

October Macro Brief

Navigating higher interest rates

October 30, 2026

CEO Advisory

Macro Foresight

About this document

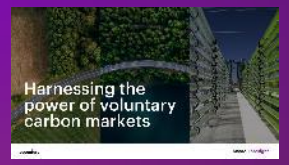
The monthly brief is intended to inform executive teams, boards and investors on the state of the economy. It has been prepared based on data as of **October 29, 2026**.

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.

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September: The uneven AI capex engine
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June: Iran conflict impact update
February: Navigating cooling labor markets
Year-end: 2026 outlook and top 10 macro trends

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Executive Summary

Executive summary

Global themes

- **The surge in interest rates globally in recent months to multi-decade highs has added pressure to a global economy already navigating a barrage of geopolitical, energy, and supply chain headwinds:**
  - Rates have increased across the yield curve, but especially for the longer-term borrowing most consequential for household and corporate investment decisions—10-year government bond yields have risen by roughly 50bps on average across major economies since June
- **Re-accelerating inflation and the central bank tightening it has prompted explain part of this rate increase, but most of it reflects deeper structural forces that will keep rates elevated for some time to come. These include:**
  - Higher risk premia related to geopolitical and supply chain uncertainties
  - More frequent supply-side shocks necessitating tighter-than-average monetary policy to contain inflation
  - Wider fiscal deficits and debt sustainability concerns as government spending rises on defense, aging-population healthcare, and infrastructure
  - Growing corporate borrowing needs related to AI buildout, supply chain resilience, and energy transition
- **While the impact of higher rates will vary by region depending on debt and industrial structures, at the global level they threaten to:**
  - **Dampen key recent growth supports.** AI capex could slow, particularly among debt-reliant buildout players like neoclouds and utilities, while US consumer spending could be hit at both ends of income spectrum—low-income (by rising borrowing costs) and higher-income (equity repricing)
  - **Amplify existing vulnerabilities.** Housing affordability—already stretched in the US, Canada, and many parts of Europe—faces further pressure as mortgage rates drift higher, while fiscal space for economic support narrows as debt-servicing costs rise against already-wide deficits.
  - **Widen performance gaps** between rate-sensitive sectors such as autos and durable goods and more insulated ones like healthcare, and between cash-rich larger companies and traditionally more debt-dependent SMEs.

Regional highlights

Americas

- In the **US**, the main vulnerabilities to higher rates are among consumers—who are seeing credit dependence and delinquency rates rise sharply—and SMBs, who have relatively higher variable-rate debt exposure than large corporates
- In **Canada**, rising bond yields are exacerbating mortgage refinancing challenges and household arrears, putting big-ticket spending at risk

Europe, Middle East and Africa

- In the **EU**, higher yields are stressing fiscal positions and could trigger sovereign-bank feedback loops that curtail broader lending
- In the **UK**, support measures in the October budget are unlikely to offset the squeeze on consumer spend from rising mortgage costs
- In **GCC**, higher rates are compounding fiscal strains from recent oil/gas revenues losses

Asia-Pacific

- Rate pass-through in APAC is sharpest in **Australia** overall and in **India** for new borrowers, squeezing discretionary spending and new financing, respectively
- **China's** falling interest rates, in contrast, signal continued weak domestic demand and deflationary pressure, particularly in the troubled property sector

Key considerations and priorities for clients

- **Stress-test balance sheets for higher-for-longer rates.** Model debt service, refinancing, and covenant headroom under sustained high yields; hedge floating-rate exposure and diversify funding, especially in markets where rate pass-through is fastest (e.g., Sweden, India, Japan, Australia).
- **Review investment pipelines and protect margins as rates bite.** Raise hurdle rates for capex and M&A, prioritize near-term-payback projects, and build cost-flexibility levers where pricing power is limited.
- **Segment demand and supplier exposure.** Forecast by income and mortgage exposure as K-shaped consumption deepens, monitor SME suppliers' liquidity and localized consumer health, and use balance sheet strength and promotions to win share as more leveraged peers retrench.

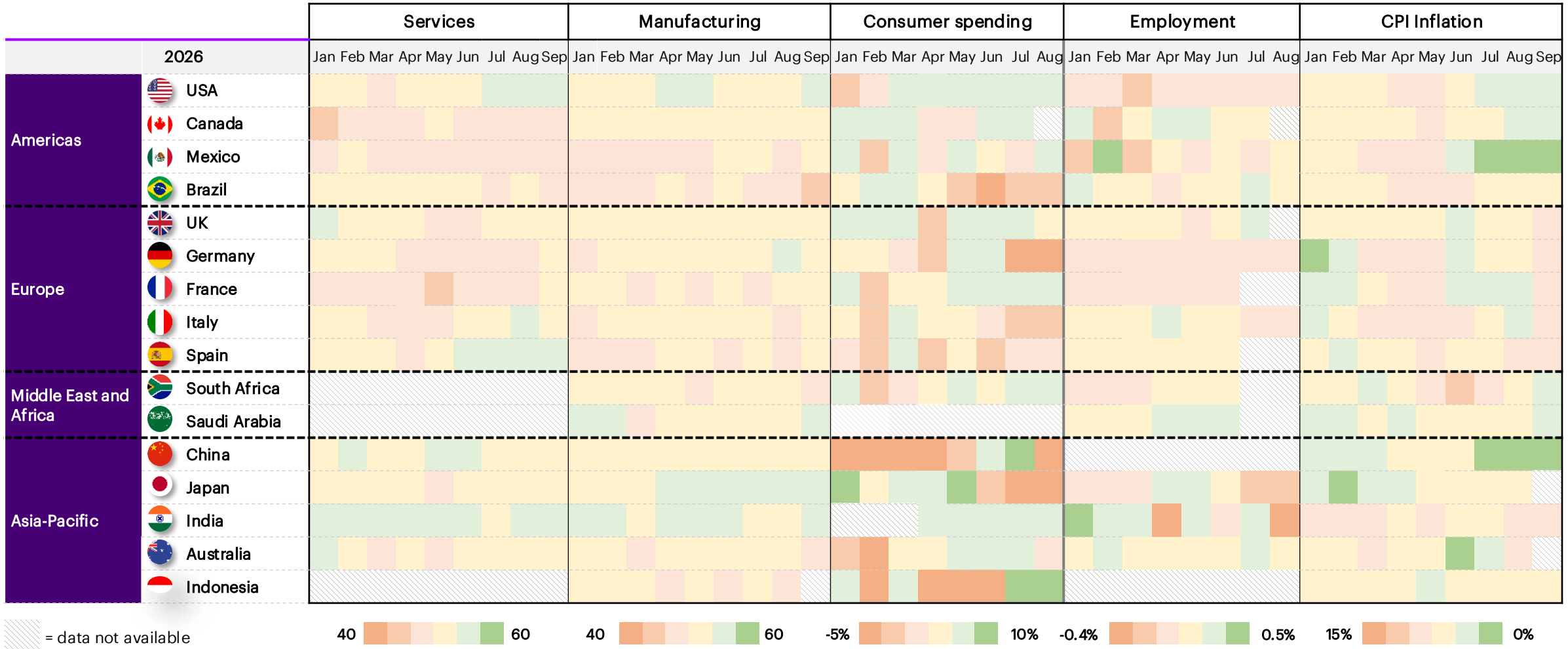
Source: Accenture analysis

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Global economic momentum remains resilient but uneven, as the energy shock lifts inflation and weighs on consumers despite firmer manufacturing

Country economic momentum snapshot

AS OF OCT 29



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.

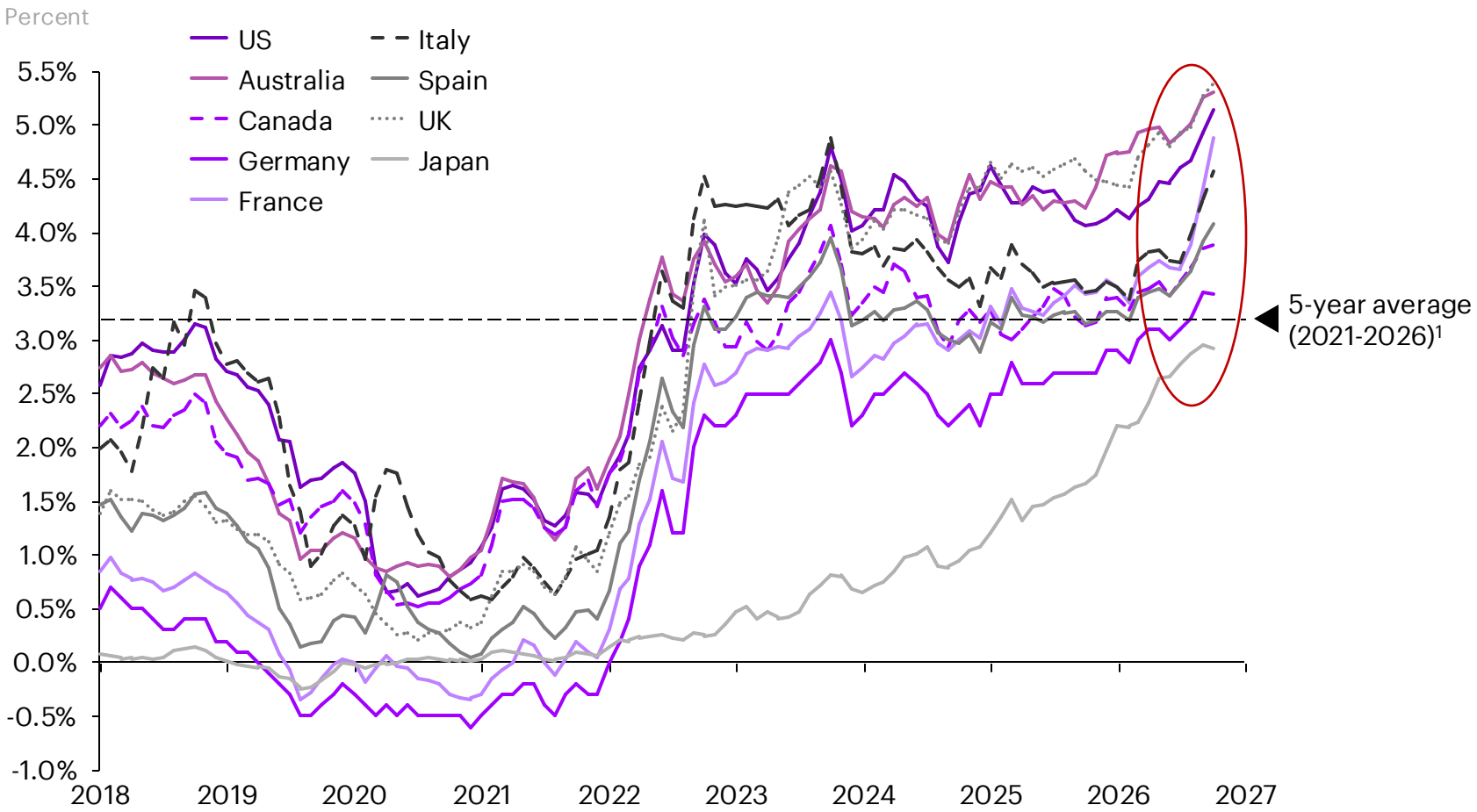
Sources: S&P Global, Haver Analytics, Accenture analysis

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Government bond yields have risen sharply across major economies since June, raising the global cost of long-term capital and intensifying funding pressures

Global increase in sovereign bond yields

Evolution of 10-year government bond yields



Key drivers of higher long-term yields

- Supply-side cost pressures prompting tighter monetary policy
- Higher risk premia
- Wider fiscal deficits
- Growing corporate capex needs

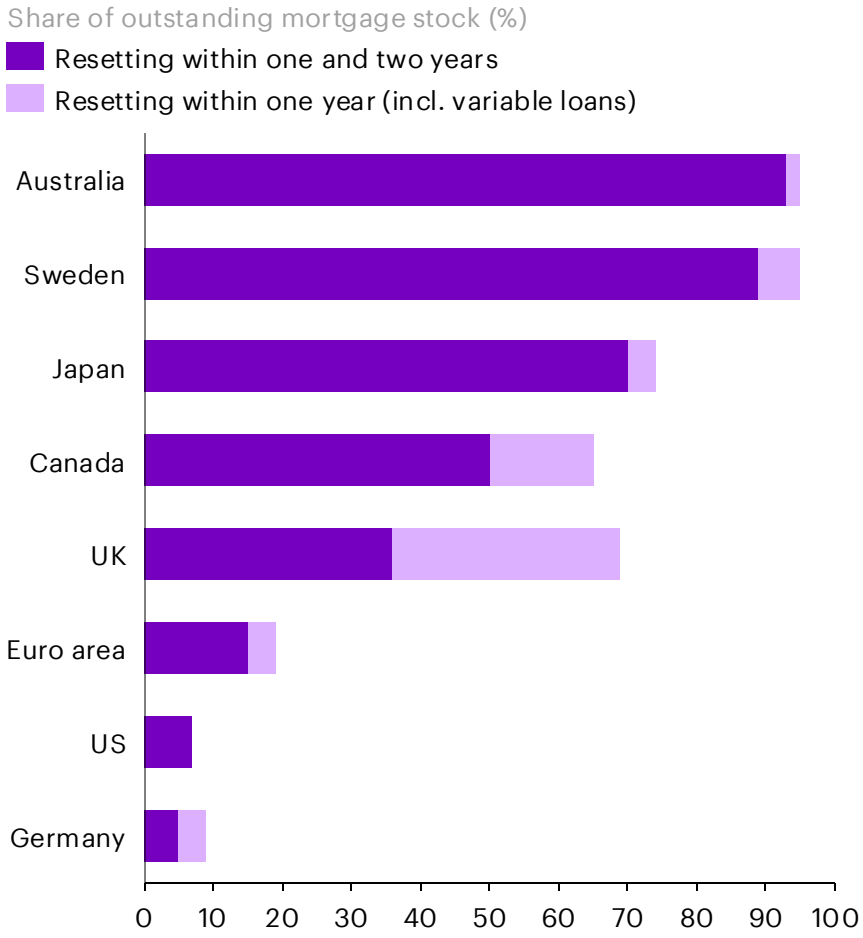
Notes: Five-year average 10-year government bond yield across the nine countries shown, 2021 to October 2026
Sources: OECD, Federal Reserve Bank of St. Louis, National Central Banks, Goldman Sachs Research, Accenture analysis

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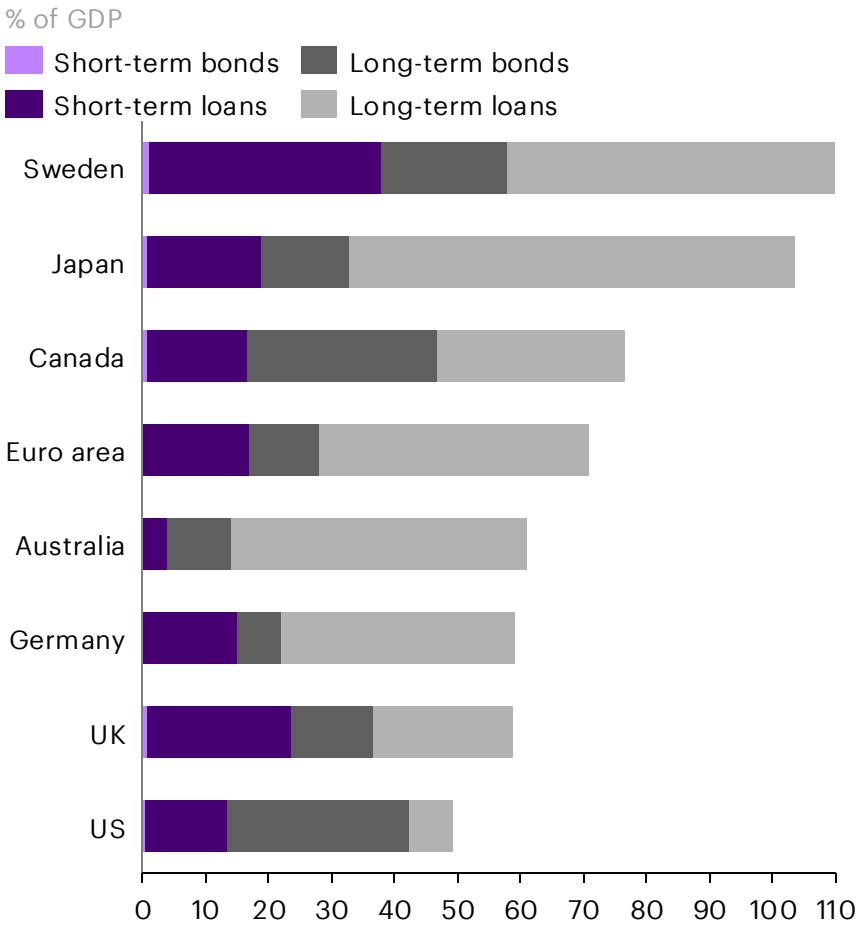
Economies with high shares of short-term and variable-rate debt, such as Sweden and Japan, could see greatest drag on consumption and business investment from higher rates

Global interest rate exposure

Mortgage repricing exposure by country



Non-financial corporate debt by maturity



Commentary

- **Household exposure:** High debt burdens and rapid mortgage repricing amplify the consumption drag from higher rates:
  - Australia and Sweden face the sharpest squeeze as rising repayments crowd out discretionary spending
  - Fixed-rate mortgages across the US and Euro area delay the cash-flow squeeze but prolong pressure on consumption as borrowers refinance
- **Corporate exposure:** High debt burdens amplify rate sensitivity, while financing structures determine how quickly higher costs hit cash flows and investment
  - Short-term loans expose firms to frequent refinancing and potentially faster rate pass-through, squeezing margins and capex, particularly in Sweden given its high debt burden
  - Long-term debt delays refinancing pressure, but variable-rate loans can still reprice immediately—this matters especially in Japan, where long-term loans dominate borrowing

Sources: Goldman Sachs Global Investment Research, Accenture analysis

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High bond yields squeeze interest rate-sensitive sectors on financing and valuation, while non-rate-sensitive sectors can turn resilience into advantage

Industry-level interest rate exposure and considerations

	Industries	Business considerations	
		Finance	Operations
More interest rate-sensitive sectors	• Communications & Media • High Tech • Software & Platforms • Consumer Goods, Retail, Travel & Services • Industrials • Utilities	• Stress-test debt service and refinancing; hedge floating-rate exposure and extend maturities • Raise hurdle rates and re-price capex and M&A cases for higher discount rates • Diversify funding (private credit, asset sales, project finance)	• Prioritize projects with near-term payback; phase or pause long-dated builds • Protect demand via pricing and customer financing terms • Build cost-flexibility levers and track cash and covenants by rate scenario
Less interest rate-sensitive sectors	• Insurance • Health • Public Service • Life Sciences • Chemicals & Natural Resources • Energy	• Use balance sheet strength, low leverage is a competitive edge as cash earns more • Buy over-levered assets or suppliers at lower multiples • Keep liquidity buffers; watch indirect exposure via customers and suppliers	• Win share by offering stressed customers and suppliers' flexible terms • Keep investing in capacity, innovation and talent as peers cut back • Protect margins with pricing power; track input-cost pass-through

Source: Accenture analysis

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Growth remains uneven across Americas and Europe, with resilient US and Canadian activity contrasting with softer Europe as renewed inflation keeps policy restrictive

Latest near-term economic outlooks: Americas and Europe

		Key recent datapoints	Base case outlook	What to watch for
Americas	US	• GDP growth rose to 3.4% annualized in Q3 from 2.2%, supported by investment and consumer spending • CPI inflation rose to 3.7% YoY in September; core CPI 2.6% • Fed held at 3.75–4.00% in October after September's hike	• Growth should remain resilient, supported by consumer spending, productivity gains and AI-related investment • Elevated inflation and robust activity likely keep policy restrictive, limiting near-term easing	• Persistence of consumer spending and AI-related investment • Labor-market cooling versus resilience • Energy-price pass-through and future Fed policy decisions
	Canada	• Q2 GDP up ~0.8% QoQ / 3.3% annualized; Q3 indicators point to ~2% annualized • CPI inflation rose to 3.1% YoY in September, although inflation excluding gasoline eased to 2.2% • BoC hiked 25bps to 2.50% in October, first hike since 2023	• Near-term growth should soften as renewed US tariffs weigh on activity, before recovering through 2027 • Higher energy prices and cost pass-through should keep inflation above 3% through much of 2027	• Canada-US trade and export resilience • Energy prices and business cost pass-through • Household spending and renewed monetary tightening
	Brazil	• Q2 activity remained positive, with GDP growth around 2% YoY • IPCA rose to 4.58% YoY in September (0.82% MoM) • Copom cut the Selic by 25bps to 13.75% in September	• Growth should continue to moderate under still-restrictive financial conditions • Gradual easing and resilient labor income should support demand, though elevated inflation and fiscal risks limit upside	• Inflation convergence and pace of monetary easing • Chinese demand for commodity exports • Fiscal-policy implementation and market confidence
Europe	UK	• CPI inflation rose to 3.5% YoY in September; core CPI 2.8% • Transport and motor fuels were the largest drivers • BoE held at 3.75% in September; three MPC members preferred a hike	• Growth should remain weak as high borrowing costs and renewed inflation weigh on households • Inflation likely to remain above target near term, keeping the BoE cautious despite softer growth	• Energy pass-through and consumer confidence • Wage and services inflation • Future BoE decisions and risk of renewed tightening
	Germany	• CPI inflation accelerated to 3.3% YoY in September (2026 high), driven by energy prices up 14.9% YoY • Q2 GDP grew ~0.3% QoQ, but domestic demand and investment remained subdued	• Growth should remain modest, with exports and fiscal support providing only a gradual lift • Higher energy costs, weak consumption and private investment will constrain the recovery	• Energy prices and external demand • Private investment and consumer confidence • Impact of tighter euro-area financing
	France	• CPI accelerated to 3.1% YoY in September on energy prices (+21.3%) • Q2 GDP flat after Q1 contraction; purchasing power weakened • October household confidence fell sharply to 80	• Growth should remain subdued as weak purchasing power and investment constrain demand • Higher energy prices and tighter financing conditions add further near-term headwinds	• Household confidence and purchasing power • Energy-price pass-through • Investment, external demand and financing

Sources: BEA, Bank of Canada, IBGE, ONS, Destatis, Insee, Accenture analysis

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Growth across Asia-Pacific remains uneven, with India outperforming and China's consumer recovery lagging, while renewed inflation constrains policy flexibility across the region

Latest near-term economic outlooks: Asia-Pacific



		Key recent datapoints	Base case outlook	What to watch for
Asia-Pacific	China	• Q3 GDP grew 4.5% YoY; first-three-quarter growth reached 4.6% • Industrial production rose 5.5% YoY in September; computer/electronics output +16.4% • Retail sales rose only 1.1% YoY; CPI was 0.9%, underscoring industrial-consumer divergence	• Manufacturing, high-tech activity, exports and policy support sustain growth, but household demand remains weak • Low CPI leaves room for targeted support, although producer-price pressures have risen	• Export resilience amid trade uncertainty • Household consumption and property confidence • Whether industrial strength broadens into domestic demand
	Japan	• CPI was 2.1% YoY in September; inflation excluding fresh food and energy was 2.4% • Q2 GDP grew 0.4% QoQ, maintaining a moderate recovery • BoJ holds its policy rate around 1.25% and continues to signal gradual normalization	• Moderate recovery should continue, supported by employment, incomes, investment and AI-related export demand • Inflation around or above 2% keeps further gradual BoJ normalization possible	• Pace of BoJ policy normalization • Yen movements and energy prices • Wage gains, employment and AI-related export demand
	India	• CPI accelerated to 5.54% YoY in September; food inflation reached 7.74% • Q1 FY2026–27 GDP grew 7.8% YoY, supported by resilient domestic activity • RBI raised the repo rate 25bps to 5.50% in October as inflation pressures broadened	• India should remain the region's growth outperformer, supported by domestic demand and investment • Higher food, energy and input-cost inflation has reduced policy flexibility despite strong growth	• Food inflation, weather and fuel-price pass-through • Impact of higher rates on demand and investment • Evidence of broader second-round inflation effects
	Australia	• CPI accelerated to 4.3% YoY in September; trimmed-mean inflation rose to 3.6% • Q2 GDP grew 0.4% QoQ and 2.1% YoY, with growth remaining modest • RBA raised the cash rate 25bps to 4.60% in September amid renewed inflation pressure	• Growth should remain subdued as higher borrowing costs and elevated inflation constrain household demand • Renewed inflation pressure has materially reduced the scope for near-term policy easing	• Persistence of housing and services inflation • Household spending and labor-market conditions • Further RBA tightening and China-linked commodity demand
	Indonesia	• CPI rose to 3.28% YoY in September; volatile-food inflation increased to 5.03% • Q2 GDP grew 5.29% YoY, keeping economic activity resilient • Bank Indonesia held the BI-Rate at 5.75% in October, prioritizing rupiah stability	• Growth should remain supported by domestic demand, investment and government stimulus • Currency and food-price pressures are likely to keep policy flexibility constrained	• Rupiah stability and global capital flows • Food-price pressures and weather risks • Domestic credit growth and external demand

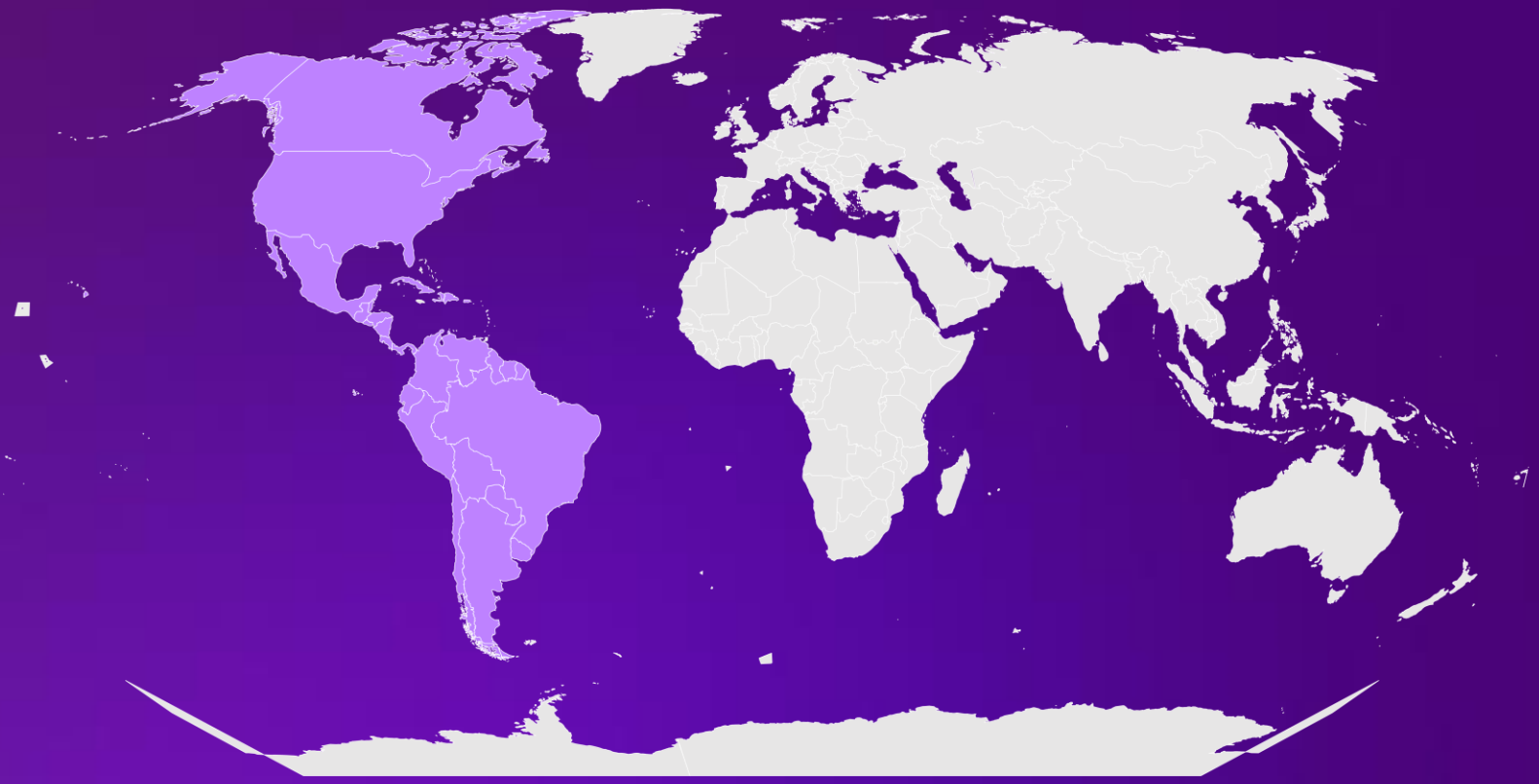
Sources: NBS China, Statistics Bureau of Japan, PIB, ABS, Bank Indonesia, Accenture analysis

