Eurasian
Development Bank

MACROECONOMIC OUTLOOK 2026–2028

DECEMBER 2025

Eurasian Development Bank

KEY FINDINGS

MACROECONOMIC OUTLOOK

DECEMBER 2025

2025

Economic activity in the region continued to expand

6.0% 1.8% 5.9% 10.3% 1.0% 8.3% 7.4%

GDP growth in 2025

Inflation is declining in RT, RU; remains elevated in RA, RB, RK, KR, RF

6.9%
Aggregate inflation in the region at the end of 2025

Continued decline in the key rate of the Central Bank of the Russian Federation and maintaining the base rate of the National Bank of Kazakhstan

≈16%
Key rate in Russia at the end of 2025

≈18%
Base rate in Kazakhstan at the end of 2025

2026

The region's economy is returning to sustainable growth rates

2.3% Aggregate GDP growth in 2026

Most countries in the region will continue to grow at a rapid pace

6.1% Aggregate GDP growth of Central Asian countries in 2026

Gradual decline in inflation towards target levels in the absence of additional shocks

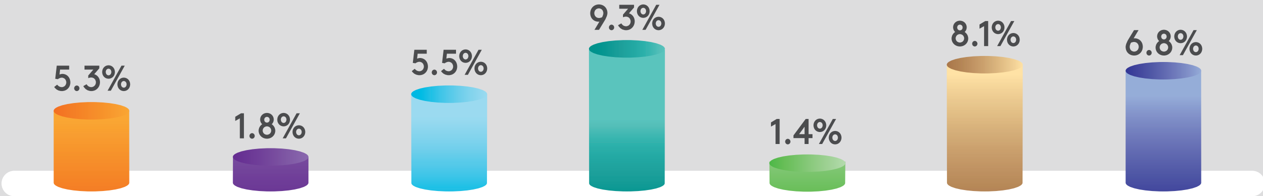
6.3%
Aggregate inflation in the region at the end of 2026

Decrease in interest rates in Russia and Kazakhstan

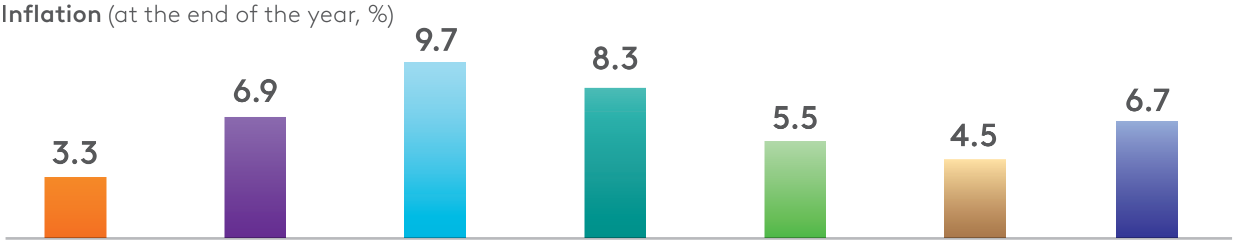
≈13%
Key rate in Russia at the end of 2026

≈14%
Base rate in Kazakhstan at the end of 2026

GDP growth in 2026 (% YoY)



Inflation (at the end of the year, %)



Exchange rate to U.S. dollar (the year's average)

AMD	BYN	KZT	KGS	RUB	TJS	UZS
393	3.32	535	89.2	94	9.8	12 800

Vinokurov, E., Kuznetsov, A., Sharafutdinov, A., Berdigulova, A., Fedorov, K., Dolgovechny, A., Babajanyan, V. (2025) *Macroeconomic Outlook 2026–2028. December 2025.* Almaty: Eurasian Development Bank.

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This document includes a detailed description of current internal and external macroeconomic conditions, as well as a coordinated forecast. The analysis considers the existing interrelationships between the economies of Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, Uzbekistan, and their major trading partners. The forecast of macroeconomic indicators is prepared by the EDB using an integrated model system based on a multi-country structural dynamic macroeconomic general equilibrium model. More detailed information on this system is presented in the joint report of the EDB and the EEC (EDB, 2016).

Keywords: economic growth, forecast, GDP, inflation, exchange rate, demand, monetary policy, budget, interest rate, investment.

JEL: E17, F15, F31, H62, O11.

The electronic version of the document can be found at
https://eabr.org/analytics/ceg-quarterly-reviews.

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SUMMARY

The global economy is maintaining moderate growth rates and adapting to new trade barriers. Growth in developed economies remains weak due to high uncertainty. Emerging economies with large markets are maintaining elevated economic activity. The US is expected to grow by around 1.6% in 2026. High debt levels will hold back investment, but IT infrastructure construction will support economic activity. Growth in the eurozone will remain weak, at around 1.1%, mainly supported by increased government investment in defence and infrastructure. The Chinese economy will continue to grow at a rapid pace, with a forecast of 4.6% in 2026, aided by government stimulus of domestic demand. Inflation in the US and the eurozone will remain above target levels in 2026–2028. Rising costs amid tariff conflicts are limiting the pace of rate cuts in the US and may trigger an increase in ECB rates in 2026.

In 2025, the economy of the EDB's region of operations will return to equilibrium after two years of record growth, with the region's GDP growing by 1.9% after 4.5% in 2024. The slowdown is primarily due to Russia's economic growth slowing to 1.0% in 2025 due to tight monetary conditions. Declining demand from Russia will slow Belarus's GDP growth to 1.8%. Central Asia is expected to see high economic growth rates of around 6.6% in 2025, following 5.8% in 2024. In Kazakhstan and the Kyrgyz Republic, GDP growth in 2025 will rise to record levels since 2013: 5.9% and 10.3%, respectively. Uzbekistan is expected to see its highest growth in 14 years (excluding the post-COVID recovery) at 7.4%. Increased growth rates will continue in Armenia — 6.0%, and Tajikistan — 8.3%.

In 2026, the region's economy will continue to grow steadily, at a rate of 2.3%. The economies of most countries in the region will continue to grow at a rapid pace in 2026 as a result of strong investment activity. We forecast GDP growth of 5.3% in Armenia in 2026, 5.5% in Kazakhstan, 9.3% in the Kyrgyz Republic, 8.1% in Tajikistan, and 6.8% in Uzbekistan. We expect Russia's GDP growth to accelerate to 1.4% in 2026, with budget expenditures exceeding revenues. The Belarusian economy will grow at a rate close to the medium-term average of 1.8%.

