WORLD BANK GROUP
Development Economics | Prospects Group

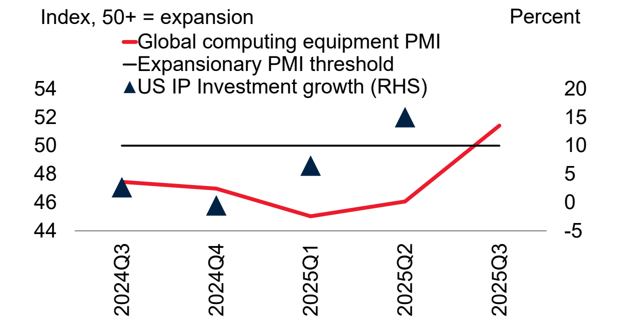
Global Monthly

October 2025

Overview

- Headline activity data generally point to continued resilience in the global economy, despite ongoing trade tensions and elevated uncertainty.
- Consensus forecasts for global growth in 2025 have firmed in recent months, returning to January levels, having dipped earlier in the year.
- Precious metals prices have risen, in part reflecting their perceived safe-haven status amid uncertainty, with gold prices hitting a new all-time high in October before subsequently retracing most of the gains.

Global computing equipment PMI and U.S. IP investment growth



Sources: Haver Analytics; World Bank.
Note: PMI = purchasing managers' index. Red line represents the global computing equipment PMI as a quarterly average. PMI readings above (below) 50 indicate expansion (contraction). Last observation is September 2025. Markers show U.S. intellectual property (IP) gross fixed capital investment growth on a quarterly year-on-year basis. Last observation is September 2025.

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Chart of the Month

- Robust U.S. business investment, particularly in intellectual property related to digital and AI equipment, contributed to stronger-than-anticipated U.S. growth in the first half of 2025.
- Improving activity in the global electronics sector has supported resilient export demand for many economies in 2025, especially across East Asia and Pacific. PMIs for global computing equipment suggest expanding near-term activity in the sector.

Special Focus: The Global Cost of Conflict

- Globally the number of conflicts and related fatalities has more than tripled since the 2000s. Most of the increase has occurred since 2010.
- Conflicts impose a very heavy human and economic toll on affected EMDEs, with high-intensity conflicts (150 deaths per million at onset) reducing GDP per capita by about 20 percent after five years in the median economy.
- Economies emerging from medium-intensity conflict (50 deaths per million at onset) tend to experience a post-conflict "catch-up" in GDP per capita growth, while growth tends to be lower than pre-crisis rates in economies exiting from high-intensity conflict.

The *Global Monthly* is a publication of the Prospects Group. This edition was prepared by Tommy Chrimes, Alen Mulabdic, and Peter Selcuk, under the supervision of Carlos Arteta and Dana Vorisek. The special focus was prepared by Jeetendra Khadan and Peter Selcuk. This Global Monthly reflects data available up to October 24, 2025. For more information, visit: https://www.worldbank.org/en/research/brief/economic-monitoring. Back issues of this report are available since 2008.

Monthly Highlights

Global activity: resilience amid uncertainty. Consensus forecasts for 2025 global GDP growth have edged up in recent months, having dipped earlier in the year (figure 1.A). Upwards revisions in part reflect a firming in projections for the United States and China. Consensus forecasts for global economic growth in 2025 have now rebounded to where they were in January, even as trade tensions flared again in October. High-frequency global activity indicators such as PMIs softened across many advanced economies and emerging market and developing economies (EMDEs) in September but remain in expansionary territory. Although the payback from earlier front-loading of traded goods has started to weigh on exports in some economies, recovering activity in the global electronics sector related to surging investment in digital and AI equipment, especially in the United States, has provided support to overall investment.

