

Global Economic Outlook

Crude reality

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AGENDA

01 The outlook before the War in Iran

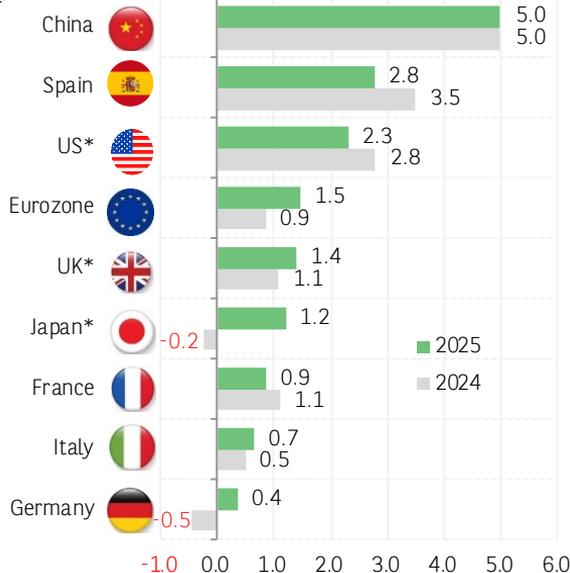
02 What has changed since then?



I. 2025 : Surprisingly Good Economic Outcomes

Growth was bumpy but held up especially ex US

Major advanced economies + China - GDP Growth
2024, 2025 % y/y, ranked by descending order in 2025

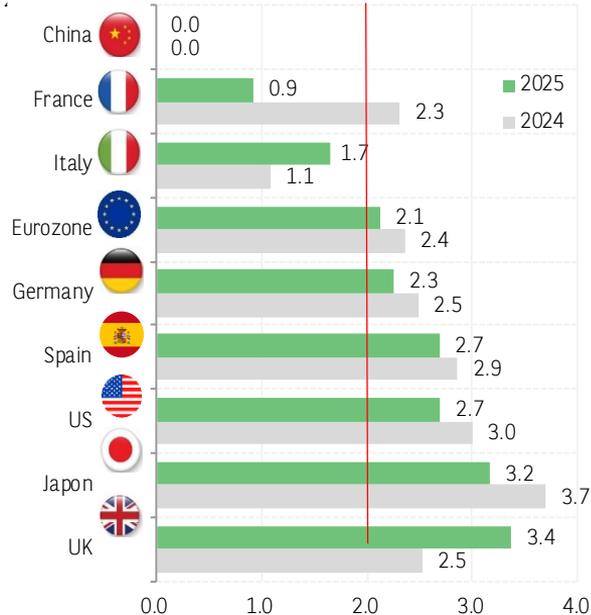


* 2025 BNPP estimate

Source : Refinitiv, BNP Paribas Forecasts

Inflation eased, especially in Europe

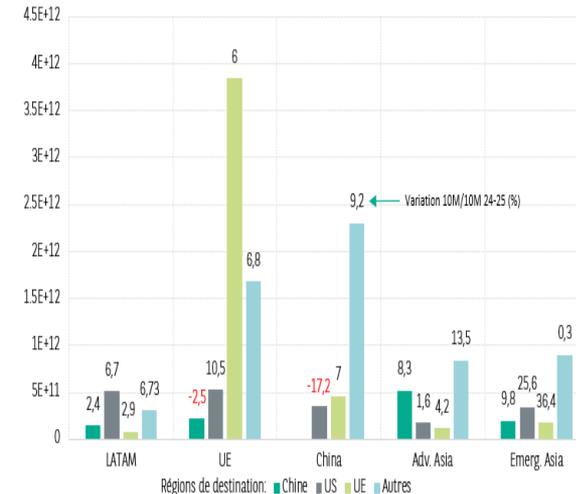
Major advanced economies + China - Inflation
2024, 2025 % y/y, ranked by ascending order in 2025



Source : Refinitiv, BNP Paribas Forecasts

Europe easily made up for the fall in exports to the US by increased intra EU trade

Exports, \$, jan-oct 2025



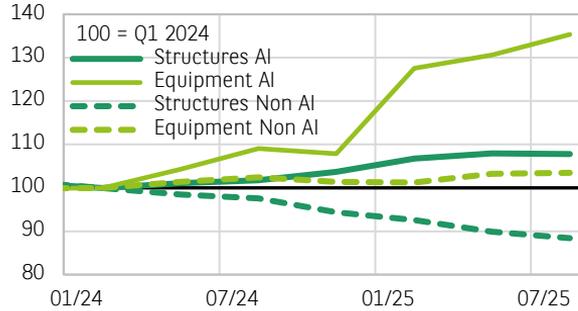
Note : les données concernent la période de janvier à octobre de chaque année

