



Industry trends – Consumer durables / retail

Households rein in spending in response to Gulf conflict price rises

May 2026



Global overview

Sector affected by lower spending as energy prices surge

The consumer durables sector is structurally exposed to geopolitical and economic downside risks such as tumbling stock markets and volatile commodity prices. Therefore, it comes as no surprise that the Gulf conflict has is having a negative impact on sector performance. The closure of the Strait of Hormuz has pushed up oil prices in most parts of the world. Along with price increases for gas, fertiliser, and agricultural commodities, this will push world consumer price index (CPI) inflation up to a peak of 4.4% in Q2 of 2026, an unwelcome development for households. Higher energy and food prices squeeze disposable incomes and will lead to less discretionary spending, as many households are saving more than before and postponing or cancelling major purchases. As a consequence, there will be a negative impact on sales of domestic appliances and furniture items, but also on consumer electronics. At the same time consumer durables producers face higher input costs for energy and certain commodities.

Under a prolonged Gulf conflict scenario – which assumes oil prices stay above USD 150 per barrel for four months alongside shortages of refined energy products – global inflation would rise to 7.7% in 2026. In such a case, global consumer durables sales growth would lower to 0.4%, 1.5 percentage points lower than currently expected.

Trade tariffs and protectionism remain downside risks

The increased use of trade tariffs and protectionism remain a downside risk in the currently volatile global economic environment. Tariffs weigh on economic growth directly through higher costs of trade, which in turn often results in increasing consumer prices and a reduction in disposable household income. If operating costs rise substantially, retailers could be forced to modify their sourcing policies and look for new partners to dodge tariff hikes. Many would seek to pass on charges to customers by rising prices to protect already thin margins.

Smaller players in advanced markets face greater insolvency risks

The credit risk of consumer durables retailers in many advanced markets remains elevated, with smaller players especially vulnerable to defaults and insolvency. The sector operates in a fiercely competitive environment with thin margins. These are being further squeezed by more frequent markdowns, as consumers seek discounts year-round. At the same time online retailers are increasing their market share, putting pressure on brick-and-mortar operators. Large companies with ample cash reserves will be best positioned to navigate the stormy waters, while smaller retailers could face some solvency issues.

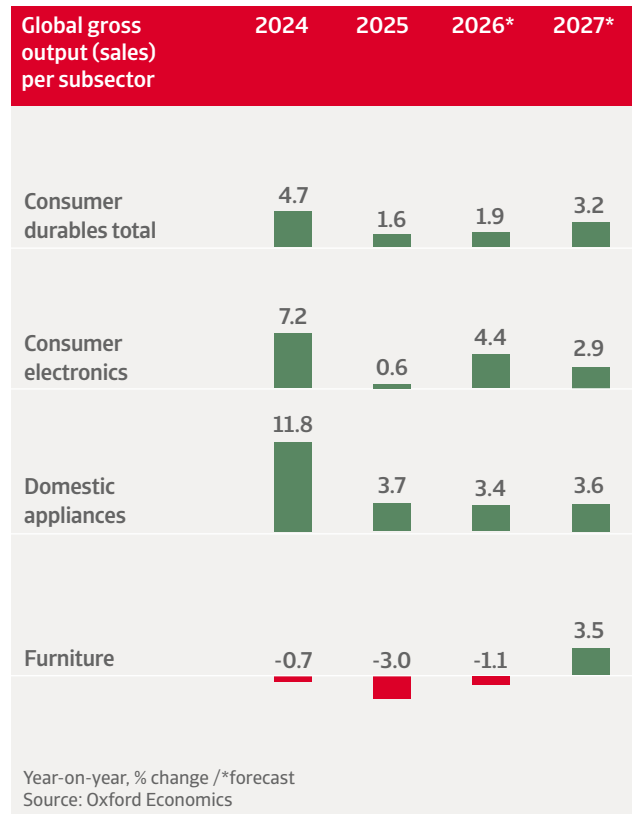
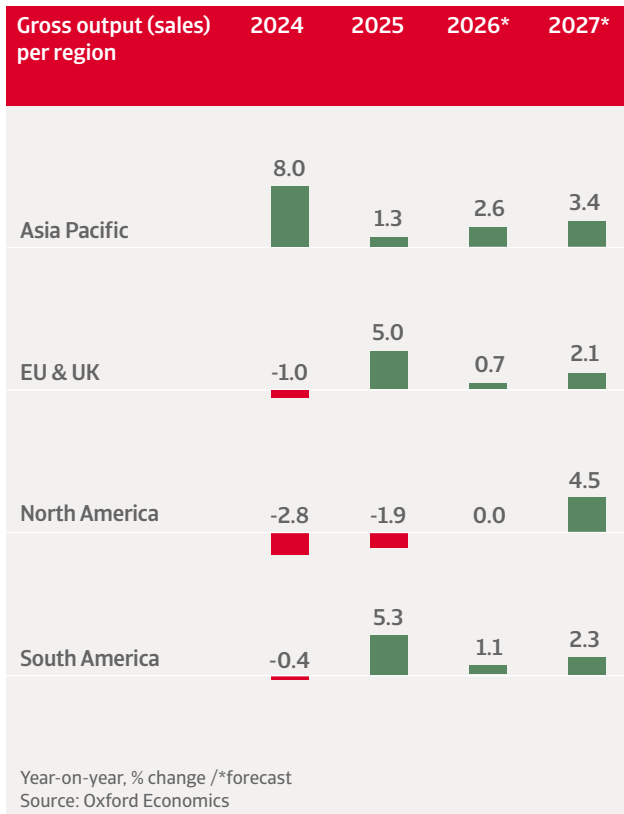
Industry performance forecast

