

## Euro area: industry and services are not experiencing the same crisis, for now

*The sharp rise in energy prices, in the context of the continued blockage of the Strait of Hormuz, is already having an effect on euro area activity data in Q2-26, but with differentiated impacts across sectors. Indeed, while, as expected, goods prices have increased, industrial activity data remain resilient, supported by restocking and stimulus plans. In the services sector, although less directly exposed to the energy crisis, price increases remain contained, while activity data show a more marked slowdown. The ECB should increase its key rate in June in the face of inflationary risks, but remain attentive to risks to growth.*

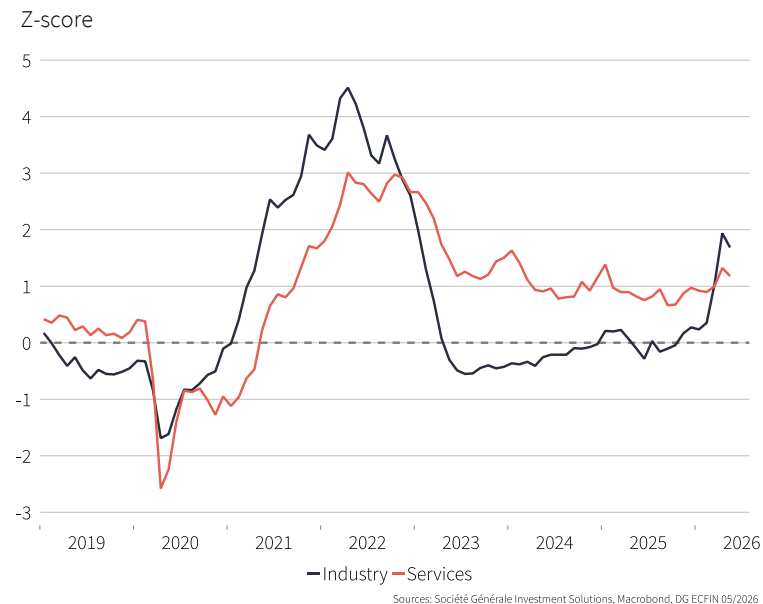
### Inflationary pressures that will continue in the euro area.

Survey data for Q2-26 are beginning to highlight the effects of the energy crisis linked to the prolongation of the blockage of the Strait of Hormuz. The most visible effect at this stage is the acceleration of inflation, to 3% in April for headline inflation in the euro area and to 2.22% for core inflation. Surveys for the month of May indicate that inflationary pressures should continue over the coming months. Indeed, price increase expectations in the industrial sector have continued to rise, reaching their highest level since 2022, reflecting higher energy prices but also increasing disruptions to value chains. In the services sector, surveys show that inflation expectations are increasing only moderately in May. Overall, this would remain consistent with an inflation services close to 3%, it's average level since the Covid crisis.

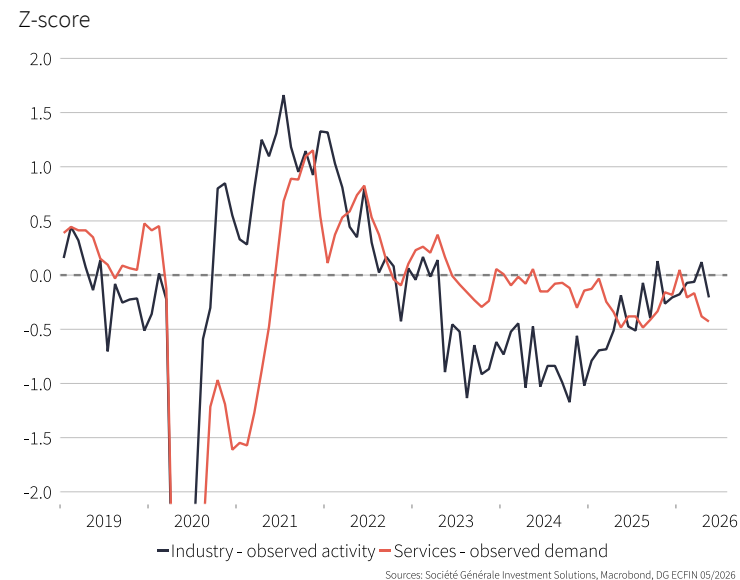
**Industrial activity that is holding up and services activity that is suffering.** In line with inflation expectations, activity survey data for May highlight a divergence between industry and services. Indeed, although being on the front line of the energy shock, the industrial sector shows survey results suggesting still resilient activity. The observed activity component continues to increase, in parallel with the new orders sub-component, notably reflecting the restocking process by companies anticipating possible shortages or a future rise in energy prices, in a context of a prolonged conflict in the Middle East. The resilience of the industrial sector is also explained by European stimulus plans, particularly focused on infrastructure and defense. Conversely, the services sector shows greater fragility since the beginning of the conflict, with surveys suggesting a slowdown in activity over recent months, accompanied by also deteriorated prospects. This slowdown illustrates European consumption that remains subdued in the main economies, while the energy crisis erodes household purchasing power.

