CAREC Institute Quarterly Economic Monitor

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This 18th issue of the CAREC Institute Economic Monitor is co-authored by Elvira Kurmanalieva, Senior Economist, Yixin Yao, Senior Research Specialist, and Shiliang Lu, Research Specialist.[1] Authors would like to express thanks for Hans Holzhacker and Zhang Jian for providing comments and helping with updates.

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CONTENTS

Figures

Tables

Abbreviations

ADB	Asian Development Bank
ADO	Asian Development Outlook
CAREC	Central Asia Regional Economic Cooperation
CPI	Consumer Price Index
EUR	Euro
FY	Fiscal Year
GDP	Gross Domestic Product
GEP	Global Economic Prospects
H1	First half of the year
ICT	Information and Communication Technology
IFI	International Financial Institution
IMF	International Monetary Fund
MENAAP	Middle East, North Africa, Afghanistan, and Pakistan
PRC	People's Republic of China
Q1	First Quarter
Q3	Third Quarter
RMB	Renminbi
RUB	Russian Ruble
USD	US Dollar
WB	World Bank
WEO	World Economic Outlook
yoy	year-on-year

CAREC in October 2025: solid economic performance with possible cooling ahead amid continued high global uncertainty

During first nine months of 2025, the CAREC region demonstrated stable and high economic growth rates, exceeding the 2024 average. GDP growth was mainly driven by the industrial sector, which was supported by a strong services sector and a recovery in the agricultural sector. This economic growth is becoming increasingly broad-based, reflecting a positive trend toward industrial diversification that will enable the CAREC region to overcome its dependence on raw materials in the future. However, in some cases, rapid economic growth was driven by strong domestic demand and fiscal stimulus, which added to inflationary pressures and led to an acceleration in consumer price inflation, which reached 6.0% yoy in September 2025. This forced central banks to conduct cautious monetary policies and preserve positive real interest rates.

This trend is occurring against a backdrop of high uncertainty and volatility in commodity markets. At the same time, external demand from the PRC remains an important factor, reflecting its role as the main trading partner for most countries in the region. Ongoing strong global structural transformations, such as changes in global supply chains and nearshoring, provide the CAREC region with an opportunity to position itself as an emerging alternative manufacturing and logistics corridor. This trend is supported by significant growth in construction and investment in the region, particularly in infrastructure, which contributes to the increase in intra-regional trade and development of transportation links.

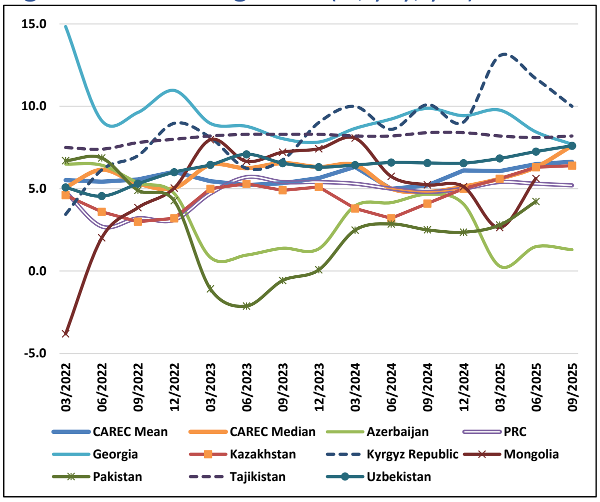
Looking ahead, the projected moderation in GDP growth from 5.8% in 2024 to 5.3% in 2025 and 4.6% in 2026 reflects the region's vulnerability to weakening of external demand from key partners, volatility in global commodity prices, and tightening of global financial conditions. Against the backdrop of powerful global structural trends, such as changes in international trade rules and the reorientation of trade flows, the CAREC region is undergoing a structural transformation of its economies, which opens opportunities for long-term sustainable economic growth.

Output: high real GDP growth driven by industrial production and services and fueled by fiscal spending on public investments along with remittance inflows

Despite some signs of moderation in the third quarter in some countries, economic growth in the CAREC region remained high driven by strong domestic demand. The average GDP growth in first half of 2025 reached 6.5% yoy (Figure 1), which is 0.2 percentage points higher than the median growth (6.3% yoy). However, there were some signs of moderation emerging in the third quarter. This variation can be attributed to the divergence between the fast-growing economies, such as the Kyrgyz Republic, Georgia and Tajikistan, and economies with moderate growth, such as Azerbaijan. The faster GDP growth in these countries is explained by high domestic demand amid steady inflows of remittances and other types of capital, as well as fiscal stimulus measures. These figures reflect a notable acceleration compared to the average growth in 2024, which was 6.1% yoy. Even though GDP growth in some countries was below CAREC regional average, their performance still improved compared to 2024.

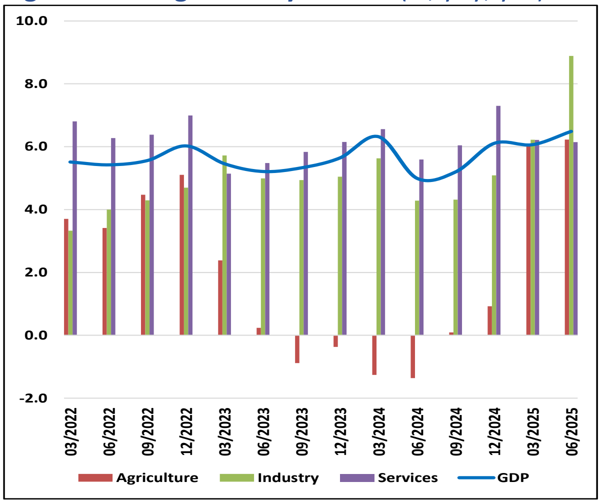
Economic growth was underpinned by broad-based expansion across all key sectors. The industrial sector was the main driver of growth, with average value-added growth in the first half of 2025 reaching 8.9% yoy (Figure 2), significantly exceeding the 5.1% yoy growth recorded in 2024. This growth was faster than the average growth of GDP and largely attributed by strong performance in Kazakhstan, the Kyrgyz Republic and Pakistan. The services sector, although growing at a more modest pace, remained a key backbone of the region's economy. Average value-added growth in the services sector in the first half of 2025 was 6.1% yoy in constant prices, down from 7.3% yoy in 2024. Nevertheless, there were few countries that showed really strong growth in this sector: Georgia, the Kyrgyz Republic, Uzbekistan and the PRC with 11.6%, 10.3%, 8.3% and 5.5%, yoy, respectively. The agricultural sector showed a noticeable recovery. After weak growth of 0.9% yoy in 2024, the sector recovered to 6.2% yoy in the first half of 2025. This turnaround was significantly attributed to Mongolia, where value-added in agriculture soared by 35.6% yoy, recovering from a sharp contraction in 2024 caused by severe winter conditions.

Figure 1. Real GDP growth (%, yoy, ytd)



Source: CEIC, national agencies, authors' calculations

Figure 2. GDP growth by sectors (%, yoy, ytd)



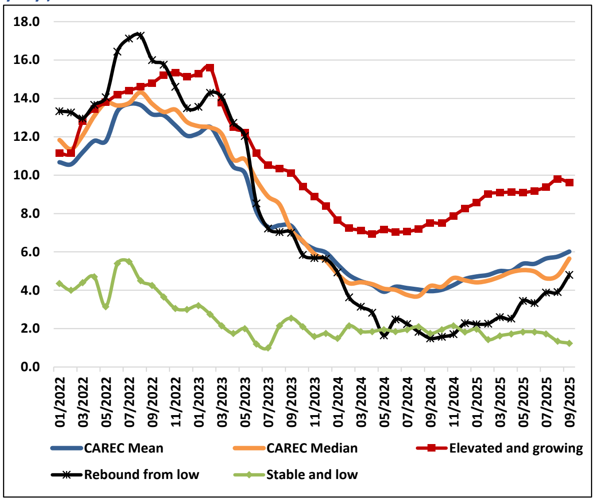
Source: CEIC, national agencies, authors' calculations

Inflation: services and food prices drive CAREC inflation amid divergent country performance

The robust economic activity, however, contributed to increase in inflationary pressures. Average CAREC annual consumer price inflation turned out at 6.0% yoy in September 2025, 0.3 percentage points higher than median (typical) inflation. In August this difference was equal to 1 percentage point, which means that there were few outliers with fast growing and low inflation (Figure 3). Those outliers are Kazakhstan, the Kyrgyz Republic, Mongolia and Uzbekistan, which all recorded accelerating inflation, and grew from 8.3% yoy in December 2024 to 9.8% yoy in August 2025, and slightly moderating to 9.6% yoy in September. In the second group that includes Afghanistan, Azerbaijan, Georgia and Pakistan, inflation rose faster, but initially from a low starting point. These countries are the primary drivers pulling the CAREC average above the median. This inflationary spike is directly linked to high domestic demand, which drove up the money supply and put pressure on prices. Unlike the other two groups, the PRC and Tajikistan form a third group characterized by stable and low inflation. Their stable, subdued price growth lowers the median for the region and creates the observed gap between the median and average inflation rates. Average inflation declined in September 2025 as policy measures and other economic factors began to take effect.

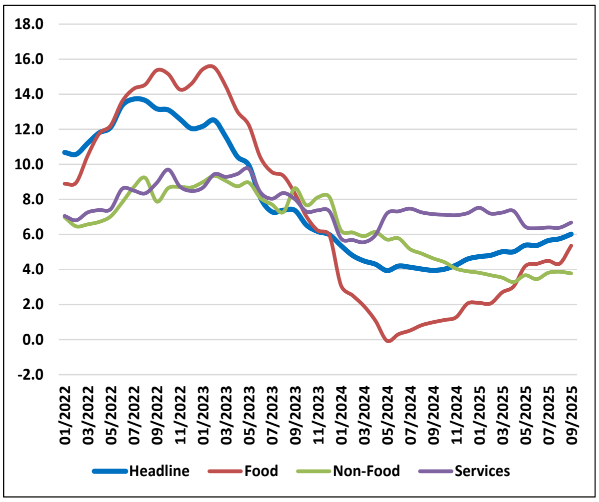
In most cases, food prices contributed most to inflation, accelerating in all CAREC countries but remaining below the overall inflation rate. The average annual growth in food prices in the CAREC region reached 5.4% yoy in September 2025, accelerating significantly compared to previous months (Figure 4). Since December 2024, food prices have risen by 3.3 percentage points and since June 2025 by 1.0 percentage point. This upward trend was observed in all CAREC members except for Mongolia. Despite rising food prices, sustained inflationary pressure came from the services sector, reflecting changes in utility tariffs in some countries. Inflation in the services sector was 6.7% yoy, which is 0.7 percentage points higher than the average inflation rate in the CAREC region. In contrast, average annual inflation in non-food prices in September 2025 was 3.8% yoy, remaining relatively stable and more moderate. Thus, the current inflationary period is driven not only by high domestic demand fueled by wage growth, but also by administrative prices increases that have created sustained price pressures beyond the volatile categories of food and raw materials. Although prices have risen across the board, country data show some nuances. In the group of countries with high inflation, both food and services contribute significantly, while in countries with stable and low inflation, such as the PRC and Tajikistan, low overall inflation restrains the relative contribution of food prices.

Figure 3. Inflation: Consumer price index (%, yoy)



Source: CEIC, national agencies, authors' calculations

Figure 4. Inflation by components (%, yoy)



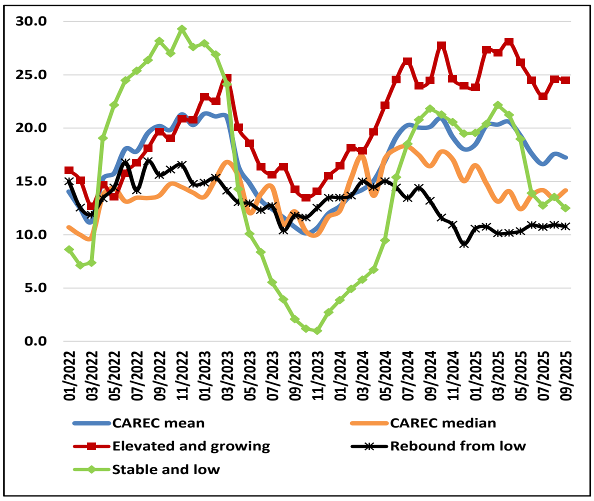
Source: CEIC, national agencies, authors' calculations

Growth in broad money supply driven mostly by high increase in bank loans, especially in countries with elevated inflation. Average CAREC broad money growth was 17.2% yoy in September 2025, 0.8 percentage points lower than in December 2024, and 3.4 percentage points than in April 2025 (Figure 5). Money growth was significantly lower than before in Mongolia (5.6% yoy); and eased in Tajikistan to 16.6% yoy in September 2025 from 31.7% yoy in December 2024. The Kyrgyz Republic saw an slights deceleration in the third quarter compared to the second, but still much higher than growth in December 2024, resulting in a still extraordinarily high growth rate of 43.8% yoy in August. In Pakistan money growth was 12.9% yoy in September, by 2.7 percentage points higher than in December. Growth in outstanding bank loans was the main contributor to increase in money supply. The amount of outstanding bank loans was 52.5% higher in August 2025 in the Kyrgyz Republic than a year earlier. In Kazakhstan, Mongolia, and Tajikistan growth rates were around 25% yoy in August 2025. Net of the countries with elevated inflation, growth in bank loans in other country groupings was around 15% yoy in August 2025, which is lower than growth in December 2024.

