# Bloomberg

# Weekend Edition

# The Forecast

Welcome back to The Forecast, where we help you think about the future — from next week to next decade.

This week we're looking at the cities most exposed to AI, some niche uses for autonomous vehicles, a US economic slowdown and more.

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## The US Cities Most at Risk From AI

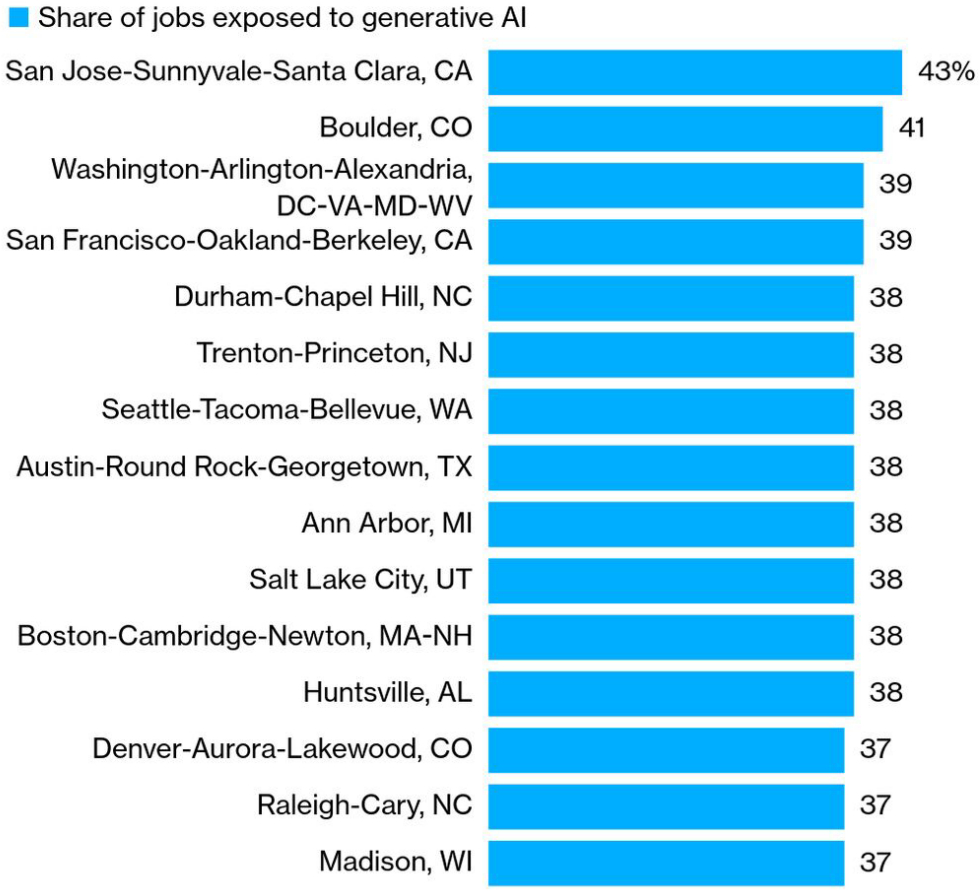
Silicon Valley, the place that did more than any other to pioneer artificial intelligence, is the most exposed to its ability to automate work.

That's according to an analysis by researchers at the Brookings Institution, a think tank, which matched the tasks that OpenAI's ChatGPT-4 could do with the jobs that are most common in different US cities.

The result is a sharp departure from previous rounds of automation. Whereas technologies like robotics came for middle-class jobs — and manufacturing cities such as Detroit — generative AI is best at the white-collar work that's highly paid and most common in "superstar" cities like San Francisco and Washington, DC.

## The US Cities Most Exposed to AI

Metro areas with lots of white-collar workers are more exposed to AI's upside and its downside.




Source: Brookings
Note: Exposure estimates the share of jobs in an economy in which ChatGPT-4 is forecast to reduce human time by 50% or more.