Global trade: data mostly holding up so far. Goods trade volumes increased by 5.4 percent (y/y) in July, up from 3.8 percent in June, before the introduction of reciprocal tariffs in August. U.S. imports expanded by 2.2 percent (y/y) in July, following a 2.3 percent contraction in June. Since August, the trade policy environment has become more restrictive, with several additional measures announced in September targeting pharmaceuticals, furniture, and heavy trucks. In October, after China imposed additional export controls on rare earths, the United States announced potential additional tariffs of up to 100 percent on goods from China. However, recent trade negotiations are aiming toward a "substantial framework" to address the renewed tensions. Meanwhile, despite higher tariffs, global manufacturing and services PMIs for new export orders improved in September. The rebound in EMDEs was driven by China, which lifted EMDE manufacturing PMIs for new export orders into expansionary territory for the first time in six months, while PMIs in EMDEs excluding China continued to contract (figure 1.B).

Commodity markets: overall stable. The World Bank's commodity price index remained unchanged in September relative to August, as declines in energy and fertilizer prices offset gains in metals and minerals. Brent crude oil prices surged 5 percent in late October after the United States announced new sanctions on Russian oil companies, after having softened to near US$62/bbl earlier in the month amid signs of easing tensions in the Middle East and an anticipated global supply surplus. Natural gas prices in Europe edged down for the third consecutive month in Septem-

FIGURE 1.A Evolution of consensus forecasts for 2025 GDP growth

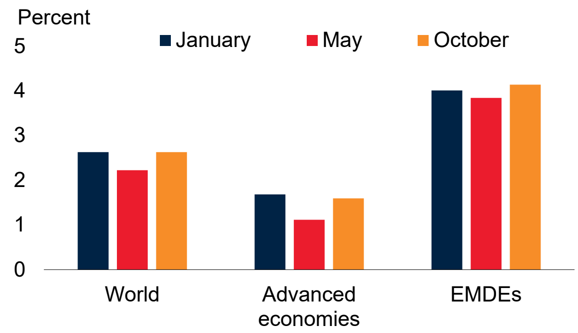


FIGURE 1.B Manufacturing PMIs: New exports orders

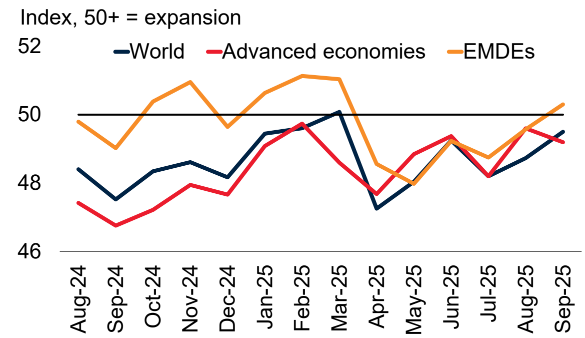


FIGURE 1.C Gold prices

Sources: Bloomberg; Consensus Economics; Haver Analytics; World Bank.
Note: EMDEs = emerging market and developing economies; PMI = purchasing managers' index.
A. Bars represent weighted-average GDP growth rates, based on Consensus Economics forecast surveys of January, May, and October 2025. GDP aggregates calculated using real U.S. dollar GDP weights at average 2010-19 prices and market exchange rates. Sample includes up to 86 economies, including 34 advanced economies and 52 EMDEs, for which Consensus Economics provides monthly survey data.
B. Chart shows 2024-GDP-weighted average manufacturing new export orders for up to 16 advanced economies and 18 EMDEs. PMI readings above (below) 50 indicate expansion (contraction). Last observation is September 2025.
C. Daily data. Last observation is October 23, 2025. Vertical lines indicate geopolitical events.

ber, as lower LNG import demand from China prompted redirection of tankers to Europe. In contrast, U.S. natural gas prices increased by around 2 percent (m/m) in September reflecting robust domestic demand and LNG exports. Agriculture prices remained stable in September as easing oils and meals prices helped offset gains in grains. Meanwhile, metals prices gained 2 percent (m/m) led by zinc, copper, aluminum, and tin owing to firming global activity, especially in China. Precious metals prices increased by 9 percent (m/m) in September. In early October, amid renewed trade tensions and expectations of further U.S. interest rate cuts gold surpassed the US$4,000/troy oz level for the first time, and surged toward the US$4,400/troy oz mark in the following weeks before subsequently retracing most of the gains (figure 1.C).

