

AIAC

SPRING EVENT 2026

Milan

11 June 2026

**The Global Economic Outlook
Uncertainties and more uncertainties**

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WHAT IS HAPPENING TO THE WORLD ECONOMY ?

Three shocks in six years

- Covid
 - Wars (Ukraine, Gaza)
 - War (Middle-East)
-

THREE SHOCKS IN SIX YEARS !

**2020 - Covid and worst recession since
World War II**

- Leading to supply chain chaos, high
inflation and high interest rates**

2022 - War in Ukraine

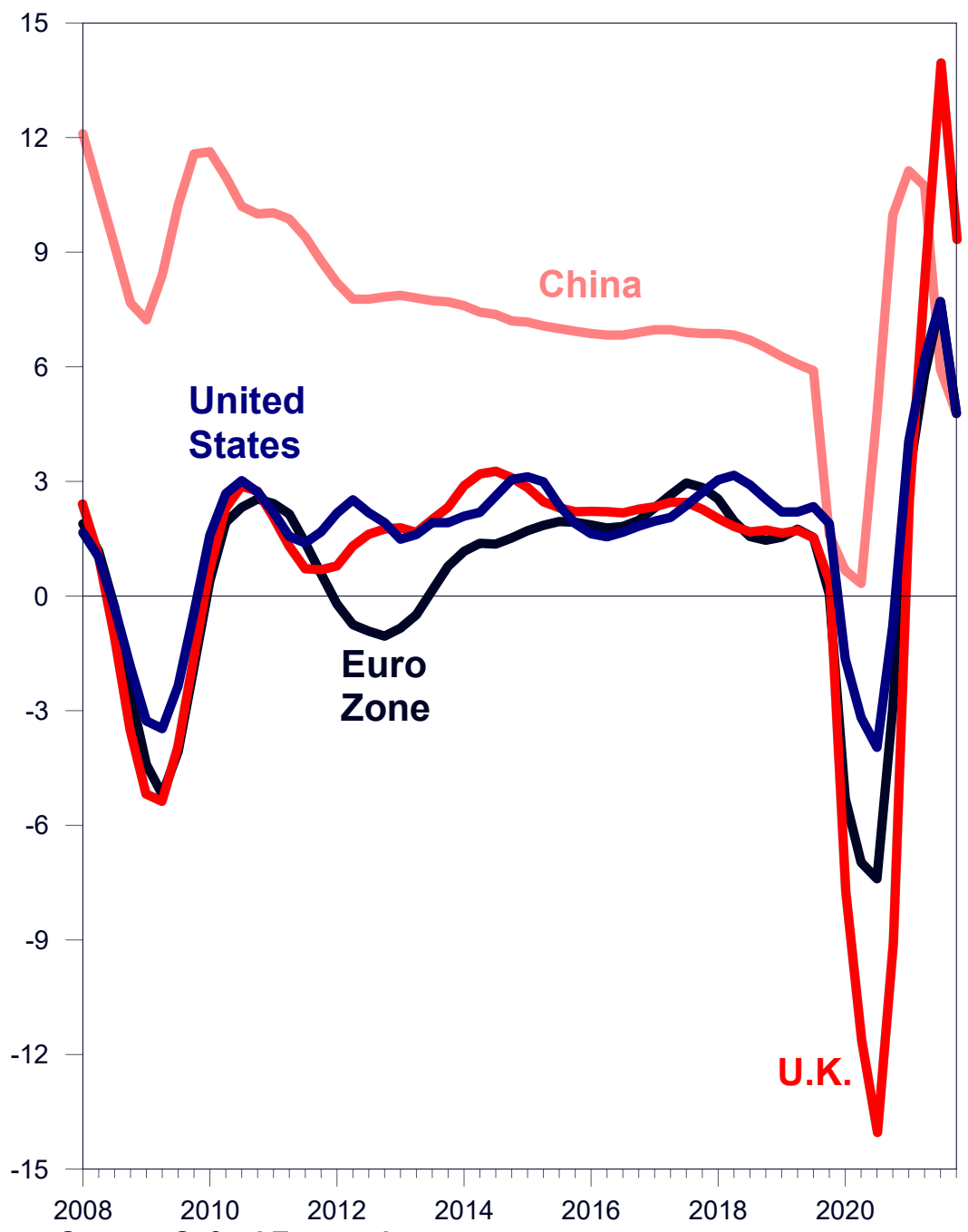
- Leading to an energy shock, more
inflation and high interest rates**

2026 - War in the Middle-East

- Leading to an energy shock, renewed
inflation and probably rising interest
rates**
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COVID-19 - GDP GROWTH

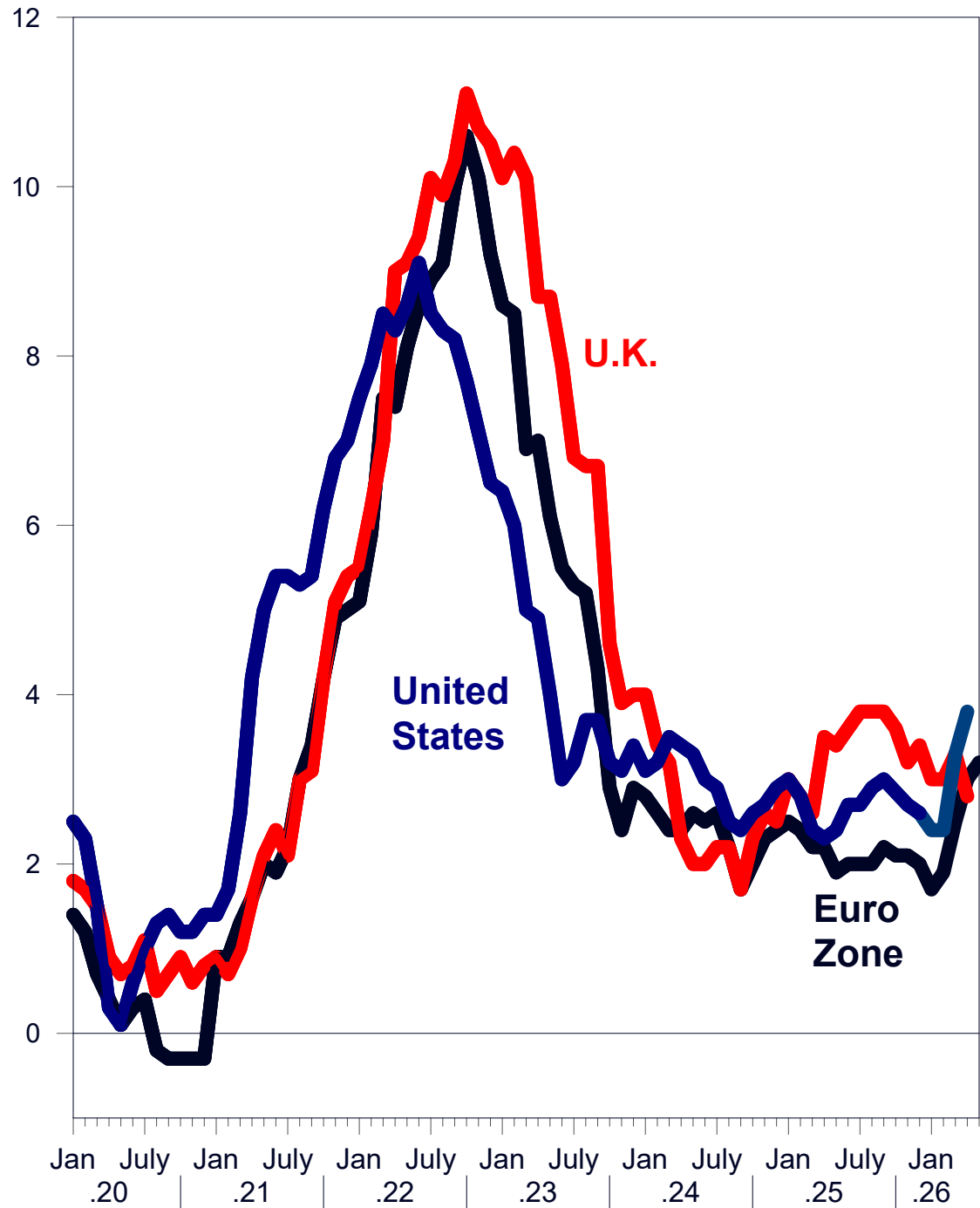
(% changes from previous year; 3qmvav)



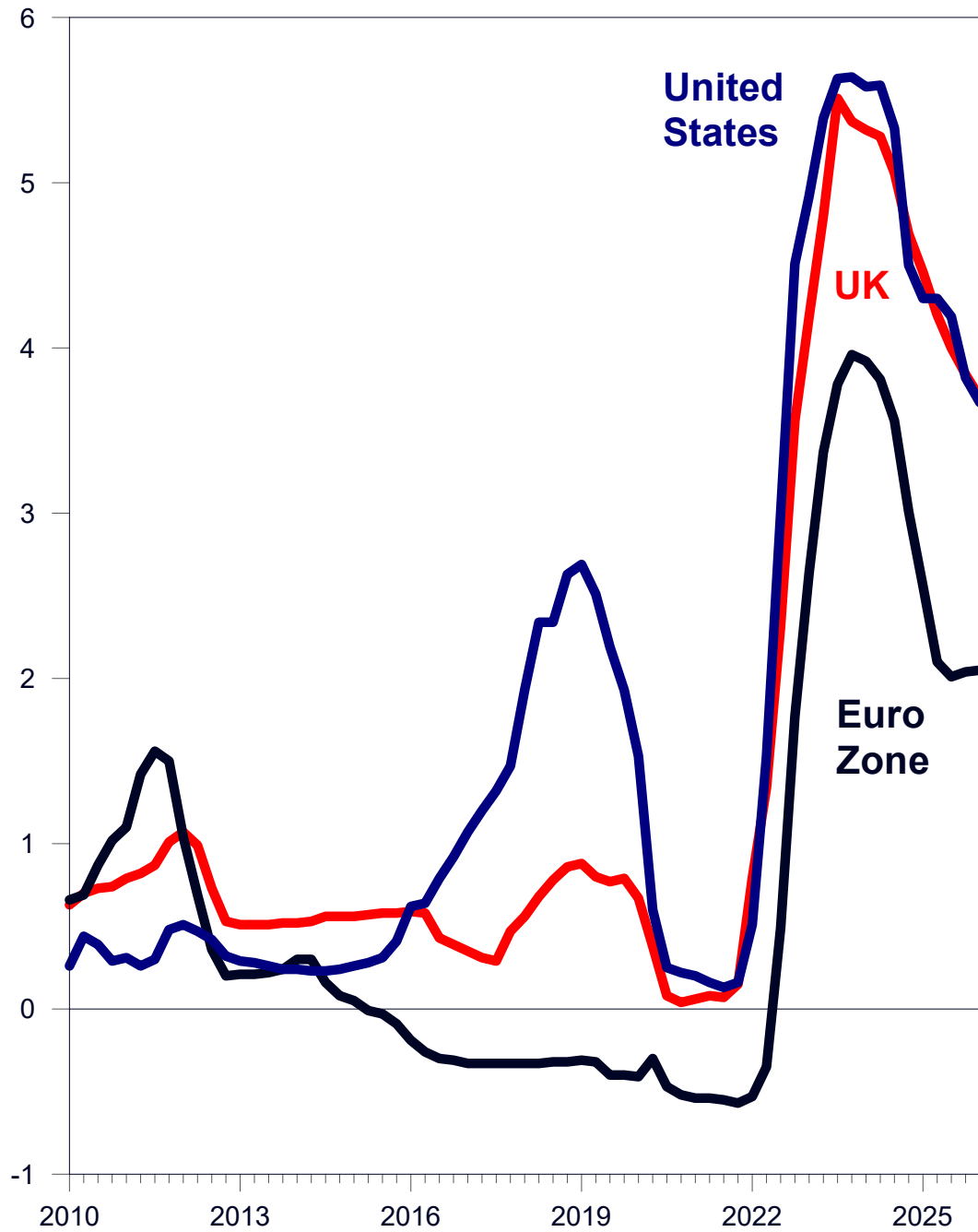
Source: Oxford Economics.

