

Euro wrap-up

Overview

- While the flash euro area PMIs signalled softer economic momentum at the start of Q4, Bunds followed the global trend lower as wholesale energy prices jumped.
- Gilts also made losses as a surprisingly strong UK composite output PMI contrasted significantly with a slump in consumer confidence.
- The ECB will leave interest rates unchanged on Thursday, while various European surveys will be accompanied by the UK government's Budget.

Emily Nicol
+44-20-7597-8331

Edward Maling
+44-207597-8030

Daily bond market movements

Bond	Yield	Change
BKO 3.0 12/28	3.047	+0.029
OBL 2.9 10/31	3.160	+0.020
DBR 3 08/36	3.345	+0.014
UKT 4 05/29	4.917	+0.036
UKT 4½ 03/31	4.990	+0.033
UKT 4¾ 07/36	5.363	+0.038

*Change from close at 4:30pm BST.

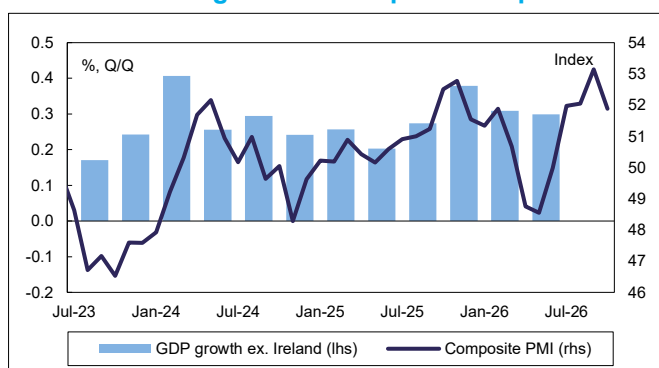
Source: Bloomberg

Euro area

Flash euro area PMIs signal softer economic momentum as French disruption takes its toll

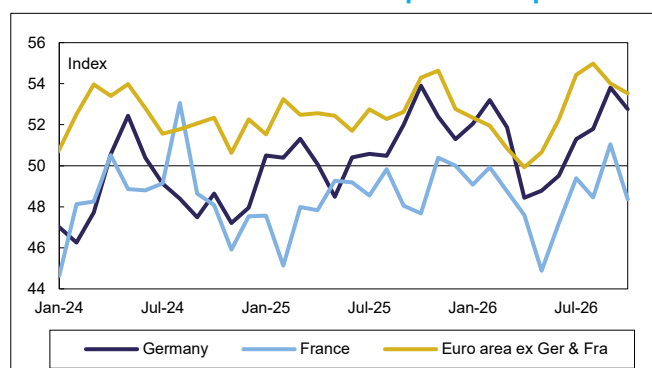
The flash euro area PMIs for October highlighted the increasingly difficult balancing act facing the ECB, as intensifying price pressures coincide with slowing economic momentum, tighter financial conditions and mounting concerns over French fiscal sustainability. Certainly, the headline composite output PMI disappointed expectations, falling 1.2pts to 51.9, its lowest level since June. Nevertheless, the index was just 0.5pt below the Q3 average and remained consistent with still-solid underlying GDP growth of around 0.3%Q/Q. Moreover, while the survey suggested that the slowdown at the start of Q4 was broad-based across the sectors, France was the principal source of weakness, with its composite PMI falling 2.7pts to a four-month low (48.4). In marked contrast to the improvement signalled by yesterday's INSEE survey, both the manufacturing output (48.5) and services activity (48.4) indices fell firmly back into 'contractionary' territory. Moreover, businesses were the most downbeat about the year-ahead outlook since the euro crisis in 2013 outside of the initial Covid lockdown, reflecting concerns that the current policy paralysis will persist up to, and potentially beyond, the 2027 Presidential election. Encouragingly, however, there was little evidence for now of significant spillovers to the rest of the region. The German composite PMI (52.8) remained consistent with solid expansion, while the equivalent index for the rest of the euro area (53.5) stayed firmly above the long-run average. Indeed, German manufacturing output (55.1) reportedly continued to benefit from demand for defence, infrastructure and AI-related goods, alongside an ongoing recovery in overseas orders. And while the near-term outlook for services was somewhat less favourable, activity in that sector elsewhere in the euro area remained close to its recent summer highs.

Euro area: GDP growth & composite output PMI



Source: S&P Global, Macrobond and Daiwa Capital Markets Europe Ltd.

Euro area member states: Composite output PMIs



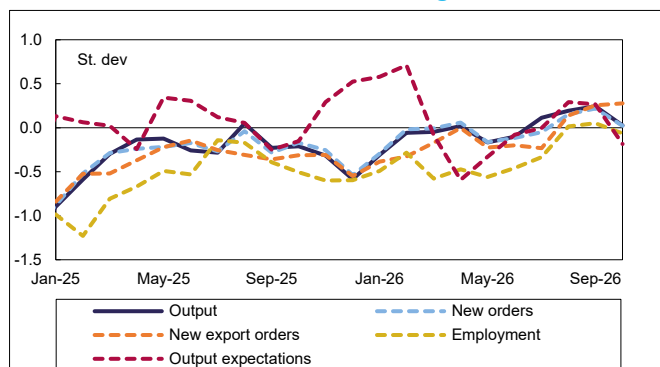
Source: S&P Global, Macrobond and Daiwa Capital Markets Europe Ltd.

