



October Macro Brief

Navigating two-speed economies

October 30, 2025

About this document

The monthly brief is intended to inform executive teams, boards and investors on the state of the economy. It has been prepared based on data as of **October 25, 2025**.

Each brief includes a summary of global business-relevant macroeconomic developments, and a set of indicators that track the overall health of the economy, business activity and consumers.

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September: Tariff update

July: Fiscal power plays

June: Immigration at a crossroads

May: Consumer spending in flux

April: Tariff distress

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Contents

03 Executive summary

09 Spotlight developments

21 Economic indicator chart pack



Executive Summary



October 2025

Executive Summary

Global themes

- **Recent economic momentum globally remains soft but more resilient-than-expected to tariff headwinds and policy uncertainty, for now:**
 - Manufacturing across major markets is weak but not deteriorating significantly, while services and consumer spending have stabilized somewhat after some softening over the summer period; inflation in most countries is starting to heat up again, however, pressuring consumer resilience.
- **A key caveat of this soft-but-solid economic landscape is the two-speed nature of growth in many economies, where a narrow set of high-growth, AI-driven and export-oriented sectors are offsetting weakness in traditional manufacturing industries and domestic consumer demand:**
 - In the US, an AI-capex boom, concentrated among large tech firms, has almost single-handedly powered the economy thus far in 2025—without this AI investment, average GDP growth in H1 (1.6%) would have been only around 0.1%.
 - Europe is showing early signs of a similar divide: countries benefiting from data-center and digital infrastructure investment (e.g., Spain, Portugal, Sweden) are outperforming, while traditional manufacturing hubs (e.g., Germany, Italy) struggle.
 - In China, weak domestic demand and property sector stress weigh on services and consumption, yet exports of clean energy and tech-related goods (solar, EVs, batteries, semiconductors) are keeping industrial momentum afloat.
- **These dual-track dynamics are making it increasingly difficult to ascertain the underlying health of economies, complicating policymaking and corporate planning as strength in high-tech segments masks broad-based softness elsewhere.**

Regional highlights

Americas	Europe, Middle East and Africa	Asia-Pacific
<ul style="list-style-type: none">• In the US, AI-driven growth is masking more concerning weakness in consumer-related and manufacturing sectors, which is reflected in slowing job growth across most industries• In addition, while AI adoption has doubled over the past year, it remains concentrated in digital-native and technology-led sectors, widening the productivity gap between AI leaders and laggards	<ul style="list-style-type: none">• Traditional manufacturing-heavy economies in Europe show slower investment growth in 2025 thus far, while others are gaining momentum through AI-related initiatives• Southern Europe and the Nordics are attracting the most data center capacity, fueling sectoral growth and accelerating the regional divide	<ul style="list-style-type: none">• In China, strong high-tech exports contrast sharply with slowing domestic demand and retail spending• South Korea's economy is seeing a similar bifurcation, with strong semiconductor-led export growth offsetting softness in domestic demand

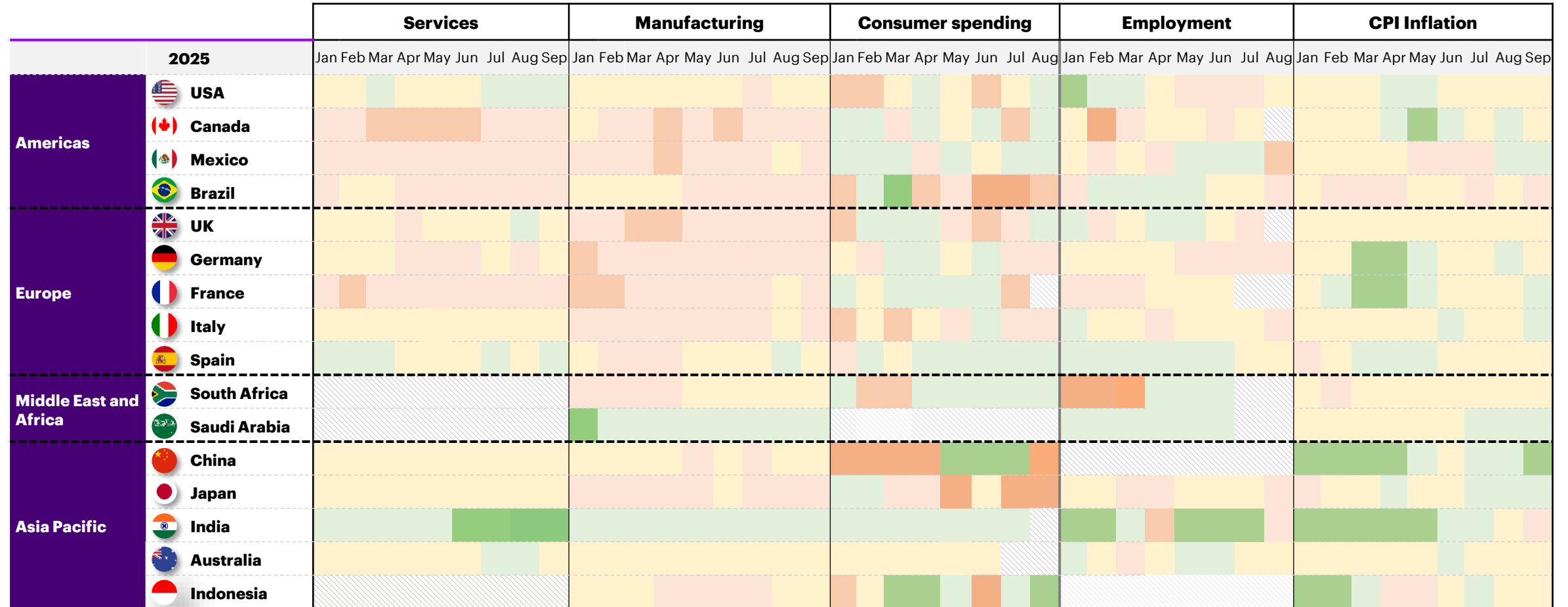
Key considerations and priorities for clients

- **Refining regional corporate strategies and monitoring investment risks are imperative.** The “two-speed” dynamic makes macro signals harder to interpret—companies should more closely track sector-specific indicators and local investment trends to identify hidden resilience or stress.
- **Firms should reassess exposure to “AI-powered” versus “AI-user” industries.** The concentration of growth in AI infrastructure and digital sectors may widen performance gaps across portfolios.
- **Improving productivity and building resilience will be especially critical for companies in slower-moving sectors.** For those outside the tech value chain, who are facing more sluggish demand and tighter margins, accelerating AI adoption can help close the productivity gap.

Economic momentum globally remains soft, with slowing services activity adding to continued weakness in manufacturing as inflationary pressures persist

Country economic momentum snapshot

AS OF OCT 25



Notes: Services and Manufacturing metrics refer to PMI services activity and PMI manufacturing output as provided by S&P Global and may include preliminary “flash” figures, shading is based on most recent result. South Africa and Saudi Arabia manufacturing numbers refer to the whole economy. Mexico Services refers to Business Climate Index: Non-mfg. Consumer spending shading based on real retail sales growth 3MMA percent change except for Australia which is based on Q/Q % change and India which is based on 3MMA of Y/Y% change. Employment growth is derived from employment figures as provided by government authorities. CPI uses harmonized figures for Euro area countries.

Sources: S&P Global, Haver Analytics, Accenture Strategy analysis

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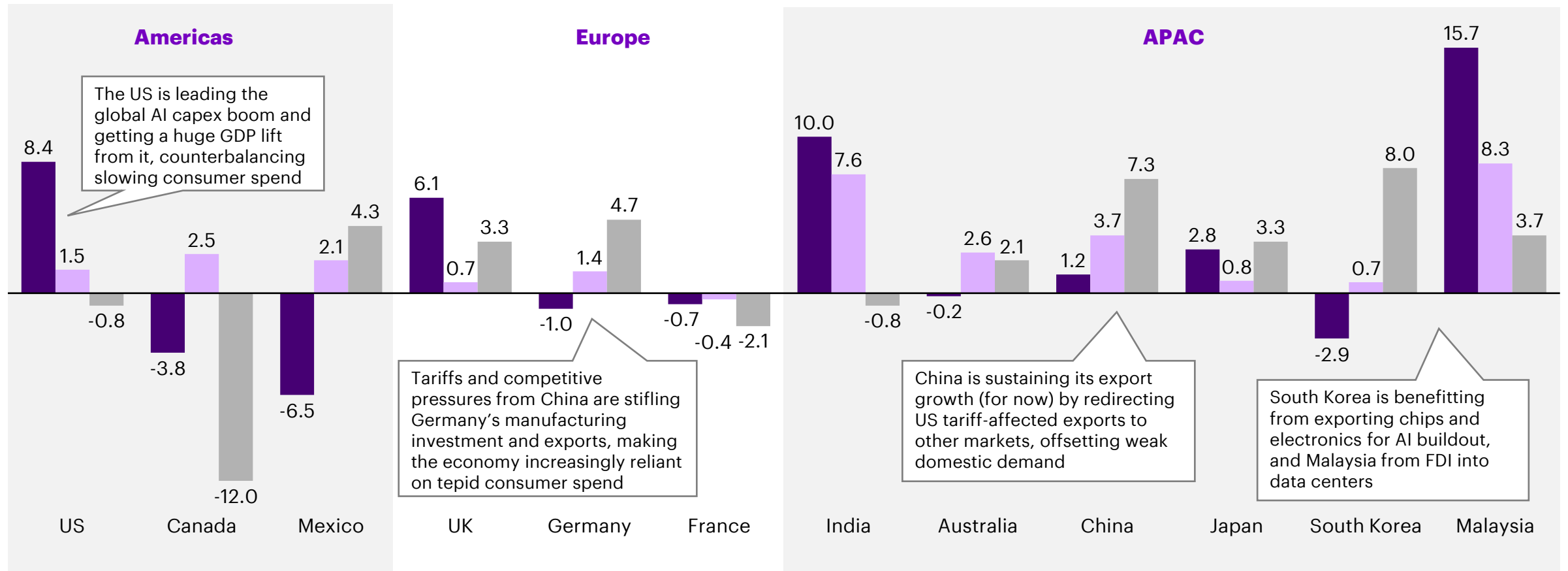
Many countries are seeing a two-speed growth dynamic, with tariffs weighing on consumer and export-facing areas of the economy, while AI-linked capex and industries excel

Two-speed economies

Key components of GDP growth dynamics in H1 2025









Percent growth in H1 2025 (annualized)

Business investment Consumer spending Exports









A tariff-driven growth slowdown and above-target inflation are the base case for the US, with continued stagnation or mild recessions most likely throughout Europe

Latest near-term economic outlooks: Americas and Europe

		Key recent datapoints	Base case outlook	What to watch for
Americas 	 US	<ul style="list-style-type: none"> The ongoing government shutdown is approaching the longest on record (35 days in Dec 2018), fueling policy uncertainty and delaying key economic data releases Headline CPI edged up to 3.0% YoY in Sep, led by a 4.1% MoM increase in gas prices 	<ul style="list-style-type: none"> Aggressive tariffs will likely lead to below-trend growth as business investment and consumer spending soften Supply-side cost pressures and tariff increases keep inflation above target at 3-4% as the Fed cautiously re-enters a rate cutting cycle 	<ul style="list-style-type: none"> Pending sector-level tariffs still to come Reversal of tariff-related demand frontloading leading to a slowdown in consumer and business spending Further pass-through of tariff costs from businesses to consumers
	 Canada	<ul style="list-style-type: none"> Real GDP declined 1.6% annualized in Q2, driven by a sharp 7.5% drop in goods exports Headline CPI jumped to 2.3% YoY in Sept from 1.9% in Aug, with core rising to 2.6% YoY 	<ul style="list-style-type: none"> Trade tensions with the US will exacerbate existing growth challenges, including cost-of-living pressures, weak productivity, weak business investment, and housing undersupply 	<ul style="list-style-type: none"> Potential for tariff de-escalation as a precondition to USMCA renegotiation Government policy support for tariff-affected sectors (e.g. steel, autos)
	 Brazil	<ul style="list-style-type: none"> Real GDP growth decelerated significantly in Q2 to 0.4% QoQ, from 1.3% in Q1, largely due to a slowdown in the agricultural sector Real retail sales rebounded in Aug, up 0.2% MoM, following four straight months of decline 	<ul style="list-style-type: none"> Growth deceleration is likely amidst stubborn inflation, elevated interest rates, and US tariffs Strong agricultural harvest remains a key growth driver, to the extent other sectors don't collapse 	<ul style="list-style-type: none"> Brazilian Real depreciation alongside higher inflation and interest rate hikes Global trade conflict could weigh on commodity exports
Europe 	 UK	<ul style="list-style-type: none"> Real GDP growth decelerated in Q2, rising only 0.3% QoQ compared to 0.7% in Q1 The BoE is expected to keep rates unchanged at 4% in Nov following consecutive 25bp cuts throughout the past year 	<ul style="list-style-type: none"> Growth remains the top priority for government policy, but the outlook is challenging Business investment could remain weak given new tax increases 	<ul style="list-style-type: none"> Higher energy costs from flare-ups in the Middle East could dampen consumer confidence and retail sales, risking stagnation or recession if energy supplies are disrupted
	 Germany	<ul style="list-style-type: none"> Headline CPI rose to 2.4% YoY in Sept, with core at 2.8%, despite slowing energy inflation Consumer confidence dropped to the lowest level since Apr due to weak income expectations 	<ul style="list-style-type: none"> New fiscal stimulus (EUR 500bn) marks a major policy shift in support of economic growth, but near-term impact is limited amid weak sentiment and low private investment 	<ul style="list-style-type: none"> Details on fiscal stimulus, infrastructure investment and the "Fall of Reforms" US tariffs on manufacturing Dumping of Chinese industrial exports
	 France	<ul style="list-style-type: none"> Headline CPI jumped to 1.2% in Sept from 0.9% in Aug, the highest rate since January Consumer confidence improved in Oct, reflecting improvement in financial situation 	<ul style="list-style-type: none"> Economic growth is expected to be subdued, with tighter fiscal policy and global uncertainty dampening investment 	<ul style="list-style-type: none"> US tariffs may hurt exports, confidence, and investment, while rising interest rates could curb investment

Deceleration towards a lower structural growth rate remains base case for China, while Japan's economy is expected to recover modestly, and India to remain an outperformer

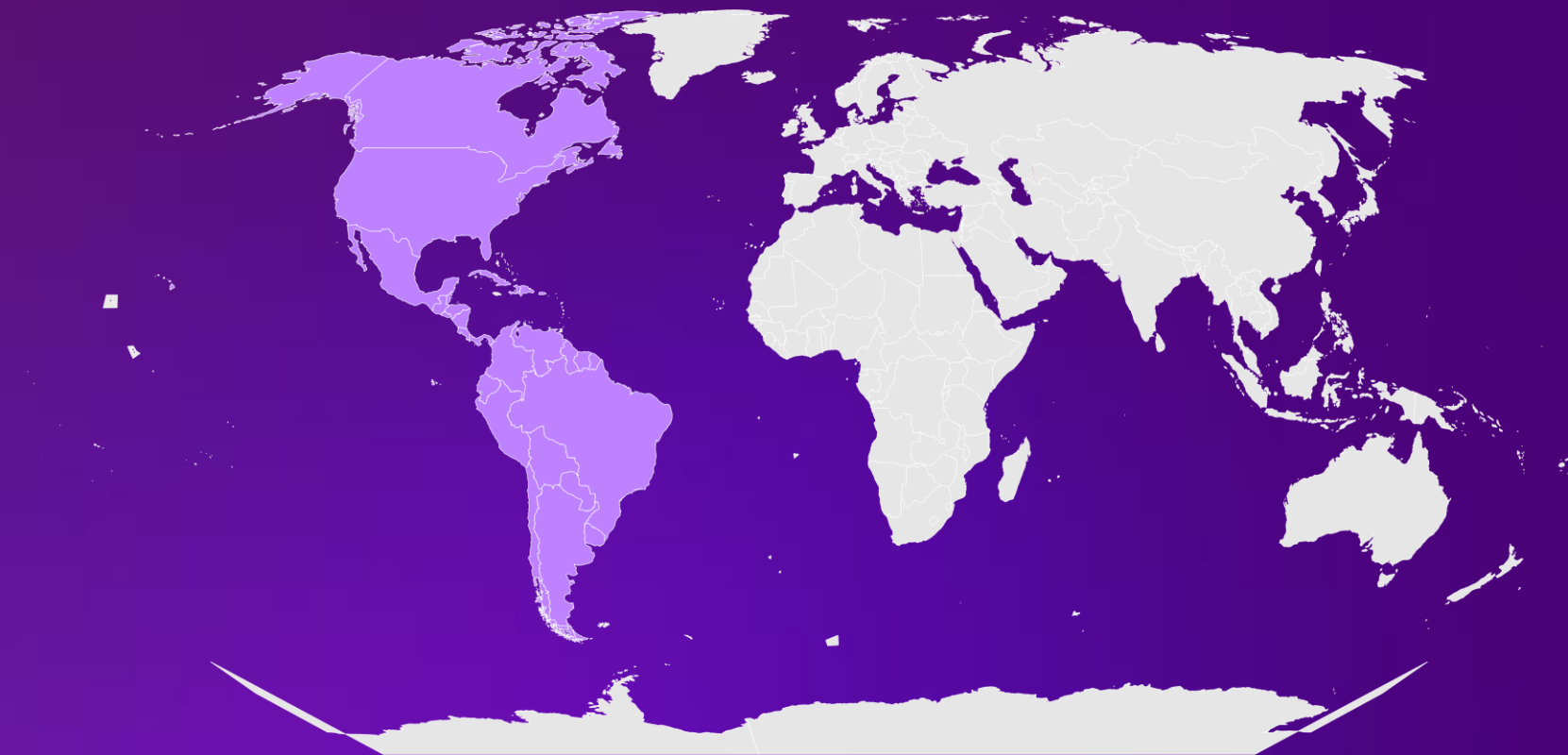
Latest near-term economic outlooks: Asia-Pacific

		Key recent datapoints	Base case outlook	What to watch for
Asia Pacific 	 China	<ul style="list-style-type: none"> Rare earth magnet exports to the US dropped sharply in Sept, down nearly 29% from August, but increased 17.5% overall Manufacturing PMI remained below 50 in Sep, staying in negative territory for the 6th consecutive month 	<ul style="list-style-type: none"> Growth is expected to decelerate as structural headwinds and tariff impacts outweigh near-term policy stimulus efforts Weak consumer confidence and precautionary savings will limit domestic demand 	<ul style="list-style-type: none"> Resilience of Chinese exports despite US tariff pressures Stability of the recent US-China trade deal Additional policy stimulus if growth undershoots targets
	 Japan	<ul style="list-style-type: none"> The BoJ left rates unchanged at 0.5% in Sept but hinted that a hike might be warranted in Oct Nikkei 225 stock index hit a record high above 50,000 in Oct, reflecting optimism around stimulative fiscal policies by the new prime minister, Sanae Takaichi 	<ul style="list-style-type: none"> Modest recovery in GDP growth in 2025 as wage gains balance against continued inflationary pressures Risks persist amid continued consumer pessimism, an uncertain external environment, and cautious monetary policy normalization 	<ul style="list-style-type: none"> The extent of the new Prime Minister's policies following Abenomics The impact of a potential consumption tax cut on business/consumer spending and overall growth prospects
	 India	<ul style="list-style-type: none"> Inflation decelerated significantly in Sep to 1.5% YoY, from 2.1% in Aug, the lowest since 2017 The composite PMI dropped in Oct to 59.9, from 60.9 in Sep, as both services and manufacturing sectors saw slower growth 	<ul style="list-style-type: none"> Slight deceleration in growth due to tightening consumer credit conditions and moderating public investment India should remain one of the fastest-growing major economies, propelled by favorable demographics and "friendshoring" FDI 	<ul style="list-style-type: none"> Resilience in domestic demand despite global headwinds Potential trade deal with US Signs of manufacturers or other companies shifting supply chains
	 Australia	<ul style="list-style-type: none"> Headline CPI rose to 3.5% YoY in Sep, from 3.0% in Aug, while core CPI reached 3.7%, complicating the central bank's rate cut plans Manufacturing PMIs declined in Oct below 50 for the first time since Jan 2025 	<ul style="list-style-type: none"> Growth is likely to remain subdued, owing to Australia's export exposure to a China slowdown and ongoing pressures on consumers, though sentiment may improve as the central bank enters a rate cutting cycle 	<ul style="list-style-type: none"> Degree to which the labor market loosens and reduces pressure on inflation Extent of imported inflation as the Australian dollar remains weak
	 Indonesia	<ul style="list-style-type: none"> Bank Indonesia kept its interest rates steady in Oct after the three consecutive 25bp cuts Government announced 30 trillion rupiah (\$1.8 billion) cash handout program amidst efforts to quell recent protests and stimulate the economy 	<ul style="list-style-type: none"> The tense political environment is likely to persist and weigh on consumer spending Easing tariff tensions due to a US trade deal will likely provide a more stable macro environment to spur economic growth 	<ul style="list-style-type: none"> Further political instability and protests, led by Gen Z and students Reallocation of government spending, including cuts to existing projects



Spotlight developments

Americas

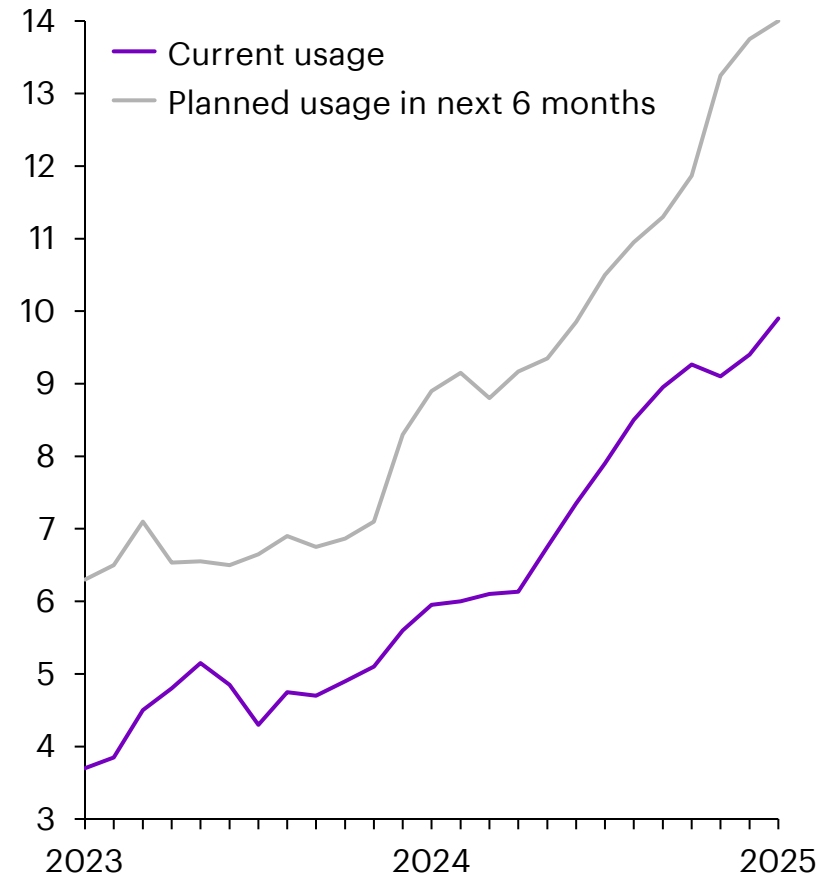


Most industries in the US are increasing AI adoption over the past year, with companies in IT, professional services, and finance leading the charge

