Insolvency Outlook - October 2026

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Global insolvencies are forecast to rise by 5% in 2026. This represents a two percentage-point upward revision compared to our April 2026 Insolvency Outlook. For 2027, we predict a 4% global decline.

The business climate remains challenging as high input costs and trade tensions persist. Unpaid Covid-era debts stay an issue in some countries. The crisis in the Middle East, and the associated increase in energy prices present an additional headwind for companies. In our baseline scenario, shipping traffic through the Strait of Hormuz and Red Sea routes remains below pre-conflict levels for an extended period. This is likely to keep the oil price above USD 100 per barrel for the rest of 2026, before declining gradually in 2027.

Looking ahead to 2027, we expect that companies will increasingly adapt to the new economic environment. While elevated interest rates and inflation continue to pose challenges for businesses, the overall financing environment is likely to be more stable and predictable than during the previous monetary tightening cycle. We expect many companies to continue adapting their cost structures, financing arrangements and pricing strategies to the higher-cost environment. Together with the exit of some of the most vulnerable firms in recent years, this is expected to support a moderate decline in insolvencies.

Companies face persistent inflation pressures

Global energy prices have risen sharply again, driven by renewed disruptions to critical energy infrastructure and shipping routes. Renewed hostilities between the US and Iran and the resumption of the US naval blockade of Iran have effectively ended the earlier temporary truce. Moreover, the Houthis have attacked the East-West oil pipeline in Saudi Arabia and have gained more control over the Bab al-Mandab Strait to disrupt oil shipments via the Red Sea. Upward pressure on prices has been compounded by constraints on global refining capacity following Ukrainian attacks on Russian refineries. In our baseline scenario, we assume that oil exports across the region remain well below pre-conflict levels as disruption persists across both the Strait of Hormuz and Red Sea routes. The Brent oil price is expected to remain above USD 100 per barrel for around the next six months, falling to just below USD 90 per barrel by the end of 2027.

Despite the adverse effects from the crisis in the Middle East, global economic activity has remained more robust than expected. Sentiment indicators have recovered in past months, with the global composite purchasing managers' index (PMI) rising to 54.3 in September, firmly in expansionary territory. We expect 2.5% global GDP growth for 2026, which is only marginally lower than what we expected in our April 2026 Insolvency Outlook. For 2027 we expect growth of 2.8%, with the recovery building up steam only slowly due to the ongoing price pressures created by the Middle East conflict. If the disruption of trade flows through the Strait of Hormuz continues longer than expected or the damage to energy infrastructure is higher than predicted, the downward economic effects could be worse. Therefore, the risks for the global economy still lean to the downside.

The eurozone is expected to experience modest 0.9% growth in 2026, followed by 1.2% in 2027. Sentiment indicators confirm resilience, with the composite PMI improving to 53.1 in September.

However, rising gas prices are an upside risk to inflation. Inflation increased in both July and August, with the current level exceeding 3%. Should energy prices remain elevated for longer, inflationary pressures could prove more persistent than currently assumed, weighing on economic growth. In the eurozone, countries in the south are demonstrating relatively strong GDP figures, driven by a growing tourism sector, labour market recovery and fiscal spending. Germany, France and Italy demonstrate comparatively weaker growth. Germany's industrial sector and Italy's energy-intensive economy continue to struggle with high energy prices, while growth in France is weighed down by political tensions and fiscal sustainability concerns.

For the US economy, we predict growth of 2.1% in 2026 and 2.4% in 2027. Growth for 2026 and 2027 has been revised down by a cumulative 0.6 percentage point compared to April 2026, which mostly reflects higher inflation driven by higher oil prices and stronger imports. At the same time, growth remains resilient due to AI-related investment, expansionary fiscal policy and domestic energy production. The US is comparatively resilient to the disruptions in energy markets that result from the Middle East conflict. The US is a net energy exporter and is not susceptible to the loss of LNG supplies from the Gulf. However, higher oil prices will still push up inflation in the US, since they directly pass through to consumer energy prices. US inflation is now expected to average 3.4% in 2026, 0.2 percentage points higher than previously expected.

