



Overview

- Recent data suggests continued global economic resilience, despite early signs of softening in some countries.
- Although global trade continues to hold up, forward-looking indicators suggest mixed performance across regions.
- Energy and metals prices were unusually volatile, while artificial intelligence (AI)-related concerns drove swings in equity markets.

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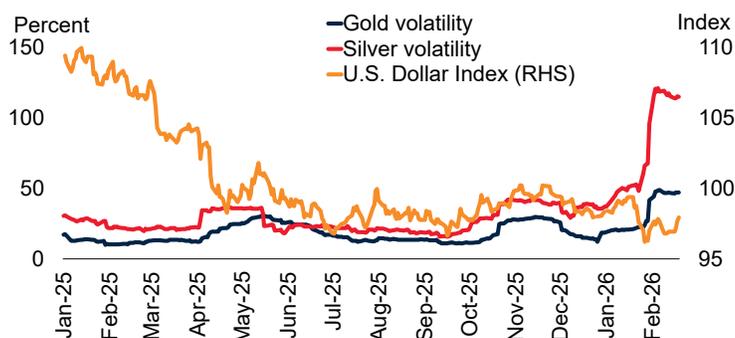
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Gold and silver price volatility, and the U.S. dollar



Sources: Bloomberg; World Bank.
Note: The U.S. Dollar Index (DXY) measures the dollar against six major currencies (CAD, CHF, EUR, GBP, JPY, and SEK). Gold and silver volatility are calculated on 30-day average daily returns, annualized. Last observation is February 19, 2026.

Chart of the Month

- Gold and silver price volatility surged to multi-decade highs in February. Gold’s 30-day volatility reached levels last seen during the 2008 global financial crisis, while silver’s volatility returned to levels last seen in the early 1980s.
- Sharp price swings reflected rapid reversals after strong rallies due to speculative activity amid heightened geopolitical risks, as well as shifting financial market sentiment.

Special Focus: Characteristics of Frontier Market Economies

- Frontier markets, a diverse group of economies with some access to international financial markets, account for one-fifth of the global population and are projected to drive population growth through 2050, making them pivotal for job creation efforts.
- Despite their promise, their macroeconomic performance has been mixed: per capita growth has more than halved since the 2000s, and almost 40 percent have experienced at least one sovereign default or restructuring this century.
- The strongest performers have common features including strong investment growth, more contained public debt rises and improved governance, offering lessons for others.



Monthly Highlights

Global activity: moderate expansion. PMI indexes continue to point to sustained growth, even as momentum has eased in recent months. In January, the global PMI composite output index stood at 52.5, above the expansionary threshold, with the future output sub-index signaling modest momentum (figure 1.A). While median global inflation remained broadly steady at 3 percent (y/y) in December 2025, manufacturing costs pressures appear to be rising in the context of ongoing trade uncertainty, with the manufacturing PMI sub-index for input prices increasing by over 1 percentage point to 56.3 in January. In parallel, labor market indicators point to only limited strength, with the global employment sub-index hovering just above the expansionary threshold at 50.3, below its 2023-25 average.

Global trade: resilience amid regional divergence. Global goods trade volumes increased by 5.3 percent (y/y) in November—the fastest pace since March, up from 3.1 percent in October. Double-digit import growth in EMDEs in Asia excluding China, and expansions in other regions, more than offset a deepening contraction in United States imports (figure 1.B). In January, global manufacturing PMIs for new export orders continued to move towards the expansionary threshold, while the services equivalent deteriorated further into contractionary territory. Since early 2026, the United States has announced trade agreements with Argentina and India, and reauthorized the African Growth and Opportunity Act, granting eligible Sub-Saharan African countries duty-free access to the U.S. market. The European Union has also concluded negotiations with several key partners, including India and Mercosur. Meanwhile, trade policy uncertainty remains elevated, following the U.S. Supreme Court’s ruling on the use of the International Emergency Economic Powers Act (IEEPA) to impose tariffs.