Factory cost pressures rise, but services & consumer expectations remain relatively contained

With energy prices sharply higher over the recent months, unsurprisingly the flash PMIs pointed to renewed cost pressures at the start of Q4. The euro area composite input price index rose to a five-month high (67.3), well above its long-run average. However, the increase was concentrated predominantly in manufacturing (74.9) as supply constraints became more acute. Despite still-solid demand in the factory sector and rising backlogs, however, the increase in the manufacturing output price index (57.4) was relatively moderate. More reassuringly for the ECB, services price pressures eased somewhat following September's sharp increase, with the input price (64.9) and output price indices (54.9) back below the peaks recorded earlier in the year, albeit still well above their long-run average. And while the composite employment index continued to suggest modestly positive job growth in services, there was nothing to suggest that labour market conditions are sufficiently tight to warrant heightened concern over second-round effects on inflation. The ECB's latest consumer survey

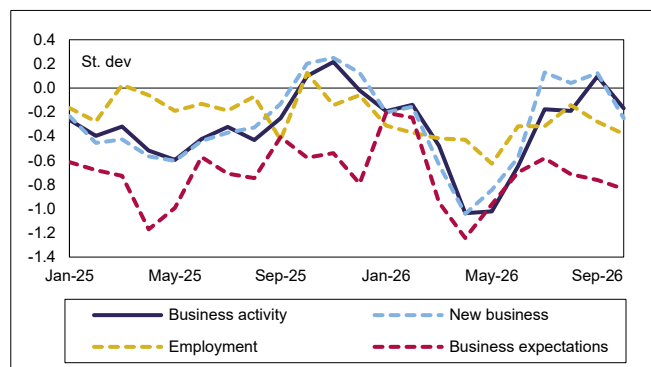
was similarly reassuring, showing no material shift in household inflation expectations either. Indeed, year-ahead CPI expectations edged up just 0.1ppt to 3.1%Y/Y in September, remaining well below the levels seen at the start of the energy shock. Arguably more importantly for monetary policy, expectations at the three- and five-year horizons were unchanged at 2.9%Y/Y and 2.5%Y/Y respectively. Admittedly, both remain too high to be fully consistent with a return of inflation to target over the medium term, supporting the case for monetary policy to become restrictive. But with consumer spending and growth expectations also revised lower, the case for significant additional tightening looks increasingly difficult to make.

Euro area: Selected manufacturing PMIs



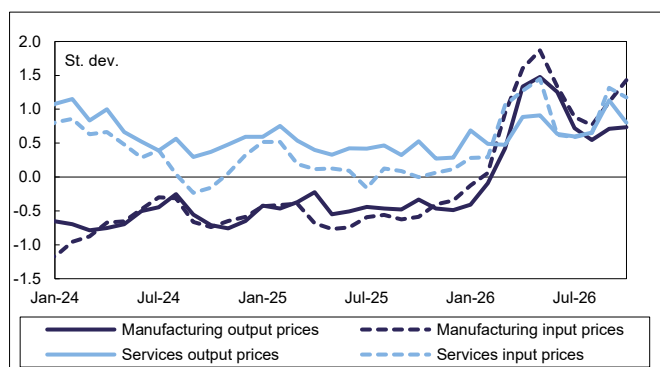
Source: S&P Global, Macrobond and Daiwa Capital Markets Europe Ltd.

Euro area: Selected services PMIs



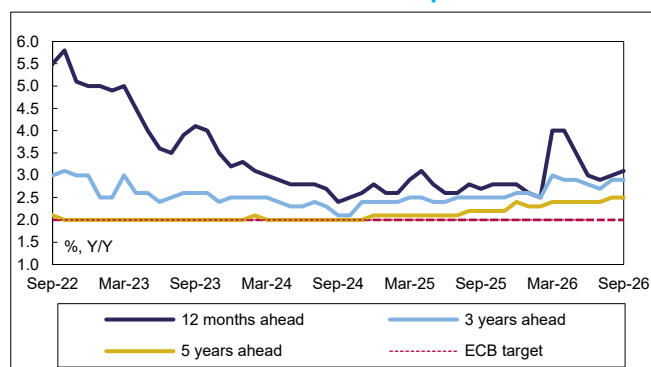
Source: S&P Global, Macrobond and Daiwa Capital Markets Europe Ltd.

Euro area: Price PMIs



Source: S&P Global, Macrobond and Daiwa Capital Markets Europe Ltd.

Euro area: Consumer inflation expectations



Source: ECB, Macrobond and Daiwa Capital Markets Europe Ltd.

Higher yields simplify the ECB's decision to hold rates on Thursday

When the ECB made its decision to raise interest rates in September for the second time this cycle – taking the Deposit Rate to 2.50%, the upper limits of its estimates for neutral – its projections inferred that was unlikely to be the last barring a material shift in energy prices. But while the frequency of future rate hikes remains uncertain, the likelihood of the Governing Council taking such a step on Thursday currently appears to be close to nil. In part, the recent leap in government bond yields and subsequent widening of euro area spreads has made that assertion considerably easier. Average sovereign yields up to 10Y maturity have risen more than 40bps above the level assumed in the ECB's latest macroeconomic projections, and policymakers expect that to lean against economic activity and cost pass-through (see our table of recent comments below). Moreover, besides the softening in today's PMIs, we also expect GDP growth to have already undershot the ECB's expectation in Q3 (see the discussion of the coming week's data below) in contrast to the suggestions of recent surveys. And while headline [inflation](#) jumped to a three-year high in September, evidence of second-round effects remains reassuringly absent, and subdued wage data provides little warning about their imminent appearance. Fiscal support to offset the latest surge in fuel prices should take a bit of the sting out of inflation in the current quarter too. So, we expect most Governing Council members will refrain from raising interest rates until at least December's meeting, which will also come with the advantage of more data and updated macroeconomic projections. Given energy prices implied by current futures curves, we would be surprised if those did not justify a more restrictive stance. However, for now, President Lagarde will refrain from precommitting to a particular rate path. And while she will reassert that the risks to the inflation outlook are skewed to the upside, on balance we might expect her to adopt a slightly less hawkish tone reflecting caution not to encourage further pressure on French spreads.

