

2026

GLOBAL
FORECAST
REPORT





Inigo is a global multi-line specialty insurance and reinsurance company that we started in 2020. We set our business up with two clear aims: to gather data in an organised and strategic way, and to build the analytical capability that would make it insightful and useful, not just for us, but for our customers too.

At the heart of our values is a belief that good information should be shared. It can help customers manage risk more efficiently, and more knowledgeably. It is not an exaggeration to say good, clear insights, can help our customers avoid losses, run better businesses, and ultimately, save lives. Good information can help the markets we work in, operate with greater efficiency and see more sustainable returns.

One of the challenges is the sheer quantity of available data; the world is inundated with it, and it is growing at an exponential pace. Most of it is largely irrelevant or unusable.

The skill is to focus on the data that is useful and to display it in a way that allows people to understand it and digest it, quickly and memorably.

We have a love affair with data, and we love to share it. So do Visual Capitalist. We are proud to partner with Visual Capitalist on the 2026 Global Forecast Series, and hope you find its facts, figures and insights fascinating and useful.

Richard Watson

FOUNDER & CHIEF
EXECUTIVE OFFICER,
INIGO



WELCOME TO 2026

Predicting the future has never been easy, but it's rarely felt quite this hard. We're living through a strange inflection point where artificial intelligence is advancing faster than institutions can adapt, where geopolitical fault lines are shifting beneath our feet, and where the distance between "unthinkable" and "breaking news" seems to shrink by the week. A recent Foreign Policy headline captured the mood well: "Welcome to the Age of Chaos."

This year's Global Forecast Report is our attempt to find signal in the noise. Backed by our largest predictions database ever, we've synthesized over 2,000 forecasts from leading economists, strategists, and technologists to surface the themes most likely to shape 2026. On the surface, the outlook appears stable: markets expect another year of gains, inflation is cooling, and a global recession seems unlikely. But look closer and the cracks become visible. Trade wars are fragmenting the global economy. Sovereign debt is reaching dangerous levels. The AI boom could just as easily spark a productivity revolution as a destabilizing bubble. The consensus view is that we'll muddle through, but the margin for error is thin, and the list of things that could go wrong is long.

Predicting the future is a humbling exercise. History has a way of surprising even the most informed observers. But we believe that thoughtful analysis, grounded in data and diverse perspectives, can help us prepare for what's coming, or at least feel a little less blindsided when it arrives. Whether you're an investor scanning for risk, a business leader planning for the year ahead, or simply someone trying to make sense of our turbulent times, we hope this report serves as a useful compass.

Thank you for joining us on this journey into 2026.



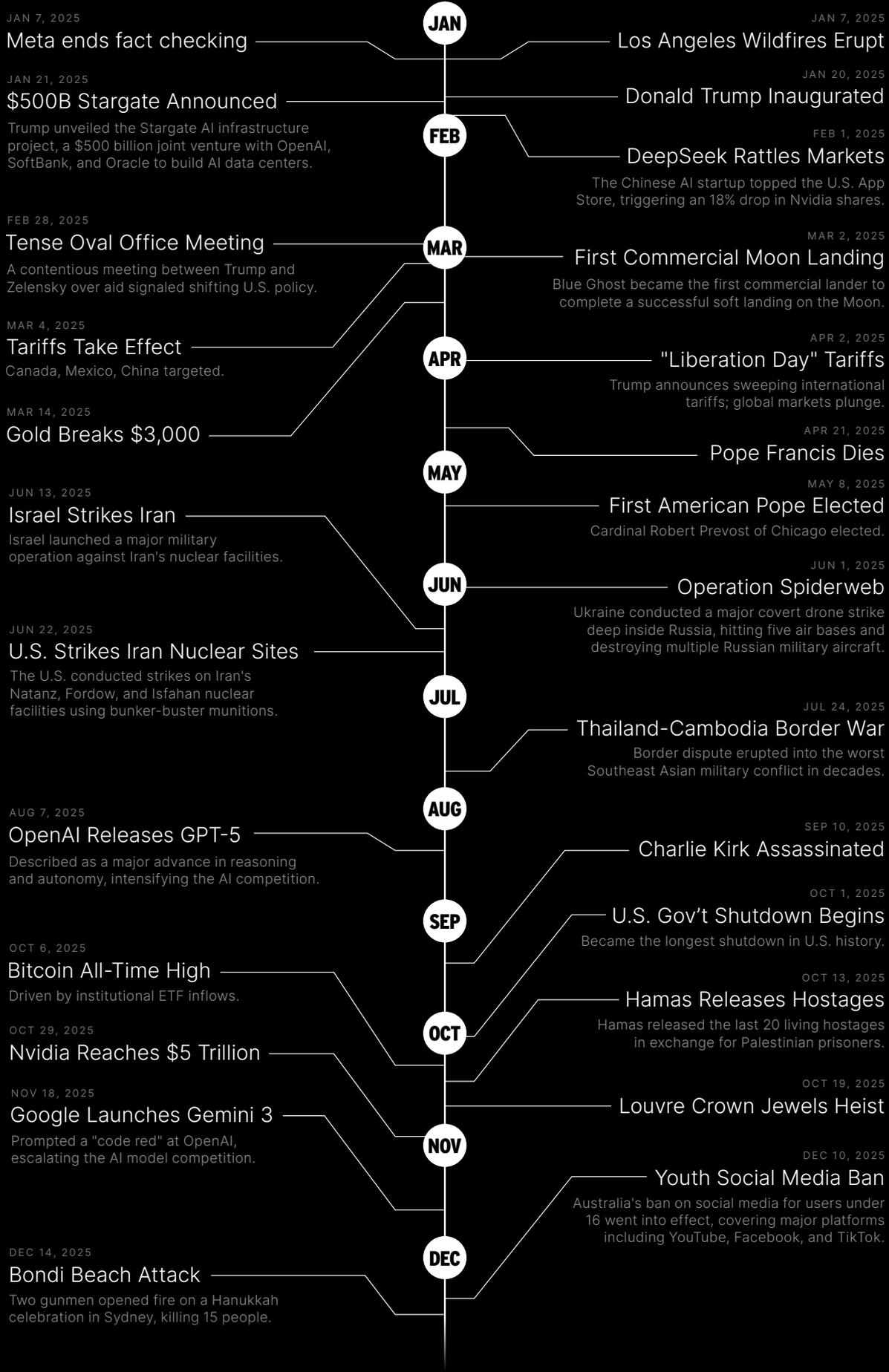
VISUAL CAPITALIST

TABLE OF CONTENTS



2025 in Review	04
2026 Prediction Consensus	05
Economy	07
Markets	28
Geopolitics	41
Technology	52
Society	61
Climate	68
Further Reading	76

2025 IN REVIEW



Prediction Consensus

2026 GLOBAL FORECAST SERIES



We analyzed over 2,000 predictions from articles, reports, podcasts, and interviews to see what experts are predicting for the coming year. Here are the top themes.



<p>China Leans on Exports and Manufacturing</p>	<p>Widespread Investment in Agentic AI</p>	<p>Global GDP Growth Moderates to ~3% Below pre-pandemic average but not recessionary</p>	<p>AI-Powered Cyber Defense Gains Ground</p>	<p>AI Finally Shows Up in Productivity</p>
<p>Space Becomes the New Fad Trade</p>	<p>AI Threatens Professional & Graduate-Level Jobs</p>	<p>Equities Still Powered by AI & Big Tech</p>	<p>GLP-1s Spark Ethical Enhancement Debate</p>	<p>1.5°C Target Officially Off the Table</p>
<p>Treasury Curve Steepens Widens to levels not seen since 2021</p>	<p>Hyperscaler Clean Power Deals Accelerate</p>	<p>Double-Digit Gains for S&P 500 Targets: 7,400-8,000</p>	<p>Data Center Build-Out Becomes a Macro Theme</p>	<p>Tariffs Become the New Normal</p>
<p>Stablecoins Go Quietly Mainstream</p>	<p>Marketing and Personalization Supercharged by AI</p>	<p>Continued Erosion of Rules-Based Order</p>	<p>Fiscal-Monetary-Deregulation Trifecta Acts as Tailwind</p>	<p>Defense Spending Marches Upward</p>
<p>"Higher for Longer" Era Fades Policy rates drift to low-3% range</p>	<p>Gold's Super-Cycle Hits \$4,500+</p>	<p>Gray-Zone Provocations Increase Adversaries Poke the US and NATO at the Margins</p>	<p>India as the Standout Growth Engine</p>	<p>Risk Assets Beat Cash</p>

2026 IN SEVEN WORDS

Based on analysis of our predictions database, these are the themes that will define the year ahead.

1 2026 will be **Automated**

AI agents, humanoid robots, autonomous systems. Machines taking over thinking and doing at unprecedented scale.

2 2026 will be **Uncertain**

Tariffs, Fed policy, geopolitical flashpoints, AI bubble risk. A "wide range of outcomes." Planning horizons shrink.

3 2026 will be **Transitional**

Globalization fragmenting, institutions tested, old rules decaying. And unrest simmering among those who don't like where things are heading.

4 2026 will be **Contested**

Battles on every front: gray-zone provocations, grinding wars, cyber and space domains militarizing. Leaders like OpenAI and Nvidia defending against hungry challengers.

5 2026 will be **Expensive**

Massive AI capex. Defense spending surging. Grid upgrades to supply power-hungry hyperscale data centers.

6 2026 will be **Trumpian**

Not just the man—the mindset. Brute force over diplomacy. Bilateral over multilateral. Transactional over cooperative. Zero-sum as default.

7 2026 will be **Resilient**

Despite everything, no recession. Global growth holds. Markets stay bullish. The system bends but doesn't break—yet.

“

The triumvirate of fiscal policy, monetary policy and deregulation are all working together in a way that rarely happens outside of a recession.

Serena Tang, Morgan Stanley

”

1

2

3

4

5

6

ECONOMY

THE 5 **BIGGEST RISKS** FOR 2026

1 Fragmentation of the Global Economic Order

The slow breakdown of global trade norms is actively reshaping supply chains, capital flows, and market access.

“ Coalitions of the willing will strike new deals outside traditional multilateral institutions.

S&P Global

“ Due to tariffs, trade may reroute permanently, leading to inefficiencies, higher costs, and lower global output.

IMF

“ Geo-economics will continue to play a key role, with trade, investment and financial flows increasingly shaped by geopolitical considerations.

CaixaBank Research

2 Geopolitical Escalation Involving Major Powers

A single miscalculation could cascade into global financial and commodity shocks.

“ The risk of a major power conflict is higher than at any point since the Cold War.

Eurasia Group

“ The most severe global risk over the next decade is state-based armed conflict.

IMF

“ Relations between America and China will remain deeply adversarial, with flashpoints over Taiwan, technology and trade.

The Economist

3 Global Debt and Fiscal Sustainability Crisis

Years of high rates have turned debt into a systemic vulnerability.

“ The ‘policy triumvirate’ (fiscal policy, monetary policy and financial stability tools) will be increasingly constrained.

Morgan Stanley

“ A projected jump in public debt of around 15 percentage points of GDP will significantly increase fiscal vulnerability.

CaixaBank Research

“ Low-income countries are especially vulnerable to tighter global financial conditions, high debt levels and limited fiscal space.

IMF

4 AI-Driven Labor Crisis and Instability

AI is both the largest upside opportunity and one of the most destabilizing forces.

“ Organizations will need to rebuild applications and reskill large portions of the workforce.
 Capgemini

“ The AI trade risks becoming increasingly crowded, raising the potential for sharp reversals.
 IMF

“ AI-driven technological change could exacerbate inequality and disrupt labor markets faster than economies can adapt.
 World Economic Forum

5 Energy Market Volatility and Transition Failure

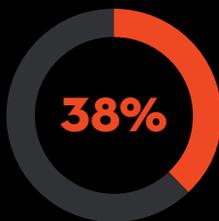
As demand for electricity surges, aging grids and supply bottlenecks may cause higher costs and instability.

“ Power demand is expected to grow by 662 terawatt-hours through 2026, driven largely by data centers and electrification.
 JPMorgan

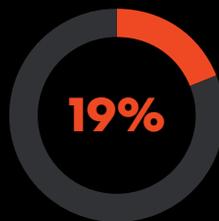
“ The energy transition and digital infrastructure buildout are colliding with physical and regulatory constraints.
 Allianz Global Investors

“ Power systems face increasing reliability challenges as electrification accelerates faster than grid expansion.
 McKinsey

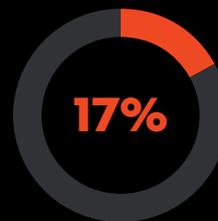
Q What do you consider the biggest “tail risk”?



AI bubble



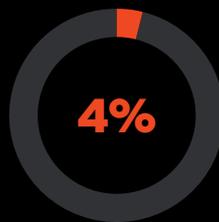
Disorderly rise in bond yields



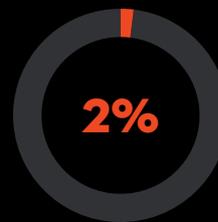
Inflation



Private credit



U.S. dollar debasement



Trade war

Source: Bank of America Fund Manager Survey

ECONOMIC LANDSCAPE

WHAT TO WATCH

-  Fiscal stimulus and rate cuts
-  Debt issuance and yields
-  Risk premia in Europe
-  Local inflation surprises
-  Diverging central bank paths
-  AI as geo-economic competition



A MORE DISJOINTED GLOBAL ECONOMY

The world economy enters 2026 more disjointed than at any point since the pandemic era. If 2025 was defined by Trumpian uncertainty, 2026 is defined by institutional resilience navigating policy flexibility.



GROWTH SUPPORT, BUT WITH LIMITS

Growth is supported by rate cuts and fiscal stimulus, but constrained by high debt levels and political limits. Institutional challenges, politically and economically, begin to matter more.



INFLATION BECOMES LOCAL AGAIN

Inflation shifts from a global to a local phenomenon. That increases divergence in monetary policy paths, and raises the chance of policy error as local inflation risks re-emerge.



AI MOVES FROM STRATEGY TO COMPETITION

AI has moved from experimentation to strategy and now into geo-economic competition. It raises both upside and systemic risk.



POLICY IS EXPANSIONARY, THEN HARDER TO BALANCE

Fiscal policy turns expansionary across key economies from the US to Japan, supporting near-term growth. Central banks enter 2026 in rate-cutting mode, but the challenge is calibration rather than crisis management, and credibility may be tested if defensive mechanisms are needed.



SOVEREIGN DEBT IS THE MACRO VULNERABILITY

Sovereign debt dynamics, rather than inflation, become the principal macro vulnerability. Rising issuance and higher yields can create a self-reinforcing deficit financing spiral. Bond investors may reassess risk premia, first in Europe and potentially elsewhere.

THE 2026 ECONOMIC LANDSCAPE

CAN GROWTH HOLD WHEN DEBT AND POLITICS SET THE LIMITS?

The world economy enters 2026 more disjointed than at any point since the pandemic era. If 2025 was defined by Trumpian uncertainty, 2026 is defined by institutional resilience navigating policy flexibility.

SEVERAL THEMES DOMINATE:

- Growth is supported by rate cuts and fiscal stimulus, but constrained by high debt levels and political limits. Institutional challenges, both politically and economically, will get a head of steam.
- Inflation shifts from a global to a local phenomenon, increasing divergence in monetary policy paths.
- AI has moved from experimentation to strategy and now to geoeconomic competition, raising both upside and systemic risk.
- Sovereign debt dynamics, rather than inflation, have become the principal macro vulnerability.
- The global cycle is increasingly K-shaped, with resilience at the aggregate level masking stress beneath the surface.

FISCAL AND MONETARY POLICY OUTLOOK

Fiscal policy turns expansionary across key economies in 2026 from US to Japan.

In the US, large stimulus packages including the One Big Beautiful Act imply tax cuts and demand support, with the potential to add \$2.8 trillion to the deficit by 2034. The World Cup and the 250th anniversary of Independence provide additional consumption tailwinds. With a new Fed chairman, possessing an expansionary mandate, coming in 2026, plus fiscal stimulus inbound, H1 2026 may prove that equity valuations have further upside. Japan's new Prime Minister has announced a 3.5 percent of GDP fiscal stimulus, including cash handouts and energy subsidies. These measures support near-term growth and may rebalance growth drivers away from AI and towards consumers, at least temporarily.

The principal macro concern is sovereign debt sustainability. Rising issuance and higher yields create a self-reinforcing deficit-financing spiral. Japan faces the challenge of debt-funded stimulus alongside policy normalisation by the Bank of Japan. French government bond yields continue to rise, and UK borrowing costs risk drifting further away from other G7 peers. At some point, bond investors are likely to reassess risk premia, first in Europe and potentially elsewhere. Central banks may be forced to deploy defensive mechanisms, testing institutional credibility.

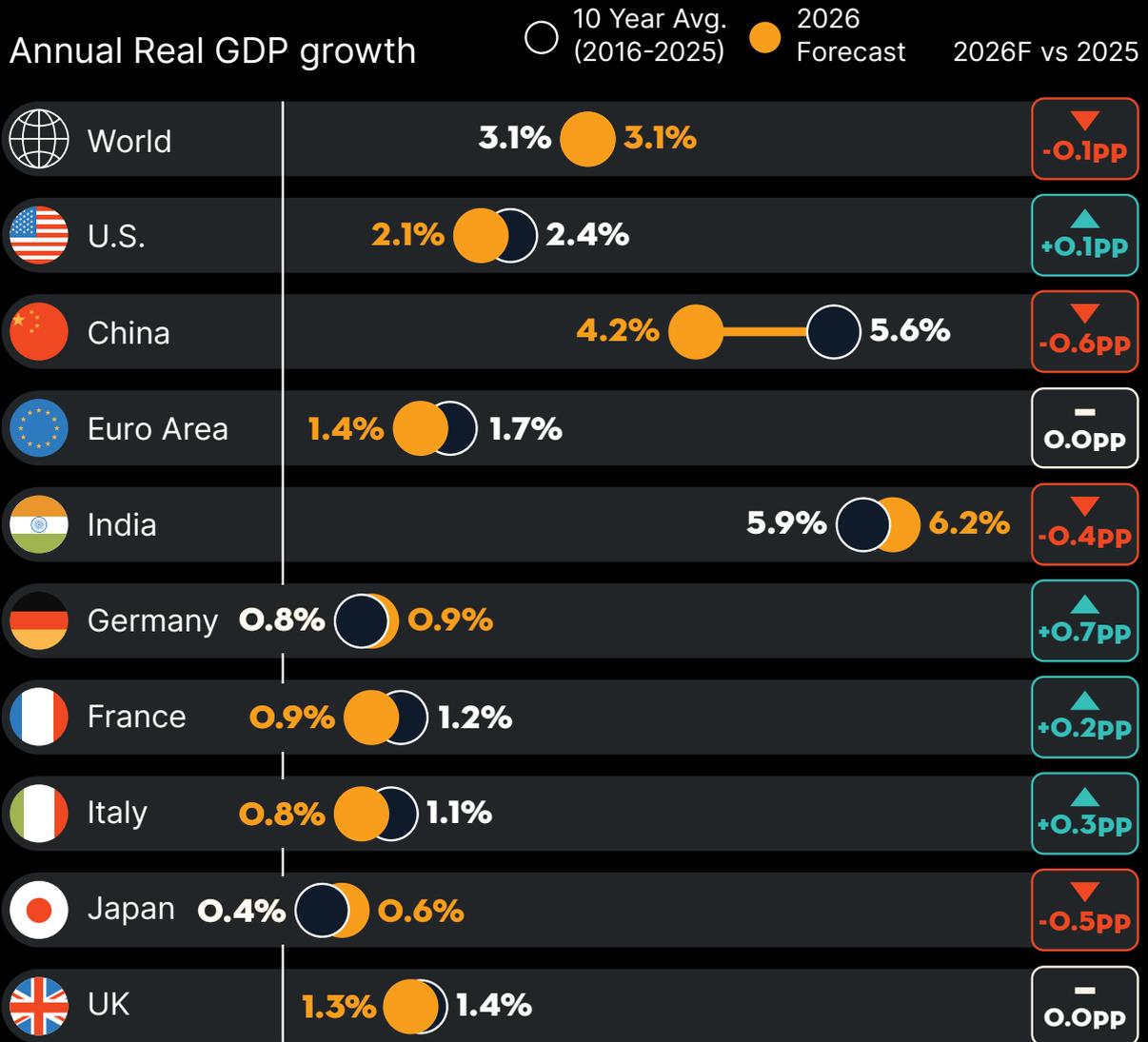
Many central banks enter 2026 in rate-cutting mode, providing short-term support to growth and asset prices. However, policy mistakes become more likely as inflation risks re-emerge locally. The challenge is calibration rather than crisis management.

