Global Economic & Geopolitical Outlook webcast

25 June 2026 webcast recap

Content

Overview

KPMG's Global Economic and Geopolitical Outlook quarterly webcast series brings together KPMG firm Regional Chief Economists, KPMG International's Global Geopolitics Lead, and other senior advisors to provide business-focused insights for today's leaders.

On 25 June 2026, KPMG hosted its latest webcast in the series, drawing 1,050 executives and decision-makers from around the world. Regina Mayor, Global Head of Clients and Markets at KPMG International, served as moderator. She was joined by a global panel of KPMG professionals, including:

- Stefano Moritsch, Global Geopolitics Lead, KPMG International
- Diane Swonk, Americas Regional Chief Economist, KPMG in the US
- Yael Selfin, Europe, Middle East and Africa Regional Chief Economist, KPMG in the UK
- Dr. Brendan Rynne, Asia Pacific Regional Chief Economist, KPMG Australia

A replay of the full webcast can be accessed via the KPMG International website.

What you'll learn

This resource provides a high-level overview of the insights shared during the webcast, results from audience polling, and recommendations for business leaders.

Geopolitics

A world of persistent confrontation

Stefano Moritsch began the discussion about geopolitical conflicts around the world and indicated that conflict has become a persistent feature of the global operating environment. He described a world where military, economic, technological, and infrastructure risks are increasingly interconnected — with conflict showing up not only through military action, but also through energy disruption, shipping routes, sanctions, export controls, shifting alliances and pressure on critical infrastructure.

For business leaders, the implication is that geopolitical risk can no longer be treated as an episodic disruption. It is becoming a standing feature of strategic planning, capital allocation, supply chain design, technology adoption, and enterprise resilience.

> **"I see conflict being not just military anymore but about the weaponization of energy, shipping routes, and changing regional alliances."**
>
> **Stefano Moritsch**
> Global Geopolitics Lead
> KPMG International

Beyond the cacophony of the media cycle, Stefano is observing the following watchpoints:

1. Increased military spending
2. Shifting alliances with countries and jurisdictions pursuing multi-alignment diplomacy rather than choosing sides
3. The rise of export controls, sanctions, industrial policies, technology restrictions, and investment screenings
4. Critical infrastructure risks that involve shipping routes, undersea cables, energy infrastructure, data centers, and the evolution of hybrid warfare including drones

Taken together, these watchpoints suggest that governments are preparing for a longer period of insecurity, while companies will likely need to operate in an environment where these watchpoints are more embedded in day-to-day business decisions.

Stefano also said rising defense and national security spending may also accelerate a broader industrial build-up, which can create implications well beyond the defense sector, including semiconductors, AI, aerospace, cybersecurity, advanced manufacturing and critical minerals.

46% of webcast participants reported that geopolitical conflict has caused moderate or major disruption to their organizations

Q: To what extent is the current geopolitical conflict materially disrupting your business operations?
Source: Survey of 25 June 2026, Global Economic and Geopolitical Outlook webcast participants, KPMG International

Economics

Energy: From supply stocks to oil sands

Against a complex geopolitical backdrop, the discussion turned to the cost environment — starting with energy. Given that Regina Mayor has spent the majority of her career supporting clients in the energy sector, she offered a number of industry perspectives.

She discussed concerns about oil supply because the global supply base has eroded significantly in recent months due to the conflict in Iran. She indicated that markets have avoided a full crisis so far because of demand destruction, changes in consumption patterns, and stock drawdowns, but July and August could become important pressure points. At the same time, signs of reopening around the Strait of Hormuz are being viewed with optimism by investors.

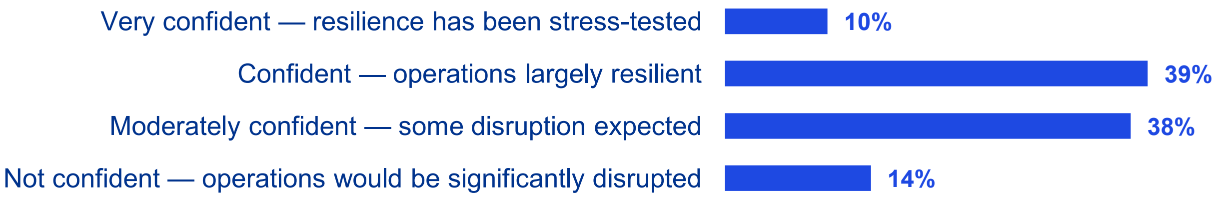
Regina then shared what was top of mind for her energy clients, especially those at the CEO level. While some have made very bold proclamations saying they are getting close to critical levels of oil supplies, others are saying they see the current situation as temporary, and it's not enough yet for them to redeploy capital to put additional rigs into the market, or to explore for, or procure more oil.

She also shared that many energy sector CEOs are asking her about future directions in the current policy environment related to permitting new projects, leasing opportunities, and sustainability regulations, because it remains very high on the agenda for European and Asian Pacific nations.

