

Global Economic Outlook – February 2026

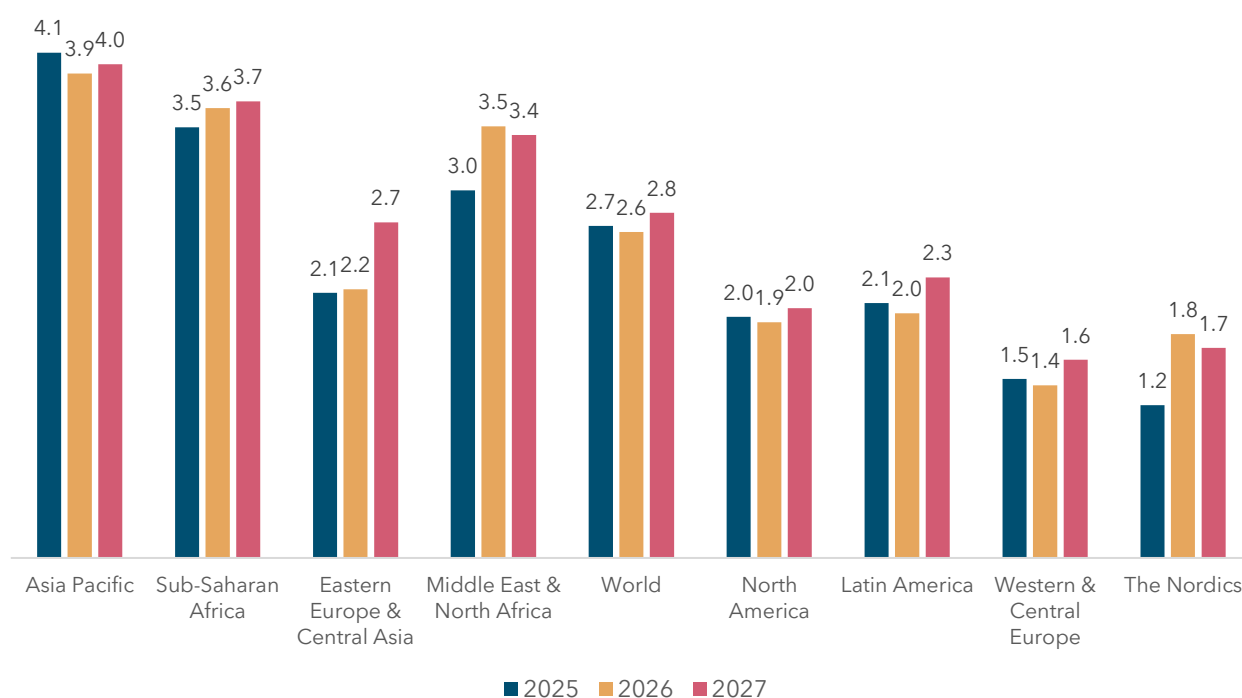
Signals of what's to come: early dynamics setting 2026's trajectory

"The global economy maintained its growth momentum in early 2026, despite fresh geopolitical faultlines and continued structural headwinds. January's events – from the U.S.'s withdrawal from the WHO to renewed tariff brinkmanship with Europe and Canada and rising Arctic tensions over Greenland – underscored a structurally volatile business environment.

Simultaneously, trade relationships are being rewired. The delay in the EU-Mercosur deal, renewed diplomatic outreach in Asia, and the India-EU FTA suggest a global trading system that is slowly re-anchoring in procedures but increasingly shaped by strategic concerns such as regionalization, economic security, and industrial policy. However, sentiment is not uniformly negative: Dun & Bradstreet's [Q1 2026 Global Business Optimism Insights \(GBOI\)](#) report shows rising export confidence and smoother logistics in automotives, capital goods, and retail, reflecting early signs of stabilization even amid broader realignment.

*With policy support becoming more selective, geopolitical risk more consequential, and trade more regionalized, businesses' competitive advantage will hinge on flexibility, operational efficiency, and the ability to pivot quickly as the global economy transitions to its next phase." **Dr. Arun Singh, Global Chief Economist***

Real GDP Growth (%)



Source: Haver Analytics; forecasts from Dun & Bradstreet.

Recent Developments

Global

- On January 22, 2026, the U.S. formally withdrew from the World Health Organization (WHO), marking a major rupture in global health governance, weakening data-sharing and pandemic readiness networks, and prompting concerns among international partners about long-term cooperation capacity during future health crises.
- At the World Economic Forum in Davos in mid-January, global leaders emphasized AI-driven productivity gains, mounting public debt burdens, fractures in geopolitical alliances, and shifting trade patterns as transformative forces likely to reshape global economic stability and policymaking priorities throughout 2026.
- ASEAN nations gathered in the Philippines in late-January; key agenda items included discussion on Myanmar’s ongoing civil war and political crisis, South China Sea tensions, and the Thailand-Cambodia border conflict.
- The U.S.’s renewed threats to annex Greenland prompted large-scale protests in Greenland and Denmark and have raised Arctic geopolitical tensions, strained U.S.-NATO relations, and increased strategic concerns over sovereignty, resource security, and military positioning in the High North.
- The EU-Mercosur trade deal has been delayed for up to two years as Members of the European Parliament (MEPs) have referred the deal to the Court of Justice of the (CJEU) for review.

