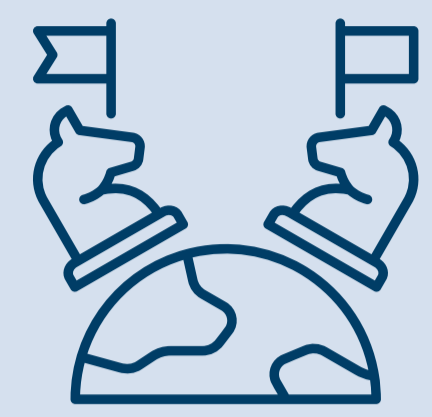


THE EURO AREA IN A VOLATILE WORLD: RESILIENCE UNDER STRAIN

Risks

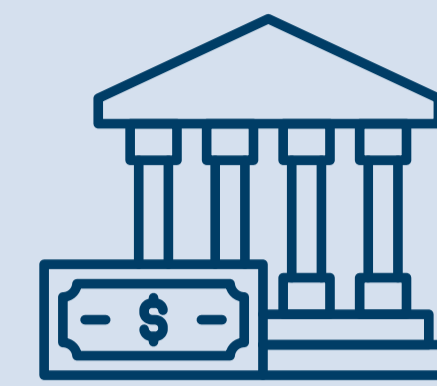


Prolonged geopolitical tensions:
Middle East



Sharp repricing of US assets:
Government bonds and equities

Vulnerabilities



Financial sector:
High exposure to US assets

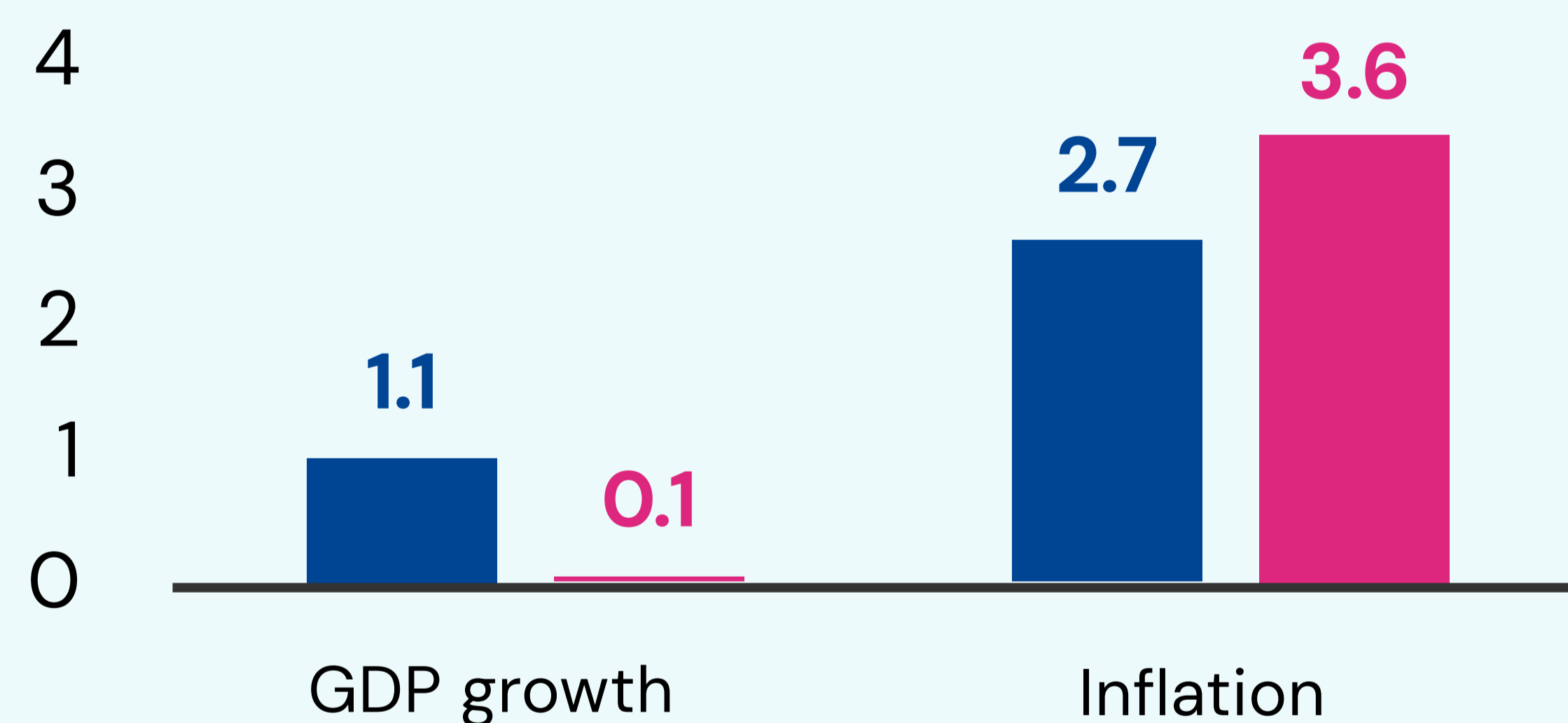


Sovereign markets:
Price-sensitive investors

Macro scenarios

Euro area GDP and inflation
(average 2026-2027, %)

