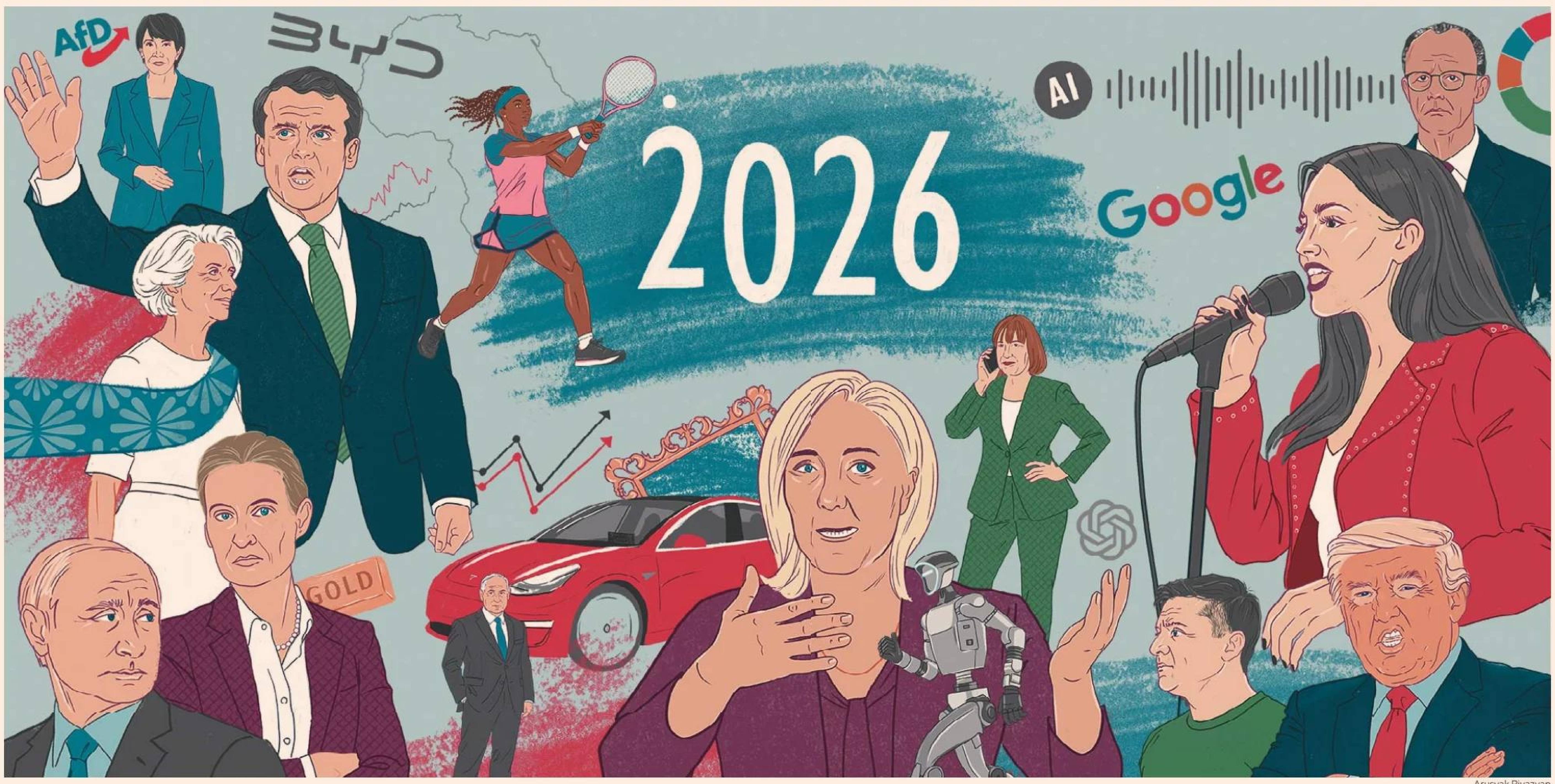
Opinion

Forecasting the world in 2026

FT writers' predictions for the new year, from the likelihood of higher Trump tariffs to the future of interest rates and the arrival of humanoid helpers



Arusyak Pivazyan

The FT's forecasters did get one big thing right last year: Donald Trump's return as US president has made the world even more unpredictable. Usually we are wrong on a couple of the 20 predictions (OK, sometimes four or five). Last year, we got seven wrong, our worst tally ever. There was no Ukraine-Russia peace deal — though talks have gone to the wire; US interest rates did fall; Elon Musk and Trump did fall out (though have since made up somewhat); Britain's Labour government did produce another big tax-raising Budget. We were lightheartedly over-optimistic on bitcoin's prospects of topping $200,000, and too pessimistic on electric vehicles reaching a quarter of all global auto sales.

