February Macro Brief

Navigating cooling labor markets

February 25, 2026

accenturestrategy

Macro Foresight

About this document

The monthly brief is intended to inform executive teams, boards and investors on the state of the economy. It has been prepared based on data as of **February 20, 2026**.

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

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September: Tariff update

July: Fiscal power plays

June: Immigration at a crossroads

May: Consumer spending in flux

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Executive Summary

Global themes

- **Growth momentum globally remained stable but soft at the start of 2026,** constrained by the ongoing bifurcation within economies between strong AI-oriented activity and dampened consumer spending and manufacturing from cost-of-living pressures, tariffs, and geopolitical risks:
  - The US economy ended 2025 on a weak note—mustering only 1.4% GDP growth in Q4—in part due to the protracted government shutdown but also due to decelerating consumer spending and exports; PMI surveys indicate this softening carried into early 2026
  - Business activity across Europe was stable through February (with the UK showing some resurgence), though consumer weakness persists
  - China continues to muddle through by leaning on export growth to offset subdued domestic demand; India remains the APAC outperformer
- **Cooling labor markets are a key factor behind the consumer underperformance and k-shaped growth dynamics.** Employment growth across major economies has slipped below pre-pandemic norms and unemployment is drifting higher, though there are not yet signs of a surge in layoffs. Some transitional job displacement from growing AI adoption also appears to be at play, particularly for entry-level jobs.
- **In the near term, further labor market deterioration raises the risk of "jobless" expansions where AI and other capex drives topline GDP growth but without commensurate job gains.** This could exacerbate affordability pressures on many households and further bifurcate the consumer base.
- **The medium-term question is the extent to which such jobless growth becomes structural.** This will hinge on how firms harness AI productivity gains—either by redesigning work and creating new higher-value roles, or consolidating into leaner operating models with fewer entry pathways.

Regional highlights

Americas	Europe, Middle East and Africa	Asia-Pacific
• In the **US**, job growth continues to soften and concentrate in a few sectors, pressuring lower and more labor income-dependent consumers • Immigration crackdowns are also reducing labor availability for industries relying on foreign-born workers, such as agriculture and construction • In **Canada,** labor market dynamics are increasingly reflecting sectors' relative exposure to US tariffs	• **Europe** is seeing greater labor market deterioration in its more manufacturing-oriented economies, reflecting tariff/trade frictions and China competition pressures • AI-related productivity gains in the **UK** appear to be slowing overall hiring • **MENA** economies are shifting from labor-heavy growth agendas to more AI adoption	• AI-led ICT expansion is reshaping **APAC** labor markets, widening tech talent shortages even as manufacturing employment softens • **Japan** faces accelerating wage growth as demographic decline intensifies labor shortages, pushing firms toward automation and targeted talent strategies

Key considerations and priorities for clients

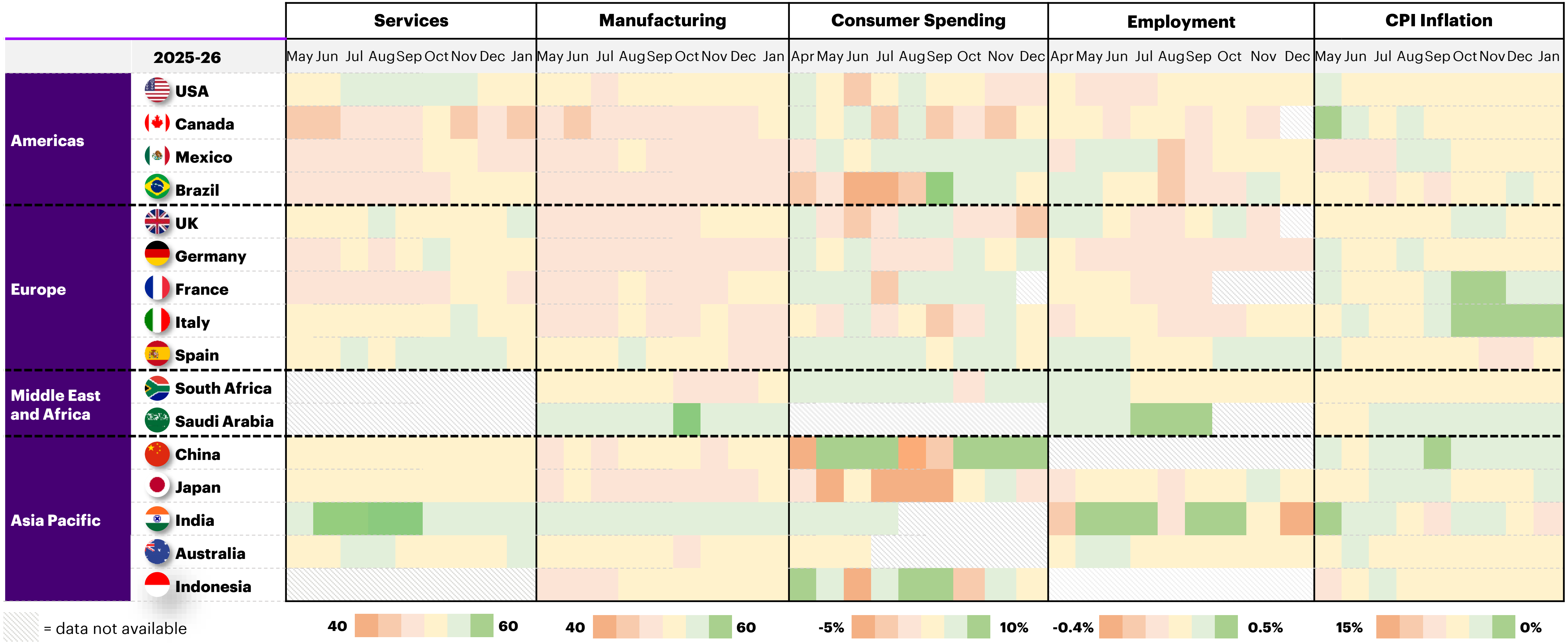
- **Reassess workforce strategy for uneven labor markets.** Prioritize targeted reskilling, internal mobility, and AI-complementary skills as early-career pipelines shrink, demographic pressures intensify and tech talent shortages grow.
- **Increase operating and investment flexibility amid trade tensions and sector divergence.** Slower hiring, competitiveness pressures and policy risk in manufacturing-heavy regions will require more agile footprint and supply-chain decisions.
- **Convert AI adoption into sustained productivity and margin gains while proactively managing displacement risks.** Balance automation with capability building and thoughtful role redesign, particularly in markets where efficiency gains do not translate into net job creation.

Sources: Accenture Strategy analysis

Global economic momentum remains soft, with manufacturing weakness persisting and services activity and consumer spending losing pace across several major economies

Country economic momentum snapshot

AS OF FEB 25



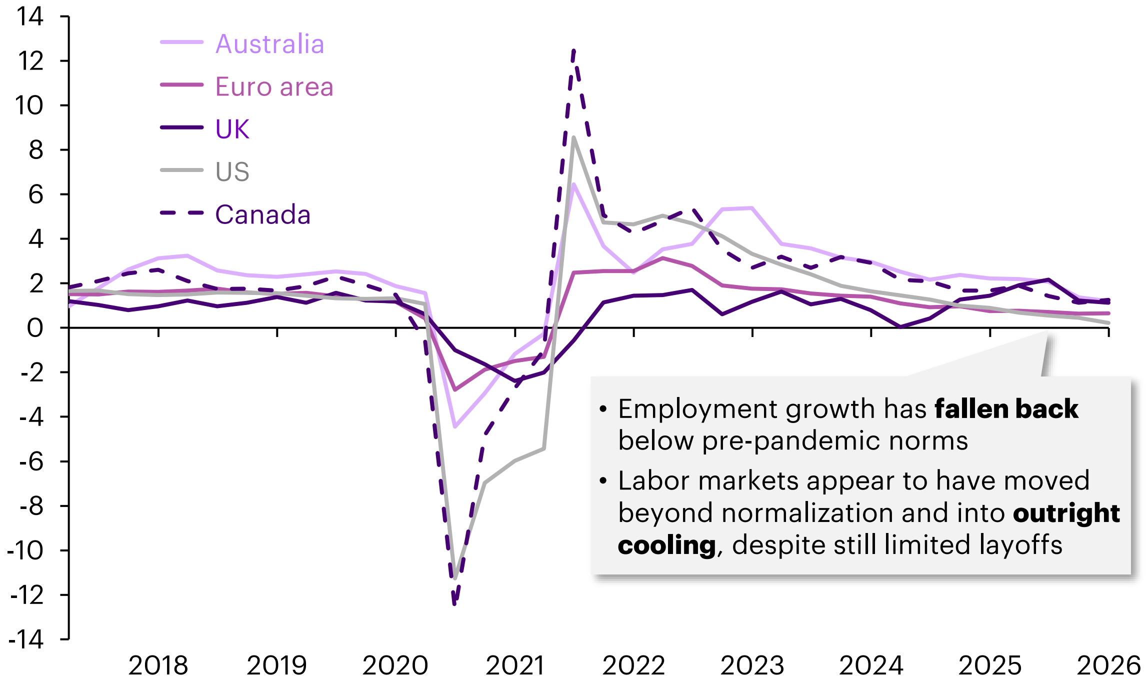
Notes: (1) Services and Manufacturing metrics are based on S&P Global PMI surveys and may include preliminary “flash” figures, and shading is based on most recent month; South Africa and Saudi Arabia manufacturing numbers refer to the whole economy; Mexico Services refers to Business Climate Index: Non-mfg; (2) Consumer spending shading based on real retail sales growth 3MMA percent change except for Australia which is based on Q/Q % change and India which is based on 3MMA of Y/Y% change; (3) Employment growth is derived from employment figures as provided by government authorities; (4) CPI uses harmonized figures for Euro area countries.
Sources: S&P Global, Haver Analytics, Accenture Strategy analysis

Labor market momentum across major economies is fading, as post-pandemic normalization gives way to emerging weakness

Cooling labor markets globally

Cross-country employment growth

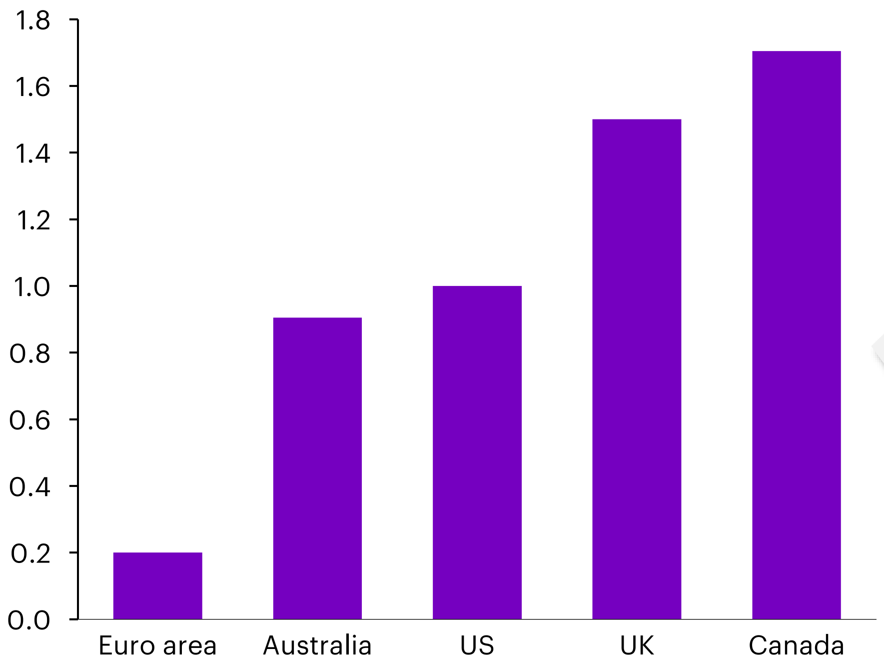
Year-over-year % change



- Employment growth has **fallen back** below pre-pandemic norms
- Labor markets appear to have moved beyond normalization and into **outright cooling**, despite still limited layoffs

Change in unemployment rates since post-pandemic trough

Percentage points, as of January 2026



- Unemployment has risen most visibly in **Canada** and the **UK**, with smaller increases in the US
- The **Euro area** remains **relatively stable**, masking strong cross-country divergence
- The pattern suggests **reduced churn** rather than widespread job losses

- Labor markets globally appear to be entering a **low-churn phase**—employment growth is slowing, vacancies are declining, and unemployment is rising modestly.
- These trends reflect continued **uncertainty over AI, trade, demographics and policy**, rather than a cyclical collapse that would be accompanied by mass layoffs.
- The near-term risk is additional **cooling**, whereas the medium-term question is whether AI and demographics turn this into a new **structural norm**.

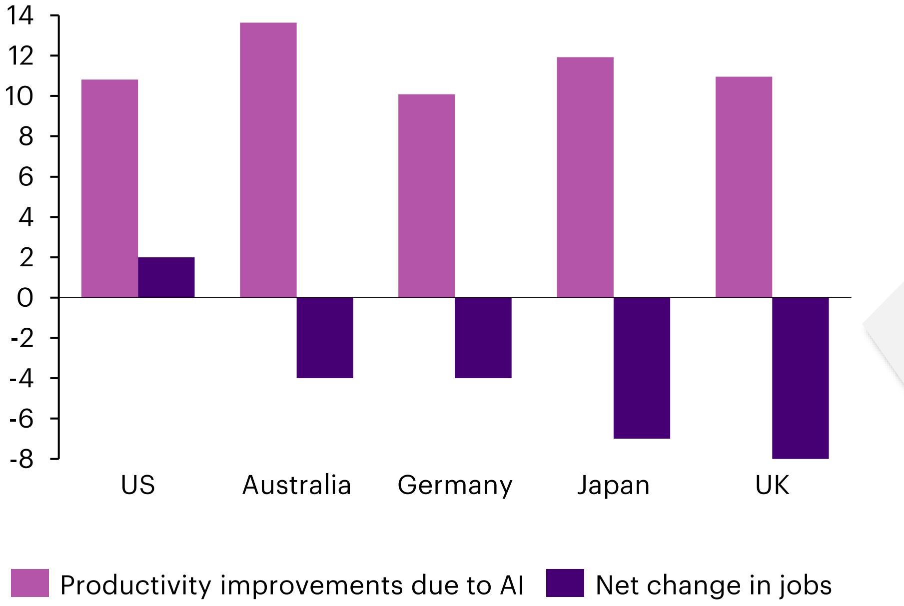
Sources: Australian Bureau of Statistics, ECB, Office for National Statistics, Bureau of Labor Statistics, Statistics Canada, Accenture Strategy analysis

Productivity impacts and job displacement from growing AI adoption are becoming more apparent, with early-career roles and large firms most affected

Emerging AI impacts on employment dynamics

Country-level impact of AI on jobs in the last 12 months

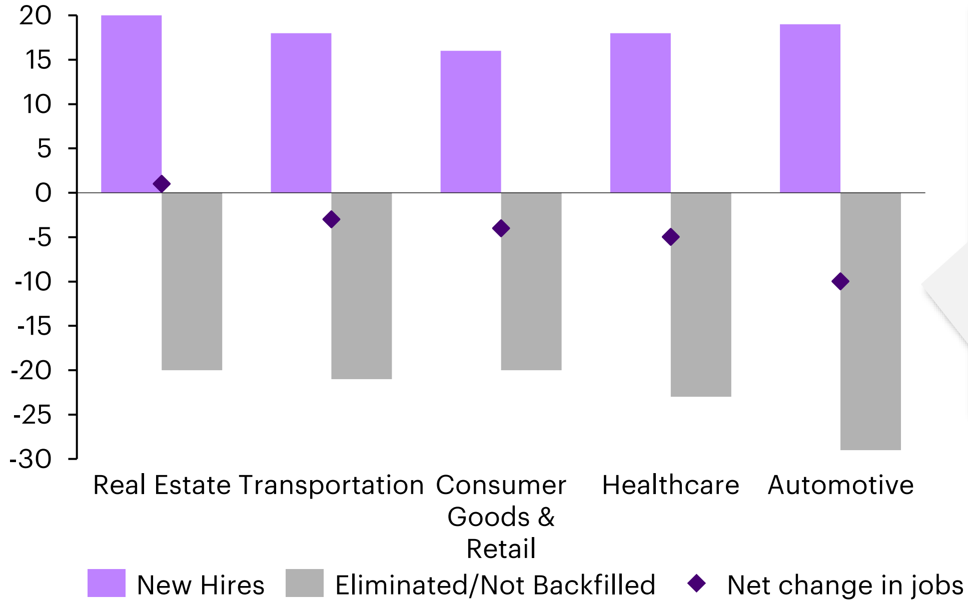
Percentage change (based on the survey of 935 corporate executives)



AI adoption is currently associated with net job losses globally (-4%), with **sharp regional divergence** → US reports net job gains (+2%), while Europe is expected to see the biggest negative impacts

Industry-level impact of AI on jobs in the last 12 months

Percentage change (based on the survey of 935 corporate executives)



AI-driven employment impacts vary sharply by sector: **automotive** shows the **largest net losses** (-10%), while **real estate** sees **modest gains** (+1%).

- Global surveys point to net job losses as role elimination and unfilled positions outweigh new hiring. More executives expect **displacement** than job creation (54% vs. 23%), and **margin expansion** is anticipated far more widely than wage growth (45% vs. 12%).
- **Early-career and graduate roles** are most exposed, as routine and entry-level tasks are automated first.
- While AI's broader macro impact remains uncertain, current evidence points to **substitution-led adoption** in the near term. The deeper medium-term question is whether firms use productivity gains to **redesign work** and **create higher-value roles** or allow efficiency gains to **consolidate into structurally leaner workforces** with fewer entry pathways.

Sources: Morgan Stanley Research, World Economic Forum, Accenture Strategy analysis

Continued growth bifurcation and relatively "jobless" expansions are the base case outlook for US and Europe; Canada, Mexico and Brazil remain fragile due to US/China exposures

Latest near-term economic outlooks: Americas and Europe

Region	Country	Key recent datapoints	Base case outlook	What to watch for
Americas 	US	• Headline CPI rose 2.4% YoY in Jan 2026, with core CPI at 2.5% YoY per latest BLS release • Retail sales increased +0.6% MoM in Dec 2025, while industrial production expanded 0.3% MoM in Dec 2025	• Growth is expected to moderate to around 1.5–2% as AI-led business investment partially offsets softer consumer spending • Tariff-related cost pressures are likely to keep inflation above target, limiting the pace/scale of Fed easing	• Extent and persistence of tariff pass-through into core inflation pressures • Sustainability of AI-driven investment and spillovers into broader productivity gains
	Canada	• Headline CPI was +2.3% YoY in Jan 2026, down slightly from previous month • Bank of Canada maintained policy rate at 2.25% at the Jan 2026 meeting, signaling stable financial conditions	• Growth is expected to improve modestly as the drag from past rate hikes gradually fades but remain US demand-dependent and pressured by tariffs • Structural challenges—productivity, housing supply, fiscal space—remain constraints to stronger recovery	• How quickly monetary easing transmits through a debt-heavy household sector • Outcome of USMCA renegotiations and any easing in tariffs
	Brazil	• IPCA inflation was 4.44% YoY in Jan 2026, modestly above target, according to IBGE • The Central Bank left the Selic rate unchanged at 15.00% in February 2026	• Growth is likely to moderate as tight financial conditions and fiscal constraints weigh on activity • Weaker global goods trade and China's export overhang will also pressure manufacturing and commodity-linked sectors	• Exposure to China's demand for metals, agriculture, and energy • Execution of fiscal reforms and market reactions
Europe 	UK	• UK headline CPI eased to 3.0% YoY in Jan 2026 from 3.4% in Dec 2025 • Bank of England kept Bank Rate unchanged at 3.75% in early 2026 following a series of cuts	• Growth is likely to remain subdued as easing inflation supports real incomes but structural industrial weakness persists • Gradual monetary easing may improve credit conditions, though fiscal tightening limits upside	• Effectiveness and speed of monetary easing transmission into housing and credit markets • Impact of fiscal consolidation on consumer confidence and demand
	Germany	• German CPI inflation rose to 2.1% YoY in Jan 2026, slightly above previous estimates • Consumer confidence indicators remained weak early in 2026	• Growth is expected to remain weak as soft external demand continues to weigh on manufacturing activity • Easing financial conditions may provide modest support to domestic demand	• Competitive pressures from Chinese industrial exports • Strength and breadth of recovery in domestic industrial investment activity
	France	• French headline CPI was +0.3% YoY in Jan 2026, down from +0.8% in Dec 2025 • Both manufacturing and services activity remained in contractionary territory in Feb	• Growth is expected to remain modest as wage gains support consumption amid weak industrial activity • Fiscal consolidation is likely to weigh on overall activity despite improving financing conditions	• Scale, sequencing, and credibility of fiscal consolidation measures • Impact of rising external competition on industrial performance and exports

Source(s): Accenture Strategy analysis

China is expected to sustain growth near its 5% policy target by doubling down on exports, while Japan’s economy recovers modestly, and India remains the regional outperformer

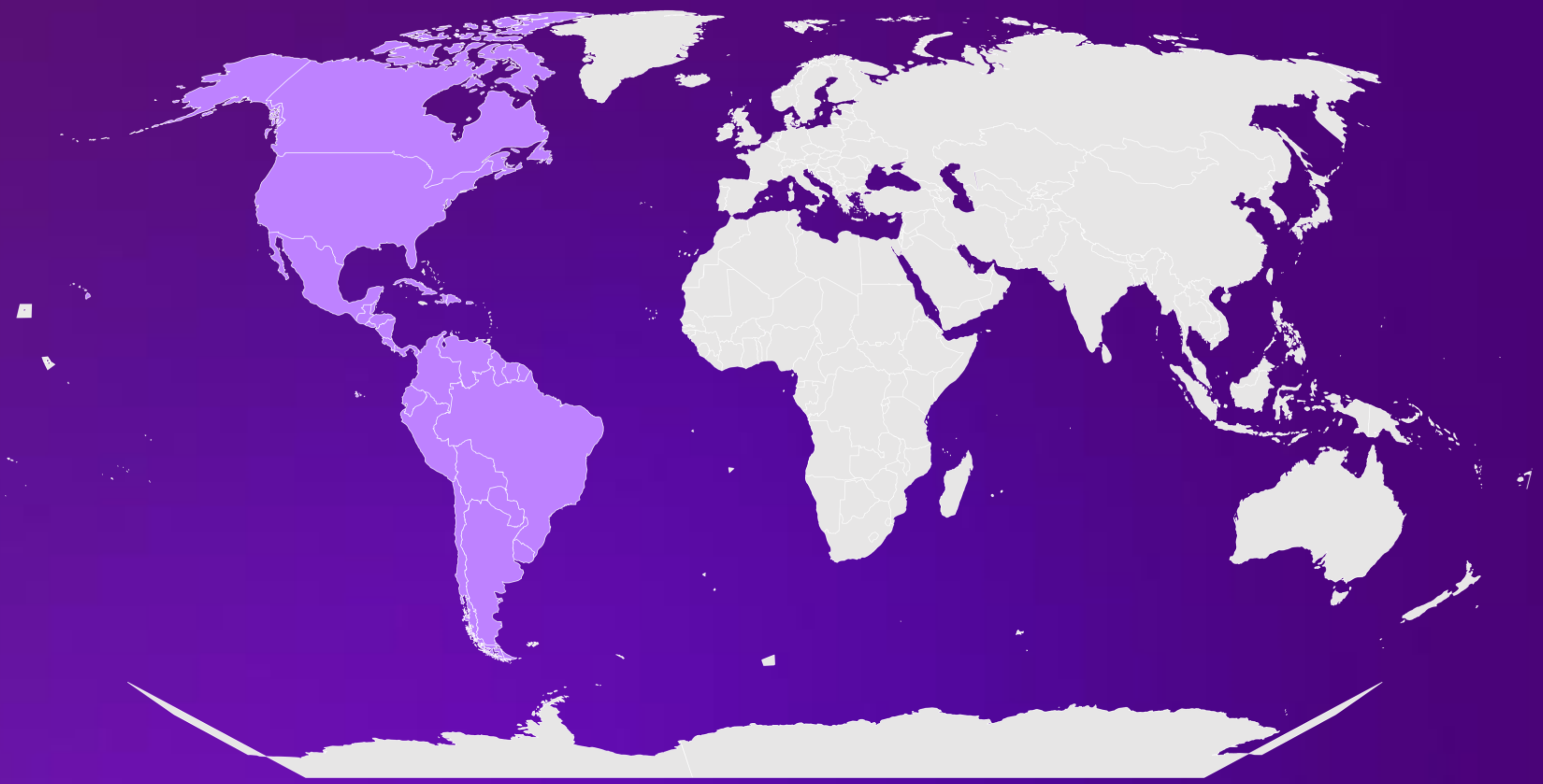
Latest near-term economic outlooks: Asia-Pacific

