FORTNIGHTLY ECONOMIC DIGEST

AMERICAN CHAMBER OF COMMERCE IN BANGLADESH

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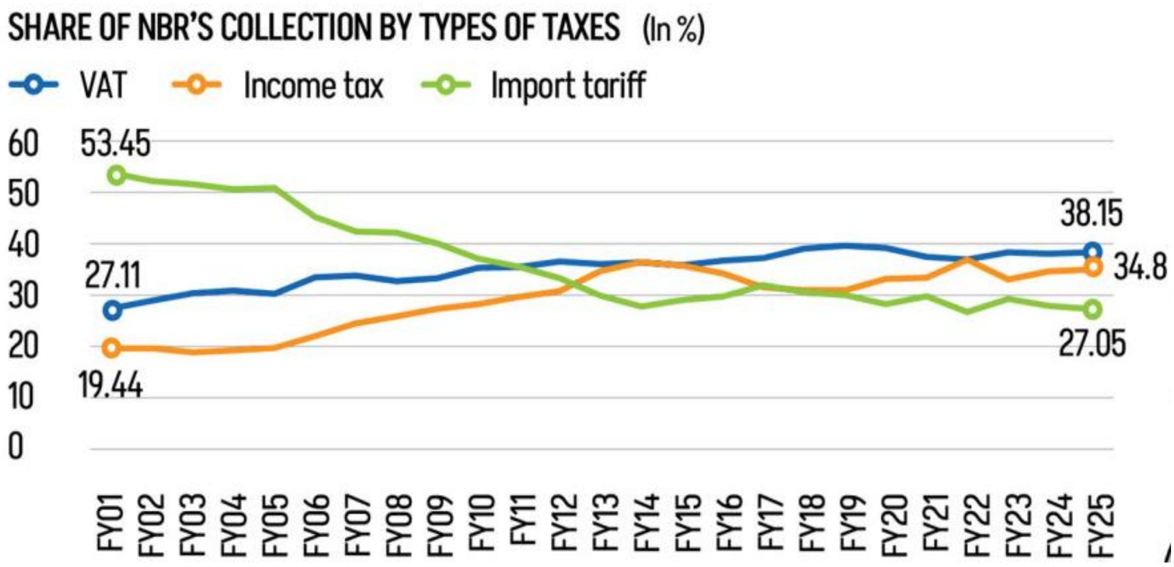
INSTITUTIONAL DECISIONS, POLICY COORDINATION, AND STEWARDSHIP OF ECONOMIC STABILITY

VAT Revenues Not Fully Reaching the Treasury

December 15

Bangladesh's Finance Adviser, Dr Salehuddin Ahmed, has expressed concern that a large portion of **value-added tax (VAT) collected from consumers often fails to be deposited into the government's treasury**, highlighting weaknesses in the current VAT system and its enforcement.

1. **VAT leakage and system complexity**
   a. VAT paid by the public frequently does not reach the government coffers, weakening revenue collection.
   b. Dr Ahmed stressed that the VAT system must be simplified and transparent so that tax paid at the point of sale is properly remitted to the exchequer.
2. **Heavy reliance on VAT and tax-to-GDP concerns**
   a. Bangladesh's tax system relies heavily on indirect taxes like VAT, which has increased the tax burden on consumers as import duties decline.
   b. The country's **tax-to-GDP ratio remains low**, underscoring the need to strengthen domestic revenue sources beyond VAT to support public services.



3. **Behavioural and institutional challenges**
   a. Many consumers deliberately seek out vendors who do not charge VAT, reinforcing non-compliance and revenue loss.
   b. Experts say increased awareness, stronger enforcement, and improved accountability are needed so that consumers and businesses accept the legitimacy of VAT and ensure it is paid and remitted.

Without corrective action, VAT leakages may continue to erode government revenue potential, hinder public service delivery, and constrain efforts to build a more balanced and efficient tax system.

Sources:

1. *VAT often fails to reach government exchequer: finance adviser*
2. *VAT paid by public often fails to reach treasury, warns Finance Adviser*
3. *VAT dominance squeezes consumers as income tax lags*

Bangladesh to Implement NEIR with Three-Month Grace

December 31

Bangladesh is moving ahead with the **National Equipment Identity Register (NEIR) system**, originally scheduled to be activated on **16 December 2025,** to curb illegal and grey-market mobile handsets on telecom networks. As part of the rollout plan, the government has granted **a three-month grace period** during which grey-market traders can sell handsets already in the system without being blocked, giving them time to adjust and comply with the new rules.

1. **NEIR launch and grace period**
   a. The NEIR, which verifies every handset's IMEI to distinguish legally imported or registered devices from unregistered ones, is set for nationwide activation.
   b. Traders operating in the grey market will have **three months after launch** to sell off existing unsold or duty-evaded handsets without those devices being blocked from networks.
2. **Support measures and compliance deadlines**
   a. During the grace period, authorities plan to ease **letter of credit (LC) procedures**, reduce duties, and create **formal avenues for regularizing imported phones**.
   b. Separately, the deadline for submitting details of unsold handsets has been extended to **31 December 2025** amid administrative delays, and the launch was postponed to **1 January 2026** to facilitate compliance.

The phased NEIR rollout — combining implementation with transitional relief — aims to balance enforcement against illegal handsets with practical time for traders to adapt, register devices, and align regulatory norms to protect government revenue and encourage lawful market activity.

Sources:

1. *Govt to launch NEIR on 16 December, 3-month grace period granted to grey-market traders*
2. *NEIR rollout postponed to 1 Jan, traders get till 31 Dec to submit unsold handset data*

Bangladesh Bank Purchases Over $3 B in Remittances in Six Months

December 30

Bangladesh Bank has been actively **intervening in the foreign exchange market** to stabilize the taka by **buying remittances totaling more than US $3 billion** over the first half of the current fiscal year. This action aims to support the foreign exchange reserves and ease pressure on the currency amid ongoing external sector volatility.

1. **Strong remittance inflows and purchases**
   a. From July to December 2025, Bangladesh Bank has procured **over $3 billion worth of remittances** directly from the market.
   b. This helped boost foreign exchange reserves and mitigate exchange rate volatility against the backdrop of past reserve declines.
2. **Impact on currency and reserves**
   a. The central bank's purchases supported the **taka's stability against the US dollar**, helping prevent sharp depreciation.
   b. Accumulating reserves through remittance buy-backs reduces the need for emergency interventions and builds buffers against external shocks.
3. **Policy rationale & market sentiment**
   a. Bangladesh Bank has emphasized that market-driven exchange rate determination remains the long-term objective, while interventions are aimed at smoothing excessive short-term volatility.

b. Strong remittance flows reflect continued diaspora support and provide a critical cushion for the **balance of payments**.

