

# Economic Outlook: A Time of Global Change

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THE CONFERENCE BOARD 



## 2026 US & Global Economic Outlook: Key Insights

- **Global economic growth is expected to moderate over the next 15 years** relative to prior decades
- **Underlying demographic currents will become more challenging and limit economic growth contributions from labor**—especially in mature economies
- **Total factor productivity (TFP) growth should improve and help support economic expansion** thanks to past investments in infrastructure, digital transformation, perpetual talent upskilling, and deployment of artificial intelligence (AI)
- **Emerging economies** will continue to be the most significant drivers of global growth



## The Conference Board Global Economic Outlook, 2010-2037

Real GDP growth rates (average annual % change), updated as of 14 January 2026

	2010- 2019	2021	2022	2023	2024	2025	2026	2027	2028- 2032	2033- 2037
United States	2.4	6.2	2.5	2.9	2.8	2.2	2.1	1.8	2.0	1.7
Europe	1.7	6.6	3.9	0.5	1.2	1.3	1.5	1.6	1.4	1.1
Euro Area	1.4	6.4	3.6	0.6	1.0	1.0	1.2	1.3	1.4	0.9
Germany	2.0	3.2	1.8	-0.3	-0.2	0.3	1.1	1.3	1.5	1.1
France	1.4	6.8	2.8	1.6	1.1	0.9	1.0	0.9	1.3	1.1
Italy	0.2	8.8	5.0	1.1	0.5	0.6	0.7	0.9	0.3	0.0
United Kingdom	2.0	8.5	5.1	0.3	1.1	1.4	1.2	1.4	1.3	1.0
Canada	2.3	6.0	4.7	2.0	2.0	1.7	1.0	1.6	1.5	1.3
Japan	1.3	3.7	1.3	0.7	-0.2	1.2	0.7	0.9	0.9	0.7
Other Mature Economies	3.2	6.1	3.4	1.8	2.4	2.8	2.4	2.0	1.7	1.4
<b>All Mature Economies</b>	<b>2.1</b>	<b>6.1</b>	<b>3.1</b>	<b>1.6</b>	<b>1.8</b>	<b>1.8</b>	<b>1.7</b>	<b>1.7</b>	<b>1.6</b>	<b>1.3</b>



## The Conference Board Global Economic Outlook, 2010-2037 *continued*

Real GDP growth rates (average annual % change), updated as of 14 January 2026

China	7.7	8.9	3.2	5.4	5.0	5.0	4.5	4.5	3.9	3.8
India	7.2	9.5	7.0	8.9	6.7	7.5	6.1	5.9	4.7	4.4
Other Developing Asia	5.1	3.4	6.0	4.0	4.6	4.7	4.0	4.3	2.6	2.3
Latin America	1.7	7.3	4.0	2.1	1.9	2.2	1.7	2.4	1.6	1.4
Brazil	1.4	5.1	3.1	3.3	3.0	2.6	1.8	2.3	1.7	1.4
Mexico	2.3	6.3	3.7	3.1	1.1	0.4	1.3	1.9	1.0	0.8
Middle East & North Africa	3.2	5.6	6.6	2.8	3.2	3.0	2.5	3.3	1.7	1.4
Gulf region	3.7	5.1	9.7	1.5	2.6	3.8	3.7	3.7	1.4	1.5
Sub-Saharan Africa	4.2	3.6	4.0	3.6	3.8	4.0	3.8	3.7	3.2	3.2
Russia, Central Asia & Southeast Europe	3.2	7.6	0.1	4.5	4.0	2.2	2.0	2.2	2.6	2.3
Russia	2.0	5.8	-1.3	4.0	4.4	0.5	1.3	1.2	2.8	2.6
Turkey	5.9	12.0	5.2	5.0	3.5	3.9	2.3	3.0	2.2	1.4
<b>All Developing Economies</b>	<b>5.2</b>	<b>7.4</b>	<b>4.2</b>	<b>4.9</b>	<b>4.5</b>	<b>4.5</b>	<b>3.9</b>	<b>4.1</b>	<b>3.2</b>	<b>3.1</b>
<b>World</b>	<b>3.6</b>	<b>6.8</b>	<b>3.7</b>	<b>3.4</b>	<b>3.3</b>	<b>3.3</b>	<b>2.9</b>	<b>3.0</b>	<b>2.6</b>	<b>2.4</b>

Regional GDP growth rates are aggregated using shares in nominal PPP converted GDP

Source: The Conference Board, January 2026 • Created with Datawrapper



## Particular to the US

- 'New normal' of elevated interest rates
- Softening labor market
- Sticky inflation, most recently due to tariffs
- Federal policies driving economic headwinds and tailwinds
- Uncertainty
- Tension between global and domestic priorities (such as affordability)

### **Unemployment:**

Has risen to 4.4% from 4.1% in Jan. 2025; expect it to creep up to 4.7% in mid 2026 before possible declines.

### **Inflation:**

PCE inflation is at 2.8% (above the Fed's 2% target) and is expected to rise a bit more as tariffs continue to be priced into consumer goods.

### **Interest Rates:**

There may only be one-to-two quarter-point rate cuts over the next year.



# Tariff-Centered Trade Policy Unfolds

- The Administration has pursued an aggressive trade policy, using tariffs to respond to what it views as unfair treatment of US exports in foreign markets
  - Baseline tariffs range from 10-50%+
  - Sectoral tariffs implemented: steel & aluminum, automobiles & auto parts, copper, lumber, wood products and furniture, kitchen cabinets, heavy-duty trucks
  - Additional tariffs of up to 25 percent related to oil imports
  - Under consideration/including Section 232 investigations: agricultural products, commercial aircraft/engines/parts, electronics, semiconductors, maritime equipment, movies, pharmaceuticals, oil/gas, polysilicon, critical minerals, unmanned aircraft/parts, wind turbines
  - Elimination of de minimis < \$800 package exemptions
  - Awaiting Supreme Court ruling on tariffs
  - Greenland tariff threat



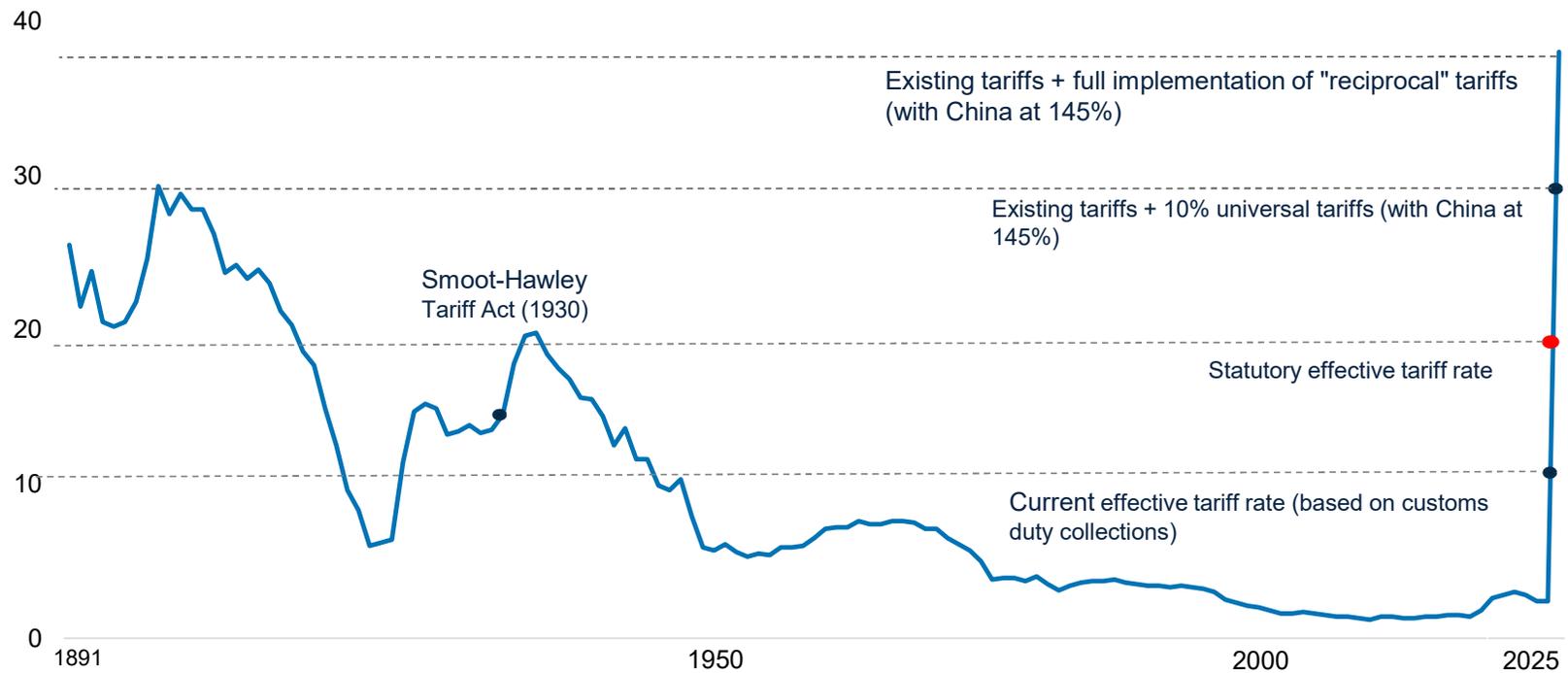
## Multiple Objectives, Focus is Unclear

