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Macroeconomic Outlook

Economic Impact from AI & Energy Shock

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Sohini Chowdhury, PhD, FRM | Senior Director

April 2026

Agenda

1. Macro Overview & Risks
2. AI Alternative Scenarios
3. Protracted Energy Disruption Scenario

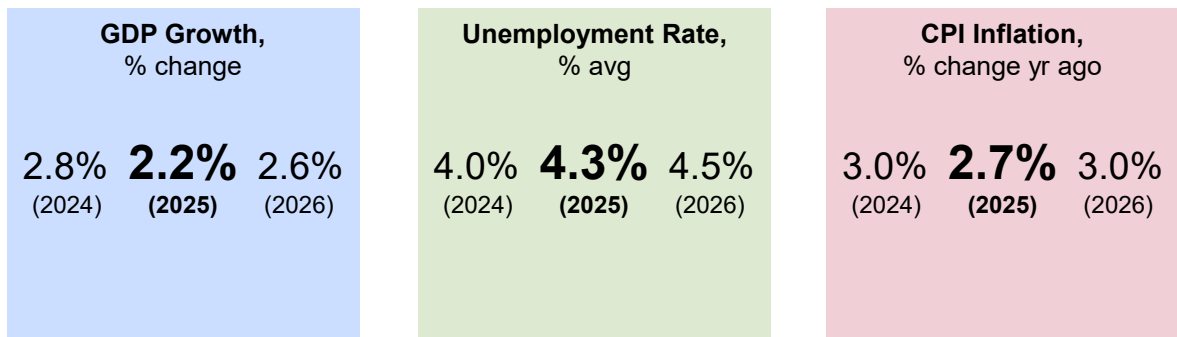




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Macroeconomic Overview

U.S. 2026 Baseline Outlook: Stronger GDP Growth, but Fewer Jobs



Source: Moody's Analytics

Moody's Analytics

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Tug-of-War Between Deglobalization and AI/Policy

Projected contributions to 2026 real GDP growth, 4th qtr to 4th qtr, ppt



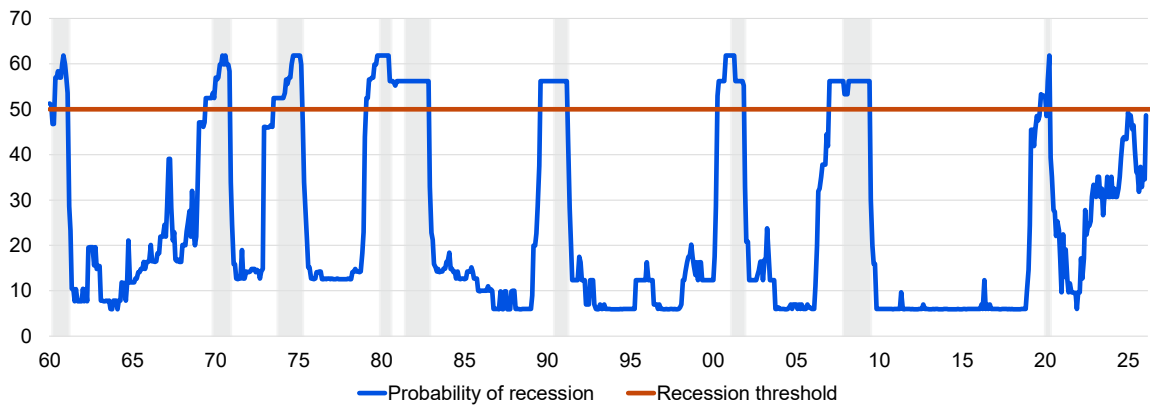
Source: Moody's Analytics

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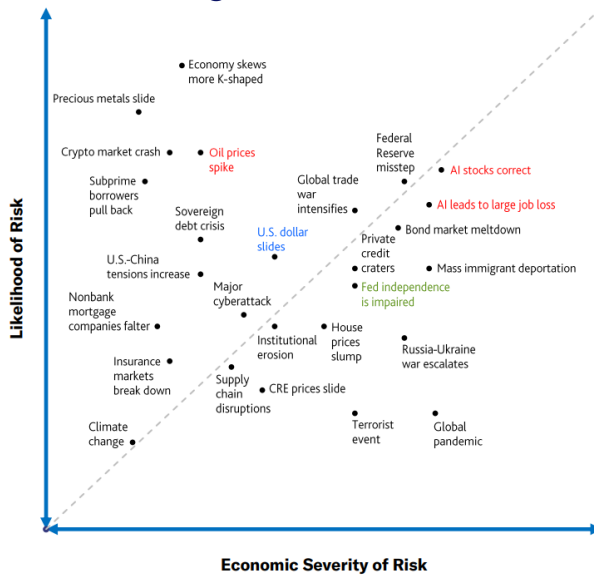
Recession Odds Rising

