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The Global Economy in 2026
Navigating Risks, Ensuring Resilience

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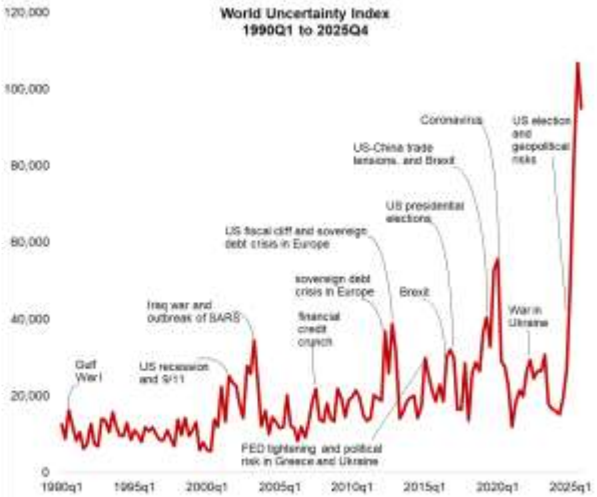
What I will talk about

1 **Global Growth Soft But Resilient:**
Global growth is stabilizing, not accelerating – resilience has surprised on the upside, yet momentum remains insufficient for strong job creation.

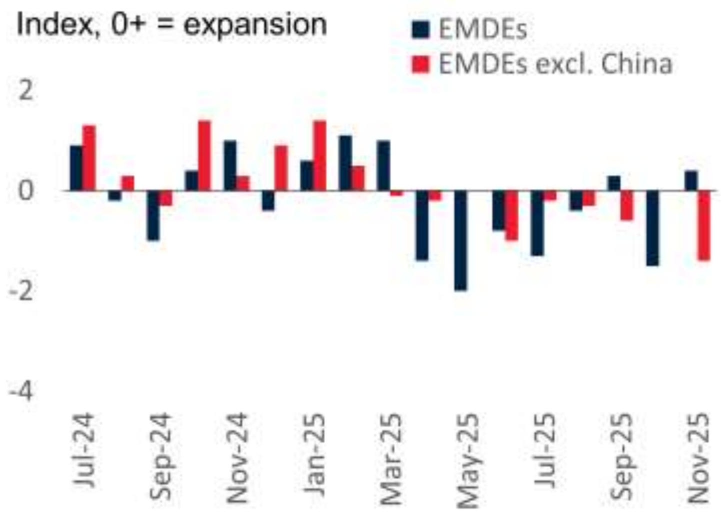
2 **Developing Economies and Emerging Markets Lag, Gaps Widen:**
While emerging markets and low-income countries are growing, per-capita income growth remains well below pre-pandemic levels.

3 **Elevated Risks Make Reforms Urgent:**
The boost from 2025 trade stockpiling is fading, and trade tensions, policy uncertainty, and high debt pose key downside risks – making smart policy reforms essential for sustaining resilience.

