

IMF WEO: Global Growth Marginally Revised Upward, but Fragilities Persist



July 31, 2025

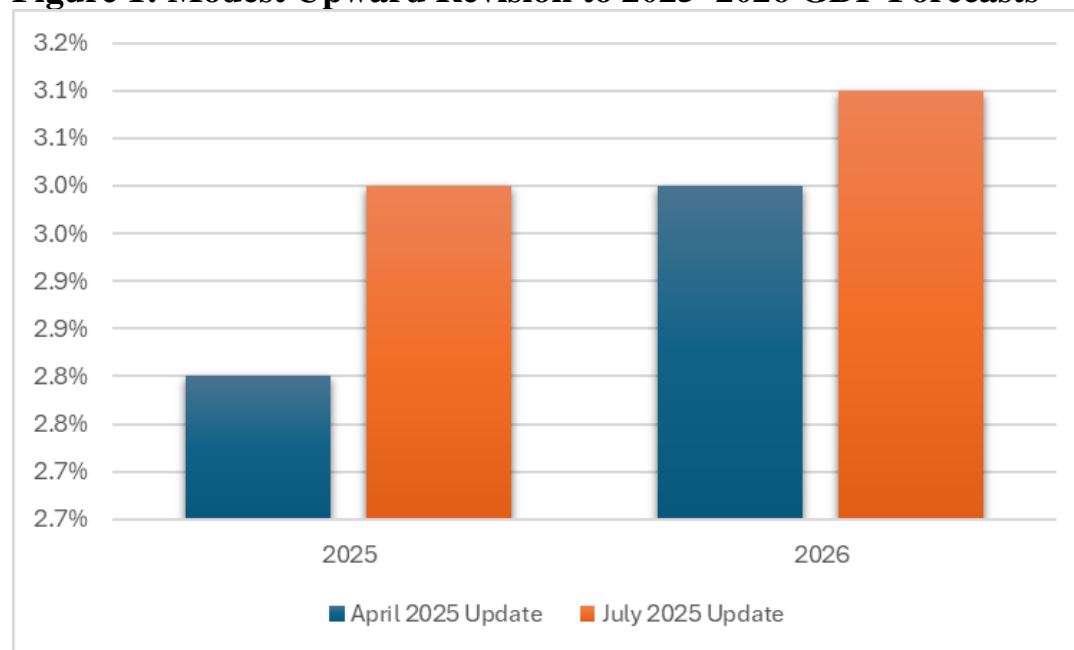
Contact Information

Mira Said

mira.said@blominvestbank.com

In its *July 2025 World Economic Outlook (WEO)* update, the *International Monetary Fund (IMF)* revised global growth projections *upward*. World GDP is now expected to expand by *3.0% in 2025* and *3.1% in 2026*—marking respective upward revisions of *0.2%* and *0.1%* compared to *April's estimates*.

Figure 1: Modest Upward Revision to 2025–2026 GDP Forecasts



Source: IMF, BLOMINVEST

The adjustment reflects a mix of short-term drivers: *accelerated trade activity* ahead of anticipated tariff hikes (*not a signal of sustained demand*), *softer-than-expected U.S. tariffs*, *improved financial conditions*—partly supported by *dollar depreciation*—and *expanded fiscal stimulus* across key jurisdictions. While these factors have supported near-term momentum, the underlying picture remains *uneven across regions* and casts doubt on the *durability of the recovery*.

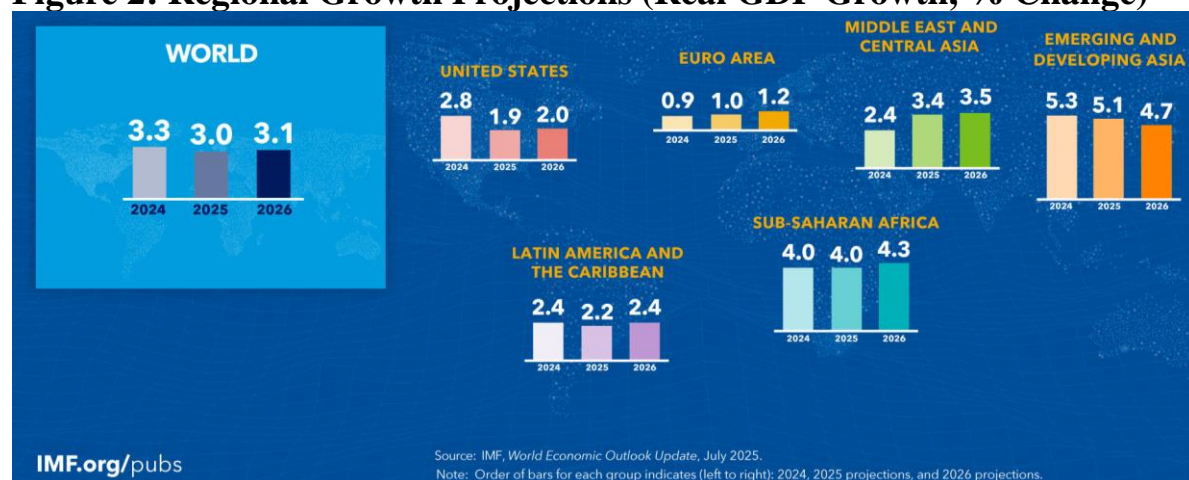
Emerging and Developing Asia is expected to lead global growth through 2026, with GDP expanding by 5.1% in 2025 and 4.7% in 2026. China remains a central driver, driven by *firmer-than-anticipated first-half activity* and *substantial tariff de-escalation* between the United States and China.

