Year end Macro Brief

Special edition: 2026 outlook and Top 10 macro trends

December 16, 2025

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 **December 10, 2025**.

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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October: Navigating two-speed economies
September: Tariff update
July: Fiscal power plays
June: Immigration at a crossroads
May: Consumer spending in flux

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Contents

05 Executive summary

08 2026 economic outlook

17 Top 10 macro trends for companies

A note to our readers:

"2025 was a tumultuous year, marked by uncharacteristically high economic and policy uncertainty, geopolitical tensions, and rapid technological change. Most executives and boardrooms were consumed by uncertainty around the shift in US trade policies and the escalation of US-China tensions. The rapid acceleration in AI capex investments was another key feature of the landscape, contributing to economic resilience and propelling equity markets.

As we pivot to 2026, some of the policy uncertainty will subside but the lagged impacts of the decisions taken in 2025 will only intensify. Companies should plan for modest, albeit uneven, economic growth and a still-challenged business environment. Growth will increasingly diverge between AI "winners" and "losers", while trade policy will continue to recalibrate value chains. In addition, we expect to see further competitive pressures globally from China as its export-led growth push suppresses prices and eats into the market share of foreign rivals.

There are a few key themes that cut across our economic outlook and top 10 macro trends for 2026, including:

- *AI: This will factor into almost every corporate decision. Much of the economic growth we expect next year will be predicated on the growing adoption of AI. At the same time, geostrategic competition for AI and calls for technology sovereignty will only intensify.*
- *Affordability challenges: Many consumers are buckling under the pressure of years of persistent inflation. We see this trend continuing and influencing how consumers live, consume, and mobilize politically.*
- *Geoeconomic fragmentation: Geopolitics and the realignments in global trade and supply chains they are triggering were a key disruptive force in 2025. We see the influence of geopolitics persisting in 2026 and shaping regional outlooks (e.g., European competitiveness) as well as sectoral dynamics (e.g., investments in AI, grid infrastructure, defense).*

In this time of uncertainty and rapid change, we advise executive teams to continue to focus on two fundamental priorities:

- *First, adopting AI across their enterprises and identifying ways to reinvent amidst the significant changes in the external environment. We will see reinvention at play across countless industries—whether it is automotive companies adapting to intense Chinese competition or retail and media companies adapting to the rapid consumer usage of AI in everyday situations.*
- *Second, strengthening enterprise resilience given the wide range of potential economic, geopolitical and climate shocks. Resilience should cover commercial, workforce, technology, and operations. Embracing a "resilience first" mindset will be key.*

The other key skillsets which companies will need to master relate to scenario planning and foresight given the high economic uncertainty that will persist in 2026.

Finally, we want to thank all our avid and loyal readers. We continue to value your feedback and interactions, and we wish you a successful year ahead."

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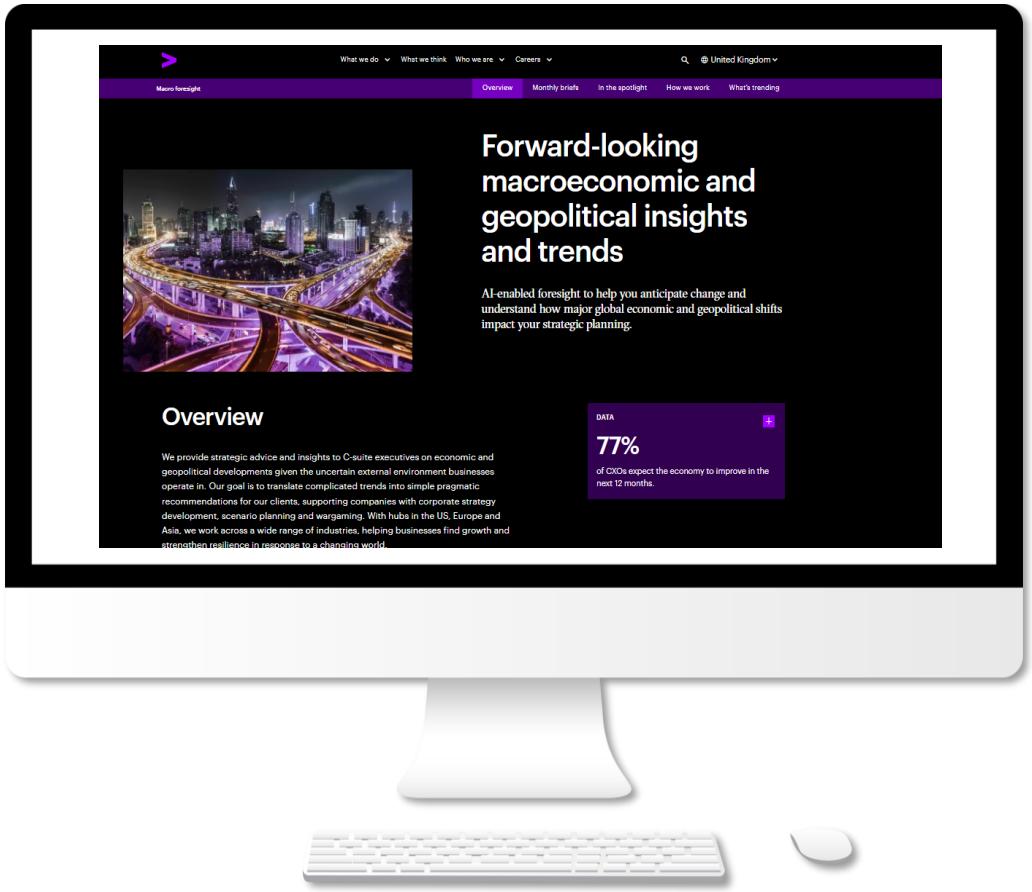
Macro Foresight is focused on helping companies develop strategic plans in response to the changing macro environment—reach out if you would like to learn more

Macro Foresight platform



- **Macro Foresight** helps companies develop strategic plans in response to complicated economic, financial and geopolitical shifts in the external environment
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Executive summary

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The unevenness and fragility of global growth is set to increase in 2026 amidst rising geo-economic fragmentation, China competitive pressures, and potential AI capex moderation

Executive Summary (1/2)

Global economic outlook for 2026

- **2025 has been marked by high policy uncertainty, geopolitical frictions, and tariff and market volatility.** Despite these headwinds, the global economy proved surprisingly resilient, helped by continued disinflation, demand-frontloading in response to tariffs, cautious central bank rate cuts, and the ramp-up in AI-related investment. At the same time, divergences became increasingly apparent, as many export-oriented, manufacturing-heavy and fiscally- and financially-constrained economies continued to struggle, particularly in Europe. Business and consumer confidence also remained shaky throughout the year, reflecting these fragilities and doubts about the durability of the forces that drove resilience.
- **As the key policy directions and structural features of the new global order now become clearer, 2026 will be defined by their intensifying consequences for growth, trade, competitive dynamics and sources of risk.** Four key themes will characterize how this unfolds:
  - **Multi-speed growth:** The divergence between economies benefiting AI investment tailwinds vs. those constrained by debt or competitiveness pressures is likely to widen, as are disparities within economies between sectors, companies and consumer segments
  - **Intensifying geoeconomic fragmentation:** Trade, tech, and investment flows will increasingly reflect competing policy regimes, geopolitical blocs, and industrial policy priorities—reshaping supply chain configurations and cost structures
  - **China's competitive shock 2.0:** China's aggressive export push to counteract its domestic demand headwinds will intensify global price competition, challenge a broader swathe of manufacturing-heavy economies, and raise the risk of further trade countermeasures
  - **Re-emerging financial fragility:** High interest rates, large investment financing needs, and stretched AI and private market valuations will put greater funding stress on governments and companies, at a time when policy space to cushion potential fallout is narrowing
- **Overall, companies should expect a continuation of modest and uneven growth, and a business environment that feels more defined than in 2025 but no less challenging.** Clearer policy settings and trade regimes will reduce uncertainty at the margin. However, the emerging global order they codify will produce sharper divergences, stronger competitive pressures, and potentially greater vulnerability to financial stress and geopolitical shocks, especially if prominent drivers of growth in 2025, such as AI investment, lose steam.
- **Key downside risks to the outlook include:**
  - US growth slowing more sharply than expected (e.g. due to labor market deterioration), exposing the fragility of global momentum
  - Renewed trade war escalation between the US and China amplifying the growth/inflation impacts already in pipeline from current tariffs
  - Correction in AI-linked asset valuations or in private markets retightening financial conditions and triggering negative economic spillovers
- **Potential upsides are:**
  - Stronger execution of AI, energy transition, and infrastructure investment pipelines and materialization of their productivity benefits
  - Greater stabilization in China's domestic economy improving global demand
  - Breakthroughs in geopolitical de-escalation (e.g., Russia-Ukraine) boosting confidence and reducing risk premia

Source(s): Accenture Strategy analysis

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The US and China will remain key global growth engines in 2026 while Europe continues to muddle through; companies need to position for this unevenness and find pockets of growth

Executive Summary (2/2)

Regional highlights

- The **US** economy is expected remain a global outperformer, but with increasing bifurcation—e.g., between AI and non-AI facing sectors, low and high-income consumers—which slows overall growth and job creation and heightens vulnerability to shocks such as an AI market correction.
- **Europe** is set for another year of muddling through with sluggish growth, with manufacturing- and China-exposed economies such as Germany at higher risk of renewed downturn, but some upside from AI / defense spending. Southern European economies (e.g., Spain, Ireland, Greece) will continue to be bright spots that leverage tourism and their competitive positioning for AI investments to generate stronger growth.
- **China** is expected to offset ongoing domestic demand weakness and sustain growth near its 5% policy target by doubling down on exports, especially of higher-tech products where it has recently been gaining market share from more advanced manufacturing nations. However, growth risks are tilted to the downside due to deflationary pressures from industrial overcapacity and lingering property sector distress.
- In broader **APAC**:
  - **Japan** is expected to see a firmer and more domestically-supported expansion than in 2025, as sustained wage gains and easing inflation underpin consumption, even as external demand remains soft and BOJ normalization introduces some market sensitivity
  - **Australia** is likely to experience a gradual improvement over 2025, supported by cooling inflation and stabilizing real incomes, though high borrowing costs still restrain consumer spending and slower Chinese demand for iron ore and LNG keeps export momentum capped
  - **India** should remain one of the world's strongest performers, driven by domestic demand, investment, and supply-chain diversification, though growth may moderate slightly as tighter credit and uneven job creation temper near-term momentum
- Among major **LATAM and Middle Eastern** economies, **Brazil** is set to slow as weaker Chinese construction and industrial activity weighs on Brazil's iron ore and metals exports, while the unwinding of OPEC production cuts will help the **UAE** and **Saudi Arabia** maintain strong growth momentum.

Considerations and priorities for companies

- **The key challenge for companies in 2026 will be to transition from tactical measures for coping with high uncertainty to more strategic adaptation to the emerging new global economic order.** It will be important for executive teams to:
  - **Reassess competitive positioning:** As China's export intensity reshapes pricing, US industrial policy redirects investment, Europe turns more interventionist, and emerging markets present new cost/capacity advantages, companies should re-examine where they can compete profitably.
  - **Accelerate AI adoption:** AI will be a key growth driver of 2026 and outperformers will often be those most exposed to AI growth tailwinds. Companies should move past piloting to scaling AI across the enterprise or otherwise risk being left behind.
  - **Prepare for ongoing margin pressure:** Four key headwinds—competitive pressures from China, lagged tariff impacts, a weakened consumer, and costs to build resilience—could intensify the squeeze on margins. Companies need to think about new waves of productivity agendas.
  - **Keep a focus on growth:** There will be opportunities from re-orienting growth strategies towards new pockets of demand emerging from AI adoption, energy transition investment, and geostrategically-important hubs such as India, ASEAN, the Middle East.
  - **Strengthen resilience:** Investments in resilience will need to remain holistic—e.g. commercial, operational, technological—but given the potentially high associated costs and redundancies, companies should also become increasingly selective and prioritize largest vulnerabilities.