Movement in Environment Risks

Environment Risks			
Credit	Market	Supply	Political
Poland Chinese Mainland	Egypt Ghana Chinese Mainland	Denmark Uganda	U.S. Zambia

Note: Colors indicate *rating upgrade/improvement in outlook*, *rating downgrade/deterioration in outlook*; Credit Environment helps cross-border traders and investors understand the level of risk related to non-payment or delayed payment; Market Environment helps businesses involved in cross-border trade and/or investment make informed decisions about changing business links in a country; Supply Environment covers factors that could disrupt supply chains associated with the country; Political Environment helps traders and investors understand the risks associated with political instability, cross-border conflict, policy uncertainty, and expropriation.

North America

- In mid-January, the U.S. said it would impose 10.0-25.0% tariffs on eight European allies unless Denmark agreed to sell Greenland, prompting the EU to prepare retaliatory tariffs, activate its Anti-Coercion Instrument, and issue a united political statement. The U.S. subsequently withdrew the proposed tariffs and ruled out taking Greenland by force.
- As part of the World Economic Forum gathering in Davos in mid-January, Canada warned that greater U.S. economic coercion, tariff threats, and geopolitical pressure represented a 'rupture' in the post-Cold War order. Following the speech and on the back of the Canadian prime minister's visit to the Chinese Mainland, the U.S. warned that a Canada-Chinese Mainland deal would see the U.S. impose 100.0% tariffs on Canadian goods.
- In late January, Congress advanced a funding package but split off the Department of Homeland Security, with an extension only into mid-February; the impasse triggered a narrow partial shutdown on January 31, which is expected to be brief as lawmakers return to finalize remaining appropriations.
- The U.S. Federal Reserve held interest rates in the range of 3.50-3.75% at the January Federal Open Market Committee meeting, amid above-target inflation and soft demand. The Bank of Canada also kept its policy rate unchanged, at 2.25%, citing concerns about U.S. trade policy and uncertainty around renegotiation of the United States-Mexico-Canada Agreement (USMCA).

Western and Central Europe

- Dun & Bradstreet's [Q1 2026 GBOI](#) report showed business optimism in the region increased in 11 out of 12 markets. Of the 32 economies surveyed, businesses in Germany reported the strongest growth in optimism compared with Q1 2025.
- In response to the U.S. threat to impose additional tariffs on some European exports, the European Parliament postponed the EU-U.S. trade deal's ratification in January. MEPs may delay ratification until details are made available on the proposed new U.S.-NATO-Denmark agreement.
- On January 21, MEPs voted to refer the EU-Mercosur trade agreement to the CJEU, triggering a legal review that suspends the ratification process and potentially delaying approval by up to two years.
- In January, India and the EU signed a landmark FTA. While the deal is unlikely to significantly boost the EU's short-term economic growth, a reduction of Indian tariffs creates a key opportunity for EU exporters to grab market share in one of the world's fastest-growing economies.
- In January, U.K. Prime Minister Keir Starmer visited the Chinese Mainland, to revive bilateral relations after years of strain. However, tensions have increased recently after a fresh wave of allegations that Beijing has been hacking phones of senior officials in the U.K.

- The North Sea Summit of European leaders in January resulted in the signing of the Hamburg Declaration, which states that 10 countries – including the U.K., Germany, and Denmark – will work on a joint project to link offshore wind farms in the region.

Asia Pacific

- Chinese GDP grew ~5.0% in 2025, meeting the government's target; however, in Q4, growth slowed to 4.5% y/y, with soft domestic demand, while exports and industrial output increased, signaling at a 'two-speed' economy heading into 2026.
- The Bank of Japan (BoJ, the central bank) held the policy rate at 0.75% at its January meeting but stayed hawkish, maintaining the prospect of further hikes if wages and prices continue to grow; BoJ Governor Kazuo Ueda has warned about the impact of a weak yen on import prices.
- Japanese Prime Minister Sanae Takaichi has called a snap election on February 8 to seek a mandate for a new fiscal economic package – raising questions about the near-term budget timetable and the policy mix.
- India and the EU agreed on a landmark trade deal in January 2026, which, once implemented (likely within a year after legal vetting), will remove or reduce tariffs on over 90.0% of the goods traded between the two.
- The U.S. has announced plans to raise tariffs on South Korean autos, pharmaceuticals, lumber and other goods from 15.0% to 25.0%, citing Seoul's failure to pass domestic legislation approving the 2025 bilateral trade deal.
- In signs of escalating tensions, Bangladesh has refused to participate in the T20 Cricket World Cup to be hosted by India in February, citing security reasons, while India has withdrawn families and dependents of its diplomats from Bangladesh amid safety concerns ahead of the February 12 general election.
- On February 2, India and the U.S. reached a long-awaited trade deal to reduce tariffs on Indian imports to 18.0%, from a peak of 50.0% since August 2025, broadly in line with India's Southeast Asian peers, such as Vietnam (20.0%) and Cambodia (19.0%); this will likely support the rupee and reverse foreign institutional investor outflows.

