

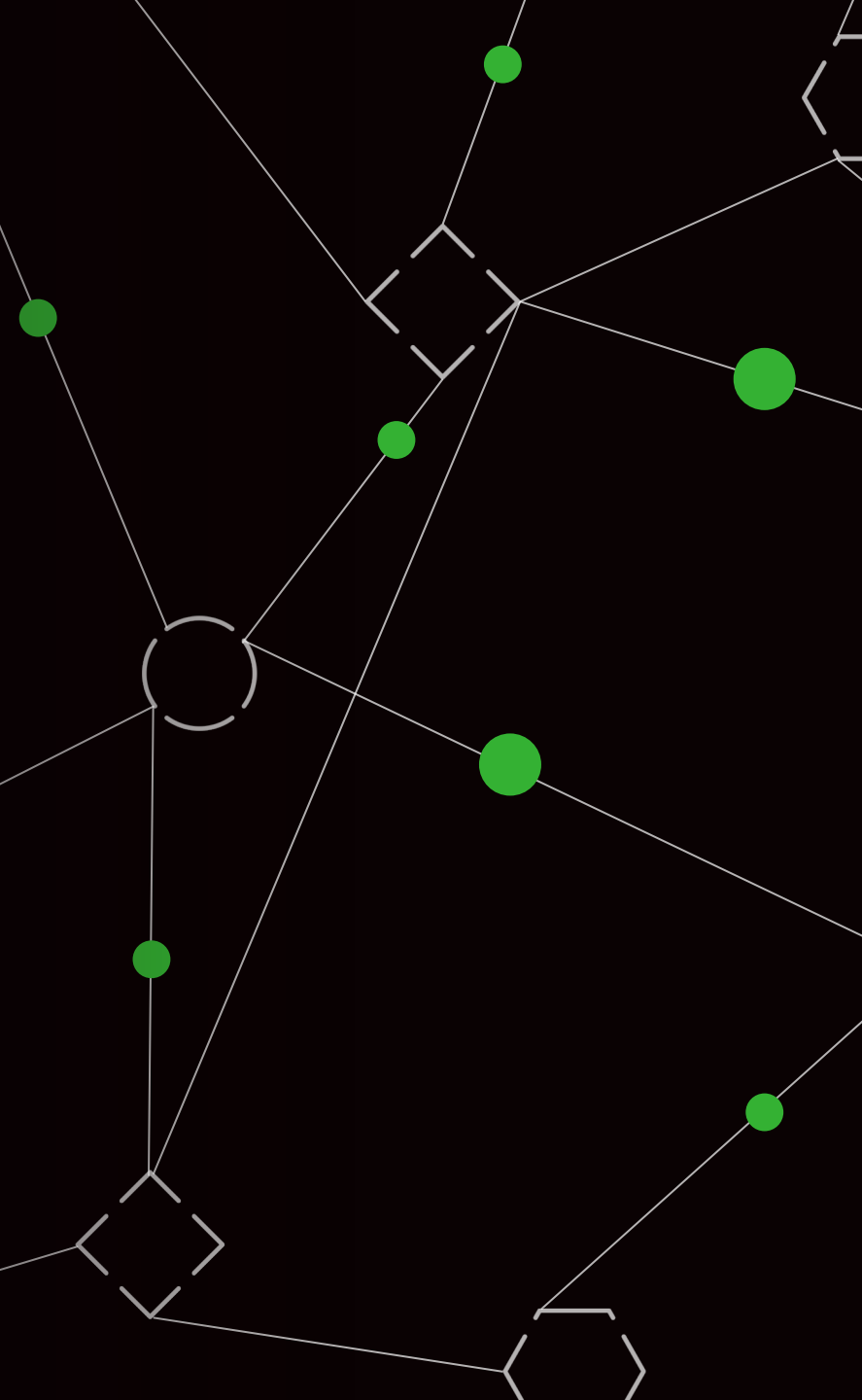
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The Economic Outlook