Global financial conditions: sustained easing. In October, risk appetite remained robust with equity indexes rising in both advanced economies and EMDEs. The S&P 500 index and China's CSI 300 index, which have benefited from enthusiasm over AI this year, lost momentum earlier this month due to the re-escalation of trade tensions between major economies (figure 2.A). Bond yields have edged down and the U.S. dollar index appreciated slightly in October, owing to political turmoil in other advanced economies. Corporate spreads remained narrow globally, even in the riskier category such as high-yield bonds (figure 2.B). In EMDEs, debt remained the primary driver of portfolio inflows in September, with strong issuance by higher-rated sovereigns.

United States: steady domestic demand. Data released before the federal government shutdown indicate that the U.S. economy has continued to hold up well despite persistent uncertainty. However, signs of softening are emerging in the labor market. Both consumer and business spending remained solid in recent months, with personal consumer spending rising 0.4 percent (m/m) in August. Growth in business investment has held up, with new orders for manufactured durable goods increasing 2.9 percent (m/m) in August, likely supported by strong AI-related investment spending. In contrast, the U.S. labor market has cooled since early spring, generating few jobs in the private sector and likely contributing to the continued weakness in consumer sentiment (figure 2.C). In September, headline CPI inflation reached 3.0 percent y/y, for the first time since January, edging up from 2.9 percent on a substantial pickup in energy prices amid persistent core inflation.

Other advanced economies: mixed data. Euro area activity indicators have been mixed in recent months. The services PMI con-

FIGURE 2.A Equity indexes

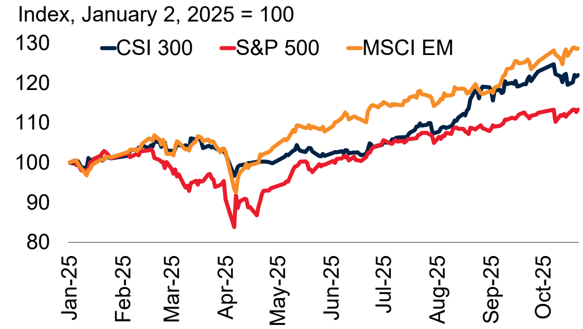


FIGURE 2.B Change in high-yield corporate bond spreads since April 10

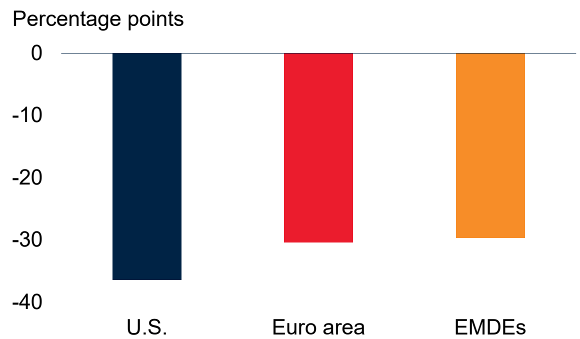
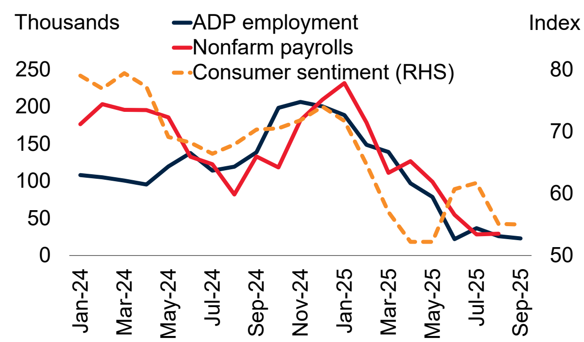


