Rothschild & Co
Asset Management

Monthly Macro Insights — January 2026

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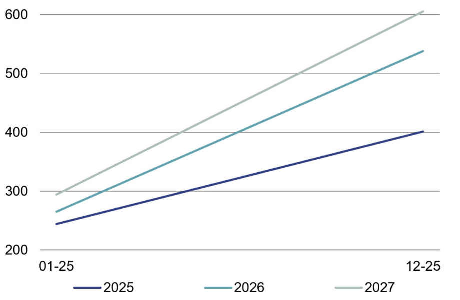
The global economy has maintained dynamic growth since early 2022, despite shocks linked to supply chain disruptions caused by Russia's invasion of Ukraine (2022–2023), the synchronized tightening of global monetary policy (2023–2024), and the sharp increase in U.S. tariffs (2025). Will this impressive trajectory continue in 2026?

A year of moderation

Global economic growth in 2025 proved surprisingly resilient, slowing only slightly compared to 2024, according to the latest estimates. The "front-loading"[1] of trade flows played an important role. In addition, limited financial market volatility, strong equity performance, and tight credit spreads facilitated corporate borrowing and investment. Above all, the boom in investment in artificial intelligence (AI) emerged as a powerful growth driver. Spending on AI infrastructure – from data centers to semiconductor manufacturing – accounted for a significant share of U.S. GDP growth and helped sustain activity in Asia and Europe. Furthermore, the strong momentum in equity markets – driven largely by gains in the technology sector—generated positive wealth effects for high-income households, supporting private consumption.

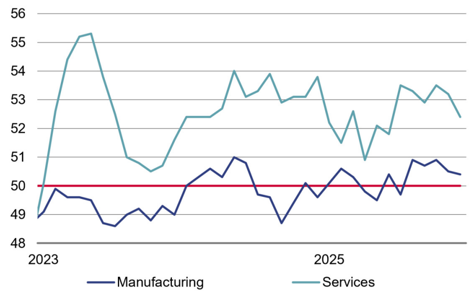
As some of these factors are temporary, the 2026 outlook points to a certain loss of momentum compared to last year. Investments related to digital transformation and AI should remain dynamic, but the pace of growth may ease somewhat. Inflation is expected to continue its gradual decline, improving household purchasing power, though it will remain above target in several regions due to persistent pressures in the services sector, complicating central banks' tasks. Finally, after disruptions linked to geopolitical tensions and tariffs, a modest recovery in trade could take shape, though without regaining the vigor of pre-pandemic years. Overall, 2026 is shaping up to be a year of more moderate growth, surrounded by particularly high uncertainty.

US - Capex outlook (hyperscalers)
in bn $



Source : Bloomberg, Rothschild & Co Asset Management, december 2025

World - Business confidence
S&P Global index

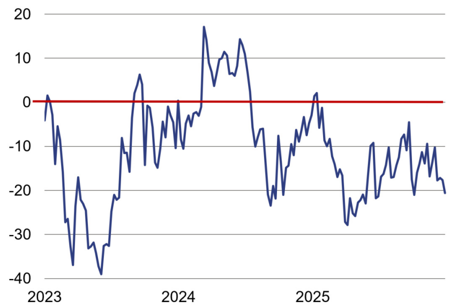


Source : Macrobond, Rothschild & Co Asset Management, december 2025

Supporting factors…

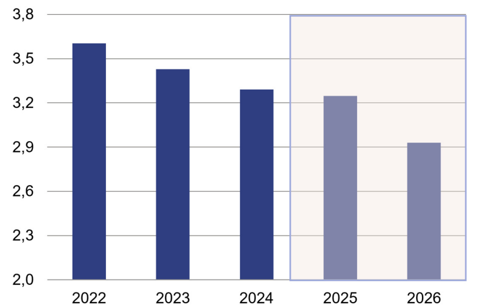
Although 2025 ended with a slight deterioration in business confidence, PMIs[2] remain broadly positive, both in manufacturing (50.4) and services (52.4), consistent with relatively dynamic global growth. AI-related investments could once again surprise with their resilience, especially if they deliver substantial productivity gains, improving process efficiency across sectors ranging from healthcare to finance and manufacturing. Meanwhile, the decline in oil and gas prices observed in 2025 is expected to continue, easing energy costs for businesses and households. Falling food prices would also help contain overall inflation. This environment should allow central banks to continue their monetary easing cycle, supporting private investment and household consumption. Finally, several countries – notably the U.S., Japan, and Germany – have announced fiscal plans aimed at stimulating domestic demand, and China is also expected to introduce support measures, reinforcing global momentum.

