

The Fall Global Business Leader Agenda

September 15, 2026

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- As we head into fall, **the economic picture is very stable**, but Europe will remain a weak link.
- **Geopolitical risks out of the Middle East and Ukraine are increasing** and are reflected in rising energy prices and interest rates.
- **The US and China are focused on keeping a lid on confrontation**, but don't expect a breakthrough at the September 24 summit.
- **The midterms won't fundamentally impact the US business environment.**
- AI has become much more socially and politically fraught, creating more **messaging challenges for business leaders.**

The global economy has been resilient but trendlines underneath deserve attention.

10-year US Treasury yield over 20 years (%)



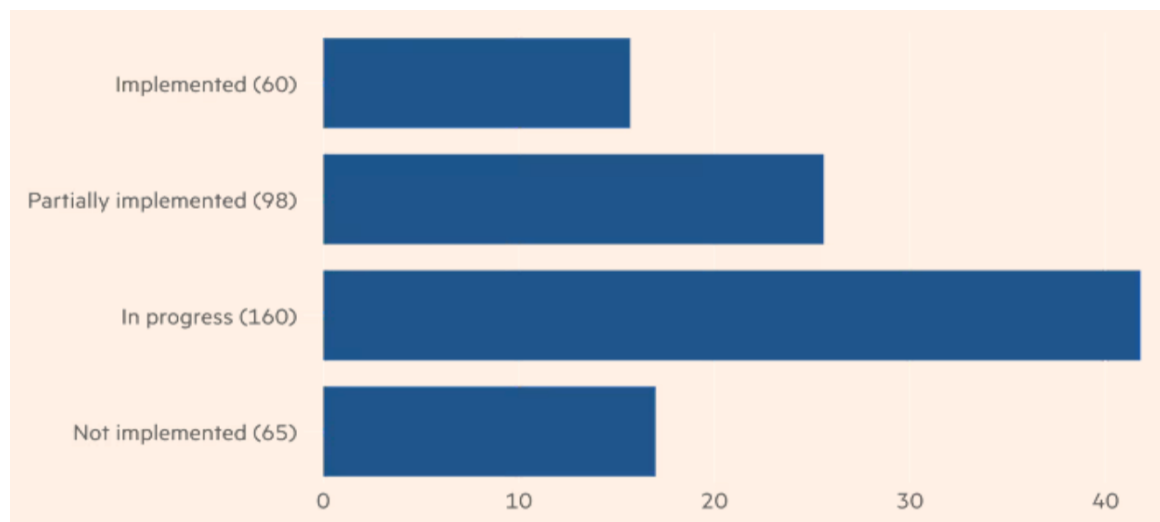
US Federal Reserve via FRED, September 12, 2026.

- **The US and global economies are in better shape than expected.** Growth has held up despite global conflicts, high energy prices, tariffs, and persistent policy uncertainty. The world has 'weathered the energy shock caused by the closure of the Strait of Hormuz better than we feared,' said IMF Managing Director Kristalina Georgieva. The AI investment cycle is significant: 'What started out as a US phenomenon with AI is now becoming a growth engine for the global economy, with other countries ramping up construction of data centers and other infrastructure.' ►

- **Headline growth numbers overlay a global two-speed or K- economy trend.** In the US, the top 10% of households account for half of consumer spending, while lower- and middle-income households have pulled back amid persistent income and affordability pressures. The US is expected to again lead the G7 in growth this year, supported by AI investment, energy production, and deregulation, while Europe, broadly, is a global weak link. In China, exporters and high-tech firms are doing well, while much of the rest of the economy struggles.
- **Interest rates have moved up the agenda.** Geopolitical forces, oil and supply-chain disruptions, large deficits in the US, Europe, Japan, and China, and heavy borrowing by AI hyperscalers have pushed long-term borrowing costs in key markets to their highest levels in two decades. This is impacting corporate capital-raising plans, strategy, and valuations (e.g., tech). Bond market pressures are constraining European policymakers' ability to promote growth and are becoming a political hot topic in the US.

In Europe, competitiveness and politics have fused as business issues.

Implementation status of the Draghi Report recommendations (%)



Draghi Conservatory via *Financial Times*, September 9, 2026.

