

“Economics is behind everything”

2.6% in 2026
before edging up to
2.7% in 2027

EXPLAINED

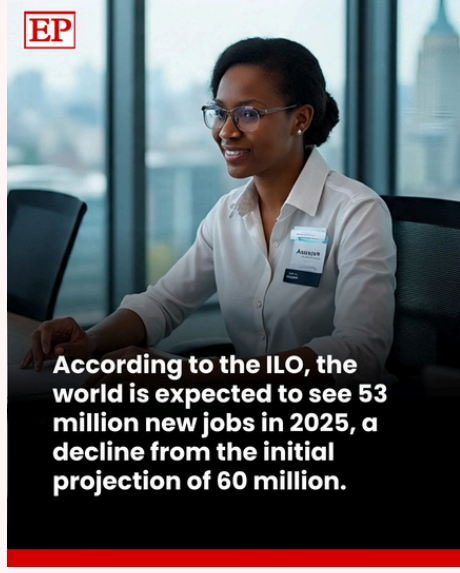
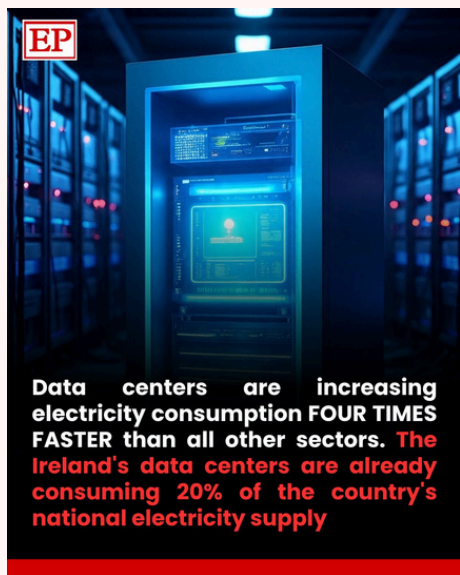
Frontier Markets: A Tipping Point for Global Development



EXPLAINED

Global Agricultural Prices to Stabilize in 2026, But Uncertainty Looms

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Data Centre Boom Sparks Energy Crisis: Power Companies Scramble to Meet Surging Demand

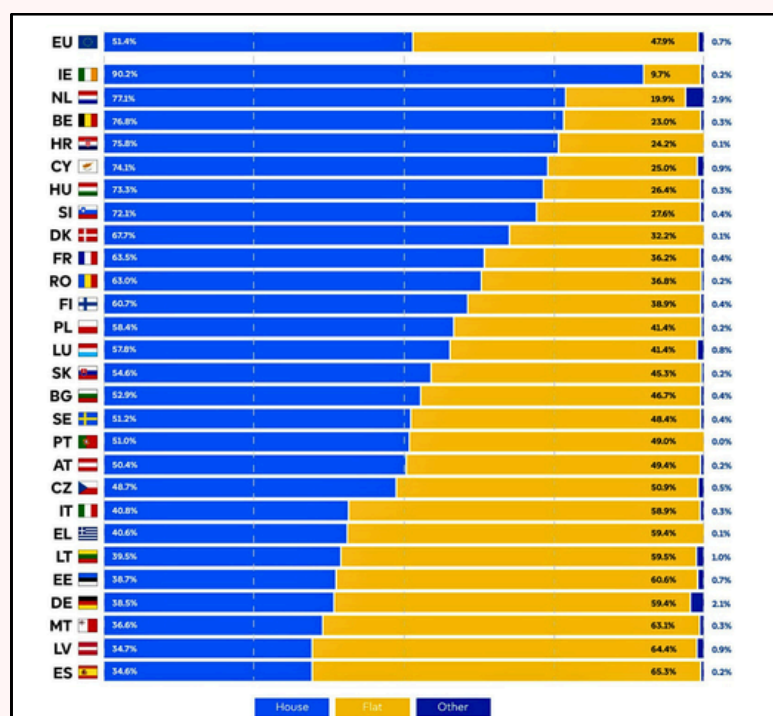
The increased data centre construction across the world is introducing enormous transformations in the electricity market and how the power companies design their operations. With artificial intelligence and electronic services becoming a key to economic development, national security, and innovation, the demand for stable electricity is gaining momentum at an unprecedented speed. Companies that generate energy are fast scrambling to increase production lines and update infrastructure to facilitate this digital revolution.

