



THE EDGE ECONOMIC REPORTS

# Running on Buffers

*The IMF's October 2026 Outlook  
and the Second Opinion on the Gulf's War Year*

October 2026





# RUNNING ON BUFFERS

## Executive Summary

The world economy keeps absorbing blows it was not built for, and the International Monetary Fund has now put a number on the endurance. In its October 2026 World Economic Outlook, published on 13 October under the title *Resilience Under Strain, Urgent Choices*, the Fund projects global growth of 3.1 percent in 2026 and 3.4 percent in 2027, essentially unchanged from its April vintage despite an energy disruption that has run longer than anyone assumed in the spring. That steadiness is the headline, and it is also the warning. The resilience, on the Fund's own account, has been bought with finite things: energy rerouted around a closed strait, inventories drawn down, demand compressed, fiscal buffers spent, and an artificial intelligence investment boom that now carries a widening share of global demand on a narrow set of firms and expectations. The report's phrase for these is the margins of adjustment, and its central message is that they are thinning. Global headline inflation, the first casualty, is projected to rise to 4.7 percent in 2026, a cumulative upward revision of 0.7 percentage point driven mainly by energy and food, before easing to 4.1 percent in 2027.

Beneath the stable aggregate, the Fund describes a split world economy. Economies plugged into the technology upturn or enjoying favorable terms of trade are holding up or strengthening: the United States grows 2.3 percent in each year of the forecast, the group of other advanced economies accelerates to 4.2 percent in 2026 on the technology trade, and Korea nearly triples its growth rate to 3.3 percent. Energy importers outside that value chain face the hardest configuration of higher import bills, weaker currencies and thinner fiscal room. And at the centre of the shock, the Middle East and Central Asia region is the only region in the Fund's table that contracts in 2026, by 0.3 percent, before rebounding to 6.3 percent in 2027. Within it sit the war year's true extremes: Kuwait at a contraction of 16.7 percent, Iraq at 16.0, Qatar at 15.6 and Bahrain at 11.3, each paired with a double digit rebound in 2027 as production and shipping are assumed to normalize.

This is the second institutional vintage on the Gulf's war year, arriving one week after the World Bank's regional update that this house covered in *A Reversal of Fortunes*, and the two do not agree. The Fund, whose database closed on 1 October and therefore sees September's partial reopening of the Strait of Hormuz, cuts Kuwait, Bahrain, the United Arab Emirates and Iraq deeper than the Bank did, trims Qatar's contraction by a third, and prices generally more conservative 2027 rebounds, with two exceptions, Bahrain and Iraq, where its rebound is the stronger one, and with Saudi Arabia's figure identical in both tables. The sharpest practical difference is what the two vintages imply for recovered ground: on The Edge's computation from the Fund's rates, Kuwait's output in 2027 remains about 2.5 percent below its 2025 level, where the Bank's rates would put it about 4 percent above. The divergence is not a quarrel about the war; it is a measure of how little settled data yet exists under the smoke, and both institutions mark the same arithmetic honestly: the rebound restores volumes from a depressed base, it does not restore the lost year.



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The Fund's companion Global Financial Stability Report, Resilience, Risk, and Transformation, published the same day, supplies the financial counterpart. Markets have stayed orderly on solid growth and strong earnings, but the report names three risks that could turn: a correction in artificial intelligence related asset prices amplified by leverage and concentration, a sharp rise in sovereign bond yields on resurgent inflation or fiscal alarm, and cyberattacks on an ever more digital financial system. Hedge funds, now holding about 13 trillion dollars in assets, more than three times their 2013 level, could amplify any of the three. The Edge reading across both reports is a single sentence: the world has survived the shock by spending its shock absorbers, and 2027's projected rebound belongs to whoever still has some left.