Source : CPB, BNP Paribas

I. 2025. What did Year 1 of Trumponomics Achieve?

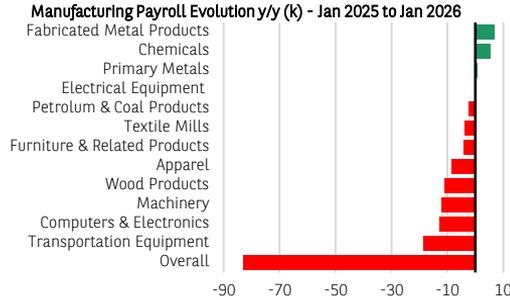


Fixed Investment in Equipment and Structures Is Weak Outside of AI



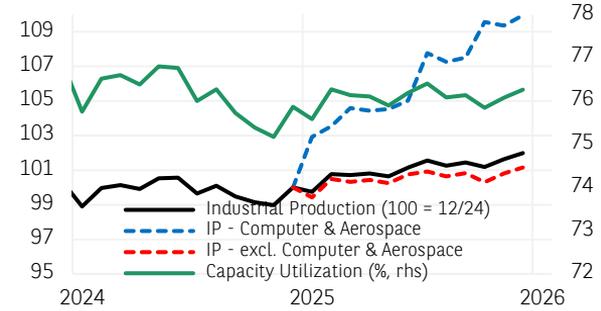
Source: BLS, BNP Paribas calculations

Manufacturing Payroll Has Been Declining Overall



Source: BLS, BNP Paribas

A Belated Rebound in Industrial Production Is All About AI & Aerospace



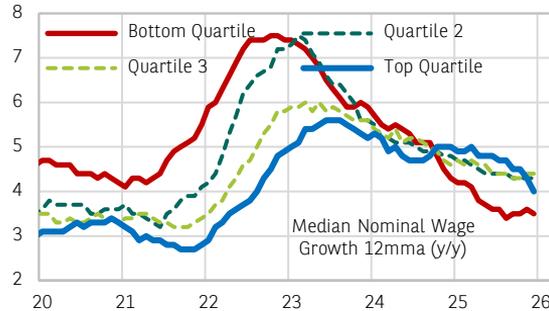
Source: Federal Reserve, BNP Paribas calculations