The central banks tried to keep positive real interest rates; however, in some countries it remained low, which continued to fuel demand and inflation. The monetary policy stance in the average CAREC economy has, on average, remained largely tight since the start of 2025 with the policy rates adjusted for inflation staying positive zone though declining (Figure 6). In several CAREC economies, real interest rates remain low, which continued to fuel demand and inflation. Some rates have increased further, on average, which helped to soften the inflation pressures. Countries with low and moderating inflation rates largely decreased their nominal policy rates, which left their real policy rates around 3.6 percentage points. The other central banks left their rates unchanged during Q3 2025. As a result, average nominal policy rate changed from 9.61% in December 2024 to 9.66% in September 2025, while rate adjusted for inflation reduced by 1.0 percentage point by the end of September 2025.

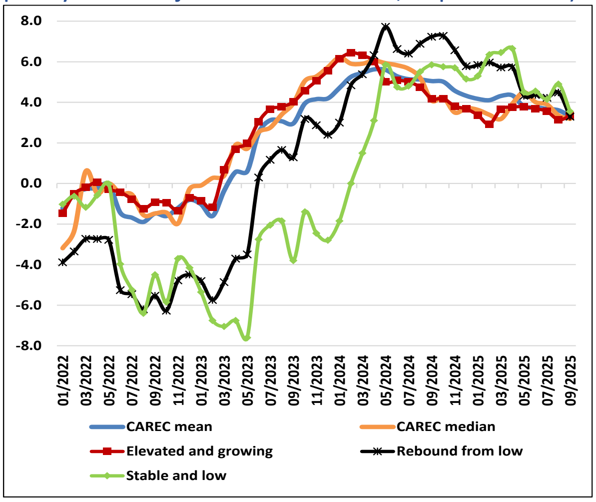
CAREC exchange rates slightly appreciated against the USD in January-September 2025. Economies with more fluctuating exchange rates faced the demand driven inflationary pressures, while economies with limited volatility of exchange rate could import the low-inflation environment from abroad. The USD value of CAREC region's national currencies on average is appreciated by 2.0%. However, the Kazkhstani Tenge, Mongolian Togrog and Pakistani Rupee saw a depreciation by 5.3%, 4.9% and 1.1%. At the same time, the RUB and the EUR - CAREC's main trading partner currencies – appreciated by 33.3% and 12.5%, respectively, against the USD. As a result, all CAREC currencies depreciated against RUB and EUR between December 2024 and September 2025; most also slightly depreciated against the RMB. As the RMB appreciated by 2.1% against the USD between December 2024 and September 2025, the fixed exchange rate countries Azerbaijan and Turkmenistan had their currencies slightly depreciate against the RMB. The currencies of Mongolia, Kazakhstan, Pakistan, and the Kyrgyz Republic also slightly depreciated against the RMB. By contrast, Georgia, Tajikistan and Uzbekistan had their currencies marginally appreciate against the RMB.

Figure 5. Money supply (growth rate, %, yoy)



Source: CEIC, national agencies, authors' calculations

Figure 6. Monetary policy stance (central bank policy rates adjusted for inflation, % per annum)



Source: CEIC, national agencies, authors' calculations

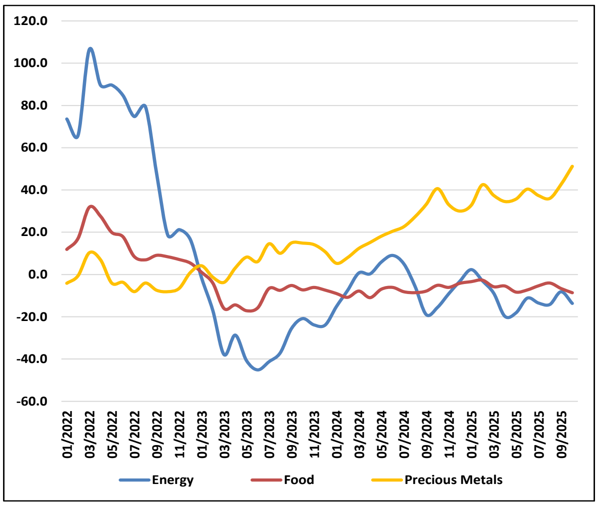
Trade: trade deficits in several CAREC economies widened on the backdrop of stronger consumption and appreciation of currencies

The significant turbulence across commodity markets that started in April 2025, caused wild fluctuations of prices as they reacted to a volatile mix of geopolitical turbulence and highly uncertain demand forecasts. The sharpest reversal occurred in energy prices (Figure 7). Starting the year with positive annual growth rates, oil and gas prices underwent a serious correction, plunging deep into negative territory from April 2025 and recording a 13.7% yoy decline by October. This sharp decline was largely driven by international trade tensions and weakening of global economic outlook. Food commodity prices showed relative stability but still trended with negative annual growth throughout eight months of the year. The decline was more gradual, reflecting the inelastic nature of food demand. Precious metals' prices reached 51.2% yoy growth in October 2025, demonstrating their classic role as a safe-haven asset. As macroeconomic fears mounted and risk appetite waned, investors increasingly allocated capital to traditional stores of value like gold and silver. This flight to safety was further bolstered by sustained purchasing from various central banks, which continued to diversify their reserves away from traditional currencies.

Exports of some CAREC members that produce commodity goods other than gold contracted in the first seven months of 2025 due to lower prices. Countries that saw their exports contracting in January-July 2025 were Azerbaijan, Kazakhstan, Mongolia, Pakistan and Turkmenistan. Kyrgyz Republic, Tajikistan and Uzbekistan, a major gold exporters, had 184.9%, 20.7% and 37.8%, higher exports than a year earlier in USD terms as gold prices surged to above 40% higher than the year before. Afghanistan's exports increased by 23.9%, Georgia's exports growth was 9.0% yoy, and the PRC achieved growth of 8.0% yoy. Because of these mixed developments, on average CAREC exports increased by 20.5%, and stayed around 20% of GDP.

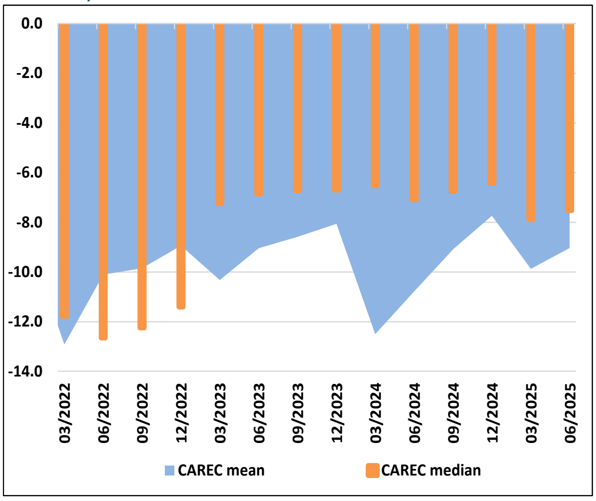
As is the case also with exports, the CAREC economies' import performance remains quite volatile and dependent on specific products and periods. Tajikistan's and Azerbaijan's imports were 51.7% and 30.2% higher than a year earlier in January-July 2025 in USD terms. In Kyrgyz Republic and the PRC imports declined by 7.1%, and 7.3% yoy. Pakistan's imports grew by 6.8% after much higher growth rates in 2024, Georgia's import growth reached to double digit of 12.1% yoy. Kazakhstan had 9.2% yoy import growth after relatively minor volatility before, Mongolia rather weak 0.2%, down from above 20% growth rates in 2024. On average CAREC region's imports increased by 14.1% yoy in January-July 2025, taking about third of GDP.

Figure 7. Commodity prices (growth rate, %, yoy)



Source: World Bank, authors' calculations.

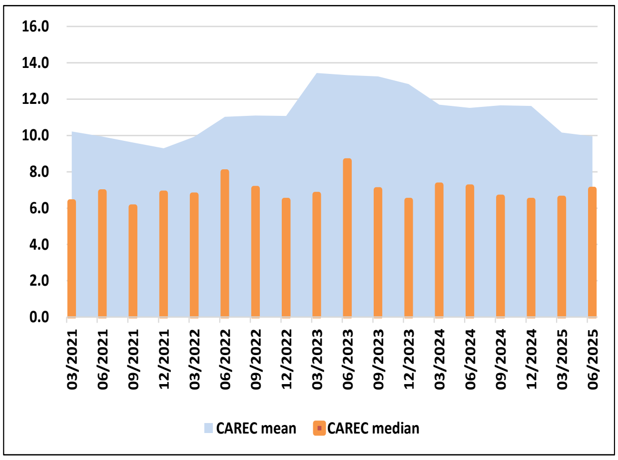
Figure 8. Trade balance (USD-based, ytd data in % of GDP)



Source: CEIC, national agencies, authors' calculations

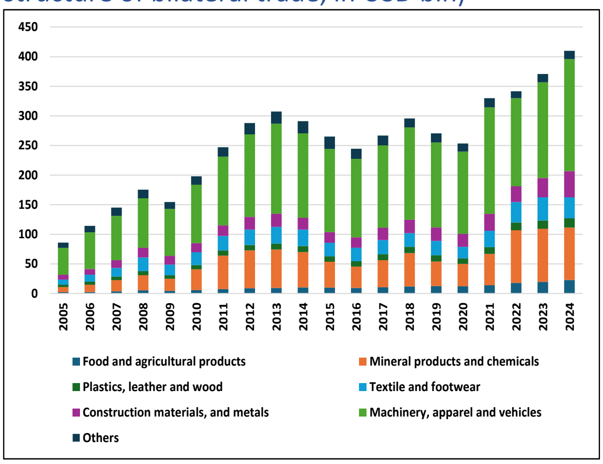
Stronger consumption and appreciation of currencies observed in line with widening of trade deficits in several CAREC economies in Jan-Jun 2025. Average CAREC trade deficit increased from 7.7% of GDP in 2024 to 9.0% in H1 2025; median trade balance from 6.4% of GDP to 7.5% of GDP (Figure 8). Georgia's deficit widened to 33% of GDP in H1 2025 from 30.6% in 2024. Azerbaijan's trade surplus narrowed to an average of 4.4% of GDP from 7.4% in 2024, Kazakhstan's to 9.7% from 10.8%, Mongolia's to 0.8% from 9.1%. At the same time, Uzbekistan's trade balance reduced to 11.7% of GDP from 16.7% in 2024, and the Kyrgyz Republic's extraordinarily high deficit to 41.1% from 47.8% of GDP. The PRC's trade surplus widened to 6.9% of GDP in Jan-June 2025 from 5.3% in 2024.

Figure 9. Intra-CAREC exports (in % of GDP)



Source: CEIC, national agencies, authors' calculations

Figure 10. Intra-CAREC trade (commodity structure of bilateral trade, in USD bln)



Source: Trademap, authors' calculations.

In first seven months of 2025 intra-regional trade expanded with the PRC remaining a key trading partner for most CAREC countries. While Azerbaijan, Afghanistan, the PRC, Georgia and Tajikistan saw a double-digit increase in intra-CAREC exports, whereas exports of the Kyrgyz Republic to CAREC partners grew by 101.8% yoy in January-July 2025. Intra-regional trade for Mongolia, Pakistan and Uzbekistan declined. The intra-CAREC trade, which on average comprises about 9.3% of GDP (Figure 9), increased by 11.8% in seven months of 2025. Most of intra-regional trade is driven by machinery, appliances and mineral products (Figure 10). Although mineral products, oil, and gas make up more than half of the exports for several CAREC countries, their share has been decreasing in recent years. At the same time there was a noticeable increase in the share of agricultural products and foodstuffs.