Central banks must weigh the inflation shock caused by higher energy prices against the risk of a stagnating economy. In the US, the Federal Reserve follows a dual mandate of maximum employment and stable prices. The Fed hiked the policy rate to 4.0% in September. We expect two further rate hikes this year in October and November, after which the Fed is likely to keep rates on hold until the end of 2027. The ECB hiked the policy rate in June and September. We expect one further rate hike in December 2026, as energy prices and underlying inflation have been picking up lately. This would bring the ECB deposit rate to 2.75% by the end of the year. We expect this policy rate to remain on hold for most of 2027, with only one rate cut expected in Q4 of 2027.

In the short term, companies will be impacted by tightening credit standards due to the ongoing economic uncertainty. Credit standards for loans to companies in the eurozone tightened further in Q2 of 2026. This was driven by perceived risks to the economic outlook as well as a lower risk tolerance displayed by banks, which signals a higher degree of risk aversion. In the US, banks reported unchanged lending standards for commercial and industrial loans to firms of all sizes. In both the eurozone and the US, central bank policy rates have tightened moderately throughout 2026. In 2027 bank credit conditions are expected to remain broadly unchanged. While there may be some additional interest rate hikes towards the end of 2026, the current path of rate increases is not as steep as in 2022-2023, which makes the financial situation for companies more stable and predictable.

Insolvencies continue to rise in 2026

The latest realised data indicates that in the first three quarters of 2026 insolvencies continued to rise across most markets that we monitor, slightly surpassing our expectations from the April Insolvency Outlook. Based on the latest realised data and our expectations for economic conditions in the remainder of the year, we forecast insolvencies for the full year 2026. Figure 1 shows the resulting year-on-year growth rates for 2026. Globally, insolvencies are expected to increase by 5%, though there are significant differences across markets.

In Switzerland, insolvencies rose sharply in 2026 due to the impact of a 2025 revision to bankruptcy legislation. Under the new framework, public creditors such as tax authorities and social security compensation funds must enforce outstanding claims through bankruptcy proceedings, whereas previously they could recover debts through asset seizure procedures. The change significantly increased the number of companies entering formal bankruptcy proceedings,

contributing to the rise in insolvencies.

In South Korea, small and medium-sized enterprises (SMEs) are still burdened by debt accumulated during the pandemic. In combination with elevated interest rates, this is increasing debt-servicing costs. In addition to the high number of insolvencies, corporate distress is also visible in the increase in loan delinquency rates. Meanwhile, declining retail sales reflect weak domestic demand, further weighing on the business environment.

