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Global Economic Outlook 2024

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The economic outlook: from disinflation to automation

November 2023



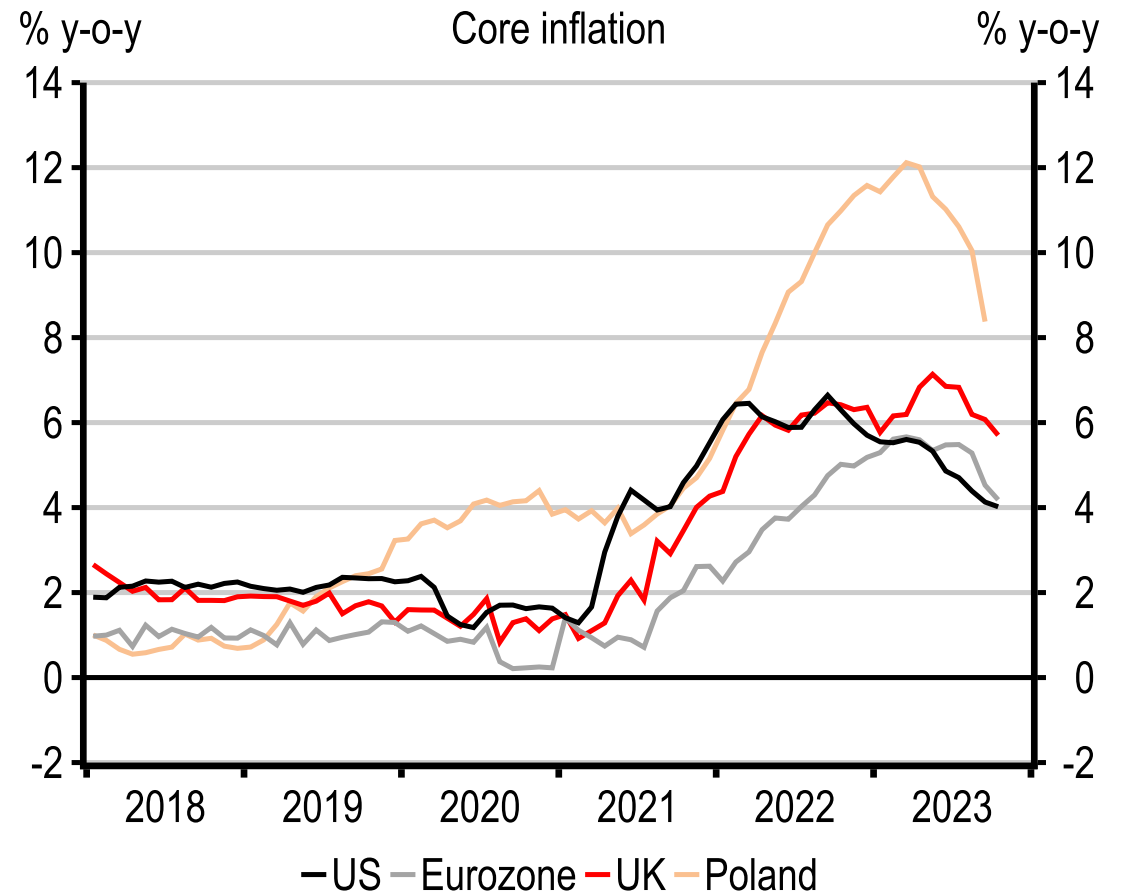
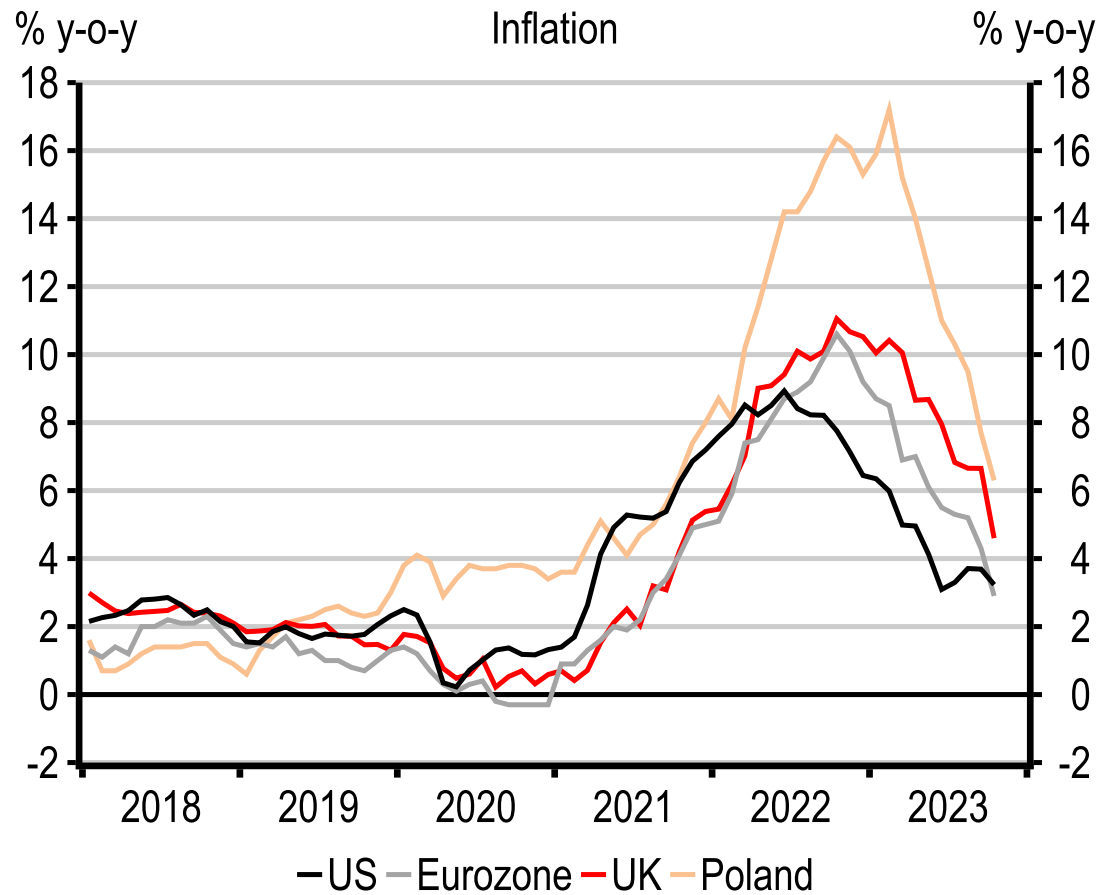
