ČNB ČESKÁ NÁRODNÍ BANKA

GLOBAL ECONOMIC OUTLOOK OCTOBER 2025

CONTENT

Cut-off date for data

17 October 2025

GEO publication date

25 October 2025

Notes to charts

ECB, Fed, BoE and BoJ: midpoint of the range of forecasts.
The arrows in the GDP and inflation outlooks indicate the direction of revisions compared to the last GEO. If no arrow is shown, no new forecast is available. Asterisks indicate first published forecasts for given year. Historical data are taken from CF, with exception of MT and LU, for which they come from OE.

Leading indicators are taken from Bloomberg. Forecasts for EURIBOR and SOFR rates are based on implied rates from interbank market yield curve (FRA rates are used from 4M to 15M and adjusted IRS rates for longer horizons). Forecasts for German and US government bond yields (10Y Bund and 10Y Treasury) are taken from CF.

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1 INTRODUCTION

Another attempt to bring peace to Ukraine? The proposal is to end the war along the current front lines. However, this would involve not only the loss of a substantial part of Ukraine's coastline, ports, major factories, mines and vast areas of fertile black soil, but it would also be another scar on the hearts of this heavily afflicted nation.

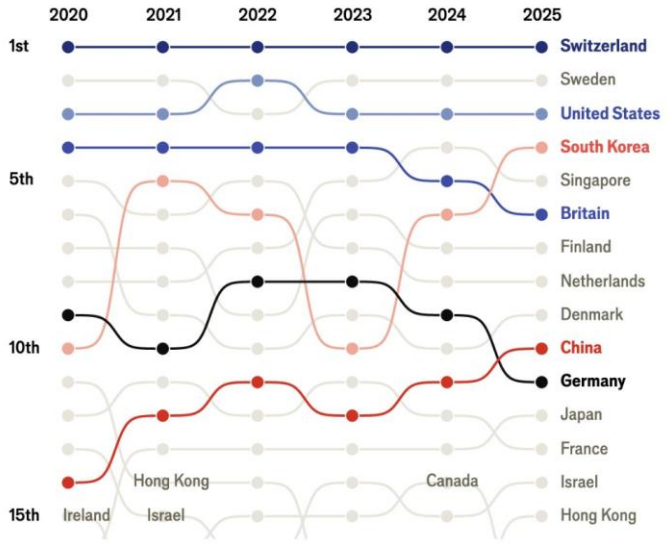
Global economic growth is expected to slow slightly again next year amid falling inflation. In its autumn forecast, the IMF expects global growth to slow from 3.3% last year to 3.2% this year and 3.1% in 2026. Advanced economies will grow at around 1.5%, while emerging and developing economies at just over 4%. According to the IMF, inflation should continue to decline, albeit with visible differences across countries. In the USA, it will be above the 2% target, with risks tilted to the upside, while in the euro area it should fall below the inflation target. Growth in prices is expected to be moderate in most parts of the world. The IMF also expects global core inflation to remain higher for longer.

The monetary policy of some central banks is moving away from a dovish stance, with hawkish sentiments already audible in some quarters. The ECB's cycle of rate cuts appears to be over. Conversely, most analysts and forecasts expect further Fed rate cuts in the last months of 2025, continuing into 2026 to towards 3.25%. There is also room for rate cuts by the BoE.

The chart in the current issue shows the evolution of countries' innovation rankings over the past five years. South Korea and China are among the biggest climbers, while the UK and Germany have lost ground. Switzerland remains at the top, with Sweden in second place, ranking highest among EU countries.

The current issue also contains an analysis: "Economic impacts of defence spending in Europe: Between growth and fiscal burden." This article summarises how current trends in the area of defence budgets will affect the functioning of the European economy, drawing on estimates from existing empirical studies.

The 15 most innovative economies in the world



Source: WIPO

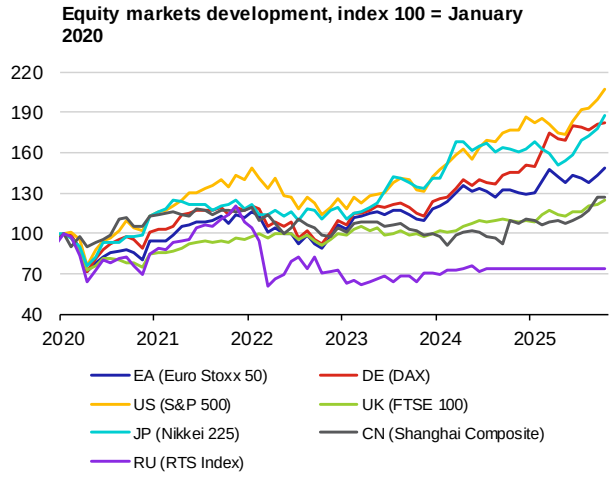
Global Economic Outlook barometr for selected countries

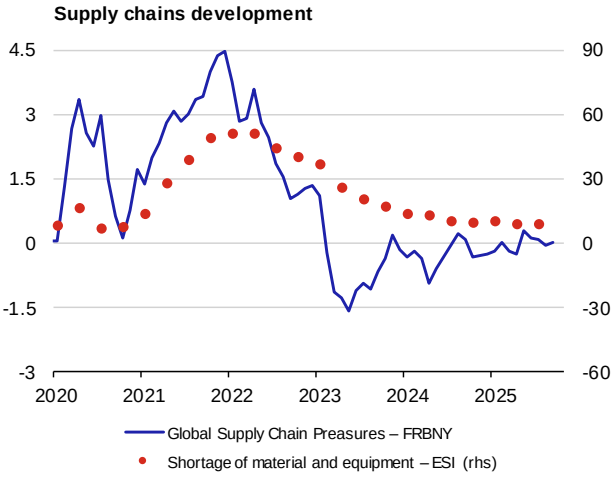
		EA	DE	US	UK	JP	CN	RU
GDP	**2025**	1.3 ↗	0.2 →	1.9 ↗	1.3 ↗	1.1 →	4.8 →	1.2
(%)	**2026**	1.0 ↘	1.2 →	1.9 ↗	1.0 →	0.6 →	4.3 →	1.1
Inflation	**2025**	2.1 →	2.1 →	2.8 →	3.4 →	3.1 →	0.0 ↘	7.1
(%)	**2026**	1.8 →	1.9 →	2.8 ↗	2.6 →	1.8 ↘	0.6 ↘	5.0
Unemployment	**2025**	6.3 →	6.3 →	4.3 →	4.7 →	2.5 →	3.9 →	2.3 →
(%)	**2026**	6.3 →	6.2 →	4.5 →	4.7 →	2.5 →	3.8 →	3.5 →
Exchange rate	**2025**	1.19 →	1.19 →		1.37 ↘	140.7 ↗	7.09 ↘	87.7 ↘
(against USD)	**2026**	1.19 ↗	1.19 ↗		1.37 ↗	135.7 ↗	7.00 ↘	96.7 ↗

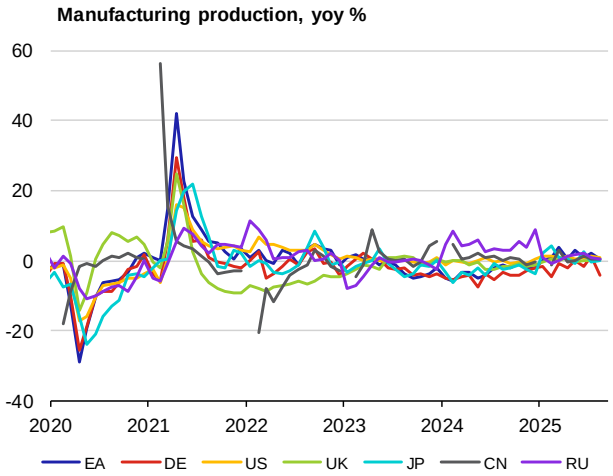
Source: Consensus Forecasts, Oxford Economics

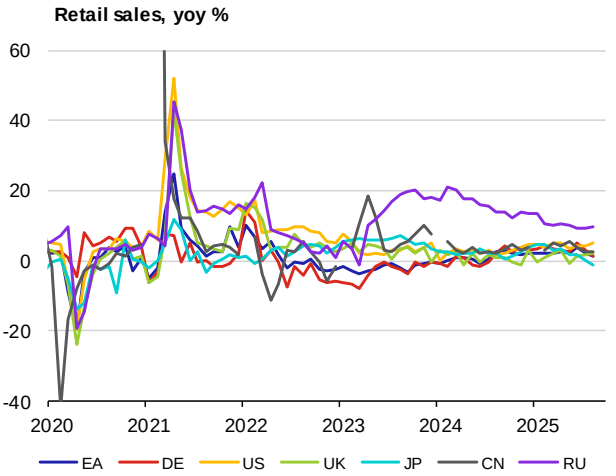
Note: The arrows indicate the direction of the revisions compared with the last GEO.

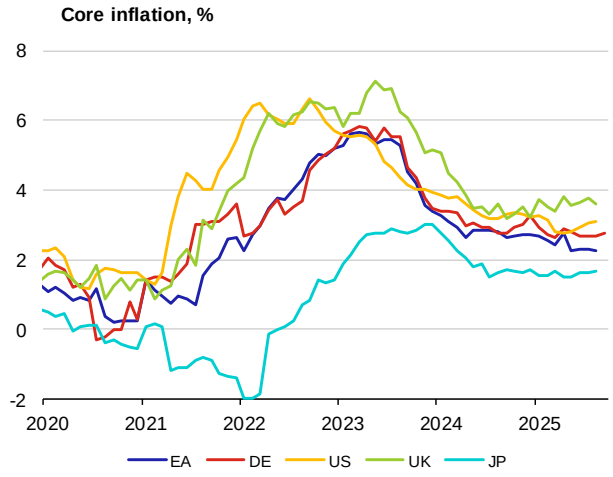
2 MACROECONOMIC BAROMETER

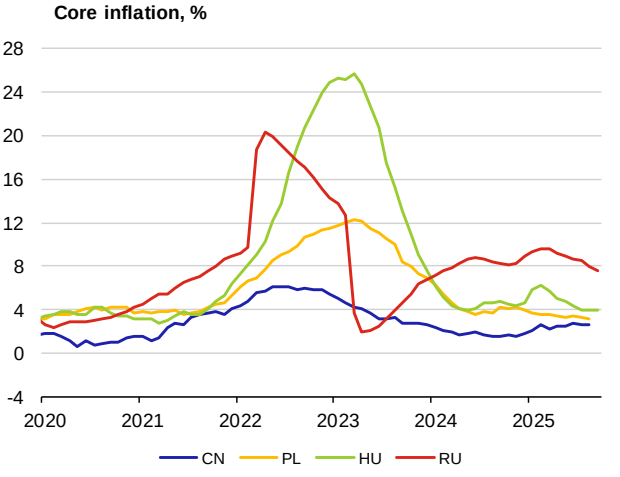






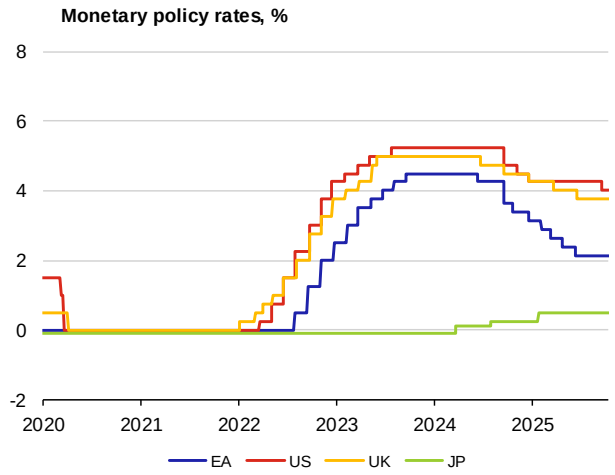


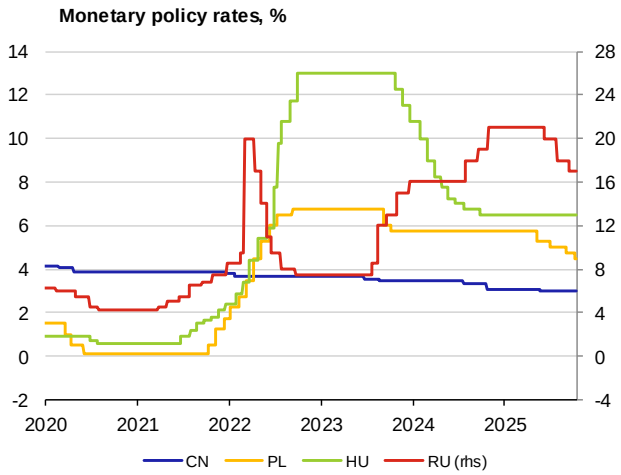




Source: Bloomberg, European Commision, Federal Reserve Bank of New York, Eurostat

2.1 CENTRAL BANK MONITORING





Latest monetary policy developments at selected central banks

	euro area (ECB)	USA (Fed)	United Kingdom (BoE)	Japan (BoJ)
inflation target	2 % (HICP)	2 % (PCE)	2 % (CPI)	2 % (CPI)
latest inflation	**2 %** (6/2025)	**2,3 %** (5/2025)	**3,6 %** (6/2025)	**3,3 %** (6/2025)
current basic rate	**2,00 %**	**4,25–4,50 %**	**4,25 %**	**0,5 %**
Publication of MP decision (rate changes)	5. June (-0,25)	18. June (0,0)	19. June (0,0)	17. June (0,0)
expected MP decisions	24. July	18.–19. března	20. března	18.–19. března

	China (PBoC)	Russia (CBR)	Poland (NBP)	Hungary (MNB)
inflation target	-	4 % (CPI)	2,5 % (CPI)	3 % (CPI)
latest inflation	**0,1 %** (6/2025)	**9,4 %** (6/2025)	**4,1 %** (6/2025)	**4,6 %** (6/2025)
current basic rate	**3,0 %**	**20,0 %**	**5,00 %**	**6,5 %**
Publication of MP decision (rate changes)	19. May (-0,1)	6. June (-1,0)	2. July (-0,25)	24. June (0,0)
expected MP decisions	-	25. July	26. August	22. July

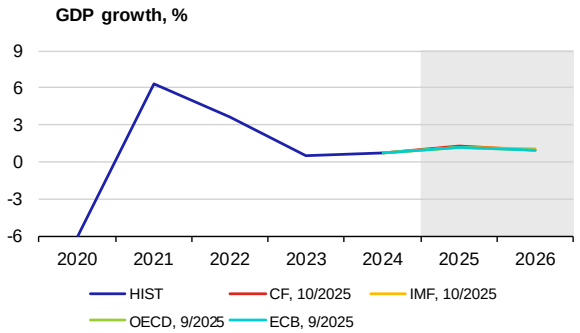
3 ECONOMIC OUTLOOK IN SELECTED TERRITORIES

3.1 EURO AREA

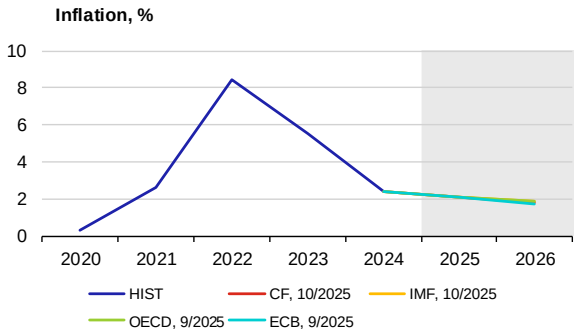
The euro area recorded positive figures in both industry and services in the summer months. In manufacturing, the PMI moved out of the contraction band for the first time in three years. Falling energy prices and low interest rates are having a positive effect on production. Growth is being driven mainly by France and Spain, while Germany has been stagnant. France is also facing internal political challenges, with its third prime minister this year stepping down in September amid efforts to consolidate public finances. Data from Spain have exceeded expectations, with the services sector performing particularly well and tourist numbers reaching record highs. Germany's outlooks indicate a slight moderation of the initial expectations regarding a visible fiscal impulse and its positive spillover effects on other European economies. A stronger euro is also further reducing the international competitiveness of euro area countries in international trade.