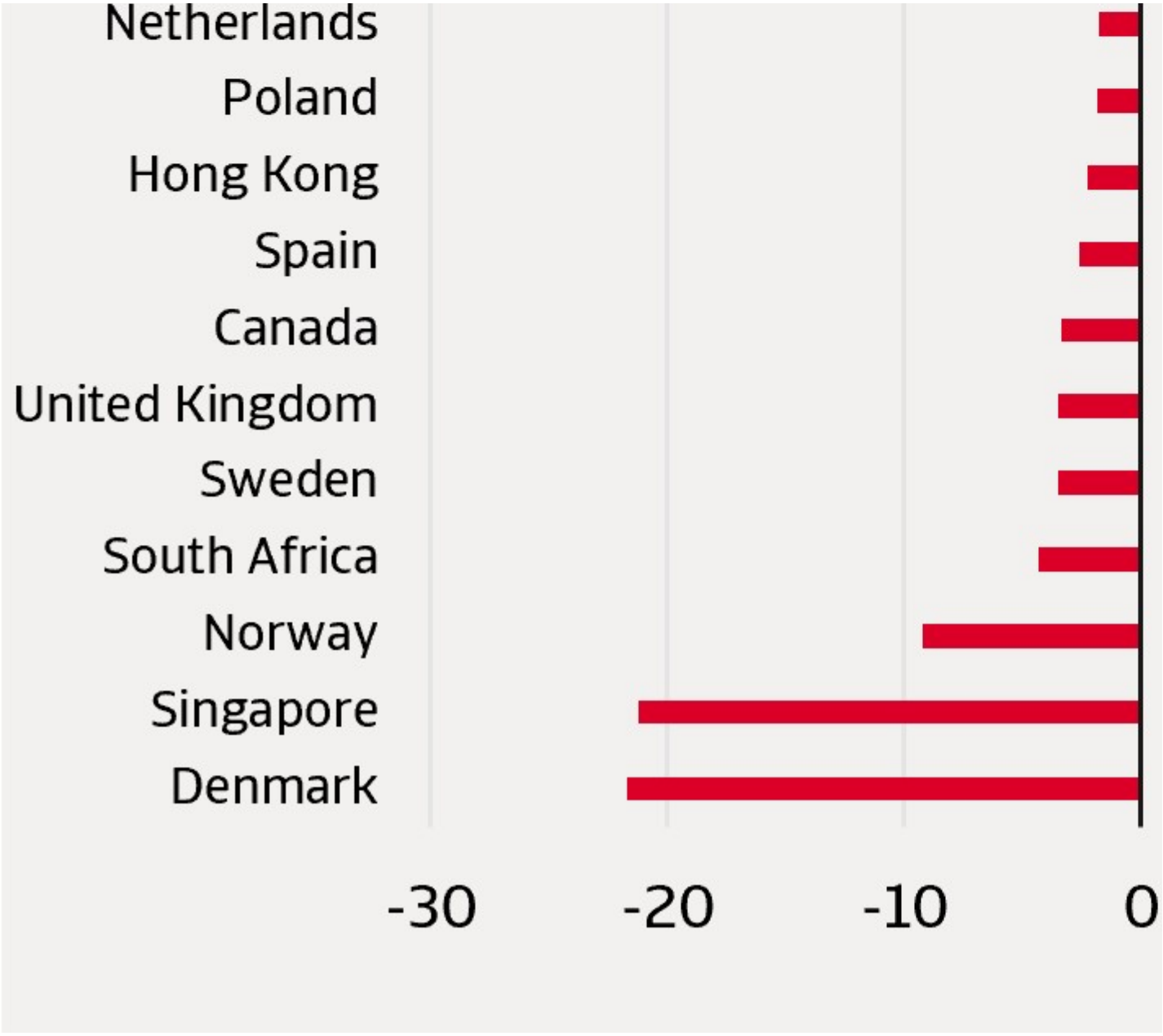
In the US, insolvencies are forecast to increase by 9% in 2026. Small businesses have been particularly affected by relatively elevated interest rates, volatility in tariff policy and oil prices, and heightened policy uncertainty. At the same time, small business revenues have declined when adjusted for inflation, suggesting that the cumulative impact of past price increases has started to weigh on consumer demand. These developments are expected to continue driving insolvency levels higher in 2026.

In Romania, the economy contracted as high inflation eroded consumer spending and public spending was cut in order to reduce the large budget deficit. Moreover, an ongoing political crisis has increased policy uncertainty and is contributing to delays in EU funds disbursements. As a result, the business environment is negatively impacted, as evidenced by a marked deterioration in business confidence.
Ireland, France and Germany are experiencing more moderate, but still substantial increases in insolvencies. All three countries faced relatively low short-term interest rates in the first half of 2026. However, the ECB started to tighten monetary policy somewhat from June, putting more pressure on companies' financing capacity. Sectoral indicators point towards pressure on insolvencies from depressed output and low business confidence across some of the major sectors, such as domestic services (excluding ICT) and manufacturing in Ireland, retail and construction in France, and retail, construction and manufacturing in Germany.