Inigo Expert, Mo Tanweer

ACADEMICS ASSOCIATE,
UNIVERSITY OF CAMBRIDGE



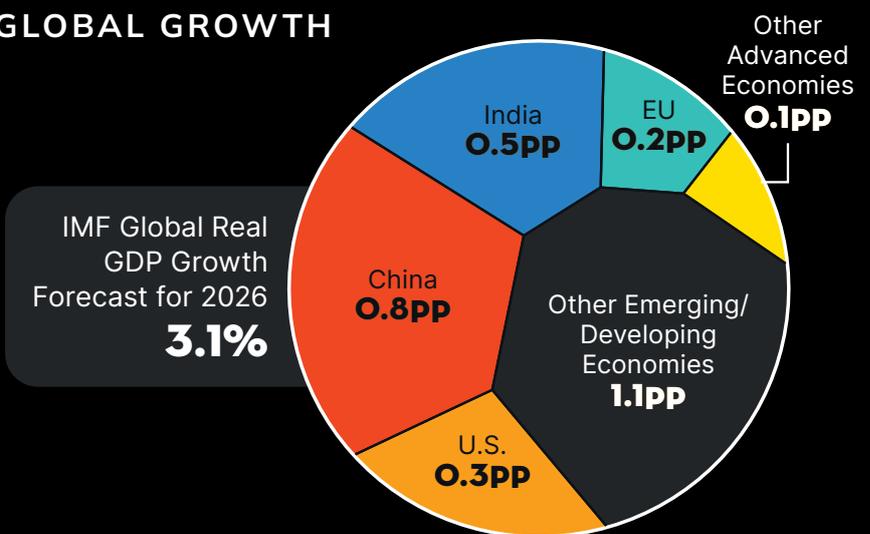
MAJOR NATIONS GROWTH FORECAST



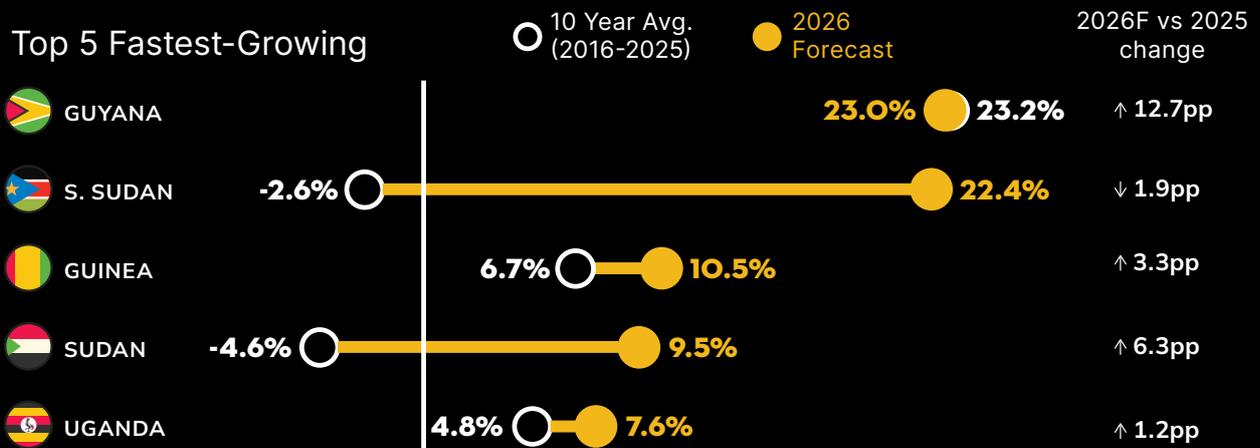
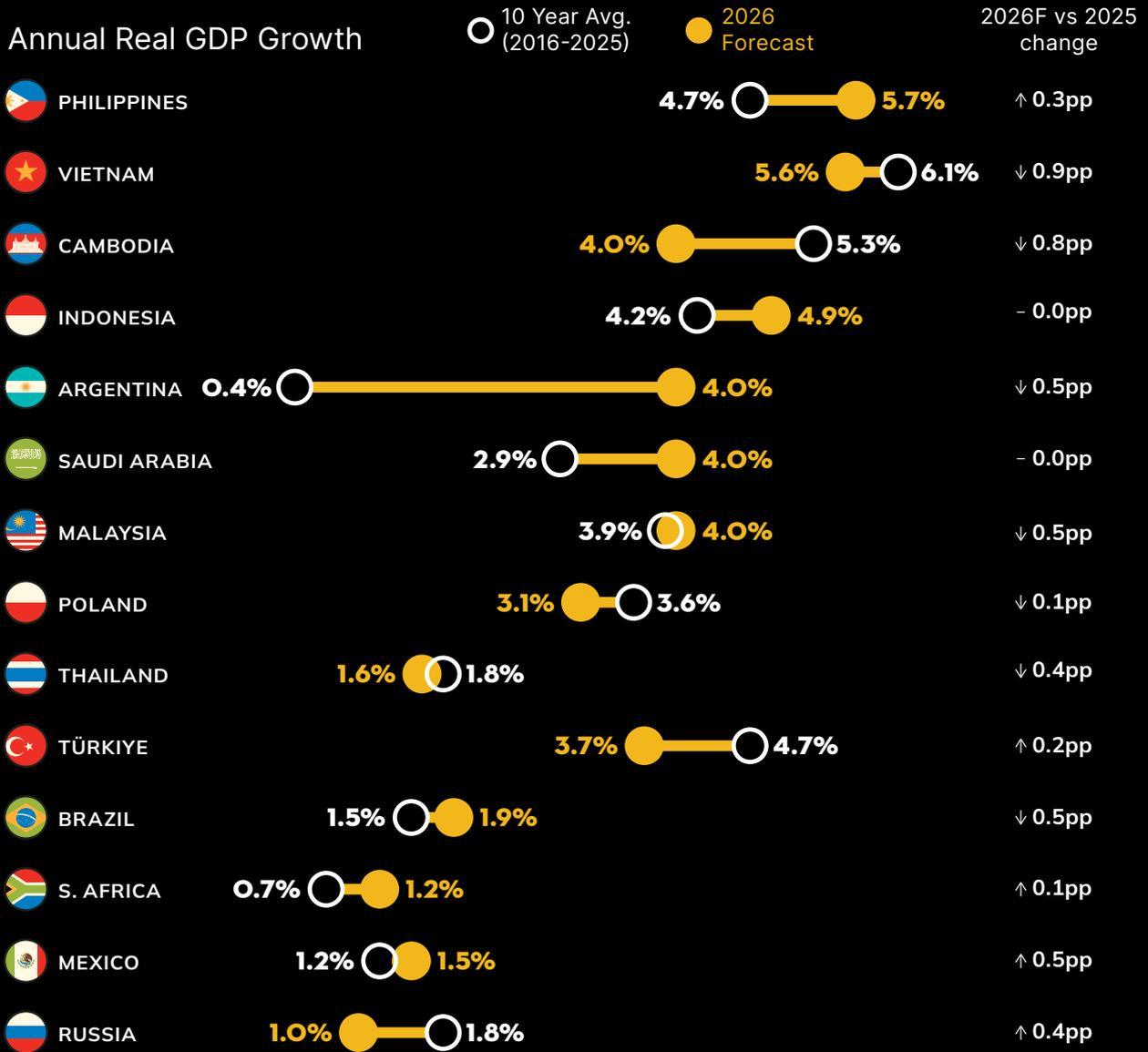
CONTRIBUTIONS TO GLOBAL GROWTH

“ We expect India to remain the world's fastest-growing large economy, with growth modestly accelerating on Reserve Bank of India rate cuts.

Invesco



EMERGING MARKETS GROWTH FORECAST



Source: IMF

INFLATION FORECASTS

Inflation Forecasts for G7
and BRICS countries

	Change (pp)	2025	2026F
 WORLD	-0.5	4.2%	3.7%
G7			
 CANADA	0.0	2.0%	2.0%
 FRANCE	+0.4	1.1%	1.5%
 GERMANY	-0.3	2.1%	1.8%
 ITALY	+0.3	1.7%	2.0%
 JAPAN	-1.2	3.3%	2.1%
 UK	-0.9	3.4%	2.5%
 U.S.	-0.3	2.7%	2.4%
BRICS			
 BRAZIL	-1.2	5.2%	4.0%
 CHINA	+0.7	0.0%	0.7%
 EGYPT	-8.6	20.4%	11.8%
 ETHIOPIA	-3.6	13.0%	9.4%
 INDIA	+1.2	2.8%	4.0%
 INDONESIA	+1.1	1.8%	2.9%
 IRAN	-0.8	42.4%	41.6%
 RUSSIA	-3.8	9.0%	5.2%
 SAUDI ARABIA	-0.1	2.1%	2.0%
 S. AFRICA	+0.3	3.4%	3.7%
 UAE	+0.4	1.6%	2.0%

Inflation's Return

“ A risk for 2026 is second-round effects—U.S. companies raising prices or profit-driven inflation—could make inflation more persistent and harder for the Fed to ignore.
UBS

“ 2025 tariffs will continue pushing up prices in 2026; estimated 0.7 percentage point contribution to overall inflation.
Alberto Cavallo, Harvard Business School

Source: IMF

Stabilization & Deflation

“ Headline inflation is expected to undershoot the ECB target of 2%, with inflation expected to run 1.7% at the end of 2026 and in 2027.
Morgan Stanley

“ Beijing won't break out of its deflationary trap in 2026; instead, it will keep trying to export its way out, flooding global markets with cheap goods at everyone else's expense.
Eurasia Group

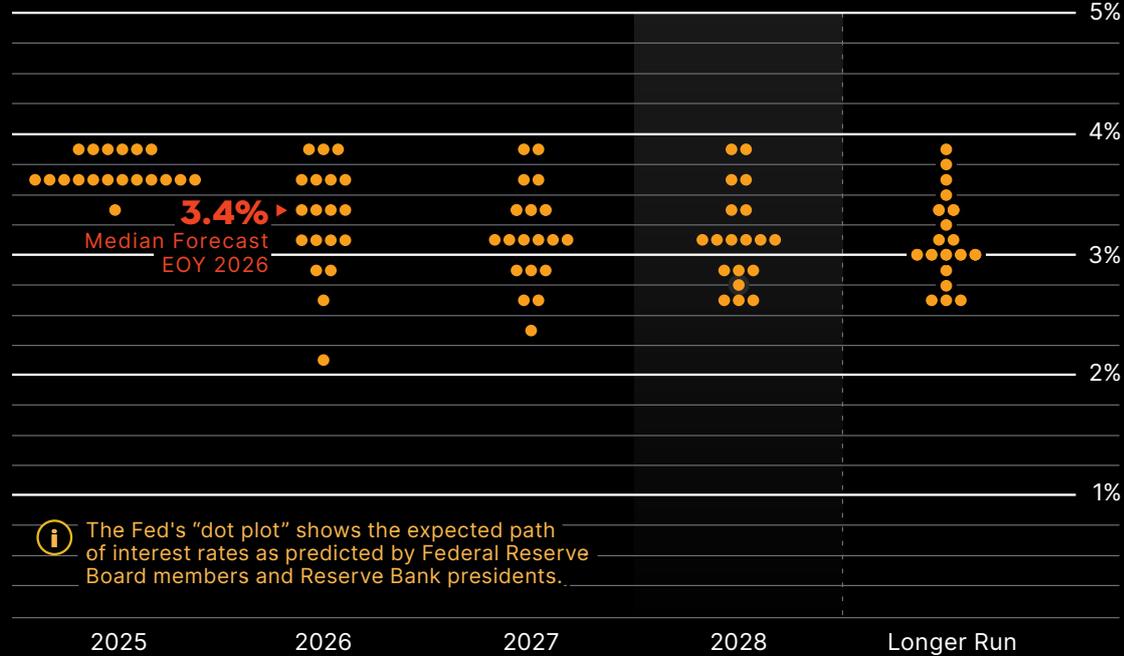
U.S. INTEREST RATE PROJECTIONS

After 75 basis points of cuts in 2025, FOMC members' median expectations are for 25 bps of cuts in 2026, while the market expects 50 bps of cuts.

“ I don't think that a rate hike is anybody's base case... it is either holding here or cutting a little, or cutting more than a little.

Jerome Powell,
Chair of the Federal Reserve

FOMC Federal Funds Rate Projections



i The Fed's "dot plot" shows the expected path of interest rates as predicted by Federal Reserve Board members and Reserve Bank presidents.

Market Expectations of Interest Rate Probabilities

Based on Fed Funds Futures Contracts

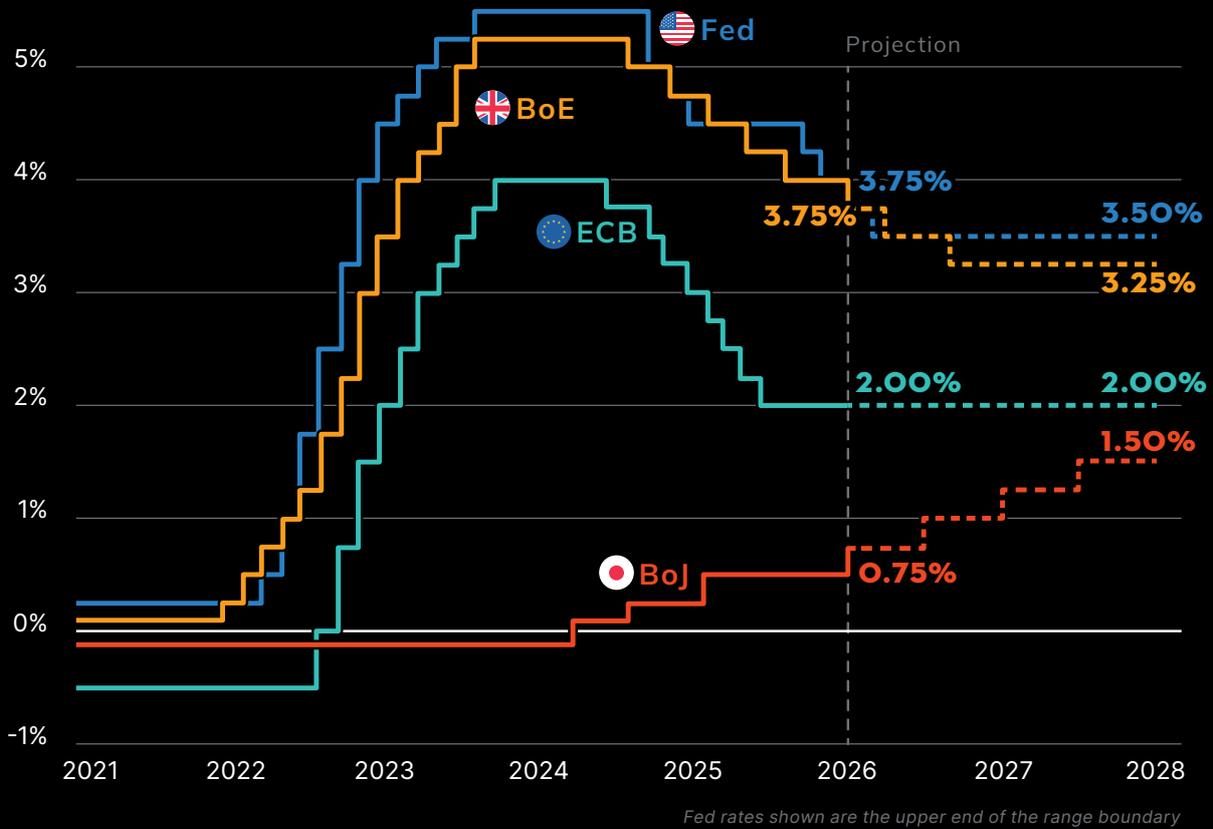
85.1%	46.9%	31.4%	21.8%	13.4%	7.3%	7.1%	4.9%	3.75%
14.9%	46.4%	46.6%	41.9%	34.2%	24.7%	24.3%	18.9%	3.50%
	6.7%	19.9%	28.0%	33.4%	33.7%	33.5%	30.7%	3.25%
		2.2%	7.6%	15.5%	23.7%	23.9%	26.9%	3.00%
			0.7%	3.3%	8.9%	9.2%	13.8%	2.75%
The market forecasts two rate cuts of 25 bps in 2026				0.3%	1.7%	1.8%	4.1%	2.50%
					0.1%	0.2%	0.7%	2.25%
								2.00%
Jan 28	Mar 18	Apr 29	Jun 17	Jul 29	Sep 16	Oct 28	Dec 09	

Sources: Federal Reserve, CME Fedwatch

INTEREST RATES FOR MAJOR ECONOMIES

“ The removal of Governor Cook [Trump-targeted FOMC member], if validated by the Supreme Court, could nonetheless tip the balance towards lower Fed Funds rates than we expect.
Allianz Research

Monetary Policy Projections



Central Bank Meetings Calendar

	Federal Reserve	European Central Bank	Bank of England	Bank of Japan
Jan	28 TH			23 RD
Feb		5 TH	5 TH	
Mar	18 TH	19 TH	18 TH	19 TH
Apr	29 TH	30 TH	30 TH	28 TH
May				
Jun	17 TH	11 TH	18 TH	16 TH
Jul	29 TH	23 RD	30 TH	31 ST
Aug				
Sep	16 TH	10 TH	17 TH	18 TH
Oct	28 TH	29 TH		
Nov			5 TH	
Dec	9 TH	17 TH	17 TH	19 TH

Sources: Allianz Research, Federal Reserve, European Central Bank, Bank of England, Bank of Japan

GLOBAL MANUFACTURING FORECASTS

S&P Global Manufacturing Purchasing Manager's Index

A value greater than 50 indicates manufacturing expansion, while below 50 indicates contraction.

“ In year one of Trump's trade war, and despite headlines about plant closures, employment in Canada's manufacturing sector held up reasonably well (even if manufacturing sales faltered).

Globe and Mail

“ With the start of government-backed infrastructure projects and the booming demand for defence equipment, things in Germany could look different in 2026.

Cyrus de la Rubia,
Chief Economist at Hamburg Commercial Bank AG

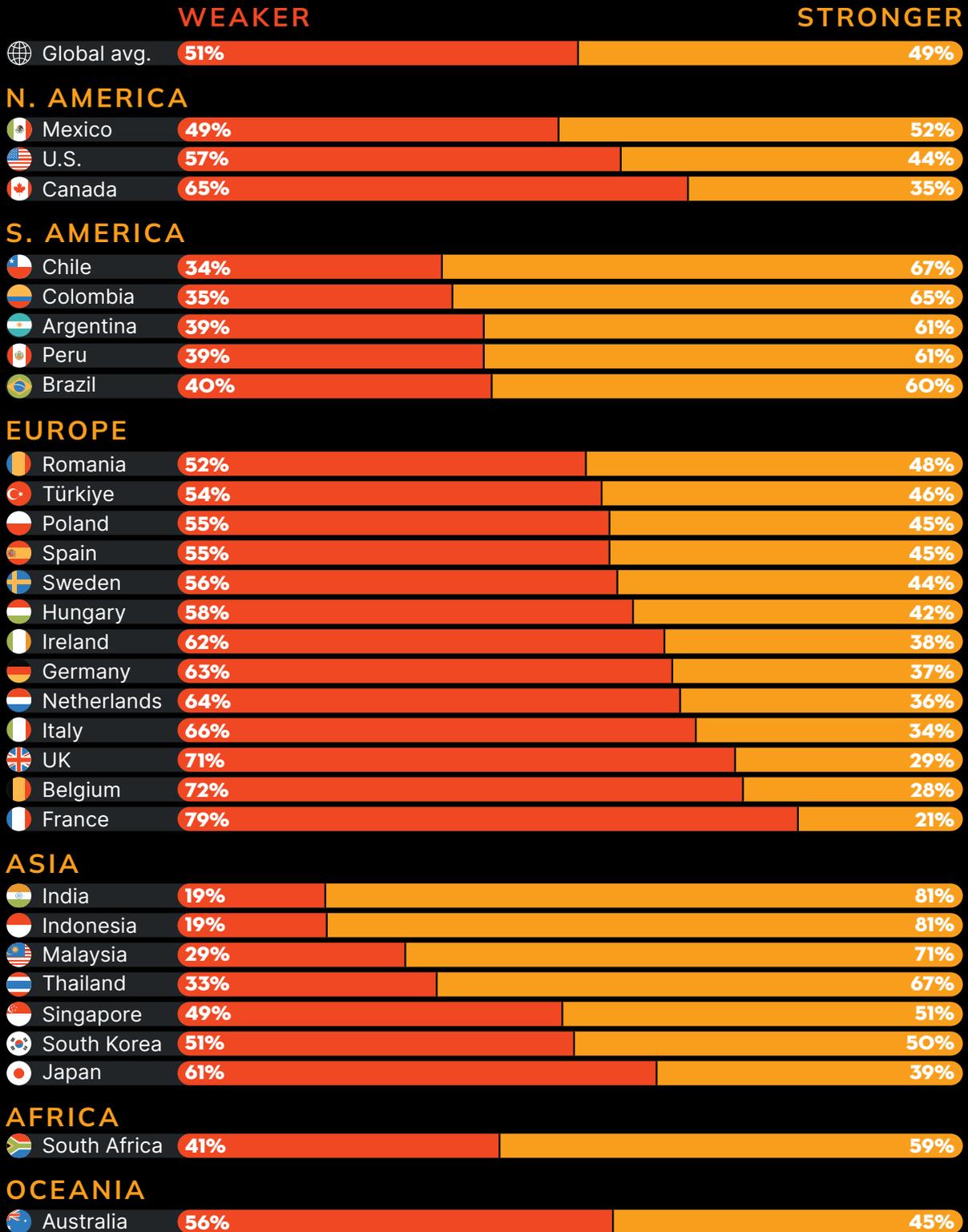
“ Beijing's export controls are designed to keep technology value chains in China and prevent the emergence of foreign competitors who might undercut the PRC's industrial ambitions. Companies that depend heavily on China for supplies or production should understand the geoeconomic risk premium: Beijing can choose to pull the rug from under them pretty much whenever it wishes.