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Founder, Cebr



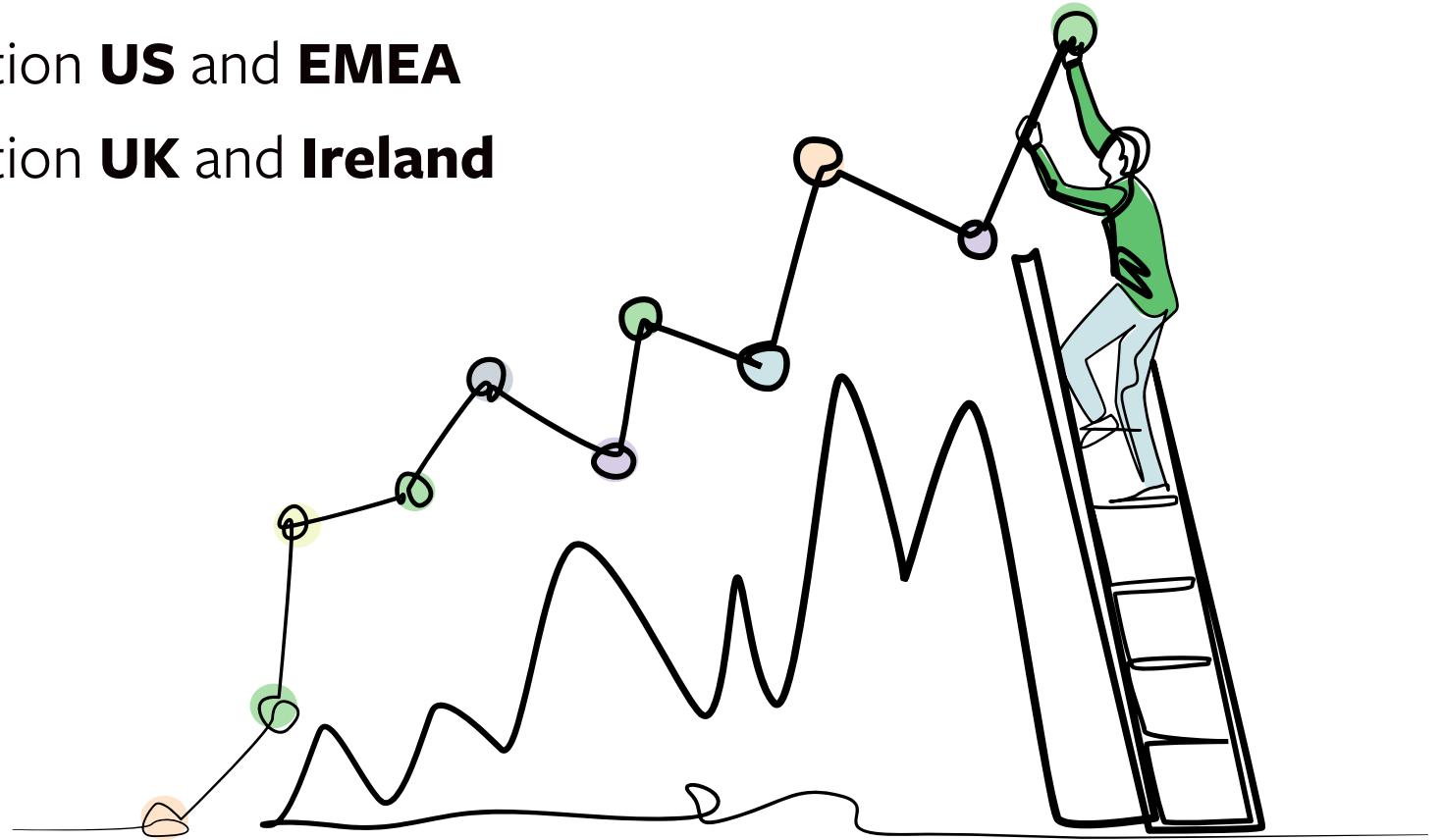
Objective

1. Update on key economic trends
2. Questions



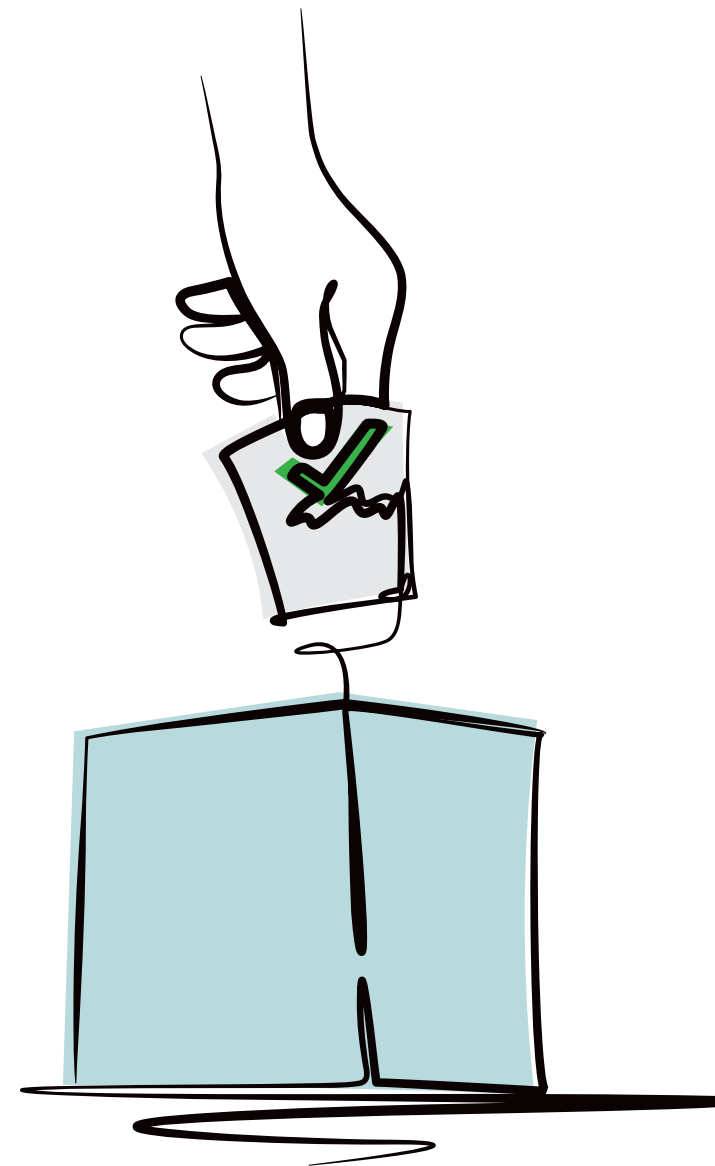
Overview

1. Prospects for growth and inflation **US** and **EMEA**
2. Prospects for growth and inflation **UK** and **Ireland**
3. Deeper trends