Figure 1: Insolvencies still register notable increases in several markets in 2026

Insolvency growth forecasts 2026, inclu
to 2026 Q2-Q3, % y-o-y





Source: Atradius

There are also countries where companies seem to have adapted relatively well to the new economic reality of slightly elevated interest rates and inflation, and the phasing out of Covid-era support measures. Looking to the markets with favourable developments, we see the sharpest decline in insolvencies in Singapore and Denmark. In Singapore, economic growth is robust, supported by strong AI-related trade. Insolvencies were elevated in 2025, but showed a sharp drop in early 2026. This results in negative year-on-year insolvency growth for the full year 2026. In Denmark, companies benefited from favourable financing conditions in the first half of 2026. Inflation may move up slightly in the remainder of the year due to higher energy prices and stronger domestic demand growth, but remains moderate compared to the eurozone average. Moreover, financing conditions may become somewhat less supportive in the remainder of the year, due to rising interest rates. Overall, however, companies are expected to benefit from a strong economy in 2026, reflected in favourable dynamics of business confidence in services and retail.

We also expect a decline in insolvencies in Norway and, to a lesser extent, in the Netherlands. In Norway, despite relatively high interest rates, economic activity remains robust across manufacturing and broadly across service sectors. In the Netherlands, the decline in insolvencies is

consistent with improving business sentiment, particularly in manufacturing, retail and construction. While economic growth remains modest, confidence indicators in these sectors have improved compared with previous years, suggesting a gradual improvement in business conditions.

Insolvencies move towards normalisation in 2027

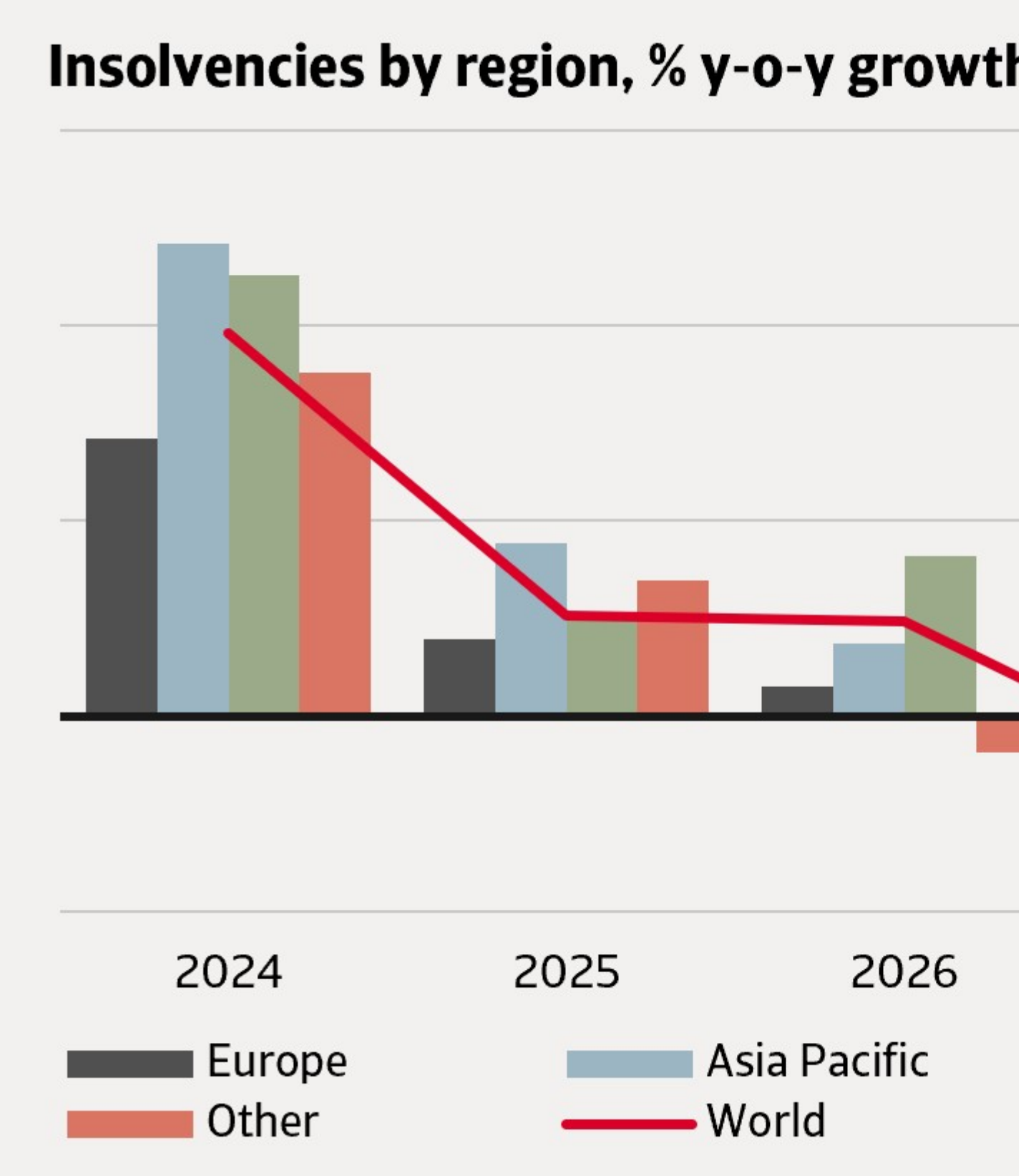
Globally, we expect insolvencies to decrease moderately by 4% in 2027, with signs of normalisation to lower levels generally starting in the second half of 2027. The insolvency decline we expect in 2027 is slightly smaller than what we predicted in our April 2026 Insolvency Outlook. This is mainly due to the higher persistence in insolvencies observed in various markets in 2026. In markets where insolvencies have reached unusually high levels, we generally assume a gradual decline over time, reflecting that businesses are gradually adapting to the new environment with higher inflation and slightly tighter monetary policy stances. Moreover, we assume that the most vulnerable businesses have already exited the market by early 2027.

