ECOPERSPECTIVES

July 2026

Emerging Economies:
So far weathering the energy shock well

By Emerging Economies Team

ECONOMIC RESEARCH by BNP PARIBAS

BNP PARIBAS

The bank for a changing world

Emerging economies have so far shown resilience in the face of the energy crisis

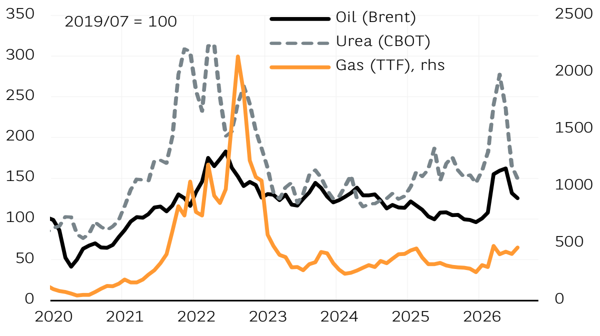
- Emerging economies have so far withstood the energy shock caused by the conflict in the Middle East better than expected.
- The surge in oil, gas and energy-related input prices was rapid, but less inflationary than in 2022.
- While monetary policy easing cycles have been interrupted in many countries, most central banks have been able to keep their policy rates unchanged since last February.
- Emerging financial markets have not faced a widespread loss of confidence, while macroeconomic buffers are stronger than in the summer of 2022, helping to absorb the rise in energy costs.
- In Asia, the region most dependent on hydrocarbons from Gulf countries, the authorities have acted swiftly to limit the risks of shortages by diversifying supply sources, mobilizing reserves and adjusting demand.
- Most importantly, Asian countries that export tech goods have benefited significantly from the rise in artificial intelligence. Investment in AI infrastructure and global demand for chips and other electronic goods have bolstered economic growth and the external accounts of several emerging economies, sometimes offsetting the negative impact of the energy shock.
- In the short term, the average growth rate of emerging economies is expected to slow only moderately. In our baseline scenario, we project an average real GDP growth of just under 4% in 2026, after 4.5% in 2025.
- However, risks remain high, including persistent inflation, expected hikes in US Fed rates, geopolitical tensions, volatility in commodity prices and the risk of a correction in the tech cycle.

For more information, please refer to our publication:

EcoPerspectives - Emerging Economies | 3rd quarter of 2026, as of July 13, 2026– Economic Research – BNP Paribas

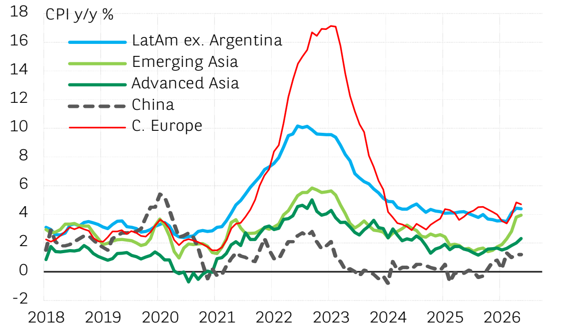
Emerging economies: Manageable consequences of the energy shock

Energy prices eased in June, but the oil shock is not over



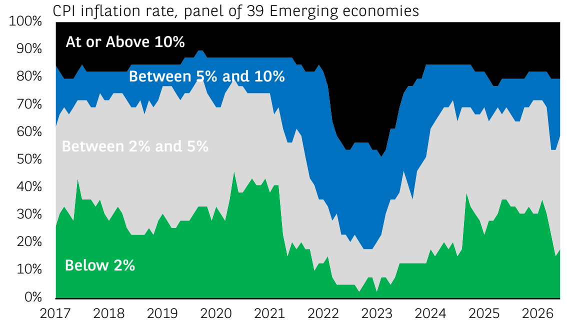
Source: Bloomberg, BNP Paribas

Inflation pressures have increased ...



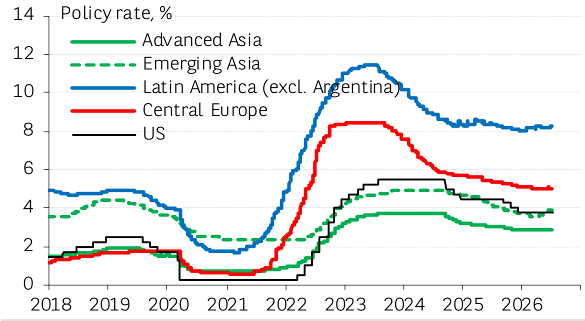
Source: Central banks, Macrobond, BNP Paribas

