The Conference Board Measure of CEO Confidence™ for Europe by ERT
H2 2026 RESULTS

Investment Intentions Improve in Europe as CEO Confidence Recovers



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by Alejandro Fiorito



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Trusted Insights for What's Ahead®

- **CEO confidence nears neutral despite continued energy cost pressures, an improvement related to better perceived economic conditions.** The Conference Board Measure of CEO Confidence™ for Europe by ERT rose to 47 from 40 six months ago, although it remained below the neutral threshold of 50 for a fifth consecutive survey. Stronger assessments of current economic conditions drove the recovery, while industry expectations held around neutral. European industry has remained resilient through successive shocks. These results offer some reasons to reassess cautious planning assumptions.
- **The recovery in companies' European business prospects extends to investment and employment.** Capital investment expectations rose and turned positive in Europe for the first time since H1 2024, reversing a negative trend that started in late 2021. Sales prospects remained positive both within and outside the continent, and employment improved but stayed below neutral in Europe. Overall business expectations remained stronger outside the continent.
- **Europe—and the EU in particular—has a strong position in companies' planned research and development (R&D) investment.** CEOs reported that, over the next three years, they expect to allocate 40% of investment in developing or expanding operations to Europe—including 31% to the EU—compared with 57% of R&D investment (46% to the EU). Europe's larger share of R&D points to its continued importance for innovation within European companies' international operations.
- **A larger share of companies plans to increase investment in Europe, alongside continued expansion in other markets.** The share of CEOs reporting upward revisions to their short- to medium-term investment plans for Europe rose from 8% in 2025 to 23% in 2026. Fewer companies put important decisions on hold or plan to invest less in Europe, suggesting that investment caution is easing. However, the US and India still attract the largest shares of positive investment intentions, with more than half of respondents planning to invest more in each market. Plans for China also improved, although moderately.
- **Defense and dual-use markets are relevant to a broad share of European industry, with fragmented procurement the main obstacle for further expansion.** More than half of companies (56%) already supply these markets or are actively exploring entry. Fragmented national procurement and preferences for domestic suppliers stood out as the leading barrier, selected by 43% of respondents and far ahead of other constraints. No other barrier was selected by more than 15% of respondents. The results strengthen the case for further EU-level integration in defense procurement.

- **Finally, CEOs support international cooperation on advanced AI and prefer a governance model that preserves national enforcement.** A majority (55%) favored aligning national rules, safety standards, and evaluations while keeping enforcement national. A further 28% supported binding international rules and an international oversight entity. Only 8% considered cooperation unlikely to succeed and believe it should not be pursued, suggesting broad support for international engagement despite differing views on how extensive it should be.

In Europe, CEO Confidence Improves as the Economy and Industry Prove Resilient

Fielded from October 19 to October 30, 2026, the CEO confidence survey drew responses from 54 CEOs and chairs of some of Europe's largest industrial companies (a 93% response rate).[1] **The Conference Board Measure of CEO Confidence™ for Europe by ERT rose to 47 from 40 six months ago.**

The measure reflects assessments of current economic conditions, economic expectations six months ahead, and industry expectations six months ahead—all of which recovered, albeit to different degrees.

Present conditions improved the most (by 12 points to 45), despite still elevated industry cost pressures. Brent crude oil prices were relatively unchanged compared to April (around $120 per barrel on average for both months) but diesel was 11% higher than six months ago. Moreover, natural gas reached more than €100 in the last week of October, when most responses were submitted, compared to €45 on average in April.[2] However, this result is consistent with resilient economic growth globally and in the Euro Area, which as of November 2026 was only 0.2 percentage points lower than in pre-war forecasts.[3]

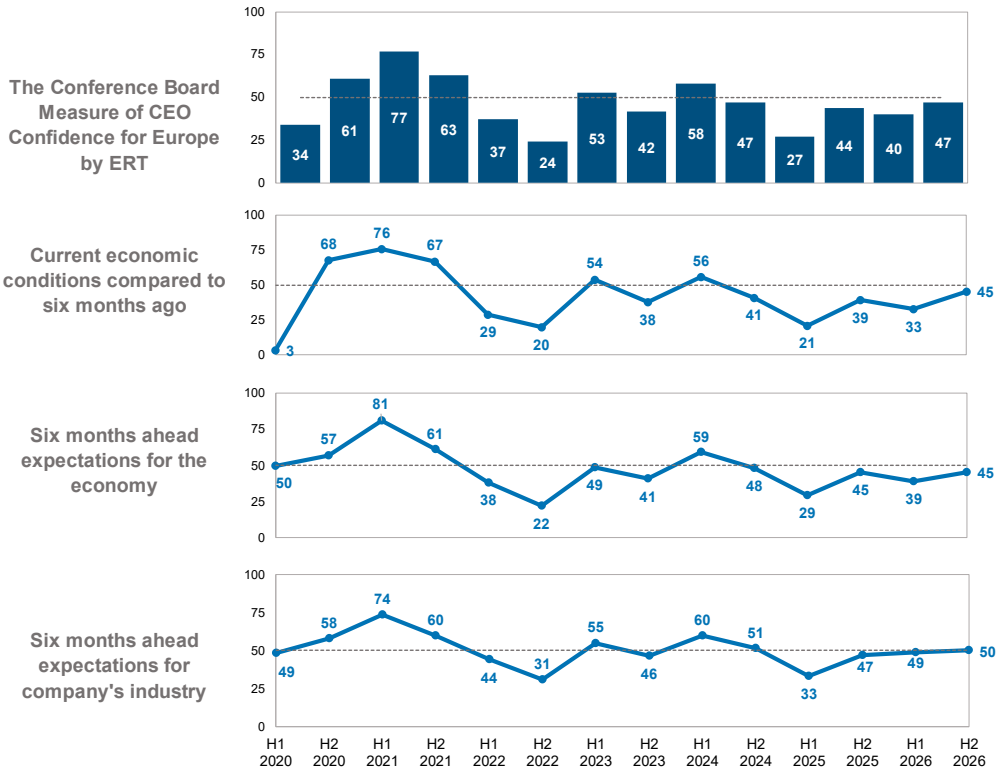
The second component, expectations for the economy, improved by six points to 45 as well. Both components remain below the neutral level of 50 for a fifth consecutive survey, indicating some persistent weakness in the economic environment. Industry-specific expectations were the only nonnegative component at the neutral level of 50, relatively unchanged in the last three surveys. This suggests that industry has been able to weather the worst of significant macroeconomic shocks but remains below clearly positive levels.