Dashboard, October 2026, on our compilation from the two reports: global growth 3.1 percent in 2026 and 3.4 percent in 2027, inflation 4.7 then 4.1 percent; Middle East and Central Asia the only contracting region, down 0.3 percent then rebounding 6.3; Kuwait the table's deepest cut, contracting 16.7 percent then rebounding 17.1; Qatar contracting 15.6 then rebounding 18.8; Bahrain contracting 11.3 then rebounding 13.9; Saudi Arabia contracting 3.3 then rebounding 7.9; the United Arab Emirates contracting 3.9 then rebounding 7.7; Oman the only Gulf expansion in 2026 at 4.1 percent; Egypt upgraded to 5.1 percent growth this fiscal year and 4.7 next; oil's round trip from 126 dollars in late March to 68 in the June glut and a tight market since, with Brent futures pointing to 79 dollars by the end of 2027; Gulf crude exports back to 88 percent of prewar levels in September; hedge fund assets near 13 trillion dollars. Each figure is sourced in the body of this report.

### A Split Economy, Still Standing

The Fund opens with the same astonishment every serious observer of this period shares. In less than seven years the world economy has absorbed a pandemic, two wars, an inflation surge, the sharpest monetary tightening in half a century and a rewiring of trade relations, any one of which would once have defined a decade. Yet activity in the first half of 2026 held up better than expected, labor markets have stayed unexpectedly strong, and the financial system has broadly functioned. The October baseline leaves April's projection of 3.1 percent growth for 2026 unchanged and lifts 2027 by two tenths of a point, from 3.2 to 3.4 percent, even though the energy disruption has run far longer than the spring assumption of a limited conflict; against the July update, 2026 is a tenth of a point higher and 2027 is unchanged.

The report is explicit about where that endurance came from, and none of its sources is free. Shipments were rerouted, producers outside the region lifted output, strategic and commercial inventories were drawn down, demand for oil compressed, especially in East Asia, and renewables substituted at the margin. The second engine is the technology cycle: investment in artificial intelligence has provided a demand impulse strong enough to lean against a war, lifting the economies that build, power and supply the new computing stack. The result is the report's organizing image of a split: favorable terms of trade or technology exports cushion one set of countries, while energy importers with little connection to the technology value chain face higher import costs, exchange rate pressure, weaker real incomes and narrower fiscal

space at once. Many low income countries belong to the second group, and the Fund warns that the recent shocks are likely to widen income gaps across and within countries. World trade volume growth slows in 2026 and stabilizes in 2027.

Inflation is the price of the cushioning. Headline rates rise to 4.7 percent globally this year, with core at 3.9 percent, and the Fund's language on the monetary task is unusually plain: the stance should stay restrictive enough to finish the job, the case for caution is strongest in energy importing economies outside the technology chain where inflation was already at or below target, and the case for tightening is strongest where the technology boom is adding demand pressure to economies already above target. The United States, where inflation rises to 3.6 percent this year on the Fund's numbers, sits visibly in the second camp. Fiscal policy gets the sterner lecture: with debt high, yields rising and spending needs pressing, the report calls the rebuilding of fiscal space urgent, and its risk scenario shows why.

In that scenario, higher commodity prices and fiscal alarm trigger a reassessment of public borrowing risks, term premiums and inflation expectations rise together, and 2027 global growth lands materially below the baseline with inflation significantly higher, with tangible spillovers to emerging markets.

**Table 1. Key growth forecasts, October 2026 World Economic Outlook**

| Economy or group                                | 2025 | 2026f | 2027f |
|-------------------------------------------------|------|-------|-------|
| <b>World output</b>                             | 3.5  | 3.1   | 3.4   |
| <b>Advanced economies</b>                       | 2.0  | 2.1   | 1.8   |
| <b>United States</b>                            | 2.3  | 2.3   | 2.3   |
| <b>Euro area</b>                                | 1.2  | 1.1   | 1.2   |
| <b>Japan</b>                                    | 1.2  | 0.7   | 0.7   |
| <b>United Kingdom</b>                           | 1.2  | 1.3   | 1.2   |
| <b>Emerging market and developing economies</b> | 4.5  | 3.7   | 4.4   |
| <b>China</b>                                    | 5.0  | 4.5   | 4.0   |
| <b>India</b>                                    | 7.8  | 7.0   | 7.0   |
| <b>Middle East and Central Asia</b>             | 3.7  | -0.3  | 6.3   |
| <b>Saudi Arabia</b>                             | 4.6  | -3.3  | 7.9   |
| <b>Kuwait</b>                                   | 2.7  | -16.7 | 17.1  |
| <b>Qatar</b>                                    | 1.8  | -15.6 | 18.8  |
| <b>United Arab Emirates</b>                     | 6.2  | -3.9  | 7.7   |
| <b>Bahrain</b>                                  | 3.5  | -11.3 | 13.9  |
| <b>Oman</b>                                     | 2.4  | 4.1   | 2.2   |
| <b>Iraq</b>                                     | -0.4 | -16.0 | 19.0  |
| <b>Egypt (fiscal year)</b>                      | 4.4  | 5.1   | 4.7   |