World - Brent
in %, a/a



Source : Macrobond, Rothschild & Co Asset Management, december 2025

World - Economic growth
in %, y/y

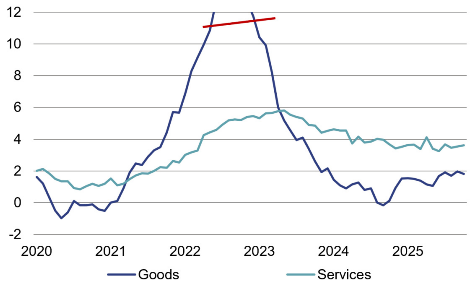


Source : OECD, Rothschild & Co Asset Management, december 2025

... but headwinds persist

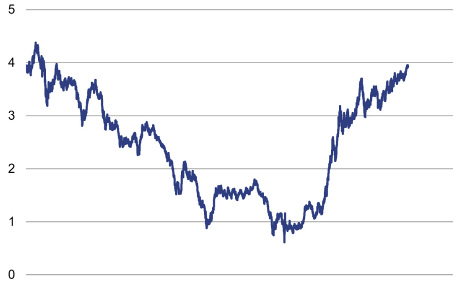
Labour demand has slowed sharply, and unemployment rates have risen in most advanced economies – though they remain historically low. Signs of fragility are emerging, and fragmentation has deepened in some countries. The U.S. illustrates this dichotomy: a “K-shaped” profile is evident across financial markets, businesses, and households. The stock market performance of the “Magnificent 7” – Amazon, Apple, Google, Meta, Microsoft, Nvidia, and Tesla – has once again far outpaced that of other companies. The boom in AI-related capital spending has overshadowed weakness in other investment areas, while robust GDP growth masks a slowdown in hiring. The financial gap between households holding equities and those without, living solely on wages amid persistent inflation, has widened significantly. Tighter financial conditions also pose a risk. Although policy rates have been lowered, bond markets remain under pressure: long-term yields have reached their highest levels in nearly 20 years, driven by concerns over inflation and public debt sustainability. Moreover, while AI is a transformative force, its rapid development carries significant risks, particularly for financial stability. Investor enthusiasm has pushed sector price-to-earnings ratios to historically high levels, raising fears of asset bubbles. Never before has so much capital been deployed so quickly into a technology whose profitability remains unproven. If earnings expectations fail to materialize, a correction in AI-related stock prices could trigger broader market volatility, given the sector’s substantial weight in major indices. Meanwhile, trade uncertainty remains a major risk. Persistently high U.S. tariffs and a potential escalation of trade tensions could undermine global trade flows and investment. The drop in export prices for Chinese goods could intensify competitive pressures on European and Asian manufacturers, eroding margins and slowing industrial production.

OECD - Inflation rate
in %, median



Source : OECD, Rothschild & Co Asset Management, december 2025

World - Sovereign LT yield
in %, Bloomberg index, 10+ years



Source : Bloomberg, Rothschild & Co Asset Management, december 2025

Performance of the indices and interest rate levels

	Price as of 12/31/2025	1 month % change	2025 % change
Equity markets			
CAC 40	8 123	0.0%	10.4%
Euro Stoxx 50	5 668	0.1%	18.3%
S&P 500	6 849	0.1%	16.4%
Nikkei 225	50 254	-4.1%	26.2%
Currencies			
EUR/USD	1,16	1,3%	13,4%
EUR/JPY	181,16	1,6%	-13%

Interest rates	Level as of 12/31//2025	1 month change bp(1)	2025 change bp(1)
3 month			
Eurozone	2,11%	8	-63
United States	3,63%	-17	-69
10 years			
Eurozone	2,86%	17	49
United States	4,17%	15	-40

(1) Basis point.
Source: Bloomberg. data as of 31/12/2025. Performances in local currency.
Past performance is not a reliable indicator of future performance and is not constant over time. Index's performance is calculated on the basis of net dividend reinvested

Completed on 7 January 2026.

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[1] Strategy of anticipating orders or investments before a period of uncertainty or change in commercial policy.
[2] Purchasing Managers' Index, an indicator reflecting the confidence of purchasing managers in a sector of activity. Above 50, it indicates expansion in activity; below 50, contraction.

Warning

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