

Business Monitor Q2 2026 Forecast: The Pace of Deterioration Slows as Switzerland Outperforms

Business conditions remain weak across Europe, but the pace of deterioration has clearly slowed.

Zurich, January 23, 2026 — European business sentiment is showing early signs of stabilisation heading into Q2 2026, according to the latest Business Monitor. While conditions remain fragile, the data suggest that downside momentum is easing after a period of sharp deterioration. Based on the Business Monitor, Germany is forecast to see a mild increase in the Ifo Business Climate Index to 88.0, consistent with stabilisation at low levels rather than renewed contraction. As of January 23, 2026, the most recent published Ifo reading stands at 87.6; the forecast therefore looks beyond the next scheduled Ifo release.

The clearest outlier remains Switzerland, where business sentiment is expected to stay positive. Resilient domestic demand and strong balance sheets continue to support Swiss business owners, setting Switzerland apart from much of the region.

Across the wider DACH region, conditions remain weak. In Germany and Austria, sentiment is still negative, but conditions are still deteriorating at a slower pace, indicating that the worst phase of the downturn may be passing.

In the United Kingdom, business sentiment also remains weak but broadly stable, with the rate of decline easing rather than accelerating.

Outside DACH and the UK, divergence persists. Denmark continues to outperform, while Finland lags, with sentiment still subdued and only limited improvement expected.

Estonia, due to its smaller and more volatile economic structure, is excluded from formal forecasting and is reported as a current sentiment indicator, where the latest data point to a stabilising direction.

Overall, the outlook for Q2 2026 suggests that business conditions remain fragile, but the pace of deterioration has clearly slowed — an important precondition for eventual recovery.

“This is not a rebound, but it is a meaningful shift in momentum,” said Stefan James Lang, Founder of Connect4B. “Conditions remain weak in many markets, yet the rate of deterioration has eased, while Switzerland continues to stand out.”

Methodology

The Business Monitor is a continuous quarterly survey of business owners across multiple European markets, now expanding to Ukraine and Russia. The Q2 2026 outlook combines the latest current assessments with recent expectations and is reported as ranges rather than point estimates; results will be updated as additional data become available.

Contact

Stefan James Lang

Founder, Connect4B, Zürich, Switzerland

Email: stefan.lang@connect4b.net

Publications: <https://www.connect4b.net/publications>