*Source: IMF, World Economic Outlook, October 2026, growth projections table and October 2026 WEO database, real GDP growth in percent; f denotes forecast. India on a fiscal year basis. Gulf figures below Saudi Arabia are from the Fund's October 2026 database; the printed summary table carries the aggregates, the United States through Saudi Arabia rows, and Egypt.*

## The Gulf in the Fund's Table: Deeper Cuts, Humbler Rebounds

The Fund's Gulf numbers tell the same story the World Bank told on 6 October, with the volume dial turned differently. Kuwait carries the deepest projected contraction in the Gulf at 16.7 percent, its worst year in more than three decades, followed by Iraq at 16.0 percent, Qatar at 15.6 and Bahrain at 11.3. Saudi Arabia, which rerouted crude through the Red Sea, is cut 3.3 percent; the United Arab Emirates, with ports beyond the strait and production flexibility after leaving the OPEC Plus arrangements in May, declines 3.9 percent. Oman, whose harbors face the open ocean, is again the exception, growing 4.1 percent this year on the Fund's numbers, stronger than the Bank's 3.1. The three deepest cuts, Kuwait, Iraq and Qatar, are paired with 2027 rebounds of 17.1 to 19.0 percent, Bahrain with 13.9, and the milder contractions with recoveries near 8 percent, all on the shared assumption that the conflict does not escalate further and energy markets gradually normalize.

### The deepest cuts buy the steepest rebounds

Real GDP growth, percent. Navy: 2026 forecast. Gold: 2027 forecast.

