SCOPE | Ratings

Global Economic Outlook 2026

Increasing financial system risk; trade, sovereign debt and geopolitical uncertainties underscore negative global macro and credit outlook

8 December 2025

Executive summary

The global and European economies have shown meaningful resilience in recent years even taking into account the modest global slowdown in 2025. Nevertheless, risks for the global recovery, entering its seventh year, are increasing. This is consistent with a Negative medium-run global macro and credit Outlook. Global growth is projected at a resilient 3.2% for 2026 after 3.3% growth this year, with official and borrowing rates expected to remain above pre-pandemic levels even as rate cuts continue next year across multiple economies. Our macroeconomic projections for major economies are summarised in **Table 1** below, with full projections available in **Tables 2** and **3** of the Annex.

Economic outlook

Risks confronting a resilient global economy are rising. We have slightly revised up our global growth estimate for this year from that published during June. In the United States, growth is now estimated at around 2% for this year, with growth of 2.4% forecast next year. China's economic growth will meet a 5% official target for this year, supported by the recent temporary easing of US-China trading tensions, and we are projecting growth of 4.7% next year. By contrast, our euro area-21 growth expectations remain moderate, estimated at 1.5% for 2025 before 1.4% next year. The euro area periphery has continued outperforming and Germany is gradually picking up. The UK is forecast to grow a moderate 1.0% next year. Labour markets may stay tight within the euro area even as they have recently softened in the US and the UK.

The balance of economic and credit risks remains skewed to the downside. We see at least four factors as being relevant here. Firstly, financial-system risks consider: (i) elevated valuations across multiple asset classes and our longer-standing expectation of market corrections within rising markets; (ii) leverage risks in the non-bank financial intermediation sector and private credit, alongside risks in the less-regulated artificial intelligence and cryptocurrency sectors; (iii) higher borrowing rates for longer; and (iv) renewed US and global financial deregulation. Secondly, there are protectionist and volatile global trade policies spearheaded by the US and increasingly influencing the policies of peer governments. Thirdly, many governments face intensifying budgetary and public debt challenges, which may trigger re-appraisals of sovereign debt risks within capital markets. Finally, there remain heightened geopolitical tensions, including Russia's continuing war in Ukraine and fragilities in the Middle East.

US policy shifts pose global risks. Recent US policies – such as pro-cyclical tax cuts, rate reductions and deregulation – may bolster near-term growth but risk widening longer-run economic imbalances. Higher trade barriers and geopolitical uncertainties hold back global growth. The unwinding of post-war alliances and the war in Ukraine have prompted greater European defence expenditure, increased associated risks for sovereign debt sustainability and amplified the possibility of greater geopolitical instability. The termination of US foreign aid and a reassessment of the United States' role in international financial institutions heighten risks for developing economies. The retreat from climate commitments exacerbates natural-disaster risks especially affecting the most-vulnerable societies.

High borrowing rates and financial deregulation weaken long-run financial resilience. We assume higher steady-state borrowing rates than those from before the cost-of-living crisis. Many central banks continue easing policy, even as institutions such as the ECB are on hold and the Bank of Japan is gradually tightening. Sustained higher borrowing rates adversely interact with elevated market valuations and financial deregulation.

Outlooks for credit sectors vary considerably. Scope's credit sector Outlooks for 2026 range from "negative" for the sovereign asset class to "balanced" for financial institutions to modestly positive for sub-sectors of structured finance – acknowledging a range of asset-class specific risk factors. **Annex I** summarises our latest credit sector Outlooks.

Table 1: Scope's growth forecasts, summary, as of 8 December 2025

Country/region	Real GDP growth (%)							
			Baseline scenario					Medium-run potential
	2023	2024	2025E	Diff. from Jun.*	2026F	Diff. from Jun.*	2027F	
Euro area-21	0.6	1.0	1.5	n/a	1.4	n/a	1.3	1.3
Germany	(0.7)	(0.5)	0.3	↑ 0.3	1.0	↓ 0.2	1.2	0.8
France	1.6	1.1	0.9	↑ 0.2	1.0	↓ 0.1	0.8	1.1
Italy	1.1	0.5	0.6	-	0.7	↓ 0.1	0.9	0.9
Spain	2.5	3.5	2.9	↑ 0.4	2.5	↑ 0.7	2.1	1.8
Netherlands	(0.6)	1.1	1.7	↑ 0.2	1.4	↑ 0.0	1.0	1.2
United Kingdom	0.3	1.1	1.4	↑ 0.4	1.0	↓ 0.3	1.0	1.5
Türkiye	5.0	3.3	4.2	↑ 1.4	4.0	↑ 0.8	3.2	3.8
United States	2.9	2.8	2.1	↑ 0.3	2.4	↑ 0.6	1.75	2.0
China	5.2	5.0	5.0	↑ 0.2	4.7	↑ 0.2	4.5	4.2
Japan	1.2	(0.2)	1.3	↑ 0.6	0.7	↓ 0.2	0.7	0.4
World	3.5	3.3	3.3	↑ 0.3	3.2	↑ 0.1	3.1	2.7

*Changes compared with June 2025's Global Economic Outlook forecasting. Negative growth rates presented in parentheses.
Source: Scope Ratings forecasts, regional and national statistical offices, IMF.

