ECB: the duration of the conflict will be decisive for what follows

The European Central Bank (ECB) opened the series of June meetings by announcing an increase of 25 basis points of its key rate, to 2.25%. The duration of the blockage of the Strait of Hormuz will remain key to determine the trajectory of the main central banks. Faced with the observed energy shock, the ECB seems to consider that its capacity to "look through" the shock has now closed.

The ECB is the first G7 central bank to raise its rates since the outbreak of the conflict in the Middle East. This decision, unanimous and largely anticipated, marks the end of a status quo of nearly one year. It is part of a context of a tangible rise in inflation: this has reached 3.2% in May, to be compared with less than 2% in February. Above all, the current dynamic is driven by the rise in energy prices, directly linked to disruptions in infrastructure and tensions around the Strait of Hormuz. But beyond the initial shock, the ECB now observes spillover effects: core inflation shows signs of re-acceleration (2.5% in May), while companies anticipate broader price increases. In other words, the risk of second-round effects can no longer be ruled out.

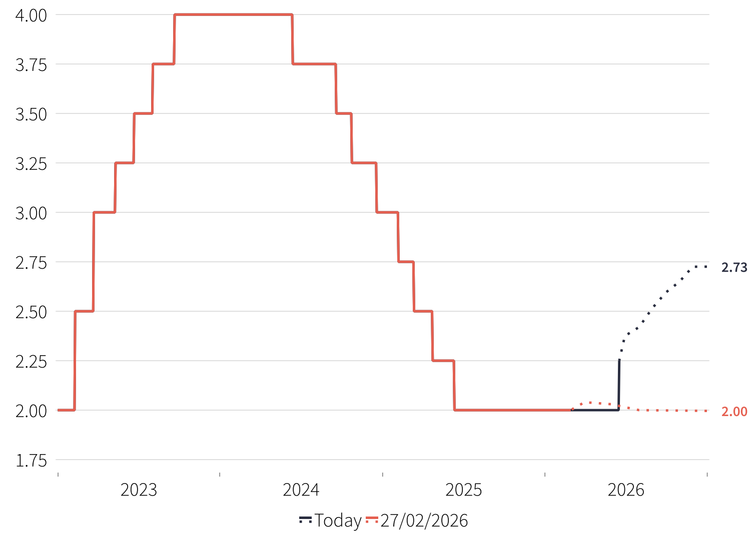
More inflation and a little less growth. The ECB has consequently adjusted its macroeconomic scenario, signaling a more constrained environment. It now expects an average inflation of 3% in 2026 before a progressive decline towards 2.3% by 2027, while slightly revising downward its growth prospects, to 0.8% then 1.2%. This combination clearly reflects the nature of the ongoing shock: an imported inflationary impulse, but which simultaneously weighs on activity. It is precisely this dilemma that makes the monetary policy decision particularly delicate. Where some argue for "looking through" the energy shock in order to preserve already fragile growth, the ECB favors a prudent approach aimed at avoiding any de-anchoring of inflation expectations, in an environment where since 2021 inflation has been above the 2% target.

Markets that price in another increase as early as July.

Market expectations incorporate further tightening, with two increases by the end of the year, including one as early as the July meeting. Beyond the immediate timeline, everything will depend on the duration and intensity of the energy shock. If tensions were to persist, feeding more diffuse inflation, the ECB could be forced to go further, even at the cost of accentuating the economic slowdown. Conversely, a rapid normalization of energy prices would restore room for maneuver. Ultimately, more than the level reached today, it is indeed the persistence of the shock and its diffusion that will guide the continuation of the monetary cycle.

ECB DEPOSIT RATE EXPECTATIONS

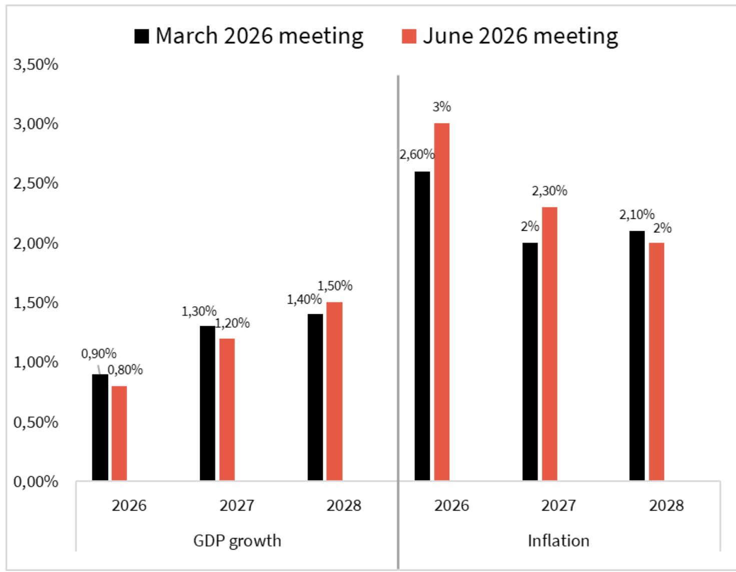
From 30-day €STR futures



Sources: Société Générale Investment Solutions, Macrobond, ECB, Eurex Exchange 15/06/2033

ECB GROWTH AND INFLATION FORECAST

In %



SOCIETE GENERALE
Private Banking

Past performance is not a guarantee of future performance. All data is from Bloomberg, Macrobond as of 6/12/2026, completion date of this publication. In accordance with the regulations in force, we inform the reader that this document is qualified as a promotional document

OUR MACRO COMMENTS

Events of the week

UNITED STATES: STILL-HIGH INFLATION

US inflation for the month of May is in line with expectations, with an acceleration to 4.2% year-on-year, reflecting energy prices that remain high (+23% year-on-year) and an acceleration in energy-intensive goods and services such as air transport (26% year-on-year).