Commodity markets: elevated prices, heightened volatility. Commodity prices rose 8 percent in January (m/m), the largest monthly increase in almost three years, led by notable gains in energy and metal prices, whereas agricultural prices remained broadly stable. Brent oil prices surged in recent weeks, reaching US\$71/bbl in mid-February due to intensified geopolitical risk, while natural gas prices spiked in January as colder-than-usual winter weather drove heating demand in Europe and the United States. Precious metals rose by 17 percent in January (m/m), with gold reaching a record high above US\$5,500 per troy ounce amid heightened safe-haven demand, before rapidly reversing some of the gains (figure 1.C). Strong speculative demand pushed silver

FIGURE 1.A Global composite PMI

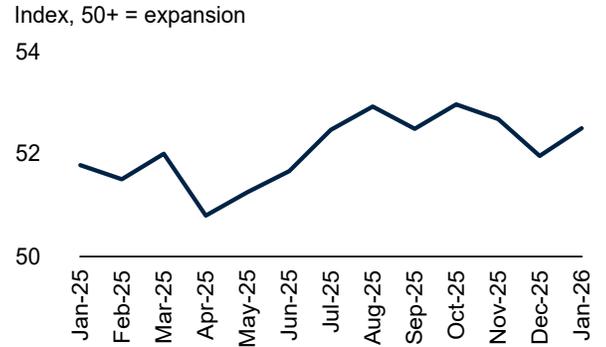


FIGURE 1.B Growth in goods import volumes in November 2025

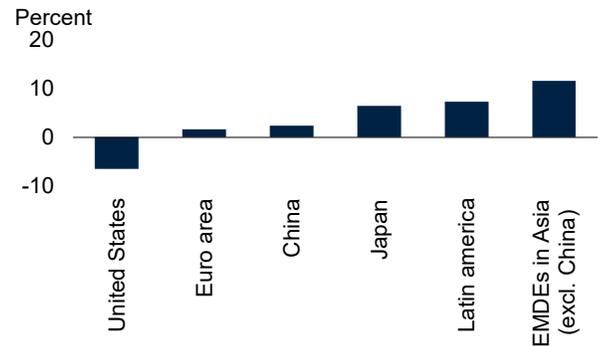


FIGURE 1.C Precious metals prices



Sources: Bloomberg; CPB Netherlands Bureau for Economic Policy Analysis; Haver Analytics; World Bank.

Note: PMI = purchasing managers' index.

A. PMI readings above (below) 50 indicate expansion (contraction). Last observation is January 2026.

B. Regional aggregates are based on the classification of the CPB Netherlands Bureau for Economic Policy Analysis. The figure shows year-over-year growth in goods import volumes for November 2025.

C. Last observation is February 19, 2026.



and platinum prices to record highs, before a large and sharp correction in early February.

Global financial conditions: risk reassessment. The announcement of the nominee for the next Chair of the U.S. Federal Reserve in late January took place against a backdrop of marked volatility in metals and currency markets. This tempered the rise of gold and silver prices, and stemmed the depreciation of the U.S. dollar, which had weakened previously even as geopolitical risks mounted. In February, the release of new AI capabilities raised questions about the business models of software and legal services firms, leading to declines in U.S. equities and widening high-yield corporate credit spreads (figure 2.A). The announcement of further large capital expenditures by leading technology firms added to the volatility, as investors reassessed the payoff from AI investments. Spillovers to EMDEs were limited, as equity markets held steady and sovereign spreads remained narrow (figure 2.B).

