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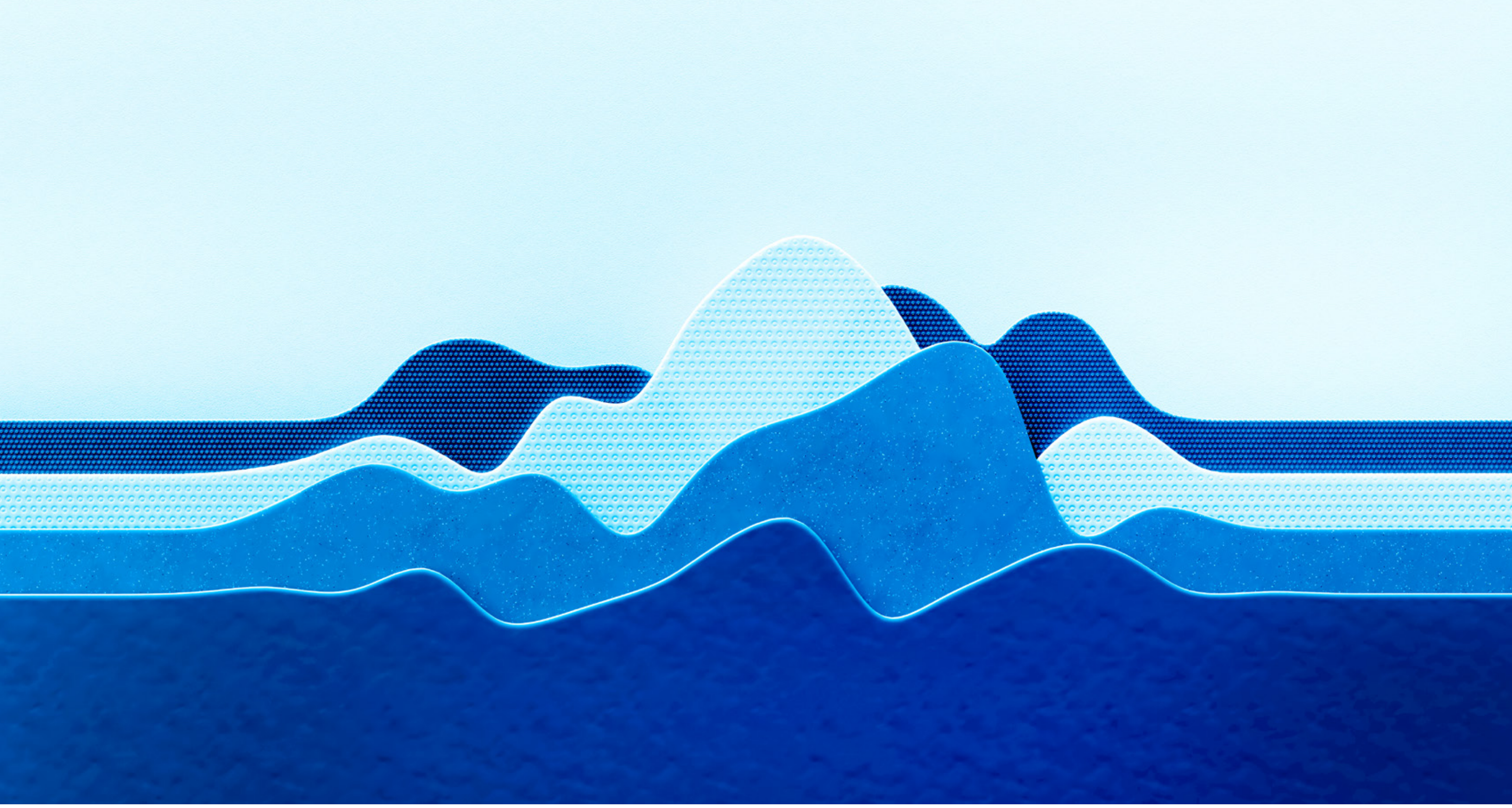
# Economic conditions outlook, September 2025

Surveyed executives continue to see shifts in trade policy as a disruptive force globally and locally, and their companies are exploring areas of opportunity in response.

