Deloitte CFO Survey Q2 2026

Growing AI optimism

The latest Deloitte CFO Survey shows an easing in Chief Financial Officers' perceptions of uncertainty. 47% of CFOs now rate the level of external financial and economic uncertainty as high or very high, below the post-pandemic average and well below readings in the summer of 2022, after Russia's invasion of Ukraine.

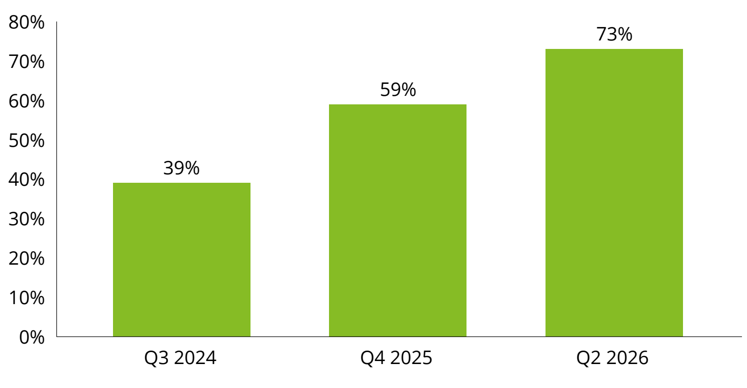
Reduced uncertainty has fed through to improvements in sentiment and risk appetite.

Conducted between 1st and 13th July, the survey followed the signing of the memorandum of understanding between the US and Iran in June, which demonstrated a willingness on both sides to resolve the conflict, despite cycles of escalation and retaliation since. The survey also followed the Makerfield by-election and Wes Streeting's endorsement of Andy Burnham as the next Labour leader, making Mr Burnham the overwhelming favourite to succeed Sir Keir Starmer as prime minister.

CFOs continue to assume a defensive strategy stance, on balance, with cost reduction and cash control their top two priorities for the coming 12 months. There is a discernible tilt away from defensive strategies though, with a softer focus on cost control and reducing leverage in this edition of the survey. In keeping with improved risk appetite, CFOs are placing greater emphasis on introducing new products or services, or expanding into new markets, and on making acquisitions.

Sentiment on capital expenditure remains subdued, but CFOs are upbeat on investment in digital technology and AI's productivity-enhancing powers. They have become progressively more optimistic about the potential for AI to improve their own businesses' performance. Almost three quarters now report an improvement in optimism about AI over the last 12 months, the highest reading since we began asking this question in 2024.

Chart 1. Optimism on artificial intelligence
% of CFOs who report that, over the preceding 12 months, they have become more optimistic that AI has the capacity to achieve material improvements in the performance of their business



96% of CFOs expect to see a rise in investment in digital technology and assets by UK businesses over the next five years and more than three quarters expect an improvement in productivity and business performance over the same period.

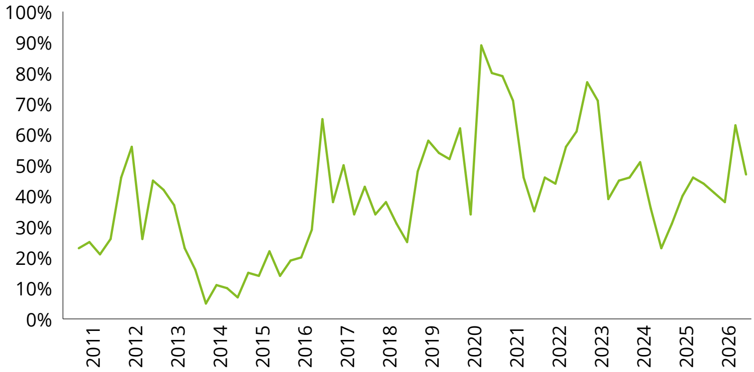
In this edition of the survey, we also asked CFOs to assess key drivers of demand for graduates. They rate a business impetus for cost control as the biggest hindrance to graduate hiring in the past and next 12 months, ahead of artificial intelligence. They expect the use of AI and outsourcing to be the second and third biggest dampeners of demand for graduates over the next 12 months.

