August Macro Brief

Deepening affordability pressures

August 1, 2026

CEO Advisory

Macro Foresight

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 **July 26, 2026**.

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.

Read our latest point of views:

See our recent monthly macro briefs:

June: Iran conflict impact update
February: Navigating cooling labor markets
Year-end: 2026 outlook and top 10 macro trends
September: Tariff update
July: Fiscal power plays

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Executive summary

Global themes

- **The affordability squeeze on consumers was already a key headwind globally going into 2026, but the macro shock from the Iran conflict has amplified it and dimmed prospects of near-term relief:**
  - Consumer confidence has deteriorated sharply as a result and remains at 18-month lows in most major economies (and a 4-year low in the US)
  - The pressure continues to be most pronounced for lower-income groups who have exhausted savings buffers, seen their wage growth disproportionately slow, and their reliance on credit grow
- **Going forward, four reinforcing trends raise the risk that these affordability pressures may become increasingly entrenched:**
  - High inflation is being sustained by structural cost resets from energy shocks, tariff pass-through and recurring supply disruptions
  - Central banks are signaling a more restrictive policy stance in response, keeping rates higher-for-longer and raising the cost of fiscal support
  - Nominal wages continue to fall short of essential-cost resets, leaving households with a persistent, accumulated purchasing power gap
  - AI capex-led growth is not yet bringing commensurate job gains and is starting to displace some existing roles
- **The consequences are distinct but compounding across consumers, companies and governments:**
  - Consumers are trading down, shrinking basket sizes and deferring discretionary purchases, with price sensitivity at a multi-year high
  - For consumer goods companies, pricing power is eroding—volume growth now increasingly depends on innovation and pack strategy, with private label gaining structural ground
  - Affordability is becoming a political flashpoint, with more governments intervening on pricing and adding regulatory complexity

Regional highlights

Americas

- In the **US**, consumer spending remains broadly resilient despite the collapse in sentiment, but k-shaped consumer dynamics persist
- Convergence of tariffs, energy shock, and AI demand pressures has pushed inflation back up to a 3-year high—together with depleted household savings buffers and elevated credit card default rates, this points to moderation of spending in H2

Europe, Middle East and Africa

- **Euro area** household income pressure is prolonging muted consumer spending trend
- **UK** consumer confidence has recovered slightly over past month but still-negative purchase intentions point to tepid H2 spend
- **In MENA,** Saudi consumer spending has remained resilient but weakened in other GCC countries harder hit by Hormuz disruptions

Asia-Pacific

- **ASEAN countries**, most of which are net food importers, are facing a combined inflation shock from energy and fertilizer supply disruptions and climate events
- The resulting loss in recent real wage growth momentum risks compounding ongoing structural pressures on the ASEAN middle class (e.g. demographics)

Key considerations and priorities for clients

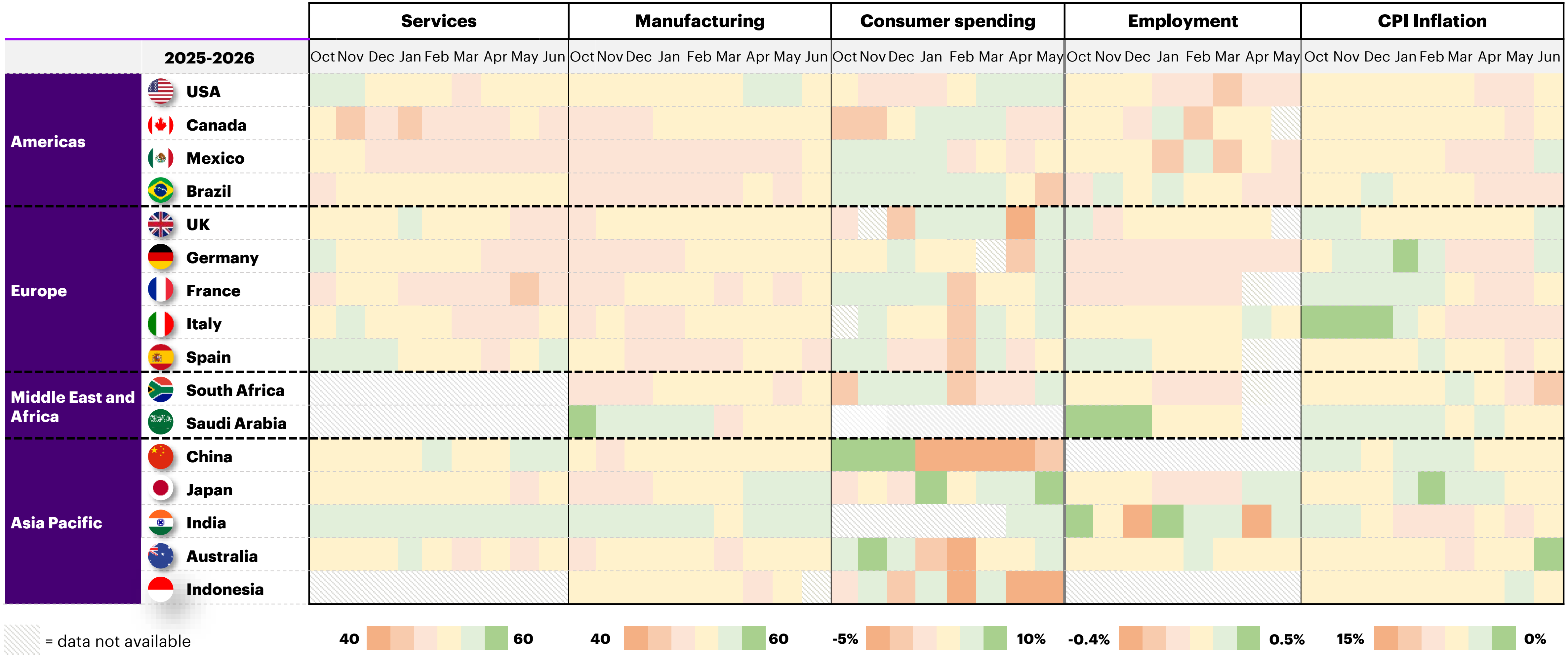
- **Plan for a consumer under sustained pressure.** The conditions for relief are not yet in place. Strategy, portfolio and investment decisions should be built around a consumer who has reset expectations downward, not one whose spending momentum rebounds in H2
- **Define price positioning deliberately.** K-shaped dynamics are intensifying across many regions. Brands that serve both ends of the income spectrum with a single approach will likely underperform at both.
- **Shift the growth model towards innovation and value creation.** Pricing power is diminishing rapidly, if not fully exhausted. Margin protection now depends on innovation, efficiency and value positioning, rather than further cost pass-through.

Sources: Accenture analysis

Recent economic momentum globally remains stable but fragile as the ongoing energy supply shock has pushed up inflation and weighed on consumer spending

Country economic momentum snapshot

AS OF JUL 26



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.

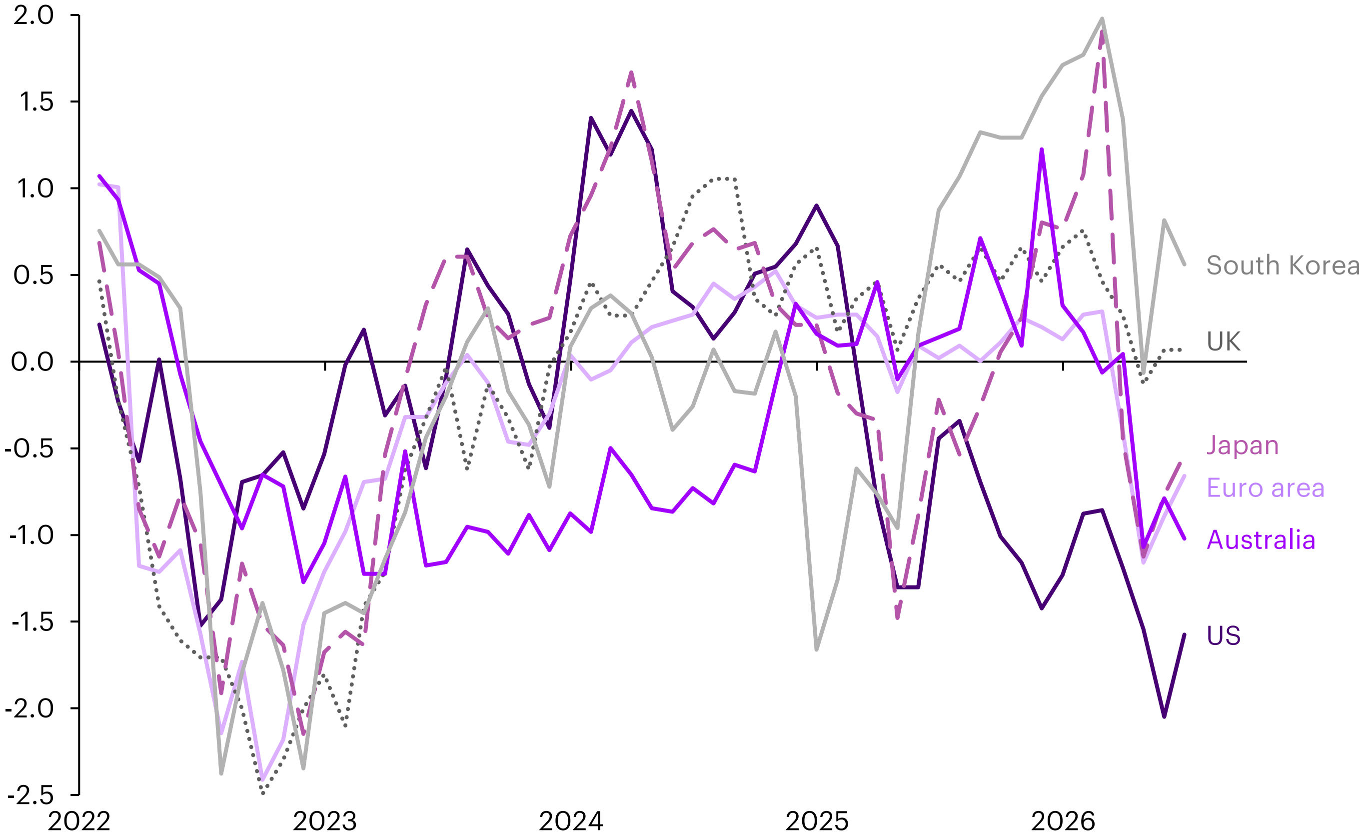
Sources: S&P Global, Haver Analytics, Accenture analysis

The sharp slide in consumer confidence globally in early 2026 reflects fatigue from repeated macro shocks and signals a potential level shift in spending intentions

Deteriorating consumer sentiment

Consumer sentiment across major economies

Z-score (standard deviations from long-term average)



The sources of consumer pressure are broad-based:

- Real incomes are being squeezed by persistent inflation and elevated interest rates
- Lower-income groups are being hit hardest as their savings erode and credit dependence rises
- Softening labor market momentum and potential job displacement from AI are fueling income uncertainty for households, which compound pressures to cut back on discretionary spend

Business implications:

- Weakening sentiment is already becoming visible in sales volumes—across dining, food, apparel and electronics, consumers are trading down, deferring purchases and shrinking basket sizes
- The risk is self-reinforcing: households cutting spend weighs on revenues, slows hiring, and deepens the squeeze
- Businesses must plan for a consumer who has durably reset spending intentions downward

Sources: University of Michigan, Conference Board, Accenture analysis

A realization of key macro risks could turn affordability into a prolonged challenge that will be difficult to for consumers to dig out of

Affordability as a potential structural challenge

01 Inflation stays higher for longer

Structural cost resets keep inflation above central-bank targets through 2027 and beyond:

- Energy shocks and tariff pass-through stay embedded in input costs
- Trade tensions and climate disruptions continue to recur, preventing a sustained easing
- Supply-side pressure is policy-driven, not just cyclical demand

02 Interest rates stay higher for longer

Central banks abandon their easing bias, keeping policy rates restrictive well beyond 2026:

- US fiscal deficits sustain upward pressure on long-end rates
- Global services inflation limits the scope for coordinated cuts
- Higher-for-longer rates weigh on mortgage costs and household credit

03 Real wage growth stays weak

Nominal wages fail to catch up with essential-cost resets, leaving purchasing power durably below pre-pandemic trend:

- Housing, energy, and food cost resets are not reversed
- Gains concentrated at the top; middle- and lower-income groups remain most exposed

04 AI does not deliver a productivity dividend

AI boosts corporate margins but gains are not shared broadly enough to close the affordability gap:

- AI displaces middle-income roles, softening wage growth just as it is needed most
- Squeezed households cannot invest in skills, deepening the productivity gap

Source(s): Accenture analysis

Affordability pressure is reshaping behavior across the value chain, with stakeholders facing distinct but interconnected challenges

Adaptation to a higher-cost economy

Consumers

Demand & behavior

- Stretched budgets are driving consumers to **trade down** across categories
- Shoppers are buying **less per occasion and reducing basket size**, putting pressure on volumes across the board
- Consumers are spending **more judiciously, demanding clearer value**; premium products must work harder to justify their price

Brand loyalty is fragile – winning the value equation will determine who retains share

Retailers & consumer goods companies

Commercial & competitive

- Some retailers are gaining structural advantage as consumers trade down to own-brand, accelerating **private label growth** across categories
- With limited pricing power, brands need to **drive perceived value** through reformulation, renovation, and pack innovation
- Top-line growth is increasingly **difficult to achieve through price** alone, meaning units must carry more of the growth burden

Portfolio and pack strategy need urgent review

Policy & regulation

Regulatory & macro

- More governments are introducing **price controls, subsidies, or windfall levies** as affordability becomes a frontline political issue
- Consumer prices are increasingly a **political flashpoint**, making the regulatory environment harder for businesses to predict or plan around
- The cumulative effect of policy intervention is adding meaningful **complexity to pricing, margin management**, and longer-term **investment decisions**

Scenario planning for regulatory intervention is no longer optional; companies need strategies that anticipate risk

Source(s): University of Michigan, Accenture analysis

Continued growth divergence and gradually easing inflation are the base case for the US and Europe; Canada remains fragile while Brazil gradually stabilizes

Latest near-term economic outlooks: Americas and Europe

		Key recent datapoints	Base case outlook	What to watch for
Americas	US	• GDP in Q2 slowed to 1.5% QoQ (from 2.1% in Q1) • CPI inflation slowed to 3.5% YoY in June from the 3-year high of 4.2% in May, but likely increased again in July amidst renewed energy price spike • Real consumer spending remained resilient in June, rising 0.4% MoM for 2nd straight month	• Growth is expected to remain moderate around 1.5–2% as AI-led business investment continues to offset slower consumer-sensitive sectors • Inflation is likely to ease only gradually, supporting a higher-for-longer Fed stance and limiting the pace/scale of additional easing	• Pace and breadth of AI-driven capex and productivity gains • Inflation persistence from geopolitical tensions and supply chain disruptions • Labor market cooling versus continued resilience
	Canada	• Inflation slowed to 2.8% YoY in June from 3.2% in May due to a 10.2% monthly drop in gas prices • Bank of Canada held the policy rate at 2.25% in June, unchanged for the sixth straight meeting	• Growth has stabilized but will likely remain below 1% in 2026, before rebounding in 2027 as lower interest rates support domestic demand • Trade uncertainty remains a headwind for exports and business investment	• USMCA/trade developments • Household credit quality, budgets, and spending as oil prices ease gradually • Increasing government investment in energy and minerals
	Brazil	• Consumer inflation increased 0.1% MoM in July, reaching 4.5% YoY, as elevated food and housing costs remain a threat • The Central Bank cut the benchmark Selic rate by 25bp in June for the 3rd straight month	• Growth remains slower in 2026 compared to the past few years due to tight monetary policy and weaker global demand • Domestic demand remains relatively resilient, supported by labor market strength	• Inflation trajectory and timing of further monetary easing • China's demand for commodity exports • Fiscal reform implementation and investor confidence
Europe	UK	• Headline CPI slowed to 2.6% YoY in June as transportation and fuel prices declined • BoE held Bank Rate at 3.75% in July; composite PMI rebounded slightly to 52 in July	• Growth outlook remains challenging as weak investment and tax increases weigh • Inflation is moving closer to target, though energy and wage risks remain	• Energy price flare-ups and impact on consumer confidence • Speed of monetary easing transmission into housing and credit markets
	Germany	• Headline CPI eased to 2.3% YoY in June as prices for motor fuel and heating oil have declined • Services activity remain in contraction in Jul for 4th straight month; manufacturing edged up	• Fiscal stimulus supports the outlook, but near-term impact remains limited • Weak consumer sentiment and low private investment continue to weigh on growth	• Execution of fiscal stimulus and infrastructure investment • US tariffs and Chinese competition in industrial exports
	France	• Headline CPI slowed to 2.0% YoY in June, from 2.8% in May • Composite PMI contracted for the seventh consecutive month in July	• Growth is expected to stay subdued as fiscal tightening weighs on activity • Global uncertainty and weak investment remain key headwinds	• Fiscal consolidation and its impact on confidence • Tariff risks, export weakness, and investment slowdown

Source(s): Accenture analysis

Asia-Pacific growth remains uneven, with India continuing to outperform, Japan and Australia gaining momentum, China gradually stabilizing, and Indonesia remaining resilient

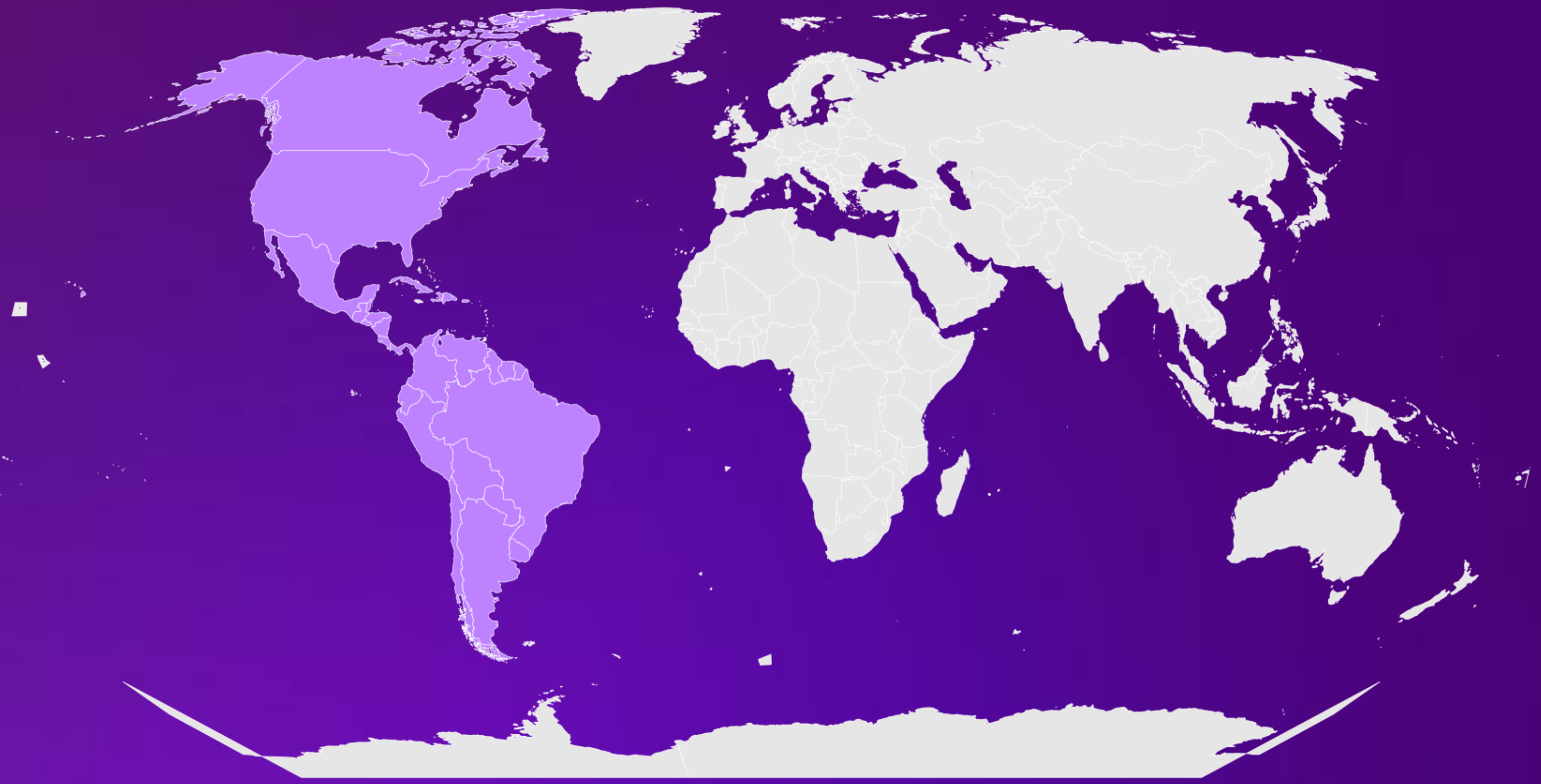
Latest near-term economic outlooks: Asia-Pacific

		Key recent datapoints	Base case outlook	What to watch for
Asia Pacific	China	• CPI inflation eased to 1.0% YoY in June, while the urban unemployment rate declined to 5.0% • Industrial production grew 5.3% YoY in June, supported by manufacturing and high-tech output	• Growth remains supported by manufacturing, exports, and targeted policy support, while domestic demand continues to recover unevenly • Low consumer inflation provides room for further targeted support if momentum weakens	• Export resilience amid US tariff pressures and elevated trade uncertainty • Further policy support to strengthen household demand and property-sector confidence
	Japan	• CPI inflation moderated to 1.7% YoY in June, with core inflation excluding fresh food easing to 1.6% • Composite PMI rose to 53.1 in July, the highest level in five months, led by stronger manufacturing output	• Modest recovery supported by wage growth, improving manufacturing activity, and resilient domestic demand • External demand uncertainty and elevated input costs remain key headwinds	• Pace of BoJ policy normalization as inflation moderates • Wage gains, yen movements and external demand conditions • Consumer spending and domestic demand
	India	• CPI inflation increased to 4.4% YoY in June, driven partly by food inflation of 5.3% • Composite PMI in July fell to 54.3 from 57.1, as services growth slowed despite stronger manufacturing output	• India remains a regional outperformer: inflation has firmed but growth fundamentals are strong • Strong domestic demand, infrastructure investment, and manufacturing continue to support growth, while food prices and global energy costs remain upside inflation risks	• Food inflation, monsoon conditions and fuel-price pass-through • RBI policy direction and progress on external trade agreements
	Australia	• CPI inflation eased to 3.8% YoY in June, while trimmed-mean inflation remained elevated at 3.6% • Composite PMI in July rose to 52.6 from 50.4, led by stronger services activity and renewed demand growth	• Growth is likely to remain subdued amid high rates and soft household demand • Services, employment, and population growth continue to support activity despite weak household spending, while underlying inflation remains above the RBA's target range	• RBA policy and persistence of housing and services inflation • Household spending and housing market conditions • China-linked commodity demand and external trade conditions
	Indonesia	• GDP grew 5.6% YoY in Q1, supported by domestic activity • CPI inflation rose to 3.3% YoY in June, while Bank Indonesia held its policy rate at 5.75%	• Growth remains supported by domestic demand • Currency pressures and higher food and energy costs remain key headwinds	• Rupiah stability and the impact of tighter global financial conditions • Food and fuel inflation, export demand and fiscal support

Source(s): Accenture analysis

Spotlight developments

Americas

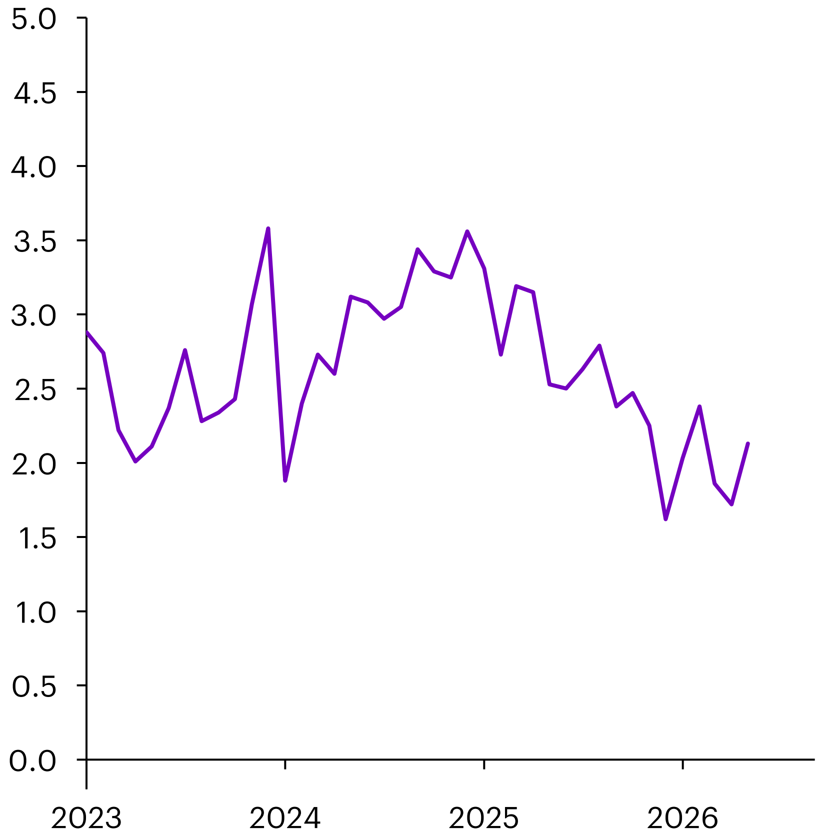


Consumer spending in US remains broadly resilient, but k-shaped dynamics persist as energy price shock has exacerbated affordability pressures for lower-income consumers