United States: mixed data. Growth in the United States slowed more than expected at the end of 2025, with GDP expanding 1.4 percent (q/q saar) in 2025Q4, down from 4.4 percent in the previous quarter, implying annual growth of 2.2 percent last year. Activity decelerated as government consumption fell sharply due to the federal government shutdown, while a pickup in private investment, and still solid though moderating private consumption provided support (figure 2.C). High frequency indicators suggest softening activity this year, with the composite PMI edging down to 52.3 in February from 53 in January. In contrast, the U.S. labor market regained momentum in early 2026 with nonfarm payrolls rising by 130K in January, well above consensus expectations, a marked improvement after limited gains in 2025, which saw an average of just 15K net nonfarm payroll positions added per month, compared to 122K in 2024. Meanwhile, January headline consumer price inflation eased more than expected to 2.4 percent (y/y) from 2.7 percent in December, signaling receding inflation risks.

Other advanced economies: continued resilience. Euro area GDP growth continued to surpass expectations, with an increase of 0.3 percent (q/q sa) in 2025Q4, indicating annual growth of 1.5 percent in 2025 (figure 3.A). Firming growth in Germany, Spain, and to a lesser extent Italy offset slowing activity in France. The composite euro area PMI for January suggested an ongoing but moderating expansion: a softening in the services PMI was only partially offset by an improvement in manufacturing PMI. In January, preliminary euro area headline inflation slowed to 1.7

FIGURE 2.A NASDAQ Index and U.S. high-yield spreads

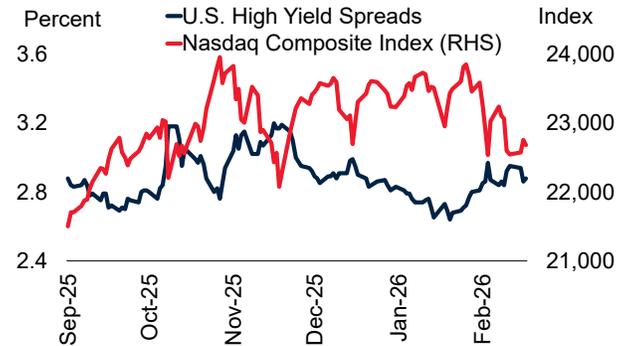


FIGURE 2.B MSCI emerging market index and sovereign spreads

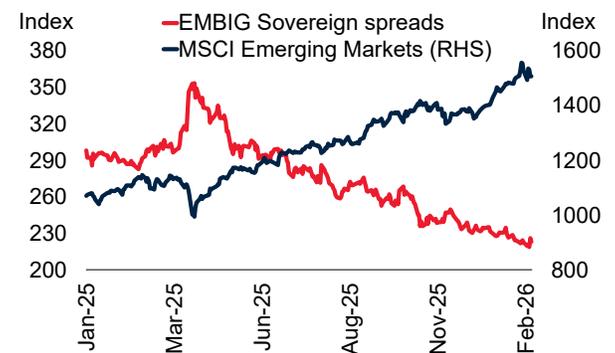
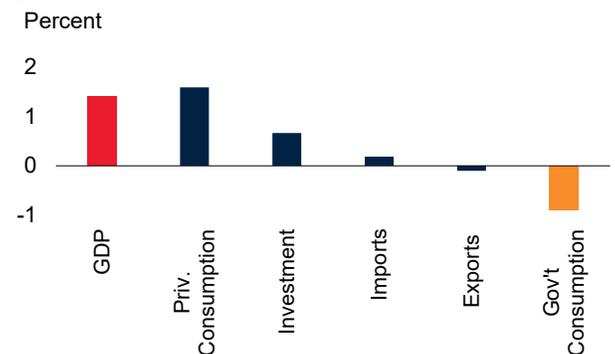


FIGURE 2.C Contributions to quarterly U.S. GDP growth - 2025Q4



Sources: Bloomberg; Bureau of Economic Analysis; Federal Reserve Bank of St. Louis; JP Morgan; World Bank.
 Note: EMDEs = emerging market and developing economies; Gov't = government; MSCI = Morgan Stanley Capital International; Priv. = private.
 A. High yield refers to credit ratings below Baa-/BBB-. Last observation is February 19, 2026.
 B. Last observation is February 19, 2026.
 C. Figure shows data for contributions to 2025Q4 U.S. real GDP growth seasonally adjusted at annual rates, published on February 20, 2026.



