

## Deloitte CFO Survey Q1 2026

### Geopolitical risk dominates

Confidence among the CFOs of the UK's largest businesses has fallen sharply in the wake of the conflict in the Middle East. Business optimism has dropped to the lowest levels since the start of the pandemic six years ago, below the trough that was seen in the wake of the surge in energy prices after Russia's invasion of Ukraine in 2022.

As has been the case for the last three years CFOs cite geopolitics as the top external risk facing their businesses, with concern this quarter reaching the highest level on record. CFOs rate rising energy prices as the second greatest external risk to their businesses.

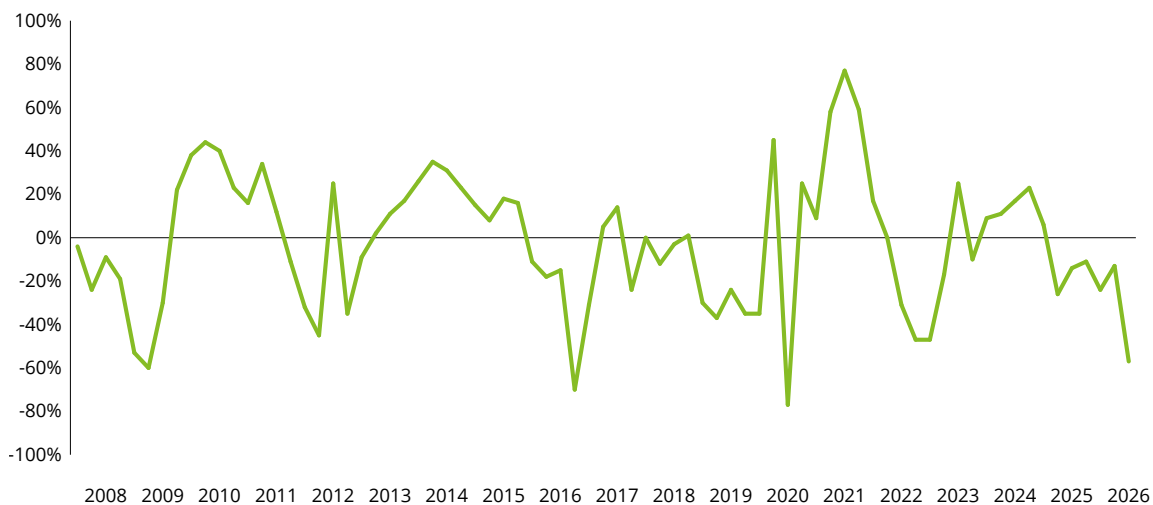
Having abated in our last survey, in December, concern around inflation and interest rates has risen sharply. With financial markets during the survey period pricing a 50bp increase in UK interest rates by the end of 2026 – rather than 50bp of cuts that were expected last December – interest rates worries have shot up the CFO risk list and now rank in third place.

Along with energy costs, inflation and interest rates, CFOs see cyber-attacks as a key vector through which adverse geopolitical events are likely to affect their own businesses.

The conflict in the Middle East is shaping CFO sentiment in much the same way that the invasion of Ukraine did. Today, as in 2022, perceptions of external uncertainty are running at high levels while businesses are closely focussed on the risks posed by geopolitics, high energy prices and rising interest rates. A more challenging environment has led CFOs to scale back expectations for margins and to sharpen their focus on cost reduction and cash conservation.

