

## Marieke Blom: What to expect from the mood in Davos and how to read the room

Sentiment in Davos last year was strikingly upbeat on the US and distinctly downbeat on Europe. Both assessments turned out to be overdone. The same dynamic is likely to play out again this year. The mood in Davos matters, but take it with a pinch of salt. As we approach the event, here's how to read the room



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The scene in Davos is unmistakable: cold, crisp air, a bright blue sky, and a significant number of influential voices packed into tiny rooms. Walking through the slush on the Davos Promenade, it is easy to feel as though you already know how the year ahead will unfold.

Last year's discussions were certainly insightful. Whether it was on stage or behind closed doors, the prevailing narrative on the economic outlook was clear: bullishness on the US and a sense that Europe was 'doomed', with the best-case scenario being that it might finally heed its wake-up call.

Yet Europe exceeded expectations, delivering stronger-than-anticipated growth, while the US underperformed slightly relative to upbeat forecasts. To be clear, US growth still outpaced Europe's - but the gap was considerably narrower than Davos consensus suggested.

For the coming year, our [economic forecasts](#) point to Europe gradually gaining momentum while US growth is expected to ease modestly. The growth differential will likely end up close to last year's level.

Nevertheless, I expect the tone in Davos to be much the same as last year's: markedly more pessimistic about Europe than about the US.

There are good reasons to worry about Europe. It struggles with global power dynamics. Its dependence on the US has become more visible. And the US has shown an increasing willingness to let Europe fend for itself. [As I laid out earlier](#), Europe will have to incur significant costs to enhance its resilience, for which corporates and taxpayers will pay a price. Europe knows it's in trouble, but there's not much policy action.

There's also a more tactical reason to expect a downbeat European mood. Companies and policymakers often highlight the risks in an attempt to move the needle on European policy. There's an incentive to saying the bad stuff out loud. And, as ever, negativity bias plays its part, meaning that the darker messages are the ones that tend to stick, both in your mind and in any write-up you read.

In contrast, there are reasons to be relatively optimistic about the US economy. AI-related investments are likely to support another solid year. High-income consumers may continue to benefit from high equity valuations. And in the world of geopolitics, the US is projecting its power vividly. And whether at home or abroad, there's certainly a lot of policy action – much more than in Europe.

Equally important, unlike in Europe, there's little incentive to voice concern. Would any business leader expect to benefit from pointing out the risks in the US?

Still, the past year has offered reminders that not all US policies are business-friendly. Tariffs, shifting policy decisions, limits on dividend payouts for defence companies, and a proposal to cap credit-card interest rates are just some of the actions that have unsettled boardrooms. Confidence indicators reflect this: while the services PMI stands at a similar level to a year ago, the manufacturing PMI and small-business sentiment have fallen significantly.

Europe, meanwhile, has a more constructive story than the Davos mood might allow. We learned in 2025 that under significant pressure, things do move – very slowly, but generally in a supportive direction for future growth. The German government committed to large-scale spending on its economy and defence. Europe is successfully pursuing trade deals ([Mercosur](#), India). And although we're not calling them Eurobonds, joint borrowing was agreed twice – for defence spending and for Ukraine. Funds from the Recovery fund will flow into the economy this year.

In addition to policy action, the private sector in Europe has room for upside surprises. Consumers [may start to spend more](#). [Corporate debt levels are low](#) while financing costs have come down, so companies have room to borrow more to finance new investment.

The open question is how much all of this will shape the Davos narrative. I still expect the negativity on Europe to dominate the mood, with the US framed in far more constructive terms. Yet the economic reality may be rather different. Europe continues to be underestimated – in both the forecasts and the storytelling – and I would say the eventual gap with the US is likely to be

much smaller than implied by the discussions.

But I will find out more next week. I will listen, both to what's being said on stage and perhaps more importantly, behind closed doors. I will keep you posted. For now, whether you're reading the room in Davos or reading a briefing afterwards, be sure to interpret what you hear with caution.

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