percent (y/y) from 2 percent in December, moving below the European Central Bank’s 2 percent target. In Japan, GDP growth recovered to 0.1 percent (q/q sa) in 2025Q4, mainly driven by a rebound in residential investment, leading to annual growth of 1.1 percent in 2025. The composite PMI rose to 53.1 in January, with the manufacturing PMI returning to expansionary territory for the first time since June, while equity markets jumped to record highs following February’s election results.

China: softer domestic activity. GDP growth slowed to 4.5 percent (y/y) in 2025Q4 from 4.8 percent in 2025Q3, but met the annual target of 5 percent for 2025, as solid export growth offset softness in investment (figure 3.B). In January, the official manufacturing and non-manufacturing PMIs slipped into contractionary territory, decreasing to 49.3 and 49.4, respectively. The declines reflect subdued demand and persistent weakness in the property sector, as both the services and the construction subcomponents fell. Price pressures remain muted, with headline inflation dropping to 0.2 percent (y/y) and core inflation declining to 0.8 percent in January.

Other EMDEs: mixed performance. The composite PMI for EMDEs excluding China remained in expansionary territory, but softened slightly in January (figure 3.C). After gradually strengthening in 2025Q4, the headline services PMI edged down in EMDEs excluding China due to a sharp decline in Brazil, whereas the headline manufacturing PMI firmed slightly on aggregate, with mixed readings. Although the new export orders manufacturing PMI sub-index improved in January, it remained in contractionary territory for a third consecutive month. Improving readings in economies including India, Malaysia, Mexico, and Vietnam more than offset declines in several other EMDEs such as Brazil, Thailand, and Türkiye. After inflation picked up in the second half of 2025, disinflation resumed in December across EMDEs excluding China, with the 3-month moving average of median headline decelerating to 4.3 percent (y/y), down from 4.4 percent in November.

FIGURE 3.A GDP growth in the euro area

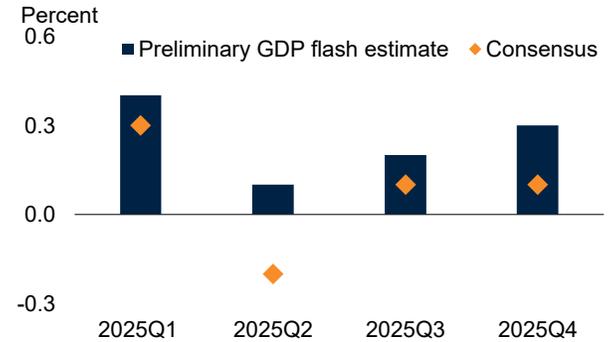


FIGURE 3.B GDP growth in China

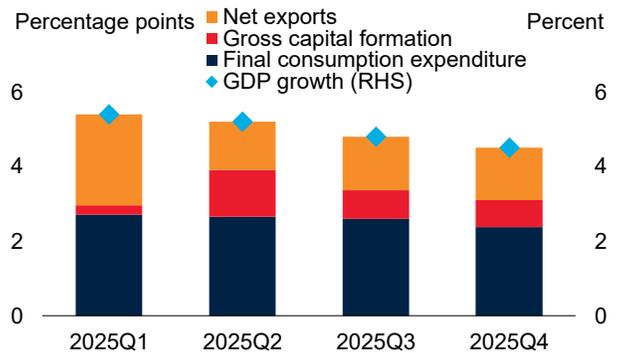
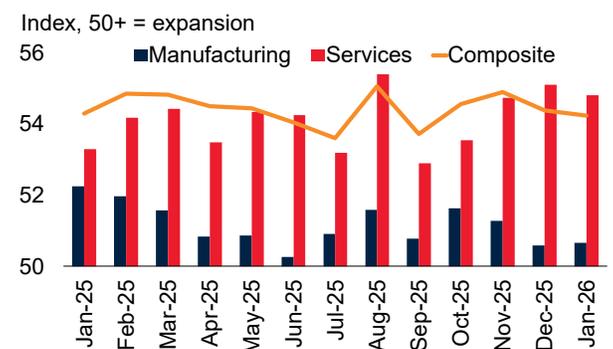