Merics

	Change	2025	Q4 2026F
N. America			
Canada	+3.6	48.4	52.0
Mexico	+7.7	47.3	55.0
U.S.	-1.8	51.8	50.0
S. America			
Brazil	+3.2	48.8	52.0
Colombia	-2.0	54.0	52.0
Europe			
Austria	+2.7	49.3	52.0
Czechia	+2.9	48.0	50.9
Euro Area	+2.3	49.2	51.5
France	+1.4	50.6	52.0
Germany	+4.3	47.7	52.0
Greece	+1.1	52.7	53.8
Hungary	-1.4	53.4	52.0
Ireland	+0.1	52.8	52.9
Italy	+2.3	50.6	52.9
Netherlands	+1.4	51.8	53.2
Norway	+3.2	49.1	52.3
Poland	+6.2	47.2	53.4
Romania	+3.2	48.1	51.3
Spain	+2.5	51.5	54.0
Sweden	-0.6	54.6	54.0
Switzerland	+3.4	49.7	53.1
UK	-1.0	51.2	50.2
Middle East			
Israel	+0.3	50.2	50.5
Lebanon	-3.3	51.3	48.0
Qatar	-0.4	51.8	51.4
Saudi Arabia	-2.5	56.0	56.0
UAE	-1.8	54.8	53.0
Asia			
China	+0.9	50.1	51.0
Hong Kong	-2.3	52.9	50.6
India	-0.7	55.7	55.0
Indonesia	-3.0	53.3	50.3
Japan	+1.8	49.7	51.5
Kazakhstan	+2.0	49.0	51.0
Malaysia	+0.9	50.1	51.0
Myanmar	-1.4	51.4	50.0
Philippines	+4.6	47.4	52.0
Russia	+0.4	50.2	50.6
Singapore	+1.1	49.4	50.5
S. Korea	-1.5	55.5	54.0
Taiwan	+1.2	48.8	50.0
Thailand	-4.8	56.8	52.0
Türkiye	+6.0	48.0	54.0
Vietnam	-2.4	53.8	51.4
Africa			
Egypt	-0.1	51.1	51.0
Kenya	-3.0	55.0	52.0
S. Africa	+9.0	42.0	51.0
Oceania			
Australia	+0.7	52.2	52.9
New Zealand	-0.5	51.4	50.9

CONFIDENCE IN THE GLOBAL ECONOMY

Q Will the global economy be stronger or weaker in 2026 than it was in 2025?



Survey of 23,642 adults under the age of 75, conducted from Oct 27 to Nov 4, 2025. Figures may not add to 100% due to rounding. Source: IPSOS

ECONOMIC BIRD'S EYE VIEW

In 2026, the global economy is expected to keep growing but at a slower, uneven pace, supported by moderating inflation and investment in technology while remaining constrained by geopolitical tensions, trade fragmentation and policy uncertainty.

“ The overall story is one of continued, but divergent, expansion in the global economy.

Mastercard

“ Annual headline inflation in the G20 economies is expected to moderate to 2.9%.

OECD

2026 IMF FORECASTS

Source: IMF

NORTH AMERICA		REAL GDP GROWTH	INFLATION (CPI) GROWTH
 Antigua & Barbuda		2.5%	2.4%
 The Bahamas		2.1%	1.0%
 Barbados		2.1%	2.5%
 Belize		2.4%	1.9%
 Canada		1.5%	2.0%
 Costa Rica		3.3%	2.0%
 Dominica		3.3%	2.3%
 Dominican Rep.		4.5%	4.2%
 El Salvador		2.5%	1.0%
 Grenada		3.4%	1.1%
 Guatemala		3.6%	3.3%
 Haiti		-1.2%	26.2%
 Honduras		3.5%	4.2%
 Jamaica		1.5%	5.0%
 Mexico		1.5%	3.3%
 Nicaragua		2.9%	2.7%
 Panama		4.0%	2.0%
 Puerto Rico		-0.1%	2.2%
 Saint Kitts & Nevis		2.2%	2.1%
 Saint Lucia		2.1%	1.5%
 St. Vincent & the Grenadines		2.7%	2.1%
 Trinidad & Tobago		1.2%	2.2%
 U.S.		2.1%	2.4%
SOUTH AMERICA		REAL GDP GROWTH	INFLATION (CPI) GROWTH
 Argentina		4.0%	16.4%
 Aruba		2.2%	2.1%
 Brazil		1.9%	4.0%
 Chile		2.0%	3.1%
 Colombia		2.3%	3.5%
 Ecuador		2.0%	2.8%
 Guyana		23.0%	4.4%
 Paraguay		3.7%	3.7%
 Peru		2.7%	1.9%
 Suriname		3.7%	9.6%
 Uruguay		2.4%	4.5%
 Venezuela		-3.0%	682.1%

EUROPE

REAL GDP GROWTH

INFLATION (CPI) GROWTH

	REAL GDP GROWTH	INFLATION (CPI) GROWTH
 Albania	3.6%	2.8%
 Andorra	1.6%	1.8%
 Austria	0.8%	2.3%
 Belarus	1.4%	7.5%
 Belgium	1.0%	1.3%
 Bosnia & Herzegovina	2.7%	2.6%
 Bulgaria	3.1%	3.4%
 Croatia	2.7%	2.8%
 Cyprus	2.8%	1.3%
 Czechia	2.0%	2.3%
 Denmark	2.2%	2.1%
 Estonia	1.5%	4.3%
 Finland	1.3%	1.9%
 France	0.9%	1.5%
 Germany	0.9%	1.8%
 Greece	2.0%	2.5%
 Hungary	2.1%	3.5%
 Iceland	2.3%	3.1%
 Ireland	1.3%	1.7%
 Italy	0.8%	2.0%
 Kosovo	4.0%	2.7%
 Latvia	2.2%	2.6%
 Liechtenstein	1.5%	0.6%
 Lithuania	2.9%	3.1%
 Luxembourg	2.1%	2.2%
 Malta	3.9%	2.0%
 Moldova	2.2%	5.5%
 Montenegro	3.2%	2.3%
 Netherlands	1.2%	2.4%
 North Macedonia	3.2%	3.0%
 Norway	1.6%	2.4%
 Poland	3.1%	2.8%
 Portugal	2.1%	2.1%
 Romania	1.4%	6.7%
 San Marino	1.3%	2.0%
 Serbia	3.6%	4.0%
 Slovak Rep.	1.7%	3.3%
 Slovenia	2.3%	2.4%
 Spain	2.0%	2.0%
 Sweden	1.9%	1.6%
 Switzerland	1.3%	0.6%
 Ukraine	4.5%	7.6%
 UK	1.3%	2.5%

MIDDLE EAST

REAL GDP GROWTH

INFLATION (CPI) GROWTH

	REAL GDP GROWTH	INFLATION (CPI) GROWTH
 Bahrain	3.3%	0.8%
 Iran	1.1%	41.6%
 Iraq	3.6%	2.5%
 Israel	3.9%	2.2%
 Jordan	2.9%	2.6%
 Kuwait	3.9%	2.2%
 Oman	4.0%	1.5%
 Qatar	6.1%	2.6%
 Saudi Arabia	4.0%	2.0%
 UAE	5.0%	2.0%
 Yemen	0.0%	18.5%

AFRICA	REAL GDP GROWTH	INFLATION (CPI) GROWTH
 Algeria	2.9%	3.9%
 Angola	2.1%	16.3%
 Benin	6.7%	2.0%
 Botswana	2.3%	4.7%
 Burkina Faso	4.8%	2.4%
 Burundi	4.1%	26.3%
 Cabo Verde	4.8%	2.0%
 Cameroon	4.1%	3.3%
 Central African Rep.	3.3%	3.3%
 Chad	3.6%	3.6%
 Comoros	4.0%	1.9%
 Rep. of Congo	2.8%	3.2%
 Côte d'Ivoire	6.4%	1.5%
 Democratic Rep. of Congo	5.3%	7.1%
 Djibouti	6.0%	1.4%
 Egypt	4.5%	11.8%
 Equatorial Guinea	0.5%	2.9%
 Eswatini	4.6%	4.0%
 Ethiopia	7.1%	9.4%
 Gabon	2.6%	2.5%
 The Gambia	5.1%	4.9%
 Ghana	4.8%	9.9%
 Guinea	10.5%	3.0%
 Guinea-Bissau	5.0%	2.0%
 Kenya	4.9%	5.2%
 Lesotho	1.1%	4.8%
 Liberia	5.4%	7.7%
 Libya	4.2%	1.6%
 Madagascar	4.3%	7.2%
 Malawi	2.7%	24.1%
 Mali	5.4%	2.0%
 Mauritania	4.3%	3.5%
 Mauritius	3.4%	3.6%
 Morocco	4.2%	1.8%
 Mozambique	3.5%	5.4%
 Namibia	3.8%	3.6%
 Niger	6.7%	3.2%
 Nigeria	4.2%	22.0%
 Rwanda	7.5%	4.7%
 São Tomé & Príncipe	4.7%	7.0%
 Senegal	3.0%	2.0%
 Seychelles	3.2%	1.1%
 Sierra Leone	4.9%	10.5%
 Somalia	3.3%	3.5%
 S. Africa	1.2%	3.7%
 S. Sudan	22.4%	15.8%
 Sudan	9.5%	54.6%
 Tanzania	6.3%	3.5%
 Togo	5.5%	4.5%
 Tunisia	2.1%	6.1%
 Uganda	7.6%	4.3%
 Zambia	6.4%	9.2%
 Zimbabwe	4.6%	18.2%

ASIA	REAL GDP GROWTH	INFLATION (CPI) GROWTH
Armenia	4.9%	2.8%
Azerbaijan	2.5%	4.5%
Bangladesh	4.9%	8.7%
Bhutan	7.4%	3.4%
Brunei	2.4%	0.6%
Cambodia	4.0%	1.8%
China	4.2%	0.7%
Georgia	5.3%	3.4%
Hong Kong	2.1%	2.1%
India	6.2%	4.0%
Indonesia	4.9%	2.9%
Japan	0.6%	2.1%
Kazakhstan	4.8%	11.2%
Kyrgyzstan	5.3%	6.9%
Laos	2.5%	5.5%
Macao	2.8%	1.2%
Malaysia	4.0%	2.2%
Maldives	4.5%	2.5%
Mongolia	5.5%	8.1%
Myanmar	3.0%	28.0%
Nepal	5.2%	4.2%
Pakistan	3.6%	6.0%
Philippines	5.7%	2.6%
Russia	1.0%	5.2%
Singapore	1.8%	1.3%
S. Korea	1.8%	1.8%
Taiwan	2.1%	1.6%
Tajikistan	5.5%	4.5%
Thailand	1.6%	0.7%
Timor-Leste	3.3%	1.8%
Türkiye	3.7%	24.7%
Turkmenistan	2.3%	5.0%
Uzbekistan	6.0%	7.3%
Vietnam	5.6%	3.2%

OCEANIA	REAL GDP GROWTH	INFLATION (CPI) GROWTH
Australia	2.1%	3.0%
Fiji	3.1%	1.1%
Kiribati	3.2%	3.5%
Marshall Islands	4.1%	5.9%
Micronesia	1.4%	3.4%
Nauru	1.9%	4.5%
New Zealand	2.2%	2.1%
Palau	3.3%	2.9%
Papua New Guinea	3.5%	4.6%
Samoa	3.2%	3.2%
Solomon Islands	2.8%	3.7%
Tonga	2.3%	2.2%
Tuvalu	2.6%	2.3%
Vanuatu	2.8%	2.2%

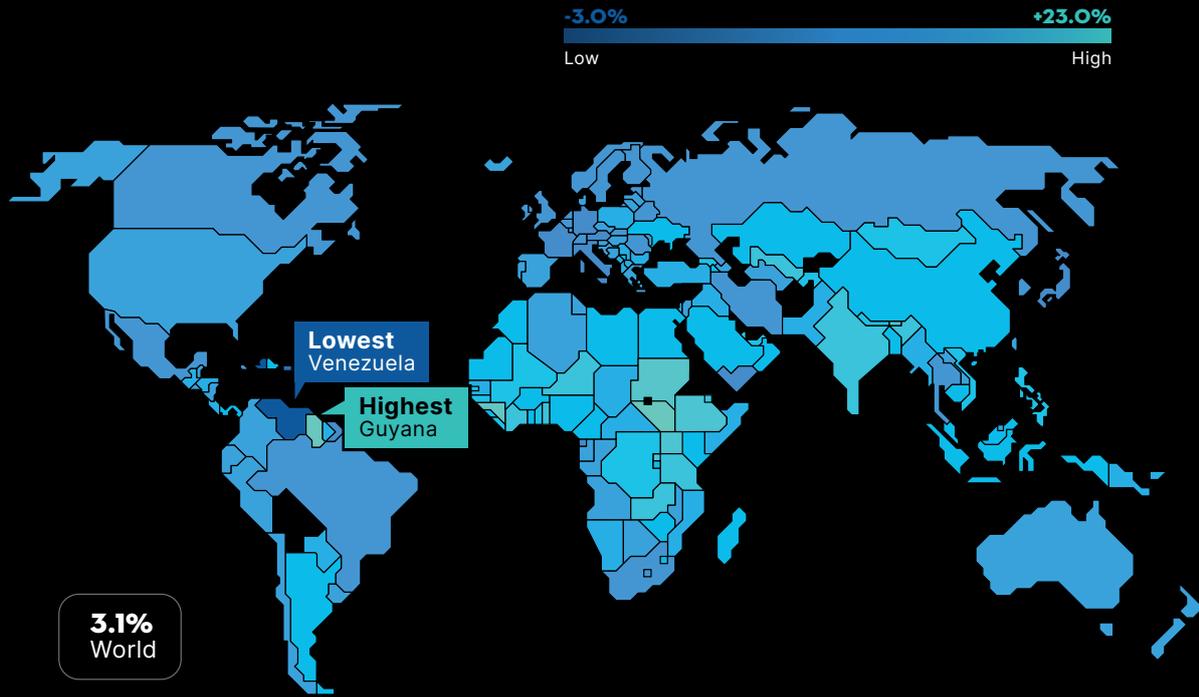
“ India’s will see both monetary and fiscal measures boosting domestic demand and consumption in 2026.

The Economic Times

“ Ongoing structural issues, weak domestic demand, labour supply limitations and steep long-term rates, continue to weigh on Japan’s expansion.

AM-One

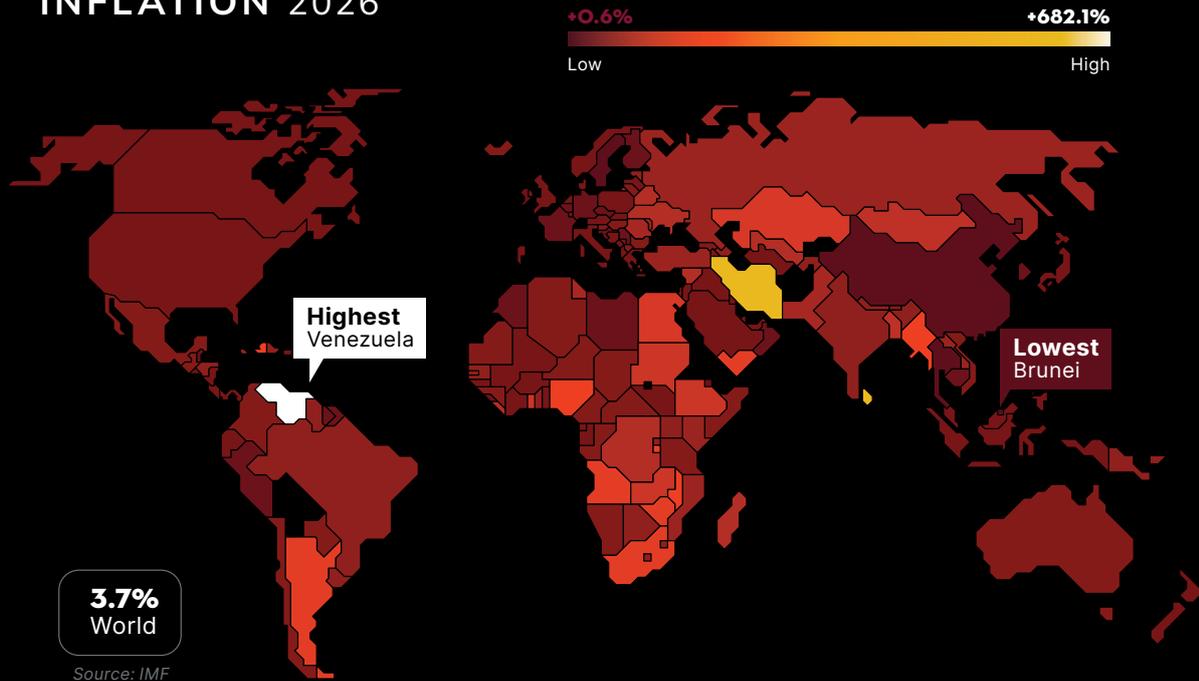
REAL GDP GROWTH 2026



“ Global economic growth projected to slow as the world economy adjusts to rising protectionism and fragmentation.”
IMF

“ Inflation has continued to fall, supporting real incomes.”
OECD

INFLATION 2026



ECONOMIC FACTORS

WHAT TO WATCH

-  Tariff pass-through to inflation
-  AI earnings versus expectations
-  Bond market tolerance for issuance
-  Debt sustainability concerns
-  Pressure on central banks
-  AI concentration beyond the Mag 7



2026 IS FRICTION, NOT COLLAPSE

The defining feature is not a break, but friction. Stability without dynamism, resilience without slack, and upside constrained by institutional and political limits.



AI IS UPSIDE AND SYSTEMIC RISK

The AI story still carries genuine upside, but also the risk of fast correction and broad knock-on effects. Concentration risk matters, and a repricing can travel quickly through the ecosystem.



DEBT IS THE OTHER HIGH-RISK FACTOR

Rising yields worsen fiscal positions and raise rollover risk. Europe is a likely initial pressure point, with potential spillovers, as debt vulnerabilities meet tighter bond market tolerance.



INFLATION POLITICS CAN CHANGE THE GAME

A key outside risk is tariff-driven inflation returning and wrong-footing central banks. 2026 also brings more political pressure on monetary institutions, from Fed independence questions to more contradictory policy positions across regions.



MODERATE POLICY SHIFTS, UNEVEN REGIONAL STORIES

The UK story is easing rates without easy growth, with a tougher household outlook. In the Eurozone, Germany remains the swing factor, while political and fiscal uncertainty raises dispersion and limits coordinated stimulus. China focuses on upgrading its industrial base, with steady rather than spectacular growth, strong exports, and ongoing domestic challenges.



TWO HALVES, DIFFERENT BALANCE OF RISK

H1 2026 is framed by a supportive policy mix and resilient demand, with scope for further upside. H2 brings rising concern over debt sustainability, valuations, and growth slowdowns, alongside higher dispersion across sectors and firms.

WHICH RISK TURNS INTO THE SHOCK OF 2026?

HIGH-RISK ECONOMIC FACTORS

AI represents both upside and systemic risk

2022 was the awakening, 2023–24 the sandbox, 2025 the strategic pivot. Investors were nervous in Q4 2025, they will continue to be wary in 2026.

Correction risk could propagate rapidly, leaving many losers and a few winners. Oracle stands out as the canary in the AI mine, with data-centre capex raising concerns. Its valuation is stretched relative to peers, and weakness could trigger broader repricing across the AI ecosystem. Given the interconnected nature of the sector, any correction could be rapid and non-linear. At some point, disappointment from NVIDIA earnings could act as the pinprick. Expect more leverage as AI companies switch to debt financing from public and private credit markets, which in turn spreads risk.

Sovereign debt contagion

Debt vulnerabilities represent a second high-risk factor. Rising yields worsen fiscal positions, raising rollover risk. Europe is likely to be the initial pressure point, with potential spillovers.

Geopolitical flashpoints

Latin American elections may increase regional tension, particularly around US–Venezuela relations. Mid-term elections in the US raise risks around fiscal credibility and Fed independence, especially given a new Fed Chairman inbound with a doveish stance.

LOWER-RISK BUT IMPORTANT ECONOMIC FACTORS

Consumer behaviour and sectoral growth

Consumer demand provides a partial counterweight to macro risks. 2026 US consumption benefits from fiscal transfers and major events like the World Cup. These are not growth accelerants, but they limit downside risk.

Continued on next page.

**LOWER-RISK
BUT IMPORTANT
ECONOMIC FACTORS**

Moderate but meaningful policy shifts

1 Britain's 2026 story is easing rates without easy growth. In 2026, the UK economy is likely to be defined by moderation rather than momentum: its growth trajectory will be subdued with a struggling labour market. The Bank of England has the firepower to stave off a recession with predicted rate cuts, but Reeves' 2025 fiscal consolidation will see households face a pessimistic recessionary 2026. A struggling economy will make borrowing figures worse, not better, which bodes for a tricky balancing act for the Chancellor next year.

2 In the Eurozone, Germany remains the swing factor, while France's political and fiscal situation drives risk premia dispersion. Southern economies perform relatively better thanks to services, tourism and EU-funded investment. Fiscal constraints and political uncertainty in large member states limit the scope for coordinated stimulus, reinforcing a pattern of resilience without dynamic acceleration.

