MKD Advisors

Insights from IMF's World Economic Outlook

October 2025

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Valuations • Modeling • Strategy

IMF's World Economic Outlook

Every April and October, the International Monetary Fund ("IMF") publishes its report on the World Economic Outlook ("WEO").

The WEO report provides a comprehensive analysis of global economic developments, including trends in growth, inflation, and risks to financial stability.

In this document, we analyze the main macroeconomic indicators for Iberia, as well as those for other major global economies, presented in the October 2025 WEO report. Additionally, we offer an overview of trends in stocks, yields, and commodities.

We hope you find these insights interesting and helpful as we all navigate the changing global landscape.

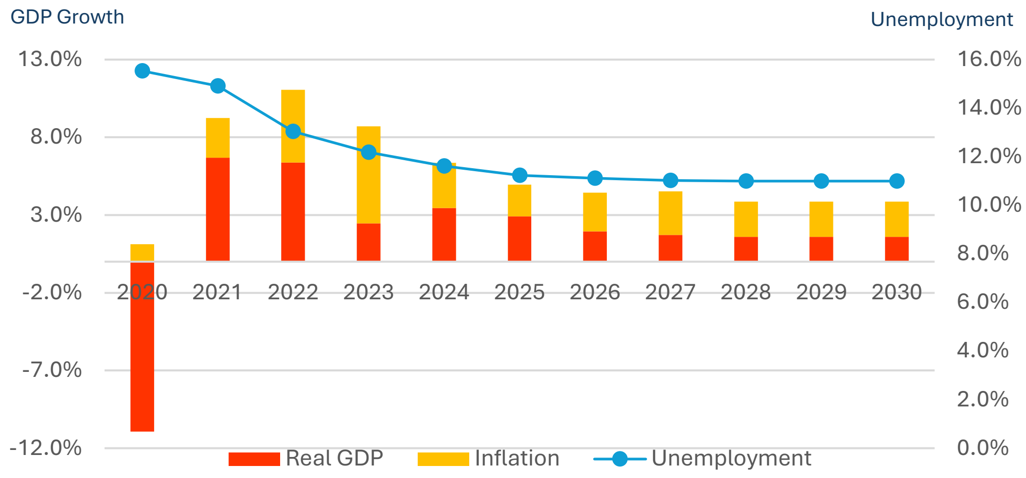
- **Highlights from the IMF's World Economic Outlook – October 2025.**

  - Despite a resilient start of 2025, the global economy is showing signs of a moderate slowdown. Global growth is projected to decrease from 3.3% in 2024 to 3.2% in 2025 and 3.1% in 2026.
  - The initial resilience is largely attributable to temporary factors —such as front-loading of trade and investment and inventory management strategies— rather than to fundamental strength.
  - Advanced economies are forecast to grow by about 1.5% in 2025–26, with the United States slowing to 2.0%. Emerging market and developing economies are projected to moderate to just above 4.0%.
  - Inflation is expected to decline to 4.2% globally in 2025 and to 3.7% in 2026, with notable variation: above-target inflation in the United States—with risks tilted to the upside— and subdued inflation across much of the rest of the world.
  - World trade volume is forecast to grow at an average rate of 2.9% in 2025–26, much slower than the 3.5% growth rate recorded in 2024.
  - Risks to the economic outlook include the negative impact of i) prolonged policy uncertainty ii) escalation of protectionism measures, iii) reduction of labor supply due to restrictive immigration policies and aging population, iv) instability from fiscal and financial vulnerabilities v) broader implications of an abrupt repricing of tech stocks.
  - On the upside, a breakthrough in trade negotiations could lower tariffs and reduce uncertainty, while faster productivity growth driven by AI could deliver broad-based economic gains.

