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# Artificial Intelligence, Productivity Growth, and the Economic Outlook

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Mark Zandi, Chief Economist

April 2026

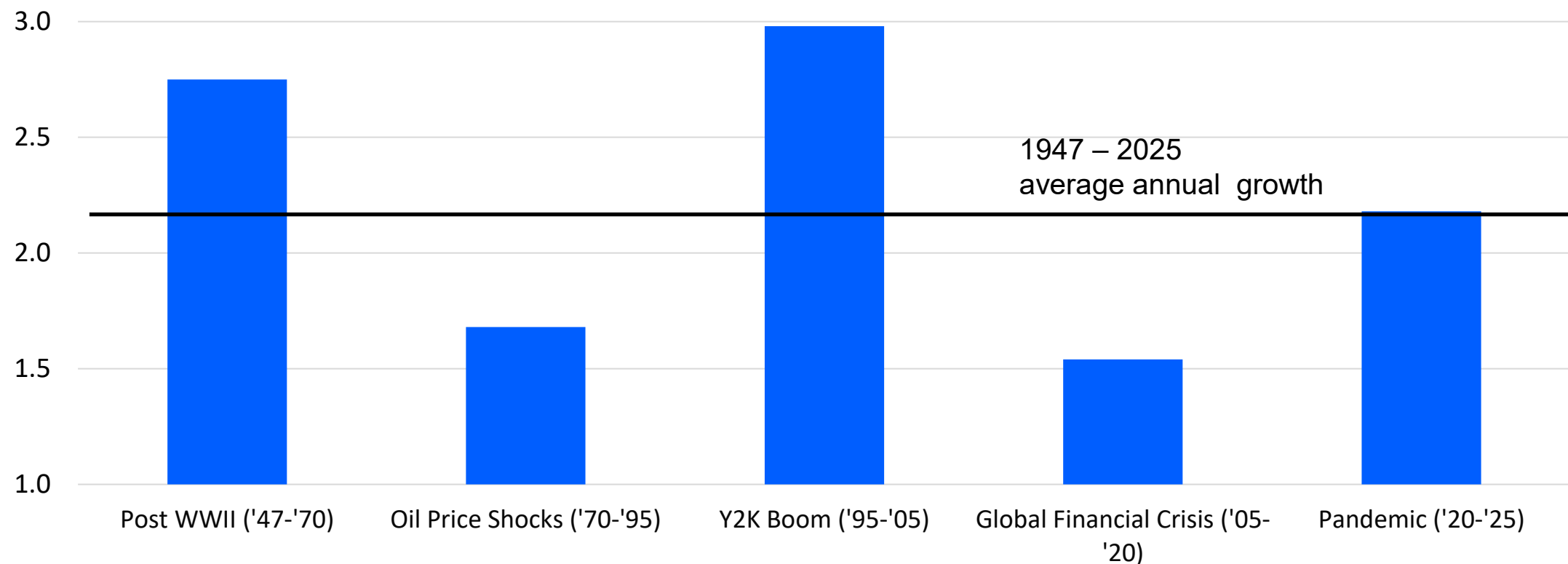
The background is a solid dark blue color. Overlaid on this are several layers of thin, light blue lines that form a complex, wavy, and somewhat chaotic pattern. These lines create a sense of depth and movement, resembling a stylized wave or a digital signal. A large, bold, white number '1' is positioned on the left side of the image, partially overlapping the wavy lines.