Inflation at the end of 2025 is expected to be within the target range in Armenia — 3.3% YoY and Tajikistan — 3% YoY, and above the target in Belarus — 7.1%, Kazakhstan — 12.3% YoY, Kyrgyz Republic — 9.1% YoY, Russia — 6% YoY, and Uzbekistan — 7.5% YoY. The main factors are tariff increases and rising food prices on world markets.

Inflationary pressure in the region will continue to ease in 2026. We forecast inflation to move towards the target level in all countries of the region: a decline in inflation in 2026 in Armenia to 3.3% YoY, Belarus to 6.9% YoY, Kazakhstan to 9.7% YoY, the Kyrgyz Republic to 8.3% YoY, Russia to 5.5% YoY, and Uzbekistan to 6,7% YoY. In Tajikistan, inflation will remain within the target range of 4.5% YoY. Aggregate price growth in the region will slow to 6.3% YoY in 2026 from 6.9% YoY in 2025, barring any additional shocks.

EDB MEMBER STATES

↓ **Table 1. EDB forecast. Main macroeconomic indicators of the Bank's member states (*baseline scenario*)**

% growth compared to the previous year, unless otherwise stated

Indicator	2024	2025 F	2026 F	2027 F	2028 F
Republic of Armenia					
GDP in constant prices	5.9	6.0	5.3	5.3	5.1
Inflation (*at the end of the period*)	1.5	3.3	3.3	3.3	3.0
Refinance rate (*annual average*), %	8.0	6.8	6.5	6.0	6.0
Armenian dram to U.S. dollar exchange rate (*annual average*)	392	389	393	400	403
Republic of Belarus					
GDP in constant prices	4.0	1.8	1.8	1.9	2.0
Inflation (*at the end of the period*)	5.2	7.1	6.9	6.7	6.5
Refinance rate (*annual average*), %	9.5	9.7	9.75	9.75	9.75
Belarusian rouble to U.S. dollar exchange rate (*annual average*)	3.25	3.08	3.32	3.66	3.89
Republic of Kazakhstan					
GDP in constant prices	5.0	5.9	5.5	5.5	5.5
Inflation (*at the end of the period*)	8.6	12.3	9.7	6.4	5.0
Base rate (*annual average*), %	14.7	16.7	16.3	12.4	10.2
Kazakhstan's tenge to U.S. dollar exchange rate (*annual average*)	469	525	535	559	578
Kyrgyz Republic					
GDP in constant prices	9.0	10.3	9.3	7.6	7.5
Inflation (*at the end of the period*)	6.3	9.1	8.3	7.4	6.2
Policy rate (*annual average*), %	10.5	9.2	11.0	11.0	11.0
Kyrgyzstan's som to U.S. dollar exchange rate (*annual average*)	87.1	87.4	89.2	91.9	93.3
Russian Federation					
GDP in constant prices	4.3	1.0	1.4	2.0	2.1
Inflation (*at the end of the period*)	9.5	6.0	5.5	5.1	4.5
Key rate (*annual average*), %	17.5	19.2	14.4	12.2	10.5
Russian rouble to U.S. dollar exchange rate (*annual average*)	92.4	85	94	104	109
Republic of Tajikistan					
GDP in constant prices	8.4	8.3	8.1	7.2	7.1
Inflation (*at the end of the period*)	3.6	3.0	4.5	4.7	4.9
Refinance rate (*annual average*), %	9.3	8.2	7.6	8.4	8.4
Tajikistan's somoni to U.S. dollar exchange rate (*annual average*)	10.8	10.3	9.8	10.3	10.8
Republic of Uzbekistan					
GDP in constant prices	6.5	7.4	6.8	6.4	6.3
Inflation (*at the end of the period*)	9.8	7.5	6.7	5.8	5.2
Base rate (*annual average*), %	13.8	13.9	13.7	12.4	11.6
Uzbekistan's sum to U.S. dollar exchange rate (*annual average*)	12,652	12,647	12,800	14,100	15,100

Note: Here and in the rest of the tables F means forecast; GDP — % YoY, inflation — % YoY; exchange rate to U.S. dollar — number of national currency units to 1 U.S. dollar.

Sources: national agencies of EDB member states, EDB analysts' calculations.

FROM THE CHIEF ECONOMIST

AFTER THE ERA OF ULTRA-CHEAP MONEY: THE STATE OF THE GLOBAL ECONOMY, FORECASTS, AND IMPACT ON THE EDB'S REGION OF OPERATIONS

The global economy continues to grow at a moderate pace, gradually adapting to new trade barriers. The global business activity index (PMI) stood at 52.4 points in September. After falling in the second quarter, business confidence is recovering, but growth remains weak in developed economies due to high uncertainty. Emerging economies with large markets (India, Indonesia) are maintaining high levels of economic activity. Together with China, these countries continue to support global GDP growth.

The US economy will slow down in 2025: according to our estimates, GDP will grow by 1.6%, after 2.8% in 2024 (Table 2). Growth continues to be supported by the services sector, where PMI indicators remain consistently above 50 points. According to leading indicators, there has been a decline in industrial output. The main driver of the economy is the expansion of household spending, but its pace is also slowing noticeably. Wage growth slowed to 0.7% YoY in August, the lowest since July 2024. Investment is growing, but almost all of it is concentrated in the construction of data centres and other IT infrastructure. Without it, economic growth would have been 0.1% YoY in the first half of 2025.

Housing construction in the US is showing weak momentum after a 12% decline in 2023–2024. In January-August 2025, the number of housing starts increased by 0.7% YoY. Mortgage debt amounted to 69.3% of GDP in the first half of 2025, down from 70.2% in mid-2024. The number of loan defaults is low (55,000 as of September 2025, which is lower than before the coronavirus pandemic). Refinancing activity remains at historically low levels amid the long-term normalization of borrowing costs (Box 1). At the same time, housing construction and the construction sector as a whole are reducing their share of GDP (3.7% of GDP in 2024–2025, compared to 4.3% of GDP in 2019 and about 6% of GDP in 2005). As a result, the ability of these industries to support economic growth is declining.