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2026 Economic Outlook

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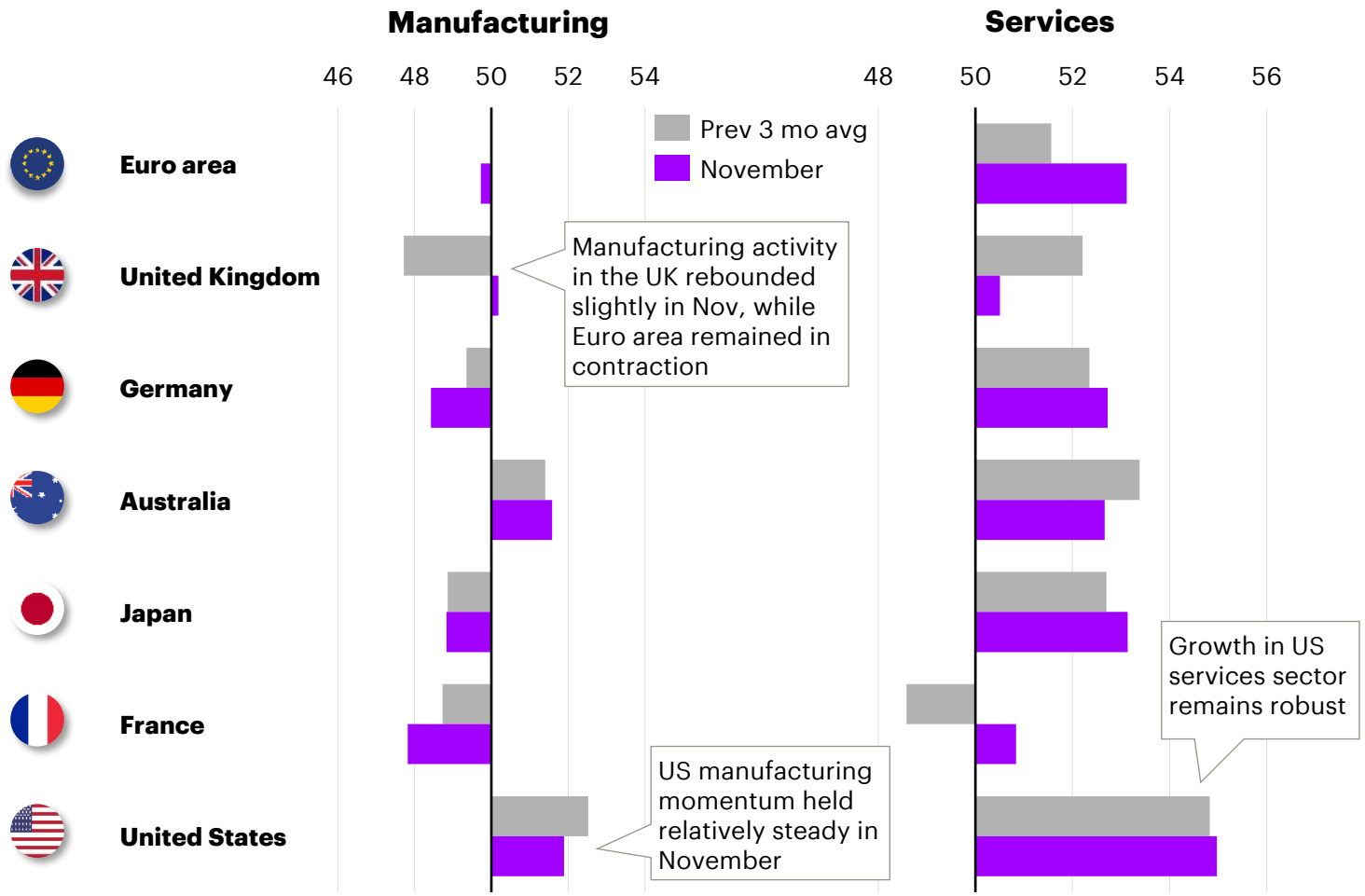
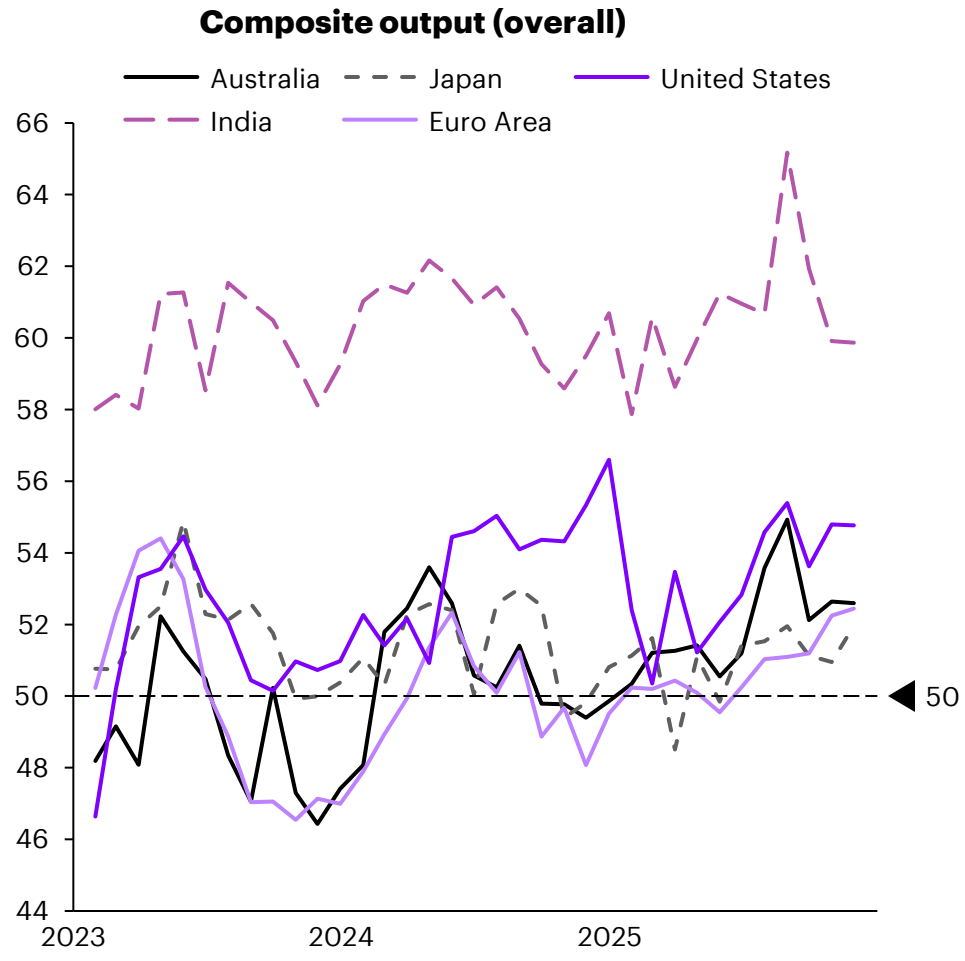
Major economies are closing out 2025 with continued manufacturing weakness and stable but moderate services activity, with the US remaining the outperformer

November PMI surveys





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
Source(s): S&P Global, Accenture Strategy analysis

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Economic signals point to uneven momentum across countries and sectors, despite a gradual softening in inflation

Country economic momentum snapshot

AS OF DEC 10

Notes: Services and Manufacturing metrics refer to PMI services activity and PMI manufacturing output as provided by S&P Global and may include preliminary "flash" figures, shading is based on most recent result. South Africa and Saudi Arabia manufacturing numbers refer to the whole economy. Mexico Services refers to Business Climate Index: Non-mfg. Consumer spending shading based on real retail sales growth 3MMA percent change except for Australia which is based on Q/Q % change and India which is based on 3MMA of Y/Y% change. Employment growth is derived from employment figures as provided by government authorities. CPI uses harmonized figures for Euro Area countries.

Source(s): S&P Global, Haver Analytics, Accenture Strategy analysis

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Looking ahead, growth bifurcation, geoeconomic fragmentation and spillovers from China's export push will continue to constrain growth momentum and widen divergences

Key features of near-term economic outlook

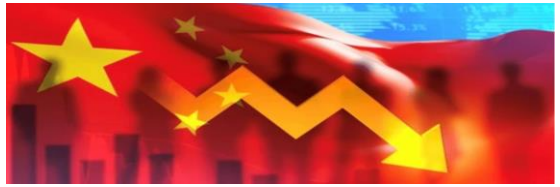
NOT EXHAUSTIVE

Multi-speed growth

- At global level, a growing divide between economies benefiting from productivity and investment tailwinds vs. those constrained by debt, demographics, or competitiveness pressures
- Within economies, K-shaped dynamics between sectors, companies, and consumer segments, reflecting:
  - Strength of links to AI investment
  - Vulnerability to immigration, technology, and trade/investment restrictions
  - Exposure to higher tariffs

Intensifying geoeconomic fragmentation

- Policy shifts in 2025 reinforce a new global order of greater trade protectionism, geopolitical competition and fragmentation
- 2026 will see trade flows, supply chains, and tech ecosystems increasingly reflect these realities
- Potential realignments that could impact the outlook include:
  - Weaker US integration with Mexico/Canada resulting from USMCA renegotiations
  - Europe's tech and security decoupling from US
  - US-antagonized geopolitical swing states (e.g., India, Brazil) leaning more towards China



China competitive shock 2.0

- China's industrial overcapacity, continued cost competitiveness even with tariffs, and intent to lean on exports to support growth will have important repercussions:
  - Intensifying global price competition
  - Squeeze manufacturers in Europe and parts of EM where China has been gaining market share
  - Disinflationary impulse in countries most affected by Chinese dumping
  - Retaliatory trade actions

Re-emerging financial fragility

- Companies / governments will be increasingly vulnerable to funding stresses or asset price corrections, owing to:
  - Higher-for-longer rates
  - Large financing needs
  - Stretched valuations (e.g., AI stocks, private markets)
- Policy space to cushion fallout and spillovers will be constrained due to:
  - Reluctance of central banks to push rates too low given structural inflation risks
  - High public debt loads and fiscal austerity pressures

Source(s): Accenture Strategy analysis

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The base case for US economy is continued bifurcation that leads to slowing and relatively jobless growth, with risk that tariff-led inflation and AI market correction trigger stagflation

US near-term economic outlook and key scenarios

Economic scenario	Stagflation	Moderating jobless expansion	AI-led exceptionalism
Description	• Broad-based slowing of consumer spending and pullback in AI capex • Delayed impacts from tariffs and immigration restrictions keep inflation above 3% • Fed lowers rates below "neutral" if growth decline occurs alongside financial stress	• Bifurcation of economy continues, with growth decelerating to 1.5-2% amidst continued solid AI capex but softening consumer spending • Investment-led growth limits job gains • Fed eases rates further to cushion growth but stops at ~3% neutral rate	• Growth remains above trend on the back of AI productivity boost and broader recovery in non-AI investment due to falling interest rates, tax cuts and reshoring • Stronger demand leads Fed to keep rates above neutral to manage inflation risks
Key scenario drivers and assumptions	• Larger and more persistent increase in inflation from tariffs • Geopolitical conflict(s) trigger renewed supply chain disruptions • Credit stress episode triggered by correction in AI company valuations	• Tariff boost to inflation is short-lived • Ongoing affordability pressures and depleted household savings dampen consumption • No major drop-off in AI capex or valuations	• OBBBA tax cuts and deregulation spur rebound in business investment beyond AI • Larger and faster-than-expected boost to productivity from AI • Stabilizing labor market, low AI displacement
Corporate implications	• Rising bankruptcies denting B2B demand and household finances	• Further margin erosion from softer demand and weaker pricing power	• Stabilizing margins • Tighter labor and financing conditions

Most likely

What to watch for

- **Bifurcation in consumer base:** Ongoing affordability pressures and labor market weakening could further widen the divide in purchasing power and sentiment between lower- and higher-income consumers
- **Durability of AI capex boom:** Massive AI-related investments drove a large share of GDP growth in 2025, but these may begin to slow in 2026 due to power constraints or delayed catch-up in AI demand
- **Intensification of tariff impacts:** Companies' pre-tariff inventory buffers dwindle; the inflation and supply chain impacts of the large tariff increases to date (with more in pipeline for 2026) could intensify
- **Degree of labor market deterioration:** Potential for increased layoffs as consumer demand weakens, as well as transitional unemployment due to AI adoption, weakening employment rates for new college graduates, and immigration restrictions
- **Market correction:** Loss of confidence around pace of AI adoption and AI company earnings could trigger sharp decline in valuations, with knock-on wealth effects that weigh on higher-income consumer spend

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Sluggish growth is most likely across Europe, with manufacturing- and China-exposed economies at higher risk of renewed downturn, but some upside from AI/defense spending

Europe near-term economic outlook and key scenarios

Economic scenario	Renewed stagnation	Uneven muddle-through	Economic security-led acceleration
Description	• Loss of growth momentum and rising vulnerability to recession due to combination of: – Weak external demand – Fiscal tightening – Intense Chinese competition	• Sluggish, uneven growth of ~1% as disinflation lifts real incomes, but core industrial weaknesses persist • Export-dependent and manufacturing-led economies lag, while services- and tourism-heavy ones hold steady	• Growth strengthens toward ~1½–2% as key investments in economic security—green transition, defense, digital/AI infrastructure—accelerate and provide nascent productivity boost
Key scenario drivers and assumptions	• Geopolitical shocks revive cost pressures • Fiscal tightening weighs on high-debt, demand-sensitive economies • China's export surge further erodes manufacturing	• Gradual rate cuts/easing of financial conditions • Real wages rise; capex and confidence muted • China competition keeps pressure on automotive, machinery, batteries, and solar manufacturing	• Faster pass-through benefits of lower rates • Stronger execution of EU-funded and national investment programs • Global supply chain diversification benefits local manufacturing
Corporate implications	• Rising bankruptcies • Imperative on cost rationalization	• Stable, low sales growth • Strong competition vs. China squeezes margins	• Strong top-line growth • High returns on capex
	Most likely		

What to watch for

- **Transmission of monetary easing:** Faster ECB/BoE cuts that feed through to credit and housing costs would support a more forceful investment rebound and potential boost to consumer spending
- **Pressure from China's high-tech exports:** A sharper rise in Chinese EV, battery, solar, and machinery exports would further pressure Europe's industrial core, and could prompt more forceful EU tariff responses and anti-dumping measures
- **Fiscal stance and investment mobilization:** The pace of consolidation in high-debt countries, absorption of EU funds, and ability to coordinate public/private investments in renewables, grids, EVs, defense and AI infrastructure will shape how much of a growth impulse economies can summon via capex
- **Energy price stability:** Renewed spikes in gas/power prices from geopolitical or supply shocks would hit energy-intensive sectors and raise stagnation risk
- **Supply chain repositioning around Europe:** Whether Europe captures near-shoring and diversification away from China or loses share as firms relocate elsewhere or rely more on Chinese producers

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China is expected to sustain growth near its 5% policy target by doubling down on exports, but risks are titled to downside due to industrial overcapacity and lingering property woes

China near-term economic outlook and key scenarios

Economic scenario	Prolonged balance-sheet slowdown	Export-led resilience	Early-stage consumption / innovation uplift
Description	• Growth dips below 4% as property correction persists, consumer confidence stays weak, and policy support has limited traction • Deflationary pressures linger and demand remains uneven	• Growth holds at around 4.5% on the back of continued export momentum in EVs/energy/high tech • Export market share gains offset tariff headwinds and weak domestic demand	• Growth of >5% as productivity boost from AI/automation and revival of consumer demand complement ongoing export strength
Key scenario drivers and assumptions	• Slow property and LGFV cleanup • Household savings stay high and consumption recovery stalls • Softening global demand and more trade barriers vis-a-vis China	• Greater policy support and scaling of capacity in high-tech and advanced manufacturing • Tariff headwinds partly absorbed through price cuts, supply chain shifts, and EM market expansion	• Property market stabilization and targeted household support lift near-term consumer demand • Faster innovation in AI, automation, green tech boosts activity
Corporate implications	• Weak demand and margin pressure from overcapacity • Rising corporate default	• Widening gap in domestic vs. foreign demand • Tougher global pricing	• Uplift in consumer-facing sectors • Productivity gains support improved pricing power
		Most likely	

What to watch for

- **Export momentum vs. global pushback:** Degree of continued strength in export categories (e.g., EVs, batteries, solar modules, advanced machinery) and any new tariff/anti-dumping actions from US/EU
- **Property sector stabilization signals:** Improved inventory absorption, completions, funding for unfinished projects, and restructuring progress for large developers and LGFVs
- **Scale and effectiveness of policy stimulus:** Responsiveness of domestic demand to fiscal support (consumption incentives, social-housing programs, tax tweaks) and PBoC credit guidance
- **Industrial overcapacity and deflation:** Price and capacity developments in key sectors will signal whether supply continues to outpace global absorption and the effectiveness of anti-involution policies
- **Balance of global vs. China-led supply chain shifts:** How quickly/extensively foreign firms accelerate reshoring and "China-plus-one" strategies vs. Chinese manufacturers expanding offshore assembly and EM localization to sustain export momentum

