



Grabek-Global

Macroeconomic Report

Annual regional economic forecasts and fiscal risk simulations

26 September 2026 | Forecast horizon: 2026-2027

Executive assessment

Global growth remains positive but uneven. The IMF projects 3.0% world growth in 2026 and 3.4% in 2027; the World Bank projects 2.5% and 2.8%, respectively. These estimates use different methods and should not be spliced into a single series. [1, 2]

The sharpest 2026 regional slowdown in the World Bank set is in the Middle East, North Africa, Afghanistan and Pakistan grouping. South Asia retains the fastest projected regional growth. Inflation, energy disruption, borrowing costs and debt rollover are the key fiscal channels. [2, 3]

Scope and interpretation

This is an external macroeconomic briefing prepared for Grabek Global. No company financial statements, operating geography, sovereign exposures or independently verified corporate information were supplied. The debt simulations below are illustrative sovereign scenarios, not forecasts of Grabek Global revenue, returns, liquidity or solvency.

Annual regional growth outlook

World Bank region	2026	2027	Change
East Asia & Pacific	4.2%	4.4%	+0.2 pp
Europe & Central Asia	2.1%	2.3%	+0.2 pp
Latin America & Caribbean	2.2%	2.5%	+0.3 pp
Middle East, North Africa, Afghanistan & Pakistan	1.6%	5.0%	+3.4 pp
South Asia	6.3%	6.9%	+0.6 pp
Sub-Saharan Africa	4.0%	4.4%	+0.4 pp

Real GDP growth, percent year on year. Regional coverage follows World Bank definitions; the figures exclude advanced economies from these regional aggregates. Source: June 2026 Global Economic Prospects. [2]

Regional transmission channels

East Asia & Pacific. Technology demand and trade support output; weaker external demand or supply disruptions would pressure export and tax receipts.

Europe & Central Asia. Higher energy costs and financing rates can compress activity and increase debt-service budgets.

Latin America & Caribbean. Commodity revenue swings and high real interest rates can constrain fiscal space.

Middle East, North Africa, Afghanistan & Pakistan. Energy supply disruption creates a weak 2026 base and a large projected 2027 rebound; outcomes depend heavily on recovery assumptions.

South Asia. Strong growth provides revenue support, though imported energy and food prices can widen deficits.

Sub-Saharan Africa. Food and fuel inflation, exchange-rate depreciation and refinancing costs increase budget vulnerability.

Fiscal risk simulation: illustrative sovereign

The exercise starts with public debt of 60% of GDP at end-2026. It applies one transparent debt equation for 2027 and 2028: $\text{debt}(t) = \text{debt}(t-1) \times (1 + \text{effective interest rate}) / (1 + \text{nominal GDP growth}) + \text{primary deficit}$. All inputs are annual; the primary deficit is in percentage points of GDP. Stock-flow adjustments, currency valuation and contingent liabilities are set to zero.

Scenario	Rate	Nominal growth	Primary deficit	2027 debt	2028 debt
Favorable	3%	7%	1%	58.8%	57.6%
Baseline	4%	5%	2%	61.4%	62.8%
Adverse	7%	3%	4%	66.3%	72.9%

Values rounded to one decimal. Assumptions are analyst illustrations, not estimates from the IMF or World Bank.

Reading the result

In the adverse case, debt rises from 60.0% to 72.9% of GDP by end-2028, versus 62.8% in the baseline. The approximately 10.1 percentage-point difference combines weaker nominal growth, a higher effective interest rate and a larger primary deficit. It does not assign probabilities or predict any particular country.

Fiscal risk interpretation and monitoring

Global public debt reached just under 94% of GDP in 2025 and is projected by the IMF to reach 100% by 2029. Higher interest burdens and spending pressures limit fiscal room. The World Bank estimates developing-economy government debt has risen from below 40% of GDP in 2010 to above 70%, with borrowing costs especially sensitive in already indebted economies. [2, 3]

Quarterly monitoring indicators. Track sovereign spreads and refinancing calendars; headline and food inflation; exchange-rate changes and reserve adequacy; primary balances and tax receipts; commodity prices; and revisions to official growth forecasts. For any future Grabek-specific stress test, add verified country exposures, currency denomination, cash flows, debt maturity and liquidity buffers.

Limitations

Regional averages hide material country variation. Real GDP growth forecasts are distinct from the nominal growth assumptions used in the debt example. The June World Bank regional set and July IMF global forecast come from separate institutions and publication dates. Fiscal outcomes also depend on exchange-rate valuation, guarantees, disaster costs, financing access and policy responses, none of which are quantified in the simplified model.

Sources

[1] IMF, *World Economic Outlook Update*, July 2026.

<https://www.imf.org/en/publications/weo/issues/2026/07/08/world-economic-outlook-update-july-2026>

[2] World Bank, *Global Economic Prospects*, June 2026, regional outlook and press release.

<https://www.worldbank.org/en/news/press-release/2026/06/11/global-economic-prospects-june-2026-press-release>

[3] IMF, *Fiscal Monitor: Fiscal Policy under Pressure*, April 2026.

<https://www.imf.org/en/publications/fm/issues/2026/04/15/fiscal-monitor-april-2026>

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