Acceleration of AI adoption in US

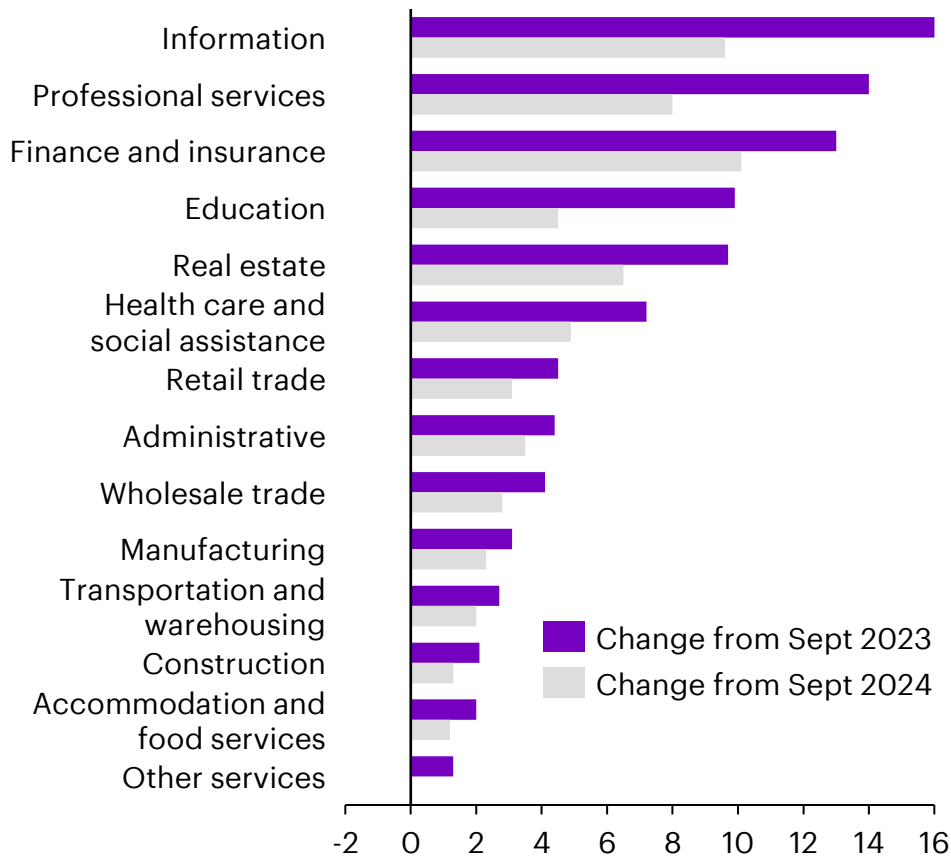
Current and planned AI adoption among US companies

Adoption rate (percent of total respondents)



Change in share of US firms adopting AI, by industry

Percentage points, as of September 2025



Implications for corporates

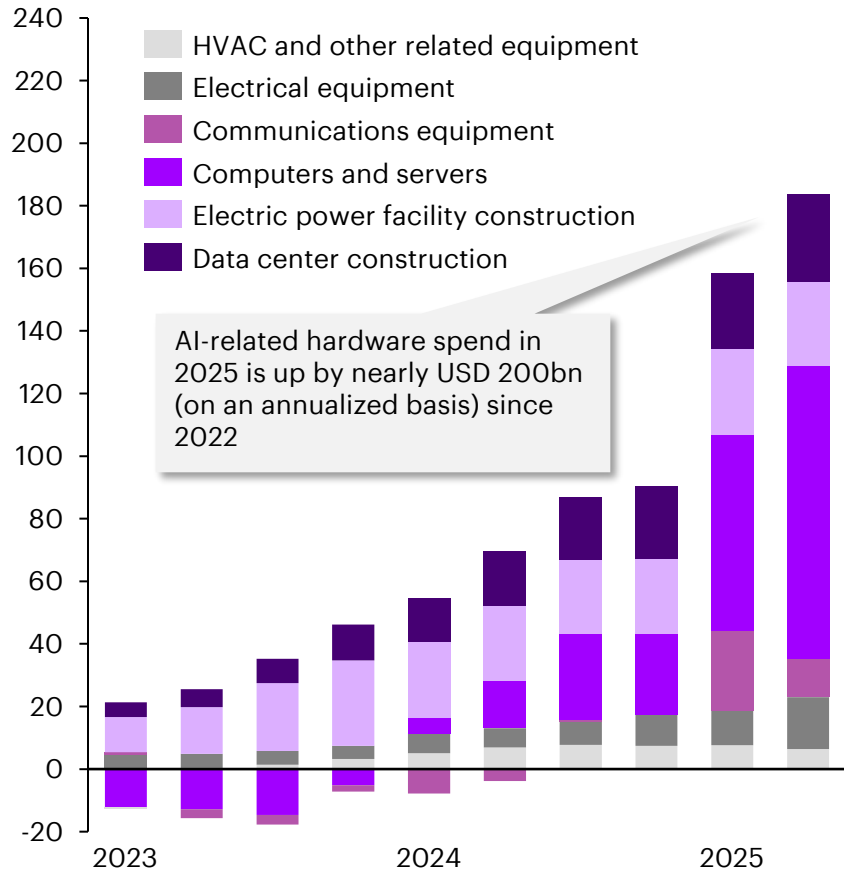
- AI adoption in the US has doubled over the past few years, though it remains highly concentrated in digital-native and technology-led sectors, widening the productivity gap between AI leaders and laggards
- Early adopters are capturing disproportionate productivity gains (e.g., professional services, finance, tech) translating into margin resilience and faster growth
- Traditional industries (e.g., manufacturing, transport) are only beginning to scale beyond pilots, limiting broad-based economic impact for now

AI-related capex is sustaining recent US GDP growth—without it the economy would have been largely stagnant in H1 2025

AI investment contributions to US GDP growth

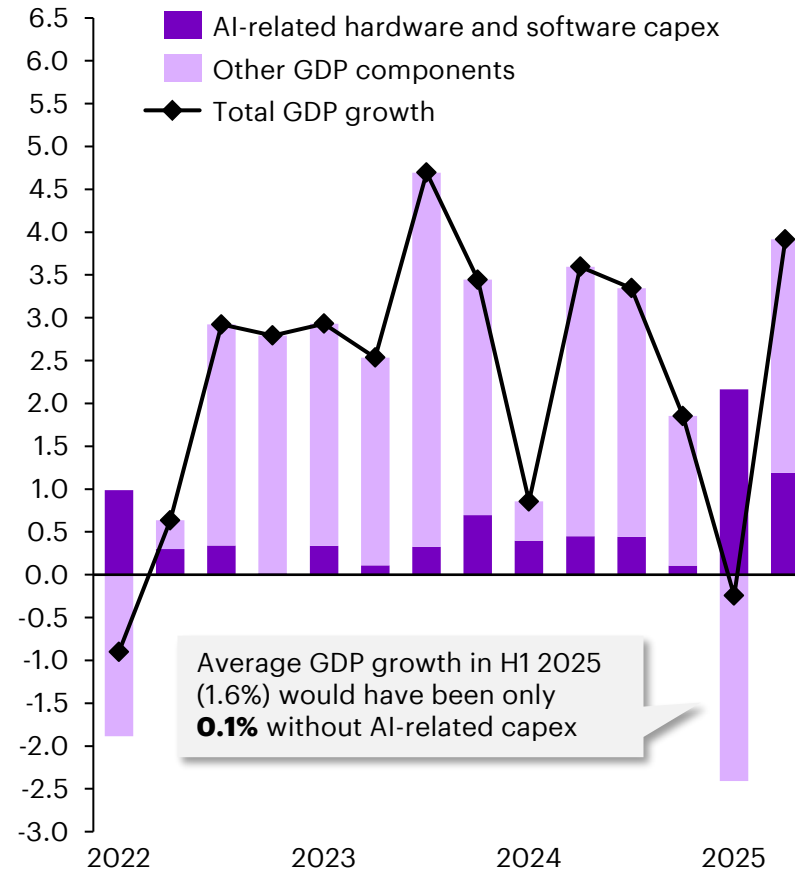
AI-related hardware capex growth since 2022

Change in annualized spend relative to 2022 average (USD billion)



Composition of recent GDP growth

GDP growth (annual rate) and percentage point contributions



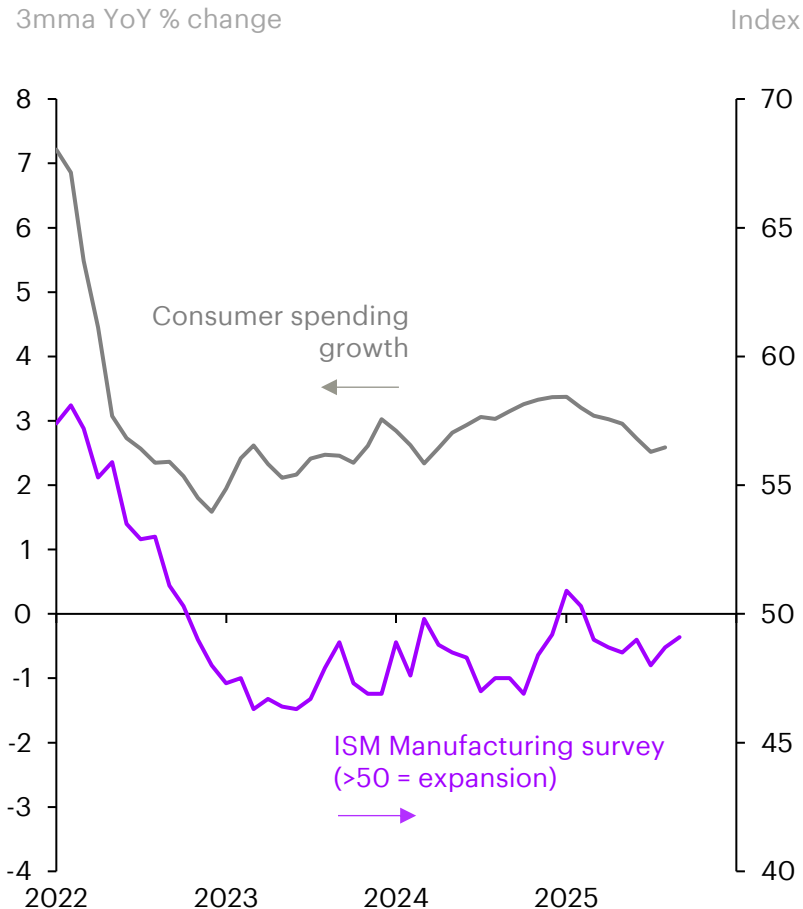
Implications for corporates

- AI-related spending (e.g., data centers, chips, power) has increased substantially in 2025 thus far and is likely to continue for the foreseeable future:
 - The big tech hyperscalers are expecting nearly \$400 in capex in 2026, spending heavily to compete in AI
 - Corporates have primarily invested in AI using free cash flow, unlocking more flexibility for future financing
- Capital markets will reward “AI adjacency”—firms that can credibly articulate a role in the AI value chain will attract capital and valuation premiums
- Non-tech sectors must shift from passive users to active integrators. Embedding AI to regain competitiveness and tap into the productivity uplift

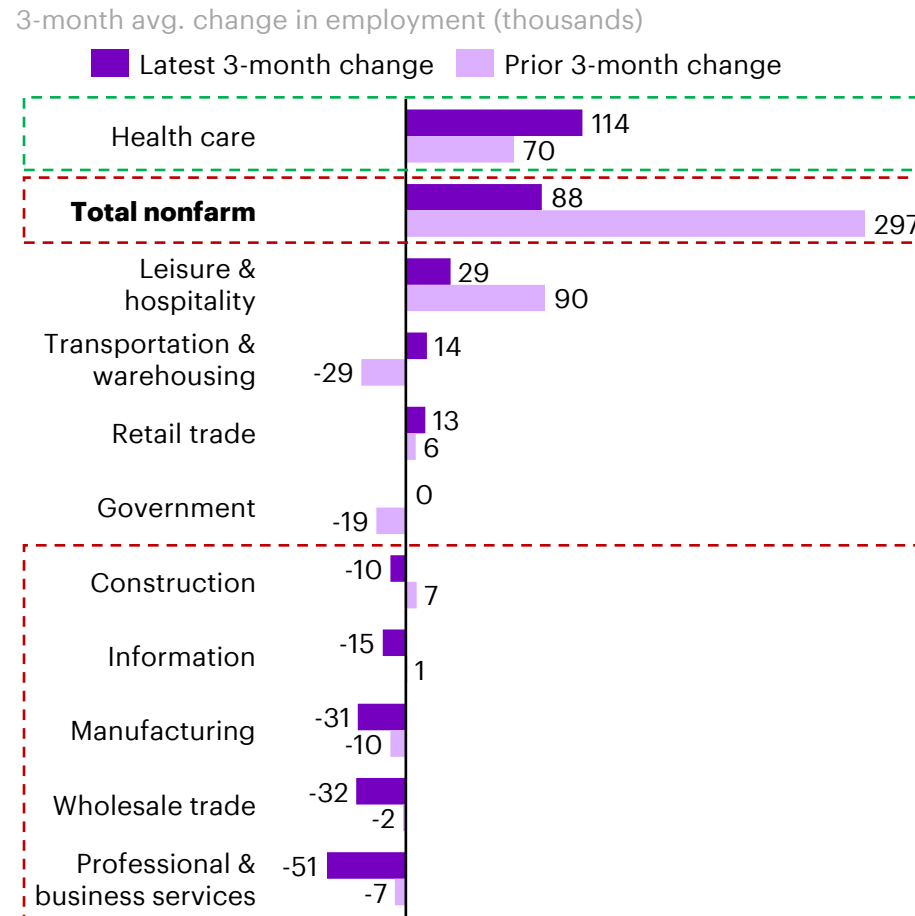
The AI-driven growth masks more concerning weakness in consumer-related and manufacturing sectors, which is reflected in slowing job growth across most industries

Weakness in US consumer and manufacturing sectors

Consumer spending and manufacturing PMI



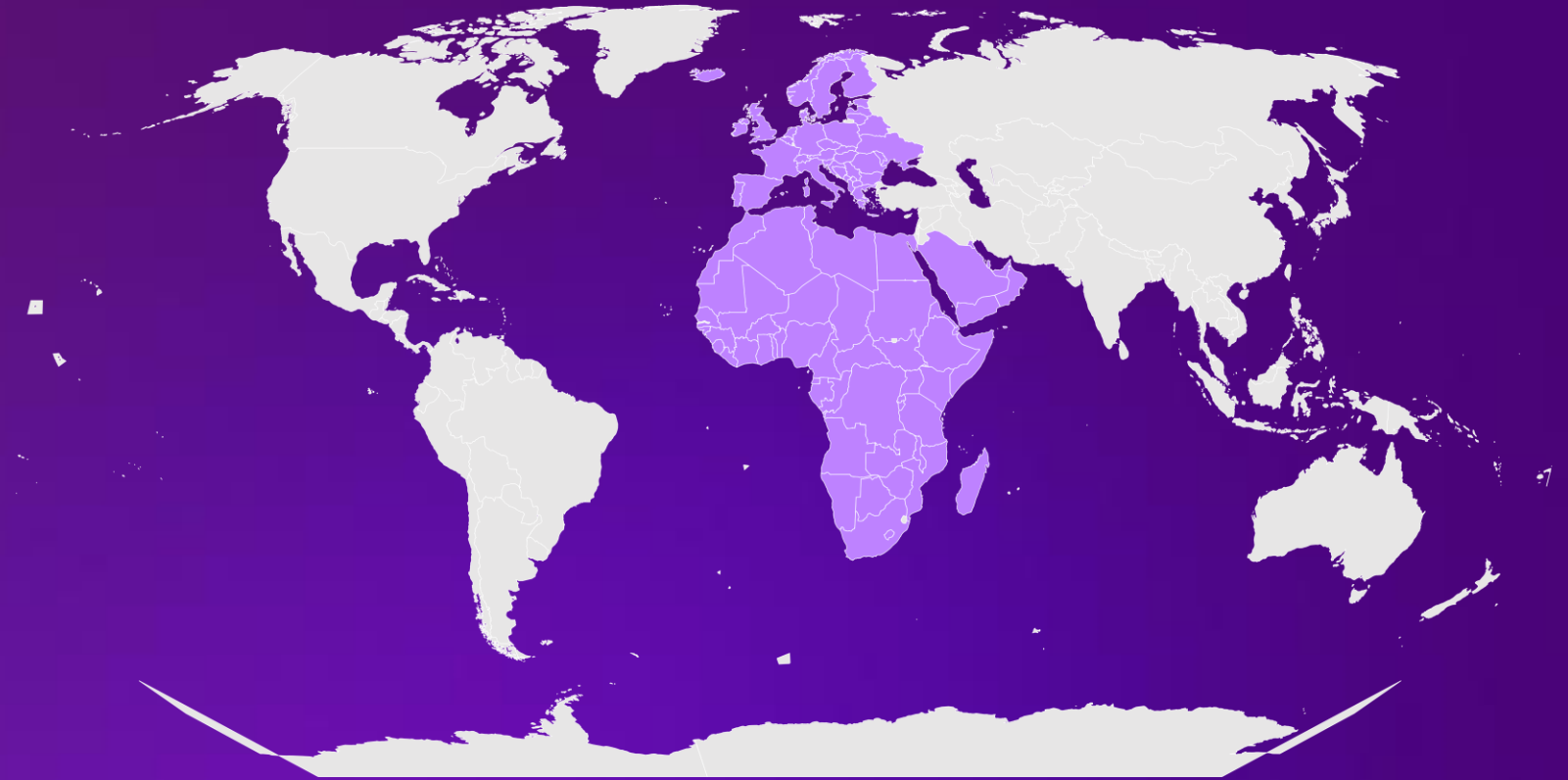
Nonfarm payroll growth by industry



Implications for corporates

- Manufacturing and consumer-facing sectors are facing ongoing demand uncertainty, reflecting a combination of growing household financial strains and tariff headwinds
- This is reflected in softening labor market conditions:
 - Average job growth over Jun-Aug slowed significantly, to less than one-third the pace seen in the prior 3 months
 - Most industries, with the exception of health care, have seen near-zero or negative job growth since May
- Transitional employment displacement/losses due to AI adoption could exacerbate this already weak labor market, further amplifying the growth divide between AI activity and rest of the economy

Europe, Middle East and Africa

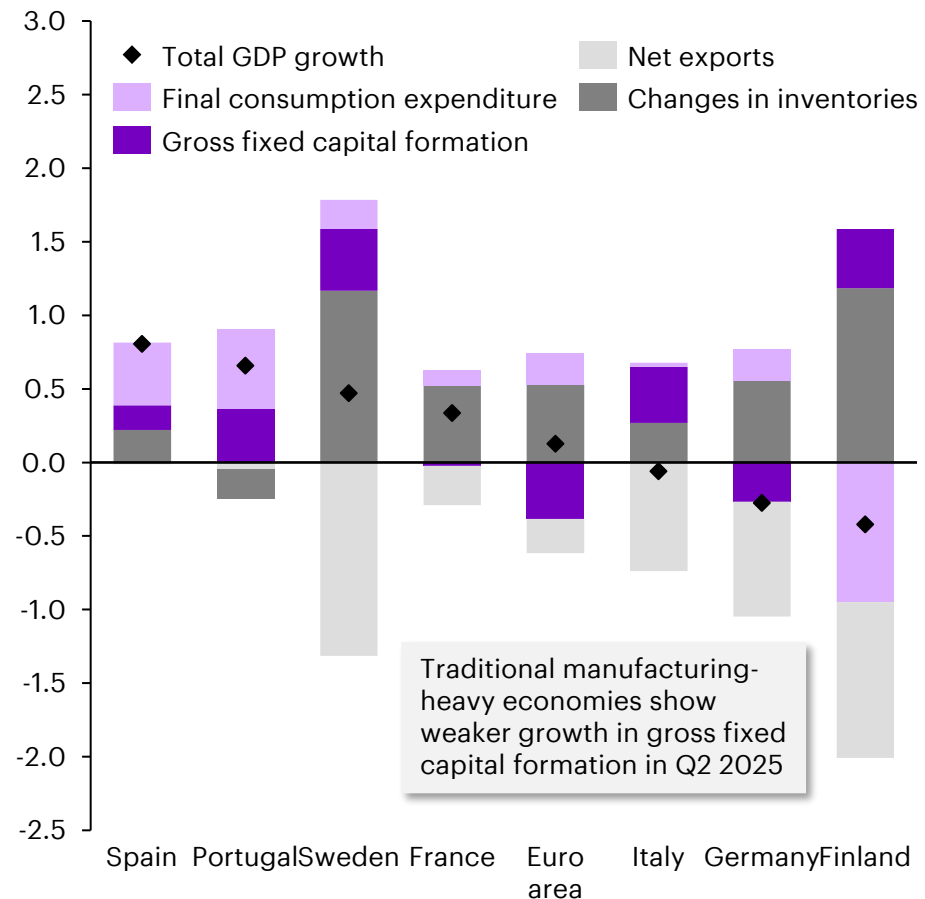


Growth trajectories across Europe are increasingly diverging, as economies with strong tech and AI-related investments outperform traditional manufacturing hubs

Europe's two-speed economies

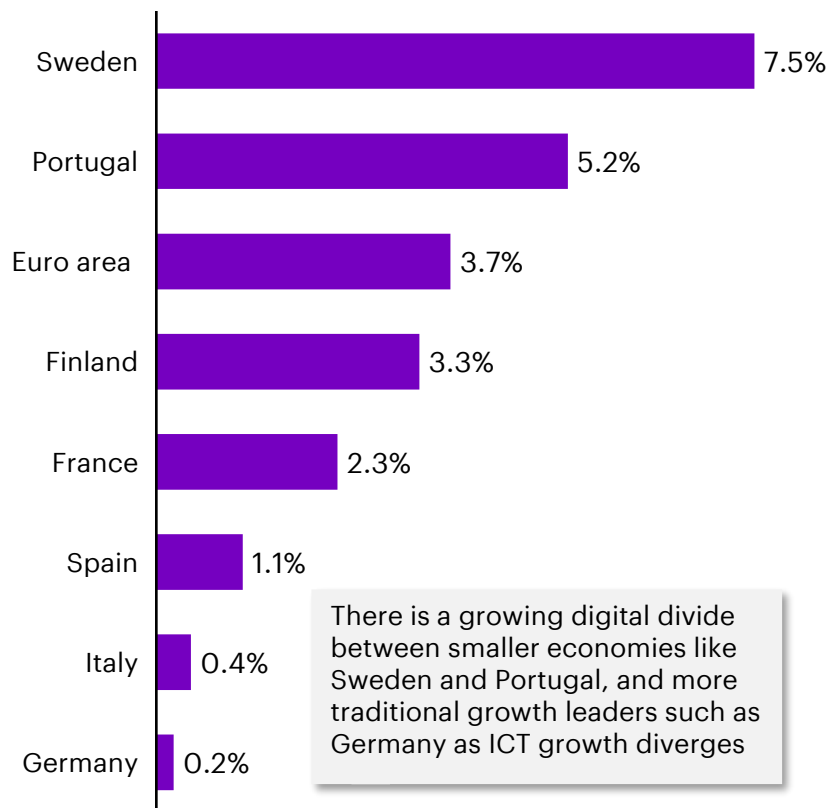
Composition of GDP growth across European countries