Source(s): Accenture Strategy analysis

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Unwinding of OPEC production cuts will help GCC countries maintain strong growth in 2026, whereas Canada, Mexico and Brazil remain on shakier footing due to US/China exposures

Other key country outlooks (1/2)

		Base case outlook	What to watch for
Americas	Canada	• Slight improvement vs. 2025 as the drag from past rate hikes fades, though growth remains US demand-dependent and pressured by tariffs • Structural challenges—productivity, housing supply, limited fiscal room—keep Canada in the lower-growth tier of the global multi-speed landscape	• How quickly monetary easing transmits through a debt-heavy household sector • Outcome of USMCA renegotiations and any easing in tariffs • Signs of housing-market stabilization vs. renewed stress
	Brazil	• Decelerating overall growth as tighter financial conditions and high real rates weigh on domestic investment and consumer demand • Weaker global goods trade and China's export overhang will also pressure Brazil's manufacturing and commodity-linked sectors	• Interaction between rate cuts and inflation expectations amid currency volatility • Exposure to China's demand for metals, agri., and energy • Execution of fiscal reforms and market reactions
	Mexico	• Slight growth pickup supported by nearshoring, remittances, and a firm labor market, but still constrained by weak investment, softer US/global demand, and tariff headwinds • Tight financial/fiscal conditions—high real rates, limited fiscal room, energy-sector bottlenecks—will temper benefits of disinflation	• USMCA review and tariff decisions shaping nearshoring economics and export competitiveness • Banxico's easing path and effects on credit and peso volatility • How fiscal and energy-sector signals (Pemex risks, power reliability, budget plans) affect investor confidence
Middle East	Saudi Arabia	• Slight acceleration of growth as oil production normalizes from prior OPEC+ cuts and non-oil activity remains resilient on the back of steady investment, job creation, and low inflation • Momentum is partly tempered by higher living costs (housing), subsidy adjustments, and a more cautious fiscal stance	• Oil prices and OPEC+ quota decisions, the main swing factor for headline growth and fiscal space • Translation of committed public and private investments into actual project delivery and non-oil activity • Impact of subsidy reforms, housing costs, and public-sector wage dynamics on consumer sentiment
	UAE	• Growth is expected to moderate slightly from 2025's strong pace as the multi-year non-oil surge—led by real estate, tourism, and services—normalizes, though it remains the primary driver of expansion. • Oil-sector growth turns modestly positive (from flatness in 2025) as OPEC+ output curbs ease and new ADNOC capacity comes online	• Durability of non-oil activity, especially in real estate, tourism, and consumer credit • Progress on trade, investment, and digital-economy agreements that enhance the UAE's hub role • Sensitivity to global financial conditions, oil prices, and regional geopolitics affecting capital flows and confidence

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India and Vietnam will remain top growth performers in Asia, while strong domestic demand keeps Japan and Indonesia resilient; trade headwinds may drag on other ASEAN markets

Other key country outlooks (2/2)

		Base case outlook	What to watch for
Asia Pacific	Japan	• Modest improvement in growth over 2025, with wage gains and consumption offsetting weak external demand • Japan is navigating a shifting regional order—benefiting from US-linked supply chains but facing rising competitive pressure from China	• Wage–price dynamics, especially whether annual Shunto settlements sustain real income growth • Market reaction to BOJ tightening steps and yen volatility • Exposure of exports and tourism to China/global slowdown
	India	• Slight growth deceleration as tighter household credit and uneven job temper domestic demand, though investment and supply-chain diversification should keep India a relative global outperformer • External headwinds—notably US-India trade frictions—pose risk	• Manufacturing scale-up as firms reassess China exposure • 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	• Gradual growth pickup as firmer real incomes and easing inflation offset the drag on investment from still-high borrowing costs • Outlook remains closely tied to China's industrial activity, as softer Chinese demand for iron ore and LNG could hamper export momentum	• Pace of RBA easing and relief for indebted households • China's demand for iron ore and LNG, especially signs of deeper industrial weakness or pivot towards cleaner energy • Drag from labor market softening and housing adjustment
	Vietnam	• Continuation of solid growth above ASEAN average, powered by export-oriented manufacturing, FDI and strong tourism • Policy focus stays on improving infrastructure, power reliability and capital-market reform to absorb supply-chain diversification flows	• Impact of US/EU tariffs and China competition on electronics, textiles and other key exports. • Progress on infrastructure, energy and SOE reforms that help Vietnam capture near-shoring and FDI momentum
	Singapore	• Growth slows mildly from the 2024–25 rebound amidst weaker external demand, electronics downcycle and tighter global financial conditions • Public infrastructure spending and resilient high-value services (logistics, finance, professional services) cushion but not fully offset external drag	• Sensitivity to global trade tensions and US/China tariffs, especially for electronics and re-exports • Progress on workforce upskilling and digitalization to offset ageing and structural cost pressures
	Malaysia	• Moderate growth continues, supported by global semiconductor demand and AI-related investment • Consumer spending, however, remains dampened by subsidy reforms, cost of living pressures, and fiscal tightening	• Implementation of fuel-subsidy reforms and new taxes and their impacts on consumer spending and inflation • Sensitivity to domestic demand weakness in China, which is a key export market for Malaysia
	Indonesia	• Continued growth of ~5% driven by domestic demand, infrastructure spending and downstream commodity industries • Moderate inflation enables a cautious easing of monetary policy to support growth	• Continuity of policy support for downstreaming (nickel, EV value chain) and investor sentiment around regulatory shifts • Budgetary strain recent social welfare expansion and large infrastructure projects

Source(s): Accenture Strategy analysis

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Top 10 macro trends for companies

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Bifurcation of growth and consumer spending, lagged tariffs impacts, and the US-China AI race are among the key macro trends that will shape the business environment in 2026

Executive Summary: Top 10 trends for 2026

1. Two-speed growth dynamics become more entrenched across economies and sectors	• AI investment, aggressive industrial policies and trade fragmentation drive divergent growth trajectories within economies between different sectors, company types and consumer segments
2. Tariff uncertainty shifts from "*how high*" to "*how durable and broad*" the impacts will be	• With higher US tariffs a semi-permanent fixture of the new global trade order, the knock-on implications for inflation, supply chains, and pricing strategies become more real for companies
3. Financial stability is tested by higher rates, fiscal overhangs and shadow leverage	• Structurally higher rates intensify financing pressures and expose vulnerabilities in private credit, where leveraged, opaque structures could amplify losses in the event of an AI valuation correction
4. Affordability pressures squeeze middle class and further bifurcate consumer base	• Ongoing cost-of-living pressures from tariffs, housing shortages, and strained electricity grids exacerbate the gap in purchasing power/sentiment between low and higher-income consumers
5. Growing AI diffusion widens productivity gaps between regions and firms	• Companies integrating AI into workflows pull further ahead in productivity and profitability, while laggards face rising cost pressures, shrinking margins, and competitive displacement
6. China doubles down on export-driven growth and higher-tech manufacturing	• China's expansion of higher-tech exports and dumping of tariff-pressured goods exacerbates manufacturing struggles in Western markets and squeezes margins of APAC competitors
7. Europe's competitiveness erodes further as it struggles with economic security pivot	• Europe's slow and uneven implementation of its interventionist economic security agenda raises regulatory, supply chain, and market complexity for companies without the competitiveness payoff
8. Tech sovereignty challenges take center stage as US-China AI competition intensifies	• The US-China race for AI supremacy pressures governments and companies to choose between rival ecosystems (or develop hybrids) to balance long-term tech security and affordability
9. Energy systems face mounting strain from AI power demand	• Data center energy demand will keep rising as AI workloads surge, creating a power crunch in Western markets where grid capacity cannot keep up, driving up electricity prices
10. Reshoring and energy security imperatives create geostrategic investment hotspots	• Regions who offer supply chain diversification appeal, data center readiness, and critical resources—such as Mexico, India, parts of ASEAN, and the Middle East—capture rising investment

Source(s): Accenture Strategy analysis

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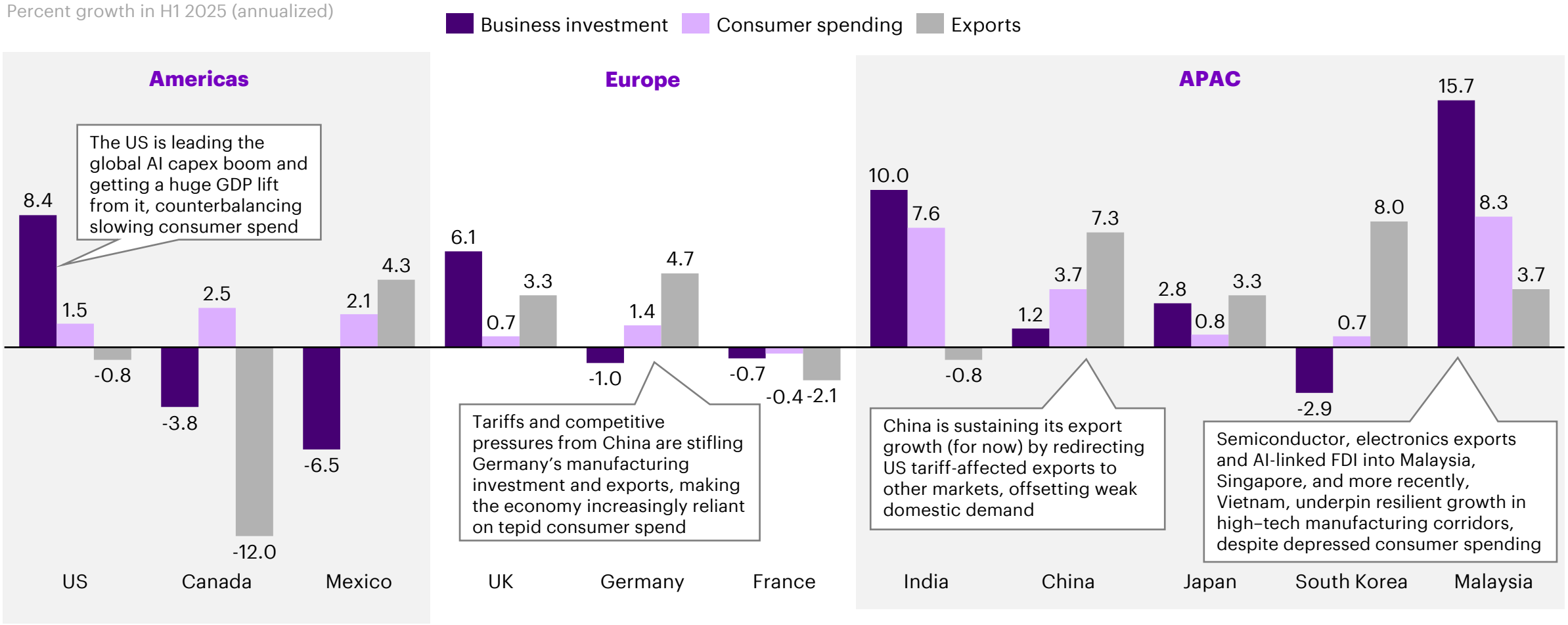
Many countries are seeing a multi-speed growth dynamic, with tariffs weighing on consumer and export-facing areas of the economy, while AI-linked capex and industries excel

1. Multi-speed economies

Key components of GDP growth dynamics in H1 2025



Source(s): Haver analytics, Accenture Strategy analysis

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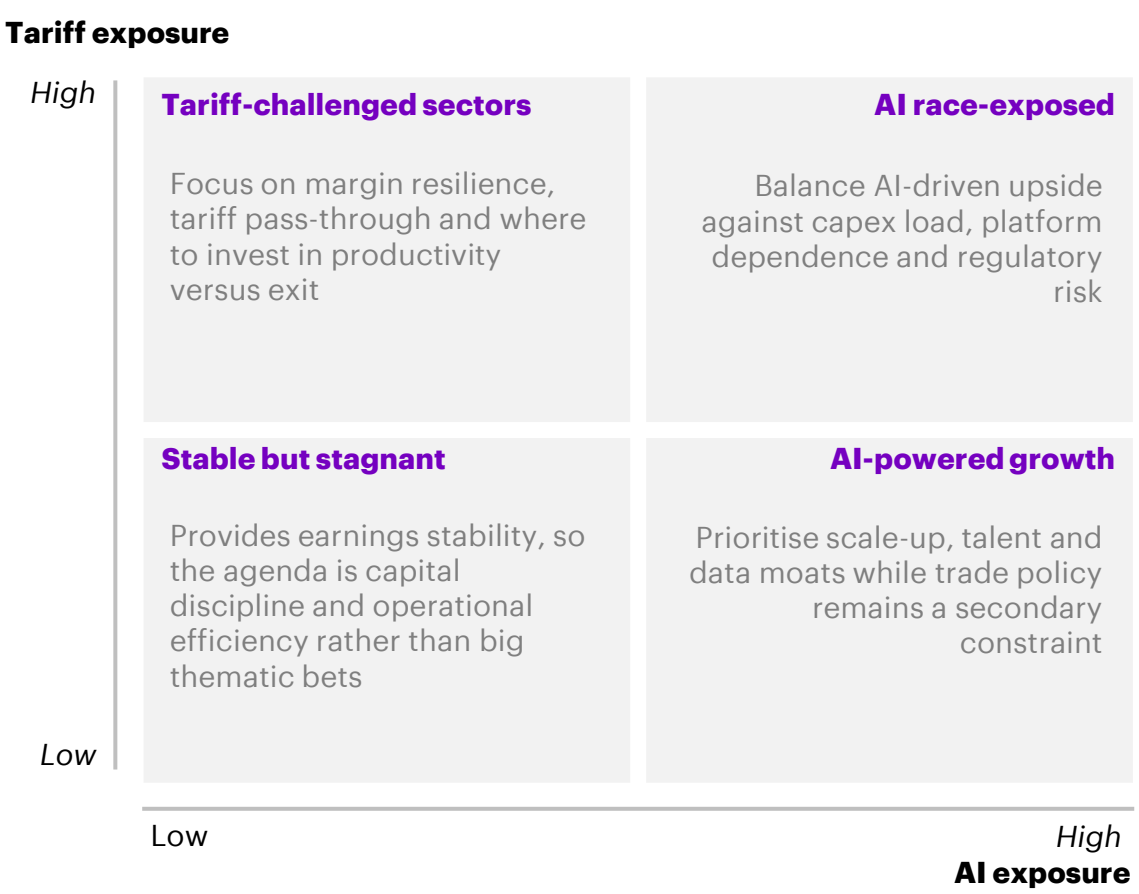
K-shaped growth trajectories are creating a host of challenges and opportunities for different sectors, firms and consumer segments

1. Business considerations

Firms should understand their current strategic positions...



