



Global Investment Research

# The Economic Potential of Generative AI

November 2023

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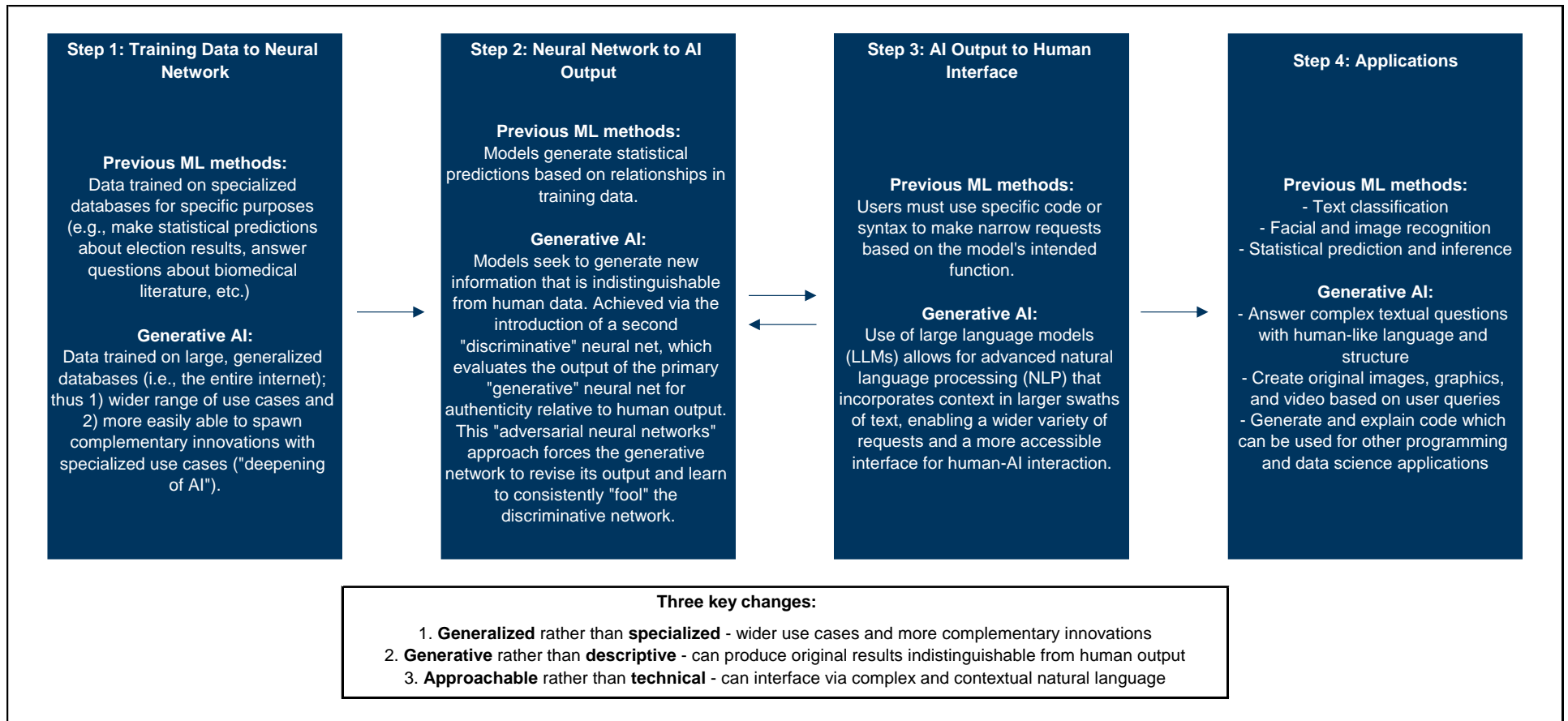
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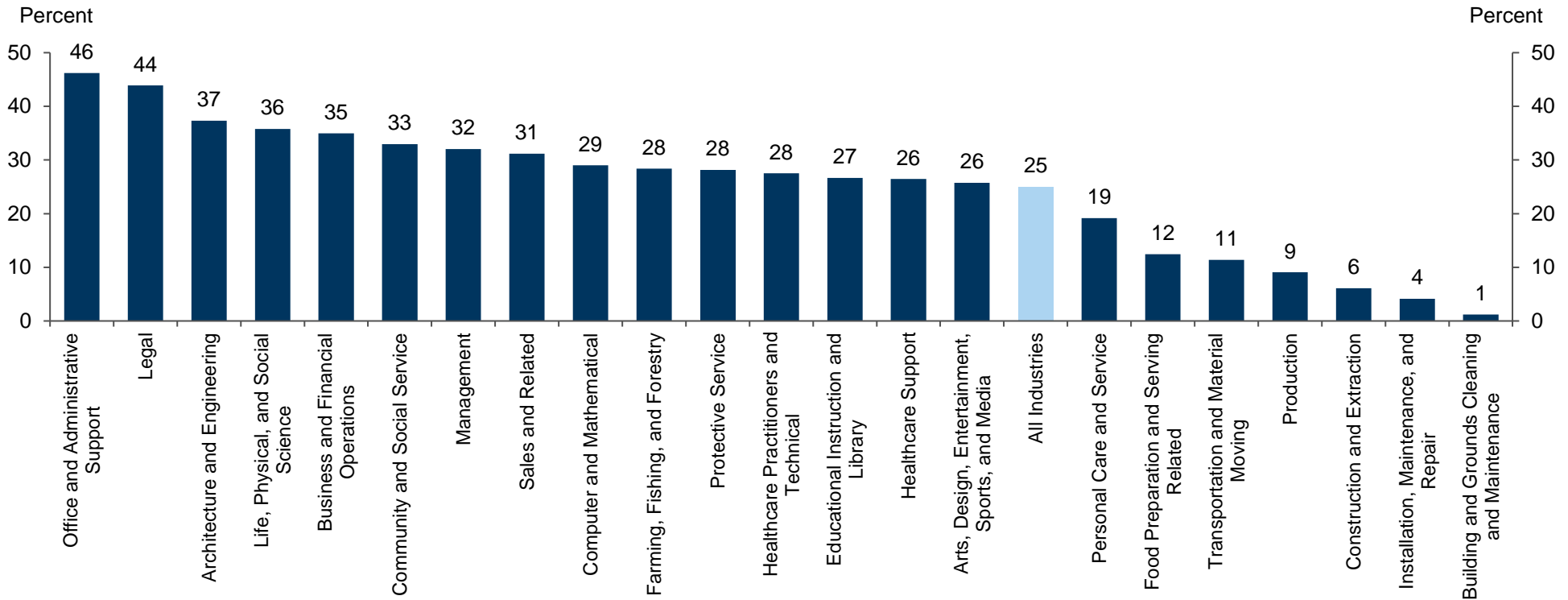
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# An Overview of Generative AI