The level of investment explains the greatness of the transformation. It has been projected in the industry that capital outlay on data centres may approach approximately 7 trillion dollars by 2030, of which approximately 1.3 trillion dollars will be used in power generation, cooling equipment, and electrical equipment. Data centres are increasing electricity consumption four times faster than all other sectors and putting a strain on the current grids. In Ireland, data centres already represent approximately 20 percent of national electricity consumption, as the example of the digital infrastructure redefining energy demand shapes up that speedily. It is challenging to provide such an



amount of power. The international constrained availability of key elements has reduced new undertakings, with things like transformers currently experiencing backlogs of over three years of orders, as opposed to a few months in previous years. Large technology companies are also paying upfront to reserve generation and equipment to assure future capacity. The most required has turned out to be reliability. Innovative data centres are aimed at 99.999 percent availability, with a maximum of eight minutes of loss of service annually. To this end, numerous operators are embracing the concept of a decentralized power model, which involves the deployment of several small gas turbines, an uninterruptible power supply, and onsite backup power generators. Areas where grids are volatile face the possibility of losing investment, with the areas that are reliable with the grids being centers of new plants. Another factor that is emerging is cybersecurity. With the increased use of digital control systems by power plants and renewable systems, it is critical to ensure that these systems are not vulnerable to cyber-attacks to ensure continuity in operations. There is also a need to have powerful cyber defenses in the backup generation and battery storage system to operate whenever necessary. The blistering development of data centres is thus not only a race of technology but also an energy challenge. The effectiveness of electricity providers will dictate the rate of digital and economic development in the future of the world.

EU's HOUS Committee Takes Bold Steps to Address Housing Crisis by 2026

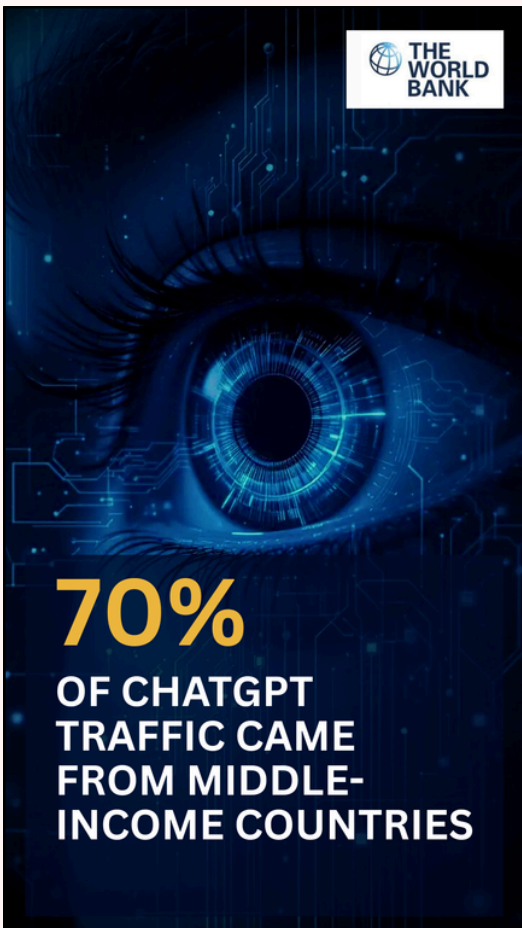


The European Parliament's HOUS Committee (Housing Crisis in the EU) has a mandate to develop solutions for housing issues in the EU (affordable, sustainable, and decent) aimed at resolving these issues by 2026. The Committee has participated in a number of important activities this year, including voting on a draft report that contained 1456 proposed amendments and 49 compromise texts that outlined the recommended policy direction. The final report was created and passed in Strasbourg with near collective support among committee members.

In addition to these activities, the committee has met with experts from the OECD and the European Commission's Joint Research Centre and Eurostat for meetings held in January 2026. These meetings have been very valuable in providing the members of the committee with an improved understanding of housing data and housing policy. A presentation was given by Commissioner Dan Jorgensen to the Members of the Committee on the European Commission's Affordable Housing Plan that was adopted by the European Commission in December 2025. This presentation allowed the MEPs to consider some of the strategic ways and barriers to actually funding and implementing the Affordable Housing Plan.