- The Administration's trade policies appear to have several objectives, however the primary focus unclear:
  - Onshoring of manufacturing, boosting domestic investment
  - Balancing trade deficits
  - Generating federal revenue
  - Protecting national security
  - Neutralizing China's dominance



# US Tariff Rate Around 1930 Era Tariffs

Average US Tariff on Imported Goods (%)



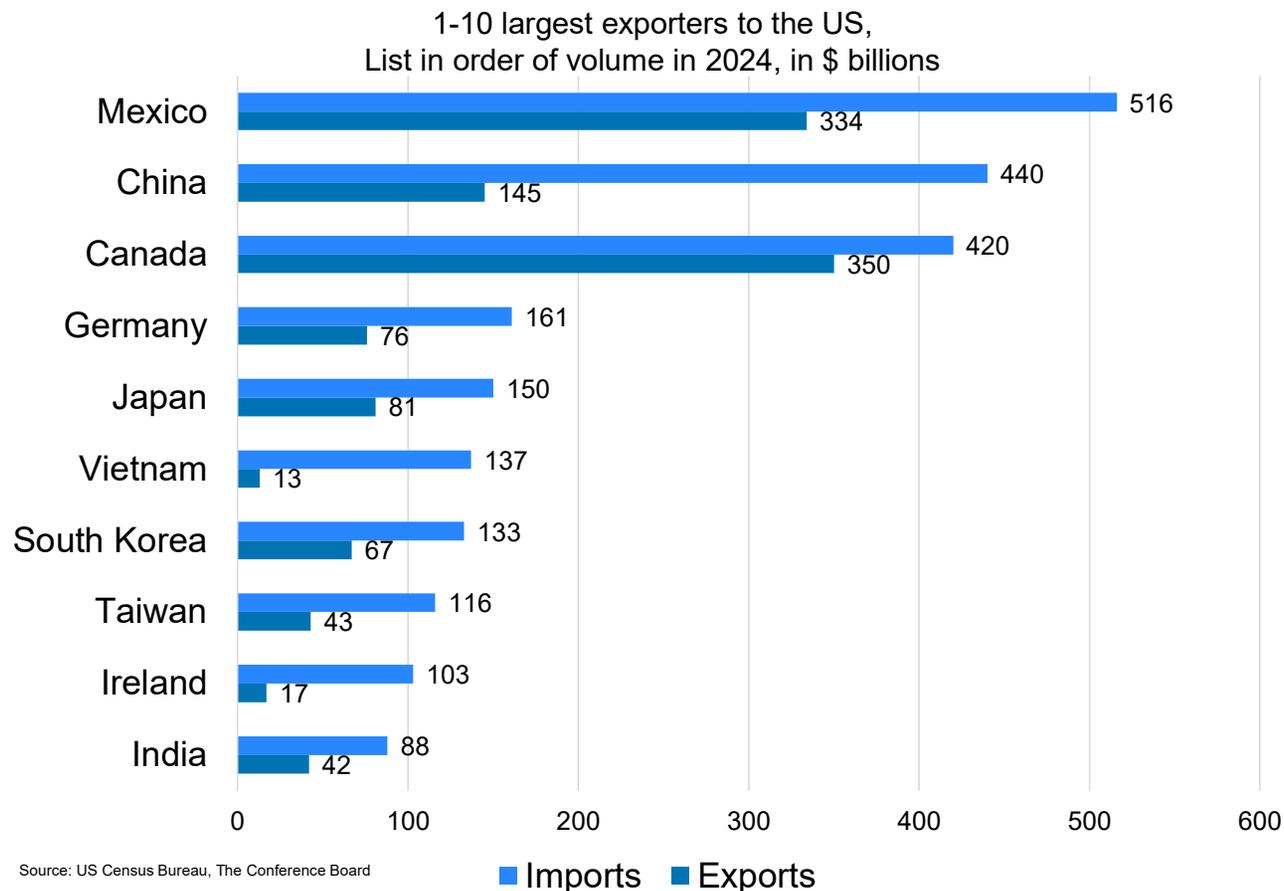
Source: BEA, The Conference Board



# Volume of Imports/Exports for Top 10 Trading Partners

As a block, the EU is the US's largest trading partner; in 2024 the US importing about \$605.7 billion and exporting roughly \$369.8 billion with the EU.

Source: USTR, BEA



# What the US Imports & Exports (all countries)

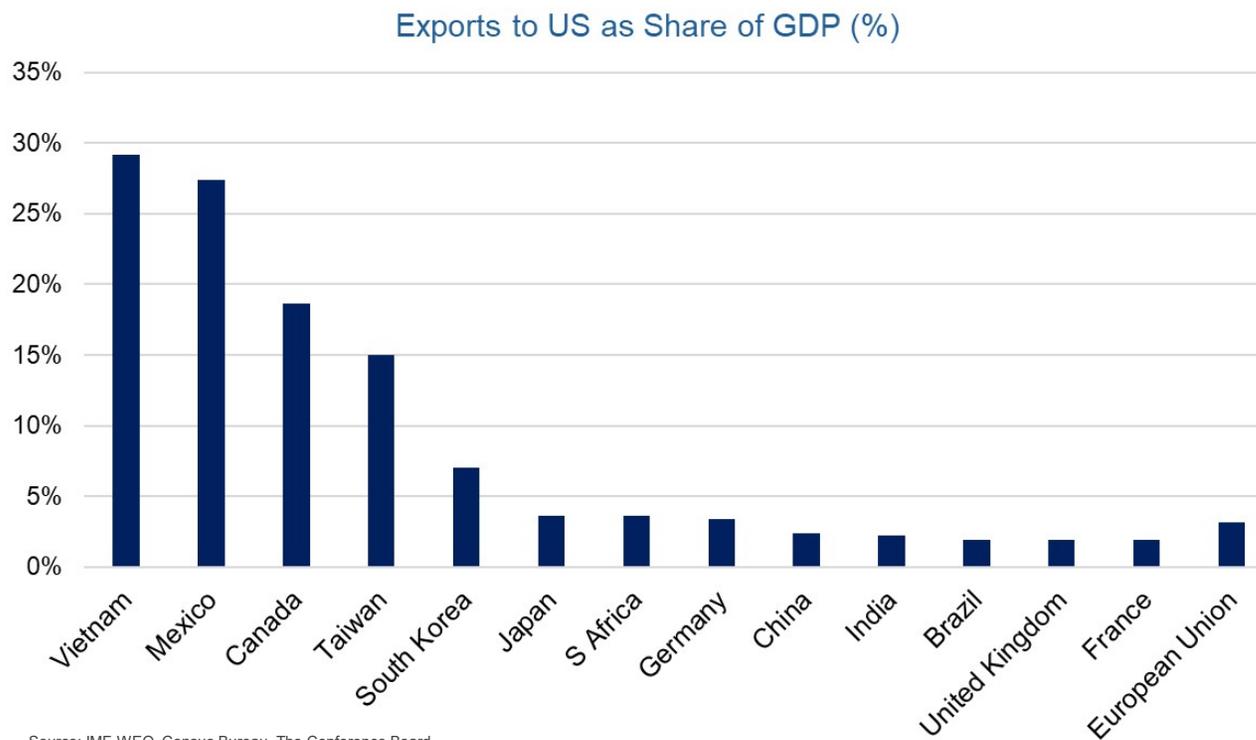
Top 10 Good/Commodity IMPORTED	2024 Import Value (in billions)
Pharmaceutical preparations	\$246.85
Passenger cars	\$213.59
Crude oil	\$167.33
Other automotive parts and accessories	\$145.66
Computers	\$116.73
Cell phones and other household goods	\$111.88
Electric apparatus	\$102.64
Computer accessories	\$100.66
Other industrial machinery	\$84.92
Telecommunications equipment	\$84.61
Semiconductors*	\$81.94