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Spotlight developments

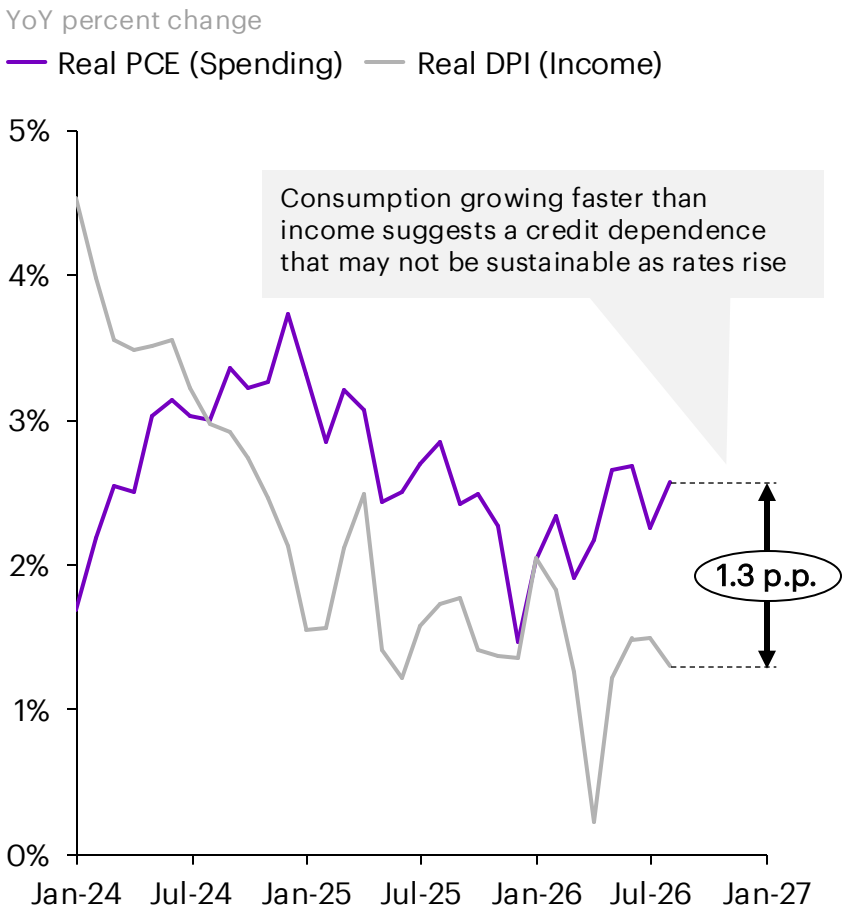
Americas



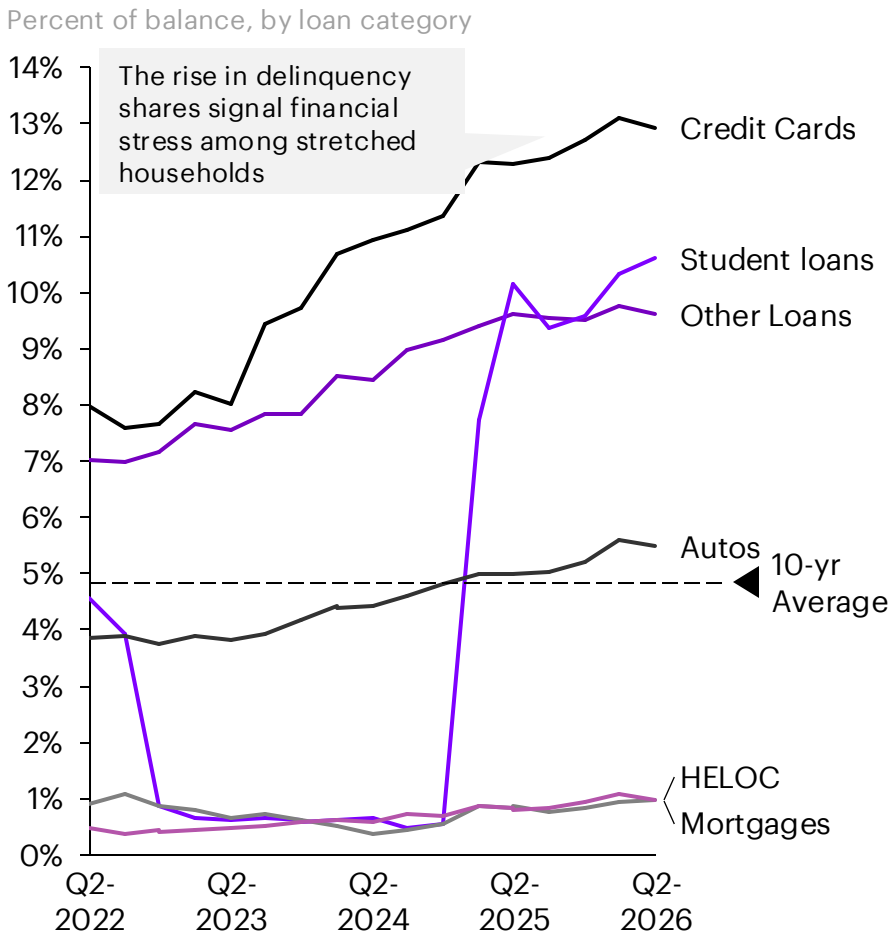
Consumer spending is outpacing real income growth, while higher household credit and mortgage stress could amplify risks to discretionary demand

US consumer spending

US consumer spending is outpacing income growth



Share of loan balances newly 90+ days delinquent



Implications for corporates

- Uneven household buffers amplify the consumption impact of higher rates
  - Real spending outpaced income growth, suggesting credit may be supporting consumption
  - Higher debt-servicing costs could widen demand divergence between consumers
- Consumer-facing business should strengthen value propositions
  - Rising delinquencies may prompt lenders to tighten credit limits, disproportionately affecting financially-stretched households
  - Tighter credit conditions could weaken consumer demand and compress corporate margins, potentially triggering employment losses

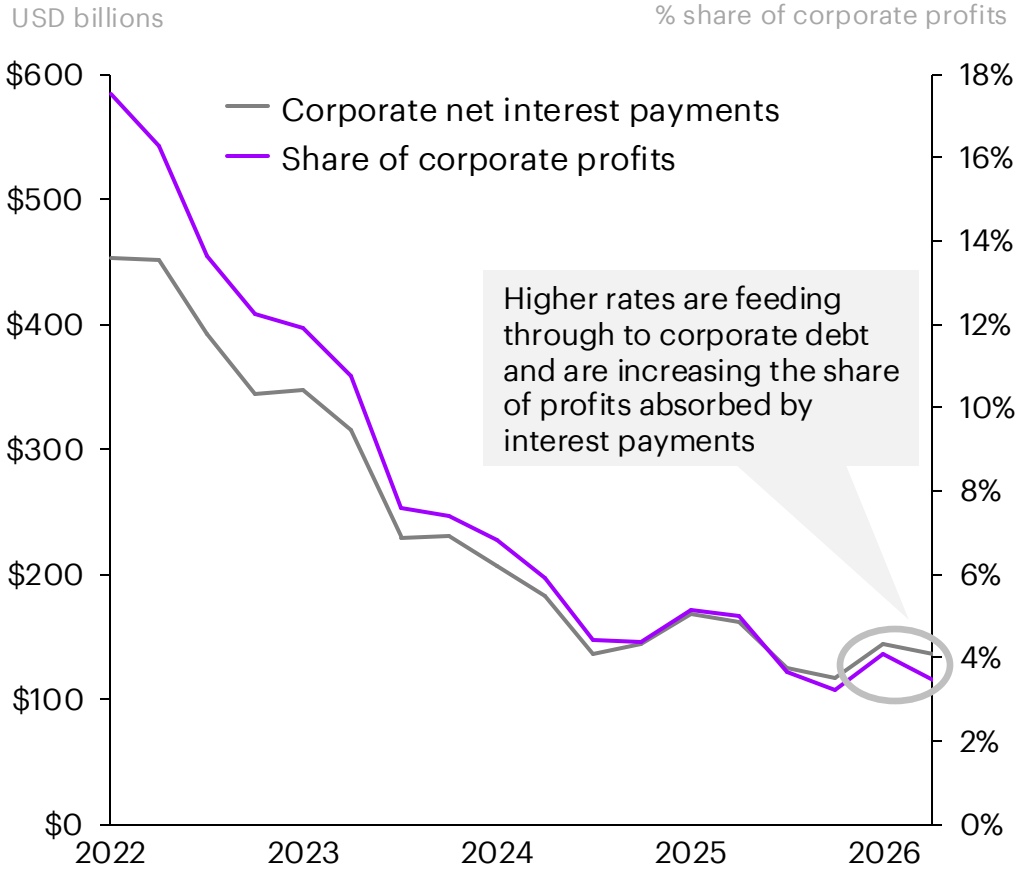
Sources: Federal Reserve Bank of New York, Federal Reserve Bank of St. Louis, Federal Reserve Bank of Philadelphia, Bureau of Economic Analysis (BEA), Accenture analysis

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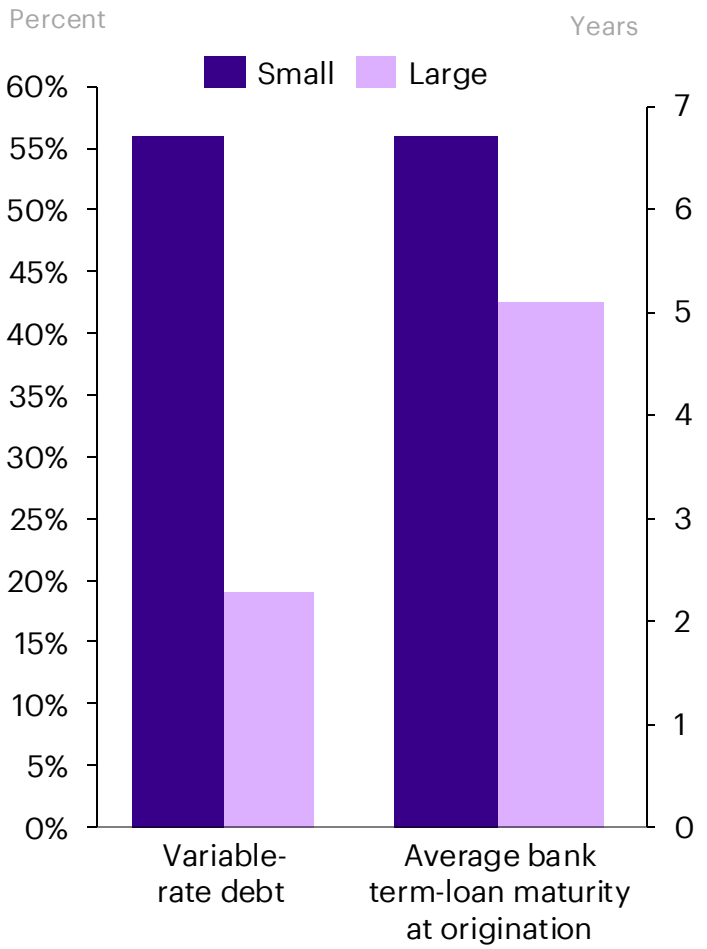
Low starting interest burdens provide some cushion against rising rates, but SMBs' greater variable-rate debt exposure could squeeze owners' spending and disrupt supply chains

US corporate interest burdens

US corporate net interest payments



Share of variable-rate debt by firm size



Implications for corporates

- Rising corporate interest burdens mask uneven exposure across firms
  - SMBs' greater variable-rate exposure accelerates the impact on debt-servicing costs, squeezing cash flows despite their longer loan maturities
  - Larger firms' predominantly fixed-rate debt provides some protection from higher rates, helping cushion aggregate capex and employment
- SMBs funding pressures could spill into supply chains
  - Tighter working capital could delay payments and deliveries, creating indirect risks for larger firms reliant on smaller suppliers

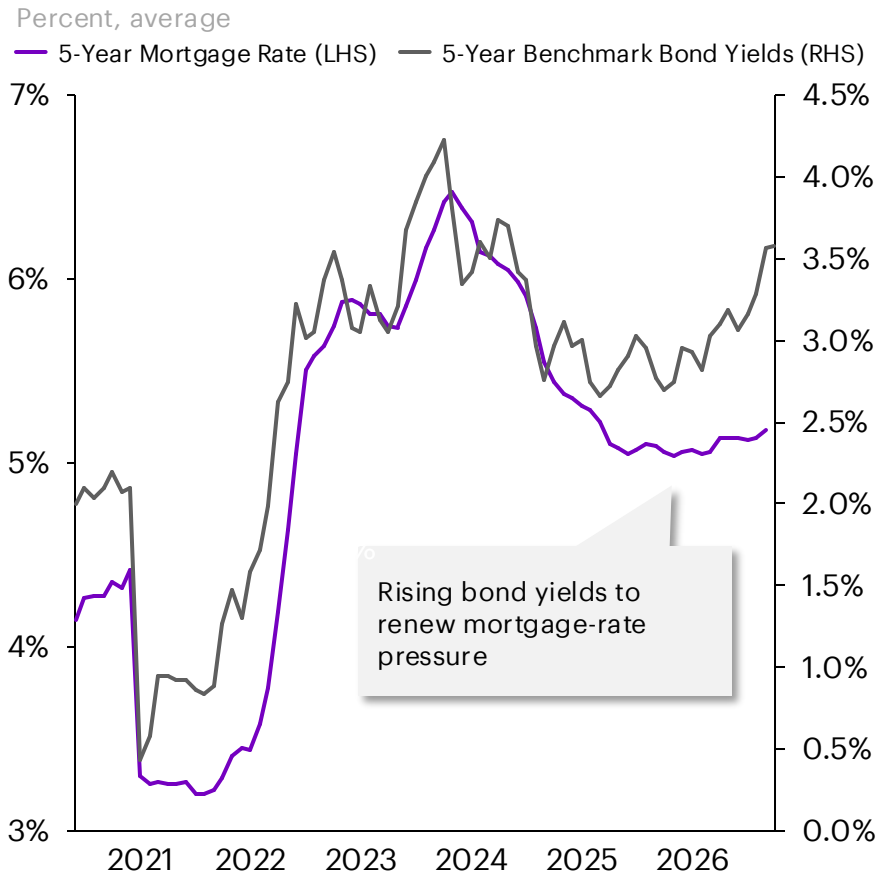
Sources: Goldman Sachs Investment Research, Federal Reserve, BEA, Accenture analysis

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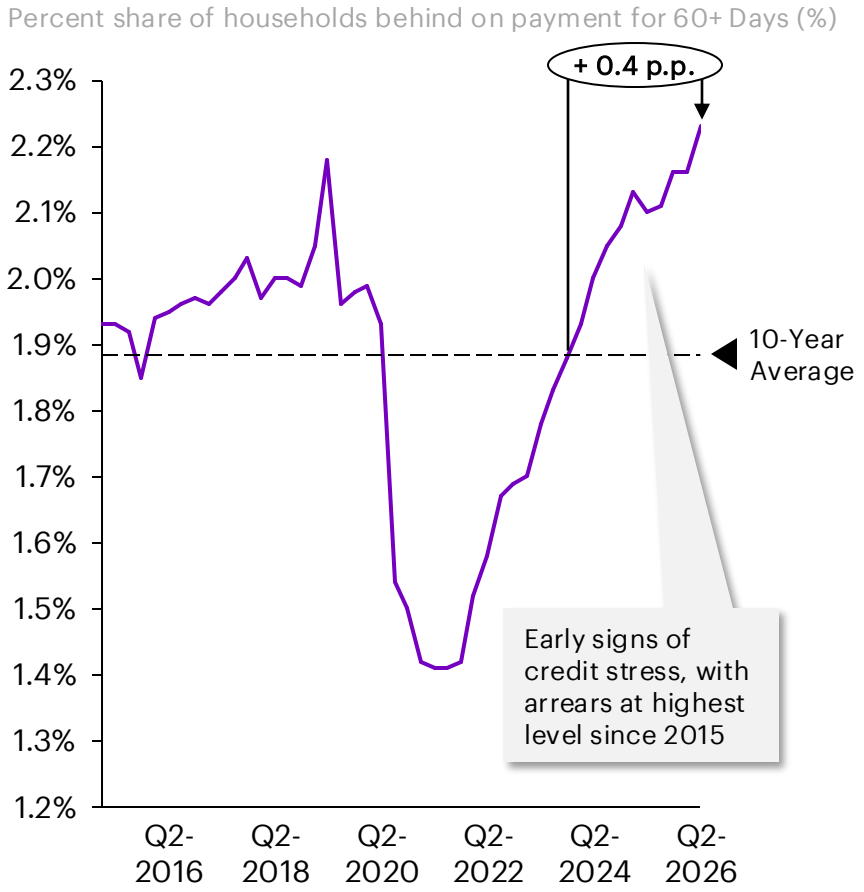
Rebounding bond yields are set to push Canadian mortgage rates higher, adding refinancing pressure as household arrears steadily climb

Canadian household credit stress

Upward pressure on residential lending rates



Household arrears in Canada are steadily climbing



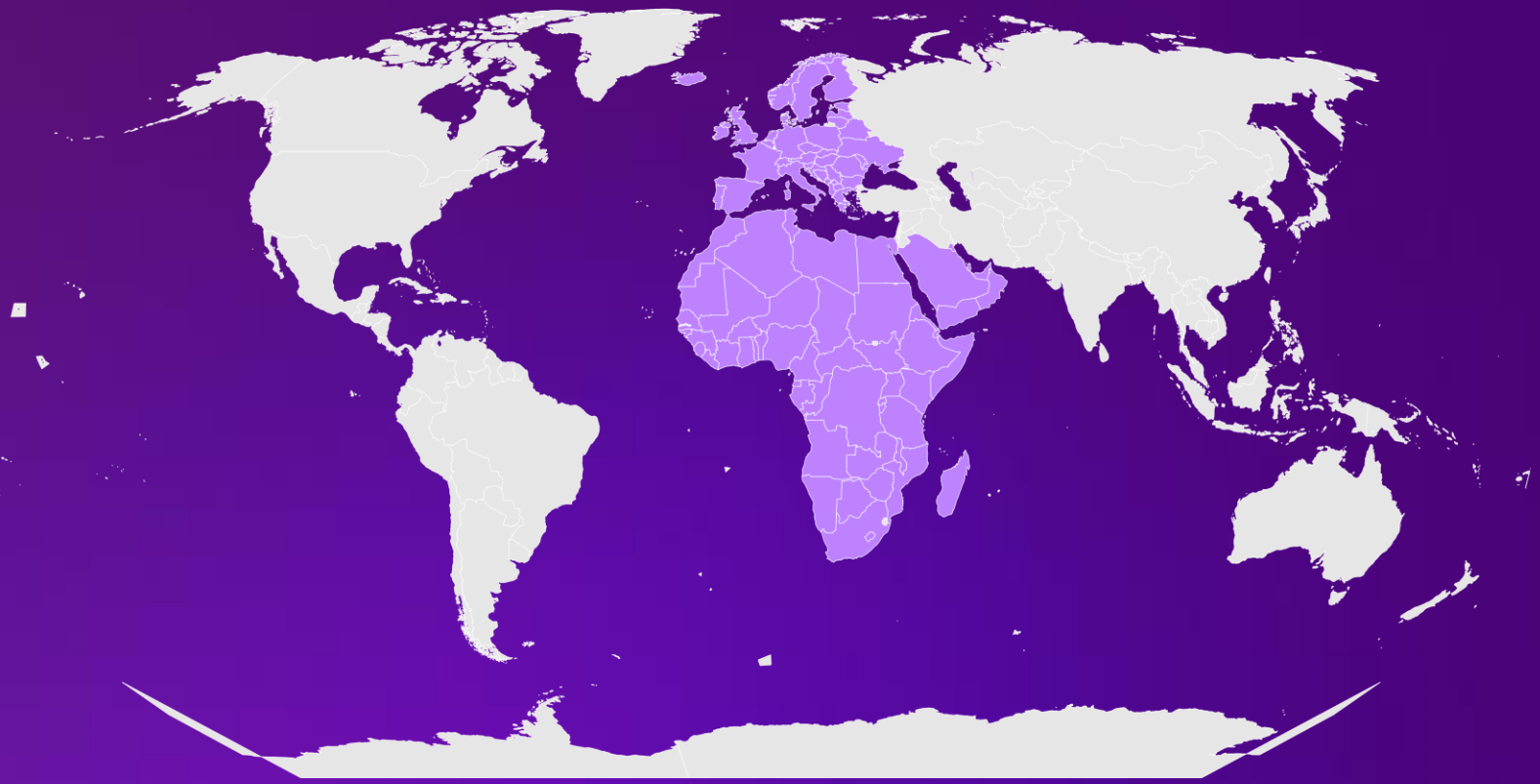
Implications for corporates

- Mortgage renewal is a deferred, lumpy shock. Rising bond yields are feeding into 5-year mortgage rates, concentrating demand risk on households renewing over the next 1-2 years rather than spreading it evenly
- Arrears understate the real pressure on spending. Households stay current on mortgages by cutting discretionary purchases first, then big-ticket items, so demand risk builds well before credit losses show up
- Lenders and consumer businesses face the same stress on different timelines
  - lenders should expect provisioning pressure to build as renewals hit
  - retailers and auto companies may see volume shifts sooner, since spending cuts come before missed payments

Notes: The 5-Yr residential mortgage lending rate is the simple average of the posted, closed, 5-year interest rates for mortgages issued by banks, trust companies, credit unions, savings and loan and life insurance companies on Wednesday of each week. A monthly rate is calculated by averaging the weekly values.
Sources: Haver Analytics, CANNEX, Bank of Canada, Accenture analysis

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Europe, Middle East and Africa

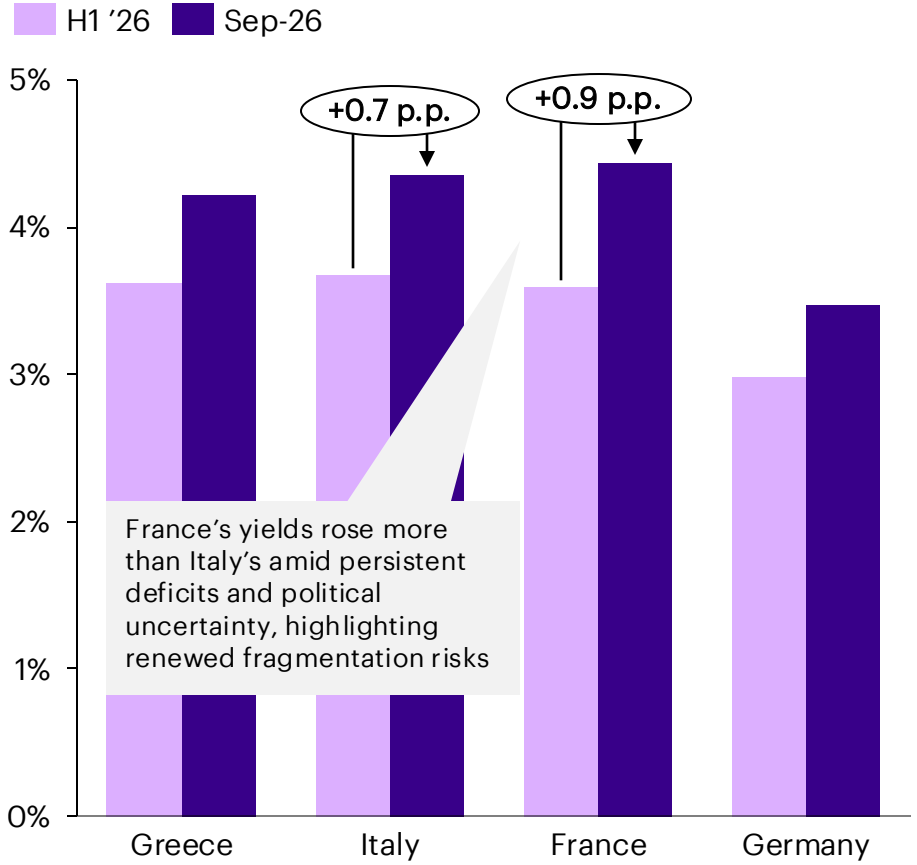


Higher sovereign yields are testing uneven fiscal resilience across the Euro area, with large debt-stabilization gaps potentially constraining private credit and investment

Euro area sovereign financing pressures and fiscal headroom

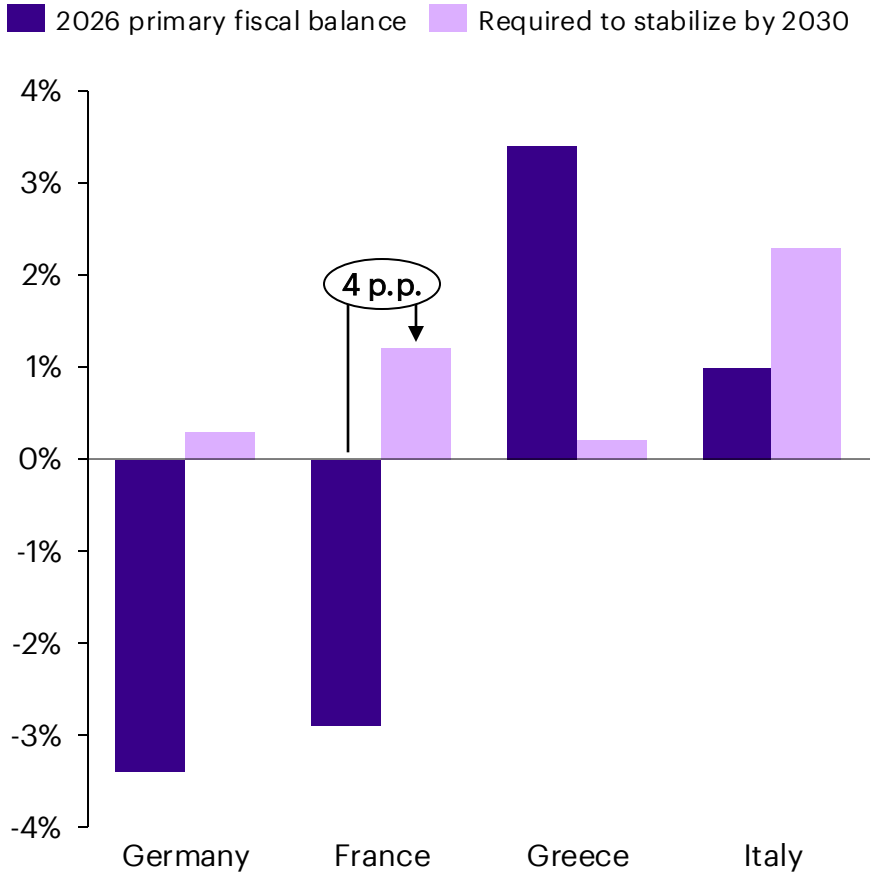
Government bond yields across Euro area economies