Two considerations reinforce optimism: first, excluding French-parented companies, CEO confidence results would be at a near-neutral 49.8, with present conditions and expectations both at 48 and industry expectations at a positive level of 54.[4] Second, this was the first time since H1 2024 that CEO confidence is higher in Europe than in the US.[5]

Figure 1

CEOs' confidence for Europe recovered but remained below neutral, with economic conditions and expectations improving substantially and industry expectations remaining around neutral

Evolution of The Conference Board Measure of CEO Confidence™ for Europe by ERT and its subcomponents



Note: A reading below 50 denotes more negative than positive responses.
Source: *The Conference Board Measure of CEO Confidence™ for Europe by ERT, H2 2026*

Current economic conditions increased to 45 from 33 six months ago, explaining most of the improvement in the aggregate index. 26% of respondents deemed the current economic conditions substantially or moderately better than six months ago (compared to 9% in H1 2026), 30% observed no change, and 44% saw a deterioration (compared to 66% in H1 2026). This result is consistent with the resilience observed throughout the year in global and European economic growth but is below neutral as more respondents still find conditions worsening than improving.[6]

Expectations about economic conditions also improved to 45 from 39 in H1 2026, signaling more positive views about the macroeconomic environment. More than half of CEOs expected economic conditions to stay the same and 15% expected some improvement. While 31% anticipated a worsening of economy-wide business conditions, only 4% foresaw a substantial deterioration. In H1 2026 more than half expected weaker conditions.

Industry prospects remained remarkably stable around neutral, at 50, improving one point from the previous survey. 56% of respondents expected business conditions in their industry to stay the same over the next six months and 21% expected an improvement. 22% expected a moderate worsening of prospects and only 2% a substantial one.

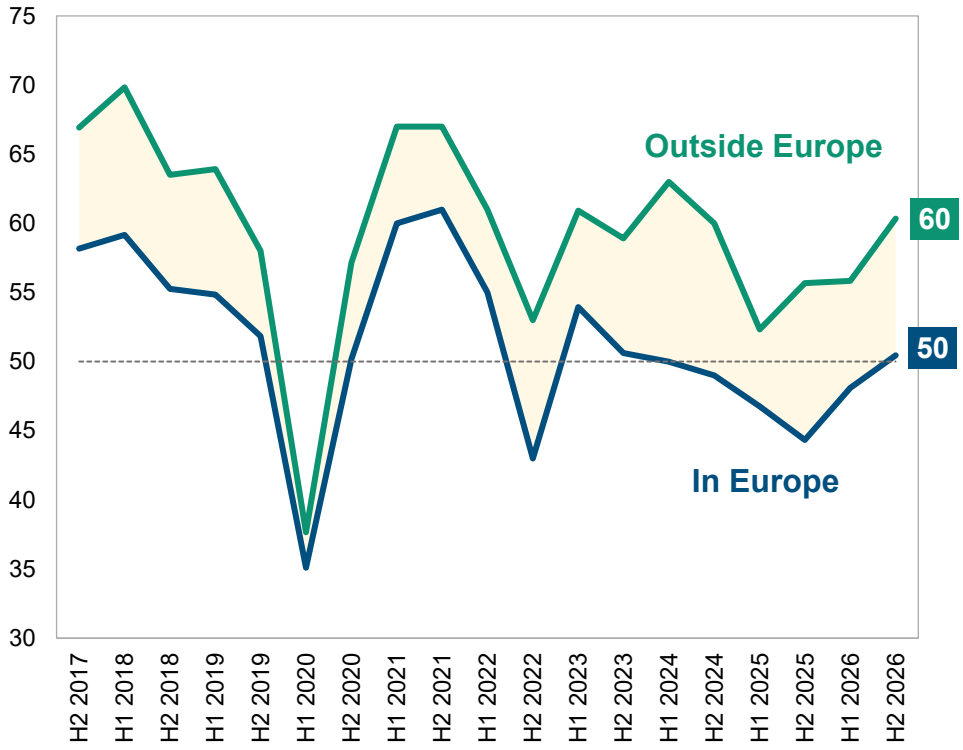
Business Prospects Improved, Backed by Stronger Employment and Investment Expectations

Investment and employment expectations drove a recovery of business prospects globally and in Europe, but the gap between company-specific prospects inside and outside Europe persists. Considering sales, investment, and employment expectations over the next six months, business confidence in Europe improved from 48 in H1 2026 to 50 in H2 2026 and from 56 to 60 for business outside the continent.