FIGURE 3.C PMIs for EMDEs excluding China



Sources: Consensus Economics; Haver Analytics; World Bank.

Note: EMDEs = emerging market and developing economies; PMI = purchasing managers’ index.

A. Panel shows preliminary GDP growth flash estimate in chained prices (seasonally and working-day adjusted, q/q) and consensus economics expectations published in the last month of the quarter observed: 2025Q1 (10 March), 2025Q2 (9 June), 2025Q3 (8 September), and 2025Q4 (8 December). Last observation is 2025Q4.

B. Panel shows year-on-year real GDP growth and expenditure contributions to China’s GDP growth. Last observation is 2025Q4.

C. Panel shows the 2024-GDP-weighted average manufacturing, services, and composite global PMIs for up to 16 EMDEs. PMI readings above (below) 50 indicate expansion (contraction). Last observation is January 2026.



Special Focus: Characteristics of Frontier Market Economies

Frontier markets are a diverse group of economies, regarded as the potential emerging markets of tomorrow. The term “frontier market” was coined by the International Finance Corporation in the early 1990s and generally refers to “pre-emerging economies”: those with some degree of access to international financial markets, but generally less than full-fledged emerging markets. Using financial markets’ classifications, the *January 2026 Global Economic Prospects* report identifies 56 frontier markets as of 2025, a number that has risen from 39 in 2012 (figure 4.A). These frontier market economies are distributed across all six EMDE regions and are mostly middle-income countries, though their income per capita levels vary widely. About half of frontier markets are commodity exporters, with the majority of those exporting industrial commodities, such as energy commodities and metals. Frontier markets’ commodity endowments are globally relevant for new technologies and the energy transition, and many also possess significant natural capital that can support tourism.

Global demographic dynamics mean that frontier markets will be pivotal to global job creation efforts. Today’s frontier markets are home to about 1.8 billion people, over one-fifth of the world’s population, yet they only account for about 5 percent of global GDP (figure 4.B). Between 2025 and 2050, the population of frontier markets is projected to grow by more than the rest of the world combined. The number of working-age people in frontier markets is expected to rise by nearly 600 million over this period, accounting for more than three-quarters of the projected increase in the global working-age population. This burgeoning labor force could generate a significant demographic dividend, but realizing it will require robust job creation.

Frontier markets’ human and physical capital provide a platform for growth relative to other developing economies, though gaps persist relative to emerging market. Life expectancy in the median frontier market rose by six years between 2000 and 2023, reaching 74 years, versus 77 years in emerging markets and 68 years in other developing economies. The average years of completed education in frontier markets increased from 6.9 to 9.4 years over the same period (figure 4.C). The stock of physical capital per capita in these economies has also grown, rising by 61 percent in the typical frontier market over 2000–23, though less rapidly than in emerging markets. Healthier and better-educated populations, combined with larger

