

BRIEF



BRIEF. IMF

Major US Tech Giants Surge AI Investment, Driving Capital Spending to Nearly 2% of US GDP by 2026

Leading tech firms like Alphabet, Amazon, Meta, Microsoft & Oracle are rapidly boosting AI capital expenditure, pushing spending from 0.5% of US GDP in 2023 to almost 2% by 2026, signaling a transformative, productivity-driven AI era.



BRIEF. UN DESA

Double Disadvantage: Only 23% of Women with Disabilities Employed, Lowest Globally

UN data shows an astounding disparity between the employment rates of women and men with disabilities: 23% of women with disabilities work, while 34% of men with disabilities do the same, 46% of women without, and 67% of men without. UN DESA & UN Women asserts that Gender and Disability intersect, making the world's steepest employment gap.



BRIEF. WHITEHOUSE

Trump Policies Drive 40% Drop in Drug Overdoses, Saving American Lives

According to the White House, drug overdose deaths are down 40% from the highs in Biden's era. The officials state that thanks to border security, drug busting of drug cartels, and law and order policies, American lives were saved, and the overdose crisis was reversed.



BRIEF. EUROPEAN COMMISSION

€3.8 Billion Investment Drives Europe's Net-Zero & Climate Projects

The European budget for net zero and climate will be about €3.8 billion to cap global warming at 1.5°C, to foster green competitiveness and finance projects that lower emissions and support sustainable, resilient economic growth in Europe.

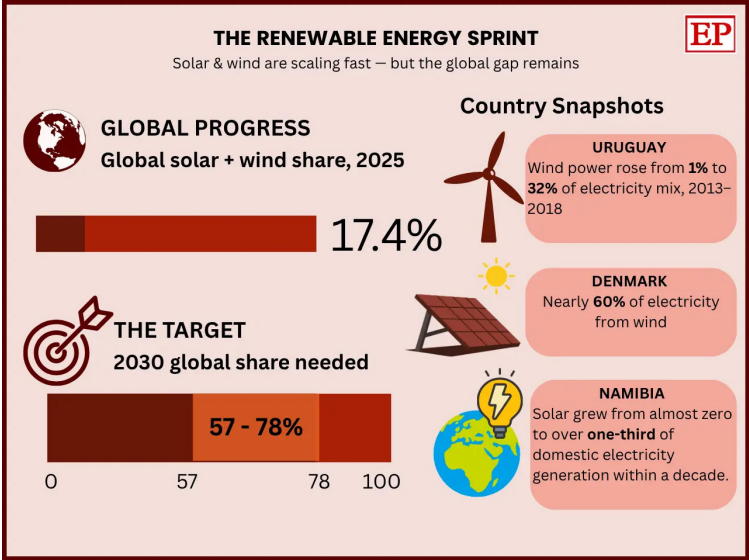
Wind & Solar Surge: Uruguay, Denmark & Namibia Lead Global Renewable Energy Shift

The Pace Needed and the Leaders

In 2025, approximately 17% of the world’s electricity came from wind and solar energy. However, to achieve a more sustainable future, experts say that wind and solar energy must contribute 57% of electricity by the year 2030. The ranking of countries has been created by the World Resources Institute based on countries’ increase in production of wind and solar energy. Unfortunately, no country met the necessary speed for changing the share of wind and solar production in the electricity production system, but countries like Uruguay, Denmark, Namibia, and the Netherlands have obtained almost 75% of the speed required today worldwide. Some countries like Lithuania, Chile, and Jordan have achieved results even better than the world standards.

What Drove Success in Three Countries

The wind industry in Denmark has undergone many years of de-



Data sources: World Resources Institute

velopment, leading to a situation where nearly 60% of the country's total electricity consumption is satisfied by wind energy. The authors demonstrated that Uruguay demonstrates an approach where the share of wind energy was raised from only 1% to 30% within only 5 years, thanks to long-term contracts and the agreement of many political parties. Namibia has invested heavily in solar energy using auctions and private investments, avoiding large government subsidies. All this leads to the conclusion that certain features of these countries are connected, including a concern for energy independence and an appropriate policy.