Top 10 Good/Commodity EXPORTED	2024 Export Value (in billions)
Crude oil	\$117.94
Pharmaceutical preparations	\$105.55
Other petroleum products	\$77.62
Other industrial machinery	\$70.59
Semiconductors	\$65.08
Civilian aircraft engines	\$62.74
Other automotive parts/accessories	\$58.78
Passenger cars	\$58.16
Electric apparatus	\$56.28
Fuel oil	\$50.24

Source: US Census Bureau, The Conference Board



# Exports to the US are More Important for Some Economies than Others



Source: IMF WEO, Census Bureau, The Conference Board



# Tariff Rates for US's Top Trading Partners

(Economies/countries listed in order of import volumes to the US, in dollar value, baseline rates)

Economy	Tariff Rate
European Union: <i>Includes Germany, Ireland, Italy, France, Netherlands, Belgium</i>	15%
Mexico	25% (non USMCA goods)
China	10-45%
Canada	35% (non USMCA goods)
Japan	15%
Vietnam	20% (40% for 'transhipments')
South Korea	15%
Taiwan	20%

Country / Economy	Tariff Rate
India	50%
United Kingdom	10%
Switzerland	39%
Malaysia	19%
Singapore	10%
Brazil	50%
Israel	15%
Australia	10%
Saudi Arabia	10%

Source: The White House, The Conference Board



## 2025: Bilateral Trade Decline Between a Few Economies

Trading Partner (2024 country rank by \$ volume traded)	% Imports Decreased YOY, January - October	% Exports Decreased YOY, January - October
China (#2)	- 26%	- 23%
Canada (#3)	- 5%	- 3%
Singapore (#12)	- 11%	- 8%

Source: US Census Bureau, US Bureau of Economic Analysis, The Conference Board



# Foreign Exporters Have Not Lowered Prices

Import Price Index (excluding tariffs)

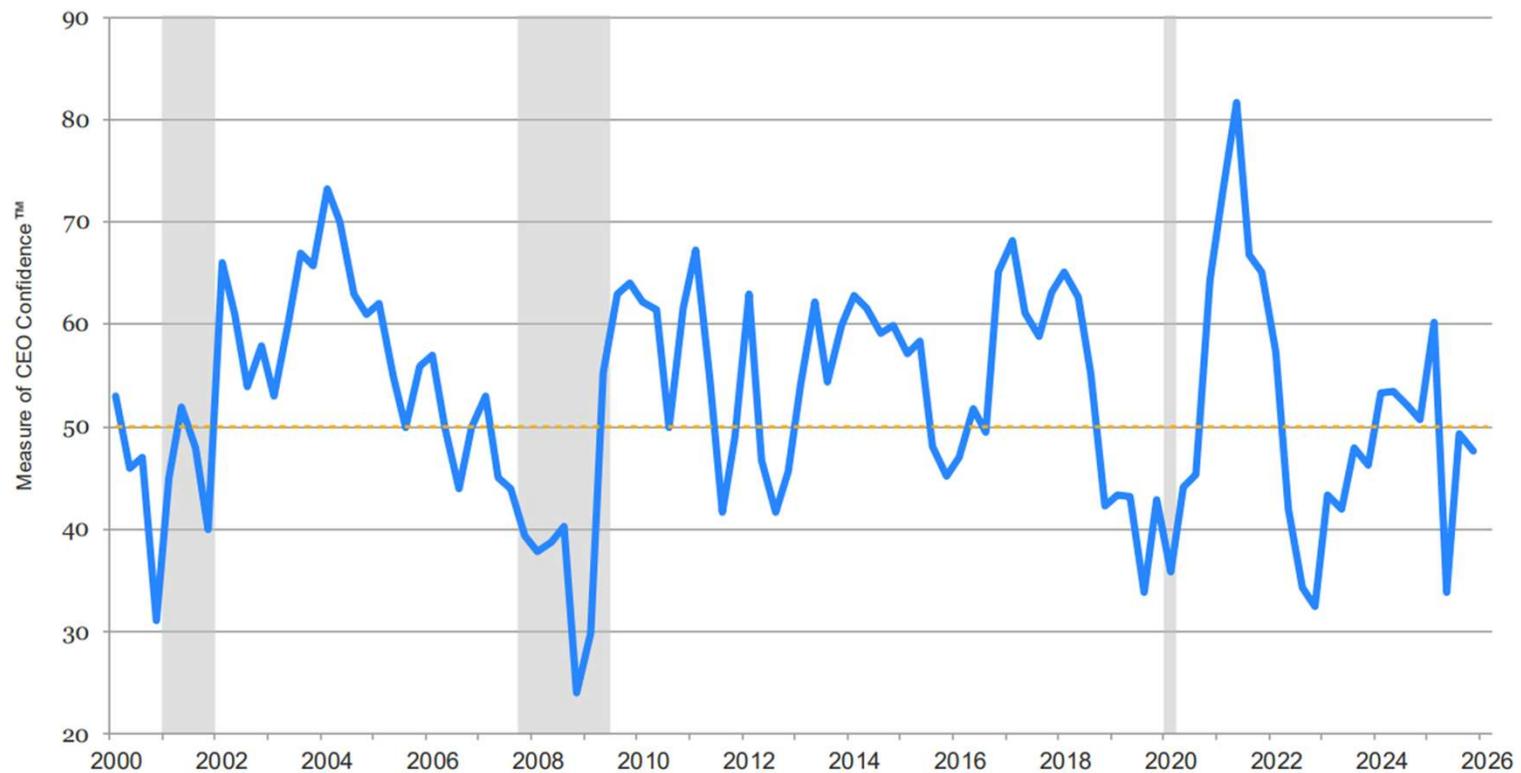


Source: BLS, Haver Analytics, The Conference Board



# CEO Confidence Below Neutral

The Conference Board *Measure of CEO Confidence*™

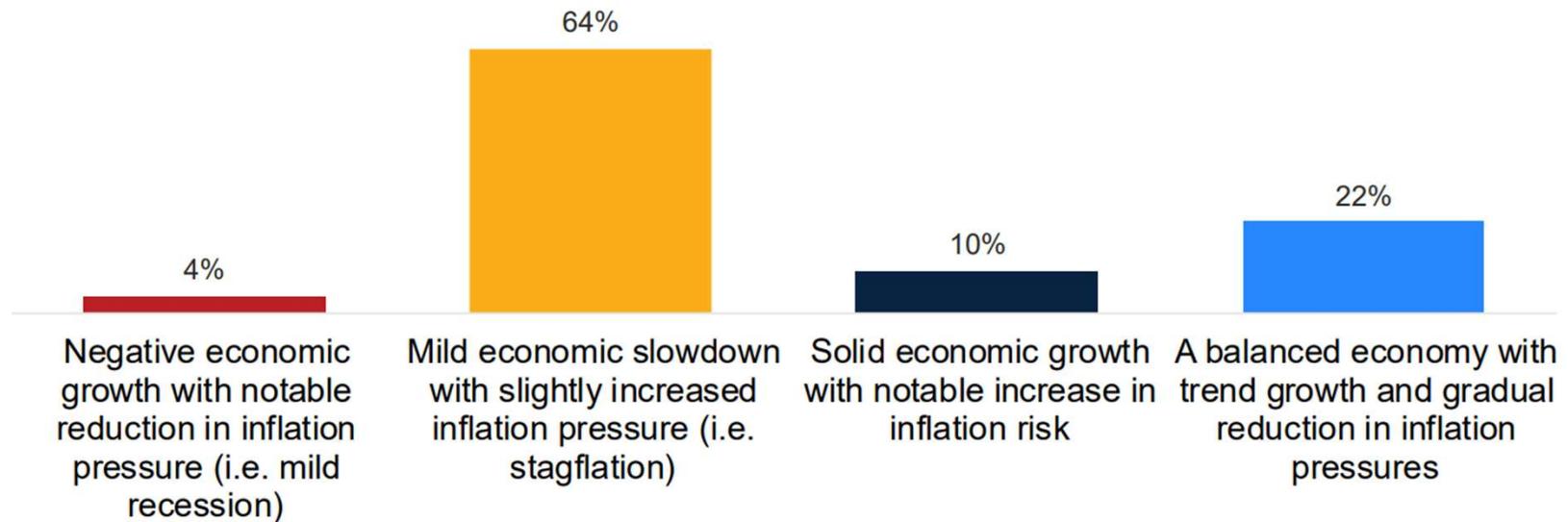


Note: Shaded areas indicate periods of recession.  
Sources: The Conference Board; The Business Council; NBER