Selected recent quotes from ECB policymakers*

President Christine Lagarde (Multiple)

"The inflation outlook points to higher inflation ahead... [But] we see no evidence at this stage of significant pass-through of energy prices to other prices and wages, beyond what we have already included in our projections. And while growth has been resilient, financing conditions have tightened, with long-term interest rates rising notably since our last meeting. This will slow growth and reduce pass-through by more than projected [in September] ... [Overall,] the energy shock is too large to look through but a measured response remains appropriate to keep inflation in check." (17 October)

"Our monetary policy is data dependent and is determined on a meeting-by-meeting basis. So, we will be looking very carefully at all the data that come in. We will be focused on the 2% medium-term [inflation target] which, by the way, is still on the cards at the moment."

"The primary and first solution [to rising yields and wider OAT-Bund spreads] lies at home, in France, and it has to do with fiscal policies. This is not only the case for France, it's the case for many advanced economies, but it is certainly the case for France." (14 October)

Chief Economist Philip Lane (13 October)

"It is likely that the global AI investment boom and expectations of a future global AI-driven productivity boost... [are] contributing to the global increase in long-term interest rates... [since Europe's AI boom is relatively small,] the increase in long-term interest rates constitutes a material tightening of financial conditions for the euro area. This is a relevant factor for the ECB in determining the appropriate monetary policy stance"

Mārtiņš Kazāks (17 October)

"Our monetary policy, in my view, is relatively well positioned... if this story [of above-target inflation] continues, then some more policy tightening might be necessary. But one has to be cautious of opposing forces... there is some extra tightening coming from markets." (17 October)

Joachim Nagel (16 October)

"We've raised key interest rates twice. If the situation remains as it is, we don't rule out the possibility that we may have to take further action."

Olli Rehn (16 October)

"Every meeting is an opportunity to take decisions [but] in December, we will have our broad macroeconomic projections exercise on our table... then we have more information concerning both the growth outlook and inflation outlook."

Pierre Wunsch (14 October)

"My views have not changed dramatically... inflation is high, so we have hiked. We are probably going to have to hike again but I'm not making any bets anymore..."

Gediminas Šimkus (14 October)

"We've received more evidence since September that suggest some tightening of monetary policy might be needed."

"... You may take decisions when you have the largest amount of data available, and the next such meeting is December. But you also can't ignore the fact that we have a meeting in October."

Emmanuel Moulin (7 October)

"The ECB is not there to deal with the fiscal problems of countries; it is there to fight inflation... the conditions are not met today for an intervention by the ECB."

"The situation is serious. But we can take action by voting a budget and committing to not having a deficit above 5%."

*Light blue shading shows ECB Executive Board members and gold shading shows other Governing Council members. Sources: ECB, National central banks, Econstream, CNN, Bloomberg & Daiwa Capital Markets Europe Ltd.

Focus on France, with the ECB's operational framework & Lagarde's future also possibly in scope

Of course, beyond monetary policy, significant focus will have to be given to the widening sovereign spreads, particularly in France, although Lagarde will probably refuse to be fuel speculation on the potential use of ECB tools in the absence of clear disorder in markets. Inevitably, she will also have to answer the unabating rumours regarding her own potential early departure from the ECB. And if we follow the existing timetable, Lagarde should also take the opportunity to share news regarding the ECB's operational framework review and the future use of its balance sheet. Since peaking in 2022, excess liquidity has more than halved as the passive roll-off of maturing securities held under the ECB's facilities has continued. The Asset Purchase Programme (APP) and Pandemic Emergency Purchase Programme (PEPP) have fallen by around €1.2trn and €400bn respectively, leaving a little more than €2.1trn and €1.3trn outstanding by end-September. A further €350bn of public sector bonds held by those facilities are scheduled to mature by end-2027. And a potential increase in the ECB's unremunerated minimum reserve requirement, from 1% to 2%, would mechanically reduce excess liquidity further too. Bank reserves now appear to be getting close to their equilibrium level. Previously, the ECB signalled that, at this point, it might be prepared to introduce a new liquidity facility to meet a future increase in demand for reserves. But it also flagged the possibility of, at some point in the future, doing so via the creation of a new structural bond portfolio. That might give it plausible cover to start reinvesting some proceeds of its maturing APP and PEPP bonds. But given the current conjuncture for France, and with the most important Executive Board members, including Lagarde herself, likely to be replaced soon, the Governing Council may be reluctant to pause its current policy of passive QT before the new leadership team is in place.

