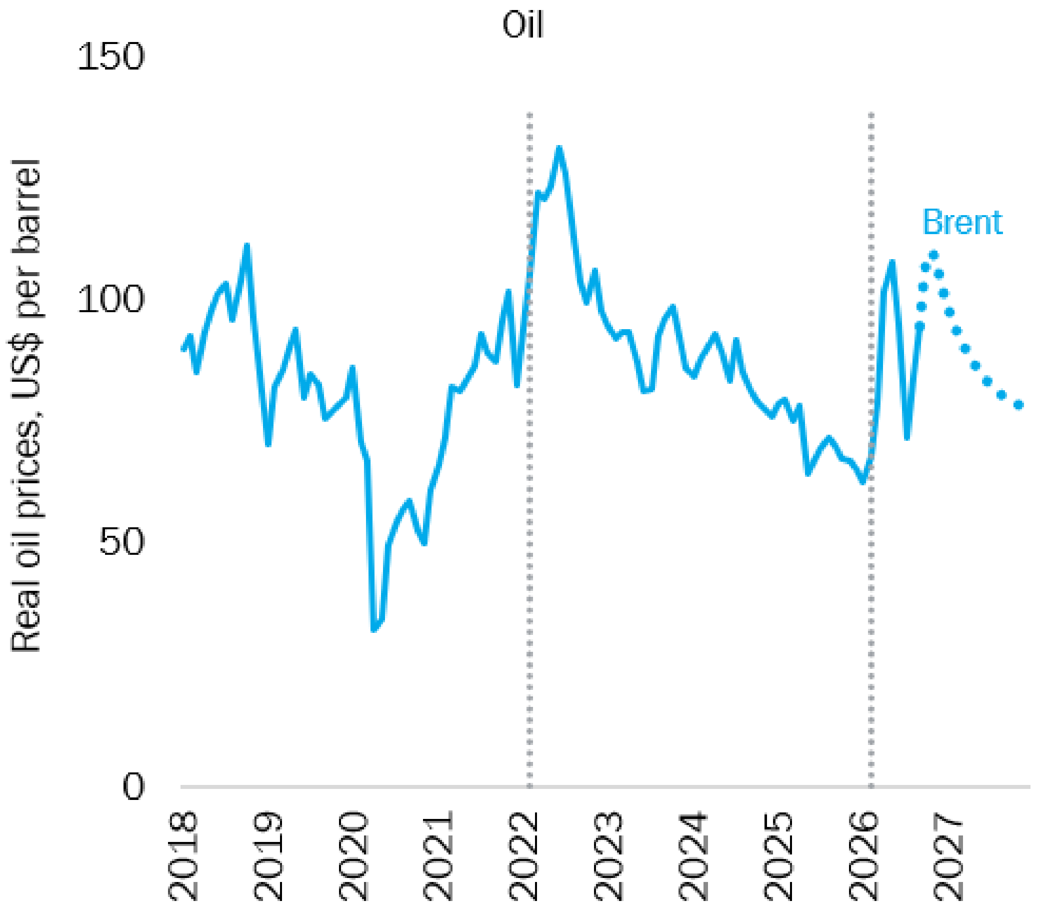
REGIONAL ECONOMIC PROSPECTS

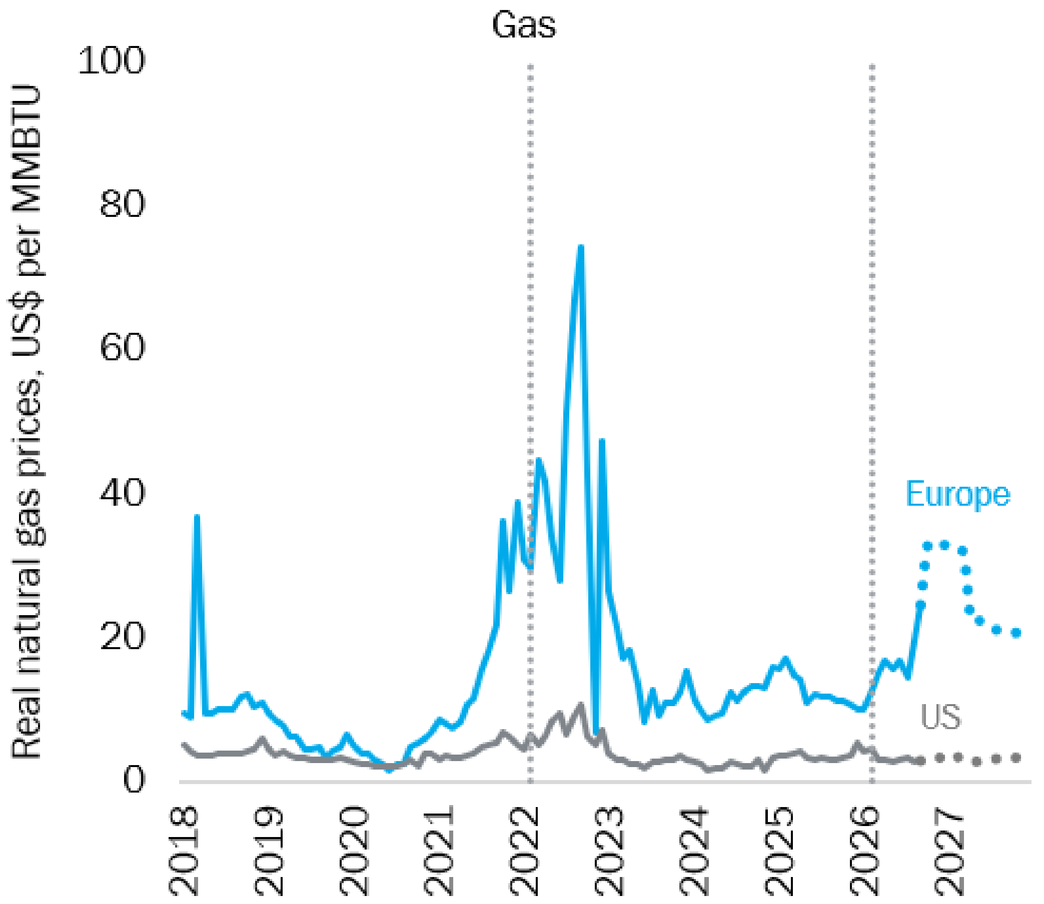
Running dry

European Bank
for Reconstruction and Development

Sep 2026

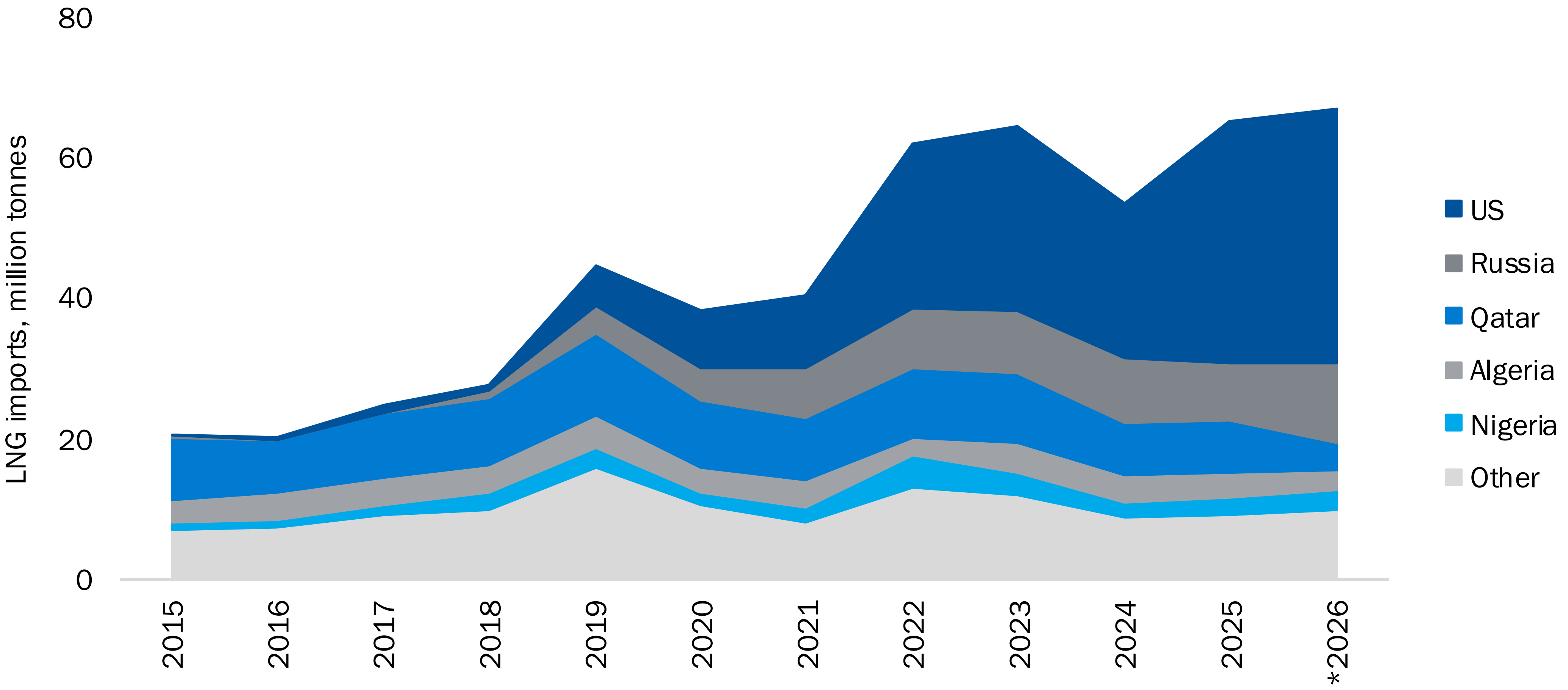
Oil prices have fluctuated in the US$ 70-110 range as Hormuz has been effectively closed since March 2026





Source: Bloomberg, Refinitiv and authors' calculations.