Outlook: as CAREC region demonstrates remarkable resilience; IFIs revised their forecast upward

The CAREC region's economic performance has demonstrated remarkable resilience, maintaining robust growth rates amidst persistent geopolitical and geoeconomic turbulence. This expansion has been primarily consumption-driven, fueled by strong household demand and a vibrant services sector. However, future trajectory of growth is intertwined with cyclically downside risks, structural fragilities, and transformative opportunities. From one side, we see risks to growth coming from geopolitical and trade tensions and potential remittances slowdown. From another side we see the potential for further acceleration coming from more productivity and connectivity associated with trade re-orientation and relocation.

Realization of external risks like decline in oil prices and remittance slowdown or tightening of global financial conditions can alter the CAREC region's growth trajectory. International financial institutions, including the ADB, IMF, and World Bank, forecast a measured deceleration in real GDP growth for the region. Despite strong performance in most member countries in first half of 2025, average real GDP growth of the region is forecast to ease to 5.3% yoy in the full year of 2025 and then further to 4.6% yoy in 2026. The slowdown reflects IFIs' concerns over the potential downside risks which include but not limited to global and/or domestic uncertainties, volatility in commodity prices, lessened external demand, and continuous inflationary hikes in some member economies.

Table 1. Real GDP growth (%, yoy)

	2015-19	2020	2021	2022	2023	2024	2025 H1	2025 9M**	2025F	Diff. with previous	2026F	Diff. with previous
									Average forecast by ADB, IMF and WB			
Afghanistan*	1.9	-2.4	-2.1	-20.7	-6.2	2.3			3.1	0.7	2.8	0.5
Azerbaijan	0.8	-4.3	5.6	4.6	1.1	4.1	1.5	1.3	2.4	-0.7	2.1	-0.6
PRC	6.7	2.3	8.6	3.1	5.4	5.0	5.3	5.2	4.8	0.1	4.2	0.1
Georgia	4.0	-6.3	10.6	11.0	7.8	9.4	8.4	7.7	7.1	1.2	5.3	0.3
Kazakhstan	2.5	-2.5	4.3	3.2	5.1	5.0	6.2		5.6	0.8	4.5	0.5
Kyrgyz R.	4.2	-7.1	5.5	9.0	9.0	9.0	11.7	10.0	8.5	1.1	6.7	0.3
Mongolia	3.9	-4.6	1.6	5.0	7.4	4.9	5.6		5.7	-0.6	5.6	-0.1
Pakistan*	3.8	-0.9	5.8	6.2	-0.2	2.5	4.2		2.7	0.1	3.1	-0.2
Tajikistan	6.9	4.5	9.2	8.0	8.3	8.4	8.1	8.2	7.5	0.5	5.8	0.3
Turkmenistan	6.3	5.9	5.0	6.2	6.3	6.3	6.3	6.3	4.3	-0.1	4.1	0.0
Uzbekistan	5.8	1.6	8.0	6.0	6.3	6.5	7.2	7.6	6.5	0.4	6.2	0.1
CAREC avg.	4.3	-1.3	5.6	3.8	4.6	5.8	6.5		5.3	0.3	4.6	0.1

*Annual GDP growth rate is on fiscal year basis. However, to make countries comparable, half-year GDP growth rate here is on calendar year basis.

** Preliminary estimates of national statistical agencies

Note: Green figures in the forecasts indicate the upward revision of growth for 2025 and 2026, red figures downward revision of growth.

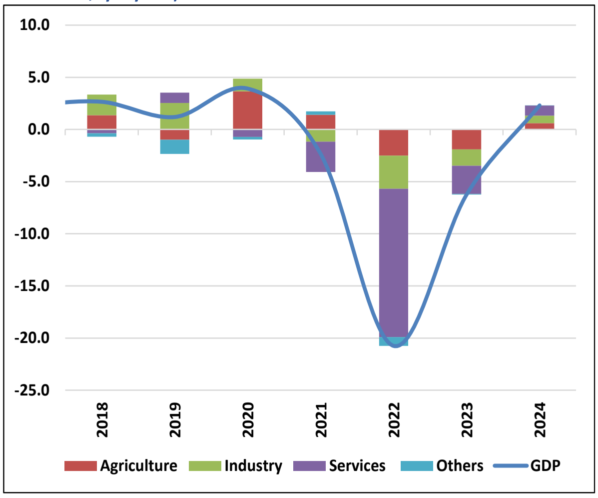
Sources: ADB (ADO, Sep 2025 forecasts), IMF (WEO, Oct 2025 forecasts), WB (Regional Economic Updates, October 2025 forecasts).

Afghanistan: fragile signs of recovery amid deep-seated structural woes and high uncertainty

Output: Following the GDP growth of 2.3% in 2024 the economy of Afghanistan is showing positive signs of recovery from stagnation and deep crisis. However, in 2025 it remains in an unstable state, characterized by a fragile balance between beginning stabilization and deep-rooted structural problems, as well as various exogenous and climatic shocks. The economy remains heavily dependent on the production and import of essential food commodities. Real GDP per capita despite currency appreciation was around USD 380 in 2022-2024.

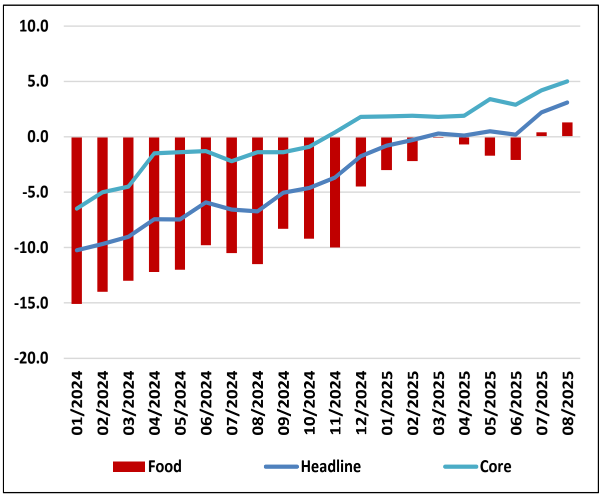
Inflation: After a period of strong deflation together with economic decline, inflation has shown a significant reversal. As of August 2025, consumer prices rose by 3.1% yoy compared to deflation of 6.7% yoy recorded a year earlier, in August 2024. This can be explained primarily by the gradual recovery of economic activity and domestic demand. A key factor in this trend was the recovery in food prices, which emerged from deflation and showed a slight increase of 1.3% yoy. Core inflation, which excludes the impact of food and energy prices, rose by 5.0% yoy. This increase in core inflation indicates an improvement in the purchasing power of consumers.

Afghanistan: GDP growth (contribution by sectors, yoy %)



Source: CEIC, World Bank

Afghanistan: Inflation (%, yoy)



Source: World Bank

Trade: In terms of the external balance, Afghanistan depends on supply of essential goods. More than third of its imports consist of food products, which in many cases come from the CAREC region. During the 7 months of 2025, the trade deficit widened amid a 23.9% increase in exports combined with a 30.2% increase in imports. The main export commodities continue to be raw materials, including agricultural products, coal, and cotton. As with imports, regional trade is crucial for exports: about 30% of shipments, mainly coal and cotton, go to other CAREC countries. Share of CAREC region in imports is about 31.5%. Pakistan remains the most important trade partner for both exports and imports, while the PRC, Kazakhstan and Uzbekistan are main partners for import.

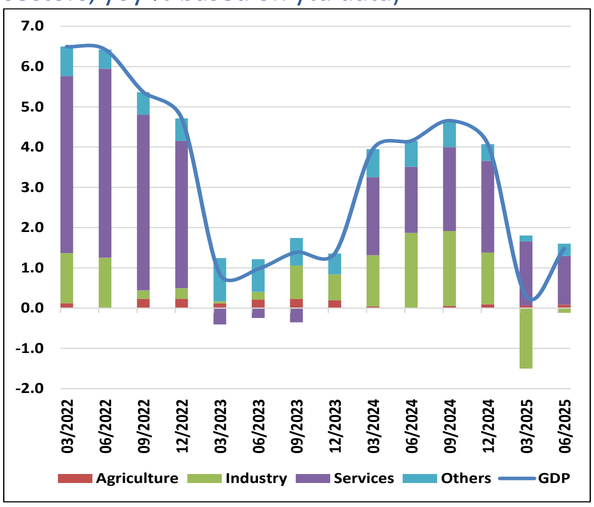
Outlook: The economic outlook for Afghanistan in 2025 and 2026 showed a mixed picture among IFIs. While ADB recently adjusted its projections to the country downwards to increase only by 1.8% and 1.7% respectively, the World bank in its latest MENAAP Economic Update revised its projections up significantly to grow by 4.3% and 3.8% in these two years. In any case, the economy is still filled with high uncertainties and is extremely fragile to internal and external shocks. Particularly, the recent 6.0 magnitude earthquake[2] would further exacerbate the already weakened economy. Continued humanitarian aid and the formation of robust and formal social safety nets especially for the most vulnerable populations thus are critically important to consolidate the basic economic foundations for the country.

Azerbaijan: non-oil sector expansion underscores diversification progress, yet fiscal policy remains pro-cyclical

Output: During the first 9 of 2025 Azerbaijan's economy demonstrated moderate growth of 1.3% yoy, which was an acceleration compared to 0.3% yoy growth recorded in the first quarter of 2025, but a significant slowdown compared to the growth of 4.1% yoy observed throughout 2024. This slowdown was primarily driven by a contraction in the oil and gas sector by 2.3% yoy. Offsetting the decline in the oil sector, the non-oil sector showed steady growth of 2.9% yoy. The services sector played a key role here, showing high activity in retail trade, transport and tourism. The slowdown in the economy was mainly due to a significant reduction in oil production and subsequent supply to emerging markets, particularly to India, Turkiye, Czech Republic and Thailand.

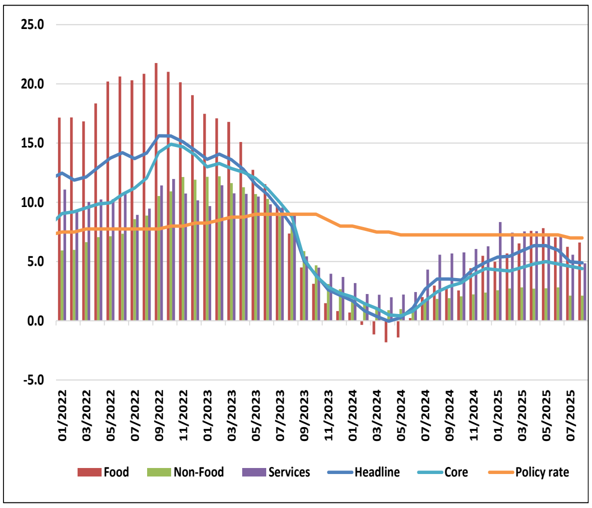
Inflation: Inflationary pressures intensified in early 2025, rising from 5.5% yoy in December 2024 to a peak of 7.8% yoy in May 2025. The main factor driving inflation was increase in food prices. Amid relatively weak economic activity, inflation declined to 5.7% yoy by September 2025 with a notable slowdown in the growth of non-food prices and services. The Central Bank of Azerbaijan (CBA) maintained a cautious monetary policy. To support non-oil sector without fueling inflation, the CBA cut its policy rate by 25 basis points from 7.25% to 7.0% in July 2025. Despite a decline in budget revenues and increased spending on the national economy, the consolidated government balance remained positive in H1 2025.