Anti-Avoidance Measures Reshape Corporate Tax Strategies: IMF

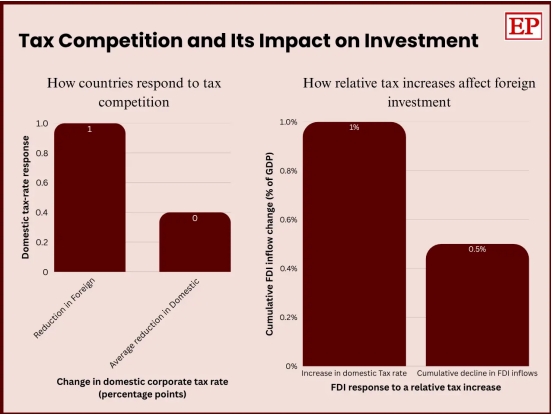
Anti-Avoidance Measures Start Changing Corporate Tax Behavior

Governments have been in a race to attract foreign multinationals by cutting corporate tax rates, while international businesses have circumvented them by transferring profits around the world. However, more stringent anti-avoidance measures and significant international tax reforms are coming to change this scenario, according to a recently published International Monetary Fund (IMF) analysis.

As globalization and technology create an increasing role of intangible assets, such as data, patents, software, and trademarks, multinational corporations can decouple the location of profits from the countries in which they are reported. As a result, profits can be reported in lower-tax locations, even though significant economic activity is taking place elsewhere. The IMF finds that reported profits have become less sensitive to differences in tax rates, while real investment has become more sensitive. Thus, reported earnings tend to reflect the location of economic activity. The concentration has been especially marked in multinational companies, which tend to have a lower proportion of intangible assets and in countries with more rigorous anti-avoidance rules. At the same time, competition on headline tax rates for multinationals has decreased since the mid-2010s, and this also coincides with a period of enhanced measures to counteract tax avoidance.

Tax competition continues to exert its influence, but the economic costs matter

Despite these developments, tax competition continues to be an important factor in government policy. Firms based in different economies continue to adapt their corporate tax rates in response to actions by other economies. The IMF calculates that a one-percentage-point decrease in headline corporate tax rates else-



Hedge Funds Growing Footprint: A Double Edged Sword in Global Markets

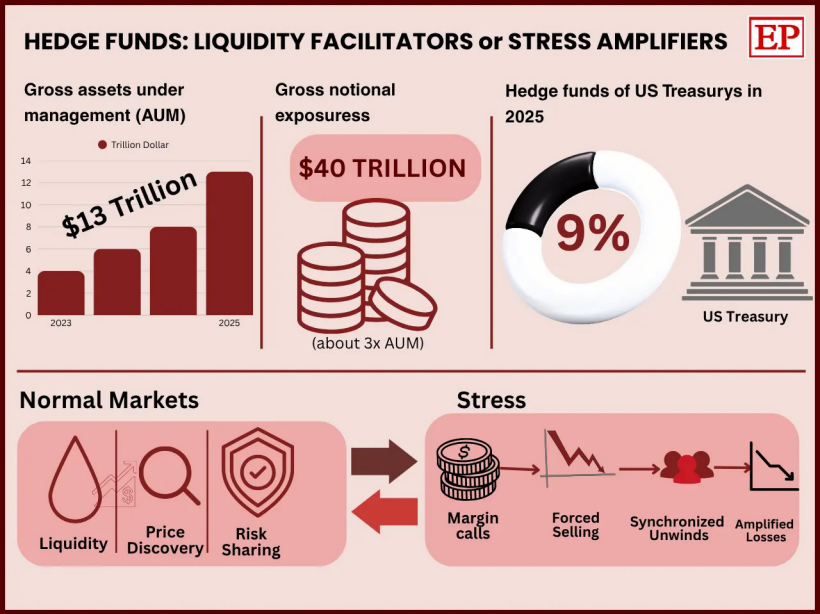
A Growing Footprint With Two Faces

Hedge funds currently make up a relatively small part of the non-bank finance sector but have grown significantly in size. The gross assets of the sector tripled from 2013 to the present, to almost \$13 trillion. The overall amount of the hedge funds’ exposure, taking into account on-balance-sheet assets and off-balance-sheet obligations, is in the neighborhood of \$40 trillion. The role of hedge funds can be distinctly seen in the cases of government debt, where they owned around 9% of US debt in 2025. Hedge funds have fewer restrictions on operations than banks and traditional asset management firms. They can purchase hard-to-sell assets, use significant leverage, and adjust portfolios within a short time. In normal times, hedge fund activity helps restore market liquidity and price discovery; however, in cases where the economic conditions worsen, the same flexibility may prove to be destructive. As per the authors of the chapter published in the GFSR of October 2026, there are three major weaknesses: leverage, overcrowded positions, and investor redemptions.