INFLATION*

(consumer prices; per cent changes)



SHORT-TERM INTEREST RATES



Source: Oxford Economics.

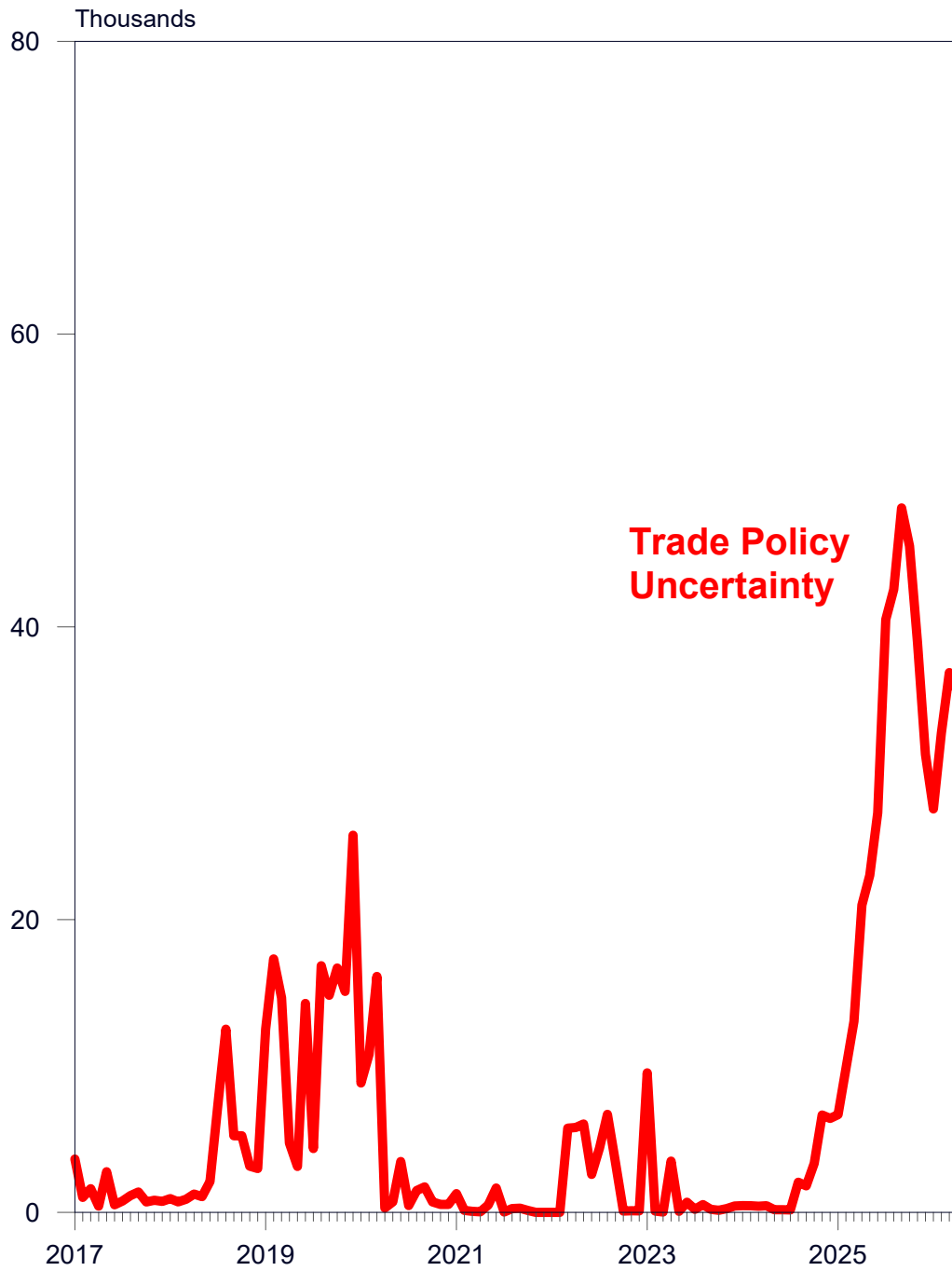
WARS

The wars have created massive uncertainty

**Both wars and uncertainty will
eventually end**

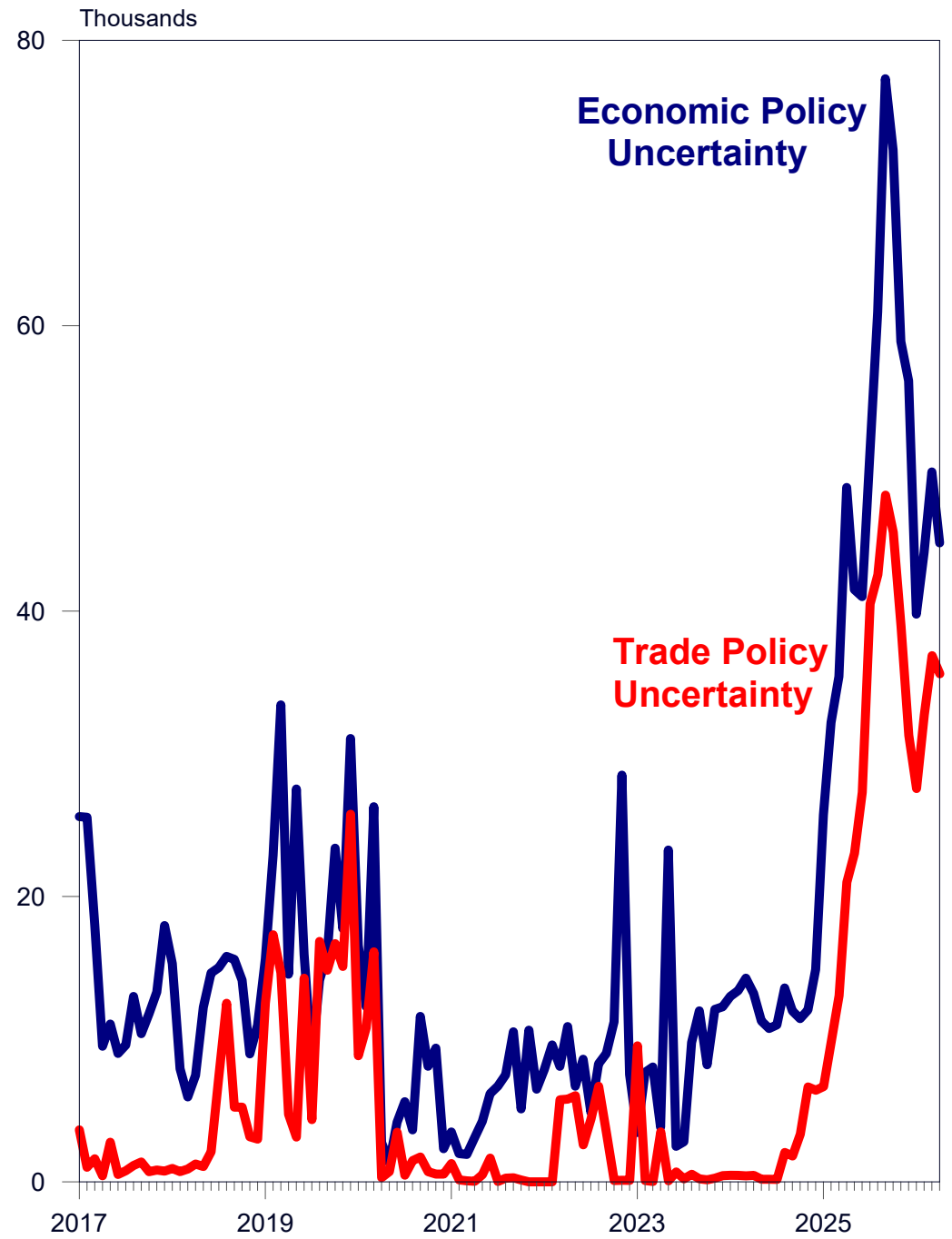
But how and when ?

POLICY UNCERTAINTY



Source: Federal Reserve, St.Louis.

POLICY UNCERTAINTY



Source: Federal Reserve, St.Louis.

PROSPECTS

Hugely uncertain !

How long will Ormuz stay closed ?

Danger of much higher oil and gas prices

What will Trump do ?