Consumer price inflation in the euro area exceeded expectations in September, accelerating to 2.2% year on year, while core inflation reached 2.4%. The trend of elevated services inflation (3.2% year on year) continues, and together with stronger growth in food prices, these two components represent an inflationary risk. The ECB expects wage growth to slow, which could lead to a slowdown in services inflation and, consequently, bring inflation closer to the target.

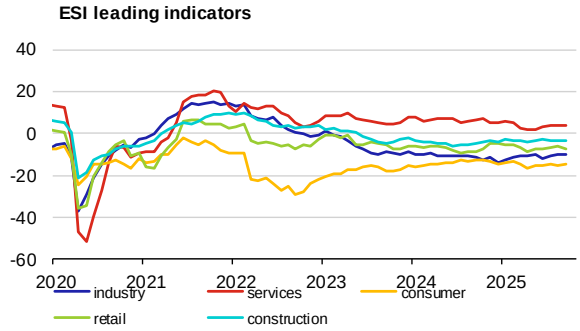
At its October meeting, the ECB left rates unchanged, in line with market expectations. No further cuts are expected for now. According to the ECB's September forecast, inflation is expected to fall below the target next year, reaching 1.7%. President Lagarde stated that the ECB is in a comfortable position, with inflation close to its target and expected to remain there in the medium term. The GDP growth outlook was revised upwards for this year, but slightly down for next year.



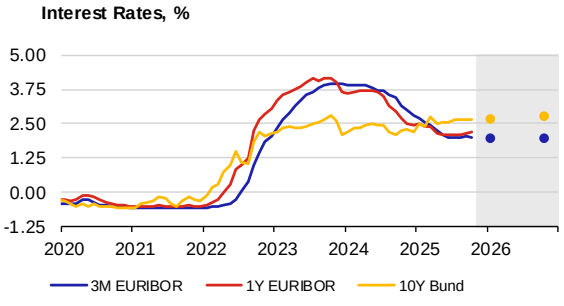
	CF	IMF	OECD	ECB
2025	1.3	1.2	1.2	1.2
2026	1.0	1.1	1.0	1.0



	CF	IMF	OECD	ECB
2025	2.1	2.1	2.1	2.1
2026	1.8	1.9	1.9	1.7



	industry	services	consum.	retail	constr.
7/25	-10.4	4.1	-14.7	-6.6	-3.2
8/25	-10.2	3.8	-15.5	-6.4	-3.6
9/25	-10.3	3.6	-14.9	-7.7	-3.5



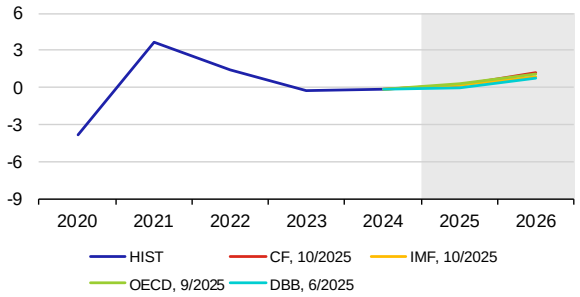
	9/25	10/25	1/26	10/26
3M EURIBOR	2.03	2.02	2.00	2.00
1Y EURIBOR	2.17	2.21		
10Y Bund	2.67	2.64	2.70	2.80

3.2 GERMANY

The German economy recorded a quarter-on-quarter decline in real GDP of 0.3% in 2025 Q2. The main reason was the lingering impact of US tariffs, which negatively affected exports – particularly in the automotive and pharmaceutical sectors – and contributed to weak industrial output. July data showed a slight month-on-month improvement of 1.5%, one of the first positive figures in the last two years. However, uncertainty remains high. According to August data, industrial production fell sharply by 5.2% month on month. CF, OECD and IMF analysts expect this uncertainty to persist, with GDP growth in 2025 as a whole reaching only 0.2–0.3%. This uncertainty is also reflected in business sentiment. The ZEW Economic Sentiment Indicator fell from 52.7 points in July to 34.7 points in August, while the ifo Business Climate Index rose slightly to 88.9 points in August but fell sharply again to 87.7 points in September, its lowest level since May and the largest monthly decline in more than a year. This reflects growing pessimism among firms regarding both the current situation and future developments. By contrast, a positive signal came from the composite Purchasing Managers' Index (PMI), which rose to 52.0 in September – its highest level since May 2024. Growth was driven mainly by the services sector, indicating a modest recovery in domestic demand. A change in fiscal policy is expected as of 2026, when more relaxed debt brake rules will come into effect. According to estimates by CF, Bloomberg and the OECD, the fiscal stimulus is expected to contribute to GDP growth of 1.1–1.3% in 2026. By contrast, the latest October IMF outlook predicts lower growth of 0.9%.

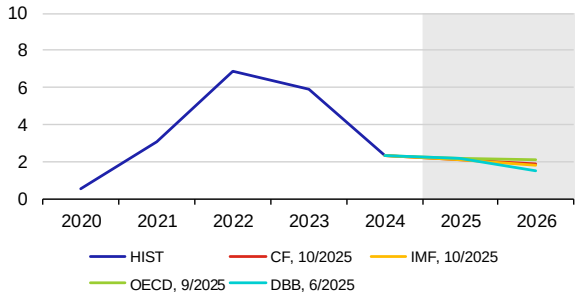
In September, consumer prices in Germany – as measured by the harmonised index of consumer prices (HICP) – rose by 2.4% year on year, the highest figure this year and above analysts' expectations. The main driver of inflation was the services sector, where prices rose by 3.4% year on year. According to S&P, this was due mainly to higher input costs, especially wages. In 2025 Q2, collectively agreed wages rose by 5.8% year on year, confirming continued cost pressures in services. Food prices have remained slightly below 3% year on year in recent months. By contrast, energy prices continue to normalise, falling by 0.7% year on year in September, thus ceasing to act as a brake on inflation pressures. Core inflation rose to 2.6% year on year in September, indicating growing demand pressures. According to CF analysts, consumer prices in Germany will grow by 2.1% in 2025 and 1.9% in 2026.

GDP growth, %



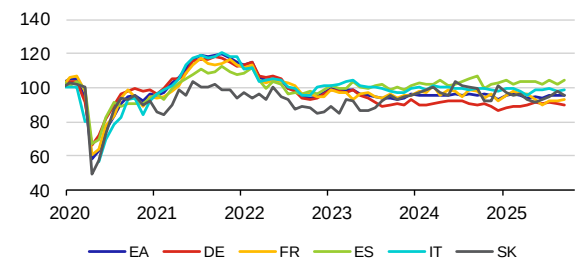
	CF	IMF	OECD	DBB
2025	0.2	0.2	0.3	0.0
2026	1.2	0.9	1.1	0.7

Inflation, %



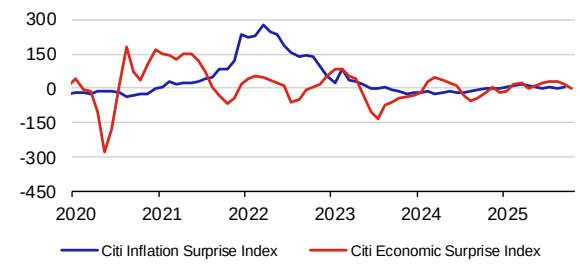
	CF	IMF	OECD	DBB
2025	2.1	2.1	2.2	2.2
2026	1.9	1.8	2.1	1.5

ESI leading indicators



	EA	DE	FR	ES	IT	SK
7/25	95.8	91.7	92.2	104.3	99.3	95.1
8/25	95.3	90.7	92.7	101.7	98.3	98.4
9/25	95.5	90.3	93.0	104.7	99.0	95.6

Economic and inflation surprises in the euro area, %



Inflation expectations based on 5year inflation swap and SPF

	5y5y	SPF
8/25	2.12	2.01
9/25	2.10	2.01
10/25	2.09	n.a.

3.3 UNITED STATES

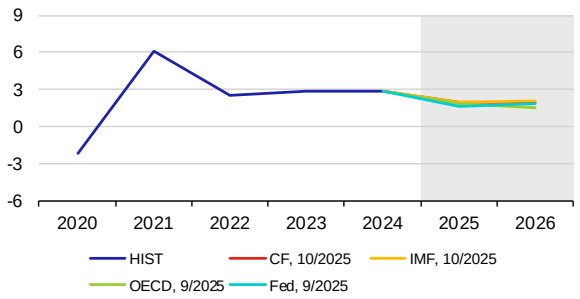
US President Donald Trump's tariff policy is having a significant impact on financial markets. In early October, he announced a new set of tariffs on China, which caused volatility in financial markets. However, just a few days later, he backtracked, stating that these tariffs would not remain in place for long. At the same time, the US president is once again heavily involved not only in the conflict in the Middle East, but also in Ukraine and Venezuela.

CF analysts expect the US economy to grow at almost 2% this year, with the growth outlook having been revised upwards once again. The OECD also revised its September forecast upwards, to 1.8%. The most optimistic is the IMF's October forecast, which expects exactly 2% growth. According to the estimates, domestic consumption is expected to be the main driver of growth. However, public finances are under pressure, as budget disputes led to a partial shutdown of the US administration in early October. This also led to a suspension of the publication of official statistics.

Consumer price inflation in the USA remains elevated, and a return to the 2% inflation target is not expected in the next two years. Year-on-year inflation rose to 2.9% in August, with core inflation reaching 3.1%. New forecasts expect inflation of around 2.8% this year. For 2026, the OECD projects inflation of up to 3%, while the IMF expects only 2.4%.

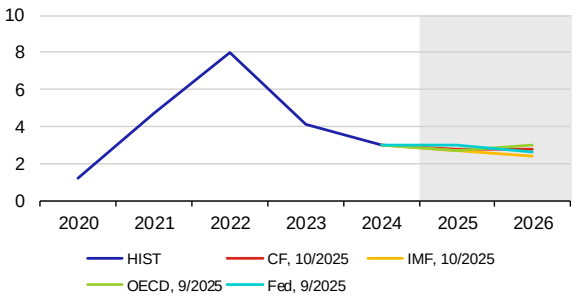
In September, the Federal Reserve cut its policy rate by 0.25 pp, and markets expect two further cuts by year-end. In its September forecast, the Fed revised its GDP growth outlook upwards for this year and the next two years, while also raising its inflation outlook for next year to 2.6%. Fed officials have sought to temper exaggerated expectations of rapid rate cuts in their statements. Some regional commercial banks are also currently under pressure amid concerns about their soundness following the failure of two smaller institutions. This indirectly affected JP Morgan, which reported a loss of around USD 170 million.

GDP growth, %



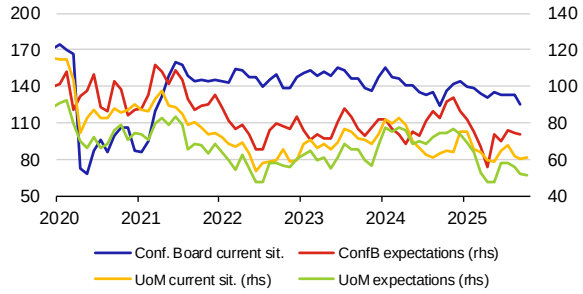
	CF	IMF	OECD	Fed
2025	1.9	2.0	1.8	1.6
2026	1.9	2.1	1.5	1.8

Inflation, %



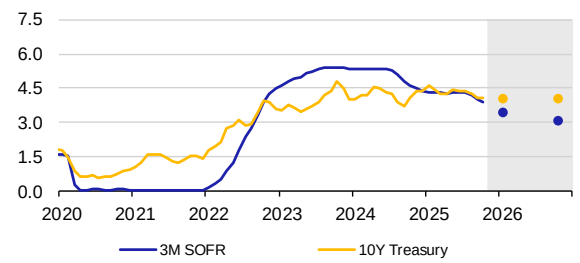
	CF	IMF	OECD	Fed
2025	2.8	2.7	2.7	3.0
2026	2.8	2.4	3.0	2.6

Leading indicators



	ConfB curr.	ConfB exp.	UoM curr.	UoM exp.
8/25	132.4	74.7	61.7	55.9
9/25	125.4	73.4	60.4	51.7
10/25			61.0	51.2

Interest Rates, %



	9/25	10/25	1/26	10/26
SOFR 3M	4.04	3.93	3.50	3.10
SOFR 12M	3.65	3.57		
Treasury 10R	4.10	4.08	4.10	4.10

3.4 CHINA

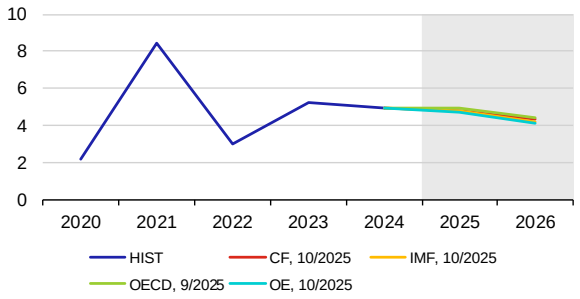
Economic growth in China fell short of the government's target in Q3, reaching 4.8% according to official data. Following strong figures in the first half of the year, industrial production growth slowed somewhat in August (at 5.5%, it was at its lowest level since the start of the year, with month-on-month growth also below average in August). The strongest growth was observed in the mining sectors and in several branches of engineering, including the automotive industry. An acceleration in growth is also unlikely on the consumption side. After very promising spring figures, the pace of retail sales has been declining since June and in August it was below average, similar to last year's figures.

Consumer price growth came to a halt during the summer and turned negative in September (-0.3% year on year). Month-on-month CPI growth was positive in September, but it remained very weak at 0.1%. Deflation was driven mainly by food and transport prices. By contrast, core inflation has been rising at an increasing pace since February, reaching 1% year on year in September. Producer prices have been falling for almost three consecutive years. In September, they dropped by 2.3% year on year, with prices in the mining industry recording a double-digit decline.

Business confidence was slightly positive in the summer and early autumn, with the composite PMI at 50.6 points in September according to data from the Chinese National Bureau of Statistics. As in Q2, pessimism persists in manufacturing, with the manufacturing PMI at 49.8 points in September, while in non-manufacturing sectors, the PMI indicates stagnation (50 points). However, further government stimulus measures are expected in the area of consumption, which supports the PMI in services. Unemployment increased slightly and, according to official data, stood at 5.3% in urban areas.