The global economy has weathered the shock from the war in Iran better than many had feared. Corporate sentiment and strategies seem to be responding to this relative resilience. Geopolitics remains the top risk facing businesses but concerns have eased somewhat. However, worries about the domestic economy persist. CFOs rate poor UK productivity and weak competitiveness as the second-biggest risk, assigning it the highest risk rating on record.

Uncertainty eases

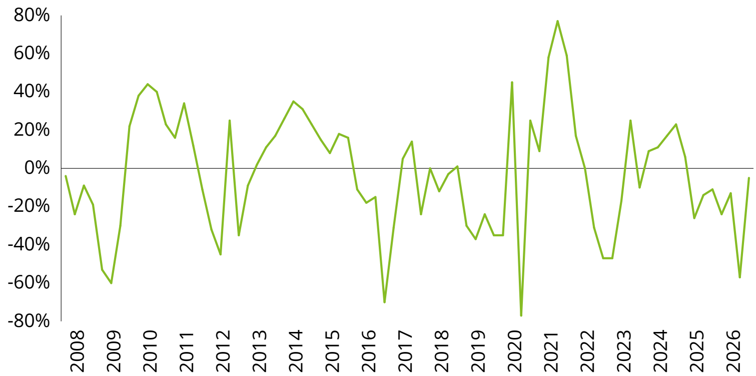
The proportion of CFOs reporting that their business was facing high or very high levels of uncertainty fell this quarter to 47%. This takes our measure of uncertainty to below its post-pandemic average and well below the readings in the summer of 2022.

Chart 2. Uncertainty
% of CFOs who rate the level of external financial and economic uncertainty facing their business as high or very high



Following a sharp deterioration in optimism in the first quarter after the outbreak of the conflict between the US, Israel and Iran, this quarter saw a relative improvement in sentiment.

Chart 3. Optimism
Net % of CFOs who are more optimistic about the financial prospects of their business than three months ago