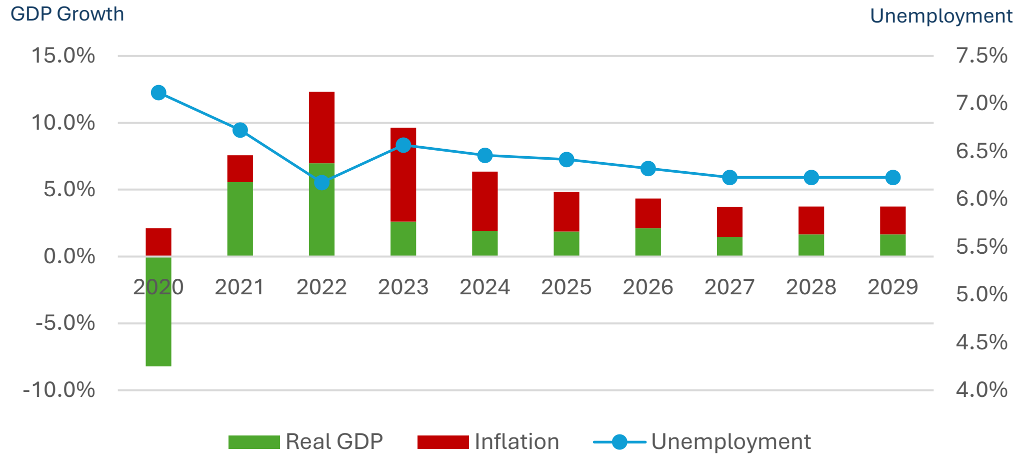
For further details and in-depth data, access the full World Economic Outlook, October 2025

Economic Outlook of Spain & Portugal

Spain: Real GDP Growth, Inflation and Unemployment



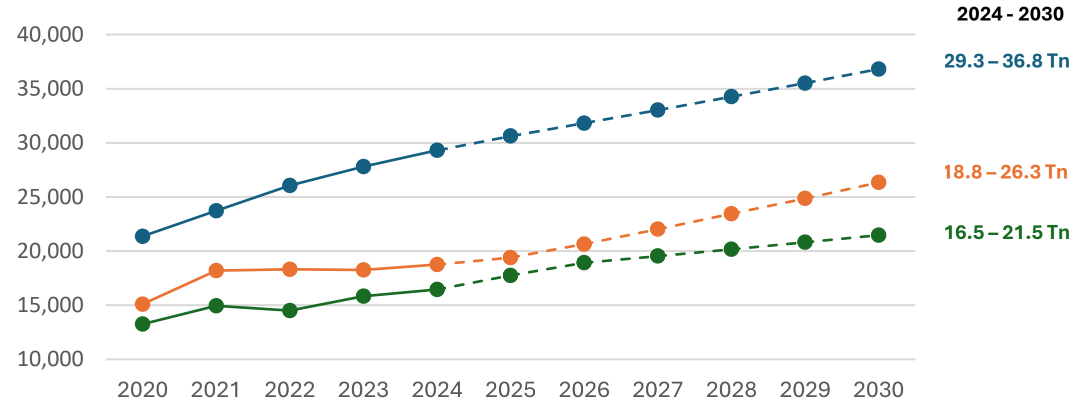
Portugal: Real GDP Growth, Inflation and Unemployment