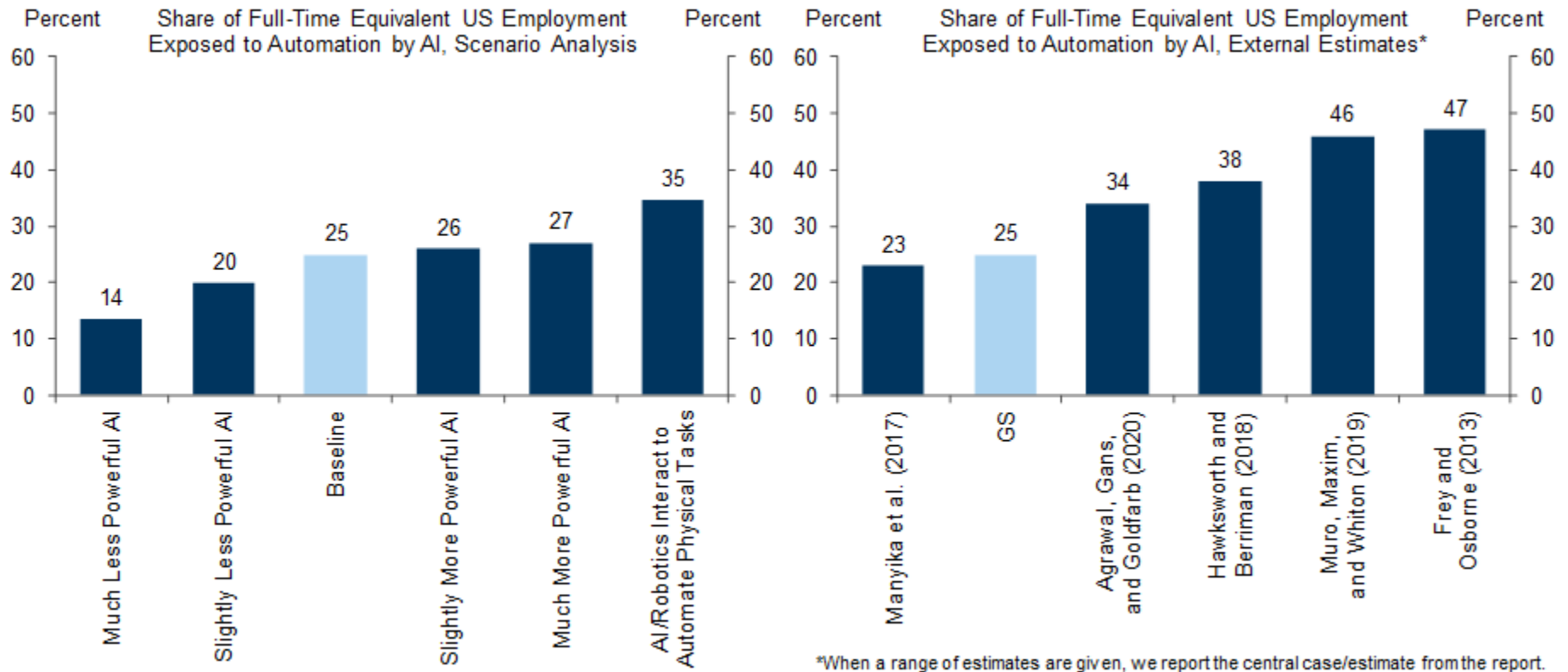
# One-Fourth of Current Work Tasks Could Be Automated by AI in the US and Other DMs

