

Global economic conditions survey report: Q1, 2026.



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Global accountants' confidence close to record lows amid heightened uncertainty and rising costs.

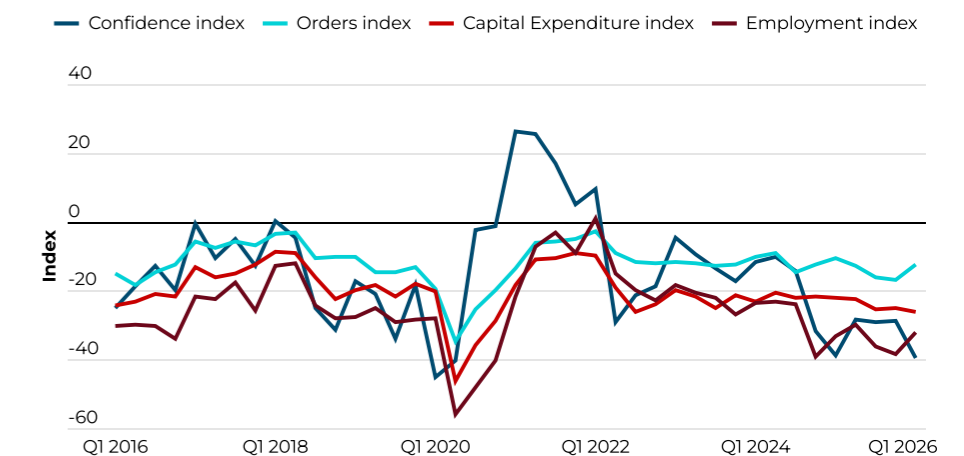
- **Confidence among accountants and finance professionals globally falls close to pandemic-era lows**, with cost pressures rising near to the series highs set in the aftermath of Russia's invasion of Ukraine.
- **There were improvements, however, in the Global New Orders and Employment indices**, likely owing to the resilience of global growth ahead of the onset of the conflict in the Middle East.
- **Enormous uncertainty clouds the global economy**, with developments in the Middle East likely to be absolutely key over coming weeks and months.
- **'International and geopolitical instability' unsurprisingly jumped to the top of global accountants' risk priorities in Q1**, for only the second time since the global risks survey was added to the GECS in Q2 2023. In second and third place were cybersecurity and economic-related risks.

The ACCA and IMA Global Economic Conditions Survey (GECS) suggested that confidence among global accountants fell sharply in Q1 2026 (see Chart 1).

Sentiment is at its third-lowest ever, only previously weaker at the beginning of the pandemic in Q1 and Q2 2020. The survey was conducted between 3 and 19 March and hence the outbreak of hostilities in the Middle East will have been a major factor weighing on sentiment amid a surge in geopolitical uncertainty and the price of energy and some other important commodities.

Indeed, 'International and geopolitical instability' jumped to the top of the list of surveyed accountants' risk priorities (see ['Geopolitics reshapes risk landscape for accountants'](#) below). The depressed level of confidence clearly makes for sobering reading, although it is worth noting that the index is broadly similar to its level in Q1 2025, after a sharp decline in the aftermath of the US presidential election. There was a particularly sharp fall in confidence among chief financial officers (CFOs), which is now at its weakest since Q1 2020 (see [Chart 2](#)), albeit well above that record low.

Chart 1 GECS global indicators



Source: ACCA/IMA (2016–26)

'Despite a fall in confidence to a very low level in Q1, there were improvements in the Global New Orders and Employment indices.'