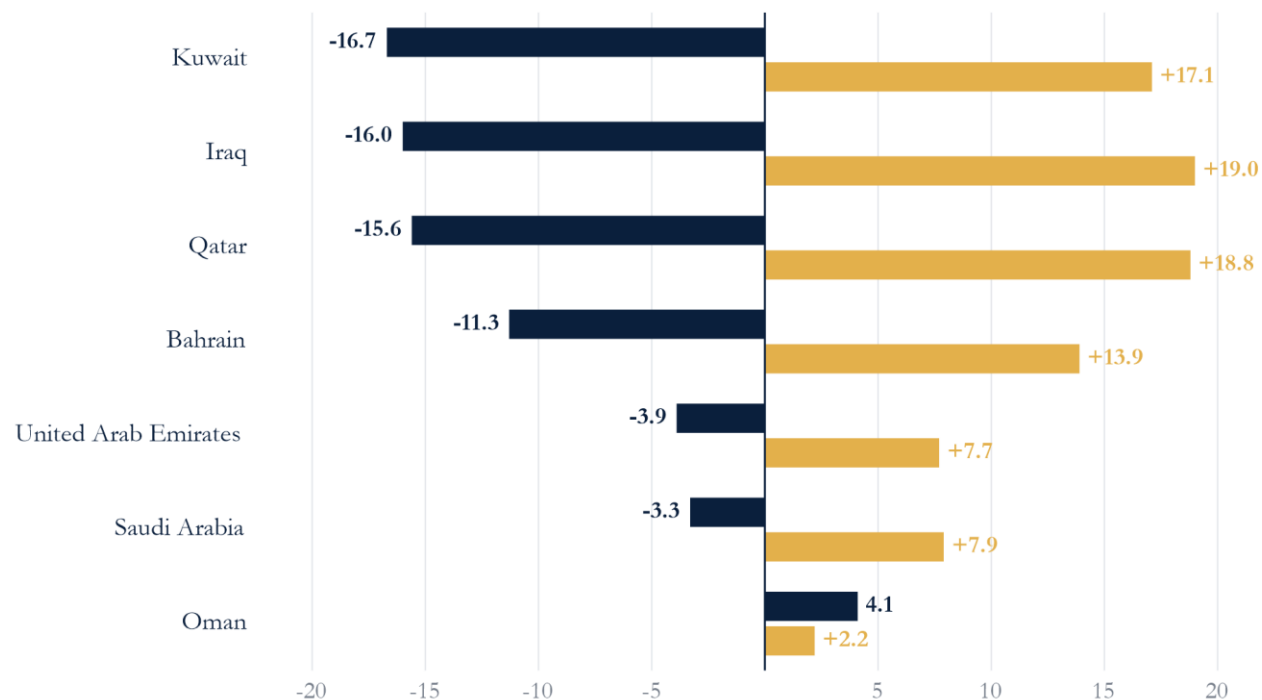


Figure 1. The war year in two columns: the Fund's 2026 contractions and the 2027 rebounds they price. The deepest cuts buy the steepest recoveries, and most of the Gulf only refills the hole. Source: IMF, *World Economic Outlook* October 2026 database, real GDP growth, read at [imf.org](http://imf.org) on 13 October 2026. Chart by The Edge.

Kuwait deserves the close reading, both for its depth and for what still holds underneath it. The contraction of 16.7 percent is a volume number: it measures barrels that could not leave a closed corridor, compounded by damage at the refineries and the airport this house has documented since February, not a collapse of domestic demand. The Fund's own database shows what endures around the hole. Kuwaiti inflation holds at 2.2 percent this year, among the lowest in the region, and the current account remains in surplus in every year of the projection, 18.3 percent of GDP in 2026 between surpluses near a quarter of output on either side. A sovereign that sells fewer barrels at higher prices, keeps prices at home stable and still banks an external surplus is wounded in its flows, not its foundations. The rebound of 17.1 percent penciled for 2027 is then simple restoration arithmetic, and on the Fund's version of that arithmetic it is not quite enough: compounding the two years from a 2025 base of 100, on The Edge's computation, Kuwait ends 2027 at about 97.5, still two and a half percent short of where it stood before the war year. Qatar, at 15.6 down and 18.8 back, returns almost exactly to par at 100.3. Bahrain reaches about 101, Iraq about 100, Saudi Arabia about 104.3 and the Emirates about 103.5. Oman, which never fell, compounds to about 106.4, the quiet winner of the table.

### Two Vintages, One War

A week separates the World Bank's regional update from the Fund's outlook, and the gap between their Gulf numbers is wider than a week should explain. The Edge set the two tables side by side, and the differences organize into a pattern. The Fund is deeper on the economies the Bank treated most gently: Bahrain at a contraction of 11.3 percent against the Bank's 2.9, the Emirates at 3.9 against 1.6, Kuwait at 16.7 against 14.6, Iraq at 16.0 against 12.4. It is markedly shallower on the Bank's worst case, Qatar, at 15.6 against 20.9. Its 2027 rebounds are mostly the more conservative pair: Kuwait at 17.1 against 22.0, Qatar at 18.8 against 26.7, the Emirates at 7.7 against 9.5 and Oman at 2.2 against 3.4; the exceptions run the other way in Bahrain, 13.9 against 4.2, and Iraq, 19.0 against 16.9, while Saudi Arabia's 7.9 is the one number the two institutions share exactly.

**Table 2. The Gulf's war year in two institutional vintages, 2026 contraction and 2027 rebound**

| Economy                     | IMF, 13 October | World Bank, 6 October |
|-----------------------------|-----------------|-----------------------|
| <b>Kuwait</b>               | -16.7 / +17.1   | -14.6 / +22.0         |
| <b>Qatar</b>                | -15.6 / +18.8   | -20.9 / +26.7         |
| <b>Iraq</b>                 | -16.0 / +19.0   | -12.4 / +16.9         |
| <b>Bahrain</b>              | -11.3 / +13.9   | -2.9 / +4.2           |
| <b>United Arab Emirates</b> | -3.9 / +7.7     | -1.6 / +9.5           |
| <b>Saudi Arabia</b>         | -3.3 / +7.9     | -2.0 / +7.9           |
| <b>Oman</b>                 | +4.1 / +2.2     | +3.1 / +3.4           |