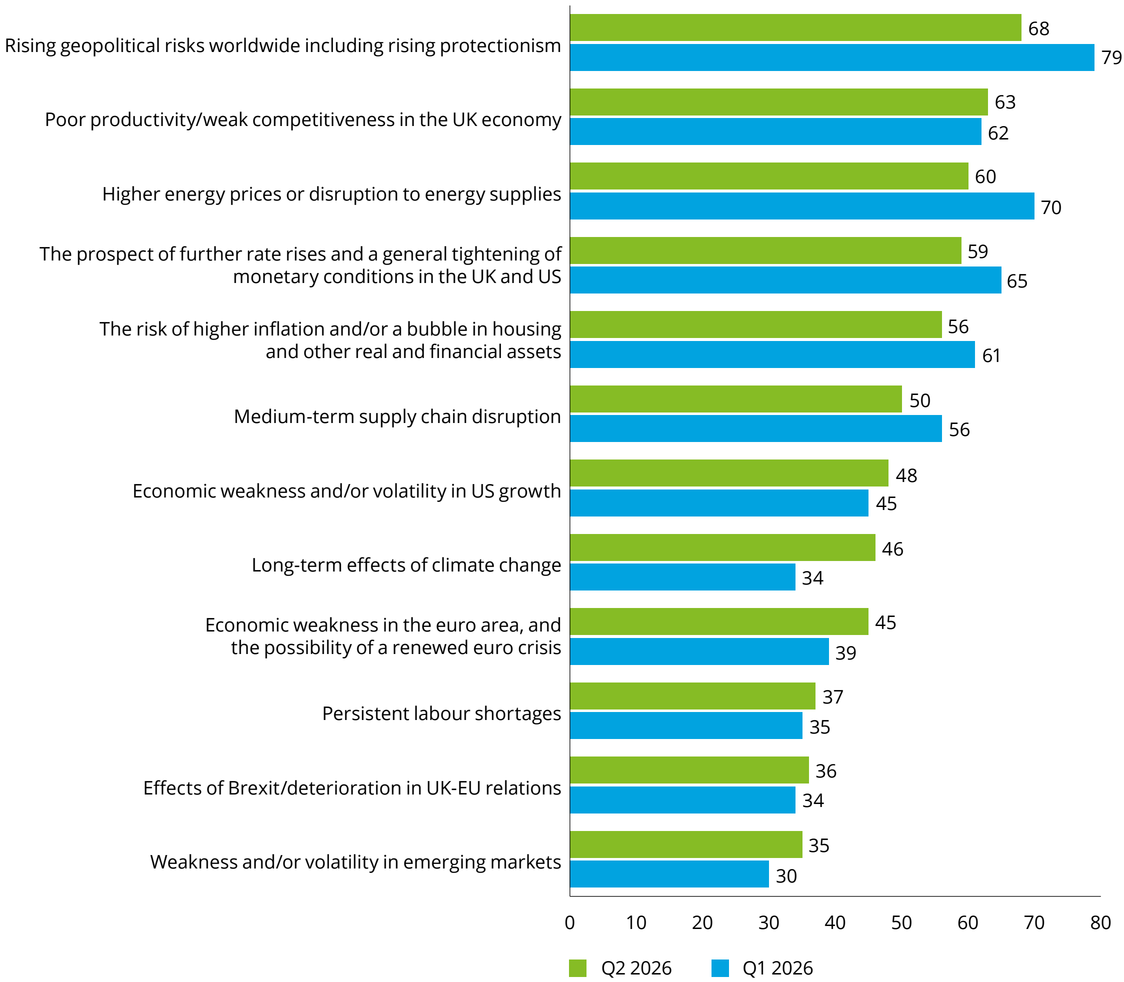


The percentage of CFOs saying that now is a good time to take greater risk onto their balance sheets rose to 17%, a one-year high.

Chart 4. Corporate risk appetite
% of CFOs who think this is a good time to take greater risk onto their balance sheets

Geopolitics tops risk list

Chart 5. 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



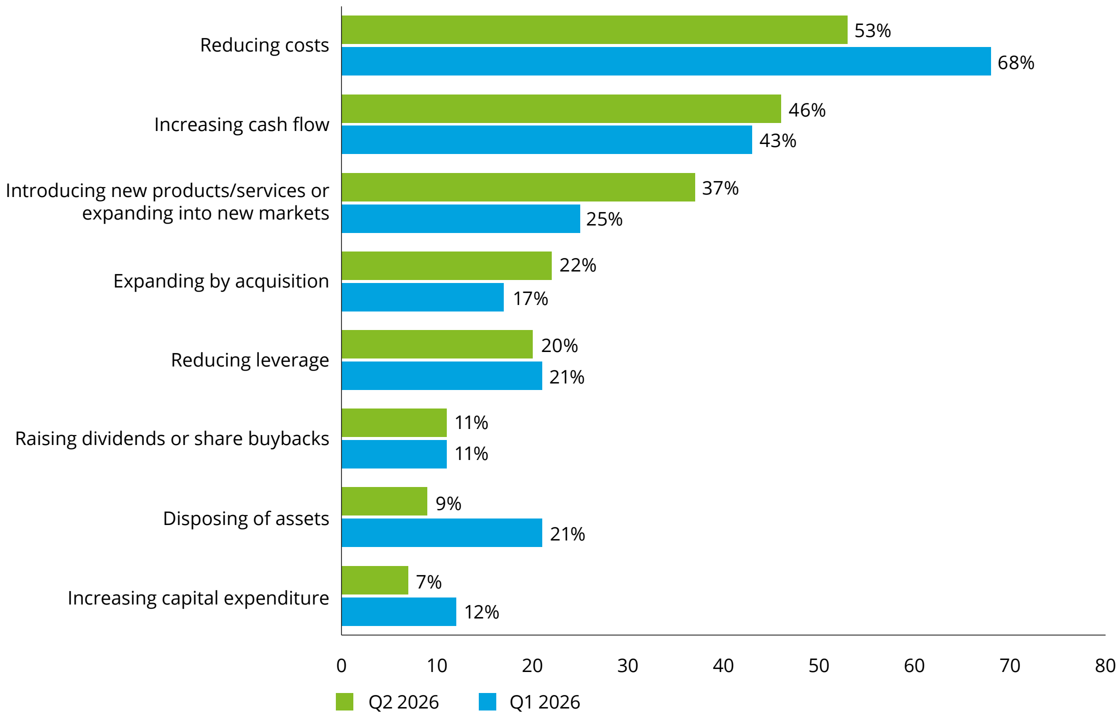
Geopolitics remained the top external risk facing large UK businesses, as it has for 16 of the last 18 quarters. However, the rating ascribed to geopolitics declined this quarter, reflecting that the Q1 2026 survey was undertaken shortly after the outbreak of the conflict in the Gulf region. The perceived risks from higher energy prices, inflation and further rate rises were also judged to have slightly diminished though remain elevated. This reflects a fall in energy prices since the previous survey.