#### Chart 1. Optimism

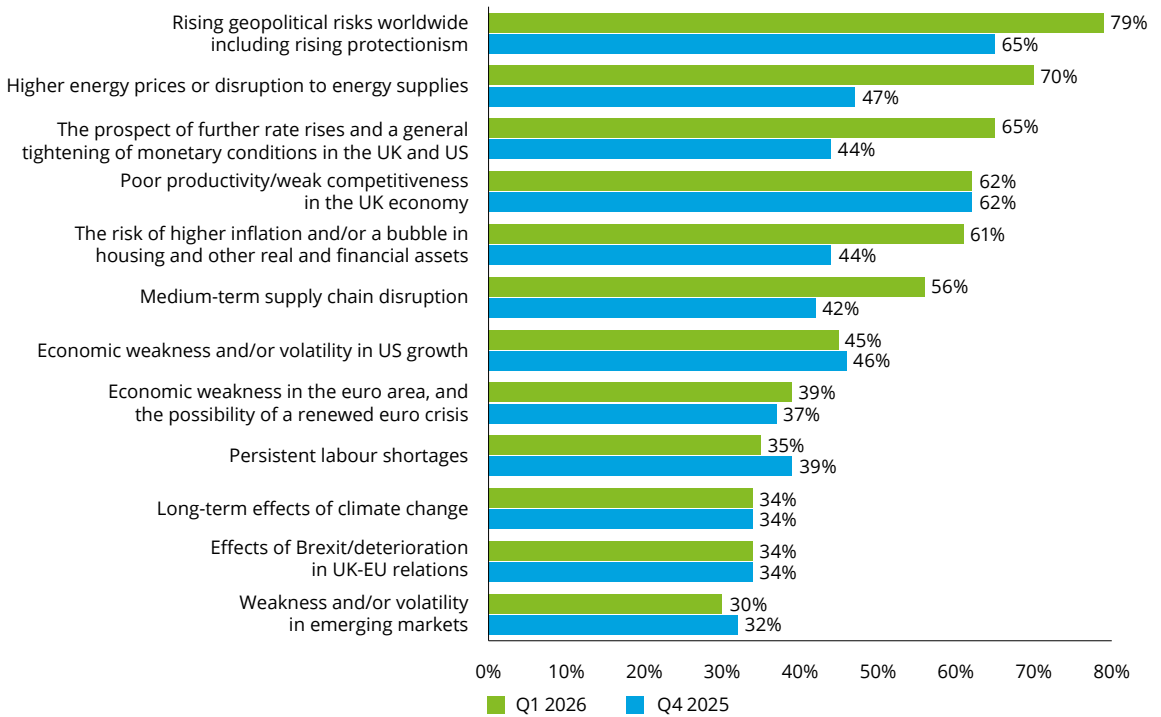
Net % of CFOs who are more optimistic about the financial prospects of their business than three months ago



# Energy, interest rate and inflation risks

**Chart 2. Risk to business posed by the following factors**

Weighted average ratings on a scale of 0-100 where 0 stands for no risk and 100 stands for the highest possible risk



This quarter saw concerns about geopolitical risk rise to an all-time high of 79 following the conflict in the Middle East. CFOs are significantly more concerned that disrupted energy supplies and higher energy prices could pose a risk to their own businesses with a reading of 70 only slightly below the high reached in late 2022 following the invasion of Ukraine. They also report increased concern over the prospect of higher inflation, which again is back at levels not seen since late 2022, while worries about tighter monetary policy are at a three-year high.

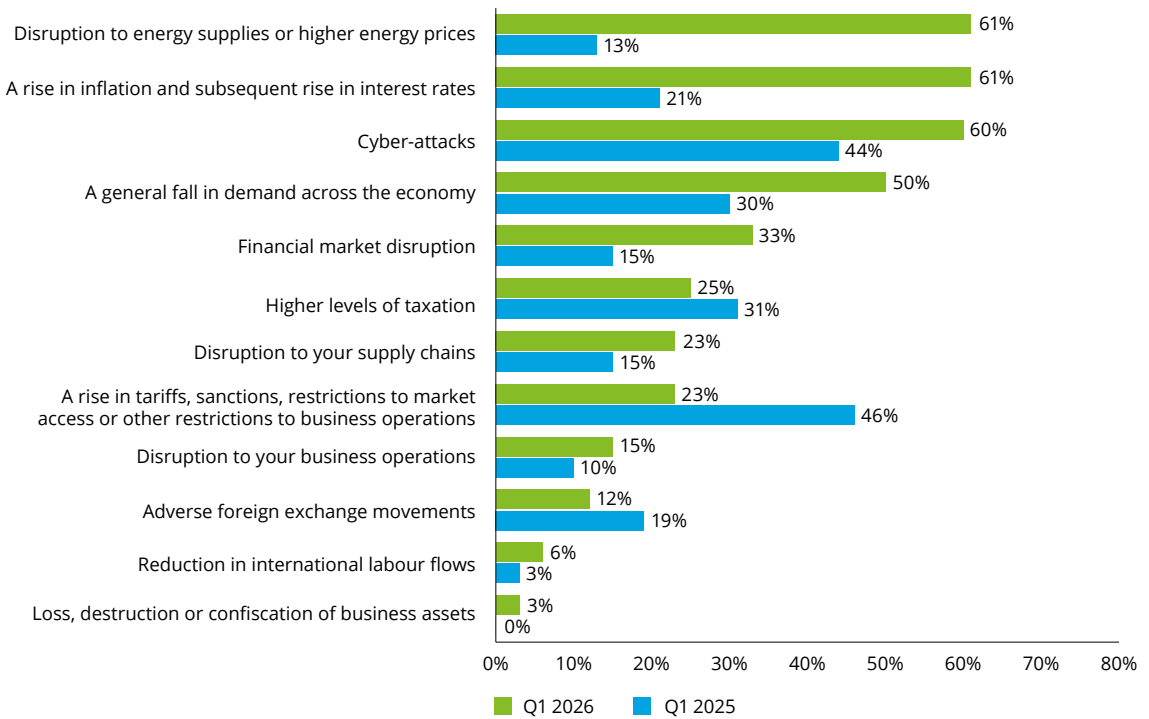
Our panel also foresees the potential for supply chain disruption in the medium term – at 56 this is the highest reading since we began asking the question in Q3 2021 – but does not rank among the top five risks overall. This may reflect that different businesses have very different exposure to supply chain risks.

