On resilience of the world economy and current stance of global economic conditions

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Session 1: "Defenders of Globalization: BRICS in the Era of Economic Wars

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Questions for discussion

- Level and nature of resilience in the world economy and trade. Have we become more resilient in recent years?
- Current stance of global economic conditions for business and governments. Still unfavorable but not critical?

11+ global shocks and vulnerabilities 2020-2025

- COVID-19 and logistics crisis 2020-2021
- Russia-Ukraine conflict 2022+
- Sanctions/compliance risks +
- Restructuring of trade relations with Russia
- Oil market restructuring and price crises – 2022
- Gas market Restructuring and price crises - 2022
- Food price crisis 2022
- Tight monetary policy 2022-2025 in developed cntrs
- Middle East conflict 2023- and logistics disruptions again (Suez)
- Geopolitical risks and uncertainty 2022+
- Protectionism 2025

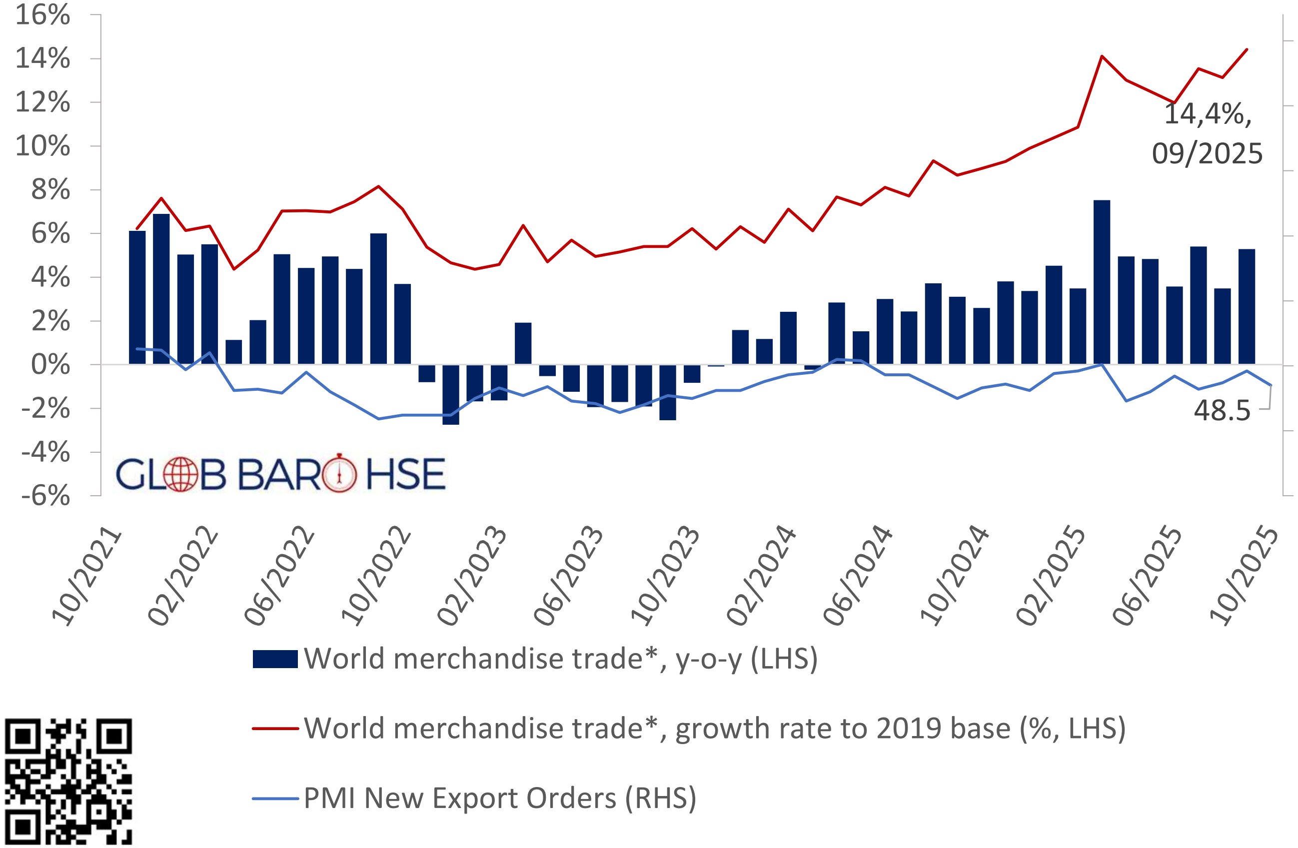
Quite stable global economic dynamics amid this shocks