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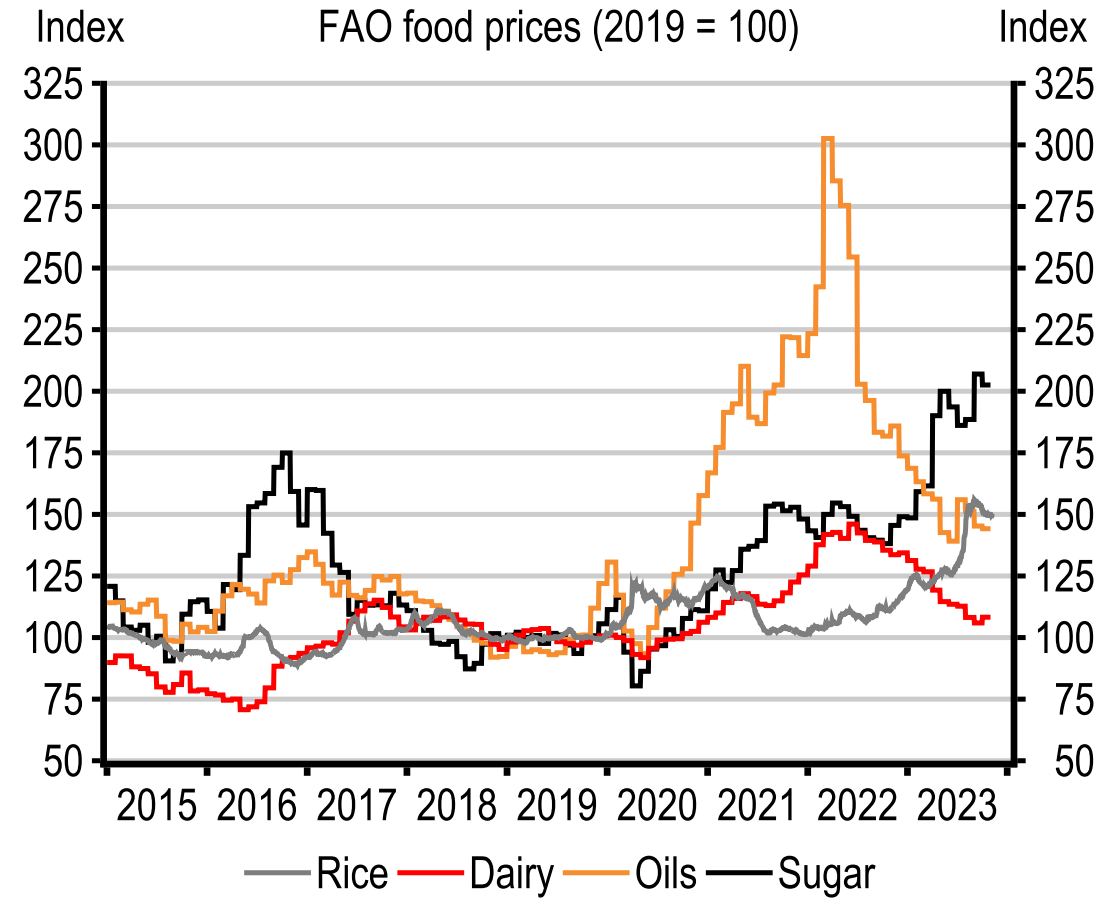
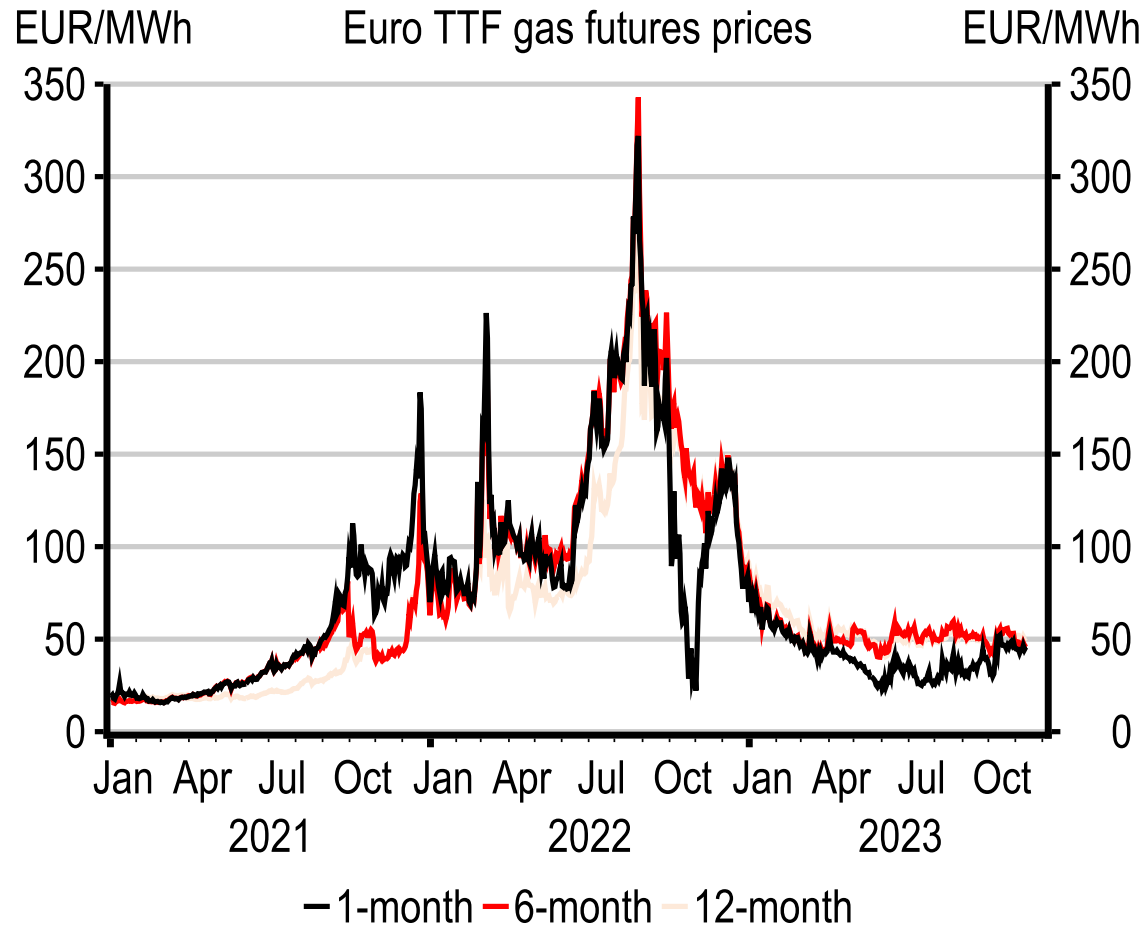
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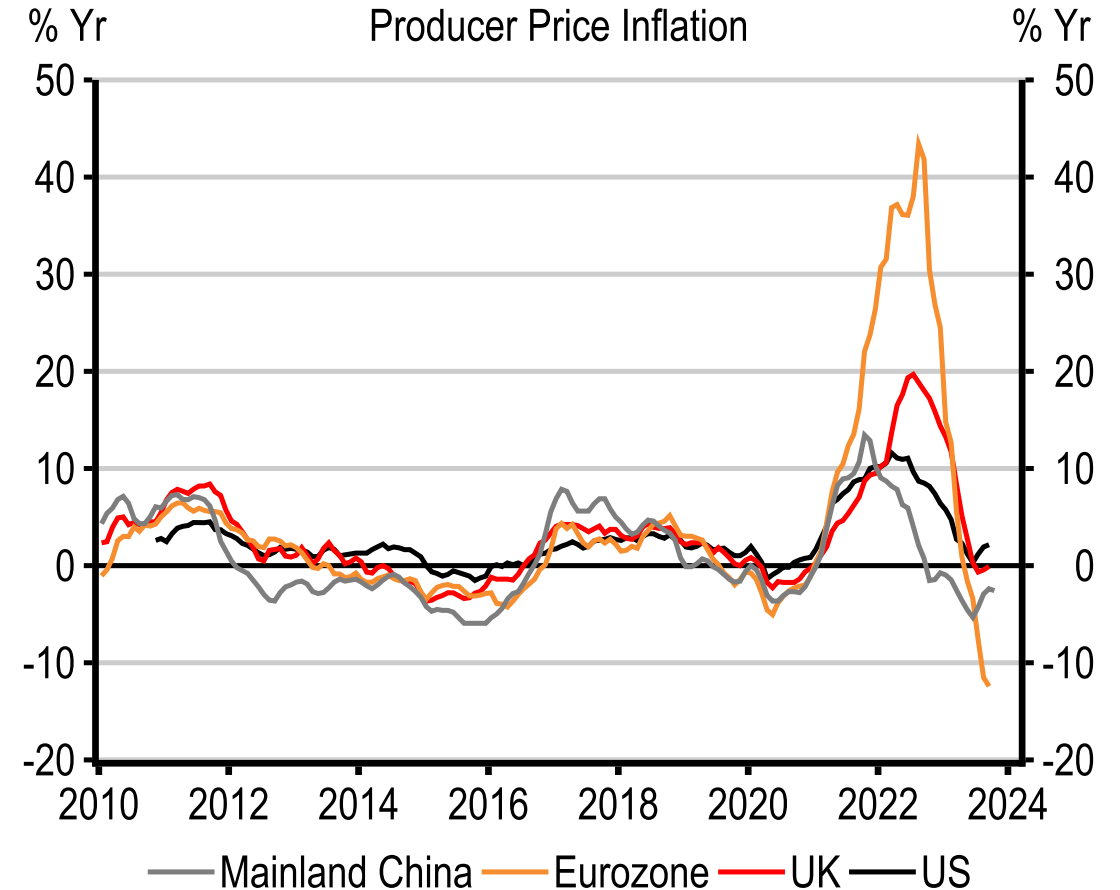
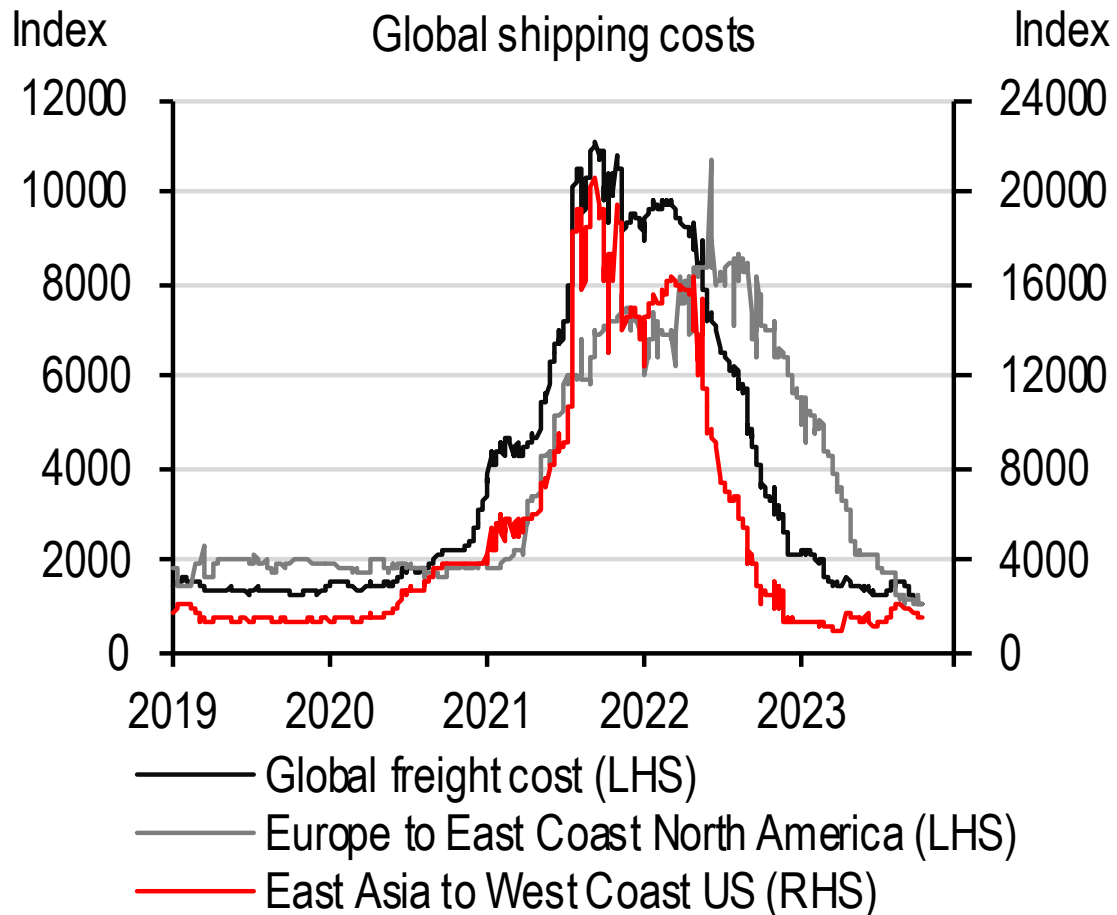
Inflation: It's coming down, but where will it drop to?