Elsewhere on the CFO worry list, finance leaders continue to report high levels of concern over weak productivity and competitiveness in the UK. This remains at the highest level since we began asking the question in late 2014.

# Recession worries heightened

## Chart 3. Consequences of adverse geopolitical developments

% of CFOs who are significantly concerned over the following possible consequences of adverse geopolitical developments on their business over the next three years considering both their likelihood and potential impact on their business



With geopolitics having been identified by CFOs as the top external risk facing their businesses in 15 of the 17 quarters since the invasion of Ukraine, we have sought to understand how CFOs see global events may affect their own businesses.

Since we last asked the question a year ago, CFOs report a drastic increase in concerns that geopolitical events could affect energy supplies and inflation with 61% of CFOs reporting significant concern over the next three years.

Following a number of high-profile cyber-attacks on British businesses over the past 12 months and reports suggesting many of these are backed by nation states, it is perhaps unsurprising that cyber-attacks are a significant concern for the majority (60%) of our panel.

The prospect of geopolitical events leading to a downturn in demand in the UK in the next three years was a significant concern for 50% of finance leaders.

Fears of supply chain and financial market disruption also rose.

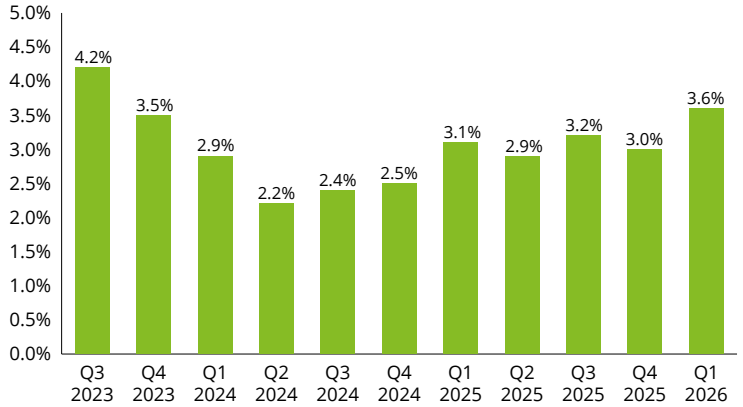
One positive is that CFOs are less concerned over restrictions on trade including tariffs than they were a year ago. The Q1 2025 survey was conducted during a period of intense speculation on US trade policy in advance of the announcement of significant increase in tariffs in April 2025.

# Corporate margin squeeze

CFOs see inflation increasing over the next year with expectations for inflation one year ahead rising to 3.6%, the highest level since Q3 2023.

**Chart 4. Inflation expectations**

CFOs' median expectation for inflation in one year's time



Some 69% of CFOs expect UK corporates' operating margins to decline over the next 12 months as revenues are expected to be broadly unchanged while operating costs rise.

