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Adaptation Over Acceleration: The Global Economy in 2026

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Executive Summary



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Welcome to Dun & Bradstreet's 2026 Global Outlook. Businesses enter this year navigating a world defined by economic volatility, geopolitical tensions, and shifting trade patterns. Today's operating environment demands agility, strategic foresight, and disciplined execution.

Global GDP is projected to grow at a moderate 2.6-3.0%, a trajectory that reflects structural headwinds – aging demographics, climate imperatives, and geopolitical realignment – rather than cyclical momentum. Inflation is easing but remains above pre-pandemic norms, while interest rates will stay "higher for longer," reinforcing a cost-of-capital reality that prioritizes efficiency and resilience.

Policy will provide limited relief. Central banks are expected to favor cautious, data-driven easing over aggressive cuts, and fiscal support will be targeted – focused on infrastructure, green transition, and digitalization rather than broad stimulus. Businesses should not expect policy to do the heavy lifting; competitive advantage will hinge on adaptability and innovation.

This will be a year of transition, not acceleration. Growth will be modest, inflation will ease gradually, and policy support will remain constrained. Firms that strengthen balance sheets, embed flexibility, and position for structural trends will outperform in a lower-growth, higher-risk global economy.

For business leaders, the imperative is clear: adaptation, not acceleration, will define success.



Key Takeaways



Make Geopolitical Risk Management a Strategic Priority

Geopolitics will remain a defining risk factor. Ongoing conflict between Russia and Ukraine, Middle East tensions, and increasing U.S. actions – including with Venezuela, Nigeria, and Greenland – are amplifying systemic uncertainty, disrupting energy markets, and reshaping supply chains. Resource nationalism and strategic competition for rare earths have shifted from being abstract concerns and are now shaping day-to-day operations. Business leaders must integrate geopolitical risk into planning, diversify sourcing, and build agility into global operations to avoid severe disruption.



Drive Capital Discipline and Operational Efficiency

With interest rates expected to remain elevated and inflation still above pre-pandemic norms, cost pressures persist and business leaders must prioritize financial resilience. This means tightening capital allocation, optimizing working capital, and focusing on high-return investments. Operational efficiency will be critical – flexible pricing strategies, streamlining processes, leveraging automation, and embedding cost controls to protect margins in a

“higher-for-longer” environment. Boards should anticipate tighter liquidity conditions and prioritize projects with clear returns and strategic alignment.



Build Resilient and Diversified Supply Chains

The period of frictionless trade, shaped by FTAs, has given way to a greater drive toward regionalization and nearshoring. Geopolitical fragmentation and tariff uncertainty continue to challenge global trade flows. Decision-makers should accelerate supply chain diversification, invest in nearshoring strategies, and deploy advanced analytics for real-time visibility. Resilience has become a central principle in remaining competitive. Businesses that proactively map risks and secure alternative sourcing will be better positioned to navigate disruption and maintain continuity.



Accelerate Digital Transformation and ESG Integration

Technology adoption and sustainability are now core strategic priorities. Business leaders must champion digital transformation – embedding AI, automation, and cybersecurity into operations to drive productivity

and safeguard assets. AI adoption is emerging as a visible driver of optimism, particularly in information and communications sectors – decision-makers should prepare for incremental productivity gains rather than transformational leaps, prioritizing automation. At the same time, ESG initiatives demand integration into business models, not as compliance exercises but as growth levers.



Build Agile Workforce Models for Future Growth

Demographic pressures and technology adoption will reshape workforce strategies. Boards should invest in skills development, talent pipelines, and organizational agility to align with climate transition and digital priorities. In 2026, workforce planning has become a strategic function central to supporting growth, with companies increasingly looking at ways of upskilling employees so that they keep up with technological development.

Global Macroeconomic Overview



The exuberant rebound many hoped for after the Covid pandemic has given way to a more tempered reality: growth in 2026 will be steady, but far from spectacular. Our baseline expectation is for global real GDP to expand in the 2.6% to 3.0% range, signaling continuity rather than acceleration. Steady growth will, however, be shaped by structural headwinds – aging demographics, climate imperatives, and geopolitical fragmentation – that redefine what “normal” looks like for businesses and policymakers alike.

The global economic narrative is increasingly shaped by long-term forces rather than short-term cycles. Productivity growth remains subdued, and the demographic drag in advanced economies is accelerating as labor forces shrink and dependency ratios rise. Emerging markets, once the engines of global expansion, face their own constraints: tighter external financing conditions, climate vulnerability, and political volatility. Against this backdrop, businesses must recalibrate expectations – not for a rapid rebound, but for a prolonged period of modest growth punctuated by the likelihood of episodic shocks.

Persistent Inflation Pressures Despite Moderation

Inflation will continue its slow retreat in 2026, but the journey will be uneven and incomplete. Headline rates are easing, helped by softer commodity prices and the gradual resolution of supply bottlenecks. Yet beneath the surface, core inflation remains stubborn, driven by tight labor markets, wage rigidity in services, and the rising costs of energy transition. The dream of returning to the ultra-low inflation environment of the early 2010s is fading. Instead, businesses must prepare to increasingly contest on pricing power while maintaining cost discipline as a strategic imperative. Even as goods inflation moderates, energy and logistics costs will keep up pressure on margins, forcing businesses to rethink efficiency and resilience.

Constrained Policy Environment

Fiscal policy in 2026 will be defined by caution. High public debt, aging populations, and climate commitments leave little room for sweeping stimulus. Instead, governments will focus on targeted investments in infrastructure, green transition, and digitalization, while trimming deficits where possible. For businesses, this means operating in an environment where liquidity is tighter, borrowing costs remain elevated, and policy support is selective rather than broad-based. With cheap capital no longer available, businesses must adapt to a world where financial discipline and strategic clarity matter more than ever.

Central Bank Key Rate Changes



Monetary authorities, too, are constrained. Central banks, having fought inflation with aggressive tightening, now face a delicate balancing act and will likely adopt a “pause and evaluate” stance. Although incremental rate cuts are possible, bold easing is improbable. Upside risks – from wage stickiness to

geopolitical shocks – will keep policymakers on edge. We anticipate significantly less policy rate easing from major central banks in 2026, compared with the relatively aggressive cuts seen over the past two years.

Geopolitics: Flashpoints That Shape Economics

The global economy does not exist in isolation – geopolitics affects and shapes it. Much of the volatility this year will be driven by the ongoing Russia-Ukraine conflict, Middle East tensions, and resource nationalism – with the U.S. a key actor in the latter. Washington's renewed sanctions on Venezuela and military actions in waters off its coast culminated in the capture of President Nicolas Maduro, who now awaits trial on charges of drug trafficking. These developments have reignited tensions in global energy markets, threatening supply stability and injecting fresh uncertainty into oil pricing.

In Nigeria, U.S. security cooperation and conditional investment programs aimed at stabilizing the Niger Delta have had unintended consequences, amplifying domestic political frictions and complicating energy exports from one of Africa's largest producers. These conditions have resulted in heightened risk premiums for investors and fragile confidence across sub-Saharan Africa.

Meanwhile, Greenland has become a pawn on the geopolitical chessboard, with U.S. efforts to secure rare earth mineral access and Arctic shipping routes sparking responses from other major powers. This

scramble for strategic resources is reshaping global supply chains and intensifying regulatory fragmentation, signaling a new era of resource geopolitics where economic and security interests collide.

These developments underscore a critical truth: U.S. actions, while often aimed at reinforcing strategic dominance, are amplifying systemic uncertainty. Geopolitics is a central theme of 2026, shaping supply chain planning, investment decisions, and risk management. Businesses that fail to integrate geopolitical risk into their operating models risk being blindsided by disruptions that originate far beyond their immediate markets.

Businesses can no longer treat geopolitics as background noise

Trade: Slower, Fragmented, Regionalized

Global trade will grow in 2026, but at a pace well below historical norms. Although cyclical stabilization offers some rebound, structural forces – regionalization of supply chains, industrial policy shifts, and regulatory fragmentation – are reshaping globalization. In 2026, self-sufficiency, via reduced

dependence on external partners and nearshoring, will become increasingly important, especially in sectors tied to technology and critical minerals.

However, Dun & Bradstreet's Q1 2026 [Global Business Optimism Insights](#) (GBOI) report offers a counterpoint of cautious optimism: clarity on tariff-related policies is lifting external confidence, with businesses reporting stronger optimism for export orders and smoother supply operations. This improvement is most visible in sectors such as automotives, capital goods, hospitality, and retail, which were heavily exposed to trade uncertainty in prior quarters. The return of international travel is providing a clear tailwind for consumer-facing sectors, boosting sales and export optimism despite uneven domestic demand. Logistics and sourcing are also benefiting from fewer trade route disruptions, supporting margins and strengthening cash flow planning.

However, risks remain. Companies reliant on rare earths continue to face intermittent export restrictions, underscoring the fragility of supply continuity. For businesses, this means that although external channels are firming, geopolitical and resource constraints still demand diversification and contingency planning.

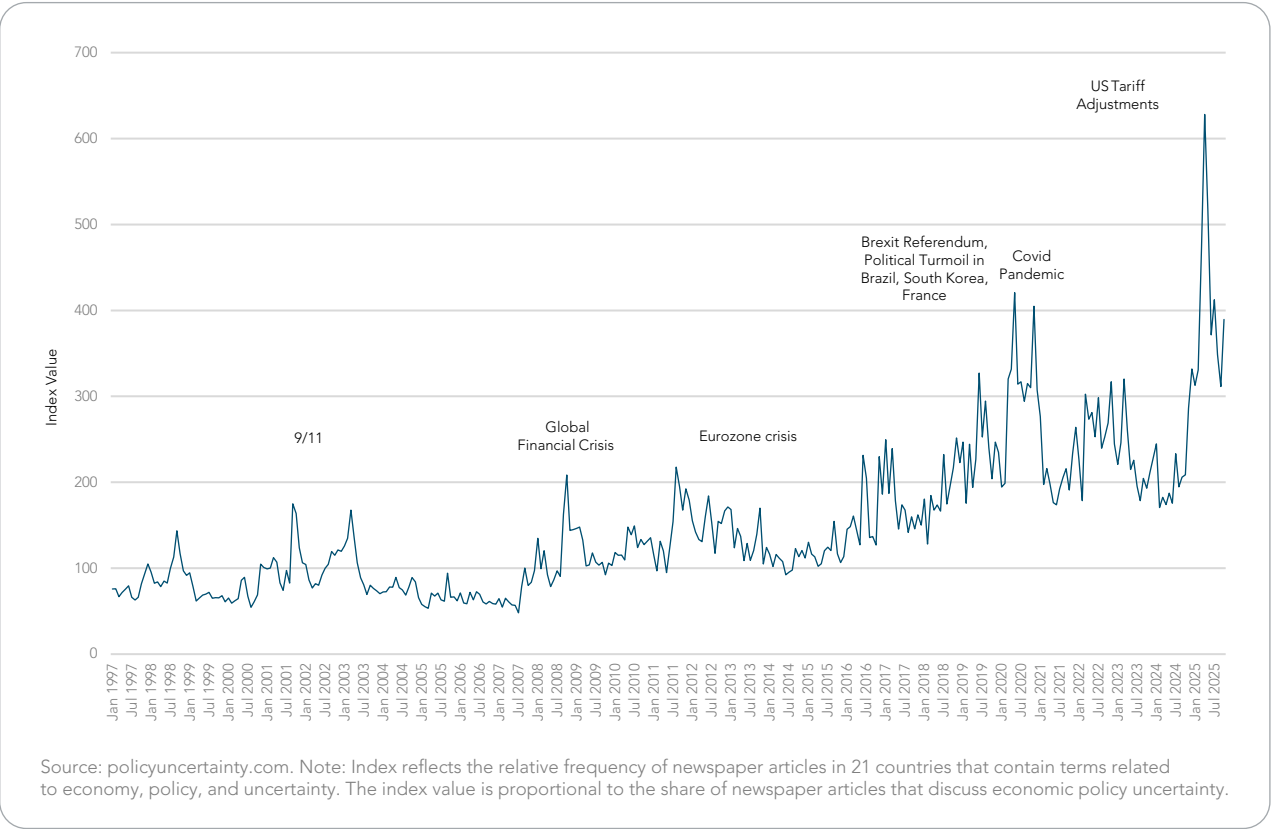
Success will depend on regional hubs, resilient logistics, and compliance agility. Globalization is not disappearing, but it is being redefined, and businesses must adapt to its new contours. Trade agreements will increasingly reflect security considerations, and regulatory divergence will raise compliance costs. Companies that anticipate these shifts and embed flexibility into sourcing strategies will outperform those clinging to outdated models of global integration.

Investment Will Focus on Selectivity Over Scale

The investment climate will remain cautious, but the Q1 2026 GBOI findings reveal a nuanced picture, with businesses saying they feel more comfortable with cash buffers and prefer to fund new capital expenditure internally. This preference reflects both lingering refinancing risk and the desire to preserve flexibility amid uncertain demand. Where investment is happening, sustainability and product/service innovation dominate priorities, with AI emerging as a visible driver of optimism.

Global uncertainty — falling but still elevated — about economic policy, supply chain resilience, and trade fragmentation will push firms toward cost optimization and operational efficiency rather than bold capital expenditure. Yet there will be bright spots: technology, automation, and climate-related sectors will attract capital as businesses seek productivity gains and regulatory alignment.

Global Economic Policy Uncertainty Index, Current Prices



Credit conditions will remain tight, reinforcing higher hurdle rates for projects. In this environment, businesses must prioritize strategic clarity and measurable returns, channeling resources into areas that deliver resilience and long-term advantage. The winners will be those that invest in digital transformation, AI-driven efficiency, and sustainability initiatives, positioning themselves for structural shifts rather than chasing cyclical rebounds.

What This Means for Businesses

The global economy in 2026 will not reward passive strategies. Businesses must pivot from expecting strong cyclical tailwinds to preparing for modest growth and higher friction. This is the year to hardwire resilience, sharpen efficiency, and commit capital to structural growth themes – digital transformation, energy transition, and supply chain resilience – that will define long-term competitiveness.

The Q1 2026 GBOI survey outlines some actionable insights for businesses: they should lean into export-led growth, improving capacity, sales plans, and shipping schedules in sectors where export optimism is rising: automotives, hospitality, retail, food manufacturing, and textiles. At the same time, businesses should reinforce cost discipline, recalibrate inventory cycles, and leverage tax incentives where available (notably in the U.S.) to preserve cash in economies with weaker domestic order momentum.

Capital expenditure should be targeted toward innovation, with AI adoption accelerating across industries, and sustainability. Though ESG integration remains uneven globally, businesses in advanced economies report stronger governance alignment,

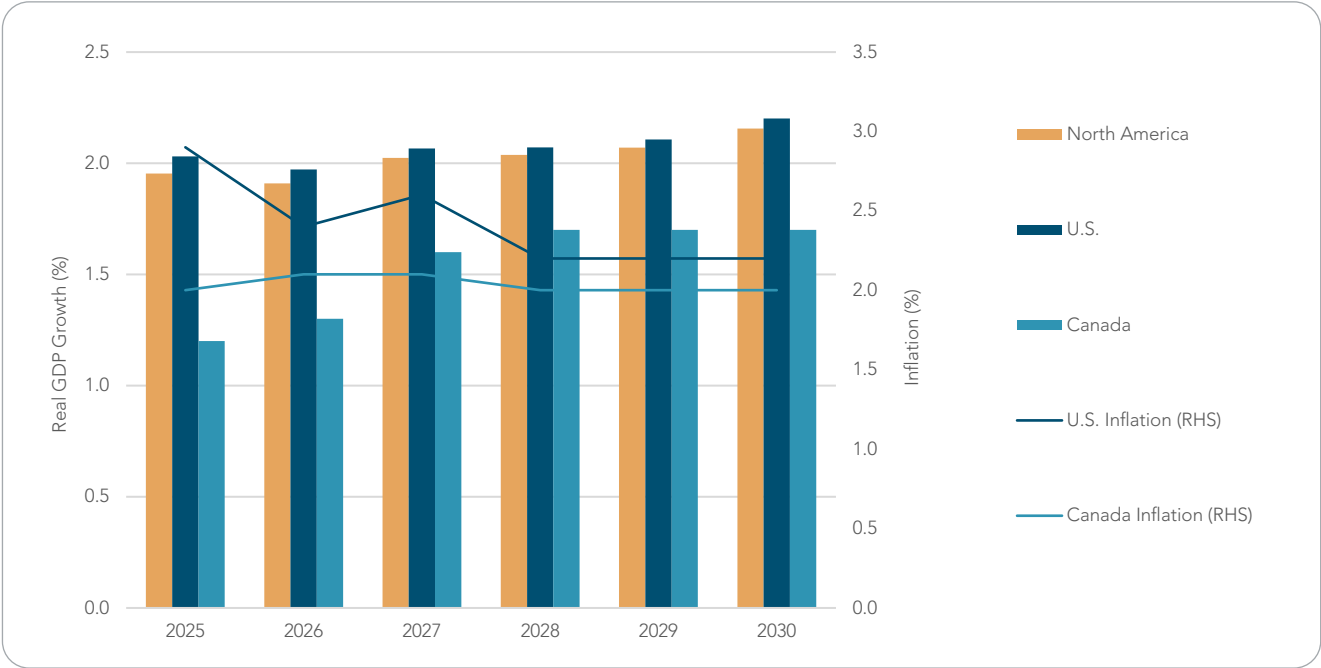
and traceability demands, financing benefits, and brand reputation are increasingly tied to ESG adoption. These factors will shape competitive advantage as regulatory and consumer pressures intensify.

Above all, growth expectations must be recalibrated: leverage should be contained, balance sheets kept healthy, and expansion targeted toward sectors aligned with long-term trends such as green technology, automation, and digital infrastructure. Preparing now for a lower-growth, higher-risk, structurally evolving global economy may yield better rewards than waiting for a rebound that may never fully arrive.



The World in 2026

North America



We expect the combined North American economy (the U.S. and Canada) to settle into a moderate, slightly below-trend growth regime of around 1.9% in 2026 (trend growth is roughly 2.0%). Though this pace reflects resilience, it also underscores structural headwinds from trade frictions and global uncertainty. Pricing pressures in North America should continue to moderate through 2026, but disinflation will not be

smooth or uniform. In the U.S., sticky core services inflation and wage dynamics will prevent a rapid collapse in inflation, even as goods-price pressures ease. For Canada, inflation is expected to hover near the Bank of Canada’s 2% target, supported by stabilizing housing expenses and modest wage gains, though excess supply in some sectors should gradually diminish.

Monetary policy in both countries is likely to pivot gently rather than aggressively. In the U.S., the Federal Reserve has room to begin easing from peak rates by late 2026 if inflation and labor data support normalization. Rate cuts will be cautious, incremental, and data-dependent, balancing the risk of reigniting inflation against the drag of higher rates on demand. The Bank of Canada (BoC) is already positioned for further adjustment, as past rate cuts are feeding into higher household spending (the BoC was among the first major central banks to cut after the inflation peak of 2022). However, tariff risk and uncertain global demand will likely keep its policy rate anchored near neutral, with only gradual reductions if the outlook worsens. A prolonged trade dispute with the U.S. could accelerate BoC easing sooner than expected.

The outlook for U.S.-Canada trade relations remains a key risk following on-off talks throughout 2025. U.S. tariffs on Canada are likely to persist through much of 2026, keeping trade policy uncertainty elevated and weighing on investment and growth. The pivotal United States-Mexico-Canada Agreement (USMCA) review scheduled for July 2026 could be a turning point: successful renegotiation might restore stability if tariffs are rolled back, while failure could entrench

protectionism and accelerate supply chain shifts. Although structural integration makes a full cessation of trade highly unlikely, sector-specific deals represent an increasingly probable outcome.

