Global economic conditions survey report: **Q2, 2026.**

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Cost pressures surge in Q2 according to accountants and CFOs globally.

The ACCA and IMA Global Economic Conditions Survey (GECS) suggested that confidence among global accountants improved in Q2 2026 (see Chart 1), recouping losses made in the first quarter amid the outbreak of hostilities in the Middle East.

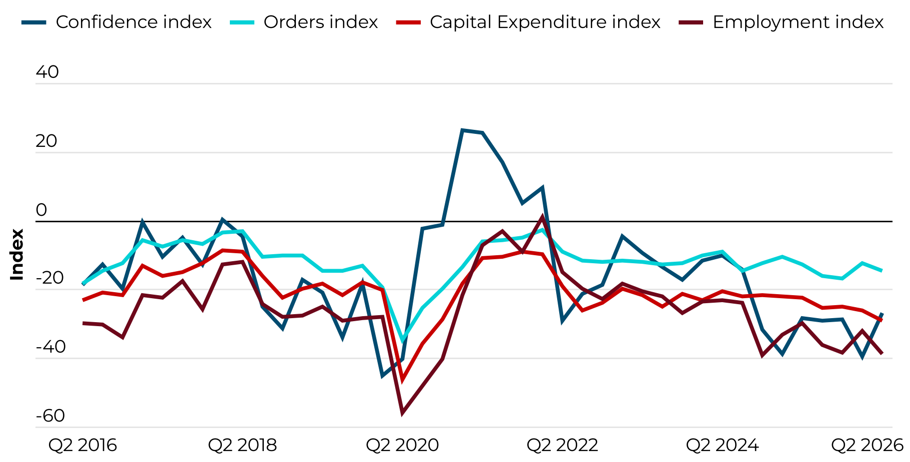
- **Over three-quarters of accountants globally reported increased operating costs in Q2** – above the previous record set in the aftermath of Russia's invasion of Ukraine – amid soaring commodity prices and supply chain disruptions resulting from the conflict in the Middle East. Strikingly, 83% of CFOs experienced increased costs, following a record-breaking rise of over 20 percentage points from Q1.

- **Despite soaring cost pressures, there was some recovery in confidence among accountants globally in Q2**, from what was close to a record low previously. While accountants remain rather downbeat by historical standards, the improvement likely reflects the relative resilience of the global economy and signs at the time of the survey of movement towards a potential resolution of the conflict, which may have reduced fears of worst-case scenarios.

- **Declines in the other key global indicators point to some moderation in global growth**, likely reflecting headwinds from increased private sector caution, rising inflation, and tighter-than-expected monetary policy. Nevertheless, the artificial intelligence (AI) boom is providing major support to the global economy and financial markets. Developments in the Middle East over coming months will be particularly important. Meaningful progress on ending the conflict and a return of oil prices to pre-conflict levels, may diminish the impetus for monetary tightening among the major central banks and would be supportive for global growth as we progress through the second half of 2026. The converse would be true if there is a return to major hostilities.

- **Economic pressures returned as accountants' top risk priority in Q2 2026** (22%), ahead of geopolitical instability (20%) and cybersecurity (14%). Respondents described how understanding today's risk landscape extends beyond traditional economic cycle management, pointing to the converging effects of prolonged wars, rising cybercrime and policy uncertainty. AI featured prominently, with comments focusing on sustainable value, cyber resilience and accountability.

Chart 1 **GECS global indicators**



Source: ACCA/IMA (2016–26)

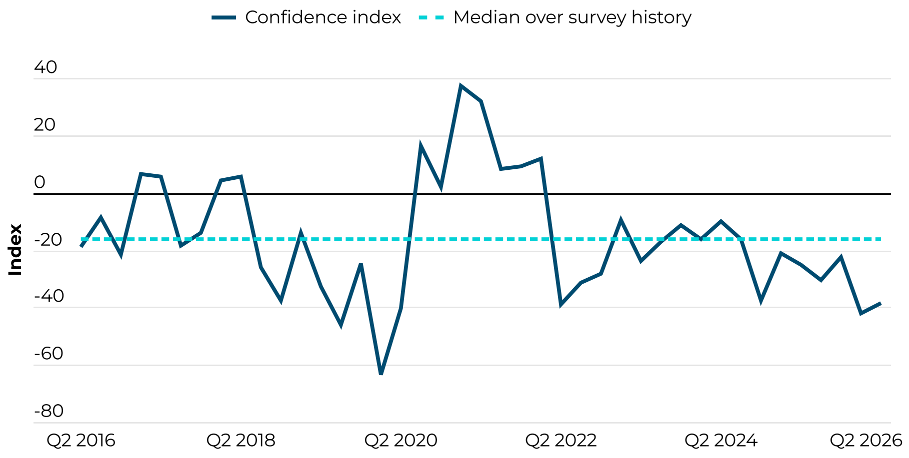
'Confidence among accountants globally rebounded in Q2 but remains at quite a low level by historical standards.'