**1**

**Productivity Growth Normalizes**

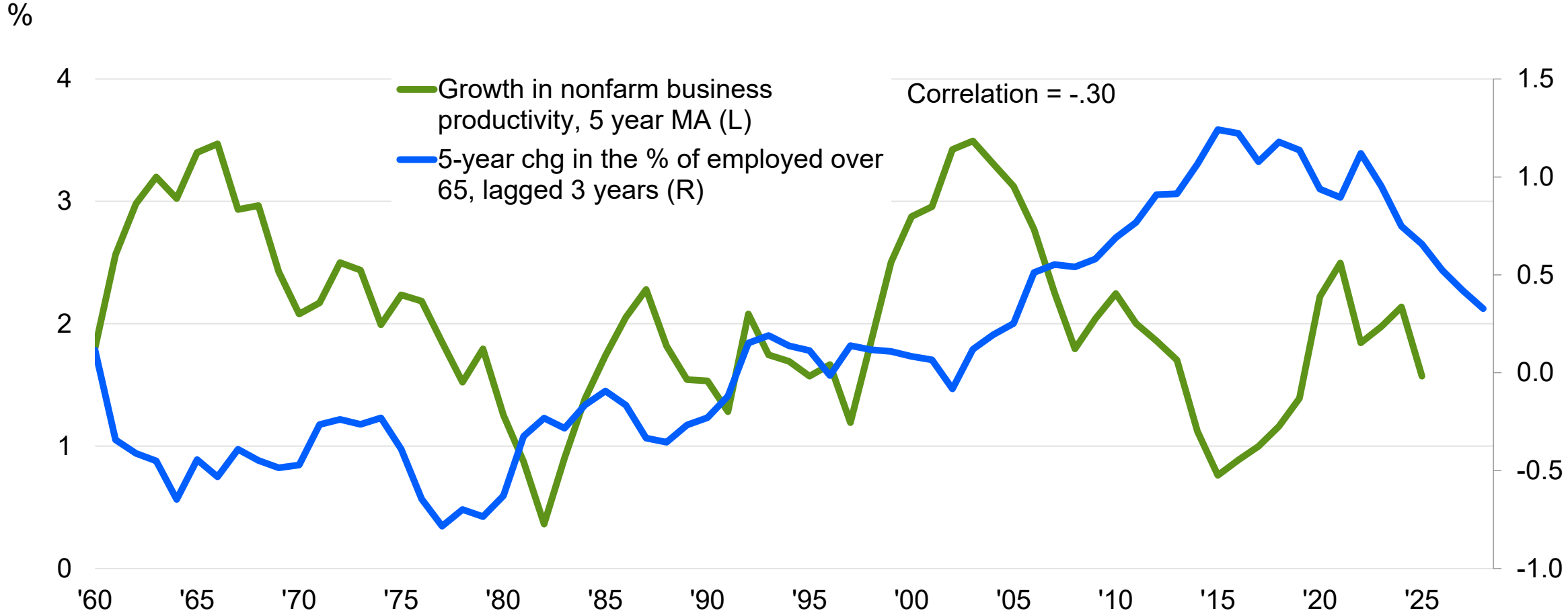
# Productivity Growth Normalizes

Nonfarm business productivity growth, annualized % change



Sources: BEA, Moody's Analytics

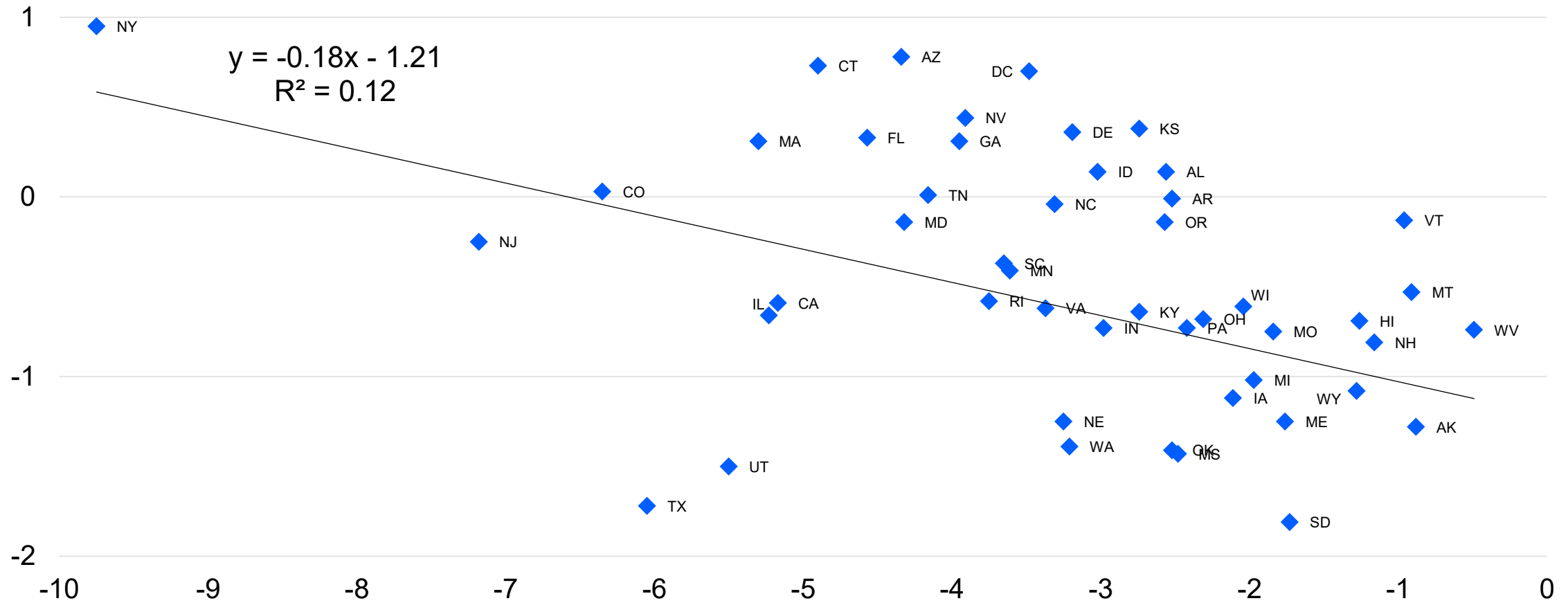
# Wise Man or Albatross Theory of Productivity