The message emanating from some of our other key indicators was a bit more encouraging (see [Chart 1](#)). After previously hitting a post-pandemic low in Q4 2025, the forward-looking Global New Orders Index registered a solid increase in Q1. It is now at its historical average¹ level and broadly in the centre of the range of readings recorded since the aftermath of Russia’s invasion of Ukraine. The Global Employment Index, which captures the hiring and firing decisions of firms, also improved somewhat, while remaining below its historical average. Meanwhile, there was a very small fall in the Global Capital Expenditure Index. It remains below the series average but is at a level not too dissimilar from many of its other readings over the past several years. Among CFOs, there was a notable improvement in the New Orders Index from quite a low level in Q4 (see **Chart 2**), although the series can be quite volatile at times.²

The resilience of some of our key indicators is likely owing to the fact that the global economy was in relatively decent shape before the recent developments in the Middle East, amid the current global artificial intelligence (AI) boom, favourable global financial conditions and fiscal easing in a number of major economies. Nevertheless, the rise in energy and other commodity prices and significant increase in uncertainty, create major downside risks for global growth. Key is whether a permanent cessation of hostilities can be agreed over coming weeks.

Chart 2 GECS Confidence and New Orders indices – CFOs



Source: ACCA/IMA (2016–26)

‘Confidence among CFOs fell very sharply in Q1 and is significantly below its historical average.’

Regarding price pressures facing firms, the proportion of accountants globally reporting ‘increased costs’ rose by five percentage points in Q1 2026. Among survey respondents, 69% reported increased operating costs, well above the 48% median reading over the survey history, and close to the series all-time peak of 71% in Q3 2022, after Russia’s invasion of Ukraine (see **Chart 3**).

Chart 3 Concerns about increased operating costs



Source: ACCA/IMA (2016–26)

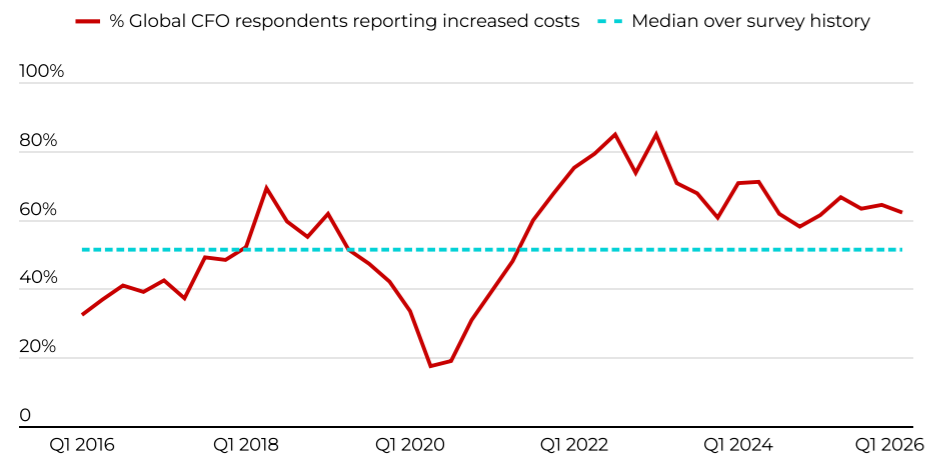
‘The proportion of global accountants reporting increased operating costs rose by five percentage points in Q1 and is now close to its historical high in Q3 2022 after Russia’s invasion of Ukraine.’

¹ The median is used to calculate the averages.

² Some caution should be exercised with the survey results for CFOs owing to a relatively small sample size in Q1.

Cost pressures were already elevated in Q4 2025, and the further rise likely reflects some of the early impacts from the surge in the prices of energy and other commodities since the outbreak of hostilities in the Middle East. Among surveyed CFOs, the proportion reporting increased operating costs actually eased slightly in Q1 (see **Chart 4**) but remained on the high side historically.

Chart 4 CFO concerns about increased operating costs



Source: ACCA/IMA (2016–26)

‘Cost pressures eased slightly in Q1 2026 according to CFOs but remain on the high side historically.’