...while balancing across key trade-off considerations

Growth vs resilience	• AI-linked bets offer higher potential growth but come with technology, regulatory, and execution risk • Tariff-exposed and slower segments may provide cash and stability but limited upside
Scale vs localization	• AI economics reward global scale, data pooling, and common platforms • Tariffs and industrial policy push toward more localised footprints, standards, and compliance
Control vs dependence	• Building on hyperscaler and frontier-model ecosystems accelerates time to value • Reliance on a small set of vendors and jurisdictions, with implications for pricing power and geopolitics
Talent focus vs workforce balance	• AI capabilities concentrate value in scarce technical and product talent • Large parts of the existing workforce sit in slower, often tariff-affected activities, raising questions on morale, redeployment, and social licence

Source(s): Accenture Strategy analysis

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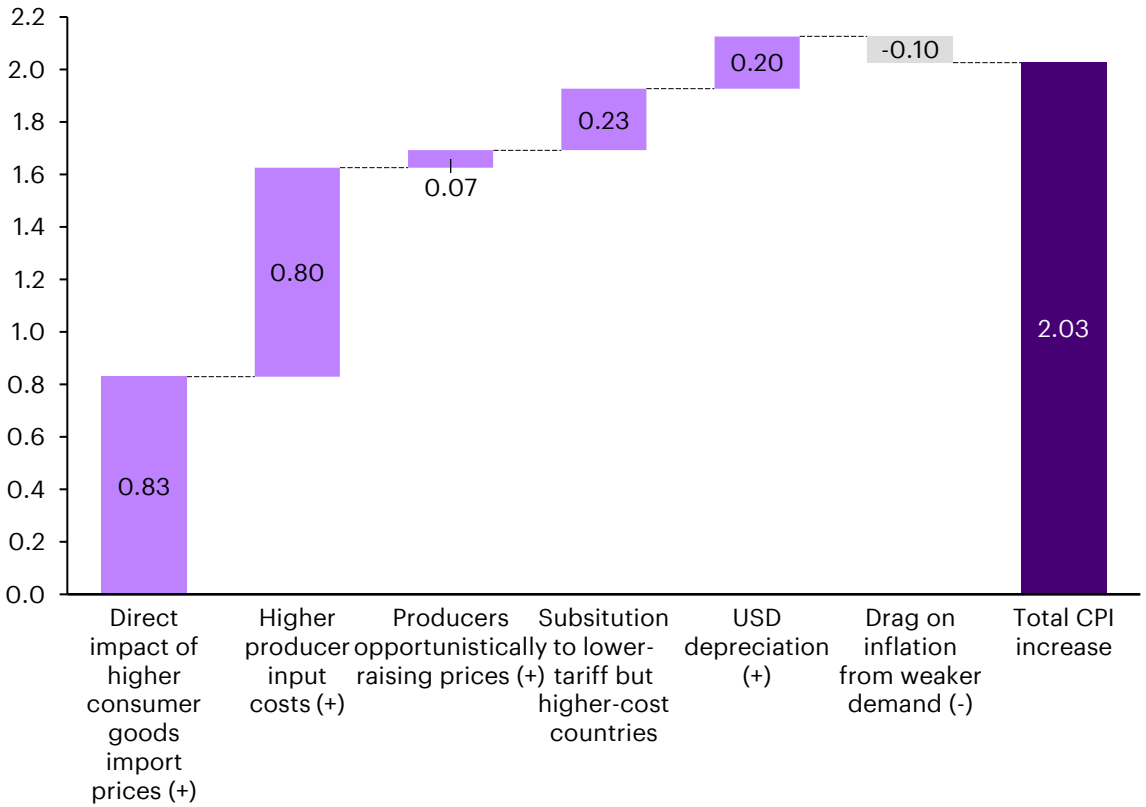
As companies' pre-tariff inventory buffers dwindle, the full brunt of the 15 p.p. increase in the effective US tariff rate (with additional sectoral tariffs still to come) will begin to be felt

2. Lagged transmission of tariff impacts

Potential increase in US consumer prices from tariffs[1]

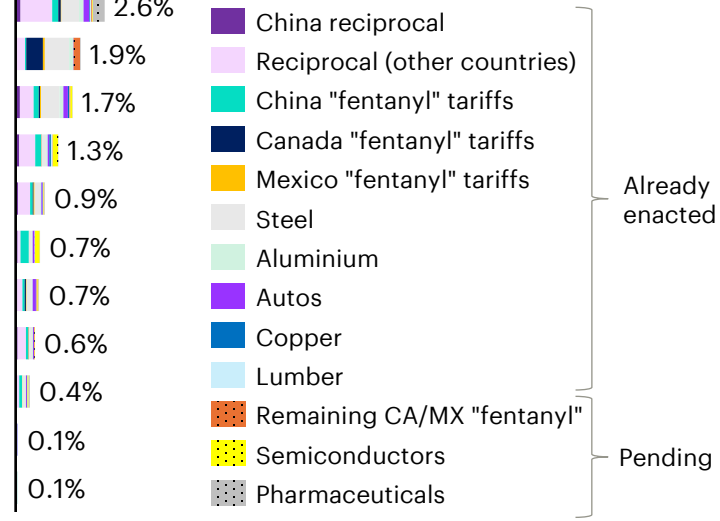
Percent change in PCE level (relative to no-tariff counterfactual) over a 1-year horizon



Estimated tariff-driven margin erosion for key US industries

Potential percent reduction in margins (over next 12 months) due to tariff-related cost increases

Industry	Industry margin[2]	Potential margin erosion[3]
Automotive	6%	8.2%
Aerospace & Defense	10%	4.7%
High Tech	14%	4.3%
Chemicals	8%	3.7%
Life Sciences	17%	3.4%
Natural Resources	11%	2.8%
CG&S	14%	2.6%
Energy	13%	1.9%
Industrials	8%	1.7%
Comms & Media	15%	1.3%
Retail	6%	0.9%
Software & Platforms	22%	0.7%
Utilities	16%	0.7%
Travel	11%	0.6%
Capital Markets	15%	0.4%
Banking	12%	0.1%
Insurance	25%	0.1%



Note(s): 1/ Based on a 15 p.p. increase in effective US tariff rate; 2/ EBIT margins (2024), based on AR Financial Tower and Capital IQ data for 2,768 public companies; (3) Does not include potential margin impact from pricing responses and gain/loss in market share
Source(s): BEA, US Census Bureau, USITC, University of Michigan, Goldman Sachs Investment Research, Accenture Strategy analysis

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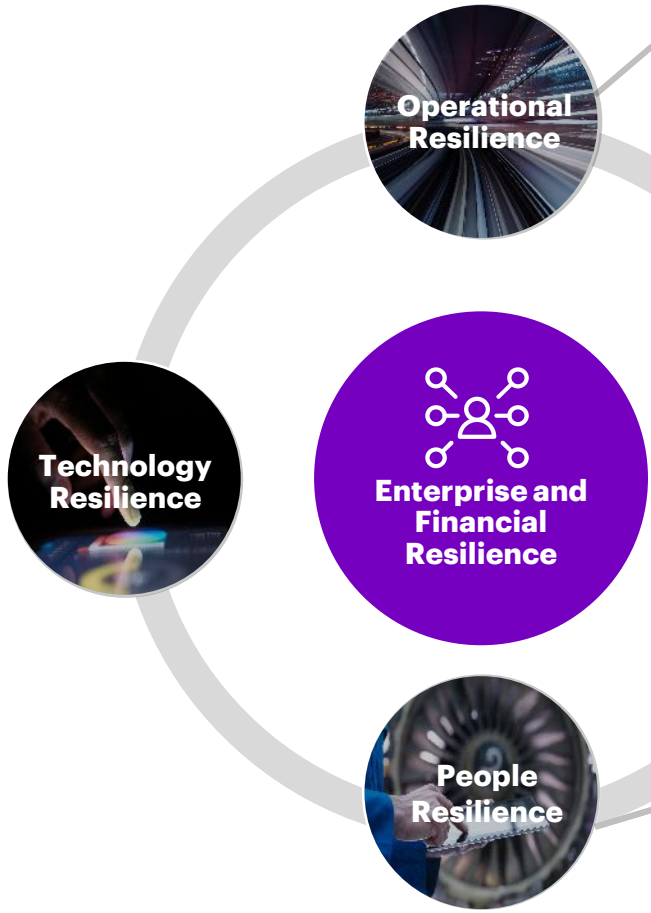
Resiliency across commercials, operations, people and tech will be the key for companies to mitigate tariff impacts and reduce vulnerability to potential future trade policy shocks

2. Business considerations



- *Supply chain resilience to drive strategic changes in sourcing and procurement, as well as potential changes to network strategy*
- *Cost and productivity reinvention covering spend and process enhancement to protect margins and boost productivity*

- *Embed autonomous AI agents across functions to continuously monitor real-time data and optimize decision making, e.g., flag risk exposure to new tariff codes*
- *Accelerate AI efforts to drive enterprise productivity*
- *Enable more secure processes given the risk of geopolitical and cyber threats*

- *Pricing and commercial strategy given tariff uncertainties where companies consider:*
  - *How much cost to absorb?*
  - *How much to pass on?*
  - *Commercial structures that enable these changes*
- *Thinking opportunistically about growth and M&A in a slower economic backdrop*

- *Shift in organizational structure*
- *Upskilling individuals across geographies (incl. to support re-industrialization agendas)*
- *Empowering multidisciplinary resilience squads (e.g., finance, legal. ops work together)*

Strengthen enterprise resilience through regular Scenario Planning exercises given the uncertain macro environment

Source(s): Accenture Strategy analysis

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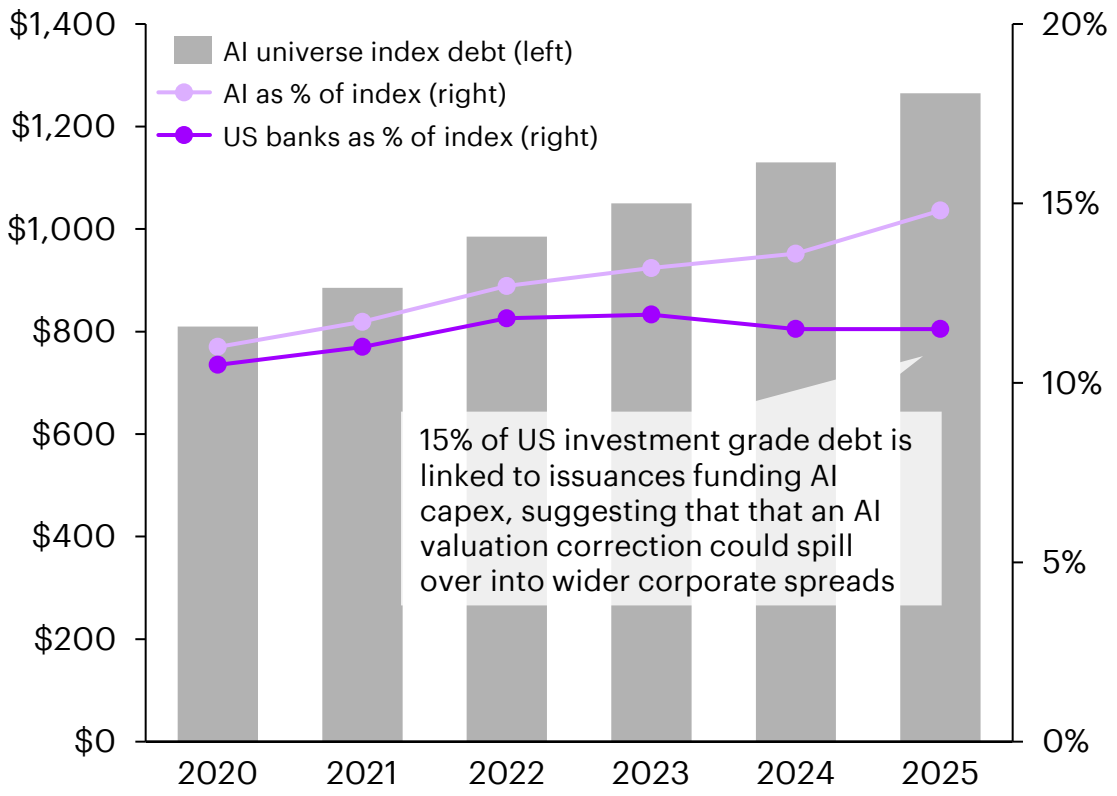
Structurally higher interest rates and a potential correction in AI valuations are likely to increase funding stress for many companies, particularly those relying on private credit