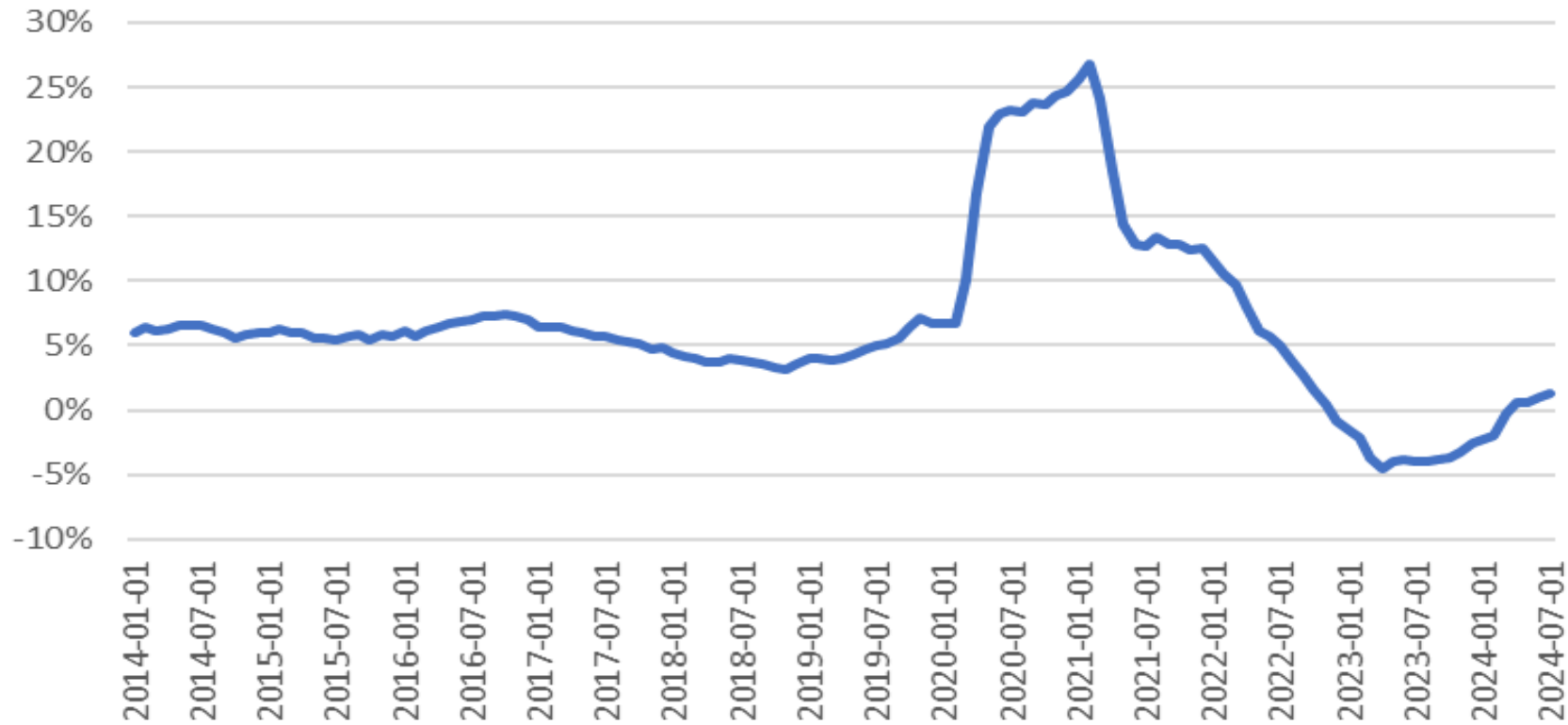


Impact of US election – Trump victory

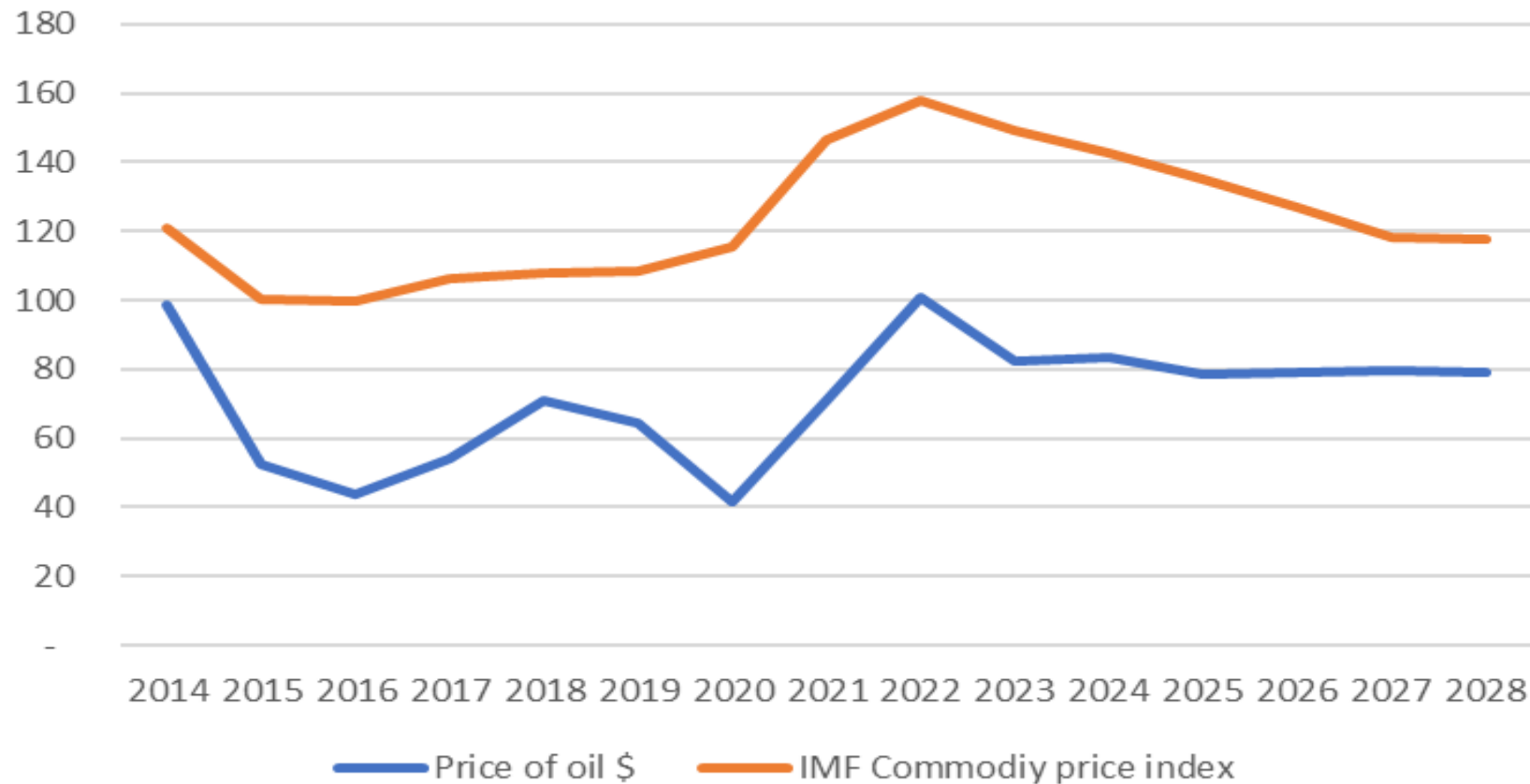
1. Trump victory largely priced into the markets
2. Tariffs, not just against the Chinese, but mainly on goods
3. Will push hard for a settlement in Ukraine
4. More support for Israel in the Middle East
5. Bad news for Europe who will have to face tariffs and will be forced to spend more on defence
6. Negative progress on Net Zero
7. Tough measures for migrants
8. Planned cuts to income tax and corporate tax but probably not funded



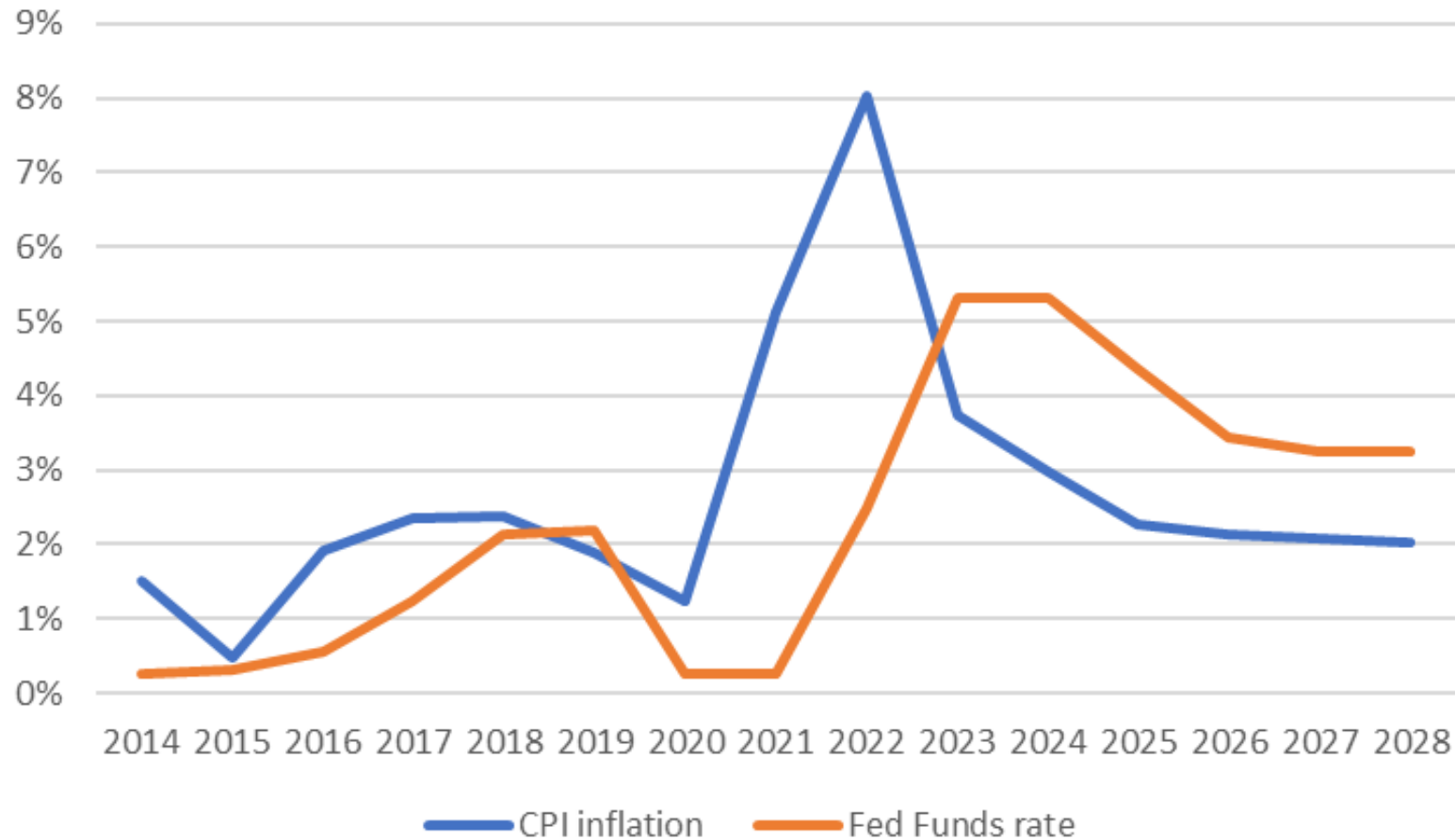
US monetary growth has just recovered to a positive year on year change



