

Weekly Economic Recap

30th of March 2026

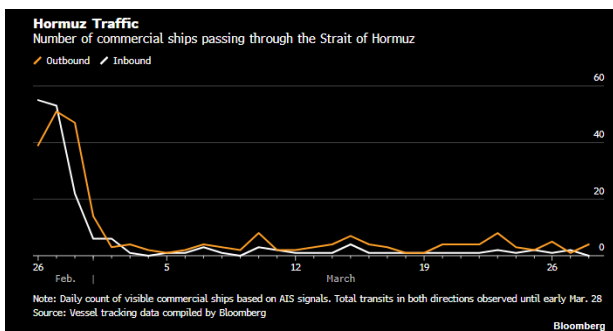
GLOBAL MACRO

- **US: Growth in business activity slowed in March to an almost one-year low in the wake of the war with Iran.** The decline in the Purchasing Manager Index survey was due to the **weakest growth in services activity in nearly a year** while input prices increased significantly. Companies passed on higher costs to their customers, with the survey showing the **steepest rise in selling prices in more than 3 1/2 years**, and headcount contracted for the first time in a year.
- **Three Fed officials expressed growing anxiety over the economic outlook** due to the war in the Middle East, with **one policymaker saying the spike in oil prices had shifted the balance of risks for now, leaving inflation as a bigger concern than employment.** They largely preferred to keep rates on hold as they assess how the war might affect inflation and growth.
- **Eurozone: Consumer confidence fell more than forecast to a 3-year low in March**, as households brace for the economic costs of the Iran war. Companies are also starting to feel the pain, with input costs rising and intentions to increase selling prices growing, according to the PMI survey. The same survey also shows a **weakening in private-sector activity** in March. According to the European Commission, the European Union is at **danger of enduring low growth combined with higher inflation** because of the war. A shorter conflict would push up inflation by 1pp, while a severe scenario could add as much as 1.5pp to consumer prices. At the same time, a short conflict would shave 0.4pp of GDP in 2026, or 0.6pp in both 2026 and 2027 in case of a protracted conflict.
- **ECB President Christine Lagarde warned of complacency in assessing the fallout of the conflict in the Middle East.** She said that the **destruction in energy infrastructure is a "real shock"** as too much has already been damaged and **cannot be restored in a matter of months.** She concluded that the central bank will act decisively and swiftly if the current surge in energy costs risks a broader bout of inflation.
- **Germany's business outlook has soured due to higher energy prices from the Iran war.** The Ifo institute's expectations index dropped to the **lowest in more than a year**, as uncertainty among companies increased. The Bundesbank said GDP is likely to stagnate in Q1, citing the war among other factors. Government officials may have to lower their previous forecast of 1% GDP growth in 2026 to just 0.5% in a worst-case scenario, and to 0.6% to 0.7% under less severe assumptions.
- **Sweden's deputy central bank governor said policymakers must remain vigilant against prices rising too quickly** as the effects of the Iran war become clearer.

ESG, POLITICS & PUBLIC FINANCE

- **EU lawmakers voted in favour of the EU-US trade deal today in Brussels**, clearing a key hurdle in the implementation of the agreement struck last summer.
- **NATO's European allies and Canada increased their defence spending by 20% for the second straight year in 2025**, according to the alliance's annual report. Poland, the Baltic countries and several Nordic nations are ahead of the US on defence-related spending relative to GDP.
- **ECB President Christine Lagarde urged governments to maintain fiscal restraint in helping voters with the surge in energy prices.** She said any fiscal responses to the energy price shock should be temporary, targeted and tailored, **highlighting the need to strengthen the euro area economy while maintaining sound public finances.** The current energy crisis also underscores the imperative to further reduce dependence on fossil fuels, according to Ms Lagarde.
- **France's government received a boost after figures showed it beat its 2025 deficit-reduction target, allowing for some margin for maneuver**, although the finance minister emphasized the need for the country to stick to its medium-term deficit reduction target of 3% of GDP in 2029, from 5.1% last year. However, there are headwinds to further improvements as the Iran war weighs on growth and fuel prices. The minister announced some targeted measures to support those most affected but insisted any additional outlays would be compensated by spending cuts elsewhere.
- **Spain announced a deal with Algeria to increase gas imports as global energy markets face heightened instability** linked to the war in Iran. Italy's prime minister is equally seeking to boost gas flows from Algeria to cushion the loss of Middle Eastern supplies.
- **Slovakia, an auto industry powerhouse, is turning itself into a critical ammunition hub.** The defence minister predicts "a good 30 years of prosperity" for the sector that could potentially account for as much as 3% of the country's GDP. In other news, the country's prime minister said he was interested in importing natural gas from Romania amid a planned halt of Russian gas imports from 2027.
- **Romania's embattled prime minister vowed to stay on and press ahead with reforms criticized by the country's largest ruling party**, the Social Democrats. The coalition has been rocked by new divisions as a series of austerity measures have inflamed social tensions and eroded voter support. The Social Democrats plan to have an internal party vote on April 20 on whether to continue to support the prime minister.

CHART OF THE WEEK



- **US President Donald Trump has once again delayed his deadline to April 6 for Iran to agree to reopen the Strait of Hormuz.**
- **Iran rejected the US's 15-point proposal** while Washington is preparing a ground invasion that may include occupying Iran's main oil export hub of Kharg Island.
- **Over the weekend, Teheran attacked aluminum plants, underlining how the war's impact extends to other commodities beyond oil and gas**, including helium (important for chipmaking), sulfur (important for cobalt and copper production) and fertilizer.