3. Increasing financial fragility

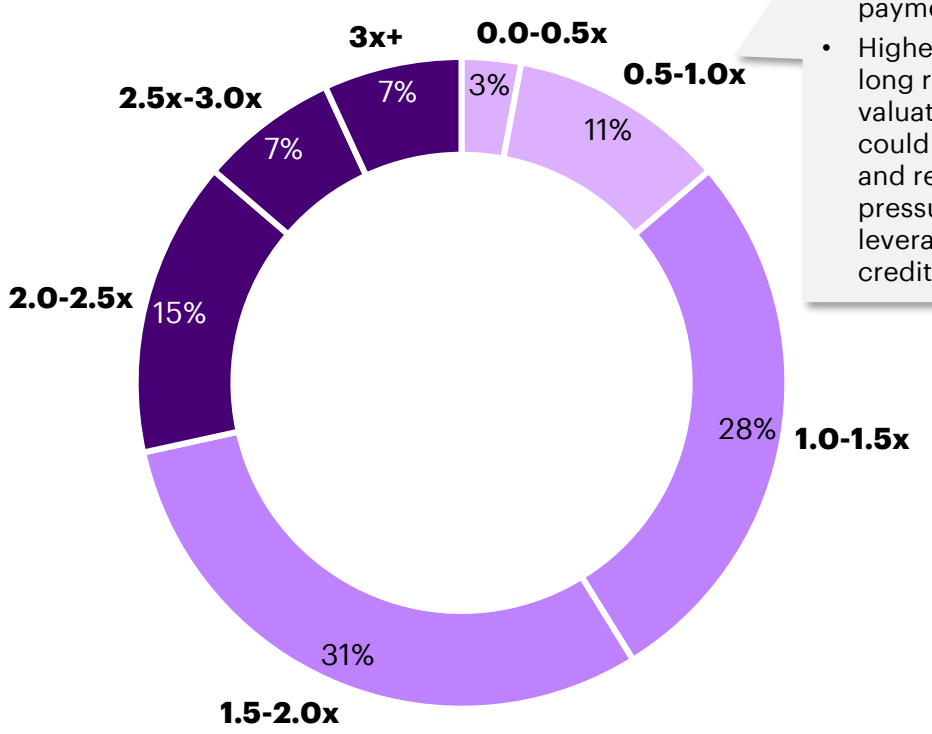
AI-related US investment grade debt

$bn (Left), % of index (Right)



Interest coverage ratios of private credit borrowers[1]

EBITDA/Interest Expense



- 15% of private borrowers cannot cover interest payments
- Higher-for-longer long rates plus an AI valuation shake-out could intensify losses and refinancing pressures in this leveraged, opaque credit market

Notes: (1) As of June 30, 2025
Source(s): IMF, Goldman Sachs, Houlihan Loukey, Federal Reserve, Accenture Strategy analysis

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Private credit now spans a broad set of industries, from manufacturing and TMT to cleantech and life sciences, so stress in the asset class carries economy-wide implications

3. Business considerations

	Industries	Business considerations	
		Finance	**Operations**
Sectors with high private credit penetration	• Manufacturing • Technology • Industrials	• Stress-test covenants and refinancing under higher for-longer rate scenarios and lower valuation exit multiples • Explore equity/quasi equity (preferred, convertible, minority PE) to de-risk balance sheet where leverage was set off peak AI / tech valuations • Match tenor and structure of private-credit facilities to underlying asset cash flows (e.g., avoid short-dated bullet maturities on long-dated projects)	• Tighten working-capital management i.e., – Faster billing and collections – Smarter inventory and procurement to free up cash • Protect and grow cash-margin, not just revenue: – Prioritise high-margin products, contracts and sites – Pause or reshape low-return initiatives • Prepare cost-flexibility playbooks (e.g., pre-agreed levers for slowing hiring, reducing discretionary spend, and resizing capacity if volumes disappoint) • Improve data, forecasting, and dashboards to cover: – Short, frequent cash, and covenant forecasts – Shared view between finance and operations on headroom and risks
Industries with growing private credit presence	• Infrastructure • Cleantech • Life sciences	• Monitor build up of private credit facilities alongside traditional bank lines to avoid hidden leverage	

Source(s): Accenture Strategy analysis

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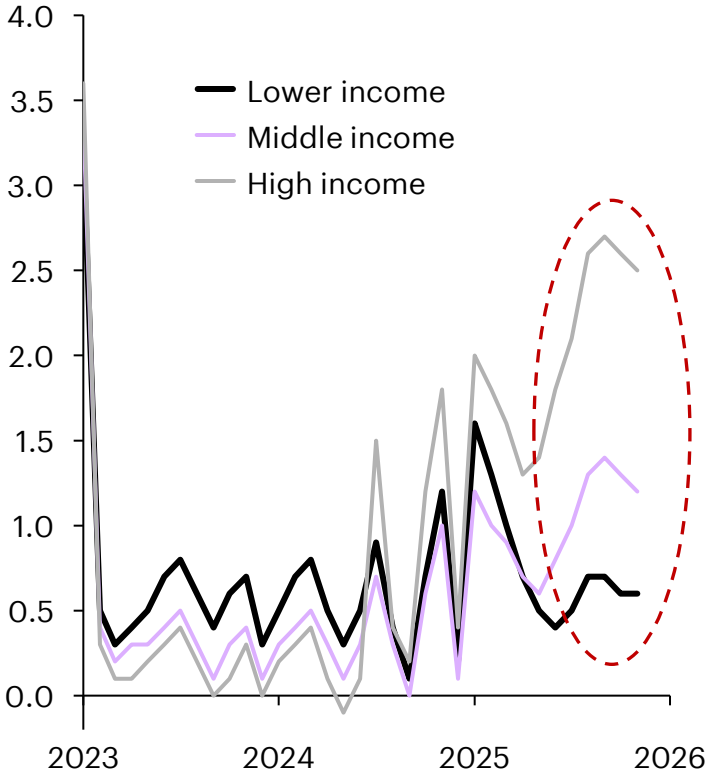
Ongoing affordability pressures and slowing income growth—both of which are more pronounced for lower-income households—are set to further bifurcate the consumer base

4. Affordability pressures and bifurcated consumer spending

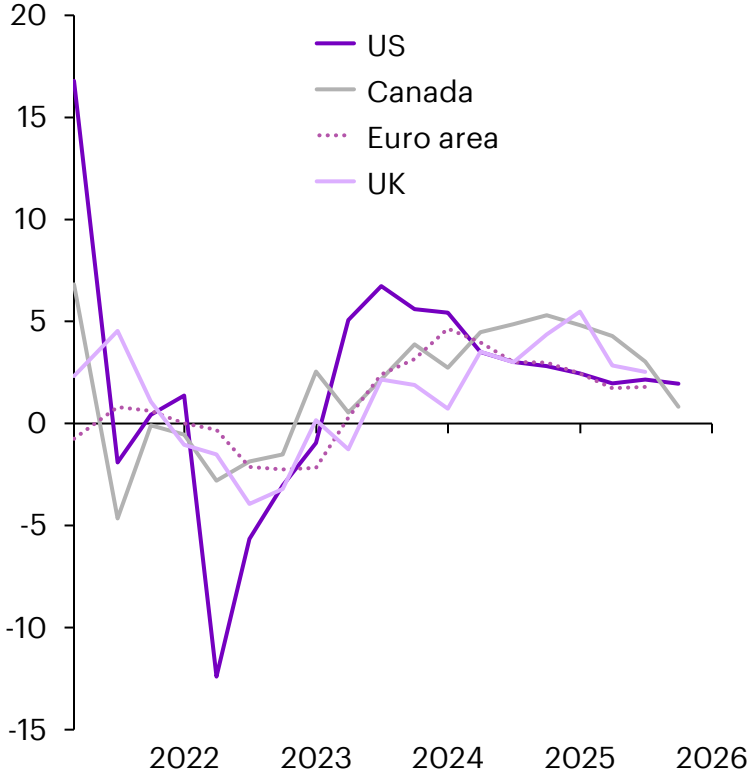
Real US consumer spending by income group

Spending on credit and debit cards (YoY % change in 3-month moving average level)



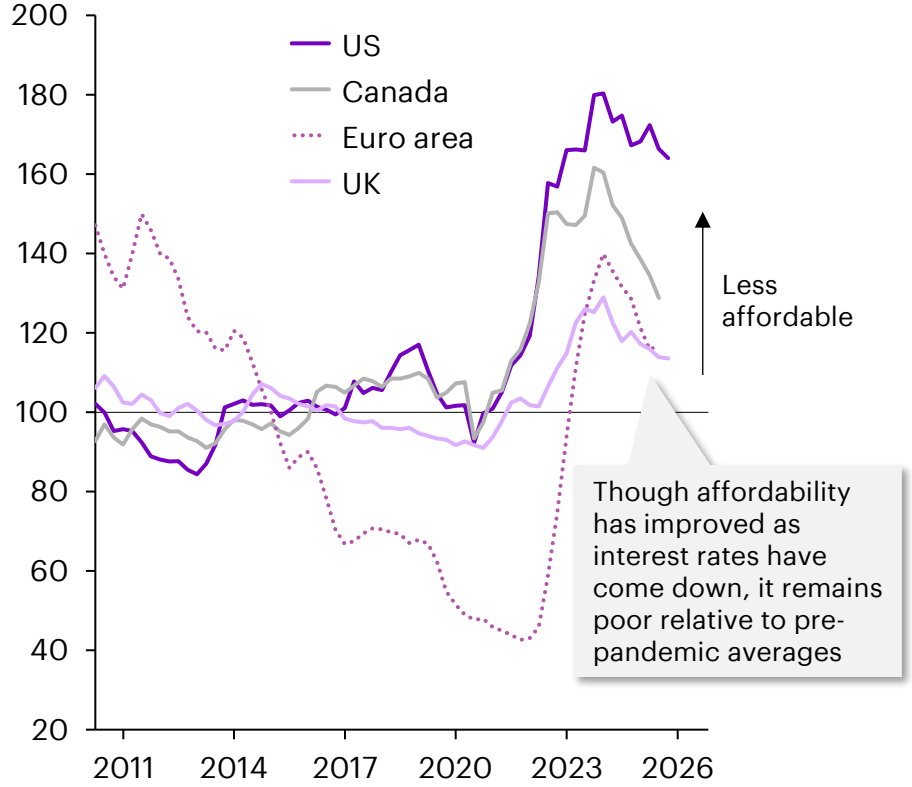
Real household disposable income

Percent change (year-on-year)



Housing affordability

Index (2010-19 average = 100); higher value means less affordable



Source(s): Bank of America, Haver analytics, ECB, Accenture Strategy analysis

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Companies need to understand how consumer's lifestyles and consumption habits evolve as affordability challenges persist in 2026 – this will also by different consumer segments

4. How consumers may react to affordability squeeze

Gen X / Millennial consumers

Shift to discount retailers

Expect more consumers – including middle- and high-income ones – start to shift to discount retailers

Saving less for retirement

Households will have less money at the end of each month to contribute to retirement. or rainy day, savings

Adapting lifestyles

Plan for households to cut leisure and dining, in place for at-home activities

Adapting travel habits

Consumers may shift more to domestic holidays which are cheaper in nature

Shift to private label

More consumers will shift to private label goods, particularly for everyday essentials where there is little brand loyalty

Prioritizing essentials

Consumers will prioritize essentials like housing and food

Gen Z consumers

Delaying marriage and home buying

Expect more GenZ to delay major life milestones as they perceive their financials limit major decisions

Indulging selectively

GenZ still value luxuries, but will do this selectively based on trade-offs they need to make in their budgets

Side hustles

Expect more GenZ to take on side jobs to boost their disposable income

Buying "dupes"

GenZ are more likely to turn to "dupes" given their constrained finances and prominence on social media platforms

Savvier shopping habits

GenZ will become even savvier shoppers as they use price comparison websites and AI to find the best deals

Source(s): Accenture Strategy analysis

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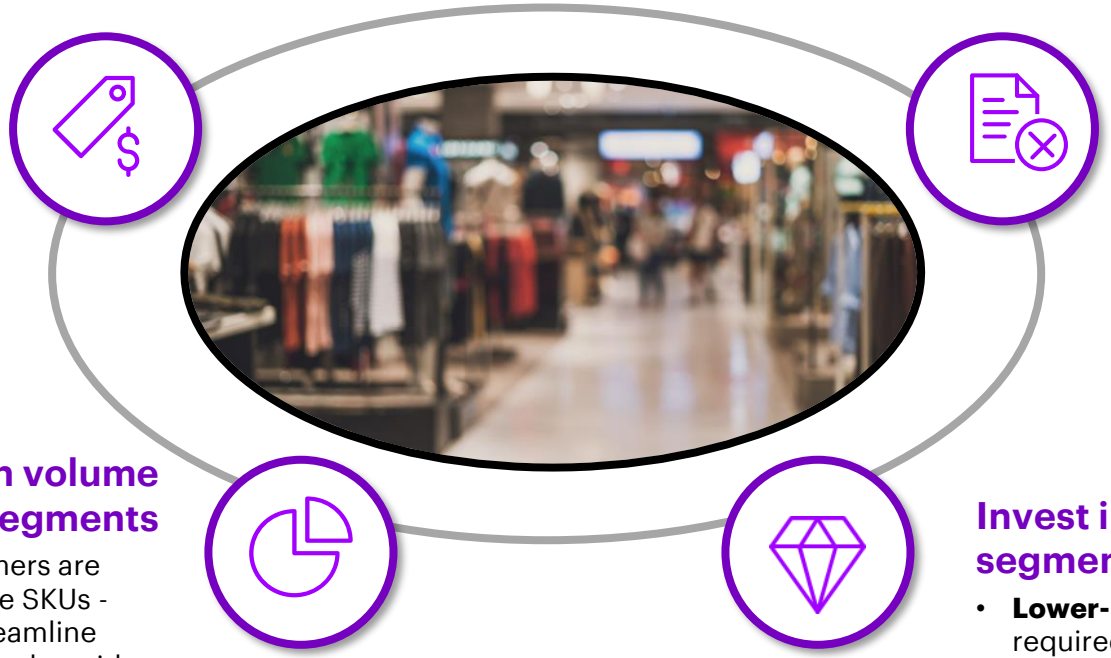
Businesses need to develop dual strategies to defend their relevance and margins across resilient high-income consumers and stretched lower-income households

4. Business considerations

Rethink pricing architecture

- **Lower-income segments**: uniform pricing risks losing volume - companies need value tiers, bundled offerings and reduced pack sizes
- **High-income segments:** premium pricing and differentiated SKUs can protect margins for consumers wiling to pay for quality and convenience



Prepare for higher credit risk

- **Lower-income segments**: stretched households carry higher debt burdens and churn risk - tighter credit underwriting, early-warning signals (e.g., spending patten changes), and flexible repayment terms will be key
- **High-income segments:** low default risk and strong lifetime value justify investment in loyalty and retention initiatives

Expect margin pressure in volume segments

- **Lower-income segments**: More consumers are "trading down" to private label and value SKUs - firms must rationalise portfolios and streamline their cost structure to protect margins in the mid-market
- **High-income segments**: volume pressure is offset by high-income growth; firms should focus on M&A and innovation investment for premium and lifestyle segments

Invest in premium and affluent segments

- **Lower-income segments**: less investment is required – firms should focus on cost efficiency and operations to compete on price
- **High-income segments:** Invest in premium offerings, loyalty programs and experience-led propositions to capture share of profitable growth for elevated consumer spending