Europe		Asia and Oceania		Americas		
Austria	Netherlands	Australia	Phillipines	Brazil	Excellent The credit risk situation in the sector is strong / business performance in the sector is strong compared to its long-term trend.	
Belgium	Poland	China	Singapore	Canada		
Czech Republic	Portugal	Hong Kong	South Korea	Mexico		
Denmark	Slovakia	India	Taiwan	USA		
France	Spain	Indonesia	Thailand			
Germany	Sweden	Japan	UAE		Fair The credit risk situation in the sector is average / business performance in the sector is stable.	
Hungary	Switzerland	Malaysia	Vietnam			
Ireland	Turkey	New Zealand				
Italy	UK					
						Poor The credit risk in the sector is relatively high / business performance in the sector is below its long-term trend.
					Bleak The credit risk in the sector is poor / business performance in the sector is weak compared to its long-term trend.	



Industry trends

Consumer durables output



Strengths and growth drivers

Emerging markets growth: Urbanisation and the number of middle-income families is growing, driving demand for consumer durables in the coming years. This, together with increasing internet penetration and digitalisation, will make many emerging markets attractive for retail investment.

New technologies: Retailers can leverage AR/VR technology to create immersive shopping experiences and chatbots for conversational commerce, enriching the brand-consumer relationship through one-to-one interactions. Conversing with consumers at scale makes chatbots a strategic medium for customer engagement.

Sustainability: Sales of eco-friendly recycled and refurbished goods provide an increasing business opportunity for retailers. Higher consumer acceptance is likely to result in increased competitiveness for retailers.

Constraints and downside risks

Elastic demand: Compared to essentials like food, demand for consumer durables is more closely aligned to incomes, prices and economic cycle volatility.

Margin issues: In many markets, retail profit margins are structurally thin and under pressure. In a fiercely competitive environment, the bargaining power of online retailers is increasing, and their price transparency is adding pressure to margins along the whole value chain.

Higher input costs: Retailers in many markets are facing higher costs for logistics, labour and energy.

Business realignment: To survive in today's digital world, brick-and-mortar retailers need to offer additional services, expand their online business and digital capabilities. This requires major investment and the willingness to change; a difficult task amid tight profit margins, especially for smaller retailers.





Consumer durables / retail outlook Americas

Consumer durables gross output (sales)	2024	2025	2026*	2027*
Brazil	11.6	-0.3	0.8	-1.4
Canada	-6.6	1.2	0.8	1.9
Mexico	-3.5	7.3	1.3	3.9
USA	-2.1	-4.4	-0.4	5.0

Year-on-year, % change /*forecast – Source: Oxford Economics

USA

Lower private consumption weighs on sector performance

US private consumption growth is expected to slow down to 1.7% this year after growing 2.6% in 2025. While in early 2026 a strong tax refund season was expected to provide a boost, higher gasoline prices and inflation are likely to offset this support. The pass-through of energy cost increases to core prices will play out over the coming months, and US consumer prices will increase by 3.3% in 2026. Both higher gasoline and consumer price inflation will erode real incomes, weighing on household spending. However, the impact will be uneven, with lower-income households facing a sharper squeeze.

We expect US retail sales growth to slow down to 0.1% this year after 3.2% expansion in 2025. The production of US consumer goods is expected to remain subdued in the near term, and we forecast sales of consumer durables to contract by 0.4% in 2026. Discretionary spending and demand for durable goods are the most exposed to the current developments, as big-ticket purchases are typically deferred when energy prices, inflation and uncertainty rise. The inflation uplift is approximately twice as large as core inflation for categories such as household supplies, furnishings, and apparel.

