Perspectives
Economics

September 2026

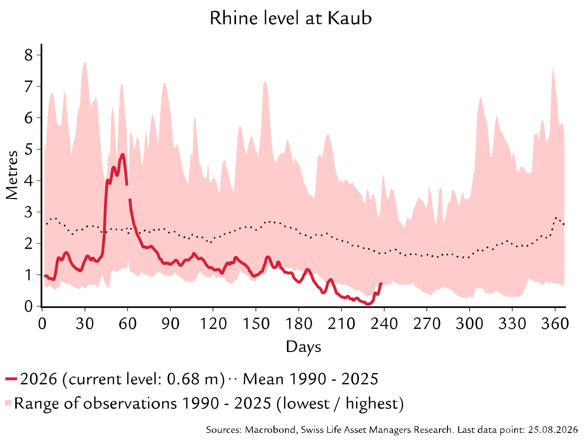
Key takeaways

Comparison of forecasts

	2026 GDP growth		2027 GDP growth		2026 inflation		2027 inflation	
	Swiss Life	Consensus	Swiss Life	Consensus	Swiss Life	Consen-	Swiss Life	Consen-
USA	2.1%	2.2% ↑	2.0%	2.2% ↑	3.3%	3.3% ↓	2.3%	2.3% ↓
Eurozone	0.8%	0.7% ↑	1.2%	1.2%	2.8% ↑	2.8% ↑	1.9% ↑	2.3% ↑
Germany	1.0%	0.8% ↑	1.3%	1.1%	2.7% ↑	2.7%	2.0% ↑	2.3%
France	0.7% ↓	0.6%	1.2%	0.9%	2.0% ↑	2.1%	1.6% ↑	1.8% ↑
Italy	0.9%	0.7% ↑	0.8%	0.7% ↑	2.7%	2.8%	1.6%	2.1%
Spain	2.4%	2.5% ↑	1.8%	1.9%	3.2% ↑	3.2%	1.8%	2.5% ↑
United Kingdom	1.1% ↑	1.0% ↑	1.0%	1.0%	3.0%	3.1%	2.1%	2.7%
Switzerland	1.9% ↑	1.1%	1.4% ↑	1.3%	0.4%	0.5% ↓	0.8%	0.7%
China	4.5% ↓	4.6% ↓	4.7%	4.5%	0.8% ↓	1.0%	1.1%	1.1%

Arrows indicate change from previous month. Source: Consensus Economics Inc., London, 13 August 2026

Chart of the month



The last few weeks have been particularly hot in Europe, with little rainfall. The closely-monitored water level of the Rhine at Kaub briefly fell below ten centimetres in mid-August, causing freight transport on the Rhine to come to a near standstill. This triggered concerns in particular for the German chemical industry, which is heavily dependent on the Rhine transport route, and temporarily pushed fuel prices higher. In the meantime, the situation has eased somewhat. Nevertheless, the European purchasing managers' indices for manufacturing do not signal a slowdown. Instead, they painted a robust picture in August, including in Germany.

