

# Ten Seconds into 2025. This is Thin...

**You can't clean your car to make it rain but here goes...**

Both growth and inflation will be higher. Fiscal and monetary policy are likely to stoke growth and inflation. In the short term a slowdown or recession is more likely.

Inflation is not going away. Demographics, the interplay of fiscal and monetary policy, trade wars and the substitution of robustness for efficiency will mean higher equilibrium inflation.

It won't get there in straight lines but in a series of oscillations.

The auto industry is probably turning the corner. Chinese EVs are simply more efficiently made and nicer (a matter of taste, I know). Once the rest of the world's auto manufacturers are happy to use Chinese components and solutions, they will be able to carve out their own specialist niches.

We don't need AI to really work in the sense of Artificial General Intelligence for it to boost productivity. We likely will never achieve AGI which should address some of the concerns about the threat to humans. But it will be sufficiently useful to increase productivity significantly and persistently boost growth.

We will struggle to achieve our environmental aims. Economics is stacked against success. Exogenous factors may bring us back into carbon equilibrium but that might not be a pleasant solution.

GLP1 seems to be a miracle cure that we are just beginning to understand. Thus far the side effects have been mental and emotional which tend to be less of an issue in certain

societies but invite regulation in others. Expect more developments in this area.

People will not only live longer but they will get more healthy due to medical advances such as GLP drugs and changing lifestyles.

Inequality will diminish within countries and increase between countries, reversing a trend that's lasted decades.