The labor share of income is at a historic low



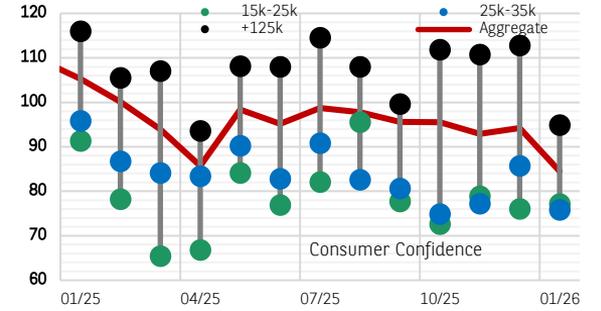
Source : BLS, BNP Paribas

Wage growth has decelerated sharply for lower income households



Source: Atlanta Fed, BNP Paribas

The Sentiment Gap Between Top- and Low- Incomes Has Broadly Widened



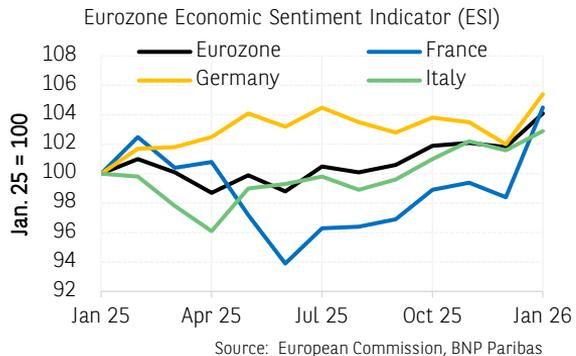
Source: Conference Board, BNP Paribas



I. 2025. In the Eurozone : Renewed Strength and Pragmatism



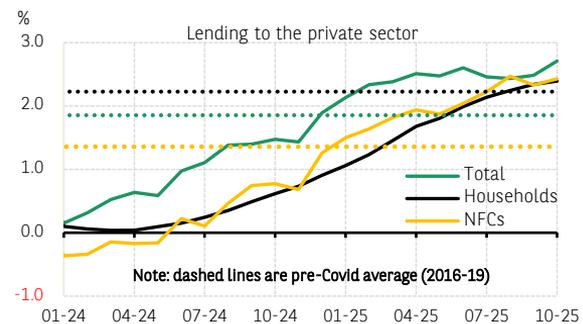
Economic Sentiment is recovering



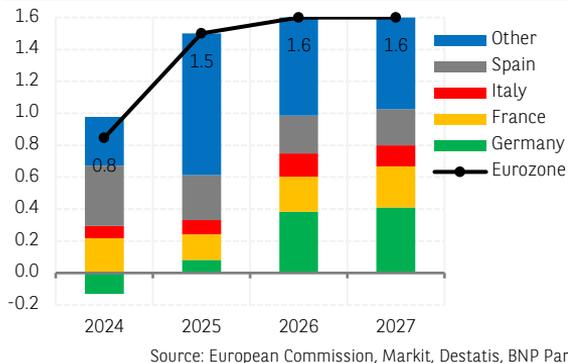
Manufacturing recovery is gaining traction



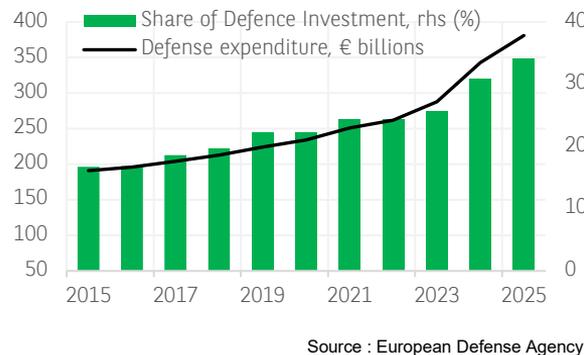
Improving credit conditions are lifting credit growth



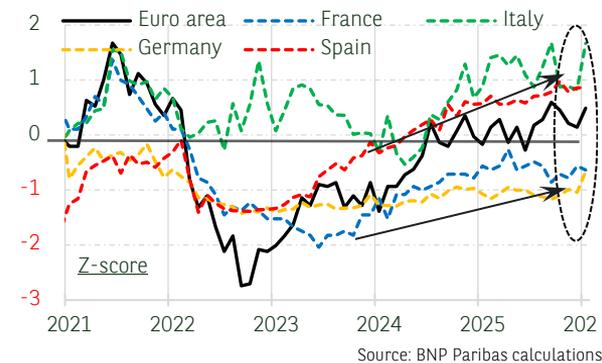
We expect growth to become more broad-based



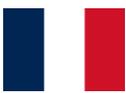
Europe defense effort acceleration



Euro area household's purchase intentions are rebounding



I. 2026. France: Consolidating Ahead of 2027

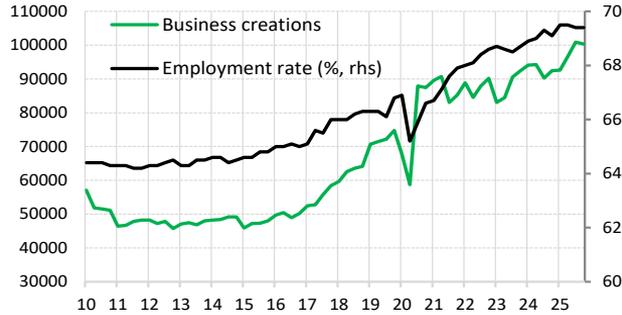


Cyclical sectors are entering a new cycle



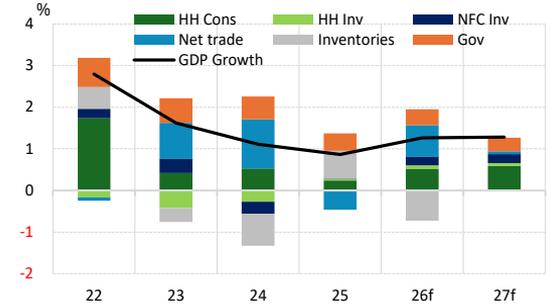
Source : INSEE, BNP Paribas

Record business creations and labor market resilience despite political uncertainty