How Stress Builds and Spreads

Borrowing plays a key role in numerous methods, through practices such as repurchase agreements or derivative transactions. Higher collateral requirements may arise in times of increased volatility or financial limitations. As a result, funds will pull their investments at a time when demand for their stock is low, going from liquidity suppliers to the source of pressure selling.

The risk intensifies if several funds make the same trade and the investors withdraw their cash quickly after losing money. If one fund loses money, other funds may follow it almost instantly, as any losses lead to a drop in prices. Results obtained during periods of market instability show the effect of the spikes in VIX. Stocks most commonly held by hedge funds



Data sources: IMF

exhibit volatility that is equal to 10% as compared to the least commonly held stocks, while the maximum drop reaches 4%. The US Treasury market follows the same trend. During the time when there are no disturbances, funds use borrowed money to engage in “basis trades” that help them take advantage of minor discrepancies in prices of Treasuries and similar derivatives, thus guaranteeing the unification of the prices and the liquidity of the market. Yet, if the cost of borrowing increases, funds might be influenced to close such positions drastically, which will worsen the situation in terms of liquidity and lead to a stronger extent of dislocation. Stress can move. Prime brokers, which are the major investment banks assisting and lending money to hedge funds, can incur losses and therefore lend even less during the periods of trouble on the market. Overall, when risk appetite declines globally, the markets with more hedge funds are likely to show greater losses, especially those with lower liquidity.

Building Durability Through Smarter Policy

The authors state that in order for regulators to be able to manage issues, first they need an understanding of where vulnerabilities are located and how they interact with each other during downturns. They note that in most cases authorities do not possess enough information concerning leverage, derivative positions, prime broker relations, and cross-border activities, and thus improved reporting and information sharing are essential. They emphasize that tools should be used in accordance with what kind of risk is present. If the danger includes many funds trying to deleverage at once, then it might be better to use systemic measures like minimum margins and haircuts, as well as more efficient collateral management. If the threats are, however, concentrated on one firm or exposed to a specific risk, then instead of applying systemic methods, focused measures should be employed, including risk-based leverage limits, additional requirements for minimum margin and capital, and limits on maximum exposure. Regulators should also make sure prime brokers monitor their relationships with highly leveraged funds and manage counterparty risk efficiently. The results of systemic stress tests may provide insight into how potential hedge funds and counterparties are likely to behave in a stress environment and how the stress might be transmitted among them.

Millions in developing economies face vulnerability

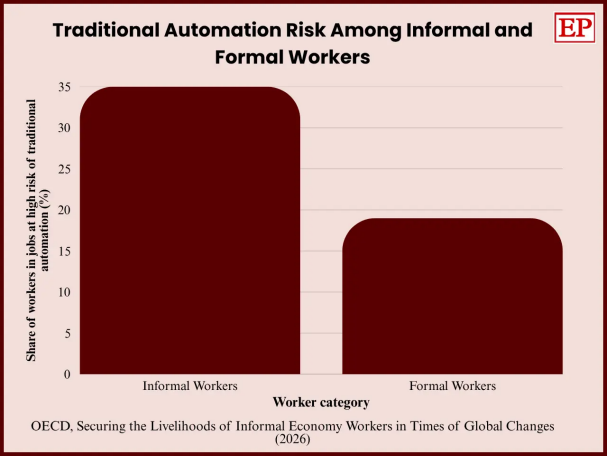
OECD informal employment report

Informal Employment Leaves Millions Vulnerable

In developing and emerging economies, as they face the risks of financial shocks without any social safety nets. According to a new OECD report, almost two-thirds of all workers living within the countries covered by the report’s database are employed informally. Such workers face the prospect of low and unpredictable income and the challenges of pension provision and fewer opportunities, including safer jobs. Moreover, as populations age, the risk of informal employment without contributory pensions threatens to undermine living standards, say the OECD report authors. They note that only 52% of older people in the countries assessed have pension benefits, compared with those who have formal jobs.