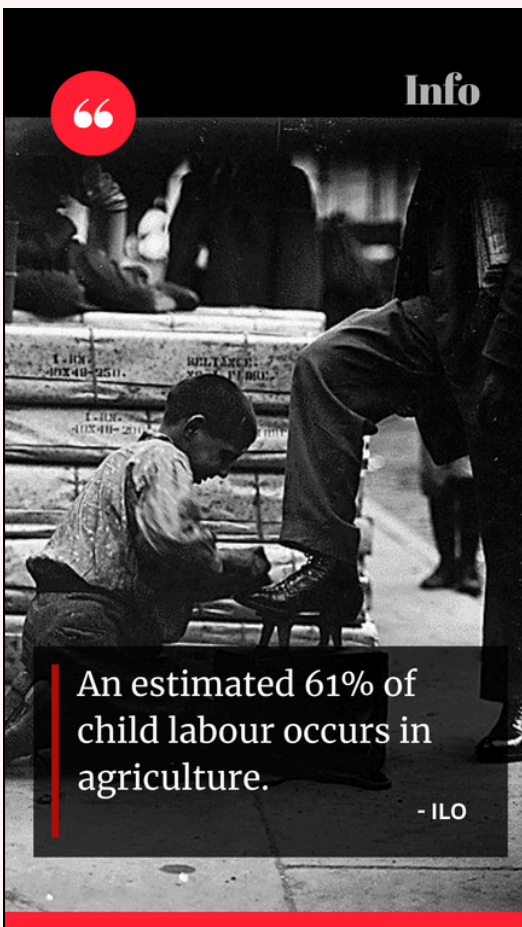
As part of the ongoing review of the causes of the housing crisis, the Committee held a session on its recently completed report. Mapping the Housing Needs in the EU, which presents the varying levels of access to and the availability of housing across the EU members. All of these events show how the committee continues its efforts to identify the reasons for the housing crisis, present targeted solutions, and influence EU policy through future meetings and reports.





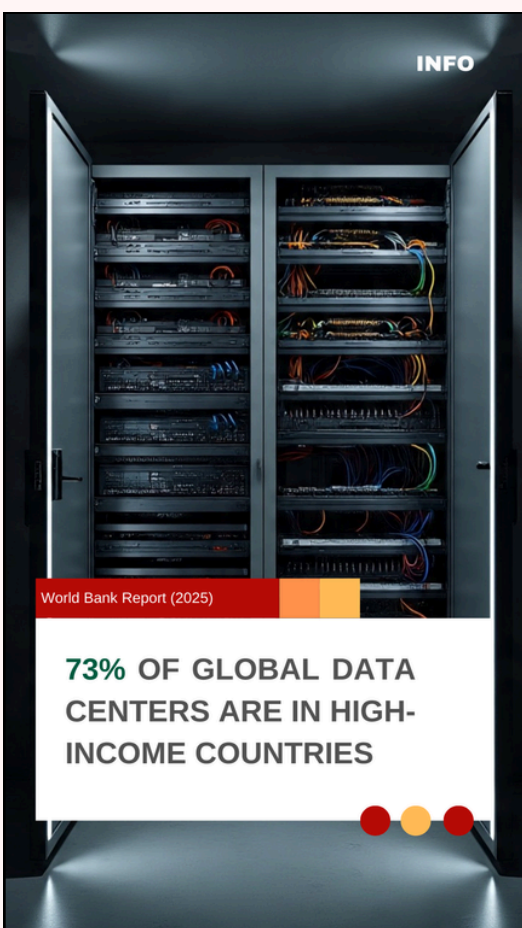
THE WORLD BANK

70%
OF CHATGPT TRAFFIC CAME FROM MIDDLE-INCOME COUNTRIES



Info

An estimated 61% of child labour occurs in agriculture. - ILO



INFO

World Bank Report (2025)

73% OF GLOBAL DATA CENTERS ARE IN HIGH-INCOME COUNTRIES

South Asia's Climate Crisis: 90% Population at Risk of Extreme Heat by 2030

Consider using public-private alliances, fiscal tools, and climate risk-informed budgets to enhance adaptive capacity. The South Asian world is experiencing an increasing vulnerability to extreme temperatures, flooding, and cyclones; therefore, climate adaptation is a pressing development agenda. The area is already the most vulnerable to climate change among emerging and developing markets, and it is estimated that almost 90 percent of its population will be in danger of extreme heat by the year 2030. The exposure in urban context is also observed to be quite alarming: by 2030, 1.2 billion of the urban population (92 percent) is projected to be exposed to extreme heat, and 322 million (24 percent) will face flood risks. An increase in temperature is also lowering labor productivity as the number of hours spent under the sun is becoming unsafe, and their projected losses in heat-related working hours are the most in the world by 2030.



