Eurasian
Development Bank

MACROECONOMIC OUTLOOK 2026–2028

DECEMBER 2025

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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

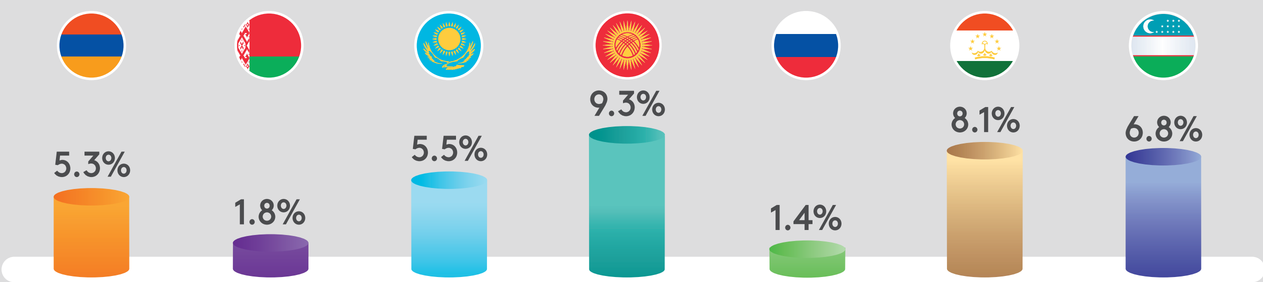
6.3%
Aggregate inflation in the region at the end of 2026

Decrease in interest rates in Russia and Kazakhstan

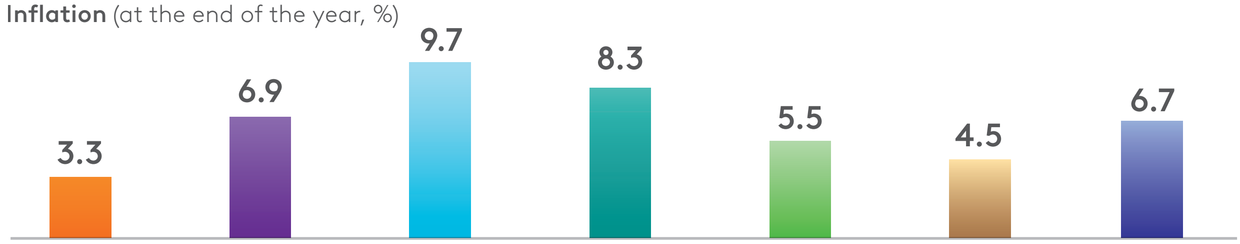
≈13%
Key rate in Russia at the end of 2026

≈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

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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.

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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.

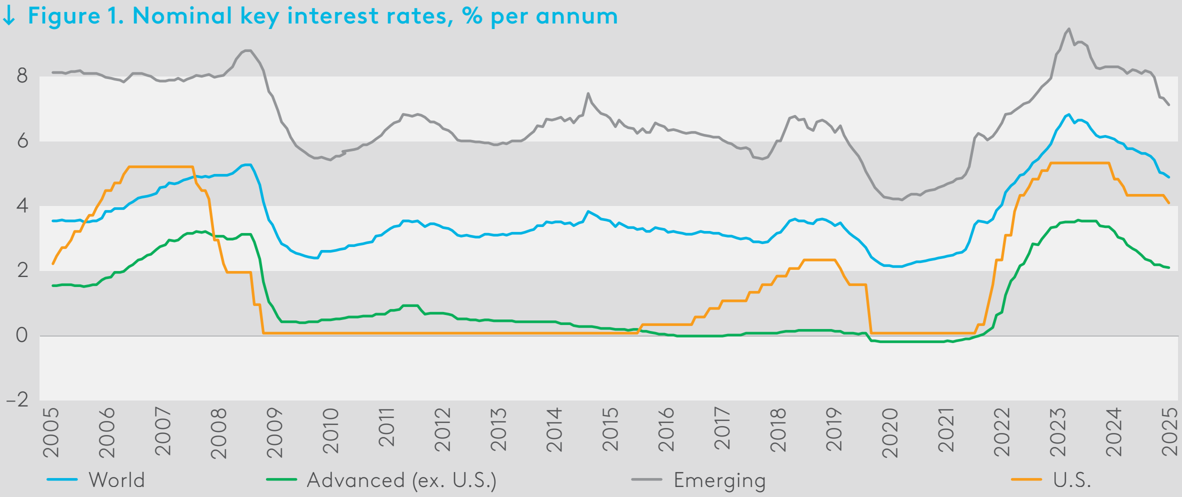
In recent years, the cost of servicing debt has risen sharply (Figures 1 and 2), the accumulation of new borrowings has accelerated, and the stability of companies has declined. The global economy has effectively returned to its old interest rate norms, after more than a decade of ultra-loose monetary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

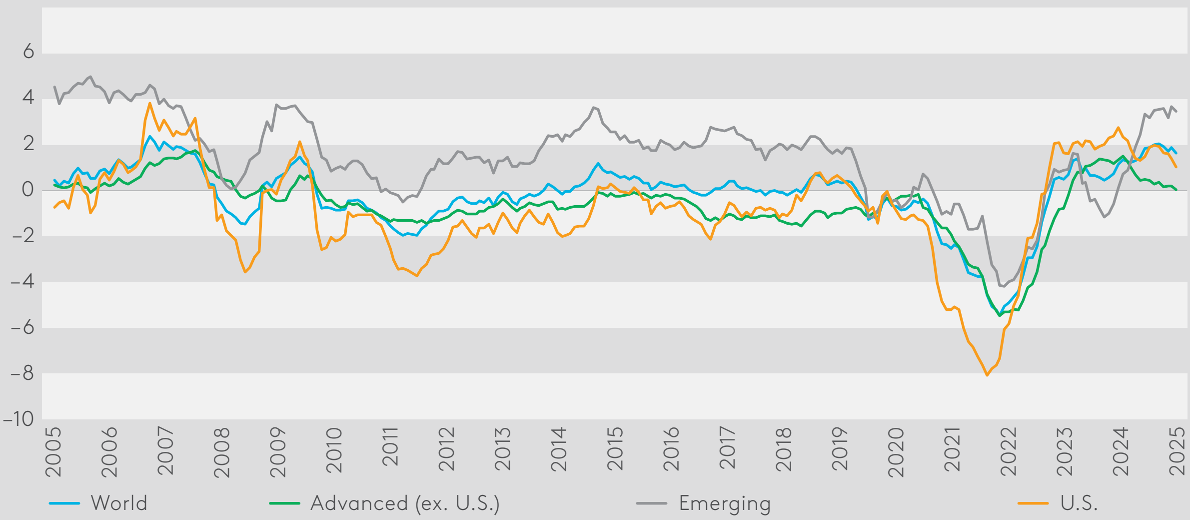
For countries whose external liabilities are largely denominated in dollars, the cheaper dollar has reduced the cost of their debt in terms of their national currency. Pressure on budgets in terms of debt repayment and servicing has eased. The continuing high uncertainty in global markets continues to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

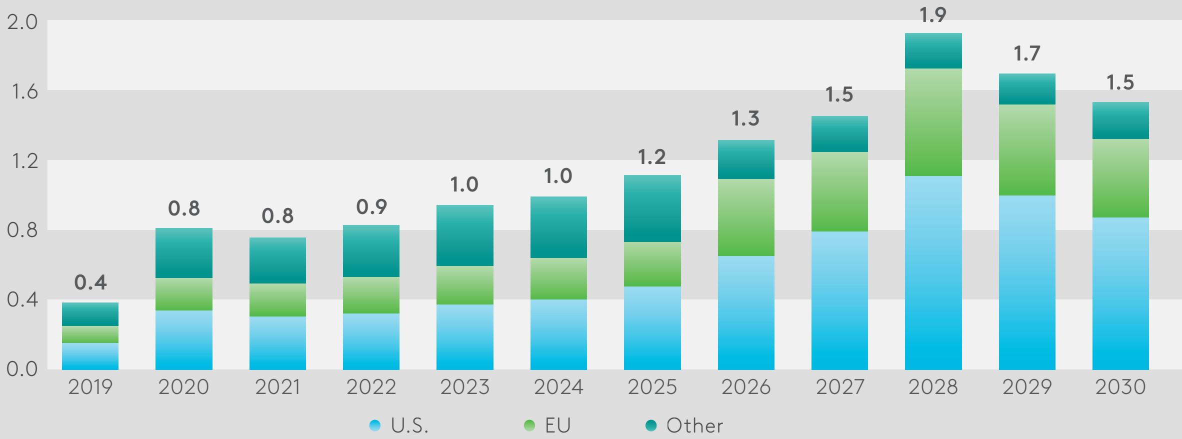


Source: EDB analysts' calculations based on IMF data.

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).*

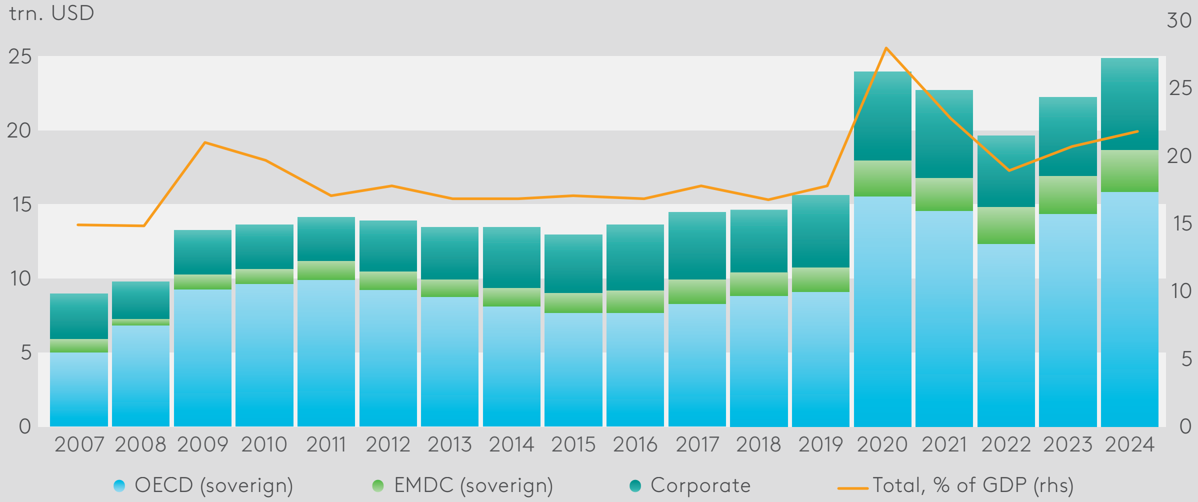
Corporate debt has become one of the key factors in financial vulnerability. During years of low interest rates, companies actively increased borrowing and extended the terms of their obligations. However, with interest rates rising, refinancing has become a serious problem: new loans are more expensive 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**



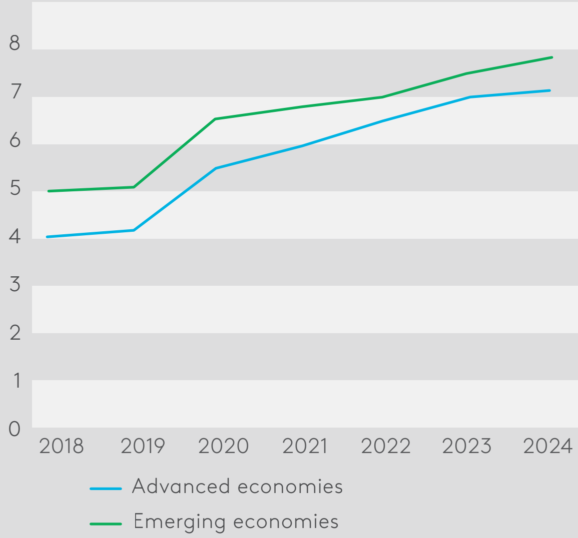
Sources: EDB analysts' calculations based on OECD, IMF data.

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.

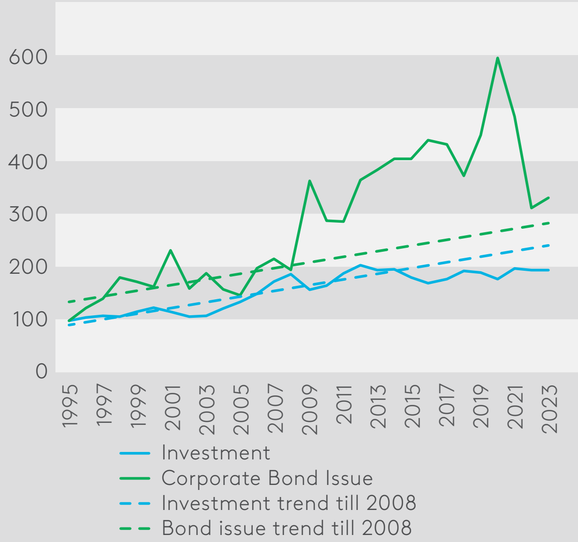
[6] Large mature companies with an ICR of less than 1 for more than three consecutive years, with weak growth prospects, high debt levels, and dependence on cheap credit.

↓ 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.

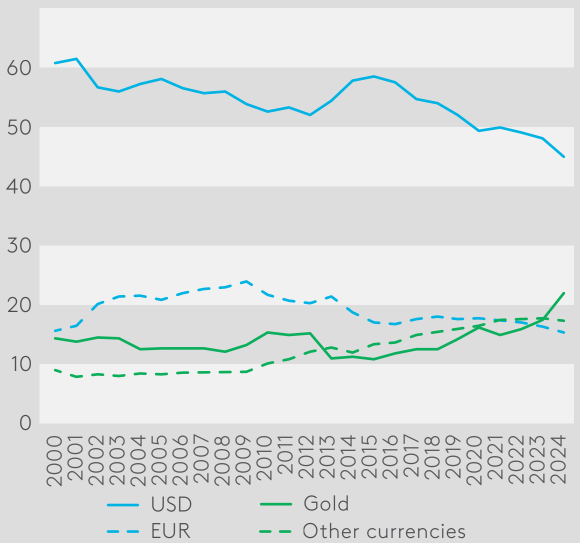
Box 2. Currency usage trends: in reserves, settlements, and banking operations

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

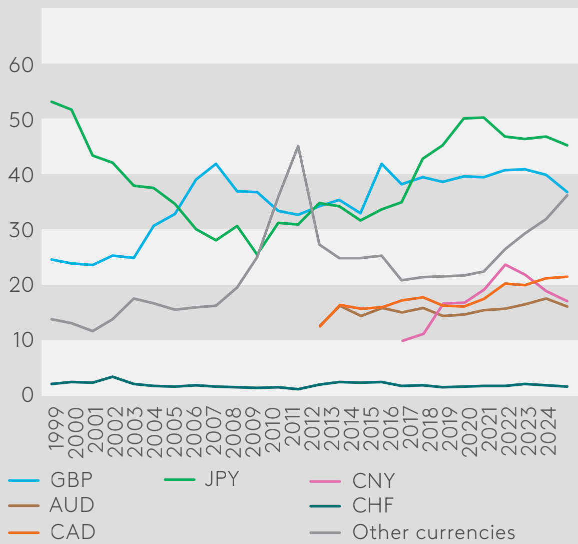
The share of the dollar in central bank reserves has been gradually and steadily declining[8] over the past 25 years: from 61% in 2000 to 45% at the end of 2024: the US currency is gradually losing its role as a store of international liquidity to other currencies and gold (Figure 7). The share of almost 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.