In 2026, US GDP growth is forecast to be around 1.6%. Consumption will continue to slow, as indicated by the fall in the consumer confidence index. Tariff conflicts and high accumulated debt will hold back investment growth. The economy will also be negatively affected by the tightening of immigration laws, which will reduce the number of people employed, especially in agriculture and construction. On the other hand, lower interest rates and the restructuring of supply chains will support economic activity. The reduction of the tax burden under the new legislation[1] will have a positive impact on demand in the economy.

The eurozone will continue to see weak economic growth in 2025: GDP will increase by 1.2%. The service sector remains the main driver of the economy: here, the PMI rose to 51.3 points in September, its highest level since February 2025. The introduction of AI services is driving growth in the IT sector and an influx of tourists (+4% YoY in January–June) led to a 2.3% YoY expansion in hotel services in the first half of the year. Momentum in the industrial sector remains weak: PMI returned to contraction territory, falling to 49.8 points in September from 50.7 points in August. Increased competition from China, the strengthening of the euro, and the loss of some traditional markets are negatively affecting production. Higher wages (around 2% YoY in September 2025)[2] and lower interest rates have improved consumer sentiment, although it remains below its historical average. Against this backdrop, consumption is growing more slowly than initially expected. GDP growth has slowed to 1.3% YoY in Q3, after 1.6% YoY in Q1 and 1.5% YoY in Q2.

Growth in the eurozone in 2026 is expected to be weak, at around 1.1% (Table 2). The introduction of US tariffs on imports from the EU will weaken industry, and we estimate that this negative impact will be long-lasting. The economy will be supported by an increase in government investment in defence and infrastructure, from 1.9% of GDP in 2024 to 3% of GDP in 2027. The fiscal impulse associated with these expenditures will amount to about 2% of GDP in 2025–2027, but its effect will not be felt until the second half of 2026. Consumption growth is expected to be driven by the depletion of savings. According to ECB estimates, the savings rate will decline from 15–16% to 10–12%, as in the pre-pandemic period, against the backdrop of a more accommodative monetary policy due to a 2 p.p. rate cut in 2024–2025.

Large emerging economies remain the drivers of global growth. Industrialization ensures high rates of economic progress. India's GDP is growing at a rate of about 8%[3], maintaining its leadership in economic development among the largest economies. Domestic demand is the main driver: consumer confidence is close to its five-year high. The aggregate PMI in September was 61.9 points, down only slightly from the multi-year high of 63.2 points reached in August. Infrastructure investment is supporting growth: fixed capital investment increased by 7.8% YoY in Q2 2025. Southeast Asian countries are also showing steady growth: Indonesia's GDP grew by 5.1% YoY in Q2 after 4.9% YoY in Q1, while Malaysia's GDP grew by 5.2% YoY in Q3 after 4.4% YoY in Q2. Growth is driven by domestic demand and active infrastructure investment.

[1] OBBBA, or One Big Beautiful Bill Act, adopted in July 2025. Its provisions include raising the income ceiling for tax deductions, making the reduced income tax rates introduced in 2017 permanent, new tax deductions (in particular, for tips and overtime pay), and other measures.
[2] ECB estimate based on ECB wage tracker.
[3] In Q2 2025, it grew by 7.8% YoY, after 7.4% YoY in Q1.

The Chinese economy continues to grow at a rapid pace: GDP grew by 4.8% in Q3 after dynamic growth of over 5% YoY in Q1 and Q2 2025. Overall, the target growth of around 5% was achieved in January–September. This is despite the increase in US tariffs on imports from China (approximately 47%[4] at the beginning of November, compared to 20% at the beginning of the year, with average effective tariffs on US imports of about 18%). Part of exports has been reoriented towards Europe and other markets. The authorities are stimulating domestic demand, whose share in GDP (about 40%) remains low compared to comparable economies, indicating potential for growth. According to IMF estimates, the country's consolidated budget deficit will exceed 8% of GDP in the next three years (in 2021–2024, the figure was around 6.5%). Despite the risks of trade conflicts, China's economy will grow faster than the GDP of the eurozone and the US: the forecast is 4.6% in 2026 (Table 2).

Inflation in developed countries has returned to growth, after slowing down. In the US, consumer prices rose to 3% YoY in September 2025, the highest since February. The acceleration trend has continued for the fifth month in a row, despite lower energy prices. Core inflation remains significantly above target: 3% YoY in September, with tariff increases having an increasingly noticeable impact. We expect prices to grow by around 2.9% at the end of 2025.

We forecast that price growth in the eurozone will remain above target until the end of 2025. Inflation slowed slightly (to 2.1% YoY) in October 2025 after 2.2% YoY in September. The elevated level persists despite lower energy prices (–1% YoY) and the EU's refusal to retaliate with higher tariffs on US goods. The 4.4% YoY appreciation of the nominal effective exchange rate of the euro is holding back price growth, but core inflation remained at 2.4% YoY in October and has been above target for six months in a row. Combined with elevated inflation expectations, this points to persistent inflationary pressure.

Inflation in the US and the eurozone will remain above target levels in 2026–2028 (Table 2). Rising producer costs amid tariff conflicts and supply chain restructuring are putting pressure on prices. High economic and geopolitical uncertainty increase the risk that prices will rise even faster.

Interest rates in the US and the eurozone will move in different directions. Monetary policy in the US is likely to ease: debt burdens are increasing and economic growth is returning to moderate rates. However, the pro-inflationary effects of higher tariffs will limit the pace of rate cuts. We forecast the Fed rate to be around 3–3.25% per annum by the end of the forecast period. We believe that the ECB will end its cycle of rate cuts in 2025 and expect rates to rise in 2026–2028, following an increase in budget spending.

[4] Weighted average calculated based on tariffs for individual goods (according to the six-digit harmonized system). The weight of each specific good is determined based on its share in China's total exports to the US (see, for example, PIIE, 2021).

Normal interest rates are a test for financial stability and investment and, as a result, hold back global growth in the medium term (Box 1).

