News Release

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S&P Global Business Outlook

Global business sentiment picked up prior to the outbreak of war in the Middle East

Key findings

Sentiment globally at one-year high in February

Manufacturing confidence strongest in three years

Firms in eurozone and India much more optimistic at start of 2026

Hiring plans slip and remain among the weakest on record

Output price inflation expectations stubbornly elevated

The S&P Global Business Outlook Survey – based on responses from a panel of 12,000 companies – showed a slight improvement in business optimism at the start of 2026, with sentiment in February hitting a one-year high. The eurozone and India in particular saw marked improvements in the outlook for business activity.

Despite stronger sentiment regarding output, optimism around hiring was the joint-lowest in the survey's history, with the sole exception of during the COVID-19 pandemic. As a result, staff cost inflation is expected to soften, but forecasts around non-staff input prices and output charges were slightly higher than in late-2025.

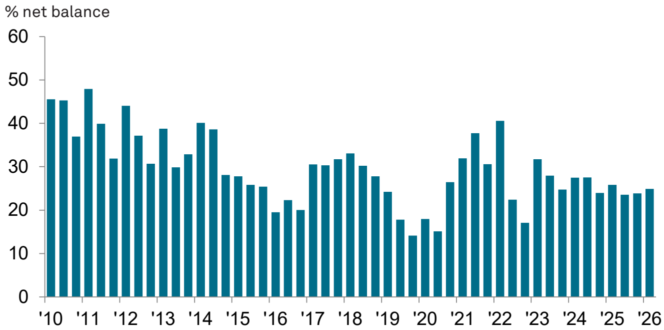
The latest survey was conducted between the 4th and 25th February, and therefore just prior to the actual outbreak of war in the Middle East.

The net balance of companies worldwide predicting a rise in business activity over the coming year ticked up to +25% in February following a reading of +24% last October. Although up only slightly, sentiment was the highest for a year.

The overall improvement in optimism was centred on manufacturers, where confidence strengthened markedly to the highest in three years. Manufacturing sentiment was also above that seen for services for the first time since the February 2021 outlook survey, with services confidence unchanged from that seen in October 2025.

Looking geographically, there was a solid improvement

Global Business Activity expectations



Source: S&P Global PMI.
Data were collected 04-25 February 2026.

Comment

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

"February's Global Business Outlook survey indicated that worldwide business confidence had picked up before the outbreak of war in the Middle East. In particular, firms in the eurozone and India were increasingly optimistic in the year-ahead outlook, and manufacturers globally were at their most confident in three years.

"This increased optimism has now been thrown into doubt, however. Depending on how long the war persists, we could see disruption to oil and gas supply hit business operations and push up costs, with central banks likely to be reticent to make any more downward movements in interest rates until the war impact becomes clearer. The first indications of how the war is affecting global business will be seen with the flash PMI releases from S&P Global later this month.

"Even before the outbreak of war, the picture around employment globally remained subdued, with little sign that any improvements in output were expected to lead to more meaningful job creation. In fact, only during the COVID-19 pandemic have we seen lower sentiment around hiring than we saw in February's survey. One upside is that the focus on cost reductions had helped drive profit expectations to the joint-highest for four years, with the implied increase in productivity running at one of the highest seen for over a decade."

in business confidence in the eurozone, where optimism hit a four-year high on the back of much stronger outlooks in Germany and France. Firms in India were also more confident in output growth over the coming year, with sentiment there the highest since October 2014. Elsewhere, predictions for output growth were generally broadly in line with those seen towards the end of last year barring a slipping of confidence in mainland China.

Despite stronger global sentiment around business activity, hiring plans weakened in February. In fact, at +7% the employment net balance was the joint-lowest on record outside the COVID-19 pandemic, equal with that seen in October 2019. Expectations regarding workforce numbers remained muted across both the manufacturing and service sectors.

Employment expectations improved in the eurozone, UK and India, were unchanged in mainland China and worsened elsewhere.

Alongside the picture for employment, expectations around increases in investment also remained weak in early-2026, although the respective net balances for capital expenditure (capex) and research & development (R&D) investment did at least pick up to +7% and +5% respectively.