Just as the rise in the money supply permitted inflation, so the negative subsequent growth has led to inflation falling



Falling inflation will bring US interest rates down but a return to zero is unlikely



Deficit and debt problems are widespread – this table shows deficits as % of GDP

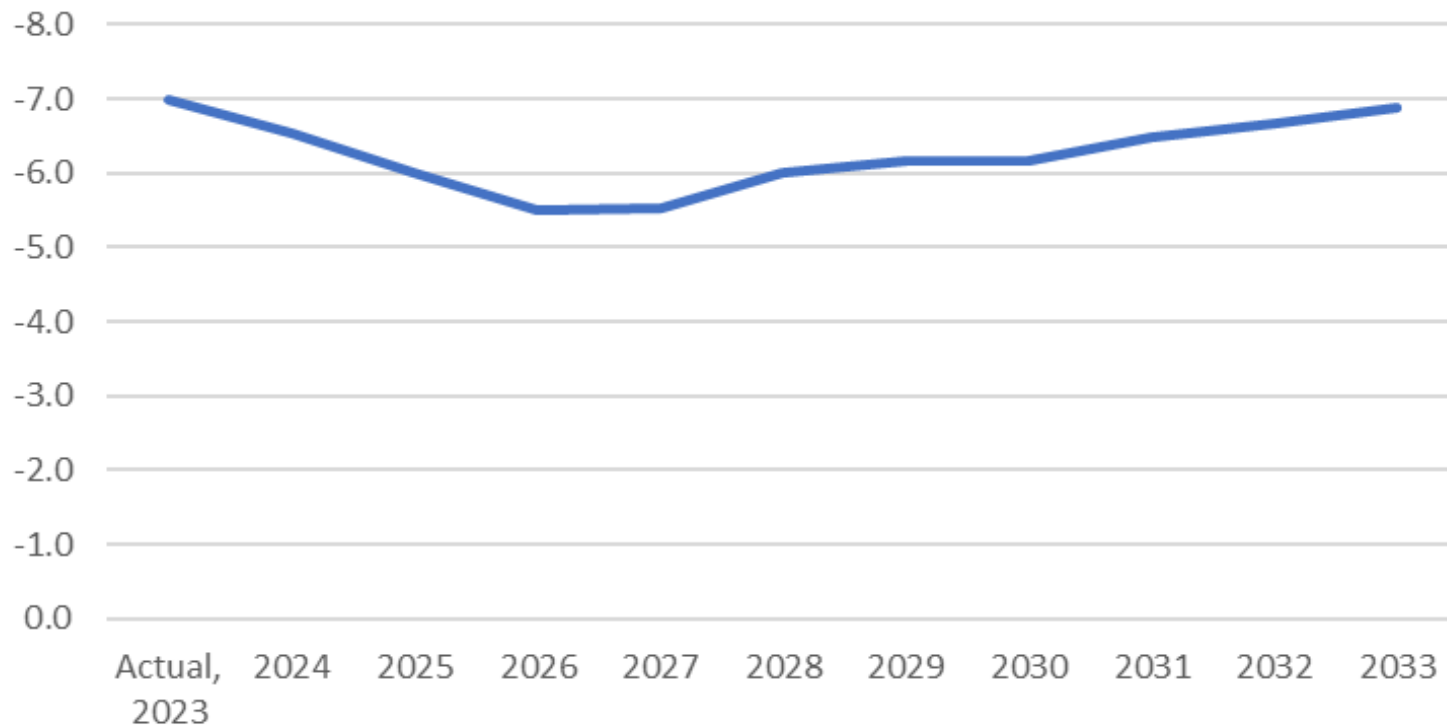
	2022	2023	2024	2025	2026	2027	2028
US	-5.5	-6.3	-6.8	-7.1	-6.9	-6.6	-6.8
UK	-6.3	-5.8	-4.4	-4.2	-3.9	-3.9	-3.7
Japan	-7.8	-6.4	-4.0	-2.9	-3.1	-3.4	-3.7
Germany	-2.6	-3.7	-1.9	-0.9	-0.7	-0.5	-0.5
France	-4.9	-5.3	-4.8	-4.5	-4.1	-3.9	-4.0
Italy	-8.0	-3.7	-3.3	-2.4	-1.8	-1.3	-0.7

Deficit and debt problems are widespread – and this one shows government debt as % of GDP