↓ **Table 2. Forecasts of the main international trade indicators *(baseline scenario)***

Indicator	2024	2025F	2026F	2027F	2028F
Oil price (*$/bbl, annual average*)					
Brent	79.8	69	66	65	69
Urals	67.9	58	57	58	64
GDP growth (%)					
U.S.	2.8	1.6	1.6	1.9	1.9
Eurozone	0.8	1.2	1.1	1.3	1.3
China	5.0	4.8	4.6	4.4	4.3
Inflation (%, *annual average*)					
U.S.	2.9	2.9	2.8	2.5	2.3
Eurozone	2.4	2.1	2.2	2.1	2.0
Key interest rates (%, *annual average*)					
Fed	5.1	4.1	3.7	3.4	3.2
ECB	4.1	2.4	2.2	2.4	2.5

Sources: 2024 — data from IMF, World Bank, U.S. Federal Reserve System, ECB; 2025–2028 — EDB analysts' forecasts.

Box 1. After the era of ultra-cheap money: a test for financial stability and investment in a "normal" interest rate environment

The period of rapid interest rate increases in 2022–2024 was a serious test for the global financial system. It caused a series of bankruptcies in the US financial sector. The consequences will affect economic growth in the medium term, both in developed and developing countries.

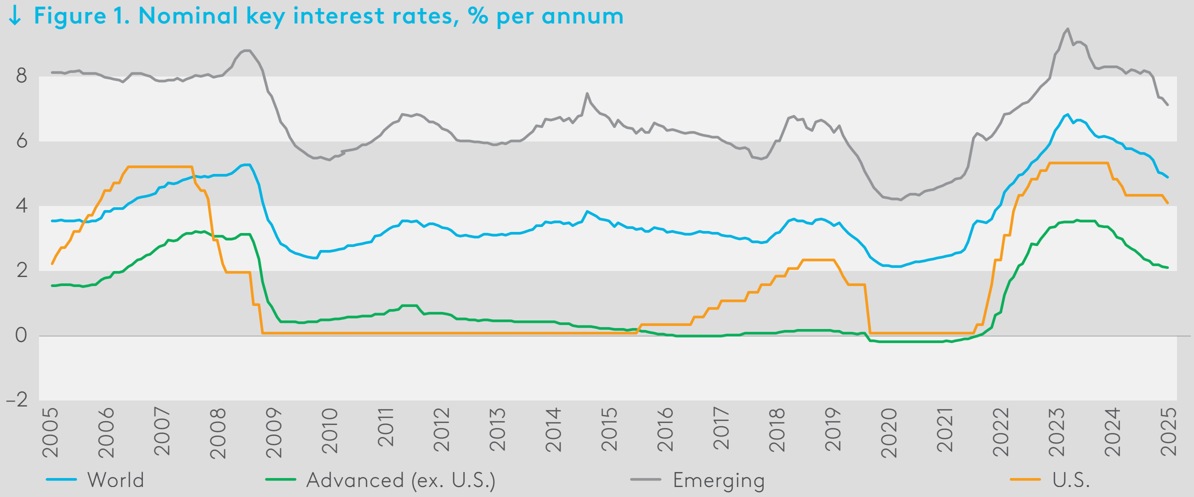
In recent years, the cost of servicing debt has risen sharply (Figures 1 and 2), the accumulation of new borrowings has accelerated, and the stability of companies has declined. The global economy has effectively returned to its old interest rate norms, after more than a decade of ultra-loose monetary policy from the late 2000s to the early 2020s.

Debt burdens around the world have reached record levels. In advanced economies, the average ratio of public debt to GDP rose from 104% in 2019 to 115% in 2024, and in emerging economies from 56% to 70%, respectively. In 2024 alone, total interest payments on public debt increased by $0.5 trillion — about 0.5% of global GDP (IMF, 2025) — to reach $1.5 trillion.

The growing debt burden has made countries' economies more sensitive to fluctuations in global interest rates and credit spreads, and has also increased the importance of the currency structure of debt. *The 11% weakening of the dollar since the beginning of 2025 has temporarily eased pressure on budgets.* For the US, this has been reflected in higher export revenues and the conversion of US corporations' foreign profits into dollars, which has increased tax revenues. Inflation has accelerated somewhat, leading to higher nominal budget revenues with a relatively slow adjustment of expenditures. However, this effect is temporary: as expenditures grow, social payments are indexed, and interest rates rise, the impact of the weakening dollar on budget sustainability will gradually be offset.

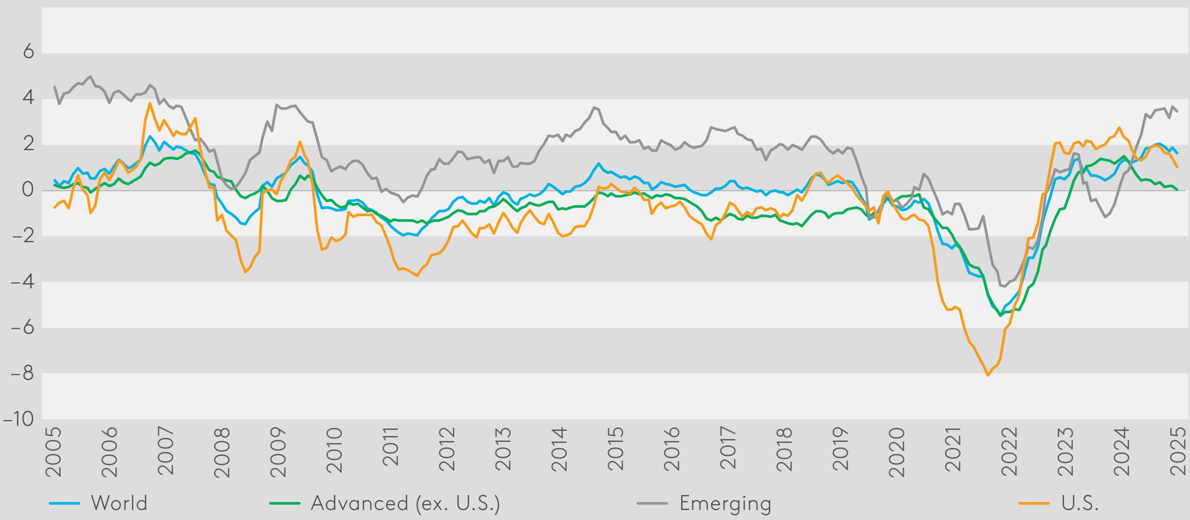
For countries whose external liabilities are largely denominated in dollars, the cheaper dollar has reduced the cost of their debt in terms of their national currency. Pressure on budgets in terms of debt repayment and servicing has eased. The continuing high uncertainty in global markets continues to pose risks to public finances, especially in developing countries.

