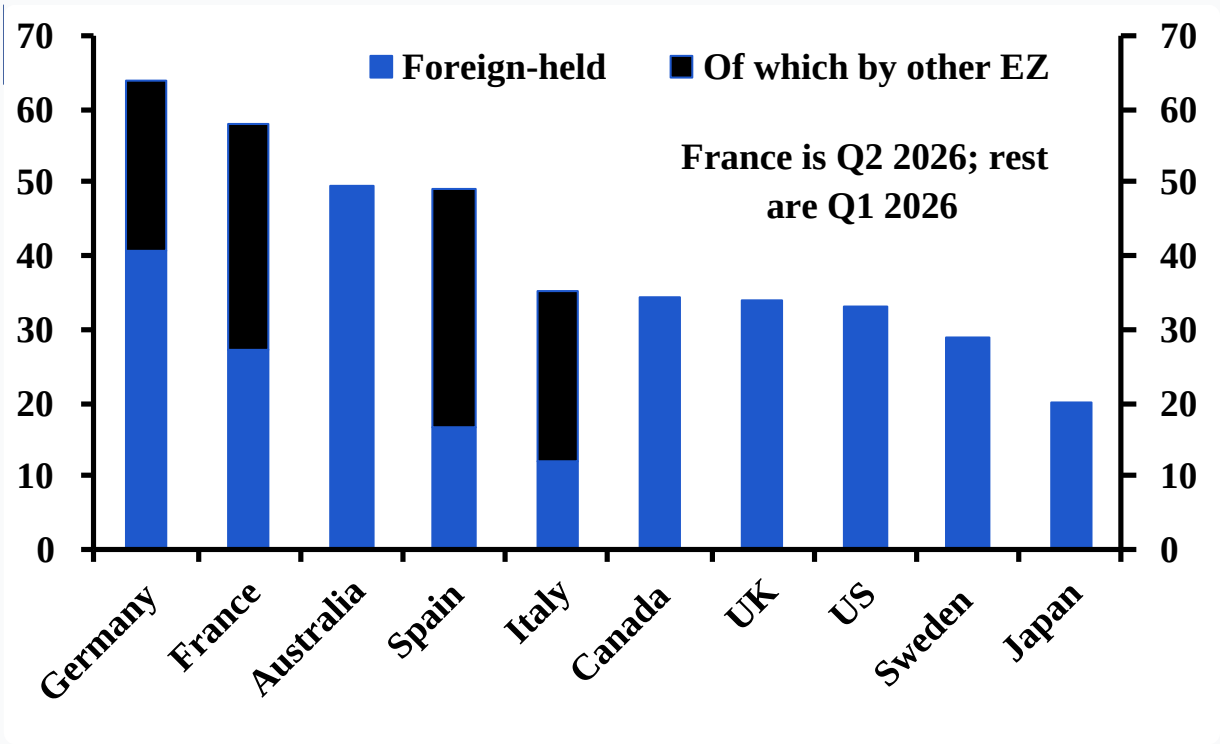
CAPITAL ECONOMICS



France's crisis

French bond yields soar as protesters take to the streets

The France's crisis series



BONDS UPDATE

Who owns France’s debt, and will they stick around?

The large share of French government bonds held outside the euro-zone arguably makes France more vulnerable than Italy or Spain to a sharp rise in yields if its fiscal woes worsen. But we think demand...

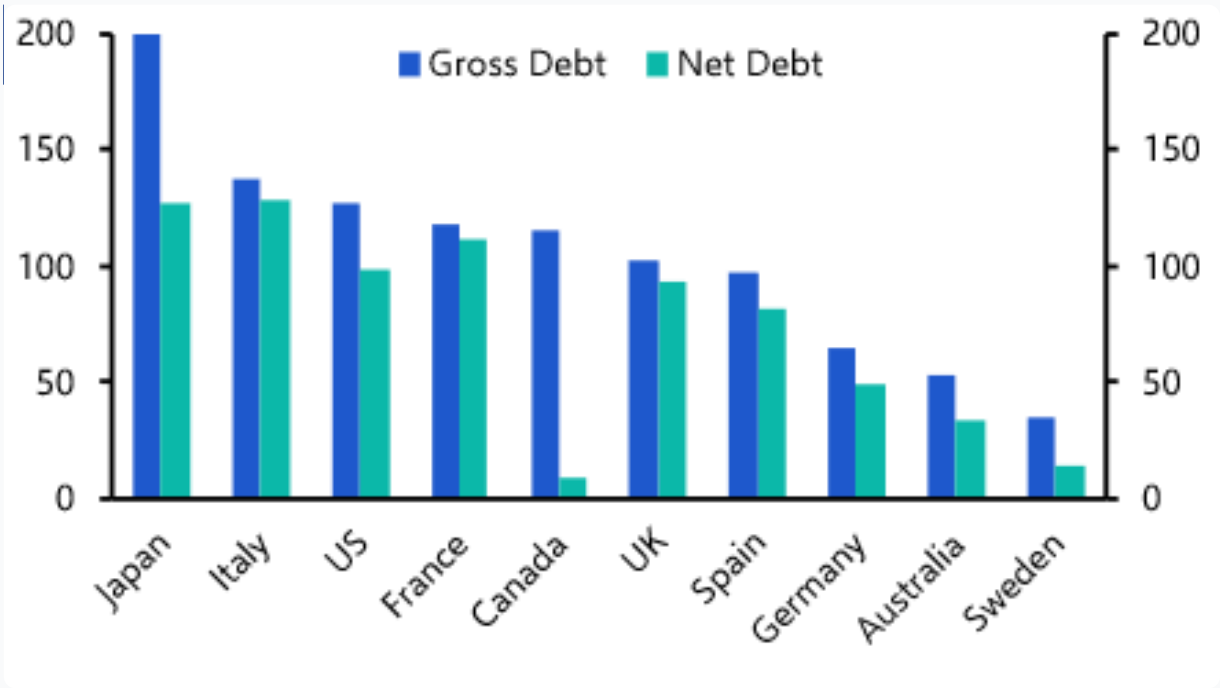
6th November 2026 · 5 mins read

EUROPE ECONOMICS UPDATE

How will France be forced to tighten fiscal policy?

