

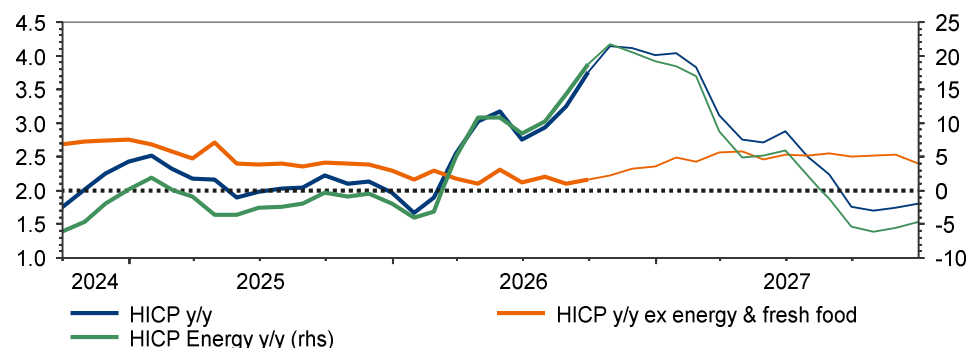
Weekly Economic Monitor

Viewpoint

September's inflation data for the Eurozone confirm that the energy shock is having a significant impact on retail energy prices, but also that the effects on the rest of the price basket remain contained. In the United States, the September employment report fell short of expectations, and the revision of the consumer price deflator data presents a somewhat less concerning inflationary picture. Overall, the data released this week on both sides of the Atlantic appear to us to be consistent with a possible pause by both the European Central Bank and the Federal Reserve at their respective meetings this month. However, we maintain the view that the persistence of the energy shock could justify another rate hike by both central banks in December.

Eurozone. In September, inflation rose from 3.2% to 3.8% y/y, reaching its highest level since September 2023; this figure is higher than the consensus expectations prior to the publication of national data (3.6%). **The rise in core indices was decidedly more contained (by just one tenth, in line with expectations):** the HICP excluding energy, food, alcohol and tobacco at 2.5%, and the measure excluding energy and fresh food at 2.2%. **Energy remains the main driver of the rise** (+18.8% y/y, a new high since January 2023). We believe that this component is very close to its peaks (which we expect to be above 20% y/y in October-November), but that it is likely to remain in double digits until February of next year. **Food inflation, after falling almost continuously so far this year, rose** from 1.1% to 1.4% y/y. Food price increases, being due to the unprocessed component, appear to be linked more to the effects of the summer heatwave than to rising energy costs. However, the latter will have an impact, especially on processed foods, in the coming months, pushing food inflation above 2% in our estimates for the entire second half of 2027. **Inflation for non-energy industrial goods changed little, at 1.1% y/y**. In recent months, this category of goods has shown moderate price increases, which appear to be due more to the rise in prices of technological goods driven by the boom in Artificial Intelligence than to the indirect effects of higher energy prices. However, as in the case of food, these effects will be seen in the coming months (but, according to our estimates, NEIG will remain below 2% for the entire foreseeable horizon, as they are subject to downward pressures resulting from globalization and the increasing penetration of goods imported mainly from Asia). **Finally, services have once again accelerated moderately, from 3% to 3.2% y/y, in line with the average for the first 8 months of the year. Some national data suggest that the increases mainly concern passenger transport services, which could rise further in the coming months in the wake of fuel price hikes. We expect**

In the Eurozone, both headline and energy inflation could be close to their peaks. Underlying inflation remains contained, but the recent surge in natural gas prices pushes the expected peak in the core index further into the future



Source: Intesa Sanpaolo forecasts on Eurostat data

2 October 2026

Weekly Note

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services inflation to remain largely unchanged in the coming months, because, on the one hand, pressure on labor costs will ease, while, on the other, services that are more sensitive to electricity and transportation do not yet appear to have fully absorbed the energy price increases. In summary, **inflation in September is already at higher levels than those expected for the average of the fourth quarter by the ECB in its September economic projections** (3.6%). However, the figure confirms that not only are second-round effects currently almost non-existent, but also that **the “indirect” impacts of the energy shock on the rest of the basket are very limited. According to our estimates, inflation will peak at just over 4% in the coming months** (likely in November, but the timing will also depend on whether Governments implement new energy-mitigating measures), and will only return to below 2% (under relatively favorable assumptions regarding the decline in oil and natural gas prices) from September of next year. **The recent surge in gas prices pushes forward the expected peak for core inflation**, which we now see at 2.7% next spring (with risks of greater persistence).

In our view, this picture remains consistent with a possible pause in the cycle of ECB key interest rate hikes in October, precisely because of the virtual absence of indirect effects from the shock. A rate hike on October 29 could only be decided if energy prices were to rise further in the coming weeks. In any case, **recent developments are consistent with a third rate hike this year**, which we nevertheless expect, together with the revisions to the staff estimates, in December.

Next week, the **August industrial production** data for the major eurozone economies will be important in determining whether the weakness in hard data for July was temporary or symptomatic of a downturn in the cycle that was not captured by the confidence surveys, which continue to provide strong indications. The risk, however, is that the August figure – a typically volatile month – also continued to be affected by one-off factors, such as the heat wave. In **Germany**, the decline in July was largely attributable to the temporary closure of an automotive plant and the drought that affected the Rhine. However, VDA data on car production show no signs of recovery, partly due to an increase in closures for the summer break compared to the seasonal norm. The water levels at Kaub have also shown no signs of improvement, but heavy goods vehicle traffic surveys suggest that at least part of the river transport has been diverted to the roads. However, confidence surveys remain consistent with a recovery in orders and underlying manufacturing activity. We therefore expect a rebound in output of 0.9% m/m (after -1.1% in July). In **France**, the contraction in July was partly attributable to the fires in Gironde, which had led to the precautionary closure of some factories. We therefore expect a rebound of 1% m/m after two months of contraction. Finally, in **Italy**, industrial production returned to growth in July after two months of decline, but we expect it to remain stagnant in August. Finally, the **minutes of the ECB Governing Council meeting** held on September 10 will be published.

France: an ambitious budget, but will it be approved? The French Government has presented a draft budget for 2027 that aims to **reduce the deficit to 5% of GDP through a correction of 43 billion euros compared to the scenario with unchanged policies**. This is an ambitious goal, especially considering the increase in interest expenditure, which is expected to rise by three tenths of a percentage point in one year to 2.9% of GDP, and the significant weight of politically sensitive measures on public spending that could complicate its approval. **The main risks are political in nature**. In the absence of a stable majority, approval will require the support or at least the abstention of part of the opposition, likely in exchange for concessions and compromises. **The Government has so far shown a willingness to engage in dialogue, suggesting that the enactment of the budget is the priority, likely even at the cost of scaling back the planned consolidation**. The use of Article 49.3 or approval by decree (*ordonnances*) would make it possible to overcome the parliamentary deadlock, but would entail the risk of a motion of censure and significant procedural uncertainties, respectively. In fact, during the Fifth Republic, *ordonnances* have never been used to bring a budget into force, and doing so would require waiting until at least mid-December, at the cost of prolonged political uncertainty. The centrists and the moderate right

do not appear to be fundamentally opposed to the bill, but their votes would not be sufficient to ensure its approval. The Government will therefore have to seek support from the Socialists and the Greens, or from the National Rally. Compared to last year, when the agreement with the Socialists was facilitated by the suspension of the pension reform, the scope for an equally significant concession appears more limited. Indeed, the Socialists and Greens have, for the time being, ruled out the existence of a sufficient basis for a compromise, while LFI has confirmed its intention to support a motion of censure if Article 49.3 is invoked. Marine Le Pen's statements, according to which an "imperfect budget" would still be preferable to resorting to a special law, seem to leave open the possibility of an abstention by the Rassemblement National. The parliamentary votes between this month (October 20 on the revenue section and October 26 on the Social Security budget) and the next month (November 17 on the entire text) will therefore be decisive in assessing the possibility of a compromise and the extent of the concessions required. In summary, it **remains likely that an actual budget will be approved or otherwise come into force by the first few months of 2027, but there appears to be a high risk that the final correction will be less extensive than previously planned.**