Bangladesh Bank's proactive purchases of remittances reflect both the resilience of remittance inflows and the central bank's commitment to maintaining foreign exchange stability amid ongoing external pressures. Continued management of reserves and exchange rate dynamics will be important for sustaining confidence and supporting trade and investment.

Sources:

1. *Bangladesh Bank buys over $3 billion in six months*

Foundations of Market-Oriented Reform

December 31

Bangladesh's economic trajectory shifted significantly after **1991**, when Khaleda Zia became prime minister and began steering the economy away from a centrally controlled model toward **market-oriented reforms**. These initiatives laid the groundwork for trade liberalization, deregulation, and private sector development that influenced economic policy for years to come.

1. **Transition from an inward-looking to an open economy**
   a. Before the 1990s, Bangladesh's economy was largely centrally managed and inward-looking, with restrictive import quotas and state-dominated sectors.
   b. After taking office in 1991, Khaleda Zia empowered reform-minded ministers and coordinated government action to implement structural changes.
   c. Trade liberalization began with the abolition of import quotas and broader tariff reductions to encourage market supply-demand dynamics.
2. **Key institutional and policy reforms**
   a. The government introduced **Value Added Tax (VAT)** in 1991, which later became a central revenue source and expanded the tax base.
   b. Deregulation included opening banking to private institutions, breaking state monopolies, and simplifying licensing for investment.
   c. Modernization of foreign exchange management and giving the Bangladesh Bank greater operational autonomy helped strengthen monetary policy frameworks.
3. **Structural impact and long-term effects**
   a. These reforms helped integrate Bangladesh into the global economy and boosted private sector participation in growth.
   b. Opening markets and reducing trade barriers contributed to increased competitiveness and laid the basis for export-oriented industries, including ready-made garments.
   c. Reform-driven policies during her tenure influenced the continuation of liberal economic policy directions in subsequent decades.

Though her legacy is debated politically, Khaleda Zia's tenure marked a decisive shift toward **economic liberalization** and **institutional reforms** that helped transition Bangladesh from a closed, centrally controlled economy to a more open, market-oriented one.

Sources:

1. *Strong foundations of economic reform were laid under Khaleda Zia's leadership*
2. *খালেদা জিয়ার নেতৃত্বে গড়ে উঠেছিল অর্থনৈতিক সংস্কারের ভিত্তি*
3. *Economic reforms during Khaleda Zia's tenure: Why she will be remembered*

EXTERNAL SECTOR, TRADE PRESSURES, AND THE REAL ECONOMY

EXPORTS, IMPORTS, BALANCE DYNAMICS, AND GLOBAL FORCES AFFECTING DOMESTIC ACTIVITY

Indian Yarn Imports Put Bangladesh’s Spinning Mills in Crisis

December 28

Bangladesh’s domestic spinning mills are facing a **serious crisis** as cheaper yarn imports from India surge, according to the Bangladesh Textile Mills Association (BTMA). Industry leaders warn that the sharp increase in low-priced Indian supplies is undermining local production and endangering thousands of jobs and significant capital investment.

1. **Rising cheap imports**
   a. Yarn imports from India increased by about **137 % in the last fiscal year**, flooding the market with cheaper products.
   b. Indian traders are allegedly dumping yarn at prices **approximately $0.30 per kg lower**, making it difficult for domestic producers to compete.
2. **Impact on local mills**
   a. Nearly **50 domestic spinning mills have closed**, representing around **Tk 500–700 crore in investment** that is now idle.
   b. Unsold inventory in local mills is estimated at around **Tk 10,000 crore**, with a potential real value of **Tk 12,000 crore** if sold.
3. **Overreliance and vulnerability**
   a. BTMA leaders say Bangladesh’s **dependency on Indian yarn makes the sector vulnerable** to external shocks, such as export bans or supply cutoffs.
   b. They caution that this dependence could eventually damage the **connected garment and textile industry** if domestic raw material production continues to decline.
4. **Policy demands from industry**
   a. To support recovery, BTMA is calling for **10 % cash incentives** on yarn exports and expansion of the **Export Development Fund (EDF)**.
   b. They also urge **lower interest rates** on loans and **grace periods for debt repayment** to revive local spinning capacity.

The surge in cheap Indian yarn imports and the resulting shutdown of domestic mills highlight structural vulnerabilities in Bangladesh’s textile supply chain. Addressing these issues through tailored incentives and supportive finance policies could be crucial to restoring competitiveness and reducing overdependence on imported raw materials.

Sources:

1. *ভারতীয় সুতা আমদানিতে বড় সংকটে দেশীয় স্পিনিং মিল: বিটিএমএ সভাপতি*

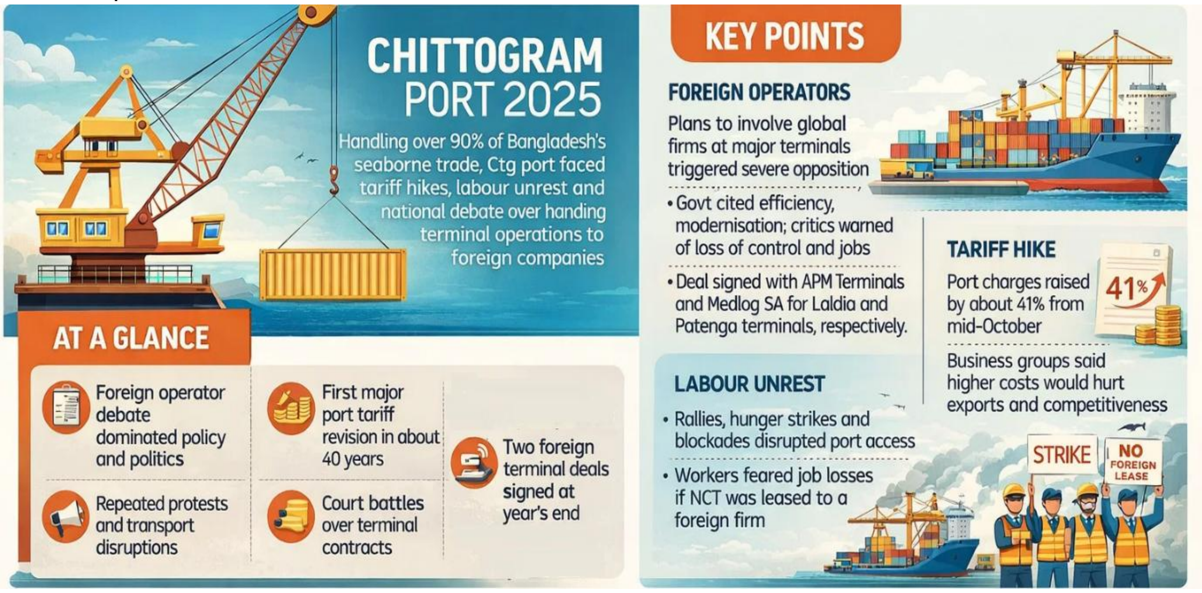
Operational Strains and Growth at Chattogram Port