We expect France to be forced into a substantial fiscal consolidation in the coming years. This would be a drag on economic growth, but the scale of that drag would depend, among other things, on...

5th November 2026 · 4 mins read



GLOBAL ECONOMICS UPDATE

France's fiscal warning to the rest of the world

The sell-off in French bonds is a warning for governments elsewhere, but we doubt it is the start of a broad fiscal crisis. Few advanced economies have comparably poor fiscal arithmetic, and those...

27th October 2026 · 4 mins read

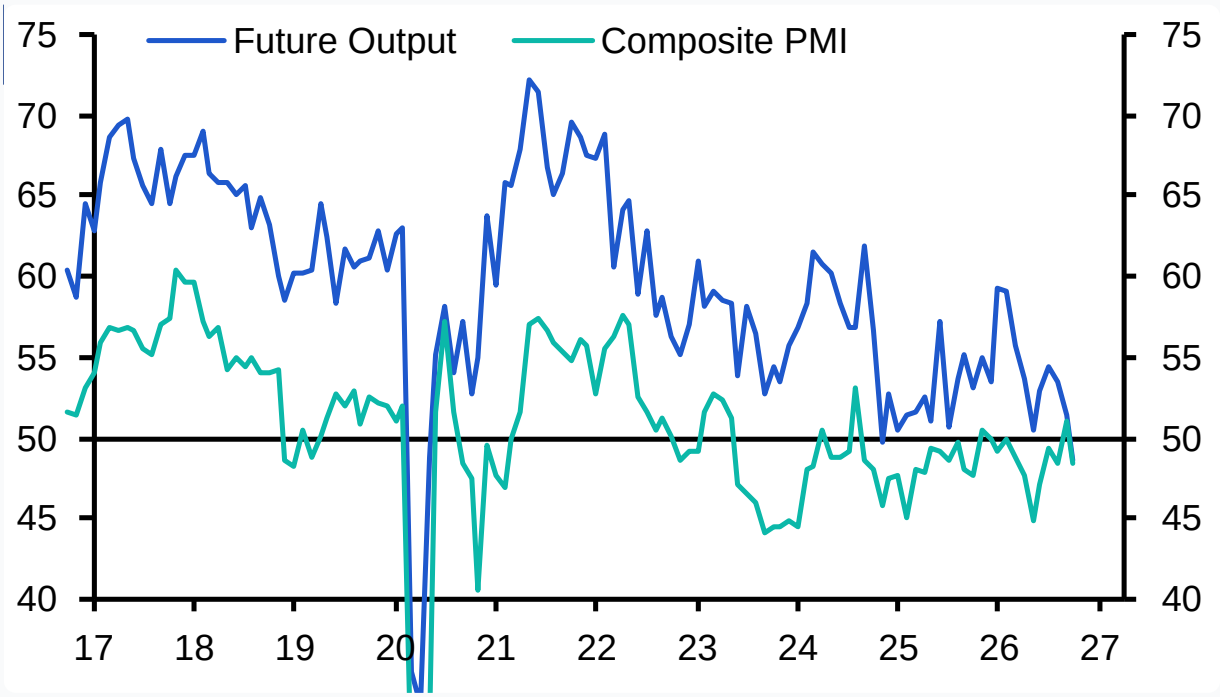


EUROPE ECONOMICS UPDATE

Why is France being singled out by bond markets?

Rising interest rates and weak growth have made debt dynamics more challenging everywhere. What makes France stand out are the size of the fiscal adjustment needed to stabilise the debt ratio and the...

26th October 2026 · 3 mins read

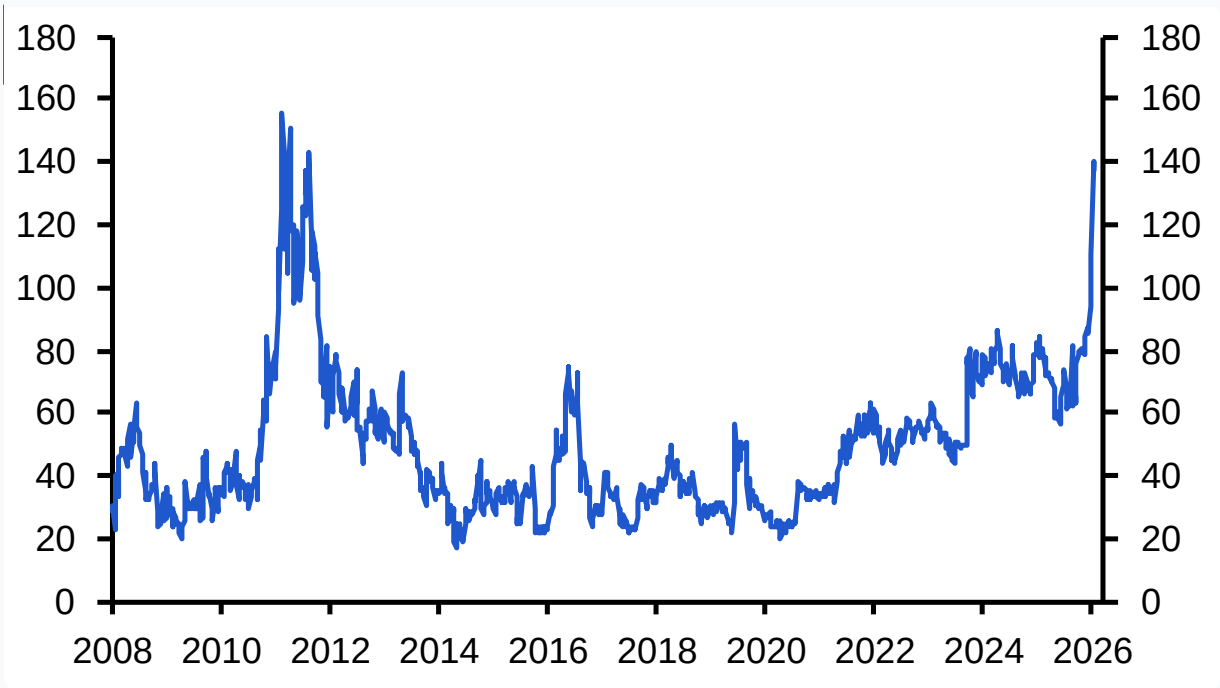


EUROPE ECONOMICS WEEKLY

No quick fix in sight for France; ECB to hold rates

This week's PMI data suggest that France's political and fiscal crises are taking an increasing toll on the economic outlook. And with little prospect of meaningful fiscal consolidation before next...