The U.S. has extended its strategic footprint in Nigeria and Venezuela, deploying military assets to safeguard energy flows and stabilize fragile regimes. Though these moves aim to secure critical oil supply chains, they risk inflaming regional tensions and drawing Washington into protracted foreign engagements. In Latin America, U.S. intervention in Venezuela, amid sanctions and political volatility, has heightened anti-American sentiment and could destabilize neighboring economies, amplifying uncertainty for trade and investment. Meanwhile, Greenland's ascent as a hub for rare earth minerals has prompted U.S. military and industrial initiatives in the Arctic, intensifying competition with other powers and raising sovereignty concerns. This projection of U.S. military might underscores a broader trend: resource security is becoming a geopolitical flashpoint, and the stress radiating from these theaters could reverberate through global markets, adding another layer of risk to North America's outlook.

Overall, our view entering 2026 is one of measured stability for the North American economy. Growth may not dazzle, but neither is a hard landing our base case – provided trade risks remain manageable, inflation continues to ease cautiously, and central banks calibrate policy with discipline. External shocks from energy markets or resource geopolitics could tilt the balance, but absent such disruptions, North America appears set for a year of steady, if unspectacular, performance.





United States

Economic growth in the U.S. is expected to remain broadly in line with that seen in 2025, marking a continued moderation from the robust expansion of recent years. Real GDP growth is likely to hover near trend as the economy adjusts to the cumulative impact of tighter monetary policy. High interest rates will continue to weigh on borrowing costs and discretionary spending, tempering household consumption – a key driver of U.S. growth. Nonetheless, underlying support from solid labor income and accumulated household wealth should prevent a sharp contraction, sustaining a baseline of resilience in consumer demand.

Inflation dynamics will play a critical role in shaping the outlook. Price pressures are projected to ease further, aided by normalized supply chains and softer demand conditions, though services inflation may remain sticky. This environment suggests the Federal Reserve will maintain a cautious stance, keeping policy rates elevated for much of the year to ensure inflation expectations remain anchored. Real interest rates could therefore remain restrictive, limiting credit-sensitive sectors such as housing and business investment.

U.S. involvement in Nigeria and Venezuela, through military deployments and strategic energy partnerships, reflects Washington's push to secure oil flows and stabilize fragile regimes. In Latin America, intervention in Venezuela has heightened anti-American sentiment, raising the prospect of retaliatory trade measures or political instability that could disrupt commerce. Meanwhile, Greenland's emergence as a critical source of rare earth minerals has prompted U.S. investment and military presence in the Arctic, intensifying competition with other powers and adding strategic risk to industrial policy.

Overall, 2026 is likely to be characterized by slower but stable expansion, with the economy navigating the delicate balance between disinflation and maintaining momentum. The interplay of monetary policy, labor market conditions, and household behavior will be central to determining whether the U.S. achieves a soft landing or faces more pronounced headwinds.

The U.S. economy in 2026 is poised for a soft landing as the most likely scenario. Growth should hover near trend, with elevated real rates restraining borrowing and investment. While risks persist – from global volatility to trade frictions – disinflation and resilient confidence underpin stability over outright contraction.



Canada

Canada's economy is expected to maintain a modest pace of growth in 2026, broadly similar to 2025, as the effects of restrictive monetary policy continue to filter through. Real GDP growth is likely to remain below its long-term average, reflecting subdued domestic demand and a cooling housing market. Elevated interest rates will constrain household borrowing and discretionary spending, while high debt levels among Canadian households amplify sensitivity to financing costs. Nevertheless, steady labor income and accumulated savings should provide some cushion, preventing a sharp downturn in consumption.

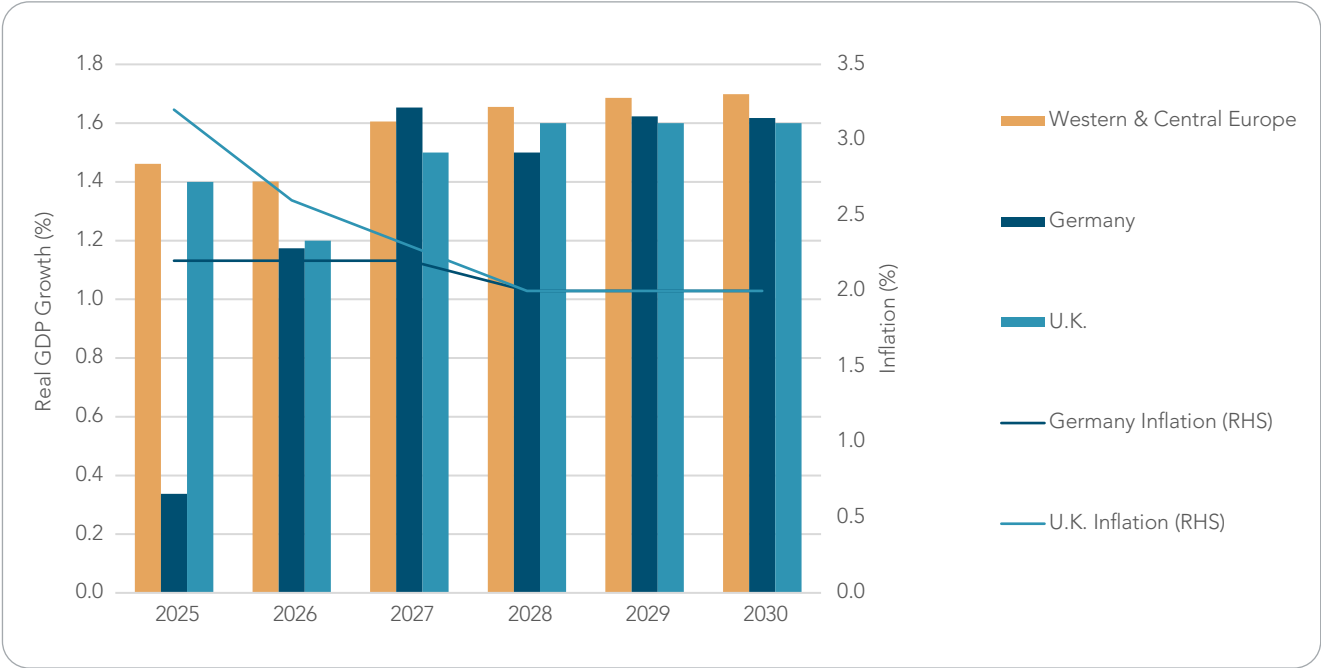
Inflation is projected to ease further toward the Bank of Canada's 2% target, supported by softer demand conditions and normalization in supply chains. However, housing expenses and services inflation may remain sticky, keeping headline inflation slightly above target for much of the year. Against this backdrop, the central bank is expected to maintain a cautious policy stance, with real rates staying restrictive until there is clear evidence of sustained disinflation. This environment will weigh on housing activity and business investment, sectors that are particularly interest-rate sensitive.

Risks to the outlook lean to the downside, and external factors add complexity. A sharper correction in housing prices or a deterioration in labor market conditions could undermine household confidence and spending. Trade frictions with the U.S., including persistent tariff uncertainty ahead of the USMCA review in mid-2026, pose an additional drag on investment. Geopolitical developments also matter: U.S. military assertiveness in Venezuela and Nigeria has heightened global energy volatility, while Arctic resource competition involving Greenland underscores strategic pressures that could influence Canada's industrial policy. Conversely, a faster decline in inflation could allow for earlier policy easing, supporting growth later in the year.

Overall, 2026 is likely to be characterized by slow but stable expansion as Canada navigates the dual challenge of restoring price stability while sustaining economic momentum. The trajectory of monetary policy, housing dynamics, labor market resilience, and trade relations will be critical in determining whether the economy achieves a soft landing or faces more pronounced headwinds.

Canada's economy in 2026 is set for slow, steady growth as restrictive rates and high household debt weigh on borrowing and housing activity. USMCA trade flows remain a stabilizer, and a mid-year renewal could reinforce confidence.

Western Europe



In 2026, a modest deceleration in economic growth for the euro area and the U.K. will contrast with a small acceleration in Switzerland. Euro area GDP growth is expected to be more broad-based across economies; in 2026, we expect 18 out of 20 euro area economies to post GDP growth above 1.0% for the first time since 2018 (excluding 2021 due to the pandemic). Ireland skewed the eurozone’s 2025 GDP

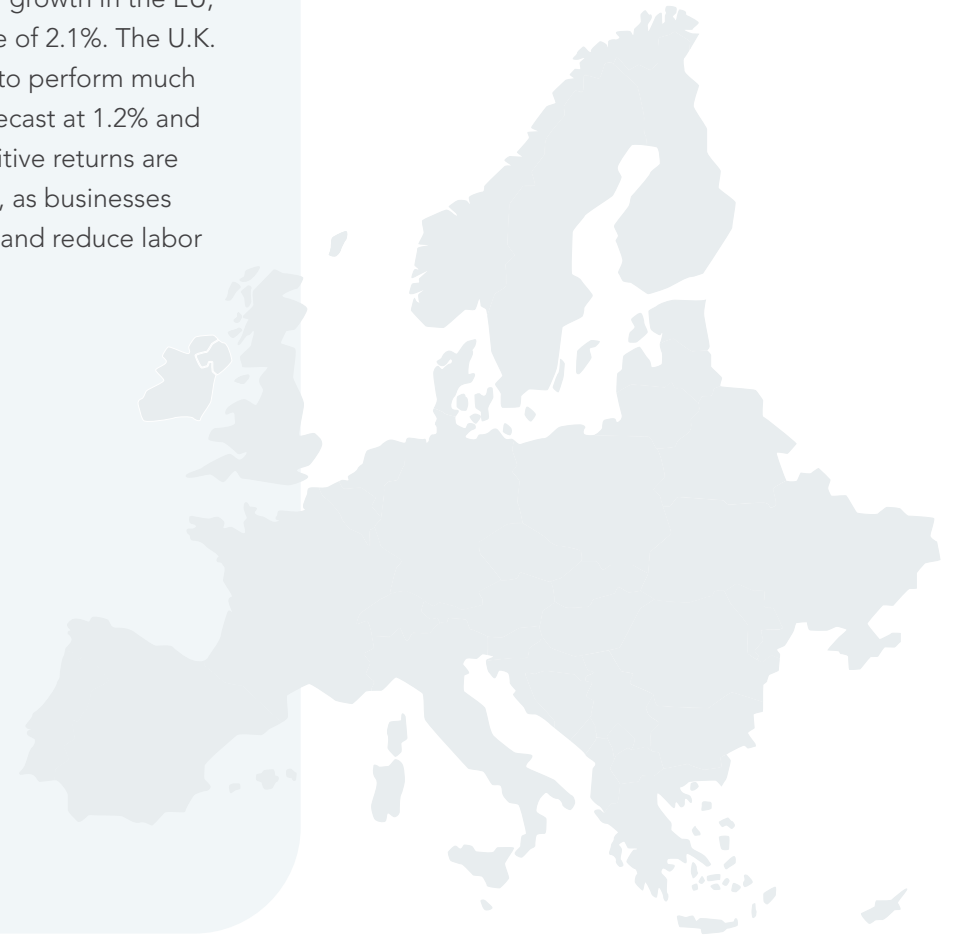
performance, as the country saw rapid GDP growth due to one-off factors that will dissipate in 2026. Without Ireland, euro area GDP growth in 2025 would have been roughly 0.9% instead of 1.4%. We expect an environment of lower borrowing costs, reduced uncertainty, and buoyant wage growth to drive consumer spending higher in 2026. Although

we do not expect the European Central Bank (ECB) or the Swiss National Bank to cut interest rates in 2026, the impact of previous rate cuts will continue to pass through to the retail borrowing and deposit rates. Stubbornly high inflation in the U.K. means the Bank of England has been cutting interest rates cautiously and is likely to cut rates at least once in 2026 to support demand, as the peak of inflation has likely passed. A record fiscal splurge in Germany will see capital expenditure grow at the fastest pace since the pandemic, with positive spillovers for the construction, transportation, and communications sectors. As a result, we expect GDP growth to accelerate from an anticipated 0.3% in 2025 to 1.2% in 2026. Meanwhile, most Western and Central European economies will turn to fiscal consolidation this year, with the U.K. embarking on a path toward a neutral fiscal balance while France battles to contain spiralling spending. Since the 2020 pandemic, most governments have stepped in to support economies and have taken up an increasingly larger share of domestic consumption; being able to effectively withdraw from this position and allowing the private sector to support growth is critical to reigniting productivity.

Increased spending by the German government in 2026 will have spillovers to the rest of the region. First, to undertake such substantial infrastructure projects, Germany will be required to import raw materials, creating demand for key trading partners. Second, as the returns of such investments pay off, the wages of German workers should increase and they will then demand more high-value goods and services from European neighbors. Finally, there is a risk that a further increase in bond yields on German government debt will push up the yields on other governments' debt in the region, making their fiscal consolidation journey more difficult.

Europe is well placed to benefit from a surge in AI-enabled productivity; in our Q4 2025 GBOI survey, the top three countries to report that they had already embedded generative AI tools across functions or piloting in select functions were France, Switzerland, and the U.K. France, in particular, has strong structural factors that should support the deployment of AI across industries: a high knowledge base, a deep culture of inclusive foreign investment, a favorable regulatory environment for startups, and a growing supply of clean energy. However, we do not foresee

that the gains from AI investments will pay off immediately; we are anticipating that France will tie with Italy for the slowest 2026 GDP growth in the EU, at 0.8%, compared with an average of 2.1%. The U.K. and Switzerland are not expected to perform much better either, with GDP growth forecast at 1.2% and 1.1%, respectively. Hence, the positive returns are anticipated over the medium term, as businesses identify new growth opportunities and reduce labor costs.





Germany

In 2025, the German economy returned to growth after two years of contraction, and we anticipate that 2026 will mark a defining moment for both the economic and political environment, with economic growth set to accelerate to 1.2%, from 0.3% in 2025. The German government, elected in 2025, has decided to capitalize on decades of fiscal prudence to ramp up spending across the economy; there is room to spend, with interest payments in 2024 worth 1.1% of GDP, below the EU average of 1.6%.

While the majority of government spending in 2026 will still be directed at welfare payments, spending on infrastructure and defense will increase substantially. Both physical and digital infrastructure will be targeted for investment, which a significant focus on repairing and upgrading the rail network, expanding the broadband network, and improving hospital equipment. Such investment will be a positive to address Germany's long-term structural challenges; the World Intellectual Property Organization's Global Innovation Index 2025 reported that Germany fell one place to 11th, overtaken by the Chinese Mainland.

With defense spending set to increase 24.9% in 2026, the government will prioritize rebuilding military capabilities and removing procurement bottlenecks in light of elevated global geopolitical threats. However, defense spending has limited benefits for the wider economy; only a handful of sectors directly related to the military industry typically benefit and will likely crowd out activity in most other sectors; businesses may anticipate higher inflation through the high import cost of military equipment.

Longer term, the government has already identified a notable funding gap by 2029, which must be addressed through a combination of spending cutbacks and tax raising measures – or a substantial positive growth surprise. If the momentous government stimulus does not meaningfully improve living standards and/or infrastructure, support for fringe parties could grow substantially, risking the political order. By 2028, productive investments should start to pay off and result in GDP growth stabilizing at 1.6%; an improvement from expected growth of 1.2% in 2026.

Germany is set to return as the engine of EU growth in 2026, led by significant government stimulus in defense and infrastructure. This will be a defining moment for the German economy, which faces an existential threat to the international competitiveness of its energy and capital-intensive export industries.



U.K.

U.K. economic activity is likely to slow in H1 2026 before picking up again slowly in the latter half of the year. Households must continue to weather some short-term pain in the labor market; restricted job opportunities mean unemployment is set to continue increasing from its already high level, with 2.5 unemployed people per job vacancy in September 2025, compared to 1.5-1.7 in 2019. Businesses will be hoping to move on from the uncertainty in 2025 caused by tariffs and conjecture about possible tax rises in budgets, to start comprehensive investment and hiring planning in 2026 – albeit while adjusting to an environment of higher global tariffs and U.K. taxes.

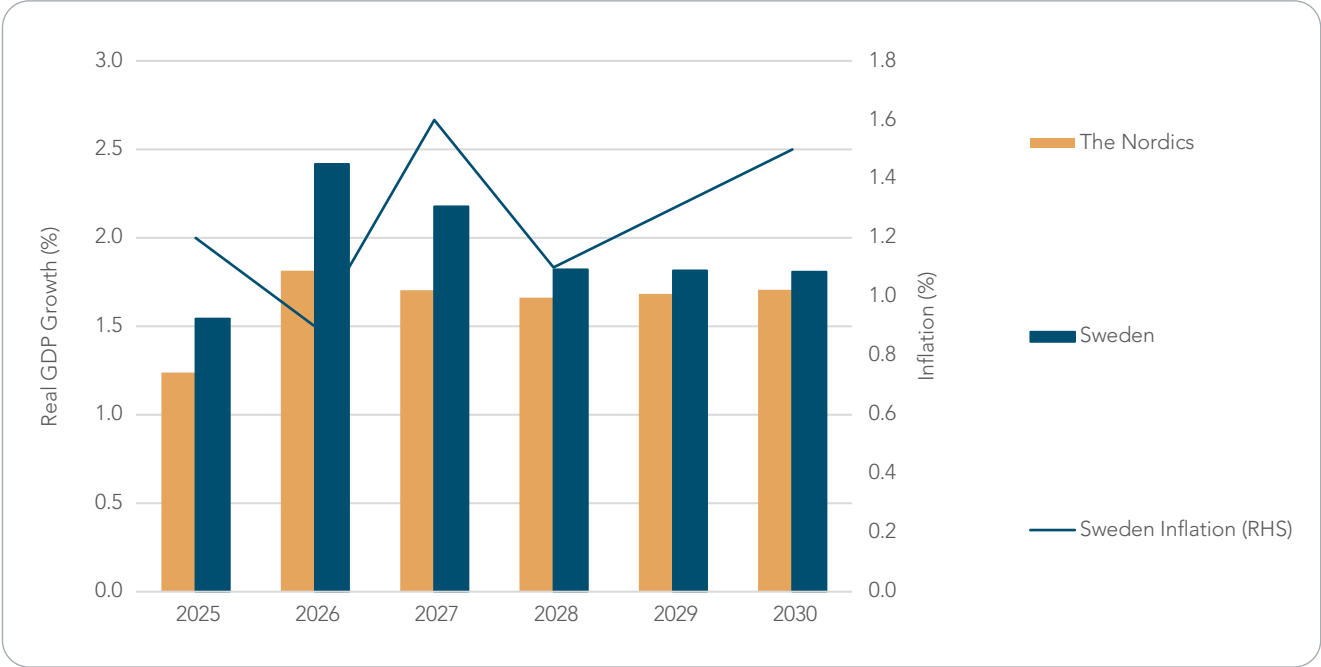
High energy costs will continue to act as a drag on the international competitiveness of British businesses. The U.K. has the highest industrial electricity prices of 24 major economies, according to the International Energy Association (IEA), due to a high reliance on imported gas to generate electricity and the marginal energy price system. This cost pressure is set to moderate somewhat in 2026, as a 20% fall in wholesale gas prices in the past year has yet to pass through to businesses, and government

subsidies will be phased in to support critical industries.

Public and private institutions in the U.K. have been subject to an increasing frequency and severity of cyberattacks. Between September 2024 and August 2025, the number of “highly significant” attacks increased 50%, as highlighted by the National Cyber Security Centre Annual Review 2025. As the severity of such attacks increases, the wider economic and supply chain impact grows too. The attack on Jaguar Land Rover (JLR) in August 2025 highlighted the impact that a cyberattack-induced temporary production shutdown at a key manufacturer could have on the U.K. economy. Dun & Bradstreet’s Supplier Risk Solutions allow you to illuminate your supply chain dependencies and anticipate such a risk before it materialises; our database identified 2,300 U.K. businesses with supply chain reliance on JLR’s parent company. Had the production shutdown continued, it could have impacted up to 1 million employees and £116 billion in revenue through the supply chain.

The U.K. economy is set to slow down in 2026 to 1.2% GDP growth. A mixture of high inflation, a weak labor market, and elevated interest rates will contribute to slowing consumer spending in H1. Businesses will look to restart activity and hiring in H2, which will lift growth as interest rates fall.