December 28

Chattogram Port — the main gateway for over **90 % of Bangladesh’s international trade** — experienced a highly disruptive year in 2025. Political uncertainty, labor unrest, tariff hikes, and controversy over foreign terminal operations repeatedly interrupted cargo flows, exposing structural challenges even as trade volumes and vessel traffic showed modest growth.

1. **Traffic and cargo trends**
   a. Despite disruptions, the port handled **33.64 lakh TEUs** in 2025, up **2.68 %** from 2024.
   b. Overall cargo tonnage reached **13.63 crore tons**, surpassing last year’s **12.40 crore tons**, the previous record.

c. Vessel calls rose to **4,396** from **3,867** the prior year, indicating increased activity despite operational stress.



2. **Early-year disruptions and labor issues**
    a. Strikes and clashes disrupted container movement between the port and inland container depots early in the year, highlighting last-mile logistics fragility.
    b. A prolonged strike by National Board of Revenue officials in April–May slowed customs clearance and worsened congestion.
    c. Even after the strikes ended, congestion persisted as the port struggled to return to normal operations.
3. **Tariff hikes and protests**
    a. In October, average port tariffs increased by about **41 %**, the first major revision in decades.
    b. Higher charges — including a fourfold increase in gate pass fees for heavy vehicles- led to suspension of container transport by truckers and rising backlogs.
    c. Legal action led the High Court to temporarily stay the tariff hike, offering some relief to users.
4. **Foreign terminal operator controversy**
    a. Plans to lease the New Mooring Container Terminal (NCT) to UAE-based DP World sparked sustained protests from workers' unions and political groups, citing national sovereignty and job security concerns.
    b. Government and port authorities encouraged foreign operators to modernize operations and improve competitiveness.
    c. Legal challenges culminated in a court order blocking NCT contract action, leaving the issue unresolved into 2026.

Despite repeated disruptions, Chattogram Port managed modest growth in throughput and vessel traffic, but its governance, labor relations, tariff policies, and reform path have been contentious and politically sensitive throughout 2025. Improving operational efficiency and stakeholder cooperation will be crucial for sustaining trade flows and a competitive edge in the region.

Sources:

1. *A turbulent year for the premier seaport*
2. *Hawker bd - A turbulent year for the premier seaport*

Foreign Loan Pledges Surge to $12.19 B in First Five Months of FY26

December 29

Bangladesh secured **a substantial increase in foreign development financing commitments** during the first five months (July–November 2025) of FY26, with **loan pledges reaching about US $12.19 billion** — up **133 %** compared to the same period last year. These inflows reflect renewed engagement from multilateral and bilateral partners for infrastructure, energy, and socio-economic projects.

1. **Surge in development financing**
    a. Loan pledges from external partners totaled approximately **$12.19 billion** in the first five months of the fiscal year.
    b. This marks a **133 % increase** compared to the same period in FY25, indicating stronger donor interest and project pipeline acceleration.
    c. Multilateral agencies and friendly governments are reported to be major contributors to the rising pledges.
2. **Sectoral focus of loans**
    a. Much of the financing is targeted at **infrastructure development**, including transport, energy, and logistics enhancements.
    b. Social sector projects (health, education, urban services) are also expected to benefit from pledged funds.
    c. Economic policy support and technical assistance components reportedly accompany several of these loan commitments.
3. **Implications for growth and fiscal space**
    a. Increased foreign loan inflows may help bridge financing gaps and support large-scale public investments without excessive domestic borrowing.
    b. However, managing debt sustainability and project execution capacity will be important to ensure that higher commitments translate into real development outcomes.

The significant jump in foreign loan pledges early in FY26 reflects both renewed confidence from international partners and Bangladesh's active engagement in raising external development financing. Effective utilization of these funds will be key to enhancing infrastructure and long-term economic growth.

Sources:

1. *Foreign aid commitments jump 133%, disbursements up 26% in Jul-Nov*

External Stability Improved, but Business Sentiment Weak

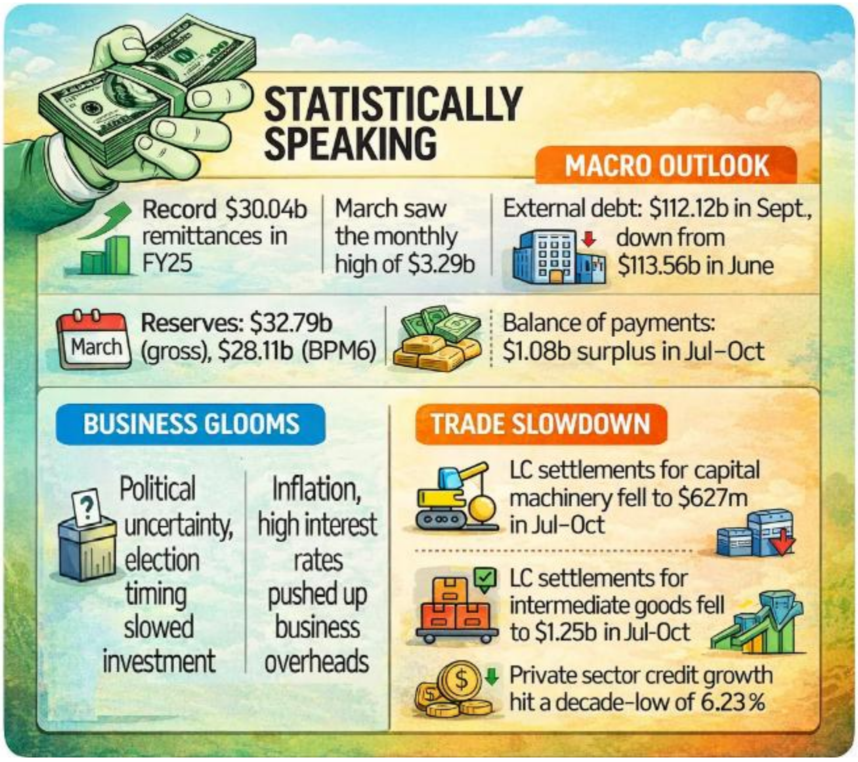
December 30

Bangladesh's **external economic indicators showed meaningful improvement in 2025**, with stronger remittance inflows, a steadier foreign exchange market, and a **balance of payments surplus after years of deficits**. However, despite these external gains, the domestic business environment remained under strain due to political uncertainty, high borrowing costs, and weak investment confidence — tempering the broader economic outlook.