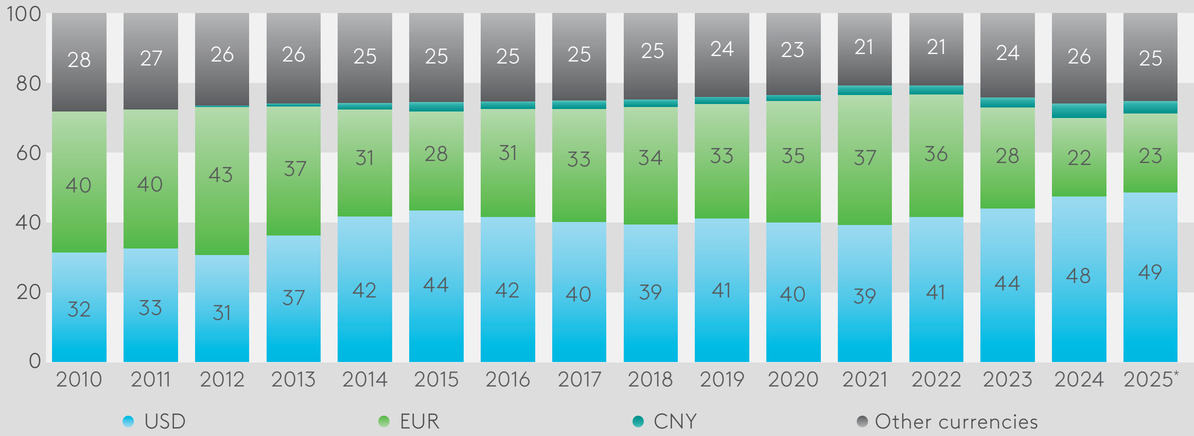
[10] Excluding reserve positions in the IMF, SDRs, and "other reserve assets." For the purposes of this analysis, international reserves are understood to be the sum of the currency portion and the value of gold reserves.

[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**

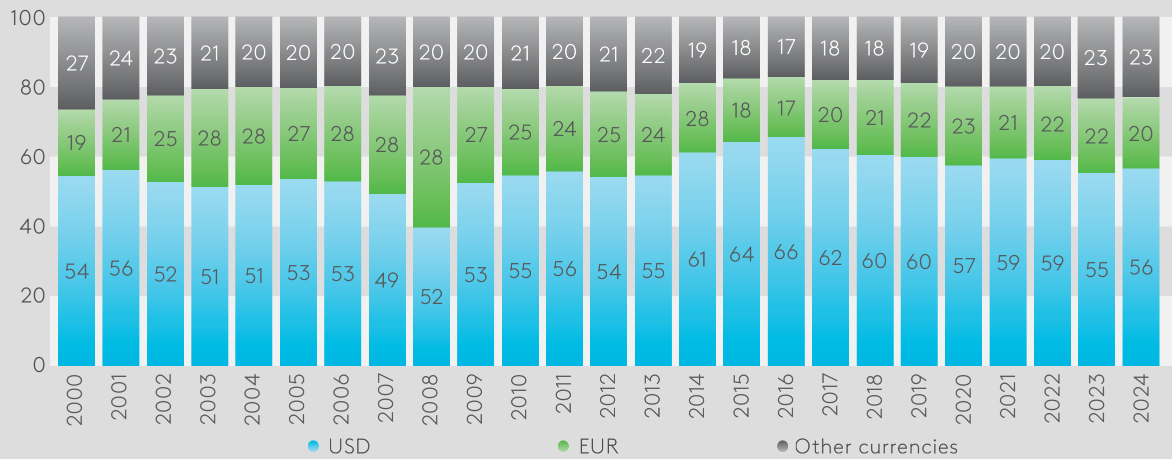


Note: * January — July 2025.
Sources: The Federal Reserve, SWIFT, and calculations by EDB analysts.

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

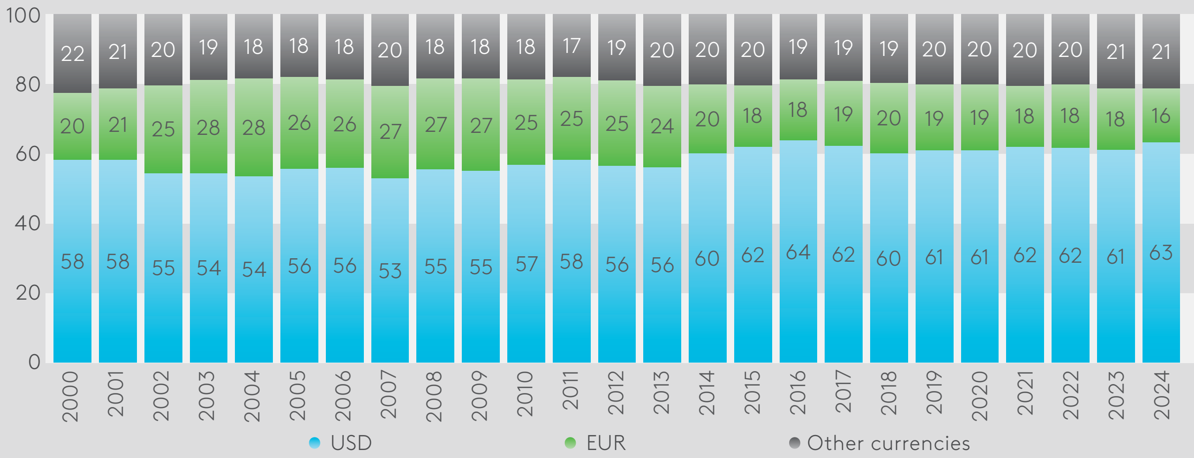
The shares of the dollar in banks' international assets and liabilities are stable (Figure 10A and 10B). Both indicators are below the peaks reached in 2016, but have changed little since 2020: the share in assets has declined slightly, while that in liabilities has increased slightly. Both indicators 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.

REPUBLIC OF ARMENIA

REPUBLIC OF ARMENIA

Armenia's GDP growth is projected at 5.3% in 2026. Inflation at the end of 2026 will be 3.3%, remaining within the target range amid stability of the national currency. The forecast for 2026 assumes a slightly negative impact of fiscal policy on the economy.

Current situation

Economic activity[14] in Armenia increased by 8.1% YoY in January–October 2025. Growth was driven by the services (+10.8% YoY) and construction (+20.6% YoY) sectors, as well as an improvement in industrial performance. In January–October, the decline in the industrial sector (–3.0% YoY) continued, while in Q3 2025, output growth turned positive for the first time since 2024, reaching +17.9% YoY in October. Business activity continues to be positively influenced by the construction sector amid growth in mortgage lending (21.8% YoY in October 2025) and trade (+3.2% YoY in January–October). Domestic demand was supported by high growth rates in lending to the population (26.5% YoY in October 2025) and a 25% YoY increase in money transfers in January–September. Tourism increased by 0.8% YoY in the first nine months of 2025, following an 11.3% YoY decline in the first quarter.

Armenia's GDP grew by 6.0% in the first nine months of 2025. The largest contributions came from financial activities, information and communications, and construction (up 14.8%, 18.1% and 22.8% YoY, respectively). Household consumption and investment were the main drivers of demand (up 10.2% and 19.6% YoY, respectively).

In 2025, GDP is expected to grow by 6.0% YoY, which is slightly higher than in our previous forecast. Domestic demand is supported by high rates of lending to the population, positive dynamics of remittances, and active investment in fixed capital. The expansion of the budget deficit planned for 2025 is also having a stimulating effect on aggregate demand. The recovery in tourism will also contribute to sustainable economic growth in Q4 2025.

In January–September 2025, the inflow of cross-border remittances to Armenia increased by 7.3% YoY (net inflow grew by 15.5% YoY) and amounted to $4.2 billion[15]. The growth was driven by remittances from the Russian Federation and the United Kingdom. During the same period, the outflow of funds increased by 4.9% YoY, mainly to Switzerland. The net inflow of non-commercial transfers, including transfers to households, increased by 25% YoY in January–September

[14] The economic activity indicator is a monthly index which, unlike GDP, shows changes in the real volume of output in the economy rather than value added including taxes.

[15] Includes commercial and non-commercial transfers by individuals through the RA banking system. In 2022, 2023, and 2024, the inflow of cross-border transfers by individuals to Armenia amounted to $5.1, $5.6, and $5.8 billion, respectively, compared to an average of $2.0 billion per year in 2019–2021. Outflows increased in 2023 and 2024.

of this year (after declining in 2023 and 2024), which provided additional support to domestic demand.

Inflation in Armenia was 3.7% YoY in October after 3.8% YoY in September. The inflation rate continues to be mainly determined by food prices (5.6% YoY in October after 5.8% YoY a month earlier), which is related to global price dynamics. In October, inflation in the services sector accelerated slightly (2.9% YoY after 2.8% YoY a month earlier), while in the non-food segment, price growth stabilized at 0.9% YoY.

We expect consumer price inflation to reach 3.3% YoY by the end of 2025. This price dynamic will be driven by external inflationary pressures, primarily due to high prices for imported food products, and rising inflation in the non-food sector. Higher inflation in the services sector, mainly due to rising airfares and increased tourist flows in the second half of the year, will be an additional factor pushing up consumer prices.

The Central Bank of Armenia once again kept its refinancing rate unchanged at 6.75% at its meeting on November 4. Inflation remained within the target range, standing at 3.7% YoY in October, after 3.8% YoY in September. At the same time, the RA Central Bank notes that the risks of price increases for imported goods and the risk of increased inflationary pressure have increased, including due to the expansion of domestic demand. Provided that inflation remains within the RA Central Bank's target range and domestic demand continues to grow in a balanced manner, the refinancing rate will be at the level of 6.5–6.75% until the end of 2025.

The value of exports and imports declined in January–October of this year by 44.7% YoY and 31.2% YoY, respectively, because the positive impact of foreign trade in precious metals has been exhausted. Excluding trade in precious and non-precious metals, export growth amounted to 8.4% YoY (food and mineral products) and import growth to 7.6% YoY (transportation equipment and food) in January–September 2025.

The state budget balance showed a deficit of 1.0% of GDP in January–September 2025 (1.0% of GDP in 2024). Revenues increased by 14.3% YoY, while expenditures increased by 14.1% YoY. The government's planned deficit for 2025 is 5.5% of GDP, up from 3.7% of GDP a year earlier. This allows for accelerated growth in government spending during the remainder of 2025 and additional stimulation of domestic demand.

In January–October 2025, the Armenian dram strengthened by 1.1% YoY against the US dollar, while weakening by 2.2% and 7.9% YoY against the euro and Russian rouble, respectively. International reserves reached $4.5 billion in October 2025, exceeding the historical maximum ($4.2 billion in 2023). Together with the growth in tourism and the improvement in the dynamics of remittances and foreign trade, this became an important factor in maintaining the stability of the national currency.

Forecast

↓ **Table 3. Armenia's main macroeconomic indicators *(baseline scenario)***

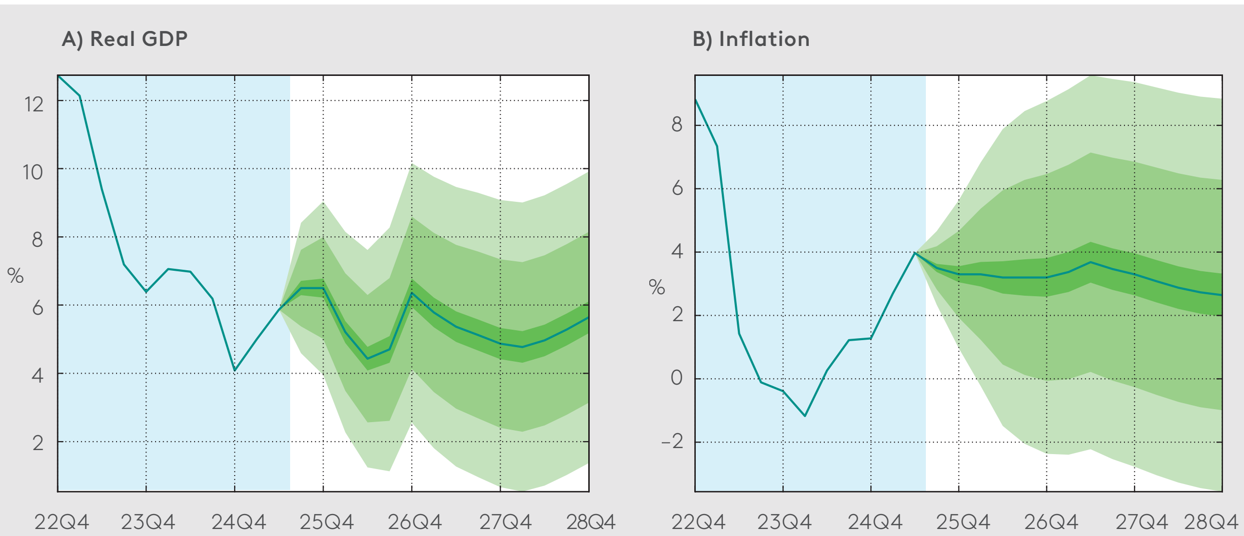
Indicator	2024	2025F	2026F	2027F	2028F
GDP in constant prices (*% growth YoY*)	5.9	6.0	5.3	5.3	5.1
Consumer price index (*% growth YoY at the end of the year*)	1.5	3.3	3.3	3.3	3.0
Refinance rate (*%, per annum, annual average*)	8.0	6.8	6.5	6.0	6.0
Armenian dram to dollar exchange rate (*annual average*)	392	389	393	400	403

Sources: national agencies, EDB analysts' calculations.

Economic activity and inflation

Armenia's GDP is projected to grow by 5.3% in 2026 (Figure 11.A). Economic growth rates will remain high. Household consumption (supported by high levels of credit and savings) and investment in fixed capital will continue to be the main contributors to the economy. An improvement in the global economic outlook, including accelerated growth in Russia, will help maintain stable external demand, including for tourism services. At the same time, the reduction of the budget deficit from 5.5% to 4.5% of GDP in 2026 will have a restraining effect on the expansion of aggregate demand (Table 3). **In 2027–2028, economic growth is forecast to average around 5.2% YoY.** Economic activity will be close to long-term rates, supported by stable external demand, a recovery in industrial production, and a balanced monetary policy.

↓ **Figure 11. Forecast of economic activity and inflation in Armenia**



Note: Here and henceforth the data on GDP and inflation are given with elimination of seasonality; the ranges of the charts correspond to confidence intervals of 10%, 50%, and 75%.

Source: EDB analysts' calculations.

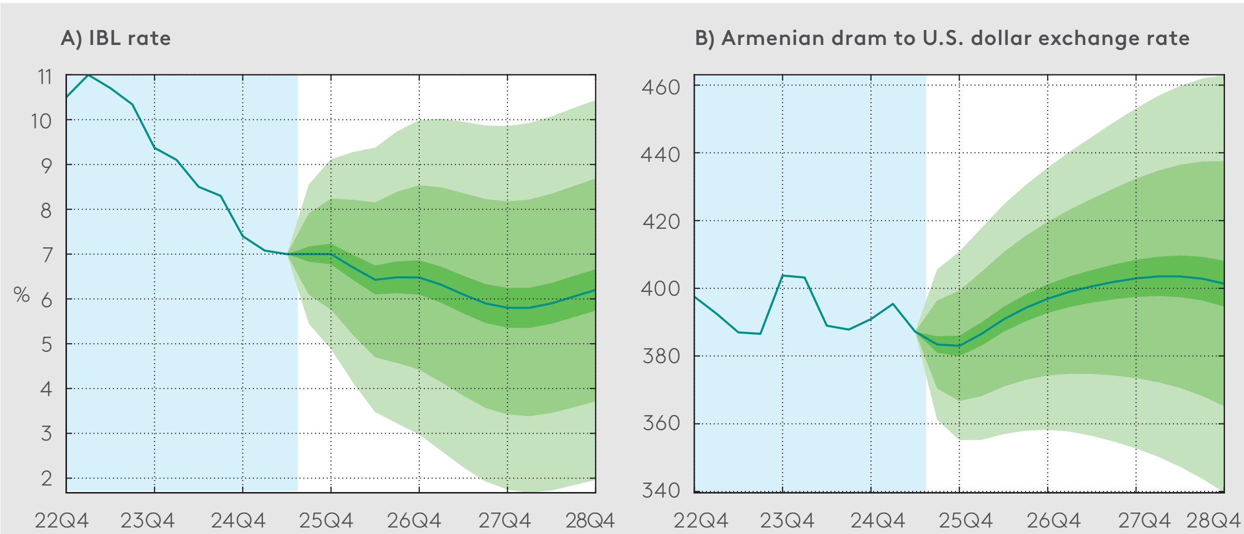
Inflation is projected at 3.3% YoY at the end of 2026 (Figure 11.B). In 2026–2028, inflation will remain within the RA Central Bank's target range (3±1%), averaging 3.3% per year, as the economy returns to long-term growth rates. At the same time, strong external demand, sustained household consumption, and rising global food prices in the medium term will act as pro-inflationary factors.