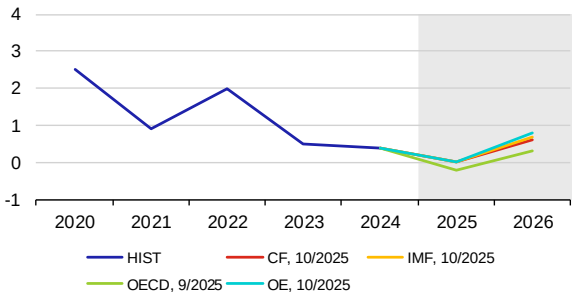
China's foreign trade grew in Q3 despite persisting uncertainty regarding tariff measures. Exports accelerated by 8.3% year on year in September, the highest since April. Exports grew mainly to Asian countries and the EU, while falling sharply to the USA, as did imports. Imports started to grow again in summer and accelerated to 7.4% year on year in September, offsetting the declines in the first months of the year.

GDP growth, %



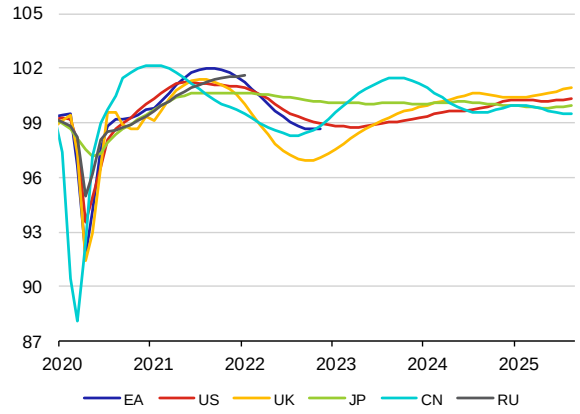
	CF	IMF	OECD	OE
2025	4.8	4.8	4.9	4.7
2026	4.3	4.2	4.4	4.1

Inflation, %

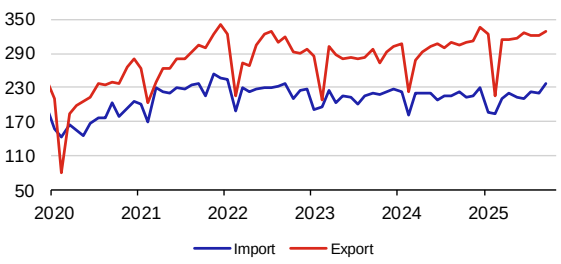


	CF	IMF	OECD	OE
2025	0.0	0.0	-0.2	0.0
2026	0.6	0.7	0.3	0.8

OECD Composite Leading Indicator



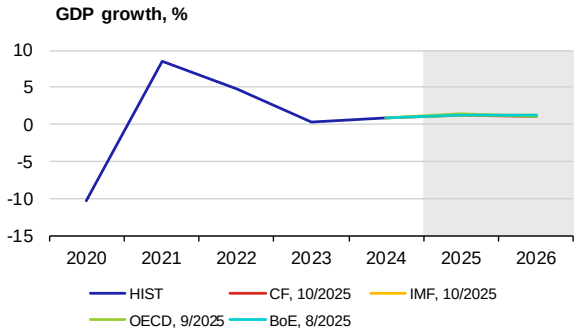
Development of China foreign trade, bil. USD



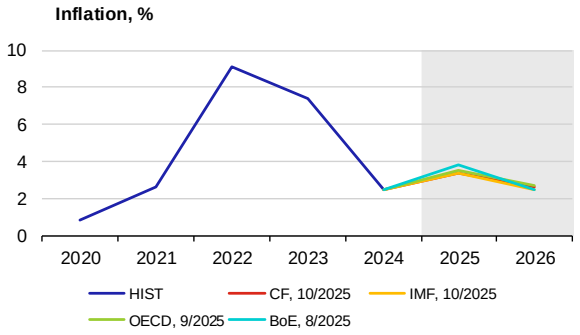
Source: Bloomberg

3.5 UNITED KINGDOM

Economic growth remains subdued and consumer inflation is well above the 2% target. Following a relatively strong start to the year, GDP growth slowed to 0.3% in Q2, mainly due to a decline in output, while the services sector continued to grow. According to the new IMF and CF forecasts, GDP growth is expected to average around 1.3% this year. The composite PMI fell sharply in September from its annual peak, indicating stagnation in private sector activity (50.1 points). August inflation remained stable at 3.8%, mainly due to strong food price growth. At its September meeting, the BoE left its key rate unchanged at 4% due to persistent inflation pressures. Governor Andrew Bailey also suggested that government policy (higher taxes and regulated prices) was partly responsible for inflation. Inflation is expected to be around 3.5% this year, with the BoE projecting it could reach even almost 4%. However, consumer prices will remain well above the inflation target in 2026 as well.



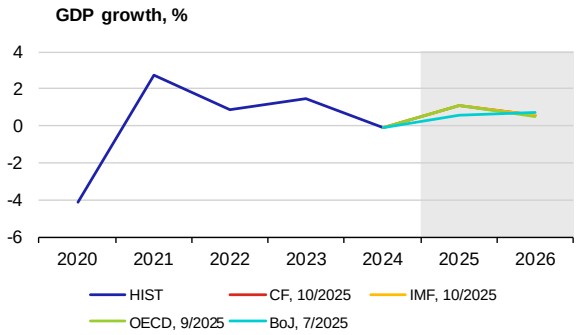
	CF	IMF	OECD	BoE
2025	1.3	1.3	1.4	1.3
2026	1.0	1.3	1.0	1.3



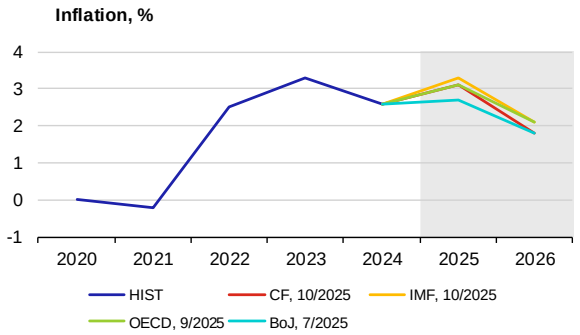
	CF	IMF	OECD	BoE
2025	3.4	3.4	3.5	3.8
2026	2.6	2.5	2.7	2.5

3.6 JAPAN

In 2025 Q4, the Japanese economy will likely record weak year-on-year real GDP growth of around 0.4%, while quarter-on-quarter growth is projected at 0.7%. The main driver of growth will be higher household consumption, with the planned abolition of the fuel surcharge on petrol and diesel contributing significantly. Year-on-year consumer price inflation is expected to be around 2.4% in the coming quarter. High food prices, especially for rice, will continue to contribute substantially to higher inflation. Wage growth, driven by persistent labour shortages, will also be an inflationary factor. Financial markets expect the BoJ to raise its key interest rate by 25 basis points at its October meeting (currently 0.5%). Net exports fell by 3.2% quarter on quarter, mainly due to US tariffs. However, exports are expected to recover in the future thanks to the discovery of new markets for Japanese goods. The defeat of the Liberal Democratic Party in the House of Councillors elections led to the resignation of Prime Minister Ishiba, and the assumed new prime minister is expected to pursue a more expansionary fiscal policy.



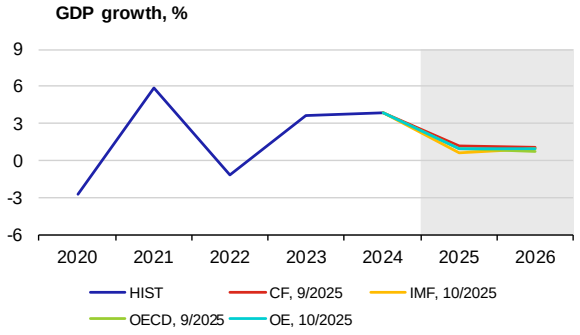
	CF	IMF	OECD	BoJ
2025	1.1	1.1	1.1	0.6
2026	0.6	0.6	0.5	0.7



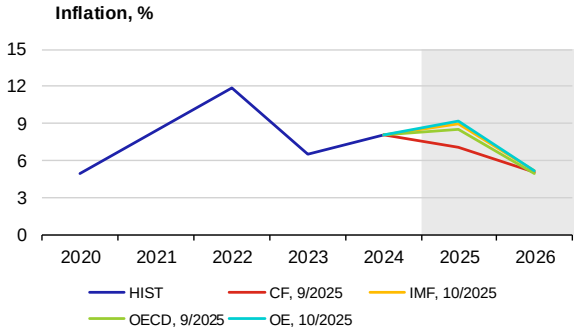
	CF	IMF	OECD	BoJ
2025	3.1	3.3	3.1	2.7
2026	1.8	2.1	2.1	1.8

3.7 RUSSIA

The October outlooks for Russia's economic growth have been revised downwards. The World Bank lowered its GDP growth estimate for 2025 by 0.5 pp to 0.9%. Economic growth this year is driven mainly by government spending (2.3%), while private consumption slowed significantly (1.2%) after strong growth in 2023–2024. Despite stable real wage growth (6.6% in July), consumer demand remains subdued due mainly to persistently high interest rates. Following a rate cut in September, the key rate stands at 17%. At the same time, high financing costs are weakening investment activity, with fixed investment expected to decline by 0.4% this year. The IMF has also revised its forecast downwards. Similarly, the Russian central bank's macroeconomic survey of analysts signals a slowdown in growth, although its conclusions remain slightly more optimistic than the World Bank's estimate.



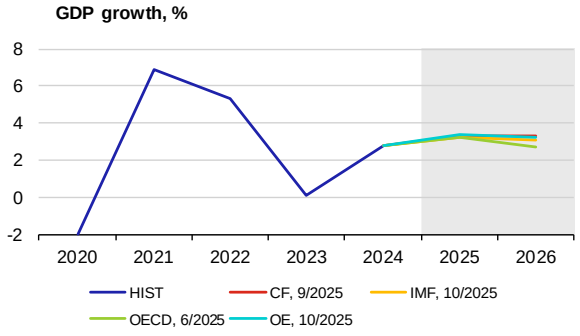
	CF	IMF	OECD	OE
2025	1.2	0.6	1.0	1.0
2026	1.1	1.0	0.7	0.9



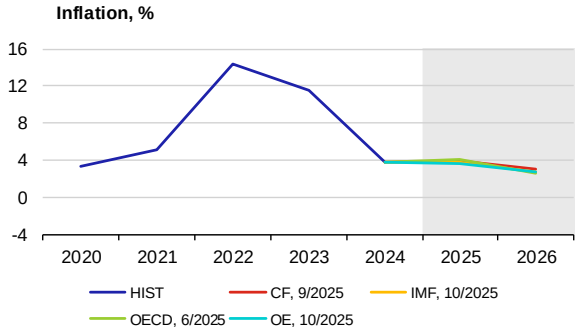
	CF	IMF	OECD	OE
2025	7.1	9.0	8.5	9.2
2026	5.0	5.2	4.9	5.2

3.8 POLAND

In Q2, Poland's GDP grew by 3.4% year on year and by 0.8% quarter on quarter (seasonally adjusted). These figures represent a slight acceleration compared to Q1 and are broadly in line with most analysts' expectations. Household consumption was the main driver of growth, while growth in industrial production stagnated towards the end of the summer and business confidence declined. Consumer price inflation fell significantly over the summer to 2.9% year on year in September. Month-on-month CPI increases were close to zero over the past three months. The main reason for the currently low year-on-year figures is the decline in fuel prices at the start of the summer. Producer prices have been falling year on year since May 2024, but deflation is currently significantly slower (around 1% year on year) than in 2024. At its October meeting, the NBP unexpectedly cut its key interest rate for the third time in a row, by 0.25% to 4.5%. Foreign trade stabilised in Q3 at a deficit of around EUR 1 billion, offset by a comparable surplus on the balance of transfers.



	CF	IMF	OECD	OE
2025	3.3	3.2	3.2	3.4
2026	3.3	3.1	2.7	3.2

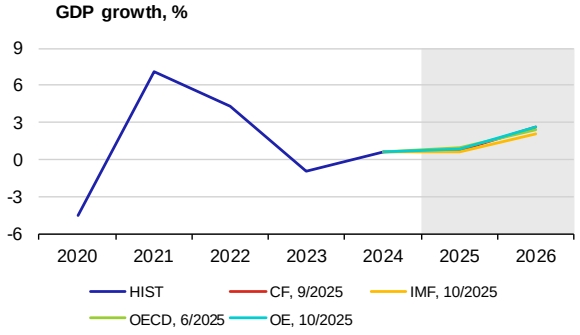


	CF	IMF	OECD	OE
2025	3.9	3.8	4.1	3.6
2026	3.0	2.8	2.6	2.8

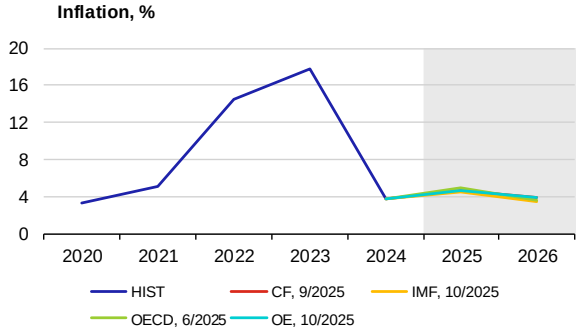
3.9 HUNGARY

The central bank's key interest rate has remained at 6.5% since September 2024, and the management has so far ruled out any early rate cuts, favouring a cautious approach, which is also recommended by the IMF. The reasons for maintaining rates are mainly (to a certain extent easing) uncertainty in the international environment (including ongoing discussions on the trade policies of major countries and the conflict in Ukraine) and developments within the EU. Inflation reached 4.3% year on year in September. The IMF's October outlook estimates it at 4.5% for 2025 as a whole, with similar estimates from OE (4.7%) and CF analysts (4.6%). The OECD estimates a higher level (4.9%). Inflation is driven mainly by food, alcohol, tobacco and services prices, while Hungarian government measures, such as margin caps on basic food items and price monitoring, are moderating inflation.

GDP growth outlooks for the coming years have been revised downwards in response to the continuing decline in industrial production and the continuing poor consumer and business sentiment, with the IMF, for example, lowering its growth forecast for next year to 2.1%. In its recent report, the IMF recommends that Hungary strengthen its macroeconomic resilience and support growth, considering it essential to create budgetary buffers, maintain the current MNB interest rate, and implement structural reforms aimed at improving competitiveness, energy security and productivity.