Source(s): Accenture Strategy analysis

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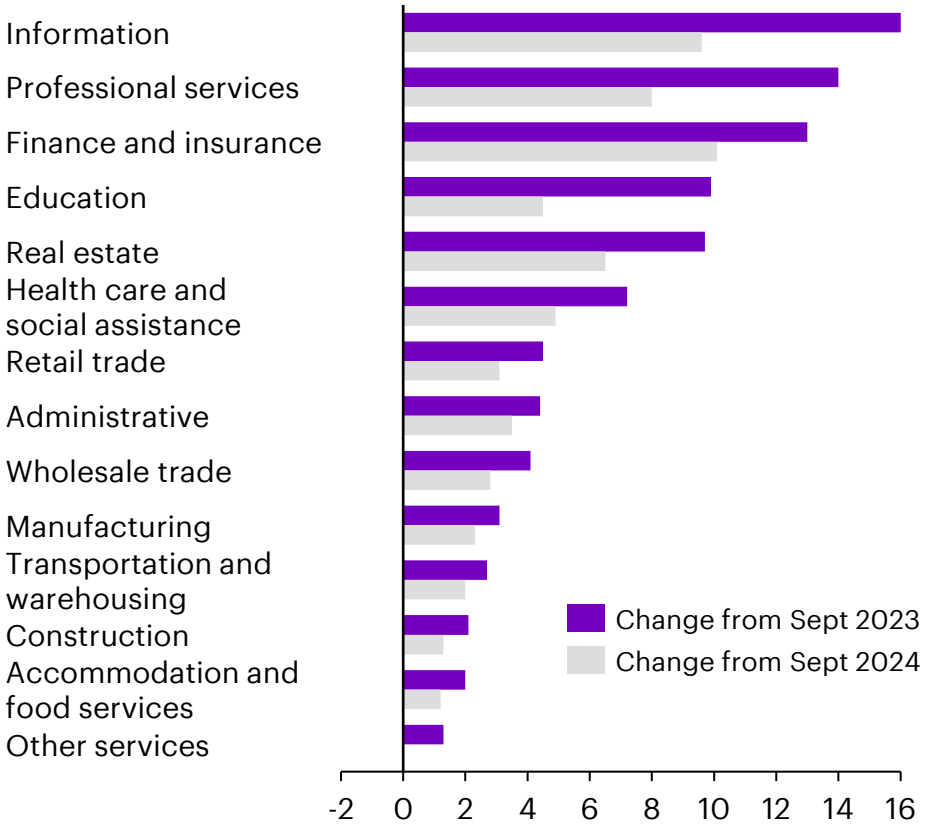
Early AI adopters are driving productivity and margin growth divergence at regional, firm and sectoral levels while slow adopters face cost pressure and eroding competitiveness

5. Growing AI diffusion widens productivity gaps between regions and firms

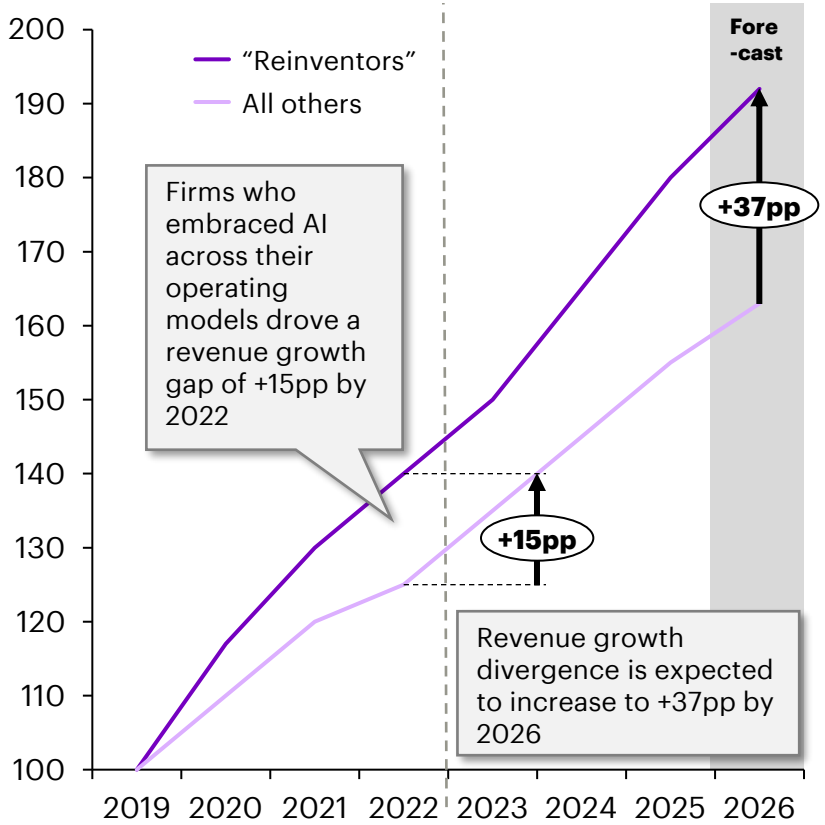
Change in share of US firms adopting AI, by industry

Percentage points, as of September 2025



Financial value gap between firms implementing AI[1]

Revenue growth, indexed (2019 =1 00)



Commentary

- Firms and industries that are slow or less innovative in adopting AI face rising cost pressures and margin compression as early adopters pull ahead
- Winners are typically firms within highly-exposed sectors where the scope for AI adoption across workflows has increased drastically
- Agentic AI is set to widen this gap further as early adopters are better positioned to leverage their existing AI capabilities and capture value faster than laggards
- Regional winners and losers will be determined by sectoral composition, their exposure to AI and the propensity to drive AI-related capex

Notes: (1) "Reinventors" account for 9% of firms who have built the capability for continuous reinvention by embracing and investing in generative AI across their workflows and operating model. Accenture characterizes "reinventors" as firms whose digital core sits at the core of their competitive advantage and who have built the capabilities across technology, talent and processes to continuously reinvent their operating models

Source(s): Accenture Strategy analysis

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Businesses must adapt operating models and capabilities as AI maturity drives widening performance gaps

5. Business considerations

Strategic considerations across different levels of AI adoption

	Description	Operating model	Competitive positioning	Financials	Technology / Compliance
Early Adopters	*Organizations already embedding AI across core workflows* *Strong capabilities, use cases, and growing returns*	• Redesign for end-to-end workflow • Enable greater agility and adaptability within people and process to disruption	• Differentiating AI-enabled services across the streams e.g., – Propositions – Pricing • Realise higher productivity as AI maturity advances	• New revenue models enabled by AI (e.g., personalised services) prioritisation	• Emphasis on governance as models grow more complex • Best positioned to leverage agentic AI within existing process
Followers	*Organizations with meaningful AI opportunities but uneven progress* *Selective adoption and barriers e.g., regulatory, capability or data restraints*	• Prioritise the highest-value use cases to avoid fragmented adoption • Seamless shift towards standardised decision workflows	• Scale priority initiatives while driving targeted innovation ahead of competitors	• Investments with areas of visible ROI to avoid experimental sprawl • Is there enough financial evidence to support scaling decisions?	• Address data quality, access and barriers
Late Adopters	*Organizations where AI adoption remains limited due to operational constraints, legacy systems or low applicability*	• Focus on foundational digital and process improvements – Specific areas (e.g., reporting) – Improving data literacy	• Risk of losing market share if foundations are not strengthened	• Early investment in data systems	• Minimum-viable data governance to enable AI use • Modernisation of legacy platforms

Source(s): Accenture Strategy analysis

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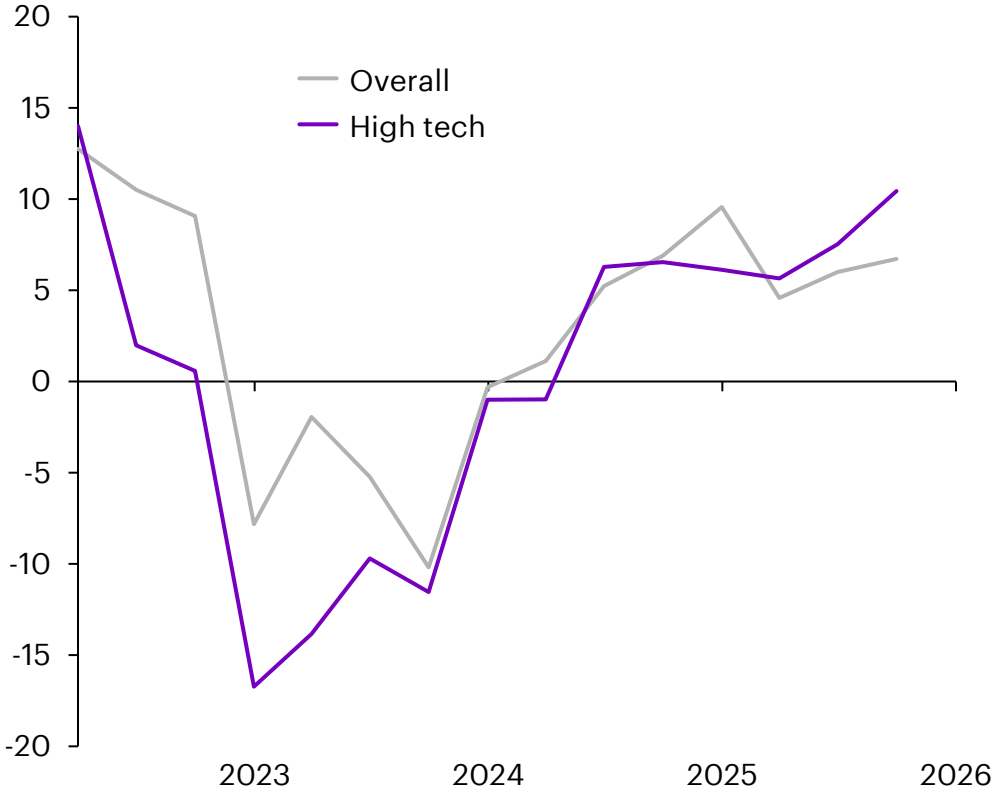
China's push into higher-tech exports and dumping of tariff-affected goods is intensifying pressure on Western manufacturers and compressing margins for APAC competitors

6. China doubles down on export-driven growth

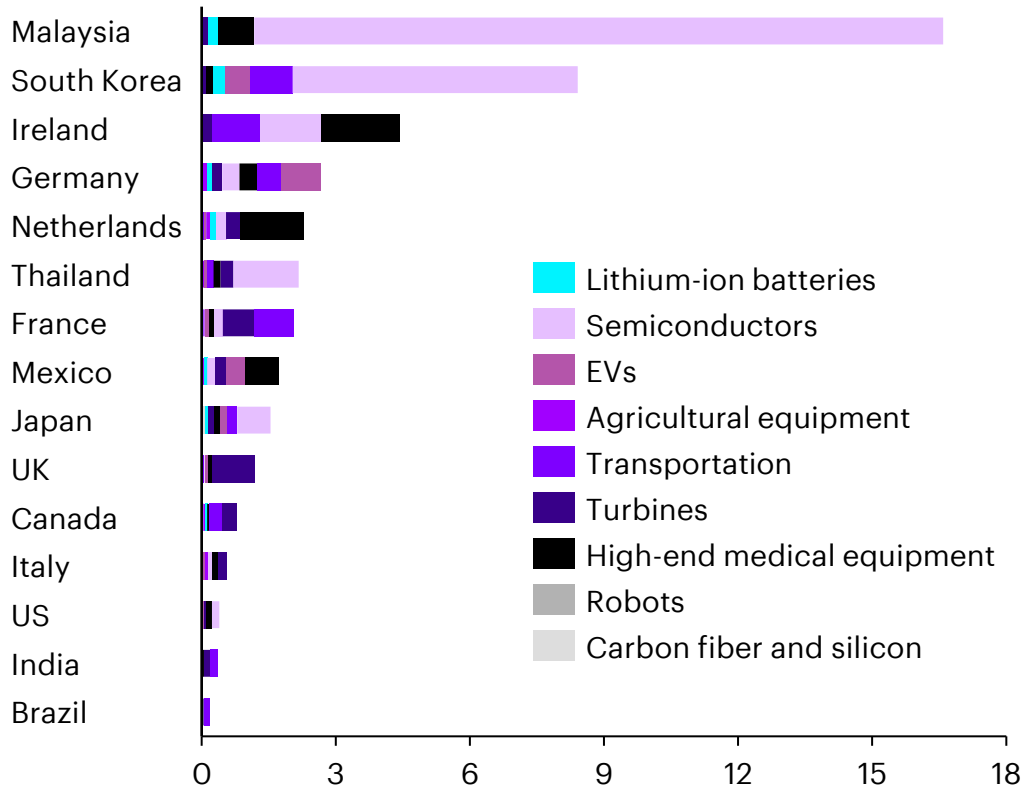
China total and high tech[1] merchandise exports

Percent change, year-over-year



Countries and exports at risk from Chinese export competition

Exports of each county (percent of GDP)



Notes: (1) High tech includes semiconductors, EVs, solar cells, cell phones, audio and video equipment, flat panel displays, electronics and electronic components, electrical equipment, biotechnology, communication technology, aerospace technology and other technologies; (2) Semiconductors include: Memory Chips, Processors, Power Transistors, Manufacturing Gear, Other IoT; Transportation includes: Aircraft, Rail, Ships; Carbon Fiber and Silicon include: Silicone Carbide, Silicone Steel and Carbon Fiber.

