

# **INTERNATIONAL ECONOMY**

**09**



## 9.1. Global economic and financial trends

According to the IMF's October data, the global economy growth rate in 2024 reached 3.3%. The growth forecast for 2025 was slightly revised upward (by 0.2 pp) compared to the July report and currently stands at 3.2% (table 9.1).

**Table 9.1**

Overview of selected global indicators, in %					
Indicator	2024	Forecasts		Difference relative to July 2025 forecasts, pp	
		2025	2026	2025	2026
<b>Real GDP growth</b>					
World	3.3	3.2	3.1	0.2	0.0
Advanced economies	1.8	1.6	1.6	0.1	0.0
USA	2.8	2.0	2.1	0.1	0.1
Euro area	0.9	1.2	1.1	0.2	-0.1
Japan	0.1	1.1	0.6	0.4	0.1
Emerging market and developing economies	4.3	4.2	4.0	0.1	0.0
China	5.0	4.8	4.2	0.0	0.0
India	6.5	6.6	6.2	0.2	-0.2
Russia	4.3	0.6	1.0	-0.3	0.0
Emerging and developing European economies	3.5	1.8	2.2	0.0	0.0
Volume of global trade (goods and services)	3.5	3.6	2.3	1.0	0.4
<b>Prices of stock exchange goods, average rate</b>					
Oil	-1.8	-12.9	-4.5	1.0	1.2
Non-energy producing products	3.7	7.4	4.1	-0.5	2.1
<b>Consumer prices, average rate</b>					
Advanced economies	2.6	2.5	2.2	0.0	0.1
Emerging market and developing economies	7.9	5.3	4.7	-0.1	0.2

Source: IMF, October 2025

For 2025, the IMF forecasts growth for advanced economies of 1.6%. Lower growth is expected in the USA, with a projected rate of 2%. On the other hand, the growth estimate for the euro area (1.2%) is slightly higher than the previous year's economic activity projections. Emerging market and develop-

ing economies are expected to grow by 4.2% at the global level, while the forecast for China's economic activity growth is 4.8%. For the group of emerging and developing Europe, which includes Montenegro, the projected growth rate remained almost unchanged at 1.8% compared to the July forecast, and is 1.7 pp lower than the previous year's growth rate.

In the third quarter of 2025, the economic activity in the euro area recorded the growth of 0.3%. Germany, France, Italy, and Spain, as the largest euro area economies, recorded the following rates of growth: 0.0%, 0.5%, 0.1%, and 0.6%, respectively. Comparing the third quarter of 2025 with the same period in 2024, economic activity in the euro area increased by 1.4%.

In the second quarter of 2025, the economy of the USA recorded growth of 3.8% in relation to the previous quarter<sup>79</sup>. China's economy recorded a 1.1% rate of growth in the third quarter of 2025.

Since June 2024, the European Central Bank (ECB) has implemented eight reductions in its key policy interest rates, with the most recent cut taking place in June 2025, when the overnight deposit facility rate stood at 2%. At its July and September meetings, the ECB maintained the existing level of key rates. It assessed that current economic and inflation indicators did not provide sufficient grounds for further interest rate adjustments and that maintaining the current levels was appropriate. Most core inflation indicators suggest that inflation will remain stable around the medium-term target of 2%.