... but are still moderate



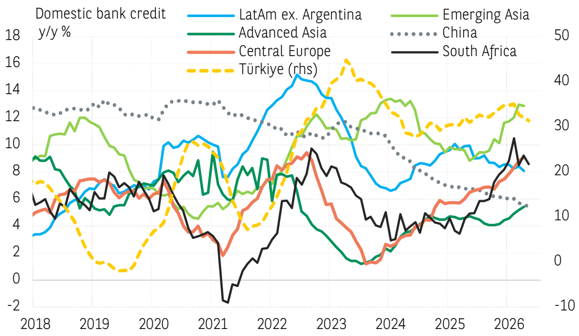
Source: Central banks, Macrobond, BNP Paribas

Monetary tightening is not widespread so far



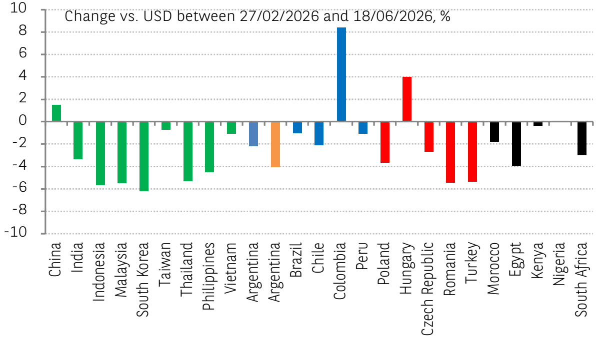
Source: Central banks, Macrobond, BNP Paribas

Bank credit growth still accelerating in Asia (excl. China) and Central Europe, slowing in Latam and Türkiye



Source: Central banks, BNP Paribas

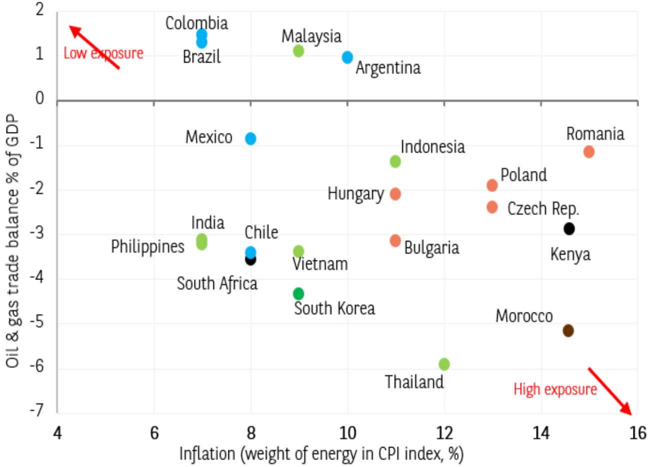
EM currency depreciations remained manageable during the first phase of the war in Iran



Source: Macrobond, BNP Paribas

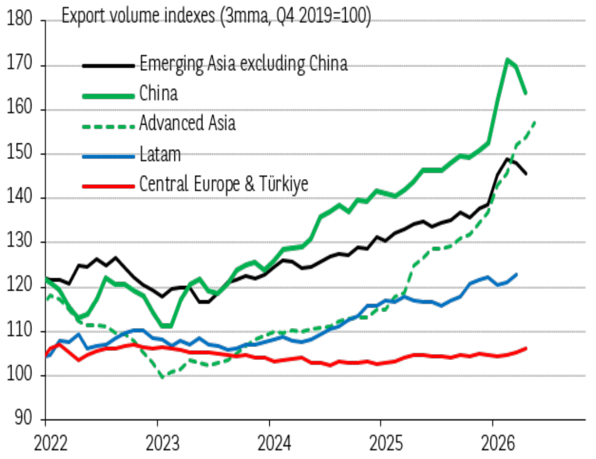
Emerging economies: Manageable consequences of the energy shock

The Asian region is highly exposed to the energy shock



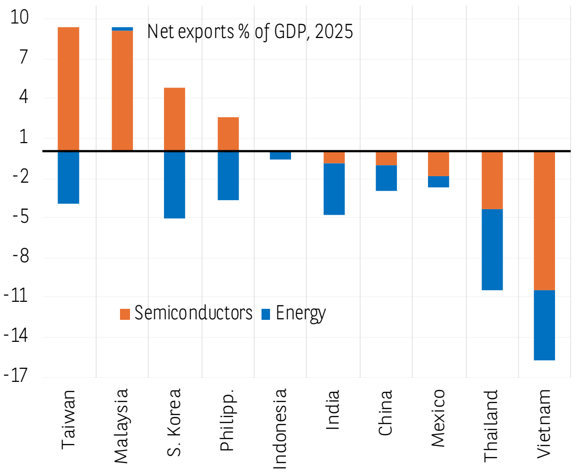
Source: ITC, national stat. offices., BNP Paribas

Producers of tech goods enjoy strong export growth



Source: CBP, Macrobond, BNP Paribas

The impact on trade and current account balances depends on the country's position in the value chain



Source: ITC, IMF, BNP Paribas

-Emerging Asia: light green (India, Indonesia, Malaysia, Philippines, Thailand, Vietnam)
-Advanced Asia: dark green (HK, Singapore, South Korea, Taiwan)
-Central Europe (orange): Bulgaria, Czech Rep., Hungary, Poland, Romania, Slovakia
-Latin America (blue): Argentina, Brazil, Chile, Colombia, Mexico, Peru
-Middle East & Africa (black)