Particulars	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
Nominal GDP (Bn €)											
Spain	1,129	1,235	1,376	1,498	1,594	1,674	1,749	1,829	1,901	1,975	2,052
Portugal	201	216	244	268	285	299	312	324	336	349	362
Real GDP (Bn €)											
Spain	1,129	1,205	1,281	1,313	1,358	1,398	1,425	1,450	1,473	1,497	1,520
Portugal	205	216	232	238	242	247	252	256	260	264	269
Real GDP (%)											
Spain	-10.9%	6.7%	6.4%	2.5%	3.5%	2.9%	2.0%	1.7%	1.6%	1.6%	1.6%
Portugal	-8.2%	5.6%	7.0%	2.6%	1.9%	1.9%	2.1%	1.5%	1.6%	1.7%	1.6%
Inflation (%)											
Spain	1.1%	2.6%	4.7%	6.2%	2.9%	2.1%	2.5%	2.8%	2.3%	2.3%	2.3%
Portugal	2.1%	2.0%	5.3%	7.0%	4.4%	3.0%	2.2%	2.3%	2.1%	2.1%	2.1%
Gross debt (Bn €)											
Spain	1,346	1,428	1,503	1,574	1,621	1,681	1,727	1,773	1,816	1,858	1,899
Portugal	270	268	271	262	271	272	271	272	274	277	280
Gross Debt/Nominal GDP											
Spain	1.19	1.16	1.09	1.05	1.02	1.00	0.99	0.97	0.96	0.94	0.93
Portugal	1.34	1.24	1.11	0.98	0.95	0.91	0.87	0.84	0.82	0.79	0.77
Population (M)											
Spain	47.4	47.5	48.1	48.6	49.1	49.7	50.3	50.8	51.3	51.7	52.0
Portugal	10.4	10.4	10.5	10.6	10.7	10.8	10.7	10.7	10.7	10.7	10.6
Portugal/Spain	0.22	0.22	0.22	0.22	0.22	0.22	0.21	0.21	0.21	0.21	0.20
Real GDP per capita (K €)											
Spain	23.82	25.37	26.65	27.00	27.68	28.11	28.33	28.52	28.72	28.96	29.24
Portugal	19.75	20.80	22.12	22.47	22.68	22.94	23.49	23.89	24.35	24.80	25.26
Portugal/Spain	0.83	0.82	0.83	0.83	0.82	0.82	0.83	0.84	0.85	0.86	0.86
CPI (%)											
Spain	-0.57%	6.57%	5.48%	3.28%	2.83%	2.09%	1.88%	2.50%	2.00%	2.00%	2.00%
Portugal	-0.29%	2.78%	9.81%	1.89%	3.10%	2.15%	2.23%	2.23%	2.03%	2.00%	2.03%
Unemployment (%)											
Spain	15.5%	1.5%	13.0%	12.2%	11.3%	10.8%	10.7%	10.7%	10.7%	10.7%	10.7%
Portugal	0.1%	6.7%	6.2%	6.6%	6.5%	6.4%	6.3%	6.2%	6.2%	6.2%	6.2%

Economic Outlook of Major Economies

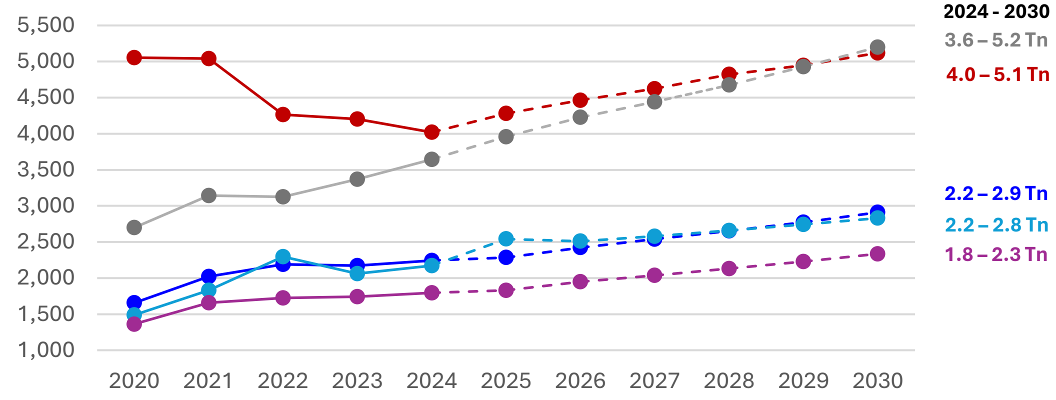
Nominal GDP (Current Prices, Bn USD): US, EU and China



Growth in Real GDP (Constant Prices, Local Currency)

