

Economic Outlook

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World Economy in Winter 2025

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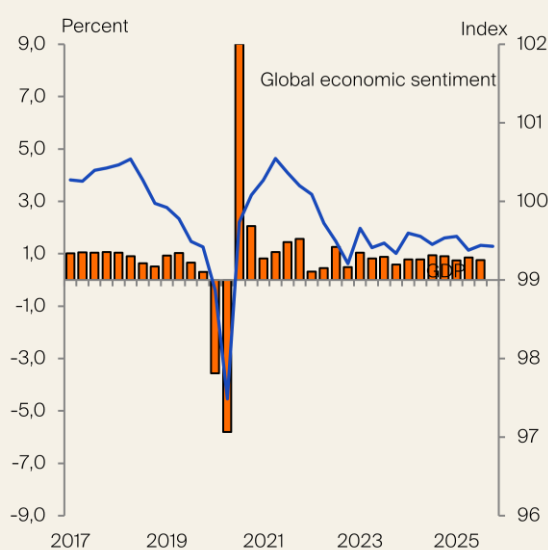
World Economy in Winter 2025: Continued Headwinds Restrain Expansion

Klaus-Jürgen Gern, Stefan Kooths, Johanna Krohn, Wan-Hsin Liu und Jan Reents

Global output growth slowed down only slightly and proved resilient amid trade conflicts and the resulting increase in uncertainty. World trade has even risen sharply. Both trade and investment continue to be buoyed by the boom in AI-related technologies. Monetary policy in the United States is expected to be eased further, while in the euro area policy rates are likely to remain at their current level for the time being. At the same time, fiscal policy will be expansionary on aggregate—driven in part by substantial increases in defense spending in many countries in response to the altered geopolitical environment. However, the dampening effects of US tariff policy are likely to become increasingly apparent, especially since US tariffs can be expected to remain permanently high. Against this backdrop, we expect the global economic expansion to gradually slow down further over the coming months, as growth in the United States and the euro area is likely to temporarily weaken and the business outlook in China has recently deteriorated. Given the robust developments so far, we have nevertheless revised our forecast for global output – based on purchasing power parities – markedly upwards compared with our autumn forecast, by 0.3 percentage points each for both this year and next, to 3.3 percent and 3.1 percent, respectively. For 2027, we now expect global growth to accelerate to 3.2 percent. The decline in inflation came to a halt in 2025; in the United States, prices have even increased more strongly due to tariffs, and there remains a risk that monetary policy will eventually have to tighten in response.

The global economy proved robust amid high economic uncertainty. Global production continued to expand significantly in the first half of 2025, despite the enormous economic uncertainty triggered by the US government, albeit at a slightly slower pace than in the second half of 2024. The pace of expansion is likely to have remained about the same in the third quarter (Figure 1). Among the advanced economies, the US economy in particular should have expanded significantly once again, while production growth in Europe remained low and the Japanese economy even contracted. In the emerging markets, growth slowed slightly overall, with a gradual deceleration in China and a somewhat stronger slowdown in Latin America. At the beginning

Figure 1:
World Economic Activity



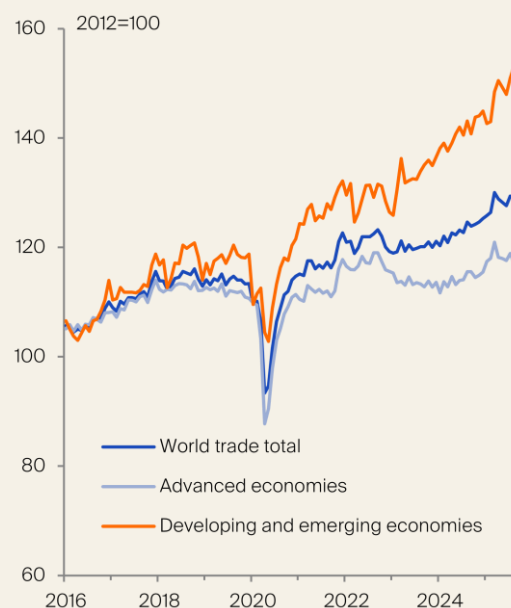
Quarterly data, seasonally adjusted. Global economic sentiment is based on business expectations in 42 economies. GDP: price adjusted, change over previous quarter, 46 countries, weighted by purchasing power parities.

Source: OECD, Main Economic Indicators; national sources; Kiel Institute calculations.

of the fourth quarter, the Purchasing Managers' Indices for the overall economy point to a continued robust expansion of global production, with activity in the manufacturing sector even picking up. All in all, the global economy is expected to continue to expand at a moderate pace in the fourth quarter of 2025.

International trade in goods increased unexpectedly strongly. Global trade in goods grew strongly in 2025 despite the aggressive rise in US tariffs (Figure 2). The expectations of international organizations, which had been noticeably reduced in the spring in view of the tariff announcements by the United States, were raised again in the fall, and even these forecasts are likely to be exceeded. The annual average is expected to rise by 4.6 percent, significantly stronger than in 2024 (2.5 percent).

Figure 2:
World Trade



Monthly Data.

Source: CPB, World Trade Monitor; Kiel Institute calculations.

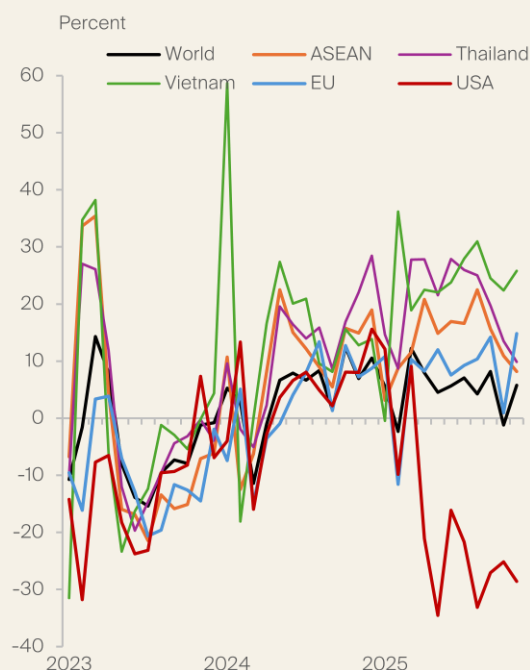
After the surge at the beginning of the year, US imports hardly fell below the level recorded before the tariffs were imposed. In the first few months of the year, US imports rose noticeably in anticipation of high additional tariffs. Although this effect increased US imports only temporarily, even after the tariffs were introduced, they did not fall significantly below the level that would have been expected without the change in US trade policy, as is often observed if demand is frontloaded. On the one hand, this was because there were still incentives to import during the summer months as a precautionary measure, since initially only an additional basic tariff of 10 percent applied to many countries and, due to the announcements on April 2, known as "Liberation Day," significantly higher tariffs were often feared. On the other hand, exporters to the US and US retailers have so far been slow to pass on the higher tariffs, so that the dampening effect on demand in the US is not yet very pronounced.

Foreign trade has strengthened significantly, especially in Asia. This region is benefiting particularly from the global AI boom. In the United States, imports of IT equipment continued to grow unabated over the course of the year as well, especially as these products are generally exempt from the additional tariffs. According to WTO estimates, IT products accounted for almost half of the growth in world trade in the first half of 2025 (WTO 2025). In addition, China has largely succeeded in compensating for the slump in exports to the US by increasing exports to other countries. Deliveries to the EU, for example, rose at an accelerated pace. Above all, however, exports to Asia increased sharply (Figure 3). However, there are indications that the additional tariffs, which temporarily differed substantially across countries, led to a diversion of trade

that statistically inflated global trade. For instance, exports to countries such as Thailand and Vietnam have increased dramatically since April – by 20 to 30 percent compared to the previous year – while at the same time US imports from these countries have also risen sharply, bucking the general trend (Figure 4).

In the advanced economies, aggregate GDP rose in the third quarter, mainly because output in the United States likely grew significantly once again. The longest government shutdown in US history, from October to mid-November, has led to a considerable delay in the publication of numerous macroeconomic statistics. As a result, the initial estimate for GDP in the third quarter was not yet available at the time of writing. However, the available data and the nowcast estimates derived from it point to another strong expansion, driven by a significant increase in corporate investment in AI and a recovery in consumer spending. In contrast, growth in Europe was modest. In the euro area, GDP increased slightly faster than in the second quarter, at a rate of 0.2 percent, mainly because investment made up for part of the decline recorded in the previous quarter, while growth in the United Kingdom slowed further to just 0.1 percent. Developments in the advanced economies in Asia were mixed: While GDP in Japan declined markedly mainly due to a sharp drop in residential construction and declining exports, significant increases in production were recorded in South Korea and in Taiwan, where growth rates were once again very high. In these countries, the global increase in demand for high-tech goods related to rising investment in AI systems is particularly noticeable. Overall, GDP in the major advanced economies grew somewhat more slowly in the third quarter than in the second quarter (Figure 5).

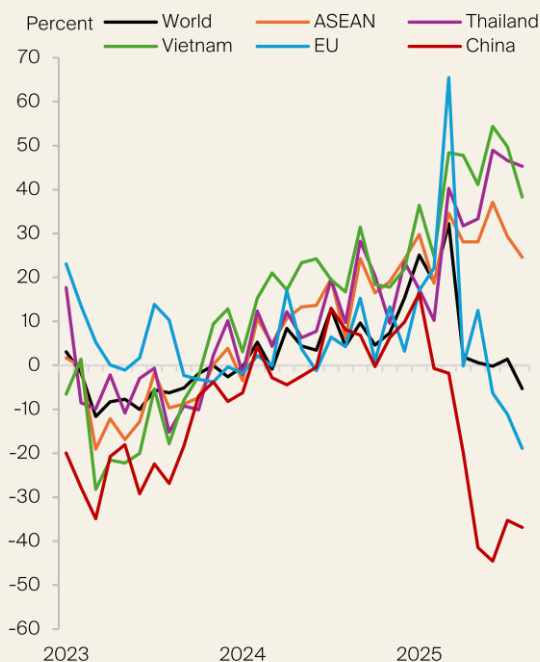
Figure 3:
Chinese Goods Exports - Selected Countries and Economies



Monthly data (nominal); change compared to the previous year.

Source: General Administration of Customs China; calculations by the Kiel Institute.

Figure 4:
US Goods Imports - Selected Countries and Economies



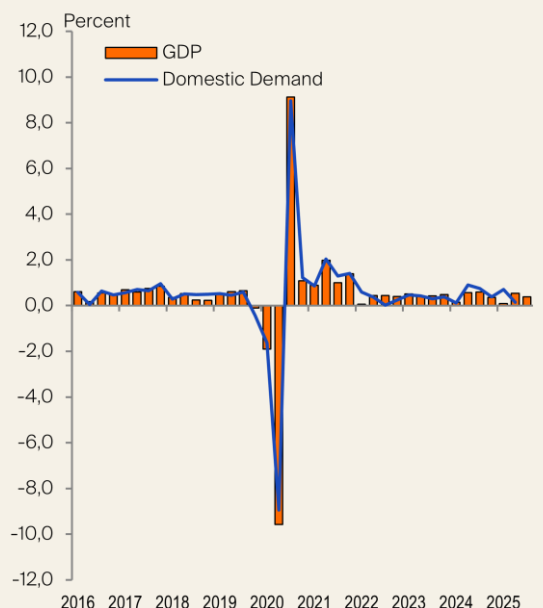
Monthly data, seasonally adjusted; y-o-y growth rate.

Source: US Census Bureau, USA Trade Online; Kiel Institute calculations.