The Nordics



In 2026, the Nordic economies are set for their fastest growth since 2022, reversing the stagnation that followed the post-pandemic rebound and supported by a more growth-consistent policy mix, resilient domestic demand, and easing inflation. Dun & Bradstreet forecasts real GDP growth of 1.8% (up from 0.0% in 2023 and 1.7% in 2024) across the region,

led by Iceland and Sweden. Inflation, having eased from 2022's highs, is projected to stabilize at around 2.0% through 2026 – close to most Nordic central bank targets

Private consumption is expected to rebound strongly in 2026 as inflation recedes and real incomes rise, supported by a stable labor market. Denmark's

consumption will play a strong role in regional recovery, while Swedish household spending will lead renewed momentum. Investment will also provide meaningful support in 2026: Norway will benefit from energy-sector capex and infrastructure projects, while Sweden and Finland will see strength in IT, green tech, and public investments. Exports should contribute positively, with Swedish and Norwegian exporters aided by stronger domestic currencies and recovering global tech and industrial demand, though gains will be tempered by persistent trade barriers.

Monetary policy will remain supportive, with most Nordic central banks continuing to ease in 2026. Sweden and Denmark are likely to lead with early, decisive cuts as inflation nears target, while Iceland proceeds cautiously given lingering price pressures. Norway's moves will depend on sustained disinflation. Regional governments have also introduced mildly expansionary fiscal measures for 2026, including household tax relief and green investment packages, particularly in Sweden and Norway. These steps aim to complement monetary easing without undermining fiscal discipline.

The region remains a global leader in energy transition. By 2025, 96% of electricity generation was

renewable, and Transmission System Operators have been upgrading grids to integrate offshore wind and enable green hydrogen deployment. This momentum is expected to be carried into 2026, supporting manufacturing and transport decarbonization, fostering new green supply chains, and positioning the Nordics as exporters of clean technologies. Investments in 2025, such as Finland's €2.3 billion green transition package and Norway's NOK3.6 billion allocation for offshore wind and hydrogen, provide a strong pipeline for continued expansion in 2026.

However, risks persist. Global trade tensions and tariffs remain a threat, especially if U.S. duties extend to pharmaceuticals, a key export for Denmark and Finland. Sweden's automotive sector is already exposed to Section 232 tariffs on cars and parts. Rising public debt could also limit future stimulus. Though there are risks, declining policy rates should

lower financing costs, creating room for capital expenditure in green infrastructure and digital transformation. Leadership in renewable energy, hydrogen, and electric transport will offer significant potential for productivity gains and export revenue, while smart grid investments will strengthen the Nordics' role as a hub for low-carbon industries and data centers.





Sweden

Sweden's recovery is gathering pace as easing inflation, firmer real incomes, and improving labor market conditions lift household demand. Growth momentum picked up in H2 2025 and is expected to continue in 2026, with Dun & Bradstreet forecasting 2.4% growth, up from estimated 1.5% growth in 2025.

Momentum will be led by households. Real wage growth turned positive in late 2025, and the 2026 budget focuses on "putting more money in people's pockets," including income-tax relief, a temporary VAT cut on food (from 12% to 6% from April 1, 2026), and lower energy and consumption taxes – providing near-term support to purchasing power and private consumption. Investment will add to the upswing, particularly in IT, green tech, and public projects, with Sweden's grid modernization and low-carbon leadership remaining central enablers. Exports should contribute positively too, aided by a stronger krona versus the U.S. dollar and recovering global tech/industrial demand.

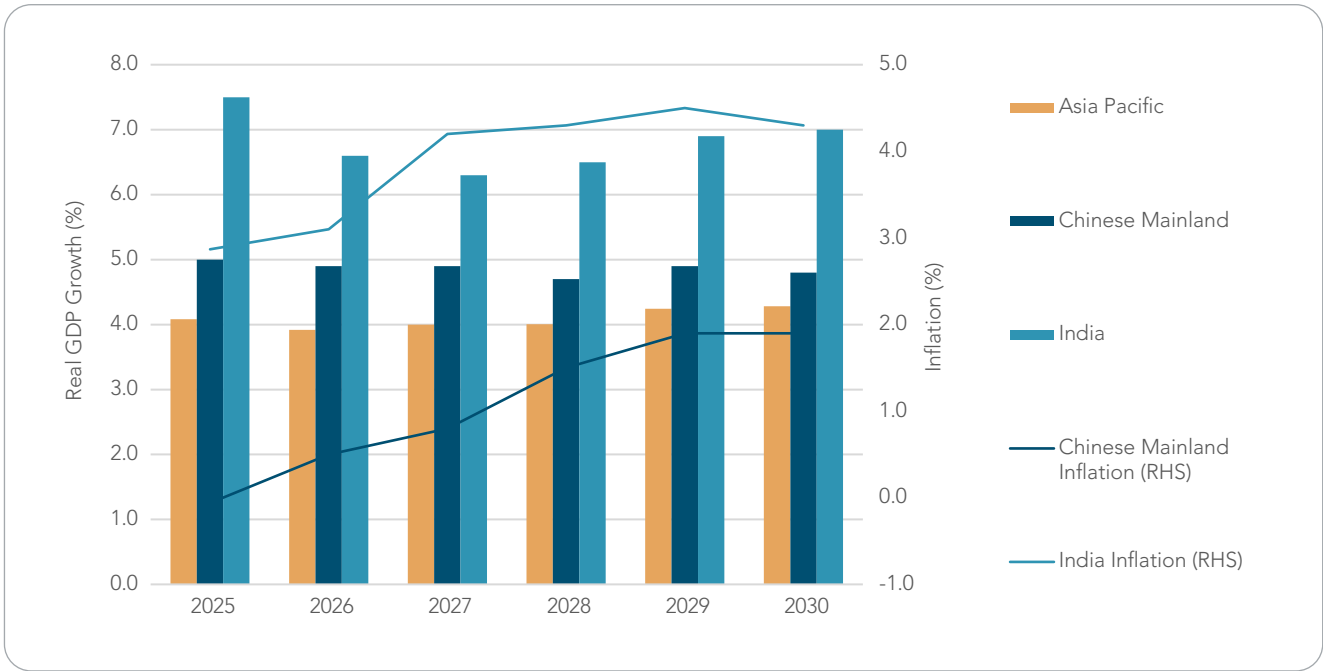
Policy settings remain broadly supportive. The Riksbank's 2025 moves (cuts to 2.25% in January, 2.00% in June, and 1.75% in September) reflect confidence that inflation is approaching target while

recovery is underway; guidance suggests rates will stay "at this level for some time," providing increasing support to demand. On the fiscal side, the 2026 budget is mildly expansionary, with household tax relief and targeted green initiatives emphasizing time-bound, complementary measures that aid demand without undermining medium-term discipline.

Any resurgence of tariff uncertainty could weigh on auto and parts exports, while global trade frictions and geopolitics continue to present two-sided risks to demand and inflation. Domestically, the timing of the housing and construction turnaround remains a key watchpoint, even as policy support and lower borrowing costs gradually ease conditions. In this context, uncertainty about household saving behavior and the impact of a more expansionary fiscal stance in 2026 — including measures such as smart metering and cross-border balancing — points to lingering caution, but with policy settings becoming gradually less restrictive over time.

Sweden's power system is overwhelmingly low-carbon, and investments are accelerating to integrate renewables, enhance flexibility, and support hydrogen and e-fuels. The 2025 budget allocates SEK42.6 billion for 2025-27 to expand the electricity grid and strengthen transmission capacity.

Asia Pacific



Domestic momentum in Asia Pacific remains supportive going into 2026. But the risk backdrop is tougher, shaped by weather shocks and geopolitics. Severe flooding, storms, heat stress, and damage to roads, ports, and power networks were prevalent in 2025. The near-term implication is more downtime, higher repair costs, and more spending on protection, redundancy, and insurance solutions. Against this

backdrop, headline growth in Asia Pacific is likely to ease to about 3.9% in 2026. Trade policy uncertainty remains the main external constraint, with the trade boost that supported activity in early 2025 expected to fade. The October update from the World Trade Organization (WTO) puts 2026 global merchandise trade volume growth at around 0.5%, down from the previously estimated

1.8%, as the full-year effect of tariffs and softer global demand shows up. The IMF flags higher U.S. tariffs and rising protectionism as a near-term headwind that is likely to reduce external demand for Asian exports. The WTO also points to tariffs and policy uncertainty as central reasons for weaker trade performance in 2026. In response, firms will continue diversifying assembly and component ecosystems toward ASEAN and India, while still relying on Chinese demand and suppliers where it remains cost-effective and reliable. The Chinese Mainland is likely to anchor the regional downshift. The Asian Development Bank (ADB) expects Chinese Mainland growth of around 4.3% in 2026, below the official target, held back by property sector weakness and a slower credit-and-investment model. The IMF’s broader message is consistent – economies need stronger domestic drivers and better capital allocation, which aligns with ongoing adjustments in the Chinese Mainland. By contrast, India and parts of ASEAN should be more domestically supported. Dun & Bradstreet projects GDP growth for India at 7.5% in FY2025-26, which will buoy growth in Asia Pacific, helped by public spending, services, and still-resilient consumption. Consumption, urban services, and infrastructure execution will matter more than export sensitivity in 2026.

ASEAN's investment story is also constructive. The ASEAN Investment Report 2025 positions the bloc as a leading FDI destination among developing regions, supported by deepening supply chain integration. Aided by government support, digital infrastructure, data centers, and advanced manufacturing are capturing a larger share of incremental investment, especially in Singapore, Malaysia, Indonesia, and India. Semiconductors remain a clear tailwind. World Semiconductor Trade Statistics forecasts that the global chip market will reach about \$975 billion in 2026, with Asia Pacific a major contributor.

With inflation generally lower than in 2022–24, parts of Asia should have more room to reduce rates (notable exceptions being Australia and Japan) and support growth. However, volatility risk remains. The ADB still flags financial market swings and renewed trade tensions as key downside risks. The Bank for International Settlements (BIS) also warns that uncertainty and fragmentation can transmit financial conditions faster across borders, amplified by portfolio flows and FX markets. In practice, 2026 favors issuers and investors who can manage US dollar funding, hedging costs, and liquidity buffers, especially in frontier ASEAN and smaller Pacific markets.

There was an uptick in street protests and social pushback in parts of Asia last year. Though the intensity of these has eased recently, some of the underlying pressures – jobs, prices, corruption, governance disputes, and identity issues – have not fully gone away. In 2026, businesses should plan for episodic flareups, including in politically sensitive markets such as Bangladesh, where protest cycles can disrupt logistics, retail demand, and investor sentiment. The base case is not broad regional instability, but localized shocks that raise execution risk and increase the value of contingency planning.

Strategic rivalry continues to shape capital and technology flows. The U.S. has tightened controls on advanced semiconductor-related items to limit Chinese capability in military-relevant applications. In parallel, the U.S. Treasury's Outbound Investment Security Program restricts or requires notification for certain U.S. investments tied to semiconductors, quantum information technologies, and AI in Greater China (including Hong Kong S.A.R. and Macau). These rules push Asia further toward parallel standards and approval processes, raising diligence and localization costs, but also creating openings for neutral hubs (Singapore), manufacturing challengers (Vietnam, India), and trusted energy/minerals suppliers (Australia, Indonesia).





Chinese Mainland

We project that real GDP growth in the Chinese Mainland will increase by 4.9%, but major international institutions cluster their forecasts in the mid-4.0% range, which is meaningfully below a likely 5.0% target for the first year of the 15th Five Year Plan. The IMF's latest Article IV mission projects 4.5% growth in 2026, while the ADB holds its 4.3% forecast, reflecting ongoing property and demand constraints.

The Chinese Mainland is likely to maintain steady activity in 2026, but it will need continued policy support, since household demand is soft and local fiscal strains still limit a self-sustaining rebound. The Politburo's economic meeting in December 2025 emphasized a "more proactive" fiscal stance and a "moderately loose" monetary stance for 2026, with domestic demand described as the main driver and with stronger coordination between domestic policy and external trade pressures. In practical terms, this points to fiscal policy doing more of the heavy lifting – especially through local government support, consumption-oriented measures, and selective public investment – while monetary easing remains available but is used carefully and increasingly through targeted tools.

Domestic demand remains the main weak spot. The IMF highlights weak domestic demand and low inflation pressures, arguing that a durable shift toward consumption-led growth will require measures that reduce precautionary saving and improve the effectiveness of support to households. This keeps 2026 biased toward policies that stabilize expectations and protect employment and incomes, rather than a return to an old-style credit surge. Property and local public finance will still act as a drag, even if the pace of deterioration is slowing. The ADB explicitly flags the property downturn as a continuing constraint on the 2026 outlook, and research on local government financing vehicles underlines why Beijing is likely to prioritize refinancing, restructuring, and risk containment over a fresh infrastructure boom.

Externally, Chinese trade performance should continue to be resilient, but market access and compliance risks are likely to rise. The U.S.–Chinese Mainland relationship is likely to remain transactional in goods trade but strategic in critical inputs. Rare earths will remain a live pressure point after the 2025 export-control moves and subsequent licensing

dynamics, while semiconductors remain central to restrictions and countermeasures. Friction with other partners also matters for 2026 planning. The EU's countervailing duties on Chinese EVs are already in force, Mexico has approved higher tariffs on a wide set of Asian imports starting 2026, and diplomatic tensions between Tokyo and Beijing in late 2025 showed how quickly diplomatic disputes can spill into travel, sentiment, and trade actions.

Supportive policy, continued property and local fiscal reforms, and a challenging external environment – where targeted trade actions, especially around rare earths, EVs, and strategic tech, remain the main swing factors – will shape the Chinese Mainland's outlook.



India

India closed 2025 on a stronger footing than many expected at the start of the year. Tariff worries dominated the early narrative, but domestic demand proved more durable and helped growth hold up. In its December 2025 policy review, the Reserve Bank of India (RBI) raised its FY2025-26 growth estimate to 7.3% (Dun & Bradstreet forecasts 7.5% growth) citing a strong 8.2% GDP print in Q2 and supportive domestic conditions even as external risks persist.

Going into 2026, the growth mix should remain consumption-led, with services continuing to do the heavy lifting. The ADB's latest India note keeps the medium-term view constructive and projects 6.5% growth for FY2025-26, arguing that resilient domestic consumption and services exports could cushion tariff headwinds. The key change in 2026 is that the drag from uncertainty on the trade side may matter less for headline growth than it did in H1 2025, because domestic engines, especially private consumption, are now carrying more of the load.

Policy is also likely to stay reform-oriented. After announcing income tax cuts, Goods and Services Tax (GST), and labor law reforms in 2025, the finance

minister has signaled that customs will be the next major clean-up, with a stated focus on simplifying compliance, improving transparency, and further rationalizing duty rates where they remain above "optimal" levels, potentially through the Union Budget 2026-27, set to be presented in February. If executed well, this should lower transaction costs at the border, reduce friction for exporters and importers, and support India's longer-run "manufacturing plus services" growth strategy without relying on a big one-off stimulus.

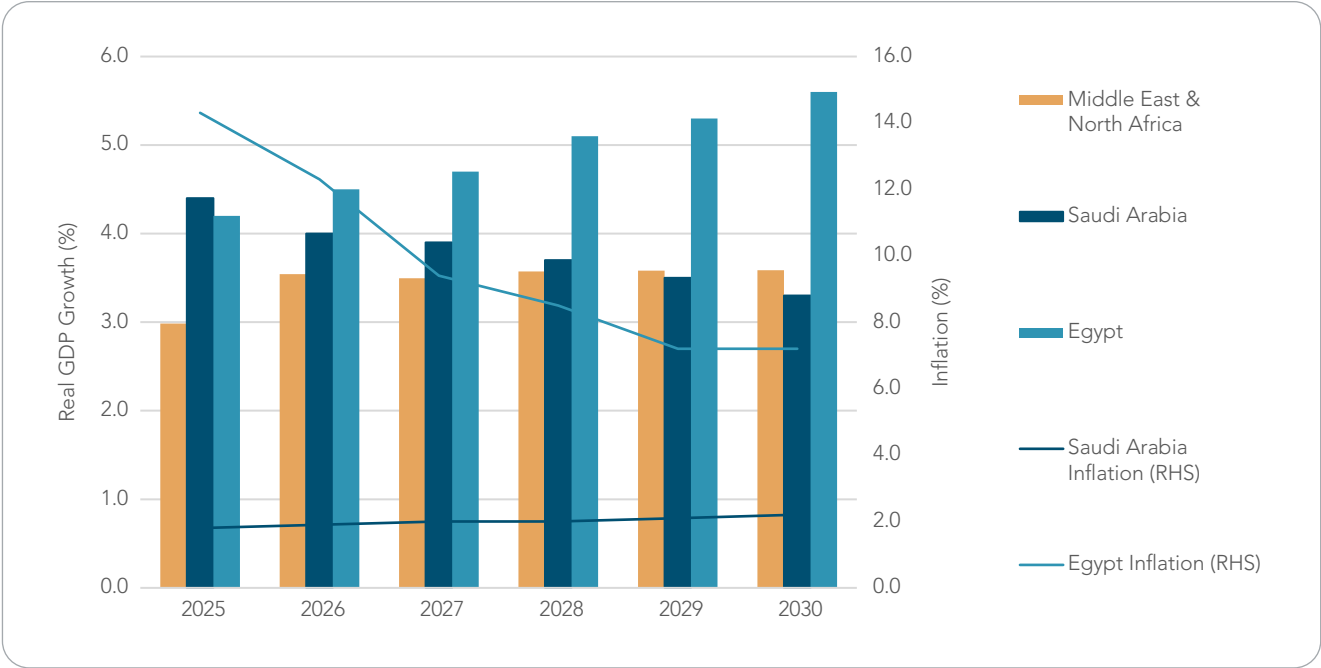
Public capex may take a relative back seat in 2026 as fiscal consolidation continues, but early signals suggest private capex intentions are improving. An RBI bulletin article estimated that private corporate capex could rise to about INR2.7 trillion in FY2025-26 (up from INR2.2 trillion in FY2024-25), with infrastructure, especially power, attracting a large share. Separate official survey evidence also points to firms prioritizing core asset capex and value-add investments, though execution will be the real test.

The external picture is harder to call. A U.S. trade deal still looks uncertain, and that uncertainty has fed into

currency and portfolio flows. The rupee weakened sharply in late 2025 and breached the INR90:\$ level. Foreign investors were persistent sellers of Indian equities in 2025; by mid-December, reported equity outflows were about \$18.4 billion, with analysts citing a weaker rupee, high valuations, and tighter global financial conditions as key drivers. Market pricing suggests the rupee could remain under pressure into early 2026, before stabilizing and recovering as seasonal balance-of-payments support improves and risk sentiment normalizes. A reasonable base case is an appreciation of the rupee to INR86-89:\$ later in 2026, with upside scenarios closer to INR84-85:\$ if the dollar weakens and portfolio flows turn less negative.

India's 2026 setup looks resilient, with consumption the anchor, reforms continuing and private capex the swing factor. The main watchpoints are the trade policy path with the U.S., the rupee's stability, and whether portfolio outflows ease as growth and earnings stay firm.

Middle East & North Africa



As the Middle East and North Africa enter 2026, geopolitical fragmentation and economic competition are reshaping the region’s long-term trajectory. Political alignments are being redefined and governments, especially in the Gulf and the Levant, are broadening diplomatic and economic partnerships to enhance resilience and secure capital

inflows amid a more multipolar global landscape. Growth in the region is expected to be driven by an increased focus on non-oil sectors and further integration with the EU by Gulf countries, and progress in the EV and clean energy space in North Africa.

The erosion of Iran’s regional leverage, accelerated by the late-2024 collapse of the Assad regime in Syria and compounded by expanded U.S. sanctions in 2025, signals a structural shift that will likely affect the region in the medium term. That said, Tehran’s compensatory strategies, including deeper defense ties with Russia, and calibrated nuclear signaling, could partially offset this. The weakening of Iran’s proxy networks in Yemen, strains in Houthi command discipline, and tighter financing channels further limit Tehran’s operational reach, suggesting a continued recalibration of power across the Levant and Gulf. Iraq’s deadlocked post-election landscape opens space for external actors to increase their regional influence, particularly as the region remains unsettled by the Israel–Hezbollah–Gaza conflict.