# CEOs Expect Mild Economic Slowdown

Over the next 12-18 months, are you preparing for:

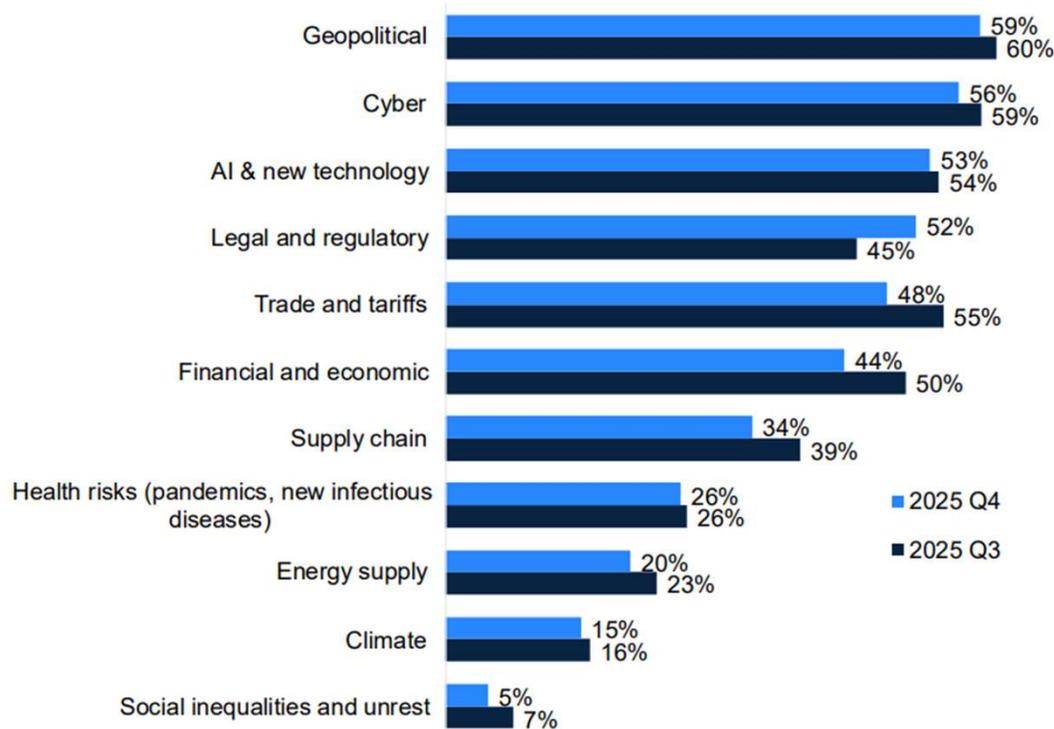


Source: The Conference Board *Measure of CEO Confidence*™ in collaboration with The Business Council, Q4 2025



# Geopolitical Risk is the Leading Concern for CEOs

What is the impact of each of the following risks on your industry?  
(based on respondents selecting "High")

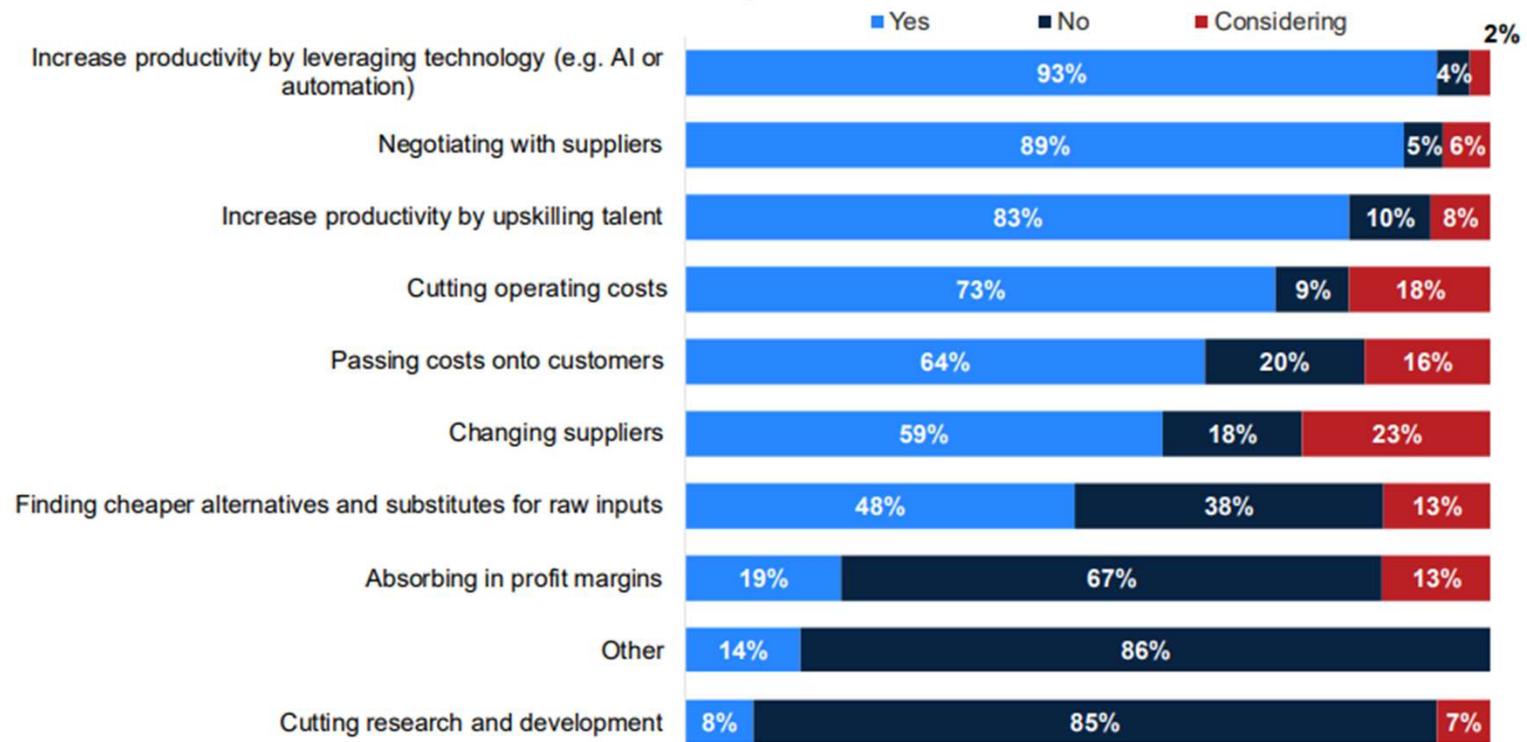


Source: The Conference Board *Measure of CEO Confidence*™ in collaboration with The Business Council



# How CEOs are Managing the High Tariff Environment

Over the next 6 months, do you plan to take any of the following actions to manage costs?