FIGURE 4.A Frontier markets by region

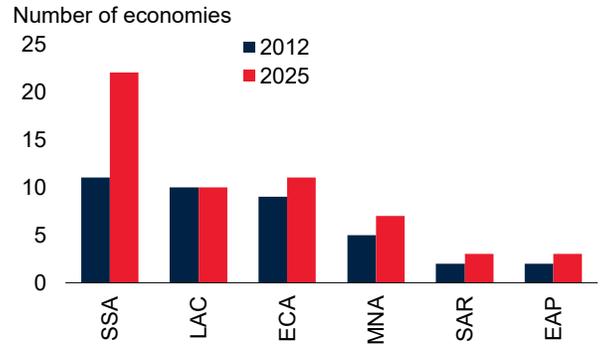


FIGURE 4.B Shares of global population and GDP

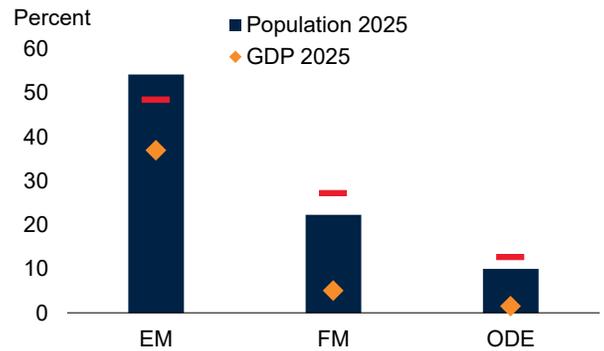
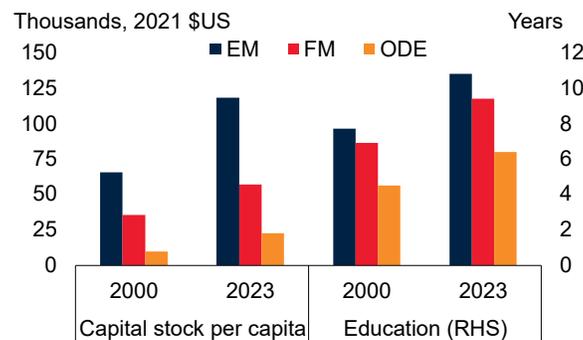


FIGURE 4.C Capital stock per capita and education levels



Sources: Feenstra, Inklaar, and Timmer (2015); UN Population Prospects (database); WDI (database); World Bank.

Note: EAP = East Asia and Pacific; ECA = Europe and Central Asia; EM = emerging markets; FM = frontier markets; LAC = Latin America and the Caribbean; MNA = Middle East, North Africa, Afghanistan and Pakistan; ODE = other developing economies, neither EM nor FM; SAR = South Asia; SSA = Sub-Saharan Africa.

A. Sample includes 39 FMs in 2012 and 56 in 2025.

B. Sample includes 37 EMs, 56 FMs, and 57 ODEs, by 2025 classifications.

C. Bars show group medians. Sample for capital stock includes up to 34 EMs, 39 FMs, and 62 ODEs and sample for education includes up to 34 EMs, 39 FMs, and 70 ODEs, both using 2012 group classifications.



capital stocks than other developing economies, can help support private investment and economic development.

Frontier markets are well placed to attract private capital, which will be crucial to their development prospects. The typical frontier market’s de jure financial openness, as measured by the Chinn-Ito index, more than doubled between 2000 and 2022. The share of global capital flows directed to frontier markets grew significantly in the 2000s, albeit from a low base (figure 5.A). Portfolio investment liabilities in the median frontier market tripled relative to GDP over 2001–23. As investment needs grow and amid constrained official development assistance, mobilizing private capital will be key to frontier markets’ development prospects. Inclusion in major equity and bond indexes can help attract such investment.

Despite the clear promise of frontier markets, their macroeconomic performance over the past quarter century has been mixed. GDP growth in the median frontier market halved from 5 percent annually in the 2000s to 2.5 percent in the first half of the 2020s. Growth of per capita investment followed a similar downward trajectory. Inflation has tended to be higher and more volatile than in emerging markets, and exchange rate volatility has risen sharply in recent years. Government debt levels, including foreign-currency-denominated debt, have increased markedly. Almost 40 percent of frontier markets experienced a sovereign default or restructuring between 2000 and 2024, compared to only 12 percent of emerging markets (figure 5.B). Since 2020, frontier markets have recorded more default episodes than all other country groups combined.