Concerns over poor productivity and weak competitiveness in the UK edged up to its highest level since we began asking the question in late 2014 and is seen as the second-most significant external risk.

The other notable movement this quarter was in the assessment of the long-term effects of climate change which rose to its highest level since Q3 2024 following a period of exceptionally warm weather in the UK.

CFOs focus on cost control

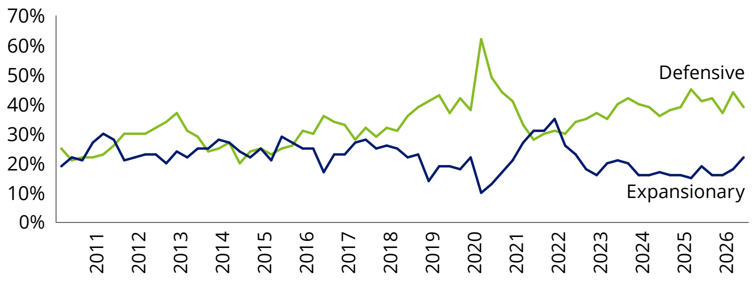
Chart 6. Corporate priorities in the next 12 months
% of CFOs who rate each of the following as a strong priority for their business in the next 12 months



This quarter saw a modest repositioning by CFOs towards a less defensive strategy stance. While cost control remained the top priority, the focus on it has softened, with 53% of finance leaders saying it was a strong priority for the next 12 months. Meanwhile, emphasis on the expansionary strategy of growth by acquisition has risen to a five-year high and that on introducing new products/services or expanding into new markets has risen to the highest level seen since early 2022. The expansionary shift was not seen across the board – notably the proportion of CFOs saying that increasing capital expenditure was a strong priority has fallen to its lowest level in nearly six years.

Overall, CFOs maintain the broadly defensive stance they have adopted since the invasion of Ukraine in 2022.

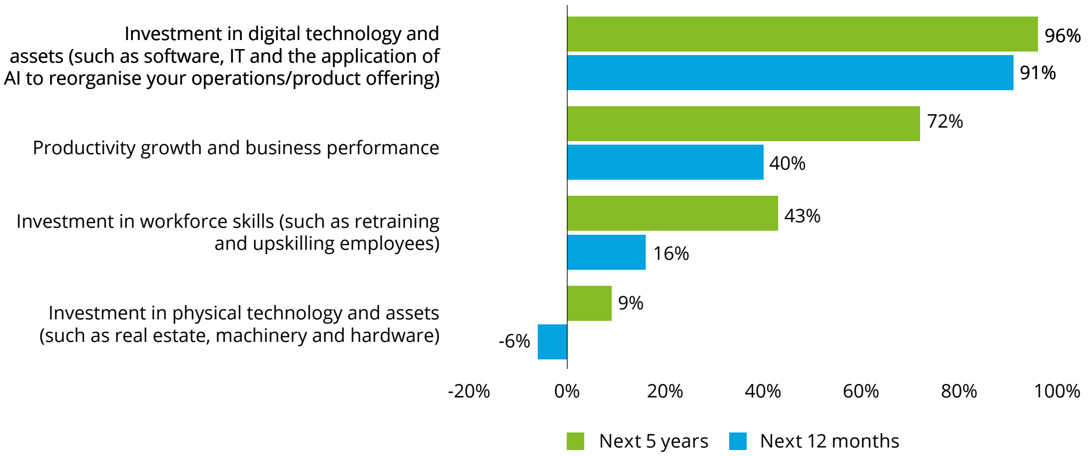
Chart 7. Expansionary and defensive strategies*
Arithmetic average of the % of CFOs who rate expansionary and defensive strategies as a strong priority for their business in the next 12 months



* 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.