Contribution to quarterly GDP growth (percentage points), Q2 2025



Information and communication sector growth

Year on year growth, Q2 2025



Implications for corporates

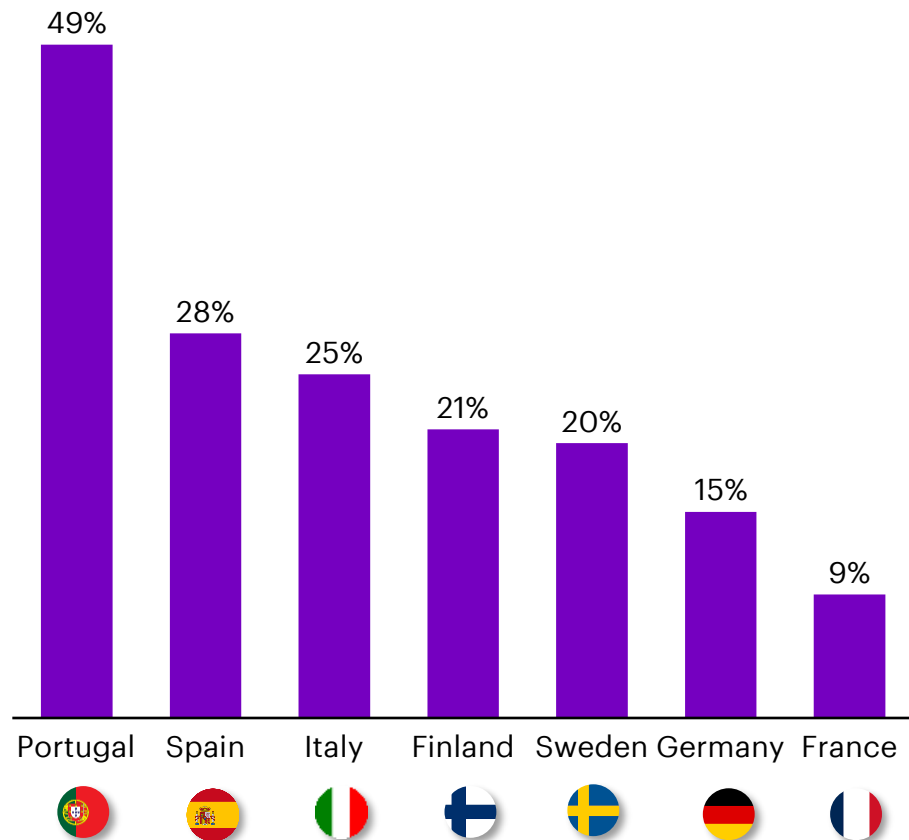
- Companies in European economies with fast-growing ICT sectors (e.g. Sweden and Portugal) are well-positioned to capture outsized productivity gains and build a competitive edge
- Traditional manufacturing-led markets (Germany Italy) face slower growth and risk lagging behind without accelerated digital and AI adoption
- Firms operating across regions will need to tailor investment and workforce strategies to local digital maturity levels

Southern Europe and the Nordics are attracting the most data center investment thus far, fueling sectoral growth and accelerating the regional divide

Data center-led growth






Colocation and scale colocation IT power supply forecast

MW, 2023-2030 CAGR



Recently announced data centre investments in Europe

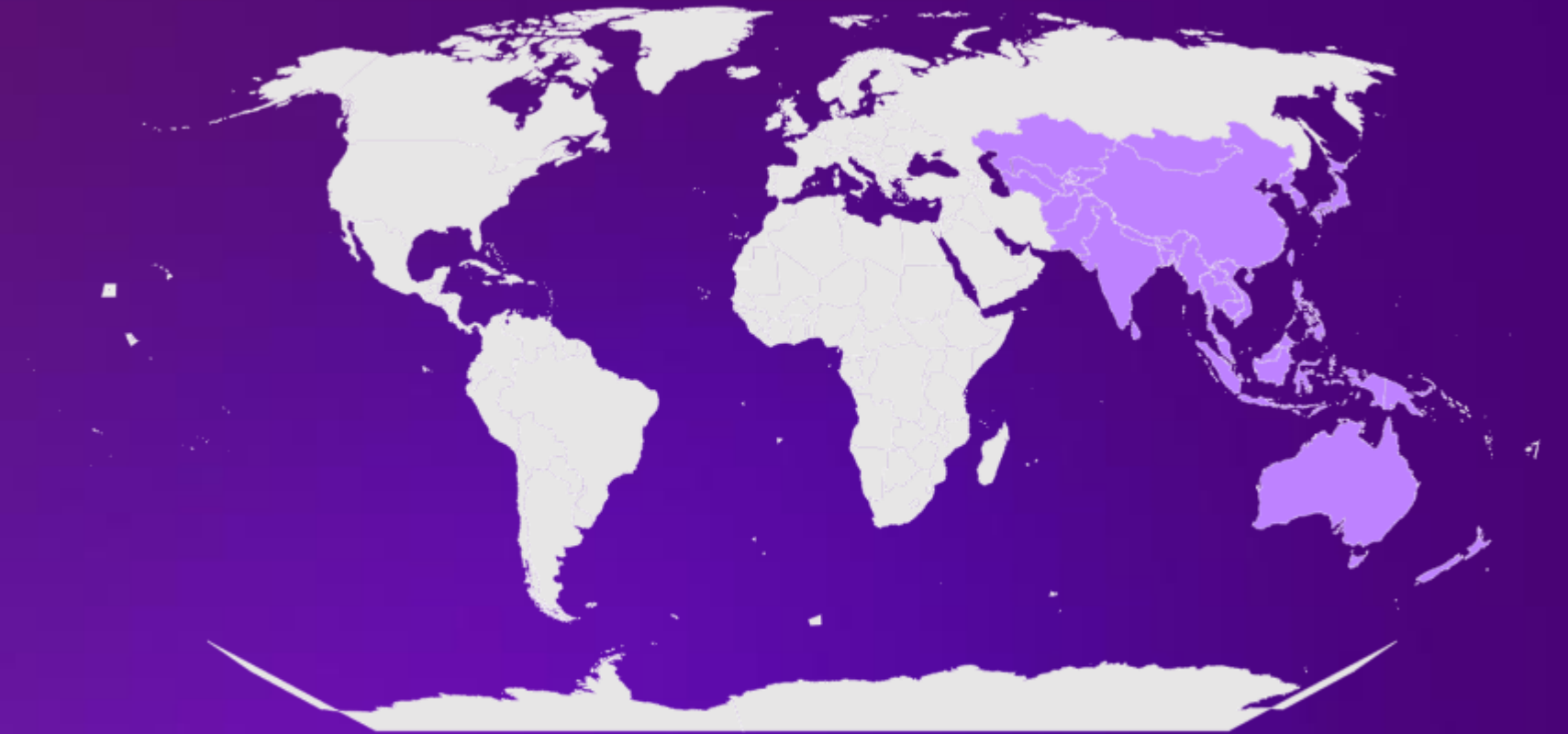
As of October 2025

Country	Project	Investment	Capacity
	Brookfield AI Data Center (June 2025)	\$10 billion	750 MW
	Campus Data Navarra (Smart I) (June 2025)	\$3.3 billion	300 MW
	Apto Lacchiarella Data Center (May 2025)	\$3.4 billion	300 MW
	Microsoft Zaragoza Campus (March 2025)	\$3.4 billion	TBD
	Azora/Tillion Data Center (March 2025)	\$2.4 billion	300 MW

Implications for corporates

- Accelerating data center investment across Southern Europe and the Nordics is creating new digital infrastructure hubs, reshaping Europe's technology and investment landscape
- The concentration of large-scale projects signals a structural shift in regional competitiveness — favoring countries with supportive energy policy, renewable power availability, and fast permitting processes
- Traditional Western European markets may face rising infrastructure costs and capacity constraints unless investment momentum broadens
- Corporates should reassess data infrastructure strategies, balancing cost efficiency, sustainability, and resilience as digital demand continues to scale unevenly across Europe

Asia Pacific

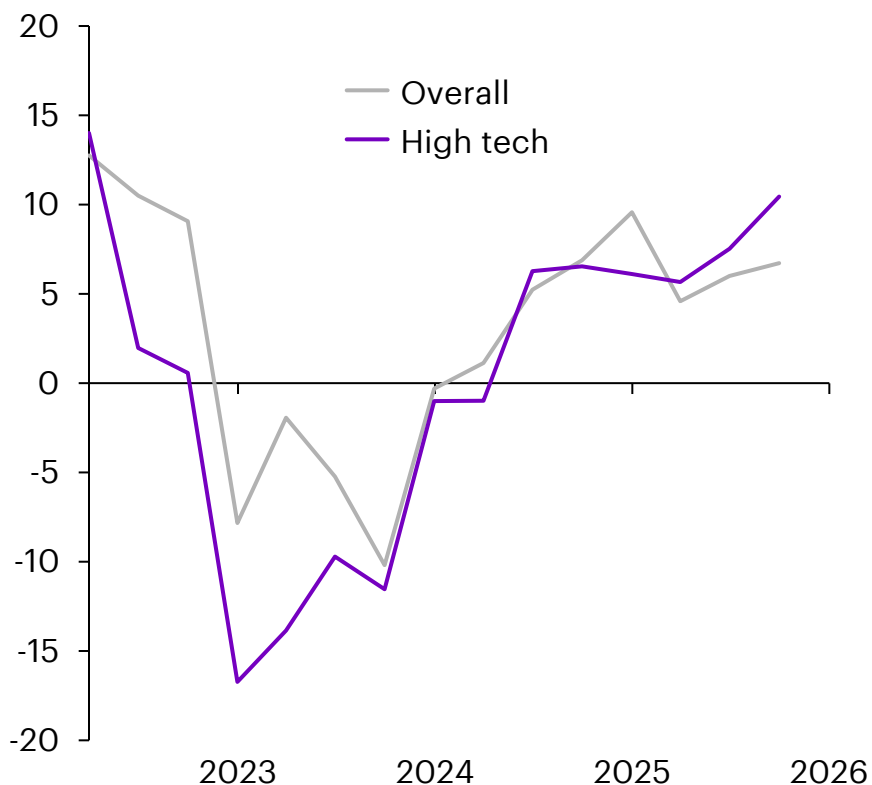


China's export strength, led by high-tech sectors like EVs and semiconductors, contrasts sharply with slowing domestic investment and retail spending

China high tech exports and retail sales

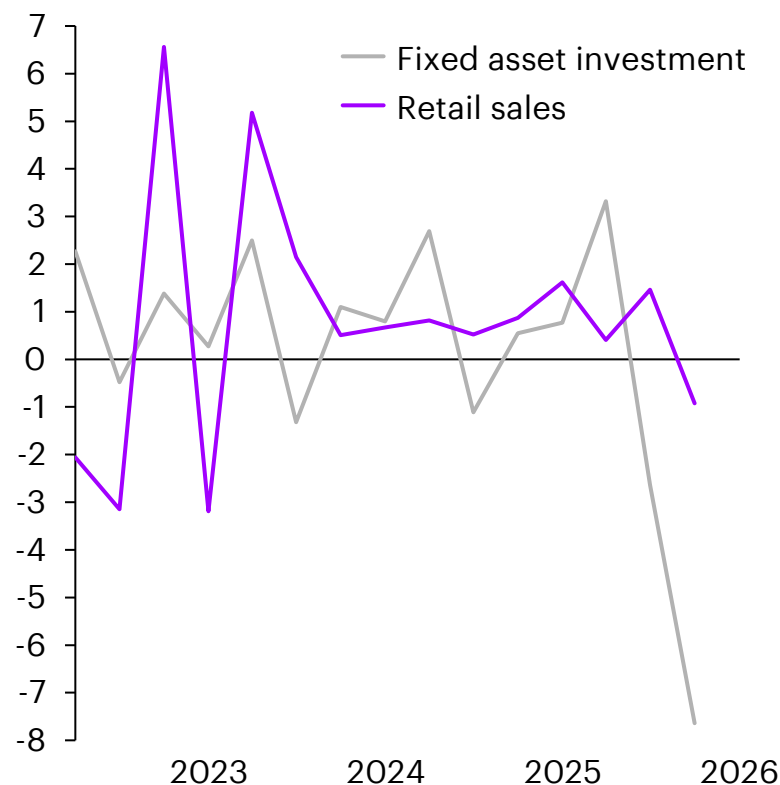
China total and high tech¹ merchandise exports

Percent change, year-over-year



China retail sales and fixed asset investment

Quarterly % change



Implications for corporates

- Falling retail sales and sluggish property activity signal persistent softness in consumption, creating margin and revenue pressures for domestic consumer-facing firms
 - Companies may respond by accelerating automation and AI adoption, diversifying sales toward emerging markets, or pursuing cost restructuring
 - Soft domestic demand incentivizes companies to seek additional export opportunities, where possible
- Chinese tech and export-oriented firms stand to benefit disproportionately from the strong growth trajectory of high-tech exports (EV, solar, semiconductors, etc.)
 - High tech firms are ramping up capacity and investing in supply-chain resilience to capture external demand

Notes: (1) High tech includes semiconductors, EVs, solar cells, cell phones, audio and video equipment, flat panel displays, electronics and electronic components, electrical equipment, biotechnology, communication technology, aerospace technology and other technologies

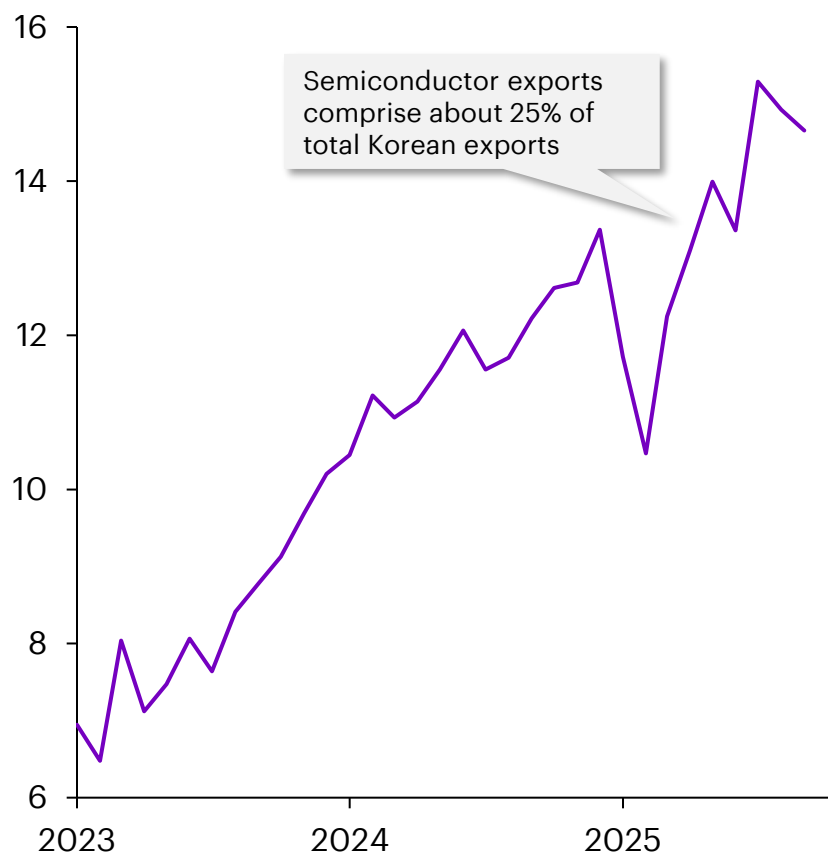
Source(s): Haver analytics, Accenture Strategy analysis

South Korea's economy is seeing a similar bifurcation, with strong semiconductor-led export growth offsetting softness in domestic demand

South Korea semiconductor exports and domestic demand

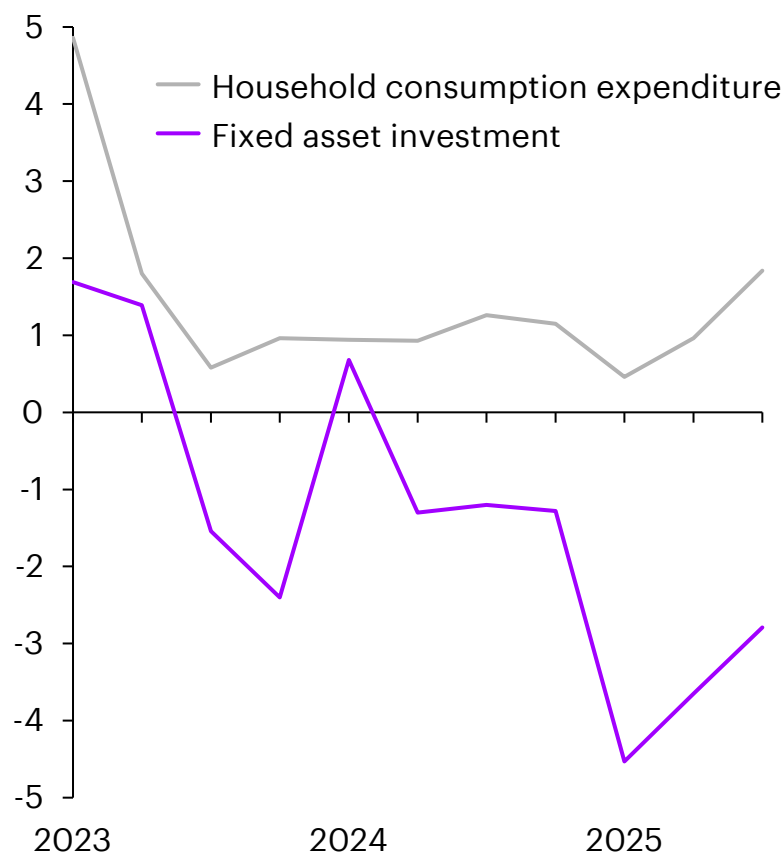
South Korea semiconductor exports

Monthly, USD billions



South Korea domestic demand

YoY % change, quarterly



Implications for corporates

- Firms in South Korea are increasingly incentivized to pivot investment toward global or export-linked business lines (e.g., AI chips, tech) while trimming exposure to domestic retail sector
- AI chip demand from data centers lifts margins for big semiconductor conglomerates as their capex expansion to meet the demand continues
 - However, cyclicality and geopolitical concentration risks (e.g., U.S.-China tech rivalry) remain high
- Weak domestic consumption, driven by high household debt and low wage growth, continues to squeeze sales growth and margins for domestic firms



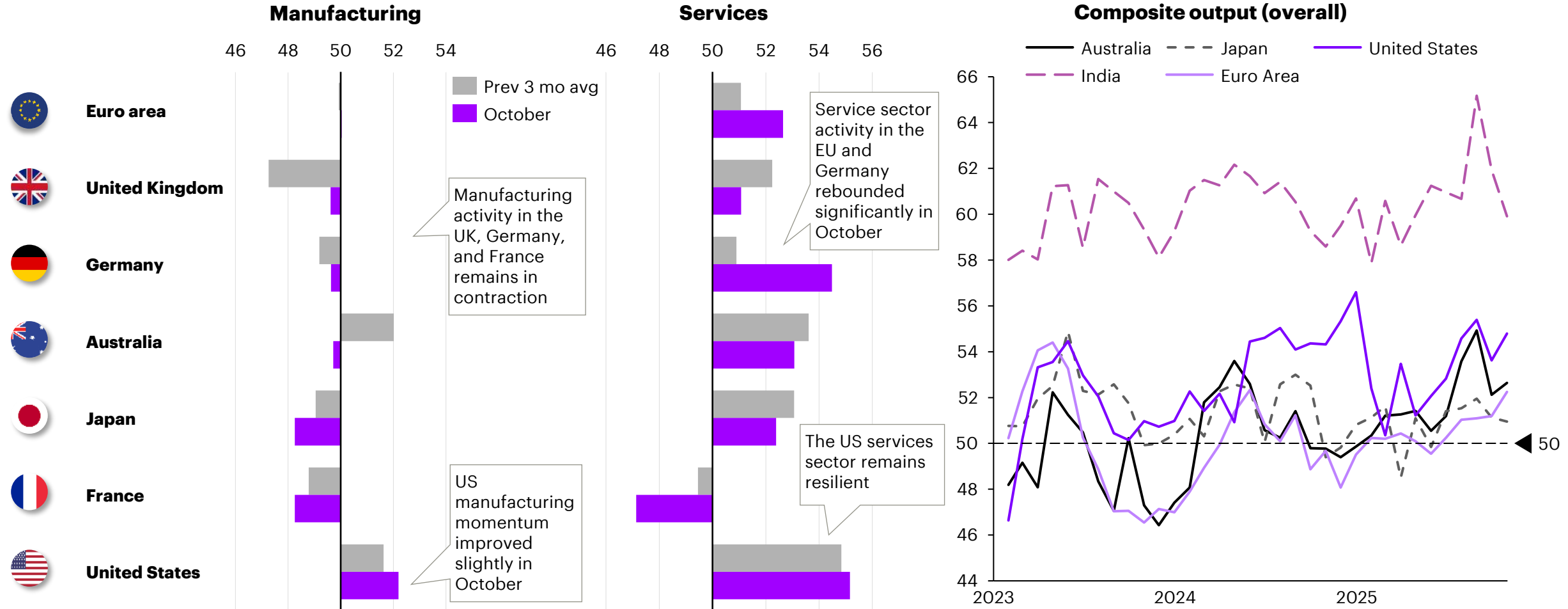
Economic indicator chart pack

Regional and industry activity



Manufacturing activity remains weak globally, though relatively less so in the US, whereas the services sector continues to show signs of resilience in most major economies

October Flash PMI survey



Global manufacturing activity in September pointed to some signs of relief from tariff-related uncertainty, yet growth remains on thin ice

Leading indicators of global manufacturing momentum

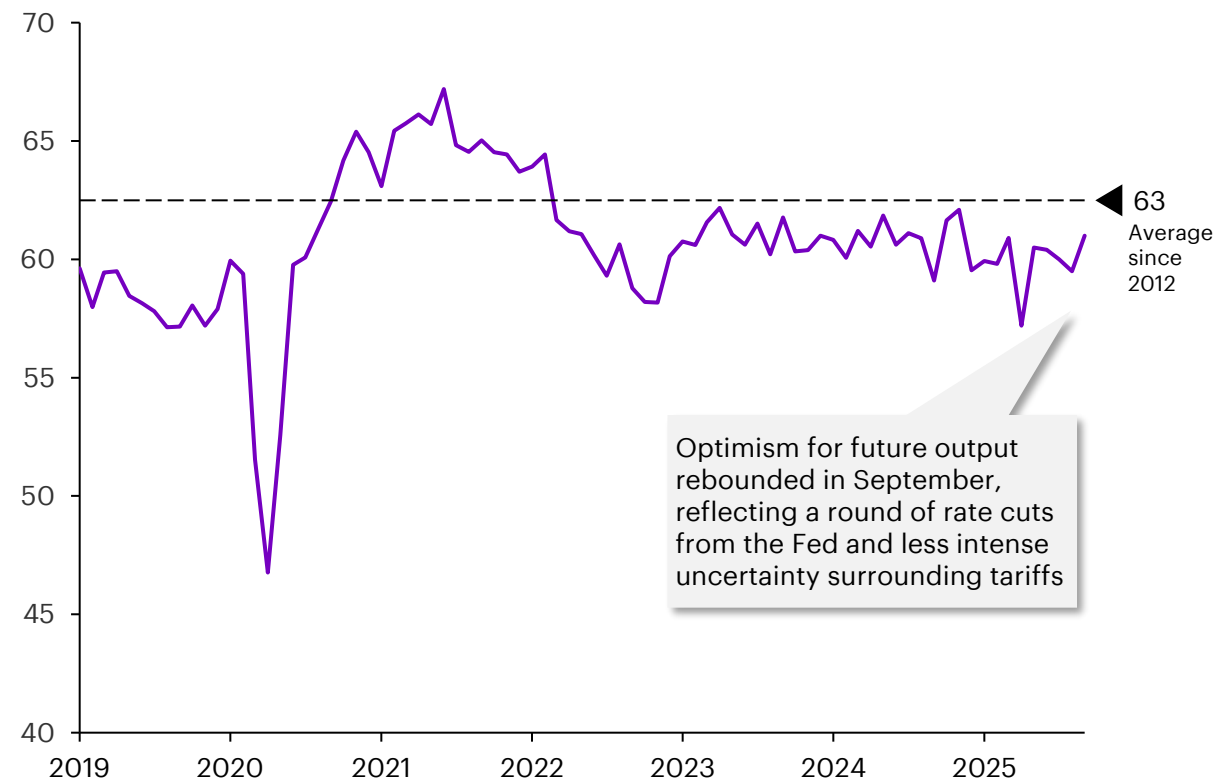
New orders are barely growing

Diffusion indexes (SA, 50+=Expansion)



...while optimism remains well-below the long-run average

Manufacturing future output (NSA, 50+=Expansion)



Notes: (1) Data reflects global diffusion indexes, which are GDP-weighted averages in over 40 countries incl. US (21.6%), China (12.7%), Japan (7.7%), Germany (3.6%), UK (3.5%), and India (3.3%), among others. Annual weights are based on Gross Value Added (GVA) in the manufacturing sector in constant USD from the World Bank. The select countries account for 98% of global manufacturing value added. (2) Global manufacturing PMI indices are compiled by S&P Global from responses to monthly questionnaires sent to purchasing managers in survey panels totaling around 13,500 companies.