Note: Prices adjusted for US inflation. Latest observation as of mid-September 2026.

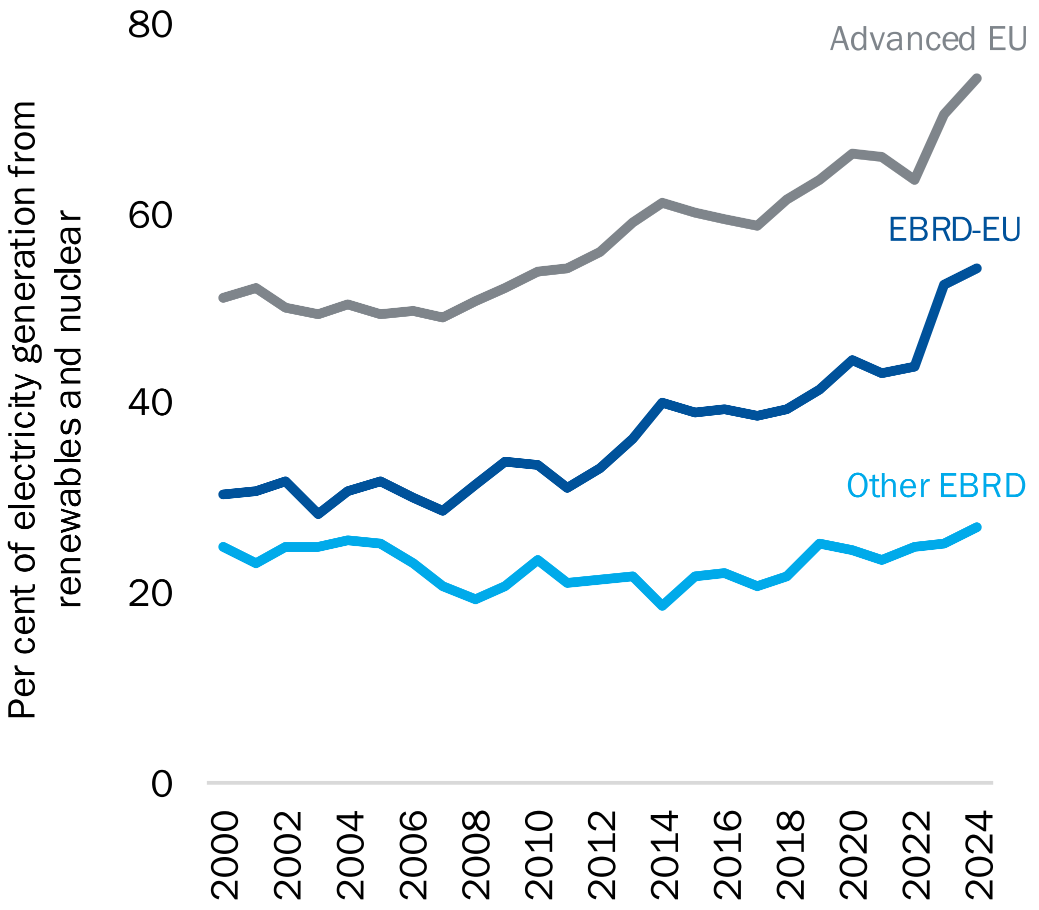
The United States now supplies more than half of EU LNG, while the share of Qatar has fallen from 43% to 6%



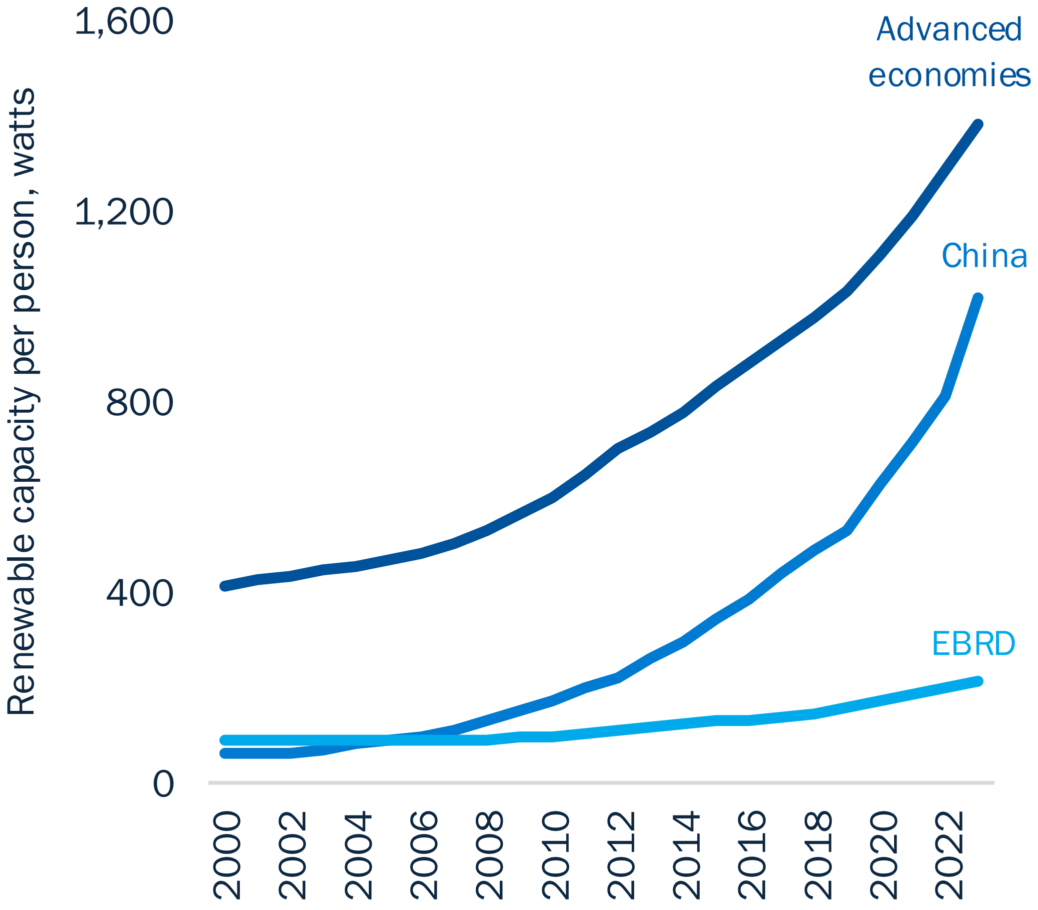
Source: Eurostat and authors' calculations.
Note: Total import volume across the region for the given country in kilograms. 2026 projected based on data from January to May.

