Perspectives

Economics

SwissLife Asset Managers

November/December 2026

Key takeaways

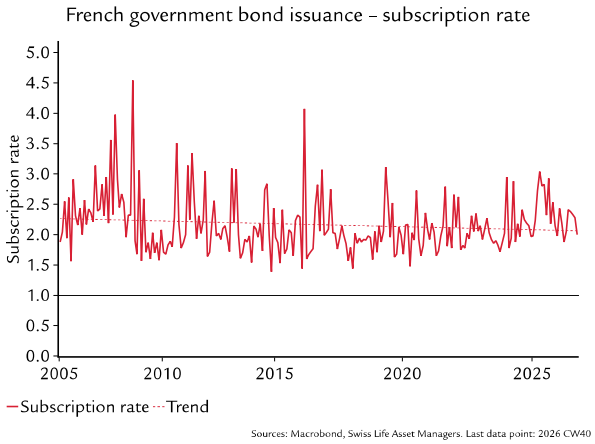
– USA: growth is being driven not only by AI but is becoming increasingly broad-based. *p. 2*
– Germany: robust growth despite a difficult situation *p. 3*
– France: rising interest rates are impacting the private sector *p. 3*
– Switzerland: appreciation of the franc is slowing imported inflation *p. 4*
– United Kingdom: no surprises in autumn budget, growth remains robust for the time being *p. 5*
– China: new infrastructure programme helps revive subdued investment activity *p.5*

Comparison of forecasts

	2026 GDP growth		2027 GDP growth		2026 inflation		2027 inflation	
	Swiss Life	Consensus	Swiss Life	Consensus	Swiss Life	Consensus	Swiss Life	Consensus
USA	2.3% ↑	2.3% ↑	2.3% ↑	2.2% ↑	3.4%	3.4% ↑	2.3%	2.5% ↑
Eurozone	1.1% ↑	1.0%	1.4% ↑	1.3%	3.0% ↑	3.0% ↑	2.1% ↑	2.7% ↑
Germany	1.1% ↑	1.2% ↑	1.3%	1.2%	2.8% ↑	2.7%	2.3% ↑	2.6% ↑
France	0.3% ↓	0.4% ↓	0.7% ↓	0.7% ↓	2.2% ↑	2.2%	1.6% ↑	2.1% ↑
Italy	0.8% ↓	0.9% ↑	0.8%	0.7%	3.3% ↑	3.0% ↑	2.3% ↑	2.4% ↑
Spain	2.5% ↑	2.6% ↑	1.9% ↑	2.0%	3.6% ↑	3.6% ↑	2.4% ↑	2.9% ↑
United Kingdom	1.4% ↑	1.3% ↑	1.1% ↑	1.1%	3.1% ↑	3.2% ↑	2.3% ↑	3.1% ↑
Switzerland	2.0% ↓	2.2% ↑	1.1% ↓	1.5% ↑	0.7% ↑	0.6%	0.8% ↑	0.8% ↑
China	4.6% ↑	4.6%	4.7%	4.5%	0.9%	0.9%	1.1%	1.0% ↓

Arrows indicate change from previous month. Source: Consensus Economics Inc., London, 15 October 2026

Chart of the month



Sources: Macrobond, Swiss Life Asset Managers. Last data point: 2026 CW40

Rising concerns about France's fiscal outlook have pushed government bond yields higher, with France now paying 5% interest on a 10-year bond. This also impacts the financing costs for private-sector borrowers. There is currently no plausible scenario in which France's sovereign debt ratio will fall below its current level of 116% of gross domestic product over the next three years. Despite higher borrowing costs, France continues to enjoy strong investor demand, with its latest government bond issuance oversubscribed two-fold.

USA

The economy is booming

According to the first estimate, US GDP growth accelerated further from 0.6% in the second quarter to 0.8% in the third quarter (non-annualised quarter-on-quarter growth). Encouragingly, the print indicated that growth is becoming increasingly broad-based and not only driven by the AI boom. Business investments outside the AI sector, which were extremely weak in 2024 and 2025, grew moderately again. Residential construction remains the weakest area of investment, continuing to suffer from high interest rates and contracting again in the third quarter. The sector remains in recession, with residential construction investment declining almost continuously since the second quarter of 2024, interrupted by only two quarters of growth. Private consumption delivered the largest contribution to growth, advancing by 0.9%, unchanged from the prior quarter. This is surprising, given elevated inflation and mixed labour market and wage data. In our view, this resilience in consumer spending is being supported by wealth effects stemming from this year's AI-driven equity market rally. Overall, the figures have prompted us to revise our growth forecasts higher.

