Transformation

The world in 2030, Part 2

27 February 2025

Key takeaways

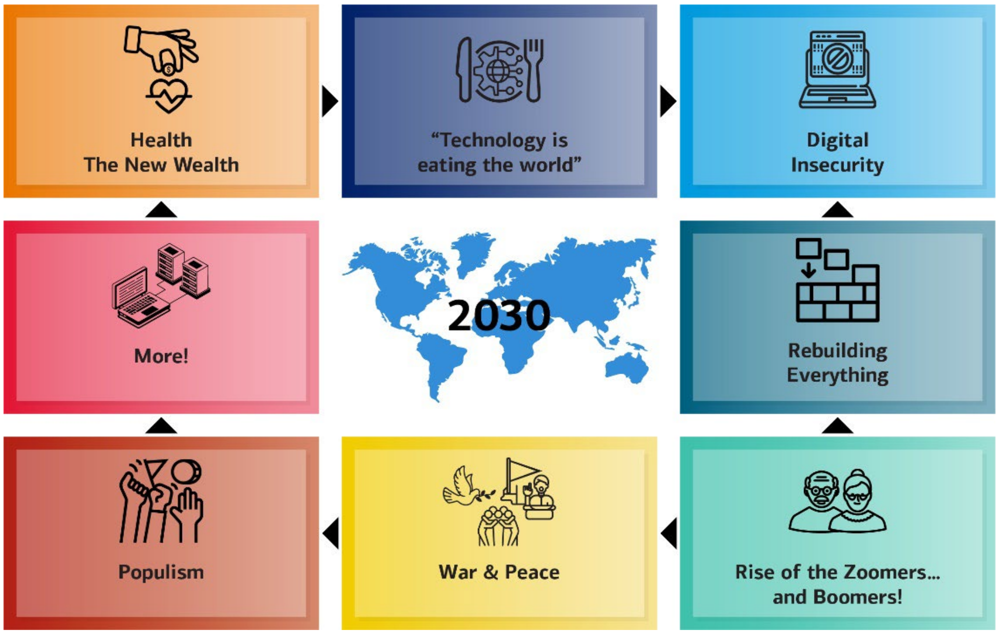
- The previous five years kicked off with a global pandemic that forced 4.5 billion people into lockdown, followed by historical quantitative easing, a nominal GDP boom, and an inflation and rates shock, alongside war and the emergence of AI.
- What's next? The five years leading up to 2030 will likely see micro developments take center stage as the pace of technological disruption accelerates amid widespread adoption of AI in business and society.
- Part two of our series looks at the four final themes that we expect to define the second half of the decade: populism (meaning less globalization, immigration, and central bank independence), war and peace (protectionism continues, while "forever wars" end), the rise of Zoomers and Boomers, and health as the new wealth.

The next five years, continued

While the first half of the 2020s can best be described as a macro world of quantitative easing, GDP booms, and inflation shocks – all on heels of a global pandemic, what's next? Tech transformation with a backdrop of resource bottlenecks, generational shifts, and the return of fiscal discipline. From AI to geopolitics and from demographic trends to populism, BofA Global Research recently identified eight themes that will likely shape our world in the years up to 2030 (Exhibit 1).

In part one of our World in 2030 series (see the report), we discussed four themes that we think will be pushed to the forefront over the next five years: (1) technology, (2) digital insecurity, (3) "more of everything," and (4) rebuilding. Here, in the second half, we move on to discuss (5) populism, (6) war and peace, (7) the rise of Zoomers… and Boomers, and (8) health as the new wealth.

Exhibit 1: From AI to geopolitics and generational shifts to resource bottlenecks, BofA Global Research identified eight themes that will likely shape our world leading up to 2030.
Illustration of eight themes for the next five years.



Source: BofA Global Research

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5. Populism

Politically, populism is on the rise in the 2020s. *Occupy Wall Street*, Brexit, and President Trump's first administration were all harbingers in the 2010s, and the political trend has deepened during the first half of this decade. Electorates are increasingly turning away from mainstream political leaders and parties in response to rising inflation, immigration, and inequality.

In 2024, elections were held in countries that accounted for 40% of the world's population, 60% of the world's GDP, and 80% of the world's equity market cap. Trump's win in the US Presidential election was the most significant populist victory, but voters notably ousted "incumbents" in 26 of the 32 global elections last year, a year that saw the share of votes won by mainstream parties fall to its lowest level in the UK (united Kingdom) since 1918 (57%) and to its lowest level in France since 1945 (36%).