		Key recent datapoints	Base case outlook	What to watch for
Asia Pacific	China	• Real GDP grew 1.2% in Q4, and 5.0% in 2025 as a whole, in line with government targets • CPI inflation was +0.2% YoY in Jan 2026, reflecting subdued price pressures	• Growth is expected to remain near the policy target, supported by continued strength in export-oriented advanced manufacturing and green technologies • Domestic demand is likely to remain subdued amidst ongoing property sector weakness	• Durability of export strength amid US tariffs and potential anti-dumping measures by EU • Evidence of durable stabilization in the property sector and household demand
	Japan	• CPI inflation averaged 3.2% in 2025, supported by energy and services price gains • Bank of Japan kept policy settings unchanged in Jan 2026, maintaining ultra-accommodative posture	• Growth is expected to recover gradually as sustained wage gains support consumption and help offset weaker external demand • Monetary normalization is likely to proceed cautiously, as public debt levels remain high	• Wage–price dynamics, especially whether annual Shunto settlements sustain real income growth • Exposure of exports and tourism to China/global slowdown
	India	• Headline CPI inflation was 2.75% YoY in Jan 2026 (provisional), near the lower end of the RBI target band • India’s IIP grew 7.8% YoY in Dec 2025, with manufacturing up 8.1%	• India is expected to remain among the fastest-growing major economies, supported by strong domestic demand and public investment • Supply-chain diversification and manufacturing expansion should sustain momentum, even as tighter credit conditions temper growth	• Ability to absorb investment (permits, logistics, labor skills) at the pace that reform plans envision • Services exports impact from US tech and visa policy shifts
	Australia	• Headline inflation remained stable but elevated at 3.8% YoY in Dec 2025, with core at 4.1% • The RBA raised the cash rate to 3.85% in Feb 2026, citing persistent inflation pressures	• Gradual growth pickup as firmer real incomes offset drag on investment from still-high rates • Outlook remains closely tied to China’s industrial activity, as softer Chinese demand for iron ore and LNG could hamper exports	• Pace of RBA easing and relief for indebted households • China’s demand for iron ore and LNG • Drag from labor market softening and housing adjustment
	Indonesia	• Headline inflation in Jan increased for the second consecutive month, to 3.6% YoY (from 2.9% in Dec) • Bank Indonesia held the BI-Rate at 4.75% at its Jan 2026 policy meeting	• Growth is expected to remain solid, supported by resilient domestic demand and continued expansion in downstream commodity industries • Moderate inflation provides room for cautious monetary easing, helping to sustain investment and consumption momentum	• Continuity of policy support for downstreaming (nickel, EV value chain) • Budgetary strain recent social welfare expansion and large infrastructure projects

Source(s): Accenture Strategy analysis

Spotlight developments

Americas

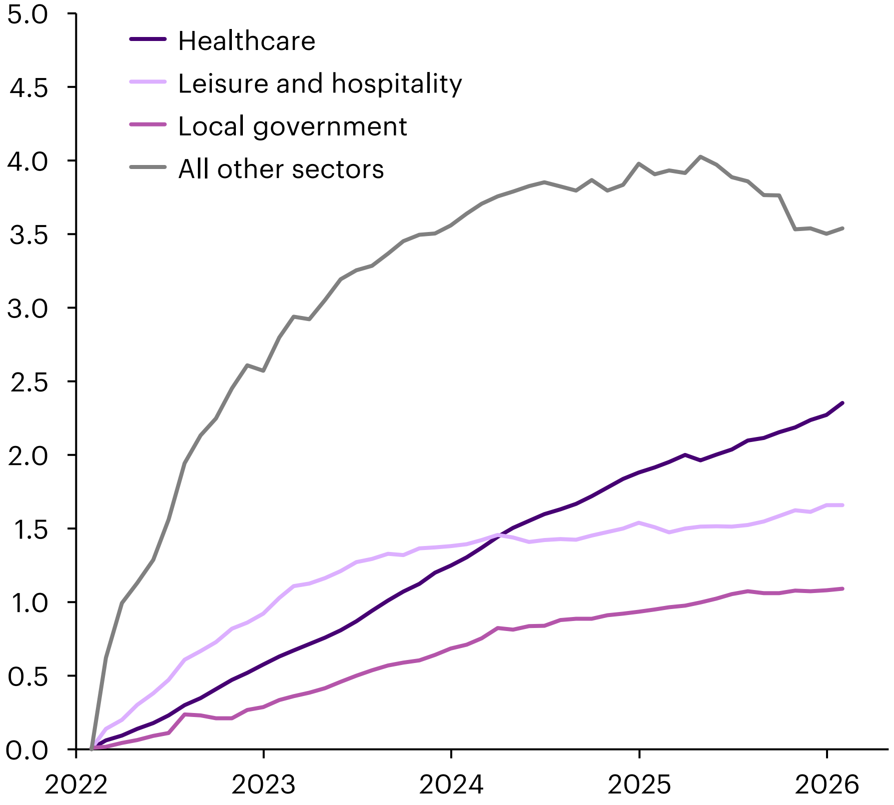


Job growth in US continues to soften and concentrate in a few sectors, reinforcing the bifurcation of the consumer base where poorer, labor income-dependent groups struggle

US employment and consumer spending trends

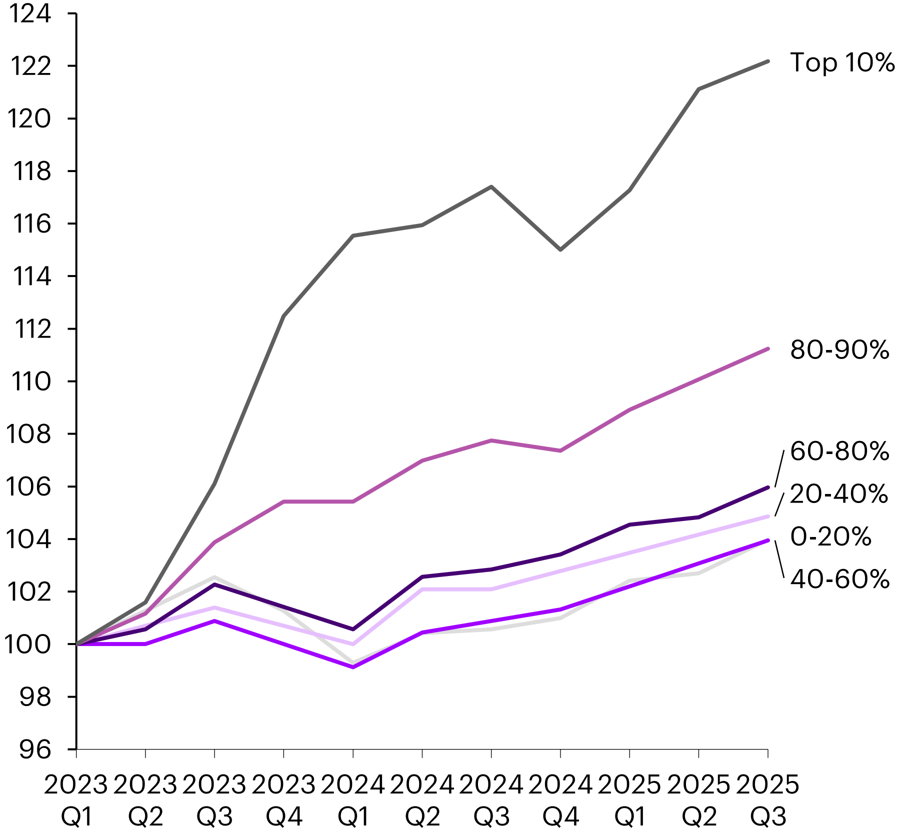
Employment change in key sectors since 2022

Millions of employees



Consumer spending by income group

Index (Q1 2023 = 100)



Implications for corporates

- Sector-specific hiring momentum will shape workforce planning, as healthcare and a few service categories dominate job creation while most other sectors stagnate. This requires firms to compete more aggressively for talent in growth pockets
- Affordability pressures among lower-income households weaken overall consumer demand, pushing companies to adjust pricing, product mix, and service models toward segments with more stable spending power
- Consumer demand is becoming increasingly top-heavy, with the highest-income households driving nearly half of overall spending. This will pressure firms to redesign commercial strategies, loyalty models, and channel investments around a more polarized customer base

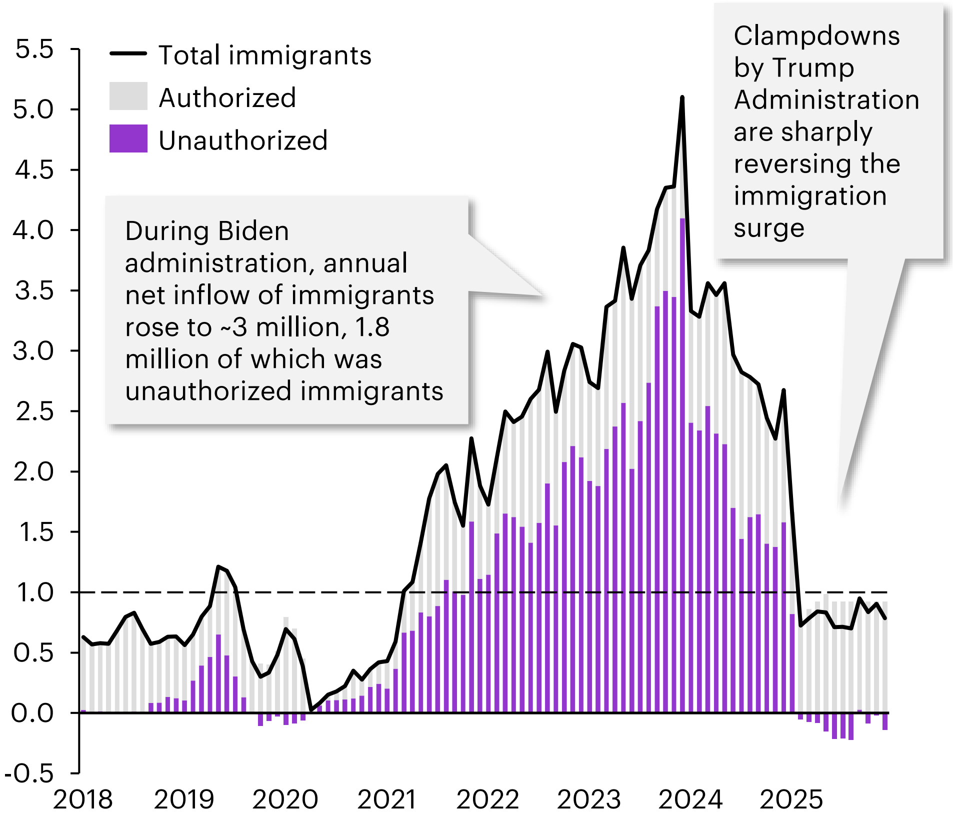
Sources: Federal Reserve Board, Bureau of Economic Analysis, Census Bureau, Moody's Analytics, Accenture Strategy analysis

Immigration restrictions over the past year have reduced labor availability for industries relying more heavily on foreign-born workers, such as agriculture and construction

US immigration dynamics and labor supply

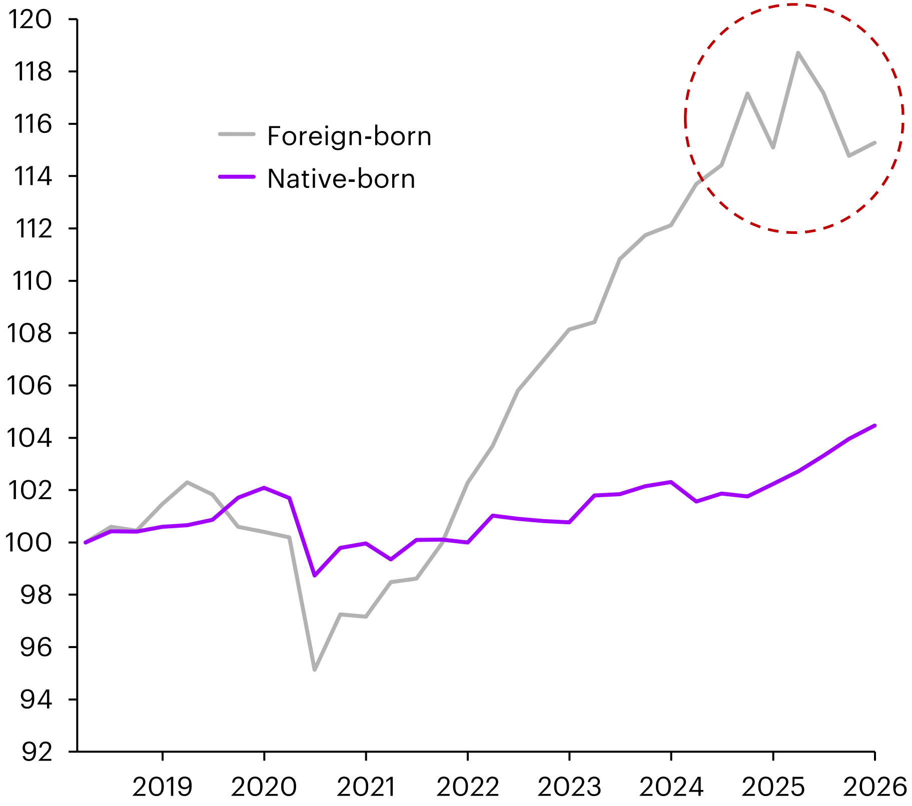
Estimated monthly net immigration by category

Millions (annualized rate)



Native vs. foreign-born labor force

Index (Q1 2018 = 100)



Implications for corporates

- Sharp declines in net immigration are slowing labor-force growth, reducing the availability of workers in sectors that historically depend on foreign-born labor (i.e., agriculture, construction, food service, logistics, care work) and tightening hiring conditions
- Reduced labor supply and shifting workforce composition will keep wage pressures elevated, especially in roles where domestic supply is insufficient and employers previously relied on continued immigration to fill gaps

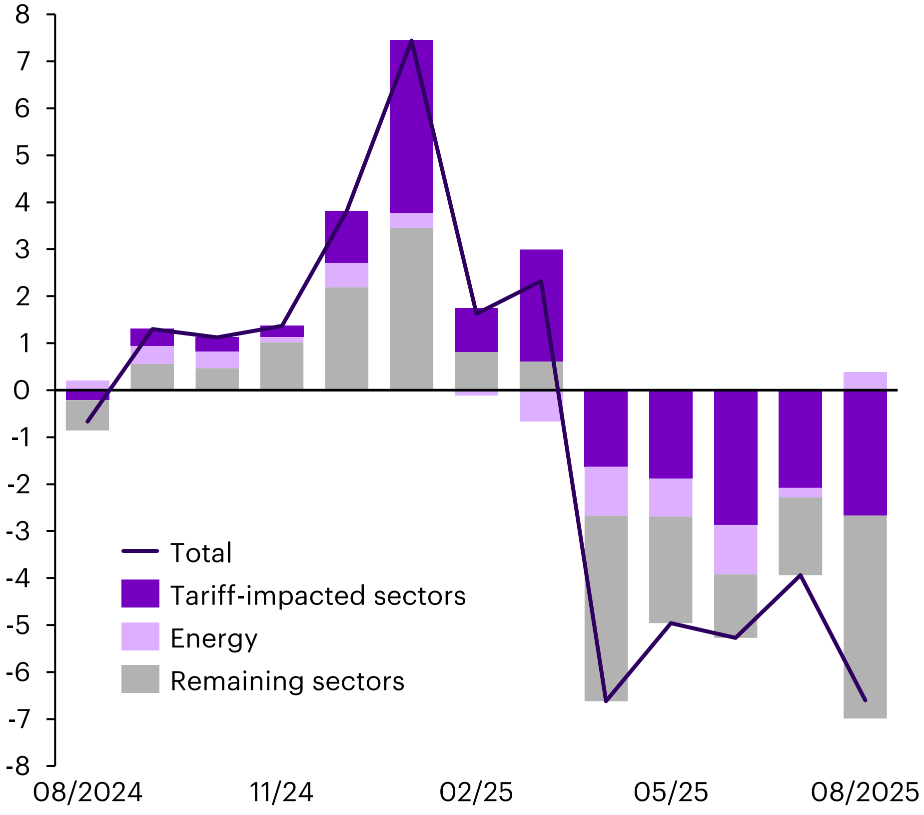
Note(s): Authorized immigrants include students, temporary workers, and lawful permanent residents. Unauthorized immigrants include asylum seekers, parolees, and others entering under various humanitarian programs, as well as "gotaways" (those being detected as crossing the border but not apprehended by authorities).
Source(s): CBO, US Department of State, US Department of Homeland Security, USCIS, TRAC, BLS, Accenture Strategy analysis

Canada is in a period of economic restructuring as tariff-exposed sectors reconfigure export and employment levels

Canada's export and employment performance across sectors

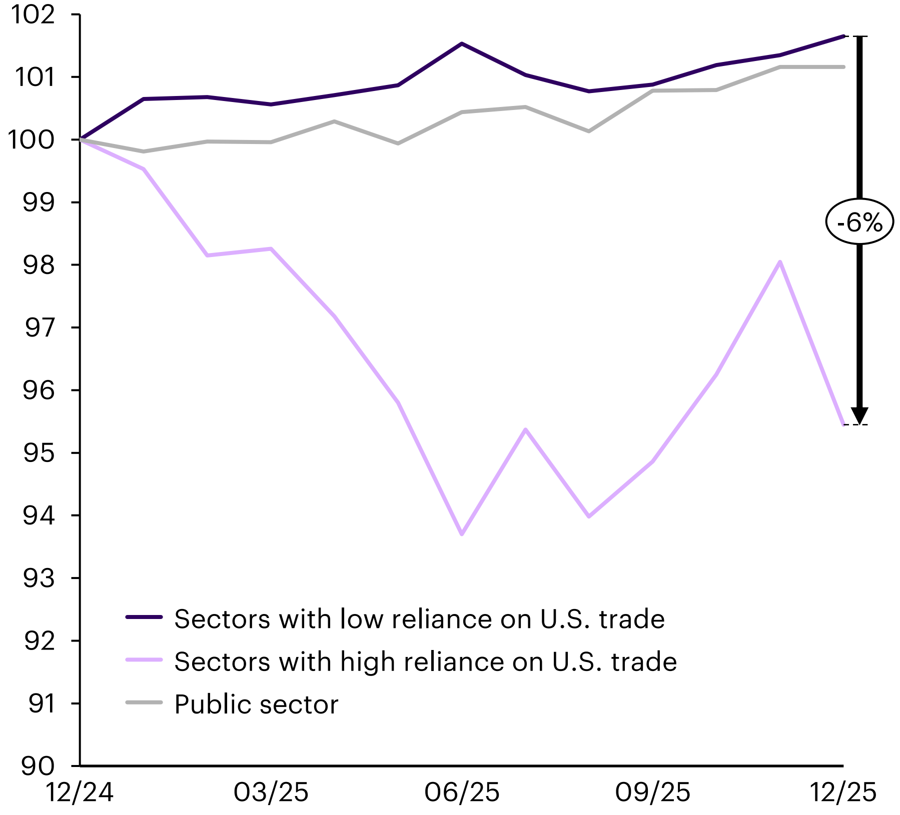
Canada's export growth by sector tariff impact

Percentage change from Q3-24, monthly data



Canada's employment level by trade exposure to the U.S.

Employment level, index: Dec 2024 = 100, monthly data

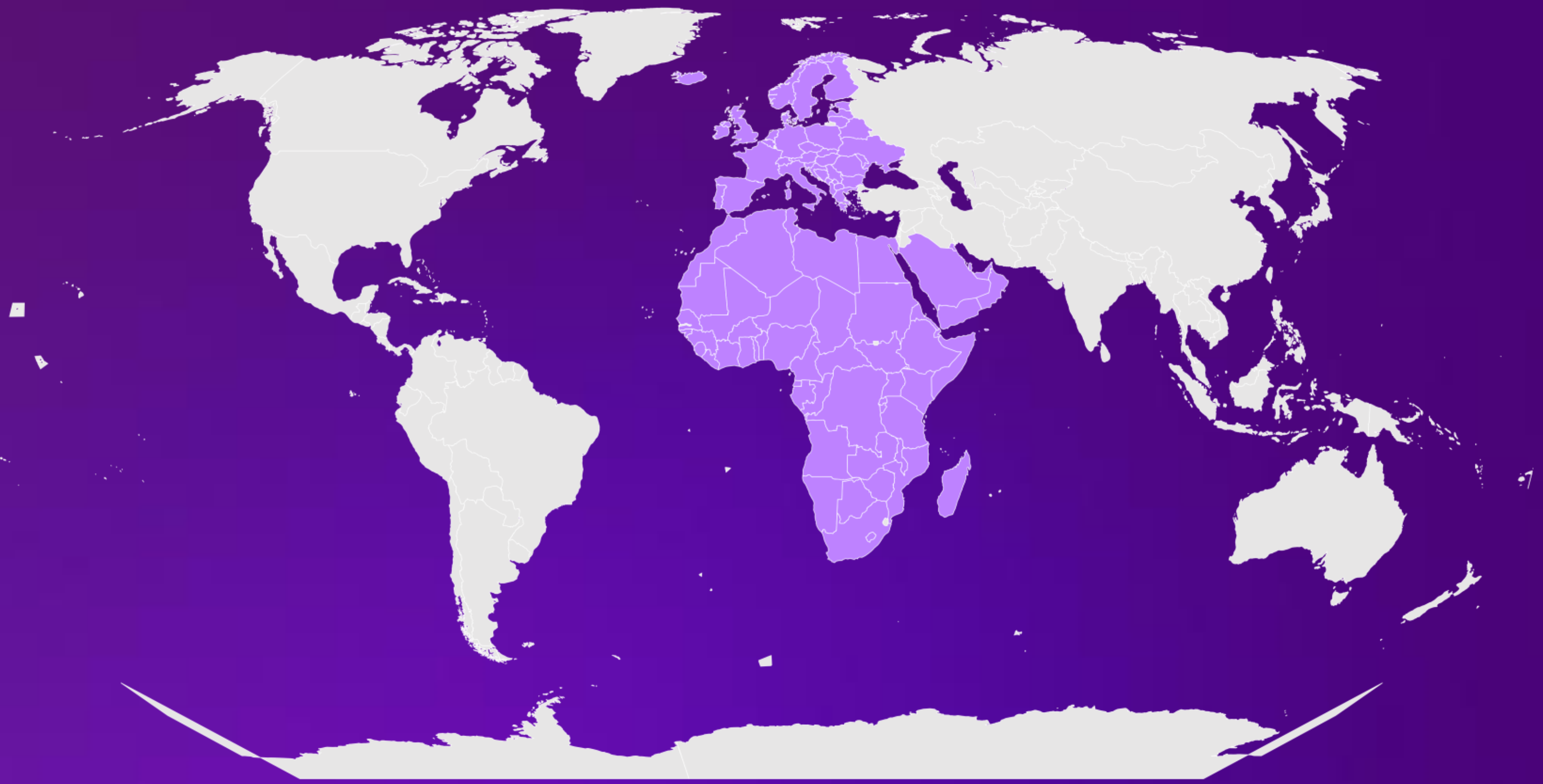


Implications for corporates

- Tariff uncertainty is creating economy-wide friction, delaying U.S. orders, slowing contract renewals, and prompting firms to postpone expansion decisions
- Labor market outcomes are increasingly shaped by this US trade exposure:
  - US-reliant sectors are seeing job losses, while domestically oriented and public-sector roles remain stable
  - this dynamics requires firms to tailor hiring, redeployment, and workforce investment to their specific exposure profile
- US trade exposure also raises the importance of diversifying supply chains and building more agile cost, pricing, and demand strategies

Source(s): Bank of Canada, Statistics Canada, International Monetary Fund, OECD, World Bank Group, Accenture Strategy analysis

Europe, Middle East and Africa

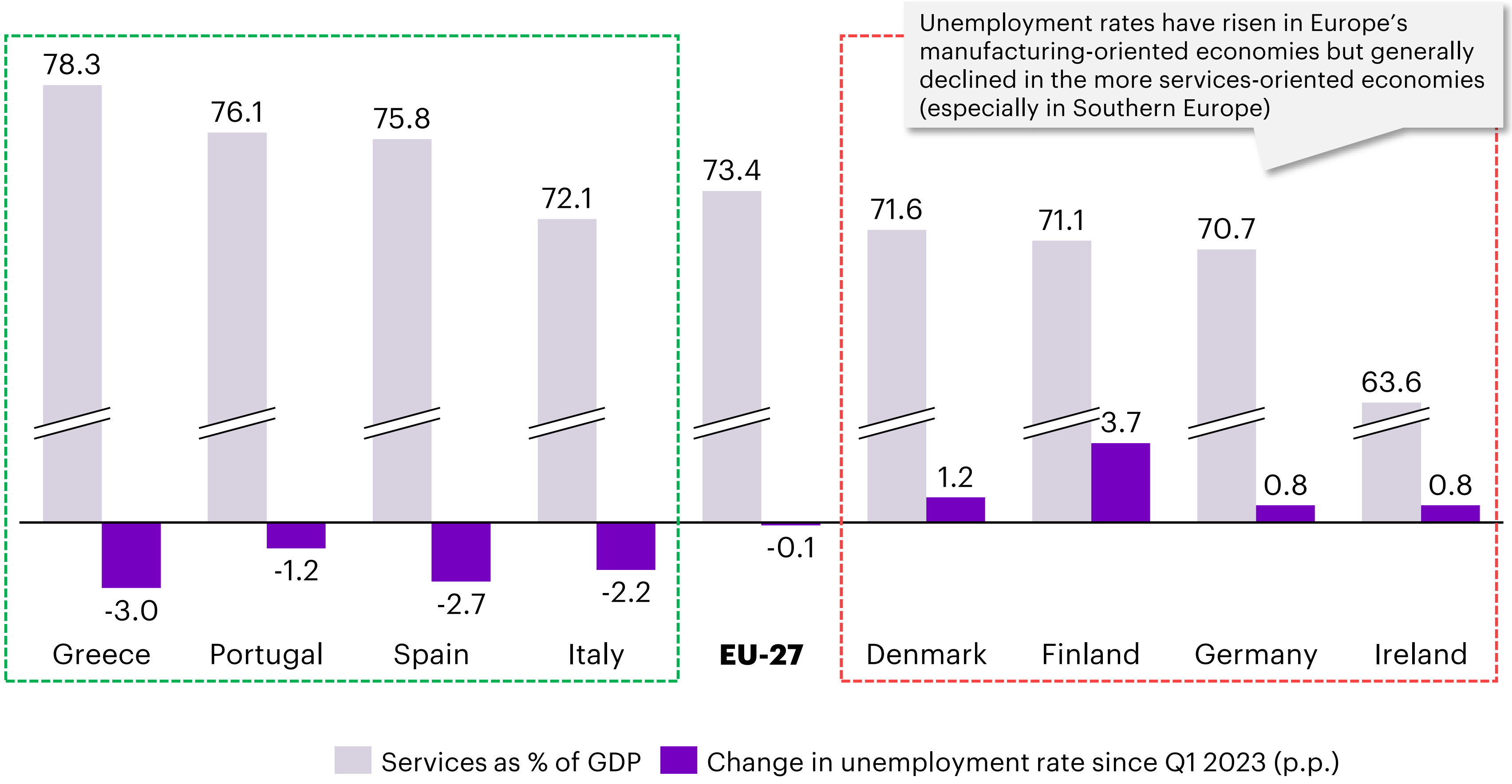


Manufacturing headwinds, slowing hiring, and trade pressures are reshaping employment outcomes across the EU