Security frameworks in the Levant could see a transformation following the UN-endorsed U.S. Gaza plan, which established a phased ceasefire mechanism, an international stabilization force, and an interim technocratic governance structure. Implementation hinges on the stabilization force’s mandate, rules of engagement, and local consent, which remain untested. While Israel moves toward the complex “second phase” of the plan, persistent

strikes across Gaza and southern Lebanon and renewed settlement approvals by Israel underscore the fragility of enforcement and the risk of periodic flare-ups this year. Competition between Türkiye, with a potentially expanded role in post-Assad Syria, and key Gulf states may disrupt regional transport corridors, likely impacting supply chain channels for businesses in the region. Simultaneously, energy demand and capital flows from the Chinese Mainland and Southeast Asian economies will continue the region's deepening eastward economic tilt, further enhancing growth prospects.

Gulf economies are expected to intensify diversification efforts as softer energy market conditions, stemming from unwinding OPEC+ cuts, rising inventories, and weaker benchmarks, reinforce the need for non-oil growth acceleration. The UAE's momentum in AI adoption, digital infrastructure, and advanced manufacturing, alongside Saudi Arabia and Qatar's multi-trillion-dollar investments in renewables, hydrogen, EV supply chains, logistics, and heavy industry, suggest that these countries will likely remain region-leading innovators in 2026 and beyond. Non-oil sectors' contribution to GDP is expected to remain robust in these economies.

However, factors such as labor market frictions, dependence on imported talent, uncertain global hydrogen demand trajectories, and execution bottlenecks in "giga projects" remain downside risks.

North African economies share the ambition for industrial expansion, though structural constraints will shape their trajectory. Morocco and Egypt are positioned to remain credible performers, supported by industrial growth, intra-African trade, and increasing ties with Gulf and Asian investors. In Tunisia, Algeria, and Libya tighter financial conditions and domestic political frictions could moderate progress despite supportive agricultural conditions and large public budgets.

Competition between Morocco and Algeria in the EV and battery sector will likely intensify, with Morocco's multiple gigafactory projects and Algeria's large-scale lithium ventures, particularly with Chinese Mainland partners, supporting a shift toward strategic mineral-based manufacturing. This contest will likely unfold amid a global EV sector slowdown and oversupply concerns, raising scalability questions and underscoring the need for export market diversification and cost discipline. Regional trade diplomacy will likely deepen following initiatives such

as the EU–Morocco agreement, which extends tariff benefits to Western Sahara products.

The region's medium-term outlook depends on whether stabilization efforts can support new investment corridors, reconstruction plans, and energy transition projects. Countries with greater stability and stronger institutions may be better placed to attract investment, while others could face continued constraints from political and energy market volatility.





Saudi Arabia

Saudi Arabia entered 2025 in a phase of measured economic rebuilding, marked by gradually normalizing oil output and the continued expansion of non-oil sectors. These dynamics support a stable baseline GDP outlook of around 4% for 2026, reinforcing a framework of consistency and stability.

Energy policy underwent a structural shift after the 2024 directive capping Aramco's sustainable capacity at 12 million barrels/day (b/d), tightening spare capacity and reinforcing OPEC+ quota leverage. In 2025, Aramco kept strong capex plans, redirecting funds to gas, chemicals, and new energies. In 2026, this pivot should accelerate investment in advanced energy and industrial projects, supporting a more resilient, less oil-dependent economy and sustaining GDP growth near 4%.

The recalibration of giga project execution, highlighted by a roughly 20% reduction in NEOM's Public Investment Fund (PIF) allocation, signals a pivot toward phased development, stronger commercial discipline, and prioritization of initiatives with clearer returns. In 2026, Saudi Arabia is expected to prioritize digital infrastructure, data centers, storage systems,

and renewable capacity to minimize execution bottlenecks. A hybrid wind solar battery pilot near Riyadh exemplifies this more pragmatic strategy, aiming to enhance grid stability and attract private investment more reliably than traditional giga-scale launches.

Saudi Arabia's 2025 investments in AI and clean energy set the stage for accelerated execution in 2026. The \$14.9 billion AI commitments and partnerships with global tech leaders are expected to translate into operational AI hubs and robotics facilities in the coming years, driving productivity gains across manufacturing and logistics. Similarly, the 15GW renewable rollout and NEOM Green Hydrogen Project should begin phased commissioning, supporting energy diversification and export potential.

Diplomatically, Riyadh's stabilizing role and the late-2025 U.S.–Saudi strategic package position the Kingdom to deepen defense, semiconductor, and nuclear cooperation in 2026. These agreements could unlock capital inflows and technology transfers, reinforcing Saudi Arabia's emergence as a global

strategic node and boosting non-oil growth momentum.

Ongoing subdued oil prices and sustained non-oil sector momentum will define Saudi Arabia's year. The shift from giga-scale ambition toward more technologically grounded and commercially viable delivery models is likely to enhance productivity and capital efficiency. Meanwhile, the deepening U.S.–Saudi technological and economic corridor presents medium-term diversification upside, contingent on stabilized geopolitical conditions and strong program governance.

Saudi Arabia is strengthening its economic and strategic position through expanding non-oil sectors and a more disciplined approach to giga projects. Investments in AI, clean energy, and global partnerships broaden its influence, while diplomacy elevates its regional role.



Egypt

Following the rebound in growth in FY2024-25, GDP growth in 2026 is projected to approach 4.5%, supported by investment, resilient non-oil sectors, and gradual external recovery, contingent on geopolitical stability, smoother Red Sea shipping, and effective energy risk management.

The Red Sea crisis, which started at end-2023, is still the dominant external shock, with the Suez Canal losing about \$7 billion in 2024 and disruptions continuing into 2025. Although late 2025 test transits hinted at improvement, full recovery in 2026 depends on geopolitical de-escalation and reduced insurance premia.

Tourism is expected to remain a critical source of foreign exchange in 2026, with strong demand from European and Gulf markets likely sustaining growth in arrivals and revenues. The challenge now is to turn this cyclical strength into a structural advantage by improving air connectivity, streamlining visa and airport processes, and enhancing visitor management at heritage sites – steps that could make tourism a more reliable FX contributor over the medium term.

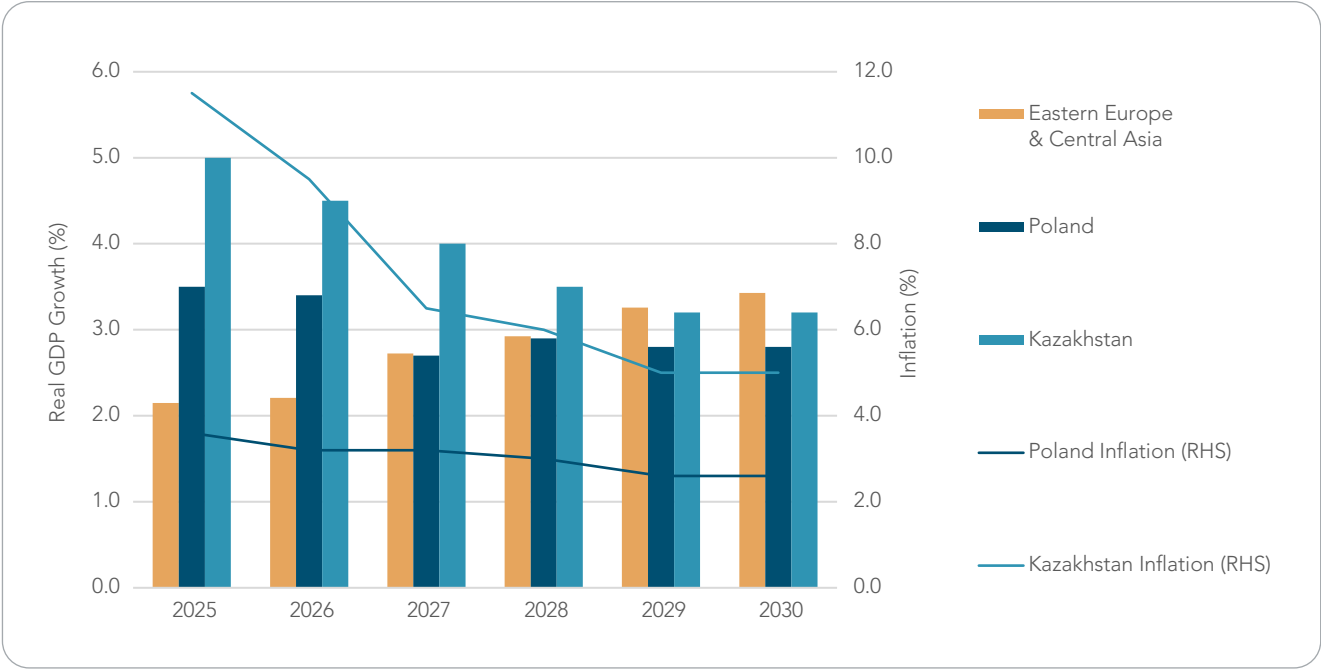
The December 2025 Israel–Egypt gas accord, which will supply about 130 billion cubic meters of gas

through 2040, is likely to play a pivotal role this year. It should begin reducing Egypt's reliance on liquefied natural gas (LNG) imports and create opportunities for gas re-exports, improving external balances and energy security. However, political risks around key corridors remain a constraint, meaning progress will depend on geopolitical stability.

Egypt is expected to build on its shift toward a market-centric growth model, with private-sector participation becoming more prominent and the state footprint continuing to shrink. The focus will be on translating large-scale projects such as the \$35 billion Ras El Hekma development into tangible progress through disciplined governance, timely infrastructure rollout, and workforce integration. Geopolitical dynamics will remain a key factor in risk pricing, particularly around the Philadelphi Corridor and Rafah, where stability will be essential for investor confidence. At the same time, Egypt is likely to deepen its engagement with multilateral partners and BRICS+ channels, leveraging access to development-bank financing and local-currency settlement systems to support investment flows and reduce external vulnerabilities.

Growth of close to 4.5% is supported by resilient non-oil sectors and gradual external recovery, though dependent on geopolitical calm and Red Sea shipping normalization. Tourism and the Israel–Egypt gas accord are expected to bolster FX buffers, but Suez disruptions, energy vulnerability, high interest costs, and political corridor risks persist, making fiscal discipline and reforms essential for durable resilience.

Eastern Europe & Central Asia



Economic growth across Eastern Europe and Central Asia will forecast to remain steady at 2.5% in 2026, before edging up to 2.8% in 2027, according to Dun & Bradstreet forecasts. This reflects ongoing structural shifts, a stabilization – rather than resolution – of geopolitical uncertainty, and evolving trade dynamics as economies continue to adapt across the two diverse regions.

Eastern Europe’s outlook is supported by household spending and improving credit conditions. Real wage growth remains among the strongest in Europe, and unemployment rates are historically low. Inflation has eased across much of the region, allowing several central banks to continue cutting rates in 2026, though progress remains uneven – Türkiye and

Belarus will still contend with higher price pressures. Previous monetary easing has stimulated credit growth, with consumer, mortgage, and corporate lending trending upward. Governments maintain supportive spending through infrastructure and social programs, even as persistent deficits in Romania and Hungary highlight medium-term constraints. Romania’s fiscal deficit exceeded 9.0% of GDP in 2024 and will narrow only slightly. We estimate a 7.0% deficit in 2025 and forecast a 5.1% deficit this year; Hungary and Poland also face wide gaps. Manufacturing headwinds persist due to weak German demand, but spillover from Germany’s infrastructure and defense spending could provide some relief. EU-backed programs continue to channel funds into climate and digital projects, supporting investment in transport and energy networks.

Central Asia’s growth is projected at near 5.5% in 2026, underpinned by resilient domestic demand and infrastructure investment. Monetary policy will continue to gradually loosen, though financial stability concerns will keep the pace cautious. Fiscal support focuses on strategic infrastructure and diversification away from hydrocarbons. Greenfield FDI signals a pivot toward renewables, logistics, and digital sectors,

with rising investment from the Chinese Mainland and Gulf Cooperation Council (GCC) countries emerging as a key regional growth theme in 2026.

Energy transition is a shared imperative. Both regions are accelerating efforts to modernize grids and expand renewable capacity. EU funds continue to support climate and digital goals in Eastern Europe, while Central Asia leverages international partnerships for green infrastructure. Kazakhstan's renewable energy push gained momentum with a €200 million loan from the European Investment Bank in 2025 for sustainable transport and clean power, while Uzbekistan advanced large-scale solar and wind projects, including the Artemisya hybrid project (126MW solar, 300MW wind, 100MW battery) and the 500MW Dzhankeldy wind farm. As these initiatives progress in 2026, they will attract sustainable capital flows and enable lower energy costs and improved grid reliability – providing a tangible growth impulse for industrial and infrastructure sectors.

Geopolitical uncertainty, especially the Russia-Ukraine conflict, remains the dominant risk for trade, investment, and supply chains. Commodity exporters such as Russia, Azerbaijan, Kazakhstan, and

Turkmenistan remain vulnerable to energy and metal price volatility. Global trade tensions and tariff spillovers could weigh on manufacturing and FDI, while fiscal imbalances in some Eastern European economies pose medium-term challenges. At the same time, structural shifts and investment trends create notable upside potential. Accelerating infrastructure modernization, renewable energy projects, and digitalization initiatives across both regions offer opportunities for businesses aligned with technology upgrades. Rising FDI flows into logistics and energy transition projects, supported by EU programs and partnerships, will open avenues for long-term growth and integration.





Poland

Domestic demand is the main growth driver and will lead momentum in 2026 as real incomes improve with cooling inflation, while public and EU cofinanced investment accelerates in energy, transport, and digital infrastructure. The absorption cycle of EU funds will intensify, keeping capex supportive even as weak German demand limits net trade. Clean power buildout adds a distinctive impulse: Poland's first offshore wind auction, held in December, awarded 3.4GW on 25-year contract-for-differences, anchoring a new, de-risked investment cycle that should accelerate capital spending, supply chain activity, and grid build-out from 2026 onward. Utility-scale storage is scaling in parallel, with subsidies for 172 projects totaling ~14.5GWh to be delivered by 2028.

Policy settings are broadly supportive. With inflation forecast to ease toward 3.1% and core price pressures softening, the central bank has signaled gradual monetary loosening, contingent on data and external risks. Fiscal policy, however, represents a potential constraint on growth: we forecast a deficit of close to 5.5% of GDP in 2026, and though this is a contraction from an estimated 6.8% deficit in 2025, it leaves limited space for further fiscal support. As the new

Fiscal Council becomes operational, attention is likely to turn to tightening control over spending, particularly amid elevated defense outlays and persistent social transfers, adding execution and growth risks to the outlook.

Risks span geopolitical, commercial, and political dimensions. Geopolitically, Poland remains one of NATO's most exposed members given its proximity to Russia and strong support for Ukraine. Commercially, U.S. tariffs on German supply chains weigh on Poland's manufacturing sector, even if direct U.S. exposure is minimal. Politically, gridlock between the reformist government and the nationalist presidency will delay structural reforms. Against this backdrop, stabilizing prices are expected to support real incomes and household demand, while a deep EU funding pipeline and accelerated infrastructure development will sustain investment momentum. Combined with defense modernization, these factors will create opportunities in construction, heavy industry, and technology, with green energy projects adding a complementary growth layer.

Poland will see a surge in infrastructure and defense spending in 2026. EU-backed programs will channel major funds into transport, energy grids, and digital networks, while the government prioritizes road and rail upgrades. Defense outlays – already above 4.0% of GDP and aiming to near 5.0% by 2026 – are driving manufacturing demand.



Kazakhstan

Kazakhstan is a key economy in Central Asia, with Dun & Bradstreet forecasting 4.5% growth for 2026 (down from 5.0% in 2025). The 2025 acceleration reflects stronger oil output, fiscal stimulus, and resilient household borrowing.

Growth in 2026 will be driven by infrastructure and diversification initiatives, and oil output. Baiterek National Holding, a state-owned financial institution, has said it will provide KZT8 trillion (~\$15.3 billion) in financing and support over 100 investment projects in manufacturing and agro-industry – central to Kazakhstan’s diversification agenda. The National Infrastructure Plan, which will run through 2029, has started to be implemented, with large-scale energy and utilities modernization projects expected to stimulate investment, employment, and productivity. Meanwhile, output at the Tengiz oil field is expected to rise 3.3% in 2026.

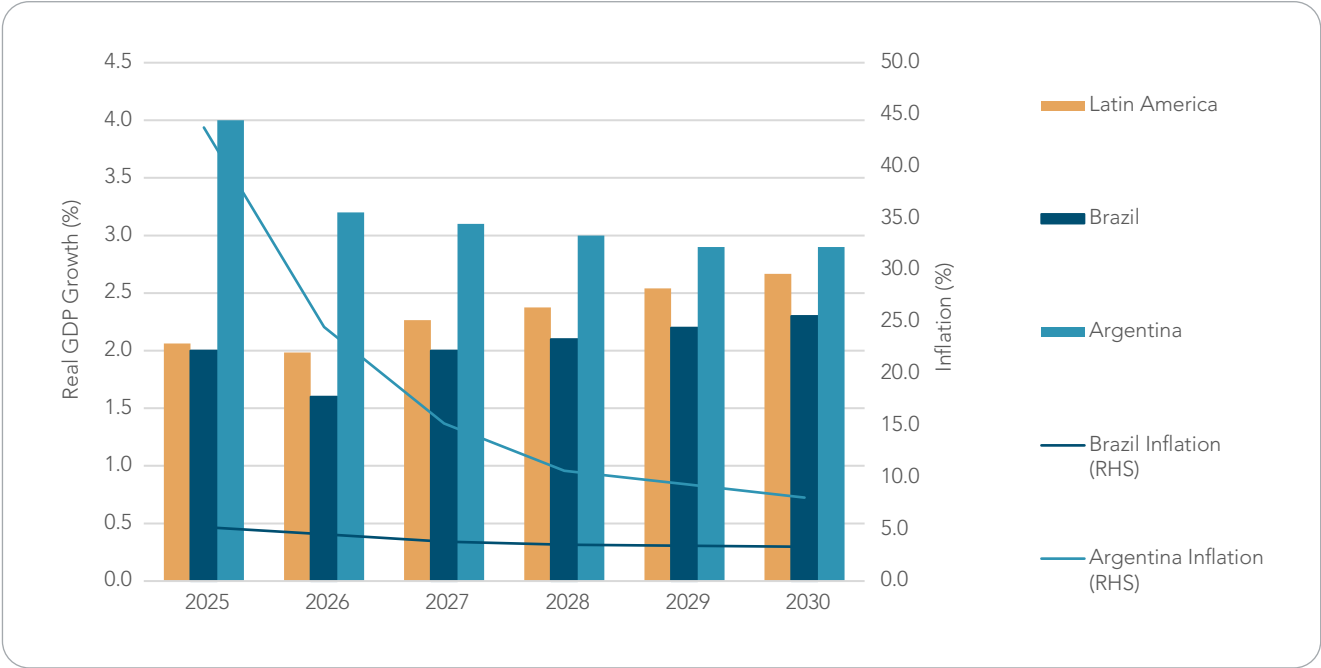
The central bank kept policy tight in 2025, lifting rates to 18% - well above its 5% inflation target – amid inflation from food, fuel, strong demand, and tax

reforms. Dun & Bradstreet estimates inflation at 9.5% for 2026. In our view, policy rates are likely to remain on hold until at least H2 2026, with upside risks if inflation proves more persistent. Fiscal policy will remain expansionary but disciplined: the deficit is projected at close to 3.5% of GDP in 2025-26, even as infrastructure and diversification spending remains high. Tax reforms – including progressive income tax and VAT improvements – are advancing to strengthen revenue and reduce reliance on oil income, ensuring fiscal sustainability amid ambitious investment plans.