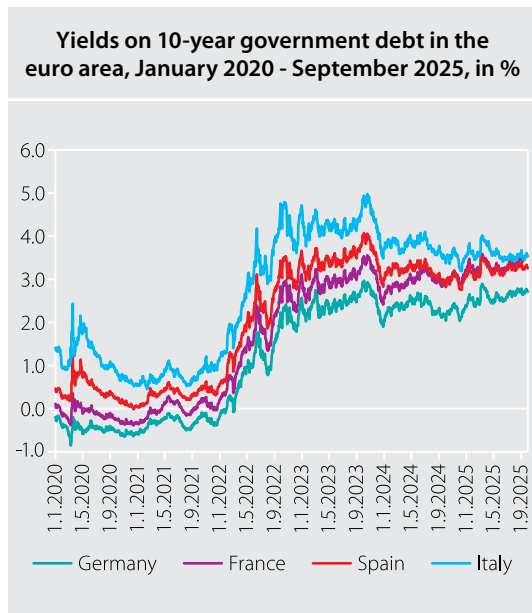
On the other hand, the Federal Reserve (FED) reduced its policy interest rate once during the third quarter, in September, to a range of 4.00–4.25%. In addition, in October and December 2025 (after the reporting period), the FED lowered the policy rate by 0.25 pp on each occasion, bringing it to a range of 3.50–3.75%. Current market expectations (CME FedWatch) indicate that there will be no further rate cuts by the Fed until the second quarter of 2026.

Yields on ten-year government bonds in the four largest euro area economies did not experience significant fluctuations during the third quarter of 2025 (graph 9.1). Yields on German, French, and Spanish ten-year government debt rose slightly compared to same period in 2024 and averaged at 2.69%, 3.42%, and 3.28%, respectively. By contrast, the yield on Italian ten-year government bonds recorded a slight decline relative to the third quarter of 2024, with an average value of 3.52%. Spreads, i.e., the differences between French, Spanish, and Italian ten-year bond yields and the equivalent German bond yield, were 0.73 pp, 0.59 pp, and 0.83 pp, respectively (graph 9.1). In the third quarter of 2025, the yield on the equivalent US debt was slightly higher compared to Q3 2024 and amounted to 4.25%.

Short-term market reference interest rates continued following the suit of the key interest rates of central banks (graph 9.2). During the third quarter of 2025, the three-month *EURIBOR* and the *€STR* did not record significant fluctuations, reaching 2.03% and 1.92%, respectively, at end-September. The *SOFR* stood at 4.24% at the end of Q3, a drop of 0.72 pp year-over-year.

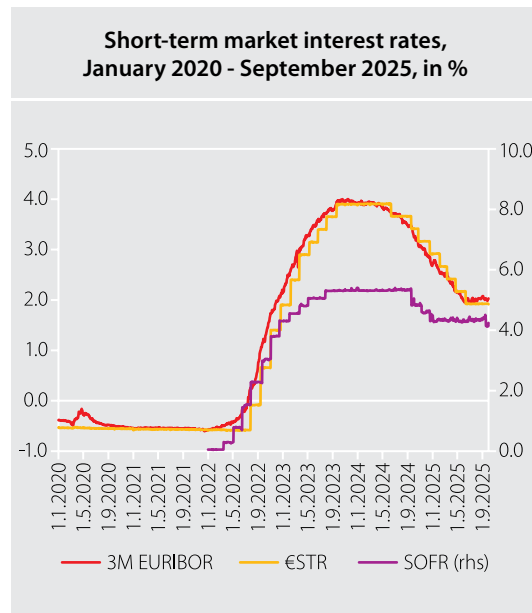
<sup>79</sup> Latest available data. The quarterly rate is reported at the annual level - the so-called annualized growth rate.

**Graph 9.1**



Source: Bloomberg, CBCG calculations

**Graph 9.2**



Source: Bloomberg, CBCG calculations

In nominal terms, the euro appreciated against the Sterling pound (1.68%) and the Japanese Yen (2.21%), while it mildly depreciated against the US dollar (-0.45%) and the Swiss franc (-0.03%) (graph 9.3). During the reporting period, the euro moved on average at the level of 1.169 US dollars per euro, and at the end of June, the exchange rate was 1.179 US dollars per euro.

At the end of the third quarter of this year, the prices of stock commodities were 3.33% higher than year-over-year. Energy prices decreased by 27.37% at the aggregate level. This included oil (-38.67%), natural gas (-3.15%), and coal (-23.29%). Non-energy commodity prices increased by 11.46%, with food and beverages prices dropping by 2.61%, while the prices of metals rose 26.68%.