**A rate hike cycle that would begin in June and remain limited.** In this context, several ECB members have suggested that it is likely that the institution will increase its interest rates at the June 11 meeting. Isabel Schnabel, member of the ECB Executive Board, notably stated that a “rate hike in June will be necessary”, given the inflationary pressures mentioned above and the risk of a wage-price loop. Markets therefore anticipate a tightening cycle of 2 to 3 rate hikes by the end of the year. However, given the weakness of activity in services and the absence of significant inflationary pressures beyond energy, we estimate that the ECB tightening cycle should remain limited.

### EURO AREA: BUSINESS CLIMATE, PRICE SUB-COMP



### EURO AREA: BUSINESS CLIMATE, ACTIVITY SUB-COMP



# OUR MACRO COMMENTS

## Events of the week

### INFLATIONARY PRESSURES IN THE UNITED STATES

PCE inflation data, the Federal Reserve's preferred indicator, remain elevated and continue to move away from the 2% target. Headline inflation stands at 3.8% in April, while core inflation stood at 3.3%. Goods and services inflation have both recorded an acceleration. The increase in goods prices is explained by higher raw material prices, the continuation of pressures from tariff increases, and disruptions to value chains. Services, for their part, are also impacted by higher energy costs, which impact sectors such as air transport, but sectors such as hospitality or restaurants still show inflation above 3%.

Monthly household accounts show consumption that remains robust but real disposable incomes in contraction. Indeed, household consumption volumes increased by 2.1% year-on-year in May, supported by services consumption that remains well oriented. Real disposable household income, however, recorded a contraction of 1.1% year-on-year, reflecting the rise in inflation, the reduction in public transfers, but also the temporary contraction of agricultural property incomes. In this context, consumption remains supported by the decline in household savings and by wealth effects.

### INFLATION DRIVEN SOLELY BY ENERGY

In May, French harmonized inflation increases to 2.8% (year-on-year), below the consensus which stood at 2.9%. However, the composition of this inflation remains constructive. Indeed, most of the acceleration in inflation is explained by the increase in energy prices (16% year-on-year). Services inflation has accelerated to around 2% while manufactured goods prices continue to contract.

Other euro area countries have high inflation levels: harmonized inflation reaches 3.6% in Spain and 2.7% in Germany. In the context of still elevated energy prices and surveys showing inflationary pressures, the ECB should begin a rate hike cycle in June.

### EVENTS IN THE COMING MONTHS

June 11 : ECB monetary policy meeting

June 17 : FED monetary policy meeting

June 18 : BoE monetary policy meeting

June 23 : BoJ monetary policy meeting

Source: Macrobond, May 29, 2026. The colors in the 'Actual' column correspond to the difference from the forecast

### KEY EVENTS NEXT WEEK



#### Monday

<b>South Korea</b>	Trade balance MAY
<b>Spain</b> <b>Italy</b>	Manufacturing PMI MAY
<b>Euro area</b>	Unemployment APRIL
<b>United States</b>	ISM Manufacturing MAY

#### Tuesday

<b>Euro area</b>	Inflation MAY
------------------	---------------

#### Wednesday

<b>Spain</b> <b>Italy</b>	Services PMI MAY
<b>Euro area</b>	Producer price index APRIL
<b>United States</b>	ISM Services MAY

#### Thursday

<b>Euro area</b>	Retail sales APRIL
------------------	--------------------

#### Friday

<b>France</b>	- Trade balance APRIL - Industrial production APRIL
<b>United States</b>	Unemployment MAY