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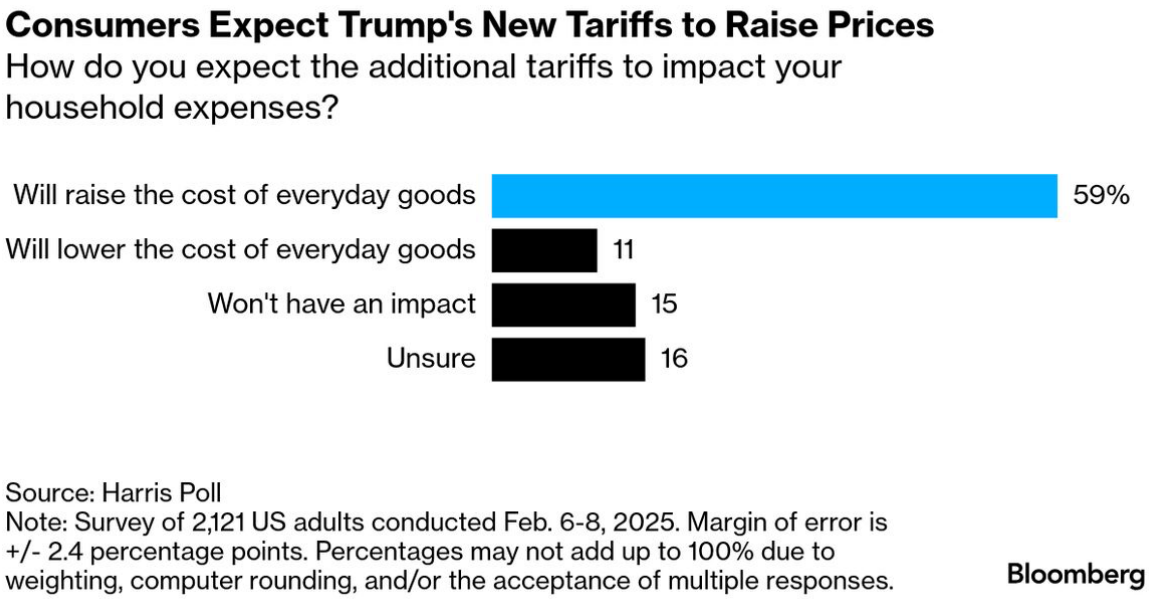


The Brookings analysis is of the US, but the same logic would apply anywhere: The more a city's economy is oriented around white-collar knowledge work, the more exposed it is to AI.

"Exposure" doesn't necessarily mean automation, stressed Mark Muro, a senior fellow at Brookings and one of the study's authors. It could also mean productivity gains. A separate study, released in February by the AI firm Anthropic, found that Anthropic's chatbot Claude directly completed a task in 43% of its conversations, whereas it was asked to collaborate with a human in 57% of them.

"The big question is whether AI is a substitute [for human work] or a complement," said Nicholas Bloom, an economist at Stanford not involved in either study. "If it's a substitute, then the Bay Area and Northeast Corridor will see massive job churn, and potentially job loss." In that scenario, AI would be "like a China Shock for the 21st century," he said.

On the other hand, "If it's a complement, then these areas could boom," Bloom said, citing the example of AI making coders more productive and consequently increasing their employment.

Muro said he and his colleagues struggled when it came to the question of what to *do* about AI's encroachment. In the era of industrial automation, the typical advice was to "remain human, be creative, prize learning," he said. But in the face

of AI's flexibility, emotional intelligence and creativity, "those sound a little bit trite right now."

AI will also test our theories of what superstar cities really do economically. Are they just collections of individuals with skills that happen to be highly compensated? Or are these cities special engines of innovation and flexibility? If it's the former, the labor markets in San Francisco and San Jose could be in trouble. If it's the latter, they could be the cities that not only invent modern AI but figure out how to use it.

*— Walter Frick, Bloomberg Weekend Edition*

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## Predictions

**Latin America could see a right-wing shift:** "Growing discontent with left-wing governments is helping fuel a rally... with traders scooping up assets at rock-bottom valuations on early bets that elections in 2026 will usher in more business-friendly regimes." *— Jorgelina Do Rosario, Vinicius Andrade, and Carolina Wilson, Bloomberg News*

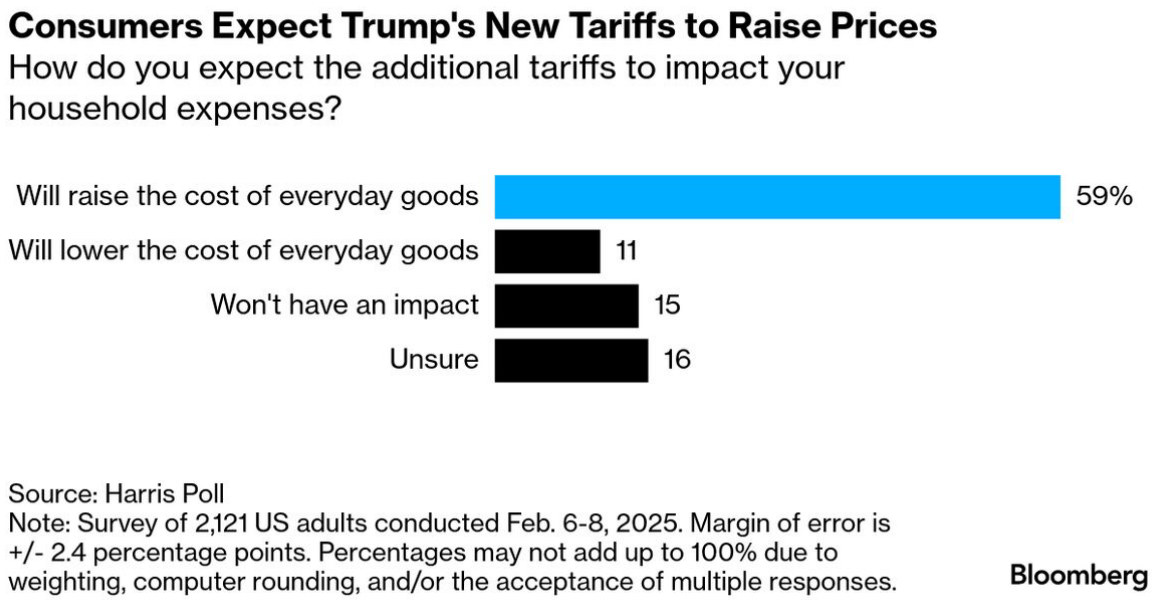
**Central Bank Digital Currency is coming:** "The European Central Bank wants to establish a blockchain-based payment system that allows financial institutions to settle transactions in central-bank money." *— Bastian Benrath-Wright and Mark Schroers, Bloomberg News*