Figure 2

Business confidence reached neutral in Europe and strengthened further outside the continent

CEOs' views on general conditions for their business over the next six months



Note: A reading above 50 denotes more positive than negative responses.
Source: *The Conference Board Measure of CEO Confidence™ for Europe by ERT, H2 2026*

For business outside of Europe:

- **Employment expectations were neutral, at 50, improving slightly from 48 in H1 2026.** Shares anticipating decreases and increases in employment were similar: 26% expected a moderate drop and 2% a significant one, while 24% anticipated moderate employment growth and 2% expected a significant increase.
- **Capital investment expectations rose six points from H1 2026 to 64.** Most CEOs (54%) expected investment to increase, including 11% anticipating a significant increase, and only 9% foresaw a decrease.
- **Sales expectations recorded the strongest improvement across components, rising by seven points to 68, from 61 in H1 2026.** Nearly two-thirds of respondents (65%) expected sales outside Europe to increase over the next six months, including 15% anticipating a significant increase, while only 7% expected a decrease.

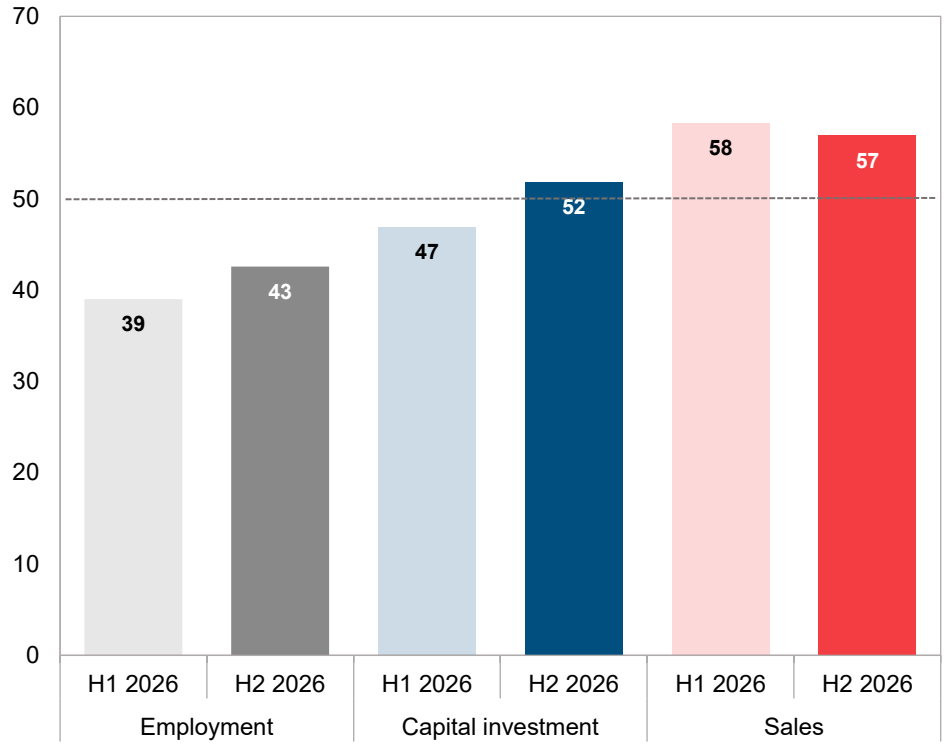
For business in Europe:

- **Employment expectations improved by four points to 43 and remained below neutral for a ninth consecutive survey, since H2 2022.** However, this may not only reflect pessimism but also partially a tight labor market, with historically low unemployment rates and elevated labor hoarding levels,[7] as well as structural trends around automation. 37% of respondents expected employment for their companies to stay the same over the next six months, 11% a moderate increase, and 41% a moderate decrease. Only 6% anticipated significant increases and 6% significant decreases, indicating continued weakness in employment plans, despite some improvement.
- **Capital investment expectations grew for a second consecutive survey and entered positive territory for the first time since H1 2024, reversing a downward trend that started in 2022.** 30% of CEOs expected capital investment to improve, compared to 26% that anticipated a decrease. 44% foresaw investment staying the same.
- **Sales expectations remained relatively unchanged at 57, slightly down from 58 six months ago.** 39% of respondents expected sales to increase compared to only 15% that anticipated a decrease. 46% of respondents foresaw no change in sales.

Figure 3

Business prospects improved in Europe, with capital investment expectations turning positive

Over the next six months, what do you expect will happen with your company's…?