A resilient but bifurcated US consumer base

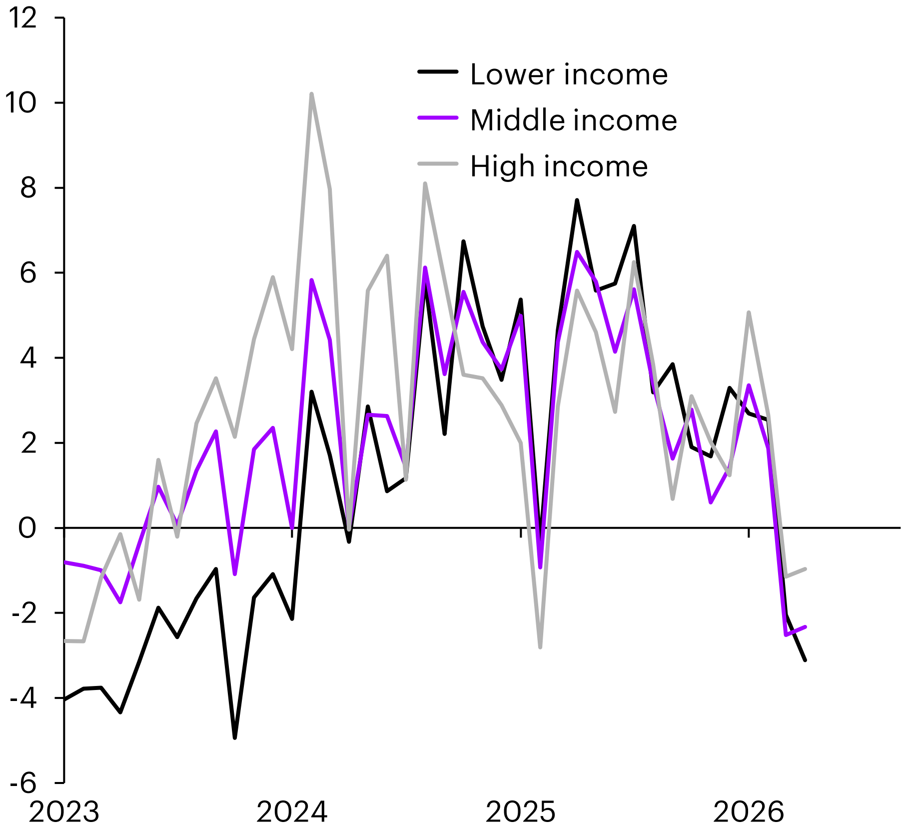
US real consumer spending

Year-over-year % change



Real retail spending (ex. autos) by income group

Year-over-year % change



Implications for corporates:

- Aggregate resilience masks a widening gap—a single go-to-market approach will miss both the pressured bottom and the more durable top
- Lower-income demand is most exposed
  - This cohort has been weakest throughout and is most sensitive to the energy shock
  - Expect trade-down, smaller baskets, and promotion-dependence at the value end
- Premium and high-income segments are more defensible
  - Higher earners have held up better and premium tiers and aspirational positioning carry more pricing power
  - Consider tilting mix and investment toward the resilient top.

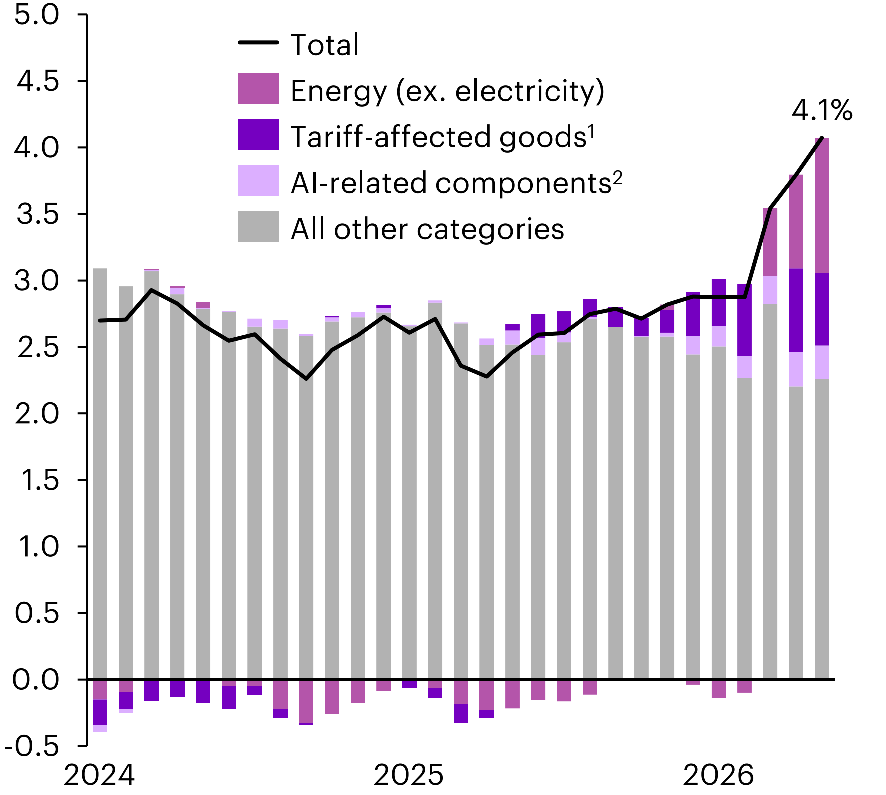
Sources: Bureau of Economic Analysis (BEA), Federal Reserve Bank of New York, Accenture analysis

Convergence of tariffs, energy shock, and AI-related price pressures has pushed inflation back up to a 3-year high; even if it recedes, accumulated price level impact is significant

Inflationary pressures

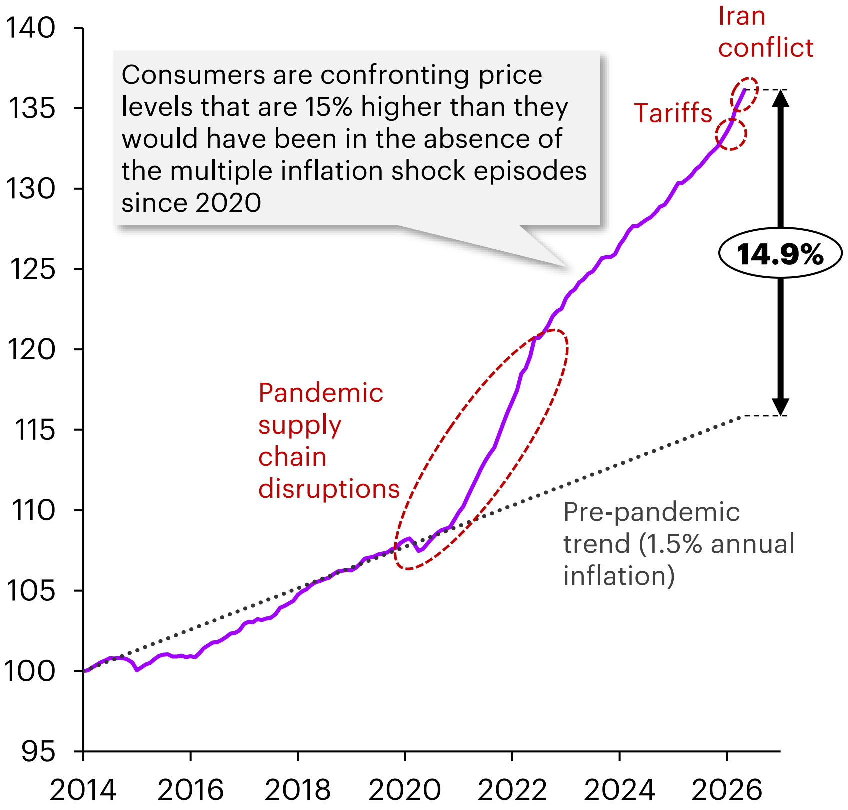
Personal consumption expenditures (PCE) inflation

Year-over-year % change and component contributions



US consumer price levels

PCE index (Jan 2014 = 100)



Implications for corporates:

- Input costs are facing simultaneous pressure from tariffs, energy supply shocks, and and AI demand, making it less likely that inflation could materially recede even if one of these forces dissipates
- Even if inflation decelerates, the price level shift is permanent; customers are now anchored to prices ~15% above prior trend, and companies should plan demand around this real income shock to their consumer base.
- Pricing headroom is shrinking. With consumers already stretched, further pass-through gets harder. Companies should push efficiency and productivity rather than relying on price to protect margin.

Note: (1) Tariff-impacted goods categories include motor vehicles and parts, furniture and household equipment and supplies, recreational equipment and vehicles, therapeutic equipment and appliances, luggage, clothing and footwear, and personal care products; (2) AI-related components include electricity and items with high memory chip content, such as computers, software and accessories, and recording media.

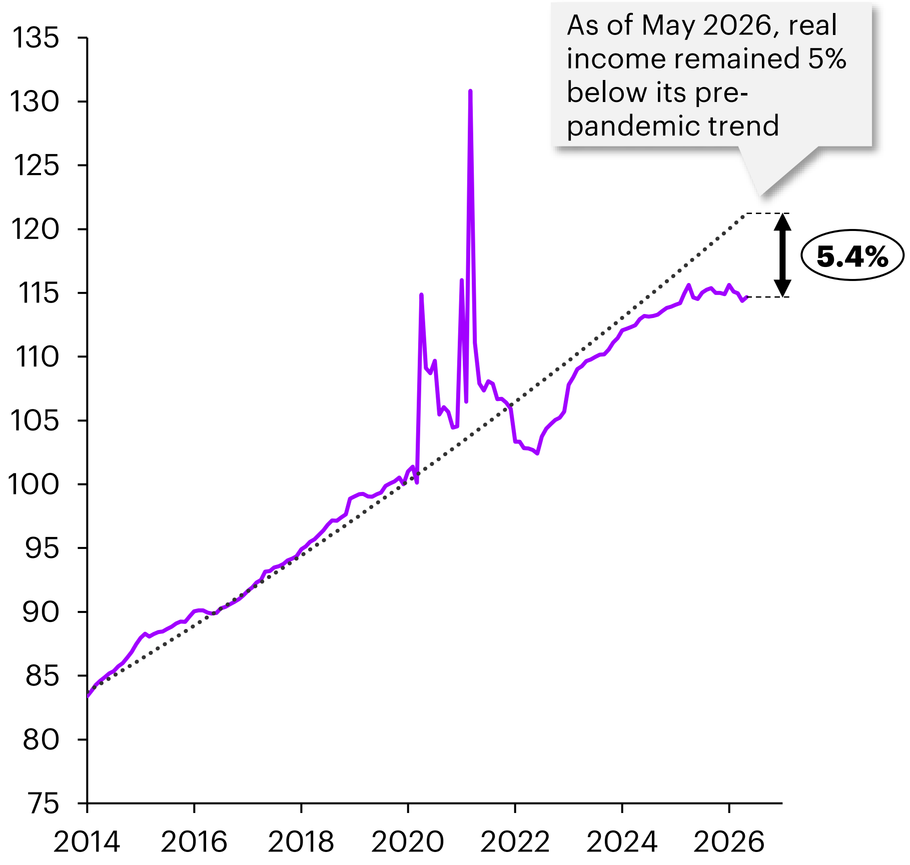
Source(s): Bureau of Economic Analysis, Bureau of Labor Statistics, Haver Analytics, Accenture analysis

The combined result is a lingering purchasing power gap, depleted pandemic savings, and increase reliance on credit, which all point to moderation in consumer spending in H2

Eroded household incomes and savings buffers

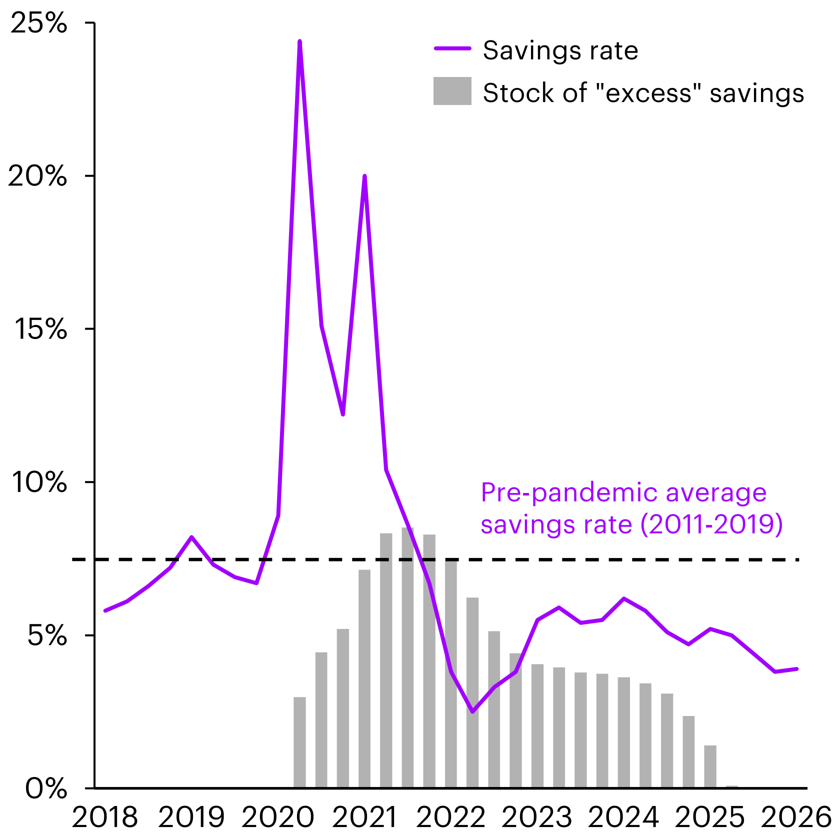
US real disposable household income

Index (Dec 2019=100)



Household savings rate and accumulated "excess"

Percent of disposable income

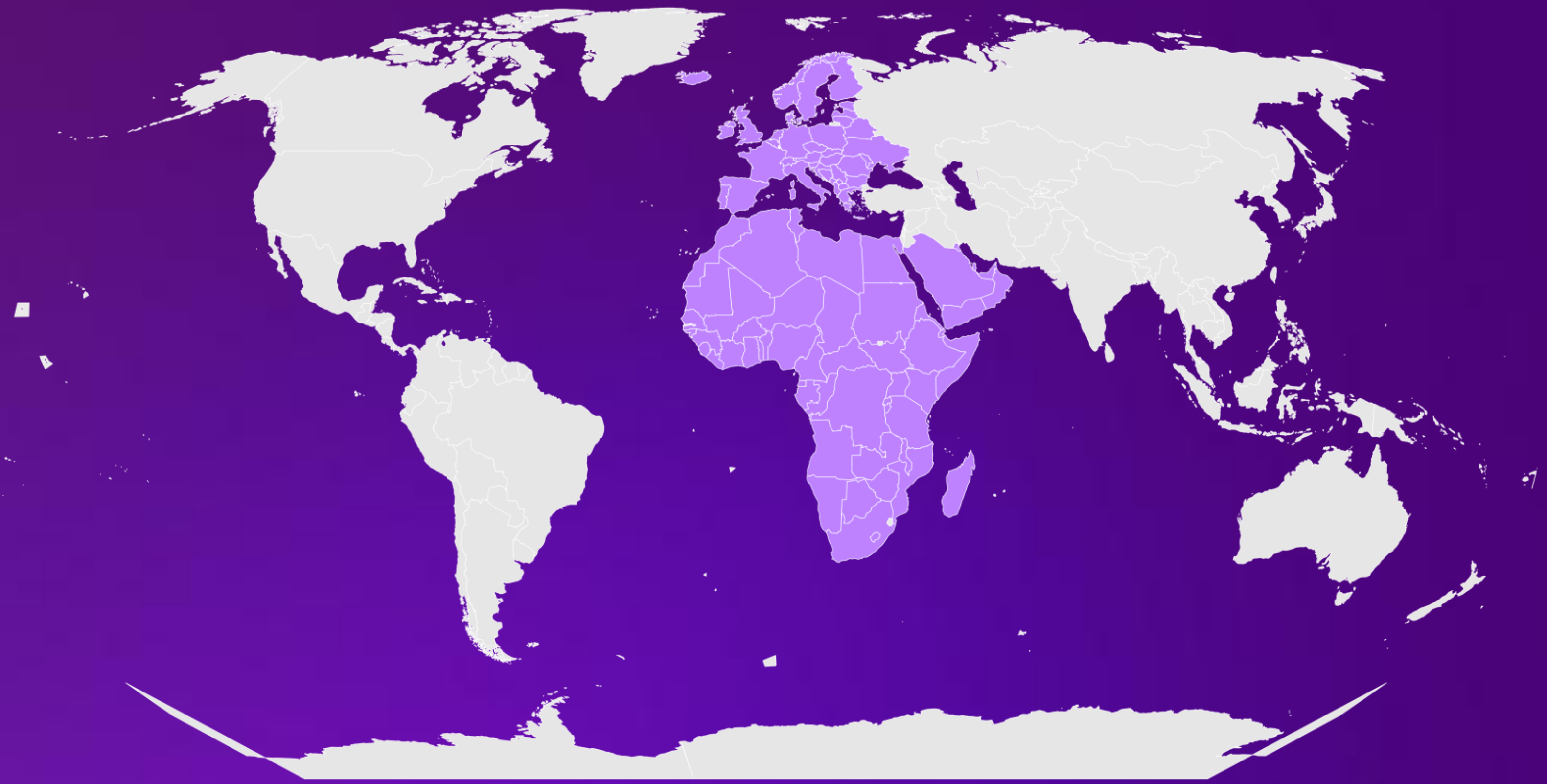


Implications for corporates:

- Expect softer volume growth. With purchasing power still 5% below trend and savings buffers depleted, consumers have less firepower. Plan for slowing demand, especially in discretionary categories.
- Pricing power is fading. Households can no longer lean on excess savings to absorb price increases. Further price hikes risk volume loss or trade-down, and competition could shift toward value.
- Trade-down and value-seeking will accelerate. Anticipate share shifts toward private label, discounters, and promotions. Protect entry-price tiers and sharpen value messaging.

Source(s): Bureau of Economic Analysis, Bureau of Labor Statistics, Haver Analytics, Accenture analysis

Europe, Middle East and Africa

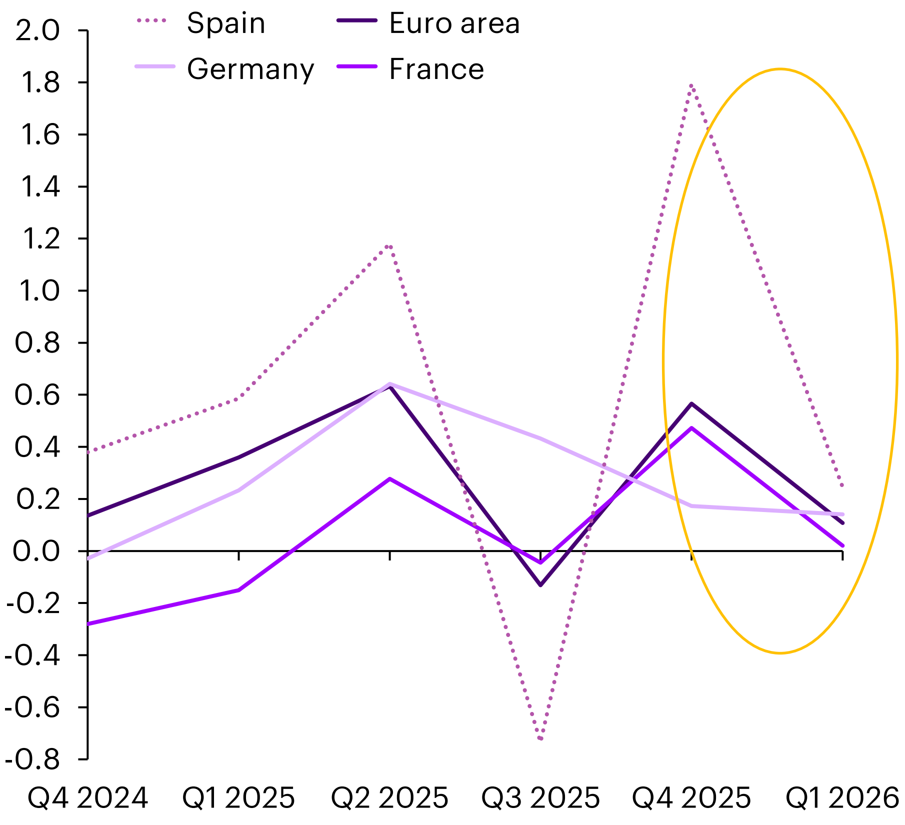


The energy price shock has reversed the nascent recovery in Euro area household incomes and will likely prolong the muted consumer spending trend of past 2 years

Income and consumption pressure in the Euro area

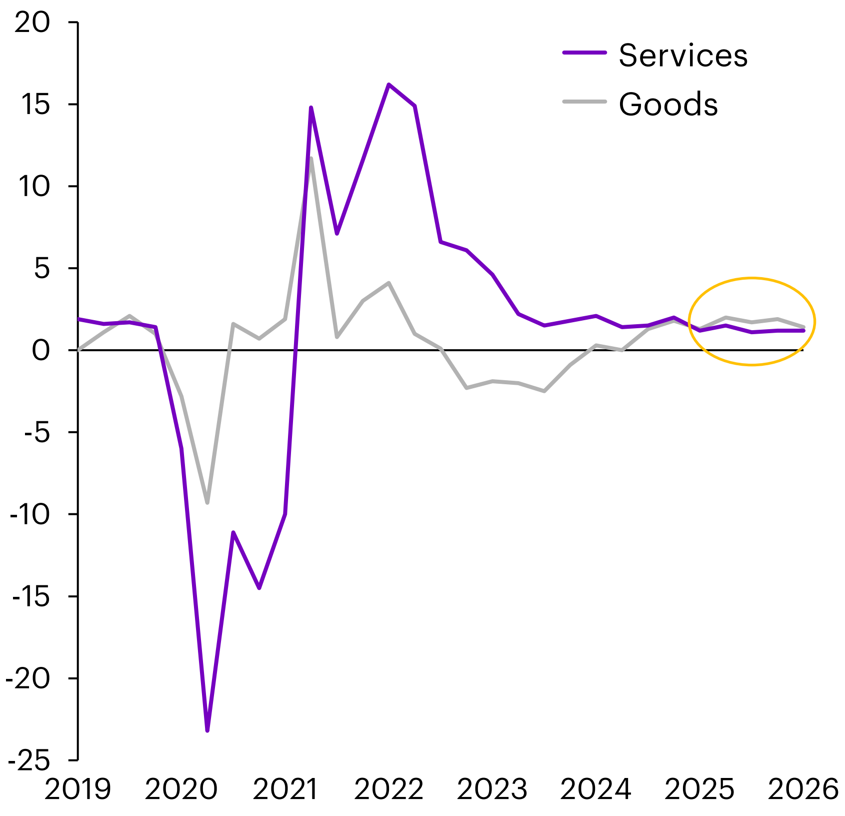
Real household disposable income across the Euro area

Quarter-on-quarter % change, seasonally adjusted



Euro area real household spending

Year-over-year % change



Implications for corporates:

- Household real disposable income growth slowed drastically across the Euro area in Q1 amidst outbreak of the Iran conflict, with further deceleration likely in Q2 as the conflict and energy price shock persisted
- The weak income growth backdrop has kept Euro area consumer spending growth relatively muted ever since the start of Ukraine war in 2022:
  - Households may still be prioritising savings, essentials or services over discretionary goods
  - Goods-led sectors should plan for continued demand softness rather than assuming income recovery flows directly into volumes