- **Europe is the weak link in the global growth story.** High energy costs, weak investment, low productivity growth, demographics, high debt burdens, and market and regulatory fragmentation weigh on competitiveness. Last week, ECB President Christine Lagarde declared that Middle East-driven price shocks will persist well into 2027.
- **The bigger picture: Europe's economic and security agendas are closely tied.** Competitiveness depends on resilient supply chains, critical technologies, defense capacity, and reliable and affordable energy. Meanwhile, pressures from China and the US are gutting core industries and Russia's hybrid warfare threats are intensifying.
- **European leaders largely agree on the solutions.** Two years ago, at the request of EC President Ursula von der Leyen, Mario Draghi released a high-profile competitiveness agenda to complete the formation of a single market, ease regulation, lower electricity costs, mobilize capital and investment, and rebuild strong industrial capabilities. ►

- **But, but, but: They are moving slowly to implement them.** Only ~16% of the Draghi recommendations have been fully implemented. Member-state divisions are a bottleneck, particularly over common borrowing and capital-market integration. The stakes are high: IMF analysis suggests reducing cross-border barriers to US levels could boost productivity by 20% and unlock up to \$929 billion in private investment over ten years. (ECB approval this fall of UniCredit's takeover of Commerzbank will be an important signpost of progress.)
- **The upshot:** Economic insecurity and inequality, disillusionment with establishment parties and politics, and a sense that Brussels is out of touch have fueled far-right reactions.
- **Germany is the signpost to watch.** Chancellor Merz is pushing economic reforms as Germany faces another year of stagnation. The AfD far-right victory in the Saxony-Anhalt state election last week has added pressure ahead of two more regional elections this month. The risk: populism and political fragmentation make difficult economic reforms—both in Germany and across the EU—harder to deliver, destabilize governing coalitions, and upend European integration.
- **The UK's new Labour government is aiming to thwart extremism by boosting the standard of living at the grassroots.** Prime Minister Andy Burnham has prioritized improving public services, regional investment, and reindustrialization across the country's northern tier, but slow growth, subdued business investment, and high borrowing costs preclude new spending.

Geopolitical risks out of the Middle East and Ukraine are increasing again.

US average diesel sales price over 10 years (\$/gallon)



US Energy Information Agency via FRED, September 12, 2026.

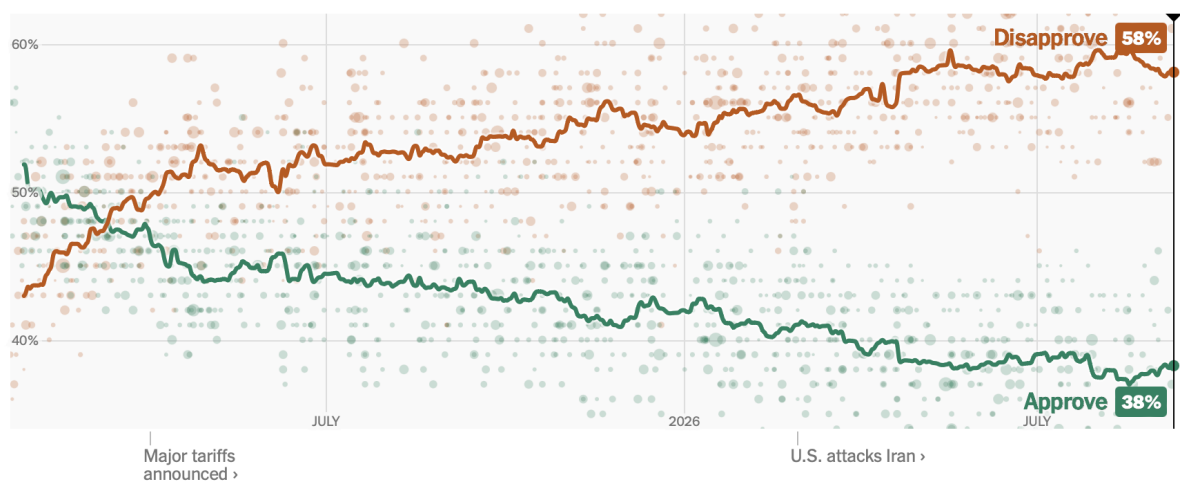
- **Tehran is prepared to absorb more pain rather than capitulate.** Six months of bombing, tighter sanctions, and a naval blockade have decimated the economy. But the leadership believes it can outlast the US: It has boosters in Russia and China and now Yemen is stepping up as an ally. The American war also justifies repression and diverts Iranians' attention from the regime's many weaknesses.
- **The White House won't back down and is pursuing more of the same.** Washington doesn't have an exit strategy, and the two nations are farther apart on terms than ►

they were when they signed their ill-fated truce in June. The impasse has motivated President Trump to focus elsewhere—such as the trade war with Canada, Ukraine diplomacy, and spectacles in Washington.