Eastern Europe and Central Asia

- On January 28, the Board of the Central Bank of Uzbekistan reaffirmed its commitment to an inflation-targeting framework and a free-floating exchange rate at its first policy meeting of the year.
- Ukraine and Russia held their first U.S.-brokered, trilateral peace talks on January 23-24 in Abu Dhabi, marking the most significant diplomatic engagement since the 2022 invasion. The discussions focused on parameters for ending the war, security guarantees, and post-war economic frameworks. Although no breakthrough was reached, officials described the talks as "constructive" and agreed to reconvene in early February.
- Bulgaria's political instability deepened as President Rumen Radev resigned after Constitutional Court approval on January 23, widely seen as positioning himself to launch a new political party ahead of upcoming elections. His exit follows the government's collapse in December 2025, when Prime Minister Rosen Zhelyazkov's

cabinet resigned amid mass protests over corruption and tax hikes, and parties failed to form a new majority. With no viable coalition, Bulgaria now heads toward yet another snap election in 2026 – its eighth since 2021.

- On January 22-23, the World Bank approved the Regional Electricity Market Interconnectivity and Trade program to establish Central Asia's first integrated regional electricity market over 10 years, with an initial \$143.2 million package to expand transmission capacity, boost cross-border power trade, and enable large-scale renewable energy integration.
- In January, Russia reported a 30.0% increase in its 2025 natural gas exports to Uzbekistan, exceeding 7.0 billion cubic meters, highlighting Central Asia's rising importance in Moscow's energy strategy.
- Tajikistan reported 8.4% GDP growth for 2025, driven by industry, construction, agriculture, and strong remittances.

Latin America

- On January 29, interim Venezuelan President Delcy Rodriguez enacted a sweeping hydrocarbons reform, opening the national oil sector to majority private ownership, lower taxes, and international arbitration. The move follows the early January capture of former President Nicolas Maduro by U.S. forces and has prompted a partial easing of U.S. sanctions, including a new Treasury license allowing U.S. firms to transact with the government and PDVSA, the state oil company.
- The EU-Mercosur FTA has been sent to the CJEU for a legal review. While early provisional application cannot be ruled out, the deal is now likely to come into force with a delay of up to 18-24 months.
- Ecuador-Colombia relations have deteriorated sharply after the former linked its security crisis to Colombia-based criminal networks and imposed a 30.0% tariff on Colombian imports in mid-January. Colombia has retaliated with matching tariffs and a suspension of electricity exports, prompting Ecuador to raise pipeline fees on Colombian crude by 900.0%.
- On January 27, Nasry Asfura of the right-wing National Party of Honduras was sworn in as president following a razor-thin, highly disputed election (marked by fraud allegations), keeping political tensions elevated. His victory forms part of a broader rightward shift in the region, coming shortly after Chile elected far-right candidate Jose Antonio Kast as president.
- Right-wing candidate Laura Fernandez won Costa Rica's February 1 presidential election in the first round; amid rising concerns over drug-related violence, her popularity gained a boost due to her hardline security agenda.

Middle East and North Africa

- As of late January 2026, Iran's winter unrest was largely suppressed through mass arrests and internet shutdowns following protests in December – the largest in years – triggered by the collapse of the currency (the rial) and a surge in inflation. The government crackdown has led to around 3,000 deaths so far.

- The U.S. has sustained operations beyond the initial January 10 airstrikes in Syria, conducting additional coordinated operations with regional partners against ISIS networks. It has also increased deconfliction measures and limited coordination with Syria's post-Assad authorities and the Syrian Democratic Forces to secure detention facilities and restrict militant regrouping.
- In mid-January, the U.A.E.'s ADNOC Gas signed a ~\$2.5 billion, 10-year LNG supply agreement with India's Hindustan Petroleum Corporation, making it the U.A.E.'s largest gas customer. This move deepens Gulf-South Asia energy interdependence and strengthens the U.A.E.'s strategic positioning.
- At the World Economic Forum on January 27, Middle East and North African leaders emphasized their continuing focus on generating economic growth through AI, digital infrastructure and private sector investment, projecting confidence despite regional geopolitical headwinds.