1. **External balance sheet gains**
    a. The balance of payments recorded a **surplus of about $1.08 billion** during July–October 2025, reversing a deficit from the prior year.
    b. Foreign exchange reserves rebuilt strongly, aided by **record remittance inflows of roughly $30 billion** in FY24-25.

c. External debt declined modestly from **$113.56 billion to $112.12 billion**, suggesting improved repayment capacity.

2. **Ongoing business pressures**
   a. **Political uncertainty and unclear policies** dampened investor confidence, leading many firms to delay expansion and investments.
   b. **High borrowing costs persisted**, with policy rates high relative to regional peers, discouraging credit uptake.
   c. Weak trade activity was reflected in lower settlements for capital machinery and intermediate goods via letters of credit.



3. **Credit and demand constraints**
   a. Private sector credit growth remained low (around **6.23% in October 2025**), its slowest in over a decade, indicating subdued investment demand.
   b. Manufacturing and energy supply inconsistencies also held back production schedules and business operations.
4. **Inflation and law-and-order concerns**
   a. Persistently high inflation continued to erode consumer purchasing power and weaken demand.
   b. Reports highlighted **weak law and order** and logistical disruptions that further dampened confidence among businesses.

Although external stability metrics improved markedly in 2025 — driven largely by strong remittance flows and healthier forex reserves — on-the-ground business sentiment remained fragile. Structural challenges like political uncertainty, borrowing costs, and weak private investment demand continue to cloud the prospects for broad-based economic recovery.

Sources:

1. *2025 brings calm to external balance sheet, not to businesses*
2. *2025 brings calm to external balance sheet, not to businesses*
3. *External balance swings to surplus after 3 years*

MARKETS, INNOVATION, AND THE ECONOMIC CROSSROADS

CAPITAL FLOWS, TECHNOLOGICAL CHANGE, AND STRATEGIC CHOICES DEFINING GROWTH PATHS

Market Volatility Drives Investors Out of Bangladesh’s Stock Market

December 28

Bangladesh’s stock market volatility has prompted a significant drop in investor participation, with more than **66,500 investor accounts (BO accounts)** becoming inactive this year as retail and small investors exit amid uncertainty and losses. The trend reflects diminished confidence in equities and growing caution among market participants.

1. **Sharp rise in inactive BO accounts**
   a. Over **66,500 beneficiary owner (BO) accounts** — which represent individual investor accounts — were left empty in 2025 as small investors pulled out of the market.
   b. The surge in inactivity follows a period of **sharp price swings**, frequent corrections, and uncertain market direction that eroded investor confidence.
2. **Investor sentiment and market performance**
   a. Many small investors were discouraged by **losses on equity positions** and a lack of sustained upward momentum in major indices.
   b. The market’s volatility was amplified by macroeconomic uncertainty, liquidity constraints, and lackluster trading volumes.
   c. As a result, retail participation dropped as risk-averse investors preferred safer assets or exited the market entirely.
3. **Implications for the stock market**
   a. A growing number of inactive accounts can **reduce market depth and liquidity**, making it harder for stocks to recover and for fresh listings to attract interest.
   b. Regulators and market participants have called for **greater transparency, investor education, and structural reforms** to rebuild confidence and encourage broader participation.

Volatility in Bangladesh’s stock market has led to a wave of investor exits, especially among retail traders, resulting in tens of thousands of dormant accounts. Restoring market confidence and stabilizing trading conditions will be essential to revitalize participation and strengthen the equity market’s role in capital formation.

Sources:

1. *Volatile market pushes investors to empty 66,500 BO accounts in 2025*

Bangladesh’s Push into Chip Research Through CREST

December 29

Bangladesh has taken a step toward entering the global semiconductor ecosystem with the launch of the **Centre for Research and Excellence in Semiconductor Technologies (CREST)**. The initiative aims to build local research capacity, develop skilled manpower, and position the country for participation in high-value technology sectors.

1. **Purpose and scope of CREST**
   a. CREST is designed to promote **semiconductor research, innovation, and skills development**, focusing on chip design, testing, and related advanced technologies.
   b. The center is expected to collaborate with universities, research institutions, and industries to create a pipeline of trained engineers and researchers.
2. **Strategic importance for Bangladesh**
   a. Semiconductors are critical for electronics, ICT, automotive, and defense industries, making the sector strategically important globally.

   b. Policymakers see CREST to **diversify Bangladesh's technology base** beyond traditional ICT services and manufacturing.
3. **Longer-term ambitions**
   a. The initiative aligns with broader goals to attract **high-tech investment** and integrate Bangladesh into global value chains.
   b. Success will depend on sustained funding, industry linkages, and translating research into commercial applications.

The launch of CREST signals Bangladesh's intent to move into more knowledge-intensive and future-oriented industries. While still at an early stage, the initiative lays groundwork for building domestic capabilities in a sector that is increasingly central to global economic and technological competitiveness.

Sources:

1. *Bangladesh launches CREST to boost semiconductor research*

Bangladesh's Economy at a Sensitive Turning Point

December 30

Bangladesh's economy has shown signs of **regained macroeconomic stability** in FY25, but remains at a **critical juncture** due to persistent inflation, weak private credit growth, and ongoing structural vulnerabilities, according to the *State of the Economy 2025* report by the General Economics Division (GED) of the Planning Commission.