Percent (monthly average, 10-Year YTM)



Debt stabilization requirements by country

% of GDP, 2026



Implications for corporates

- **Rising sovereign risks:** Higher yields increase debt-servicing costs, while weak fiscal balances limit governments' ability to absorb them
  - France's debt-stabilization gap highlights the risk of further fiscal pressure
- **Uneven financing risks:** Higher sovereign risk premia could raise bank funding costs and tighten SME lending
- **Pressure on private investment:** Governments may cut spending or raise taxes to stabilize debt, weakening public investment.
  - Greater sovereign borrowing needs could raise private financing costs amidst intense competition for capital

Sources: Haver Analytics, Eurostat, ECB, Oesterreichische Nationalbank (OeNB), Goldman Sachs Investment Research, IMF, Accenture analysis

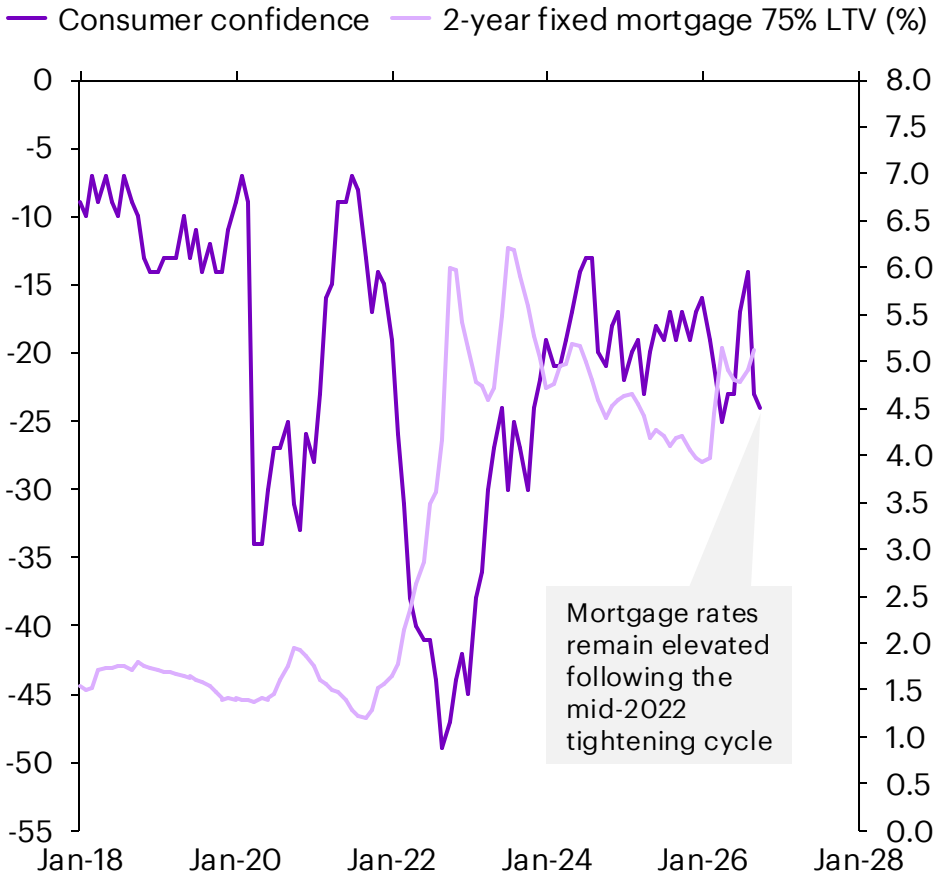
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The UK's October Budget may ease household costs, but higher UK mortgage rates and weak confidence could squeeze discretionary spending and housing-related demand

Rising UK mortgage costs

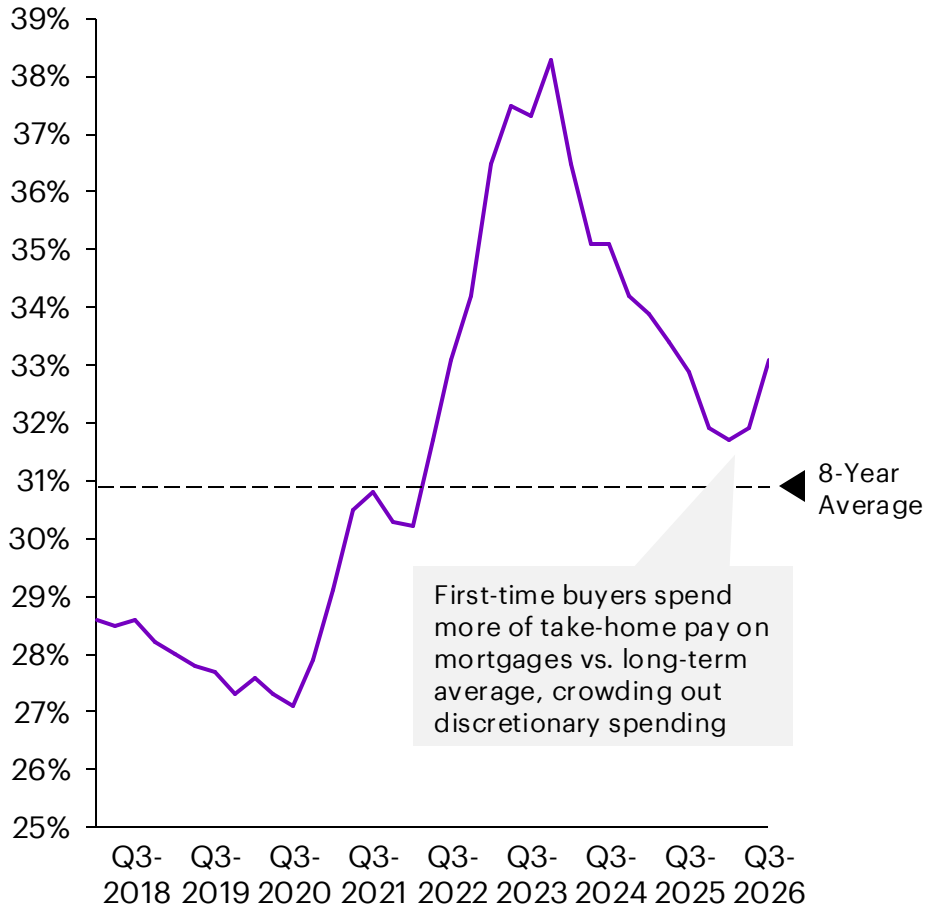
Weaker UK consumer confidence and higher mortgage costs...

Consumer confidence (index points, LHS), 2-yr mortgage rate (%, RHS)



...Keep first-time home buyer budgets stretched

First-time buyer mortgage payments as % of take home pay



Implications for corporates:

- **Consumer demand:** The October Budget's GBP 100 energy payment and electricity VAT relief help at the margin, but may prove too small to offset rising mortgage costs and the squeeze on disposable income and hence spending
- **Housing-linked sectors:** Higher borrowing costs could curb transactions and renovations, weighing on furniture, home improvement and other big-ticket consumer purchases
- **Business resilience:** Value and essential retailers may benefit as households trade down, while discretionary and CPG categories face more promotions and margin pressure

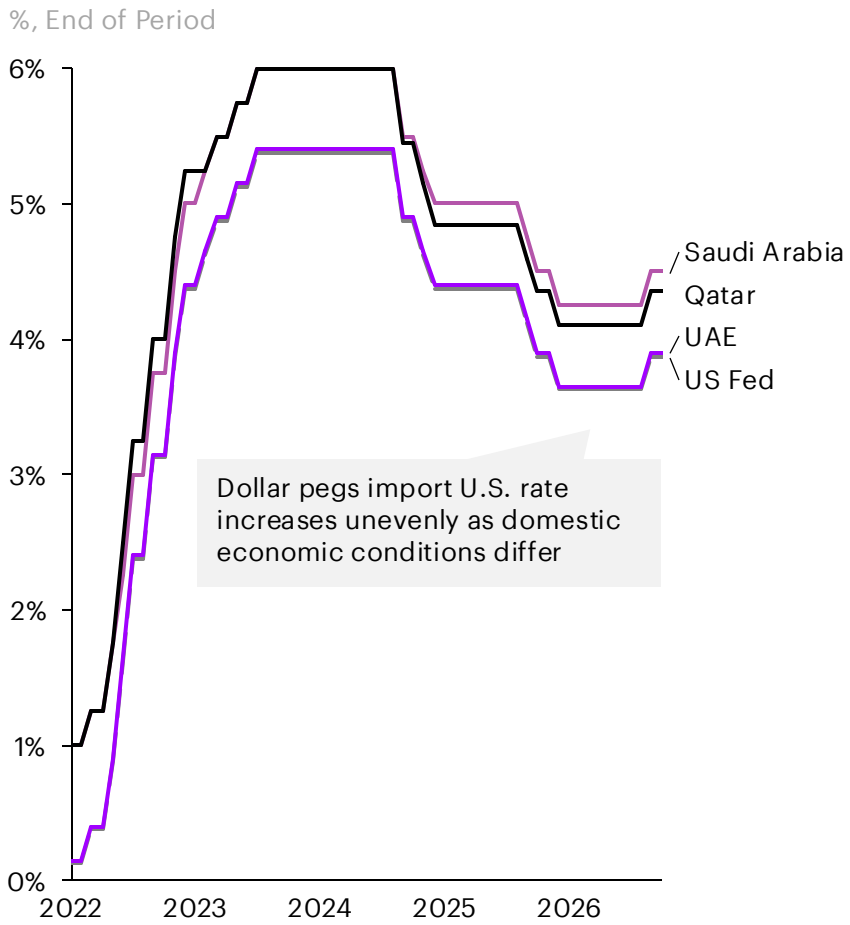
Sources: Haver Analytics, GfK Consumer Confidence Index, Bank of England, Nationwide Building Society, Accenture analysis

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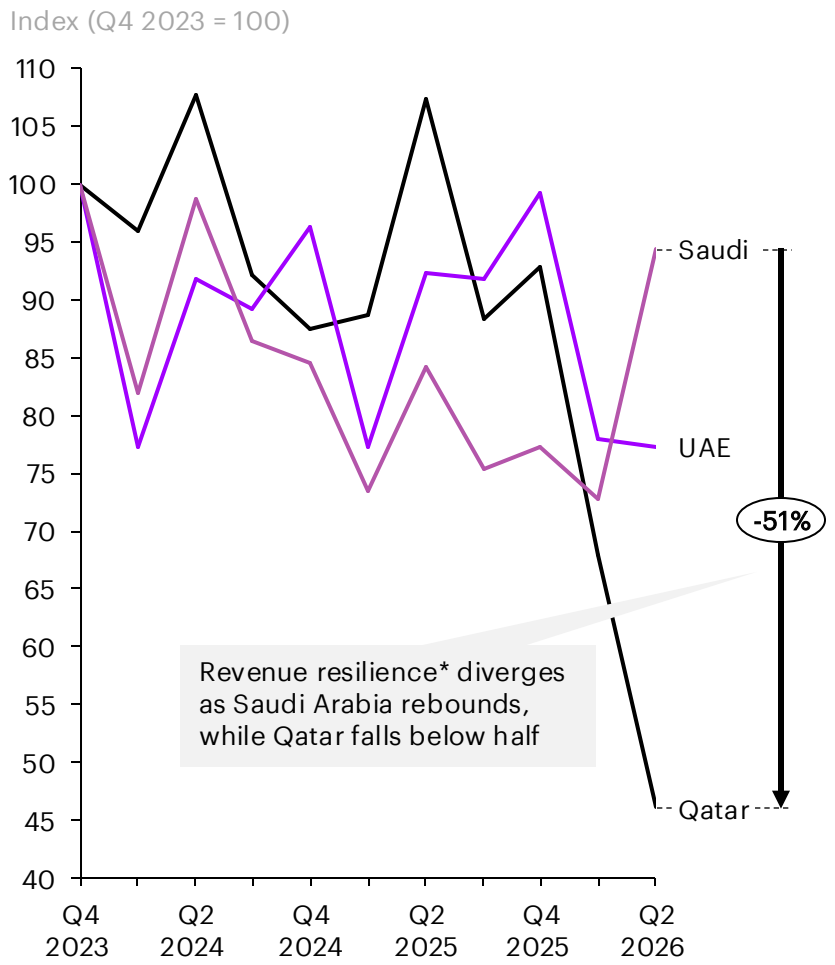
Gulf economies are absorbing imported US monetary tightening at the same time that geopolitical and hydrocarbon-revenue shocks are affecting their fiscal positions

Divergent fiscal resilience

Selected imported policy benchmark rate pathways



Government revenue shocks are widening fiscal divergence



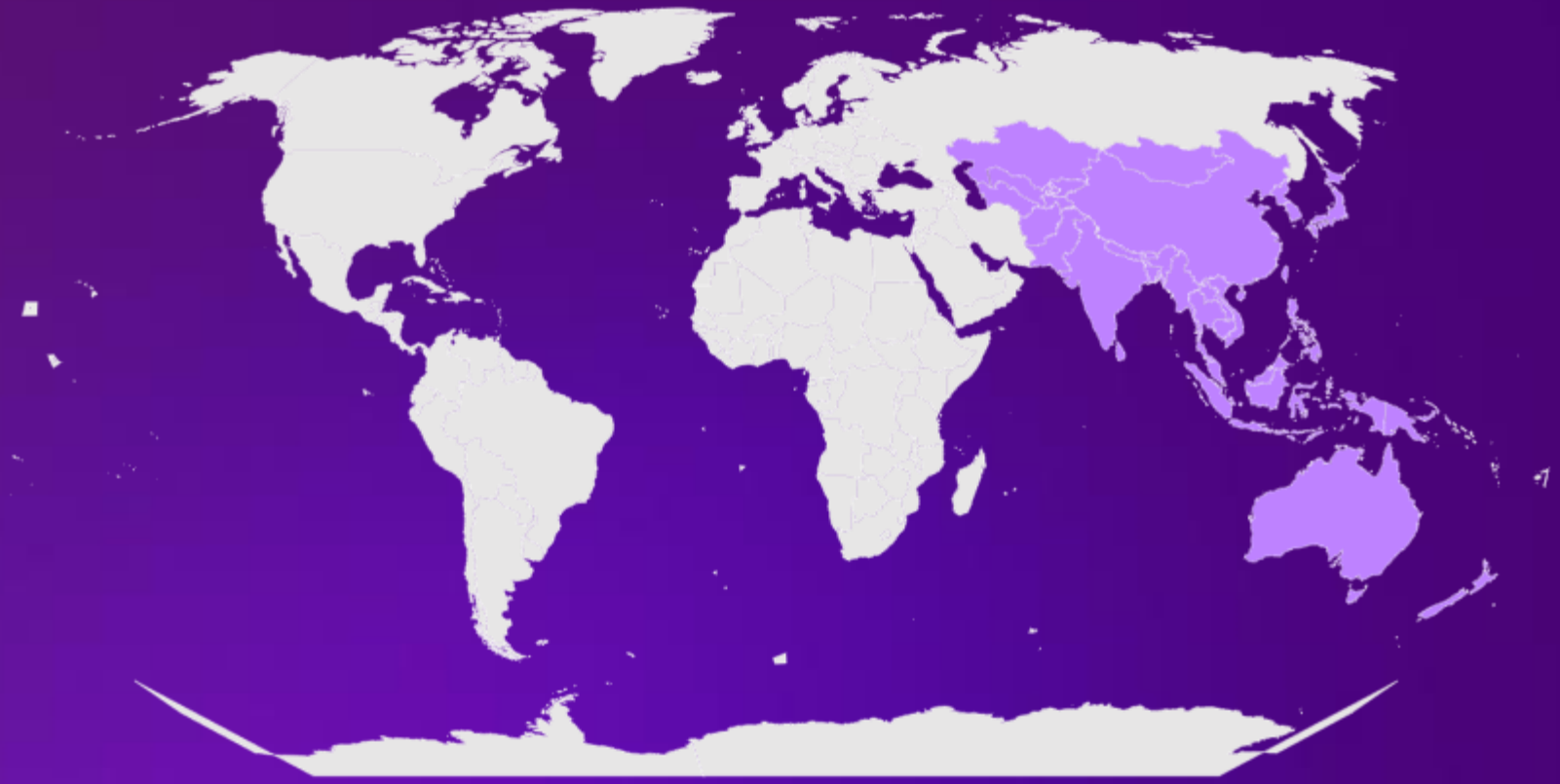
Implications for corporates

- Higher rates could amplify business costs in the GCC, as revenue shocks land unevenly
  - Imported policy tightening raises borrowing costs broadly, but differing revenue paths and fiscal buffers require market-specific hurdle rates and counterparty limits
  - Higher sovereign funding needs could absorb bank liquidity and contractor capacity, raising corporate borrowing costs and delaying less-strategic projects
- Companies need to protect cash flow and margins from these funding and geopolitical shocks, i.e.:
  - Plan for longer project timelines, payment cycles and working-capital requirements
  - Stress-test debt, payment delays, freight and insurance costs, and include escalation clauses in long-duration contracts

Notes: *LNG disruptions hit Qatar's revenues, while Saudi bypass routes and UAE diversification cushioned exports
Sources: Haver Analytics, National Central Banks, JP Morgan Research, HSBC Global Investment Research, KeyBanc, Accenture analysis

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Asia-Pacific

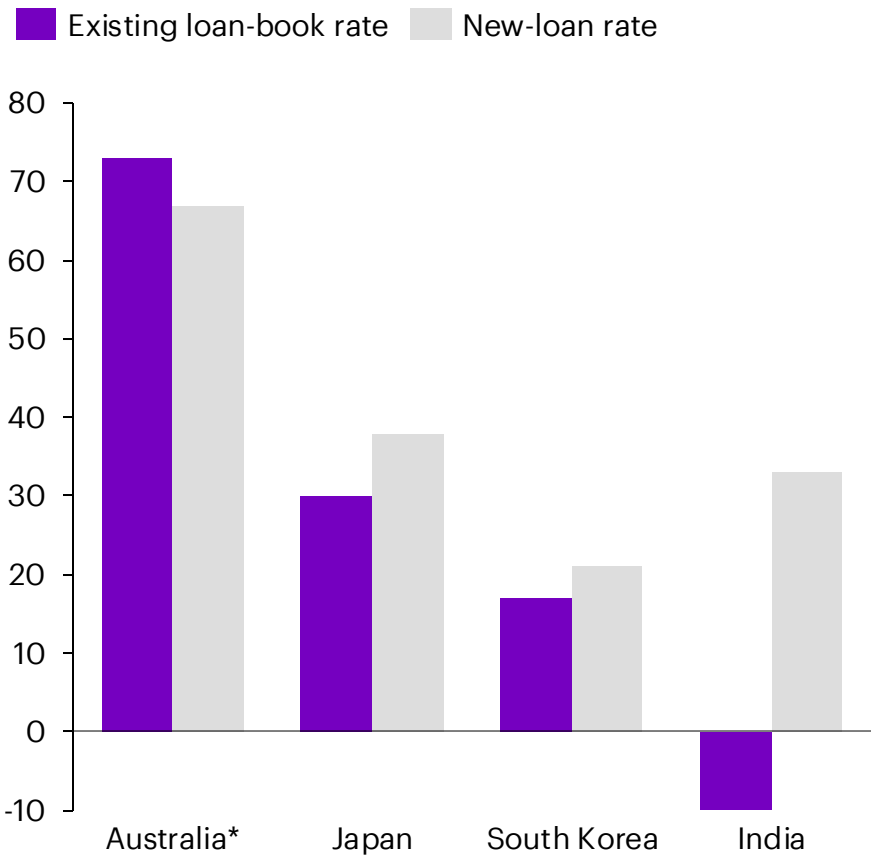


Rate pass-through is uneven across APAC, and especially pronounced within India where new borrowers face sharply rising costs while existing borrowers see little pass-through

Funding pressures across APAC

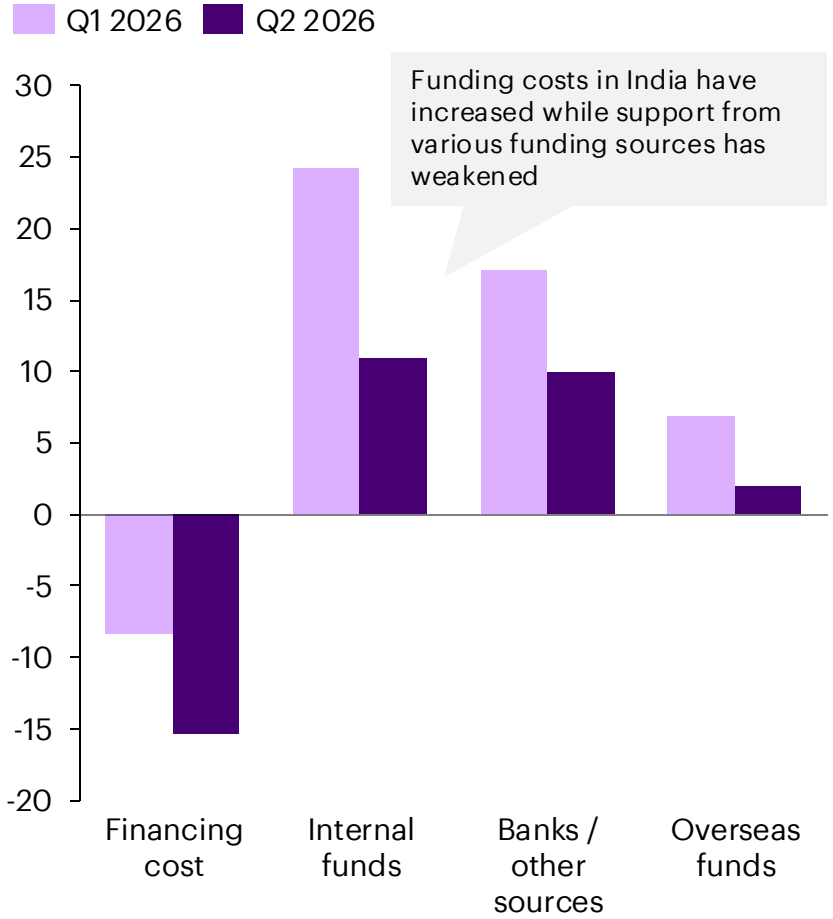
Higher rates are reaching borrowers unevenly across APAC

Change in average lending rates, basis points, Dec'25 vs. Aug'26



India-based manufacturers report high financing pressure

Financing conditions, net survey responses, Q1-Q2 2026, %



Implications for corporates

- **Uneven borrowing costs:** Companies will need to consider localizing pricing, demand forecasts, and credit assumptions as rate transmission differs materially across APAC markets
- **Demand and credit risk** may diverge within the same market. Higher rates on new borrowing can weaken housing, discretionary consumption, and smaller-business investment despite legacy borrowers being insulated for now
- **Funding diversification is critical:** India-based companies should secure committed credit lines early, broaden lender relationships, and stress-test refinancing and foreign-exchange exposure

Notes: *Australia uses medium-business loans; the other economies use broader bank-loan aggregates
Sources: Reserve Bank of Australia; Bank of Japan; Bank of Korea; Reserve Bank of India; Accenture analysis

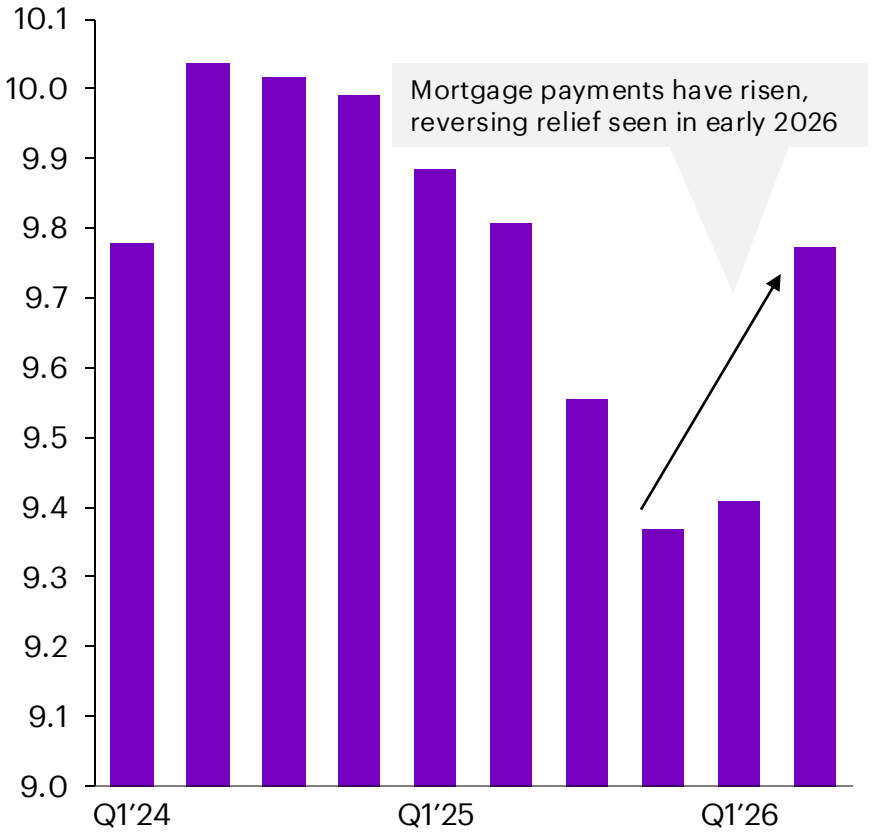
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Higher rates are driving up mortgage burdens in Australia, but arrears remain contained even as household real incomes stagnate

