News Release

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S&P Global Business Outlook

Employment and investment expectations subdued amid tariff uncertainty

Key findings

Global output expectations tick down in June

Resilient outlook in developed markets contrasts with fading optimism in emerging markets

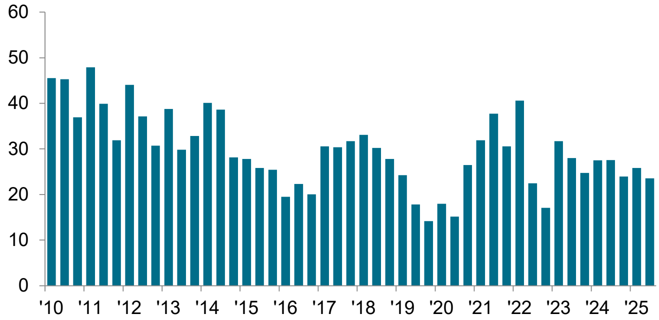
Selling prices set to rise at fastest pace in more than two years amid US price rises

Global employment and investment plans remain subdued

Profit forecasts cut

Global Business Activity expectations

% net balance



Source: S&P Global PMI.

Data were collected 09-26 June 2025.

The S&P Global Business Outlook Survey – based on responses from a panel of 12,000 companies between June 09-26 – pointed to a slightly more subdued outlook for global business activity midway through 2025 compared to earlier in the year, with firms again displaying muted plans around hiring and investment amid uncertainty around tariffs. There are signs of non-staff input price pressures easing, but staff cost inflation is set to be maintained and companies reported the highest expectations for output price inflation since early-2023, albeit largely reflecting rising price expectations in the US.

At +24% in June, the net balance of companies worldwide predicting a rise in business activity over the coming year was down slightly from +26% in February, thereby signalling a reduction in optimism regarding the year-ahead outlook for output. That said, the latest reading was in line with the average seen over the prior two years to signal broadly stable expectations.

Impacts of tariffs on the outlook varied across the different economies covered by the survey, and specific details can be found in the national press releases we publish alongside this global round up.

While sentiment overall was only slightly down from February's outlook survey, there were some more pronounced changes across the different economies covered, with a notable divergence between developed and emerging markets. Sentiment in the BRIC economies hit the joint-lowest since the pandemic,

Comment

Commenting on the Global Business Outlook survey data, Andrew Harker, Economics Director at S&P Global Market Intelligence, said:

“Employment and investment intentions at companies around the world largely remained subdued midway through 2025 as uncertainty around tariffs and their impact means that firms are reluctant to commit to new spending at the current time. As greater clarity around trade policy emerges, firms will hopefully be better able to firm up their plans.

“The picture around inflation expectations is particularly intriguing. While forecasts around non-staff costs are at their lowest since the COVID-19 pandemic, this was not the case in terms of firms' own selling charges, with US companies in particular revising up their expectations of price rises.

“At a time of flux, companies kept their expectations for output broadly in line with where they have been over the past couple of years, maintaining a holding pattern in the hope of more amenable economic conditions to come as we enter the second half of the year."

dropping in all four economies. The UK, Germany and France meanwhile posted the most marked improvements in confidence in June, with optimism in Germany the highest since February 2022. On the other hand, optimism in Ireland fell sharply, while both Brazil and Japan posted the lowest confidence since the COVID-19 pandemic. Sentiment was also down in the US, but only slightly.

The modest overall downgrade to global sentiment reflected weaker confidence in both the manufacturing and services sectors.

Analysis of responses provided by companies showed that a higher proportion of firms mentioned that demand conditions were a threat to the outlook rather than an opportunity for the first time since late-2020.

On prices, the non-staff costs net balance dropped to +22% in June and was the lowest since October 2020. Expectations of a slowdown in inflation on this measure were widespread, with only Italy and Ireland seeing a rise in their respective net balances. The staff costs net balance ticked up, however, to +33% from +32% in February.

Output price expectations were revised up slightly from the previous outlook survey, with the net balance ticking up to +24%, the highest since February 2023. Here though, the upward movement largely reflected raised price expectations in the US, where the net balance rose sharply to the highest since late-2022. Elsewhere, output price expectations were unchanged in the Eurozone, and fell in the UK, Japan and in emerging markets.

Although companies globally continued to forecast rises in employment over the coming year, sentiment in June remained muted and was unchanged from the post-pandemic low seen in February (net balance: +8%) as firms remained cautious in the face of tariff uncertainty. Sentiment around workforce numbers was more positive in the euro area, UK and Japan, but ticked lower in the US and across emerging markets where firms in mainland China anticipate a fall in employment.

Subdued investment plans were also evident at the mid-point of 2025. The R&D expenditure net balance was unchanged at +3% in June. Manufacturers continued to be more likely to predict investment in R&D than service providers (net balance +8% versus +2%), but services did at least post positive forecasts following a neutral outlook in February. Renewed optimism was seen in the US and Germany, but R&D is predicted to fall in the UK, France and India.