1. **Inflation and macro stability**
   a. Inflation stayed **high at around 8–9% in FY25**, driven by food price shocks, currency weakness, rising import costs, and energy pressures. This dampens real incomes, especially for low-income households.
   b. While tight monetary and fiscal measures helped stabilize prices and the exchange rate, **persistent inflation remains a key risk** for economic resilience.
2. **Banking sector and credit squeeze**
   a. The GED report highlights that **tight monetary policy has slowed deposit growth and bank credit expansion**, reflecting higher lending costs and low private investment.
   b. Slower credit and weak bank balance sheets constrain private sector activity and job creation, reinforcing economic fragility even amid stability gains.
3. **Structural challenges and investor confidence**
   a. Growth remains vulnerable to **governance weaknesses, financial sector stress, and limited investor confidence**, as noted in the Planning Commission's assessment.
   b. External challenges, such as volatile global prices, export pressures, and limited reserves, keep Bangladesh's economic turnaround tentative.
4. **Emerging green shoots but cautious outlook**
   a. Some indicators, including remittances, foreign exchange reserves, and exchange rate stability, show improving trends, suggesting **foundations for cautious optimism**.
   b. However, the report emphasizes that **growth momentum is not yet assured** without addressing lingering risks and structural imbalances.

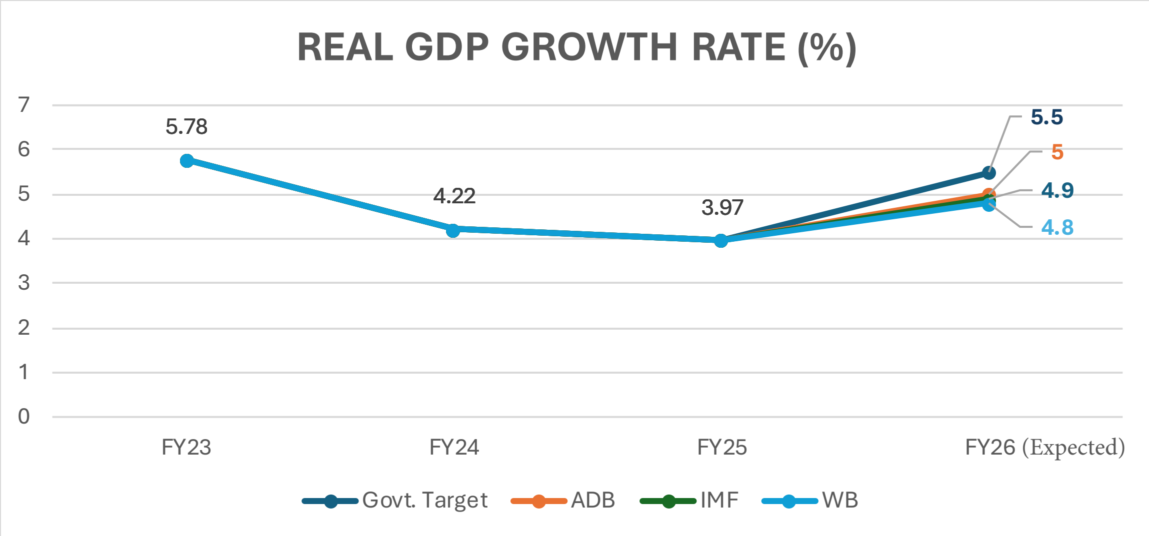
While macroeconomic stability is improving, Bangladesh's economy stands at a **sensitive point**, with high inflation, credit constraints, and structural weaknesses still clouding the outlook.

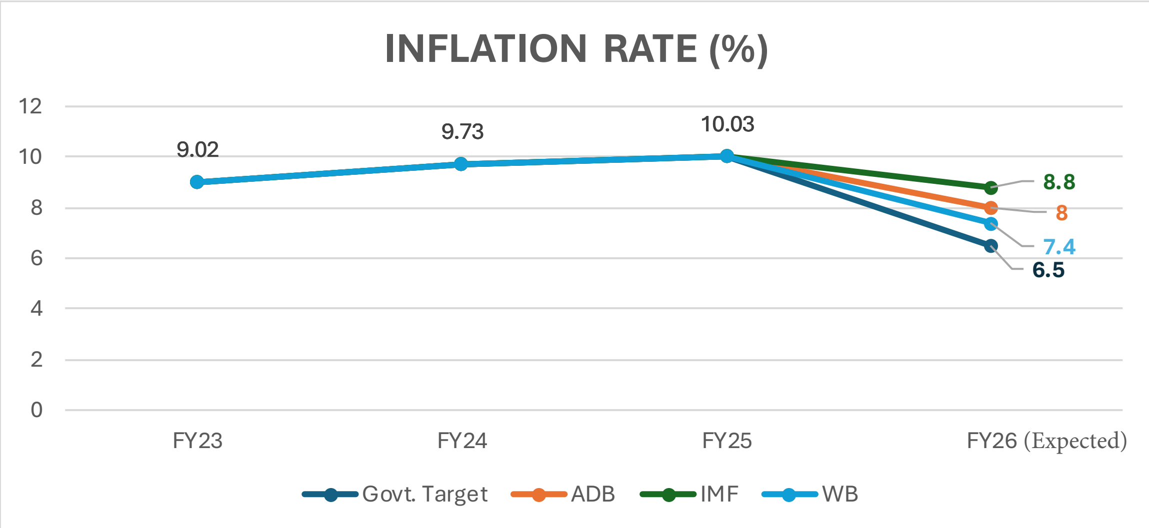
Sources:

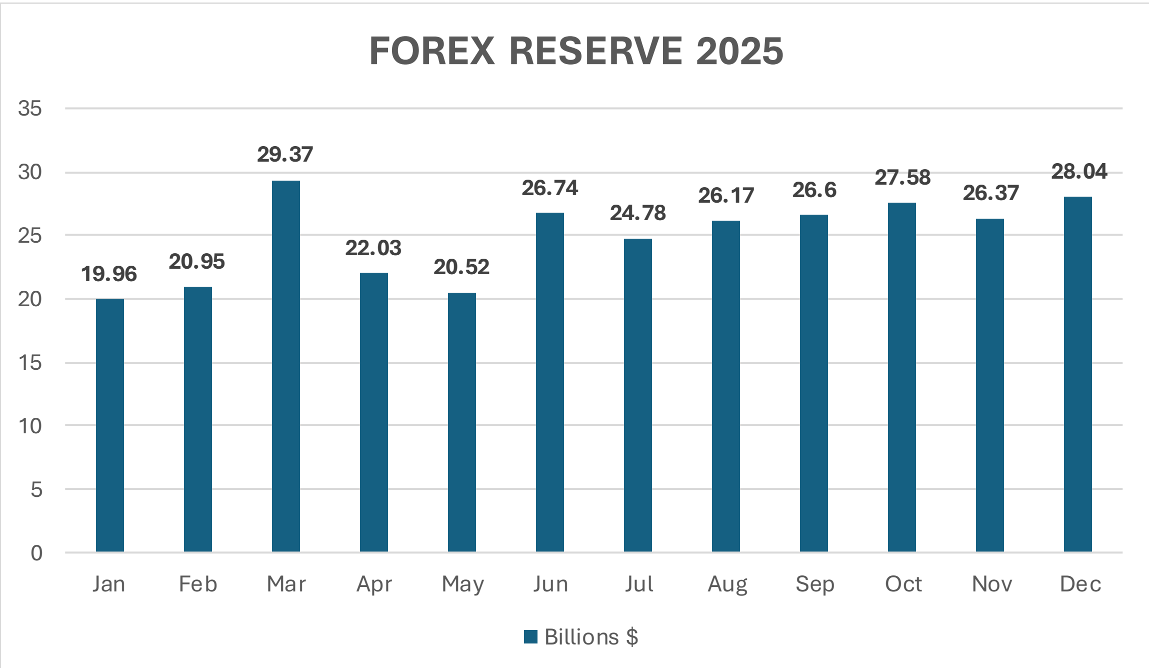
1. *Economy at 'critical juncture' despite regaining macroeconomic stability, warns Planning Commission report*