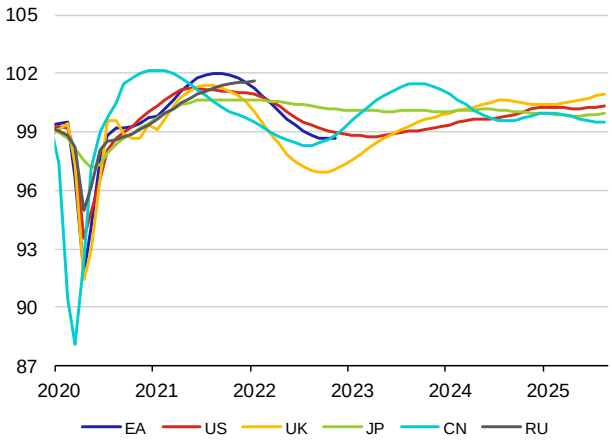
	CF	IMF		OECD	OE	
2025	0.7	0.6	↘	0.9	0.8	→
2026	2.6	2.1	↘	2.4	2.6	→



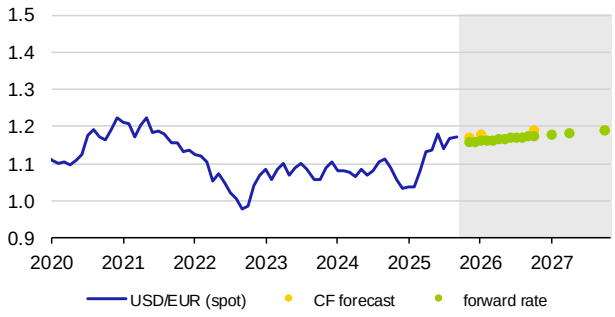
	CF	IMF		OECD	OE	
2025	4.6	4.5	↘	4.9	4.7	→
2026	3.9	3.5	↘	3.6	3.9	→

4 LEADING INDICATORS AND EXCHANGE RATE OUTLOOKS

OECD Composite Leading Indicator

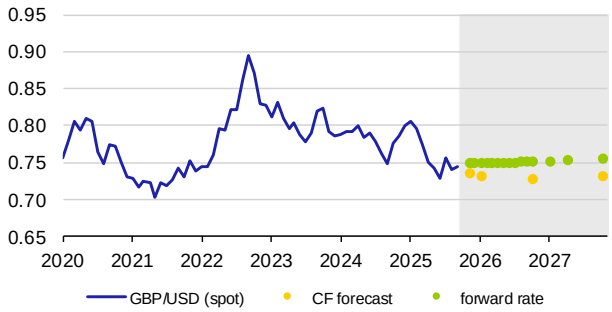


The US dollar (USD/EUR)



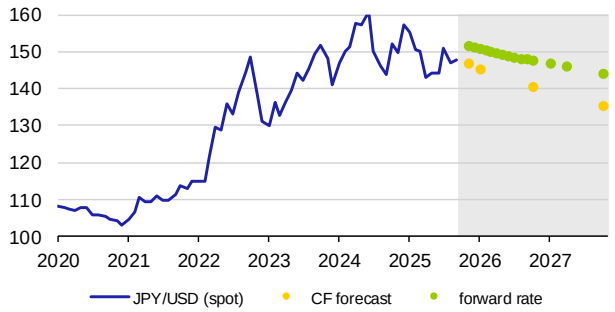
	13/10/25	11/25	1/26	10/26	10/27
spot rate	1.158				
CF forecast		1.174	1.181	1.191	1.193
forward rate		1.159	1.163	1.176	1.191

The British pound (GBP/USD)



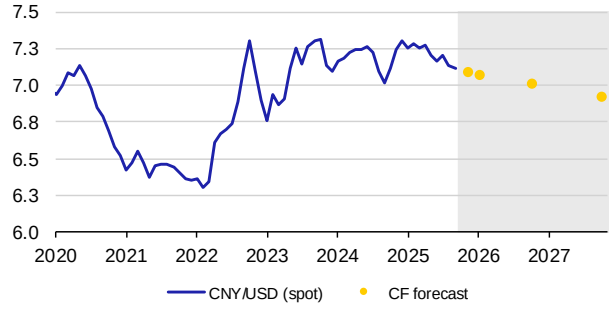
	13/10/25	11/25	1/26	10/26	10/27
spot rate	0.750				
CF forecast		0.736	0.733	0.729	0.733
forward rate		0.750	0.750	0.752	0.757

The Japanese yen (JPY/USD)



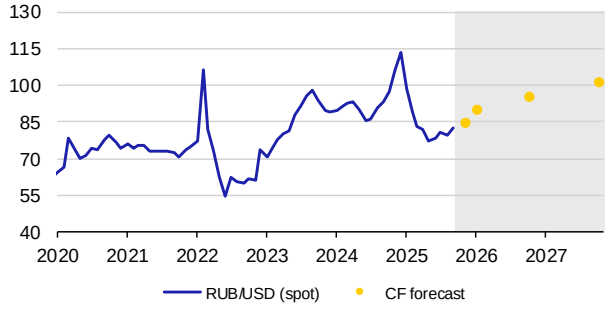
	13/10/25	11/25	1/26	10/26	10/27
spot rate	152.3				
CF forecast		146.9	145.2	140.7	135.7
forward rate		151.8	150.9	147.7	144.4

The Chinese renminbi (CNY/USD)



	13/10/25	11/25	1/26	10/26	10/27
spot rate	7.132				
CF forecast		7.098	7.071	7.012	6.925

The Russian rouble (RUB/USD)



	13/10/25	11/25	1/26	10/26	10/27
spot rate	80.39				
CF forecast		85.01	90.48	95.72	101.67

Pozn.: Hodnoty kurzů jsou k poslednímu dni v měsíci. Forwardový kurz nepředstavuje výhled, vychází z kryté úrokové parity – tj. kurz země s vyšší úrokovou sazbou oslabuje. Forwardový kurz představuje aktuální (k datu uzávěrky) možnost zajištění budoucího kurzu.

5 COMMODITY MARKET DEVELOPMENTS

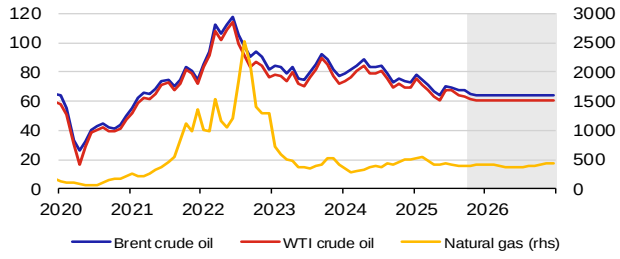
5.1 OIL

In Q3 2025, the Brent crude oil price fluctuated mainly between USD 65/bbl and USD 70/bbl. However, it began to decline rapidly at the end of September to a five-month low of USD 62/bbl in mid-October. Strong growth in production in both OPEC+ countries and North and South America is pushing oil prices down. Uncertainty about future demand due to US trade policy is also driving down prices. By contrast, persisting geopolitical risks, tighter sanctions on Russian and Iranian oil exports, and a huge increase in oil inventories in China prevented a bigger decline in prices. Concerns about a glut of oil in the market surfaced again in late September amid speculation that OPEC+ would significantly raise production quotas. In the end, the increase was only moderate, temporarily calming markets. However, the decline in oil prices resumed following an easing of Middle East tensions and a renewed escalation in US–China trade relations.

In October, reputable oil agencies issued sharply differing forecasts for global production and demand. OPEC expects global demand to rise by an average of 1.3 mb/d in 2025 and 1.4 mb/d in 2026. The IEA is pessimistic, projecting only 0.7 mb/d in both years, while the EIA falls roughly in between. For non-OPEC+ production, OPEC forecasts growth of only 0.8 mb/d and 0.6 mb/d in 2025 and 2026 respectively, the IEA projects 1.6 and 1.2 mb/d, and the EIA 2.0 and 0.7 mb/d. For OPEC+, the IEA expects production to rise by 1.4 mb/d in 2025 and 1.2 mb/d in 2026, and the EIA 0.5 mb/d and 0.6 mb/d, noting the alliance is unlikely to meet its full target. OPEC does not forecast its own production.

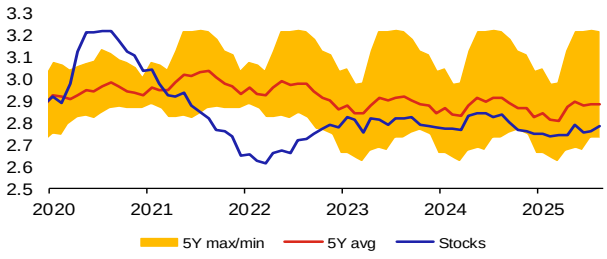
The market outlook implies a Brent crude oil price of USD 64.2/bbl at the end of this year and USD 64.1/bbl at the end of 2026. By contrast, the EIA expects strong growth in global inventories to push the price down to USD 47/bbl by March 2026, with prices just below USD 50/bbl for the remainder of the year. The October CF forecast expects a slight increase to USD 65.4/bbl at the one-year horizon. Most commercial institutions also expect a decline in oil prices.

Outlook for prices of oil (USD/barrel) and natural gas (USD / 1000 m³)

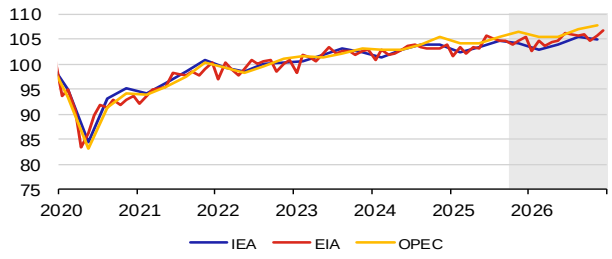


	Brent	WTI	Natural gas
2025	68.58	65.21	441.06
2026	64.07	60.31	400.33

Industrial stocks of oil and oil products in OECD (bil. barrel)

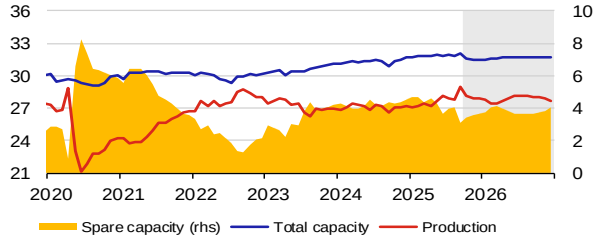


Global consumption of oil and oil products (mil. barrel / day)



	IEA	EIA	OPEC
2025	103.67	103.99	105.15
2026	104.40	105.11	106.53

Production, total and spare capacity in OPEC countries (mil. barrel / day)



	Production	Total capacity	Spare capacity
2025	27.78	31.77	3.99
2026	27.85	31.67	3.82

Source: Bloomberg, IEA, EIA, OPEC, CNB calculation

Note: Oil price at ICE, average natural gas price in Europe – World Bank data. Future oil and gas prices (grey area) are derived from futures. Industrial oil stocks in OECD countries – IEA estimate. Production and extraction capacity of OPEC – EIA estimate.

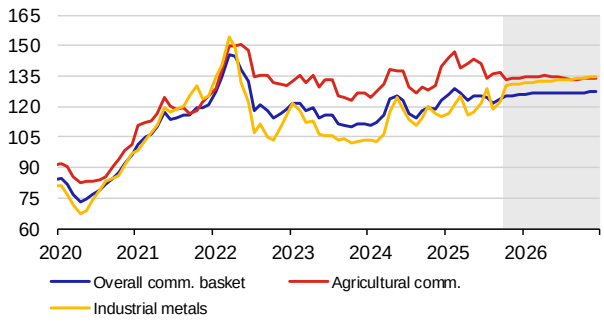
5.2 OTHER COMMODITIES

Since September, natural gas prices in Europe have remained within a narrow range of EUR 31–33/MWh due to stable LNG supplies and satisfactory inventories ahead of winter. The outlook is slightly downward. Gas storage facilities in the EU were filled to 83% of total capacity in mid-October – well below 95% last year. This poses a potential risk for this winter. Similarly, Russian attacks on Ukrainian gas infrastructure increase the risk that part of Europe's gas supply may need to be redirected to Ukraine in winter. The EU plans to ban Russian LNG imports from January 2027. This should be offset by higher imports from the USA. Global LNG production is projected to rise by about 60% by 2030, with new production capacity in the USA accounting for around half of the rise. This could lead to a decline in gas prices in the longer term. Coal prices in Europe declined gradually in Q3 2025 due to weakening demand in both Europe and Asia.

The industrial metals price index has been highly volatile over the past year, following an upward trend that is expected to continue. Since mid-September in particular, prices of aluminium, copper, tin and zinc have risen quite sharply amid a decline in LME stocks. This was due to a drop in production in some countries and increased speculative activity. However, industrial metal prices were prevented from rising further by high stocks (especially in China) and weaker industrial activity. (The J.P.Morgan Global Manufacturing PMI remained in the expansion band in September, but fell from 50.9 to 50.8.) Iron ore prices are also rising gradually, despite a drop in China's steel PMI from 49.8 to 47.7 in September.

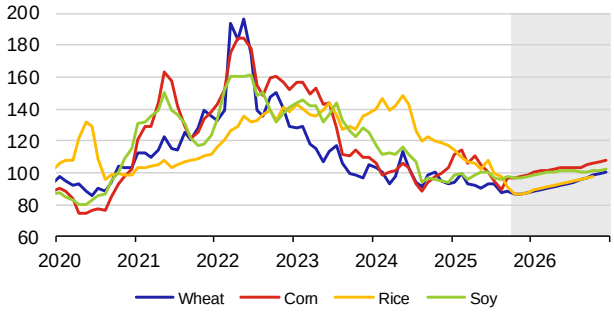
The food commodity price index declined slightly in Q3 2025 compared to the previous three months. The outlook is only slightly downward. Wheat and rice prices fell due to ample supply, but their outlook is strongly upward. The year-long sharp decline in sugar prices has come to a halt. Coffee prices have once again reached historical highs due to drought in Brazil and a decline in global stocks, although the price outlook remains strongly downward. By contrast, cocoa prices continued to fall, owing to improved weather conditions in West Africa. Demand is starting to recover thanks to lower prices. Beef prices also reached another record high.

Non-energy commodities price indicies



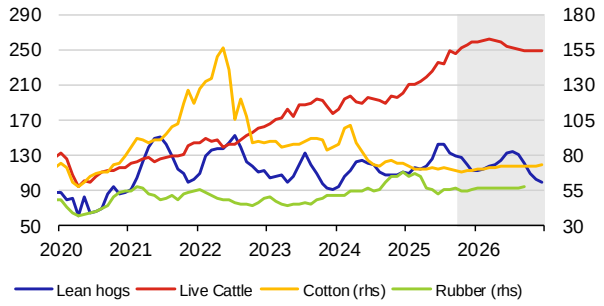
	Overall	Agricultural	Industrial
2025	125.1	138.7	123.3
2026	126.8	134.3	133.1

Food commodities



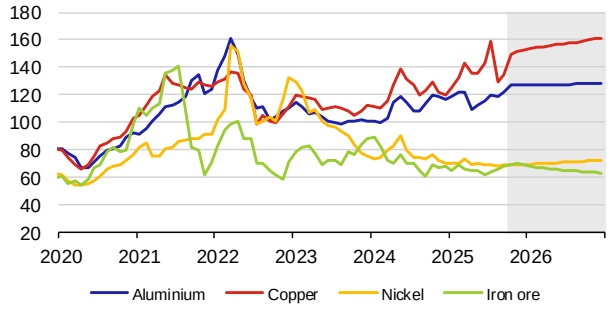
	Wheat	Corn	Rice	Soy
2025	91.0	101.9	99.7	97.8
2026	94.1	103.7	93.5	100.8

Meat, non-food agricultural commodities



	Lean hogs	Live Cattle	Cotton	Rubber
2025	124.0	234.1	70.1	58.0
2026	118.3	254.2	71.9	57.2

Basic metals and iron ore



	Aluminium	Copper	Nickel	Iron ore
2025	120.1	141.1	69.9	67.0
2026	127.7	157.4	71.3	65.6

Source: Bloomberg, CNB calculations.

