

ING Monthly: Weathering the shocks

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The most striking thing about this summer isn't the string of unprecedented shocks. It's that the global economy has barely flinched

Executive summary

- **Energy:** We have revised our oil and gas forecasts higher with little sign of a breakthrough between the US and Iran. European natural gas remains vulnerable into winter.
- **Bond markets:** It's tough to see the pressure for higher long-end yields magically dissipate. We have an end-year forecast for the US 10-year of 4.90% and the risk is that we have to endure an overshoot before things structurally calm.
- **United States:** A hawkish speech by Fed Chair Kevin Warsh makes a September rate hike look probable. But we think that tepid job creation and cooling inflation mean this needn't turn into a series of hikes.
- **Eurozone:** The stage is set for another rate hike this month but for now we think this will be the last.
- **China:** Given the soft start to the second half and signs that policy support will remain relatively modest, we're trimming our 2026 GDP forecast slightly – to 4.6% YoY from 4.7%.
- **UK:** Contrary to market pricing, we think the combination of a fragile jobs market and cooling core inflation should help unlock Bank of England rate cuts in 2027.
- **Japan:** We expect a Bank of Japan rate hike in September and two follow up moves in January and April 2027.
- **Central and Eastern Europe:** Poland remains resilient despite energy and fiscal risks; Czech growth is firm and inflation contained, but the Czech National Bank remains vigilant; Hungary's recovery may revive assets, while Romania still faces stagflation and political uncertainty.
- **FX:** In light of a more hawkish Fed outlook, we now expect the dollar to stay stronger for longer. We are dropping our year-end 2026 EUR/USD forecast to 1.16 from 1.18 and raising the USD/JPY profile to 160 from 158.

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- This bundle contains 15 Articles

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