FIGURE 2.C U.S. employment and consumer sentiment



Sources: ADP; Bloomberg; Federal Reserve Bank of St. Louis; World Bank.
Note: CSI 300 = China Securities Index 300; EMDEs = emerging market and developing economies; MSCI = Morgan Stanley Capital International Emerging Markets Index.
A. Lines show equity indices performance yield-to-date. Index base is January 2, 2025. Last observation is Oct 23, 2025.
B. Bars show the percent change in high-yield corporate bond spreads since April 10. Last observation is October 2025.
C. The chart shows 3-month moving average changes in non-farm payrolls and ADP private employment. The University of Michigan consumer sentiment index is shown on right-hand axis. Last observations for consumer sentiments and ADP employment are September 2025; last observation for nonfarm payrolls is August 2025.

tinued to expand in August, with services activity supported by solid wage growth. However, the manufacturing PMI fell into contraction, amid softening external demand for new export orders. Goods trade growth slowed in July following a temporary boost from front-loading of exports. The trade slowdown partly reflects weakening demand for European goods in the United States—a large European Union (EU) trading partner—with U.S. imports from the EU in June and July falling below 2024 values after a surge earlier this year (figure 3.A). In Japan, the manufacturing PMI edged down to 48.5 in September, remaining below 50 since July 2024. Real exports rose 0.3 percent (m/m sa) in August, as strong export performance across Asia and Europe offset a 7.3 percent contraction in exports to the United States.

China: weaker investment, resilient trade. GDP growth slowed to 4.8 percent (y/y) in 2025Q3, from 5.2 percent in 2025Q2. The contributions of consumption and net exports to GDP held up, while that of investment declined, reflecting continued weakness in the property sector (figure 3.B). Both export and import growth surged in September: exports grew by 8.3 percent (y/y), as producers are coping with higher tariffs by diversifying away from the United States, while imports grew by 7.4 percent (y/y), driven by a smaller contraction in commodity imports. In September, headline CPI inflation edged up to -0.3 percent (y/y), driven by an increase in core inflation which reached its highest in 19 months. In October, the announcement of new export controls by China led to the announcement of potential additional tariffs by the United States. However, progress in bilateral negotiations is paving the way for an easing in trade tensions.

Other EMDEs: softening momentum. Although the composite PMI for EMDEs excluding China remained in expansionary territory in September, it pulled back from August as both the services and manufacturing sub-indexes softened (figure 3.C). With the front-loading of trade ahead of tariff increases beginning to dissipate, the negative impact of higher tariffs on external demand has become more apparent. New export order PMIs contracted for the fourth consecutive month while the growth of U.S. imports from EMDEs has slowed considerably compared to the solid pace experienced in 2025H1. A softening in headline manufacturing and service PMIs was generally broad based, but was particularly pronounced in Brazil, India, Indonesia, Colombia and the Russian Federation. In contrast, high-frequency activity indicators in some oil-exporting EMDEs have firmed since 2025Q2 in line with the decision by OPEC+ to steadily reverse oil supply cuts.