*Source: IMF, World Economic Outlook October 2026 database, read at [imf.org](https://imf.org), 13 October 2026; World Bank Group, MENAAP Economic Update, October 2026, Table 1.1, as documented in The Edge's report *A Reversal of Fortunes*, 11 October 2026. Compilation by The Edge; real GDP growth in percent.*



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Three readings follow; they are The Edge's interpretations, not an account offered by either institution, and we would hold all three at once. First, vintage: the Fund's database closed on 1 October and therefore contains September, the month Gulf crude exports recovered to an average of 16.7 million barrels per day, 88 percent of prewar levels, as traffic returned through the strait. The Bank's tanker series, published earlier, ended at August's lows. An institution that can see the reopening prices a shallower Qatar catastrophe and, having watched a month of actual recovery, also prices more conservative rebound rates for 2027 because part of the recovery has already happened inside 2026. Second, method: these are small teams making heroic assumptions about capacity, repair timetables and corridor politics, and the spread between them, nine percentage points on Bahrain's 2026, five on Qatar's, is an honest measure of the uncertainty either number carries alone. Third, use: for planning purposes the pair brackets the truth better than either does separately, and the bracket itself is the finding. On Kuwait, the two vintages agree the contraction is the deepest since the early 1990s and disagree only on whether 2027 recovers the lost ground. The Edge's level arithmetic above says the difference between those two futures is about six and a half points of output, which is precisely the stake riding on the corridor staying open.

### Egypt: The Upgrade Column

Egypt stands apart from the Gulf arithmetic for the second vintage running, and it has earned its own reading. The Fund estimates fiscal year 2025/26 growth at 5.1 percent, up from 4.4 percent the year before, matching the World Bank's figure and its largest regional upgrade, and projects 4.7 percent for 2026/27, four tenths above the Bank's 4.3. Two institutions reading the same economy a week apart and agreeing on its acceleration is rarer in this cycle than it sounds, and it continues the stabilisation this house documented in Egypt's Debt Equation in September and again in the Bank's spread data, where Egypt's decline since late February was among the region's largest. A large importer growing above 5 percent through an energy war is not luck: it is the combination of a cheaper currency already absorbed, a reform program holding its anchor points, and a position outside the corridor that turned geography from a curse into a shield.

The ledger still has a heavy side. Inflation eases from 20.4 percent to a projected 13.3 this year on the Fund's series, then edges back up to 14.8 in 2027, a reminder that disinflation is not yet a settled trend, and the Fund's fiscal series shows the general government deficit widening to 11.4 percent of GDP in 2026 before narrowing to 8.9 the year after, the war's bill arriving through subsidies, imports and debt service rather than through lost output. Egypt, in other words, is the mirror image of Kuwait in this report: its growth is intact and its balance sheet carries the strain, where Kuwait's balance sheet is intact and its growth carries the strain. Which position proves more comfortable by 2027 depends on the same corridor, the same futures curve and, for Cairo, on an inflation path that must keep falling for the growth to keep meaning anything for households.



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The rest of the importer lane tells the quieter version of the same story. Jordan at 2.7 percent, Morocco at 4.5 and Pakistan at 3.6 round out a group that is accelerating through a war it did not choose, the same quiet resilience the Bank's table showed. Iran is the region's other deep contraction, 7.6 percent this year with inflation projected near 79 percent, a reminder that the war's economics are hardest inside the economy where it began. For Lebanon, the Fund publishes no forecast at all beyond its strong 2025, which is its own kind of statement.

