

NEWS | FUTURE OUTLOOK

IMF Lifts 2026 Global Growth to 3.1% as AI Boom Offsets War Shock

The October 2026 World Economic Outlook shows a world splitting between AI winners and energy losers.

By **Manasee Kurlekar** | October 14, 2026



The IMF expects the world economy to grow 3.1% in 2026, slightly better than its forecast in July. But growth is now concentrated in fewer countries: AI-linked economies are surging while Gulf energy producers contract.

Key details of the WEO report:

- **Global growth:** 3.1% in 2026, up from the 3.0% forecast in July. Growth was 3.5% in 2025, and the IMF expects 3.4% in 2027.
- **Advanced economies:** 2.1% in 2026. Emerging and developing economies slow from 4.5% to 3.7%.
- **Growth is concentrating:** 32 economies now account for 95% of global growth, down from 54 in the April 2026 forecast.
- **Major economies:** US 2.3%, China 4.5%, euro area 1.1%, Japan 0.7% and UK 1.3%.
- **India:** 7.0% for FY2026/27, or 7.4% on a calendar-year basis. The IMF raised its forecast by 0.6 percentage points.
- **AI winners:** Taiwan 10.7% and Korea 3.3%. The two supply 62% of net trade in AI computing hardware.
- **Middle East and Central Asia:** the region contracts 0.3% in 2026, then rebounds to 6.3% in 2027. Saudi Arabia shrinks 3.3%. Kuwait, Iraq and Qatar each shrink by more than 15%.
- **Inflation:** global inflation rises to 4.7% in 2026, from 4.1% in 2025.
- **Oil:** prices average \$95.74 a barrel in 2026, up 41% on 2025.
- **Key assumption:** the Strait of Hormuz reopens in March 2027.
- **Downside scenario:** the war lasts to June 2027 and oil hits \$130 a barrel.

Body:

The IMF expects the global economy to grow 3.1% in 2026, slightly better than its July forecast but well below 2025's 3.5%. Its October 2026 World Economic Outlook says spending on artificial intelligence is offsetting the hit from the Iran war. Taiwan, at 10.7%, and Korea are riding demand for chips. Gulf producers face double-digit contractions while the Strait of Hormuz stays shut. The IMF's word for the outlook is "highly uneven": just 32 economies now produce 95% of global growth. India stays the fastest-growing major economy at 7.0%. Inflation rises to 4.7% as oil averages close to \$96 a barrel. The IMF says risks remain tilted to the

downside.

Read online: <https://worldbusinesswatch.com/news/11/257/imf-lifts-2026-global-growth-to-3-1-as-ai-boom-offsets-war-shock.html>

© 2026 World Business Watch. All rights reserved.