Azerbaijan: GDP growth (contribution by sectors, yoy % based on ytd data)



Source: CEIC, national agencies

Azerbaijan: Inflation (%, yoy)



Source: CEIC, national agencies

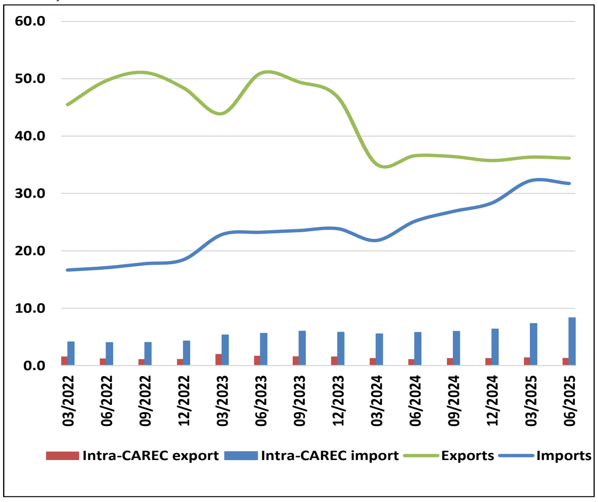
Trade: During the 8 months of 2025, trade balance recorded with a surplus of USD 2.0 billion (4.4% of GDP) despite the reduced by 6.4% external demand for Azerbaijani exports to key emerging markets and substantial 17.9% increase in strong domestic demand for foreign goods. Azerbaijan's trade relationships within the CAREC region saw notable shifts. Trade with CAREC partners accounted for 3.9% of total exports

[2] According to the World Bank's assessment, the earthquake on 31 August 2025 is estimated to result in an economic loss of USD 183 million (equivalent to 1% of 2024 GDP).

and 22.5% of imports and grew by 45.8% to USD 4.2 billion. Among CAREC partners, trade with China surged by 21.8%, reaching USD 2.4 billion, with Azerbaijani exports tripling.

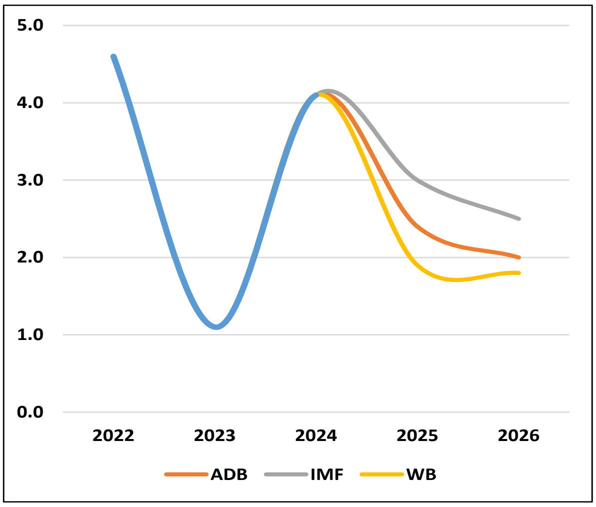
Outlook: International financial institutions project Azerbaijan's growth to moderate to an average of 2.4% for 2025 and 2.1% for 2026. The projections are 0.7 and 0.6 percentage points lower compared to the previous ones as the country's hydrocarbon production is declining[3]. While the country's ample foreign exchange reserves are expected to continue sustaining balance of payment sustainability of the country, future growth will be largely contingent on the trend of global commodity prices, stable non-oil sector performance and no further sharp declines in energy output.

Azerbaijan: International Trade (ytd, in % of GDP)



Source: CEIC, national agencies

Azerbaijan: GDP Outlook (%)



Source: CEIC, ADB, IMF, World Bank

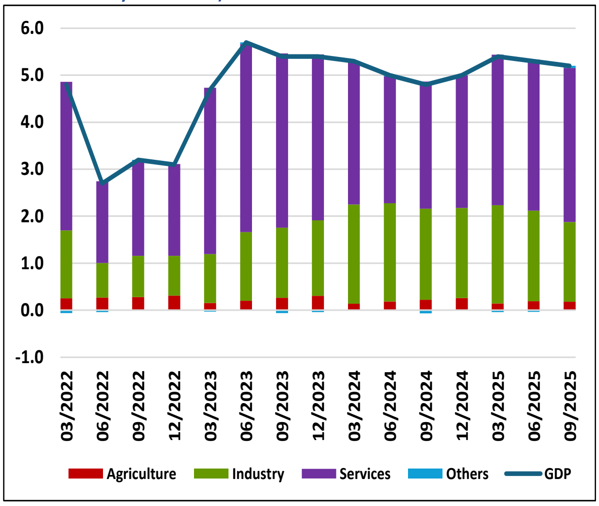
People's Republic of China: meeting full-year growth target in the first 9 months of 2025 in a low-inflation environment

Output: The PRC's real GDP grew by 5.2% yoy in 9M 2025. In terms of sectoral performance: the added value of the primary industry remained stable, increasing by 3.8%; the added value of the secondary industry grew by 4.9%. Within secondary industry, the manufacturing sector increased by 6.5%, while the construction sector declined by 0.5%. The value added of the tertiary industry grew by 5.4% yoy, being the industry with the highest growth rate and the largest proportion of GDP.

Inflation: China's CPI decreased by 0.3% yoy in September 2025, narrowing by 0.1 percentage points compared with the previous month. Food prices continued to decline, dropping by 4.4% in September after -4.3% in August. Core CPI (excluding food and energy prices), by contrast, rose by a 19-month record high of 1.0% yoy. Non-food and services prices also showed an upward trend in September, increasing by 0.7% and 0.6%, respectively. In the first three quarters of 2025, food and energy prices decreased by 1.8% and 3.3% yoy respectively, which was 0.9 and 0.1 percentage points more than in H1 2025, this correspondingly subtracting by around 0.32 and 0.25 percentage points from the headline CPI. Within the energy sector, affected by international oil price changes gasoline price in the PRC decreased by 7.3% during Q1-Q3 2025. On the contrary, the upward trend of the international gold price drove the price of gold ornaments to rise, which had a pulling effect on CPI. Currently, the country remained its policy rate (7-day reverse repos rate) unchanged at 1.4%.

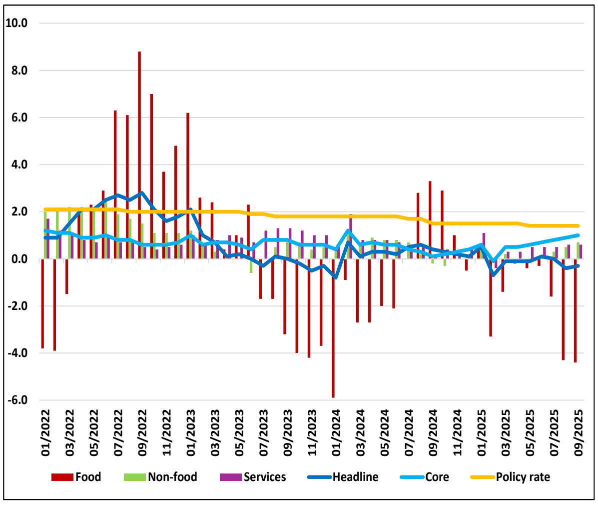
[3] According to the Ministry of Energy of Azerbaijan, oil production decreased by 4.86% yoy in the first half of 2025.

PRC: GDP growth (contribution by sectors, yoy % based on ytd data)



Source: CEIC, national agencies

PRC: Inflation (%, yoy)

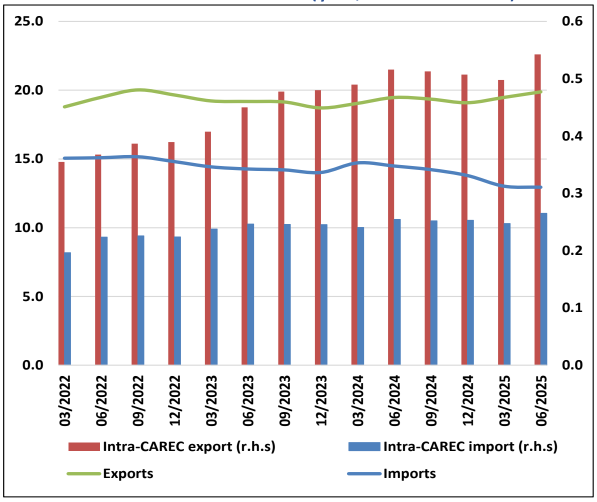


Source: CEIC, national agencies

Trade: The PRC's total foreign trade amounted to USD 4.7 trillion in 9M 2025, up by 3.0% compared with the same period of last year. The export of the country increased by 6.1% yoy in USD terms despite ongoing China-US trade tensions and other external turbulences, while the import contracted by 1.2% yoy, mainly due to the lowered price of international commodities such as crude oil, iron ore and soybeans. Within the CAREC region, the PRC's exports to the rest of member countries prevailed continuously over its imports from them. However, the intra-regional trade with the rest of CAREC was rather limited. The PRC's exports to this region and imports from the region only account for about 2.7% and 2.0% of total amount, respectively. Key commodities exported to this region include textiles, footwear, machinery, electronics and automobiles, while major goods imported from the region comprise oil, gas, metals, minerals and agricultural products.

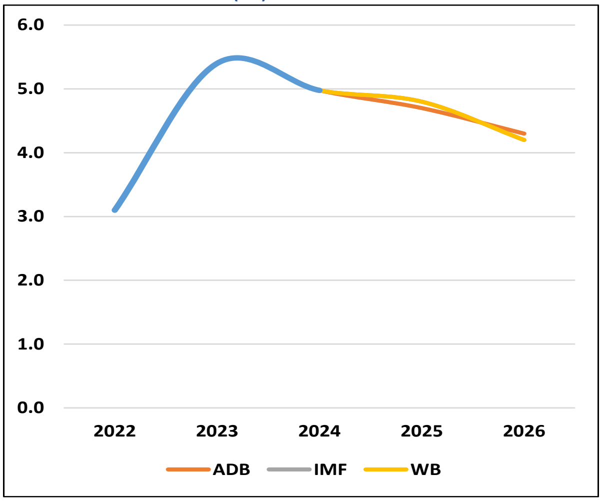
Outlook: Strong economic performance in 9M 2025 spurred international financial institutions to uplift their expectations of the PRC's economic growth. While ADB remained its PRC growth forecasts unchanged at 4.7% for 2025 and 4.3% for 2026, the IMF and the World bank revised their projections upwards to 4.8% and 4.2% in their recent Outlooks, respectively. However, whether the country can achieve its targeted annual growth of around 5% will depend heavily on the responses of the economy to the policies announced previously and the new policy incentives to be implemented in the rest of 2025. Critical challenges for the country consist in increased but still weakened consumer confidence, eased private investment (particularly in housing), high level of local government debt, and uncertainties induced by China-US trade tensions. Currently, there is still much room for the central government and the central bank to roll out more aggressive supportive policies, particularly given the country is now undergoing a period of low inflation. Future policy will likely focus on increasing people's disposable income and enhancing their willingness to consume, strengthening government interventions on the real estate market from both supply and demand side, providing more support to private sectors, and further lowering the reserve ratio and interest rate.

PRC: International Trade (ytd, in % of GDP)



Source: CEIC, national agencies

PRC: GDP Outlook (%)



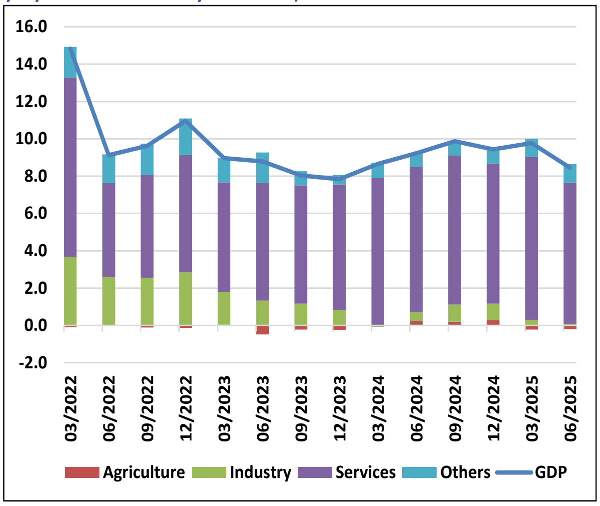
Source: CEIC, ADB, IMF, World Bank

Georgia: balancing economic growth with accumulating inflationary pressures and structural challenges

Output: Georgia's economy continues to enjoy one of the highest growth rates in the region. GDP, which grew by 8.2% yoy during the first half of 2025, was supported by strong services sector led by the ICT, real estate, finance, healthcare, education services and retail trade. On the expenditure side, private consumption remains the main driver of growth, supported by strong tourism sector, steady flow of remittances and rising consumer confidence. Large public and private infrastructure projects are contributing significantly to economic activity in construction sector. At the same time agriculture sector contracted due to climatic and structural problems (weather conditions and input costs) and manufacturing grew only marginally, highlighting persistent structural problems such as limited scope for expansion and policy uncertainty. According to official preliminary estimates for 9 months of 2025 GDP growth has slightly moderated to 7.7% yoy.