Monetary policy and the Armenian dram exchange rate

The refinancing rate will average 6.5% in 2026 (Figure 12.A). At the end of 2026, we expect the rate to be around 6.5%. Given the continuing inflationary risks from both domestic and external demand, the Central Bank of Armenia will approach rate cuts with caution. In 2027–2028, the rate is forecast to stabilize at around 6.0%, which will be consistent with maintaining inflation within the RA Central Bank's target range and ensuring GDP growth at a long-term sustainable level of around 5.0–5.5% per annum.

The average annual exchange rate of the dram against the dollar is forecast at 393 in 2026 (Figure 12.B). The dynamics of the dram exchange rate will be influenced by import growth amid stable domestic consumer and investment demand. Stable external demand will support the national currency. In 2027–2028, the average annual exchange rate will be around 400 drams per dollar. The gradual weakening of the Armenian dram will occur against the backdrop of rising prices for imported food, sustained long-term economic growth, and, to a lesser extent, lower interest rates on the money market.

↓ **Figure 12. Forecast of interest rate and exchange rate of the Armenian dram**



Source: EDB analysts' calculations.

Restrictive fiscal policy in the medium term. In our view, fiscal policy will have a limiting effect on demand in 2026, given the Armenian government's plans to reduce the budget deficit to 4.5% of GDP after 5.5% in 2025. The deficit reduction will be driven by a 1.2 p.p. decrease in expenditure to 30.4% of GDP, while revenue will remain at 26% of GDP. The government intends to keep capital expenditures at 5.7% of GDP in 2026–2028. Successful implementation of these plans will increase overall productivity and have a positive impact on the economy's potential growth rate in the medium term. In 2027–2028, fiscal policy is expected to have a moderately restraining effect on demand, as expenditure gradually declines to 28.7% of GDP and revenues stabilize at around 26% of GDP.

Risks

Geopolitical risks. Continued geopolitical tensions increase uncertainty in forecasts for key macroeconomic indicators. If adverse scenarios materialize, country risk will increase, pro-inflationary factors will intensify, and risks of weakening external demand will grow.

Risks associated with global trade. Ongoing global trade tensions and slowing growth among trading partners could lead to a decline in external demand and even greater instability in global inflation. Prolonged uncertainty in US trade policy could weaken consumer and investment activity both in the US itself and in other countries. Tighter trade measures could, on the one hand, reduce prices by lowering demand for imports, but on the other hand, cause disruptions in supply chains and increase inflationary pressures globally.

REPUBLIC
OF BELARUS

REPUBLIC OF BELARUS

Belarus's GDP growth in 2026 will be 1.8%, while maintaining consumer and investment activity. Inflation is forecast to be close to 7% at the end of 2026. We expect price pressures to ease as the economy returns to a balanced growth trajectory. The refinancing rate will remain close to its current level (9.75%) throughout the forecast horizon.

Current situation

Belarus's economy will grow by 1.8% in 2025. High consumer and investment activity remains a key driver of growth. At the end of nine months, GDP increased by 1.6% YoY. Economic activity was supported by government measures to stimulate investment and growth in household income. The estimate for 2025 has been lowered by 1.4 percentage points compared to the previous forecast (EDB, 2025), due to the fact that demand growth from the main trading partner, Russia, is slowing down more than previously expected.

Construction, trade, and the IT sector accounted for more than half of GDP growth in January–September 2025. Value added in the construction industry increased by 10.7% YoY, contributing almost 0.6 p.p. to GDP growth. Growth in the IT sector amounted to 3.9% YoY. Strong passenger traffic dynamics (+6.5% YoY) supported an increase in value added in the transport sector (+2.5% YoY). Higher economic growth rates were hampered by a decline in industrial production (–0.8% YoY) amid a reduction in exports. The decline in external demand for goods produced by Belarusian manufacturers was reflected in an increase in finished product inventories, which amounted to 80.1% of average monthly output as of October 1, 2025 (compared to 61.7% a year earlier). In agriculture, output has not yet reached the previous year's level (–1% YoY) due to a reduction in livestock numbers. However, the harvest of major crops is better than last year, which suggests that positive growth rates will return by the end of the year.

Domestic demand is expanding amid high consumer and investment activity. Consumption is growing thanks to higher wages (+10% YoY). The growth in household income was facilitated by the government's policy of encouraging citizens to participate in the labour market, as a result of which the unemployment rate in Q3 2025 fell to 2.4%, a new historic low. Investment in fixed capital grew by 15.3% YoY. A significant part of the increase (6.5 p.p.) was financed by growth in bank lending (+56.5% YoY), which was facilitated by measures taken by the National Bank and the expansion of preferential lending. Additionally, budget financing increased by 35.4% YoY, accounting for about 4.7 p.p. of investment growth. The main driver of capital investment growth was industry, including the extractive sector (+89.1% YoY), manufacturing (+21.3% YoY), and water supply (+32.4% YoY). High investment growth rates also occurred in agriculture (+12.4% YoY), transport (+12.3% YoY), and real estate (+11.1% YoY).

Inflation will stabilize but remain above target (5%) at around 7.1% in 2025. Price growth accelerated from 5.2% YoY at the end of last year to 7.4% YoY in July 2025, before slowing to 6.9% YoY in October. The acceleration was due to growth in domestic demand and price alignment with Russia. Slower price growth for seasonal vegetables and fruits, tighter administrative regulation of meat and dairy products, and a stronger exchange rate contributed to the slowdown in inflation in the third quarter of 2025. Core inflation fell to 7.1% YoY in October (from 7.7% YoY in August) for the first time since the beginning of the year, indicating a weakening of inflationary pressures.

The foreign trade deficit in goods and services widened to $0.6 billion in January–August 2025, up from $0.11 billion a year earlier. The key factor was a 1.5-fold increase in the negative balance of trade in goods to $3.21 billion. Exports fell by 2.5% YoY due to lower demand for investment goods and lower export prices for intermediate goods in key markets. Imports of goods grew by 1.4% YoY. Investment activity contributed to a 9% YoY increase in imports of machinery and equipment. Consumer imports increased by 16.6% YoY amid strong retail sales. The increase in the foreign trade surplus in services to $2.6 billion due to growth in service exports (+15.4% YoY) offset more than half of the increase in the trade deficit in goods.

Bank lending conditions changed insignificantly. In June, the National Bank raised the refinancing rate by 0.25 percentage points to 9.75%. The regulator's policy was implemented through prudential measures and varied depending on the lending objectives. Measures were taken to raise consumer lending rates, while conditions for investment loans were eased. As a result, lending rates for individuals rose from 10.6% in Q1 to 11.2% in Q3, while those for legal entities remained in the range of 12.0–12.3%. The loan portfolio grew moderately: +4.8% as of September 1, 2025, compared to the beginning of the year, due to the expansion of lending in the national currency (+10% YoY).

Gold and foreign exchange reserves grew in January–October 2025, reaching historic highs. Their volume reached $13.72 billion at the beginning of November, increasing more than 1.5 times ($4.8 billion) since the beginning of the year. The main factors behind this growth were, first, a $2.42 billion revaluation of gold in the structure of gold and foreign exchange reserves due to higher prices and, second, an increase in foreign currency reserves (+$2.32 billion). Foreign currency funds are increasing against the backdrop of net foreign currency supply in the domestic market (+$1.07 billion).

Forecast

↓ **Table 4. Main macroeconomic indicators of Belarus *(baseline scenario)***

Indicator	2024	2025П	2026F	2027F	2028F
GDP in constant prices (*% growth YoY*)	4.0	1.8	1.8	1.9	2.0
Inflation (*% YoY at year-end*)	5.2	7.1	6.9	6.7	6.5
Refinancing rate (*% per annum, annual average*)	9.5	9.7	9.75	9.75	9.75
Belarusian rouble to US dollar exchange rate (*annual average*)	3.25	3.08	3.32	3.66	3.89

Source: national agencies, EDB analysts' calculations.

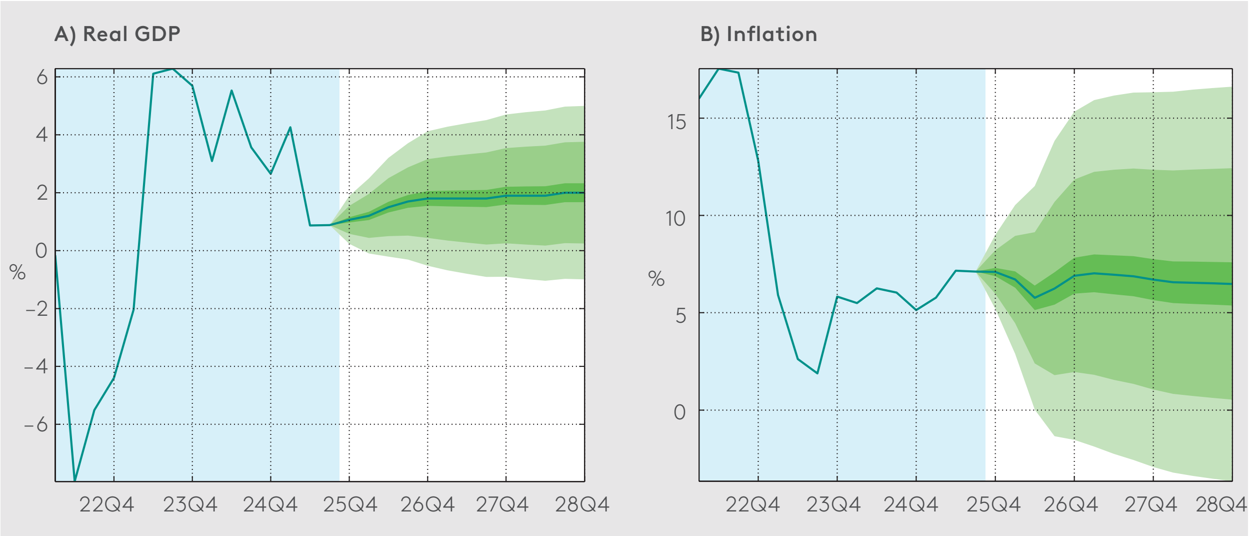
Economic activity and inflation

GDP growth of 1.8% is forecast for 2026 (Table 4). The economy will continue to grow driven by domestic demand. Rising household incomes will support consumer activity, and the government will maintain its policy of stimulating investment. The planned credit support mechanisms and the implementation of more than 600 projects under investment agreements with the government will ensure positive investment dynamics. Investment activity, along with measures to support housing construction, will give an impetus to the construction industry. The growing need to replace foreign software products in Belarus and Russia will contribute to the further development of the IT industry. Growth in domestic demand will lead to an increase in imports. At the same time, the expected cooling of demand for Belarusian goods due to the slowdown in the Russian economy will have a restraining effect on exports. Improved competitiveness due to the weakening of the real exchange rate will only partially offset the negative effect of declining external demand. Stocks of finished products and subdued external demand may hamper the expansion of industrial production.

We expect the economy to accelerate its growth in 2027–2028, returning to a balanced development trajectory (Figure 13.A). Economic activity will grow amid rising demand from Russia and increased domestic consumption. The implementation of integration and import substitution projects will begin to expand production capacity. However, labour shortages and limited access to advanced technologies will remain constraints.

According to our forecasts, inflation will slow to 6.9% in 2026 and remain close to the updated target of 7% (Figure 13.B). The inflationary effect of price alignment with Russia has largely been exhausted. At the same time, the devaluation of the Belarusian rouble against the dollar and growth in domestic demand will continue to exert pro-inflationary pressure. An increase in the VAT rate in Russia could lead to additional importation of inflation.

↓ Figure 13. Forecast of economic activity and inflation in Belarus

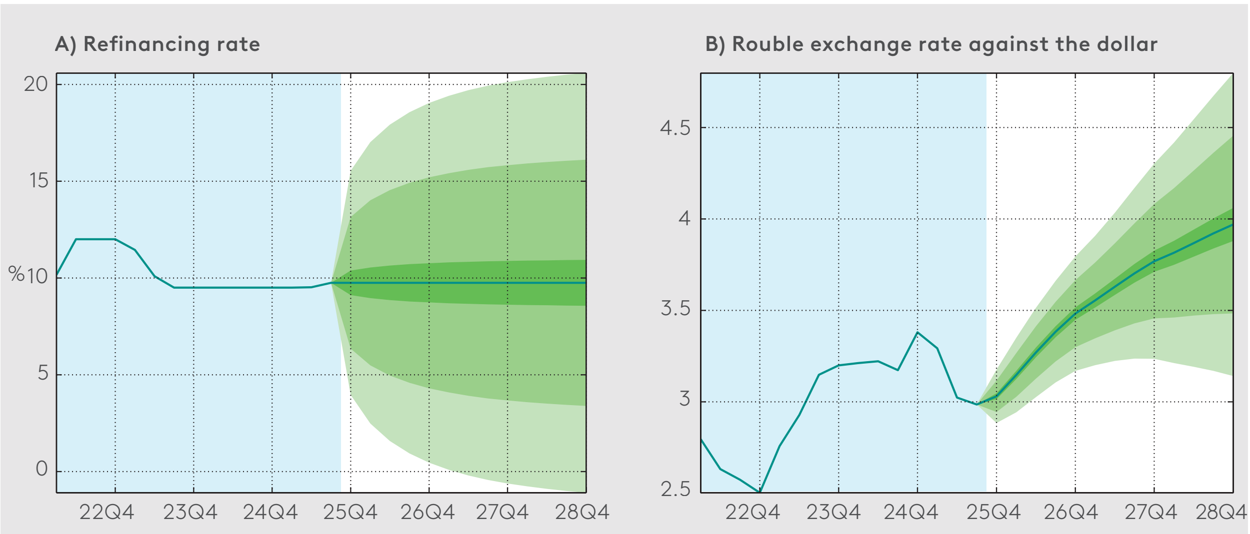


Source: EDB analysts' calculations.

Monetary policy and the Belarusian rouble exchange rate

Monetary conditions will not change significantly. The refinancing rate is expected to remain close to the current level (around 9.75% per annum). The stabilization of inflationary processes does not provide grounds for raising it. The National Bank will continue to regulate liquidity through macroprudential measures to return domestic demand to a balanced growth trajectory. Given the projected price dynamics in real terms, the rate will remain positive and stable. The expected refinancing rate is around 9.75% throughout the forecast horizon, which will help anchor inflation expectations.

↓ Figure 14. Forecast of the refinancing rate and the Belarusian rouble exchange rate



Source: EDB analysts' calculations.

The average annual exchange rate of the Belarusian rouble against the dollar is forecast at 3.32 in 2026. The foreign trade deficit will continue to widen, increasing demand for foreign currency. Higher inflation rates in Belarus compared to partner countries will create conditions for weakening the Belarusian rouble, which will support the price competitiveness of domestic producers. Net currency sales by the population will continue, supporting the rouble exchange rate (Figure 14.B).

Risks

The decline in Russia's GDP remains a key risk for the Belarusian economy. The reorientation towards the Russian market has led to its share in Belarusian exports of goods growing to two-thirds. Limited logistical capabilities for deliveries to third countries hinder rapid diversification of exports, which may lead to a decline in production. To mitigate the consequences, the government is taking measures to diversify export destinations and expand access to alternative markets. At the same time, if budgetary stimulus measures are expanded in Russia, conditions will be created for higher-than-forecast growth rates in Belarus. In addition, increased investment activity in the context of state support creates conditions for improving economic efficiency, while expanding production capacity will accelerate GDP growth without increasing price pressure.

A positive risk factor could be the easing of external logistical constraints for the Republic of Belarus, which will be reflected, among other things, in an increase in the throughput capacity of border-crossing points with EU countries and the resumption of access to Baltic ports. This will lead not only to an expansion of exports, but also to a significant restoration of transit capacity and, ultimately, to accelerated GDP growth.

REPUBLIC
OF KAZAKHSTAN

REPUBLIC OF KAZAKHSTAN

We expect Kazakhstan's economy to grow steadily at around 5.5% in 2026–2028. Unlocking the potential of the non-resource sector will be a key driver of GDP growth. Inflation will approach the 5% target in 2028 thanks to monetary policy measures. We expect the base rate to remain at 18% until the end of Q1 2026.