Tariffs have not yet led to a reshoring of production

Before the imposition of tariffs, the US had sourced a large proportion of their domestic appliances, consumer electronics and furniture from Asia, in particular China. Indeed, US retailers have been pre-empting tariffs since November 2024, maintaining already high post-pandemic inventory levels, in a bid to keep sales prices steady. However, sales prices have now increased well above trend for household appliances, electronics and furniture items. Most importers were not able to push for cheaper prices from suppliers, nor were

they able to absorb the full cost of tariffs on their margins. Retailers absorbed parts of the additional costs at the expense of their profits but mostly passed them on to consumers.

The tariffs have not led to a reshoring of consumer durables production in the US. While imports from China have decreased, these have shifted to other countries including Mexico and Vietnam. A few US producers have gained higher pricing power, but at the same time tariffs have increased input costs for domestic manufacturers (e.g. for metals). In general, the options to reshore the production of consumer durables are limited, as US manufacturers lack the infrastructure and specialised skills to ramp up large-scale output in the short term, while labour costs are also an issue.

Brick-and-mortar retailers continue to lose market share to ecommerce. This segment remains vulnerable to bankruptcies due to increased supply chain and inventory challenges, as well as macroeconomic concerns. Traditional brick-and-mortar stores are increasingly adopting digital strategies to remain competitive, further driving the growth of online retail.

In 2027 we expect a robust rebound of consumer durables by 5%, in line with stronger economic and household consumption growth and a retail sales increase of 2.5%.



Industry performance forecast

- Brazil** (Rain icon): Excellent. The credit risk situation in the sector is strong / business performance in the sector is strong compared to its long-term trend.
- Canada** (Cloud icon): Good. The credit risk situation in the sector is benign / business performance in the sector is above its long-term trend.
- Mexico** (Cloud icon): Fair. The credit risk situation in the sector is average / business performance in the sector is stable.
- USA** (Rain icon): Poor. The credit risk in the sector is relatively high / business performance in the sector is below its long-term trend.
- Bleak** (Lightning bolt icon): The credit risk in the sector is poor / business performance in the sector is weak compared to its long-term trend.



Consumer durables / retail outlook Asia Pacific

Consumer durables gross output (sales)	2024	2025	2026*	2027*
China	9.6	1.2	2.5	3.2
India	5.2	2.4	9.5	7.8
Indonesia	3.9	5.3	2.0	5.1
Japan	-10.8	-10.1	1.9	1.2

Year-on-year, % change /*forecast – Source: Oxford Economics

China

Lower growth as consumer sentiment remains volatile

The retail market in China is currently the second-largest consumer market globally, with total retail sales of consumer goods reaching CNY 50.12 trillion (approximately EUR 6.23 trillion) in 2025. Online retail sales of physical goods continue to outpace offline growth, with instant retail (30 minute to 1 hour delivery) emerging as a key driver. Major online platforms are expanding low margin, but high frequency sales patterns.

In order to boost consumer spending, in September 2024 the Chinese government introduced a domestic trade-in programme for passenger cars, household appliances and consumer electronics. This led to higher consumer durables sales in late 2024 and early 2025. However, the momentum from the programme has faded, and we expect consumer durables sales to grow by only 2.5% in 2026, despite a boost in early 2026 due to Chinese New Year demand. In 2027 we expect the consumer durables sector to grow by 3.2%

While China is relatively insulated from the global energy shock generated by the war in the Gulf compared with many other regional peers, signs of second-round spillovers are beginning to show. This adds to the fact that in general Chinese consumer sentiment remains volatile, mainly due to the ongoing issues in the property sector, where home buyers are confronted with negative wealth effects due to price pressures. A deflationary

environment, weak wage growth and higher unemployment are additionally impeding higher consumer spending, in particular for big ticket items.

Furniture manufacturing and sales still facing issues

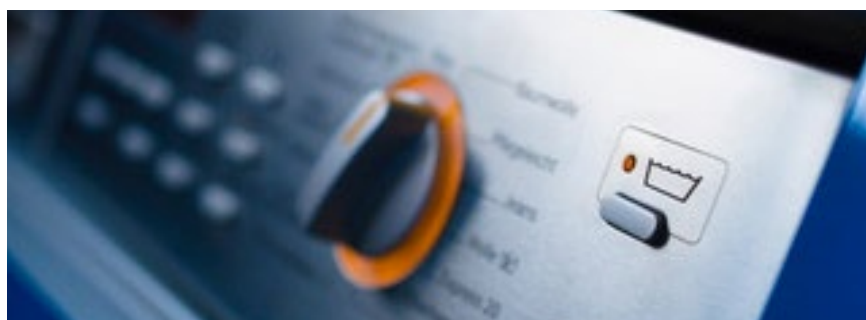
Chinese furniture manufacturing is set to contract by 3.7% in 2026 after a 6.4% decrease in 2025. Property market issues and US tariffs continue to weigh on exports of home goods. This has prompted Chinese factories to cut shifts, reduce wages, and relocate some production to Southeast Asia. With domestic demand subdued due to the weak housing performance, producers are left with little capacity to offset the external weakness.