- Global GDP dynamics in 2020-2024 – 3,2% vs 3,8% in 2010-2019 (mostly due to China`s slowdown)

- Russia and Europe have survived both

- World trade dynamics in 2025 - surprisingly well

Global trade in 2025 – no decline… accelerated growth despite protectionism and supply chain restructuring



- Merchandise trade real growth in Jan-September 2025 +4,8% y-o-y – record since 2021!
- 2025 = 2021-2022 scenario of stockpiling?
- WTO and IMF forecasts are still depressed
- WTO forecasts are still pessimistic…

Year	WTO forecast (August 2025)	WTO forecast (October 2025)
2025	+0.9%	+2.4%
2026	+1.8%	+0.5%

Global Economic Conditions Snapshot ("life easiness" for business and governments) – November 2025 update

Parameter	Status	Comment
Protectionism and Sanctions	Unfavorable Conditions	New records in the volume of affected world trade, expansion of financial and secondary sanctions.
Geopolitical Risks	High	Russia-Ukraine, Middle East, China-USA; expectations of de-escalation.
Monetary Conditions	Unfavorable	Interest rates still elevated in developed countries, on a downward trajectory. See GlobBaro financial index
Debt Risks	Elevated	But have somewhat eased compared to 2022-2023
Logistics	Neutral-Positive	In 2025, container shipping costs (World Container Index) are falling and in November are half year-on-year basis. Longer delivery times, risks of disruptions amid Middle East conflict, but adaptation through expanded fleet capacity.
Climate Conditions	Unfavorable	Temperature records in 2024-2025, droughts and other climate anomalies → elevated energy consumption in summer and logistics risks (e.g., Panama Canal shallowing)
Commodity Markets		
Oil Market	Favorable for Consumers	Price decline for the second consecutive year (-14% YoY in 2025) with expectations of further decline in 2026. 2025 price level ($68.8/barrel) in historical perspective: now at 25-year median (see GlobBaro dashboard) and below median in real terms; below 2010-2019 average ($80/barrel), but higher than 2015-2019 ($57/barrel)
Gas Market (Europe)	Unfavorable for Consumers	In 2025: elevated prices compared to 25-year median (1.4x higher) and twice 2019 levels. Average annual growth Jan-Nov +12%. Persistent capacity deficit and fragile balance.

- Overall diagnosis for 2025 - persistence of turbulence and unfavorable conditions, with comparative improvement in logistics and oil market (for consumers)
- But much better than in 2022-2024!
- 2026 – better conditions expectation (commodity markets, monetary conditions)

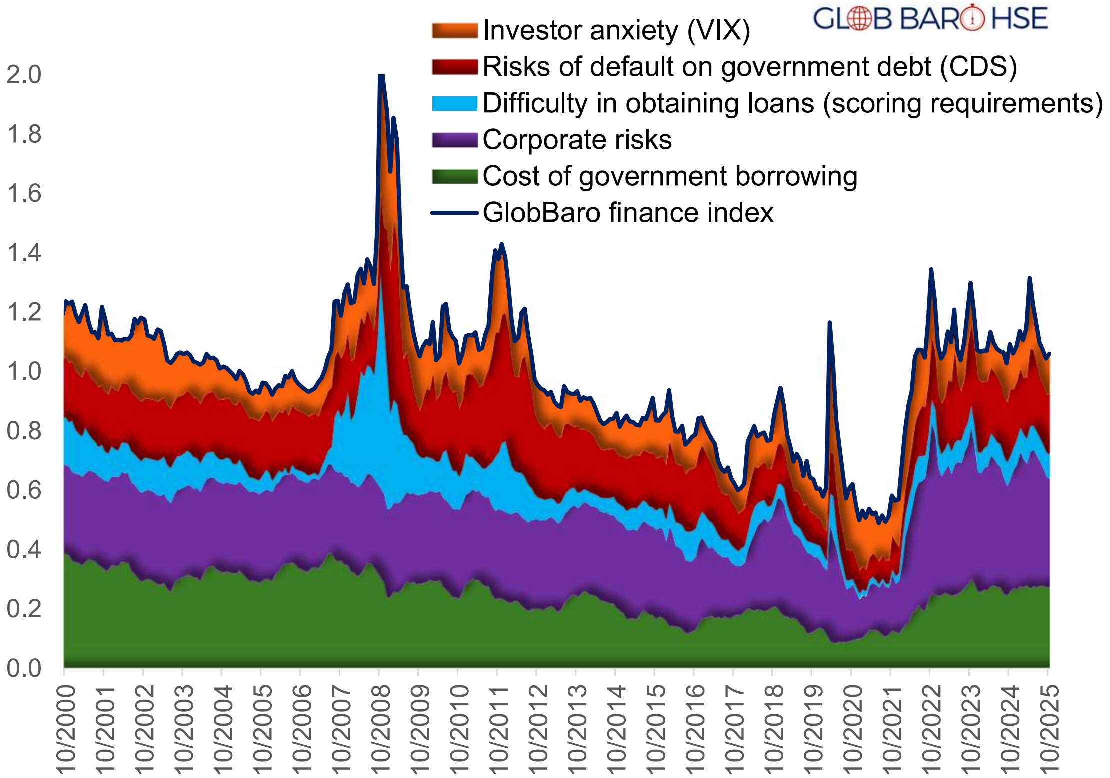
Global Borrowing Conditions and Financial Risks Index by GlobBaro project

