



Economics

## US Economic Perspectives

### Will AI drive unemployment higher this year?

AI thinks not

#### Introduction

Over the past week, markets were quickly overtaken by concerns that the rapid advances in AI could, over time, significantly disrupt the US economy. At the center of these fears from a macro perspective is the US labor market.

So far, the US labor market has experienced relatively narrow disruption from AI, and surveys of firms suggest that should remain the case over at least the next six months or so. But gauging the probabilities of outcomes beyond that time horizon becomes much more difficult. In this note we leverage AI to assess the probability distributions of the AI impact on the labor market over different time horizons.

#### dbLumina on the likelihood of an AI jobs-pocalypse

We first turn to our proprietary in-house AI tool, dbLumina, which runs on Google's Gemini 2.5 Pro. We asked it to assess the probabilities of different outcomes for the labor market – (1) AI lowers the unemployment rate, (2) has minimal impact, (3) slightly increases unemployment and (4) meaningfully increases unemployment -- over two time horizons: the next year and next five years.

The exact prompt and results are re-produced below. We caution that these are the subjective probabilities from one AI tool. As such, the rationale must be challenged and robustness across AI tools should be considered. We do exactly that in a subsequent section.

*Prompt: I'm interested in studying the different probabilities of outcomes with AI disrupting the US labor market. I have in mind, the probabilities it lowers the unemployment rate, has minimal impact on unemployment, slightly raises unemployment and meaningfully raises unemployment. Please consider two different horizons: 1 year and 5 years. Define slightly raises as 0.1-0.4pp and meaningfully increases as 0.5pp and more at both horizons. Please summarize the results in a table. Provide the reasoning for your findings as well as citations to academic papers in the table.*

The results from dbLumina are summarized in the following table.

Date

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Figure 1: Probability of AI's net impact on the US unemployment rate

Scenario (Net Impact on Unemployment Rate)	Quantitative Definition (Both Horizons)	Probability (Next 12 Months)	Probability (Next 5 Years)	Supporting Academic Rationale / Papers
<b>1. Lowers Unemployment</b> (Productivity boom creates net new jobs)	Change in U-rate < 0	10%	30%	<b>Acemoglu &amp; Restrepo (2019):</b> New task creation eventually outweighs displacement. <b>Brynjolfsson et al. (2021):</b> Productivity "J-curve" where gains initially lag but then accelerate, boosting demand.
<b>2. Minimal Impact</b> (Augmentation dominates; displacement & creation are balanced)	Change in U-rate ~ 0 pp	70%	35%	<b>Muro et al. (2026) (Brookings):</b> AI impacts tasks, leading to job transformation, not mass job loss. <b>Arntz et al. (2016) (OECD):</b> Task-based view suggests most jobs are resilient to full automation.  High adoption costs/friction slow net impact.
<b>3. Slightly Raises Unemployment</b> (Displacement slightly outpaces new job creation)	+0.1 pp to +0.4 pp	15%	25%	<b>Frey &amp; Osborne (2016) and (2023):</b> Initial wave of displacement in susceptible occupations (e.g., admin, customer service) occurs before new job creation fully scales up.  Skill mismatch creates transitional unemployment.
<b>4. Meaningfully Raises Unemployment</b> (Widespread, rapid displacement with weak job creation)	+0.5 pp or more	5%	10%	<b>Acemoglu (2024):</b> Risk of "so-so" automation—AI displaces workers without significant productivity gains or new tasks, leading to a net negative outcome. <b>IMF (Cazzaniga et al.) (2024):</b> High exposure rates could translate to displacement if labor markets are not dynamic.
<b>Probability-weighted impact</b>		<b>+0.06pp</b>	<b>+0.10pp</b>	

Source: Deutsche Bank Research

The detailed rationale from dbLumina for the table is as follows:

**Horizon: The Next 12 Months**

- *Minimal Impact (70%):* This remains the highest probability scenario. Given corporate inertia and implementation friction, a net impact of less than +0.1 pp is the most likely outcome. AI's primary role will be augmentation.
- *Slightly Raises Unemployment (15%):* A net displacement large enough to raise the unemployment rate by +0.1 pp to +0.4 pp is possible if a few key sectors (e.g., call centers, tech support) move aggressively. However, it's not the central case.
- *Lowers Unemployment (10%):* The chance of a near-term, productivity-led hiring boom remains an upside risk.
- *Meaningfully Raises Unemployment (5%):* The bar of a +0.5 pp increase (~850k net job losses) in just one year remains very high and is a low-probability tail risk.