The data week ahead in the euro area

Besides Thursday's policy announcement, the week ahead will also bring a full slate of euro area economic data releases. Friday will be of most significance, with the first estimates for Q3 GDP due alongside preliminary October inflation estimates from the largest member states. Inflation has been led indiscriminately higher over the past couple of months as rising oil prices and refiner margins pushed fuel prices towards record highs. By contrast, October's flash estimates are expected to show some divergence. German inflation should come down from September's 33-month high of 3.3%Y/Y, and to a lesser extent Spanish inflation should ease too, in both cases thanks principally to the extension of tax relief measures for auto fuel.

But higher energy contributions are more likely to push French and Italian inflation slightly higher. We expect those differences will be largely offsetting at the aggregate euro area level. And so, assuming indirect pass-through into food and core categories doesn't significantly intensify, euro area inflation should avoid a fourth consecutive monthly increase.

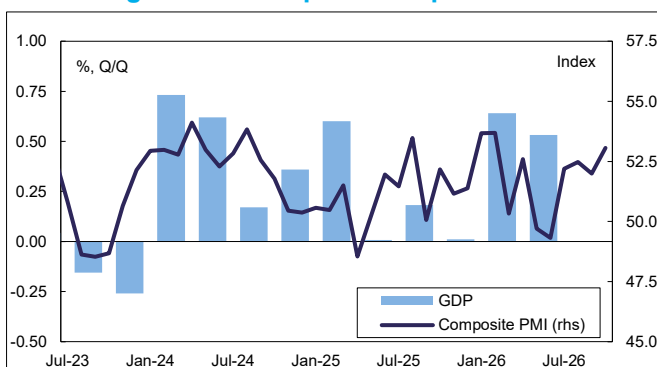
Meanwhile, contrary to the signals of firmer underlying growth momentum across most surveys last quarter, we expect Friday's GDP releases will confirm that euro area GDP growth eased last quarter. Of course, that shouldn't be wholly surprising given the boost that Irish GDP growth (about 10%Q/Q) gave to the euro area number in Q2 (0.6%Q/Q). However, barring any distortions from the preliminary Irish data (Thursday), we suspect that euro area GDP growth slowed to just 0.2%Q/Q, or roughly half the ECB's forecast in September, with some downside risks to that figure too. While a recovery in services activity in France likely spurred a first increase in GDP (0.1%Q/Q) this year, German and Italian growth (also 0.1%Q/Q) seems unlikely to have sustained their strong performance from the first half of the year. Spanish outperformance is assured to have continued, however, albeit at a slightly slower pace (0.4%Q/Q). Looking further ahead, the remainder of October's business survey indicators – including the German ifo indices (Monday) and Commission ESIs (Thursday) – will provide a crosscheck to the findings of today's flash PMIs. Consumer confidence surveys from Germany (Wednesday) and France (Tuesday) will also provide greater insights as to the impact of recent turbulent events in France on household sentiment. Critically, the ECB's quarterly Bank Lending Survey (Tuesday), which conveniently coincides with September's bank lending figures, will provide a signal as to whether and if so how far the recent increase in bond yields has constituted a tightening of banks' credit conditions. Labour market data, including the euro area unemployment rate and October jobless claims figures from Germany, are also among the releases due at the end of the week.

UK

Flash UK PMIs significantly beat expectations at start of Q4

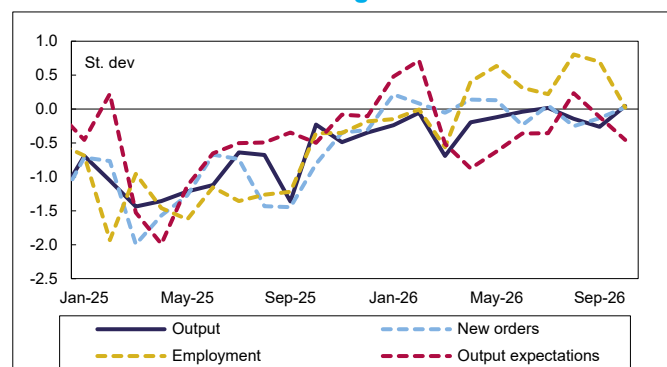
Today's UK data painted a mixed picture of the economy heading into Q4, with weakening consumer demand contrasting with a surprisingly robust pickup in business activity. Indeed, the headline composite PMI jumped 1.1pts to 53.1 in October, its highest level since February. That improvement is particularly notable given the BoE's recent focus on subdued business surveys as evidence of weak underlying growth, complementing recent strong GDP prints to suggest that the economy continues to hold up somewhat better than policymakers had anticipated. Despite some inevitable jitters ahead of the first Burnham government Budget, and ongoing headwinds from energy costs and supply constraints, the improvement was broad-based across sectors, with the manufacturing and services output indices (both 53.1) the highest in more than two years and eight months respectively. And while a notable lengthening of supplier delivery times might constrain activity in some industries, the ongoing improvement in new orders across both manufacturing and services, not least reflecting AI-related investment, should help sustain output over the near term. As such, firms remained more upbeat about the outlook for the year ahead than at the start of the US-Iran war, while firms in the services sector reported an increase in headcount for the first time in two years. In terms of inflation, the survey signals were mixed. As in the euro area, manufacturing input cost pressures intensified at the start of Q4 (71.5) to their highest level since June. Manufacturers continued to pass some of these additional pipeline pressures to consumers. More reassuringly for the BoE, however, the increase in services input costs was relatively modest, while the respective output price index fell back to a three-month low (56.4). So, while the MPC seems bound to raise rates in November, it remains to be seen whether additional tightening will be required.