Contents

Dennis Shen
Macroeconomic Council

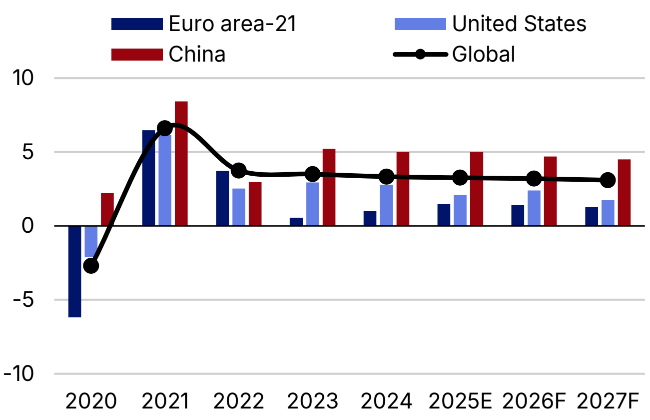
1. Global macro outlook

1.1 Increasing risks for the global cycle as financial imbalances build

The global and European economies have demonstrated meaningful resilience in recent years – consistent with our expectations and despite the fastest rise in rates of recent decades from 2022-23. This resilience includes the only modest global slowdown this year even amid heightened global trading tensions. But risks for the global recovery, soon entering its seventh year, are increasing – with growing imbalances as the cycle extends. This places the recent phase of comparatively strong global growth since 2020 under greater strain. This is consistent with the Negative medium-run macro and credit Outlook held since late 2024. The recent policy changes of the US government have been a contributor to gradually increasing risk.

Our baseline estimates for global economic growth are 3.3% this year and 3.2% in 2026 (**Figure 1**).

Figure 1. Global growth %, 2020-27F



Source: Eurostat, national statistical agencies, Scope Ratings forecasts.

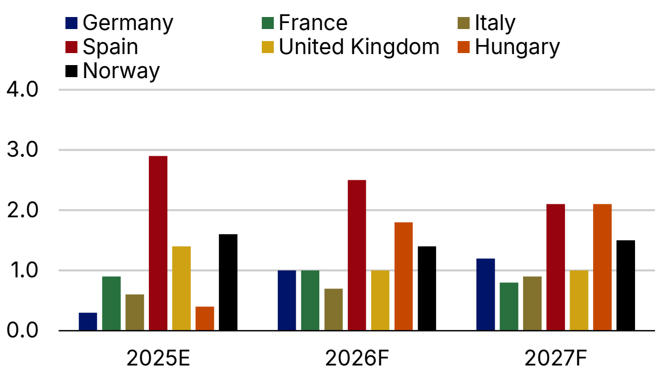
As regards the euro area-21 economy, we foresee moderate growth of 1.4% for next year after the 1.5% assumed for 2025. This takes into account a pick-up in growth that we expect for the German economy (to 1.0% next year, **Figure 2**) alongside moderate growth in France (1.0%) and Italy (0.7%). European growth nevertheless continues to be buoyed by strong growth across much of the euro area periphery: Ireland (3.0% forecast for 2026), Spain (2.5%), Portugal (2.1%) and Greece (2.0%). Growth within parts of central and eastern Europe furthermore bolsters the EU economy.

A EUR 800bn programme under ReArm Europe should lift the EU economy, especially when combined with post-pandemic recovery financing and investment alongside the recent monetary easing.

Our projection for the UK economy is meanwhile for moderate growth of 1.0% for next year following 1.4% growth in 2025.

We are forecasting US growth of 2.4% for 2026, supported by favourable base effects, a Q1 pick-up after the government re-opened last month from a record shutdown alongside the near-term benefits of tax reductions, monetary easing and deregulation. This comes following an upwardly revised estimate of around 2% growth for the US for 2025. Meanwhile, growth projections for Japan – one the globe's five largest economies in nominal terms – are 0.7% for 2026 after 1.3% in 2025.

Figure 2. Real GDP %, select European economies*



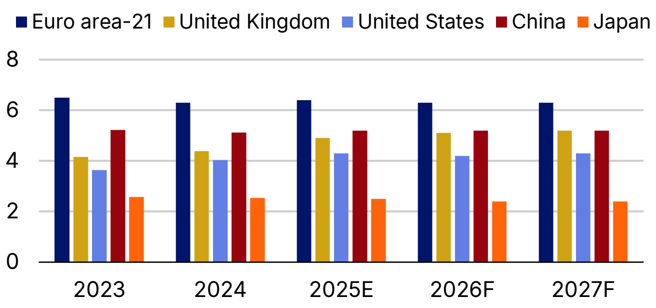
*Displayed for the seven economies with the greatest volume of Scope credit ratings.
Source: Eurostat, national statistical agencies, Scope Ratings forecasts.

In the emerging world, we foresee growth in China of 4.7% for 2026 after 5.0% this year, as the country continues to meet annual growth targets and manages the pace of its structural slowdown. We project growth in Türkiye of 4.0% for 2026 after 4.2% estimated in 2025. We project South Africa growing at a moderate 1.2% next year after 1.3% this year.

Many central banks globally are continuing to ease while others have paused their cutting cycles. Nevertheless, we believe price rises will remain moderately above 2% targets next year across economies such as the UK, US and Japan. Inflation risks for the euro area have become more balanced around the 2% target.

