

Event Update - IMF World Economic Outlook

April-2025

Global real GDP growth slashed amid the ongoing tariff war...

In its latest World Economic Outlook report, the IMF forecasted the global real GDP at 2.8% for 2025 and 3.0% for 2026. The forecast for 2025 and 2026 is revised downward by 50 bps and 30 bps, respectively from the January-2025 forecast. The downgrades are broad-based across various countries and primarily reflect the direct impacts of the recent trade policies, along with their indirect consequences through trade linkages, increased uncertainty, and declining consumer sentiment.

The IMF said that as per the forecast prior to April-2 (the so called 'Liberation Day') global growth was projected to be 3.2% for both 2025 and 2026, reflecting a decrease of 10 bps in each year compared to the January 2025 WEO Update. This forecast diverges from the global assumptions previously outlined regarding trade policy announcements, the degree of uncertainty, and commodity prices. It is based on elevated oil prices and on the trade policies declared between February 1 and March 12, which include tariffs imposed on Canada and Mexico, the initial set of tariffs on China, the corresponding reactions from Canada and China, as well as sector-specific tariffs on steel and aluminum. The reductions in growth projections are most significant for the countries directly affected. However, growth in other economies is also lowered due to heightened uncertainty compared to January-2025 and the repercussions of tariffs.

Growth projections for the MENA region witnessed a steeper downward revision of 90 bps for 2025 to 2.6%, mainly led by a downward revision of growth forecast for oil exporters. Projections for the next year were also revised down by 50 bps to 3.4% for the MENA region. Growth forecast for Saudi Arabia underwent a downward revision of 30 bps and 40 bps to 3.0% for 2025 and 3.7% for 2026, respectively. As per the IMF, the broader Middle East and Central Asia region are projected to emerge from several years of subdued growth, with the rate accelerating from an estimated 2.4% in 2024 to 3.0% in 2025 and to 3.5% in 2026. Compared to January-2025 WEO update, the projection is revised downward, reflecting a more gradual resumption of oil production, persistent spillovers from conflicts, and slower-than-expected progress on structural reforms. Based on futures market data, the anticipated average price of oil is expected to be USD 66.94/b for 2025 and USD 62.38/b for 2026.

Country/Regions	Apr - 2025 Forecasts			Rev. from Jan-25	
Real GDP Growth	2024	2025e	2026e	2025e	2026e
World Output	3.3%	2.8%	3.0%	-0.5%	-0.3%
Advanced Economies	1.8%	1.4%	1.5%	-0.5%	-0.3%
United States	2.8%	1.8%	1.7%	-0.9%	-0.4%
Euro Area	0.9%	0.8%	1.2%	-0.2%	-0.2%
EM and Developing Economies	4.3%	3.7%	3.9%	-0.5%	-0.4%
China	5.0%	4.0%	4.0%	-0.6%	-0.5%
India	6.5%	6.2%	6.3%	-0.3%	-0.2%
Middle East and Central Asia	2.4%	3.0%	3.5%	-0.6%	-0.4%
Saudi Arabia	1.3%	3.0%	3.7%	-0.3%	-0.4%
Sub-Saharan Africa	4.0%	3.8%	4.2%	-0.4%	0.0%
Trade Volume Growth	2024	2025e	2026e	2025e	2026e
World Trade Volume	3.8%	1.7%	2.5%	-1.5%	-0.8%
Advanced Economies - Exports	2.1%	1.2%	2.0%	-0.9%	-0.6%
EM & Dev. Economies - Exports	6.7%	1.6%	3.0%	-3.4%	-1.7%
Advanced Economies - Imports	2.4%	1.9%	2.0%	-0.3%	-0.4%
EM & Dev. Economies - Imports	5.8%	2.0%	3.4%	-3.0%	-1.1%
Consumer Prices Change	2024	2025e	2026e	2025e	2026e
Advanced Economies	2.6%	2.5%	2.2%	0.4%	0.2%
EM and Developing Economies	7.7%	5.5%	4.6%	-0.1%	0.1%

Sources : IMF WEO - Apr-2025

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Advanced economies are projected to decline

Growth in Advanced economies was revised down by 50 bps and 30 bps to 1.4% and 1.5% for 2025 and 2026, respectively. The projections for 2025 indicate significant downward adjustments for Canada, Japan, the United Kingdom, and the United States, while Spain experiences an upward adjustment. Similarly, growth for Emerging Market and Developing Economies was revised down by 50 bps and 40 bps for 2025 and 2026 at 3.7% and 3.9%.