Undaunted, our writers are sticking their necks out again on topics ranging from the US midterms to China's renminbi, the artificial intelligence bubble, private credit, and whether we will have humanoid robots in our homes and a functioning commercial quantum computer. Read on to find out more.

The FT's crystal-ball gazers were again humbled by the winner of our reader competition, who asked not to be named, with 18 correct answers. To join in this year, submit your answers via the link below, with your real name and email address. Happy New Year! *Neil Buckley*

Will Trump's tariffs on average end the year higher than now?

No. Having come into office threatening tariffs in all directions for reasons including raising revenue, protecting key industries, coercing trading partners into political alignment and closing the trade deficit, the US president has discovered it is more complicated than that. A big fall in stocks after April's "liberation day", threats of retaliation from China, other countries offering him concessions and rising consumer prices have taken the momentum out of his tariff campaign. By the year-end, a forthcoming Supreme Court ruling may have forced him to replace existing tariffs with different duties, but he will have largely backed off threats of new tariffs on semiconductors and pharmaceuticals and reduced others with ad hoc deals. *Alan Beattie*

Will Volodymyr Zelenskyy be forced to give up the Donbas as part of a peace deal for Ukraine?

No. Russia is demanding Ukraine give up the quarter of Donetsk province and the sliver of Luhansk that it has not been able to conquer after nearly four years of full-scale war. US negotiators appear to also believe that this is the price that Kyiv must pay for peace. But surrendering the rest of the Donbas would be too perilous for Zelenskyy for military, constitutional and political reasons. Pulling out to create a demilitarised zone that neither side controls would be unworkable and unacceptable to Moscow or Kyiv. Only an improbable collapse of its defences would force Ukraine to capitulate. *Ben Hall*

Will Republicans lose control of Capitol Hill?

Yes. Democrats will regain the House of Representatives in the November midterm elections but narrowly miss taking back the Senate. Controlling the lower chamber will enable Democrats to block Donald Trump's agenda and open investigations into malfeasance in his administration. A third — though probably just as ill-fated — Trump impeachment process cannot be ruled out. Trump will do all he can between now and November to prevent a Democratic victory. *Edward Luce*

> Foreigners may impose more tariffs on China but the authorities are likely to absorb them

> With cracks appearing in the dollar's dominance, bullion's bull run has further to go

> Africa is benefiting from a weak dollar, strong gold prices and sounder fiscal policies

Will the AI bubble burst?

Yes. The easy money in the AI trade is behind us, three years after ChatGPT emerged, and investors are already asking tougher questions of the tech titans — witness the challenge to chips giant Nvidia stemming from Google's AI catch-up and the pullback in the value of Meta. In that sense, the hype has already peaked. Now, even if AI underdelivers on function or value, those enormous diversified companies will survive just fine, which will help limit any broad market sell-offs to 10 to 15 per cent. But expect the froth to come off in 2026, with embarrassing losses in venture capital and private equity and blow-ups in smaller companies. *Katie Martin*

Will France hold snap elections?

No. With presidential elections due in spring 2027, most political parties are turning their minds to that race. They see little incentive in a rerun of a 2024 legislative ballot that fragmented parliament, weakened a centrist bloc and made passing a budget or other legislation tortuous.

Polls show that splintering would persist in another snap election, giving no single force a majority; Marine Le Pen's far-right Rassemblement National is the only party that stands to gain. President Emmanuel Macron has shot down any suggestion he would call an early presidential election. *Sarah White*

Will African growth outstrip Asian growth?

Yes, but it will be close. As China slows, average growth rates across Asia in 2026 could fall to 4.1 per cent, says the IMF. Africa, coming off a lower base, is seen nudging up from 4.1 per cent.

