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Development Economics | Prospects Group

Global Monthly

November-December 2025

Overview

- Global activity continued to expand in October. However, trade growth moderated, and forward-looking indicators signal weakness ahead.
- Risk appetite retreated somewhat in November amid concerns over elevated equity valuations and shifting expectations over the pace of U.S. monetary policy easing.
- Despite resilient global growth, major economies face headwinds—including a slowing U.S. labor market, declines in China's exports, and sluggish euro area industry.

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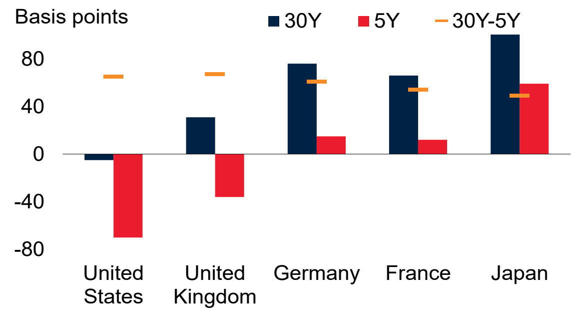
Chart of the Month

- Sovereign yield curves have steepened this year—across five major advanced economies, the 30-year minus 5-year spread has increased by an average of more than 50 basis points, reflecting increases in term premia.
- This shift comes on the back of growing concerns about fiscal trajectories, with inflation still above targets in some countries.
- Elevated long-term yields may push up debt service costs over time, while further increases could undercut risk sentiment.

Change in government bond yields in 2025



Sources: Haver Analytics; World Bank.
Note: Bars show year-to-date yield changes in the 30-year and 5-year sovereign bonds, while markers indicate the change in spread between them. Last observation is November 20, 2025.

Special Focus: New Shocks, Old Tools—Managing Commodity Supply in a Fragmented World

- Risks to the security of key commodity supplies have recently reignited interest in commodity supply management, echoing debates around more than 40 commodity agreements over the past century.
- A key historical lesson is that markets adapt more quickly than institutions seeking to manage them. OPEC is the only supply management scheme created during the 20th century that still operates today.
- Coordinated interventions during supply disruptions can temporarily stabilize prices, but diversification, innovation, transparency, and market pricing are better long-term guards against commodity-driven disruptions.

The *Global Monthly* is a publication of the Prospects Group. This edition was prepared by Marie Albert, Philip Kenworthy, and Jiwon Lee, under the supervision of Carlos Arteta and Dana Vorisek. The special focus was prepared by John Baffes. This *Global Monthly* reflects data available up to November 20, 2025. For more information, visit: https://www.worldbank.org/en/research/brief/economic-monitoring. Back issues of this report are available since 2008.

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Monthly Highlights

Global activity: expansion amid subdued expectations. Global purchasing managers' indexes (PMI) indicate that global activity has continued expanding, with momentum firming somewhat since mid-year. In October, the global composite output subindex averaged 52.8 on a 3-month basis, about 0.7 point above its average in 2023-24—a period of steady global growth (figure 1.A). While the output measure has picked up in recent months, the future output index remained notably below its 2023-24 average, suggesting firms anticipate headwinds ahead. In addition, the global employment subindex has slightly softened even as output measures have improved—to about half a point below the average of 2023-24, albeit still marginally in expansion territory at 50.3. Meanwhile, median global inflation held broadly steady in October, at 3.2 percent (y/y)—in line with the average of the preceding 12 months.

Global trade: resilient but moderating. Global goods trade volumes expanded by 3.7 percent (y/y) in August, moderating from 5.6 percent in July, partly reflecting the unwind of earlier front-loading ahead of the re-introduction of reciprocal tariffs. U.S. imports contracted in August, but strong imports in some other advanced economies and EMDEs in Asia and Latin America helped lift overall goods trade growth (figure 1.B). U.S. reciprocal tariffs continue to face legal challenges, with the use of the International Emergency Economic Powers Act under review by the U.S. Supreme Court. Meanwhile, global manufacturing and services PMIs for new export orders weakened in October, with the new export orders index for EMDE manufacturing returning to contractionary territory after a one-month expansion.