After the rise in Q2, confidence is now very similar to levels observed over most of 2025 (see Chart 1), albeit quite low by historical standards. The survey was conducted between 3 and 17 June. Most responses were received before the announcement of the extended 60-day ceasefire, reopening of the Strait of Hormuz and discussions on a permanent end to the conflict, although hopes of a potential end to the war likely boosted sentiment amid previous ceasefires and negotiations between the warring parties.

The relative resilience of the global economy despite the drag from developments in the Middle East, also likely contributed to the improvement in confidence. The AI boom has been a major support to global growth, amid surging AI-related investment and international trade, while large gains in the share prices of technology stocks have allowed stock markets to reach new highs. There was also a modest improvement in confidence among chief financial officers (CFOs) taking part in the survey, although it remains at quite a low level by historical standards (see **Chart 2**).

The three key global activity indicators all softened in Q2 (see Chart 1), consistent with some slowing in global growth in recent months, though the indicators do not appear to be suggesting a major slowdown. The forward-looking Global New Orders Index is still broadly within its range of readings since the aftermath of Russia's invasion of Ukraine. Moreover, while the Global Capital Expenditure and Employment indices are at relatively low levels by historical standards, consistent with significant caution among firms, both remain not too dissimilar to other readings in recent years and well above levels reached during the global pandemic.

Chart 2 **GECS Confidence index for CFOs**



Source: ACCA/IMA (2016–26)

'Confidence among CFOs rose slightly in Q2 but remains significantly below its historical average.'

Overall, with the outbreak of the conflict in the Middle East, the global economy was hit by the fourth major shock this decade, reinforcing the view that in a world of strained geopolitics, political polarisation and rapid technological change, heightened uncertainty and unpredictability are likely to be the 'new normal' environment in which businesses operate. Perhaps reflecting this reality, confidence among accountants globally has consistently been quite subdued since the end of 2024. Meanwhile, the negative fallout from the conflict looks set to continue over coming months, as higher energy and other commodity prices work their way through supply chains, potentially leading to further policy tightening by the major central banks. Developments on the diplomatic front will be crucial. Meaningful progress on resolving the conflict and a return of oil prices back to around pre-conflict levels would clearly be helpful for the global economy and would increase central banks' room for maneuver. Couple that with the global AI boom, and the global economy would be well placed to grow at a reasonable, if not particularly exciting, pace over coming quarters. Of course, if the conflict significantly flares up again, then downside risks would quickly build.

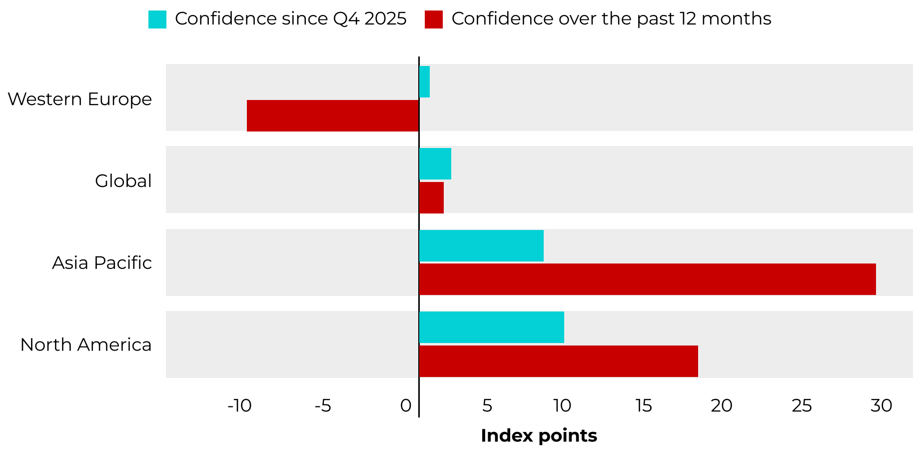
Among the major countries and regions, the U.S. economy is benefiting significantly from the AI boom, amid surging spending on IT-related equipment and on the construction of data centres. Optimism about AI's future benefits has also fuelled large gains in technology stocks, which have propelled the stock market to new highs, boosting the wealth of households. Consumer spending has also been supported by tax cuts in the One Big Beautiful Bill Act (OBBBA) and signs of improvement in the jobs market, providing some offset to the drag from higher gasoline prices. After expanding by 2.1% in Q1 2026, the Atlanta Fed's 'GDPNow' model is pointing to GDP growth moderating to 1.7% in Q2. Household consumption is estimated to have increased solidly and equipment investment by firms very rapidly. But the latter is very import intensive and hence, net exports are estimated to have been a significant drag on growth. The GECS Confidence and New Orders indices for North America have improved somewhat over 2026 (see Charts 3 and 4) but remain below their historical averages by varying degrees.[1]

