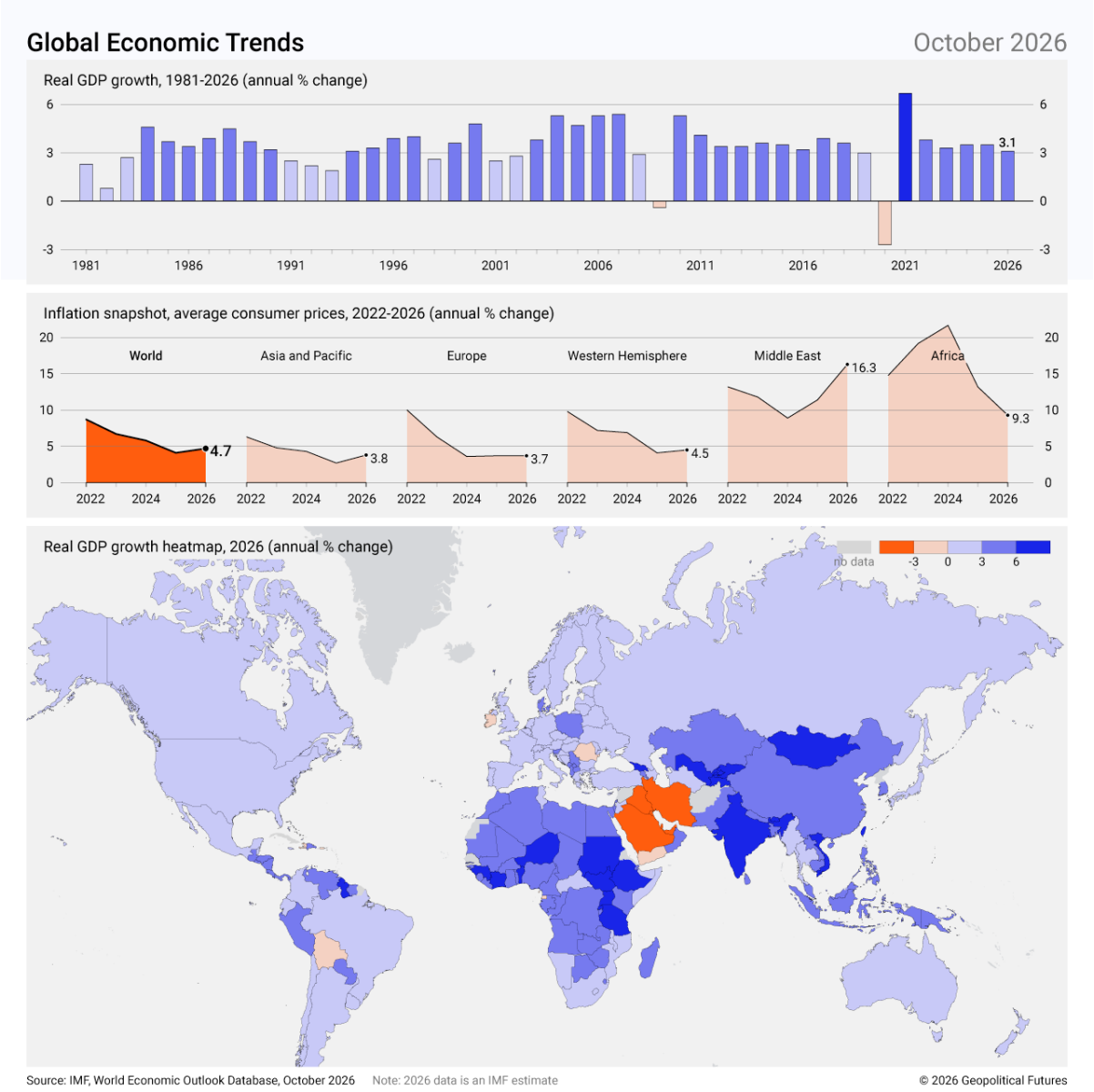
Weekly Graphic: The World Economy in 2026

by Geopolitical Futures - October 23, 2026



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The International Monetary Fund's October 2026 outlook shows a world economy that is holding steady overall but pulling apart underneath: Global growth is expected to slow to 3.1 percent in 2026

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before picking up to 3.4 percent in 2027. That average hides big disparities between regions of the world; the economies of much of the Gulf will contract, while the economies of India, much of East Africa and parts of Southeast Asia will grow at 6 percent or more. The main reason for the lower global figure is the war in the Middle East, which disrupted shipping through the Strait of Hormuz beginning in March and hit the Gulf's oil economies hard. Saudi Arabia's economy is thus expected to shrink 3.3 percent this year before bouncing back with 7.9 percent growth in 2027.

Prices tell a similar story: Global inflation is expected to rise from 4.1 percent in 2025 to 4.7 percent in 2026, while inflation in the Middle East will soar to 16.3 percent. The IMF says the countries facing the toughest road ahead are those that must import their energy and have little stake in the technology industry, suggesting that a role in AI and tech is becoming as important to a country's prospects as access to energy. It also warns that things are more likely to get worse than better, pointing to wider conflict, new trade disputes, government debt problems and the chance that the AI bubble might burst. Healthy government finances are therefore a source of strength, and the IMF urges countries to rebuild their financial cushions so they can respond when the next crisis hits. It also finds that holding prices down artificially can cost governments three to 22 times more than giving short-term help directly to the people who need it most, making the choice as much about protecting a country's long-term strength as about balancing the budget.

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