Estimated probability of recession in next 12 mo, % (data included as of Feb-end)



Source: Moody's Analytics

Multiple Things Could Go Wrong



Moody's Analytics

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Impact of AI on the Macroeconomy

Moody's Analytics

AI Alternative Scenarios

Scenario 1: AI Falls Flat

- **The AI equity bubble bursts**, sending the stock market down by ~25% from peak to trough.
- **A short, shallow recession** ensues, followed by a "jobless" recovery.
- **Productivity gains are realized, but they are much smaller** and more diffuse than initial expectations.

Scenario 2: Jobs Upheaval

- **Significant near-term productivity gains from AI (2026-2027)** and soaring AI stock valuations hold. The rest of the stock market falters.
- **There are large job losses** as productivity gains are realized immediately, with little offset from new job formation.
- There are negative job numbers in 2026. (The baseline is around 0 now.)

Scenario 3: Productivity Boon

- **AI has profound impacts on productivity growth**, which are broadly beneficial to the economy.
- **Any lost jobs are more than offset by new jobs** and enhanced productivity within occupations.

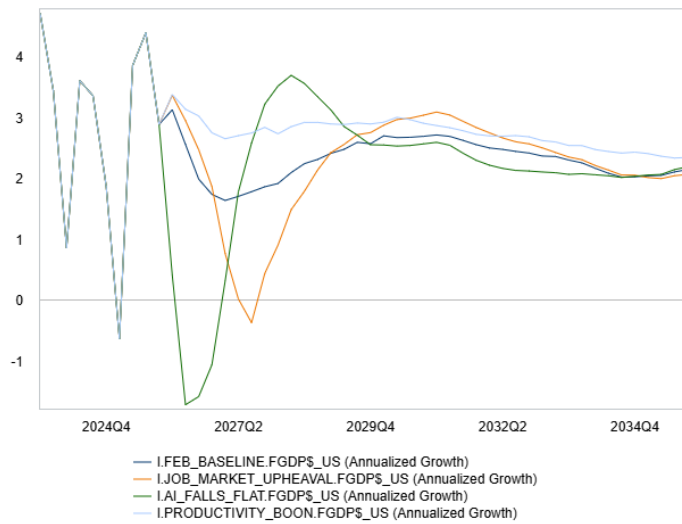
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Recession Under the AI Falls Flat Scenario

Real GDP, ann. % change



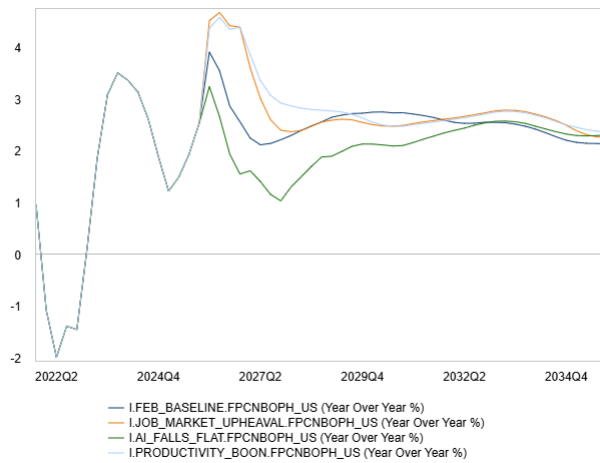
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Large Productivity Gains in Jobs Upheaval & Productivity Boon Scenarios

Nonfarm output per hour, % change yr ago



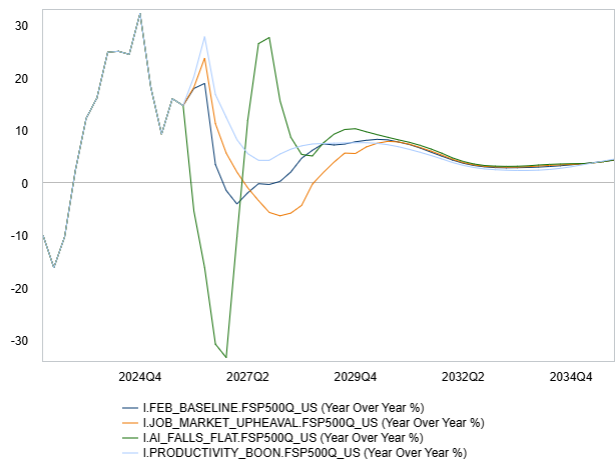
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Severe Stock Price Correction in AI Falls Flat Scenario