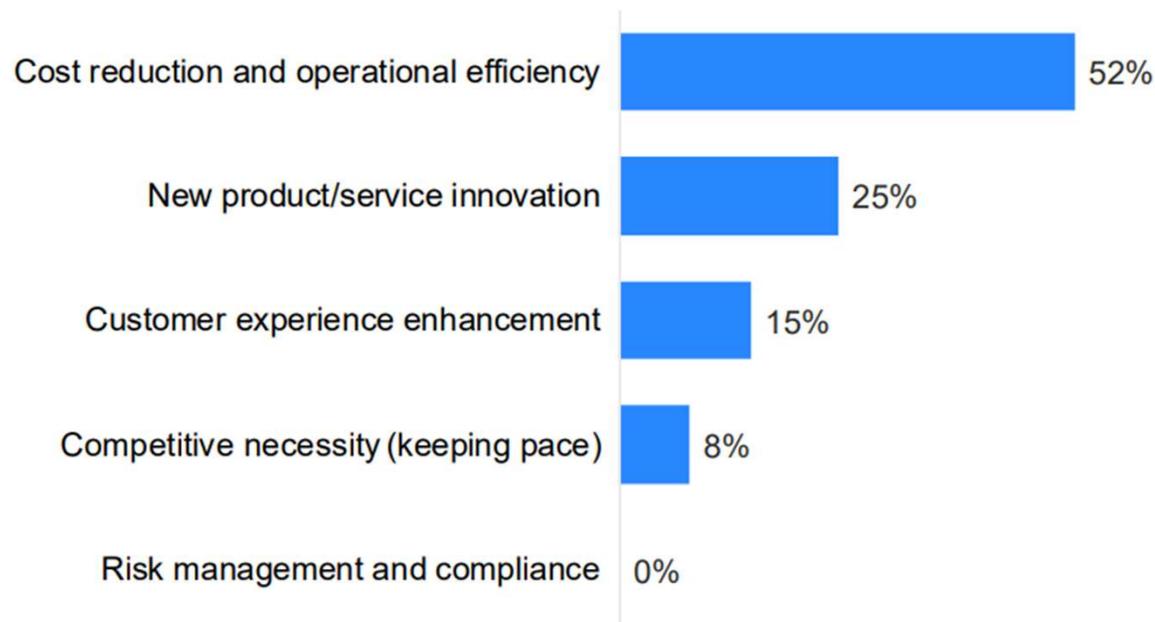


Source: The Conference Board Measure of CEO Confidence in collaboration with The Business Council, Q3 2025



# Cost Reduction and Operational Efficiency are Drivers for AI Investment by CEOs

What is your organization's primary driver for AI investment in 2025?

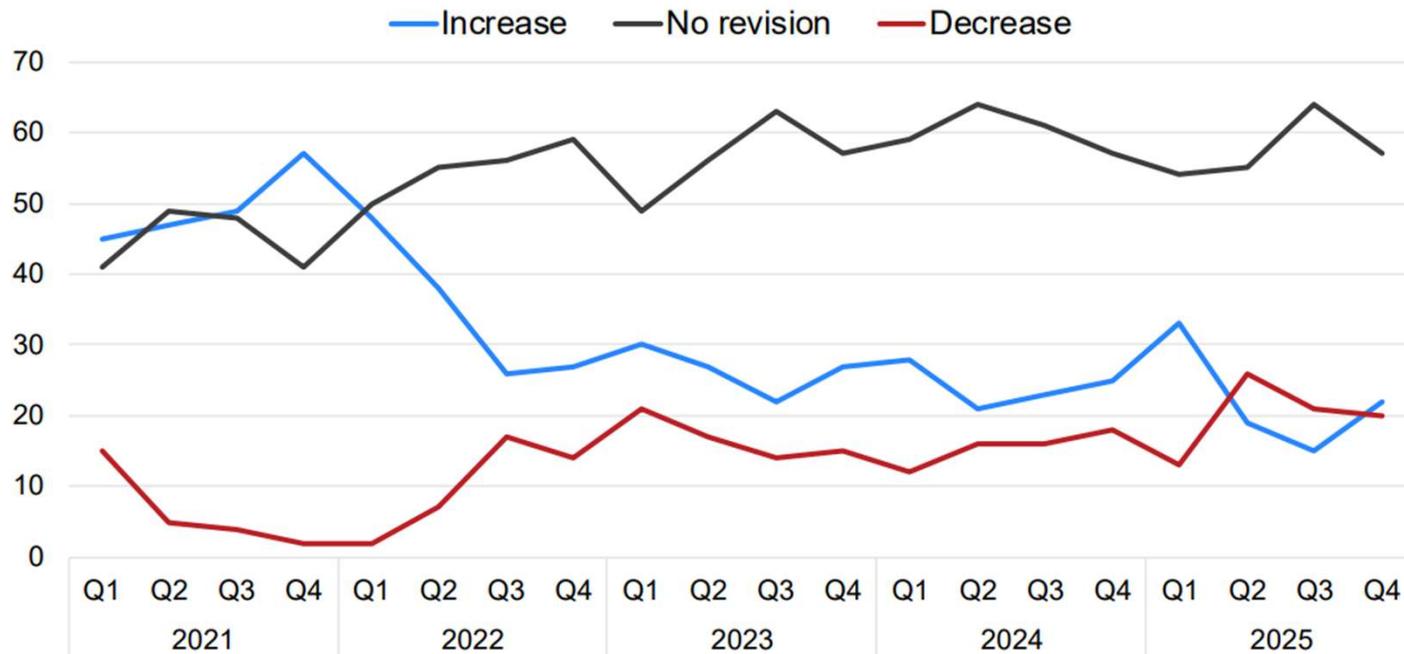


Source: The Conference Board *Measure of CEO Confidence*™ in collaboration with The Business Council, Q4 2025



# CEO Capital Investment Plans Relatively Flat

Capital Spending: Expected revisions to capital spending plans in the next 12 months

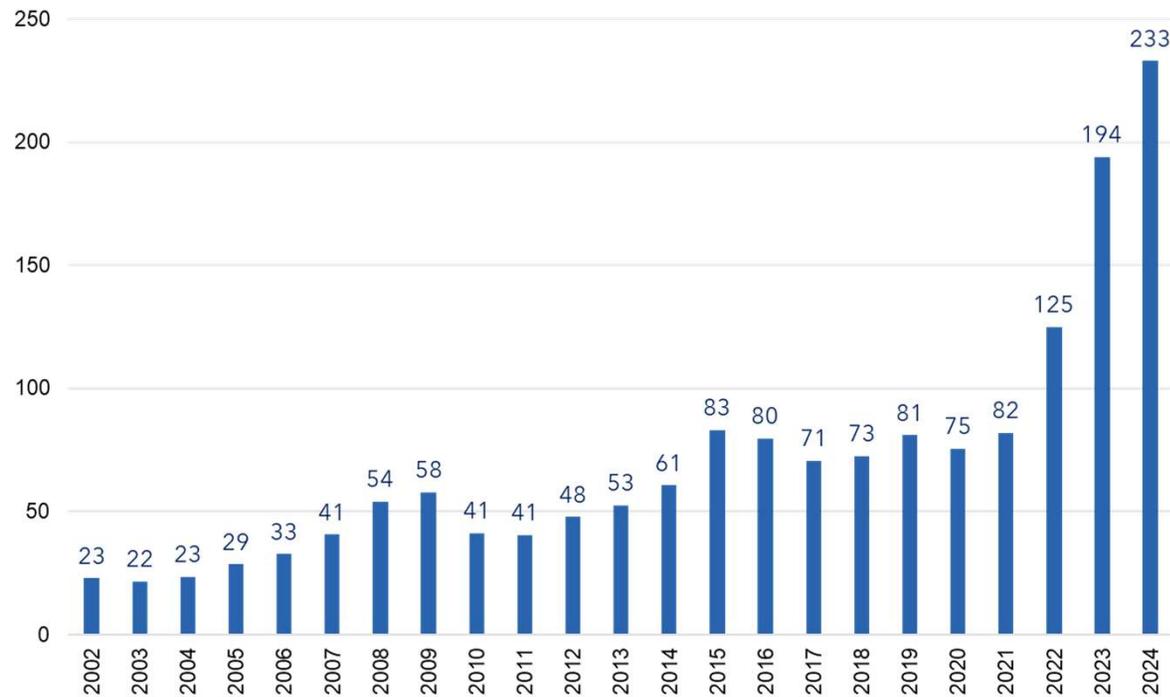


Source: The Conference Board *Measure of CEO Confidence*™ in collaboration with The Business Council



# Onshoring Requires New Manufacturing Facilities, Construction has Surged

Manufacturing construction put in place, 2002-2024  
Values in \$B



Source: US Census Bureau, The Conference Board

However, YTD (through October) spending in 2025 on manufacturing construction is down 5.3% compared to the same period in 2024.