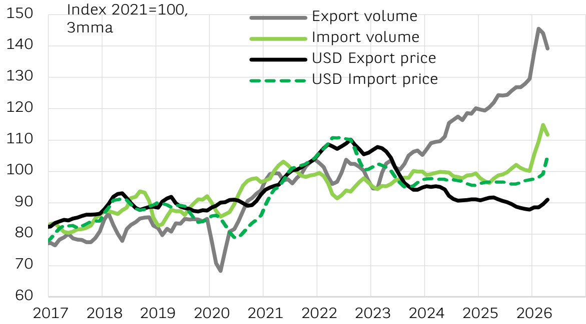
Asia – China & South Korea: Activity supported by the rise in global demand for AI goods

China: Economic growth projected to slow moderately in 2026-2027, inflation to recover slightly

	2022	2023	2024	2025	2026e	2027e
Real GDP growth, %	3.1	5.4	5.0	5.0	4.6	4.5
Inflation, CPI, year average, %	2.0	0.2	0.2	0.0	1.3	1.6
Official budget balance / GDP, %	-2.7	-3.8	-3.0	-4.0	-4.0	-4.0
Official general government debt / GDP, %	49.4	54.7	60.9	68.5	74.6	77.5
Current account balance / GDP, %	2.2	1.4	2.5	3.8	3.5	3.4
External debt / GDP, %	13.4	13.4	12.5	11.9	11.7	11.4
Forex reserves, USD bn	3 307	3 450	3 456	3 744	3 844	3 924
Forex reserves, in months of imports	12.5	13.0	12.5	13.6	13.4	13.2

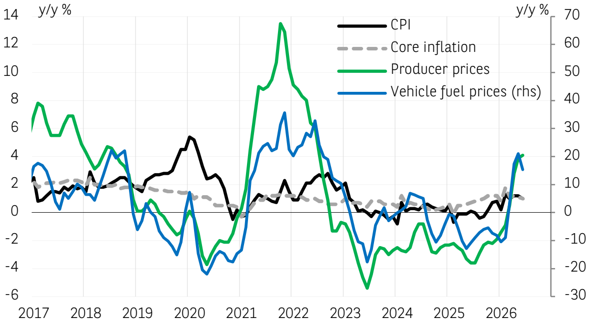
Source: BNP Paribas

China: External trade impacted by energy shock and global surge in AI investment



Source: CPB, BNP Paribas

China: Higher CPI inflation mostly due to increase in commodity prices



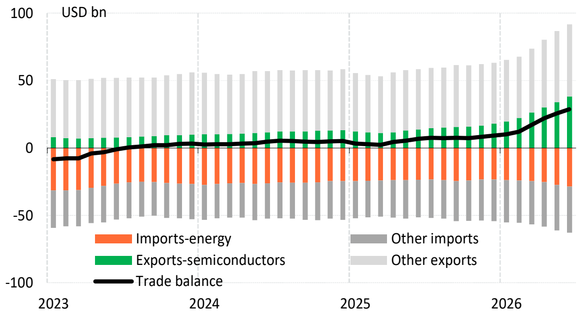
Source: NBS, BNP Paribas

South Korea: Solid economic growth thanks to semiconductors

	2022	2023	2024	2025	2026e	2027e
Real GDP growth, %	2.6	1.4	2.0	1.0	3.1	2.2
Inflation, CPI, year average, %	5.1	3.6	2.3	2.0	2.6	2.3
Central gov. balance / GDP, %	-5.0	-3.6	-4.1	-4.5	-4.8	-4.5
Gen. Gov. debt / GDP, % (EU standards)	46.2	48.8	50.6	52.5	54.2	56.1
Current account balance / GDP, %	1.4	1.8	5.3	6.6	8.2	7.4
External debt / GDP, %	38.6	39.5	37.5	40.5	37.4	34.0
Forex reserves, USD bn	418.3	415.3	410.8	423.0	412.7	418.0
Forex reserves, in months of imports	7.8	6.2	6.6	6.5	6.7	6.2

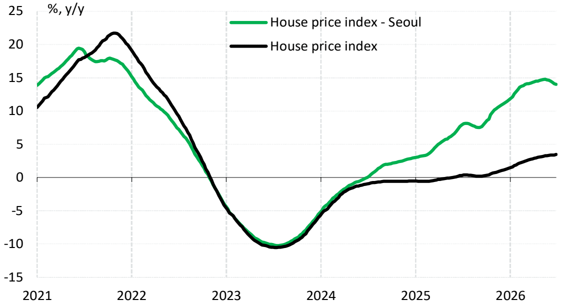
Source: BNP Paribas

South Korea: The rise in tech exports has offset the rise in energy imports



Source: Korea customs Service, BNP Paribas

South Korea: Real estate market remains tight in Seoul



Source: BOK, BNP Paribas

Asia – India & Indonesia: Inflation still limited but deteriorating external accounts