S&P 500, % change yr ago



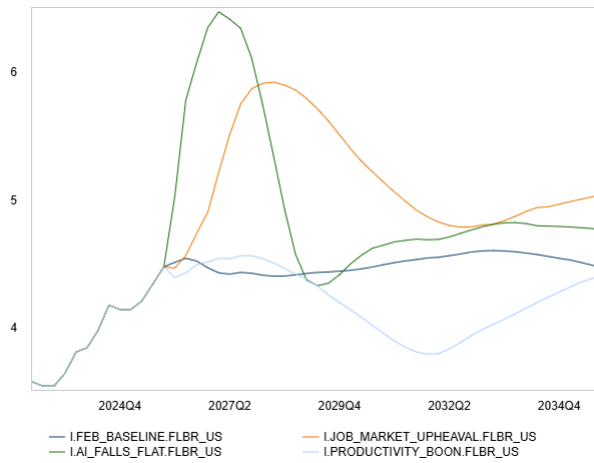
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Joblessness Rises Under Recessionary Scenarios

Unemployment rate, %



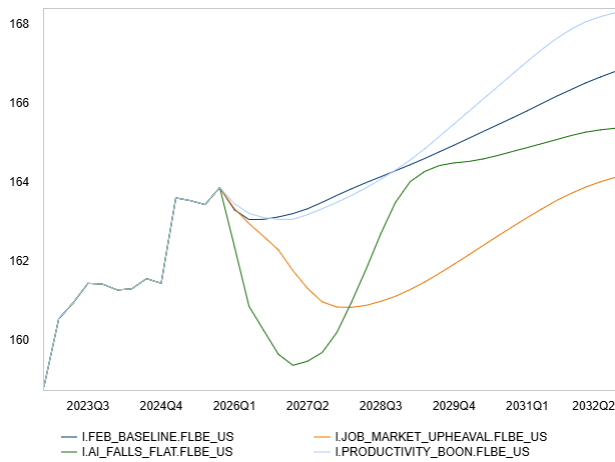
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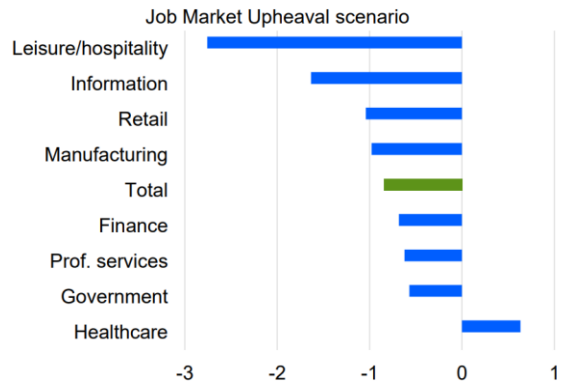
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Composition of Job Losses

Nonfarm payrolls, mil



% change in payrolls, 2025 to 2027



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Impact of an Energy Supply Disruption

Baseline Scenario (March)

Assumptions

- The Strait of Hormuz begins to gradually reopen by the end of March
- This is accomplished either through a US-Iran agreement, an increasing number of tankers getting permission from Iran to pass, or more tankers traversing the strait without permission
- The resumption of oil shipping allows Gulf countries to restart production at major oilfields
- Resumption of tanker insurance in the second quarter
- Peak quarterly disruption of 3 mil bpd in crude oil supply in the second quarter
- Rapid resumption of pre-conflict production as key energy infrastructure was not damaged
- Oil prices peak in March at \$90/bbl and average \$71 for 2026
- U.S. and global economies avoid recession

Source: Moody's Analytics

Moody's Analytics

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Protracted Disruption Scenario (March S6 Scenario)

Assumptions

- The Strait of Hormuz is closed through mid-June, two and a half months longer than in the baseline
- Oil prices rise to nearly \$125 per barrel in the second quarter compared with \$76 in the baseline
- Inflation accelerates above the baseline in the second quarter of 2026, briefly rising to the 6% range
- Real GDP declines by a cumulative 0.5% for three quarters from the first through the fourth quarter of 2026
- Unemployment rate rises to 6%
- Oil prices begin to drop back toward the baseline by the third quarter of 2026, with convergence by the end of 2028

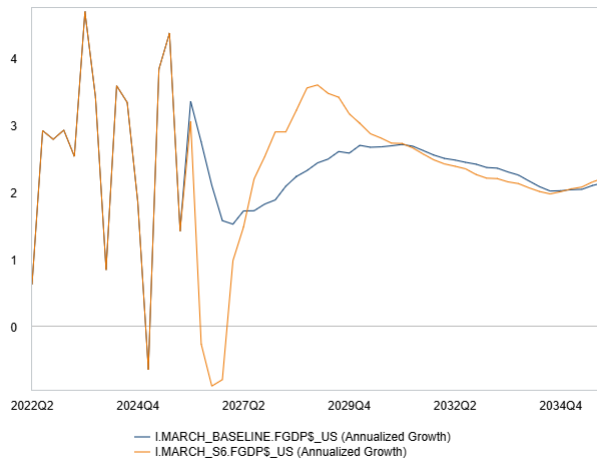
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Recession Under Protracted Disruption