Inflation is more broad-based

Inflation surprised to the upside in September and became more broad-based. Inflationary pressures extended beyond energy, with a broad-based increase in the prices of goods and services pushing core inflation slightly higher than expected, from 2.5% to 2.6%. From a monetary policy perspective, it is encouraging that the US labour market is not overheating and wage growth is still on a cooling trend. We have left our inflation forecasts unchanged and only expect a gradual rise in US key interest rates.

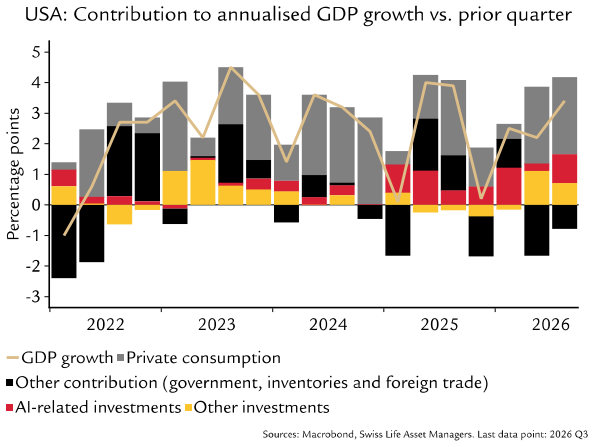
Eurozone

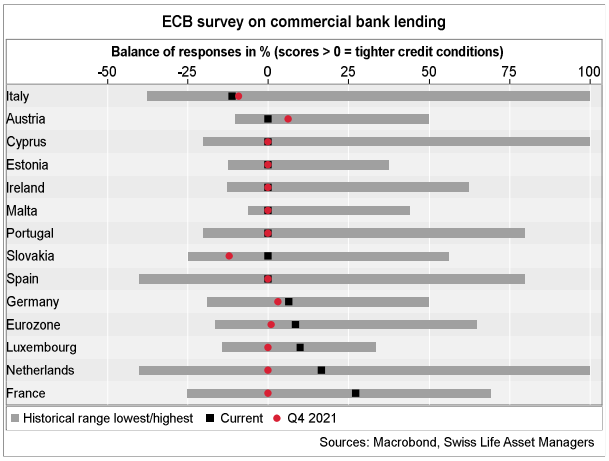
GDP growth shows major regional differences

The eurozone economy recorded surprisingly strong third-quarter growth of 0.4% compared to the previous quarter. Excluding Ireland's volatile and difficult-to-predict contribution, growth came in at 0.2%, exactly in line with expectations. The picture for the individual member states is mixed: Germany (+0.2%) and Spain (+0.6%) grew, while France (-0.1%) contracted and Italy stagnated. Pan-European growth is thus extremely robust despite geopolitical uncertainty and high energy prices.

Credit conditions tighten

Eurozone inflation was slightly higher than expected in September, at 3.8%. The increase was driven mainly by the energy component, while services inflation also rose slightly. The latter was mainly due to the volatile components of package holidays, accommodation and airfares, rather than wage-sensitive sectors. Core inflation rose only slightly to 2.5% (up from 2.4% in August), which does not indicate pronounced second-round effects. As expected, the ECB left its policy rate unchanged at its latest meeting. A regular ECB survey of banks in the eurozone shows tighter credit conditions and declining credit demand for the third quarter of 2026. This is likely to be another reason for the ECB's cautious stance on further rate hikes. Banks cited higher risk perception and lower risk appetite as the reasons for the tighter credit conditions. Once again, there is notable dispersion within the eurozone: while credit conditions in France have tightened noticeably due to recent developments, they have eased in Italy.





Germany

Robust growth despite difficult situation

German third-quarter GDP growth surprised to the upside at 0.2%. This is a strong result in view of the unfavourable conditions: higher inflation weighed on purchasing power, low water levels on the Rhine disrupted goods transport and less expected support from foreign trade (as seen in monthly figures) following its strong growth contribution in the first half of the year. Consumption and the labour market also continued to signal weakness. Growth therefore suggests significant industrial momentum in the third quarter.