1 The median is used to calculate the averages.

The Capital Expenditure and Employment indices are also at quite low levels by historical standards. Overall, the message from our key GECS indicators continues to suggest caution among firms in the region and could point to the risk of sub-par U.S. growth over coming quarters. Commentary from survey respondents suggest that higher costs due to the war in the Middle East and import tariffs are key factors weighing on sentiment.

Confidence has also risen in Asia Pacific this year (see **Chart 3**), as a massive improvement in Q2 more than offset the sharp Q1 decline. The New Orders Index has also registered a decent improvement (see **Chart 4**), on the back of a solid Q2 gain. Both series are now meaningfully above their historical averages, although the Capital Expenditure and Employment indices remain below. While the region is very exposed to developments in the Middle East, with certain countries particularly vulnerable, signs of a potential resolution of the conflict and the relative resilience of the global economy were likely key factors boosting confidence and the New Orders Index in Q2. A number of economies in the region are also major beneficiaries of the global AI boom, given their specialisation in the production of electronics and semiconductors. AI-related exports have surged, as have some of the region's stock markets.

Chart 3 **Change in the GECS Confidence index, by region***

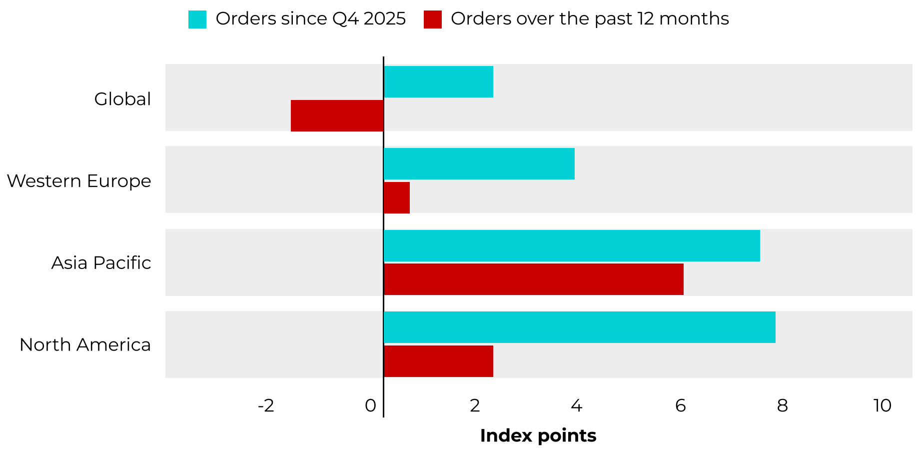


*Global also includes Africa, Middle East and South Asia.
Source: ACCA/IMA (2025-26)

'Confidence has risen in major economic regions this year, although barely in Western Europe.'

In Western Europe, confidence is largely unchanged since the end of 2025 (see **Chart 3**), although there was some improvement in Q2, driven by a pickup in sentiment in the region outside the UK. Confidence in Western Europe is at a low level by historical standards and is particularly depressed among UK accountants. As a large net importer of energy, the region was exposed to the surge in prices after the outbreak of the conflict in the Middle East, while its growth is benefiting much less from the global AI boom than regions such as North America and Asia Pacific.

Chart 4 **Change in the GECS New Orders index, by region***



*Global also includes Africa, Middle East and South Asia.
Source: ACCA/IMA (2025-26)

'The New Orders indices have registered decent gains in the key economic regions this year.'

The other key indices for the region are also below their historical averages by varying degrees, although the forward-looking New Orders Index is only modestly so. Meaningful progress on resolving the Middle East conflict and a return of oil prices back to pre-war levels would clearly be very helpful for the euro area and UK economies, although growth would still likely be quite weak over coming quarters.

Price pressures facing firms have increased significantly over the past couple of quarters. The proportion of accountants globally reporting 'increased costs' rose by seven percentage points in Q2 2026, following an increase of five percentage points previously. Overall, 76% of survey respondents experienced increased operating costs, a series record, and well above the 48% average over the survey 's history (see **Chart 5**).