According to IMF projections, growth in the US is expected to decline from 1.8% (- 90 bps downward revision) in 2025 to 1.7% (- 40 bps downward revision) in 2026. The downward adjustment is attributed to increased policy uncertainty, trade conflicts, and a weaker demand forecast, due to slower-than-expected consumption growth. Tariffs are anticipated to hinder growth in 2026, due to subdued private consumption. Meanwhile, growth in the Euro Area is expected to decline by 20 bps to 0.8% in 2025, before picking up modestly to 1.2% in 2026 mainly due to escalating uncertainty and tariffs. The modest uptick projected for 2026 is influenced by stronger consumption due to the increase in real wages. Within the region, growth expectations for Germany were revised down by 30 bps to 0.0% in 2025, compared to the January-2025 forecast and lowered by 20 bps to 0.9% for 2026. The growth forecast for UK is expected to be 1.1% in 2025 lowered by 50 bps compared to the forecast in January -2025. This decline is influenced by a smaller carryover from 2024, the impact of recent tariff decisions and weaker private consumption amid rising inflation due to regulated prices and energy costs.

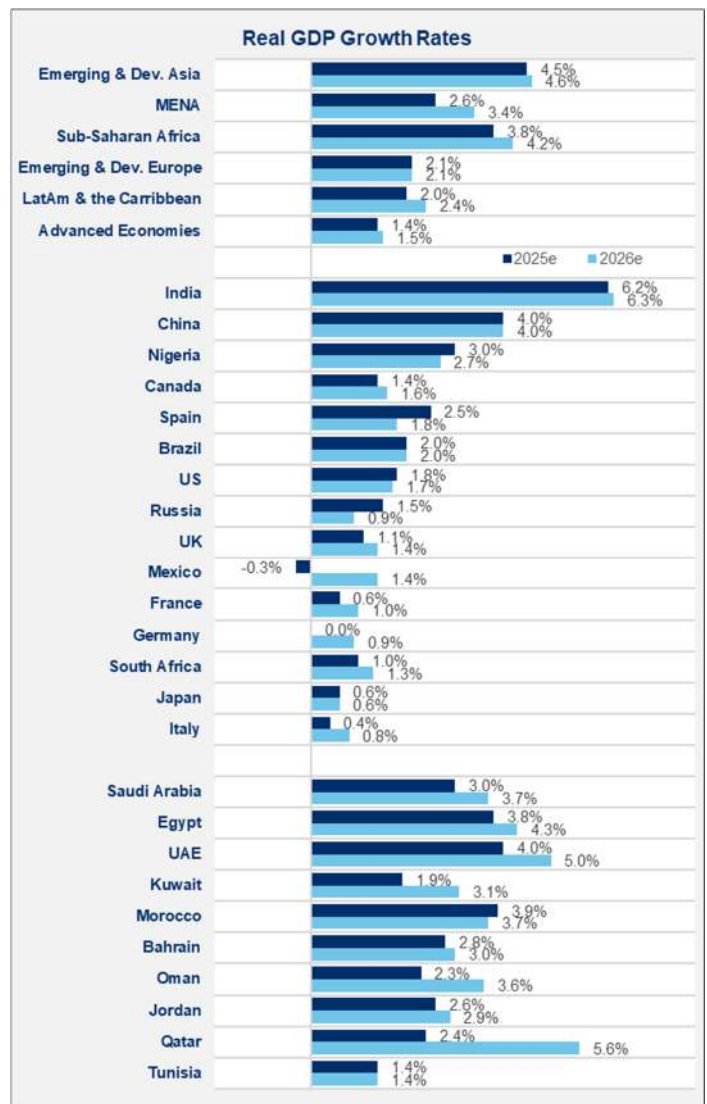
In Asia, growth in Japan was revised downward by 50 bps and 20 bps to 0.6% in 2025 and 2026, respectively. The impact of the tariffs along with the related uncertainty, countered the anticipated increase in private consumption, despite wage growth surpassing inflation and enhancing household disposable income. Meanwhile, China's GDP growth is lowered by 60 bps to 4.0% in 2025 primarily due to recently enacted tariffs, which counterbalance the increased carryover from 2024 due to a better-than-anticipated Q4-2024. The forecast for 2026 is also revised downward by 50 bps to 4.0% due to the extended uncertainty surrounding trade policies and the existing tariffs. India's growth was revised down by 30 bps and 20 bps for 2025 and 2026 to 6.2% and 6.3%, respectively. The reduction in the growth projection for 2025 is primarily attributed to lower private consumption in rural regions, stemming from heightened trade tensions.

Growth in Middle East and Central Asia is expected to increase from 2.4% in 2024 to 3.0% in 2025 and 3.5% in 2026, this reflects the downward revision of 60 bps for 2025 and 40 bps lower in 2026 compared to WEO January 2025 as the repercussions of oil production and shipping disruptions fade and the influence of ongoing conflicts decreases. Emerging and developing Europe growth rate is expected to reach 2.1% in 2025 and 2026 since January-2025, the projections have been revised downward by 10 bps for 2025 and 30 bps for 2026. Russia's growth is expected to slow from 1.5% in 2025 to 0.9% in 2026 as private consumption and investment slows down due to a decrease in labor market and a reduction in wage growth.