USA

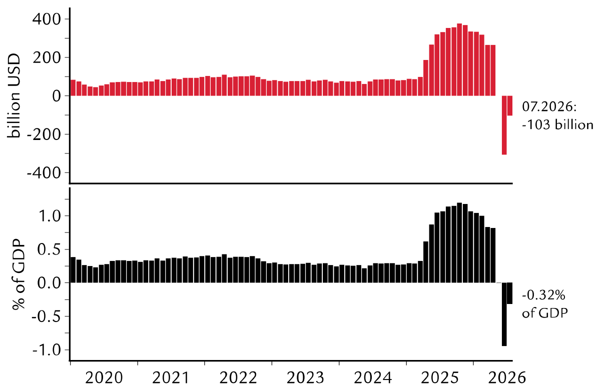
Fiscal worries have grown

Although US key interest rates have remained unchanged so far this year, overall US financial conditions have become somewhat looser. The equity market boom and recently the weaker USD have contributed to this. One exception is the rise in long-term interest rates, which has significantly tightened financial conditions in the US mortgage market this year. The interest rate on a 30-year mortgage, the standard vehicle used to finance US homes, has risen to 6.7%. Housing market data in the US remains correspondingly weak, and the high interest rates are also a political mortgage for the government. The rise in long-term interest rates reflects not so much inflation concerns as rising real interest rates due to the precarious fiscal situation, which monetary policy can do little to address. The US Treasury Secretary is trying to limit long-term interest rates by buying back long-term bonds financed by issuing short-term securities. This provides short-term relief at best but does not solve the problem of structural deficits. The fiscal situation is temporarily deteriorating due to repayments of illegally imposed tariffs (see chart). We also do not believe that there is a realistic political scenario for the upcoming mid-term elections that would lead to a tightening of fiscal policy, justifying a corresponding risk premium for US government bonds.

US Federal Reserve adopts a wait-and-see approach

Headline and core inflation fell further in July, to 3.4% and 2.5%, respectively. This means that, although the figures are above the Federal Reserve's 2% target, the momentum over the past three months has probably been weak enough for the Fed to leave key interest rates unchanged and first await the outcome of methodological changes to the inflation data, the findings of the working groups that have been established and further geopolitical developments.

US federal government receipts: customs duties (annualised)



Sources: Macrobond, Swiss Life Asset Managers. Last data point: 07.2026

Eurozone

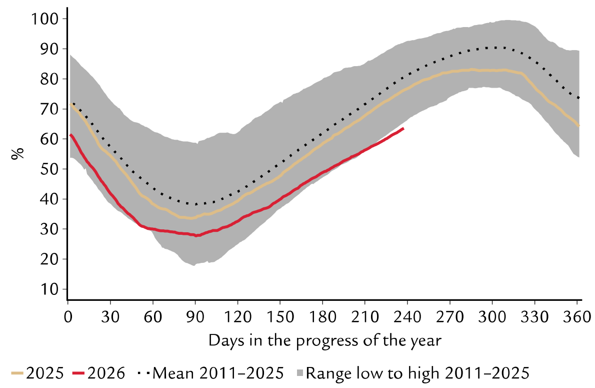
Gas prices back in focus

The energy situation remains tense. European gas storage stocks have fallen to their lowest summer level in almost two decades, as a result of the impact of the Iran war and intensified global competition. At the same time, gas prices have risen again. What matters now is how strongly this development affects inflation in the eurozone. The energy component of the eurozone consumer price index performs very differently across member states, both in terms of the speed and extent to which higher energy prices are passed on. This is due to differences in the energy mix, regulatory framework conditions, tariff structures and state interventions. In Spain, higher wholesale gas prices have an almost direct impact on consumer prices. As a result, the country has the highest energy inflation amongst the four largest economies in the eurozone at 10.1% in July. In Germany, by contrast, price changes are passed on with a significant delay, as utilities often procure gas and electricity through forward contracts entered into over the previous 12 to 24 months. Due to the recent increase in gas prices, we have raised our energy inflation forecast slightly and thus also revised upwards our inflation forecast for this year. For 2027, however, we still expect inflation to be significantly lower than consensus, as we do not expect significant second-round effects.

Manufacturing signals resilience

Despite higher energy prices, the Purchasing Managers' Index (PMI) for manufacturing does not indicate a deterioration in sentiment. On the contrary, it increased significantly in August. Another positive sign is that the improvement is broad-based and extends across several sub-components.

Europe: gas storage (% full)



Sources: Macrobond, Swiss Life Asset Managers. Last data point: 25.08.2026

Germany

Stronger-than-expected exports boost economy
The German economy is continuing its recovery. Second-quarter growth was recently corrected upwards to 0.3%, meaning that the German economy has grown robustly for the third consecutive quarter – despite higher energy prices and geopolitical uncertainty. However, the composition of this growth is noteworthy. At the beginning of the year, we expected rising real wages, falling inflation and a stabilisation of the construction industry to make the domestic economy the most important growth driver. In fact, most of the momentum in the first half of 2026 stems from foreign business. The chemical industry and manufacturers of electrical equipment, in particular, were able to increase their production. While exports surprised positively, the domestic economy disappointed. Private consumption remained subdued due to increased uncertainty despite rising incomes. The weakness in investment is even more striking: investment in equipment declined despite growing economic output. In addition to geopolitical risks, doubts about the medium-term competitiveness of Germany as a business location are also likely to play a role. The upswing thus remains dependent on foreign demand. The decisive factor will be the extent to which the impetus from exports and government investment will also extend to consumption and investment in the future.