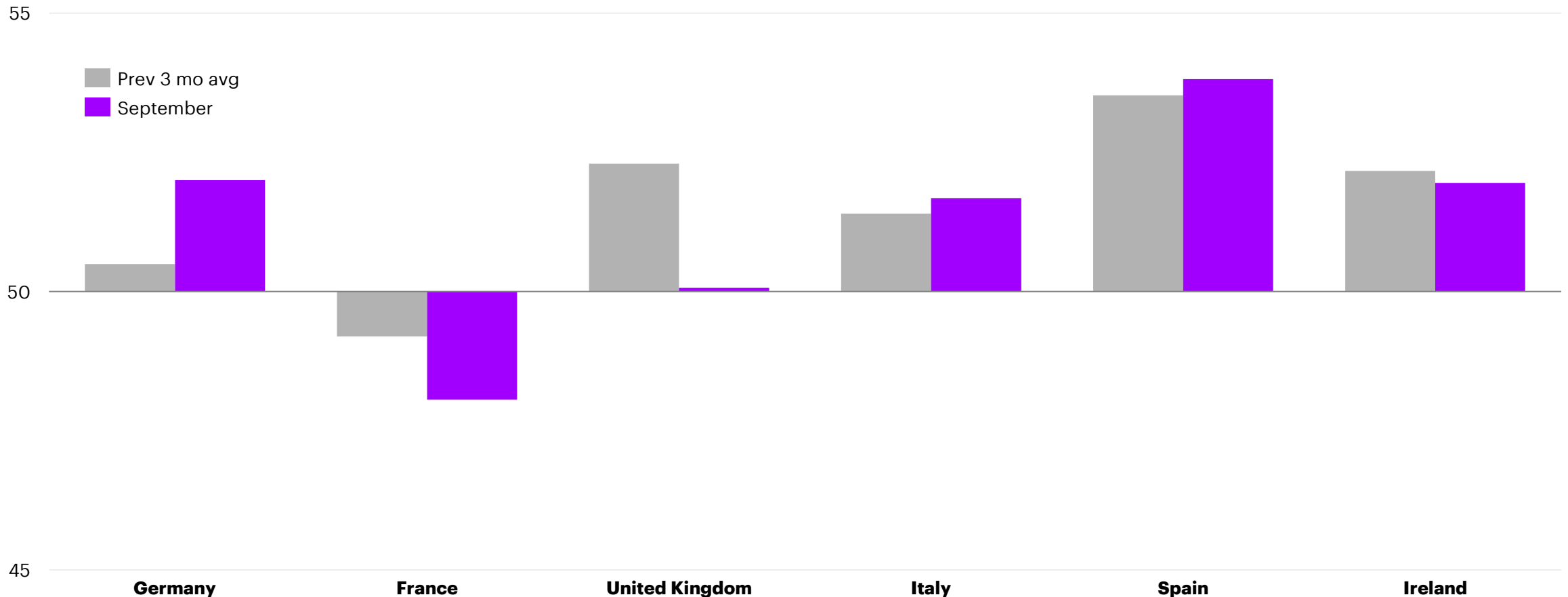
Sources: Haver Analytics, S&P Global, Accenture Strategy analysis

Europe's overall business activity was mixed in September, with strengthening in Germany and Spain offsetting deterioration in France and the UK

Regional performance: Europe

Output/activity country performance

Sept'25 vs Previous 3 Month Average, Composite Output/Activity PMI (>50=expansion)

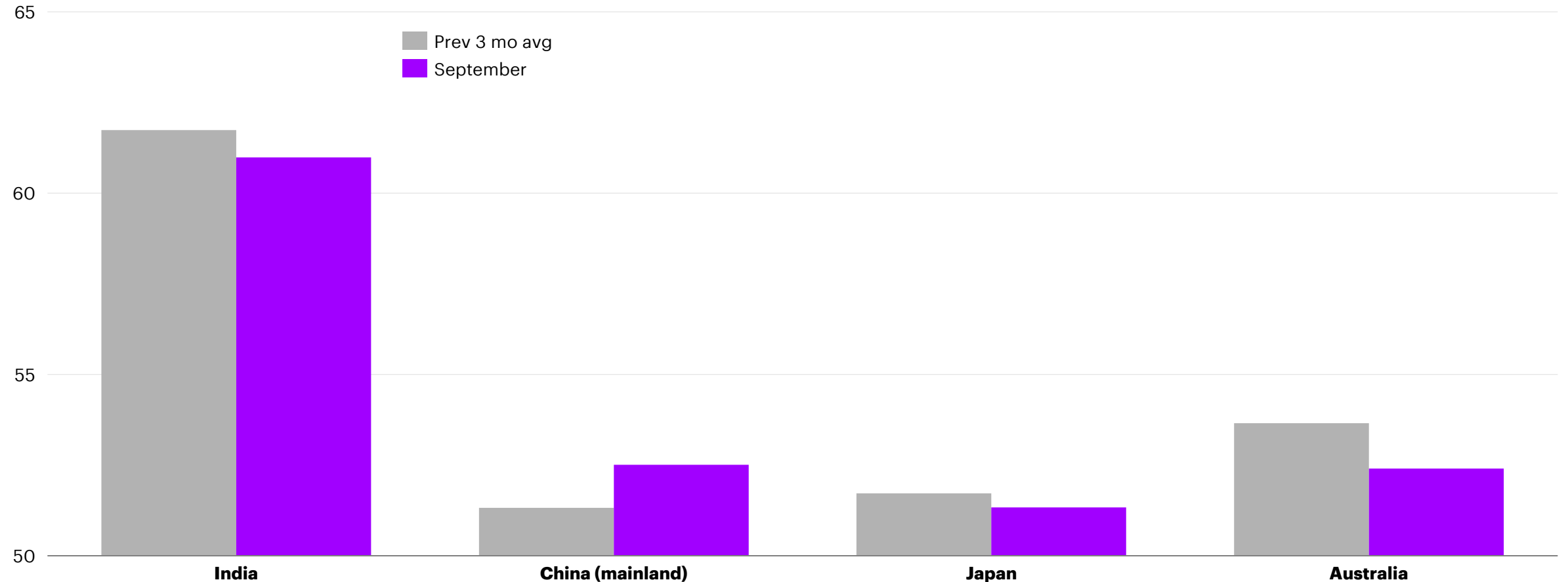


Business activity remained relatively healthy in September across most Asia Pacific economies, with China seeing a slight acceleration in growth from prior months

Regional performance: Asia-Pacific

Output/activity country performance

Sept'25 vs Previous 3 Month Average, Composite Output/Activity PMI (>50=expansion)

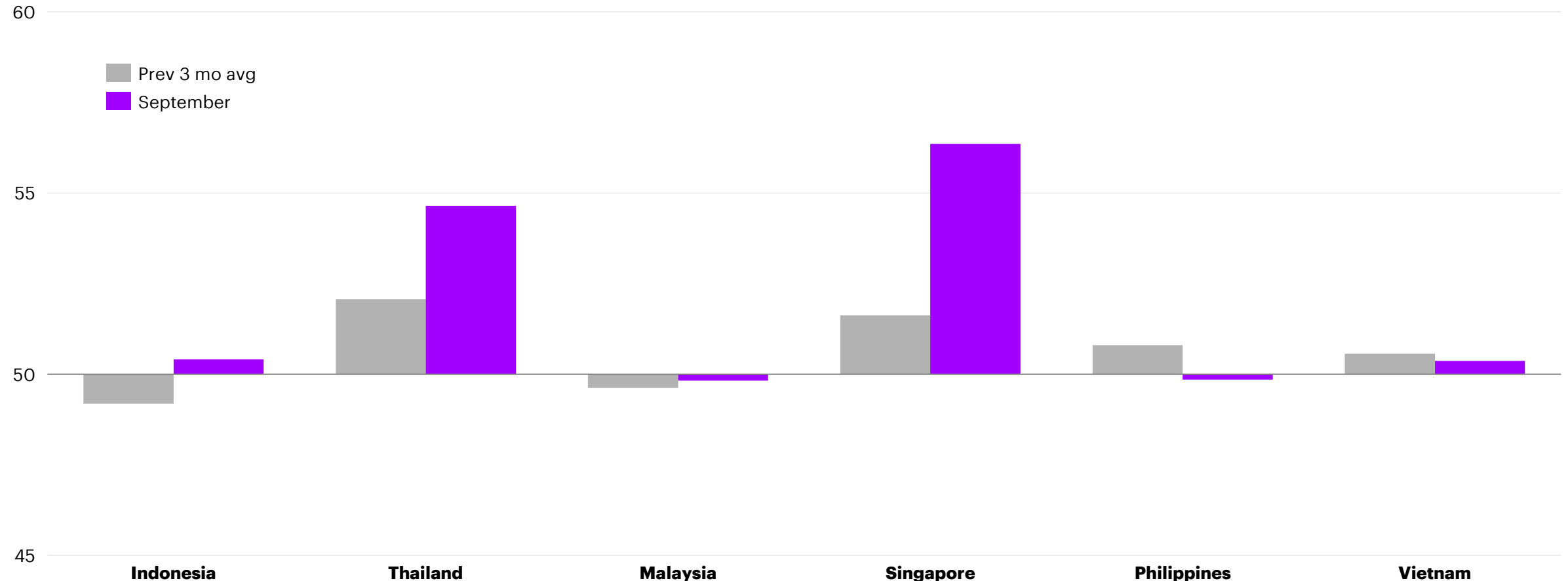


Across Southeast Asia, manufacturing momentum has shifted in favor of Thailand and Singapore, while activity in Malaysia and Philippines is softening

Regional performance: Southeast Asia

Manufacturing performance

Sept'25 vs Previous 3 Month Average, Manufacturing Output



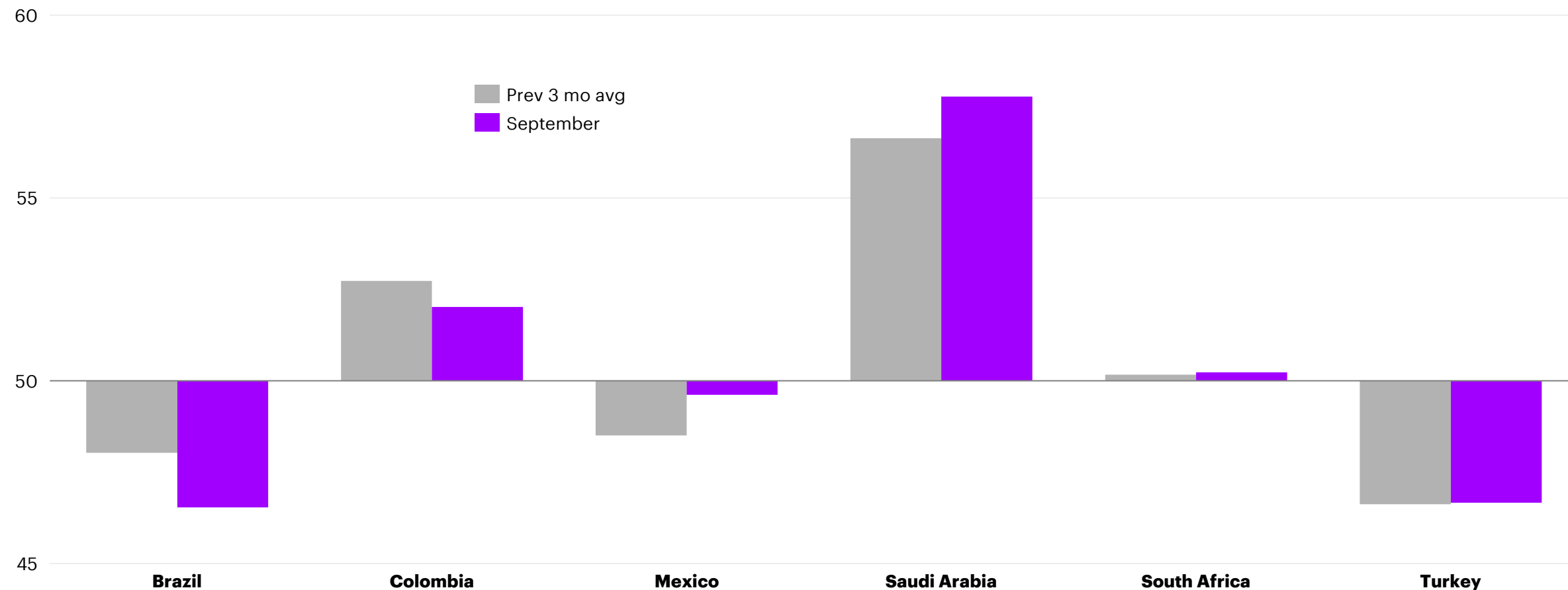
Notes: Performance for Singapore covers the whole economy
Sources: S&P Global, Accenture Strategy analysis

Saudi Arabia continues to lead emerging markets with strong manufacturing momentum, while Brazil, Mexico, and Turkey remain in contraction

Regional performance: Other emerging markets

Manufacturing performance

Sept'25 vs Previous 3 Month Average, Manufacturing Output



Notes: South Africa and Saudi Arabia PMI is for the whole economy
Sources: S&P Global, Accenture Strategy analysis

Consumer spending

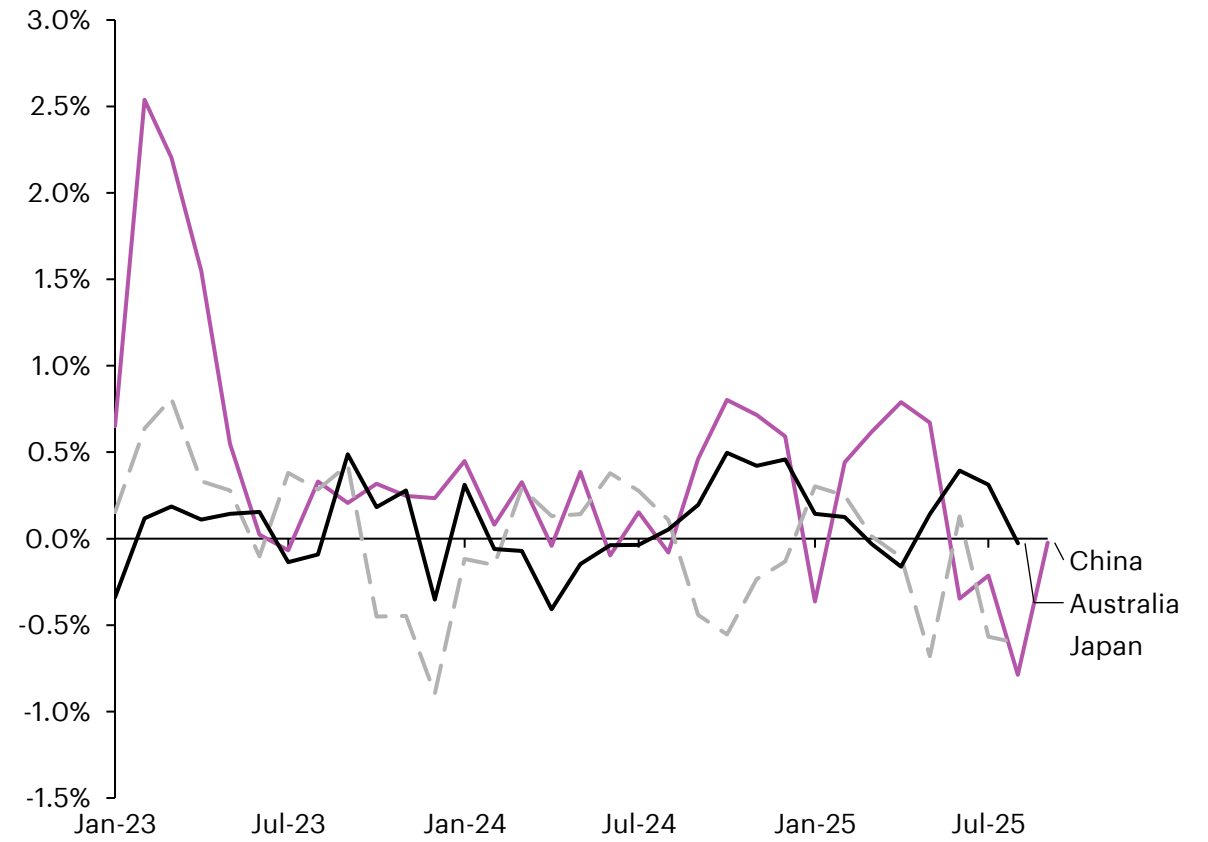
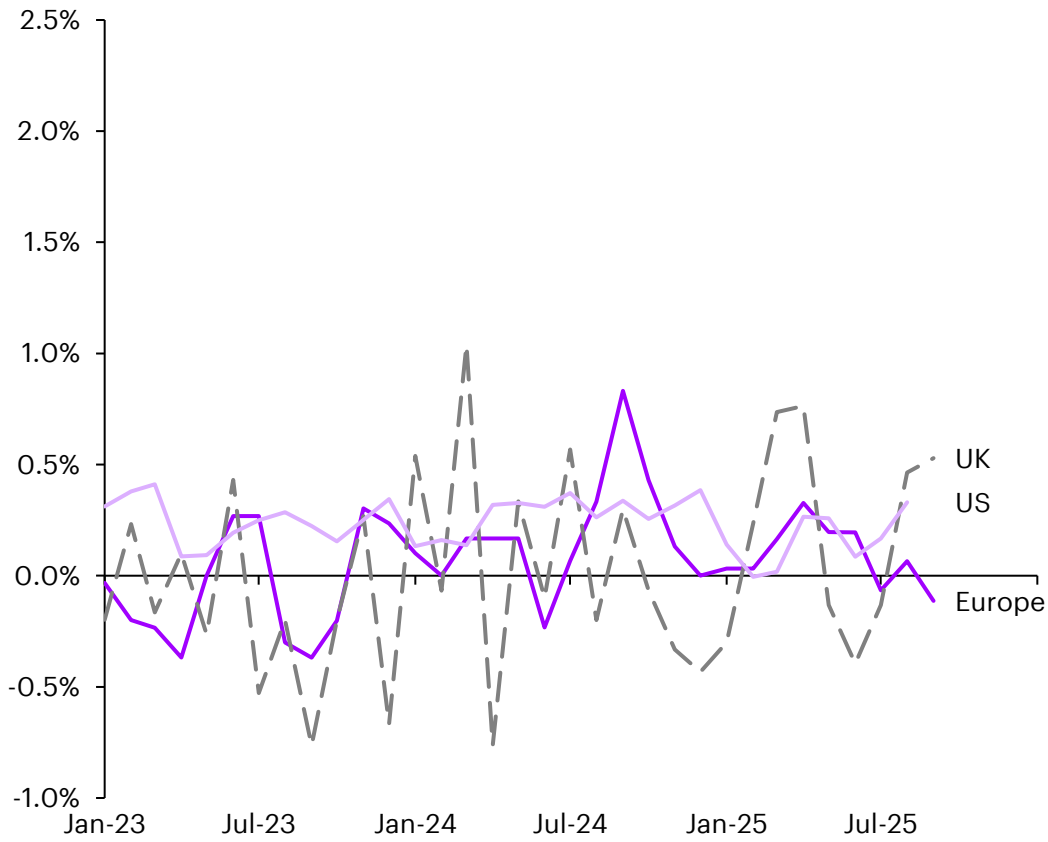


Consumer spending in major economies remains subdued, although the UK and US has seen some renewed momentum in recent months

Consumer spending trends

Real consumer spending across major economies

3-month moving average % change



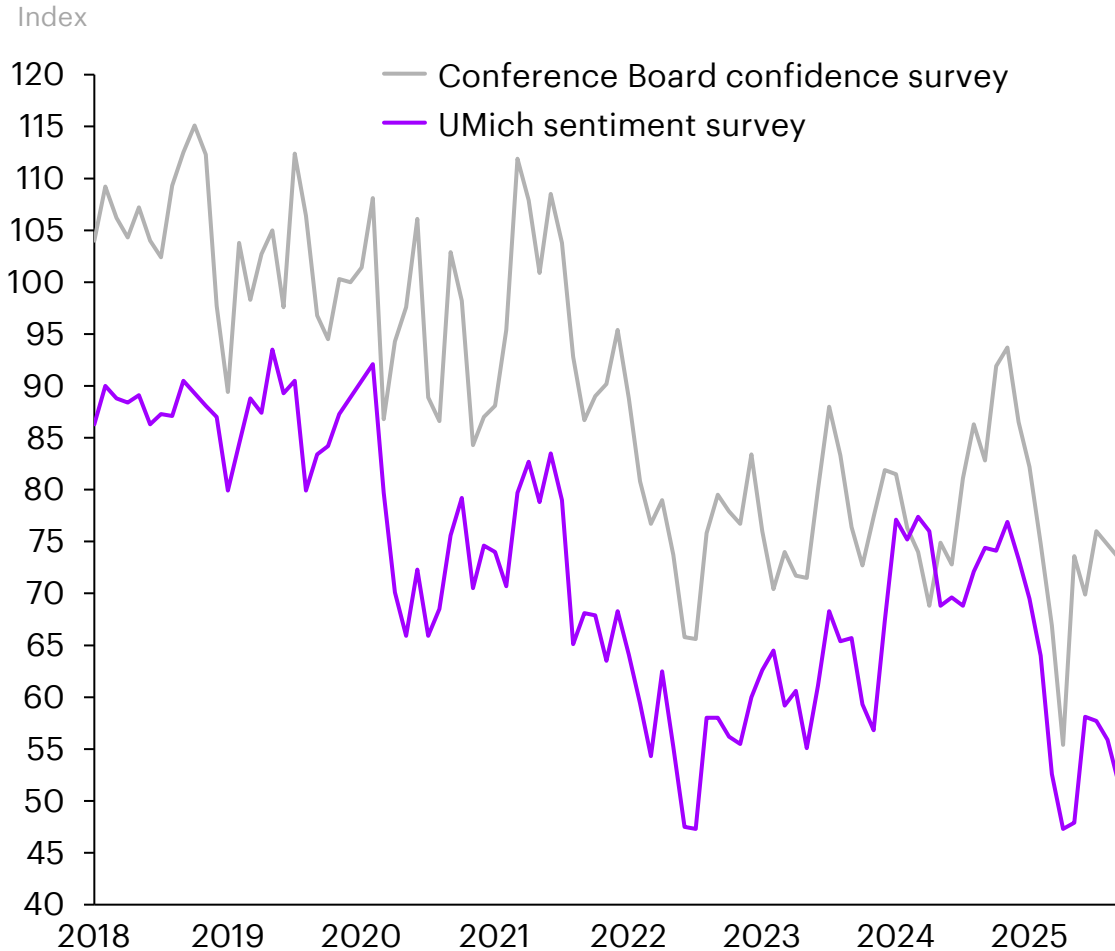
Notes: Consumer spending series for US is personal consumption expenditures (PCE); for Euro Area, UK, Canada, Japan, Australia, and China series data is retail sales. Charts updated till latest available Jun '25 data.