Leading indicators for October imply that economic momentum is continuing into the fourth quarter. Industry sentiment remains robust: according to the ifo Business Climate and the Purchasing Managers' Index, corporates still rate their situation and business prospects as positive. Capacity utilisation also supports a strong fourth quarter. This has been increasing slowly in all major industrial groups since 2024, but has now jumped for capital goods (see chart). Together with strong new orders, this suggests accelerating momentum in capital goods and indicates that higher fiscal spending is having a broader impact on the economy. The outlook remains more uncertain for services as well as construction and property-related areas, which are suffering more from higher interest rates.

Temporary relief in energy prices

Thanks to the fuel discount, consumer prices fell slightly in September. This relief is likely to remain short-lived: the fuel discount is temporary, and the prices of various energy sources reached new highs in October, which will further increase future inflation. That said, there is little evidence of this being passed through to non-energy prices.

France

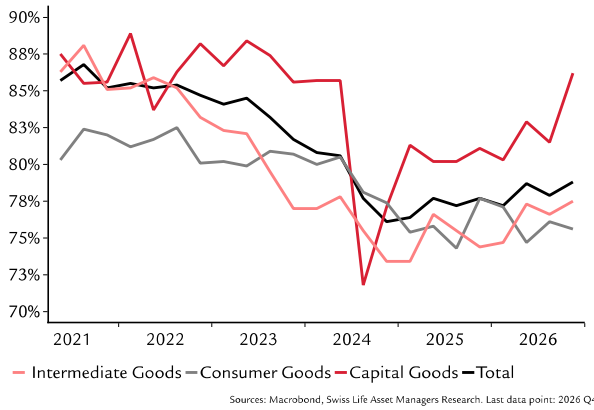
A lost year

Even before the outbreak of the current wave of protests, France's economy was stagnating. Following very weak growth in the first half of the year and contrary to expectations, gross domestic product contracted in the third quarter, according to preliminary figures. Hopes of catch-up effects following the production losses caused by widespread forest fires and restrictions on tourism did not materialise. Investments by the private and public sector were particularly weak. Clearly, higher interest rates and increased financing costs are already weighing on economic activity. According to an ECB survey, French banks have restricted their lending practices significantly more than their European competitors since the start of the year (see p. 2). The decline in export demand was also surprisingly sharp, meaning that France is hardly benefiting from the cyclical upturn in the global economy. The outlook leaves little room for confidence in the short term. In the wake of worsening domestic political sentiment, consumer confidence dropped in October to its lowest level since June 2013. The results of the latest survey of purchasing managers in the manufacturing sector also reveal a slump in domestic orders in October.

Expensive energy, falling prices for processed goods

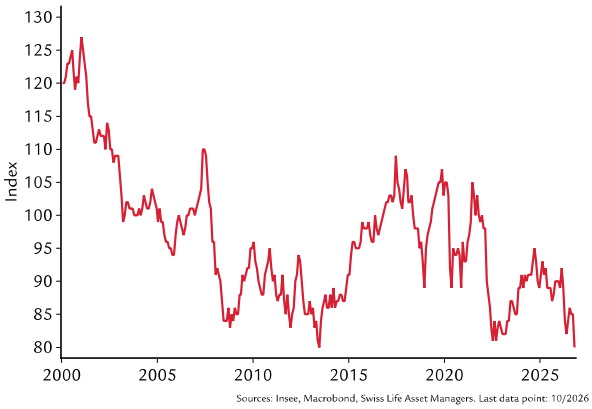
The inflation rate was 3.4% in October. Energy prices, which rose by 24.1% compared to the previous year, are mainly responsible for the increase. The 8% increase in perishable food prices was due to the drought. The development of other goods prices is completely opposite: the basket of processed consumer goods such as clothes and electronics was recently cheaper than a year ago.