Share of Industry Employment Exposed to Automation by AI: US

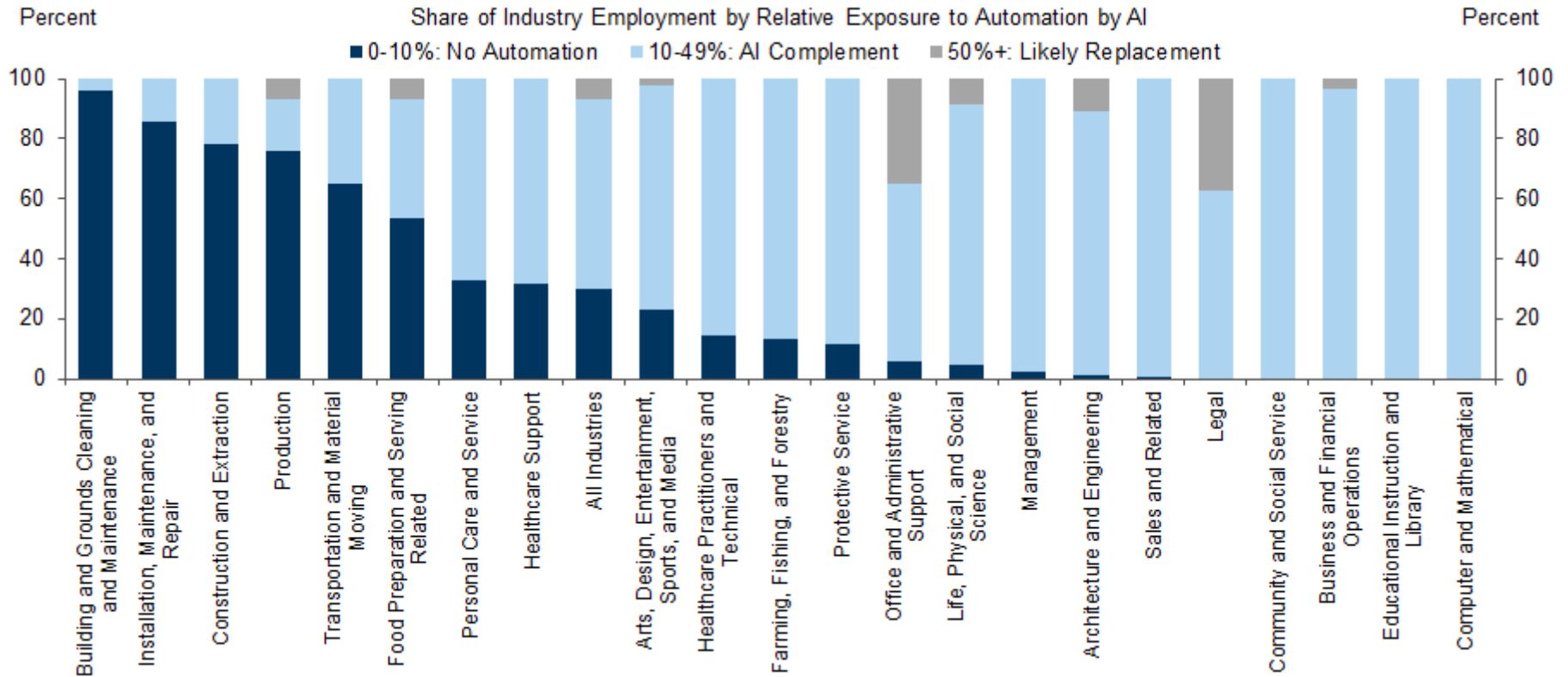


Source: Goldman Sachs Global Investment Research.

# Larger Estimates Assume the Automation of Physical Tasks Less; Maybe Less Likely in Near Term



# Replacement in Legal and Administrative Fields, Productivity-Enhancement Elsewhere



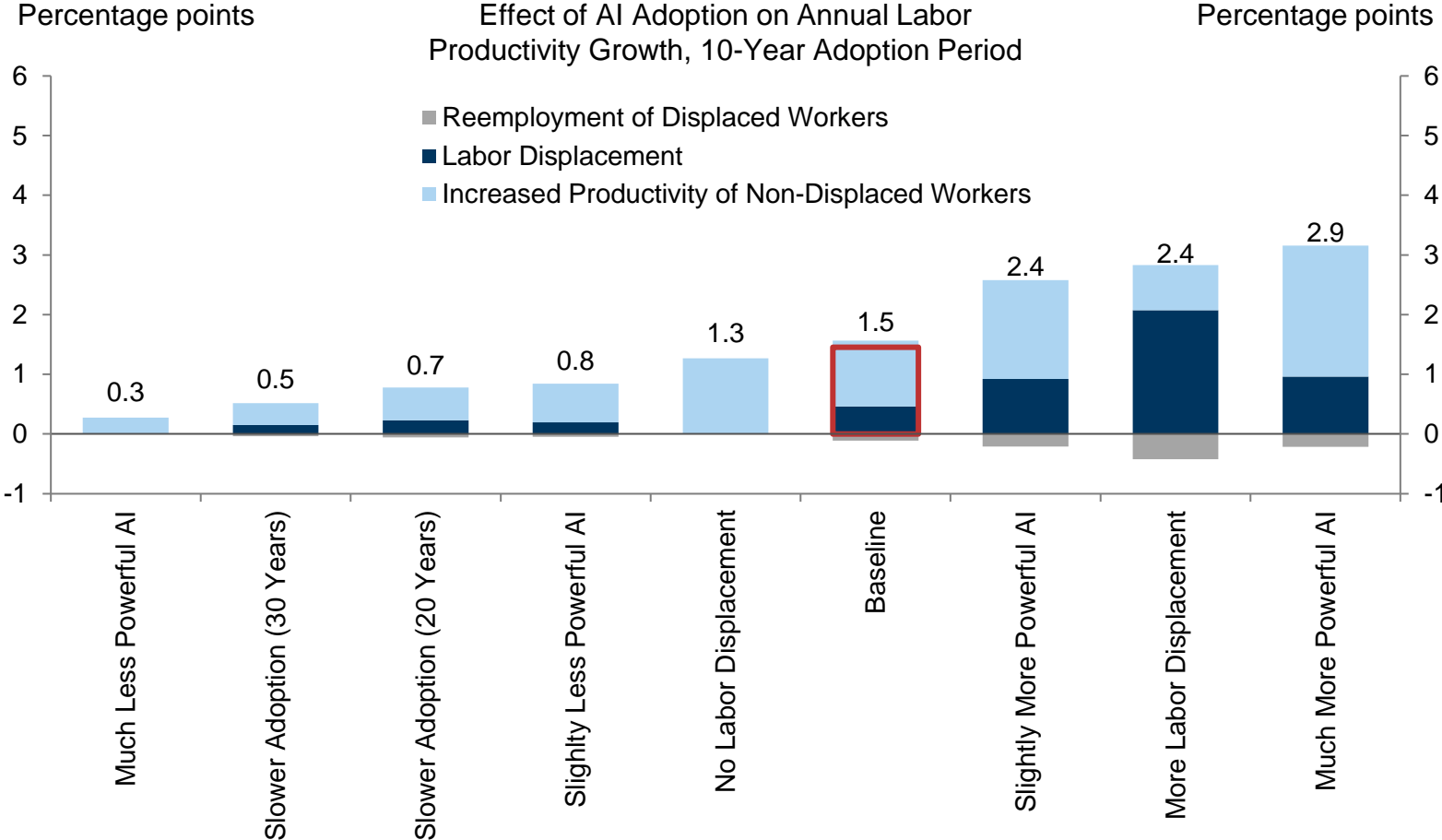
Source: Goldman Sachs Global Investment Research.