Chart 5 **Concerns about increased operating costs**

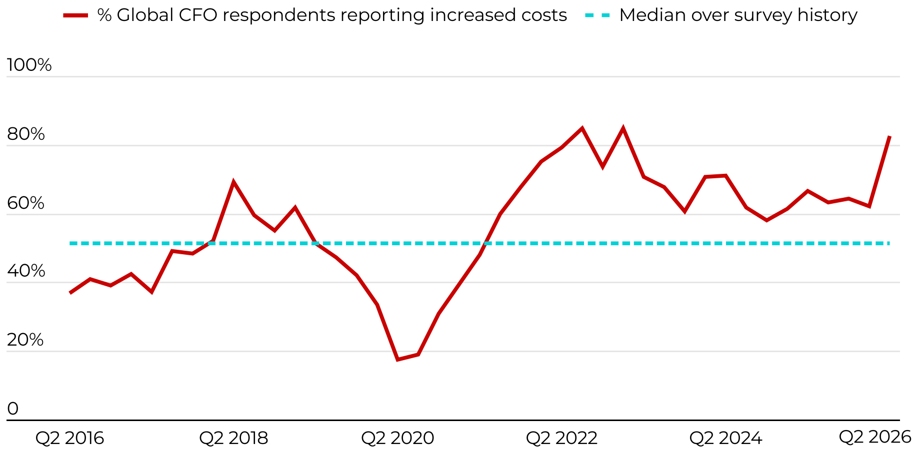
Source: ACCA/IMA (2016–26)

'The proportion of accountants globally reporting increased operating costs rose sharply in Q2 and is now at a record high.'

The rise is clearly driven by developments in the Middle East, amid surging prices of energy and other commodities after the outbreak of hostilities, and rising stresses in global supply chains.

Strikingly, the proportion of CFOs reporting increased costs surged by over 20 percentage points in Q2 to 83% (see **Chart 6**) and is not far off series peaks recorded in 2022 and 2023.

Chart 6 **CFO concerns about increased operating costs**



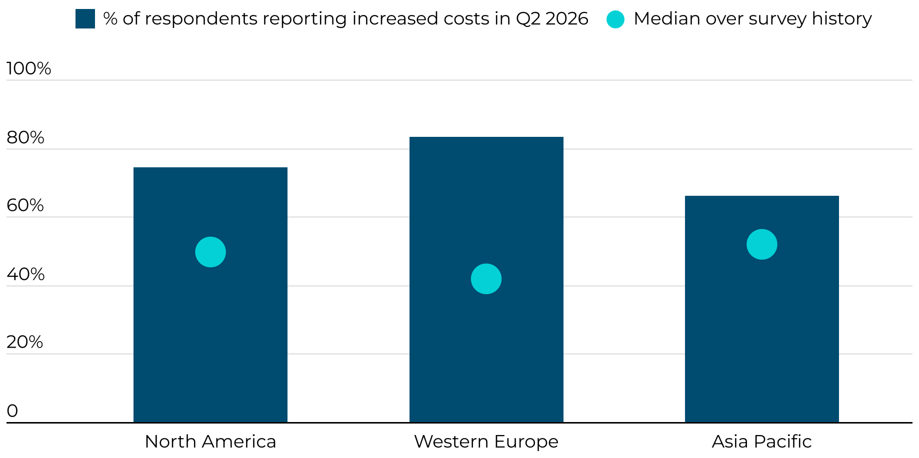
Source: ACCA/IMA (2016–26)

'The proportion of global CFOs reporting increased costs surged in Q2.'

Mounting cost pressures are evident in the key economic regions. The proportion of North American accountants reporting increased costs jumped by more than 10 percentage points to 74% in Q2, well above the series average (see Chart 7), albeit below the 82% peak recorded in 2022 amid Russia's invasion of Ukraine. In the U.S. alone, 80% of respondents reported increased costs. Feedback from survey respondents suggested that increased energy and other prices due to the conflict in the Middle East and higher tariffs were key factors putting upward pressure on costs. Against such a backdrop, 56% of North American respondents suggested that their firms or clients were taking the opportunity to explore lowering costs, a significant rise from previous quarters.

Meanwhile, cost pressures remain extremely intense in Western Europe, with 83% of respondents reporting higher costs, almost double the series average, and close to the peak registered in early 2023. In Asia Pacific, the proportion of respondents reporting increased costs jumped by nine percentage points to 66% and is well above the series average, albeit much less so than in North America and Western Europe (see Chart 7).