FIGURE 3.A **U.S. imports from the European Union**

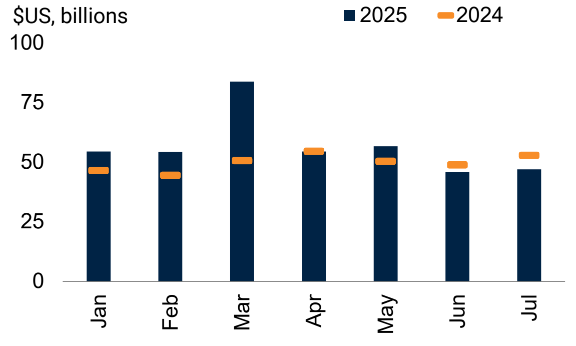


FIGURE 3.B **Contributions to China GDP growth**

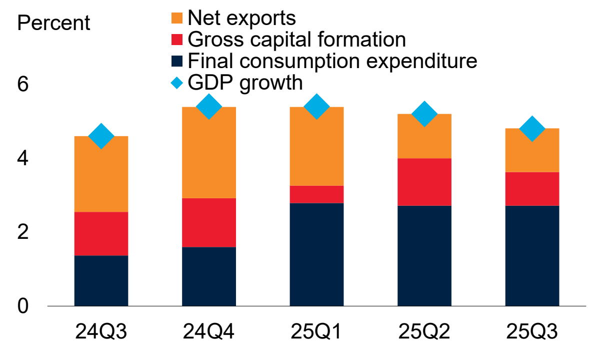
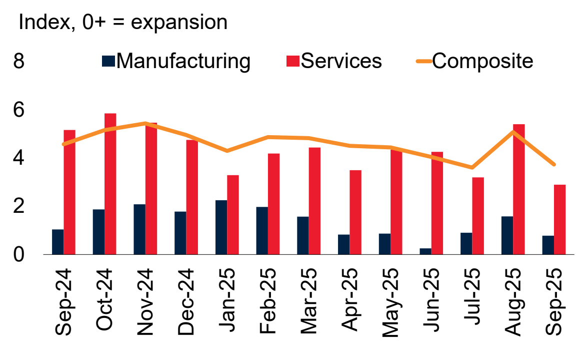


FIGURE 3.C **PMIs for EMDEs excluding China**



Sources: Haver Analytics; United States Census Bureau; World Bank.
Note: EMDEs = emerging market and developing economies; PMI = purchasing managers' index.
A. Data in billions of U.S. dollars on a nominal basis, not seasonally adjusted. Last observation is July 2025.
B. Year-on-year real GDP growth and expenditure contributions. Last observation is 2025Q3.
C. Chart shows the 2024-GDP-weighted average of composite, headline manufacturing and headline services PMIs for up to 16 EMDEs (excluding China). PMI readings above (below) zero indicate expansion (contraction). L ast observation is September 2025.

Special Focus: The Global Cost of Conflict

Globally, conflicts and conflict-related fatalities have surged in recent decades. Since the 2000s, conflict events and conflict-related fatalities have more than tripled, with most of the increase occurring after 2010 (figure 4.A). These conflicts, concentrated in low- and middle-income countries, have caused significant and multifaceted damage. Conflict destroys infrastructure, deters investment, displaces workers, and erodes human capital. The impacts of conflict extend beyond national borders. Nearby countries often face higher security costs, disrupted trade, and refugee inflows that strain public services. Drawing on chapter 4 of the June 2025 *Global Economic Prospects*, this special focus reviews the costs of conflict.

Deep inequalities, institutional weaknesses, and governance failures are key drivers of conflict. Conflicts often emerge from entrenched inequality, exclusion, and systemic injustice. In recent decades, many conflicts have stemmed from grievances related to unequal access to political representation, economic opportunities, land rights, extractive industries, and public services. Weak institutions exacerbate grievances by failing to provide inclusive governance or equitable dispute resolution. A fall in the number of mature democracies and weakening of intergovernmental institutions have also added to the diffusion of conflict.

High-intensity conflicts impose a heavier human toll and tend to last longer than medium-intensity conflicts. In recent years, high-intensity conflicts—defined as those with at least 150 fatalities per million population in the year of onset—have averaged nearly 1,000 fatalities per million annually at their peak, and more than 3,500 cumulatively over five years (figure 4.B). Medium-intensity conflicts—those with at least 50 fatalities per million in their first year—averaged over 500 fatalities per million annually and nearly 2,000 cumulatively over five years. More than half of medium-intensity conflicts lasted a year or less, whereas two-thirds of high-intensity conflicts persisted for two or more years (figure 4.C). Some countries faced repeated episodes, while others endured prolonged wars with intermittent pauses.

