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The global economy appears to have remained broadly resilient to trade disruptions stemming from US tariff measures toward the end of 2025. This positive momentum is expected to extend into 2026, supported by fiscal stimulus and a continued growth in AI-related investment. However, rising geopolitical tensions pointing to an evolving global landscape marked by increasing fragmentation, potential tightening of global financial conditions, renewed trade disputes and still rising public debt in many large economies, raise concerns about the durability of this resilience. To support growth while preventing a renewed rise in inflation — within a global environment of well-contained price pressures — most major CBs are expected to keep a cautious easing bias, as policy rates are already at or close to neutral levels.

Macro Picture

USA: firm economic momentum in late 2025, with fading downside risks to the labour market

EA: activity likely ended 2025 on a firm footing, with services price inflation elevated

China: tentative and uneven across sectors signs of macroeconomic stabilisation

Japan: expected snap elections mean a fresh bout of macroeconomic uncertainty

CESEE: disinflation nearly achieved but growth appears fragmented across economies

Markets

FX: EUR/USD fading positive momentum; intervention fears limit upside potential for USD/JPY

Rates: elevated volatility and curve flattening on risk-premia repricing and policy uncertainty

EM: sovereign spreads ground tighter into year-end, supported by favourable macro conditions

Credit: flows remain strong, supported by a lower interest rate environment

Policy Outlook

USA: December's unemployment drop points to no further Fed risk-management cuts near-term

EA: absent major surprises, the ECB sees no need to move rates in either direction soon

Japan: BoJ reported to be focusing on price impact of weak JPY

CESEE: Romania focuses on fiscal reforms, CEE3 signal further monetary policy normalisation

Key Downside Risks

DM & EM: intensifying geopolitical tensions; renewed trade tensions; abrupt repricing in AI-related stocks; prolonged policy uncertainty; pronounced tightening of global liquidity conditions; rising inflation expectations; USD strength exerting pressures on EM currencies

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Special thanks to the Global Markets team (Global_Markets_Trading@eurobank.gr).

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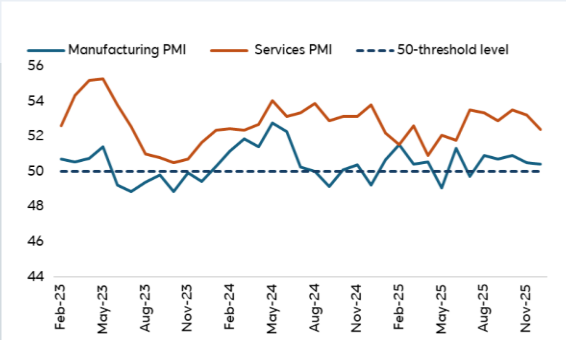
Macro Views

Global growth holds up despite trade frictions, but risks loom in 2026

The global economy appears to have remained broadly resilient to trade disruptions stemming from US tariff measures toward the end of 2025, as indicated by December's PMI surveys, although momentum seems to have softened somewhat. The global composite PMI dropped for the second consecutive month, to 52.0, the lowest figure in six months, from 52.7 in November, yet it remains close to the upper end of its range of the last few years, consistent with continued solid global GDP growth. The moderation was driven by slower expansion in both manufacturing (-0.3pts to 50.9) and services PMI (-1.2pts to 52.4). Both stayed in expansionary territory, with services continuing to outperform manufacturing, reflecting their lower exposure to higher tariffs. Within manufacturing, growth appears to be supported mainly by domestic demand as new export orders fell back slightly below the 50 threshold, reversing part of the rebound seen when it moved into expansionary territory in November for the first time since April. In line with this, the decline in US imports that began in late Q2, as the front-loading of purchases started to unwind, remained in place in October (*figure 2*). Global exports have held on to some momentum, reflecting stronger non-US trade, as supply chains have been rapidly restructured to redirect trade flows and offset reduced access to the US market. At the same time, numerous trade agreements have been concluded recently, while several more still under negotiations, aiming to counter the expected negative effects of changing US policies on global trade. Meanwhile, the AI-driven surge in demand for semiconductors and related electronics continued to support global trade, with AI-related products accounting for around 15% of global exports, while supply chains are dominated by Asian exporters.

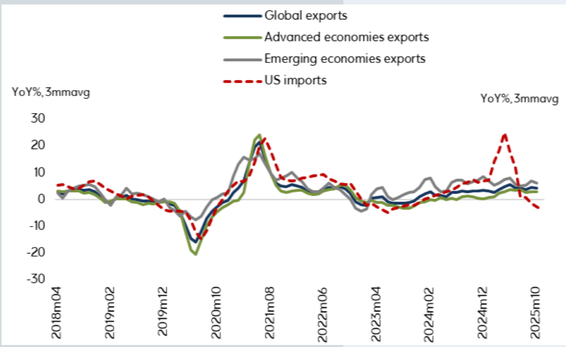
Figure 1: December's manufacturing and services PMIs point to continued resilience in global activity



Source: Bloomberg, Eurobank Research

The unwinding of frontloaded US purchases is likely to continue for some time, potentially creating headwinds to global trade. Policy uncertainty — although lower than its April 2025 peak — remains elevated. The full impact of higher tariffs on the US economy will materialise only gradually, with tariff-induced price increases likely to weigh on real incomes, consumer spending, and business investment. But beyond a likely soft patch in global economic activity in the early months of 2026,

Figure 2: Global exports elevated in October, even though US imports continued to decline



Source: CBP Netherlands Bureau for Economic Policy Analysis, Eurobank Research global growth is expected to progressively gain momentum throughout 2026, driven primarily by fiscal stimulus in the US, the Eurozone (notably Germany's infrastructure package amounting to 11.6% of GDP), as well as by supportive policies in China and in Japan under Prime Minister Sanae Takaichi. Technology investment is also set to remain a key engine of global growth, with artificial intelligence and digital infrastructure continuing to shape global demand. For the full year, GDP growth is projected to slow modestly from a solid, if slightly below-trend, rate of 3.2% expected in 2025, to 2.9%, with emerging markets continuing to outpace developed economies, supported by anticipated stimulus in China, AI-driven demand and near-shoring dynamics.

Despite an optimistic view for the global prospects in 2026, the growth outlook remains fragile, with risks tilted to the downside. US–China relations remain a critical factor, particularly in strategic sectors such as rare earths and semiconductors. The new US National Security Strategy, published in December, just days before the recent upheaval in Venezuela, effectively introduces a "new Monroe Doctrine," emphasising the reallocation of economic and military resources to consolidate US dominance in the Western Hemisphere, while seeking to limit the involvement of other major powers in this resource-rich part of the world (according to the US Energy Information Administration, Venezuela holds the world's largest crude oil reserves, accounting for around 17% of the global total). Further contributing to an increasingly fragmented geopolitical landscape, the US administration has repeatedly employed rhetoric about the potential annexation of Canada and the acquisition of Greenland. Such statements could have implications for NATO cohesion and US–EU relations, with potential spillovers into trade, security and defence policy. Against this backdrop, geopolitical risks remain firmly on investors' radar, particularly if they result in higher commodity prices or renewed disruptions to global supply chains.

Developments that could lead to a tightening of global financial conditions — such as a resurgence of inflation or an abrupt, broad-based market repricing in AI-related stocks — could rapidly drain global liquidity, with broader repercussions for financial markets and the real economy. Trade policy uncertainty, although lower than its April 2025 peak, remains elevated, and the risk of renewed trade tensions — with potentially serious repercussions for global supply chains and production — cannot be dismissed. Several Section 232 investigations into critical US imported goods, deemed to pose national security threats — such as semiconductors and critical minerals — are still ongoing. In addition, a ruling by the US Supreme Court on a case challenging President Trump's country-level tariffs imposed under International Economic Emergency Powers Act (IEEPA) — which currently apply to around 60% of US imports — remains pending.

At the same time, elevated and still rising public debt levels in many large economies underscore persistent structural imbalances, which could constrain policy flexibility and increase long-term debt pressures, ultimately leading to tighter financial conditions.

To support growth while preventing a renewed rise in inflation — within a global environment of well-contained price pressures — most of major central banks are expected to maintain a cautious easing bias in 2026, as policy rates are already at or close to neutral levels. This implies that some central banks will keep policy rates unchanged, while others, including the Fed, may continue to ease further, with the timing and extent of additional rate cuts depending on labour market conditions.