Source(s): Haver analytics, UN Comtrade, Accenture Strategy analysis

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Companies need to build resilience under any scenario by being able adjust course as Chinese high-tech competition and trade dynamics evolve

6. Business considerations

	Scenario	Description	What would need to be true?	Strategic considerations for manufacturers		
				Commercial	**Supply chain**	**Finance / Risk**
	1. Gradual squeeze	• Steady rise in Chinese high-tech exports, pricing pressure, but no major policy moves	• Demand broadly stable • Trade policy steady, with China focused on mid-range cost competition	• Tilt mix toward defensible niches and service-led offerings in exposed lines	• Execute "no-regrets" efficiency moves (e.g., yield, procurement, basic China+1 options)	• Build integrated scenarios by product and region, with early-warning triggers on profitability and cash
	2. Selective protection	• Targeted tariffs and trade remedies in a few product areas offer partial shelter	• US/EU apply sector-specific remedies • Retaliation remains contained	• Reposition portfolio to benefit from protected segments where you have a right to win	• Adjust footprint to capture local-content incentives in priority markets	• Model tariff, subsidy and local-content scenarios into P&L, balance sheet and capex plans
	3. Aggressive undercutting	• Visible dumping and deep price discounts in key products despite some protection	• China sustains very low pricing via scale / support • Customers highly price-driven	• Exit or shrink commodity SKUs • Double down on differentiated propositions and branding	• Accelerate automation, site consolidation and supplier resets in loss-making lines	• Reprioritise capex and M&A toward high-return, defensible positions • Put guardrails around "value-destructive defence" spending
	4. Trade and technology shock	• Broad tariffs / quotas • China moves up the tech stack into systems and software	• Material escalation in tariffs / quotas • China credible in systems and software	• Prioritise markets which can be defended • Differentiate on branding	• Regionalise production (e.g., US / EU / APAC hubs) • Redesign networks for rules of origin	• Conduct full balance-sheet stress tests for volume shocks and working-capital spikes

Source(s): Accenture Strategy Analysis

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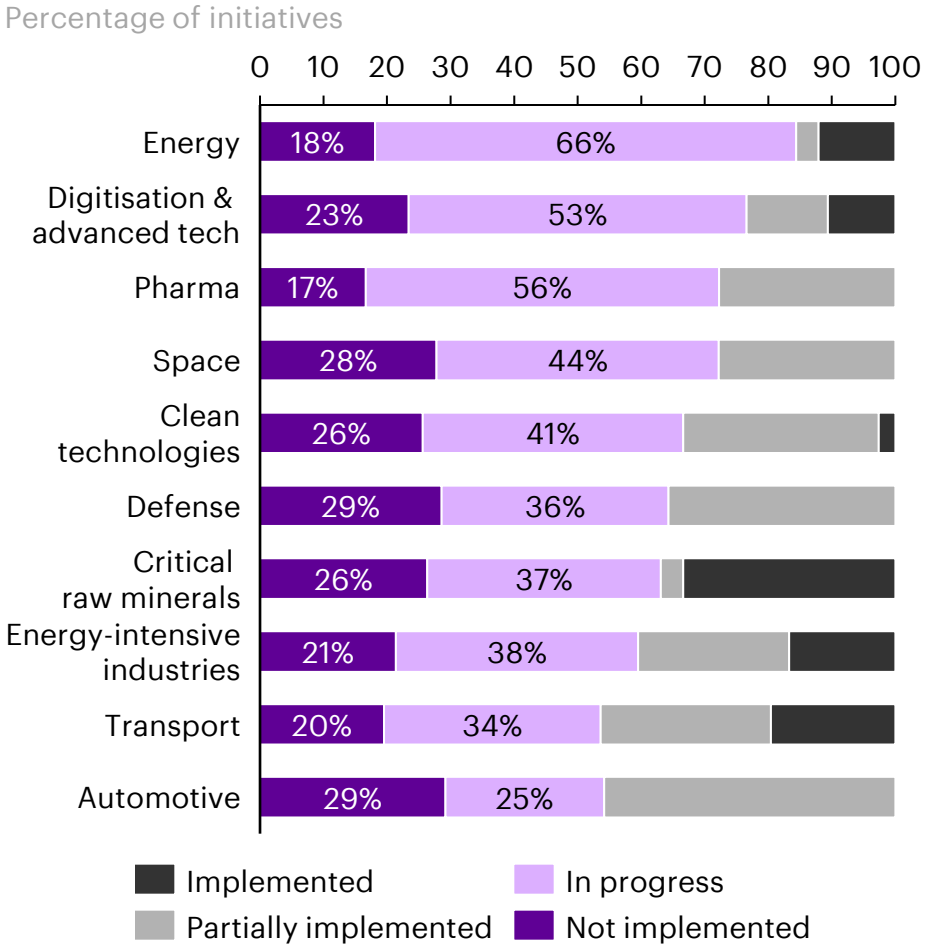
Europe's more interventionist approach to economic security, but poor implementation track record, could increase operating complexities for firms without a competitiveness payoff

7. Europe lags in structural reform amidst pivot to strengthen economic security

Implementation of Draghi report recommendations, by sector



Recent EU economic security initiatives

- "Made in Europe" targets aim to push for up to 70% for the content of certain products such as cars to be produced in EU,
  Timeline: EU to present a Legal Draft on December 10th
- The RESourceEU action plan aims to secure the EU's supply of critical raw materials by providing EUR 3 billion over the next 12 months for alternative solutions
  Timeline: EU adopted proposal on December 2nd
- The European Commission can now investigate subsidies granted by non-EU countries to companies active in the EU and address any negative spillover effects on the EU Single Market
  Timeline: EU made this proposal on December 3rd
- The European Union is considering forcing non-EU firms to transfer technologies to European companies if they want to operate locally, through avenues such as joint ventures or minimum EU labour quotas
  Timeline: EU made this proposal on December 3rd

Commentary

- Europe has been able to diagnose where its economic structural problems lie, with the Draghi report spearheading that effort
- The key issue driver is that despite this knowledge, and Brussels proposing hundreds of reforms and initiatives in response, the rate of action is poor with many initiatives not fully implemented
- This creates a risk that Europe is unable to respond, and transform, quick enough given the changing external environment vis-a-vi the US and China

Source(s): Eurostat, Accenture Strategy analysis

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Firms with European operations and exposure may need to reconsider their regional strategy if European growth and competitiveness continues to falter

7. Business considerations

Guiding principles to consider

1 Market reorientation

- Firms have markets where they defend a sizeable presence, in terms of customer loyalty and technology advantage and they should:
  - Focus on growing European markets where they are operating with this relative strength
  - Exit / avoid market entry into weaker European markets, as well as markets outside Europe

2 Building brand loyalty in foreign markets

- European brands need to continue to anchor on their brand heritage as they compete in markets abroad – particularly against low-cost competitors (e.g., China)
- European companies also need to understand how consumer aspirations are changing outside Europe and how much European brand heritage still matters

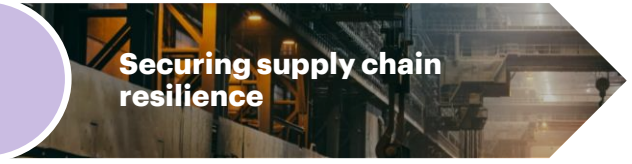
3 Continuing to invest in R&D and innovation

- European firms have found themselves in a crowded market (e.g., automobiles) in recent times competing with established foreign high-tech manufacturers and new innovative players
- Companies must continue to invest in R&D to not lose their relative advantage
- New economic security regulations mandating joint ventures for access to EU markets may help with this

4 Accelerate AI transition

- AI operates as a productivity supercharger, and widespread automation could lead to wide efficiency gains across routine tasks, forecasting and organizational optimization
- This will be especially true for foreign competitors who do not have to deal with legacy technology estates (and workforces) – many of these firms will often start first with AI in mind as they go to market

5 Securing supply chain resilience



- With moves towards deglobalisation and increasing protectionism, firms will need to continue to invest in supply chain resilience capabilities (e.g., n-tier supply visibility, onshoring to friendly locations)
- Many European companies have already started on these journeys since 2021 and they must continue to strengthen capabilities in this space

Source(s): Accenture Strategy analysis

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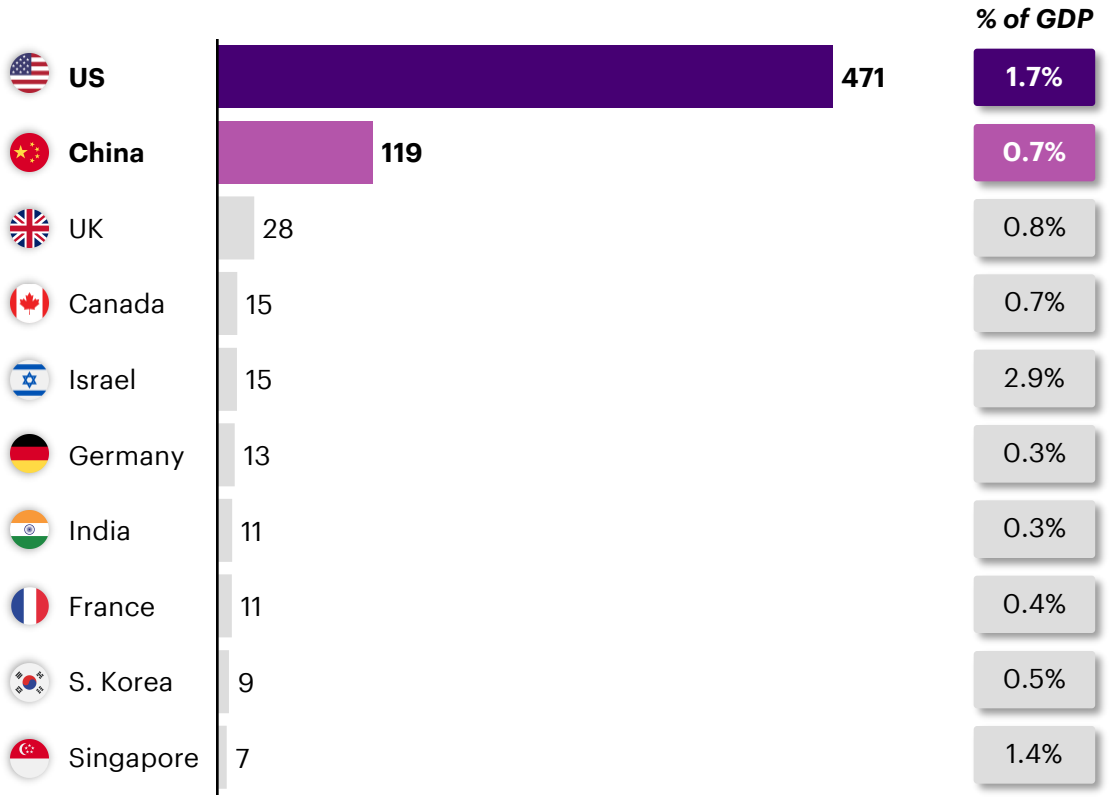
The US and China command over 80% of global AI investment, positioning themselves as the dominant competitors in the intensifying AI "arms" race

8. US-China AI race

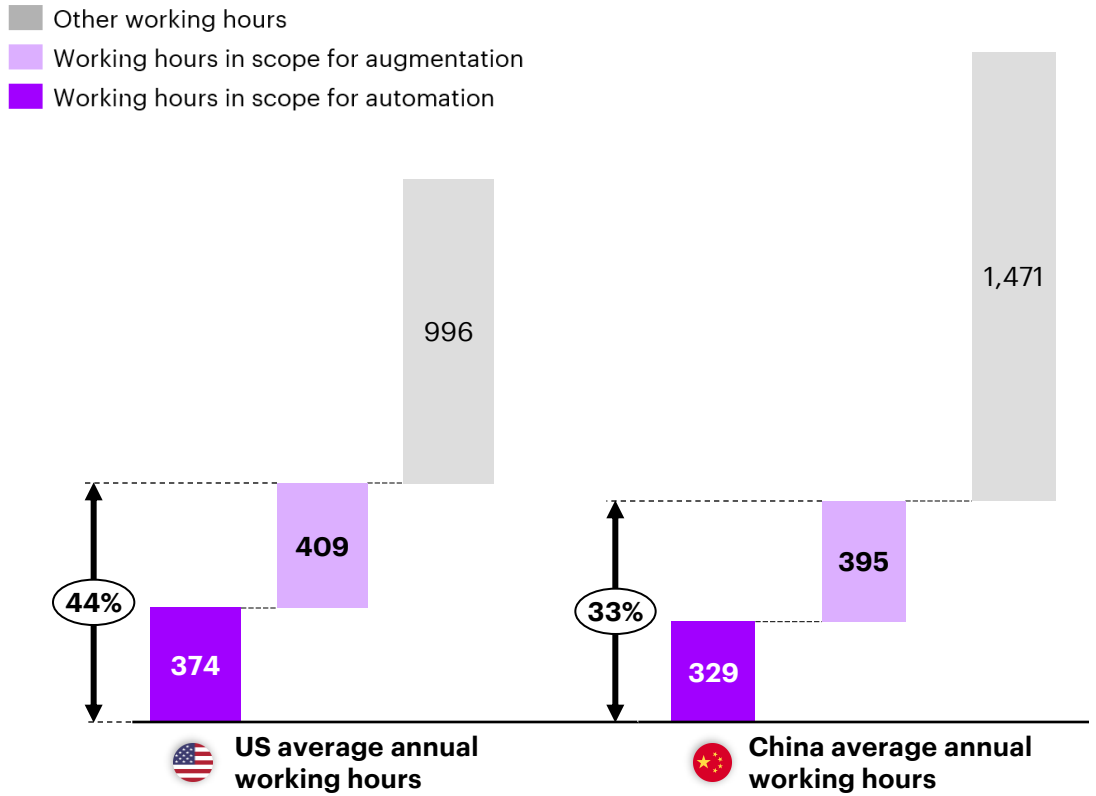
The US and China account for over 80% of global AI investment...