Conflicts impose large and lasting economic costs in EMDEs. A counterfactual exercise, which compares actual output with the path expected before conflict onset, shows that conflicts are associated with deep economic losses. High-intensity conflicts in EMDEs reduce GDP per capita by a cumulative 20 percent within

FIGURE 4.A Global conflict and fatalities

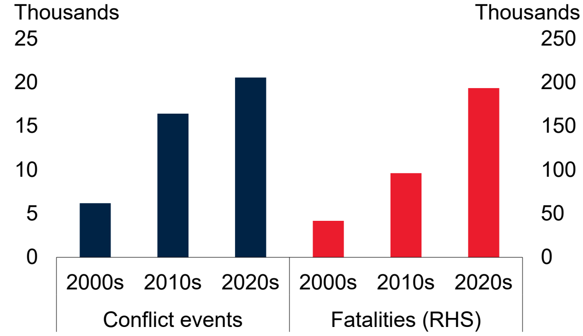


FIGURE 4.B Fatalities around onset of high- and medium-intensity conflicts

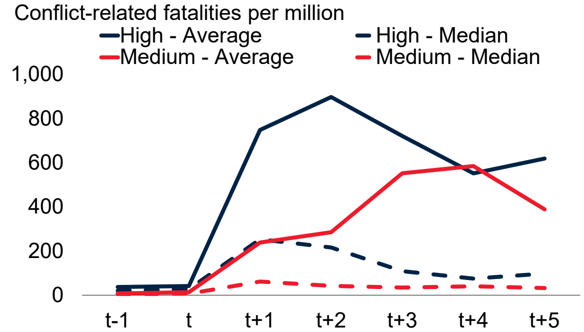
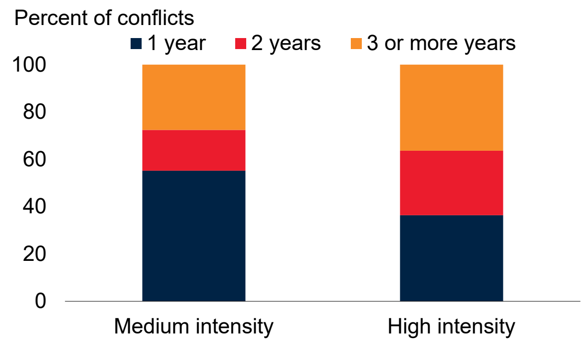


FIGURE 4.C Duration of conflicts



Sources: Uppsala Conflict Data Program (database); World Bank.
Note: EMDEs = emerging market and developing economies.
A. Average number of annual conflict events and conflict-related fatalities based on period averages. Uppsala defines a conflict "event" as an incident where organized actors use armed force against others or civilians, causing at least one direct death. Last observation December 2024. Sample includes up to 110 economies.
B. Sample of conflicts that began between 2006 and 2023. Medium- (high-) intensity conflicts have at least 50 (150) fatalities per million population at onset, with no exceedance of that threshold in the four prior years. Sample includes high-intensity conflicts in 11 current fragile and conflict-affected situations (FCS) and 3 non-FCS EMDEs, and medium-intensity conflicts in 15 current FCS and 6 non-FCS EMDEs.
C. Bars show percent of conflicts that surpass the thresholds based on conflict-related fatalities per million population in the year of onset by duration (in years) until conflict subsides Medium- (high-) intensity onset threshold sample includes 27 (21) conflicts in 24 (18) economies that began between 2006 and 2024.

five years of onset, compared with pre-conflict projections (figure 5.A). For several recent conflicts, including those in South Sudan, Sudan, the Syrian Arab Republic, Ukraine, and others, losses have been even larger. Medium-intensity conflicts are associated with a cumulative GDP per capita loss of 9 percent over five years, on average. These estimates may understate the true cost of conflict, since tensions and instability often weaken economies even before violence crosses a given onset threshold of fatalities.

Economies in fragile and conflict-affected situations (FCS) face more severe economic damage from conflict than other EMDEs. The 39 economies currently classified as FCS by the World Bank are constrained by deep, intertwined development challenges. When these economies experience conflict, the output losses tend to be severe. Results from a heterogeneous panel VAR analysis show that a 1 percent increase in conflict-related fatalities per million population in FCS economies results in a decline in GDP per capita by 2.5 percent after one year and a cumulative 3.6 percent after three years, while other EMDEs undergo a loss of 2.8 percent after three years (figure 5.B). The industrial sector in FCS economies is hit hardest. A 1 percent increase in conflict-related fatalities in these economies is associated with a cumulative loss of more than 7 percent in industry value added after three years, compared to a 2 percent fall in agriculture value added.