In October 2025 global borrowing conditions and financial risks remain elevated (6% above the 2000–2024 average, 53% above 2017–2021 levels, and 88% above the 2021 level), creating additional costs for companies and government budgets.

In October 2025, the trend towards easing global borrowing conditions and lower financial risks, observed from May to September 2025, temporarily paused. The GlobBaro financial index rose to 1.06 bps (+0.02 bps m/m).

- **The increase in the overall index was the first in six months**: previously, there had been a gradual decline in financial risks amid the US administration's softening rhetoric on tariffs.
- **The growth of the index** is due to increased investor concerns about the introduction of additional tariffs in the US on goods from China and the US government shutdown, which has created additional uncertainty.
- There are a number of sustained **medium-term trends exerting downward pressure**. There has been a gradual decline in the cost of government borrowing worldwide.

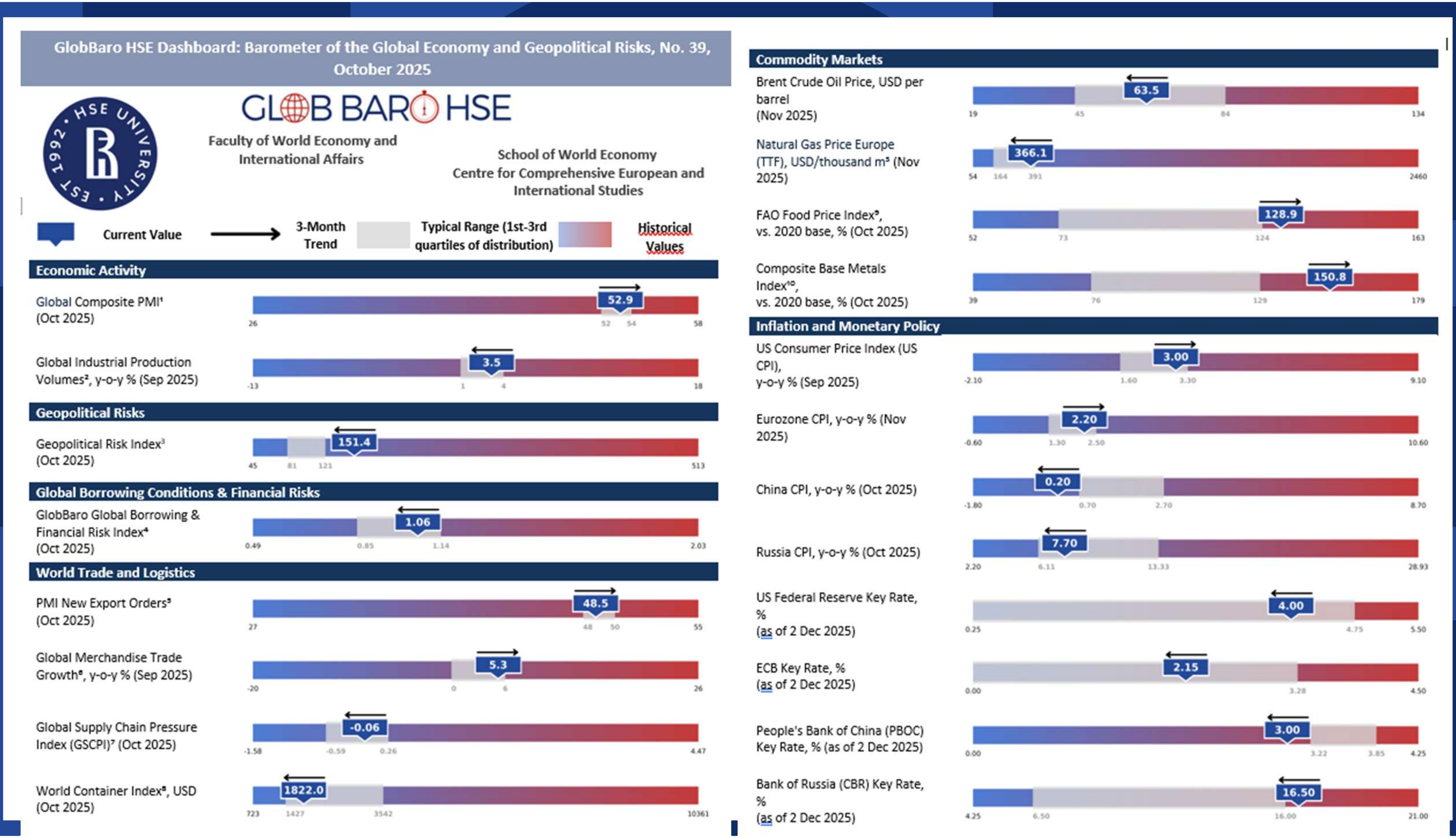
In the coming months, we expect global borrowing conditions to continue to ease against the backdrop of falling interest rates in developed economies. However, geopolitical shocks and changes in the economic policies of countries could halt this process and lead to further spikes inglobal financial risks.