Chart 7 Concerns about increased operating costs



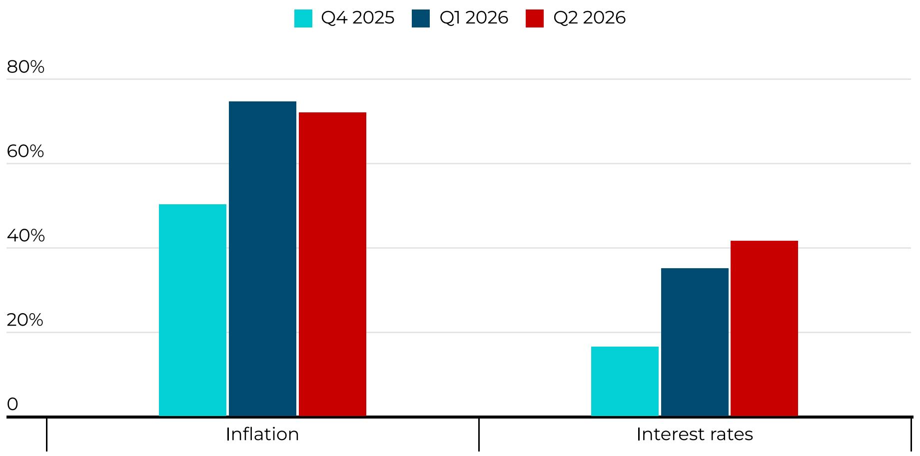
Source: ACCA/IMA (2026)

'Cost pressures are elevated in all of the major economic regions, but most notably in Western Europe and North America.'

Rising inflation pressures due to developments in the Middle East have led to pivots in monetary policy of varying degrees by the world's major central banks. Headline inflation has picked up quite materially in most countries owing to the rise in energy prices. Against such a backdrop, the European Central Bank hiked interest rates by 25bps in June, as it attempted to ward off the risk of second-round effects where higher energy-driven inflation would fuel higher inflation in non-energy items, rising wages, and increased inflation expectations. Meanwhile, financial markets have shifted from discounting rate cuts by the U.S. Federal Reserve earlier this year to now expecting a rate hike by year-end. Indeed, the first meeting under the new Federal Reserve chair, Kevin Warsh, was more hawkish than expected, with the dot-plot chart suggesting that around half of the Federal Open Market Committee (FOMC) expect a rate hike by year end. Some central banks in emerging economies have hiked interest rates amid rising inflation and weakness in their currencies due to worsening current account and fiscal positions amid higher commodity prices. This pressure could ease if the conflict were resolved, although a more hawkish posture from the U.S. Federal Reserve over coming months would be challenging.

Among accountants and finance professionals globally, 72% expect the rate of inflation in their country to increase over the next three months, down slightly from Q1, but up significantly from 50% in Q4 2025. Many (42%) expect interest rates to increase in their country over the next three months, compared with 35% previously and just 16% in Q4 2025 (see **Chart 8**).[2]

Chart 8 Percentage expecting inflation and interest rates in their country to rise over the next three months



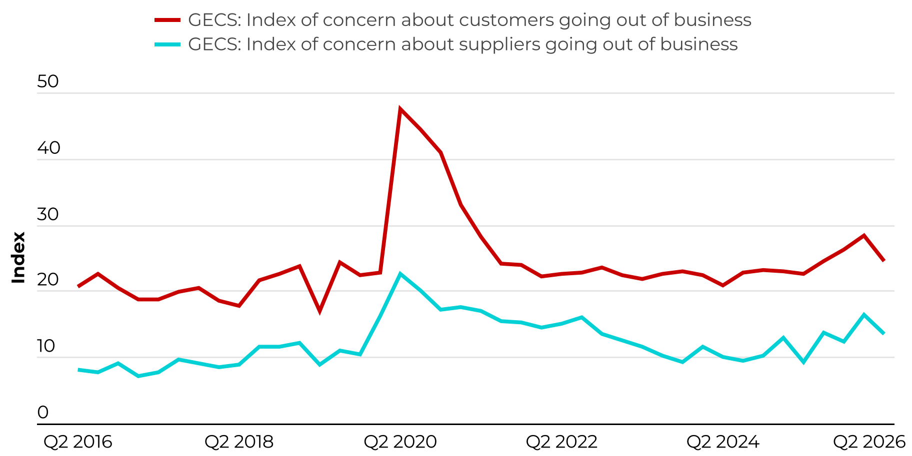
Source: ACCA/IMA (2025-26)

'A significant proportion of survey respondents expect inflation to rise in their country over the next three months, while around 40% expect interest rates to rise.'