Developed Economies

US: as reflected in a recent string of soft and hard data, economic momentum appears to have been stronger than expected in Q4, with activity remaining fairly solid despite the 43-day federal government shutdown. Meanwhile, inflation data for December came in slightly softer than expected, largely due to goods prices, as a result of sharp declines in a few volatile categories, probably reflecting normalisation after distorted November data related to the government shutdown. Importantly, the Cleveland Fed's trimmed mean and median CPI printed above core CPI, indicating that the tariff-related passthrough effects remain ongoing. This suggests caution in interpreting the December CPI release as a signal of easing underlying inflation pressures. Firm economic activity and diminished concerns over labour market conditions — also taking into account expected fiscal tailwinds from the Big Beautiful Bill Act — are likely to keep the Fed on hold in the near-term.

Euro area: sentiment indicators and hard data suggest that activity remained on a firm footing around the turn of 2025. On inflation, headline CPI eased to 2.0%YoY in December, due to energy prices and a 0.1ppts decline in core CPI to 2.3%YoY. However, a key concern remains the slow disinflation in services after peaking in early Q2, as the subsequent decline has been more gradual than expected. Reflecting this, the ECB which remained on hold in December, revised its headline CPI projection for 2026 upward. While headline CPI is still expected to move below 2% in 2026 before gradually returning to target in 2028, the undershoot is now projected to be smaller than anticipated in September reflecting higher projected core inflation as services inflation is now anticipated to decelerate more gradually due to a more moderate slowdown in wage inflation. Against this backdrop, the ECB sees no need to adjust rates in either direct any time soon, with markets assigning the next move to the upside, but not before H2 2027.

Emerging Economies

EM: Emerging markets have recently operated in a broadly supportive but increasingly com-plex macroeconomic environment, characterized by strong investor appetite alongside heightened sensitivity to external risks. Equity markets have been a key beneficiary of this backdrop, with emerging market stocks reaching record highs in early January. The rally was driven primarily by Asian technology shares, as continued optimism around artificial intelligence attracted global capital flows. However, this momentum proved fragile, with equities retreating following stronger-than-expected US economic data that reinforced dollar strength and tightened global financial conditions. Fixed-income markets have de-livered a more sustained signal of confidence. Spreads on emerging market sovereign bonds compressed to their lowest levels since 2007, reflecting improved perceptions of fiscal discipline and declining default risks. By contrast, currency markets have faced renewed pressure. A stronger US dollar, underpinned by robust US productivity data, weighed on emerging market currencies, while elevated geopolitical tensions, particularly in Asia (due to the spat between China and Japan), added to volatility. Country-level developments, such as the forced regime change in Venezuela, underscore the heterogeneity of emerging markets.

CESEE: the macroeconomic environment across Poland, Czechia, Hungary and Romania remains uneven, reflecting differing cyclical positions, domestic policy challenges and exposure to external shocks. Although inflation has broadly converged toward central bank targets, growth momentum is mixed, with industrial activity and household demand under pressure in several countries. Hungary faces the most acute challenges, with inflation edging higher and signalling the end of the disinflation phase, while industrial production and retail sales weakened markedly amid exposure to the European industrial slowdown. Romania presents a more balanced but still fragile picture. Political stability has improved and financial markets have responded positively, yet weak retail sales and a widening trade deficit highlight persistent demand and competitiveness issues. In Poland, recent softness in activity appears cyclical, with expectations for stronger growth ahead supported by easing inflation and potential monetary easing. Czechia stands out as the most advanced in normalisation, with inflation firmly at target and a stable currency underpinning confidence in the policy framework. Overall, the CEE4 region is undergoing a cautious and differentiated recovery, with improved financial conditions offset by weak real activity, fragile consumption and lingering political or policy uncertainties.

Markets View

Foreign Exchange

EUR/USD: traded near 1.1650 on January 14, steady after rejection at 1.1700 two days before. Price action remained capped below 1.1700. Support levels include 1.1504, 1.1446 and 1.1388, while resistance levels include 1.1906, 1.1965 and 1.2024. One-month, six-month and nine-month implied volatility was at 5.4525%, 5.5675% and 5.845% respectively.

USD/JPY: traded near 159.00 over the first half of January, its lowest level since July 2024, as the JPY remained under pressure from BoJ policy uncertainty, political risks and a Japan–China diplomatic rift. Key focus remains on inflation data for near-term direction. Technically, support levels include 153.8658, 153.0887 and 152.3116 and resistance levels include 160.2264, 161.0196 and 161.8128. One-month, six-month and nine-month implied volatility was at 8.295%, 8.655% and 8.97% respectively.

Rates

EU: December saw a notable rise in EUR yields alongside curve steepening, driven primarily by the Dutch pension reform and a broader repricing of global risk premia. January opened with heightened volatility, marked by a pronounced flattening of the curve and sharp moves in outright rates. The 10yr EUR swap is was trading around 2.85% on January 14, having ranged between a high of 2.97% and a low of 2.80%. The curve has shifted to a flattening bias, with 5s-30s compressing to around 63bps after peaking near 69bps. Implied volatility continues to trend lower across all maturities. Looking ahead, we expect flattening pressures to persist through the quarter, with yields likely to remain range bound. Volatility should stay subdued; however, elevated geopolitical risks could still trigger episodic risk-off moves during the period.

US: swap rates ended the year with materially higher yields and curve steepening, particularly in the front-to-belly segment (2s-10s). At the start of the new year, yields continued to grind higher before the curve shifted back toward flattening. The 10yr USD swap was trading near 3.80% on January 14, within a recent range of 3.72% to 3.84%. The curve flattened following the first two trading sessions of the year, with the 5s-30s spread now around 69bps, down from recent highs near 74bps. We expect US rates volatility to remain elevated amid ongoing political pressure on the Federal Reserve and heightened debate around monetary policy independence. Macro fundamentals point to a gradual cooling in the labour market — setting the stage for a potentially more balanced, but volatile, rates environment.

Emerging Markets Sovereign Credit

Emerging markets extended their strong performance into year-end and early 2026, with sovereign spreads tightening further. The EMBI Global Index compressed by an additional 5bps to 230bps from the start of December 2025 to January 12, 2026, marking a cumulative tightening of nearly 70bps since the start of 2025. In Central Europe, spreads ended slightly wider, largely reflecting the decline in core rates at the start of 2026, which mechanically weighed on spreads. Hungary marginally underperformed, with the 10yr EUR spread closing around 6bps wider at 133bps. In Latin America, spreads continued to grind tighter. Chile's 10yr USD spread tightened by around 7bps, while Mexico remained broadly stable, with the 10yr spread holding near 205bps. A similar pattern was observed in Indonesia, where the 10yr EUR spread initially tightened by approximately 8bps but later gave back those gains, ending the period of observation broadly unchanged at around 116bps. Looking ahead, we believe the near-term outlook for EM sovereign spreads remains relatively benign. However, valuations appear stretched at these historically tight levels, suggesting that further spread compression is likely to be more selective.

Corporate Credit

Financial markets closed 2025 on a subdued and data-heavy note, shaped by key macroeconomic releases, another Fed rate cut, and persistent geopolitical and policy uncertainty. Following a strong rally earlier in the year, markets paused in December as investors reassessed the outlook amid sticky inflation, emerging signs of labour-market softening, and renewed political pressure on central bank independence. US economic data weakened further toward year-end. Payroll growth slowed materially, with the economy adding just 50k jobs in December, while November employment was revised lower to 56k. Against this backdrop, the Federal Reserve delivered its third 25bp rate cut of the year in December, lowering the policy rate to a range of 3.50%–3.75%. In Europe, the ECB struck a hawkish tone at its December meeting while keeping policy rates unchanged at 2.0%, revising both growth and inflation forecasts higher.

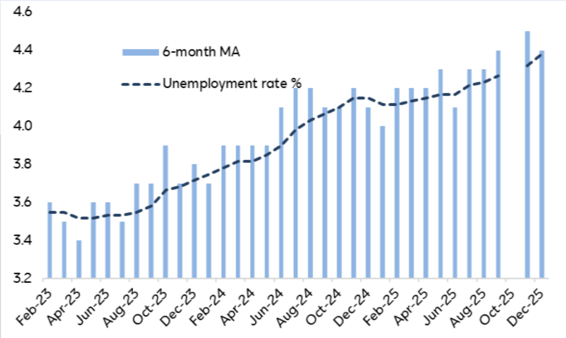
As markets transitioned into January 2026, geopolitical developments increasingly overshadowed traditional macro drivers, keeping financial conditions unsettled despite resilient asset prices. Tensions intensified across multiple fronts, including US intervention in Venezuela, sustained nationwide protests in Iran and increasingly aggressive tariff postures toward countries trading with Iran. Equity markets posted mixed performance toward year-end. Modest gains early in December gave way to profit-taking, although risk appetite recovered in the first two weeks of 2026. US equities finished December broadly flat, with the S&P 500 down marginally by 0.05% but have since gained approximately 1.7% in the first half of January. European equities outperformed, with the STOXX 600 rising 2.9% in December and a further 3.1% year-to-date. In credit markets, December saw synthetic indices trade largely flat to modestly tighter as headline flow diminished heading into the Christmas and New Year period. Since December, iTraxx Main has tightened by 3bps to 49.8bp, while iTraxx Crossover has compressed by 15.2bps to 240.9bp.