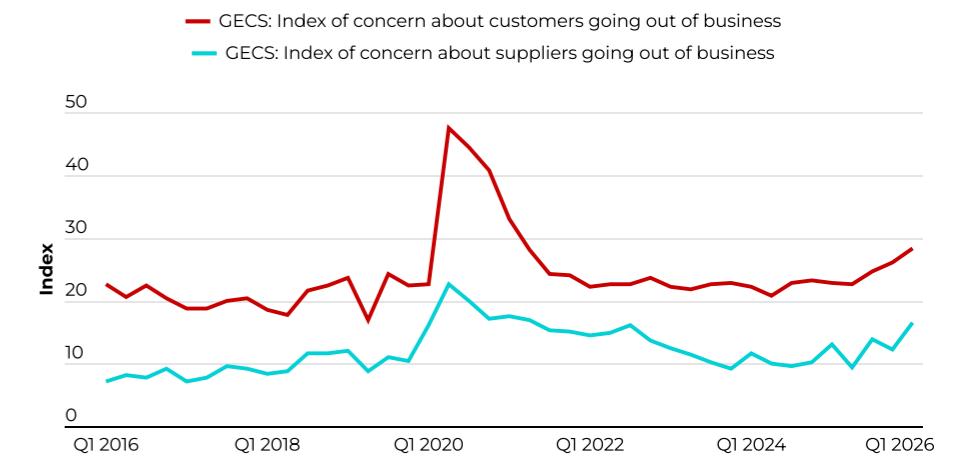
Developments in the Middle East will be key in determining the extent of additional cost pressures facing firms over coming months and quarters. Around 20% of global oil production and liquefied natural gas exports usually transit through the Strait of Hormuz, which has been largely blocked since the recent onset of hostilities. With only a portion of that being able to be re-routed, and given damage to some production facilities across the region, the global economy has been experiencing a major energy supply shock. This will increase both the costs of production and transport of goods.

The Middle East is also a crucial source of global production for fertilisers, whose price has soared since the onset of the conflict. On top of the relatively immediate impact on food prices from higher energy costs, the rise in fertiliser prices (if sustained) is likely to further push up global food price inflation over coming quarters. The region is also an important source of production for petrochemicals, aluminium, sulphur, bromine, and helium, which are important for industrial supply chains (including for semiconductors and memory chips), while also accounting for around 15% of international air freight and air passenger markets (Lanzafame et al. 2026; OECD 2026).

Both of our closely watched ‘Fear’ indices deteriorated in Q1 2026. Concerns globally among accountants that customers might go out of business rose for the third consecutive quarter. While such concerns are well below pandemic-era peaks, they are now beginning to look a little on the high side by historical standards (see **Chart 5**). Moreover, similar concerns about

suppliers rose quite meaningfully and are above their historical average (see **Chart 5**). In our other early indicators of corporate stress, global problems accessing finance eased slightly in Q1 and remain below the series average (see **Chart 6**), while the proportion of firms reporting problems securing prompt payment increased modestly but is still just below its historical average.

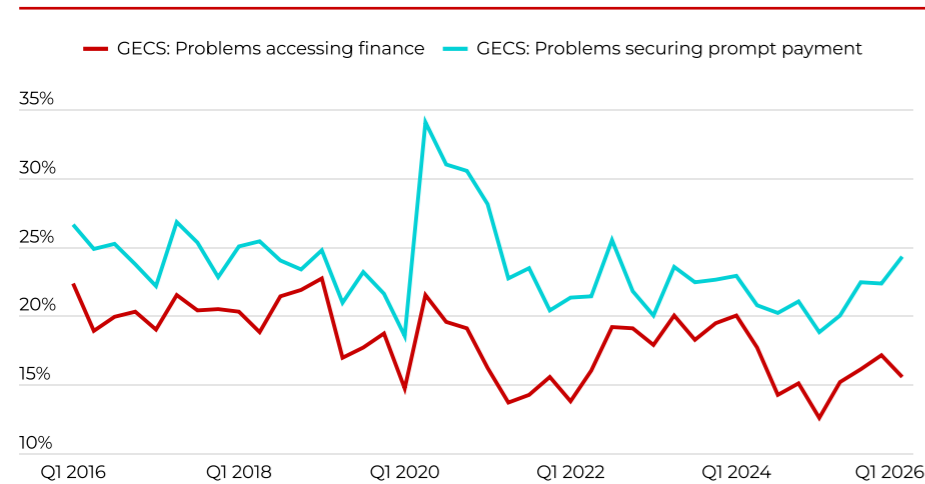
Chart 5 GECS global ‘fear’ indices



Source: ACCA/IMA (2016–26)

‘Concerns that both customers and suppliers might go out of business rose in Q1, and are above their historical averages, albeit below pandemic era peaks by varying degrees.’