Italy: the Public Finance Policy Document (*Documento Programmatico di Finanza Pubblica*, DFPF) is coming. The Council of Ministers is scheduled to meet today at 6:00 p.m. local time to approve the DFPF, as well as the report on the budget deviation. The new macroeconomic framework should see an **upward revision of GDP growth assumptions** at least for the current year (from 0.6% to 1%) but, in the opposite direction, also **higher estimates of interest expenditure** (in the order of two-tenths of GDP for next year). The two factors have opposite effects on public finances, but the first could prevail, leading to **a confirmation or a slight improvement of the deficit trends** forecast in April (2.9% for this year and 2.8% for next year). For 2027, the Government could choose to make maximum use of the fiscal space compatible with a deficit just below 3% (which could allow it to exit the Excessive Deficit Procedure by next Spring, if the 2026 outturn is confirmed at 2.9%). According to press reports, the Government would aim to make equal use of the **flexibility clauses provided for by EU fiscal rules** in the two-year period 2027-28 (7 billion per year for each of the two chapters). In any case, **discipline will come from the financial markets rather than from EU rules**: the recent rise in yields on Government bonds significantly reduces the fiscal space available in the coming years. On the other hand, unlike in France, **the "inertial" trend of the public accounts in the coming years is at least not unfavorable** (compatible with a deficit that will slightly decline or, in any case, stabilize below 3%). The debt-to-GDP ratio figures should be lower than those contained in the Public Finance Document of six months ago, due to the upward revision of nominal GDP announced by ISTAT on September 22. **The debt-to-GDP ratio is expected to be confirmed as declining moderately from 2027** onward, but the pace of reduction in subsequent years will be slow.

United States. The September employment report fell short of expectations: not only were just 29k non-farm payrolls added during the month, but the figures for the previous two months were revised downward by -60k. Furthermore, the unemployment rate unexpectedly rose by one-tenth to 4.2% (although the change was only +0.034%). The results of the household survey show that, for the second month, employment grew significantly but did not keep pace with the increase in the labor force, partly due to the rise of two-tenths, for the second month in a row, in the labor force participation rate (which returned to May's 61.8% after the declines in June and July). Hourly wages also surprised on the downside, unexpectedly slowing from 0.3% to 0.1% month-on-month and from 3.1% to 3% year-on-year. Overall, the September employment report, together with the downward revision of the deflator data (see below), could justify a pause by the Fed in October, before a second rate hike in December.

The final estimate of second-quarter GDP revised growth upward to an annualized 2.2% q/q from the previously estimated 1.5%, thanks to stronger consumption and investment (final sales to private domestic purchasers, the Fed's preferred measure of demand, are now estimated to

have grown by 4.6% q/q annualized, up from 4.2% previously). **August's personal spending figures were also robust** (0.6% m/m in real terms); income growth for the month was lower than expected (0.2% m/m), but upward revisions to income in previous months resulted in a **higher savings rate than previously estimated**, at 4.1%, indicating that households may have more leeway to absorb rising energy prices. **The September Manufacturing ISM was little changed** at 54.5 (from 54.6 previous), disappointing expectations of an increase but overall confirming the sector's resilience. The improvement in new orders and employment was accompanied by a slowdown in production, and prices paid reaccelerated to 77.9 from 71.1 in August. In summary, **the persistence of rising energy prices, the easing of fiscal support, and the greater drag on foreign trade lead us to revise GDP growth** to 1.8% q/q annualized (from 2.6% previously) in the third quarter and to 1.9% in the fourth quarter (from 2.4%).

The downward revision of the PCE deflator figures presents a less concerning inflation outlook: in August, the headline index rose by 0.3% m/m, with an annual rate of 3.4% (below the expected 3.7%); the core index increased by 0.25% m/m, slightly less than expected, resulting in an annual change of 3% (compared to the expected 3.3%), i.e. stable compared to July. The revision is due to methodological changes, particularly in portfolio management services and software. **The new profile reduces the urgency for further Fed rate hikes and strengthens the likelihood of a pause in October, but it remains consistent with another tightening in December.**

The possibility of a pause in October seems consistent with the general tone of the FOMC members' statements during the week: Williams and Jefferson emphasized that, following the September rate hike, the Fed can wait for new data before taking further action, while Logan and Kashkari maintained a more hawkish stance, arguing for the need to continue with rate increases.

Next week, in the United States, attention will focus on the September ISM Services Index, which is expected to show little change from August's 55.4, i.e., still well into expansionary territory, and with prices paid rising from the already high levels of the previous month (72.6). The **minutes of the September FOMC meeting** may clarify the extent to which the idea of the need not so much for further rate hikes – which seems widespread – is shared, but above all the different opinions about the pace of tightening. The preliminary October figure for the **Consumer Sentiment Index published by the University of Michigan** could show a modest recovery, aided by the partial retreat in gasoline prices.

Calendar of macroeconomic data and events

Calendar of macroeconomic data (October 5 – 9)

Date	Time	Country	Data release	*	Period	Previous	Consensus
Mon	10/5	07:00	JP				
		09:45	IT				
		09:50	FR				
		09:55	GE				
		10:00	IT				
		10:00	EA				
		10:00	EA				
		10:30	GB				
		11:00	EA				
		15:45	US				
		15:45	US				
		16:00	US				
Tue	10/6	08:00	GE				
		08:45	FR				
		09:00	SP				
		11:00	EA				
		14:30	US				
Wed	10/7	08:00	GE				
		10:00	CN				
Thu	10/8	08:00	GE				
		14:30	US				
		14:30	US				
Fri	10/9	01:30	JP				
		10:00	IT				
		16:00	US				

Note: (?) First likely date; (**) very important; (*) important. Source: Research Department – Intesa Sanpaolo S.p.A.

Calendar of events (October 5 – 9)

Date	Time	Country	* Event
Mon	10/5	09:00	EA
		09:45	EA
		10:00	EA
		11:00	EA
		11:00	EA
		13:15	EA
Tue	10/6	10:30	UK
		13:45	EA
		15:00	EA
		15:05	US
Wed	10/7	01:00	US
		20:00	US
Thu	10/8	11:15	UK
		12:00	EA
		12:30	UK
		13:30	EA
		14:15	UK
		15:00	UK
		19:40	US
		-	EA
Fri	10/9	09:30	EA
		-	EU
		-	BE

Note: (**) very important; (*) important

Source: Research Department – Intesa Sanpaolo S.p.A.

The week in review

United States

Data release	Period	Previous		Consensus	Effective
House Price Index MoM	Jul	0.0	%		0.3
S&P/CS Composite-20 YoY	Jul	2.2	(2.1)	2.2	2.5
Consumer Confidence	Sep	88.6	(89.4)	89.2	81.9
ADP Employment Change	Sep	36	(38)	70	90
GDP QoQ (Annualized) final	Q2	1.5		1.5	2.2
Core PCE QoQ final	Q2	3.6		3.6	3.3
GDP Price Index final	Q2	6.4		6.4	6.1
PCE Core (YoY)	Aug	3.0	(3.3)	3.3	3.0
Personal Spending	Aug	0.1	(0.2)	0.8	0.9
Personal Income	Aug	0.3	(0.4)	0.4	0.2
PCE Deflator (YoY)	Aug	3.4	(3.7)	3.7	3.4
PCE Core (MoM)	Aug	0.1	(0.2)	0.3	0.2
Adv. Goods Trade Balance	Aug	-118.94	Bn \$	-115.00	-132.60
Chicago Purchasing Manager	Sep	47.1		51.2	58.8
Initial Jobless Claims	weekly	198	(197)	200	197
Continued Jobless Claims	weekly	1.712	(1.719)	1.725	1.701
Markit US Manuf. PMI final	Sep	57.0			55.9
ISM Manufacturing	Sep	54.6		55.0	54.5
Construction Spending MoM	Aug	-0.1	(-0.5)		0.9
Avg Hourly Earning MOM All Emp	Sep	0.3		0.3	0.1
Unemployment Rate	Sep	4.1		4.1	4.2
Change in Nonfarm Payrolls	Sep	133	(162)	90	29
Factory Orders	Aug	0.9		0.1	
Durable Goods Orders final	Aug	0.0			
Durables Ex Transp final	Aug	0.3			