Germany: capacity utilisation in manufacturing



Sources: Macrobond, Swiss Life Asset Managers Research. Last data point: 2026 Q4

France: consumer sentiment



Sources: Insee, Macrobond, Swiss Life Asset Managers. Last data point: 10/2026

Italy

Weak growth and high inflation

According to the first estimate of gross domestic product, the Italian economy stagnated in the third quarter of 2026. The scale of the weakness is surprising and prompted us to revise our annual GDP forecast for 2026 downward from 0.9% to 0.8%. According to the media release by the Istat statistical office, the weakness was due to exports, while domestic demand contributed positively to growth despite higher inflation. We are leaving our growth forecast unchanged at 0.8% for 2027. Inflation rose significantly in the third quarter and according to initial estimates reached 5.4% in October, the highest level since August 2023. The concerning aspect of the October data is the fact that core inflation has increased significantly, from 1.7% in the previous month to 2.0%. Unfortunately, no further details were available at the time of writing, but the print suggests that the energy price surge is triggering initial second-round effects. We are raising our inflation forecasts for both 2026 and 2027 significantly to 3.3% and 2.3% respectively.

Spain

Early elections overshadow strong economic activity

In Spain, early parliamentary elections will be held on 29 November. This marks the end of the minority government of Pedro Sánchez, who has held the office of prime minister since 2018. The early elections were triggered by protests over rising housing costs and what many viewed as an inadequate government response to a challenge that has long dominated Spanish. From a fiscal point of view, a majority government would be in a better position to pass a budget. Spain has not had an officially approved annual budget for three years. The economy is going to the elections with strong momentum. GDP data for the third quarter confirm that economic activity remains on firm footing. With growth of 0.6%, Spain is continuing its strong trend, supported by still robust domestic demand. We are therefore raising our growth forecast for 2026 to 2.5%. At the same time, inflation remains high. Consumer prices were 4.9% above the previous year's level. Although this was expected, it is likely to continue to have a noticeable impact on consumers.

Switzerland

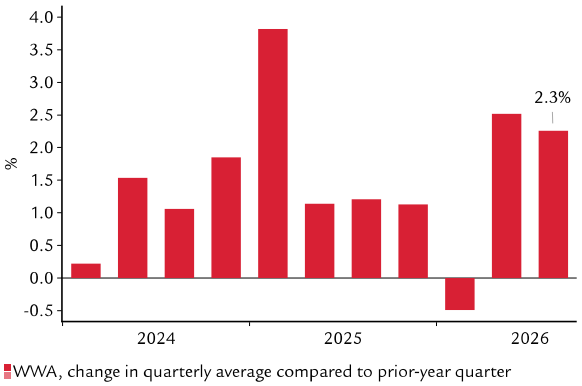
GDP contracted in the third quarter

It became clear in the previous month that the record-high second-quarter growth would be followed by a setback. Evidence now available to support this assumption. SECO's Index of Weekly Economic Activity (WEA) is now available for the entire third-quarter period. Adjusted for the effects of licensing income from international sports federations, the WEA generated impressive GDP growth of 2.3% year-on-year (see chart). However, an approximate calculation of quarterl-on-quarter growth results in a slight contraction in real GDP between July and September. We are including this information in our new forecast for average GDP growth in 2026 and lowering it to 2.0%. A preliminary estimate of gross domestic product for the third quarter will be published on 16 November. Despite the economic tailwind, we still do not expect a decline in the unemployment rate.

Stronger franc slowing imported inflation

At the beginning of the year, there were discussions about a return to negative inflation rates and the possibility of taking the key interest rate of the Swiss National Bank into negative territory. As of September, annual inflation had risen to 1.0%. The "energy and fuels" category contributed 0.6% to this. This means that higher energy prices are leaving a clear mark on the inflation rate, but second-round effects largely failed to materialise. In line with the consensus forecast, we expect an average inflation rate of 0.8% for 2027. A renewed fall in energy prices and the appreciation of the Swiss franc are dampening inflationary pressures in our baseline scenario. The latter development commenced at the beginning of October. On a trade-weighted basis, the Swiss franc has appreciated by around 2% since then.

