THE RIO TIMES · 2026

EUROPE INTELLIGENCE BRIEF — SATURDAY, AUGUST 15, 2026

One Percent, Or All Of It

A Dutch bank estimates heat and drought could cost the European Union about 1% of output this year, or roughly 180 billion euros. The Commission has been assuming growth of 1.1%.

Most of the loss is not fire or flood but reduced labour productivity. Agricultural production is expected to fall 3 to 7%.

Every item is dated at source. There is no sport.

IN THIS ISSUE

EDITOR'S LEADER · 01

180 BILLION EUROS · AGAINST A FORECAST OF 1.1% GROWTH

A Year's Growth In Heat

Europe expects to grow 1.1% this year, and one bank thinks the heat will take about 1% of it. Not through fires or flood damage, but because people work more slowly when it is too hot.

The Dutch bank Triodos published a report estimating that heat-related disruption could reduce European Union output by about 1% in 2026. That is equivalent to roughly 180 billion euros.

The European Commission has been assuming growth of 1.1% for the year. Placed side by side, those figures say the summer could consume almost the entire expected expansion.

It is a modelling exercise rather than a settled bill, and we report it as one. The composition is what makes it credible.

The principal cause is reduced labour productivity, which alone could cut output by about 0.6 percentage points. Agricultural production is expected to fall between 3 and 7%.

> *The main reason is not the immediate destruction caused by fires or drought damage, but declining labour productivity. That effect alone could reduce European Union output by about 0.6 percent.*
>
> TRIODOS BANK REPORT, AS REPORTED · AUGUST 2026

Damage from a fire is visible, insurable and eventually rebuilt. Output lost because a workforce cannot maintain its pace in extreme temperature is never recovered and never appears on a claim form.

France is expected to carry a particularly heavy burden, with Belgium also facing significant losses. Low water on the Rhine, Danube and Elbe is raising transport costs for industries dependent on bulk freight.

This lands on an economy with very little room. German output grew just 0.2% in the second quarter, against 0.4% in the euro area and 0.5% across the Union.

Lithuania led at 1.7%, Sweden managed 1.4%, Portugal 0.8% and Spain 0.7%. France matched Germany at 0.2% while Belgium and Austria recorded no growth at all.

Berlin had already cut its 2026 expectation to 0.5% from the 1% assumed in January. That was before this summer's estimate was published.

Brussels meanwhile faces two questions of sovereignty. The Union and leading member states have begun examining how to phase out embedded American artificial-intelligence products, and three member states have been excused from the financial obligations of a 90 billion euro loan to Ukraine.

Underneath all of it the inflation spread persists, with Spain at 3.9% harmonised, Italian core at 1.6% and Swiss producer prices falling 2.1%. The Governing Council meets on 10 September.

For readers in Latin America the two reads point opposite ways. A 3 to 7% European harvest shortfall supports regional food export revenue, while growth closer to zero than to 1.1% means weaker demand for manufactured goods.

The Day At A Glance

Here is Saturday's news, in order of consequence for Latin American readers. Every item is dated at source, and there is no sport.

Europe · A Hundred and Eighty Billion

The Dutch bank Triodos estimates heat and drought could cut European Union output by about 1% this year, roughly 180 billion euros.

Europe · Almost the Whole Forecast

The European Commission has been assuming growth of 1.1% for the year. The estimate would consume most of it.

Europe · Productivity, Not Fire

Reduced labour productivity alone accounts for about 0.6 percentage points of the estimated loss, rather than direct damage.

Europe · Harvests Down 3 to 7%

Agricultural production is expected to fall between three and seven percent across the Union.

Europe · Who Suffers Most

France is expected to carry a particularly heavy burden, with Belgium also facing significant losses; low rivers raise freight costs.

Germany · Slowest of the Large Economies

Output grew just 0.2% in the second quarter against 0.4% in the euro area, with Berlin's own 2026 forecast already cut to 0.5% from 1%.

Europe · The Growth League

Lithuania led at 1.7%, Sweden 1.4%, Portugal 0.8% and Spain 0.7%; France matched Germany at 0.2% and Belgium and Austria recorded none.

Brussels · A Software Dependency

The Union and leading member states have begun examining how to phase out embedded American artificial-intelligence products from critical systems.