In column "Previous" in parenthesis data before the revision. Source: LSEG Datastream

Euro Area

Country	Data release	Period	Previous		Consensus	Effective
EA	Euro-Zone Consumer Confidence final	Sep	-16.5		-16.5	-16.5
EA	Euro-Zone Services Confidence	Sep	5.6	(5.8)	6.5	6.1
EA	Euro-Zone Indust. Confidence	Sep	-5.0	(-5.3)	-4.7	-3.8
EA	Euro-Zone Economic Confidence	Sep	98.4		99.0	97.9
EA	PMI Manufacturing final	Sep	52.7		52.7	52.9
EA	Euro-Zone Unemployment Rate	Aug	6.4	%	6.4	6.4
EA	Euro-Zone CPI Estimate (YoY)	Sep	3.2	%	3.6	
EA	CPI ex Energy & Unproc. Food YoY flash	Sep	2.1	%		
FR	Consumer Spending (MoM)	Aug	0.4	(0.5)		-0.5
FR	CPI (EU Harmonised) (YoY) flash	Sep	2.6	%	3.1	3.4
FR	PMI Manufacturing final	Sep	50.3		50.3	50.6
GE	Import Price Index (YoY)	Aug	6.8	%	8.0	8.3
GE	Retail Sales (MoM)	Aug	-3.2	(-3.4)	1.5	1.3
GE	Retail Sales (YoY)	Aug	-2.2	(-2.5)	0.1	-0.4
GE	Unemployment Change (000's)	Sep	5	(4)	1	12
GE	Unemployment Rate (s.a)	Sep	6.4	%	6.4	6.4
GE	CPI - EU Harmonised (MoM) flash	Sep	0.2	%	0.5	0.6
GE	Consumer Price Index (YoY) flash	Sep	2.9	%	3.1	3.3
GE	CPI - EU Harmonised (YoY) flash	Sep	2.9	%	3.2	3.3
GE	Consumer Price Index (MoM) flash	Sep	0.2	%	0.5	0.6
GE	PMI Manufacturing final	Sep	53.8		53.8	53.9
IT	Trade Balance Non-Eu (Euros)	Aug	2.55	Bn €		2.00
IT	Industrial Sales n.s.a. (YoY)	Jul	3.2	(3.1)		4.8
IT	Industrial Sales s.a. (MoM)	Jul	-0.9	(-1.0)		1.7
IT	Manuf. Business Confidence	Sep	90.2	(89.9)	90.5	91.9
IT	Consumer Confidence Ind. sa	Sep	94.5		94.0	91.2
IT	CPI - EU Harmonized (MoM) flash	Sep	0.1	%	1.8	2.0
IT	CPI (NIC incl. tobacco) (YoY) flash	Sep	3.3	%	3.8	4.2
IT	CPI - EU Harmonized (YoY) flash	Sep	3.2	%	3.8	4.1
IT	CPI (NIC incl. tobacco) (MoM) flash	Sep	0.5	%	0.3	0.7
IT	PMI Manufacturing	Sep	49.6		50.0	50.4
IT	Monthly Unemployment Rate SA	Aug	6.0	(5.8)	5.7	6.2
IT	Retail Sales (YoY)	Aug	1.0	(0.8)		0.5
SP	CPI (EU Harmonised) (YoY) flash	Sep	4.6	%	4.9	5.0

In column "Previous" in parenthesis data before the revision. Source: Source: LSEG Datastream

Focus Euro Area - The first steps towards the digital euro. The evolution of digital payments, the growth of stablecoins and the spread of DLT technologies are posing new challenges to monetary sovereignty and European financial infrastructure. Through the Pontes and Appia projects and the development of the retail digital euro, the Eurosystem aims to ensure that central bank money continues to fulfil its role in the digital economy, while supporting the integration and efficiency of European financial markets.

Eurozone ESI: resilient economy, limited risks on prices. The EU Commission's ESI economic confidence index fell unexpectedly to 97.9 from 98.4 but remains at levels consistent with moderate GDP growth in H2 2026. This correction is mainly due to a deterioration in consumer sentiment as consumers are particularly sensitive to rising fuel prices, despite further improvements in confidence within the manufacturing and services sectors. Even expectations regarding selling prices, which are rising only in manufacturing and construction, do not offer particularly worrying signs of underlying inflationary pressures building up. Overall, the survey confirms the message already emerging from last week's PMI figures: the euro area economy remains resilient and the pass-through of the energy shock to core inflation still appears limited. Available data do not yet warrant a rate hike by the ECB as early as its October meeting (a December move remains more likely than not).

Italy: Household and business morale falls, except in the manufacturing sector. Istat's September confidence surveys are decidedly less positive than in recent months. The latest rises in energy prices are once again weighing on both consumer sentiment and that of businesses in the trade and services sectors. The construction sector is also suffering from the ongoing correction in the residential market, driven by the continued reduction in the generosity of fiscal bonuses as well as the recent rise in interest rates. Conversely, as elsewhere in Europe, the resilience of the manufacturing sector is surprising. Overall, the surveys appear consistent with our expectation of a slowdown in GDP in the second half of the year (around 0.1% q/q) following a first half that was significantly better than expected (0.24% q/q on average in the first two quarters). However, the surveys also point to resilience in the labour market, which does not appear consistent with a negative quarterly change in either consumption or GDP.

Italian inflation surprises on the upside. The sharp rise in Italian inflation in September was well above consensus expectations but in line with our forecast. In the coming months, on the one hand, announcements by some retailers of a cap on fuel prices at the pump should curb energy price rises; on the other hand, there appears to be further scope for increases in non-energy prices that are indirectly affected by energy (particularly food and services most closely linked to electricity costs). In our view, the peak in inflation may not be far from current levels, but inflation will remain high for a long time, partly because gas price rises have more widespread and persistent effects than those of oil. We estimate an annual average for 2027 for the HICP and NIC at 2.5%, following the 3.1% expected for this year.

Italy: unemployment rate on the rise in August. The unemployment rate rose by two tenths to 6.2% in August, with figures for previous months also revised upwards. Employment has remained essentially flat for the past four months, whilst labour force participation is returning to growth. In H2 2026, employment is expected to remain largely unchanged, whilst the decline in the number of economically inactive people, if confirmed, could exert some upward pressure on the unemployment rate, which is nevertheless expected to remain low by historical standards.

Euro area inflation at new 3-year highs, but the indirect effects of the energy shock remain contained. In September, inflation in the eurozone rose from 3.2% to 3.8% y/y; this figure is higher than the consensus expectations prior to the publication of national data, as well as the ECB's estimates for the average for the fourth quarter (3.6%). However, the rise in core indices was only marginal (in line with expectations). In our view, the figure remains consistent with a possible

pause in the cycle of ECB key rate hikes in October, due to the virtual absence of indirect effects from the energy shock (unless there is a further surge in energy prices in the coming weeks).