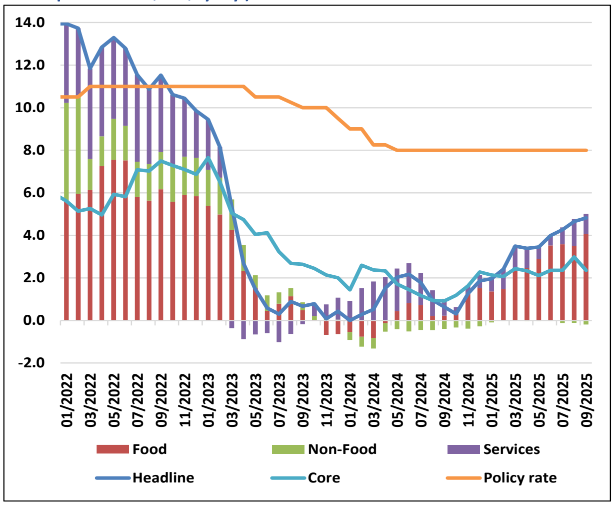
Inflation: Inflation accelerated from 1.9% yoy in December 2024 to 4.8% yoy by September 2025, thus exceeding the National Band of Georgia (NBG) target of 3%. The key factors driving inflationary pressures are high domestic demand and wage growth. NBG is pursuing a cautious approach to monetary policy, keeping real value of key rate at a positive level to stabilize inflation expectations and gradually reduce inflation to the target level.

Georgia: GDP growth (contribution by sectors, yoy % based on ytd data)



Source: CEIC, national agencies

Georgia: Inflation (contribution of components, %, yoy)

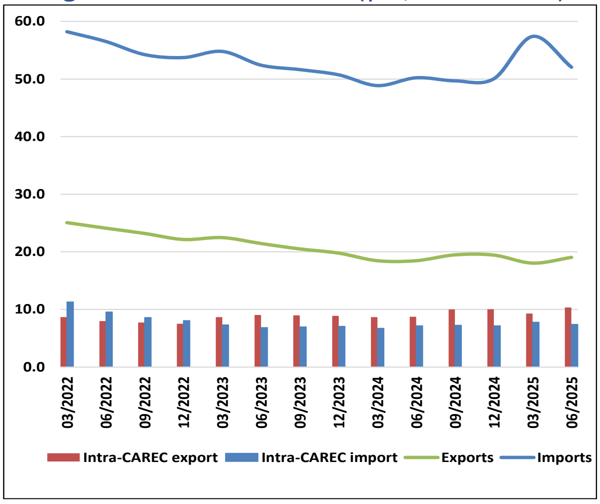


Source: CEIC, national agencies

Trade: Imports continue to outperform exports, driven by high demand for capital goods, energy and consumptions goods. In January-September 2025 imports grew by 9.7% compared to the same period last year. Exports grew at a bit lower pace (7.7% compared to the same period last year) led by copper ore and concentrates, wine, spirits and other agricultural products. More than 54.1% of Georgian exports went to CAREC region, with machinery and vehicles leading the growth. The trade deficit is significant (33.0% of GDP as of H1 2025), leading to a current account deficit. However, it is partially financed by stable inflows from tourism, remittances and foreign direct investment, ensuring the stability of the balance of payments and foreign exchange reserves, which at the end of August 2025 were sufficient to cover approximately 3.5 months of imports of goods and services.

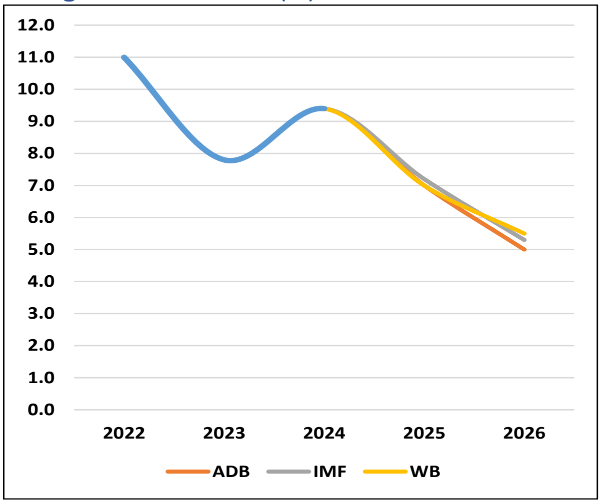
Outlook: In 2025 and 2026, Georgia's real GDP growth is forecast to average at around 7.1% and 5.3%, respectively. In their latest Economic Outlooks, IFIs' forecasts for Georgia for 2025 are all revised up by at least 1 percentage point. This is mainly attributed to the robust growth during the first nine months of 2025 driven by strong domestic demand. Comparatively, forecasts for 2026 remain roughly the same as compared to their earlier ones. In the short term, sustained gains in services sector, persistent investment in infrastructure, and the increased remittances from abroad will continue to add momentum to the country's overall development. However, the medium-to-long-term growth hinges on a stable domestic economic environment, the country's capability to cope with external uncertainties, and the progress in addressing structural issues including diversification of exports and development towards higher value-added industries.

Georgia: International Trade (ytd, in % of GDP)



Source: CEIC database, national agencies

Georgia: GDP Outlook (%)



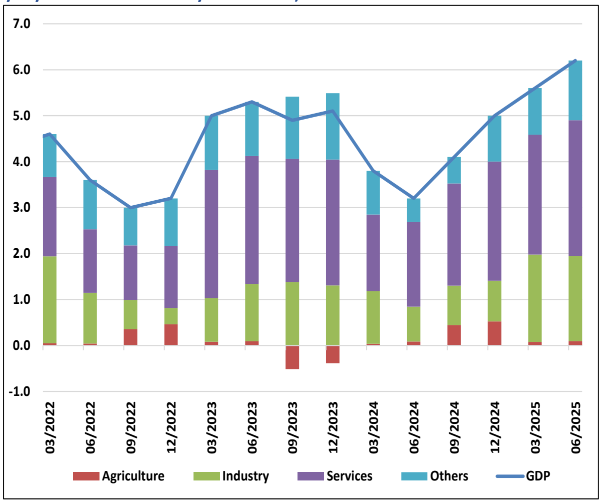
Source: CEIC, ADB, IMF, World Bank

Kazakhstan: robust growth driven by increased oil production and fiscal stimulus confronts persistent inflation challenges

Output: Kazakhstan's economy showed growth of 6.3% in the first half of 2025, which is higher than the 5.0% recorded in 2024. This acceleration was mainly due to the expansion of oil production, which contributed to an 8.4% growth in the mining sector compared to the same period last year. These figures are higher than 0.2% recorded in 2024. Outside the extractive sector, industrial production grew by 5.6% yoy (compared to 6.8% yoy in 2024), driven by food production, machinery manufacturing and metallurgy. The services sector grew steadily at an annual rate of 5.3% (compared to 4.6% in 2024), with trade and transport contributing the most to this growth. Retail trade also grew by 8.3% yoy (compared to 8.9% yoy in 2024). The short-term economic activity indicator points to further acceleration in economic growth (9.1% compared to 9.0% in H1 2025).

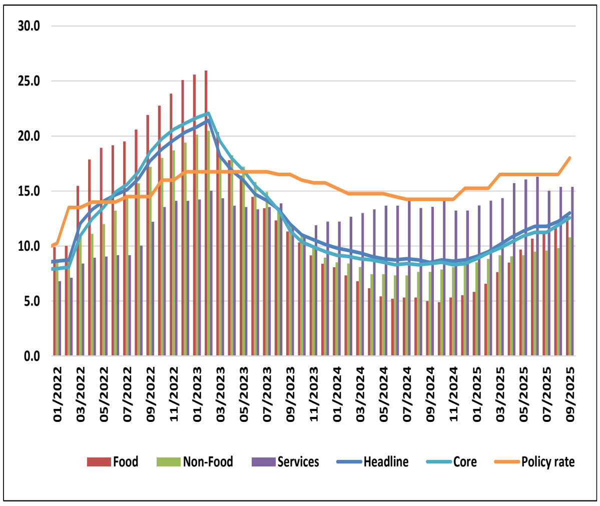
Inflation: Inflation remains the highest in the region, reaching 13.0% yoy by September 2025, compared to 8.6% yoy in December 2024. The key factors driving this prices growth are fiscal stimulus measures, rising utility costs, and weakening national currency. In response, the National Bank of Kazakhstan (NBK) raised its policy rate by 150 basis points to 18.0% in October 2025, thereby prioritizing inflation control and its desire to stabilize inflation expectations.

Kazakhstan: GDP growth (contribution by sectors, yoy % based on ytd data)



Source: CEIC database, national agencies

Kazakhstan: Inflation (%, yoy)

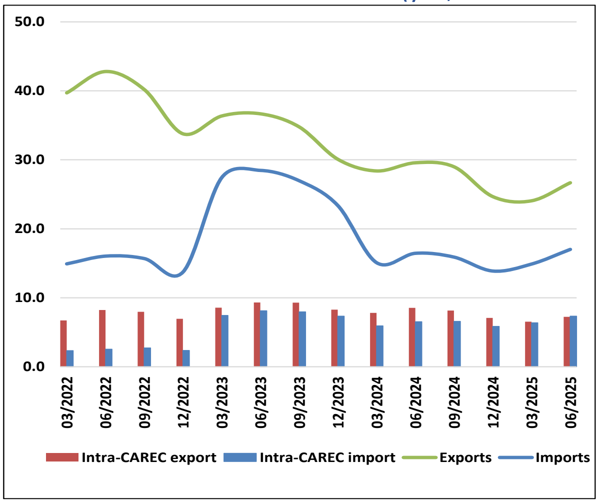


Source: CEIC database, national agencies

Trade: Against the backdrop of falling global oil prices, exports in the first 8 months of 2025 declined by 8.2% compared to the same period last year. However, imports grew by 1.9% thanks to demand for imported machinery and consumer goods. The energy sector continued to dominate, with real oil exports increasing in line with production volumes. The CAREC region accounted for approximately 27.2% of Kazakhstan's exports and 43.2% of its imports. Within the CAREC region, the PRC is the largest trading partner that accounts for 22.4% of total trade of Kazakhstan, followed by Uzbekistan (3.2%).

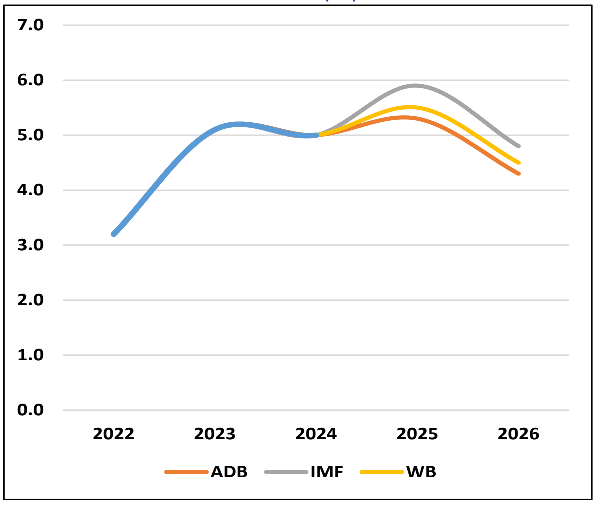
Outlook: Full-year growth forecast for 2025 and 2026 for Kazakhstan has been 0.8 and 0.5 percentage points higher than the previous forecasts and is now averaged at 5.6% and 4.5%, respectively. The increase in forecasts is mainly a result of higher production of oil and sustained infrastructure investment. Despite solid economic fundamentals, the country is faced with a multitude of downside risks. For example, higher global oil supply than demand could potentially bring down oil prices, thereby reducing the government revenues. Also, fiscal expansion and high deficits may fuel the risk of inflationary pressure and meanwhile trigger sustainability issues. Nevertheless, the government is currently working on tax and revenue reforms, including changes to the tax code and amendments to tax legislation, and improving non-oil revenues, to make growth more sustainable.

