

The World in 2018

The Economist

The world economy should move along at a respectable pace in 2018, unless central bankers spoil things with high interest rates. Developed and emerging markets, both will contribute to growth.

Like it or not, more and more business leaders will find themselves drawn into politics. The American giants of industry have to deal with a 'techlash'

The Internet of things and Artificial intelligence are remaking economies, much like electricity and railways did in the past. The scale of wealth creation and degree of inequality are similar.

**Politicians will turn on the big technology
giants**

A sweeping new privacy law , inelegantly names General data protection regulation will decisively shift the power over personal data from tech firms to individuals.

**Few rulers grow wiser in their second term
in office**

Global output in 2017 grew at its fastest since 2010, but the year was hardly buoyant. Global growth was 2.9 %, below the 3 % that was once considered average growth.

**Emerging markets will have the best year
since 2014.**

Recessions typically start when central banks ,eager to keep economies in check, raise interest rates too far and too fast

**In ranking a country's weight in the world,
two factors went together – population and
production**

Until the 19 th century the two went together.

The IMF reckons that the China economy at PPP has already overtaken USA in 2014

The UN thinks that India's population will overtake China in 2024.

The future of drones depends as much on regulatory progress as technology prowess

The big change for drones will be the introduction of remote identification, a sort of license plate system that enables them to identify themselves

When you know who is operating a drone, it becomes easier to apply existing laws to its use says Brendan Schulman of DJI, the world's largest drone maker.

Japan will be one of the first countries to make way for routine drone deliveries. Japan has set the ambitious target of doing routine drone deliveries by 2020, in time for the Tokyo Olympics.

New Tokyo fuses three cities in one : a safe city, a city of diversity and a smart city.

At the dawn of the 20 th century, Tokyo was the model for many Asians wanting to modernize. Tokyo could be worthy of emulation now right around the world with its new vision.

In China, reform with Chinese characteristics means more party control over companies, more state directed industrial subsidies, the merger and transformation of SOES into national champions and tighter supervision of the online economy.

In USA, the key question for 2018 will be if wage and price growth will pick up.

The Saudi problem

Year	Oil price, Brent, \$ per barrel	Saudi Arabia budget balance % of GDP
2012	112	13.6%
2013	109	6.4%
2014	99	(2.3)%
2015	52	(14.8)%
2016	44	(12.8)%
2017	53	(8.2)%
2018Forecast	54	(8.3)%

Two digit \$ oil price is a problem for Saudi Arabia

**The future belongs to those who innovate.
With 8.5 million people, Israel has more
companies on the NASDAQ than any other
country except USA**

Israeli start ups receive 20 % of global investment in cyber security, punching 200 times above its relative weight.

Israel recycles 87% of its waste water, five times more than No 2 on the list, Israeli cows produce more milk per animal than any other country.

**Technology without free markets does not
get you very far**

Israel became an economic tiger because it chose to be a nimble mammal rather than a fossil.

Technology alone does not guarantee our future, we must keep promoting entrepreneurship and fight excessive regulation.

Israel's success has two lessons : 1. Innovate or perish, 2. innovate to create alliances and advance peace

**South Africa is a country of paradoxes,
where promise and potential sit cheek by
jowl with dejection and disappointment.**

In 2018, the world has the maximum number of people displaced since the aftermath of the second world war. There are 114 million people in need of humanitarian aid.

**China will sell 407,000 electric cars in 2018,
the rest of the world will sell another
550,000. so we will see close to a million
electric cars sold in 2018.**

**China will sell 2 million electric cars in 2020,
and 7 million electric cars in 2025**

**79 % of global internet use is on mobiles.
Top mobile internet nations are Hong Kong
at 89 %, china at 87%, Spain at 86 %, Italy at
83%, USA at 83 % and India at 82%**

Women's total income was \$13 trillion in 2013 and it will be \$18 trillion in 2018, nearly a fourth of the global GDP, or roughly equivalent to the GDP of the USA.

Top GDP growth countries in 2018

Country	Growth %
1.Bhutan	9.2
2.Angolla	8.5
3.India	7.8
4.Cambodia	7.2
5.Bangladesh	6.9
6.Guinea	6.9
7.Ghana	6.7
8.Myanmar	6.7
9.Cote d voire	6.6
10.Dijboudi	6.5

Top GDP growth areas in 2018

Area	Growth %
North America	2.2
Western Europe	1.9
Eastern Europe	2.5
Latin America	2.0
Middle east and north Africa	3.3
Sub Saharan Africa	3.0
Asia	5
japan	1.0
Australasia	2.4

Global car sales

	SUV s	others
2015	40 %	60%
2016	44%	56%
2017	47%	53%
2018	51%	49%

**‘Unconscious bias’ will be a hot topic in HR
jargon**

Talent analytics will encourage a greater focus on how best to incentivize employees. Solving famous problems as is required by google today has proven to be a poor predictor of long term success.

Sceptics will be worried about what misery might be caused by a flawed boss with talent analytics data.

Between 2009 and 2015 were heady days for luxury goods. Growth was at a CAGR of 9 %.

Luxury and fashion executives are obsessed with selling to millennials. Millennials and Gen z will account for 45 % of this market by 2025

**Digital is key to tap into the millennials.
Millennials want experiences, authenticity
trumps extravagance and instead of
hierarchy, they value community**

**Luxury brands will have to get digitally
fluent and will have to move from distant
aspiration to experience**

The entertainment industry has always been competitive, technology is making it an all out arms race.

Entertainment now needs a deeper, more personal relationship with each consumer.

**The buzzword 'disruption' will give way to
'perpetual permutation'.**

In the future, success or failure of media companies will directly depend on the ability to create a direct two way relationship with consumers.

Convenience will play a big role, today's consumers want a frictionless experience, and have lost patience when it comes to ease of use.

**Since 2009, the markets have been helped
by massive central bank interventions.
Central banks are slowly withdrawing the
stimulus.**

The IMF forecasts a 3.7 % growth for the global economy in 2018. Much will depend on China where cuts in manufacturing capacities is moving to a slower growth trajectory.

Another updated directive kicking in at the start of 2018 on payment services called PSD2 will expose banks to increased digital competition. Customers will be free to let third parties see their bank account data allowing them to offer better returns or payment services.

A new international accounting standard IRFS9 will require banks to make earlier provisions against possible losses to their loans.

US venture capital activity in tech companies

	Deal value \$ bln	No of deals
2002	1320	11
2003	1414	11
2004	1545	12
2005	1855	13
2006	2034	15
2007	2548	13
2008	2974	15
2009	2773	20
2010	3475	21
2011	4583	30
2012	5309	28
2013	6494	30
2014	7311	49
2015	6938	60

**Tech popularity is perversely the reason
why the investment climate will prove risky**

**The risk profile in tech has gone up, there is
no clear platforms to invest.**

Man vs machine, predicted time for machine to match 50 % capability of man

	Number of years for 50 % from 2016 as base year
Full automation of labor	125
AI research	85
Maths research	45
surgeon	38
Write NY times bestseller	35
Retail sales person	12
5 km race in city	10
Truck driver	10
Generate top 40 pop song	10
Explain own actions in games	10
Write high school essay	9

Man vs machine, predicted time for machine to match 50 % capability of man

	Number of years for 50 % from 2016 as base year
Read text aloud	7
Assemble any Lego	7
Telephone booking operator	7
Transcribe speech	7
StarCraft computer game	5
Fold laundry	5
Win world series poker	3
In at angry birds	2