Perspectives
Economics

SwissLife
Asset Managers

April 2026

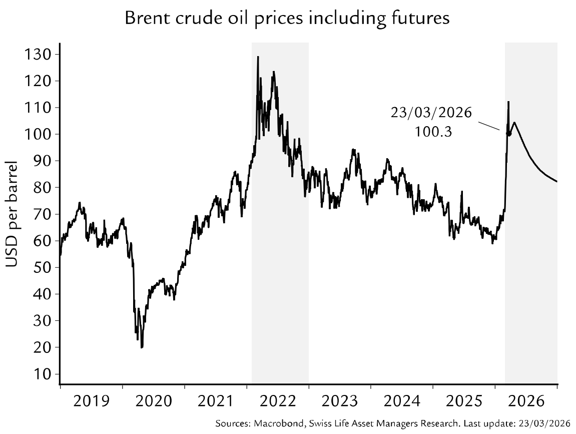
Key takeaways

Comparison of forecasts

	2026 GDP growth		2027 GDP growth		2026 inflation		2027 inflation	
	Swiss Life	Consensus	Swiss Life	Consensus	Swiss Life	Consensus	Swiss Life	Consensus
USA	2.3% ↓	2.4% ↓	2.0%	2.0% ↓	3.0% ↑	2.7% ↑	2.3% ↓	2.4%
Eurozone	1.0% ↓	1.2%	1.2%	1.4%	2.3% ↑	2.1% ↑	1.7% ↓	1.9%
Germany	0.8% ↓	1.0% ↓	1.3%	1.5%	2.3% ↑	2.1% ↑	1.7%	2.0%
France	1.1%	1.0%	1.2%	1.1%	1.5% ↑	1.3% ↑	1.3% ↓	1.5% ↓
Italy	0.8% ↓	0.8%	0.8%	0.8%	2.1% ↑	1.7% ↑	1.5% ↓	1.7%
Spain	2.2%	2.4% ↑	1.8%	2.0% ↑	2.3% ↑	2.5% ↑	1.6% ↓	2.0% ↓
United Kingdom	0.9% ↓	0.9% ↓	1.3%	1.3%	2.9% ↑	2.6% ↑	1.9% ↓	2.3% ↑
Switzerland	1.1%	1.1% ↓	1.4%	1.5%	0.6% ↑	0.4% ↑	0.7% ↓	0.6%
China	4.5%	4.6%	4.7%	4.5% ↑	0.8% ↑	0.7% ↑	1.0%	1.0%

Arrows indicate change from previous month. Source: Consensus Economics Inc. London, 12 March 2026

Chart of the month



At the time of writing, crude oil futures prices had fallen sharply over the course of the year, reflecting financial markets' expectation of only a temporary disruption in oil supply. We take this constructive view of the market as the basis for our forecasts. This is based on the assumption that as the war proceeds, there will be military, economic or diplomatic pressure points that favour a de-escalation and ultimately an opening of the Strait of Hormuz. At the same time, uncertainty remains high – significantly higher oil prices and corresponding inflation and recession risks would be expected in a negative scenario.

USA

Rising energy prices: no reason to panic
The US is less directly affected by the energy price shock than other countries. US gas prices remain unaffected due to abundant local resources, while for crude oil, the local WTI benchmark has consistently traded at a discount to the global Brent benchmark. However, as long as no protectionist measures such as export bans are taken, which we would only expect in a negative war scenario, the US will not be able to decouple itself from global oil developments. Because fuel taxes are low, the percentage change in petrol prices has been significant, especially compared to Europe. The "gasoline tax", i.e. the loss of household purchasing power due to higher prices, has amounted to around 0.6% of private consumption or 0.4% of GDP since the outbreak of the war. By way of comparison: customs revenues, also a tax, recently amounted to 1.1% of GDP. US households have digested the tariffs well, in part due to a reduction in the savings rate, and we expect the damage to private consumption to be low in the baseline scenario even with the energy price shock. Business investments will remain growth drivers in 2026, and higher energy prices could even have a supportive effect by boosting US oil production with a certain lag.