Renewables and nuclear supply more than half of electricity in the EU versus a quarter in the non-EU economies in the EBRD regions

Renewables and nuclear in electricity generation

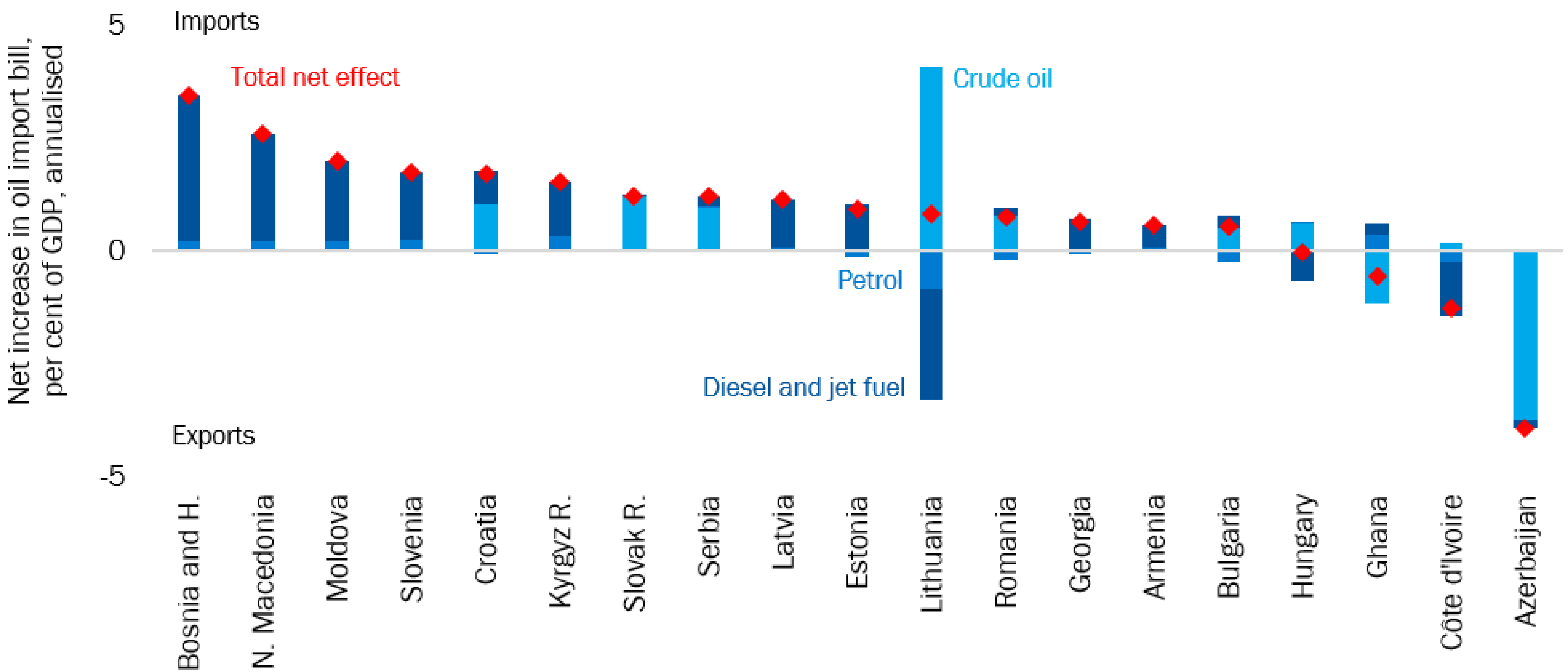


Renewable capacity per person



Source: IRENA INSPIRE, Our World in Data/Energy Institute Statistical Review of World Energy, World Bank and authors' calculations. Note: Left panel shows each source's share of total regional electricity generation, excluding Ukraine, Kosovo and Montenegro. Right panel: regional averages calculated as total renewable electricity-generating capacity divided by total regional population. Advanced economies follow IMF definitions, excluding EBRD economies. EBRD sample excludes the Kyrgyz Republic, West Bank and Gaza and Côte d'Ivoire. Latest observation as of 2023.

The increase in energy import bills varies across economies, driven primarily by diesel and jet fuel



Source: UN Comtrade, World Bank and authors' calculations. Note: Crude oil = HS270900; petrol = HS271012; diesel and jet fuel = HS271019. Prices are calculated as total CIF import value divided by total net weight. The net increase in each country's import energy bill compares average 2025 prices with the latest available price for each product: the added cost is 2025 import value times that price increase, less any equivalent gain on exports of the same product. The three products are summed and expressed as a share of 2025 GDP.

Import-dependent economies in Central Asia are exposed to fuel price and supply risks

The Kyrgyz Republic, Mongolia and Tajikistan have **little to no domestic refining capacity** and are therefore heavily reliant on imported petroleum products, which mainly **(90%+) originate from Russia.**

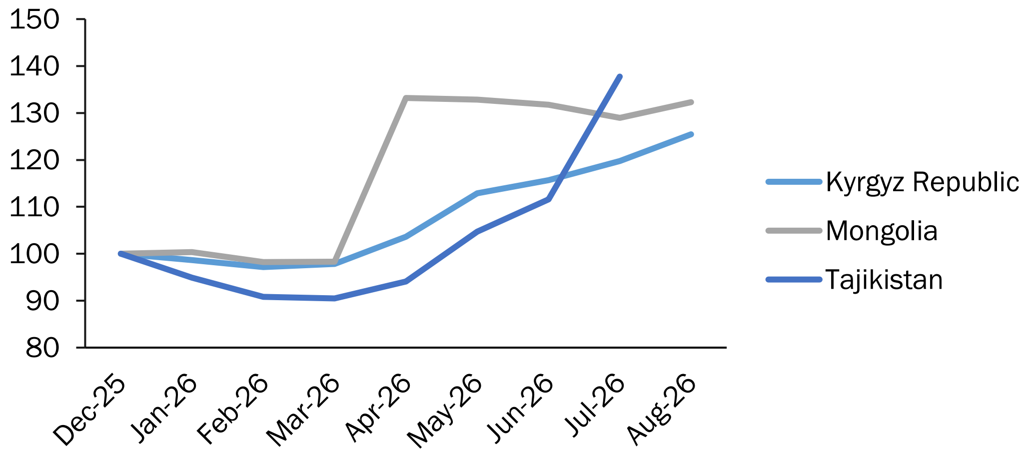
Rough estimates of imported petroleum products share in domestic consumption:	KZ	KR	MN	TJ	TM	UZ
Gasoline	0%	90%	100%	99%	0%	40%
Diesel	8%	86%	100%	99%	0%	7%

High reliance on road transport increases vulnerability to diesel shortages and higher fuel costs.