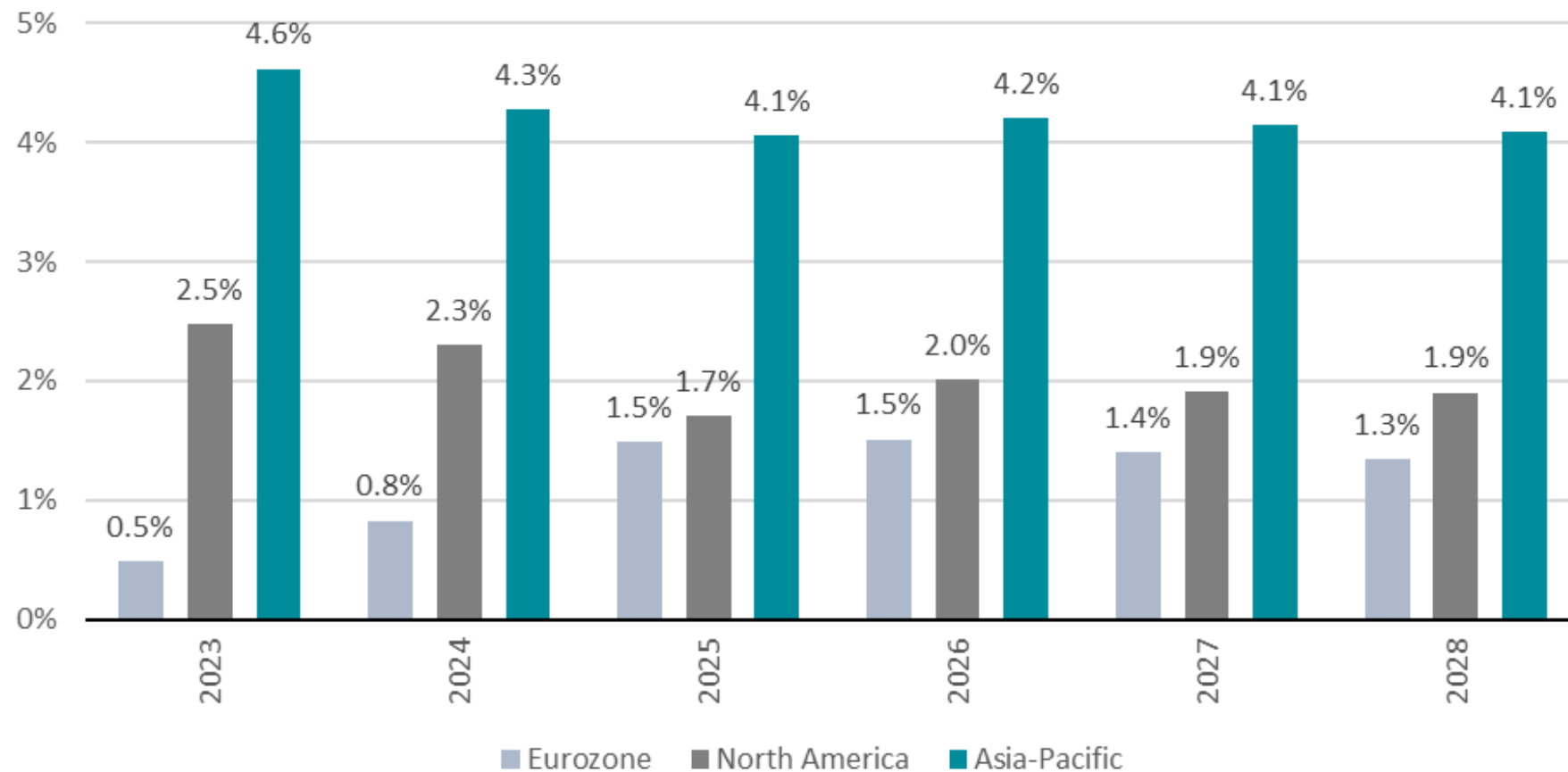
	2022	2023	2024	2025	2026	2027	2028
US	94.2	95.5	99.8	103.1	105.7	108.0	110.5
UK	91.9	95.1	98.2	100.9	100.9	101.1	101.2
Japan	162.7	161.0	159.3	159.2	159.4	160.2	161.3
Germany	45.1	46.7	46.8	45.6	44.3	43.5	42.7
France	99.0	99.4	100.4	100.8	101.3	102.2	103.0
Italy	133.0	129.3	129.4	128.2	126.9	125.1	122.6

The Federal Budget deficit is expected to continue high and Trump's tax cuts will make it bigger

