Article | 9 January 2026

THINK Ahead: 2026 in 10 charts (Part two)

From AI investment to tax bonanzas, rate cuts to inflation, here's the second instalment of James Smith's top charts for 2026. Check out part one if you missed it. Read on for more of this year s big themes, plus our look into a busy week ahead

Can the US economy keep powering ahead is a key question for 2026

Webinar: Trump's tariffs on trial - The Supreme Court ruling that could reshape the economic outlook

Join us on Monday for a 30-minute live webinar as our economists explain the Supreme Court's forthcoming verdict on President Trump's tariff policy on the global economy and central banks. Sign up here

1 Can the US economy power onwards despite a fragile jobs market?

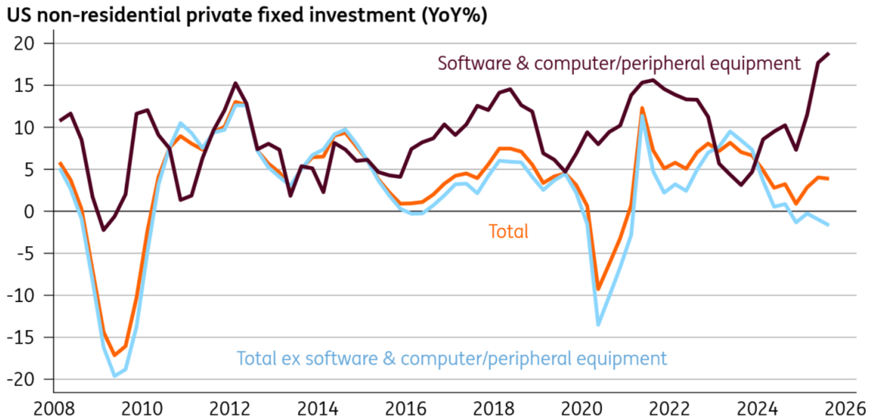
US economic growth is surging. The US jobs market is under pressure. How can those two things be true at the same time?

The answer, says our US economist James Knightley, is bifurcation. Most households expect unemployment to rise, and confidence is weak. But with equity markets at record highs, the top 20% - who hold 70% of the wealth - are still spending freely.

Investment shows a similar pattern. Claims that the US would have been in recession last year without AI were wildly overstated, but it's true that without software and IT equipment, fixed investment growth would have been negative. Those categories alone added 0.8pp to the 2.3% annual GDP growth recorded in Q3 – though the boost is lower once you factor in imported AI components.

So yes, US growth is solid - but it's concentrated. It's a trend we expect to continue into 2026. But it's also a reminder that the risk of a tech bubble is so central to the US economic outlook this year.

US fixed investment would be negative without software/computer equipment



Source: Macrobond, ING

2 Will fiscal stimulus propel the global economy to new heights?

If Covid-19 taught us anything, it's that fiscal stimulus – much more so than monetary – can be a real economic game-changer. And there's plenty of it this year.

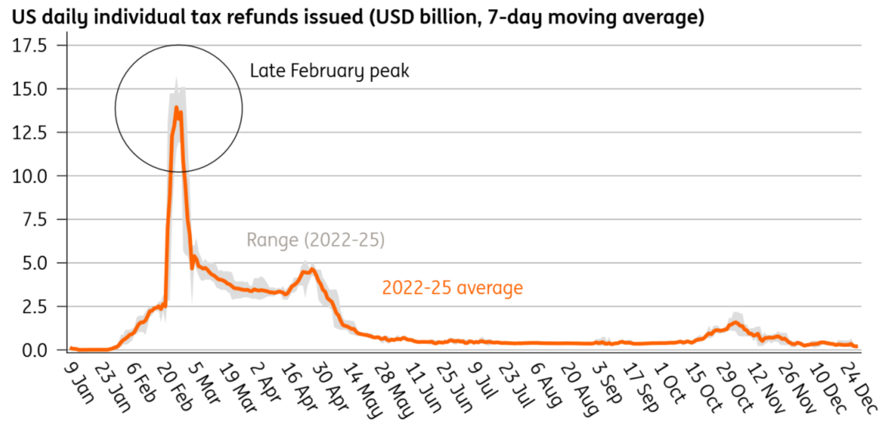
Take Germany: Carsten Brzeski likens its stimulus to a ketchup bottle - nothing for ages, then a sudden splurge from infrastructure and defence. We may already be seeing the first drops, with this week's new orders and production data looking solid.