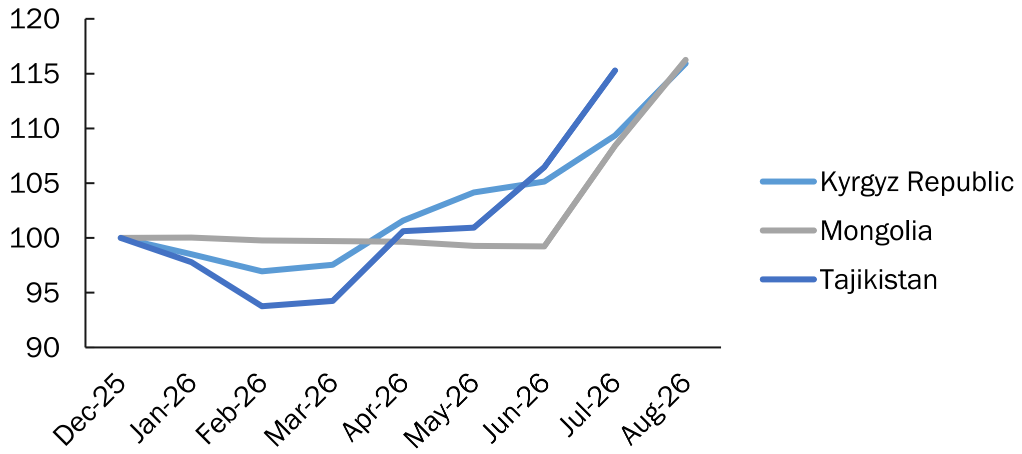
Share of freight transported by road, 2025* %

Tajikistan 95% | Uzbekistan 90% | Kyrgyz Rep. 82% | Mongolia 65% | Kazakhstan 37%

Diesel (Index, base=Dec25)

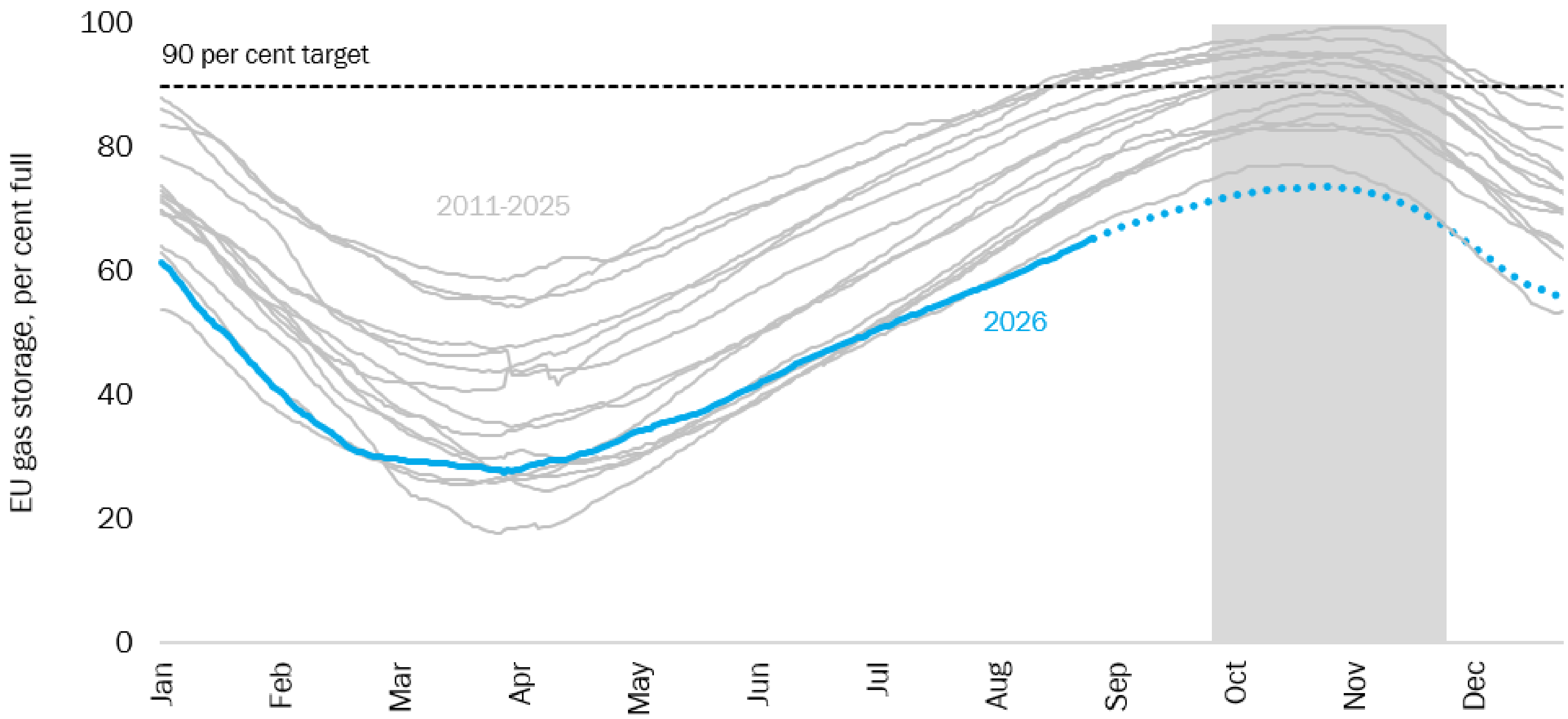


Gasoline AI-92 (Index, base=Dec25)



Source: National Statistics of respective countries, Note: * 2024 for Tajikistan

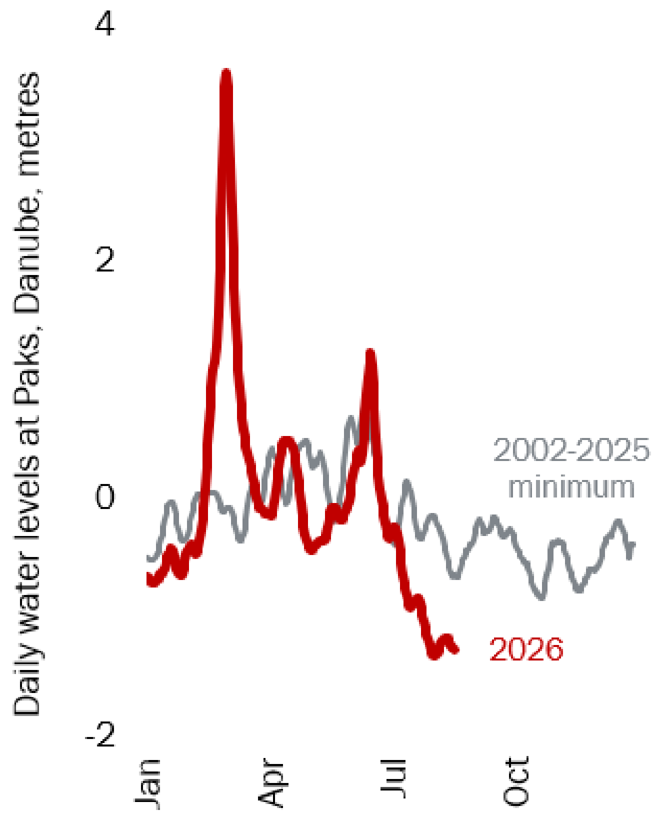
EU gas storage has been below its 15-year seasonal low in August and is set to fall 16 pp short of the 90% target at its early November peak



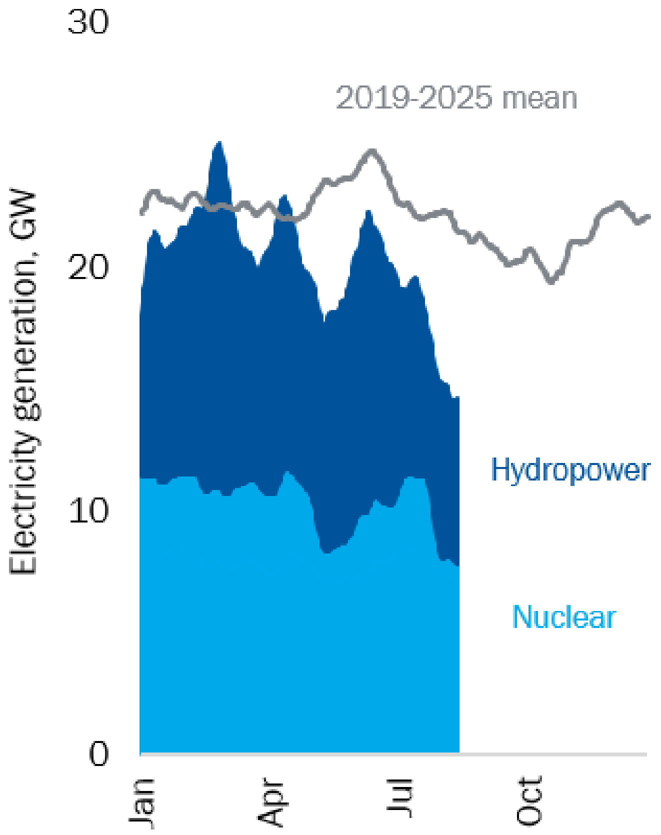
Source: GIE AGSI+ and authors' calculations.
Note: The solid grey lines show 2011-2025 levels. The solid light blue line shows 2026, with the dashed light blue line showing the projection based on the 2011-2025 average injection rate. The dashed black line shows the 90 per cent filling target, which can be met at any point between 1 October and 1 December (shaded area). Latest observation as of 31 August 2026.