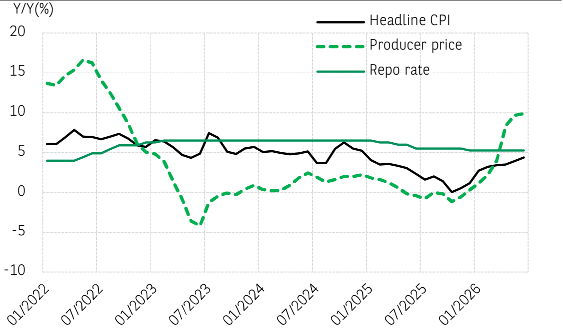
India: Economic growth projected to decelerate while inflationary risks have increased

	2022	2023	2024	2025	2026e	2027e
Real GDP growth, % (1)	7.6	7.2	7.1	7.7	6.7	6.8
Inflation, CPI, year average, % (1)	6.7	5.4	4.6	2.1	5.1	4.3
General gov. balance / GDP, % (1)	-9.1	-8.3	-8.1	-7.4	-7.6	-7.5
General gov. debt / GDP, % (1)	85.3	85.4	84.3	84.4	83.3	82.6
Current account balance / GDP, % (1)	-2.0	-0.7	-0.6	-0.7	-1.9	-1.6
External debt / GDP, % (1)	18.6	16.8	19.8	20.1	20.0	19.8
Forex reserves (excl. gold), USD bn	498	552	552	560	536	545
Forex reserves, in months of imports	6.7	7.5	6.8	6.7	6.2	6.3

(1) Fiscal year from April 1st of year N to March 31st of year N+1

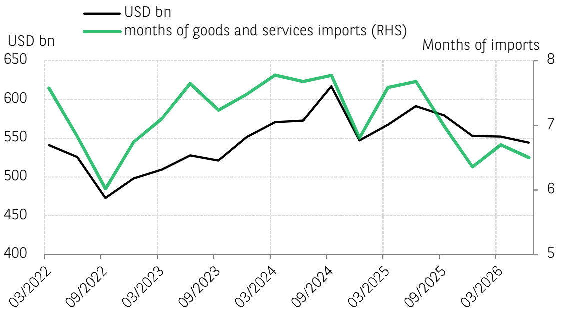
Source: BNP Paribas

India: Inflation still below 2022 level



Source: RBI, BNP Paribas

India: FX reserves still comfortable



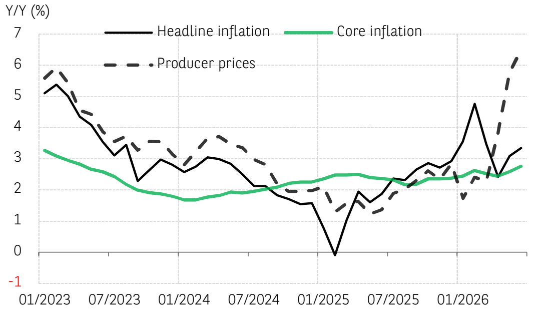
Source: RBI, BNP Paribas

Indonesia: Solid economic growth but rising risk of fiscal deficit slippage

	2022	2023	2024	2025	2026e	2027e
Real GDP growth (%)	5.3	5.0	5.0	5.1	5.0	5.2
Inflation (CPI, year average, %)	4.1	3.7	2.3	1.9	3.5	3.2
Gen. Gov. balance / GDP (%)	-2.4	-1.7	-2.3	-2.9	-3.0	-3.0
Gen. Gov. debt / GDP (%)	39.7	39.2	39.4	40.5	40.6	40.9
Current account balance / GDP (%)	1.1	-0.2	-0.6	-0.1	-1.2	-0.7
External debt / GDP (%)	30.1	29.8	29.6	29.9	30.0	30.1
Forex reserves (USD bn)	124	133	140	135	123	130
Forex reserves, in months of imports	5.5	6.0	6.1	5.6	5.0	5.3