Sources: Reuters, BEA, BLS, Eurostat, ONS, Haver analytics, Accenture Strategy analysis

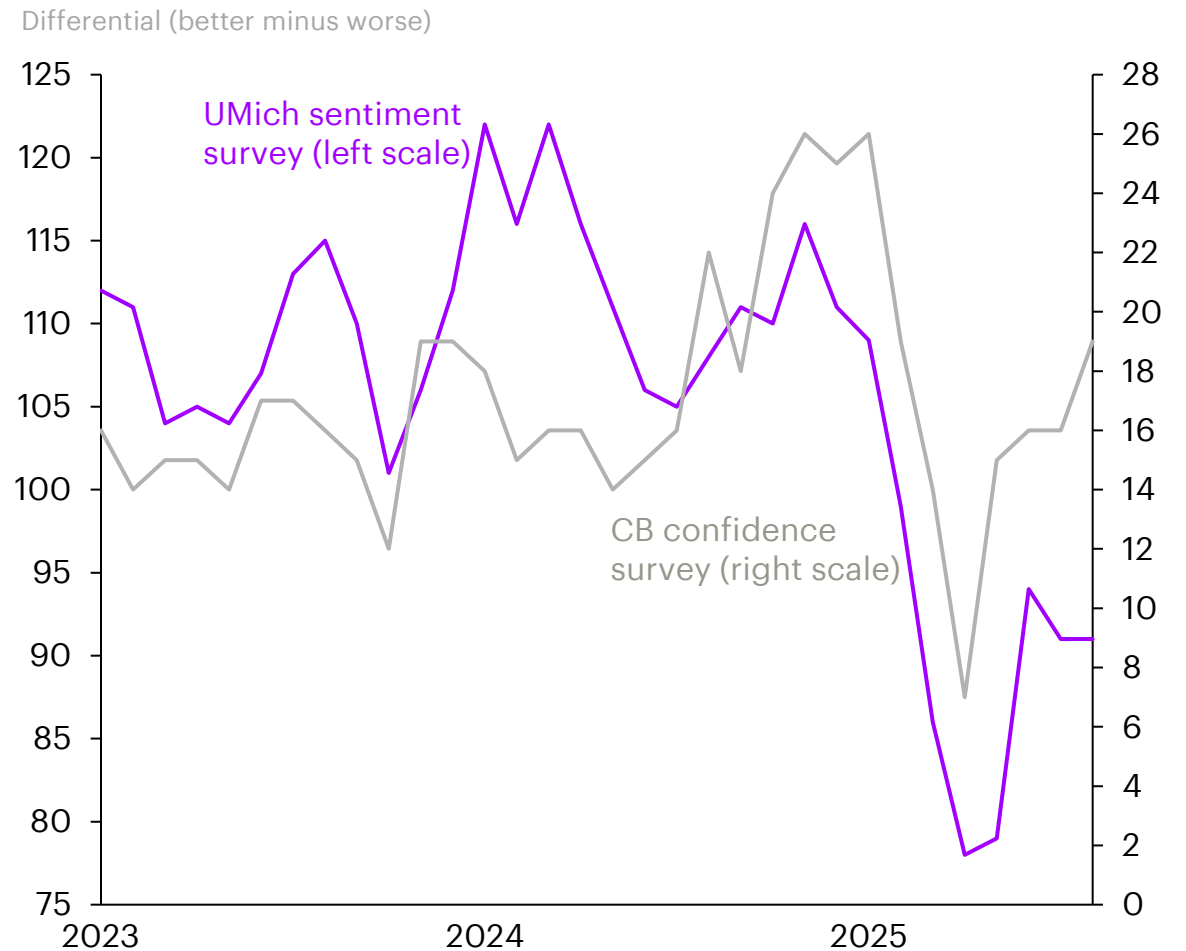
US consumer sentiment has fallen in recent months, with optimism fading and household finance expectations still hovering just slightly above multi-year lows

Consumer sentiment

Consumer expectations of economic conditions







Expected change in household financial situation 6-12 months ahead



Category-level spending shows modest improvement, with core consumer goods (ex. autos) and services ticking up in the US

Consumer spending trends by goods and services category

		 US		 UK		 Germany		 France	
		Prior 6 months	Latest monthly change	Prior 6 months	Latest monthly change	Prior 6 months	Latest monthly change	Prior 6 months	Latest monthly change
Goods	Groceries	0.5%	0.0%	-0.7%	0.4%	0.5%	-2.0%	0.4%	-1.8%
	Motor vehicles	2.9%	-0.3%	-1.9%	7.9%	-1.7%	0.5%	-2.1%	0.2%
	Furniture	0.4%	0.6%	-0.1%	1.6%	-0.1%	0.7%	-2.0%	-2.7%
	Electronics	1.7%	5.0%	-5.5%	1.1%	-3.3%	1.0%	4.8%	0.7%
	Footwear & apparel	3.8%	1.2%	4.0%	1.3%	-1.1%	1.7%	-2.7%	1.1%
	Fuel	-0.9%	0.8%	-0.5%	-2.0%	0.1%	-1.9%	2.8%	-2.2%
Services	Transportation	2.4%	1.0%	2.8%	-0.7%	1.2%	2.9%	0.7%	-1.4%
	Entertainment	0.1%	1.5%	3.4%	-2.5%		N/A	1.5%	-2.4%
	Dining out and hotels	1.5%	0.3%	2.2%	1.3%	-1.5%	0.3%	1.0%	0.4%
	Information services	3.4%	0.6%	4.8%	0.1%	0.7%	4.5%	0.7%	-0.1%
	Telecom	3.8%	0.6%	6.9%	-0.6%	-0.6%	1.1%	2.2%	0.1%

Notes: (1) Spending figures are inflation-adjusted. (2) Consumer spending series for US is personal consumption expenditures (PCE); for Euro Area and UK, series data is retail sales, motor vehicles sales/registrations, and services turnover.

(3) Some European services data may include B2B spending. (4) Data for US & UK is updated till August (5) Data for Germany & France are updated till July

Sources: BEA, BLS, ONS, National Institute of Statistics and Economic Studies, Federal Statistical Office, Accenture Strategy analysis

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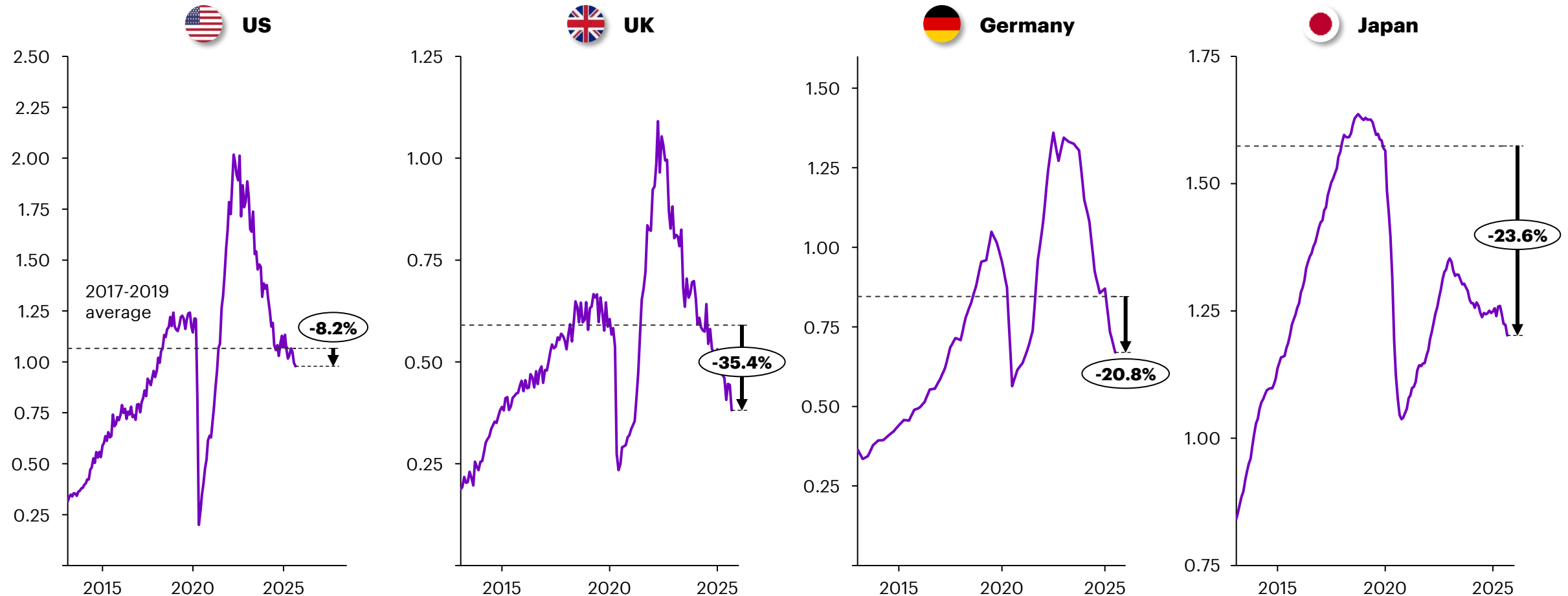
Labor markets



Labor market tightness continues to ease gradually across advanced economies, as the UK records a sharp drop in recent months and the US trends below pre-pandemic levels

Labor market tightness

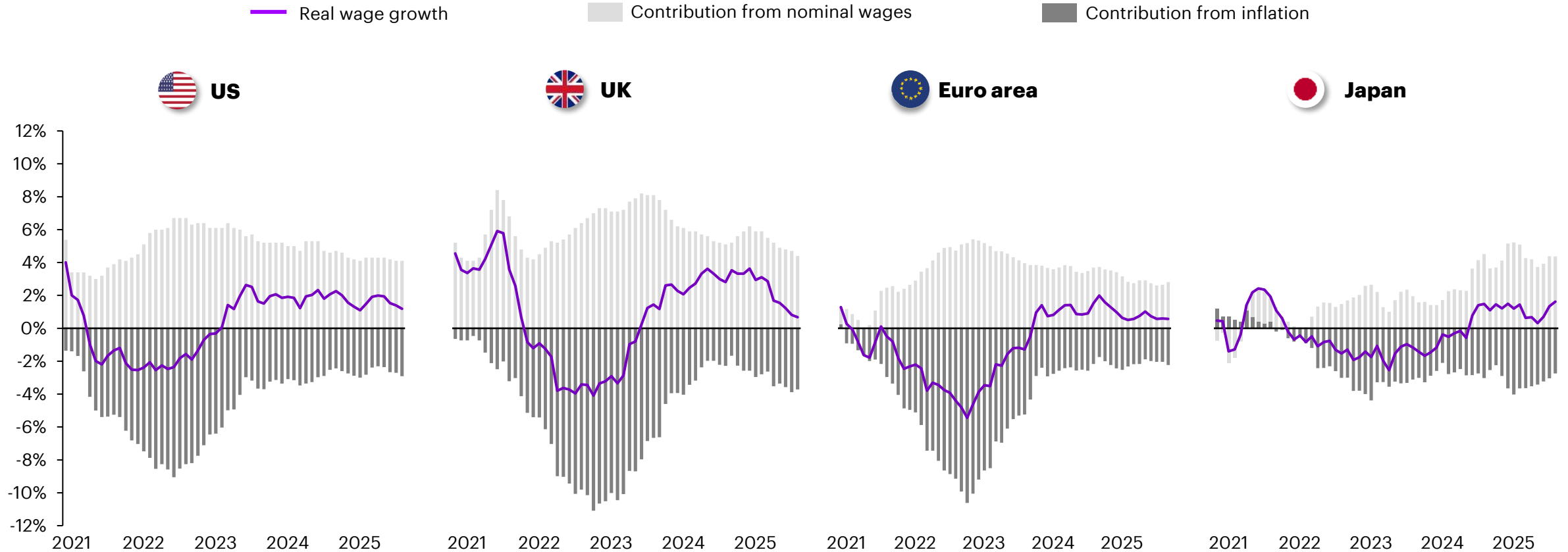
Job vacancies per unemployed person



Real wage growth continues to decelerate across major economies as inflationary pressures persist, though Japan saw a slight uptick

Wage growth developments

YoY % change in real wages and contributions to change (percentage points) from nominal wage growth and inflation



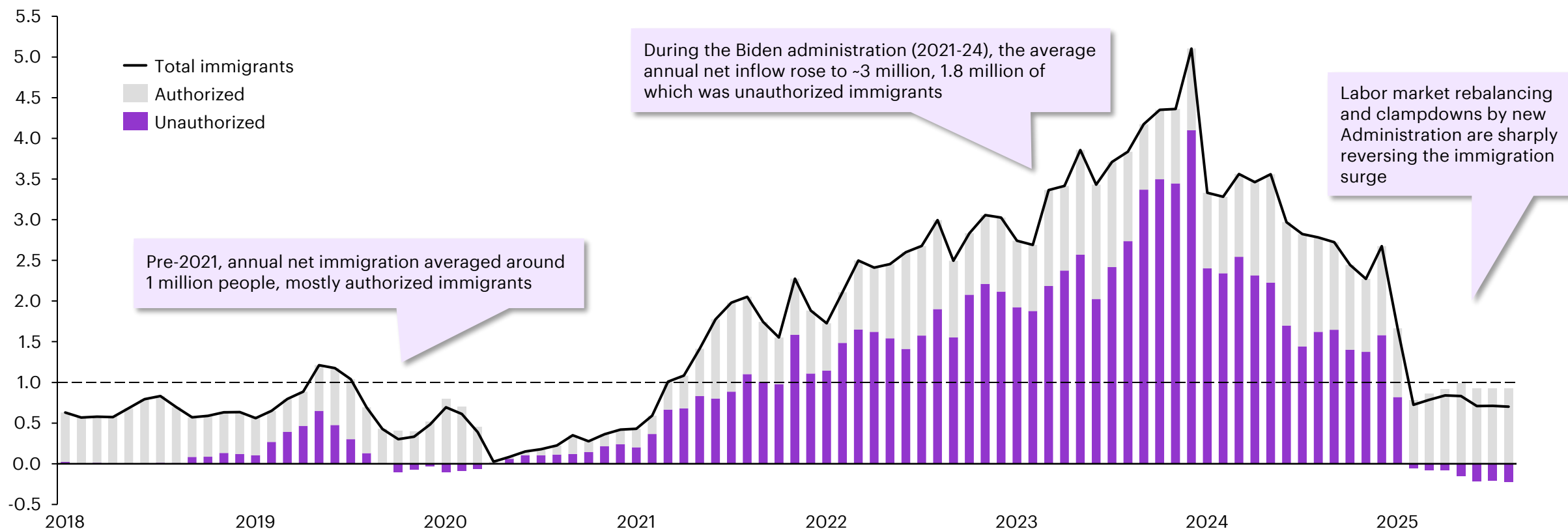
Notes: Data for Europe updated till Sep'25 and US, UK and Japan updated till Aug'25
Sources: BLS, ONS, Eurostat, Accenture Strategy analysis

The 2022-2023 surge in immigration to the US continues to unwind amidst a cooling labor market and more stringent immigration policies

Net immigration flows to the US

Estimated monthly net immigration by category

Millions (annualized rate)



Note(s): Authorized immigrants include students, temporary workers, and lawful permanent residents. Unauthorized immigrants include asylum seekers, parolees, and others entering under various humanitarian programs, as well as “gotaways” (those being detected as crossing the border but not apprehended by authorities).

Source(s): CBO, US Department of State, US Department of Homeland Security, USCIS, TRAC, Accenture Strategy analysis

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Inflation



Inflationary trends are inconsistent across major economies, with some markets facing renewed pressures and others showing moderation

CPI inflation rates and trends

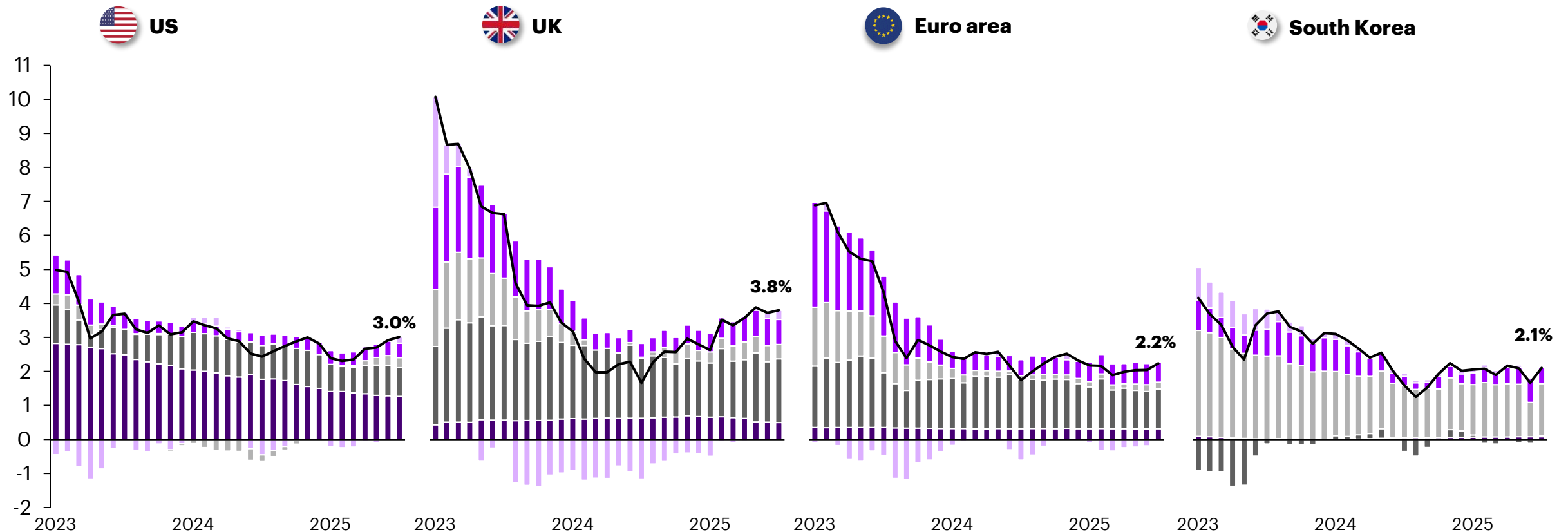
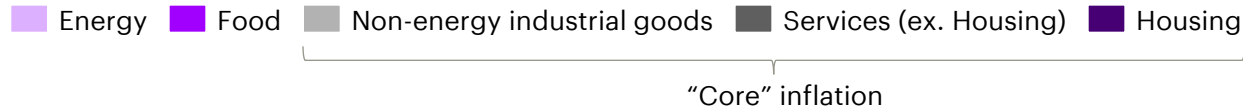
Year over year change to CPI and point change from prior month

Country	YoY Inflation Rate August 2025	Change from previous month's rate (percentage points)		Country	YoY Inflation Rate August 2025	Change from previous month's rate (percentage points)	
 United States	3.0%	0.1%	↑	 China	-0.3%	0.1%	↑
 United Kingdom	3.8%	0.1%	↑	 Japan	2.9%	0.2%	↑
 Canada	2.3%	0.4%	↑	 Brazil	5.2%	0.0%	↑
 Germany	2.4%	0.3%	↑	 India	1.5%	-0.5%	↓
 France	1.1%	0.3%	↑	 Singapore	0.7%	0.1%	↑
 Italy	1.8%	0.2%	↑	 Korea	2.1%	0.4%	↑
 Spain	3.0%	0.3%	↑				

Tariff impacts continue to filter through to consumer goods prices, alongside persistent services and housing cost pressures

Drivers of recent CPI inflation

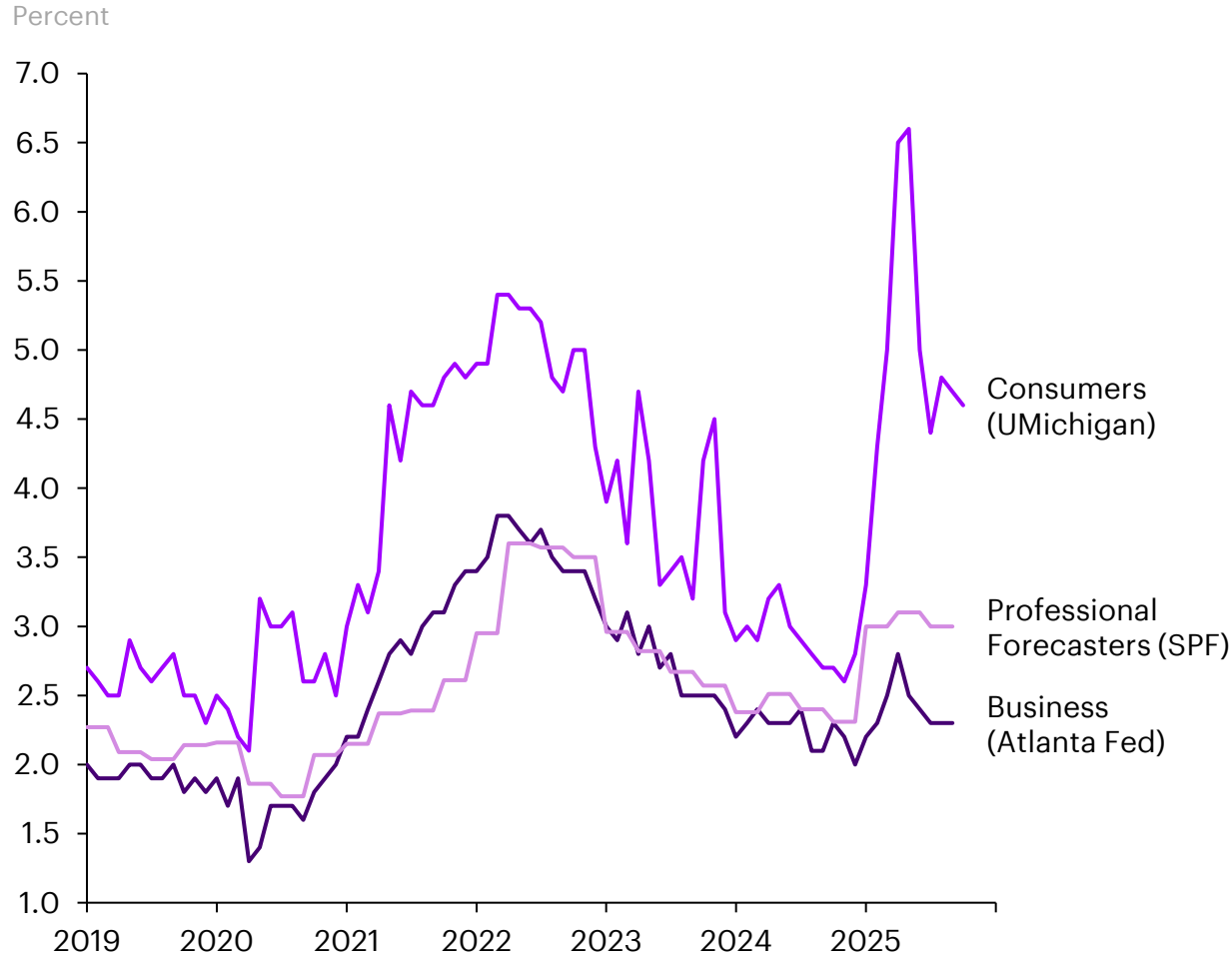
Year-on-year % change and percentage point contributions from major goods and services categories