We see global unemployment rates remaining comparatively low next year (**Figure 3**), although labour markets have recently softened in the UK and the US.

Figure 3. Unemployment rate, %



Source: Eurostat, national statistical agencies, Scope Ratings forecasts.

1.2 A downside tilt of economic and credit risk

Over the medium run, we assess risks to the global economy as tilted to the downside. This takes into account:

1. Capital market and financial stability risks, with an expectation of market corrections in view of elevated global asset valuations, leverage risks on non-bank financial institution balance sheets (including within the private credit sector) alongside their inter-connections with the traditional banking system, uncertainties in the less-regulated artificial intelligence and cryptocurrency sectors, alongside renewed US and global financial deregulation;
2. An expectation of escalation of trading tensions that could fuel more economic uncertainty and undermine global economic stability – even if the US Supreme Court rules many of the trade levies adopted this year as unconstitutional, and recognising recent trading agreements that have been achieved;
3. Government budgetary challenges that raise the likelihood of capital-market re-appraisals of the pricing of sovereign debt; and
4. Geopolitical risks as the US-centred rules-based order fractures, driven by US policy pivots. This raises a threat of continued or further fragility across theatres from eastern Europe to the Middle East.

Such a negative tilt of medium-run risks for the global economy represents a core challenge for the global credit outlook.

The challenges for the post-war multilateral order and an increasingly multipolar international system might see the gradual return in a direction of a pre-war global architecture characterised by more frequent financial crises, a higher incidence of sovereign default, higher inflation as well as sustained higher interest rates.

That said, there is meaningful support for global growth in the near term, such as from the pro-business policies of the US government such as ahead of crucial 2026 mid-term elections, as per deregulation, government spending and tax cuts. Recent challenges for the independence of the Federal Reserve and select other central banks may furthermore be a boon for the global economy near to medium term, although easier monetary policy may increase imbalances longer run. The budgetary stimulus we expect in China, investment in Europe, the growth of the artificial intelligence sector and trade agreements between the US and trading partners may support global growth and extend the growth cycle.

Annex I summarises our macro and credit risk outlooks.

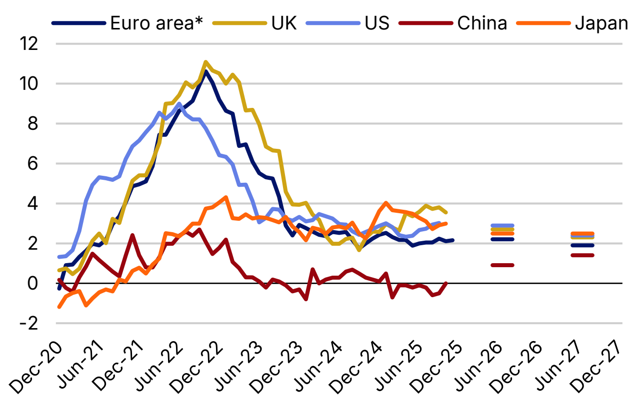
1.3 Higher steady-state rates, leverage risks and financial deregulation drive financial stability risk

Our expectations since 2021 have been for sustained higher inflation than the ultra-low price rises during and before the pandemic. After peaking in 2022 (**Figure 4**), inflation has moderated across many economies. We foresee inflation averaging around or slightly above 2% next year across many economies. Inflation continues to moderate across many economies but remains sticky across select countries such as in the US and the UK.

China continues to grapple with deflationary risk as authorities strive to extend a soft landing following the decades of debt-fuelled growth.

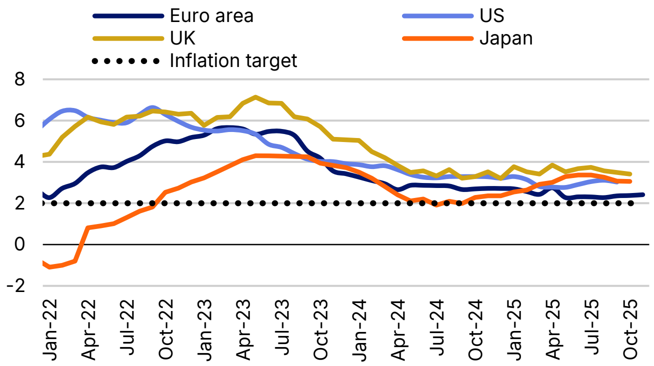
Elevated wage growth across many economies (even if it has moderated from the highs) alongside lingering above-target core and services-sector price rises (**Figure 5**) pose risks for continued disinflation. The greater accommodations required for national budgets, such as for allocations on defence, might see higher inflation in the longer run. Trade levies remain inflationary for the US economy near term.

Figure 4: Headline inflation, with Scope forecasting, % year-over-year



Dashed lines on the graphic in 2026 and 2027 designate Scope forecasting for calendar-year average inflation in 2026 and 2027. *Euro area projections are for the euro area-21. Source: National/regional statistics bodies, Scope Ratings forecasts.

Figure 5: Core inflation, % year-over-year



Source: Eurostat, national statistics, Scope Ratings.