↓ Figure 1. Nominal key interest rates, % per annum



Source: Federal Reserve Bank of Dallas.

↓ Figure 2. Real key interest rates, % per annum

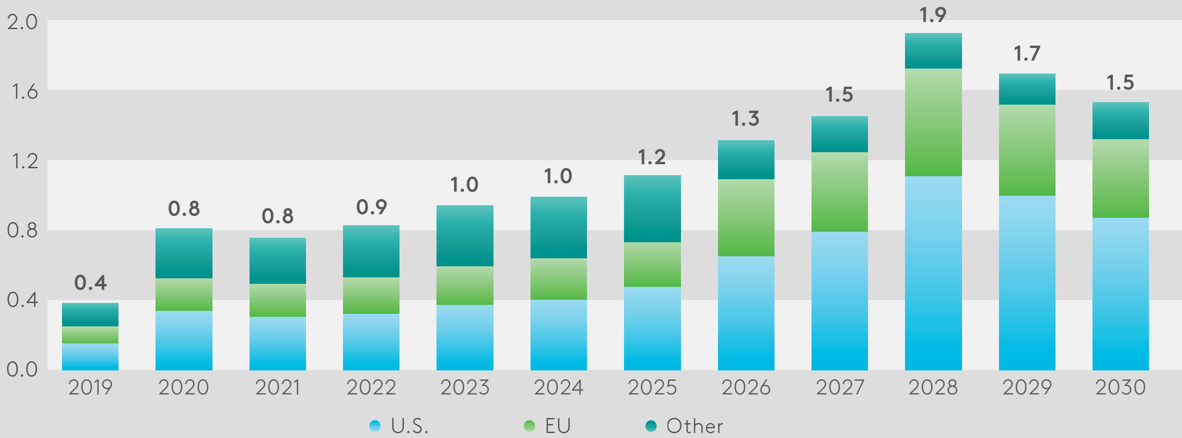


Source: EDB analysts' calculations based on IMF data.

The cost of servicing public debt is rising, reducing opportunities for investment. The effects of the "debt overhang" — i.e., the redistribution of government spending in favour of debt servicing and "crowding out of capital investment" — are becoming increasingly apparent, with expensive government debt crowding out private investment due to the dominance of the state in the debt market (Islam, 2024). This leads to a decline in investment, productivity, and innovation, limiting GDP growth in the medium term. *In developed economies, corporate investment grew by an average of 1% in 2023–2024, which is significantly lower than, for example, the average annual rate of 2–4% in 2000–2019 (OECD, 2025).*

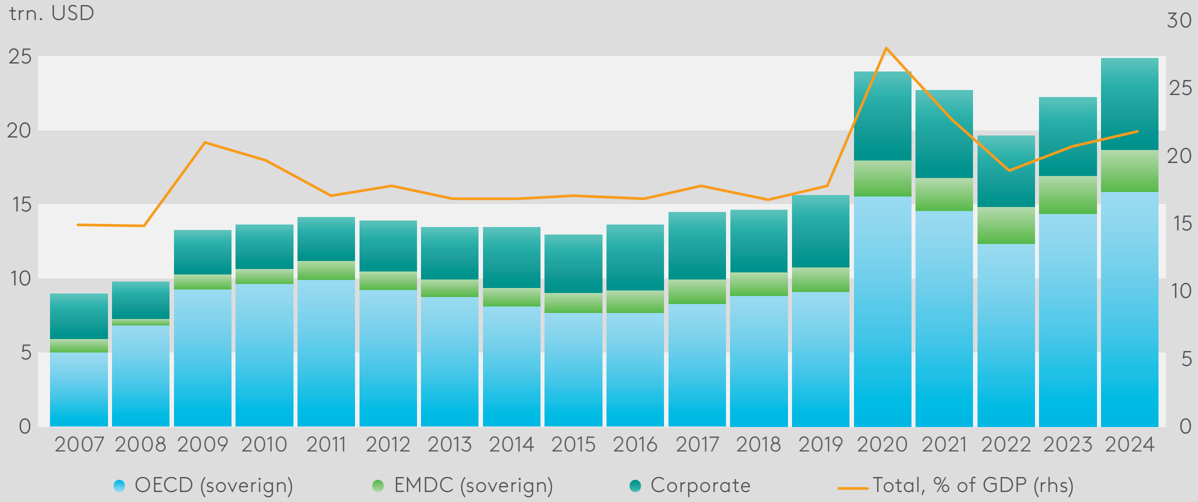
Corporate debt has become one of the key factors in financial vulnerability. During years of low interest rates, companies actively increased borrowing and extended the terms of their obligations. However, with interest rates rising, refinancing has become a serious problem: new loans are more expensive and, as a rule, are provided for shorter terms (S&P, 2025). Companies are faced with the need to pay large sums in a short period of time. For example, while in 2019–2020 it was possible to attract new loans in the eurozone at 1.5–2% and in the US at 2–3% per annum, refinancing them in 2024 had to be done at rates of 5–6% in both economies. Despite a slight decline in rates in 2025, the current cost of lending to large corporations remains high — 4% for the eurozone and about 5% for the US. The peak of refinancing for accumulated cheap corporate loans was in 2024–2025. The volume of such repayments in 2024–2025 increased by 20% compared to 2020, to $1–1.2 trillion. However, companies were able to refinance their debts, but at higher rates. This shifted the peak of repayments to 2028, but doubled its scale (Figure 3). At the same time, the size of payments in 2026–2027 also increased significantly (USD 1.3–1.5 trillion). Thus, the problem of the "maturity wall" has not been fundamentally solved, but only postponed, exacerbated by the increased cost of credit.

↓ **Figure 3. Debt repayment volumes of non-financial corporations, trillion US dollars**



Source: S&P.