Current situation

The economy is expanding at its fastest pace in 13 years. GDP grew by 6.4% YoY in January–October 2025, the highest figure since 2012. As we expected (EDB, 2024), the launch of new capacity at the Tengiz field gave a boost to the mining industry. Its contribution to GDP growth increased from 0.8 p.p. in January–March to 1.2 p.p. in January–September 2025. In addition, for the second year in a row, there has been rapid growth in the manufacturing industry (+5.8% YoY in January–October 2025), driven by machine-building enterprises (EDB, 2024b). On the demand side, strong domestic demand is supporting high economic turnover. Investment in fixed capital grew by 13.1% YoY in January–October, largely due to implementation of the National Infrastructure Plan. The main growth in capital investment is in sectors such as energy (1.5 times) and transport (+14.8% YoY). Domestic trade contributed 1.4 percentage points to GDP growth. At the same time, we expect more subdued consumer activity amid tighter monetary conditions. The slowdown in growth in Q4 2025 will also be driven by high figures for the same period a year earlier. We forecast GDP growth of 5.9% for 2025.

Inflation rose to 12.6% YoY in October 2025, up from 8.6% YoY in December 2024. The key contributor to the increase was food price inflation: 5.4 p.p. Here, the pressure comes mainly from external markets. In September, the average value of the FAO meat price index reached a record high of 127.8 points. The rise in the price of non-food items is partly due to the 5.4% depreciation of the tenge between May and October 2025. The rise in the price index in the services sector is due to an increase in regulated tariffs. In addition, the surge in inflation expectations associated with the planned increase in the VAT rate had a significant impact. At the end of 2025, we expect inflation to reach 12.3%.

The current account deficit was $7 billion in January–September 2025, which is $3 billion more than in the same period a year earlier, according to preliminary estimates by the National Bank of Kazakhstan. The reduction in the trade surplus by $3.5 billion led to an increase in the current account deficit. At the same time, the primary income deficit narrowed by $638.5 million to $17 billion. This is due to a reduction in investment income that Kazakhstan pays to foreign direct investors. Net capital outflow on financial account transactions (excluding reserve assets) amounted to $3.2 billion, mainly due to an increase in expenditure on foreign portfolio investments.

Kazakhstan's trade surplus was $11.6 billion in January–September 2025. A year earlier in the same period, the figure was $16.7 billion. Exports in value terms decreased by 5.1% YoY amid low prices on global commodity markets: oil prices fell by 14.4% YoY, and iron ore prices fell by 10.4% YoY. As a result, revenues from overseas supplies of oil and gas condensate fell by 12.3% YoY, while physical volumes grew by 4.2% YoY. The value of metal exports was 4.8% lower than in the same period a year earlier. There was also a decrease in exports of machinery and equipment in dollar terms (-20.6% YoY). As we expected (EDB, 2024), exports were supported by growth in food supplies (mainly grain: +52.7% YoY). The 4.5% increase in imports was mainly due to growth in the volume of imported products from the machine-building (+7% YoY) and chemical (+8% YoY) industries.

The National Bank continued to raise its base rate in 2025. High volatility in inflation expectations was fuelled by various factors. In early 2025, the surge was driven by the ongoing debate on tax reform, which required a 125 basis point increase in the base rate (to 16.5%) in March. The weakening of the tenge in Q2–Q3 translated into accelerated inflation in the autumn, significantly easing monetary conditions. This required a further increase in the base rate to 18% in order to restore moderate monetary tightness and slow down the growth of the consumer price index.

The state budget deficit decreased to 2.0 trillion tenge in January–September 2025 (2.1 trillion tenge in the same period of 2024). The improvement is due to faster revenue growth of 13.3% YoY, while expenditures grew more slowly, at 10.4% YoY. In the reporting year, tax revenues were the main driver of budget revenue growth: +20% YoY compared to 2.1% YoY in January–September 2024. The increase in corporate income tax (+24.9% YoY) and VAT (+20.3% YoY) played a key role here. The growth rate of transfers from the National Fund slowed to 4.1% YoY in January–September 2025 (from 21.1% YoY in the same period a year earlier). The increase in expenditures is mainly due to higher allocations for education (+11.1% YoY) and social assistance (+11% YoY).

Kazakhstan's sovereign rating is supported by strong fiscal and external positions. Fitch and Moody's maintained their ratings at 'BBB' and 'Baa1' with stable outlooks. S&P upgraded its outlook on the sovereign credit rating from 'stable' to 'positive', confirming the country's 'BBB-' rating. The total external assets of the National Bank of Kazakhstan and the National Fund amounted to $111.5 billion at the end of June 2025, which corresponds to 38.2% of GDP and covers 17.6 months of imports. Public debt at the end of June stood at $64 billion, or 22% of GDP. These indicators are quite strong and have a good margin of safety. Additional factors include steady economic growth and the economy's ability to withstand crises. All this **enhances Kazakhstan's investment attractiveness**, which allowed the Ministry of Finance of the Republic of Kazakhstan to place Eurobonds worth $1.5 billion at a rate of 4.4% in October, with the lowest spread to US Treasury bonds in the history of Kazakhstan's presence on the Eurobond market.

Forecast

↓ Table 5. Key macroeconomic indicators of the Republic of Kazakhstan (*baseline scenario*)

Indicator	2024	2025	2026	2027	2028
GDP in comparable prices (*growth in % compared to the previous year*)	5.0	5.9	5.5	5.5	5.5
Inflation (*% YoY at year-end*)	8.6	12.3	9.7	6.8	5
Base rate (*average annual percentage rate*)	14.7	16.7	16.3	12.4	10.2
Kazakhstan tenge exchange rate against the US dollar (*average for the year*)	469	525	535	559	578

Sources: national agencies, EDB analysts' calculations.

Economic activity and inflation

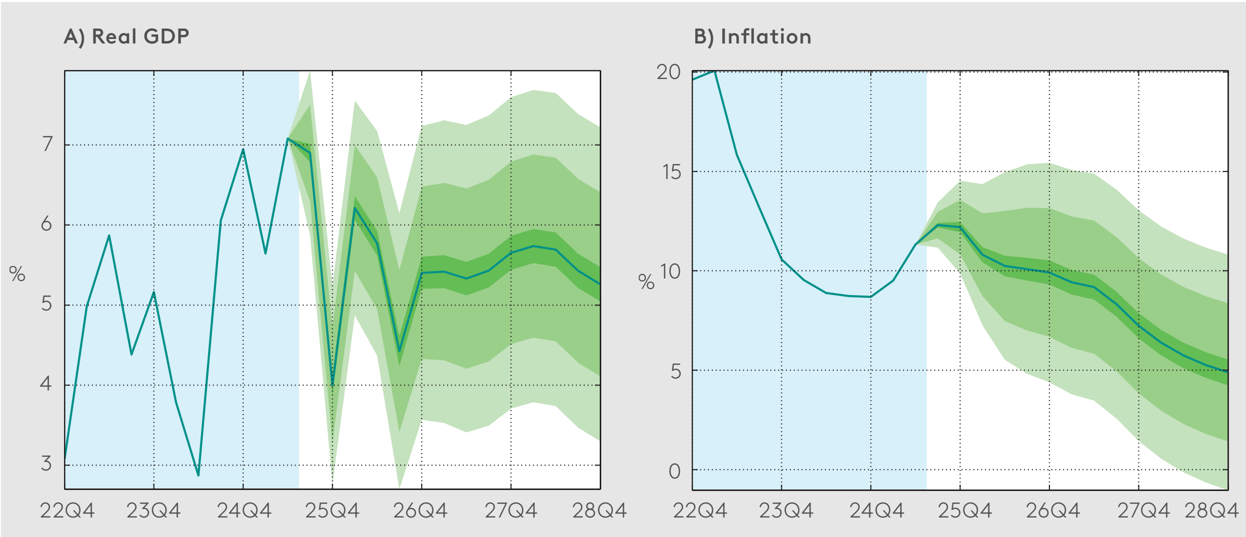
Kazakhstan's economy is expected to grow by 5.5% by the end of 2026. We have maintained the estimate given in the previous forecast (EDB, 2025) (Table 5). Economic momentum will be driven by government measures implemented as part of the National Development Plan until 2029. In particular, the creation of a sustainable infrastructure framework in transport, energy, telecommunications, and housing and utilities will stimulate high investment activity. Efforts to diversify the economy will help to increase potential in metallurgy, mechanical engineering, oil and gas chemistry, and the food industry. An additional positive effect will be seen in the growth of non-resource exports. At the same time, the slowdown in economic growth to 5.5% in 2026, after 5.9% YoY at the end of 2025, will be associated with tighter monetary conditions, phased consolidation of fiscal policy, and lower oil prices than a year earlier.

Kazakhstan's GDP is projected to grow steadily at 5.5% in 2027–2028 (Figure 15.A). In the medium term, Kazakhstan's economy will adapt to the new fiscal rules, and the base rate will gradually decline. The negative impact of low prices on the global oil market will begin to fade by the end of 2027. Kazakhstan's economy will continue to rely on domestic sources of growth: strengthening investment potential, regional development, and the launch of new industry growth drivers.

Inflation will fall to 9.7% YoY by the end of 2026. The forecast has been lowered by 0.8 p.p. compared to the previous estimate (EDB, 2025). The adjustment is due to tighter than previously expected monetary conditions, as well as the decision by the Government of Kazakhstan to suspend tariff increases and introduce a moratorium on price increases in certain segments (PRK, 2025). The VAT rate increase in Q1 2026 and high inflation expectations will continue to hold back the slowdown in inflation in 2026.

We expect inflation to approach the target in 2028. Moderately tight monetary conditions and fiscal consolidation will cool excessive consumer demand. This, in turn, will consolidate the disinflationary trajectory. We forecast inflation to decline to 6.8% YoY by the end of 2027 and to 5.0% by the end of 2028 (Figure 15.B).

↓ **Figure 15. Forecast of economic activity and inflation in the Republic of Kazakhstan**



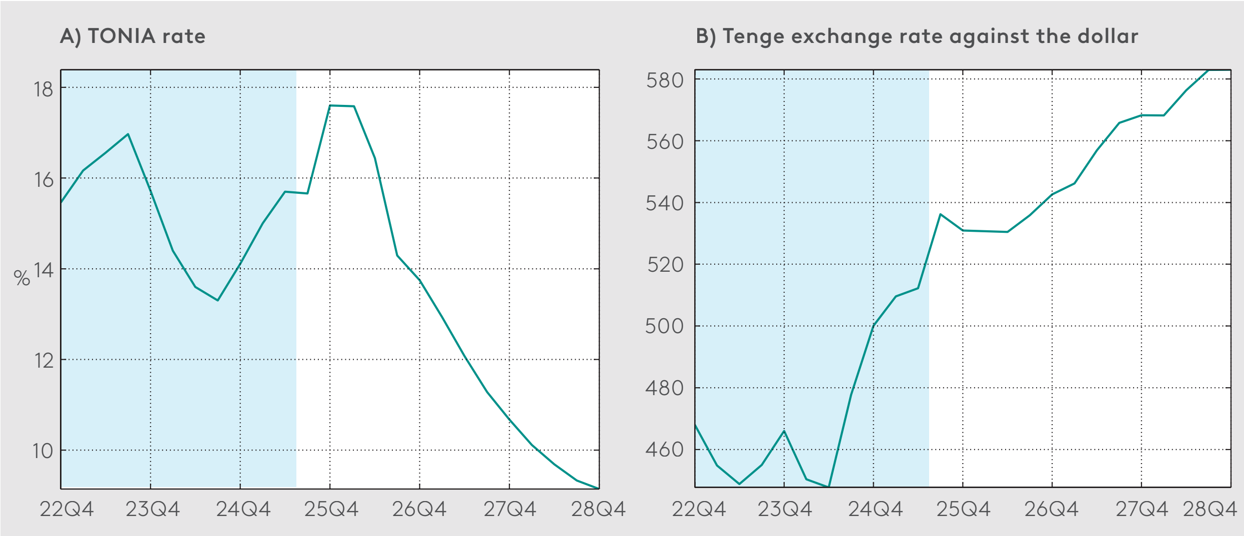
Note: seasonally adjusted data.
Sources: national agencies, EDB analysts' calculations.

Monetary policy and the Kazakh tenge exchange rate

Monetary policy will be aimed at curbing price growth. The key task for the regulator in 2026 is to ensure a reversal in inflation dynamics and consolidate its steady decline. Therefore, we believe that the NBRK will keep the base rate at 18% until April 2026. As inflation peaks, the regulator will begin to gradually ease monetary conditions. We forecast the base rate to be close to 14% at the end of 2026, followed by a decline to 9–10% at the end of 2028 (Figure 16.A).

In 2026, the national currency is estimated to average 535 tenge per dollar, and 544 tenge per dollar at the end of the year (Figure 16.B). The exchange rate will be supported by a high base rate, which will increase the attractiveness of tenge-denominated assets. In addition, in 2026, the quasi-public sector's obligation to sell 50% of export proceeds will continue to apply, which will provide additional supply of foreign currency on the domestic market.

↓ Figure 16. Kazakh tenge exchange rate and TONIA rate



Sources: national agencies, EDB analysts' calculations.

Risks

Risk of economic slowdown. If the global trade conflict escalates, it will result in a slowdown in economic activity in trading partner countries and a more significant decline in global oil prices. As a result, Kazakhstan's economy may face a decline in export and tax revenues, which in turn will slow GDP growth.

The risk of accelerating inflation may materialise in the event of a sharp rise in global food prices or service tariffs, as well as a more significant increase in inflation expectations in the context of the ongoing tax reform. In addition, there is still a risk of capital outflows from emerging markets, which could have a negative impact on the currencies of these countries, in particular, leading to a more significant weakening of the tenge compared to the baseline scenario.

KYRGYZ
REPUBLIC

KYRGYZ REPUBLIC

We forecast increased GDP growth in the Kyrgyz Republic in 2026, at 9.3%, amid strong domestic demand. Inflation will be 8.3% at the end of 2026. We assume that the policy rate will remain at 11% throughout the forecast horizon.

Current situation

The Kyrgyz economy has been growing fast for four years in a row. GDP went up 10% YoY in January–September 2025, after steady growth of 9% in 2022–2024. Domestic factors kept driving this dynamic: consumption and investment[16]. Strong domestic demand was driven by an increase in remittances (+16.4% YoY in January–September 2025), an increase in real wages (+10.9% YoY in January–September 2025) and consumer lending (1.9 times in January–September 2025). As we had anticipated (EDB, 2025), the upturn in investment was mainly stimulated by increased funding from the republican budget (a 2.6-fold increase compared to January–September 2024). We believe that these factors will continue to be key drivers of the economy until the end of the year, and we forecast GDP growth of 10.3% in 2025.

Inflation rose to 9.3% YoY in October 2025, up from 6.3% YoY at the end of 2024. The consumer price index continued to rise in 2025 and has been above target since the second quarter. This was propelled by a 23.8% increase in electricity tariffs in May. Additional factors included low figures for the previous year (3–5% YoY in May–October 2024) and rising food prices on global markets. To offset external pressure, the government introduced controls on meat prices in August. The exit from the low base and the administrative regulation slowed the rise in domestic prices in September 2025. Nevertheless, the inflationary background remains elevated due to strong consumer demand and rising fuel and lubricant prices (which has been accelerating since July). Therefore, we expect inflation to reach 9.1% YoY by the end of 2025.

The current account balance has improved. The current account deficit in the balance of payments narrowed by $938 million to $3.0 billion in January–June 2025, according to preliminary estimates by the National Bank of the Kyrgyz Republic. The improvement is due to a narrowing of the goods and services deficit and an increase in remittances. In terms of financial account transactions, excluding reserve assets, capital inflows were generated in January–June 2025 mainly due to the debut placement of Eurobonds worth $700 million by the public finance sector. Additional factors included net foreign direct investment inflows of $271.3 million and the attraction of foreign credit resources amounting to $701.6 million.

[16] Household consumption increased by 18.6% YoY, and gross fixed capital formation by 26.1% YoY in January–June 2025. Domestic trade grew by 10.9% YoY, construction by 29.6% YoY, and investment in fixed capital by 18.8% YoY in January–September 2025.

The foreign trade deficit in goods narrowed to $6.8 billion in January–August 2025. This is $97 million less than in the same period of 2024. The value of exports fell by 23.7% YoY due to a 30.1% YoY decline in shipments of base metals and a 12% YoY decrease in re-exports of land transport equipment. The value of imports amounted to $8.1 billion, which is 5.2% less than in the same period of 2024, largely due to a reduction in the volume of imported machinery.