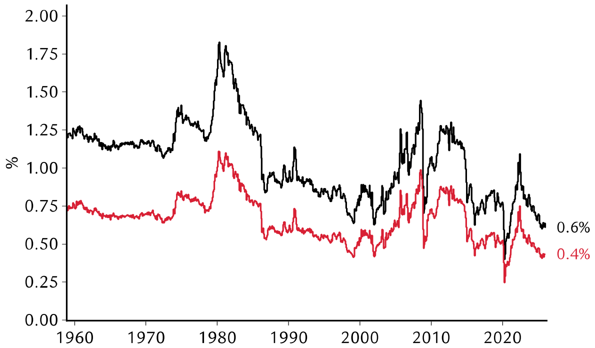
No interest rate hikes expected in the baseline scenario
Overall, we have only marginally lowered our growth forecast but have instead raised the inflation forecast for 2026 due to higher petrol prices. However, we expect price-setting power for other goods and services to be lower due to the gasoline tax and thus the impact on core inflation to remain limited. In this respect, we still consider it conceivable for key interest rates to remain stable in the baseline scenario or even to be lowered again in 2026.

Eurozone

Energy price shock with different conditions
Following the rise in oil and gas prices since the start of the Iran war, memories soon flooded back of the energy price shock of 2022. Nevertheless, in some respects, the conditions are clearly different from back then. While the European Central Bank's monetary policy is currently considered neutral, the price shock in 2022 coincided with a strongly expansionary monetary and fiscal policy as well as pent-up demand due to the pandemic. In this environment, companies were able to pass on higher costs particularly easily to consumers. In contrast to 2022, the European economy grew only moderately before the outbreak of war in Iran. In 2022, agricultural products and fertilisers also became more expensive. This risk also exists today, as Asian countries in particular are dependent on fertilisers from the Gulf States. In addition, the share of energy-intensive industries in the European industrial sector, especially in Germany, was significantly higher in 2022. The shock at the time led to structural adjustments that significantly reduced the share of energy-intensive sectors. At the same time, pronounced supply chain problems weighed on production worldwide in 2022, which further increased production costs and impacted production processes. This was compounded by a tight labour market in the eurozone, marked by skills shortages, leading to strong wage growth and stubbornly high services inflation. Today, the labour market is much looser.

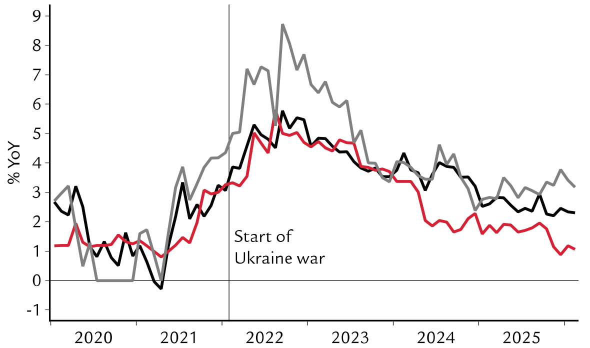
Rising inflation expected this year
Nevertheless, higher oil and gas prices will have an impact on inflation, although we do not expect significant second-round effects in our baseline scenario. So, there is room once again for a tightening of monetary policy in the eurozone.

USA: «gasoline tax» if gasoline prices rise by 35%



Sources: Macrobond, Swiss Life Asset Managers Research. Last data point: 01.01.2026

Eurozone: wage growth based on job postings



Source: Macrobond, Swiss Life Asset Managers Research. Last data point: 02.2026

Germany

Inflation will react quickly to the energy shock

The German economy entered the current energy price crisis with stabilised inflation dynamics and moderate economic momentum. As an energy-importing economy, however, Germany remains vulnerable to rising energy prices. In the short term, price pressure is mainly coming from higher oil prices, which are feeding through quickly to consumer prices and real incomes. Gas and electricity prices also play a role, but with less impact and with a time lag for end consumers. In addition, price-dampening regulatory measures for gas and electricity, which came into force at the beginning of the year, are softening the current shock for both consumers and companies. The direct inflation effect is thus highly dependent on the trend in oil and fuel prices, which account for 3.5% of expenditure according to the harmonised consumer price index for the average household.