There are a few markets, such as Switzerland and the UK, where we expect the insolvency level to stay near historical highs throughout 2027. For Switzerland, this is mostly the result of the 2025 changes to bankruptcy legislation. In the UK, the post-pandemic debt situation of companies, high borrowing costs and weak consumer demand should keep insolvencies high.

Figure 2 presents our forecasts aggregated globally and at the regional level. We expect insolvencies to decline in 2027 across all major regions that we monitor. Asia-Pacific and Europe show a substantial decrease of 5%, driven mostly by our normalisation assumption from high levels in 2026. For Asia-Pacific, we note a substantial upward revision in the forecast due to persistently higher insolvency levels than we anticipated in April. North America shows a decrease of 3%, following better-than-expected insolvency dynamics in the United States at the end of 2026 and continuing resilience in economic growth.

The following sections describe key developments in each region, with annual growth rates for 2026 and 2027 shown in figure 3 for all monitored markets.

Figure 2: In most regions, a downward normalisation of insolvencies is postponed to 2027



Source: Atradius

North America

In the United States, we forecast insolvencies to decrease by 3% in 2027, which is slightly more than in our April 2026 Insolvency Outlook. The economic climate is set to remain challenging for companies, with high trade tariffs and increased policy uncertainty. Elevated inflation and interest