# MARKET PERFORMANCES

## Interbank rates

%	27/05/2026	29/04/2026	27/02/2026	01/01/2024	29/05/2025
US SOFR	3,593	3,65	3,67	5,34	4,31
Euro area €ster	1,932	1,93	1,93	3,88	2,16
UK SONIA	3,729	3,73	3,73	5,19	4,21
Switzerland SARON	-0,040	-0,04	-0,08	1,70	0,21
Japan TONAR	0,727	0,73	0,73	-0,04	0,48

## 10Y Government rates

%	28/05/2026	29/04/2026	27/02/2026	01/01/2024	29/05/2025
US Treasuries	4,45	4,42	3,97	3,88	4,43
France OAT	3,64	3,83	3,22	2,55	3,18
Germany Bund	2,96	3,10	2,65	2,02	2,51
Italy BTP	3,73	3,94	3,28	3,70	3,49
Spain Bonos	3,38	3,56	3,07	2,98	3,11
Switzerland	0,49	0,44	0,25	0,66	0,27
UK Gilts	4,89	5,08	4,33	3,60	4,66
Japan JGB	2,66	2,46	2,15	0,62	1,51

## Credit

%	28/05/2026	29/04/2026	27/02/2026	01/01/2024	29/05/2025
United States IG	5,15	5,16	4,73	5,06	5,25
United States HY	7,01	7,04	6,71	7,59	7,46
Europe IG	3,69	3,88	3,28	3,72	3,35
Europe HY	5,71	5,94	5,27	6,80	5,70
Emerging FX	5,80	5,80	5,39	6,77	6,23

## Equity indices

28/05/2026 vs	-1w	-1m	-3m	01/01/2024	-1y
World	1,07	5,55	7,678	61,17	30,62
United States	1,30	6,11	9,960	61,64	29,46
Euro area	0,70	5,68	4,270	48,71	17,62
France	1,22	3,58	0,148	19,72	8,68
Germany	0,83	5,46	2,388	46,01	3,51
United Kingdom	-0,29	2,63	-2,027	44,93	21,90
Japan	0,36	3,80	1,791	76,12	45,67
Emerging	1,80	6,31	10,218	82,76	52,92
China USD	-2,04	-5,12	-6,591	42,92	5,05
India USD	1,36	-0,20	-3,373	5,99	-9,11
Latin America USD	0,59	-2,07	-3,590	29,16	38,15

## Foreign exchange rates

	28/05/2026	29/04/2026	27/02/2026	01/01/2024	29/05/2025
EUR/USD	1,17	1,17	1,18	1,11	1,14
GBP/USD	1,34	1,35	1,34	1,27	1,35
EUR/CHF	0,91	0,92	0,91	0,93	0,94
USD/JPY	159,22	160,15	156,10	141,03	144,35
USD/CNY	6,78	6,84	6,86	7,08	7,20

## Commodity prices

	28/05/2026	29/04/2026	27/02/2026	01/01/2024	29/05/2025
Brent, USD/BL	92	113	73	77	63
Copper, USD/Metric ton	13513	12992	13440	8476	9642
Gold, USD/Troy oz	4419	4522	5222	2078	3312
Silver, USD/Troy oz	73	73	90	24	33
Palladium, USD/Troy oz	1359	1438	1793	1136	976
Platinum, USD/Troy oz	1904	1903	2366	1000	1088

Source : Bloomberg on 29 May 2026, 1W = 1 week change, 3M = 3 month change, 12M = 12 month change, YTD = year to date change, Equities; total return in local currency. Government bonds = 10 year returns. Figures are rounded..

# IMPORTANT INFORMATION – PLEASE READ

## General information

This document is a marketing communication issued by Société Générale Private Banking which is the business line of the Société Générale Group operating through its headquarters within Société Générale S.A. in France and its network (departments or separate legal entities (branches or subsidiaries) hereinafter the “Entities”), located on the various below-mentioned territories, acting under the brand name “Societe Generale Private Banking” and distributors of the present document.

This material has been prepared solely for informational purposes and has no contractual value.

This material does not constitute an offer of purchase, sale, or subscription in any of the asset classes presented herein, nor a solicitation of such an offer, nor is it an offer of financial services, to participate in any investment strategy. Nothing in this document should be construed as constituting investment advice or personal recommendation to any investor or its agent. Information contained herein is not intended to provide a basis on which to make an investment decision.