Note: Structure of non-energy commodity price indices corresponds to composition of The Economist commodity indices. Prices of individual commodities are expressed as indices 2010 = 100.

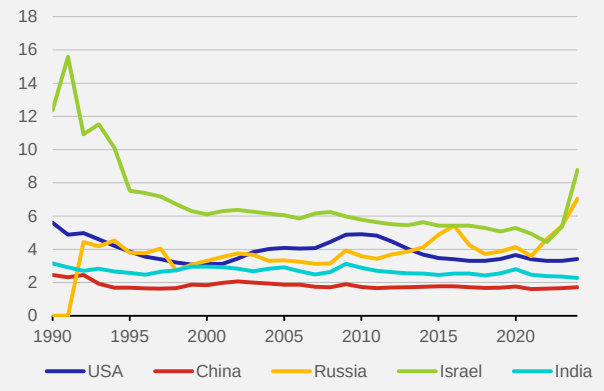
6 ECONOMIC IMPACTS OF DEFENCE SPENDING IN EUROPE: BETWEEN GROWTH AND FISCAL BURDEN[1]

Defence spending is a standard component of public expenditure in Europe and elsewhere. However, Russia's invasion of Ukraine in February 2022 fundamentally changed political priorities and led to a dramatic increase in defence spending and defence budget plans across the NATO and EU member states. European countries are making gradual progress towards fulfilling their long-term commitment to spend 2% of GDP on defence – a target that many NATO countries had previously met only marginally. This elevated growth towards 3% of GDP and beyond is not only sparking a political and security debate, but also raising questions about the macroeconomic impacts and multiplier effects that such spending generates. Examining the economic aspects of defence expenditure is crucial not only for assessing the effectiveness of security policy, but also for understanding the broader impacts on economic growth, employment and innovation. This article sets out to summarise how current trends in the area of defence budgets will affect the functioning of the European economy.

Introduction

Defence expenditure has long been a widely discussed component of public budgets, and its role in the European context has increased in recent years. The deteriorating security environment after 2014, accentuated by Russia's direct invasion of Ukraine in 2022, prompted EU and NATO member states to revise their defence strategies and significantly increase their military budgets (SIPRI, 2025; NATO, 2025). This raises fundamental questions about the economic consequences of growing armament – at both the macroeconomic and the fiscal and structural level. According to SIPRI, the biggest military spenders in nominal terms are the world's largest economies: the USA (USD 997 billion), followed by China (USD 314 billion), the Russian Federation (USD 149 billion), Germany (USD 88.5 billion) and India (USD 81.8 billion). When military expenditure is measured as a share of GDP, Israel also ranks among the top spenders (see Chart 1). However, detailed data on this topic are very difficult to obtain for many countries. In addition, there is no standardised common methodology for defining what exactly falls under defence spending. According to NATO's definition: "Defence expenditure includes all current and capital expenditure on the armed forces, including peacekeeping forces, on defence ministries and other government agencies engaged in defence projects, and on paramilitary forces when judged to be trained and equipped for military operations". Spending on veterans' benefits, civil defence and border guards (unless they are part of the armed forces) and financial support to industry are thus excluded. For infrastructure spending to be considered defence spending, it must serve military purposes and not be intended, even partially, for civilian use. Therefore, motorways and civilian airports do not fall in to this category.

Chart 1 – Defence expenditure of selected countries



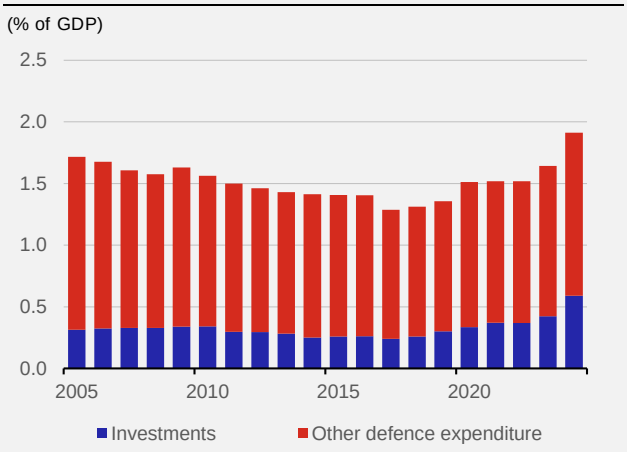
Source: SIPRI
Note: The data for China and Russia are largely estimates.

NATO member states should spend at least 2% of GDP on defence, but fewer than a quarter of them have met this commitment in the past. However, according to preliminary data, the majority (23) of the 32 NATO member states reached this threshold last year. EU member states differ in their attitudes to increasing defence spending. While Germany, Poland and the Nordic and Baltic countries are willing to raise their spending to the future goal of 5% of GDP, France and Italy are

[1] Authors: Luboš Komárek, Mikuláš Zeman and Petr Polák. The views expressed in this article are those of the authors and do not necessarily reflect the official position of the Czech National Bank.

reticent (mainly due to budgetary constraints) and Spain is openly against such a sharp hike. It is interesting to note that countries' willingness to increase their defence spending correlates with their geographical proximity to Kyiv. The closer a country is to Kyiv, the more willing it is to spend more on defence. If we look at the structure of defence spending in the EU, investments (equipment purchases, software solutions and soldier gear) account for an even smaller share of total defence spending (see Chart 2). Personnel costs make up a large part of the expenditure (roughly a quarter to a third). The smallest part is spent on infrastructure. Infrastructure spending is often mentioned in the debate about increasing defence expenditure, but the NATO definition provided above is very strict in identifying such spending.

Chart 2 – Total defence expenditure and defence investments in the EU



Source: European Defence Agency

Multiplier effects of defence spending

The macroeconomic impacts of defence spending are not clear-cut. While part of the traditional economic literature emphasises its stimulative effects through demand for goods, services and innovation in the defence industry (Keynes, 1936; Dunne & Tian, 2013; Hartley, 2011), other studies point to its potential crowding out of more productive civilian investments and to the long-term fiscal burden (Barro, 1990; Benoit, 1978; Deger & Smith, 1983). In the European context, it is also necessary to take into account the differences in individual countries' budget capacity, their dependence on imports of military technology and the specificities of the common market (Brauer & Dunne, 2019; Hartley, 2011).

From a macroeconomic perspective, it is crucial to examine the fiscal multiplier. The fiscal multiplier measures how much GDP increases as a result of growth in government spending. For defence spending, the multiplier tends to be lower than for investment in education or infrastructure, because part of the funds is tied to arms imports. The most cited academic papers estimate the short-term multipliers to be roughly between 0.5 and 1.6; higher multipliers are assumed for debt-financed domestic investment capital expenditure during recessions. Conversely, lower (even close to zero) multipliers occur when the share of imports in investment is high and spending is covered by fiscal cuts in other areas.

Defence expenditure (defence investment) is accompanied by specific effects on the entire economy. The first effect is support for domestic industry. In countries with developed arms manufacturing (France, Germany, Italy, Sweden and the Czech Republic), an increase in defence contracts leads to growth in employment, exports and technological innovation. The second specific effect stems from technological spillovers, with defence technology R&D significantly influencing the civilian sector (e.g. aviation, cyber security and telecommunications). This indirect effect of defence spending increases long-term productivity. The third specific effect results from geographical dispersion, as investment in military infrastructure and bases stimulates regional economies, especially in less developed or remote regions.

The relationship between defence spending and economic growth is ambiguous in the empirical literature. Conclusions vary depending on the sample, time period and methodology used. The OECD estimates that the fiscal multiplier may be 1.0–1.2 in this case, meaning that each euro spent on defence investment generates up to 1.2 euros in total GDP. An assessment based on models of the European Central Bank (ECB, 2025) estimates the average fiscal multiplier to be 0.93 over a two-year horizon. However, there is substantial model heterogeneity, with the projections ranging from 0.42 to 1.13. According to calculations by Oxford Economics, the average fiscal multiplier for the currently planned defence spending will be lower – at 0.6–0.8. Some meta-analyses (e.g. Alptekin and Levine, 2012) found a low positive net effect of defence expenditure on GDP, ranging from 0.056 to 0.066. Increased defence spending may have positive short-term effects on aggregate demand. However, these effects diminish over time. By contrast, other meta-analyses (e.g. Simpartl, 2024; Yesilyurt and Yesilyurt, 2019) concluded that the relationship between defence spending and economic growth is negative or insignificant. Based on an analysis of 405 estimates from 67 studies, Simpartl (2024) found a statistically significant negative effect of increased defence spending on economic growth of between −0.107 and −0.052.

The value of the fiscal multiplier for defence spending also depends on the period in which the economy finds itself. The multiplier is higher at times of heightened geopolitical tension. During the Cold War the multiplier averaged approximately 0.86, whereas after it ended it dropped by half – to around 0.41 on average (Antonova et al., 2025). The structure of the economy and capital is another important factor influencing the value of the multiplier. The multiplier tends to be higher in industry-oriented economies (usually around 0.94) than in service-oriented economies (usually around 0.76). It decreases as the costs of reallocating capital between the military and industrial sectors increase. Moving capital from industry to the military is less costly than shifting it from the service sector, as industrial activity can be more easily repurposed for military production.

Another crucial factor is timing of the expenditure and the intertemporal aspect of the fiscal multiplier, as private sector expectations also play a role. Defence expenditure is typically spread over several years – it is announced in advance and implemented gradually. This gives economic agents time to respond. Other things being equal, the prospect of future tax increases and higher interest rates leads to a reduction in private spending, which weakens the fiscal multiplier. This relationship is key to NATO's goal of increasing defence spending to 5% of GDP in the medium term, as it corresponds exactly to the type of multi-year programme announced in advance, for which studies usually show a limited impact on GDP. As a general rule, the fiscal multiplier should be lower in the short run. In the long run, defence spending may be allocated more efficiently. This can have a profound and lasting impact on the production capacity of an economy – especially through support for industrial development, technological innovation and human capital development.

The value of the fiscal multiplier is also affected by how defence expenditure is funded. Financing through tax increases immediately crowds out private consumption and investment, which may even result in a negative impact on GDP. By contrast, debt financing is typically growth-supportive in the short term – unless it triggers expectations of future tax increases in the private sector, as mentioned above.

The volume of imports and the extent of international capital spillovers are much-debated and difficult-to-quantify factors influencing the value of the fiscal multiplier. It is often not clear in advance how big the share of imports will be in defence equipment procurement when military technology must be purchased abroad. In such cases, part of the expenditure stimulates the economies of trading partners rather than the domestic economy. This reduces the domestic multiplier but increases the positive spillovers to other countries. Importing countries therefore look for other mechanisms to achieve at least a partial positive effect on the domestic economy.

Such compensation instruments designed to enhance the economic stimuli for the domestic economy in the case of import-intensive defence investments include offset programmes modified into industrial cooperation. Offset programmes (compensatory trade agreements primarily linked to the purchase of military equipment) were widely used in European countries until the end of the 2010s. Following the entry into force of stricter EU rules[2] on public procurement in defence, many European countries abandoned mandatory (entitlement-based) offsets. In practice, however, these programmes still exist in the form of better legally formulated agreements, often referred to as industrial cooperation.[3]

Impact on inflation

Ramping up defence spending typically has an inflationary effect in the short run, when aggregate demand rises without an immediate corresponding increase in production capacity. ECB (2025) estimates that increased defence spending has only a modest effect on consumer prices. An increase in defence spending of 1% of GDP would lead to an average increase in HICP inflation of 0.1 pp over two years and 0.2 pp over four years. This relatively small impact suggests that the economy is expected to be able to absorb the increased demand without significant price shocks. However, other studies for the USA (e.g. Ben Zeev and Pappa, 2017) usually find a small inflationary effect in the short run. Historically, increases in US military spending, for example during the Korean and Vietnam wars, have been significantly inflationary. However, it should be emphasised that the fiscal expansions then were much more dramatic than those currently being considered by European countries. According to an Oxford Economics forecast, the impact on inflation will be significant in the short term due to insufficient production capacity in the arms industry.[4]

Table 1 – Defence expenditure and impact on inflation

Source	Impact on inflation	Time horizon
ECB (2025)	+0.1–0.3 pp	1–2 years
European Commission (2024)	+0.2 pp	approx. 3 years
Ramey (2011)	+0.3 pp	2 years
Ben Zeev & Pappa (2017)	+0.1–0.3 pp	1–2 years
Nakamura & Steinsson (2014)	0 pp	2 years

Note: Effect of increasing government defence expenditure by 1% of GDP.

[2] In 2009, the European Union adopted Directive 2009/81/EC, which prohibited mandatory offsets in defence procurement unless they were necessary for the security interests of the state.

[3] Examples include Poland and Finland, which continue to require technology transfers from foreign suppliers, even though these are not referred to as "offsets". The Czech Republic has not officially used offsets since 2014. However, it also seeks to involve domestic industry in its acquisitions (for example of F-35 fighter jets and MADR radars) through other mechanisms.

[4] Arms exports (and imports) are not easy to find explicitly in standard statistics or reports (such as the balance of payments), as they do not appear as a separate item labelled "arms" or "defence". They are included in broader categories, making them difficult to extract directly from regular statistics. Central banks (such as the CNB and the ECB) do not report arms exports separately but include them in aggregate goods exports. However, statistical offices (such as Eurostat and the Czech Statistical Office) do track trade in arms separately using tariff codes (e.g. CN 93). With some analytical effort, these data can be aligned with the trade balance, but the balance of payments itself does not separate them.

The inflation impacts will of course be determined primarily by how the increased defence spending is financed. If it is covered mainly by issuing bonds, a larger inflationary impact than that predicted by the ECB study can be expected. Conversely, if it is financed by tax hikes or cuts in other government spending, it could even have an anti-inflationary effect.

Impact on productivity

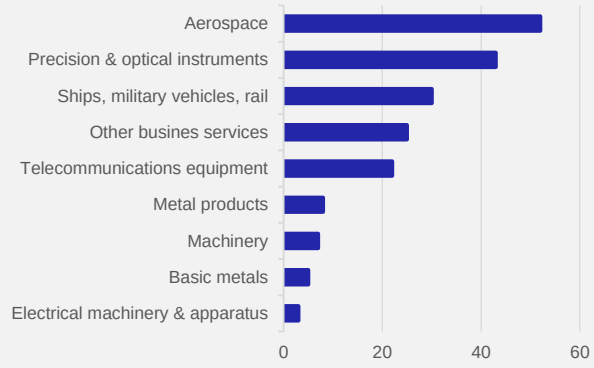
Despite the unclear net effect, there are several well-identified mechanisms through which military spending can support long-term productivity growth. The first is the R&D spillover effect. Military R&D can be a powerful driver of innovation, creating dual-use technologies that also find broad application in the civilian sector. There is a significant difference between the USA and the EU in this area. While in the USA the share of R&D spending in the military budget is approximately 16%, in the EU it is only 4.5%.

Sustained and extensive government demand for military equipment also creates an environment in which companies can benefit from economies of scale and gradually reduce unit costs. This process, sometimes referred to as learning by necessity, enables firms to gain experience, improve production processes and build a large capital and knowledge base that can benefit the entire economy.