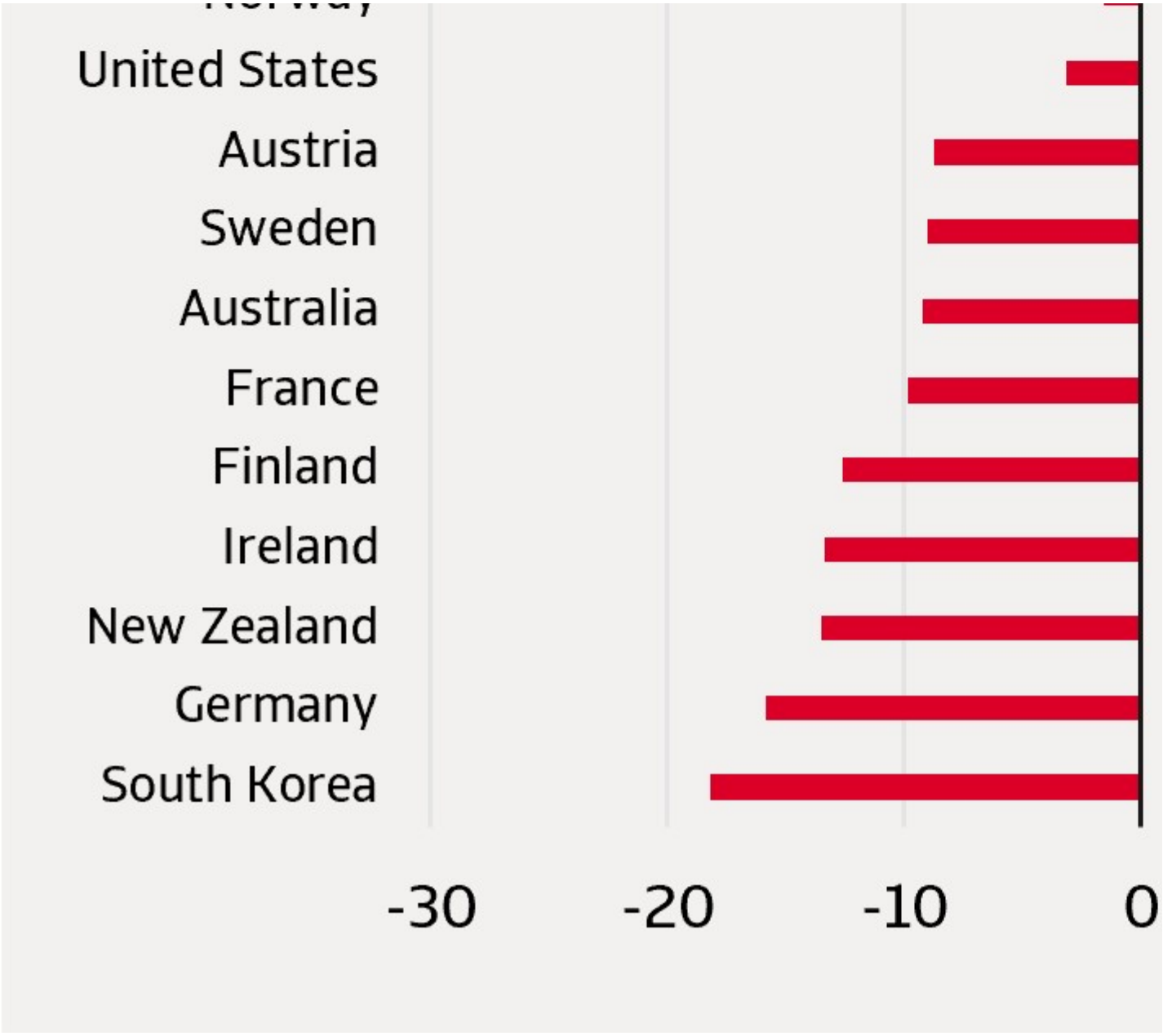
rates are also adding pressure to companies' finances. Still, we expect the adjustment process to be largely complete by early 2027. As firms adapt to the new environment and economic growth remains relatively resilient, insolvencies should decline moderately over the course of the year.

In Canada, we expect insolvencies to increase slightly by 1%, consistent with insolvency levels having normalised from the highs of 2024-2025. Interest rates are relatively low, which gives some room for monetary tightening if inflation proves persistent. Still, risks are on the upside, since the Canadian economy remains exposed to trade tensions with the US that could especially hurt small businesses which have fewer buffers against price rises or supply chain disruptions.