# Technological Innovation Drives Employment Growth



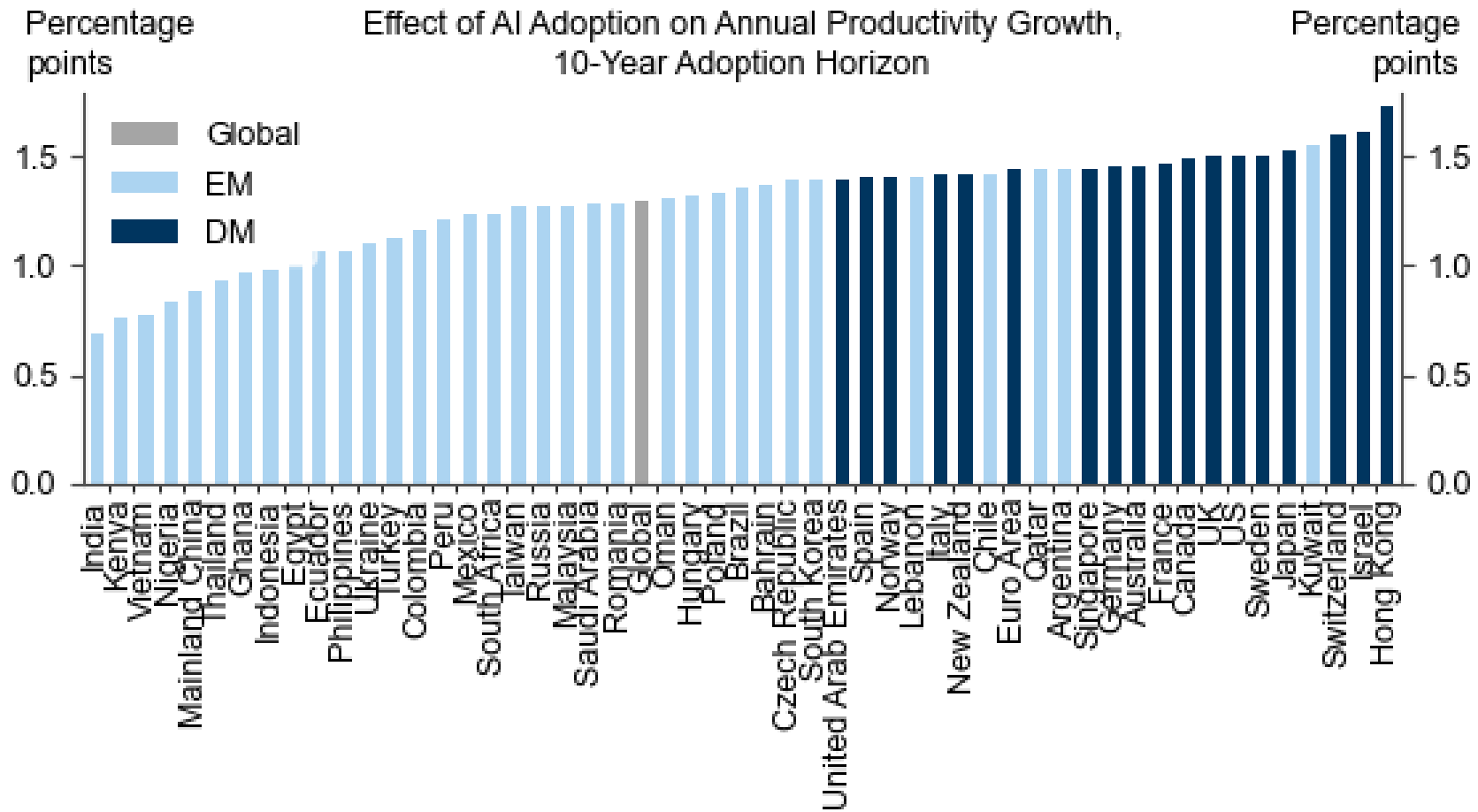
Source: Goldman Sachs Global Investment Research.

# Generative AI Could Boost Aggregate Labor Productivity Growth in the US and Other DMs



Source: Goldman Sachs Global Investment Research.