3 China's 15th Five-Year Plan gathers momentum after March 2026, focused on upgrading the industrial base rather than reigniting rapid growth. The story remains of steady, not spectacular growth, as its exports do well whilst the domestic sector still faces challenges.

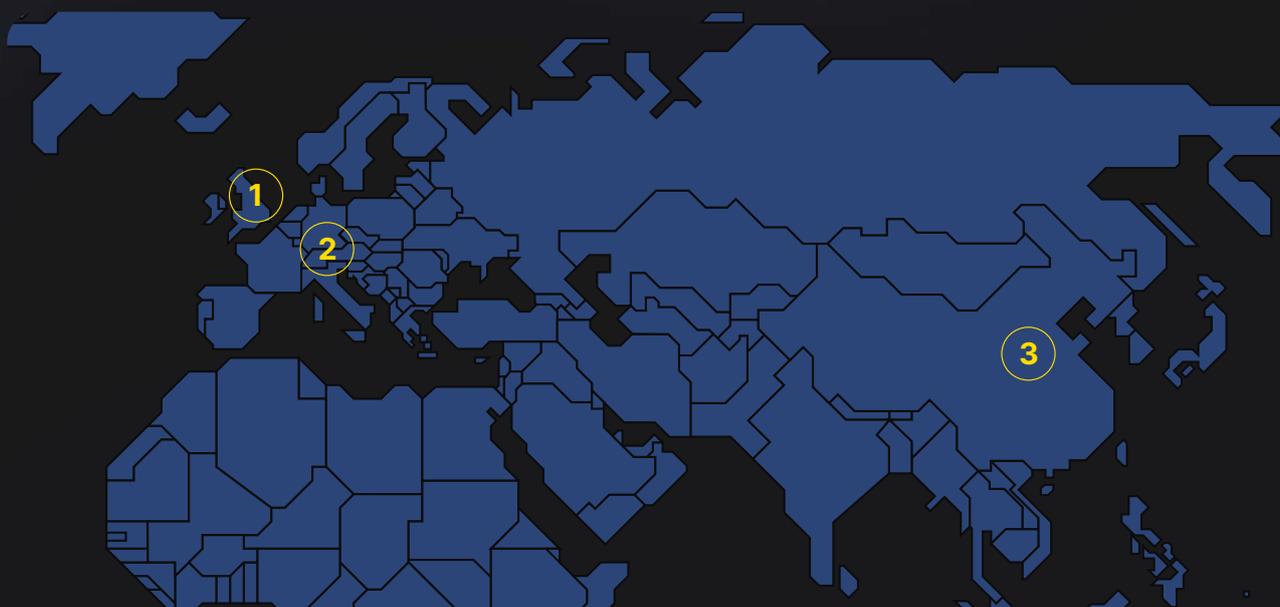
FROM A SCENARIO PERSPECTIVE

H1 2026

- Supportive policy mix
- Resilient demand
- Scope for further equity upside

H2 2026

- Rising concern over debt sustainability
- Equity valuations and growth slowdowns



“

The defining feature of 2026 is not collapse, but friction. Stability without dynamism, resilience without slack, and upside constrained by institutional and political limits.

MO TANWEER

”

KEY INFLECTION POINTS INCLUDE:

- Tariff pass-through to inflation: an outside risk is the return of inflation which could blindside central banks. So far the passthrough of Trump’s tariffs has been light. Any change in that in H1 2026 changes the game.
 - Bond-market tolerance for rising issuance: from sovereigns fiscal plans to AI capex, demand for issuance is rising and competition will push yields up.
 - Political pressure on monetary institutions: From Fed independence to contradictory policy positions in Europe and Asia, friction may be a theme of 2026.
- AI earnings delivery versus expectations:
- we will learn if the build out phase of AI infrastructure delivers any actual rate of return for investors.

RISK AND PORTFOLIO MANAGER TAKEAWAYS:

- Monitor AI concentration risk and second-order effects beyond the Mag 7.
- Expect higher dispersion across sectors and firms in a K-shaped cycle.
- Stress-test portfolios against bond-market volatility, particularly in Europe.
- Balance near-term upside with defensive positioning for H2 2026.
- Prepare for policy divergence as inflation becomes local again.

Inigo Expert, Mo Tanweer

ACADEMICS ASSOCIATE,
UNIVERSITY OF CAMBRIDGE



“

Big gets bigger,
and concentration
becomes more
concentrated.

”

Morningstar

1

2

3

4

5

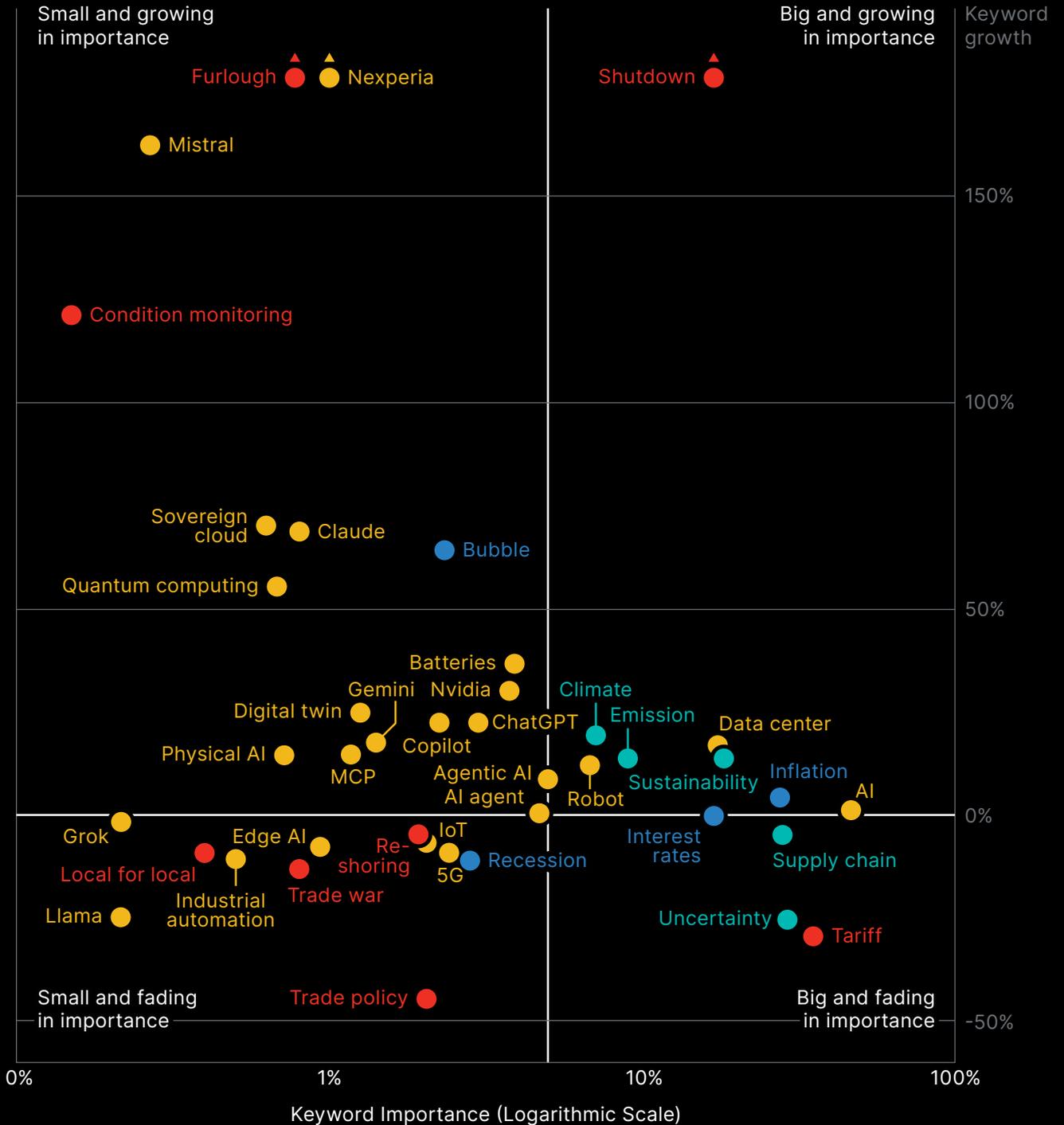
6

MARKETS

WHAT CEOs ARE TALKING ABOUT GOING INTO 2026

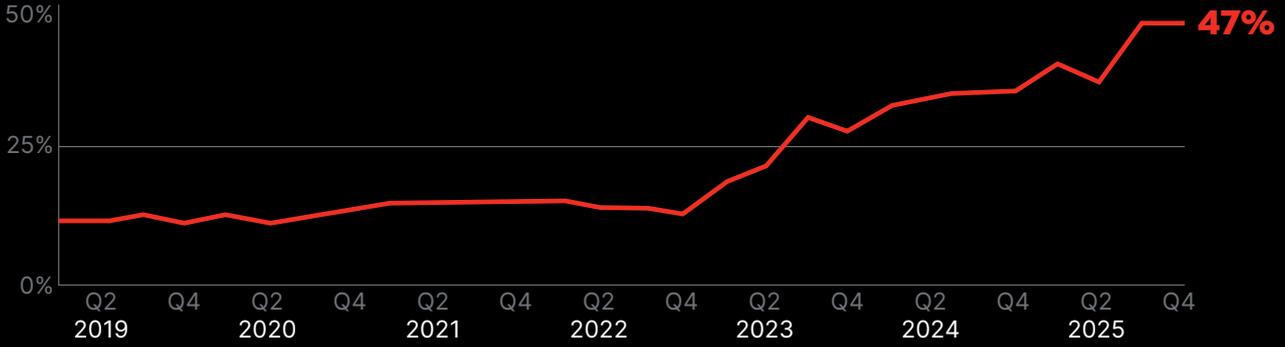
Keyword Growth & Importance in Earnings Calls of U.S.-listed Companies

- Geopolitics
- Economics/Markets
- Tech
- Other



Source: IoT Analytics Research. Analysis based on ~8,000 earnings calls from ~4,000 global companies listed in the U.S. in Q3 and Q4 2025. Keyword importance is the share of companies that mentioned the keyword in Q4 2025 at least once. Keyword growth is the change in mentions of a keyword in Q4 2025 compared to Q3 2025.

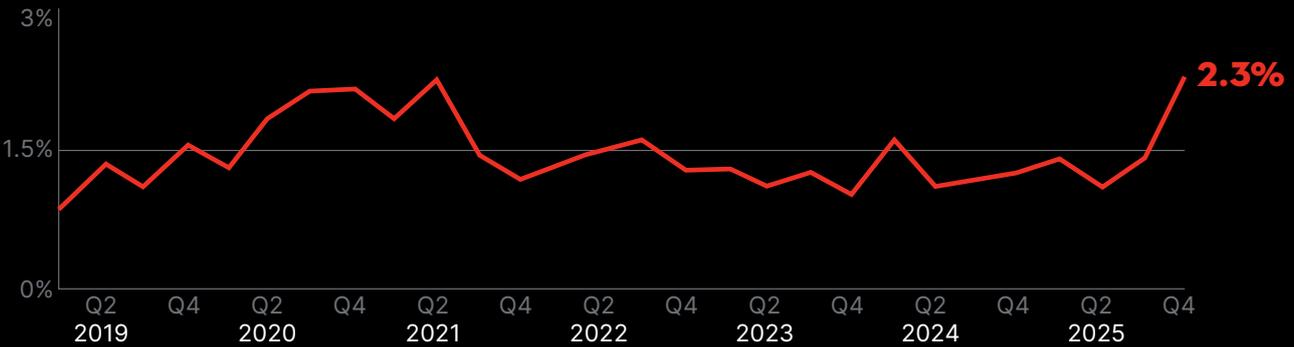
CEO MENTIONS OF "AI" IN EARNINGS CALLS



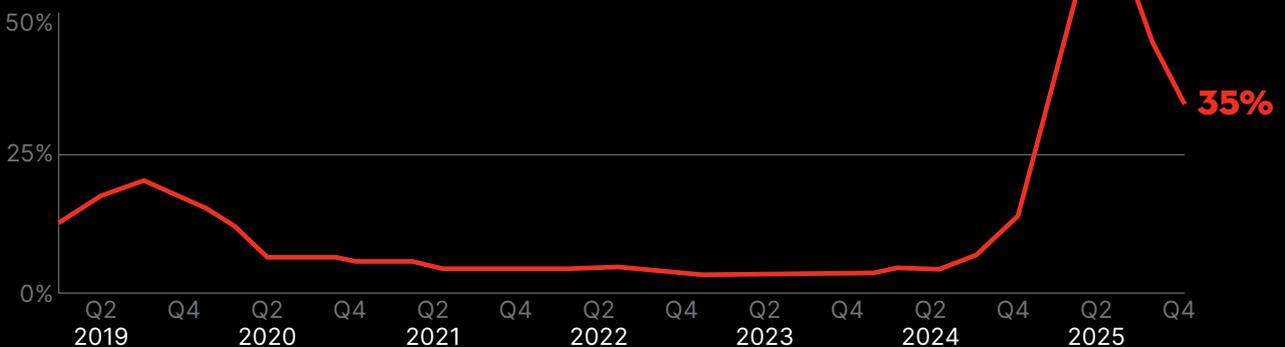
“ AI is not a bubble. It will accelerate even faster in 2026 and in the next decade – but there will be failures with major impact (spectacular trainwrecks).

John Chambers - Chairman Emeritus, Cisco / CEO, JC2 Ventures

CEO MENTIONS OF "BUBBLE" IN EARNINGS CALLS



CEO MENTIONS OF "TARIFF" IN EARNINGS CALLS



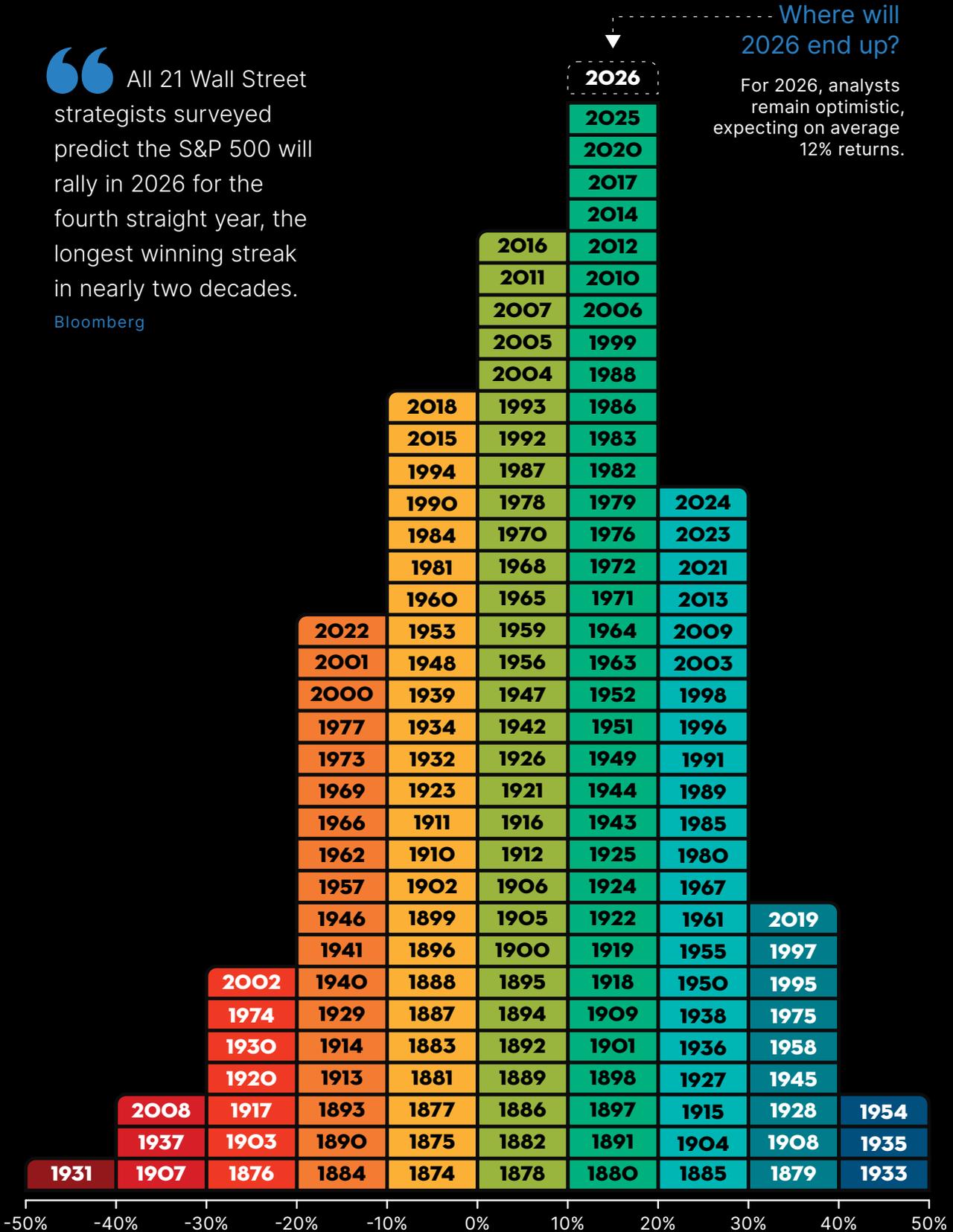
152 YEARS OF S&P 500 RETURNS

“ All 21 Wall Street strategists surveyed predict the S&P 500 will rally in 2026 for the fourth straight year, the longest winning streak in nearly two decades.

Bloomberg

Where will 2026 end up?

For 2026, analysts remain optimistic, expecting on average 12% returns.



Sources: TradingView

S&P 500 FORECASTS

No major institution forecasts a decline in the S&P 500, as all call for new highs by end of year.



“ S&P 500 index will continue to surge, with moderate volatility, reaching a yearly high in the fourth quarter.

WalletInvestor

“ All sectors in the S&P 500 should see gains in 2026.

CFRA

“ Bull case scenario for the S&P 500 could see gains of roughly 25% above current trading levels.

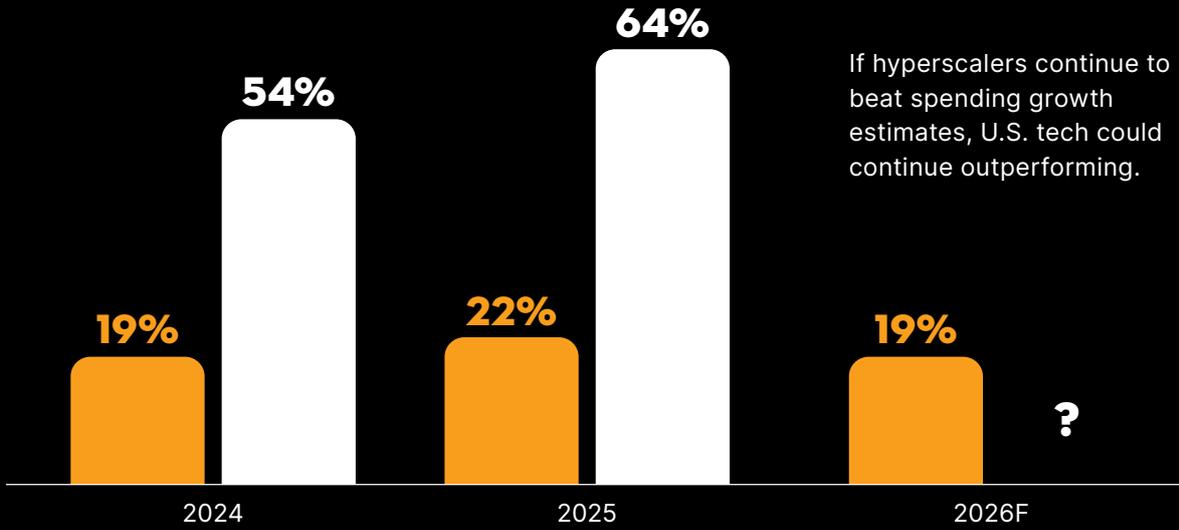
Savita Subramanian, Bank of America

Sources: TradingView, Global Forecast Series Predictions Database

HYPERSCALER SPENDING'S EFFECT ON STOCKS

Consensus capex growth estimates for AI hyperscalers (Amazon, Google, Meta, Microsoft, Oracle)

● Start of year
● Realized/current



If hyperscalers continue to beat spending growth estimates, U.S. tech could continue outperforming.