Record low water levels on the Danube have cut hydro and nuclear generation by 1/3; low water levels in Rhine have impacted industrial shipments and supply chains

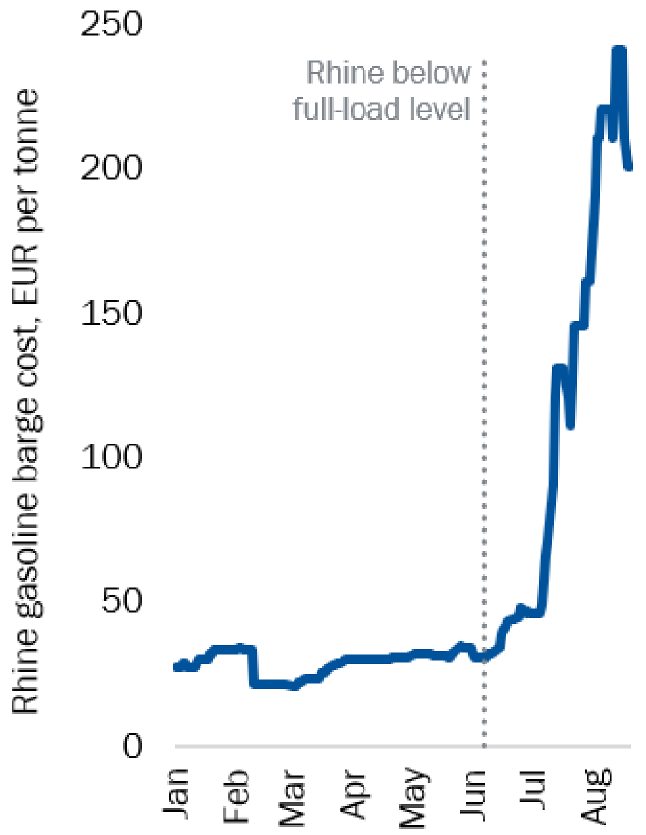
Danube water level



Power generation



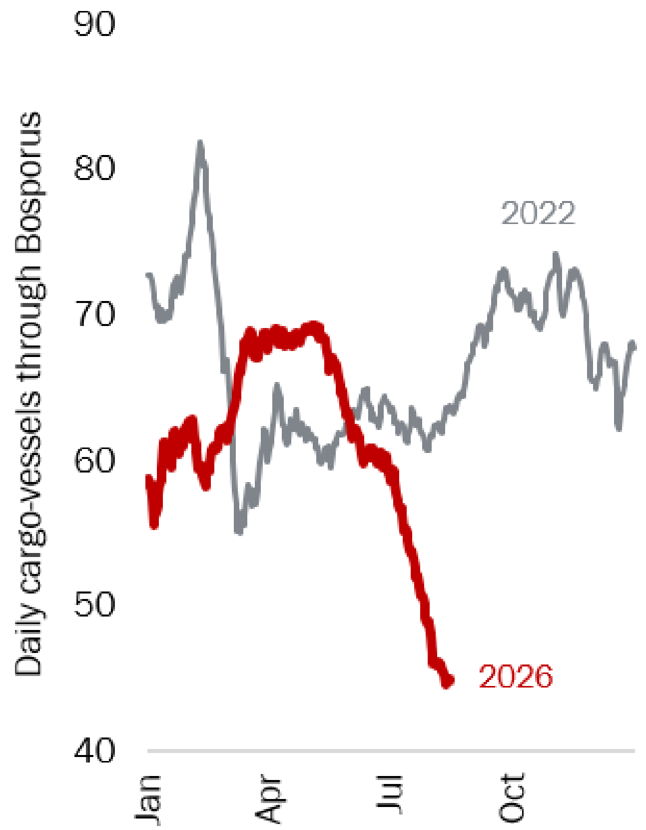
Industrial shipment cost



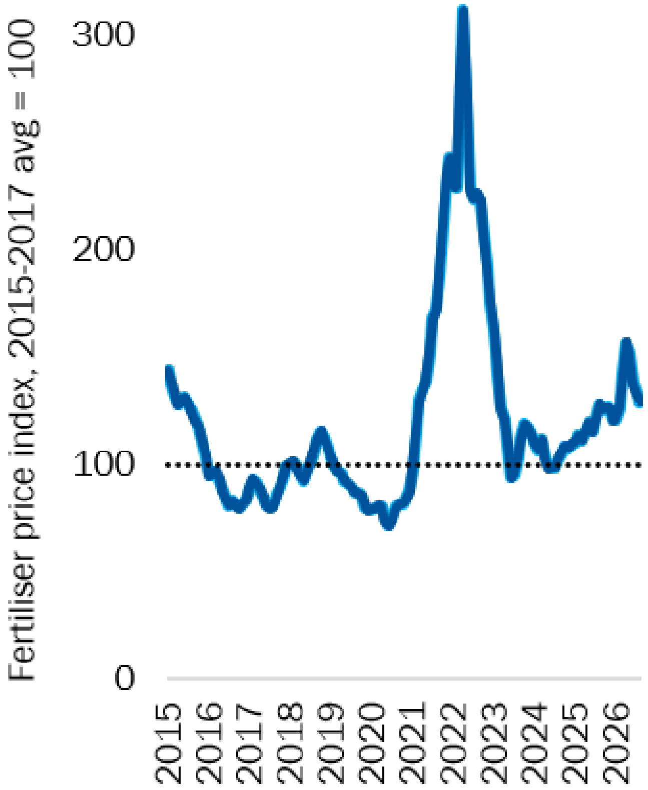
Source: Hydroinfo, ENTSO-E Transparency Platform, Bloomberg and authors' calculations. Note: Middle panel, daily mean generation in eleven Danube and Rhine basin economies: Austria, Bosnia and H., Bulgaria, Croatia, Czechia, Germany, Hungary, Romania, Serbia, Slovakia and Slovenia. Hydro covers run-of-river and reservoir plants in all eleven. Series are smoothed using a centred 7-day average. Latest observation 19 August 2026. Right panel, dotted line marks 8 June 2026, when the Rhine fell below the fully loaded threshold. Latest observation 21 August 2026.