In the emerging markets, the economy remained robust, particularly in Asia. GDP growth in China accelerated slightly in the third quarter to 1.1 percent compared with the previous quarter. Economic policy measures supported the domestic economy, with private consumption in particular continuing to pick up – its contribution to GDP growth reached just under 57 percent, the highest level in more than a year. Although exports remained on an upward trend despite the sharp decline in shipments to the United States, the contribution of net exports to growth declined to 29 percent. Compared with the previous year, the GDP growth rate fell to 4.8 percent. The picture in the ASEAN countries was mixed; overall, the economy expanded significantly – particularly strongly in Malaysia – but in Thailand, GDP contracted noticeably, probably due in part to uncertainties surrounding the change of government. Strong growth in India continued despite the trade dispute with the United States. The Indian government responded to the imposition of an additional 25 percent punitive tariff in August by lowering the VAT and increasing government spending in order to stimulate domestic demand. Favorable weather conditions continued to support agricultural output. Compared to the previous year, GDP was 8.2 percent higher in the third quarter. In contrast, growth in Latin America tended to be weak. In Brazil, GDP virtually stagnated, hampered by high interest rates and persistent upward pressure on consumer prices. In Mexico, GDP even contracted by 0.3 percent, with the country's manufacturing sector having been particularly affected by the protectionist trade policy of the United States. The recovery of the Argentine economy has slowed considerably and may even have come to a standstill in the summer months. Signs of weakness are also evident in the Russian economy, where war-related production restrictions and lower oil prices have caused export revenues to plummet and overall economic output has recently stagnated at best (Deutsche Bundesbank 2025). According to official figures, year-on-year growth in the third quarter slowed to 0.8 percent. This is a further slight slowdown compared with the first two quarters of the year and a significant decline from the high growth rates recorded in the past two years. In Russia, the economy appears to be operating at its capacity limit.

The trade policy of the United States continues to weigh on the global economy. Trade policy uncertainty has decreased for many countries as trade agreements with the US were reached in the summer and a looming escalation of the trade conflict with China was averted in October. The US-China agreement provides for slightly lower tariffs for China than those that had been in place until then. The additional burden since Donald

Figure 5:
GDP and Domestic Demand in the G-7



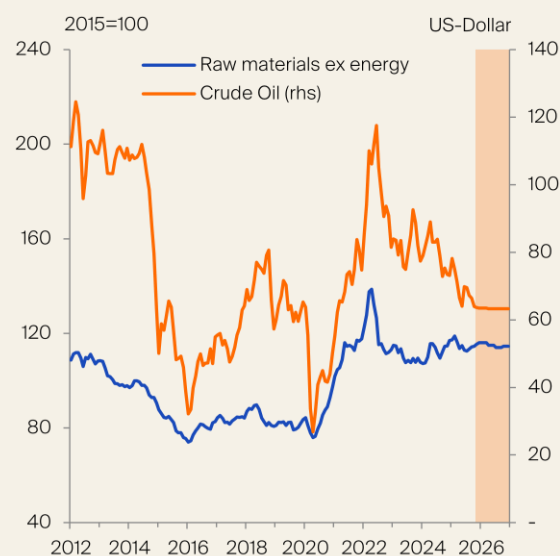
Price adjusted; seasonally adjusted; yoy change. G7 consists of USA, Japan, Canada, Germany, France, Italy and UK.

Source: OECD Main Economic Indicators, Kiel Institute

Trump assumed office now amounts to 20 percentage points in general, which is similar to the level applied to other Asian countries. It is important not only for the United States that China intends to waive for one year the export controls on rare earths that had previously been announced. In addition, there is a pledge to import US agricultural goods on a large scale again. Still, the level of US tariffs remains historically high. Currently, the average tariff is 15.8 percent. Even after an expected adjustment of the demand structure, an effective tariff rate of 11.2 percent would remain. In addition, trade policy uncertainty remains considerable. Ad hoc punitive tariffs continue to be a threat as an instrument preferred by the US President to exert political pressure, and special tariffs can be levied to provide additional protection for domestic industries at any time. Most recently, tariffs of 50 percent were extended to steel and aluminum components in other products, and additional tariffs were imposed on imports of heavy trucks, buses, lumber, and wood products. For our forecast, we assume that tariff regulations remain unchanged.

Energy prices continued to decline. The oil price has been on a downward trend since spring 2024. However, geopolitical events have repeatedly led to concerns about supply security and temporary price increases, most recently in summer 2025. Since then, prices have fallen significantly. At the beginning of December, a barrel of Brent crude cost around 63 US-Dollar, which is the same as the low recorded in April this year and around 10 Dollar lower than a year earlier. Upward pressure on oil prices could arise, if India significantly reduces its high imports of Russian crude oil on a sustained basis and Russian supplies cannot find other buyers. The 25 percent punitive tariffs imposed by the US government at the end of August, aimed at reducing such imports, did not have an immediate effect, but the announcement of US sanctions against Russia's largest oil companies, Rosneft and Lukoil in November is expected to substantially curb Indian demand for Russian crude oil in the coming months (Times of India 2025). Structurally, however, the oil market is currently oversupplied, as evidenced by rising inventories for some time now (IEA 2025). Against this backdrop, and in line with the financial markets, we assume oil prices to decline slightly over the forecast period (Figure 6). After rising sharply at the beginning of the year, the price of liquefied natural gas (TTF) has fallen significantly again, recently slipping below the 30 Euro per MWh mark and thus becoming significantly cheaper than a year ago, when it was still around 50 Euro. The decline in non-energy commodity prices recorded in the summer has not continued recently. This was mainly due to a noticeable

Figure 6:
Raw material prices



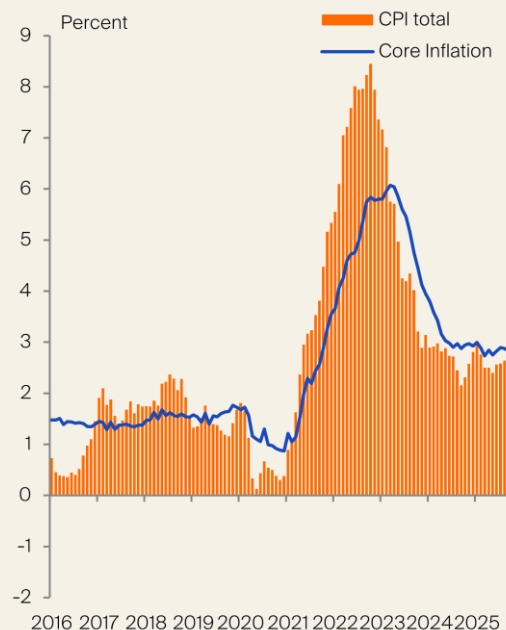
Monthly data, data edge; shaded: forecast.
Raw materials ex energy: HWWI-Index, USD-based; Crude Oil: Spot market, Brent.

Source: International Petroleum Exchange; HWWI, Rohstoffpreisindex, Kiel Institute forecast.

rise in metal prices, while food prices continued to fall.

Inflation remained elevated. Inflationary pressure tended to increase again in advanced economies in recent months. In the G7 countries, the inflation rate stood at 2.8 percent in September, compared with 2.4 percent in May 2025 (Figure 7). The core rate (consumer prices excluding energy and food) has been stuck at just under 3 percent for more than a year. Except in the United Kingdom, where a regulatory jump in gas prices pushed up the overall inflation rate, the inflation rate is currently being depressed by significantly lower energy prices compared to a year ago. In the United States, price increases due to tariffs have also impacted on inflation. However, much of the price impact of tariffs at the consumer level is likely still to come, as it takes some time until higher prices of imports are passed on to consumer prices. In addition, significantly more products are now affected by tariffs than in the spring.

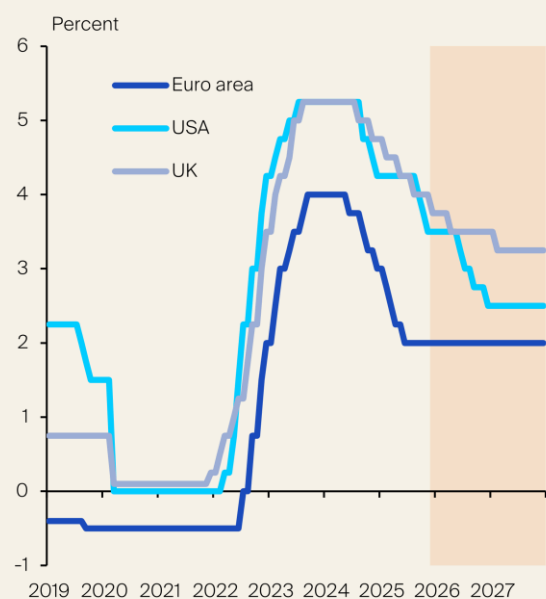
Figure 7:
CPI Inflation in Industrial Countries



Source: OECD, *Main Economic Indicators*; Kiel Institute calculations.

Central bank interest rates in advanced economies are converging. While the interest rate cuts initiated in the summer of 2024 in the major advanced economies were initially largely synchronized, the central banks have diverged significantly in their course since the end of last year. The European Central Bank (ECB) has continued to reduce its key interest rate (deposit facility) since December 2024, from 3.0 to 2.0 percent. At the same time, the US Federal Reserve did not change the target range for the federal funds rate until September. Now the picture has changed: since its last interest rate move on June 5, the ECB has kept its interest rate constant, while the US Federal Reserve has started to cut interest rates again in September in view of growing concerns about the labor market; the third move in quick succession was decided on December 10. The Fed's current tendency to give greater weight to risks to the labor market than to inflation risks is likely to intensify following the appointment of a new chair to the Central Bank Council. We expect four further interest rate cuts in 2026. The key interest rate is therefore likely to be in the range of 2.5 to 2.75 percent by the end of next year (Figure 8). In addition, the Fed has ended the process of quantitative tightening, as it considers the current level of the central bank balance sheet to be appropriate, and is reinvesting the funds coming in from maturing bonds in the capital markets. The Bank of England is likely to continue its policy of gradual easing, especially as the inflation rate, which is currently still well above its target of 2 percent, is set to fall significantly next year due to base effects. The ECB, on the other hand, is expected to

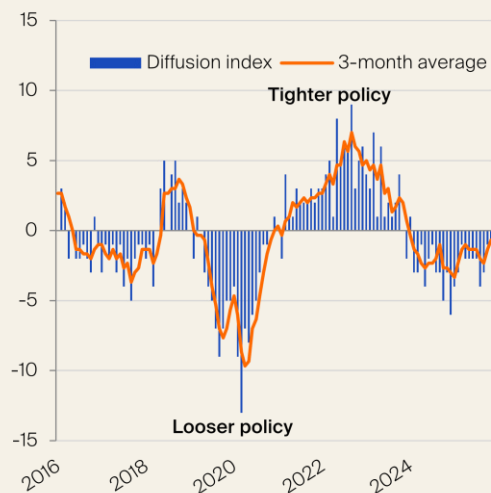
Figure 8:
Policy rates in major advanced economies



Monthly data. Euro area: Deposit Facility Rate, USA: Federal Funds Rate, UK: BoE base rate.

Source: LSEG Datastream. shaded area: forecast of IfW Kiel.

Figure 9:
Monetary Policy in Emerging Markets



Monthly data. The diffusion index is the number of central banks raising policy rates less the number of central banks decreasing policy rates in a given month. Emerging markets included are: Argentina, Brazil, Chile, China, Colombia, Indonesia, India, Mexico, Malaysia, Peru, Philippines, Russia, Thailand, Turkey, South Africa.

Source: Bank of International Settlements (BIS); Kiel Institute calculations.

maintain its current key interest rate level during the forecast period. This will be accompanied by balance sheet reduction.¹ The Bank of Japan, where the current interest rate level is still very low by international standards, has signaled that it will raise its interest rates slightly.

