

9 February 2026

Chief Investment Office GWM  
Investment research

# The CEO Macro Briefing Book 1Q26

Mind the momentum

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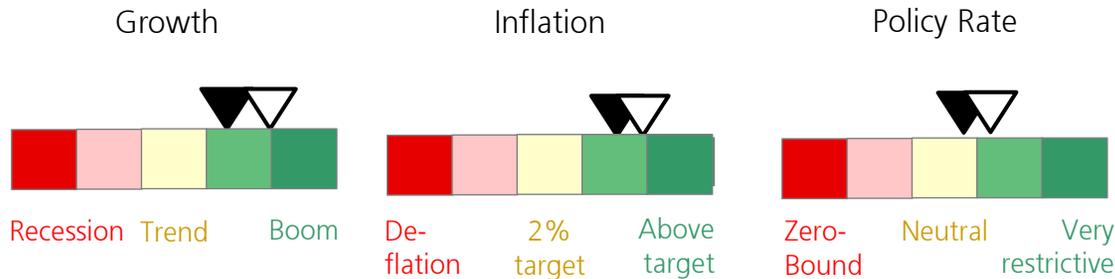


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# Executive Summary: Mind the momentum

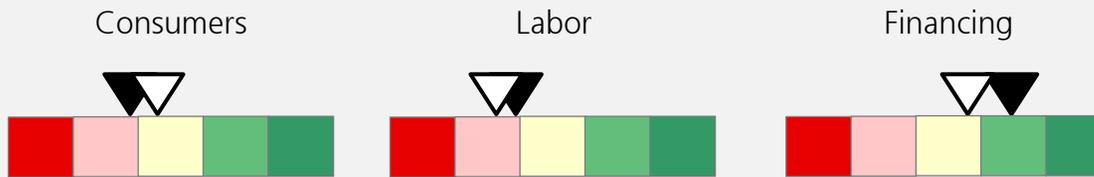
▬ Last quarter   ▬ Current

## Macroeconomic Conditions



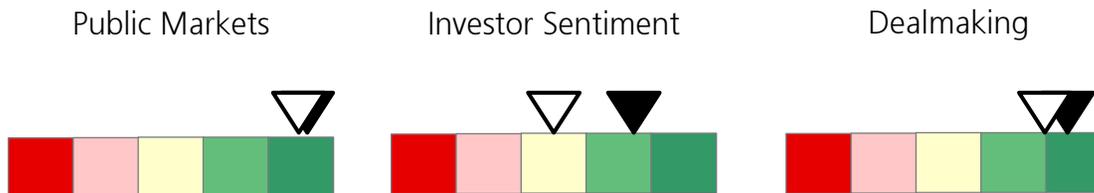
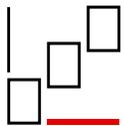
- Above-trend growth expected to hold through 1H26.
- Tariff effects on inflation subdued, disinflation expected.
- We expect two rate cuts this year, starting in the summer.

## Operating Environment



- Consumer strength (temporarily) helped by higher tax refunds.
- Labor market deterioration has stabilized; limited AI effect so far.
- Financing conditions improve as interest rates decline.

## Markets & Deal Activity



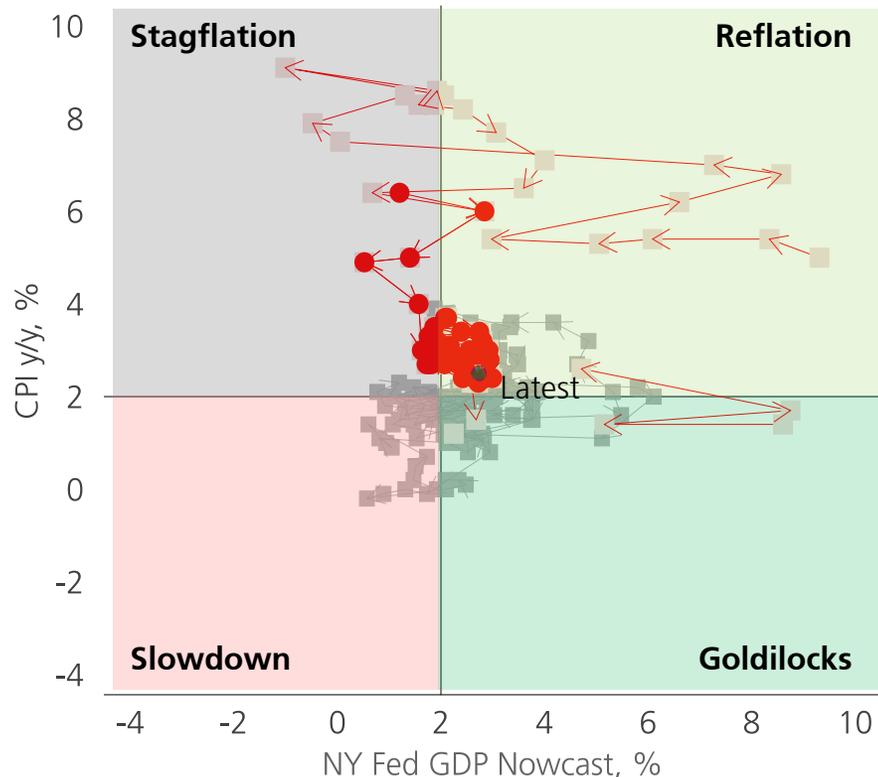
- Equities trend near all-time highs, with rally to broaden.
- Investors bullishly positioned to start the year.
- Dealmaking activity accelerated at end of 2025 with momentum set to continue this year.

# Macro regime: Staying in “Reflation” for the time being

Elevated headline inflation and positive economic momentum likely to hold through 1H26 with “Goldilocks” quadrant as the likeliest next step.

## Macroeconomic regime quadrants

NY Fed GDP Nowcast & CPI y/y, %



Note: Data starts from 1/2021; latest PCE comes from the consensus of forecasters on Bloomberg.  
Source: Bloomberg, UBS, as of 9 February 2026

## Current regime: Reflation

- Growth has continued to surprise to the upside, and we expect real GDP to run above trend in 2026.
- Inflation has remained above the Fed’s target for some time and likely to be elevated in the coming months as policy effects peak.
- The soft labor market gives ample reason for more further rate cuts from the Federal Reserve, supporting a continued expansion.

## What we expect: A ‘hot’ economy through 1H26

- Growth impulses like OBBBA impact, above-average tax refund season, easier financial conditions to support “Reflation” environment in 1H26.
- There is risk of escalating geopolitical and trade tensions. Inflation could prove to be sticky once again, delaying Fed rate cuts and damaging growth prospects. Current policy could prove too restrictive, weighing on the labor market. Weaker AI sentiment might slow related capex.



# Appendix

# Risk information

## Non-Traditional Assets

**Non-traditional asset classes are alternative investments that include hedge funds, private equity, real estate, and managed futures (collectively, alternative investments).** Interests of alternative investment funds are sold only to qualified investors, and only by means of offering documents that include information about the risks, performance and expenses of alternative investment funds, and which clients are urged to read carefully before subscribing and retain. **An investment in an alternative investment fund is speculative and involves significant risks.**

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