Then follows *Sub-Saharan Africa*, growing by 4.0% in 2025 and 4.3% in 2026. The *Middle East and Central Asia* also rose from 2.4% in 2024 to 3.5% in 2026.

Latin America and the Caribbean trail behind, with growth below regional peers at 2.2% in 2025 and 2.4% in 2026.

Advanced economies come last, with growth projected at 1.5% in 2025 and 1.6% in 2026. The *United States* outlook has improved slightly, aided by *looser financial conditions* and *tariff moderation*, while the *One Big Beautiful Bill Act (OBBBA)* is expected to boost output by 0.5% on average through 2030. The *euro area's* marginal upgrade—to 1.0% in 2025 and 1.2% in 2026—is driven primarily by a *surge in Irish pharmaceutical exports*, following production front-loading and the launch of new facilities.

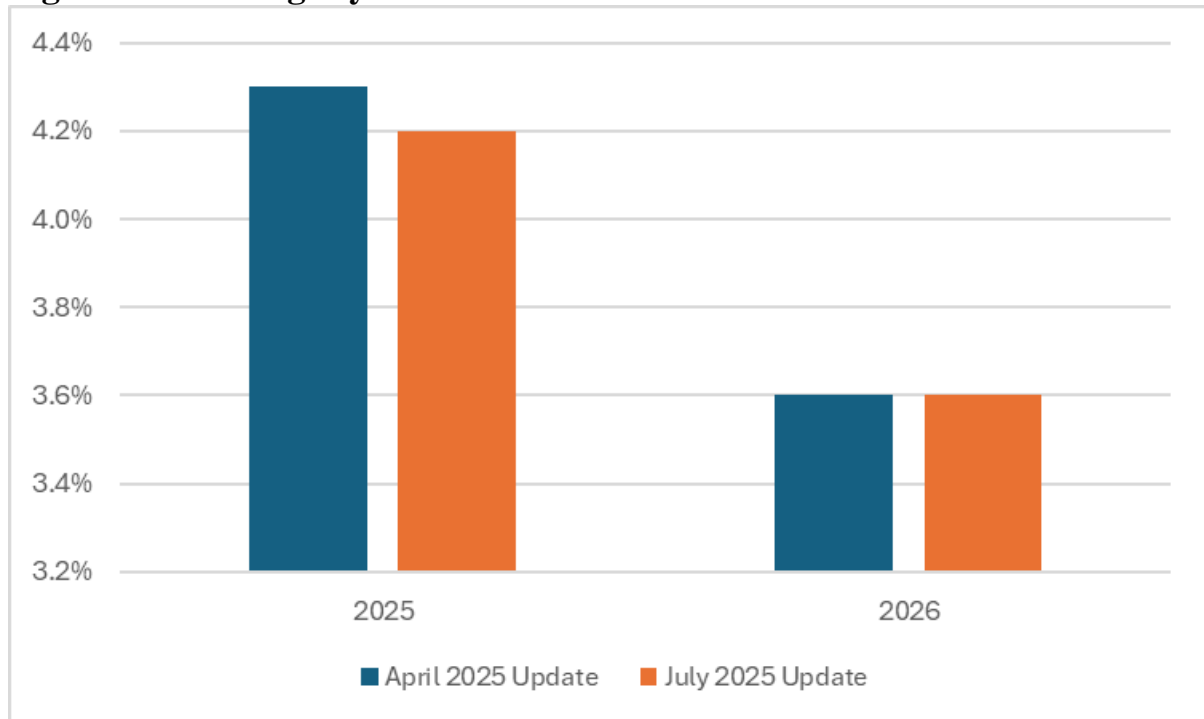
Figure 2: Regional Growth Projections (Real GDP Growth, % Change)



Graphic: IMF

The *IMF* also revised *global inflation* downward to 4.2% for 2025, slightly below the 4.3% projected in *April 2025*, while keeping the 2026 forecast unchanged at 3.6%. The continued decline from previous years reflects *slowing demand* and a *moderation in energy prices*. Still, inflation trajectories remain *highly divergent across countries*, shaped by domestic policy responses, currency dynamics, and exposure to tariff-related shocks.