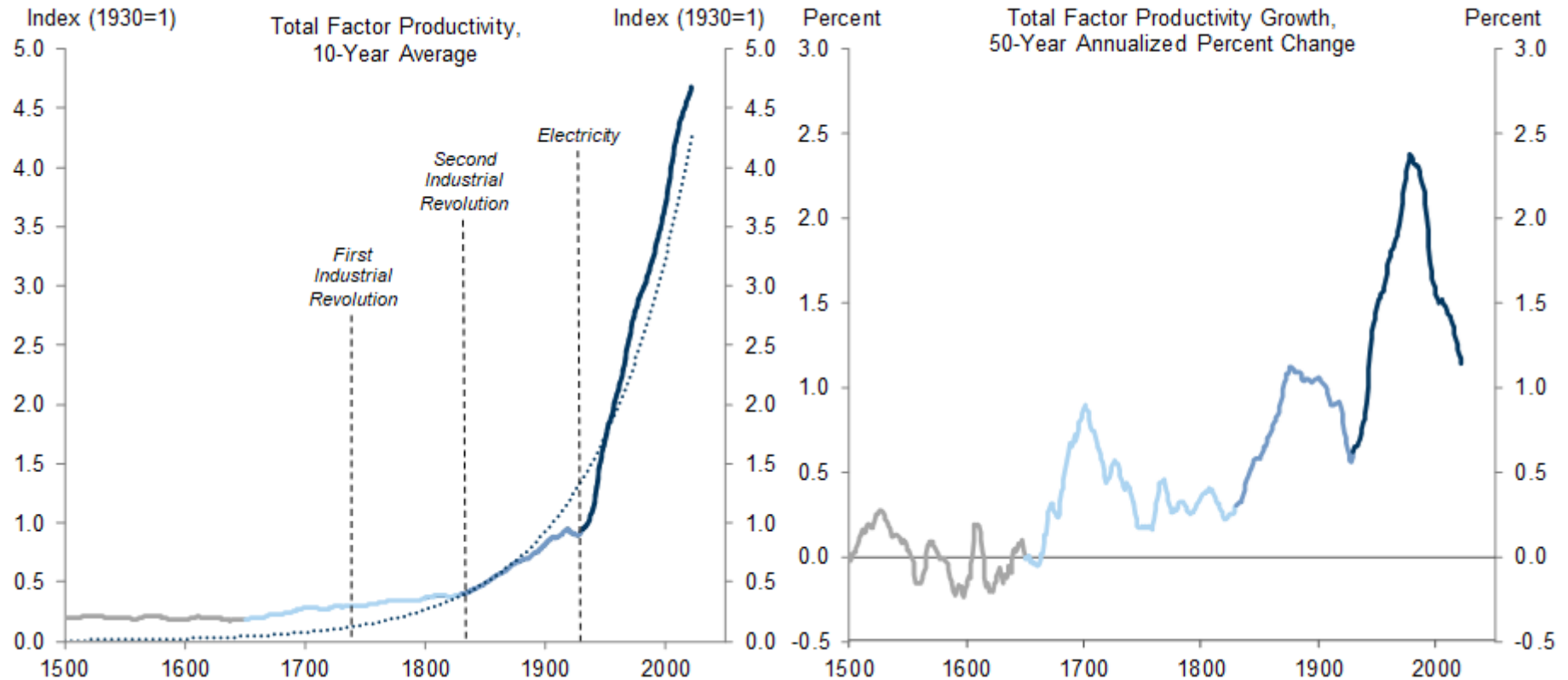
# Significant Upside to Global GDP...



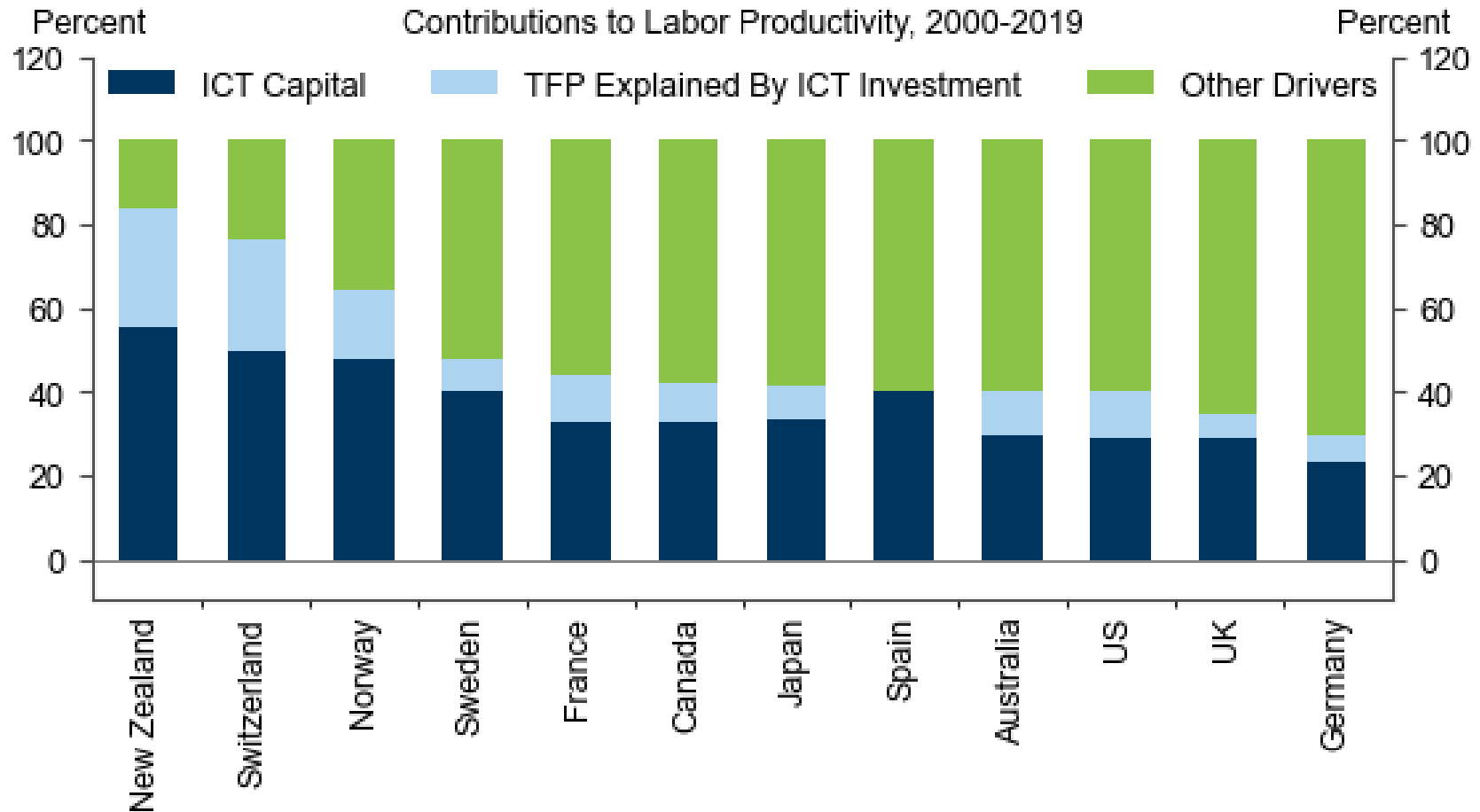
Source: Goldman Sachs Global Investment Research.