The National Bank began a round of key rate hikes in the second half of 2025. Amid accelerating inflation, the regulator raised the discount rate to 11% in three stages (in July, October, and November 2025) from 9%, which had been held since the end of May 2024. The overnight deposit rate has remained at 4% since August 2024, while the overnight lending rate has been raised to 12%. The rate on the interbank credit market[17] moved close to the cost of withdrawal instruments and averaged 4.1% in January–November 2025. In our view, this level of the base cost of liquidity for commercial banks is below neutral, which we estimate at around 9–10%. The yield on new som deposits attracted by commercial banks averaged 2% in January–September 2025, which is more than four times lower than the current inflation rate. The cost of som credit resources provided by commercial banks during the same period was around 20%. The volume of new loans increased 1.4 times compared to January–September 2024. Broad money supply growth accelerated to 39.1% YoY at the end of September 2025 from 30.6% YoY a year earlier. All this may reflect the softness of monetary conditions.

The state budget was executed with a surplus of 9.2% of GDP in January–August 2025 (5.8% of GDP a year earlier). Revenues amounted to 40.6% of GDP, increasing by 5.6 p.p. over the year, while expenditures amounted to 31.4% of GDP, adding 2.2 p.p. The growth in budget revenues was ensured by a 1.9-fold increase in non-tax revenues, mainly due to a 3.7-fold increase in the volume of profits transferred by the National Bank of the Kyrgyz Republic. Tax revenues grew by 26.5% YoY due to an increase in income tax and profit tax revenues (by 45.6% YoY), as well as customs payments (3.8 times). The main growth in budget spending was in the healthcare sector (3.2 times) and economic issues (2.8 times), including the fuel and energy complex, agriculture, and mining.

Moody's confirmed the Kyrgyz Republic's sovereign credit rating at 'B3' and raised its outlook to 'positive'. The decision was based on improved macroeconomic and fiscal indicators. Measures taken by the authorities to diversify the economy and actively invest in infrastructure have led to an increase in potential economic growth rates. The level of public debt decreased from 64% of GDP in 2020 to 37% in 2024.

[17] REPO 7 days until mid-September 2025, BIR (Bishkek Interbank Rate) — from mid-September 2025.

Forecast

↓ Table 6. Key macroeconomic indicators of the Kyrgyz Republic *(baseline scenario)*

Indicator	2024	2025	2026	2027	2028
GDP in comparable prices (*growth in % compared to the previous year*)	9.0	10.3	9.3	7.6	7.5
Inflation (*% YoY at year-end*)	6.3	9.1	8.3	7.4	6.2
Accounting rate (*average annual percentage rate*)	10.5	9.2	11	11	11
Kyrgyz som to US dollar exchange rate (*average for the year*)	87.1	87.4	89.2	91.9	93.3

Sources: national agencies, EDB analysts' calculations.

Economic activity and inflation

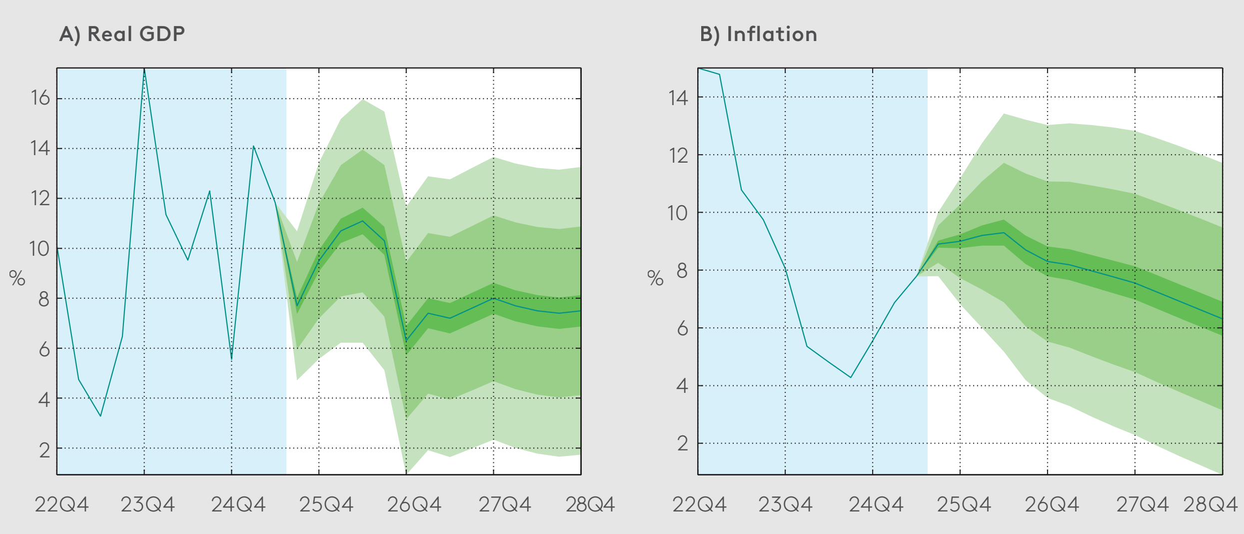
Economic growth is projected at 9.3% by the end of 2026. The estimate has been raised by 2.2 p.p. compared to the previous forecast (Table 6). We believe that high consumer activity will support economic growth for a longer period than previously assumed. High consumer lending rates and positive money transfer dynamics will continue in early 2026, thereby stimulating domestic trade. The investment momentum generated by the state investment programme will be reflected in the dynamics of the construction sector and manufacturing industries. According to the republican budget forecast, most of the external financing will be directed towards infrastructure development: the transport sector (21% of the total), energy (19.5%), and water supply (15.9%).

In 2027–2028, GDP growth will be close to 7.5%. The economy of the Kyrgyz Republic will gradually return to equilibrium growth rates in the medium term as domestic demand cools (Figure 17.A).

We forecast inflation at 8.3% YoY at the end of 2026. Consumer demand, stimulated by high lending rates, will put pressure on domestic prices. Rising fuel prices will exert an additional impact in early 2026. The ongoing reform of the Housing and Utilities Sector (Ministry of Justice of the Kyrgyz Republic, 2021) and the increase in excise tax rates on alcohol between 2026 and 2029 (Ministry of Economy of the Kyrgyz Republic, 2025) will also contribute to the an elevated inflationary background. On the other hand, a more significant acceleration in domestic prices will be prevented by the stability of the nominal exchange rate of the som against the dollar.

Inflation will enter the target range in 2028. Cooling domestic demand will contribute to slowing price growth. However, increases in utility tariffs and excise rates will hold back the downward trend. We forecast inflation at 7.4% at the end of 2027 and 6.2% at the end of 2028 (Figure 17.B).

↓ Figure 17. Economic activity and inflation in the Kyrgyz Republic



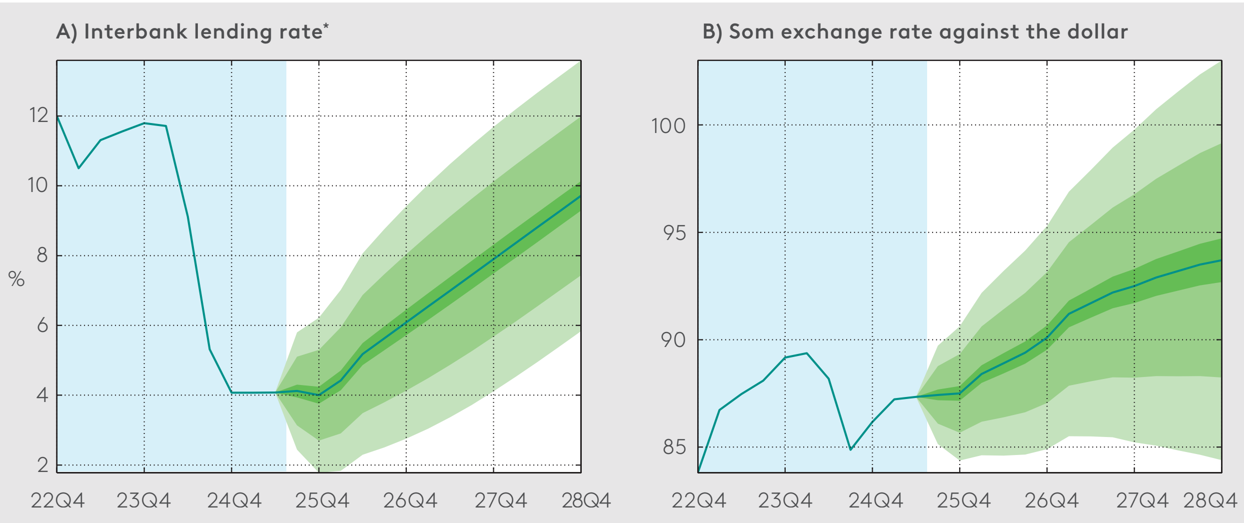
Note: seasonally adjusted data.
Sources: national agencies, EDB analysts' calculations.

Monetary policy and Kyrgyz som exchange rate

The discount rate is projected at 11.0% at the end of 2026. A wide interest rate corridor around the discount rate remains: 11% (+2 p.p.; −6 p.p.). As a result, the interbank lending rate (BIR) in 2025 is expected to be close to 4%. In our forecast, we assume that in order to exit the soft monetary conditions, the interbank rate will be raised to the discount rate level. Therefore, we forecast that the discount rate will remain at 11% throughout the period and that the BIR will rise to 9% by 2028 (Figure 18.A).

In 2026, the national currency is estimated to average 89.2 soms per dollar. Exchange rate stability in 2026 will be supported by growth in remittances. In the medium term, the nominal exchange rate will weaken slightly in line with the difference in inflation rates in the Kyrgyz Republic and abroad (Figure 18.B).

↓ Figure 18. Kyrgyz som exchange rate and repo rate



Note: * REPO 7 days until mid-September 2025, after that BIR.
Sources: national agencies, EDB analysts' calculations.

Risks

Risk of economic slowdown. A sharper slowdown in global economic growth than expected in the baseline scenario will primarily affect the Kyrgyz Republic's foreign economic activity and may impact economic growth rates. Another risk limiting economic activity may be a shift in the timing of planned investment projects.

Risk of accelerating inflation. High lending rates create the conditions for a persistently high inflationary background. Another risk is capital outflows from emerging markets. If this happens, the som exchange rate may weaken more significantly than in the baseline scenario. As a result, inflation will grow more dynamically, and a tighter monetary policy (compared to the baseline scenario) will be required.

RUSSIAN FEDERATION

RUSSIAN FEDERATION

We expect economic growth to accelerate to 1.4% in 2026. Domestic demand will be supported by wage increases and stimulative fiscal policy. The process of reducing inflation will be limited by the increase in VAT, so we expect the Bank of Russia to keep its key rate at around 16% until the end of Q1 2026, barring any new shocks. We forecast that inflation will slow to 5.5% in 2026.

Current situation

The economy is cooling down after record growth rates in 2023–2024. We expect GDP to grow by 1% in 2025. Higher interest rates as part of the Central Bank's policy to reduce inflation are cooling domestic demand. In Q3 2025, GDP grew by 0.6% YoY after 1.1% YoY in Q2 and 1.4% YoY in Q1.

A slowdown in growth rates is observed in all key sectors. In industry, the main driver of growth in 2023–2024, output growth slowed to 0.5% YoY in January–September, following 5.6% in 2024. Production growth is supported by the manufacturing industry (+2.9% YoY in January–September). At the same time, the dynamics of the sectors remain mixed: the engineering industry continues to grow at a rapid pace (+9.2% YoY) thanks to budget support, and the metallurgical industry continues to grow (+1% YoY). In most other sectors, output is declining amid weak domestic and external demand. Capacity utilization in industry fell to 73% in Q3 (from 78% in 2023–2024), returning to the average levels of 2017–2020. Mining output declined by 2.1% YoY in January–September, mainly due to oil production. This is related to Russia's compliance with quotas under the OPEC+ agreement, as well as restrictions on investment in oil production amid falling export prices.

Domestic demand is gradually cooling, largely due to a decline in investment activity: growth in fixed capital investment slowed to 1.5% in Q2 after 8.7% in Q1. According to Bank of Russia monitoring data, investment activity fell to its lowest level since Q3 2022. At the same time, consumer demand growth remained stable throughout the year: household spending rose by 3.2% in Q2, after 3% in Q1. Preliminary data for the third quarter point to an acceleration in consumption growth. This is due to an increase in real disposable income, which rose by 9.2% YoY in January–September, mainly due to a 4.4% YoY increase in real wages in January–August. Wages are rising because of a labour shortage. Most companies in the third quarter continue to report labour shortages, albeit less severe than in the first and second quarters. This is reflected in historically low unemployment: in September, the rate stood at 2.2%, remaining close to the August 2025 low. At the same time, businesses are maintaining their plans to increase employment, thereby holding back any cooling of the labour market. Growth in consumer spending is also supported by high returns on savings due to higher interest rates.

Inflation is slowing steadily. The prolonged period of high interest rates and a strong rouble throughout 2025 has led to a downward trend in consumer price growth. In October, inflation stood at 7.7% YoY after six months of steady slowdown. Core inflation[18] also points to a decline in inflationary pressure, approaching the target level: 4.4% q/q[19] and 4.2% q/q in Q2–Q3, respectively, after 8.8% q/q in Q1. The current inflation rate, adjusted for seasonal factors, also approached the target values in June in annual terms. However, one-off factors accelerated inflation — rising petrol prices, higher utility tariffs, and more expensive seasonal vegetables. At the end of 2025, additional pressure is exerted by the growth of inflation expectations among businesses, associated with the upcoming increase in the base VAT rate from 20% to 22% as of 1 January 2026. The population's[20] expected price growth remains high at 13% in Q3, close to the previous quarter's level (13.2%). Continued consumption growth and high inertia in inflationary processes suggest a conservative approach to monetary policy. If implemented, we expect inflation to be around 6% at the end of 2025.

Monetary conditions have eased relative to the peak interest rate after the Bank of Russia began cutting interest rates in June 2025. The slowdown in inflation allowed the regulator to reduce the key rate by a total of 4.5 percentage points to 16.5% in October 2025. However, the preceding period of tight policy led to a slowdown in credit growth to the economy. Growth in lending to individuals slowed to 2.8% YoY in September after double-digit figures in Q1 (10.2% YoY in March). Corporate lending growth also slowed to 10.4% YoY, compared with 16.8% YoY in January 2025. We believe that the reduction in the key rate from its peak of 21% is creating conditions for a revival in lending to the economy.

The current account surplus decreased by 1.6 times compared to January–September of the previous year and amounted to $30.1 billion. The decline in global oil prices led to a 4.1% YoY drop in the value of goods exports. Against the backdrop of a strengthening real exchange rate, imports declined to a lesser extent (–0.7% YoY). As a result, the foreign trade balance in goods decreased by $11.3 billion. At the same time, the services sector is expanding despite external constraints. Higher growth rates for imports of services (+16.6% YoY) compared to growth rates for exports (+8.5% YoY) led to an expansion of the trade deficit in services by $7.2 billion.

Conditions have been created for a weakening of the rouble. A steady supply of foreign currency from exporters, who sold more than 90% of their foreign currency earnings in January–July 2025, created a stable environment on the currency market. However, the fall in world oil prices led to a reduction in the supply of currency: in January–September 2025, net sales fell by 30.3% YoY. High interest rates supported

[18] Core inflation is measured based on the core consumer price index (CCPI) and characterizes the stable part of the overall inflation rate.
[19] Seasonal factors are eliminated in annual terms.
[20] Median inflation expectations of the population for the coming year, according to surveys conducted by InFOM LLC.

the rouble, which strengthened by more than 20% in October compared to December 2024. We expect the national currency to trade at around 81 roubles per dollar at the end of 2025.

The decline in oil prices is putting pressure on budget revenues. The deficit for January–October 2025 amounted to 4.2 trillion roubles, compared with a surplus of 0.1 trillion roubles a year earlier. Slower revenue growth (+0.2 trillion roubles YoY) compared to expenditures (+4.5 trillion roubles YoY) was the key factor in the deterioration of the balance. The decline in oil and gas revenues (–2 trillion roubles YoY) is due to lower oil prices (–14.2% YoY) and the strengthening of the rouble (7.2% YoY). At the same time, non-oil and gas revenues grew by 2.3 trillion roubles YoY amid an increase in personal income tax and corporate income tax revenues. The continuing decline in oil prices will put pressure on the budget. Planned measures — raising the VAT rate from 20% to 22% and reducing the income threshold for applying the simplified tax system from 60 million to 20 million roubles from 2026 — will reduce the budget's dependence on energy price fluctuations.