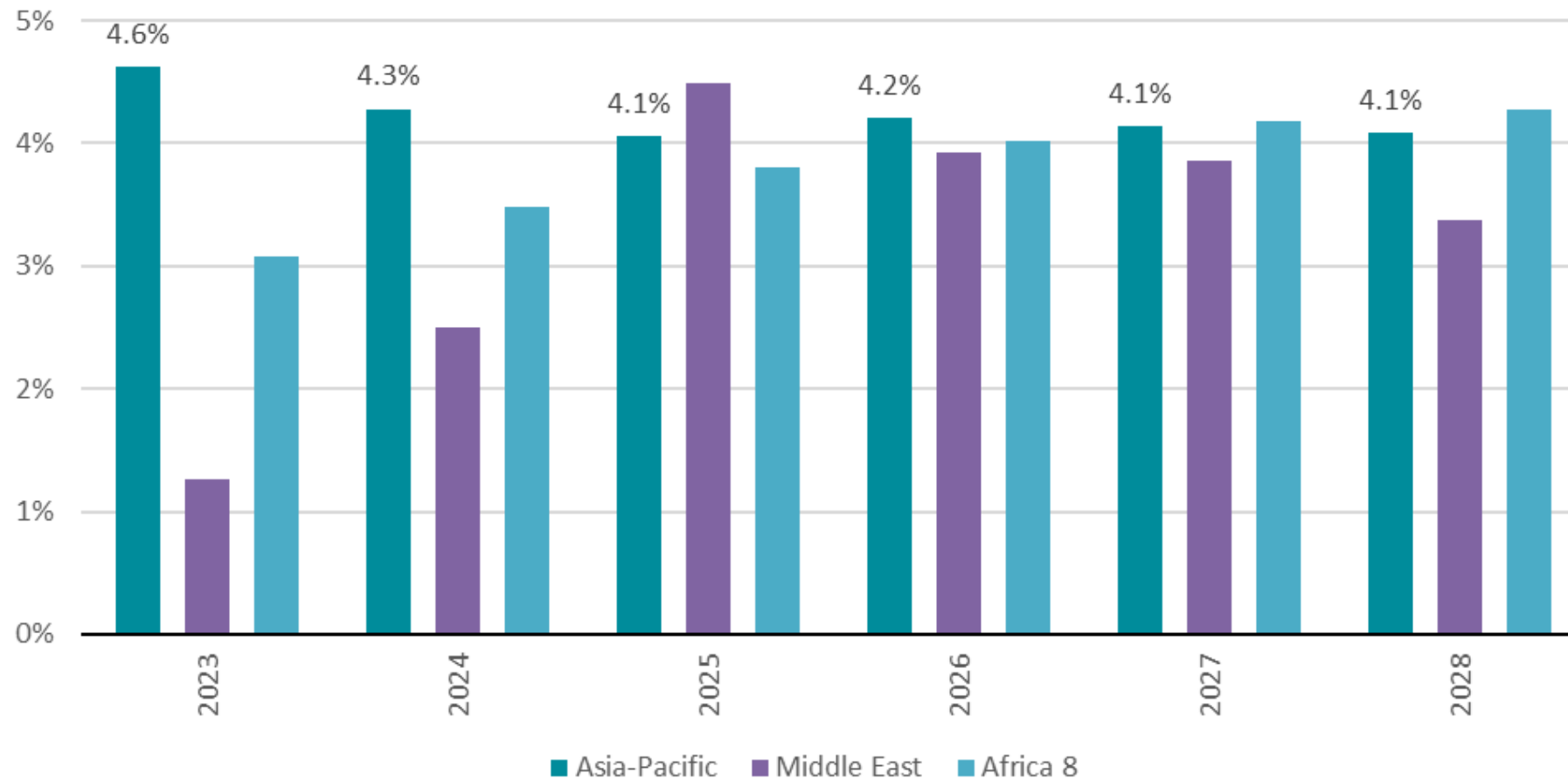
CBO June 2024 forecasts Federal deficit



Cebr GDP growth forecast

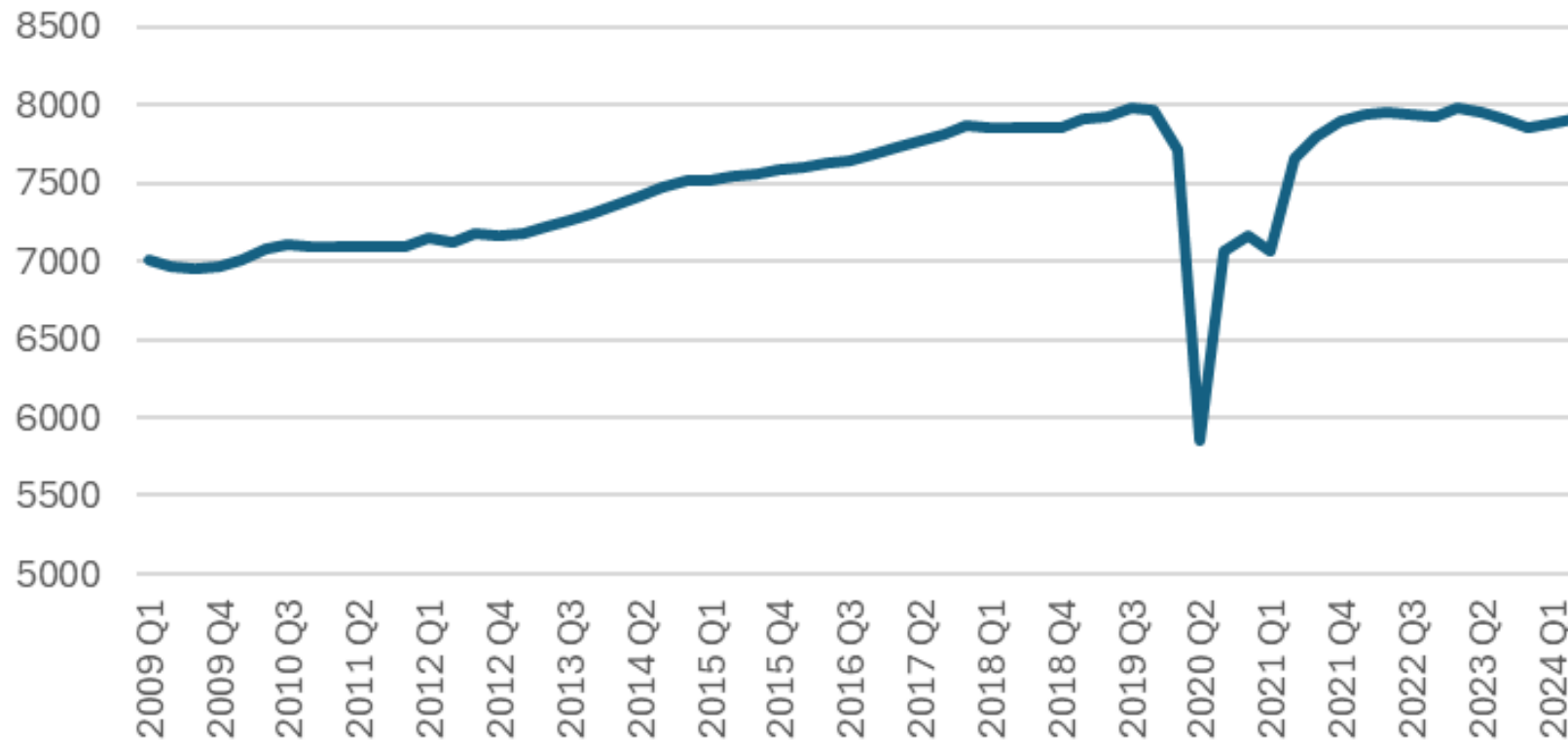


Cebr GDP growth forecast



The UK problem – quarterly UK GDP per capita is at best flatlining

Real GDP per capita £ billions seasonally adjusted chained volume measure

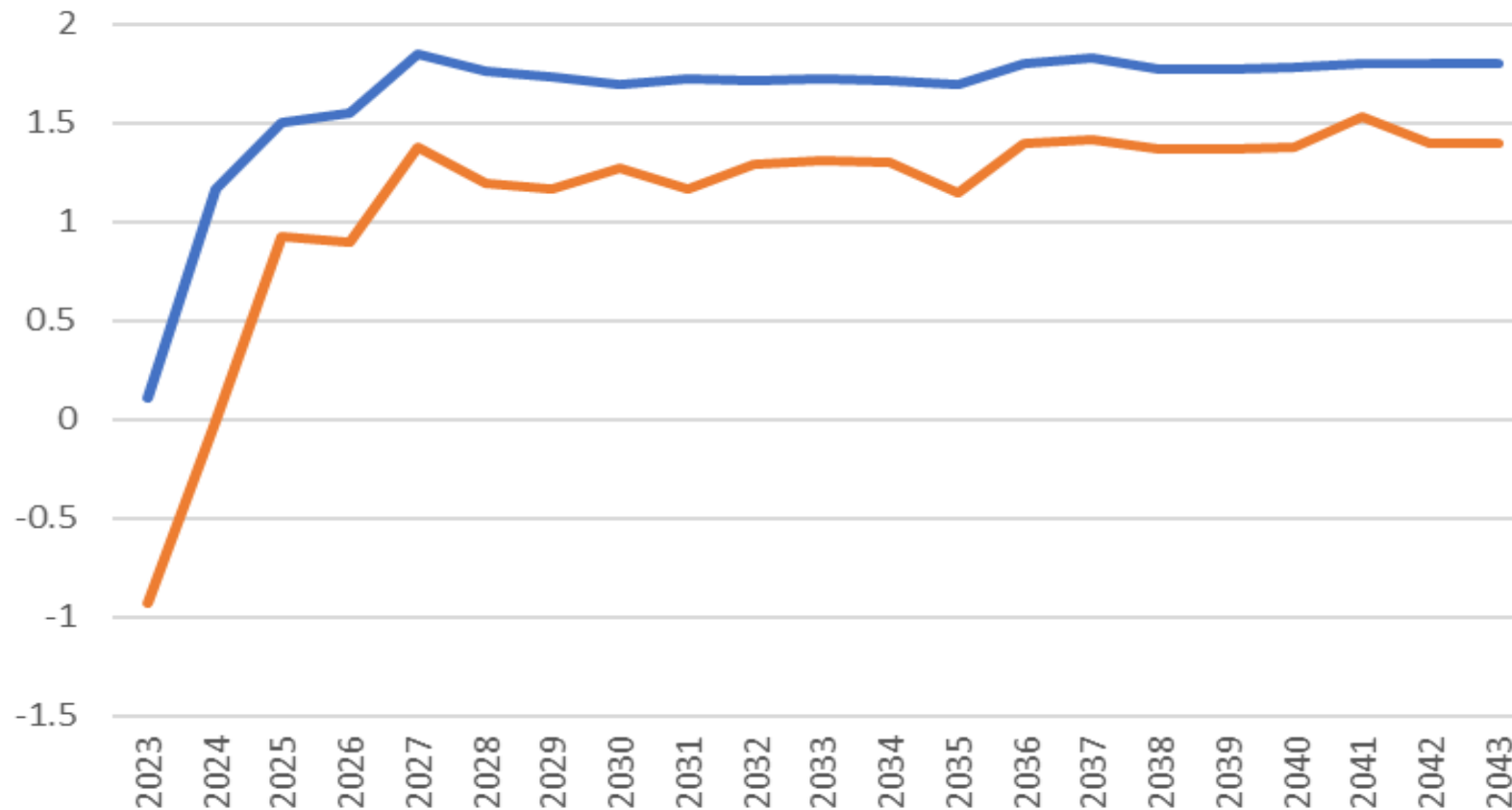


In recent years we have gone back compared with the US to where we were in the early 1980s