US

Firm activity with fading downside risks to the labour market

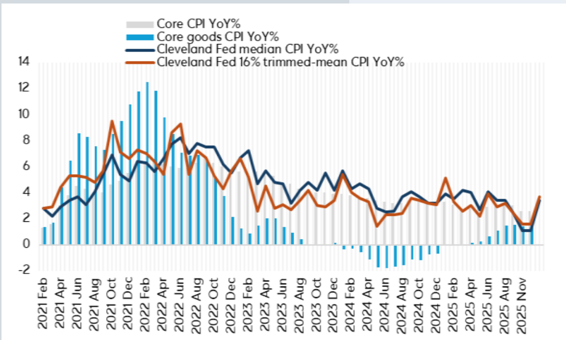
As reflected in a recent string of soft and hard data, economic momentum appears to have been stronger than expected in Q4, with activity remaining fairly solid despite the 43-day federal government shutdown (1 October – 12 November), the longest in US history. Market consensus points to a GDP growth of 1.1%QoQ saar following a much sharper than expected 4.3%QoQ saar expansion in Q3, driven by resilient aggregate demand, despite slowing job gains during the summer and mounting economic headwinds from higher tariffs. Meanwhile, inflation data for December came in slightly softer than expected. This was driven by core CPI which rose 0.25%MoM (2.7%YoY) compared with a market consensus of 0.3%MoM (2.8%YoY). The downside surprise was largely attributable to goods prices, as a result of sharp declines in a few volatile categories, probably reflecting normalisation after distorted November data related to the government shutdown. Importantly, the Cleveland Fed's trimmed mean and median CPI — both of which exclude outlier components — printed above core CPI, indicating that the tariff-related passthrough effects remain ongoing. This suggests caution in interpreting the December CPI release as a signal of easing underlying inflation pressures. As such, the Fed probably needs more time before gaining confidence to signal further rate cuts, particularly after the December employment report pointed to reduced downside risks to the labour market. Non-farm payrolls increased by 50k, broadly in line with expectations, following a 76k net downward revision in the previous two months. The unemployment rate dropped to 4.4% from November's downwardly revised 4.5%, largely driven by reduced labour market entry as a result of tighter immigration policies (participation rate down 0.1ppt to 62.4% after a 0.3ppts increase between July and November). Firm economic activity and diminished concerns over labour market conditions — also taking into account expected fiscal tailwinds from the Big Beautiful Bill Act — are likely to keep the Fed on hold in the near-term. A further rate cut is expected once it becomes clear that the bulk of the tariff pass through is complete and inflation has reached a peak, while additional easing is likely to follow as inflation steadily moves toward the 2% target. As of mid-January, markets expect the Fed to deliver two 25bps rate cuts this year, in July and December.

Figure 3: The unemployment rate fell in December, reversing November's increase



Source: BLS, Eurobank Research

Figure 4: December's underlying CPI trends indicate ongoing tariff-hike passthrough



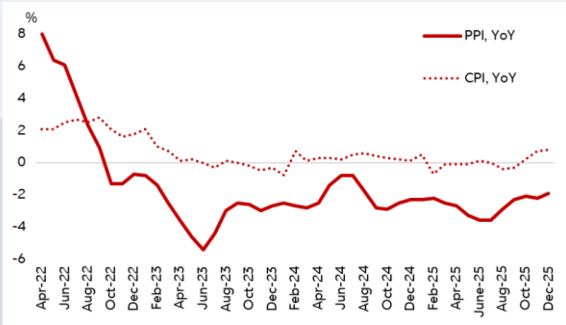
Source: BLS, Federal Reserve Bank of Cleveland, Eurobank Research

China

Tentative stabilisation given persistent structural headwinds

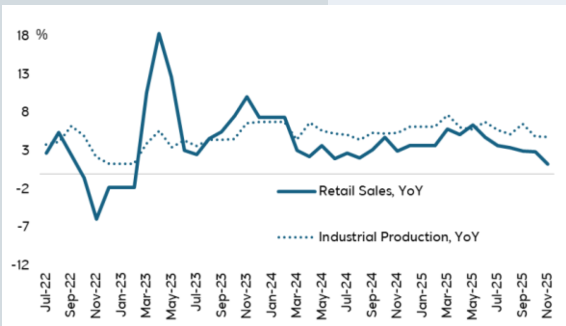
Over the past month the macroeconomic landscape has exhibited early signs of stabilisation, though these remain tentative and uneven across sectors. Headline consumer inflation rose to 0.8%YoY in December, marking the fastest increase in nearly three years. This rebound, however, should be interpreted with caution as inflation for the full year averaged almost zero, the weakest outcome since 2009. Together, these indicators point to lingering deflationary pressures and at best a gradual recovery in underlying domestic demand, despite the cumulative impact of recent policy stimulus. On the supply side, activity indicators have improved modestly. Manufacturing expanded for the first time in nine months in December, with the official PMI returning marginally above the 50 threshold, signalling a halt to the prolonged contraction seen through most of 2025. That said, hard production data suggest a more nuanced picture. Industrial output growth eased to 4.8%YoY in November, undershooting expectations and indicating that the rebound in factory sentiment has yet to translate into a strong and broad-based acceleration in output. Domestic demand remains the principal drag on growth. Retail sales growth slowed sharply to 1.3%YoY in November, the weakest reading since the pandemic, underscoring persistent caution among households given fragile income expectations and subdued confidence. Investment trends reinforce this weakness. Fixed-asset investment contracted more than anticipated over the January–November period, while property investment declined by nearly 16%YoY, highlighting the depth and persistence of the real-estate downturn and its continued spillovers to the wider economy. Within this context, policy remains firmly supportive. The PBoC has reaffirmed its intention to maintain a moderately loose monetary stance in 2026, including potential cuts to reserve requirement ratios and policy rates, with the dual objectives of stabilising growth and engineering a gradual rebound in prices. On the external front, US-China trade tensions have eased marginally in the near term. Overall, China may be broadly on course to meet its official 5% growth target for 2025, but the macroeconomic outlook remains fragile, constrained by weak consumption, a protracted property correction and heightened exposure to external trade risks.

Figure 5: Consumer goods and factory gate prices may have rebounded...