Chart 6 Problems securing prompt payment and accessing finance



Source: ACCA/IMA (2016–26)

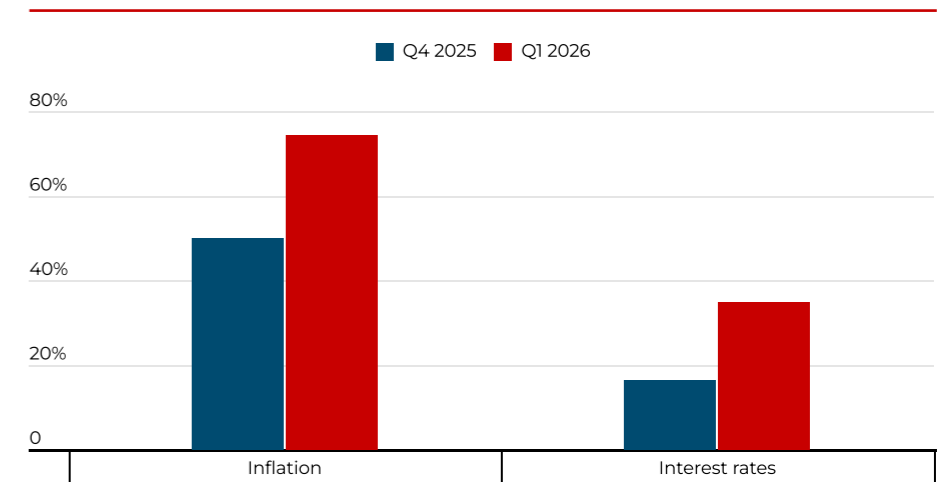
‘Global problems accessing finance don’t appear to be a particular issue at present, while problems securing prompt payment are around their historical average.’

Global financial conditions tightened following the onset of the conflict in the Middle East. Stock markets fell back, although the decline in the all-important US market was reasonably modest. Moreover, government bond yields have risen materially in most countries, given increased geopolitical and economic uncertainty, the prospect of higher inflation and government debts, and as investors have discounted tighter than previously assumed monetary policy stances from central banks. The strengthening of the US dollar amid safe haven flows from investors will also have weighed on global financial conditions outside the US, particularly in emerging markets. Nevertheless, at the time of writing, global risk assets have recovered somewhat following the announcement of the two-week ceasefire.

Central bank policy rates in the advanced economies are generally much higher than at the time of Russia’s invasion of Ukraine, whose impacts on energy and food prices significantly exacerbated what was already a building post-pandemic inflation shock. However, the long period of above-target inflation over recent years means that central banks will be particularly cautious to ensure inflation expectations remain anchored and that there are no second-round effects on wages and other prices as rising energy prices push up headline inflation over coming months. Of the major developed-country central banks, the US Federal Reserve seems least likely to raise interest rates, but there is a greater risk that the Bank of England and European Central Bank may opt to tighten policy. Meanwhile, further depreciation pressures against the US dollar, which would exacerbate the inflationary impact of higher commodity prices, would increase pressure on central banks in emerging and developing economies to tighten monetary policy.

Survey responses from accountants and finance professionals reflected the shifting dynamics for inflation and central bank policy. Among those responding, 74% globally expect the rate of inflation in their country to increase over the next three months, up from 50% in Q4 2025. Regarding interest rates, 35% expect them to increase in their country, compared with 16% previously (see **Chart 7**).