UK: GDP growth & composite output PMI



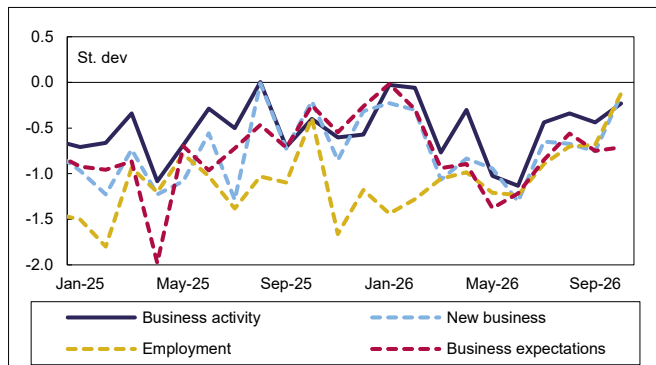
Source: S&P Global, Macrobond and Daiwa Capital Markets Europe Ltd.

UK: Selected manufacturing PMIs



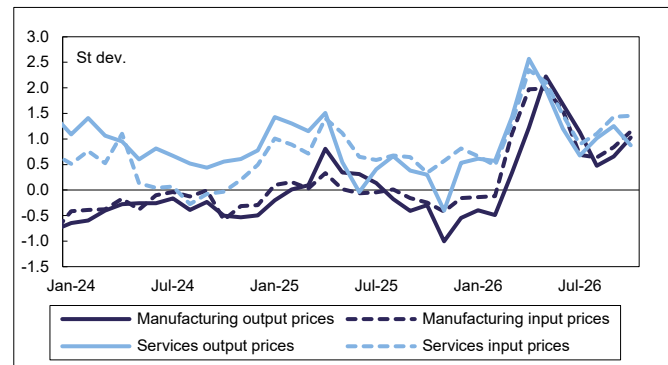
Source: S&P Global, Macrobond and Daiwa Capital Markets Europe Ltd.

UK: Selected services PMIs



Source: S&P Global, Macrobond and Daiwa Capital Markets Europe Ltd.

UK: Price PMIs

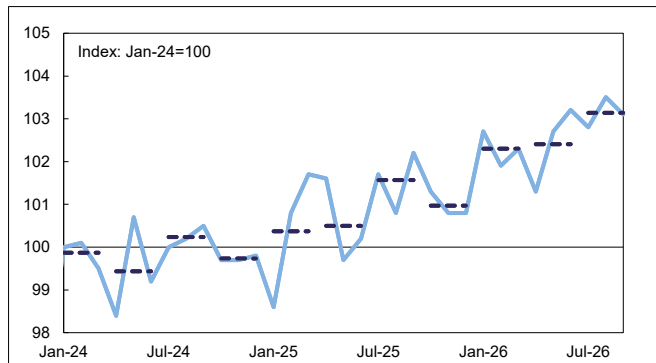


Source: S&P Global, Macrobond and Daiwa Capital Markets Europe Ltd.

Retail sales weaken in September but still post third successive quarterly increase

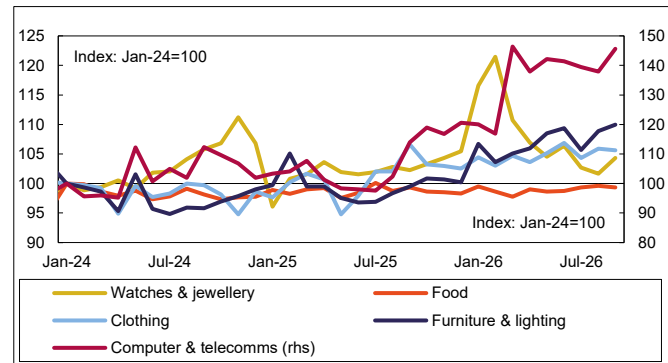
Likely reflecting the continued erosion of purchasing power from higher prices and borrowing costs, together with some payback for strength in prior months, retail sales volumes fell a larger-than-expected 0.4%M/M in September. Nevertheless, this still left sales up 0.7%3M/3M in Q3, marking a third successive quarterly increase. Admittedly, part of this strength reflected a rebound in sales at petrol stations following the marked contraction in Q2, with growth of more than 3½%3M/3M adding 0.3ppt to overall sales growth. Despite a decline in September, sales of food, alcohol and tobacco also rose over the third quarter (0.6%3M/3M), supported by summer promotions, the prolonged heatwave and the World Cup. In contrast, and notwithstanding a jump in sales of back-to-school items such as computers, non-food store sales fell in September for a third month in four, leaving them flat over Q3. That principally reflected weaker clothing sales as the warmer weather deterred purchases of autumn apparel. This reportedly also weighed on non-store retailing in September (-2.2%M/M), but quarterly growth of such online and catalogue sales remained robust at 1.0%3M/3M, albeit less than half the pace in Q2.

UK: Retail sales volumes*



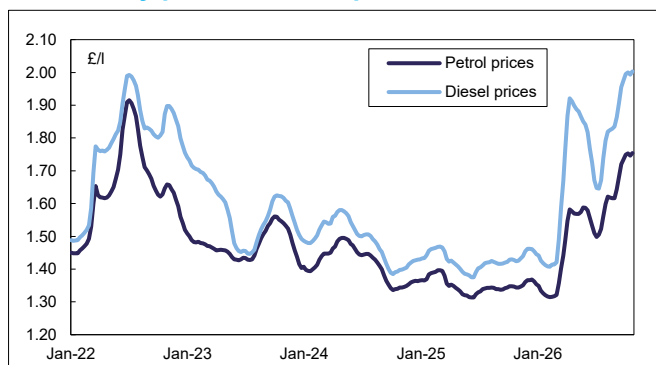
*Dashed dark blue lines represent quarterly average. Source: Macrobond and Daiwa Capital Markets Europe Ltd.