Growth risks increase in the medium term

Due to its large industrial sector, the German economy is fundamentally more sensitive to energy price shocks than other European countries. The gas price shock of 2022 has already led to far-reaching structural adjustments in energy-intensive industries. Therefore, in the baseline scenario, we expect only minor declines in the manufacturing sector.

Additional risks are concentrated in other sectors, such as the automotive industry and mechanical engineering, which could face pressure from worsening conditions on both the supply and demand side. In our negative scenario, however, the biggest medium-term economic risk lies in the ECB's reaction, as interest rate hikes could significantly slow the slight economic recovery of recent months in the medium term.

France

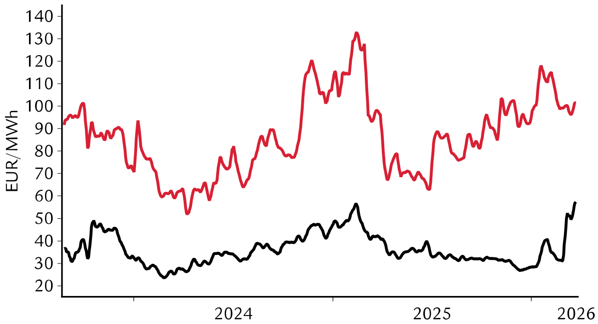
Third external shock in less than ten years

The recent external shock is hitting France at a time of strengthening economic confidence. As in 2022, France's below-average dependence on energy imports and lower industrial weighting are cushioning the overall economic damage. It should be remembered that France posted growth rates above potential in 2022 and 2023, in stark contrast to developments in Germany. In the oil price scenario described on page 1, the greatest short-term economic risk lies in a decline in household consumption due to a drastic reduction in purchasing power. In addition, the tourism industry may have to accept a drop in the recent record-high demand from abroad.

Energy price shock under different circumstances

Fuel prices rose sharply at France's petrol stations in March. Petrol rose by 11% and diesel has climbed by 22% since before the outbreak of war. This increase will be reflected with immediate effect in calculating inflation at a consumer level. Official measures to cap fuel prices are under discussion; a private provider has already anticipated such steps by announcing its own restrictions. Steps have also been taken to ramp up the capacities of domestic refineries in the short term. Second-round effects – i.e. the passing-on of higher energy and fertiliser prices to other goods and services prices – remain limited, as companies have less price-setting power today than during the inflation shock of 2022. In the labour market in particular, wage pressure and the shortage of skilled workers are considerably less pronounced than in the months before the war in Ukraine.

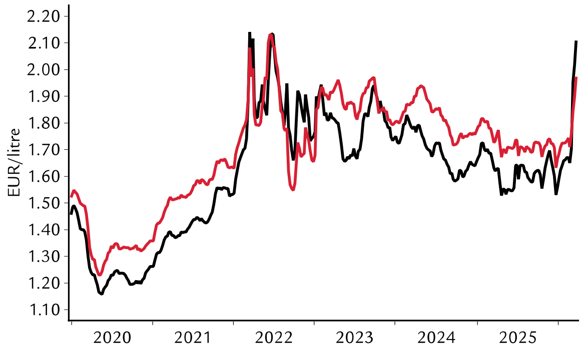
Germany: gas and electricity prices (weekly, smoothed)



– Electricity, Germany, base load future (ICE)
– TTF natural gas, EU reference prices (ICE)

Source: Macrobond, Swiss Life Assets Managers Research. Last data point: 24.03.26

France: fuel prices at the petrol station



– Euro Super 95 – Diesel

Sources: Macrobond, Swiss Life Asset Managers Research. Last data point: 23.03.2026

Italy

Politicians are stepping in
The Italian economy is more exposed to an energy price shock than other countries: (1) energy has a weighting of 10.9% in the consumer price inflation basket, which is outperformed by only a few Eastern European countries within the eurozone. (2) Electricity production is heavily dependent on natural gas. (3) Retail prices for electricity and gas are less regulated and react quickly to wholesale prices, which have doubled, in the case of natural gas, since the outbreak of war. Nevertheless, the energy price shock for gas has not yet been comparable to 2022. Politicians have also learnt and are trying to curb the rise in inflation directly by temporarily reducing the tax on petrol and diesel by 25 cents. The negative impact on private consumption should therefore be contained, while the positive investment cycle remains intact in Italy. As a result, we have only marginally reduced our growth forecast for 2026, while we expect inflation to pick up temporarily in 2026, followed by lower inflation in 2027 due to negative base effects.

