

IMF cuts 2026 global growth forecast on Mideast war

The war has taken a bigger toll on the Middle East, warns IMF

● IMF expects higher inflation this year at 4.4%

● Higher energy and fertilizer costs could bring steeper food prices

● Saudi Arabia is set to see 3.1% growth this year

● IMF cuts eurozone growth forecast to 1.1%, warns of strong euro

● China's growth is anticipated to cool to 4.4%

AFP | Washington, United States

The IMF cut its 2026 global growth projection yesterday, warning that the world economy could be "thrown off course" by war in the Middle East -- as the conflict roils commodity markets and sparks higher prices.

The global economy is set to grow by 3.1% this year, said the International Monetary Fund in its World Economic Outlook report, released during its spring meetings in Washington.

This is down from 3.3% forecast in January before hostilities erupted February 28 with US-Israeli strikes against Iran that prompted Tehran's retaliation and sparked a broader conflict in the region.

"We were planning to upgrade growth for 2026 to 3.4%" if not for the war, IMF chief economist Pierre-Olivier Gourinchas told AFP.

Global growth and inflation outlook (%)

Region / Country	2026 Forecast (%)	2027 Forecast (%)
World	3.1 (-0.2)	3.2 (0.0)
Advanced economies	1.8 (0.0)	1.7 (0.0)
United States	2.3 (-0.1)	2.1 (+0.1)
Euro area	1.1 (-0.2)	1.2 (-0.2)
Germany	0.8 (-0.3)	1.2 (-0.3)
France	0.9 (-0.1)	0.9 (-0.3)
Italy	0.5 (-0.2)	0.5 (-0.2)
Spain	2.1 (-0.2)	1.8 (-0.1)
Japan	0.7 (0.0)	0.6 (0.0)
Britain	0.8 (-0.5)	1.3 (-0.2)
Canada	1.5 (-0.1)	1.9 (0.0)
Emerging & developing economies	3.9 (-0.3)	4.2 (+0.1)
China	4.4 (-0.1)	4.0 (0.0)
India	6.5 (+0.1)	6.5 (+0.1)
Russia	1.1 (+0.3)	1.1 (+0.1)
Latin America & Caribbean	2.3 (+0.1)	2.7 (0.0)
Brazil	1.9 (+0.3)	2.0 (-0.3)
Mexico	1.6 (+0.1)	2.2 (+0.1)
Middle East & Central Asia	1.9 (-2.0)	4.6 (+0.6)
Sub-Saharan Africa	4.3 (-0.3)	4.4 (-0.2)
South Africa	1.0 (-0.4)	1.3 (-0.2)
Global inflation rate	4.4 (+0.6)	3.7 (+0.3)

1.9%

Growth projections this year for the Middle East and central Asia were cut by around half to 1.9%.

3.1%

The global economy is set to grow by 3.1% this year

Prices of oil, gas and fertilizers have surged, as Iran virtually blocked traffic through the Strait of Hormuz, a key shipping waterway. US President Donald Trump has also ordered a naval blockade around Iran's ports. The IMF expects higher infla-

tion this year at 4.4%, 0.6 percentage points above its January forecast.

Still the impact of oil shortages could be worse.

Compared to the oil shocks of the 1970s, "the global economy is much less oil dependent now



Pierre-Olivier Gourinchas (R), Director of IMF Research Department, and Petya Koeva Brooks (C), Deputy Director of IMF Research Department, depart after speaking at an economic outlook briefing during the 2026 IMF and World Bank Group Spring Meetings in Washington, DC.

than it was back then," Gourinchas said at a Tuesday press conference.

"There are many other sources of energy, renewables, nuclear and other things, and also the global economy has become much more efficient in terms of how much it needs oil to produce GDP," he said. "That's a source of resilience."

After this the "disinflation path" of recent years should reassert itself, Gourinchas said.

But these projections assume a relatively short-lived conflict with temporary energy market disruptions.

In more adverse scenarios where energy prices remain steep, global growth could slow to 2.5% or even around 2.0%.

"This latest shock comes less than a year since the shift in US trade policies, and the transition to a new international trade system is still ongoing," the IMF said.

A year ago, Trump unleashed sweeping tariffs on US trading partners, rocking financial markets and snarling supply chains. Some of the tariffs have been struck down by the Supreme Court, but uncertainty lingers as Trump moves to reimpose duties via other means.

Uneven impact

Although overall revisions to global growth and inflation appear modest, the IMF cautioned that the war has taken a bigger toll on the Middle East and "vulnerable economies" elsewhere. "The impact on emerging market and developing economies would be almost twice that on advanced economies," the fund said.

Higher energy and fertilizer costs could bring steeper food prices, mainly hitting low-income energy importers, Gourinchas said.

Growth projections this year

for the Middle East and central Asia were cut by around half to 1.9%.

Saudi Arabia, the Middle East's biggest economy, is set to see 3.1% growth this year, down 1.4 percentage points from January's expectation.

Among the world's two biggest economies, US growth is still set to accelerate to 2.3% this year, although the pace of growth was revised slightly lower.

"The US at the margin is benefiting from higher energy prices," Gourinchas said. But gasoline prices have also jumped for consumers.