Chart 7 Percentage expecting inflation and interest rates in their country to rise over the next three months



Source: ACCA/IMA (2025-26)

‘An increasing percentage of survey respondents expect inflation and interest rates to rise in their country over the next three months.’



Developments in the Middle East key for global economy.

Absolutely key for global economic prospects will be developments in the Middle East and the impacts on the price of commodities.

At the time of writing, the US\$119 per barrel spot price of Brent Crude is around 70% higher than at the onset of hostilities, while the futures price for June and September of around US\$98 and US\$87 are approximately 36% and 24% higher respectively.³ According to the International Monetary Fund (IMF), every 10% rise in the price of oil, *if sustained through most of the year*, is likely to reduce global gross domestic product (GDP) growth by between 0.1 and 0.2 percentage points (pp) and raise global inflation by 0.4pp (Georgieva 2026). While caution should be exhibited with any such rules of thumb, it would indicate significant downside risks for global growth in 2026.

Clearly, whether a negotiated settlement can be achieved is key. A permanent cessation of hostilities at the end of the current ceasefire and decline in energy prices over coming months and quarters would materially reduce the magnitude of the negative economic impacts, with the converse being true if hostilities resume and upwards pressure on oil prices builds again.⁴ In the latter scenario, a more pronounced decline in global risk assets than has occurred thus far would increase the downside risks for the global economy.

Among the major regions and countries, the US is a net energy exporter, which provides some offset for its economy from higher oil prices, while its abundant supply of cheap natural gas,

whose price has been largely unaffected by recent developments, should help contain the extent of the rise in inflation. The economy is also benefiting from the current AI boom and tax cuts in the One Big Beautiful Bill Act (OBBBA). Nevertheless, absent a near-term settlement, the net effect on the economy will likely be meaningfully negative, as sharply higher gasoline prices weigh on consumer confidence and spending, uncertainty increases business caution, and as higher market interest rates raise borrowing costs for businesses and households.

As many countries in Western Europe, Asia Pacific, South Asia and Africa are large energy importers, these regions are likely to be the worst affected by higher energy prices, although the impacts will differ depending on country circumstances.

The Strait of Hormuz is a very important source of energy imports for Asia, and some countries have already enacted measures to reduce and ration energy use among households and businesses. In general, higher energy and food prices disproportionately damage emerging and developing economies, given the higher share of household spending on such items. They will typically also have less fiscal space to help deal with shocks, although elevated government debt levels mean that many developed economies also have considerably less room for manoeuvre than in the past.

³ Spot prices as of end of business 10 April, futures prices as of 14 April.

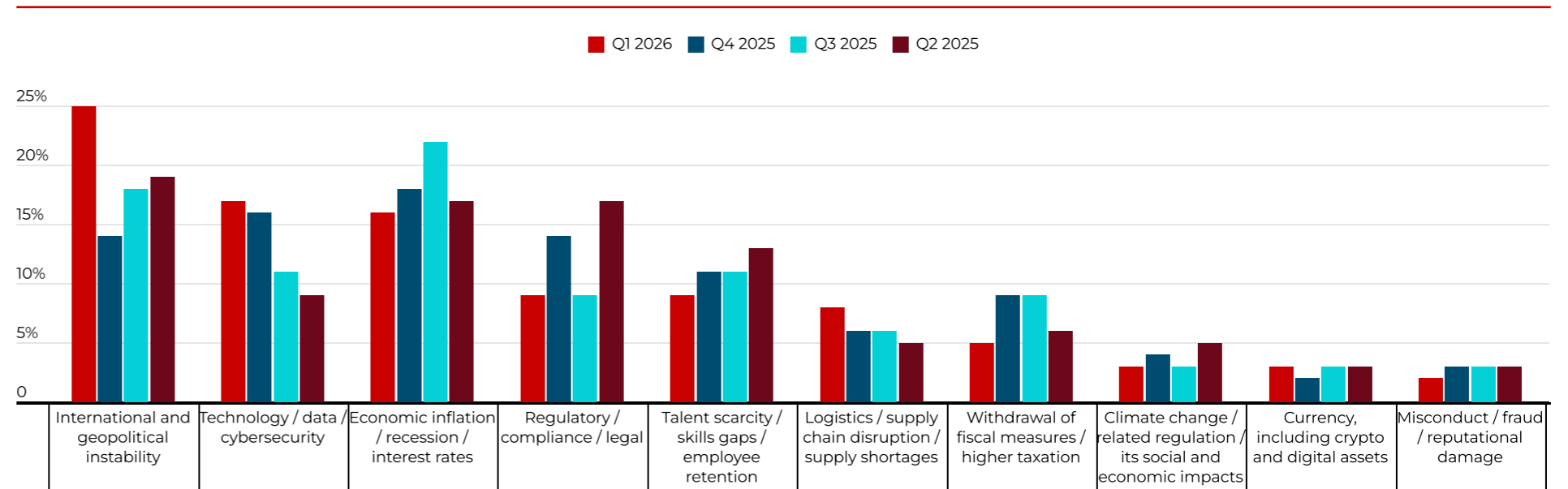
⁴ For scenario analysis of the impacts on GDP and inflation in Asian economies and the global economy from various paths for oil and gas prices, see Lanzafame et al. (2026).