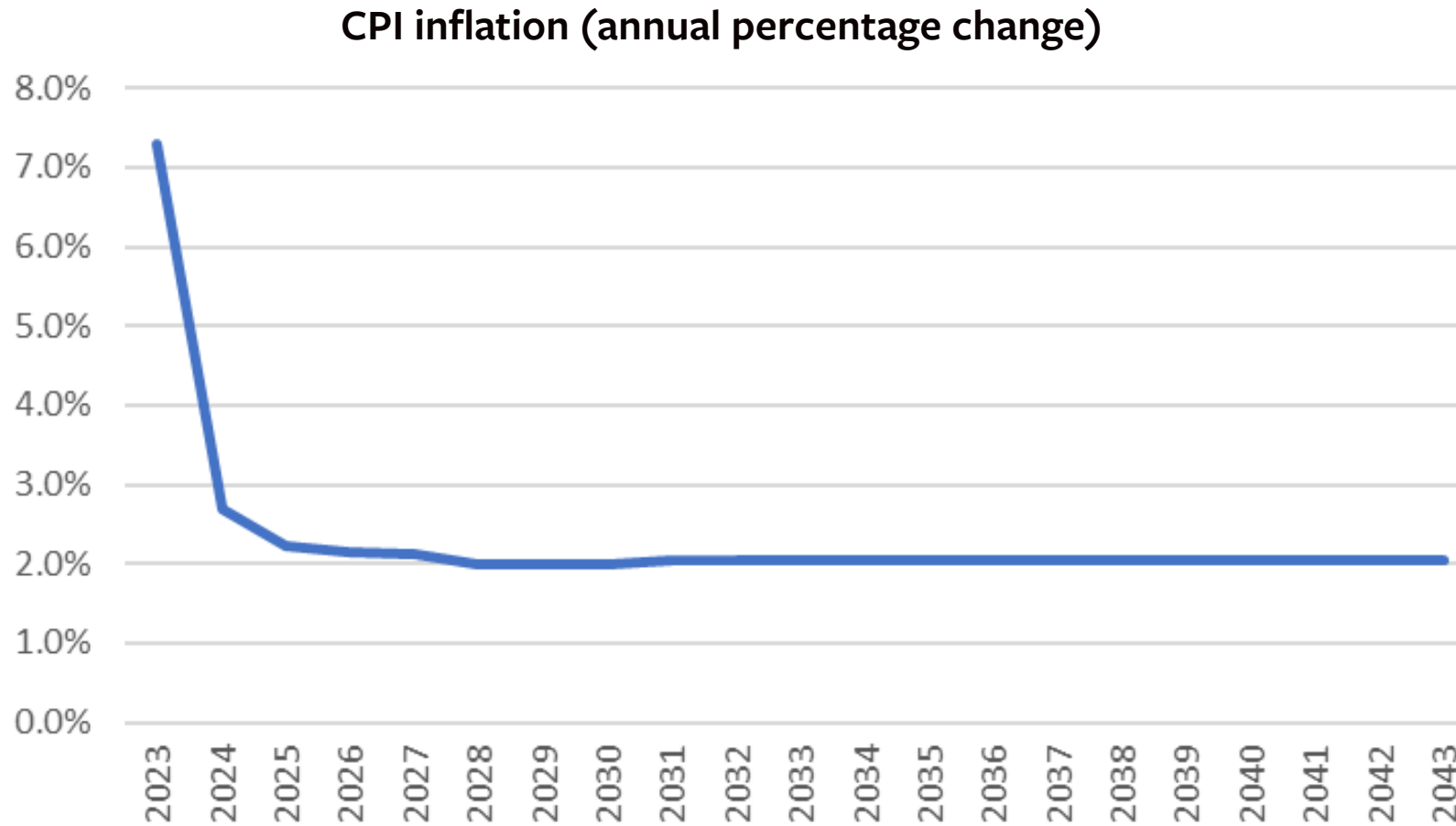
Our falling GDP per capita compared with US



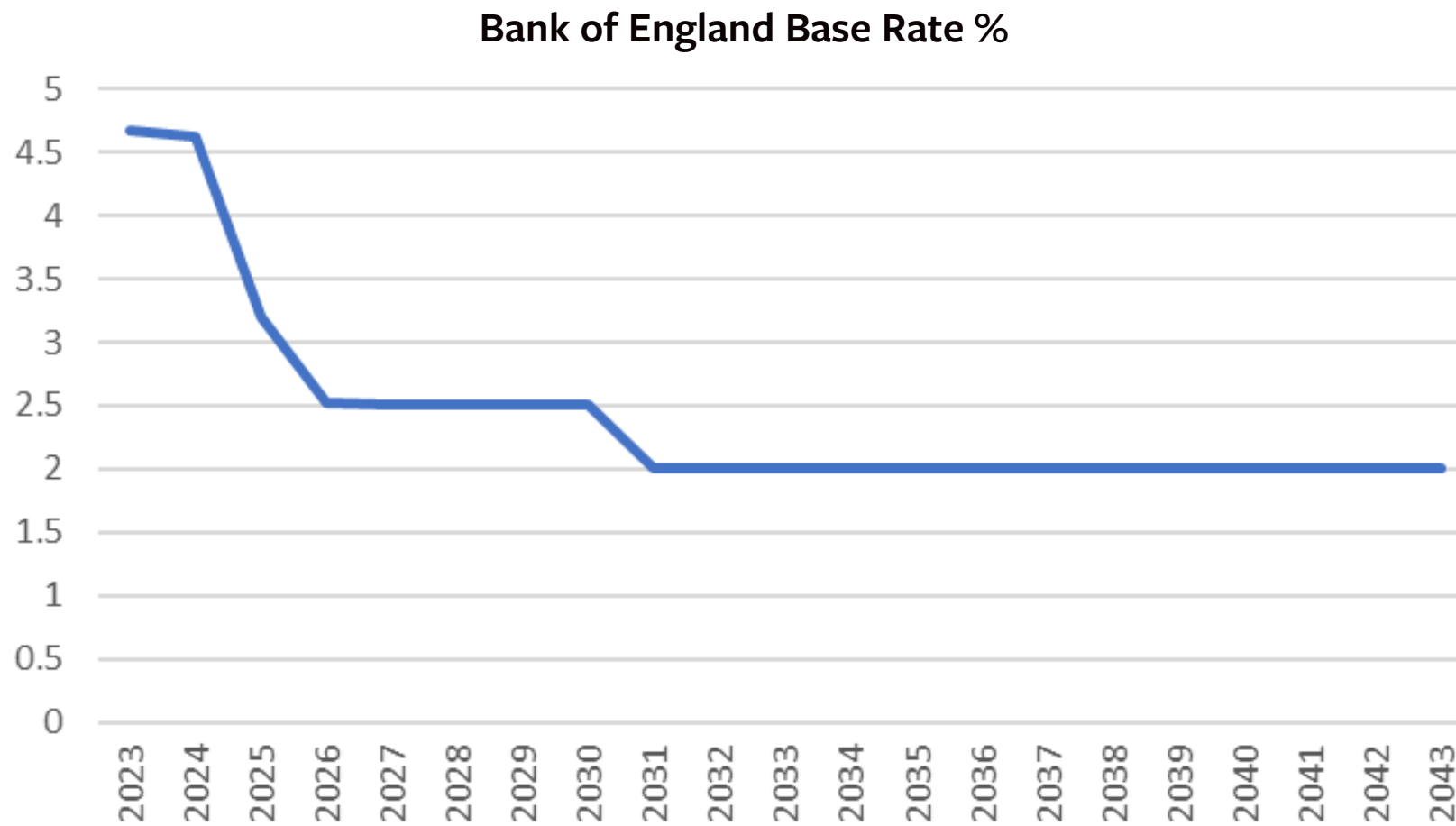
UK growth is forecast to be sluggish (GDP growth per cent per annum, red is per capita blue is absolute)