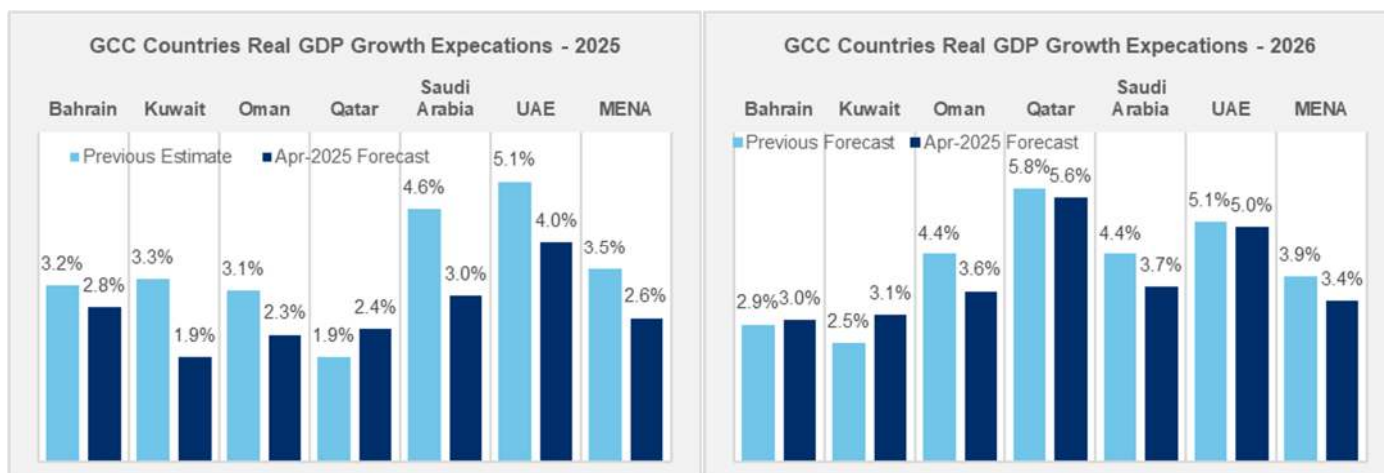
MENA & GCC GDP Growth

Growth for the Middle East and North Africa region was lowered by 90 bps for 2025 and 50 bps for 2026 to an expected growth of 2.6% and 3.4%, respectively. Saudi Arabia's growth was slashed by 30 bps for 2025 to 3.0% and for 2026, the expected growth was revised down by 40 bps to 3.7%. Real GDP growth for Kuwait and Oman in 2025 were revised downward by 140 bps to 1.9% and 80 bps to 2.3%, respectively. GDP growth in UAE is expected to fall by 110 bps to 4.0% in 2025. while the forecast for Bahrain is expected to reach 2.8 % (-40 bps), On the other hand, Qatar is expected to grow by 50 bps to 2.4%.

For the year 2026, Qatar is expected to be the fastest growing economy in the GCC with a growth of 5.6% after a downward revision of 20 bps followed by the UAE with a growth of 5.0% (-10 bps). Growth in Saudi Arabia is expected to reach 3.7% (-70 bps) followed by Oman with a growth of 3.6% (-80 bps). Kuwait and Bahrain were the only GCC countries to see an upward revision of 60 bps and 10 bps with growth expected to come in at 3.1% and 3.0%, respectively.



Source : IMF WEO - Apr-2025



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Inflation expected to fall

Global headline inflation is projected to decline to 4.3% in 2025 and to 3.6% in 2026. In the Advanced Economies inflation is expected to return to the target level, and is expected to reach 2.2% by 2026, whereas in Emerging Markets and Developing Economies, it is anticipated to decrease to 4.6% during the same period. In comparison to the January-2025 WEO Update, the global inflation projection for 2025 has increased slightly reflecting rising costs owing to the tariffs. For Advanced Economies, the inflation forecast for 2025 has been revised upward by 40 bps since 2025 January.

The inflation forecast for the UK has been adjusted upward by 70 bps, while the forecast for the US has increased by 100 bps. This adjustment for the United States is attributed to persistent price trends in the services sector, in addition to the recent rise in the growth of core goods prices and supply disruptions caused by recent tariffs. In the United Kingdom, it mainly indicates one-off regulated price adjustments.

Global Trade Volumes

The IMF expects the global trade growth to reach 1.7% in 2025 and 2.5% in 2026, with a downward revision of 150 bps and 80 bps from January 2025 predictions, mainly reflecting the trends in global output growth. This projection indicates heightened tariff limitations impacting trade movements to a lesser degree and the diminishing influence of cyclical elements that have supported the recent growth in goods trade.

Growth in imports were revised downward by 30 bps for Advanced Economies to 1.9% for 2025 and to 2.0% for 2026, down by 40 bps. For the Emerging Market and Developing Economies, growth in imports are slashed by 30 bps to 2.0% for 2025 and revised downward by 110 bps for 2026 to 3.4%. On the other hand, exports from Advanced Economies are expected to decline by 90 bps and 60 bps for 2025 and 2026 to 1.2% and 2.0%, respectively. Similarly, growth in exports are expected to decline for Emerging Market and Developing Economies by 340 bps and 170 bps for 2025 and 2026 to a growth rate of 1.6% and 3.0 %, respectively.

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