Commodity markets: mixed trends. Commodity prices eased in October as declining energy and agriculture prices more than offset increases in metal prices. Brent crude oil prices briefly rose to $66/bbl in late October after additional sanctions on oil companies in the Russian Federation were announced, before trending to the low-$60s/bbl over November. In the context of a growing supply surplus, OPEC+ in early November announced only a modest production increase for December, with no further rises until April 2026 (figure 1.C). U.S. natural gas prices surged by almost 8 percent in October (m/m) and continued to increase in November, driven by robust overseas LNG demand. In contrast, European natural gas prices eased by 2 percent (m/m) as LNG imports and pipeline flows loosened the market amid

FIGURE 1.A Global composite PMIs, relative to 2023-24 average

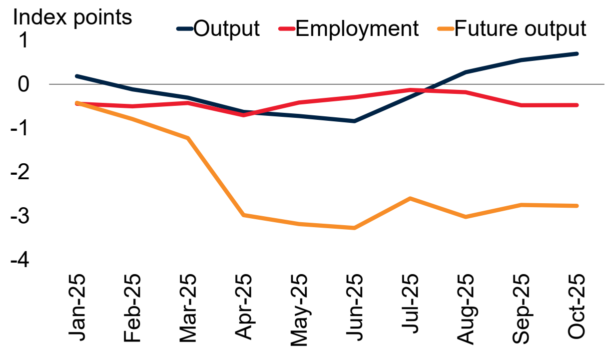


FIGURE 1.B Growth in goods import volumes in August 2025

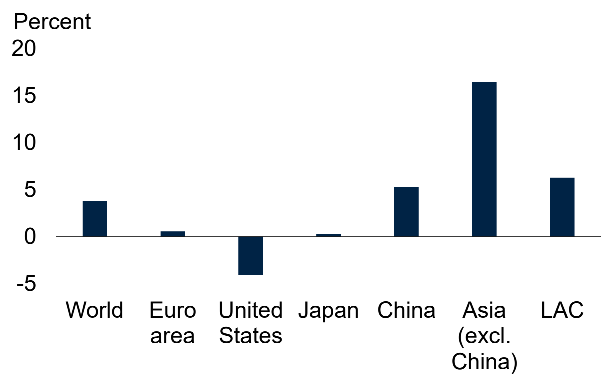
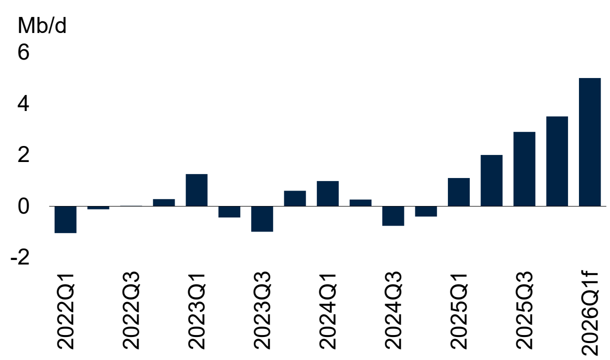


FIGURE 1.C Oil market balance



Sources: CPB Netherlands Bureau for Economic Policy Analysis; International Energy Agency (IEA); J.P. Morgan; World Bank.
Note: PMI = purchasing managers' index.
A. For each sub-index of the global composite PMI, lines show the difference between the 3-month moving average and the average level in 2023-24.
B. Figure shows year-over-year growth in goods import volumes for August 2025.
C. Market balance is the difference between oil supply and demand. A positive (negative) value indicates surplus (deficit). Historical and forecasts (2025Q4 to 2026Q1). Quarterly data are from IEA's Oil Market Report, November 2025 edition.

milder weather. In agricultural markets, beverage prices fell by almost 6 percent (m/m) in October—partly reflecting a 15 percent drop in cocoa prices due to favorable West Africa weather—and continued to decline in November. Base metal prices rose further in November, following a 6 percent (m/m) October increase, due to supply concerns for copper, zinc, and aluminum. Precious metals stabilized in November after easing slightly from record highs, with gold averaging above $4,000/troy oz.