**US-China decoupling has peaked:** "You can make a strong argument that an actual divorce between the world's two largest economies seems far less likely than it once did." *— Shawn Donnan, Bloomberg News*

**Intel as we've known it is "dead":** Reports from Bloomberg and other media suggest that "the chipmaker will be broken up and sold off, giving stock owners a lucrative escape." *— Ian King, Bloomberg News*

**US job market conditions will deteriorate:** "Much of what we see in the financial press – about things like tariffs and uncertainty – is a red herring... We remain of the view that a passive tightening of monetary policy is the dominant risk." *— Neil Dutta of Renaissance Macro, in the Bloomberg Odd Lots newsletter*

**Trump's tariffs will make everyday goods more expensive:** That's what 59% of Americans think, [according to a Harris Poll conducted for Bloomberg News](). — *Shawn Donnan and Claire Ballentine*

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## Keep an Eye On

**"Everything that has wheels is going to be automated."**

So says Anthony Levandowski, chief executive officer of autonomous trucking startup Pronto. The company equips dump trucks to drive their routes around quarries without anyone in the cab, [Max Chafkin reports for Businessweek]().

While much of the coverage on autonomous vehicles focuses on robotaxis, startups like Pronto are tackling more niche markets. "We're starting with the super-obvious applications," Levandowski says. This is the world of what BloombergNEF calls "off-road autonomy," which includes the use of "specialist vehicles on mines, farms, ports and truckyards."

Rafaela Jinich reported on another such application [for Bloomberg Green this week](): "A small but growing number of plantations are using… autonomous electric crop dusters." (Technically planes have wheels, though I'm not sure they're what Levandowski had in mind.)

While autonomous vehicles are making off-road inroads, they're driving more on roads, too. Robotaxis are only available in the US and China, according to BloombergNEF, but they are driving more miles every year.

Meanwhile, the US fight over autonomous commercial trucking is stuck on the question of "warning triangles" — essentially small traffic cones. Federal regulations require truckers to place these triangles on the road when they stop, but a truck without a driver can't easily do that, reporter Timothy Lee wrote on his Substack. Trucking startup Aurora and Alphabet's Waymo want an exemption from this rule, but truck drivers' unions are objecting. It's an indication that the question of autonomous vehicles is shifting from a technical problem to a political one.

*— Walter Frick, Bloomberg Weekend Edition*

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## What Are the Chances...

# 57%

The chances that Trump mentions Panama in his State of the Union speech on Tuesday, according to Kalshi, a prediction market. There's also a 62% chance he mentions God at least four times. Forecasts as of 4 p.m. ET on Feb. 28.

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## Week Ahead

**Monday:** Mixue Group, China's largest bubble-tea chain, starts trading in Hong Kong; the Eurozone reports CPI; Mobile World Congress begins in Barcelona.

**Tuesday:** Trump delivers the State of the Union speech; he has said tariffs on Canada and Mexico are on track to begin then, too; the Bloomberg Invest Forum

starts in New York; the Chinese People's Political Consultative Conference kicks off in Beijing; Saudi Aramco reports earnings.

**Wednesday:** The Fed publishes the Beige Book; China's National People's Congress begins; Australia, Italy and South Korea publish GDP.

**Thursday:** The ECB is expected to cut interest rates another quarter-point; the European Union holds a summit on military aid for Ukraine.

**Friday:** The US publishes jobs data, and is estimated to have added 155,000 jobs in February.

Have a great Sunday and a productive week.

*— Walter Frick and Kira Bindrim, Bloomberg Weekend Edition*