2 In ACCA's ***Global Talent Trends 2026*** report, cost of living pressures remained the top work-related concern for the fourth consecutive year. Given the surge in commodity prices amid the outbreak of the war in the Middle East, it would be surprising if they don't remain in first place again in 2027.

Looking at our early indicators of corporate stress, both our closely watched FEAR indices improved in Q2 after rising in Q1, with concerns expressed globally that customers might go out of business more than reversing the previous increase (see **Chart 9**). Concerns about customers are only modestly above their historical average, albeit the series is on the high side of readings since the beginning of 2022. Similarly, concerns about suppliers going out of business are not much above their historical average, although they are currently on the high side of readings over recent years.

Chart 9 **GECS global 'fear' indices**

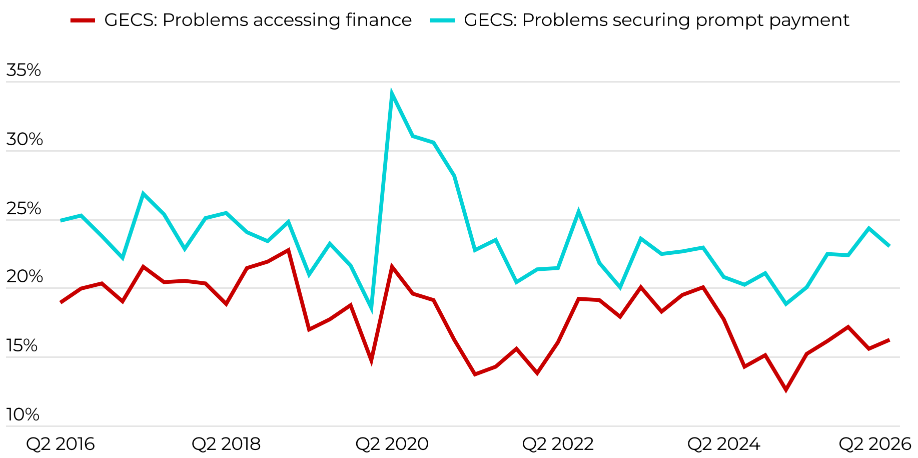


Source: ACCA/IMA (2016–26)

'Concerns that customers and suppliers might go out of business eased in Q2, but both series remain on the high side of readings over recent years.'

Meanwhile, global problems accessing finance increased slightly in Q2 (see **Chart 10**), but remain below the series average, while the proportion of firms reporting problems securing prompt payment declined modestly and remains below its historical average.

Chart 10 **Problems securing prompt payment and accessing finance**



Source: ACCA/IMA (2016–26)

'Global problems accessing finance and securing prompt payment don't appear to be a major issue at present.'

Global financial conditions remain favourable. Despite the sharp decline in stock markets at the onset of the Middle East conflict, strong corporate earnings growth and optimism about the prospects for AI have helped major market indices, such as the S&P 500, reach new highs in recent months. Corporate bond spreads are also at very low levels, while 10-year U.S. Treasury yields are below their recent highs in May.

Developments in the Middle East and with energy prices are likely to be important over coming months. Progress on resolving the conflict and a return of oil prices close to pre-war levels would help mitigate the inflation risks facing central banks, and would be likely to reduce the magnitude of additional monetary tightening that may be needed. By contrast, a return to conflict and a major rebound in energy prices would put central banks in a tricky position and would likely increase the risk of more forceful action. Developments with the U.S. Federal Reserve and the U.S. dollar will be key, as always. Higher U.S. interest rates and further dollar strength would clearly be a headwind for global financial conditions.