### Oil's Round Trip, and Why the Price Behaved

The outlook's Commodity Special Feature reconstructs the energy year with numbers that belong in the permanent record. When shipments through the Strait of Hormuz nearly halted in late winter, disrupting about a fifth of global oil supply, prices peaked near 126 dollars a barrel in late March. Three cushions then went to work: producers elsewhere lifted output, the International Energy Agency's emergency release and China's own stock drawdown bridged the physical gap, and demand compressed, especially in China. By early June the market had stabilized around 100 dollars with a supply deficit of 1.9 million barrels a day being met from rapidly depleting reserves. Then came the June surprise: a memorandum of understanding between Iran and the United States briefly and suddenly reopened the strait, and roughly 90 million barrels accumulated in the Gulf during the closure hit the market in weeks, collapsing prices to 68 dollars. The ceasefire did not hold, a low intensity conflict has since spread toward the Red Sea, and the market has been tight ever since, with the risk premium rebuilt. Futures markets, in steep backwardation, price Brent back at its preconflict level of 79 dollars by the end of 2027.

Two findings in the feature matter beyond the narrative. Refined products have been hit harder than crude, with prices still 70 to 95 percent above prewar levels after refinery outages and damage in the Gulf and Russia removed about a fifth of internationally supplied refined products; the pressure now sits most heavily on diesel and gasoline, which is where energy shocks reach households and farms. And the feature's analytical point, which the executive summary elevates, is that price increases driven by physical supply disruption have larger and more persistent macroeconomic effects than those driven by geopolitical risk sentiment alone. The 2026 shock was physical. That is why this one left marks the 2022 episode did not, and why the state of actual flows through the strait, not headlines about it, is the variable worth watching.

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### Oil's round trip, 2026

Brent, dollars per barrel, at the points the Special Feature states. Dashed: the futures path to the end of 2027.

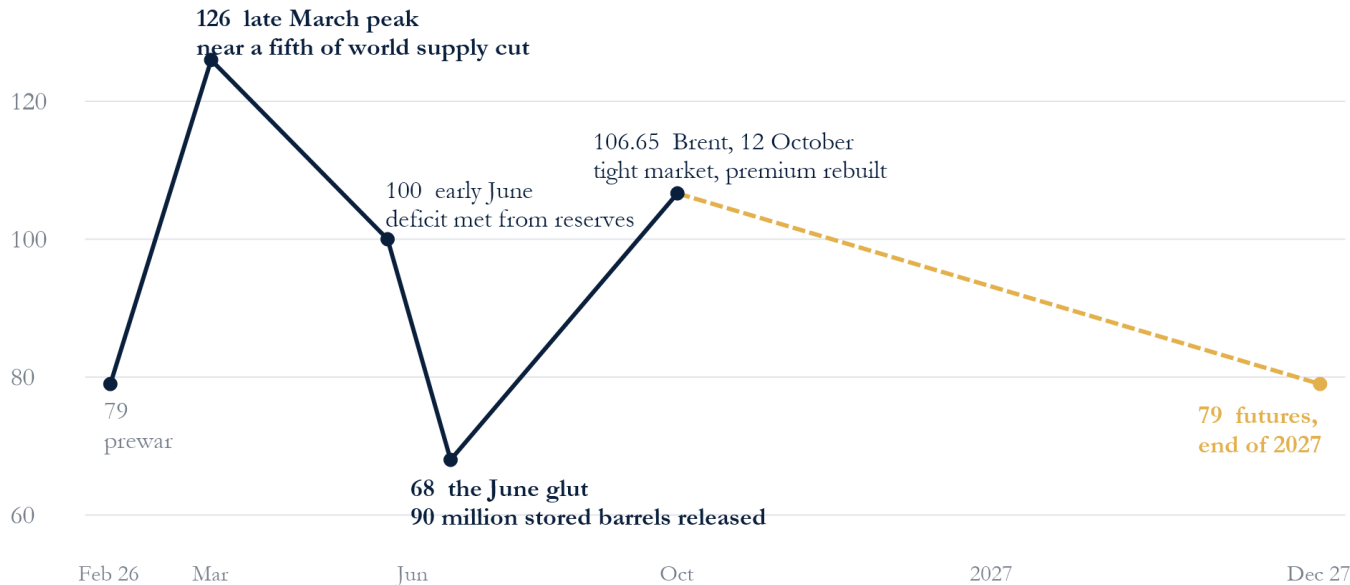


Figure 2. From 126 to 68 and back to tight: the oil year the Special Feature reconstructs, with the futures curve pointing to 79 dollars by the end of 2027. Source: IMF, *World Economic Outlook* October 2026, *Commodity Special Feature*, read at [imf.org](http://imf.org) on 13 October 2026; price points as stated in the feature, except the 12 October Brent settlement, which is from The Edge's own commodities coverage and marks the current tight market. Chart by The Edge.