Forecast

↓ **Table 7. Key macroeconomic indicators for Russia *(base scenario)***

Indicator	2024	2025	2026	2027	2028
GDP in comparable prices (*growth in % compared to the previous year*)	4.3	1.0	1.4	2.0	2.1
Inflation (*% YoY at year-end*)	9.5	6.0	5.5	5.1	4.5
Key rate (*average annual percentage*)	17.5	19.2	14.4	12.2	10.5
Russian rouble exchange rate against the US dollar (*average for the year*)	92.4	85	94	104	109

Source: national agencies, EDB analysts' calculations.

Economic activity and inflation

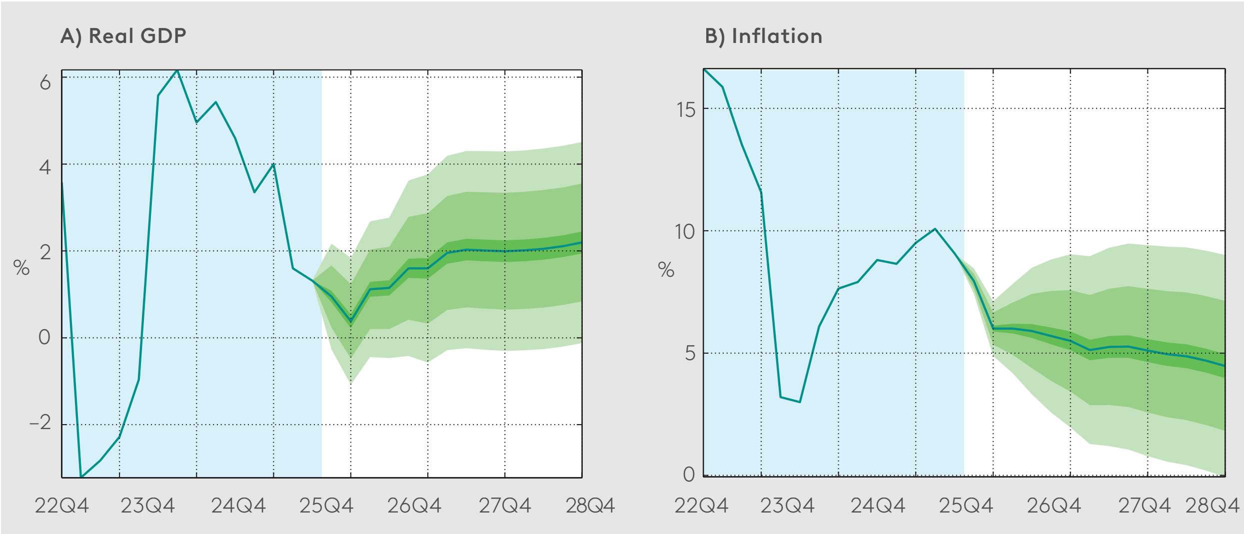
We forecast GDP growth of 1.4% in 2026. Fiscal policy will continue to support the economy amid an expenditure-to-revenue ratio of 1.6% of GDP in 2026. The deficit will develop in the context of low oil prices. Despite the slowdown, household income growth will continue, supporting consumer demand, albeit at a lower level. The weakening of the real rouble exchange rate in 2026 will increase the competitiveness of Russian producers, expand export opportunities, and stimulate import substitution. On the other hand, the increase in the tax burden will slow down economic activity, keeping it below its potential level (Table 7).

In 2027–2028, economic growth rates will approach their potential values (Figure 19.A). A reduction in the key rate will help to restore lending and investment.

Real wage growth is expected to accelerate, creating conditions for increased consumption. The labour market will remain tight: we expect the labour shortage to persist. However, state migration policy measures[21] may reduce the impact of this constraint.

We expect inflation to remain above target throughout the forecast horizon. According to our forecasts, inflation will slow to 5.5% in 2026. Price growth will be driven by several factors: a 2 p.p. increase in VAT, a rise in utility and rail transport tariffs (around 10%), and an increase in the recycling fee for cars. In addition, the weakening of the rouble will lead to higher prices for imported goods. However, the pace of price growth will continue to slow in 2027–2028 as the Central Bank maintains the necessary tightness of monetary conditions. Therefore, we predict that inflation will approach the target level at the end of the forecast horizon (Figure 19.B).

↓ **Figure 19. Forecast of economic activity and inflation in Russia**



Source: EDB analysts' calculations.

Monetary policy and the Russian rouble exchange rate

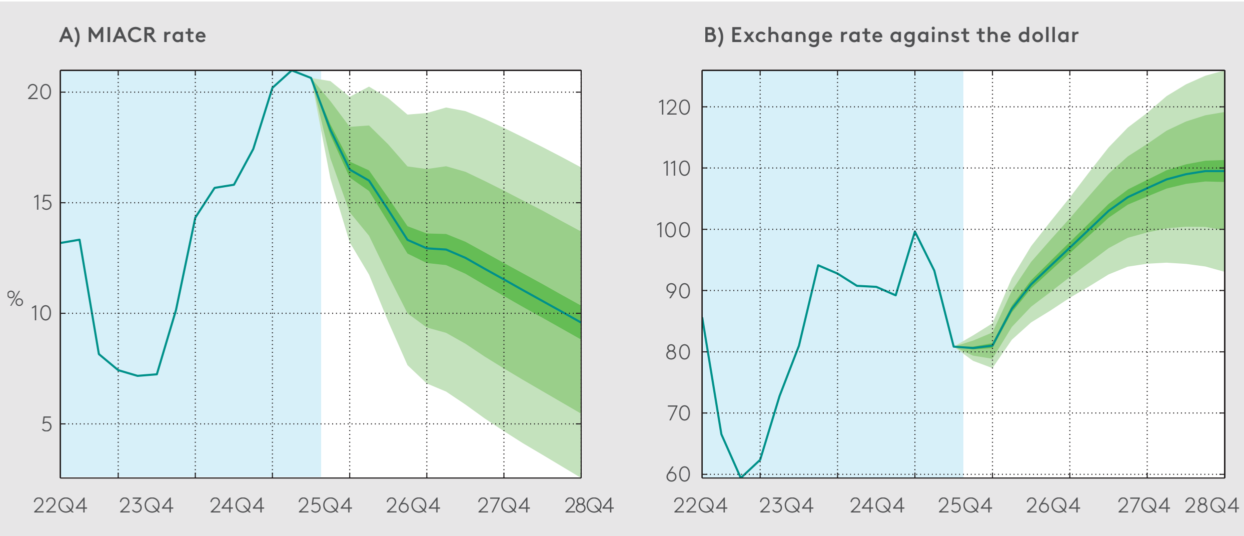
We believe that the Bank of Russia will continue to maintain fairly tight monetary conditions to ensure a steady decline in inflation amid pro-inflationary risks. Therefore, we believe that the Central Bank will keep its key rate at around 16% until April 2026. As inflation peaks due to the VAT increase, the regulator will have the opportunity to resume a rate reduction cycle. We forecast the key rate to be around 13% at the end of 2026, with a subsequent decline to 10% by the end of 2028 (Figure 20.A).

The exchange rate is forecast to average around 94 roubles per dollar in 2026 (Figure 20.B). We expect a moderate weakening of the exchange rate amid a reduction in the current account surplus in the context of lower oil prices compared to the

[21] Decree of the President of the Russian Federation No. 738 of 15 October 2025 "On the Concept of the State Migration Policy of the Russian Federation for 2026–2030".

average level over the past three years. The depreciation of the exchange rate will be facilitated by the cessation of foreign currency sales from the National Welfare Fund (1.2 trillion roubles in 2025) to finance the budget deficit and investment projects. The gradual decline in the yield on rouble-denominated assets amid falling interest rates will also put pressure on the rouble. In subsequent years, the nominal decline in the exchange rate will slightly exceed the inflation differential between Russia and the rest of the world, gradually offsetting the rouble's appreciation accumulated in 2025. At the same time, export growth and an expansion of the foreign trade surplus starting in 2027 will restrain further weakening of the rouble.

↓ **Figure 20. Forecast of the interest rate and exchange rate of the Russian rouble**



Source: EDB analysts' calculations.

Risks

A more significant decline in oil export prices remains a key risk. The risk scenario assumes that, due to lower demand in commodity markets, the price of Brent crude oil may fall to $45–50 per barrel in Q2–Q3 2026. In this scenario, the export price of Russian oil could fall to $40 per barrel, which would translate into a decline in oil and gas revenues. This would most likely lead to a weakening of the Russian rouble by more than a third compared to Q4 2025, to a level of 110–115 roubles per dollar by mid-2026. Inflationary pressure would intensify, and price growth could accelerate to 8.5–9% in 2026. In this scenario, the highest quarterly price growth rates will occur in Q3–Q4 2026. In a risk scenario, the Bank of Russia may raise its key rate to 20% and keep it at that level until the end of 2026.

Since export oil prices are already below the cut-off level in the baseline scenario, their further decline will limit the scope for increasing budget expenditures. Given the limited availability of external borrowing sources, there will be a greater need to expand domestic debt. This, in turn, may reduce the availability of financial resources for the private sector. The resulting decline in domestic demand in the risk scenario is highly likely to lead to a decline in real GDP in 2026.

REPUBLIC
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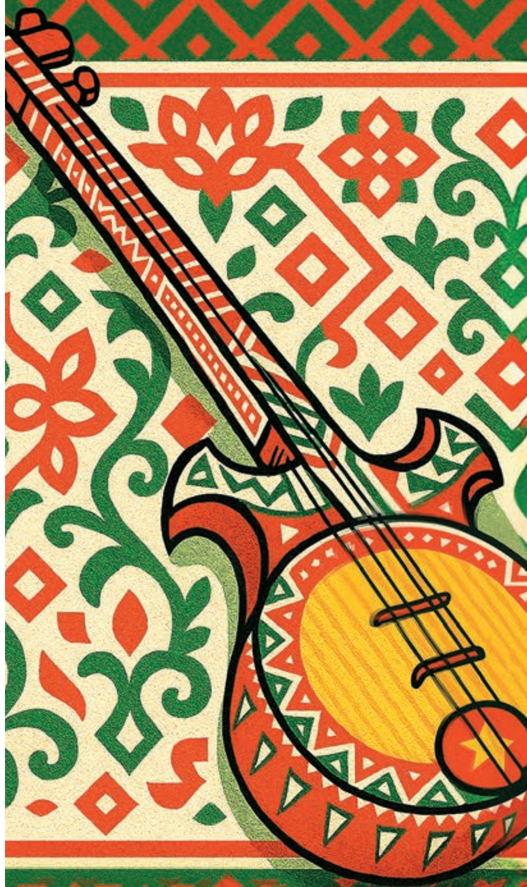


REPUBLIC OF TAJIKISTAN

According to our estimates, Tajikistan's economy will continue to grow rapidly in 2026, at a rate of 8.1%. This will be facilitated by investments in mineral extraction, manufacturing and energy, as well as high prices for gold and non-ferrous metals. A soft monetary policy will ensure stable economic growth and keep inflation within the NBT's target range (5±2%) in 2026–2028.

Current situation

Economic growth remains high. In January–September 2025, GDP increased by 8.2% YoY. Many industries are rapidly increasing output. Industrial production increased by 24% YoY, agriculture by 8.1% YoY, and trade by 12.1% YoY (including retail by 10.6% YoY). Freight turnover grew by 17.1% YoY, and passenger traffic by 19.8% YoY.

According to our estimates, Tajikistan's GDP will grow by 8.3% in 2025. Accelerated investment growth until the end of the year and strong consumption dynamics against the backdrop of a reduction in the NBT rate will ensure GDP growth higher than that recorded in January–September. High domestic demand will be the determining factor for increased economic activity in the fourth quarter. Growth in consumption and investment is supported by record revenues from exports of gold and non-ferrous metals, as well as high inflows of remittances.

The most dynamic segment of the economy in January–September 2025 remained the extractive industry. Mineral extraction grew by 60% YoY, primarily due to increased development of ore deposits. Electricity and heat production increased by 13.4% YoY. Manufacturing grew by 8.1% YoY. Strong results in the food industry (+9.9% YoY) and metallurgy (+7.6% YoY) were complemented by a recovery in the textile industry (+9.1% YoY after +0.4% YoY in January–August). The textile industry overcame the stagnation caused by last year's poor cotton harvest.

Trade is growing under the influence of strong consumer demand. In January–September 2025, retail sales increased by 10.6% YoY. Double-digit growth in trade is due to higher wages. Average real wages grew by 17% YoY in January–August. The volume of remittances in the first half of 2025 increased by 57% YoY to 64% of GDP, which has a positive impact on consumption. The rapid growth is also linked to the strengthening of the Russian rouble and wage growth in Russia, where most of the remittances originate.

Investments increased by 20.4% YoY in January–September. As we expected (EDB, 2025a), investment growth returned to positive territory as the statistical effect of increased investment activity in early 2024 wore off. The steady growth of capital investment in Tajikistan's economy is driven by state development programmes. The largest investments by the state are going towards the expansion and modernization of electricity generation capacity and electricity networks[22].

The trade deficit widened to $4.2 billion in January–September 2025 from $3.6 billion in the same period of 2024. Strong domestic demand led to a 19.3% YoY increase in imports to $6.0 billion. Supplies from abroad of goods such as machinery, equipment and vehicles increased by 50% YoY, base metals by 43% YoY, and polymer materials by 36% YoY. Exports increased by 30.2% YoY to $1.8 billion, driven by growth in exports of mineral products (+43.3% YoY), base metals (+80% YoY) and precious metals (+10.4% YoY). Thanks to export growth, the trade deficit decreased relative to the size of the economy. The deficit amounted to 33.7% of GDP in January–September 2025, down from 42.6% of GDP in January–June. This confirms the assessment of trade balance dynamics presented in the previous Macro Outlook. The decline in the trade deficit relative to GDP also means that the expansion of domestic demand does not worsen the country's balance of payments.

The national currency continues to strengthen. The exchange rate averaged 9.28 somoni per dollar in October 2025. The somoni appreciated by 15% compared to December 2024, when the average exchange rate was 10.92 per dollar. This was facilitated by rising prices for exported goods: in January-September 2025, gold rose by an average of 39% YoY, aluminium by 18.1% YoY, copper by 4.6% YoY, and zinc by 3.0% YoY. An additional factor contributing to the strengthening was the growth in the volume of remittances to Tajikistan.

Inflation stood at 3.1% YoY at the end of October, 0.5 p.p. below the December 2024 level. Consumer price growth remains close to the lower limit of the National Bank's target range (5±2%). Inflation is being held back by the strengthening of the national currency. An additional factor contributing to the decline in inflation was the fall in world prices for Tajikistan's key imported goods, in particular energy.

The National Bank lowered its refinancing rate from 9% at the beginning of the year to 7.5% at the beginning of November 2025. This is the lowest level since December 2014. Monetary policy was accommodative at the end of 2025. This will help keep inflation within the National Bank's target range.

The state budget remains in surplus. The balance of revenue and expenditure amounted to 3.5 billion somoni in January–August 2025, up from 1.8 billion somoni in January-August last year. The expansion of the surplus is explained by a 27% YoY increase in revenues, driven by growth of the GDP and, accordingly, of the tax base. Expenditures increased by 23% YoY. Funding for energy (+45% YoY) and social services increased: education expenditures, for example, rose by 34% YoY. Thanks to the budget surplus, the country's public debt fell to 21.4% of GDP in mid-2025

[22] According to the budget law, expenditures for the needs of the energy sector in 2025 are planned in the amount of 8.4 billion somoni (5.1% of GDP).

from 25.2% of GDP at the end of 2024 and 43% of GDP at the end of 2021. Thus, the government's fiscal policy contributes to strengthening the stability of the economy.