Geopolitics reshapes risk landscape for accountants.

In the first quarter of 2026 (Q1 2026), geopolitical instability emerged as the top risk priority for accountants – only the second time since the global risks survey was added to the GECS in Q2 2023 that economic pressures have not ranked first. On both occasions, the other being Q2 2025, geopolitical instability has taken the top spot.

Chart 8 Accountants' top risk priorities over past year



Source: ACCA / IMA Global Risks surveys (2025-26)

‘While economic risks remain existential, respondents emphasise how converging forces are shaping the macro landscape. They point to AI and cyber risks amplifying others, while eroding trust – in institutions, information and leadership – is becoming a defining feature of operating in today’s world.’

Structural shifts becoming clearer

In Q1 2026, 25% of respondents ranked geopolitical instability as their top risk priority, rising to 33% for those in Asia Pacific.

Cybersecurity risks remain elevated at 17%, while economic pressures – including inflation and interest rate volatility – stand high at 16%. Regionally, Western Europe shows greater concern about cyber (21%) and talent-related risks (13%) than the global average.

The shift does not suggest that economic risks are diminishing – far from it. Rather, it reflects a growing recognition that today's macroeconomic conditions are shaped, and often destabilised, by a convergence of forces beyond traditional economic cycles.

In the open-ended question on underestimated risks, respondents describe how geopolitical conflicts and policy fragmentation feed directly into economic outcomes – a trend also evident in Q2 2025, when geopolitical instability first overtook economic risks, albeit by a narrower margin driven largely by tariff uncertainties.

'Conflicts in the Middle East will soar oil and petroleum-based prices and increase the prices of any products.'

'Tariff uncertainty [is] continuing to cause inflation to spiral.'

'Total disruption of the supply chain and operations due to wars is creating the inability to receive goods, materials and services.'

As one respondent observed, *'global climate change and geopolitical-related risks are having an underestimated domino effect [on] local market situations'*. See ACCA's [Testing to Failure: Why reverse stress testing is redefining geopolitical risk](#).

From discrete risks to systemic effects

Alongside the reprioritisation of risks is a broader reflection on how the landscape is understood. Risks are no longer viewed in isolation and cannot be managed in silos – they reinforce and transmit through one another.

Geopolitical instability is not only fuelling economic volatility; it is intensifying cyber threats, disrupting supply chains and undermining business confidence. Several respondents highlighted how shocks propagate across systems.

'Geopolitical instability impacts the business in multiple ways.'

'International trade risk and instability in the market [are] due to energy shocks and economic uncertainty.'

'Cybersecurity and cyberattacks across the broader economy disrupting supply chains are moving faster due to AI.'