Investment in defence equipment in the EU has strong multiplier effects, especially in technology-intensive sectors (see Chart 3). High value-added industries such as aerospace and precision instruments benefit most, generating significant upstream effects in related sectors. Overall, therefore, defence investment in the EU primarily stimulates capital- and technology-intensive industries, which are also often strategically important for civilian innovation. This suggests that part of defence spending acts not just as purely fiscal expenditure, but also as investment in broader industrial capacity and technological development.

Chart 3 – Sector impacts of defence equipment investment in EU

(€Bn increase in gross output)



Source: Oxford Economics

Latest developments: EU Member States' plans

The strategic question for European countries is how to link increased defence budgets with strengthening their own industrial and technological bases. Initiatives such as the European Defence Fund (EDF) and joint EU procurement programmes aim to enhance coordination and reduce dependence on non-European suppliers. If defence spending can be aligned with support for domestic R&D and innovation, its multiplier effect could be close to or even exceed the values known from civilian infrastructure investments.

At the NATO summit in The Hague in June 2025, member states agreed on an ambitious shift in defence commitments by adopting a new goal to invest up to 5% of GDP by 2035 in "core defence requirements" and defence- and security-related spending. The 5% goal breaks down as follows: at least 3.5% of GDP annually on "core defence requirements" (as defined by NATO) and up to 1.5% of GDP on related areas (e.g. critical infrastructure, cyber defence, civil preparedness and resilience, innovation and the defence industry). Direct contributions to Ukraine's defence and its defence industry will also be included in the calculation. NATO member states will submit annual plans showing a credible path to reach this goal. A review of progress towards the goal is scheduled for 2029. In addition, countries can to some extent use EU funds to finance these investments. This would help mitigate the crowding out of private spending. Furthermore, the additional 1.5% of GDP may not lead to an increase in total budget expenditure in many countries, as a number of them have already been allocating the required resources to these areas.

Conclusion

Although increased defence spending strengthens security and can contribute to economic growth, it also carries economic risks. One traditionally cited risk is the crowding out of private investment by government investment. Higher defence budgets may also limit fiscal space for other public expenditure, especially in health care, education and infrastructure. Another characteristic feature is the procyclical nature of defence spending. High military expenditure can widen structural deficits during economic recessions or crises. Lastly, increased defence spending is very often associated with higher imports, which reduces the multiplier effect of investment described above.

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Keywords

Defence spending, NATO, fiscal multiplier

JEL Classification

E63, H56, O40

A ANNEXES

A.1 CHANGE IN PREDICTIONS FOR 2025

GDP growth, %

	CF		IMF		OECD		CB / OE	
EA	+0.1	2025/10 2025/9	+0.2	2025/10 2025/7	+0.2	2025/9 2025/6	+0.3	2025/9 2025/6
DE	0	2025/10 2025/9	+0.1	2025/10 2025/7	-0.1	2025/9 2025/6	-0.2	2025/6 2024/12
US	+0.2	2025/10 2025/9	+0.1	2025/10 2025/7	+0.2	2025/9 2025/6	+0.2	2025/9 2025/6
UK	+0.1	2025/10 2025/9	+0.1	2025/10 2025/7	+0.1	2025/9 2025/6	+0.3	2025/8 2025/5
JP	0	2025/10 2025/9	+0.4	2025/10 2025/7	+0.4	2025/9 2025/6	+0.1	2025/7 2025/5
CN	0	2025/10 2025/9	0	2025/10 2025/7	+0.2	2025/9 2025/6	0	2025/10 2025/9
RU	-0.1	2025/9 2025/8	-0.3	2025/10 2025/7	0	2025/9 2025/6	0	2025/10 2025/9

Inflation, %

	CF		IMF		OECD		CB / OE	
EA	0	2025/10 2025/9	0	2025/10 2025/4	-0.1	2025/9 2025/6	+0.1	2025/9 2025/6
DE	0	2025/10 2025/9	0	2025/10 2025/4	-0.2	2025/9 2025/6	-0.2	2025/6 2024/12
US	0	2025/10 2025/9	-0.3	2025/10 2025/4	-0.5	2025/9 2025/6	0	2025/9 2025/6
UK	0	2025/10 2025/9	+0.3	2025/10 2025/4	+0.4	2025/9 2025/6	+0.5	2025/8 2025/5
JP	0	2025/10 2025/9	+0.9	2025/10 2025/4	+0.3	2025/9 2025/6	+0.5	2025/7 2025/5
CN	-0.1	2025/10 2025/9	0	2025/10 2025/4	-0.1	2025/9 2025/6	0	2025/10 2025/9
RU	+0.1	2025/9 2025/8	-0.3	2025/10 2025/4	-1.2	2025/9 2025/6	0	2025/10 2025/9

A.2 CHANGE IN PREDICTIONS FOR 2026

GDP growth, %

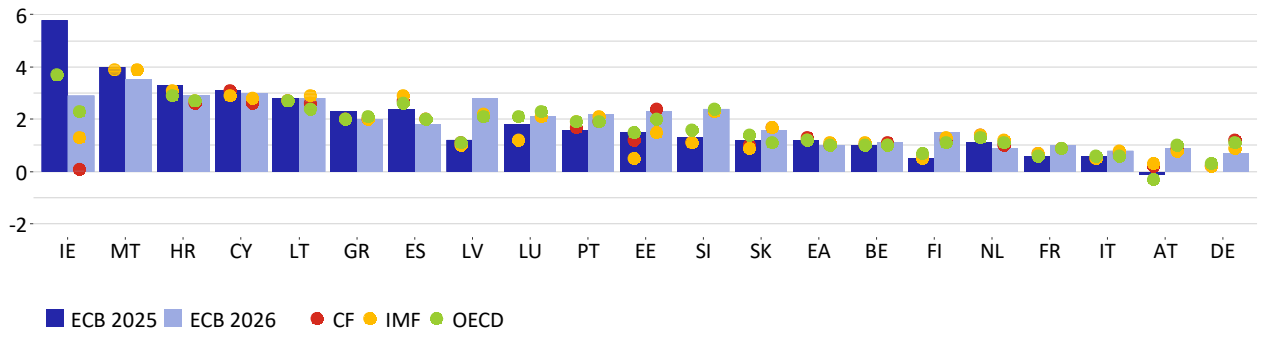
	CF		IMF		OECD		CB / OE	
EA	-0.1	2025/10 2025/9	-0.1	2025/10 2025/7	-0.2	2025/9 2025/6	-0.1	2025/9 2025/6
DE	0	2025/10 2025/9	0	2025/10 2025/7	-0.1	2025/9 2025/6	-0.1	2025/6 2024/12
US	+0.2	2025/10 2025/9	+0.1	2025/10 2025/7	0	2025/9 2025/6	+0.2	2025/9 2025/6
UK	0	2025/10 2025/9	-0.1	2025/10 2025/7	0	2025/9 2025/6	0	2025/8 2025/5
JP	0	2025/10 2025/9	+0.1	2025/10 2025/7	+0.1	2025/9 2025/6	0	2025/7 2025/5
CN	0	2025/10 2025/9	0	2025/10 2025/7	+0.1	2025/9 2025/6	0	2025/10 2025/9
RU	-0.2	2025/9 2025/8	0	2025/10 2025/7	0	2025/9 2025/6	0	2025/10 2025/9

Inflation, %

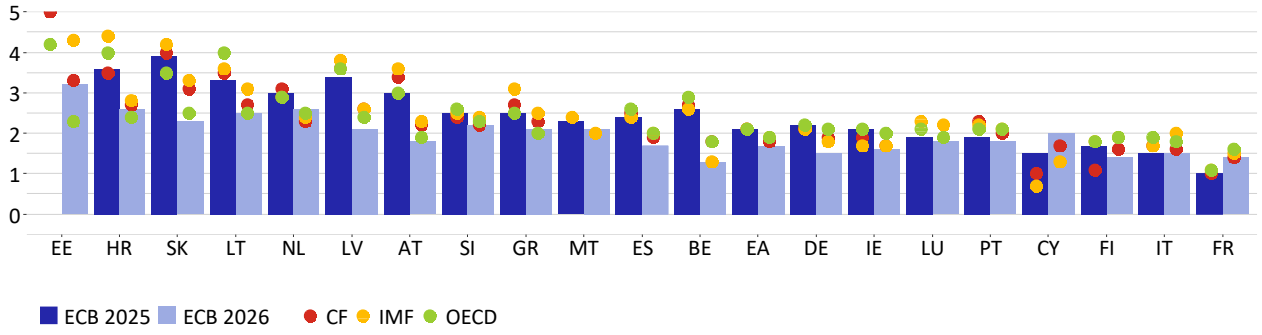
	CF		IMF		OECD		CB / OE	
EA	0	2025/10 2025/9	0	2025/10 2025/4	-0.1	2025/9 2025/6	+0.1	2025/9 2025/6
DE	0	2025/10 2025/9	-0.1	2025/10 2025/4	0	2025/9 2025/6	-0.6	2025/6 2024/12
US	+0.1	2025/10 2025/9	-0.1	2025/10 2025/4	+0.2	2025/9 2025/6	+0.2	2025/9 2025/6
UK	0	2025/10 2025/9	+0.3	2025/10 2025/4	+0.4	2025/9 2025/6	+0.5	2025/8 2025/5
JP	-0.1	2025/10 2025/9	+0.4	2025/10 2025/4	+0.1	2025/9 2025/6	+0.1	2025/7 2025/5
CN	-0.1	2025/10 2025/9	+0.1	2025/10 2025/4	-1.1	2025/9 2025/6	0	2025/10 2025/9
RU	0	2025/9 2025/8	-0.3	2025/10 2025/4	-1.2	2025/9 2025/6	0	2025/10 2025/9

A.3 GDP GROWTH AND INFLATION OUTLOOKS IN THE EURO AREA COUNTRIES

GDP growth in the euro area countries in 2025 and 2026, %



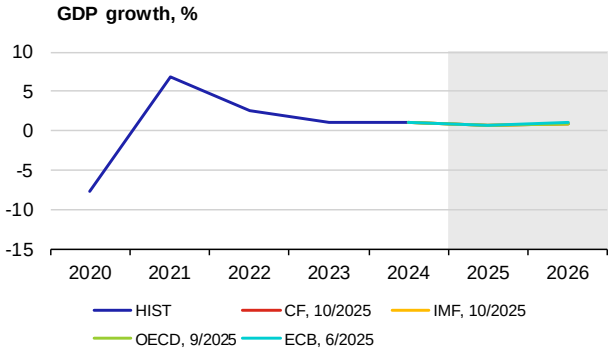
Inflation in the euro area countries in 2025 and 2026, %



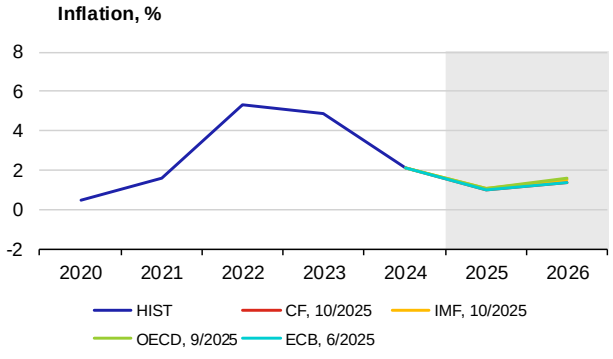
Note: Charts show institutions' latest available outlooks of for the given country.

A.4 GDP GROWTH AND INFLATION IN THE INDIVIDUAL EURO AREA COUNTRIES

France



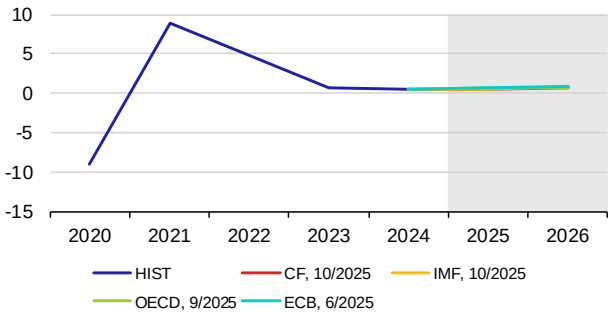
	CF		IMF		OECD	ECB
2025	0.7	↗	0.7	↗	0.6	0.6
2026	0.9	→	0.9	↘	0.9	1.0