Note: A reading above 50 denotes more positive than negative responses.
Source: *The Conference Board Measure of CEO Confidence™ for Europe by ERT, H2 2026*

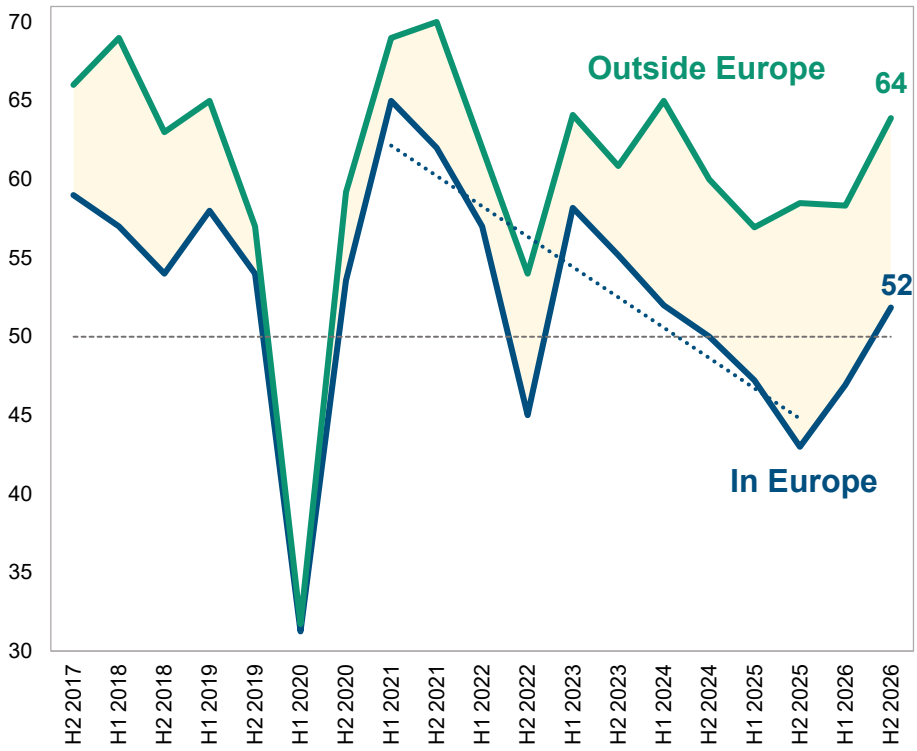
The positive results for investment in Europe are particularly relevant, reversing a downward trend in investment prospects that started in late 2021. Following the post-COVID recovery, investment expectations weakened substantially amid successive shocks, including Russia's invasion of Ukraine, the subsequent energy crisis in 2022–23, and the announcement of US tariffs in H1 2025.

The improvement began in the previous survey (H1 2026), which was fielded as the war in Iran was having a tangible economic impact. These latest findings suggest that resilience in the European economy is also a result of improving conditions for European industry.

Figure 4

Capital investment prospects improved globally as investment in Europe reversed a negative trend

Over the next six months, what do you expect will happen with your company's capital investment?



Note: A reading above 50 denotes more positive than negative responses. Dotted line represents the linear trend between H1 2021 and H2 2025.
Source: *The Conference Board Measure of CEO Confidence™ for Europe by ERT, H2 2026*

The survey also included questions about global investment prospects, defense and dual-use markets, and international cooperation on advanced AI governance.

Theme in Focus I: Global Investment Prospects

I.1. THE EU RETAINS A KEY ROLE IN INVESTMENT, PARTICULARLY R&D

In addition to the reversal of the negative trend in investment prospects, in this survey European companies' planned investment allocations point to a continued commitment to the EU over the next three years. CEOs expected to allocate 31% of their investment in developing or expanding operations to the EU, and 40% to Europe as a whole.

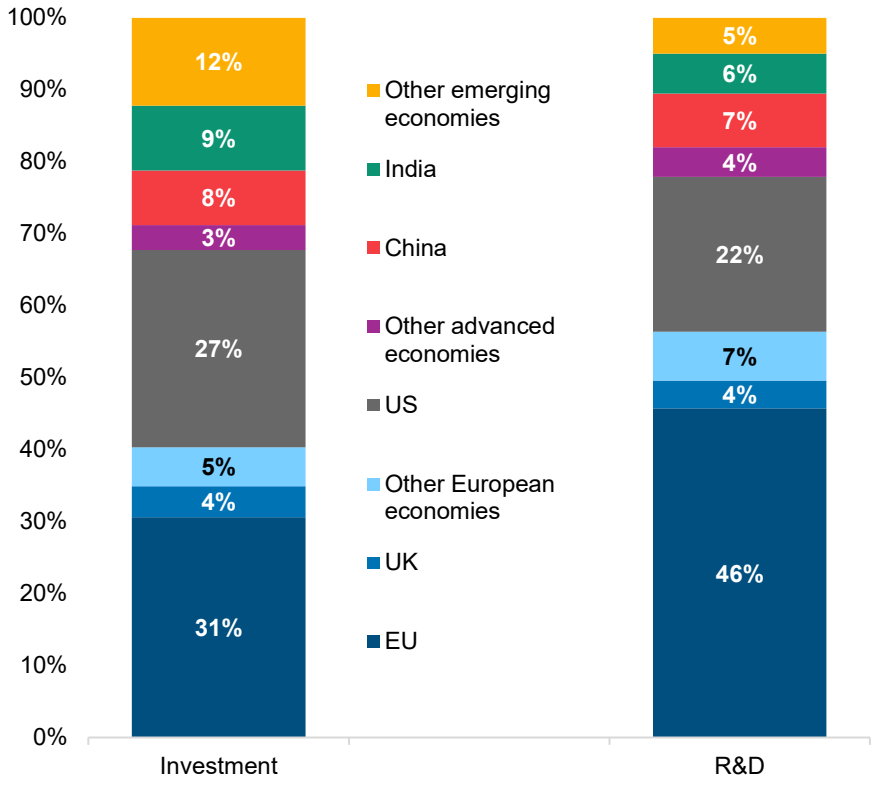
The results were stronger for R&D, with Europe accounting for 57% of planned investment, including 46% in the EU. The 15-percentage-point difference between the EU's share of planned R&D and its share of total investment suggests that, while companies continue to pursue growth and diversification opportunities globally, **the EU remains particularly important for knowledge-intensive and innovation-related activity.**

Naturally, investment in emerging economies, including India and China, was larger for non-R&D components. Companies planned to allocate 29% of total investment but only 18% of R&D investment to these geographies. This was also true for the US (27% and 22%, respectively), indicating that European companies have a strong domestic preference for R&D investment.