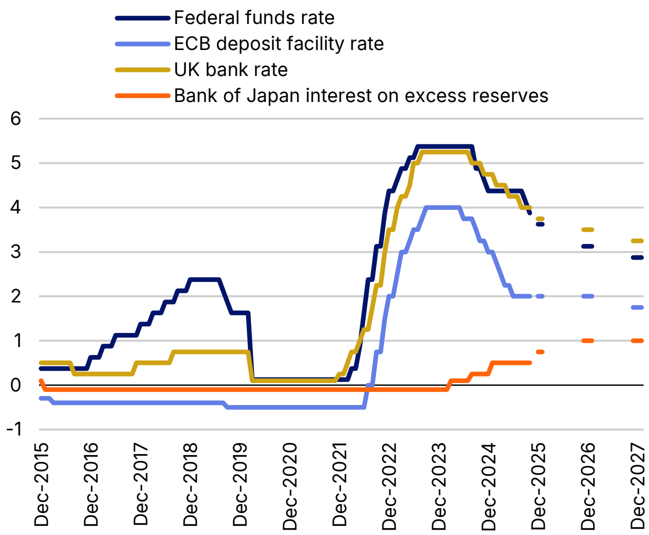
But many countries are experiencing disinflation as large exporting countries such as China seek alternative markets to sidestep trading uncertainties with the US.

Higher steady-state rates

The Federal Reserve, European Central Bank and the Bank of England began their rate cuts later than markets had anticipated and only by or slightly before the second half of 2024. Our long-standing view has been for steady-state borrowing rates to stay higher than the levels observed during and before the pandemic.

The ECB had more policy space than many other central banks to cut rates during the first half of this year (**Figure 6**). This is partially due to structurally lower rates of inflation within the euro area. But the ECB has now paused further easing, after bringing policy rates to the mid-point of its estimated neutral rate range.

Figure 6: Policy rates, %, with forecasts



Source: Respective central banks, Scope Ratings forecasts.

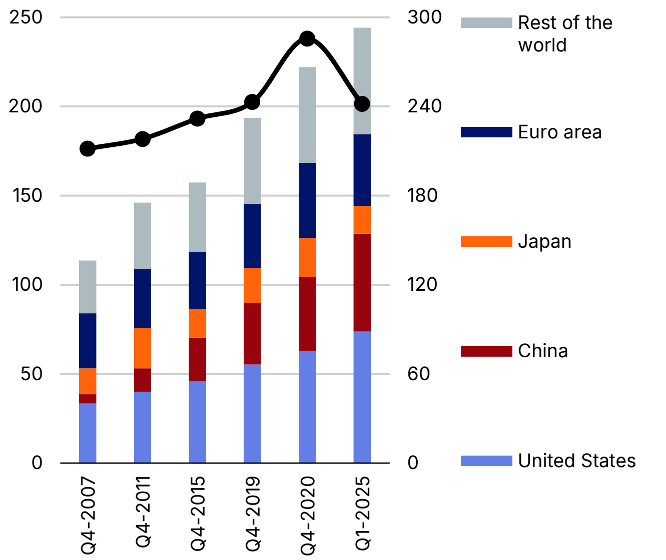
As many central banks continue easing, policy makers are scaling back quantitative tightening. The Federal Reserve paused its balance-sheet drawdown at the start of December 2025. Nevertheless, borrowing rates have stayed near their post-global financial crisis highs, even as dollar-denominated bond yields have eased recently on an expectation of further Federal Reserve cuts.

The financial-stability outlook

The higher steady-state rates, elevated asset valuations, an expectation of market corrections alongside renewed global financial deregulation pose meaningful longer-run risks for financial resilience. Regulators are concerned about the politicisation of US dollar swap lines after Federal Reserve Chair Jerome Powell's term concludes by May 2026, given the challenges for the institution's independence.

Global non-financial-sector debt is still high, although below its pandemic highs, standing at USD 244trn as of the first quarter of 2025 (**Figure 7**) or 242% of global GDP.

Figure 7: Non-financial sector debt,
in USD trn unless otherwise referenced



Source: the Bank for International Settlements, Scope Ratings.

Commercial real estate firms must contend with uncertainties. Inter-linkages between bank and non-bank financial institution participants could act as an amplifying factor in any event of wider distress. More generally, potential vulnerabilities at non-banks could see heightened volatility in financial markets if downside risks were eventually to crystallise.

Annex I: Scope credit outlooks by sector

Global macro
Negative
Source: Global Economic Outlook 2026

SPS – Global sovereign
Negative
Source: Sovereign Outlook 2026

SPS – Supranational
Balanced
Source: Supranatio

SPS – CEE sovereign
Balanced
Source: CEE 2025 Sovereign Outlook

SPS – European sub-sovereign
Balanced
Source: European Sub-Sovereign Outlook 2025

FI – European banks
Balanced
Source: 2026 European Bank Outlook

- FI – French banks: Balanced
- FI – Italian banks: Stable
- FI – Spanish banks: Balanced
- FI – UK banks: Balanced
- FI – German banks: Stable

Covered bonds
Stable
Source: Covered Bonds Quarterly – July 2025

Corporates – European non-financial corporates
Balanced
Source: Corporates Outlook 2025

- Corporates – Construction, Consumer goods, Oil & gas, Pharma Retail, Telecommunications, Utilities: Stable
- Corporates – Automotive, Chemicals: Negative

SF – Structured finance
Source: Structured Finance Monitoring Report and 2026 Rating Outlook

- Structured finance – Consumer ABS, RMBS, SME ABS: Positive
- Structured finance – Corporate ABS, CRE: Balanced
- Structured finance – NPLs: Negative

Source: Scope Ratings.