Risks stem from the persistence of inflation, tight financing, and exposure to commodity and currency volatility, alongside political/structural frictions that could slow diversification if reform delivery slips. Opportunities arise from a deep infrastructure pipeline, active policy support for industrial diversification, and accelerating FDI in renewables and logistics, creating commercial openings for businesses positioned in modernization and capability building.

Kazakhstan is making a strategic shift toward sustainable diversification and infrastructure modernization. The government’s 2026-28 macroeconomic program aims to reduce reliance on commodity exports through over 100 annual projects in manufacturing and agriculture, alongside major initiatives in metallurgy, petrochemicals, and engineering.

Latin America



Latin America faces a challenging 2026 as softer global growth and U.S. tariffs weigh on trade; we expect regional GDP growth to expand at a slower pace compared to 2025. Growth will be supported by lower interest rates and easing inflation, though momentum will vary across the region. Brazil and Argentina’s growth will slow to 1.6% and 3.2%,

respectively. Brazil’s slowdown reflects lagged effects of earlier tight monetary policy, while Argentina’s rebound from its 2024 recession will ease as base effects that supported growth in 2025 fade. Mexico’s growth (at an expected 0.9%) will remain weak amid uncertainty over U.S. trade ties and the USMCA renewal due in July 2026.

Domestic demand will drive growth, but anchors differ. In Brazil, easing borrowing costs will lift consumption, though businesses are likely to delay major investments until after the October 2026 elections. Argentina’s expansion will be investment-led, aided by improved governability after mid-term gains for President Javier Milei’s party and economic reforms boosting confidence. U.S. financial assistance will further support stability.

Low inflation and sustained monetary easing by the U.S. Federal Reserve will enable gradual, synchronized rate cuts across the region, buoying consumption and investment. Brazil’s central bank will start cutting its main policy rate (the Selic) in Q1 2026 (after holding at 15% through end-2025), with a total of 250–300bps of cuts likely by year-end. Chile and Colombia will cut rates more gradually, against a backdrop of persistent core inflation, domestic fiscal vulnerabilities, and resilient economic demand. Fiscal policy will stay tight as high debt and servicing costs keep consolidation a priority. IMF arrangements in Argentina, Costa Rica, and elsewhere will reinforce fiscal discipline.

Trade dynamics will continue to evolve. U.S. tariffs have hurt competitiveness, but the lifting of

additional duties on Brazilian agricultural goods and removal of reciprocal tariffs on more than 200 products (including cocoa, beef, and fertilizers) in late 2025 signal a more stable export outlook. Preliminary trade frameworks signed with Argentina, Ecuador, El Salvador, and Guatemala in November 2025, likely to be finalized in early 2026, will further boost market access for agriculture and minerals.

Latin America holds about one-third of global critical minerals, placing it at the center of supply chain diversification and energy transition. Brazil's MagBras project targets an integrated industrial-scale "mine-to-mineral" rare-earth supply chain by end-2026, while the Pela Ema mine expansion will boost output of mixed critical rare earth elements. Lithium investments in Argentina and Chile are also poised to accelerate, driven in part by improving extraction technologies. Bolivia's freshly elected center-right president, Rodrigo Paz, is also likely to pursue deregulation and help attract FDI into the lithium sector. Moreover, Peru and Chile are set to see a surge in output of copper and investment in the copper sector in 2026.

Geopolitical risks remain high, especially given the U.S.'s increasing counter-narco-terrorism-related interventions in the region. In early January, erstwhile Venezuelan President Nicolas Maduro and First Lady Cilia Flores were captured by U.S. military forces and brought to New York, where Mr Maduro will face trial. Though his removal paves the way for regime change, it creates a power vacuum and uncertainties related to the transition process will continue to fan political risks, underpinning a period of acute volatility. These developments will further elevate regional geopolitical risks, creating a period of volatility for neighboring countries, including Colombia and Brazil. Mexico, too, faces elevated scrutiny, with six of eight of the cartels designated by the U.S. as Foreign Terrorist Organizations based there. Moreover, upcoming elections in Costa Rica, Peru, Colombia, and Brazil will amplify policy uncertainty.





Brazil

Brazil's 2026 outlook will be underpinned by policy transition, with an expected dip in borrowing costs set to boost household consumption after two years of tight monetary policy. Although the Central Bank of Brazil kept the Selic unchanged at a high 15.0% in December 2025, it is expected to begin a rate cutting cycle in Q1 2026 against a backdrop of easing inflation (expected to dip to 4.5% in 2026) and slowing growth, with reductions of 250–300bps likely by year-end. Nonetheless, we estimate that economic growth will ease to 1.6% in 2026 (from 2.0% in 2025) as feedthrough effects of earlier rate hikes weigh on momentum in H1.

Lower rates will partly catalyze investment in strategic sectors such as energy, mining, and infrastructure, but broader investment will remain subdued until political uncertainty clears following the upcoming October general election. The presidential contest will be closely fought, with a slight advantage for incumbent President Luiz Lula da Silva. Another term for President Lula would imply policy continuity, while a center-right victory could accelerate fiscal consolidation and structural reforms, potentially improving investor confidence.

Public debt remains high (at an estimated 79% of GDP at end-November 2025) and the near-term focus will likely be on modest fiscal consolidation. A phased transition to a new tax system begins in January, including a dual-VAT regime, while Senate-approved reforms have introduced a 10% withholding tax on dividends to non-residents from January 1, raising the cost of capital and complicating profit repatriation.

Regulatory changes will shape the business environment. From February, new rules for virtual asset trading will extend anti-money-laundering (AML) and combating the financing of terrorism (CFT) requirements to crypto service providers, boosting trust but adding compliance costs. Meanwhile, the Sovereign Brazil Plan (an emergency economic package introduced by the government to support exporters hit by U.S. tariffs) will continue to offer relief by extending drawback deadlines by one year and permitting direct government procurement of affected goods to absorb surplus production.

Trade prospects are expected to stabilize in 2026, with the U.S. administration having lifted punitive tariffs on key agricultural exports, such as beef and coffee, from Brazil at end-2025, and as bilateral

negotiations progress. At the same time, Brazil will continue to prioritize diversification of export markets, reinforcing resilience against external shocks. Key risks to our outlook include stickier inflation limiting rate cuts, fiscal volatility, election uncertainty, sharper currency depreciation, high import costs, and climate-related disruptions to agriculture.

Expected rate cuts will help ease financing costs and support consumption, but Brazil's growth will slow to 1.6% due to feedthrough effects of past tightening. Political uncertainty ahead of the October general elections will temper investment, while new tax rules and crypto regulations add complexity.



Argentina

Argentina is set for a strong 2026, with investment-led growth expected to dominate as market confidence improves, economic stabilization strengthens, and pro-business policy reforms gain traction. We expect real GDP growth to remain firm at 3.2% (though moderating from 2025 levels). Gains for President Javier Milei's party in the October 2025 mid-term polls have strengthened governability, paving the way for expected labor and tax reforms, and reinforcing commitments under an ongoing \$20 billion IMF program. Moreover, Argentina has adopted an inflation-linked exchange-rate band from January 1, 2026, replacing the previous fixed 1% monthly crawl. The move aims to prevent peso overvaluation in real terms, which has previously constrained reserve accumulation. As disinflation progresses, cost pressures on businesses are expected to ease compared to 2025, though currency volatility risks could make the path uneven.

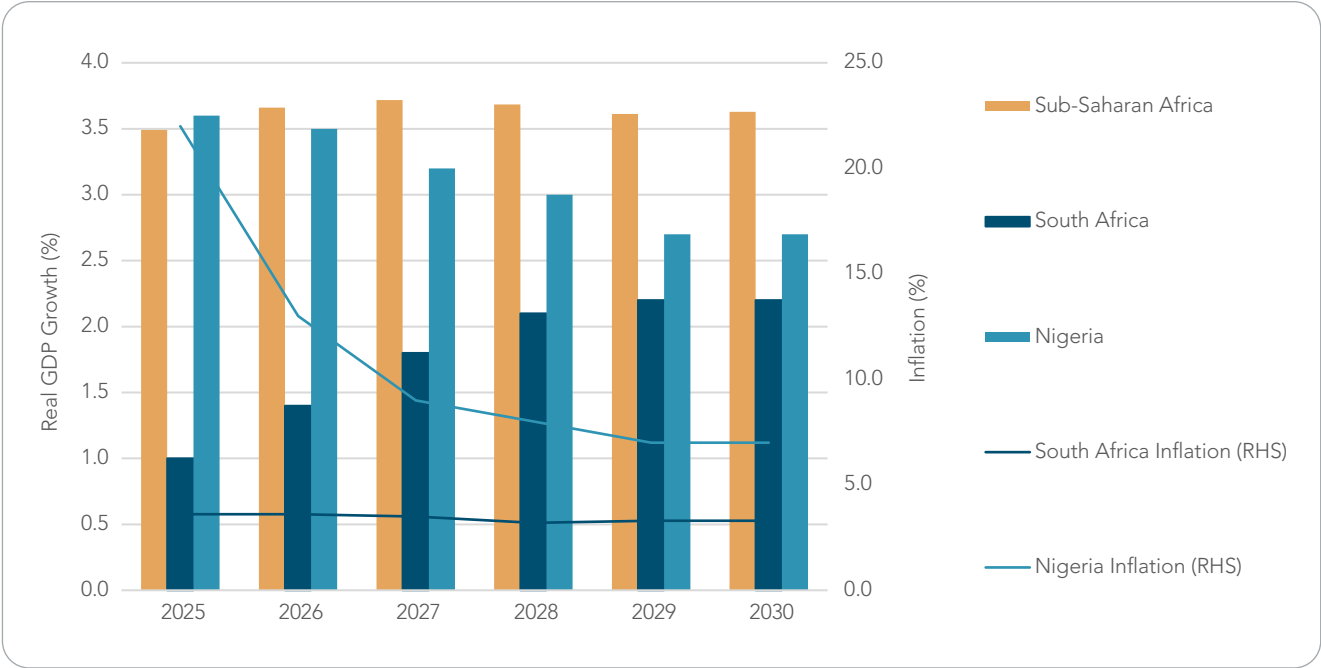
We expect Argentina to maintain a fiscal surplus in 2026, with the approval of the 2026 budget (the first under President Milei) further signaling increased policy stability and sustained commitment to fiscal discipline. Policy focus will also be on regaining

access to global capital markets to help roll over external debt, with over \$10 billion coming due in H1. The successful issuance of a U.S.-dollar-denominated bond under local laws in December 2025 confirms improving investor appetite.

Close ties between the U.S. and Argentinian governments will ensure continued U.S. financial and political support in the near term, underpinning macroeconomic stability. Trade prospects are also likely to strengthen over 2026. The U.S.'s reduction of tariffs on over 200 agricultural products, alongside the signing of an advance trade framework (expected to be finalized in H1) will buoy trade ties between the two countries. Meanwhile, energy will remain a key growth driver, with Vaca Muerta shale and LNG expansion under the Large Investment Incentive Regime positioning Argentina as a net energy exporter. Lithium investment will also accelerate, supported by technology improvements and pro-business policies. Some key risks to our 2026 outlook include a flare-up in currency volatility, tightening of global financial conditions, and reform dilution, which could weigh on growth.

Argentina enters 2026 on a stronger footing, with real GDP growth projected at 3.2% amid improving market confidence and investment-led expansion. Policy stability, a fiscal surplus, and IMF-backed reforms will support macroeconomic resilience, while the energy and lithium sectors drive growth.

Sub-Saharan Africa



Sub-Saharan Africa heads into 2026 with a more stable macroeconomic backdrop as declining inflation and easing monetary conditions support domestic demand, though growth momentum will remain uneven across the region. Fiscal fragility, commodity-linked volatility, and persistent conflict risks will continue to weigh on the outlook. At the same time, the region’s centrality in global mineral

supply chains will attract fresh investment, offering selective upside for mineral-rich economies. Inflation across most economies in sub-Saharan Africa eased meaningfully through 2025, driven by tighter monetary policy, better food supply conditions, and moderating global commodity prices, and this trend is expected to persist in 2026. This will allow for synchronized rate cutting cycles across key

economies. South Africa and Nigeria, now operating within or near target inflation ranges, are likely to cut rates further, supporting consumption and investment. Elsewhere, central banks in Kenya, Ghana, and Uganda are also expected to gradually loosen policy as inflation pressures abate. Lower rates may revive consumer lending and support fintech credit growth, while moderating inflation should stabilize demand for fast-moving consumer goods (FMCG) and help firms recalibrate pricing strategies following two years of elevated cost pressures. Despite easing monetary conditions, fiscal policy will remain tight. High debt burdens constrain budgets across the region, with Angola, Mozambique, and Senegal, where the debt to GDP ratio exceeds 100%, under pressure to consolidate. Governments will prioritize revenue raising through higher VAT and excise duties while cutting subsidies. Ghana, Angola, Kenya, and Uganda are expected to proceed with further subsidy reductions. Nigeria, after rolling back fuel subsidies, will likely introduce fuel price ceilings to curb household inflation while balancing political stability and fiscal needs. Subsidy removals will shift consumption toward lower priced goods and services, requiring FMCG, telecoms, and retail players

to adjust product mixes; meanwhile, higher indirect taxes may raise compliance costs for corporates and squeeze margins.

There will be intensified geopolitical competition for mineral and metal supply chains in 2026, positioning sub-Saharan Africa as a strategic investment destination. The Democratic Republic of the Congo (DRC), South Africa, Malawi, Tanzania, Madagascar, and Kenya are set to receive higher capital inflows from the EU, the U.K., and Australia as these partners diversify away from the Chinese Mainland. Investments will target cobalt, copper, lithium, rare earths and gold, providing opportunities for growth in mineral-rich economies. New exploration and mine developments will strengthen foreign exchange reserves and support employment, though overreliance on commodity cycles remains a key downside risk. Interest in critical minerals will create opportunities in mining services, engineering, specialized logistics, and mid-stream processing. However, firms entering markets such as the DRC and countries in the Sahel region will face elevated ESG, regulatory, and security-related operating costs.

Countries removed from the Financial Action Task Force (FATF) grey list, including South Africa, Burkina Faso, Mozambique, and Nigeria, will benefit from improved investor sentiment and better access to

external financing. However, political risks will limit gains in junta-led Burkina Faso despite FATF clearance. FX backlogs and liquidity constraints will persist in major markets such as Nigeria and Ghana, affecting profit repatriation, supplier payments, and FX-denominated imports, requiring corporates to adopt hedging, local currency pricing, and diversified sourcing strategies.

Renewal of the African Growth and Opportunity Act (AGOA) remains a major concern. Many economies in sub-Saharan Africa rely on preferential access to the U.S. market, and South Africa and Lesotho, each exporting more than half of their eligible goods under AGOA, face significant risk if the arrangement is only temporarily extended or if South Africa is excluded from preferential tariffs.

Regional political stability will depend heavily on resolving conflicts in the DRC and Sudan.

Additionally, Nigeria's domestic political landscape faces heightened sensitivity as the country's designation by the U.S. as a "Country of Particular Concern" increases the likelihood of potential U.S. sanctions. Rising tensions between Rwanda and the DRC and ongoing civil war in Sudan will shape investor confidence and cross-border trade patterns. Meanwhile, junta-led governments in Mali, Niger, and

Burkina Faso, having exited the Economic Community of West African States (ECOWAS), will struggle to negotiate regional trade arrangements, weighing on prospects for a broader West African FTA.

The expanded U.S. visa restrictions, which cover 26 sub-Saharan African countries and took effect in January 2026, will significantly affect mobility, education, business travel, and remittance-linked flows. Nigeria, which receives around 60% of remittances from the U.S. and the U.K. combined, may see notable declines that could weaken household consumption. Reciprocal bans by governments such as Mali and Burkina Faso further signal rising diplomatic tensions. Corporates will face constraints in cross-border staff mobility, deal execution, and technical deployments. Lower remittance-driven household income could soften demand in retail, telecoms, and financial services.





South Africa

South Africa enters 2026 on firmer footing after a turbulent 2025, with several structural bottlenecks easing and macro stability gradually returning. Economic activity is set to continue its measured recovery, with GDP growth expected at 1.4%, supported by improving energy reliability, stabilizing inflation, and a cautiously accommodative monetary stance.

A major constraint on the economy, loadshedding, has been effectively removed, with uninterrupted electricity supply since July 2025. The continued upgrade of energy infrastructure and the accelerated shift toward renewables will significantly lower operating costs for power-intensive industries. This will enable an uplift in industrial output, anticipated to expand by over 1.0% in 2026, while also improving overall productivity and business planning visibility.

Inflation is projected to remain broadly stable at 3.6%, consistent with 2025 levels. With disinflation gaining traction and price pressures better anchored, South Africa's central bank is expected to extend its rate cutting cycle, potentially lowering the policy rate by another 50bps, provided headline inflation remains

below 4.0%. Lower borrowing costs will help narrow the wage price gap, support household consumption, and improve credit conditions for firms planning new investments or capex cycles.

Business confidence is set to strengthen meaningfully following South Africa's removal from the FATF grey list in October 2025. This improvement is already reflected in Dun & Bradstreet's Q1 2026 GBOI, where South Africa's Business Confidence Index rose 3.0% q/q. Reduced scrutiny of cross-border transactions, improved correspondent banking access, and clearer regulatory compliance pathways will bolster investment sentiment. As a result, net financial inflows and access to international financial markets are expected to improve gradually through 2026.

However, notable external risks remain, particularly on the trade front. The future of South Africa's eligibility under the AGOA is a key concern. A potential exclusion from preferential U.S. tariff arrangements would directly affect nearly 20% of South African exports destined for the U.S. Sectors most exposed include automobiles, textiles, and agriculture, where tariff-free access has underpinned competitiveness

and supply chain integration. Any adverse decision in 2026 could weaken export performance, curb foreign exchange earnings, and weigh on manufacturing sentiment.

South Africa's 2026 outlook is moderately positive, supported by stable inflation, gradual rate cuts, and sharply improved electricity reliability. Lower operating costs and rising industrial output will lift business confidence, reinforced by post-FATF grey list investment inflows. A resilient rand and ongoing rail freight reforms will benefit mining and agriculture, while export-oriented sectors face uncertainty over AGOA renewal and US market access.



Nigeria

Nigeria's 2026 outlook will be shaped by the gradual transmission of the reform cycle initiated in 2025, with easing inflation and improving sectoral activity expected to support a moderate expansion in economic growth. We forecast GDP growth of 3.5% in 2026, driven by strengthening demand in manufacturing, telecoms, and the creative industries, and higher frequency services as purchasing power steadies and consumer spending recovers.

Inflation is expected to soften to around 13% in 2026, supported by improved food production, tighter monetary policy, and more stable foreign exchange conditions. However, inflation remains well above the Central Bank of Nigeria's desired 6–9% target band, limiting the space for aggressive monetary easing. With policy rates currently at 27%, we expect only gradual cuts until inflation decisively breaks lower. The elevated interest rate environment will constrain credit expansion in the early months of the year, delaying a stronger investment rebound.

Lower forecast global oil prices will have mixed implications. Fiscal and export revenues will soften, placing pressure on external buffers; however, the

decline in import costs will help stabilise foreign exchange reserves and reduce imported inflation. This will be partially offset by the federal government's rising domestic borrowing needs, with planned borrowing increasing to NGN17.89 trillion in the 2026 budget, a factor that may keep local yields elevated and crowd out private sector credit.

Tax reforms implemented in late 2025 will begin to take effect this year. The refund of input VAT on capital goods and services will reduce operational costs for businesses and encourage fresh investment across manufacturing and services. Additionally, higher overseas earnings from Nigerian diaspora workers, helped by upward revisions to the U.K. minimum wage, will likely boost remittance inflows, supporting household consumption and FX liquidity.