Figure 5

European companies' planned investment remains anchored in Europe, particularly for R&D

What share of your company's planned investment in developing or expanding operations over the next three years do you expect to allocate to each of the following markets?



Note: Sample size is 52 for investment and 53 for R&D. Figures may not total 100% due to rounding.
Source: *The Conference Board Measure of CEO Confidence™ for Europe by ERT, H2 2026*

I.2. INVESTMENT STRATEGIES TURNED MORE POSITIVE, IMPROVING THE MOST IN EUROPE BUT WITH THE US AND INDIA LEADING

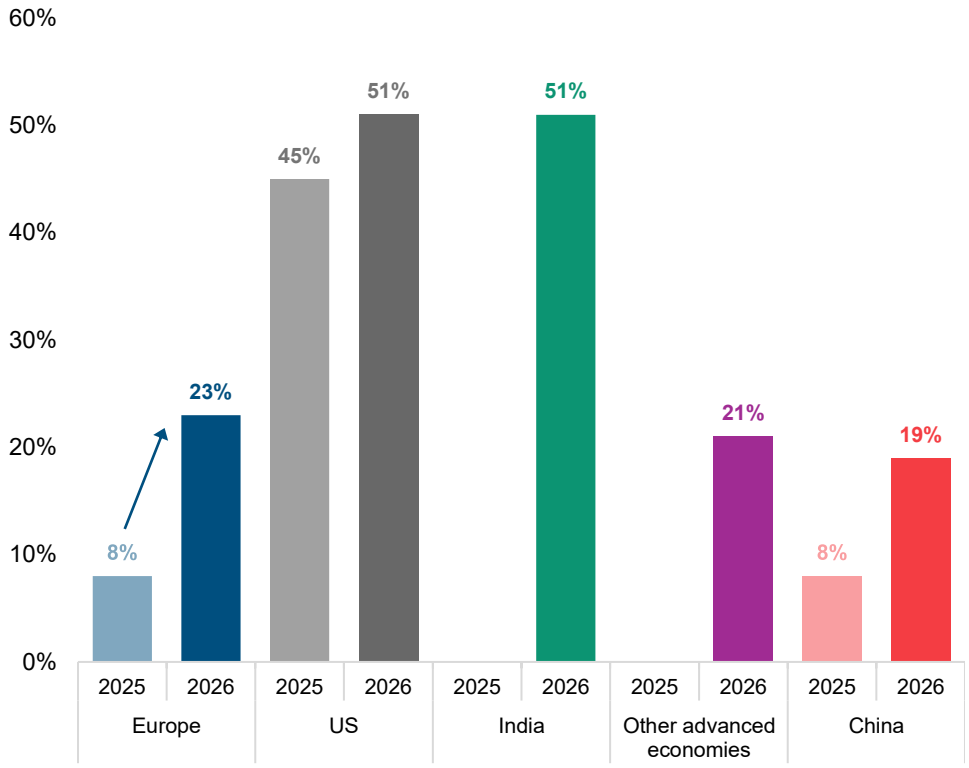
As companies remain committed to investing significant shares of their portfolio in the continent, upward revisions to their investment strategies in 2026 provide a further positive signal compared to 2025.

The share of CEOs stating that they revised investment plans in 2026 to invest more in Europe over the next three years almost tripled from 8% in 2025 to 23% in 2026. However, this remained below the US and India, where 51% of respondents said they will invest more. [8] The results for Europe were slightly better than those for other advanced economies and for China, where 21% and 19% of CEOs, respectively, said they will invest more.

Figure 6

In 2026, larger shares of respondents said that they will invest more in Europe, the US, and China

Over this year, has your company revised its short- to medium-term global investment strategy (up to three years)? (Share of respondents that select "we will invest more")