↓ Figure 4. Issuance of debt obligations



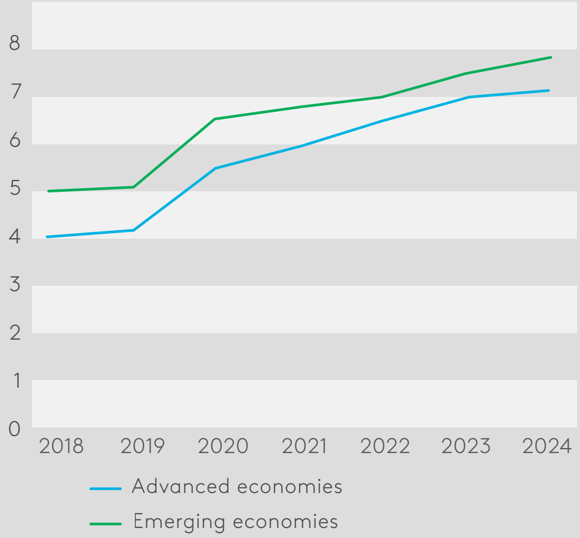
Sources: EDB analysts' calculations based on OECD, IMF data.

The financial position of companies is deteriorating: growing debt burdens and high servicing costs are reducing their ability to repay their debts. The number of companies with low interest coverage ratios is growing[5]. However, this is only part of the problem. A number of large companies continue to operate without being able to generate sufficient profits to service their debt without external support. The share of such "zombie firms"[6] is growing and reached 7–8% of the total number of enterprises in 2024. The problem is more acute in developed economies (Figure 5). This trend creates risks of a long-term decline in productivity: resources are "stuck" in inefficient industries, limiting the flow of capital and labour to more productive segments of the economy.

[5] Determined by the ICR (interest cover ratio), calculated as the ratio of a company's operating profit to its debt servicing costs. An ICR of less than 2 is considered low. With an ICR below 1, profits are insufficient to cover even interest payments.

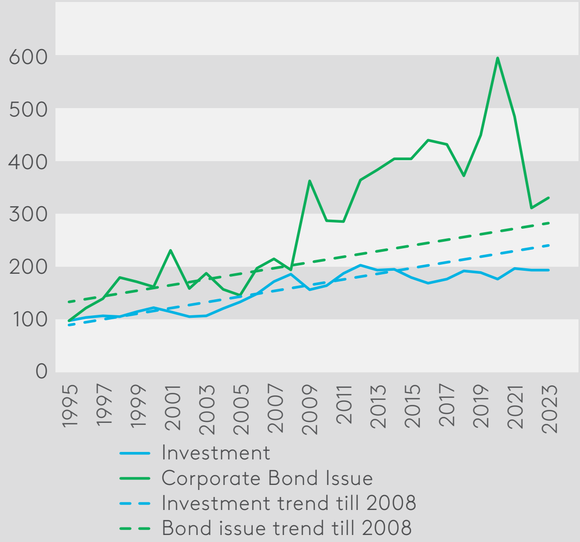
[6] Large mature companies with an ICR of less than 1 for more than three consecutive years, with weak growth prospects, high debt levels, and dependence on cheap credit.

↓ **Figure 5. Share of "zombie firms" in the total number of corporations, %**



Sources: EDB analysts' calculations based on OECD, IMF data.

↓ **Figure 6. Borrowings and growth in corporate investment, 1995 = 100%**



Sources: EDB analysts' calculations based on OECD, IMF data[7].

High interest rates have put significant pressure on corporate investment. Rising costs have reduced companies' net profits and limited their internal sources of financing. The increase in the cost of capital has raised the threshold for project profitability, making many long-term investments less attractive. As a result, capital investment has declined and the launch of new projects has been postponed. An increasing proportion of the funds raised is being used to refinance existing debt rather than to develop the business. Since 2008, the volume of corporate bond issuance has increased significantly, while the volume of investment has not grown. According to OECD estimates, between 2009 and 2024, bond issuance by non-financial companies exceeded the pre-crisis trend by $12.9 trillion, while corporate investment was $8.4 trillion lower (OECD, 2025b). This means that **servicing accumulated debt is increasingly crowding out productive investment** (Figure 6).

A prolonged period of high interest rates increases the risks of financial instability. Large-scale debt restructuring is becoming inevitable, with corporate debt refinancing peaks (2027–2028) following immediately after sovereign debt refinancing peaks (2025–2026). Combined with the growing number of zombie companies and the need for fiscal consolidation in most countries, this limits investment opportunities and increases the risk of a slowdown in global economic growth.

Commodity markets are expected to see mixed trends: **oil prices will fall, while non-energy commodities will rise in price**. Copper prices are expected to rise particularly sharply, thanks to infrastructure projects and the transition to low-carbon energy.

[7] The growth trend in corporate bond issuance and corporate investment was calculated for 1995–2008 based on a linear function and extrapolated to 2024.

The need to build up inventories to speed up delivery and trade conflicts will boost demand for metals used in electronics.

Precious metals will continue to rise in price due to demand for them as reserve assets amid geopolitical instability and the trend toward de-dollarization (Box 2). The slowdown in economic activity in China, especially in construction, will keep ferrous metal prices in check. Food prices in 2025–2026 are forecast to be stable, with moderate growth towards the end of the period.

We forecast a decline in oil prices in 2026–2027 compared to the average level of the last three years. This will be due to growth in supply and the development of alternative energy sources. The average annual price of Brent is forecast to be $66 per barrel in 2026, $65 in 2027, and $69 in 2028 (for comparison: in 2025, the price is $69 per barrel) (Table 2).

The projected trends in the global economy and commodity markets will not create serious obstacles to growth in the Eurasian region. A slight decline in oil prices will limit the export revenues of energy-exporting countries (Kazakhstan, Russia) without creating obstacles to growth. At the same time, lower oil prices will improve trade conditions for net importers (Armenia, Belarus, Kyrgyzstan, Tajikistan, Uzbekistan), restraining domestic price growth. Moderate growth in food prices in 2025–2026 will also help stabilize inflation. Higher prices for precious metals will increase foreign exchange earnings for regional exporters (Kyrgyzstan, Tajikistan, Uzbekistan).

The world is going through a peak in public debt refinancing, while countries in the region are pursuing successful debt policies. High growth rates in 2023–2025 allow Central Asian countries to keep their external debt at a stable level by actively attracting capital and repaying debts. This increases their investment attractiveness compared to other emerging economies, where the debt burden has increased significantly. For example, in October 2025, Kazakhstan placed sovereign Eurobonds worth $1.5 billion on the international capital market with a maturity of 5 years and a yield of 4.412%. The spread to US Treasury bonds is 85 basis points, which is the lowest in the history of Kazakhstan's presence on the Eurobond market. The established yield on the issue is the lowest among all five-year sovereign Eurobonds issued by countries with comparable investment ratings.