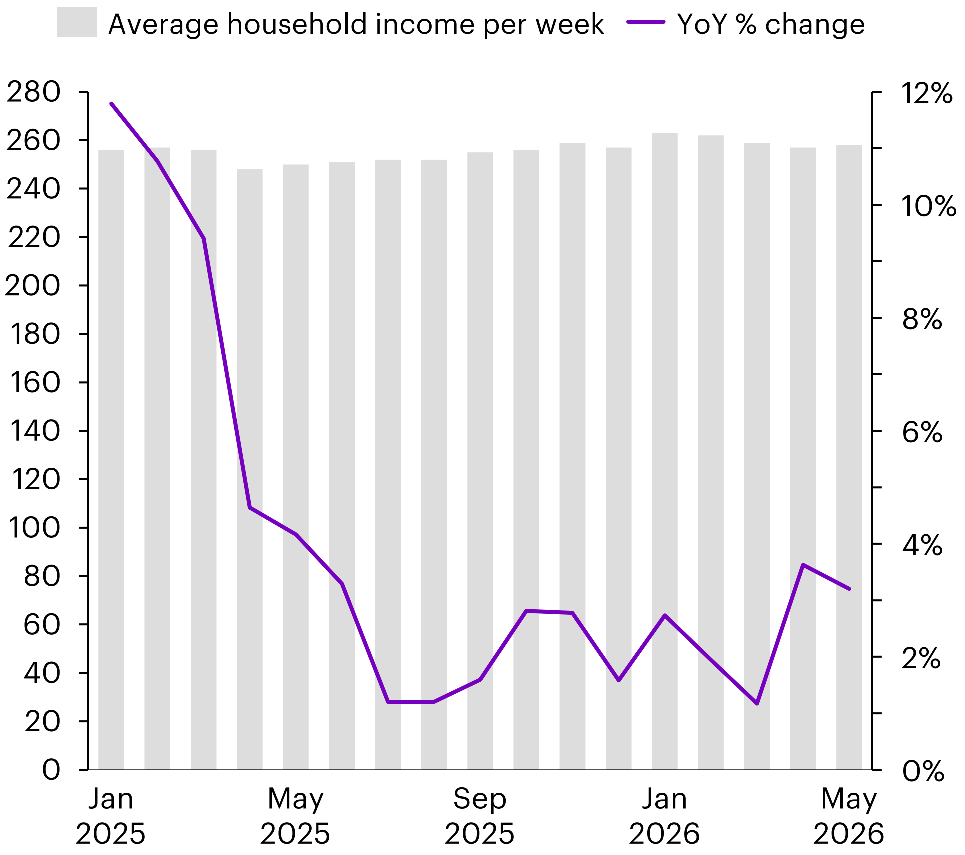
Sources: Federal statistics office, Eurostat, Economist intelligence unit, Accenture analysis

UK consumer confidence has improved, but weaker income growth and still-negative purchase intent point to a cautious household recovery

Lower UK income growth, cautious households

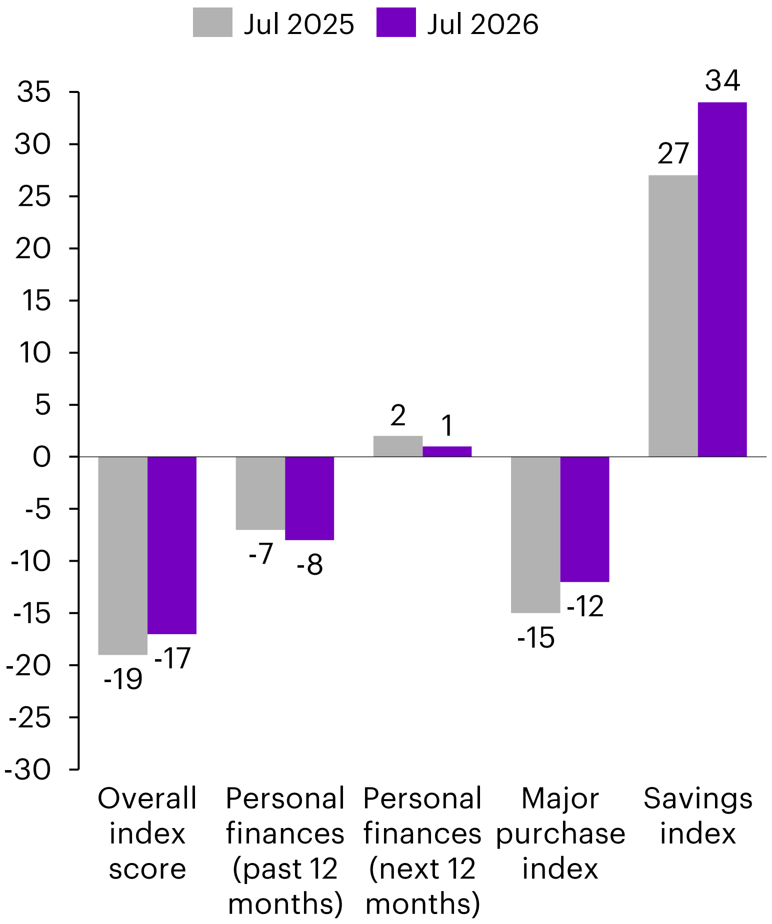
UK household disposable income trends

Disposable income per week, year-over-year % change



Consumer confidence

UK index score July 2025 – July 2026



Implications for corporates

- UK household income growth has moved onto a lower-growth path after the early-2025 spike, suggesting the pressure is now more about weaker momentum than a fresh income shock
- The confidence recovery is not yet broad-based across household finances:
  - The overall confidence index has improved, but personal finance indicators remain weak and major purchase intent is still negative
- Higher savings intentions point to continued household caution:
  - Consumers appear more focused on rebuilding buffers than increasing discretionary spend, suggesting a slower recovery for big-ticket and price-sensitive categories

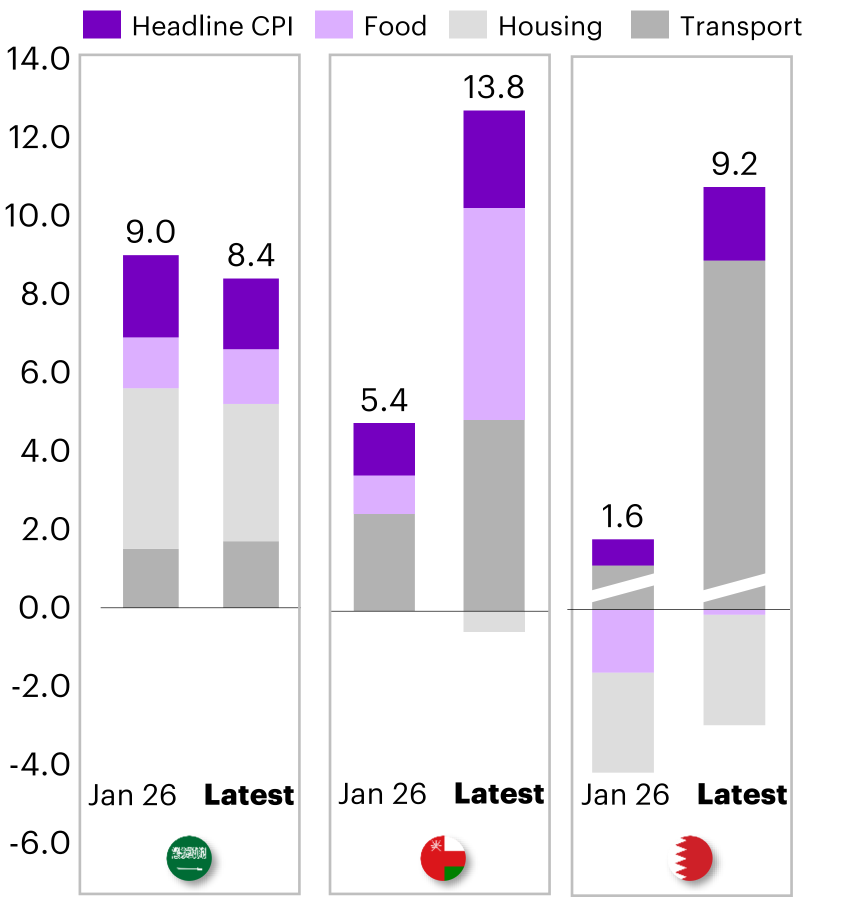
Sources: ONS, GfK Consumer Confidence Barometer (NIM), Accenture analysis

Saudi consumer spending has remained resilient during Middle East conflict period but weakened in other GCC countries harder hit by Strait of Hormuz export disruptions

Inflation and consumer spending trends in GCC

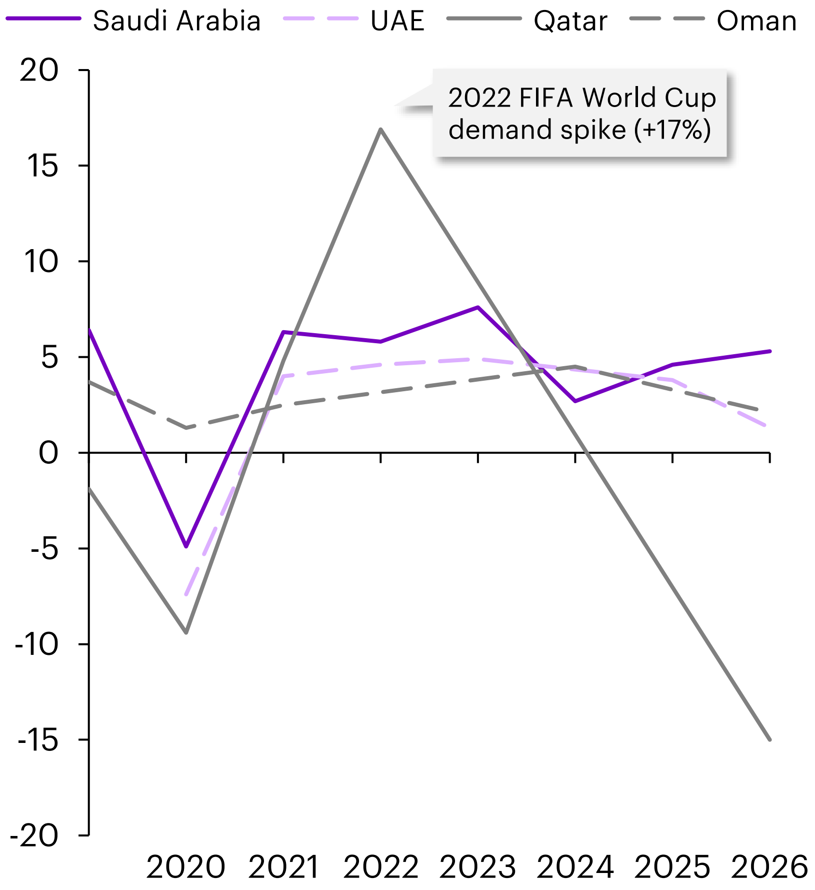
CPI inflation and its key drivers

Year-over-year % change and component contributions



GCC household private consumption

Year-over-year % change (inflation-adjusted)

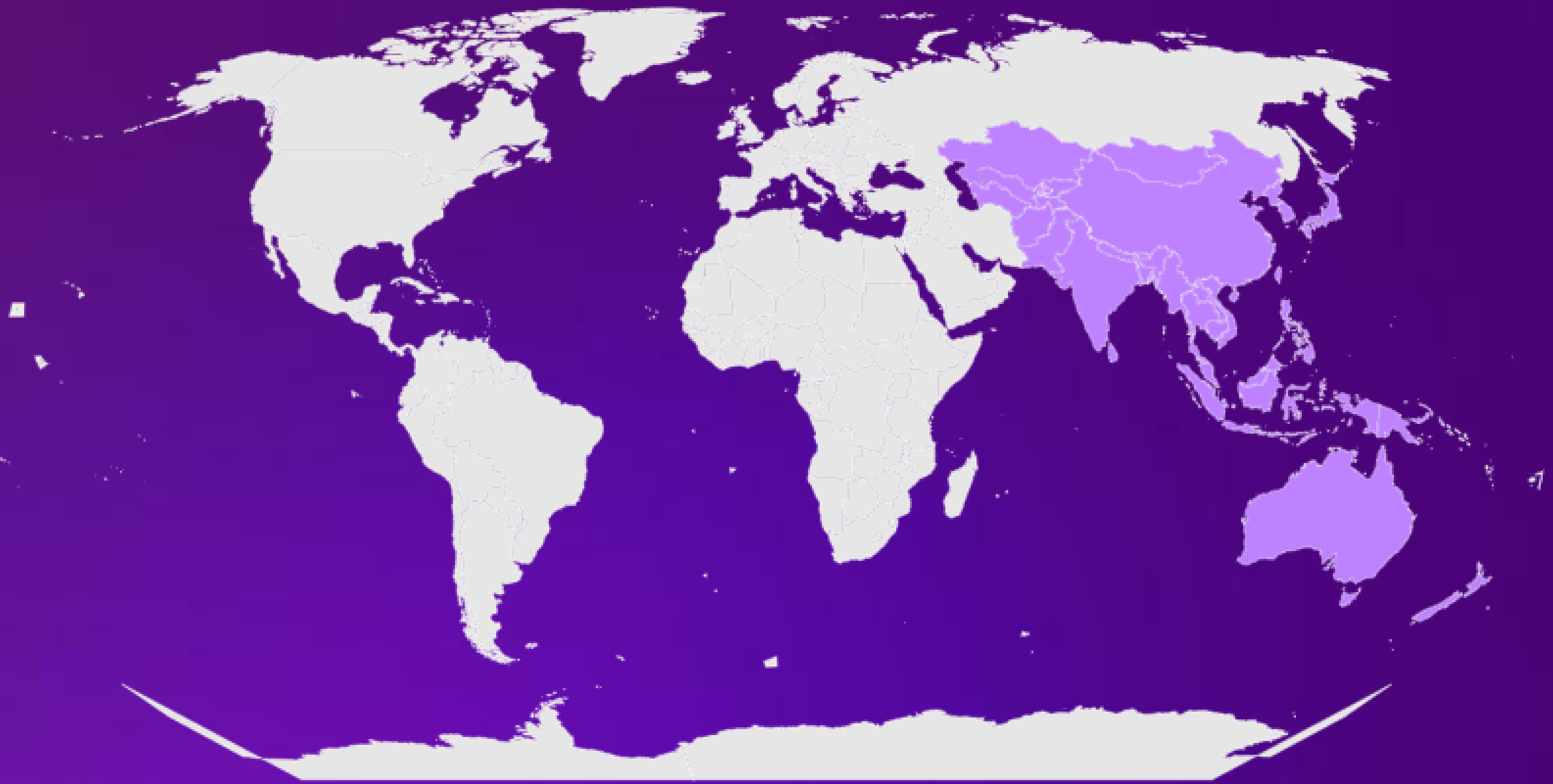


Implications for corporates

- Saudi demand remains relatively resilient through the conflict period:
  - Household private consumption growth has stayed positive, suggesting no visible pullback in headline consumer demand
- GCC consumer outcomes are becoming more differentiated by market exposure:
  - Saudi and Oman remain positive, while Qatar shows a sharper contraction after its 2022 FIFA World Cup-linked demand spike unwound
- GCC consumer outcomes should be planned market-by-market:
  - Markets with stronger inflation or disruption exposure may require more cautious demand assumptions, while Saudi remains a more stable consumer market

Sources: GASTAT, Al Rajhi Capital, SAMA, EIU, World Bank Group, Accenture analysis

Asia Pacific

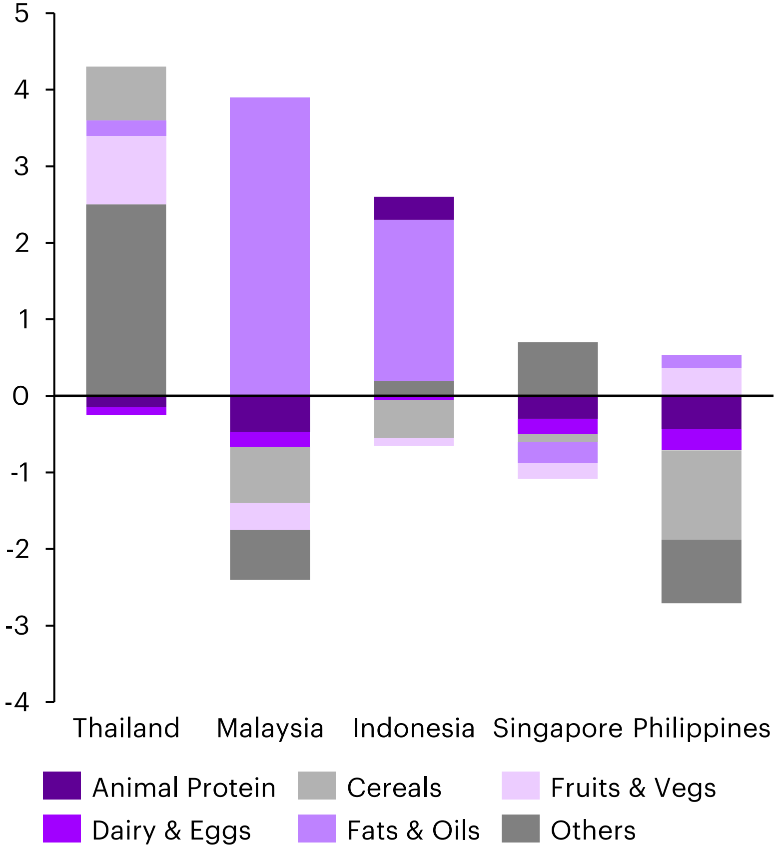


ASEAN countries, most of which are net food importers, are facing a combined inflation shock from energy and fertilizer supply disruptions and adverse climate conditions

Renewed inflation pressures in APAC from conflict

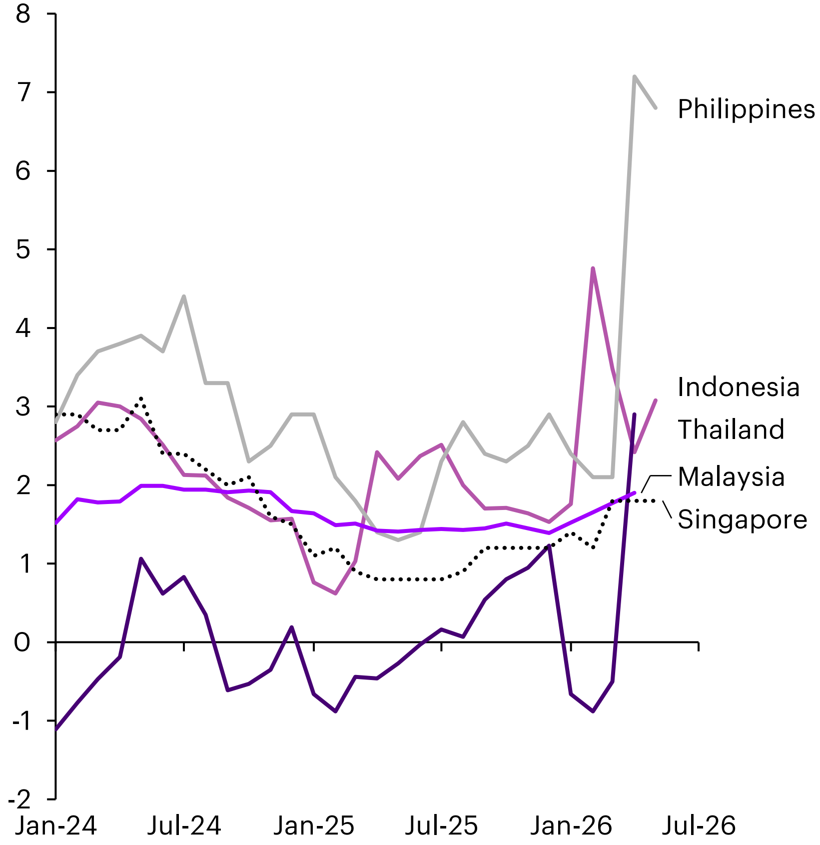
ASEAN food trade balance

Percent of GDP



Headline CPI inflation

Year-over-year % change



Implications for corporates

- Iran conflict is not a single commodity shock to manage in isolation:
  - Oil, fertilizer and weather risk are hitting simultaneously in a region where food inflation can transmit across borders
  - Companies should treat these as structural margin and supply chain challenges, rather than short-term procurement shocks
- ASEAN food and beverage companies may be most directly impacted:
  - Input costs look set to stay high for longer
  - Companies sourcing cereals, dairy, meat or cooking oils across ASEAN face a sustained margin squeeze
  - Those without hedging or long-term supply contracts are most at risk
- Regional financial services providers with exposure to small food producers, farmers or food SMEs should reassess their credit risk, particularly in agriculture-heavy provinces of Indonesia, Thailand and the Philippines

Source(s): ITC Trade Map, Sources: Statistics Indonesia, Philippine Statistics Authority, Thailand Bureau of Trade & Economic Indices, DOSM Malaysia, Singapore DOS via Trading Economics. Shock impacts from Goldman Sachs Global Investment Research Haver analytics, Accenture analysis

The Iran conflict threatens to slow or reverse recent real wage momentum in ASEAN, impacting consumer health and perpetuating pressures on the ASEAN middle class

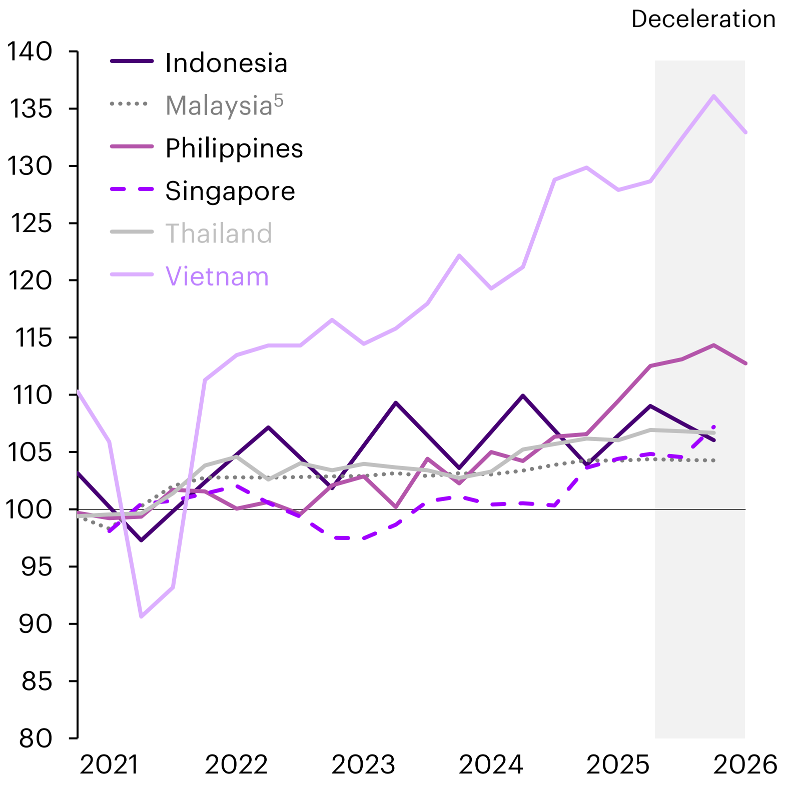
Structural squeeze on ASEAN middle class

Domestic consumer indicators

Country	Retail sales YoY growth	Consumer sentiment (latest available reading)[1]
Indonesia	−3.9% May 2026 vs. May 2025	51.2 ↓
Malaysia	+6.1% Jan 2026 vs. Jan 2025	57.0 ↑
Philippines	n/a	-42.0[2] ↓
Singapore	+5.4% Apr 2026 vs. Apr 2025	54.1 ↑
Thailand	−20.0% Apr 2026 vs. Apr 2025 [4]	48.1 ↓
Vietnam	+14.8% Jun 2026 vs. Jun 2025	63 ↓ (vs. 67 in 2025)

Fading real wage growth momentum

Real wages (indexed, 2021=100)[4]



Implications for corporates

- Iran conflict is likely to drive continued divergence in consumer health by country and by income class:
  - Middle and lower classes are disproportionately impacted by food price inflation
  - Middle class and regular salary earners may see continued wage growth deceleration and potential job insecurity
  - Countries and regions that serve AI supply chains may fare better but are still exposed to inflationary pressures
- Coupled with slowing or falling population growth rates, this may result in middle-income trap-related challenges:
  - Less fiscal space for household support and social safety nets
  - Stalled formalization of employment
  - Stagnating productivity growth