The US, meanwhile, gets some support from last year's tax bill. Many provisions, such as eliminating taxes on tips and overtime, are backdated to early 2025. According to James K, that could mean 2026 is a record year for tax refunds – and the chart below shows these payments typically peak sharply at the end of February. Lower to middle-income households stand to benefit the most.

Then there's President Trump's "tariff rebate" idea. It's gone quiet, but with political pressure rising ahead of November's midterms, talk of direct cash payments could easily return. How it would be funded - especially if emergency tariffs are struck down by the Supreme Court - is a big open question. As is whether Congress agrees to it.

Still, could all this finally soften the "K‑shaped" divide and help the bottom half spend more like the top? With job insecurity high and interest rates still elevated, much of the money may simply go toward debt repayment rather than spending, unlike the early‑Covid stimulus checks. And any boost could be further diluted by the expiration of Affordable Care Act subsidies, which are driving health insurance costs sharply higher.

Tax refunds tend to peak in late February



Source: Macrobond, ING

3 How far can US inflation fall?

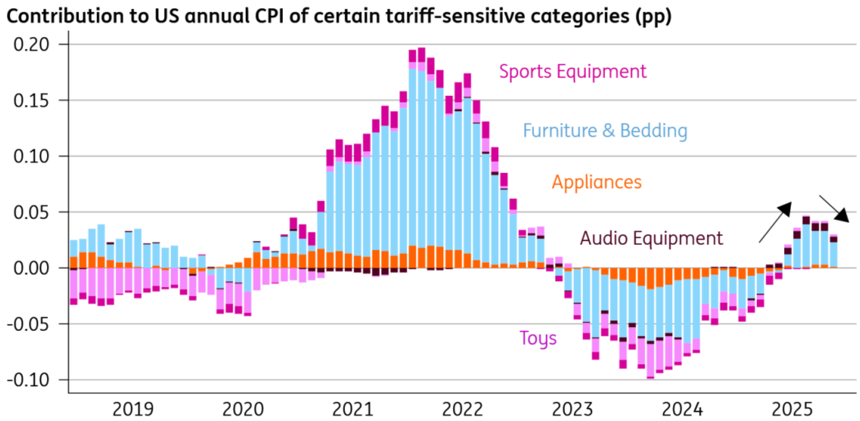
Fed Chair Powell said in December that tariffs have largely run their course on US inflation. And there are signs he's right: price rises for tariff‑sensitive goods like audio equipment and appliances have cooled in recent months, and the ISM surveys release this week showed fewer firms raising prices.

Yet the effective tariff rate tells a more nuanced story. Based on White House announcements, tariffs should be yielding 16-17% of the value of imported goods. In practice, the rate was 12% in October, though that's still higher than over the summer. That suggests tariff collection is improving, which could mean there's a bit more pass-through to consumer prices coming. It's also striking how little movement we've seen in car prices so far, despite big tariffs. That could change.

Still, this is a small part of the inflation puzzle. Goods make up less than a quarter of the core inflation basket. The rest is services – dominated by rents, which are slowing, and widely affected by wage growth, which is softening too. There's enough service-sector disinflation to offset any lingering tariff effects on goods.

That said, the data is messy after the government shutdown disrupted reporting through the autumn. So don't be shocked if next week delivers a hot core inflation print - more from James Knightley below.

The contribution of tariff-sensitive components to US inflation is easing



Source: Macrobond, ING

4 Will lower interest rates boost growth this year?

There are two reasons that rate cuts are not the holy grail they once were.

Firstly, they don't work nearly as quickly, at least in places like the US, where most mortgage rates are locked in for 20-30 years. Even after aggressive Fed hikes, the average rate on existing mortgages has risen by less than a percentage point since 2021. Much of Western Europe is similar. In short, existing homeowners haven't felt a big hit to their cash flows.