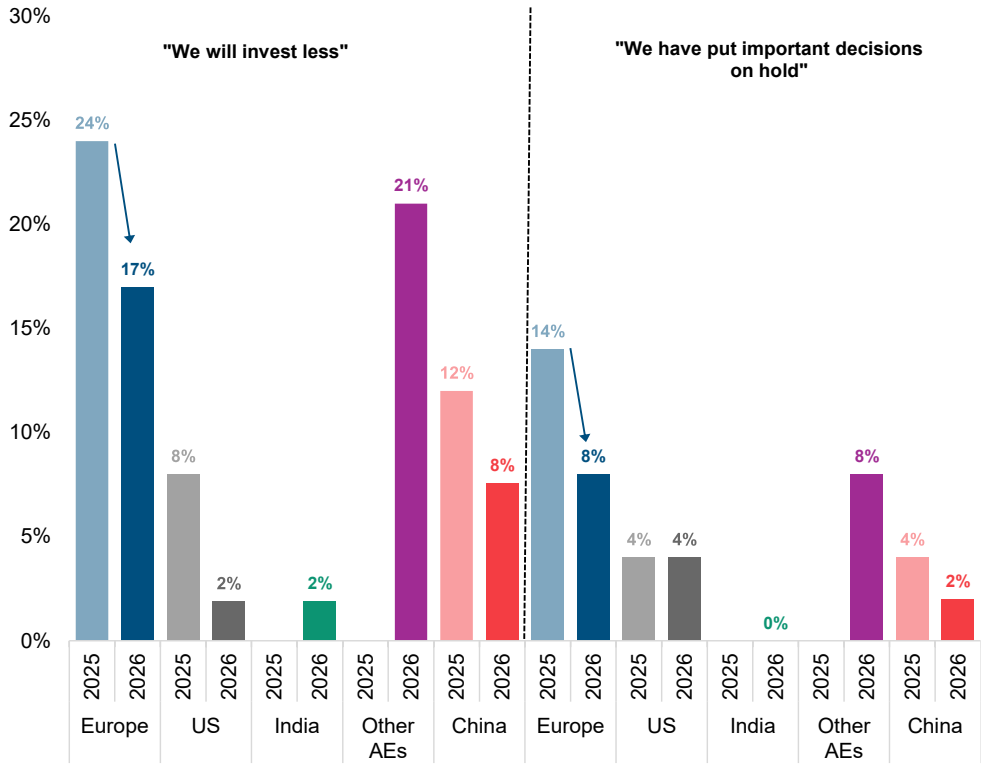
Note: excluding French-parented companies, results improved further for Europe as the share of CEOs that said they will invest more increased to 27%. Note that the H2 2025 survey did not ask about India or other advanced economies.
Source: *The Conference Board Measure of CEO Confidence™ for Europe by ERT, H2 2026*

The shares of respondents saying that they will invest less or that they put important decisions on hold also provide positive signals for Europe, as they fell from 2025 levels (from 24% to 17% and from 14% to 8%, respectively). However, they remain above the levels observed in other economies such as the US, India, and China.

Figure 7

In 2026, smaller shares of respondents said that they will invest less or put investment decisions on hold in Europe

Over this year, has your company revised its short- to medium-term global investment strategy (up to three years)? (Share of respondents that select "we will invest less" or "we have put important decisions on hold")



Note: The H2 2025 survey did not ask about India or other advanced economies. AEs stands for "advanced economies."

Source: *The Conference Board Measure of CEO Confidence™ for Europe by ERT, H2 2026*

For Europe, these results indicate that investment strategy decisions are less cautious in 2026 than in 2025, but also that investment plans continued to be more positive outside of Europe than in the continent. Combined with previous results, these numbers paint a picture of European investment plans improving but still lagging other economies.

Consistent with the findings in the previous subsection, no company reported no investment plans in Europe, compared to 8% in the US, 21% in India, 11% in other advanced economies, and 25% in China. The remaining share of respondents answered that they had not changed their investment plans in 2026.

Theme in Focus II: Defense and Dual-Use Markets

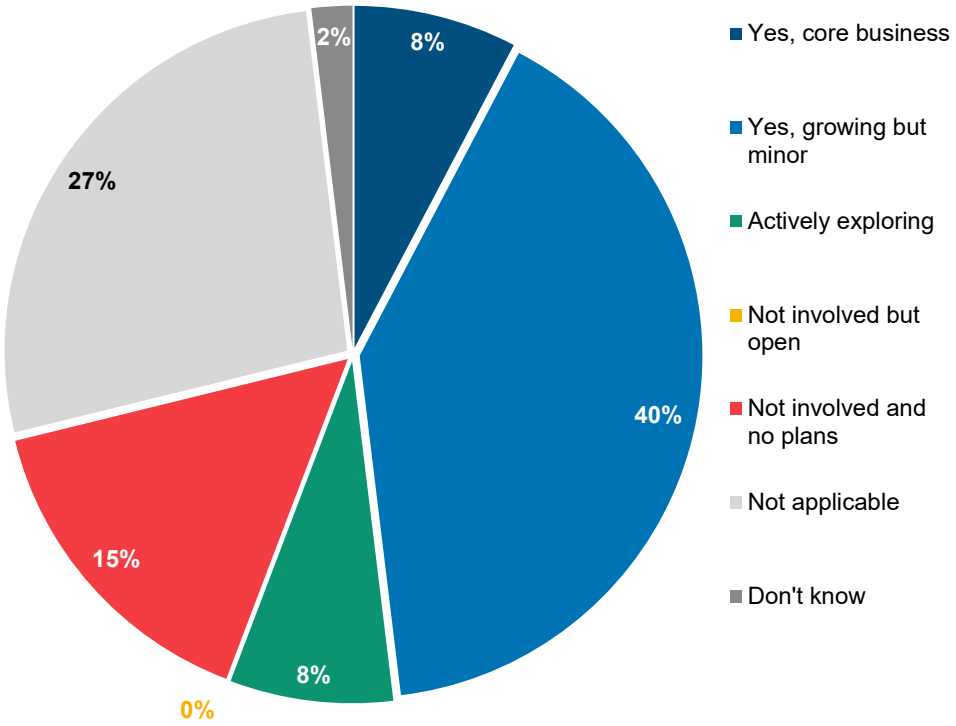
One of the likely drivers behind stronger investment dynamics in 2026 is the expansion of defense and dual-use markets (i.e., those related to products, services, or technologies with both civilian and military applications).