Source: Bloomberg, Eurobank Research

Figure 6: ..but stabilisation remains tentative across sectors



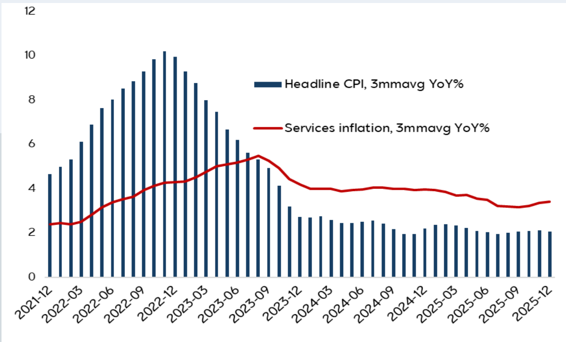
Source: Bloomberg, Eurobank Research

Euro area

Activity likely ended 2025 on a firm footing; services momentum elevated

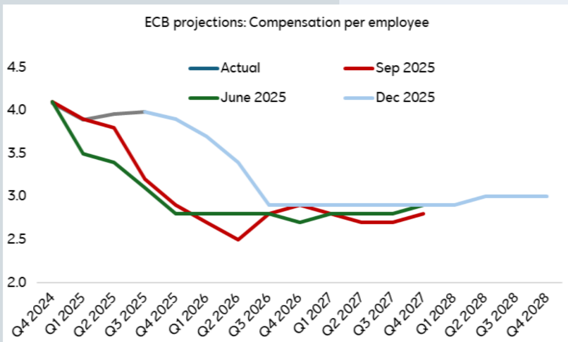
Sentiment indicators and hard data suggest that activity remained on a firm footing around the turn of 2025. Although momentum has eased somewhat, the data still point to Q4 GDP growth of around 0.3%QoQ. The composite PMI fell 1.3pts to 51.5 in December, driven by both manufacturing (-0.8pts to 48.8) and services (-1.2pts to 52.4). However, the index remained firmly in expansionary territory, with December's decline coming after a 30-month high in November and a cumulative increase of 2.6pts over the previous seven months. Meanwhile, the European Commission's confidence surveys for December signalled a mixed but cautiously optimistic outlook. The ESI declined slightly (-0.4pts to 96.7) on weaker confidence in services (-0.2pts to 5.6) and among consumers (-0.3pts to -13.1), despite a resilient labour market (unemployment at 6.3% in November). By contrast, confidence improved modestly in construction (+0.3pts to -1.3), but also in industry (+0.3pts to -9.0) — diverging from the manufacturing PMI — driven by stronger expectations, particularly in Germany. That said, while structural headwinds remain, the anticipated fiscal stimulus in Germany is likely to support a further recovery in industrial production after a second consecutive increase in October (2.1%YoY and 2.4% above end-2024 levels). On inflation, headline CPI eased 0.1ppts to 2.0%YoY in December, due to energy prices and a 0.1ppts decline in core CPI to 2.3%YoY, reflecting a 0.1ppt drop in both core industrial goods (0.4%YoY) and services (3.4%YoY). However, a key concern remains the slow disinflation in services after peaking in early Q2, as the subsequent decline has been more gradual than expected. Reflecting this, the ECB which remained on hold in December for the fourth consecutive meeting, revised its headline CPI projection for 2026 upward — alongside higher GDP growth forecasts for 2026 and 2027 on the back of stronger domestic demand. While headline CPI is still expected to move below 2% in 2026 before gradually returning to target in 2028, the undershoot is now projected to be smaller than anticipated in September (1.9% vs. 1.7%), reflecting higher projected core inflation (2.2% vs. 1.9%), as services inflation is now anticipated to decelerate more gradually due to a more moderate slowdown in wage inflation. Against this backdrop, the ECB sees no need to adjust rates in either direct any time soon, with markets assigning the next move to the upside, but not before H2 2027.

Figure 7: Services price inflation remains elevated in the Eurozone



Source: Eurostat, Eurobank Research

Figure 8: The ECB now expects wage growth to decelerate more gradually



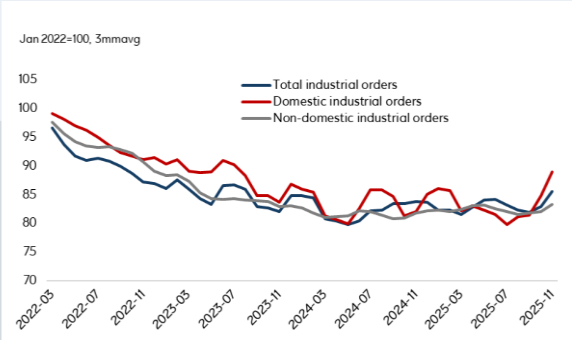
Source: ECB, Eurobank Research

Germany

Tentative signs of a cyclical rebound are beginning to emerge

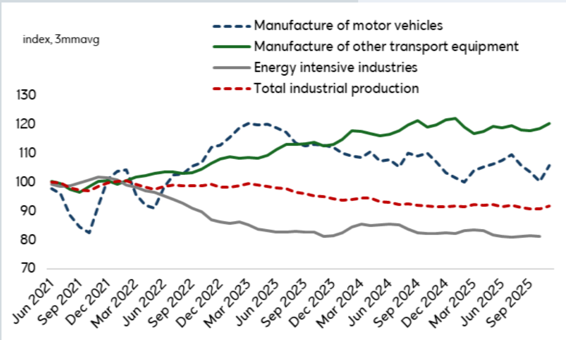
After five years of near stagnation largely due to a mix of structural challenges and cyclical headwinds, tentative signs of a cyclical rebound are beginning to emerge. In Q3 2025, it narrowly avoided a technical recession, with GDP stagnating after a 0.2%QoQ contraction in Q2, reflecting the continued unwinding of the earlier frontloading of exports to the US which had temporarily lifted growth to 0.3%QoQ in Q1. Looking to Q4, available indicators suggest that activity remains subdued, posing a modest downside risk to our 2025 GDP growth forecast of 0.3%. The composite PMI declined for a second consecutive month in December (-1.1pts to 51.3), largely driven by manufacturing which remained in contractionary territory. Similarly, the Ifo business climate indicator fell for the second straight month (-0.4pts to 87.6), reflecting increasingly pessimistic expectations mainly due to concerns over the lack of structural reforms and higher US tariffs. In the same vein, retail sales recorded an unexpected decline in October (-0.6%MoM), while Gfk consumer confidence remains deeply negative (-26.9). Despite the recent string of weak data that point to another year of weak growth, there are a few tentative signs that a cyclical turning point could be near, supporting cautious optimism that the government's historic shift away from long-standing fiscal austerity through a reform of the debt break in early 2025 will set the stage for an improved growth outlook. Industrial orders increased for the third straight month in November (+5.6%MoM), marking the first three-month rising trend in four years, with domestic demand strengthening markedly (6.5%MoM). Industrial production also surprised to the upside, rising for the third straight month in November (+0.8%MoM) mainly supported by the automotive sector (5.5%MoM). Construction activity also stands to benefit from the infrastructure spending package (11.6% of GDP), with building permits continuing their upward trend for the fifth consecutive month in October (6.7%YoY). Market consensus points to a GDP growth rebound to 1.0% in 2026. However, a key downside risk is that the full implementation of the government's ambitious fiscal plan for infrastructure and defence may take longer, potentially due to skilled labour shortages and bureaucratic hurdles that could prolong planning and approval processes.

Figure 9: Strong increase in November's domestic industrial orders



Source: Destatis, Eurobank Research

Figure 10: Industrial production unexpectedly rose in November owning to the automotive sector

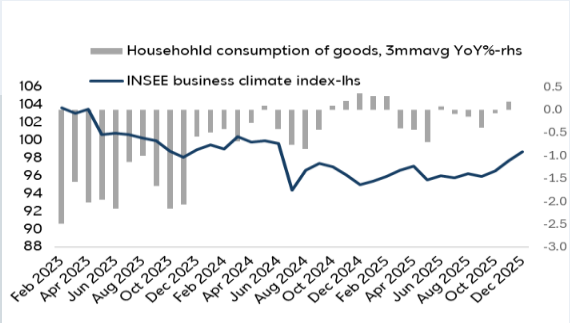


Source: Destatis, Eurobank Research

France

Economy shows resilience despite continued fiscal uncertainty

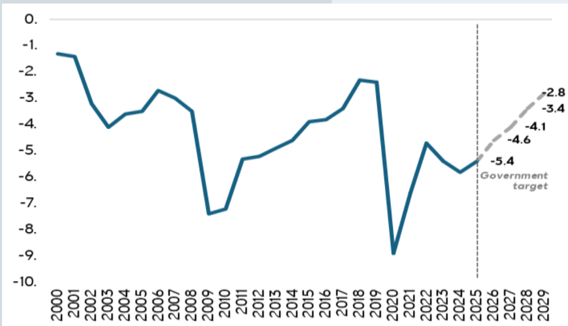
Figure 11: Continued positive growth momentum expected in Q4 2025



Source: INSEE, Eurobank Research

Despite higher tariffs and persistent fiscal uncertainty, activity has proven surprisingly resilient in 2025. GDP growth accelerated to 0.5%QoQ in Q3, up from 0.3%QoQ in Q2 and 0.1%QoQ in Q1, mainly supported by net trade, with the resulting carry-over effect suggesting full-year growth of 0.8%YoY, above the government's 0.7%YoY forecast. Recent data releases reinforce the view of continued positive momentum in Q4. The composite PMI edged down to the 50 threshold in December, following November's marginal expansion at 50.4, the first since August 2024, but remained above contraction territory for a second consecutive month after a prolonged 14-month period of uninterrupted contraction. Painting a somewhat brighter picture, the INSEE business climate rose 1pt in December for the third consecutive month, to a nearly two year high of 99, and edging closer to the long-term average of 100. Household consumption of goods dropped 0.3%MoM in November. However, this followed three consecutive monthly increases, leaving consumption level at its second highest in a year. Nevertheless, political uncertainty and concerns about fiscal consolidation remain a major downside risk. Following the activation of the "Special Law" which allowed key elements of the 2025 budget to be rolled over into 2026, discussion on the 2026 budget resumed on January 13. This followed the National Assembly's failure in December to reach a compromise between calls for higher taxation of high-income earners and demands for deeper spending cuts. Given France's highly fragmented parliament, a standard legislative process is unlikely to succeed. As a result, the government may be forced to abandon its pledge not to use it and eventually invoke Article 49.2 of the constitution — allowing the government to pass a bill without a vote, unless the opposition tables and wins a no-confidence motion — or to implement budgetary measures through executive ordinances. Regardless of the constitutional mechanism used, securing the Socialist Party's tacit consent will be essential to avoid triggering a successful no-confidence vote and a government collapse. Under such a scenario, fiscal consolidation is likely to be limited, with the budget deficit expected to remain above 5% of GDP — compared with the initial 4.7% target — and only modestly improving from an expected 5.4% in 2025, potentially resulting in a negative assessment by the European Commission in its spring review.