During the reporting period, oil prices recorded a gradual decline, with brief upward spikes observed mid-Q3. The beginning of the quarter was characterized by a moderate increase in prices, which peaked in mid-July, followed by a continuous downward trend through the end of September. Price changes were influenced by seasonal demand, the OPEC+ decisions on production policy, as well as signals of economic recovery in key consuming regions. In addition, the market was affected by negative macroeconomic news and concerns regarding global growth, which further constrained upward price movements.

**Graph 9.3**



Source: Bloomberg, CBCG calculations

By the end of the quarter, oil prices stood at approximately 62 USD/bbl. representing a notable decline compared to the mid-summer peak.

New U.S. trade (tariff) policies, marked by pronounced protectionism and the risk of potential retaliatory measures, continued to represent one of the major challenges to the global economy during the third quarter. Market volatility, as measured by expected volatility in U.S. equity prices (the VIX index), after reaching its highest level (April 2025) since the COVID-19 pandemic, generally declined through the end of September, despite occasional fluctuations. The average value in the third quarter was 15.98 points, ranging from 14.22 to 20.38 points. The current stabilisation of international markets can be partly attributed to the postponement of the implementation of certain announced U.S. tariff measures, as well as to the conclusion of agreements aimed at mitigating their impact.

The price of gold, as a specific indicator of stress and risk in the global economy and financial markets, continued to rise in Q3 2025, with minor fluctuations, reaching new record levels. One of the main reasons for the price increase was geopolitical uncertainty, which, together with tensions in global trade and the weakening of the US dollar, contributed to higher demand for safe-haven assets. At the end of the third quarter, the price of gold amounted to USD 3,859/oz.

Global cumulative equity indices recorded growth during the third quarter of 2025, largely driven by rising share prices of major global technology companies, reflecting expectations of increased returns on investments related to the development of artificial intelligence. Compared to the corresponding quarter of the previous year, the average value of London's *FTSE 100* index increased by 10.75%, Frankfurt's *DAX* rose by 29.99%, the pan-European *STOXX* index by 7.14%, and New York's *SPX* by 15.89%.

## 9.2. Euro area

Preliminary data indicate that the euro area economy experienced the year-on-year growth of 1.4% in Q3 2025. According to the European Commission's<sup>80</sup> forecast, the GDP growth rate will be 1.3% in 2025 and 1.2% in 2026. The four largest economies, Germany, France, Italy, and Spain, recorded growths of 0.3%, 0.9%, 0.6%, and 2.8%, respectively. The highest growth in economic activity was recorded in Ireland (10.9%), Cyprus (3.6%), Spain (2.8%), and Luxembourg (2.7%).

In the third quarter of 2025, industrial production in the euro area rose 0.1%, construction activity by 0%, and retail trade turnover by 0.6% compared to the previous quarter.

The unemployment rate stood at 6.4% as at end-Q3 2025. In the euro area, the unemployment rate was the lowest in Malta (3%), Germany (3.8%), and the Netherlands (4%), and the highest in Spain (10.5%), Finland (9.6%) and Greece (8.7%).

The declining inflation trend from 2024 continued into 2025, dropping down to 2.2% at end-Q3 2025. Observed by the country, inflation was the highest in Estonia (5.3%), Croatia (4.6%), and Slovakia (4.6%), and the lowest in Cyprus (0%), France (1.1%), Greece (1.8%), and Italy (1.8%). According to the main components of the Harmonized Index of Consumer Prices (HIPC), the prices of food, alcohol and tobacco recorded a growth rate of 3%, energy generating products -0.4%, industrial products (except energy generating products) 0.8%, whilst the prices of services increased 3.2%; also, their contributions to the total inflation rate amounted to 0.58 pp, -0.03 pp, 0.20 pp, and 1.49 pp, respectively.

<sup>80</sup> European Economic Forecast, Autumn 2025, European Commission.