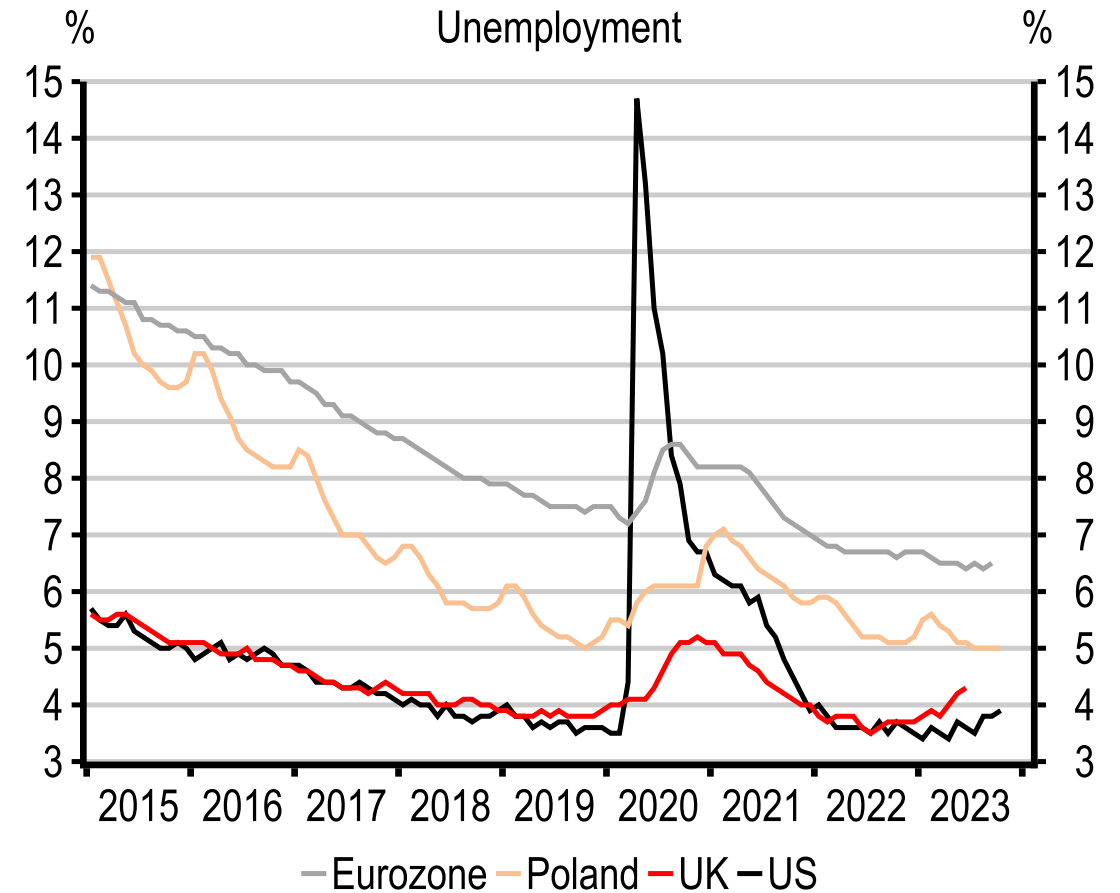
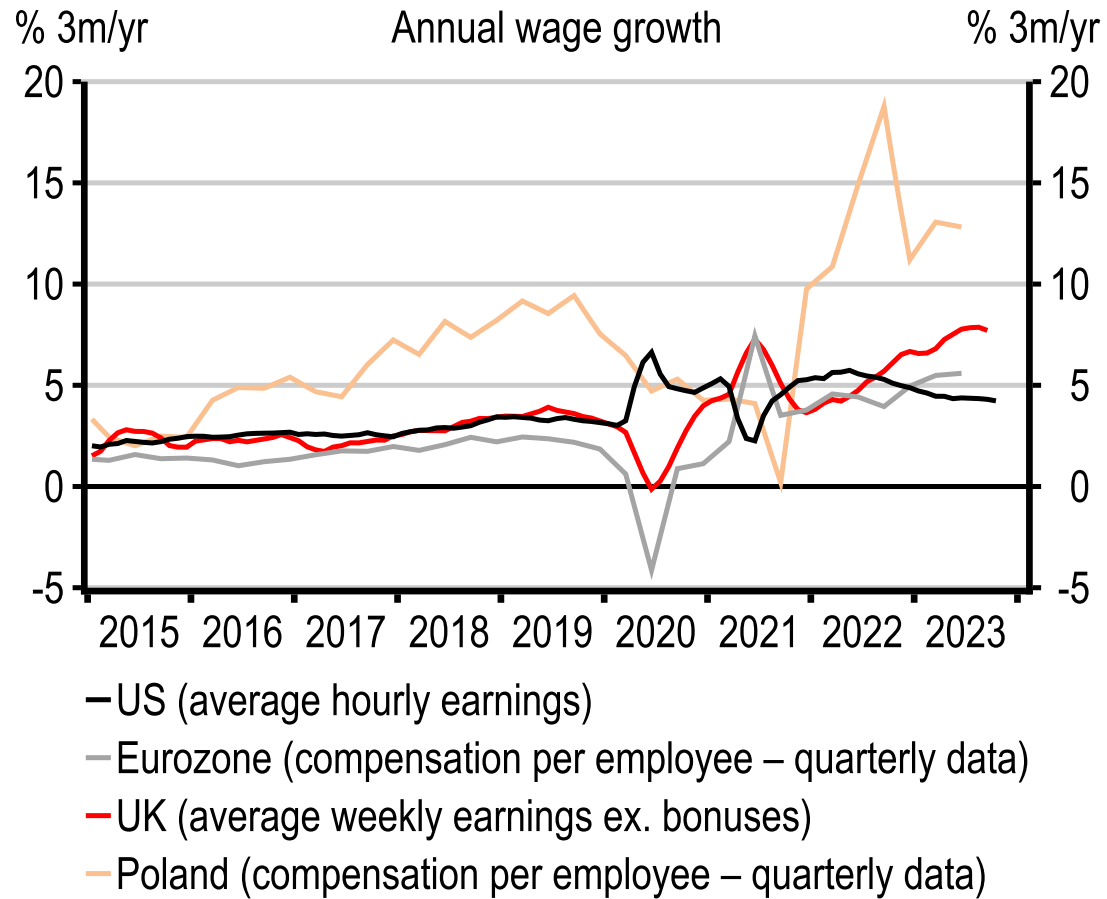
The good news: Energy and food price shocks have eased