Brussels · Three Members Excused

Hungary, Slovakia and the Czech Republic need not join the financial obligations of a 90 billion euro loan to Ukraine, under enhanced cooperation.

Europe · The Spread Persists

Spanish harmonised inflation at 3.9% against Italian core at 1.6% and Swiss producer prices down 2.1%, with the Governing Council meeting 10 September.

The Numbers At A Glance · Europe · Saturday August 15, 2026

EU Estimated heat cost **~1%** ~€180bn	EU Commission forecast **1.1%** For 2026	EU From productivity **0.6pt** Of the loss	EU Agriculture **-3 to -7%** Expected
DE Q2 growth **+0.2%** Slowest large	LT Fastest **+1.7%** Sweden 1.4%	BE Belgium, Austria **0.0%** No growth	EU Ukraine loan **€90bn** 3 opted out

OUR SIMPLE HEALTH CHECK · 10 ECONOMIES

How The Countries Are Doing

This is our simple country-by-country health check, updated Saturday after an estimate putting the cost of this summer's heat at about 1% of Union output. Each country is rated from 1 to 5 across five areas, where a lower number is better and a higher one means more strain.

COUNTRY	POLITICS	BUDGET	MONEY	MARKETS	OUTSIDE	WHAT'S DRIVING IT
Germany DAX · euro	3	4	4	2	5	Grew just 0.2% in the second quarter, the slowest of the large economies, with its own 2026 forecast cut to 0.5% from 1% and low rivers raising freight costs.
France CAC 40 · euro	4	4	3	2	5	Also grew 0.2% and is expected by Triodos to carry a particularly heavy burden from this summer's heat; nuclear generation offers partial energy insulation.
Spain IBEX 35 · euro	3	3	4	2	4	Grew 0.7%, outpacing the largest economies, but harmonised inflation was revised up to 3.9% with core at 3.0%, the broadest domestic pressure in the union.
Italy FTSE MIB · euro	3	4	3	2	4	Core inflation at just 1.6% with weak industrial output, the profile of an economy needing easing rather than tightening under a single rate.
Belgium BEL 20 · euro	3	4	3	2	5	Recorded no growth at all in the quarter and is named among the countries facing significant heat-related losses; wage indexation transmits energy costs quickly.
Sweden OMX · krona	1	2	1	2	2	Grew 1.4%, among the strongest in the Union, on a policy rate of 1.75% and with a decision due on 20 August.
Norway OSE · krone	1	1	3	2	2	Held its policy rate at 4.25% with a hawkish bias intact and wage growth easing to 3.9%; an oil exporter answering a different question.
Portugal PSI · euro	2	3	3	2	4	Grew 0.8% in the quarter, continuing the southern European pattern of outpacing the industrial core; heavily exposed to heat and fire.
Switzerland SMI · franc	1	1	1	2	3	Producer and import prices falling 2.1% over the year, the only large European economy in outright producer deflation; a defensive market.
Hungary BUX · forint	4	4	4	3	3	Excused with Slovakia and the Czech Republic from the financial obligations of the €90bn Ukraine loan under enhanced cooperation; a precedent for opting out of joint borrowing.

How to read the colours: 1 = calm, 2 = fairly good, 3 = mixed, 4 = some strain, 5 = serious strain. Each country's number is the average across the five areas. Updated August 15.

ONE PERCENT OF OUTPUT · AGAINST A 1.1% FORECAST · MOSTLY FROM PRODUCTIVITY

Three Ways The Heat Estimate Plays Out

Three ways this summer's heat could show up in European data through 2027, and what each means for Latin American exporters. The chances add up to 100%.

Part 1 · What Is Actually Being Claimed

Triodos estimates heat-related disruption could cut European Union output by about 1% in 2026, or roughly 180 billion euros, against a Commission forecast of 1.1% growth. It is a model, not an audit.

The mechanism is unusual and that is what makes it worth reading. Around 0.6 percentage points comes from reduced labour productivity rather than physical destruction.

Agricultural production is expected to fall 3 to 7%, and low water on the Rhine, Danube and Elbe raises freight costs for bulk-dependent industry. France and Belgium are named as particularly exposed.

None of those channels is addressed by monetary policy. That is the awkward part for a Governing Council meeting on 10 September.