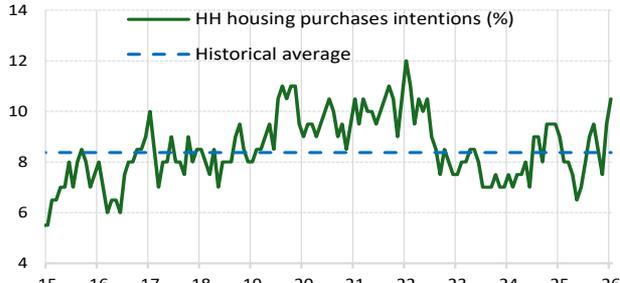
Source : INSEE, BNP Paribas

Growth acceleration to be driven in 2026 by exports, HH consumption, and NFC investment



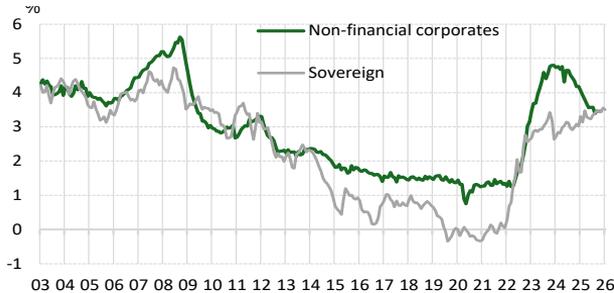
Source : Eurostat, BNP Paribas

Household investment can be an upside risk



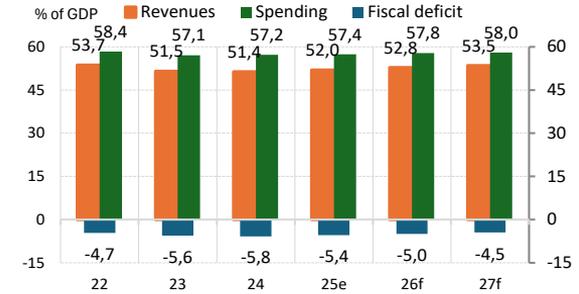
Source : INSEE, BNP Paribas

Lower rates to the private sector and limited rise on the sovereign to support the economy



Source : INSEE, BNP Paribas

Fiscal consolidation to remain gradual and done mainly through higher revenues



Source : INSEE, BNP Paribas

Source : Refinitiv, BNP Paribas Forecasts



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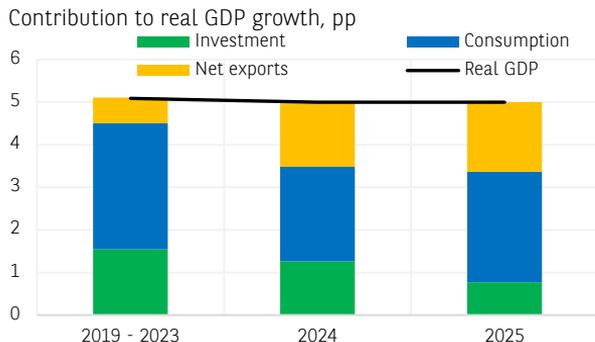
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I.2026 China : Unbalanced Growth Risks Growing Trade Tensions