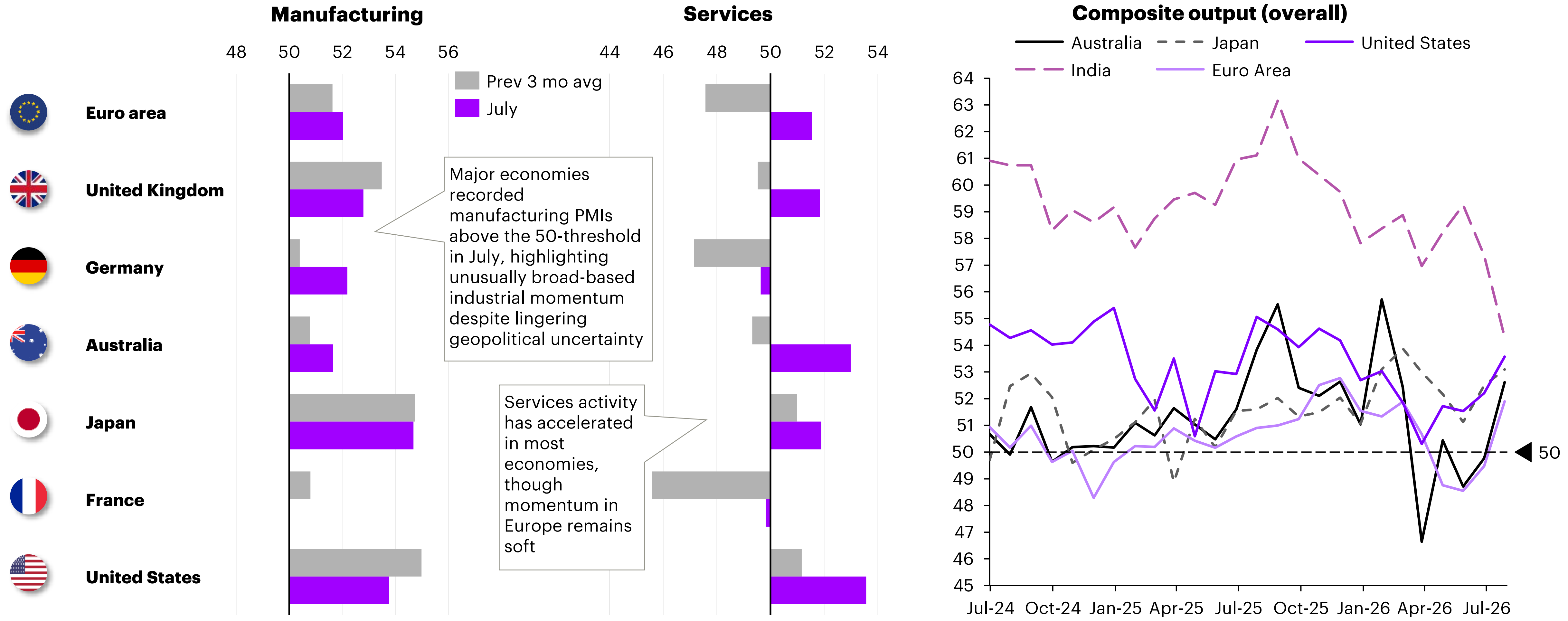
Note(s): (1) IPSOS sentiment index except Vietnam and the Philippines; (2) Philippines does not use diffusion index (e.g. <0 = negative sentiment); (3): Directional arrows based on change since prior period; (4): Philippines and Vietnam figures from June (Q2) 2026, rest March (Q1);
(5) Malaysia Average wages data unavailable, service sector wages considered as proxy (service sector is 60% of GDP)
Source(s): Haver analytics, IPSOS, national statistical agencies, Accenture analysis

Economic indicator chart pack

Regional and industry activity

Business activity rebounded somewhat in early July amidst signals Iran conflict could be winding down, but late July re-escalation creates renewed uncertainty and headwinds

July Flash PMI survey



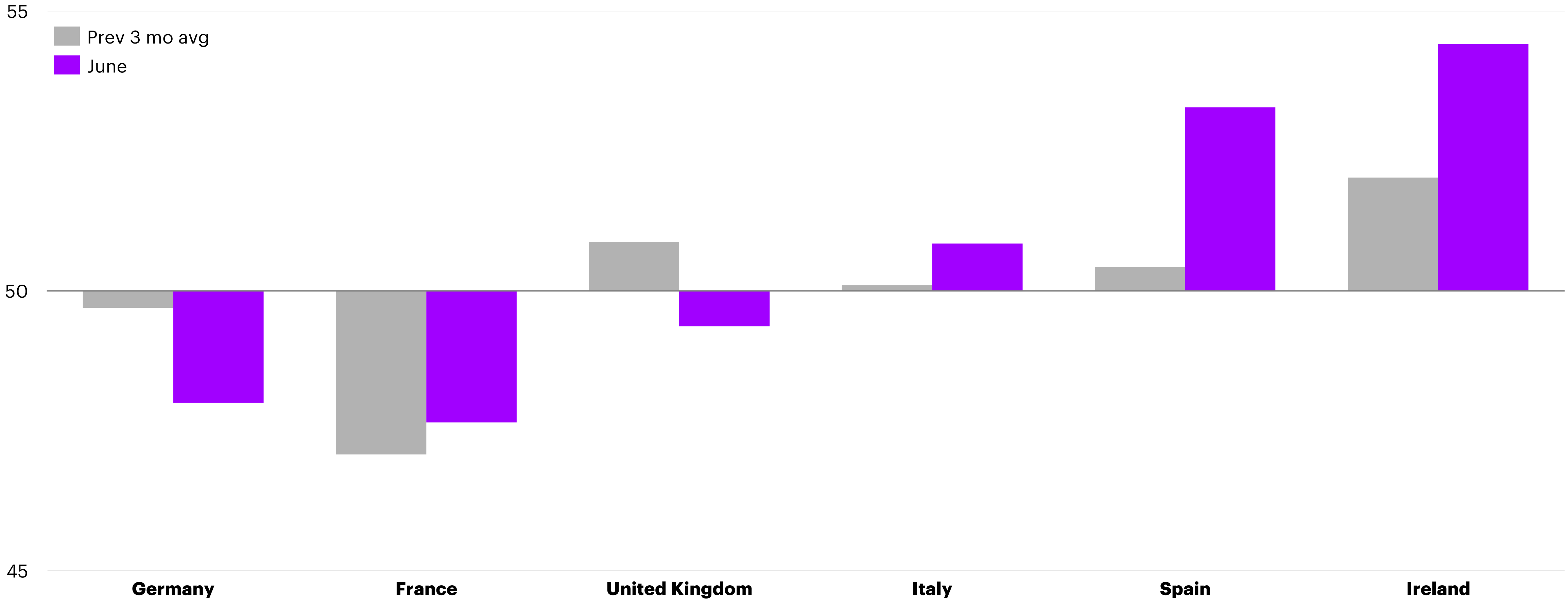
Notes: A survey score above 50 indicates expansionary business activity and a score below indicates business activity contracted that month, most recent results may include preliminary flash figures
Sources: S&P Global, Accenture analysis

Europe’s business activity remained uneven in June, with weakness in Germany, France and the UK offset by stronger growth in Spain and Ireland

Regional performance: Europe

Output/activity country performance

June’26 vs Previous 3 Month Average, Composite Output/Activity PMI (>50=expansion)



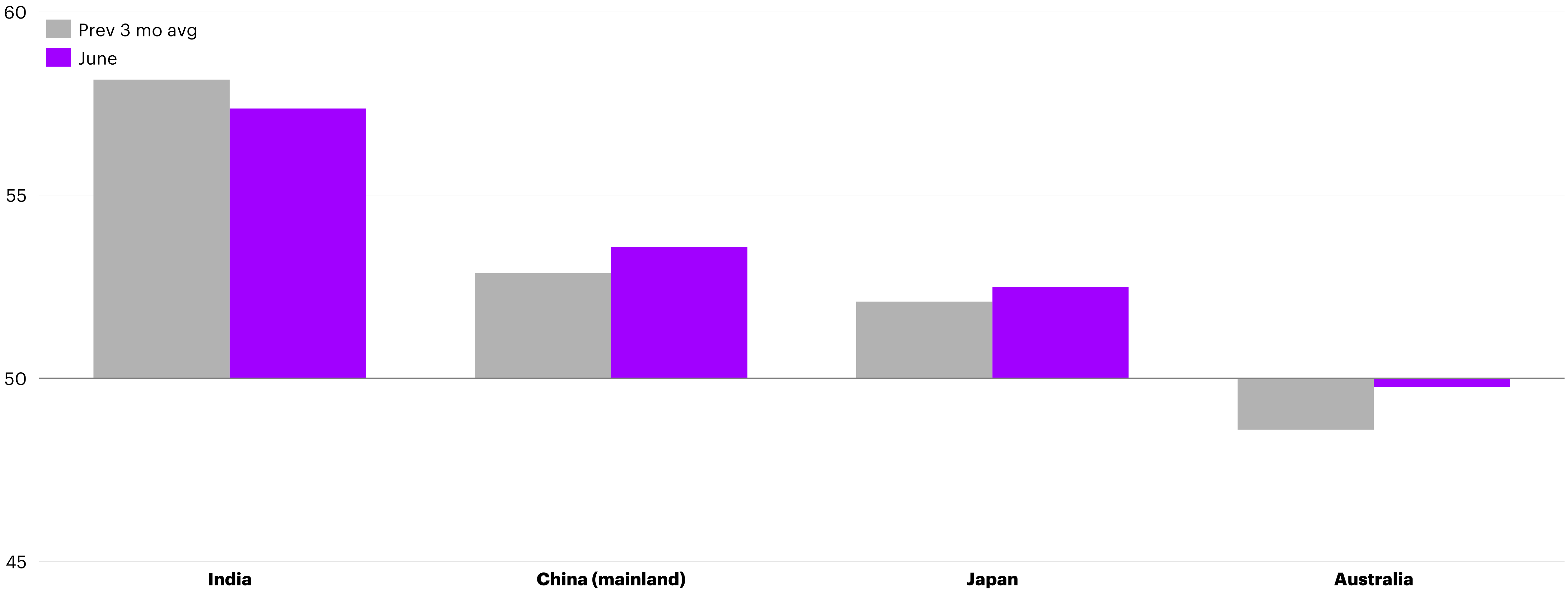
Sources: S&P Global, Accenture analysis

Business activity across major Asia-Pacific economies has weathered the macro shocks around the Middle East conflict surprisingly well thus far

Regional performance: Asia-Pacific

Output/activity country performance

June'26 vs Previous 3 Month Average, Composite Output/Activity PMI (>50=expansion)



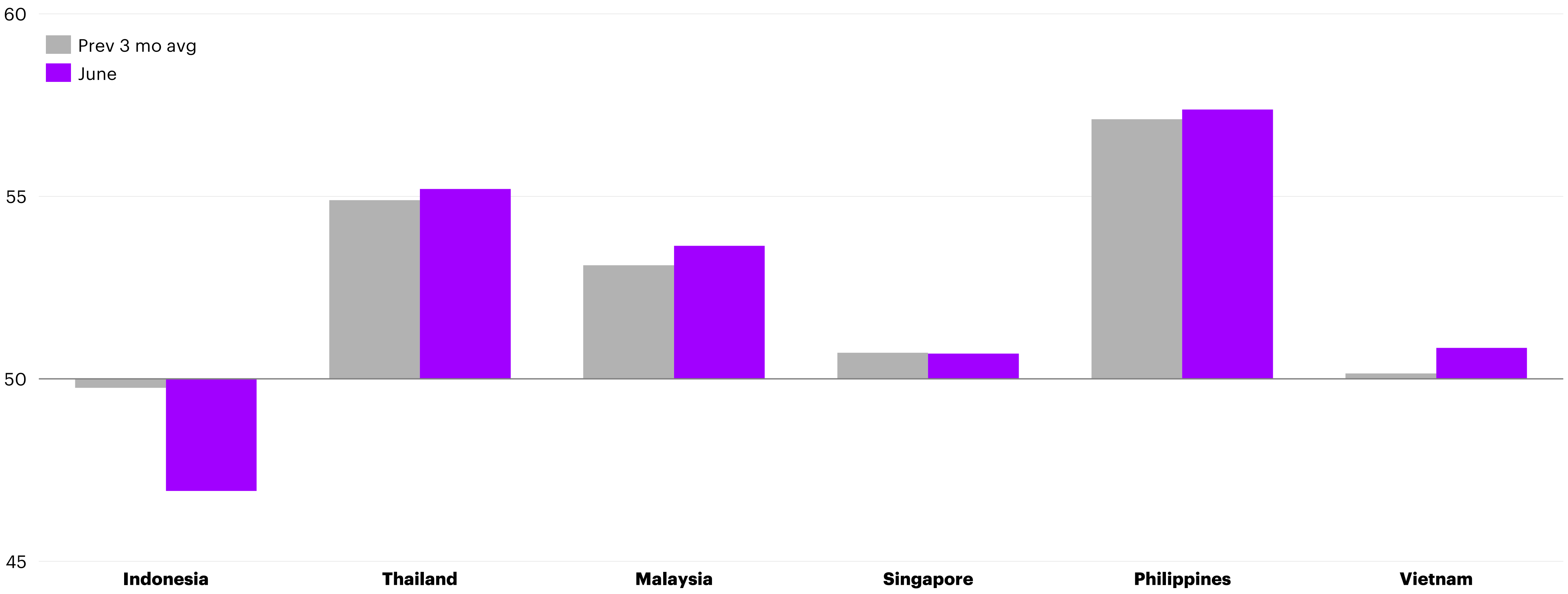
Sources: S&P Global, Accenture analysis

Indonesia has been hardest hit by the Iran conflict energy shock, while manufacturing elsewhere in ASEAN has remained relatively resilient

Regional performance: Southeast Asia

Manufacturing performance

June’26 vs Previous 3 Month Average, Manufacturing Output



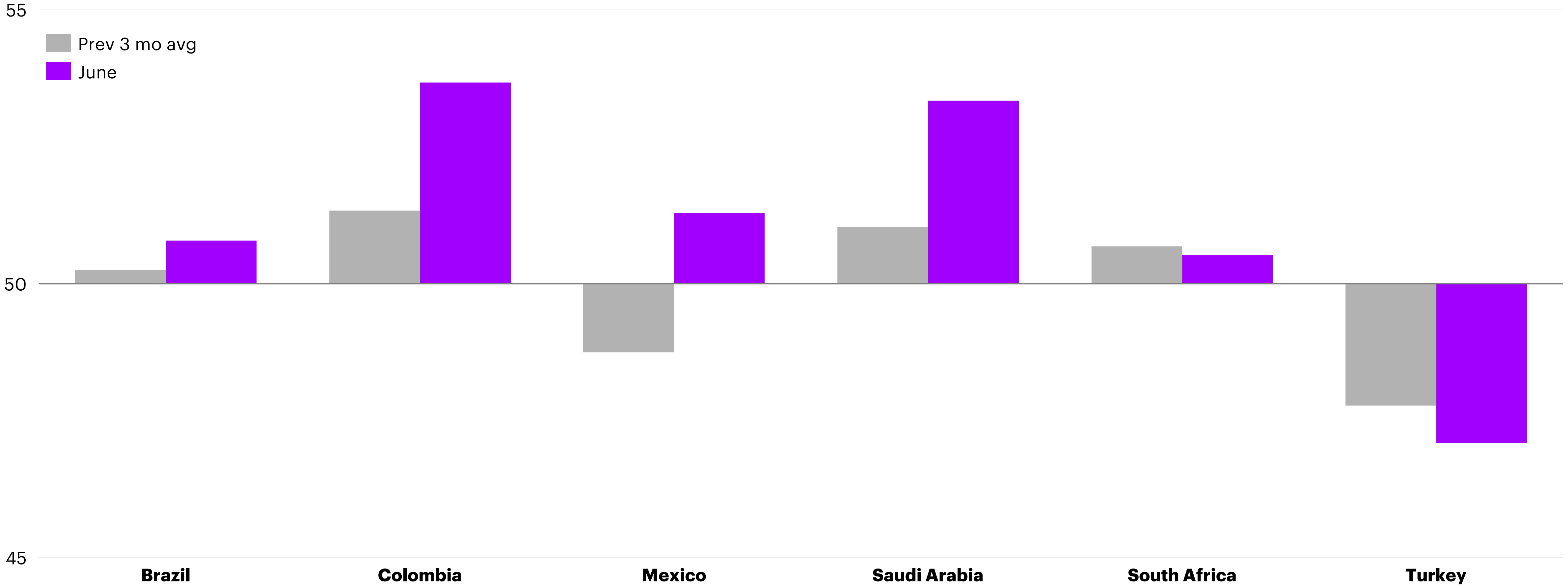
Notes: Performance for Singapore covers the whole economy
Sources: S&P Global, Accenture analysis

Saudi Arabia saw the biggest activity uplift from the temporary Iran conflict peace deal in June, though this is likely to be reversed in July; Turkey's economic struggles persist

Regional performance: Other emerging markets

Manufacturing performance

June'26 vs Previous 3 Month Average, Manufacturing Output



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

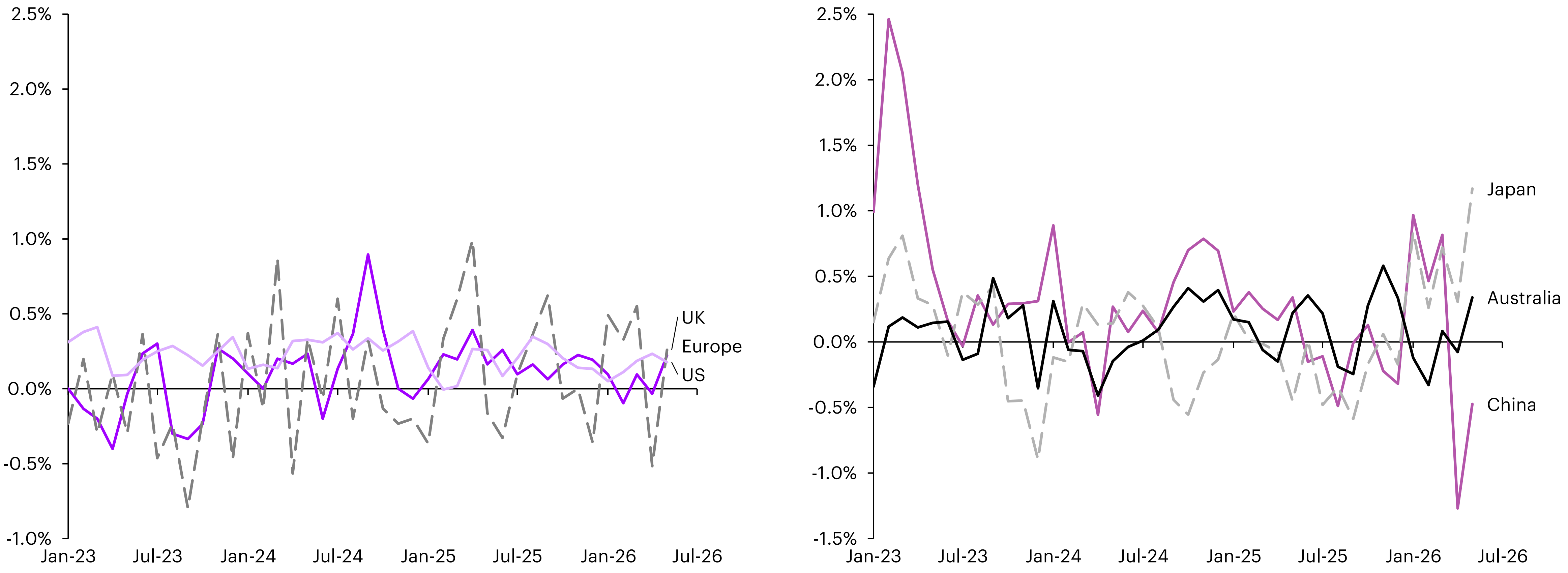
Consumer spending

Consumer spending in major economies remains subdued, led by recoveries in Australia, Japan, and the UK and stable growth in the US

Consumer spending trends

Real consumer spending across major economies

3-month moving average % change



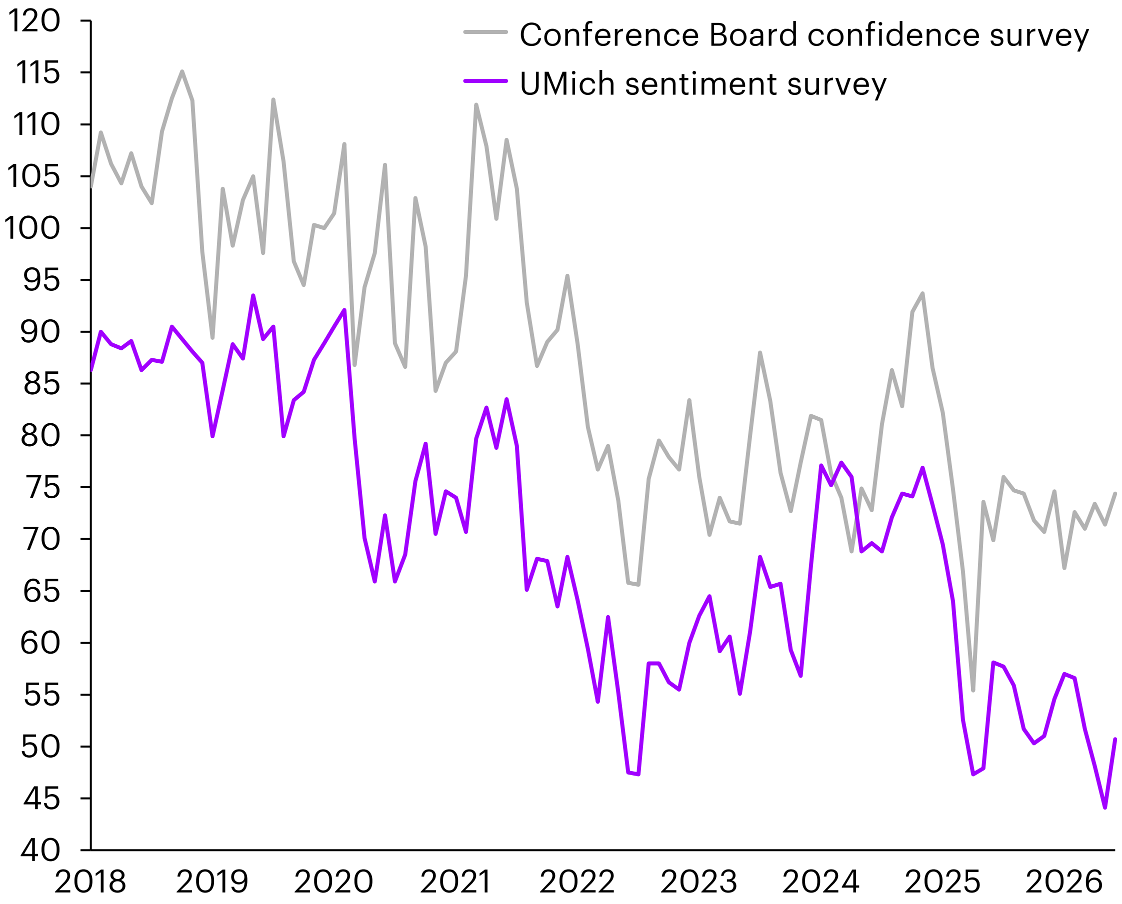
Notes: Consumer spending series for US is personal consumption expenditures (PCE); for Euro Area, UK, Canada, Japan, Australia, and China series data is retail sales. Charts updated till latest available May '26 data.
Sources: Reuters, BEA, BLS, Eurostat, ONS, Haver analytics, Accenture analysis

US consumer sentiment has fallen in recent months, with household finance expectations falling back toward multi-year lows