Mortgage pressure and real income

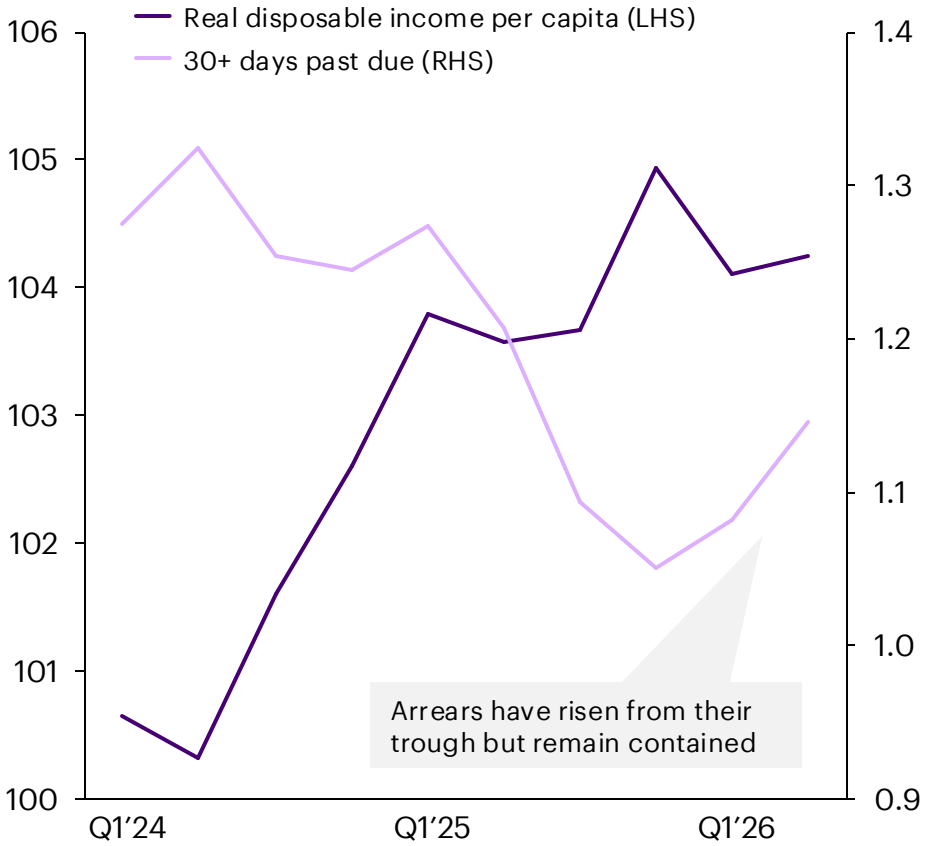
Mortgage payments are consuming more household income

Mortgage debt payments, % of household income



Arrears are rising modestly as real incomes stagnate

Housing loans in arrears (%) vs. real income per capita (2009 = 100)



Implications for corporates

- **Discretionary demand remains constrained:** Australia's high share of variable-rate and short-reset mortgages passes higher rates quickly into repayments, crowding out discretionary spending
- **Credit resilience may be temporary:** Arrears remain contained, but rapid refinancing and stagnant real incomes could increase household stress before defaults rise materially
- **Uneven demand exposure:** Mortgage-heavy households face the sharpest near-term squeeze, leaving consumer-facing firms exposed to weaker volumes and greater price sensitivity

Notes: Real disposable income per capita indexed to 2019 average = 100; 90+ day arrears are included within 30+ day arrears.
Sources: Reserve Bank of Australia, Financial Stability Review, October 2026; Australian Prudential Regulation Authority; Australian Bureau of Statistics; Accenture analysis

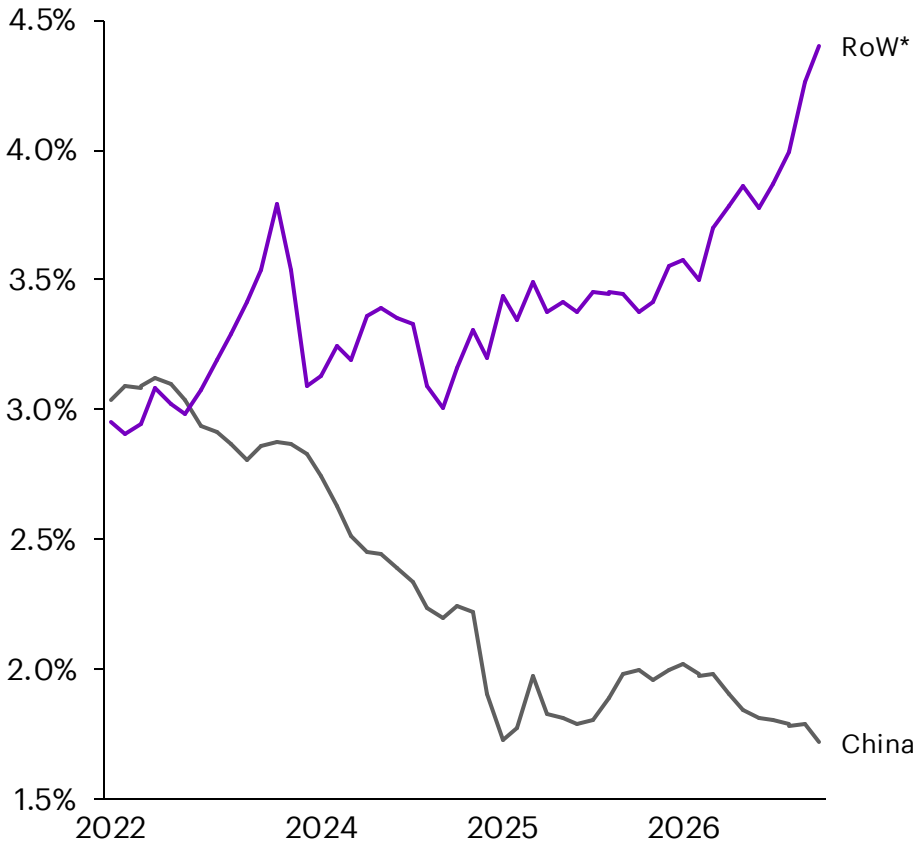
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China's falling rates—in sharp contrast to the rest of the world—signal continued weak domestic demand and deflationary pressure, particularly in the troubled property sector

Declining interest rates and demand weakness in China

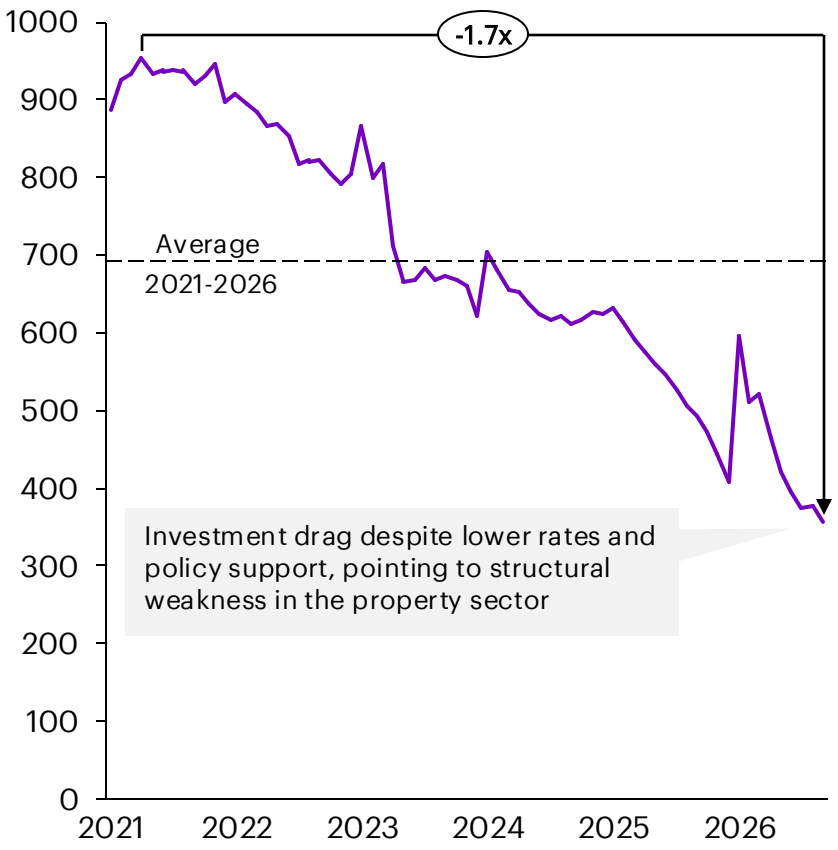
China's interest rates are falling as global yields rise

Percent per annum, 10-Year Bond YTM



Investment in China's residential building development

Bil. Yuan (seasonally adjusted, completed investment)



Implications for corporates

- China's falling rates reflect an economy in which weak consumption and private investment are increasing dependence on exports and selectively-supported industries as growth engines
- Depressed residential investment is weighing on construction, materials and other home-related sectors
- Excess capacity and price competition may squeeze developers' margins, limiting ability to pass through costs
- Companies should localize pricing by city and customer segment; favor value offerings and faster-payback capex

Notes: *RoW represents the simple average of 10-year government bond yields across the US, Australia, Canada, Germany, France, Italy, Spain, the UK and Japan
Sources: Haver Analytics; Accenture analysis

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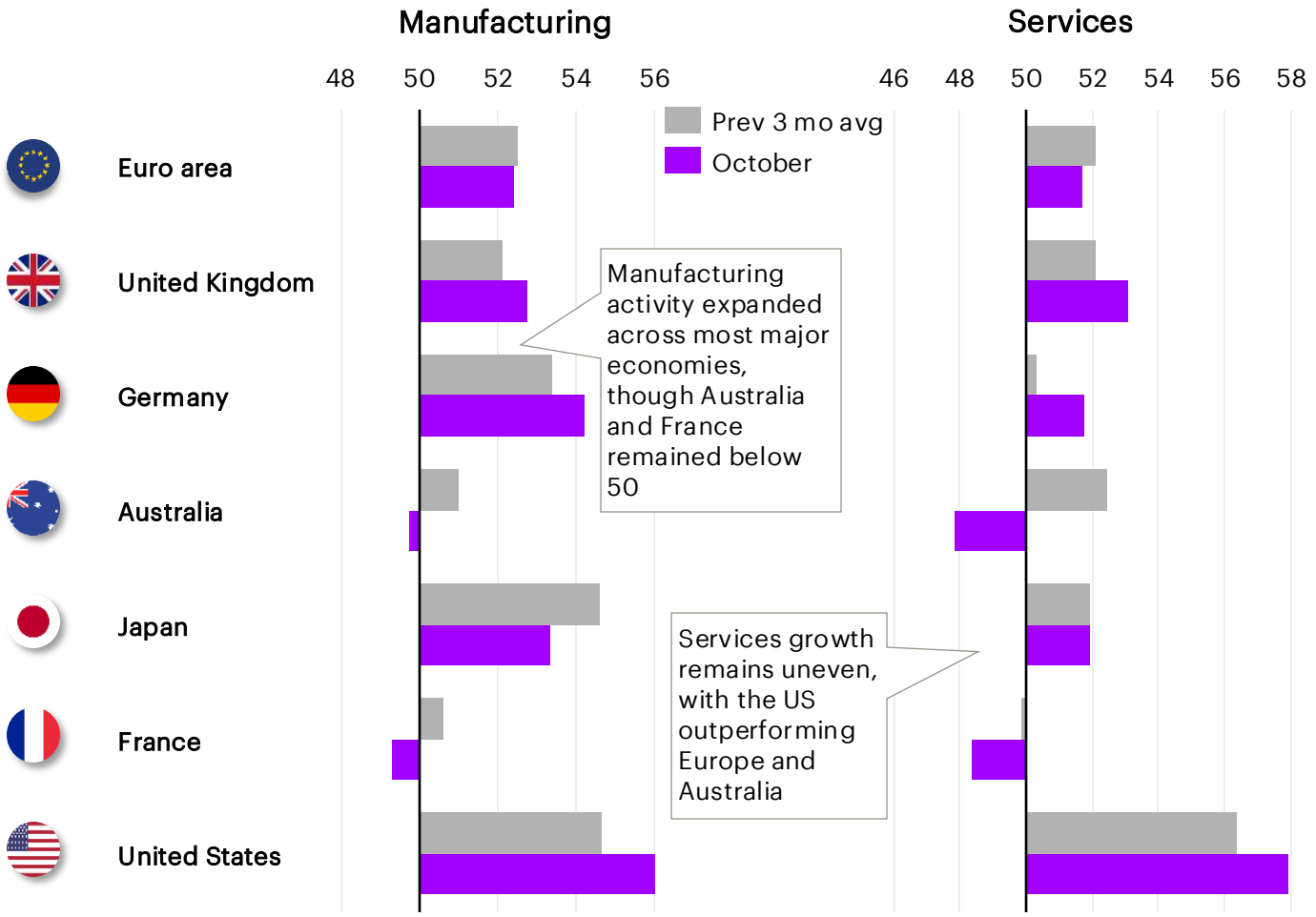
Economic indicator chart pack

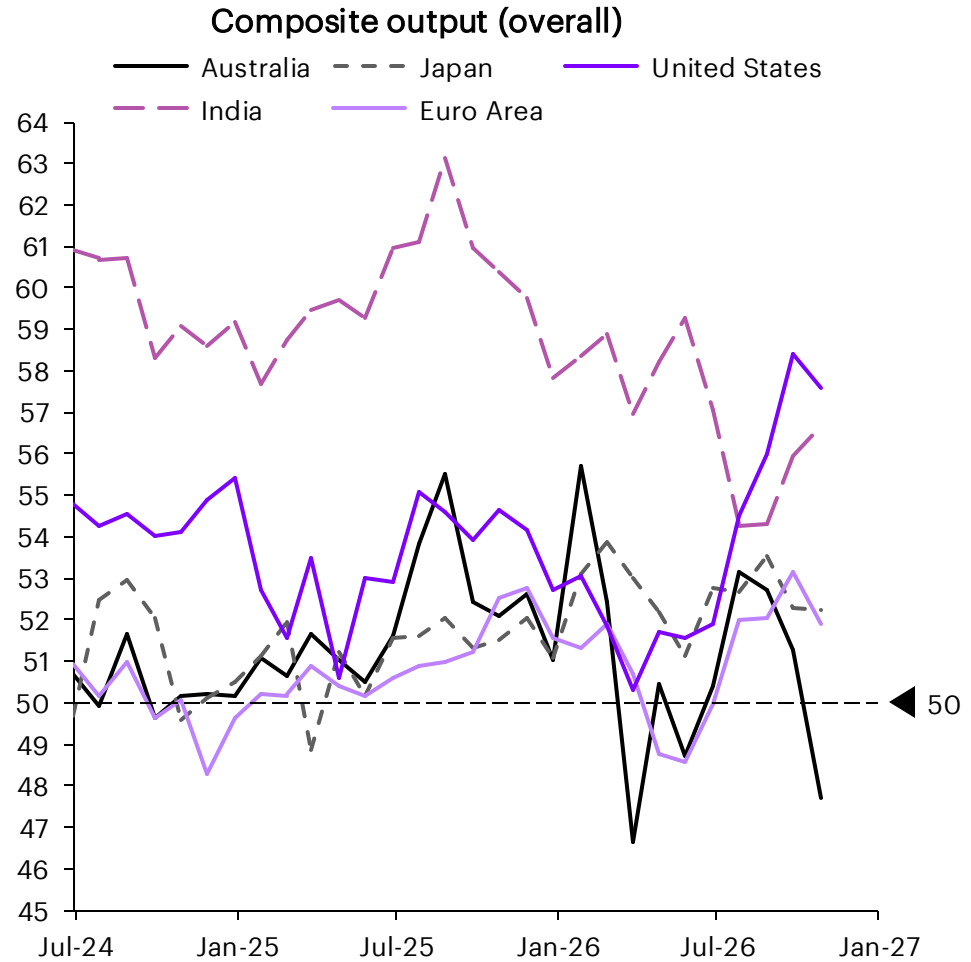
Regional and industry activity



Business activity remained resilient in October, supported by stronger manufacturing across major economies, though growth remains uneven

October 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

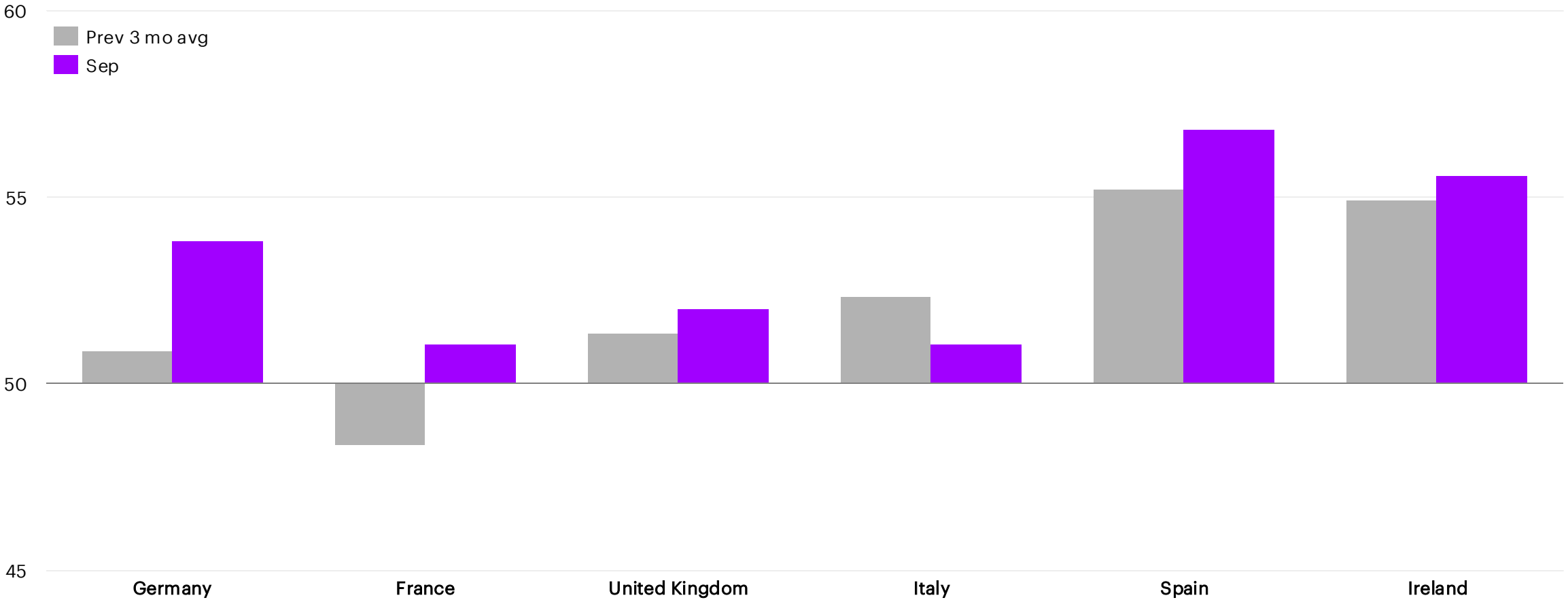
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Europe's business activity strengthened in September, with all major economies returning to expansion

Regional performance: Europe

Output/activity country performance

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



Sources: S&P Global, Accenture analysis

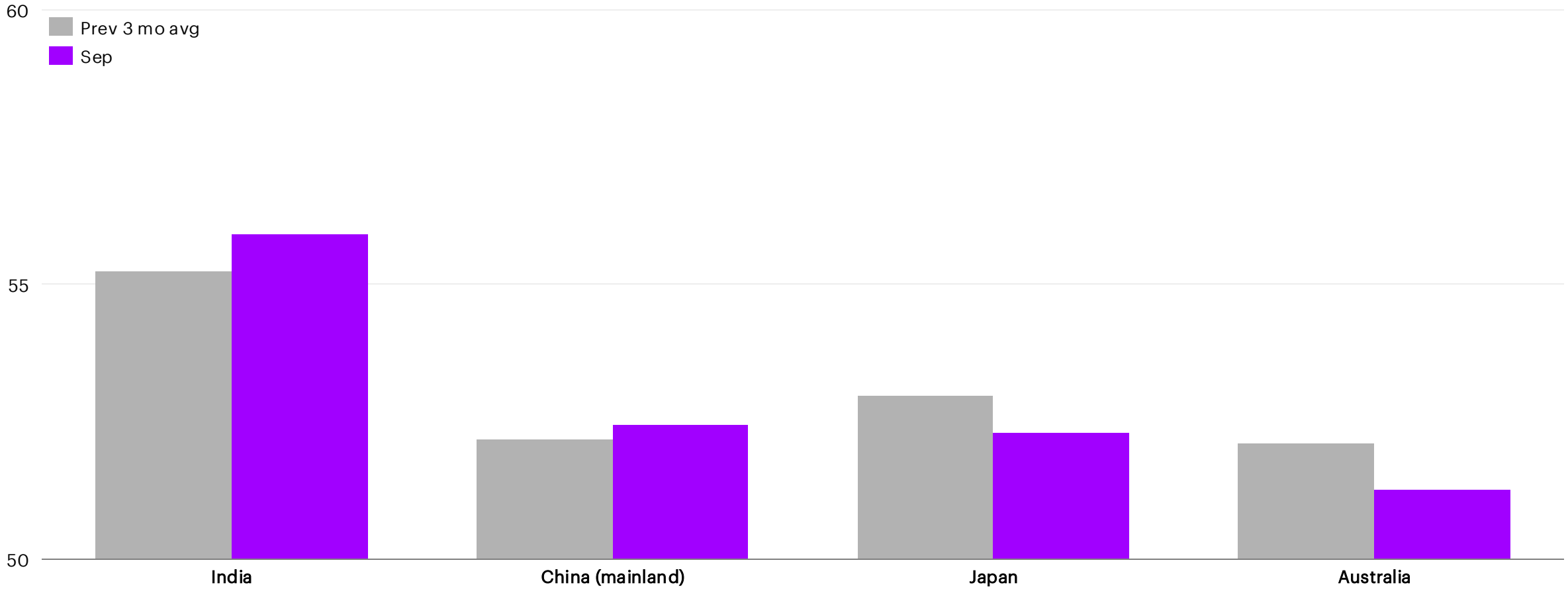
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Asia-Pacific business activity remained resilient in September, with India leading regional growth while Japan and Australia softened

Regional performance: Asia-Pacific

Output/activity country performance

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



Sources: S&P Global, Accenture analysis

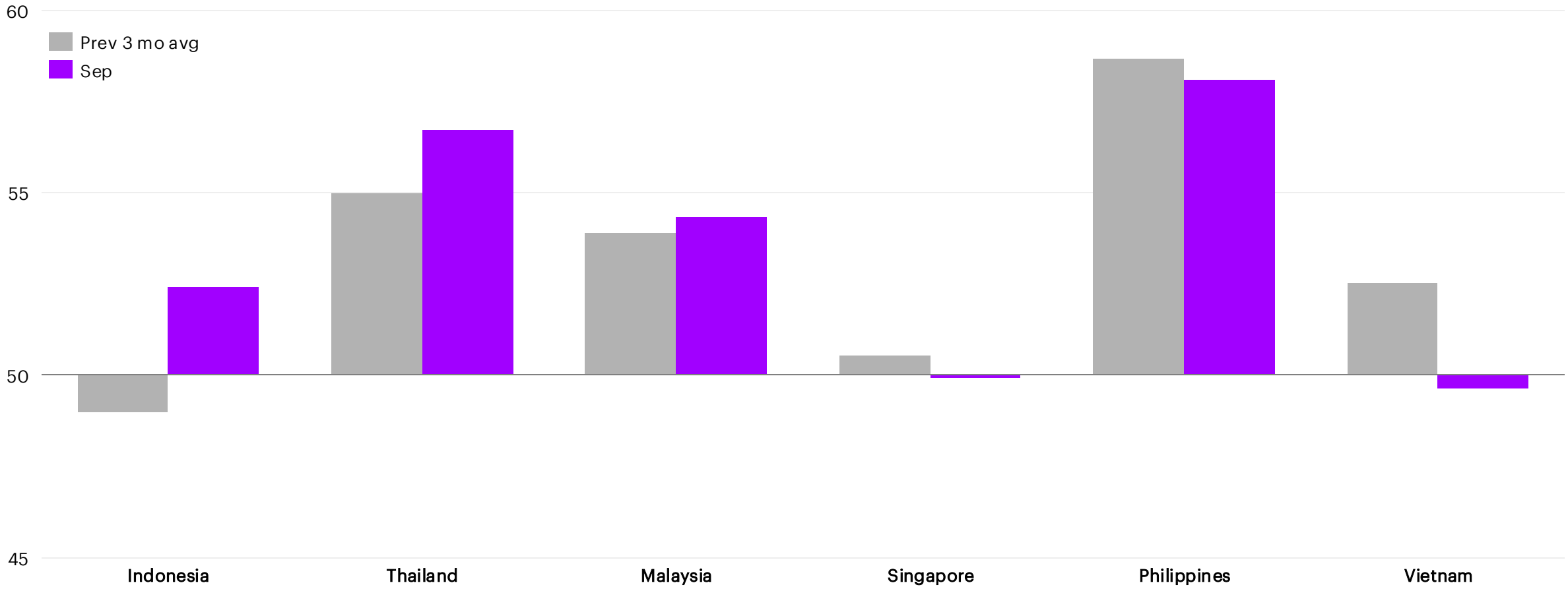
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Southeast Asia manufacturing remained resilient in September, led by the Philippines and Thailand, while Indonesia rebounded

Regional performance: Southeast Asia

Manufacturing performance

Sep'26 vs Previous 3 Month Average, Manufacturing Output



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

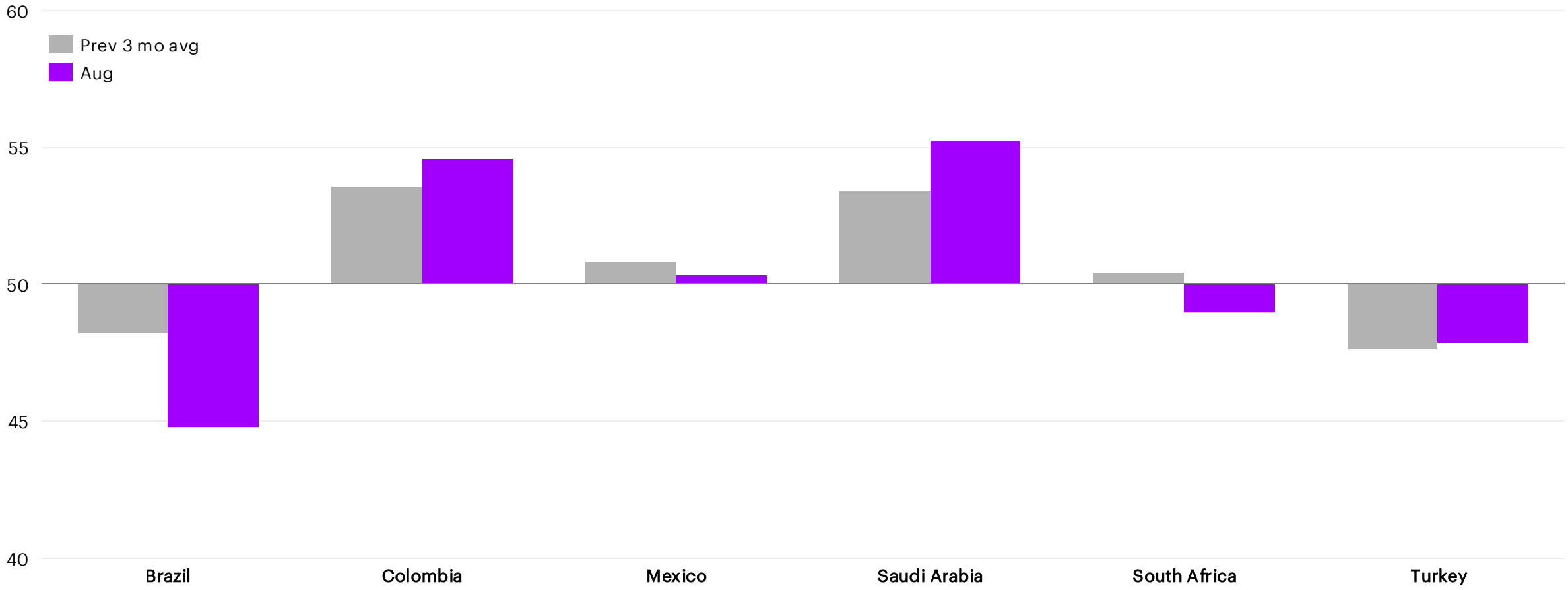
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Emerging-market activity remained mixed in September, with strength in Colombia and Saudi Arabia offset by weakness in Brazil and Turkey