Black Sea blockade as Russia's military invasion of Ukraine escalates: Ukrainian and Russian grain exports stalled; fertiliser and wheat prices remain elevated

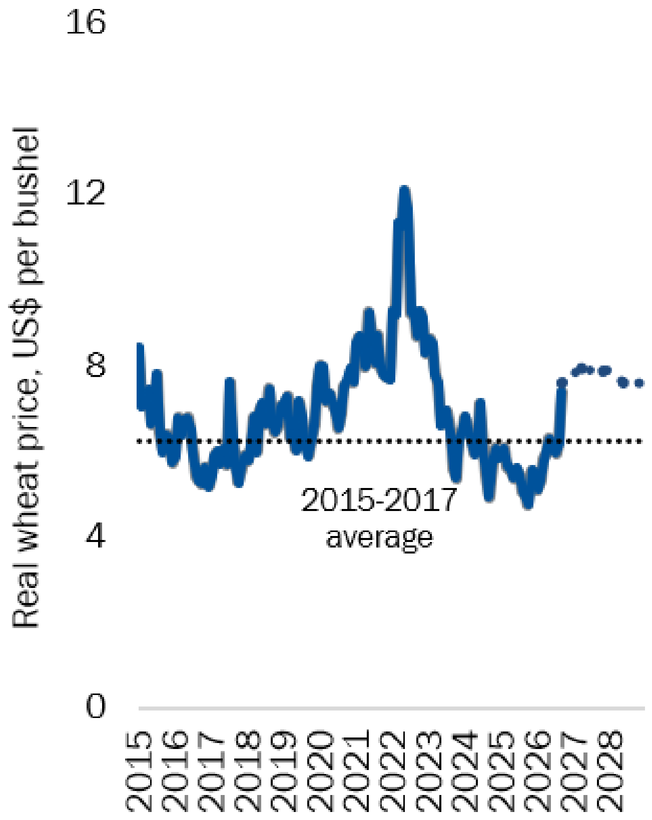
Bosporus traffic



Fertiliser prices

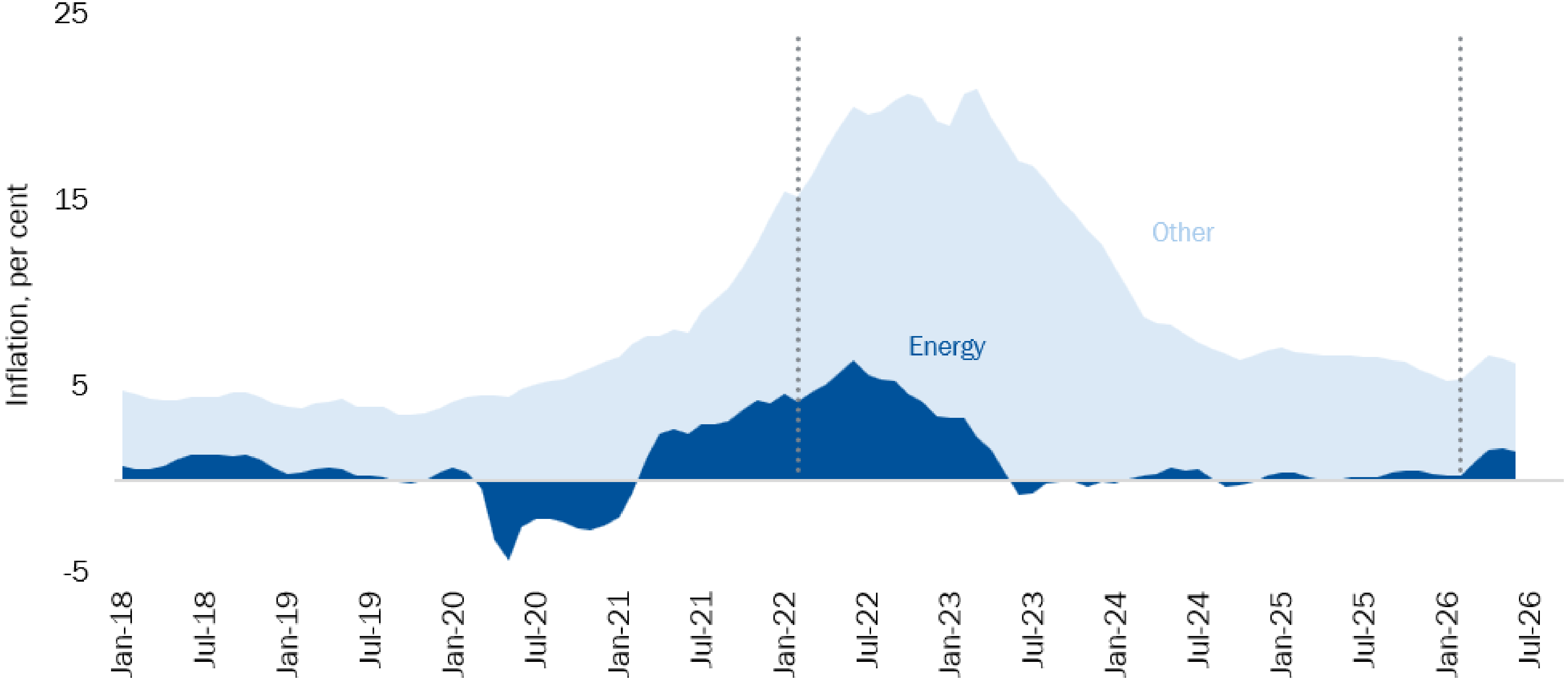


Wheat prices



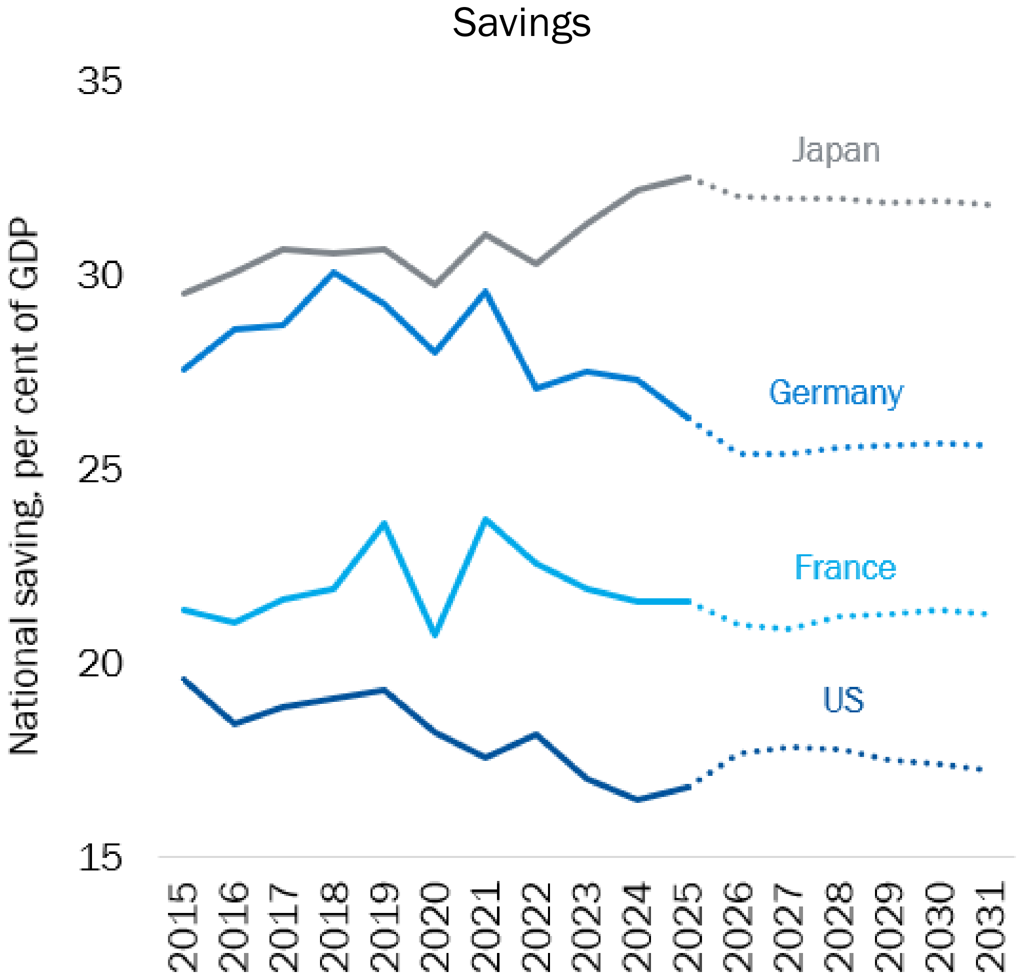
Source: IMF PortWatch, Bloomberg and authors' calculations.
Note: Left panel, 30-day centred rolling average. Latest observation 28 August 2026. Daily vessel count includes container, dry bulk, general cargo vessels and excludes tankers. Middle panel, based on the average prices of ammonia, phosphate, potash, and urea fertilisers, latest observation as of early September 2026. Right panel, latest observation as of early September 2026.