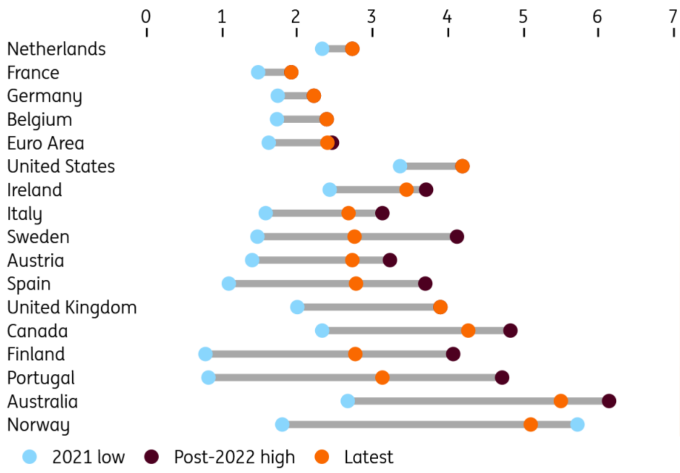
Secondly, even where mortgage rates are more variable, the economic boost from rate cuts has been mixed. Sweden, where mortgage repayments have fallen sharply, has seen a clear revival in growth. Canada, which has seen something similar, hasn't. I wonder why that might be?

It tells us interest rates aren't the only game in town. Similarly in Europe, where bank lending growth to corporates has been picking up, we haven't yet seen a similar revival in investment - even if, as I said earlier, there are some positive signs. Uncertainty matters more than the level of interest rates alone.

My takeaway here is that if things go pear-shaped this year – and life gets trickier again for households and firms for whatever reason – don't expect monetary policy to be the rapid saviour it once was.

Fixed-rate mortgage lending has limited the effect of rate hikes and cuts

Average interest rates on outstanding mortgage lending



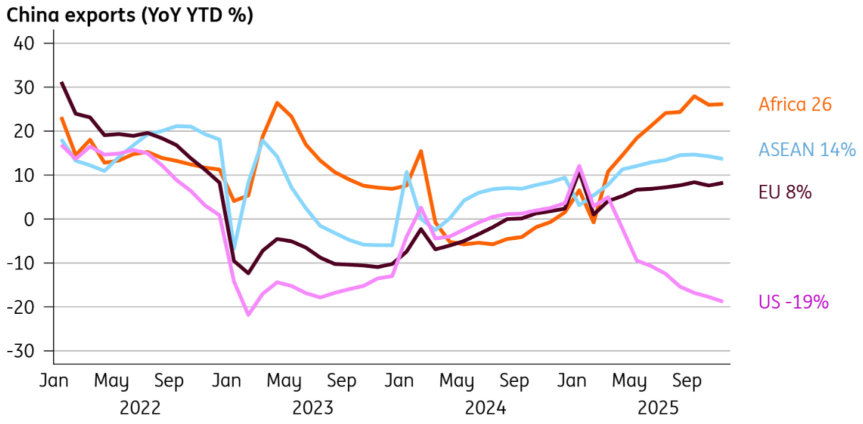
	Increase to peak (bp)	Fall from peak (bp)
Netherlands	40	0
France	44	0
Germany	48	0
Belgium	66	0
Euro Area	78	6
United States	83	0
Ireland	102	26
Italy	110	45
Sweden	129	136
Austria	133	50
Spain	169	92
United Kingdom	190	0
Canada	194	56
Finland	199	130
Portugal	231	159
Australia	283	64
Norway	330	62

Source: Macrobond, ING

5 Will China's exports stay resilient?

This chart – courtesy of our Hong Kong-based economist Lynn Song – says a lot about 2025. Exports to the US from China tumbled, unsurprisingly. But the opposite was true for shipments to the rest of the world. Put simply, China's increasing focus on higher-value exports is less reliant on American demand. Whether this trend of weaker trans-Pacific trade continues depends a lot on what happens to tariffs – and whether October's truce between the US and China can hold. Lynn wrote in his 2026 outlook that exports to America are likely to stay weak through the first few months of the year. We get the latest China trade data next week.

