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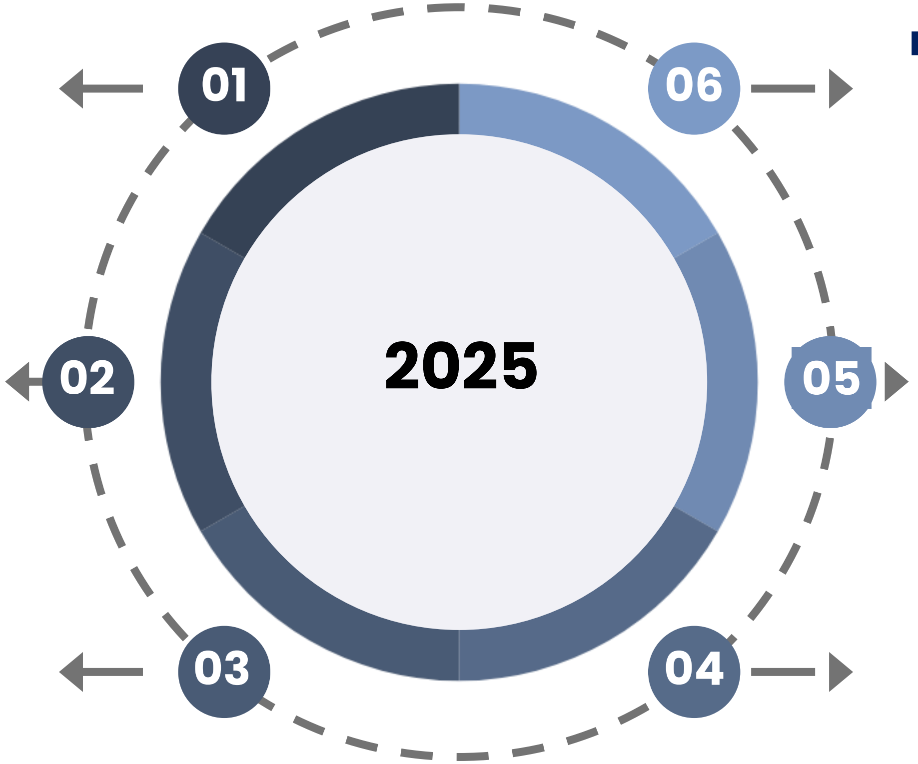
Global Outlook 2026-2027:

Macro, markets and geopolitics in a more conditional world

January 2026

2025: A Structural Shift in the Macro Framework, lessons from a Year of Adaptation



Resilience reflected rapid productive adaptation to a new regime

AI capex, fiscal excess and geo-economic decisions replaced the traditional private-cycle engine. Productivity as shock absorber

Tariffs reshaped production rather than derailing inflation

Firms absorbed costs in margins; pricing power and supply chains were reshaped.

AI reshaped the macro transmission mechanism

Investment proved rate-insensitive; productivity gains stayed narrow but powerful.

Politics became a permanent macro constraint

Institutional credibility now drives inflation expectations, interest rates and capital flows.

Markets reflected an unstable but functional equilibrium

Bond volatility came from liquidity + NBFIs, not from macro deterioration.

Fragmentation became structured (for now)

2025 marked the shift from “uncertainty” to a stable configuration of blocs and swing states.

What Sustained Growth in 2025: Adaptation, Policy Distortions and Financial Conditions