The GlobBaro Financial Index is an index of global borrowing conditions and financial risks

Source: the authors' calculations based on open data

Author: Globbaro expert Viktorov Evgeny V.



GlobBaro HSE Dashboard: Barometer of the Global Economy and Geopolitical Risks, No. 39, October 2025

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Faculty of World Economy and International Affairs

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Economic Activity

Global Composite PMI[1] (Oct 2025)	52.9	→	26 52 54 58
Global Industrial Production Volumes[2], y-o-y % (Sep 2025)	3.5	←	-13 1 4 18

Geopolitical Risks

Geopolitical Risk Index[3] (Oct 2025)	151.4	←	45 81 121 513

Global Borrowing Conditions & Financial Risks

GlobBaro Global Borrowing & Financial Risk Index[4] (Oct 2025)	1.06	←	0.49 0.85 1.14 2.03

World Trade and Logistics

PMI New Export Orders[5] (Oct 2025)	48.5	→	27 48 50 55
Global Merchandise Trade Growth[6], y-o-y % (Sep 2025)	5.3	→	-20 0 6 26
Global Supply Chain Pressure Index (GSCPI)[7] (Oct 2025)	-0.06	←	-1.58 -0.59 0.26 4.47
World Container Index[8], USD (Oct 2025)	1822.0	←	723 1427 3542 10361