Accepting these weather patterns that are life-threatening requires a holistic approach that incorporates individual initiative and facilitates government policy. Though 80 percent of households and 63 percent of firms are reported to have taken adaptive measures, the majority of the responses are low-cost and basic in nature because of financial and information limitations. Governments can enhance resilience through enhanced access to credible weather forecasts and early warning systems, which have proved useful in mitigating damage in the prone areas. City planning should be done systematically, pushing people out of risky flood areas and emphasizing on construction of resilient infrastructure like drainage, transport, and water systems. Informality and high urban

poverty also presuppose the necessity of specific social protection. As much as it covers 77 percent of the population, the programs should be better-funded, targeted, and scaled within a short period to respond to shocks. Loss incomes may be reduced using shock-responsive cash transfers and diversification of livelihoods, and this would promote long-run adaptation. To conclude, the future of South Asia in risk management to resilience is through the establishment of greater institutions, correcting market failures, investing in resilient infrastructure, and protecting its most vulnerable population from mounting climate extremes.

Global Job Creation Slows Down: ILO Revises Expectations Amidst Declining Investment and Economic Uncertainty



This subject examines the transformation of patterns of foreign and domestic investment in relation to job creation in emerging and low-income countries. It may be able to analyze sectoral variations, the problems in attracting investment, and how the policy changes can facilitate the employment-oriented growth. Job creation and investment are two components of economic growth, social stability, and sustainability factors of the world. With a more globalized economy, the trend of public and private investment will shape labour markets, productivity, and the speed and fairness of job creation. The world bodies like the International Labour Organization (ILO), World Bank, and World Economic Forum (WEF) have come up with detailed figures that show the potential as well as the obstacles of investing investment into good employment opportunities in the world. This article summarizes the official statistics and observations in order to show a clear picture of the effects of investment on employment in the current global environment. The ILO reports have indicated in recent times that the job creation in the world is still going on, but at a reduced pace than earlier projected. The ILO in its World Employment and Social Outlook Update 2025 has reduced its expectations to create 53 million new jobs from the initial projection of 60 million new jobs in the world. This is a decline in the growth rate of employment by 1.7 percent in 2025 to 1.5 percent, indicative of a less favorable global economic climate in which the growth in world GDP will be 2.8 percent and not 3.2 percent. The update highlights how the more general economic factors, such as geopolitical tensions and trade shocks that weaken investment motivation and economic growth, are sensitive to job creation. Such a negative movement in employment creation happens amidst current challenges in the global labour market. ILO estimates indicate that the world economy is experiencing higher unemployment rates, estimated to be 4.9 per cent in the year 2024, however, the overall unemployment rate does not reflect the actual situation, as youth unemployment rates are higher at approximately 12.4 per cent in the case of young men, and at 12.3 per cent in the case of young women, so in this scenario young workers face challenges when entering the labour markets. In the meantime, the job gap in the world was estimated to be approximately 402 million in 2024, comprising people who wished to have employment but were not employed, as well as redundant workers.

One of the ways of dealing with these labour market pressures is through investment. But even international investment flows have been undermined over the last few years. The recent reports of the World Bank indicated that the Foreign Direct Investment (FDI) to the developing countries in the year 2023 dropped to approximately \$435 billion, a record since 2005. It was a fall caused by trade and investment restrictions, geopolitical risk, and macroeconomic uncertainty, and it is a great challenge to the economic growth and employment creation in economies that rely on external capital to grow their industries and to develop their infrastructure. FDI is particularly significant to the developing economies since, in most cases, capital, technology, and access to the market can be generated by FDI and not through domestic investments. Historically, the average amount of global FDI flows is nearly 2 trillion a year over the previous decade, and a flip of recent decreases can play a significant role in aiding the employment creation in labour-intensive industries. The impacts of capital inflow to productive sectors can have high employment impacts. A good example is the renewable energy industry. A collective review of the International Renewable Energy Agency (IRENA) and the ILO conducted jointly annually indicates that the number of jobs in the renewable energy sector rose to 16.2 million in 2023, as compared to 13.7 million in 2022. An example of how favorably placed investment in green technologies can lead to a high number of jobs in energy production, installation, and creation was the total number of jobs in solar photovoltaic (PV) at about 7.1 million, or 44 out of the global 172 million jobs in the renew