Consumer sentiment

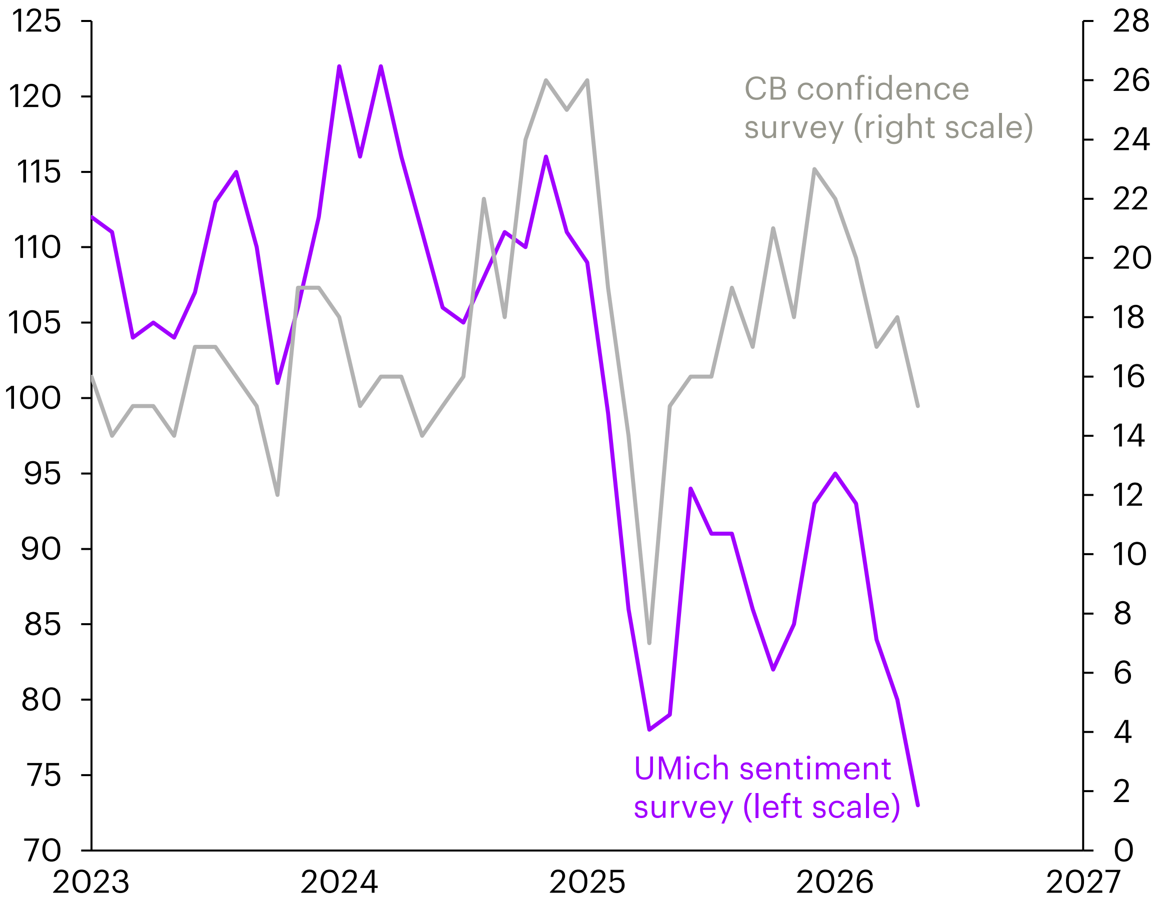
Consumer expectations of economic conditions

Index



Expected change in household financial situation 6-12 months ahead

Differential (better minus worse)



Sources: Univ of Michigan, Conference Board, Accenture analysis

Category-level spending remains uneven across major economies, with goods spending showing some recent recovery while services spending remains mixed

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	-0.2%	0.2%	-0.4%	-0.4%	0.4%	1.0%	1.5%	2.5%
	Motor vehicles	0.1%	0.9%	12.6%	1.5%	-1.2%	-4.8%	2.5%	0.5%
	Furniture	1.0%	1.2%	3.5%	3.5%	-2.2%	0.8%	-1.5%	0.3%
	Electronics	-2.1%	1.1%	23.9%	3.3%	3.3%	6.9%	-0.5%	-2.5%
	Footwear & apparel	0.7%	0.4%	0.1%	0.3%	-1.9%	-3.7%	-3.5%	0.6%
	Fuel	-0.6%	-2.4%	-0.7%	0.3%	-1.7%	-5.2%	-2.7%	-5.6%
Services	Transportation	0.3%	-0.3%	3.3%	-0.2%	0.0%	-0.6%	0.8%	2.3%
	Entertainment	0.8%	0.3%	-0.2%	1.0%		N/A	-0.8%	1.7%
	Dining out and hotels	-0.9%	-0.3%	1.3%	-0.1%	-1.1%	0.5%	0.8%	0.3%
	Information services	3.6%	0.4%	2.4%	-0.5%	-0.3%	0.4%	1.1%	1.5%
	Telecom	3.9%	0.4%	-1.4%	-1.1%	0.1%	2.8%	-1.8%	1.4%

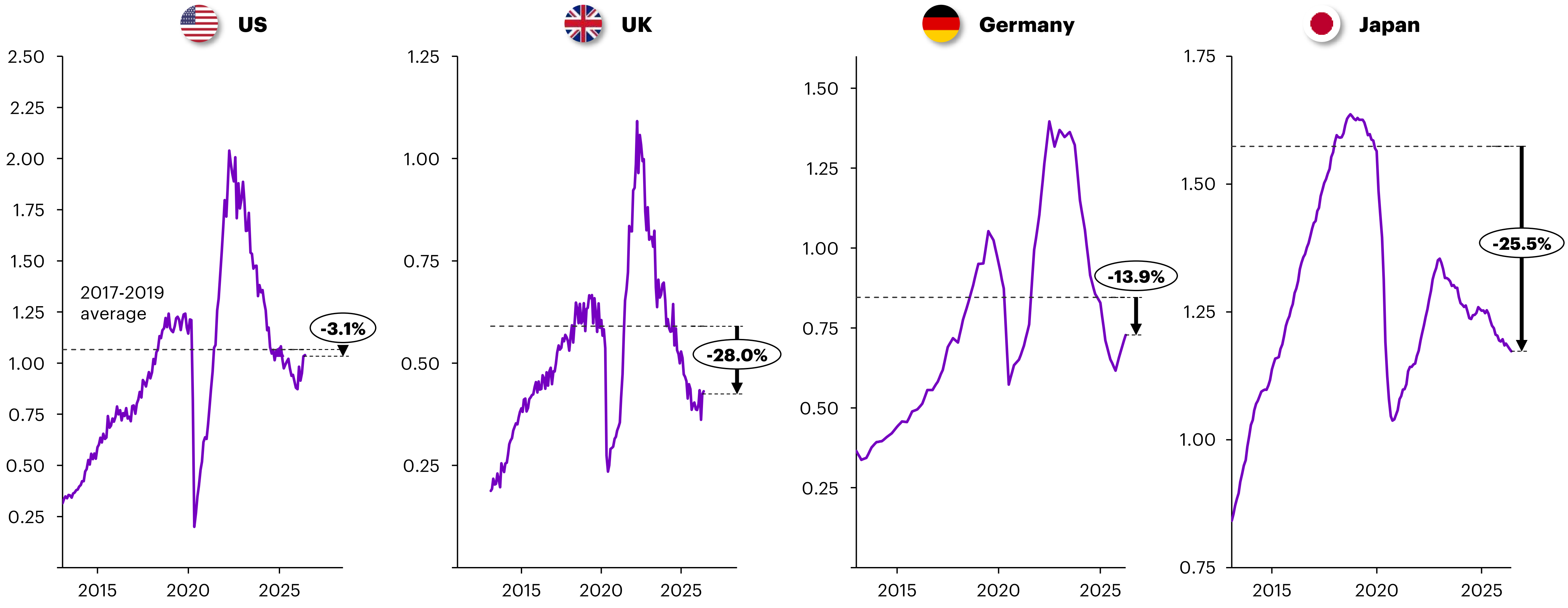
Notes: (1) Spending figures are inflation-adjusted. (2) Consumer spending series for US is personal consumption expenditures (PCE); for Euro Area and UK, series data is retail sales, motor vehicles sales/registrations, and services turnover.
(3) Some European services data may include B2B spending. (4) Data for US and UK is updated till May (5) Data for Germany and France are updated till April
Sources: BEA, BLS, ONS, National Institute of Statistics and Economic Studies, Federal Statistical Office, Accenture analysis

Labor markets

Labor market tightness continues to ease across advanced economies, with the US near pre-pandemic levels while the UK and Japan remain sharply below prior peaks

Labor market tightness

Job vacancies per unemployed person

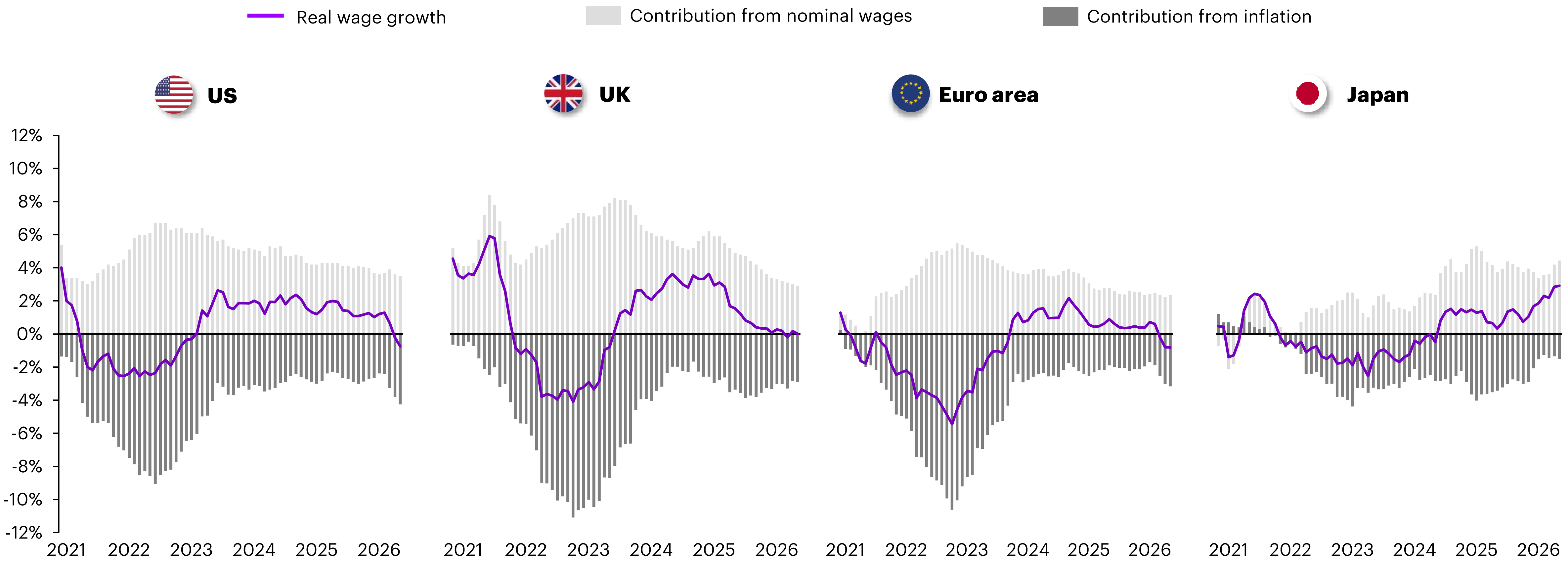


Notes: Charts updated till latest available May '26 data except Germany chart, which is updated with Q1 2026 data
Sources: BLS, ONS, Eurostat, Euronews, Accenture analysis

Real wage growth has again turned negative in the US and Europe amidst renewed inflation and softening nominal wages; Japan remains an exception

Wage growth developments

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

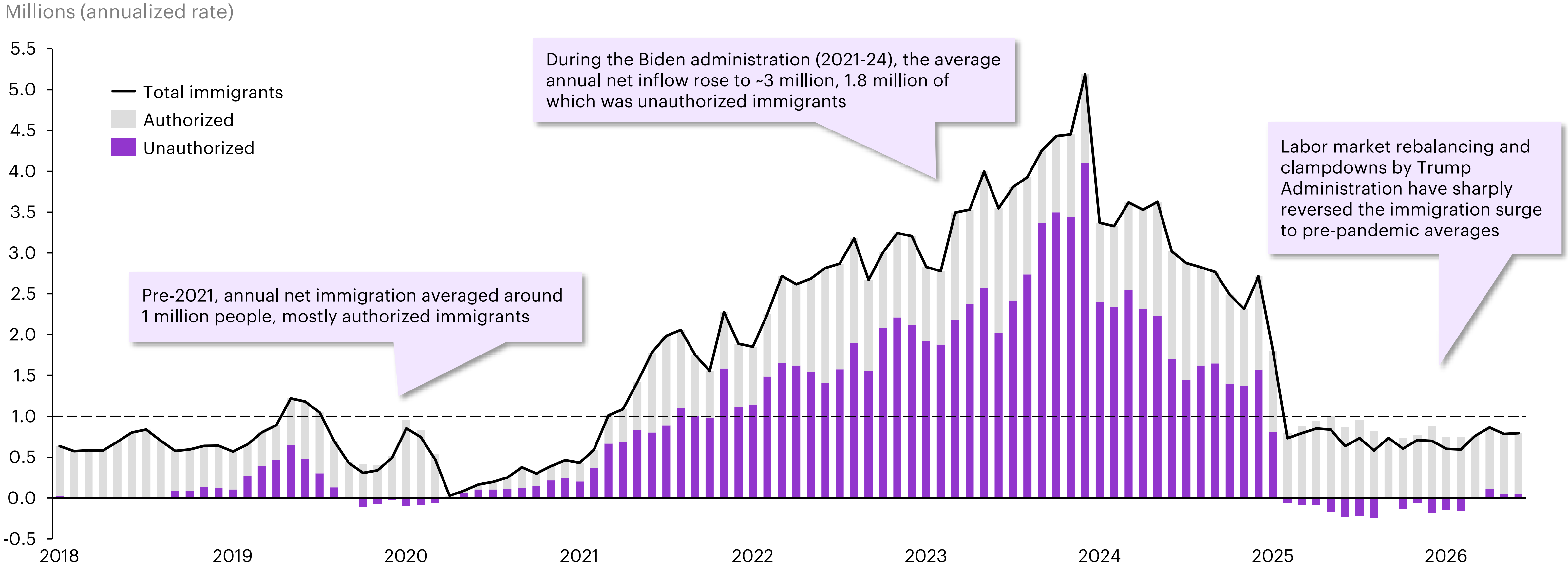


Notes: Charts updated till latest available May '26 data
Sources: BLS, ONS, Eurostat, Accenture analysis

The 2022-2023 surge in immigration to US has fully unwound amidst a cooling labor market and more stringent immigration policies; flows are now stabilizing at their pre-2020 levels

Net immigration flows to the US

Estimated monthly net immigration by category



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 analysis

Inflation

Inflation saw some reprieve in June as energy prices retreated on the back of the temporary Iran peace deal, though this trend likely reversed in July

CPI inflation rates and trends

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

Country	YoY Inflation Rate June 2026	Change from previous month's rate (percentage points)
United States	3.5%	-0.7% ↓
United Kingdom	2.6%	-0.3% ↓
Canada	2.7%	-0.4% ↓
Germany	2.4%	-0.3% ↓
France	2.0%	-0.8% ↓
Italy	2.9%	-0.2% ↓
Spain	3.6%	-0.1% ↓

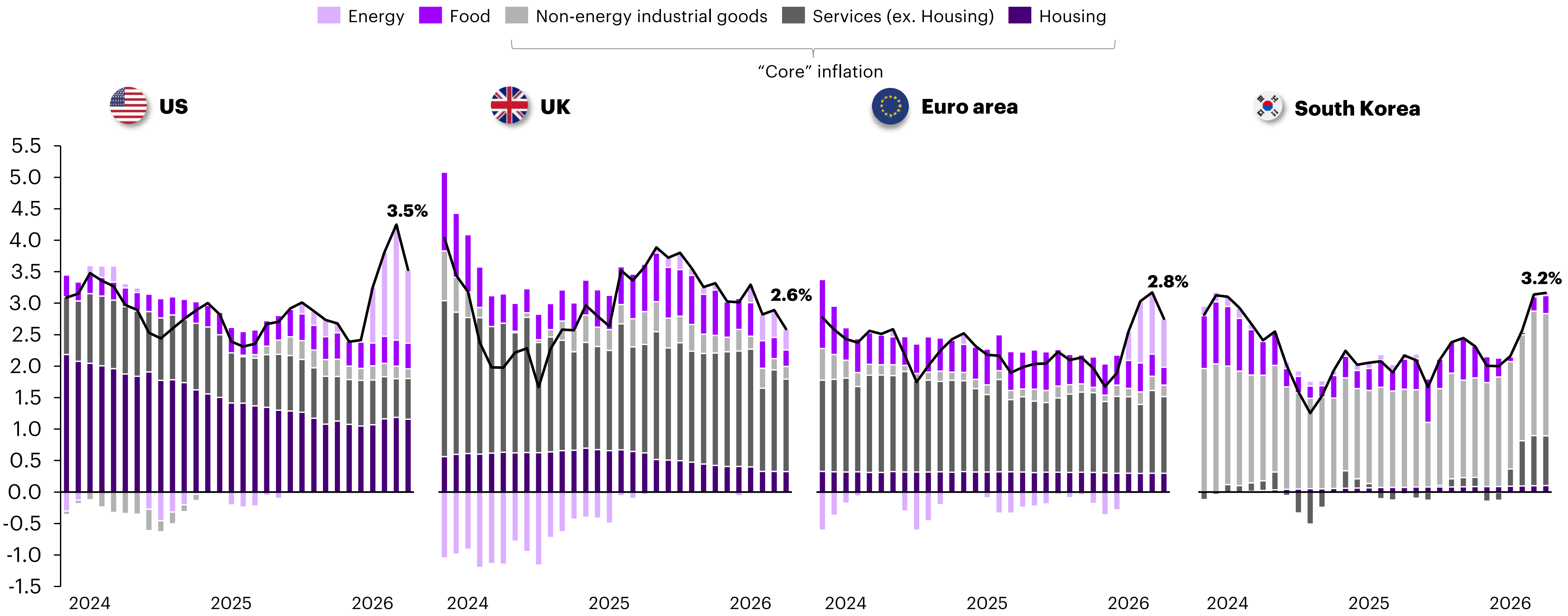
Country	YoY Inflation Rate June 2026	Change from previous month's rate (percentage points)
China	1.0%	-0.2% ↓
Japan	1.7%	0.2% ↑
Brazil	4.6%	-0.1% ↓
India	4.4%	0.4% ↑
Singapore	2.0%	0.1% ↑
Korea	3.2%	0.0% ↑

Sources: BLS, ONS, Eurostat, Accenture analysis

The recent energy price shock has renewed inflation pressures and compounded ongoing stickiness in services and housing prices

Drivers of recent CPI inflation

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

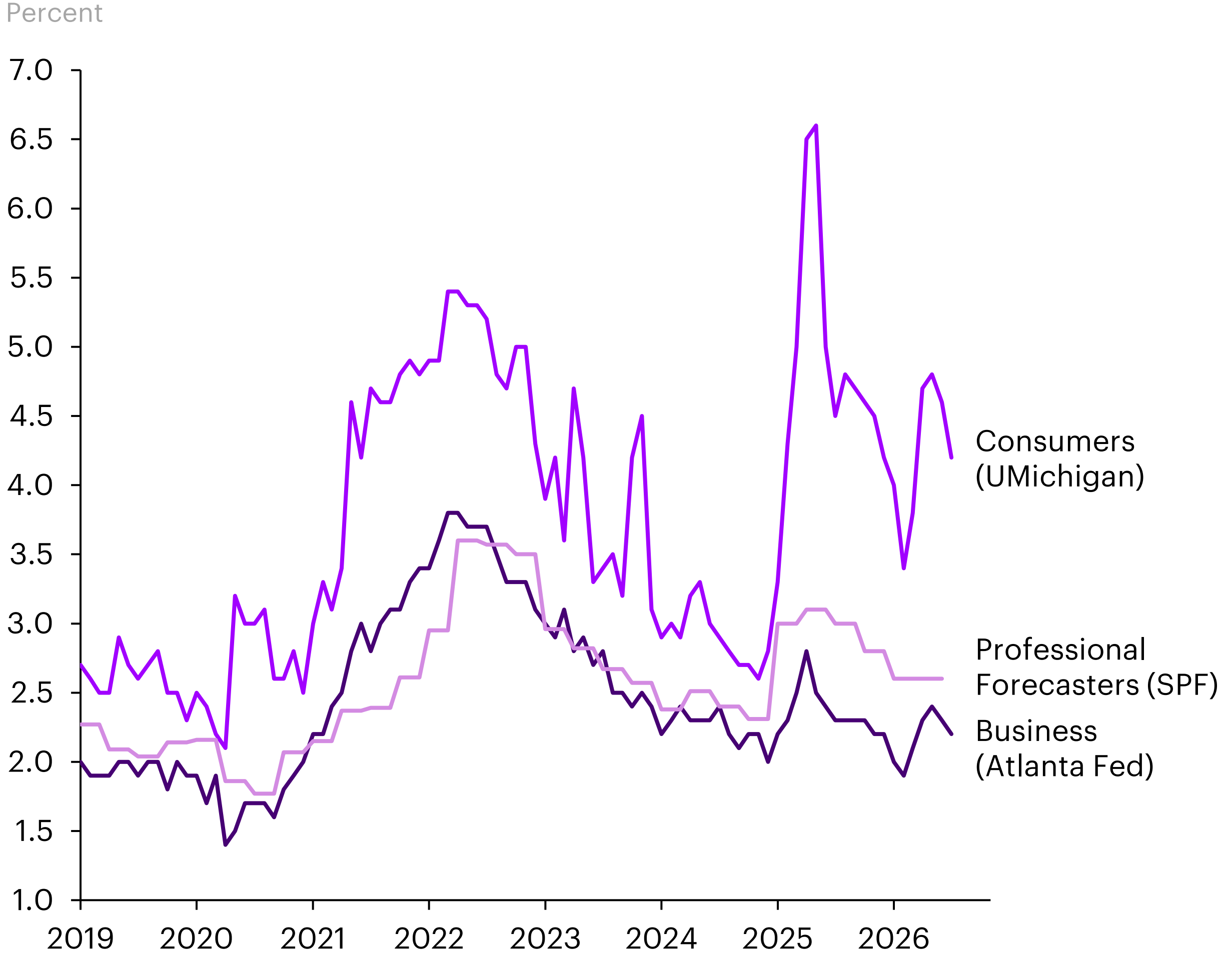


Notes: Charts updated till latest available June '26 data.
Sources: BLS, ONS, Eurostat, Accenture analysis

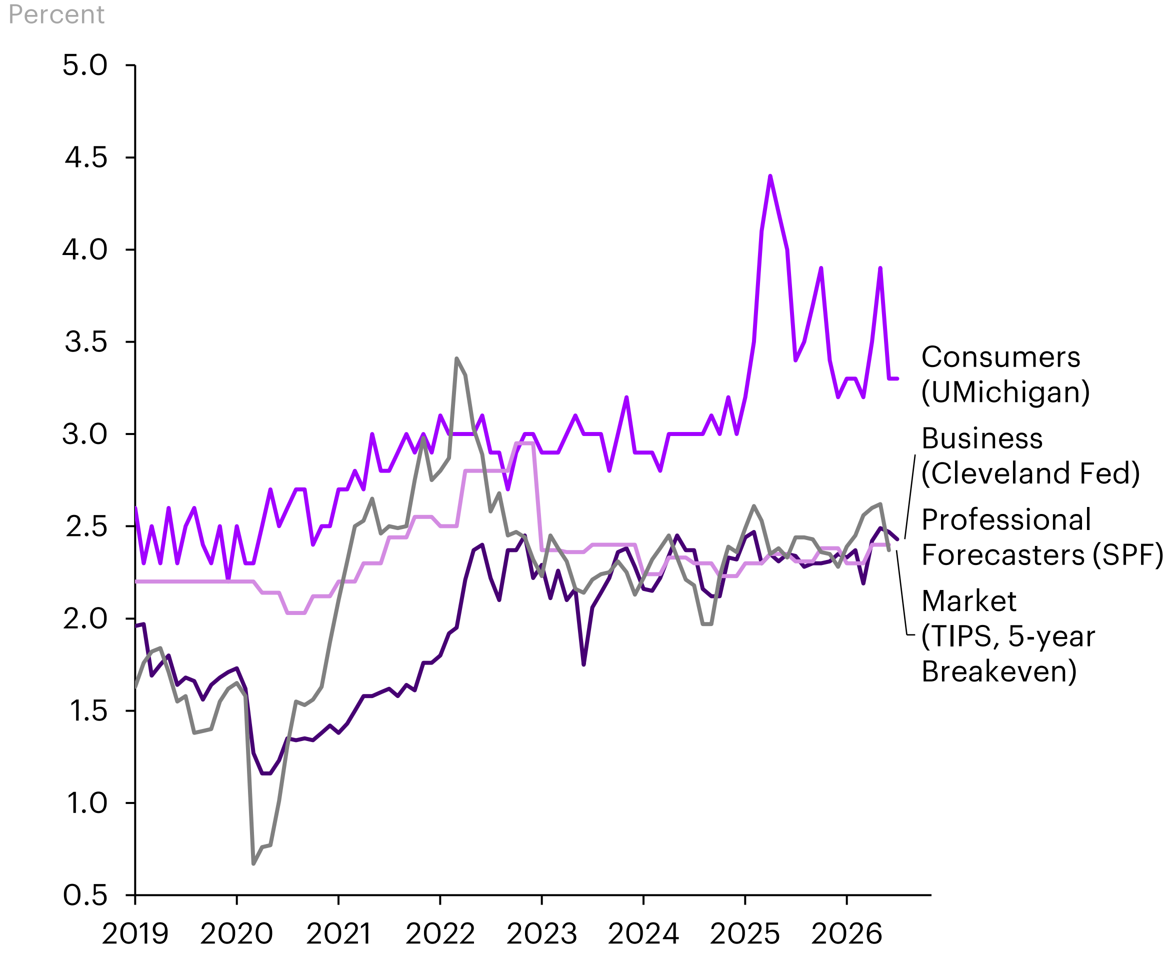
US consumer and business inflation expectations remain elevated, with consumers still pricing in higher inflation while businesses and forecasters are more stable