Figure 12: Elevated budget deficits



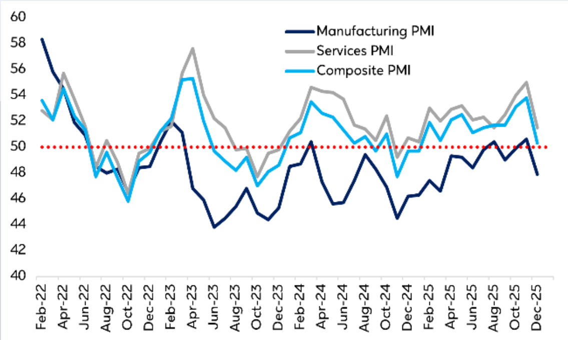
Source: INSEE, Eurobank Research

Italy

Unemployment reaches record low despite few signs of economic momentum

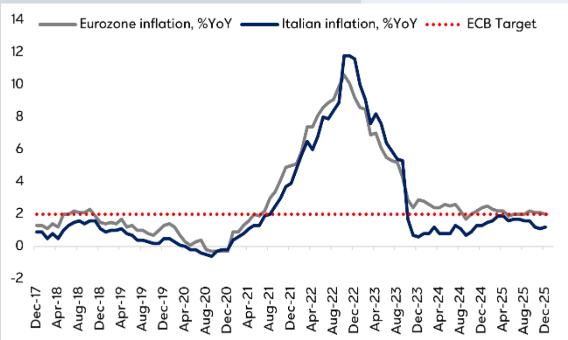
Any promising signs from November's PMI data that business conditions in Italy might be finally improving were quickly snuffed out by an unexpectedly sharp downturn in the indices in the last month of 2025. The composite PMI fell 3.5pts to 50.3 in December – leaving it barely above the 50-threshold separating expansion from contraction – compared with the consensus expectation that it would fall to 53.0. The services PMI dropped to 51.5 from 55.0 in November, while the manufacturing PMI fell to 47.9 from 50.6, contrary to the consensus expectation that it would stay just above the threshold at 50.1. For manufacturing, it meant another false dawn for hopes that it could exit its slump as it was the third time since 2023 that it rose just above 50 for one month, before dropping back below. That was also echoed in Istat's December sentiment indicators, which showed that manufacturing confidence unexpectedly dropped to 88.4 from 89.5 the month before as the sector struggles with tariff headwinds, high electricity costs and a crisis in automobile production. As with other European producers, Italy's auto industry has been hit by the transition to electric vehicles, where it has fallen behind Chinese carmakers. Production at Stellantis's Italian plants – which include the Fiat brand – fell to its lowest level since the 1950s in 2025, the auto workers' labour union said earlier this month. Having lost momentum in the second half of last year, Italian GDP growth is forecast to have slowed to 0.6% in 2025 from 0.7% the year before, making its economy one of the Eurozone's laggards. That sluggishness also means a disinflationary environment is setting in, with a pronounced lack of upward price pressure compared to Italy's Eurozone peers. The headline rate of HICP growth edged up 0.1ppts to 1.2%YoY in December, bringing the average for 2025 to 1.6%, compared with 2.1% for the euro area as a whole. In 2026, Italy's inflation is forecast to slow further to 1.4%. Despite this weak economic backdrop, labour hoarding has contained the drop off in manufacturing, while the service sector continues the post-pandemic job growth that in November drove the unemployment rate down to a new record low of 5.7%. That was a decrease from 5.8% in October – downwardly revised from 6.0%, where the consensus expectation was that the rate would remain unchanged.

Figure 13: Italy's PMI readings all turned down sharply in December



Source: Bloomberg, Eurobank Research

Figure 14: Moribund growth has been accompanied by a lack of price pressure in Italy



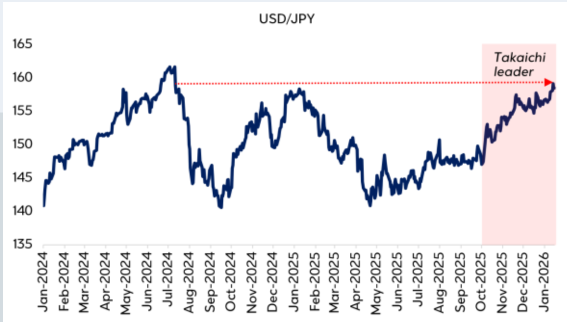
Source: Eurostat, Bloomberg, Eurobank Research

Japan

Takaichi set to start 2026 with a bang with expectation she'll call snap elections

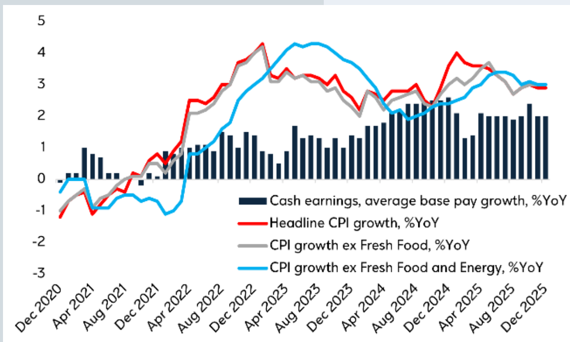
The new year has started in a similar style to 2025, with political developments overshadowing macroeconomic ones in terms of impact on markets. Prime Minister Sanae Takaichi is expected to dissolve the lower house of parliament on January 23 for snap elections, which will be held on February 8 or 15. Although the plan has not been formally announced, it has been heavily leaked in the media and all but confirmed by coalition officials. After replacing Shigeru Ishiba as the country's premier in October 2025, but lacking an overall majority in either the lower or the upper house, the move is intended to capitalise on her strong personal favourability ratings in opinion polls to try to achieve an overall majority for her coalition government. Recent surveys show that public approval of Takaichi's cabinet stands at around 70%, and the prime minister is gambling that the election will give her a mandate to press ahead with her policy stance, which is hawkish in foreign affairs and relations with China, but encompasses fiscal easing and dovish preferences on monetary policy. Even before the news, her preferred policy mix had given rise to the so-called "Takaichi trade" in markets, characterized by rising stocks a weakening JPY and increasing JGB yields. The USD/JPY rose to as much as 159.14 on January 13, its highest level since July 2024. Although Takaichi's popularity makes it likely that her plan will succeed, it remains a significant gamble. Her LDP party has governed Japan almost continuously since 1955, but that was in coalition with the Komeito party from the late 1990s until she assumed the LDP leadership, after which Komeito quit the coalition. The LDP's new partnership with the Ishin no Kai party is less tested, while the main opposition CDP and Komeito are now teaming up, shifting the sands of Japan's parliamentary system. The political backdrop continues to complicate the Bank of Japan's slow monetary policy hiking cycle. Recent news reports say that central bank officials are paying attention to JPY weakness and its potential impact on inflation, though markets are currently pricing in almost no chance of a 25bps hike at this month's meeting, and only a 23% probability of an increase by March from the current 0.75% rate. The headline inflation rate was unchanged at 2.9%YoY in November, though Tokyo's inflation rate – which is seen as a leading indicator of nationwide trends – slowed by more than expected in December, falling 0.7ppts to 2.0%YoY.