Interest rate cuts continue to predominate in emerging markets. As with the previous tightening, monetary policy easing began earlier in emerging markets than in advanced economies. Nevertheless, interest rate cuts have prevailed until recently (Figure 9). Since August, key interest rates have been lowered in a number of the countries we monitor, most recently in India and Mexico, and have not been raised in any country.

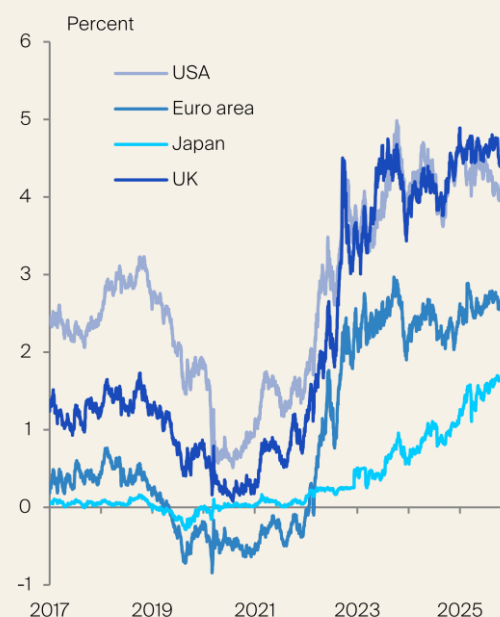
Long-term yields have not fallen. Despite the significant reduction in central bank interest rates over the past year and a half, long-term interest rates in advanced economies have largely remained at the levels reached in the wake of monetary tightening in 2021 and 2022. In the United States, they have been stuck at around 4 percent since the end of 2022; even the Fed's resumption of interest rate cuts in September and the expectation of a series of further steps in the coming year have not had a significant impact on yields on ten-year government bonds (Figure 10). Interest rates on corresponding government bonds in the United Kingdom were even slightly higher in 2025 than in 2024, at around 4.5 percent. Long-term interest rates in the euro area also remained stable, albeit at a noticeably lower level of around 3.2 percent. Finally, in Japan, yields on long-term government bonds rose sharply until recently, reaching their highest level in more than 25 years at just under 2 percent at the beginning

¹ The holdings of securities under the two major purchase programs, APP and PEPP, have now fallen from their peak of almost €5 trillion in 2022 to around €3.7 trillion and would decline to just over €2.7 trillion by the end of 2027, if the current pace of reduction were maintained.

of December. In Japan, the central bank has not yet completed the process of tightening monetary policy. Overall, developments on the bond markets may indicate sustained higher inflation expectations and thus also reflect the risk that policy rates will remain elevated. In addition, real interest rates are likely to have risen structurally, for example due to persistently high public deficits and lower demand for government bonds by central banks.

Government financing needs remain high. In the aftermath of the massive expansion of public deficits to cushion the economic impact of the pandemic and the effects of higher energy prices and the resulting sharp rise in public debt ratios, many countries have yet to achieve sustainable fiscal consolidation. Even after the crisis measures expired, budget deficits remained well above pre-crisis levels; in some cases, they even rose again last year, for example in the United States and France. Given the now clearly positive real interest rates for long-term government bonds, the share of government revenue for debt service is bound to increase in the coming years. Efforts to reduce still high primary deficits are evident in the United Kingdom, for example, but only limited progress can be expected, given spending requirements in various areas and concerns about negative effects on the economy. Often, an increase in defense spending leads to higher deficits, as it is financed at best in part by spending cuts elsewhere or tax increases (as in Japan, where corporate income tax will be raised by four percentage points for this purpose in the next fiscal year). In the United States, the reduced income tax from Trump's first term in office has been made permanent which, together with other tax cuts, is tearing considerable holes in the budget that will be difficult to close through spending cuts and revenues from higher tariffs. In Europe, additional defense spending deemed necessary is largely being financed by new borrowing. To make this possible, European debt rules have been relaxed and favorable loans made available. As a result, the aggregate deficit in the euro area as a share of GDP is likely to rise slightly above the 3 percent ceiling for budget deficits stipulated in the Maastricht Treaty.

Figure 10:
Yield of 10-year government bonds



Daily data.

Source: LSEG.

Outlook: Slowdown ahead

Economic uncertainty remains high and the negative effects of US tariffs are becoming increasingly noticeable. Although uncertainty about the extent of US tariffs has decreased in recent months with the conclusion of bilateral agreements, trade disputes

remain a risk given the unpredictability of the US administration's decisions and its tendency to use tariffs to address a wide range of issues, including non-economic issues. In addition, the level of tariffs is now expected to remain high for the foreseeable future. Their impact on global trade and manufacturing activity is likely to become increasingly apparent in the coming months. Stimulus from monetary policy is likely to remain limited, as lending rates have so far been slow to respond to lower policy rates.

The world economy will initially lose momentum, followed by gradual re-acceleration into 2027. In the coming months, the lack of US demand that had been pulled forward to avoid higher tariffs is likely to become increasingly felt and global trade is expected to falter. As a result, we expect a noticeable slowdown in global growth into next year. In the course of 2026, the world economy is likely to gradually pick up again, given that there are a number of supporting factors at work: The outlook for private consumption is favorable in most countries, as real wages are rising; fiscal policy is stimulative in many places; and investment should continue to benefit from high demand in the IT sector, where the rapid implementation of AI applications requires a corresponding expansion of data processing capacities and the necessary infrastructure. However, growth in these investments is likely to gradually slow down during the forecast period.

Global output will grow at a somewhat slower pace in the coming year. For the current year, we expect only a slight slowdown in world GDP growth, which is likely to amount to 3.3 percent, as in 2024. For 2026, we expect a decline to 3.1 percent (Table 1).² We have raised our forecast for the current and coming years by 0.3 percentage points compared to our autumn forecast (Gern et al. 2025). Based on market exchange rates,

Tabelle 1:
Real GDP and consumer prices in the global economy

	Weight	Gross domestic product				Consumer prices			
		2024	2025	2026	2027	2024	2025	2026	2027
World economy total	0	3.3	3.3	3.1	3.2	6.7	4.8	5.2	3.8
including									
Advanced economies	40.3	1.9	1.9	1.7	1.7	2.7	2.6	2.6	2.3
China	19.3	5.0	5.0	4.7	4.6	0.2	0.0	1.0	1.0
Latin America	6.6	2.0	2.0	1.9	2.4	27.3	13.4	19.3	5.4
India	8.2	6.7	7.8	6.9	6.6	2.7	2.4	3.4	3.8
East Asian emerging economies	7.1	3.9	3.4	3.7	3.8	2.3	2.0	2.2	2.1
Russia	3.5	4.1	1.0	0.5	0.5	8.4	9.2	8.5	8.0
Africa	4.6	3.0	3.7	3.7	4.0	17.6	12.5	11.5	8.6
<i>Memorandum item:</i>									
World trade volume (goods)		2.5	4.6	1.6	2.3				
World economy (GDP weights using current US-dollar exchange rates)		2.8	2.8	2.6	2.7	5.1	3.8	4.1	3.0

Percent. Weights according to GDP in 2024 based on purchasing power parities. GDP, consumer prices: change over previous year. East Asian emergin economies: Thailand, Malaysia Indonesia and Philippines. Africa: Egypt, Nigeria, South Africa, Algeria, Ethiopia.

Source: IMF, International Financial Statistics; OECD, Main Economic Indicators; Kiel Institute calculations; shaded area: Kiel Institute forecast.

² The forecast figures for a large number of individual countries can be found in the tables in the appendix.

growth will amount to 2.8 percent this year and 2.6 percent next year. World trade in goods, which grew by 2.5 percent in 2024, is expected to achieve an annual rate of growth of 4.6 percent in 2025. For 2026, we expect a noticeable slowdown to a rate of 1.6 percent. Global production is likely to pick up gradually in 2027. However, at 3.2 percent weighted by purchasing power parities and 2.7 percent measured by market exchange rates, respectively, the increase remains moderate by historical standards. This is partly due to the fact that potential growth in the United States and China, the world's two largest economies, is expected to slow noticeably.

Table 2:
Key indicators for the United States

	2024	2025	2026	2027
Gross Domestic Product	2.8	2.0	2.0	1.9
Domestic expenditure	3.1	2.4	1.8	1.9
Private consumption	2.9	2.4	2.1	1.8
Government expenditure	3.8	0.9	0.4	1.2
Gross fixed capital formation	3.0	3.5	2.1	2.6
Machinery and equipment	3.5	8.9	5.4	4.1
Intellectual property rights	3.5	6.2	5.5	3.2
Structures	1.1	-5.3	-3.9	0.5
Residential Investment	3.2	-2.9	-5.7	0.1
Change in inventories	0.0	0.0	-0.1	-0.1
Net exports	-0.3	-0.3	0.2	0.0
Exports	3.6	0.7	0.6	2.4
Imports	5.8	3.0	-1.3	2.7
Consumer prices	3.0	2.8	3.0	2.4
Unemployment rate	4.0	4.3	4.4	4.4
Current account balance	-4.0	-4.1	-3.7	-3.8
Gov. budget balance (federal)	-6.3	-5.9	-5.7	-5.4

Percent. GDP: volumes, change over previous year, percent. — Net exports, inventories: contribution to growth, percentage points. — Unemployment rate: unemployed in relation to labor force. — Current account balance, government budget balance: percent of nominal GDP.— Budget balance: fiscal year.

Source: US Department of Commerce, *National Economic Accounts*; US Department of Labor, *Employment Situation and Consumer Price Index*; US Department of the Treasury, *Monthly Treasury Statement*; Kiel Institute calculations; shaded: Kiel Institute forecast.

The US economy is slowing in the coming months. According to estimates by the Congressional Budget Office (CBO), the longest government shutdown in US history in October and November 2025 is likely to reduce real GDP growth in the fourth quarter by 0.2 to 0.5 percentage points (non-annualized quarterly rate). Although economic activity is likely to pick up significantly after the end of the shutdown, it will not be possible to fully make up for the loss (CBO 2025). Underlying economic activity in the private sector remained on track in the fourth quarter, indicated by the PMIs, which have tended to improve in recent months for the manufacturing sector and remained clearly in the expansionary range for the service sector. However, there are signs of weakness in the labor market, where employment barely increased in the summer months and unemployment is creeping up.

However, the latest labor market report is from September. According to the statistics available despite the government shutdown, the situation did not deteriorate further in the fall. For example, the number of initial jobless claims did not rise despite reports of layoffs in the public sector. However, we expect the economy to slow down in the coming months, mainly due to decelerating growth in private consumption. On the one hand, there is increasing upward pressure on consumer prices and, on the other hand, labor income is only growing moderately due to weak employment growth and moderate wage increases. We do not anticipate a further decline in the savings rate, which supported consumption growth in 2025. Although corporate investment is likely to continue to increase significantly, the high growth rates in investment in equipment and other assets (especially intellectual property) associated with the AI boom are likely to gradually decline given the high level that has been reached. All in all, we expect GDP growth of 2.0 percent and 1.9 percent for 2026 and 2027, respectively, following an increase of 2.0 percent this year (Table 2). The moderate pace also reflects a

weaker assessment of production potential, which is affected by the sharp slowdown in the growth of the labor force due to restrictive immigration policies. The unemployment rate is expected to rise to 4.4 percent during the forecast period. The inflation rate is expected to increase from 2.8 percent in the current year to 3.0 percent in 2026; it is likely to fall back to 2.4 percent in 2027 when the pass-through of tariffs will be largely completed.