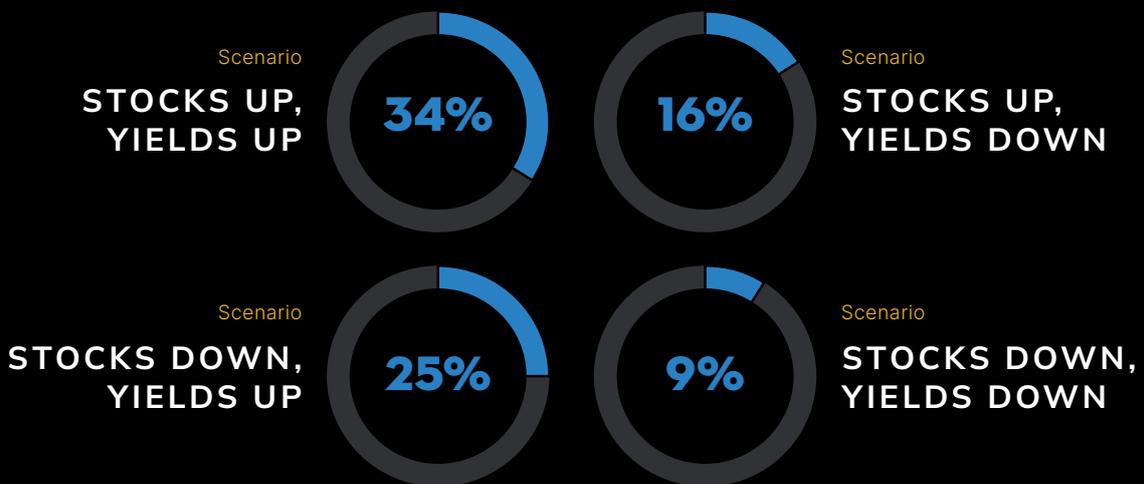
“Hyperscalers will invest more than \$2 billion in small modular nuclear reactors.”
Forrester

“AI sector faces downside risk if hyperscalers cut capex guidance.”
Philip Straehl, Morningstar Investment Management

TARIFF RULING'S EFFECT ON MARKETS

Fund managers' market expectations if tariffs are ruled illegal

If tariffs are ruled illegal by the Supreme Court, most fund managers expect bonds to suffer.



Sources: Goldman Sachs Asset Management, BofA Global Fund Manager Survey

WHAT'S HOT AND WHAT'S NOT IN 2026

Markets are heading into 2026 with plenty of momentum, but also some growing fault lines. Based on a scan of our 2026 predictions database and recent market outlooks, here's a shortlist of where capital is flowing toward... and where enthusiasm is starting to cool.



European stocks (especially small caps and banks)

After years of underperformance, Europe is back on investors' radar. Improving growth expectations and more attractive valuations are driving renewed interest, particularly in smaller companies and financials.



Defense and aerospace companies

Rising geopolitical tensions are translating directly into higher defense spending. That's keeping order books full for major defense contractors, especially in Europe and the UK.



AI infrastructure (chips, data centers, hardware)

Even as excitement around AI software cools, the physical backbone of AI is still in high demand. Semiconductors, memory, and data-center infrastructure remain key beneficiaries of continued AI investment.



Cybersecurity

As AI adoption accelerates, so do security risks. Companies offering AI-powered cybersecurity tools are seeing strong demand as firms look to protect systems, data, and models.



Crowded AI mega-cap trades

Big tech remains dominant, but expectations are sky-high. If earnings don't keep pace with the hype, some of the largest AI-linked stocks could face sharper pullbacks.



Private credit

Once seen as a safe alternative to traditional lending, private credit is facing more scrutiny. Investors are increasingly worried about defaults, refinancing risk, and lack of transparency.



Commercial real estate (especially offices)

Lower rates may help at the margin, but many office properties still face falling demand and tough refinancing conditions. Stress in the sector hasn't fully worked its way through yet.



Oil producers exposed to oversupply

Global oil supply is expected to outpace demand in 2026. If prices remain under pressure, energy companies tied closely to crude prices could struggle.

MARKETS

WHAT TO WATCH

-  Volatility regime
-  Bond yields and spreads
-  Central bank rate cuts
-  Tech borrowing for AI
-  Data centre capex exposure
-  US credit downgrades and defaults



2026 INHERITS THE SAME RISK CATALYSTS

2025 absorbed plenty of shocks and most assets still performed robustly. The issue for 2026 is that key risks remain unresolved, including geopolitics, sovereign debt levels, high valuations, and the open question of an AI bubble.



HIGHER VOLATILITY LOOKS LIKE THE NEW NORM

Volatility is likely to stay elevated through 2026. There may be no obvious reason to cut risk aggressively in the short term, but periods of asset price stress still look likely.



BONDS HAVE LESS TAILWIND THAN LAST YEAR

For debt, returns in 2026 may struggle to match 2025. With policy rates already moving lower, there is less tailwind from the level of the risk-free component of yield, and spreads remain tight.



THE SHORT END MAY BENEFIT IF CUTS CONTINUE

With inflation under more control, labour markets weakening, and the US Fed in a supportive mode, US fixed income investors at the short end of the curve may benefit from further policy rate cuts.



FOR INSURERS, IT IS A CREDIT QUESTION AS MUCH AS A NARRATIVE ONE

For P&C insurers with allocations to US credit, the exposure is less about equity headlines and more about default and downgrade risk. That links to how much GDP has been propped up by AI capex, the borrowing behind data centres, the impact on jobs and consumer spending, and how far central banks can support stability. Even if a bubble bursts, outcomes depend on what technology remains embedded and supports longer-term productivity and margins.



AI BUBBLES CAN HAPPEN, TIMING IS THE PROBLEM

Bubbles are rare, but they do have a history of forming around transformative technology. The AI story could follow that pattern, but the timing is impossible to predict.

2025 VS 2026 IN THE MARKETS

IF THE AI STORY TURNS, WHAT HAPPENS TO CREDIT?

We entered 2025 with a vast list of potential risk catalysts. The good news for 2025 was that, though these drove some big bouts of volatility within the year, most assets performed robustly over the year. The bad news for 2026 is that this means that many of those risks remain unresolved; the AI “bubble”, geopolitics, sovereign debt levels and relatively high asset valuations.

VOLATILITY & BONDS

Higher levels of volatility are probably the new norm and will continue through 2026. As long as there is space within an institution’s risk appetites, 2026 is similar to 2025 in that there is no obvious reason to cut risk aggressively in the short term but periods of asset price stress are highly likely. For debt, 2026 returns will struggle to hit 2025 levels; most central banks globally have been cutting their policy rates and so we enter 2026

with less of a tailwind from the level of the “risk free” component of a bond yield and spreads remain tight. On the other hand, with inflation remaining under a level of control, labour markets weakening and the US Fed in a supportive mode, US fixed income investors at the short end of the curve will likely benefit from some further policy rate cuts.

AI

An evolution of the AI debate into 2026 for debt investors is the extent to which tech companies continue to turn to the bond market in order to fund development and expansion. My colleague Mo Tanweer speaks much more broadly elsewhere in this report about AI but I will pull on his example of Oracle as the “canary in the coalmine” which reminds us that even if the bubble bursts, the canary might survive.

Oracle has seen this before; Oracle’s equity price hit a peak in 2000 but did not recover until 2014 after the dot com boom fizzled out.



Continued on next page.

Bubbles are rare, but they do have a history of occurring when there is a transformative technology fuelling them. It would not be surprising if some element of the AI story ultimately follows this pattern but the timing of it is impossible to predict.

For P&C insurers with allocations to US credit, the 2026 exposure to this is less directly equity valuation and headline driven but a question of default and downgrade risk, the extent to which GDP has been propped up by capex spending, the ability for tech companies to walk away from the vast data centres they have been borrowing in order to build if they become obsolete, the impact on jobs and the resulting hit to consumer spending across the economy and the extent to which central banks can step in to support stability.

It is easy to frame the AI story as one of all of nothing, boom or bust. But should a bubble burst, it also depends upon the technology that remains, that has been embedded and that will support long-term productivity and profit margins into the future.

Maeve Grant

CHIEF INVESTMENT
OFFICER, INIGO



EXPERT PREDICTIONS ON BONDS

“ High-yield bonds likely to outperform investment-grade bonds.

Morgan Stanley

“ Yield curves have normalised and investors are once again rewarded for longer maturity. Positive real yields are again possible with government bonds in the U.S. and Europe.

Deutsche Bank

“ The risk of a bond-market correction is rising as wealthy nations continue to overspend.

The Economist

“ In fixed income, we favour euro zone bonds – especially German Bunds – where inflation is under control and fiscal stimulus is set to expand market breadth.

Allianz Global Investors

“ The outlook for bonds remains broadly constructive. Yields, both nominal and real, are well above their 20-year averages.

Barclays Private Bank

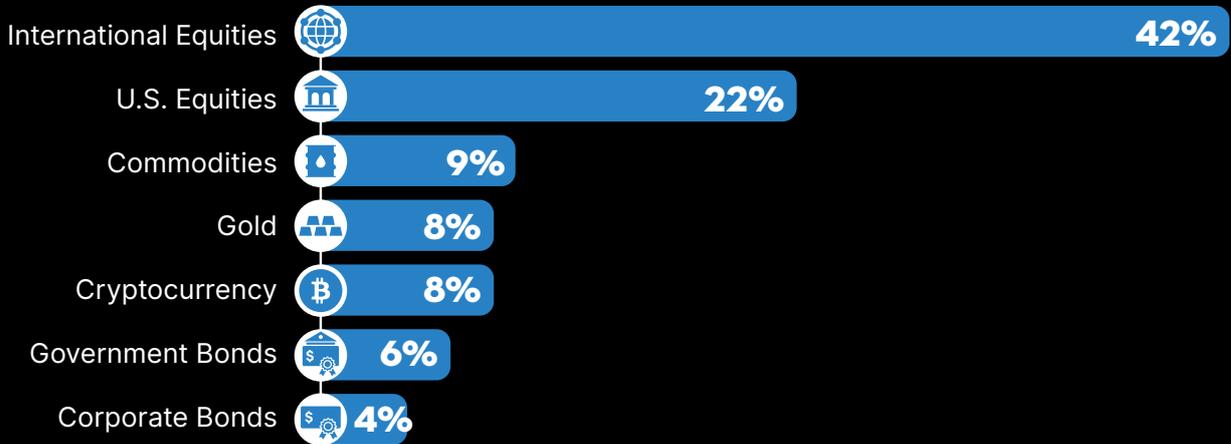
“ The euro has strengthened its profile as a credible alternative — 55% of global AAA bonds are now euro-denominated.

Convera

ASSETS AND GLOBAL EQUITIES

FUND MANAGERS' ASSET CLASS EXPECTATIONS

Q Which of the following do you expect to be the best performing asset class in 2026?

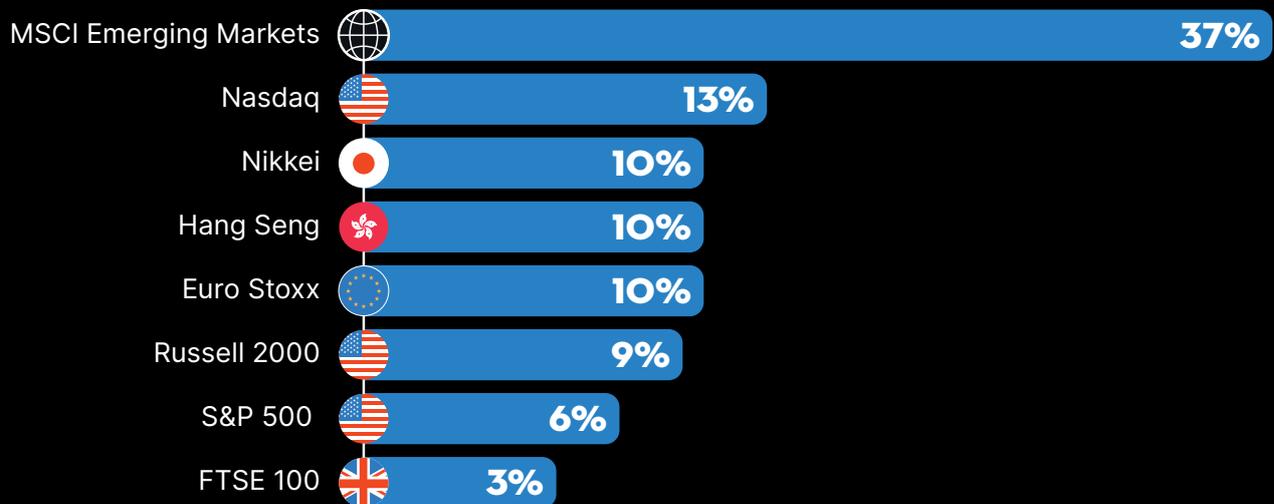


“ The MSCI EAFE Index, which is a benchmark for international developed market equities, trades near 13 times forward earnings, which is a significant 35% discount to the S&P 500.

Rajan Bansi, Mackenzie Investments

FUND MANAGERS' INTERNATIONAL EQUITY EXPECTATIONS

Q Which of the following equity indices do you expect to outperform in 2026?



Source: Bank of America Fund Manager Survey

GOLD PRICE FORECASTS FOR 2026



THE OUTLOOK BEYOND GOLD

“ LFP has taken battery market share away from nickel heavy cathodes, and I don't see that abating at all, so I would think that nickel would probably have a pretty sour year in 2026. **”**

Chris Berry, House Mountain Partners

“ One factor is the potential for the U.S. to place tariffs on refined copper imports. We expect copper prices to decline slightly after the tariff is implemented, then resume its upward trajectory. **”**

Goldman Sachs

Source: TradingView, 2026 Global Forecast Series Predictions Database

BETWEEN THE LINES

SPICY TAKES ON **THE MARKETS**

“ We expect **Tesla** to reach a \$2 trillion market value in the near term and possibly \$3 trillion by the end of 2026.

Wedbush

Why it's spicy: Tesla would need to more than double its market cap in 12 months for this to become true. Wedbush sees Tesla's progress in autonomous driving and robotics as major growth catalysts.

“ By 2026, so-called “agentic AI” systems have infiltrated everything from finance to logistics. A handful of small glitches snowball into full-blown crises: a misfiring algorithm triggers a market **flash crash**.

Saxo Bank

Why it's spicy: AI-driven errors would not only be expensive, they would shake public and corporate confidence in the tech, and kick off a wave of regulation and safeguards.

“ **Mega Cap ETFs** will be the top-performing indexes in 2026.

The Motley Fool

Why it's spicy: Doubling down on mega-cap concentration despite frothy valuations and bubble warnings.

“

The world is moving from a rules-based system to a power-based one.

Ian Bremmer,
President, Eurasia Group

”

1

2

3

4

5

6

GEOPOLITICS

WHERE CONFLICT IS MOST LIKELY TO OCCUR

ACLED's Conflict Watchlist highlights 10 countries and regions that are projected to face armed conflict in 2026.



LATIN AMERICA & CARIBBEAN
Organized-crime conflict

Militarized responses to organized crime are likely to spread further as governments adopt tough-on-crime measures and the U.S. exerts more pressure in the region.



UKRAINE
Interstate war

Russia is expected to maintain long-range strikes while stepping up efforts to seize the remainder of the Donetsk region.



ISRAEL
Cross-border strikes



SYRIA
Sectarian clashes



SUDAN
Civil war



MYANMAR
Civil war



ECUADOR
Gang Violence



RED SEA
Maritime attacks, drone/missile strikes



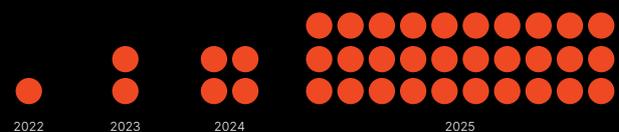
PAKISTAN
Separatist insurgency, border clashes/airstrikes



THE SAHEL
Jihadist insurgency, coups/state fragility

Spreading conflict into coastal West Africa will challenge regional cooperation in 2026. Jihadist militant groups are expected to target foreign workers as part of its economic warfare strategy.

Abductions of foreign nationals by JNIM and ISSP in Mali and Niger
Number of events



ONE PAGE TAKE

TRADE AND GEOECONOMIC DYNAMICS 2026

WHAT TO WATCH

- 🔍 Tariff pass-through to inflation
- 🔍 AI industrial policy and regulatory divergence
- 🔍 Regionalisation and Latin America tension

“

TRADE FRAGMENTS ALONG STRATEGIC LINES

Trade held up in 2025 despite political uncertainty, but 2026 sees deeper regionalisation as the global economy continues to fragment along geopolitical and strategic lines.

“

TARIFFS STAY THE SWING FACTOR

Global supply chain shocks have faded, but policy-driven distortions remain. Trump-era tariffs have so far had limited inflationary pass-through, but a material shift in tariff effects in H1 2026 would change the inflation outlook and policy response.

“

AI BECOMES A NATIONAL COMPETITIVENESS RACE

AI is now embedded in national competitiveness strategies, with states competing over chips, compute, energy, data and standards. Industrial policy, regulation and subsidy are reshaping the global AI stack, while regulatory divergence adds friction to cross-border investment and technology diffusion.

Continued on next page.

TRADE AND GEOECONOMIC DYNAMICS

WHAT HAPPENS WHEN TRADE BECOMES A GEOPOLITICAL TOOL?

The global economy continues to fragment along geopolitical and strategic lines.

Trade held up in 2025 despite political uncertainty, but 2026 sees deeper regionalisation. Latin America is expected to continue to shift politically towards right-leaning governments, with implications for fiscal consolidation and alignment with US strategic interests. Expect further geopolitical tension in that region, given the recent Trump attempt at regime change in Venezuela.

Global supply-chain shocks have faded, but policy-driven distortions remain. Trump-era tariffs have so far had limited inflationary pass-through, but any material shift in tariff effects during H1 2026 would materially change the inflation outlook and policy response.

“

AI is now firmly embedded in national competitiveness strategies. States compete over chips, compute, energy, data and standards.

”

The global AI stack is being reshaped through industrial policy, regulation and subsidy. Regulatory divergence adds friction to cross-border investment and technology diffusion.

Inigo Expert, Mo Tanweer

ACADEMICS ASSOCIATE,
UNIVERSITY OF CAMBRIDGE



THE TRUMP FACTOR

Many geopolitical analysts view President Donald Trump as the single biggest wild-card catalyst in global affairs in 2026. His transactional 'America First' approach and disruptive policymaking is reshaping alliances, trade norms, and security calculations worldwide.



“ Trump could pull the plug on the three-decade-long North American free trade experiment, and though that wouldn't immediately terminate the agreement, it would amp up the level of uncertainty and seriously threaten investment in Canada.

Globe and Mail



“ President and allies made no secret of disdain for EU's efforts to regulate US tech platforms. Expect him to follow through on threats to punish bloc unless it makes concessions.

Casey Newton, Platformer



“ Trump said that if Iran were to shoot and kill protesters, the US would “come to their rescue”. He added: “We are locked and loaded, and ready to go,” without explaining what that might mean in practice.

The Guardian



“ Europe faces a demanding year in 2026 as Trump's impulsiveness makes transatlantic relations unpredictable.

Merics



“ We're going to have our very large United States oil companies [...] go in, spend billions of dollars [...] and start making money for the country.

U.S. President Donald Trump



“ [Trump also criticized Colombian President Gustavo Petro.] “He's making cocaine. They're sending it into the United States. So he does need to watch his ass.”

U.S. President Donald Trump



“ Trump's transactional diplomacy and tariff strategies are expected to persist, increasing economic friction with China and potentially reshaping supply chains and trade alliances.

MAX security



“ I will wager that he is going to shake things up when it comes to U.S. military aid to Israel. Although the current aid agreement does not expire until late in Trump's term, the topic is already on his mind.

Foreign Policy



“ The results of a U.S. Commerce Department investigation could lead to a 92% duty on Italian pasta, which would be added to an existing 15% tariff. The potential 107% levy has alarmed Italy, as 13 producers could face significant losses of their second-largest export market.

Associated Press



THE POLITICAL OUTLOOK AROUND THE WORLD

CANADA

“ Alberta will ponder secession. Premier Danielle Smith recently lowered the threshold of signatures required to trigger a referendum on secession from 20% of registered voters down to 10%.

Maclean's

EUROPE

“ Distraught European leaders will fail to address structural political and economic problems, fueling populist threats.

Eurasia Group

GERMANY

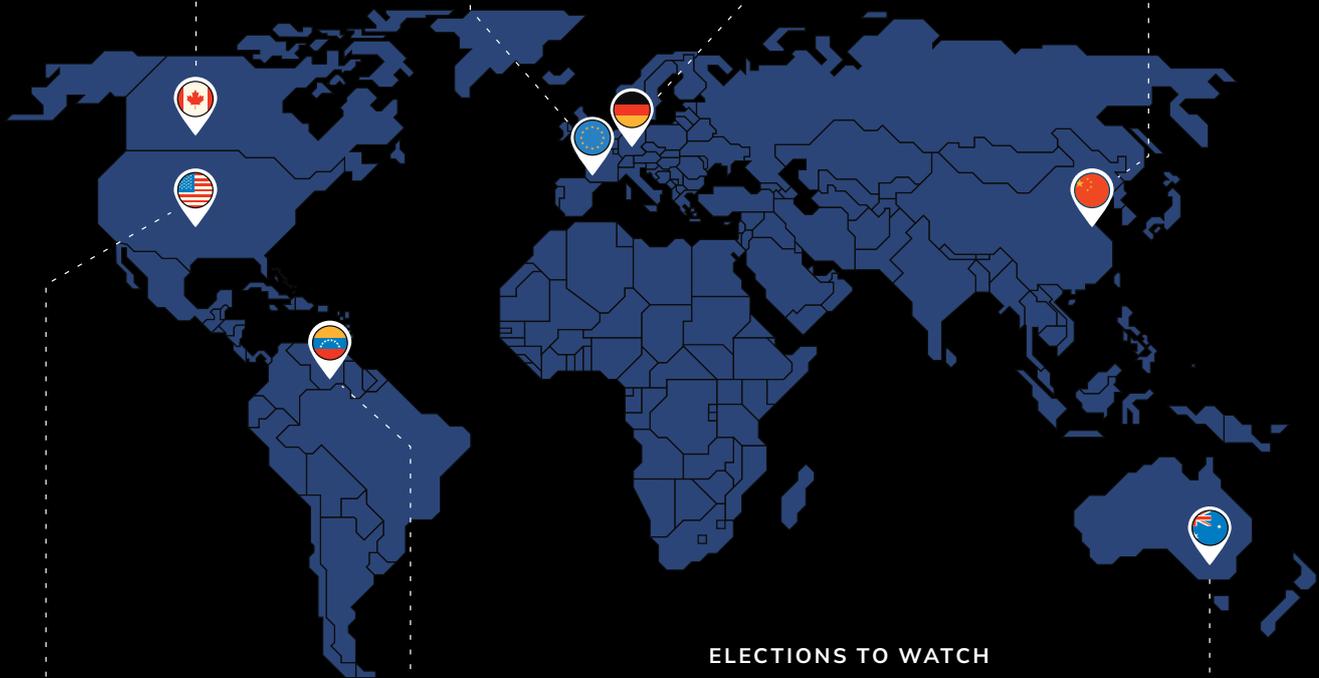
“ Multiple 2026 state elections are likely to deepen political fragmentation and may see a continued surge for the far-right AfD, potentially making it the largest party in several regions.

