

## Global stability: superficial mirage or structural strength?

**Stability of the global economy amid a mosaic of risks.** The latest update of the IMF's World Economic Outlook highlights stable growth expectations for the global economy (GDP +3.3% in 2026 and 3.2% in 2027). Technological dynamism, particularly investment related to AI, continues to sustain economic activity, especially in the US, offsetting the adverse effects of persistent trade tensions and high geopolitical uncertainty. In this environment, the IMF anticipates a gradual slowdown in international trade (+2.6% in 2026 vs. 4.1% in 2025), and economic activity is showing uneven dynamics. While the US is expected to continue to grow above 2.0% thanks to investment in technology and fiscal stimuli, Europe's forecasts are constrained by structural obstacles and a certain fiscal consolidation (with the notable exception of the deployment of the German fiscal plan). Among emerging economies, India is showing particularly dynamic and balanced growth, while growth in China has managed to withstand a difficult year but faces significant structural challenges. Inflation, meanwhile, is expected to continue its downward trajectory in both advanced and emerging economies. The Fund also warns of downside risks to its forecasts, such as a possible adjustment in the valuations of AI stocks, further escalations of geopolitical tensions or trade disputes affecting global supply chains. Upside risks include a faster-than-expected boost to productivity from AI and the consolidation of trade agreements and structural reforms that reduce barriers and increase investment.

**A better than expected end to 2025.** In Q4 2025, euro area GDP recorded quarter-on-quarter growth of 0.3%, placing the annual increase at 1.5% (vs. 0.9% in 2024). The dynamism of economic activity is particularly noteworthy in a year marked by high uncertainty and the outbreak of trade tensions with the US, and a widespread acceleration was even recorded at the end of the year. Germany accelerated to 0.3% in Q4, after stagnating in the previous quarter, bringing its average growth for 2025 to 0.3%, following two years of setbacks. Italy also advanced by 0.3% in Q4 (vs. 0.1% in the previous quarter), placing the average growth for 2025 at 0.7%. Conversely, France registered a slowdown to 0.2% in Q4 (vs. 0.5% in Q3) and brought the growth for 2025 to 0.9%. The outlook for 2026 suggests that the euro area will continue to grow at rates similar to the current ones, in a context where the positive impact of Germany's planned expansive fiscal policy will be offset by progress in the fiscal consolidation process in France and Italy. On the other hand, in the US, the publication of Q4 data has been delayed (until 20 February) due to difficulties in data collection following the federal government shutdown in October, but the main nowcasts point to a dynamic quarter, and the US economy could even exceed growth of 2.0% in 2025.

**Global activity kicks off 2026 on a good footing.** In the euro area, the consumer confidence indicator rose to -12.4 points in January, the best figure in 11 months, while the composite PMI decreased slightly to 51.3 points, with an improvement in manufacturing (to 49.5 points vs. 48.8 previously) and a loss of momentum in services (51.6 points vs. 52.4 previously).

### Global: GDP growth forecasts

Annual change (%)

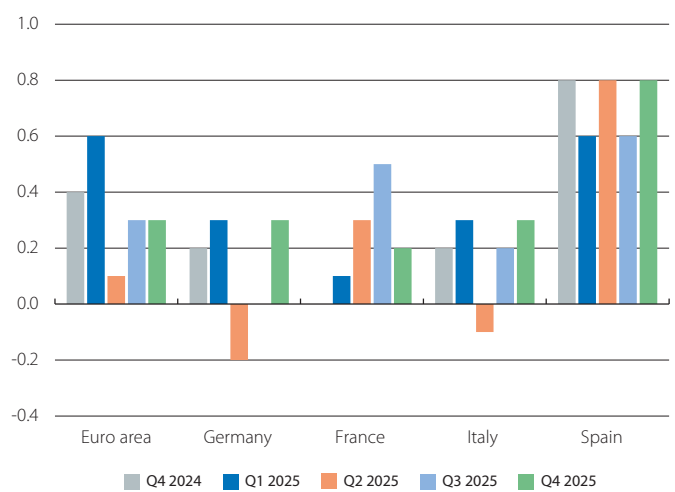
	Projections per January WEO				Difference vs. October 2025 WEO (pps)	
	2024	2025	2026	2027	2026	2027
<b>World economy</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.2</b>	<b>0.2</b>	<b>0.0</b>
<b>Advanced economies</b>	<b>1.8</b>	<b>1.7</b>	<b>1.8</b>	<b>1.7</b>	<b>0.2</b>	<b>0.0</b>
US	2.8	2.1	2.4	2.0	0.3	-0.1
Euro area	0.9	1.5	1.3	1.4	0.1	0.0
Germany	-0.5	0.3	1.1	1.5	0.2	0.0
France	1.1	0.9	1.0	1.2	0.1	0.0
Italy	0.7	0.7	0.7	0.7	-0.1	0.1
Spain	3.5	2.8	2.3	1.9	0.3	0.2
<b>Emerging and developing economies</b>	<b>4.3</b>	<b>4.4</b>	<b>4.2</b>	<b>4.1</b>	<b>0.2</b>	<b>-0.1</b>
China	5.0	5.0	4.5	4.0	0.3	-0.2
India	6.5	7.3	6.4	6.4	0.2	0.0