Commodity Markets

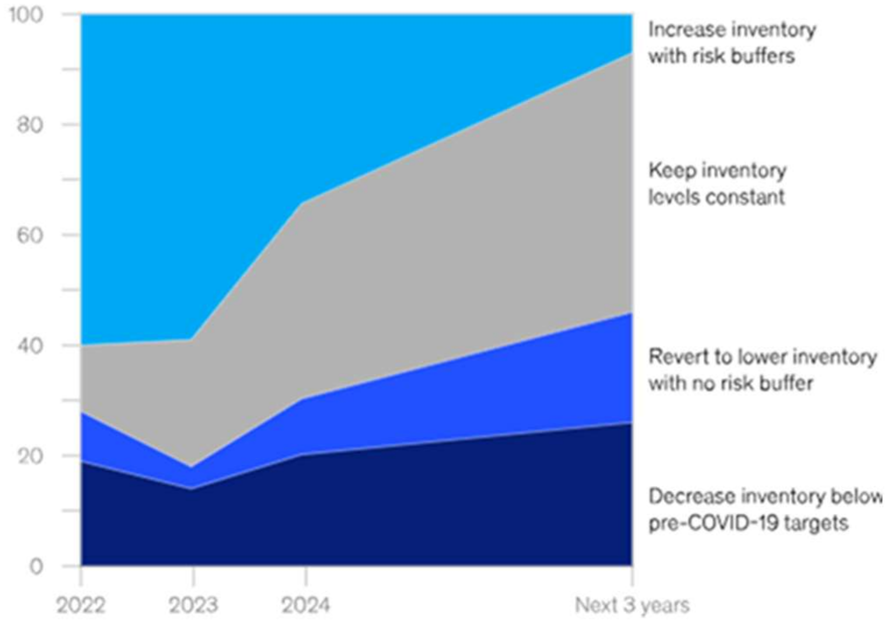
Brent Crude Oil Price, USD per barrel (Nov 2025)	63.5	←	19 45 84 134
Natural Gas Price Europe (TTF), USD/thousand m³ (Nov 2025)	366.1	←	54 164 391 2460
FAO Food Price Index[9], vs. 2020 base, % (Oct 2025)	128.9	→	52 73 124 163
Composite Base Metals Index[10], vs. 2020 base, % (Oct 2025)	150.8	→	39 76 129 179

Inflation and Monetary Policy

US Consumer Price Index (US CPI), y-o-y % (Sep 2025)	3.00	→	-2.10 1.60 3.30 9.10
Eurozone CPI, y-o-y % (Nov 2025)	2.20	→	-0.60 1.30 2.50 10.60
China CPI, y-o-y % (Oct 2025)	0.20	←	-1.80 0.70 2.70 8.70
Russia CPI, y-o-y % (Oct 2025)	7.70	←	2.20 6.11 13.33 28.93
US Federal Reserve Key Rate, % (as of 2 Dec 2025)	4.00	←	0.25 4.75 5.50
ECB Key Rate, % (as of 2 Dec 2025)	2.15	←	0.00 3.28 4.50
People's Bank of China (PBOC) Key Rate, % (as of 2 Dec 2025)	3.00	←	0.00 3.22 3.85 4.25
Bank of Russia (CBR) Key Rate, % (as of 2 Dec 2025)	16.50	←	4.25 6.50 16.00 21.00

Global companies' responses to logistics and sanctions shocks in 2022–2024

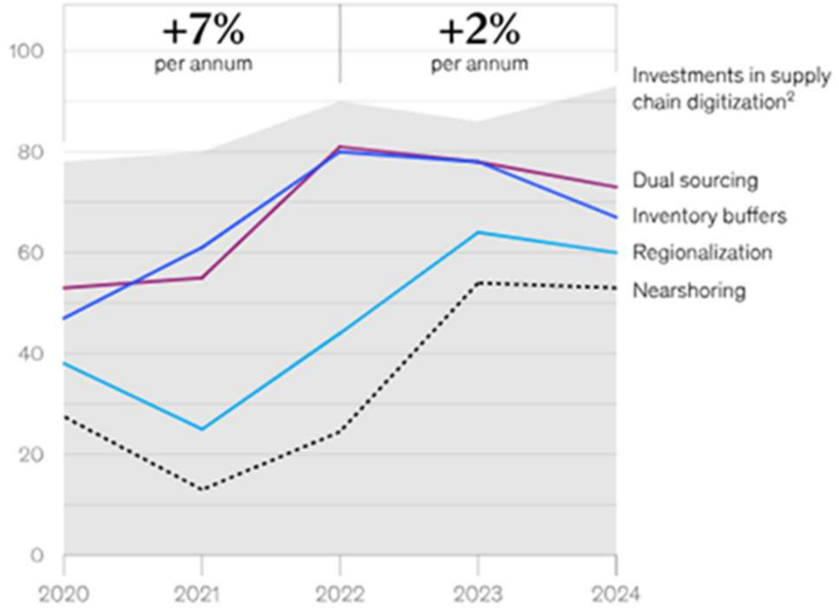
Inventory Management – Key Measures



[1]Question: How have your inventory levels evolved across your global network (raw materials to finished goods) in the last year?
Source: McKinsey Global Supply Chain Leader Survey, April 26–June 10, 2024 (n = 88)

McKinsey & Company

Measures to improve supply chain resilience



[1]Question: Which of the following footprint resilience options (if any) have you already started or completed implementing in the last year?
[2]Question: To what extent have you increased investment in digital supply chain technologies in the last year?
Source: McKinsey Global Supply Chain Leader Survey, April 26–June 10, 2024 (n = 88)

McKinsey & Company

Reducing the role of increased inventories while maintaining measures to increase the role of supplier diversification, regionalization/friendshoring and nearshoring from 2023. 2025 – inventory growth again?