*by Sven Smit*
*with Jeffrey Condon and Krzysztof Kwiatkowski*



September 2025

**For the second quarter in a row, surveyed executives** view changes in trade policy and relationships as the primary disruption to global, domestic, and company growth. In the latest McKinsey Global Survey on economic conditions,[1] just one-third of respondents say they are confident in their organizations' ability to manage trade policy changes. However, they increasingly cite trade-related changes as a top opportunity for company growth, though the share doing so remains small, and executives report that their companies are making adjustments in response.

Respondents share somewhat brighter assessments of changes to the global economy over the past six months, but they continue to be more likely to expect declining rather than improving conditions—globally and at home—in the months ahead. Respondents in Europe are particularly hesitant to expect improvement, and most predict rising unemployment as well.

## Companies are responding to trade policy changes

For the second consecutive quarter, shifts in trade policy have emerged as the most-cited disruption to growth in the global economy, in respondents' home countries, and in their own companies. About six in ten respondents point to changes in trade policy—including tariffs—as one of the greatest risks to global growth, with geopolitical instability or conflicts cited second most often. Changes to trade policy and relationships are the most-cited domestic disruption among respondents in Asia–Pacific, Europe, India, and North America, while respondents in Greater China most often point to increased economic volatility as a domestic risk.[2] In other developing markets (including Central and South America and the Middle East), domestic political conflicts are top of mind.

Respondents view shifts in trade policy and relationships as a challenge for their companies—but increasingly, they see them as an opportunity as well. Changes in the trade environment are the most-cited risk to company growth for the second consecutive quarter—and just 34 percent of respondents say they are confident or very confident in their organization's ability to navigate trade-related changes. When respondents were asked about the greatest opportunities for their companies' growth, they infrequently point to changes in trade policy. However, the share citing it as a top opportunity—15 percent—has nearly doubled over the past three quarters (Exhibit 1).

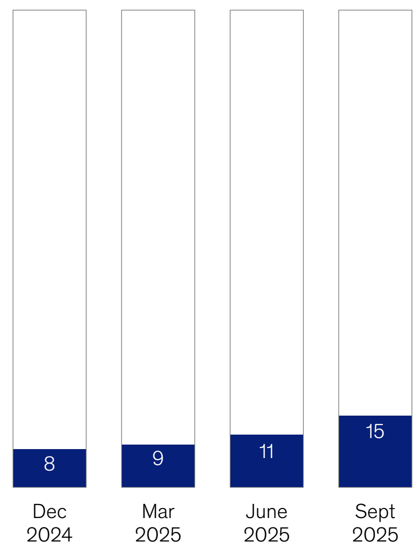
1 The online survey was in the field from August 27 to September 5, 2025, and garnered responses from 799 participants in 81 nations representing the full range of regions, industries, company sizes, functional specialties, and tenures. To adjust for differences in response rates, the data are weighted based on each respondent's nation, taking into consideration its contribution to the region's share of the global GDP (based on purchasing-power parity). Prior to 2025, the survey employed a country-based weighting scheme to align with global GDP (based on purchasing-power parity). The new region-based weighting scheme limits over- or underrepresentation of individual countries and improves weighting efficiency of the data set overall.

2 In the June survey, respondents in Greater China (which includes Hong Kong, Macau, and Taiwan) most often cited changes in trade policy or relationships. Whereas the sample in mainland China in the June edition was primarily composed of respondents in the largest Chinese cities, in the September survey, we shifted the sample to include a larger share of respondents in tier-two cities such as Chengdu and Hangzhou.

Exhibit 1

## An increasing—yet still small—share of respondents see changes in the trade environment as an opportunity for their companies.