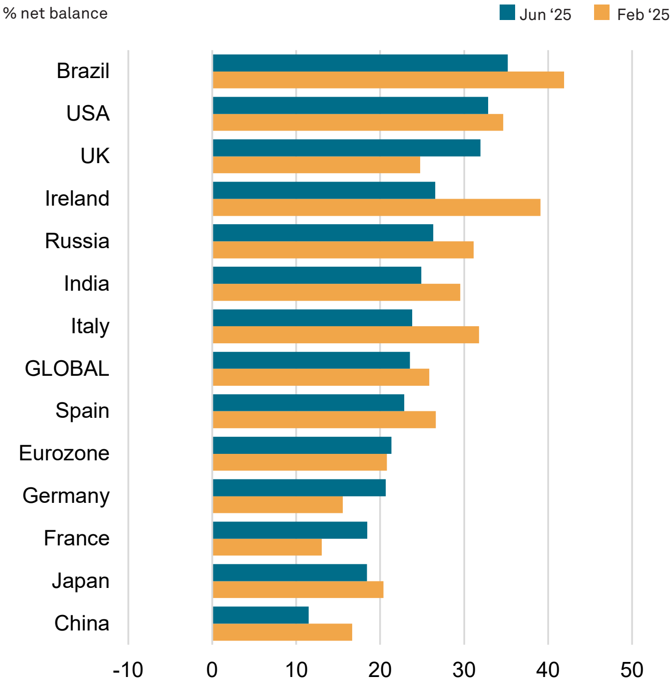
Meanwhile, the capital expenditure (capex) net balance ticked up to +8% in June from +6% in February amid greater optimism in the service sector.

Companies were less optimistic regarding profits forecasts than they were at the start of the year. At +8% in June, the net balance was down from +11% and the lowest since the October 2022 survey. Confidence dropped across both the manufacturing and services sectors.

The overall reduction in confidence around profitability was centred on emerging markets, with mainland China predicting an outright fall in profits. The US also saw a drop in optimism. Profits expectations improved slightly in the Eurozone, with the net balance the highest since early-2022, while in the UK the net balance returned to positive territory.

Global Business Activity expectations

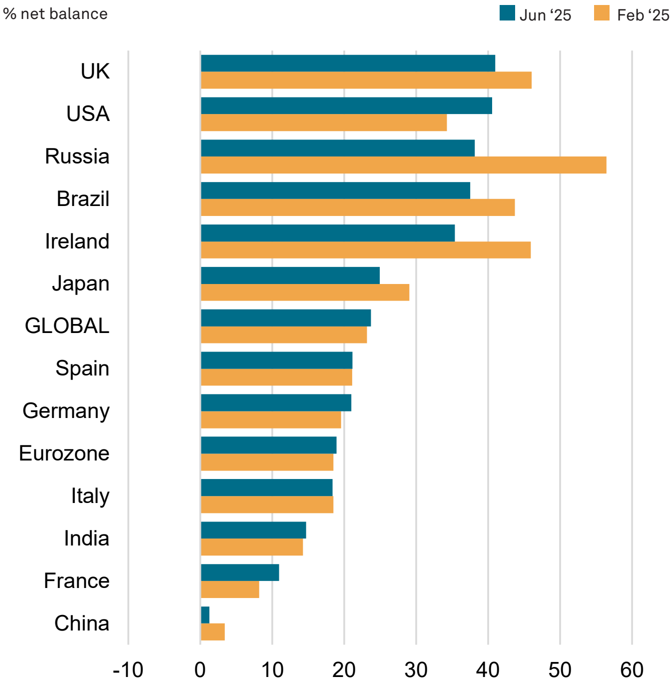
% net balance



Source: S&P Global PMI.

Global Output Prices expectations

% net balance



Source: S&P Global PMI.

Full data available on request from economics@spglobal.com.

Survey methodology

The Global Business Outlook Survey for worldwide manufacturing and services is produced by S&P Global and is based on a survey of around 12,000 manufacturers and service providers that are asked to give their thoughts on future business conditions. The reports are produced on a tri-annual basis, with data collected in February, June and October.

Interest in the use of economic surveys for predicting turning points in economic cycles is ever increasing and the Business Outlook survey uses an identical methodology across all nations covered. It gives a unique perspective on future business conditions from Global manufacturers and service providers.

The methodology of the Business Outlook survey is identical in all countries that S&P Global operates. This methodology seeks to ensure harmonization of data and is designed to allow direct comparisons of business expectations across different countries. This provides a significant advantage for economic surveillance around the globe and for monitoring the evolution of the manufacturing and services economies by governments and the wider business community.

Data collection is undertaken via the completion of questionnaires three times a year at four-month intervals. A combination of phone, website and email are used, with respondents allowed to select which mechanism they prefer to use.

The Business Outlook survey uses net balances to indicate the degree of future optimism or pessimism for each of the survey variables. These net balances vary between -100 and 100, with a value of 0 signalling a neutral outlook for the coming 12 months. Values above 0 indicate optimism amongst companies regarding the outlook for the coming 12 months while values below 0 indicate pessimism. The net balance figure is calculated by deducting the percentage number of survey respondents expecting a deterioration/decrease in a variable over the next twelve months from the percentage number of survey respondents expecting an improvement/increase.

Questionnaires are sent to a representative panel of around 12,000 manufacturing and services companies spread across the global economy*. Companies are carefully selected to ensure that the survey panel accurately reflects the true structure of each economy in terms of sectoral contribution to GDP, regional distribution and company size. This panel forms the basis for the survey. The current report is based on responses from around 7,600 firms.

** The countries with manufacturing and service sector surveys are Brazil, China, France, Germany, India, Italy, Japan, Russia, Spain, the Republic of Ireland, the UK and the USA. Manufacturing data are collected for the Netherlands, Austria, Greece, Poland and the Czech Republic.*

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