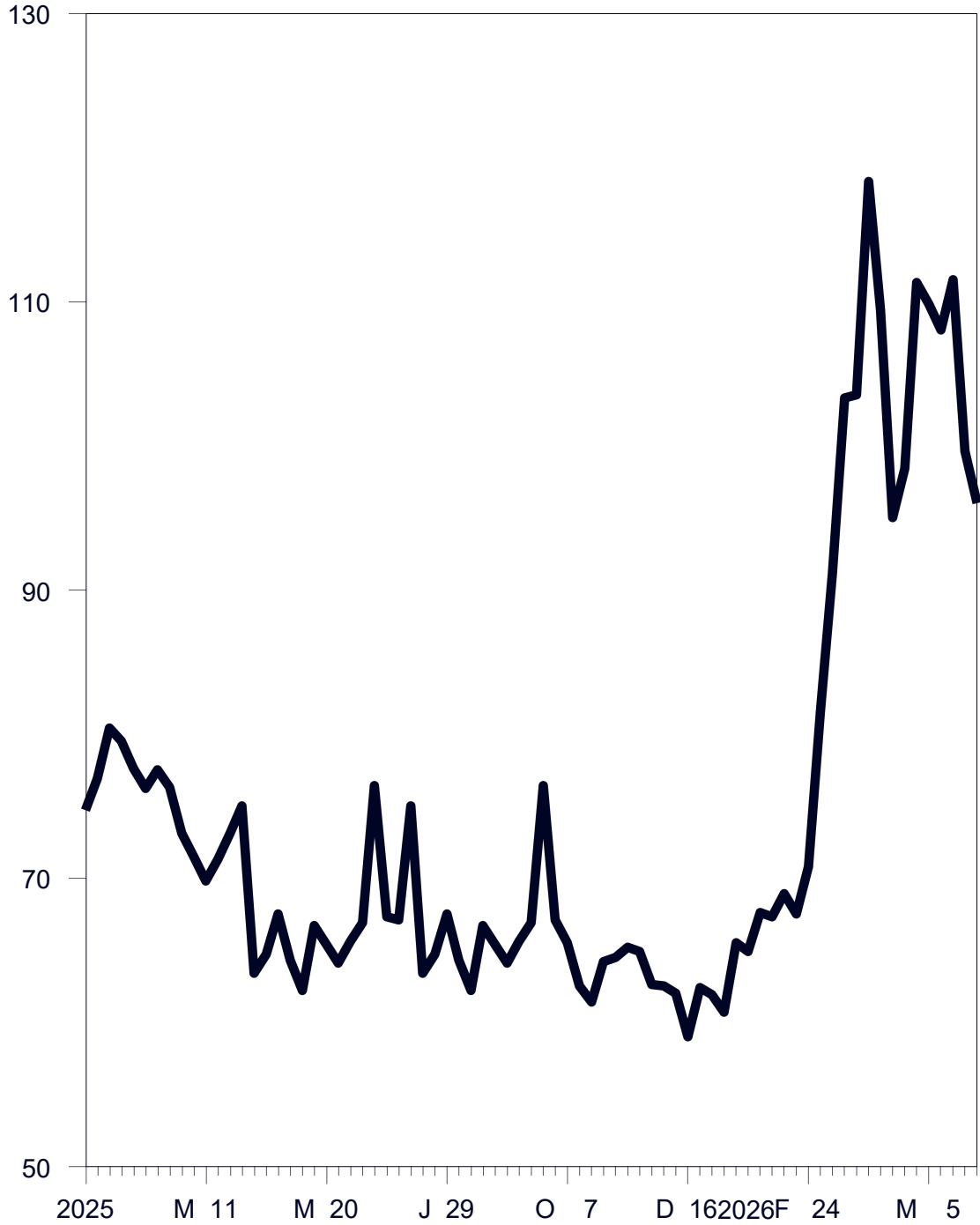
Do a TACO ? (retreat)

Destroy Iran ?

Raise protectionism ?

Anything else ?

OIL PRICE (Brent; \$ per barrel)



WHAT IS TACO ?

A term coined by the Financial Times (3.6.25)

“Trump always chickens out”

So far this has happened with:

Some tariffs on Canada and Mexico

The “reciprocal” tariffs on the whole of humanity

145% tariff on China

50% tariff on EU

But he does not like the TACO words

And he is totally unpredictable

TWO POSSIBLE SCENARIOS

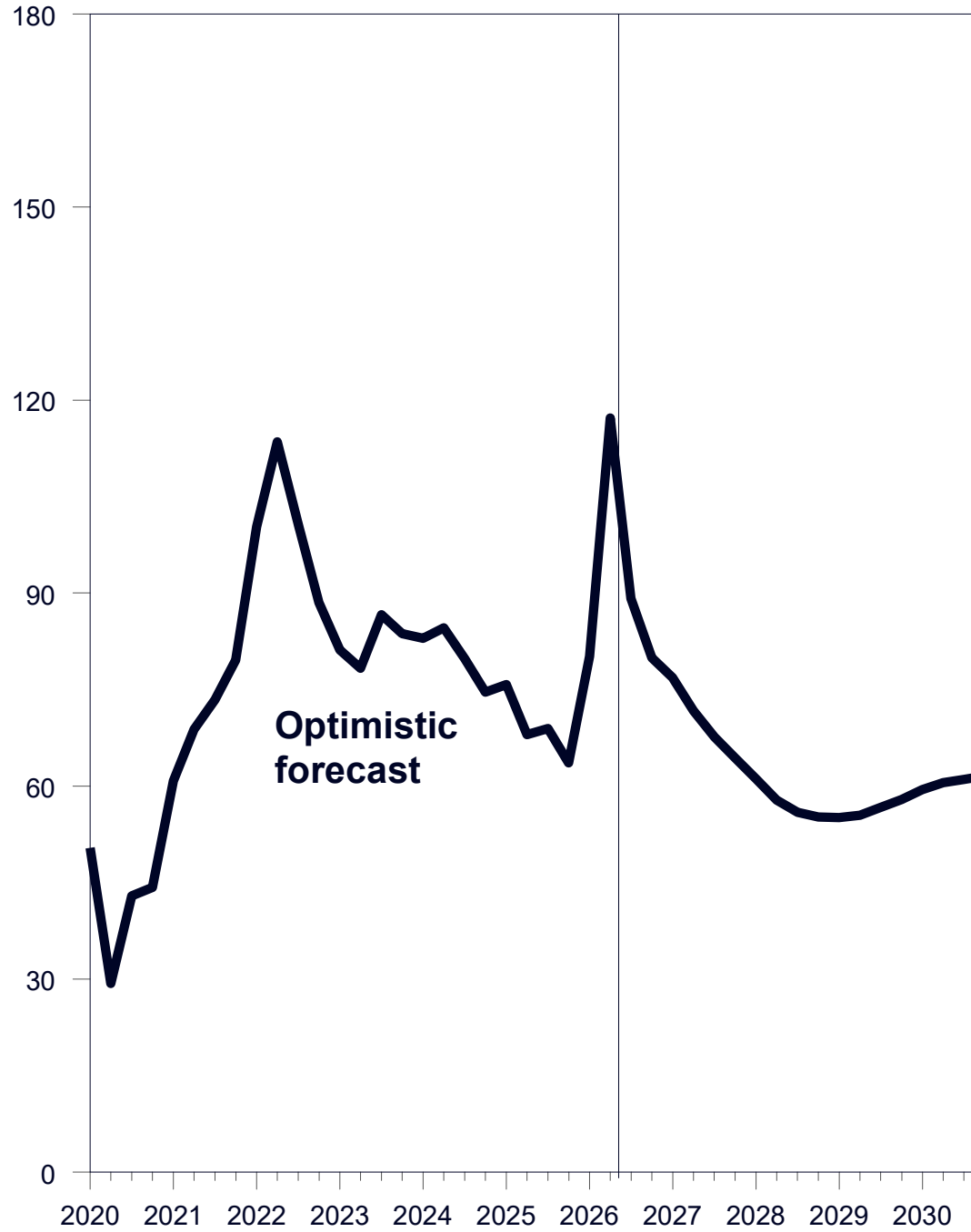
Optimistic

**US retreats (and Trump claims victory)
Iranian regime remains in place
Hormuz reopens in July
Oil and gas flows resume at lower levels
Europe and Asia suffer from a minor
oil and gas price shock**

Pessimistic

**The war continues
US escalates; Iran retaliates in the Gulf
The Houthis in Yemen block Bab-el-Mandeb
Both Straits reopen at end-year
The world goes into recession**

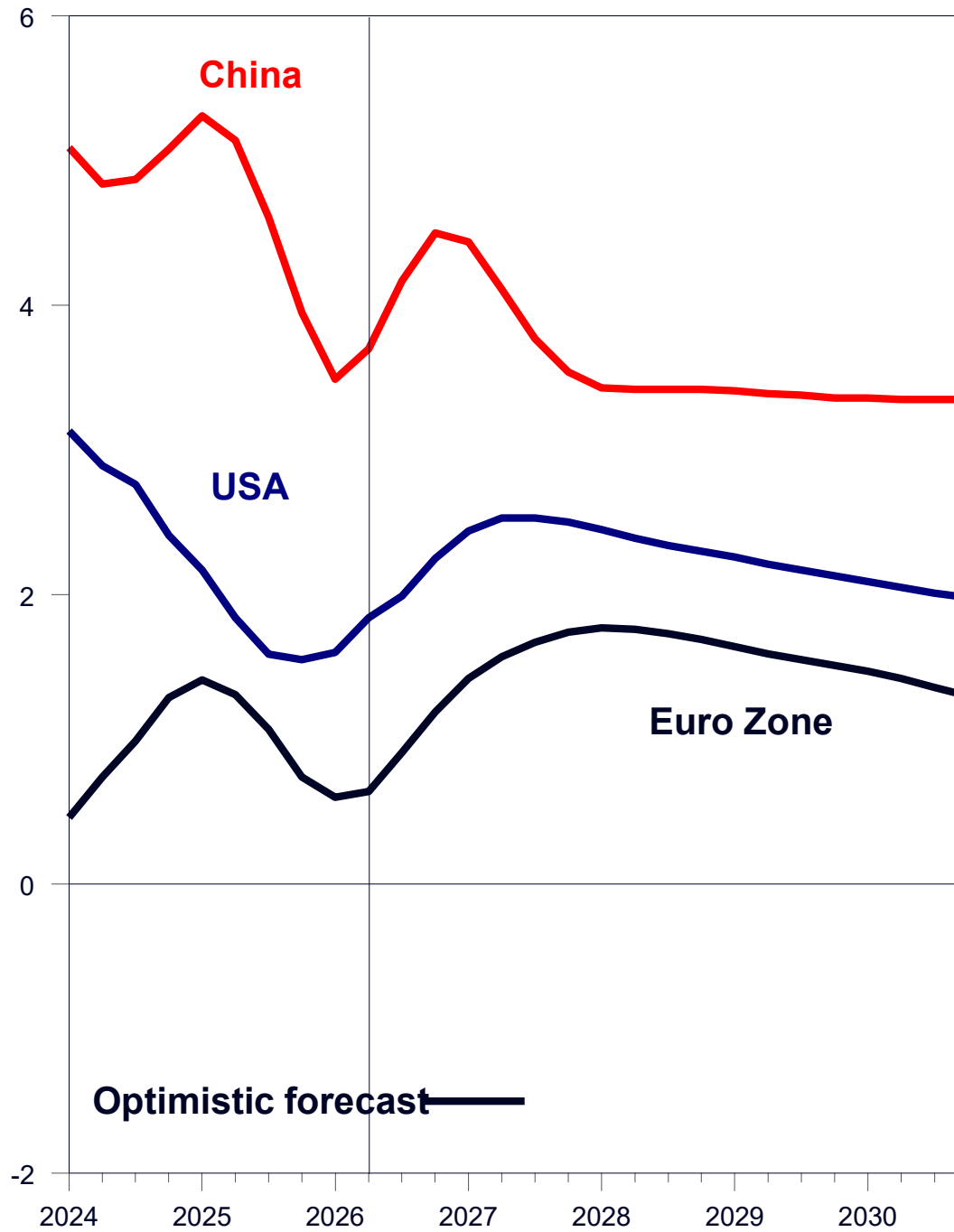
OIL PRICE (Brent; \$ per barrel)



Source: Oxford Economics.

