

The Bottom Line



The Bottom Line wraps up the week, highlighting key events and data releases for the upcoming one.

Central banks in a holding pattern

24 April 2026

Next week, a wait-and-see approach will probably continue to guide the decisions of major central banks, including the ECB and the Fed, due to elevated geopolitical uncertainty, particularly in the Middle East, and ongoing volatility in economic data.

TOP STORIES OF THE UPCOMING WEEK

1 ECB on hold, for now

We expect the ECB to keep interest rates unchanged next week. The inflation outlook has clearly deteriorated amid escalating tensions in the Middle East and soaring energy prices. With the ECB viewing inflation risks as tilted to the upside and prospects for near-term normalisation in energy markets limited, rate increases at a later stage appear more likely than not. However, we see no urgency for the Governing Council (GC) to act, given the favourable inflation picture before the shock, only a limited rise in longer-term inflation expectations, and policy rates in broadly neutral territory. ECB rhetoric has generally supported our view. The GC will have more information about the inflation outlook at the June meeting, when the updated macroeconomic forecasts will allow for a more precise assessment of risks to price stability. We expect two rate hikes, in June and September, lifting the deposit rate by a cumulative 50bp.

2 Eurozone inflation to rise further

Eurozone inflation has probably accelerated further in April, to 3.0% yoy from 2.6%, its highest level since October 2023. We estimate the increase was driven entirely by energy, owing to a further rise in transport fuel prices and renewed upward pressure on gas and electricity costs. By contrast, core inflation might have eased to 2.1% yoy from 2.3% and food inflation has probably broadly stabilised. The future trajectory of inflation strongly hinges on developments in energy prices. In our baseline scenario, headline inflation continues to climb over the coming months and averages about 3.5% in 2H26, while core inflation stabilises at or just above 2% for the foreseeable future.

3 Slow growth in the eurozone likely to have continued

We estimate eurozone GDP continued to expand moderately in 1Q26, by 0.2% qoq. Risks are probably tilted to the downside. At a country level, we see only slight growth in Germany and Italy (0.1%), while France might have performed somewhat better (0.2%) and Spain is likely to have remained in the driving seat (0.5%). At a sector level, activity in industry and construction is likely to have been weak, providing a zero contribution to overall GDP, with services accounting for all growth. Domestic demand probably expanded only moderately, with investment likely to have outperformed private consumption. Looking ahead, the war in the Middle East clouds the outlook amid rising uncertainty and surging energy costs. However, the eurozone has relatively solid fundamentals and good capacity to absorb shocks. We do not expect a recession, but rather a period of very weak expansion until geopolitical tensions de-escalate and energy prices decline sustainably.

4 Fed to maintain wait-and-see stance

The Fed will very likely keep interest rates steady at its 29 April meeting. Rate guidance is likely to be limited given heightened uncertainty and with Jerome Powell nearing the end of his term as chair. Recent macro data favour a wait-and-see approach. Payrolls rebounded in March, rising 178k after a loss of 133k jobs in February, and the unemployment rate edged down to 4.3%. Meanwhile, March headline CPI inflation jumped on higher energy prices. The Fed's preferred measure of inflation, core PCE inflation, is likely to show a rise to 3.2% yoy in March (due on Thursday), and real GDP growth likely rebounded in 1Q26 to 2.4% annualised. Powell will probably say that monetary policy is in a good place. We still expect one rate cut this year, in December. Fed chair nominee Kevin Warsh is unlikely to convince a majority to support rate cuts before then amid higher energy prices and a divided FOMC.

5 BoE to stay pat

Like other major central banks, the BoE is in wait and see mode and will very likely keep the bank rate at 3.75% at its meeting next week (the decision is due on Thursday). The MPC was set to cut rates at the March meeting before the Iran war and energy-price shock derailed that prospect. Rate cuts have been delayed, with inflation set to move higher in 3Q26 (when the Ofgem price cap for gas and electricity prices is reset) and with most MPC members concerned about the extent of second-round effects on wages and goods and services prices. We expect one rate cut at the end of the year, as, in our view, the chances of sizeable second-round effects are low amid a clearly deteriorating labour market.

6 BoJ likely to skip rate hike next week

The BoJ is set to keep its policy rate unchanged at 0.75% on Tuesday. Such an outcome has already been flagged by the Japanese press and would largely reflect both Middle East uncertainty and expectations implied by forward rates. That said, BoJ Governor Kazuo Ueda will likely reaffirm in his press conference that more tightening will be needed over time, given the very low level of Japanese real rates. We expect a 25bp rate hike to 1.00% either at the next meeting on 16 June or at the 31 July meeting at the latest, with rates rising to 1.25% by 4Q26 and to 1.50% by end-2027.