Regional performance: Other emerging markets

Manufacturing performance

Sep'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

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Consumer spending

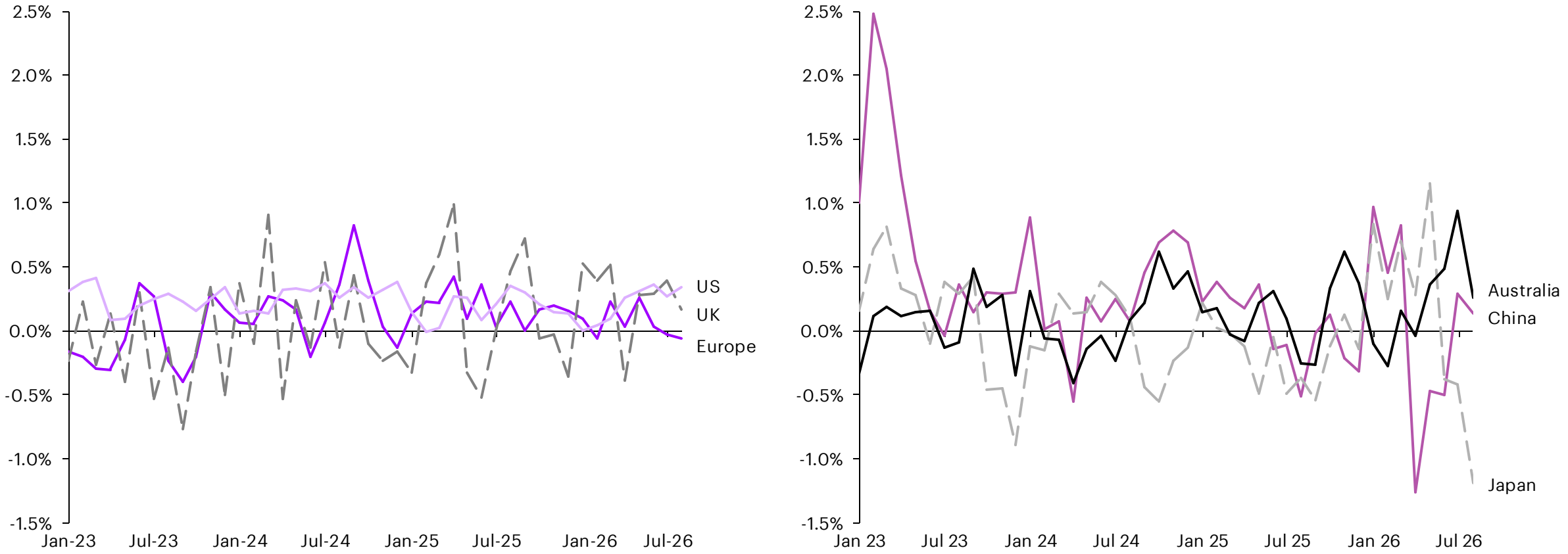


Consumer spending in Europe, Australia, China and Japan remains subdued, but has rebounded somewhat in the US

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 Aug'26 data.
Sources: Reuters, BEA, BLS, Eurostat, ONS, Haver analytics, Accenture analysis

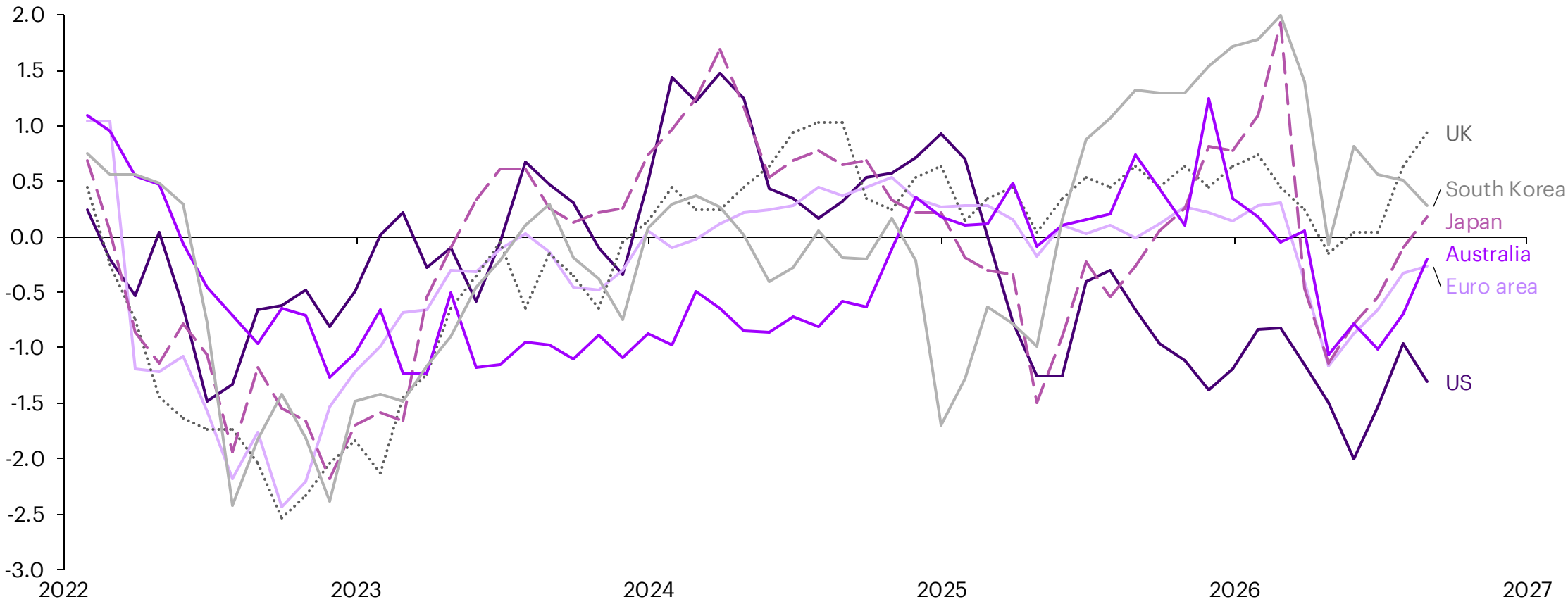
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Consumer sentiment across major economies has recovered somewhat from its lows reached during the Middle East conflict, but remains weak overall, mainly in the US

Consumer sentiment

Consumer sentiment across major economies

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



Sources: University of Michigan, Conference Board, Accenture analysis

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Category-level spending remains uneven across the US and Europe, with divergent trends across both goods and services

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%	0.7%	0.1%	0.3%	0.1%	-0.7%	1.4%	0.5%
	Motor vehicles	4.2%	2.6%	7.1%	8.6%	-0.7%	-1.3%	1.8%	-1.1%
	Furniture	3.9%	1.2%	4.5%	-0.1%	-1.9%	-0.2%	-3.0%	-0.6%
	Electronics	-1.7%	2.6%	19.4%	-1.5%	3.3%	-3.4%	0.3%	0.1%
	Footwear & apparel	1.6%	1.3%	-0.3%	1.2%	-2.2%	2.1%	-0.9%	2.6%
	Fuel	-2.6%	0.0%	-1.6%	-1.3%	-3.8%	-8.1%	-4.8%	1.6%
Services	Transportation	-0.5%	0.2%	0.0%	-1.3%	2.0%	-1.6%	1.3%	-1.0%
	Entertainment	2.1%	-1.1%	0.4%	-2.7%		N/A	2.6%	4.1%
	Dining out and hotels	0.8%	0.8%	0.6%	-2.1%	-3.5%	1.5%	0.0%	0.7%
	Information services	2.3%	0.2%	4.3%	-0.5%	2.8%	-0.9%	1.7%	1.2%
	Telecom	0.7%	-0.7%	0.1%	-2.5%	0.1%	3.2%	0.6%	2.7%

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 Aug (5) Data for Germany and France are updated till July.
Sources: BEA, BLS, ONS, National Institute of Statistics and Economic Studies, Federal Statistical Office, Accenture analysis

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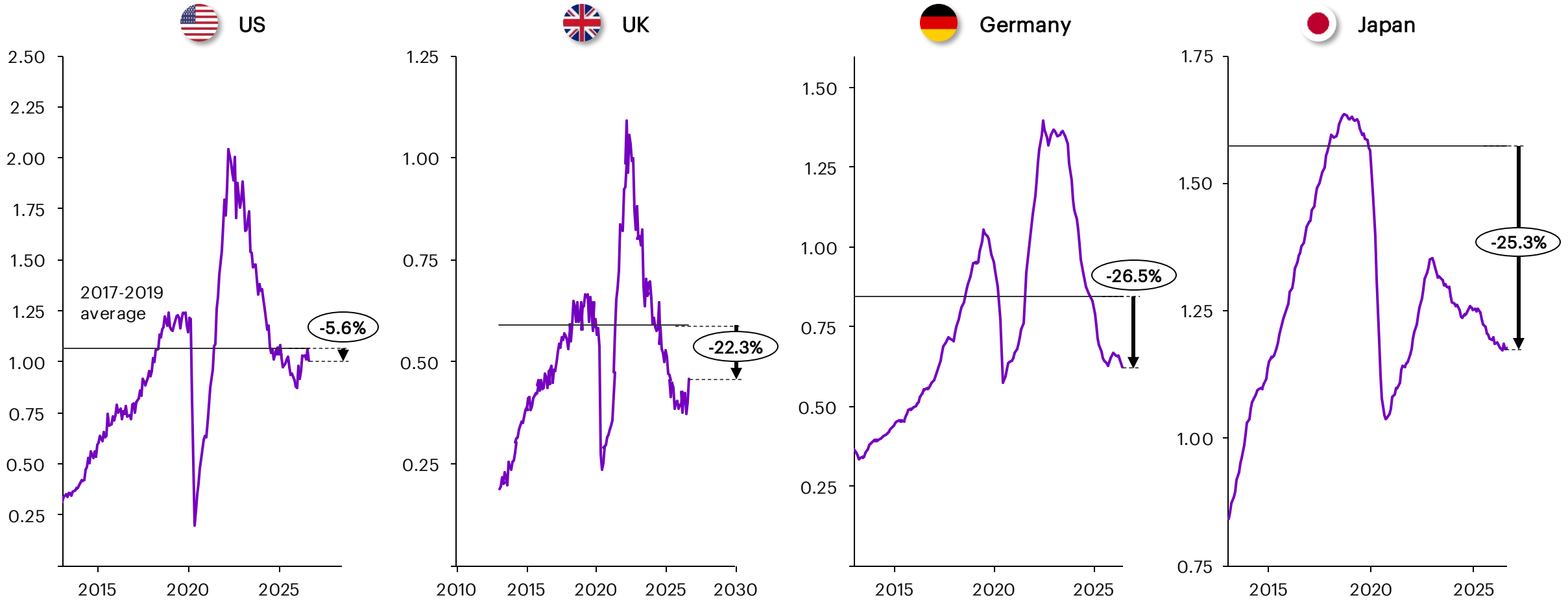
Labor markets



Labor markets continue to loosen relative to pre-pandemic norms in Europe and Japan, but are re-tightening somewhat in the US as immigration restrictions squeeze labor supply

Labor market tightness

Job vacancies per unemployed person



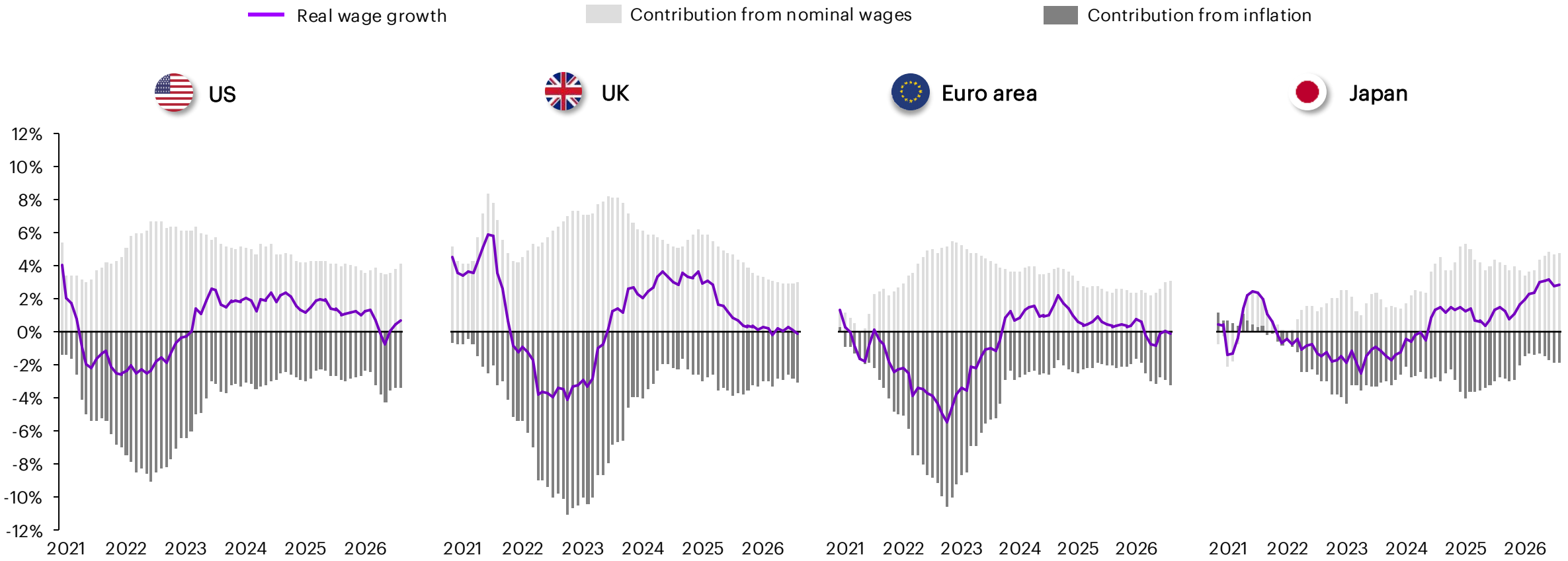
Notes: Charts updated till latest available Aug '26 data except Germany chart, which is updated with Q2 2026 data
Sources: BLS, ONS, Eurostat, Euronews, Accenture analysis

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Real wage growth remains weak across the US and Europe amidst renewed inflation and softer 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



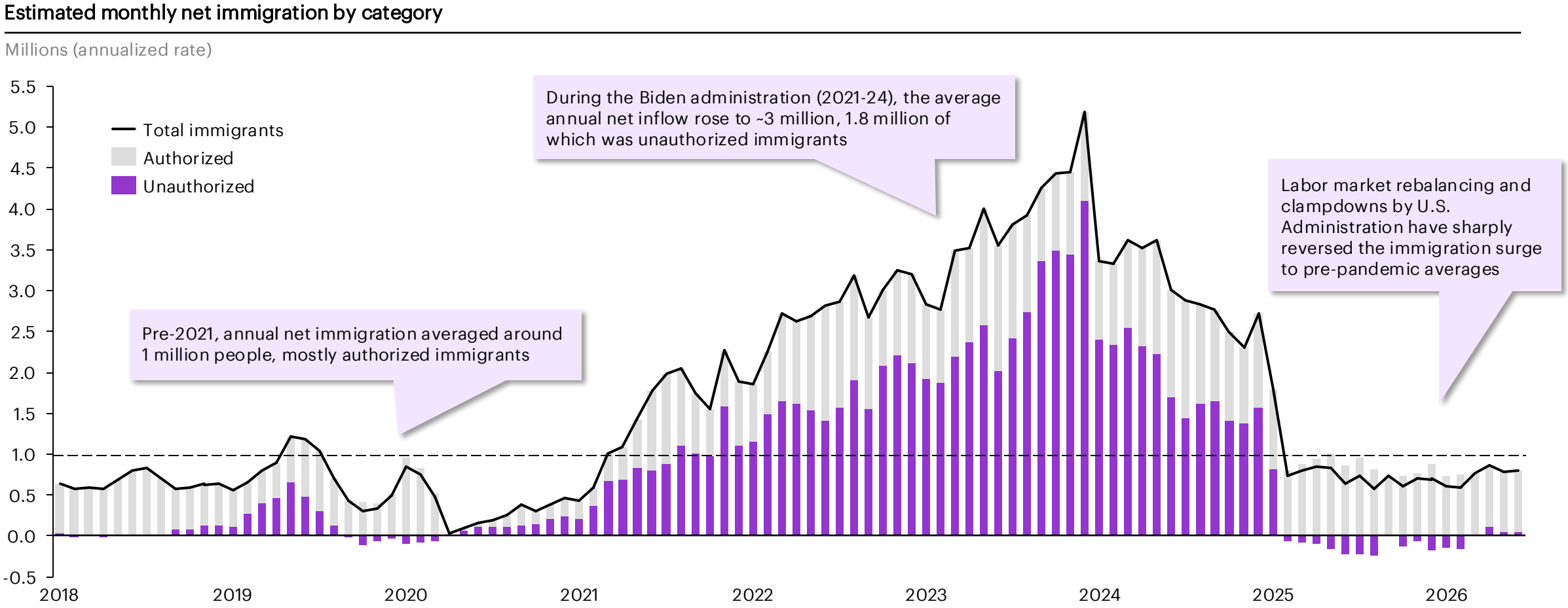
Notes: Charts updated till latest available Aug '26 data
Sources: BLS, ONS, Eurostat, Accenture analysis

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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



Notes: 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).
Sources: CBO, US Department of State, US Department of Homeland Security, USCIS, TRAC, Accenture analysis

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Inflation



Inflation accelerated across most major economies in September on the back of continued energy price pressures

CPI inflation rates and trends

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

Country	YoY Inflation Rate Sep 2026	Change from previous month's rate (percentage points)
United States	3.7%	0.3% ↑
United Kingdom	3.5%	0.4% ↑
Canada	3.1%	0.1% ↑
Germany	3.3%	0.3% ↑
France	3.4%	0.8% ↑
Italy	4.2%	1.0% ↑
Spain	5.0%	0.4% ↑

Country	YoY Inflation Rate Sep 2026	Change from previous month's rate (percentage points)
China	0.9%	0.1% ↑
Japan	2.1%	0.2% ↑
Brazil	4.6%	0.4% ↑
India	5.5%	0.7% ↑
Singapore	2.3%	-0.1% ↓
Korea	2.9%	-0.2% ↓

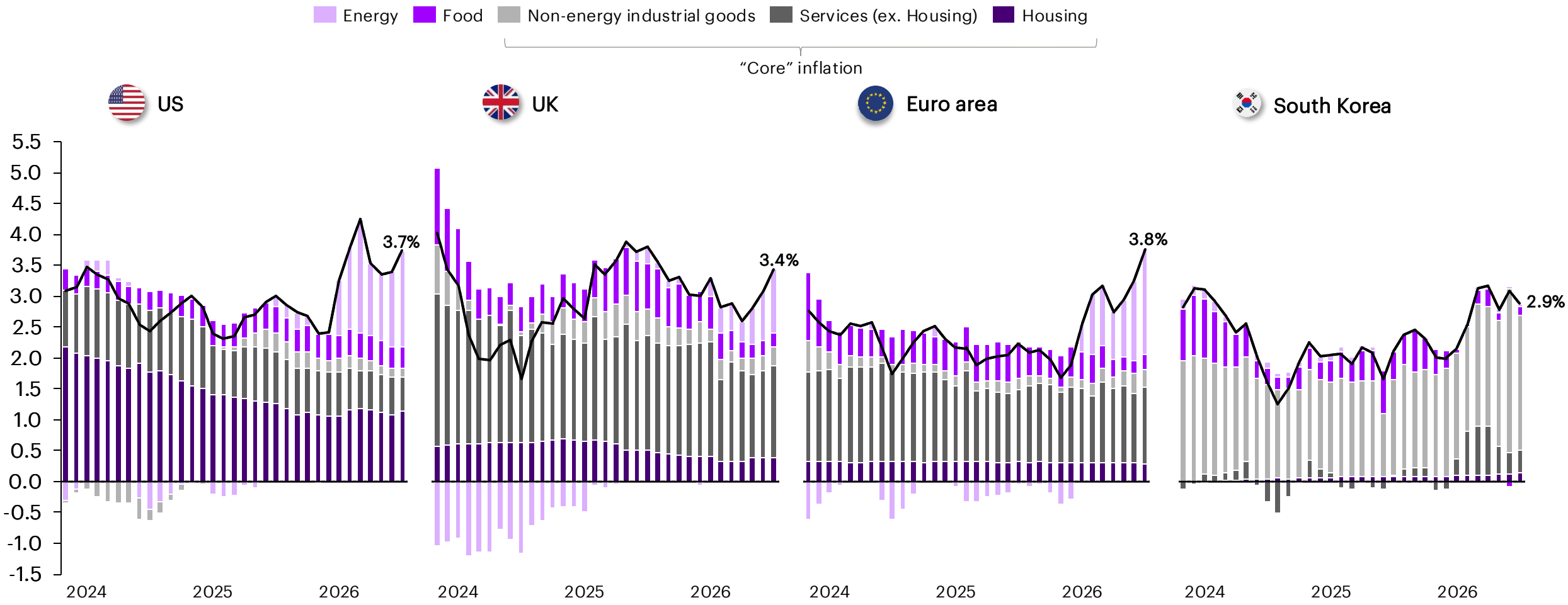
Sources: BLS, ONS, Eurostat, Accenture analysis

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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



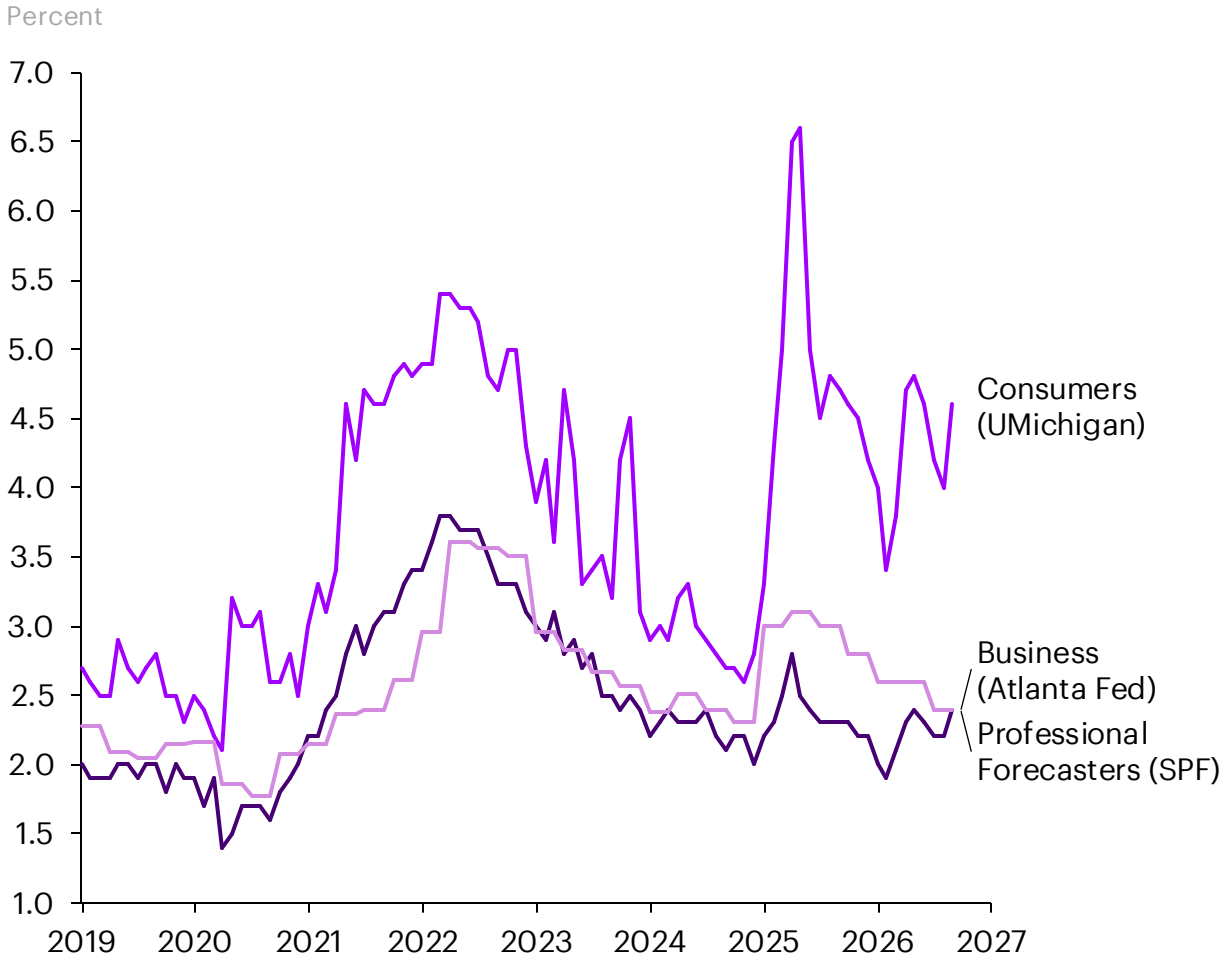
Notes: Charts updated till latest available Sep'26 data.
Sources: BLS, ONS, Eurostat, Accenture analysis