Forecast

↓ **Table 8. Key macroeconomic indicators of the Republic of Tajikistan *(baseline scenario)***

Indicator	2024	2025	2026	2027	2028
GDP in comparable prices *(growth in % compared to the previous year)*	8.4	8.3	8.1	7.2	7.1
Inflation *(year-on-year growth at year-end)*	3.6	3.0	4.5	4.7	4.9
Refinancing rate *(average annual percentage)*	9.3	8.2	7.6	8.4	8.4
Somoni exchange rate against the US dollar *(average for the year)*	10.8	10.3	9.8	10	10.8

Source: national agencies, EDB analysts' calculations.

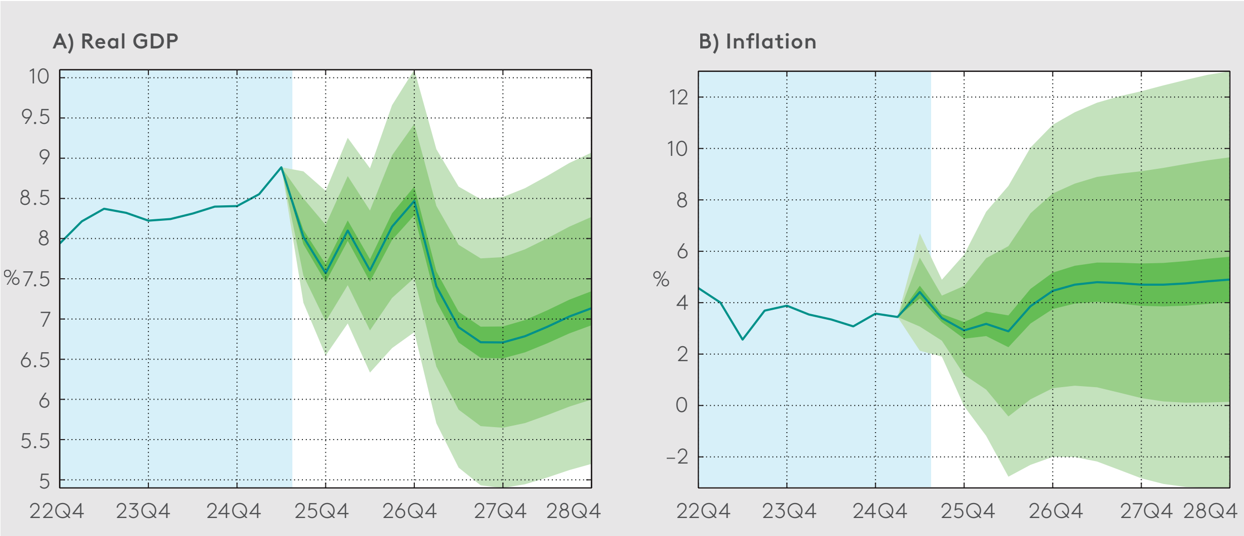
Economic activity and inflation

We forecast GDP growth of 8.1% in 2026 (Table 8) **— an increase of 0.1 p.p. compared to the June forecast** (EDB, 2025a). Investment activity, largely financed by the state, will maintain rapid growth rates. GDP growth will also be supported by capacity expansion and the launch of new industrial facilities. Major projects include the expansion and modernization of the national aluminium producer, the Tajik Aluminium Company (TALCO), and the creation of the country's own iron ore processor, the Tajik Metallurgical Combine. High gold prices will remain a factor contributing to economic growth.

In 2027 and 2028, according to the forecast, the economy will grow by 7.2% and 7.1%, respectively. GDP growth will remain elevated (Figure 21.A). This will be facilitated by the continued favourable conditions in the metals markets. Remittances to Tajikistan will continue to flow in significant volumes, driven by the persistent labour shortage in Russia. Tajikistan's GDP growth rates will continue to exceed the regional average thanks to the ample opportunities for creating new businesses, high population growth rates, and the ongoing urbanization process.

By the end of 2026, consumer price growth is forecast to be around 4.5%. The forecast has been revised downwards by 1 p.p. compared to the previous Macro Outlook (EDB, 2025a), taking into account the slowdown in inflation due to the strengthening of the somoni. A pro-inflationary factor is strong domestic demand driven by wage growth. In particular, the authorities increased public sector wages by 36% in 2025. In addition, consumer demand is positively affected by the growth in remittances. Another pro-inflationary factor is the systematic increase in regulated prices, for example, in housing and communal services and public transport. On the other hand, the decline in world energy and food prices is holding back inflation.

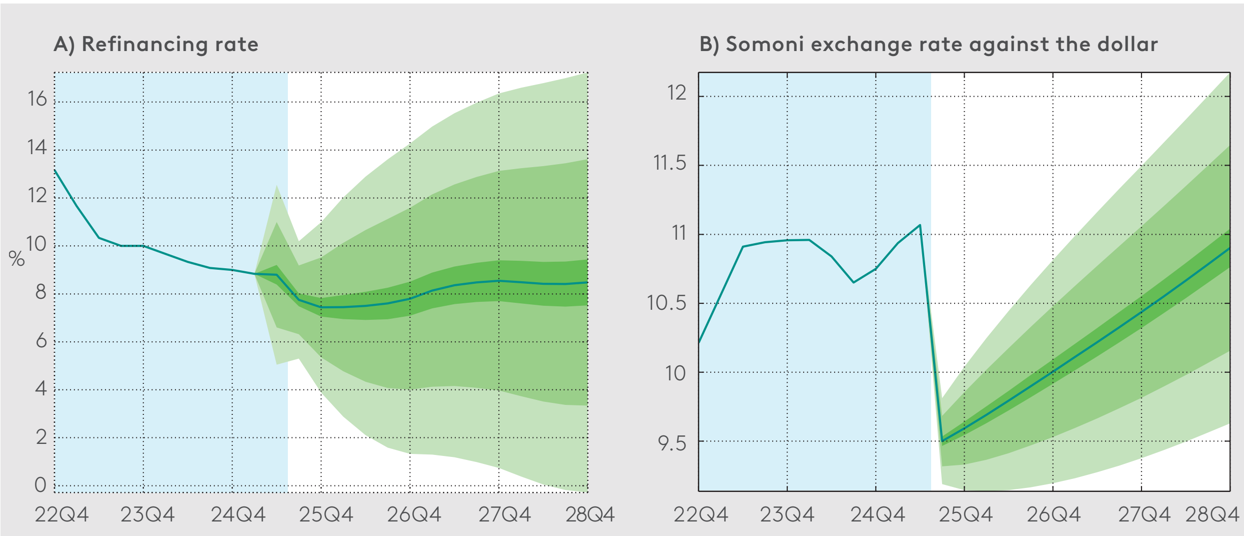
↓ Figure 21. Forecast of economic activity and inflation in Tajikistan



Source: EDB analysts' calculations.

In 2027–2028, inflation is projected to remain within the target range (Figure 21.B). This will be possible against the backdrop of a gradual weakening of the somoni against the dollar (Figure 22.B), rising global food prices and strong domestic demand. Lower energy prices compared to the average level over the past three years will continue to hold back inflation.

↓ Figure 22. Refinancing rate and somoni exchange rate



Source: EDB analysts' calculations.

Monetary policy and Tajikistan somoni exchange rate

The somoni-dollar exchange rate is expected to average 9.8 in 2026 (Figure 22.B) after 10.3 in 2025. The new forecast assumes a higher value of the Tajik currency against the dollar than the June forecast (EDB, 2025). Factors contributing to the strengthening of the somoni include high gold prices and growth in remittances.

In 2027–2028, the national currency will return to a trajectory of gradual weakening against the dollar. On average for the year, the exchange rate will be around 10.3 somoni per dollar in 2027 and 10.8 in 2028. The slow decline in the value of the somoni will be driven by a growing trade deficit, amid a slowdown in exports due to lower global metal prices than in 2025, as well as continued growth in imports driven by strong domestic demand.

We expect the NBT to start raising its refinancing rate in 2026. This will be driven by inflation returning to the centre of the target range. According to our forecast, the rate will return to around 8.5% per annum (Figure 22.A) by the end of the forecast period. In real terms, the rate will be 3–4%. The real cost of capital in the economy will remain at its lowest level since 2017 (except for the pandemic period), contributing to stable economic growth in the country.

Risks

The most significant risks to Tajikistan's economy are external in nature. Against the backdrop of unresolved global tariff disputes, there is a high probability of a slowdown in global economic growth and a decline in commodity prices. If this scenario materializes, demand for the country's export goods, such as non-ferrous metals, ores, and textiles, will fall. The volume of remittances will decrease. This will lead to a slowdown in consumption and investment growth. Under such conditions, the country's GDP will grow at a rate below the equilibrium level.

REPUBLIC
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REPUBLIC OF UZBEKISTAN

Uzbekistan's economic growth in 2026 is forecast at 6.8%, supported by sustained domestic demand and high investment activity, as well as favourable external trade conditions, primarily high gold prices. By the end of 2026, inflation will decrease to around 6.7%. Monetary policy will remain relatively tight in 2026. We expect a gradual decline in interest rates to around 13% by the end of 2026 as inflation slows.

Current situation

The country's economic growth in January-September 2025 was 7.6% YoY, following 7.2% YoY in the first half of the year. The acceleration was driven by expanding domestic demand and favourable conditions in external markets. Retail trade turnover increased by 11% YoY in January–September 2025 (after 9.7% YoY in the first half of the year) amid rising household incomes. Investment in fixed capital grew by 15.2% YoY (5.5% YoY in the first half of the year). Exports in January–September 2025 showed growth in value terms of 33.3% YoY. In particular, revenues from exports of gold (+70.5% YoY), vegetables and fruits (+42.4% YoY), and grains (+53.3% YoY) increased. In the case of gold, the main factor behind the growth was the increase in global metal prices, while in the case of agricultural products, it was the continued entry of Uzbek producers into foreign markets.

Industrial production increased by 6.8% YoY in January–September 2025. The manufacturing industry showed an increase of 7.1% YoY. The most dynamic development was seen in the production of rubber and plastic products, which grew by 19.1% YoY in January–August 2025. New enterprises are emerging in this industry, such as the Kmita-Polymers production facility in Chirchik. Textile production grew by 16.9% YoY over the same period (an example of a new production facility is the enterprise in Nurafshon). A decline was observed in such sectors as oil production (–9.6% YoY) and gas production (-4.5% YoY), amid declining productivity of old fields.

According to our forecasts, the economy will grow by 7.4% by the end of 2025 thanks to sustained consumer demand and favourable foreign trade conditions. In addition, investment in fixed capital will continue to grow, contributing to the expansion of production capacity and infrastructure development. Major investments are being made, in particular, in the energy sector — in the construction of new thermal power plants, as well as in the New Uzbekistan urban development project.

Inflation continues to decline. At the end of October 2025, consumer price inflation stood at 7.8% YoY, down from a peak of 10.6% YoY in June 2024 and below 9.8% YoY (end-2024 figure). The slowdown in inflation is due to the Central Bank's tight monetary policy and the stabilization of energy prices after their increase at the beginning of the year. Pro-inflationary pressure is created by sustained consumer demand against the backdrop of rising household incomes. In January–September 2025, household incomes grew by 18.4% YoY in nominal terms, driven by a 19% YoY increase in the nominal average wage and remittances from abroad (up 26% YoY in dollar terms in the first half of the year, up to 15% of GDP). The stability of the national currency exchange rate is a restraining factor, which in turn is facilitated by an improvement in the trade balance. We expect inflation to reach 7.5% by the end of 2025.

The trade deficit narrowed to $6.4 billion (6.1% of GDP) in January–September 2025, compared to $8.6 billion (10.7% of GDP) in the same months of 2024. Exports reached $26.7 billion in January–September 2025, up 33.3% from the same period in 2024 ($20 billion). Export growth is driven by high global gold prices, as well as increased exports of agricultural and manufacturing products, including textiles and chemical products. Imports for the same period grew by 15.6% YoY to $33.1 billion. The outpacing growth of exports compared to imports contributes to the improvement of the current account balance and supports the national currency.

The national currency appreciated from 12,920 soums per dollar at the beginning of the year to 12,025 at the end of October 2025. The strengthening was facilitated by an improvement in the trade balance. We forecast the average annual exchange rate of the soum in 2025 to be 12,647, which is practically the same as in 2024 (12,652). The national currency will be supported by significant remittances and growth in export revenues from gold.

The Central Bank will keep its base rate near to 14% per annum after raising it from 13.5% per annum in March 2025. The tightening of monetary policy in 2025 is due to the need to contain inflationary pressures, which remained elevated at the beginning of the year due to the indexation of energy tariffs and sustained growth in consumer demand. Under the influence of the Central Bank's policy, the growth rate of bank lending slowed from 20.1% YoY in January 2024 to 15.1% YoY in July 2025, which contributed to easing inflationary pressure from the demand side.

The fiscal position is improving. In the first half of 2025, the consolidated budget deficit amounted to 32.6 trillion soums (1.9% of GDP) compared to 34.5 trillion (2.4% of GDP) a year earlier, a decrease of 5.5% YoY. Consolidated revenues grew by 23% YoY, while expenditures grew by only 18% YoY. The planned deficit level for 2025 is set at 3% of GDP. In addition to economic growth, changes in tax policy from 1 January 2025 led to an increase in revenues: cancellation of income tax and turnover tax exemptions for exporters (bringing them into line with WTO rules); an increase in rates for e-commerce entities to 10% for income tax and up to 3% for turnover tax; an increase in excise duty on tobacco products; indexation of the base rate of the land tax (about 10%), adjustment of the rate and minimum base for the property tax (including for individuals). Fiscal policy remains moderately stimulative, supporting economic growth while maintaining fiscal discipline. The priority areas of expenditure continue to be infrastructure development, social support for the population, and investment in human capital.

Forecast

↓ **Table 9. Key macroeconomic indicators of the Republic of Uzbekistan *(baseline scenario)***

Indicator	2024	2025	2026	2027	2028
GDP in comparable prices (*growth in % compared to the previous year*)	6.5	7.4	6.8	6.4	6.3
Inflation (*year-on-year growth at year-end*)	9.8	7.5	6.7	5.8	5.2
Base rate (*average annual percentage rate*)	13.8	13.9	13.7	12.4	11.6
Exchange rate of the soum to the US dollar (*average for the year*)	12,652	12,647	12,800	14,100	15,100

Sources: data from national agencies, calculations by EDB analysts.

Economic activity and inflation

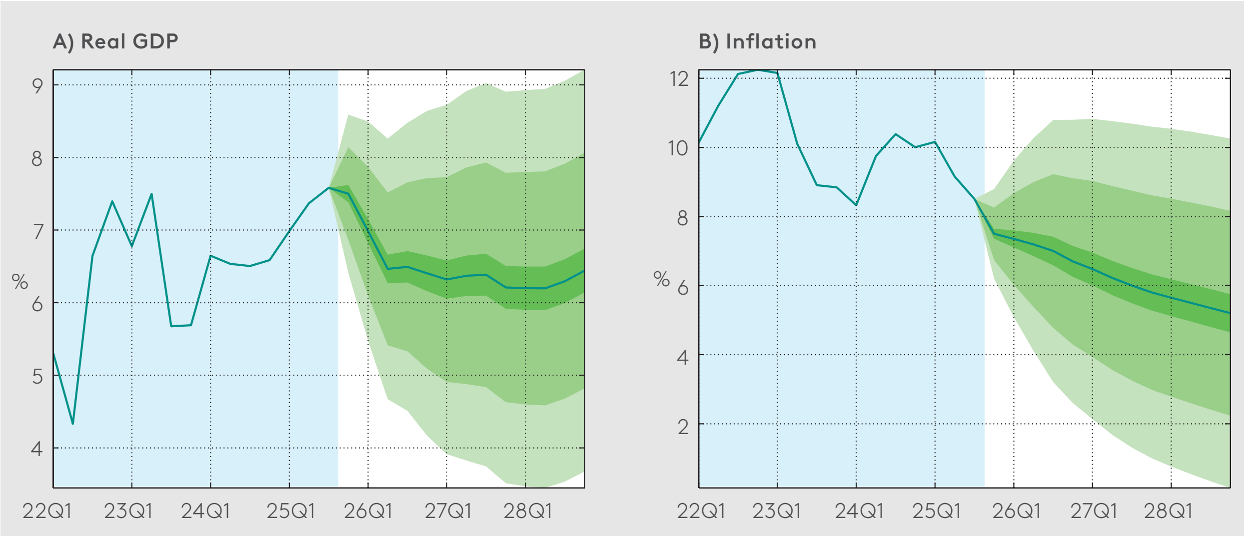
According to our forecast, GDP growth will remain high in 2026, at 6.8% (Table 9). The slowdown compared to 2025 (Figure 23.A) will be due to a slight cooling of consumer activity under the influence of relatively tight monetary conditions. At the same time, the economy will maintain steady growth thanks to ongoing structural reforms and modernization of production facilities.