**Chart 5. Outlook for operating margins**

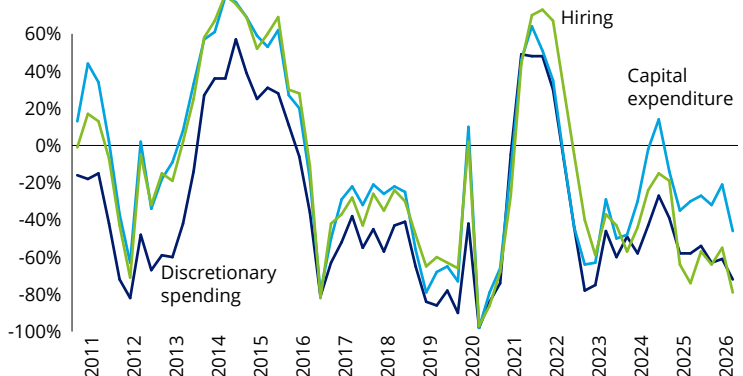
Net % of CFOs who expect UK corporates' operating margins to increase over the next 12 months



A net 46% of CFOs expect UK corporates to reduce capital expenditure, a net 72% expect a fall in discretionary spending and a net 79% expect a fall in hiring.

**Chart 6. Outlook for corporate spending**

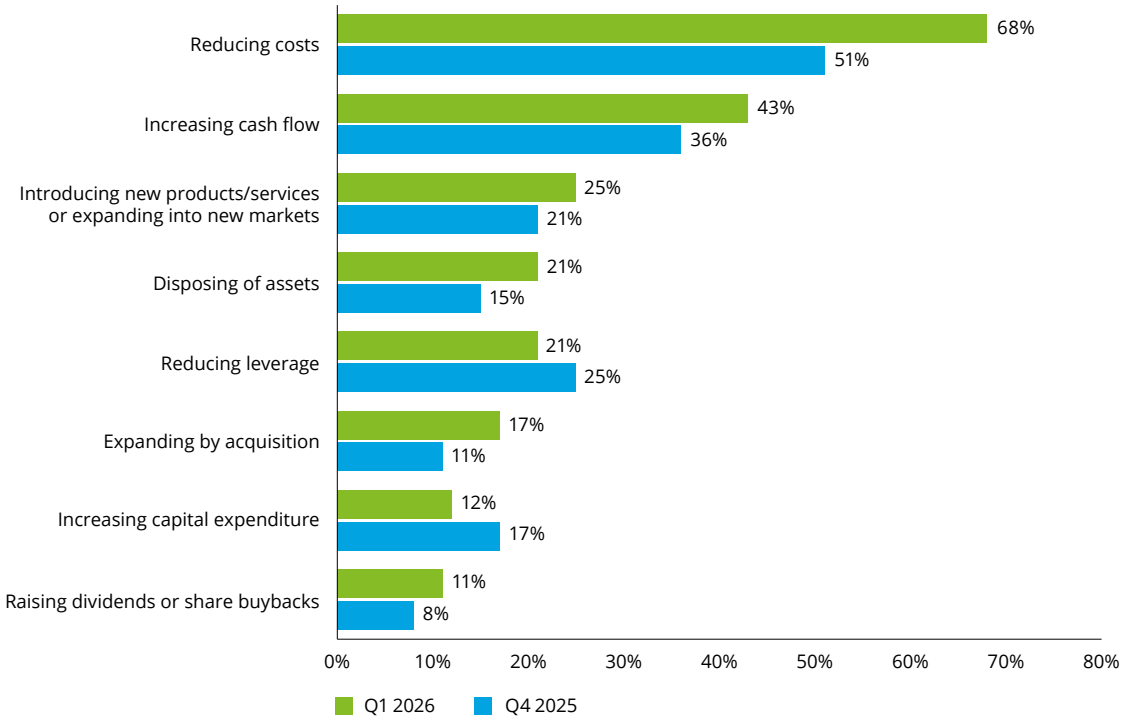
Net % of CFOs who expect UK corporates' capital expenditure, discretionary spending and hiring to increase over the next 12 months



# Cost reduction is top priority

**Chart 7. Corporate priorities in the next 12 months**

% of CFOs who rate each of the following as a strong priority for their business in the next 12 months