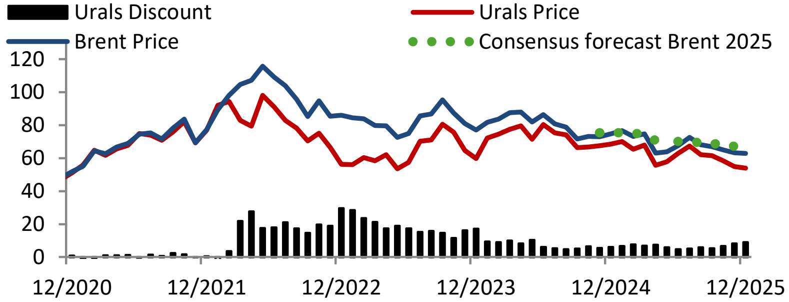
World Commodity markets - GlobBaro consensus forecasts for 2025 and 2026 (Nov/Dec. 2025 update)

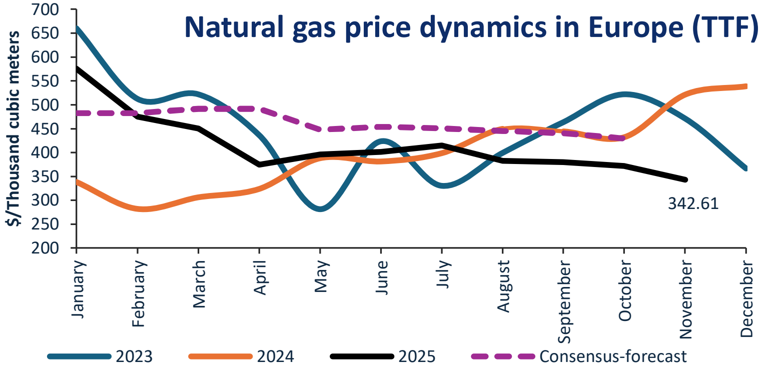
Commodity	Actual price at the end of November 2025	Consensus forecast		Change relative to price***	
		2025	2026	2025	2026
Brent crude oil	$63.2	$67.1*	$67.9	+6.2%	+7.4%
TTF Gas	$342.6	$410.4*	$390.9**	+19,8%	+17,6%
Metals					
Aluminum	2793.0	2755*	2863**	-1.4%	2,5%
Copper	10739.9	10103.3*	11220**	-5.9%	4,5%
Gold	4058.3	3868.3*	4363**	-4.7%	7,5%

* end of period
** average annual value
*** compared to the actual value

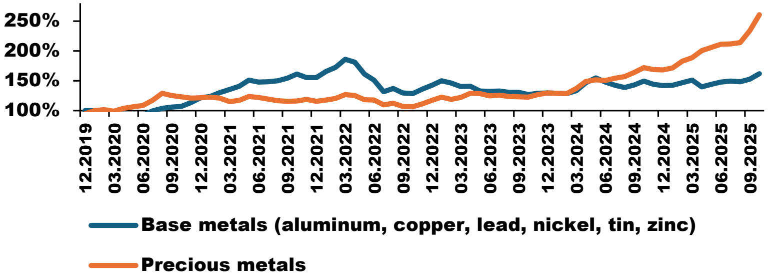
Authors of market reviews:
Nagornyi Pavel (Metals), Galiev Mark (Oil), Lopatin Gleb (Gas)

Oil price dynamics, 2020-2025, $/b.





Base and Precious Metals Price Indices, Jan 2020 = 100%



Conclusions (to discuss)

- Global business and the world economy over the past five years have become much more resilient to new shocks (logistical, sanctions-related, tariff-related), which provides grounds for a more positive view of future dynamics.

- The most likely scenario for global trade dynamics in 2026 is a significant slowdown or decline, similar to 2022–2023.

- However, better global economic conditions will have a supportive effect on the global economy.

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Monthly Monitoring of the Global Economy and Geopolitical Risks

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