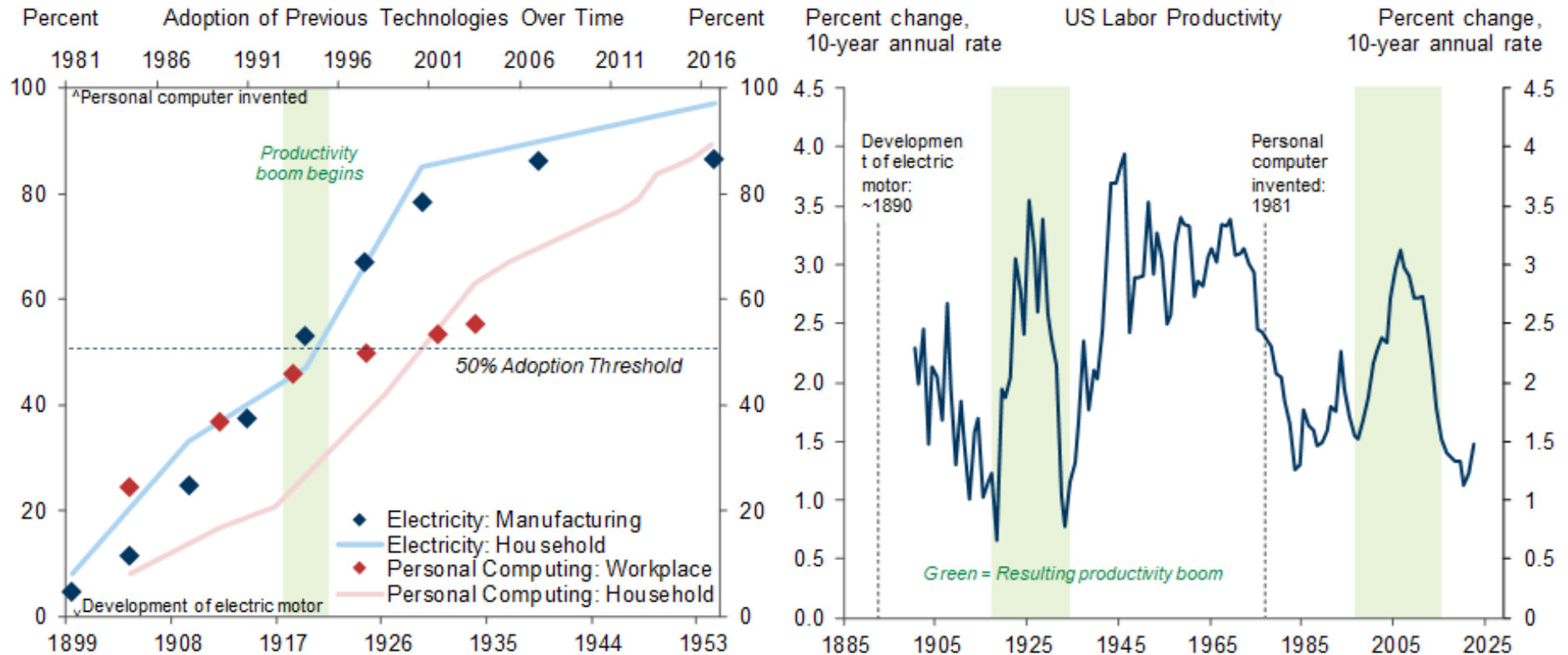
# ... But Productivity Growth Is Otherwise Slowing Barring Further Technological Advancement...