Global financial conditions: pullback in sentiment. Concerns over AI-fueled valuations in equity markets, along with mixed labor market data, led risk appetite to falter in November with broad-based declines in equity markets. U.S. sovereign bond yields rose after somewhat hawkish messaging from the FOMC October meeting, with the market-implied probability of a policy rate cut in December dipping in mid-November, before rising again following the late release of the September U.S. jobs report. Even so, the U.S. dollar held prior gains, reversing the depreciation seen over the summer (figure 2.A). Other major advanced economy central banks held their policy rates steady. In EMDEs, the pace of bond issuance moderated in October, but year-to-date issuance remained higher than in 2023 and 2024 (figure 2.B). The increase partly reflects the compression of sovereign spreads, with the EMBI index spread recently reaching its lowest level since 2007.

United States: persistent inflation despite labor market weakness. In the absence of many data releases due to the federal government shutdown, which ended on November 12 after 43 days, available indicators suggest that the economy continued to grow at a moderate pace. The composite PMI edged up to 54.6 in October, with both manufacturing and services indexes remaining in expansionary territory. Alongside, headline CPI inflation has gradually risen, reaching 3 percent in September, with core CPI trending higher since May. In contrast, labor markets continued to cool, with unemployment inching up to 4.4 percent in September, and non-government data showing rising layoff announcements and diminishing private sector job gains in October (figure 2.C). Amid elevated inflation and labor market softness, the Michigan Consumer Sentiment Index fell further in November, while households' one-year inflation expectations edged up.

Other advanced economies: tepid growth continues. Flash estimates show that euro area growth firmed to 0.2 percent (q/q sa) in 2025Q3, underpinned by solid domestic demand in France

FIGURE 2.A U.S. dollar index

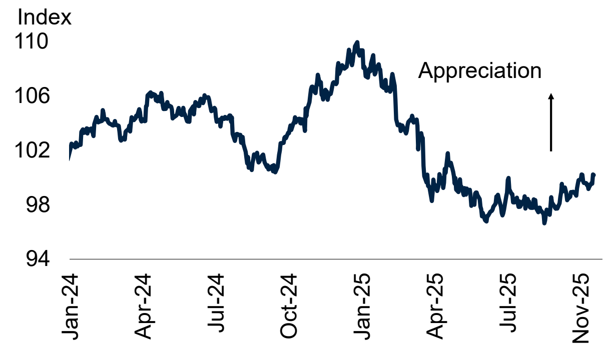


FIGURE 2.B EMDE sovereign and corporate bond issuances

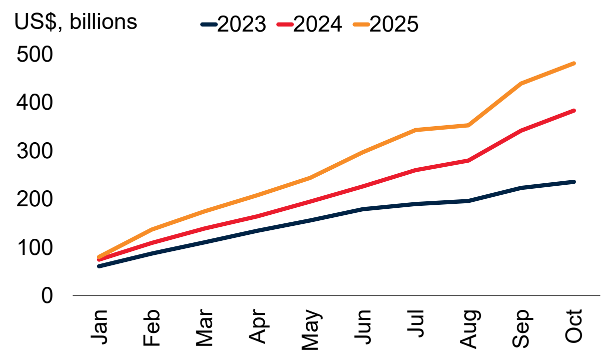
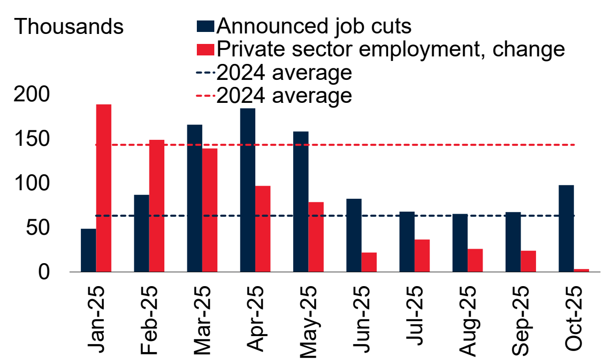