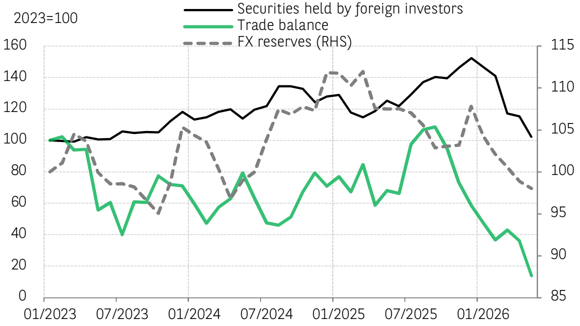
Source: BNP Paribas

Indonesia: Inflationary pressures are limited so far



Source: BI, BNP Paribas

Indonesia: External accounts have deteriorated



Source: BI, BNP Paribas

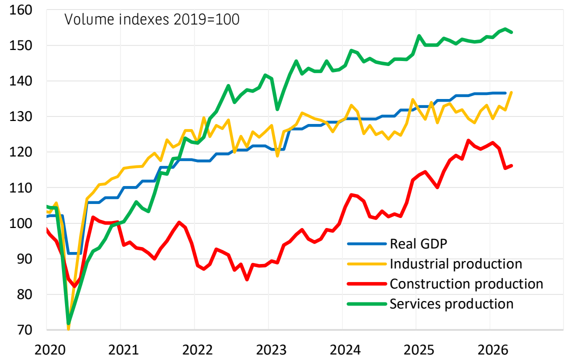
Emerging Europe – Türkiye: Coping with headwinds once again

Türkiye: The growth slowdown will help limit inflation and external account imbalances

	2022	2023	2024	2025	2026e	2027e
Real GDP growth, %	5.4	5.0	3.3	3.6	3.1	3.5
Inflation, CPI, year average, %	72.3	53.9	58.5	34.9	30.7	23.8
Central gov. balance / GDP, %	-0.9	-5.1	-4.7	-2.9	-3.8	-3.5
Gen. Gov. debt / GDP, % (EU standards)	26.3	24.9	20.8	21.7	22.4	23.3
Current account balance / GDP, %	-5.0	-3.7	-1.0	-1.9	-2.2	-2.2
External debt / GDP, %	41.9	37.9	33.9	35.7	35.2	35.6
Forex reserves, USD bn	82.9	92.7	90.9	77.0	89.8	98.3
Forex reserves, in months of imports	2.6	2.9	3.0	2.3	2.5	2.6

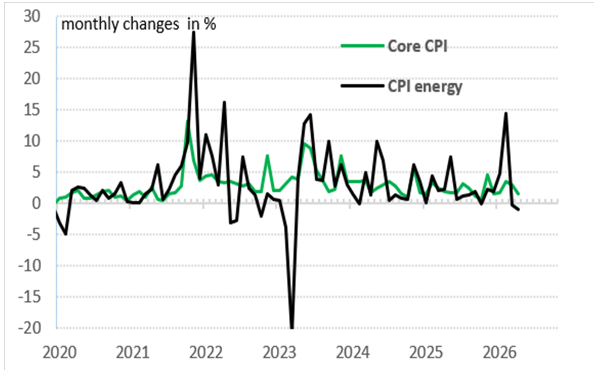
Source: BNP Paribas

Türkiye: Activity has decelerated



Source: TurkStat

Türkiye: Inflation pressures remain moderate



Source: TurkStat, BNP Paribas

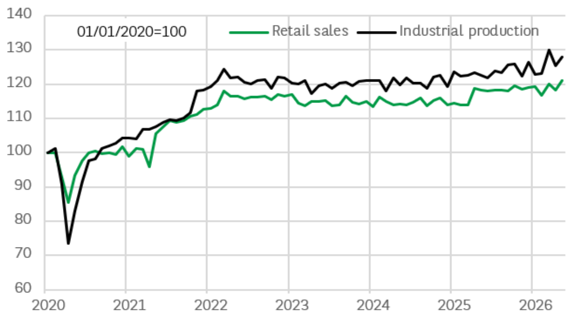
Emerging Europe – Poland & Romania: Uneven growth, fiscal consolidation is a priority

Poland: Robust growth, contained inflation but elevated fiscal deficit

	2022	2023	2024	2025e	2026e	2027e
Real GDP growth, %	5.6	0.2	3.1	3.6	3.7	3.2
Inflation, CPI, year average, %	14.4	11.4	3.8	3.8	3.0	2.7
Gen. Gov. balance / GDP, %	-3.4	-5.2	-6.4	-7.3	-6.6	-5.8
Gen. Gov. debt / GDP, %	48.8	49.5	54.8	59.7	61.6	63.9
Current account balance / GDP, %	-2.3	1.5	0.3	-0.9	-1.6	-1.5
External debt / GDP, %	53.3	49.8	51.6	50.2	47.1	44.2
Forex reserves, EUR bn	156.5	175.4	214.2	231.0	262.0	275.0
Forex reserves, in months of imports	5.2	6.1	7.3	7.4	8.1	8.1