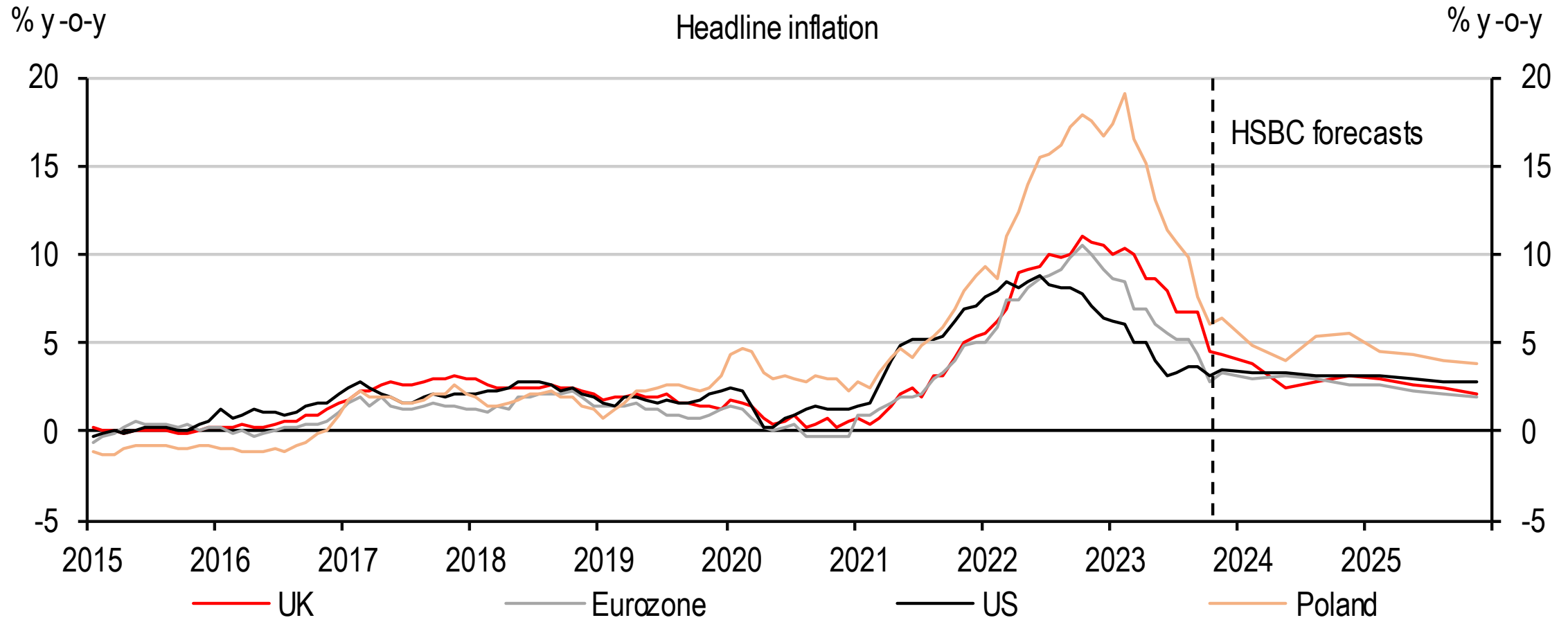
The good news: global supply chain disruption has eased



The remaining challenge: labour costs still running hot



The 'last mile' of disinflation might be drawn-out

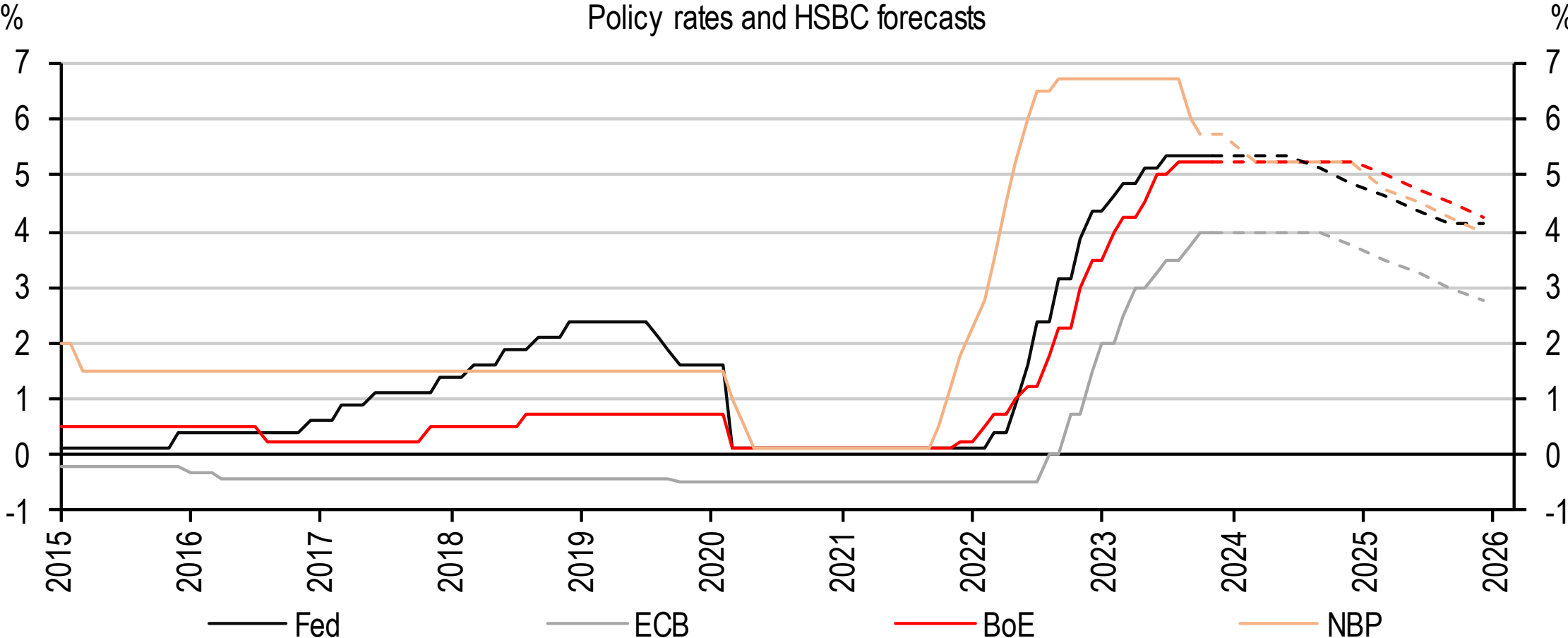


The great rates debate: Table Mountain or the Matterhorn?



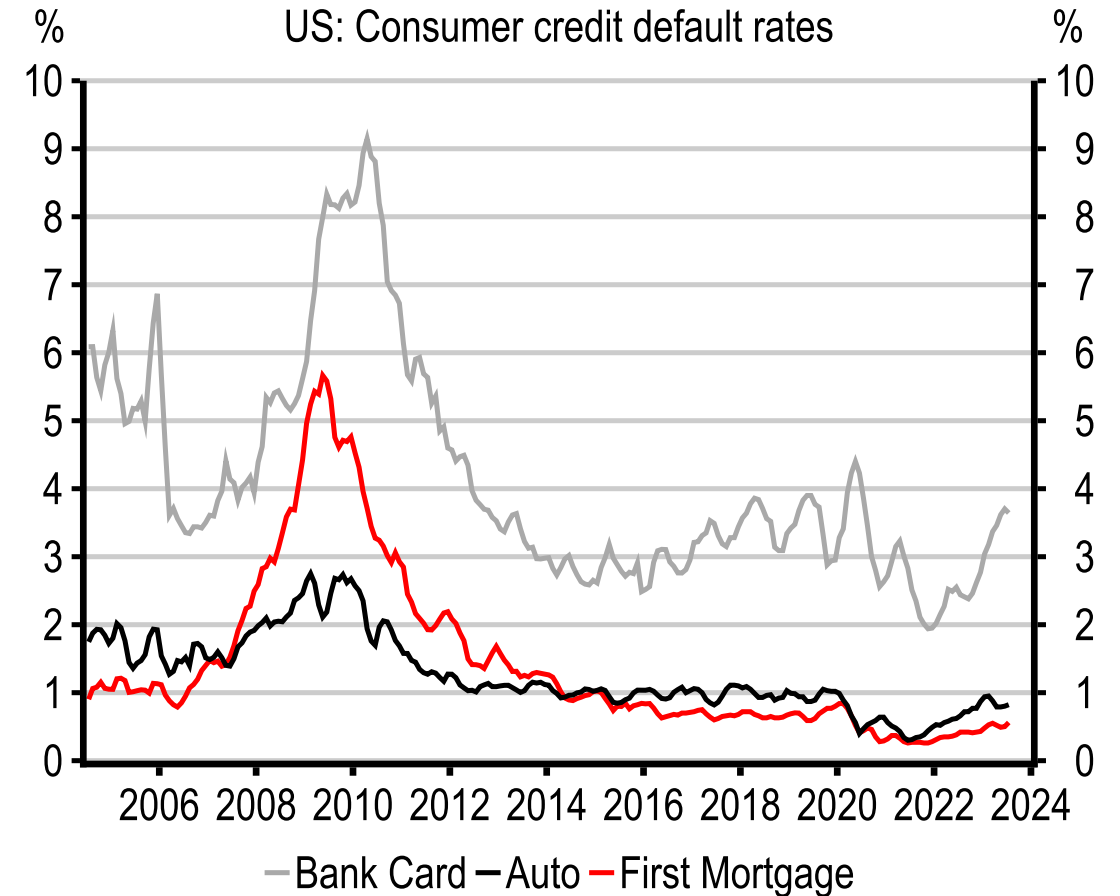
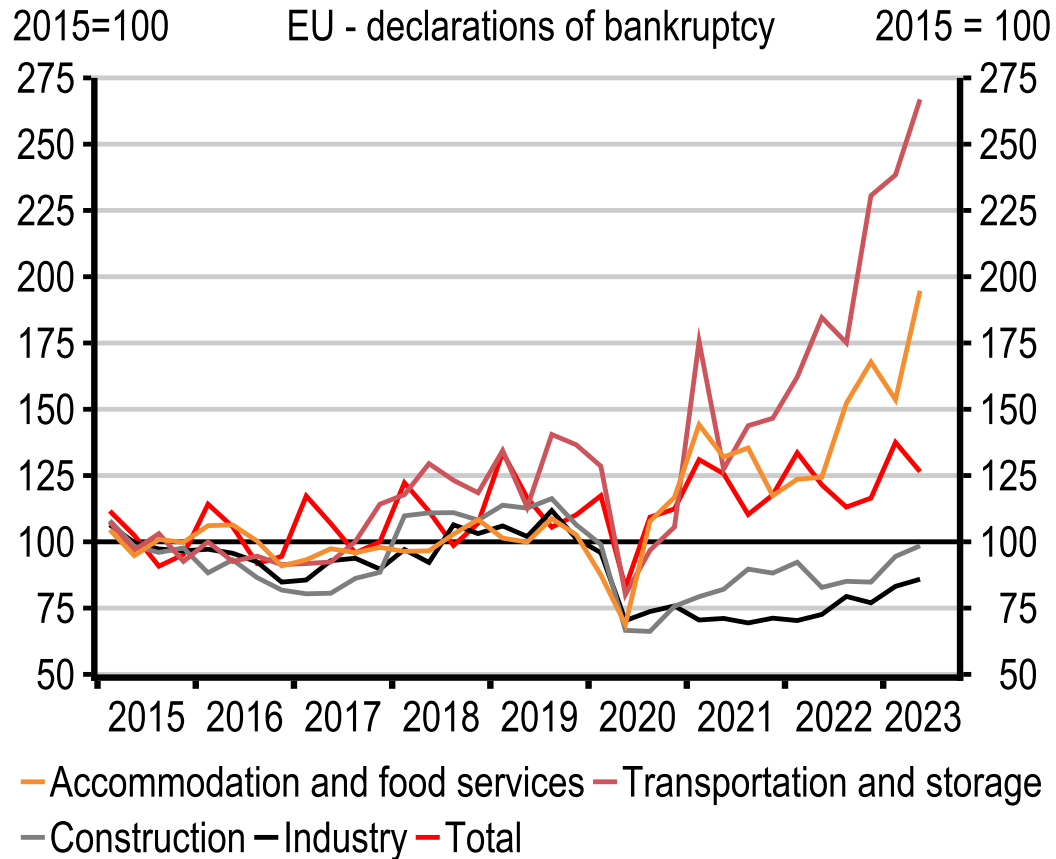
Sources: Chris Hare, Simon Wells