The fastest-growing frontier market economies have pursued a variety of growth models but have largely registered strong investment growth and kept debt contained. Some have pursued value-added manufacturing, while others relied on infrastructure and energy sector development, and still others on tourism. Despite these differing routes to strong growth, some common themes emerge. Faster-growing frontier markets registered more than twice the rate of investment growth as others (figure 5.C). They also experienced larger improvements in governance and kept increases in government debt contained, with debt-to-GDP ratios averaging 41 percent in the median top-quartile frontier market over 2020–24, compared with 68 percent in other frontier markets. These patterns suggest that catalyzing investment, bolstering institutional quality, and maintaining fiscal discipline can help frontier markets capitalize on their significant advantages and realize their potential.

FIGURE 5.A Shares of global capital inflows

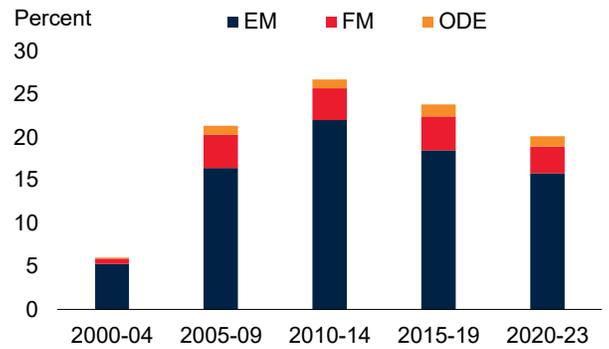


FIGURE 5.B Sovereign default events, 2000-24

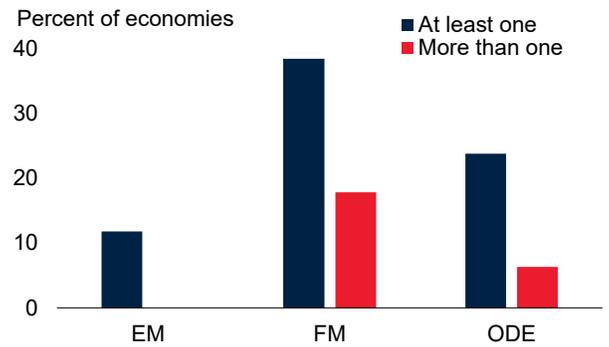
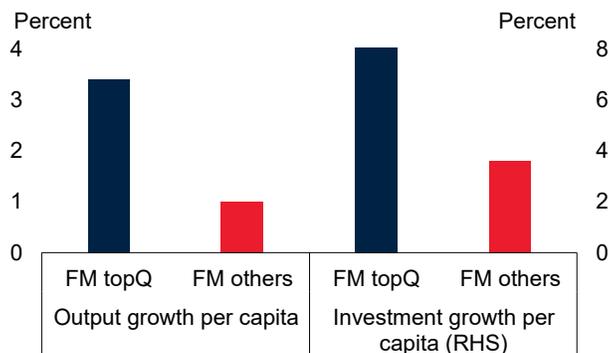


FIGURE 5.C Average annual growth of per capita output and investment, 2000-24



Sources: Asonuma and Trebesch (2016); Erce, Mallucci, and Picarelli (2022); Fitch ratings (2025); IMF BoP and IIP (database); Moody’s Ratings (2025); S&P Global (2025); WDI (database); World Bank.

Note: EM = emerging markets; FM = frontier markets; FM others = remaining frontier markets; FM topQ = frontier markets in the top quartile for average per capita GDP growth over 2000–24; ODE = other developing economies.

A. Bars show total capital inflows per country group as a share of the global total based on an unbalanced sample, including up to 32 EMs, 39 FMs, and 74 ODEs, using 2012 group classifications.

B. An event is considered a sovereign default or restructuring when a country misses a payment to creditors beyond the grace period or debt is restructured at terms less favorable for creditors. All events involve private creditors. Sample includes 34 EMs, 39 FMs, and 80 ODEs, using 2012 group classifications.