Core inflation, excluding energy and food prices, stands at 2.8%, illustrating a modest pass-through of the energy shock to goods prices but a services inflation that remains significant and accelerating (3.7% year-on-year).

In a context of dynamic growth, re-acceleration of employment, and high inflation, the Fed should keep its policy rate at 3.75% at the June meeting but adopt a more restrictive tone.

CHINA: IMPORTS UNDER STRAIN

China posts a trade surplus in May that once again exceeds expectations (at USD 1,116bn year on year). This development masks a marked decline in oil imports (in volume), more than offset by an increase in imports linked to the momentum of AI, semiconductors in particular.

EVENTS IN THE COMING MONTHS

- **June 16 : BoJ monetary policy meeting**
- **June 17 : FED monetary policy meeting**
- **June 18 : BoE monetary policy meeting**

Source: Macrobond, June 12, 2026. The colors in the 'Actual' column correspond to the difference from the forecast

KEY EVENTS NEXT WEEK

Monday	
United States	Industrial production MAY
Tuesday	
China	- Industrial production MAY - Retail sales MAY
Japan	BoJ monetary policy meeting
Wednesday	
Japan	Trade balance MAY
United Kingdom	Inflation MAY
United States	- FED monetary policy meeting - Retail sales MAY
Thursday	
United Kingdom	BoE monetary policy meeting
Friday	
Germany	Producer price index MAY
United Kingdom	Retail sales MAY

SOCIETE GENERALE
Private Banking

MARKET PERFORMANCES

Interbank rates

%	09/06/2026	12/05/2026	12/03/2026	01/01/2024	12/06/2025
US SOFR	3,593	3,64	3,67	5,34	4,30
Euro area €ster	1,930	1,93	1,93	3,88	1,92
UK SONIA	3,727	3,73	3,73	5,19	4,21
Switzerland SARON	-0,037	-0,05	-0,05	1,70	0,20
Japan TONAR	0,727	0,73	0,73	-0,04	0,48

10Y Government rates

%	11/06/2026	12/05/2026	12/03/2026	01/01/2024	12/06/2025
US Treasuries	4,45	4,46	4,27	3,88	4,36
France OAT	3,75	3,80	3,62	2,55	3,19
Germany Bund	3,03	3,10	2,94	2,02	2,48
Italy BTP	3,84	3,90	3,73	3,70	3,40
Spain Bonos	3,47	3,53	3,45	2,98	3,08
Switzerland	0,49	0,46	0,42	0,66	0,27
UK Gilts	4,98	5,17	4,81	3,60	4,48
Japan JGB	2,65	2,51	2,15	0,62	1,45

Credit

%	11/06/2026	12/05/2026	12/03/2026	01/01/2024	12/06/2025
United States IG	5,17	5,18	5,11	5,06	5,14
United States HY	7,13	7,06	7,14	7,59	7,36
Europe IG	3,77	3,87	3,71	3,72	3,30
Europe HY	5,73	5,85	5,98	6,80	5,49
Emerging FX	5,79	5,79	5,73	6,77	6,11

Equity indices

11/06/2026 vs	-1w	-1m	-3m	01/01/2024	-1y
World	-0,28	0,527	10,178	58,49	26,087
United States	0,40	0,520	11,645	58,62	24,464
Euro area	0,03	4,436	8,538	48,61	17,591
France	-0,24	3,331	5,340	19,70	8,808
Germany	-2,37	0,891	2,839	40,25	0,404
United Kingdom	-0,57	0,857	1,104	43,23	19,182
Japan	-3,00	-0,577	7,003	73,41	42,443
Emerging	-2,82	-1,107	12,493	77,95	44,160
China USD	-2,55	-7,934	-7,772	40,35	0,060
India USD	-2,52	-1,009	-2,455	1,99	-14,305
Latin America USD	2,26	-5,763	0,359	25,36	34,293

Foreign exchange rates

	11/06/2026	12/05/2026	12/03/2026	01/01/2024	12/06/2025
EUR/USD	1,15	1,17	1,15	1,11	1,16
GBP/USD	1,33	1,35	1,33	1,27	1,36
EUR/CHF	0,92	0,92	0,90	0,93	0,94
USD/JPY	160,50	157,64	159,19	141,03	143,82
USD/CNY	6,77	6,80	6,87	7,08	7,19

Commodity prices

	11/06/2026	12/05/2026	12/03/2026	01/01/2024	12/06/2025
Brent, USD/BL	89	108	102	77	70
Copper, USD/Metric ton	13 420	13 872	12 897	8 476	9 779
Gold, USD/Troy oz	4 075	4 678	5 130	2 078	3 391
Silver, USD/Troy oz	64	84	87	24	36
Palladium, USD/Troy oz	1 241	1 489	1 642	1 136	1 055
Platinium, USD/Troy oz	1 668	2 116	2 150	1 000	1 258

Source : Bloomberg on 12 June 2026, 1W = 1 week change, 3M = 3 month change, 12M = 12 mont 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.

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.

Réf. : (A) 733807. Crédits photos : Getty Images © Guillaume Chanson.
N° ADEME : FR231725_01YSGB 08/2024.

SOCIETE GENERALE
Private Banking