Country	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
United States	-2.1%	6.2%	2.5%	2.9%	2.8%	2.0%	2.1%	2.1%	2.1%	1.9%	1.8%
China	2.3%	8.6%	3.1%	5.4%	5.0%	4.8%	4.2%	4.2%	4.0%	3.7%	3.4%
Euro Area	-6.0%	6.4%	3.7%	0.4%	0.9%	1.2%	1.1%	1.4%	1.3%	1.2%	1.1%
Japan	-4.2%	2.7%	1.0%	1.2%	0.1%	1.1%	0.6%	0.6%	0.6%	0.5%	0.5%
United Kingdom	-10.3%	8.6%	4.8%	0.4%	1.1%	1.3%	1.3%	1.5%	1.4%	1.4%	1.4%
Canada	-5.0%	6.0%	4.2%	1.5%	1.6%	1.2%	1.5%	1.9%	1.7%	1.7%	1.6%
Russia	-2.7%	5.9%	-1.4%	4.1%	4.3%	0.6%	1.0%	1.1%	1.1%	1.1%	1.1%
Australia	-2.0%	5.4%	4.1%	2.1%	1.0%	1.8%	2.1%	2.2%	2.2%	2.2%	2.3%

Nominal GDP (Current Prices, Bn USD): Other major economies



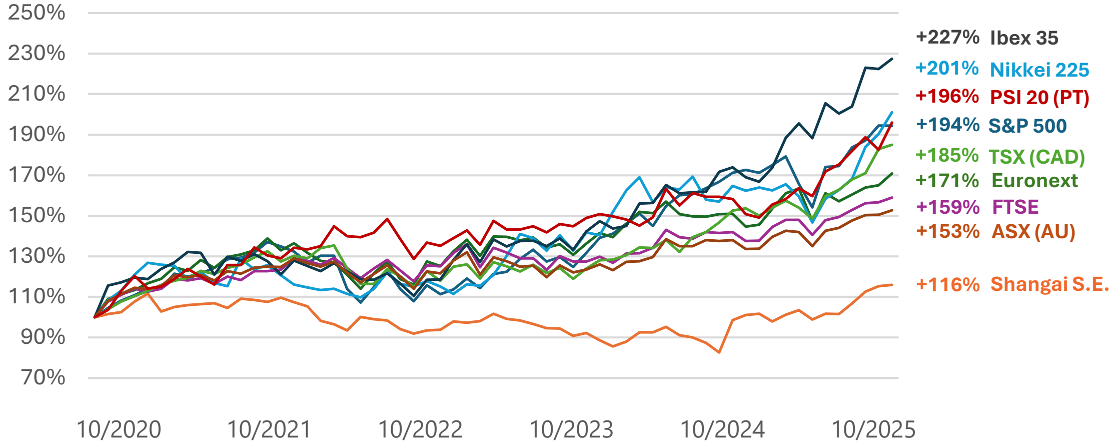
Inflation (rate of change in the GDP Deflator)

Countries	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
United States	1.3%	4.6%	7.1%	3.7%	2.5%	2.4%	1.8%	1.7%	1.6%	1.8%	1.9%
China	1.2%	3.7%	2.0%	-0.4%	-0.7%	-1.1%	0.5%	1.5%	1.9%	1.9%	2.0%
Euro Area	1.8%	2.1%	5.2%	6.0%	2.9%	2.1%	2.0%	2.1%	2.1%	2.1%	2.1%
Japan	0.9%	-0.2%	0.4%	4.1%	2.9%	2.8%	2.0%	2.0%	2.0%	2.0%	2.0%
United Kingdom	5.0%	0.1%	5.4%	6.9%	4.0%	3.5%	2.3%	2.1%	2.1%	2.2%	2.3%
Canada	1.1%	7.8%	7.9%	1.4%	3.1%	2.4%	2.4%	2.3%	2.1%	2.0%	2.6%
Russia	0.9%	18.2%	18.2%	8.0%	9.3%	5.2%	7.6%	3.9%	3.9%	3.9%	4.0%
Australia	1.0%	5.9%	8.3%	3.4%	2.7%	2.9%	3.0%	2.3%	2.2%	2.1%	2.2%