FIGURE 2.C U.S. labor market indicators



Sources: ADP; Bloomberg; Challenger, Gray & Christmas; Dealogic; Federal Reserve Bank of St. Louis; World Bank.
Note: EMDEs = emerging market and developing economies.
A. Line shows the DXY U.S. dollar index, which depicts the foreign exchange value of the U.S. dollar against a basket of six major currencies (CAD, CHF, EUR, GBP, JPY, and SEK). Last observation is November 20, 2025.
B. Lines show cumulative bond issuance year-to-date in seven advanced economy currencies (AUD, CAD, CHF, EUR, GBP, JPY, and USD). Last observation is October, 2025.
C. Chart shows three-month moving averages of announced job cuts and change in private sector employment. Announced job cuts include the public sector. Last observation is October 2025.

and Spain (figure 3.A). In contrast, growth remained muted in other large euro area economies, including Germany and Italy, amid sluggish industrial activity. Available data for 2025Q4 pointed to continued improvement in services activity, with the services PMI expanding further into positive territory in October and November. In Japan, output contracted 0.4 percent in 2025Q3, driven by weak residential investment and external demand. Incoming data suggest a slight pickup in growth in 2025Q4, with the composite PMI edging up by 0.2 to 51.5 in October, alongside improvements in consumer confidence and business sentiment.

China: slowing exports. In October, China's exports contracted 1.1 percent (y/y) after growing 8.3 percent the previous month, reflecting a broad-based slowdown across all destinations, while imports grew just 1 percent, moderating from 7.5 percent (figure 3.B). In addition, the official manufacturing PMI remained in contractionary territory, dropping to 49—the lowest since April—partly driven by a slump in new export orders. At the end of October, China and the United States agreed to a one-year truce with a slight reduction in tariffs and a delay on rare earth export controls. Meanwhile, China's non-manufacturing PMI increased as solid activity in services offset contracting construction related to continued property sector weakness. In October, headline consumer prices rose 0.2 percent (y/y) while core prices increased by 1.2 percent, owing partly to higher prices for gold jewelry.

Other EMDEs: solid activity in Asia, subdued elsewhere. In October and November, some EMDEs, particularly in Asia, proved more resilient than forecasters expected, lifting the Citi Economic Surprise Index for emerging markets (figure 3.C). In EMDEs excluding China, the composite PMI rose from 52.9 to 53.8 in October, with gains in manufacturing and services. Manufacturing PMIs remained strong in Asia, led by India, supported by rising employment and easing input costs, as well as in Indonesia, Thailand, and Viet Nam, reflecting solid domestic demand. In contrast, manufacturing PMIs indicated contraction in Brazil and Mexico amid tariff concerns. Surveys also signaled weaker manufacturing in Türkiye due to subdued demand, in the Russian Federation, where business confidence hit a post-2022 low, and in Poland, albeit with the pace of contraction there easing. In South Africa, the composite PMI returned to contraction after five months in expansion due to weakening demand. Changes in median headline inflation were mixed across regions in October, with levels generally close to 2015-19 averages except in ECA, where inflation remains notably elevated.