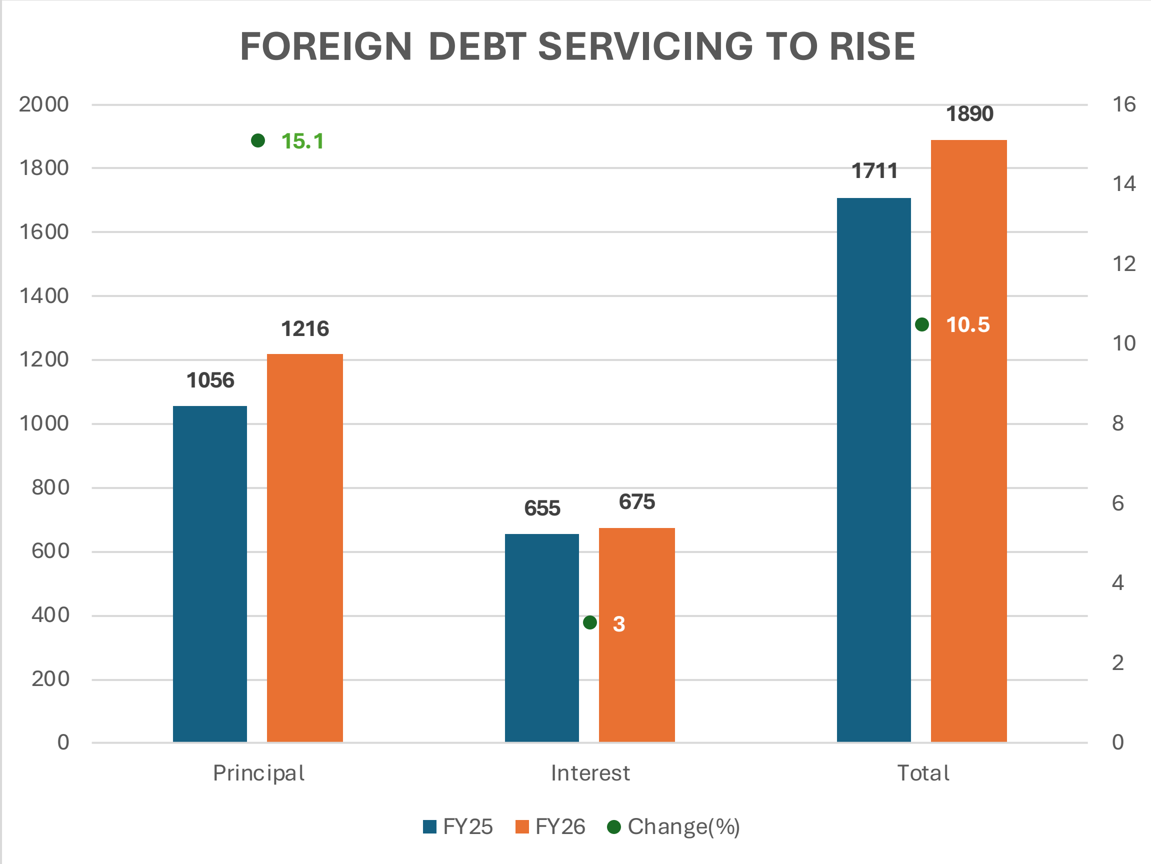
ECONOMY AND EXPECTATIONS IN THE RECENT PAST AND NEAR FUTURE

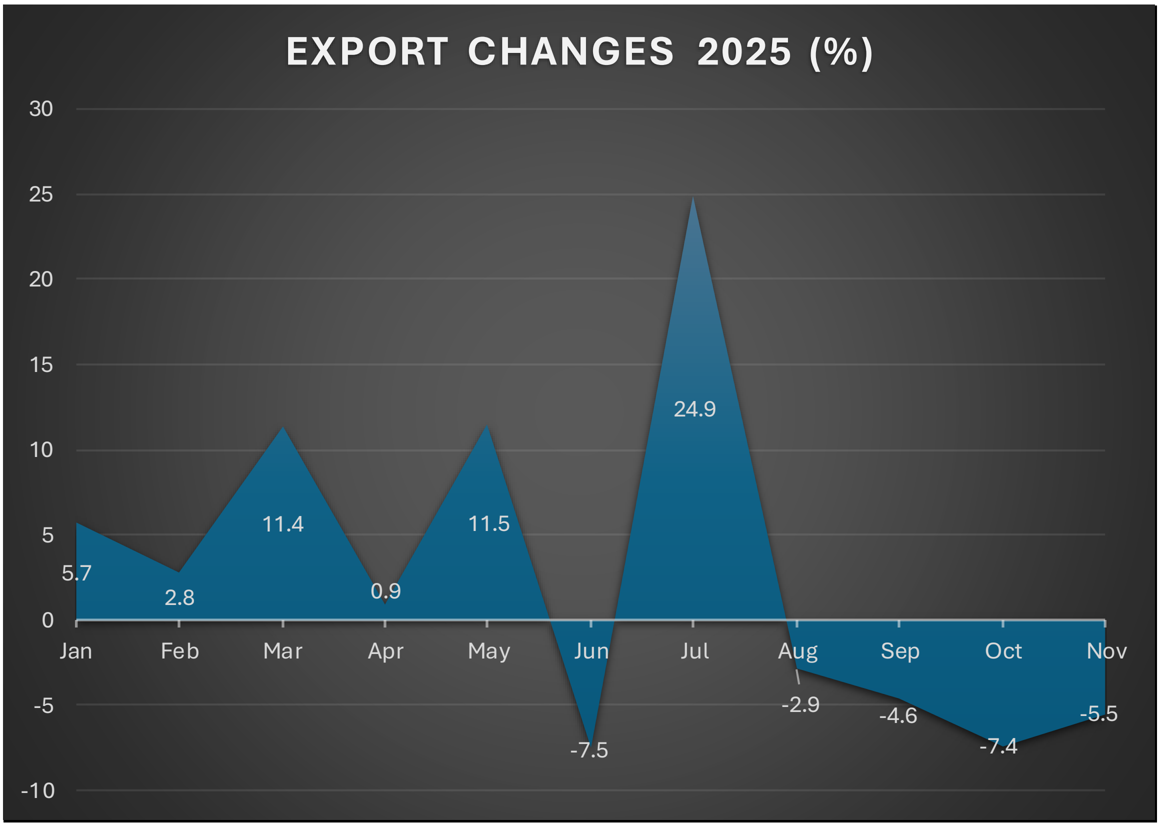
TRACKING PERFORMANCE, SENTIMENT, AND FORWARD-LOOKING SIGNALS SHAPING ECONOMIC OUTLOOKS