	CF		IMF		OECD	ECB
2025	1.0	↘	1.1	↘	1.1	1.0
2026	1.4	↘	1.5	↘	1.6	1.4

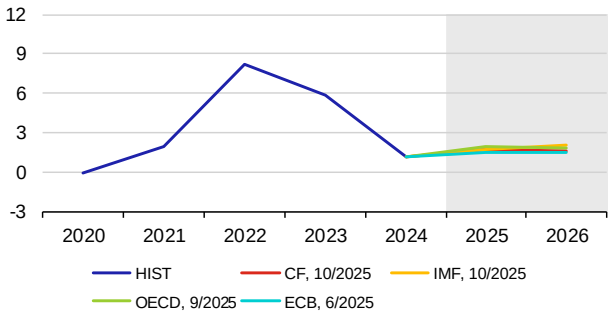
Italy

GDP growth, %



	CF	IMF	OECD	ECB
2025	0.5	0.5	0.6	0.6
2026	0.7	0.8	0.6	0.8

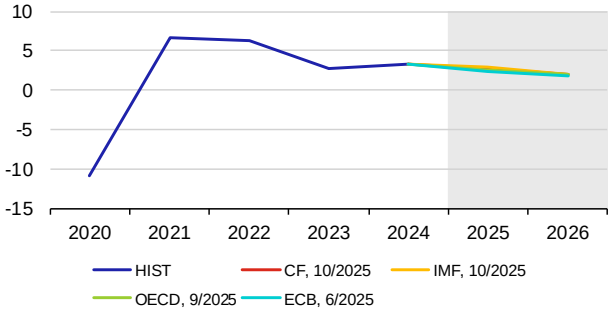
Inflation, %



	CF	IMF	OECD	ECB
2025	1.7	1.7	1.9	1.5
2026	1.6	2.0	1.8	1.5

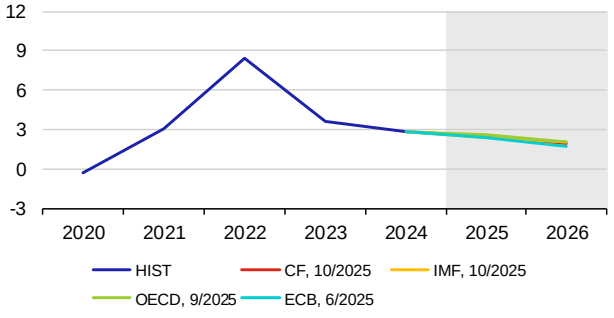
Spain

GDP growth, %



	CF	IMF	OECD	ECB
2025	2.7	2.9	2.6	2.4
2026	2.0	2.0	2.0	1.8

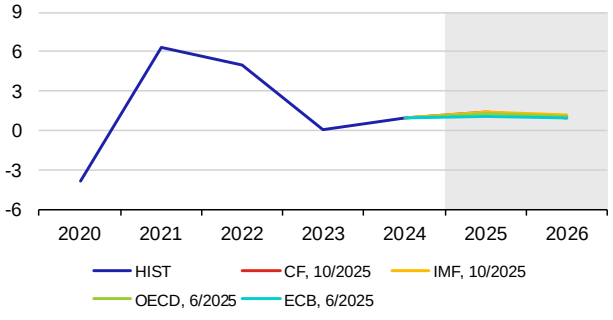
Inflation, %



	CF	IMF	OECD	ECB
2025	2.5	2.4	2.6	2.4
2026	1.9	2.0	2.0	1.7

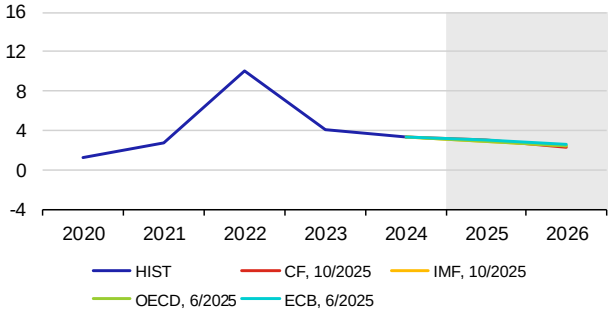
Netherlands

GDP growth, %



	CF	IMF	OECD	ECB
2025	1.4	1.4	1.3	1.1
2026	1.0	1.2	1.1	0.9

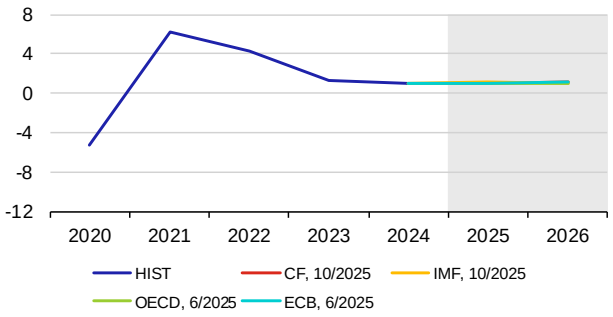
Inflation, %



	CF	IMF	OECD	ECB
2025	3.1	2.9	2.9	3.0
2026	2.3	2.4	2.5	2.6

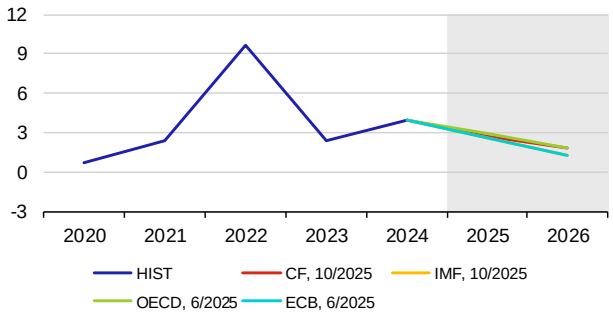
Belgium

GDP growth, %



	CF	IMF	OECD	ECB
2025	1.0	1.1	1.0	1.0
2026	1.1	1.0	1.0	1.1

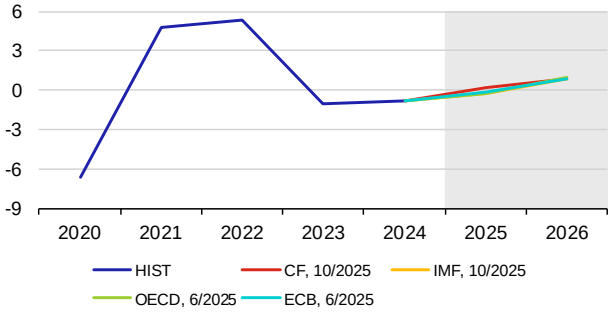
Inflation, %



	CF	IMF	OECD	ECB
2025	2.7	2.6	2.9	2.6
2026	1.8	1.3	1.8	1.3

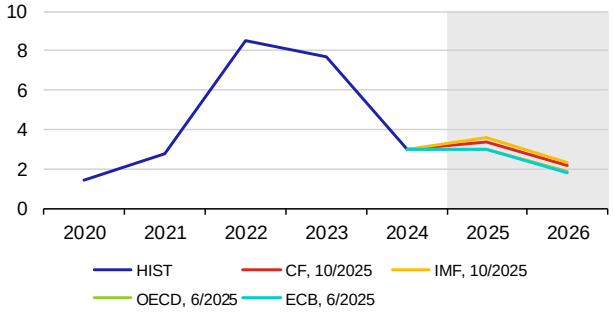
Austria

GDP growth, %



	CF	IMF	OECD	ECB
2025	0.2	-0.3	-0.3	-0.1
2026	0.9	0.8	1.0	0.9

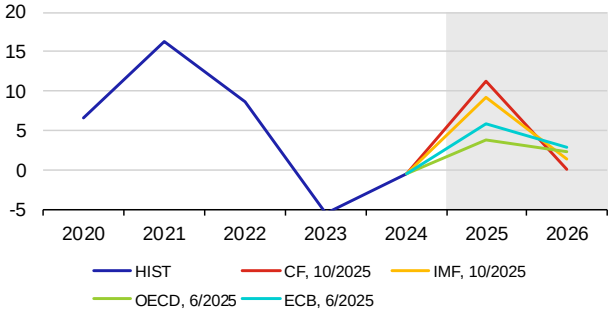
Inflation, %



	CF	IMF	OECD	ECB
2025	3.4	3.6	3.0	3.0
2026	2.2	2.3	1.9	1.8

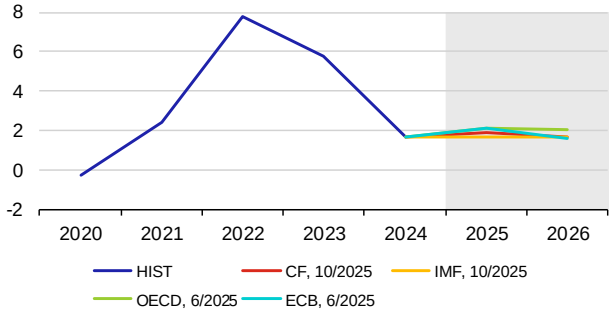
Ireland

GDP growth, %



	CF	IMF	OECD	ECB
2025	11.3	9.1	3.7	5.8
2026	0.1	1.3	2.3	2.9

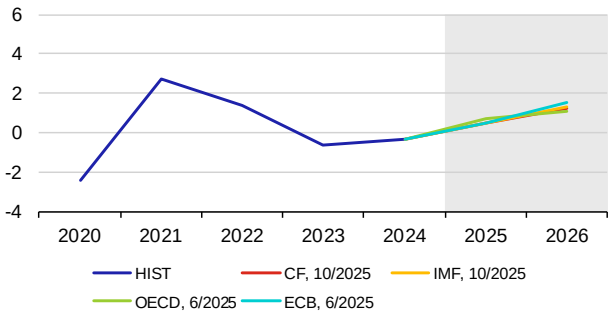
Inflation, %



	CF	IMF	OECD	ECB
2025	1.9	1.7	2.1	2.1
2026	1.7	1.7	2.0	1.6

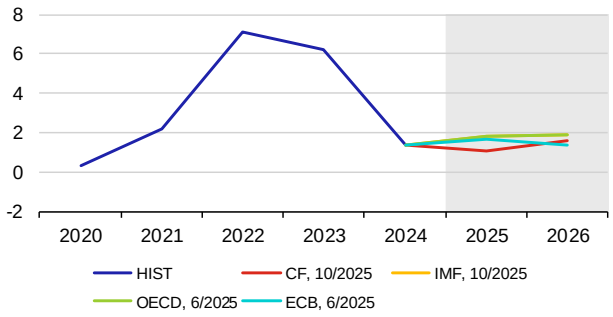
Finland

GDP growth, %



	CF	IMF	OECD	ECB
2025	0.5	0.5	0.7	0.5
2026	1.2	1.3	1.1	1.5

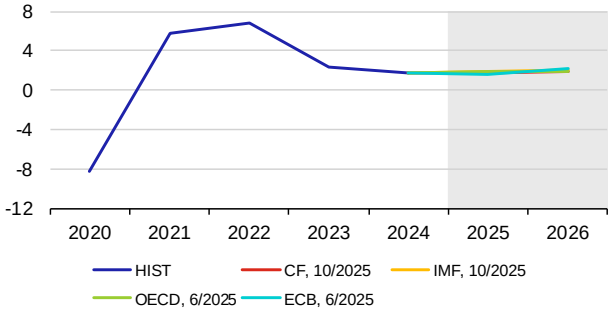
Inflation, %



	CF	IMF	OECD	ECB
2025	1.1	1.8	1.8	1.7
2026	1.6	1.9	1.9	1.4

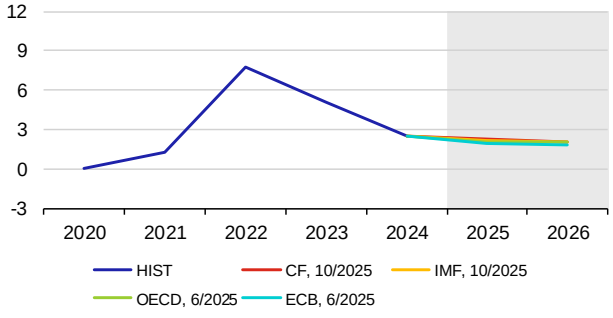
Portugal

GDP growth, %



	CF	IMF	OECD	ECB
2025	1.7	1.9	1.9	1.6
2026	1.9	2.1	1.9	2.2

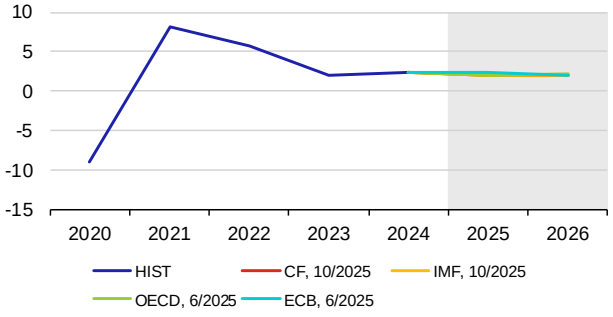
Inflation, %



	CF	IMF	OECD	ECB
2025	2.3	2.2	2.1	1.9
2026	2.0	2.1	2.1	1.8

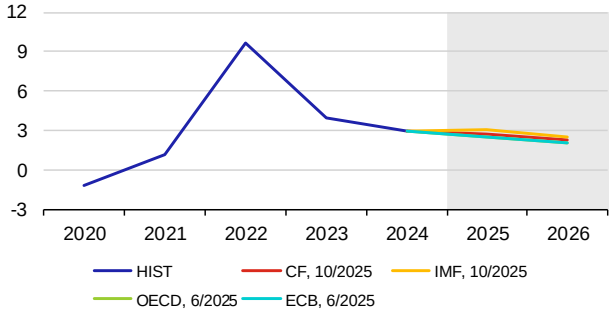
Greece

GDP growth, %



	CF	IMF	OECD	ECB
2025	2.0	2.0	2.0	2.3
2026	2.0	2.0	2.1	2.0

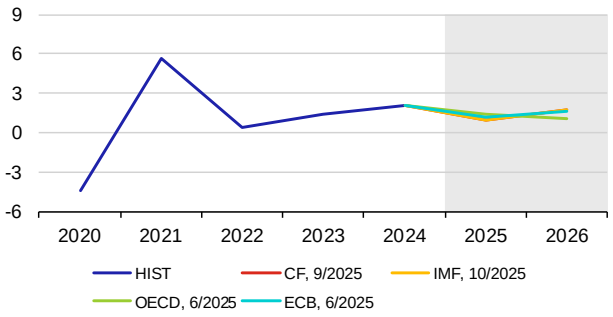
Inflation, %



	CF	IMF	OECD	ECB
2025	2.7	3.1	2.5	2.5
2026	2.3	2.5	2.0	2.1

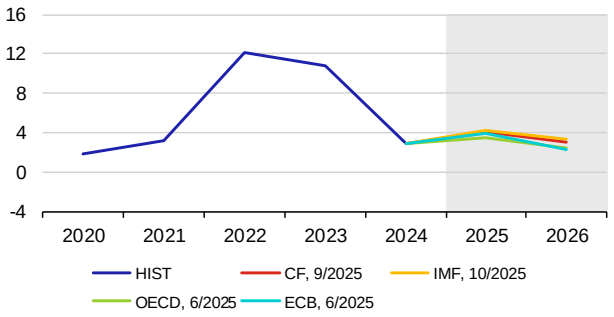
Slovakia

GDP growth, %



	CF	IMF		OECD	ECB
2025	1.0	0.9	↘	1.4	1.2
2026	1.7	1.7	→	1.1	1.6

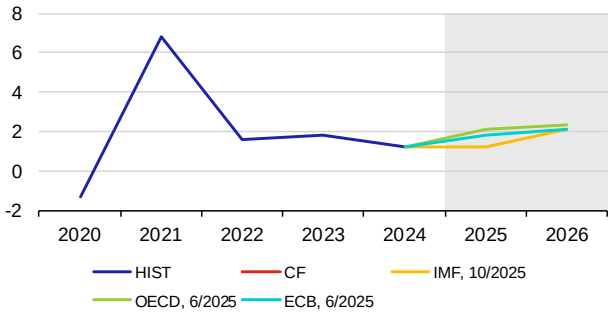
Inflation, %



	CF	IMF		OECD	ECB
2025	4.0	4.2	↗	3.5	3.9
2026	3.1	3.3	↗	2.5	2.3

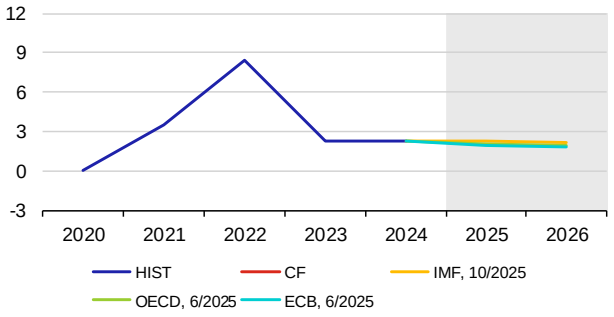
Luxembourg

GDP growth, %



	CF	IMF		OECD	ECB
2025	n. a.	1.2	↘	2.1	1.8
2026	n. a.	2.1	↘	2.3	2.1

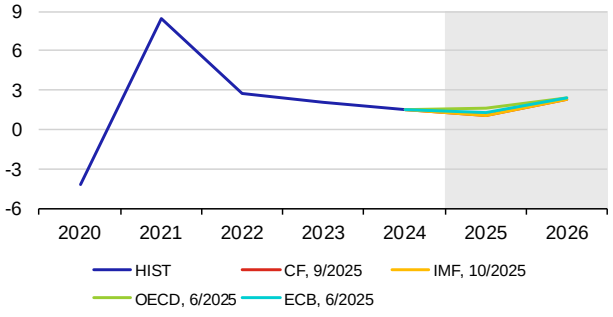
Inflation, %



	CF	IMF		OECD	ECB
2025	n. a.	2.3	↗	2.1	1.9
2026	n. a.	2.2	↗	1.9	1.8

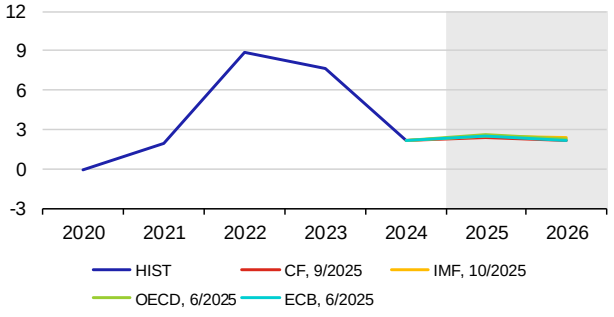
Slovenia

GDP growth, %



	CF	IMF		OECD	ECB
2025	1.1	1.1	↘	1.6	1.3
2026	2.3	2.3	↘	2.4	2.4

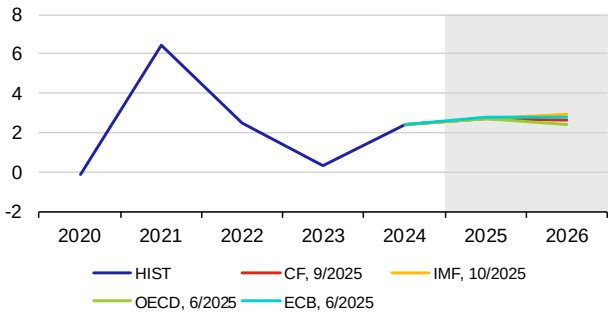
Inflation, %



	CF	IMF		OECD	ECB
2025	2.4	2.5	↘	2.6	2.5
2026	2.2	2.4	↗	2.3	2.2

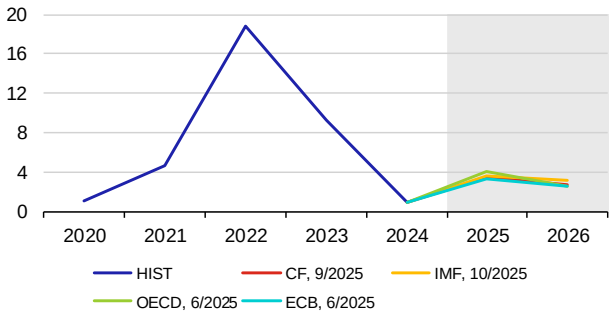
Lithuania

GDP growth, %



	CF	IMF	OECD	ECB
2025	2.7	2.7	2.7	2.8
2026	2.6	2.9	2.4	2.8

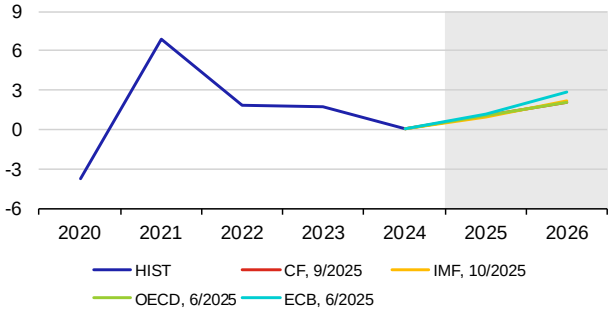
Inflation, %



	CF	IMF	OECD	ECB
2025	3.5	3.6	4.0	3.3
2026	2.7	3.1	2.5	2.5

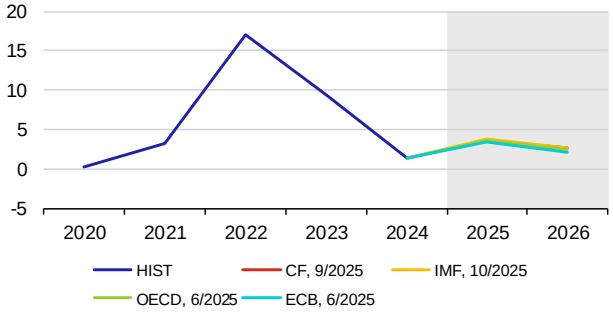
Latvia

GDP growth, %



	CF	IMF	OECD	ECB
2025	1.1	1.0	1.1	1.2
2026	2.1	2.2	2.1	2.8

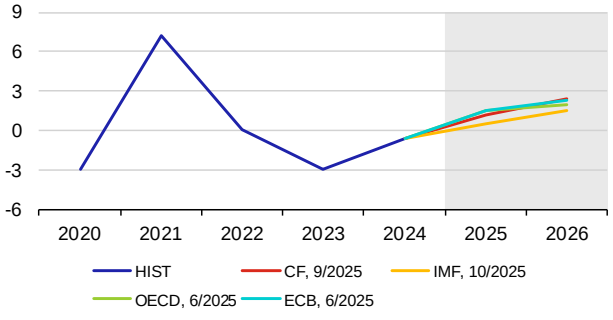
Inflation, %



	CF	IMF	OECD	ECB
2025	3.6	3.8	3.6	3.4
2026	2.6	2.6	2.4	2.1

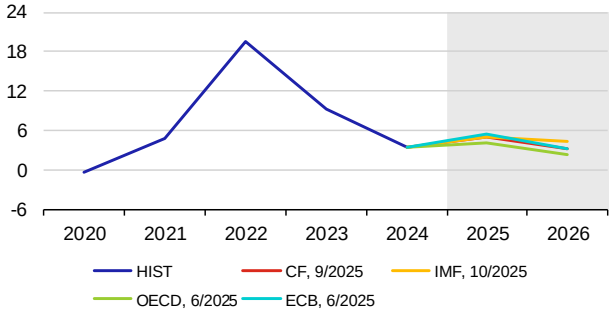