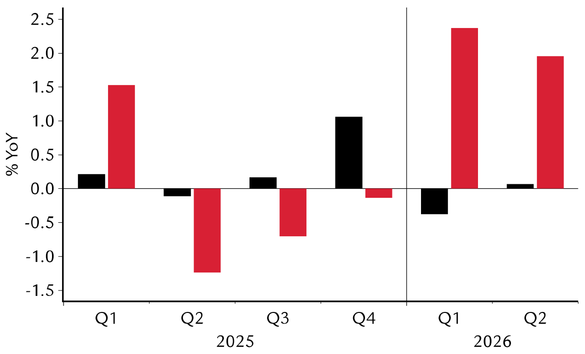
Gas prices remain low, but price pressure is mounting
Since the start of the Iran war, inflation has been driven almost exclusively by more expensive oil products, while gas prices even fell slightly thanks to long-term purchase contracts. Due to the empty storage facilities and the continuing closure of the Strait of Hormuz, we also expect a significant rise in gas prices in Germany in the coming months, which will create additional inflationary pressure in the medium term.

France

Robust manufacturing survey data
The multiple heat waves of recent weeks and a decline in visitors from the Middle East and Asia are weighing on service-sector businesses. The Purchasing Managers' Index (PMI) for the services sector has remained below the 50-point growth threshold every month since the start of the year. At the end of a memorable summer, however, survey data on the state of the manufacturing industry brought a few positive surprises. Both the manufacturing PMI and the business survey conducted by the statistical office INSEE showed an upward trend for August. Preliminary data for the PMI points to improved domestic demand. This paves the way for a slight acceleration in economic momentum in the third quarter, as weak growth in the first half of the year was mainly due to caution in the manufacturing sector. This is reflected in declining investment in equipment and inventory reductions. As a result of this caution, France's GDP stagnated in the first half of the year. We expect the gross domestic product to grow by 0.3% in each quarter of the second half of the year. The resulting growth forecast for the full year 2026 is slightly above consensus expectations. We contributed the most optimistic forecast to the Consensus Economics survey for 2027.

Inflation under control
Even if the economy is picking up speed, the expected growth rate over the coming quarters will remain below the long-term potential of the French economy. Apart from higher energy prices, this does not create serious inflationary pressure. The inflation rate will return to below 2% from March 2027.

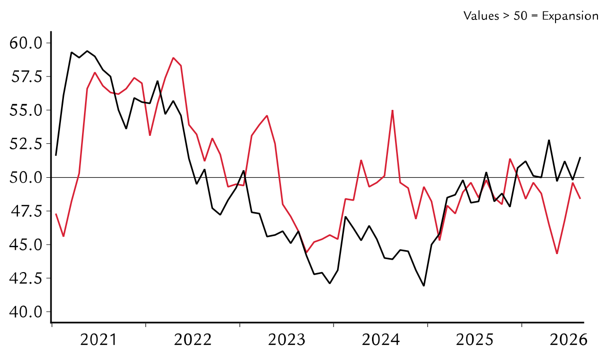
Germany: Domestic demand and exports



■Domestic Demand ■Exports

Sources: Macrobond, Swiss Life Asset Managers Research. Last data point: 2026 Q2

France: Purchasing Managers' Indices PMI



—Manufacturing sector —Services provider

Sources: Macrobond, HCOB, S&P Global, Swiss Life Asset Managers Research. Last data point: 08.2026

Italy

Booming labour market
The Italian labour market's success story continued in the first half of 2026. At 5.3%, the unemployment rate reached a new low in recent Italian history in May 2026. In June, it rebounded to 5.7%, but the data is quite volatile, and we see no evidence that the long-standing structural downward trend should come to a halt. The decline in the unemployment rate is largely driven by southern Italy at a regional level, broadly based across age groups and, encouragingly, is not the result of lower labour force participation, but of rising employment. Here, the construction sector continues to stand out as a driver of employment. There has been a changing of the guard on the investment side. The residential construction investment boom collapsed at the end of the "superbonus programme", which provided tax incentives for renovations, but has recovered since the end of 2024. By contrast, the momentum for other construction has slowed – probably because the NextGenEU programme is coming to an end.