Real GDP, ann. % change



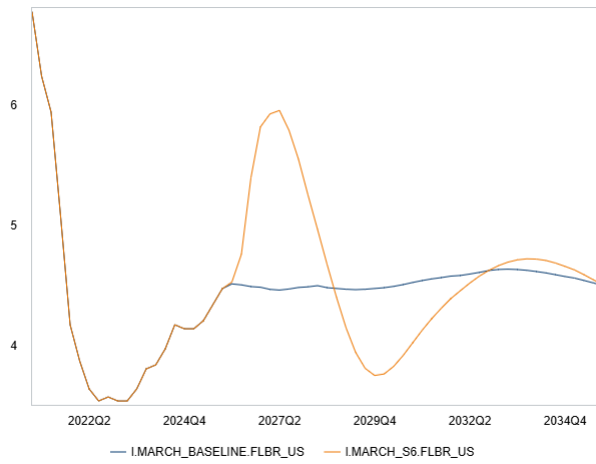
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Joblessness Rises Under Protracted Disruption

Unemployment rate, %



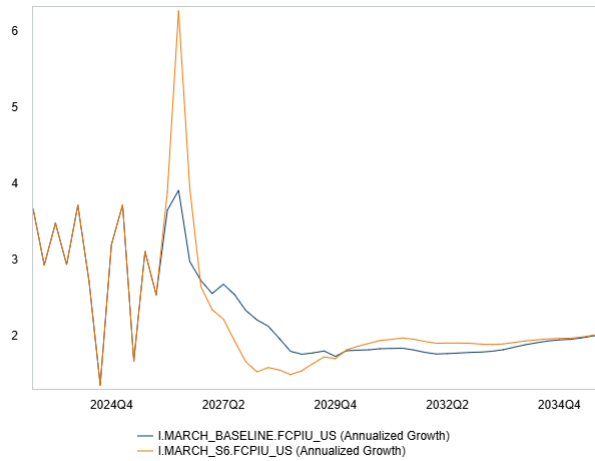
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Stagflation Under Protracted Disruption

CPI, ann. % change



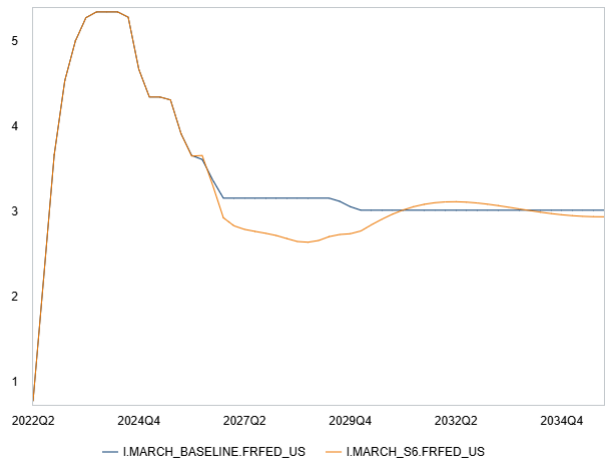
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Monetary Easing to Support Weak Economy

Fed funds, %



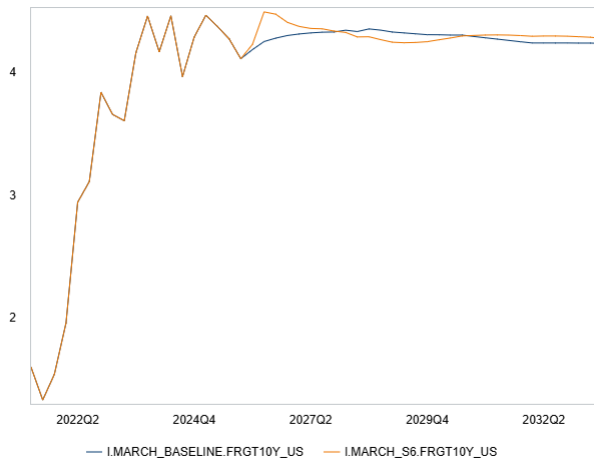
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Longer Term Yields Jump Under Higher Inflation Expectations

10-yr treasury rate, %



Source: Moody's Analytics

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Thank you!

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