UK: Retail sales volumes by store-type



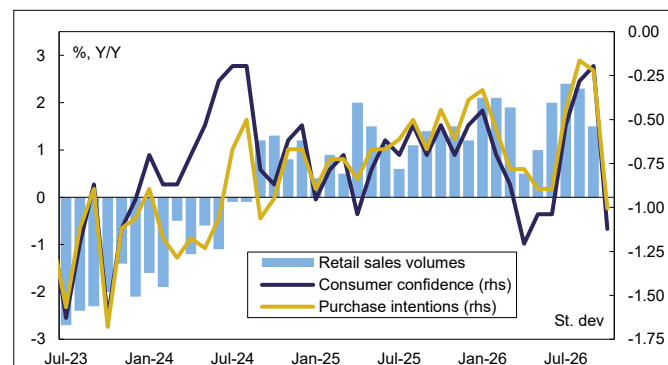
Source: Macrobond and Daiwa Capital Markets Europe Ltd.

UK: Weekly petrol & diesel prices



Source: Macrobond and Daiwa Capital Markets Europe Ltd.

UK: Retail sales & consumer confidence



Source: Macrobond and Daiwa Capital Markets Europe Ltd.

Plunge in consumer confidence in October clouds near-term spending outlook

Looking ahead, the outlook for household spending appears considerably less favourable heading into Q4. Household energy bills jumped in October, while the BoE is set to raise rates next month, intensifying the squeeze on real disposable incomes and household finances. Perhaps as a result, today's GfK consumer confidence survey for October was extremely weak, with the headline index plunging 11pts on the month – the most since the first Covid lockdown in April 2020 and the Brexit vote in July 2016 before that – to -24, the lowest reading since April. While the deterioration was broad-based, the decline in households' purchase intentions was particularly striking, with the respective index dropping 14pts to the lowest level in more than two years and a full standard deviation below the long-run average. While potentially damaging for the growth outlook, the associated weakening in demand should constrain firms' pricing power and so help to keep a lid on underlying inflationary pressures.

The week ahead in the UK

Wednesday's UK Budget announcement, the first under the premiership of Andy Burnham, should generate the most headlines over the coming week though, admittedly, we expect it to be a relatively low-key affair. Indeed, Wednesday's [public finances data](#) provided a timely reminder of the limited scope Chancellor Healey has for any giveaways as rising inflation caused by the war in the Middle East continues to erode his fiscal headroom. But as we noted at the time, there remains considerable uncertainty regarding the economic outlook and, more specifically, the implications of the OBR's various assumptions for inflation, yields, GDP and wages. Overall, we expect the Chancellor's headroom to be materially less than the £24bn earmarked for his predecessor. And while, given the severity of the energy price shock, he should be willing to accept a slightly smaller buffer after the fact, a package of small tax rises – likely to include measures aimed at gambling firms, as well as restore the tax surcharge on banks to its pre-2023 rates – should account for some of that shortfall and the cost of new, relatively small spending pledges. Major decisions on expenditure in strategic areas such as defence and regional devolution, on the other hand, should be deferred until a spending review sometime next year. So, with limited scope to move in either direction, we don't expect the broader fiscal stance to be much different. And despite the present overshoot in public borrowing, nor do we expect the DMO's plans for gilt issuance to be revised materially higher in the current fiscal year.

The Budget, therefore, should be of relatively limited consequence to the outlook for the BoE and, by extension, expectations for a hike at next month's monetary policy meeting. In the meantime, policymakers will have the latest DMP survey (Friday) and bank lending data (Thursday) to digest, although they too are also unlikely to tilt the balance of views on the MPC on their own. The DMP will be of significance in informing policymakers' assessments about the risks of second-round inflation effects. The survey has generally indicated that firms' price and wage expectations remain well-anchored and comfortably below their peaks earlier in the year. But, by virtue of a slightly hotter reading last month, risks around the trend appear skewed to the upside. Firms' year-ahead inflation expectations appear primed to tick higher as a result and greater pressures on firms' price- and wage-setting expectations cannot be discounted either. The more granular quarterly DMP results will provide insights as to how broad those pressures might be, while the concurrent Agents' summary of business conditions could provide a helpful signal on next year's pay settlements. Meanwhile, a survey by the BRC (Tuesday) will take stock of price movements this month on the high street. Plus, the aforementioned bank-lending data will show whether the further tightening in financial conditions last month dented the resilience of business and consumer lending flows. Given the slowdown in new approvals, clearer evidence of softness in mortgage lending should be evident.