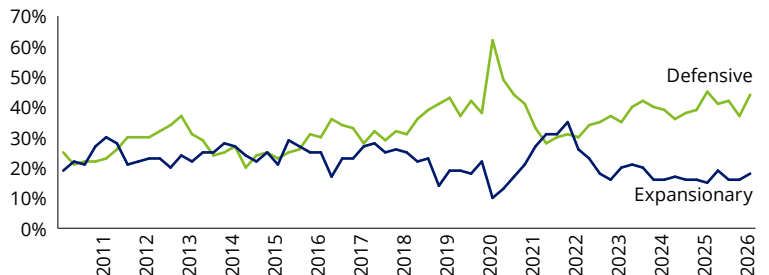


CFOs are responding to a more uncertain environment with a greater focus on cost reduction and increasing cash flow with 68% and 43%, respectively, reporting this as a strong priority over the next 12 months. Cost reduction has now been the top priority for CFOs for every quarter in the past four years and this quarter's reading is the third highest since we began asking the question in late 2009.

Overall CFOs have shifted to a more defensive stance this quarter with the average weighting given to defensive strategies at its second-highest level since the pandemic.

**Chart 8. Expansionary and defensive strategies\***

Arithmetic average of the % of CFOs who rate expansionary and defensive strategies as a strong priority for their business in the next 12 months



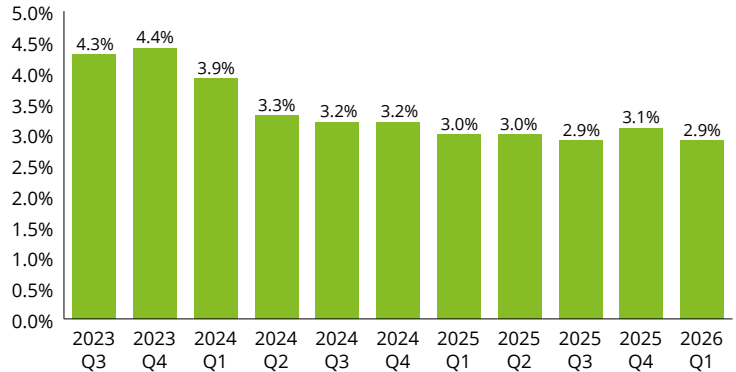
\* Expansionary strategies are introducing new products/services or expanding into new markets, expanding by acquisition and increasing capital expenditure. Defensive strategies are reducing costs, reducing leverage and increasing cash flow.

# Little risk appetite

On average CFOs expect wages to rise by 2.9% at their own business over the next 12 months.

**Chart 9. Wage expectations**

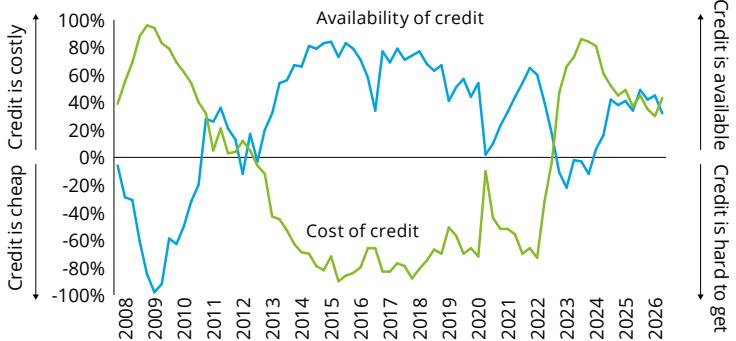
CFOs' median expected change in average wages in their business over the next 12 months



This quarter saw CFOs report a slight tightening in credit conditions with a net 42% saying that credit is costly and a net 32% saying credit is easily available. However, these readings are broadly similar to those seen over the last two years.

**Chart 10. Cost and availability of credit**

Net % of CFOs reporting credit is costly and credit is easily available



Source: LSEG Datastream

The proportion of CFOs saying that now is a good time to take greater risk onto their balance sheets fell to 9%, the lowest reading since Q3 2022.