GDP GROWTH

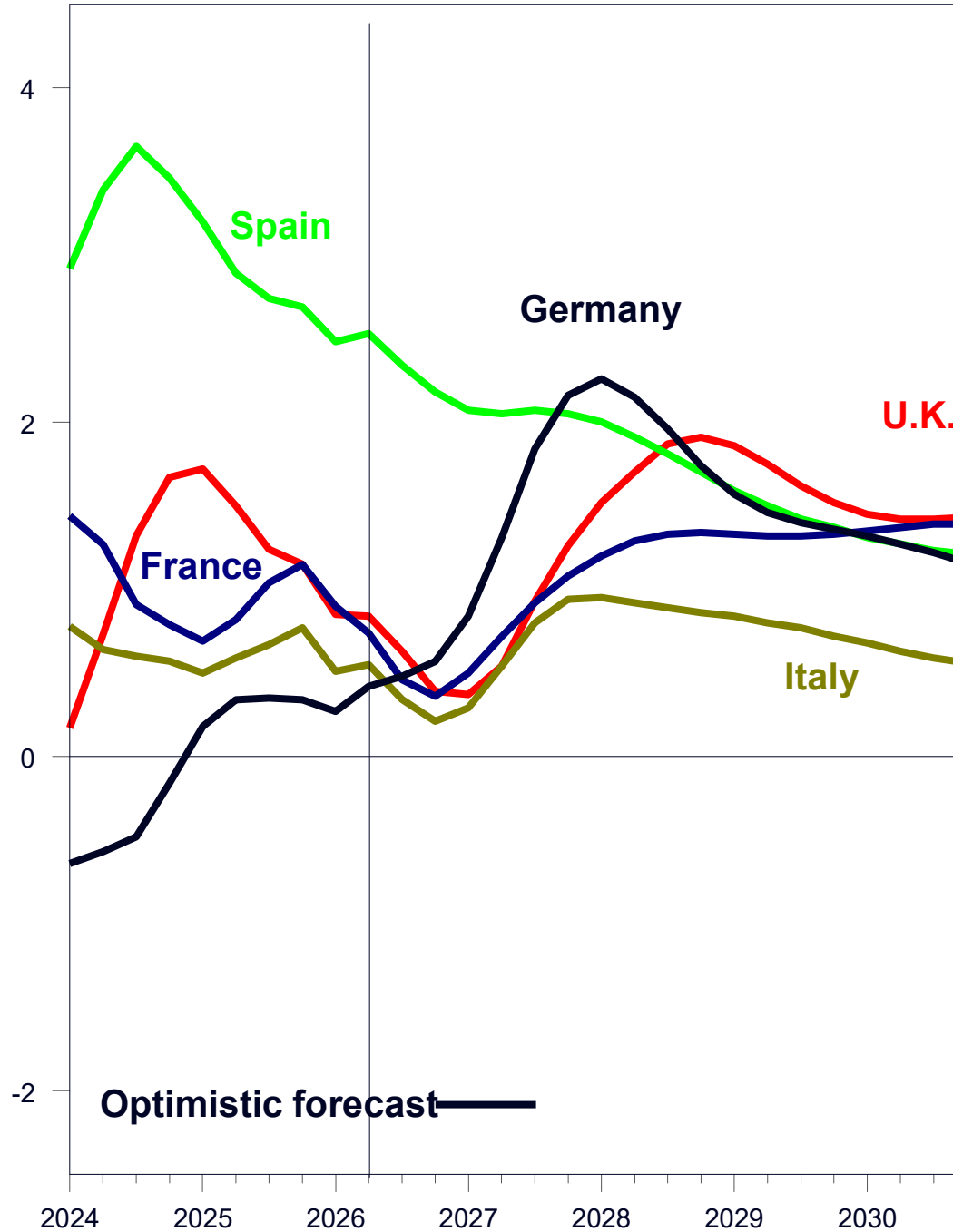
(% changes from previous year; 3qmvav)



Source: Oxford Economics.

GDP GROWTH

(% changes from previous year; 3qmvav)



Source: Oxford Economics.

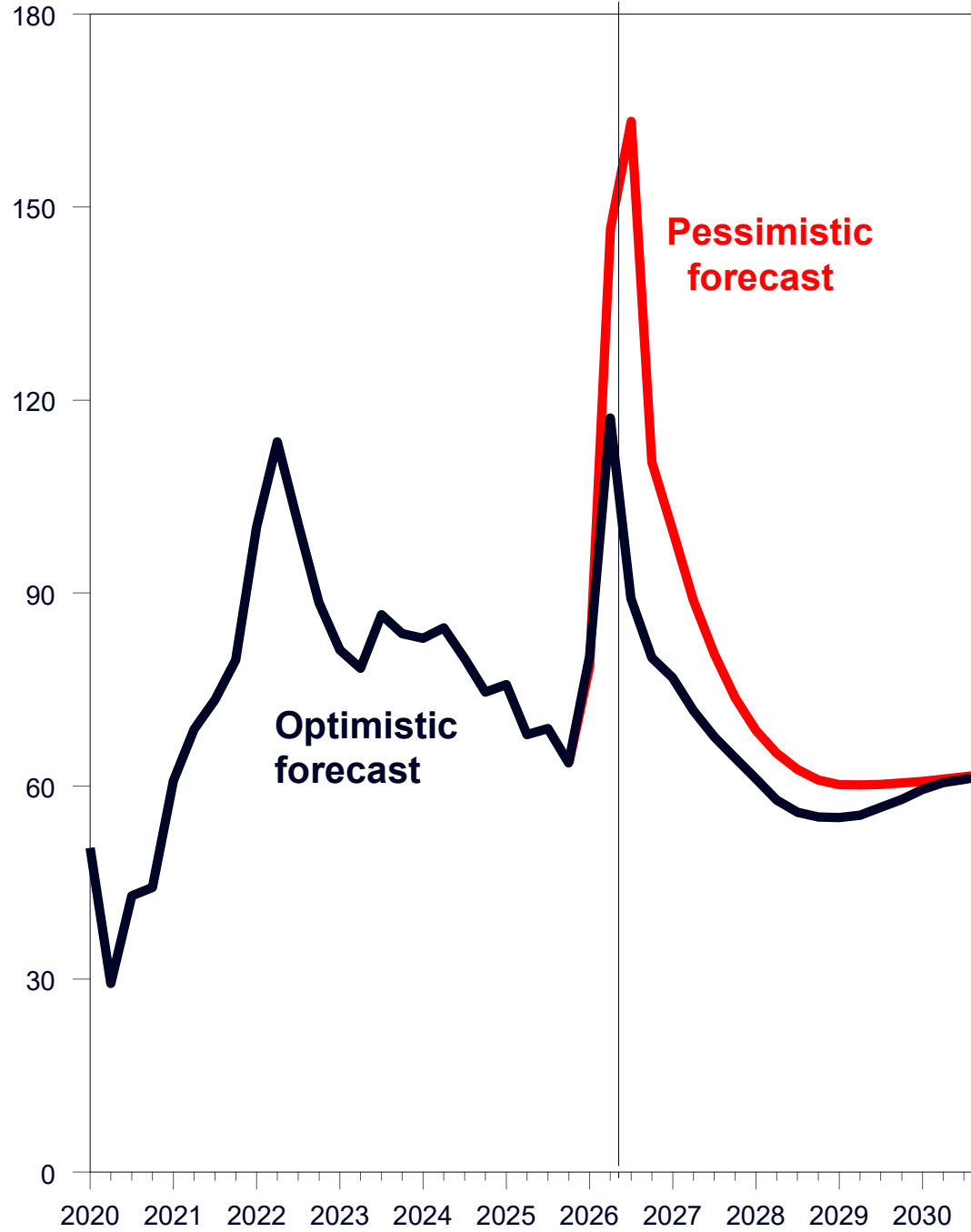
GERMANY

Germany's fiscal policy has recently changed

The new government is significantly raising expenditure on defence and on infrastructure

This will boost growth (as well as public debt)

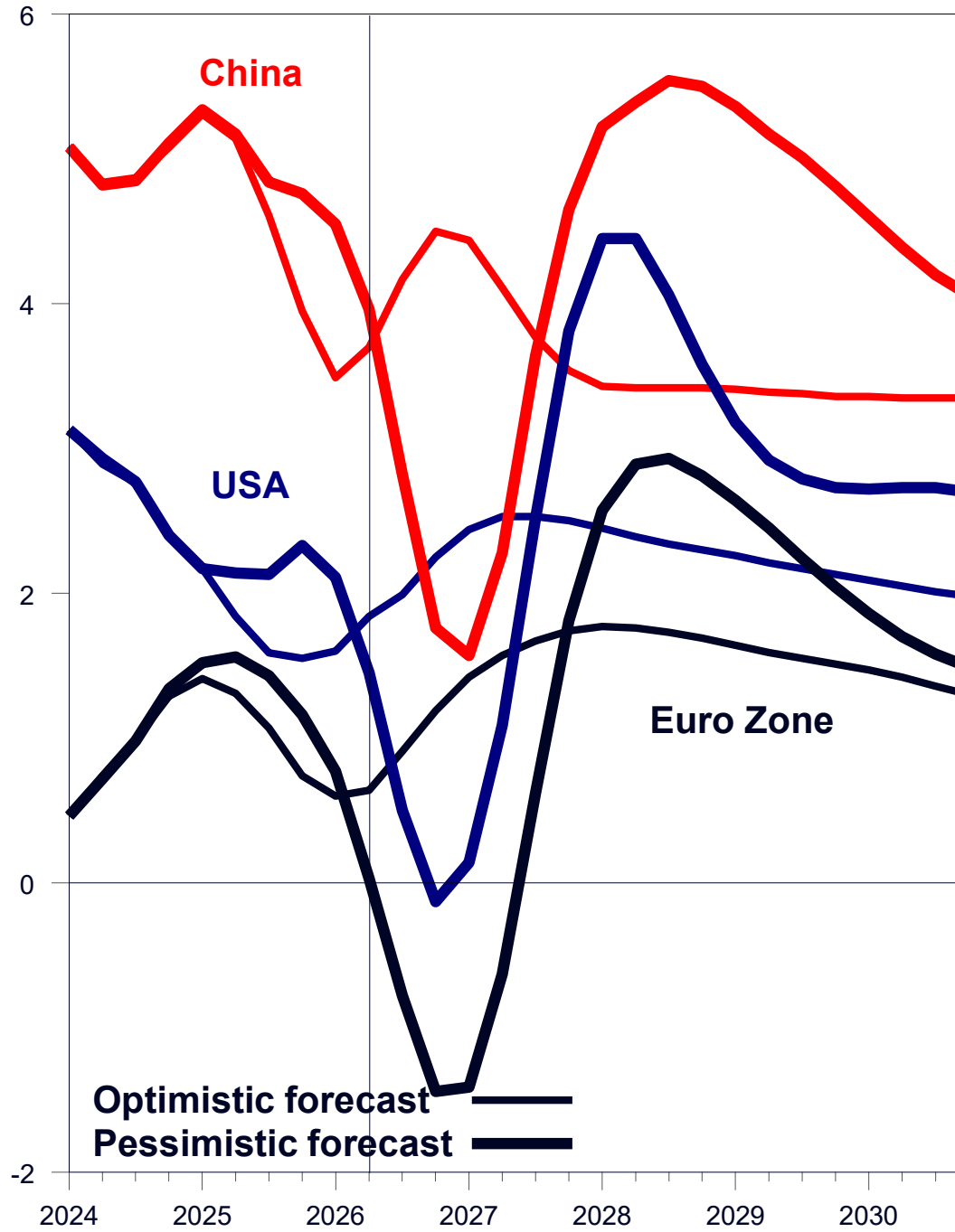
OIL PRICE (Brent; \$ per barrel)



Source: Oxford Economics.