> **What I hear from boardrooms in Houston, Calgary, and elsewhere is energy sector leaders view the current situation as temporary, and it's not enough yet for them to redeploy capital. And they're staying consistent with what their capital deployment plans look like for 2026. So, in my view, there are no white knights coming to the rescue to turn on the global oil supply tap.”**
>
> **Regina Mayor**
> Global Head of Clients and Markets
> KPMG International

Regina ended her commentary by indicating that higher prices are making some assets and regions more economically attractive again, including Venezuelan opportunities and Canadian oil sands, but she emphasized that no major supply response is likely in the near term.

Webcast audience bullish on energy resilience, light on stress testing

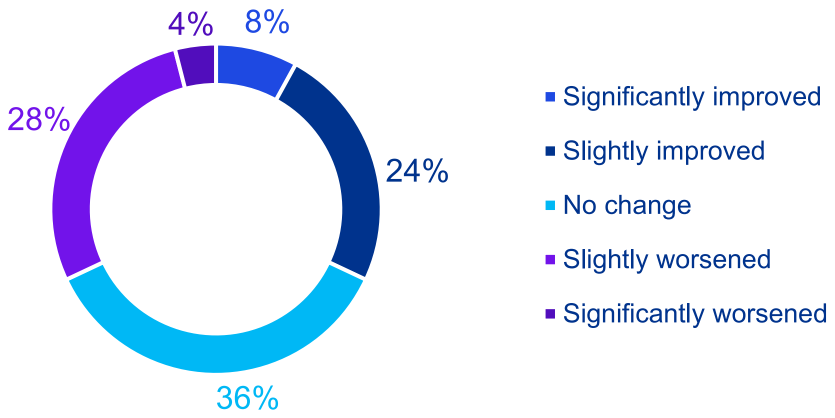


Q: How confident are you in your organization’s ability to maintain operational continuity during a sustained energy disruption (more than 6 months)?
Source: Survey of 25 June 2026, Global Economic and Geopolitical Outlook webcast participants, KPMG International

Growth outlook: A mixed view

The discussion then shifted to the economic implications for growth, inflation, interest rates and demand. Diane Swonk reported that growth in the US is holding up well, bolstered by both fiscal stimulus and monetary stimulus. She indicated that the AI investment cycle is an important support for US growth, particularly through infrastructure and data center investment that is creating multi-year backlogs in parts of the economy. Canada and Mexico face renewed trade uncertainty as the United States-Mexico-Canada Agreement (USMCA) review approaches, with Canada diversifying trade beyond the US,
and Mexico more exposed to US dependence.

Change in company growth outlook since January 2026



Q: Since 1 January 2026, how has your outlook for your company's growth prospects changed?

Source: Survey of 25 June 2026, Global Economic and Geopolitical Outlook webcast participants, KPMG International

Yael Selfin indicated that the conflict in Iran has had a serious impact on economies in the Europe, Middle East and Africa (EMEA) region. Europe had relatively weak data for Q2, with mixed outlook for both the Middle East and Africa. Yael shared that Europe was in a better position than it was in 2022, but it continues to face weak demand. In the Middle East and Africa, some energy-producing economies benefit from higher prices, while non-energy sectors and tourism remain more exposed. Parts of Africa also face significant pressure from elevated inflation, capital outflows and lower aid budgets due to constrained public finances in donor countries.

Brendan Rynne said that the Asia Pacific region is still performing strongly. Growth is supported by tech, AI, electronics exports, supply chain shifts, domestic demand and tourism, but China is slowing and inflation risks are rising, particularly for developing Asia.

> **Asia Pacific remains a strong performer and is expected to contribute about 60 percent of global GDP growth this year. But the region's role as a global growth engine is under pressure from geopolitical conflict, rising trade protectionism and uneven development gains."**
>
> **Dr. Brendan Rynne**
> Asia Pacific Regional Chief Economist
> KPMG Australia

Inflation: Uneven pressures across regions

Inflation pressures are no longer uniform, but they haven't gone away. Yael Selfin said inflation in Europe and the Middle East is relatively contained because weaker economic conditions are dampening price growth, while Africa remains more exposed.

> **Africa is a concern, as inflation was already elevated across much of the continent. Starting from a higher base will likely make it difficult to rein in."**
>
> **Yael Selfin**
> Europe, Middle East and Africa Regional Chief Economist
> KPMG in the UK

In the Americas, Canada and Mexico appear better positioned, but Diane Swonk said the US remains a key risk, with persistent services inflation and could see two rate hikes by the US Federal Reserve toward the end of 2026, creating spillover pressure through exchange rates.

Brendan Rynne said that headline inflation in ASPAC is ticking up again, but core inflation across the region is generally stable, largely because its calculation excludes energy and food in determining its value. In the region, he indicated that China is the exception due to weak domestic consumer demand, localized price competition, and also property headwinds that have kept China's core inflation remarkably low.

Interest rates: Global fragmentation

The interest rate outlook is increasingly fragmented globally, with central banks balancing persistent inflation against weaker growth.

Led by the new Chairman, Kevin Warsh, the US Federal Reserve is expected to raise rates. Diane Swonk indicated that inflation control remains a top priority. She also shared that Canada and Mexico are unlikely to match those hikes, but Brazil and others may have less room to cut.