Annex II. Global economic outlook

Table 2. Growth, inflation and official rates, 2023-2027F

Country/region	Real GDP growth (annual average, %)								Headline inflation[2] (annual average, %)							Policy rates (end of period, %)				
	2023	2024	2025E	Diff. from Jun-25[1]	2026F	Diff. from Jun-25[1]	2027F	Medium-run potential	2023	2024	2025E	Diff. from Jun-25[1]	2026F	Diff. from Jun-25[1]	2027F	End-2023	End-2024	End-2025	End-2026	End-2027
EU-27	0.5	1.0	1.5	n/a	1.4	n/a	1.4	1.4	6.4	2.6	2.4	n/a	2.4	n/a	2.1					
Euro area-21[3]	0.6	1.0	1.5	n/a	1.4	n/a	1.3	1.3	5.5	2.4	2.1	n/a	2.2	n/a	1.9	4.0	3.0	2.0	2.0	1.75
Germany	(0.7)	(0.5)	0.3	↑ 0.3	1.0	↓ 0.2	1.2	0.8	6.0	2.5	2.3	-	2.5	↑ 0.7	2.0					
France	1.6	1.1	0.9	↑ 0.2	1.0	↓ 0.1	0.8	1.1	5.7	2.3	0.9	↑ 0.1	1.3	↓ 0.2	1.5					
Italy	1.1	0.5	0.6	-	0.7	↓ 0.1	0.9	0.9	5.9	1.1	1.7	↓ 0.2	1.4	↓ 0.2	1.8					
Spain	2.5	3.5	2.9	↑ 0.4	2.5	↑ 0.7	2.1	1.75	3.4	2.9	2.7	↑ 0.4	2.9	↑ 1.0	2.1					
Netherlands	(0.6)	1.1	1.7	↑ 0.2	1.4	↑ 0.0	1.0	1.2	4.1	3.2	3.0	↓ 0.1	3.1	↑ 0.3	1.9					
Belgium	1.7	1.1	1.0	-	1.0	↓ 0.1	1.0	1.3	2.3	4.3	3.1	↑ 0.4	2.4	↑ 0.5	2.1					
Austria	(0.7)	(0.8)	0.6	↑ 0.7	0.9	↓ 0.4	1.0	1.0	7.7	2.9	3.6	↑ 0.2	2.9	↑ 0.9	2.0					
Ireland	(2.6)	2.6	13.0	↑ 8.0	3.0	↓ 1.0	2.5	3.2	5.2	1.3	2.1	↑ 0.2	2.6	↑ 0.6	1.8					
Finland	(0.9)	0.4	0.2	↓ 0.7	1.0	↓ 0.6	1.0	1.2	4.3	1.0	1.8	↓ 0.2	1.3	↓ 0.9	1.7					
Portugal	3.1	2.1	1.9	↓ 0.2	2.1	↑ 0.2	1.7	1.9	5.3	2.7	2.2	↓ 0.1	1.8	↓ 0.2	2.0					
Greece	2.1	2.1	2.0	↓ 0.1	2.0	↑ 0.2	1.7	1.25	4.2	3.0	2.9	↓ 0.2	2.2	↓ 0.3	2.1					
Slovakia	2.1	1.9	0.8	↓ 0.7	1.2	↓ 0.5	1.5	2.25	11.0	3.2	4.2	↓ 0.8	3.9	↓ 0.1	3.3					
Luxembourg	0.1	0.3	0.5	↓ 1.7	2.3	↓ 0.1	2.0	2.2	2.9	2.3	2.5	↑ 0.3	2.4	↑ 0.3	1.9					
Lithuania	0.8	3.0	2.4	↓ 0.4	3.1	↑ 0.1	2.6	2.5	8.7	0.9	3.4	↓ 0.5	3.2	↑ 0.8	2.6					
Slovenia	2.6	1.7	0.9	↓ 0.9	2.1	↓ 0.1	1.8	2.5	7.2	2.0	2.4	↓ 0.4	2.6	↑ 0.4	2.6					
Latvia	(1.1)	(0.3)	1.7	↓ 0.3	2.2	↓ 0.3	1.8	2.25	9.1	1.3	3.8	↑ 0.4	2.7	↑ 0.4	2.5					
Estonia	(2.8)	(0.1)	0.6	↓ 0.7	2.3	-	2.0	2.2	9.1	3.7	4.9	↑ 0.3	3.4	↓ 1.1	2.7					
Cyprus	3.6	3.9	3.5	↑ 0.8	3.1	↑ 0.3	2.4	3.0	3.9	2.3	0.8	↓ 1.0	1.4	↓ 0.3	2.0					
Malta	10.6	7.0	3.1	↓ 0.8	3.2	↓ 0.7	3.3	3.75	5.6	2.4	2.4	↑ 0.3	1.8	↓ 0.2	1.8					
Croatia	3.7	3.8	2.9	↑ 0.1	2.5	↓ 0.1	2.6	2.8	8.4	4.0	4.4	↑ 0.2	3.5	↑ 0.7	2.6					
Bulgaria	1.7	3.2	3.2	↑ 0.6	3.2	↑ 0.2	2.8	2.75	9.5	2.4	4.6	↑ 1.0	4.0	↑ 2.3	2.6	3.75	3.04	1.81		
Western Europe ex-euro area																				
United Kingdom	0.3	1.1	1.4	↑ 0.4	1.0	↓ 0.3	1.0	1.5	7.3	2.5	3.4	↑ 0.1	2.7	-	2.3	5.25	4.75	3.75	3.5	3.25
Switzerland	0.9	1.4	1.0	↑ 0.1	1.3	↓ 0.5	1.2	1.5	2.1	1.1	0.2	↓ 0.1	0.2	↓ 0.4	0.7	1.75	0.5	0.0	0.0	0.0
Sweden	0.0	0.9	1.9	↑ 0.1	2.5	↑ 0.1	2.1	1.8	8.5	2.8	0.8	↓ 1.7	1.0	↓ 0.8	2.0	4.0	2.5	1.75	1.75	1.75
Norway	0.2	2.1	1.6	↓ 0.4	1.4	↑ 0.1	1.5	1.8	5.5	3.1	3.1	-	2.7	↓ 0.1	2.2	4.5	4.5	4.0	3.75	3.5
Denmark	0.6	3.5	2.5	↓ 0.7	2.3	↑ 0.3	1.7	1.5	3.3	1.4	1.9	↑ 0.2	2.0	↑ 0.5	1.7	3.6	2.6	1.6	1.6	1.35
EU central and eastern Europe ex-euro area																				
Poland	0.1	3.0	3.4	↑ 0.3	3.0	↑ 0.2	2.9	3.0	11.4	3.8	3.9	↑ 0.2	2.5	↓ 1.0	2.5	5.75	5.75	4.0	3.75	3.75
Romania	2.3	0.9	1.3	↓ 0.1	0.7	↓ 1.6	1.6	3.5	10.4	5.6	7.3	↑ 2.4	7.1	↑ 3.4	3.9	7.0	6.5	6.5	5.5	4.5
Czech Republic	0.2	1.1	2.3	↑ 0.2	2.2	↓ 0.2	2.3	2.25	10.7	2.4	2.5	↑ 0.1	1.8	-	2.3	6.75	4.0	3.5	3.5	3.5
Hungary	(0.7)	0.6	0.4	↓ 0.8	1.8	↓ 1.2	2.1	2.6	17.1	3.7	4.4	↓ 0.5	3.6	↓ 0.7	3.0	10.75	6.5	6.5	6.25	5.25
Non-EU emerging Europe																				
Türkiye	5.0	3.3	4.2	↑ 1.4	4.0	↑ 0.8	3.2	3.8	53.9	58.5	35.0	↓ 2.5	25.0	↑ 2.5	20.0	42.5	47.5	38.5	31.0	27.5
Ukraine	5.5	2.9	2.0	↓ 0.8	2.0	↓ 1.5	2.0	2.5	12.8	6.5	12.9	↓ 1.1	7.1	↓ 1.2	6.1	15.0	13.5	15.5	12.0	11.0
Serbia	3.7	3.9	2.0	↓ 1.2	3.4	↓ 0.1	3.4	4.0	12.4	4.7	3.9	↓ 0.1	2.4	↓ 0.8	3.0	6.5	5.75	5.75	5.0	5.0
Georgia	7.8	9.4	7.2	↓ 0.3	5.7	↓ 0.8	5.5	5.0	2.5	1.1	3.9	↑ 0.1	3.4	↑ 0.3	2.9	9.5	8.0	8.0	7.5	7.5
Rest of World (Advanced)																				
United States	2.9	2.8	2.1	↑ 0.3	2.4	↑ 0.6	1.75	2.0	4.1	2.9	2.8	-	2.9	↑ 0.2	2.4	5.25-5.5	4.25-4.5	3.5-3.75	3-3.25	2.75-3
China[4]	5.2	5.0	5.0	↑ 0.2	4.7	↑ 0.2	4.5	4.2	0.3	0.2	(0.2)	-	0.9	↓ 0.1	1.4	3.45	3.1	3.0	2.8	2.8
Japan[5]	1.2	-0.2	1.3	↑ 0.6	0.7	↓ 0.2	0.7	0.4	3.2	2.7	3.2	↓ 0.3	2.6	↑ 0.1	2.5	(0.1)	0.25	0.75	1.0	1.0
Africa																				
South Africa	0.8	0.5	1.3	↑ 0.6	1.2	↓ 0.1	1.2	1.5	6.1	4.4	3.3	↑ 0.1	3.3	↓ 0.4	3.0	8.25	7.75	6.75	6.25	6.0
World	3.5	3.3	3.3	↑ 0.3	3.2	↑ 0.1	3.1	2.7	6.7	5.8	4.2	↓ 0.1	3.9	↑ 0.1	3.5					