23rd October 2026 · 7 mins read

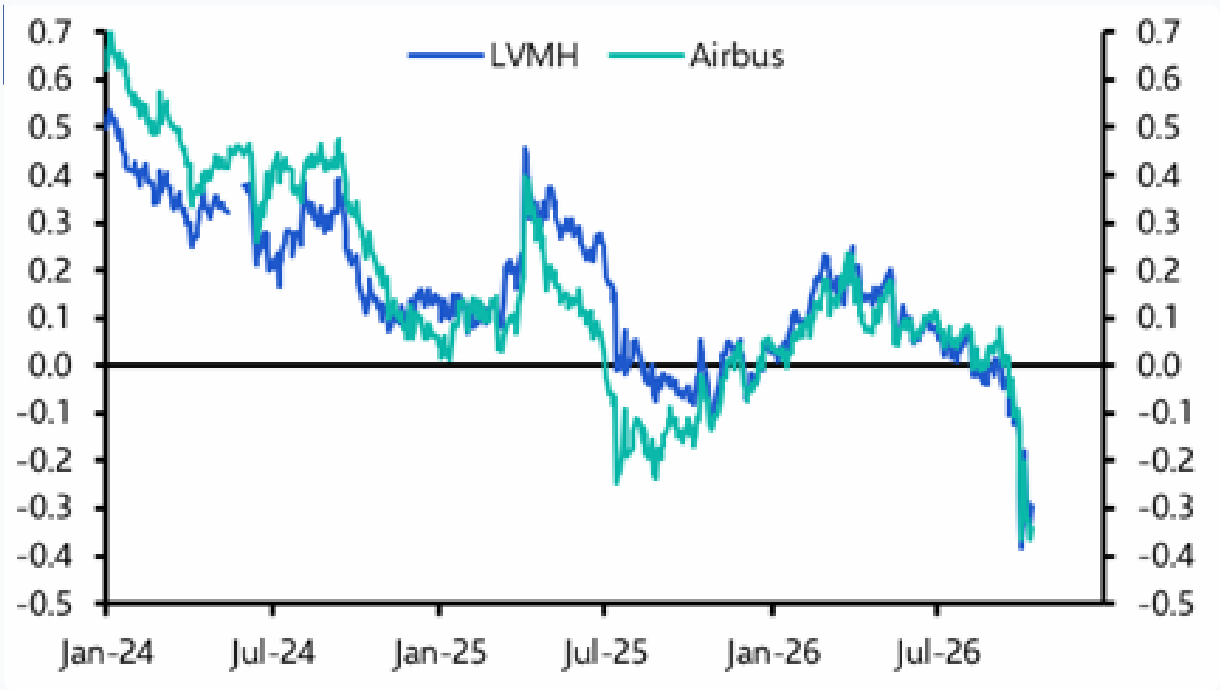


CAPITAL DAILY

French sovereign bonds not OAT of the woods

While renewed hopes of a peace in the Middle East and lower energy prices have brought some relief to government bond markets today, the widening of the spread between French sovereign bonds and those...

20th October 2026 · 4 mins read

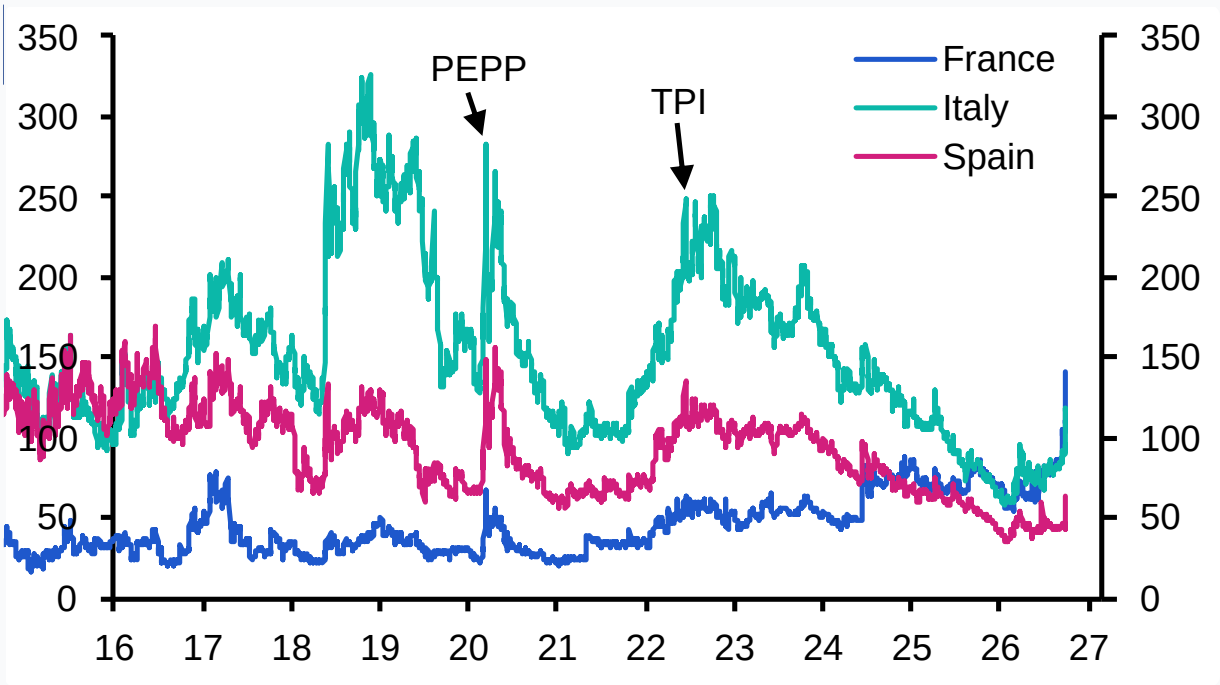


EUROPE ECONOMICS UPDATE

How big are the contagion risks from France?