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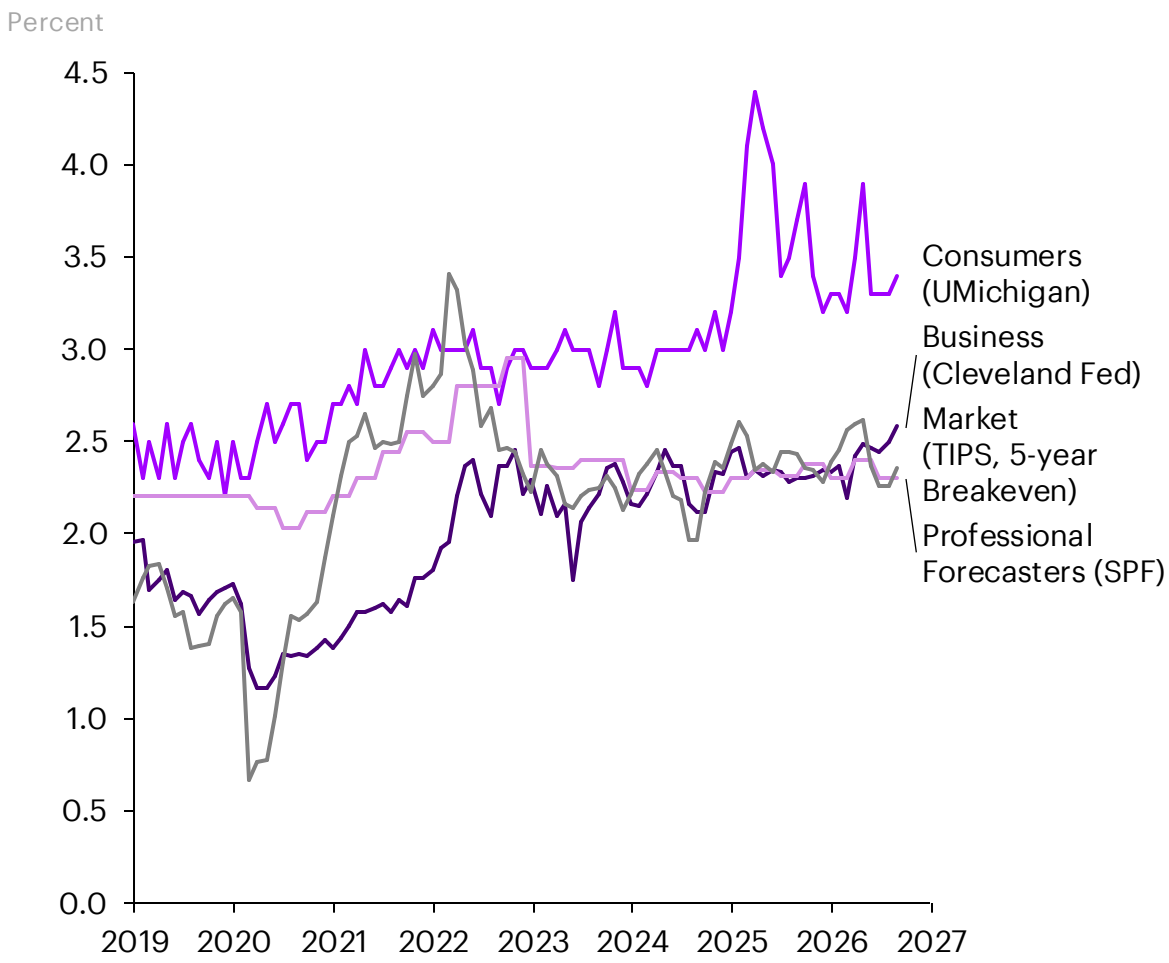
US consumer and business inflation expectations remain elevated, with consumers still pricing in higher inflation while businesses and forecasters are more stable

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



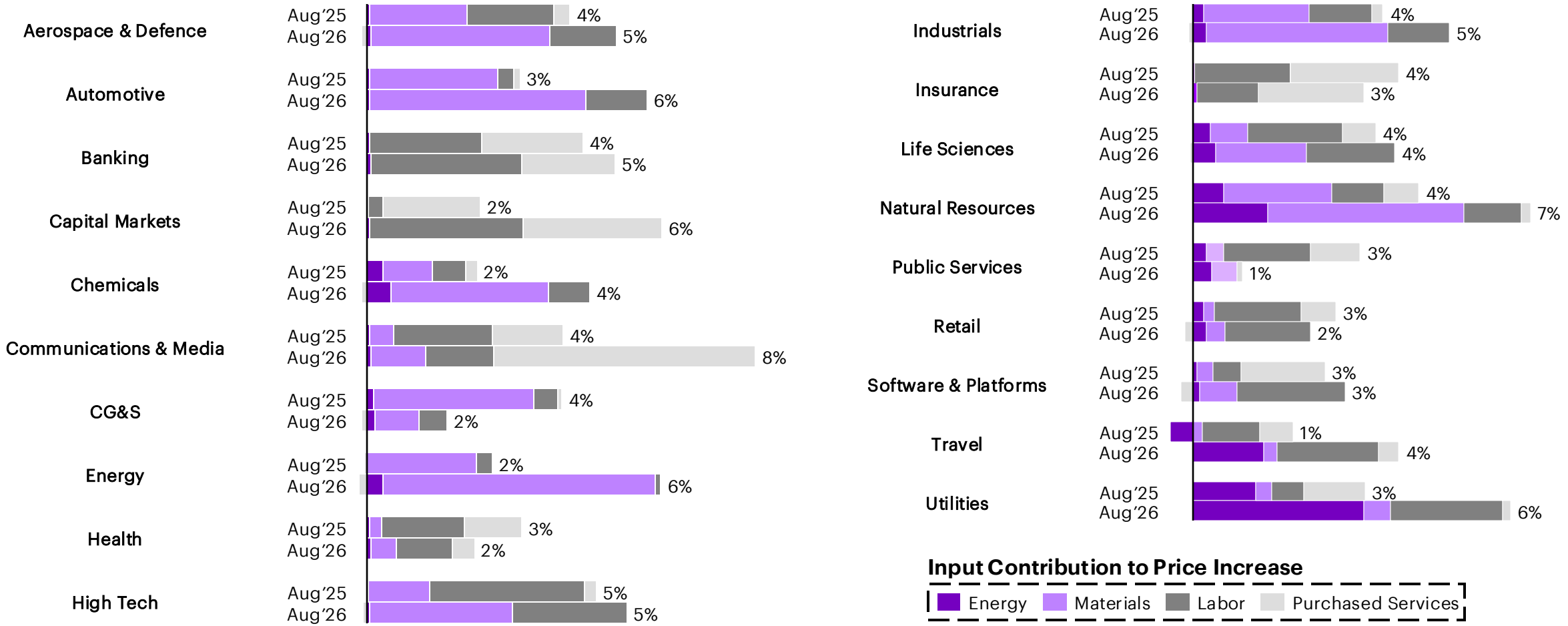
Sources: FRB Atlanta, FRB Cleveland, Univ of Michigan, Survey of Professional Forecasters, Accenture analysis

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Input cost inflation remains elevated in selected industries, with cost pressures varying significantly across sectors

Recent input cost inflation by industry

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



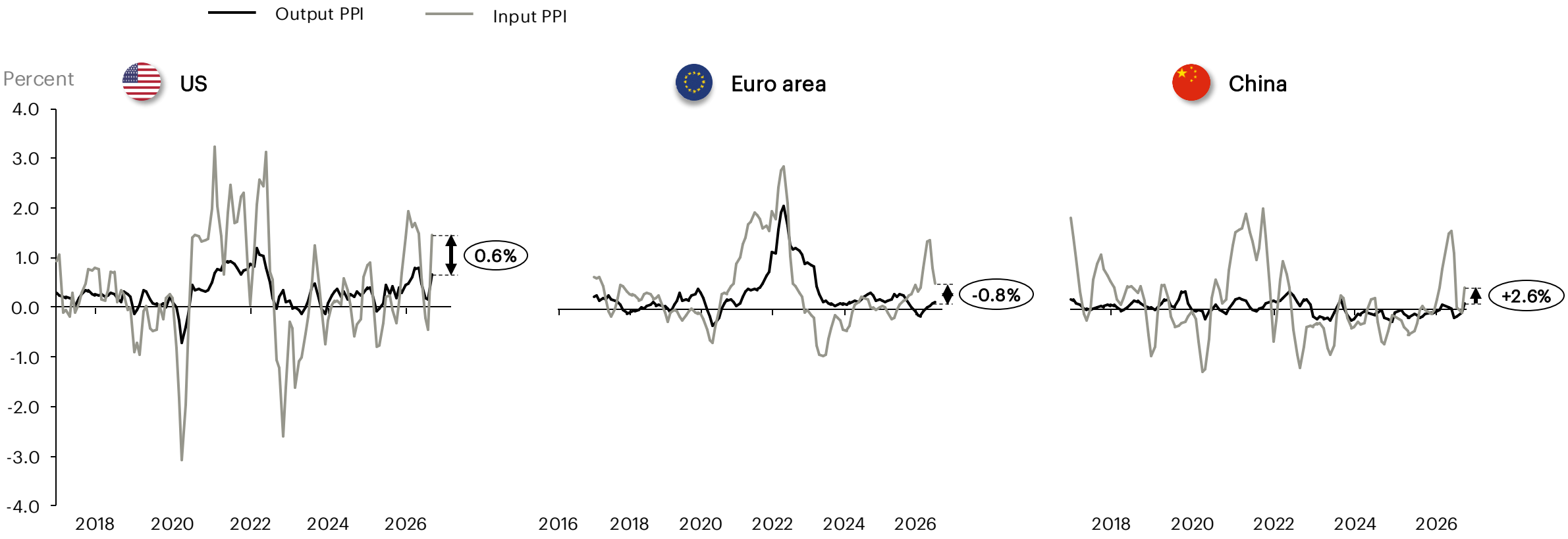
Notes: Wage data as of Aug'26; Energy prices (Natural Gas Prices as of July'26, others as of Aug'26); Materials and Purchased Services PPI price increases as of Aug'26;
Sources: BLS, BEA, EIA, EPA, Accenture analysis

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Companies across the US, Europe, and China are seeing diverging cost pass-through trends, with stronger pass-through in China and the US but weaker in the Euro area

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

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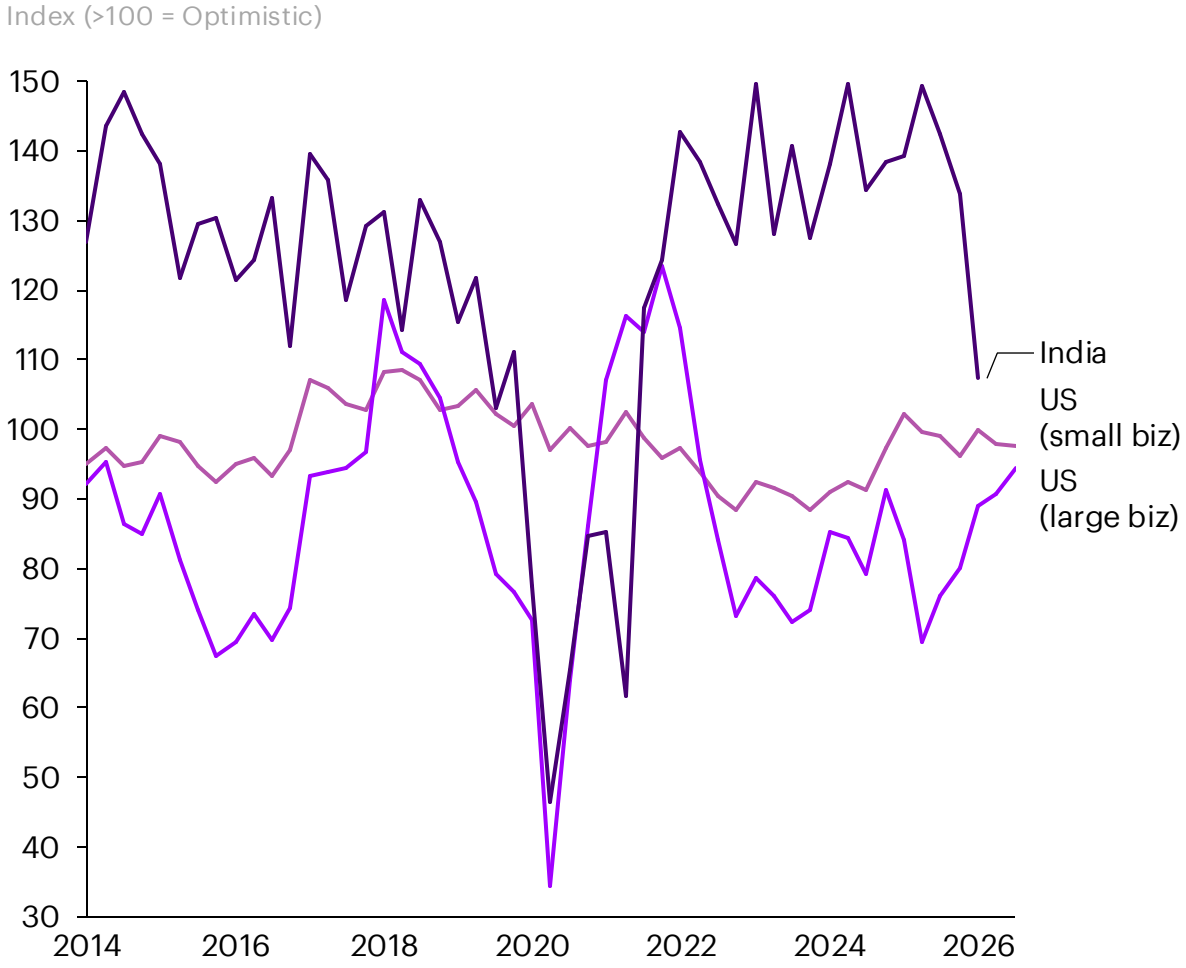
Business investment

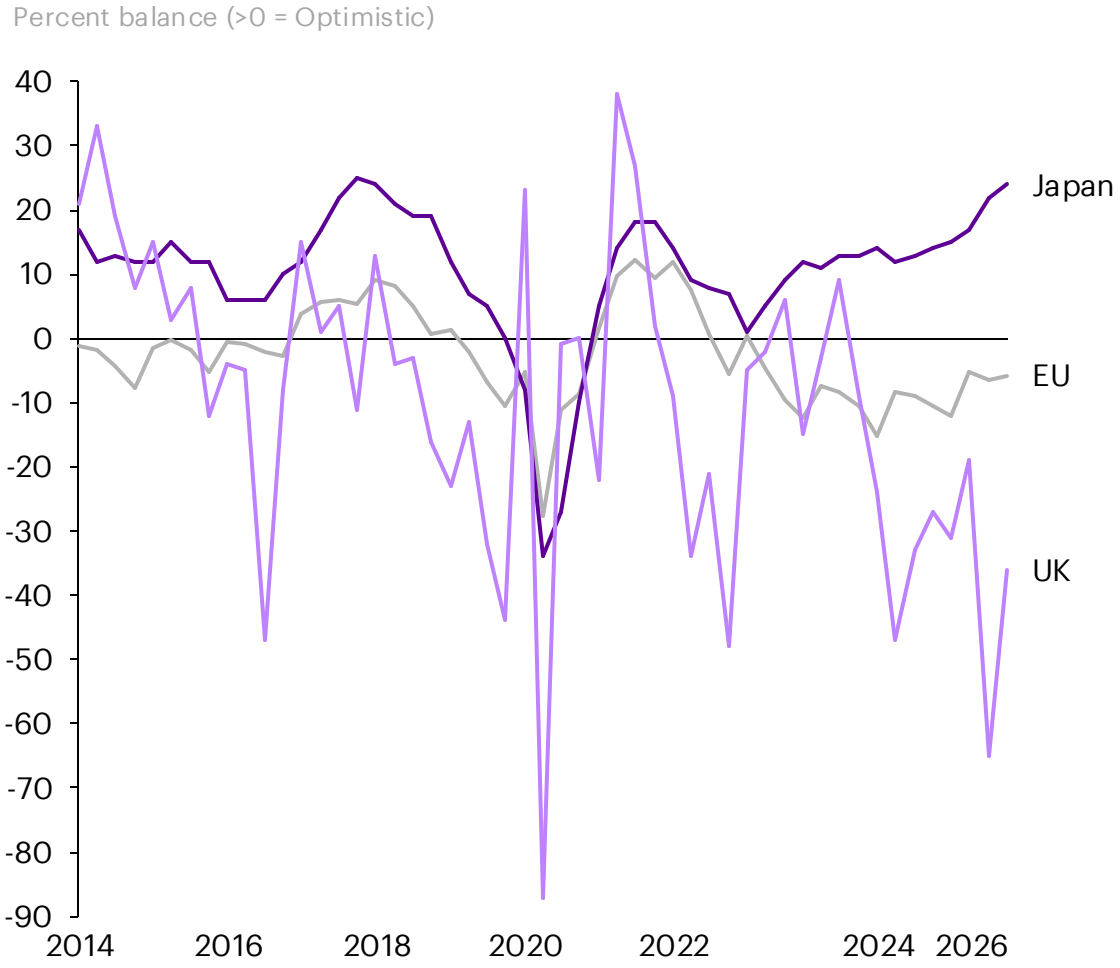


Business confidence is relatively healthy in Japan but softened in India, while remaining subdued in the US, EU, and UK

Global business sentiment

Business confidence indicators





Notes: India data as of Q'1 2026 and other data as of Q'3 2026. Sources: NFIB, Business Roundtable, Accenture analysis

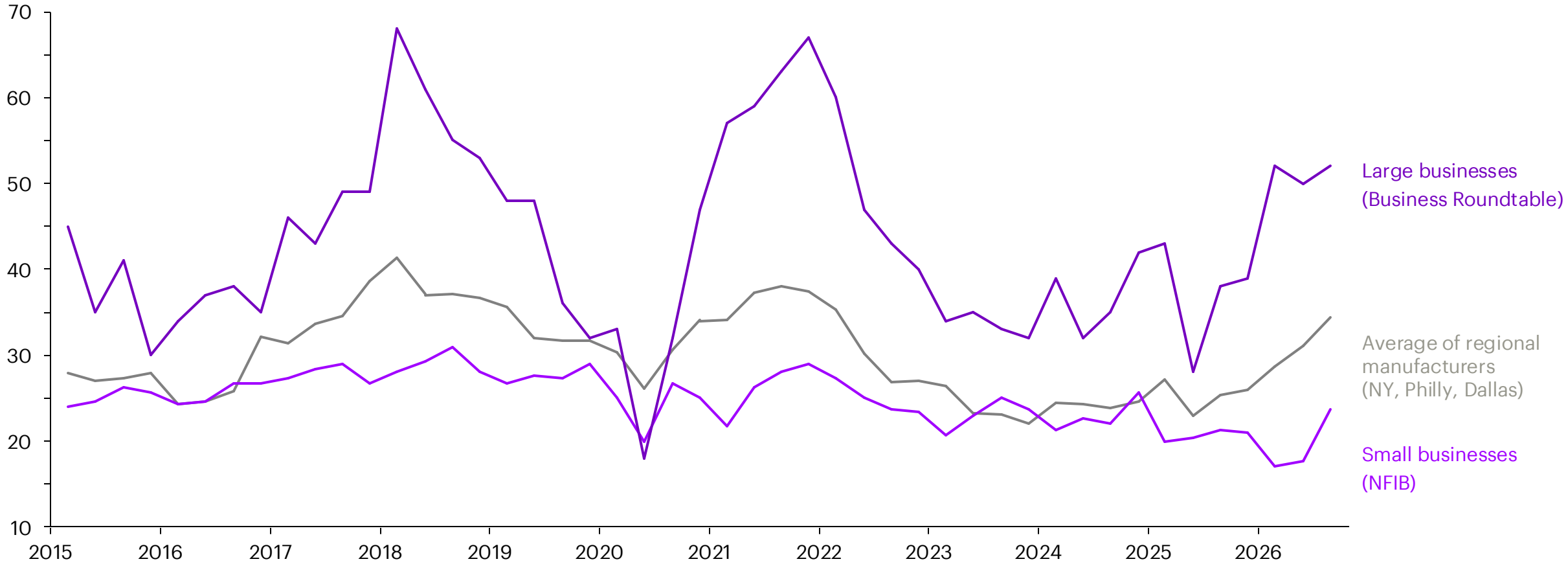
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A growing share of large US companies are planning additional capex expansion (likely linked to AI), though capex plans among small businesses remain subdued

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 Q'3 data.
Sources: NFIB, Business Roundtable, Regional Federal Reserves, Accenture analysis

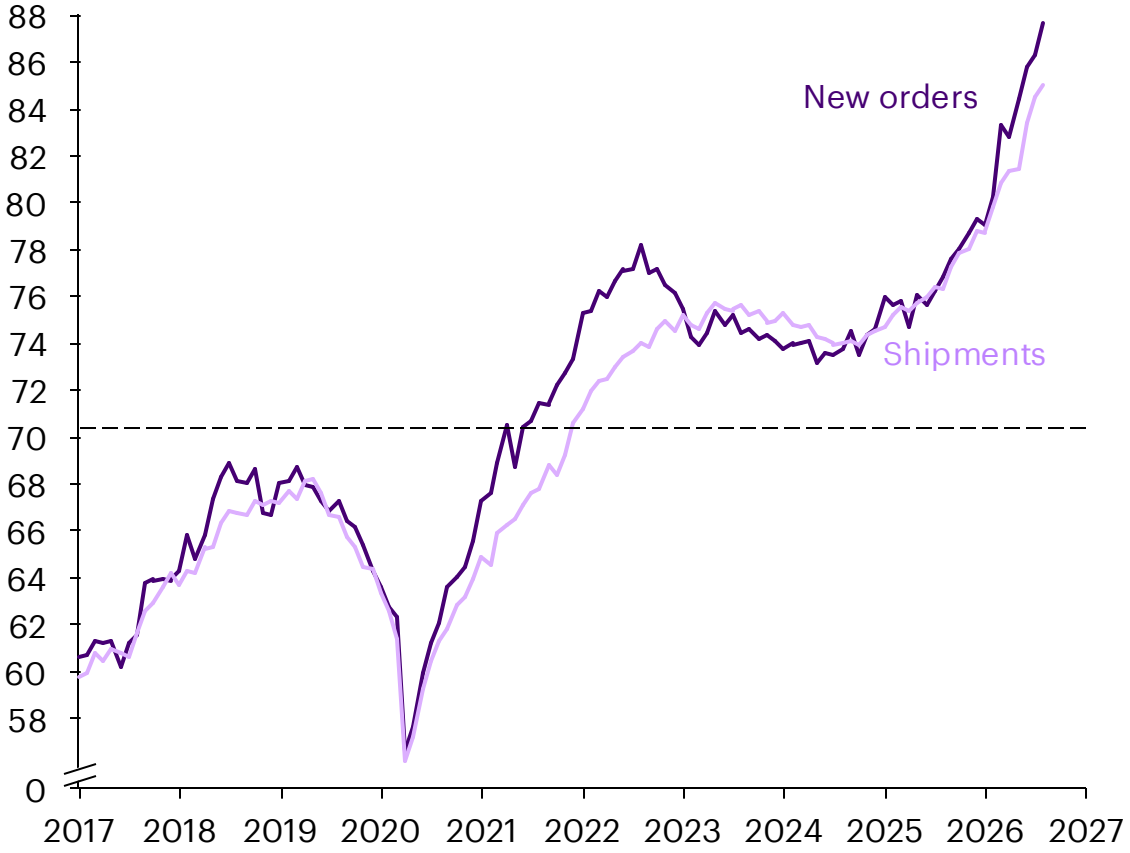
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US capital goods orders have continued to trend upwards, underpinned by resilient equipment demand and stronger technology-related investment

Capital goods orders and technology-related equipment demand

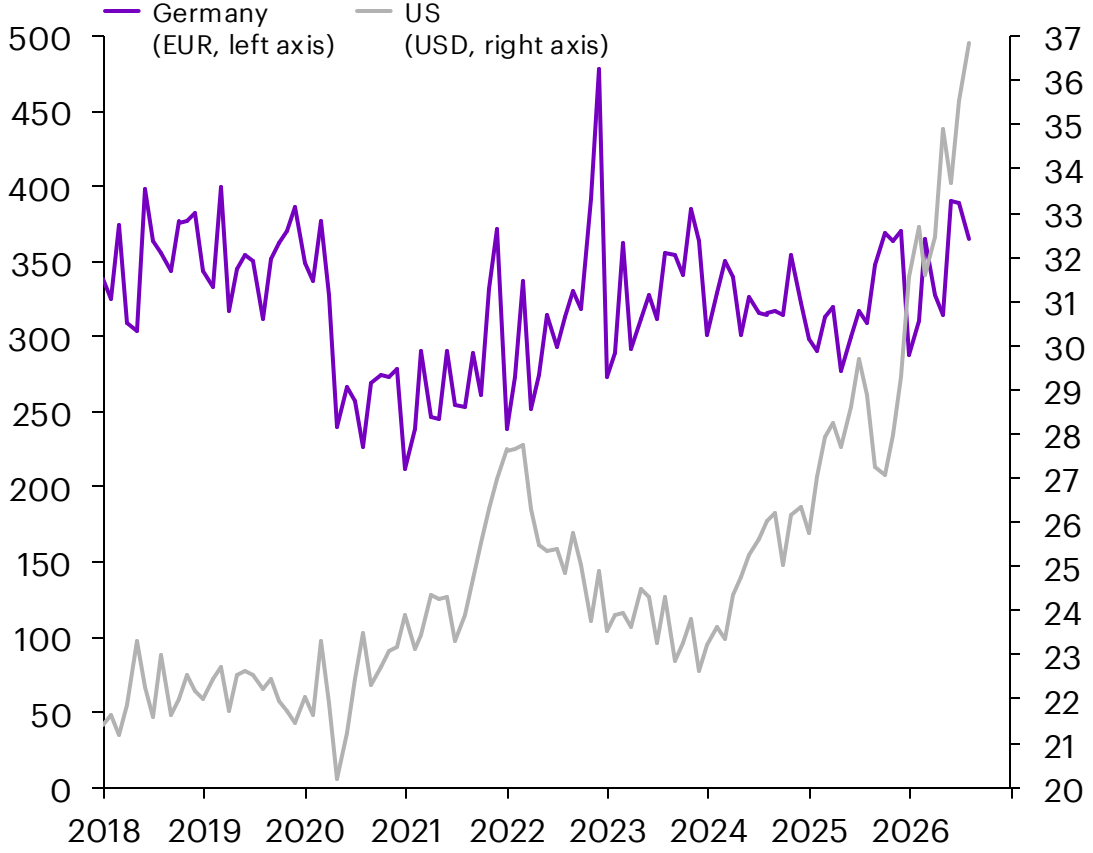
US non-defense capital goods, excluding aircraft