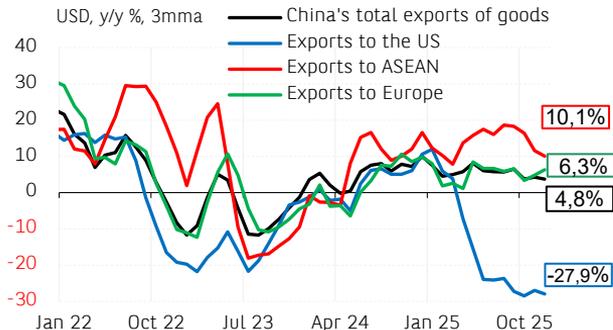


Domestic production losing steam but holding up



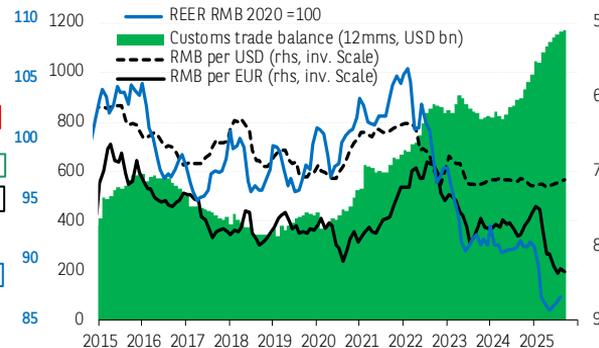
Source : NBS, BNP Paribas

Buoyed by strong export growth despite US tariffs



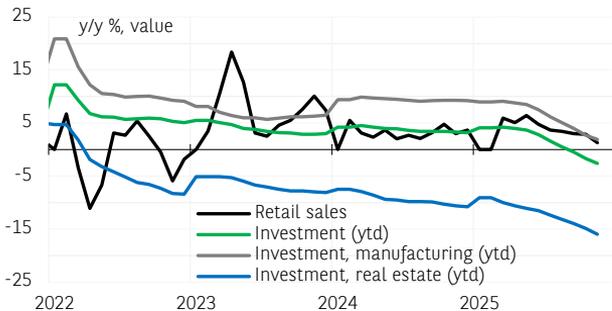
Source : NBS, BNP Paribas

Leading to growing external imbalances



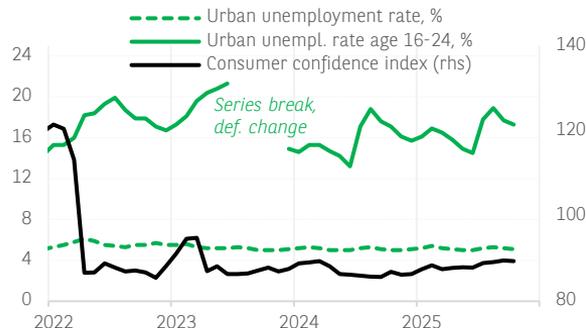
Source : BIS, PBOC, BNP Paribas

Domestic demand weakness is deepening...



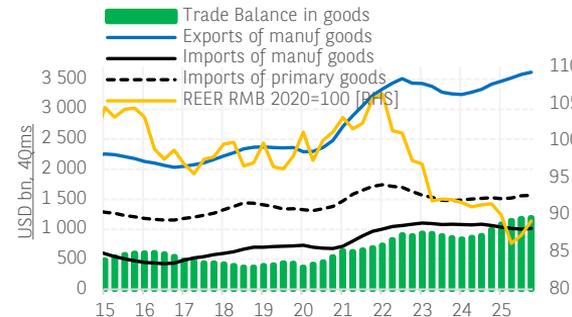
Source : NBS, BNP Paribas

... notably explained by labor market conditions



Source : NBS, BNP Paribas

Policymakers now focus on overcapacity and deflation



Source : NBS, BNP Paribas



BNP PARIBAS FORECASTS

February 2026

Real GDP (y/y, %)			
	ANNUAL GROWTH (% y/y)		
	2025	2026	2027
US	2.3	2.9	1.8
Eurozone	1.5	1.6	1.6
Germany	0.3	1.4	1.5
France	0.9	1.3	1.3
Italy	0.7	1.0	0.9
Spain	2.8	2.5	2.3
China	5.0	4.7	4.5
Japan	1.2	0.7	0.8
UK	1.4	1.1	1.3
Switzerland	1.4	1.0	1.6

Consumer price inflation (y/y, %)			
	ANNUAL RATE (% y/y)		
	2025	2026	2027
US	2.7	2.6	2.7
Eurozone	2.1	1.9	2.3
Germany	2.2	1.6	2.3
France	1.0	1.1	1.5
Italy	1.7	1.5	1.9
Spain	2.7	2.3	1.9
China	0.0	0.9	1.0
Japan	3.1	1.9	2.5
UK	3.4	2.4	2.2
Switzerland	0.2	0.4	0.7



BNP PARIBAS FORECASTS

February 2026

Real GDP (y/y, %)

	ANNUAL GROWTH (% y/y)		
	2025	2026	2027
	Latam		
Argentina	4.0	2.5	3.0
Brazil	2.4	1.8	1.4
Chile	2.4	2.7	3.0
Colombia	2.6	2.0	2.5
Mexico	0.5	0.9	1.7
CEEMEA			
Czech Rep.	2.5	2.3	2.4
Hungary	0.5	2.3	2.8
Poland	3.5	3.7	3.2
South Africa	1.3	1.7	1.9
Turkey	3.7	3.8	4.0
EM Asia			
South Korea	1.0	2.0	1.8
Taiwan	6.6	2.8	2.6

Consumer price inflation (y/y, %)