Table: 3
Key Indicators Japan

	2024	2025	2026	2027
Gross Domestic Product	-0.2	1.2	0.9	0.9
Domestic demand	-0.3	1.3	1.0	0.9
Private consumption	-0.6	1.3	1.1	0.8
Government consumption	1.6	0.7	1.2	0.7
Gross fixed investment	3.0	0.6	0.8	1.1
Enterprises	-0.1	1.7	1.9	2.2
Residential Investment	-1.0	-3.1	-4.9	0.1
Public investment	-1.8	-0.4	1.1	-2.2
Inventories	0.0	0.0	0.0	0.0
Net exports	0.0	-0.1	-0.1	0.0
Exports	0.9	3.0	0.0	2.0
Imports	0.9	3.8	0.6	2.0
Consumer prices	2.7	3.2	2.3	2.0
Unemployment rate	2.5	2.5	2.5	2.4
Current account balance	4.8	4.3	3.8	4.0
Fiscal balance	-3.4	-3.1	-3.0	-2.8

Percent. GDP: volumes, change over previous year. percent. — net exports, inventories: contribution to growth, percentage points. — Unemployment rate: Unemployed in relation to labor force. — Current account balance, fiscal balance: percent of nominal GDP.

Source: Cabinet Office, *National Accounts*; OECD, *Main Economic Indicators*; Kiel Institute calculations; shaded area: Kiel Institute forecast.

The Japanese economy is being supported by renewed fiscal stimulus measures. The 0.6 percent decline in GDP in the third quarter was due in particular to falling exports, not least to the United States, and a slump in residential construction caused by a deterioration in financing conditions. The new government responded to signs of an economic slowdown with a comprehensive fiscal package that includes investment incentives, higher defense spending, further energy price subsidies, direct payments to private households, and a slight reduction in income tax. Its total volume is estimated at 2.3 percent of GDP (OECD 2025). However, the actual economic stimulus is likely to be much smaller, as the program largely replaces measures from previous economic stimulus

packages, thus preventing the restrictive effects that would otherwise arise when those measures expire. The expansionary fiscal policy also counteracts the restrictive effects of the monetary conditions. Although central bank interest rates remain low, the sharp rise in longer-term interest rates has led to a noticeable deterioration in the financing environment. Overall, GDP is expected to grow by 0.9 percent in both 2026 and 2027, which is slightly lower than this year (Table 3). Inflation will decline noticeably in the coming year, mainly because the sharp rise in food prices this year will ease and the inflationary effects of the depreciation of the yen will fade. Risks to the economy could arise from the current tensions in the political relations with China.

Growth in the euro area is continuing at a moderate pace. Following very modest GDP growth in the third quarter, sentiment indicators for the fourth quarter point to a slightly stronger expansion. Particularly in the service sector, economic activity is clearly on an upward trend, offsetting the continuing weakness in the manufacturing sector. Growth is likely to continue at a moderate pace during the forecast period. Private consumption is supported by further increases in real income; we also expect a slight decline in the savings rate, which at around 15 percent is currently well above the average level in the years before the COVID-19 pandemic. Investment activity will also gain some momentum. Equipment investment in particular is expected to be supported by the German fiscal stimulus and increased utilization of funds from the Recovery and

Resilience Facility (RRF) under the NextGenerationEU program. Financial resources from the RRF were originally only earmarked until the end of 2026. However, as a significant portion of the grants (around 0.7% of EU GDP) has not yet been drawn down (Figure 11), and in order to avoid a slump in investment, the deadline will be extended. Countries that have so far only drawn down a small portion of their allocated funds can be expected to increase the use of RRF funds. Housing construction is likely to slow further in the coming months. This is indicated by sectoral sentiment indicators and the historically low number of building permits. However, given gradually improving financing conditions and rising prices for existing houses, we expect a gradual recovery over the forecast period. Demand for mortgage loans has already been on the rise for some time now (European Central Bank 2025). Exports are likely to be slowed during the forecast period by the appreciation of the euro, US tariffs, and overall moderate momentum in the global economy, meaning that foreign trade is unlikely to provide much impetus. Modest stimulus is, on balance, provided by fiscal policy, where measures such as the planned infrastructure package in Germany, the expansion of defense spending, and the faster use of RRF funds are having an expansionary effect. Overall, GDP in the euro area is expected to grow by 1.5 percent this year and by 1.2 percent and 1.4 percent in the following two years, respectively.

Figure 11:
NextGenerationEU Recovery and Resilience Facility, funds in the form of grants

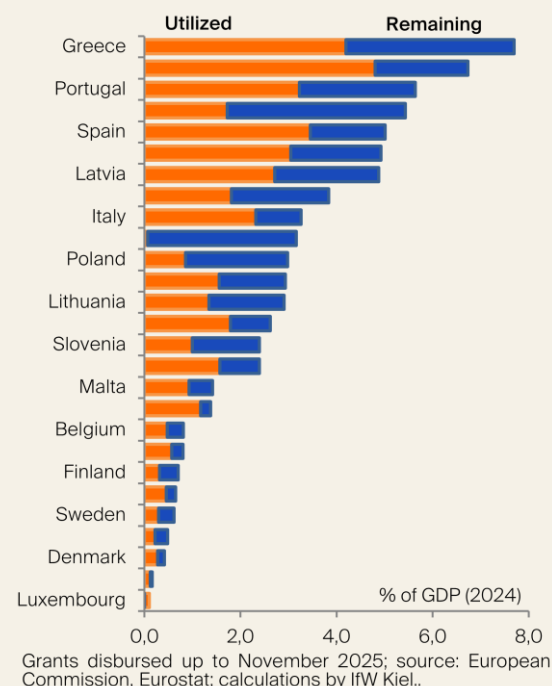


Table 4:
Key indicators for the Euro area

	2024	2025	2026	2027
Gross domestic product	0.8	1.5	1.2	1.4
Domestic expenditure	0.5	1.9	1.6	1.7
Private consumption	1.2	1.4	1.5	1.8
Government consumption	2.2	1.7	1.4	1.1
Gross fixed capital formation	-2.1	2.6	2.4	2.2
Inventories	-0.2	0.2	-0.1	0.0
Net exports	0.3	-0.4	-0.4	-0.2
Exports	0.5	1.9	0.6	1.6
Imports	-0.1	3.0	1.4	2.1
Consumer prices	2.4	2.1	2.0	2.1
Unemployment rate	6.4	6.4	6.2	6.0
Current account balance	2.6	2.7	2.4	2.2
Government budget balance	-3.1	-3.3	-3.5	-3.6

GDP: volumes, change over previous year, percent. Net ex-ports, inventories: contribution to growth, percentage points. Unemployment rate: unemployed in relation to labor force, percent. Current account balance, government budget balance: percent of nominal GDP.

Source: Eurostat, *National Accounts*; Kiel Institute calculations; grey shaded area: Kiel Institute forecast.

The picture for the euro area excluding Germany is much more dynamic in 2025. Over the rest of the forecast period, the pace of expansion in the German economy is likely to gradually increase, supported by particularly strong fiscal stimulus, but will continue to be noticeably below the pace in the rest of the euro area. The labor market in the euro area will remain robust over the forecast period; with the unemployment rate expected to fall from 6.4 percent (October) to 6.0 percent by 2027. With energy prices falling slightly, the effective exchange rate of the euro remaining high, and wage growth gradually slowing, inflation will be close to the central bank's target of 2 percent (Table 4).

Fiscal policy is slowing down the economy in the United Kingdom. The low GDP growth rate in the third quarter of 2025 was mainly due to a decline in manufacturing output. While activity indicators for this sector of the economy have improved recently, growth in the service sector appears to have slowed somewhat towards the end of the year. We therefore expect GDP growth to remain moderate in the final quarter. Over the next two years, fiscal policy will act as a brake, as higher taxes and restrained expenditures are implemented to reduce the budget deficit, while monetary policy easing will gradually provide stimulus. The inflation rate will fall significantly in 2026, mainly due to base effects. With noticeably higher wage increases, private consumption will then be supported by gains in purchasing power. However, tax increases and weaker employment growth will counteract this. Capital investment will remain on an upward trend, but is likely to lose some momentum. All in all, we expect GDP to grow by 1 percent in each of the next two years, down from 1.4 percent in 2025 (Table 5).

Table: 5
Key Indicators United Kingdom

	2024	2025	2026	2027
Gross Domestic Product	1.1	1.4	1.0	1.0
Domestic demand	1.7	1.8	1.2	1.2
Private consumption	-0.2	1.0	1.4	1.0
Government consumption	3.4	2.0	0.7	1.0
Gross fixed investment	1.8	3.6	2.4	2.9
Inventories	0.8	0.1	-0.1	0.0
Net exports	-0.7	-0.3	-0.1	-0.2
Exports	0.6	3.0	1.1	1.9
Imports	2.6	3.9	1.5	2.3
Consumer prices	2.5	3.6	2.4	2.3
Unemployment rate	4.3	4.7	4.8	4.7
Current account balance	-2.2	-2.1	-2.3	-2.4
Fiscal balance	-6.0	-5.8	-5.2	-4.4

Percent. GDP: volumes, change over previous year.

percent. — net exports, inventories: contribution to

growth, percentage points. — Unemployment rate: Un-

employed in relation to labor force. — Current account

balance, fiscal balance: percent of nominal GDP.

Source: Office for National Statistics, *Economy*. Shaded area: Kiel Institute forecast.

Production in China is growing at a slightly slower pace. After GDP expanded more strongly than expected in the third quarter, indicators for the final quarter of this year point to a slowdown. Exports of goods have recently slowed significantly; in October, low volume growth in combination with falling export prices even led to a year-on-year decline in nominal terms. The trade deal struck with the United States at the end of October has improved the outlook for bilateral trade for the time being, but it does not resolve the fundamental conflicts of interest between the two major economic and political powers. In addition, the potential for conflict in trade relations between China and the EU is increasing. All of this poses considerable geopolitical and trade policy risks for exports in the coming years. The Central Committee's proposal on the next five-year plan (2026–2030), published in October, acknowledge a phase of increasing uncertainty due to the international situation and aim to further strengthen the role of domestic demand as an economic driver (Central Committee of the CPC, 2025). However, stimulating domestic demand through economic and social policy measures is hampered by structural weaknesses such as the ongoing real estate crisis, high uncertainty among consumers and businesses, unfavorable demographic trends, and the unresolved debt problems of many local governments. The emphasis on keeping economic expansion "within a reasonable range" in the above-mentioned "proposal" suggests that the official growth target could be gradually adjusted downward in the coming years. One reason for this could be overcapacities in various industries that have been built up in recent years, the elimination of which will weigh on investment momentum. Overall, we expect economic growth to gradually slow down over the forecast

period. For 2026 and 2027, we anticipate GDP growth of 4.7 percent and 4.6 percent, respectively, following growth of 5.0 percent in the current year. Consumer prices have not risen in the current year compared with the previous year, partly due to a significant decline in food prices. The core rate has meanwhile increased significantly, so that positive inflation rates are expected again for the next two years, although these are likely to remain quite low at around 1 percent.

In the other emerging markets, momentum remains high predominantly in Asia. The regional profile of growth in the emerging markets is likely to remain unchanged in the coming year. The Indian economy continues to expand particularly strongly, even if the current boost from unusually good harvests in agriculture is unlikely to be repeated, as investment and private consumption are growing strongly, supported by expansionary monetary and fiscal policies. Production in the emerging markets of Southeast Asia also remains on a clear upward trend. These countries are benefiting particularly from the strong global demand for IT goods, in combination with stimulus from monetary policy, which is likely to be further loosened. In contrast, the pace of expansion in Latin America remains subdued overall. While GDP growth in Mexico is strengthening as the economy is gradually adjusting to the changed conditions in trade with the United States, economic activity in Brazil is slowing noticeably as high real interest rates are dampening domestic demand. In Argentina, the recovery is likely to pick up speed again now that the uncertainty surrounding the parliamentary elections has subsided and the doubts in international financial markets about the sustainability of the upturn have been allayed by the provision of a 20 billion US-Dollar financing facility by the US government. Finally, in Russia, we expect only modest production growth given capacity constraints and significantly lower oil revenues.