Japan

Data release	Period	Previous	Consensus	Effective
Retail Trade YoY	Aug	3.7 ~~(4.0)~~ %	3.3	2.7
Industrial Production (MoM) flash	Aug	-0.2 %	1.7	-1.7
Tankan Large Enterprises Manufacturing	Q3	22	25	24
Tankan Large Enterprises Non-Manufact.	Q3	37	36	35
Jibun Bank Manufacturing PMI final	Sep	54.1		54.1
Job-To-Applicant Ratio	Aug	1.18	1.18	1.18
Jobless Rate	Aug	2.4 %	2.4	2.5

In column "Previous" in parenthesis data before the revision. Source: Source: LSEG Datastream

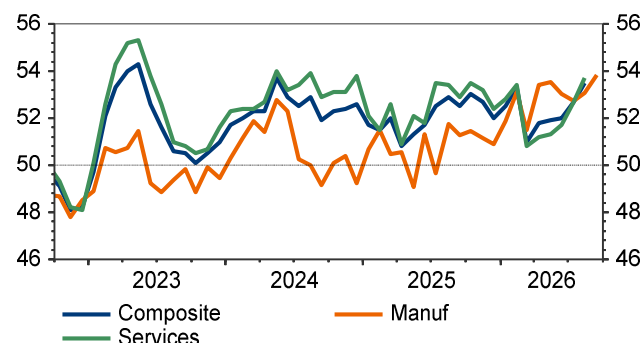
China

Data release	Period	Previous	Consensus	Effective
Caixin Composite PMI	Sep	49.5		50.7
NBS Manufacturing PMI	Sep	49.8	50.1	50.1
NBS Non-Manufacturing PMI	Sep	49.0		50.2
Caixin Manufacturing PMI Final	Sep	51.5	51.6	52.1
Caixin Services PMI	Sep	51.4		51.6

In column "Previous" in parenthesis data before the revision. Source: Source: LSEG Datastream

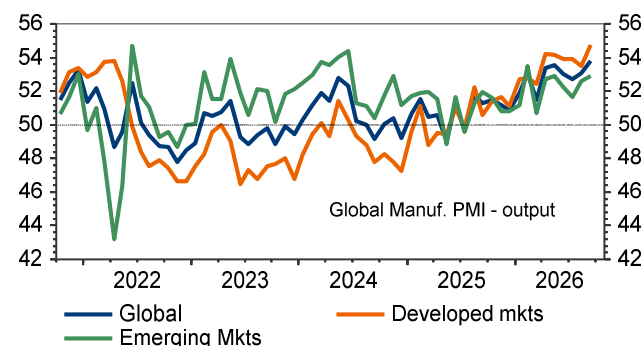
Economic Cycle

Global PMIs: manufacturing vs. services



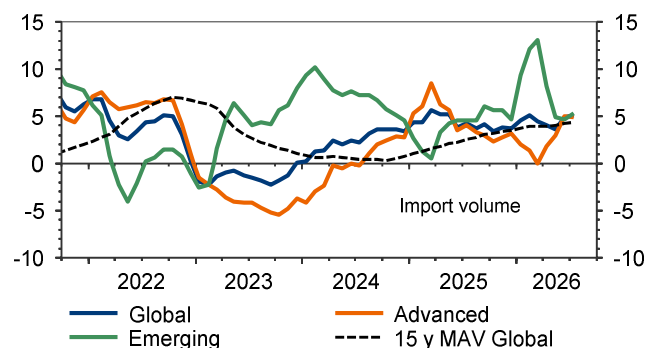
Source: S&P Global

Manufacturing PMI: advanced vs. emerging markets



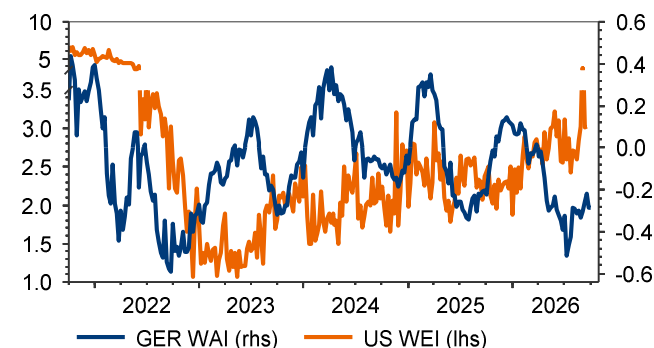
Source: S&P Global

Global trade growth (y/y % change)



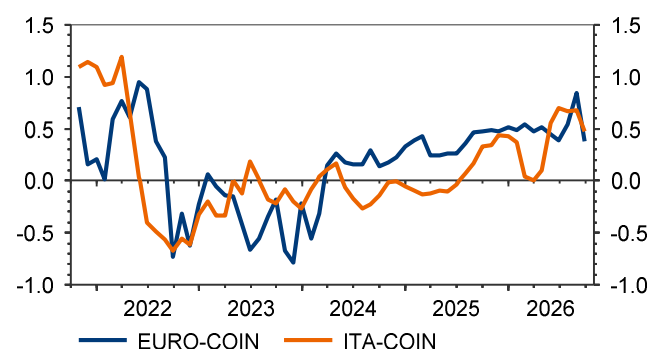
Source: Intesa Sanpaolo calculations on CPB data

Weekly indices of activity: Germany and US



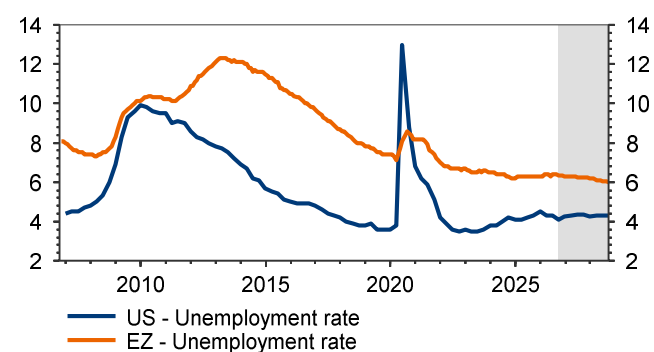
Source: Deutsche Bundesbank, NY Fed

Coincident indices of activity: Eurozone and Italy



Source: CEPR, Bank of Italy

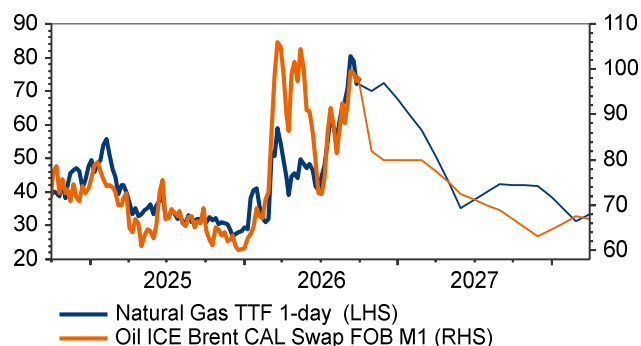
Unemployment rates (ILO)



Source: Intesa Sanpaolo forecasts on ILO data

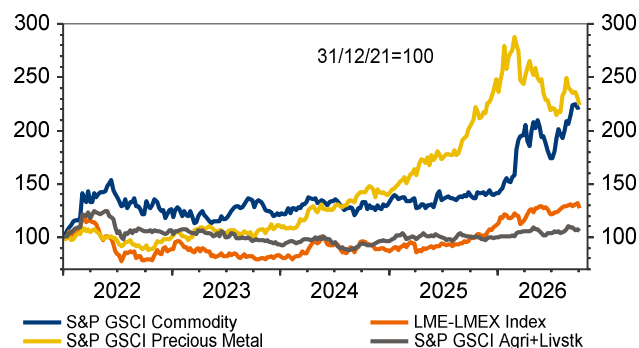
Inflation

Oil and natural gas prices



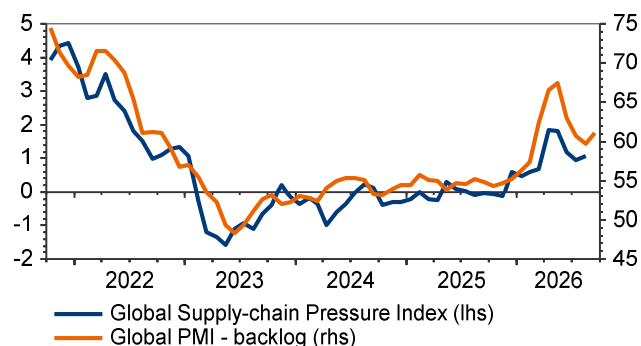
Source: Intesa Sanpaolo forecasts on LSEG Datastream data