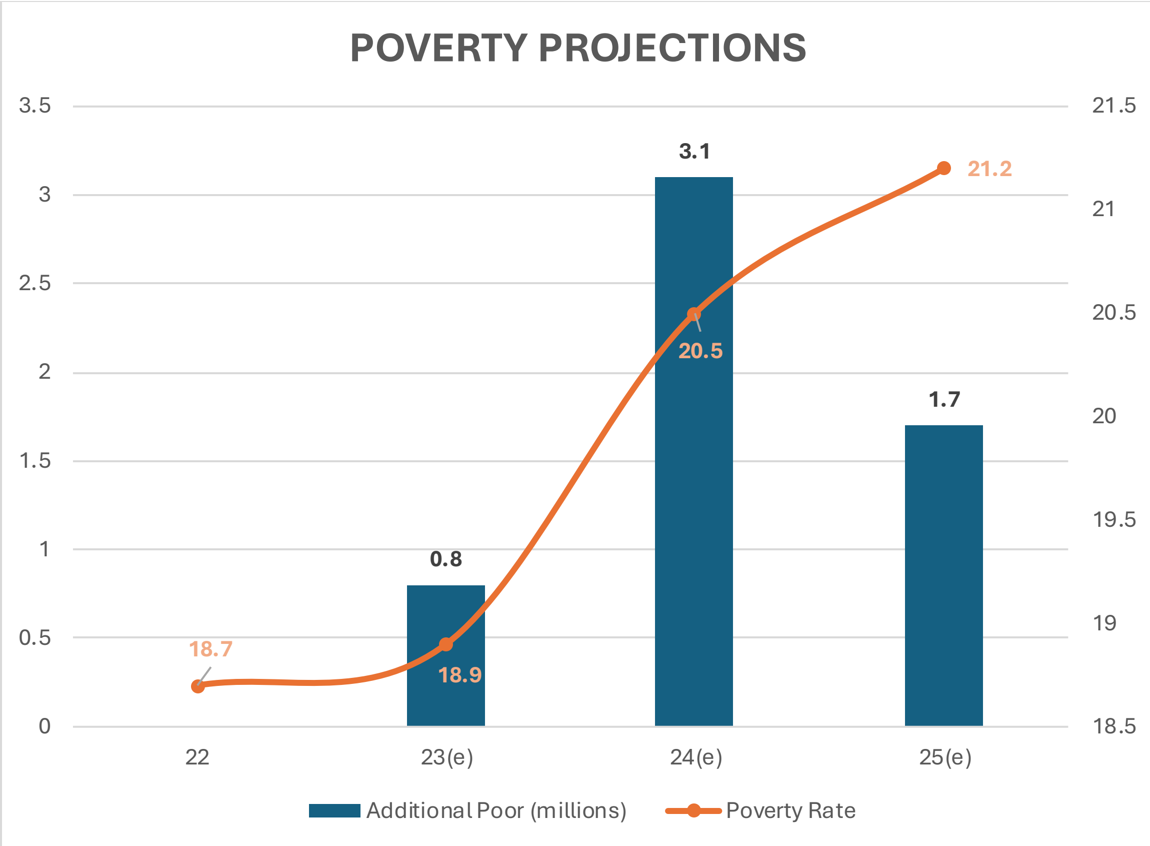

REAL GDP GROWTH RATE (%)
5.78
4.22
3.97
5.5
5
4.9
4.8
FY23
FY24
FY25
FY26 (Expected)
Govt. Target
ADB
IMF
WB