US trade policy and geopolitical conflicts remain significant risks. Although uncertainty about the future trade policy environment appears to have eased for the time being, serious trade conflicts between the major economic blocs could flare up again at any time. The US administration continues to be inclined to use trade policy as a tool in a wide variety of economic and political conflicts. There are a number of contentious issues between the EU and the United States, such as the application of EU digital legislation to American companies, that could lead to renewed pressure from the US government in the form of threats or the imposition of punitive tariffs. China also appears to be increasingly willing to use its economic leverage to assert its national interests. Cutting off Western companies from key raw materials and intermediate goods in which China has a dominant global market position, which is not only the case with rare earths, remains a risk to global production. Another risk to the global economy is the high importance of the AI boom for the current economic momentum. If assessments of the potential of this technology change, or innovations substantially reduce data processing intensity and thus investment requirements, this could lead to adjustments in corporate plans and a correction in share prices, which could significantly slow down investment activity and, via wealth effects, also consumption.

Data annex

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4 Euro Area	19
5 United Kingdom	20
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1 World Economy

Table 1.1:
Business expectations by country groups



Table 1.3:
World Trade

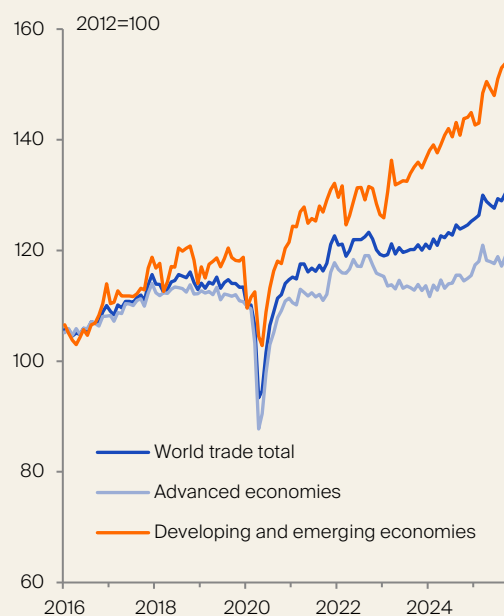
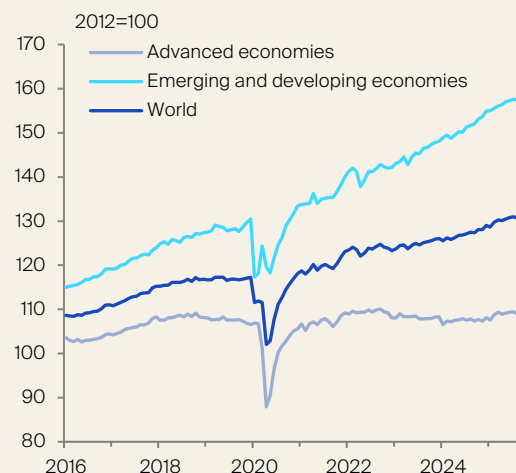
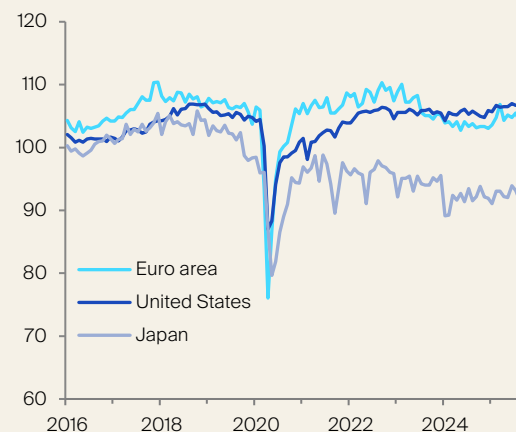


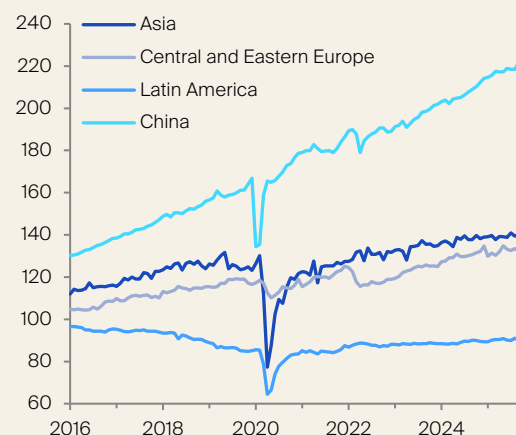
Table 1.2:
Industrial Production by country groups



Advanced economies

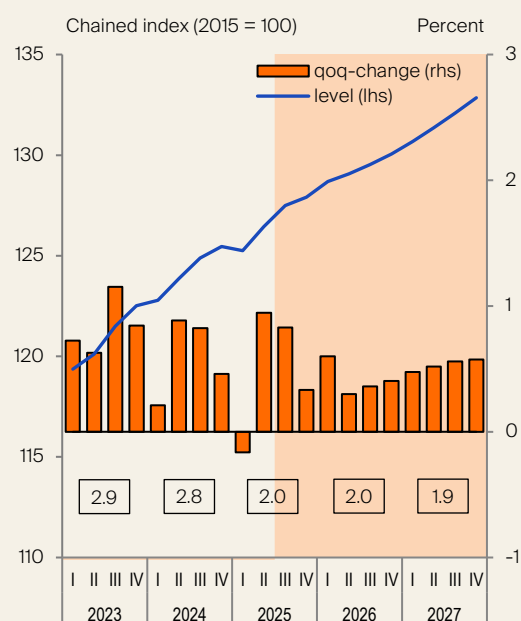


Emerging and developing economies



2 United States

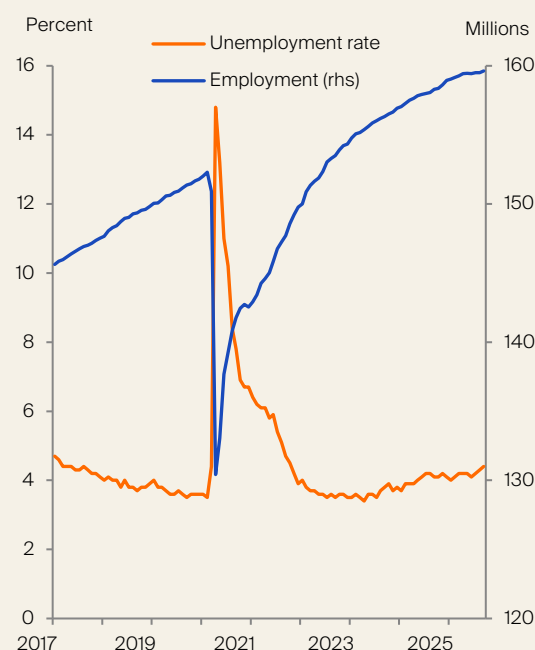
Table 2.1:
GDP



Quarterly data, price, seasonally and calendar adjusted, qoq-change; annual rate of change (boxes).

Source: Bureau of Economic Analysis; shaded: Kiel Institute forecast.

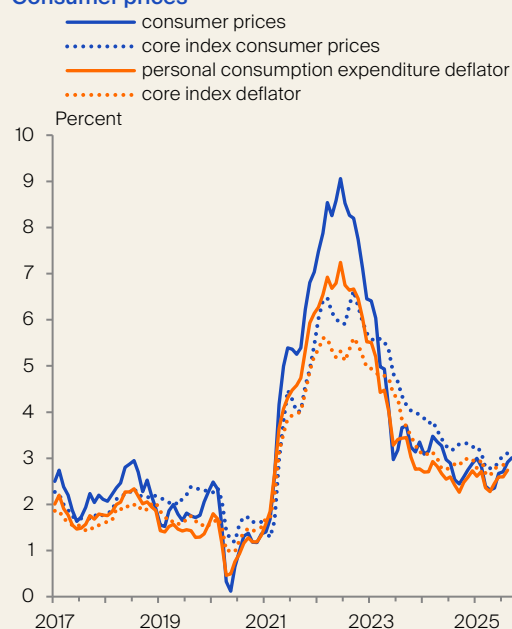
Table 2.2:
Labour Market



Monthly data, seasonally adjusted.

Source: US Bureau of Labor Statistics, *Employment Situation*.

Table 2.3:
Consumer prices



Monthly data; change over previous year. Core index: consumer prices excluding energy and food.

Source: US Bureau of Economic Analysis, *Personal Consumption Expenditures Price Index*; US Bureau of Labor Statistics, *Consumer Price Index*.

Table 2.1:
Key indicators for the United States

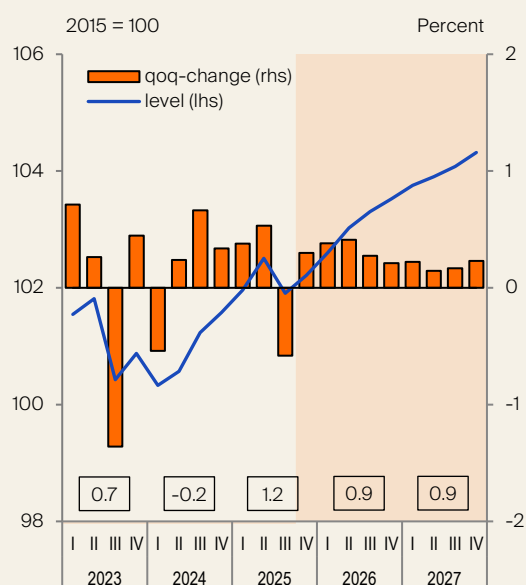
	2024	2025	2026	2027
Gross Domestic Product	2.8	2.0	2.0	1.9
Domestic expenditure	3.1	2.4	1.8	1.9
Private consumption	2.9	2.4	2.1	1.8
Government expenditure	3.8	0.9	0.4	1.2
Gross fixed capital formation	3.0	3.5	2.1	2.6
Machinery and equipment	3.5	8.9	5.4	4.1
Intellectual property rights	3.5	6.2	5.5	3.2
Structures	1.1	-5.3	-3.9	0.5
Residential Investment	3.2	-2.9	-5.7	0.1
Change in inventories	0.0	0.0	-0.1	-0.1
Net exports	-0.3	-0.3	0.2	0.0
Exports	3.6	0.7	0.6	2.4
Imports	5.8	3.0	-1.3	2.7
Consumer prices	3.0	2.8	3.0	2.4
Unemployment rate	4.0	4.3	4.4	4.4
Current account balance	-4.0	-4.1	-3.7	-3.8
Gov. budget balance (federal)	-6.3	-5.9	-5.7	-5.4

Percent. GDP: volumes, change over previous year, percent. — Net exports, inventories: contribution to growth, percentage points. — Unemployment rate: unemployed in relation to labor force. — Current account balance, government budget balance: percent of nominal GDP. — Budget balance: fiscal year.

Source: US Department of Commerce, *National Economic Accounts*; US Department of Labor, *Employment Situation and Consumer Price Index*; US Department of the Treasury, *Monthly Treasury Statement*; Kiel Institute calculations; shaded: Kiel Institute forecast.