...with low inflation



...and falling base rates



Impact of 30 Oct UK budget

1. £70 billion per annum of extra spending
2. Financed by £36 billion of extra taxes and £32 billion of extra borrowing
3. Tax rises on employers and on capital
4. Growth commission estimate it reduces growth by 3.4% in total over next 5 years
5. But it gets worse – loss of growth means loss of revenue c £50 bn
6. Credit card is maxed out – UK bond yields have already risen to 100 bp higher than Greece, 200 bp over Germany
7. So a further tax raid is likely



Irish economy

1. Has got wealthy on back of inward investment in pharma and electronics
2. Recent GDP data showing a strong Q3 2024 with 2.0% growth after decline in Q2
3. Healthy fiscal position debt only 42% GDP
4. Problem when growth is heavily driven by inward investment – GDP about a third higher than GNP and wildly divergent trends
5. More importantly it is likely that future growth will be more moderate at just over 2% as restrictions on low corporate taxes kick in.
6. But Ireland still has an impressively skilled labour force, English speaking but in the EU Single Market which should continue to attract inward investment. Whereas the tax concessions typically attracted capital intensive investment, the skilled labor should more skills intensive investment



Deeper trends

1. Wars around the world – Ukraine, Middle East, Taiwan.
Will things get much worse?
2. Will there be a debt crisis? The US Federal Government owes more than in WW2
3. Demographics – see next slide
4. Technology
5. Inequality
6. Population transfers and migration



Demographics – UN’s ‘medium’ population forecasts

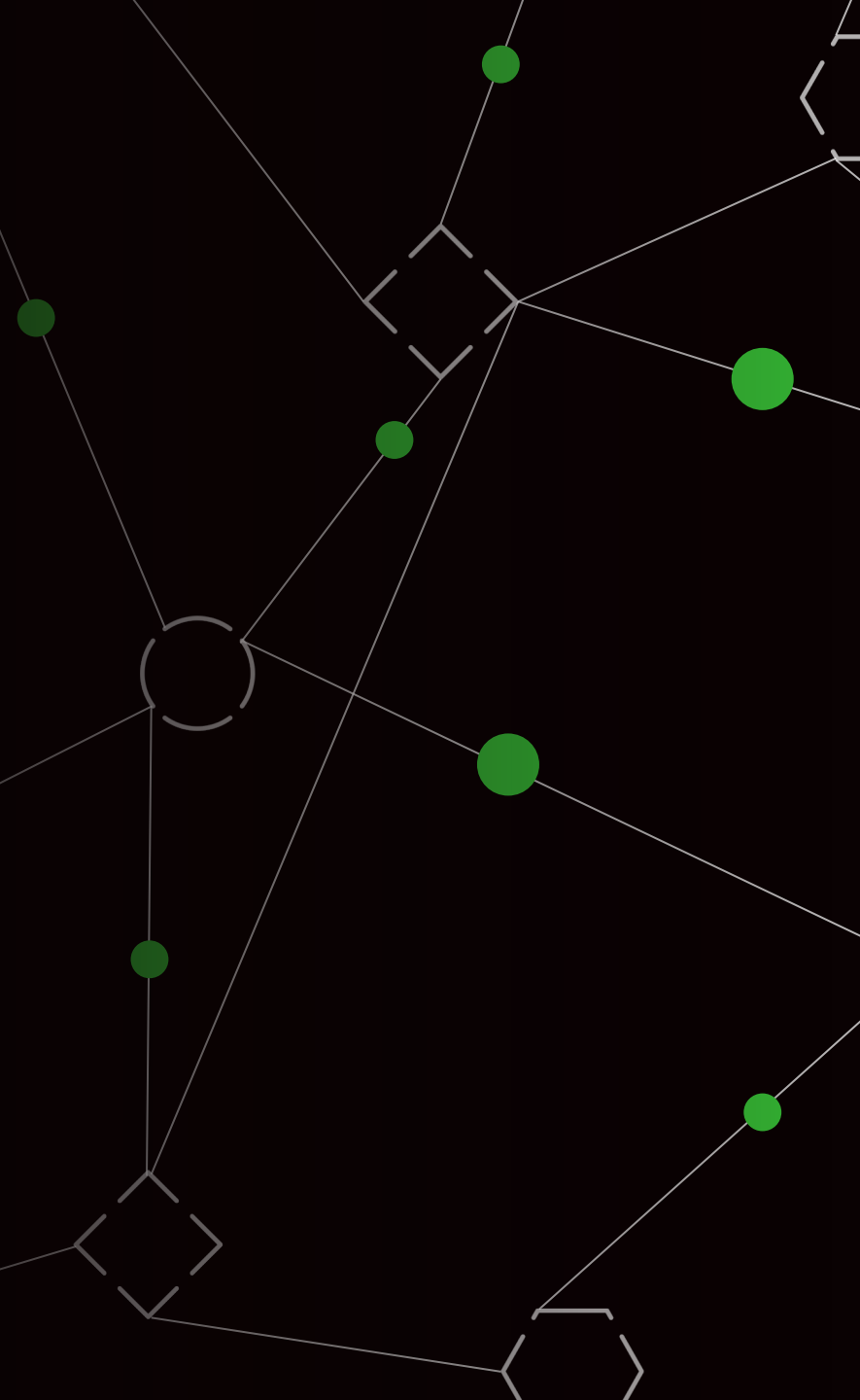
Rank in 2025	Country	2025	2050	2075	2100	Rank in 2100
1	India	1 464	1 680	1 671	1 505	1
2	China	1 416	1 260	934	633	2
3	United States of America	347	381	403	421	6
4	Indonesia	286	321	318	296	8
5	Pakistan	255	372	467	511	3
6	Nigeria	238	359	447	477	4
7	Brazil	213	217	195	163	12
8	Bangladesh	176	215	226	209	10
9	Russian Federation	144	136	129	126	17
10	Ethiopia	135	225	309	367	7
11	Mexico	132	149	146	130	15
12	Japan	123	105	87	77	32

Conclusion

1. US still doing pretty well but beware of a sudden halt
2. UK and EU less so and business will have to cope with straitened times
3. Emerging markets still generally doing better than mature markets
4. Wars and trade wars will be a theme of the future – and it could be even worse!



Thank you!



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