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MARKETS

WHAT TO WATCH THIS WEEK

EQUITIES

- **US: Traders drove stocks to their longest weekly slide since 2022** on concern that a protracted war in Iran will keep oil prices elevated, fueling an increase in inflation and a slowdown in growth. The Nasdaq 100 fell into a correction, sliding over 10% from its peak.
- **European stocks pared a slight weekly advance.** However, they have fallen almost 10% in March, on course for their first month of losses since June.

FIXED INCOME

- **Eurozone government bonds are heading for one of their worst months of the past decade**, pushing borrowing costs to multiyear highs as investors grow nervous about the effect of the Iran shock on public finances. **Italy's 10-year borrowing costs** climbed as high as 4.14% on Friday, their highest since mid-2024. In volatile trading, **France's** 10-year yields touched an intraday high of almost 3.9%, their highest since 2009, while **Spain's** rose close to 3.7% for the first time since late 2023. This Monday, however, global sovereign bond yields dropped again as concern the Middle East conflict will **derail global economic growth** revived demand for beaten-down government debt.

COMMODITIES/ FX

- The **JPY weakened** to 160 vs. the USD for the first time since 2024, raising **intervention risks**.
- The **USD continued to strengthen vs. the EUR**.

ECONOMICS

- **US: Consumer confidence** (Mar 31) should deteriorate. **Retail sales** in Feb (Apr 1) are expected to have rebounded. The **ISM Manufacturing Index** (Apr 1) is forecast flat. The **labour market** will be in focus next week: **Job openings** (Mar 31), **ADP employment change** (Apr 1), change in **nonfarm payrolls** and the **unemployment rate** (both Apr 3).
- **Euro area: The Economic Confidence Indicator** (Mar 30) is published by the European Commission. **Inflation** in Mar (Mar 31, headline) might jump. The **unemployment rate** for Feb (Apr 1) is expected to remain at 6.1%.
- **Germany: Inflation data** for Mar are due on Mar 30. **Retail sales** in Feb (Mar 31) might have rebounded somewhat. **Unemployment data** are published on Mar 31.

CENTRAL BANKS

- **Fed: Chair Jerome Powell speaks** on Mar 30.
- **ECB: The Economic Bulletin** is released on Apr 2. Board Member **Piero Cipollone speaks** on Apr 1.

POLITICS

- **Opec+ producers decide on their output policy** for May on Apr 5.

	Today	Week to date	Year to date
Swap Rates	27.03.2026	20.03. - 27.03.	01.01. - 27.03.
	in %	Change (bp)	Change (bp)
EUR (Ester)			
2Y	2.63	5.8	61.6
5Y	2.72	8.9	40.1
10Y	2.95	10.8	26.5
USD (SOFR)			
2Y	3.74	1.4	45.4
5Y	3.73	3.9	30.7
10Y	3.94	5.0	17.8
GBP (OIS)			
2Y	4.36	-9.3	86.1
5Y	4.29	-4.0	62.6
10Y	4.50	-0.2	49.9
JPY (OIS)			
2Y	1.39	12.4	74.5
5Y	1.79	15.1	99.6
10Y	2.19	12.8	113.0
CDS Spreads (5Y)	27.03.2026	20.03. - 27.03.	01.01. - 27.03.
	in bp	Change (bp)	Change (bp)
Austria	16	0.4	1.8
United Kingdom	22	0.1	4.2
France	35	2.3	5.0
Germany	11	1.2	2.8
Portugal	20	0.5	1.9
Italy	42	5.0	14.3
Spain	22	1.2	2.3
Poland	63	-1.2	3.4
Hungary	112	-1.6	1.4
Risk Aversion	27.03.2026	20.03. - 27.03.	01.01. - 27.03.
		Change (%)	Change (%)
VIX	28	1.7	13.9
Financial Stress	0.4	0.1	0.7

	Today	Week to date	Year to date
10yr Yields	27.03.2026	20.03. - 27.03.	01.01. - 27.03.
	in %	Change (bp)	Change (bp)
Austria	3.45	10.1	35.1
Belgium	3.72	9.5	38.2
Germany	3.10	7.7	24.9
France	3.84	10.8	28.3
Italy	4.06	12.7	51.6
Japan	2.36	12.3	127.4
US	4.42	5.1	29.0
Spain	3.64	8.3	35.3
Ireland	3.36	7.0	35.4
Portugal	3.58	8.8	43.7
Currency (vs. EUR)	27.03.2026	20.03. - 27.03.	01.01. - 27.03.
		Change (%)	Change (%)
USD	1.15	-0.2%	-2.0%
GBP	0.87	-0.1%	-0.7%
JPY	184.52	0.2%	13.1%
CHF	0.92	0.8%	-1.3%
SEK	10.89	0.8%	0.7%
Equity Markets	27.03.2026	20.03. - 27.03.	01.01. - 27.03.
		Change (%)	Change (%)
S&P	6,379	-2.3%	-7.6%
Dow Jones	45,167	-0.9%	-6.6%
UK FTSE	9,967	0.5%	0.3%
Dax	22,301	-0.4%	-8.9%
Spain	16,803	0.5%	-3.2%
Italy	43,379	1.3%	-3.5%
France	7,702	0.5%	-5.7%
Commodities (USD)	27.03.2026	20.03. - 27.03.	01.01. - 27.03.
		Change (%)	Change (%)
Gold	4,547	-0.2%	4.1%
Oil (Brent)	115	5.6%	85.0%
Copper	547	2.3%	33.6%

Source: Bloomberg