We expect policy rates to stay high throughout much of 2024

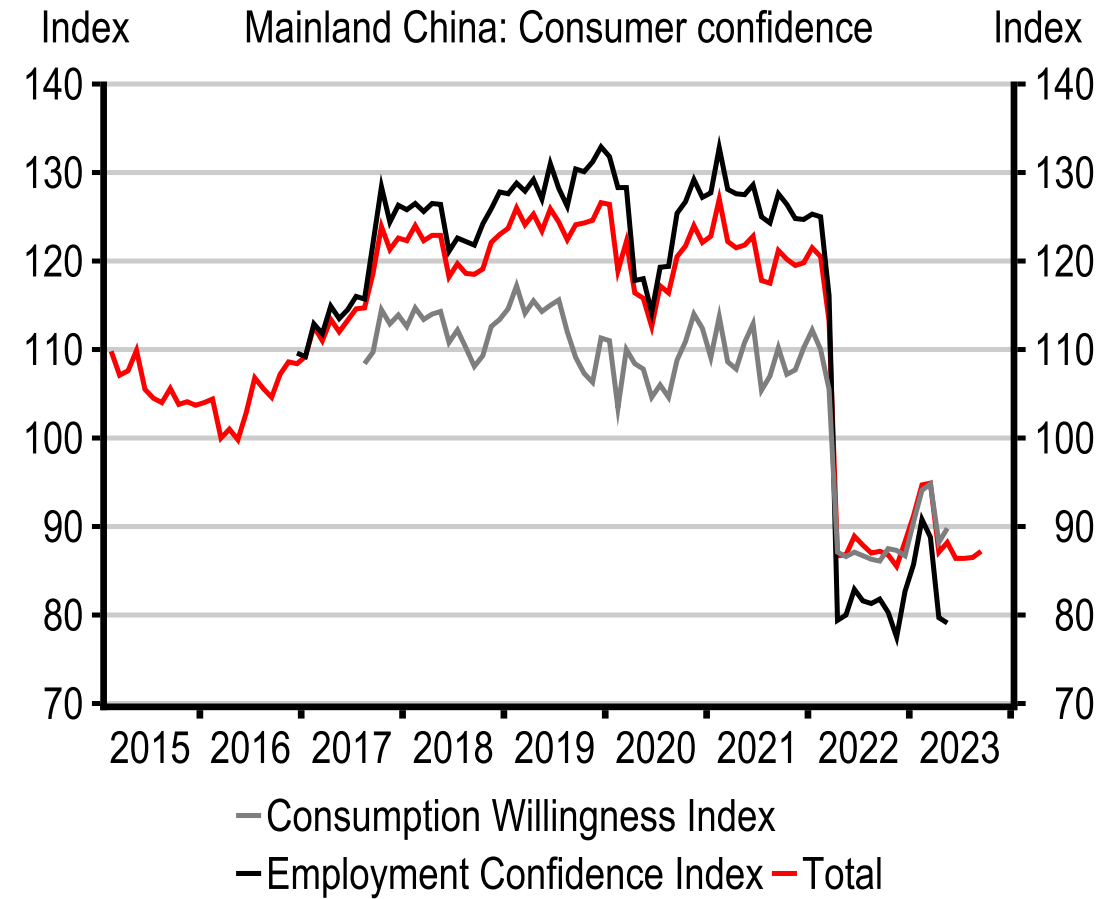
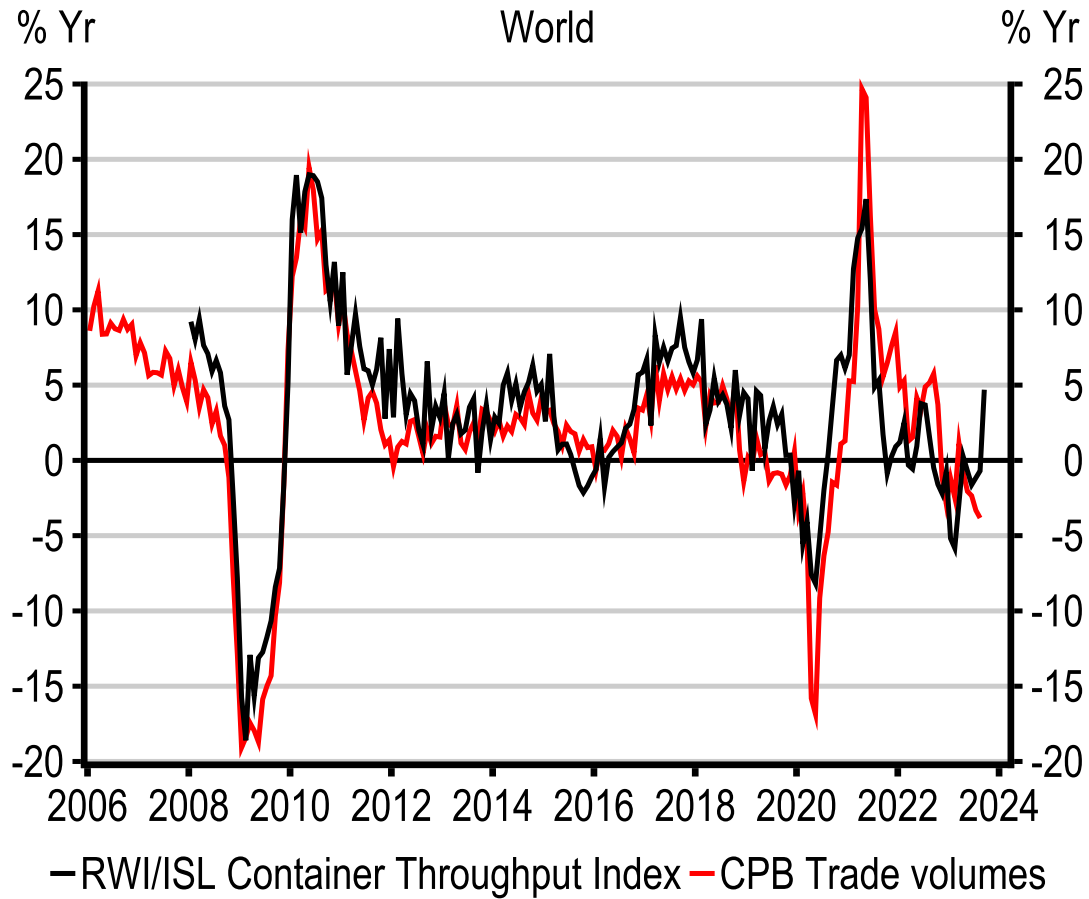