France appears to be heading for a fiscal crisis which could lead to contagion and potentially a recession in the euro-zone. However, several factors mean the contagion risks to other countries' bond...

19th October 2026 · 3 mins read



EUROPE ECONOMICS UPDATE

When would the ECB intervene in bond markets?

Bond markets are a long way from needing ECB intervention – in the recent past, policymakers have only got twitchy when 10-year sovereign spreads were around 250bp. If spreads approached those levels...

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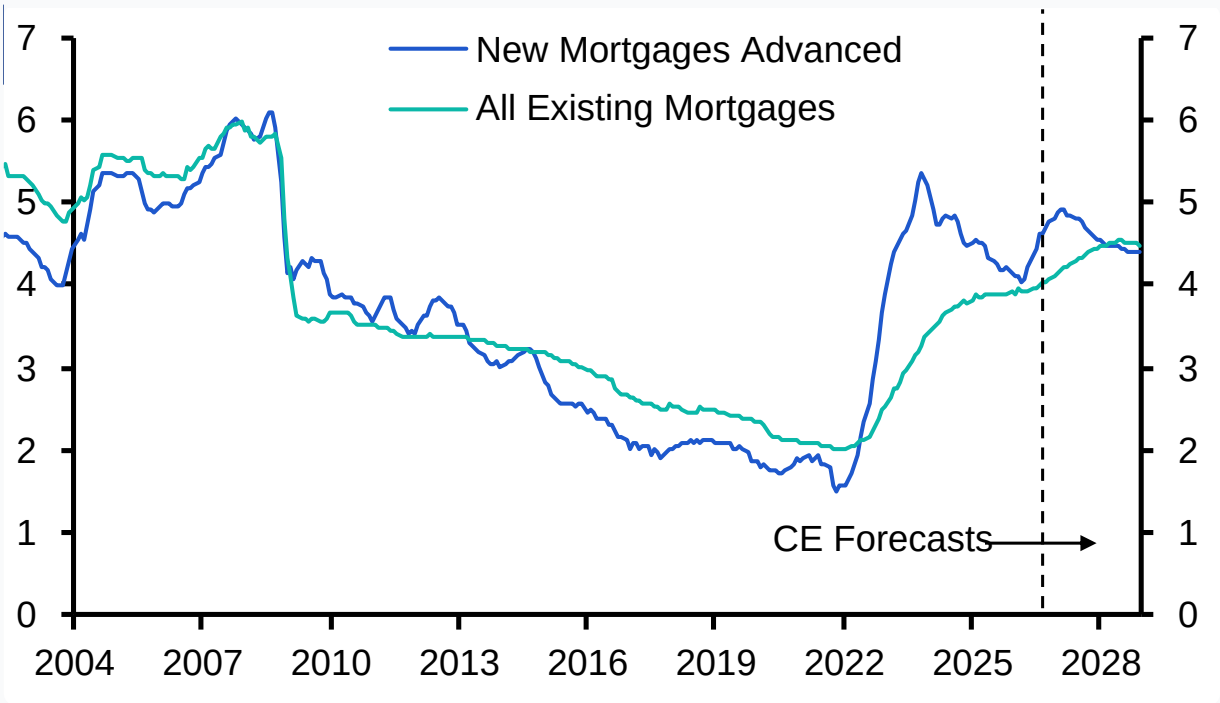
Other work on European economies

EUROPE CHART PACK

Europe Chart Pack (November 2026)

The euro-zone economy slowed a little in Q3 and is likely to continue growing at a sluggish pace in Q4. The core economies are weaker than much of the “periphery” with France in a mild recession and...