Kazakhstan: International Trade (ytd, in % of GDP)



Source: CEIC database, national agencies

Kazakhstan: GDP Outlook (%)



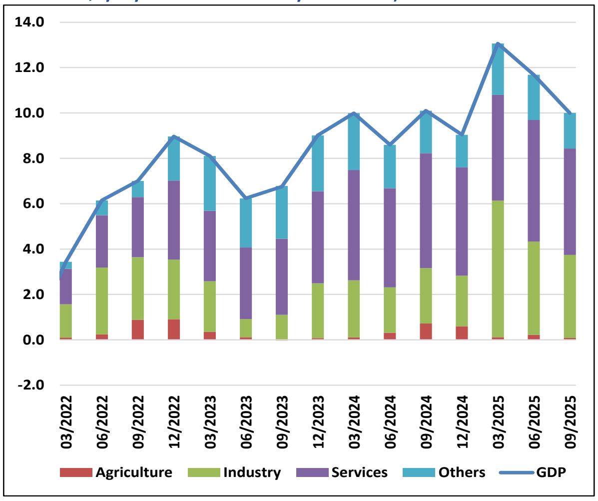
Source: CEIC database, ADB, IMF, World Bank

Kyrgyz Republic: double-digit growth in domestic demand fueled by public spending will keep inflation high

Output: The high economic growth rates observed in the first quarter of 2025 slightly slowed down from 13.1% yoy to 10.0% yoy in January-September of 2025. The construction sector, which is showing a double-digit growth of 29.6% yoy, is the main driver of the economy. This steady growth is due to a combination of ongoing government infrastructure projects and private investment initiatives. The agricultural sector grew by 0.9% yoy. The industrial sector showed signs of recovery, moving from relatively low growth rates last year. In the 9 months of 2025, it grew by 10.3% compared to 4.2% in 9 months of 2024. Strong growth in the retail sector (15.6% yoy) and other services reflect a significant increase in domestic demand.

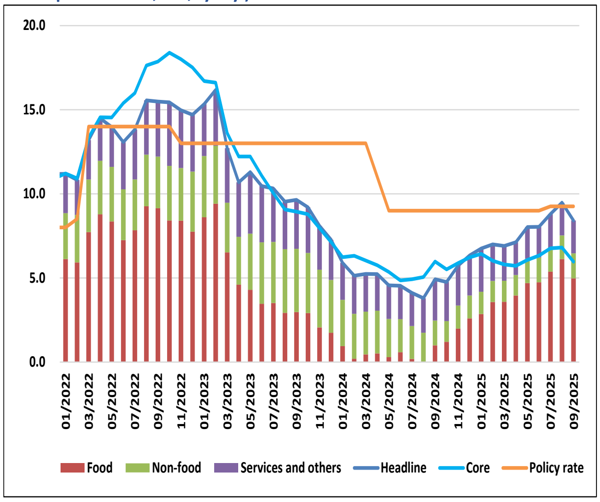
Inflation: Strong domestic demand put pressure on inflation, resulting in annual CPI increase exceeding the Kyrgyz National Bank's (NBKR) medium-term target range of 5-7%. The main factor contributing to the increase in inflation was the increase in food prices, which in turn was influenced by high domestic demand. In response to growing inflationary pressures, the NBKR tightened a monetary policy. In July 2025, when core inflation accelerated to 6.8% yoy compared to 6.2% in December 2024, it raised its policy rate from 9.0% to 9.25%, which helped to slow down inflation to 6.0% by September 2025. This policy helped to decelerate headline inflation rate to 8.4% in September 2025 from 9.5% yoy in the previous month. At the same time, fiscal policy remains cautiously procyclical, supported by high revenue collection.

Kyrgyz Republic: GDP growth (contribution by sectors, yoy % based on ytd data)



Source: CEIC database, national agencies

Kyrgyz Republic: Inflation (contribution of components, %, yoy)

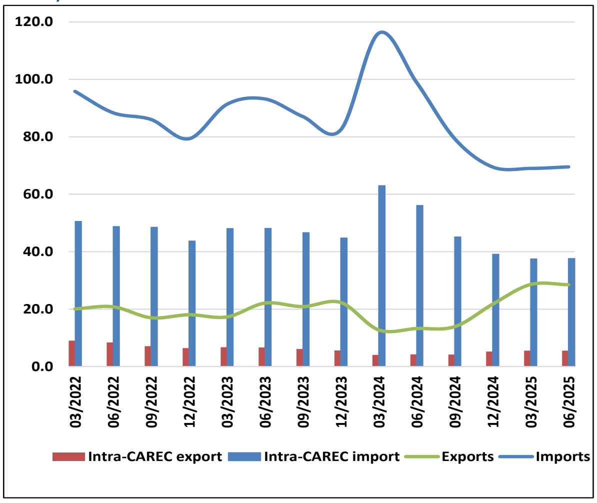


Source: CEIC database, national agencies

Trade: According to IMF's trade DOTS database for 7 months of 2025 the exports continued impressive growth, increasing by 184.9% compared to the same period last year. This growth was largely supported by favorable dynamics of international gold prices, which is a key export commodity. At the same time, imports fell by 11.7% yoy. Against this backdrop, the significant trade deficit narrowed. The persistent foreign trade deficit is mainly due to high demand for imported capital goods such as machinery, vehicles, and basic petroleum products. The share of trade with the CAREC region remains high. Majority of imports in categories such as textiles, footwear, and machinery come from the CAREC region, mainly from the PRC. Imports from the CAREC region accounted for 52.8% of total imports, while exports to other CAREC countries accounted for 23.9% of total exports.

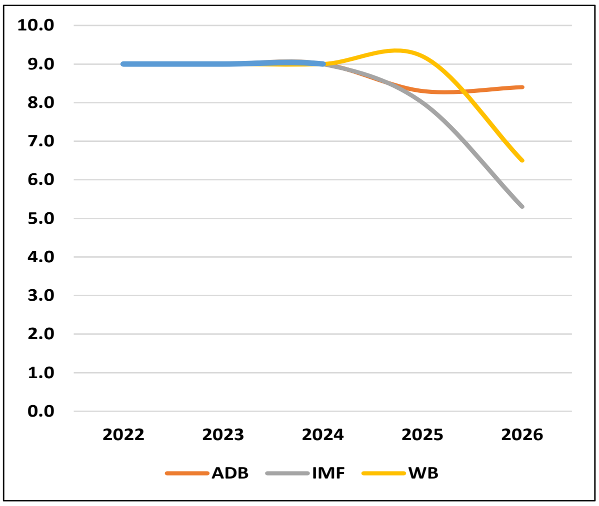
Outlook: These continued high growth rates of Kyrgyz economy prompted a significant upward revision of the IFI forecasts by an average of 1.1 percentage points to 8.5% for 2025. Average forecast for 2026 was also revised up but slightly only by 0.3 percentage points to 6.7%. Regardless of strong economic expansion, significant challenges lie still ahead. These include elevated inflationary pressures, significant trade deficit, and price volatility of the key commodities. These challenges call for the urgent need to implement diversified economic and structural policy to maintain sustainable long-term growth.

Kyrgyz Republic: International Trade (ytd, in % of GDP)



Source: CEIC database, national agencies

Kyrgyz Republic: GDP Outlook (%)



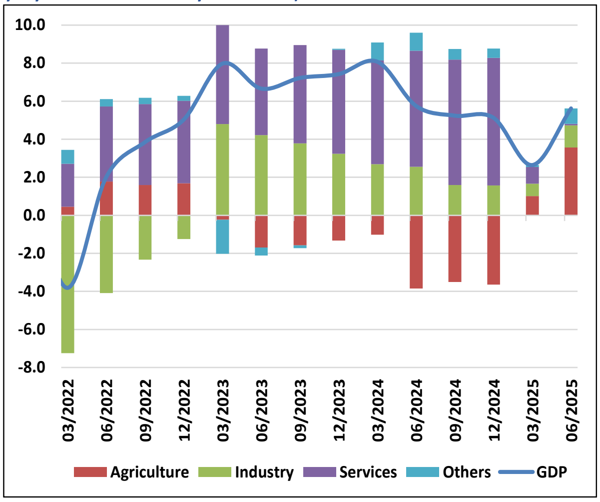
Source: CEIC database, ADB, IMF, World Bank

Mongolia: risks to economic outlook intensified, stemming from weaker external balances and volatility in commodity markets

Output: The economic growth observed in 2024 continued in 2025, thanks to recovery in agriculture and strong growth in construction. In the first half of 2025, GDP growth was 5.6% yoy. The agricultural sector, which is the backbone of the Mongolian economy, grew by 35.6% yoy in the first half of 2025, a notable recovery from the 28.7% contraction recorded in connection with the harsh winter of 2024. This recovery is attributable to an increase in livestock numbers and improved diary production following last year's mass animal deaths. The construction sector showed double-digit growth of 25.2% thanks to ongoing infrastructure development and new commercial projects. The industrial sector grew by 2.6% compared to 4.9% in 2024. The decline in retail by 5.7% yoy, and transportation by 12.5% yoy is reflected in the weak growth in the services sector (1.5% yoy).

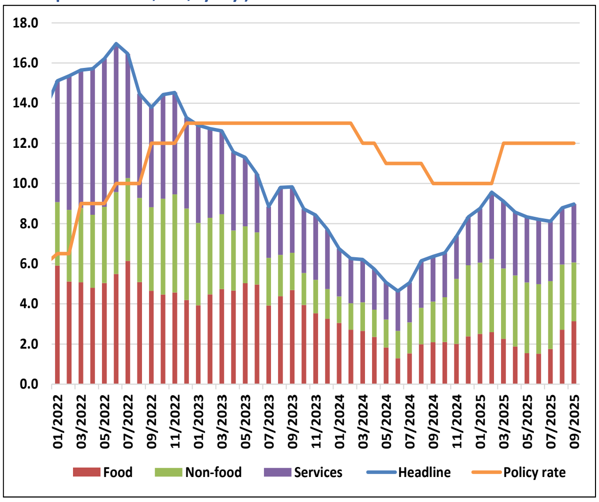
Inflation: Growth in domestic demand, combined with supply constraint, continues to put pressure on consumer inflation. Annual consumer price inflation rose to 9.0% in September 2025, which is above the Bank of Mongolia's (BOM) target of 6+/- 2%. One more factor that contributed to inflation apart of domestic demand was a 5.5% depreciation of the Mongolian Togrog. In March 2025, the BOM raised its policy rate by 200 basis points to 12.0% to stabilize inflation expectations and ensure price stability.

Mongolia: GDP growth (contribution by sectors, yoy % based on ytd data)



Source: CEIC database, national agencies

Mongolia: Inflation (contribution of components, %, yoy)

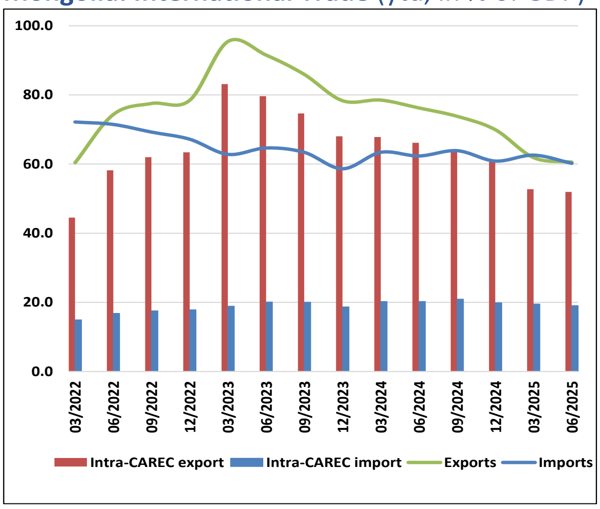


Source: CEIC database, national agencies

Trade: In the 9 months of 2025, Mongolia's trade surplus declined by 32.1% yoy. Total exports fell by 9.3% compared to the same period last year, mainly due to falling coal prices. Imports declined by 0.8% yoy. The PRC remains the main trading partner with a share of about 91.2% in exports and 40.6% in imports.

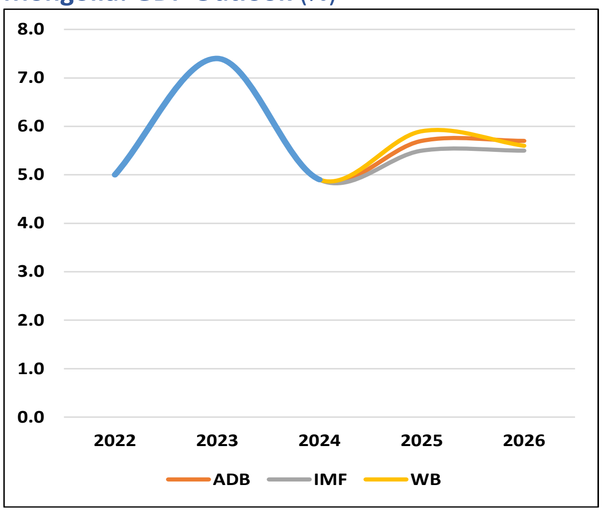
Outlook: The Mongolian economy is witnessing a time of robust agriculture-driven expansion, yet the pressure for macroeconomic development persists. These include still relatively high inflation, increased fiscal pressure with less coal-related revenues, the risk of subdued trade outflows due to uncertainties of the global trade policies, and potentially extreme winter conditions. Reflecting these headwinds, the IFIs in their latest forecasts revised the country's GDP growth for 2025 and 2026 down by 0.6 and 0.1 percentage points to 5.7% and 5.6%, respectively. Future efforts will likely prioritize diversifying economic structure, continuing with prudent macroeconomic management, and mobilizing resources for government spending expansion.