Spain

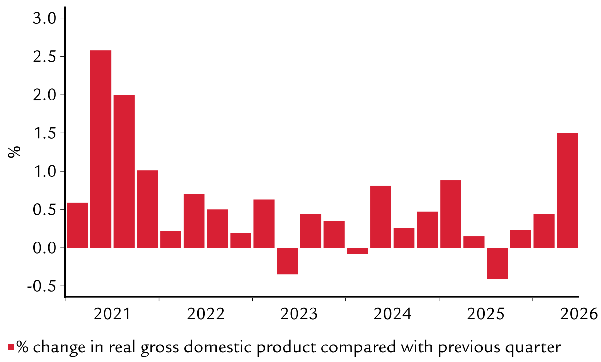
A successful start to the third quarter
Following strong growth in the second quarter, the third quarter also got off to a good start. The Purchasing Managers' Index for the services sector climbed to one of its highest levels in almost five years in July and at 58.3 is well above the expansion threshold of 50. One of the decisive factors was the strong rise in new business. According to the press release, companies hired additional staff given robust demand and positive business prospects. The Purchasing Managers' Index (PMI) for the manufacturing sector also rose in July and again exceeded the growth threshold at 50.2. However, the increase was mainly driven by a decline in the price components, while most sub-indices continue to point to weak fundamentals. Both production and incoming orders fell again. Survey respondents also pointed to the persistently high level of uncertainty, which had led to price and supply chain fluctuations. For Spain, we continue to expect robust economic growth of 2.4% in 2026, driven by strong private consumption and persistently high tourism revenues.

Switzerland

Strongest GDP growth since 2021
According to the flash estimate for Switzerland's real GDP ("flash GDP") published by the State Secretariat for Economic Affairs (SECO), the Swiss economy is expected to grow by 1.5% in the second quarter of 2026. Growth is thus much stronger than expected. This estimate by SECO is the result of experimental statistics based on available data on the production side. It therefore says something about the source of growth, which is mainly to be found in the strong increase in production in the chemical and pharmaceutical sectors. On 3 September, we will know from data on the expenditure side where the increase in production went (domestic consumption, exports, investment or inventory build-up). Only then can the quality and sustainability of this growth surge be better assessed. There is a need for clarification, for example, regarding whether the high pharmaceutical production is due to renewed front-loading effects as companies fear tariff measures by the US. However, it can be assumed that the domestic economy will continue to be supported by the SNB's expansionary monetary policy. For the time being, the available data has prompted us to significantly revise upwards our growth forecast for the full year 2026. However, the rapid pace of the second quarter will not be maintained.

Still no signs of inflationary pressure
The recent economic growth is above our estimate of the growth potential of the Swiss economy. If domestic demand were to continue to grow at this rate, it would result in signs of overheating. In such a scenario, inflation risks should be considered. However, we still do not see any. Second-round effects in response to higher energy prices have so far failed to materialise at both producer and consumer levels.