**Horizon: The Next 5 Years**



- *Minimal Impact (35%):* While still a very plausible scenario, its probability is reduced. It now represents a future where the powerful forces of displacement and creation find a remarkably precise equilibrium.
- *Lowers Unemployment (30%):* The probability of a net positive outcome is slightly lower. The powerful productivity effects described by Brynjolfsson and the "new task" creation from Acemoglu & Restrepo would need to be strong enough to overcome displacement and keep the unemployment rate from even a minor secular rise.
- *Slightly Raises Unemployment (25%):* This scenario, representing a net increase of +0.1 pp to +0.4 pp, is highly plausible over a 5-year period. It reflects a world with persistent skill mismatches and a pace of displacement that consistently, though not dramatically, outruns job creation—a core concern of the Frey & Osborne thesis playing out in slow motion.
- *Meaningfully Raises Unemployment (10%):* The probability of this scenario is now doubled, from 5% to 10%. A cumulative net impact of +0.5 pp or more is a serious medium-term risk. This outcome becomes much more conceivable if the "so-so" automation path warned about by Acemoglu becomes the dominant form of AI development. In this world, AI is good enough to displace workers in routine cognitive tasks but not transformative enough to spark a wider productivity and hiring boom. The high exposure rates cited by the IMF translate into a tangible, negative labor market reality. This 10% probability reflects a significant and concerning tail risk that warrants close monitoring by policymakers and investors.

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## Our take

Overall, the results from dbLumina generally align with our prior views. Over the near-term, we view the potential effects of AI on the labor market to be relatively balanced. On one hand, there is a likelihood that specific occupations and industries could be disrupted in the near-term. The "Canaries in the coalmine" paper from Brynjolfsson et al. (2025) provides evidence of notably weaker employment levels for young workers that are more exposed to AI. On the other hand, the weakness appears to be driven more by a slowdown in hiring for particular jobs, rather than layoffs. Moreover, the AI-driven investment boom is likely to support hiring in the near term. Indeed, the latest jobs report showed noticeable strength in non-residential construction hiring.

Over a longer horizon – assumed somewhat arbitrarily to be five years here – there is greater potential for more disperse scenarios on both sides. On the downside, AI has greater prospects for disseminating across firms, replacing particular tasks, and eventually leading to weaker hiring trends and possibly layoffs, though history suggests the latter may need to be preceded by a broader economic slowdown that motivates the layoffs. AI assigns a relatively low 10% probability that AI could increase the unemployment rate by 0.5pp or more over a five-year horizon – a view that seems too sanguine from our perspective, if for no other reason than the tails on the labor market impact appear wide at this point.



Pushing against this more adverse scenario is the strong historical precedent that the unemployment rate has not risen structurally over time even in the presence of significant disruptions from technological change. Historically, innovations have created demand for new jobs, skills, and products. New industries are spawned. This demand creation on balance has tended to offset the labor displacement forces from the new technology. As such, relatively high probabilities assigned to scenarios in which disruption is somewhat contained is also an intuitive outcome.

### What do other AIs say?

The preceding analysis cited results from a particular AI tool. How robust are these probabilities across AI platforms?

To assess this question, we asked the same prompt detailed earlier in the report to ChatGPT 5.2 and Claude Opus 4.6. The subjective probabilities from each tool are summarized in the following table. We provide the full reasoning from ChatGPT 5.2 in an appendix.

For the most part, there is decent alignment across the different AI tools. At the one-year horizon, all tools agree that the most likely scenario is minimal impact on the labor market. dbLumina puts this scenario at 70% while ChatGPT and Claude assign 60% and 55% probabilities to this outcome, respectively. The AI tools also agree that a significant increase in unemployment over the next year that is caused by AI is a relative tail risk (5%).