CEOs in Europe seem to have made their mind up about defense and dual-use markets. **More than half of respondents (56%) reported already supplying defense or dual-use markets or actively exploring entry, while the remainder noted no plans to enter or stated it was not applicable to their business.** 40% considered these markets a minor but growing share of their business, 8% a core business, and an additional 8% were actively exploring joining. No respondent stated that their companies were not involved but open to entering, while 15% said they had no plans to enter and 27% that this consideration was not applicable to their business.

Figure 8

Over half of companies reported engaging in supplying defense or dual-use markets or exploring options

Does your company supply, or plan to supply, defense and/or dual-use markets (i.e., those related to products, services or technologies with both civilian and military applications)?



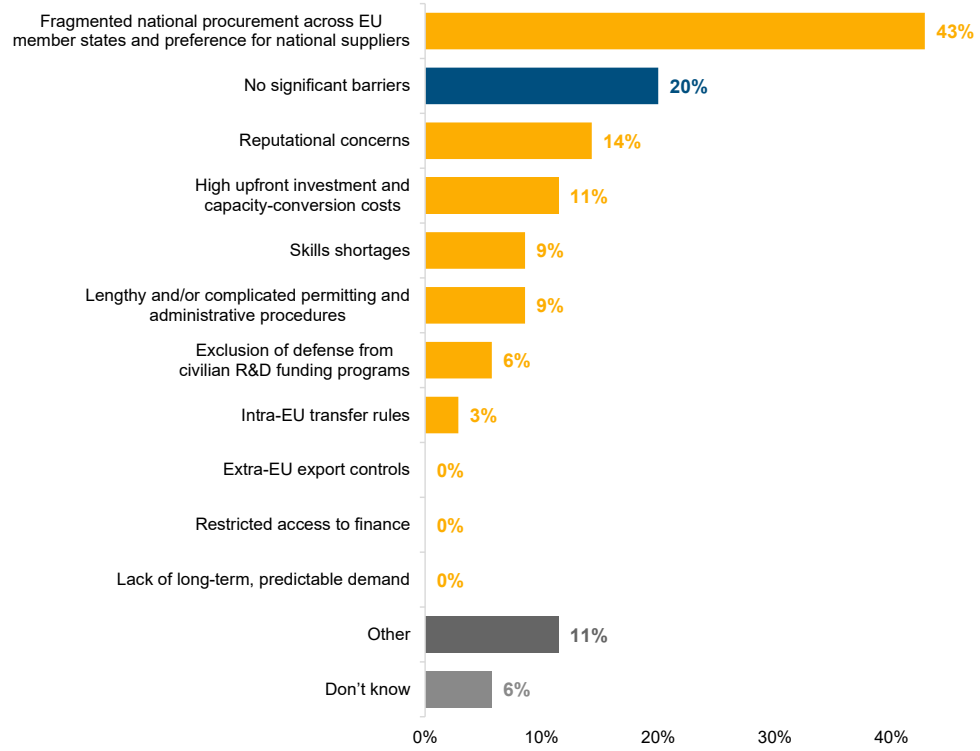
Note: Sample size is 52.
Source: *The Conference Board Measure of CEO Confidence™ for Europe by ERT, H2 2026*

Companies clearly identified fragmented national procurement and a domestic supplier bias as the main constraint for entering or expanding operations in these markets. 43% of respondents selected this option as one of the main barriers, 20% identified no barriers, and all other options received less than 15% of responses.

Figure 9

Fragmented national procurement was by far the key obstacle to companies' expansion in defense and dual-use markets

What are the main barriers to your company entering or expanding in defense and/or dual-use markets? (Respondents could select up to three)



Note: Sample size is 35.

Source: *The Conference Board Measure of CEO Confidence™ for Europe by ERT, H2 2026*

Theme in Focus III: Advanced AI's International Governance

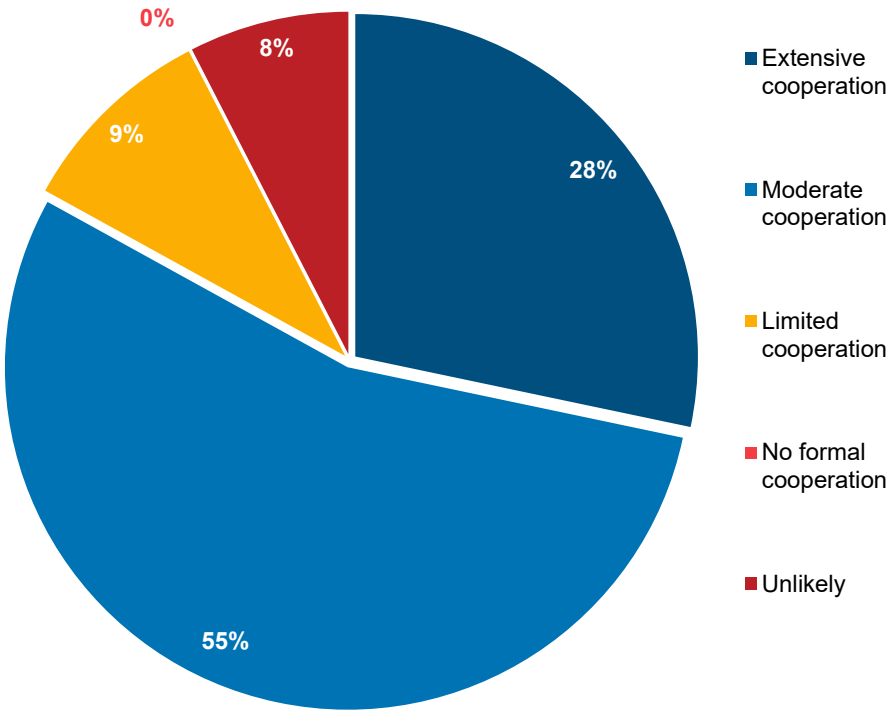
In this survey we also asked CEOs about international cooperation regarding the governance of advanced AI. **While a large majority support some form of international governance, most (55%) expressed a preference for moderate cooperation, with 9% supporting only limited cooperation.** Only 8% stated that cooperation is unlikely to be successful and thus should not be pursued.