**Share of respondents who say changes in trade environment[1] are one of the biggest opportunities for their companies over next 12 months,** %




[1]1 of 11 answer options offered. Most commonly selected answer choice is "growth in existing markets," which has consistently been selected by ~40% of respondents in each quarterly survey since Dec 2023. In Dec 2024, n = 816; Mar 2025, n = 877; June 2025, n = 818; and Sept 2025, n = 718.
Source: McKinsey Global Surveys on economic conditions, participants at all levels of the organization, Nov 27–Dec 6, 2024; Feb 26–Mar 7, 2025; May 29–June 6, 2025; and Aug 27–Sept 5, 2025

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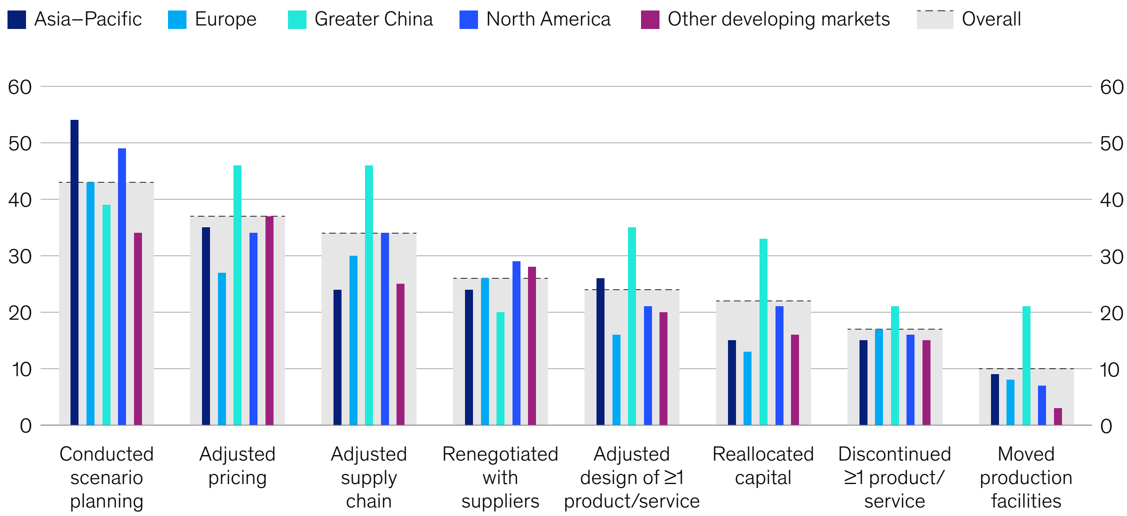
For the second consecutive quarter, when asked specifically about shifts in US trade policy, nearly two-thirds of respondents say their companies have made changes to their business—at least to some degree—as a result. In the latest survey, we asked about those changes. Most commonly, respondents say their companies have conducted scenario planning or have adjusted their pricing. In Greater China, however, respondents report a wider range of changes than do respondents in other regions (Exhibit 2). They're more likely to report alterations to their supply chain, such as purchasing from new sources, as well as price adjustments, which are also more common in other developing markets.

Exhibit 2

## Respondents in Greater China are more likely than those elsewhere to report a variety of trade-related changes at their organizations.

**Changes made by respondents' organizations in response to potential US trade policy changes,** % of respondents reporting changes, by office location[1]




[1]Question was only asked to respondents who said their organizations have made changes to a slight, moderate, or great extent as a result of shifts in US trade policy. Respondents who said "other," "none of the above," or "don't know" are not shown. In Asia–Pacific, n = 46; Europe, n = 127; Greater China (incl Hong Kong, Macao, and Taiwan), n = 116; North America, n = 129; and other developing markets (incl Central and South America, India, Middle East, North Africa, and sub-Saharan Africa), n = 75.
Source: McKinsey Global Survey on economic conditions, 799 participants at all levels of the organization, Aug 27–Sept 5, 2025

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## Global expectations hold firm, but optimism for domestic economies wanes