-able energy sector. China contributed 7.4 million jobs in this industry, which is almost half the number of jobs in the sector worldwide. In addition to energy, the Future of Jobs Report 2025 by the World Economic Forum also predicts the overall job creation associated with structural economic changes. Although a high level of technological change, such as automation and artificial intelligence, is bound to replace some positions, the report notes that new employment opportunities will be created in other areas, such as climate change adaptation, digital technology, and sustainability. As an example, climate adaptation and mitigation efforts are estimated to add several million net new jobs by 2030, with the jobs of renewable energy experts and sustainability professionals on the list of demanded ones. The investment will not automatically generate all the job growth; the character and direction of the investment are important. The WEF points out that care service investments, personal service investments, and social service investments, as well as digital communications, are highly likely to create jobs as they are labour-intensive and can be deployed in different regions. The ILO has also reported that care infrastructures like long-term care and childcare would provide almost 300 million jobs in the world by the year 2035, with women constituting a big portion of such jobs. It is the role of governments and multilateral institutions to facilitate investment to create job creation. Other directed government spending in infrastructure, transport, energy, water, and digital connectivity may open up the activity of the private sector and increase the market for goods and services. As an example, over 1 billion dollars of job-oriented financing has been given to Sri Lanka by the World Bank, to boost the growth of the private sector and to provide jobs in an environment where the nation is estimated to have 700000 job vacancies in the coming 10 years. There is also a need to have policies that enhance skills, assist the small and medium-sized enterprises (SMEs), and attract long-term capital. Investment in education and training means that the workers possess the capabilities that are required by the new industries, whereas financial instruments aimed at SMEs make firms expand and employ more employees. As the World Bank, through its initiative of the Private Sector Investment Lab, contends, increasing access to risk-sharing mechanisms, junior equity capital, and political risk insurance are some of the viable initiatives that can be employed to direct investment towards the creation of employment opportunities in the developing economies.

Finally, based on the input of international entities, evidence embedded in the facts is rather unspoken but becoming increasingly apparent: despite investment being the primary engine of job creation on the global level, the recent trends indicate slower employment increase, decreasing investment rates in certain areas, and structural labour market issues. To enhance the connection between investment and the creation of jobs, additional flows of capital are needed, but also a strategic location in areas with the highest employment opportunities, healthy labour policies, and skills development. Through synchronized international efforts and investment plans, it is possible that the economies will be able to utilize capital better to create employment, minimize unemployment, and facilitate inclusive development in future years.

Global Economy: Stable Growth, Unequal Recovery

The world economy has shown remarkable stability under the continued geopolitical tensions, stricter financial situations, and uncertainty of policies. The report Global Economic Prospects, January 2026, indicated that the global economic growth is expected to reach a stable level of 2.6 percent in 2026, but it will increase to 2.7 percent in 2027. Although these numbers indicate a gradual upward trend in recovery, they also highlight a dispiriting truth that the benefits of such recovery are not being evenly distributed between regions and income groups. The report also highlights that the world economy has been able to escape deep economic downturns despite the dislocation in global trade and inconsistent

investment climates. The inflationary forces have subsided in most of the developed economies, which means that central banks can now pursue less restrictive policies on monetary policies. This relaxation has given breathing room to households and businesses, which has led to a stable demand condition. Its growth momentum is, however, weak. The long-term perspectives are still burdened by structural issues like low productivity, population changes, and increasing debts. The global economy is growing, as the projections show that 2026 and 2027 will experience growth, although at a lower rate compared to the trends that were experienced before the pandemic. The report notes that this slow recovery trend is specifically sensitive to the re-emergence of trade barriers, financial instability, or intensification of geopolitical tensions. The report has made one of the most vivid discoveries, and that is the unequal world recovery. The developing economies, on average, continue to record lower per capita GDP than they did in 2019, the year before the COVID-19 pandemic. This figure explains the extent to which the economic shocks of recent years have hit the coun-