FIGURE 3.A GDP growth in the euro area

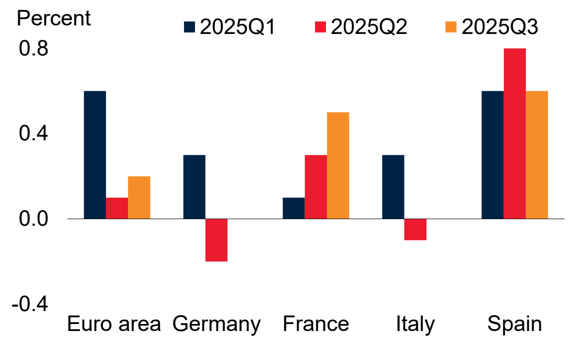


FIGURE 3.B China goods export and import growth

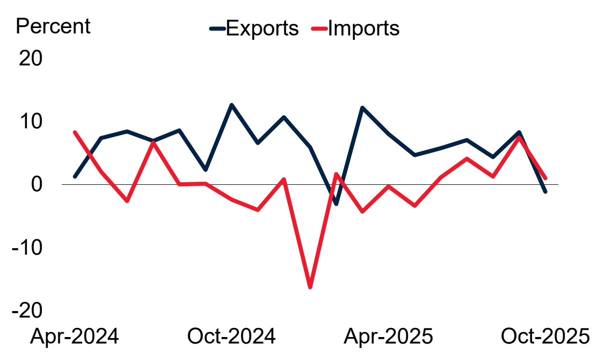
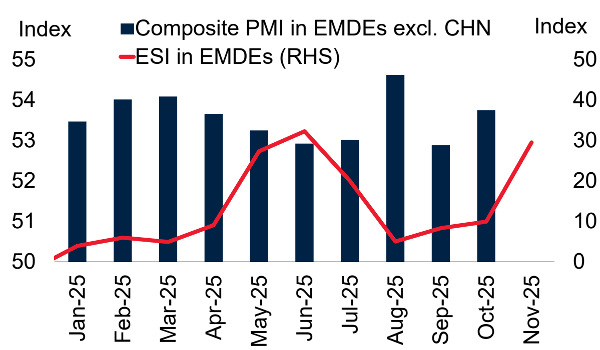


FIGURE 3.C EMDEs: Economic surprise index and composite PMIs



Sources: CPB Netherlands Bureau for Economic Policy Analysis; Haver Analytics; Organisation for Economic Co-operation and Development; World Bank.
Note: EMDEs = emerging market and developing economies; ESI = economic surprise index; PMI = purchasing managers' index.
A. Data for 2025Q3 reflect the flash estimate.
B. Year-on-year change of value of goods exports and imports in U.S. dollars. Last observation is October 2025.
C. Citigroup Economic Surprise Index (ESI) is based on emerging market currencies and represents the sum of the difference between official economic results and market forecasts. Values above (below) 0 indicate that economic performance generally beat (fell short of) market expectations. PMI readings above (below) 50 indicate expansion (contraction). Last observation is October 2025 for PMI and November 2025 (average 1-20 of November) for ESI.

Special Focus: New Shocks, Old Tools—Managing Commodity Supply in a Fragmented World

Volatility in commodity prices and risks to the security of key commodity supplies in recent years have reignited interest in commodity supply management. Many of the current proposals—for energy, metals, and food products—echo previous international commodity agreements (ICAs). Nearly 40 ICAs were established during the 20th century, covering a range of metals such as copper and tin; agricultural raw materials such as rubber and wool; and food commodities such as wheat, sugar, and coffee. Unlike agreements created before World War II (WWII), which were formed in most cases only by producers, post-WWII agreements generally involved exporters and importers, who sought to influence markets by utilizing production controls, trade restrictions, and inventory management. In the post-WWII period, these agreements have encompassed, on average, about 65 percent of production of their respective targeted commodities (figure 4.A).

Oil markets also have a long history of intervention. Following the discovery of oil in Pennsylvania in the 19th century, producers intervened to manage surplus supply through a series of entities, including the Oil Creek Association, Rockefeller's Standard Oil Trust, the multinational oil companies known as the "Seven Sisters," and the Texas Railroad Commission. OPEC, founded in 1960, became a dominant force in global oil markets in the 1970s and remains the only commodity agreement still in operation.

A key lesson from a century of experience with ICAs is that markets forces ultimately undermined the main objectives of the agreements. In many cases, ICAs were undermined by a central contradiction: when they stabilized or raised prices in the interests of producers, they triggered market forces that ultimately undermined the agreements. In practice, higher prices encouraged innovation and production expansion outside the agreements and incentivized quota violations and consumer substitution, hastening the collapse of ICAs for coffee, natural rubber, and tin. Efforts to maintain price bands through stockpiling exposed the financial and logistical limits of countering market fundamentals. These problems were most pronounced in postwar agreements that tried to balance producer and consumer interests and that, for the most part, failed to stabilize prices (figure 4.B).