USD millions



Sales of tech-related equipment

Computers, electronic components and peripheral equipment, SA millions



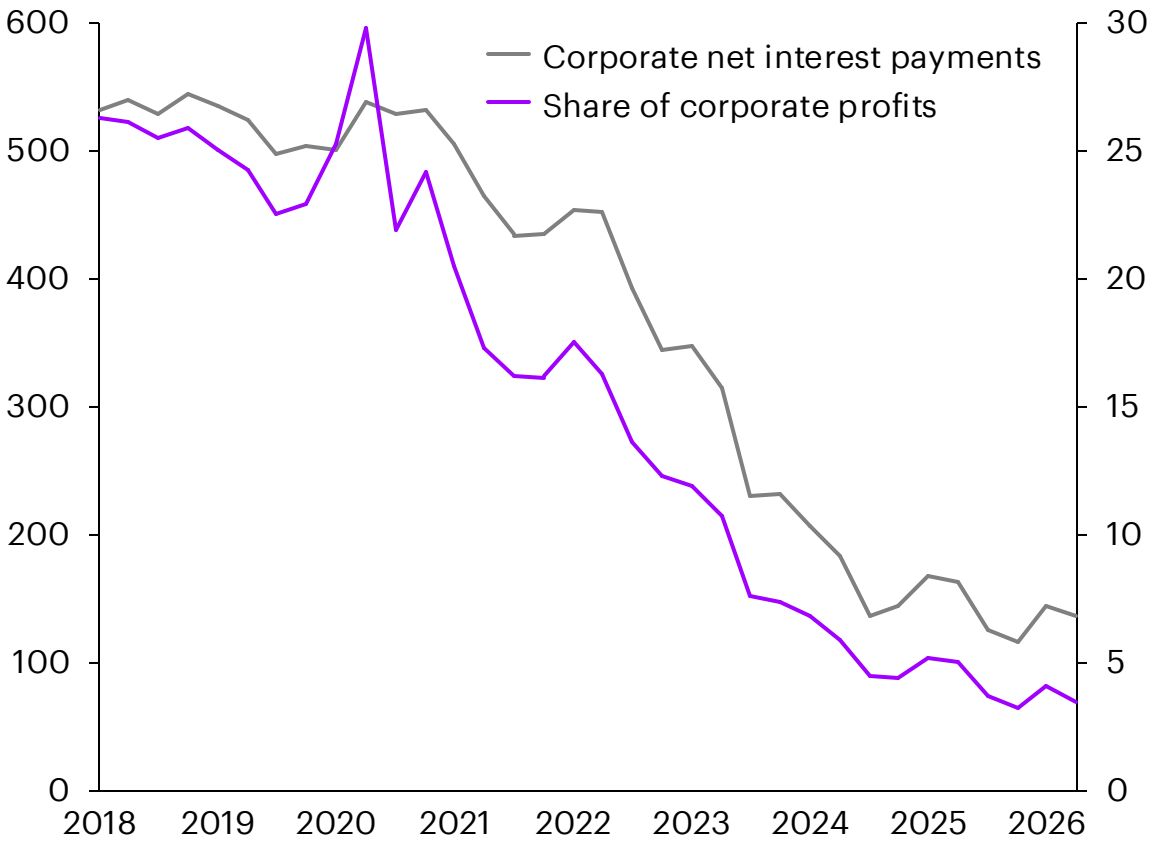
Notes: Charts updated till latest available Aug '26 data
Sources: US Census Bureau, Haver analytics, Accenture analysis

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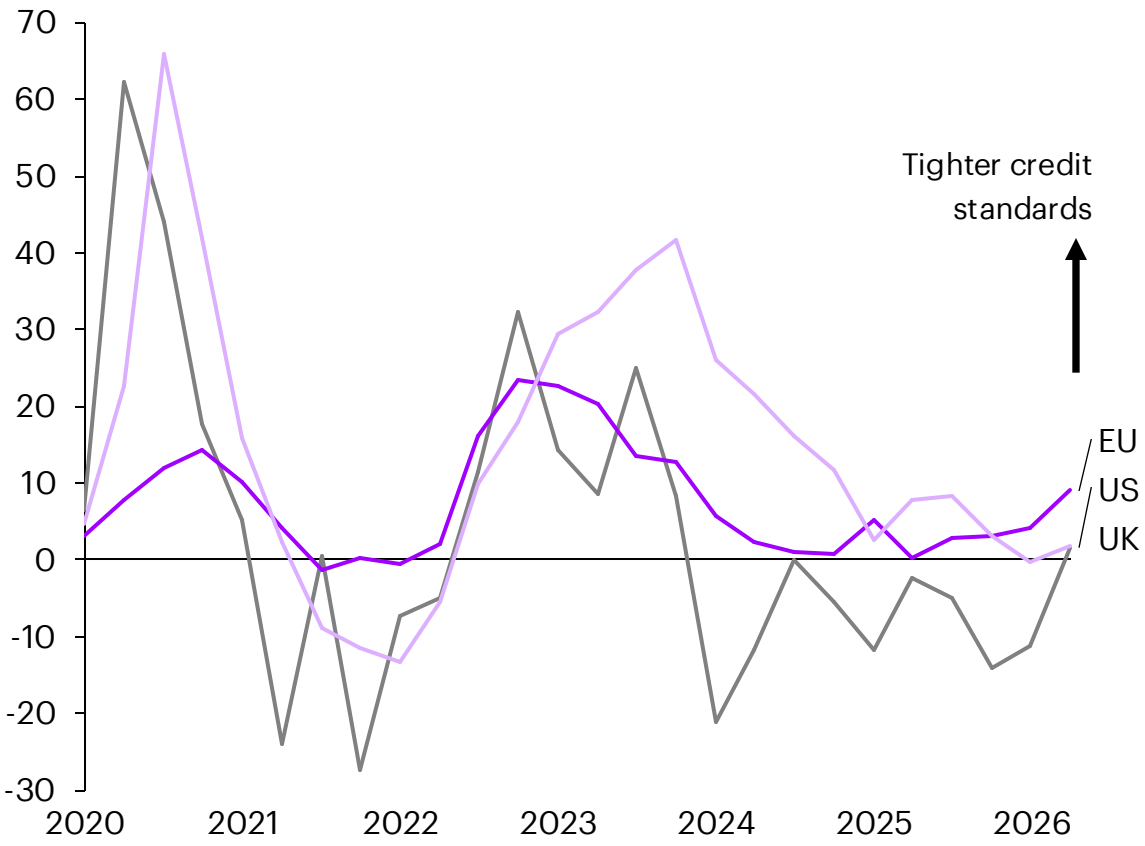
US corporate net interest burdens remain low despite recent rise in rates, while bank lending standards re-tighten across the US and Europe

US financial conditions for investment

US corporate net interest payments



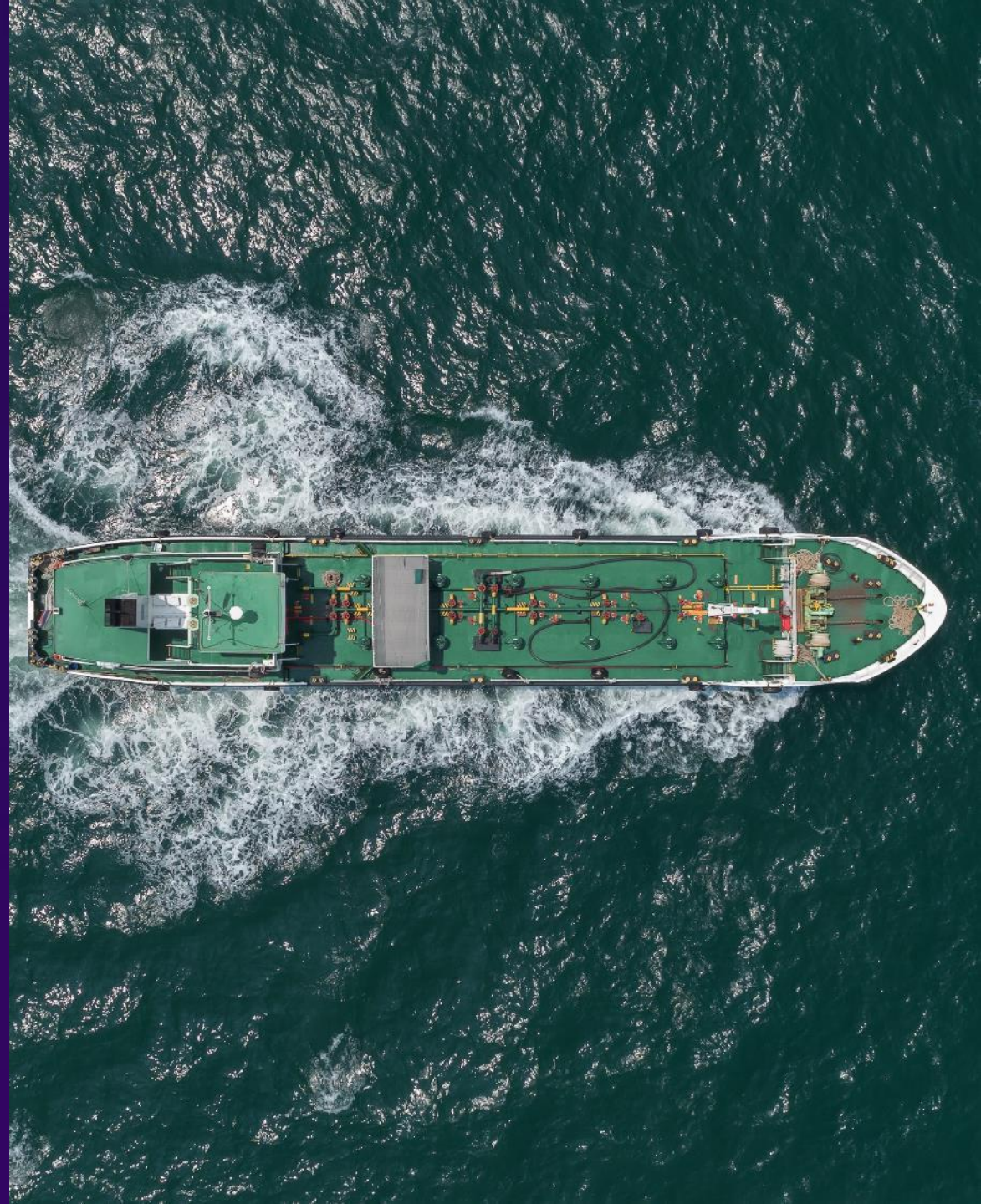
Bank lending standards[1]



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

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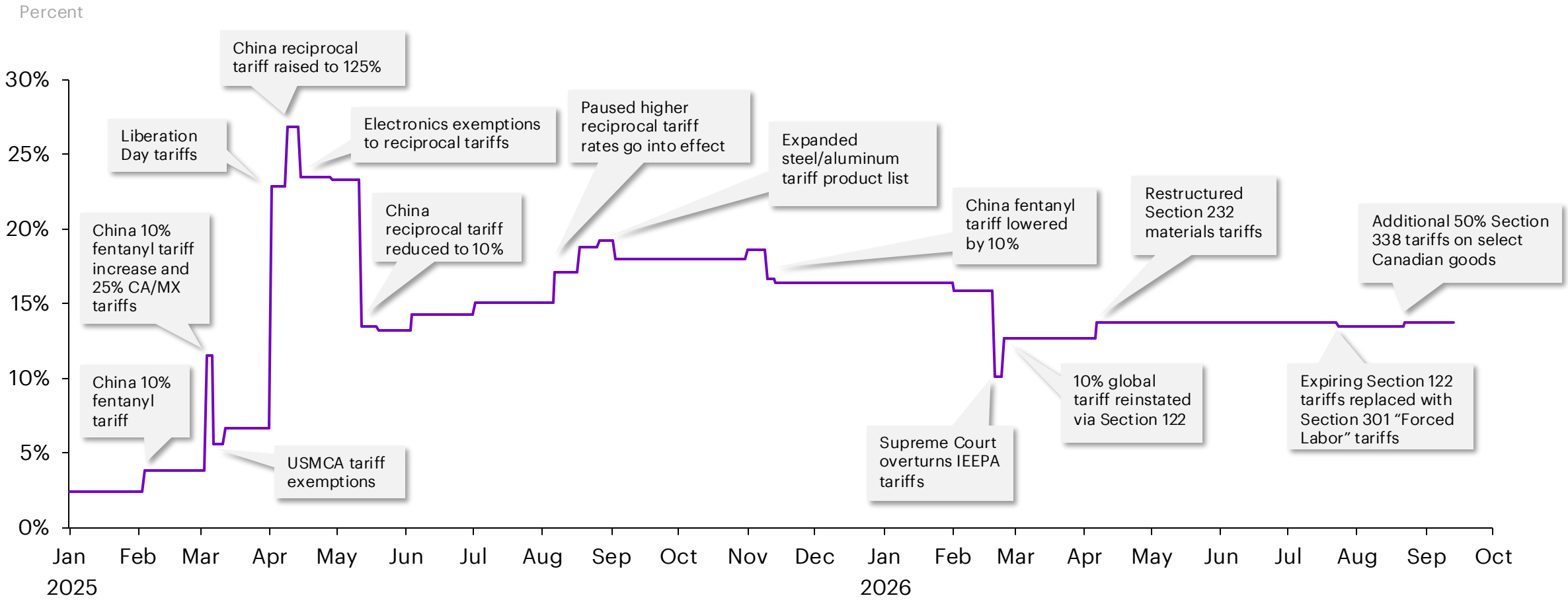
Trade and tariffs



De-escalation with China and the Supreme Court overturn of the IEEPA tariffs have lowered the US effective tariff rate relative to its 2025 peak, but it remains near 15%

Evolution of US effective tariff rate since Jan 2025

Effective US tariff rate[1]



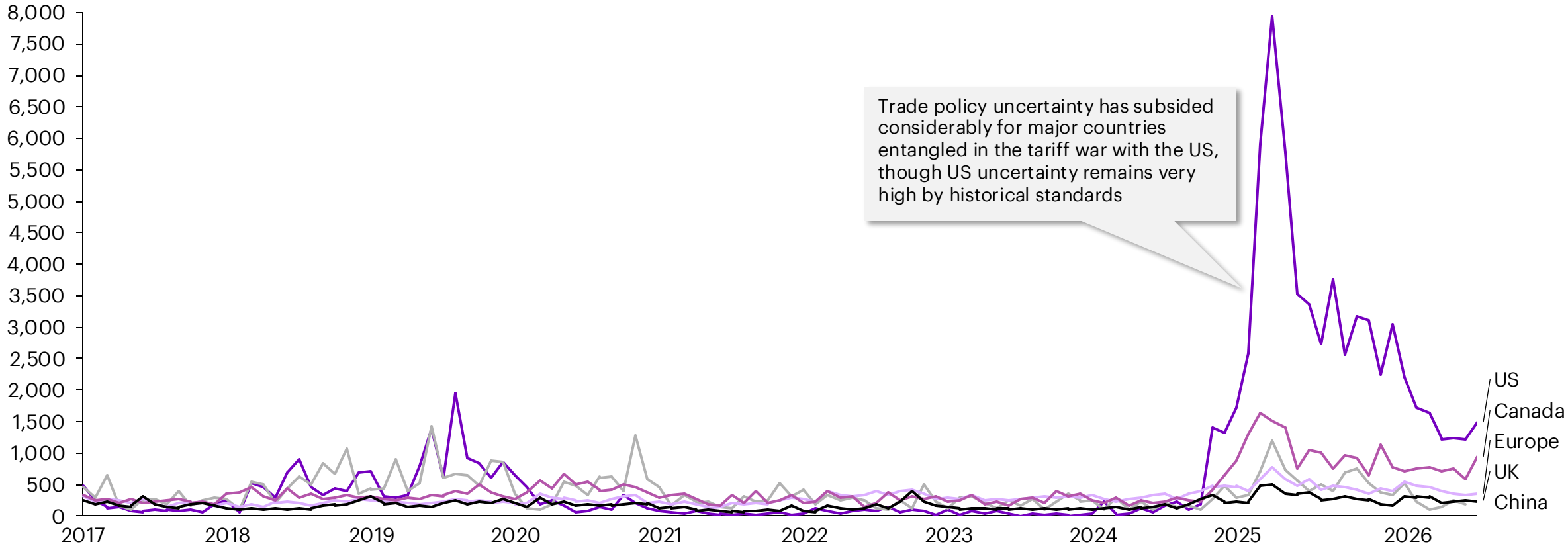
Notes: Statutory rate based on tariff policy changes enacted and does not include threatened tariffs that have not been implemented.
Sources: USITC, Yale Budget Lab, Accenture analysis

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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



Sources: Economic Policy Uncertainty, Accenture analysis

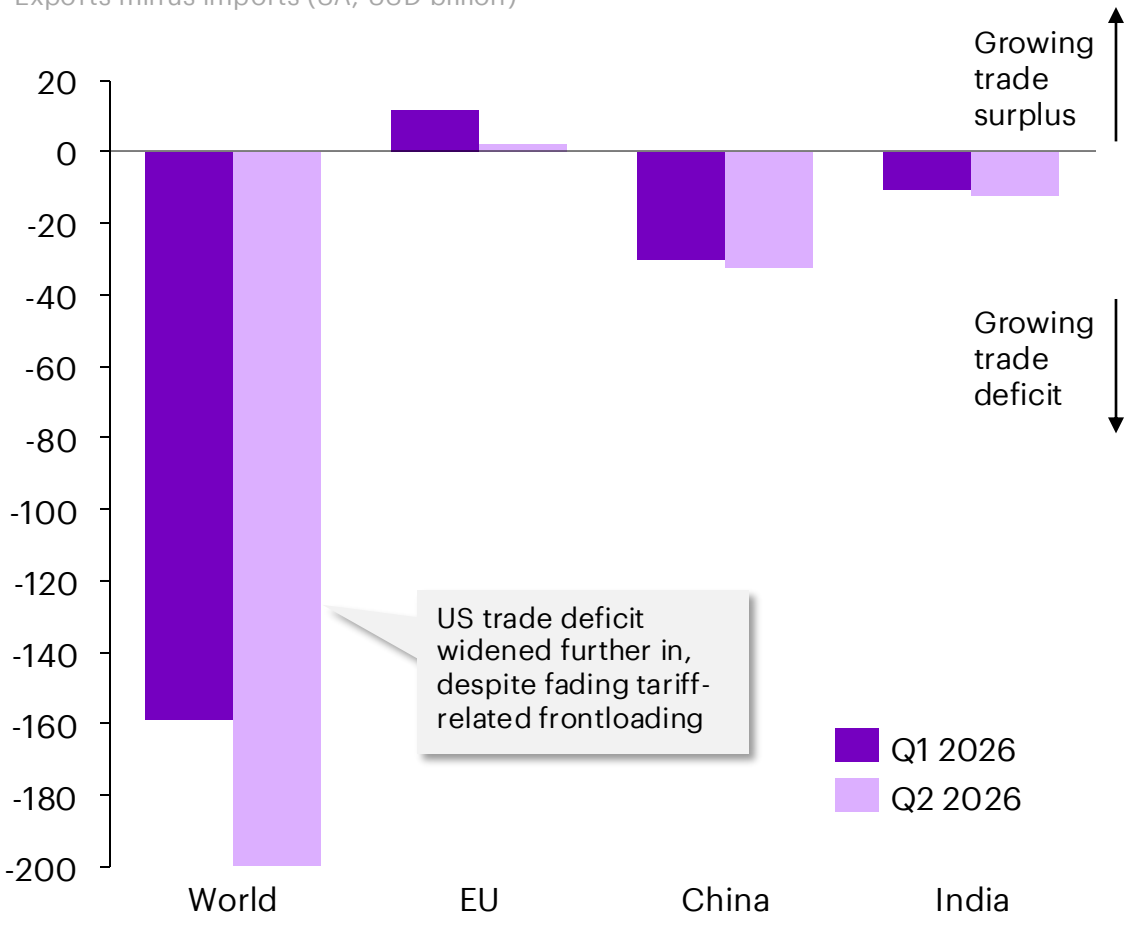
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US trade deficits with key partners remain elevated, and the overall trade deficit continues to widen despite a year of higher tariffs

Trade indicators

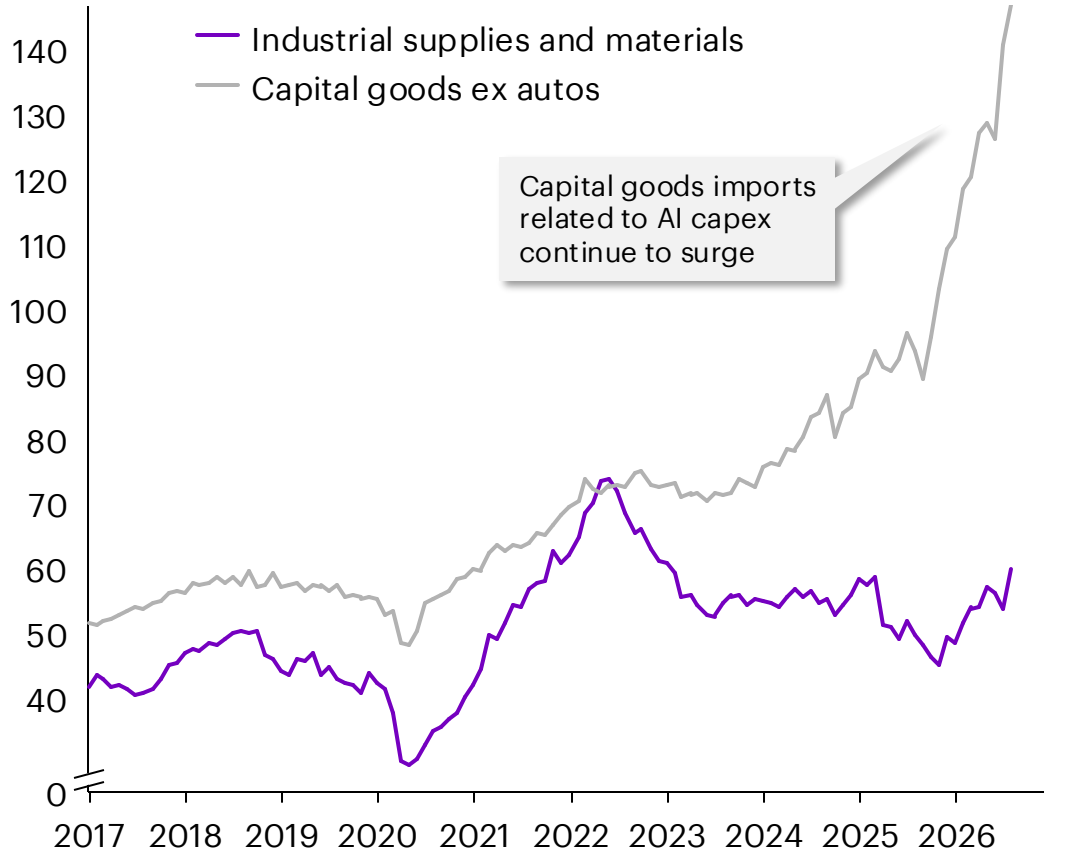
Net trade in goods and services

Exports minus imports (SA, USD billion)



US imports of industrial supplies and equipment

USD billions



Notes: US imports data updated till Aug'26
Sources: Haver Analytics, Census Bureau, BOJ, RBI, ECB, State Admin of Foreign Exchange, Accenture analysis

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Supply chains

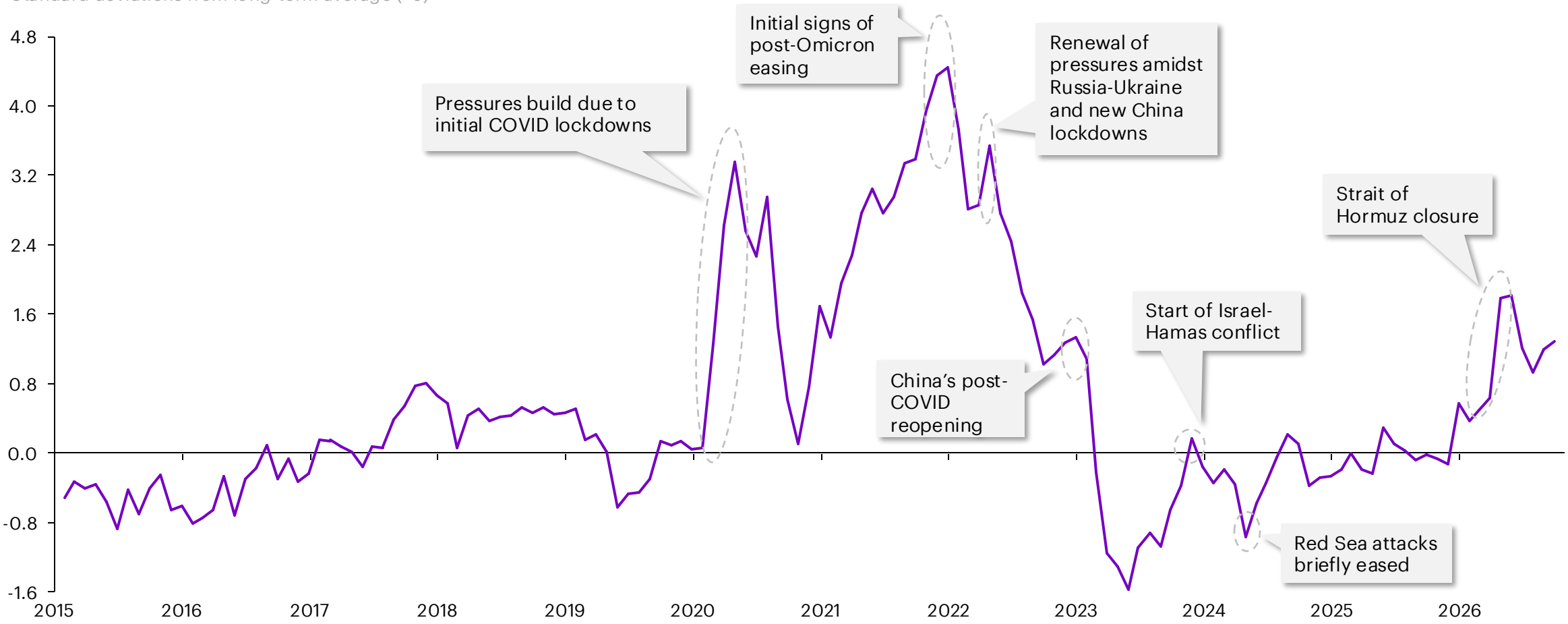


Strait of Hormuz disruptions and their ripple effects on transport networks have renewed global supply pressures, with recent easing beginning to reverse

Supply chain pressures

Global Supply Chain Pressure Index

Standard deviations from long-term average (=0)



Sources: Federal Reserve Bank of New York, Accenture analysis

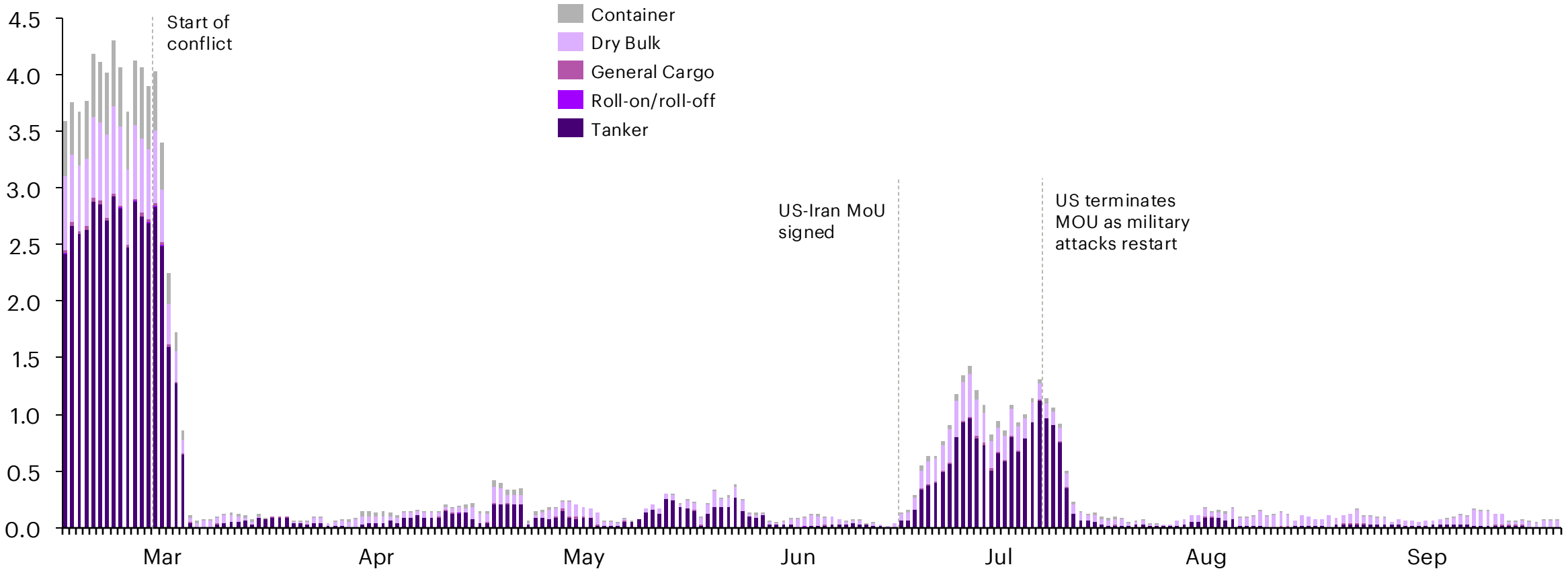
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After a brief pickup following the provisional US-Iran peace deal, shipping traffic through Strait of Hormuz remains severely constrained as hostilities have re-escalated