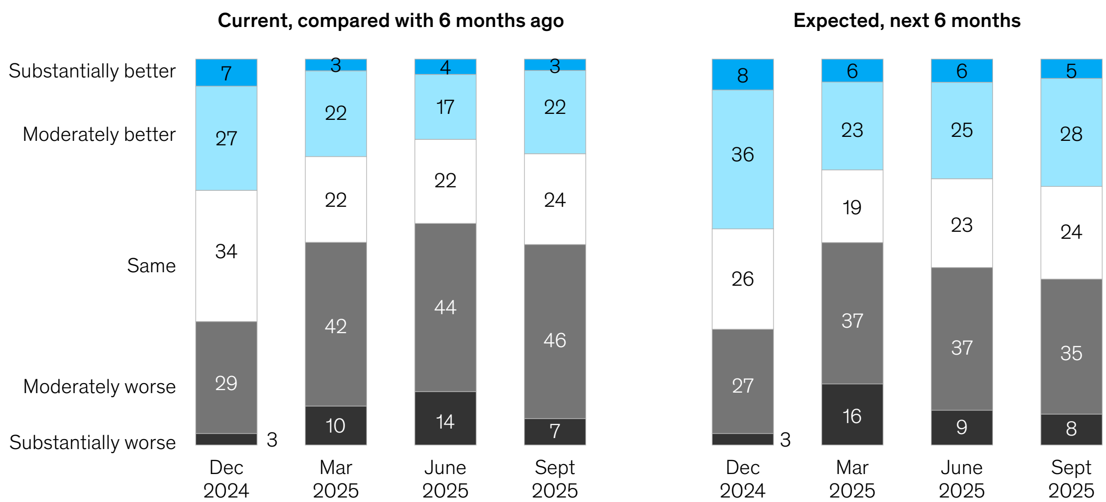
Executives' assessments of global economic conditions have become less somber than their assessments last quarter. The share describing conditions as "substantially worse" is now half what it was in June, while the share reporting "moderately better" conditions has increased (Exhibit 3). Yet, expectations for the next six months are consistent with those from the June survey, with a larger share of respondents predicting declining conditions than improving conditions.

When looking at respondents' views on their own countries' conditions, we see little meaningful change from last quarter. Overall, respondents continue to be more likely to say conditions declined than improved over the past six months. Respondents in Europe and North America share largely negative views, while respondents in Greater China and India are the most upbeat.

Exhibit 3

## A decreased share of respondents say global conditions are substantially worse than six months ago; expectations for the next six months are stable.

**Global economic conditions,** % of respondents[1]




Note: Figures may not sum to 100%, because of rounding.
[1]In Dec 2024, n = 912; Mar 2025, n = 988; June 2025, n = 898; and Sept 2025, n = 799.
Source: McKinsey Global Surveys on economic conditions, participants at all levels of the organization, Nov 27–Dec 6, 2024; Feb 26–Mar 7, 2025; May 29–June 6, 2025; and Aug 27–Sept 5, 2025

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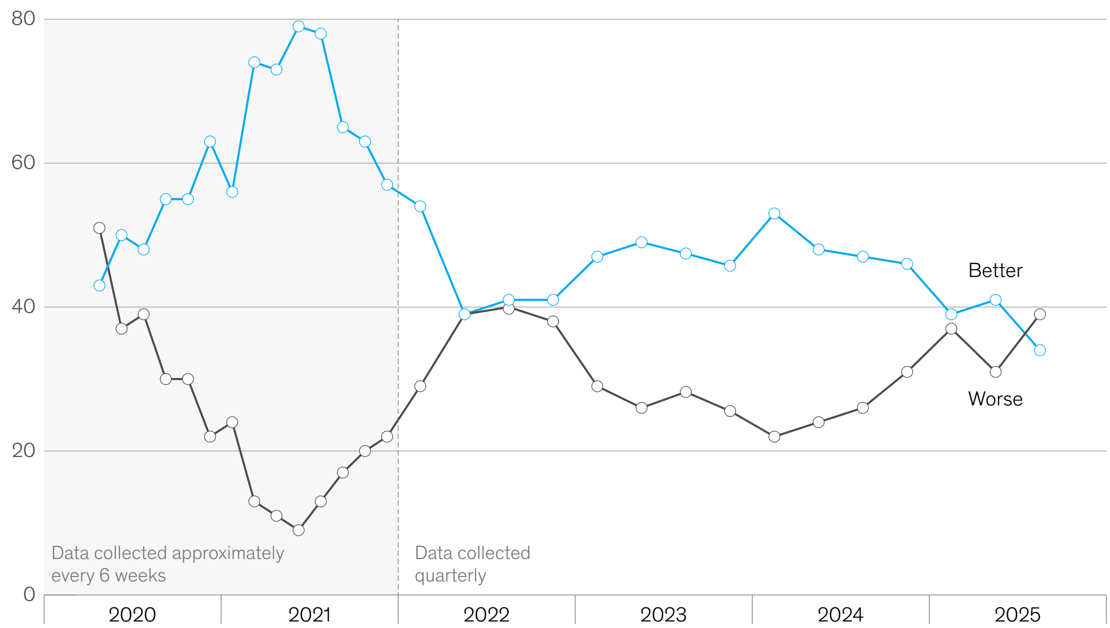
However, respondents are more cautious about their countries' prospects than they were last quarter. For the first time since May 2020, respondents are more likely to expect declining rather than improving conditions (Exhibit 4). The most significant decline in sentiment is among respondents in Europe, who are once again—along with those in North America—more pessimistic than peers in other regions. Most respondents in each of those regions expect to see conditions worsen.