GDP GROWTH

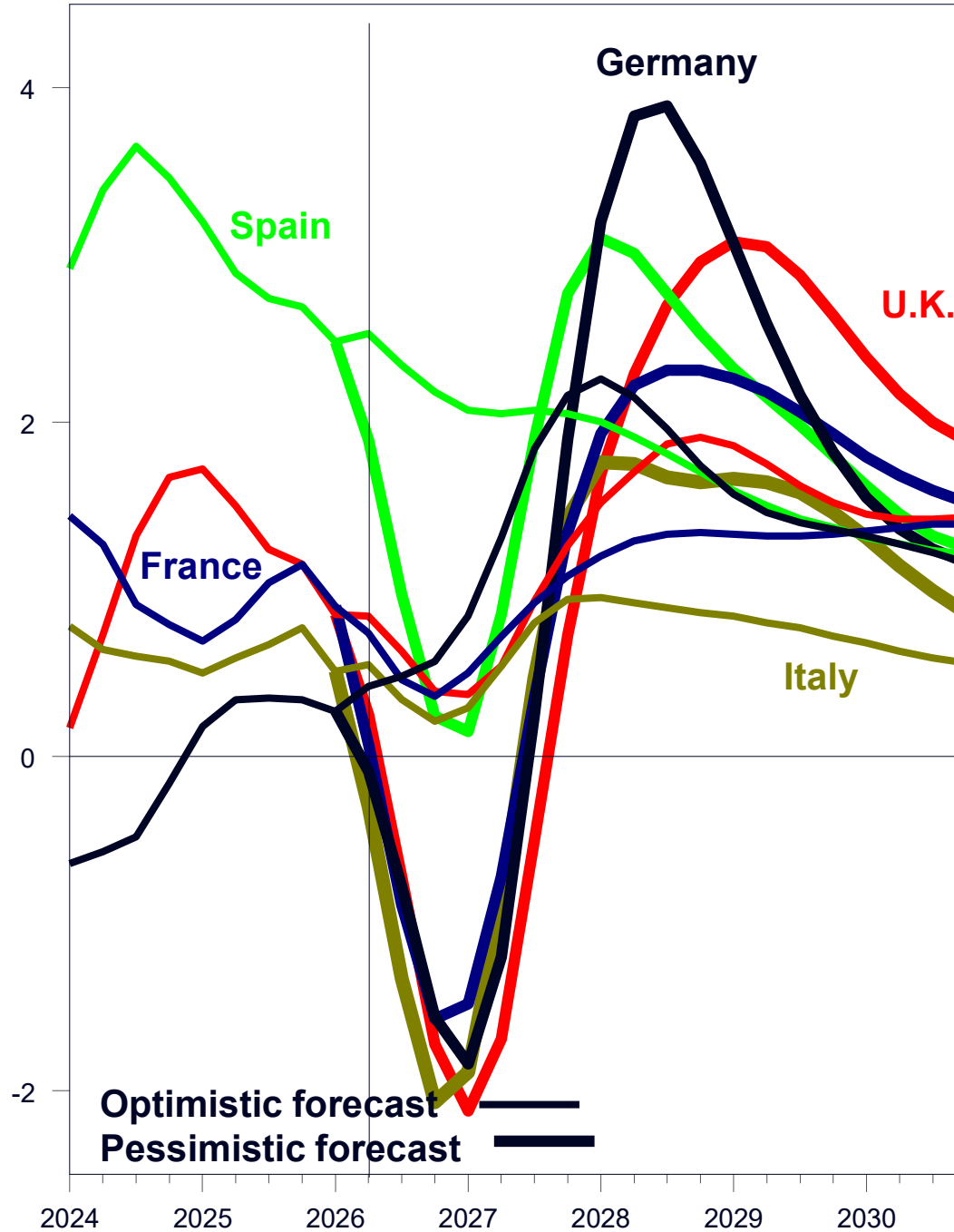
(% changes from previous year; 3qmvav)



Optimistic forecast
Pessimistic forecast

GDP GROWTH

(% changes from previous year; 3qmvav)



Source: Oxford Economics.

GROWTH RATES – OPTIMISTIC

(GDP; percentage changes)

| | 2024 | 2025 | 2026 | 2027 | 2028 |
|----------------------|-------------|-------------|-------------|-------------|-------------|
| United States | 2.8 | 2.1 | 2.2 | 2.6 | 2.5 |
| China | 5.0 | 5.0 | 4.7 | 4.1 | 4.3 |
| Eurozone | 0.9 | 1.5 | 0.7 | 1.4 | 1.7 |
| Germany | -0.5 | 0.3 | 0.4 | 1.6 | 2.0 |
| France | 1.1 | 0.9 | 0.6 | 0.8 | 1.3 |
| Italy | 0.6 | 0.7 | 0.4 | 0.6 | 0.9 |
| UK | 1.0 | 1.4 | 0.7 | 0.7 | 1.8 |
| Spain | 3.5 | 2.8 | 2.4 | 2.1 | 1.9 |

GROWTH RATES – PESSIMISTIC

(GDP; percentage changes)

| | 2024 | 2025 | 2026 | 2027 | 2028 |
|----------------------|-------------|-------------|-------------|-------------|-------------|
| United States | 2.8 | 2.1 | 1.0 | 1.8 | 4.2 |
| China | 5.0 | 5.0 | 3.3 | 3.1 | 5.4 |
| Eurozone | 0.9 | 1.5 | -0.4 | 0 | 2.9 |
| Germany | -0.5 | 0.3 | -0.5 | -0.4 | 3.8 |
| France | 1.1 | 0.9 | -0.4 | -0.2 | 2.2 |
| Italy | 0.6 | 0.7 | -0.8 | -0.2 | 1.7 |
| UK | 1.0 | 1.4 | -0.3 | -1.0 | 2.5 |
| Spain | 3.5 | 2.8 | 1.4 | 1.4 | 2.9 |

GDP GROWTH RATE DIFFERENCES

**Cumulative difference between Hormuz
opening in July 2026 or in December 2026**

2026-28

| | |
|-----------------|-------------|
| USA | -0.3 |
| Eurozone | -1.3 |
| China | -1.3 |
| Germany | -1.1 |
| France | -1.1 |
| Italy | -1.2 |
| UK | -2.0 |
| Spain | -0.7 |

Source: Oxford Economics.

A VERY UNCERTAIN OUTLOOK

Short-term risks

Renewed stagflation ?

Monetary tightening ?

Financial turbulence ?

Medium-term risks

Rising public debt

Slowing globalization

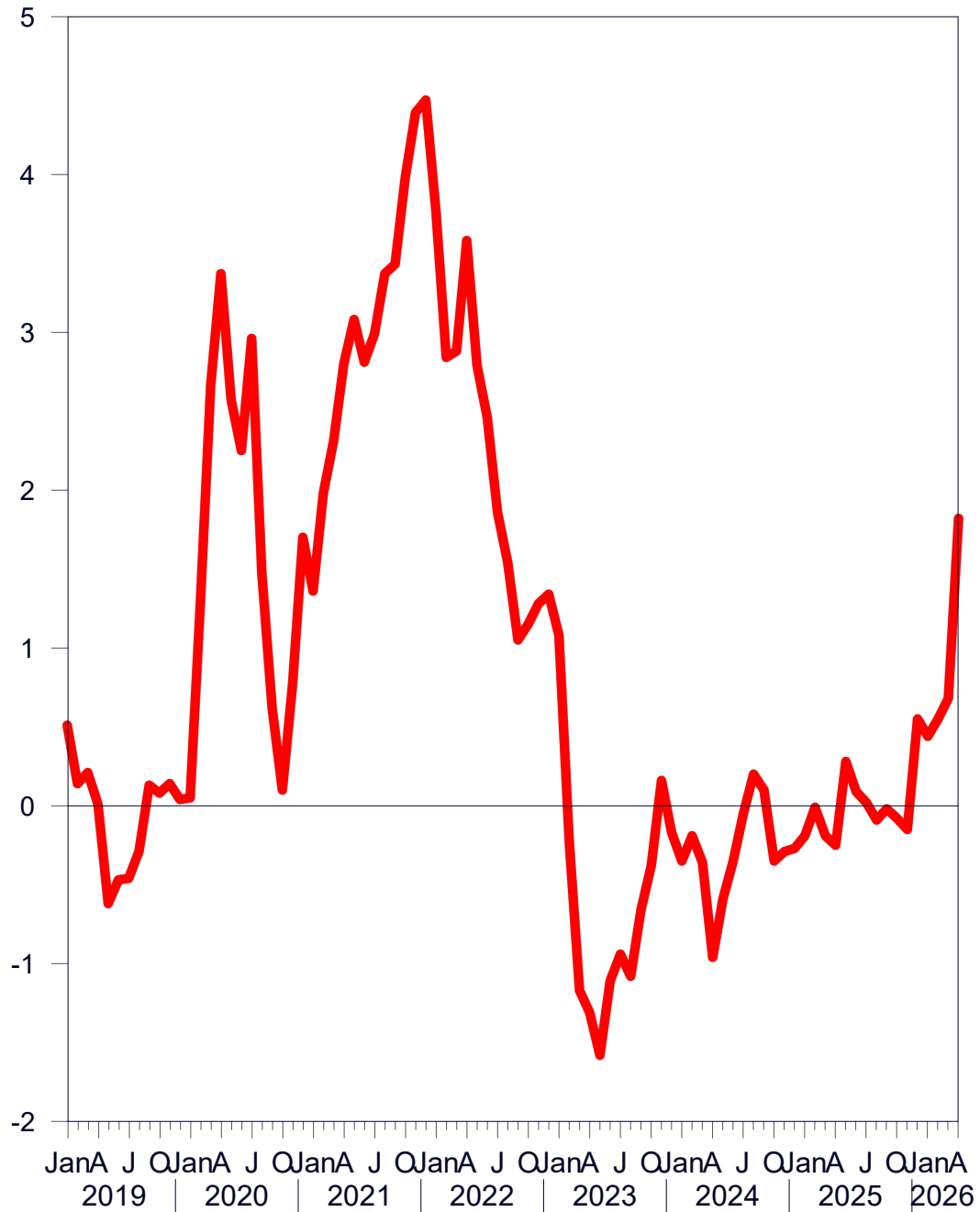
A dangerous geo-political picture

Any upsides ?