Some of this agreement carries over to the longer (5-year) horizon. All AI tools view minimal impact or slight increase in the unemployment rate as the most likely scenarios, though the probability of a minimal impact is cut roughly in half as the probability distribution becomes more dispersed. There is, however, a more notable difference in the skew of outcomes across AI tools – dbLumina sees a 30% probability of lower unemployment and only a 10% probability of meaningfully higher unemployment. ChatGPT puts these two outcomes as equally likely at 20%, and Claude assigns the opposite probabilities to dbLumina, i.e., 10% probability to lower unemployment and 30% to meaningfully higher. Given the rapid pace of innovation in AI currently under way, we tend to agree more with an assessment that there are fatter tails with the potential to skew towards adverse scenarios.



Figure 2: Summary of AI views on unemployment effects of AI

1-year horizon	Reduces unemployment	Minimal impact	Slightly increases (+0.1-0.4pp)	Meaningfully increases (+0.5pp or more)
dbLumina	10%	70%	15%	5%
ChatGPT 5.2	15%	60%	20%	5%
Claude Opus 4.6	15%	55%	25%	5%
<b>Average</b>	<b>13%</b>	<b>65%</b>	<b>18%</b>	<b>5%</b>
5-year horizon	Reduces unemployment	Minimal impact	Slightly increases (+0.1-0.4pp)	Meaningfully increases (+0.5pp or more)
dbLumina	30%	35%	25%	10%
ChatGPT 5.2	20%	35%	25%	20%
Claude Opus 4.6	10%	25%	35%	30%
<b>Average</b>	<b>25%</b>	<b>35%</b>	<b>25%</b>	<b>15%</b>

Source: ChatGPT 5.2, Claude Opus 4.6, Deutsche Bank Research

## Conclusion

We use AI to assess the likelihood that AI could adversely impact the US labor market over different horizons – a recent concern that has risen in markets of late.

Consistent with our own views, AI assesses the most likely outcome as having a minimal impact on the unemployment rate over the next year and that a meaningful rise in the unemployment rate driven by AI is a tail risk (5%). This assessment is robust to different AI tools.

Over longer horizons, there is greater scope for AI to disrupt the US labor market. AI tools do not necessarily agree on the probabilities – the three tools we reference here place a range of 10-30% probability of a 0.5pp or more rise in the unemployment rate due to AI over a five-year horizon. Our own assessment is that it is difficult to derive the probabilities of these tails, but they are not trivial.

Taken together, while an AI-driven labor market slowdown does not appear to be a likely outcome the Fed will face this year, the labor market disruption from AI could well be a scenario the next Fed chair will have to grapple with.

## Appendix

Reasoning from ChatGPT 5.2:

### Lowers unemployment

*Near-term:* most evidence to date shows **productivity/quality gains** from genAI in specific settings and potential **retention/worker-support effects**, which can reduce separations and hiring frictions more than it triggers layoffs in year 1. *Five-year:* plausible if diffusion is **augmentation-heavy** and demand expands (task complementarity/new tasks).



### Minimal impact

*Next year:* macro unemployment usually doesn't move much unless displacement is broad and fast; evidence so far emphasizes **task reconfiguration and productivity**, while adoption is real but uneven and often complementary. *Five-year:* still the single most likely bucket, but falls as cumulative diffusion and re-org effects build.

### Slightly raises unemployment

*Next year:* risk comes from **localized displacement** (especially in more-exposed clerical/cognitive task bundles) outpacing retraining/matching in pockets of the labor market. Exposure measures imply a wide swath of jobs have some tasks affected, even if that doesn't mechanically translate into layoffs. *Five-year:* more time for firms to actually restructure workflows, centralize functions, and reduce headcount through attrition.

### Meaningfully raises unemployment

*Next year:* a  $\geq 0.5$ pp rise would likely require a **rapid, broad-based displacement shock**—harder to square with the current evidence base, which shows meaningful productivity boosts but not economy-wide labor shedding yet. = *Five-year:* fatter tail because some models allow “technological unemployment” equilibria when displacement and bargaining/matching frictions dominate, and because exposure is large enough that *if* firms convert task-automation into headcount reduction quickly, unemployment could rise materially.

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## Appendix 1

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