Technology spend to soar

Chart 8. Corporate spending and productivity
Net % of CFOs who expect the following to increase for UK corporates as a whole over the next 12 months and 5 years relative to current levels



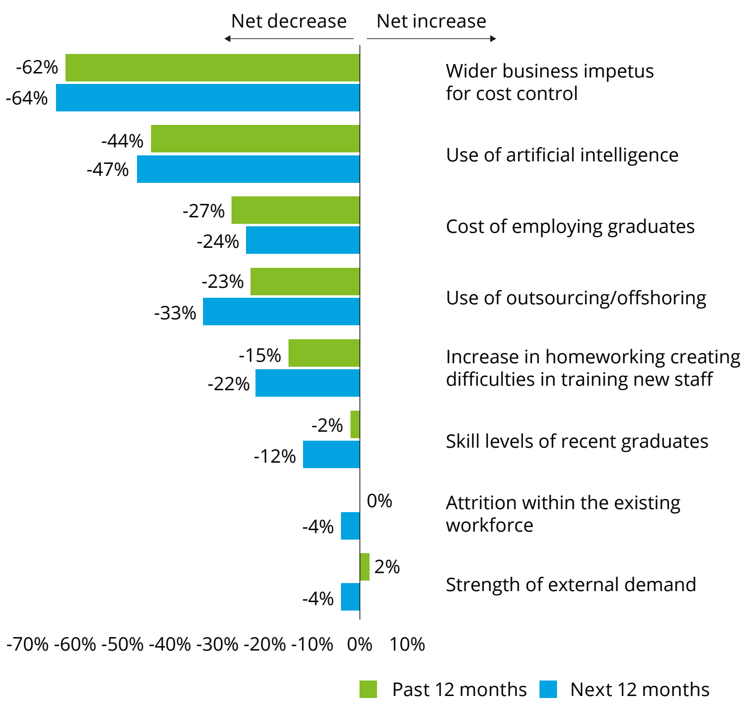
CFOs overwhelmingly expect corporate investment into digital technology to increase in the short and medium term, as they have when asked the same question over the previous three years. On balance, they also expect productivity/business performance and investment in workforce skills to increase more strongly in the next 5 years than over the next 12 months. They expect levels of investment in physical technology and assets to remain broadly unchanged.

We asked CFOs to assess the key drivers of demand for graduates.

They report a wider business impetus for cost control as the biggest hindrance to graduate hiring in the past and next 12 months, ahead of artificial intelligence.

The expect the use of artificial intelligence and outsourcing to be the second and third biggest dampeners of demand for graduates over the next 12 months.

Chart 9. Drivers of graduate employment
Net % of CFOs who report the following factors as having increased or being likely to increase their hiring of graduates over the following time periods

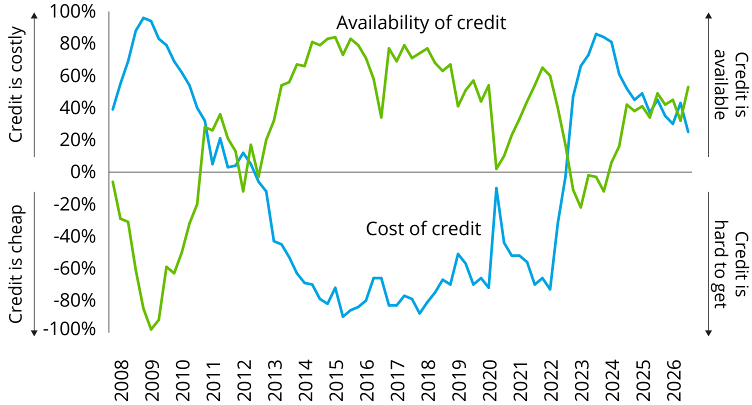


Credit conditions ease

A net 53% of CFOs reported that credit was easily available, a four-and-a-half-year high.

A net 25% of CFOs reported that credit was costly, a four-year low.