Negative values shown in parentheses. Source: Scope Ratings forecasts, Macrobond, IMF.

[1]Changes compared with Scope June-2025 Global Economic Outlook forecasting. [2]HICP headline inflation for euro area-20 member states; otherwise, displayed is CPI headline inflation.

[3]Displayed is the euro area-21, reflecting the accession of Bulgaria from Jan-2026. Shown for the euro area policy rate is the ECB deposit rate. [4]Shown for China's policy rate is the one-year bank prime loan rate. [5]Shown for Japan's policy rate is the deposit rate on current account balances.

Table 3. Unemployment, fiscal metrics, 2023-2030F

Country/region	Unemployment rate[6] (annual average, %)					Net government interest payments (annual avg, % of general gov't revenue)				General government balance (annual average, % of GDP)						General government debt level (end of period, % of GDP)					
	2023	2024	2025E	2026F	2027F	2025E	2026F	2027F	2030F	2023	2024	2025E	2026F	2027F	2030F	2023	2024	2025E	2026F	2027F	2030F
EU-27	6.1	6.0	6.1	6.0	6.0	3.8	4.0	4.4	5.0	(3.4)	(3.1)	(3.3)	(3.4)	(3.3)	(3.2)	81	81	81	82	83	84
Euro area-21[7]	6.5	6.3	6.4	6.3	6.3	3.8	4.1	4.4	5.2	(3.5)	(3.1)	(3.1)	(3.2)	(3.2)	(3.2)	88	88	88	89	89	90
Germany	3.1	3.4	3.8	3.7	3.7	2.0	2.2	2.4	3.0	(2.5)	(2.7)	(2.6)	(3.4)	(3.5)	(4.0)	62	62	63	65	66	71
France	7.3	7.4	7.5	7.7	7.8	3.9	4.5	5.2	6.9	(5.4)	(5.8)	(5.4)	(5.3)	(5.2)	(4.9)	110	113	116	119	121	125
Italy	7.7	6.6	6.2	6.1	5.9	8.3	8.5	8.6	9.2	(7.2)	(3.4)	(3.0)	(2.8)	(2.8)	(2.5)	134	135	136	138	137	136
Spain	12.2	11.4	10.6	10.0	9.6	5.4	6.1	6.3	6.4	(3.3)	(3.2)	(2.5)	(2.3)	(2.1)	(2.3)	105	102	100	98	96	92
Netherlands	3.6	3.7	3.9	4.0	4.2	1.1	1.4	1.6	2.1	(0.4)	(0.9)	(2.1)	(2.9)	(2.6)	(3.0)	46	43	43	44	45	50
Belgium	5.5	5.7	6.0	6.0	6.1	3.7	4.2	4.7	6.3	(4.0)	(4.4)	(5.4)	(5.2)	(5.1)	(5.7)	102	104	107	109	112	120
Austria	5.1	5.2	5.7	5.9	6.2	2.4	2.5	3.1	3.9	(2.6)	(4.7)	(4.8)	(4.2)	(3.7)	(3.6)	78	80	81	83	83	84
Ireland	4.3	4.3	4.8	5.0	5.3	1.5	1.2	1.4	2.0	1.4	4.0	0.9	0.8	0.7	0.7	42	38	32	30	29	27
Finland	7.2	8.4	9.7	10.0	10.0	3.2	3.4	3.6	3.3	(2.9)	(4.4)	(4.5)	(3.8)	(3.6)	(3.3)	77	83	87	89	90	94
Portugal	6.6	6.5	6.1	5.7	5.5	4.7	4.7	4.8	4.4	1.3	0.5	0.2	(0.4)	(0.2)	(0.9)	97	94	90	88	85	78
Greece	11.1	10.1	8.9	8.3	7.9	6.7	6.5	6.7	6.3	(1.4)	1.2	0.5	(0.1)	(0.3)	(0.6)	164	154	145	139	134	122
Slovakia	5.8	5.4	5.4	5.7	5.9	2.5	3.1	3.6	4.4	(5.3)	(5.5)	(5.1)	(4.3)	(4.5)	(3.4)	56	59	61	64	66	70
Luxembourg	5.2	6.3	6.5	6.5	6.6	(0.3)	0.0	0.2	0.7	(0.7)	0.9	(0.8)	(0.8)	(1.0)	(1.5)	25	26	27	27	27	27
Lithuania	6.8	7.1	6.9	7.0	7.0	2.4	2.5	3.0	3.4	(0.7)	(1.3)	(2.5)	(2.8)	(2.9)	(2.5)	37	38	42	44	46	49