	ANNUAL RATE (% y/y)		
	2025	2026	2027
	Latam		
Argentina	42.0	29.0	20.0
Brazil	5.0	3.8	3.8
Chile	4.3	2.9	3.1
Colombia	5.2	6.0	5.6
Mexico	3.8	4.0	3.6
CEEMEA			
Czech Rep.	2.5	1.7	2.2
Hungary	4.5	3.2	3.0
Poland	3.7	2.1	2.5
South Africa	3.2	3.1	3.4
Turkey	35.0	25.9	19.4
EM Asia			
South Korea	2.1	2.1	2.0
Taiwan	1.7	1.4	1.5



BNP PARIBAS FORECASTS

February 2026

Policy rates forecasts (%), end-period

	YEAR END			QUARTER END							
	2025	2026	2027	2026	2026	2026	2026	2027	2027	2027	2027
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
US	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Eurozone	2.00	2.00	2.50	2.00	2.00	2.00	2.00	2.00	2.00	2.25	2.50
China	1.4	1.20	1.00	1.30	1.30	1.20	1.20	1.10	1.10	1.00	1.00
Japan	0.75	1.25	2.00	0.75	1.00	1.25	1.25	1.5	1.75	1.75	2.00
UK	3.75	3.50	3.00	3.50	3.50	3.50	3.50	3.25	3.00	3.00	3.00
Switzerland	0.00	0.00	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.50

Interest rates forecasts (%), end-period

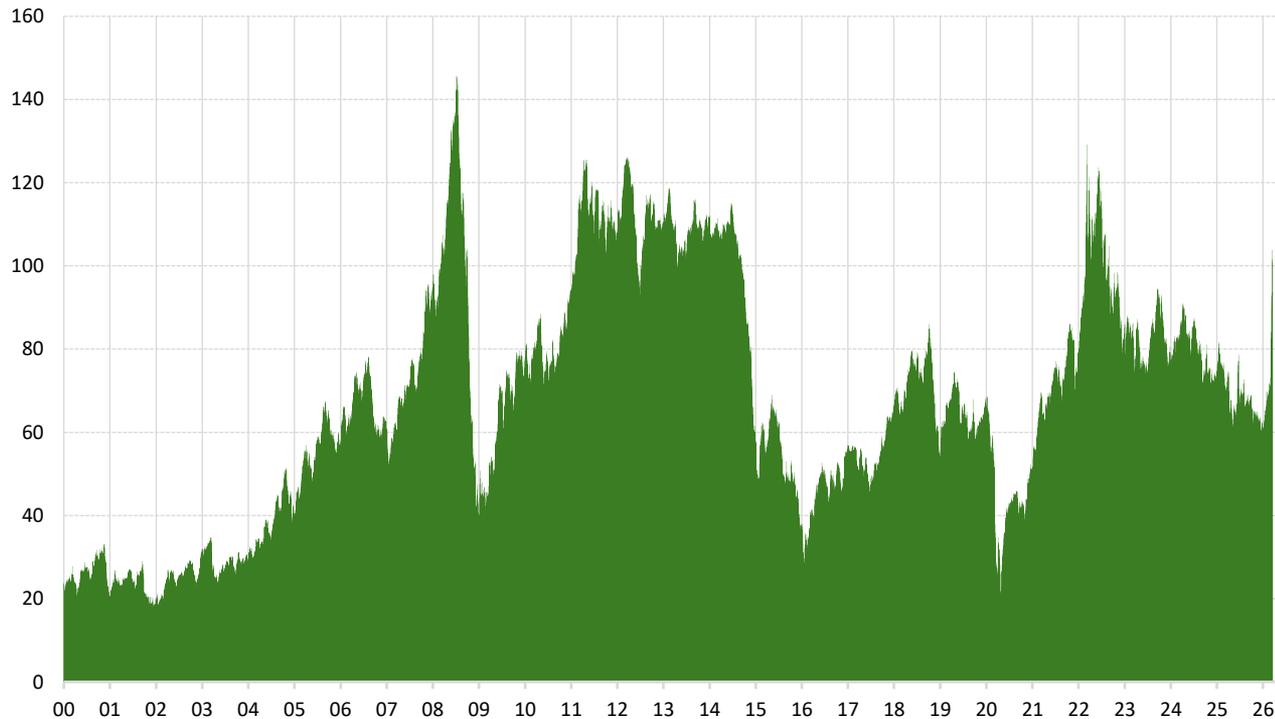
	Q1 2026	Q2 2026	Q3 2026	Q4 2026
US				
2-year	3.55	3.60	3.65	3.65
10-year	4.25	4.35	4.45	4.50
30-year	4.80	4.85	4.95	5.00
Eurozone				
Deposit	2.00	2.00	2.00	2.00
2-year	2.00	2.03	2.06	2.10
10-year	2.90	3.00	3.05	3.10
30-year	3.60	3.70	3.75	3.85
10y France-Germany spread (bp)	65	65	75	77
10y Italy-Germany spread (bp)	60	58	65	65
10y Spain-Germany spread (bp)	45	42	45	45
UK				
Bank Rate	3.50	3.50	3.50	3.50
2-year	3.60	3.50	3.40	3.30
10-year	4.50	4.50	4.40	4.30
30-year	5.40	5.30	5.20	5.10
Japan				
IOER	0.75	1.00	1.00	1.25
2-year	1.05	1.15	1.20	1.30
10-year	1.90	2.00	2.05	2.10
30-year	3.35	3.40	3.50	3.50