Source: Refinitiv datastream, HSBC forecasts for future data

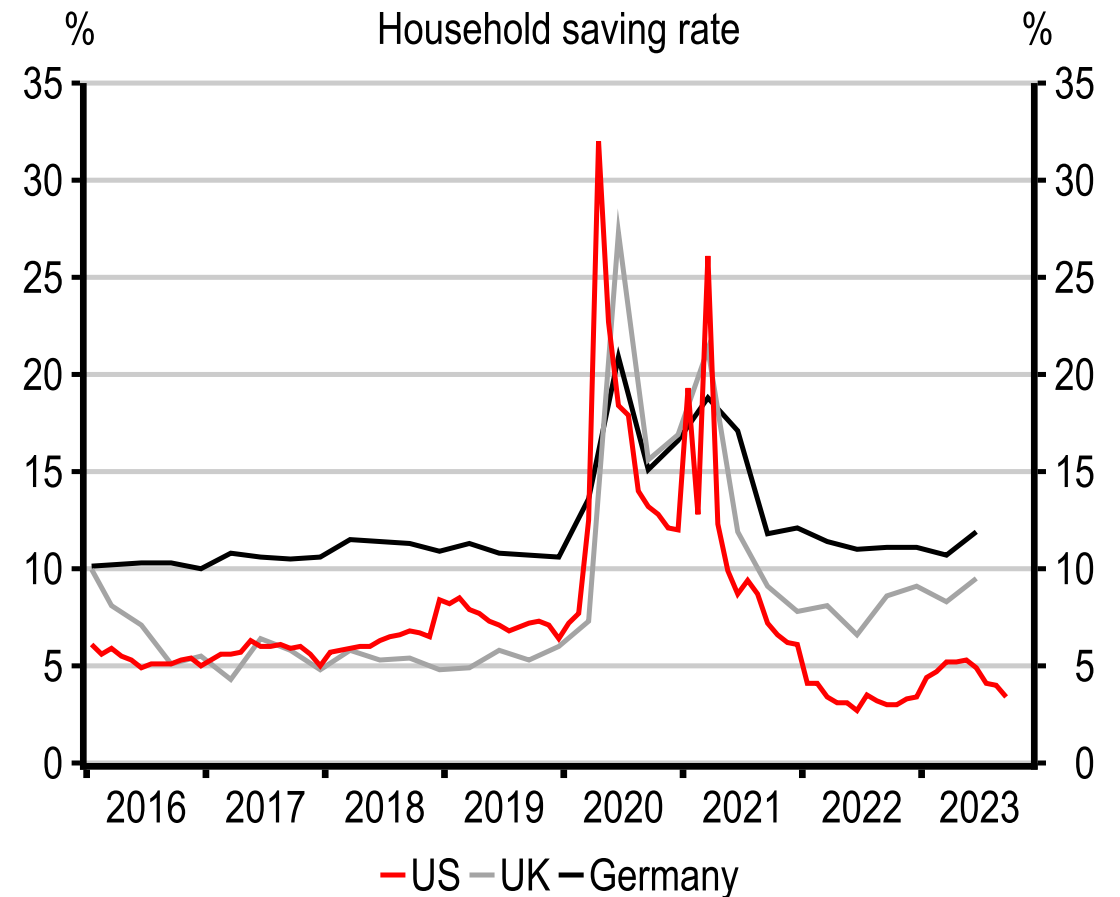
Some signs of stress from tighter policy...



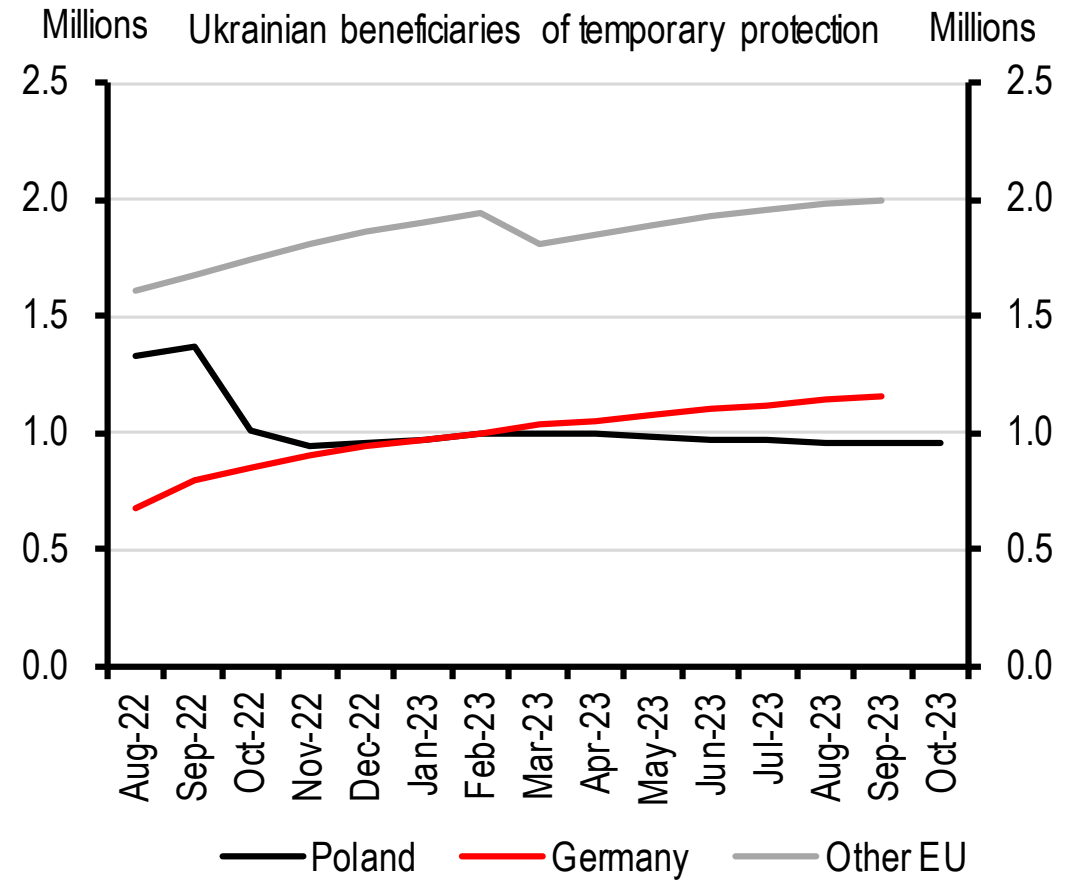
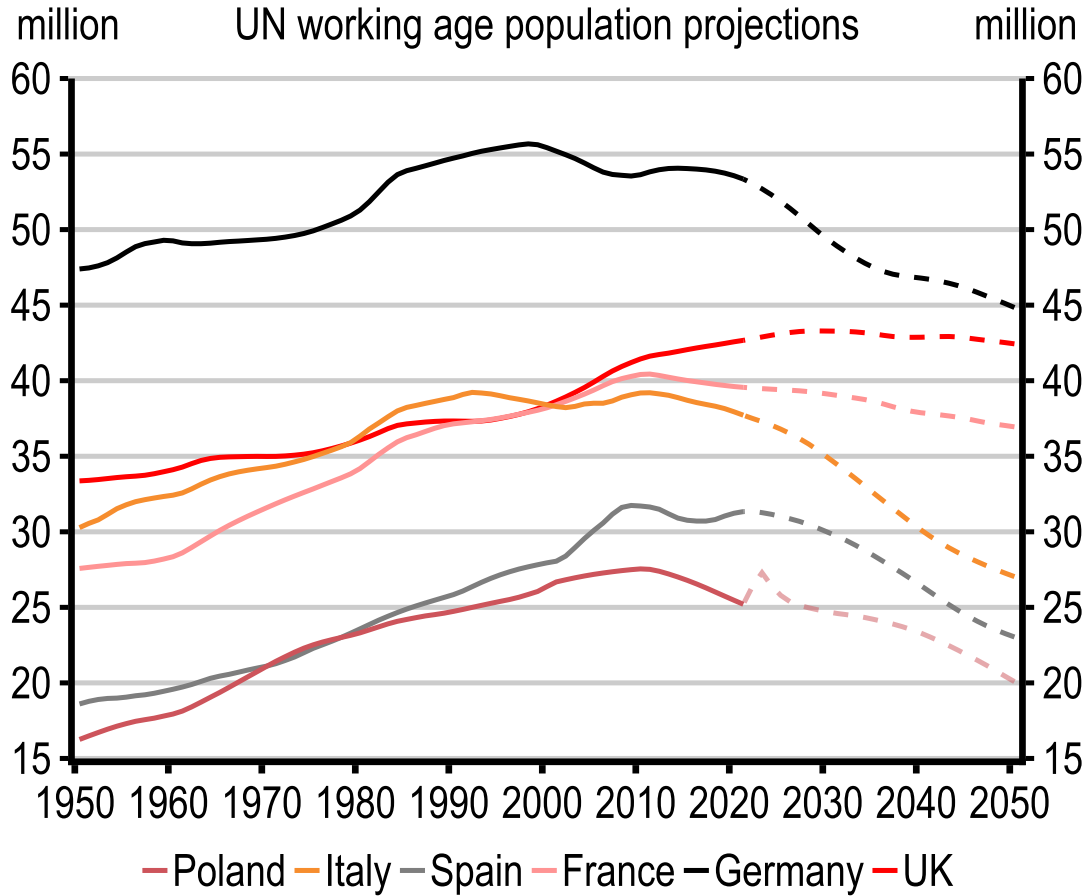
...and there are headwinds to global trade...