Chart 10. Cost and availability of credit
Net % of CFOs reporting credit is costly and credit is easily available

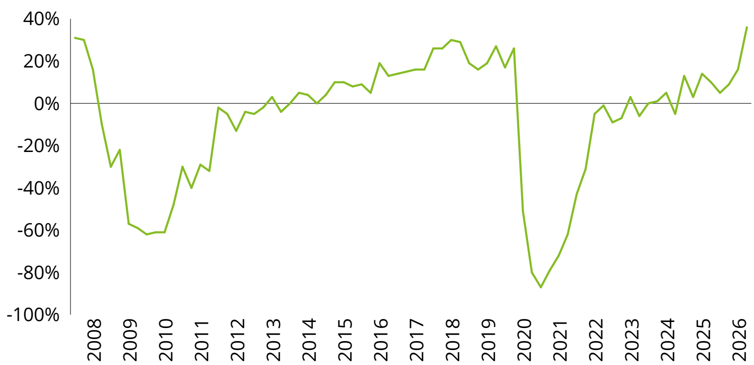


The perceived easing in credit conditions, along with a fall in CFOs' inflation expectations and their belief that the Bank of England is now likely to cut interest rates by a quarter point over the next year has likely boosted the priority they are giving to expansion by acquisition. 22% rate this as a strong priority for the next 12 months, a five-year high. M&A may also be an increasingly attractive proposition as it provides an opportunity to acquire firms with established AI capabilities, rather than building them internally.

Chart 11. M&A intentions
% of CFOs who rate expanding by acquisition as a strong priority for their business in the next 12 months

A net 36% of CFOs think that cash returns to shareholders are above normal levels, the highest reading since we began asking this question in 2007.

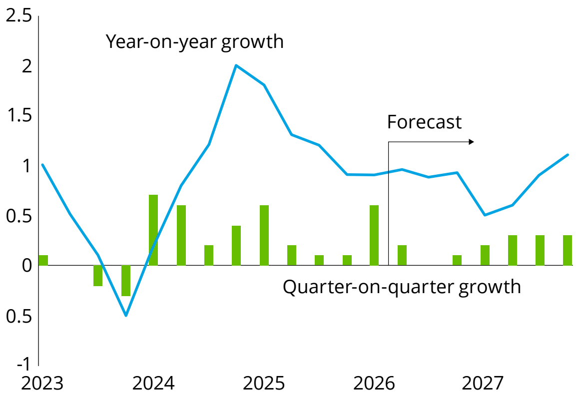
Chart 12. Cash returns to shareholders
Net % of CFOs who think that cash return to shareholder ratios are high relative to normal levels



CFO Survey: Economic and financial context

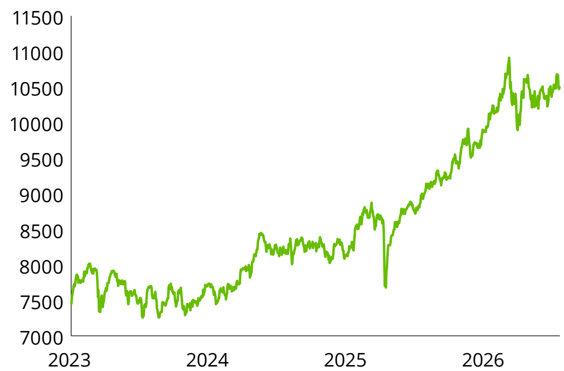
The macroeconomic backdrop to the Deloitte CFO Survey Q2 2026
Disruption to shipping through the Strait of Hormuz continued to impact global energy supply in the second quarter, maintaining oil prices close to $100/b for much of the period. Despite this, the global economy proved resilient, and the IMF's July forecast for global growth shows a moderate slowdown this year compared to its pre-conflict estimates, rather than a downturn. The memorandum of understanding between the US and Iran in June raised the probability of a gradual resumption of shipping in the strait, and with it a decline in the oil price, though the ceasefire has since broken down. Higher oil and commodity prices raised inflation rates globally in the second quarter: US inflation rose to 4.2% in the year to May. UK inflation remained stable at 2.8% in April and May owing to a cut in the government's cap on energy bills, but prices pressures are expected to accelerate in the quarter ahead. The European Central Bank raised interest rates in June for the first time since 2023 amid rising inflation. Investors expect the Bank of England and Federal Reserve to raise rates by the year end. High-frequency PMI data showed business activity weakened in major developed economies in the second quarter, with growth slowing in the UK, euro area and the US. Global equities continued to rally, led by tech stocks, and particularly those companies producing the chips or building the infrastructure required for the AI boom. UK prime minister Keir Starmer resigned shortly before we opened the survey. Andy Burnham, the former Mayor of Manchester, is set to become the next Labour Party leader and UK prime minister.

