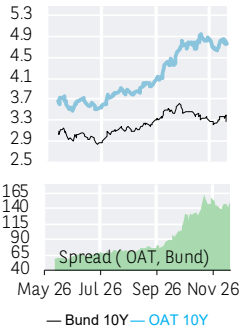
Performance by sector



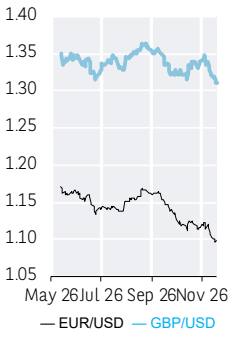
Bund 10Y & US Treas. 10Y



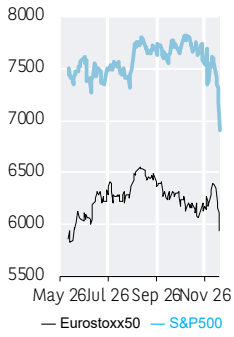
Bund 10Y & OAT 10Y



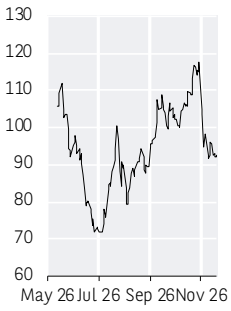
EUR/USD & GBP/USD



EUROSTOXX 50 & S&P500



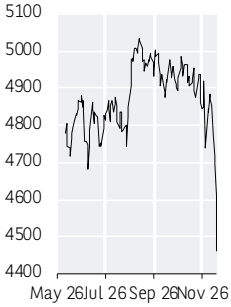
Oil, Brent ($/bbl)



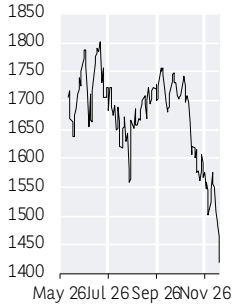
Gold ($/ounce)



MSCI World ($)



MSCI Emerging ($)



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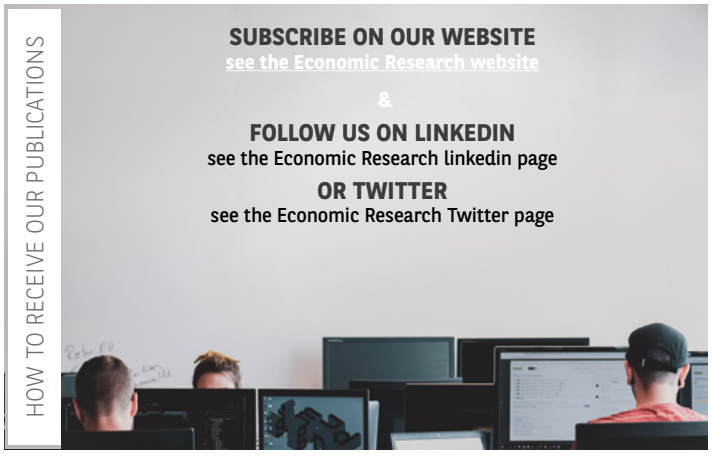

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