Commodity prices



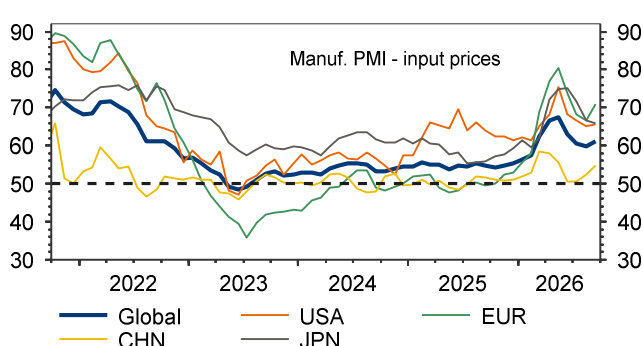
Source: Intesa Sanpaolo calculations on S&P, LME, LSEG Datastream data

Level of pressure on global supply chains



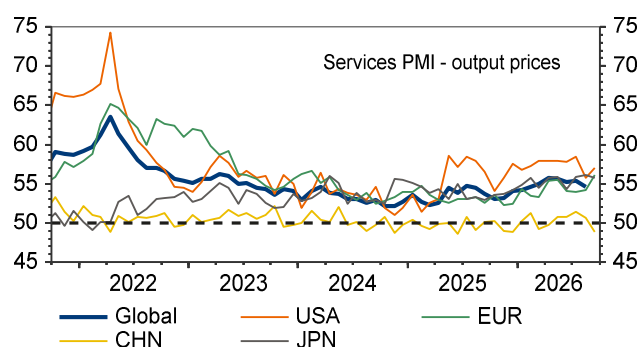
Source: NY Fed, S&P Global

Input prices, manufacturing industry



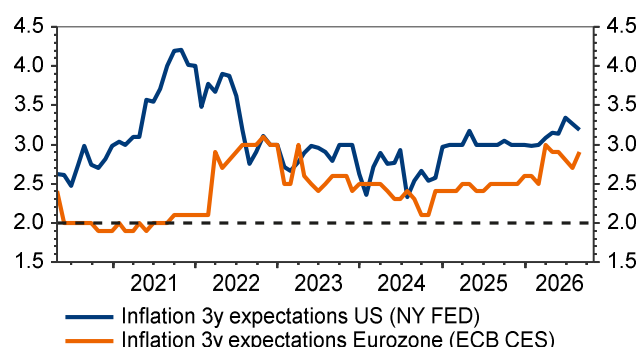
Source: S&P Global

Output prices, services



Source: S&P Global

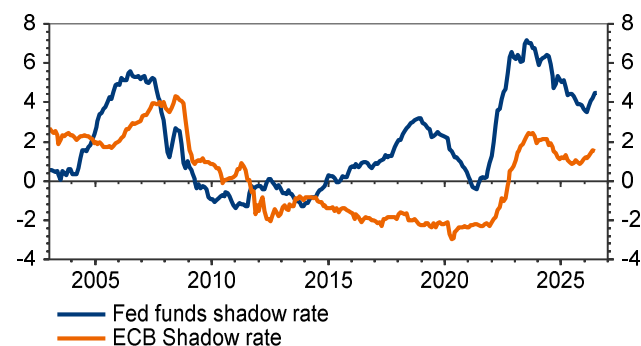
Households' inflation expectations



Source: NY Fed, ECB

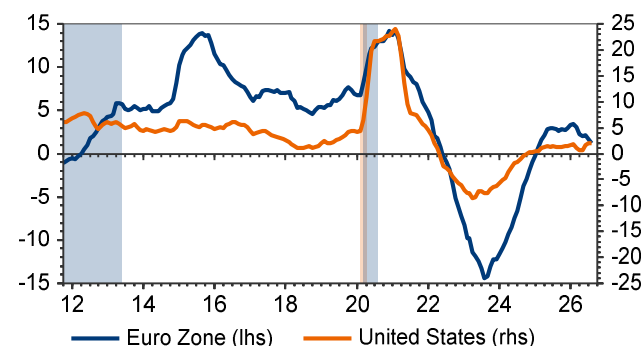
Financial conditions

"Shadow" rates of monetary policy (Fed funds and €STR)



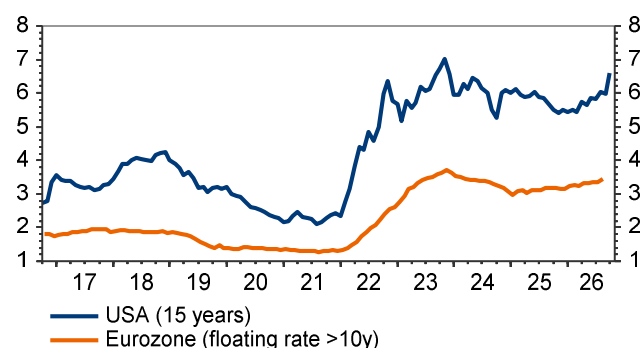
Source: Intesa Sanpaolo elaborations, San Francisco Fed

Real M1, y/y % change



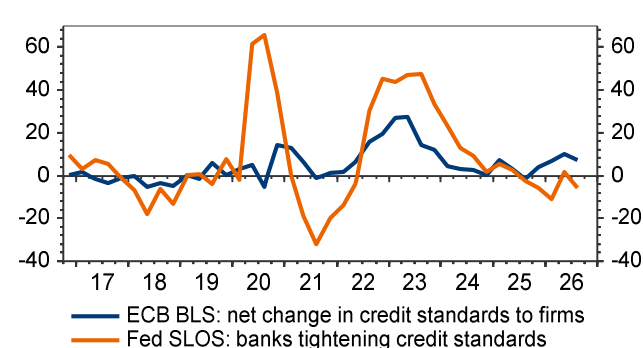
Note: shaded areas indicate recessionary periods in each area. Source: Intesa Sanpaolo calculations on Fed, ECB, Eurostat, BLS data

Mortgage rates



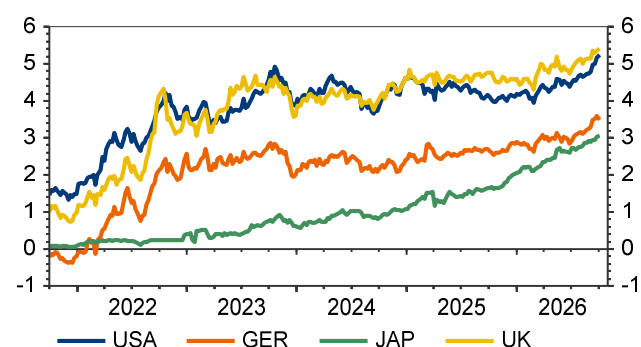
Source: Fed, ECB

Credit to NFCs: changes in credit standards



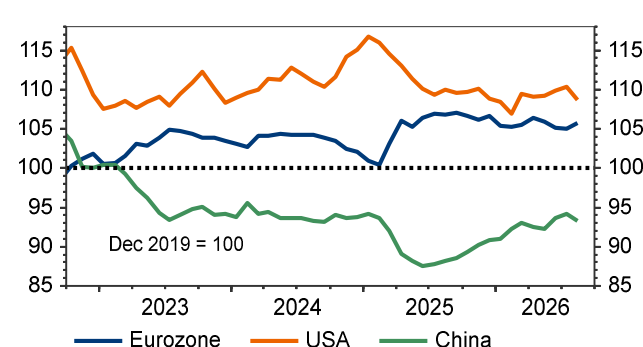
Source: Fed, ECB

10y government bonds yield-to-maturity (%)



