

The World Ahead 2023

The Economist

After two years when the pandemic shaped the immediate future, it is now the Ukraine war.

Four things to think about for 2023:

- 1.The impact of the conflict
- 2.The struggle to control inflation
- 3.Chaos in energy markets and
- 4.China's uncertain post pandemic path

10 themes and trends for 2023

1. All eyes on Ukraine
2. Recessions loom
3. Climate silver lining
4. Peak China
5. Divided America
6. Flashpoints to watch (India-China , Turkey-Greece)
7. Shifting alliances
8. Revenge tourism
9. Metaverse reality check
10. New year, new jargon

The editors of the Collins English dictionary have declared “*permacrisis*” to be their word of the year for 2022

This means an extended period of instability and insecurity

The world economy is slowing and many countries risk falling into recession in 2023.

Tight money has brought about a strong dollar which is exporting inflation to emerging markets and making their hard currency debt harder to service.

Next year will be about battling inflation and economic stagnation.

39 % of CFOs interviewed by Deloitte expect America to be in stagflation and 46 % expect a recession.

In 2022, McDonalds raised the price of its cheeseburger in UK for the first time in 14 years.

Strong pricing power from strong brands will be needed in 2023.

The Chinese celebrate the year of the rabbit in 2023.

The super forecasters predict world GDP growth between 1.5 and 3 %, expect China to be between 3.5 and 5 %.

Britain's productivity was second best between 1997 and 2007, however it is second worst now between 2009 and 2019.

October 14 th will be a big day in Scotland. The Scots will decide if they want to stay with the union after Brexit.

The NHS(national Health service) in Britain is in poor shape, it has 6.8 million people on the waiting list, up from 4.2 million before the pandemic.

In 2022 post covid, sunny holidays and fancy restaurant eating boosted the economy.

However in 2023, higher energy bills and higher mortgage payment as a result of higher interest rates will dull that.

Turkey has been challenged. Erdogan promised to make it a \$2 trillion economy by 2023. Its GDP has fallen from \$957 billion in 2013 to \$815 billion in 2021. Inflation is at 80 % right now.

Americans will be confronted with a choice between two elderly gentlemen (Trump vs Biden) whom neither of their parties want them to run today.

Whenever American inflation has touched 5 %, recession has followed in USA, will this year be different?

By the end of 2023, America will be climbing out of a mild recession as inflation recedes.

The term 'Deadpool' will join 'megadrought' on the lips of Americans in 2023. Many reservoirs can no longer send water downstream and neither can they generate electric power

Research shows that stable housing is necessary for health, education, employment and intergenerational prosperity.

South Asia is paying the price for the Ukraine war. Sri Lanka, Pakistan and Bangladesh are all challenged as the cost of food and energy has gone up. India is the bright spot in south Asia.

Household debt as a % GDP

South Korea 105 %

HK 91 %

Thailand 90 %

Taiwan 88 %

Britain 88 %

USA 80 %

Japan 70 %

Singapore 58 %

India 35%

The war in Ukraine means that Russian influence in the Middle east will wane.

Russia is the second biggest arms dealer behind USA, however the malfunctioning of its weapons in Ukraine will deter Arab buyers in the future or terms will change.

Between 2020 and 2022, prices of food staples in African countries increased by 24 %.

Higher energy prices have also driven up cost of transportation and fertilizers.

Africa is the richest continent in resources but poorest in economic development, Africa needs to use its endowment of green minerals to build an industrial base.

Global warming is a threat multiplier,
aggravating poverty and conflict.

With global averages up between 1.1 to 1.3
degrees vs pre - industrial levels, many floods,
droughts, wildfires and heatwaves will be
made worse.

America it is said has allies, however China and Russia have clients. Most countries hover between these two camps.

New emerging groupings are expected like the QUAD. Expect I2U2 – India, Israel, UAE and USA.