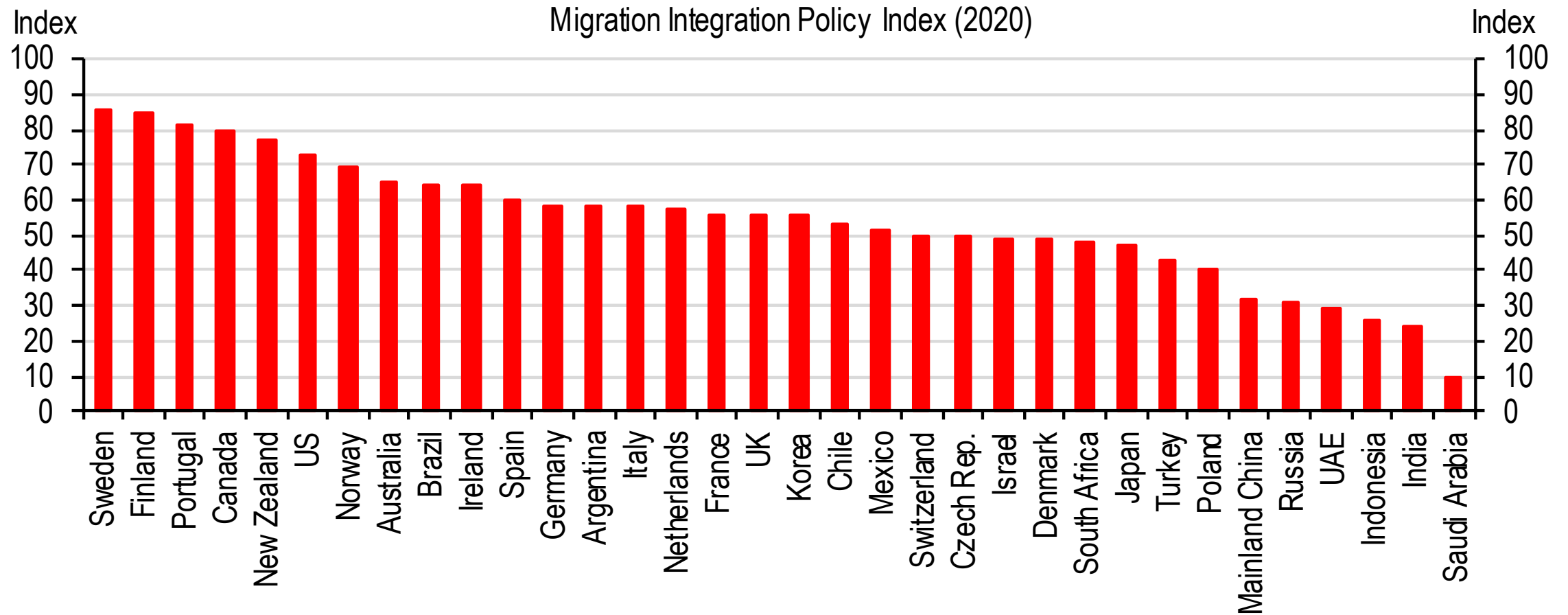
...but falling inflation is now boosting household income



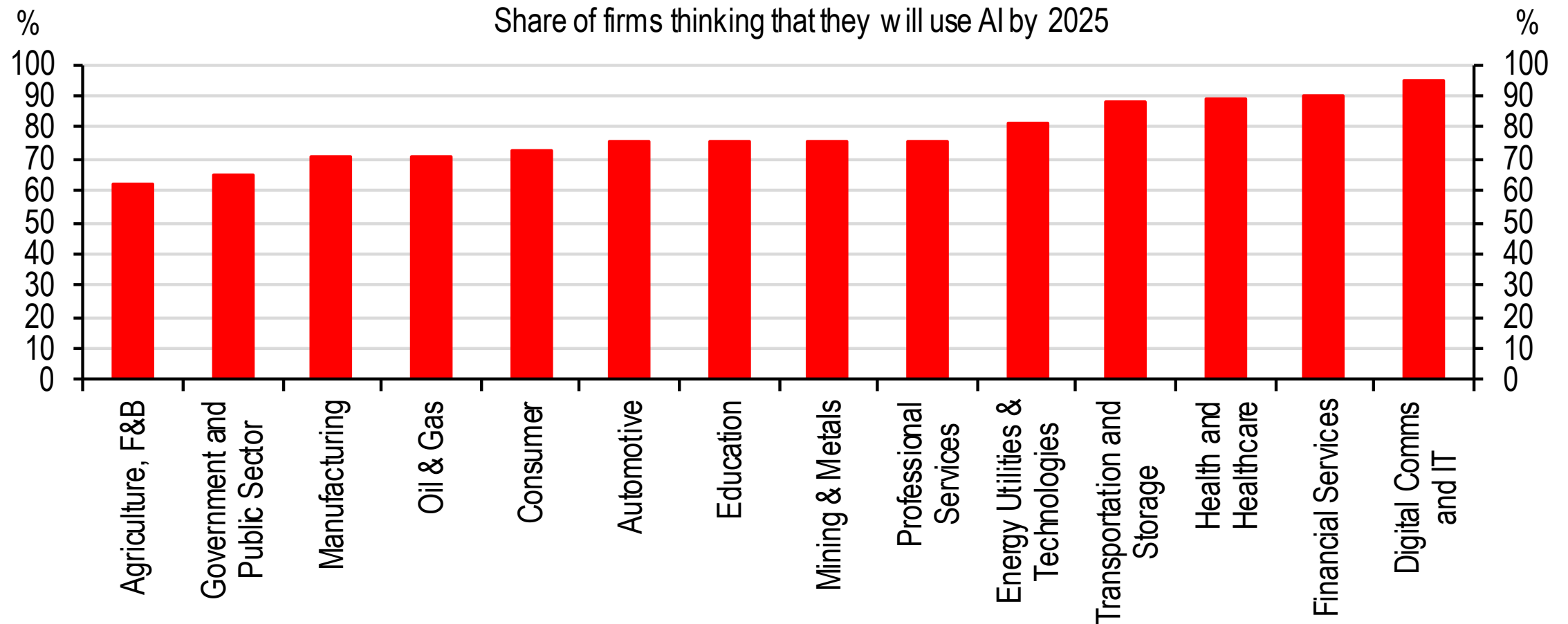
Shrinking population poses ongoing labour shortage risks