Source: LSEG Datastream

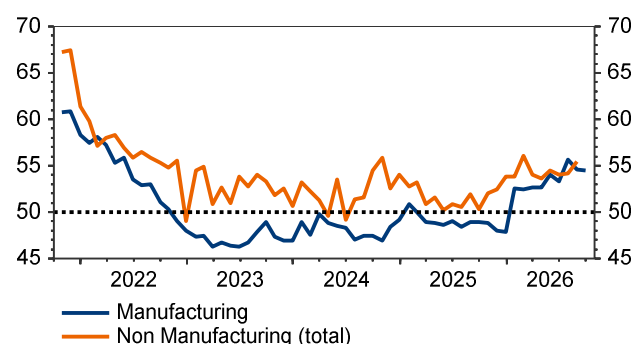
Real effective exchange rates



Source: Intesa Sanpaolo calculations on LSEG Datastream data

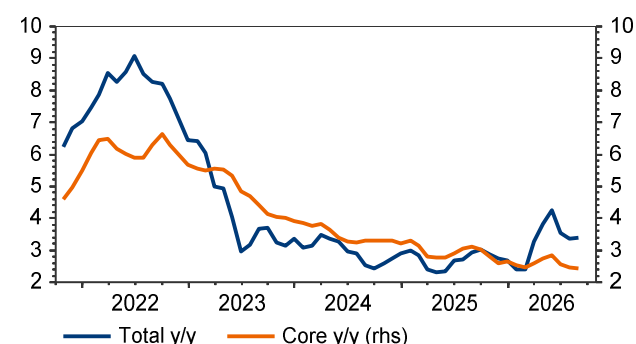
United States

ISM surveys



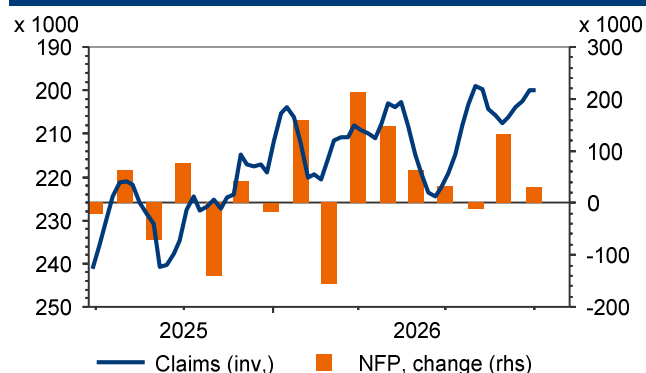
Source: ISM

CPI – y/y % change



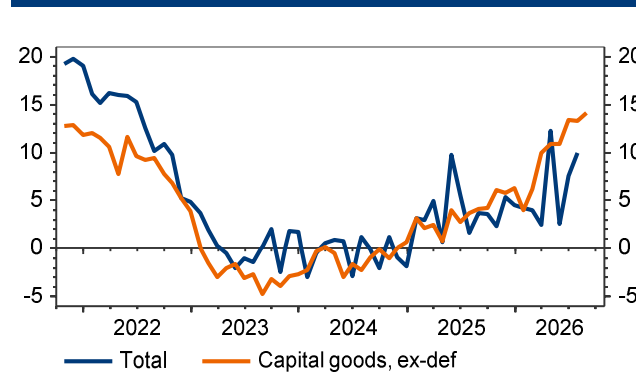
Source: BLS

Nonfarm payrolls & jobless claims



Source: BLS, U.S. Department of Labor

New orders – y/y % change



Source: U.S. Census Bureau

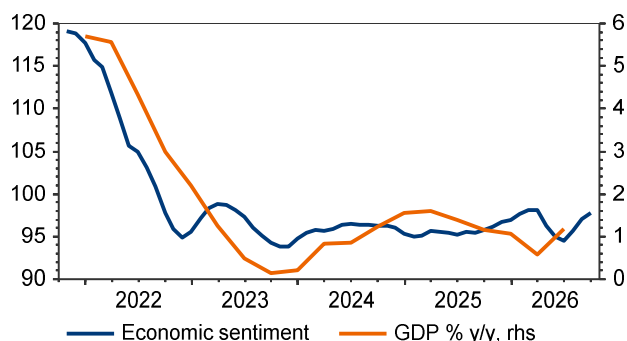
Forecasts Table

	2025	2026	2027	2025	2026	2027	2025	2026	2027	2027	2027
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
GDP (constant prices, y/y)	2.3	2.1	2.1	2.6	2.0	2.6	2.2	1.7	2.1	2.1	2.0
- q/q annualised rate				3.9	0.2	2.5	2.2	1.8	1.9	2.4	1.9
Private consumption	2.6	2.2	2.0	3.7	1.9	0.7	3.8	2.0	1.8	2.2	1.8
Fixed investment - nonresid.	5.4	6.2	3.6	3.8	2.1	9.9	9.0	4.0	3.7	2.6	2.9
Fixed investment - residential	-2.7	-2.3	2.5	-6.3	-1.8	-7.6	2.8	2.7	3.0	2.0	2.0
Government consumption	1.6	0.8	1.5	1.6	-5.7	4.7	-0.1	2.8	1.7	1.5	1.2
Export	2.1	5.0	4.1	9.5	-4.2	13.9	5.0	3.0	2.0	4.5	5.0
Import	3.6	3.6	4.4	0.1	-1.5	11.5	12.6	5.8	3.7	2.8	4.0
Stockbuilding (% of GDP)	-0.1	-0.2	0.0	-0.2	0.0	0.2	-0.5	0.3	0.0	0.1	0.0
Current account (% of GDP)	-3.8	-3.3	-3.6								
Gen. Gov. Deficit (% of GDP)	-7.4	-7.5	-6.5								
Gen. Gov. Debt (% of GDP)	137.0	137.7	137.9								
CPI (y/y)	2.7	3.3	2.3	2.9	2.7	2.7	3.9	3.4	3.1	2.8	2.0
Industrial production	1.1	1.4	1.9	0.5	-0.5	0.3	1.1	0.4	0.3	0.5	0.3
Unemployment (%)	4.3	4.2	4.3	4.3	4.5	4.3	4.3	4.1	4.2	4.3	4.4

Note: Percentage annualised growth rates over previous period, if not otherwise specified. Source: Intesa Sanpaolo

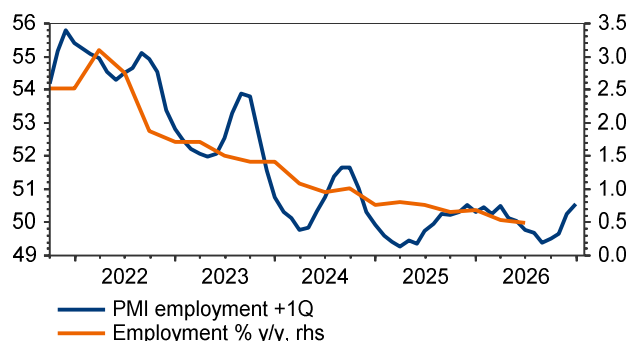
Euro Area

GDP



Source: Eurostat, EU Commission

Employment



Source: Eurostat, S&P Global

Eurozone inflation forecasts, current year

	INDICES				% Ch. y/y			
	HICP	Core ECB	Core ex FEAT	HICP ex tob	HICP	Core ECB	Core ex FEAT	HICP ex tob
Jan-26	100.1	100.0	99.8	100.0	1.7	2.2	2.2	1.6
Feb-26	100.7	100.6	100.6	100.7	1.9	2.3	2.4	1.8
Mar-26	102.0	101.3	101.4	102.0	2.6	2.2	2.3	2.5
Apr-26	103.0	102.1	102.4	103.0	3.0	2.1	2.2	3.0
May-26	103.1	102.4	102.7	103.1	3.2	2.3	2.6	3.1
Jun-26	103.0	102.6	102.9	103.0	2.8	2.1	2.4	2.7
Jul-26	103.2	102.6	102.8	103.2	2.9	2.2	2.5	2.9
Aug-26	103.7	102.8	103.1	103.7	3.2	2.1	2.4	3.2
Sep-26	104.3	102.9	103.3	104.2	3.8	2.2	2.5	3.7
Oct-26	104.9	103.2	103.5	104.9	4.1	2.2	2.4	4.1
Nov-26	104.6	102.9	103.1	104.5	4.1	2.3	2.6	4.0
Dec-26	104.7	103.2	103.4	104.5	4.0	2.4	2.5	3.9
Average	103.1	102.2	102.4	103.1	3.1	2.2	2.4	3.1

Note: ECB core inflation is excluding unprocessed food and energy; core inflation ex FEAT is excluding food, energy, alcohol and tobacco. Source: Eurostat data, Intesa Sanpaolo forecasts.