This will be the first year of decline since 2020.



## CEOs are Altering Supply Chains



# Key Business Factors for Onshoring Consideration, in Addition to Tariffs, Industrial Policies

#1: Labor Costs

#2: Advanced/Smart Manufacturing

#3: Risk Mitigation

#4: Sustainability

#5: Stakeholder Sentiment

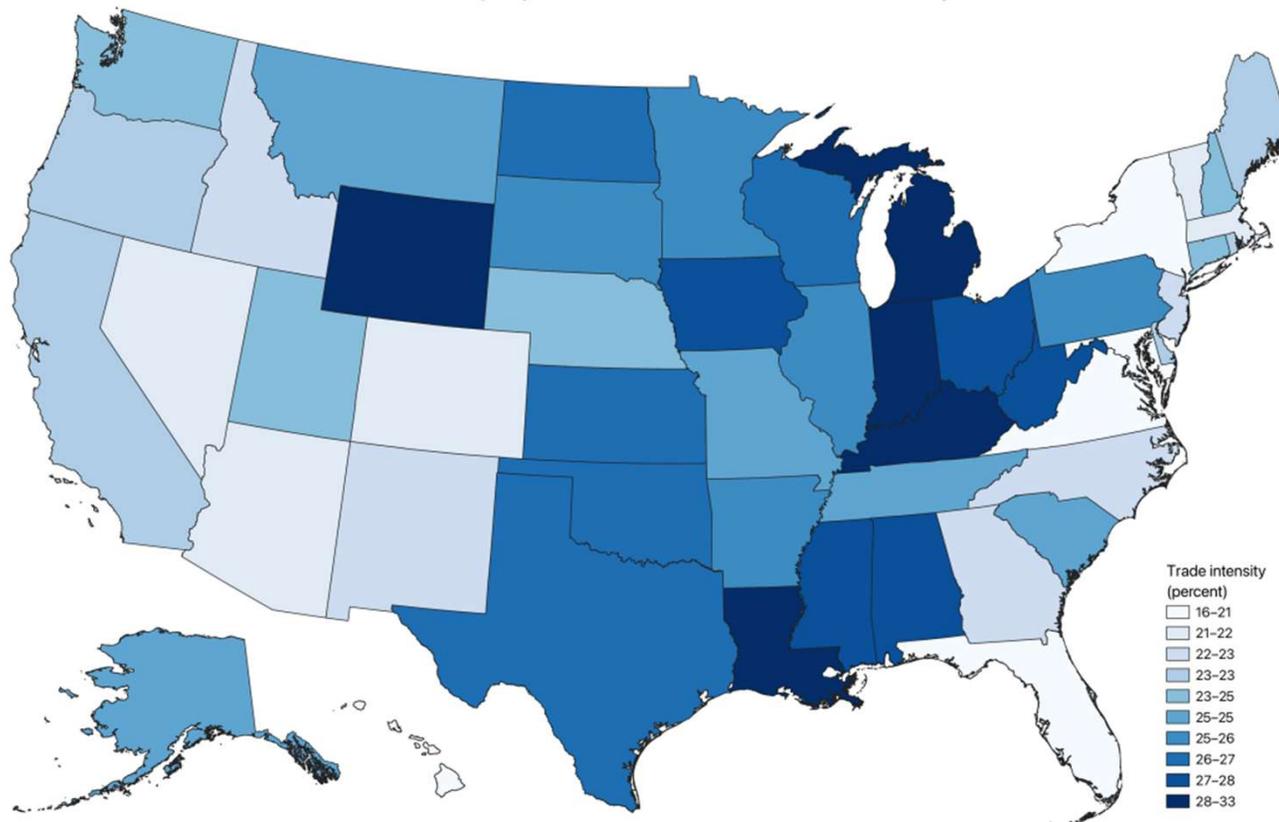
#6: Transportation Costs

## Onshoring requires:

- Quality infrastructure
- Qualified labor
- Funding
- Time



# Trade Intensity by State

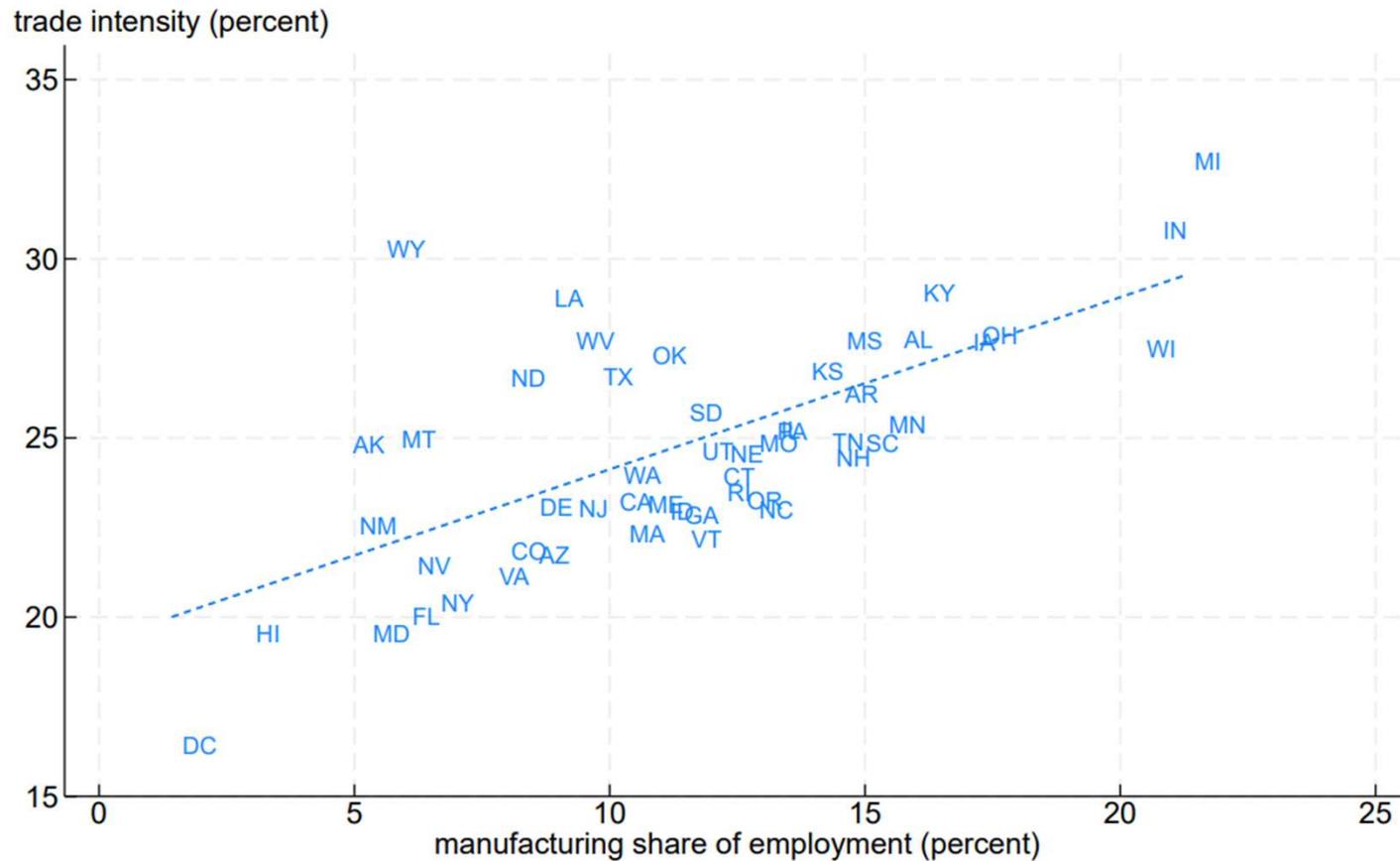


Note: Trade intensity is the sum of the value of a state's imports as a share of its GDP and exports as a share of its GDP.  
Sources: Authors' calculations based on data from the Organisation for Economic Co-operation and Development (OECD), 2019 Inter-Country Input-Output (ICIO) tables; U.S. Census Bureau, 2019-23 *American Community Surveys*; and U.S. Bureau of Labor Statistics, 2019-23 *Consumer Expenditure Surveys*.