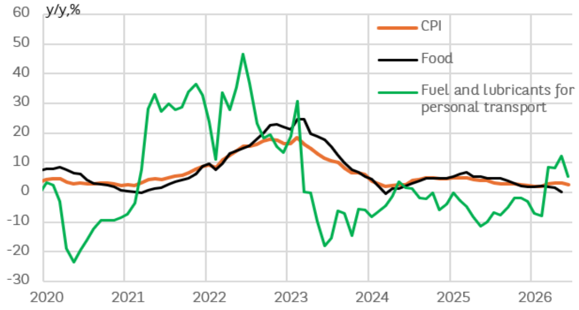
Source: BNP Paribas

Poland: Economic activity is holding up well



Source: Eurostat, BNP Paribas

Poland: Inflation is contained



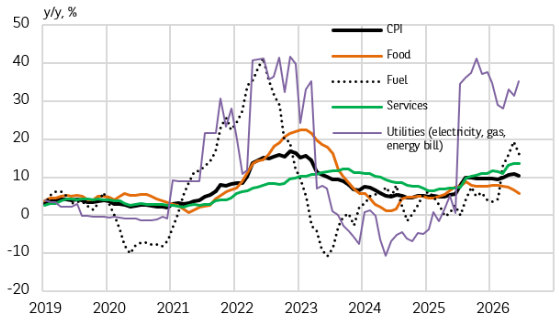
Source: Statistics Poland, BNP Paribas

Romania: Soft patch with persistent twin deficits

	2022	2023	2024	2025	2026e	2027e
Real GDP growth, %	4.2	2.3	0.9	0.7	0.1	2.6
Inflation, CPI, year average, %	13.7	10.5	5.6	7.3	7.9	4.6
General gov. balance / GDP (%)	-6.5	-6.6	-9.3	-7.9	-6.5	-5.7
General gov. debt / GDP (%)	48.1	49.3	54.8	59.3	61.5	63.0
Current account balance / GDP, %	-9.6	-6.7	-8.2	-7.9	-8.0	-7.5
External debt / GDP, %	54.7	56.9	57.5	60.2	62.1	64.9
Forex reserves, EUR bn	52.3	66.0	70.5	77.0	85.0	92.0
Forex reserves, in months of imports	5.3	6.9	7.1	7.5	8.0	8.2

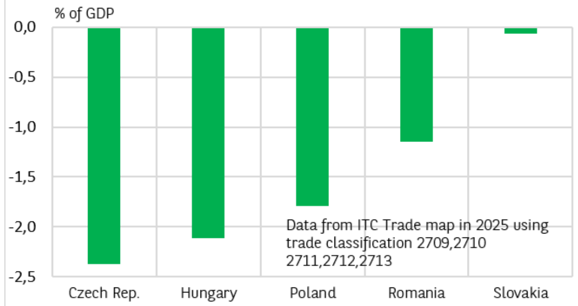
Source: BNP Paribas

Romania: Inflation is driven by energy and services



Source: National Institute of Statistics, BNPParibas

Romania: A moderate energy trade deficit



Source: ITC, BNP Paribas

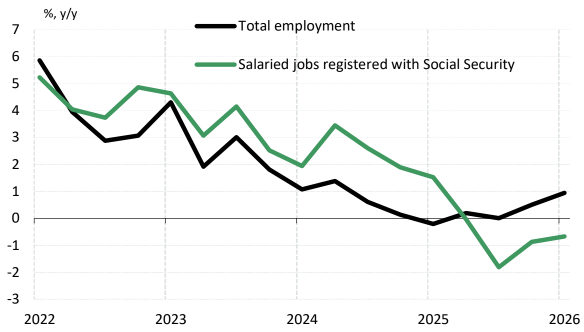
Latin America – Mexico: USMCA uncertainty impacts investment prospects

Mexico: Economic growth still sluggish

	2022	2023	2024	2025	2026e	2027e
Real GDP growth, %	3.9	3.2	1.5	0.5	1.1	2.0
Inflation, CPI, year average, %	7.9	5.6	4.2	3.8	4.0	3.7
Budget balance / GDP, %	-4.3	-3.3	-5.1	-3.9	-3.8	-3.8
Public debt / GDP, %	46.9	46.5	49.1	51.5	53.1	54.0
Current account balance / GDP, %	-1.2	-0.3	-0.9	-0.4	-0.6	-0.5
External debt / GDP, %	41.9	33.3	31.0	32.0	33.0	33.1
Forex reserves, USD bn	194.0	207.0	221.0	239.0	245.0	258.0
Forex reserves, in months of imports	4.8	4.1	4.3	4.5	4.2	4.1

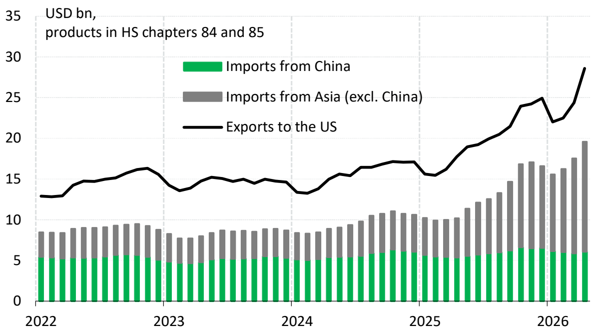
Source: BNP Paribas

Mexico: Informal employment impacts consumption



Source: INEGI, ENOE, BNP Paribas

Mexico: Regionalisation of trade but not of supplies



Source: Comtrade, BNP Paribas

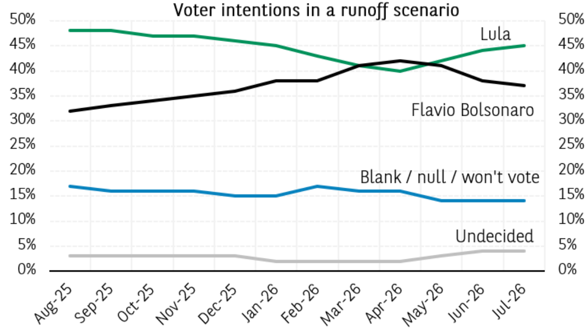
Latin America – Brazil & Colombia: Oil bonanza fails to prevent fiscal deterioration