Slovenia	3.6	3.7	3.3	2.9	2.8	2.0	2.4	2.6	3.1	(2.6)	(0.9)	(2.6)	(2.9)	(2.8)	(2.6)	68	67	67	67	67	67
Latvia	6.5	6.9	6.7	6.1	5.9	2.6	3.2	3.6	3.8	(2.4)	(1.8)	(3.0)	(3.2)	(3.7)	(3.1)	44	47	46	47	49	52
Estonia	6.5	7.6	7.8	7.4	7.2	0.4	0.6	0.9	1.2	(2.7)	(1.7)	(1.3)	(3.8)	(3.8)	(2.8)	20	24	24	27	30	35
Cyprus	5.9	4.9	4.8	4.7	5.1	2.8	2.6	2.8	2.9	1.7	4.1	3.7	3.3	2.6	1.1	71	63	55	51	47	38
Malta	3.5	3.2	3.0	3.0	3.1	3.9	4.0	4.3	4.3	(4.4)	(3.5)	(3.2)	(3.0)	(2.6)	(2.5)	47	46	47	48	48	48
Croatia	6.0	5.1	4.8	4.7	4.6	2.3	2.3	2.5	2.5	(0.8)	(1.9)	(2.9)	(2.8)	(2.5)	(1.8)	61	57	57	56	56	56
Bulgaria	4.3	4.2	3.6	3.2	3.0	1.0	1.9	2.6	3.1	(3.0)	(3.0)	(3.4)	(3.2)	(3.2)	(3.0)	23	24	28	30	31	35
Western Europe ex-euro area																					
United Kingdom	4.2	4.4	4.9	5.1	5.2	6.4	6.6	7.0	8.0	(6.1)	(5.7)	(5.1)	(4.8)	(4.8)	(4.5)	100	101	103	106	109	114
Switzerland	2.0	2.4	2.8	3.3	2.9	0.3	0.3	0.3	0.2	0.1	0.6	0.5	0.1	0.3	0.1	39	38	37	36	35	32
Sweden	7.7	8.4	8.9	9.1	9.1	0.7	0.9	1.1	1.0	(0.9)	(1.5)	(1.4)	(2.5)	(1.9)	(0.5)	32	34	35	36	38	37
Norway	3.6	4.0	4.6	4.9	5.3	(4.9)	(4.3)	(3.8)	(2.7)	16.5	13.1	12.5	11.2	10.4	8.6	44	43	43	42	41	39
Denmark	5.1	6.2	6.3	5.9	5.7	(1.1)	(0.8)	(0.6)	(0.4)	3.4	4.5	2.0	1.3	1.1	(0.4)	33	31	28	27	26	26
EU central and eastern Europe ex-euro area																					
Poland	2.8	2.9	3.1	3.2	3.2	5.7	5.7	6.1	6.0	(5.2)	(6.5)	(6.9)	(6.5)	(6.3)	(4.5)	50	55	60	65	69	74
Romania	5.6	5.5	6.0	6.4	6.5	8.1	7.1	8.0	8.8	(5.6)	(9.3)	(8.1)	(6.3)	(5.6)	(4.6)	52	55	59	61	63	67
Czech Republic	2.6	2.8	2.9	2.8	2.7	1.7	1.8	1.9	1.8	(3.7)	(2.0)	(2.3)	(2.7)	(2.8)	(2.9)	42	43	44	46	47	50
Hungary	4.1	4.4	4.4	4.3	4.3	9.3	9.9	10.2	10.3	(6.8)	(5.0)	(5.1)	(5.0)	(4.8)	(4.3)	73	74	75	76	77	77
Non-EU emerging Europe																					
Türkiye[8]	9.4	8.7	8.4	8.4	8.7	9.7	10.2	11.7	9.4	(5.1)	(4.7)	(3.5)	(3.5)	(3.6)	(2.8)	29	24	24	25	25	24
Ukraine[8]						11.4	10.8	10.2	9.8	(20.4)	(17.6)	(19.3)	(15.9)	(11.7)	(7.5)	84	91	99	105	109	106
Serbia	9.4	8.6	8.8	8.4	8.0	5.3	5.2	5.0	4.7	(1.2)	(1.8)	(3.0)	(2.8)	(2.8)	(1.9)	46	44	45	45	46	44
Georgia	16.4	13.9	14.0	13.5	13.5	6.6	6.3	6.2	5.6	(2.3)	(2.3)	(2.2)	(2.4)	(2.1)	(2.0)	39	36	34	33	33	35
Rest of World (Advanced)																					
United States	3.6	4.0	4.3	4.2	4.3	11.7	12.5	12.6	13.2	(7.8)	(8.0)	(7.4)	(7.8)	(7.9)	(7.5)	120	122	125	127	130	140
China[9]	5.2	5.1	5.2	5.2	5.2	4.9	5.6	6.2	7.7	(6.7)	(7.3)	(8.6)	(8.6)	(8.5)	(8.2)	82	88	96	103	108	121
Japan	2.6	2.5	2.5	2.4	2.4	1.1	2.0	3.1	6.0	(2.3)	(1.5)	(1.6)	(3.1)	(3.7)	(5.2)	240	236	229	226	224	225
Africa																					
South Africa	32.4	32.6	32.5	33.0	33.0	19.7	20.2	20.3	20.1	(5.5)	(5.8)	(5.7)	(5.7)	(5.4)	(4.8)	73	77	81	83	86	91
World																					