The European Conservative

CHINA

“ The political, economic, social, and external challenges facing Xi and the CCP are likely to further worsen in 2026.

Sino Insider



UNITED STATES

“ We determine that the Republican Party are likely to lose 28 seats in next year's midterm elections, with control of the House then likely returning to the Democrats.

LSE

VENEZUELA

“ Analysts predict Venezuela is likely to resemble post-Gaddafi Libya rather than a smooth democratic transition, owing to remaining support for Maduro's Chavismo movement and multiple opposition leaders in exile vying for power.

European Business Magazine

ELECTIONS TO WATCH

-  Bangladesh General Election
12 February 2026
-  Colombia Presidential Election
31 May 2026
-  Lebanon General Election
May 2026
-  Ethiopia General Election
1 June 2026
-  Sweden General Election
13 September 2026
-  Brazil General Election
4 October 2026
-  Israel Legislative Election
By 27 October 2026
-  U.S. Midterm Elections
3 November 2026

AUSTRALIA

“ Australian defense discourse in 2026 will be intensely shaped by China's military posturing around Taiwan, including live-fire drills and simulated blockades, driving calls for increased defense spending and deeper alliance engagement with the U.S.

News.com.au

CHINA AND THE WORLD IN 2026

UNITED STATES



Strategic Rivalry & Tech War

- Sustained trade and tariff conflict
- Tech bifurcation (chips, AI, cloud, data)

China's competitive and strategic rivalry with the U.S. will continue to define global geopolitics in 2026, with tensions spanning trade, technology, and national security as both sides pursue industrial policy tools and unilateral measures. Beijing's use of export controls (e.g., rare earths and other critical inputs) and accelerated self-reliance efforts has already forced Washington to negotiate on terms that buy China time to build indigenous capabilities, reinforcing competition rather than cooperation.



EUROPEAN UNION

Overcapacity & Trade Friction

- Surge of low-cost EVs, batteries, solar panels
- Anti-dumping cases and trade defenses

In 2026, China's economic and geopolitical behavior is set to challenge the EU on multiple fronts: Beijing's leverage in critical materials and export markets will continue to expose structural dependencies, while European firms face intensifying competitive pressure in China and at home. EU-China relations will remain closely tied to U.S.-China dynamics, with Europe often left reacting to bilateral deals and facing pressure to protect key industries even as it struggles to define an autonomous strategy.



CHINA

Pros Cons

In 2026, China retains formidable strengths in manufacturing scale, cost competitiveness, and state coordination, allowing it to stabilize key sectors and remain central to global supply chains.

Weak domestic demand, a prolonged property downturn, and rising trade and policy pushback from major economies constrain growth and force China to export excess capacity.

GLOBAL SOUTH

- Outlet for Chinese exports and capital
- Growing political leverage through trade and finance

TAIWAN



- Largest low-probability, high-impact geopolitical risk
- Primary source of tail-risk pricing in Asia

INDIA



Supply Chain Rival & Strategic Hedge

- Competition for manufacturing and FDI
- Trade and border tensions remain unresolved

China's slowdown and export pressure are accelerating "China-plus-one" strategies, positioning India as the largest alternative destination for manufacturing and investment at scale. At the same time, China's cost advantages and industrial depth cap how quickly production can shift, making India a partial substitute, not a full replacement, for global supply chains in 2026.



RUSSIA

Strategic Alignment of Convenience

- Competition for manufacturing and FDI
- Trade and border tensions remain unresolved

China's engagement with Russia through 2026 will remain a relationship of strategic convenience rather than deep alliance, anchored by energy, trade, and shared interests in challenging Western dominance. Beijing's imports of discounted Russian energy and continued economic cooperation help Russia mitigate some effects of Western sanctions, even as China avoids overt entanglement in Russia's military objectives.

GEOPOLITICS AND BUSINESS: 3 PATHS FORWARD

Verisk Maplecroft’s Political Risk Outlook examines how geopolitical risk could reshape global business in the back half of the 2020s.

The near future will have four characteristics that will fundamentally impact the global business environment:

Intensifying great power competition	Weakening global institutions	Entrenched economic nationalism	Mounting climate and societal shocks
▼	▼	▼	▼
<p>“ We are entering a world in which great power competition is the dominant feature of international politics.</p> <p><small>Ian Bremmer, Eurasia Group</small></p>	<p>“ Global governance is fragmenting, and the institutions designed to manage shared challenges are losing legitimacy and effectiveness.</p> <p><small>UN Sec-General António Guterres</small></p>	<p>“ The world economy is moving toward greater fragmentation as governments prioritize national security, resilience, and domestic production over efficiency.</p> <p><small>IMF</small></p>	<p>“ Extreme weather events, social polarization, and cost-of-living pressures are converging into a new era of chronic global shocks.</p> <p><small>World Economic Forum</small></p>

Base on the characteristics above, here are **three plausible geopolitical futures** up to 2030:

- ## 1

Drift

The world muddles through, but risk keeps rising.

In the Drift scenario, today’s pressures persist and intensify rather than resolve. Geopolitical rivalry, shifting alliances, and volatile trade flows keep uncertainty high, pushing up costs through supply-chain reconfiguration, climate-related disruptions, and cyber threats. Growth remains fragile, social tensions simmer, and conflict increasingly plays out through indirect, deniable “gray-zone” tactics that complicate risk management for global businesses.
- ## 2

Fracture

A broken global system forces companies to choose sides.

Fracture represents a severe breakdown of multilateral cooperation, leading to heightened political violence, terrorism, and open conflict. Regulatory divergence accelerates, supply chains splinter, and firms face mounting costs as they restructure operations to survive in a fragmented world. For some, resilience means duplicating, splitting, or even exiting markets as the global economy hardens into rival blocs.
- ## 3

Adaptation

Stability returns, but only for those willing to transform.

In the Adaptation scenario, global stabilization creates new growth opportunities, but at the price of stricter climate rules and heavier regulation. Companies must invest in resilience, compliance, and operational transformation to remain competitive. Those that adapt early gain from clearer rules and more predictable markets, while laggards struggle under rising regulatory and transition costs.

GEOPOLITICS

WHAT TO WATCH

-  Taiwan blockade signals
-  US China tariff moves
-  Syria stability & backers
-  Iran protests & response
-  Ukraine settlement & European support
-  Sudan displacement into Europe



THE US GETS MORE TRANSACTIONAL

US policy is shifting towards a tighter definition of interest and influence. The Venezuela intervention is framed as a new doctrine: strikes and limited actions rather than long deployments. Europe is expected to carry more of its own defence burden.



TOUGHER US CHINA COMPETITION

Tensions rise as both sides compete for strategic advantage tied to the AI and next generation tech boom. Expect continued trade war oscillation through tariffs and barriers, with confrontational rhetoric but short of direct conflict.



TAIWAN IS THE TAIL RISK

A direct attack remains unlikely, but a blockade type disruption is plausible in 2026. Japan's public support adds friction, and China's long term intent to subsume Taiwan does not change.



MIDDLE EAST SPILLOVER RISK

Middle East remains unstable. Syria is fragile with Islamic State re emerging. The Gaza ceasefire holds uneasily and a lasting peace still looks distant. Trump has threatened strikes against Iran tied to protests and the state response. Terrorism risk remains live.



DEAL RISK. RUSSIA FAVOURED.

Ukraine is suffering on the battlefield while Russia makes slow gains. With less US support and Europe unable to fill the gap, a peace deal this year still looks likely on terms broadly favourable to Russia.



AFRICAN CONFLICT. EUROPEAN PRESSURE.

Sudan's war grinds on, with civilian loss and a refugee crisis reaching northwest Europe. Conflict persists in DRC and Somalia. Migration pressure hardens European politics, but not enough to trigger intervention.

Continued on next page.

HOW UNSTABLE DOES 2026 STAY IF NO ONE WANTS FULL SCALE WAR?

Elusive peace in Ukraine, the US asserting its military hegemony over Latin America as part of a new National Security Strategy and a Europe struggling to rearm fast enough are likely to be features of a complex and dangerous Geopolitics in 2026.

Trump came to power promising to end the wars in the Middle East and Ukraine within 24 hours. Whilst there is an uneasy ceasefire in the Gaza conflict, the war in Ukraine persists. As the US explicitly shifts towards an isolationist stance, 2026 will highlight the close link between economics and geopolitics that is driving the major world powers. This will mark a stark contrast from the 'liberal interventionism' and multilateralism of the late 90s and 2000s.

The US intervention in Venezuela is the clearest articulation of this new paradigm. The seizing of Maduro and his wife, followed by their extraction to the US for trial on narcotrafficking charges marks

an assertion of US influence over Latin America, being described as the 'Donroe' Doctrine. This new doctrine, outlined in the National Security Strategy, will be marked by strikes and limited actions rather than large scale 'boots on the ground' operations. 2026 will see continued rhetoric towards, and possibly action against, other countries in the region. Colombia and Greenland appear to be in the sights of the Administration following the action in Venezuela.

This strategy also outlines a more isolationist America, expecting Europe to own more of its own defence whilst the US concentrates on preventing influence over its areas of economic and geographic influence. The US is open about linking economic benefits with geopolitical efforts, looking to gain economic advantage from its intervention in other countries affairs.

US-CHINA

This inevitably will lead to more tension with China. As China looks to continue to increase its global influence militarily and economically, flash points will continue around the world. It's likely that both powers will scramble for access to rare earth metals and the commodities required to fuel the AI and next generation technology boom. West Africa and Latin America are likely to continue to be stages for this interaction.

This self-interested foreign policy on both sides will likely see confrontational public rhetoric and attempts to interfere in the affairs of other States but will fall a long way short of actual conflict. The trade war will continue in its oscillating pattern as the US use tariffs and trade barriers to achieve their aims with China. How successful this will be remains an open question.

It remains unlikely that China will take military action against Taiwan. A blockade of sorts is not out of the question in 2026 however. Japan is publicly expressing support for Taiwan, incurring the wrath of China in response but possibly changing the calculation for military intervention somewhat. It is clear that China is not going to relent in its effort to subsume Taiwan eventually so this situation should be closely watched.

MIDDLE EAST

In the Middle East, conflict simmers in Syria with the re-emergence of Islamic State as the new Syrian regime seeks to solidify its grip over the country. How much the new Syrian government will be supported by regional powers to manage the threats it faces will be key determinators of whether the country stabilises and recovers. A ceasefire between Hamas and Israel is just about holding, but longer term plans for a permanent peace still look far away. The right wing of Israeli politics still holds sway over the government so reconciliation looks unlikely in 2026.

Trump has threatened strikes against Iran in response to a government clampdown against protests there. At this stage it is difficult to predict how this ends and will pivot on how sustained the protests are and which wing of the Iranian government, hardline or moderate, wins the day.

The conflicts and tensions in the Middle East will continue to fuel terrorist attacks around the world this year, akin to the Bondi Beach attack in December 2025.

UKRAINE

In last year's report, we predicted that the US administration would try and coerce Ukraine into an unfavourable peace deal with Russia. It is clear that they have attempted this but, with some help from European leaders, Ukraine has been able to resist.

The challenge for Ukraine is that they are suffering on the battlefield and Putin is content to keep fighting the war whilst his troops make slow, painful gains. Ukraine is receiving less military support from the US and Europe is currently unable to fill the gap. As such, a peace deal is still likely this year on terms that are on balance favourable to Russia.

AFRICA

Finally, the bloody war in Sudan will grind on. Regional powers are allegedly continuing to support paramilitary rebels in the country, perpetuating the conflict raging in the country. Civilian loss of life continues to be very high and the conflict is driving a refugee crisis with an impact as far as northwest Europe. Alongside the Sudan conflict, the government forces of the Democratic Republic of Congo will continue to battle the M23 rebels and the conflict in Somalia will continue.

Migration from these conflicts and others is driving anti-immigration sentiment in Europe as parties that take a strong stance do well in the polls. Conflicts such as that in Sudan will continue to drive anti-migrant sentiment in Europe but this won't be enough to cause European powers to intervene in this conflict and similar wars elsewhere.

CONCLUSION

Whilst there is some cause for optimism with the some conflicts resolved, or close to resolution, it is clear that the world continues to be very unstable. This instability is driven by a powerful imperative amongst the global powers, notably the US and China, to use geopolitics to advance their economic interests, a factor likely to drive the flashpoints that emerge in 2026.

Ed Whitworth

HEAD OF FINANCIAL LINES,
INIGO



“The question is no longer what technology can do, but how fast it can be deployed at scale.”

McKinsey

1

2

3

4

5

6

TECHNOLOGY

SIX TECHNOLOGY TRENDS TO WATCH FOR IN 2026

1 AI-Native Software Replaces Traditional Apps

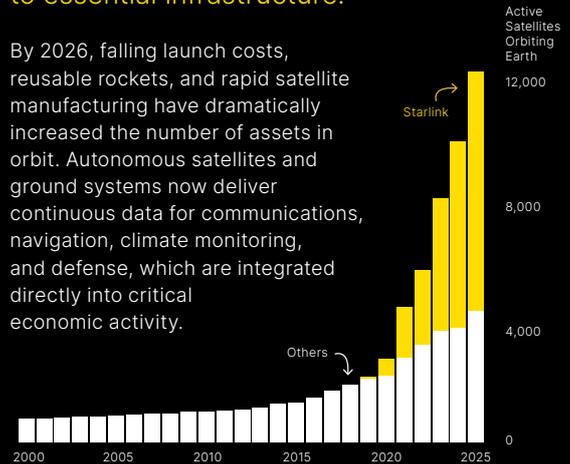
Next gen software won't be built around menus, it will be built around intelligence.

AI-native platforms are being designed from the ground up with machine reasoning at their core, rather than bolted on as a feature. These systems dynamically generate code, workflows, and interfaces in real time based on user intent.

2 Space Infrastructure Becomes Mission-Critical

Space is shifting from a frontier industry to essential infrastructure.

By 2026, falling launch costs, reusable rockets, and rapid satellite manufacturing have dramatically increased the number of assets in orbit. Autonomous satellites and ground systems now deliver continuous data for communications, navigation, climate monitoring, and defense, which are integrated directly into critical economic activity.



3 Programmable Biology Enters the Industrial Age

Advances in biotech are making biology easier to design and scale.

Advances in synthetic biology and AI-driven drug discovery are enabling scientists to design proteins, cells, and therapies with unprecedented precision. Programmable biology could dramatically reduce drug development timelines, enable personalized medicine, and unlock sustainable alternatives to traditional manufacturing.

4 The Industrial Metaverse Gets Real

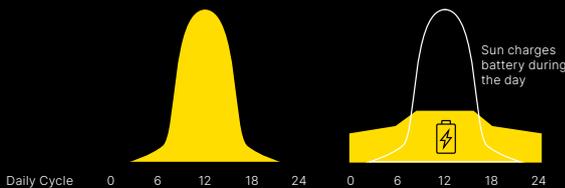
Digital twins are leaving the lab and entering the factory.

While consumer metaverse hype has cooled, industrial applications are accelerating. Companies are using high-fidelity digital twins, spatial computing, and real-time simulation to design factories, optimize supply chains, and train workers. This quietly boosts efficiency, and delivers real ROI without consumer adoption risk.

5 Grid-Scale Energy Storage Breaks the Bottleneck

Clean energy's biggest limitation is finally being engineered away.

New battery chemistries and AI-managed grids are making renewable energy more reliable and dispatchable. These technologies allow excess solar and wind power to be stored for days, addressing one of the biggest barriers to decarbonization.



“Anytime solar is a game-changer for countries with fast-growing demand and strong solar resources.”

Kostantsa Rangelova, Global Electricity Analyst, Ember

6 Consumer AI Bots Become the New Interface

Apps are being replaced by conversations.

In 2026, AI-powered bots are becoming the primary way consumers interact with technology. As bots gain access to payments, identity, and personal data, they shift economic power toward platforms that control the interface, while raising new challenges around security, manipulation, and consumer protection.

ONE PAGE TAKE

AI AND COMMERCIAL INTELLIGENCE

WHAT TO WATCH

- 🔍 AI infrastructure and energy constraints
- 🔍 Edge AI adoption
- 🔍 Alternative models on price performance



**INFRASTRUCTURE
KEEPS SCALING**

Demand for compute, data and inference continues to drive investment in large-scale data centres and power-intensive chips. Investment in SMRs and other sustainable solutions aims to ease energy constraints.



**PRICE PERFORMANCE
CHALLENGERS PERSIST**

Innovation is not limited to the cost-intensive paradigms followed by US tech giants. As 2025 showed with DeepSeek, alternative approaches and more Chinese models continue to challenge on price and performance.



**EDGE AI GAINS
GROUND**

Edge AI starts to dominate in some spaces, with smaller language models running on smartphones, IoT devices and local servers for cost and latency advantages that centralised cloud inference cannot match.



**ACI BECOMES OPERATIONAL,
WITH RISK IN VIEW**

2026 will not deliver AGI, but Artificial Commercial Intelligence moves from concept to operational reality as architecture, data maturity and organisational readiness converge. Expect some high-profile failures alongside more calls for enhanced enterprise AI risk management.

Continued on next page.

TECHNOLOGY

WHAT DOES ARTIFICIAL COMMERCIAL INTELLIGENCE LOOK LIKE IN PRACTICE?

THE HOLY TRINITY OF AI + CLOUD INFRASTRUCTURE + EDGE DEVICES

AI infrastructure investment will continue to be driven by accelerating demand for compute, data, and inference. Expect most of this demand being fulfilled by large-scale data centres running costly, power-intensive chips. However, increased investment into emerging technologies - such as small modular reactors (SMRs) and other sustainable solutions - will try to address these energy headaches.

Yet, innovation won't be limited by cost-intensive paradigms followed by US tech giants: as 2025 demonstrated with DeepSeek, alternative approaches and more Chinese models will continue to challenge from a price/performance standpoint.

Meanwhile, Edge AI will start to dominate in some spaces, where organizations can run smaller language models on smartphones, IoT devices and local servers to gain cost and latency advantages that centralized cloud inference cannot match.

ARTIFICIAL COMMERCIAL INTELLIGENCE

2026 won't deliver AGI, but expect to see Artificial Commercial Intelligence (ACI) move from concept to operational reality.

Expect to see technical architecture, data maturity, and organizational readiness start to finally converge at more organizations. These solid foundations will help embed Generative AI into core organizational workflows with real-time context, guardrails, and observability, helping to mitigate some of the fundamental weakness in the underlying technology. As a result, we might see ACI start delivering useful and reliable commercial value across an organization instead of isolated use-cases.

The ride won't be smooth however - we will see some high-profile failures - and more calls for enhanced enterprise AI risk management.

Nazmus Haq

HEAD OF INSIGHT,
INIGO

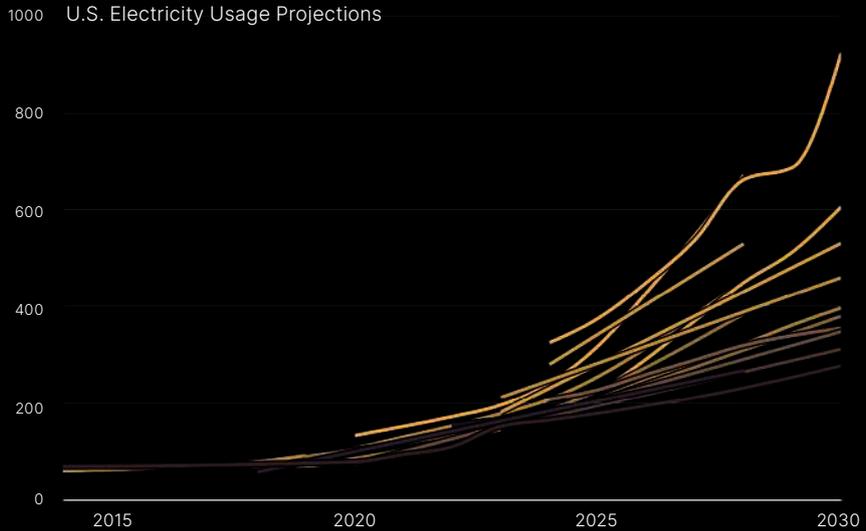
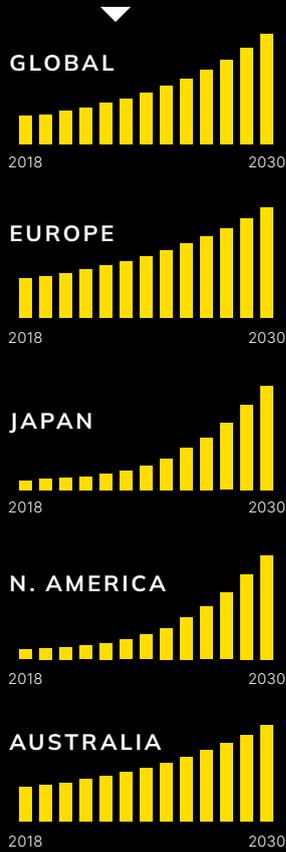


POWERING AI AMBITIONS

The world's digital infrastructure is entering a new phase: **hyperscale**.