Brazil: Resilient growth meets sticky inflation and fiscal strain

	2022	2023	2024	2025e	2026e	2027e
Real GDP growth, %	3.1	3.2	3.6	2.3	2.3	1.4
Inflation, CPI, year average, %	9.3	4.6	4.4	5.0	4.7	5.1
Public sector fiscal balance / GDP, %	-4.6	-8.8	-8.5	-8.3	-8.8	-8.6
Gross public debt / GDP, %	72	74	77	79	82	86
Current account balance / GDP, %	-2.9	-1.2	-3.0	-2.9	-2.3	-2.5
External debt / GDP, %	35	33	33	35	36	33
Forex reserves, USD bn	324	355	329	358	365	362
Forex reserves, in months of imports	11	13	10	11	11	12

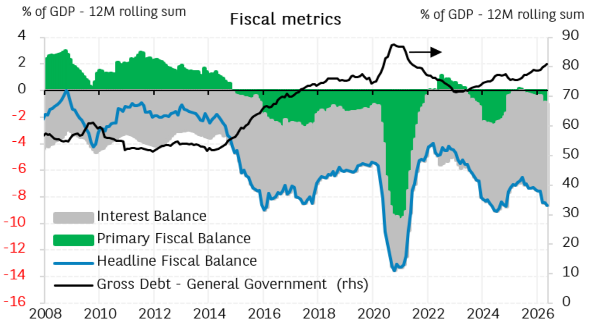
Source: BNP Paribas

Brazil: Lula widens lead over Flavio Bolsonaro



Source: Genial/Quaest survey (July 2026), Bloomberg

Brazil's public debt ratio: an upward trend difficult to curb



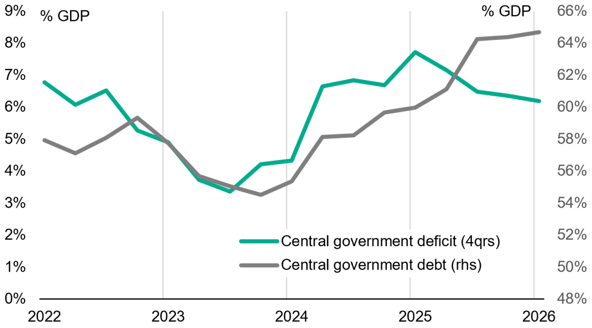
Source: National Treasury, BNP Paribas

Colombia: Growth to decelerate in 2026 before picking up in 2027, inflation to stay above BanRep's target

	2022	2023	2024	2025e	2026e	2027e
Real GDP growth, %	7.3	0.8	1.5	2.6	2.0	2.7
Inflation, CPI, year average, %	10.2	11.8	6.6	5.1	6.2	5.5
Central goverement balance / GDP (%)	-5.3	-4.2	-6.7	-6.4	-6.5	-5.4
Central government debt / GDP (%)	59.3	54.5	59.7	64.4	66.8	68.4
Current account balance / GDP (%)	-6.0	-2.3	-1.7	-2.4	-2.1	-2.3
External debt / GDP (%)	59.2	59.6	52.6	53.1	54.3	55.6
Forex reserves, USD bn	57,3	59,6	62,5	64,4	66,8	67,2
Forex reserves, in months of imports	7.7	9.3	9.5	9.2	9.3	9.3

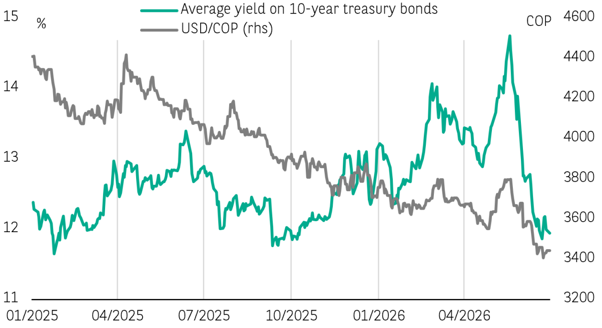
Source: BNP Paribas

Colombia: Central government deficit remains substantial



Source: DANE, BNP Paribas

Colombia: Markets have reacted positively to the election of Abelardo de la Espriella