We expect GDP growth of 6.4% and 6.3% in 2027 and 2028, respectively. Timely easing monetary conditions will contribute to strong investment and consumer activity. Other factors contributing to sustained GDP growth (at rates above 6%) will include diversification of the economic structure, development of non-resource exports, and the effects of completed infrastructure projects. Fiscal policy will be aimed at keeping the budget deficit within 3% of GDP, ensuring a balance between stimulating the economy and maintaining debt sustainability.

We expect inflation to slow further to 6.7% by the end of 2026. The easing of price pressures will be the result of fairly tight monetary policy, stabilization of energy prices, and relative stability of the national currency. Consumer demand will continue to grow, but less intensively than in 2025. A possible increase in global food prices may exert moderate inflationary pressure, but the overall trend will remain disinflationary (Figure 23.B).

In 2027–2028, the disinflation process will continue: we forecast a decline in inflation to 5.8% by the end of 2027 and to 5.2% by the end of 2028. Several factors will contribute to a gradual approach to the target level of 5%: timely monetary policy easing, stabilization of energy tariffs, and a slow weakening of the exchange rate. By the end of the forecast period, inflation will be close to the Central Bank's target.

↓ **Figure 23. Economic activity and inflation forecast for Uzbekistan**



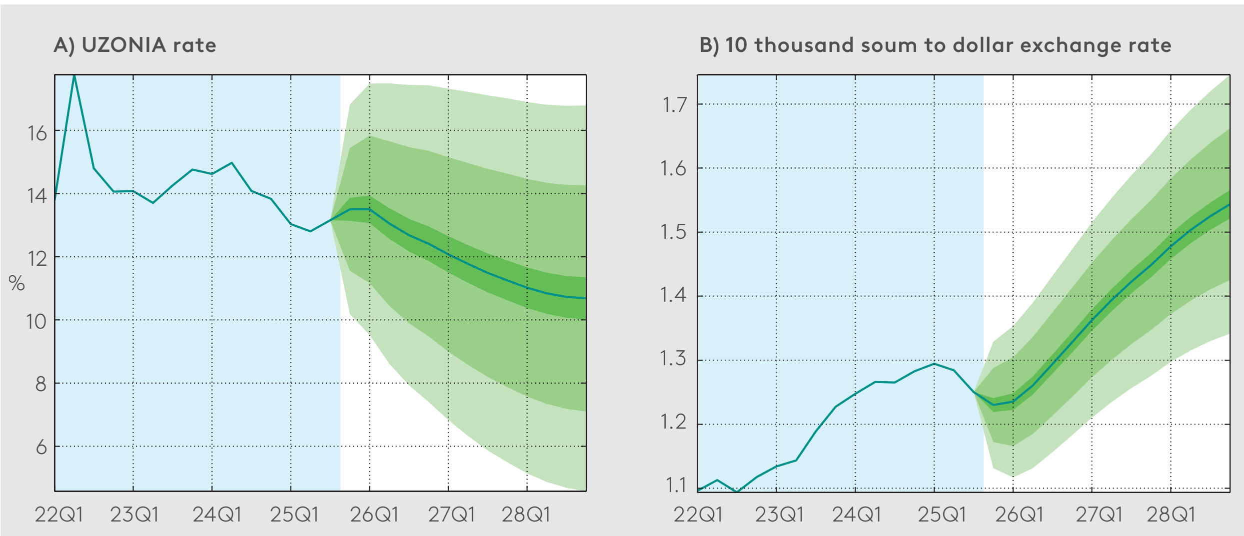
Source: EDB analysts' calculations.

Monetary policy and Uzbekistan soum exchange rate

The Central Bank will begin to ease monetary policy as inflation slows in 2026. The base rate will fall to around 13% by the end of 2026 (Figure 24.A). By the end of 2028, we expect a more active reduction in the rate to 11%. The gradual easing of policy will create more favourable conditions for lending to the economy, with the pace of rate cuts taking inflation risks into account.

We expect the soum to dollar exchange rate to be 12,800 in 2026, 14,100 in 2027 and 15,100 in 2028 (Figure 24.B), following the long-term trend. Remittances from migrant workers will continue to play an important role in offsetting the trade deficit and supporting the balance of payments.

↓ **Figure 24. Interest rate and exchange rate (baseline scenario)**



Source: EDB analysts' calculations.

Risks

Slowdown in economic growth in countries that are major trading partners. A more significant than expected cooling of the economies of major trading partners, especially Russia, could lead to a decline in Uzbek exports and a significant reduction in remittance inflows. Given that remittances from labour migrants account for a significant portion of household income and support domestic consumption, their decline will have a negative impact on both the balance of payments and domestic consumer demand. This will ultimately slow economic growth.

Volatility in global commodity prices. A sharp increase in global energy prices, for example in the event of heightened geopolitical tensions in the world, will lead to an increase in the country's import costs and a deterioration in trade conditions. At the same time, a significant decline in the prices of gold and other metals — against the backdrop of global economic stabilization or tightening of monetary policy in developed countries — could reduce Uzbekistan's export revenues. Given the high share of gold and other commodities in the export structure, the realization of these scenarios could weaken the national currency and create additional challenges for macroeconomic stability.

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ABBREVIATIONS

AI	Artificial Intelligence
BIR	Bishkek interbank rate
CBDC	Central bank digital currency
COVID-19	Coronavirus Disease 2019, coronavirus infection
EAEU, the Union	Eurasian Economic Union
ECB	European Central Bank
EDB, the Bank	Eurasian Development Bank
EEC	Eurasian Economic Commission
EU	European Union
Fed, US Fed	Federal Reserve System of the United States
GDP	gross domestic product
IBL	Interbank Loan
ICR	Interest cover ratio — the ratio of a company's operating profit to its debt servicing costs
IMF	International Monetary Fund
IT	Information Technology
KR	Kyrgyz Republic
NBRK	National Bank of the Republic of Kazakhstan
NBT	National Bank of Tajikistan
OECD	Organization for Economic Co-operation and Development
OPEC+	An association of OPEC member countries and oil-producing countries that are not members of the Organization
PMI	Purchasing Managers' Index (business activity index)
RA Central Bank	Central Bank of the Republic of Armenia
REPO	a type of transaction in which securities are sold and, at the same time, an agreement is concluded for their repurchase at a predetermined price
RK	Republic of Kazakhstan
RT	Republic of Tajikistan
S&P	Standard & Poor's (American rating agency and financial information provider)
SWIFT	Society for Worldwide Interbank Financial Telecommunication (international system for exchanging financial messages)
TONIA	Tenge OverNight Index Average
VAT	value added tax
WB	World Bank
WTO	World Trade Organization
bbl	American oil barrel
% YoY	year-on-year (annual growth rate)
dollar	US dollar
p.p.	percentage point

GLOSSARY

Budget (fiscal) reserves

The amount of free funds in the state budget available for financing expenditures.

Budgetary (fiscal) impulse

Characterizes the impact of fiscal policy on economic activity. A positive fiscal impulse indicates a positive contribution of fiscal policy to GDP.

Currency conversion of bank deposits (loans)

The share of deposits (loans) in foreign currency in the total volume of deposits (loans) of commercial banks.

Neutral rate

The interest rate level that corresponds to stable inflation and inflation expectations at the target level, with GDP and the real exchange rate at equilibrium levels.

Potential (equilibrium) GDP

The volume of real GDP that would be achieved in the economy in a given period of time with the most efficient use of production factors. Potential GDP can also be understood as the volume of real GDP that the economy is capable of producing sustainably without creating economic imbalances.

Equilibrium exchange rate

The real exchange rate that has no additional inflationary or disinflationary effect.

Output gap

The deviation of real GDP from its potential level. A positive output gap usually characterizes a situation of excess demand in the economy and is an indicator of inflationary pressure. The opposite is true for a negative output gap.

Purchasing Managers' Index (PMI)

An indicator that characterizes changes in business activity and operating conditions for private enterprises in the manufacturing and service sectors. The indicator is calculated based on monthly surveys of purchasing managers. PMI values above 50 points signal growth in business activity, while values below 50 points signal a decline.

Research at the EDB website

Macroeconomic Outlook
(RU/EN)

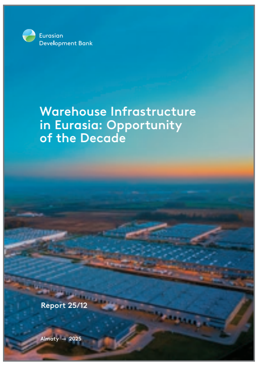
Macroeconomic Outlook 2025–2027

The analysis examines economic developments in early 2025 andoutlines key macroeconomic projections for late 2025, as well as forecasts for 2026 and 2027.

Working Paper 25/13
(RU)

Arab Gulf: Macroeconomic and Financial Monitoring

The EDB's monitoring provides an analysis of the economies of six Gulf countries and assesses medium-term trends, including GDP growth, inflation, debt sustainability, and fiscal and monetary policies.



Report 25/12
(RU/EN)

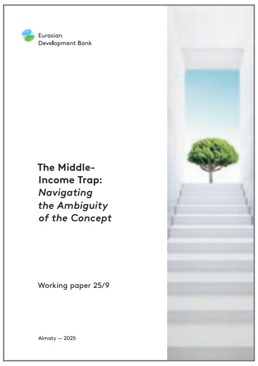
Warehouse Infrastructure in Eurasia: Opportunity of the Decade

The report presents an analysis of the current state of the warehouse logistics and storage sector in the Eurasian region, examines the main factors influencing its development, and provides a detailed forecast of demand for warehouse infrastructure in the region up to 2040.

Report 25/11
(RU/EN)

Advanced Manufacturing Potential in Eurasia: Sectoral Niches for Growth

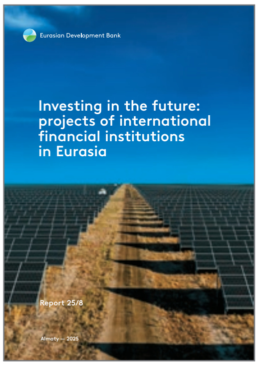
The transition to high value-added production could become a powerful driver of economic growth in the region. The study identifies priority industries and niche markets for each country, and provides estimates of export potential and import substitution potential.



Working Paper 25/9
(RU/EN)

The Middle-Income Trap: Navigating the Ambiguity of the Concept

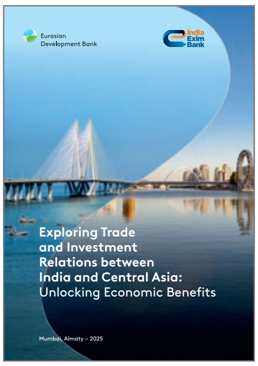
The study shows that diversity of interpretations of the "middle-income trap" makes it difficult to understand whether an economy is in it. The paper also identifies the factors of transition to a higher income: stable macroeconomics, ability to innovate, strong institutions and demographics.



Report 25/8
(RU/EN)

Investing in the future: projects of international financial organizations in Eurasia

The report analyzes 10 fundamental trends in non-sovereign financing by international financial institutions in the Eurasian region and formulates a number of proposals for more active and diversified IFI investments in development projects.



Report
(RU/EN)

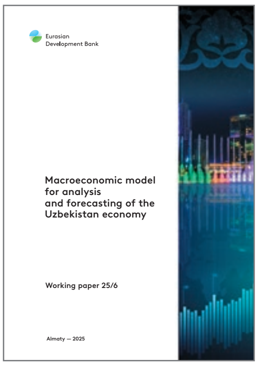
Exploring Trade and Investment Relations between India and Central Asia: Unlocking Economic Benefits

This joint report focuses on a comprehensive analysis of the current state and potential for improving bilateral trade and investment relations between India and Central Asia, and provides policy recommendations for closer cooperation.

Report
(RU/EN)

The Future of Islamic Finance in Central Asia

Joint report of the Eurasian Development Bank (EDB), the Islamic Development Bank Institute (IsDBI) and the London Stock Exchange Group (LSEG).



Working Paper 25/6
(RU/EN)

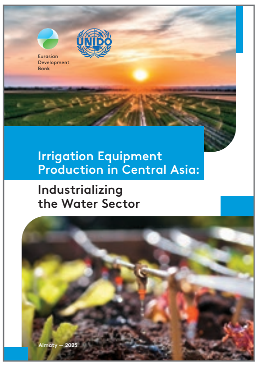
Macroeconomic model for analysis and forecasting of the Uzbekistan economy

The working paper presents the developed model of macroeconomic analysis and forecasting of the Uzbekistan economy. The integration of the new model into the EDB's model complex makes it possible to more accurately and comprehensively forecast the economic development of the Bank's region of operations, while taking into account close cross-country relationships.

Working Paper 25/5
(RU/EN)

Eurasian Transport Network: Projects Observatory and Interactive Map

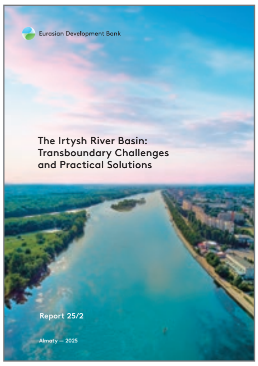
This working paper aims to facilitate the monitoring and coordination of infrastructure development along the corridors and routes of the Eurasian Transport Network



Report
(RU/EN)

Irrigation Equipment Production in Central Asia: Industrializing the Water Sector

Irrigation equipment production in Central Asia is becoming a strategic area for ensuring food security and efficient water resource management. A new report by EDB and UNIDO provides a detailed analysis of the current state of the market, a forecast of its development and recommendations for creating conditions for local production.



Report 25/2
(RU/EN)

The Irtysh River Basin: Transboundary Challenges and Practical Solutions

A recent study by the Eurasian Development Bank, titled "The Irtysh River Basin: Transboundary Challenges and Practical Solutions", presents the findings of a diagnostic analysis and a forecasting model of the basin's water resources. The study identifies the positions of the three countries involved and puts forward a series of practical solutions, including investment recommendations.

Report 25/1
(RU/EN)

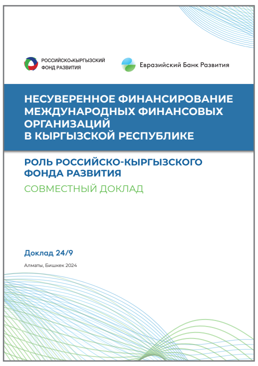
Mutual Investments on the Eurasian Continent: New and Traditional Partners

The report contains detailed information on the scale, dynamics, geographical and sectoral structure of mutual direct investment stock between the countries of the Eurasian region, on the one hand, and China, Türkiye, Iran, and the Gulf states, on the other hand, for the period from 2016 to the first half of 2024.

Report 24/10
(RU/EN)

EDB Monitoring of Mutual Investments — 2024. Eurasian Region

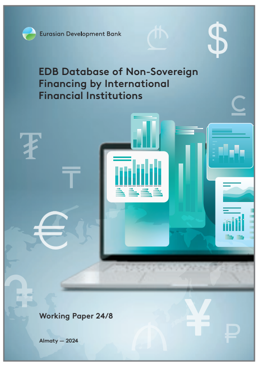
The report contains detailed information on the scale, dynamics, geographical and sectoral structure of mutual direct investments of the Eurasian region from 2016 to 1H of 2024.



Report 24/9
(RU)

Non-sovereign financing of international financial organizations in the Kyrgyz Republic

The report contains a comprehensive analysis of non-sovereign financing operations by international financial institutions in the Kyrgyz Republic over the last decade.



Working Paper 24/8
(RU/EN)

EDB Database of Non-Sovereign Financing by International Financial Institutions

Non-Sovereign Financing (NSF) Database is EDB's new analytical project. The EDB Database is a dynamic tool for timely monitoring and analysis of non-sovereign operations of IFIs in the Eurasian region.

Eurasian Development Bank

CENTRE FOR MACROECONOMIC ANALYSIS
RESEARCH DEPARTMENT
EURASIAN DEVELOPMENT BANK

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