Switzerland: Flash GDP (SECO flash estimate of GDP growth, adjusted for effects of sporting events)



Sources: Seco, Macrobond, Swiss Life Asset Managers Research. Last data point: 2026 Q2

United Kingdom

Second quarter surprised on the upside

The UK economy grew more strongly in the second quarter than we had expected. GDP grew by 0.4% compared with the previous quarter, driven exclusively by the services sector, while industrial production stagnated. On the expenditure side, private consumption made the largest contribution to growth. At the same time, business investment also picked up significantly. Investment in information and communication technologies (ICT) was particularly dynamic. According to the national statistics office, this was mainly due to higher investment in hardware, which could indicate increased investment in artificial intelligence. Against the backdrop of strong Q2 data, we have slightly raised our forecast for GDP growth in 2026 to 1.1%. For the second half of the year, however, we expect a certain slowdown compared to the first half of the year, as higher inflation is likely to curb private consumption somewhat. At the same time, upside risks to our forecast remain, supported by robust sentiment in the manufacturing and services sector. The Purchasing Managers' Indices remained clearly in expansionary territory in August.

Inflation likely to remain stubborn

Inflation rose in July as expected, but at 2.9% was slightly below our forecast. Compared to June, the rise was mainly due to the previously announced increase in the energy price cap. Core inflation also picked up, driven by higher prices for core goods and services. Services inflation in particular remains stubborn. For the rest of the year, we expect inflation to hover around 3% amid persistently high energy prices.

China

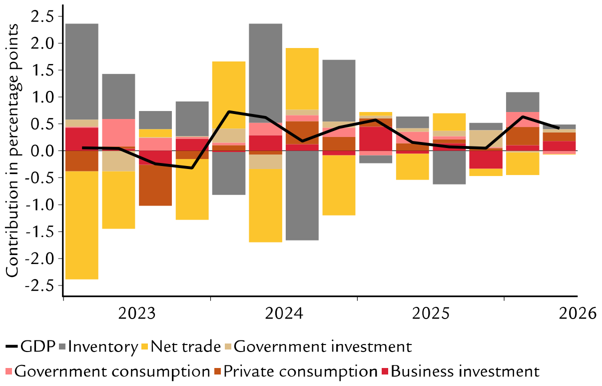
Shared momentum

China's economy remains shaped by a K-shaped development. While production in the high-tech sector grew by just under 17% in July and investment in high-tech industries rose by 5% in the first seven months of the year, exports also boomed. However, the strength of the tech sector is not enough to offset the weakness of the rest of the economy. Accordingly, July data on consumption, investment and industrial production disappointed across the board. The ongoing correction on the real estate market remains a negative factor. This is compounded by the impact of oil supply disruptions following the closure of the Strait of Hormuz, which led to lower refinery utilisation and lower infrastructure investments. We do not expect a rapid turnaround and have therefore lowered our GDP growth forecast for this year to 4.5%. Nevertheless, we expect some weaknesses to gradually stabilise. Since August, China has eased export restrictions on refined oil products, which is expected to help refinery production recover. In addition, given the weak cyclical momentum, policymakers are pushing ahead with the use of the remaining fiscal funds, which are mainly being used for infrastructure projects. The positive effects are likely to become visible from the fourth quarter onwards.

Disinflationary pressure remains

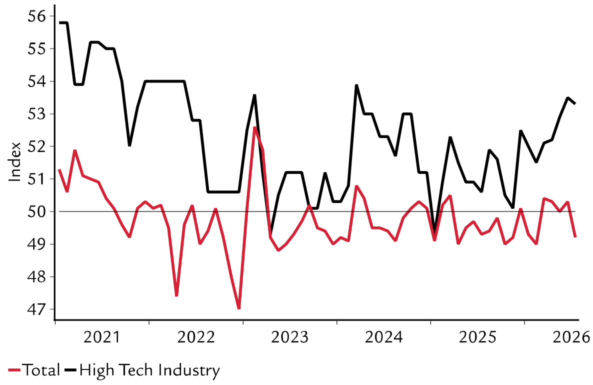
We have revised our inflation forecast for this year down to 0.8%. While some AI-related industries have some price setting power, these sectors are too small to offset broad-based disinflationary pressures stemming from weak domestic demand.

United Kingdom: contributions to real GDP growth



Sources: Macrobond, Swiss Life Asset Managers. Last data point: 2026 Q2

China: NBS Manufacturing PMI



Sources: Macrobond, Swiss Life Asset Managers Research. Last data point: 07.2026

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2025 ConsensusEconomics FORECAST ACCURACY AWARDS FRANCE

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