Source: Federal Reserve Bank of Chicago



# US Manufacturing Employment Correlates with Trade

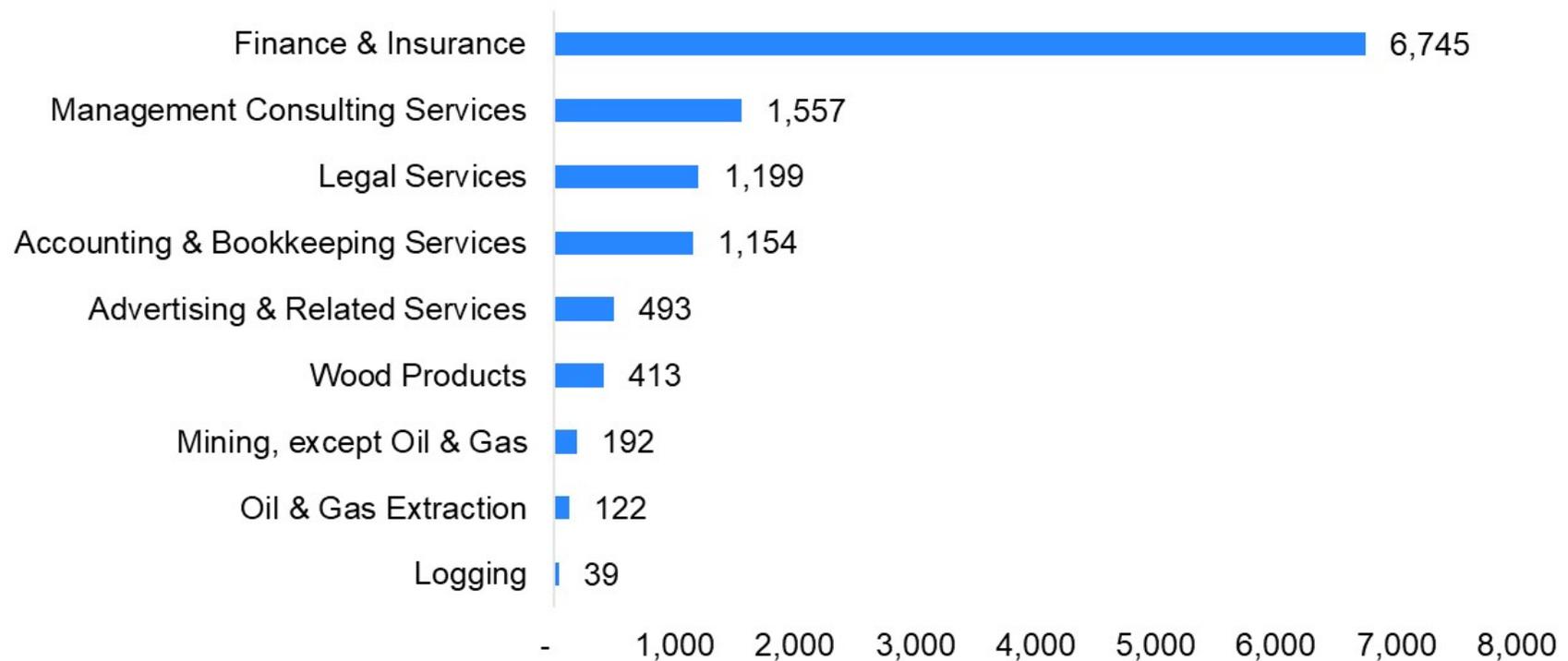


Source: Federal Reserve Bank of Chicago



# Industries That Might Thrive Amid Higher Tariffs

US Industries That Might Benefit from Tariffs: Employment  
(Thousands, Number of Workers in Industry as of June 2025)



Source: Bureau of Labor Statistics and The Conference Board



# Industries At Risk From Higher Tariffs

US Industries That Might Be Harmed by Tariffs: Employment (Thousands, Number of Workers in Industry as of June 2025)



Source: Bureau of Labor Statistics and The Conference Board



# Labor Market Implications of Policy Direction

- **Immigration**

- Stricter enforcement, deportations, and added hurdles to legal visas (incl. H-1B) threaten to expand labor shortages for key industries and workers
- Foreign students: NAFSA [est.](#) 150k drop for Fall 2025, \$7B in lost revenue, costing 60k jobs

- **Federal Spending & Workforce Reductions**

- OPM [claims](#) ~300,000 reductions by end of 2025
- 75% of federal employees are outside DC/MD/VA
- Private jobs tied to federal contracts measure 2.5-to-1 vs federal workforce (likely impacts to science, infrastructure, and healthcare)

- **Budget & Fiscal Policy**

- US fiscal path hinges on demographics and revenue-raising capacity (vs. OBBBA, net emigration), with impacts to financial conditions, future austerity likelihood, and program risks like Social Security & Medicare

- **Trade & Tariffs**

- Tariffs on raw & intermediate goods limit boost of investments to domestic manufacturing and industrials
- Tourism decline year-over-year affecting specific regions and sectors
- Broader slowdown in business hiring amid uncertainty