Diverging European labor markets

Services orientation of EU economies and recent changes in unemployment

Percent of GDP (services share); Percentage points (unemployment rate change)



Implications for corporates

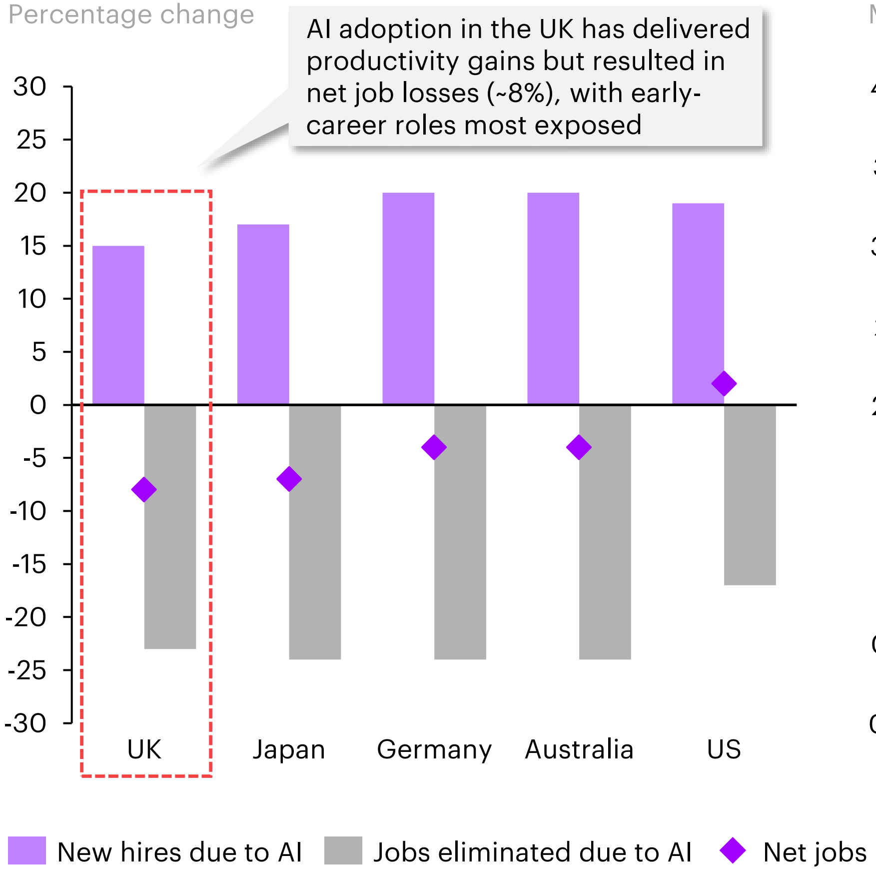
- Labor market divergence across Europe is becoming structural, with services-led economies like Spain outperforming manufacturing-heavy countries such as Germany, where hiring is slowing
- Cost-containment strategies in industrial Europe face rising execution risk, as tariffs, China competition and high energy costs drive restructuring in autos, machinery and metals sectors. This will force firms to:
  - rethink operating models rather than relying on labor cost reductions alone
  - be more selective in hiring and increase reliance on project-based labor to manage uncertainty
- Location is a new strategic lever for talent access, with Southern Europe providing growing pools of services and digital talent, while manufacturing regions struggle to absorb displaced workers – raising transition costs and complicating redeployment strategies

Source(s): Eurostat, Accenture Strategy analysis

AI-driven productivity gains in the UK are coinciding with net job losses and weaker hiring momentum, especially for younger workers

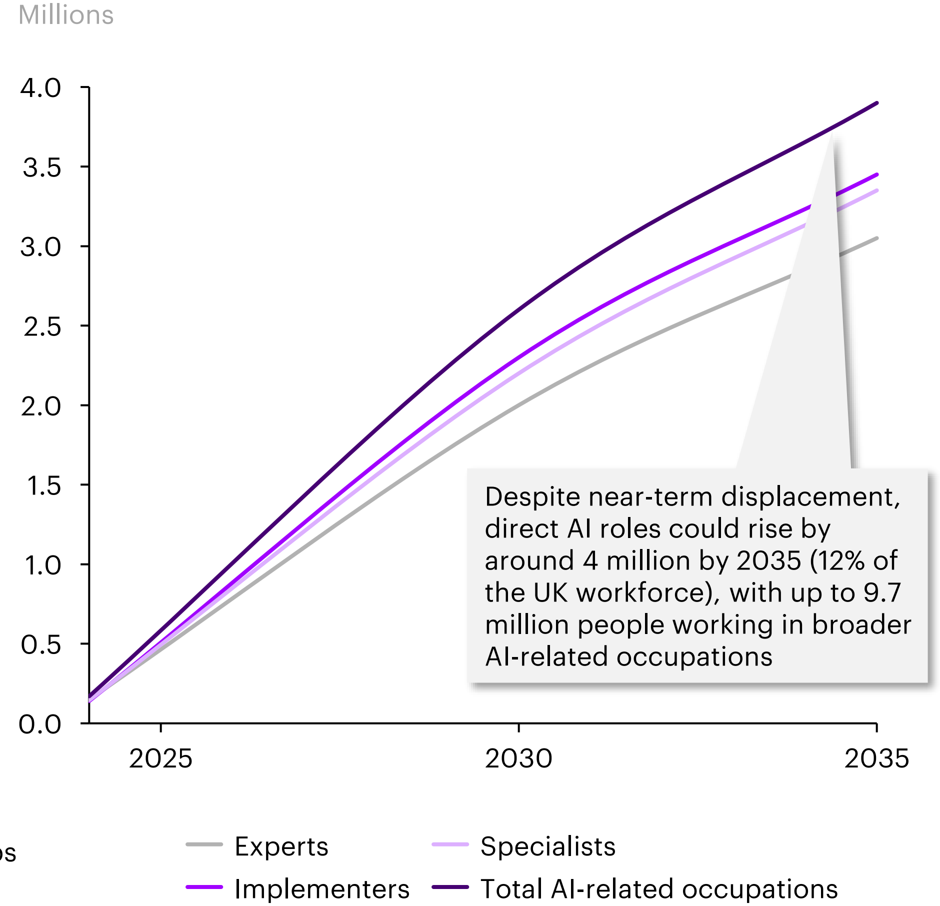
AI impacts on UK labor markets

Global AI impact on jobs in the last 12 months



Note: Based on the survey of 935 corporate executives across examined geographies.

UK employment projections by AI-related occupations



Implications for corporates

- UK firms must prepare for near-term workforce displacement, as AI adoption is driving net job reductions despite improving productivity
- Reskilling and internal mobility become essential, with mid-career workers (2-10 years of experience) forming the primary pool for redeployment into AI-enabled roles
- Workforce transition capability becomes a key differentiator, as long-term growth in AI-related occupations will benefit firms that manage short-term displacement and scale future-skills capabilities
- Financial performance will increasingly depend on how effectively firms convert AI productivity gains into bottom-line outcomes, as job reductions alone do not guarantee margin improvement; value will come from workflow redesign, process integration, and capability uplift

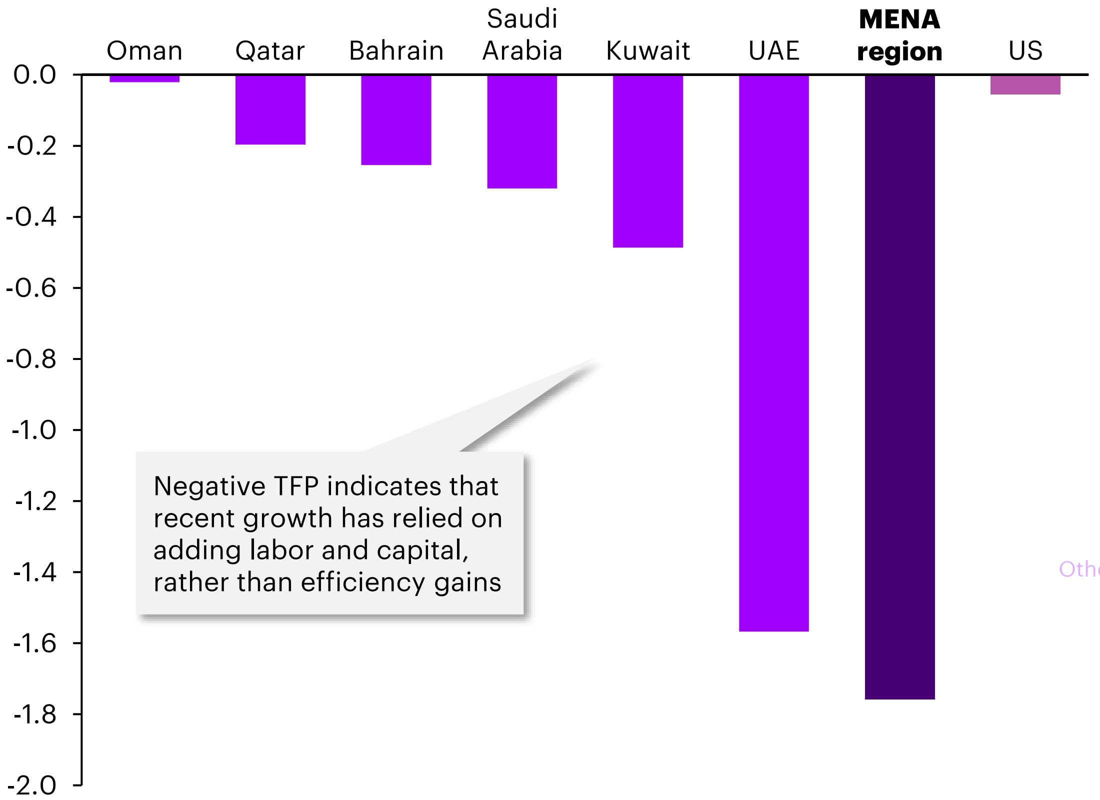
Source(s): Morgan Stanley Research, Warwick Institute for Employment Research, Accenture Strategy analysis

Weak recent productivity trends are forcing Middle Eastern economies to shift from labor-heavy growth agendas towards greater AI adoption and digital transformation

MENA productivity imperative

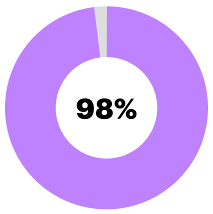
Total Factor Productivity (TFP)[1] growth (2020-2025)

Compound annual growth rates (percent)

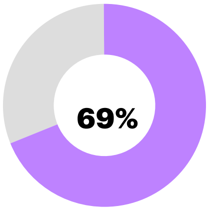


AI adoption snapshot in MENA region

% of respondents

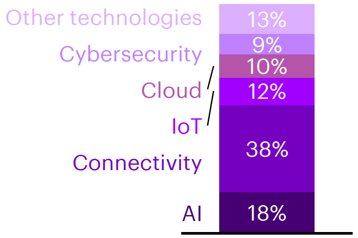


of the surveyed organizations believe that AI will **profoundly transform their businesses**, driving them to prioritize AI-driven initiatives



of firms **plan to invest across the AI value chain** (skills, infrastructure, platforms, edge, data governance) in the next 12-18 months

Note: Based on the survey of ~200 companies in Saudi Arabia and UAE.



In the GCC, **AI represents the second largest area** of companies' planned digital investments through 2030 (18%), ahead of IoT cloud and cybersecurity

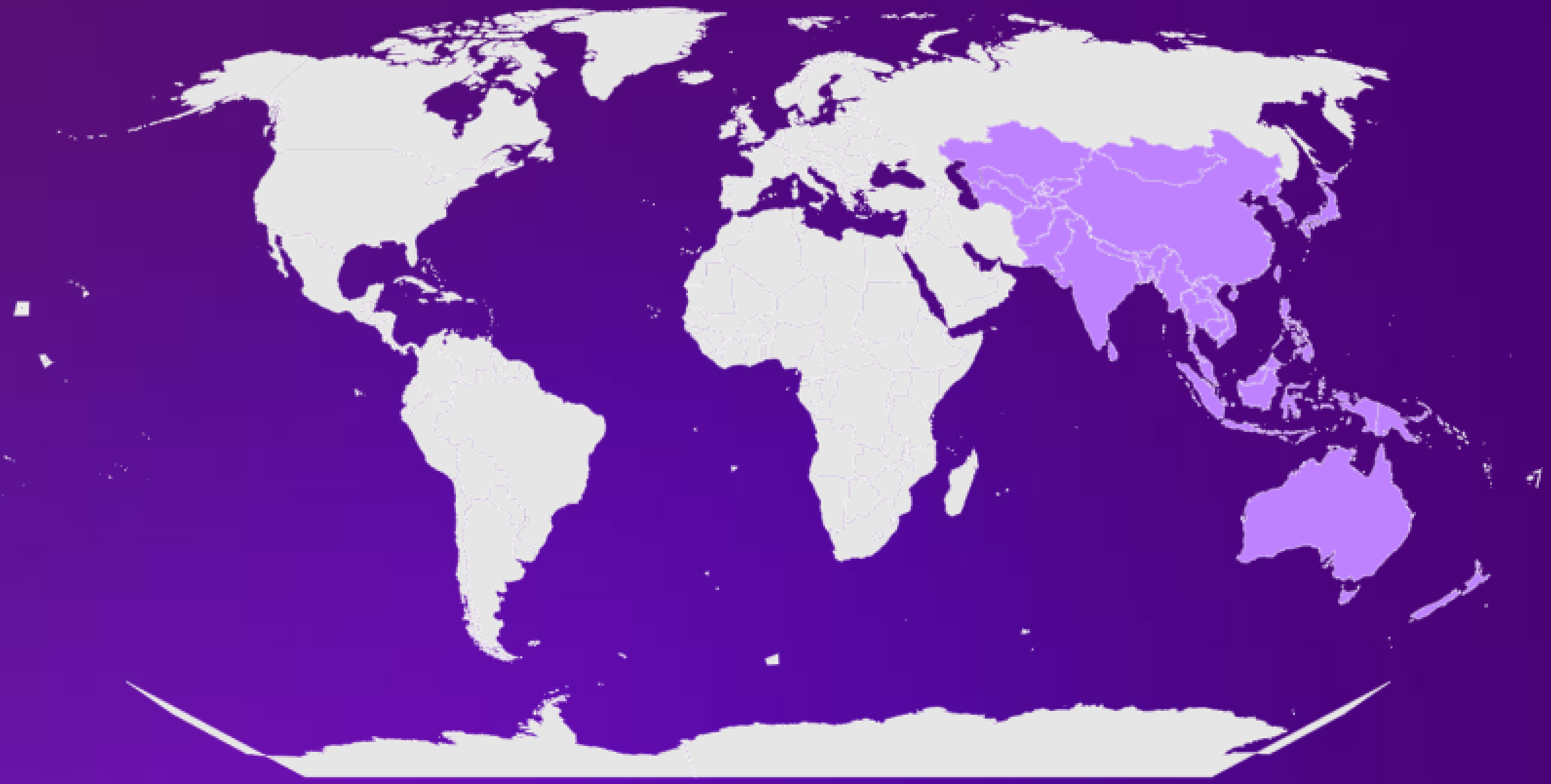
Note: Based on the survey of ~850 companies in 8 MENA countries.

Implications for corporates

- Headcount-led growth is reaching its limits in MENA countries, as negative recent productivity growth highlights diminishing returns from labor-intensive models and raises the urgency for efficiency gains
- AI adoption is becoming essential to lift efficiency, shifting focus from job creation toward role redesign and workforce transitions
- Talent strategy becomes critical, as high mobility, reliance on expatriates and rising competition tighten access to skills
- Competitive pressure to scale AI capabilities will intensify, as broad-based investment across the AI value chain raises the minimum bar for operational performance and innovation in the region
- AI governance, data quality, and readiness become strategic differentiators, requiring stronger control frameworks and cross-functional coordination

Note: 1/ Total factor productivity measures how efficiently a business, industry, or entire economy turns inputs (like labor and machinery) into outputs. It therefore captures the combined contributions of factors such as technology, workforce skills and IT capital.
Source(s): The Conference Board, AWS survey, GSMA Intelligence survey, Accenture Strategy analysis

Asia Pacific

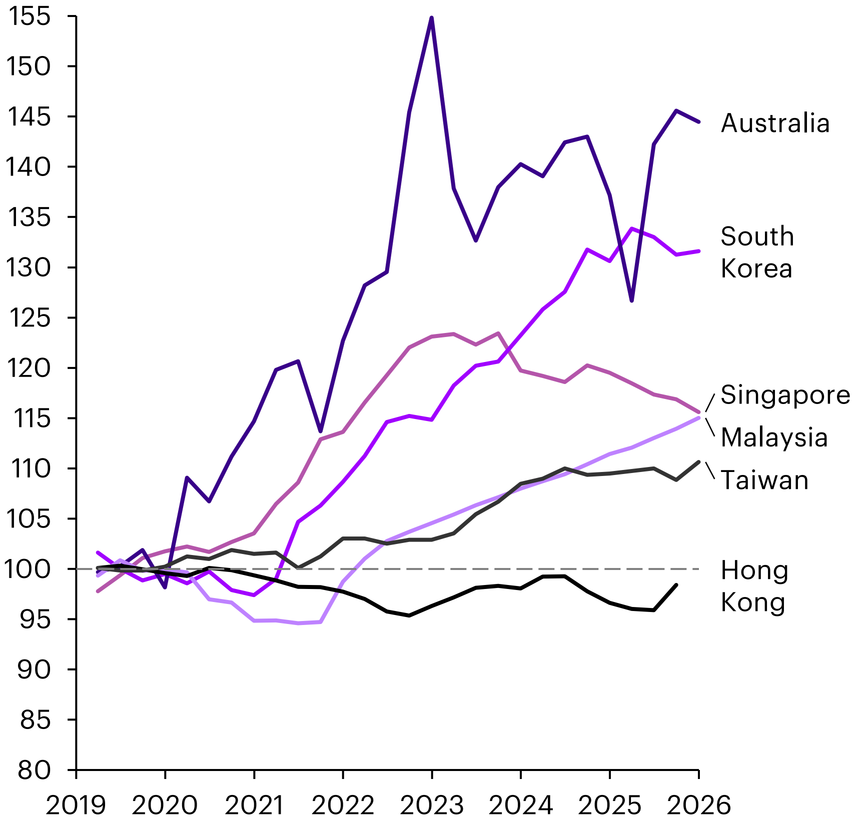


AI-led ICT expansion is reshaping APAC labor markets, widening tech talent shortages even as manufacturing employment softens

Divergence in APAC ICT and manufacturing sectors

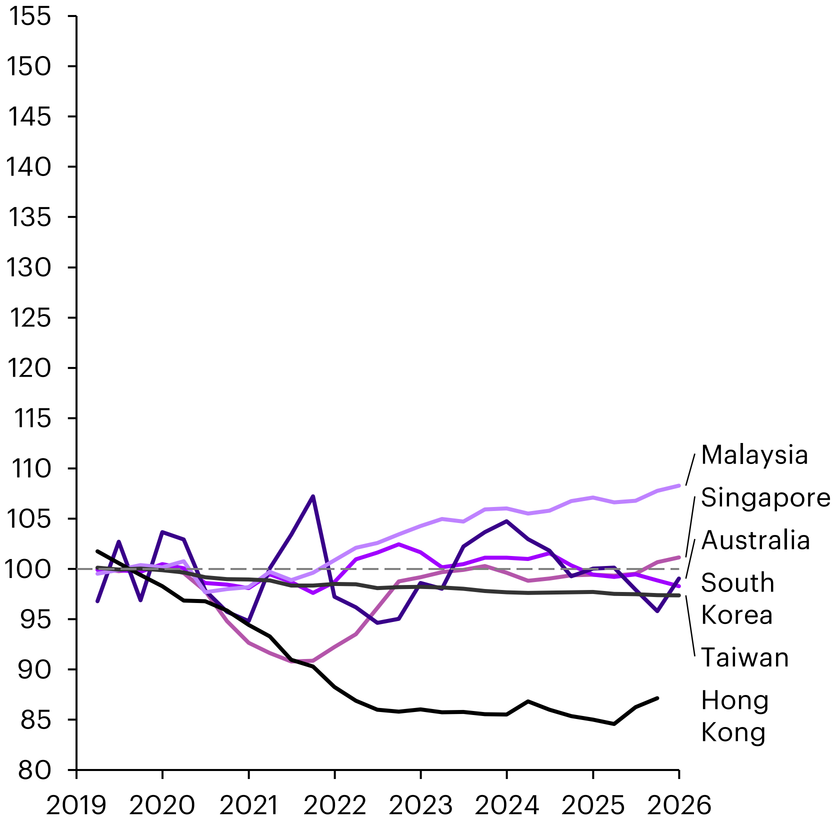
Booming ICT jobs

Information and communications jobs (2019=100)



Manufacturing slows amid competitive pressure

Manufacturing jobs (2019=100)



Implications for corporates

- Tech talent shortages remain structural rather than cyclical—80 to 88% of employers in markets such as Singapore, Hong Kong and India report difficulty hiring AI/tech/data talent, suggesting wage pressure in ICT roles
- AI investment is concentrated in digitally-competitive markets, where strong AI readiness is accelerating enterprise adoption, intensifying competition for scarce AI and data skills
- Manufacturing weakness is not easing ICT tightness, as skill mismatches limit labor reallocation; reskilling and internal capability building become critical
- In addition to weaker global demand, price competition from Chinese exports is weighing on regional manufacturing employment
- Overall, labor markets in APAC are bifurcating—cost relief in traditional sectors may be offset by persistent compensation pressure in AI and data-intensive functions

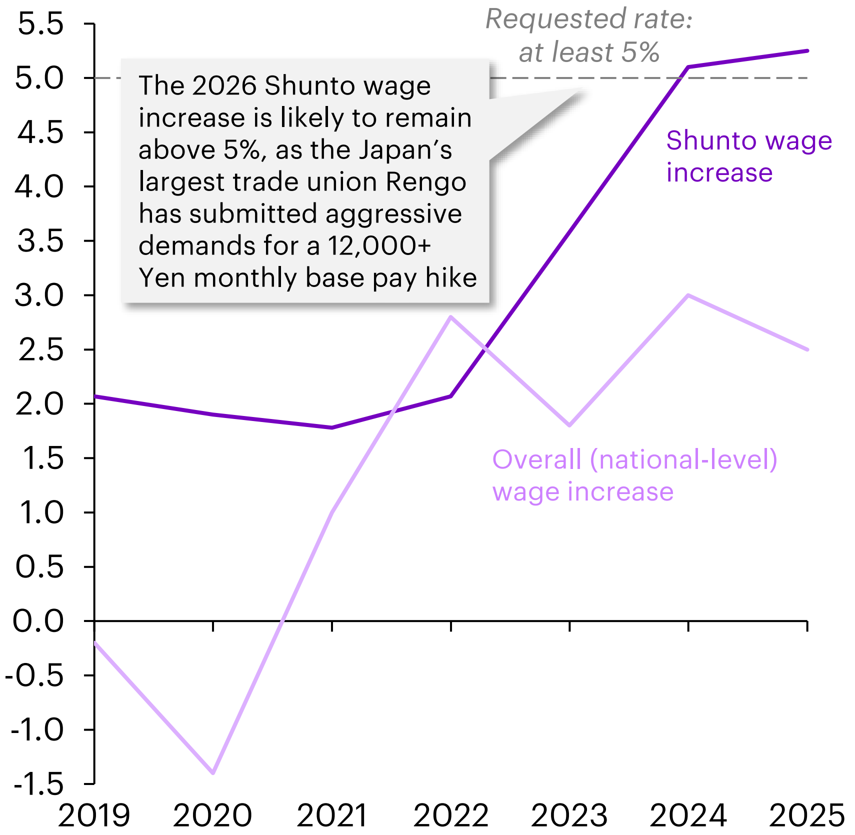
Note: Australia ICT jobs data is based on “Computer System Design & Related Services” jobs.
Source(s): National statistical agencies, Haver Analytics, Accenture Strategy analysis