Estonia

GDP growth, %



	CF	IMF	OECD	ECB
2025	1.2	0.5	1.5	1.5
2026	2.4	1.5	2.0	2.3

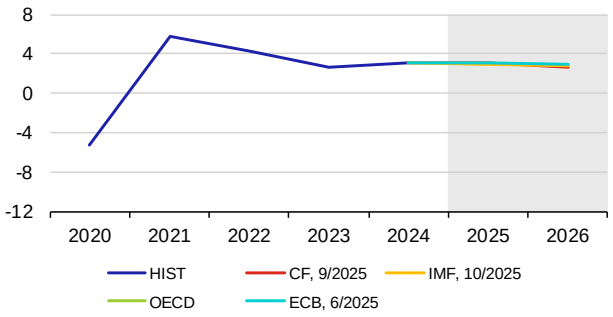
Inflation, %



	CF	IMF	OECD	ECB
2025	5.0	5.1	4.2	5.4
2026	4.3	4.3	2.3	3.2

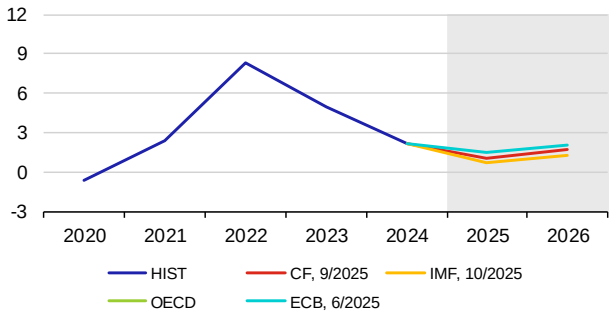
Cyprus

GDP growth, %



	CF	IMF	OECD	ECB
2025	3.1	2.9	n. a.	3.1
2026	2.6	2.8	n. a.	3.0

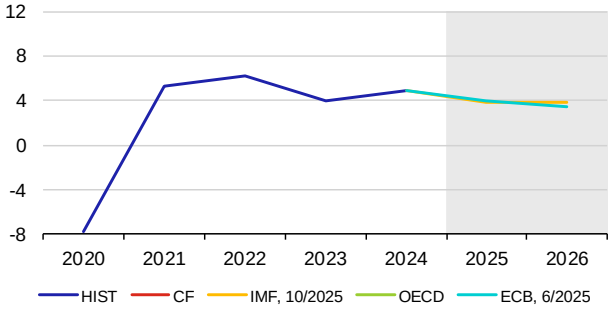
Inflation, %



	CF	IMF	OECD	ECB
2025	1.0	0.7	n. a.	1.5
2026	1.7	1.3	n. a.	2.0

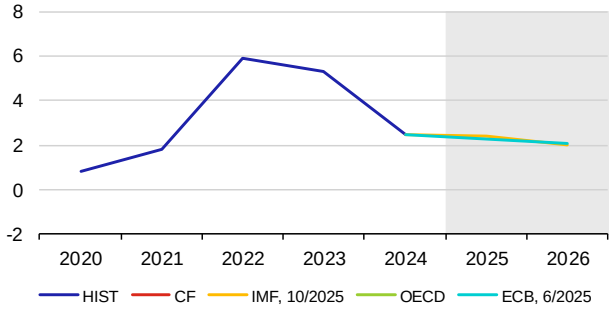
Malta

GDP growth, %



	CF	IMF	OECD	ECB
2025	n. a.	3.9	n. a.	4.0
2026	n. a.	3.9	n. a.	3.5

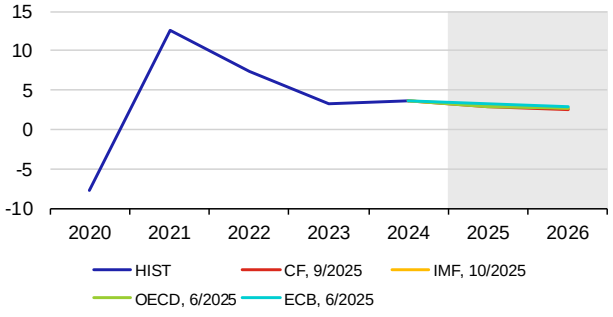
Inflation, %



	CF	IMF	OECD	ECB
2025	n. a.	2.4	n. a.	2.3
2026	n. a.	2.0	n. a.	2.1

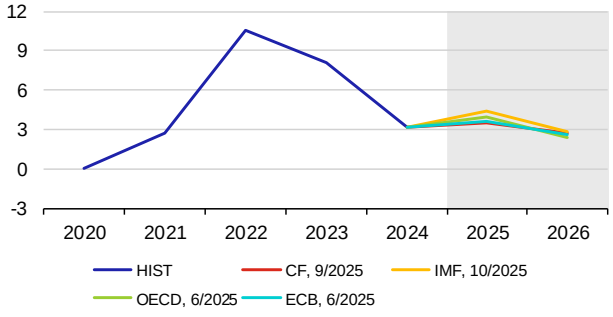
Croatia

GDP growth, %



	CF	IMF	OECD	ECB
2025	2.9	3.1	2.9	3.3
2026	2.6	2.7	2.7	2.9

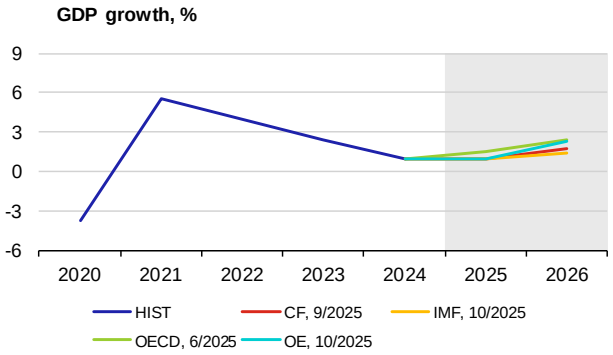
Inflation, %



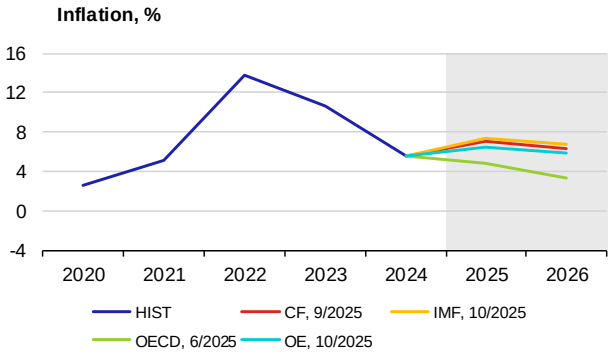
	CF	IMF	OECD	ECB
2025	3.5	4.4	4.0	3.6
2026	2.7	2.8	2.4	2.6

A.5 GDP GROWTH AND INFLATION IN OTHER SELECTED COUNTRIES

Romania



	CF	IMF	OECD	OE
2025	1.0	1.0	1.5	1.0
2026	1.7	1.4	2.4	2.3



	CF	IMF	OECD	OE
2025	7.0	7.3	4.8	6.4
2026	6.3	6.7	3.4	5.8

A.6 LIST OF ABBREVIATIONS

AT	Austria
bbl	barrel
BE	Belgium
BoE	Bank of England (the UK central bank)
BoJ	Bank of Japan (the central bank of Japan)
bp	basis point (one hundredth of a percentage point)
CB	central bank
CBR	Central Bank of Russia
CF	Consensus Forecasts
CN	China
CNB	Czech National Bank
CNY	Chinese renminbi
ConfB	Conference Board Consumer Confidence Index
CXN	Caixin
CY	Cyprus
DBB	Deutsche Bundesbank (the central bank of Germany)
DE	Germany
EA	euro area
ECB	European Central Bank
EE	Estonia
EIA	Energy Information Administration
ES	Spain
ESI	Economic Sentiment Indicator of the European Commission
EU	European Union
EUR	euro
EURIBOR	Euro Interbank Offered Rate
Fed	Federal Reserve System (the US central bank)
FI	Finland
FOMC	Federal Open Market Committee
FR	France
FRA	forward rate agreement
FY	fiscal year
GBP	pound sterling
GDP	gross domestic product
GR	Greece
HICP	Harmonised Index of Consumer Prices
HR	Croatia
ICE	Intercontinental Exchange
IE	Ireland
IEA	International Energy Agency
IFO	Leibniz Institute for Economic Research at the University of Munich
IMF	International Monetary Fund
IRS	Interest Rate swap
ISM	Institute for Supply Management
IT	Italy
JP	Japan
JPY	Japanese yen
LIBOR	London Interbank Offered Rate
LME	London Metal Exchange
LT	Lithuania
LU	Luxembourg
LV	Latvia
MKT	Markit
MNB	Magyar Nemzeti Bank (the central bank of Hungary)
MT	Malta
NBP	Narodowy Bank Polski (the central bank of Poland)
NIESR	National Institute of Economic and Social Research (UK)
NKI	Nikkei
NL	Netherlands
OE	Oxford Economics
OECD	Organisation for Economic Co-operation and Development
OECD-CLI	OECD Composite Leading Indicator
OPEC+	member countries of OPEC oil cartel and 10 other oil-exporting countries (the most important of which are Russia, Mexico and Kazakhstan)
PCE	Personal Consumption Expenditure
PMI	Purchasing Managers' Index
pp	percentage point
PT	Portugal
RU	Russia
RUB	Russian rouble
SI	Slovenia
SK	Slovakia
SPF	Survey of Professional Forecasters
TTF	Title Transfer Facility (virtual trading point for natural gas in the Netherlands)
UK	United Kingdom
UoM	University of Michigan Consumer Sentiment Index - present situation
US	United States
USD	US dollar
WEO	World Economic Outlook
WTI	West Texas Intermediate (crude oil used as a benchmark in oil pricing)
ZEW	Centre for European Economic Research

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