Figure 15: The Takaichi trade has driven the JPY to its lowest against the USD since 2024



Source: Bloomberg, Eurobank Research

Figure 16: Real wage growth is negative with inflation slowing only gradually towards 2%



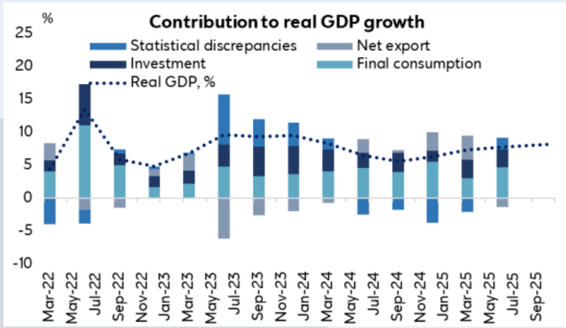
Source: Bloomberg, Eurobank Research

India

Robust growth, benign inflation and turbulent trade relations

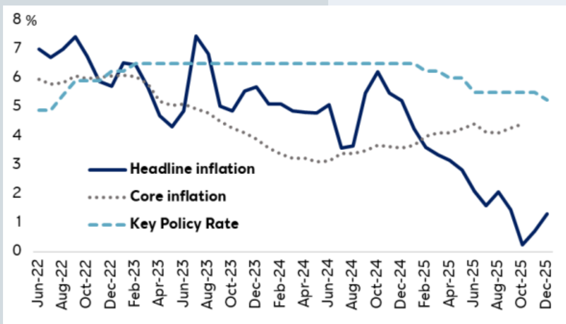
Over the past month, macroeconomic indicators have continued to underscore a position of relative strength and resilience. The government's first advance estimates, released in early January, project real GDP growth at 7.4% in FY26, a clear acceleration from 6.5% in the previous fiscal year. This optimistic assessment is broadly echoed by market participants, with the Reserve Bank of India forecasting growth of around 7.5%, suggesting a modest upward bias to the official outlook. The expected expansion is anchored in sustained strength across both manufacturing and services, each projected to grow evenly in FY26. These gains are being reinforced by healthy household consumption, underpinned by improving income dynamics, as well as continued momentum in public and private capital expenditure. Inflation dynamics remain firmly supportive of macroeconomic stability. Consumer price inflation eased to 1.3%YoY in December, undershooting market expectations and remaining well below the Reserve Bank of India's tolerance band. Although this reading represented a three-month high, overall inflationary pressures remain subdued, affording the central bank considerable policy space to sustain growth while preserving price stability. High-frequency indicators point to strong near-term momentum. Industrial production rose sharply by 6.7%YoY in November, significantly outperforming forecasts and signalling a broad-based improvement in manufacturing activity. The services sector, a key engine of the Indian economy, continues to expand at a robust pace. While the services PMI moderated slightly in December, it remained comfortably above the 50 threshold, consistent with sustained expansion. India's trade environment has come under renewed pressure recently given rising tariff risks and active negotiations with key partners. Relations with the US remain strained due to potential punitive tariffs linked to India's energy trade with Iran and Russia, though renewed diplomatic engagement has raised cautious hopes for a bilateral deal. By contrast, India–EU trade relations have progressed more positively, with negotiations on a comprehensive free-trade agreement reported to be in their final stages and both sides reaffirming a rules-based partnership. Taken together, the recent macroeconomic environment is characterised by a rare confluence of strong growth and low inflation, even as external risks and turbulent trade relations warrant continued vigilance.

Figure 17: Resilient growth with consumption contribute the most, investments follow..



Source: OECD, Eurobank Research

Figure 18: ..and inflation dynamics remain accommodative, despite the recent uptick



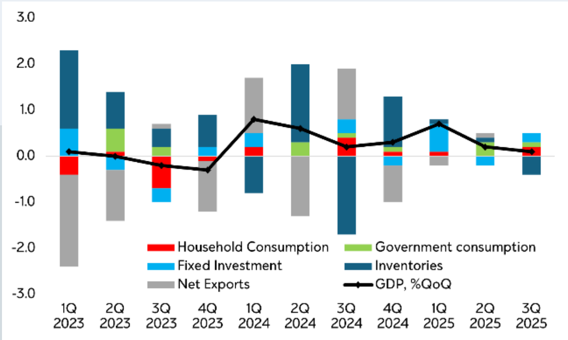
Source: NSO, Eurobank Research

UK

Macroeconomic picture improved in Q4 for both output and prices

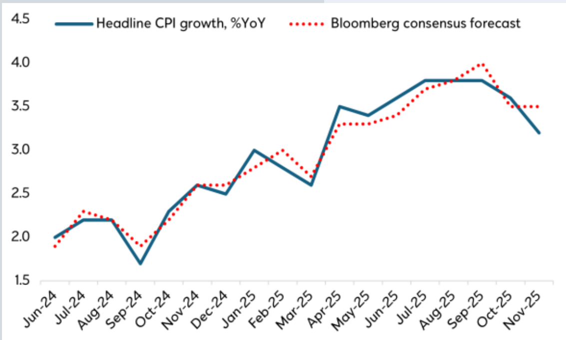
Better than expected GDP growth of 0.3%MoM in November, following a 0.1%MoM contraction the month before, raises the prospect that the UK economy could finally start picking up some momentum. The consensus forecast was for a 0.1%MoM expansion. Industrial production was the major driver of the increase, expanding 1.1%MoM following an upwardly revised 1.3%MoM in October, compared with the consensus forecast of a 0.2%MoM increase. That was partly thanks to the continued recovery of car production after a cyberattack on Jaguar in August. Services also increased, by 0.3%MoM, though construction was a drag on output for a second straight month, decreasing 1.3%MoM. The PMI data for December suggest this momentum may have lasted at least through year-end. While none of the three main indicators are in booming territory, they all edged slightly further above the 50-threshold that separates expansion from contraction. The manufacturing PMI increased 0.4pts to 50.6, services 0.1pts to 51.4 and the composite indicator gained 0.2pts to 51.4. Meanwhile, the second estimate of Q3 GDP confirmed that growth slowed to 0.1%QoQ from 0.2%QoQ in the previous quarter. The breakdown revealed that final consumption and fixed investment both contributed positively to growth. Changes to inventories were the main drag, while exports and imports both increased, cancelling each other out so that net trade made no growth contribution in the quarter. If all these factors taken together indicate an improvement in economic activity, there was also good news from inflation, which slowed by more than expected in November. The headline rate dropped by 0.4ppts to 3.2%YoY, compared with the consensus forecast of 3.5%YoY, while core CPI growth also fell to 3.2%YoY from 3.4%YoY in October. The key driver of the downside surprise came from food and non-alcoholic beverage, where inflation slowed to 4.2%YoY from 4.9%YoY. Services inflation dropped to 4.4%YoY from 4.5%YoY in October. November's inflation print helped to lock in the Bank of England's 25bp interest rate cut on December 22, meaning that the central bank carried out one such cut per quarter in 2025, bringing the policy rate to 3.75%. As of January 15, markets were pricing in a further 47bps of cuts in 2026, with the first fully priced in 25bp cut by June's meeting. The first two weeks of 2026 also saw a small rally in gilts, with yield on the 10yr benchmark falling 14bps to as low as 4.34% on January 14, the lowest since December 2024.

Figure 19: GDP was mostly dragged down by inventories in Q3; consumption and fixed investment grew



Source: ONS, Bloomberg, Eurobank Research

Figure 20: Inflation slowed by more than the consensus expectation in December



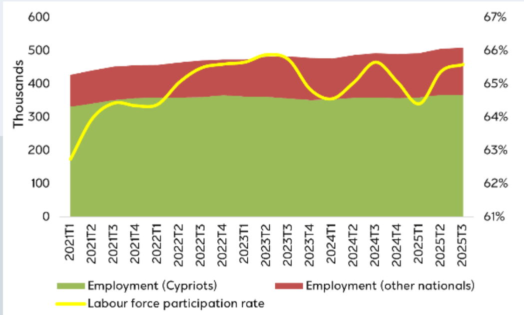
Source: ONS, Bloomberg, Eurobank Research