Globalization, immigration, independence

Populist policies in coming years likely mean less globalization, less immigration, less central bank independence, potentially a new 3-4% norm for inflation, and fiscal policy divergence between the US (less government spending) and Europe (more government spending).

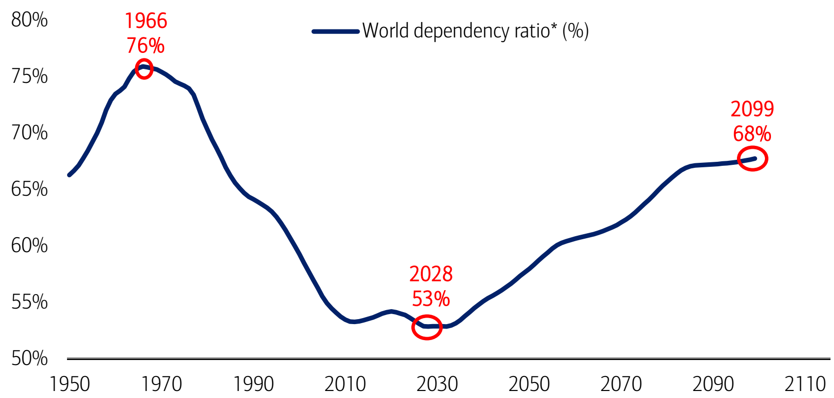
Globalization is not populist. Globalization arguably peaked in the 1990s/early-2000s and has been in retreat since Trump left the Trans-Pacific Partnership on day one of his first administration. In the 2020s, the US-China trade and tech war grew under the Biden administration, and the pandemic and wars have further dented free trade. Trump's second administration promises further "America First" trade policies (e.g., tariffs) to protect US intellectual property and industrial production as well as extract greater revenues from US allies and foes to help pay for US deficits. Global capital, goods, and services are unlikely to flow as freely as they did in the 1990s/early aughts, and lower supply causes higher prices, all things equal, especially if "Europe First" and "China First" policies take shape. Unless, and until, protectionism causes recession, inflation could stay high in coming years, BofA Global Research suggests.

Immigration is not populist, and new immigration policy could also prove inflationary via a lower supply of labor. Immigration into the US and other developed nations has been ample in the past decade. For example, demographic data in both Canada and the UK in 2024 revealed a historic dichotomy between population growth and the birth-death ratio. In the UK, the number of births fell to the same level as the number of deaths for only the third time in the past 185 years, and yet the UK population grew 1.1%, its highest growth in 74 years. It was the same story in Canada, where the population grew 3.2% in 2023 (the highest since 1957), yet the birth-death ratio also fell to one. Record levels of immigration to the UK and Canada explain how the populations have grown in recent years.

An increase in supply of workers constrains the growth of wages and labor costs (good for margins), but a larger population in aggregate boosts consumer spending, particularly with government support to help assimilate migrants. But the politics in North America and Europe in coming years must respond to populist demands for tighter immigration. Canada, the most pro-immigration G7 country of the 2020s, recently legislated to reduce temporary foreign workers from 7% to 5% of the population. Lower immigration should support domestic wages and encourage companies to retain labor. It also should coincide with a trough in the global dependency ratio – i.e., the number of old and young relative to the working population is set to rise around the world for the first time in decades (Exhibit 2). The "price" of working people (wage growth) is set to be much stronger in coming years relative to the past two decades.

Exhibit 2: The "price" of working people is set to rise faster in the next five years, compared to the previous two decades

World dependency ratio (UN projections)



Source: United Nations. Ratio of economically dependent population (ages <15 & 65+) over working-age population; BofA Global Research

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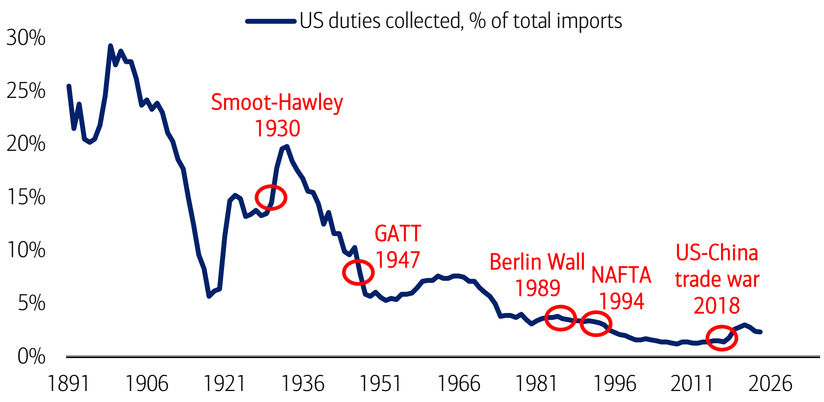
Central bank independence may also come under threat as populist politicians potentially reduce the dominance of central banks in economic policy. In anticipation of this, central bank policy may become even more acquiescent to governments needing strong nominal economic growth to fund deficits and placate electorates that remain highly polarized. Regardless of whether less central bank independence is justified and deserved, moves in that direction are likely to spur inflation expectations.