Daiwa economic forecast

		2026			2027			2026	2027	2028
		Q2	Q3	Q4	Q1	Q2	Q3			
GDP		%, Q/Q						%, Y/Y		
Euro area		0.6	0.2	0.3	0.2	0.2	0.2	1.0	1.0	1.2
UK		0.5	0.7	0.2	0.5	0.3	0.3	1.5	1.5	1.2
Inflation, %, Y/Y										
Euro area										
Headline HICP		3.0	3.3	3.9	4.1	3.4	3.0	3.0	3.2	1.9
Core HICP		2.4	2.5	2.6	2.8	2.8	2.7	2.4	2.7	2.2
UK										
Headline CPI		2.8	3.1	3.8	4.2	4.0	3.5	3.2	3.6	1.7
Core CPI		2.5	2.6	3.0	3.1	3.2	3.0	2.8	3.0	2.5
Monetary policy, %										
ECB										
Deposit Rate		2.25	2.50	2.75	2.75	2.75	2.75	2.75	2.75	2.50
Refi Rate		2.40	2.65	2.90	2.90	2.90	2.90	2.90	2.90	2.65
BoE										
Bank Rate		3.75	3.75	4.00	4.00	4.00	4.00	4.00	4.00	3.50

Source: Bloomberg and Daiwa Capital Markets Europe Ltd.

European calendar

Today's results							
Economic data							
Country	Release		Period	Actual	Market consensus/ <i>Daiwa forecast</i>	Previous	Revised
Euro area		Preliminary services (manufacturing) PMI	Oct	51.7 (52.4)	52.5 (52.8)	53.0 (52.9)	-
		Preliminary composite PMI	Oct	51.9	52.7	53.1	-
		ECB consumer expectations survey - 1Y- (3Y-) ahead CPI Y/Y%	Sep	3.1 (2.9)	3.2 (2.9)	3.0 (2.9)	-
Germany		Preliminary services (manufacturing) PMI	Oct	51.7 (54.2)	52.5 (53.6)	52.9 (53.9)	-
		Preliminary composite PMI	Oct	52.8	53.4	53.8	-
France		Preliminary services (manufacturing) PMI	Oct	48.4 (49.3)	50.7 (50.5)	51.2 (50.6)	-
		Preliminary composite PMI	Oct	48.4	50.3	51.1	-
UK		Preliminary services (manufacturing) PMI	Oct	53.1 (52.8)	51.8 (51.7)	52.1 (51.9)	-
		Preliminary composite PMI	Oct	53.1	51.7	52.0	-
		GfK consumer confidence indicator	Oct	-24	-15	-13	-
		Retail sales - incl. auto fuels M/M% (Y/Y%)	Sep	-0.4 (0.8)	-0.1 (1.0)	0.5 (2.4)	0.7 (2.7)
		Retail sales - excl. auto fuels M/M% (Y/Y%)	Sep	-0.7 (0.8)	-0.1 (1.4)	0.6 (2.7)	0.9 (2.9)
Auctions							
Country	Auction						
- Nothing to report -							

Source: Bloomberg and Daiwa Capital Markets Europe Ltd

The coming week's data calendar

The coming week's key data releases

Country	GMT	Release	Period	Market consensus/ <i>Daiwa forecast</i>	Previous
Monday 26 October 2026					
Germany		09.00 ifo business climate indicator	Oct	89.9	89.9
		09.00 ifo current assessment (expectations) indicator	Oct	89.9 (90.0)	89.5 (90.4)
Spain		08.00 PPI Y/Y%	Sep	-	13.2
UK		11.00 CBI distributive trades survey – reported retail sales % net balance	Oct	-48	-55
Tuesday 27 October 2026					
Euro area		09.00 M3 money supply Y/Y%	Sep	3.4	3.5
France		07.45 INSEE consumer confidence indicator	Oct	85	86
Spain		08.00 Unemployment rate %	Q3	9.8	9.9
UK		00.01 BRC shop price index Y/Y%	Oct	1.6	1.4
Wednesday 28 October 2026					
Germany		07.00 GfK consumer confidence indicator	Nov	-30.1	-30.6
France		11.00 Total jobseekers mn	Q3	-	3.32
Italy		10.00 PPI Y/Y%	Sep	-	13.5
Thursday 29 October 2026					
Euro area		10.00 Commission economic sentiment indicator	Oct	97.5	97.9
		10.00 Commission services (industrial) confidence indicator	Oct	5.7 (-3.8)	6.1 (-3.8)
		10.00 Final Commission consumer confidence indicator	Oct	<u>-17.9</u>	-16.5
		13.15 ECB Deposit (Refinancing) Rate %	Oct	<u>2.50 (2.65)</u>	2.50 (2.65)
Italy		09.00 Unemployment rate %	Sep	6.2	6.2
		11.00 Istat economic (manufacturing) confidence indicator	Oct	-	95.9 (91.9)
		11.00 Istat consumer confidence indicator	Oct	90.9	91.2
Spain		08.00 Retail sales Y/Y%	Sep	-	-0.4
UK		09.30 Net consumer credit £bn (Y/Y%)	Sep	2.1 (-)	2.5 (9.6)
		09.30 Net mortgage lending £bn (approvals 000s)	Sep	4.2 (54.0)	4.4 (54.9)
Friday 30 October 2026					
Euro area		10.00 GDP – first estimate Q/Q% (Y/Y%)	Q3	<u>0.2 (1.0)</u>	0.6 (1.2)
		10.00 Unemployment rate %	Sep	6.4	6.4
Germany		07.00 Import prices M/M% (Y/Y%)	Sep	2.0 (10.3)	1.0 (8.3)
		08.55 Unemployment claims rate % (change 000s)	Oct	6.4 (5)	6.4 (12)
		09.00 GDP – first estimate Q/Q% (Y/Y%)	Q3	<u>0.1 (1.1)</u>	0.3 (1.0)
		13.00 Preliminary HICP (CPI) Y/Y%	Oct	3.0 (3.0)	3.3 (3.3)
France		06.30 GDP – first estimate Q/Q% (Y/Y%)	Q3	<u>0.1 (0.3)</u>	0.0 (0.5)
		06.30 Consumer spending M/M% (Y/Y%)	Sep	-	-0.5 (0.8)
		07.45 Preliminary HICP (CPI) Y/Y%	Oct	3.6 (3.2)	3.4 (3.1)
		07.45 PPI Y/Y%	Sep	-	4.8
		07.45 Preliminary private sector payrolls Q/Q%	Q3	-	-0.1
Italy		09.00 GDP – first estimate Q/Q% (Y/Y%)	Q3	<u>0.1 (0.9)</u>	0.2 (1.0)
		10.00 Preliminary HICP (CPI) Y/Y%	Oct	4.6 (4.5)	4.2 (4.2)
		11.00 Hourly wages Y/Y%	Q3	-	2.4
Spain		08.00 GDP – first estimate Q/Q% (Y/Y%)	Q3	<u>0.4 (2.5)</u>	0.7 (2.6)
		08.00 Preliminary HICP (CPI) Y/Y%	Oct	4.9 (4.9)	5.0 (4.9)
UK		09.30 DMP – year-ahead output price (CPI) expectations 3M/Y%	Oct	3.8 (3.3)	3.7 (3.1)