6th November 2026 · 0 mins read

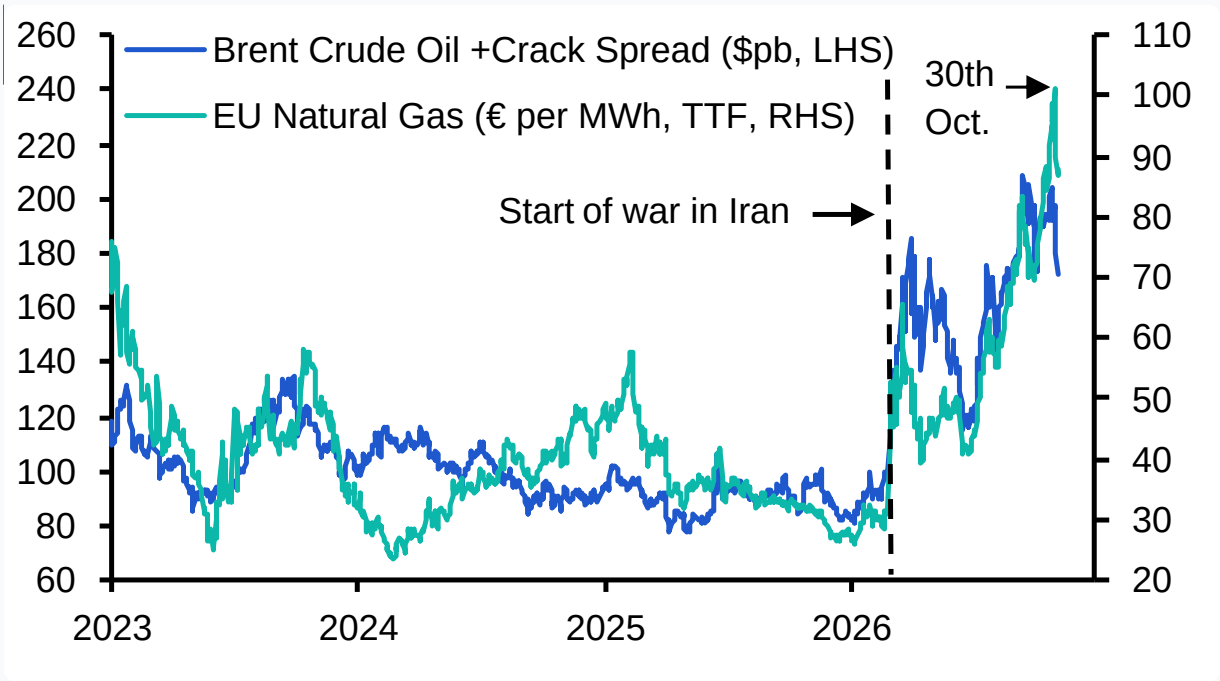


UK ECONOMICS WEEKLY

BoE a hostage to geopolitics

We still think the Bank of England will raise interest rates only once more, from 4.00% to 4.25% in February, or possibly in December. That is based on our forecast for energy prices to continue to...

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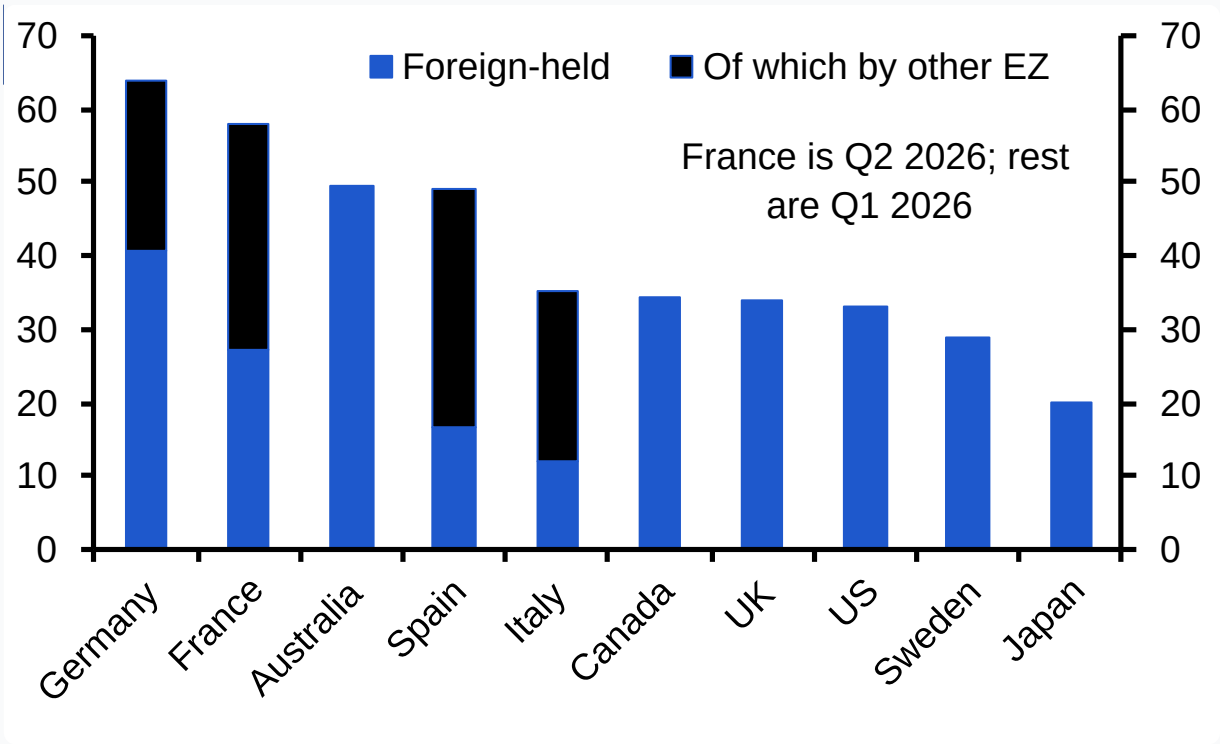


EUROPE ECONOMICS WEEKLY

What do the US midterms mean for Europe?

The results of the US midterms this week will have been welcomed by European policymakers, not least because they reduce the risk of future tariff increases and could arguably lower policy uncertainty...

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BONDS UPDATE

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The large share of French government bonds held outside the euro-zone arguably makes France more vulnerable than Italy or Spain to a sharp rise in yields if its fiscal woes worsen. But we think demand...

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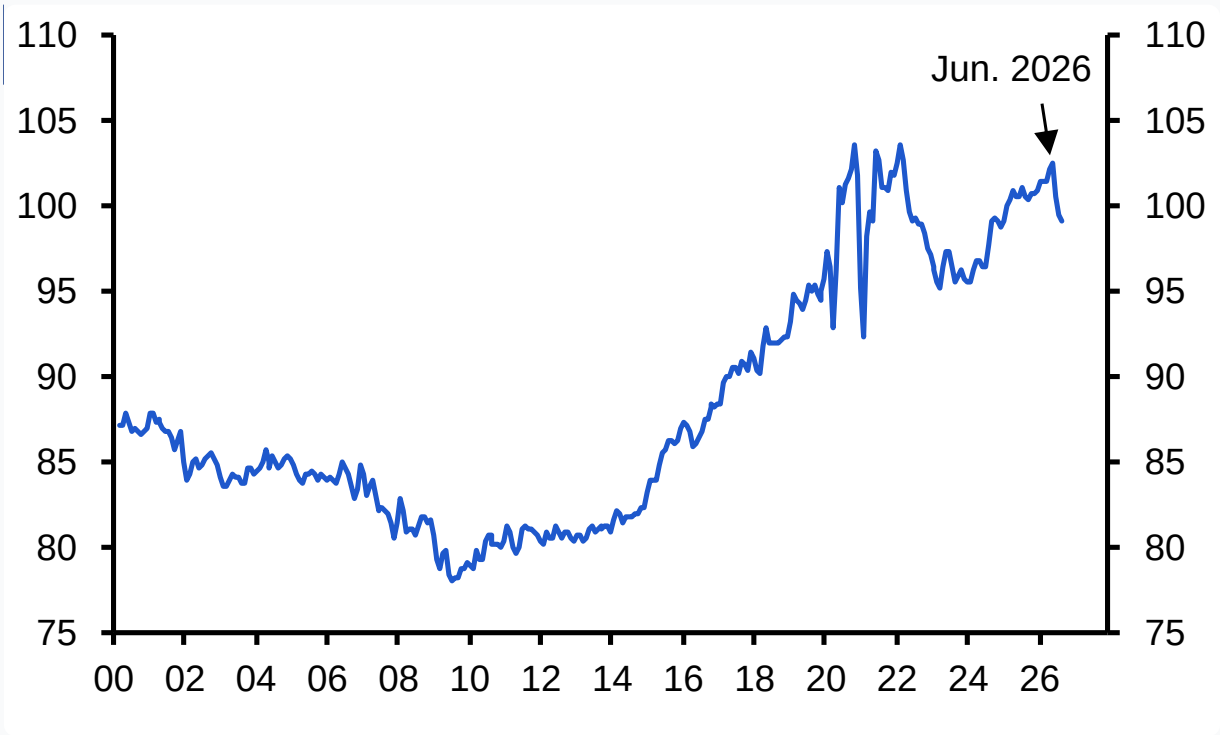