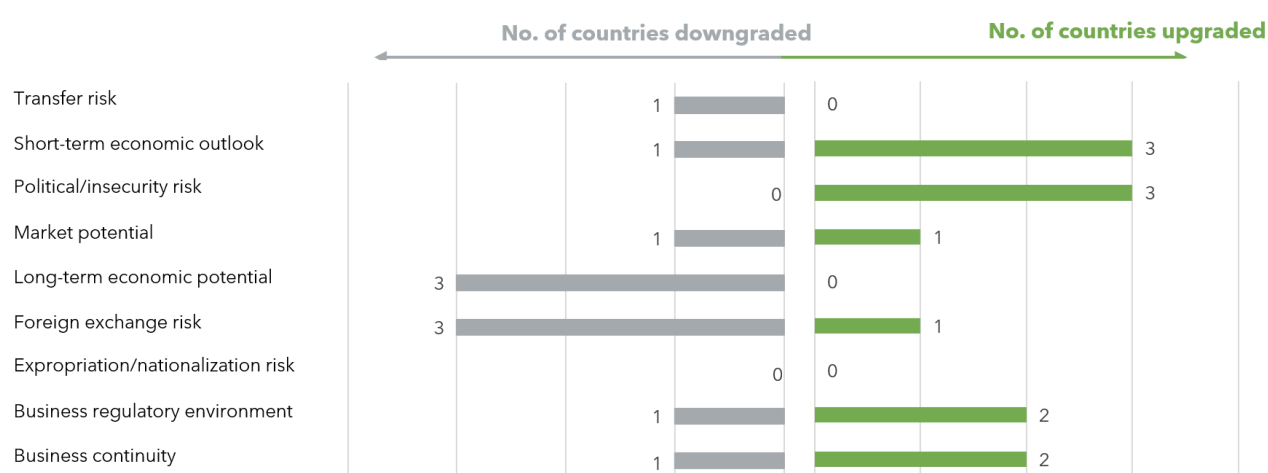
The Nordics

- On January 26, France, Germany, Denmark, Norway, Sweden, and six other European countries signed the Hamburg Declaration, committing to build up to 100GW of shared offshore wind capacity in the North Sea.
- On January 22, Denmark's climate and energy ministry announced that it was formally evaluating the use of small modular nuclear reactors, a move that could end the country's 40-year nuclear ban.
- On January 21, U.S. President Donald Trump announced in Davos that he and NATO Secretary General Mark Rutte had established a framework for a future Arctic/Greenland deal granting the U.S. 'total access,' though no details were shared and NATO later clarified that sovereignty was not part of any discussion.
- Norwegian Prime Minister Jonas Gahr Store unveiled his multi-year Plan for Norway on January 10, outlining priorities including an accelerated military build-up, stronger national preparedness, measures to enhance economic competitiveness, and efforts to reinforce public sector resilience.
- In January, Iceland's Prime Minister Kristrun Frostadottir met European Commission President Ursula von der Leyen to discuss economic cooperation, customs issues, and European Economic Area (EEA)-related matters. Iceland is concerned about its soon-expiring exemption from aviation emissions permits, which could affect airline operating costs.
- Norway has officially delayed the implementation of the FuelEU Maritime regulation from the planned January 1 start date to later in 2026, due to pending legal clarifications between the EEA-European Free Trade Agreement (EEA EFTA) states and the EU. The decision was announced by the Norwegian Maritime Authority in an update on December 29 and provides national shipping companies with a temporary competitive advantage.

Sub-Saharan Africa

- South Africa is considering imposing a 50.0% tariff on vehicles from India and the Chinese Mainland, which together account for over half of its vehicle imports. However, the move likely risks weakening consumer demand and raising prices for affordable cars in the initial phase.
- The U.S. Congress has approved the extension of the African Growth and Opportunity Act (AGOA) through end-2026, with no immediate moves to exclude South Africa, offering near-term relief and continued market access for domestic industries.
- To diversify its export markets beyond the Chinese Mainland and enhance pricing power for its copper industry, the Democratic Republic of the Congo planned to export 100,000 metric tons of copper to the U.S. by end-January.
- Following elections in mid-January, Uganda is experiencing heightened political unrest, with threats against opposition leader Bobi Wine, around 800 arrests, and active military operations, increasing near-term risks of instability and operational disruption for businesses.
- Nigeria's inflation rate declined to 15.5% in December 2025, from 17.3% in November. This moderation is largely attributable to a favorable base effect, as inflation stood significantly high, at 34.8%, in December 2024.
- In October, Mali unilaterally canceled over 90 mining exploration licenses, after the companies were found to be non-compliant with the new mining law.

Movement in Risk Dimensions



Source: Dun & Bradstreet



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