6. War and peace

The 1990-2010 era of peace and globalization has been replaced in the past 10 years by trade wars, military wars, and greater geopolitical conflict. The US has become more protectionist, and the 2018-2019 trade war resulted in the largest rise in % of US duties collected since 1930 and Smoot-Hawley (Exhibit 3). And the US-China battle for economic, technological, and geopolitical supremacy has disrupted global supply chains, causing China to shift its exports to the rest of the world, away from the US, EU (European Union), and Japan and giving birth to the early-2020s theme of reshoring.

Exhibit 3: The US-China trade war in 2018-2019 resulted in the biggest rise in US duties since the 1930s

US duties collected, % of total imports



Source: US International Trade Commission; BofA Global Research

Note: GATT = General Agreement on Tariffs and Trade, NAFTA = North American Free Trade Agreement

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Biden followed Trump's protectionism, as a trade war was followed by a tech war. The US Inflation Reduction Act (IRA) and CHIPS (Creating Helpful Incentives to Produce Semiconductors) and Science Act of 2022 was designed to boost investment in domestic tech/AI/energy infrastructure and the economy, maintain and extend tariffs, and introduce curbs on China's access to advanced chips.

War

Global trade and tech protectionism is set to continue, according to BofA Global Research. Trump's tariffs address "unfair trade practices," raise US import duty revenues, and achieve non-trade objectives – thus, "America First" continues.

One other area of focus for the years ahead is the "race for the Arctic." The intensifying race for global resources means that the US and Russia will likely continue to contend to monopolize control of the cheaper/safer Northern Sea Route shipping lane and control of 15% of the world's undiscovered oil and 30% of the world's undiscovered natural gas.

Peace

First, the US, driven by budget needs and other factors, is very likely to force resolutions to the Russia-Ukraine war, as well as conflict in the Middle East, which would be very bullish for Europe. The Russia-Ukraine war is the 487th military conflict in Europe in the past 2,000 years, and Europe is a "peace-winner" and a "war-loser." The best equity decades for European assets relative to the rest of the world in the past century were the 1950s after the Second World War and the Marshall Plan (stocks up 191%) and the 1980s as the Soviet Union ended and the Berlin Wall fell (stocks up 164%). Europe is likely to be the winning region should the US step in to help end "forever wars."

Second, "America First" policies are likely to spur "Europe First" and "China First" policies, as mentioned above. The EU and China are both set for aggressive policy easing in response to US tariffs, lower rates, and cheaper currencies at a time of lower equity valuations relative to the US. China, which is challenged by de-globalization given its reliance on trade (38% of GDP) and its position as the world's largest exporter ($3.6 trillion in 2024), is likely to prioritize measures that boost the domestic economy via a rise in Chinese consumption as a share of GDP. In Europe, coming years should see efforts to reduce reliance on China for trade, the US for security, and Russia for energy.

7. Rise of the Zoomers… and Boomers!

Over the next decade, BofA Global Research expects the consumption patterns of Gen Z and aging Baby Boomers to have a strong influence on the global economy. Why? Gen Z's preferences are shifting away from the old economy towards tech-compatibility, sustainability, and new media, and an aging population (i.e. Boomers) entails greater spend on healthcare, elderly care, leisure, and financials.

Baby Boomers (the generation born between 1946 and 1965) will all be at least 65 by 2030. The global population aged 65+ could increase by ~25% by 2030, double by 2052, and triple by 2098. Meanwhile, this generation has amassed significant wealth that it will unwind during retirement.