EMERGING EUROPE ECONOMICS WEEKLY

Israel's crunch coalition talks, CEE rate outlooks

The first steps in Israel's coalition negotiations have put Gadi Eisenkot in pole position to lead the next government. While forming a coalition still looks difficult, on net this is probably...

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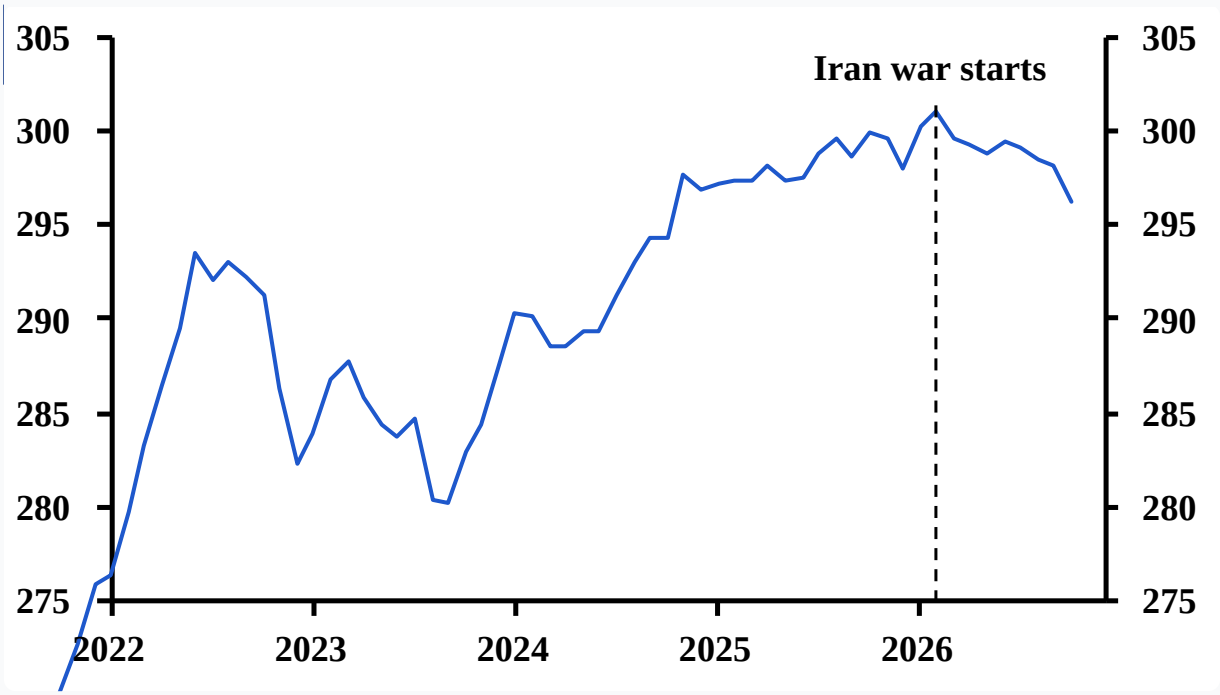


EUROPE RAPID RESPONSE

Euro-zone Retail Sales (September 2026)

The large fall in euro-zone retail sales in September suggests that household consumption was weak in Q3. It also implies that there are downside risks to our forecast that consumption will increase...

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UK HOUSING MARKET RAPID RESPONSE

UK Lloyds House Prices (Oct. 2026)