Spain

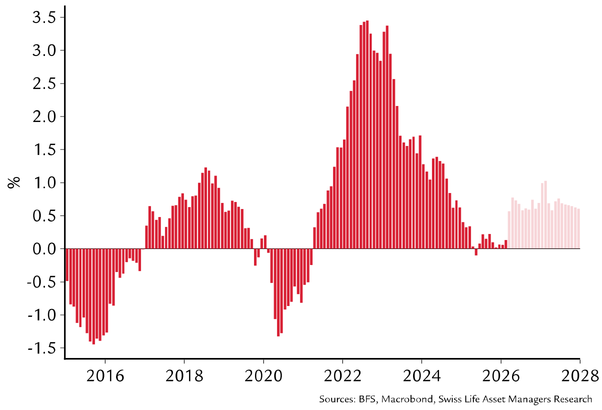
Spain's government responds to energy price hike
With regard to rising energy prices, Spain's Prime Minister Pedro Sánchez stressed that the country is less vulnerable due to the high share of renewables in its electricity mix. According to the Spanish grid operator, the proportion of renewable energy is 57%, which is about 10 percentage points higher than in the European Union. A further 20% comes from nuclear energy. This structure has allowed Spain to keep electricity prices lower than countries such as Italy in the past, which are more dependent on natural gas imports. Nevertheless, Spain is not spared from the world's rising fuel prices either. In view of this year's inflation, these price developments are likely to be felt there as well. The Spanish government has already announced initial measures to counteract this. Among other things, it is planning a series of tax cuts to cushion the impact of the energy price shock. These include reduced VAT rates on diesel, petrol, electricity and natural gas. However, we expect inflation to rise temporarily in 2026, followed by slightly lower inflation in 2027.

Switzerland

Growth forecast unchanged for the time being
Our GDP growth forecast for 2026 has until now been underpinned by the assumption of continued monetary stimulus from the SNB, knock-on effects from Germany's economic recovery, and developments in the US tariff dispute since November. All three elements remain in force, even if they will diminish in importance as the conflict in the Middle East continues. The completion of maintenance work at the Gösgen nuclear power plant will relieve the external trade balance, as electricity imports can be reduced to the usual level. This removes a forecast risk that has been present for the past nine months. No reliable data is yet available to gauge the effect of the recent energy price shock on economic activity. Following the outbreak of war in Ukraine and the resulting tightening of monetary policy, consumer expenditure only contracted in the final quarter of 2022. The greatest drag did not materialise until 2023 in the form of a sharp slowdown in export momentum.

Negative inflation is off the table
According to provider Agrola, the delivery price for heating oil in Zurich has risen by 54% since the end of February. The higher retail prices for energy products are already being fed into the Swiss Consumer Price Index (CPI) in March. The consequences of the war in Iran are also likely to be felt quickly in terms of air travel prices. Compared to 2022, the weighting of petroleum products in the CPI has fallen by one fifth. The price increase therefore has a less pronounced impact on inflation measurement this time around. The chart outlines our inflation forecast under the assumption of a temporary disruption in oil supply. Annual inflation will therefore surge as early as March. Negative inflation and a return to negative interest rates by the Swiss National Bank are no longer on the agenda.