Exhibit 4

## For the first time since the spring of 2020, respondents are more likely to expect declining than improving conditions in their countries.

**Expectations for economic conditions in respondents' countries in next 6 months,** % of respondents[1]




[1]Respondents who said "the same" are not shown.
Source: McKinsey Global Surveys on economic conditions, participants at all levels of the organization, Q2 2020–Q3 2025

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## Pessimism on unemployment heightens in Europe and developing markets

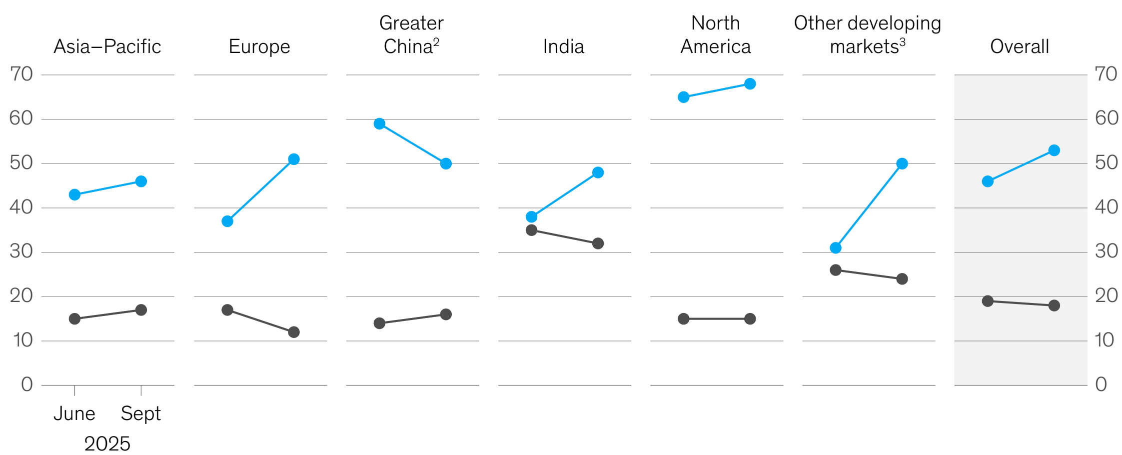
Overall, for the first time since September 2020, more than half of respondents expect unemployment in their countries to grow over the next six months. Fifty-three percent of respondents expect an increase, up from 46 percent in the June survey.

While in every region, respondents are more likely to expect increasing rather than decreasing unemployment in the coming months, views vary by geography. Respondents in North America are the most likely to expect unemployment to grow, as was true last quarter, with two-thirds continuing to expect rising unemployment (Exhibit 5). Respondents in Europe and developing markets are much more likely than they were in June to predict that unemployment will grow. Also, whereas last quarter, a majority of respondents in Greater China expected employment levels to decrease, now half do.

Exhibit 5

## In most regions, the share of respondents expecting rising unemployment in their countries has grown.

**Share of respondents expecting change in unemployment level in their countries, next 6 months, by office location,** %[1]




[1]Respondents who said “stay the same” or “don’t know” are not shown. In June 2025, n = 898. In September, n = 799.
[2]Includes Hong Kong, Macao, and Taiwan.
[3]Includes respondents in Central and South America, Middle East, North Africa, and sub-Saharan Africa.
Source: McKinsey Global Surveys on economic conditions, participants at all levels of the organization, May 29–June 6, 2025; and Aug 27–Sept 5, 2025

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