Cyprus

Sustained services-led boost to economic activity; labour market tight

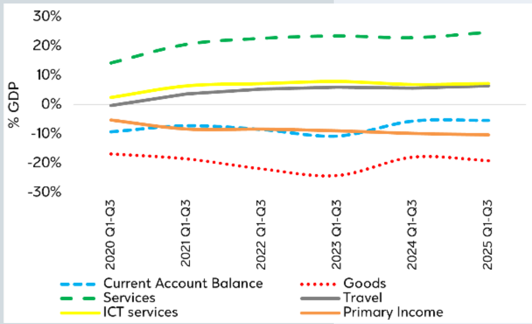
Recent data point to continued strength in several key drivers of GDP growth into late 2025, suggesting the solid expansion in Q1–Q3 is likely to have been sustained into Q4. Retail trade volume, a close proxy for household consumption, remained strong in October–November, expanding by 8.9%YoY, marginally faster than the 8.7%YoY pace recorded in Q3. Household spending continues to be underpinned by a very tight labour market, with unemployment declining to a 17-year low of 4.1% in Q3 despite a 3.0%YoY expansion in the labour force in Q1–Q3, alongside inflation hovering around zero from April onwards. Headline inflation averaged just 0.1%YoY in Q4, reflecting the VAT cut on electricity, favourable base effects from elevated global energy prices in 2024 and a pronounced deceleration in food inflation. Labour market indicators remain stretched, with the participation rate and the number of employed Cypriots hovering around all-time highs from Q3 2024, at 65.5%–65.9% and 360–370k, respectively. At the same time, non-Cypriots accounted for 59% of total employment growth in January–September 2025, implying that developments in migrant employment and productivity-enhancing investment will be key to easing the elevated vacancy rate, which averaged 3.0% in Q1–Q3. External sector dynamics remain supportive, led by a further acceleration in tourism, as tourist arrivals rose by 20.1%YoY in October–November, up from 10.3%YoY in January–September, pushing annual arrivals to a new all-time high as early as October. The positive contribution from services exports has so far been partly offset by strong goods imports, but October–November data point to a sharp reversal, with imports declining by 9.7%YoY, a trend likely to have persisted in December due to sizeable base effects related to ship imports. For the same reason, gross fixed capital formation is expected to contract in Q4 on a technical basis. Stripping out these one-off effects, underlying investment conditions remain favourable. The real estate market continues to display notable resilience, with transaction volumes reaching an 18-year high last year. Domestic demand was the main driver of sales growth, rising by 13.5%YoY and accounting for 55.7% of the increase, although foreign demand, particularly from intra-EU buyers, also strengthened markedly, by 16.5%YoY. Investment in housing and by businesses is supported by credit growth, which averaged 3.2%YoY and 9.8%YoY, respectively.

Figure 21: Increases in employment fuelling demand depend mainly on non-Cypriots



Source: CYSTAT, Eurobank Research

Figure 22: Stronger services surplus offset by higher goods and primary income deficits



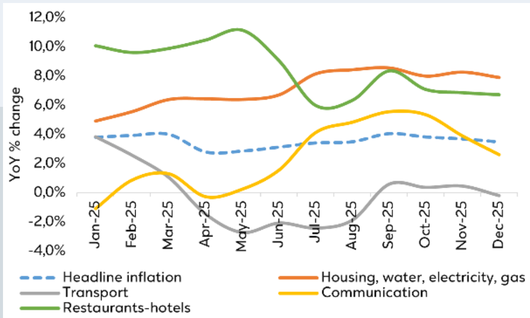
Source: Central Bank of Cyprus, CYSTAT, Eurobank Research

Bulgaria

Renewed political uncertainty to weigh on reforms and EU funds absorption

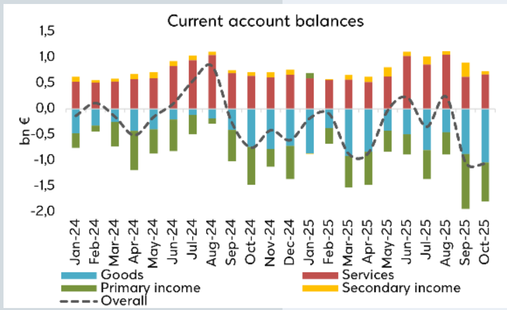
Political turbulence resurfaced in Bulgaria in recent weeks, triggered by widespread anti-government protests against higher taxes and social security contributions, alongside sizeable increases in public sector wages and capital transfers to state-owned enterprises embedded in the 2026 draft budget. The intensity of the protests culminated in the government's resignation on December 11, opening the way for another parliamentary election—the eighth since 2021—most likely to be held in the second half of March or the first half of April. Electoral uncertainty remains elevated, as recent opinion polls suggest that no party can secure a parliamentary majority. Moreover, the combined electoral support of the four parties that backed the outgoing government currently appears weaker compared to the October 2024 elections. Although the 2026 budget bill was not adopted, in line with the Public Fi-nance Act, spending provisions from the previous year's budget have been extended until end-March 2026, under the conditionality expenditures will not exceed revenues collected over the same period. As highlighted in our previous report, the political developments did not jeopardise Bulgaria's planned euro area accession in January 2026. However, the absence of a stable government will further delay the adoption of key structural reforms, including those linked to milestones for the remainder of the third RRF tranche, which was not disbursed in December, as well as for the two remaining tranches, with negative implications for medium-term growth prospects and the 2026 fiscal position. Turning to recent high-frequency data, inflation continued to decelerate for a third consecutive month in December, easing to 3.5%YoY from 3.7%YoY in November, providing further evidence of the effectiveness of the anti-speculative measures. The moderation was driven primarily by disinflation in services and energy. In the external sector, whose deterioration contributed to the GDP growth slowdown in Q3, adverse dynamics persisted in October, albeit at a slower pace: the current account deficit widened by 41.3%YoY, compared with a 205.5%YoY increase in Q3, almost entirely reflecting a further expansion of the goods deficit. Consequently, the 12-month rolling current account deficit rose to 4.5% of GDP, from 0.3% a year earlier. On fiscal developments, the budget deficit narrowed in November compared with October, supported by the receipt of the second RRF tranche. The disbursement of another tranche in December should help contain the FY2025 deficit within the 3% of GDP target.

Figure 23: Services components continued supporting disinflation in December



Source: Bulgarian Statistical Service, Eurobank Research

Figure 24: Current account deterioration in 2025 from higher goods and primary income deficits



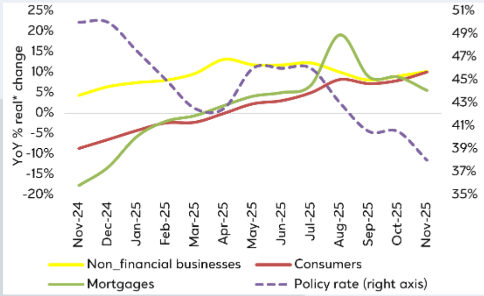
Source: Bulgarian National Bank, Eurobank Research

Turkey

Monetary policy loosening fuels demand; labour market stagnates

Robust growth in construction, the main driver of the GDP increase in Q2-Q3 2025, extended into October at an almost unchanged pace relative to the 7.5-year high in the previous month (28.0%YoY vs. 28.2%YoY). Building construction once again accounted for the bulk of the expansion, posting growth of 29.2%YoY. Beyond the mass housing programme led by the state housing agency, the surge in construction activity reflects the monetary policy easing cycle in 2025, which ended a prolonged contraction and allowed real housing credit growth to turn positive from April, reaching 8.8%YoY in October. Further policy easing into 2026, albeit more gradual as inflation remained higher than the central bank's target in 2025, combined with the government's mid-October announcement of a 500,000-unit publicly subsidised housing programme, is expected to underpin a sustained increase in investment. The resumption of real credit growth has also been a key driver of the strength in household consumption since Q2. This has been reinforced by positive wealth effects from the rise in gold prices, more than offsetting the stagnation in employment growth, which remained flat year on year in Q3.

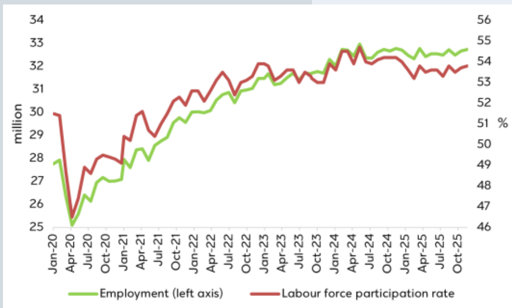
Figure 25: Monetary policy loosening mostly benefited mortgages and consumer credit growth



Source: Central Bank of Turkey, Turkstat, Eurobank Research

Retail trade volume expanded by 14.1%YoY in October, broadly in line with the Q3 average, while output growth in the rest of the services sector moderated slightly to 3.6%YoY from 4.4%YoY. Additional acceleration in consumer credit in November–December, to around 10%YoY, together with further disinflation in November-December, should provide more support to household spending towards the end of 2025. Looking to 2026, sizeable increases in the minimum wage (27% up from last year), civil servants' wages and pensions (+18.6% and +12.2% relative to the H1 2025 level, respectively), will compensate for most, if not all, of the real income losses incurred over 2025, when average inflation stood at 35.2%. Adjustments to government-administered prices and taxes from January (e.g., fuel, tobacco and alcohol taxation, health expenditure co-payments), are in most cases smaller than the wage and pension increases and therefore should only partly dilute the resulting real income gains. The goods trade deficit widened sharply in early Q4, rising by 70.5%YoY in October, reflecting a surge in imports. As noted in previous reports, the ongoing depreciation of the lira provides some offset by sup-porting exports, but this benefit remains insufficient to counterbalance the import-led deterioration.