AI and robotization raising productivity growth ?

... but they could also cause problems

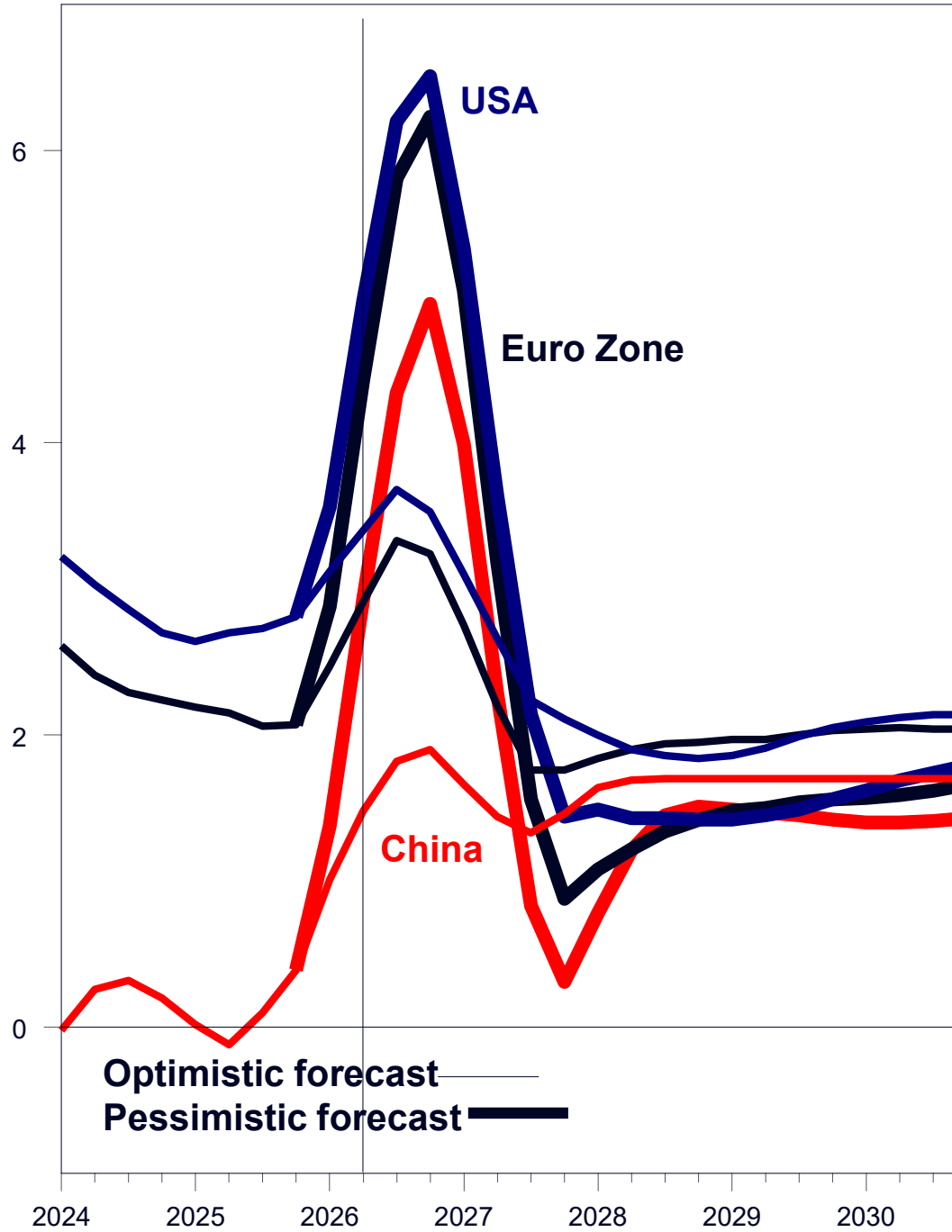
GLOBAL SUPPLY CHAIN PRESSURES



Source: Federal Reserve Bank of New York.

INFLATION

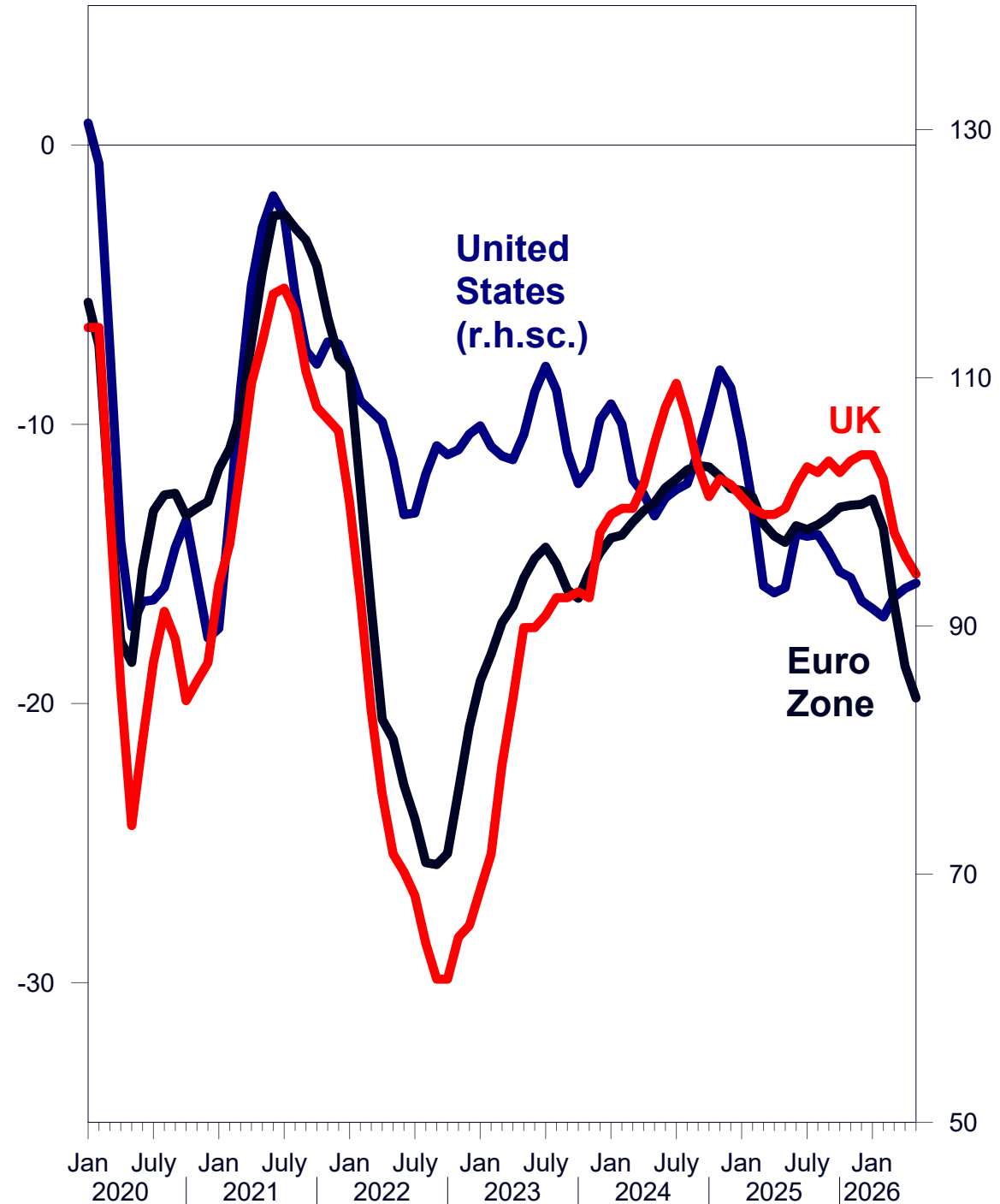
(CPI; % changes from previous year; 3qmvav)



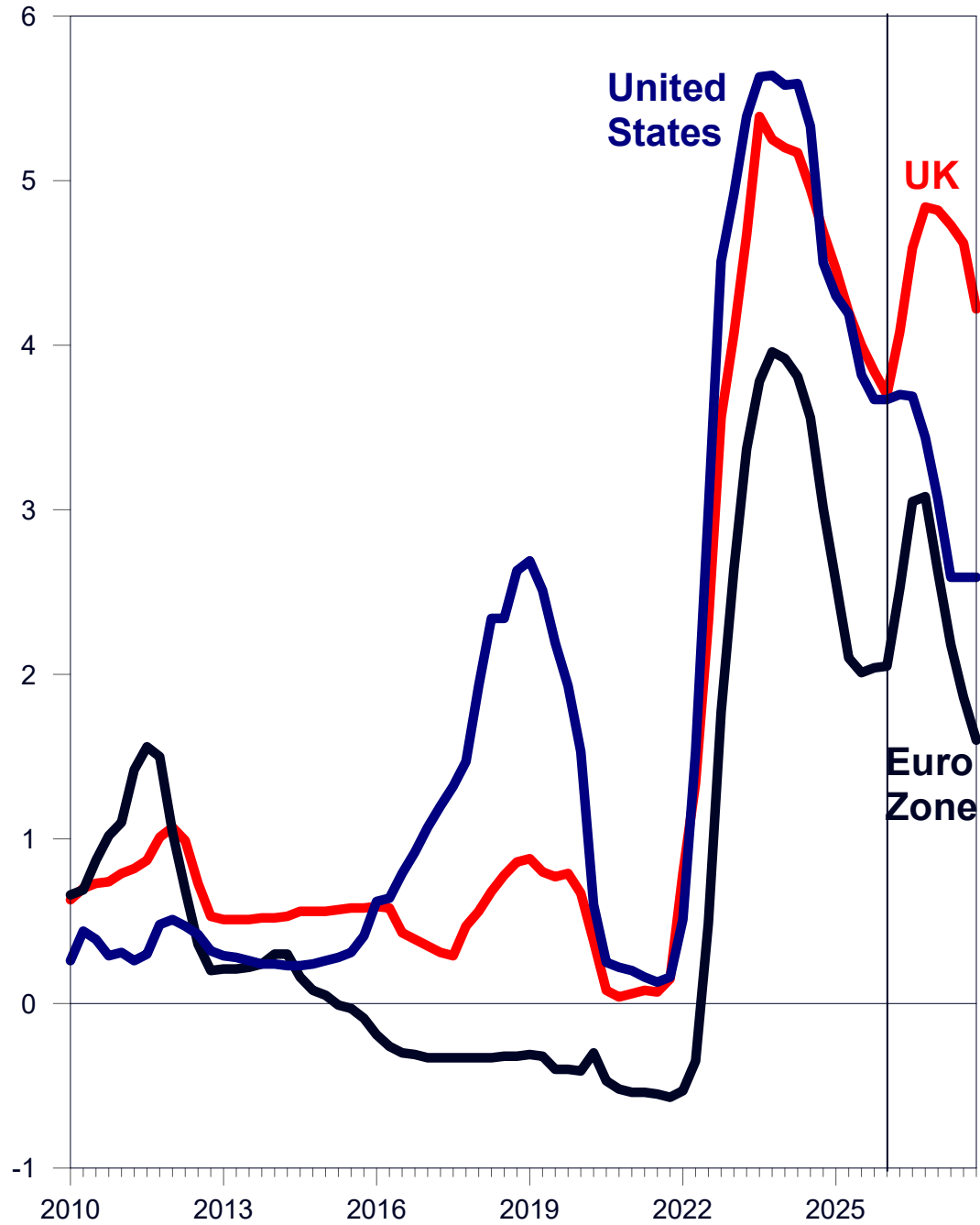
Source: Oxford Economics.