Source: Bloomberg and Daiwa Capital Markets Europe Ltd.

The coming week's key events & auctions

Country	GMT	Event / Auction
Monday 26 October 2026		
Euro area 	09.00	ECB to publish quarterly Survey on the Access to Finance of Enterprises (SAFE) for Q326
Tuesday 27 October 2026		
Euro area 	09.00	ECB to publish quarterly Bank Lending Survey (BLS) for Q3/Q426
Germany 	10.30	Auction: to sell up to €5bn of 3% 2028 bonds
Italy 	10.00	Auction: to sell up to €2bn of 3% 2028 bonds
	10.00	Auction: to sell up to €750mn of 1.25% 2032 inflation-linked bonds
	10.00	Auction: to sell up to €750mn of 2.35% 2035 inflation-linked bonds
UK 	10.00	Auction: to sell £4.5bn of 4.625% 2032 bonds
Wednesday 28 October 2026		
Germany 	10.30	Auction: to sell up to €5.5bn of 3% 2036 bonds
UK 	12.30	Chancellor of the Exchequer John Healey to present the UK Budget to Parliament
Thursday 29 October 2026		
Euro area 	13.15	ECB monetary policy announcement
	13.45	ECB President Lagarde to hold post-Governing Council meeting press conference
Italy 	10.00	Auction: to sell bonds
UK 	10.00	Auction: to sell £1bn of 0.25% 2031 bonds
Friday 30 October 2026		
Euro area 	09.00	ECB to publish quarterly Survey of Professional Forecasters (SPF)
UK 	09.30	BoE to publish Bank Agents' summary of business conditions for October

Source: Bloomberg and Daiwa Capital Markets Europe Ltd.

Access our research at:

<http://www.uk.daiwacm.com/ficc-research/research-reports>

This research report is produced by Daiwa Securities Co. Ltd., and/or its affiliates and is distributed by Daiwa Capital Markets Europe Limited ("DCME"). DCME is authorised and regulated by The Financial Conduct Authority and is a member of the London Stock Exchange. DCME and its affiliates may, from time to time, to the extent permitted by law, participate or invest in other financing transactions with the issuers of the securities referred to herein (the "Securities"), perform services for or solicit business from such issuers, and/or have a position or effect transactions in the Securities or derivatives or options thereof and/or may have acted as an underwriter during the past twelve months for the issuer of such securities. In addition, employees of DCME and its affiliates may have positions and effect transactions in such the Securities or derivatives or options thereof and may serve as Directors of such issuers. DCME may, to the extent permitted by applicable UK law and other applicable law or regulation, effect transactions in the Securities before this material is published to recipients.

This publication is intended only for investors who are professional clients as defined in MiFID II and should not be distributed to retail clients as defined in MiFID II. Should you enter into investment business with DCME's affiliates outside the United Kingdom, we are obliged to advise that the protection afforded by the United Kingdom regulatory system may not apply; in particular, the benefits of the Financial Services Compensation Scheme may not be available.

DCME has in place organisational arrangements for the prevention and avoidance of conflicts of interest. Our conflict management policy is available at <http://www.uk.daiwacm.com/about-us/corporate-governance-regulatory>. Regulatory disclosures of investment banking relationships are available at <https://daiwa3.blumatrix.com/sellside/Disclosures.action>.

Explanatory Document of Unregistered Credit Ratings

This report may use credit ratings assigned by rating agencies that are not registered with Japan's Financial Services Agency pursuant to Article 66, Paragraph 27 of the Financial Instruments and Exchange Act. Please review the relevant disclaimer regarding credit ratings issued by such agencies at https://drp.daiwa.co.jp/rp-daiwa/direct/reportDisclaimer/credit_ratings.pdf. If you need more information on this matter, please contact the Research Production Department of Daiwa Securities.

IMPORTANT

This report is provided as a reference for making investment decisions and is not intended to be a solicitation for investment. Investment decisions should be made at your own discretion and risk. Content herein is based on information available at the time the report was prepared and may be amended or otherwise changed in the future without notice. We make no representations as to the accuracy or completeness. Daiwa Capital Markets Europe Limited retains all rights related to the content of this report, which may not be redistributed or otherwise transmitted without prior consent.