Switzerland: Index of weekly economic activity (WEA)



Sources: SECO, Macrobond, Swiss Life Asset Managers Research. Last data point: Q3/2026

United Kingdom

Autumn budget hardly triggers market reactions

This year's autumn budget, Chancellor John Healey's first, was broadly in line with expectations. Fiscal room for manoeuvre was almost halved due to higher deficit forecasts by the Office of Budget Responsibility, which were driven up by higher interest costs. Healey has presented a small package of tax hikes, with the bank tax increases taking centre stage as expected. Given the minor changes in the budget, the expenditure review of departments is likely to become more challenging in the coming year. The tax commitments made in the Labour election platform are still significantly restricting the fiscal room to manoeuvre and making it difficult to finance additional spending. On the growth side, monthly GDP growth in August once again exceeded expectations at 0.1%. In contrast to the previous two months, growth was driven by manufacturing rather than services and AI-related investment, although it remains unclear whether this momentum can be sustained. While we see some upside risks to our third-quarter GDP forecast, we expect growth to slow thereafter.

Inflation still driven by energy component

At 3.5%, the inflation rate for September came in higher than we had expected. The main driver of the increase was the rise in petrol prices. These higher energy costs were also felt across the services sector. Air fares also made a significant contribution. Prices for flights within Europe fell less sharply than is usual between August and September. Core inflation, on the other hand, rose only moderately, suggesting that the energy shock has not triggered any noteworthy second-round effects so far.

China

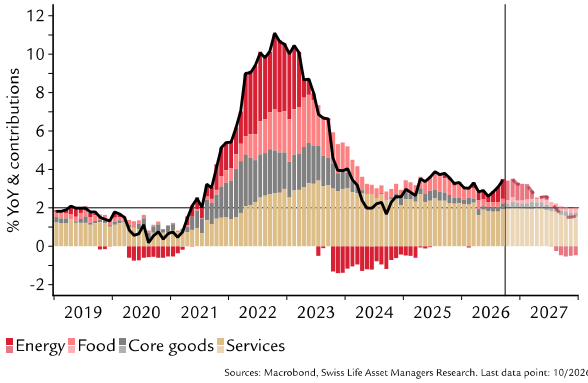
New infrastructure programme "the Six Networks"

China's growth remains sharply divided. At 4.5%, third-quarter GDP growth came in slightly above expectations, keeping the economy on track to meet the official growth target. However, momentum remains focused on the high-tech sector. Since the start of the year, high-tech industrial production has grown by around 14% – significantly faster than the rest of the economy – and the corresponding investments are also continuing to rise. Meanwhile, the real estate sector and, increasingly, infrastructure investments remain weak as many local governments have very limited financial room to manoeuvre. In response, the government has accelerated the so-called "Six Networks" programme, a key component of the current five-year plan. It plans to invest around 3% of cumulative GDP in six strategic infrastructure sectors, including transport, energy, water and digital networks. Unlike the comprehensive economic recovery plan following the global financial crisis, the initiative is more targeted and much smaller in scope. It is therefore not expected to fundamentally change China's growth trajectory. However, it can offset some of the weakness in the real estate sector and the reluctance of local governments to invest in infrastructure and therefore support growth of around 4.5% this year and next. In addition, limited positive effects on global demand and commodity markets are possible.

Significant rise in producer prices

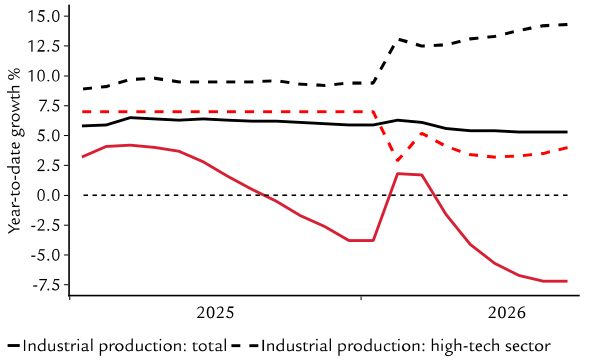
Producer price inflation accelerated to 5.0% year-on-year. The drivers were mainly higher energy, metals, and coal prices due to geopolitical tensions, robust demand from the technology sector, and the start of the heating season. However, a limited pass-through of higher costs is keeping consumer price inflation low.

United Kingdom: inflation contributions including our forecast



Sources: Macrobond, Swiss Life Asset Managers Research. Last data point: 10/2026

China: key economic indicators



Sources: Macrobond, Swiss Life Asset Managers Research. Last data point: 09/2026

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2025 ConsensusEconomics FORECAST ACCURACY AWARDS FRANCE

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