# ... ICT Investment Has Driven Recent Productivity Growth (and Could Be Double-Counted)...

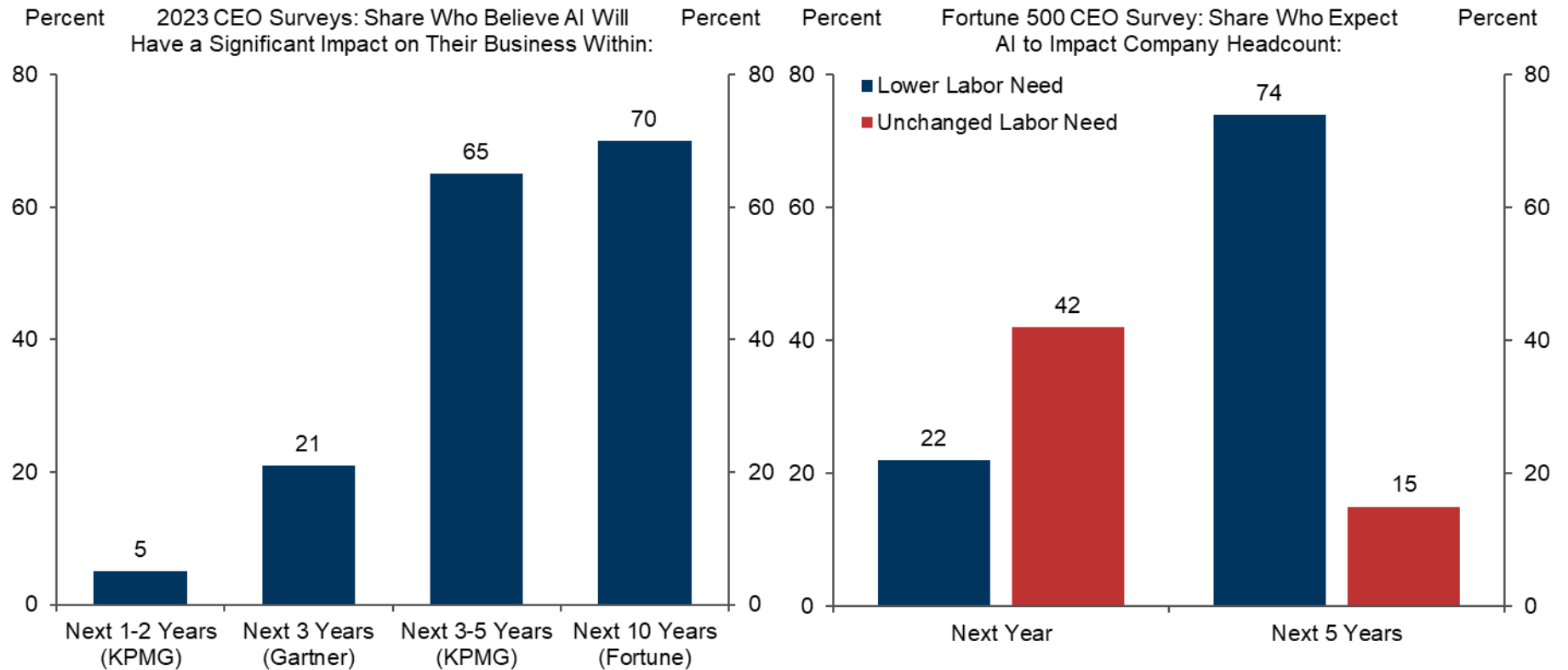


# ... And Timing of Productivity Gains Is Often Delayed (and Hard to Predict)

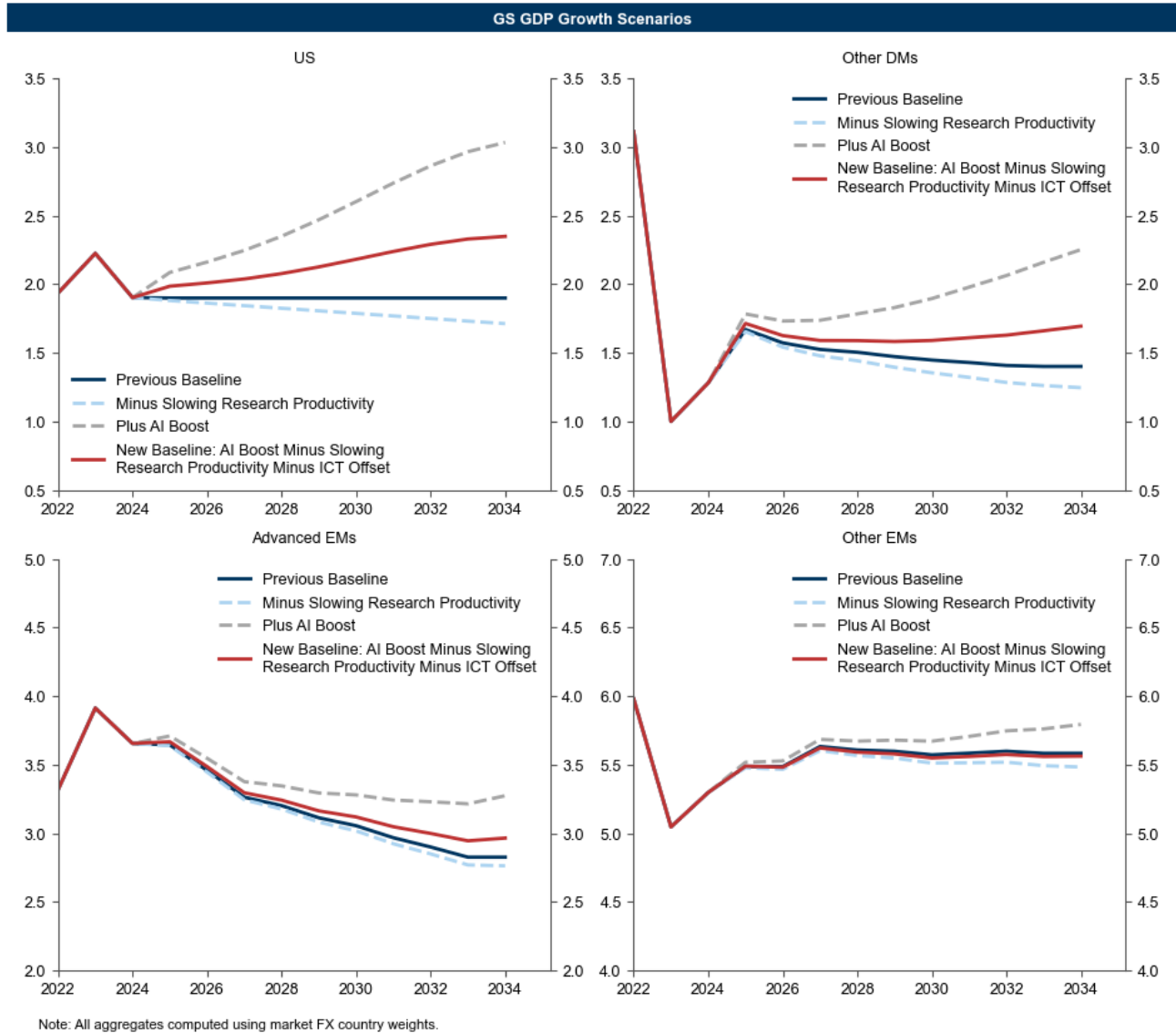


Source: Goldman Sachs Global Investment Research.