7 NBH may stay on hold and tolerate HUF strength

While risk indicators have significantly improved since the March MPC meeting, and the front end of the HUF curve is no longer pricing in rate hikes, geopolitical risks and energy price shocks persist, while the new government's fiscal plans and the expiry of regulatory price controls remain unclear. Although a stronger HUF may partly offset energy and regulatory price hikes, inflation risks are still skewed upwards and headline inflation may rise into the 4-5% range by early 2027. Therefore, we expect the NBH to remain on hold at 6.25% this year. If credible fiscal steps underpin the new government's euro adoption plans, this may open the door to around 150bp of rate cuts next year.



QUOTE OF THE WEEK*

“We try to keep politics, if I’m confirmed, out of the Fed.”

Kevin Warsh, Fed chair nominee

*Not an endorsement

WHAT WE ARE READING AND LISTENING TO

[How to Fight an Economic War >](#)

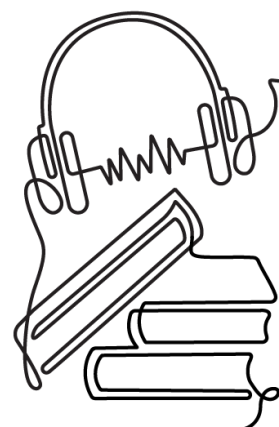
In this *Foreign Affairs* article, **Edward Fishman** argues that true economic chokepoints are misused, with ineffective tools failing to create real leverage and instead pushing those affected to find workarounds. He concludes that only carefully built, long-term economic pressure can change geopolitical behaviour.

[The geography of AI firms >](#)

This BIS working paper maps 1,246 AI firms across 32 economies across the five layers of the AI supply chain, showing that the US and China dominate while most countries specialise in limited segments, often in compute.

[They are history’s geniuses. But were they any good at investing? >](#)

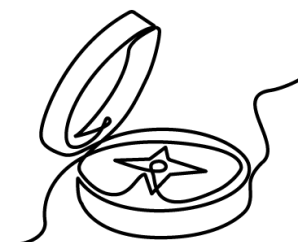
This episode of the FT podcast *The Story of Money* explores whether famous historical geniuses were actually good investors, examining whether intellectual brilliance translates into financial success.



DATA AND EVENTS CALENDAR

Date	Country	Data	Period	UniCredit	Consensus	Previous
28 Apr	JP	BoJ announces key rate (%)	-	0.75	-	0.75
28 Apr	HU	NBH announces key rate (%)	-	6.25	-	6.25
29 Apr	US	Federal funds target rate (upper bound, %)	-	3.75	-	3.75
30 Apr	EZ	Consumer price index, CPI (% yoy)	Apr	3.0	-	2.6
30 Apr	EZ	Core CPI (% yoy)	Apr	2.1	-	2.3
30 Apr	EZ	Real GDP (% qoq)	1Q	0.2	-	0.2
30 Apr	UK	BoE announces key rate (%)	-	3.75	-	3.75
30 Apr	EZ	ECB refi rate (%)	-	2.15	-	2.15
30 Apr	EZ	ECB depo rate (%)	-	2.00	-	2.00
30 Apr	US	Real GDP (% qoq annualised)	1Q	2.4	-	0.5

Source: Refinitiv, The Investment Institute by UniCredit
Note: A detailed calendar is available here: [Calendar](#).



FORECAST TABLES

- > [Economics](#)
- > [FI](#)
- > [FX](#)
- > [Risky Assets](#)

IN CASE YOU MISSED IT THIS WEEK

Date	Title	Author
24 Apr	Coffee Break ▶ China's energy shield, Europe's vulnerability	Andreas Rees
23 Apr	Short View ▶ Drivers behind the strong rebound in stock markets	Christian Stocker
23 Apr	Coffee Break ▶ Natural gas: demand drops and prices slide as Hormuz standoff persists	Jonathan Schroer
22 Apr	The Checkpoint ▶ The China factor	Edoardo Campanella
22 Apr	Primary Market Focus ▶ BTP Short Term Feb28 has attractive carry return	Francesco Maria Di Bella
22 Apr	Coffee Break ▶ Warsh: non-committal on rates, clear on balance sheet	Luca Cazzulani
21 Apr	Coffee Break ▶ Rate differentials and EUR-USD: disconnection set to continue in the near term	Francesco Maria Di Bella, Roberto Mialich
20 Apr	Short View ▶ EU trade strategy: a productive strategic shift	Tullia Bucco, Loredana Maria Federico
20 Apr	Primary Market Focus ▶ Weekly Supply Preview – Germany issues new Schatz Jun28	Francesco Maria Di Bella
20 Apr	Coffee Break ▶ Tensions in the Strait of Hormuz keep markets on edge	Francesco Maria Di Bella

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4. High volatility investments can be subject to sudden and significant decreases in value, being able to generate significant losses at the time of sale up to the entire capital invested.
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