Exports to the Rest of the World have offset lower US shipments



Source: Macrobond, ING

THINK Ahead in developed markets

United States (James Knightley)

- **CPI** (Tues): The main focus will be the December inflation report. November's CPI print was purely a YoY outcome given the government shutdown prevented the collection of prices for October. The fact that headline inflation slowed so sharply from 3% in September to 2.7% in November with core decelerating from 3% to 2.6% surprised markets, but it became apparent that the assumptions surrounding housing costs had a large influence. Meanwhile, the shutdown meant more of the data collection happened later in November 2025, when price discounting around Thanksgiving is prevalent, which, when compared with the whole of November 2024, likely skewed the inflation rate lower. Reverting back to more standard collection timings in December means we suspect there is a slight upside risk relative to the 0.3% MoM consensus forecast for core CPI. We are forecasting a 0.4% gain for core CPI that would lift the YoY rate to 2.8%.
- Will this significantly change market pricing of at least two 25bp rate cuts in 2026? Probably not. Fed Chair Powell suggested the Fed expects the tariff influence on prices to peak in Q1 and then subside, while we believe falling energy prices, slowing housing rents, and weakening wage growth will allow the annual inflation rate to head back towards 2% around the turn of the year.

United Kingdom (James Smith)

- **November GDP** (Thur): Output should rebound after October's fall, but, bigger picture, we've seen a slowdown in UK growth through the second half of 2025. It's tempting to blame that on budget-related uncertainty. But it also fits a broader trend where every year since 2022, the GDP data has been much stronger in the first half of the year than the second, hinting at seasonal adjustment problems in the data.

THINK Ahead in Central and Eastern Europe

Poland (Adam Antoniak)

- **Nov BoP** (Tue): We forecast that the current account turned into a deficit of €0.4bn in November after a surprising surge of €1.9bn in October. Still, in 12-month rolling terms, the current account should remain at -0.8% of GDP. According to our forecasts, exports in € declined slightly (-0.8%YoY), while imports inched up (+0.7%YoY). Overall, external imbalance remains narrow.
- **NBP rate decision** (Wed): With inflation falling below the NBP target in December 2025 (flash estimate at 2.4% YoY) the room for further policy easing is clearly still open, especially keeping in mind that the main policy rate is currently at 4.00%. At the same time, the beginning of each year brings additional uncertainty about the inflation developments due to annual adjustments in prices, but also statistical changes, so the declared pause in rate cuts remains the baseline scenario. Nevertheless, the main lesson from 2025 is that communication is the weakest link in the National Bank of Poland (NBP) monetary policy, so a potential January cut is certainly not off the table. We see the odds of the cut in January at 35%.
- **Dec inflation** (Thu/Fri): The final reading of December CPI inflation should be confirmed at around the NBP target of 2.5%. Detailed data will allow us to have a better approximation of core inflation. In our view, it increased slightly to 2.8%YoY from 2.7%YoY, mainly on the back of a low reference base from December 2024.

Hungary (Peter Virovacz)

- **Industry** (Mon): As the new BMW factory in Hungary gradually increases production, we expect to see further positive monthly results for the industry. We expect to see a third consecutive month-on-month increase in industrial output. However, it is important to note that total industrial production will remain well below the monthly average for 2021.
- **Inflation** (Tue): The Hungarian inflation rollercoaster will continue as it remains on a steep slope before accelerating again. We anticipate a negative month-on-month print in December, primarily due to significantly lower fuel prices. Services inflation and durable price change will remain muted on a monthly basis. Therefore, both core and headline inflation will nosedive in December, with the possibility of both temporarily dipping below 2% year-on-year in the coming months.

Czech Republic (David Havrlant)

- **CPI & Current Account** (Tues): December's inflation breakdown will likely paint another decline in food prices and weak regulated prices. In contrast, core inflation is set to marginally pick up. The current account might come under pressure in November, as the increased investment activity implies more imports, but it is likely to remain in a surplus. Retail sales dynamics are expected to have strengthened in November, as consumers drew on their resources and some savings to fuel pre-Christmas shopping. Producer prices remained in annual decline, weighed down by weak energy prices and a stronger koruna against the euro.