Nigeria's removal from the FATF grey list will significantly improve cross-border transaction flows, reduce compliance-related friction for corporates, and enhance access to international financing channels. Investor sentiment, which had weakened due to policy uncertainty and elevated inflation, is expected to improve, facilitating a rebound in FDI,

particularly in manufacturing, services, and exempted goods categories. Policy direction toward inflation reduction, VAT credit reform, and tax rationalisation will further support corporate investment decisions.

Nigeria's 2026 outlook is supported by easing inflation and ongoing structural reforms that are accelerating growth in telecoms, digital services, film, and online retail. Improved non-oil competitiveness and deeper AfCFTA integration will expand export opportunities, while recovering oil output may stabilize the naira despite volatility risks.

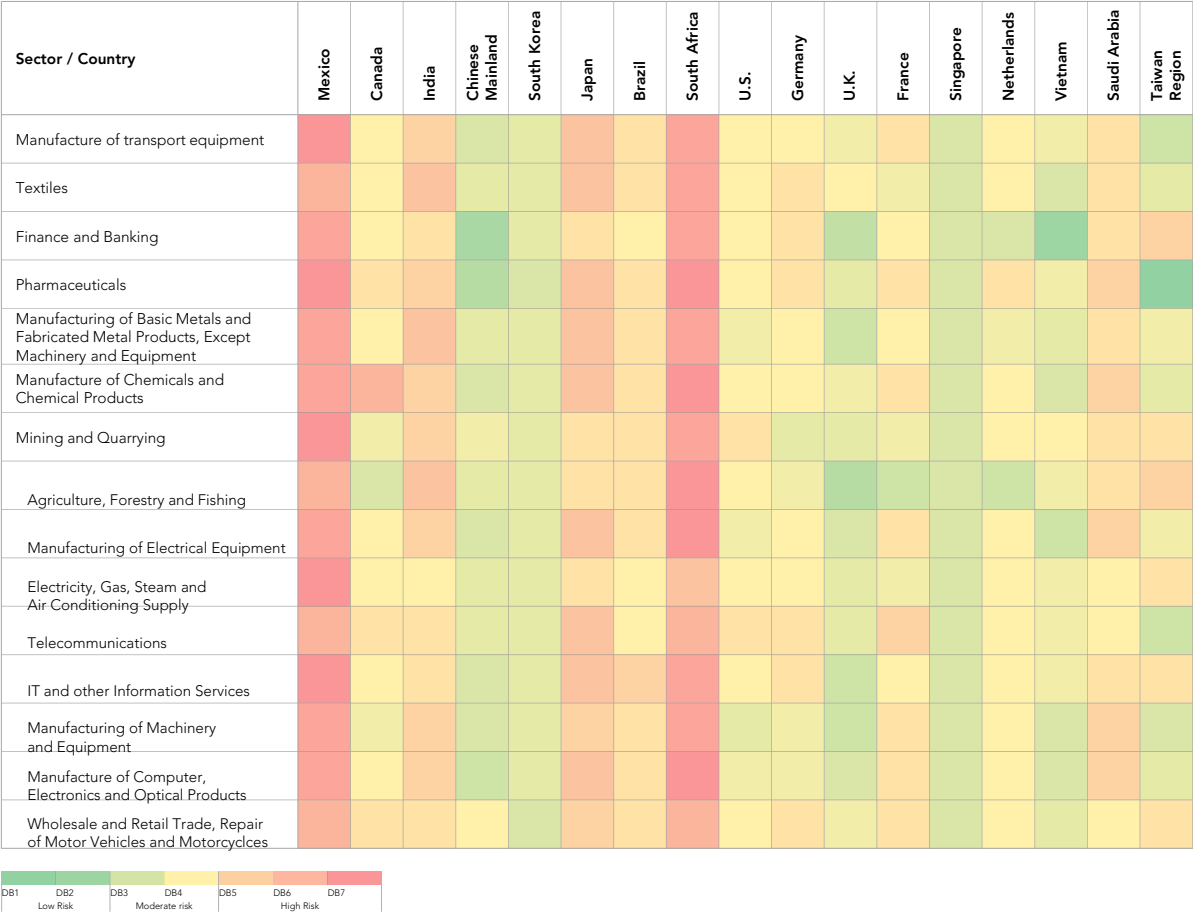
Global Sectoral Outlook



The global sectoral outlook for 2026 presents a complex mix of challenges and growth prospects. While technology-driven subsectors (including AI and semiconductors) offer strong potential, traditional industries (such as textiles and agriculture) face mounting pressures from tariffs, regulatory changes, and slow adoption of innovation. As the year unfolds, still-elevated protectionism and policy uncertainty will continue to shape manufacturing and trade, while technology adoption and sustainability imperatives will drive investment decisions. Businesses are likely to diversify markets and accelerate automation and AI adoption across manufacturing, IT, finance, and banking. Environmentally sensitive sectors, such as mining, may attract renewed interest, alongside selective investments in pharmaceuticals, electricals, and transport equipment, depending on national priorities, as economies navigate geopolitical and regulatory challenges.

To evaluate sector-level risks and opportunities for 2026, we have first applied Dun & Bradstreet’s Sector Risk Ratings (SRR) to assess vulnerabilities and strengths, before then drawing on the Global Business Optimism Insights (GBOI) report to analyze the key drivers underpinning growth opportunities across sectors.

October 2025 Global SRR Heatmap



Source: Dun & Bradstreet
Note: The heatmap uses lighter shades to represent lower risk and darker shades to indicate higher risk. SRRs are multi-dimensional risk ratings of the current economic environment by industry, sitting between the macro-level Country Risk Ratings and the entity-level Dun & Bradstreet analytical scores. Ratings are allocated into seven bands, in line with our Country Risk Ratings. Sector risk is aggregated at three layers for 130 markets: 10 sectors at the highest level of aggregation, 18 at the intermediate level, and 35 at the low level – according to the International Standard Industrial Classification of All Economic Activities (ISIC). The lowest aggregation level is used here.

Risk and Reward: the Sectors to Watch in 2026

High Risk: Traditional Sectors Under Pressure



Textiles

Textiles remains among the high-risk sectors in 2026, extending the pattern observed in Dun & Bradstreet's SRR

for 2025, where the sector reported a broad-based y/y decline across multiple economies. Many key textile-producing economies still rely on labor-intensive models, limiting efficiency and competitiveness. Tech-driven textile hubs, such as the Chinese Mainland and Vietnam, are better positioned to absorb tariff pressures through automation, while India, Bangladesh, Mexico, South Africa, and Brazil face rising risk due to slow technology adoption and trade-related challenges. A delayed renewal of the United States–Mexico–Canada Agreement (USMCA) in July 2026 could disrupt Mexico's exports to the U.S., while India continues to grapple with the impact of a 50% U.S. tariff on most textile and apparel exports, weighing heavily on demand and investment. Vietnam stands out as a lower-risk market, supported by a successful trade deal with the U.S. and relatively low tariffs of 20%, reinforcing its role as a leading supplier of textiles and apparel.



Agriculture

The agriculture sector faces elevated risks in 2026, with the SRR for the sector likely to reflect this heightened

risk profile, driven by a myriad of factors. Tariff uncertainty and restricted access to U.S. markets remain key challenges for major agricultural exporters, such as South Africa, Mexico, and India. India's sector risk profile worsened in 2025, and risks are expected to stay elevated following reciprocal U.S. tariffs that disrupted key export lines. At a global level, climate-related threats including hurricanes, flooding, and crop diseases (such as swollen shoot disease, which hit Ghana's cocoa output in 2024-25) fuel volatility. Global grain supplies, led by strong output from India and the Chinese Mainland, are likely to keep staple prices muted, while producers of cocoa (Ivory Coast and Ghana), coffee (Brazil and Vietnam), and soyabean (the U.S. and Brazil) face more volatile conditions.



Sectoral Crossroads: High Risk, High Potential



Automotives

The automotive sector faces a dual outlook in 2026, with rising production costs and a surge of

Chinese EVs pressuring conventional producers in the EU, while growing EV markets and lower-risk countries improve the sector's prospects. Major automotive manufacturers are facing sustained pressure as Germany, France, and the Netherlands contend with export challenges driven by higher U.S. tariffs, rising production costs, and intensifying competition from Chinese EV makers in European markets. Canada is relatively insulated until July 2026 under the USMCA, but the upcoming review adds uncertainty. Germany, the world's largest automaker, faces structural challenges from the global shift to EVs and a 15% U.S. tariff, intensifying competition and forcing rapid adaptation. In contrast, EVs present clear growth opportunities. South Korea stands out as a low-risk market, supported by strong technology adoption and government incentives, including increased EV-related subsidies.



Pharmaceuticals

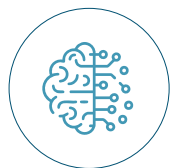
Pharmaceuticals presents a mixed outlook for 2026, with high growth potential for select economies but

elevated risk overall – a pattern mirrored by 2025 SRRs for the sector across geographies. Stricter global regulations (such as the European Health Data Space and the AI Act) will drive up compliance costs in 2026, with Europe enforcing data safety norms, advertising restrictions, and tighter controls on high-risk drugs. India and the Chinese Mainland face growing scrutiny from the U.S. and the EU, requiring significant investment in packaging and clean manufacturing. In the U.S., the Drug Supply Chain Security Act (DSCSA) mandates full serialization and digital traceability by late 2026, adding further complexity while an underlying threat of tariff imposition on pharmaceuticals prevails. At the same time, generative AI is accelerating drug discovery and enabling virtual trials, creating new opportunities for innovation. The Chinese Mainland's pharma sector is becoming more competitive with import tariff

reductions and suspension of tariffs with the U.S. until late 2026, while Saudi Arabia offers strong potential under Vision 2030 through subsidies, low-cost loans, and free land for local pharma manufacturing — measures that will attract global investors despite regulatory headwinds.



Opportunities: Technology and Reform Drive Growth



AI and Digital Services

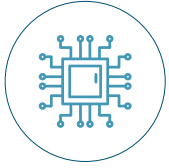
Demand for AI-powered analytics, cybersecurity solutions, and edge computing will surge in 2026 as

businesses seek efficiency and resilience, which in turn will drive rapid enterprise adoption of generative AI, cloud computing, and automation across sectors. The SRR for IT and information services, which include digital services, improved y/y across geographies in 2025, particularly in East Asia. The Chinese Mainland, South Korea, Vietnam, and Singapore registered strong gains, reflecting rapid AI adoption and robust infrastructure upgrades. Investments expanded beyond semiconductors into data centers, power systems, and advanced cooling technologies, supporting sustained performance across the region. East Asia is expected to maintain this momentum in 2026 as governments accelerate support for AI ecosystems and cloud infrastructure. Notably, South Korea has tripled its AI budget for 2026 to KRW10.1 trillion (approximately \$7.0 billion), signaling a strong commitment to digital transformation. Businesses are

likely to prioritize energy-efficient computing and scalable data centers, particularly where grid capacity and permitting frameworks are favorable.

However, this rapid integration of AI introduces significant cybersecurity challenges across sectors. Critical sectors – including healthcare, banking, aviation, and logistics – remain at risk, as organizations digitalize operations and deploy AI-driven platforms. As per market estimates, global cybersecurity spending is projected to rise substantially in 2026, yet risks remain elevated due to sophisticated ransomware, supply chain vulnerabilities, and AI-enabled cyberattacks. Compliance with emerging regulations, such as the EU Cyber Resilience Act and stricter data protection norms in Asia, will be essential to safeguard business continuity.





Semiconductors and Electronics

Global demand for semiconductors and electronics is set to surge in 2026, driven by AI adoption, EV expansion, and the rollout of advanced 5G and edge computing infrastructure. Consumer electronics and industrial automation will continue to fuel growth, while data center investments and cloud services create additional momentum. The SRR for electronics-linked industries, such as electrical equipment and machinery, improved y/y in 2025 across several economies, with the Chinese Mainland and Vietnam posting substantial gains. The Chinese Mainland's electronics manufacturing maintained double-digit growth (at over 10%) in 2025, outperforming global averages. This surge reflects the regionalization of semiconductor supply chains and aggressive capacity expansion across Asia.

While Asia remains the dominant production hub, the U.S. and the EU have made notable strides toward strategic autonomy. Through respective “Chips Acts,”

these regions have triggered domestic private investments (over \$500 billion in the U.S. alone) aimed at reducing dependency on Asian supply chains. Despite these efforts, regional divergence persists, and Asia is expected to remain the growth engine for electronics in 2026.

Taiwan Region continues to hold its position as the indispensable hub of the global semiconductor industry, particularly in leading-edge nodes and advanced packaging technologies. However, geopolitical tensions with the Chinese Mainland pose a key risk. Any form of military or economic coercion could instantly disrupt logistics for essential personnel and materials, freezing global semiconductor output and triggering severe inflationary shocks worldwide. Resource constraints, including water and power shortages, add further vulnerability to this highly concentrated supply chain. SRRs for Taiwan Region related to semiconductors and advanced electricals have consistently remained in the lower-risk category (a trend expected to continue over 2026), thus enhancing investor confidence, and securing high-value contracts and higher foreign investment.



Banking and Finance

The banking and finance sector stands out as a strong investment opportunity for 2026. The 2025 SRR for the sector recorded strong broad-based y/y gains across geographies, including in France, the U.K., Vietnam, Saudi Arabia, the Chinese Mainland, and Brazil.

Rapid adoption of AI and digital innovation, combined with global expansion strategies, make banking one of the most attractive sectors for stable returns. Vietnam is emerging as a key destination for sectoral expansion, supported by government-led digitalization, stronger oversight, and the creation of an International Finance Centre, effective September 2025. Moreover, global banks are also increasing their presence in the Middle East and Africa, leveraging technology, rising smartphone penetration, and fintech innovation to tap new markets, although challenges stemming from legacy infrastructure and regulatory environments remain.

Decoding the Drivers for Sectoral Expansion in 2026: Takeaways from the GBOI

Insights from our Q1 2026 GBOI survey (a quarterly report that aims to gauge the optimism levels of businesses globally) reinforce these sectoral trends. Growth strategies are converging around three priorities: technology, sustainability, and consumer-driven demand. Competitive advantage will depend on resilience and adaptability amid regulatory, technological, and geopolitical shifts.



Top Growth Opportunities: ESG and Digital Transformation Lead

Across sectors, the GBOI survey results highlight digital transformation, ESG integration, and product innovation as the top perceived growth opportunities for business in 2026. Sustainability dominates across sectors, with 63% of respondents in accommodation and food services, 62% in textiles, and 61% in utilities citing green initiatives as top priorities. Heavy industries such as mining (61%) and chemicals and metals (58%) also

align strongly, driven by carbon neutrality targets and compliance requirements. Global frameworks such as the EU Carbon Border Adjustment Mechanism (CBAM) and rising investor activism reinforce sustainability as both a moral imperative and a strategic differentiator.

Technology adoption – including AI, automation, and analytics – emerged as a critical enabler for sustainability and efficiency. Electricals and professional services led at 66%, signaling strong investment in automation and generative AI. Product and service innovation also ranks high, with 57% of respondents prioritizing it, led by textiles (56%), automotives (54%), and electricals (53%), reflecting consumer demand for personalization and sustainable solutions.



Drivers Underpinning Growth Opportunities

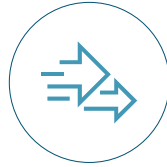
Technological innovation is the single most cited driver of growth

opportunities, as noted by about 66% of respondents, underscoring its role in enabling sustainability and operational improvements. Consumer behavior shifts, cited by 45-57% of survey respondents, are further amplifying demand for digital-first experiences and ethical consumption, particularly in the accommodation and textiles sectors. ESG compliance frameworks such as the CBAM and the EU AI Act are also actively reshaping supply chains and cost structures. Capital availability (42%) and geopolitical trends (34%) rank lower, suggesting businesses are prioritizing capability-building over external factors.



Strategic Shifts: Execution Priorities

To capture these opportunities, organizations are accelerating AI adoption, investing in renewable energy, and rethinking product portfolios. Workforce transformation is critical, with 55% of respondents prioritizing upskilling and restructuring, led by the accommodation and ICT sectors adapting to digitalization and contactless operations. Capital investments in technology platforms are significant, with automotives (46%) and accommodation (44%) signaling confidence in modernization. Market expansion and M&A remain secondary, reflecting caution amid geopolitical uncertainty and supply chain disruptions.



The Way Forward

Taken together, these insights point to a transformative year ahead. The interplay of technology, sustainability, and consumer expectations will define competitive advantage. Organizations that integrate these imperatives holistically – embedding ESG into product design, leveraging AI for efficiency and personalization, and investing in workforce agility – will be best positioned to manage uncertainty and achieve sustainable growth in an evolving global landscape.



Key Global Macroeconomic Risks & Opportunities



As history has demonstrated, one-off shocks can disrupt business planning in profound ways.

In 2025, a rapidly changing global trade landscape heightened uncertainty and resulted in the IMF significantly revising their forecasts twice. First, in April, the institution downgraded its world GDP growth forecast from 3.2% to 2.8% in response to a substantial increase in tariffs that looked as if it could destabilize global trade. However, in October, the IMF reverted to its original 3.2% forecast as tariff rates settled at lower levels and tech-driven capital expenditures drove growth. This illustrates the difficulty in forecasting under uncertainty and the criticality of recalibrating as conditions evolve.

Therefore, it is vital to prepare for events beyond the baseline assumption. Diligent businesses will create contingency plans to mitigate the impact of downside risks while developing strategies to exploit upside opportunities.

Utilizing Dun & Bradstreet's Q1 2026 GBOI report, we have identified the key risks and opportunities that businesses should be prepared for in 2026. First, businesses were asked to assess both the likelihood and impact of 10 predefined risks on a scale of 1 to 10, with 10 being the most likely or most severe. Below we will summarize the key risks that emerged from the results.

Risks



Volatile exchange rates

Likelihood: High (7.0)

Severity: Moderate (6.6)

While businesses assess the likelihood of volatile exchange rates to be similar to the likelihood of an inflation resurgence, they expect a lower level of severity if these risks were to materialize. Typically, businesses that deal with cross-border transactions have a suite of financial tools at their disposal to mitigate the effect of exchange rate volatility, such as agreeing forward contracts and securing currency options. Businesses can use long-term price agreements to offset inflation concerns, but the post-pandemic experience has illustrated how fast inflation can accelerate, making it more difficult to hedge against. Further, mitigating for supply chain disruptions takes substantial diversification and longer-term strategic planning, making the impact much more significant.



Global economic slowdown

Likelihood: Moderate (6.9)

Severity: High (7.2)

A global economic slowdown, should it occur, was expected to have the largest impact on businesses, with an average severity rating of 7.2. We anticipate many economies to be in transition through 2026 as businesses adapt to elevated tariff rates, easing borrowing costs in many markets, and broader investment into new technologies such as AI. As a result, we expect a modest slowdown in global GDP in 2026 to 2.6%, from 2.7% in 2025. A possible downside scenario that would see growth underperform could originate from business productivity not being meaningfully invigorated by technology. Should such a scenario rattle markets and result in a decline in asset prices, knock-on effects would ripple through economies; a dent in household wealth would come at a time when weak labor markets are already applying a handbrake on consumer sentiment and spending.



Polarization of cross-country relations

Likelihood: Moderate (6.8)

Severity: Moderate (6.5)

The past five years have seen a surge in conflict activity; Armed Conflict Location and Event Data (ACLED) recorded 185,000 violent events in 2025, similar to 2024, but nearly double the number recorded in 2021. Conflict activity has surged, as has state involvement in such activities; in 2025, state involvement in such events occurred 74% of the time, significantly more common than 55% of occurrences in 2021. Hence, we are relatively surprised to see that businesses assess the likelihood and severity of polarization of cross-border relations to be lower than many other risks. Perhaps this reflects an acceptance of this new normal order, in which governments have become increasingly isolated from each other, with diverging trading and regulatory environments.