**Notes:** For the euro area countries and China, the official GDP estimates for 2025 are reported. For India, data and projections in fiscal year terms.

**Source:** CaixaBank Research, based on data from the IMF (World Economic Outlook, January 2026), Eurostat and the National Bureau of Statistics of China.

### Euro area: GDP

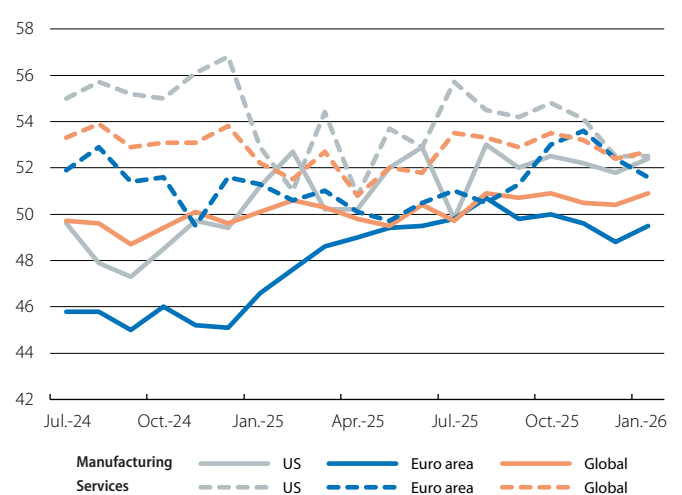
Year-on-year change (%)



**Source:** CaixaBank Research, based on data from Eurostat.

### Global: PMI

Index



**Source:** CaixaBank Research, based on data from JP Morgan and S&P Global PMI.

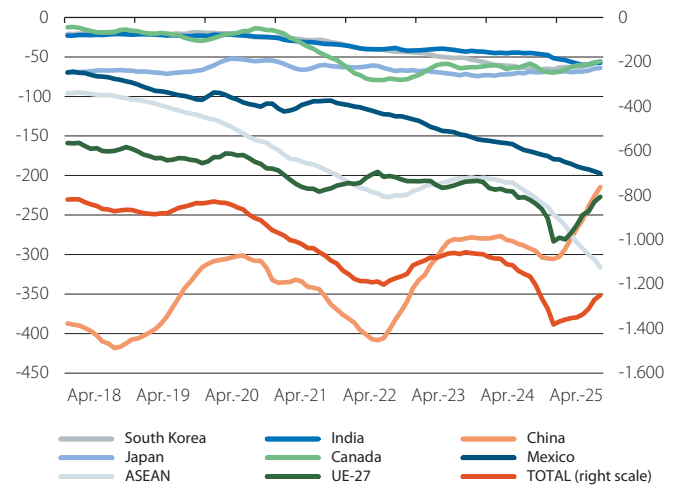
By country, Germany's rebound stood out, with its PMI rising to 52.1 points and recording improvements in both services and manufacturing. In the US, the PMIs also reflect an economy in expansion, with the services indicator steady at 52.5 points and that of manufacturing at 52.4 (vs. 51.8 previously). On the other hand, the Conference Board's consumer confidence index fell sharply to 84.5 points, its lowest level since 2014, affected by a perception of weakness in the US labour market and an increased focus on trade, geopolitical and domestic political risks, reinforcing the disconnect observed in recent months between business confidence and consumer confidence.