Switzerland: Inflation rate incl. our forecast as at 24 March 2026



United Kingdom

Delayed impact for UK households

The recent rise in energy prices has also triggered political debate in the UK. The country is more dependent on natural gas than many other European countries and is therefore particularly vulnerable to volatile price movements. However, UK households' electricity costs are limited by the government's energy price cap. The energy regulator Ofgem sets this price limit every three months to reflect wholesale price movements over the previous three months. The current cap for the period from April to June was set shortly before the outbreak of the war in Iran. As a result, the recent price surge will only be felt in consumer prices in the third quarter. The extent of the price increase will also depend strongly on the trends in gas prices in the coming months. Should natural gas prices decline again in the next quarter from their current peaks, as we expect in our baseline scenario, the impact on inflation is likely to be relatively moderate compared to 2022. At the same time, the sensitivity to energy prices in the inflation index has also decreased in the UK compared to 2022. The weighting of gas fell from 1.4% in 2022 to 1% at present (see chart). In addition, the labour market is currently looser than in 2022, making strong wage growth less likely.

The Bank of England faces a challenge

The current position of the Bank of England (BoE) remains difficult. At 3.0%, the inflation rate was well above the BoE's inflation target in January, before the outbreak of war. The latest price movements on the energy markets have led to a noticeable upward revision of our inflation forecast for this year. Nevertheless, we expect pronounced second-round effects to be avoided this time around.

China

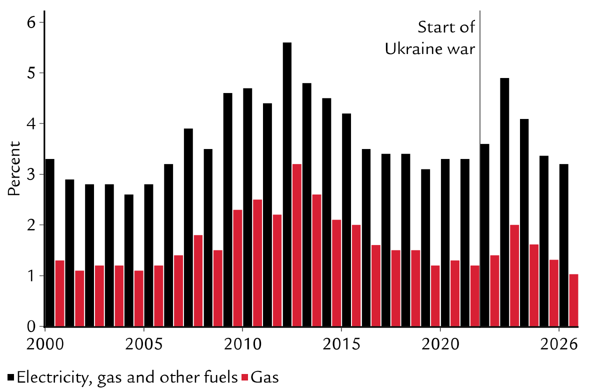
Impact of the Iran war remains limited

China's revised growth target of 4.5 to 5.0% for this year represents a pragmatic adjustment that takes account of ongoing structural challenges and points to a more sustainable growth path. In 2026, the growth model will remain clearly oriented to technology-driven production and exports, while strong consumer momentum or a significant recovery in the real estate sector have yet to appear. The latest economic data reflects this development: in the first two months, exports increased by more than 20% year-on-year. As long as the war in Iran remains temporary and does not turn into a prolonged conflict, it does not pose a material risk to China's economic outlook. Although China derives around 30% of its oil from the Middle East, physical supply is well secured in the short term. The country has very large strategic oil reserves that can satisfy its consumption needs for at least five months. In addition, Iran continues to supply oil to China, which accounts for about 12% of total oil imports. In an adverse scenario of a protracted war, China would also be vulnerable – both due to its heavy energy dependency on the Middle East and a deteriorating global economy, which would dampen demand for Chinese exports.

Mild inflation pressure from higher energy prices

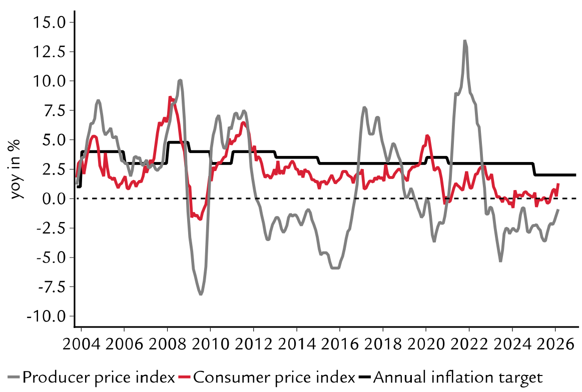
The inflationary effect of higher energy prices also remains manageable: energy accounts for around only 2% of the consumer price index. The significance of oil and gas in the energy mix is decreasing due to the strong roll-out of renewables, and coal continues to play a key role. Moreover, in the context of existing deflationary forces, it is difficult for companies to fully pass on higher costs, so inflationary pressure should remain limited.

United Kingdom: weighting in inflation index



Sources: Macrobond, Swiss Life Asset Managers Research. Last data point: 2026

China: inflation metrics



Sources: Macrobond, Swiss Life Asset Managers Research. Last data point: 01.2026

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