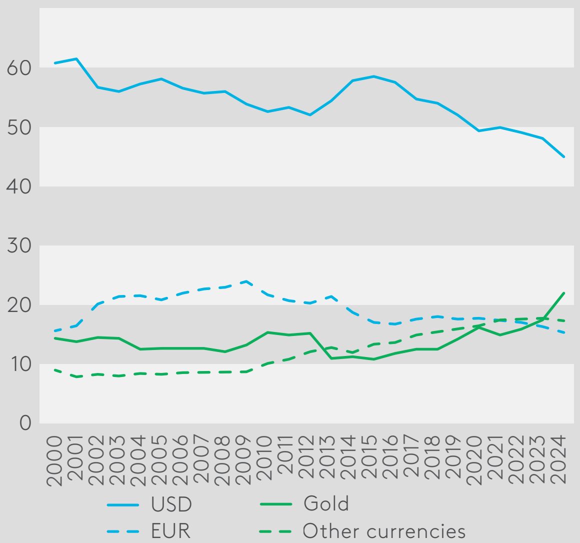
Box 2. Currency usage trends: in reserves, settlements, and banking operations

In this insert, we examine how the role of the dollar in the world is changing in three respects: as a reserve currency, as a means of international settlement, and as the currency in which the assets and liabilities of financial institutions are denominated. We conclude that the dollar's share of central bank reserves is slowly and steadily declining, but its use in settlements is growing, and its role in credit and deposit operations remains stable.

1. De-dollarization of reserves

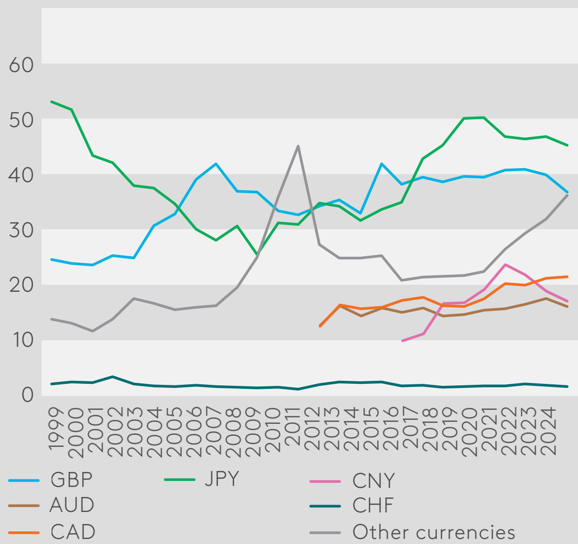
The share of the dollar in central bank reserves has been gradually and steadily declining[8] over the past 25 years: from 61% in 2000 to 45% at the end of 2024: the US currency is gradually losing its role as a store of international liquidity to other currencies and gold (Figure 7). The share of almost all currencies actively used as reserves has grown, except for the euro (Figures 7 and 8). In 2024, the growth in the share of gold in reserves accelerated, with demand for gold from private investors growing even more than from central banks[9]. The share of other currencies declined in 2024. This may mean that caution towards currency assets has become more widespread, affecting not only the dollar.

↓ Figure 7. Structure of international reserves[10], shares in %



Sources: WB, IMF, EDB analysts' calculations.

↓ Figure 8. Structure of "other currencies" in international reserves[11], shares in %



Sources: WB, IMF, EDB analysts' calculations.

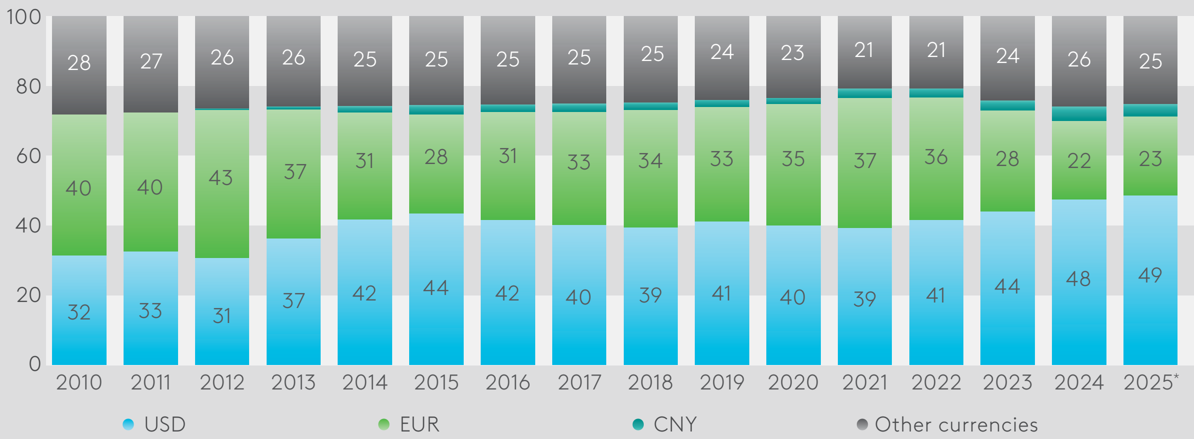
2. Dollarization (and de-euroization) of settlements

The role of the dollar as a means of international settlement is strengthening — mostly at the expense of the euro. The share of the US currency in international settlements through the SWIFT system increased from 32% in 2010[12] to 49% in 2024 (Figure 9), primarily due to the share of the euro. This applies both to the long-term growth in the popularity of the dollar as a means of payment (from

[8] This trend cannot be explained by the weakening of the dollar relative to other currencies. The value of the US currency did not show a downward trend during the period under review and is currently high by historical standards.
[9] The share of gold in reserves increased primarily due to the rise in the price of this metal. The physical volume of gold reserves in central banks increased by 0.6% in 2024 and by 12% in 2014–2024.
[10] Excluding reserve positions in the IMF, SDRs, and "other reserve assets." For the purposes of this analysis, international reserves are understood to be the sum of the currency portion and the value of gold reserves.
[11] Excluding reserve positions in the IMF, SDRs, and "other reserve assets." For the purposes of this analysis, international reserves are understood to be the sum of the currency portion and the value of gold reserves.
[12] Data is available for the period since 2010.