Rising labor shortages in Japan are driving recent wage increases, as workers still hold significant bargaining power in the context of demographic pressures

Wage increases and labor shortages in Japan

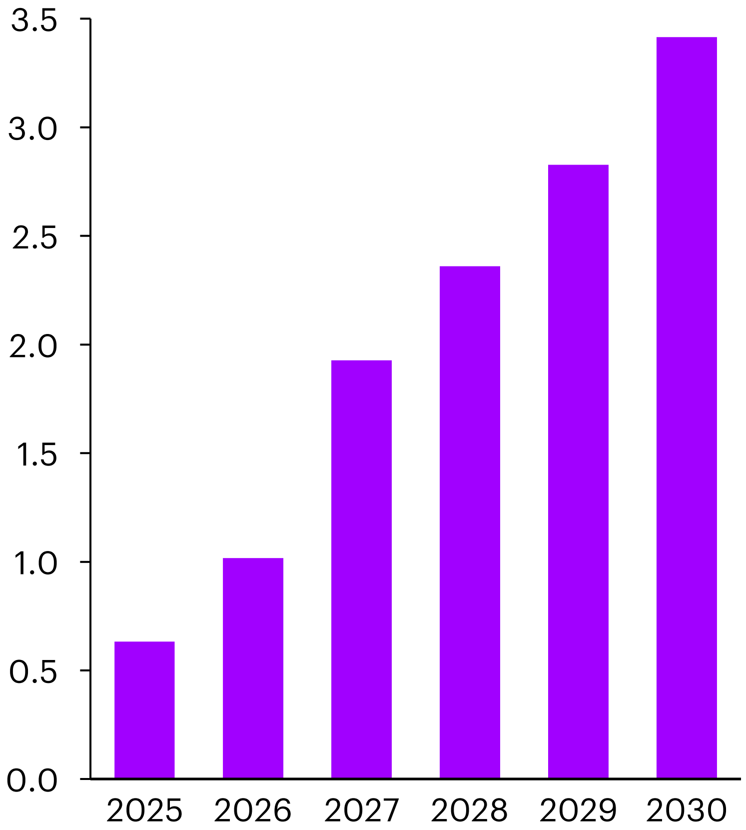
Recent nominal wage increases

Percent change %, year-over-year



Projected labor shortages in Japan

Million people



Implications for corporates

- Cost-control strategies premised on wage stagnation in Japan are no longer viable, as market pressure for wage increases is rising even in low-growth macro conditions
- Companies that rely on implicit loyalty, seniority pay, or limited external mobility assumptions face talent leakage, as bargaining power is shifting toward workers
- Capital allocation decisions should explicitly treat automation as a labor risk mitigation tool, as firms are redesigning jobs to reduce reliance on scarce labor categories rather than to maximize output per worker
- Human capital strategy becomes a core competitive differentiator in Japan, with strategies to attract foreign, elderly and female talent become more critical in filling labor gaps

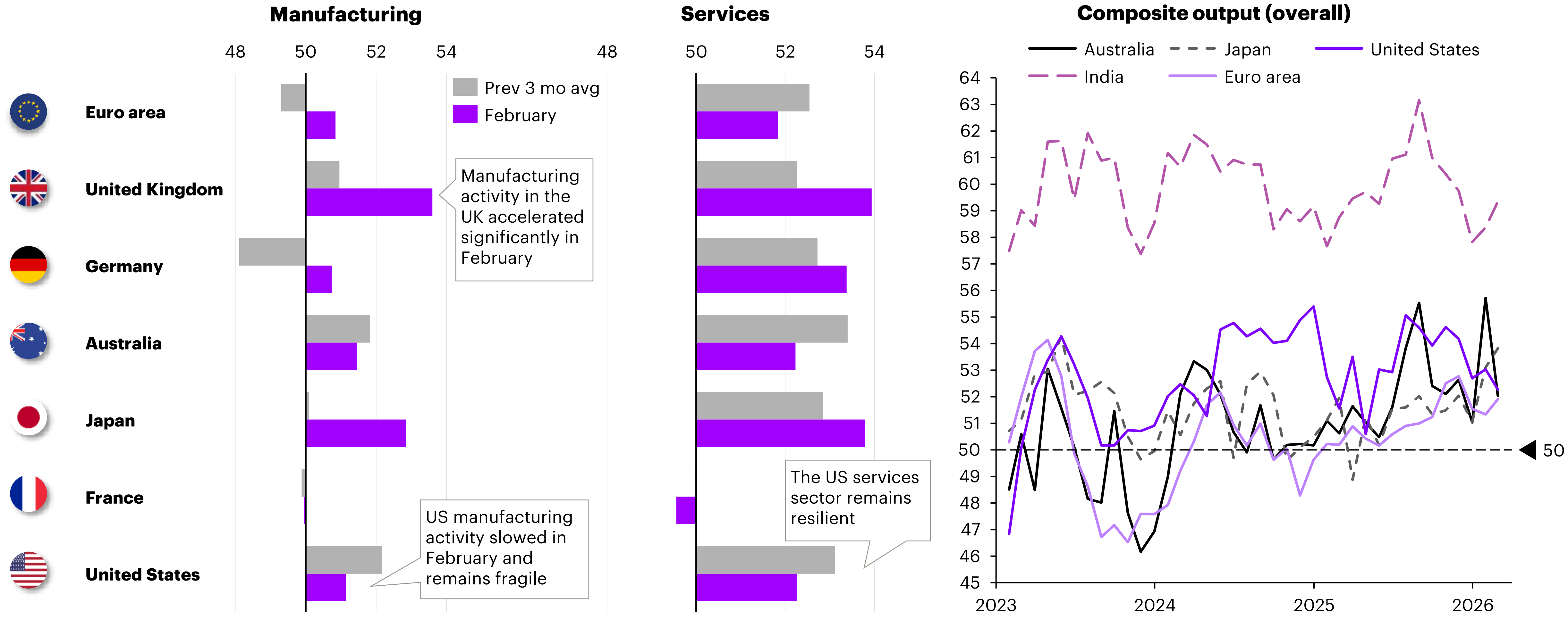
Note: Shunto is Japan's annual coordinated spring wage negotiations, led by Rengo, the country's largest national trade union federation.
Source(s): Dai-ichi Life Research Institute, The Japan Institute for Labour Policy and Training, Recruit Holdings, Accenture Strategy analysis

Economic indicator chart pack

Regional and industry activity

Provisional February data suggests manufacturing activity improved modestly in Europe and Japan, while services activity remains broadly stable across most major economies

February Flash PMI survey



Notes: A survey score above 50 indicates expansionary business activity and a score below indicates business activity contracted that month, most recent results may include preliminary flash figures

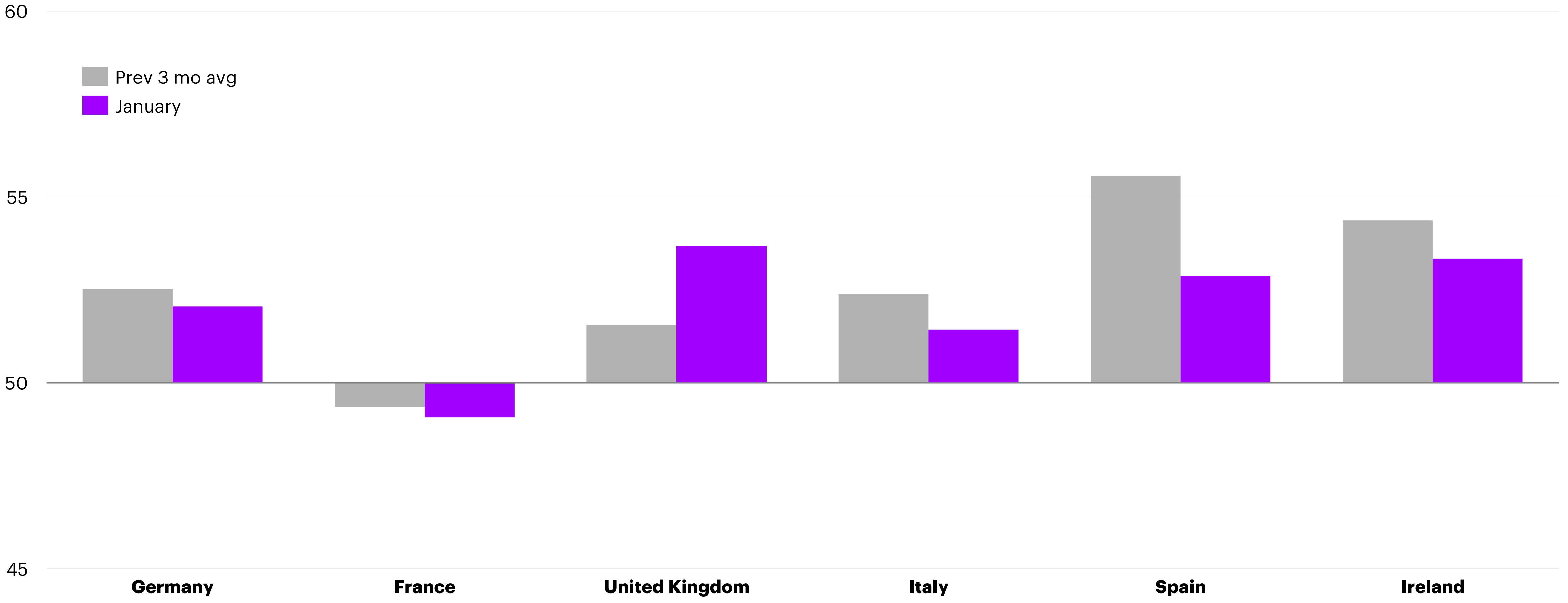
Sources: S&P Global, Accenture Strategy analysis

Europe's overall business activity was mostly positive in January, led by the UK, while France's performance continues to deteriorate

Regional performance: Europe

Output/activity country performance

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



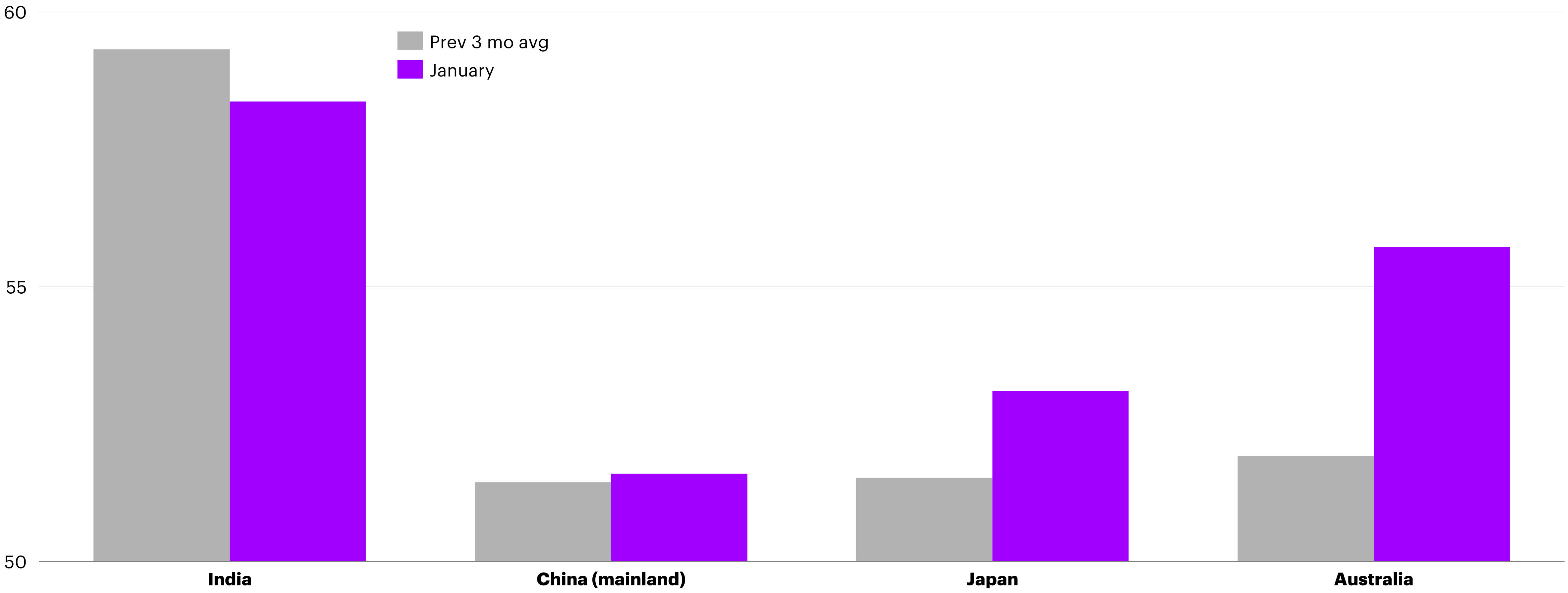
Sources: S&P Global, Accenture Strategy analysis

Business activity remained relatively healthy in January across most Asia Pacific economies, with Australia and Japan seeing strong acceleration from prior months

Regional performance: Asia-Pacific

Output/activity country performance

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



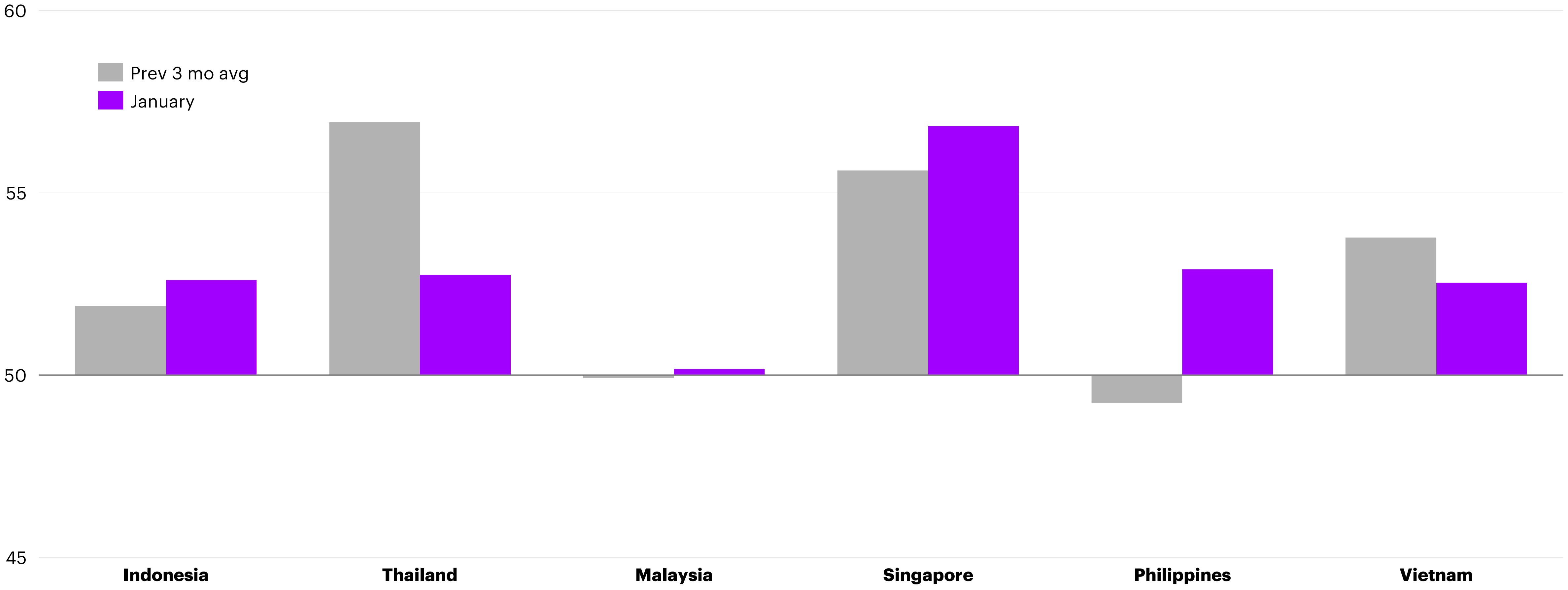
Sources: S&P Global, Accenture Strategy analysis

Across Southeast Asia, manufacturing momentum remains strong in Singapore, with some acceleration in Indonesia and the Philippines

Regional performance: Southeast Asia

Manufacturing performance

Jan'26 vs Previous 3 Month Average, Manufacturing Output



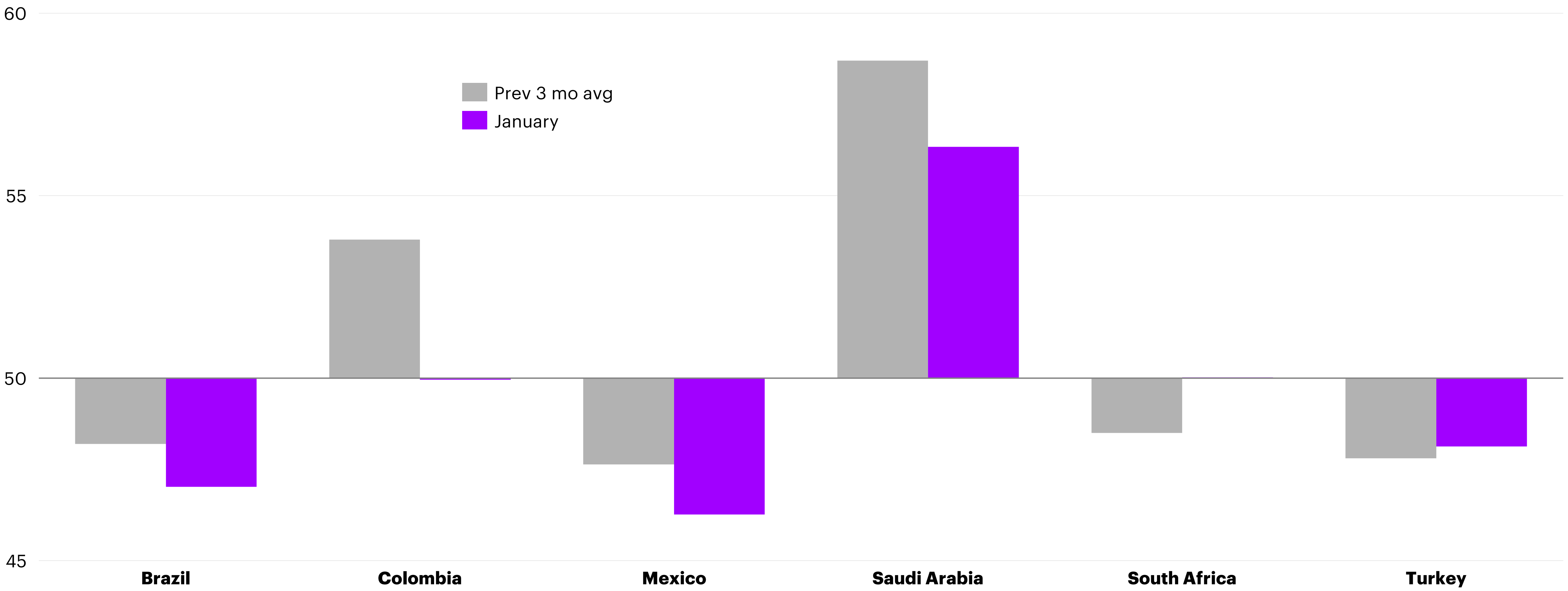
Notes: Performance for Singapore covers the whole economy
Sources: S&P Global, Accenture Strategy analysis

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

Regional performance: Other emerging markets

Manufacturing performance

Jan’26 vs Previous 3 Month Average, Manufacturing Output



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

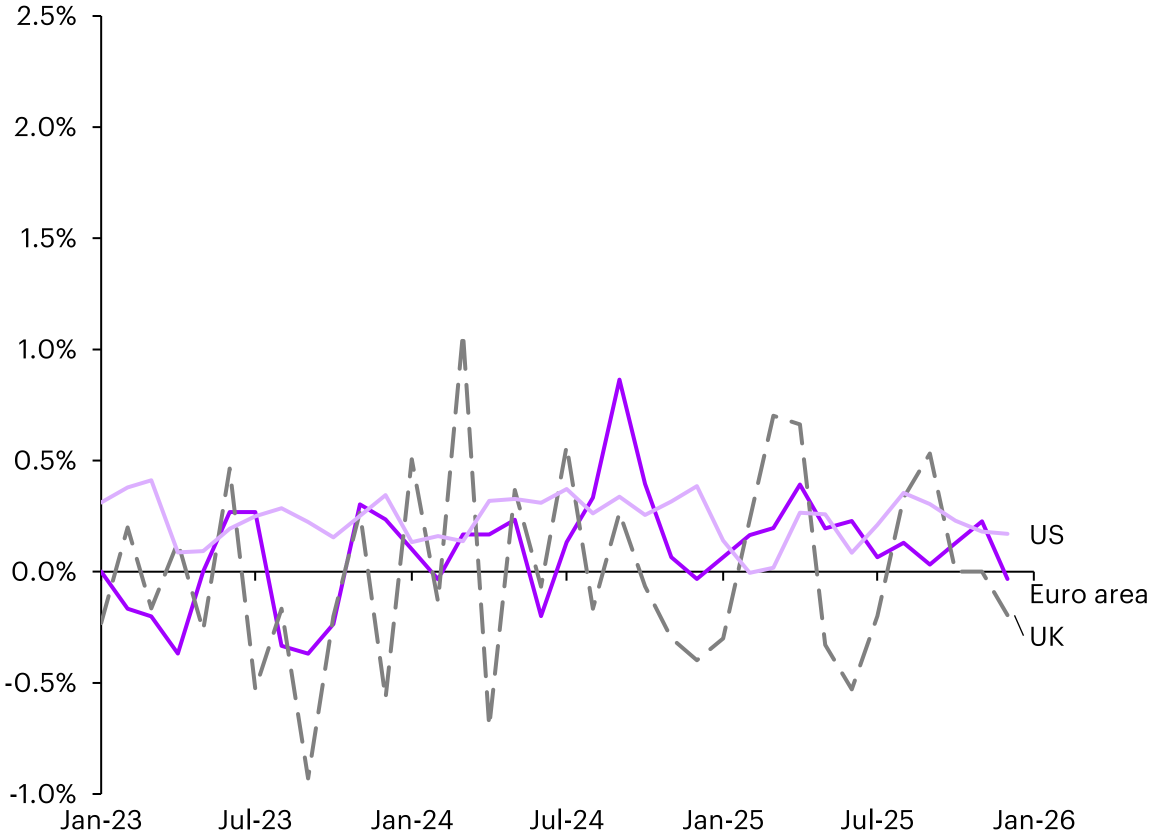
Consumer spending

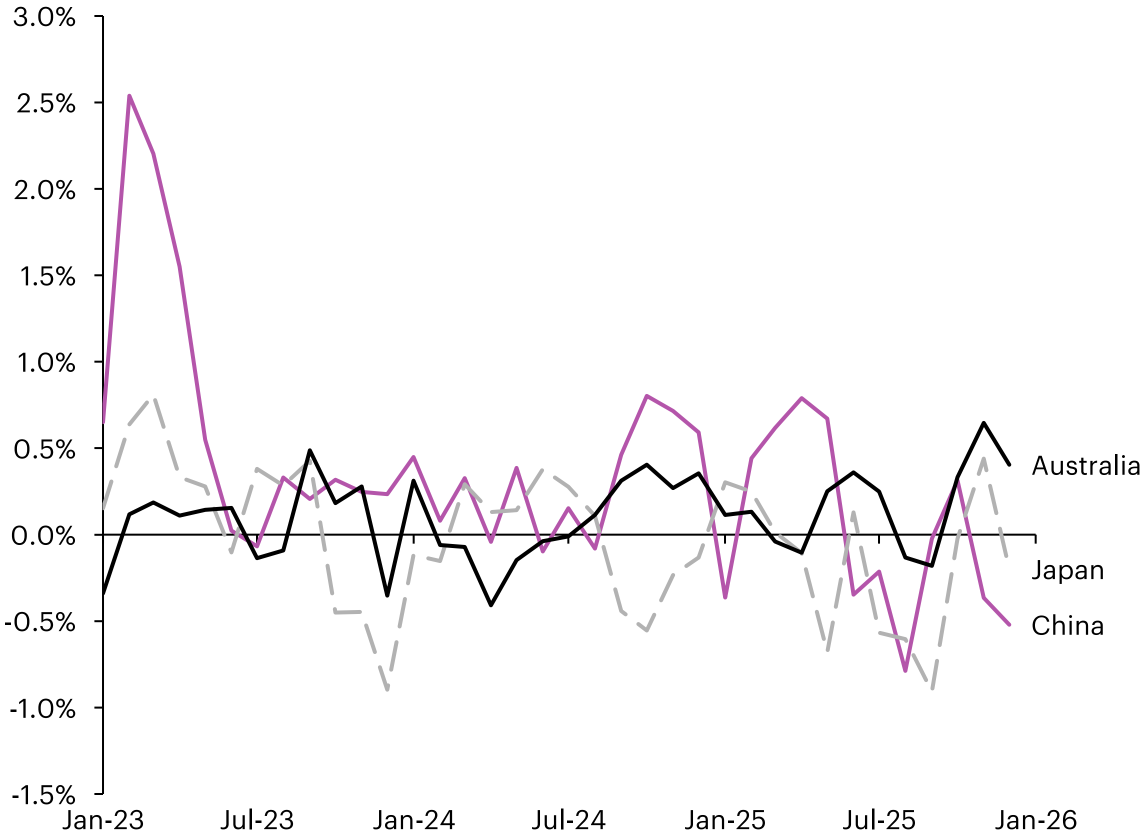
Consumer spending in major economies remains subdued overall, with notable recent weakening in China and Japan