- **Heading into the fall, sentiment has again been jolted.** Over the summer, Middle East market participants ‘were desperate to believe that the war was over,’ says Longview Global Advisor Hani Sabra, backed by claims of ‘business as usual’ by regional elites. Rather, the region—from the Gulf to Israel and Lebanon—is going through the greatest geopolitical disruption in 50 years, says Sabra. Plus, global oil reserves are at long-term lows, European gas storage is below the seasonal target, and refineries around the world are running at full tilt to make up for lost capacity. All of this leaves companies and consumers exposed to ‘persistent’ supply disruptions, says S&P Global. (US diesel prices, a key component of shipping costs, are at a record high.)
- **Meanwhile, American shuttle diplomacy last week reconfirmed: No Ukraine breakthrough in sight.** Putin can end the fighting at any time, but he frames the war in epic terms (the restoration of a Greater Russia), and he believes Russia is gaining leverage with time. Ukraine sees the conflict as a fight for national survival. Longview Global Advisor Eric Green adds: ‘Europe and Ukraine see their security as intertwined and are pushing their defense sectors into a symbiotic relationship while policymakers contemplate how to deter Russia without an American backstop.’
- **A business opportunity: Rebuilding Western weapons stockpiles.** Procurement in the EU alone rose 26% in 2025 but legacy defense firms can’t rapidly develop new systems and scale production at manageable cost. New players are rising to fill gaps. Last week, the start-up Covenant, backed by Silicon Valley investor Peter Thiel, emerged from stealth mode and is promising to dramatically accelerate and slash the cost of cruise missile production. ►

The US midterms won’t change the business environment very much.

President Trump’s average approval rating



The New York Times, September 12, 2026.

- **Affordability has reshaped the political environment.** Consumers are pessimistic despite resilient growth, while higher gasoline and electricity prices have made energy costs a potent political issue. Geopolitics compounds the problem: A deeply unpopular foreign conflict is linked to the cost of living at home. Only 25% of Americans say the Iran war has been worth its costs, according to an August Reuters/Ipsos poll.
- **Business is not at the center of attention, but relevant themes are in play.** Democrats are dividing their attention between pursuing pocketbook issues (e.g., ending the war to lower gas prices and delivering Medicare for all) and exposing 'crooks' and corruption (e.g., Trump-linked companies and insider energy and minerals deals).
- **Even with a blue-wave scenario, business policy is unlikely to change that much.** Attention will immediately shift to 2028 and both parties will likely be mired in internal debates over ideology, leadership, and style. Meanwhile, the Trump administration will still control levels of government and seek to marginalize Congress. Some big shifts that have occurred—for example, on climate, regulation, immigration, executive power, and relationships abroad—are probably durable.

China's global leverage is growing despite weakness at home.

Growth in Chinese exports and world imports (% change)



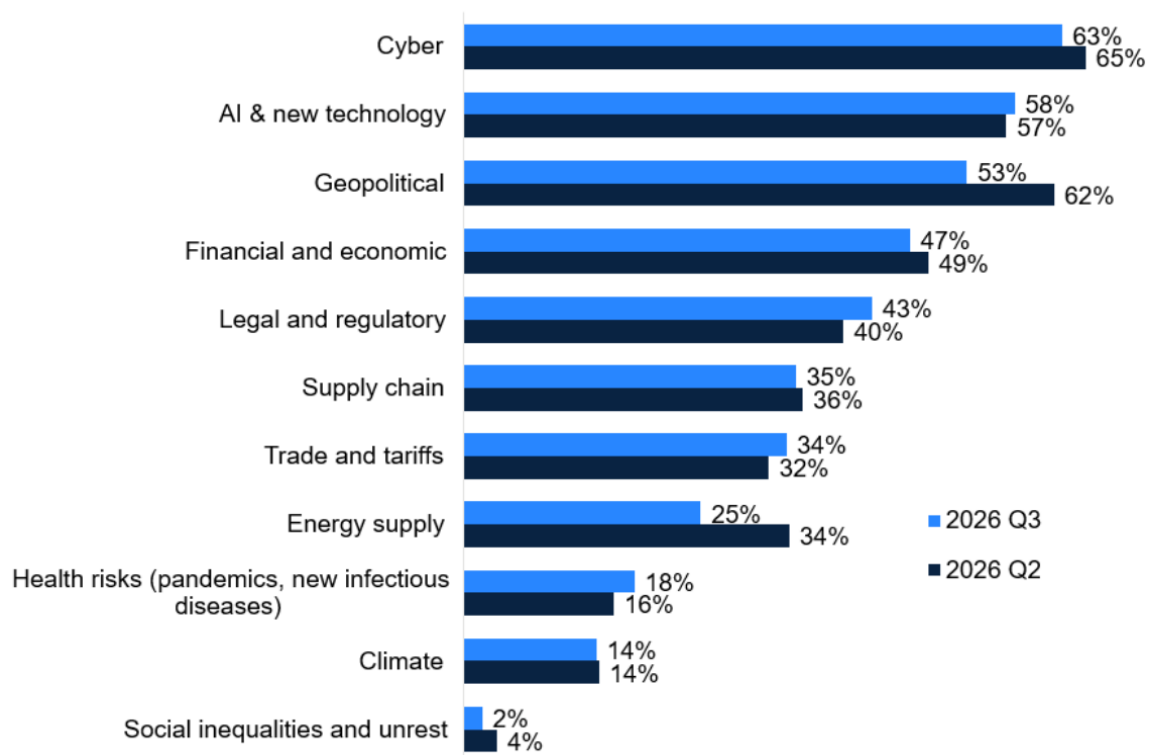
Financial Times, September 9, 2026.