For example, as of 2024 Q3, US Boomers had accumulated $82 trillion in wealth[1] – that's more than half of all US household wealth, while representing just 20% of the US population. They hold the most economic power in the US in terms of net worth, billionaire wealth, and business leaders by generation. Globally, over-65s are projected to spend almost $15 trillion a year by 2030, up from $8.7 trillion in 2020.[2]

BofA Global Research expects this Boomer wealth to be passed on to younger generations. In fact, by 2030, some $18.3 trillion could be passed on globally from those with at least a $5 million net worth.[3] By 2045, more than $84 trillion in assets could be transferred to younger generations, with $53 trillion of that coming from Baby Boomer households. And by 2048, $105 trillion could be passed down.[4]

While Gen Z (born 1996-2016) should continue to represent the largest cohort of the global population over the next 10 years at ~30%,[5] its global income levels are set to be the largest of all generations, increasing from $9 trillion in 2023 to $36 trillion in ~2030 and $74 trillion around 2040.[6] This generation could also see the largest increase in spend – $2.7 trillion between 2024 and 2030, reaching $12.6 trillion.[7]

This means that its consumption decisions and patterns have a strong influence on the economy. The eldest Gen Zs are ~28 years old, and the youngest are eight. They have never known a life without Google, 40% prefer hanging out with friends virtually than in real life, they are expected to spend six years of their life on social media, and they are not expected to use credit cards, per BofA Global Research. The Gen Z revolution is starting, as the first generation born into an online world is now entering the workforce and compelling other generations to adapt to them, not vice versa. Thus, they are about to become the most disruptive to economies, markets, and social systems.

8. Health as the new wealth

AI: From GPT to GLP-1, the transformation is here

As mentioned in our Next Gen Tech: Healthcare publication, the drug development process has well-known inefficiencies that AI could disrupt. Interesting applications include (1) AI-assisted therapeutic target selection; (2) personalized genomic screening for diagnosis and personalized therapy; (3) clinical trial optimization for streamlining enrollment, fragmenting patient populations, and precision targeting based on mutations to increase the chance of response; and (4) optimization of healthcare systems, resulting in efficiencies in time and cost. However, given the complexity of biological systems, the data used to train AI models in healthcare will likely be much more densely packaged and more difficult to ingest than more generalist use cases of AI.

Health and wellness: Bigger than green or IT economies?

Wellness is now a larger market than many global mega-industries, including IT (information technology), the green economy, sports, and pharmaceuticals. A striking stat: the wellness market is now roughly 60% the size of all global health expenditures ($10.6 trillion). In 2028, it should reach nearly $9 trillion (almost double its 2019 size) and represent 6.8% of global GDP.[8] The sectors with the most powerful annual growth rates from 2019 to 2023 are (1) wellness real estate (18.1%), (2) public health, prevention and personalized medicine (15.2%), and (3) mental wellness (11.6%).[9]

AI agents > health workers

Hippocratic AI healthcare agents leverage 20 capital-intensive foundation models that ensure safety and enable development of new use cases within minutes (Exhibit 4). These agents exhibit strong performance in a growing list of use cases, ranging from detecting toxic dosages of over-the-counter drugs to calling 200,000 individuals during a heatwave, performing an assessment, and arranging transportation to a medical site if exhibiting symptoms. Adoption is accelerating, and agents receive high