Figure 3: IMF Slightly Raises 2025 Global Inflation Forecast



Source: IMF, BLOMINVEST

In the *United States*, *tariffs* are expected to *gradually push consumer prices higher*, keeping inflation above the 2% target through 2026. In contrast, the *Euro Area* is seeing *lower inflation*, driven by *currency appreciation* and *temporary fiscal measures*. Meanwhile, *China's headline inflation* remains *stable*, though *core inflation* is revised modestly upward to 0.5% in 2025 and 0.8% in 2026, reflecting *stronger recent data* and *tariff reductions*.

Downside risks to the *global economy's trajectory* dominate the outlook, driven by *tariff-related uncertainty*, *fiscal vulnerabilities*, and *geopolitical tensions*. *Financial market fragility* may resurface amid *fragmentation*, *higher-than-expected interest rates*, and *tightening global financial conditions*. However, if *trade negotiations* yield a *stable and lower-tariff framework*, the *global economy* could *grow more than expected*. Policy efforts must *prioritize stability, confidence, and reform* to anchor expectations.

In response, the *IMF* calls for countries to *reduce uncertainty* by promoting *clear, transparent, and cooperative trade frameworks*—through *multilateral, regional, and bilateral* efforts—that address the *root causes of trade tensions*. *Industrial policies* must be *precisely targeted* to fix *specific market failures* without causing distortions. *Fiscal policy* should focus on *sustainable debt, efficient spending, and support for those affected* by trade disruptions, balanced with *medium-term consolidation*. *Monetary policy* needs *careful tailoring* to country conditions, managing *inflation risks* from tariffs and demand changes while allowing *exchange rates* to adjust. *Financial stability* requires *strong prudential measures, clear central bank independence, and scenario planning* for risks. Finally, lasting growth depends on *structural reforms* in *labor, education, regulation, competition, and advancing technology like digitalization and AI*.

Figure 4: Overview of the World Economic Outlook Projections (Percent change, unless noted otherwise)

	Year over Year						Q4 over Q4 2 ¹ /		
			Projections		Difference from April 2025 WEO Projections 1/		Projections		
	2023	2024	2025	2026	2025	2026	2024	2025	2026
World Output	3.5	3.3	3.0	3.1	0.2	0.1	3.6	2.7	3.2
Advanced Economies	1.8	1.8	1.5	1.6	0.1	0.1	1.9	1.4	1.7
United States	2.9	2.8	1.9	2.0	0.1	0.3	2.5	1.7	2.0
Euro Area	0.5	0.9	1.0	1.2	0.2	0.0	1.2	0.7	1.7
Germany	-0.3	-0.2	0.1	0.9	0.1	0.0	-0.2	0.5	1.0
France	1.6	1.1	0.6	1.0	0.0	0.0	0.6	0.7	1.1
Italy	0.7	0.7	0.5	0.8	0.1	0.0	0.6	0.7	1.0
Spain	2.7	3.2	2.5	1.8	0.0	0.0	3.3	2.3	1.6
Japan	1.4	0.2	0.7	0.5	0.1	-0.1	1.4	-0.2	0.8
United Kingdom	0.4	1.1	1.2	1.4	0.1	0.0	1.5	1.5	1.2
Canada	1.5	1.6	1.6	1.9	0.2	0.3	2.3	1.1	2.5
Other Advanced Economies 3/	1.9	2.2	1.6	2.1	-0.2	0.1	1.8	2.2	1.7
Emerging Market and Developing Economies	4.7	4.3	4.1	4.0	0.4	0.1	4.9	3.6	4.3
Emerging and Developing Asia	6.1	5.3	5.1	4.7	0.6	0.1	5.8	4.5	5.2
China	5.4	5.0	4.8	4.2	0.8	0.2	5.4	3.8	4.7
India 4/	9.2	6.5	6.4	6.4	0.2	0.1	7.4	6.4	6.4
Emerging and Developing Europe	3.6	3.5	1.8	2.2	-0.3	0.1	3.3	1.5	2.0
Russia	4.1	4.3	0.9	1.0	-0.6	0.1	4.5	-0.1	0.5
Latin America and the Caribbean	2.4	2.4	2.2	2.4	0.2	0.0	2.4	1.9	2.8
Brazil	3.2	3.4	2.3	2.1	0.3	0.1	3.3	2.4	2.3
Mexico	3.4	1.4	0.2	1.4	0.5	0.0	0.4	0.3	2.2
Middle East and Central Asia	2.4	2.4	3.4	3.5	0.4	0.0	...	...	...
Saudi Arabia	0.5	2.0	3.6	3.9	0.6	0.2	4.4	3.6	3.9
Sub-Saharan Africa	3.6	4.0	4.0	4.3	0.2	0.1	...	...	...
Nigeria	2.9	3.4	3.4	3.2	0.4	0.5	3.7	4.0	4.2
South Africa	0.8	0.5	1.0	1.3	0.0	0.0	0.5	1.4	0.9
Memorandum									
World Growth Based on Market Exchange Rates	2.9	2.8	2.5	2.6	0.2	0.2	3.0	2.2	2.7
European Union	0.7	1.2	1.3	1.4	0.1	-0.1	1.6	1.1	1.7
ASEAN-5 5/	4.1	4.6	4.1	4.1	0.1	0.2	4.8	4.0	5.0
Middle East and North Africa	2.4	1.9	3.2	3.4	0.6	0.0	...	...	...
Emerging Market and Middle-Income Economies	4.7	4.3	4.0	3.9	0.3	0.1	4.9	3.6	4.3
Low-Income Developing Countries	4.1	4.0	4.4	5.0	0.2	-0.2	...	...	...
World Trade Volume (goods and services) 6/	1.0	3.5	2.6	1.9	0.9	-0.6	...	...	...
Advanced Economies	0.2	2.0	1.8	1.2	0.2	-0.8	...	...	...
Emerging Market and Developing Economies	2.3	5.8	3.8	3.2	2.0	0.0	...	...	...
Commodity Prices									
Oil 7/	-16.4	-1.8	-13.9	-5.7	1.6	1.1	-10.1	-11.3	-0.7
Nonfuel (average based on world commodity import weights)	-5.7	3.7	7.9	2.0	3.5	1.8	8.3	6.6	-0.5
World Consumer Prices 8/	6.6	5.6	4.2	3.6	-0.1	0.0	4.8	3.5	2.9
Advanced Economies 9/	4.6	2.6	2.5	2.1	0.0	-0.1	2.4	2.4	2.0
Emerging Market and Developing Economies	8.0	7.7	5.4	4.5	-0.1	-0.1	6.6	4.4	3.5