Consumer spending trends

Real consumer spending across major economies

3-month moving average % change



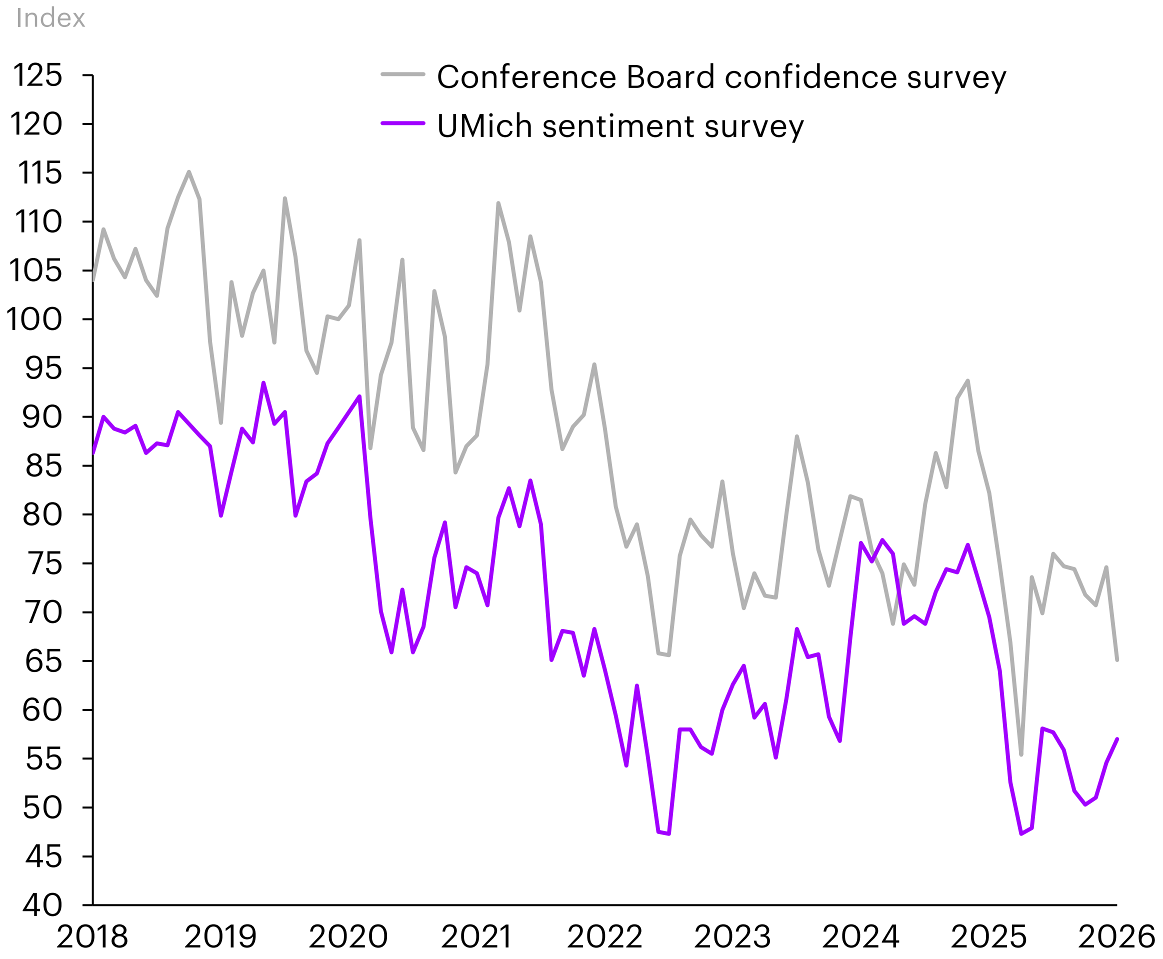


Notes: Consumer spending series for US is personal consumption expenditures (PCE); for Euro Area, UK, Canada, Japan, Australia, and China series data is retail sales. Charts updated till latest available data, Europe, US, Australia Nov ’25, UK, China, Japan Dec ’25.
Sources: Reuters, BEA, BLS, Eurostat, ONS, Haver analytics, Accenture Strategy analysis

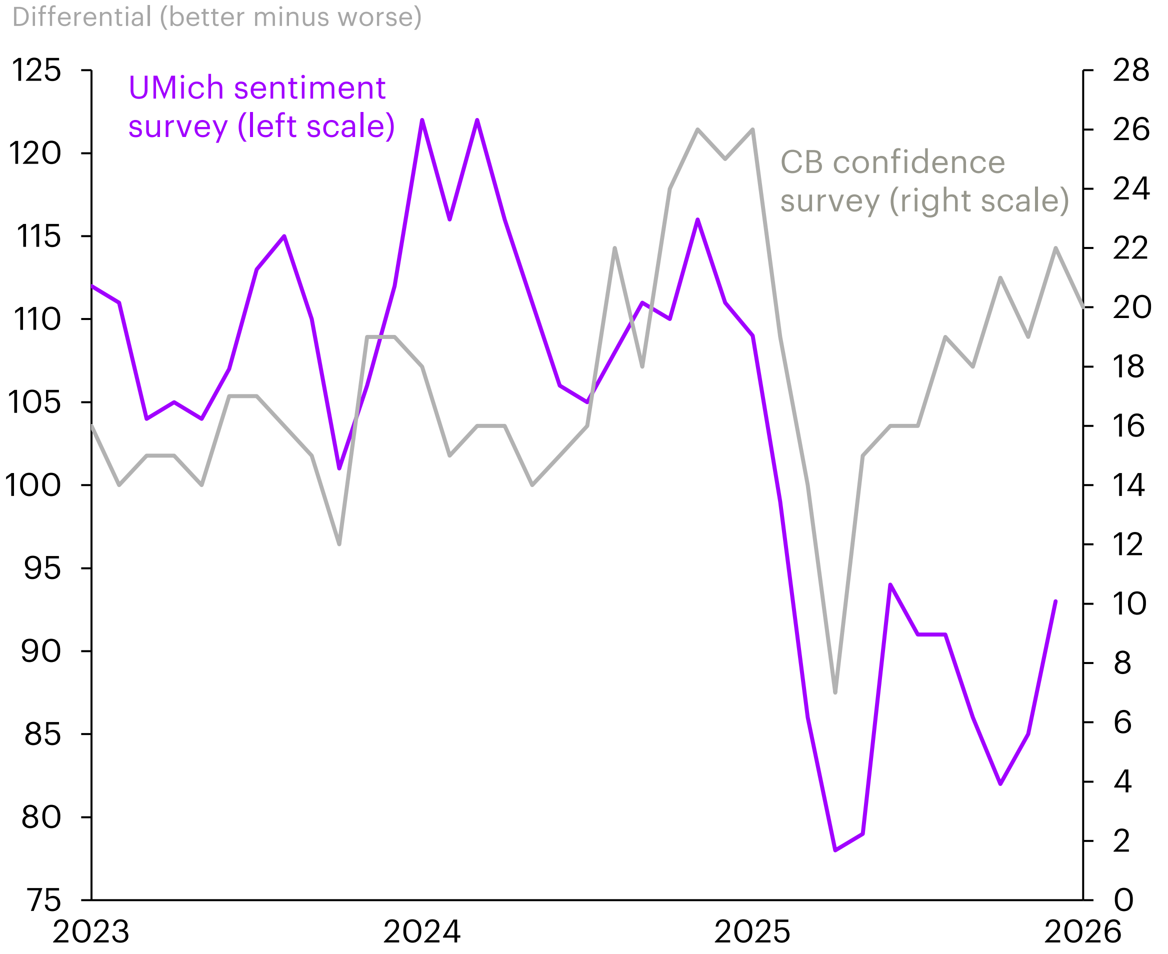
US consumer sentiment remains weak and household finance expectations still close to multi-year lows

Consumer sentiment

Consumer expectations of economic conditions



Expected change in household financial situation 6-12 months ahead



Sources: Univ of Michigan, Conference Board, Accenture Strategy analysis

Category-level spending shows mixed but modest improvement, with pockets of strength in consumer goods and services led by the US

Consumer spending trends by goods and services category

		US		UK		Germany		France	
		Prior 6 months	Latest monthly change	Prior 6 months	Latest monthly change	Prior 6 months	Latest monthly change	Prior 6 months	Latest monthly change
Goods	Groceries	0.5%	0.1%	0.6%	0.1%	-0.7%	-0.9%	0.9%	0.0%
	Motor vehicles	-2.3%	1.6%	1.8%	14.9%	0.6%	-2.0%	1.4%	0.5%
	Furniture	-1.5%	0.2%	3.4%	1.0%	0.4%	-0.6%	-0.7%	1.6%
	Electronics	4.7%	0.5%	8.4%	3.6%	2.4%	-2.4%	6.6%	-3.0%
	Footwear & apparel	3.4%	1.3%	5.2%	-0.7%	-0.4%	0.5%	-1.7%	-0.2%
	Fuel	0.1%	1.9%	-4.9%	1.0%	-1.9%	0.9%	0.8%	-0.5%
Services	Transportation	1.9%	-0.3%	1.9%	2.0%	0.6%	-2.6%	0.2%	-1.4%
	Entertainment	2.0%	0.6%	0.3%	-1.9%		n/a	-0.6%	-3.4%
	Dining out and hotels	1.3%	0.4%	1.1%	1.2%	-2.2%	2.5%	-0.1%	0.6%
	Information services	1.9%	-0.2%	-0.1%	-0.5%	2.6%	-1.8%	0.3%	-1.7%
	Telecom	1.9%	-0.1%	-1.2%	-1.6%	1.0%	-0.6%	-3.0%	-2.6%

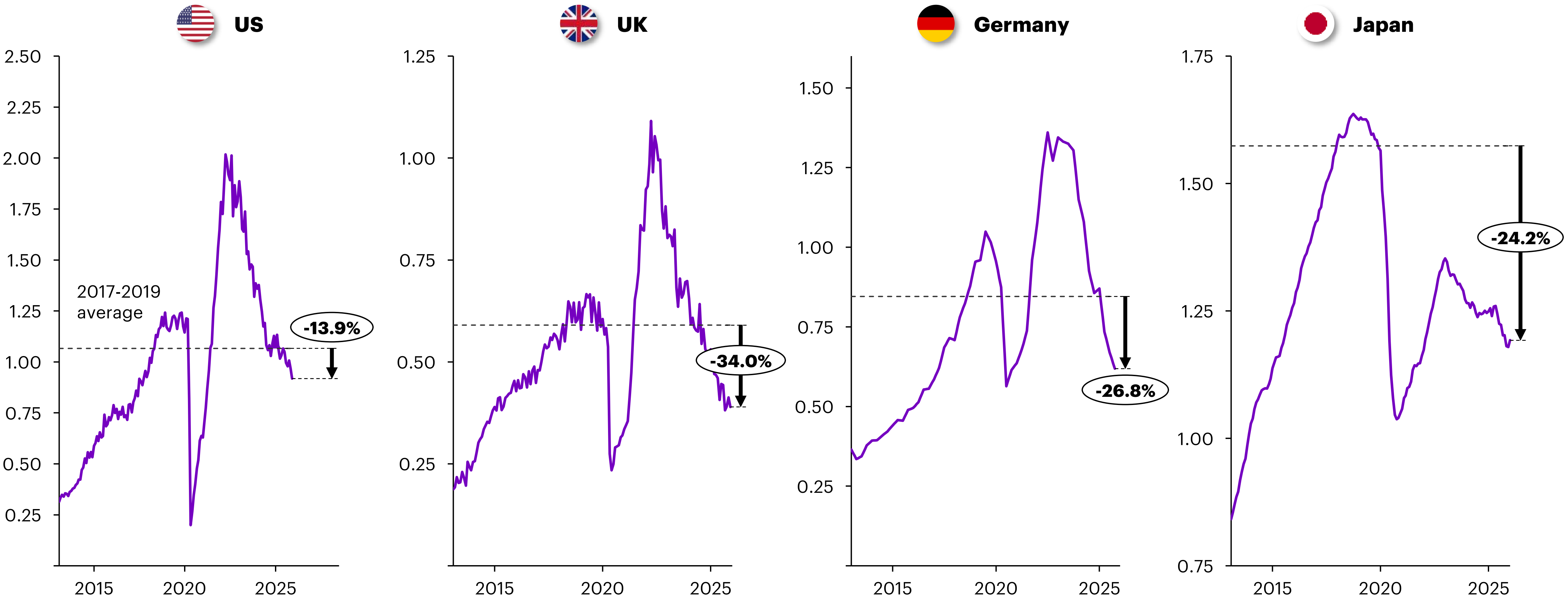
Notes: (1) Spending figures are inflation-adjusted. (2) Consumer spending series for US is personal consumption expenditures (PCE); for Euro Area and UK, series data is retail sales, motor vehicles sales/registrations, and services turnover. (3) Some European services data may include B2B spending. (4)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

Labor markets

Labor market tightness continues to ease across advanced economies, with sharp declines in the UK and Germany and the US and Japan remaining below pre-pandemic levels

Labor market tightness

Job vacancies per unemployed person

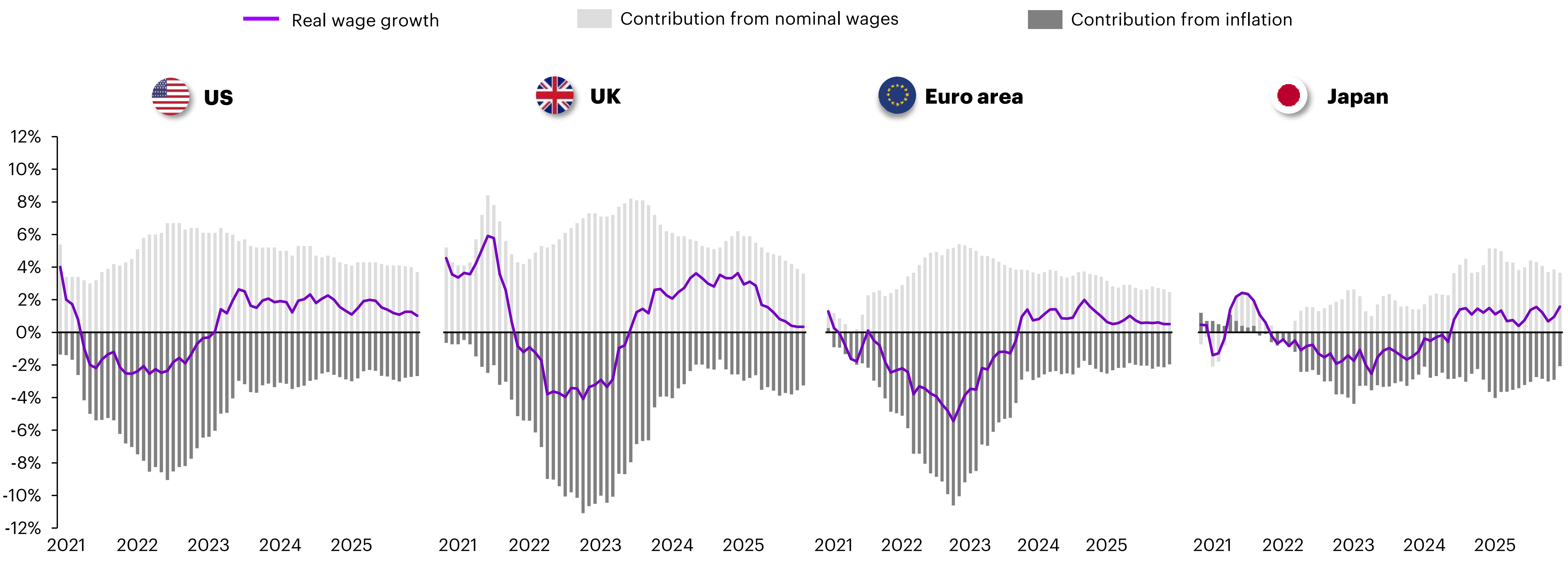


Sources: BLS, ONS, Eurostat, Euronews, Accenture Strategy analysis

Real wage momentum remains subdued across major economies, with inflation continuing to weigh on gains

Wage growth developments

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

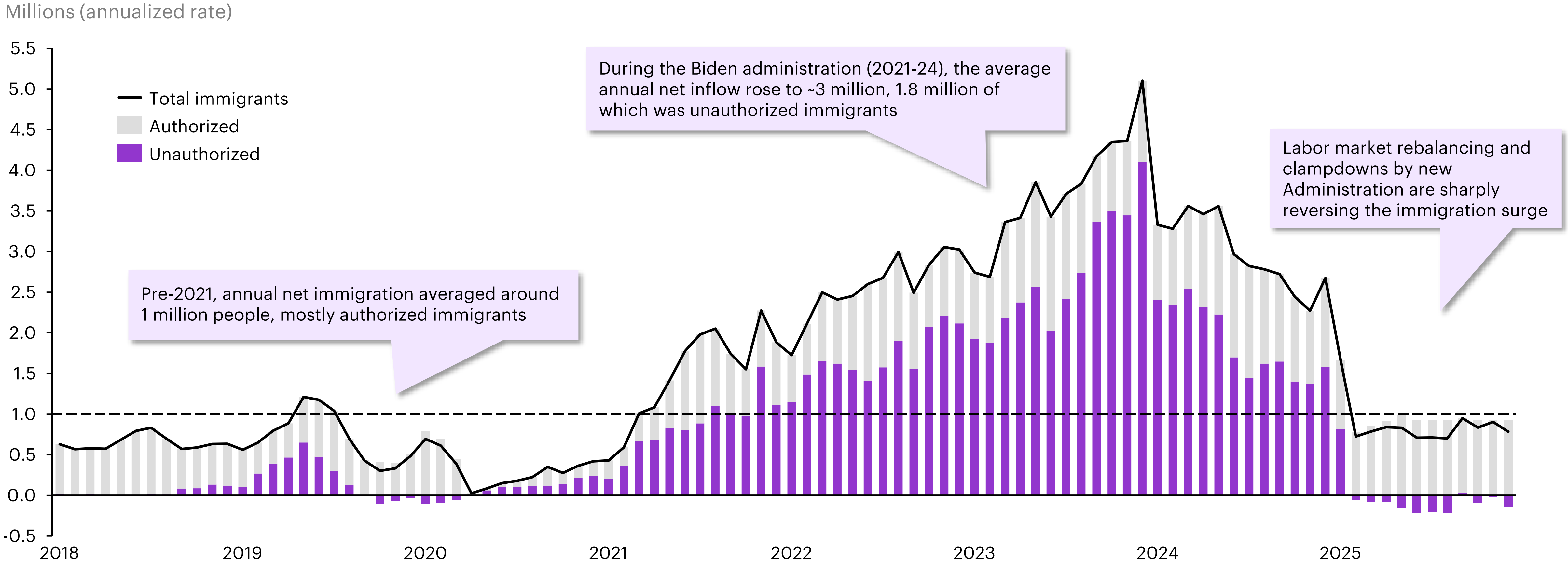


Notes: (1) Data for US and Euro area updated till Dec '25 (2) Data for UK and Japan updated till Nov '25
Sources: BLS, ONS, Eurostat, Accenture Strategy analysis

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

Net immigration flows to the US

Estimated monthly net immigration by category



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

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

Inflation

Headline inflation eased across most major economies in January, with some exception in faster-growth markets such as India

CPI inflation rates and trends

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

Country	YoY Inflation Rate January 2026	Change from previous month's rate (percentage points)	
United States	2.4%	-0.3%	↓
United Kingdom	3.0%	-0.3%	↓
Canada	2.3%	-0.1%	↓
Germany	2.0%	-0.6%	↓
France	0.7%	-0.1%	↓
Italy	1.3%	0.2%	↑
Spain	3.1%	-0.1%	↓

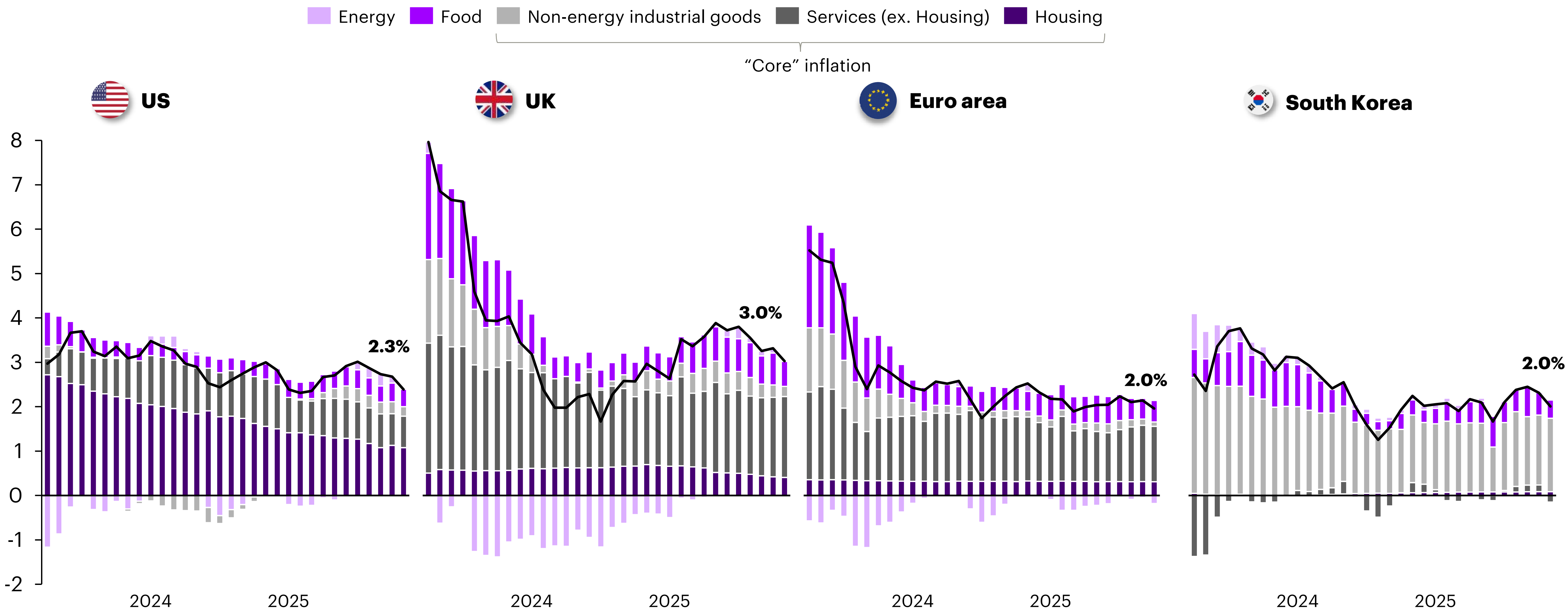
Country	YoY Inflation Rate January 2026	Change from previous month's rate (percentage points)	
China	0.2%	-0.6%	↓
Japan	1.5%	-0.6%	↓
Brazil	4.4%	0.2%	↑
India	2.7%	1.6%	↑
Singapore	1.2%	0.0%	-
Korea	2.3%	0.0%	-

Note: Germany, France, Italy and Spain data is for December '25
Sources: BLS, ONS, Eurostat, Accenture Strategy analysis

Goods price pressures linked to tariffs remain evident, while services and housing costs continue to underpin sticky core inflation across major economies