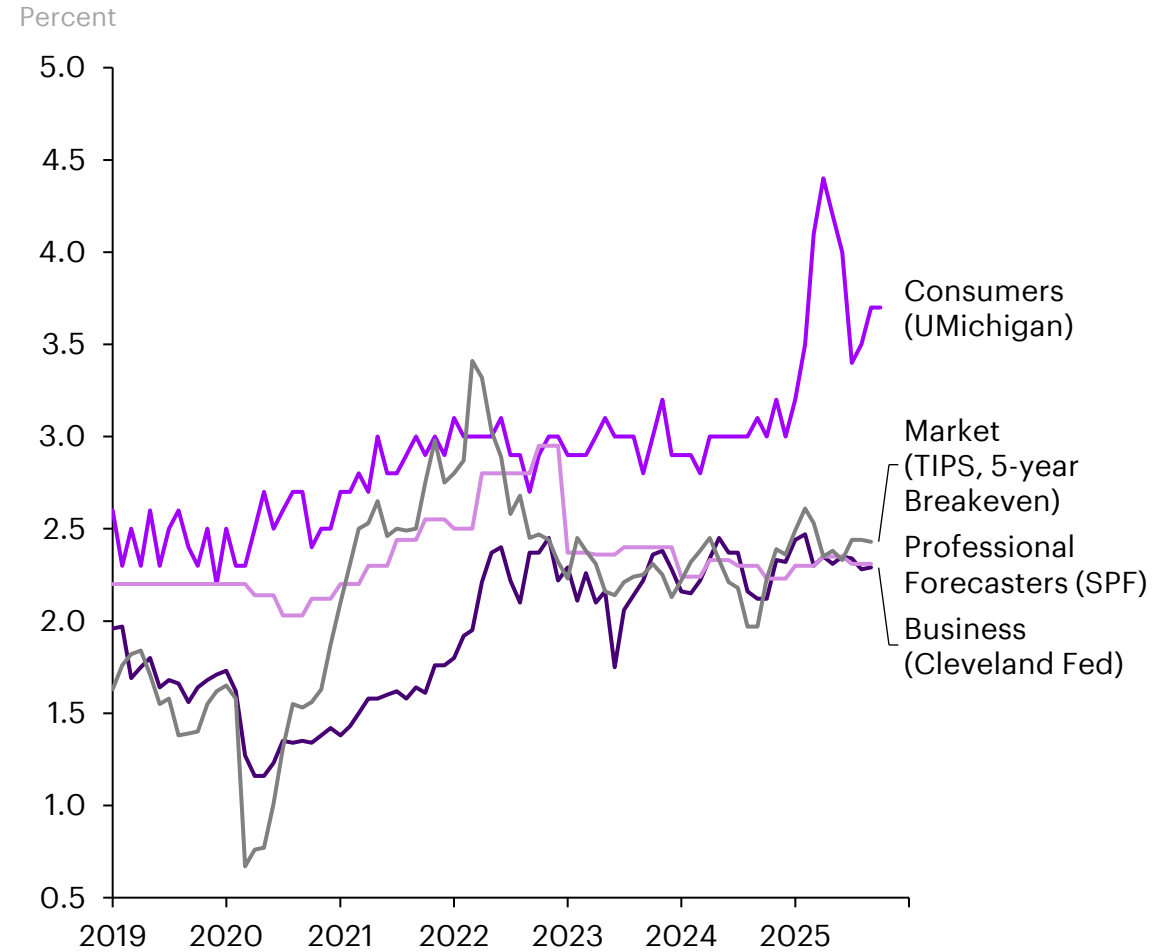
US consumer and business inflation expectations have stabilized somewhat but at elevated levels, likely reflecting a realization that high tariffs are here to stay

Inflation expectations for next 12 months and longer-term

Inflation expectations of different economic agents: 1 year ahead



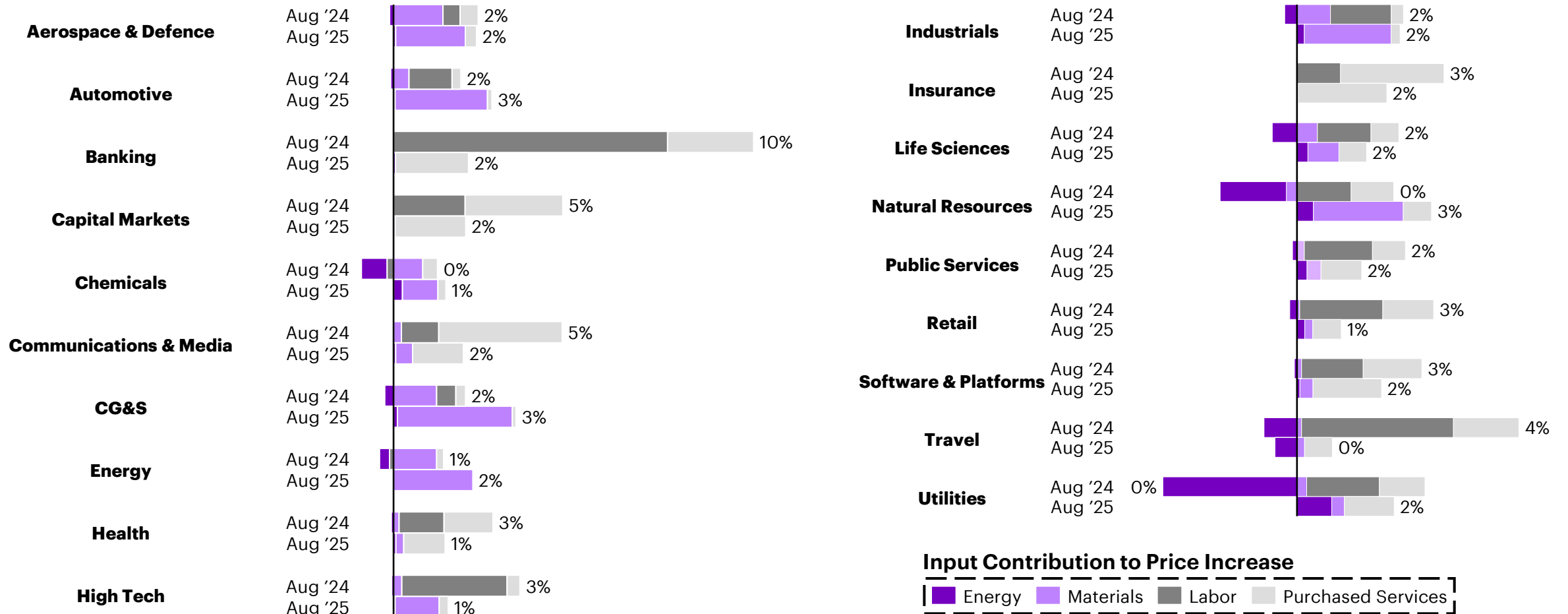
Inflation expectations of different economic agents: 5-10 years



Input cost inflation continues to increase gradually across industries, led by sustained pressures from labor and purchased services

Recent input cost inflation by industry

Year-over-year % change in input costs and contributions (percentage points) from key inputs

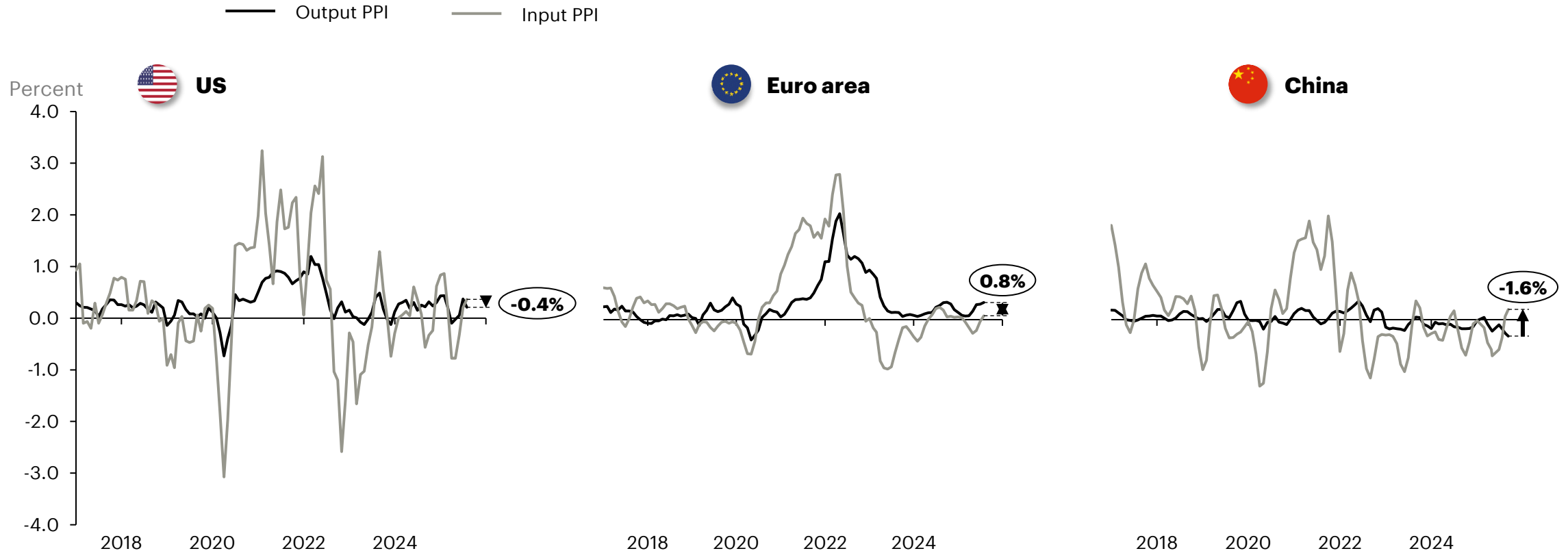


Notes: Wage data as of Aug'25; Energy prices (Natural Gas Prices as of Jul'25, Electricity Prices as of Jul '25 and others as of Aug'25); Materials and Purchased Services PPI price increases as of Aug'25; Sources: BLS, BEA, EIA, EPA, Accenture Strategy analysis Copyright © 2025 Accenture. All rights reserved. 40

Inflation pass-through has eased in Europe, though the US and China are experiencing growing pricing pressure on businesses as a result of tariffs

Company input cost pass-through trends

Producer price indices (PPI) for intermediate inputs and final outputs, 3 month moving average % change



Notes: (1) Figures in bold represent percentage point difference between intermediate and final demand PPI YoY % values; higher positive values imply greater pass through to final producer selling prices, while larger negative values imply lower pass through. (2) US data is based on production flow classification for PPI, where Stage 2 intermediate inputs (shown in chart) feed into stage 3 production, stage 3 outputs serve as inputs to stage 4 production, and stage 4 provides inputs to final demand goods/services. (3) UK PPI has been excluded, as the ONS has paused its publication due to data quality issues.

Sources: BLS, Eurostat, Accenture Strategy analysis

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Business investment

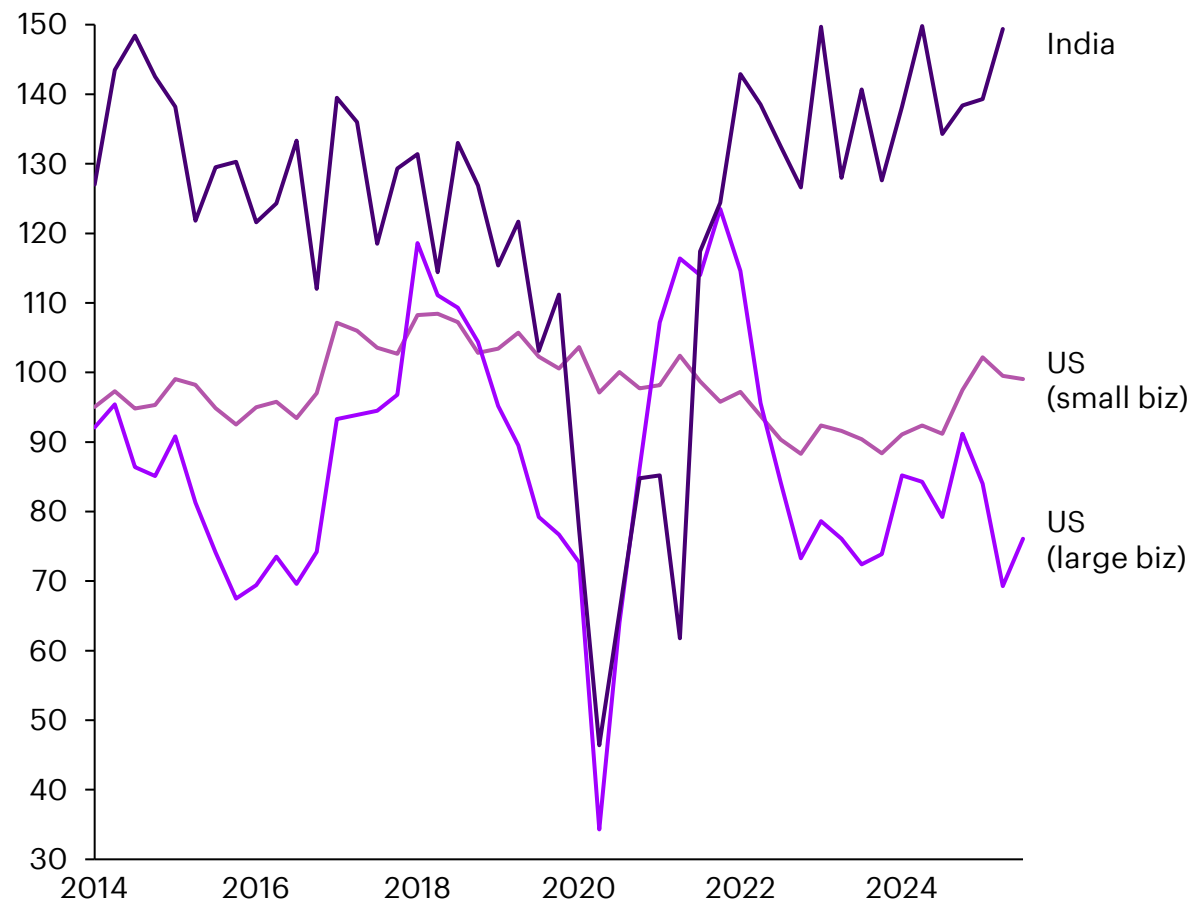


Business confidence has held relatively healthy in India and Japan but remains subdued in the US, EU, and UK

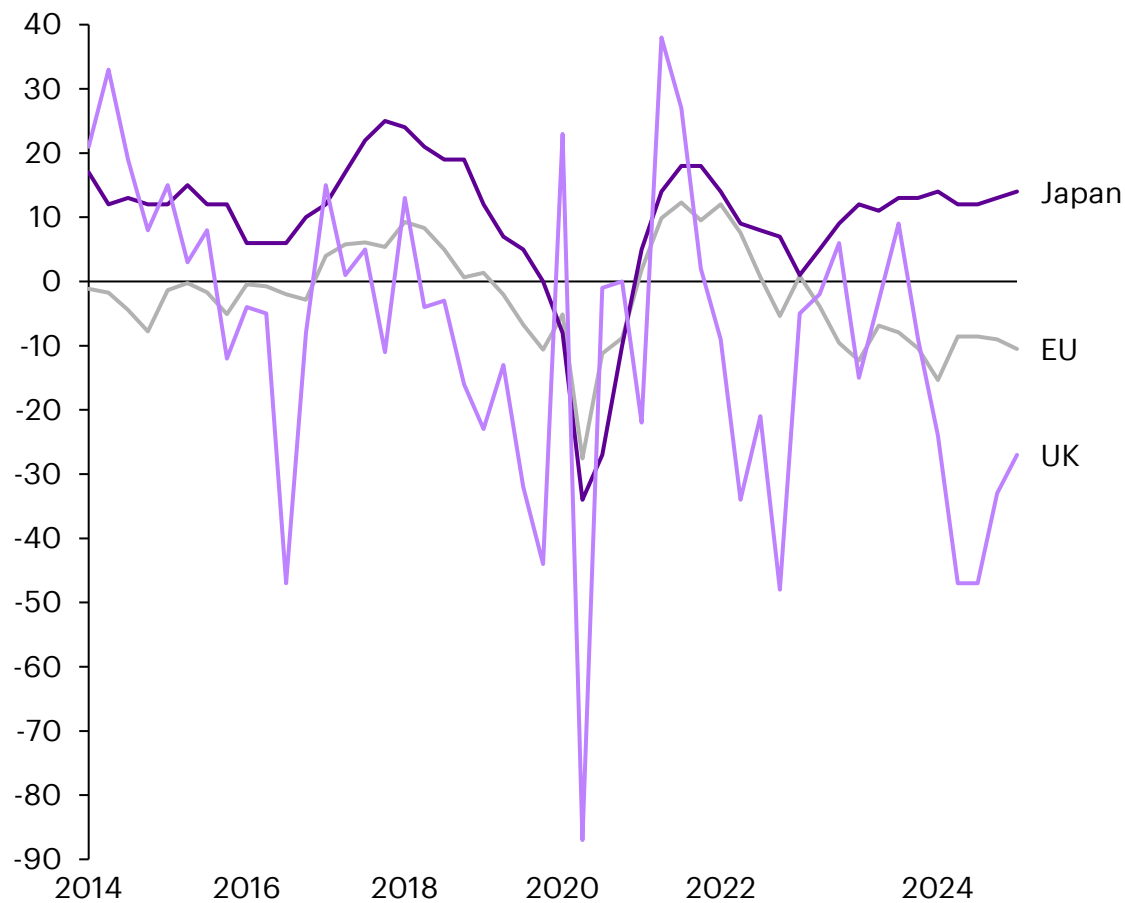
Global business sentiment

Business confidence indicators

Index (>100 = Optimistic)



Percent balance (>0 = Optimistic)



Capex optimism in the US has improved after a brief downturn earlier this year, with large businesses showing a greater rebound in confidence as policy uncertainty subsides

Capex intentions among US companies

Business plans to increase capital expenditures in the next 6 months

% of respondents reporting a planned increase

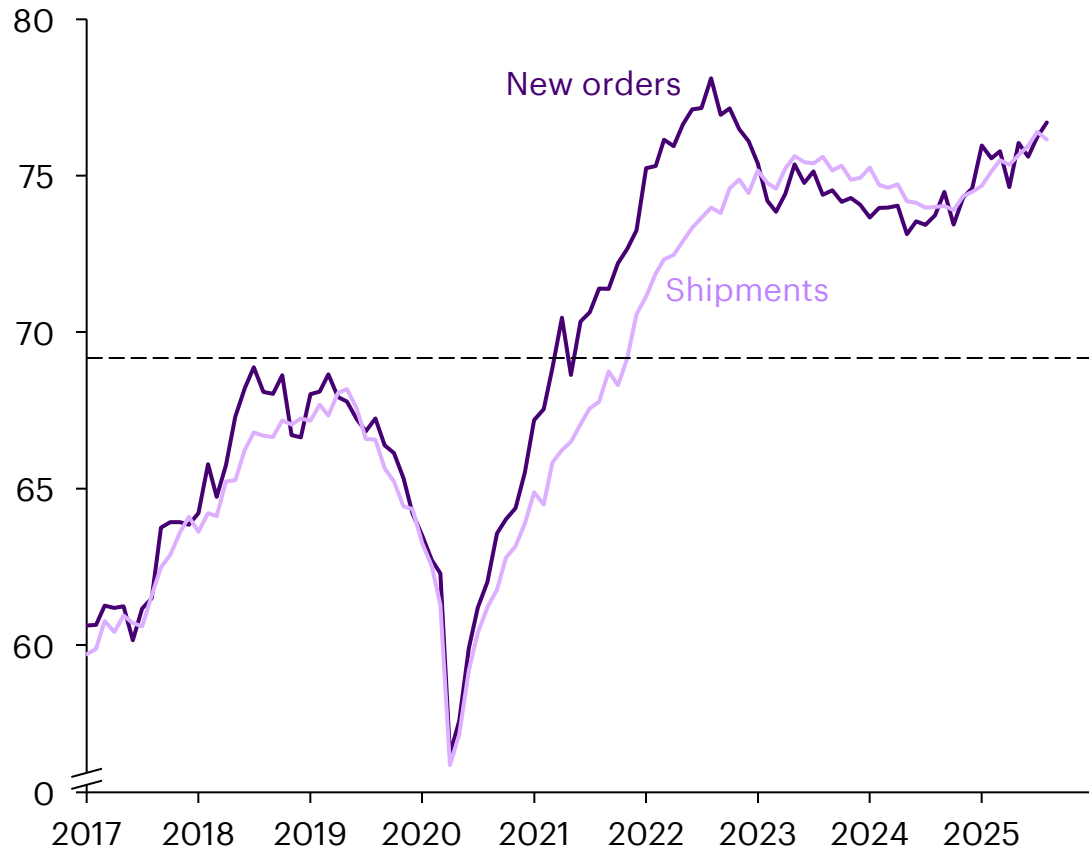


US capital goods orders have continued to trend upwards, underpinned by emerging trade-deal signals and tariff truce optimism

Capital goods orders and technology-related equipment demand

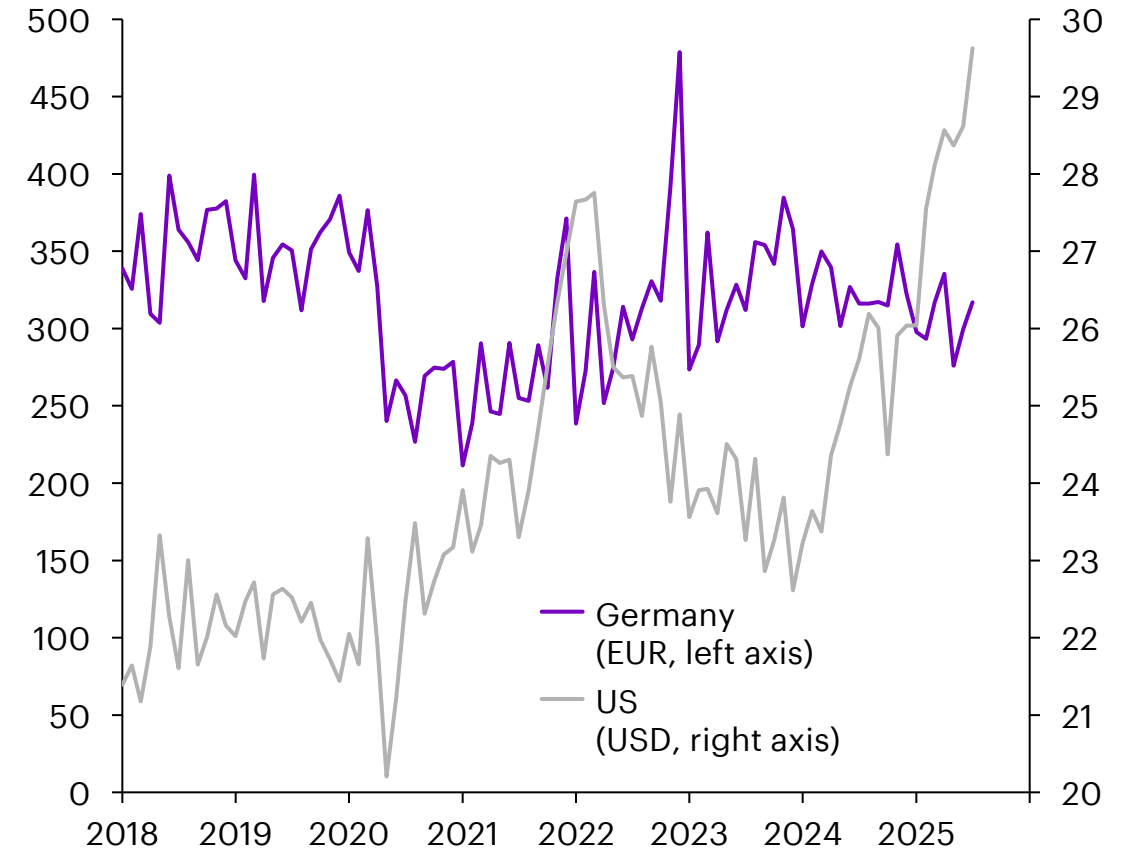
US nondefense capital goods, excluding aircraft