- **Expectations for the September 24 US-China summit are low.** Presidents Trump and Xi are expected to extend their trade truce— what Xi has branded 'constructive strategic stability.' As with their meeting in May, the Trump administration wants to keep a lid on tensions as domestic politics and the Iran war consume attention and resources. Xi will smile a lot and not give ground.
- **Beijing is confident in its global position.** China has been pursuing a global charm offensive as it sees Washington once again tied down in the Middle East and undermining relations with traditional allies. Xi has courted Middle Eastern leaders, traveled to India for the first time in seven years, and used the BRICS and Shanghai Cooperation Organization summits to position China as the preferred economic and diplomatic partner across the Global South. ►

- **China's confidence is grounded in its industrial strategy.** Global companies are being forced to come to terms with Chinese leadership in autos, batteries, drones, robotics, manufacturing, and critical-materials supply chains, while China makes rapid gains in semiconductors, AI, pharma, and aerospace.
- **But, but, but: China's export strength also reflects persistent weaknesses and deflationary forces at home.** Many global brands have been losing ground in China, including VW, Nestle, Nike, LVMH, and Starbucks. Chinese exports have grown much faster than world imports, pushing the country's trade surplus to more than \$805 billion for the year through the end of August. Imbalances have become a keyword in global trade dialogues: The EU's trade deficit with China reached \$419 billion last year, but European governments remain divided over how to respond.

The AI narrative is becoming more socially and politically charged.

CEO assessment of high-impact business risks



The Conference Board, August 6, 2026.

- **AI has moved to the top of the business risk agenda.** More capable AI—exemplified by Anthropic's Mythos this spring—sparked concerns about the pace of development and control of frontier models. The National Academies has warned that AI capabilities are advancing faster than cybersecurity practices can adapt, which could give attackers an advantage. The Conference Board's Q3 survey captured this concern: 63% of CEOs ranked cyber as a high-impact business risk, while AI and new technology rose to second place at 58%, ahead of geopolitics. ►

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- **Calls to regulate or slow AI development and diffusion are growing** but divisions in Congress, within the Trump administration, and between the US and China deter the adoption of meaningful regulation, while any regime is likely to lag the tech innovation cycle. And, despite their statements of concern, hyperscalers are incentivized to race ahead in a world where AI demand is seen as unlimited. In Europe, competitiveness concerns are pushing policymakers toward less regulation.
 - **Bigger picture: Today's wave of apocalyptic scenarios reflects profound unease in society.** In June, 52% of Americans polled by the Pew Research Center said they were more concerned than excited about the increased use of AI in daily life. (Only 9% said they were excited.) The data center backlash embodies pushback on the ground. Given this wariness, people are paying close attention to what business leaders say about AI. Transformation for some is disruption for others.
 - **A trend we are seeing:** Some business leaders are emphasizing the importance of people in the AI equation—as a safety backstop, a commitment to authenticity, and an irreplaceable partner—and that they won't be left behind. This is also a key message in politics right now—in the UK, Germany, France, and the US. ■