FX forecasts (%), end-period					
USD Bloc	Q1 2026	Q2 2026	Q3 2026	Q4 2026	Q4 2027
EURUSD	1.17	1.18	1.19	1.20	1.22
USDJPY	157	158	159	160	160
USDCHF	0.79	0.80	0.79	0.78	0.77
GBPUSD	1.31	1.31	1.31	1.30	1.33
USDCAD	1.40	1.40	1.39	1.38	1.38
AUDUSD	0.65	0.66	0.66	0.66	0.66
NZDUSD	0.57	0.58	0.58	0.58	0.58
USDSEK	9.40	9.32	9.24	9.17	9.18
USDNOK	9.96	9.83	9.71	9.58	9.43
EUR Bloc	Q1 2026	Q2 2026	Q3 2026	Q4 2026	Q4 2027
EURJPY	184	186	189	192	195
EURGBP	0.89	0.90	0.91	0.92	0.92
EURCHF	0.93	0.94	0.94	0.94	0.94
EURSEK	11.00	11.00	11.00	11.00	11.20
EURNOK	11.65	11.60	11.55	11.50	11.50
EURAUD	1.80	1.79	1.80	1.82	1.85
EURNZD	2.05	2.03	2.05	2.07	2.10
EURCAD	1.64	1.65	1.65	1.66	1.68



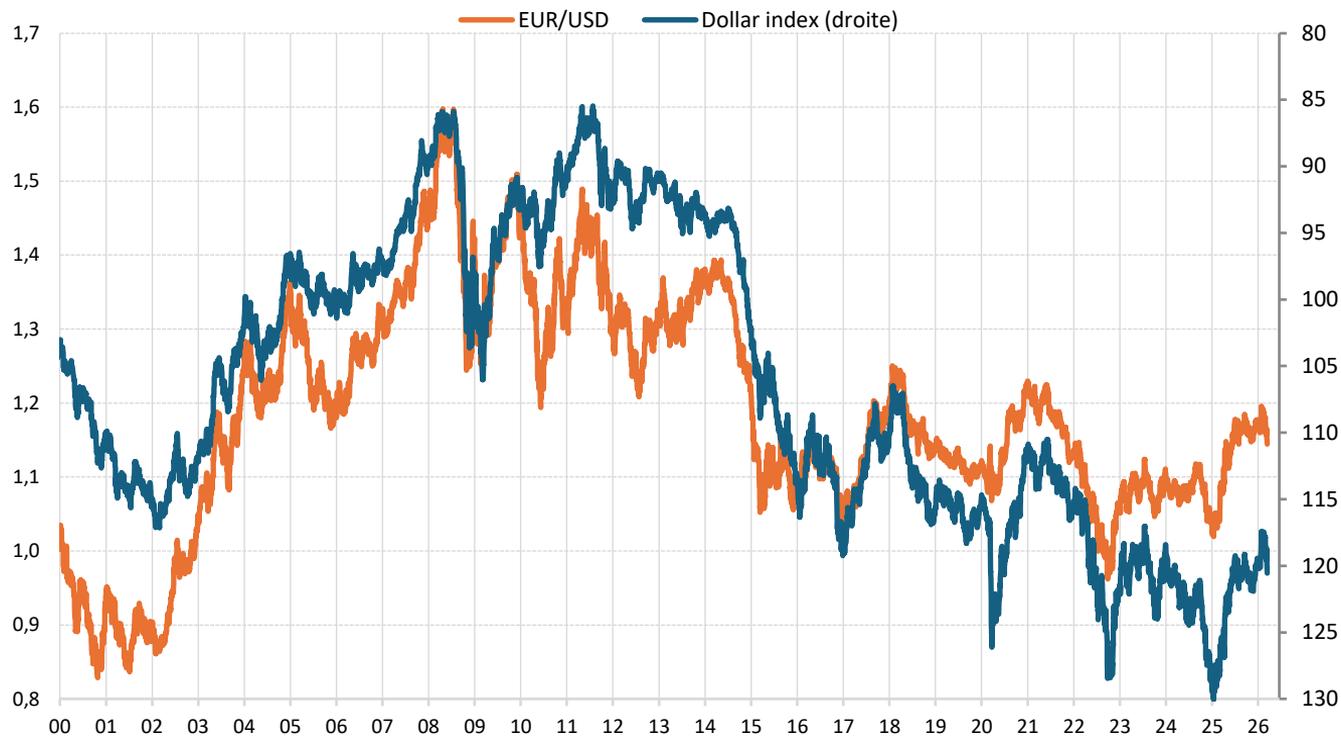
Brent oil price (\$/bl)