### Inflation Returns Through the Fuel Line, and What Governments Should Do

The inflation the Fund now forecasts is not 2022's. It is narrower, energy and food led, and overlaid on economies whose households have already spent four years absorbing price shocks. Inside the Gulf the Fund's numbers put the pressure where logistics would predict: the United Arab Emirates at 4.5 percent this year, Qatar at 3.6, Oman at 3.2, while Kuwait at 2.2 and Saudi Arabia at 1.9 stay anchored. Among the region's major emerging market importers, Egypt's 13.3 percent remains the heaviest burden next to Jordan, Morocco and Pakistan. In the advanced world the United States rises to 3.6 percent while Japan eases to 2.0, which is the split economy again, this time in prices.



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The outlook's second chapter, on cost of living crises, reads like a field manual written for exactly this moment, and its headline result deserves wide circulation. Drawing on a new global database of policy interventions, the Fund finds that temporary, targeted income transfers protect vulnerable households at a fraction of the cost of measures that suppress prices, which require 3 to 22 times more fiscal resources, blunt the signals that bring new supply, and tend to fail outright when fiscal space is thin or many countries adopt them at once. Preserve the price, pay the household: for Gulf states weighing subsidy bills against targeted support, and for importers with no fiscal room to waste, that single finding is the chapter. It lands in a region where this house has already documented food inflation running far above headline rates inside the Gulf, and it is the standard against which the coming winter's support packages should be judged.

### The Stability Report Underneath

The Global Financial Stability Report supplies the part of the picture the growth tables cannot show: what could break. Its assessment is that markets have remained resilient on solid growth and strong earnings, and that the calm is thinner than it looks. Three risks lead. The first is a correction in artificial intelligence related asset prices if investment or profitability disappoints, a risk the growth outlook itself seeds, since the same AI boom that cushioned the war shock has concentrated global expansion in a small set of firms, sectors and economies, increasingly financed with leverage. The second is a sharp rise in sovereign bond yields, triggered by resurgent inflation or fiscal alarm, the financial twin of the WEO's own risk scenario. The third is cyber, growing as finance digitizes, and named by the Fund in the same breath as the war's drone and infrastructure attacks.

Beneath the triggers sit the amplifiers. Pockets of weaker banks persist. Liquidity mismatches at insurers and pension funds have grown. Private credit carries rising leverage and contingent liquidity risk. And hedge funds, the report's special subject, now hold about 13 trillion dollars in assets, more than triple their 2013 footprint, with few constraints on strategy or borrowing; in calm times they supply liquidity and price discovery, in stress their crowded trades and correlated redemptions can turn them into a synchronized seller whose troubles reach the banking system through prime brokers. Emerging markets have spent buffers, and frontier borrowers lean on less transparent financing. For Gulf sovereigns and their wealth funds, sitting on both sides of these markets as issuers and as some of the world's largest institutional investors, the report reads less like a warning about home and more like a map of the neighborhood their assets live in. The nine regional sovereigns that our last report found trading inside their prewar spreads have held that confidence through a quarter of war; the stability report lists the global forces that could test it from outside.



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### What The Edge Is Watching

The two reports reduce to a short monitoring set, and each item is observable at its source. First, the corridor: Gulf crude exports averaged 88 percent of prewar levels in September, and the distance between the Fund's Kuwait and the Bank's Kuwait is largely the question of whether that number holds through winter. Second, the margins of adjustment the Fund says are thinning: commercial and strategic oil inventories, which absorbed the last escalation and may not absorb the next one. Third, refined product prices, still 70 to 95 percent above prewar levels, the channel through which the war reaches diesel tanks and bakery bills. Fourth, the American inflation print and the term premium, because the WEO's downside scenario and the GFSR's second risk are the same event seen from two windows, and it starts in the Treasury market. Fifth, AI capital spending announcements and the equity concentration around them, the boom that is carrying the world's growth and, on the Fund's account, concentrating its risk. Sixth, the Fund's regional outlook for the Middle East and Central Asia, due with the 22 October press briefing in this Annual Meetings cycle, which will put country detail under the aggregates read here; The Edge will read it at the source.