USD millions



Sales of tech-related equipment

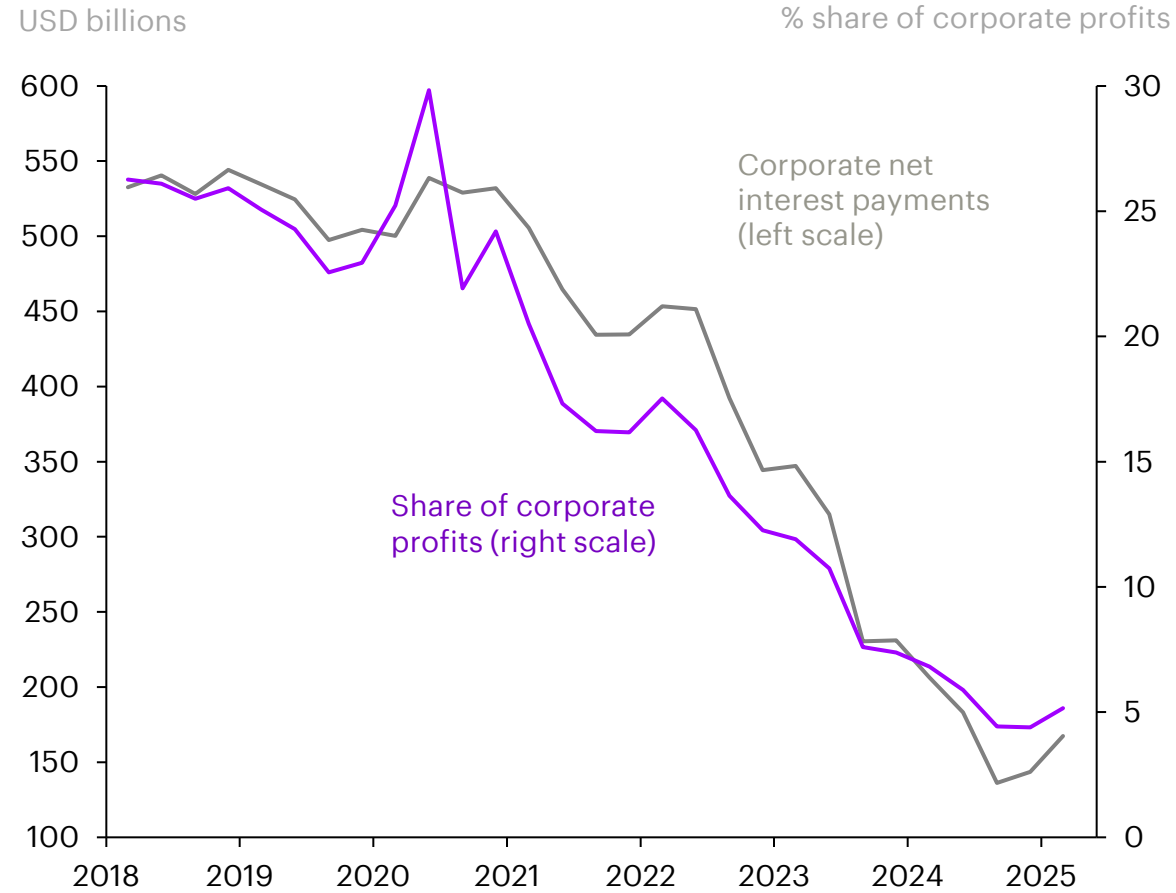
Computers, electronic components and peripheral equipment, SA millions



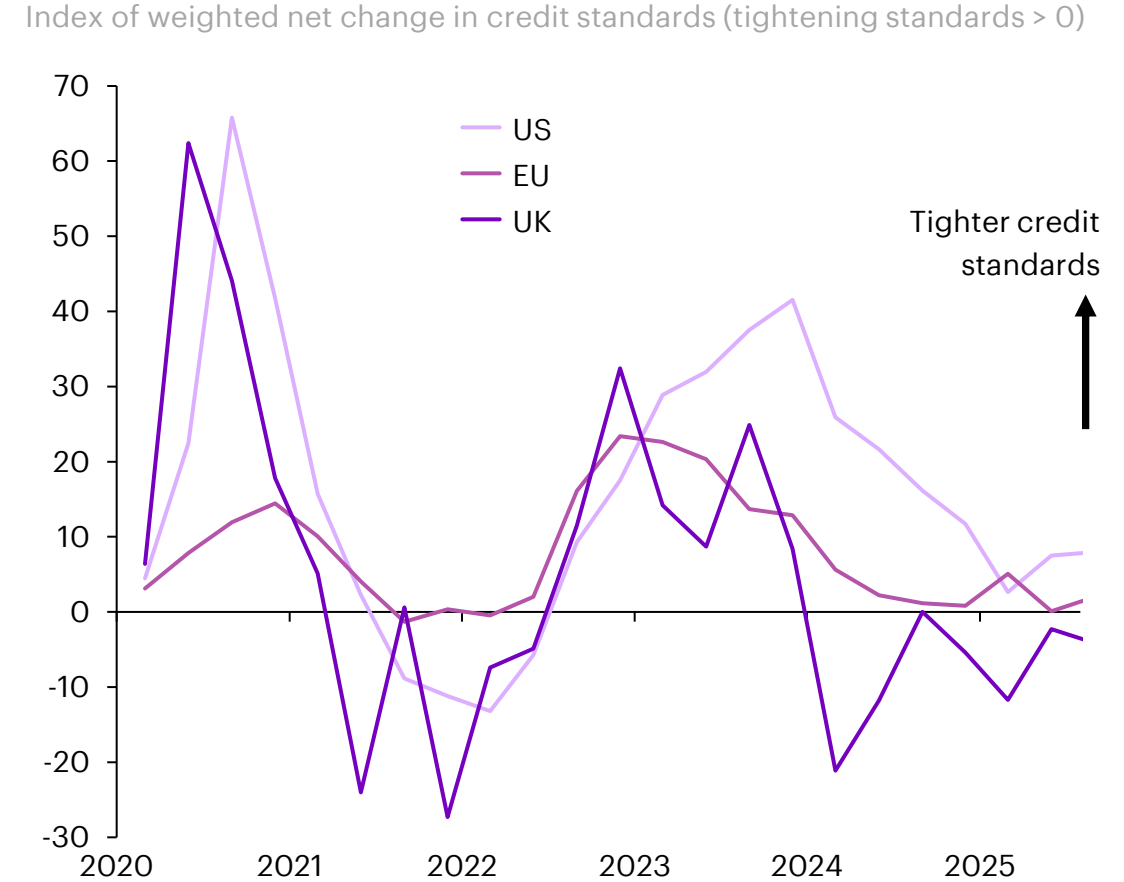
Business interest payments in the US have ticked up slightly, while lending standards remain tight in the US and Europe due to economic uncertainty and risk aversion

US financial conditions for investment

US corporate net interest payments



Bank lending standards¹



Notes: 1) The date of each datapoint refers to the quarter in which the bank lending survey was conducted but reports the assessment of credit conditions in the prior quarter. Lending standards for US and EU reflect a weighted index constructed using select survey questions to measure tightening or loosening standards to both households and enterprises. UK lending standards series based on inverted series of use of credit scoring

Sources: BEA, Federal Reserve Board, EU Bank Lending Survey, BoE, Accenture Strategy analysis

Trade and tariffs

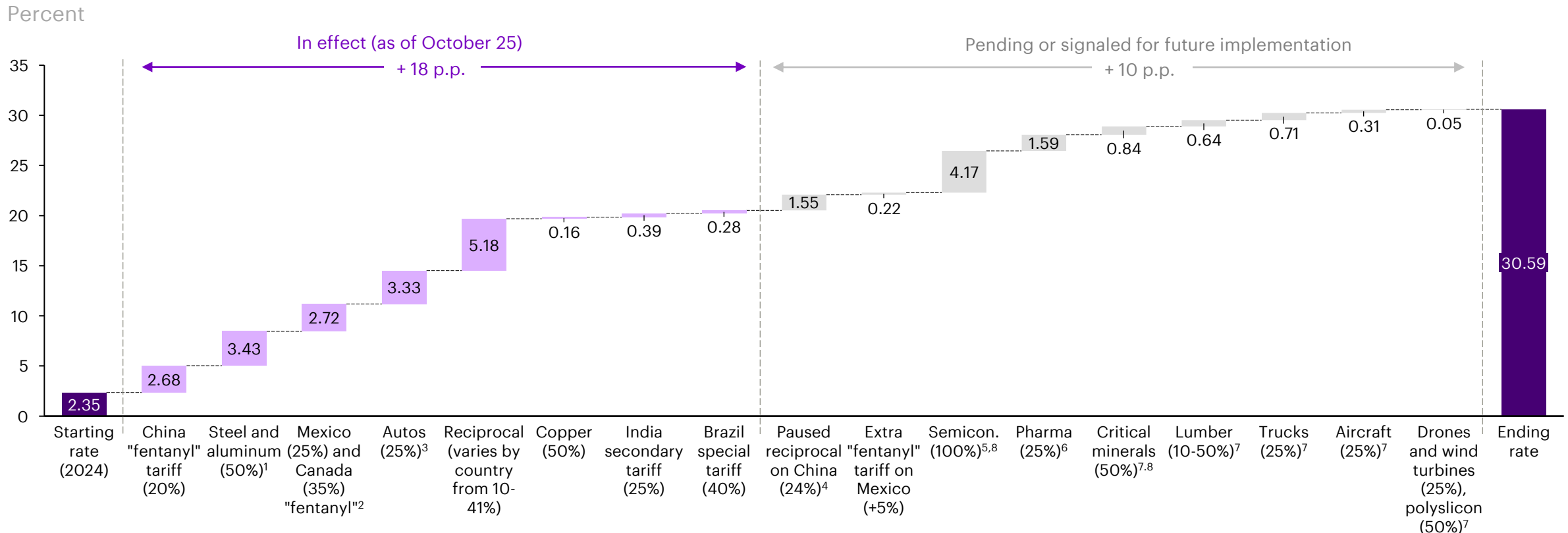


Based on the latest developments, the US' effective tariff rate has increased by 18 p.p. to date, with an additional 10 p.p. still on the horizon

Scale and scope of announced tariff measures

AS OF OCT 25

Estimated impact of announced measures on overall US effective tariff rate



Note(s): 1/ Except for the UK, which will face no tariff; 2/ Except for imports of energy resources (including critical minerals) and potash from Canada, which are subject to a 10% tariff; USMCA-compliant goods are exempt; 3/ EU, Japan, and South Korea will face a lower 15% rate, and the UK a 10% rate; 4/ Paused for implementation until November 10; 5/ Does not incorporate potential exemptions for certain US companies; the EU's semiconductor tariff rate will be 15%; 6/ Expected to start at 25% and rise over time to as high as 250%; EU's pharma tariff rate will be 15%; 7/ Prospective tariff rates have not yet been confirmed but are expected to be in line with the 25-50% for other Section 232 tariffs implemented to date; 8/ Includes derivative products.

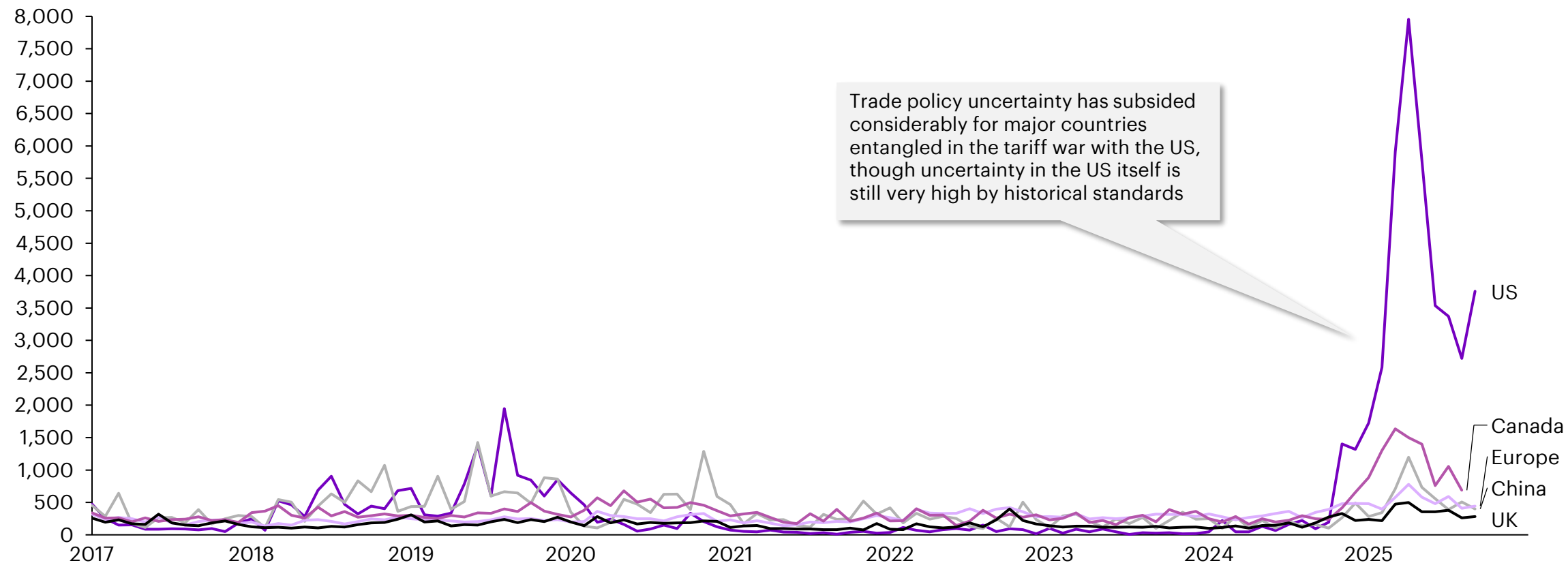
Source(s): USITC, Haver, Accenture Strategy analysis

Tariffs and trade policy tensions have driven economic uncertainty to unprecedented levels, particularly in the US where conditions have eased only partially since Q2

Elevated trade policy uncertainty

Trade policy uncertainty has skyrocketed in recent months but has fallen in the past month

Index, 1985=100

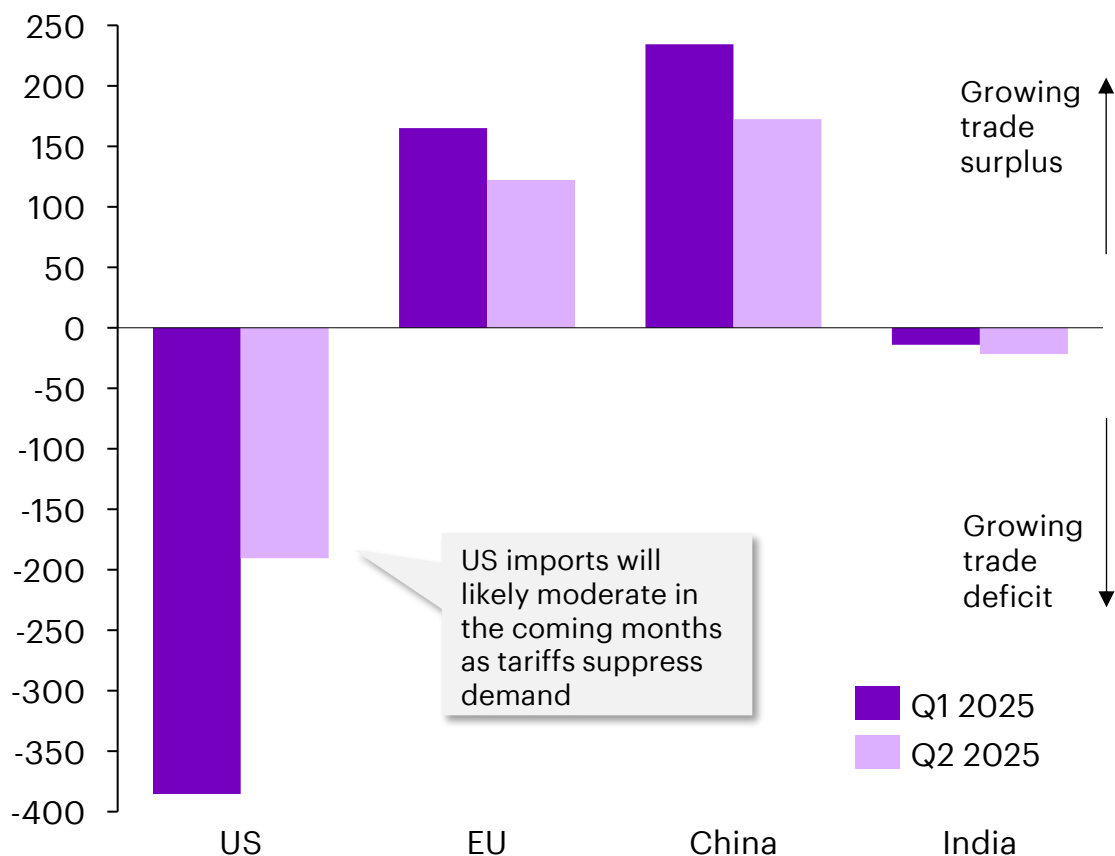


US imports have slowed as tariff-related frontloading fades and businesses are facing higher tariffs on goods from abroad

Trade indicators

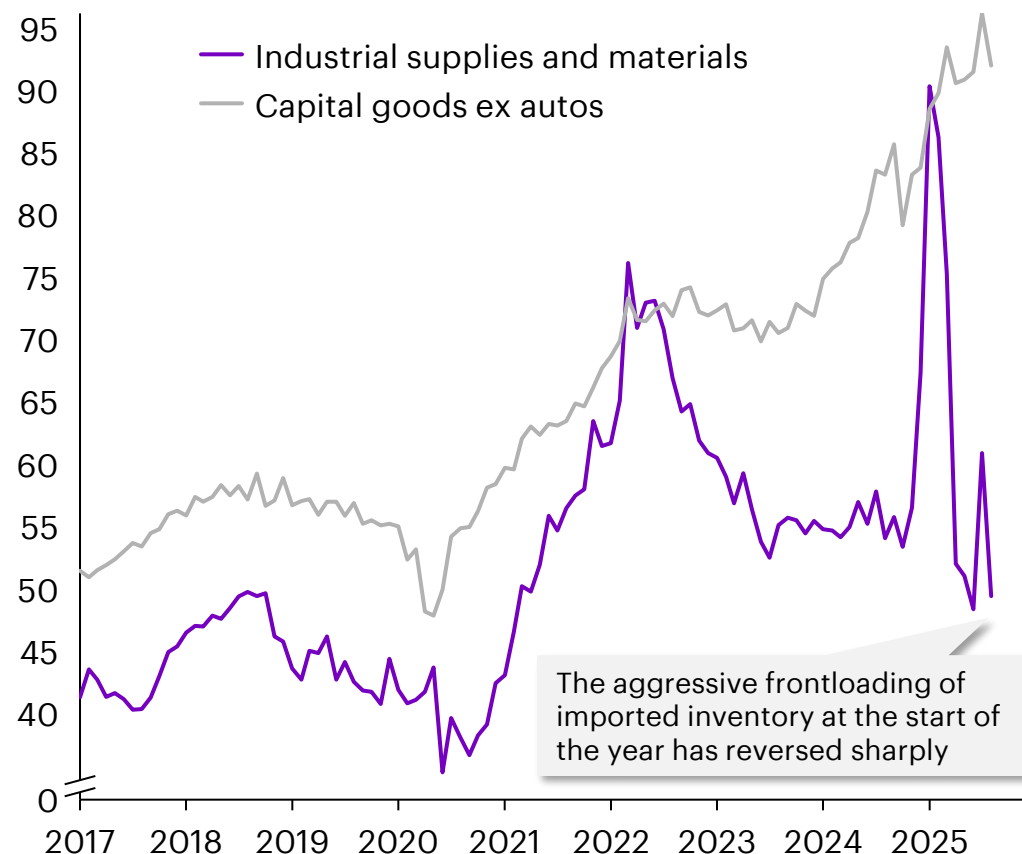
Net trade in goods and services

Exports minus imports (SA, USD billion)



US imports of industrial supplies and equipment

USD billions



Supply chains

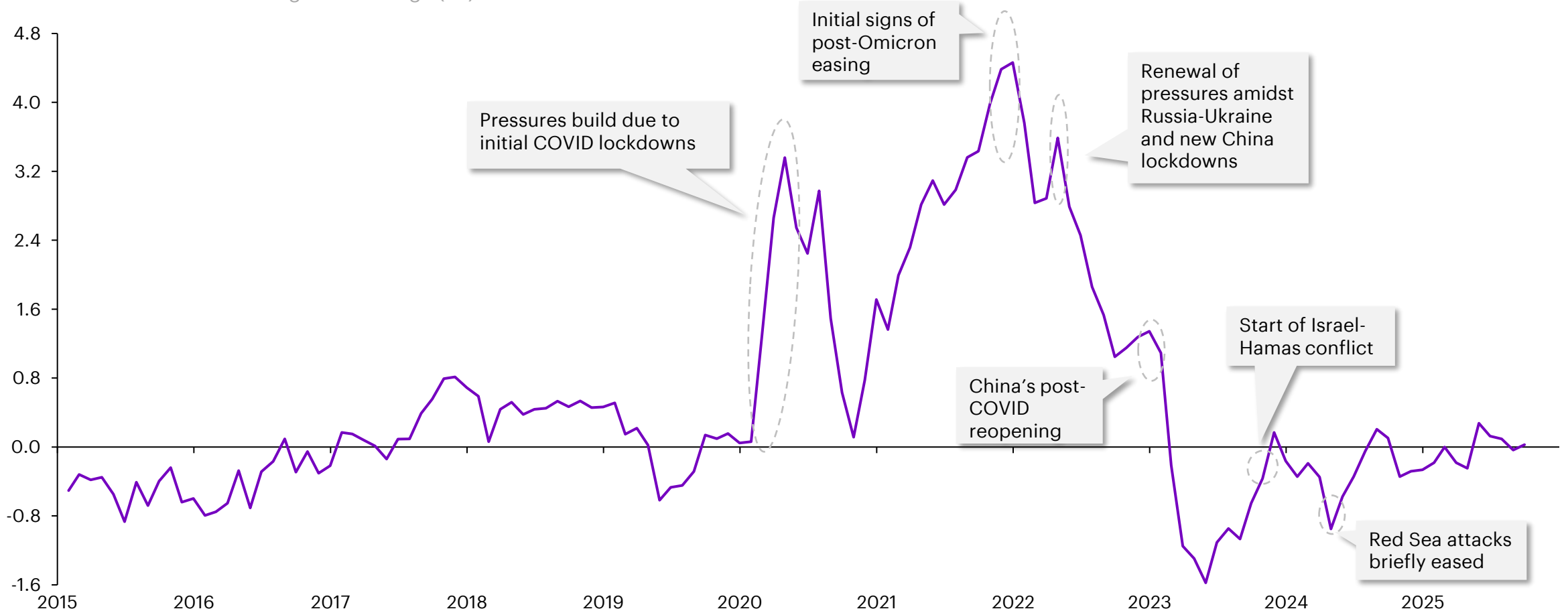


Recent supply chain pressures are largely unchanged, with conditions remaining fragile amid persistent geopolitical and economic risks

Supply chain pressures

Global Supply Chain Pressure Index

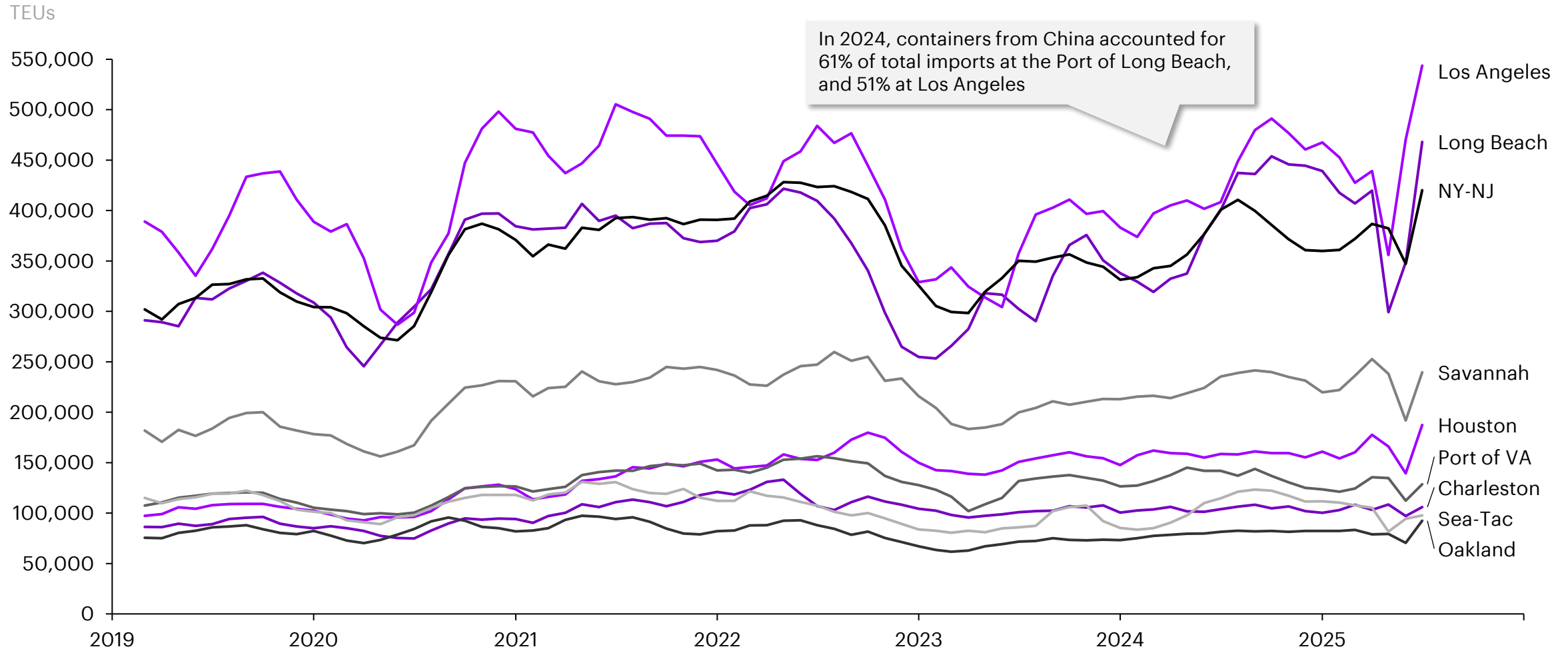
Standard deviations from long-term average (=0)