C. This captures economies that were frontier markets in 2012 and those that have subsequently achieved frontier market status in 2025. Bars show annual average over 2000–24. Sample includes 15 FM topQ and 47 FM others for output per capita, and 11 FM topQ and 39 FM others for investment growth per capita.



Recent Prospects Group Publications

Global Economic Prospects—January 2026

Frontier Market Economies: Promise, Performance, and Prospects

Commodity Markets Outlook—October 2025

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Accelerating Investment: Challenges and Policies

From Tailwinds to Headwinds: Emerging and Developing Economies in the Twenty-First Century

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Table: Major Data Releases

(percent change, y/y)

Recent releases: January 20, 2026 - February 20, 2026					
Country	Date	Indicator	Period	Actual	Previous
Argentina	2/10/2026	CPI	JAN	32.4%	31.5%
Australia	1/28/2026	CPI	DEC	3.8%	3.4%
Brazil	2/10/2026	CPI	JAN	4.4%	4.3%
Canada	2/17/2026	CPI	JAN	2.3%	2.4%
China	2/12/2026	CPI	JAN	0.2%	0.8%
Euro area	2/4/2026	CPI	JAN	1.7%	2.0%
Euro area	2/13/2026	GDP	Q4	1.3%	1.4%
India	2/12/2026	CPI	JAN	2.7%	1.3%
Indonesia	2/1/2026	CPI	JAN	3.5%	2.9%
Indonesia	2/5/2026	GDP	Q4	5.4%	5.0%
Japan	2/15/2026	GDP	Q4	0.1%	0.6%
Korea, Rep.	2/2/2026	CPI	JAN	2.0%	2.3%
Mexico	2/9/2026	CPI	JAN	3.8%	3.7%
Russian Federation	2/13/2026	CPI	JAN	6.0%	5.6%
Saudi Arabia	2/15/2026	CPI	JAN	1.8%	2.1%
Saudi Arabia	2/18/2026	GDP	Q4	4.9%	4.8%
South Africa	2/18/2026	CPI	JAN	3.5%	3.6%
Thailand	2/16/2026	GDP	Q4	2.5%	1.2%
Türkiye	2/3/2026	CPI	JAN	30.7%	30.9%
United Kingdom	2/12/2026	GDP	Q4	1.0%	1.2%
United States	2/20/2026	GDP	Q4	2.2%	2.3%

(percent change, y/y)

Upcoming releases: February 21, 2026 - March 21, 2026				
Country	Date	Indicator	Period	Previous
Argentina	3/20/26	GDP	Q4	3.3%
Australia	3/3/26	GDP	Q4	2.1%
Australia	3/3/26	IP	Q4	-0.2%
Brazil	3/3/26	GDP	Q4	1.8%
Brazil	3/12/26	CPI	FEB	4.4%
Canada	2/27/26	GDP	Q4	1.4%
Canada	3/16/26	CPI	FEB	2.3%
China	3/8/26	CPI	FEB	0.2%
India	2/27/26	GDP	Q4	8.2%
India	3/12/26	CPI	FEB	2.7%
Indonesia	3/1/26	CPI	FEB	3.5%
Korea, Rep.	3/5/26	CPI	FEB	2.0%
Mexico	3/9/26	CPI	FEB	3.8%
New Zealand	3/18/26	GDP	Q4	1.3%
Poland	3/2/26	GDP	Q4	3.8%
Saudi Arabia	3/15/26	CPI	FEB	1.8%
South Africa	3/18/26	CPI	FEB	3.5%
Thailand	3/4/26	CPI	FEB	-0.7%
Türkiye	3/2/26	GDP	Q4	3.7%
Türkiye	3/3/26	CPI	FEB	30.7%
United States	3/11/26	CPI	FEB	2.4%

Sources: Haver Analytics; Trading Economics; World Bank.