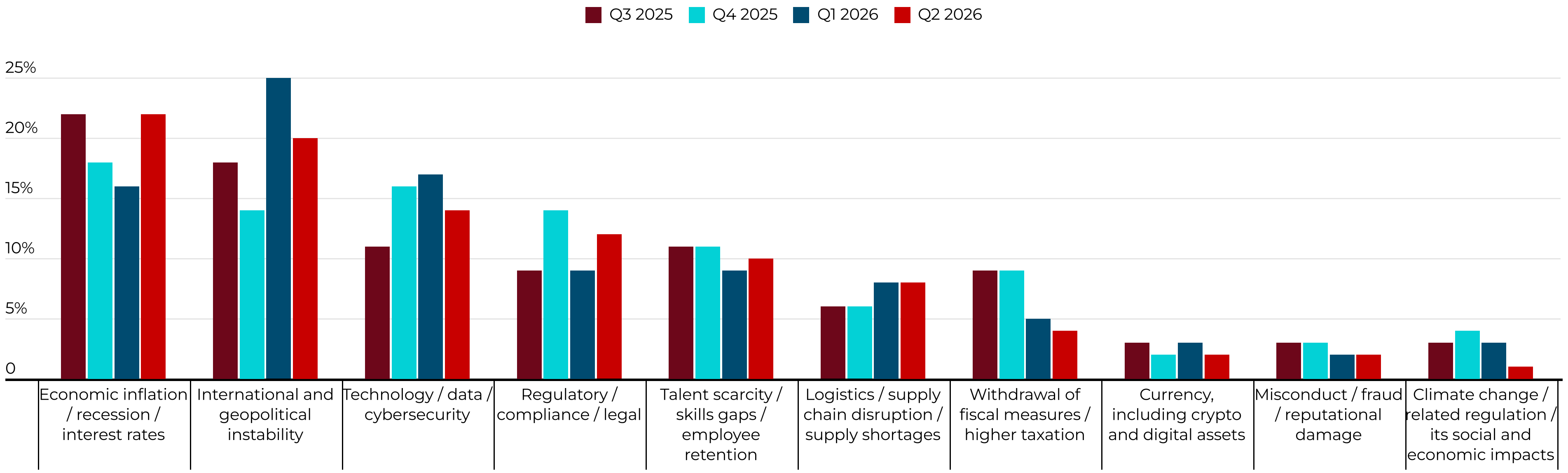
Finally, a reassessment by investors of the future benefits of AI would be a major risk for global financial conditions, leading to a sharp correction in equity markets.

A new playbook for today's economic risks.

Economic pressures returned as accountants' top-ranked risk priority in the ACCA/IMA Global Risks Survey Q2 2026 (22%), ahead of geopolitical instability (20%) and cybersecurity (14%). Beneath that prioritisation, however, lies a more structural concern.

Accountants increasingly view persistent inflation and trade uncertainty through the wider lens of geopolitical, technological and policy change. This quarter's responses raise a common question: ***do organisations have the organisational coherence to operate profitably and sustainably under conditions of prolonged structural cost pressure and trade unpredictability?***

Chart 11 **Accountants' top risk priorities over past year**



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

Uncertainty as a structural constraint

In the open-ended responses to ***'What are the most underestimated risks facing your organisation?'*** accountants referred to margin compression, demand weakness and reduced investment as being directly linked to policy decisions that organisations cannot predict.

UK respondents were particularly blunt this quarter. A practitioner in England noted: ***'Tax changes*** [are] ***making our client base look to retire or seek permanent employment and stop running their Limited Companies. The Limited Company structure looks less and less appealing from a tax perspective'.***

Another, also in England, warned: ***'The level of taxation (both income and capital) and increases in National Living Wage are affecting all SMEs. Many folks are talking about closing down, particularly in hospitality and agriculture'.***

A Singapore CFO in professional services also provided context: ***'The inability of economic analysts to forecast the future, and the reaction time of the government when dealing with unforeseen economic shocks are underestimated economic risks'.***

For emerging industries, the inconsistency itself is the primary risk. A director at an Australian recycling and waste management start-up stated: ***'Our industry is very nascent and lack of support from government and regulatory burdens erode confidence from stakeholders'.***

The consensus was that organisations need strategies for sustained uncertainty, not strategies for waiting for clarity.

AI transforming cyber-risk threats

Respondents described cyber threats as systemic and existential, emphasising that vulnerabilities are increasingly amplified by AI adoption and third-party dependencies.

A U.S. external auditor raised a specific concern: ***'Cybersecurity risk related to accidental release of client PII*** [personally identifiable information] ***is underestimated, especially with increased employee use of AI'.*** Such comments flag a new vulnerable pathway as the wider adoption of AI tools by employees is creating exposure routes that organisations describe as not yet adequately managed.

Third-party reliance compounds these weak spots. European respondents raised concerns about 'software suppliers and AI', pointing to how reliance on external vendors, who are themselves adopting AI, creates cascading risk. Another U.S. accountant noted weaknesses in: ***'security at all levels – parking lot, inside the building, in offices,*** [because] ***everything is digital'***, suggesting that cyber risk is increasingly being recognised as integrated into broader operational security, not isolated to IT.

