Media Brief: Middle East and North Africa and Pakistan

IMF October 2025 Regional Economic Outlook: Middle East and Central Asia

Key Messages and Takeaways

- MENAP economies have shown **economic resilience** in 2025 despite elevated **global uncertainty and continued regional tensions**. GDP growth for the region is now projected at 3.2% in 2025 (up from 2.1% in 2024), a 0.6 percentage-point (pp) upward revision since May, and 3.7% (+0.3 pp) in 2026, driven by increased oil production after the unwinding of OPEC+ voluntary cuts and robust domestic demand.
- **Oil exporters** are gaining from higher oil production, with oil prices expected to average $69 per barrel in 2025. This is supporting broader economic growth, alongside diversification into non-oil sectors, particularly in GCC countries.
- **Oil importers** are benefiting from lower commodity prices, a rebound in tourism, stronger remittance flows, improving agricultural conditions, and continued progress in macroeconomic stabilization and reforms.
- **Inflation** trends differ across the region, but most economies are seeing moderate or declining inflation. This has been supported by tight monetary policies and lower food and energy prices.
- **Financial markets** remain supportive. Sovereign bond issuance is nearing $30 billion this year, well above the average in previous three years, with narrowing spreads and sustained portfolio inflows.
- **Geopolitical tensions**, including the June conflict between Israel and Iran, have had limited short-term effects on trade but continue to pose significant risks to stability. Conflict-affected countries show cautious progress with ceasefires and political transitions, but humanitarian needs remain urgent, especially in Yemen and Sudan.

Risks to Watch

- **The outlook remains vulnerable** to several risks. A lagged effect on economic activity from recent shocks that caused **high global uncertainty** cannot be ruled out. Fiscal sustainability concerns in advanced economies may lead to **higher borrowing costs** that could impact countries with higher sovereign financing needs in the region.
- Renewed **regional geopolitical tensions and commodity price volatility**—particularly in oil—could further challenge economic stability.

Policy Priorities

- **Build buffers:** Strong growth gives countries a window to rebuild fiscal and external buffers to guard against future shocks.
- **Strengthen policy frameworks:** Stronger fiscal, monetary, and financial policy frameworks can reinforce stability, predictability, and confidence in the long term.
- **Reform to compete:** Diversify economies, empower the private sector, reduce trade barriers, and upgrade infrastructure to seize new global opportunities.

- **Growth for all**: Close labor market gaps, especially for youth and women, expand quality education and healthcare, and boost financial inclusion to make growth more broad-based and equitable.
- **Stabilize and recover:** Conflict-affected economies need targeted support for macroeconomic stabilization, financing, and institution building to support a lasting recovery.

Middle East and North Africa, Afganistan, Pakistan: Real GDP Growth

(Year-over-year percent change)

	2024	2025	2026	2030
Middle East and North Africa Region, Afghanistan, Pakistan (MENAP)	**2.1**	**3.2**	**3.7**	**3.7**
Oil Exporters	**2.5**	**3.0**	**3.4**	**3.0**
Gulf Cooperation Council (GCC)	2.2	3.9	4.3	3.4
Bahrain	2.6	2.9	3.3	3.2
Kuwait	–2.6	2.6	3.9	2.3
Oman	1.7	2.9	4.0	3.6
Qatar	2.4	2.9	6.1	3.4
Saudi Arabia	2.0	4.0	4.0	3.3
United Arab Emirates	4.0	4.8	5.0	3.9
Non-GCC Oil Exporters	2.9	1.8	2.2	2.6
Algeria	3.7	3.4	2.9	2.5
Iran	3.7	0.6	1.1	2.0
Iraq	–0.2	0.5	3.6	4.1
Libya	1.9	15.6	4.2	2.2
Oil Importers	1.6	3.5	4.1	4.7
Emerging Market and Middle-Income Economies	**2.3**	**3.6**	**4.1**	**4.7**
Egypt	2.4	4.3	4.5	5.3
Jordan	2.5	2.7	2.9	3.0
Lebanon	–7.5	-	-	-
Morocco	3.8	4.4	4.2	3.8
Pakistan	2.5	2.7	3.6	4.5
Tunisia	1.6	2.5	2.1	1.4
West Bank and Gaza	–26.6	-	-	-
Low-Income Countries	**–6.2**	**2.2**	**5.6**	**4.9**
Afghanistan	1.7	-	-	-
Djibouti	6.5	6.0	6.0	5.5
Mauritania	6.3	4.0	4.3	3.0
Somalia	4.1	3.0	3.3	4.1
Sudan	–23.4	3.2	9.5	5.5
Syrian Arab Republic	-	-	-	-
Yemen	–1.5	–1.5	0.0	5.0
Middle East and North Africa (MENA) Region	**2.1**	**3.3**	**3.7**	**3.6**

Sources: IMF, World Economic Outlook database; and IMF staff calculations.
Note: Regional output growth aggregates are purchasing-power-parity-GDP-weighted averages.

For further detailed analysis and data, please refer to the October 2025 *IMF Regional Economic Outlook: Middle East and Central Asia*, available at imf.org/mcd.

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