# 2027 Global Economic Outlook

## *Key takeaways with Antonio Fatás*

**As organizations plan for 2027, the global economy offers both momentum and uncertainty. In our latest IGNITE session, Antonio Fatás explored where growth is coming from, why some economies are pulling ahead and which risks deserve business leaders' attention.**

### 1 The economy keeps finding a way forward

Global growth has weathered repeated shocks. Antonio saw a credible path to continued expansion in 2027, provided AI keeps delivering and financial and geopolitical risks remain contained. The benefits are uneven, with economies connected to the AI boom enjoying stronger momentum than those mainly facing higher costs.

*"I think the world is more resilient than what we assume most times."*

### 2 AI must turn investment into lasting value

Building data centres supports growth today. Lasting gains depend on AI helping businesses become more productive. There is also a financial test: AI companies need substantial earnings growth to justify high valuations. Antonio warned that investors' expectations could prove too ambitious, even if the technology delivers real benefits.

*"We need this growth in productivity to show up as earnings of these companies."*

### 3 Europe needs to put its strengths to work

Europe has strong skills and education, but productivity growth has lagged behind the US. Antonio noted that the US improvement reflects several factors, not AI alone. He called for fewer barriers within Europe, better access to capital and regulation that supports innovation. With working-age populations projected to shrink in many countries, productivity gains will become increasingly important.

### 4 More expensive capital changes the calculation

The AI investment surge is creating intense competition for funding worldwide. Businesses outside that boom can face higher financing costs without experiencing the same growth. Antonio urged companies to adapt their investment strategies to the possibility that capital remains more expensive for several years.

*"Capital is more expensive and might stay more expensive for a few years ahead."*

### 5 Higher costs are squeezing businesses and their customers

A recovery in Saudi oil production has helped soften the energy shock, but the Middle East conflict remains unresolved and inflation pressures persist. For energy-importing economies, higher prices reduce purchasing power. Businesses face pressure on their costs while customers have less room- and less willingness- to spend.

### 6 Government debt is becoming harder to ignore

Higher interest bills are putting public finances under growing strain, increasing pressure for tax rises or spending cuts. Antonio's greatest concern was the interaction between debt and political divisions. Governments need workable agreements to manage the adjustment. Failure to act could unsettle financial markets and weaken growth.

*"Governments are going to be under increased pressure for budget adjustments."*

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