3 Japan

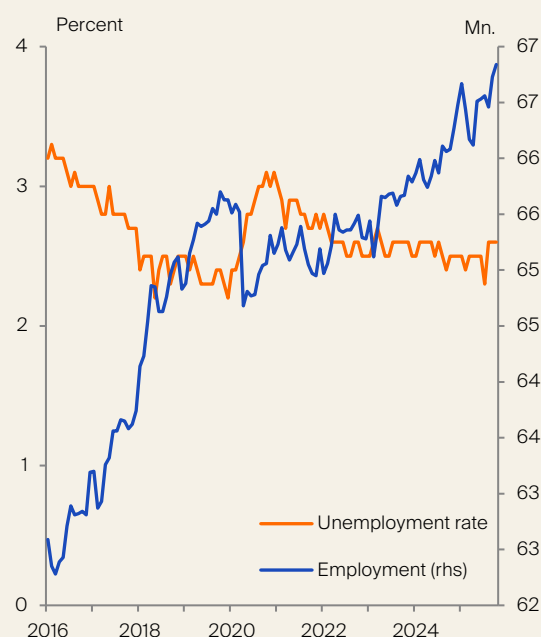
Table 3.1:
GDP



Quarterly data, price, seasonally and calendar adjusted, qoq-change; annual rate of change (boxes).

Source: Cabinet office, *National Accounts*; shaded: Kiel Institute forecast.

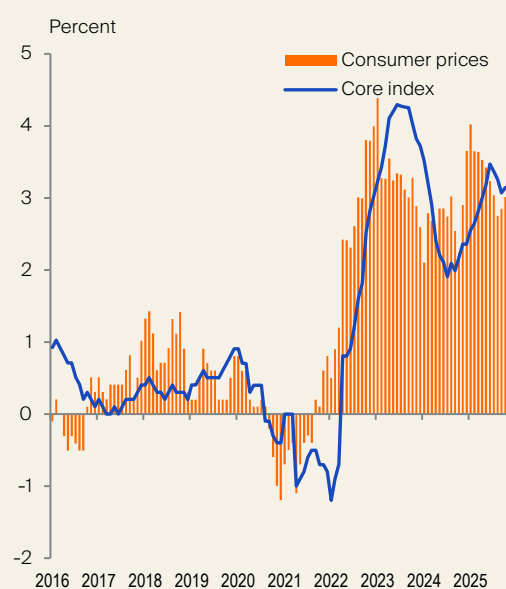
Table 3.2:
Labour market



Monthly data; seasonally adjusted.

Source: Department of Labor.

Table 3.3:
Consumer prices



Monthly data; change over previous year. Core index: consumer prices excluding energy and fresh food.

Source: Statistics Bureau of Japan.

Table: 3.1
Key Indicators Japan

	2024	2025	2026	2027
Gross Domestic Product	-0.2	1.2	0.9	0.9
Domestic demand	-0.3	1.3	1.0	0.9
Private consumption	-0.6	1.3	1.1	0.8
Government consumption	1.6	0.7	1.2	0.7
Gross fixed investment	3.0	0.6	0.8	1.1
Enterprises	-0.1	1.7	1.9	2.2
Residential Investment	-1.0	-3.1	-4.9	0.1
Public investment	-1.8	-0.4	1.1	-2.2
Inventories	0.0	0.0	0.0	0.0
Net exports	0.0	-0.1	-0.1	0.0
Exports	0.9	3.0	0.0	2.0
Imports	0.9	3.8	0.6	2.0
Consumer prices	2.7	3.2	2.3	2.0
Unemployment rate	2.5	2.5	2.5	2.4
Current account balance	4.8	4.3	3.8	4.0
Fiscal balance	-3.4	-3.1	-3.0	-2.8

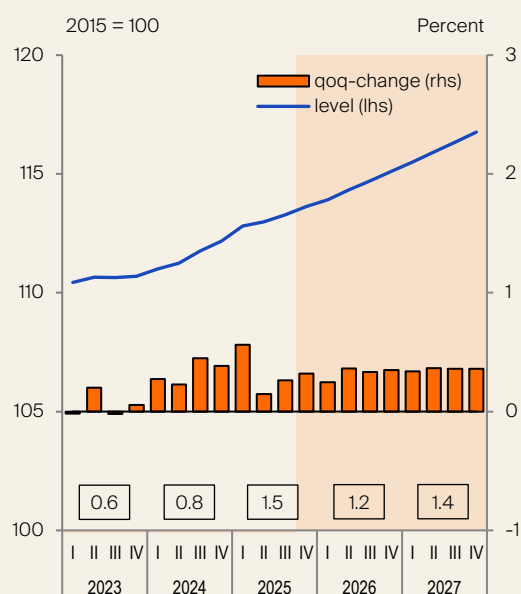
Percent. GDP: volumes, change over previous year.

percent. — net exports, inventories: contribution to growth, percentage points. — Unemployment rate: Unemployed in relation to labor force. — Current account balance, fiscal balance: percent of nominal GDP.

Source: Cabinet Office, *National Accounts*; OECD, *Main Economic Indicators*; Kiel Institute calculations; shaded area: Kiel Institute forecast.

4 Euro Area

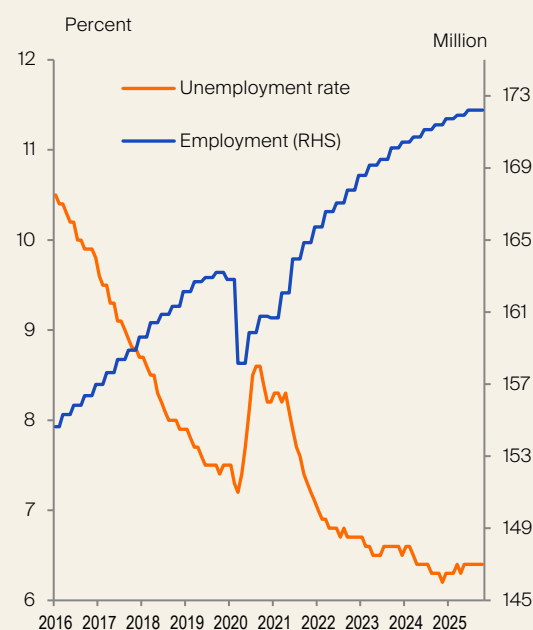
Table 4.1:
GDP



Quarterly data, price, seasonally and calendar adjusted, qoq-change. Annual data: price adjusted, annual rate of change (boxes).

Source: Federal Statistical Office, Fachserie 18, Series 1.3; shaded: Kiel Institut forecast.

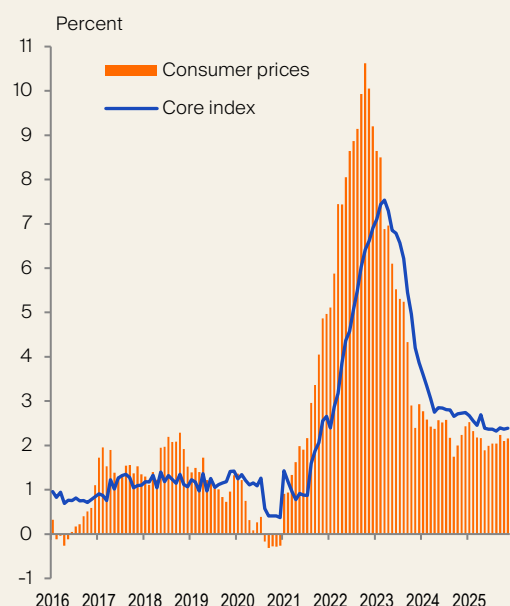
Table 4.2:
Labor market



Monthly data; seasonally adjusted.

Source: Eurostat, *Labor Statistics*; ECB, *Monthly Bulletin*.

Table 4.3:
Consumer prices



Monthly data; y-o-y change. Core index: HICP without energy and unprocessed food.

Source: Eurostat, *Price Statistics*.

Table 4.1:
Key indicators for the Euro area

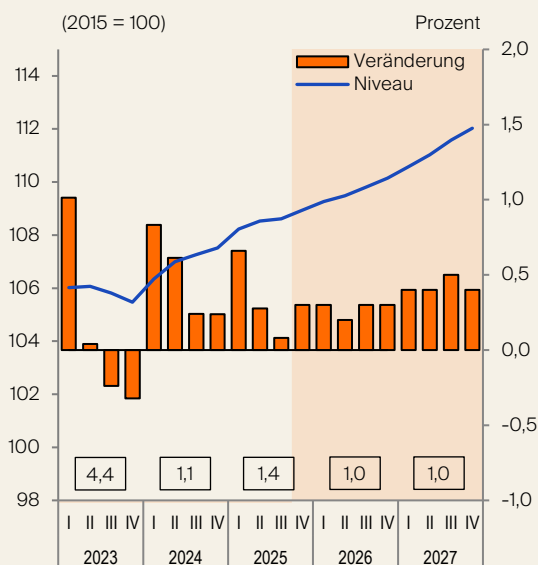
	2024	2025	2026	2027
Gross domestic product	0.8	1.5	1.2	1.4
Domestic expenditure	0.5	1.9	1.6	1.7
Private consumption	1.2	1.4	1.5	1.8
Government consumption	2.2	1.7	1.4	1.1
Gross fixed capital formation	-2.1	2.6	2.4	2.2
Inventories	-0.2	0.2	-0.1	0.0
Net exports	0.3	-0.4	-0.4	-0.2
Exports	0.5	1.9	0.6	1.6
Imports	-0.1	3.0	1.4	2.1
Consumer prices	2.4	2.1	2.0	2.1
Unemployment rate	6.4	6.4	6.2	6.0
Current account balance	2.6	2.7	2.4	2.2
Government budget balance	-3.1	-3.3	-3.5	-3.6

GDP: volumes, change over previous year, percent. Net ex-ports, inventories: contribution to growth, percentage points. Unemployment rate: unemployed in relation to labor force, percent. Current account balance, government budget balance: percent of nominal GDP.

Source: Eurostat, *National Accounts*; Kiel Institute calculations; grey shaded area: Kiel Institute forecast.

5 United Kingdom

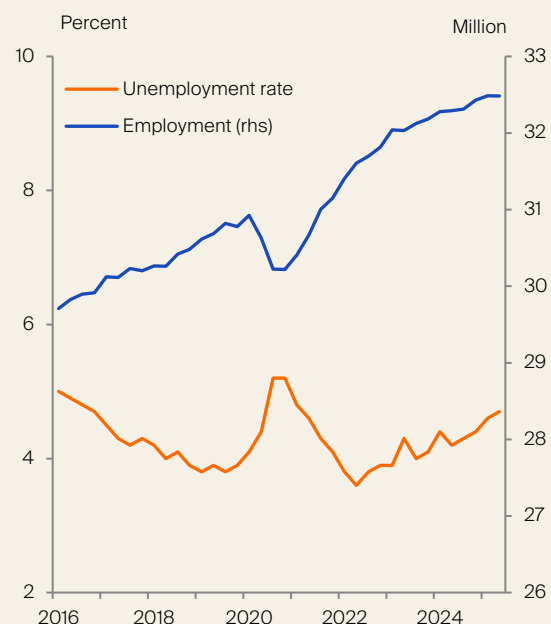
Table 5.1:
Bruttoinlandsprodukt



Quartalsdaten, preis-, kalender- und saisonbereinigt, Veränderung gegenüber dem Vorquartal (rechte Skala). Gerahmt: Jahresdaten, Veränderung gegenüber dem Vorjahr in Prozent.

Quelle: Cabinet Office, *National Accounts*; schattiert: Prognose des Kiel Instituts.