Upwards revisions to R&D investment plans were particularly noticeable in the US, where renewed optimism around R&D spending was recorded to push expected spending growth to a three-year high. Spain and France also saw spending expectations rise solidly, although in France R&D spending is still only set to remain unchanged over the coming year.

In terms of capex, again the US saw spending plans improve more quickly than elsewhere, with unchanged expectations seen in the eurozone, Japan and across the BRIC economies. Only the UK and Germany reported further falls in expected capex.

With hiring plans remaining subdued globally, companies predicted a softening of staff cost inflation over the coming year. In fact, the staff costs net balance dropped to a five-year low of +31% in February.

While staff cost inflation looks set to ease over the next 12 months, expectations around non-staff costs increased slightly in February, with the net balance rising to +25%. Non-staff input price inflation predictions in the US rose to the highest since the October 2022 outlook survey.

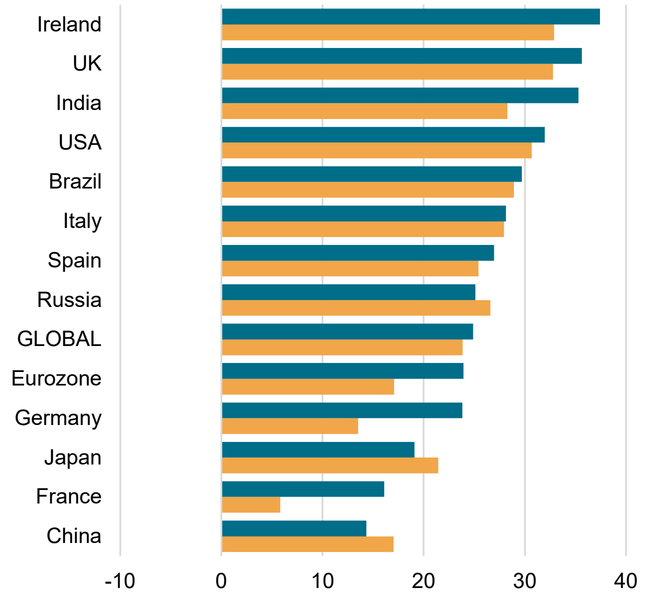
In line with the picture for non-staff costs, the output prices inflation expectations ticked up in February, with the net balance posting +24% and its joint-highest for three years. This rise was centred on the manufacturing sector, where the net balance was the highest since October 2022. Meanwhile, expectations around charges among service providers were unchanged from the previous outlook survey.

Stronger increases in output prices were predicted in the US, India and mainland China, while softer inflation was forecast in the eurozone, UK, Japan, Brazil and Russia.

Finally, the outlook for profits across companies worldwide improved in February, with the net balance rising to +12%, the highest in two years. Stronger sentiment around profits was seen in the US, UK, India and the euro area, with eurozone firms optimistic following slightly negative sentiment in the previous outlook survey.

Global Business Activity expectations

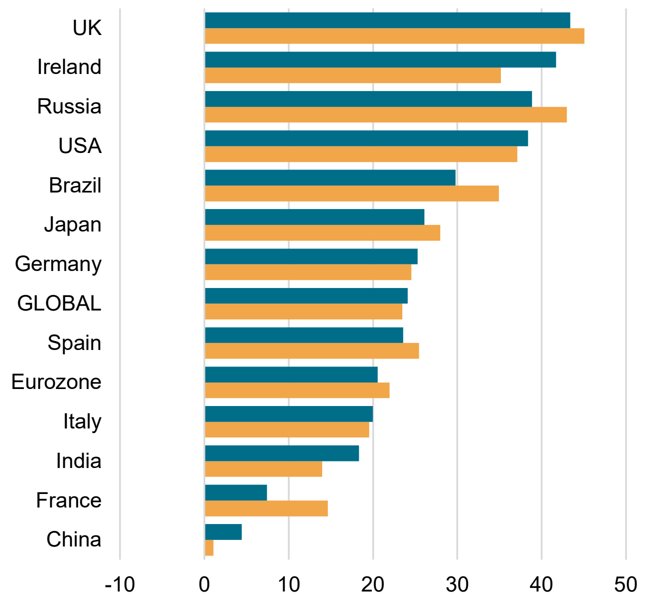
% net balance



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 7,800 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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