> *When heatwaves regularly cost billions in economic output during a phase of weak growth, dealing with high temperatures is no longer only climate policy but ordinary economic policy.*
>
> COMMENTARY ON THE TRIODOS FINDINGS · AUGUST 2026

Part 2 · Possibility A — The Estimate Overstates It (40%)

In this case official data comes in closer to the Commission's 1.1%, and the productivity effect proves smaller or partly recovered in autumn. The model is remembered as a useful warning.

European demand holds and the harvest shortfall is nearer 3% than 7%. For Latin American exporters it is the neutral outcome.

Part 3 · Possibility B — Roughly Right (40%)

Here European growth this year lands close to zero, with productivity, agriculture and freight all contributing. Forecasters revise downward through the autumn.

Food exporters gain from a 3 to 7% European harvest shortfall while manufactured exports face a weaker customer. Both effects reach the region within quarters.

Part 4 · Possibility C — It Recurs (20%)

In this path next summer repeats the pattern and heat becomes a standing annual charge on European output. Adaptation spending moves from climate budgets to industrial ones.

It permanently lowers European growth expectations and permanently raises soft commodity prices. For the region it is profitable and destabilising at once.

POSSIBILITY	CHANCE	EU GROWTH	HARVESTS	WHAT IT MEANS FOR LATIN AMERICA
A · Overstated	40%	Near 1.1%	Down ~3%	Neutral for the region
B · Roughly right	40%	Near zero	Down 3-7%	Food gains, manufactures lose
C · It recurs	20%	Structurally lower	Repeatedly short	Profitable and destabilising

Source: Rio Times desk · drawing on the Triodos Bank report as relayed by Börsen-Zeitung, GrenzEcho, trend.at and finanzblatt, plus Eurostat. Not financial advice.

WHAT WE ARE WATCHING · 05

OUR OPINION ONLY · NOT FINANCIAL ADVICE

Eight Things We Are Watching

These are just our own opinions, not financial advice. In short: we treat the heat estimate as a model rather than a measurement, while noting its mechanism is more plausible than a headline damage figure would be.

WHAT	HOW WE SEE IT	OVER WHAT PERIOD	WHY
European growth forecasts	▼ CAREFUL	12 months	A Commission assumption of 1.1% sits against a modelled heat cost of about the same size.
European agricultural output	▼ CAREFUL	6 months	Production is expected to fall 3 to 7%, which is a large move for a single season.
Latin American food exports	▲ POSITIVE	12 months	A European harvest shortfall of that size is met by purchases from other producing blocs.
Latin American manufactured exports	▼ CAREFUL	18 months	If growth lands near zero rather than 1.1%, European import demand weakens accordingly.
German assets	▼ CAREFUL	12 months	Growth of 0.2% in the quarter with a self-lowered forecast leaves no room for a shock.
French assets	▼ CAREFUL	12 months	Also 0.2% growth, and named as carrying a particularly heavy heat burden this year.
European adaptation spending	▲ POSITIVE	36 months	If heat becomes an annual charge, cooling, water and grid investment follow it.
European monetary policy	◆ MIXED	12 months	None of its instruments addresses temperature, productivity or river levels.

POWER PLAYERS · 06

SIX FORCES · IN THE NEWS TODAY

Six Forces Shaping The News

Six institutions and forces whose decisions reach Latin American desks.

Triodos Bank

Analysis · Netherlands

Its report put the cost of this summer's heat and drought at about 1% of European Union output, or roughly 180 billion euros. The estimate is a model rather than a measurement.

European labour productivity

Economic channel · European Union

It accounts for around 0.6 percentage points of the estimated loss, more than fire or flood damage combined. Output lost this way is never rebuilt and never insured.

The European Commission

Forecaster · European Union

It has been assuming growth of 1.1% for the year, a figure the heat estimate would almost entirely consume. Whether it revises is the question of the autumn.

Germany's economy

Growth · Germany

It grew just 0.2% in the second quarter, the slowest of the large economies, with Berlin having already cut its own 2026 forecast to 0.5% from 1%.

Europe's rivers

Infrastructure · Central Europe

Low water on the Rhine, Danube and Elbe is raising transport costs for industries dependent on bulk freight. It is the most visible of the heat channels.