■ Baseline ■ Adverse

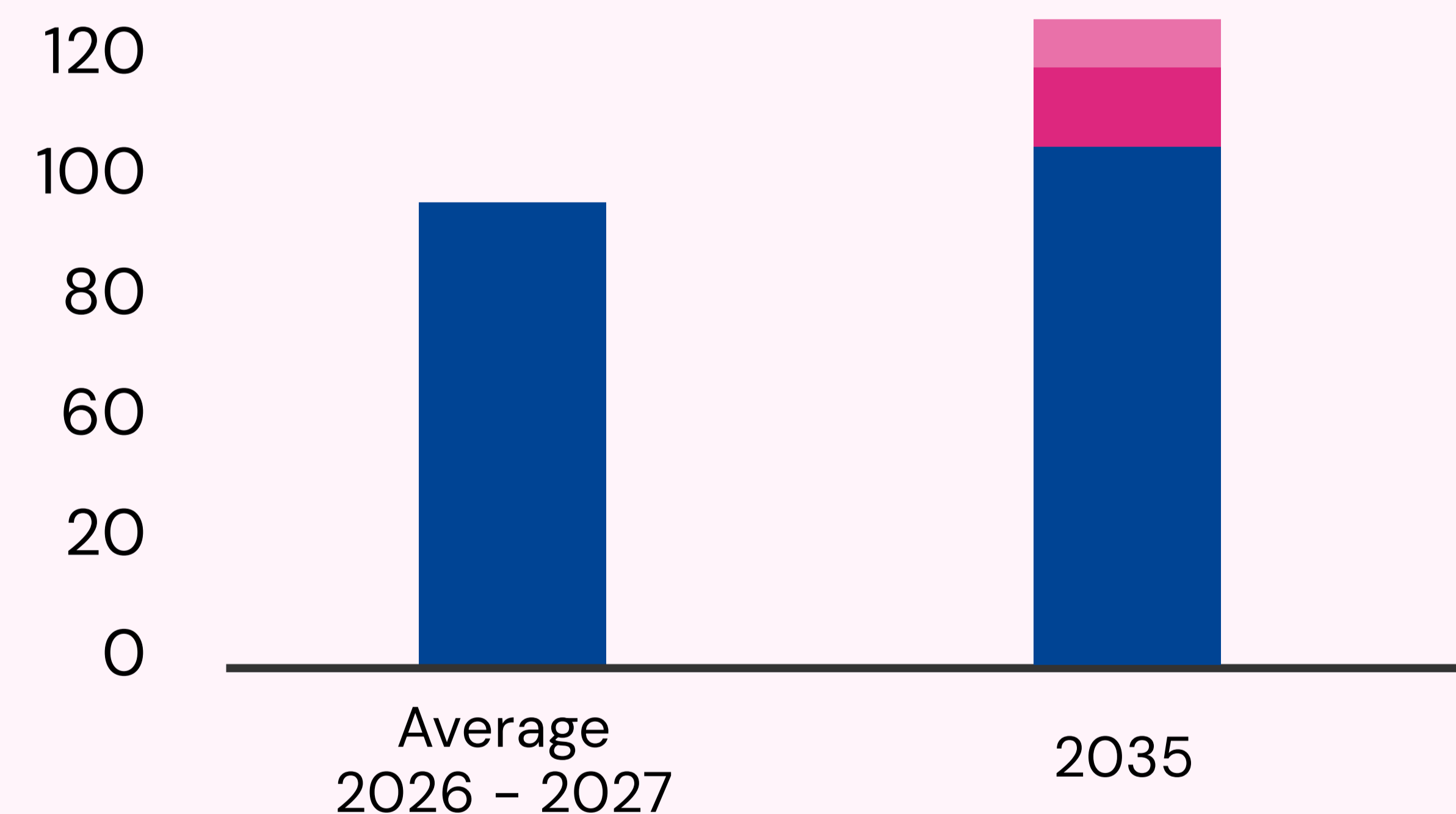


⇒ LONG-TERM SCARS ON ACTIVITY

Fiscal implications

Euro area public debt
(% of GDP)

■ Baseline ■ Adverse ■ Defence



⇒ LARGE FISCAL ADJUSTMENT NEEDS

Credibility is essential for resilience

Clear medium-term plans and steady policy actions help keep market trust and public finances sustainable