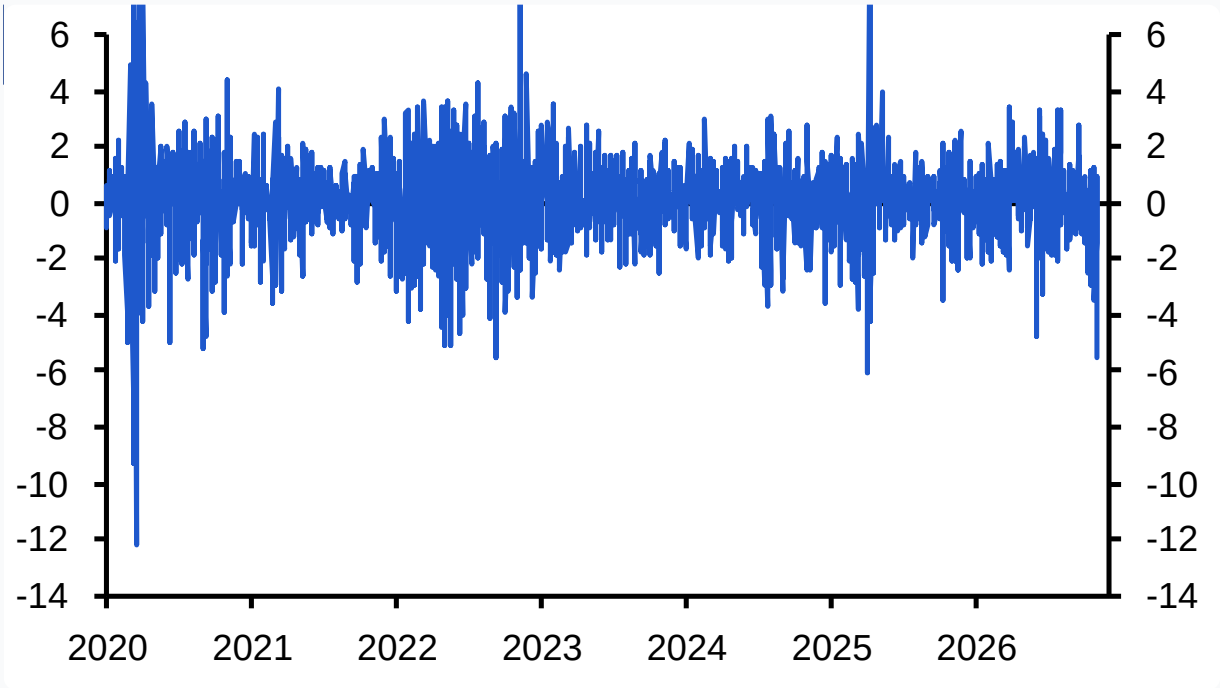
The big 0.6% m/m fall in the Lloyds measure of house prices in October (CE forecast -0.1%, consensus forecast -0.1%) lays bare the impact that high mortgage rates are having on the housing market...

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EUROPE RAPID RESPONSE

Germany Industrial Production (September)

6th November 2026 · 2 mins read



CAPITAL DAILY

AI boom runs into US politics buzzsaw

Growing fears about the sustainability of the AI buildout in the context of the major shift in US politics have led to another bruising day for tech stocks. Whether the mid-terms shock turns out to be...

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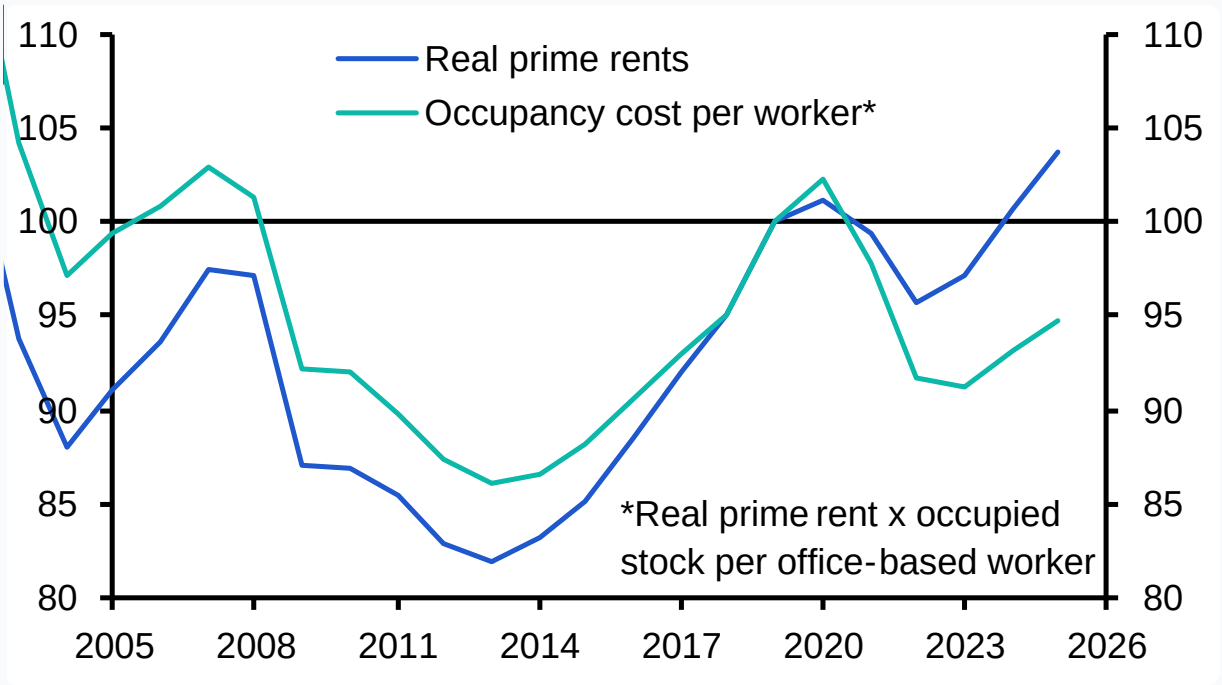


UK COMMERCIAL PROPERTY CHART PACK

UK Commercial Property Chart Pack (Nov. 26)

Higher risk-free interest rates are putting upward pressure on property yields, although all-property yields have seen a relatively small 7bps rise in the year to Q3. Nevertheless, capital values are...