Drivers of recent CPI inflation

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

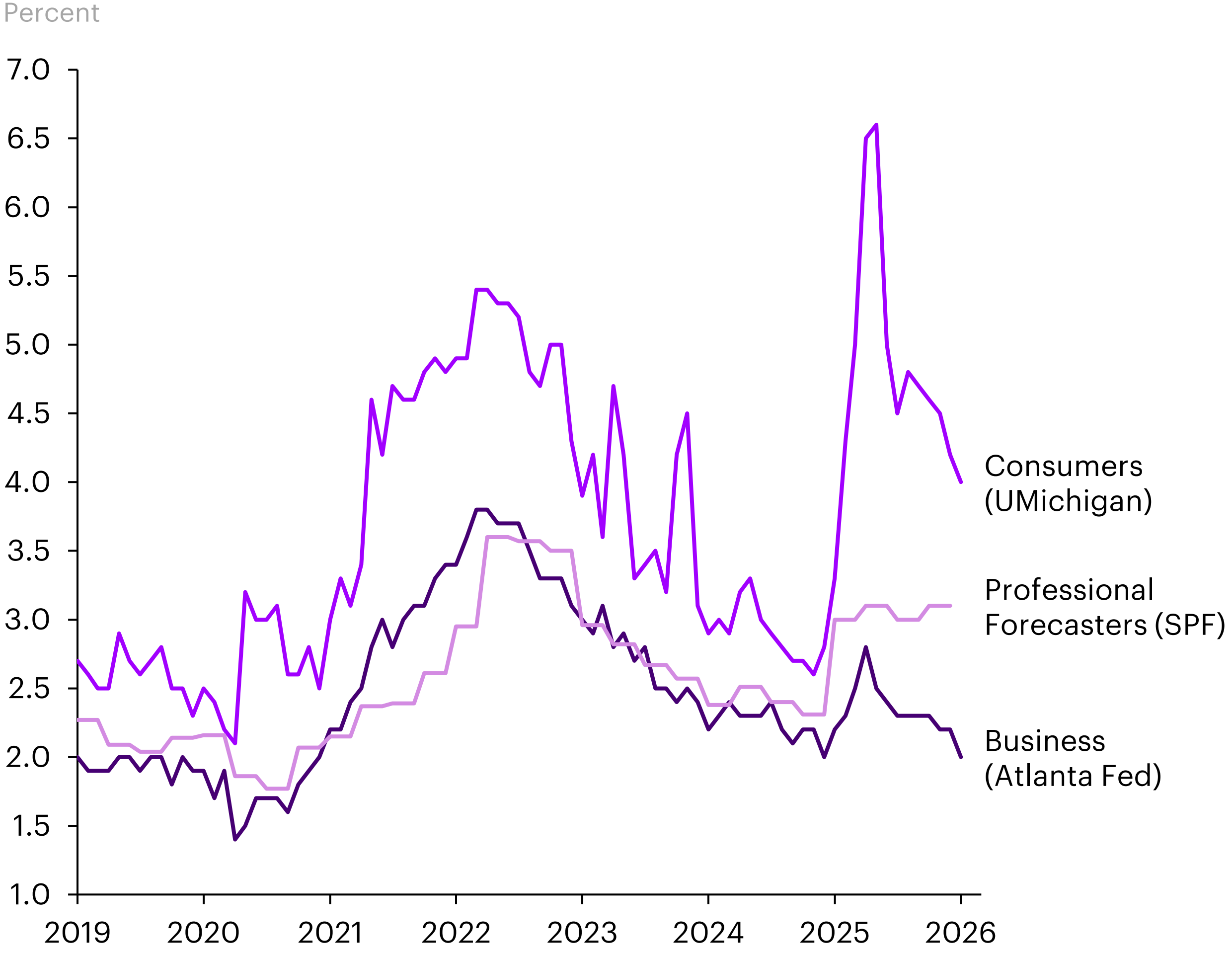


Sources: BLS, ONS, Eurostat, Accenture Strategy analysis

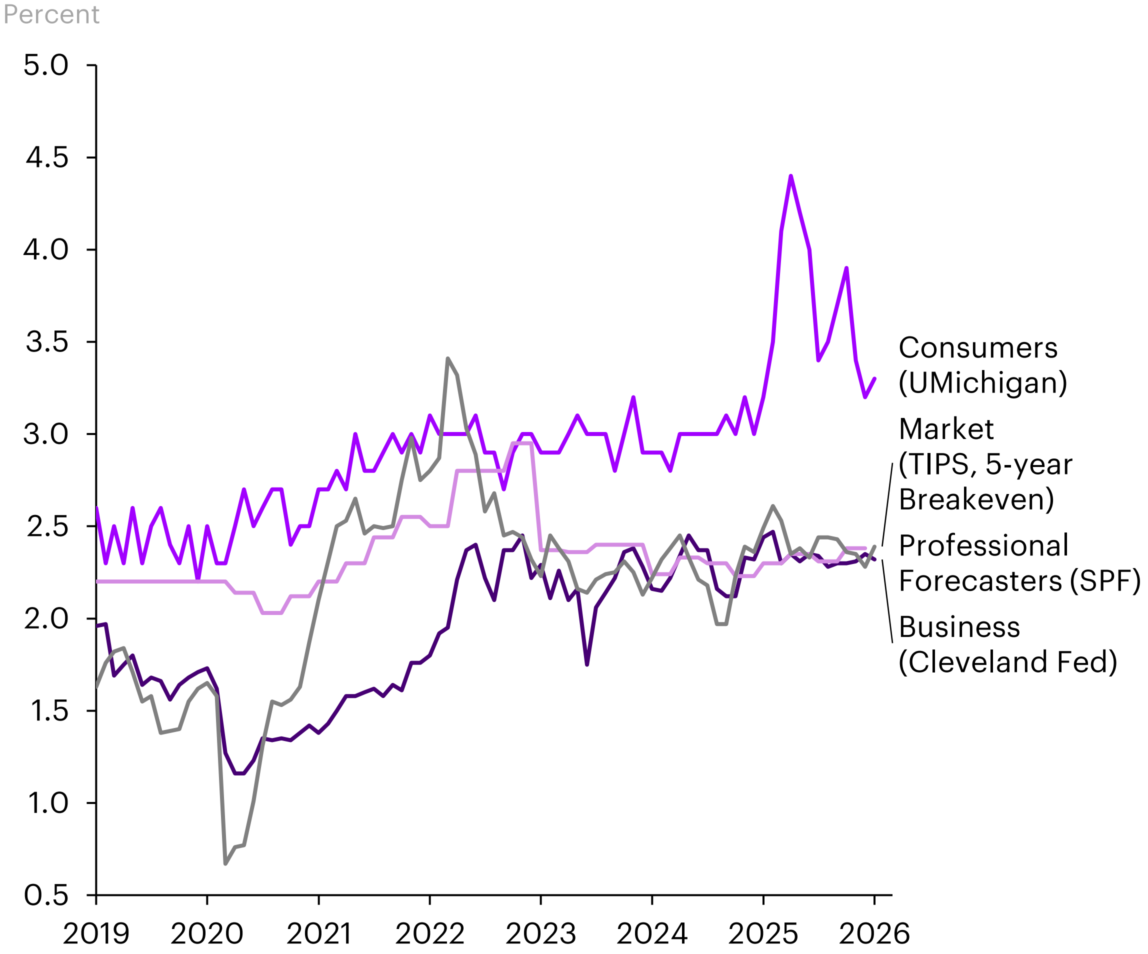
Near-term US inflation expectations have eased somewhat, though longer-term expectations (particularly among consumers) remain elevated

Inflation expectations for next 12 months and longer-term

Inflation expectations of different economic agents: 1 year ahead



Inflation expectations of different economic agents: 5-10 years

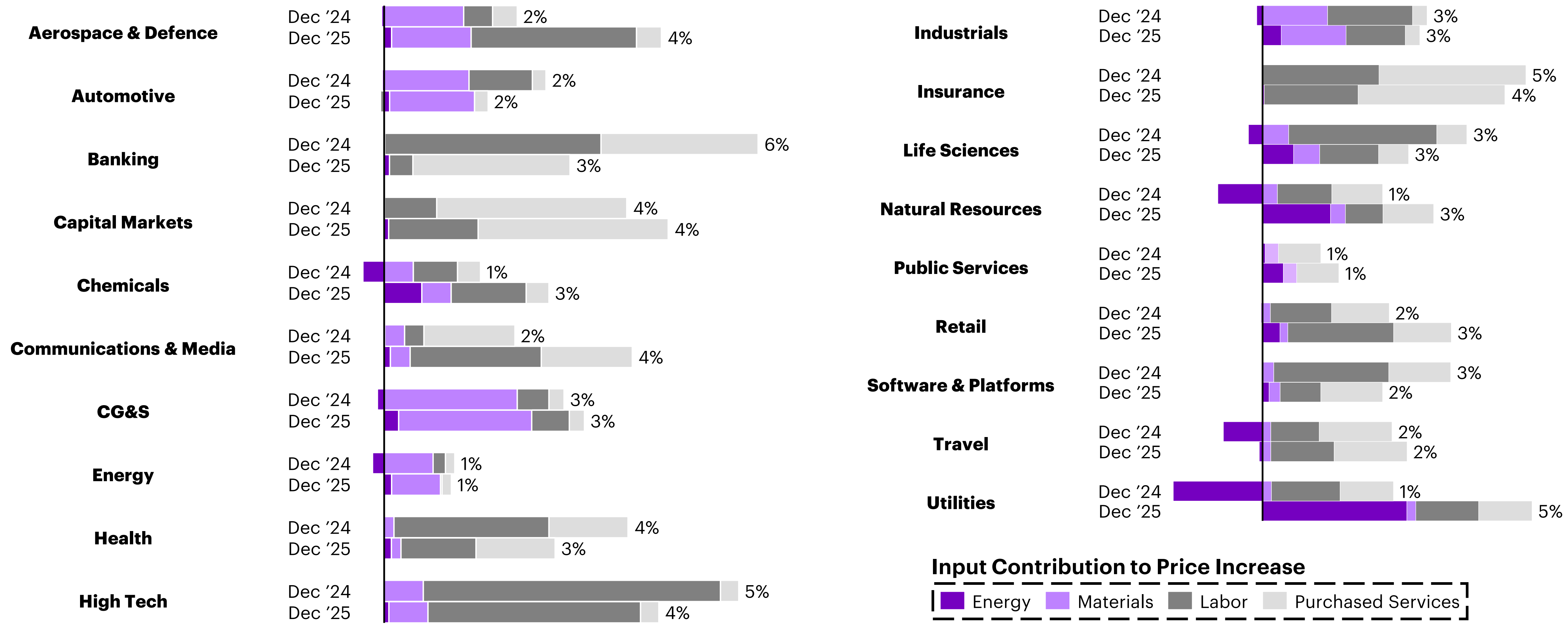


Sources: FRB Atlanta, FRB Cleveland, Univ of Michigan, Survey of Professional Forecasters, Accenture Strategy analysis

Input cost inflation is rising gradually across industries, driven mainly by ongoing labor and purchased services pressures

Recent input cost inflation by industry

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

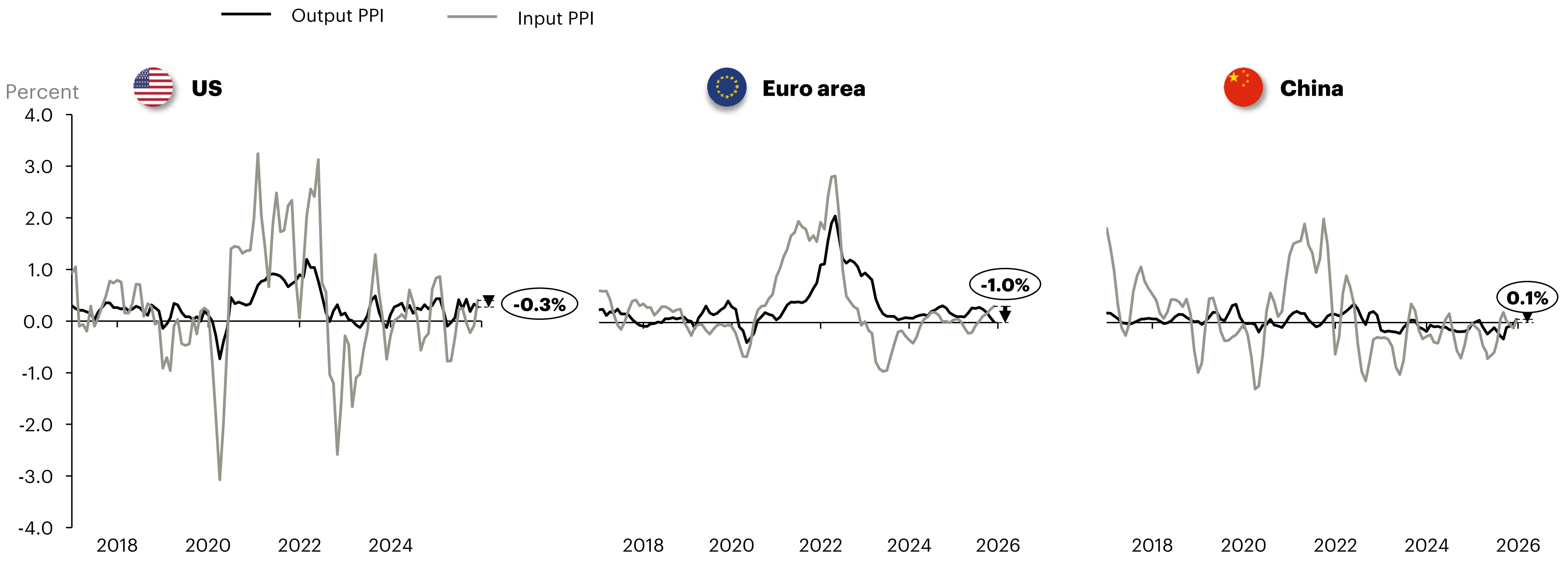


Notes: Wage data as of Dec'25; Energy prices (Natural Gas Prices & Electricity Prices Nov'25, as of Nov'25 and others as of Dec'25); Materials and Purchased Services PPI price increases as of Dec'25; Sources: BLS, BEA, EIA, EPA, Accenture Strategy analysis

Input cost pass-through has eased in Europe, while pricing pressures on businesses have picked up in the US and China

Company input cost pass-through trends

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



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

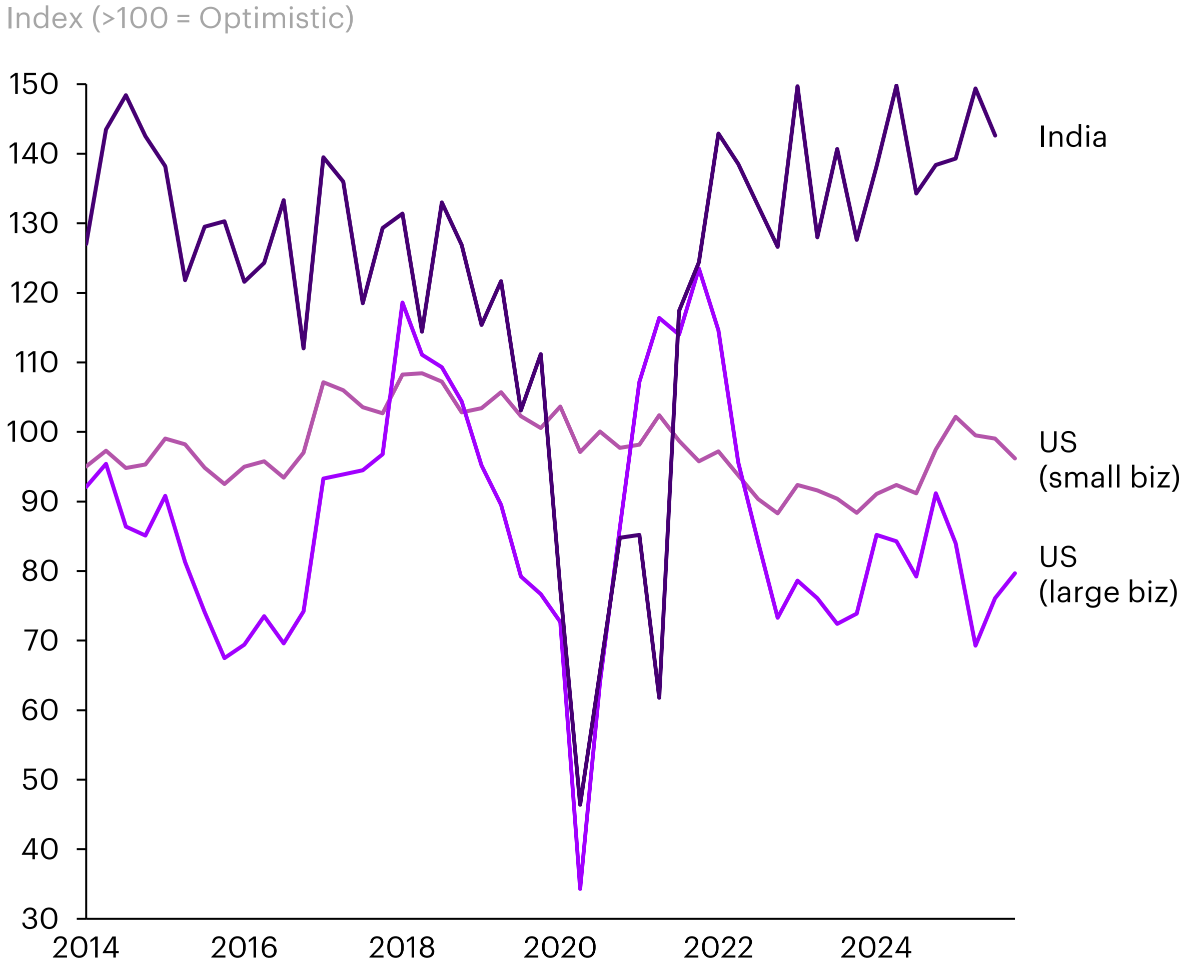
Sources: BLS, Eurostat, Accenture Strategy analysis

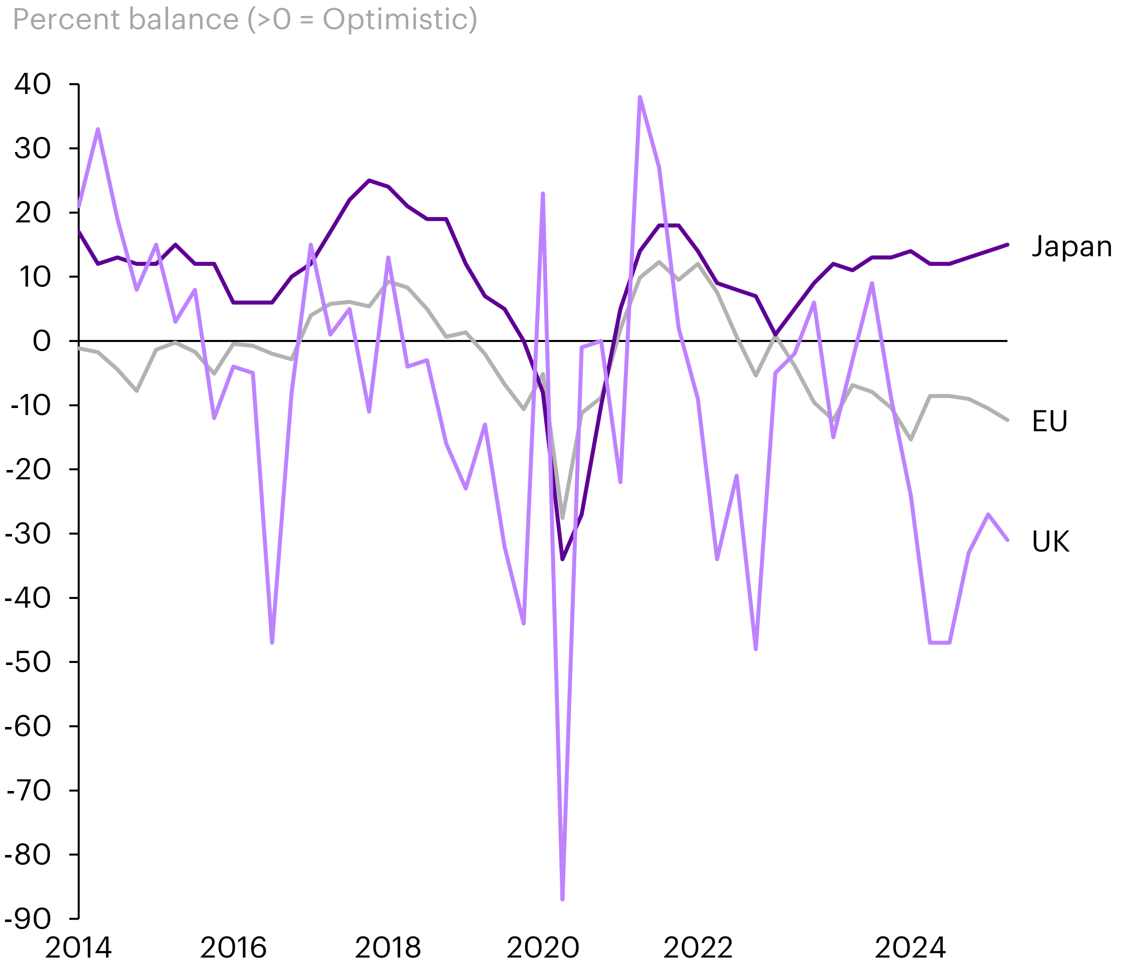
Business investment

Business confidence remains relatively resilient in India and Japan, while sentiment remains relatively pessimistic across the US, EU and UK

Global business sentiment

Business confidence indicators





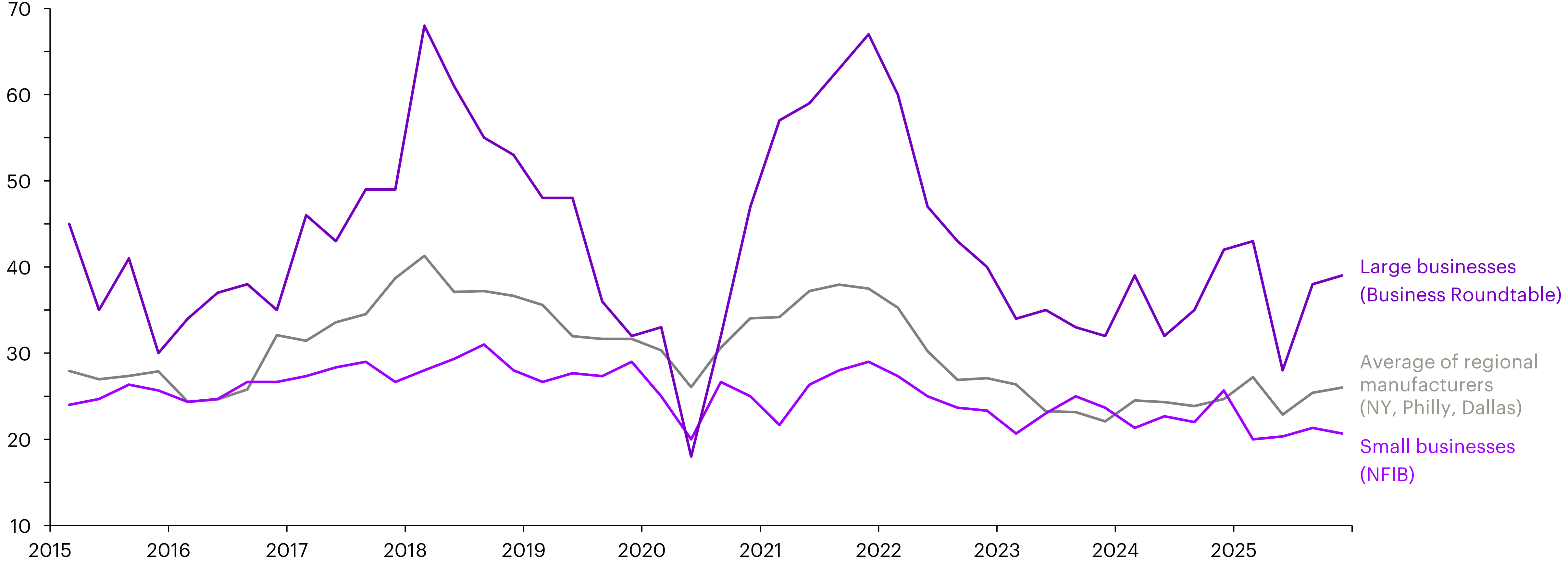
Sources: NFIB, Business Roundtable, Accenture Strategy analysis

US capex intentions remain in line with average levels of recent years, with large firms showing some renewed spending momentum

Capex intentions among US companies

Business plans to increase capital expenditures in the next 6 months

% of respondents reporting a planned increase



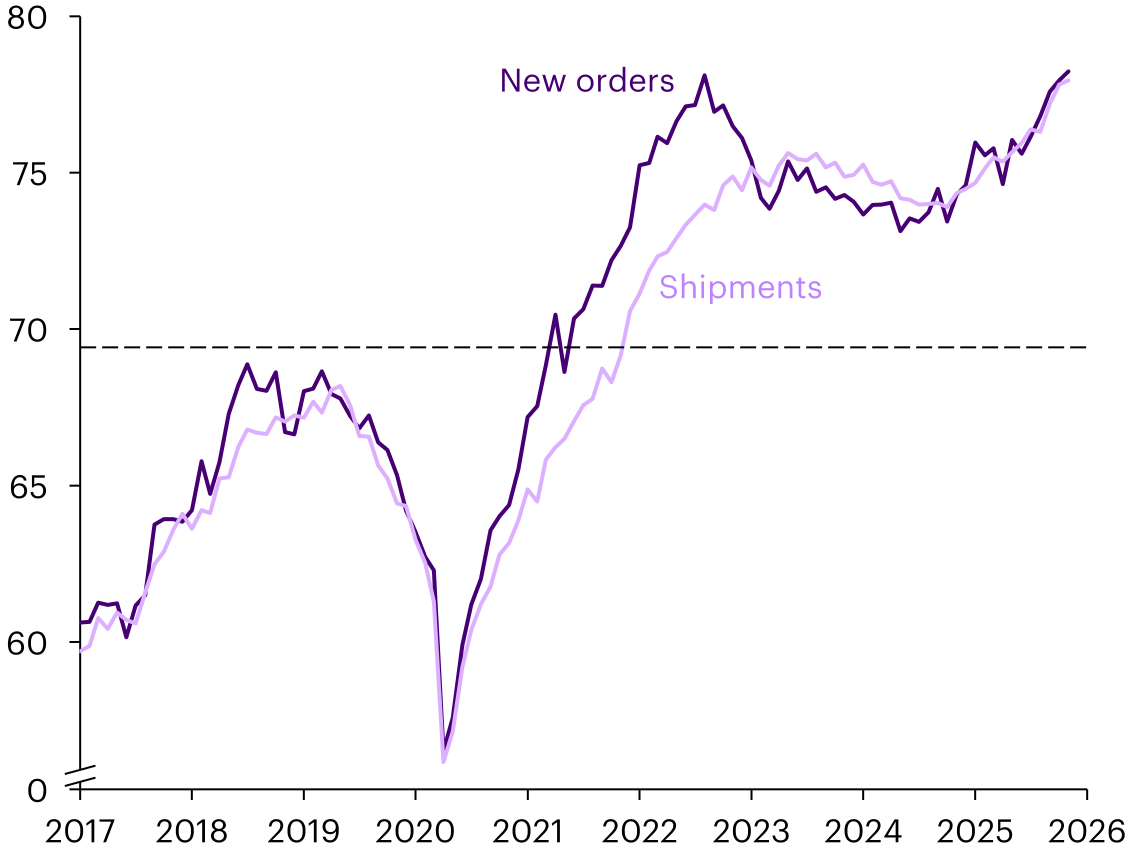
Sources: NFIB, Business Roundtable, Regional Federal Reserves, Accenture Strategy analysis