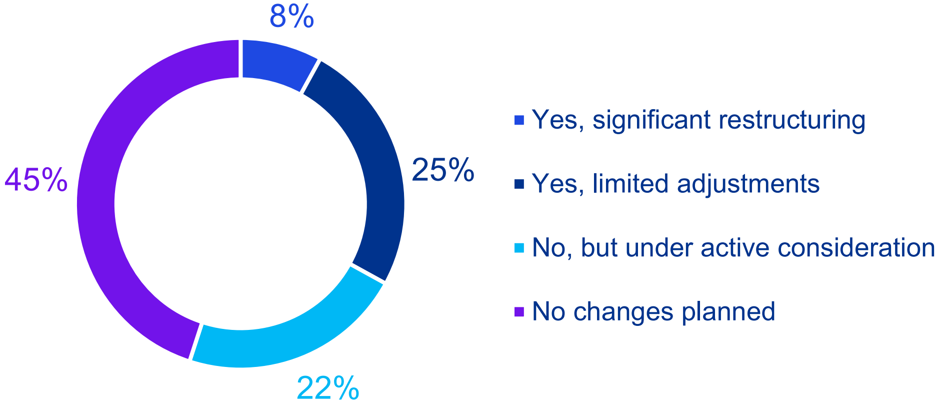
Brendan Rynne noted that the monetary policy outlook for the Asia Pacific region over the next six to twelve months is actually highly fragmented, defined by a distinct split between major economies hiking rates to combat persistent inflation and others preparing to hold or possibly even ease policy.

In Europe, a relatively hawkish European Central Bank is leading the pack, said Yael Selfin. This is an partly understandable as it was starting from a neutral position, unlike other central banks that are still in restrictive stance. Africa faces high rates due to elevated inflation, while central banks in the Gulf Cooperation Council countries mirror the US Federal Reserve because of the dollar pegs, so could raise rates even as local inflation is relatively low.

Supply chains: Critical flexibility

The discussion then turned to supply chains, where many of these pressures converge. From trade routes to policy shifts, supply chains face continued strain and adaptation. As trade fragments, companies are redesigning supply chains around political alignment, regional resilience and access to critical technologies, not just cost efficiency.

Supply chain response to geopolitical risks



Q: Has your organization actively restructured its supply chain due to geopolitical risk in the past 12 months?
Source: Survey of 25 June 2026, Global Economic and Geopolitical Outlook webcast participants, KPMG International

Recent chokepoints have caused severe trade delays, higher transport costs, and commodity shortages. Stefano Moritsch argued that three main conditions need to happen for traffic to recover in the Strait of Hormuz: 1) a sustained de-escalation of the conflict on the ground, 2) the renewal of confidence from maritime insurance companies and ship owners, and 3) the clearance of the operational bottlenecks and backlog.

Top 3 trade-policy-related risks

01 Supply chain disruption

02 Tariffs

03 Regulatory divergence

Q: What is the biggest trade-policy-related risk to your business right now?
Source: Survey of 25 June 2026, Global Economic and Geopolitical Outlook webcast participants, KPMG International

Even if traffic can physically resume relatively quickly, confidence among shipping companies, insurers and customers may recover more slowly, meaning operational disruption and higher risk premiums could persist beyond the initial reopening.

With regard to North America, Diane Swonk said trade remains highly uncertain, with USMCA review, tariff enforcement and border friction creating new cost and inflation risks.

At the same time, she said the US is strengthening tariff enforcement and expanding tariff tools, which could push the effective tariff rate higher, encourage companies to front-run price increases, and keep inflation pressures elevated.

Brendan Rynne discussed four key supply chain issues in the ASPAC region: 1) trade in the region is fragmenting, but it's not shrinking, 2) Asia is becoming more regionally integrated, 3) trade growth is being increasingly concentrated in high-tech manufacturing, and 4) ASEAN is emerging as a structural winner as companies diversify manufacturing and export activity across the region.

Yael Selfin reported that Europe is gradually facing to the challenge from markets like China, which is fast adopting new technologies and moving up the production level to products that traditionally have been produced by Western economies, offering high quality and competitively priced alternatives to European products.

> **We expect some muddling through with the USMCA agreement because it's just so important to the supply chains throughout the United States, Canada, and Mexico."**
>
> **Diane Swonk**
> Americas Regional Chief Economist
> KPMG in the US

Recommendations

To close out the webcast, the panelists had the following recommendations for C-level executives to action in today's environment.

- Technology strategy should account for geopolitics, including exposure across technology stacks, AI, and supply chains.
- Cybersecurity should be treated as a core resilience priority since digital and physical infrastructure are becoming more exposed to geopolitical disruption.
- More shocks are likely, so companies should adopt scenario planning and stay agile enough to adjust quickly.
- Border and trade frictions are likely here to stay, making supply chain visibility and supplier traceability critical.
- Resilience is now a source of competitive advantage, not just cost. Companies should consider redundancy, multi-country operations, supplier diversification, and stress testing against energy, logistics and trade policy shocks.

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