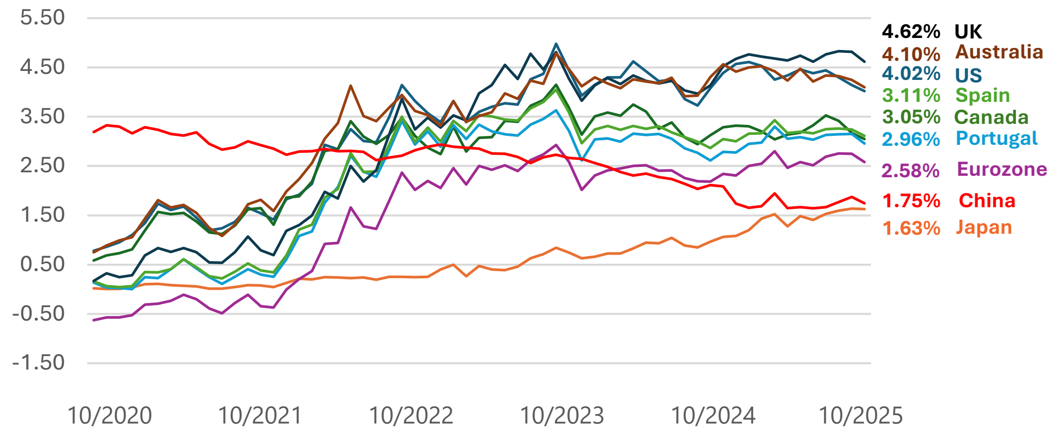
Source: IMF's World Economic Outlook

Economic Outlook of Financial Markets

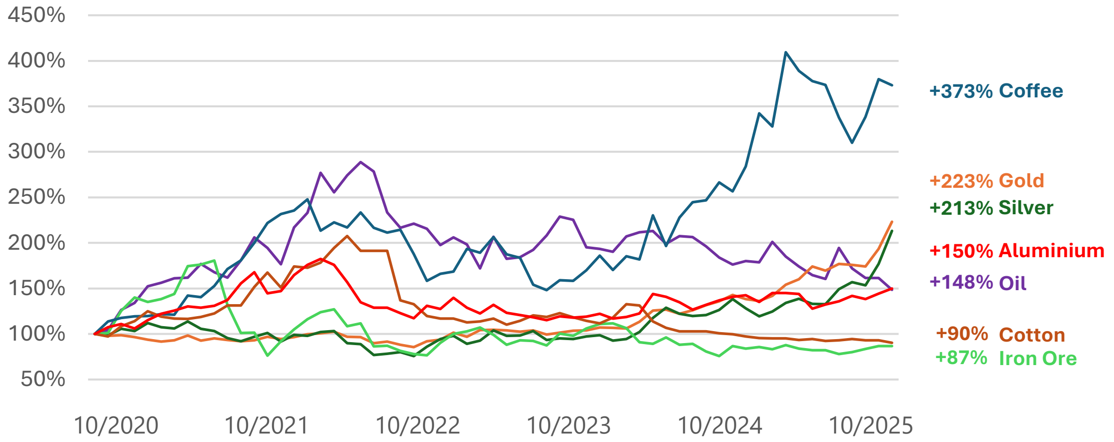
Stock Price Indices, Rebased



Yield of the 10 Year Maturity Government Debt (Local Currency)



Commodity Prices, Rebased



Government Bond Yield Curve October 2025

Countries	1y	2y	3y	4y	5y	7y	9y	10y	15y	20y	30y
US	3.56	3.46	3.47	n.a.	3.59	3.78	n.a.	4.02	n.a.	4.58	4.60
Canada	2.34	2.39	2.45	2.47	2.61	2.80	2.93	3.05	n.a.	3.37	3.58
Australia	3.34	3.28	3.31	3.39	3.51	3.80	4.03	4.10	4.47	4.74	4.83
Eurozone	1.87	1.91	1.94	2.08	2.16	2.31	2.50	2.58	2.96	3.08	3.18
Spain	1.99	2.00	2.13	2.27	2.46	2.80	3.00	3.11	n.a.	3.68	3.96
UK	3.70	3.90	3.70	3.86	3.75	4.12	4.46	4.62	4.95	5.21	5.33
Portugal	1.99	1.89	1.97	2.07	2.28	2.58	2.88	2.96	n.a.	n.a.	n.a.
Japan	0.71	0.91	0.98	1.11	1.19	1.40	1.58	1.63	2.52	2.64	3.12
China	1.39	1.49	1.51	n.a.	1.58	1.73	n.a.	1.75	2.09	2.17	2.20

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