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

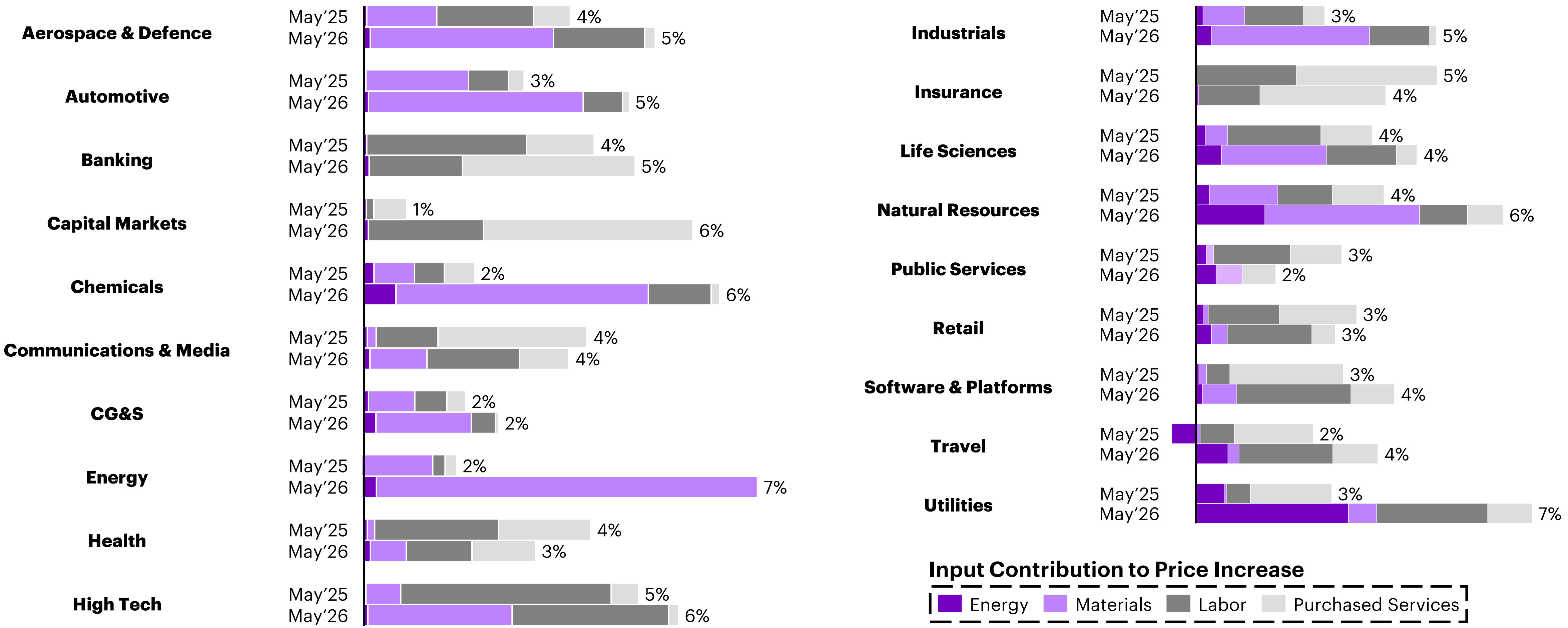


Sources: FRB Atlanta, FRB Cleveland, Univ of Michigan, Survey of Professional Forecasters, Accenture analysis

Input cost inflation has broadened across industries, led by renewed pressures from energy and materials

Recent input cost inflation by industry

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

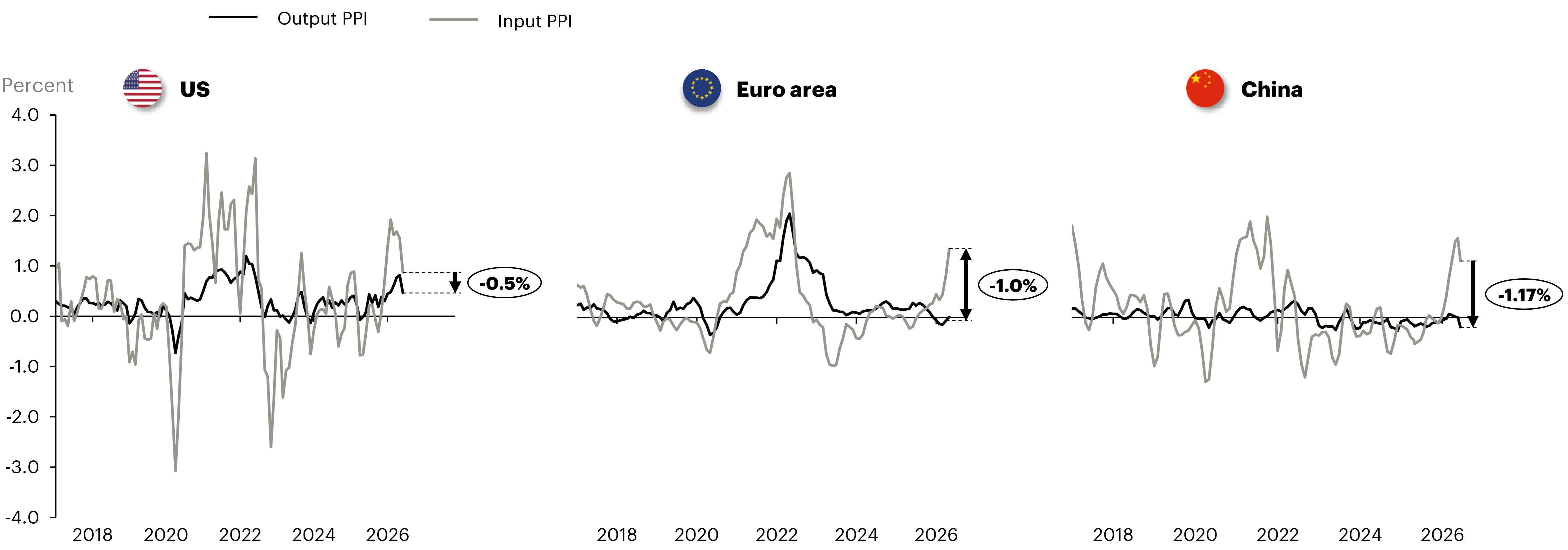


Notes: Wage data as of May’26; Energy prices (Natural Gas Prices as of Apr’26, Electricity Prices as of Apr ’26 and others as of May’26); Materials and Purchased Services PPI price increases as of May’26; Sources: BLS, BEA, EIA, EPA, Accenture analysis

Companies across the US, Europe and China are increasingly struggling to pass through their costs to fatigued consumers who have already absorbed repeated price increase

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 analysis

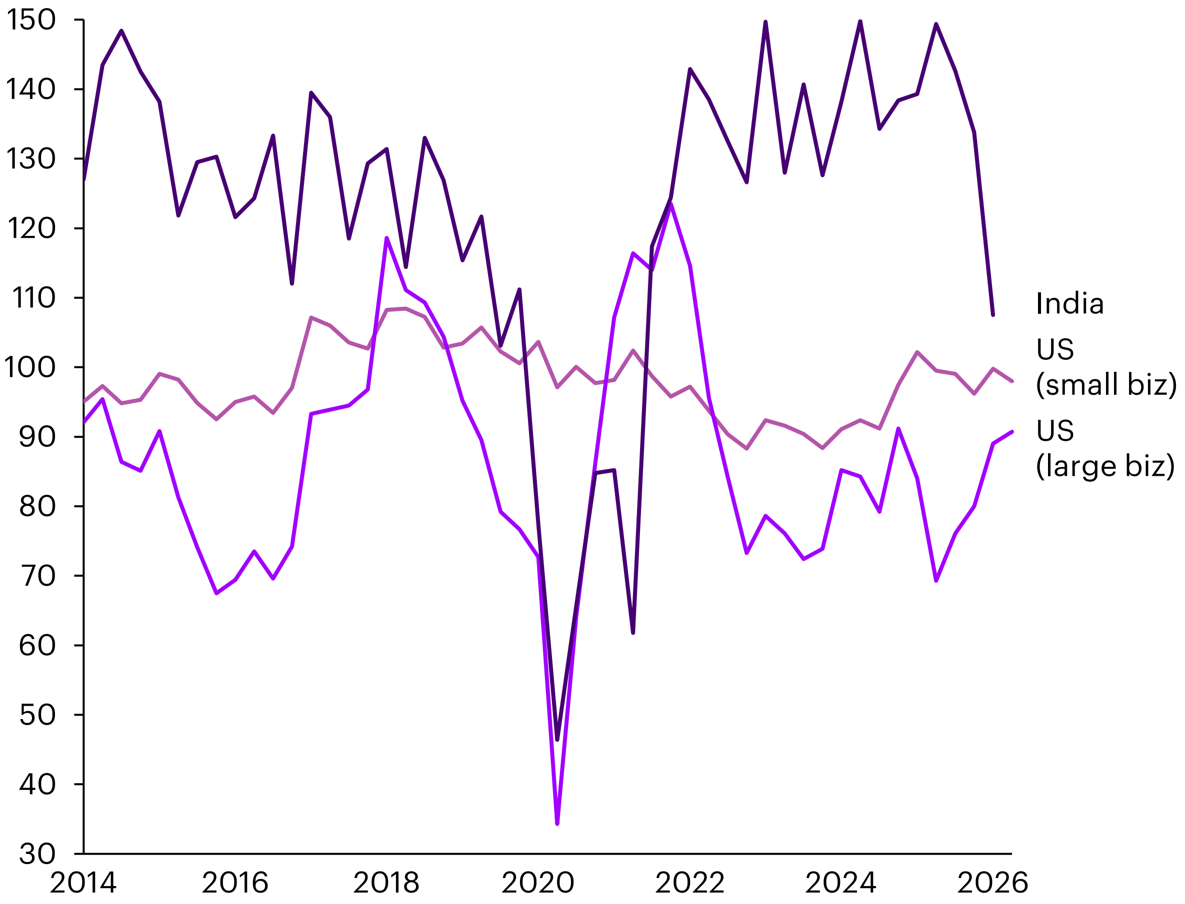
Business investment

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

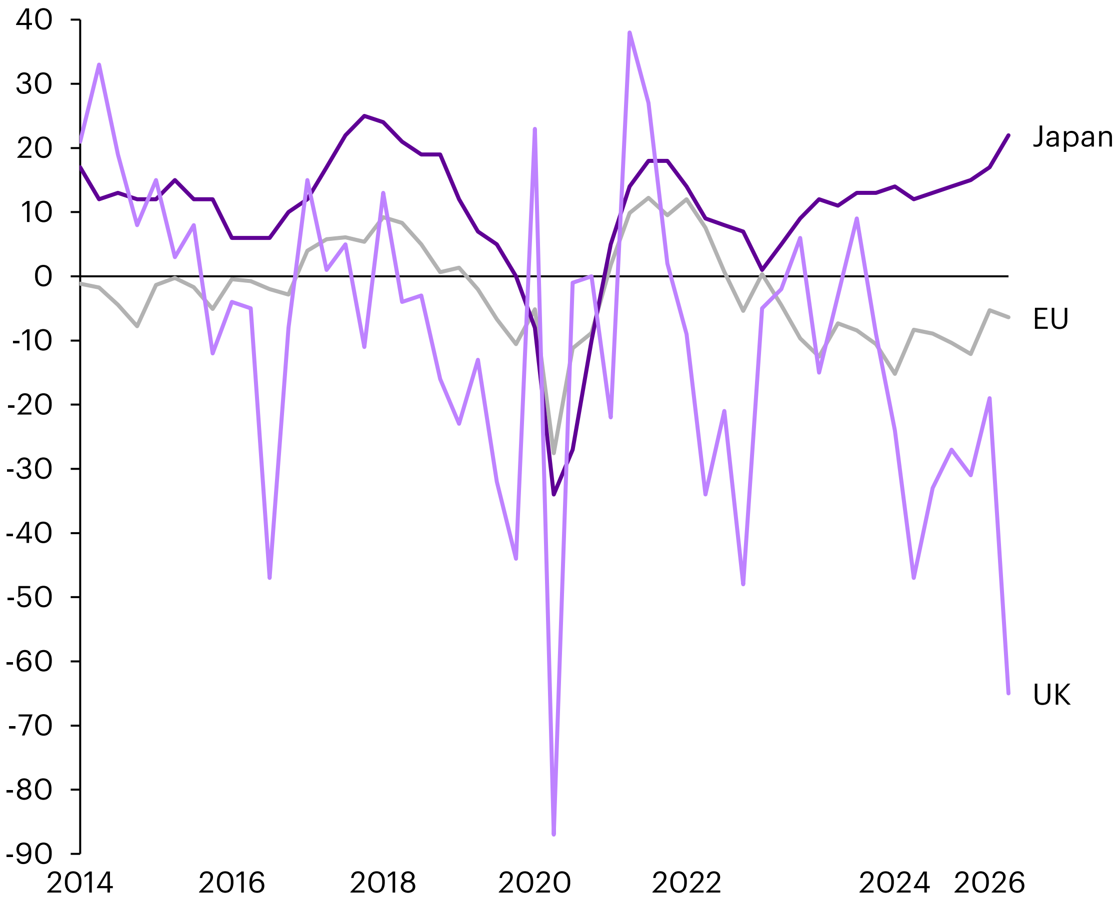
Global business sentiment

Business confidence indicators

Index (>100 = Optimistic)



Percent balance (>0 = Optimistic)



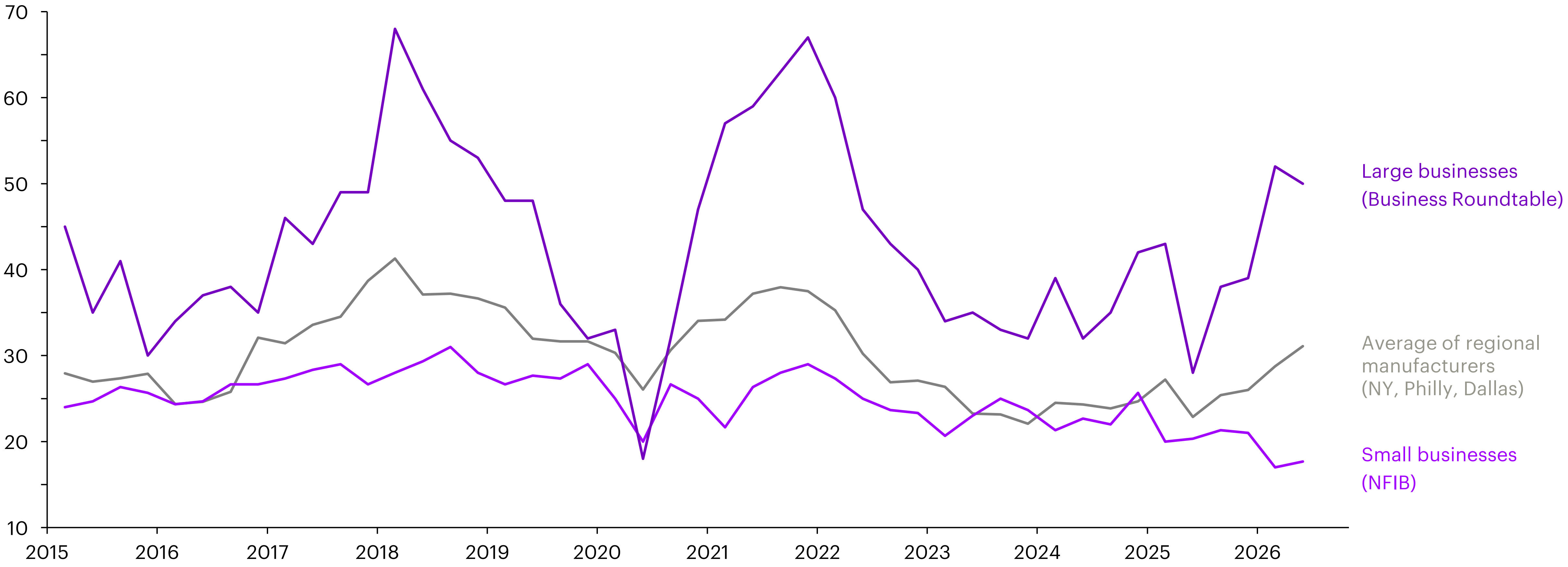
Notes: India and US (small biz) data as of Q’1 2026 and other data as of Q’2 2026.
Sources: NFIB, Business Roundtable, Accenture analysis

A growing share of large US companies are planning additional capex expansion (likely linked to AI), though capex plans among small businesses remain subdued

Capex intentions among US companies

Business plans to increase capital expenditures in the next 6 months

% of respondents reporting a planned increase



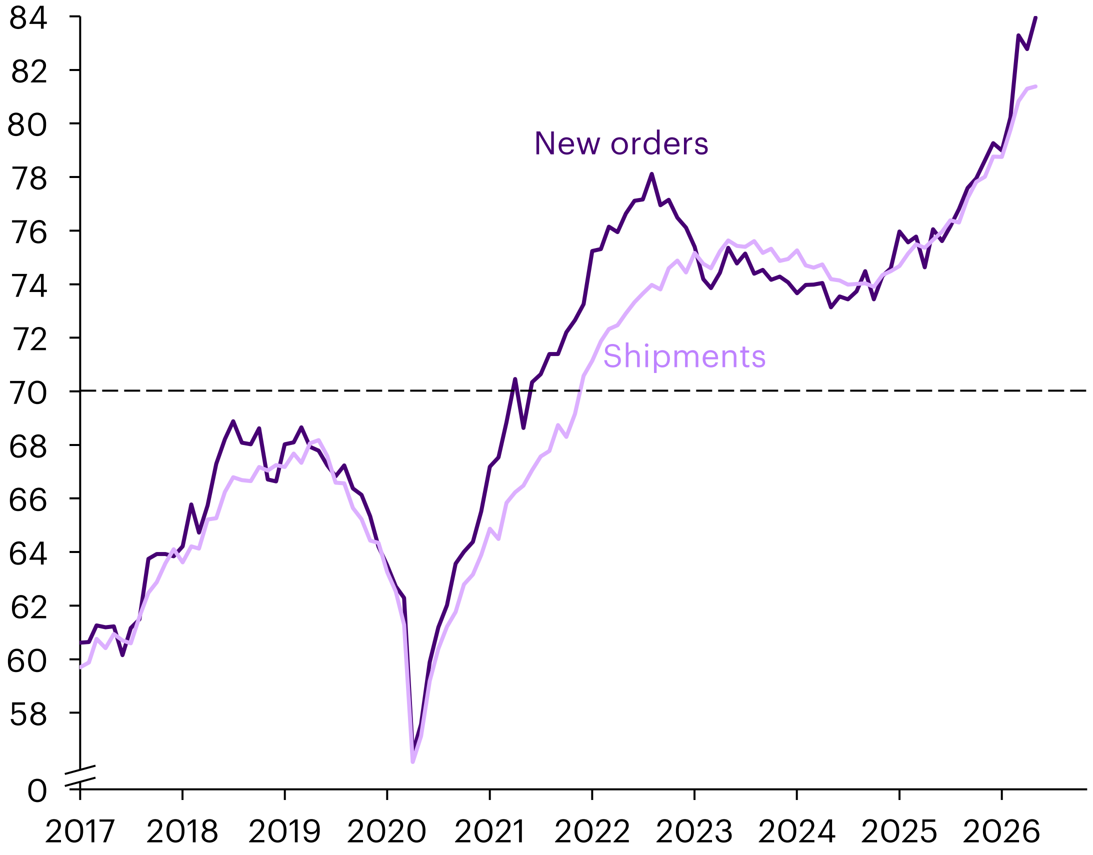
Notes: Charts updated till latest available Mar '26 data.
Sources: NFIB, Business Roundtable, Regional Federal Reserves, Accenture analysis

US capital goods orders have continued to trend upwards, underpinned by resilient equipment demand and stronger technology-related investment

Capital goods orders and technology-related equipment demand

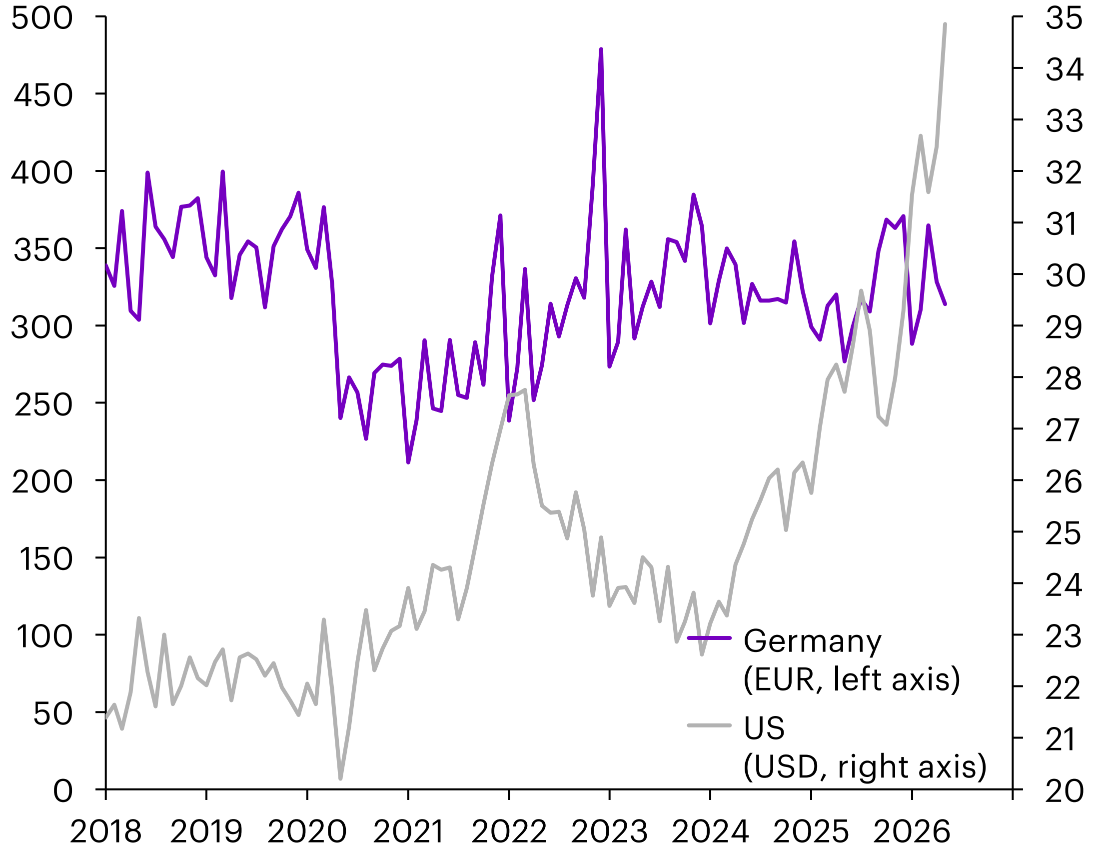
US nondefense capital goods, excluding aircraft