### Outlook: Three Paths to 2027

What follows are The Edge's qualitative scenarios built on the Fund's published baseline and risk discussion, not alternative IMF forecasts. On the baseline, the conflict does not escalate further, energy markets continue to normalize, and the arithmetic does its work: 3.4 percent global growth in 2027, a 6.3 percent regional rebound, Brent drifting toward 79 dollars, and inflation back near 4 percent globally. In that world Kuwait grows 17.1 percent and still ends the year slightly below its 2025 output, which is why the recovery's composition, how much is restored volume and how much is new capacity, matters more than its size.

The downside path runs through either of two doors the Fund has marked. The geopolitical door is a renewed closure or a widening of the Red Sea conflict with inventories now thinner than a year ago, which would transmit to prices faster than the 2026 episode did. The financial door is the term premium scenario: an inflation surprise or a fiscal fright that lifts sovereign yields, forces a repricing of the AI complex, and turns hedge fund deleveraging from a chapter heading into a market event. The two doors open onto the same room, a 2027 with materially lower growth and higher inflation, and for the Gulf a rebound postponed into a world of costlier capital.



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The upside path is the one the Fund allows and the futures curve gently prices: de escalation that holds, a corridor that stays open through winter, AI investment that keeps its promises, and productivity gains that begin to show in the data. In that world the Gulf's 2027 rebounds could outrun the Fund's conservative vintage and land closer to the Bank's, and the region's question would turn from recovery to allocation, which is the better problem. The dispersion between these paths remains unusually wide, and that width, not any single point estimate, is the planning fact.

### Conclusion

Resilience Under Strain, Urgent Choices is a title that works as a sentence, and the October reports earn both halves of it. The world economy's endurance through a war at its energy heart is real, measured and, on the Fund's own accounting, rented: paid for out of inventories, buffers, rerouted trade and a technology boom with concentration risk of its own. For the Gulf, the Fund's vintage is harsher in the trough and humbler in the recovery than the World Bank's week old numbers, and the honest conclusion from holding both is that the region's 2027 is not yet a forecast, it is a negotiation between a corridor, a repair schedule and a futures curve. Kuwait's version of that negotiation is the starkest in either table: the deepest cut in the Gulf, an external surplus that never breaks, and a rebound that, on the Fund's arithmetic, stops just short of making the country whole. What separates the vintages is recoverable ground; what they share is the instruction in the title. The buffers that made this year survivable are thinner than they were, and the urgent choice is to rebuild them before the next test of resilience arrives uninvited.

### Methodology and Verification Note

*Every figure in this report was read first hand at the International Monetary Fund's own publications on 13 October 2026, the day of release: the October 2026 World Economic Outlook edition page, executive summary and growth projections table; the October 2026 WEO database through the Fund's Datamapper service, which is the source for the Gulf country figures, inflation rates and Kuwait's external balances; the WEO Commodity Special Feature; the accompanying foreword and the Fund blog of 12 October; and the October 2026 Global Financial Stability Report edition page and chapter summaries. All forecasts are the Fund's and are presented on the Fund's own vintage labels. World Bank figures cited for comparison are from the October 2026 MENAAP Economic Update as read at source for The Edge's report A Reversal of Fortunes, 11 October 2026. Where this report computes output level indices or pairs figures across the two institutions, the computation is The Edge's, is marked in the text, and uses the institutions' rounded published rates, with the obvious caveat of rounding. Figures may be revised by the originators and should be verified against the sources below before republication. The Fund's Regional Economic Outlook for the Middle East and Central Asia, due in this Annual Meetings cycle with its press briefing scheduled for 22 October 2026, will add country level detail; The Edge will read it at the source and note material changes in subsequent coverage.*



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