Automation and Climate Risks Require Immediate Action

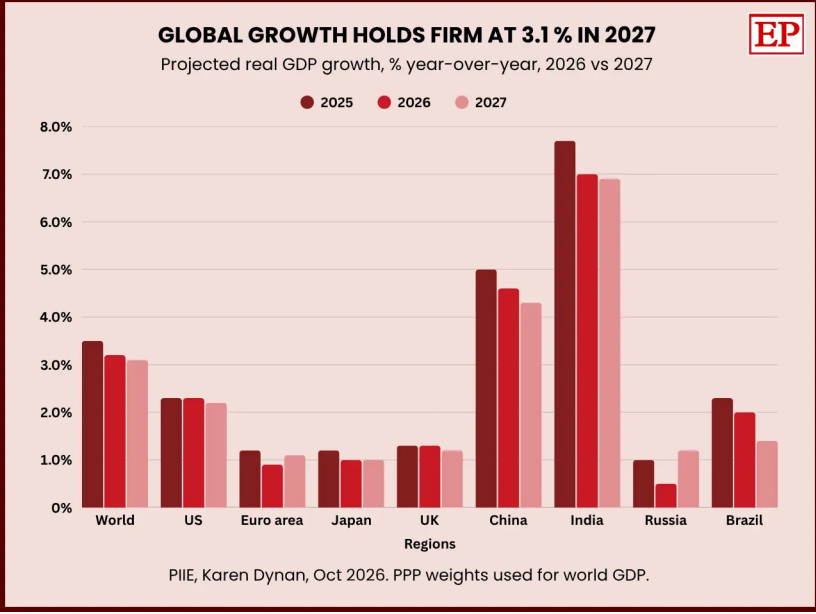
Automation and climate change are exacerbating the problem. Informal workers are more susceptible to traditional automation than formal workers. The OECD reports that 35% of informal workers are at risk of automation, compared to 19% for formal workers. Meanwhile, changing weather patterns bring floods, droughts, and other forces that hurt the incomes of many informal workers, especially people who rely on the natural world for their earnings. The OECD has three suggestions for improving the situation: more



Data sources: OECD

robust social safety nets, skills development programs, and opening up investment opportunities in businesses that offer decent jobs. Moreover, the promotion of formal sectors through their accessibility can help protect such workers. Protecting informal workers is not only an economic issue but also a social one in which many countries are deeply invested.

World Economy Grows Amid Energy Shocks and AI Boom: Global Forecast



Data sources: PIIE

The world's economy may be taking a hit, but it doesn't seem to be breaking. Even with a war in Iran driving up energy prices and pushing up interest rates, the world economy keeps on growing. The Peterson Institute for International Economics (PIIE) forecasts that the world economy will grow by 3.2 percent in 2026 and 3.1 percent in 2027, compared to 3.5 percent in 2025, says an economist named Karen Dynan in a lecture at PIIE's Fall 2026 Global Economic Prospects.

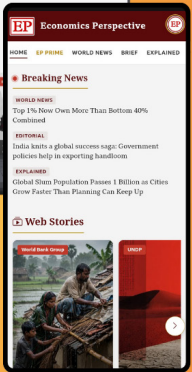
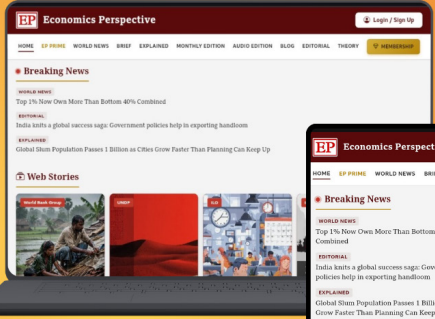
How the AI Boom Is Softening the Blow

Imagine an economic shock absorber. That’s what the AI boom is proving to be in several countries. Companies are pouring money into AI-related technology, and stock prices are soaring. The combination of the two serves as a boost to overall spending and helps the economy, even as the price of fuel weighs it down. In some countries, government policies are also spurring the economy. The US stands to benefit the most. PIIE expects 2.3% growth in 2026 and a slight slowdown to 2.2% in 2027, nonetheless. The UK is experiencing a similar pattern, where technology-related investments are buffering the energy shock, contributing to 1.3% growth in 2026 and 1.2% in 2027. The key risk on the growth trajectory is inflation. Higher interest rates will hurt growth next year, which should prove to be moderated by the gradual easing of energy prices.