Key events in EMEA next week

Country	Time (BST)	Data/event	ING	Prev.
		Monday 12 January		
Turkey	0700	Nov Current Account Balance (USD bn)	-3.5	0.46
	0700	Nov Retail Sales (MoM%/YoY%)	-/-	0.2/15
Hungary	0730	Nov Industrial Output (YoY%)	-1.8	-2.7
Kazakhstan	0000	Dec Industrial Production (YoY%)	-	7.4
Serbia	1100	Dec CPI (MoM%/YoY%)	0/2.7	0.2/2.8
	1100	Jan Benchmark Interest rate	5.75	5.75
		Tuesday 13 January		
Poland	1300	Nov Current Account (EUR bn)	-0.3	1.9
Czech Rep	0800	Dec CPI (MoM%/YoY%)	-0.3/2.1	-0.3/2.1
	0900	Nov Current Account Balance (CZK bn)	6.8	16.8
Hungary	0730	Dec Core CPI (YoY%)	3.4	4.1
	0730	Dec CPI (MoM%/YoY%)	-0.2/3.0	0.1/3.8
		Wednesday 14 January		
Poland	1400	Jan NBP Rate Decision	4.00	4.00
Romania	0700	Dec CPI (MoM%/YoY%)	0.3/9.8	0.4/9.8
		Thursday 15 January		
Turkey	0800	Dec Budget Balance (TRY bn)	-	169.5
	1130	Jan FX Reserves (USD bn)	-	77
Poland	0900	Dec CPI (MoM%/YoY%)	-/-	0/2.4
Czech Rep	0800	Nov Retail Sales (YoY%)	3.4	2.8
Croatia	1000	Dec CPI (YoY%)	3.4	3.8
		Friday 16 January		
Russia	1600	Dec CPI (MoM%/YoY%)	0.5/5.8	0.4/6.6
Poland	1300	Dec Core CPI (YoY%)	2.8	2.7
Czech Rep	0800	Dec PPI (MoM%/YoY%)	0/-1.9	0.3/-1.3

Source: Refinitiv, ING

Key events in developed markets next week

Country	Time	Data/event	ING	Prev.
		Tuesday 13 January		
US	1315	Dec 27 weekly ADP jobs change (000s)	15	11.5
	1330	DEc Core CPI (MoM%/YoY%)	0.4/2.8	0.2/2.6
	1330	Dec CPI (MoM%/YoY%)	0.3/2.7	0.3/2.7
	1500	Dec New Home Sales (mn)	0.69	0.8
	1900	Dec Federal budget statement ($bn)	-90	-173
Netherlands	0530	Dec CPI NSA (MoM%/YoY%)	-	-0.8/2.9
Greece	1000	Dec CPI (YoY%)	-	2.4
		Wednesday 14 January		
US	1330	Q3 Current Account (USD bn)	-210	-251.3
	1330	Nov Retail Sales (MoM%)	0.4	0
	1330	Nov PPI (MoM%)	0.2	-
	1500	Dec Existing Home Sales (mn)	4.2	4.1
Netherlands	0530	Nov Trade Balance (EUR bn)	-	12.5
		Thursday 15 January		
US	1330	Initial Jobless Claims (000s)	215	208
Eurozone	1000	Nov Total Trade Balance SA (EUR bn)	-	18.4
	1000	Nov Industrial Production (MoM%/YoY%)	-/-	0.8/2
France	0745	Dec CPI ((MoM%/YoY%)	-/-	-0.2/0.9
UK	0700	Nov GDP (MoM%/YoY%)	0.1/1.1	-0.1/1.1
Italy	0900	Nov Industrial Output (MoM%/YoY%)	0.4/-	-1/-0.3
	0900	Nov Global Trade Balance (EUR bn)	-	4.2
Netherlands	0530	Dec Unemployment Rate	-	4
Spain	0800	Dec CPI NSA (MoM%/YoY%)	-/-	0.3/2.9
Sweden	0700	Dec CPI (MoM%/YoY%)	-/-	-0.4/0.3
	0700	Dec CPIF (MoM%/YoY%)	0.4/2.4	-0.2/2.3
		Friday 16 January		
US	1415	Dec Industrial Production (MoM%)	0.1	0.2
Germany	0700	Dec CPI Final (MoM%/YoY%)	0.0/1.8	-0.2/2.3

Source: Refinitiv, ING

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