



How will AI affect the global economy?

The technology brings both significant upside and downside

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Should we believe the hype around AI?

Last year's release of ChatGPT created a huge buzz around AI. But how much of this is just hype? In this note, we look at the implications for the global economy, focusing on the impact on growth, profits, labour markets, and regulation.

Stronger growth implies labour market disruption

There's already evidence of AI boosting productivity. Cumulatively, these effects could become significant over the next decade, and help to push down prices. But unlike previous tech booms, higher-skilled workers could find themselves most affected.

The potential harms of AI & the regulatory response

There's a wide range of plausible ways that AI could develop. The more transformative it is, the more the societal impact will grow. This has driven a proactive response from regulators. It reinforces the idea that AI has both great upside and downside potential.

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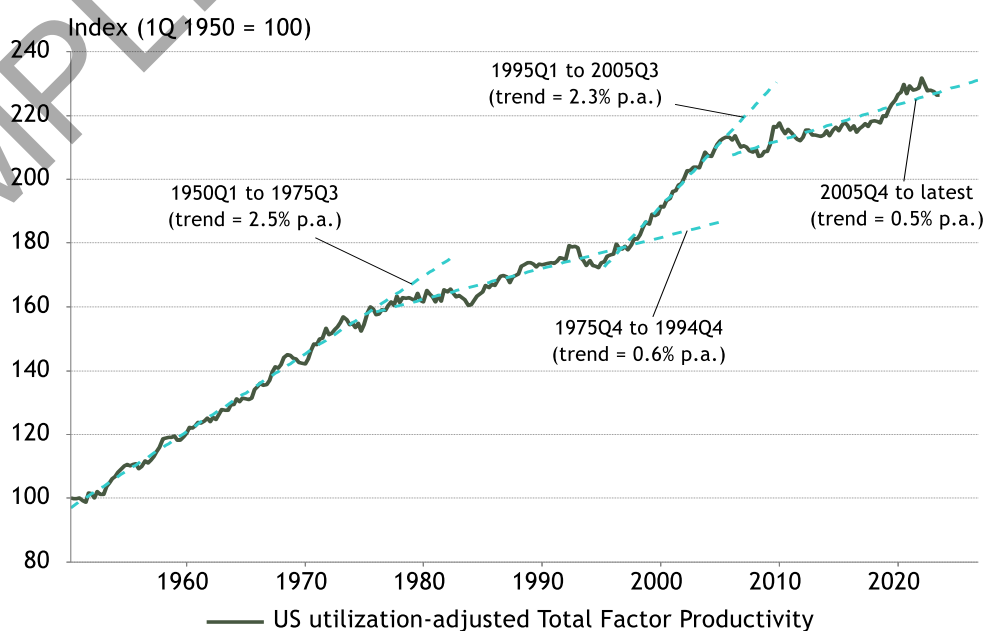
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Key chart: AI could drive a regime of faster productivity growth



Source: ASR Ltd. / [FRBSF](#) / LSEG Datastream