-tries of low and middle-income. Although most developed economies are mostly recovering their production levels before the pandemic, most developing countries are still grappling with poor investment opportunities, expensive borrowing conditions, and limited fiscal ability. Low availability of cheap finance has inhibited their capacity to spur growth or invest in some of the key areas like infrastructure, education, and health. Economies that are dependent on commodities have been particularly susceptible. Unpredictable prices of energy, food, and raw materials in the world have caused economic instability, thus complicating recovery. In a number of low-income nations, increasing debt servicing costs are also taking away the little resources needed to focus on developmental activities. Global trade has been one of the major drivers of economic performance, but it is experiencing increasing challenges. Continuous trade conflicts and protectionist policies have broken the supply chains and weakened the cross-border investment flows. The report observes that such aspects still cause unpredictability, which discourages long-term business planning and raising capital. The international economic environment is further becoming difficult due to technological fragmentation and strategic rivalry between key economies. Technology transfers and export controls may be redefining the networks of global production, usually to the disadvantage of the developing nations that depend greatly on the incorporation into the worldwide value chains. However, the trade activity will improve gradually with a reduction in inflation and a restoration of normal demands. The slight increase in the world growth that is expected next year, 2027, is based on the assumption that trade relations will become stable and there will be better coordination of policies between the key economies.



The patterns of economic recovery vary significantly in the regions. Most developed markets will continue to have moderate but steady growth, which will be backed by a robust labor market and consumer purchases. Conversely, some of the emerging markets are experiencing chronic headwinds in the form of currency depreciation, outflows of capital, and fiscal constraints. It is estimated that Sub-Saharan Africa and some parts of Latin America would recover more slowly than Asia. Diversified countries whose export abilities and domestic demand are high, especially in South and Southeast Asia, will perform better compared to those that rely on a limited number of commodities. As highlighted in the report, nations that invest in digital transformation, renewable energy, and human capital development are in a position to attain structural growth. On the other hand, politically unstable countries, experiencing conflict, or other calamities related to climate, stand on high chances of being left behind even more.

To manage this imbalanced character of the recovery, the Global Economic Prospects report recommends national and international action to respond to the recovery. Among other critical

recommendations are: Increasing investment in emerging economies, it is necessary to increase access to cheap money to develop infrastructure and expand the private sector. Increasing the sustainability of debts in most of the low-income nations, debt restructuring and relief are necessary to restore fiscal space. Restoring health to the international trading partnership means that the barriers to trade and the encouragement of international agreements may be used to regain confidence and encourage investment. Increasing productivity and innovation implies the necessity of investing in education, technology, and green transition strategies to increase competitiveness in the long term. Ability to withstand future shocks. It is necessary to establish more social safety nets and disaster preparedness mechanisms to help vulnerable populations. The divide between advanced and developing economies can possibly increase further, thus becoming a threat to the stability of the global economy without decisive action. The projections of 2026 and 2027 are a cautious optimism. A stable growth trajectory implies that the world economy is slowly adapting to the reality of the post-pandemic. Nevertheless, in the majority of cases, most of the countries are not reaping the full benefits of this development because of the persistence of deep structural inequalities. The ability to reduce uncertainty, promote investment, and support the most vulnerable economies will lead to sustainable and inclusive growth. The world still needs international cooperation to solve such prevalent problems as climate change, the digital revolution, and the debt crisis. In a word, the global economy is at a crossroads. Despite the positive picture of aggregate growth rates, the insider stories of the situation are different. Making sure that the economic benefits are distributed across countries and communities will become the challenge of the next decade.

Global Agricultural Prices to Stabilize in 2026, But Uncertainty Looms

The World Bank's agricultural outlook for global agricultural commodity prices in 2026 is one of relatively stable pricing, but with substantial uncertainty. World Bank Group forecasts indicate the agricultural price index is projected to drop about two percent by 2026. This lower price forecast balances projected supply increases versus projected demand increases, with the net effect of the expected overall risks to the global commodity markets on average likely to be offsetting. Prices for food and agricultural raw materials are expected to remain stable across most commodities as anticipated production increases will be comparable to increases in consumption. In contrast, beverage prices, particularly coffee and cocoa, are expected to decline approximately seven percent, primarily as a result of expanded production levels. Although overall price movements appear under control, the forecast will remain vulnerable to weather variability, broader macroeconomic conditions and trends, trade-related policy issues, and input cost changes.