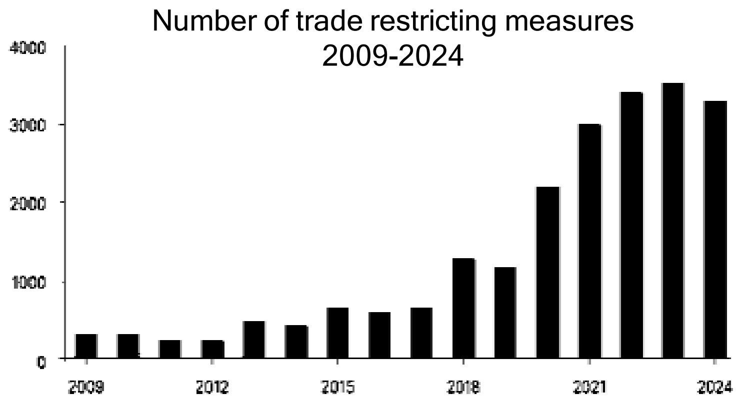
Global Structural Shifts and Headwinds



Elevated Global Uncertainty

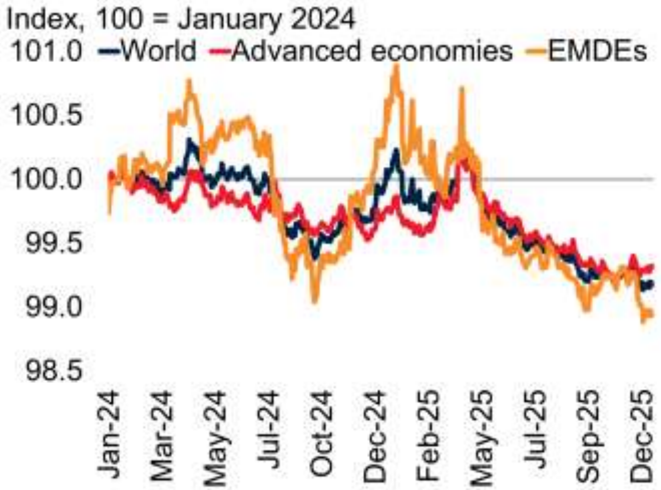


Softening External Demand, especially for Goods



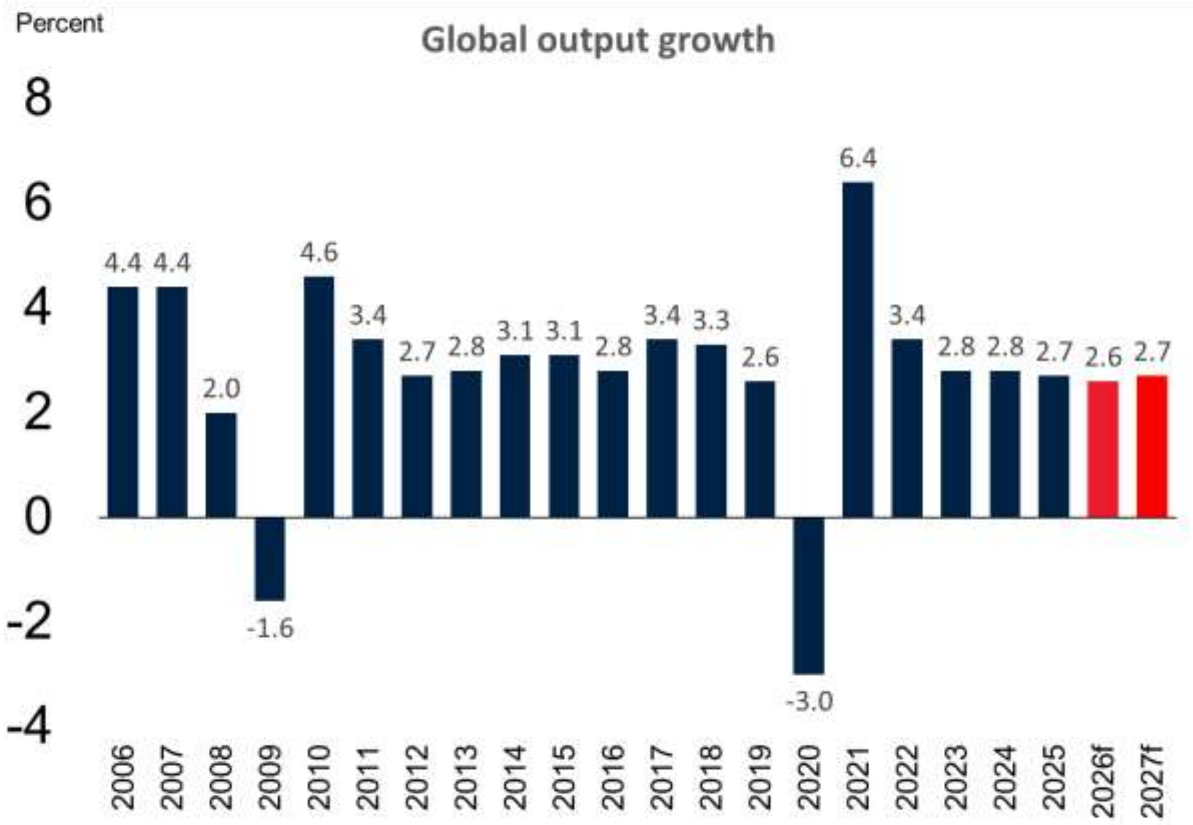
Source: Global trade alert

Rising trade barriers