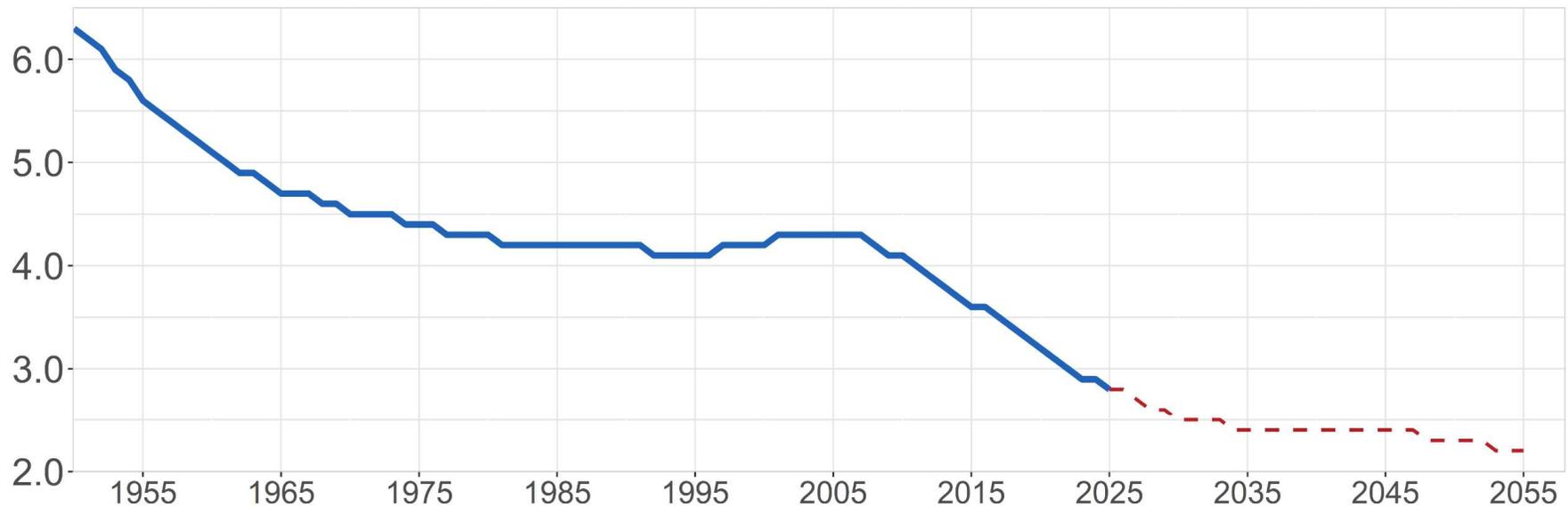


# Demographic Headwinds

## CBO Projected Ratio of Prime Age Workers to Retirement Age

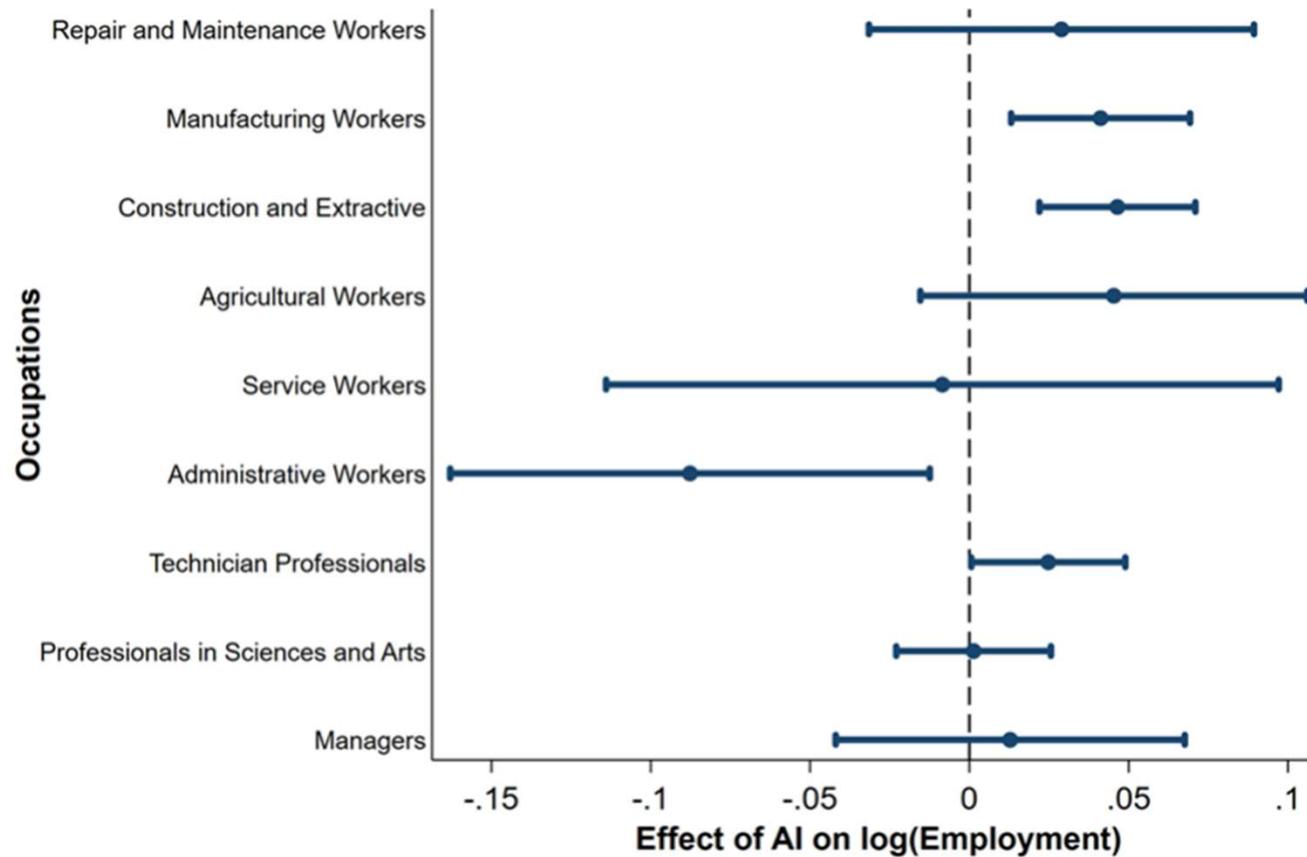
Displays ages 25-64 to those 65 and older

— Actual — Projection



Source: Congressional Budget Office (2025).

# Effect of AI on Different Occupations



Source: Federal Reserve Bank of Chicago



# US Construction Market Sector Growth

Market Segment	2024 Construction Put in Place (\$ billions)	2025 CPIP YOY % Change (Jan. – Oct.)	Estimated 5-Year Growth (2024-2029)*
Manufacturing	\$236	-5.3%	4%
Power	\$156	+0.8%	25%
Highway and Street	\$144	-1.1%	12%
Education	\$138	-0.3%	11%
Commercial	\$132	-9.4%	5%
Office / Data Centers	\$104	+1.8%	37%
Health Care	\$69	+0.5%	16%
Transportation (buildings)	\$66	+4.1%	26%
Sewage & Waste Disposal	\$46	+14.1%	32%
Amusement & Recreation	\$41	+5.0%	8%
Water Supply	\$33	+6.5%	33%
Communication	\$30	-0.4%	4%
Lodging	\$24	-2.1%	33%

Source: US Census Bureau, FMI\*, and The Conference Board



# US Construction Market Sector Growth, *Residential*

Market Segment	2024 Construction Put in Place (\$ billions)	2025 CIP % Change (Jan. – Oct.)	Estimated 5-Year Growth (2024-2029)*
Single-family Residential	\$440	-2.9%	9%
Multi-family Residential	\$137	-10.9%	9%

- Housing affordability will be a main theme and push leading up to midterms:
  - [Executive Order](#) released this week related to stopping institutional investment (which is estimated at only 1% nationwide)
  - Other ideas floated by Administration, or reportedly under review:
    - 50-year mortgages (received push-back this Fall)
    - 401(k) withdrawals for downpayments
    - Directing Fannie Mae/Freddie Mac to buy mortgage backed securities to potentially push interest rates lower
    - Reduced red tap
    - Portable or assumable mortgages

The median age of a first-time homebuyer reached a record high of 40 in 2025.

It was about 33 years old in 2019/pre-pandemic.

Challenges due to larger Millennial generation, supply-demand issues.



# PPI for Construction Materials

Construction input prices increased 0.6% in November (the latest month available) as the effects of tariffs became more evident.

Both overall and nonresidential construction costs are 3.4% and 3.8% higher than a year previous.

Source: BLS

## Producer Price Index November 2025

	1-Month % Change	12-Month % Change	Change Since Feb 2020
<b>Inputs To Industries</b>			
Inputs to construction	0.6%	3.4%	43.4%
Inputs to multifamily construction	0.4%	2.9%	43.5%
Inputs to nonresidential construction	0.6%	3.8%	44.5%
Inputs to commercial construction	0.5%	4.7%	46.6%
Inputs to healthcare construction	0.5%	4.5%	46.1%
Inputs to industrial construction	0.6%	4.4%	42.2%
Inputs to other nonresidential construction	0.6%	3.7%	44.0%
Inputs to maintenance and repair construction	0.6%	3.1%	41.1%
<b>Commodities</b>			
Adhesives and sealants	0.0%	3.4%	40.4%
Brick and structural clay tile	0.0%	1.6%	33.1%
Concrete products	0.2%	1.7%	43.0%
Construction machinery and equipment	0.0%	4.7%	36.3%
Construction sand, gravel, and crushed stone	0.4%	6.1%	50.0%
Copper wire and cable	-0.4%	11.7%	59.1%
Crude petroleum	-1.1%	-11.6%	23.3%
Fabricated structural metal products	0.8%	8.3%	65.5%
Gypsum products	0.0%	0.5%	49.0%
Hot rolled steel bars, plates, and structural shapes	2.2%	7.9%	54.8%
Insulation materials	0.2%	-0.4%	45.6%
Iron and steel	-2.2%	3.1%	46.8%
Lumber and wood products	0.1%	-0.3%	25.2%
Natural gas	10.8%	21.0%	47.4%
Plumbing fixtures and fittings	0.1%	5.6%	26.7%
Prepared asphalt, tar roofing and siding products	-0.1%	1.2%	45.4%
Softwood lumber	0.1%	-6.7%	9.4%
Steel mill products	-3.2%	4.6%	55.4%
Switchgear, switchboard, industrial controls equipment	0.0%	11.1%	63.7%
Unprocessed energy materials	1.4%	-4.9%	43.4%

Source: U.S. Bureau of Labor Statistics, Associated Builders and Contractors



# Navigating Washington

## INSIGHTS FOR BUSINESS



Your guidance through the  
**government shutdown**

A trusted guide for business leaders  
navigating executive orders, new laws,  
and changing regulations.