Cumulative private investment in AI by geographic area (2013-2024), USD billions



...as they race to automate or augment 33%-44% of annual working hours

Average annual working hours per worker by geographic area



Source(s): US Bureau of Economic Analysis; Oxford Economics; OECD, HAI AI Index Report 2025, Accenture Research "Work, workforce, workers: Reinvented in the Age of Gen AI", Accenture Strategy analysis

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The US-China AI race is forcing governments and companies to choose between rival tech ecosystems, or hybridize them, to balance technology security and affordability

8. Business considerations

NON-EXHAUSTIVE

	Latin America	Western Europe	Middle East	India	Southeast Asia
Policy focus area	• US National Security Strategy has put renewed emphasis on its role in the LATAM region • Brazil and Chile are both pushing for increasing domestic capabilities	• Europe is pushing for more technology sovereignty, but they remain very reliant on the US technology stack • France, Germany, Netherlands are pushing for EU sovereignty agendas	• Strong focus to develop sovereign AI economies (e.g., Saudi Arabia) • Saudi Arabia has developed partnerships with leading US AI companies	• India is making an assertive push toward model, and chip sovereignty • "Made in India" chip initiative focused on developing a local ecosystem	• Countries in the region are having to deal with a more transactional US policy approach and greater Chinese presence
Technology leaning	• Somewhat-US leaning	• US-aligned	• Somewhat US-leaning	• Largely US-aligned	• Mixed
Business implications	• Strong reliance on US-origin hardware, with countries like Brazil subsidising domestic semiconductor production to avoid this • Plan for continued reliance on US ecosystems until regional players emerge; China will also continue to push to make inroads in the region	• Expect continued reliance on US technology. Attempts to drive sovereignty have relied on US firms e.g., AWS European Sovereign Cloud • Some pockets of European firms will emerge • Companies should plan to drive more sovereignty across their technology stack and ecosystem	• Expect further close collaboration between the GCC and western AI technology companies • Businesses should align their strategies to regional AI sovereignty strategies e.g., UAE G42 or Saudi Arabia HUMAIN • Still expect to see growth in Chinese models, use cases, and worker training	• India's tech / services ecosystem is closely integrated with the US • Chinese LLM adoption should grow in the country, but there is still caution between India-China ties • Expect more domestic initiatives to improve India's AI ecosystem	• Most of the region is reliant on US hardware / infrastructure • The software layer will see more duality in Chinese and US ecosystems • Companies should develop technology strategies focused on competing US-China AI ecosystems

Source(s): Accenture Strategy analysis

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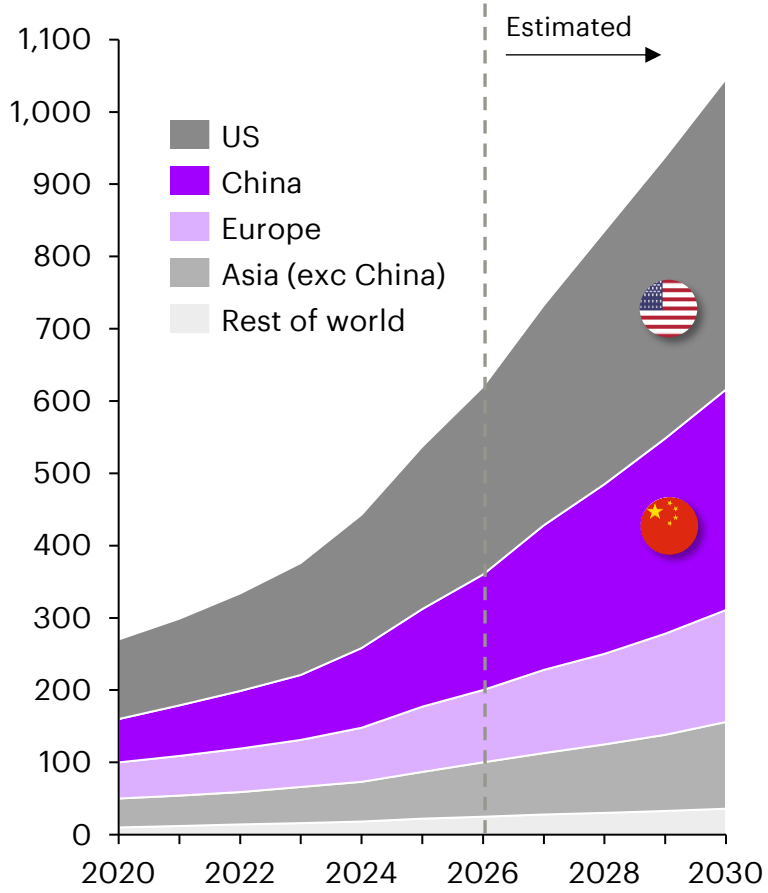
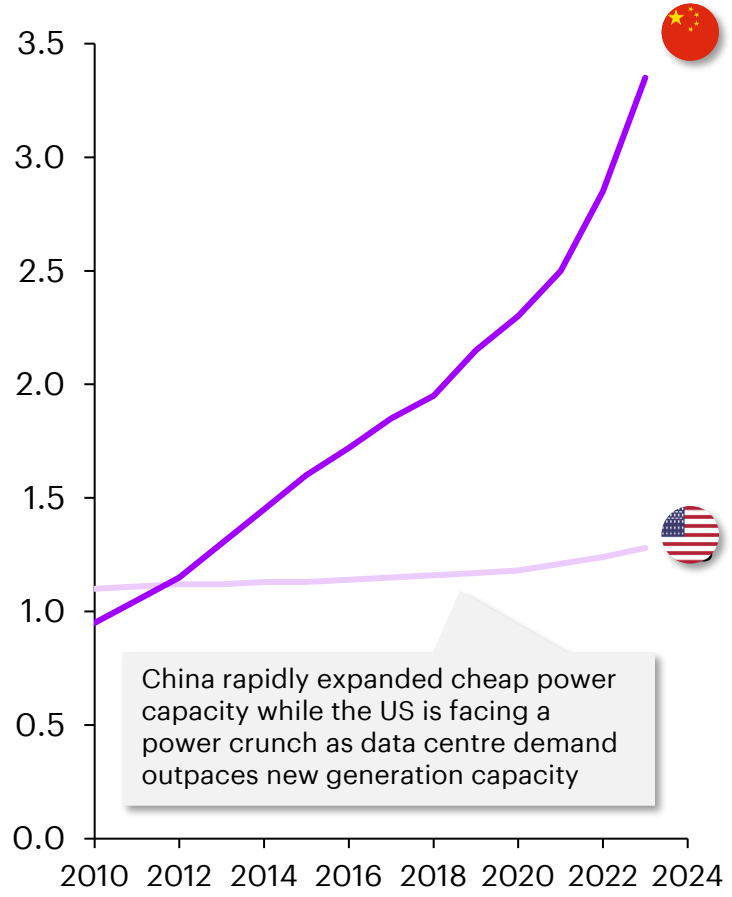
Data centre energy demand will keep rising as AI workloads surge, creating a power crunch where Western grid capacity cannot keep up, driving electricity prices higher

9. Energy systems face mounting strain from AI power demand

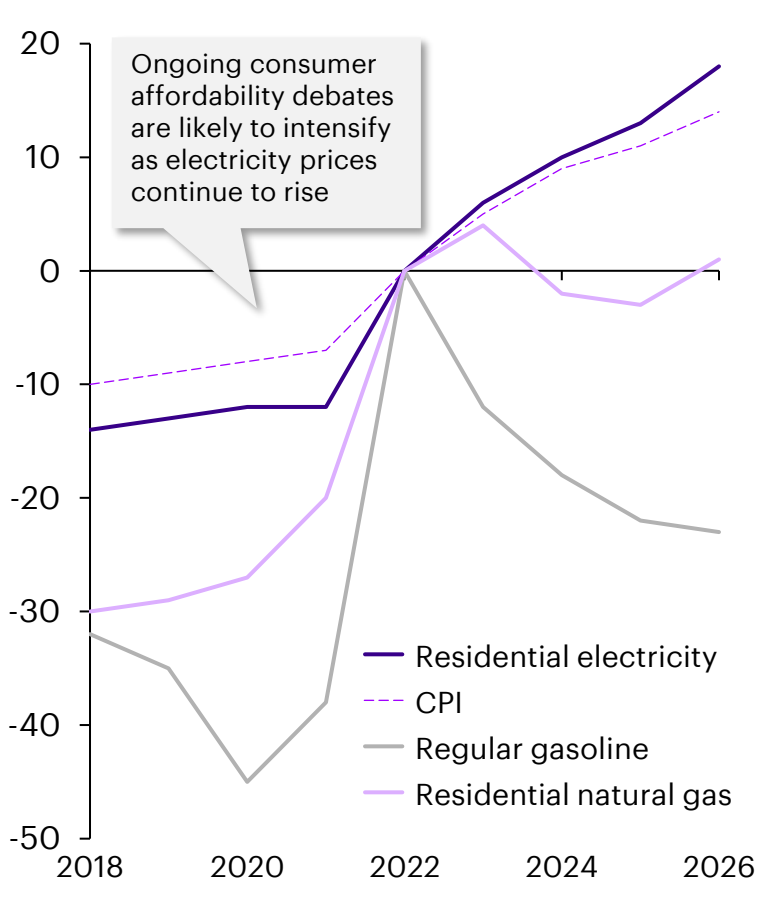
Data centre electricity consumption by region



US and China power generation capacity



US retail energy prices and CPI



Source(s): Goldman Sachs, International Energy Agency, Accenture Strategy analysis

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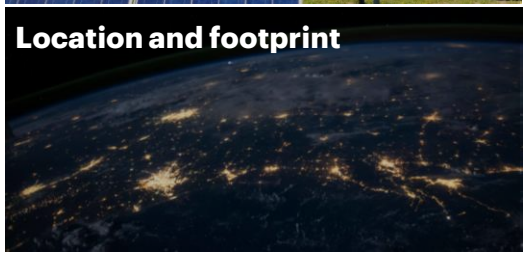
AI data center demand intensifies competition for affordable energy—companies need to be strategic in planning their energy needs and investments

9. Business considerations

Themes	Impacted companies/industries	Business consideration if AI demand significantly outpaces grid supply
	• Utilities • Independent power providers • Grid operators • Energy-intensive industries including data centres (EII)	• **Increase usage of long-term PPAs and hedging strategies for EIIs**, to ensure resilience supply and manage price volatility • **Review the potential headwinds surrounding sustainability goals** with future trade-offs surfacing surrounding reliability, price and carbon intensity • **Embrace flexibility and efficiency** to reduce constraints on the grid and avoid peak price periods
	• Utilities • Grids • Large industrial sites	• **Create agility in the planning process to navigate potential delays** as connection bottlenecks lead to growth constraints for manufacturing and other industrial sites • **Anticipate ecosystem, revenue and supply** shocks as the expansion plans of partners and customers are also impacted • **Plan for talent shortages and supply chain bottlenecks** surrounding energy infrastructure roll out
	• Manufacturing • Logistics • Data centers	• **Consider energy infrastructure plans** when selecting locations for site expansion for Manufacturing or other EEIs • **Review logistic networks** and supply chains and the potential to reorientate around future industrial clusters anchored in energy availability • **Manage consumer pressures** and resistance to build-out of energy-intensive assets which are experiencing energy price shocks
	• Energy-intensive industries including data centres	• **Work with regulators and governments to accelerate infrastructure roll outs** given energy availability and independence remain a geopolitical priority • **Recalibrate investment and ROI assumptions** of long-term plans based on the shift of a broad range of variables associated with energy prices and availability

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Regions with supply chain diversification appeal, data center readiness, and critical resources—e.g. Mexico, India, Middle East, ASEAN—are growing in geostrategic importance

10. Reshoring and resource security imperatives create geostrategic investment hotspots

Country	Supply chain diversification hub	Data center readiness	Low-cost scalable energy	Critical minerals & processing	Conducive policies/incentives
Mexico	✓ USMCA nearshoring gateway; strong manufacturing pull	✓ Growing DC clusters (e.g. Querétaro); hyperscaler build-outs	— Grid constraints + rising industrial tariffs	— Limited role in critical minerals	✓ Nearshoring incentives, SEZ reforms, tax breaks for strategic sectors
India	✓ Major China+1 destination; strong domestic demand + reform momentum	✓ Rapid hyperscale growth; improving permitting	✓ Falling renewable tariffs; large solar/wind capacity	✓ New lithium/REE finds; push for domestic processing	✓ PLI schemes, infrastructure push, liberalized FDI rules, digital/AI incentives
Vietnam	✓ Leading China+1 hub; strong FDI in electronics & apparel	✓ Early-stage DC growth; supportive industrial parks	~ Competitive tariffs but grid reliability variable	✓ Large rare-earth reserves; expanding processing	✓ Strong FDI regime, SEZs, corporate tax incentives for high-tech
Indonesia	✓ Rising EV/battery hub; China+1 manufacturing alternative	~ DC expansion underway but trailing top peers	~ Abundant fossil + competitive renewables	✓ World-scale nickel reserves + downstream battery processing	✓ Aggressive incentives for EV value chain, smelting, and tech manufacturing
Saudi Arabia	✓ Vision 2030 manufacturing/logistics pivot connecting Asia–Europe–Africa	✓ State-backed DC/AI megaprojects (NEOM, giga-projects)	✓ Ultra-low solar/gas costs; scalable energy	✓ Expanding exploration + processing ambitions	✓ Vision 2030 incentives, streamlined regulation, major FDI attraction programs
UAE	✓ Global logistics/re-export hub; competitive for regional supply-chain bases	✓ Mature DC market; strong submarine connectivity	✓ Lowest-cost solar globally + ample gas	~ Emerging as a processing/trading hub	✓ Free zones, 0% corporate tax regimes in zones, fast permitting, AI/tech incentives
Poland	✓ Key "nearshoring inside Europe" location; integrated industrial base	✓ Fastest-growing DC markets in Europe; investor-friendly permitting	~ Not low-cost today; renewables + planned nuclear improving competitiveness	~ Growing role in battery materials processing & EV supply chains	✓ EU-backed incentives, R&D and energy-transition subsidies, strong manufacturing incentives

Source(s): Accenture Strategy analysis

✓ = clear strength ~ = emerging/mixed — = weak/underdeveloped)

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Companies should look to reconfigure their global footprints to capture capacity, cost, and resilience advantages offered by these emerging geostrategic hubs

10. Business considerations

Guiding principles to consider

1	**Broaden the footprint lens beyond traditional hubs**	• Assess emerging locations (Mexico, India, ASEAN, Middle East, CEE) as **first-tier options**, not just contingency sites • **Build flexibility** to shift or scale capacity as markets, costs, and risks evolve
2	**Use new hubs to expand capacity and reduce concentration risk**	• Use new hubs to expand capacity and reduce concentration risk • Diversify manufacturing, services, and compute footprints to relieve bottlenecks and tariff exposure • Prioritize markets offering **access to key end-markets** plus **room to grow**
3	**Allocate capital where scale, resilience, and resources align**	• Target locations with strong combinations of **energy affordability, data-center readiness, logistics connectivity, and incentive regimes** • Match investment types to local strengths (e.g., AI/compute → Middle East; nearshoring → Mexico; manufacturing → India/ASEAN)
4	**Adjust operating models to support a wider, more distributed network**	• Assign **clear roles to each hub** (scale production, regional distribution, innovation, compute) • Put governance, cybersecurity, and ESG standards in place to ensure global coherence
5	**Reassess footprint choices regularly as conditions shift**	• Monitor energy costs, permitting timelines, trade rules, and geopolitical developments • **Establish trigger points** for reallocating production or scaling capacity across hubs

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