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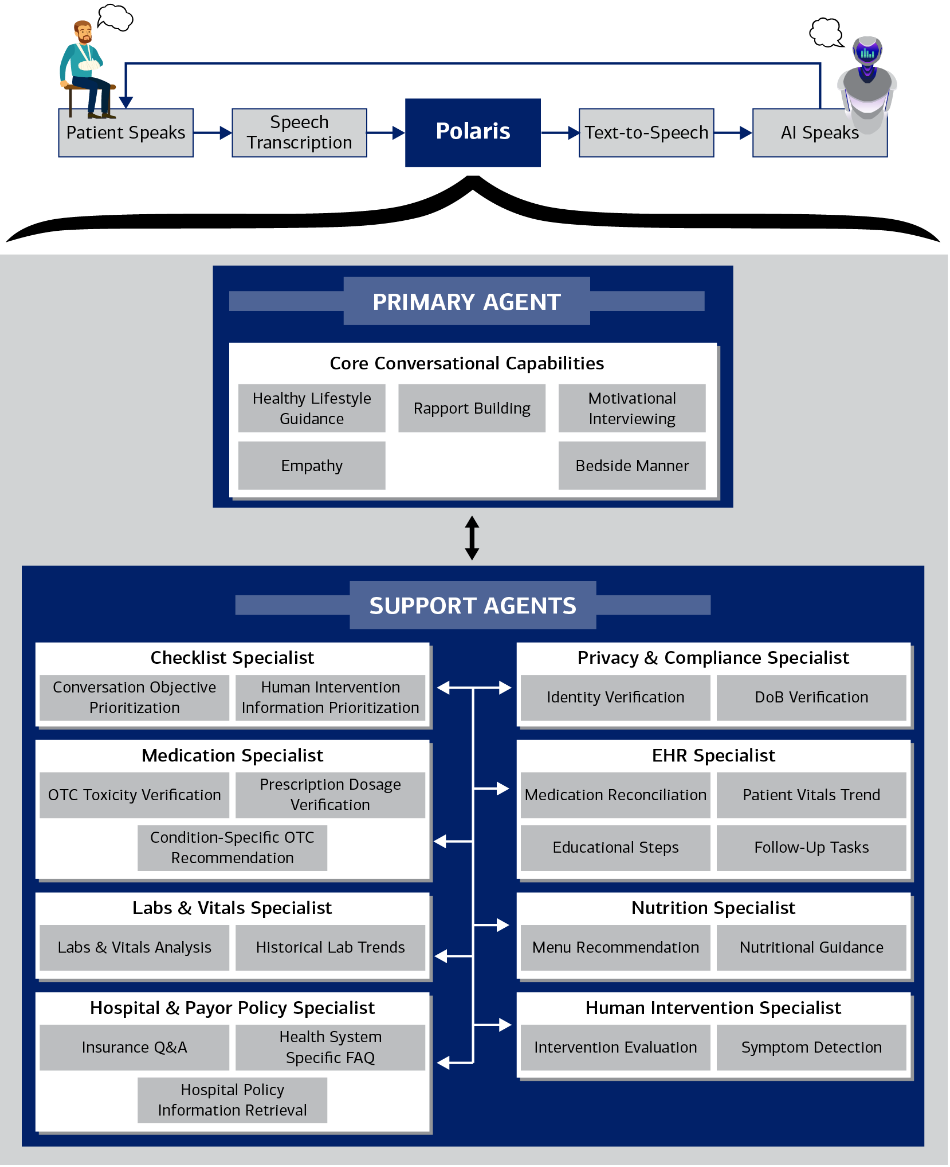
[1] Federal Reserve
[2] Aging Analytics Agency; Brookings
[3] Wealth-X
[4] Cerulli Associates
[5] BofA Global Research, United Nations
[6] BofA Global Research, Euromonitor
[7] BofA Global Research, World Data Lab, Generations Forecasts, UN
[8] Global Wellness Institute
[9] Global Wellness Institute

satisfaction scores, while costing significantly less. While BofA Global Research does not expect large-scale AI-driven labor displacement in the near term, AI agents could fill the 10 million global health worker shortage expected by 2030, according to the World Health Organization (WHO).

Exhibit 4: Hippocratic agents may fill the health worker shortage, estimated to reach 10 million by 2030
An overview of the expansive capabilities provided by Hippocratic agents



Source: BofA Global Research. EHR = Electronic Health Record

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GLP-1: "The everything drug?"

Obesity remains one of the most pressing public health challenges of our time. More than half of the world's population is projected to be overweight or obese by 2035, with an estimated economic impact of $4.3 trillion (around 4% of global GDP). For the US specifically, obesity costs the healthcare system nearly $173 billion a year, according to the CDC (Centers for Disease Control and Prevention).

According to BofA Global Research estimates, as of mid-2023, about 4 million people used one a GLP-1 drug, which represents only 1% of the US population. However, 5 million US patients are expected be on GLP-1s for weight loss in 2026 (1.7% of adults), and more than 10 million patients are expected to have tried them for the same reason at some point (3.7% of adults). Looking ahead to 2030, 13 million patients could be on GLP-1s for weight loss (4.8% of adults) and around 48 million – or about one-seventh of the entire US population – could have tried them for the same reason at some point (17% of adults). To put this in perspective, Canada's population today is around 40 million, implying that by 2030 more Americans will have tried GLP-1s than there are Canadians today.[10]

But GLP-1s could impact other treatment areas beyond obesity, such as Alzheimer's and cardiovascular disease. Furthermore, GLP-1s have downstream effects, such as lower appetite and a reduction in cravings/addictive behavior. The impact of these effects is unclear, but they could change consumer behavior over the longer term, with some industries benefiting, while others could be at higher risk.

[10] BofA Global Research

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Disclosures