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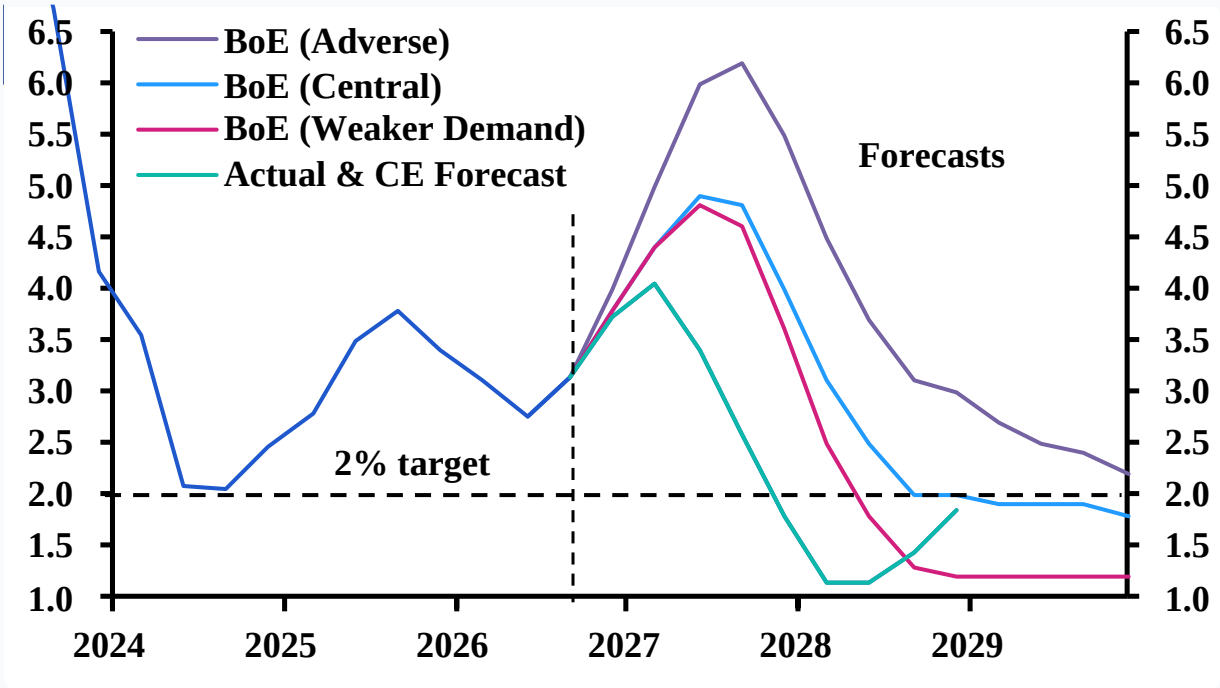


EUROPE COMMERCIAL PROPERTY UPDATE

Prime office rents will continue to exceed consensus expectations

Euro-zone prime office rents have risen sharply in real terms since 2019. However, after allowing for the decline in space per worker since the pandemic, affordability remains below past peaks...

5th November 2026 · 3 mins read



UK ECONOMICS UPDATE

BoE hikes more likely to be small and short rather than large and long

The rise in interest rates from 3.75% to 4.00% announced by the Bank of England today is more likely to mark the start of small and short-lived rise in rates rather than the large and long-lasting...

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EMERGING EUROPE RAPID RESPONSE

Czechia Interest Rate Announcement (Nov. 2026)

The Czech National Bank’s 25bp hike today, to 4.00%, is likely to be followed by one more increase in the cycle next year. Market pricing has shifted down towards our view in recent days but still...

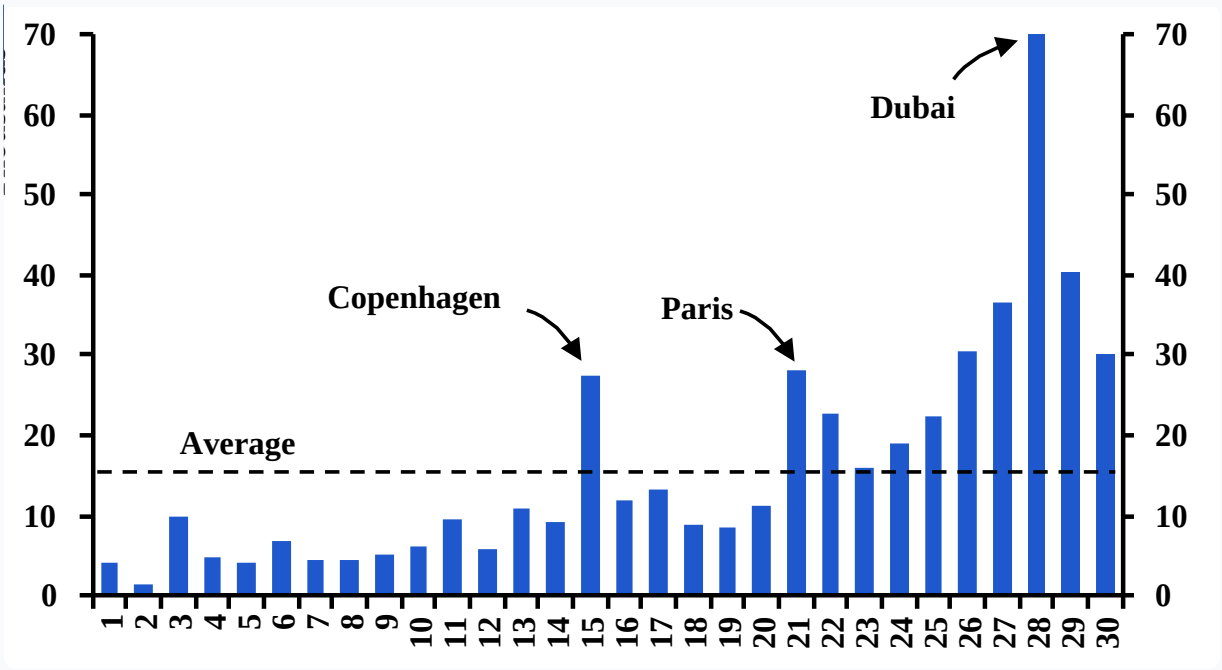
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UK ECONOMICS RAPID RESPONSE

Bank of England Policy Announcement (5th Nov. 2026)

The rise in interest rates from 3.75% to 4.00% announced by the Bank of England today is more likely to be part of a small and short-lived rise in rates rather than the large and long-lasting rise...

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CLIMATE ECONOMICS UPDATE

COP31 struggles for relevance

The forthcoming COP31 climate conference risks being overshadowed by the fallout from the US midterms. In any case, the more consequential developments for the green transition are continuing to take...

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EUROPE ECONOMICS UPDATE

How will France be forced to tighten fiscal policy?

We expect France to be forced into a substantial fiscal consolidation in the coming years. This would be a drag on economic growth, but the scale of that drag would depend, among other things, on...

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