Tight Financial Conditions

Despite recurrent shocks, global growth has remained resilient

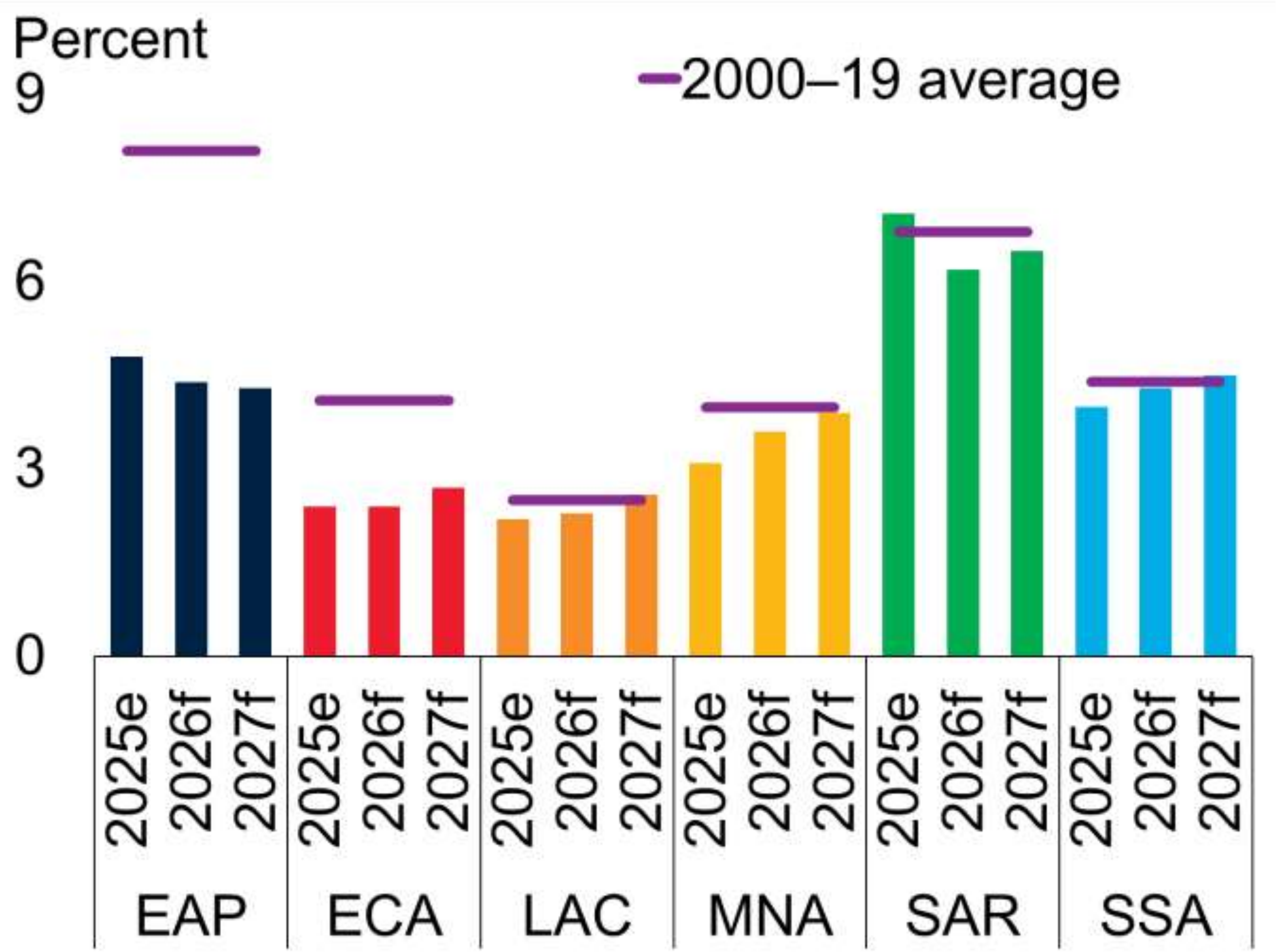


Global growth is stabilizing at a low level
The global economy is no longer deteriorating, but growth remains subdued and below long-term averages.