Eurozone inflation forecasts, next year

	INDICES				% Ch. y/y			
	HICP	Core ECB	Core ex FEAT	HICP ex tob	HICP	Core ECB	Core ex FEAT	HICP ex tob
Jan-27	104.1	102.5	102.5	104.0	4.0	2.5	2.7	4.0
Feb-27	104.6	103.1	103.2	104.4	3.8	2.4	2.6	3.8
Mar-27	105.2	103.9	104.1	105.1	3.1	2.6	2.7	3.0
Apr-27	105.9	104.8	105.1	105.8	2.8	2.6	2.7	2.7
May-27	105.9	104.9	105.2	105.8	2.7	2.5	2.5	2.6
Jun-27	106.0	105.2	105.5	105.9	2.9	2.5	2.5	2.8
Jul-27	105.8	105.2	105.4	105.7	2.5	2.5	2.5	2.4
Aug-27	106.0	105.4	105.6	105.9	2.2	2.5	2.5	2.2
Sep-27	106.1	105.5	105.8	106.0	1.8	2.5	2.4	1.7
Oct-27	106.7	105.8	106.1	106.6	1.7	2.5	2.5	1.6
Nov-27	106.4	105.5	105.6	106.2	1.7	2.5	2.4	1.7
Dec-27	106.6	105.7	105.8	106.4	1.8	2.4	2.3	1.7
Average	105.8	104.8	105.0	105.6	2.6	2.5	2.5	2.5

Note: ECB core inflation is excluding unprocessed food and energy; core inflation ex FEAT is excluding food, energy, alcohol and tobacco. Source: Eurostat data, Intesa Sanpaolo forecasts.

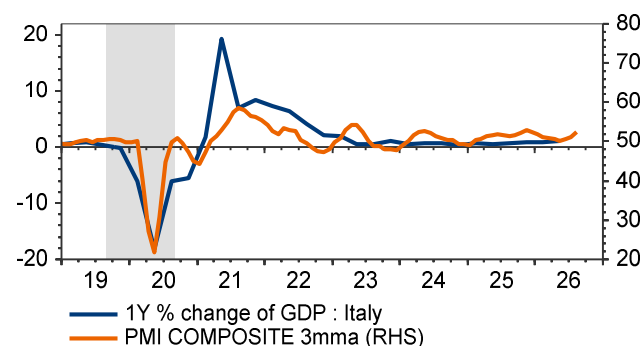
Forecasts Table

	2025	2026	2027	2025	2026	2027					
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
GDP (constant prices, y/y)	1.3	1.0	1.2	1.2	1.1	0.6	1.2	1.0	1.0	1.3	1.1
- q/q change				0.3	0.2	-0.0	0.6	0.2	0.3	0.3	0.3
Private consumption	1.5	1.0	0.9	0.2	0.5	0.1	0.4	0.2	0.1	0.1	0.3
Fixed investment	2.9	0.8	1.5	1.0	0.7	-0.2	-0.1	0.4	0.3	0.3	0.5
Government consumption	1.5	1.8	1.3	0.7	0.5	0.5	0.2	0.3	0.3	0.3	0.3
Export	1.9	2.2	2.4	0.6	0.4	-0.6	3.4	-0.7	0.6	0.5	0.6
Import	3.6	3.0	2.6	1.1	0.4	0.6	1.5	0.6	0.7	0.5	0.5
Stockbuilding (% contr. to GDP)	0.2	0.1	0.2	0.0	-0.4	0.4	-0.5	0.5	0.1	0.1	0.0
Current account (% of GDP)	2.2	1.7	1.8								
Deficit (% of GDP)	-2.9	-3.4	-3.2								
Debt (% of GDP)	87.4	89.8	90.4								
CPI (y/y)	2.1	3.1	2.6	2.1	2.1	2.0	3.0	3.3	4.1	3.7	2.8
Industrial production (y/y)	1.7	-0.4	1.3	1.5	1.9	-1.9	-0.1	0.3	0.1	1.2	1.1
Unemployment (%)	6.3	6.4	6.3	6.3	6.3	6.4	6.4	6.4	6.3	6.3	6.3
3-month Euribor	2.18	2.39	2.80	2.01	2.04	2.05	2.24	2.53	2.75	2.87	2.80

Note: Percentage change over previous period, if not otherwise specified. Source: LSEG Datastream, Intesa Sanpaolo forecasts

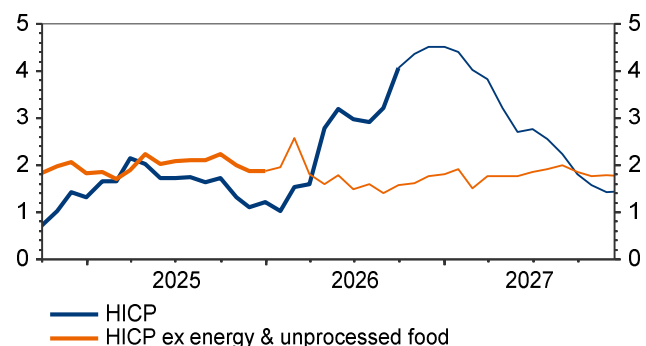
Italy

GDP



Note: shaded areas are recession periods. Source: Istat, S&P Global

Inflation



Note: y/y % change. Source: Istat, Intesa Sanpaolo forecasts

Italy inflation forecasts, current year

	INDICES				% Ch. y/y			
	HICP	CPI	FOI	FOI ex tob	HICP	CPI	FOI	FOI ex tob
Jan-26	99.5	100.4	100.4	100.4	1.0	1.0	0.8	0.8
Feb-26	100.0	101.1	101.0	100.9	1.5	1.5	1.2	1.1
Mar-26	101.7	101.6	101.5	101.5	1.6	1.7	1.4	1.5
Apr-26	103.3	102.7	102.6	102.5	2.8	2.7	2.6	2.6
May-26	103.6	103.1	102.8	102.8	3.2	3.2	3.0	3.0
Jun-26	103.6	103.1	102.8	102.8	3.0	3.0	2.8	2.9
Jul-26	102.6	103.4	103.1	103.1	2.9	2.9	2.8	2.8
Aug-26	102.7	103.9	103.7	103.7	3.2	3.3	3.3	3.4
Sep-26	104.8	104.6	104.4	104.4	4.1	4.2	4.2	4.2
Oct-26	105.0	104.5	104.5	104.3	4.4	4.4	4.4	4.3
Nov-26	104.8	104.3	104.4	104.3	4.5	4.5	4.5	4.4
Dec-26	105.0	104.5	104.6	104.5	4.5	4.5	4.5	4.4
Average	103.1	103.1	103.0	102.9	3.1	3.1	3.0	3.0

Source: Intesa Sanpaolo forecasts on Istat data

Italy inflation forecasts, next year

	INDICES				% Ch. y/y			
	HICP	CPI	FOI	FOI ex tob	HICP	CPI	FOI	FOI ex tob
Jan-27	103.9	104.7	104.7	104.6	4.4	4.3	4.3	4.2
Feb-27	104.0	105.3	105.1	105.0	4.0	4.1	4.1	4.0
Mar-27	105.6	105.6	105.5	105.5	3.8	3.9	4.0	3.9
Apr-27	106.6	106.0	105.9	105.8	3.2	3.2	3.2	3.2
May-27	106.4	105.9	105.6	105.5	2.7	2.7	2.7	2.7
Jun-27	106.5	105.9	105.5	105.5	2.8	2.7	2.7	2.6
Jul-27	105.2	105.9	105.6	105.5	2.5	2.4	2.4	2.4
Aug-27	105.0	106.1	105.8	105.8	2.2	2.1	2.1	2.0
Sep-27	106.7	106.3	106.0	105.9	1.8	1.6	1.5	1.5
Oct-27	106.6	106.0	105.9	105.7	1.6	1.4	1.3	1.3
Nov-27	106.3	105.6	105.6	105.5	1.4	1.2	1.2	1.1
Dec-27	106.6	105.8	105.9	105.7	1.5	1.3	1.2	1.2
Average	105.8	105.8	105.6	105.5	2.6	2.6	2.5	2.5