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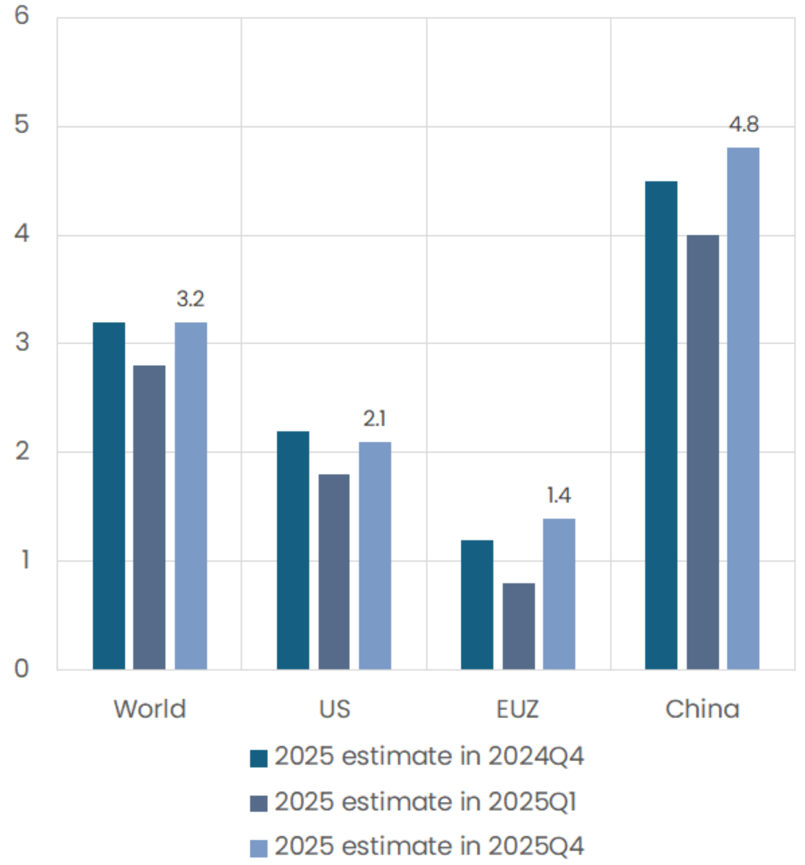
2025 GDP estimates: repeated swings, unchanged outcome
IMF WEO GDP estimate along 2025



2025 resilience revealed a regime driven by adaptation and distortions, not by renewed fundamentals.

Corporate and supply-chain adaptation prevented disruption at a cost

- Rapid rerouting (Mexico, ASEAN) limited output losses
- Trade fragmentation reallocated inefficiencies rather than removing them
- Tariffs hit margins and input costs before consumers, muting inflation but weakening profitability

➡ *Stability came from absorption, not adjustment.*

Policy distortions created a temporary growth floor

- AI and tech capex acted as an autonomous investment cycle, weakly rate-sensitive
- Fiscal policy remained unusually expansionary (US deficit >7% GDP; EU defence & green capex)
- Inventory front-loading boosted activity ahead of tariff and policy

➡ *Growth was supported mechanically, not endogenously*

Financial conditions diluted monetary tightening

- Labor markets softened without breaking, stabilising consumption
- Equity-driven wealth effects kept financial conditions looser than policy stance
- The transmission channel weakened, not the policy signal

➡ *Monetary restriction was delayed, not defeated.*

2025: The year the global economic order shifted

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A hierarchical multipolar system emerged

Power is no longer evenly distributed or institutionally mediated. Influence is exercised through leverage, not rules.

The United States moved from architect to enforcer

Deals, tariffs, sanctions and conditionality replaced rule-making and predictability.

China consolidated its role as the industrial anchor

Manufacturing scale, infrastructure and supply-chain control became sources of stability and power.

From rules to leverage

From coordination to control

From stability to conditional stability

Fragmentation produced stability, but a brittle one

Resilient to small shocks, vulnerable to credibility events and political miscalculation.

Multilateral institutions receded

Coordination weakened, bilateralism and transactionality rose.