Performance across major economies is uneven
The U.S. has been more resilient, the euro area remains weak, and China's growth continues to slow amid structural headwinds. India remains a bright spot.

Developing economies face slower catch-up
Growth in EMDEs remains constrained by tight financial conditions, high debt, and weaker external demand.

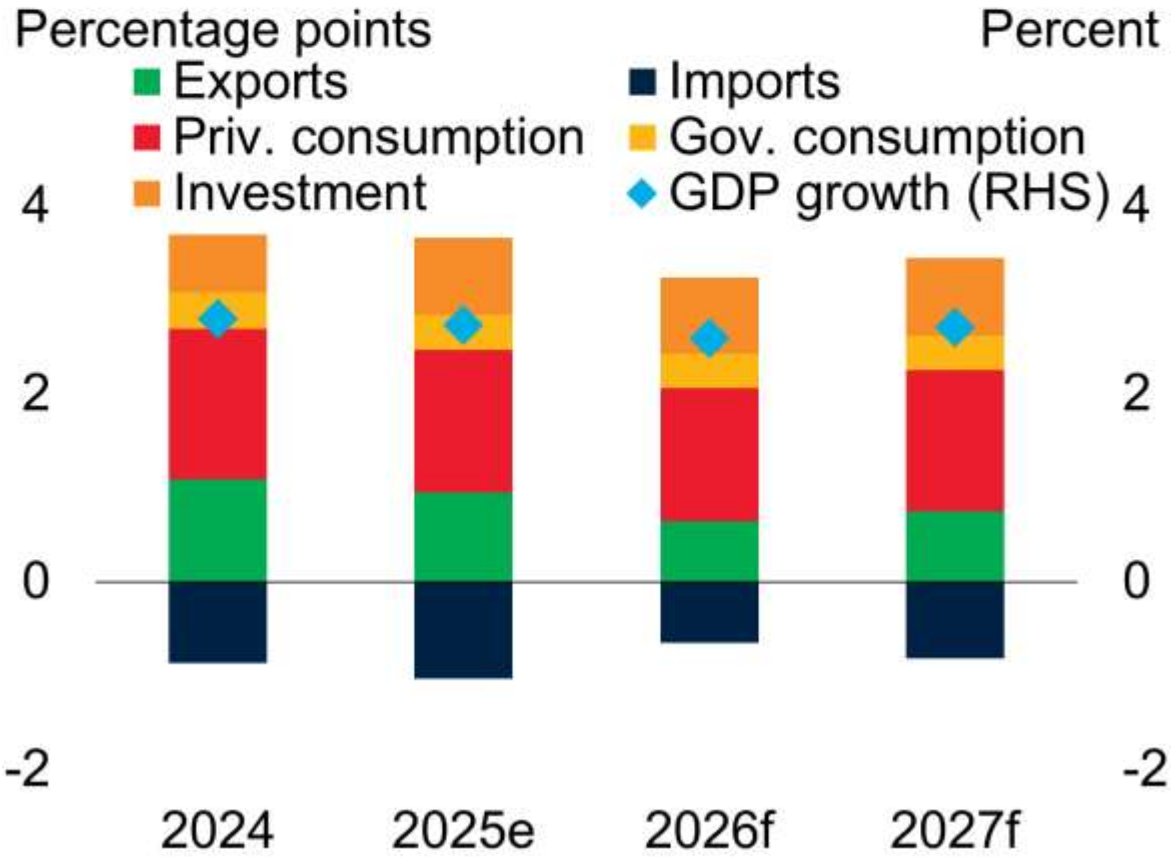
South Asia remains the fastest growing region in the world



South Asia leads global growth, supported by strong domestic demand, large-scale public investment, and a services-driven expansion centered on India.