CONSUMER CONFIDENCE

(3 months moving averages)



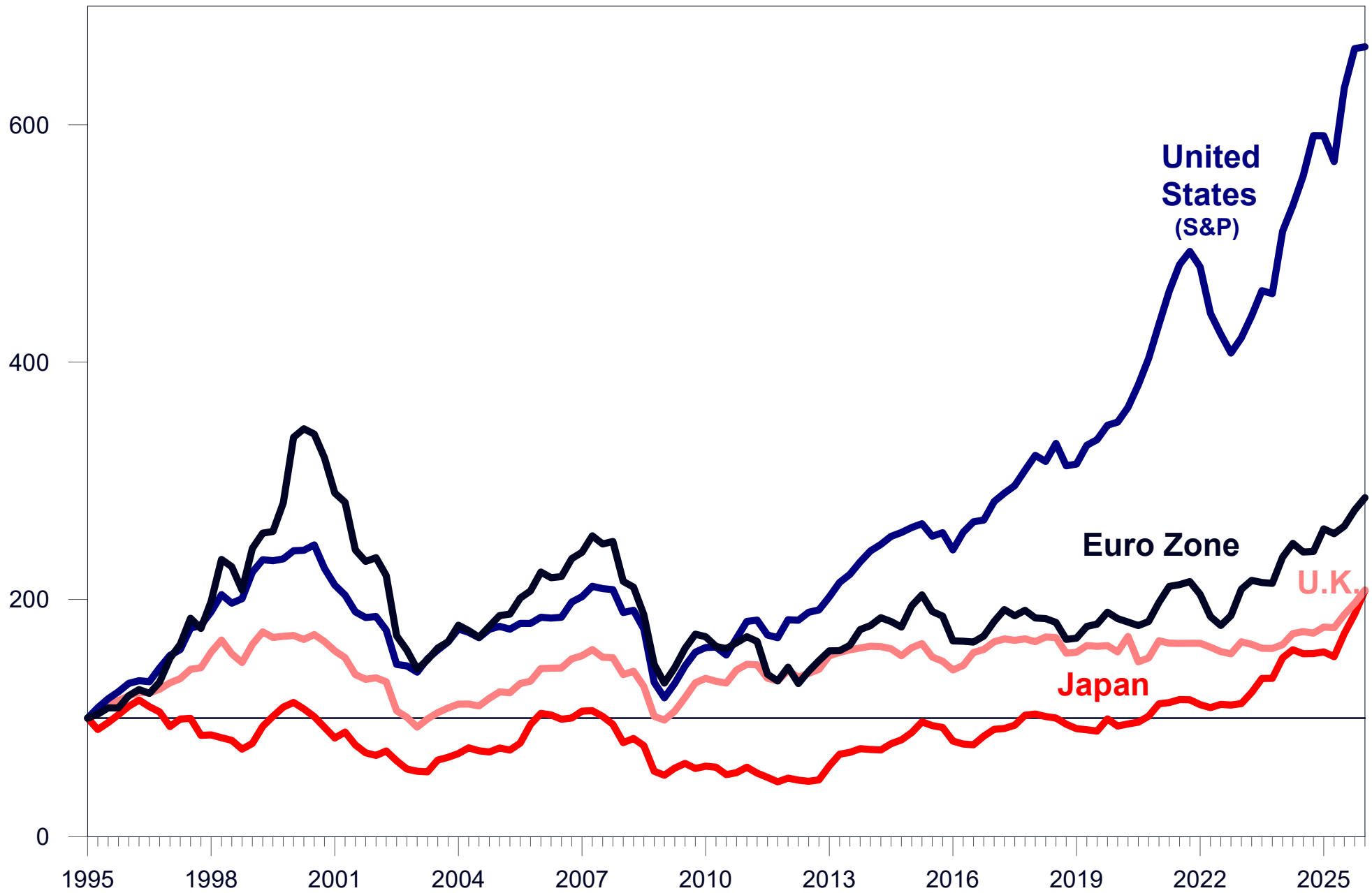
SHORT-TERM INTEREST RATES



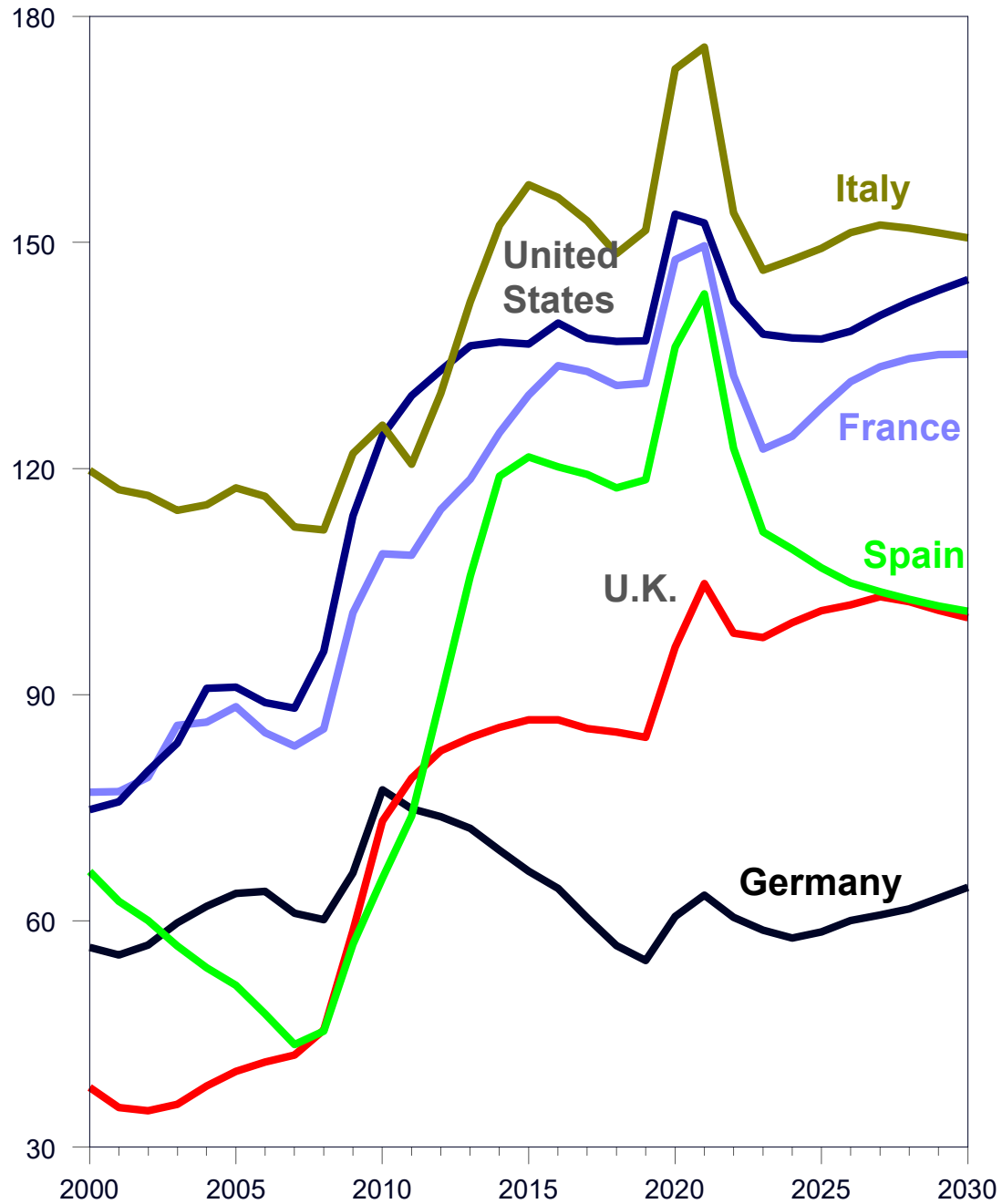
Source: Oxford Economics.

RATIO STOCK MARKET VALUE/GDP

(1995 Q1 = 100)



PUBLIC SECTOR DEBT/GDP RATIOS



Source: Oxford Economics.