Mongolia: International Trade (ytd, in % of GDP)



Source: CEIC database, national agencies

Mongolia: GDP Outlook (%)



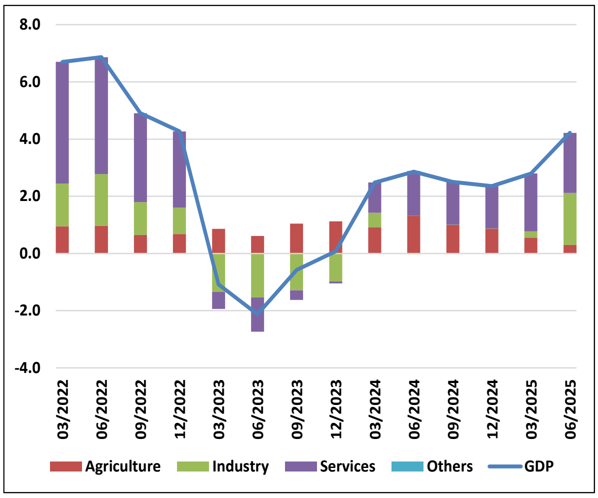
Source: CEIC database, ADB, IMF, World Bank

Pakistan: stronger macroeconomic policy framework, backed by support from international financial institutions, is beginning to rebuild market confidence

Output: Pakistan's GDP increased by 4.2% yoy in H1 2025, significantly higher than the growth in 2023 and in 2024. The growth was mainly attributed to the service and industry sectors. Among them, services pertinent to information and communication, public administration and social security, and financial and insurance, and industries such as electricity, gas and water supply and construction were the key drivers of the economy. Growth of the electricity, gas and water supply industry shot up impressively by 61.4% yoy in H1 from the low base of -14.1% in H1 2024. Comparatively, growth in agriculture in H1 2025 was 2.4 percentage points lower than that in 2024, increasing by only 1.3% yoy. Cotton ginning and important crops dragged down the agriculture sector the most with their growth contracting by 26.7% yoy and 13.4% yoy, respectively.

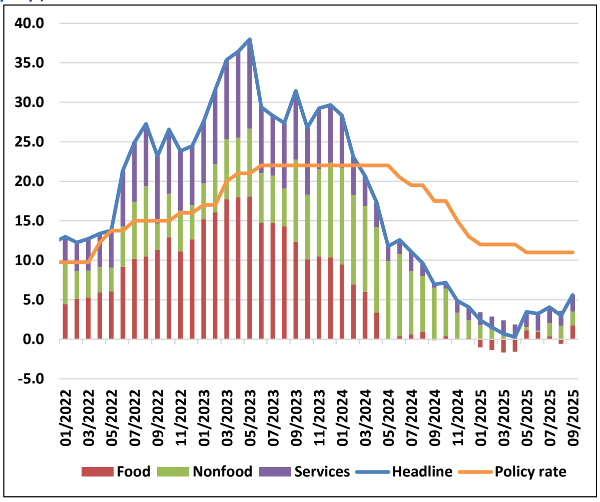
Inflation: Despite some volatility, Pakistan's CPI has gradually climbed to 5.6% yoy in September 2025 from a record nadir of 0.3% yoy in April. The resurgence was mostly attributed to the phaseout of the deflationary effect of food prices and the increase in non-food prices. Notably, food prices saw an increase of 5.0% in September, which was the largest year-on-year hike after May 2024. In view of the still relatively moderate inflation, the Monetary Policy Committee of the country in its September meeting continued keeping its policy rate unchanged at 11%.

Pakistan: GDP growth (contribution by sectors, yoy % based on ytd data)



Source: CEIC database, national agencies

Pakistan: Inflation (contribution of components, %, yoy)



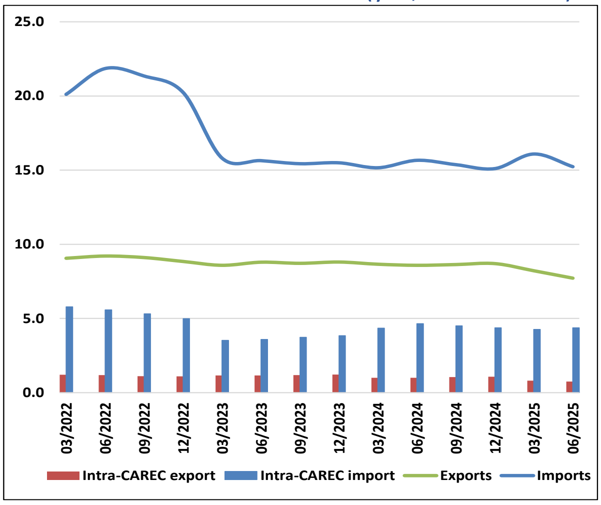
Source: CEIC database, national agencies

Trade: Total trade in Pakistan increased in January-September of 2025 yet showed divergent trajectories. While imports remained robust, increasing by 14.4% yoy, exports fell by 2.5% yoy, leading the trade deficit to widen from USD 24.1 billion in 2024 to USD 25.1 billion for 9 months of 2025. The contraction was mainly the result of decreased exports of food (rice in particular), chemicals and pharmaceutical products, and cotton fabrics. Within the CAREC region, exports from Pakistan to the rest of the member countries reduced from 12.3% of its total exports' volumes in 2024 to 9.7% in during 7 months of 2025. By comparison, the share of intra-CAREC imports by the country remained stable at 28.5% of total imports in January-July 2025, but again the imports were mainly from the PRC. The country mainly exports rice, textile manufactures such as knitwear, bed wear, and ready-made garments, and imports food, machinery, and petroleum (products).

Outlook: Pakistan's economy is estimated to have grown by 2.7% yoy in FY2025, 0.2 percentage points higher than in the previous fiscal year. The growth was supported by a new USD 7 billion IMF's Extended

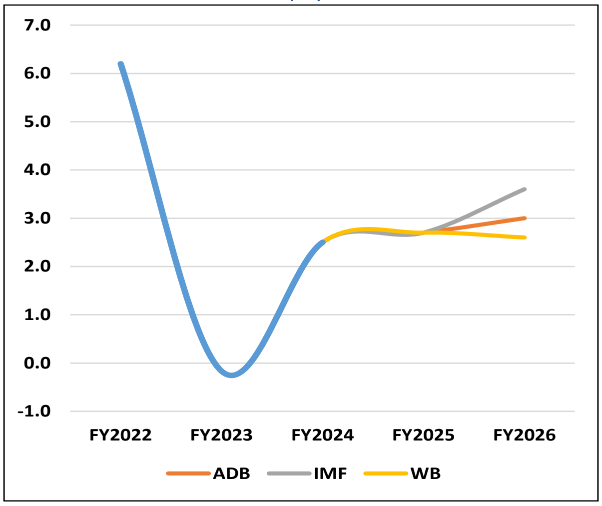
Fund Facility (EFF) that would last for thirty-seven months. Growth in FY2026 is projected to further accelerate to an average of 3.1% by international financial institutions. As a part of agreement with the IMF, future policies of the country will need to focus on the efforts to strengthen public finances through stepwise fiscal consolidation, promote private sector-led growth while reforming SOEs, and a better business environment for trade and investment, among others.

Pakistan: International Trade (ytd, in % of GDP)



Source: CEIC database, national agencies

Pakistan: GDP Outlook (%)



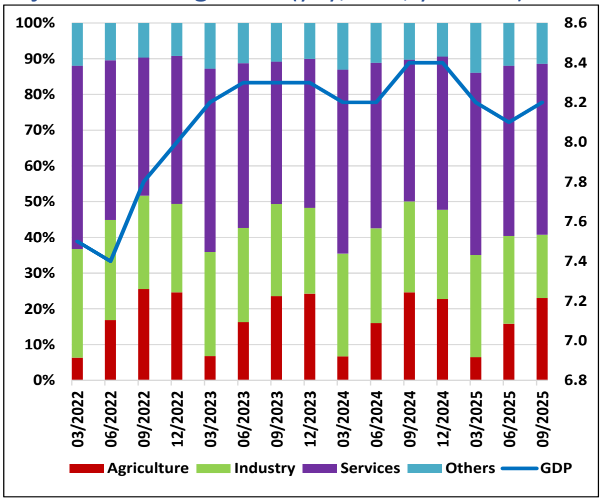
Source: CEIC database, ADB, IMF, World Bank

Tajikistan: strong, persistent growth and unconventional inflation stability, supported by appreciating exchange rate despite monetary policy easing

Output: During the first 9 months of 2025, the economy demonstrated a robust performance, expanding by a significant 8.2% yoy. This strong growth was primarily fueled by a combination of substantial public investment in major infrastructure projects and a surge in the export of key commodities. The industrial sector was the main driver of this growth, with overall activity supported by mining industry. This increase was mostly due to higher production and higher global prices for precious metals such as gold. The Rogun hydropower plant construction project remained an important macroeconomic stimulus. Demand for construction materials supported increase in the production of non-metallic minerals. In addition to industrial sector, the services also showed steady growth.

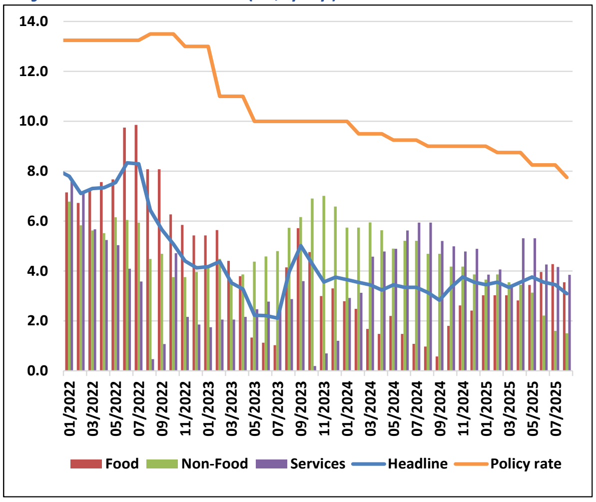
Inflation: Despite monetary policy easing and money supply growth, inflation remained surprisingly stable around 3-3.5% throughout the first 9 months of 2025 gradually slowing down to 2.8% in September 2025. This stability is largely attributable to the strength of the national currency. The nominal exchange rate of the somoni appreciated by an average of 7.5% yoy in June 2025, which led to a decline in prices for imported goods and helped to contain pressure on domestic prices. This allowed the National Bank of Tajikistan (NBT) to cut its policy rate three times in February, May and August 2025, by reducing it by a total of 125 basis points from 9.0% to 7.75%.

Tajikistan: GDP growth (yoy, in %, ytd data)



Source: CEIC database, national agencies

Tajikistan: Inflation (%, yoy)

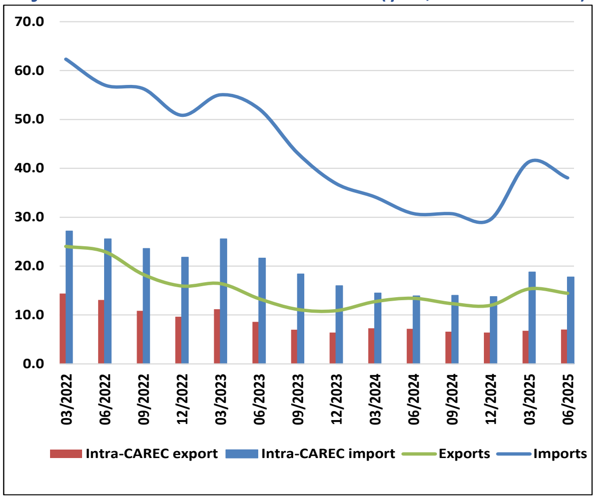


Source: CEIC database, national agencies

Trade: Exports of goods increased by 10.8% compared to the previous year, with this growth largely driven by a limited group of commodities. Majority of exports earnings come from exports of gold and other precious metals. However, this export growth was significantly exceeded by the growth in demand for mineral products (including oil and gas), foodstuffs and chemicals needed for both consumption and the ongoing industrial and construction projects. Volume of imported goods grew by 76.1% in January-September of 2025. Geographically, trade integration within the CAREC region is deep with about half of exports and imports traded with member countries, primarily to the PRC, Kazakhstan and Uzbekistan.