Enhanced cooperation

Legal mechanism · European Union

It has excused Hungary, Slovakia and the Czech Republic from the financial obligations of a 90 billion euro loan to Ukraine. A precedent for opting out of joint borrowing.

DAILY BRIEFING · 07

BY COUNTRY · CLIMATE · GROWTH · SOVEREIGNTY · PRICES

The Day, Country By Country

Thirteen items selected for what they change for a Latin American reader. Every item is dated at source, and there is no sport.

EUROPE — THE HEAT ESTIMATE

About 1% of Output, or €180 Billion

The Dutch bank Triodos estimated in a report published this month that heat-related disruption could reduce European Union output by about 1% in 2026, equivalent to roughly 180 billion euros. Sources: Börsen-Zeitung, GrenzEcho, trend.at · August 2026.

Against a Forecast of 1.1%

The European Commission has been assuming European growth of 1.1% for this year, meaning the estimated heat cost would consume almost the entire expected expansion. Sources: GrenzEcho · August 2026.

Productivity Does Most of It

Reduced labour productivity alone could cut Union output by about 0.6 percentage points, more than direct destruction from fires or drought damage. Sources: Börsen-Zeitung, finanzblatt · August 2026.

Harvests Down 3 to 7%

Agricultural production across the Union is expected to fall between three and seven percent, with France expected to carry a particularly heavy burden and Belgium also facing significant losses. Sources: Börsen-Zeitung, GrenzEcho · August 2026.

Rivers as a Cost Line

Low water levels on the Rhine, Danube and Elbe are raising transport costs and weighing especially on industries dependent on bulk freight. Sources: GrenzEcho · August 2026.

EUROPE — GROWTH

Germany Slowest of the Large Economies

German output grew just 0.2% in the second quarter after a revised 0.4% in the first, against 0.4% in the euro area and 0.5% across the Union. Sources: Eurostat via Apollo News · August 14-15.

The League Table

Lithuania led at 1.7%, followed by Sweden at 1.4%, Portugal at 0.8% and Spain at 0.7%, while France matched Germany at 0.2% and Belgium and Austria recorded no growth. Sources: Eurostat via Apollo News · August 14-15.

A Forecast Already Cut

Berlin reduced its 2026 growth expectation to 0.5% in its spring projection, down from the 1% assumed in January. Sources: Apollo News · August 14-15.

BRUSSELS — SOVEREIGNTY

Unwinding an American Software Dependency

The Union and leading member states including France and Germany have begun examining how to phase out artificial-intelligence products deeply embedded in European security, health, industrial and financial systems. Sources:

Politico via European press · August 2026.

Three Members Excused From a Loan

Hungary, Slovakia and the Czech Republic need not participate in the financial obligations of the Union's €90 billion loan to Ukraine, under the enhanced cooperation mechanism. Sources: European press · August 2026.

How the Loan Is Structured

The loan covers 2026 and 2027, is financed through joint bonds on capital markets, and allocates €60 billion to military support and €30 billion to the Ukrainian state budget. Sources: European press · August 2026.

PRICES AND POLICY

The Spread Has Not Closed

Spanish harmonised inflation was revised up to 3.9% this week against 2.9% in Italy with core at 1.6%, 2.8% in Germany, and Swiss producer prices down 2.1% over the year. Sources: national statistics offices · August 13-14.

A Decision With Little Margin

The European Central Bank's Governing Council meets on 10 September, three days after the next estimate of second-quarter output; Norway held at 4.25% with a hawkish bias and Sweden decides on 20 August. Sources: Eurostat, Norges Bank · August 13-14.

Pipeline, Sectors, And The Calendar

ITEM	TYPE	WHEN	STATUS
Triodos heat estimate	Analysis	This month	~1% of EU output
In euros	Analysis	This month	~€180bn
Commission forecast	Forecast	2026	1.1% growth
Productivity effect	Analysis	This month	0.6pt of the loss
Agricultural output	Forecast	2026	-3 to -7%
German Q2 growth	Data	Aug 14	+0.2%
German 2026 forecast	Policy	Spring	Cut to 0.5%
Ukraine loan	Finance	2026-27	€90bn, 3 opted out
AI phase-out review	Policy	This month	Under examination
ECB Governing Council	Policy	Sept 10	Decision due

Sector Watch · Four Things to Track

A LOSS THAT CANNOT BE REBUILT

Fire damage is insurable and eventually replaced. Output lost to a slower workforce is not, and it is the larger share.