28% endorsed extensive cooperation, meaning that "countries should establish binding international rules and an international oversight body able to inspect, audit, or restrict the most advanced AI systems." The preferred option of moderate cooperation implied that "countries should coordinate national rules, adopt common technical and safety standards, and conduct joint evaluations, while enforcement remains national." Limited cooperation means that "cooperation should primarily involve voluntary principles, policy dialogue, sectoral collaboration, research collaboration, and information sharing." **No respondent stated that there should be no formal cooperation.**

Figure 11

CEOs supported international coordination on AI governance, while keeping enforcement national

How far should countries go in pursuit of international governance of advanced AI?



Source: *The Conference Board Measure of CEO Confidence™ for Europe by ERT, H2 2026*

About The Conference Board Measure of CEO Confidence™ for Europe by ERT

The Conference Board and ERT established a collaboration to create a measure of CEO confidence for Europe in 2020. The measure ranges from zero to 100. A reading of less than 50 reflects more negative than positive responses.

The measure is based on results from three survey questions about: 1) current business and economic conditions; 2) projected business and economic conditions in six months; and 3) prospects for respondents' own industries. These questions have been conducted by The Conference Board in the US on a quarterly basis since 1976. The survey is conducted twice a year in Europe.

In addition to the confidence measure, CEOs and chairs assess the outlook for their own company through questions about employment, sales, and capital investment, both inside and outside Europe. ERT has fielded these survey questions since the second half of 2017. Special questions of current significance are included in each survey.

This iteration of the survey was fielded between October 19 and October 30, 2026, to 58 ERT members; 54 replied to the main questions and 53 to the thematic ones, a 93% and a 91% response rate, respectively.

For additional information regarding the methodology for The Conference Board Measure of CEO Confidence™ for Europe by ERT, see *Surging Confidence Among European Business Leaders Despite Strains on Supply Chains*. To request historical data, please contact the author at afiorito@tcb.org.

About the Author

Alejandro Fiorito, Economist, Economy, Strategy & Finance (ESF), Europe

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About the European Round Table for Industry (ERT)

The European Round Table for Industry (ERT) is a forum that brings together around 60 CEOs and Chairs of leading multinational companies of European parentage, covering a wide range of industrial and technological sectors. ERT strives for a strong, open, and competitive Europe, with the EU and its single market as a driver for inclusive growth and sustainable prosperity. Companies of ERT Members have combined revenues exceeding €2 trillion, providing direct jobs to around 5 million people worldwide—of which half are in Europe—and sustaining millions of indirect jobs. They invest more than €60 billion annually in R&D, largely in Europe. For more info, visit https://ert.eu/.

About The Conference Board

The Conference Board is the member-driven think tank that delivers trusted insights for what's ahead. Its membership includes over 1,200 companies in both the established and emerging markets of the world. Its global community of leadership experts, which includes representatives from The Conference Board and a number of prominent companies, works to ensure members receive the practical knowledge they need to navigate the biggest issues impacting business and better serve society. Founded in 1916, we are a nonpartisan, not-for-profit organization. For more info, visit https://conference-board.org/eu/.

Endnotes

[1] The sample size for thematic questions is 53 unless otherwise specified.

[2] Using ICE settlements data from Haver. ICE Brent Crude Futures (US$/barrel); ICE Low Sulphur Gasoil Futures (US$/metric ton) and ICE Endex Dutch TTF Natural Gas (€/MWh).

[3] *Global Forecast Update*, The Conference Board, November 2026.

[4] France is by far the major economy for which forecasts have deteriorated the most, from an expected 2026 growth of around 1% at the beginning of the year to below 0.4% as of November 2026. Weak domestic demand, alongside significant political and social turmoil, explains the underperformance.

[5] Alejandro Fiorito, *CEO Confidence Diverges Globally, With Europe Lagging the US and China*, The Conference Board, July 2026 and *US CEO Confidence Q4 2026*, The Conference Board, October 2026.

[6] *Global Forecast Update*, The Conference Board, November 2026.

[7] Konstantinos Panitsas, *Can Labor Hoarding Remain a Source of Resilience for the Euro Area?*, The Conference Board, June 2025. Eurostat, *Euro Area Unemployment at 6.5%,* October 2026.

[8] This is consistent with the largely positive views about long-term business conditions for India found in H1 2026, see Alejandro Fiorito, *2 Years Below Neutral: European CEO Confidence Falls as Outlook Deteriorates (H1 2026)*, The Conference Board, June 2026. For previous results about medium-term investment strategies see Alejandro Fiorito, *CEO Confidence Still Wavering, Investments Stalled, EU Reforms in the Spotlight (H2 2025)*.