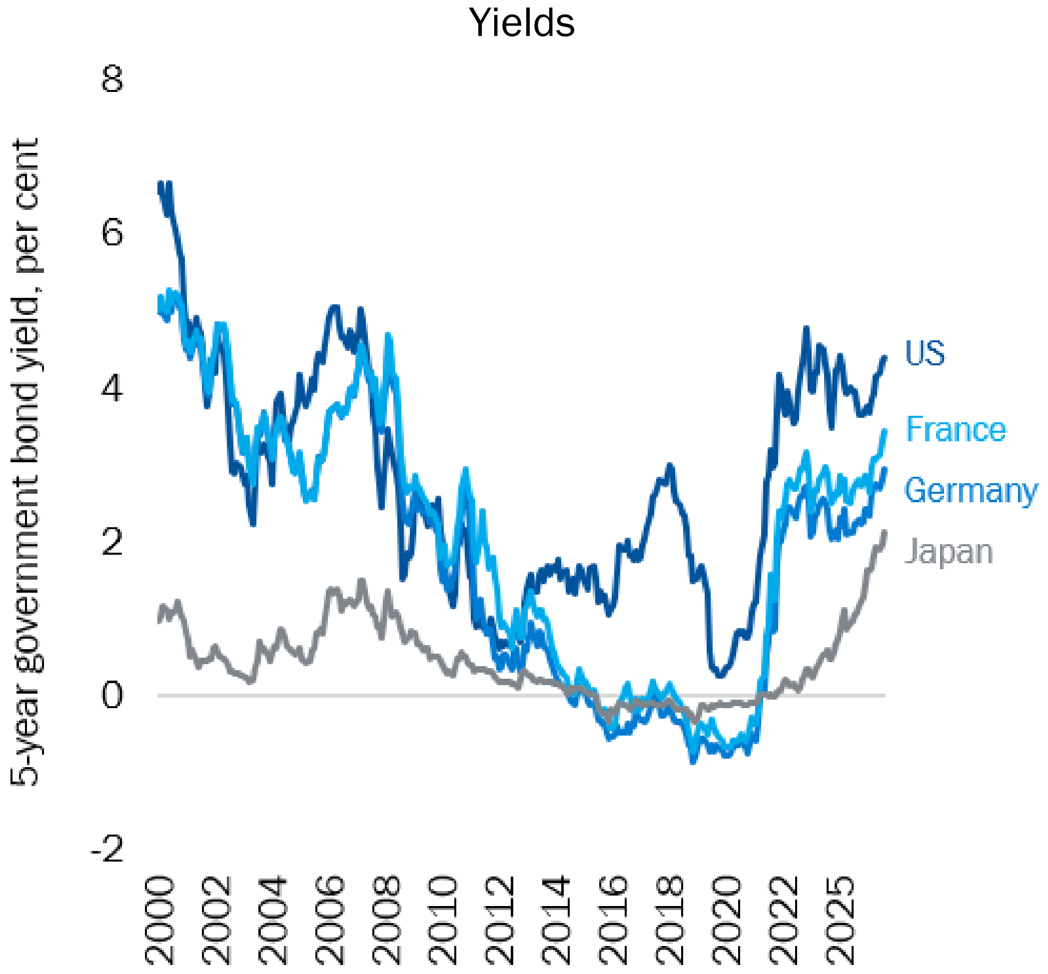
Average inflation in the EBRD regions has fluctuated at around 6% since late 2024; energy now accounts for a quarter of headline inflation in the EBRD regions



Source: CEIC, Eurostat and authors' calculations. Note: Year-on-year changes. Headline inflation is the EBRD average across 39 economies in the EBRD regions. The energy/non-energy split is based on a balanced panel of the 16 EBRD economies with Eurostat HICP coverage (Bulgaria, Estonia, Croatia, Latvia, Lithuania, Hungary, Poland, Romania, Slovenia, Slovakia, Montenegro, N. Macedonia, Albania, Serbia, Türkiye, Kosovo), Jan 2018-June 2026. The decomposition is scaled to overall inflation in the EBRD regions.

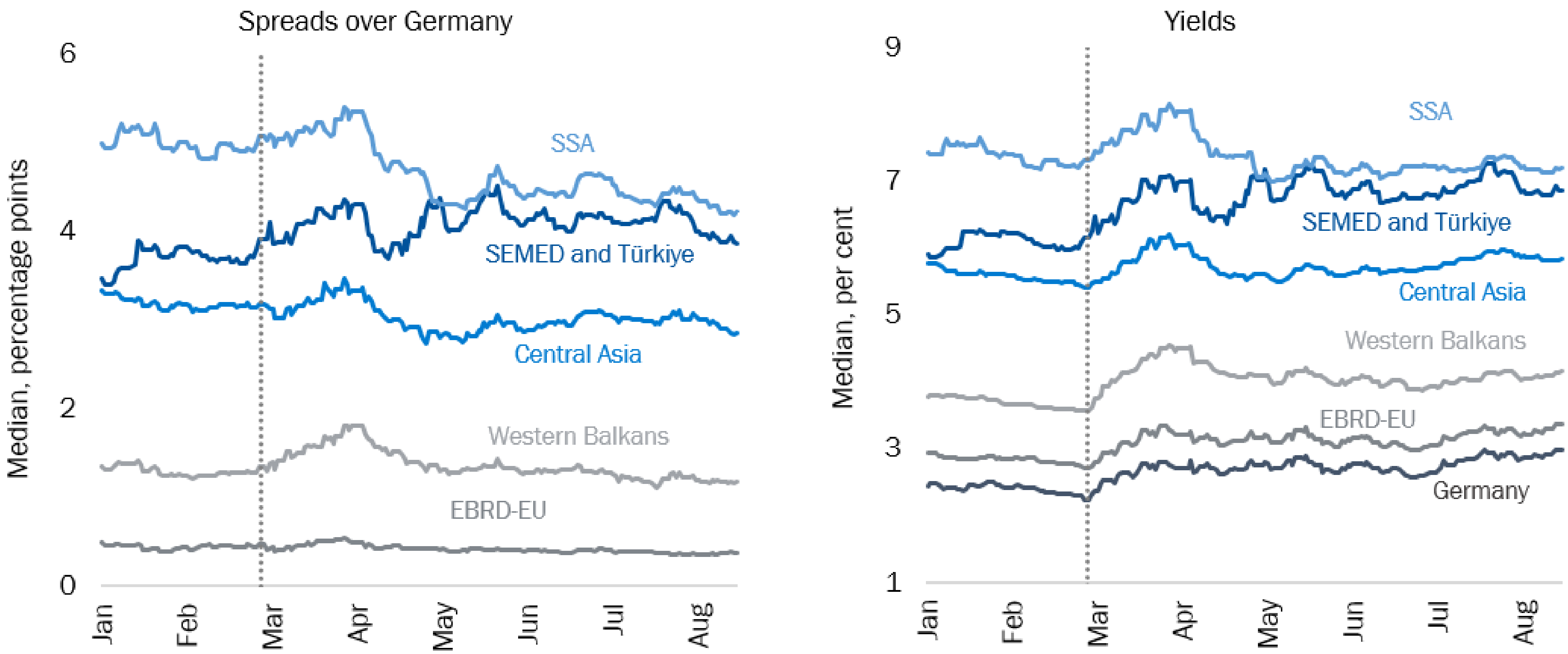
High fiscal deficits, AI-driven borrowing by corporates, inflationary pressures feed into inflation expectations have pushed advanced economy yields higher