A FORECAST AND A COST THE SAME SIZE

The Commission expects 1.1% growth and the estimate puts heat at about 1%. Those two numbers cannot both be comfortable.

A HARVEST SIGNAL

European agricultural production down 3 to 7% is a direct read for grain and oilseed prices, and for Brazilian and Argentine revenue.

NO INSTRUMENT FOR TEMPERATURE

Nothing a central bank controls addresses productivity in heat, river levels or crop yields.

Calendar · Next 30 Days

DATE	EVENT	WHY IT MATTERS
Aug 20	Swedish rate decision	At 1.75%, against Norway's 4.25%
Sept 7	Next euro area growth estimate	Three days before the decision
Sept 10	ECB Governing Council	On figures revised the week before
Coming months	Whether forecasters revise down	The Commission still assumes 1.1%
Coming months	European harvest data	Against an expected 3 to 7% fall
Ongoing	Rhine, Danube and Elbe levels	Freight costs for bulk industry
Ongoing	German growth	0.2% in the quarter, forecast already cut

Ongoing	The inflation spread	Spain 3.9%, Italian core 1.6%
Ongoing	The AI phase-out review	Embedded in security, health and finance
2026-27	The €90bn Ukraine loan	Three members excused from obligations

WHERE EUROPE STANDS · OUR TAKE

What Today Tells Us

Our take on Saturday is that Europe may spend its entire year's growth on the weather. That is a modelled claim rather than a measured one, and it deserves reading carefully.

The Dutch bank Triodos estimates heat-related disruption could reduce Union output by about 1% in 2026, roughly 180 billion euros. The European Commission has been assuming growth of 1.1%.

What makes the estimate credible is its composition. Around 0.6 percentage points comes from reduced labour productivity rather than from fires or flood damage.

Agricultural production is expected to fall between 3 and 7%, France is named as particularly exposed, and low rivers are raising freight costs for bulk-dependent industry.

It lands on an economy with no room. German output grew 0.2% in the second quarter, France the same, and Belgium and Austria recorded nothing at all.

Berlin had already cut its own 2026 forecast to 0.5% from 1% before the estimate appeared. Lithuania at 1.7% and Sweden at 1.4% carried the Union average.

Brussels is meanwhile examining how to remove embedded American artificial-intelligence systems from critical infrastructure, and has excused three members from the obligations of a 90 billion euro loan to Ukraine.

For readers in Latin America the reads point opposite ways. A 3 to 7% European harvest shortfall supports regional food export revenue, and growth closer to zero than to 1.1% weakens demand for everything else.

Sources & Method

THE HEAT ESTIMATE	Triodos Bank report as relayed by Börsen-Zeitung, GrenzEcho, trend.at, it-boltwise and finanzblatt · August 2026 (German).
GROWTH DATA	Eurostat via Apollo News and national statistics offices · August 14-15 2026 (German/English).
BRUSSELS	Politico via European press · August 2026 (English/German).
PRICES	Instituto Nacional de Estadistica · Istat · Statistisches Bundesamt · Swiss Federal Statistical Office · August 12-14 2026.
NORDICS	Norges Bank · Sveriges Riksbank · August 13-14 2026.
CAVEAT NOTE	The €180 billion figure is a Triodos Bank modelling exercise, not a final damage assessment, and is reported here as an estimate with its stated mechanism and assumptions.
LATAM LINK	Brazil's, Argentina's and Mexico's central banks · IDB · S&P; Global · B3 · BMV · Rio Times commodity data.
DATING NOTE	The Triodos report was published and relayed earlier this month; the second-quarter growth figures were confirmed August 14; the price data is August 12-14; the Brussels items were reported this month.

Method. We select only those items that change what a Latin American investor should think or do. Every item carries its own date. Where a figure is a model rather than a measurement we say so in the text as well as in the sources, and we give the mechanism behind it so readers can judge it. The country health check was updated August 15. There is no sport, and the opinions are our own — not financial advice.

All times local unless noted