Consumption driven growth

Contributions to Global Growth



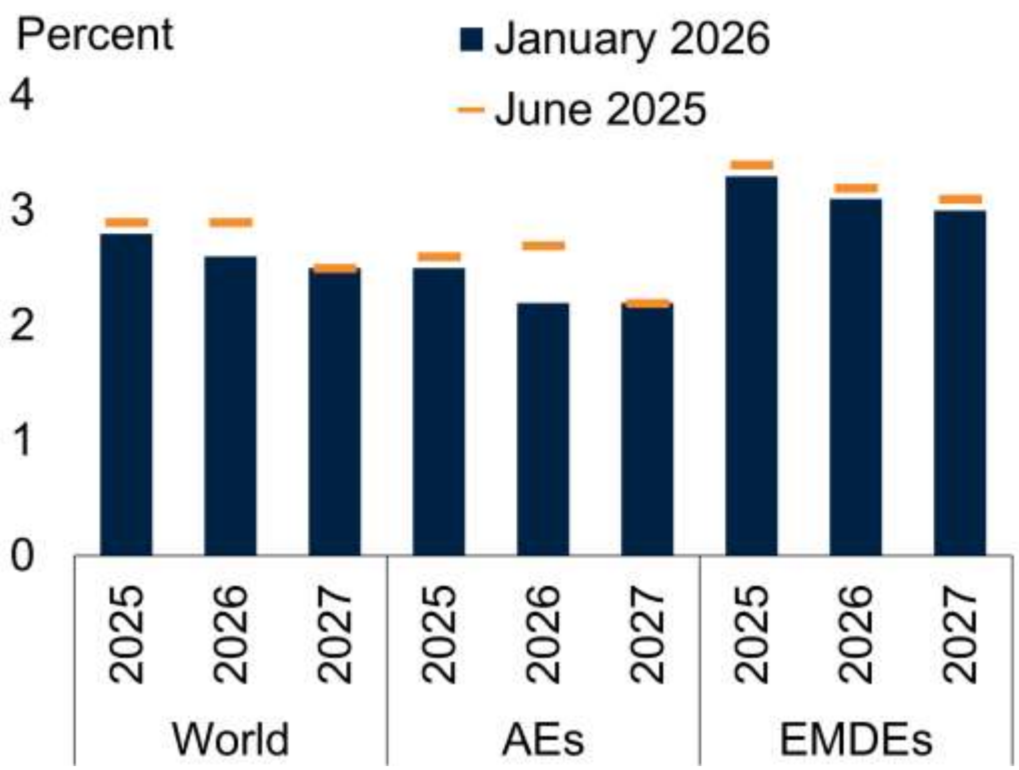
Consumption remains the main anchor of growth
Household spending continues to support activity, helped by resilient labor markets and easing inflation, particularly in advanced economies.

Trade was temporarily boosted by stockpiling
Export growth strengthened in 2025 due to inventory front-loading and stockpiling, but this support is expected to fade in 2026.

Investment remains weak and uneven
High financing costs, uncertainty, and subdued confidence continue to weigh on private investment, limiting its contribution to growth.