Despite some terrible news — war in Sudan, spreading extremism in the Sahel and a spate of coups — Africa is benefiting from a weak dollar, strong gold prices and sounder fiscal policies. Half of the world's 20 fastest-growing economies next year are expected to be African. Bigger economies like Egypt and Nigeria are also growing after painful structural reforms. Even collectively, though, Africa's 54 economies are still too small to shift the global needle. *David Pilling*

Will the firewall against Germany's AfD collapse?

No. Chancellor Friedrich Merz's refusal to let his conservative CDU engage with the AfD — locally and nationally — will be severely tested if the far-right party makes big gains in five scheduled regional elections. In the eastern state of Saxony Anhalt in September, the party co-led by Alice Weidel is projected to win close to a majority of seats, ahead of the ruling CDU.

Pressure within the CDU to revisit the *Brandmauer* rather than partner with the left will intensify — but any shift would probably fracture Merz's governing coalition with the Social Democrats. *Anne-Sylvaine Chassany*

Will China's renminbi appreciate?

No, not meaningfully. China's enormous trade surplus says its currency is undervalued; its deflationary economy says it will stay that way. Foreigners may impose more tariffs on China during 2026 but the authorities are likely to absorb them rather than allow the currency to rise.

The renminbi stands at 7.01 versus the dollar. One-year forwards trade at 6.89. The currency will end 2026 no higher than that. *Robin Harding*

Will Sanae Takaichi still be Japan's prime minister a year from now?

Yes. Statistically, the odds of any Japanese prime minister lasting more than a year are not good. And Takaichi, since October Japan's first female PM, has plenty stacked against her: factions in her own party see her as too hardline, Beijing is doing all it can to destabilise her, and she has risen to the top job without a general election mandate.

But Takaichi represents something new in Japanese politics: she is a straight talker at a time of rising populism and remains popular even as inflation persists and interest rates rise. Bet on a spring general election, and a consolidation of power. *Leo Lewis*

Will central banks cease the rate-cutting cycle?

No. With Japan as a notable exception, central banks are more likely than not to cut interest rates further in 2026. Led by the US and the new Federal Reserve chair (probably Kevin Hassett), officials across the world are willing to ignore residual inflation and cut rates to what they think is a new normal and beyond. The Fed will point to rapid growth driven by high tech, arguing this is a rerun of the 1990s productivity boom.

European Central Bank president Christine Lagarde says monetary policy is in a good place, but the central bank will be willing to stimulate a bit more if growth falters. *Chris Giles*

Will Keir Starmer face a leadership challenge?

Yes. The Westminster cliché is "febrile" — that is already how the atmosphere around the Labour leadership of Starmer and his chancellor, Rachel Reeves, has felt in 2025. Look out for May, when poor Labour results in elections in Scotland, Wales and some English councils and likely success for Nigel Farage's Reform UK could provide the impetus for a change at the top.

Contenders are already jostling. But a challenge would face big obstacles. During Labour's last period in government, coups failed for lack of commitment and co-ordination. A leadership challenger needs the backing of 20 per cent of Labour MPs and to get past the party's national executive. *Miranda Green*

Will more private credit 'cockroaches' emerge and cause significant losses?

Yes. Defaults on private loans have nearly tripled since 2022, as higher interest rates tested companies that racked up debt when rates were near zero. Even though the Fed has started cutting, that will not be enough for some. Many companies will need more time or an infusion of extra cash, and some will follow First Brands and Tricolor into messy bankruptcies. That will inflict losses on investors but would not destabilise the broader financial system unless the US economy does much worse. *Brooke Masters*

Will Saudi Arabia normalise relations with Israel?

No. As much as Trump wants it to happen after brokering a fragile ceasefire in the Israel-Hamas war in Gaza, the odds are stacked against it. Saudi Crown Prince Mohammed bin Salman has stood firm in insisting that the kingdom would only normalise if there were a "clear path" to establishing a Palestinian state.

Israeli Prime Minister Benjamin Netanyahu vociferously rejects this. Even if he loses this year's election, Israel is unlikely to significantly soften its stance. And, given the outrage in the Muslim world over Israel's war in Gaza, it is hard to see Prince Mohammed shifting his position. *Andrew England*

Will we have home robots?