Japan

Low consumer confidence weighs on the sector

After major declines in 2024 and 2025 we expect sales of consumer durables in Japan to rebound by only 1.9% year-on-year in 2026 and to level off in 2027. The government has taken measures to mitigate the impact of higher energy prices on consumers, such as gasoline subsidies. However, the high energy costs will constrain private consumption, in particular of durable goods. Real incomes are set to decrease again this year despite expectations of robust wage increases at the spring wage negotiations, as core consumer price inflation (excluding energy and fresh foods) will likely stay above 2% throughout 2026. In the long run, the ageing and declining population size will mean weaker consumption prospects.

Industry performance forecast	
	Australia
	China
	Hong Kong
	India
	Indonesia
	Japan
	Malaysia
	New Zealand
	Phillippines
	Singapore
	South Korea
	Taiwan
	Thailand
	UAE
	Vietnam
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Consumer durables / retail outlook

Europe

Consumer durables gross output (sales)	2024	2025	2026*	2027*
France	-0.2	-1.7	-1.8	1.1
Germany	-4.1	0.3	-2.1	1.6
Italy	-5.7	0.2	-1.2	1.5
United Kingdom	-8.6	4.0	-1.1	-0.6

Year-on-year, % change /*forecast – Source: Oxford Economics

France

Household spending hit by higher inflation

After two years of subdued performance we expect French sales of consumer durables to contract again in 2026, by 1.8%. Domestic consumption is impacted by the war in the Gulf and ongoing political uncertainty. Inflation has started to increase due to higher oil prices, and a longer closure of the Strait of Hormuz would drive those prices even higher, further eroding real household income and weighing on consumption.

Credit risk in the retail segment remains elevated. Inventories are quite high due to low levels of demand, and financial partners are increasingly restrictive with short-term facilities. Margins are generally low across all subsectors, but higher in the small household appliances segment compared to consumer electronics. The level of payment delays and insolvencies remains high among smaller retailers. Large, specialised retailer groups are financially healthier, as they continue to gain market share.

Germany

A contraction amid increased payment delays and insolvencies

In 2026 we expect retail sales growth in Germany to slow down to 0.1%, and consumer durables sales to contract by 2.1%. Consumer sentiment has deteriorated due to the Gulf conflict, as fuel prices have sharply increased and are set to feed through to other sectors, eroding purchasing power. Inflation is currently expected to average 2.9% this year, 0.7 percentage points higher than the pre-war forecast. The return of higher inflation, elevated uncertainty, and labour market softness will weigh on spending decisions, in particular for discretionary items. Any renewed pressure on household finances risks a further dampening in spending. All this hits a sector that has already struggled with higher credit risk over the past couple of years. In particular, the

retail segment is suffering with high input costs, expensive credit and thin margins. The level of payment delays and insolvencies has been elevated in 2025 and early 2026, and we expect further increases in the coming months due to the adverse market outlook.

United Kingdom

Market conditions are deteriorating

We expect UK private consumption growth to slow down to 0.4% this year, and consumer durables sales to contract by 1.1%. Recently consumer confidence decreased sharply, due to weaker perceptions of the economic outlook and a renewed deterioration in household finances, as higher fuel costs and broader price pressures weigh on spending power. We expect real household incomes to fall by 0.2% this year, which would be the weakest performance since 2022. Consumers are adopting a more cautious, wait-and-see approach and deferring major purchases as uncertainty persists. While opportunities for top line growth are very limited under the given circumstances, retailers still face the need to cut costs. This is to ensure operations are as efficient as possible to maintain profitability after the impacts from the rising NIC and National Living Wage have been accounted for. Credit risk in the segment remains elevated, and maintaining strong liquidity discipline through stock and supply chain management will be critical for success. Smaller players are struggling most in the shrinking market, as many are unable to access more favourable pricing and payment terms.



Industry performance forecast	
	Austria
	Belgium
	Czech Republic
	Denmark
	France
	Germany
	Hungary
	Ireland
	Italy
	Netherlands
	Poland
	Portugal
	Slovakia
	Spain
	Sweden
	Switzerland
	Turkey
	UK
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