UK GDP growth: Actual and forecast (%)



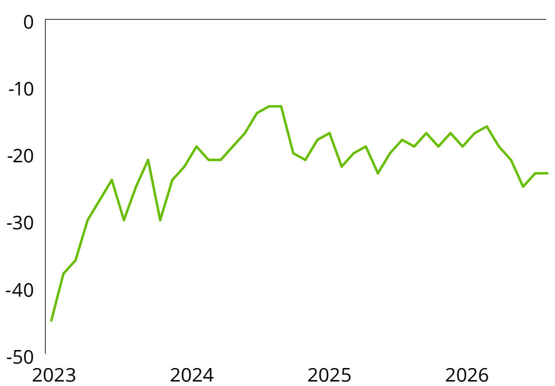
Source: LSEG Datastream, Deloitte calculations

FTSE 100 price index



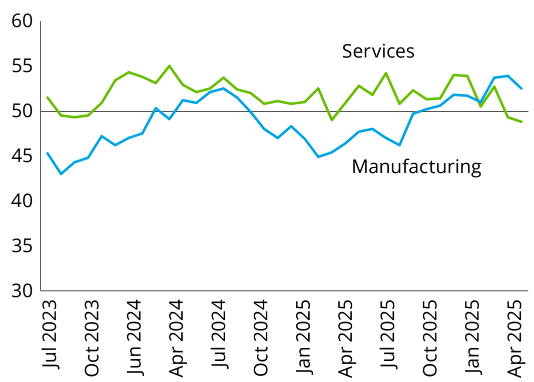
Source: LSEG Datastream

GfK Consumer Confidence Index (UK)



Source: LSEG Datastream

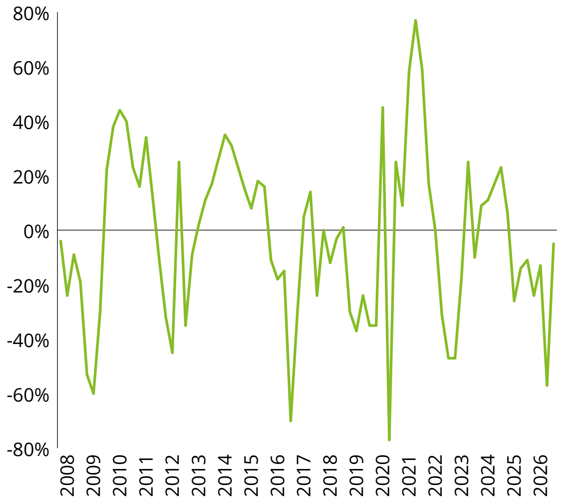
Purchasing Managers' Indices (UK)



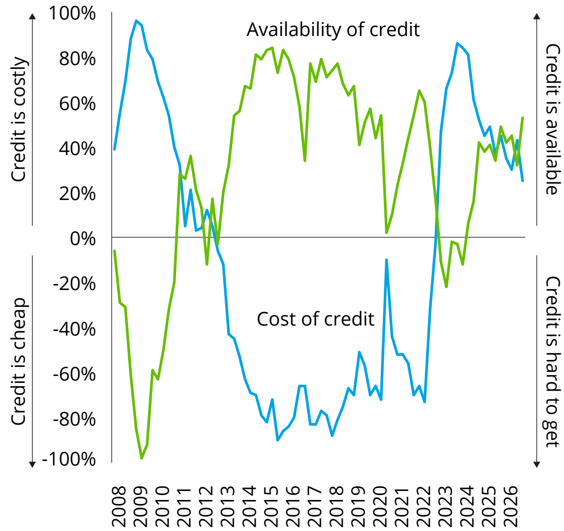
Source: LSEG Datastream, S&P Global, readings above 50 indicate expansion

Two-chart summary of key survey messages

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



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



About the survey
Conducted between 1 July and 13 July 2026, the Q2 2026 Survey is the 76th quarterly survey of Chief Financial Officers and Group Finance Directors of major companies in the UK. Overall, 58 CFOs participated, including the CFOs of 10 FTSE 100 companies and 21 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

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