Yes. In October, Palo Alto start-up 1X began taking pre-orders for Neo, its slender, soft-knit unitard-clad humanoid robot. For $20,000 customers were told to expect delivery in 2026. Embodied AI is moving robotic butlers from virtual environments to the real world.

Companies like Tesla, Figure AI and Unitree are competing to build self-directing models that will carry out chores. But recreating human dexterity is an expensive work in progress — even just to fold laundry. Reports show Neo is not yet fully autonomous. This is one for the wealthy early adopters. *Elaine Moore*

Will we have a robust, commercially viable quantum computer in operation?

No, but it won't be much longer before we do. Several tech companies have already developed rudimentary quantum computers, currently used in parallel with classical computers to perform operations neither can do on their own. Rapid advances are being made in both hardware and software to exploit the spooky properties of subatomic physics.

Even if timelines are unknowable, governments say companies should start securing sensitive data in anticipation of a post-quantum world. Robust quantum computers will render most of today's encryption methods obsolete. *John Thornhill*

Will Lula win a record fourth term as Brazilian president?

Yes. Barring a last-minute health problem, Luiz Inácio Lula da Silva is favourite to win next October's election even at 80. A formidable campaigner, the leftwinger will benefit from a robust economy and from standing up to Trump's blandishments.

Own goals by Brazil's right are also helping him. Some conservatives argued for US sanctions to punish Brazil for trying former president Jair Bolsonaro on charges of plotting a coup, but the strategy backfired as Lula rallied the nation behind him. Rightwingers are squabbling too over whether Bolsonaro's son Flávio should represent them now his father has been jailed, or a more moderate candidate. *Michael Stott*

> A third Trump impeachment process cannot be ruled out after the midterms

> Poor results for Labour in May elections could provide the impetus for a change at the top

> AI's musical creations will falter at the Everest of the main US and UK singles charts

Poll
Make your own forecast
Submit your answers to these questions
www.ft.com/predict2026

Will the gold price go above $5,000 an ounce?

Yes. Gold's blistering rally is likely to continue, albeit at a more measured pace. Driving factors may include central bank buying, as well as investors who see gold as a hedge against looming fiscal deficits, geopolitical fracturing and the debasement of "fiat" currencies.

In a world where uncertainty is the new normal, and with cracks appearing in the dollar's role as a reserve currency, bullion's bull run has further to go. *Leslie Hook*

Will an entirely AI-generated song top the charts?

No. A gritty AI warbler called Breaking Rust reached number one in an obscure US country chart this year, a portent of the onward march of the machines. But they will falter at the Everest of the main US and UK singles charts.

The spin-off songs from Netflix's film *KPop Demon Hunters* show that fictional acts can have big hits, but were propelled by storylines and characterisations that AI cannot match. Neither can it fabricate the personability vital to real stars such as Olivia Rodrigo, nor the clash of personalities in Kendrick Lamar's chart-topping feud with Drake. *Ludovic Hunter-Tilney*

Will Elon Musk's Tesla reverse its market share declines in the US, the EU and China?

No. Tesla remains under pressure in the US with federal tax credits for electric vehicles expiring and the president rolling back rules to reduce vehicle emissions. The outlook is less predictable in China and Europe. Despite launching a more affordable version of its flagship Model Y, much of what has led to Tesla's share decline in 2025 will remain the same.

BYD and other Chinese rivals will launch yet more new models with attractive pricing. Musk is meanwhile more focused on investing in AI and deploying self-driving robotaxis than rebooting Tesla's traditional automotive business. *Kana Inagaki*

Will a woman rank in the top 50 best-paid athletes?

No. Despite rapid recent growth, pay in women's sport is still way below that of male athletes. Coco Gauff was 2025's highest-paid female athlete, according to Sportico, with $31mn earnings. But that would not have put her in the most recent top 100 ranking, where the lowest-paid man made more than $37mn.

Breakout basketball star Caitlin Clark had total income of $16mn, but a salary of just $114,000. Only Naomi Osaka and Serena Williams have cracked the top 50 in recent years. Gauff has yet to garner enough big global endorsements or Grand Slam wins to hit those heights. *Josh Noble*

Tiebreaker: How many executive orders will Donald Trump issue in 2026?