China's growth is anticipated to cool to 4.4%, a touch below the January forecast, too.

The IMF flagged an underlying "unevenness" in both economies.

Domestic activity lags behind exports in China, while a strong showing in the United States has been accompanied by low employment growth.

Euro area growth was revised 0.2 points down to 1.1% for 2026.

While the IMF does not expect inflation expectations to go off-track, there is concern they may not be as well-anchored as before.

Past inflation episodes remain fresh in the public's minds, and firms might act to restore margins more quickly than before.

"If that happens, then you can get much more persistent inflation going on, that would be reflected in higher inflation expectations," Gourinchas said.

Central banks might then need to step in and raise interest rates to cool the economy, despite ongoing negative supply shocks.

Boiler blast at Indian power plant kills 9: govt officials

AFP | Raipur, India

An explosion at a power plant in central India yesterday killed at least nine people and injured 15 others, officials said.

The blast occurred at a plant operated by Vedanta Limited, a subsidiary of London-listed Vedanta Resources, in Chhattisgarh, state industry minister Lakhman Lal Dewangan told reporters.

"Twenty-four workers were seriously affected when a boiler exploded" at the plant in Sakti district, Dewangan said, with nine killed.

Chief Minister Vishnu Deo Sai said an "impartial investigation" would be conducted.

"Strictest possible action will be taken against all those found responsible," he said in a statement.

Vedanta, controlled by India-born billionaire Anil Agarwal, did not comment immediately about the blast.

Prime Minister Narendra Modi described the Chhattisgarh blast as "tragic".

Xi calls for closer ties with Spain in face of global 'chaos'

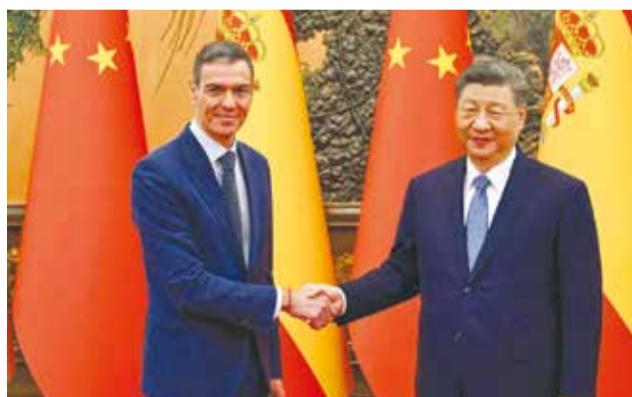
AFP | Beijing, China

China's President Xi Jinping warned against a return to the "law of the jungle" in international relations and called for closer economic ties with Spain as he met Prime Minister Pedro Sanchez on Tuesday, Chinese state media said.

The meeting in Beijing came on the second day of Sanchez's visit as he seeks to position Spain as a bridge between China and the European Union, whose relations with the United States are under strain.

Xi told Sanchez the two countries should strengthen cooperation in the face of global "chaos and turmoil" and "a contest between justice and force", according to a readout of the talks from state broadcaster CCTV.

"Both China and Spain are principled countries



China's President Xi Jinping (R) shakes hands with Spain's Prime Minister Pedro Sanchez in Beijing

that stand for justice. They should strengthen communication, consolidate mutual trust, and cooperate closely to oppose the world's regression to the law of the jungle," Xi said during talks in the Great Hall of the People.

"How a country treats international law and the international order reflects its worldview, its conception of order, its values, and its sense

of responsibility," Xi said.

Spain and China should "seize opportunities" for cooperation in trade, new energy and technology fields, he said.

Sanchez welcomed China's role in seeking to resolve the conflict in the Middle East, after a first round of US-Iranian negotiations in Pakistan ended without an agreement.

About 250 people feared missing after boat capsizes in Andaman Sea: UN

AFP | Dhaka, Bangladesh

About 250 people, including children, were feared missing after a boat carrying Rohingya refugees and Bangladeshi nationals capsized in the Andaman Sea, the United Nations said yesterday.

"The trawler, which departed from Teknaf in southern Bangladesh and was on its way to Malaysia, reportedly sank due to heavy winds, rough seas, and overcrowding," the United Nations High Commissioner for Refugees (UNHCR) said in a statement.

Thousands of Rohingya, Myanmar's persecuted Muslim minority, risk their lives every year fleeing repression and civil war in their country. They travel by sea, often aboard makeshift boats.

The Rohingya on board this latest boat were likely leaving huge camps in Bangladesh's Cox's Bazar, where more than a million refugees forced to flee Myanmar's western state

of Rakhine live in squalid conditions.

Rakhine state has been the scene of fierce fighting between the military and the Arakan Army, an ethnic minority rebel group, over control of the territory.

The exact circumstances surrounding the latest incident were unclear, but preliminary information indicated that the vessel was carrying some 280 people and left Bangladesh on April 4.

The Bangladesh Coast Guard (BCG) said one of its ships, which was on the way to Indonesia, managed to rescue nine people from the sea, including one woman, on April 9.

"The Bangladeshi flag carrier M.T. Meghna Pride... spotted several people floating in the sea using drums and logs and rescued them from deep waters near the Andaman Islands," BCG spokesman Lieutenant Commander Sabbir Alam Sujon told AFP.