Q2 2026 responses showed a shift in how accountants view cyber vulnerabilities – no longer as episodic breaches to manage or account for. They see cyber as systemic fragility created by interdependent systems, third-party dependencies and unforeseen employee behaviours with AI tools. The complexity of how incidents propagate through tightly coupled systems is what respondents were highlighting most in Q2. A respondent working in banking in the U.S. called cyber ***'the greatest risk to financial services'*** in 2026.

AI and the burning business case question

The sheer tone of AI-related responses also evolved markedly in Q2 2026, moving beyond adoption and appropriate governance debates toward harder questions about whether investments are being pursued with adequate rigour.

For example, one U.S. director answered: ***'The fact that the AI boom appears to be masking a very different underlying economy, together with questions about the sustainability of that trend, says a lot'.*** Other comments also showed that accountants in their various roles are increasingly questioning whether the current pace and scale of investment in AI is grounded in realistic assumptions about returns. In other words, how are their organisations going to generate value from it, manage its workforce implications, and govern its use?

A UK respondent from the manufacturing sector commented there is: ***'overexcitement*** [about] ***AI capabilities –*** [it] ***reduces demand for expert advisory services and*** [leads to] ***layoffs of capable people before the AI processes have been tested and found reliable'.***

The responses reveal a concern about the sequence of decisions: organisations are making irreversible workforce choices based on AI capabilities that have not yet been proven. A CFO from a Canadian manufacturing company highlighted a gap between ambition and execution: ***'The ability to implement AI effectively across the organisation and connect different systems is not thought through'.***

A Kyrgyzstan professional services director also made an interesting point: ***'Accounting firms underestimate how quickly clients, regulators and competitors will expect more digital, automated and secure services'***, reiterating that while organisations recognise AI matters, they struggle to govern implementation quality and align capability with competitive expectations.

Workforce disruption was another theme more dominant than in previous quarters. An Australia professional services CFO observed: ***'Professional services is under significant transformation'*** stressing that clients were becoming more demanding and AI was leading to staff reductions. A Cyprus public sector respondent added: ***'They*** [decision makers] ***are not realising what AI will bring – unfortunately, more lay-offs will happen before the utilisation of AI tools is truly understood'.***

Resilience is an interconnected challenge

Respondents in Q2 2026 highlighted, as an underestimated challenge, whether organisations can maintain operational coherence when multiple pressures are colliding more quickly than ever before.

On talent, a U.S. retail controller explained: ***'The workforce is drastically changing, WFH*** [working from home] ***has created a mentoring gap, and margin to invest in staff is minimal with increasing costs everywhere else'.***

A comment from one UK professional services respondent also stood out: ***'Talent scarcity and cost of labour is leading to more outsourcing, which in the long term reduces the pool for the next generation of accountants'.***

These insights do not reflect recruitment difficulty in isolation, but rather the interaction between cost pressure, technology adoption and workforce expectations – all happening at once.

On economic pressure and margins, a Singapore respondent concluded: ***'Increasing operating costs will result in many small businesses going out of business and demand for professional services will accordingly continue to decline'.***

Respondents are basically describing how margin compression leaves organisations with limited options. A UAE respondent in the transportation and distribution industry captured this dynamic, mentioning: ***'Increased cost of products; however,*** [owing] ***to tight competition, selling prices cannot be increased. This causes gross profit margin to fall and limits incentives for employees'.***

A Pakistan senior manager in manufacturing commented on the financial effects of prolonged wars and uncertain policies: ***'Continued global demand uncertainty driven by geopolitical tensions, trade policy changes and inflationary pressures in key export markets are accumulating problems. Sudden shifts in consumer demand, tariffs or supply chain disruptions significantly affect export volumes, margins and working capital requirements'.*** The comment illustrates how geopolitical disruption cascades into demand, working capital and cash flow challenges – often faster than organisations can respond.

In summary, Q2 2026 respondents tell us that organisations are operating under sustained structural pressure, where costs are rising, talent is strained, demand is uncertain and geopolitical disruption can shift conditions rapidly. The coherence challenge is not about managing any single pressure well – it is about navigating multiple pressures that reinforce each other.

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 Q2 2026 survey took place between 3–17 June 2026, gathering 647 responses: 453 ACCA members and 194 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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We're redefining accountancy. Our cutting-edge qualifications, continuous learning and insights are respected and valued by employers in every sector. They equip individuals with the business and finance expertise and ethical judgment to lead and drive sustainable value in organisations and economies worldwide.

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(Institute of Management Accountants)

IMA® is one of the largest and most respected associations focused exclusively on advancing the management accounting profession.

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For more information about IMA, please visit: **www.imanet.org**

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