Nearly every market projection for data centers looks like this.

Data centres—once measured in tens of megawatts—are now being built at campus scale, routinely exceeding 100–500 MW, with some planned sites approaching the electricity demand of a small city.



“ In 2026, five U.S. data centres will become the first globally to use more than 1GW at their peak.
 Financial Times ”

Sources: Forecasts by Semianalysis, Guidi et al., BCG, S&P, Shehabi et al., McKinsey, IEA, Jeffries, IDC, Liebreich, Goldman Sachs, Rhodium Group, TD Securities and EPRI • Source: IEA via Kamiya & Coroama. Original chart by Financial Times.

Nearly every country actively building digital infrastructure is confronting the same trade-off: how to support economic growth and AI development without overwhelming aging power systems.

FIVE OTHER AI TERMS TO KNOW FOR 2026

- Agentic AI** AI systems that can plan, decide, and act autonomously across multiple steps, often coordinating tools, data, and other models without constant human input.
- Foundation Model** Massive, general-purpose AI models trained on broad datasets that can be adapted to many tasks, rather than built for one specific use.
- Model Distillation** A technique where a smaller, cheaper model learns from a larger one, making advanced AI more efficient and deployable at scale.
- Synthetic Data** Artificially generated data used to train or fine-tune AI when real-world data is scarce, sensitive, or expensive.
- Inference** The moment when an AI model is actually used—turning inputs into outputs. Increasingly seen as the real cost bottleneck, not training.

BETWEEN THE LINES

WHAT EXPERTS ARE SAYING ABOUT **AGENTIC AI**

“Attackers will stop focusing on humans and will **compromise AI agents** instead.

Palo Alto Networks



Agentic AI becomes not just a productivity tool, but a new, large-scale “attack surface”. A major theme of 2026 will be **proactive cybersecurity**.

“Autonomous agents will **outnumber humans** by 82:1 by the end of 2026.

Palo Alto Networks



“Agentic AI will autonomously handle documentation, data extraction, and analysis tasks traditionally performed by **knowledge workers**.

Snowflake



This **job displacement** is particularly expected to hit new grads and older workers who can't or won't adapt to the AI era.

AI IN THE WORKPLACE

WHAT TO WATCH

- ⊕ AI spend and deployment
- ⊕ Data centres, chips, energy
- ⊕ Embedding into operations
- ⊕ Agent workflows at scale
- ⊕ Employee AI literacy
- ⊕ Roles and ways of working



AI REMAINS THE FOCUS

AI will continue to dominate technology investment across industries. Improvements in model capability continue, with more organisations moving from experimentation to day-to-day use.



FROM EXPERIMENTATION TO EMBEDDING

Organisations have built knowledge and confidence through experimentation. 2026 is expected to see AI increasingly embedded into day-to-day business operations.



OPERATING MODELS AND PROCESSES CHANGE

As AI is embedded, organisations will rethink operating models and business processes, scaling use through the value chain to augment and assist knowledge work.



INFRASTRUCTURE INVESTMENT CONTINUES

Capital investment in AI infrastructure continues, including data centres, chips, and the energy needs required to meet demand.



AGENTS PROVIDE OPERATIONAL CAPACITY

Agentic AI providing operational capacity is expected to increase in prevalence as organisations create prototypes and gain trust. Adoption starts with single and multi-agent workflows.



LITERACY AND ROLES EVOLVE

A concerted effort to educate employees in how to interact with agents and understand their capabilities is expected. Roles evolve towards work requiring human intuition, judgement, sensitivity, and contextual awareness, supporting trust and scaling adoption.

Continued on next page.

THE STATE OF AI IN THE WORKPLACE

WHAT CHANGES WHEN AI MOVES FROM PILOTS TO DAY-TO-DAY OPERATIONS?

Artificial Intelligence will continue to be the subject that dominates technology investment across a breadth of industries.

Picking up from where we left off in 2025, we will observe incremental improvements in AI model capabilities, with more organisations transitioning from experimentation to

embedding this technology in business processes, re-thinking operating models, and increasing the literacy of employees. Capital investment in AI infrastructure will continue to be deployed to construct data centres, procure chips and address energy needs to meet societies demand.

EXPERIMENTATION TO EMBEDDING.

The rate in which new capabilities emerge enabled by AI have begun to settle. Organisations have gained enough knowledge and confidence through experimentation to understand how to best apply this technology to gain value. 2026 will be the year we see AI increasingly embedded into day to day business operations. Experimentation will transition into embedding the technology throughout the value chain as it's use is scaled to augment & assist with knowledge work. Those that do not act will get left behind.

AGENTS DRIVING OPERATIONAL EFFICIENCY.

The concept of agentic AI providing operational capacity will increase in prevalence as organisations create prototypes and gain the required trust. Beginning with single and multi-agent workflows that replace high volume and lower risk activity that is typically outsourced, then moving towards agentic teams with greater autonomy and collaboration, both of which will enable the Human + AI workforce in the future.

AI LITERACY & EVOLUTION OF ROLES.

A concerted effort to educate employees in how to interact with agents, understand their capabilities, and evolve roles to focus on activities that require a greater degree of human intuition, judgement, sensitivity, and contextual awareness will emerge, and in fact, will be paramount to embedding AI across a business, increasing trust and scaling adoption.

Erdal Atakan

CHIEF OPERATIONS & TECHNOLOGY OFFICER, INIGO



ROBOTICS IN 2026 AND BEYOND

By 2026, robotics shifts from experimentation to execution. Improvements in AI, simulation, and sensing mean robots are no longer limited to single tasks or tightly controlled environments. The competitive edge now lies in who can deploy robots at scale, across real workplaces, with clear economic returns.

BOT BATTLE: THE RACE TO BUILD THE MOST IMPRESSIVE HUMANOID

The most visible competition in robotics is now unfolding around humanoid robots. Here are some of the major players.



Tesla **Optimus**

Positioned as a mass-manufactured humanoid, Tesla has openly discussed internal factory deployments first, with long-term ambitions measured in millions of units.



Boston Dynamics **Atlas**

The new electric Atlas is built for industrial strength rather than spectacle. Hyundai plans to deploy humanoids in automotive manufacturing later this decade.



Figure AI

Backed by Microsoft, OpenAI, Nvidia, and Amazon, Figure is targeting logistics and manufacturing use cases. Early pilots focus on repetitive warehouse and factory tasks.



Agility Robotics **Digit**

One of the first humanoids to move beyond demos, Digit is already operating in live warehouse environments, moving goods alongside human workers.



This is the latest version of Boston Dynamics' Atlas robot, which debuted at CES in Jan 2026.

The robots manufactured this year are scheduled to ship to Hyundai's Robotics Metaplant Application Center (RMAC).

WHAT TO TRACK IN 2026



Real deployments. Which humanoid robots move from pilot programs to multi-site, revenue-generating deployments?



Cost per task. Watch metrics like cost per pick, cost per hour, and payback period—these will decide winners faster than viral videos.



Robot density outside automotive. Automation spreads deeper into logistics, food processing, electronics, and healthcare.



AI-driven coordination. Fleets of robots increasingly controlled by shared "brain" software rather than individually programmed machines.



Robot-as-a-Service (RaaS). Subscription models lower adoption barriers and accelerate rollout for mid-sized businesses.



Human-robot collaboration. Growth in robots designed to work safely alongside people, not behind cages or in isolated zones.

“

Declining trust and rapid technological change are exposing the limits of institutions designed for a more stable, predictable world.

Visual Capitalist

”

1

2

3

4

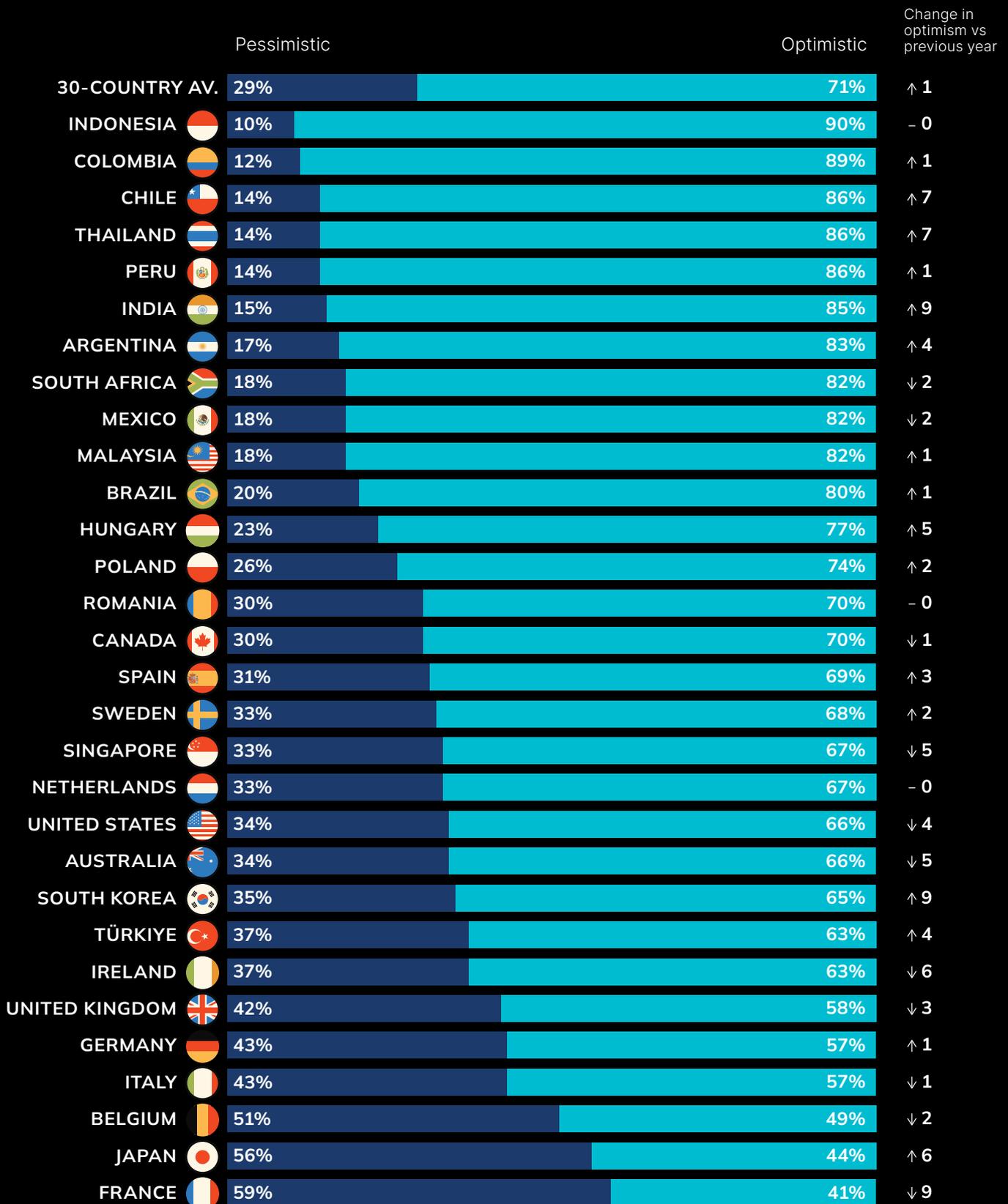
5

6

SOCIETY

HOW PEOPLE FEEL ABOUT 2026, BY COUNTRY

Q: I am **optimistic** that 2026 will be a better year for me than it was in 2025.



Figures rounded, may not add to 100. Source: Ipsos Predictions Survey 2026

WHAT EXPERTS ARE SAYING ABOUT DISSATISFACTION

“ Gen Z protests expected to continue in 2026; core issues (high youth unemployment, rising cost of living, perceived democratic backsliding) will persist, elevating potential for **cross-pollination** across movements.

S-RM

Public trust in major institutions has steadily eroded in many advanced democracies; for example, only 22% of U.S. adults now say they trust the federal government to do what is right “most of the time,” down sharply from about 73% in the late 1950s.

When dissatisfaction reaches a certain point, a specific issue can unite disparate protest movements to affect change.

“ Growing inequality, **declining trust** in institutions, and radical politics are expected to fuel anti-corporate anger and increase physical security risks for executives and facilities.

RANE

“ Young people face a **steeper climb** to prosperity than previous generations.

World Economic Forum

The American Institute for Economic Research found that Millennials and Gen Z together own approximately 74¢ for every \$1 of wealth that Baby Boomers had at the same stage in life.

WHERE CIVIL UNREST IS LIKELY TO OCCUR

UNITED STATES

“ The US recorded the largest increase in monthly protest size over the last 12 months, from an average of 172,000 people in 2024-Q4 to 696,000 in 2025-Q4.

Verisk Maplecroft

EUROPE

“ Protests in Europe are not just increasing in size but also causing damage to private property more frequently.

Verisk Maplecroft

“ Three quarters of Britons expect large-scale public unrest in 2026.

Ipsos

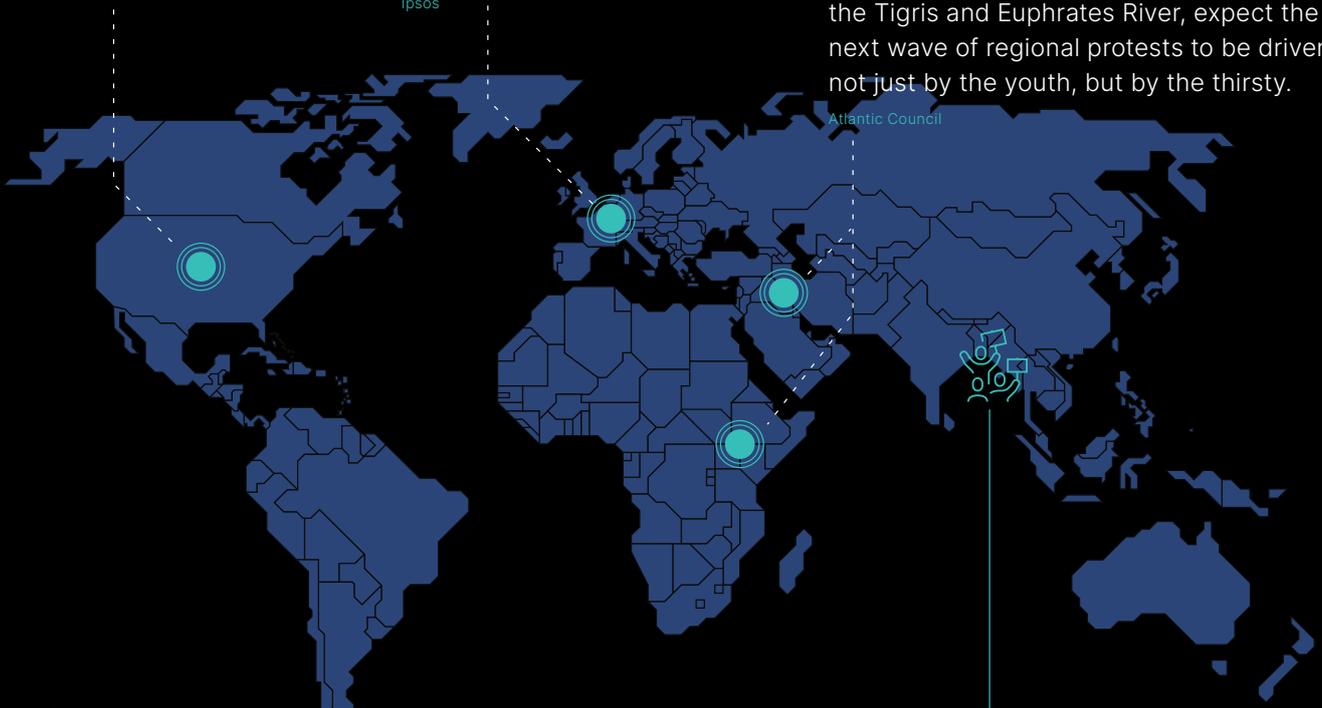
EAST AFRICA + MIDDLE EAST

“ Africa's 2026 political landscape shaped by high-stakes elections in Ethiopia, Somalia, Uganda; experts anticipate 'tick-box' exercises with predetermined outcomes driving widespread youth-led protests.

Foreign Policy

“ With water running out in Tehran and water instability around the Nile Basin and the Tigris and Euphrates River, expect the next wave of regional protests to be driven not just by the youth, but by the thirsty.

Atlantic Council

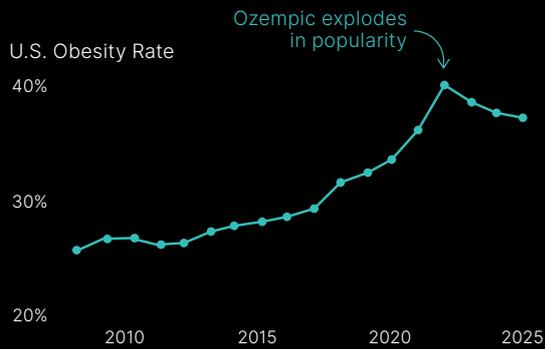


South Asia is expected to be especially susceptible to civil unrest in 2026. Here are the triggers that could signal a heightened risk of widespread unrest in various countries.

-  **Bangladesh** Elections are delayed over security concerns, triggering protests and unrest.
-  **India** Controversial legislation affecting minority rights sparks widespread public backlash.
-  **Indonesia** New reforms expanding military influence provoke civil resistance.
-  **Maldives** Debt default or harsh austerity measures fuel public anger.
-  **Nepal** Disputed election results and allegations of police brutality drive unrest.
-  **Pakistan** Imran Khan, an opposition leader, dies while in custody.
-  **Philippines** President Marcos is personally implicated in a major corruption scandal.
-  **Sri Lanka** Sharp tax hikes or unpopular economic reforms ignite protests.

Source: Dragonfly Intelligence

WHAT TO KNOW ABOUT WEIGHT LOSS DRUGS



AMERICA IS SLIMMING DOWN

After decades of uninterrupted growth, U.S. obesity rates are showing early signs of decline. A major driver is the rapid adoption of GLP-1 weight loss drugs—about 1-in-8 American adults now use a weight loss injectable, a level of uptake unprecedented for a chronic-condition medication.

THE DRUG PIPELINE IS FAT

The weight loss drug pipeline entering 2026 is both crowded and consequential. Several high-profile candidates are approaching key regulatory decisions. For the companies involved, these drugs are central to maintaining growth as competition increases and existing GLP-1 therapies face pricing pressure.

New Approvals and Market Launches for 2026

Wegovy	Daily		Launched Jan 2026
Wegovy	Weekly 7.2mg		FDA Decision ~Q1/Q2 2026
CagriSema	Weekly		FDA Filing Q1 2026
Orforglipron	Daily		Phase 3 Data Complete; FDA Filing Under Review

WHAT EXPERTS SAY ABOUT WEIGHT LOSS DRUGS

“Next-gen weight-loss drugs (oral, cheaper GLP-1s) will broaden access and spark ethical debates about enhancement beyond athletics—bringing “performance” questions into everyday life.

The Economist

“Ever-increasing GLP-1 usage is amplifying ‘precision nutrition’ and influencing food service and delivery purchases.

Acosta Group

“Analysts expect a massive expansion of the GLP-1 market into 2026 as complex, self-administered biologic therapies become the norm.

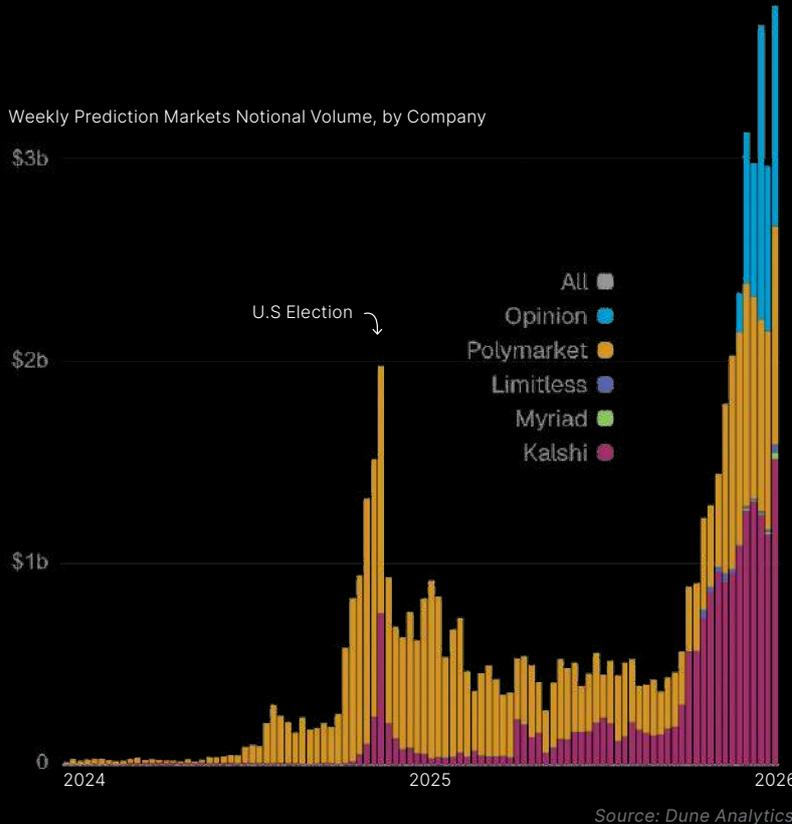
Goldman Sachs

“Four blockbuster GLP-1 medications are expected to be among the 10 best-selling drugs in 2026, accounting for an estimated \$67 billion in global sales.