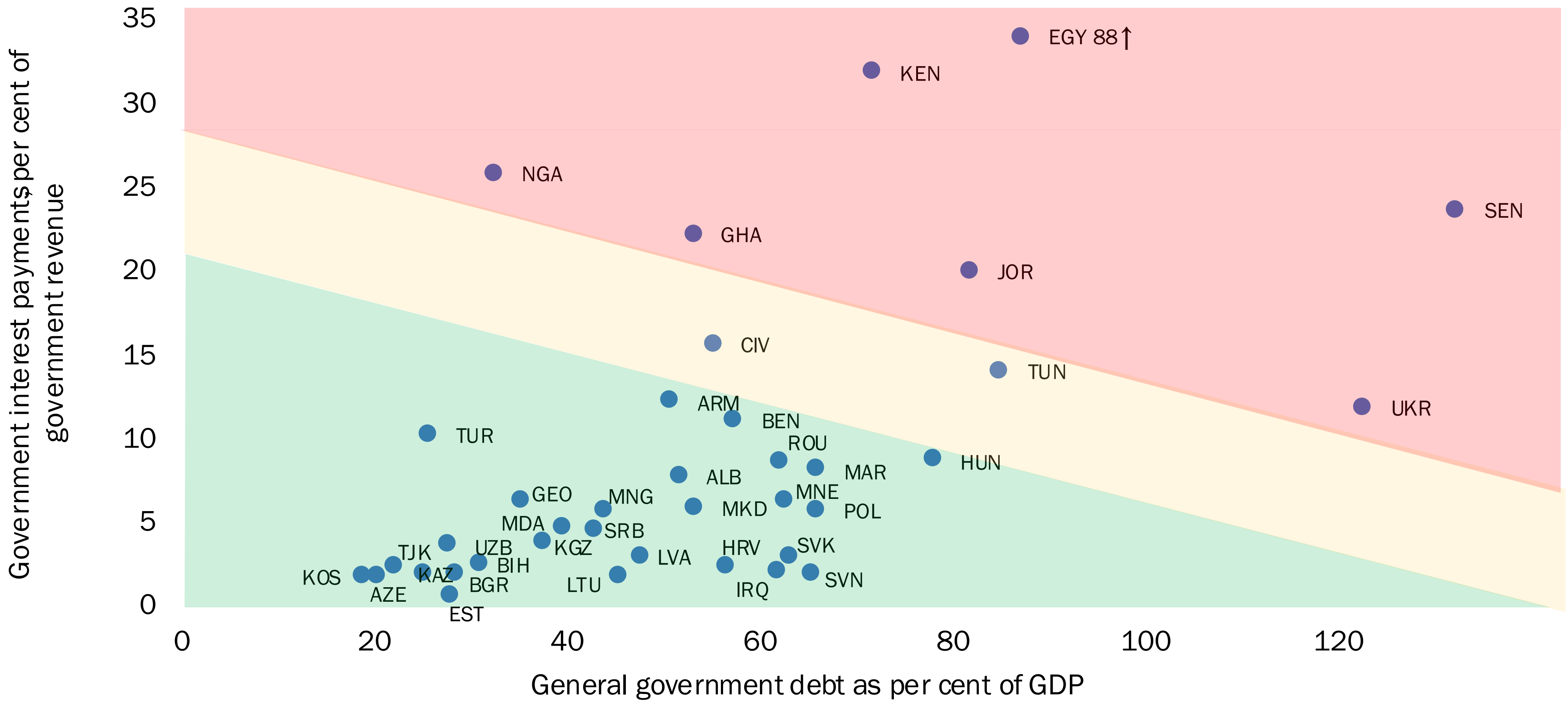
Source: Bloomberg, IMF WEO and authors' calculations.
Note: Left panel, latest observations as of April 2026. Right panel, based on government bonds with maturities of five years, as of 26 August 2026.

As sovereign spreads over Germany have largely returned to their pre-conflict levels, yields in the EBRD regions have been rising in line with those in advanced economies



Source: Bloomberg and authors' calculations.
Note: Based on EUR- or USD-denominated bonds with maturities of five to ten years. As of 20 August 2026.

Interest payments absorb a third of government revenue in Egypt and Kenya, high in several other SSA / SEMED economies

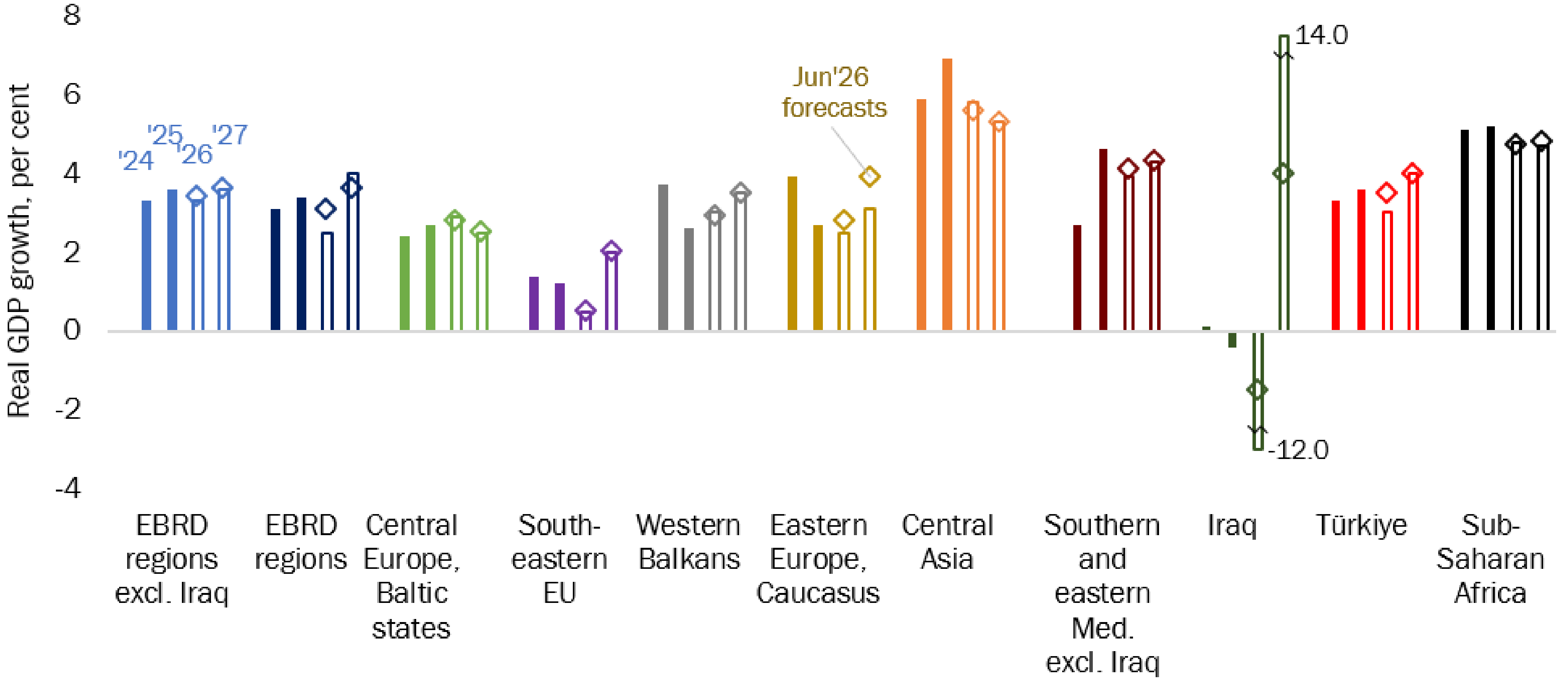


Source: IMF (April 2026) and authors' calculations.
Note: Data refer to 2026.

2026 growth forecast for EBRD regions has been revised to 2.5 (-0.6 pp since June) on Middle East conflict, low water levels in Europe, tighter financing conditions

Growth in 2027 revised to 4.0 (+0.4 pp since June) as Iraq's economy rebounds

Excluding Iraq, growth is expected to average 3.3 in 2026 (-0.1 pp) and 3.6 in 2027 (unchanged)



Source: National authorities via CEIC and EBRD forecasts.
Note: EBRD average based on the values of gross domestic product in 2024 in current US dollars from the IMF.