Any investment may have tax consequences and Société Générale Private Banking and its Entities do not provide tax advice. The level of taxation depends on individual circumstances and tax levels and bases may change. In addition, this document is not intended to provide accounting, tax or legal advice and should not be relied upon for accounting, tax, or legal purposes. Independent advice should be sought where appropriate.

The accuracy, completeness or relevance of the information provided is not guaranteed although it has been drawn from sources believed to be reliable. The information and opinions expressed in this document were produced as at the date of writing and are subject to change without notice.

This material has not been prepared regarding specific investment objectives, financial situations, or the particular needs of any specific entity or person. Investors should make their own appraisal of the risks and should seek their own financial and legal advice regarding the appropriateness of investing in any asset classes or participating in any investment strategy.

The asset classes presented herein may be subject to restrictions regarding certain persons or in certain countries under national

regulations applicable to said persons or in said countries. It is the responsibility of any person in possession of this document to inform themselves and to comply with the legal and regulatory provisions of the relevant jurisdiction. This document is not intended for distribution to any person or in any jurisdiction where such distribution would be restricted or illegal. In particular, it may not be distributed in the United States, nor may it be distributed, directly or indirectly, in the United States or to any US Person.

## General risks

Some of the asset classes mentioned may present various risks, imply a potential loss of the entire amount invested or even an unlimited potential loss, and may therefore only be reserved for a certain category of investors, and/or only be suitable for well-informed investors who are eligible for these asset classes. In addition, these asset classes must comply with the Société Générale Group’s Code of Tax Conduct.

The price and value of investments and the income derived from them may go down as well as up. Changes in inflation, interest rates and exchange rates may adversely affect the value, price and income of investments denominated in a currency other than that of the client. Any simulations and examples contained in this document are provided for illustrative purposes only. This information is subject to change because of market fluctuations, and the information and opinions contained herein may change. Société Générale Private Banking does not undertake to update or amend this document and will not assume any liability in this regard.

This document is for information purposes only and investors should make their investment decisions without relying on this document. Société Générale Private Banking and its Entities shall not be liable for any direct or indirect loss arising from any use of this document or its contents. Société Générale Private Banking and its Entities do not make any warranty, express or implied, as to the accuracy or completeness of this information or as to the profitability or performance of any asset class, country, or market.

Past performance does not predict future returns. The value of an investment is not guaranteed, and the valuation of investments may fluctuate.

Forecasts of future performance are based on assumptions which may not materialized. The scenarios presented are an estimate of future

performance based on evidence from the past on how the value of this investment varies, and/or current market conditions and are not an exact indicator. What you will get will vary depending on how the market performs and how long you keep the investment/product. Future performance is subject to taxation which depends on the personal situation of each investor and which may change in the future.

For a more complete definition and description of the risks, please refer to the prospectus of the product or other legal information document as the case may be (as applicable) before making any final investment decisions.

This document is confidential, intended exclusively for the person to whom it is addressed, and may not be communicated or made known to third parties (except for external advisers and provided that they themselves respect confidentiality), nor reproduced in whole or in part, without the prior written agreement of Société Générale Private Banking and its Entities.

## Conflicts of interest

The Societe Generale Group maintains an effective administrative organization that takes all necessary measures to identify, control and manage conflicts of interest. To this end, Societe Generale Private Banking and its Entities have put in place a conflict of interest policy to prevent conflicts of interest, including information Chinese walls.

This document contains the views of SGPB teams. Société Générale trading desks may trade, or have traded, as principal on the basis of the teams’ views and reports. In addition, SGPB teams receive compensation based, in part, on the quality and accuracy of their analysis, client feedback, revenues of their entity of the Société Générale group and competitive factors.

As a general matter, entities within the Société Générale group may make a market or act as a principal trader in securities referred to in this report and can provide banking services to the companies mentioned in that document, and to their subsidiary. Entities within the Société Générale group may from time-to-time deal in, profit from trading on, hold on a principal basis, or act as advisers or brokers or bankers in relation to securities, or derivatives thereof, or asset class(es) mentioned in this document.