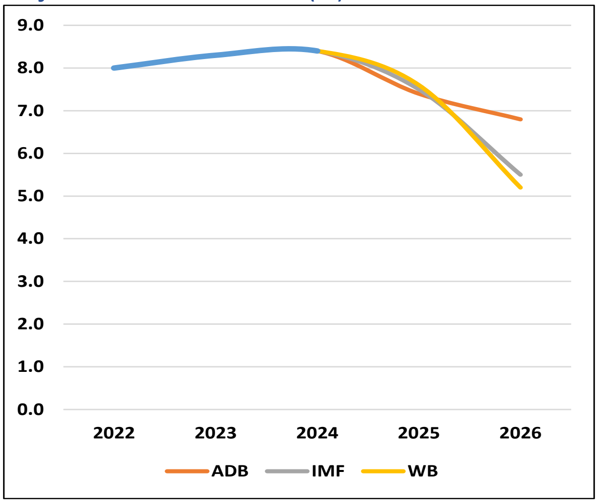
Outlook: Growth is expected to remain strong but to moderate somewhat throughout the rest of the year, with full-year GDP growth forecast to average at around 7.5%, before easing further to 5.8% in 2026. While booming industry and strong remittance inflows increase fiscal revenues, the economy remains highly susceptible to external shocks at least in the medium term, including lessened money transfer as a result of unexpected tensions from remittance receiving countries, volatility in global commodity prices, the impacts of climate change on its water-dependent agriculture and energy sectors, and the challenges of managing a high public debt burden largely accrued from infrastructure financing.

Tajikistan: International Trade (ytd, in % of GDP)



Source: CEIC database, national agencies

Tajikistan: GDP Outlook (%)



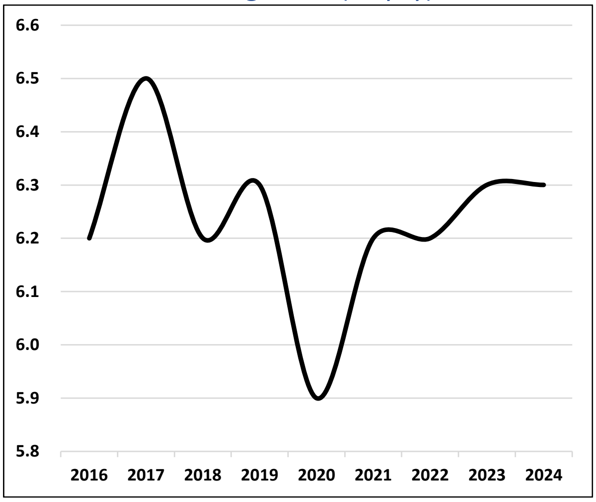
Source: CEIC database, ADB, IMF, World Bank

Turkmenistan: stable broad based GDP growth amid declining external trade surplus

Output: According to official announcements[4] the economy is demonstrating stability. It has grown by 6.3% for two consecutive years in 2023 and 2024. In January-October 2025, Turkmenistan's GDP continued to grow by 6.3%, with particularly notable growth in the transport and communications (10.4%), trade (9.7%), and construction (8.1%) sectors. Industrial production increased by 1.7% compared to the same period in 2024. Average wages increased by 11.9%. Fixed capital investments exceeded the figure for the same period last year by 3.7%.

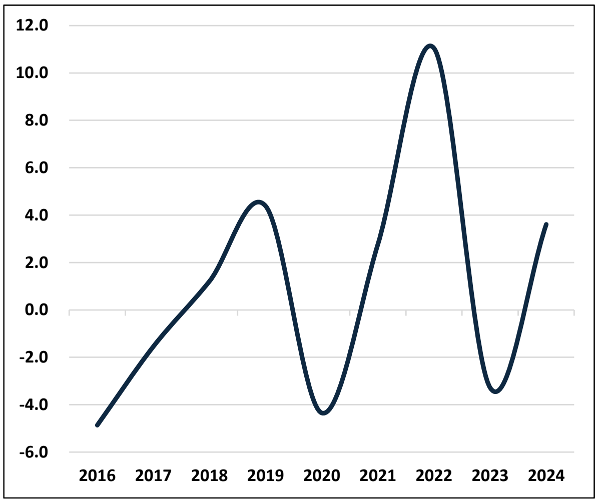
Inflation: Inflation in Turkmenistan in H1 2025 was 2.9% after 3.8% in 2024[5]. The IMF' projected inflation for the country is around 7.0% in 2025.

Turkmenistan: GDP growth (%, yoy)



Source: CEIC database, World Bank,

Turkmenistan: GDP Deflator (in %)



Source: CEIC database, World Bank

Trade: Turkmenistan's exports declined by 30.0% in 7 months of 2025 compared to the same period of 2024, while imports increased by 14.9%. The share of intra-regional exports to CAREC countries accounts for 82.3% of total exports. The share of intra-regional imports from CAREC countries was 35.9%. The PRC is the primary export destination for Turkmenistan's natural gas, accounting for about 69.5% of total exports and 26% of total imports. Uzbekistan is the second-largest export destination in the CAREC region, with a share of about 9% in exports and 4% in imports.

Outlook: Turkmenistan government recently rolled out a number of policy steps to enhance economic resilience, including a new law introduced to improve energy saving and efficiency and the launch of a single-window system for trade facilitation. For 2025, growth is generally expected to remain solid, perhaps still at around 6%, depending on the performance of hydrocarbon exports and implementation of extant initiatives. Inflation is likely to decline compared to 2024, though it also depends on food and fuel price stability.

[4] https://zamanturkmenistan.com.tm/turkmenistans-gdp-growth-rate-for-the-first-ten-months-of-2025-was-6-3/

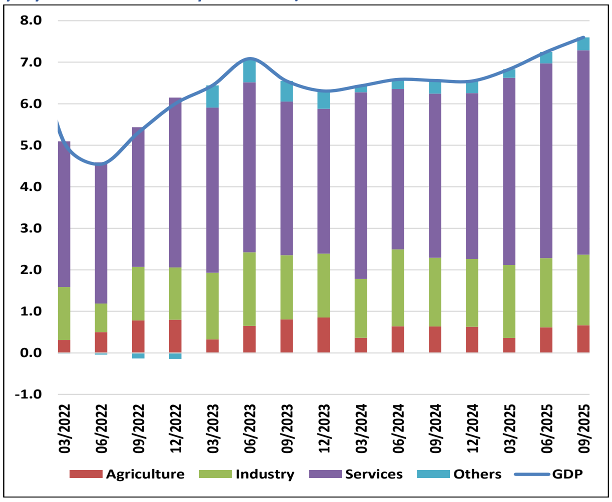
[5] https://infoportal.news/news/1579/inflyaciya-v-turkmenistane-v-pervom-polugodii-2025-goda-snizilas-do-29

Uzbekistan: robust economic growth enhances economy's resilience to both risks, notwithstanding the headwind of currency volatility

Output: Uzbekistan's economy is one of the fastest growing in the CAREC region and is mainly driven by domestic demand. In the first 9 months of 2025, GDP growth of 7.6% was supported by accelerated growth in construction, and active expansion in the services sector. In the services sector, the main drivers of growth were retail trade and transport. Agricultural value-added increased by 3.6% and industrial sector expanded by 6.8% driven by textiles, food, and machinery growth.

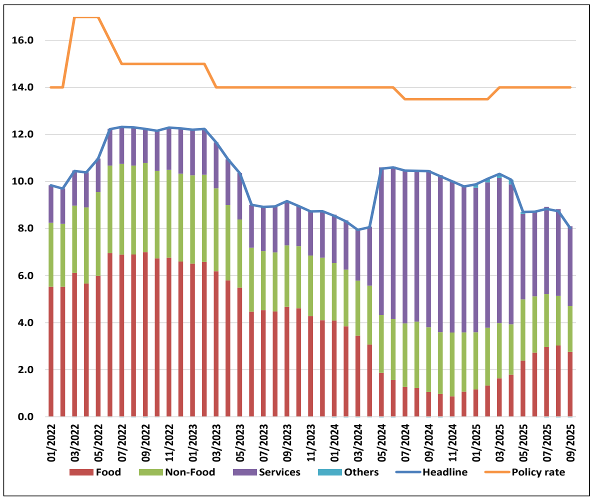
Inflation: Inflation remains high but is beginning to ease. This trend follows a period of significant price pressures, which were fueled by increased government spendings, steady wage growth, and rising cost of imports due to Soum's depreciation. To combat this, the Central Bank of Uzbekistan (CBU) has maintained a tight monetary stance by raising its policy rate by 50 basis points in March 2025, when inflation hit a peak of 10.3%. By September 2025 headline inflation slowed down to 8.0% yoy.

Uzbekistan: GDP growth (contribution by sectors, yoy % based on ytd data)



Source: CEIC database, national agencies

Uzbekistan: Inflation (contribution of components, %, yoy)

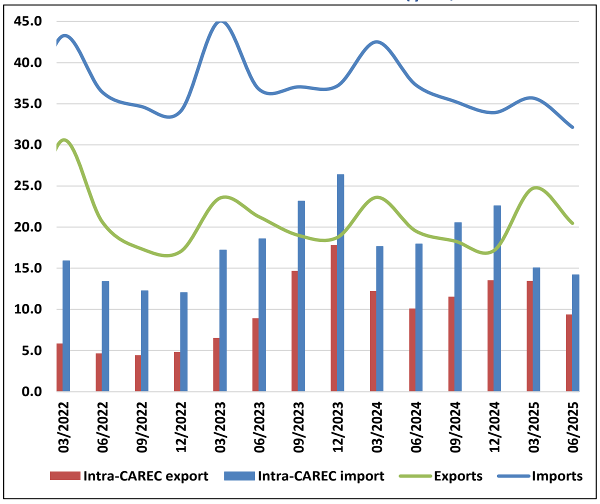


Source: CEIC database, national agencies

Trade: Uzbekistan has current account deficit, which is partially covered by steady remittance inflows, rising non-gold exports, and comfortable amount of foreign exchange reserves. Exports, that increasingly include manufacturing goods, went up by 37.8% in 7 months of 2025. On the other hand, imports increased by 10.2%. The trade balance was negative, since imports continue to be higher than exports due to demand for capital goods and energy. The share of intra-regional exports to CAREC countries takes about 44.6% of total exports, while intra-CAREC imports account for about 46.4% of total volumes of imports.

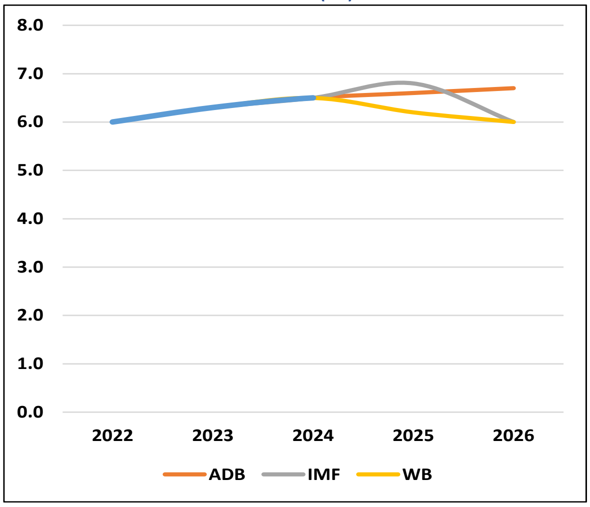
Outlook: IFIs project Uzbekistan's GDP growth to remain at an average of 6.5% in 2025 but will likely ease to 6.2% in 2026. Inflation is expected to further cool down towards lower single digits as more prudent monetary policy is adopted. Effective policy implementation, success in structural reforms, increased remittance from abroad, and careful management of external risks will make the country economically more resilient. Nevertheless, multiple challenges remain. Weakened demand from key external trading partners and unfavorable global financial conditions could dampen growth in exports or elevate borrowing costs. Domestically, inflation may re-accelerate if food or energy prices surge or if Uzbekistani Som depreciates.

Uzbekistan: International Trade (ytd, in % of GDP)



Source: CEIC database, national agencies

Uzbekistan: GDP Outlook (%)



Source: CEIC database, ADB, IMF, World Bank

Notes in country-analysis section:

1. In GDP growth chart, "Others" (the blue bar) refers to either the contribution of net taxes to overall GDP growth or simply mathematical residuals.
2. In GDP outlook chart, Afghanistan and Pakistan are estimated on fiscal year basis.

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