Inflation continues to subside

Global Inflation Forecasts

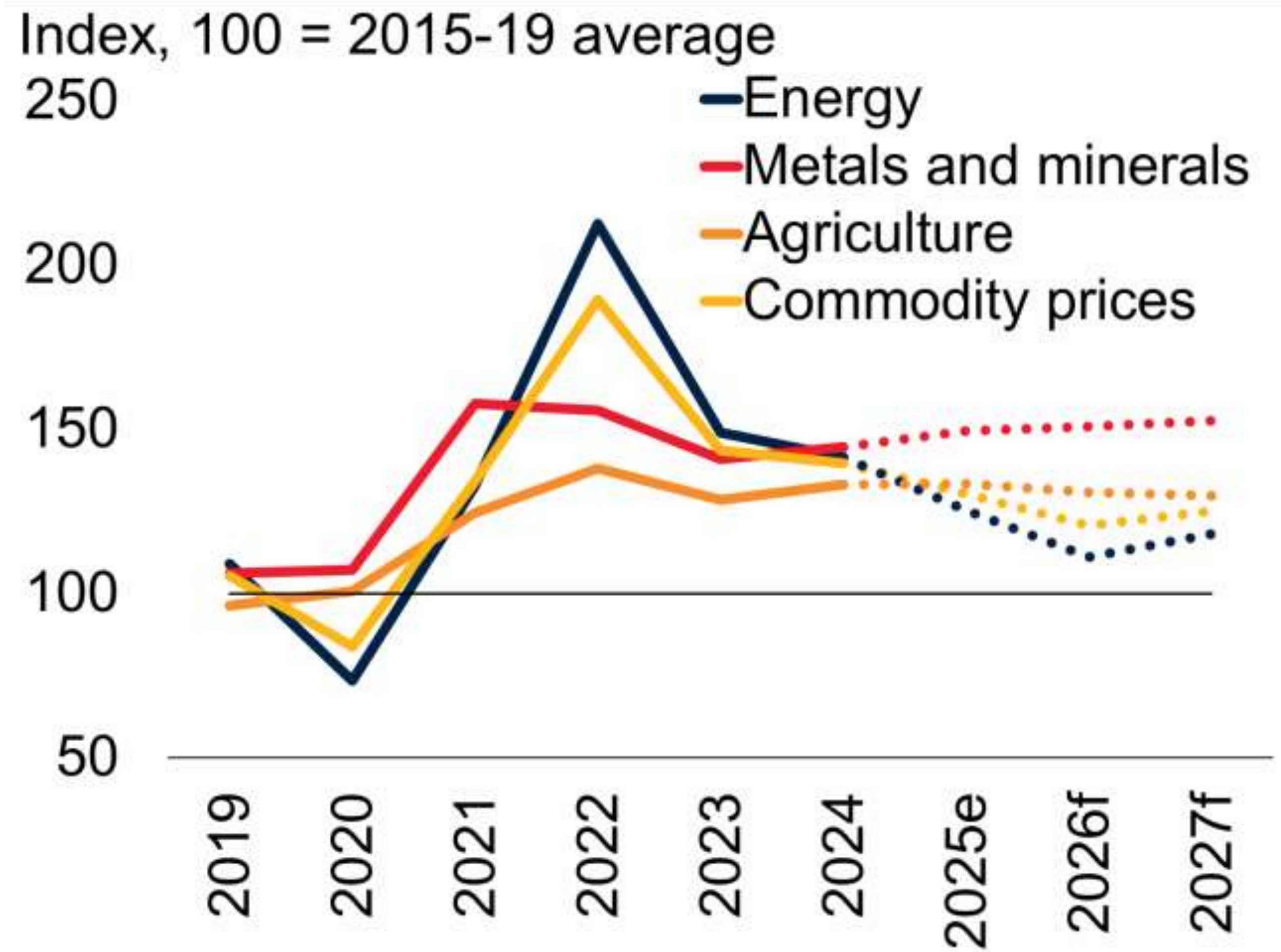


Disinflation continues, but unevenly
Global inflation is easing further as supply pressures fade, but progress varies widely across countries.

Goods inflation has fallen; services remain sticky
Lower energy and goods prices are driving disinflation, while services inflation remains elevated, reflecting tight labor markets.

Inflation remains above target in many EMDEs
Exchange rate pressures, food price volatility, and fiscal constraints keep inflation higher and more persistent in several emerging and developing economies.

Commodity prices are expected to remain soft



•**Commodity prices are easing further**
Global commodity prices are projected to decline in 2026, extending the post-2022 normalization amid weaker demand.

•**Energy prices are driving the downturn**
Ample supply and slowing consumption are weighing on oil and gas prices, helping contain inflation pressures.

•**Non-energy prices are mixed but subdued**
Agricultural and metals prices are broadly flat to lower, with supply conditions offsetting modest demand growth

Risks

Downside risks

Resurgent trade tensions and policy uncertainty

Increased conflict and geopolitical stress

Tighter financial conditions

Climate risks

Upside risks

Lower drag from trade barriers

Technology-led investment and productivity gains

Thank you

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