FIGURE 4.A Production shares covered by agreement

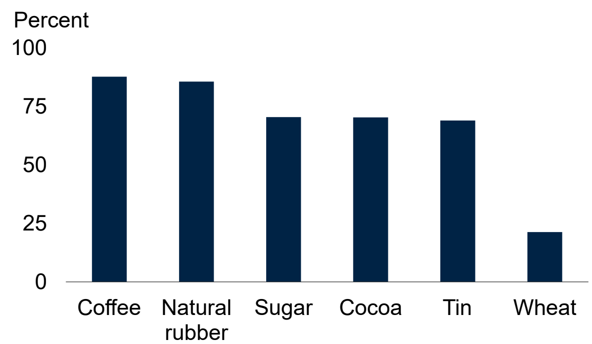


FIGURE 4.B Price changes during periods with and without agreements

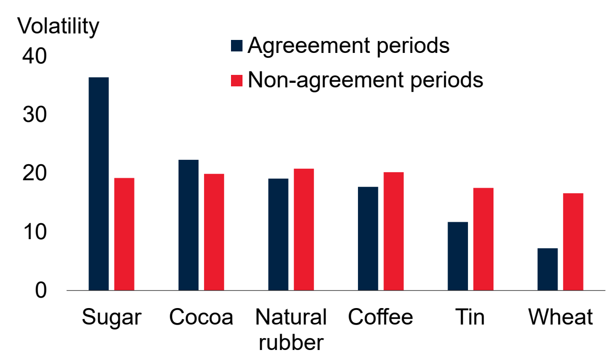
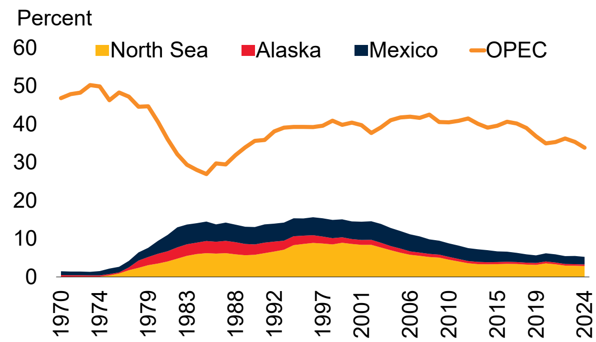


FIGURE 4.C Sources of global oil production, 1970-2024



Sources: Baffes, Nagle, and Streifel (2024); The Energy Institute; International Energy Agency; World Bank.
Note: The periods during which agreement periods were in effect for different commodities listed on October 2025 edition of *Commodity Markets Outlook*, table SF.2. OPEC = Organization of the Petroleum Exporting Countries.
A. Production shares of each commodity during periods of agreement.
B. Price changes reflect year-on-year logarithmic changes, expressed in absolute terms.
C. The North Sea region refers to Norway and the United Kingdom. Last observation is 2024.

The only commodity management scheme still in operation today is OPEC, yet even OPEC has faced challenges similar to those experienced by previous commodity agreements. The longevity of OPEC reflects its adaptability, including transitioning from fixed to market-based pricing, adopting flexible production quotas, and cooperating with a larger set of oil producers through OPEC+. Yet OPEC has still faced some of the same challenges that previous ICAs did, such as new sources of supply and shifting demand patterns. For instance, OPEC-driven price spikes in the 1970s prompted the supply of oil from new sources—Alaska, the Gulf of Mexico, and the North Sea—in the 1980s (figure 4.C). A post-2000 price boom catalyzed production from U.S. shale oil and Canadian oil sands in the 2010s (figure 5.A). At the same time, the ability of OPEC to control prices has been challenged by structural transformation in global energy markets. The share of energy generated from oil has steadily declined over several decades, in favor of natural gas and renewables (figure 5.B). At the same time, the oil intensity of GDP (the amount of oil needed to produce a given amount of output) has dropped precipitously (figure 5.C). Managing production quotas amid stagnant or declining oil demand will test OPEC's resilience.