The euro area's fiscal deficit amounted to 2.7%<sup>81</sup> of GDP in Q2 2025. Cyprus, Greece, and Ireland recorded budget surpluses of 3.6%, 2.7%, and 1.2% of GDP, respectively. The largest deficits were recorded in France (5.4%), Belgium (4.9%) and Austria (4.5%). Total budget revenues of the euro area in 2024 were reduced by 0.5 pp to 46.5% of GDP, while budget expenditure increased by 0.1 pp, to 49.6% of GDP.

The euro area public debt at the end of Q2 2025 increased to 88.2% of GDP (13.68 trillion euros), compared to 87.7% at the end of Q2 2024. Greece ran the highest public debt of 151.2%, followed by Italy with 138.3%, and France with 115.8% of GDP. Besides the aforementioned countries, the public debts of Spain and Belgium exceeded 100% of GDP. On the other hand, the lowest levels of public debt were recorded by Estonia and Luxembourg of 23.2% and 25.1% of GDP, respectively. The public debts of Latvia, Lithuania, Malta, the Netherlands, Ireland, and Croatia were also below the Maastricht criterion of 60% of GDP. Looking at the financial instruments, the main share of the debt or as much as 84.2% referred to debt securities, 13.2% referred to loans, while 2.5% were cash and deposits.

**Table 9.2**

ECB's macroeconomic projections for the euro area, 2024–2027, in %				
	2024	2025	2026	2027
Real GDP	0.8	1.2	1.0	1.3
Private spending	1.1	1.3	1.3	1.3
Government spending	2.3	1.6	1.1	1.1
Gross fixed capital formation	-2.1	2.1	1.7	1.8
Exports	0.7	1.3	1.1	2.5
Imports	-0.2	2.8	2.0	2.7
Employment	1.0	0.6	0.5	0.5
Unemployment rate, % of labour force	6.4	6.4	6.3	6.1
HICP	2.4	2.1	1.7	1.9
HICP, excluding energy	2.9	2.5	2.0	1.9
HICP, excluding energy and food	2.8	2.4	1.9	1.8
HICP, excluding energy, food, and changes in indirect taxes	2.8	2.3	1.9	1.8
Unit labour costs	4.7	2.8	2.2	1.9
Earnings per employee	4.5	3.4	2.7	2.7
Labour productivity	-0.2	0.6	0.5	0.8
Government budget balance, % of GDP	-3.1	-2.9	-3.2	-3.4
Structural government budget balance, % of GDP	-3.0	-2.9	-3.1	-3.3
Public debt, % of GDP	87.4	88.0	89.1	89.8
Current account balance, % of GDP	2.6	2.4	2.5	2.5

Source: ECB, September 2025

<sup>81</sup> The latest available data, adjusted for seasonal and calendar effects.

### 9.3. Region

According to the estimate of the Statistical Office of the Republic of Serbia, the economic activity of that country in the third quarter of 2025 recorded a growth of 2%. Growth was achieved in the sector of industry, water supply and waste water management (2.9%) and in the information and communications sector (6%). Observed by GDP aggregates as per the expenditure approach of calculation, the final household spending increased by 3.4%, and visible and invisible imports rose 4.2% and 5.2%, respectively, while gross fixed capital formation dropped by 2.1%.

The annual inflation amounted to 2.9% in September 2025. The reference interest rate remained unchanged since September 2024, standing at 5.75% at the end of the third quarter of 2025.

The unemployment rate was 8.2%, which is 0.1 pp lower year-over-year. The employment rate amounted to 51.3% or 0.6 pp less than in the comparative period of the previous year. The average net earnings from January to September 2025 achieved a nominal growth of 11.1% and a real growth of 6.5% year-on-year.

The current account recorded a deficit of 4.2% of GDP in Q3 2025. By the end of this period, the fiscal deficit stood at 1.6% of GDP, while the share of central government debt in GDP was 43%. In October 2024, the rating agency *Standard & Poor's* upgraded Serbia's credit rating to investment grade (BBB-) with a stable outlook.