Strait of Hormuz traffic normalization outlook

Cargo transit through Strait of Hormuz in 2026, by vessel type

5-day moving average of Gross Tonnage (in millions)



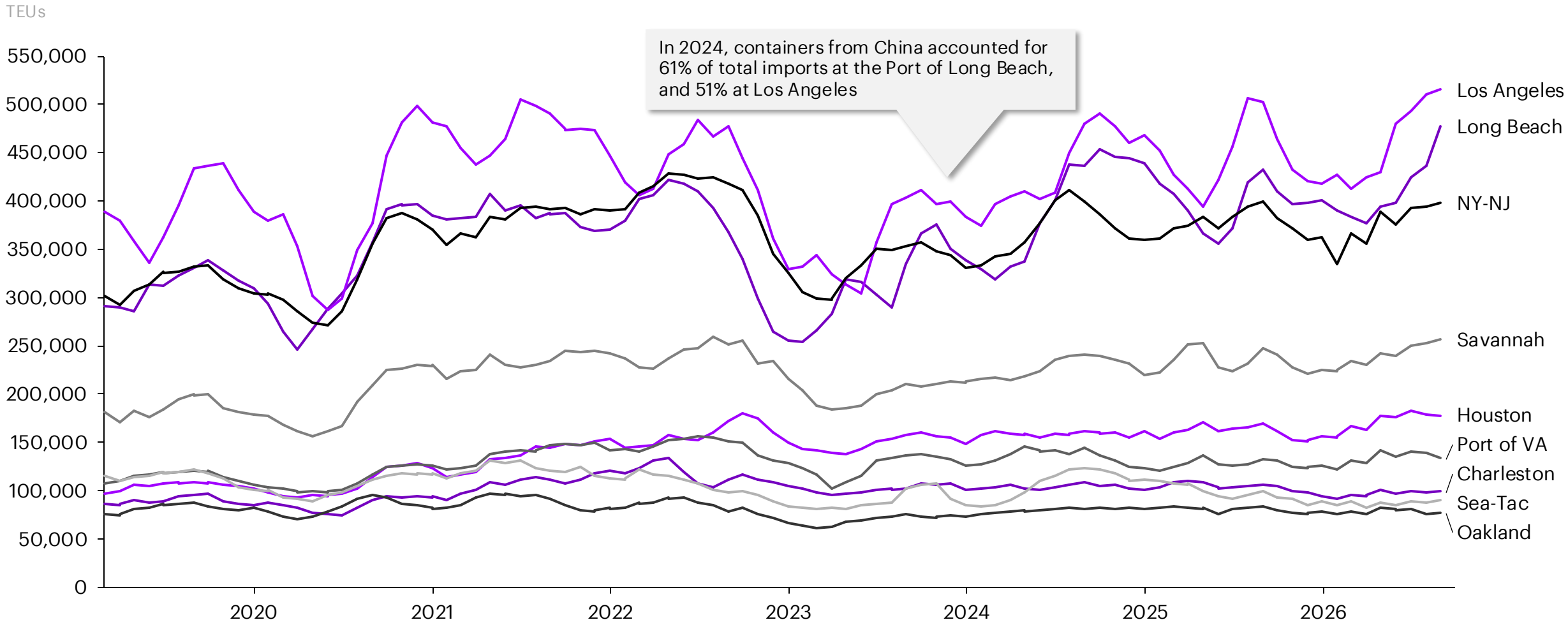
Notes: Refers to available inventories over and above minimum operational inventory requirements for pipelines and refiners; estimated based on daily global oil consumption, Sources: IMF Portwatch, IEA, Kpler, Goldman Sachs Research, Accenture analysis

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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

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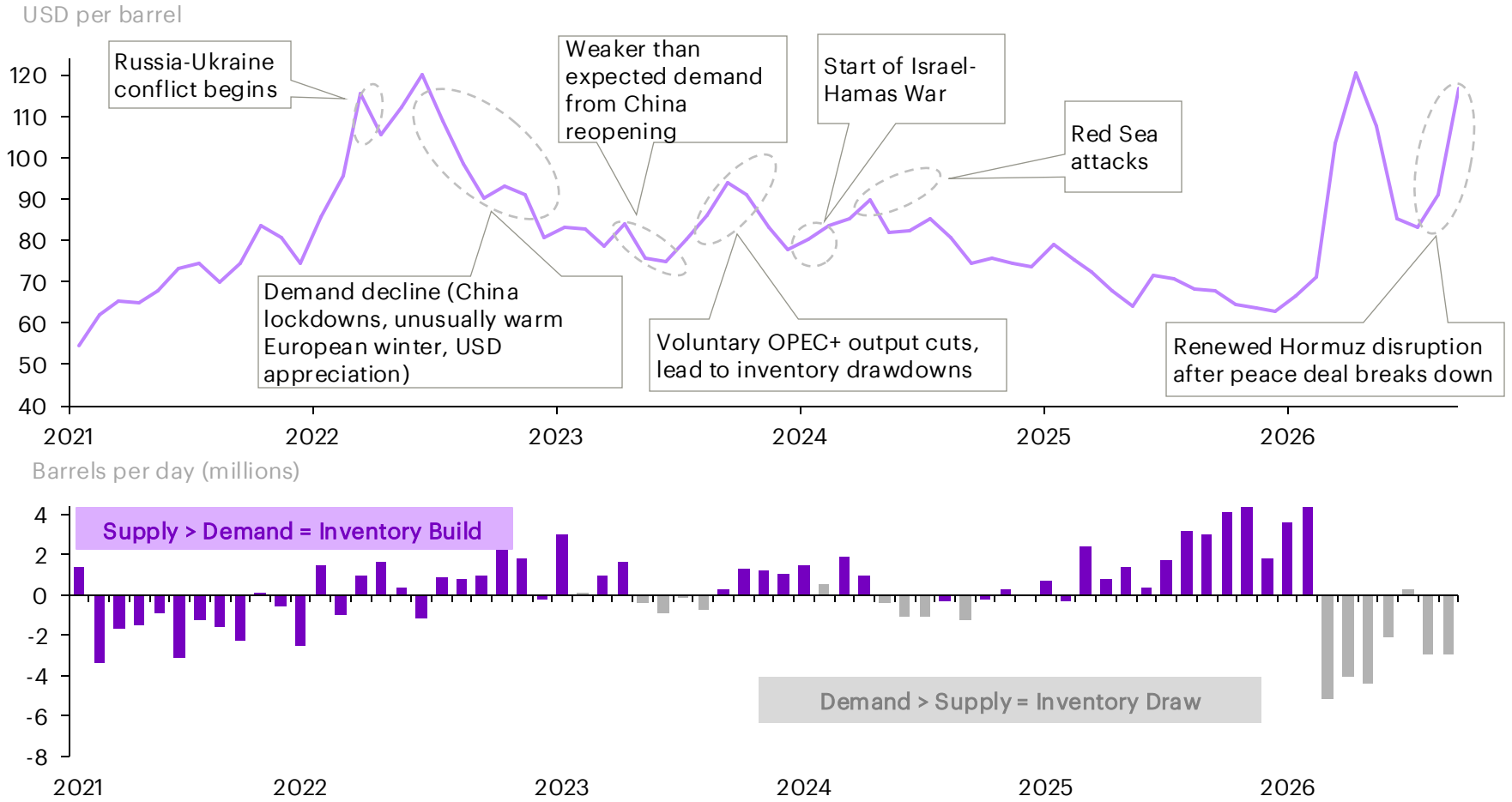
Energy and commodities



After a brief retreat in July amidst the temporary US-Iran peace deal, oil prices have surged again as the conflict re-escalates

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 the re-opening of the Strait of Hormuz triggered a retreat in prices, though this has largely reversed as the conflict re-escalates
- Supply-side risks remain elevated amid ongoing geopolitical tensions, though weaker demand and partial supply recovery are limiting further upside in oil prices

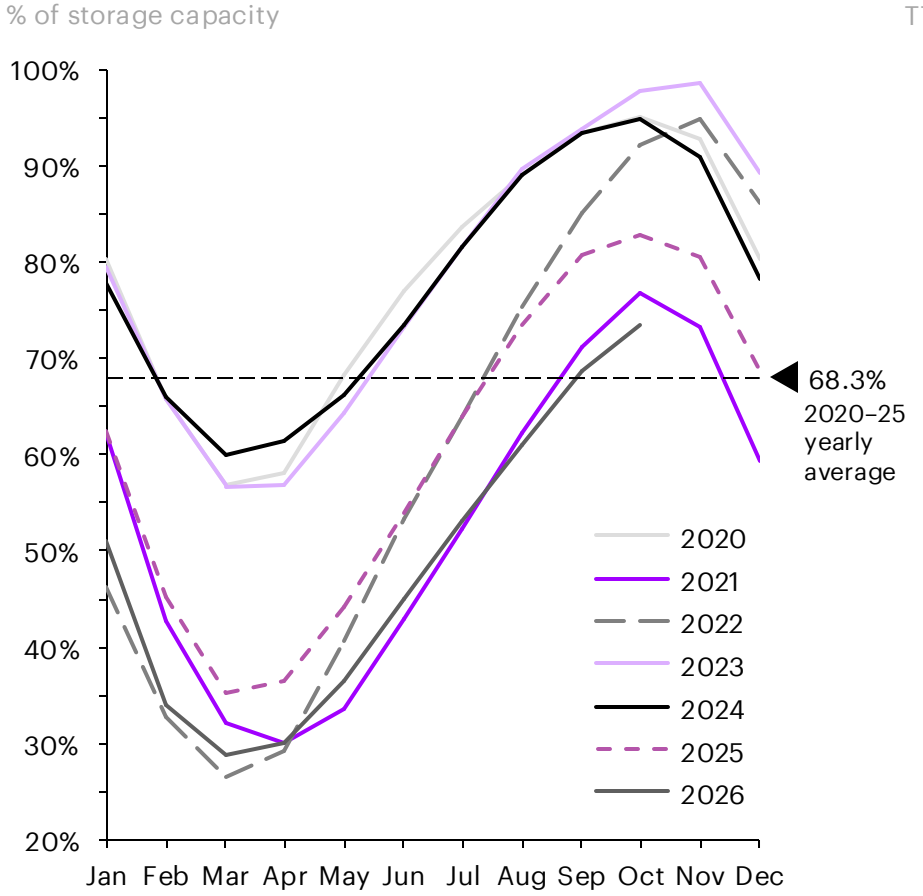
Notes: Monthly average of Brent crude oil price (USD per barrel)
Sources: International Energy Agency, Reuters, Energy Information Agency, World Bank, Bloomberg, Haver Analytics, Accenture analysis

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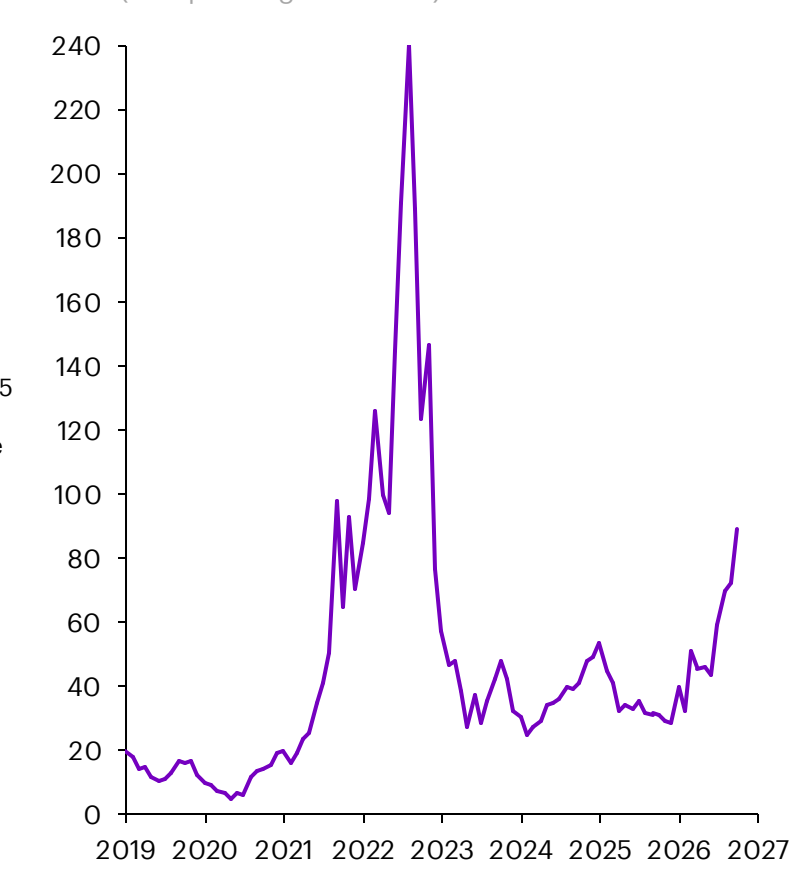
Europe's gas inventories have moved above historical averages, but remain below last year's levels, while Strait of Hormuz disruptions continue to pressure prices

EU natural gas reserves and prices

European gas reserves are below-average



...and prices are again climbing



Commentary

- As of October 2026, EU natural gas reserves stand at around 73% of storage capacity, compared with about 81% at the same time last year—an adequate inventory level but less comfortable than in 2025
  - Continued injections have improved Europe's storage position ahead of winter, although the smaller buffer relative to 2025 leaves the market more exposed to supply or weather shocks
- Natural gas prices are trading around €89/MWh and have moved higher as the likelihood of a prolonged Strait of Hormuz disruptions and tighter supply conditions increase risks heading into winter

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

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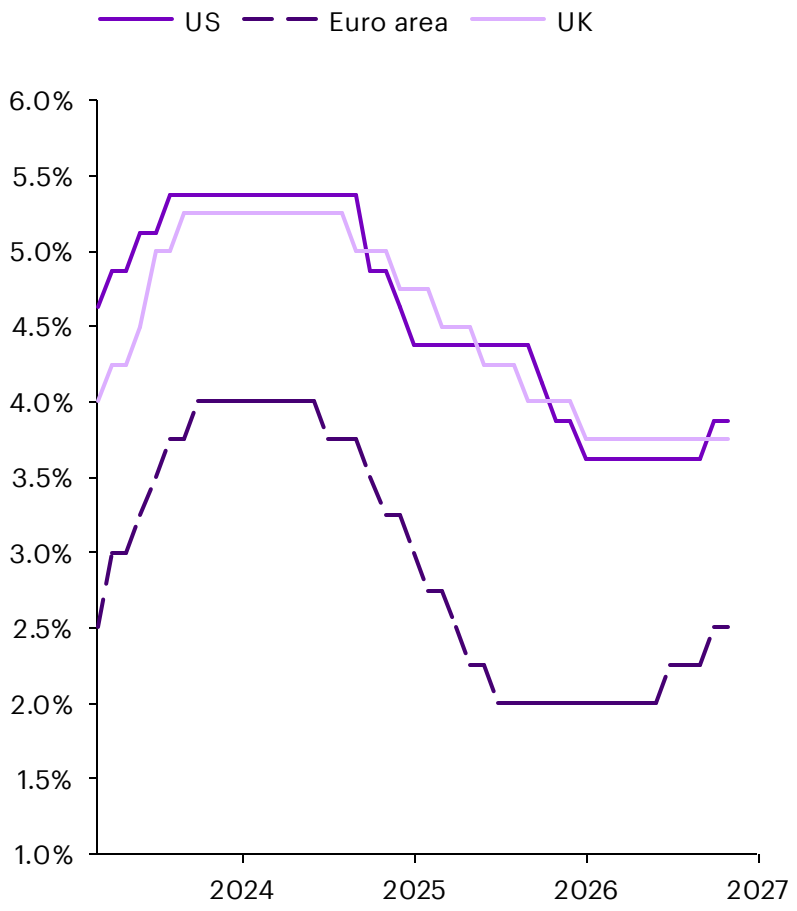
Financial markets



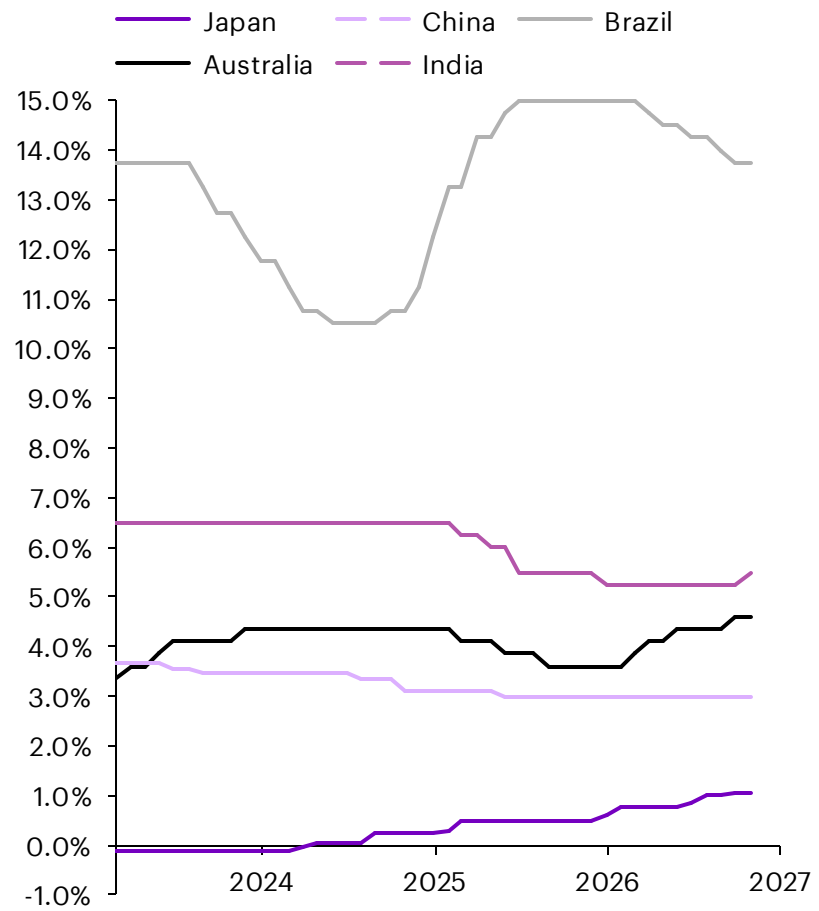
Renewed inflation pressures have prompted major central banks to reverse easing cycles, with the Fed and ECB resuming rate hikes while others remain cautious

Monetary policy across major economies

US, UK and Euro area policy rates



Policy rates for other major economies



Commentary

- The US Fed kept rates on hold in October, cautious of still-elevated inflation and signaling that future moves will remain data-dependent
- The BoE kept rates on hold in September, balancing renewed energy price-driven inflation against weaker growth momentum and easing labor market tightness
- The ECB kept rates unchanged in October but signaled ongoing vigilance of renewed inflation pressures from the energy shock and the possibility of future hikes
- The Reserve Bank of Australia raised the rates by 25bps to 4.60% in September as stronger inflation, higher energy prices and domestic capacity pressures increased upside inflation risks
- The Bank of Japan kept rates unchanged in October, with policy still focused on containing inflation pressures while monitoring growth and currency developments

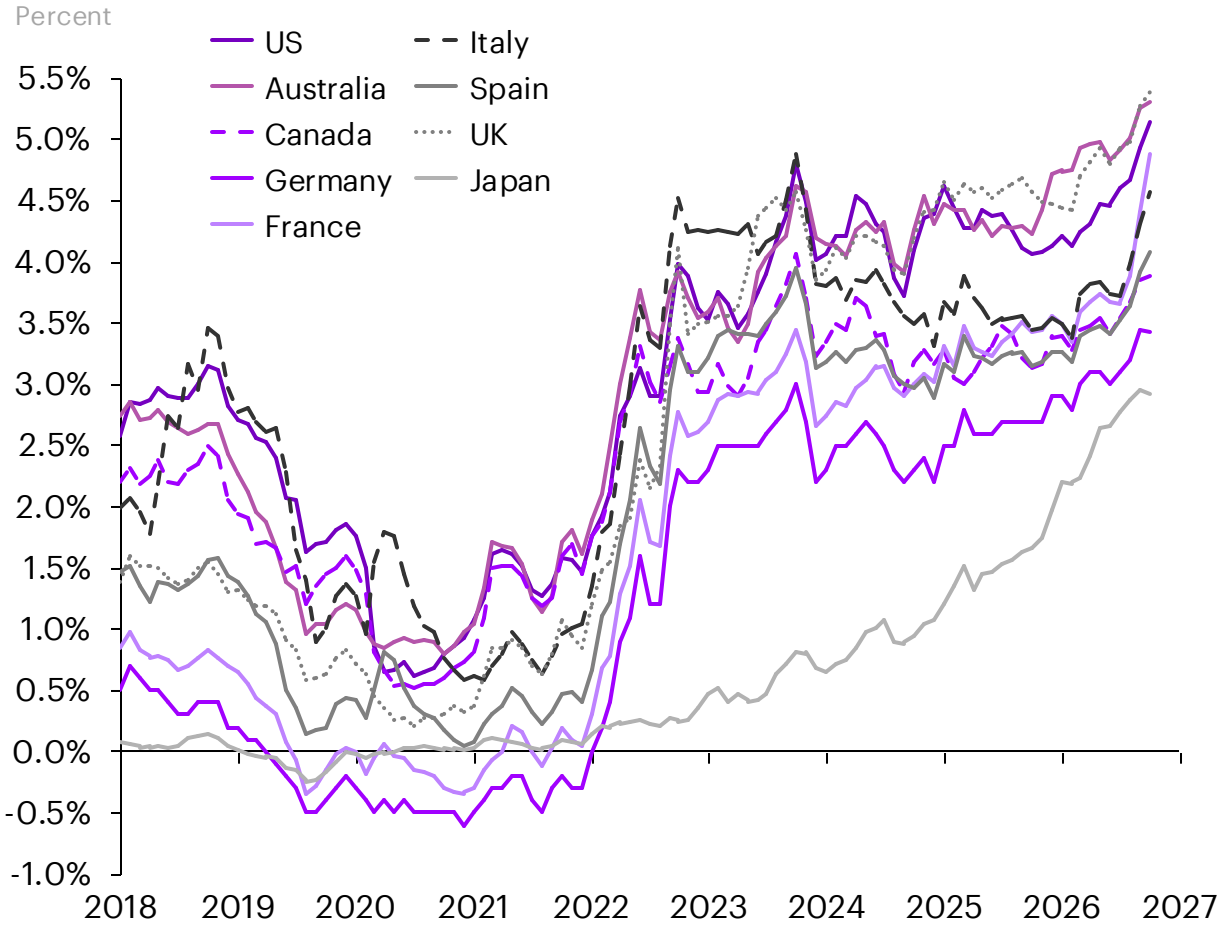
Sources: Haver Analytics, Federal Reserve Bank (US Fed), European Central Bank (ECB), Bank of England, Bank of Japan, Reserve Bank of India, Central Bank of Brazil, Reserve Bank of Australia, People's Bank of China, Reuters, Accenture analysis

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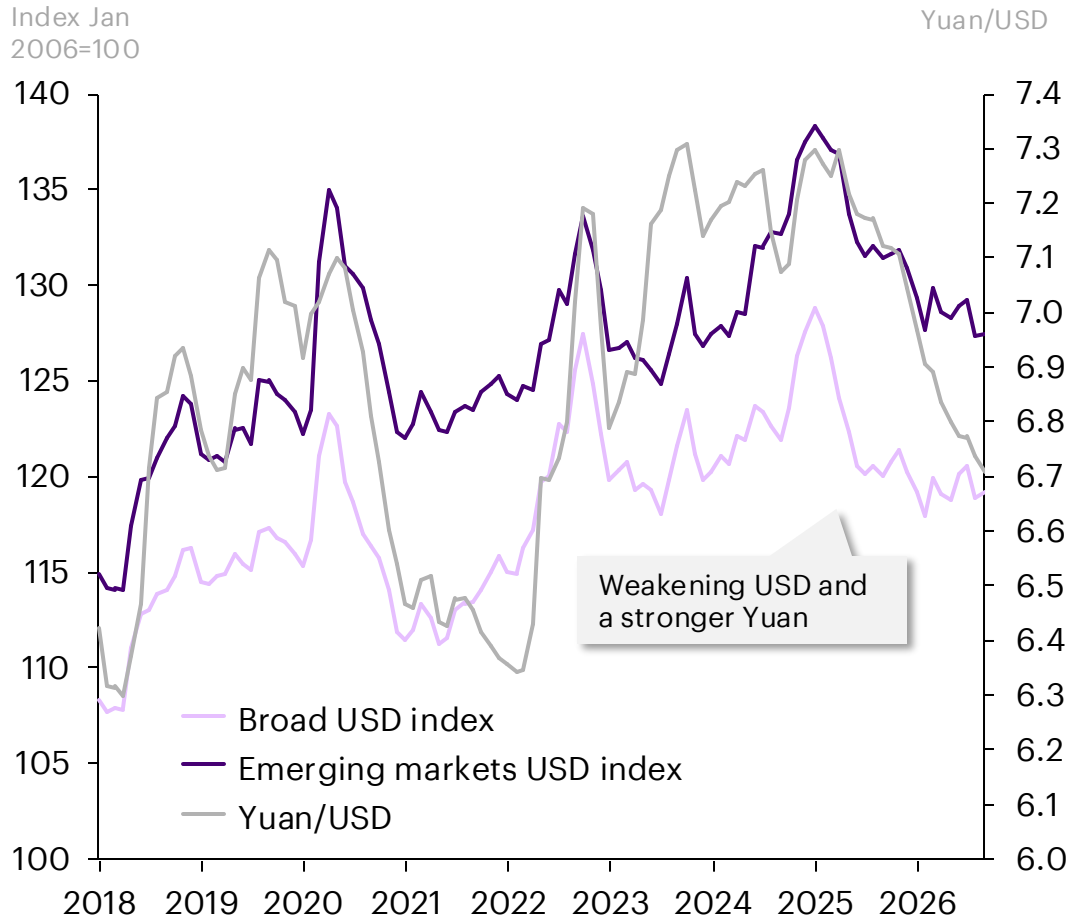
Interest rates are repricing upward sharply on the back of renewed inflation risks, ongoing fiscal concerns, and rising corporate investment demand

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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