The path of economic recovery after conflict varies according to conflict severity. Some economies emerging from medium-intensity conflicts tend to experience a "catch-up" phase: in the three years after conflict ends, income per capita growth rates are typically higher than before the conflict, likely driven in part by reconstruction (figure 5.C). By contrast, countries emerging from high-intensity conflicts may struggle with long-lasting scars. Post-conflict growth rates tend to remain below pre-conflict rates. The destruction of infrastructure, human capital, and institutions can significantly impede recovery.

Institutions and key structural features can influence how severely conflict affects an economy. Strong governance, high human development, financial depth, and greater climate resilience can mitigate the costs associated with conflict, while heavy dependence on natural resources and high climate vulnerability worsens its impact. These differences underscore the urgency of policies that strengthen institutions, invest in human capital, develop financial markets, and bolster climate adaptation. Such measures are critical not only for reducing the economic and social costs of conflict, but also for lowering the initial risk of conflict by addressing structural vulnerabilities.

FIGURE 5.A Cumulative loss of per capita GDP following the onset of conflict

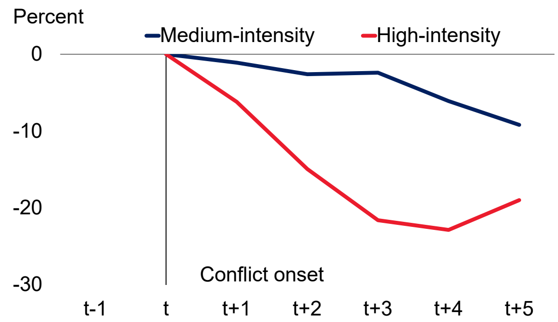


FIGURE 5.B Impact of 1 percent increase in conflict-related fatalities on GDP per capita

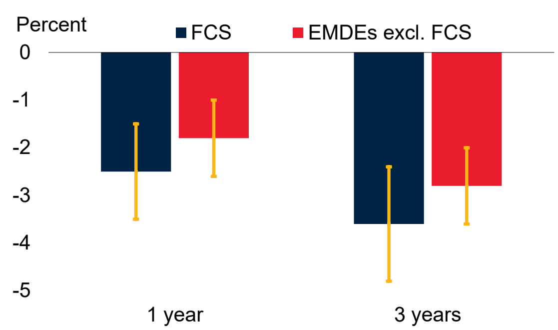
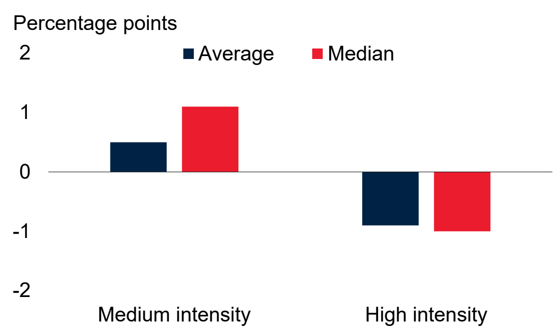


FIGURE 5.C Difference between pre- and post-conflict average per capita GDP growth



Sources: Uppsala Conflict Data Program; World Bank.
Note: EMDEs = emerging market and developing economies; FCS = fragile and conflict-affected situations.
A. Medium- (high-) intensity conflicts have at least 50 (150) fatalities per million at onset, having not exceeded that threshold in the four prior years. Lines are median cumulative gap between forecasted and actual per capita GDP from year of conflict onset to four years after. Forecasts from *Global Economic Prospects*.
B. FCS based on current World Bank classification. Estimates from heterogeneous PVAR model. Whiskers show upper (lower) bounds of the 95 percent confidence interval. Unbalanced panel of up to 80 economies, including 28 FCS, 46 non-FCS EMDEs, and 6 advanced economies, annual, 1989-2024.
C. Medium- (high-) intensity conflicts have at least 50 (150) fatalities per million at onset, with no exceedance of that threshold in the four prior years. Bars show average per capita GDP growth three years post-conflict vs. three years pre-conflict. Includes up to 12 conflicts in 12 EMDEs for the period 2006-20.