Negative values shown in parentheses. Source: Scope Ratings forecasts, Macrobond, IMF.

[6]Unemployment rate data source is Eurostat for EU member states; national unemployment series otherwise. [7]Displayed is the euro area-21, reflecting the accession of Bulgaria from January 2026. Scope calculations are displayed for historical values of euro area-21 unemployment and net government interest payments. [8]Türkiye and Ukraine fiscal-balance figures are for their central-government budget balances. [9]Unemployment for China is survey-based urban unemployment.

Annex III: Related research

Euro area inflation pressures balanced; higher long-end yields a concern, September 2025

Federal Reserve Runs Risk of Loosening Before Inflation Is Contained, September 2025

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Fragile Middle East Truce Heightens Geo-political, Macroeconomic Risks, Including for Europe, June 2025

Global Economic Outlook Mid-Year 2025: Trade, geopolitical and sovereign-debt risks, alongside sustained high rates, weigh on the macro-economic outlook, June 2025

US trade policy: wide-ranging tariff increases heighten global credit risk, April 2025

Scope Ratings GmbH

Lennéstraße 5, D-10785 Berlin
Phone: +49 30 27891-0
Fax: +49 30 27891-100
info@scoperatings.com

in
Bloomberg: RESP SCOP
Scope contacts
scoperatings.com

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