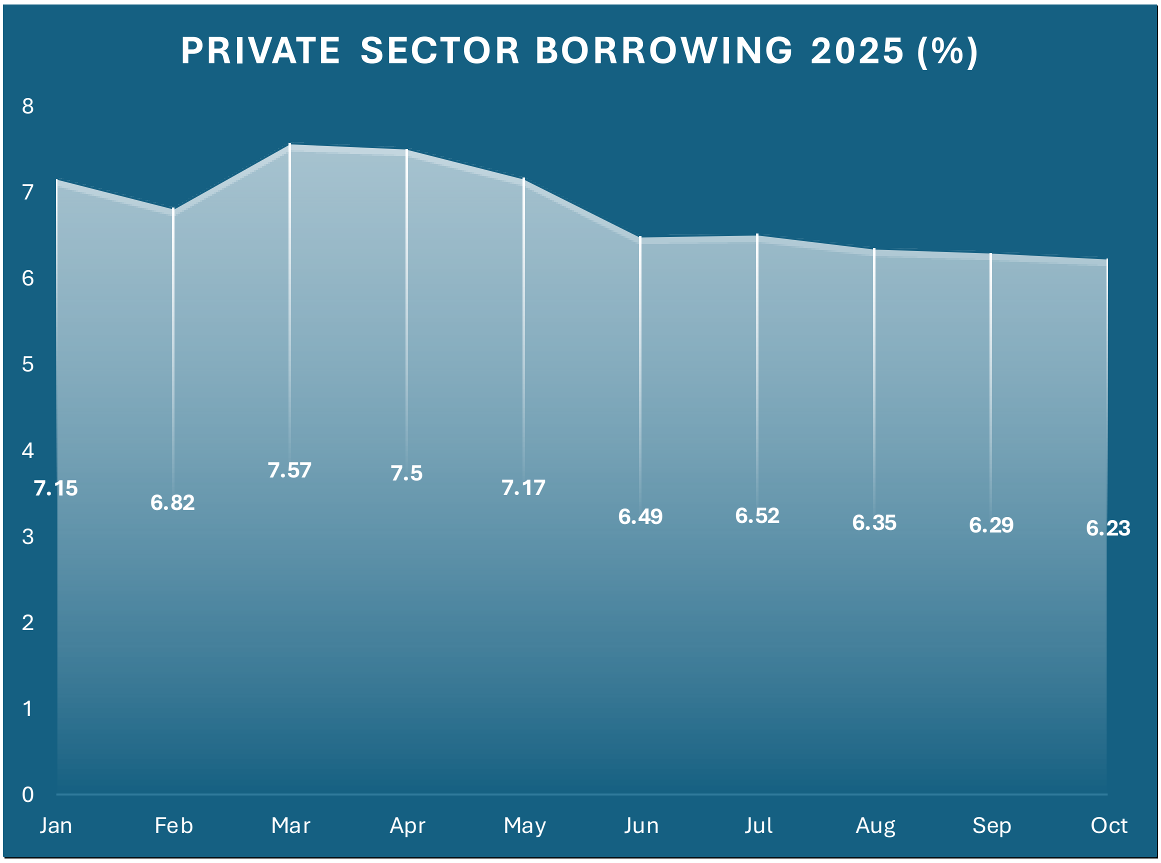

INFLATION RATE (%)
9.02
9.73
10.03
8.8
8
7.4
6.5
FY23
FY24
FY25
FY26 (Expected)
Govt. Target
ADB
IMF
WB


FOREX RESERVE 2025
19.96
20.95
29.37
22.03
20.52
26.74
24.78
26.17
26.6
27.58
26.37
28.04
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Billions $


FOREIGN DEBT SERVICING TO RISE
2000
1800
1600
1400
1200
1000
800
600
400
200
0
16
14
12
10
8
6
4
2
0
15.1
1056
1216
655
675
3
1711
1890
10.5
Principal
Interest
Total
FY25
FY26
Change(%)


EXPORT CHANGES 2025 (%)
30
25
20
15
10
5
0
-5
-10
5.7
2.8
11.4
0.9
11.5
-7.5
24.9
-2.9
-4.6
-7.4
-5.5
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov


POVERTY PROJECTIONS
3.5
3
2.5
2
1.5
1
0.5
0
21.5
21
20.5
20
19.5
19
18.5
0.8
3.1
1.7
18.7
18.9
20.5
21.2
22
23(e)
24(e)
25(e)
Additional Poor (millions)
Poverty Rate


PRIVATE SECTOR BORROWING 2025 (%)
8
7
6
5
4
3
2
1
0
7.15
6.82
7.57
7.5
7.17
6.49
6.52
6.35
6.29
6.23
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct

WHAT TO WATCH IN 2026

	BANGLADESH	*Restoring stability and rebuilding trust for recovery*
1	Politics and Elections	**Road to election** • How will be the overall election environment? What about security of candidates and voters? • Will Islamist political parties shape the next phase of politics? • Will elections remove uncertainty, bring back stability, drive confidence and encourage investment? **Reforms** • Will institutional reforms remain only in promises? • Will those restore public trust in key institutions?
2	Public Safety/ Law and Order	**A sense of insecurity grips public life with poor law and order. The situation is feared to worsen ahead of elections as political confrontations escalate.** • Will 2026 be safer for public life and businesses? • Will 2026 let journalists and cultural institutions operate without fear?
3	Rising Costs of Living and Shrinking Incomes	• Will 2026 see inflation easing? What global commod-ity market outlook signals? • Will monetary and fiscal tools ease price pressures, either imported or home-grown?
4	Banking and Stock	• Will banks recover from liquidity shortage, loan defaults, provision deficits and able to lend more to private sector? • Will merger initiate show troubled banks a way out? • Will 2026 be year for cleanup and good governance in banks? • Will there be anything for the stock market?
5	Private Sector Recovery, Investment and Job	**Frozen private investment, stagnant job creation, and fading business confidence.** • Will 2026 see a turnaround? • Will firms invest more after elections? Will they hire more? • Will FDI flow in? Which sectors may draw more FDI?
6	LDC Graduation: Real Test Begins in 2026	**If not deferred, Bangladesh is set to graduate from LDC status in Nov 2026.** • Will doing business be easing? • Are businesses prepared to diversify and compete efficiently to survive beyond the comfort zone? • What will the elected government have in store for businesses?
7	Food Security	**Food supplies are affected by climate issues and global market shocks.** • Will there be enough supports to support local agriculture and import food grain to keep prices stable?
8	Education & Public Health	**Both education and health appeared to have drawn less attention from policymakers, resulting in decline in quality of learning and healthcare.** • Will human capital be a top priority in 2026 with new political govt in office? • Will health costs decline? • Will overall education quality and environment still remain in the back foot?
9	Diplomacy & Global Issues	• How will be the relation with India after a new government takes office? • How will new government manage the Rohingya burden after US aid cuts? • Will the tariff war ease?
10	Energy and Environment	• Will 2026 mark the beginning of an EV transition in Bangladesh? • Will 2026 see a breakthrough in solar and nuclear power generation? • Will there be any breakthrough in gas exploration?

TBS RESEARCH

WORLD

- Will Trump's tariff and trade war cause high prices and an economic slowdown?

- Will stricter Immigration and Customs Enforcement (ICE) lead to more arrests and deportations?

- How Trump's unconventional approach to diplomacy define relations with the rest of the world?

- Will US-China relations improve?
- Will Russia-Ukraine war stop?
- Will Gaza peace deal sustain?

- Public debt: Rich world govts living beyond their means and risk of bond market crisis growing

- Will AI bubble bust?
  - o AI boom, reflected in surging stock prices of tech giants, concealing underlying economic weaknesses

- Medical revolution
  - o Will weight loss drug become more widespread?
  - o Will high prices continue to keep diabetic and obesity drugs and jabs confined to rich world?

- Will new law make migration to UK tougher?

- Global commodity prices to hit six-year low

- Global trade will slow due to
  - o Slowing global economic growth
  - o Geopolitical fragmentation
  - o Continued policy uncertainty
  - o Heightened vulnerability weigh on trade activity
  - o Rising trade costs

- Global economic growth will slow, inflation to decline further

- Consumer confidence and spending appetite remain the biggest risks to global fashion industry growth, followed by geopolitical instability

Sources: The Economist, IMF, World Bank, UNCTAD, McKinsey and others