**Chart 11. Corporate risk appetite**

% of CFOs who think this is a good time to take greater risk onto their balance sheets

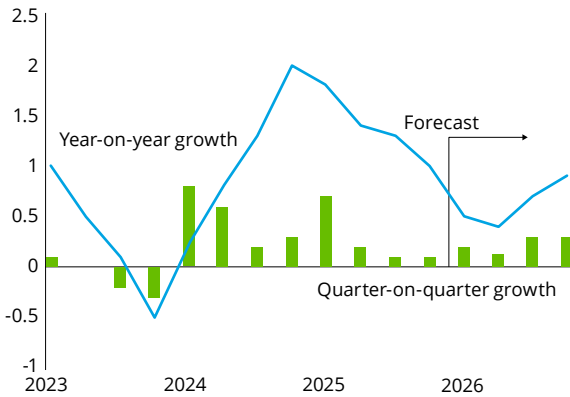


# CFO Survey: Economic and financial context

## The macroeconomic backdrop to the Deloitte CFO Survey Q1 2026

The ongoing conflict in the Middle East has created significant uncertainty for global economic growth this year. Disruption of maritime traffic through the Strait of Hormuz has led to oil prices rising to around \$110 per barrel, up from \$61 at the beginning of the year. Prices of other commodities produced by Gulf countries have also risen. Equity markets have remained volatile since the conflict started. The extent of the impact on global economic activity from disruption to oil and gas production and higher energy and food prices remains uncertain while the conflict continues. The latest high-frequency data shows a slowdown in economic activity across western economies. US growth is still set to outperform other advanced economies, supported by the US administration's expansionary fiscal policy stance and surging private sector AI investment. UK activity remained sluggish in the first quarter amid a continued softening of the labour market. Euro area activity also remained subdued. The US Federal Reserve, Bank of England and European Central Bank held interest rates in March, citing caution in response to the likely inflationary spike from higher energy costs. UK inflation continued to soften to around 3.0% at the start of the year, however forecasts by the Bank of England suggest inflation could re-accelerate to 3.5% by the third quarter. US inflation is also forecast to increase, tempering expectations for the pace of future interest rate cuts despite a slowing US labour market. The latest euro area data is already indicating a spike in inflation in March due to higher energy prices.

### UK GDP growth: Actual and forecast (%)



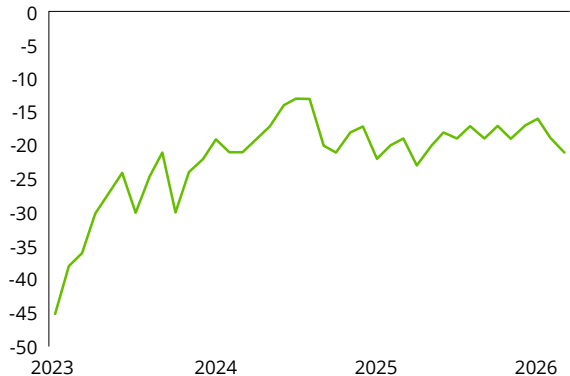
Source: LSEG Datastream, Deloitte calculations