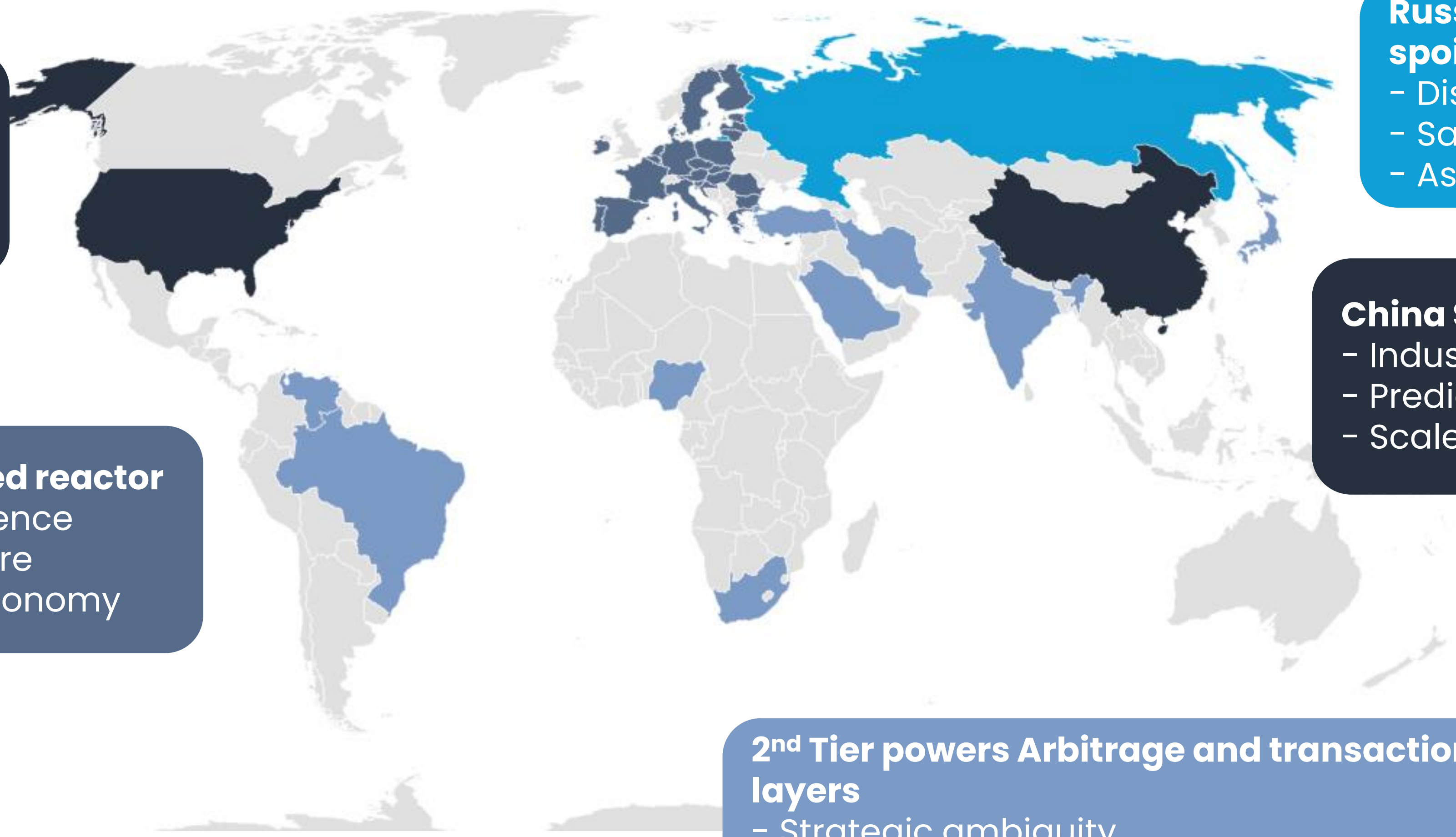
Middle powers gained leverage

Strategic ambiguity replaced alignment as the dominant strategy.

2025: The year the global economic order shifted

New distribution of power:

No longer relies on shared rules or institutions but on leverage, relationships and reversibility



USA System enforcer
- Coercion / deals
- Security leverage
- Personalised power

Russia Opportunistic spoiler
- Disruption leverage
- Sanctions arbitrage
- Asymmetry payoff

China System anchor
- Industrial core
- Predictability
- Scale and inputs

Europe Constrained reactor
- Security dependence
- Industrial exposure
- Low strategic autonomy

2nd Tier powers Arbitrage and transaction layers
- Strategic ambiguity
- Supply-chain / energy / tech leverage
- Extract concessions from both poles

2026-2027 wildcards: what we don't see coming
Not all risks matter. These are the ones that would change the story.

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Wildcards that could alter the baseline (Plausible — macro transmission)

01 Financial spillovers

Stress in private credit or NBFIs tightening broader credit conditions.

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02 US labor market break

Softer employment feeding back into consumption and growth.

03 Inflation behaving badly

Supply-side shocks or expectations unanchoring policy paths.

04 Political credibility shocks

Fiscal or monetary anchors questioned in advanced economies

05 AI productivity upside

Faster diffusion reshaping growth, profits and policy trade-offs.

Tail risks that redefine the regime (Low probability — systemic impact)

01 US bond-market panic

Triggered by Fed leadership uncertainty, fiscal rhetoric or institutional doubts.

02 AI infrastructure disruption

Cyberattack, outage or regulatory shock hitting cloud and data-centre operations.

03 Major geopolitical escalation

Latent flashpoints (Red Sea, Taiwan Strait, Greenland) could turn systemic

04 Political shock in advanced economies

Electoral cycles and political fragmentation in the US, France, Germany or the UK could generate political violence

05 Forecasting failure at scale

Models misreading regime shifts, delaying policy and market adjustment

Any questions?

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