Figure 3: Insolvencies are expected to decrease moderately in many key markets in 2027

Insolvency growth forecasts 2027, % y-o





Source: Atradius

Europe

We expect European insolvencies to decrease by 5% in 2027, with most countries experiencing either substantial decreases or approximately stable developments, and just two countries showing sizeable increases.
All countries with substantial projected decreases in insolvencies are experiencing a downward normalisation from the high insolvency levels of 2026. Our view is that insolvency levels in these markets have been driven higher by adverse economic conditions, but that there is no structural reason for them to remain elevated over the longer term. We therefore expect that, by 2027, the most vulnerable companies will have exited the market, while the remaining firms will have adapted to the new economic environment.

We expect substantial decreases in insolvencies in 2027 for a few eurozone countries: Germany, Ireland, France and Austria. Despite ongoing pressure on companies as shown by elevated insolvencies in the latest data, the business environment should benefit from an improvement in economic activity, a contained inflation outlook and relatively moderate interest rates in the

eurozone.

In Finland, insolvencies already started to improve last year due to a broad-based economic recovery, driven mostly by domestic demand. Given the positive outlook, we anticipate that the normalisation path will continue. In Sweden, companies should benefit in 2027 from robust economic growth and more favourable interest rates than in the eurozone.

We expect an increase in insolvencies in just two European markets, Denmark and Romania, but for very different reasons. In Denmark, the abrupt decrease in insolvencies in 2026 does not seem to be fully explained by the macroeconomic fundamentals. We therefore expect insolvencies to move slightly higher than the current level, leading to an overall increase for the full year 2027.

On the other hand, in Romania we expect to see insolvencies increasing due to persistent pressure on the business environment. With a further need to implement fiscal adjustment measures and possible policy discontinuity due to the ongoing political crisis, we expect economic growth to remain subdued. Moreover, persistent inflation and interest rates are expected to remain among the highest in Eastern Europe.

Across the remaining European markets under review, we expect insolvency levels to remain broadly stable in 2027 compared with 2026. This reflects resilience to global shocks in certain countries, such as Belgium, Italy, Portugal, Poland and Spain, or a stabilisation at higher levels, as in the case of Switzerland, where we think that the changes to insolvency legislation will have persistent effects.

In the Netherlands and Norway, we expect insolvencies to stabilise at the relatively low levels observed in 2026. The latest macroeconomic indicators suggest that domestic business conditions will remain relatively favourable, while firms have continued to demonstrate resilience despite a more challenging external environment.

Asia-Pacific

Overall, we expect insolvencies in Asia-Pacific in 2027 to decrease 5%. This is mostly driven by downward adjustments from the historically high levels in Australia and South Korea, two of the largest markets in this region.

In Australia, given that high interest rates are expected to persist throughout 2027 due to relatively high inflation, and that business confidence indicators point towards a depressed business environment, we anticipate elevated insolvencies in the first half of 2027 compared to the levels we have seen in 2026. However, in the second half of 2027, even if macroeconomic conditions do not improve considerably, we expect that weak companies will have already exited the economy, leading overall to fewer insolvencies for the full year.

In South Korea, interest rates are also expected to remain relatively elevated. Still, as in Australia, we expect insolvencies to decline once the most vulnerable companies have exited the market, even if the economic environment continues to show signs of stress in 2027.

New Zealand is also expected to experience a significant decline in insolvencies, reflecting a normalisation from the elevated levels seen in 2025 and 2026. Although inflation is also expected to rise, the current accommodative monetary stance provides scope for a gradual tightening of monetary policy, without exerting too much pressure on companies' financial situations.

In Japan, on the other hand, we expect insolvencies to remain elevated throughout 2027, suggesting limited change. We believe that the pressure on companies' finances will increase in

2027, as the Bank of Japan is expected to implement several interest rate hikes to limit depreciation pressures on the yen.

In Singapore, insolvencies declined sharply in early 2026. This development appears only partly supported by underlying macroeconomic conditions. We expect insolvencies to edge up during 2027, resulting in an increase for the full year.