# IMPORTANT INFORMATION – PLEASE READ

Entities within the Société Générale group may be represented on the supervisory board or on the executive board of such persons, firms or entities.

Employees of the Société Générale group, or persons/entities connected to them, may from time to time have positions in or hold any of the investment products/ asset class(es) mentioned in this document.

Société Générale may acquire or liquidate from time-to-time positions in the securities and/or underlying assets (including derivatives thereof) referred to herein, if any, or in any other asset, and therefore any return to prospective investor(s) may directly or indirectly be affected.

Entities within the Société Générale group are under no obligation to disclose or consider this document when advising or dealing with or on behalf of customers.

In addition, Société Générale may issue other reports that are inconsistent with and reach different conclusions from the information presented in this report and is under no obligation to ensure that such other reports are brought to the attention of any recipient of this report.

Société Générale group maintains and operates effective organisational and administrative arrangements taking all reasonable steps to identify, monitor and manage conflicts of interest. Société Générale Private Banking has put in place a management of conflicts of interest policy designed to prevent conflicts of interest giving rise to a material risk of damage to the interests of its clients. For further information, please refer to the management of conflicts of interest's policy, which was provided.

## Specific information per jurisdiction

**FRANCE :** Unless expressly stated otherwise, this document is published and distributed by Société Générale, a credit institution providing investment services authorised by and under the prudential supervision of the European Central Bank ("ECB") (located at ECB Tower, Sonnemannstraße 20, 60314 Frankfurt am Main, Germany) within the Single Supervisory Mechanism and supervised by the Autorité de Contrôle Prudentiel et de Résolution (located at 4, Place de Budapest, CS 92459, 75436 Paris Cedex 09) and the Autorité des Marchés Financiers ("AMF") (located at 17 Pl. de la Bourse, 75002 Paris).

Société Générale is also registered with the ORIAS as an insurance intermediary under the number 07 022 493 orias.fr.

Société Générale is a French public limited company with a capital of EUR 1.000.395.971,25 as of September 23, 2024, whose registered office is located at 29 boulevard Haussmann, 75009 Paris, and whose unique identification number is 552 120 222 R.C.S. Paris. Further details are available on request or at [www.privatebanking.societegenerale.com](http://www.privatebanking.societegenerale.com).

**LUXEMBOURG :** This document is distributed in Luxembourg by Societe Generale Luxembourg, a credit institution which is authorized and regulated by the Commission de Surveillance du Secteur Financier ("CSSF") under the prudential supervision of the European Central Bank- ECB, and whose head office is located at 11, avenue Emile Reuter – L 2420 Luxembourg. Further details are available on request or can be found at <https://www.societegenerale.lu/>. No investment decision whatsoever may result from solely reading this document. Societe Generale Luxembourg accepts no responsibility for the accuracy or otherwise of information contained in this document. Societe Generale Luxembourg accepts no liability or otherwise in respect of actions taken by recipients on the basis of this document only and Societe Generale Luxembourg does not hold itself out as providing any advice, particularly in relation to investment services. The opinions, views and forecasts expressed in this document (including any attachments thereto) reflect the personal views of the author(s) and do not reflect the views of any other person or Societe Generale Luxembourg unless otherwise mentioned. Societe Generale Luxembourg has neither verified nor independently analyzed the information contained in this document. The Commission de Surveillance du Secteur Financier has neither verified nor independently analysed the information contained in this document

**MONACO :** The present document is distributed in Monaco by Societe Generale Private Banking (Monaco) S.A.M., located 11 avenue de Grande Bretagne, 98000 Monaco, Principality of Monaco, governed by the 'Autorité de Contrôle Prudentiel et de Résolution' and the 'Commission de Contrôle des Activités Financières'. The financial products marketed in Monaco can be reserved for qualified investors

in accordance with the Law No. 1339 of 07/09/2007 and Sovereign Ordinance No 1.285 of 10/09/2007. Further details are available upon request or on [www.privatebanking.societegenerale.com](http://www.privatebanking.societegenerale.com).

© Copyright Societe Generale Group 2025. All rights reserved. Any unauthorised use, duplication, redistribution or disclosure in whole or in part is prohibited without the prior consent of Societe Generale. The key symbols, Societe Generale, Societe Generale Private Banking are registered trademarks of Societe Generale. All rights reserved.