Becker’s Hospital Review

BETTING ON PREDICTION MARKETS

A decade ago, gambling mostly meant casinos, sportsbooks, and lotteries. In 2026, the industry atomizing into thousands of micro-markets, distributed across apps people already use to invest, trade crypto, and follow the news.



MASSIVE GROWTH

In under two years, monthly notional volume in prediction markets has surged 130x, from under \$100M to \$13B+.

Dune Analytics

OPPOSING VIEWPOINTS

“ If we are gambling, then I think you're basically calling the entire financial market gambling.

Tarek Mansour, Kalshi

“ There are also civic externalities, as prediction markets represent the mother of all insider trading opportunities. Wagering on what Musk will Tweet next, Trump's Fed pick, the speed of a pitch, or when a candidate will drop out of a race invites corruption into every aspect of American life.

Scott Galloway

WHAT COMES NEXT?

- **Brokerage integration:** event contracts inside investing apps (already happening at scale).
- **Regulatory boundary fights:** are event contracts “investing,” “gaming,” or something new? (Kalshi's legal context is a blueprint.)
- **Sports as the growth engine:** sports markets appear to be the volume leader for prediction-style contracts in 2025.
- **Crypto casino spillover:** offshore alternatives are massive and hard to enforce.
- **Responsible design vs. engagement design:** whether platforms face restrictions on VIP-style incentives, push notifications, and frictionless deposits (policy pressure is rising).

BETWEEN THE LINES

WHAT EXPERTS ARE SAYING ABOUT WATER

“ Natural disasters, intensified by climate change (e.g. droughts affecting vital shipping routes like the Panama Canal), pose an ongoing threat to global supply chains. ↘

RANE

Severe drought conditions hit the region from late 2022 to 2024, forcing the canal to reduce transits and put in place vessel weight restrictions in an effort to conserve water.

Mexico's national water crisis and a longstanding dispute with the U.S. over a 1944 water treaty are adding pressure to the system.

“ Mexico's water crisis and US treaty dispute risk exacerbating local tensions; if government restricts water use or diverts to US, likely to drive further disruptive unrest. ↗

S-RM

Severe water shortages in Tehran (a city of 10M people) prompted President Pezeshkian to suggest relocating the capital, adding to the turmoil brewing in Iran.

“ Iran faces its largest protests in three years amid economic collapse. ↗

GZERO Media

“

Climate extremes are no longer outliers — they are the new normal, with droughts, storms and heatwaves impacting communities and economies at an unprecedented scale.

World Meteorological Organization,
State of the Climate 2025

”

1

2

3

4

5

6

CLIMATE

RECAPPING NATURAL DISASTERS IN 2025



CONVECTIVE STORMS

Annual severe weather damages in the United States exceeded \$61B with 17 events exceeding \$1B in economic impact.



EUROPEAN WILDFIRES

Europe experienced a hot and dry summer, during which wildfires burned through 2.5M acres.



INDIA-PAKISTAN FLOODS

Catastrophic floods that impacted India and Pakistan led to over 2,000 fatalities and left almost 3 million acres of fertile farmland submerged.



LA WILDFIRES

The devastating Eaton and Palisades fires that impacted Los Angeles in January 2025 led to \$65B in economic loss and 30 fatalities.



HURRICANE MELISSA

This historic Category 5 landfall in Jamaica killed 49 people across the Caribbean and left \$48-\$52 billion in estimated damage.



MYANMAR EARTHQUAKE

The 7.7 earthquake in Myanmar inflicted damages as far as Thailand and led to \$15B in economic damages and >4,000 fatalities.



The rapid swing from very wet conditions in 2023-2024 to record dryness by early 2025 caused a remarkable vegetation growth-to-desiccation cycle in Southern California—setting the stage for an exceptionally high-risk environment that fueled the devastating Los Angeles fires in January 2025. This episode also offers a dramatic regional example of the escalating global consequences of increasing hydroclimate volatility.

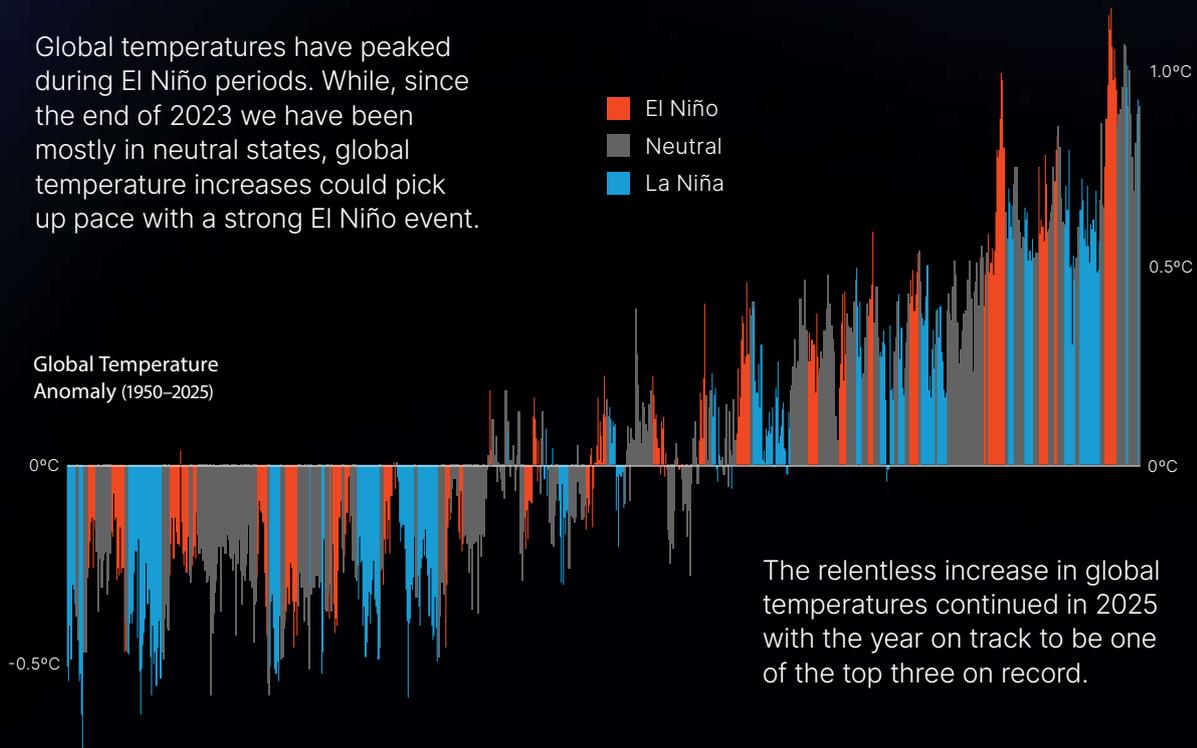
Daniel Swain

CLIMATE SCIENTIST,
UNIVERSITY OF CALIFORNIA



OUTLOOK FOR 2026

Global temperatures have peaked during El Niño periods. While, since the end of 2023 we have been mostly in neutral states, global temperature increases could pick up pace with a strong El Niño event.



The relentless increase in global temperatures continued in 2025 with the year on track to be one of the top three on record.

WHAT IS EL NIÑO?

The El Niño-Southern Oscillation (ENSO) phenomenon is a major Pacific Ocean climate pattern affecting global weather. Models track sea surface temperature changes and atmospheric pressure shifts to predict impacts like droughts or floods.

THREE OUTCOMES IN A WARMER WORLD

1 Rising global temperatures load the atmosphere with moisture, turning routine storms into extreme flooding events felt across every region of the world.

2 Warmer oceans intensify tropical cyclones, boosting peak winds and rainfall, making the strongest hurricanes increasingly destructive as the planet heats up.

3 Heating the climate system drives harsher heatwaves and droughts, drying ecosystems and amplifying wildfire risk across continents.



It is highly likely that the frequency and intensity of extreme weather events will continue to rise in 2026, and indeed in the coming years. The real challenge for science is to predict these changes as the climate continues to be perturbed strongly by human activity. A particular area of concern (and deep uncertainty) is how close we are to one or more “tipping points” that might drive the global climate system into a qualitatively different state, leading to fundamentally different conditions.

Colm-cille P. Caulfield,

PROFESSOR OF ENVIRONMENTAL AND INDUSTRIAL FLUID DYNAMICS, UNIVERSITY OF CAMBRIDGE



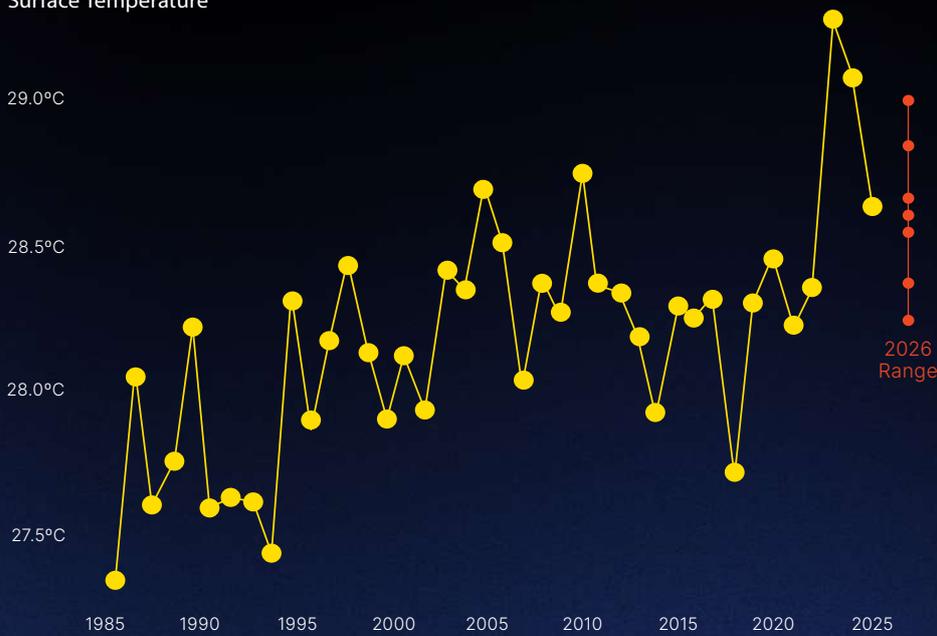
OUTLOOK FOR 2026

OCEAN TEMPERATURES AND ENSO: BALANCING FORCES IN HURRICANE ACTIVITY

North Atlantic Sea Surface Temperatures and ENSO conditions impact the severity and frequency of hurricanes.

Forecasts for warm ocean waters and El Niño ENSO conditions may counteract to create a near-average hurricane season. However, should storms form, the warm waters could make them more intense.

North Atlantic Sea Surface Temperature



WHAT IS THIS?

The data from NOAA shows the average North Atlantic temperature at the peak of the hurricane season and the range of forecasts for 2026 from different climate models. North Atlantic sea surface temperatures provide fuel for hurricanes that can impact the US. Forecasts for 2026 suggest the region will be warm, but likely not as hot as the record breaking years of 2023 and 2024.

RISING TEMPERATURES AND NATURAL DISASTER RISK



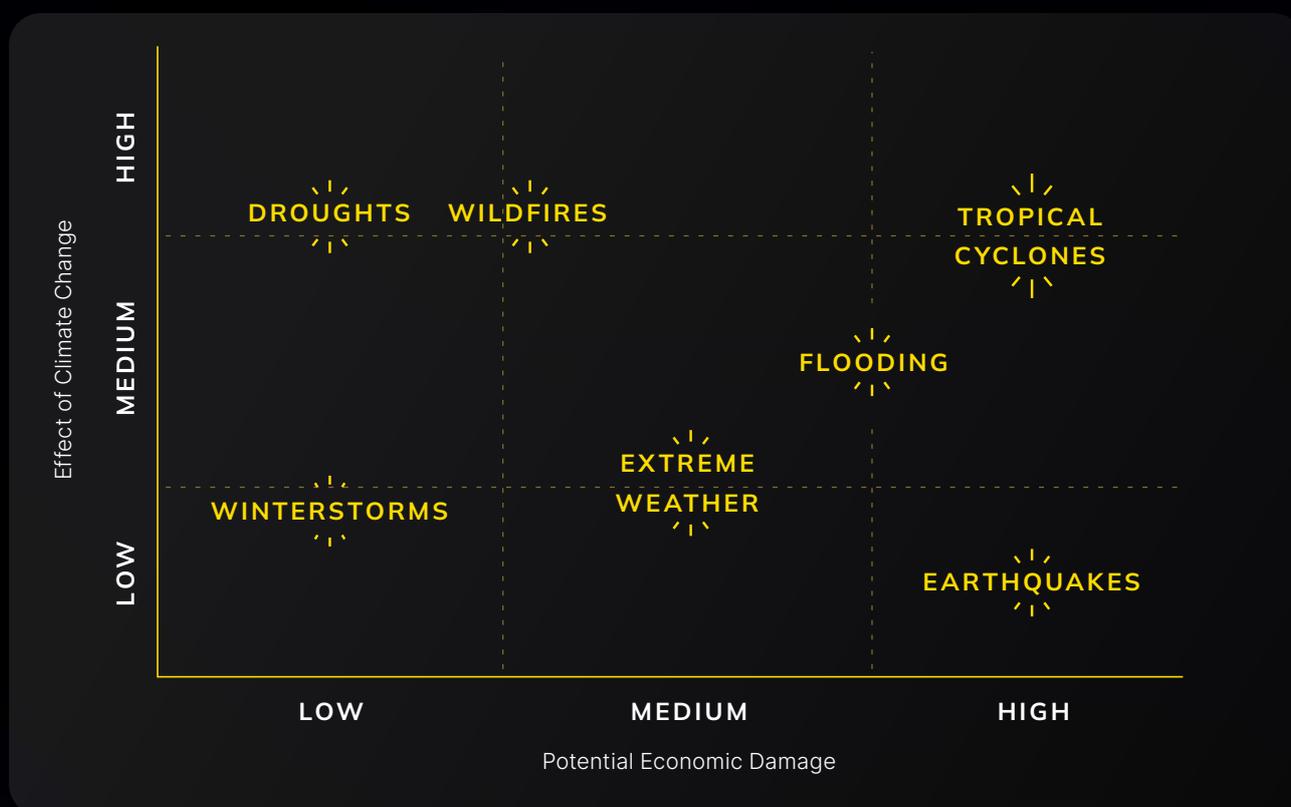
In 2026 continued global warming will deepen drought intensities and durations across sub-tropical and Mediterranean-like regions.



Longer fire seasons are expected to drive larger wildfires in 2026, particularly where prior years have seen increases in vegetation, further increasing global carbon emissions.



Southern U.S. will experience wetter than usual conditions in the first part of 2026 if El Niño conditions arise in combination with warm Gulf and Pacific waters.



HOW THIS WORKS

We have ranked natural catastrophe risks using their sensitivity to climate change and long-term potential economic impact. Droughts and wildfires spike as warming accelerates, while tropical cyclones sit at the dangerous crossroads of climate sensitivity and outsized losses. Yet catastrophe risk is never linear — impacts emerge from complex interactions between climate, exposure, and vulnerability. We love hard data and have chosen potential economic damage, measured using 10-year average economic losses as published by Gallagher Re in their Q3 2025 Natural Catastrophe and Climate Report, to offer a consistent benchmark for comparing the financial significance of different natural hazards.

CLIMATE SCIENCE

WHAT TO WATCH

-  El Niño strength
-  Heat and water stress
-  Wildfire conditions
-  Flood and landslide risk
-  Protection gap exposure
-  Atlantic hurricane signals



2026 STAYS AMONG THE WARMEST

Global temperatures continue their upward climb and 2026 is expected to remain among the warmest years on record. That keeps climate-driven disaster risk elevated, amplified by long-term warming and forecast El Niño conditions.



EL NIÑO CHANGES THE PATTERN

El Niño shifts global atmospheric circulation, shaping where extreme weather might emerge.



HIGHER FLOOD AND LANDSLIDE RISK IN WETTER REGIONS

El Niño tends to enhance rainfall across the eastern Pacific and parts of South America, raising flood and landslide risk in Peru, Ecuador and coastal Central America.



HIGHER WILDFIRE DANGER IN DRIER REGIONS

El Niño has historically brought drier-than-normal conditions to Australia, Southeast Asia and parts of the Amazon Basin, increasing wildfire danger as hot, dry vegetation becomes more flammable. Southern California looks lower risk in early 2026, following abundant rainfall.



THE INSURANCE PROTECTION GAP REMAINS CLEAR

Assets and populations in many of these regions are not well protected by insurance against flood, drought and wildfire. 2026 could again highlight the scale of the protection gap and where the market can support resilience.



ATLANTIC HURRICANE OUTLOOK LOOKS AVERAGE, FOR NOW

Inigo's internal AI hurricane model suggests the odds of impactful North Atlantic hurricane activity in 2026 cannot be meaningfully distinguished from average historical behaviour at the time of writing. Longer lead signals remain uncertain, so estimates should be revisited in the months ahead.

WHERE DOES EL NIÑO SHIFT THE RISK THIS YEAR?

WHEN A HOTTER WORLD MEETS EL NIÑO

As global temperatures continue their upward climb, and with 2026 expected to remain among the warmest years ever recorded, the world faces an elevated risk of climate-driven disasters amplified by both long-term warming and forecasted El Niño conditions.

El Niño subtly shifts global atmospheric circulation, shaping where extreme weather might emerge. Historically, El Niño brings drier-than-normal conditions to Australia, Southeast Asia, and parts of the Amazon Basin, regions already vulnerable to heat and water stress. In these areas, 2026 could see heightened wildfire danger as hot, dry vegetation becomes increasingly flammable. In contrast, El Niño tends to enhance rainfall across the eastern Pacific and parts of South America, raising the risk of floods and landslides in countries like Peru, Ecuador, and coastal Central America. Assets and populations in many of these regions are not well protected by insurance for natural catastrophe risks such as floods, droughts, and wildfires. Consequently, 2026 could be yet another year that highlights the extent of the insurance protection gap and where the global insurance industry can help support growth and resiliency. Conversely, abundant rainfall in southern California has materially reduced wildfire risk for the region devastated by wildfires in late 2024 and early 2025, and we believe this will mitigate wildfire risk in that region during the first nine months of 2026.

At Inigo, we closely monitor how climate dynamics impact tropical cyclone risk in the North Atlantic basin. Our internal AI hurricane prediction model, which is trained to infer patterns of potential hurricane risk from leading long-range forecasts, suggests that, at the time of writing, the odds of impactful hurricane activity in 2026 cannot be meaningfully distinguished from “average” historical behavior. We remain cautious in interpreting these signals, owing to the limited ability to look beyond seasonal forecast model uncertainties with more than a four-month lead time. Revisiting these estimates in the months to come will allow us to discern meaningful signals that can guide business decision-making.

Ludovico Nicòtina

HEAD OF CATASTROPHE RESEARCH, INIGO



Thank you for reading the 2026 Global Forecast Report, presented by Inigo.

If you have any questions or predictions of your own you'd like to share with us, you can email them in at info@visualcapitalist.com.

For further exploration, see the next page containing some insightful and interesting publications we found when researching.

To learn more about Inigo, visit inigoinsurance.com



TOP RESOURCES FOR FURTHER EXPLORATION

IMF World Economic Outlook

<https://www.imf.org/en/publications/weo/issues/2025/10/14/world-economic-outlook-october-2025>

Ipsos Predictions Survey 2026

<https://www.ipsos.com/en/ipsos-predictions-survey-2026>

STIMSON Top 10 Global Risks for 2026

<https://www.stimson.org/2026/top-ten-global-risks-for-2026/>

BNP PARIBAS Global Outlook 2026

<https://globalmarkets.cib.bnpparibas/global-outlook-2026-in-a-good-place/>

BARCLAYS Outlook 2026

<https://privatebank.barclays.com/insights/outlook-2026-11-2025/>

J.P.Morgan Outlook 2026: Promise and Pressure

<https://www.jpmorgan.com/content/dam/jpmorgan/documents/wealth-management/outlook-2026.pdf>

FORRESTER Predictions 2026: The Race To Trust And Value

<https://www.forrester.com/predictions/>

eurasiagroup Top Risks for 2026

<https://www.eurasiagroup.net/issues/Top-Risks-2026>

COUNCIL on FOREIGN RELATIONS Conflicts to Watch in 2026

<https://www.cfr.org/report/conflicts-watch-2026>



ACLED Conflict Watchlist 2026

<https://acleddata.com/series/conflict-watchlist-2026>

PREDICTING THE YEAR AHEAD

Join the conversation
on global risks

[Find out more](#)

inigoinsurance.com

[Find out more](#)