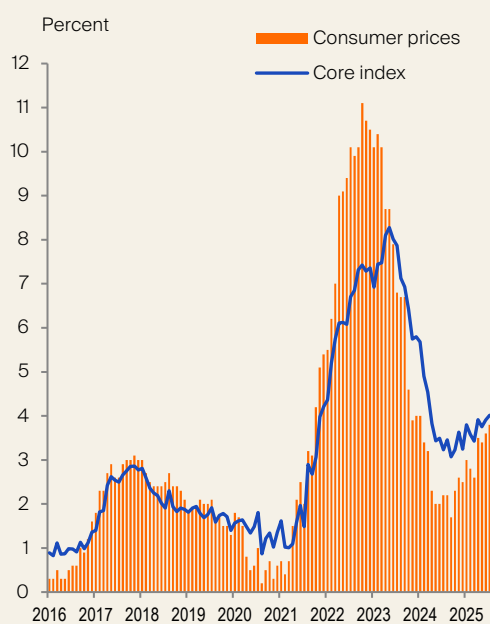
Table 5.2:
Labor market



Quarterly data, seasonally adjusted.

Source: Office for National Statistics, *Economy*.

Table 5.3:
Consumer prices



Monthly data, change over previous year. Core rate: consumer prices excluding energy and fresh food.

Source: Office for National Statistics, *Economy*.

Table 5.1
Key Indicators United Kingdom

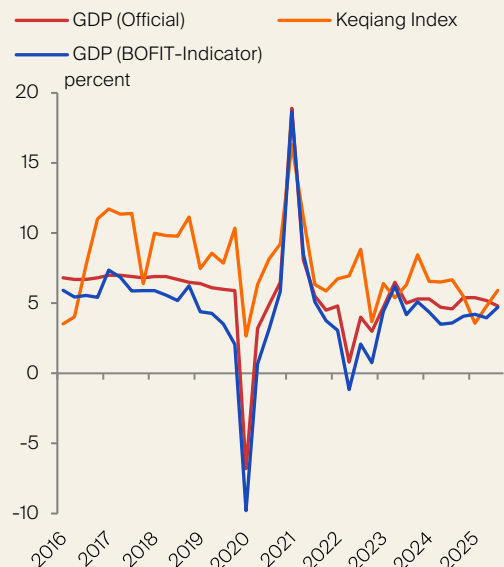
	2024	2025	2026	2027
Gross Domestic Product	1.1	1.4	1.0	1.0
Domestic demand	1.7	1.8	1.2	1.2
Private consumption	-0.2	1.0	1.4	1.0
Government consumption	3.4	2.0	0.7	1.0
Gross fixed investment	1.8	3.6	2.4	2.9
Inventories	0.8	0.1	-0.1	0.0
Net exports	-0.7	-0.3	-0.1	-0.2
Exports	0.6	3.0	1.1	1.9
Imports	2.6	3.9	1.5	2.3
Consumer prices	2.5	3.6	2.4	2.3
Unemployment rate	4.3	4.7	4.8	4.7
Current account balance	-2.2	-2.1	-2.3	-2.4
Fiscal balance	-6.0	-5.8	-5.2	-4.4

Percent. GDP: volumes, change over previous year. percent. — net exports, inventories: contribution to growth, percentage points. — Unemployment rate: Unemployed in relation to labor force. — Current account balance, fiscal balance: percent of nominal GDP.

Source: Office for National Statistics, *Economy*. Shaded area: Kiel Institute forecast.

6 China

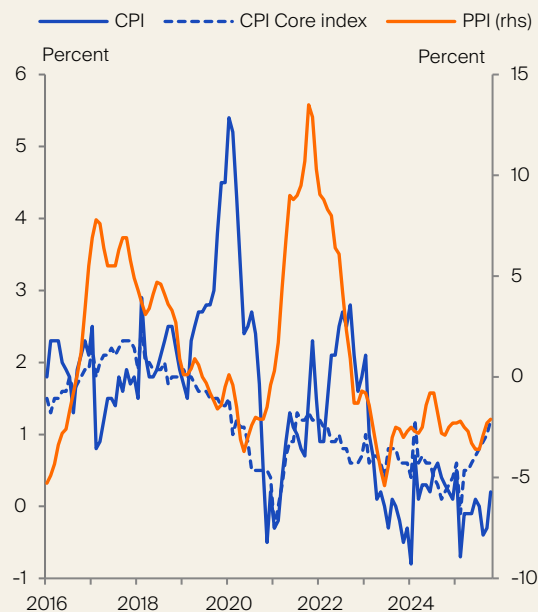
Table 6.1:
GDP and alternative indicators



Quarterly data. GDP (official): year-on-year percentage change; Keqiang-index: arithmetic mean of the year-on-year growth rates of RMB lending from financial institutions, electricity consumption and railway freight cargo volume; GDP (BOFIT-Indicator): estimated year-on-year growth rate, simple average.

Source: Kiel Institute calculations based on data from National Bureau of Statistics, National Energy Agency, and People's Bank of China; GDP (BOFIT-Indicator) from Bank of Finland.

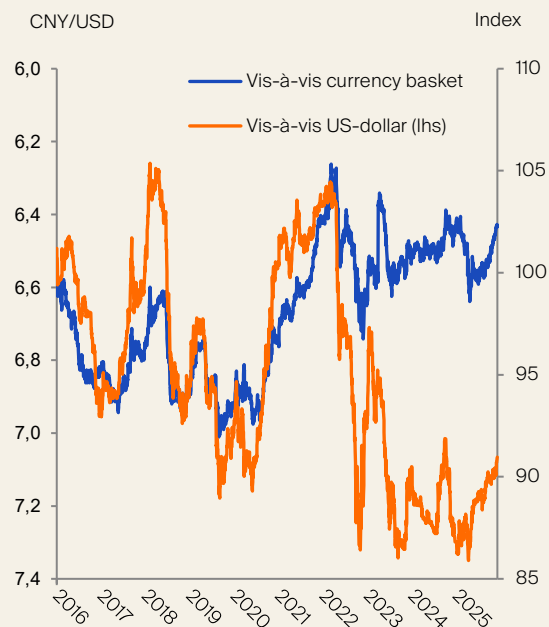
Table 6.2:
Inflation



Monthly data; y-o-y growth rate. Core index: CPI excluding food and energy.

Source: National Bureau of Statistics.

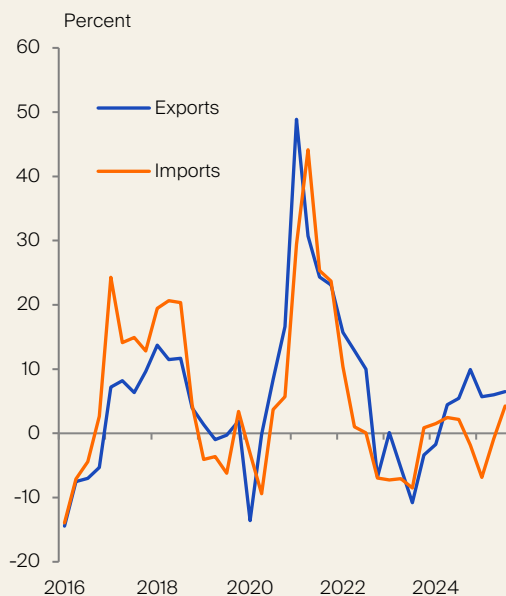
Table 6.3:
Exchange rates



Daily data.

Source: Refinitiv Data; China Foreign Exchange Trade System; Index: 2015.01.01 = 100; Kiel Institute calculations.

Table 6.4:
Foreign trade

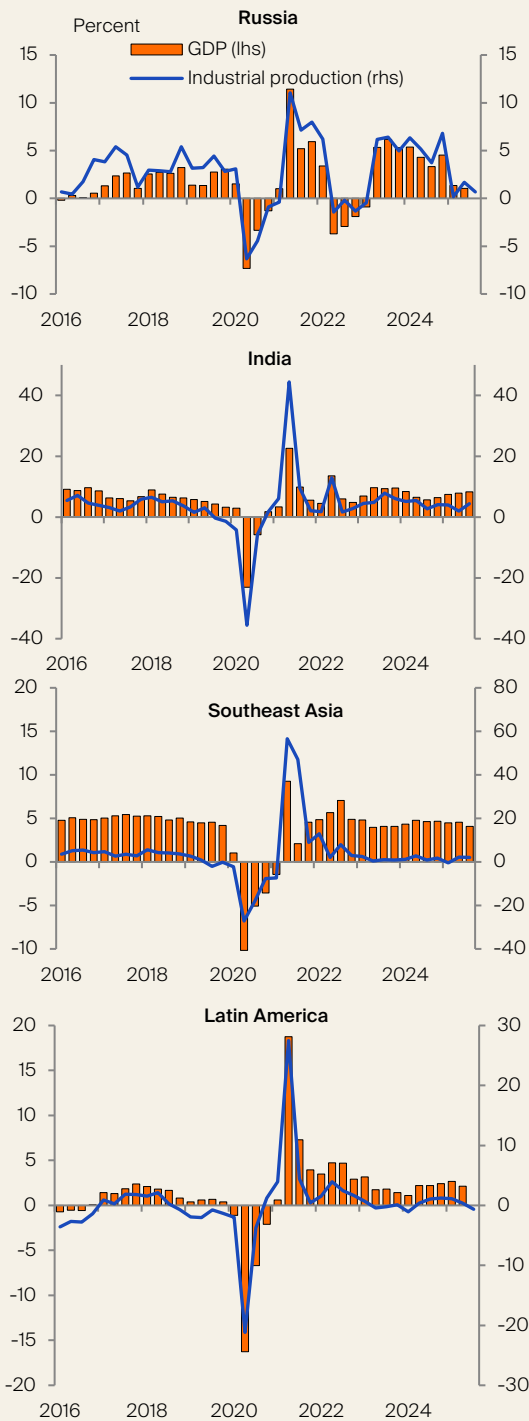


Change compared to the previous year based on quarterly averages.

Source: General Administration of Customs China.; Kiel Institut calculations.

7 Other emerging Economies

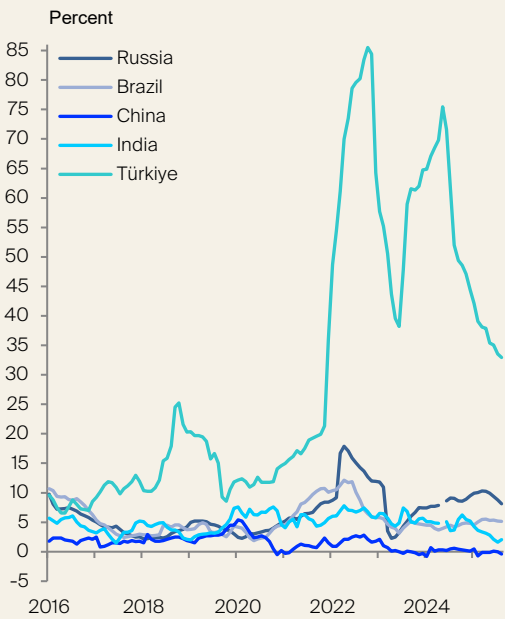
Table 7.1:
GDP and Industrial production in Emerging Economies



Quarterly data; volumes; seasonally adjusted; change over previous year; Southeast Asia: GDP-weighted average of Indonesia, Thailand, Malaysia and the Philippines; Latin America: GDP-weighted average of Argentina, Brasil, Chile, Colombia, Mexico and Peru.

Source: IMF, *International Financial Statistics*; national statistical offices; Kiel Institute calculations.