Europe and Japan: Modest Growth, Divergent Sources

In the eurozone, growth is expected to accelerate in the coming years, driven by a recovery in Germany and falling energy prices, to 0.9% and 1.1% in 2026 and 2027, respectively. While the growth rates may seem tame, they represent a welcome relief after two consecutive years of disappointment. Japan is expected to post a solid performance, with growth of 1.0% in each of the next two years, well above its long-term potential. Strong semiconductor exports and a fiscal stimulus package will be key growth drivers. Besides advanced economies, there are other countries that have a mixed performance outlook. India is expected to grow faster, mainly because of its huge domestic market. India, for the present, already has for 2026 and 2027 a GDP growth forecast of 7.0% and 6.9%, respectively, and more than double compared to the world average. Conversely, China is in the opposite situation, where most sectors are terribly oversaturated while the real estate sector crisis is eating away at domestic demand. China's growth forecast estimates are significantly lower at 5%, 4.6%, and 4.3%. Russia is limited by sanctions and tighter monetary policy. Growth is expected to pick up slightly in 2026 to 0.5 percent and then accelerate to 1.2 percent in 2027. Brazil has seen an increase in commodity prices, but growth is expected to slow down from 2.0 to 1.4 percent as this year’s fiscal impulse fades away and persisting high interest rates persist. The bottom line is that the world economy is growing, but unevenly: the rise in AI investments and domestic demand has offset some headwinds, namely higher energy prices and interest rates and China's, Russia's, and Brazil's structural challenges. The evolution of energy prices and interest rates will be decisive for the strength of growth in 2027.

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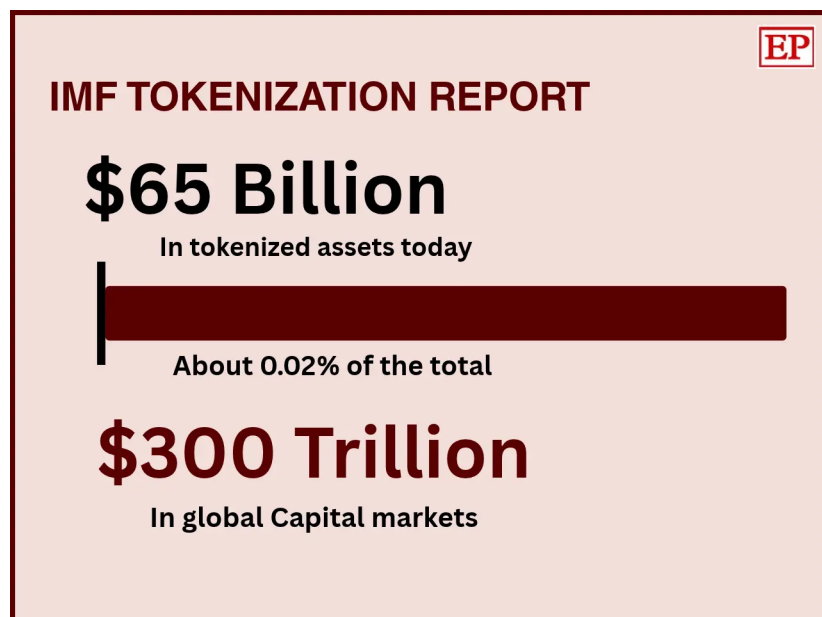
Tokenized Assets Hit \$65 Billion, But Remain Tiny Against \$300 Trillion Global Markets, Says IMF

Tokenized assets, including credit, money market funds, and equities, have grown to around \$65 billion. That sounds large, but global capital markets hold about \$300 trillion. The tokenized repo market, which is primarily used for collateral management, has grown to \$300 billion to \$350 billion per day, but the US repo market alone has around \$13 trillion per day.

Although there are advantages, most tokenized trading happens beyond market hours. More than half of tokenized equity trading was below the equivalent of a single share. Traders are small and thinly distributed; markets are more volatile and fragmented than usual.

What must change before scaling?

The latest Global Financial Stability Report from the IMF highlights four areas that need to be addressed to allow for successful scaling: legal certainty, regulatory alignment, interoperability, and collateral. There is also a risk to scaling, as fire sales, liquidity problems, and con-



Data sources: IMF

tagion could become more prevalent when today's friction is removed. Policymakers need to avoid choosing technologies but should focus on being technology agnostic. Policy considerations such as legal clarity, monitoring similar activity, and implementing interoperability are important. Less emphasis is placed on the technology and more on confidence, depth of markets, and robust protections.

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