Source: BanRep, BNP Paribas

Middle East –Egypt slightly affected by the oil shock vs. Saudi Arabia hit hard by the conflict

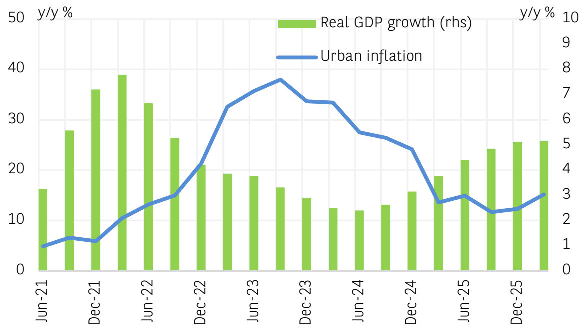
Egypt: Macroeconomic improvement is not derailed

	2022	2023	2024	2025e	2026e	2027e
Real GDP growth (%)	6.7	3.8	2.4	4.4	4.7	4.7
Inflation, CPI, year average, %	8.5	24.0	33.6	21.0	13.2	12.3
Gen. Gov. balance / GDP (%)	-5.8	-5.7	-3.3	-6.5	-9.3	-6.1
Gen. Gov. debt / GDP (%)	89	96	91	87	81	72
Current account balance / GDP (%)	-3.5	-1.2	-5.4	-4.2	-3.6	-2.9
External debt / GDP (%)	33	42	40	44	42	40
Forex reserves (USD bn)	31,5	32,8	44,3	45,3	47,3	49,5
Forex reserves, in months of imports	3.7	4.7	6.0	5.1	5.0	5.3

Fiscal year from July 1st of year n-1 to June 30 of year n

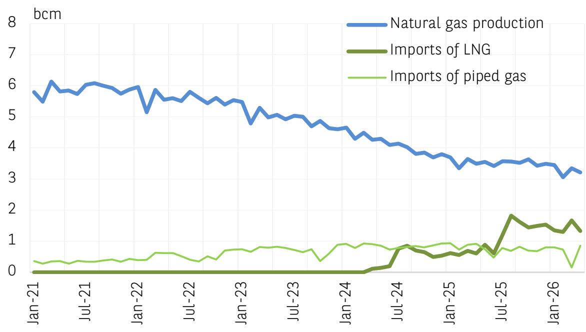
Source: BNP Paribas

Egypt: Economic recovery still on track



Source: IMF, BNP Paribas

Egypt: Growing dependence on LNG imports



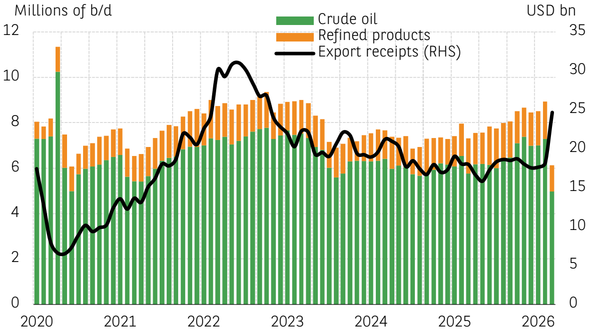
Source: BNP Paribas

Saudi Arabia: Hit by a severe growth shock

	2022	2023	2024	2025e	2026e	2027e
Real GDP growth (%)	12.0	0.5	2.6	4.5	0.8	4.4
Inflation, CPI, year average, %	2.5	2.3	1.7	2.0	2.2	2.1
Gen. Gov. balance / GDP (%)	2.2	-1.8	-2.5	-5.8	-5.1	-4.3
Gen. Gov. debt / GDP (%)	21	23,0	25,9	31,8	34,9	38,0
Current account balance / GDP (%)	12.1	2.1	-1.3	-2.6	-0.8	-1.1
External debt / GDP (%)	21	24,6	29,5	37,5	38,1	40,4
Forex reserves (USD bn)	460	437	437	460	487	493
Forex reserves, in months of imports	21.4	17.2	15.5	15.4	15.5	14.9

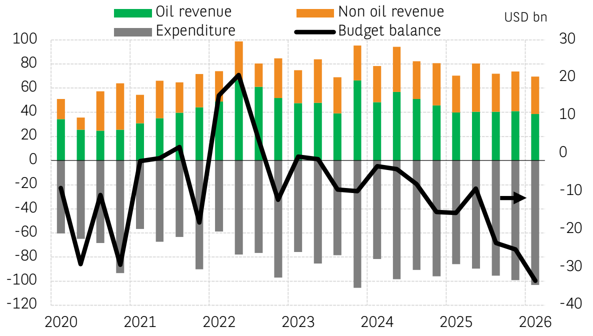
Source: BNP Paribas

Saudi Arabia's oil exports: falling in volume, surging in value



Source: GASTAT, Jodi, BNP Paribas

Saudi Arabia: Fiscal deficit reaching a record high



Source: MOF, BNP Paribas

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