A very important part of these predictions is an expectation for a slight decline in the rate of growth of the world economy. By 2026, the global economy is expected to expand by 2.6%, which is somewhat less than the 2.7% growth rate for 2025. This modest decline illustrates the strength of the world economy against higher levels of trade conflict and uncertainty surrounding public policy. Inventory building,

strong investor appetite for risk, and high levels of investment in AI technologies are all providing support for economic activity; however, risks to the global economy remain heavily skewed to the downside. If the world economy experiences a severe downturn, this will likely decrease the level of demand for agricultural commodities; thus, prices will decrease as well (particularly for income-elastic agricultural products such as edible oils and beef). Commodity prices can also be affected greatly by fluctuations in the value of the US dollar. After depreciating in mid-2025, the value of the US dollar stabilized for much of the remainder of 2025, which resulted in increasing stability and less variance over time in agricultural prices during 2026. In addition, developments in monetary policy for the United States (in particular) are expected to be key in influencing agricultural price movements. By the end of December 2025, the Federal Reserve of the United States will have lowered the federal funds interest rate by around 30%, from 5.3% in 2024 to 3.60%. As a major consumer of U.S. grain, lower interest rates generally encourage more investment into commodities by foreign investors and reduce the costs for commodity producers to borrow funds to finance their production activities; both will indirectly provide downward pressure on the value of the U.S. dollar. Interest rate adjustment magnitudes and timings will also be key for U.S. agricultural pricing activ-

LET'S TALK DEVELOPMENT

GLOBAL AGRICULTURAL MARKETS IN 2026: STABILIZING PRICES, PERSISTING RISKS

-y in the future. Global agriculture has been affected by trade issues that have created uncertainty. This can be seen in the way that tariffs and trading relationships changed between countries such as the U.S. and China, resulting in significant fluctuations in commodity prices over the course of 2025. The renewed tension between the two countries created large gaps in commodity pricing and additionally increased trade diversions for soybeans worldwide, particularly during the second half of the year. As tensions eased at the end of 2025, barriers to trade pricing were reduced; however, tensions between these nations re-emerging could greatly impact price movements and trade flows at a global level. Weather-related risks tied to La Niña will also be an important factor in determining production levels. The baseline forecast utilized to develop projections assumes a weak and short-lived La Niña occurrence. However, should La Niña be more intense or longer-lasting than previously anticipated, severe hot and dry conditions could develop in major agricultural growing areas, including but not limited to Argentina, southern Brazil, and the U.S. Gulf Coast. Any of these weather disruptions could negatively impact production of primary agricultural commodities (including maize, wheat, and soybeans) and may increase pricing levels significantly higher than current projections. An integral part of the future of agriculture is impacted by input expenditures, mainly soluble fertilizers. Fertilizer prices soared by 18% in 2025 with strong demand, trade restrictions, and insufficient production. In 2026, fertilizer prices are foreseen to range from 5% lower with a continuation of the ongoing removal, by China, of export restrictions on nitrogen- and phosphorus-based fertilizer due to the adequacy of current inventory. However, any backward movement in export policies, increased price

-es of natural gas, or unexpected demand will maintain, if not increase, the cost of fertilizers, which will push food prices upwards. Agricultural markets are impacted by demand for biofuels with an emphasis on edible oils. As of 2025, agricultural commodity prices were raised by the increased use of food as feedstock for biodiesel. Increased biodiesel blending mandates in Brazil and Indonesia, as well as changes to U.S. biofuel tax legislation, have augmented the support of these prices. While support for biofuel will remain, a decline in crude oil prices or relaxed blending requirements will decrease the demand for biofuels and ultimately put pressure on agricultural prices to be lower. The World Bank indicates that, according to the institution's current view, agricultural prices are likely to stabilize in 2026 due to sufficient supply globally and balanced risk factors; food and agricultural raw material prices are anticipated to remain relatively steady overall, with beverage prices declining. Possible upside risks will be associated with extreme weather events and reduced trade tensions that will negatively impact U.S.-based commodities but will complement higher input prices that exceed projections; downside risks stem from slow global growth and reduced demand for biofuels. Agricultural markets will face significant uncertainty going forward, but will likely remain relatively stable over time; furthermore, the success of the agricultural markets will increasingly depend on the decisions made by policymakers, climate conditions, and the performance of the global economy.

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