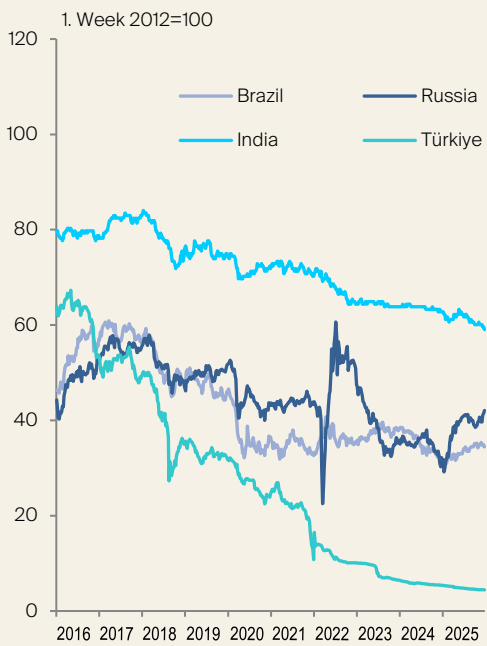
Table 7.2:
Consumer prices



Monthly data; change over previous year.

Source: Federal State Statistics Service, *Russia*; IBGE, *Brazil*; National Bureau of Statistics, *China*; Labour Bureau, *India*.

Table 7.3:
US-Dollar exchange rates



Weekly data.

Source: LSEG

8 Tables

Table 8.1:
Real gross domestic product, consumer prices and unemployment rate in advanced economies

	Weights	Real GDP				Consumer prices				Unemployment rate			
		2024	2025	2026	2027	2024	2025	2026	2027	2024	2025	2026	2027
European Union	41.3	1.0	1.6	1.4	1.6	2.6	2.4	2.3	2.4	6.0	6.0	5.8	5.6
Euro area	34.9	0.9	1.5	1.2	1.4	2.4	2.1	2.0	2.1	6.4	6.4	6.2	6.0
Sweden	0.9	0.8	1.7	2.3	2.2	2.0	2.7	2.1	2.1	8.4	8.8	8.6	8.0
Poland	2.3	3.0	3.4	3.1	3.0	3.7	3.4	2.9	2.9	2.9	3.1	2.9	2.8
United Kingdom	5.1	1.1	1.4	1.0	1.0	2.5	3.6	2.4	2.3	4.3	4.7	4.8	4.7
Switzerland	1.0	1.4	1.3	0.5	1.1	1.4	0.3	0.5	0.7	4.0	4.2	4.3	4.2
Norway	0.7	2.1	0.0	1.3	1.0	3.4	3.2	2.9	2.7	4.0	4.4	4.3	4.2
United States	34.9	2.8	2.0	2.0	1.9	3.0	2.8	3.0	2.4	4.0	4.3	4.4	4.4
Canada	3.1	1.0	1.7	1.2	1.9	2.4	2.1	1.9	2.0	6.4	6.8	6.6	6.5
Japan	7.8	-0.2	1.2	0.9	0.9	2.7	3.2	2.3	2.0	2.5	2.5	2.5	2.4
South Korea	3.9	2.0	1.0	2.3	2.1	2.3	2.1	2.0	2.0	2.8	2.6	2.5	2.5
Australia	2.3	1.0	1.8	1.6	2.2	3.2	2.6	2.9	2.4	4.1	4.3	4.2	4.1
Total	100.0	1.6	1.7	1.6	1.6	2.7	2.6	2.5	2.3	4.8	4.9	4.8	4.7

Based on GDP at prices and exchange rates of 2024 in percent. Change over previous year in percent. European Union and Norway: Harmonized Index of Consumer Prices (HICP). Standardized unemployment rate in percent (ILO); country groups weighted according to the size of the labor force in 2024.

Source: Eurostat, VGR; OECD, Main Economic Indicators; IMF World Economic Outlook Database; Statistics Canada, Canadian Economic Account; shaded: Kiel Institute forecast.

Tabelle 8.2:

Real gross domestic product, consumer prices and unemployment rates in the European Union

	Weights	Real GDP				Consumer prices				Unemployment rate			
		2024	2025	2026	2027	2024	2025	2026	2027	2024	2025	2026	2027
Germany	24.0	-0.5	0.3	0.7	1.2	2.5	2.2	1.8	2.1	3.4	3.7	3.6	3.4
France	16.2	1.1	0.9	1.2	1.1	2.3	1.1	1.7	1.7	7.4	7.5	7.4	7.4
Italy	12.2	0.5	0.6	1.1	1.3	1.1	1.8	2.1	2.1	6.5	6.1	6.1	6.0
Spain	8.8	3.5	2.9	2.3	1.9	2.9	2.5	2.4	2.4	11.4	10.6	9.9	9.5
Netherlands	6.2	1.1	1.7	1.3	1.4	3.2	3.1	2.5	2.5	3.7	3.8	3.8	3.7
Belgium	3.4	1.1	1.0	1.1	1.2	4.3	2.9	2.0	2.0	5.7	6.0	6.0	5.9
Austria	2.7	-0.8	0.5	0.6	1.4	2.9	3.5	2.3	2.3	5.2	5.7	5.6	5.4
Ireland	3.1	2.6	13.9	0.5	2.8	1.3	1.9	2.0	2.0	4.3	4.6	4.1	4.0
Finland	1.5	0.4	0.2	0.9	1.2	1.0	2.0	2.2	2.2	8.4	9.3	9.1	8.5
Portugal	1.6	2.1	1.9	2.0	1.9	2.7	2.2	1.8	1.8	6.5	6.2	5.9	5.8
Greece	1.3	2.3	2.0	2.3	2.0	3.0	2.9	2.6	2.6	10.1	8.7	8.0	7.5
Slovak Republic	0.7	1.9	0.8	1.6	2.2	3.2	4.2	3.2	3.2	5.3	5.3	5.2	5.0
Luxembourg	0.5	0.3	0.7	1.6	1.5	2.3	2.4	2.0	2.0	6.3	6.6	6.0	5.3
Kroatien	0.5	3.8	2.9	2.4	2.8	4.0	4.4	2.9	2.9	5.1	4.6	4.2	4.0
Slovenia	0.4	1.7	1.0	2.6	2.4	2.0	2.5	2.1	2.1	3.7	3.6	3.4	3.3
Lithuania	0.4	3.0	2.3	2.1	2.6	0.9	3.3	3.0	3.0	7.1	6.8	6.3	6.0
Latvia	0.2	-0.3	1.6	1.6	2.3	1.3	3.8	2.9	2.9	6.9	6.9	6.8	6.4
Estonia	0.2	-0.1	0.6	1.8	2.2	3.7	5.0	3.2	3.2	7.6	7.8	7.3	6.5
Cyprus	0.2	3.9	3.5	2.4	2.5	2.3	1.2	2.0	2.0	4.9	4.6	4.4	4.0
Malta	0.1	6.8	3.2	3.4	3.0	2.4	2.5	2.3	2.3	3.1	2.7	2.4	2.3
Sweden	3.1	0.8	1.7	2.3	2.2	2.0	2.7	2.1	2.1	8.4	8.7	8.0	7.5
Poland	4.7	3.0	3.4	3.1	3.0	3.7	3.4	2.9	2.9	2.9	2.9	2.7	2.6
Denmark	2.2	3.5	2.7	2.6	1.9	1.3	1.9	3.2	3.2	6.2	6.3	5.7	5.3
Czech Republic	1.8	1.1	2.5	2.4	2.5	2.4	-1.4	2.0	2.0	2.8	2.7	2.5	2.2
Romania	2.0	0.9	1.4	1.4	2.5	5.3	8.3	6.2	6.2	5.4	5.8	5.5	5.3
Hungary	1.1	0.6	0.3	2.4	2.5	3.7	4.6	3.4	3.4	4.4	4.3	4.2	4.0
Bulgaria	0.6	3.2	3.3	2.7	2.7	4.4	1.8	3.2	3.2	4.2	3.6	3.3	3.2
European Union	100.0	1.0	1.6	1.4	1.6	2.6	2.4	2.3	2.4	6.0	5.9	5.7	5.5
Addendum:													
European Union 11	87.0	0.9	1.5	1.2	1.4	2.3	2.1	2.0	2.1	6.5	6.4	6.2	6.0
Accession countries	13.0	2.1	2.3	2.4	2.7	3.7	3.9	3.5	3.5	4.1	4.1	3.8	3.6
Euro Area	84.5	0.9	1.5	1.2	1.4	2.4	2.1	2.0	2.1	6.4	6.3	6.1	5.9
Euro Area without Germany	60.5	1.4	1.9	1.4	1.5	2.3	2.1	2.1	2.1	7.4	7.2	7.0	6.8

Based on GDP at prices and exchange rates of 2024 in percent. Change over previous year in percent. Harmonized Index of Consumer Prices (HICP). Standardized unemployment rate in percent (ILO); country groups weighted according to the size of the labor force in 2024. Accession countries since 2004.

Source: Eurostat, National Accounts; shaded: IFW forecast.

Tabelle 8.3:
Real gross domestic product and consumer prices in selected emerging market economies

	Weights	Real GDP				Consumer prices			
		2024	2025	2026	2027	2024	2025	2026	2027
Indonesia	5.0	5.0	4.9	4.8	5.0	2.3	2.5	2.5	2.3
Thailand	1.9	2.5	1.9	1.7	2.4	0.4	0.0	1.0	1.0
Malaysia	1.5	5.1	4.9	4.2	4.5	1.8	1.4	1.7	1.8
Philippines	1.5	5.5	5.0	5.2	5.0	3.2	1.7	2.3	2.5
Total	9.9	4.6	4.3	4.2	4.4	2.0	1.7	2.1	2.0
China	41.3	5.0	5.0	4.7	4.6	0.2	0.0	1.0	1.0
India	17.5	6.7	7.8	6.9	6.6	2.7	2.4	3.4	3.8
Asia total	68.7	5.4	5.6	5.2	5.1	1.1	0.9	1.7	1.9
Brazil	5.1	3.4	2.5	1.6	2.5	4.4	5.0	4.2	4.2
Mexico	3.6	1.4	0.5	1.5	1.8	4.7	3.9	3.3	3.5
Argentina	1.5	-1.7	3.6	3.0	3.0	220.0	43.0	28.5	22.0
Colombia	1.2	1.6	2.2	2.7	2.5	6.6	5.2	4.6	4.1
Chile	0.7	2.4	2.2	2.0	2.5	4.6	4.2	3.3	3.0
Peru	0.7	3.3	3.3	3.0	2.8	2.4	1.6	1.9	2.0
Latin America total	12.8	2.0	2.1	1.9	2.4	29.9	8.9	6.7	5.9
Egypt	2.4	2.4	3.8	4.3	4.8	33.3	20.0	15.0	12.0
Nigeria	2.3	3.4	3.0	2.8	3.0	33.3	27.0	35.0	20.0
South Africa	1.1	0.5	1.0	1.2	1.5	4.4	3.8	4.5	4.5
Algeria	0.9	3.5	3.5	3.0	3.2	4.0	3.7	3.6	3.5
Ethiopia	0.5	8.1	7.0	7.0	7.5	21.7	21.0	15.0	12.0
Africa total	7.1	3.0	3.3	3.4	3.7	24.5	17.8	18.4	12.4
Russia	7.5	4.1	1.0	0.5	0.5	8.4	9.2	8.5	8.0
Tyrkiye	3.8	3.2	3.5	3.7	4.5	58.5	35.0	25.0	20.0
Total	100.0	4.6	4.6	4.2	4.3	9.2	5.0	5.0	4.3

In percent. Weights: According to 2024 GDP at purchasing power parities. — GDP: price adjusted; changes compared to the previous year. — Consumer prices: changes compared to the previous year. — Asia total, Latin America total: based on listed countries.

Source: IMF, International Financial Statistics; OECD, Main Economic Indicators; national statistics; Kiel Institute calculations; shaded: Kiel Institute forecast.

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