

IMF cautions on Trump, upgrades UK growth forecast



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The International Monetary Fund (IMF) has raised its 2025 UK economic growth forecast from 1.5% to 1.6%, projecting stronger performance than key European economies like Germany, France, and Italy over the next two years. However, the IMF has also expressed concern over the potential global economic disruptions from Donald Trump's proposed policies.

Trump's plans for high tariffs—up to 60% on Chinese goods and 25% on imports from Canada and

Mexico—along with possible 100% tariffs on BRICS nations, could heighten trade tensions, disrupt supply chains, and depress investment. The IMF cautioned that while deregulation and tax cuts might provide short-term U.S. economic gains, they could lead to inflation, an economic bust, and a diminished role for U.S. Treasury bonds as a global safe asset.

The IMF chief economist, Pierre-Olivier Gourinchas, noted “tremendous uncertainty” surrounding Trump’s policies, which are already impacting global stock markets. Deportation plans for undocumented immigrants may further reduce U.S. economic output and increase inflation.

In contrast, the IMF’s upgraded UK forecast has been viewed as a boost for Chancellor Rachel Reeves amidst economic challenges. Although the UK economy recently stagnated, Reeves emphasized that the UK, along with the U.S., is the only G7 nation with an upgraded growth projection for 2025.

The IMF’s global growth forecast remains subdued at 3.3% for 2025 and 2026, below the historical average of 3.7%, as risks linked to U.S. tariffs and geopolitical factors weigh on the outlook.

The World Bank echoed similar warnings, projecting global growth at just 2.7% for 2025, marking one of the weakest performances since 2019 outside the pandemic contraction.