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South Asia Development Update, October 2025: Jobs, AI, and Trade
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MENAAP Economic Update, October 2025: Jobs and Women: Untapped Talent, Unrealized Growth
Europe and Central Asia Economic Update, Fall 2025: Jobs and Prosperity
Latin America and the Caribbean Economic Review, October 2025: Transformational Entrepreneurship for Jobs and Growth
Africa's Pulse, No. 32, October 2025: Pathways to Job Creation in Africa

Table: Major Data Releases

Recent releases: October 1, 2025 - October 24, 2025						Upcoming releases: October 25, 2025 - November 30, 2025				
Country	Date	Indicator	Period	Actual	Previous	Country	Date	Indicator	Period	Previous
Argentina	10/14/2025	CPI	SEP	31.8%	33.6%	Australia	10/26/25	CPI	Q3	2.0%
Brazil	10/9/2025	CPI	SEP	5.2%	5.1%	Brazil	11/4/25	IP	SEP	-0.7%
Canada	10/21/2025	CPI	SEP	2.3%	1.9%	Brazil	11/11/25	CPI	OCT	5.2%
China	10/14/2025	CPI	SEP	-0.5%	-0.6%	Canada	11/17/25	CPI	OCT	2.3%
China	10/19/2025	GDP	Q3	4.8%	5.2%	Canada	11/28/25	GDP	Q3	1.2%
Euro area	10/17/2025	CPI	SEP	2.2%	2.1%	China	11/8/25	CPI	OCT	-0.5%
Euro area	10/20/2025	GDP	Q2	1.5%	1.6%	Euro area	11/13/25	IP	SEP	0.5%
India	10/13/2025	CPI	SEP	1.5%	2.1%	India	10/28/25	IP	SEP	4.0%
Indonesia	10/1/2025	CPI	SEP	2.7%	2.3%	India	11/12/25	CPI	OCT	1.5%
Italy	10/3/2025	GDP	Q2	0.4%	0.7%	India	11/28/25	GDP	Q3	7.8%
Korea, Rep.	10/1/2025	CPI	SEP	2.1%	1.7%	Indonesia	11/2/25	CPI	OCT	2.7%
Mexico	10/9/2025	CPI	SEP	3.8%	3.6%	Indonesia	11/3/25	GDP	Q3	5.1%
Nigeria	10/3/2025	GDP	Q2	4.1%	3.8%	Korea, Rep.	10/30/25	IP	SEP	0.9%
Nigeria	10/15/2025	CPI	SEP	18.0%	20.1%	Korea, Rep.	11/3/25	CPI	OCT	2.1%
Poland	10/16/2025	GDP	Q2	3.1%	3.6%	Mexico	11/7/25	CPI	OCT	3.8%
Poland	10/15/2025	CPI	SEP	3.0%	3.1%	Poland	11/14/25	CPI	OCT	3.0%
Russian Federation	10/10/2025	CPI	SEP	8.0%	8.1%	Saudi Arabia	11/13/25	CPI	OCT	2.2%
Saudi Arabia	10/15/2025	CPI	SEP	2.2%	2.3%	South Africa	11/19/25	CPI	OCT	3.4%
South Africa	10/22/2025	CPI	SEP	3.4%	3.3%	Thailand	11/2/25	CPI	OCT	-0.7%
Türkiye	10/3/2025	CPI	SEP	33.3%	33.0%	Thailand	11/15/25	GDP	Q3	2.8%
United States	10/24/2025	CPI	SEP	3.0%	2.9%	Türkiye	11/3/25	CPI	OCT	33.3%

Sources: World Bank and Trading Economics.