Other risks

The two lowest-ranked risks for likelihood by businesses were (a) environmental events and (b) cyberattacks, but the latter ranked high for the severity of such an event. This view highlights a degree of under-preparedness, despite recent examples that have showcased how destabilizing cyberattacks can be to supply chains. In December 2025, Amazon Web Services (AWS) identified a cyberattack that had been ongoing for the past five years due to misconfigured customer devices hosted on AWS. A cyberattack on British manufacturer Jaguar Land Rover (JLR) in August uncovered a wider supply chain impact; an estimated 2,300 companies in the U.K. were at risk of disruption. Both examples illustrate the reputational and economic damage that is possible from cybersecurity weakness at any point in a supply chain.



Opportunities

Second, businesses were asked to select the top growth opportunities in their sector in 2026. Despite the exponential growth in demand for AI across all sectors and geographies, most businesses did not report its use as a top growth opportunity in 2026; over half of businesses surveyed in our Q1 2026 GBOI report expect growth opportunities this year to come from (a) sustainability and green initiatives (cited by 56.8% of businesses) and (b) product/service innovation (52.1%).

Sustainability and green initiatives, such as carbon reduction and renewable energy, were identified as standout growth opportunities in 2026 for two consumer-facing sectors, hospitality and textile manufacturing, with 63.0% and 62.0% of businesses, respectively, citing this as a top growth opportunity in 2026. Two energy-intensive sectors, mining and utilities, also named these as key growth opportunities (61.1% and 60.7%, respectively). On the consumer side, businesses have to increasingly consider the sustainability impact of products and services taken to market, as environmental concerns are becoming more important to consumers; by aligning product offerings to such initiatives, businesses have identified significant market share to

be gained. New regulations in France, subject to European Commission approval, highlight the direction of travel for sustainability in the textile industry; a new eco-tax on ultra-fast fashion goods would gradually increase until 2030 and companies must disclose the environmental cost of products. For the utilities sector, shifting to providing cleaner fuel is becoming a market-differentiator to capitalize on the growing demand for green energy; for example, in December, the Japanese government announced a \$1.3 billion subsidy package, available from 2026-30, for companies that only use clean power.

India was the only market out of 32 surveyed where digital transformation and AI adoption (e.g. automation, advanced analytics, and generative AI) was cited as the top growth opportunity in 2026. This follows on from our Q4 2025 survey, whereby just 4.2% of businesses in India reported that they had already embedded generative AI across business functions, the lowest ratio out of all 32 economies surveyed. This demonstrates an under-utilization of AI technology but a meaningful demand to engage with it, creating upside potential for the businesses in India that are keen to leverage AI and gain domestic market share by adapting knowledge gained from

other markets. The Indian government is positioning itself to capitalize on these opportunities in 2026, including rapidly scaling computer capacity and developing foundational AI models under the IndiaAI Mission.

While digital transformation is not a growth opportunity in and of itself, it was cited as the most consequential driver of opportunities. When businesses were asked in our Q1 2026 survey what the primary drivers of growth opportunities would be this year, the most common response was technological innovation (cited by 60.3% of respondents) and consumer demand shifts (50.6% of respondents). Businesses are viewing new technologies as a means to unlock other opportunities, rather than as the creator of opportunities itself. This reinforces our view that businesses in 2026 will look to embed AI technologies to streamline business operations and identify new markets; Dun & Bradstreet's unparalleled data set can enable and enrich your AI solutions using our new AI-native interfaces and agents.

Top Growth Opportunities in 2026, as Selected by Business Sectors – Sustainability Leads the Pack



How Dun & Bradstreet Can Help

The public and private sector winners of 2026 will be defined by the businesses that can leverage emerging technologies to unlock new opportunities while avoiding an ever-growing list of risks.

Use [Dun & Bradstreet’s Country Risk Ratings](#) to help your business identify the risks and opportunities in 2026 ahead of the competition. In 2025, the risk of doing business in a new market increased; our market potential risk rating was downgraded in 35 out of 132 economies, compared with just 19 upgrades. The biggest downgrades were to Canada and the U.S., given the detrimental impact of higher tariffs applied to imports. Meanwhile, we looked through the tariff noise to upgrade the market potential risk rating for Argentina considerably, following approval of the IMF’s Extended Fund Facility in April.

	Digital Transformation & AI Adoption	Sustainability & Green Initiatives	Geographic Market Expansion	Product & Service Innovation	Strategic Partnerships & Ecosystem Collaboration
Manf. of Automotives	35%	52%	48%	56%	27%
Manf. of Capital Goods	34%	47%	50%	54%	19%
Manf. of Chemicals	32%	58%	48%	58%	23%
Manf. of Electricals	35%	54%	52%	52%	27%
Manf. of Food	37%	56%	51%	54%	30%
Manf. of Metals	34%	58%	46%	53%	16%
Manf. of Textiles	36%	62%	48%	49%	18%
Mining	32%	61%	46%	49%	22%
Accommodation and Food Service Activities	38%	63%	50%	54%	30%
Construction	32%	58%	43%	46%	22%
Financial and Insurance Activities	33%	52%	39%	55%	21%
Information and Communications	36%	54%	42%	54%	30%
Other Services - Professional, Administrative	30%	57%	35%	55%	20%
Real Estate Activities	32%	60%	43%	51%	22%
Transportation and Storage	37%	59%	45%	48%	23%
Utilities	35%	61%	44%	44%	24%
Wholesale and Retail Trade	37%	55%	45%	55%	26%



Thought Leadership I:

Global Business Optimism
Insights Over the Years:
How is the World Doing?

From Growth Expectations to Delivery Reality

Over the past two years, the [GBOI survey](#) has tracked a world where growth expectations, supply execution, and policy risk were repeatedly disrupted, with macro and geopolitical shocks clearly reflected across the underlying indices.

The Global Business Optimism Index held steady stepping into 2024, as advanced and emerging economies both recorded a modest rise of around 2% q/q. However, the Israel-Hamas conflict began to surface in operating metrics early; firms increasingly assessed performance through an execution lens. As a result, by Q1 2024, the focus had shifted from growth to delivery. Most indices rose modestly, but supply chain continuity moved in the opposite direction – falling around 10.0% from the first recorded value in Q3 2023 to Q1 2024, globally and across both emerging and advanced economies.

The deterioration in supply conditions was not abstract. The Supply Chain Continuity Index fell sharply in Q1 2024 as rerouting needs and climate disruption fed directly into higher delivery costs and longer lead times. Firms responded by accelerating diversification and localization, an operational pivot

that became measurable later. By Q1 2025, economies most exposed to Europe's disrupted corridors recorded large declines in the Supply Chain Continuity Index (the Netherlands: -28.9% q/q, France: -24.6% q/q, and Germany: -20.6% q/q). This aligned with shipping dependence on the Suez Canal route; around 40.0% (according to UN Trade and Development, UNCTAD, data) of European shipping volume used the Suez Canal route in 2024, and volume fell by almost half in 2025 as congestion and cargo redirection followed Red Sea disruption. In the same quarter, Panama Canal delays and drought effects showed up as a Latin America logistics shock, alongside sharp Supply Chain Continuity Index drops in Brazil (-22.6% q/q) and Mexico (-16.6% q/q).

In 2025, optimism weakened as trade protectionism and tariff-related uncertainty intensified. The first clear break came in Q1 2025, when the Global Business Optimism Index fell 12.9% q/q, alongside a broad deterioration in demand and operating cycle signals. Domestic orders optimism dropped 10.9pps (to 71.6%), export orders optimism fell 21.6pps (to 54.8%), and confidence in inventory turnover

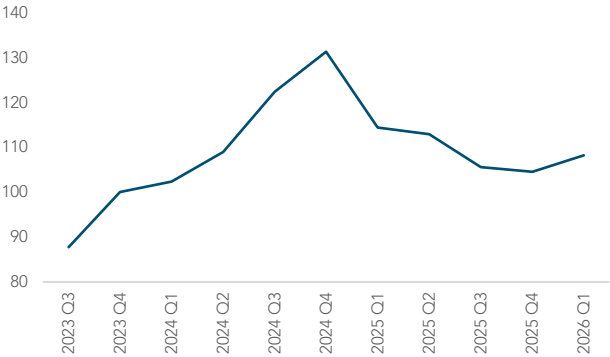
weakened sharply (days of inventory outstanding, DIO, fell 28.7pps to 38.8%). Margin pressure also built: selling price optimism slipped 7.3pps and profit optimism fell 9.3pps, implying that softer pricing power was squeezing profitability. The suite of indices then trended downward through 2025, including the Supply Chain Continuity Index – consistent with an environment where policy uncertainty translated into both demand volatility and cost variability.

The rebound into Q1 2026 is best read as confidence exhibited first through external demand visibility. The Global Business Optimism Index rose 3.5% q/q after four consecutive quarterly declines, supported by higher optimism across sales, orders, profits, pricing, and macro assessments. Export order optimism also improved after four straight quarterly declines, suggesting that tariff-exposed sectors, such as automotives and metals, benefited as policy paths became clearer and supply operations stabilized. The pattern implies a sequence: stabilizing policy expectations reduced planning friction, which then supported order confidence before fully restoring operating cycle metrics.

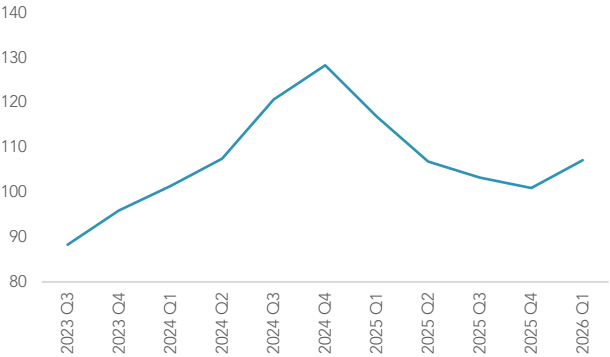
Global Business Optimism Insights



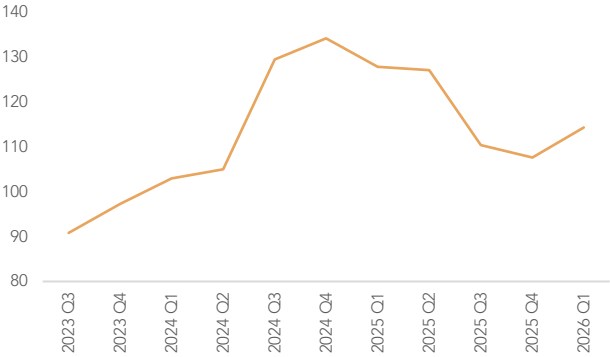
Global Business Optimism Index



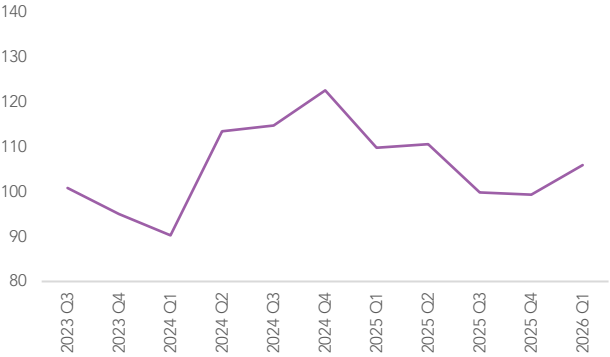
Global Business Financial Confidence Index



Global Business Investment Confidence Index



Global Business Supply Chain Continuity Index



Source: Dun & Bradstreet Global Business Optimism Insights

Rates, Risk Appetite, and the Return of Cash Discipline

Across the past two years, the Global Business Financial Confidence Index and the Global Business Investment Confidence Index have largely moved as a single narrative: confidence returned as the rate-hike cycle approached its peak; then confidence became conditional as policy, trade, and cash flow risks returned; and finally confidence reappeared with a different funding instinct.

In 2024, firms reported improved comfort with financial conditions and higher willingness to invest as disinflation progressed and markets increasingly priced in the start of easing. The IMF estimates that global inflation peaked at 8.7% y/y in 2022 and declined to 4.2% y/y in 2025, supporting the GBOI's read that easing inflation reduced perceived financing strain.

In 2025, the limiting factor moved from "can we finance growth?" to "can we protect cash and manage volatility?" Working-capital dynamics and risk appetite drove the deterioration in sentiment – slower collections, longer payables, tighter liquidity planning, and reduced willingness to commit to long-horizon investments. Trade policy uncertainty

and tariff actions amplified this shift by increasing cost pressure and demand volatility, particularly for export-linked decisions. Externally, this mapped to the IMF's "higher for longer" risk when disinflation proved sticky, and to central bank communication that restrictive rates would persist while inflation remained elevated, conditions that simultaneously raise hurdle rates and weaken balance sheet confidence.

For Q1 2026, both indices have improved, but the tone remains disciplined rather than expansive. The GBOI's data suggests that investment has returned selectively – firms indicated preference for internal cash and productivity-led spending rather than broad leverage-driven expansion. This fits an environment where large, targeted capex cycles (e.g., AI and data center infrastructure) can continue even when macro uncertainty remains, while deal activity can recover as financing visibility improves. In practical terms, confidence rebuilt first on execution stability and cash protection, then on selective investment, implying that balance sheet resilience is likely a prerequisite, not an outcome, of renewed growth plans.





The Evolving Risk Map: 2025 vs. 2026

In Q2 2025 and Q1 2026, we asked respondents to rate the likelihood and severity of the same set of risks. The comparison helps separate what firms expected to happen from what they feared would do the most damage over the rest of the year.

In 2025, firms rated supply chain disruption as the most likely risk. That view was shaped by visible bottlenecks and fragile trade routes. The Red Sea disruption made shipping detours around the Cape of Good Hope more common, which increased transit times and pushed up freight and insurance costs. As delivery timelines became harder to commit to, operational reliability, and not demand, became the immediate concern. Yet the most severe risk flagged in 2025 was inflation. Firms treated inflation as damaging likely because cost increases rarely stay contained. When input costs rise repeatedly, they feed into wage pressure, supplier repricing, and margin squeeze. Supply shocks may trigger the problem, but inflation is what locks in the financial hit and forces difficult pricing decisions.

By 2026, firms' expectations have shifted. Trade protectionism and exchange rate volatility have become the most likely risks, indicating that

businesses increasingly expect disruption through policy changes and currency moves, not only through physical logistics. As tariffs and compliance requirements have become harder to predict, planning risk has risen, especially for cross-border supply chains and export pricing.

However, logistics returned as the top severity risk for 2026. The reasoning is straightforward: tariffs can often be priced in and currency risk can be partly hedged, but a hard supply interruption can stop production, delay customer delivery, and tighten cash flow at the same time. Two factors are likely to have reinforced this severity call – climate volatility (more frequent extremes disrupting transport and operations) and digital fragility (major outages and ransomware that can halt interconnected systems quickly).

The Way Ahead in 2026

Taken together, the survey points to cautious optimism for Q1 2026, driven less by broad-based demand exuberance and more by improved external visibility and stabilizing execution. Confidence weakened in 2025 because policy uncertainty and working-capital strain translated into weaker orders, slower inventory cycles, and margin pressure; confidence improved when these frictions began to ease. The actionable implication is clear: firms that outperform are likely to be those that (1) redesign supply exposure by corridor and climate risk, (2) manage cash conversion tightly under policy volatility, and (3) prioritize productivity-led investment that remains viable even when leverage appetite stays constrained.

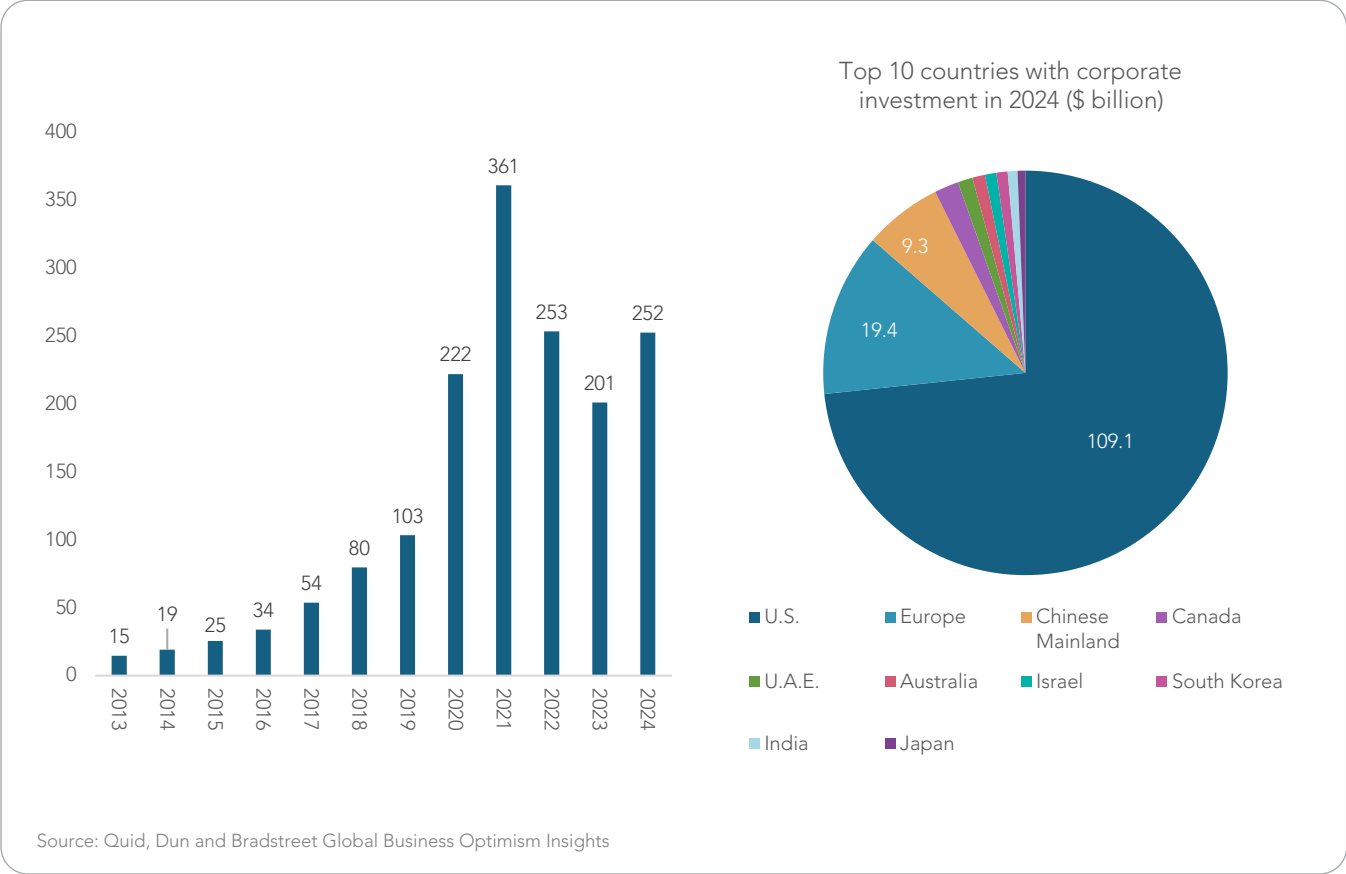
Thought Leadership II:

Global AI

AI has rapidly transitioned into the modern era’s defining technology, with the global AI market likely to dramatically expand from \$189.0 billion in 2023 to a projected \$4.8 trillion by 2033.



Global corporate investment in AI (\$ billion)



In its nascent stage, the U.S. drove most global AI development, but the landscape has since evolved into a distributed system of regional innovation hubs. In 2024, AI crossed borders and bridged sectors. Scale, efficiency, and ability greatly expanded. In 2024 alone, the U.S. saw private investment in AI to the tune of \$109.1 billion.