According to the data of the Agency for Statistics of Bosnia and Herzegovina, the economy of that country achieved a growth of 1.8% in the reporting quarter. Observed per the components of GDP-using the production method, a significant year-on-year real growth was recorded in the hotel and catering industry of 16.1%.

The annual inflation amounted to 4.2% in September 2025. The unemployment rate in Q2 2025 was 11.2%, and the employment rate reached 44.5%.

The average monthly net salary recorded a nominal growth of 13.6% year-over-year in the period January - September 2025. The share of public debt in GDP amounted to 25.7% at the end of the fourth quarter of 2024.

Croatia's economy recorded a real annual growth of 2.3% in the third quarter of 2025. Observed per GDP-components using the production method, growth in the third quarter of 2025 was driven by the growth of construction of 7.3%. Based on the GDP-components using the expenditure approach, growth was recorded in household consumption and gross fixed capital formation of 1.9% and 7.5%, respectively.

At the end of the third quarter of 2025, the annual inflation rate amounted to 4.2% (CPI). The unemployment rate amounted to 4.1%, being 0.4 pp lower year-on-year. The average net earnings recorded a nominal growth of 10.1% in the period January - September 2025 and a real growth of 6.2% year-over-year.

According to data from the Croatian National Bank, the general government debt amounted to 57.2% of GDP at the end of September 2025, down by 2.5 pp compared to the same period in 2024.

Table 9.3 shows the key economic indicators by countries in the region for the period from 2024 to 2026, as presented in the relevant documents of Eurostat (for 2024) and the IMF (2025 and 2026 forecasts).

**Table 9.3**

Key economic indicators by countries in the region for the period 2024–2026 <sup>82</sup>								
		Albania	Bosnia and Herzegovina	Montenegro	Croatia	Kosovo	North Macedonia	Serbia
Real GDP-growth, %	2024	4.0	3.0	3.2	3.9	4.6	2.8	3.9
	2025	3.4	2.4	3.2	3.1	3.9	3.4	2.4
	2026	3.6	2.7	3.2	2.7	4.0	3.2	3.6
Inflation, %	2024	2.1	2.9	2.1	4.5	1.1	4.3	4.3
	2025	2.7	3.2	5.0	3.8	4.1	3.5	4.7
	2026	3.0	2.0	2.0	2.4	2.4	2.4	3.4
Unemployment, %	2024	8.8	12.6	---	5.3	---	13.0	8.6
	2025	8.7	12.6	---	5.0	---	12.8	8.6
	2026	8.7	12.6	---	5.0	---	12.7	8.6
General government budget balance, % of GDP	2024	-0.7	-1.9	-2.8	-2.0	-0.3	-4.4	-1.8
	2025	-1.7	-2.5	-3.5	-2.9	-1.5	-5.0	-2.7
	2026	-1.9	-2.7	-3.5	-2.8	-2.0	-4.5	-2.8
Current account, % of GDP	2024	-2.4	-4.0	-17.1	-1.2	-8.7	-2.3	-4.7
	2025	-2.4	-3.9	-18.1	-1.6	-9.2	-3.6	-5.3
	2026	-2.7	-3.9	-17.5	-2.0	-8.3	-3.1	-5.3
GDP per capita, EU27_2020 = 100	2024	37	35	54	77	---	42	51
Credit rating, S&P	rating	BB	B+	B+	A-	no rating	BB-	BBB-
	Outlook	Stable	Stable	Stable	Positive		Stable	Stable

Source: IMF (WEO Database, October 2025); Eurostat; tradingeconomics.com

<sup>82</sup> For indicators 1-5, the data source is the IMF. Eurostat is the source of data for the indicator 6. The source of data for the indicator 7 is [tradingeconomics.com](https://tradingeconomics.com), where the data refer to the credit ratings assigned by Standard and Poor's at end-September 2025.