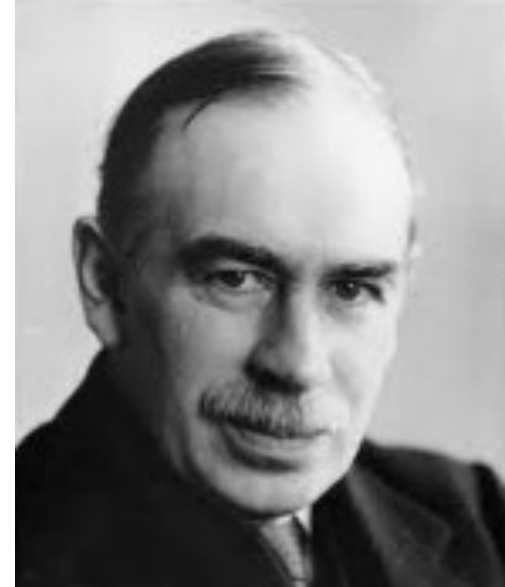
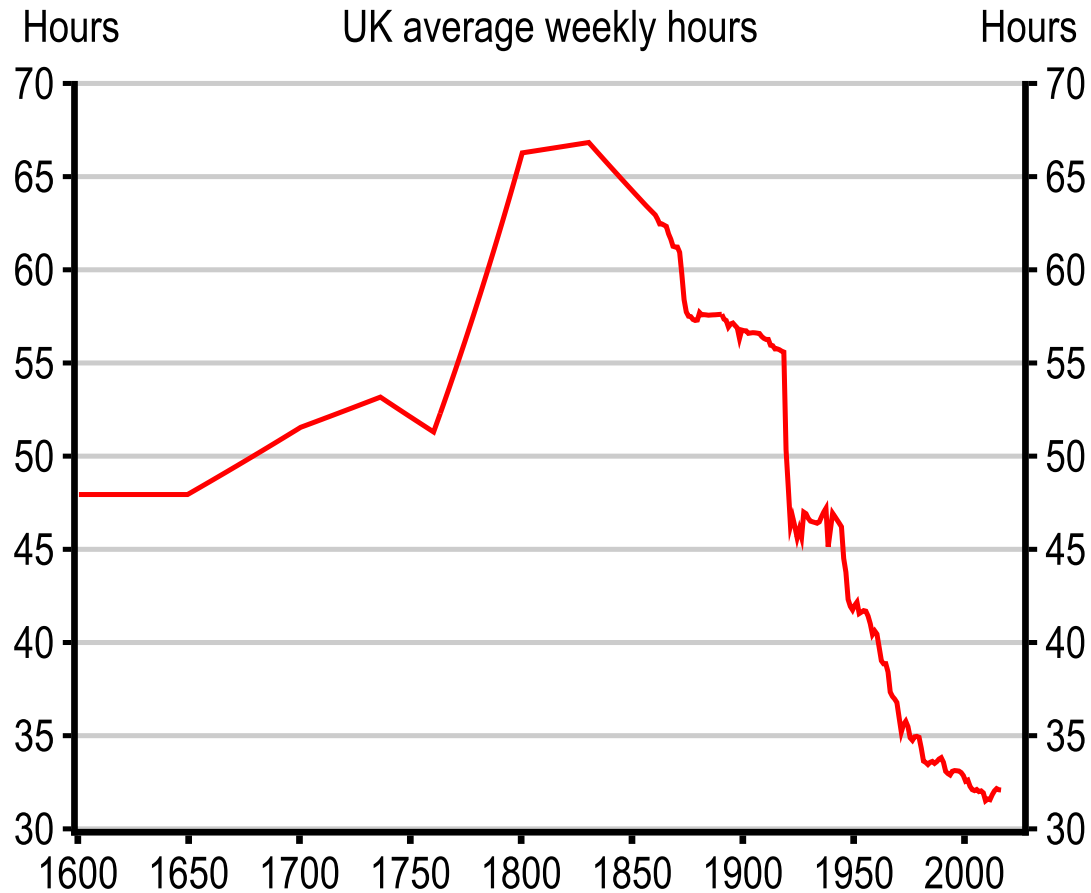
Countries differ in terms of migrant integration



Finance and tech are the big AI adopters

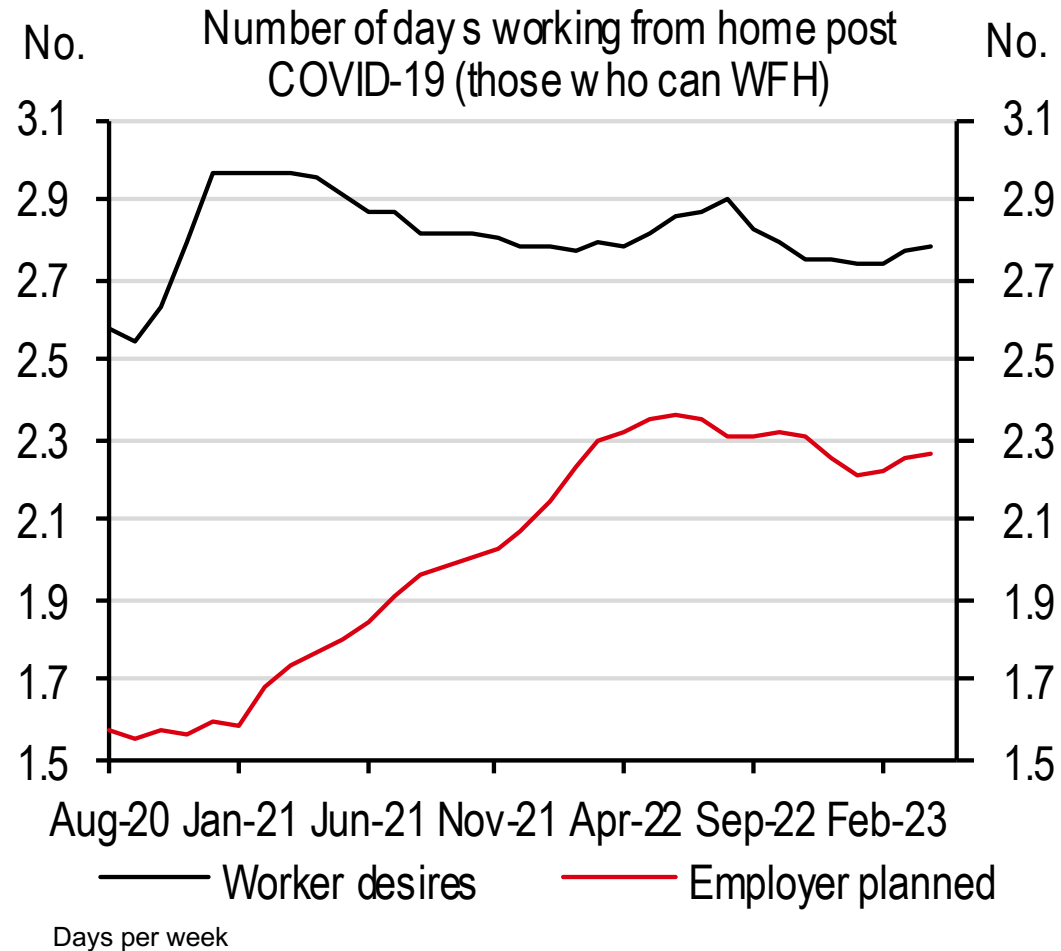


Will AI lead to a 15-hour working week?

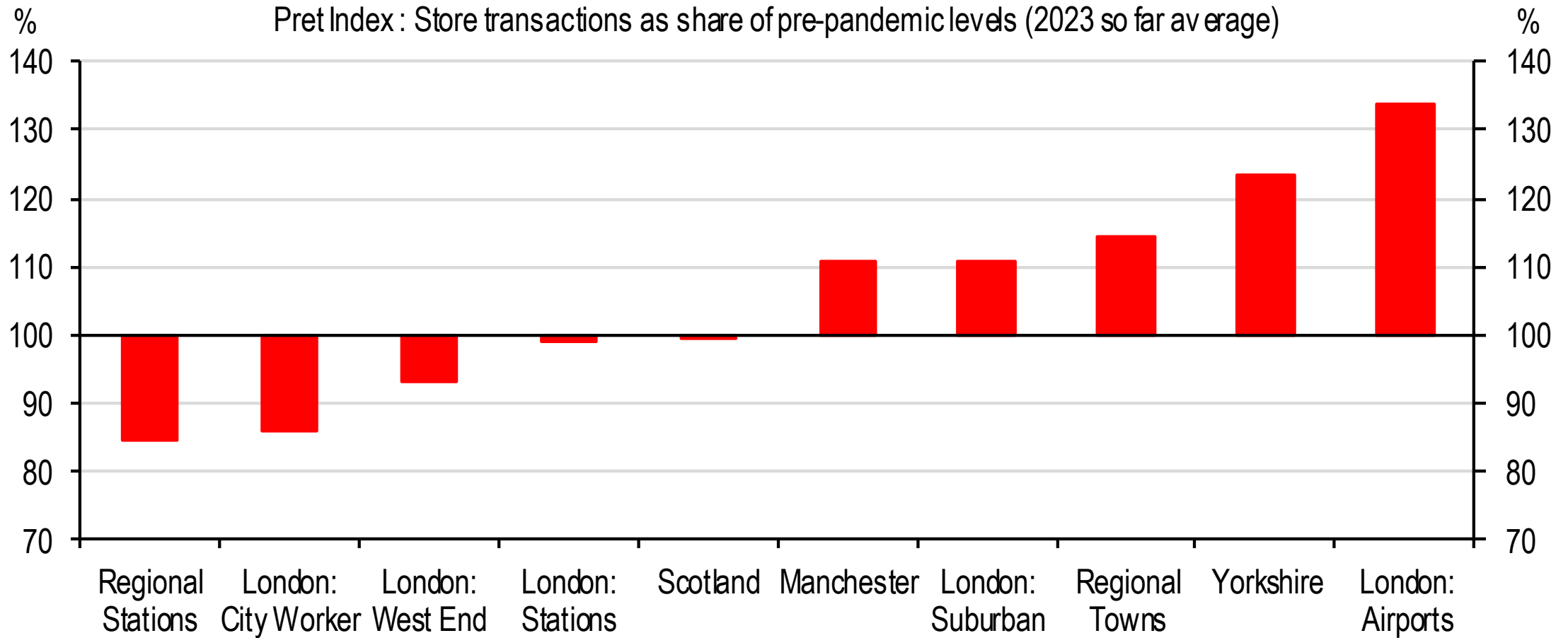


“Three hours a day is quite enough to satisfy the old Adam in most of us!”

Work from home could be here to stay



Work from home displaces activity to suburbs and small cities



Conclusions

- Inflation should keep falling, albeit gradually...
- ...so interest rates could stay high for a while
- Labour shortages could be an ongoing issue...
- ...which could be addressed through migration, automation and work from home
- Suburbs and small cities stand to benefit

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