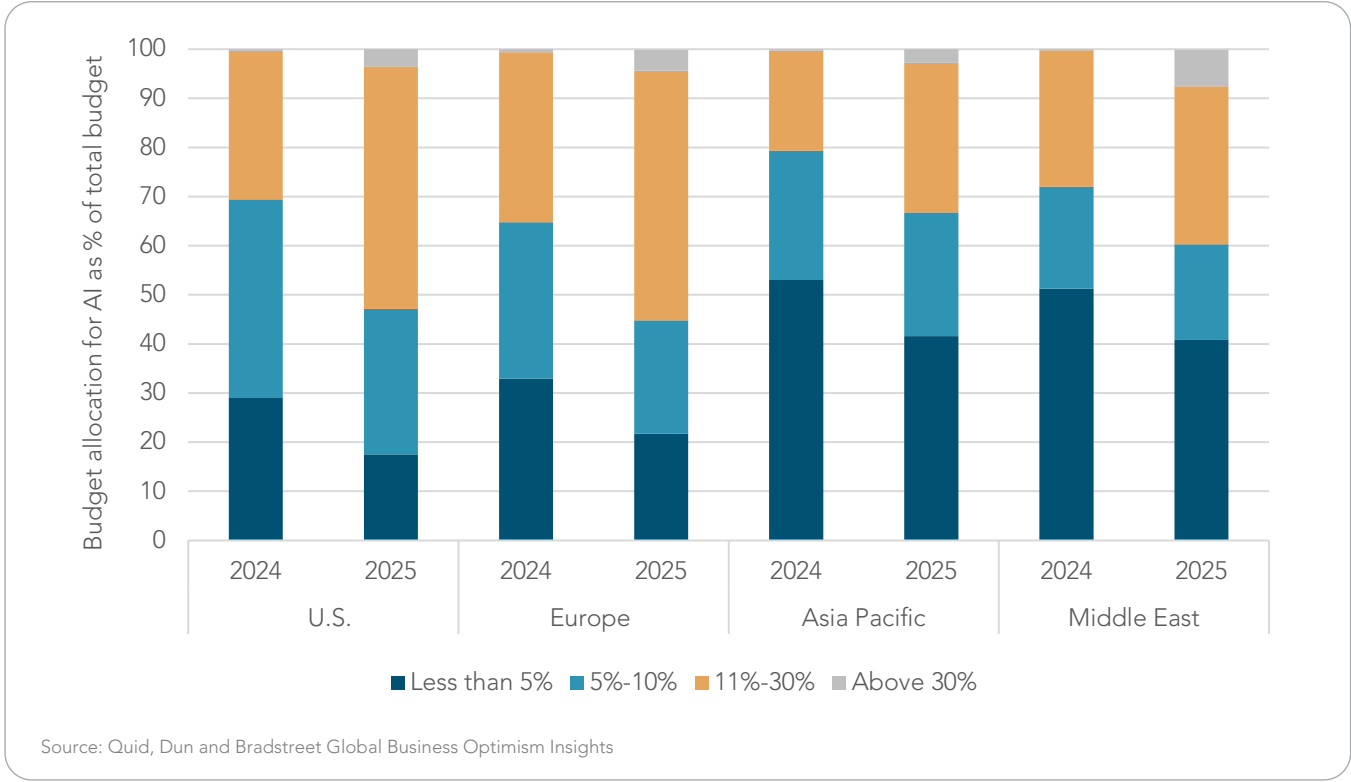
AI Settles in – Smarter Systems, Smoother Lives

Entering 2025, AI adoption deepened further as organizations worldwide reported increased implementation across business functions. According to the Q2 2025 GBOI survey, when asked about business functions where AI was implemented, marketing and sales saw the highest overall AI usage, at 16% in both 2024 and 2025, while expectations for

AI use in service operations rose from 10% in 2024 to 14% in 2025. Developments such as South Korea’s commitment to invest \$65 billion through 2027 to build out AI infrastructure, or the Public Investment Fund in Saudi Arabia setting up a \$40 billion AI Investment Fund to support local startups, global collaborations, and AI infrastructure show

that AI is at the heart of government policies worldwide. These public sector initiatives stimulated additional private investment, particularly within high-growth developing markets.

The Q2 2025 GBOI survey showed a marked increase in the proportion of company budgets allocated to AI. In the U.S., the share of firms dedicating 11.0% or above of their total budget to AI jumped from 30.6% in 2024 to 53.0% in 2025. A similar pattern was observed across Europe’s major economies, where the share increased from 38.0% to 54.0%. In Poland, the figure surged from 41.0% to 75.0%, while the Czech Republic saw an increase from 34.0% to 58.0%. Central and Eastern Europe is growing in significance in the AI space, with Poland being one of the early movers, implementing its national AI strategy in 2020. Moreover, companies such as Skoda Auto in the Czech Republic have integrated AI in critical functions such as maintenance and quality control. In Asia Pacific, the share of firms allocating more than 11.0% of their budget to AI increased from 21.0% in 2024 to 33.0% in 2025, with South Korea standing out at 71.0%. Saudi Arabia saw its allocation increase from 29.0% to 41.0%, supported by the Saudi Data and AI Authority’s \$23 billion strategic partnership plan. The





share increased from 30.9% to 41.4% in Nigeria, aligning with the implementation of Nigeria's national AI strategy. Collectively, these numbers signal rising optimism and maturity in AI investment across both advanced and emerging regions.

The Q4 2025 GBOI results further highlight growing optimism regarding AI integration. In the U.S., 38% of respondents expressed confidence in the near-term potential of AI and automation. European countries reported similar levels of optimism, though Spain remained distinct at 41%, likely bolstered by national initiatives such as the MareNostrum supercomputing infrastructure. Several developing economies also saw marked improvements in sentiment. For Indonesia, 48% of responses showed confidence in the near-term potential of AI, a substantial shift from its low ranking in early 2024, reflecting major investments from global technology firms such as Microsoft and NVIDIA. Brazil followed closely at 41%, while Saudi Arabia stood at 43%. Japan recorded the highest level of optimism in Asia Pacific at 54%, also becoming one of the first

countries in the region with a comprehensive, "innovation-first" AI governance framework with the Act on Promotion of Research, Development, and Utilization of AI-Related Technologies.

In evaluating where AI is already embedded across business functions, the survey reveals that France, Germany, and Spain are among the most advanced, with 23%, 22%, and 18% of respondents, respectively, reporting comprehensive adoption. Surprisingly, the U.S. lags at 12%, despite its leadership in AI innovation and investment; the gap appears linked to a stronger national focus on pioneering frontier technologies rather than broad-based adoption in everyday business processes. When considering AI pilots, the U.S., France, and Japan lead at 54%, 57%, and 52%, respectively, followed by Spain at 51% and Indonesia at 45%, reflecting significant progress in AI experimentation across both advanced and emerging economies. Many others – including Italy, India, and Brazil – remain in exploratory phases.

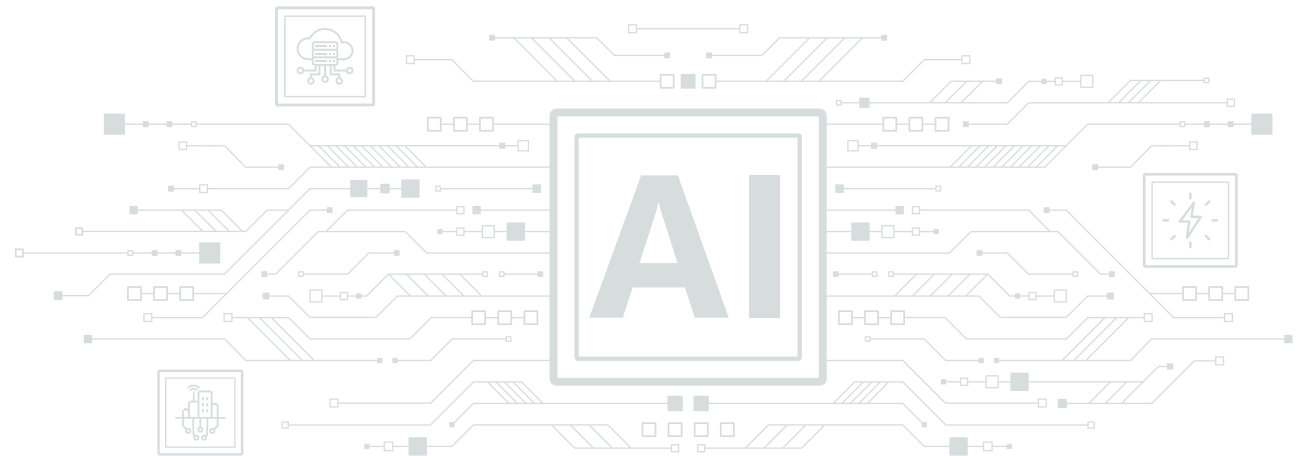
The Road Ahead

Despite this progress, several obstacles continue to limit widespread AI implementation. Looking at the responses for the Q2 2025 GBOI survey, high implementation costs remain a major concern in both the U.S. and Japan. Poor quality or insufficient data pose challenges in Germany, France, the U.K., Poland, the Czech Republic, India, and Brazil, constraining the efficiency and reliability of AI systems. Additionally, the lack of a skilled AI workforce is an acute constraint in the U.K., accounting for 34% of identified challenges, and remains a significant issue in both the U.S. and Brazil. These constraints highlight uneven readiness across countries in terms of data infrastructure, workforce capability, and operational maturity.



Where Next for AI?

AI's next phase will hinge on more than algorithms: it will be a contest for computing, energy, and infrastructure. Countries and firms that secure advanced semiconductors, packaging capacity, and hyperscale data centers will likely lead in adoption, as seen in Microsoft's planned \$80 billion AI data center spend and CoWoS's expansion by Taiwan Semiconductor Manufacturing Company (TSMC) to meet surging demand for graphics processing units (GPUs). While falling token costs broaden access, workloads are growing more complex, making operational efficiency and energy resilience strategic imperatives. Markets have priced AI as a universal productivity engine, but stretched valuations underscore the risk of a correction if adoption lags. Geographically, acceleration will remain multi-polar: the Chinese Mainland is scaling domestic accelerators despite export controls; Saudi Arabia's \$40 billion AI fund and South Korea's \$65 billion commitment signal sovereign capital reshaping the map; and Europe's MareNostrum upgrades and Japan's innovation-first AI Act highlight policy as a catalyst. Businesses that treat computing and data as core assets, diversify hardware supply, and translate capability into measurable productivity will stand to benefit.



Thought Leadership III:

Global Supply Chains in 2026

Global trade is estimated to have reached a record \$35 trillion in 2025, according to UNCTAD, even as geopolitical tensions, higher costs, and uneven global demand slowed trade momentum in H2. The structural shifts of recent years have left supply chains more fragmented yet interdependent, with nearshoring and friend-shoring strategies balancing efficiency with security. Freight and energy costs, which spiked through much of 2025, are easing, but volatility remains a constant. At the same time, geopolitical recalibration and tariff clarity are reducing some of the uncertainty that weighed on trade flows last year.

Businesses have a dual mandate: stabilize operations in the short term while investing in capabilities that deliver resilience and agility in the long term. This means rethinking supply chain design, embedding technology deeper into operations, and aligning strategies with sustainability imperatives. While globalization is being rewired – not reversed – firms face a landscape defined by shifting economic conditions, technology-driven resilience, and carbon-aligned operations – setting the stage for three forces that will reshape supply chains in 2026.

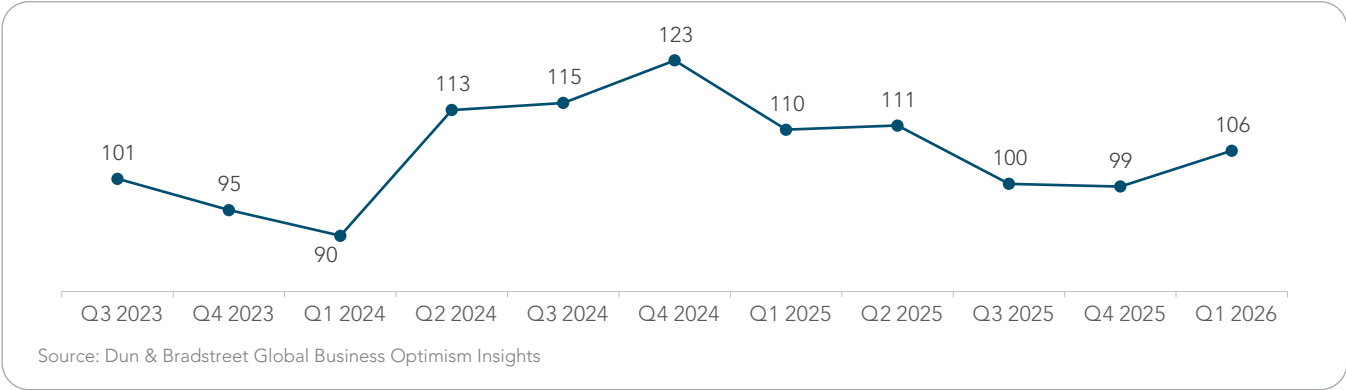
Three Forces Redefining Supply Chains in 2026

Risk mitigation strategies are evolving from reactive measures to integrated scenario-based planning, embedding resilience. Digital transformation will move beyond incremental tools – AI will become an embedded operational layer, driving predictive, autonomous decision-making. Sustainability will evolve from compliance-driven reporting to tangible execution, shaping procurement, logistics, and product design.

Economic Outlook and Risk Mitigation: Continuous Scenario-Based Resilience

Dun & Bradstreet forecasts suggest that after estimated 2.7% growth in 2025, 2026 will maintain this momentum, if not accelerate, as trade fragmentation concerns have eased, with clearer U.S. tariff signals and negotiated rates with multiple partners indicating openness to new deals. Reflecting this improved optimism, the Dun & Bradstreet Global Business Supply Chain Continuity Index, a core index of the GBOI survey, points to a meaningful rebound in supply chain optimism for Q1 2026, following a mostly contractionary 2025.

D&B Global Business Supply Chain Continuity Index



This rebound reflects a shift from reactive responses to continuous scenario planning. Businesses are embedding advanced digital tools and logistics risk modeling into routine planning cycles, enabling faster pivots when conditions change. The improvement in core operational levers – delivery lead times, supplier cost management, and concentration risk – underpins the rise in the Dun & Bradstreet [Global Business Supply Chain Continuity Index](#), signaling stronger operational confidence in early 2026.

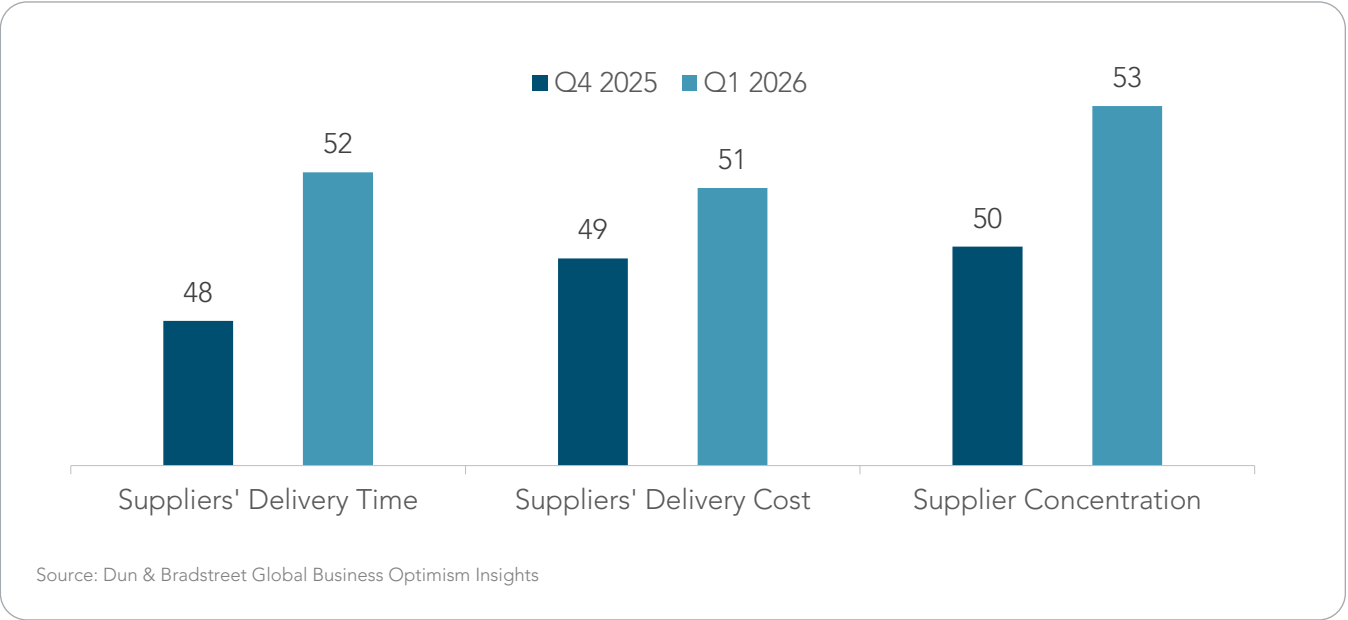
However, while optimism has returned, firms remain pragmatic: the likelihood of supply chain disruption risk continues to rank among the top concerns for 2026, reinforcing the need to treat resilience as a continuous capability rather than a one-time crisis response.

AI as Infrastructure: From Feature to Operating Layer

In 2026, AI is likely to move beyond isolated tools to become an embedded operational layer across supply chain ecosystems. Companies are integrating AI into planning, sourcing, and logistics platforms to create closed-loop workflows that sense demand shifts, predict constraints, and automate corrective actions. This structural adoption is a key driver behind the rebound in supply chain confidence captured by the Global Business Supply Chain Continuity Index, as firms leverage AI to reduce variability and compress cycle times.

The operational impact is tangible: improved control over lead times and supplier costs reflects AI-driven predictive routing, dynamic sourcing, and cost optimization models. Consumer-facing sectors are seeing the fastest gains, pairing demand recovery with AI-enabled replenishment. However, capital-intensive industries still face material constraints and transition costs, highlighting that while AI mitigates complexity, structural vulnerabilities require long-term strategies.

Percentage of Optimistic Businesses



This shift is reinforced by our Q1 2026 GBOI survey, where digital transformation and AI adoption ranks among the top growth opportunities, cited by 34.3% of businesses. These opportunities are primarily driven by technological innovation (cited by 60.3% of businesses) and consumer demand shifts (cited by 50.6%). To capture these opportunities, nearly 38.1% of businesses plan capital investments in new technology platforms.

Sustainability as Strategy: Turning Mandates into Market Advantage

Sustainability is no longer just a reporting exercise – it is shaping procurement, logistics, and product design. Firms are embedding carbon intensity and circularity metrics into sourcing scorecards, routing for energy efficiency, and engineering products for material flexibility. As well as being ethical, these actions deliver operational advantages including shorter lead times, lower cost volatility, and reduced concentration risk, the same levers that underpin the Supply Chain Continuity Index's rebound for Q1 2026.

Insights from our Q1 2026 GBOI survey underscore this shift: sustainability and green initiatives rank as the top growth opportunity, cited by 56.8% of businesses, while ESG and sustainability focus is identified as a primary driver by 43.0% of businesses. This signals that sustainability is not just a compliance mandate but a strategic lever for growth.

While sustainability is emerging as a source of competitive advantage, translating ambition into results demands pragmatism. Execution must remain realistic, and as structural vulnerabilities – rare-earth supply constraints, capital-expenditure-heavy transitions, and residual network complexity – persist, businesses must hedge for shocks while scaling proven practices: dual-sourcing for sensitive inputs, carbon-aligned contracting, AI-assisted route optimization, and scenario-ready designs that tolerate material substitution.

Navigating the Next Horizon

Global supply chains in 2026 are not returning to old norms, they are being rewired for resilience, agility, and accountability. The rebound in operational confidence, reflected in the Supply Chain Continuity Index, underscores a clear mandate: embed risk modeling, AI-driven orchestration, and sustainability execution into core decisions.

The winners will be those that convert complexity into control – using predictive analytics to anticipate shocks, leveraging AI to compress cycle times, and executing sustainability as a performance lever rather than a compliance task. As supply chains normalize from the turbulence of 2025, the opportunity is clear: move beyond firefighting to future-proofing. Firms that act decisively now will not only navigate uncertainty but also turn resilience into a strategic advantage for the decade ahead.

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Dun & Bradstreet's Country Insight Solutions provide forecasts and business recommendations for 132 economies, allowing businesses to monitor and respond to economic, commercial, and political risks.

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