Despite the poor record of commodity agreements in the long term, coordinated international actions can play a stabilizing role during crises. During the COVID-19 pandemic, for example, OPEC+ production cuts—along with voluntary reductions by other producers—helped steady oil prices amid a historic demand collapse. In the food sector, strategic grain reserves can play an important role in crisis management and emergency preparedness. However, their use should remain limited to short-term stabilization during supply shocks, not as instruments of long-term price control. Knowledge sharing and data transparency during periods of crisis can play a critical role in guiding policy actions and encouraging market stability.

Proposed long-term market interventions to address price volatility and food and energy security should be approached cautiously. Temporary interventions during acute disruptions can be effective at moderating price volatility, yet price management schemes rarely succeed in the long term. Sustained price stability requires a more resilient approach. Tools that diversify production and consumption, encourage investment in technology and innovation, promote data transparency, and rely on market-based pricing mechanisms are all key aspects of such an approach.

FIGURE 5.A Sources of global oil production, 2000-24

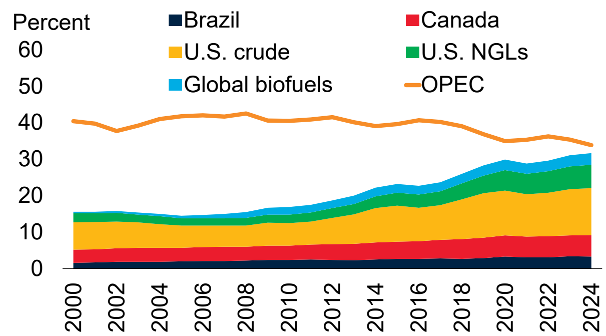


FIGURE 5.B Shares of energy sources in total energy consumption

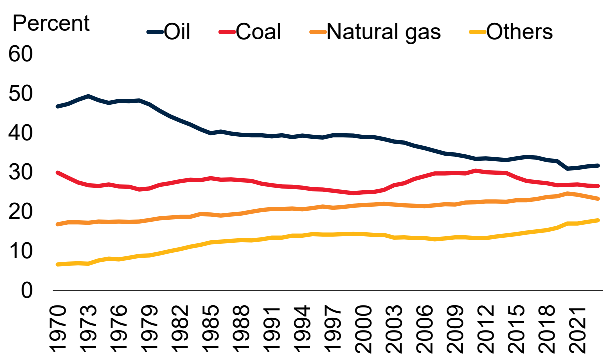
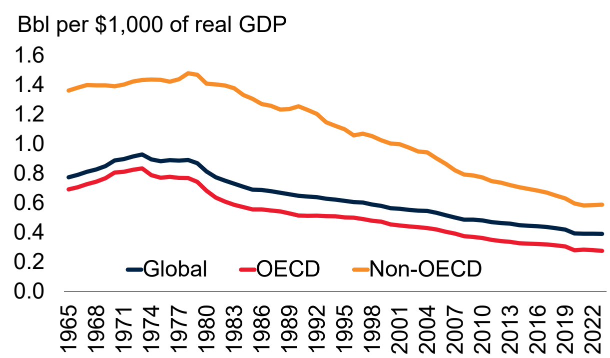


FIGURE 5.C Oil intensity of GDP



Sources: The Energy Institute; International Energy Agency; World Bank.
Note: Bbl = barrel; NGLs = natural gas liquids; OPEC = Organization of the Petroleum Exporting Countries.
A. U.S. crude oil and NGLs predominantly originate from shale, while Canadian production is largely derived from bitumen and oil sands, and Brazil's output is mainly from offshore sources.
B. "Others" comprises nuclear, hydro, and renewables.
C. "Oil intensity" refers to the number of barrels of oil consumed to generate $1,000 of real GDP (2010 base year).