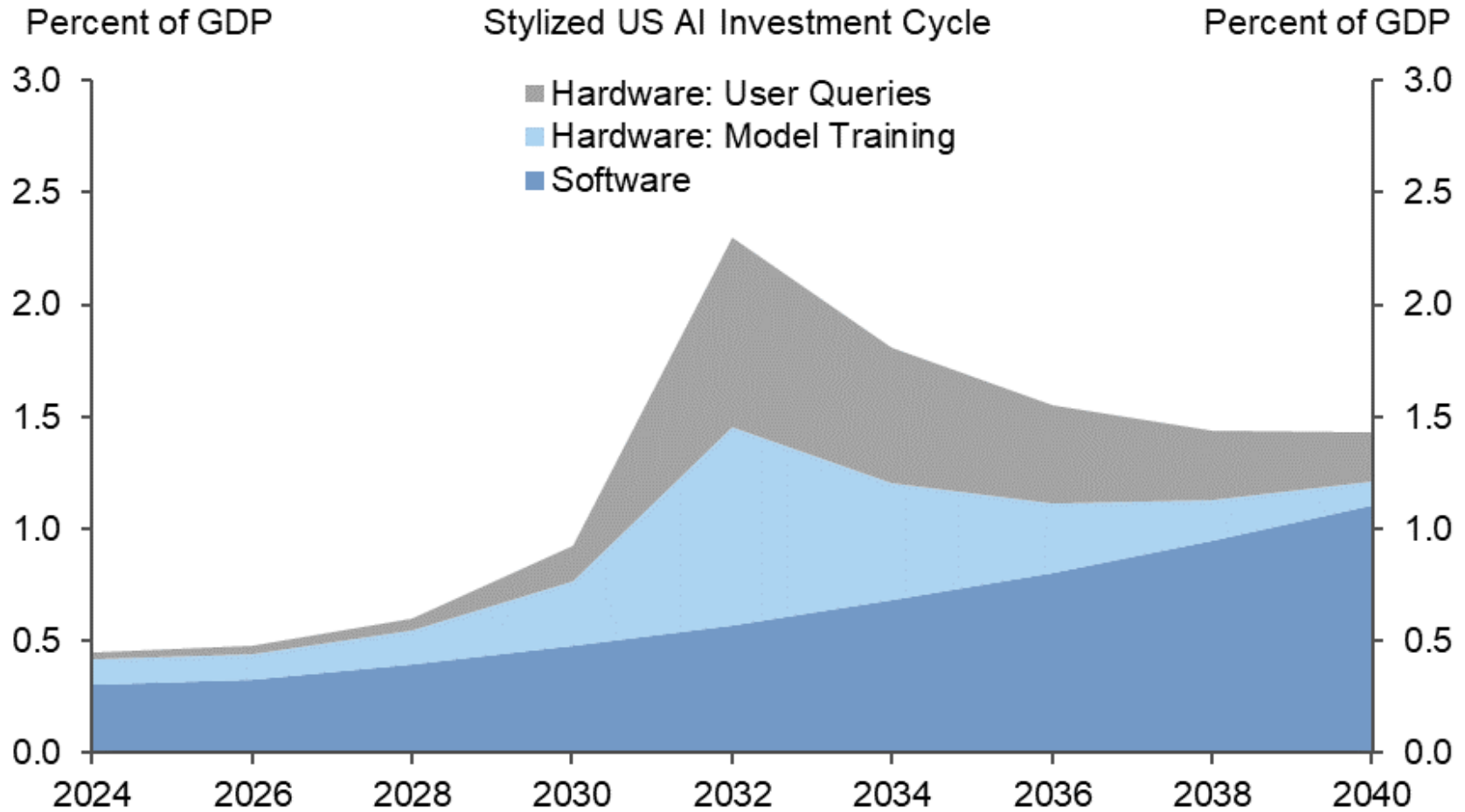
# Most Companies Expect to Start Using Generative AI in the Next 3-10 Years



# Moderate Upside to Potential Growth



# A Sizable Investment Cycle Is Possible



# Market Implications of AI: Equities Biggest Beneficiary; Effect on Rates Depends on Whether Anticipated

| Asset Class:         | Equities  | FX  | Interest rates  | Commodities  |
|----------------------|---|---|---|--|
| <b>Anticipated</b>   | Equities rise up front, valuations increase.        | Appreciation pressure for DM from structural rerating and cyclical boost. USD may benefit as early adopter and beneficiary of "investment phase". | Interest rates likely higher as domestic spending rises. Neutral rate may shift higher.                 | Commodity prices higher than baseline as cyclical pressures build. |
| <b>Unanticipated</b> | Equities rise more gradually in line with earnings. | Gradual upward pressure on DM equilibrium FX rates. Less scope for cyclical outperformance.   | Greater chance of disinflation. Policy could remain tighter than needed. Less pressure on neutral rate. | Commodities rise more gradually vs baseline as incomes rise.       |