US capital goods orders continue to trend higher, with technology-related equipment demand remaining resilient

Capital goods orders and technology-related equipment demand

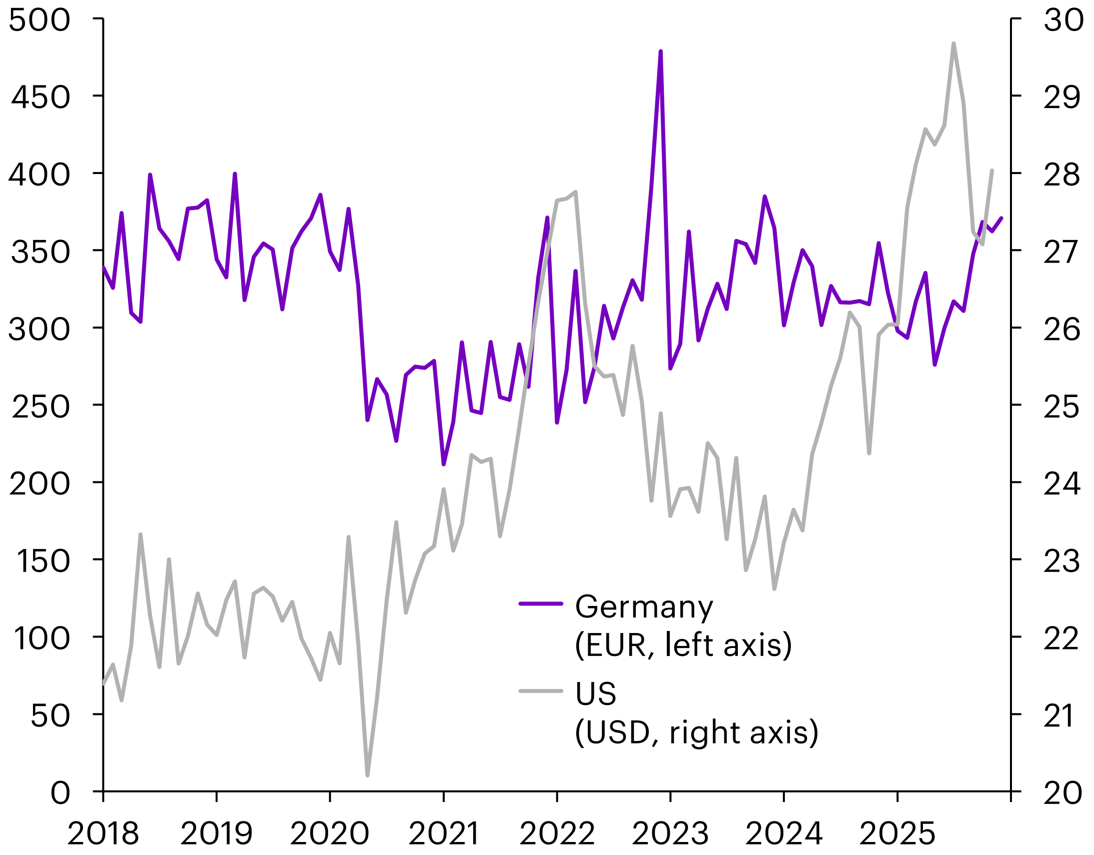
US nondefense capital goods, excluding aircraft

USD millions



Sales of tech-related equipment

Computers, electronic components and peripheral equipment, SA millions

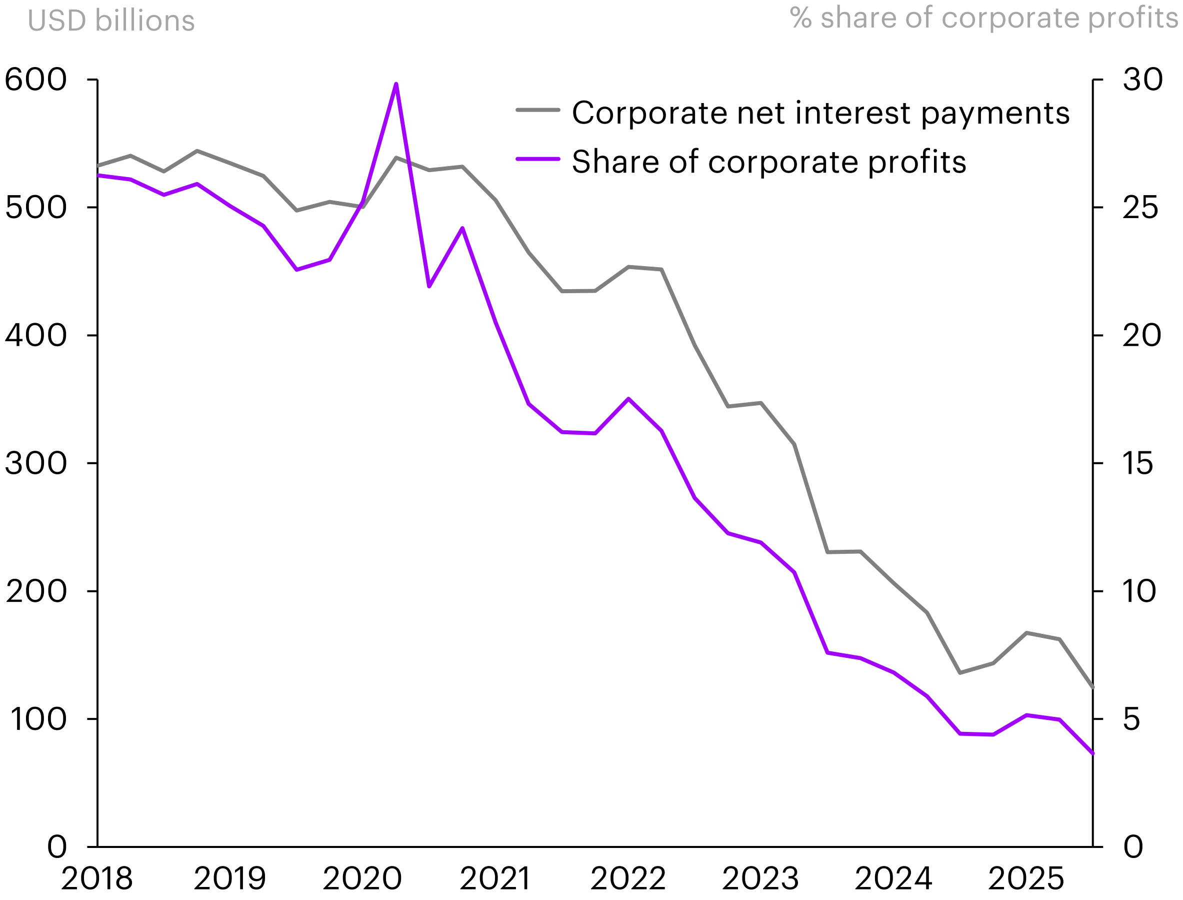


Sources: US Census Bureau, Haver analytics, Accenture Strategy analysis

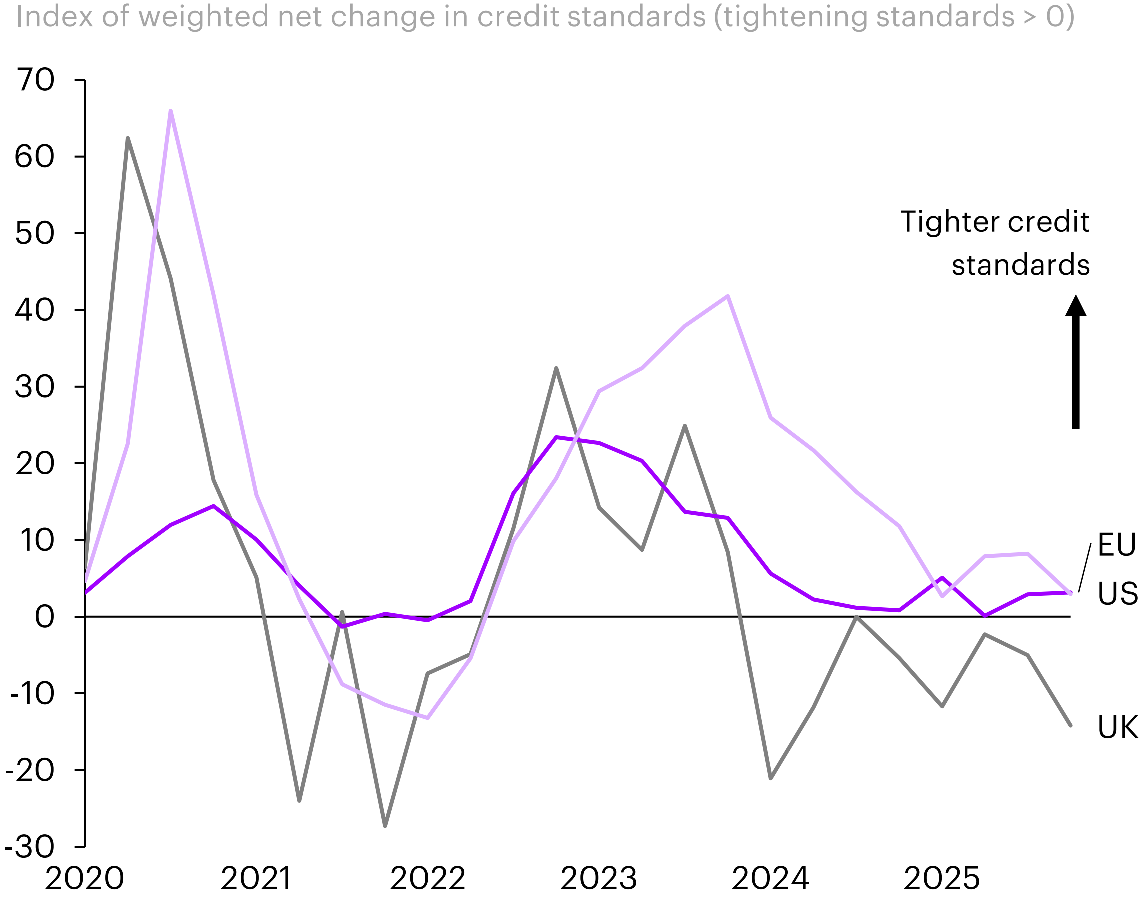
US corporate net interest burdens continue to ease, even as bank lending standards remain tight across the US and Europe

US financial conditions for investment

US corporate net interest payments



Bank lending standards[1]



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

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

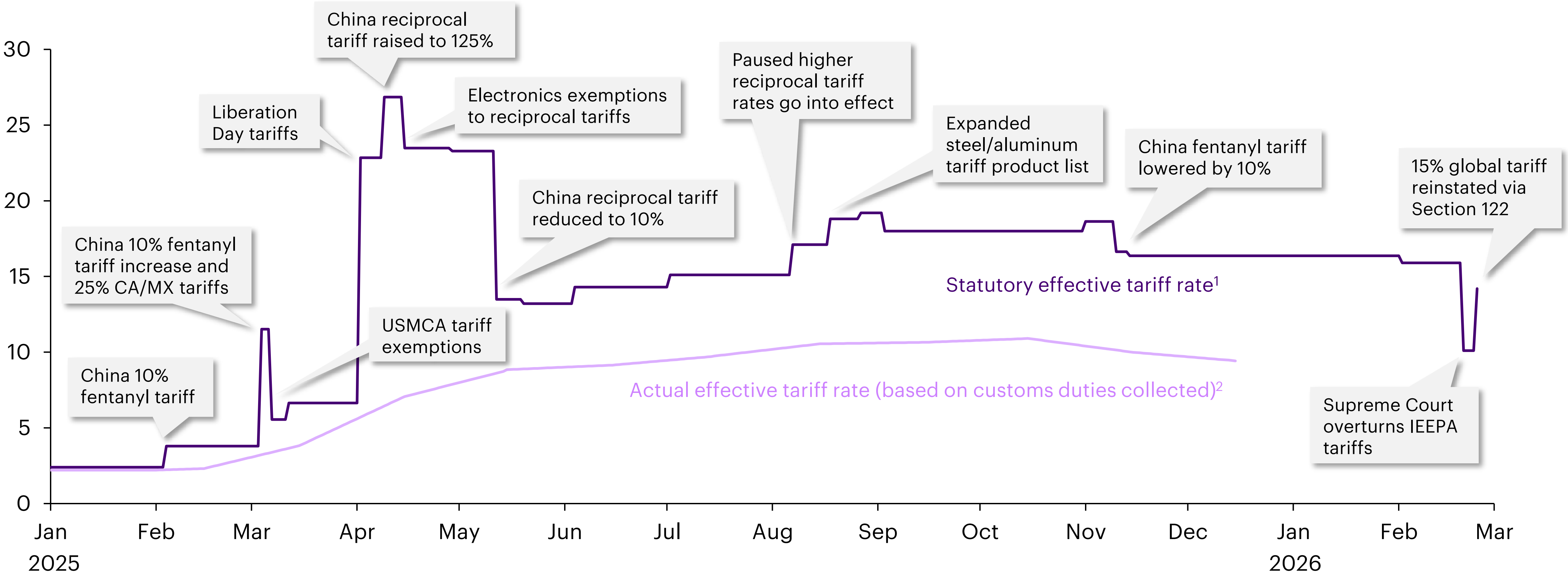
Trade and tariffs

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

Evolution of US effective tariff rate since Jan 2025

Statutory vs. actual effective US tariff rate

Percent



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

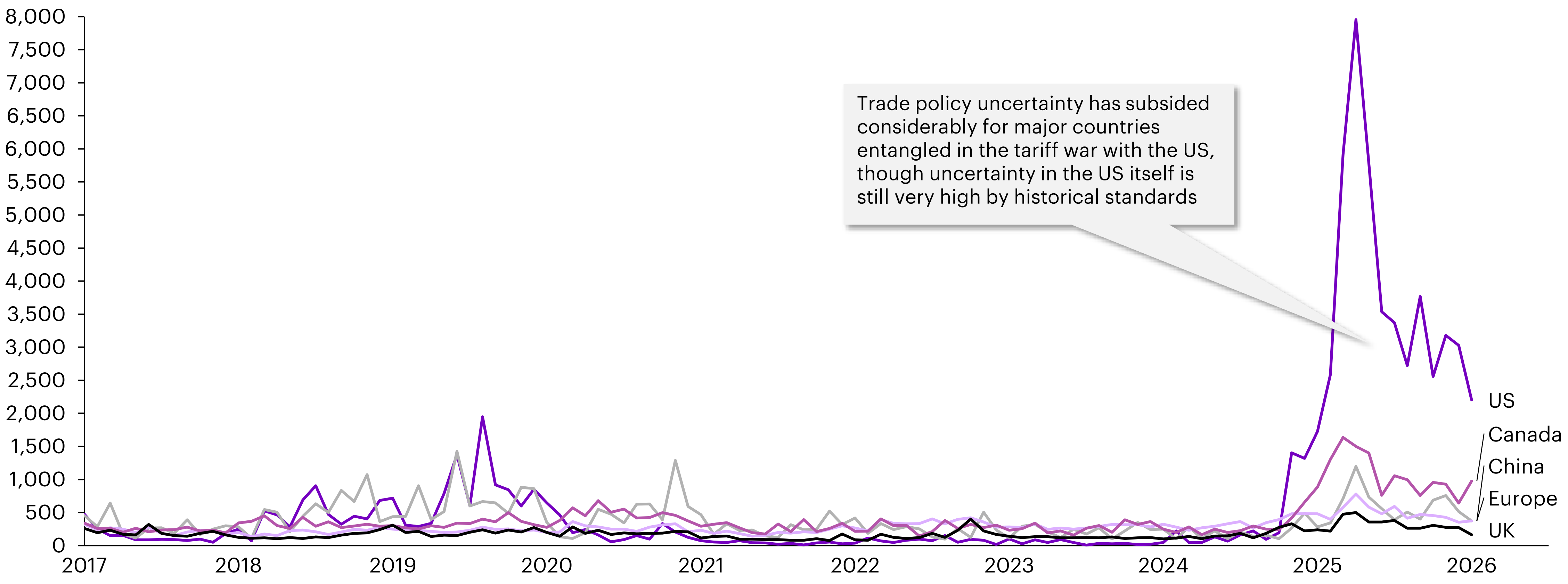
Sources: USITC, Yale Budget Lab, Apollo Global Management, Accenture Strategy analysis

After spiking in late 2025, trade policy uncertainty has edged down in early 2026 but continues to sit well above historical norms

Elevated trade policy uncertainty

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

Index, 1985=100



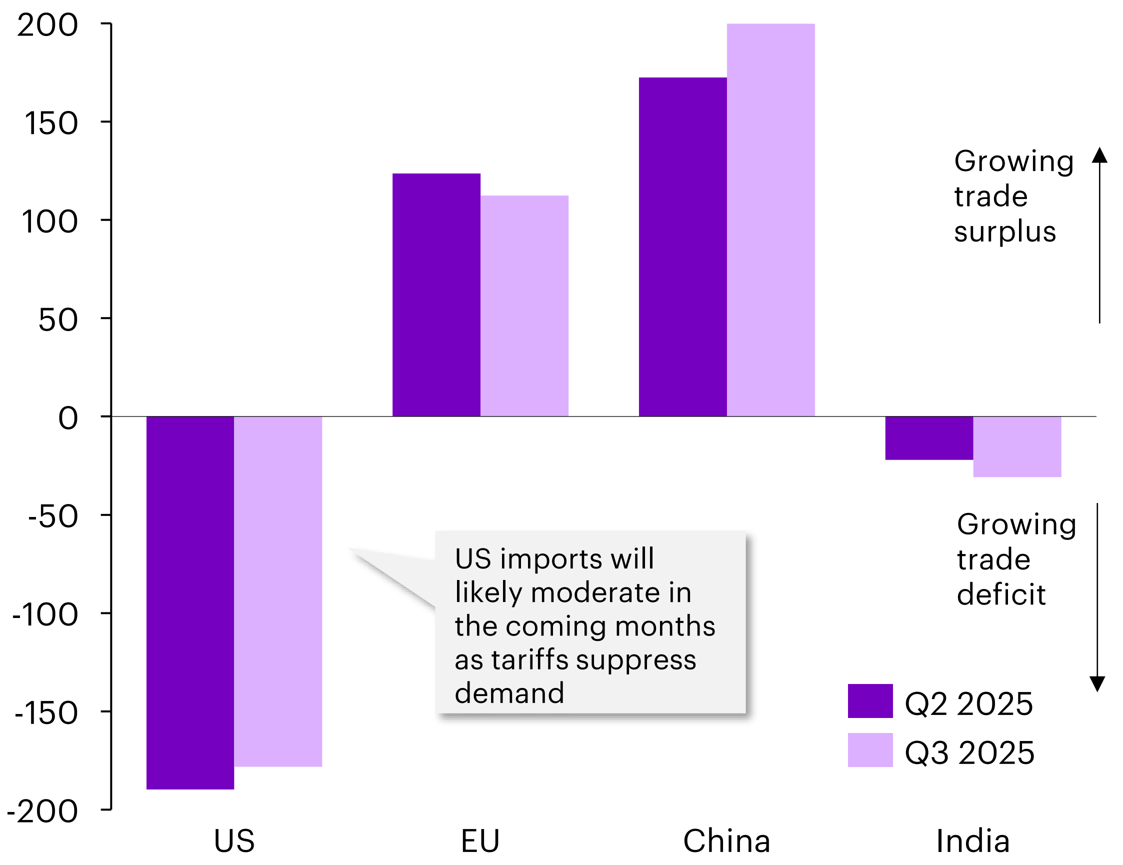
Sources: Economic Policy Uncertainty, Accenture Strategy analysis

US import growth has cooled as earlier frontloading unwinds, with higher tariffs weighing on demand for industrial supplies and capital goods

Trade indicators

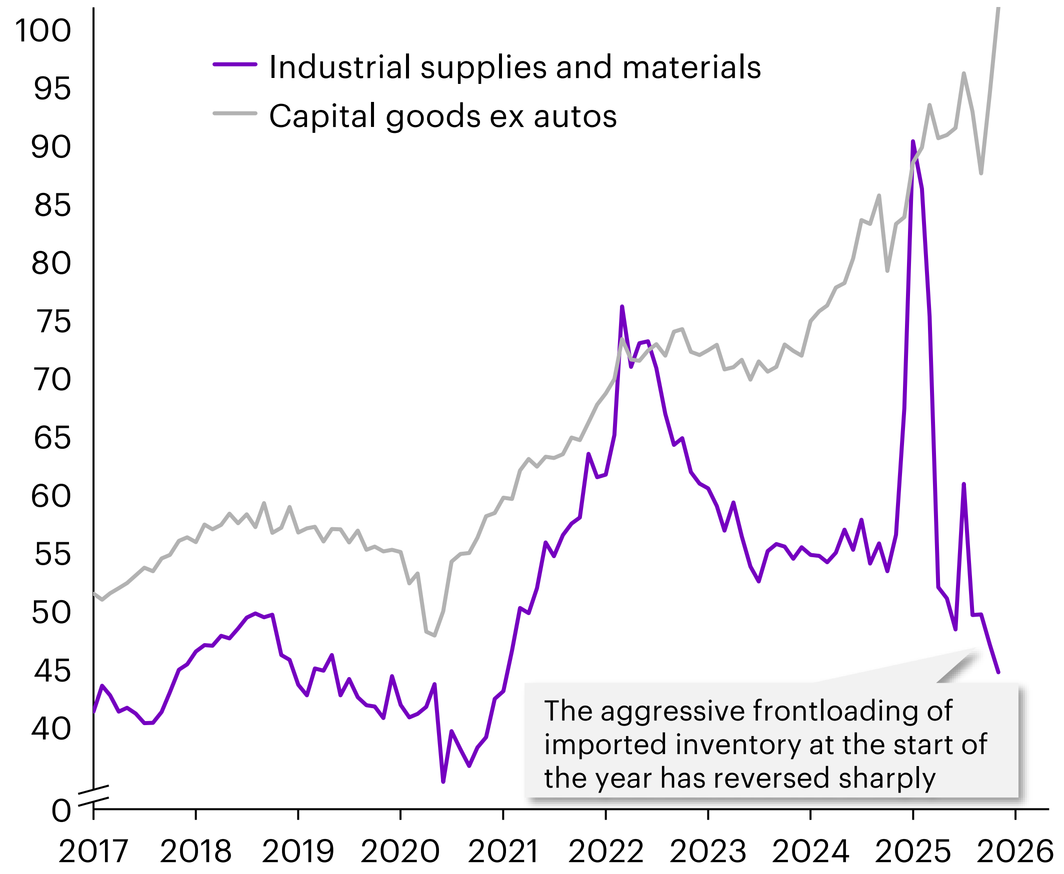
Net trade in goods and services

Exports minus imports (SA, USD billion)



US imports of industrial supplies and equipment

USD billions



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

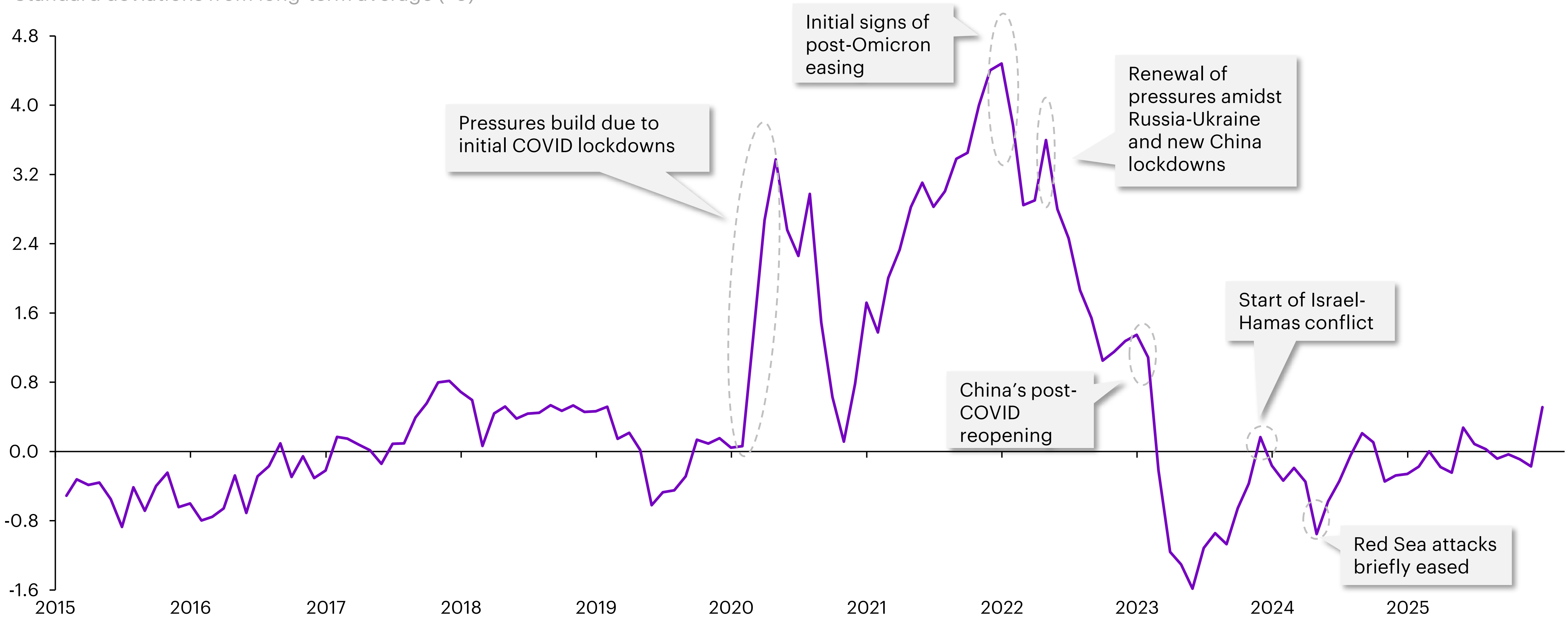
Supply chains

Supply chain pressures have ticked up again in recent weeks amidst the US military buildup near Iran and concerns around potential disruption of trade through the Strait of Hormuz