Note: Real effective exchange rates are assumed to remain constant at the levels prevailing during May 23–June 20, 2025. Economies are listed on the basis of economic size. The aggregated quarterly data are seasonally adjusted. "..." indicates that data are not available or not applicable. WEO = World Economic Outlook.

1/ Difference based on rounded figures for the current and April 2025 WEO forecasts. Countries for which forecasts have been updated relative to April 2025 WEO forecasts account for approximately 90 percent of world GDP measured at purchasing-power-parity weights.

2/ For World Output (Emerging Market and Developing Economies), the quarterly estimates and projections account for approximately 90 percent (80 percent) of annual world (emerging market and developing economies) output at purchasing-power-parity weights.

3/ Excludes the Group of Seven (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries.

4/ For India, data and projections are presented on a fiscal year (FY) basis, with FY 2023/24 (starting in April 2023) shown in the 2023 column. India's growth projections are 6.7 percent for 2025 and 6.4 percent for 2026 based on calendar year.

5/ Indonesia, Malaysia, Philippines, Singapore, Thailand. ASEAN = Association of Southeast Asian Nations.

6/ Simple average of growth rates for export and import volumes (goods and services).

7/ Simple average of prices of UK Brent, Dubai Fateh, and West Texas Intermediate crude oil. The average assumed price of oil in US dollars a barrel, based on futures markets (as of June 26, 2025), is \$68.18 for 2025 and \$64.33 for 2026.

8/ Excludes Venezuela.

9/ The assumed inflation rate for the euro area is 2.0 percent for 2025 and 1.8 percent for 2026, that for Japan is 3.3 percent for 2025 and 2.1 percent for 2026, and that for the United States is 2.8 percent for 2025 and 2.5 percent for 2026.

Graphic: IMF

**For your Queries:
BLOMINVEST BANK s.a.l.**

Research Department

Zaituna Bay

POBOX 11-1540 Riad El Soloh

Beirut 1107 2080 Lebanon

Mira Said

mira.said@blominvestbank.com

Research Department

Tel: +961 1 991 784

research@blominvestbank.com

Disclaimer

This report is published for information purposes only. The information herein has been compiled from, or based upon sources we believe to be reliable, but we do not guarantee or accept responsibility for its completeness or accuracy. This document should not be construed as a solicitation to take part in any investment, or as constituting any representation or warranty on our part. The consequences of any action taken on the basis of information contained herein are solely the responsibility of the recipient.