Source: Intesa Sanpaolo forecasts on Istat data

Macro forecast

	2025	2026	2027	2025	2026	2027					
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
GDP (constant prices, y/y)	0.7	0.9	0.8	0.7	0.9	0.8	1.0	0.9	0.7	0.5	0.7
- q/q change				0.2	0.3	0.3	0.2	0.1	0.2	0.1	0.3
Private consumption	1.1	1.3	0.6	0.3	0.1	0.5	0.4	0.2	0.1	0.1	0.1
Fixed investment	3.8	2.9	1.9	1.2	0.9	0.8	0.3	0.1	0.3	0.2	1.0
Government consumption	0.6	0.3	0.2	0.3	0.2	0.0	-0.1	0.1	0.1	0.0	0.0
Export	1.4	3.3	2.2	2.3	-1.0	2.3	0.8	0.6	0.4	0.4	0.6
Import	3.9	3.9	2.6	2.1	1.5	0.0	1.7	0.7	0.6	0.5	0.6
Stockbuilding (% contr. to GDP)	-0.2	-0.5	0.0	-0.4	0.8	-0.9	0.1	-0.1	0.1	0.0	0.0
Current account (% of GDP)	1.1	0.5	0.6								
Deficit (% of GDP)	-3.1	-2.9	-2.9								
Debt (% of GDP)	136.7	138.1	137.5								
HICP (y/y)	1.6	3.1	2.6	1.7	1.2	1.4	3.0	3.4	4.5	4.1	2.9
Industrial production (y/y)	-0.3	0.5	1.1	0.2	1.2	0.5	0.5	0.6	0.5	1.2	1.1
Unemployment (%)	6.0	5.5	5.4	5.9	5.7	5.5	5.6	5.5	5.4	5.4	5.4
10 years government rate	3.57	3.89	4.08	3.55	3.46	3.54	3.78	4.03	4.20	4.13	4.09

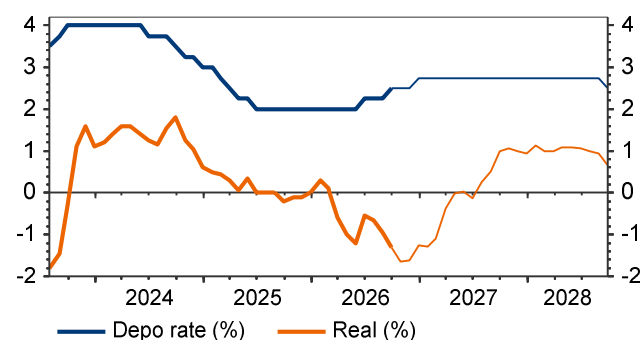
Note: Percentage changes on the previous period – unless otherwise indicated. Source: LSEG Datastream, Intesa Sanpaolo forecasts

Interest Rates and Exchange Rates

Eurozone

	Mar	Jun	Sep	1/10	Dec	Mar	Jun	Sep
Deposit rate	2.00	2.25	2.50	2.50	2.75	2.75	2.75	2.75
Euribor 1m	1.89	2.20	2.50	2.44	2.60	2.73	2.70	2.69
Euribor 3m	2.08	2.32	2.62	2.60	2.80	2.84	2.79	2.77

Source: Intesa Sanpaolo forecasts on LSEG Datastream data

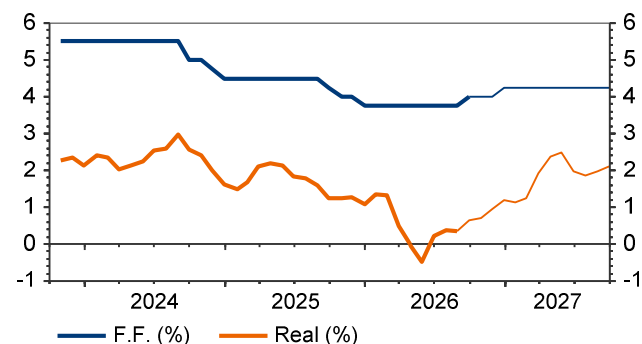


Source: Intesa Sanpaolo calculations and forecasts on LSEG Datastream data

United States

	Mar	Jun	Sep	1/10	Dec	Mar	Jun	Sep
Fed Funds	3.75	3.75	4.00	4.00	4.25	4.25	4.25	4.25
OIS 3m	3.66	3.72	4.02	4.00	4.15	4.18	4.19	4.20

Source: Intesa Sanpaolo forecasts on LSEG Datastream data

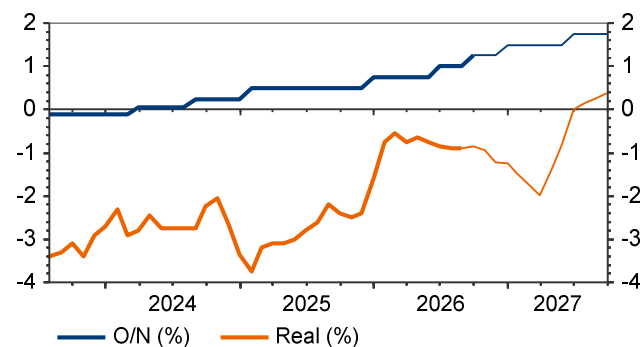


Source: Intesa Sanpaolo calculations and forecasts on LSEG Datastream data

Japan

	Mar	Jun	Sep	1/10	Dec	Mar	Jun	Sep
O/N target	0.75	1.00	1.25	1.25	1.50	1.50	1.75	1.75
OIS 3m	0.86	0.99	1.30	1.30	1.52	1.52	1.77	1.77

Source: Intesa Sanpaolo forecasts on LSEG Datastream data

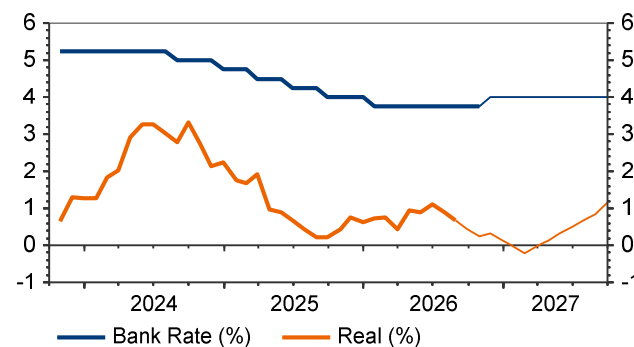


Source: Intesa Sanpaolo calculations and forecasts on LSEG Datastream data

United Kingdom

	Mar	Jun	Sep	1/10	Dec	Mar	Jun	Sep
Bank rate	3.75	3.75	3.75	3.75	4.00	4.00	4.00	4.00
OIS 3m	3.84	3.77	3.91	3.91	4.15	4.15	4.15	4.15

Source: Intesa Sanpaolo forecasts on LSEG Datastream data



Source: Intesa Sanpaolo calculations and forecasts on LSEG Datastream data

Exchange rates

	2/10	2026 Q1	2026 Q2	2026 Q3	2026 Q4	2027 Q1	2027 Q2	2027 Q3	2027 Q4
EUR/USD	1.1238	1.17	1.16	1.14	1.13	1.13	1.15	1.16	1.16
USD/JPY	157.61	157	160	157	160	160	156	149	145
GBP/USD	1.3208	1.35	1.34	1.34	1.30	1.27	1.29	1.30	1.30
USD/CAD	1.4233	1.37	1.38	1.41	1.43	1.44	1.41	1.39	1.39
AUD/USD	0.6937	1.44	1.41	1.41	1.42	1.42	1.40	1.39	1.40
NZD/USD	0.5609	1.69	1.71	1.68	1.71	1.67	1.61	1.58	1.58
USD/CHF	0.8277	0.78	0.79	0.81	0.82	0.82	0.80	0.79	0.80
USD/SEK	10.0522	9.14	9.36	9.45	9.67	9.52	9.15	8.92	8.84
USD/NOK	9.6336	9.73	9.42	9.79	9.69	9.60	9.35	9.20	9.19

Source: Intesa Sanpaolo forecasts on LSEG Datastream data

Appendix

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