Recent Prospects Group Publications

Global Economic Prospects—January 2026 (forthcoming)
Commodity Markets Outlook—October 2025
Geopolitical Risks and Trade
Accelerating Investment: Challenges and Policies
From Tailwinds to Headwinds: Emerging and Developing Economies in the Twenty-First Century

Recent World Bank Working Papers

Assessing the Macroeconomic Impacts of Stochastic Climate Shocks in Paraguay
The MANAGE-WB Applied General Equilibrium Model of the World Bank: Model Documentation and User Guide
Women's Mobility and Labor Supply: Experimental Evidence from Pakistan
Monitoring Global Aid Flows: A Novel Approach Using Large Language Models
Joint Land Titles and Women's Status in Uganda

Recent World Bank Reports

Armenia's Economic Pulse, Fall 2025: Fairer Markets for Inclusive Growth
World Bank Group Scorecard FY2025
Women's Economic Empowerment in Bangladesh: An Evidence-Guided Toolkit for More Inclusive Policies
A Decade of Partnership: Working Together for a More Resilient Tanzania
FY 2025 China Country Opinion Survey Report

Table: Major Data Releases

Recent releases: November 1, 2025 - November 20, 2025					
Country	Date	Indicator	Period	Actual	Previous
Brazil	11/11/2025	CPI	OCT	4.7%	5.2%
Canada	11/17/2025	CPI	OCT	2.2%	2.3%
China	11/8/2025	CPI	OCT	0.0%	-0.5%
Euro area	11/14/2025	GDP	Q3	1.4%	1.5%
Euro area	11/19/2025	CPI	OCT	2.1%	2.2%
Germany	11/5/2025	GDP	Q3	0.3%	0.3%
India	11/12/2025	CPI	OCT	0.3%	1.4%
Indonesia	11/2/2025	CPI	OCT	2.9%	2.7%
Indonesia	11/4/2025	GDP	Q3	5.0%	5.1%
Japan	11/16/2025	GDP	Q3	1.1%	2.0%
Japan	11/20/2025	CPI	OCT	2.9%	2.9%
Korea, Rep.	11/3/2025	CPI	OCT	2.4%	2.1%
Mexico	11/7/2025	CPI	OCT	3.6%	3.8%
Mexico	11/21/2025	GDP	Q3	-0.1%	-0.1%
Russian Federation	11/14/2025	GDP	Q3	0.6%	1.1%
Russian Federation	11/14/2025	CPI	OCT	7.7%	8.0%
Saudi Arabia	11/13/2025	CPI	OCT	2.2%	2.2%
South Africa	11/19/2025	CPI	OCT	3.5%	3.4%
Thailand	11/16/2025	GDP	Q3	1.2%	2.8%
Türkiye	11/3/2025	CPI	OCT	32.9%	33.3%
United Kingdom	11/13/2025	GDP	Q3	1.3%	1.4%

Upcoming releases: November 21, 2025 - December 30, 2025				
Country	Date	Indicator	Period	Previous
Argentina	12/16/25	GDP	Q3	6.3%
Australia	12/2/25	GDP	Q3	1.8%
Brazil	12/4/25	GDP	Q3	2.2%
Brazil	12/10/25	CPI	NOV	4.7%
Canada	11/28/25	GDP	Q3	1.2%
Canada	12/15/25	CPI	NOV	2.2%
China	12/9/25	CPI	NOV	0.0%
India	11/28/25	GDP	Q3	7.8%
India	12/12/25	CPI	NOV	0.3%
Indonesia	11/30/25	CPI	NOV	2.9%
Japan	12/15/25	CPI	NOV	2.9%
Korea, Rep.	12/1/25	CPI	NOV	2.4%
Mexico	12/9/25	CPI	NOV	3.6%
New Zealand	12/17/25	GDP	Q3	0.0%
Poland	12/1/25	GDP	Q3	3.1%
Poland	12/15/25	CPI	NOV	2.8%
Saudi Arabia	12/15/25	CPI	NOV	2.2%
South Africa	12/17/25	CPI	NOV	3.5%
Thailand	12/3/25	CPI	NOV	-0.8%
Türkiye	12/1/25	GDP	Q3	4.8%
Türkiye	12/3/25	CPI	NOV	32.9%

Sources: Haver Analytics; Trading Economics; World Bank.