### FTSE 100 price index



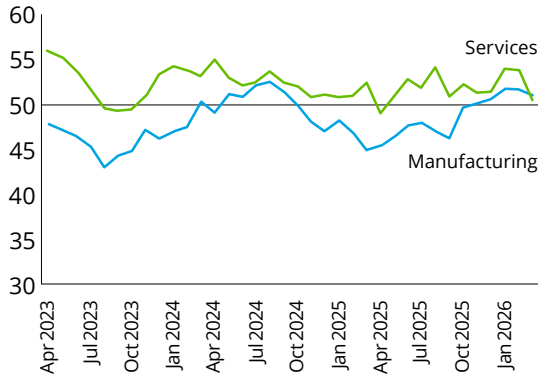
Source: LSEG Datastream

### GfK Consumer Confidence Index (UK)



Source: LSEG Datastream

### Purchasing Managers' Indices (UK)

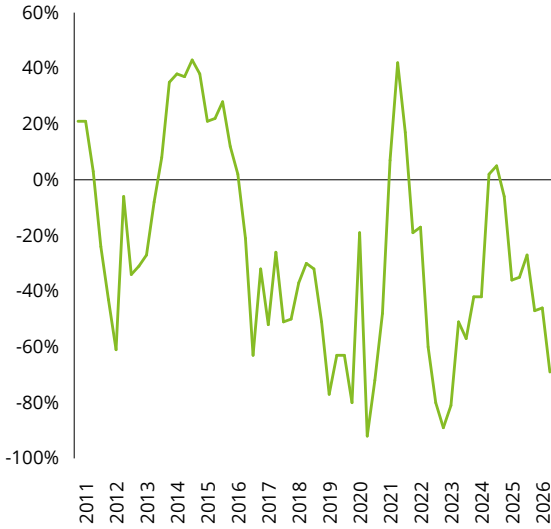


Source: LSEG Datastream, S&P Global, readings above 50 indicate expansion

# Two-chart summary of key survey messages

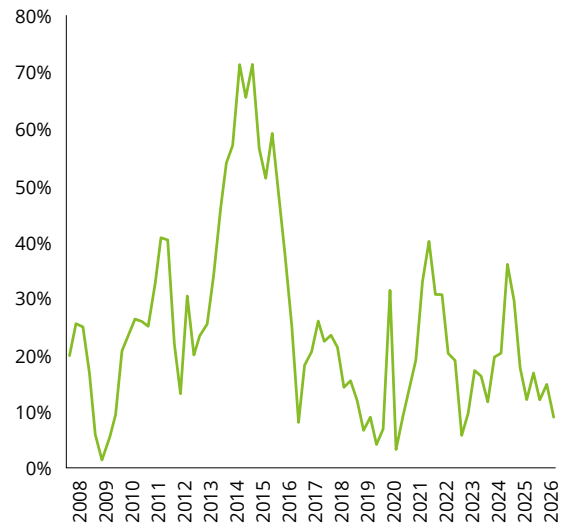
## Outlook for operating margins

Net % of CFOs who expect UK corporates' operating margins to increase over the next 12 months



## Chart 11. Corporate risk appetite

% of CFOs who think this is a good time to take greater risk onto their balance sheets



### About the survey

Conducted between 16<sup>th</sup> and 30<sup>th</sup> March 2026, the Q1 2026 Survey is the 75th quarterly survey of Chief Financial Officers and Group Finance Directors of major companies in the UK.

Overall, 79 CFOs participated, including the CFOs of 12 FTSE 100 companies and 29 FTSE 250 companies. The rest were CFOs of other UK listed companies, large private companies and UK subsidiaries of major companies listed overseas.

The Deloitte CFO Survey is the only survey of major corporate users of capital that gauges attitudes to valuations, risk and financing. To join our panel of CFO respondents and for additional copies of this report, please contact Elaine Hoang on 020 7007 4717 or email [ehhoang@deloitte.co.uk](mailto:ehhoang@deloitte.co.uk).

## Authors

**Ian Stewart**  
Chief Economist  
020 7007 9386  
[istewart@deloitte.co.uk](mailto:istewart@deloitte.co.uk)

**Debapratim De**  
Director, Economic Research  
020 7303 0888  
[dde@deloitte.co.uk](mailto:dde@deloitte.co.uk)

**Peter Ireson**  
Economic Analyst  
011 7984 1727  
[pireson@deloitte.co.uk](mailto:pireson@deloitte.co.uk)

**Thomas Avis**  
Economic Analyst  
011 3341 6809  
[twavis@deloitte.co.uk](mailto:twavis@deloitte.co.uk)

## Key contacts

**Ian Stewart**  
Chief Economist  
020 7007 9386  
[istewart@deloitte.co.uk](mailto:istewart@deloitte.co.uk)

**David Anderson**  
CFO Programme Leader  
020 7303 7305  
[davidjanderson@deloitte.co.uk](mailto:davidjanderson@deloitte.co.uk)

For current and past copies of the survey, historical data and coverage of the survey in the media and elsewhere, please visit: [www.deloitte.co.uk/cfosurvey](http://www.deloitte.co.uk/cfosurvey)



This publication has been written in general terms and we recommend that you obtain professional advice before acting or refraining from action on any of the contents of this publication. Deloitte LLP accepts no liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London, EC4A 3HQ, United Kingdom.

Deloitte LLP is the United Kingdom affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more about our global network of member firms.

© 2026 Deloitte LLP. All rights reserved.

Designed and produced by Creative Studio at Deloitte. J60500