USD millions



Sales of tech-related equipment

Computers, electronic components and peripheral equipment, SA millions

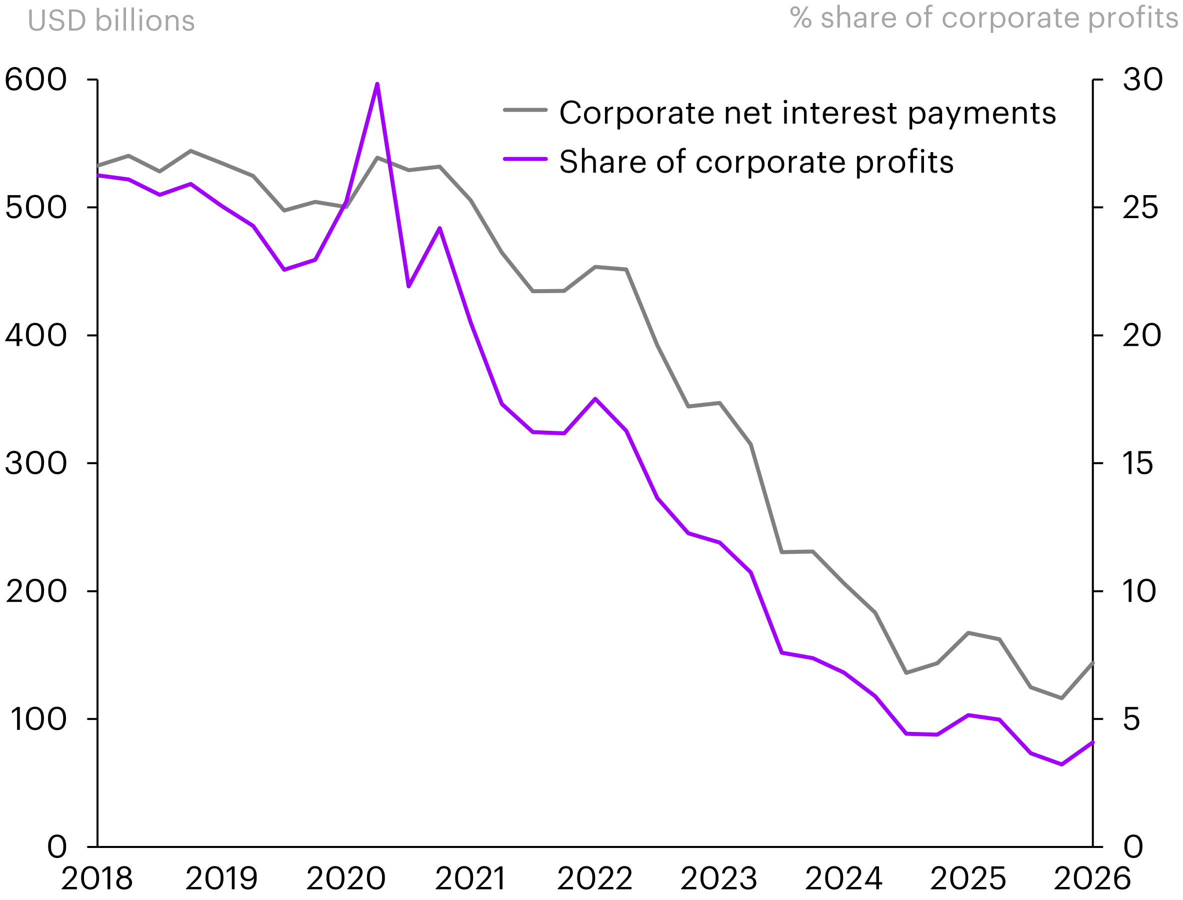


Notes: Charts updated till latest available May '26 data.
Sources: US Census Bureau, Haver analytics, Accenture analysis

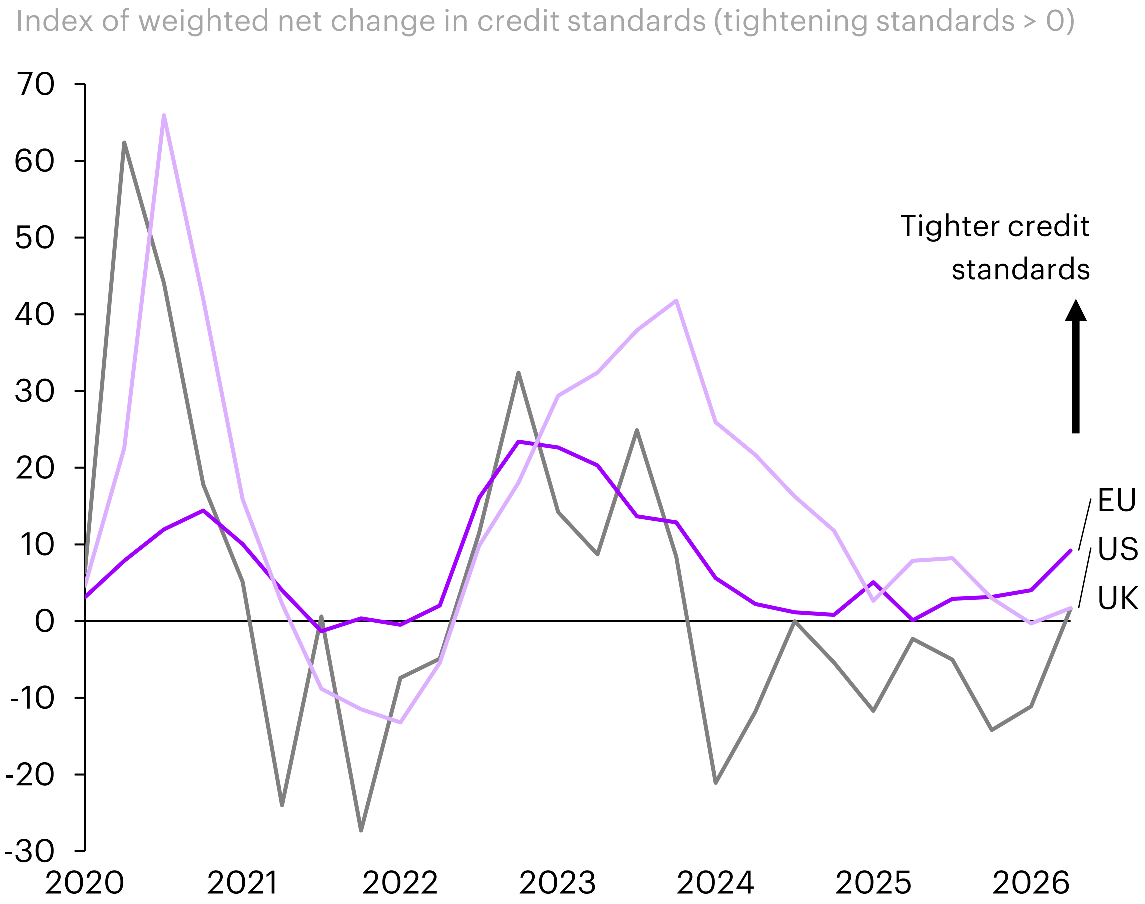
US corporate net interest burdens remain low despite a recent uptick, while bank lending standards re-tighten across the US and Europe

US financial conditions for investment

US corporate net interest payments



Bank lending standards[1]



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 analysis

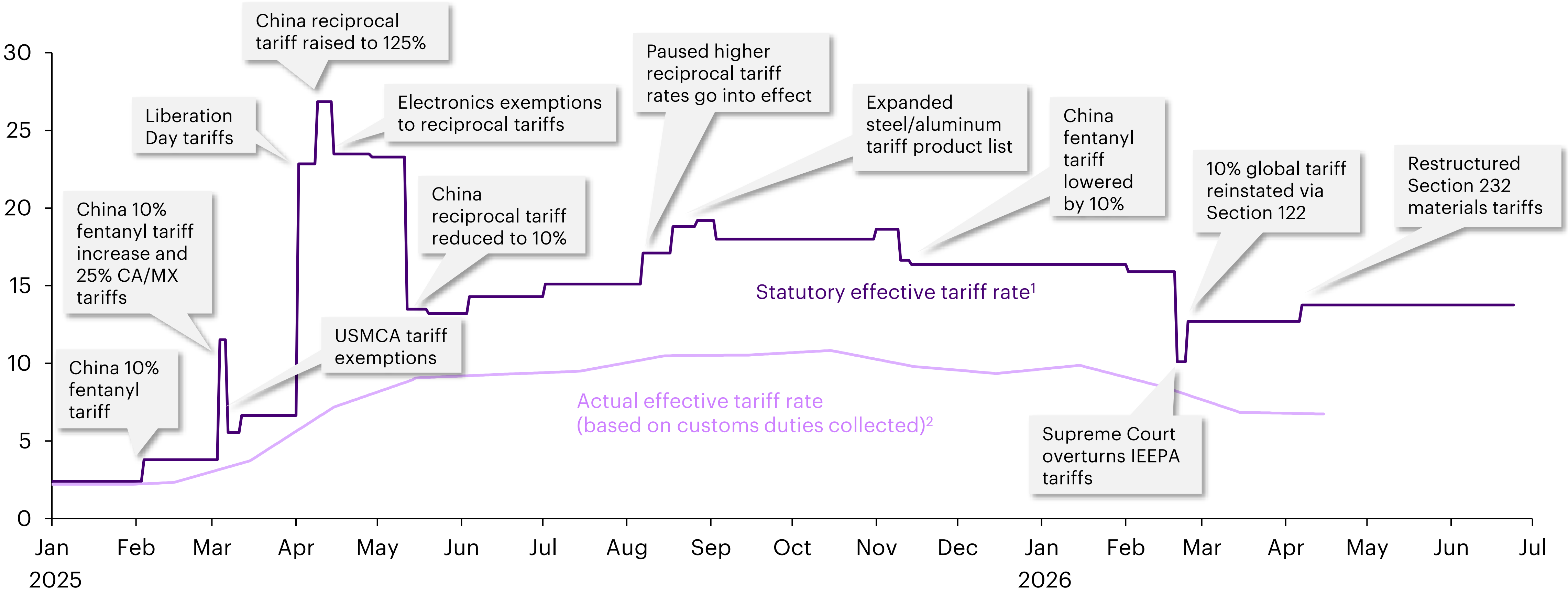
Trade and tariffs

De-escalation with China and the Supreme Court overturn of the IEEPA tariffs have lowered the US effective tariff rate in recent months but it remains near 15%

Evolution of US effective tariff rate since Jan 2025

Statutory vs. actual effective US tariff rate

Percent



Notes: 1/ Based on tariff policy changes enacted and does not include threatened tariffs that have not been implemented; 2/ Customs duties data for actual collections is available only through December 2025.

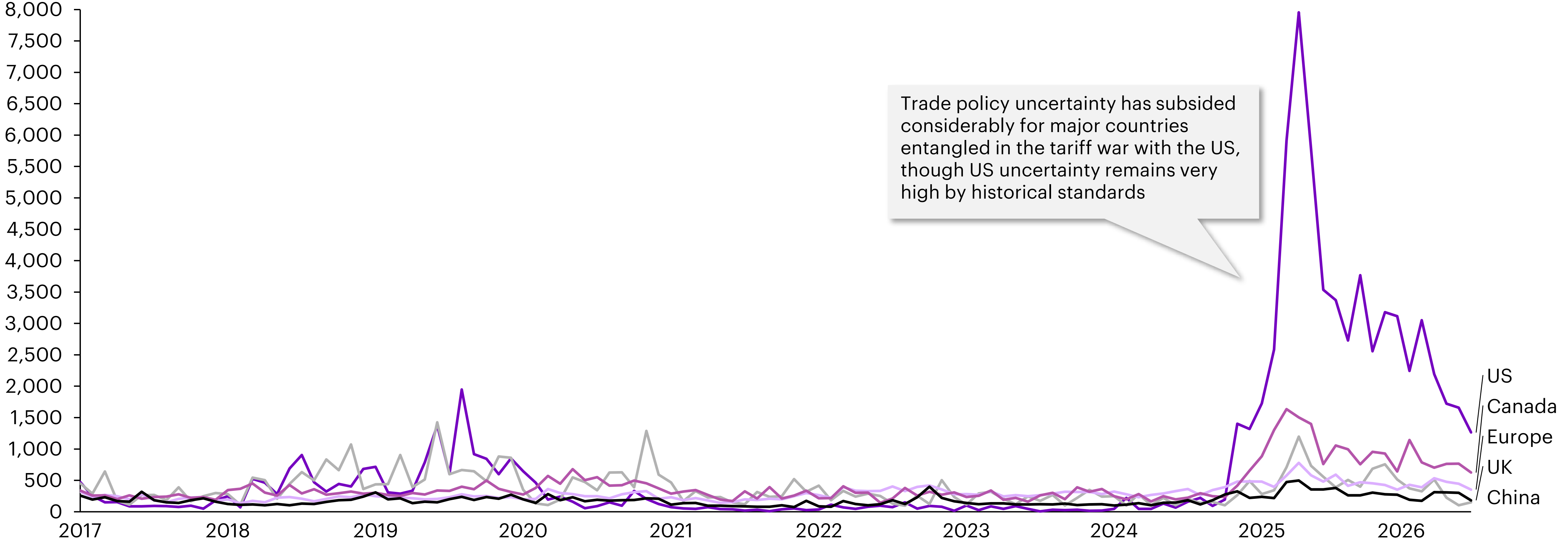
Sources: USITC, Yale Budget Lab, Apollo Global Management, Accenture analysis

Trade policy uncertainty has eased from its mid-2025 peak but remains elevated, particularly in the US, as tariff tensions continue to weigh on sentiment

Elevated trade policy uncertainty

Trade policy uncertainty has eased from recent peaks but remains elevated by historical standards

Index, 1985=100



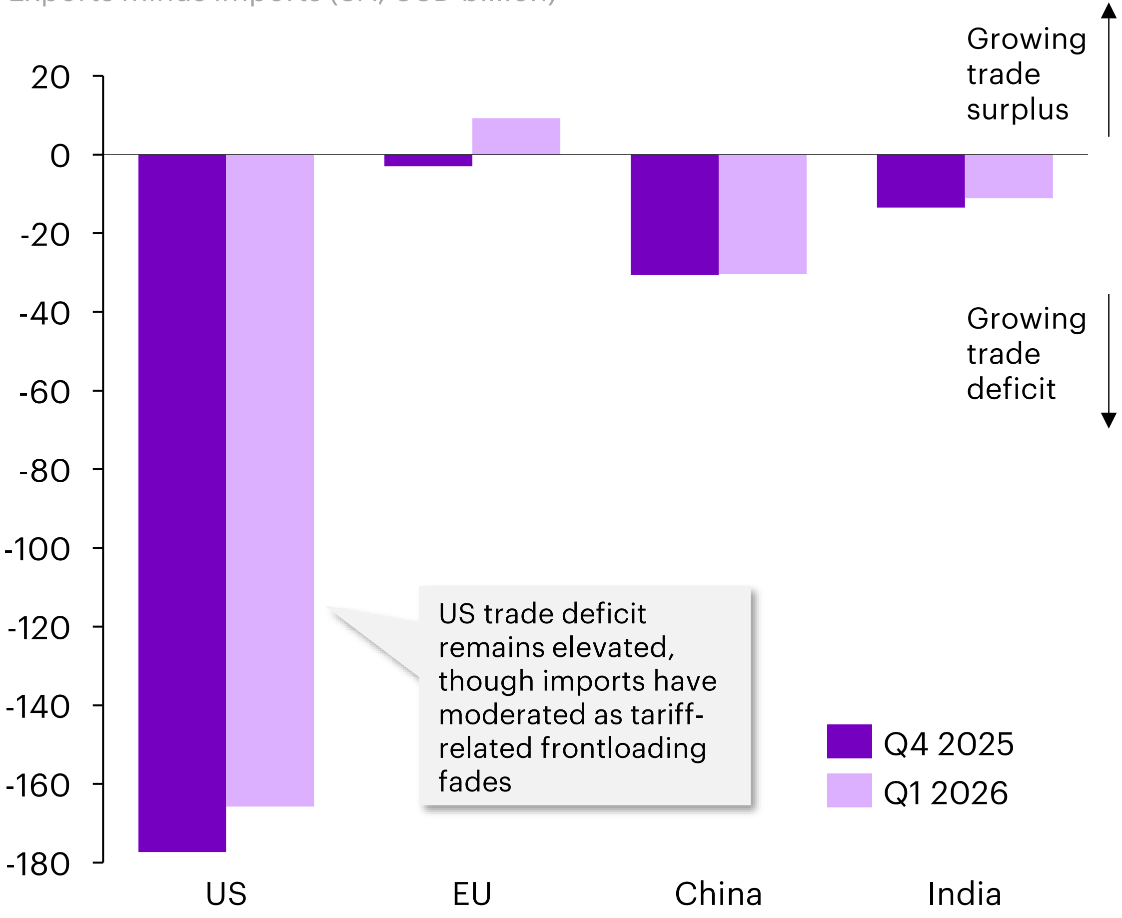
Sources: Economic Policy Uncertainty, Accenture analysis

US trade deficits with key partners remain elevated as tariff-related frontloading fades and businesses face higher tariffs on goods from abroad

Trade indicators

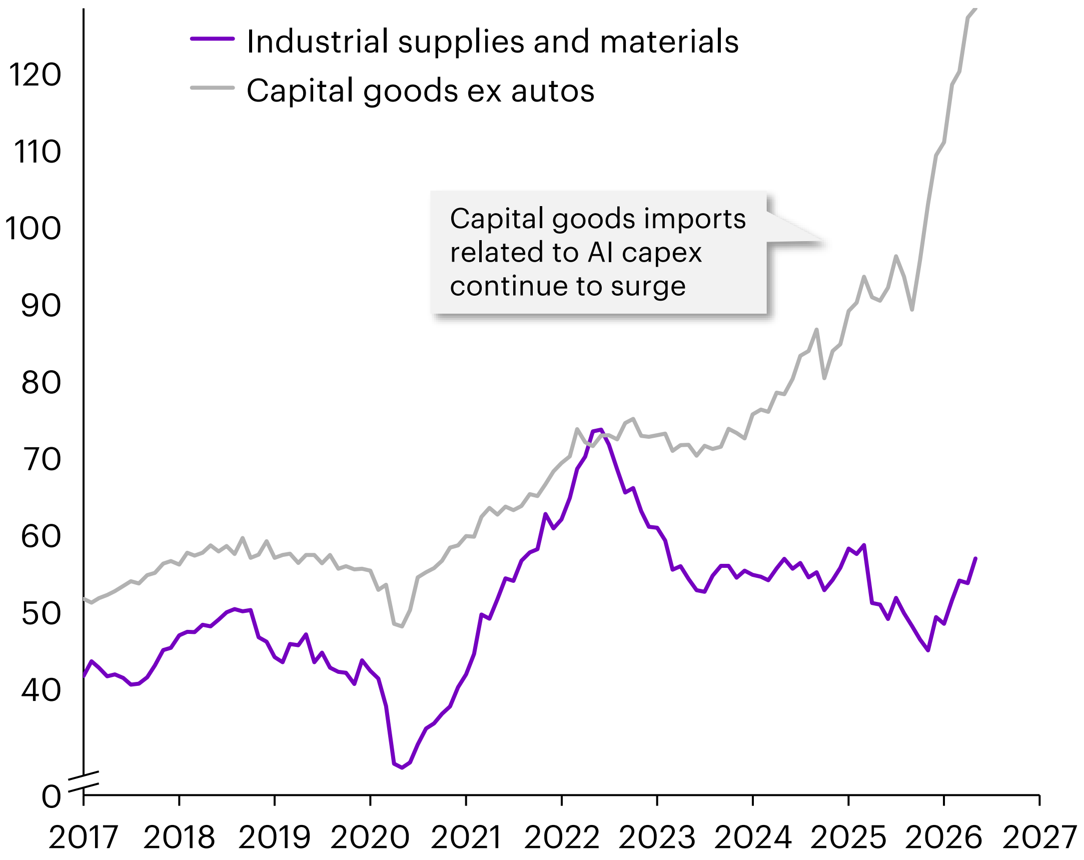
Net trade in goods and services

Exports minus imports (SA, USD billion)



US imports of industrial supplies and equipment

USD billions



Notes: US imports data updated till May'26

Sources: Haver Analytics, Census Bureau, BOJ, RBI, ECB, State Admin of Foreign Exchange, Accenture analysis

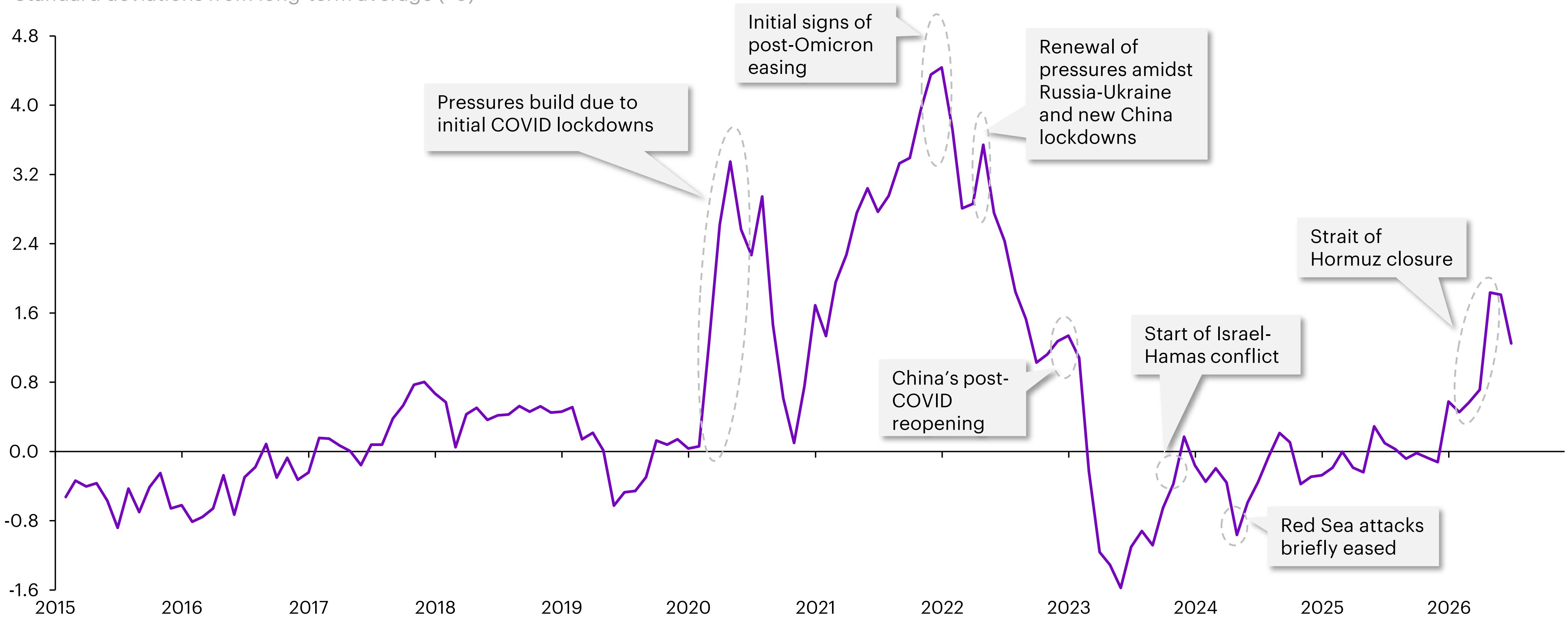
Supply chains

The Strait of Hormuz closure and its ripple effects on transport networks have renewed global supply pressures, although strains eased slightly in June amidst peace deal

Supply chain pressures

Global Supply Chain Pressure Index

Standard deviations from long-term average (=0)

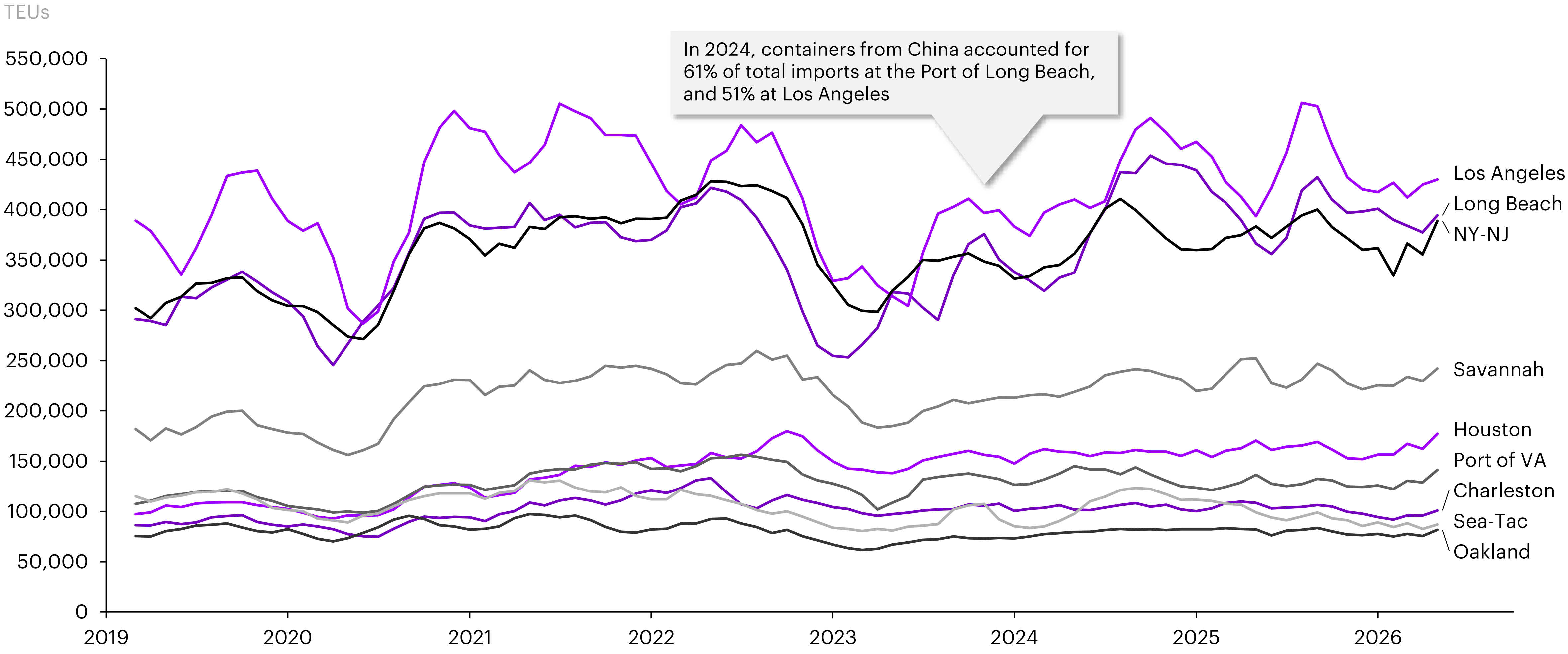


Sources: Federal Reserve Bank of New York, Accenture analysis

Container volumes at major West Coast ports have remained largely unaffected thus far by the Middle East conflict