2010 to 2025) and to the increase in its share in payments against the backdrop of growing geopolitical risks, specifically in the current decade. In 2023–2025, the share of the yuan in settlements also grew to 3.6% (in 2020–2021, it was about 2%). The increase in the role of both the yuan and other currencies in international settlements was more of a sudden change in 2023 than a new trend[13].

↓ **Figure 9. Currency structure of international settlements through the SWIFT system**

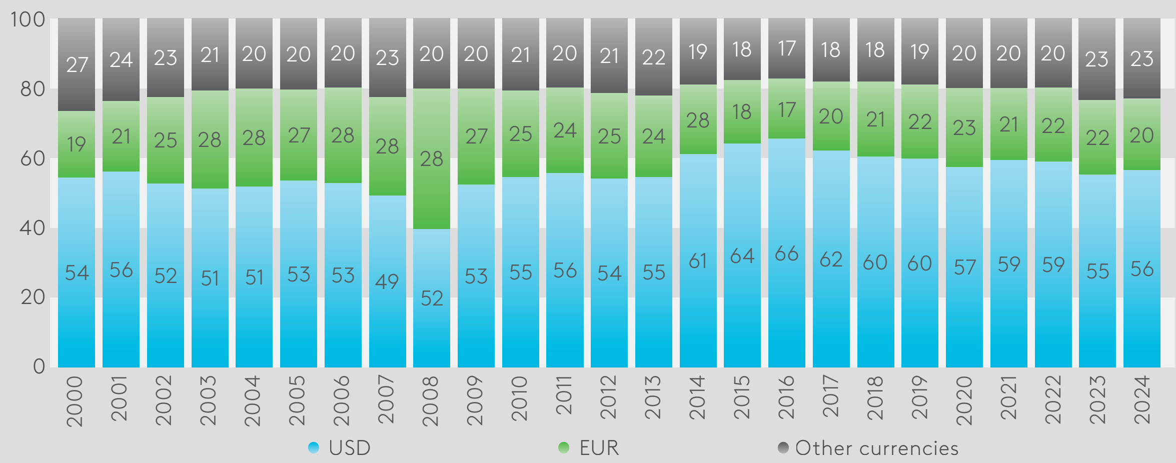


Note: * January — July 2025.
Sources: The Federal Reserve, SWIFT, and calculations by EDB analysts.

3. Stability of the structure of international banking assets and liabilities

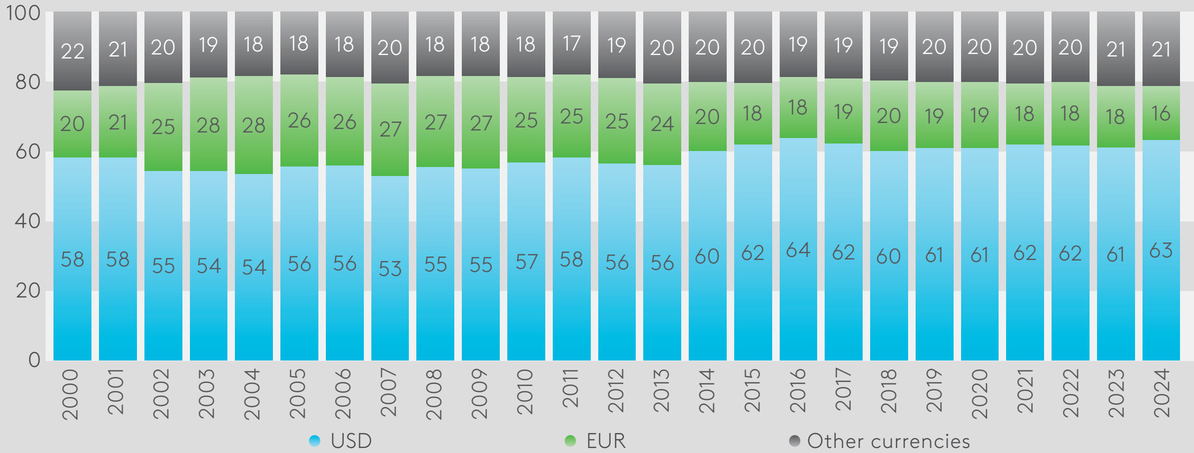
The shares of the dollar in banks' international assets and liabilities are stable (Figure 10A and 10B). Both indicators are below the peaks reached in 2016, but have changed little since 2020: the share in assets has declined slightly, while that in liabilities has increased slightly. Both indicators have declined for the euro, and they have increased for other currencies, but not as noticeably as in international payments.

↓ **Figure 10A. Shares of currencies of bank's international assets, %***



[13] Perhaps all the changes in the structure of international settlements since 2023 (Figure 9) can be explained mainly by the sharp decline in trade between Europe and Russia, which was conducted primarily in euros. As a result, the share of the dollar and other currencies in settlements increased, while the share of the euro (as well as the combined share of the dollar and euro) declined.

↓ Figure 10B. Shares of currencies of bank's international liabilities, %



Notes: * The share of loans granted to foreign counterparties, deposits from foreign counterparties, and other loans and deposits, if denominated in foreign currencies. Only loans and deposits, including repos, are included in the calculation. Transactions with central banks, affiliated banking institutions, and transactions within the euro area are not included.

** Including the yuan.

Source: The Federal Reserve.

Conclusions

The dollar retains its role as the leading international currency. Its position as a means of international settlement and the currency of international banking assets and liabilities is stable or even strengthening. This is ensured by the international financial architecture that has developed over decades. At the same time, the share of the dollar in central bank reserves is gradually and steadily declining.

To increase the stability of the global financial system, it is advisable to expand the use of currencies of major emerging countries in international settlements, such as the yuan, rupee, Brazilian real, Saudi riyal, UAE dirham, Russian rouble, and others. The main steps that can be taken to achieve this are: the use of national currencies in trade transactions, the creation of an independent settlement infrastructure, and the coordination of national digital currencies.

Digital assets are likely to have a significant impact on the role of the dollar and national currencies in the international settlement system. CBDCs, stablecoins, and traditional money will probably have their own roles and be used in parallel. Stablecoins, which enable instant payments, may play a special role in this transformation.