The Bottom Line



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

China's unbalanced growth

16 October 2026

Next week's PMI releases are expected to confirm the resilience of eurozone activity despite higher energy prices and geopolitical headwinds, supporting the earnings outlook. Meanwhile, the NBH's policy decision and China's GDP data will provide insights into inflation dynamics and global growth outlook.

TOP STORIES OF THE UPCOMING WEEK

1 **Eurozone PMIs signal resilient growth**

We expect the eurozone composite PMI to remain broadly stable at 53.1 in October, matching its September reading. The more than one-point increase recorded last month suggested that eurozone activity has so far proved resilient to rising energy prices and geopolitical headwinds, a pattern that is likely to continue. This resilience is, in turn, allowing firms to pass through part of the increase in input costs to clients, although the impact on output prices has so far remained contained. Any signs of a broader pass-through from input costs to output prices will warrant close attention, given the implications of such a development for the monetary policy outlook. Importantly, the recent PMI trend is consistent with our expectation of around 10% earnings growth this year. Corporate earnings are measured in nominal terms and therefore typically benefit from moderate inflation, as companies pass higher costs on to customers through higher prices. Against this backdrop, the combination of resilient economic activity and ongoing pricing power continues to support the earnings recovery.

2 **The NBH may keep rates on hold awaiting fiscal plans**

The NBH is likely to keep rates on hold at 5.50% and stick to cautiously dovish forward guidance, citing a less supportive external environment while awaiting the government's fiscal plans for 2027 and the medium term, which may be revealed next week. Core inflation developments have remained benign in September, yet energy prices and a smaller decline in food prices may push headline inflation over 3% by early-2027. Besides monitoring energy prices and core market yields, the NBH is likely to focus on core price developments, the outcome of wage negotiations and moves in EUR-HUF and the long end of the HGB curve relative to regional peers reflecting changes in Hungary's risk assessment, following the announcement of fiscal plans. We still see room for minor interest rate cuts before year-end provided that the geopolitical backdrop improves, but rate cuts might be postponed to 2027 if energy prices remain elevated throughout the winter.

3 **China 3Q GDP: growth stabilises, but imbalances remain**

China's economy likely grew by about 4.5% yoy in the third quarter, little changed from the 4.3% growth recorded in spring. The headline figure, however, continues to mask a two-speed economy. While exports and industrial production, especially in green and high-tech sectors, have remained the growth engine, household spending and the real-estate market have continued to weigh on the economy. Recently, policymakers signalled additional support and faster implementation of existing fiscal measures to bolster domestic demand. We expect headline growth to remain broadly stable into year-end, which would keep the lower end of the 4.5-5% annual target range within reach.



QUOTE OF THE WEEK*

"Putin can still sell oil [...] war still pays."

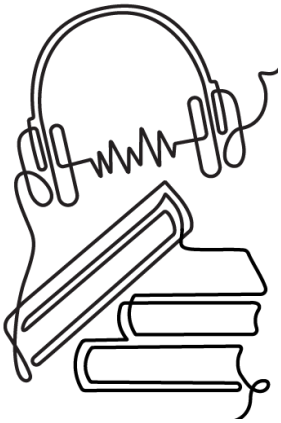
Volodymyr Zelenskyy, President of Ukraine

*Not an endorsement.

WHAT WE ARE READING AND LISTENING TO

The heterogeneous bank lending channel of monetary policy ›

This ECB working paper finds that the effectiveness of monetary policy depends on the structure of bank lending: rate hikes have a stronger impact on banks and credit supply in fixed-rate systems, while variable-rate lending allows banks' revenues to adjust more quickly, cushioning the effect.



World Economic Outlook – Resilience Under Strain, Urgent Choices ›

In its latest *World Economic Outlook*, the IMF argues that global growth remains resilient despite geopolitical tensions and higher energy prices, supported by AI-driven investment and economic adaptation. However, resilience is becoming increasingly uneven, with rising inflation, fiscal vulnerabilities and geopolitical risks requiring urgent policy action.

Nate Soares on How AI Really Could Kill Us All ›

This Bloomberg *Odd Lots* podcast goes beyond the technology itself, exploring the economic, financial and geopolitical implications of the AI race, a trend that is becoming increasingly important for investment decisions and global productivity.

DATA AND EVENTS CALENDAR

Date	Country	Data	Period	UniCredit	Consensus	Previous
19 Oct	CN	Real GDP (% yoy)	3Q	4.5	4.4	4.5
20 Oct	HU	NBH announces key rate (%)	-	5.50	5.50	5.50
23 Oct	EZ	Composite PMI (index)	Oct	53.1	52.5	53.1
23 Oct	EZ	Services PMI (index)	Oct	52.8	52.5	53.0
23 Oct	EZ	Manufacturing PMI (index)	Oct	53.4	52.5	52.9

Source: Bloomberg, 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
16 Oct	Coffee Break › What the shape of the UST curve tells us	Francesco Maria Di Bella
15 Oct	Short View › France's 2027 budget bill: mapping the routes out of deadlock	Tullia Bucco
15 Oct	Coffee Break › OAT spread widening goes beyond higher Bund yields	Dr. Luca Cazzulani
14 Oct	Market Spotlight › What is driving EUR-USD? US yields alone or spreads?	Roberto Mialich
14 Oct	Coffee Break › High expectations, little margin for error	Christian Stocker
13 Oct	Short View › BRL approaching a crossroads at the 25 October runoff	Roberto Mialich
13 Oct	Coffee Break › The changing geography of ICT inventions	Mauro Giorgio Marrano
12 Oct	Coffee Break › Oil flows recover, but normality remains elusive	Tobias Keller
12 Oct	Primary Market Focus › Weekly Supply Preview – EGB issuance rebounds	Francesco Maria Di Bella
10 Oct	Letter from the Editor › Guns, butter and bond yields	Edoardo Campanella

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