Container volumes at major West Coast ports rebounded substantially throughout the summer months, pointing to renewed strength in trade activity following tariff disruptions

Seaborne container traffic in the US

Loaded import containers at select US ports



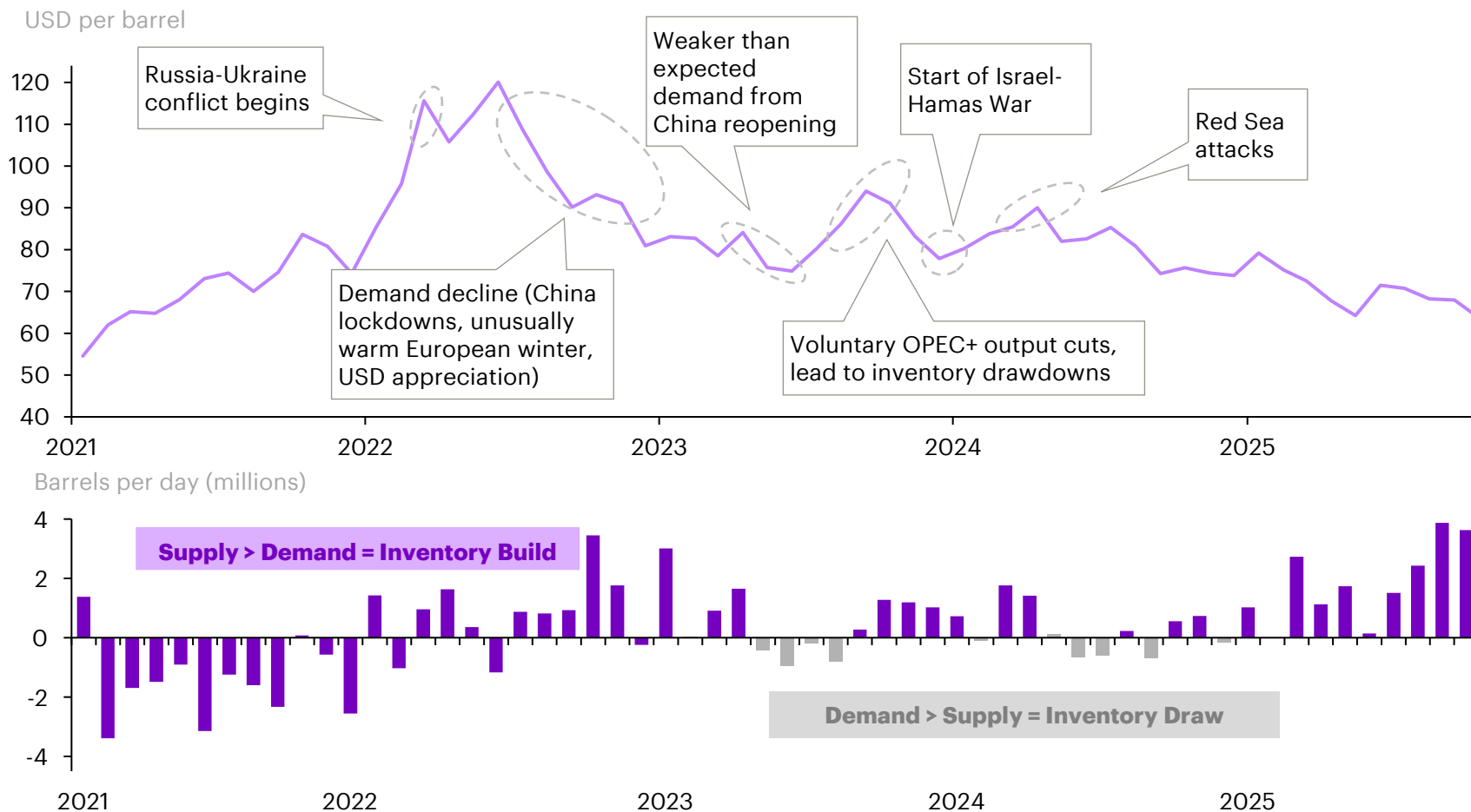
Energy and commodities



Oil prices have softened in recent months, with higher OPEC output and growing inventories exerting downward pressure despite ongoing geopolitical flare-ups

Crude oil prices and inventories

Brent crude oil spot prices (upper panel) and global inventory changes (lower panel)



Drivers of energy prices in 2025

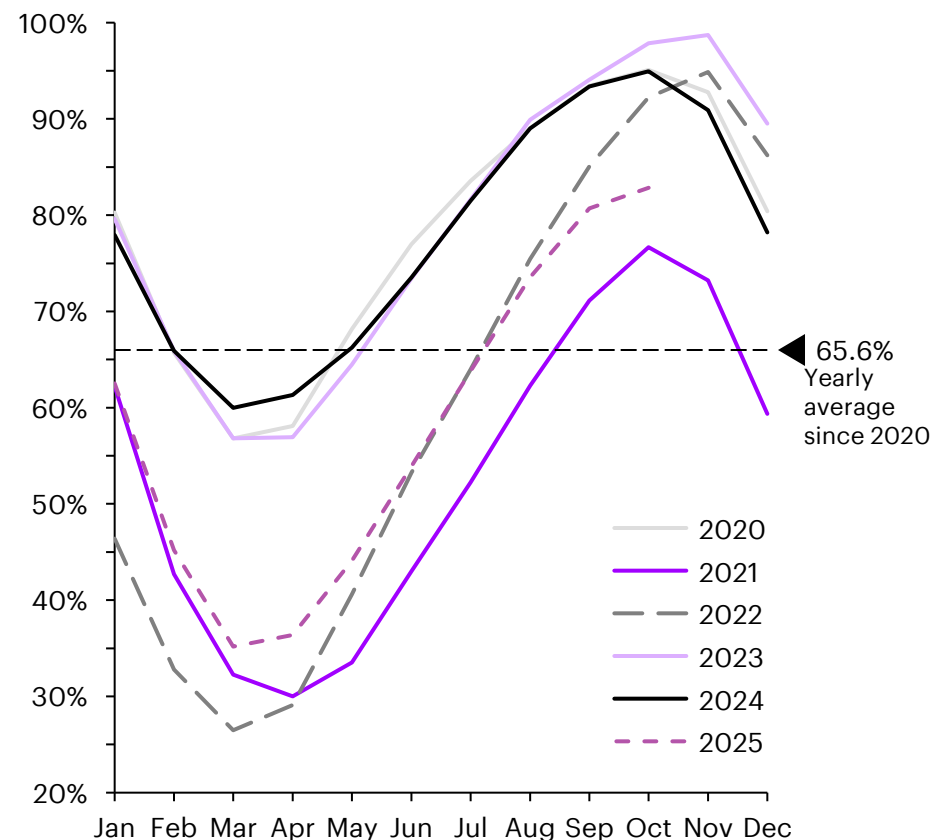
- Brent prices eased from close to \$80/barrel in the summer to near \$65/barrel at the end of October, as OPEC+ announcements to raise output and the ongoing unwinding of voluntary cuts have pressured forward curves and sentiment
- Inventory builds have accelerated vs. prior months, reflecting softer demand (weakest since 2009 ex-COVID) and late-Q3 refinery maintenance that trimmed crude runs, lifting on-shore stocks
- Geopolitical developments, including renewed Strait of Hormuz tension and military action between Israel and Iran, briefly lifted risk premiums in oil markets earlier in 2025 but did not halt the wider supply-surplus backdrop

Europe maintains strong gas inventories heading into winter, with storage above historical averages and prices remaining steady

EU natural gas reserves and prices

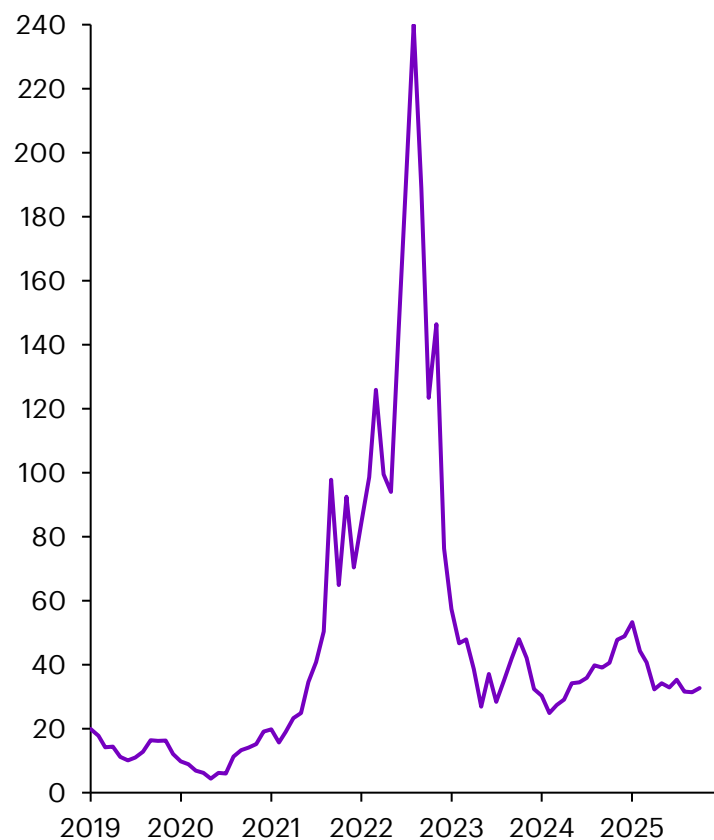
European gas reserves are above-average

% of storage capacity



...and prices remain stable, for now

TTF Gas (EUR per megawatt-hour)



Commentary

- As of October 2025, EU natural gas reserves are now above the historical average, reflecting continued strong storage activity in recent months
 - Storage facilities are filled to roughly 82% capacity, compared to about 95% at the same time last year, indicating healthy inventory levels despite lower year-on-year volumes
 - Injection rates have slowed seasonally as Europe approaches winter, but overall storage conditions remain comfortable, supported by diversified LNG inflows and steady pipeline supplies
- Natural gas prices are trading around €32.7/MWh, slightly below late-July levels, as adequate storage and mild weather has limited market pressures despite lingering geopolitical risks

Notes: Dutch TTF Natural Gas Futures front-month contract. TTF stands for Title Transfer Facility, which is a virtual trading hub for natural gas in Europe. TTF prices represent the average monthly price of natural gas traded at this hub and are considered a benchmark for natural gas prices in Europe. The most recent TTF monthly data point reflects the average daily prices up to the publication date.

Sources: Gas Infrastructure Europe, Bloomberg, European Council, Reuters, Investing.com, Accenture Strategy analysis

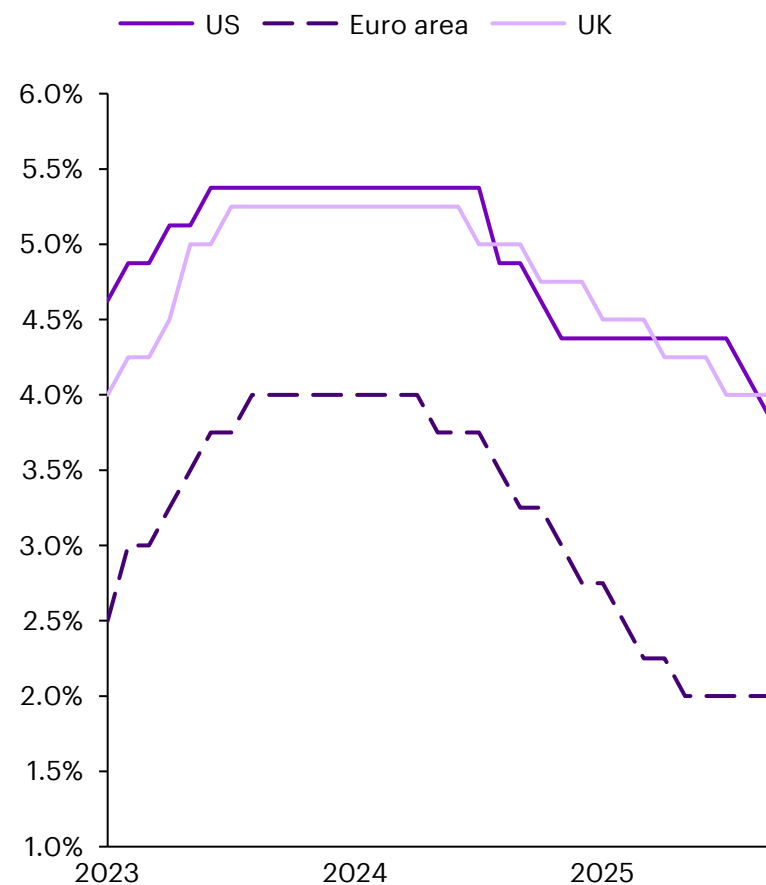
Financial markets



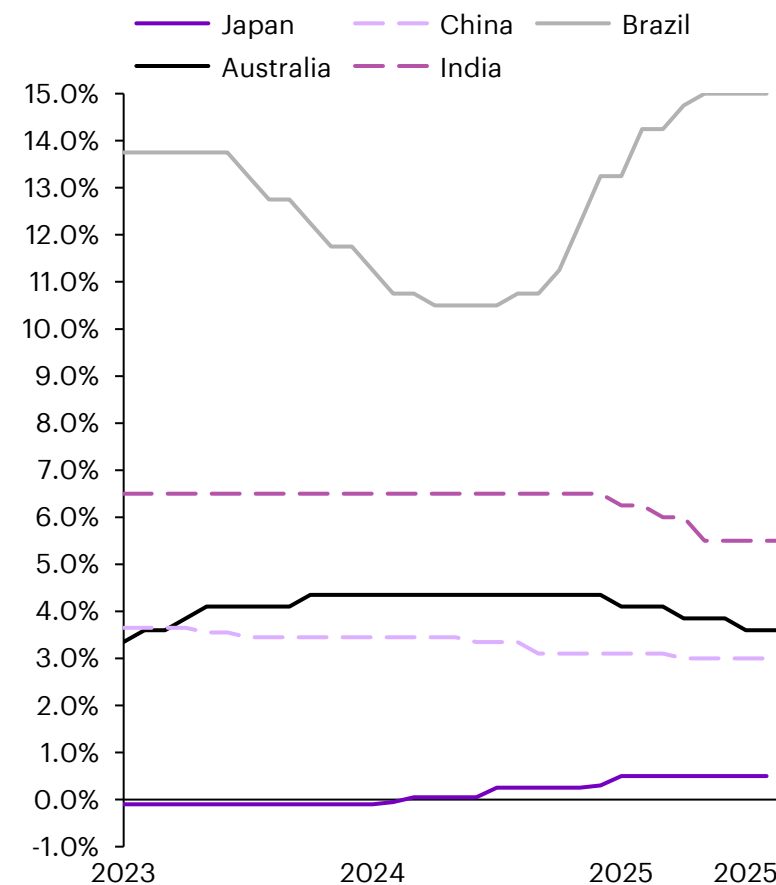
Global monetary policy stance is trending toward easing, with the Fed cutting rates gradually, while most other major central banks hold rates near multi-year lows

Monetary policy across major economies

US, UK and Euro area policy rates



Policy rates for other major economies



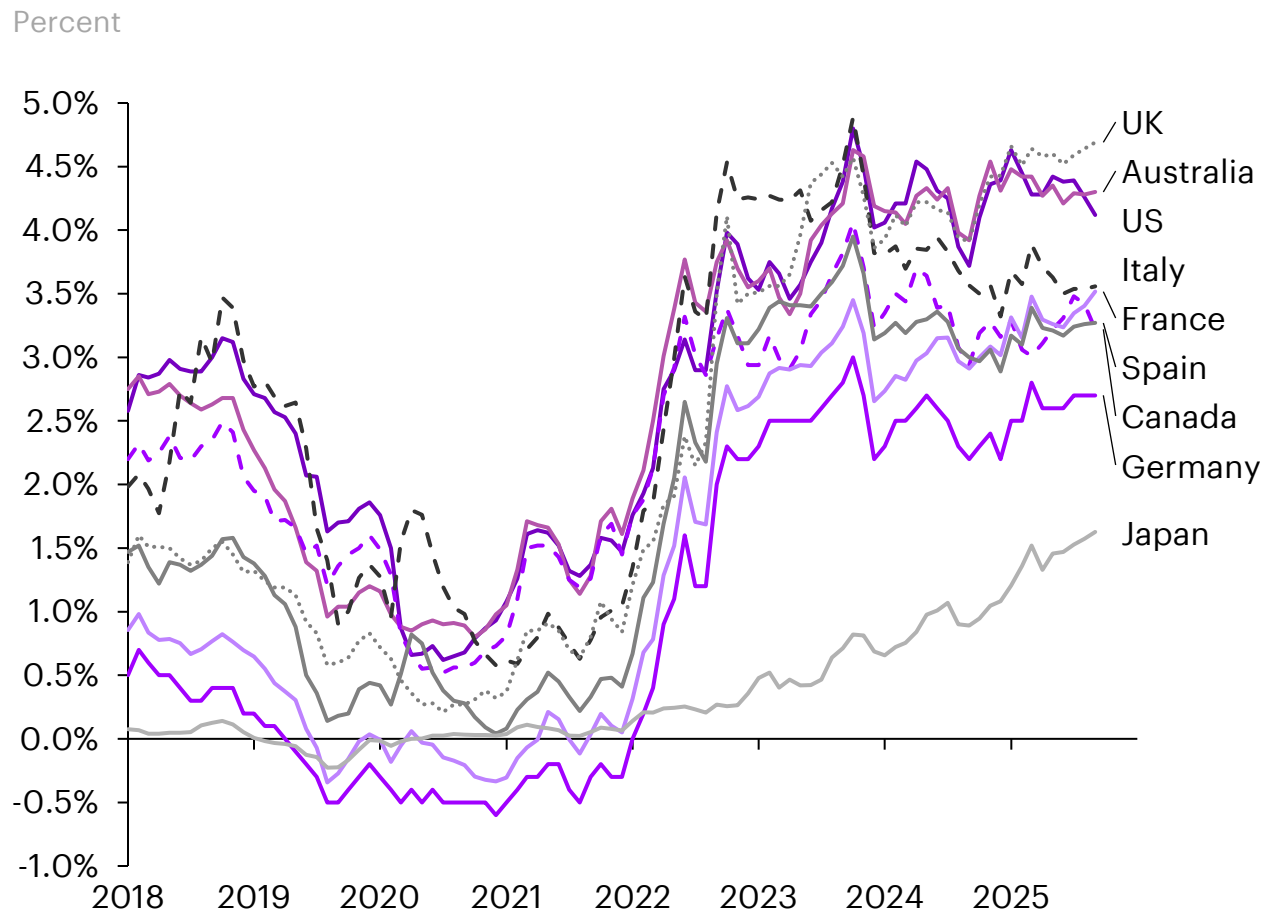
Commentary

- The Fed cut rates by 25bp in October for the second consecutive month, providing some insurance against a slowing labor market while remaining vigilant of tariff-related inflation pressures in the pipeline
- The BoE has maintained rates at 4.25%, balancing persistent inflationary pressures with subdued growth momentum and stable labor market conditions
- The ECB remains on hold following its earlier series of rate cuts, awaiting clearer evidence of inflation convergence toward target and assessing spillovers from global trade shifts
- Policy rates in Japan, China, Brazil, Australia, and India have remained steady, as central banks balance moderate inflation with varying domestic growth dynamics and currency considerations

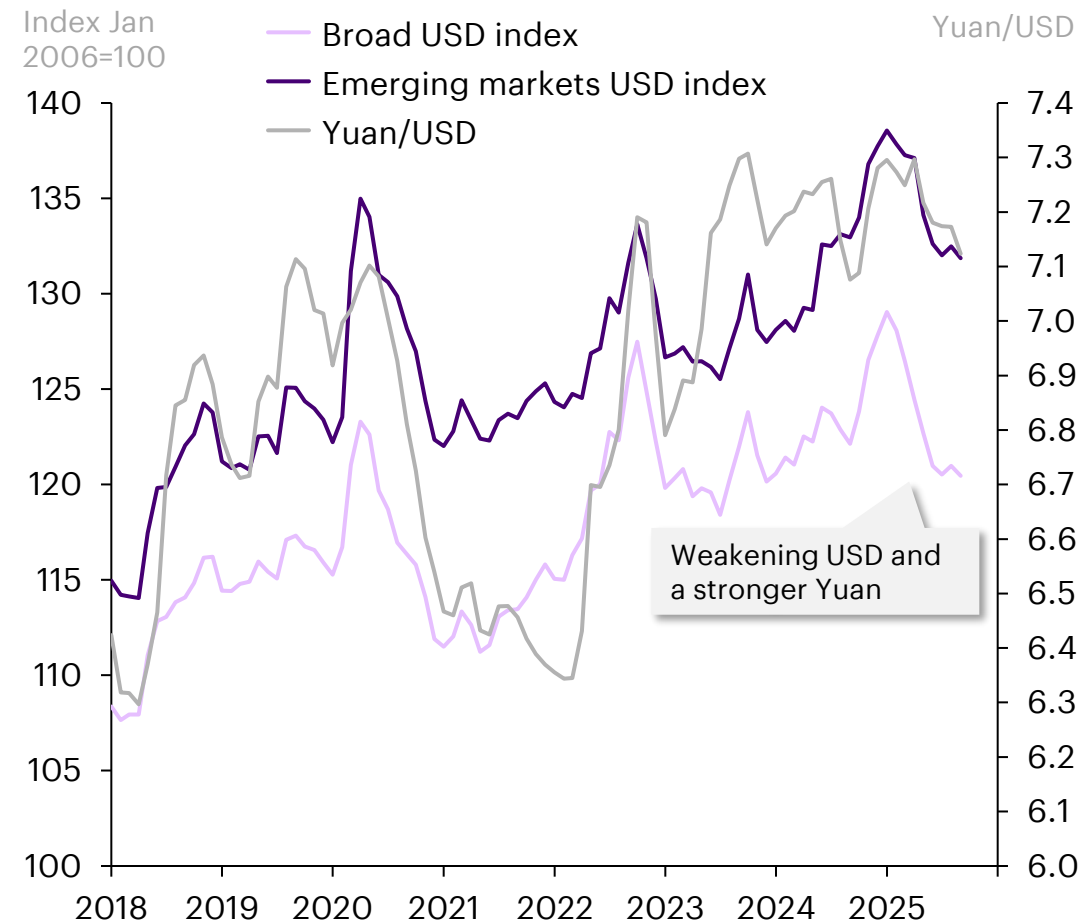
Global bond yields remain high, with markets balancing divergent policy stances, tariff-related inflation risks, shifting capital flows, and continued USD weakness

Long-term yields and exchange rates

Evolution of 10-year government bond yields



Trade-weighted USD index and Yuan/USD



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Accenture Strategy's Macro Foresight capability is focused on helping companies and investors understand major macro shifts in the global economy and what they mean for corporate strategic planning, investment planning and enterprise-wide transformation – helping clients distill complex macro trends into simple, pragmatic recommendations which drive value.

The team has hubs in Europe, the United States and Asia, and its members have prior experience working for governments, investment banks, asset managers, multilateral institutions and large corporates to bring a global, multi-disciplinary perspective to problem-solving. Visit us at www.accenture.com/macroforesight.

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