Supply chain pressures

Global Supply Chain Pressure Index

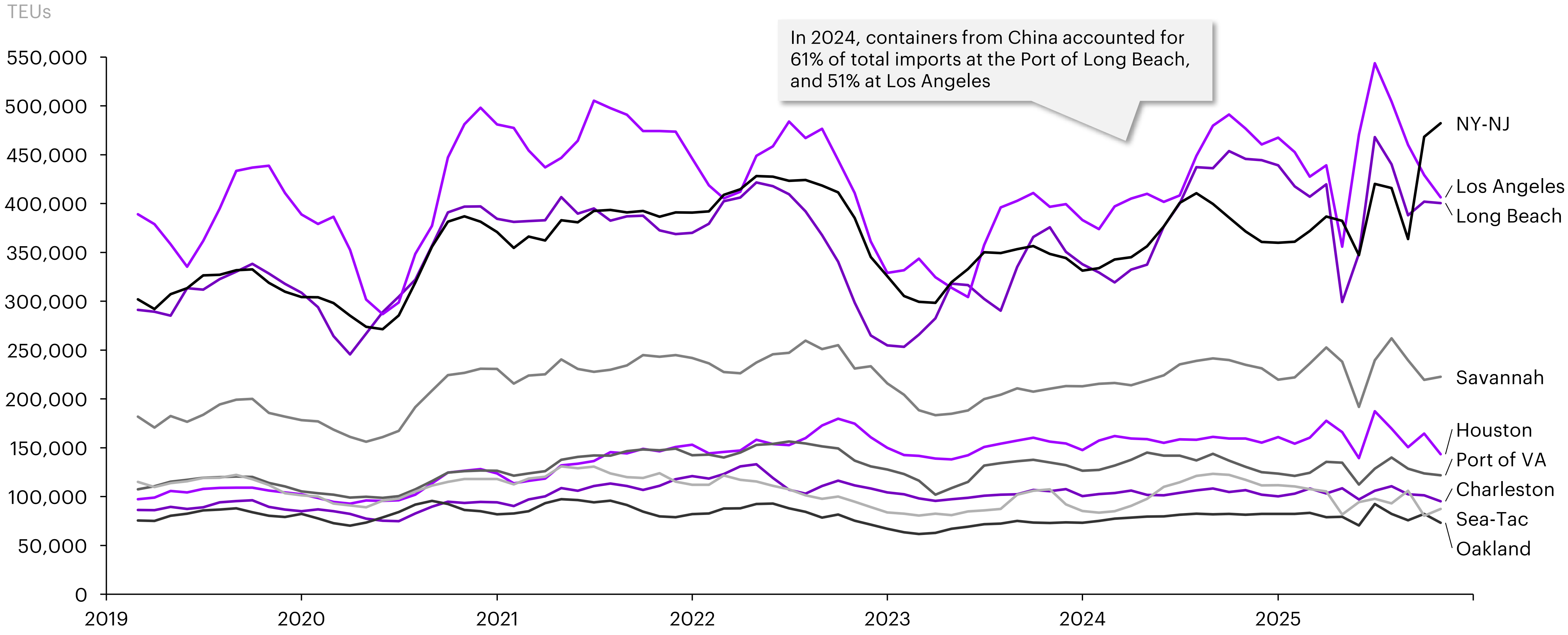
Standard deviations from long-term average (=0)



Container volumes at major US ports have broadly stabilized following a period of volatility during the peak of tariff policy swings in mid-2025

Seaborne container traffic in the US

Loaded import containers at select US ports



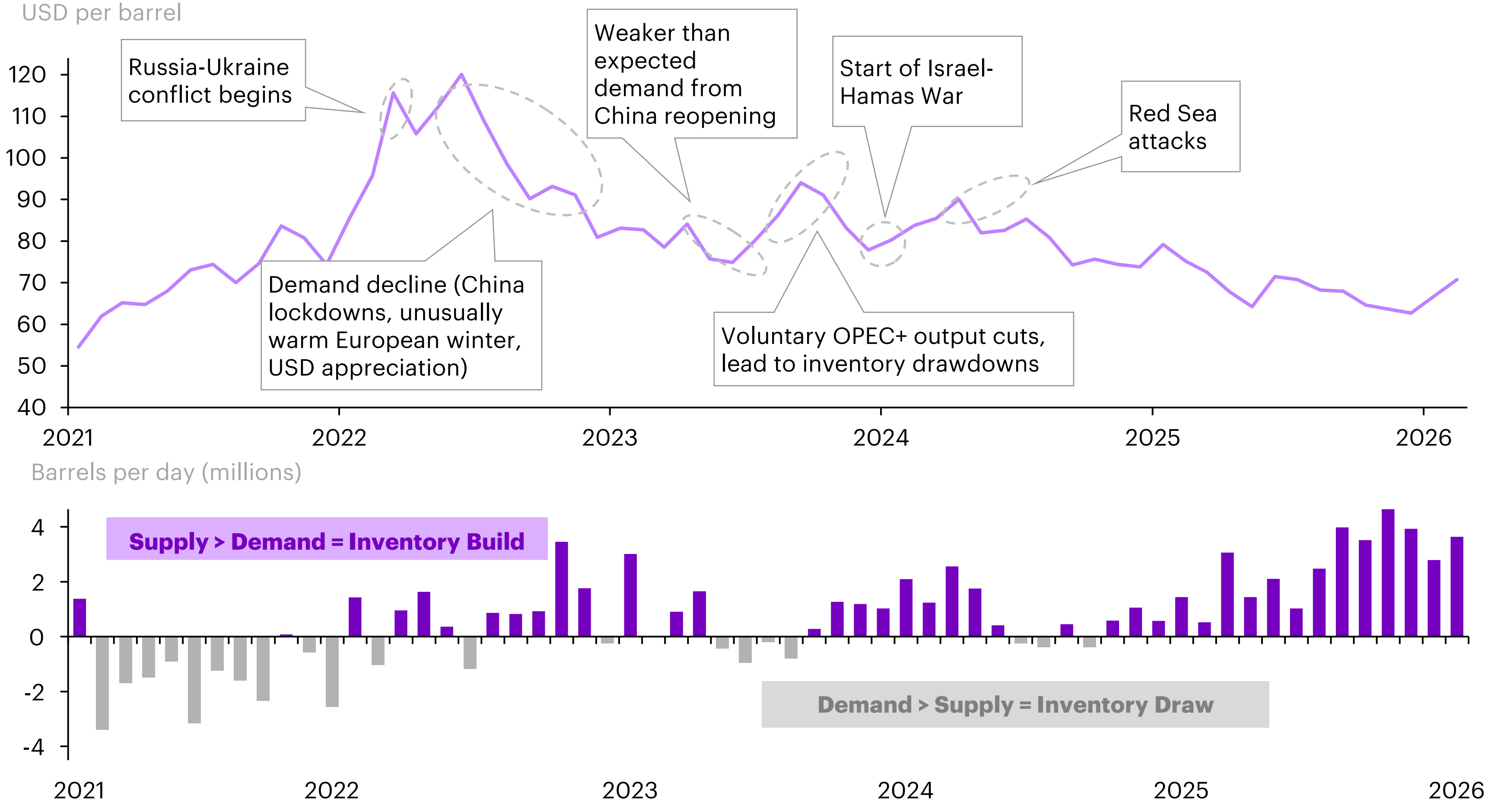
Sources: Bureau of Transportation Statistics, Accenture Strategy analysis

Energy and commodities

Oil prices climbed sharply since the beginning of 2026 amidst several supply outages and rising geopolitical tensions between the US and Iran

Crude oil prices and inventories

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



Drivers of energy prices in 2026

- Brent crude prices have risen by around $10/barrel since the end of 2025 amidst supply disruptions due to extreme winter weather in North America and power outages at Kazakhstan's largest oil field
- Higher OPEC+ output, alongside the continued unwinding of earlier voluntary cuts, suggests supply and inventory builds will rebound in the coming month
- Coupled with weaker global demand, particularly from sluggish industrial activity in China, this should continue to drive inventory builds and weigh down prices
- Geopolitical developments, including recent tensions between the US and Iran, continue to generate short-lived price spikes but have not materially altered the broader supply-surplus backdrop

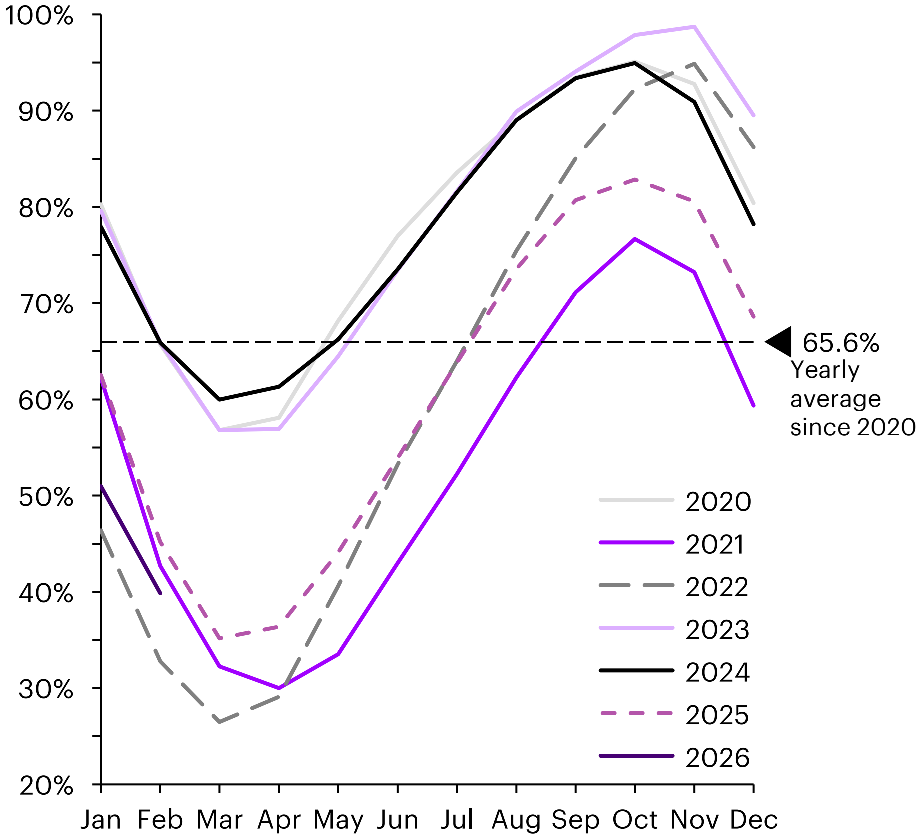
Notes: Monthly average of Brent crude oil price (USD per barrel)
Sources: International Energy Agency, Reuters, Energy Information Agency, World Bank, Bloomberg, Haver Analytics, Accenture Strategy analysis

Europe is maintaining comfortable gas inventories into late winter, with storage levels remaining above historical averages and prices broadly stable

EU natural gas reserves and prices

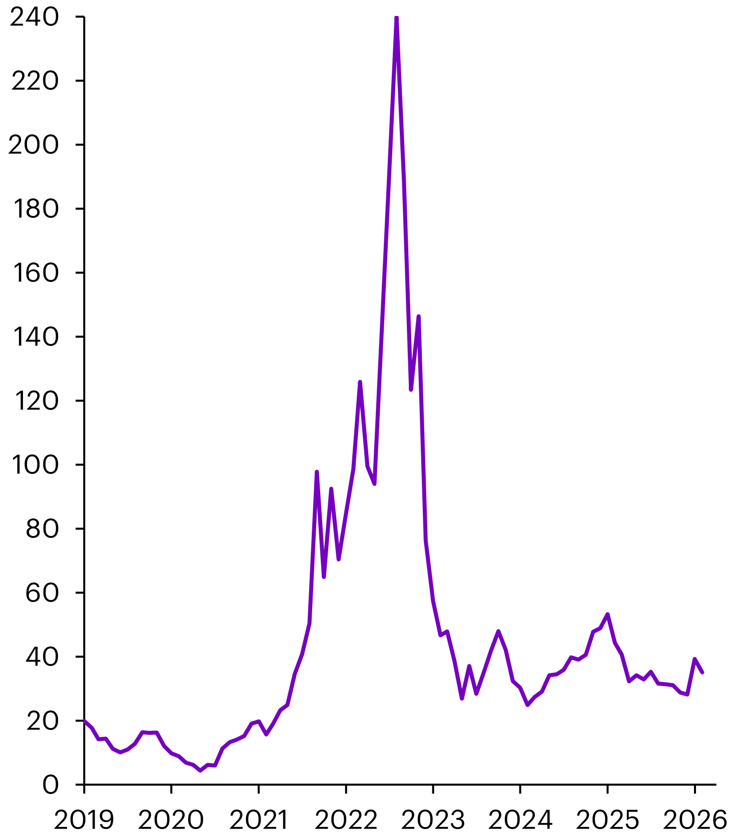
European gas reserves are above-average

% of storage capacity



...and prices remain stable, for now

TTF Gas (EUR per megawatt-hour)



Commentary

- As of February 2026, EU natural gas reserves remain above historical averages, reflecting sustained storage levels through the winter months
  - Storage facilities are filled to around ~40% of capacity, broadly in line with recent years and well above seasonal norms, supported by steady LNG inflows and resilient pipeline supply
  - Withdrawal rates have remained contained despite colder spells, with diversified supply sources helping to limit drawdowns and preserve inventory buffers
- Natural gas prices remain broadly stable, trading around €35.04/MWh, as comfortable storage levels and adequate supply have helped offset weather-related demand fluctuations and ongoing geopolitical risks

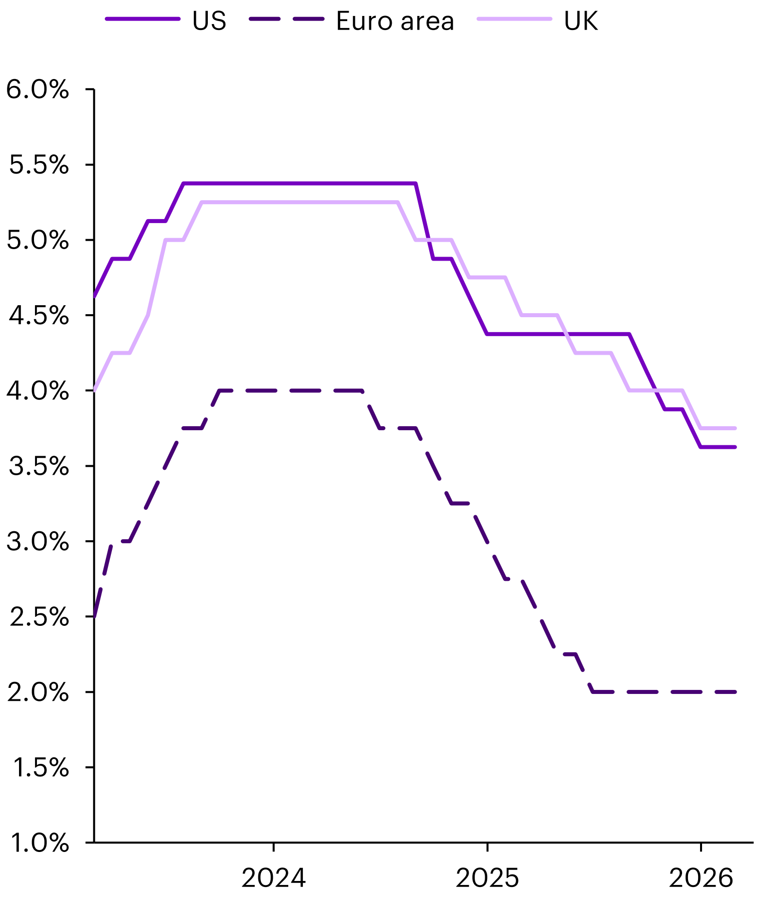
Notes: Dutch TTF Natural Gas Futures front-month contract. TTF stands for Title Transfer Facility, which is a virtual trading hub for natural gas in Europe. TTF prices represent the average monthly price of natural gas traded at this hub and are considered a benchmark for natural gas prices in Europe.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

Financial markets

Global monetary policy is shifting cautiously toward easing, led by rate cuts in advanced economies while most central banks remain measured amid lingering inflation risks

Monetary policy across major economies

US, UK and Euro area policy rates



Policy rates for other major economies

Commentary

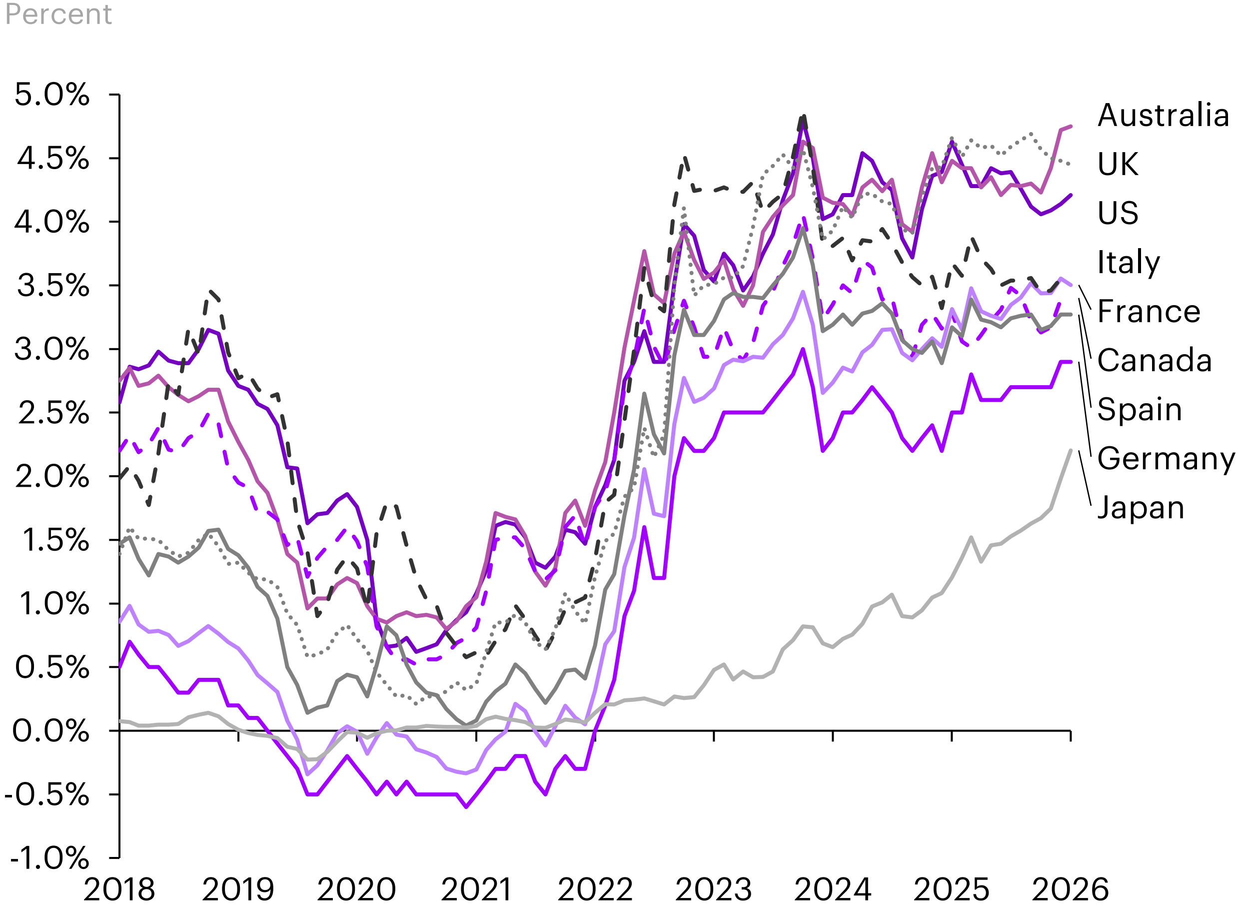
- The US Fed kept its policy rate unchanged in January, judging that tariff-related inflation risks broadly offset the recent deterioration in labor market conditions
- The BoE has kept rates on hold in February, balancing sticky inflation dynamics against weak growth momentum and easing labor market tightness
- The ECB has also maintained a cautious stance, pausing further cuts while monitoring inflation convergence and assessing external risks linked to trade and energy prices
- The Reserve Bank of Australia hiked rates by 25bp in February, citing persistently high inflation, strong consumer spending, and tighter labor market conditions
- The Bank of Japan kept it policy rate unchanged in January, though ongoing wage inflation pressures suggest additional hikes may be on the horizon

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

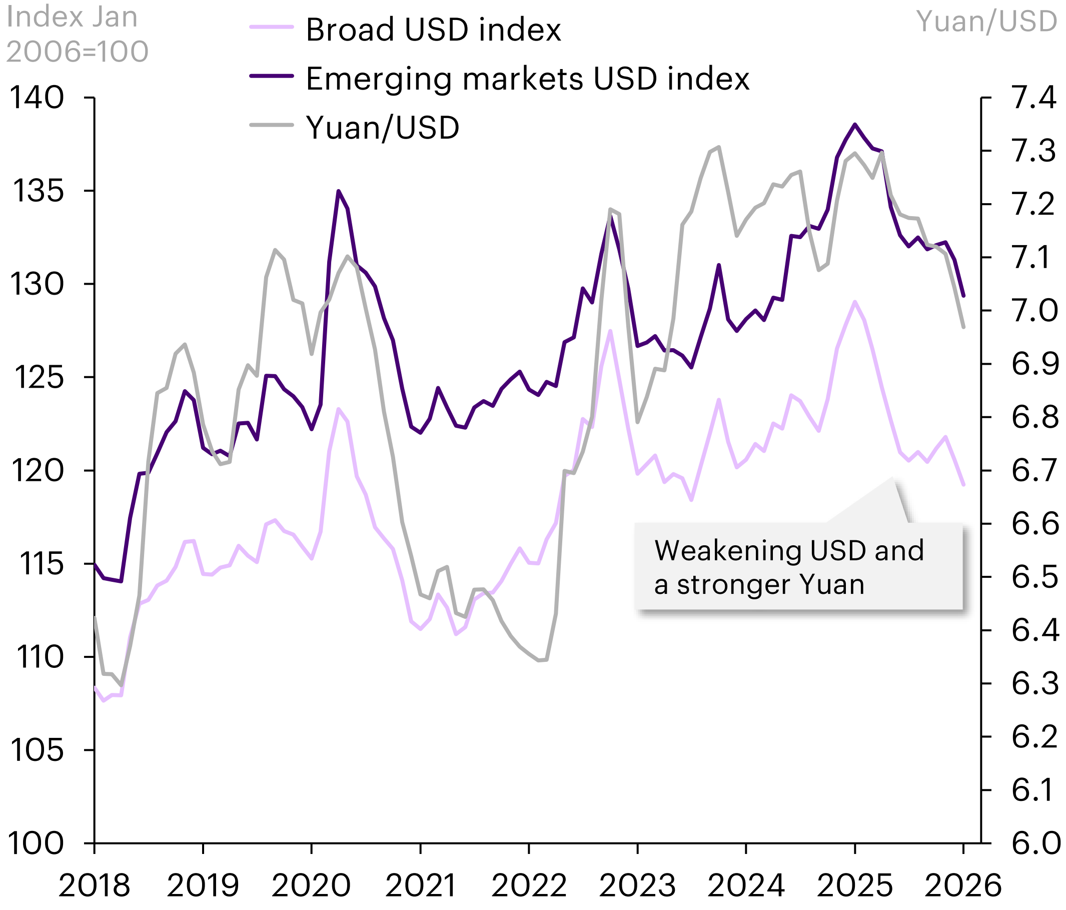
Global bond yields remain elevated amid divergent policy paths, persistent inflation risks and shifting capital flows, alongside a softer US dollar

Long-term yields and exchange rates

Evolution of 10-year government bond yields



Trade-weighted USD index and Yuan/USD



Sources: Bloomberg, National Central Banks, Accenture Strategy analysis

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The team has hubs in Europe, the United States and Asia, and its members have prior experience working for governments, investment banks, asset managers, multilateral institutions and large corporates to bring a global, multi-disciplinary perspective to problem-solving.
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Accenture Strategy works with boards, CEOs and C-suite executives to create 360° value for all stakeholders by defining and answering their most strategic business questions—including growth, profitability, technology-driven transformation, mergers and acquisitions (M&A), operating models and sustainability—with insights from AI and data science, combined with deep industry and function expertise. Visit us at www.accenture.com/strategy.

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

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