Virtual reality is like wearing a digital blindfold

Augmented reality superimposes computer generate elements onto your view of the real world

Mixed reality goes a step further by allowing real and virtual items to interact.

Consumer prices % vs 2022, Interest rates in 2023

Country	Consumer price growth %	Interest bank main policy rate%
Russia	8	7
Britain	7.9	4
Germany	6.5	3.25
India	5.2	6.4
Brazil	5.1	11.5
South Africa	5	7
USA	3.7	4.63
Japan	0.9	(0.01)

Country	GDP growth 23 %	GDP per head \$	PPP \$	Inflation	Budget balance %GDP	Population mlns
France	(0.3)	46670	59740	4.8	(5.7)	65
Germany	(0.9)	50350	64740	6.5	(4.7)	83
Italy	(1.3)	34550	51720	4.9	(4.9)	59
Netherlands	(0.9)	66380	73320	12.9	(3.5)	18
Russia	(3.3)	15000	32970	8	(2.4)	148
Spain	(0.1)	31890	46460	4.5	(4.8)	48
Switzerland	0.3	90780	85280	4	(1.8)	9
Ukraine	4.3	3920	11700	18.9	(25.2)	37
UK	(0.8)	44330	55900	7.9	(10.30	68
Bangladesh	5.7	2720	8000	7.3	(4.8)	173
China	4.7	13680	23460	2.9	(4.2)	1430
India	5.	2430	8810	5.2	(6)	1430
Indonesia	4.1	4970	15670	4.5	(3)	274

Country	GDP growth 23 %	GDP per head \$	PPP \$	Inflation	Budget balance %GDP	Population mlns
Japan	0.9	33790	49450	0.9	(5)	123
Pakistan	3.5	1430	6700	11.9	(5.4)	241
Singapore	2.2	70350	129380	2.8	(0.3)	5.7
Sri Lanka	(0.2)	4230	15380	66.4	(4.2)	21.7
Taiwan	2.1	31320	76030	1.6	(1.8)	23
Thailand	3.6	7010	21950	2	(4.4)	72
USA	0.5	76190	76190	3.7	(4)	340
BRAZIL	0.5	9180	18040	5.1	(8.3)	216
Egypt	2.9	3510	15770	8.6	(7.2)	106
Israel	2.8	54860	50470	3.4	(1.7)	9.9
Nigeria	3.1	2490	6050	13.6	(3)	224
Saudi Arabia	3.6	28170	61060	1.6	6.6	36
South Africa	1.5	7040	16750	5	(6)	60

In 2023, inflation will hurt shoppers and retailers. Online sales is 14 % of all sales today , it was 10 % on 2019, its growth as percentage of total sales might be flat in 2023.

Global sales of new cars will grow 1 %,
however EV cars will grow 25 %.

Commodity prices index taken as 100 for 1990, will be about 210 in 2023, in 2022 it was 240, it will be back to 2021 levels. 2020 was 170.

Air travel will turn profitable as international travel grows by 30 % in 2023, however it will stay below pre pandemic levels as business people will meet remotely.

Global GDP growth will be 1.6 %, however global inflation will be 6 %, forcing central banks to raise rates.

Oil price \$ per barrel

2019 62\$

2020 47\$

2021 73 \$

2022 100 \$

2023 87\$

Apple's move to allow people to block a third party from collecting their data will keep digital advertisers on their toes.

Large companies are finding it difficult to remain neutral on political and social issues. They feel investor pressure from above, employee pressure from within and consumer pressure from all around to be public in the way they articulate and defend their values.

Clothes – repair services are in. LVMH will offer sophisticated repair services in 2023. Hugo Boss will have a resale platform where used Hugo Boss items can be sold. Tommy Hilfiger plans to set up repair offerings.

In 2023 employee's connection to company culture and values will drive motivation.

People worry about robots taking their jobs, however, none of the countries that have adopted robots on a large scale – Germany, Japan, South Korea and Singapore have a problem with unemployment.