Source : Refinitiv



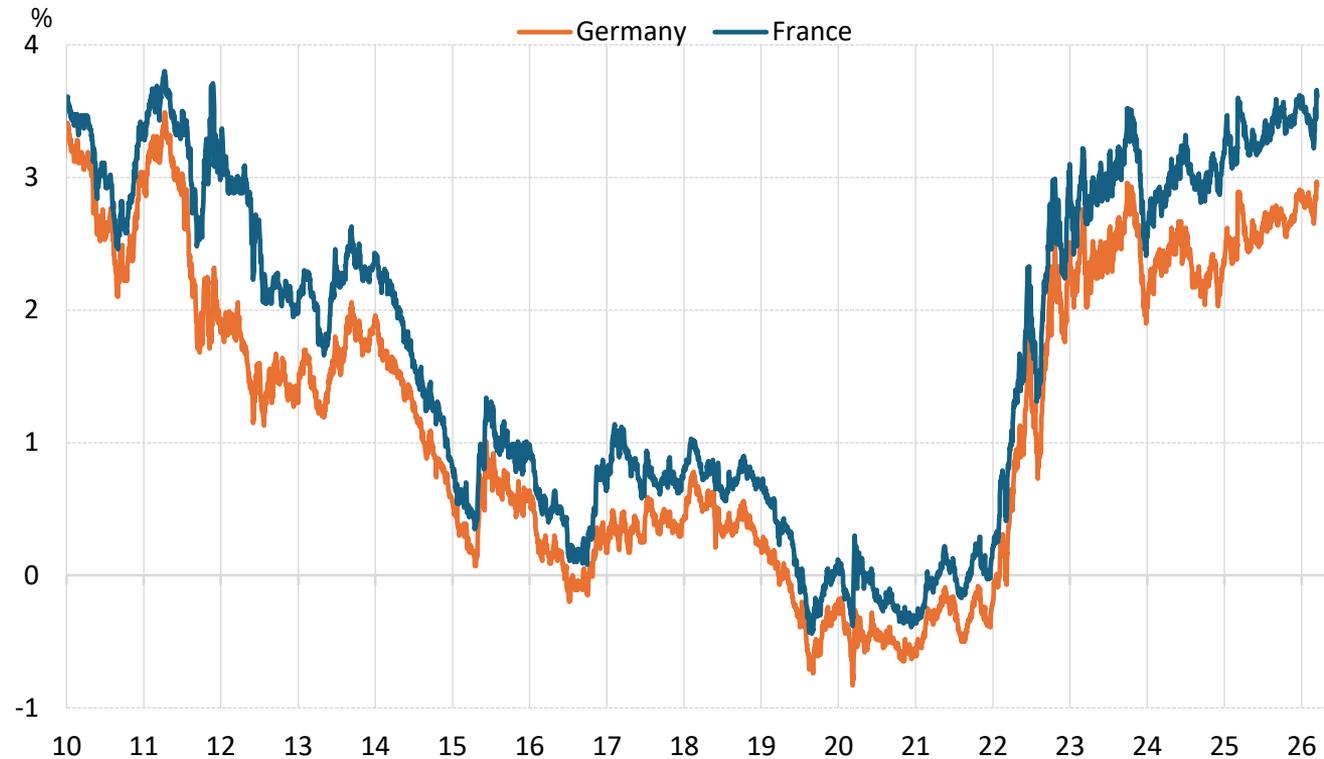
US Dollar (US/EUR vs. Dollar index)



Source : Refinitiv



Long-term (10-year) rates



Source : Refinitiv



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