SLOWING GLOBALIZATION

Supply chains that are too complex/too fragile

The spread of 3D production, robots, artificial intelligence

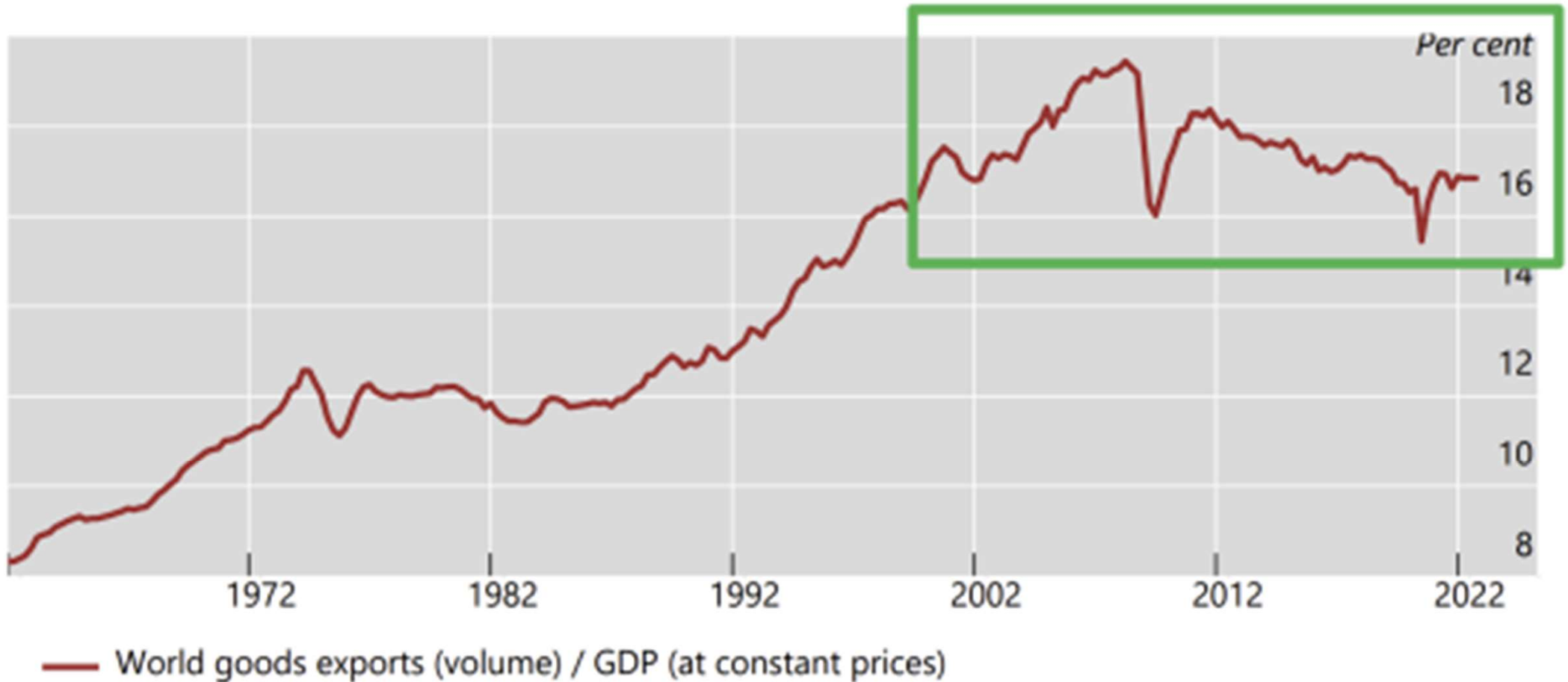
Rising protectionism and geo-economic conflict

As a consequence, trade growth is likely to be less rapid (relative to output) than it has been over the last 75 years

And this may well lead to lower growth of productivity because of diminished competitive pressures and, therefore, of GDP

GLOBALIZATION IN RETREAT

SHARE OF WORLD EXPORTS IN WORLD GDP



Source: BIS.

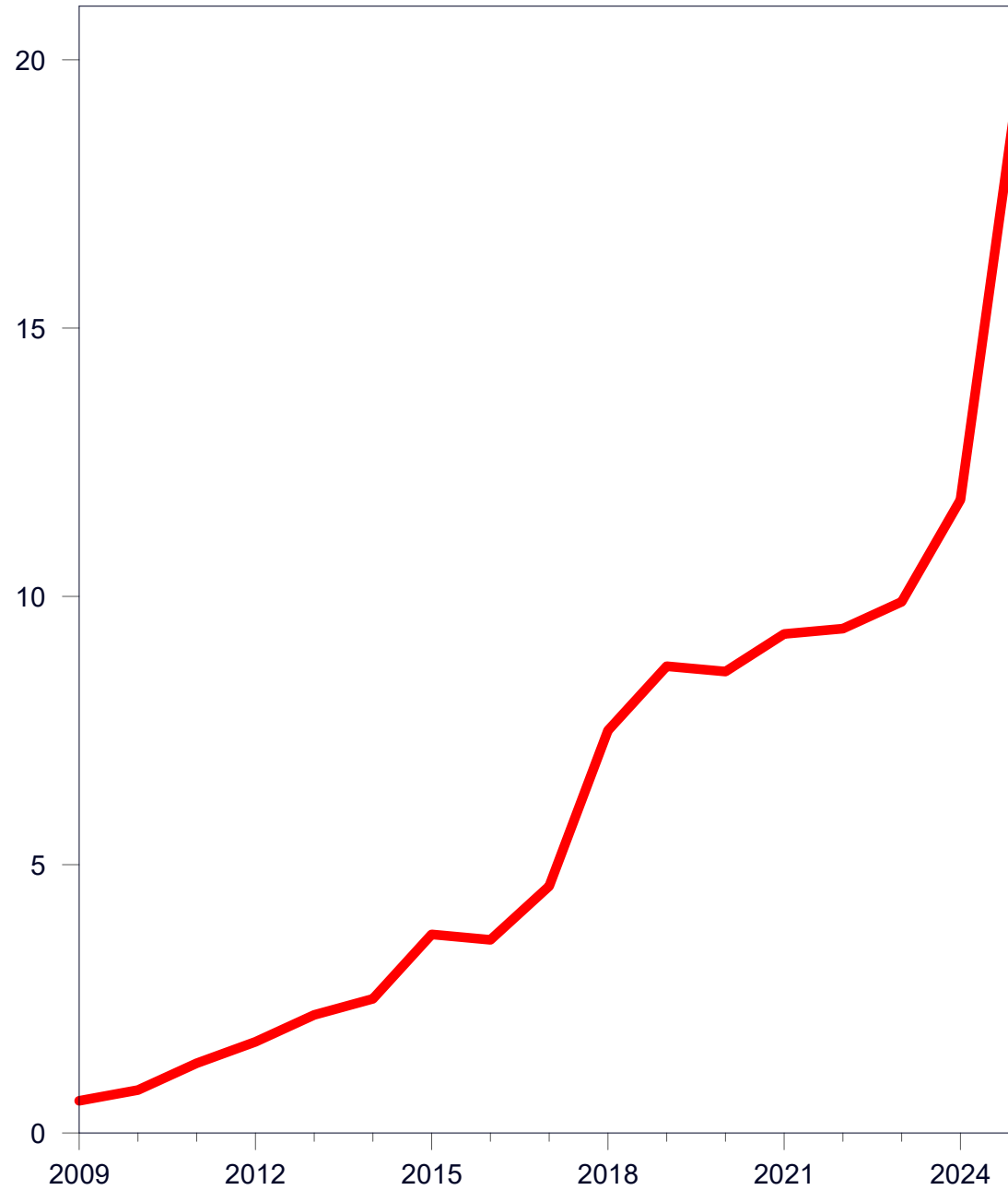
RATIO OF WORLD TRADE TO WORLD GDP GROWTH

| | "Elasticity" | |
|------------------|------------------------|--------------------------------|
| | Total trade | Trade in manufacts. |
| 1950-60 | 1.6 | 1.9 |
| 1960-73 | 1.5 | 1.8 |
| 1973-90 | 1.3 | 1.9 |
| 1990-2008 | 1.8 | 2.0 |
| 2008-24 | 0.6 | 0.7 |

Source: WTO.

RISING PROTECTIONISM

Percent of world trade covered by
import restrictive measures



Source: WTO.

TWO WORDS ON AI

There is still great uncertainty, but some economists expect large productivity gains

If these materialise, expect two potential problems: changes in income distribution and higher unemployment

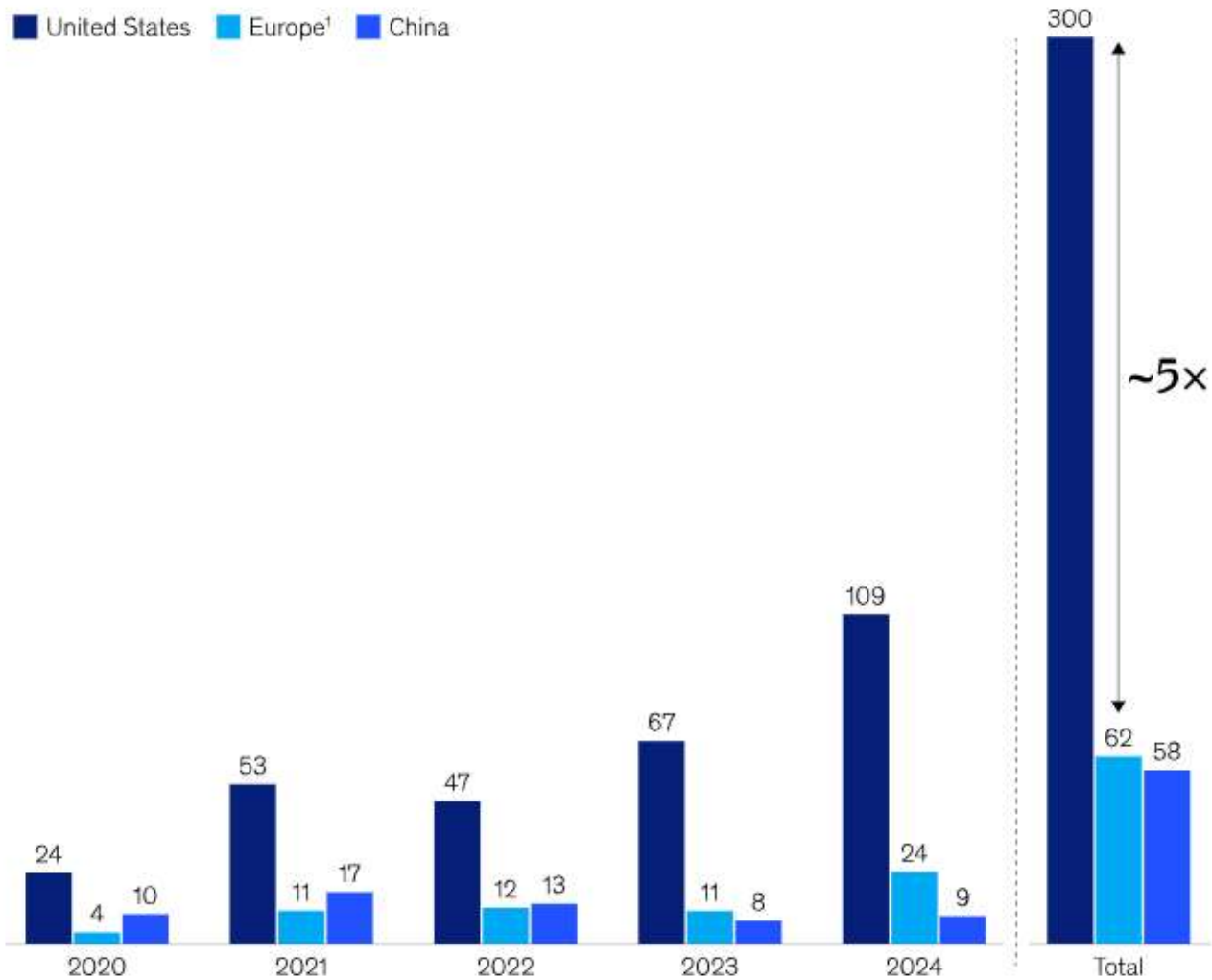
Capital will gain at the expense of labour

Progressive taxation can redistribute income to the unemployed

But how do you re-employ the unemployed ?

PRIVATE INVESTMENT IN ARTIFICIAL INTELLIGENCE – \$ BILLION

United States Europe China



Source: McKinsey.