Seaborne container traffic in the US

Loaded import containers at select US ports



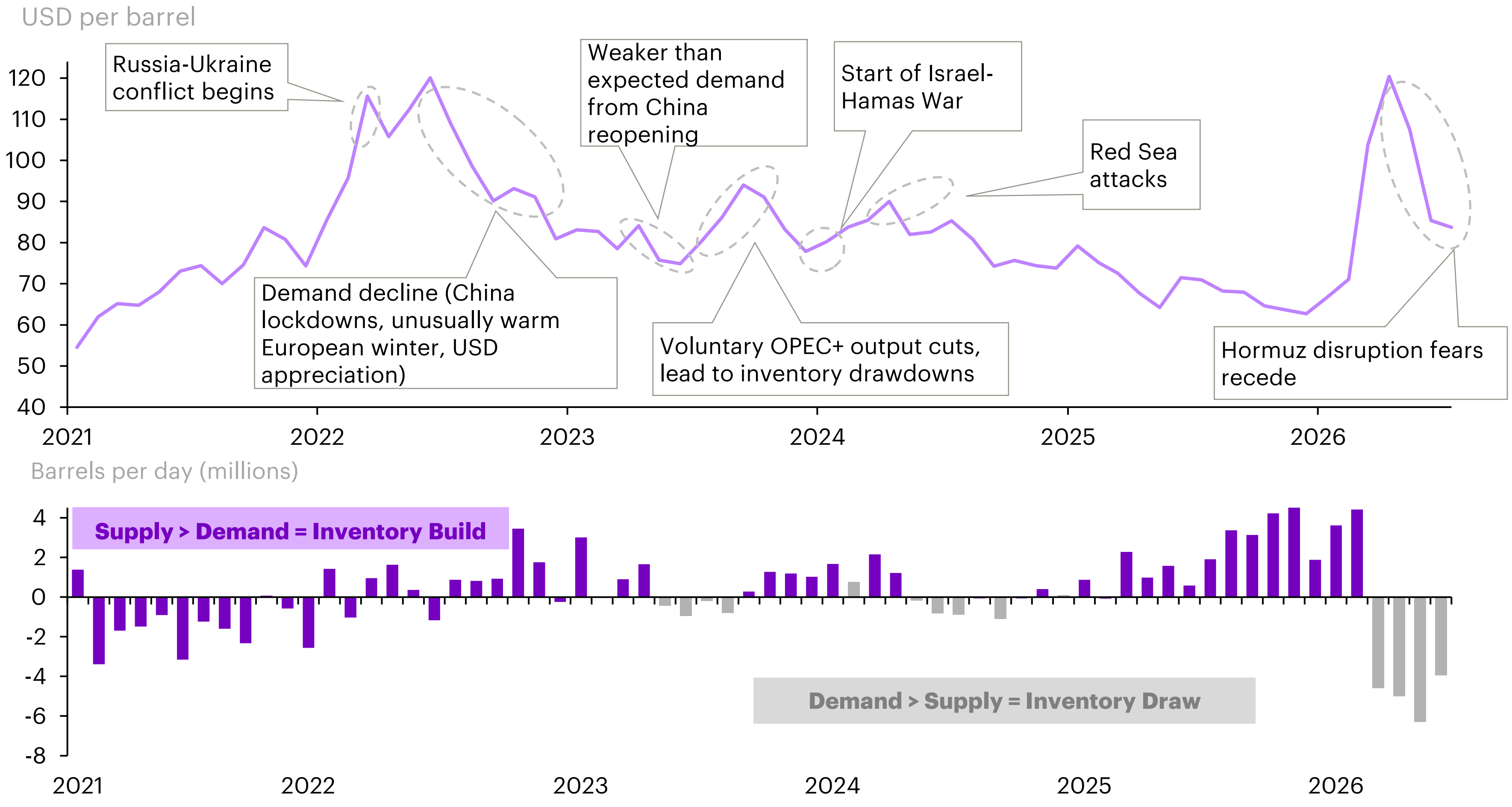
Sources: Bureau of Transportation Statistics, Accenture analysis

Energy and commodities

Oil prices have retreated in June amidst Strait of Hormuz re-opening have resurged in late July as conflict has restarted

Crude oil prices and inventories

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



Drivers of energy prices in 2026

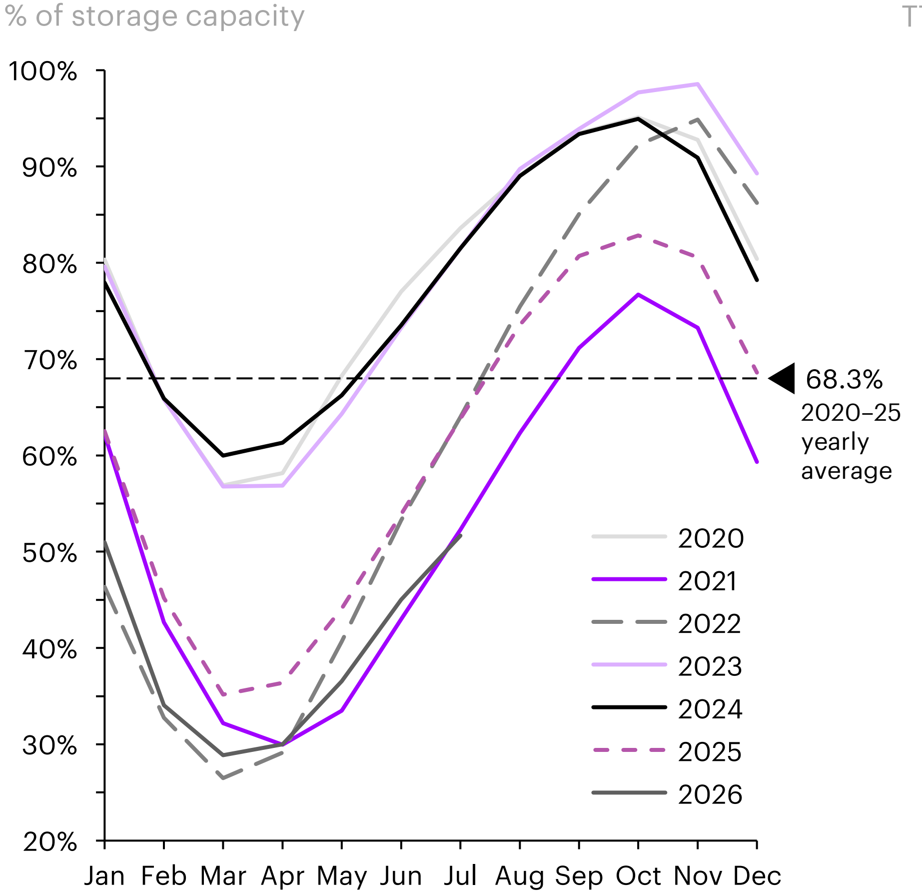
- The Iran conflict has pushed up oil prices from $66/barrel at the start of the year to a peak of $120/barrel, as around 10-15 Mb/d of supply has been taken off the market
- Inventory trends have shifted from builds to draws—both from commercial stocks and national strategic reserves—as the oil market has tried to plug the large supply gap
- Demand destruction and re-opening of the Strait of Hormuz in June triggered a retreat in prices that has since bee reversed as the conflict re-escalates
- Supply-side risks remain elevated amidst ongoing geopolitical tensions, however, and will likely keep oil prices from returning to their pre-conflict levels due to a structurally higher risk premium

Notes: Monthly average of Brent crude oil price (USD per barrel)
Sources: International Energy Agency, Reuters, Energy Information Agency, World Bank, Bloomberg, Haver Analytics, Accenture analysis

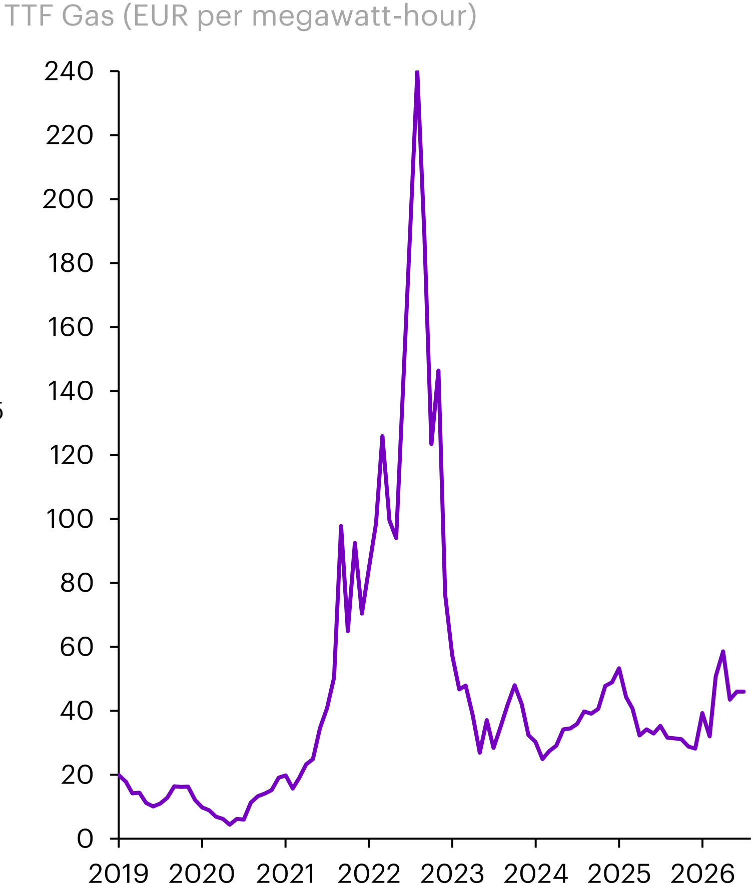
Europe’s gas inventories continue to rebuild but remain well below historical averages, while Strait of Hormuz disruptions continue to pressure prices

EU natural gas reserves and prices

European gas reserves are below-average



...and prices remain stable, for now



Commentary

- As of July 2026, EU natural gas reserves are below the historical average, reflecting a slower pace of storage rebuilding so far this injection season
  - Storage facilities are filled to roughly 52% capacity, compared with about 64% at the same time last year, indicating that inventories remain adequate but less comfortable than in 2025
  - Injection rates are rising seasonally as Europe moves through summer, but overall storage levels remain below recent averages and should be monitored ahead of winter
- Natural gas prices are trading around €45/MWh and remain broadly stable, as adequate near-term supply conditions offset concerns around lower inventories, geopolitical risks and winter replenishment needs

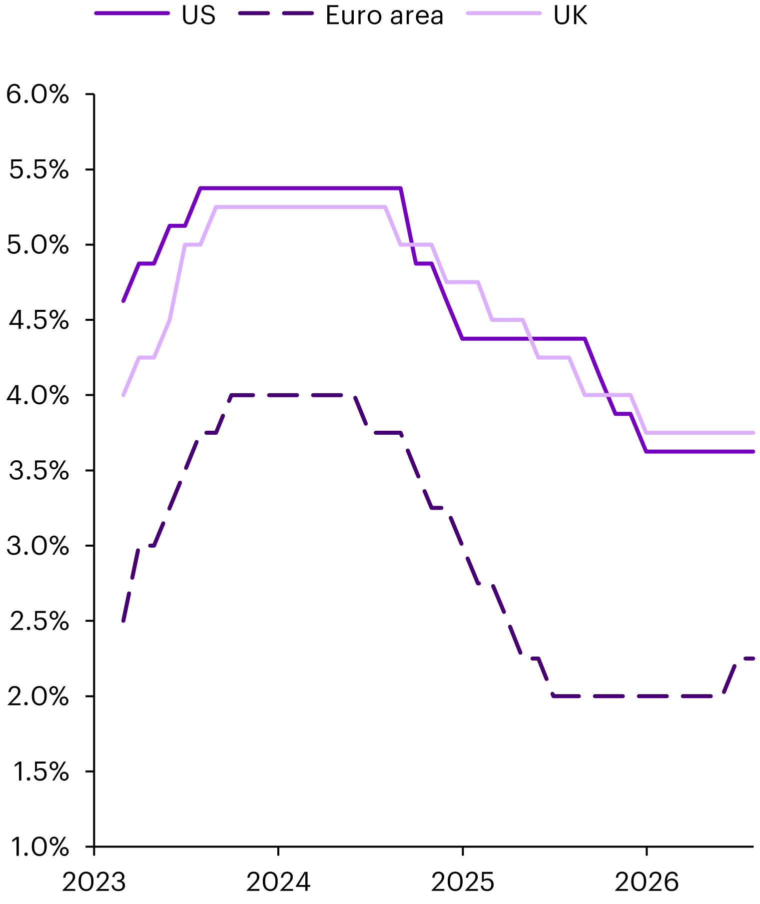
Notes: Dutch TTF Natural Gas Futures front-month contract. TTF stands for Title Transfer Facility, which is a virtual trading hub for natural gas in Europe. TTF prices represent the average monthly price of natural gas traded at this hub and are considered a benchmark for natural gas prices in Europe. 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 analysis

Financial markets

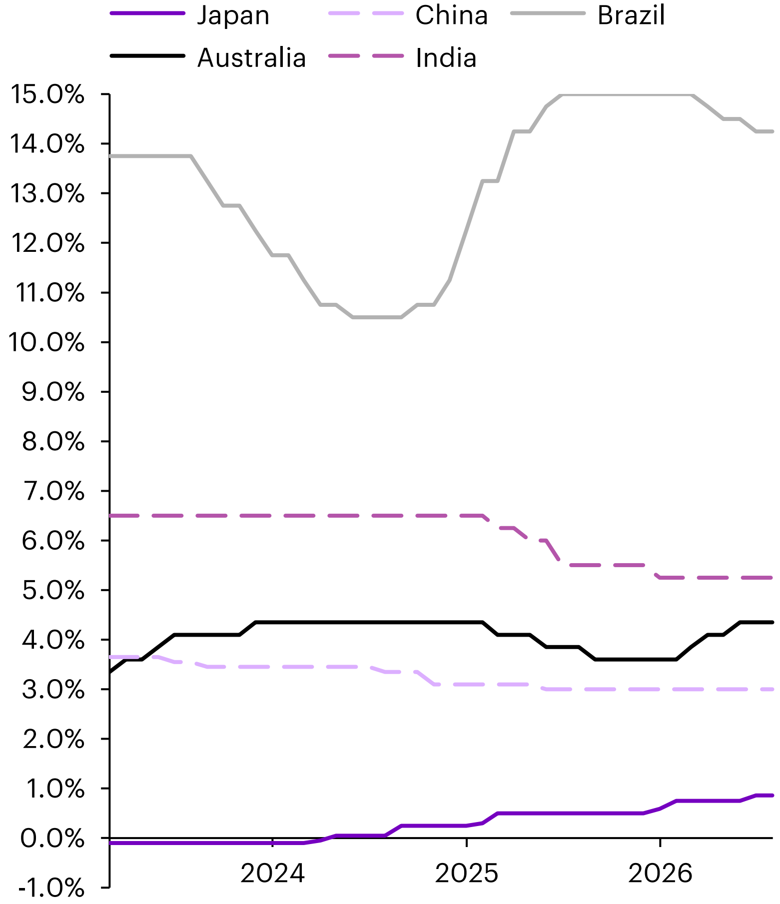
The energy supply shock and renewed inflationary pressure has prompted major central banks to reverse cutting cycles, with the ECB, RBA and BoJ already renewing rate hikes

Monetary policy across major economies

US, UK and Euro area policy rates



Policy rates for other major economies



Commentary

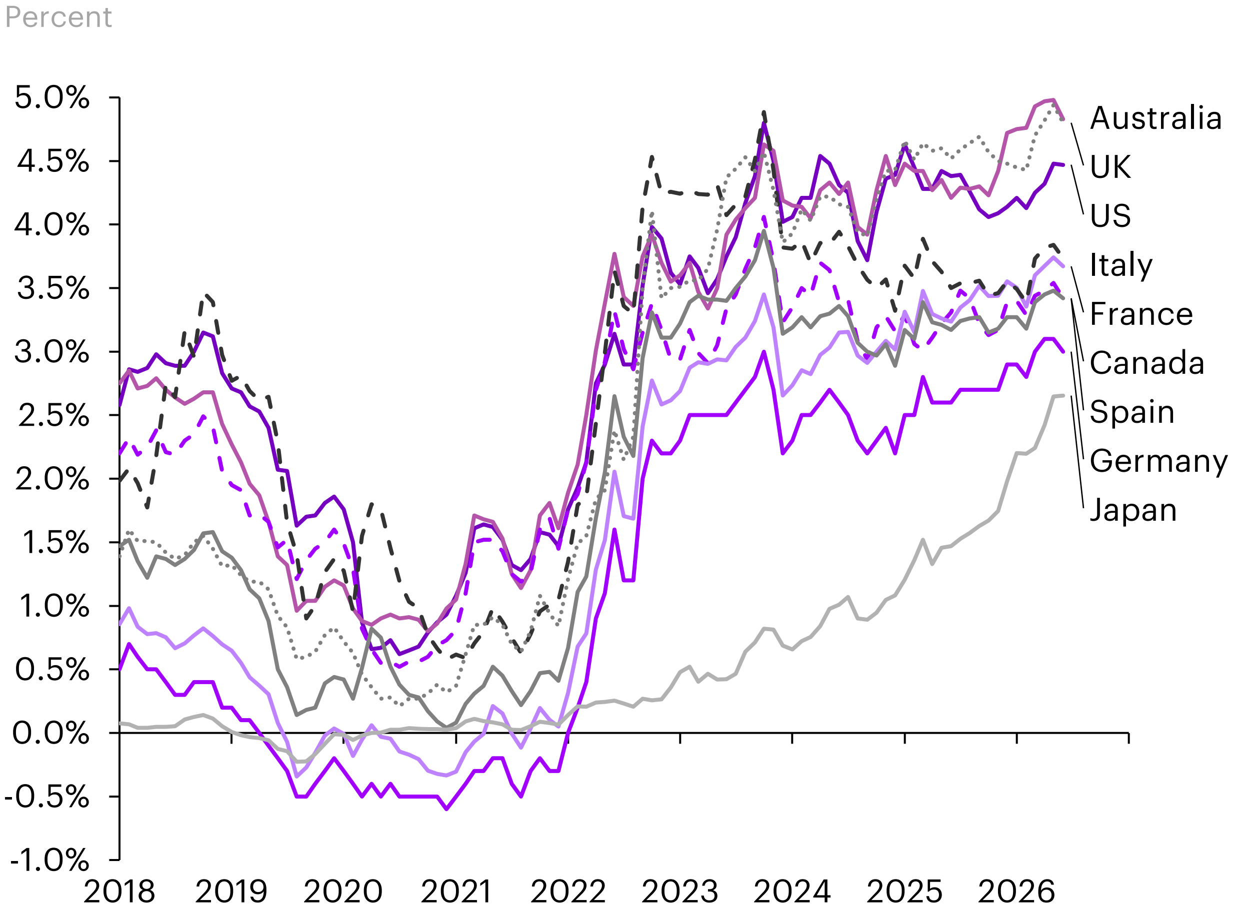
- The US Fed kept its policy rate unchanged in July and maintained a more hawkish tone amidst inflationary pressures from Iran conflict, suggesting an openness to renewed hikes later in the year
- The BoE has kept rates on hold in July, balancing renewed energy price-driven inflation against weak growth momentum and easing labor market tightness
- The ECB kept rates unchanged in July after a 25bp hike in June, aiming to contain potential second-round inflation effects from energy price shock without unduly stressing growth
- The Reserve Bank of Australia paused its recent rate hikes in June, citing a cooling labor market and a retreat in energy prices hiked rates by 25bp in February, but signaled further tightening could still be necessary
- The Bank of Japan held its policy rate steady in July, having already hiked 25bp in June to fend off inflation pressures from higher energy prices and a weakening of Yen

Sources: Haver Analytics, Federal Reserve Bank (US Fed), European Central Bank (ECB), Bank of England, Bank of Japan, Reserve Bank of India, Central Bank of Brazil, Reserve Bank of Australia, People's Bank of China, Reuters, Accenture analysis

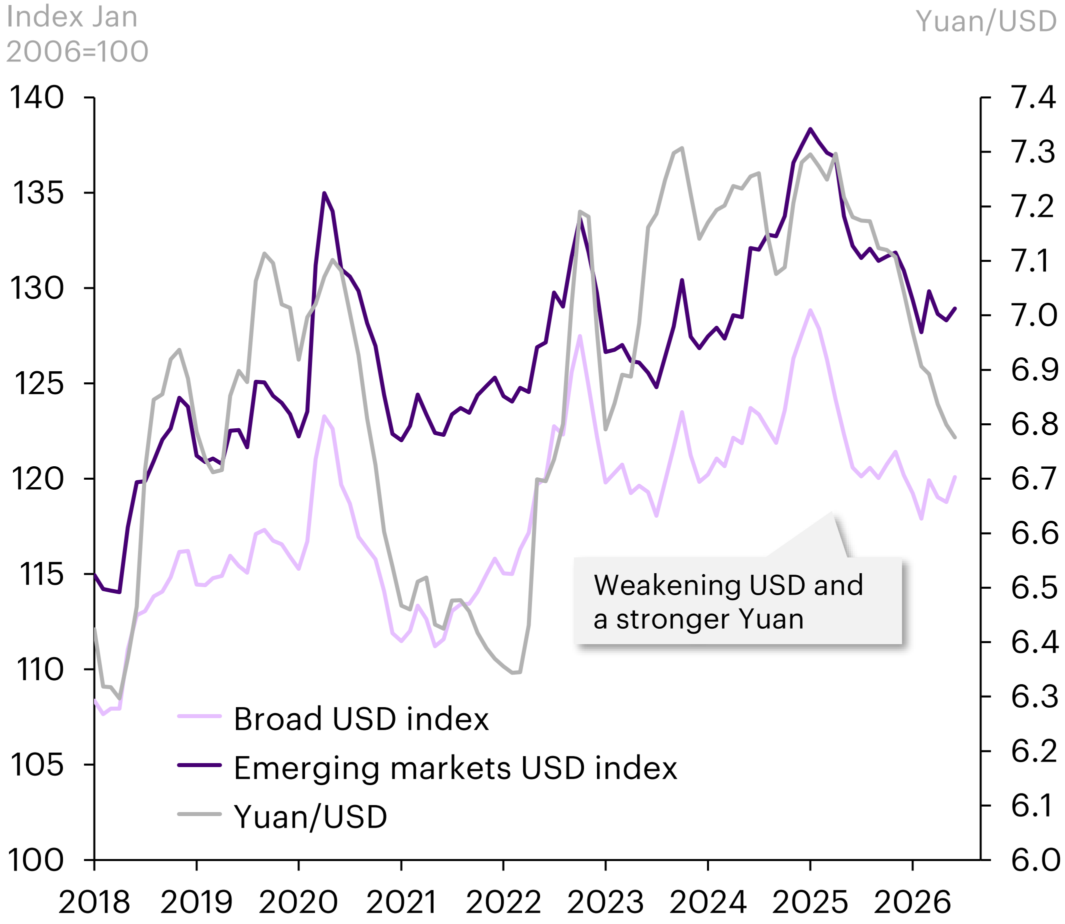
Global bond yields remain high, with markets balancing divergent policy stances, Middle East conflict-related inflation risks, shifting capital flows, and continued USD weakness

Long-term yields and exchange rates

Evolution of 10-year government bond yields



Trade-weighted USD index and Yuan/USD



Sources: Bloomberg, National Central Banks, Accenture analysis

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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.
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Accenture is a leading global professional services company that helps the world's leading businesses, governments and other organizations build their digital core, optimize their operations, accelerate revenue growth and enhance citizen services— creating tangible value at speed and scale. We are a talent and innovation led company with 774,000 people serving clients in more than 120 countries. Technology is at the core of change today, and we are one of the world's leaders in helping drive that change, with strong ecosystem relationships. We combine our strength in technology with unmatched industry experience, functional expertise and global delivery capability. We are uniquely able to deliver tangible outcomes because of our broad range of services, solutions and assets across Strategy & Consulting, Technology, Operations, Industry X and Accenture Song. These capabilities, together with our culture of shared success and commitment to creating 360° value, enable us to help our clients succeed and build trusted, lasting relationships. We measure our success by the 360° value we create for our clients, each other, our shareholders, partners and communities. Visit us at www.accenture.com.

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