Figure 26: Employment and labour force participation peaked in 2024, weighing on growth in 2025



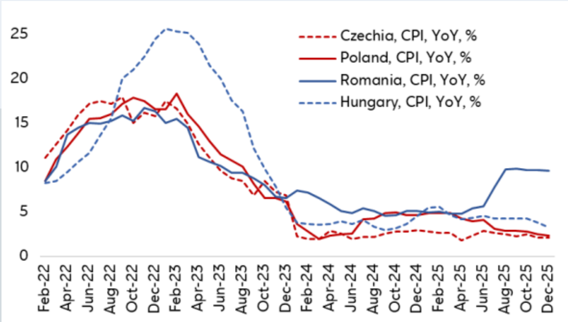
Source: Turkstat,, Eurobank Research

CESEE

Disinflation nearly achieved but growth appears fragmented across economies

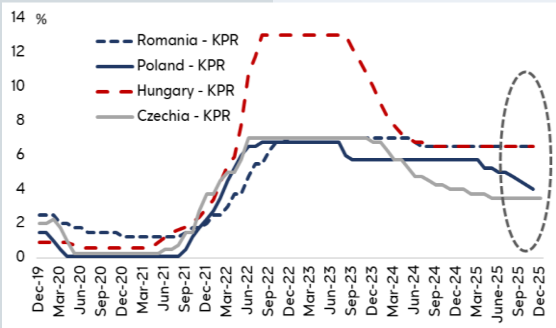
The macroeconomic environment across Poland, Czechia, Hungary and Romania has remained differentiated, shaped by varying cyclical positions, domestic policy constraints and exposure to external shocks. While inflation has broadly converged toward central bank targets across the region, growth dynamics remain uneven, with industrial activity and household demand under pressure in several economies. Hungary continues to face the most pronounced macroeconomic challenges. Inflation edged up to 3.3%YoY in December, marginally exceeding expectations and signalling that the disinflationary phase has largely concluded. By contrast, real economic activity weakened significantly. Industrial production contracted sharply in November, reflecting pronounced declines in vehicle manufacturing and electrical equipment, sectors highly exposed to the broader European industrial slowdown. Retail sales growth remained modest, highlighting persistent weakness in domestic consumption. Romania's macroeconomic picture is more balanced but still exhibits vulnerabilities. Political uncertainty eased after the government survived a no-confidence vote in mid-December, enabling the ruling coalition to agree on a set of reforms for 2026, including minimum wage increases and targeted tax cuts. Financial markets responded favourably, with government bond yields declining to their lowest levels in over a year, signalling improved investor confidence. However, underlying economic indicators remain weak. Retail sales fell sharply in November and the trade deficit widened further, pointing to ongoing challenges in domestic demand and external competitiveness. In Poland, recent softness in retail sales and industrial output appears cyclical rather than structural with growth momentum expected to strengthen in the coming quarters, supported by easing inflationary pressures and a renewed monetary easing cycle on the cards. Czechia stands out as the most advanced in its macroeconomic normalization. Inflation stabilised at 2.1%YoY in December, fully aligned with the central bank's target and providing a firm anchor for monetary policy expectations. Taken together, the CEE4 region is navigating a cautious and uneven transition toward lower inflation and renewed growth. While financial conditions have improved in parts of the region, subdued industrial output, fragile consumption and lingering political or policy uncertainties continue to weigh on the near-term outlook, resulting in a gradual and differentiated recovery path across economies.

Figure 27: CEE3 appear to have concluded the disinflation phase but Romania has ground to cover



Source: Bloomberg, Eurobank Research

Figure 28: ..with the segregation reflected also on the monetary policy by regional central banks



Source: Bloomberg, Eurobank Research

Eurobank Macro Forecasts

	Real GDP (YoY%)			CPI YoY%, avg)			Unemployment rate (% of total labor force)			Current Account (% of GDP)			General Budget Balance (% of GDP)		
	2025e	2026f	2027f	2025e	2026f	2027f	2025e	2026f	2027f	2025e	2026f	2027f	2025e	2026f	2027f
World	3.2	2.9	3.0	4.2	3.3	3.0									
Advanced Economies															
USA	2.0	2.1	2.0	2.8	2.8	2.5	4.3	4.5	4.3	-4.0	-3.5	-3.5	-5.9	-6.4	-6.5
Eurozone	1.4	1.2	1.4	2.1	1.8	2.0	6.4	6.3	6.2	2.1	2.1	2.0	-3.2	-3.4	-3.4
Germany	0.3	1.0	1.5	2.3	2.0	2.0	6.3	6.3	6.0	4.9	4.8	4.4	-2.9	-3.5	-3.8
France	0.8	1.0	1.1	0.9	1.3	1.6	7.6	7.7	7.6	-0.3	-0.2	-0.2	-5.4	-5.3	-5.0
Periphery															
Cyprus	3.6	3.5	3.5	0.8	1.6	2.1	4.4	4.2	4.1	-7.0	-6.5	-6.0	3.6	3.4	3.4
Italy	0.6	0.7	0.9	1.6	1.4	1.7	6.2	6.2	6.1	1.1	1.0	1.2	-3.0	-2.8	-2.8
Portugal	1.8	2.1	1.8	2.2	2.0	2.0	6.1	5.8	5.8	1.0	0.9	1.0	0.2	0.0	-0.2
Spain	2.9	2.2	1.8	2.7	2.1	2.0	10.6	10.1	9.7	2.7	2.6	2.6	-2.7	-2.5	-2.5
UK	1.4	1.1	1.4	3.4	2.5	2.1	4.8	5.1	4.9	-2.9	-2.7	-2.2	-4.5	-3.8	-3.2
Japan	1.2	0.8	0.9	3.2	1.9	2.0	2.5	2.5	2.4	4.8	4.5	4.3	-1.4	-3.0	-2.8
Emerging Economies															
BRIC															
Brazil	2.3	1.7	1.9	5.0	4.0	3.9	6.0	6.4	6.8	-3.3	-2.7	-2.7	-8.5	-8.2	-7.7
China	4.9	4.7	4.6	0.1	0.7	1.0	5.2	5.1	5.1	3.2	2.8	2.6	-5.8	-5.8	-6.7
India	7.3	6.5	6.7	2.1	3.9	4.0	4.9	4.9	4.9	-1.1	-1.2	-1.3	-4.4	-4.3	-4.2
Russia	0.8	1.0	1.4	8.8	5.7	4.5	2.3	2.8	3.0	1.5	1.4	1.6	-2.7	-2.2	-1.6
CESEE															
Bulgaria	3.5	3.4	3.2	3.6	2.9	2.7	3.6	3.5	3.5	-3.9	-3.0	-2.3	-3.2	-3.4	-2.9
Turkey	3.8	4.2	4.0	35.0	26.0	20.7	8.4	8.2	8.1	-1.4	-0.9	-1.2	-4.1	-3.8	-3.8

Sources: European Commission, World Bank, IMF, OECD, Bureaus of National Statistics, Bloomberg, Eurobank Research

Eurobank Fixed Income Forecasts

	Current	March 2026	June 2026	September 2026	December 2026
USA					
Fed Funds Rate	3.5-3.75%	3.4-3.65%	3.19-3.44%	3.04-3.29%	2.99-3.24%
3m SOFR	3.66%	3.49%	3.29%	3.2%	3.16%
2yr Notes	3.52%	3.44%	3.37%	3.33%	3.32%
10yr Bonds	4.14%	4.12%	4.1%	4.1%	4.12%
Eurozone					
Refi Rate	2.15%	2.14%	2.14%	2.14%	2.15%
3m Euribor	2.02%	2.07%	2.07%	2.08%	2.09%
2yr Bunds	2.08%	2.06%	2.1%	2.13%	2.16%
10yr Bunds	2.82%	2.77%	2.82%	2.88%	2.92%
UK					
Repo Rate	3.75%	3.6%	3.39%	3.3%	3.28%
3m Sonia	3.7%	3.57%	3.41%	3.33%	3.3%
10-yr Gilt	4.36%	4.49%	4.44%	4.37%	4.34%
Switzerland					
3m Saron	-0.06%	-0.05%	-0.05%	-0.05%	-0.04%
10yr Bond	0.22%	0.29%	0.35%	0.40%	0.45%

Source: Bloomberg (market implied forecasts)

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