Preparing for the inevitable

Advancing technology – particularly AI – sits at the centre of these dynamics, emerging as both an opportunity and a significant source of risk. Concerns are less about the existence of AI and more about its pace of adoption, quality of output and unintended consequences.

Many respondents highlight the risk of misuse or over-reliance.

'A vanilla approach due to AI not being used in the appropriate way... without controls... this could undermine the service proposition.'

'AI... will reduce significantly the barriers to entry.'

'AI [is] creating a permanent reduction in headcount among our target market.'

'Rise of AI [is] affecting all areas of finance.'

'People are reliant too much on AI rather than actual human intelligence ... allowing people with no talent to appear smart.'

Cyber risk remains closely intertwined with these concerns.

'Cybersecurity threat, technical resource shortage, technological advancement issues – [are] all underestimated.'

'Surge in different types of cyberattacks – resilience of IT systems and assets, as well as OT [operational technology] due to the Middle East conflicts are not fully understood.'

Eroding trust in an already low-confidence environment

Responses also reveal declining confidence in the ability of organisations – and regulators – to adapt. While accountants increasingly question how AI is being used and tested, many also highlighted that leadership does not always consider longer-term implications. This contributes to a broader erosion of trust in data, systems and decision-making.

‘Very poor leadership at the top... disastrous decisions... customers have left, short of finance.’

‘Clients ceasing to trade... totally fed up... “feather everyone else’s nest instead of their own”’

‘News reporting is perceived as being less factual – weakening confidence in information itself.’

‘Fundamental drop in interest in news, particularly with the under 35s.’

These insights suggest that risk is increasingly shaped by ‘trust deficits’ – whether in geopolitical stability, institutional effectiveness or the reliability and explainability of technological systems. Expectations of accountants are rising sharply. As one respondent put it: *‘When it comes to AI, if you can’t explain it, you can’t govern it.’*

Frameworks designed for a different world

Many organisations are struggling not simply because risks are intensifying, but because the frameworks used to manage them were designed for a context that no longer exists.

Traditional governance models – built around functional separation, periodic reporting and relatively stable environments – are being tested by a landscape characterised by speed, complexity and continuous disruption.

As organisations adopt more automated and interconnected systems, risks emerge in ways that are not always well understood or controlled.

‘Many companies believe that once automation is in place, risks decrease. In reality, the opposite can occur – automation can rapidly multiply the impact of small errors.’

‘When data passes through ERP [enterprise resource planning], CRM [customer relationship management]... and third-party tools, even small errors can create major reporting inaccuracies.’

‘The compliance burden is starting to detract from productive work – making us busy but not productive. Focus is on process rather than effectiveness.’

A consistent undercurrent is the challenge of ensuring risk is properly understood, owned and managed in real time. This is not because controls don’t exist – it’s because they are not always embedded or connected in practice. See ‘Calls to Action’ in ACCA’s [Combating Fraud in a Perfect Storm](#) (Johnson 2025)

A more structural shift

Ultimately, the message in Q1 2026 is that the challenge for organisations is not simply to identify risks, but to ensure that their approaches to managing them are fit for purpose in a world where uncertainty, interdependence and low trust are becoming defining features of the operating environment.

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About this report.

The Global Economic Conditions Survey (GECS), carried out jointly by ACCA (the Association of Chartered Certified Accountants) and IMA (Institute of Management Accountants), is the largest regular economic survey of accountants around the world, in both the number of respondents and the range of economic variables it monitors.

The GECS has been conducted for over 10 years. Its main indices are good lead indicators of economic activity and provide a valuable insight into the views of finance professionals on key variables, such as investment, employment, and costs.

Fieldwork for the Q1 2026 survey took place between 3–19 March 2026, gathering 557 responses: 485 ACCA members and 72 IMA members.

ACCA and IMA would like to thank all members who took the time to respond to the survey. It is their first-hand insights into the fortunes of companies around the world that make GECS a trusted barometer for the global economy.

Read the previous GECS reports [here](#)

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