**The EU continues to walk on thin ice.** Following the escalation of geopolitical tensions with the US during the Greenland crisis at the beginning of the year, in which the EU even considered activating its anti-coercion instrument for the first time, the confrontation eased after a meeting between Trump and the NATO Secretary General on security in the Arctic region during the World Economic Forum. Despite the apparent easing of tensions in transatlantic relations, this episode highlights the fact that the European bloc is still navigating in a particularly challenging geo-economic environment. In this context, the EU and India have reached a free trade agreement to significantly reduce tariff barriers on 90% of EU exports. According to the European Commission, this could lead to a doubling of European exports of goods to India, albeit starting from a low level (less than 2% of the total). On the other hand, the European Parliament's decision to refer the Mercosur deal to the Court of Justice illustrates the difficulties in making progress in the EU's trade diversification strategy. Furthermore, following the recent critical minerals summit convened by US Secretary of State Marco Rubio, involving over 30 countries (including the G7, the EU, India, South Korea, Mexico and Australia, among others) that are seeking to form an alliance to strengthen global value chains, new initiatives in the sector were discussed and the US unveiled the creation of a public-private fund to manage strategic reserves (known as Project Vault).

**China Meets Its 2025 Targets, but a Challenging Year of the Horse Lies Ahead.** China's GDP grew by 1.2% quarter-on-quarter in Q4 2025 (1.1% in Q3), bringing the full year's growth to 5.0%, in line with the authorities' target. However, the monthly activity indicators showed a slowdown in consumption and investment throughout Q4. Specifically, investment in urban areas contracted by 3.8% over the year as a whole, the lowest level in the historical series. In this context, the January PMIs indicate a new slowdown at the start of 2026. The official composite PMI fell to 49.8 points (50.7 in December), with declines in all three sub-indices: manufacturing, services and construction. Meanwhile, the RatingDog manufacturing PMI rose slightly (from 50.1 to 50.3 points) and the services PMI climbed from 52.0 to 52.3. These figures underscore the current weakness of domestic demand and reinforce the likelihood that new economic stimuli will be announced during the quarter. The Chinese authorities also announced the end of the Three Red Lines, a policy that in 2020 imposed strict limits on borrowing and triggered a prolonged adjustment in the real estate sector. Despite the regulatory relief, solvency and overcapacity issues in the sector persist, making it difficult to achieve a sustained recovery in activity.

**US: balance of trade in goods**

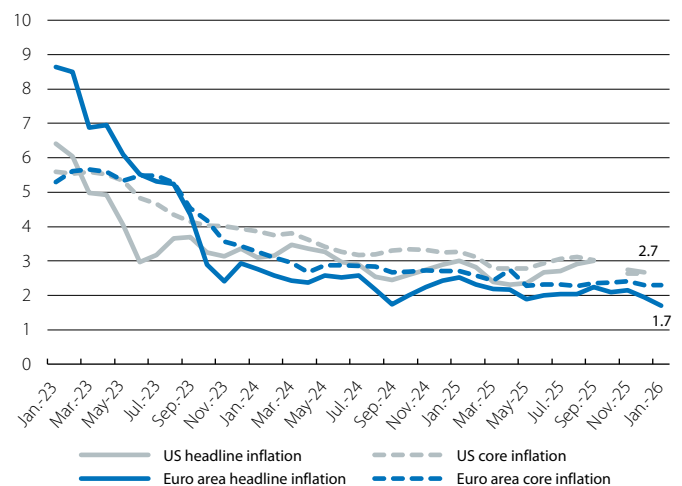
USD billions (12-month cumulative total)



Source: CaixaBank Research, based on data from BEA.

**Headline and core inflation**

Year-on-year change (%)



Source: CaixaBank Research, based on data from the Bureau of Labor Statistics and Eurostat.

**China: GDP**

Annual change (%)



Source: CaixaBank Research, based on data from the National Bureau of Statistics of China.