Sources: BLS, Moody's Analytics, ["Aging and the Productivity Puzzle," Ozimek, DeAntonio, Zandi, 2018.](#)

# Less Immigration, Stronger Productivity Growth in 2025

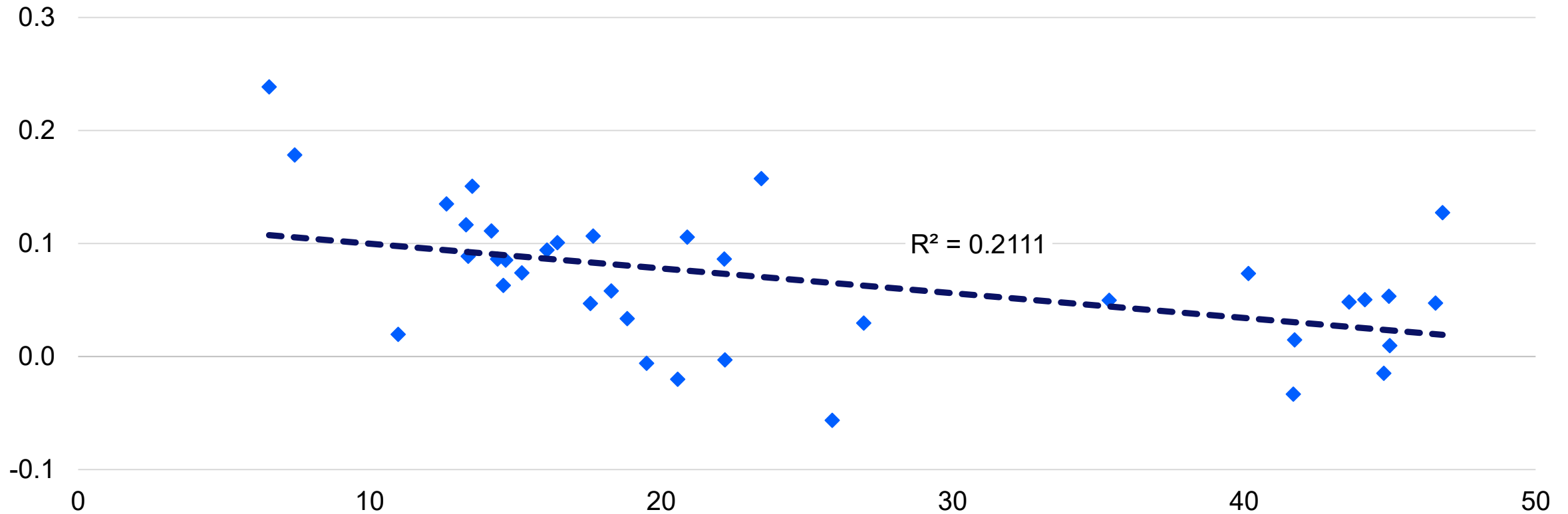
Y-axis: chg in immigration per 1,000 pop x-axis: chg in productivity growth, 2024-2025



Sources: BEA, BLS, Census Bureau, Moody's Analytics

# Some Evidence of Slower Hiring Due to AI

Y-axis: private payrolls, % change; x-axis: % of firms with AI subscriptions; Jan 2023 to present



Sources: Ramp, BLS, Moody's Analytics

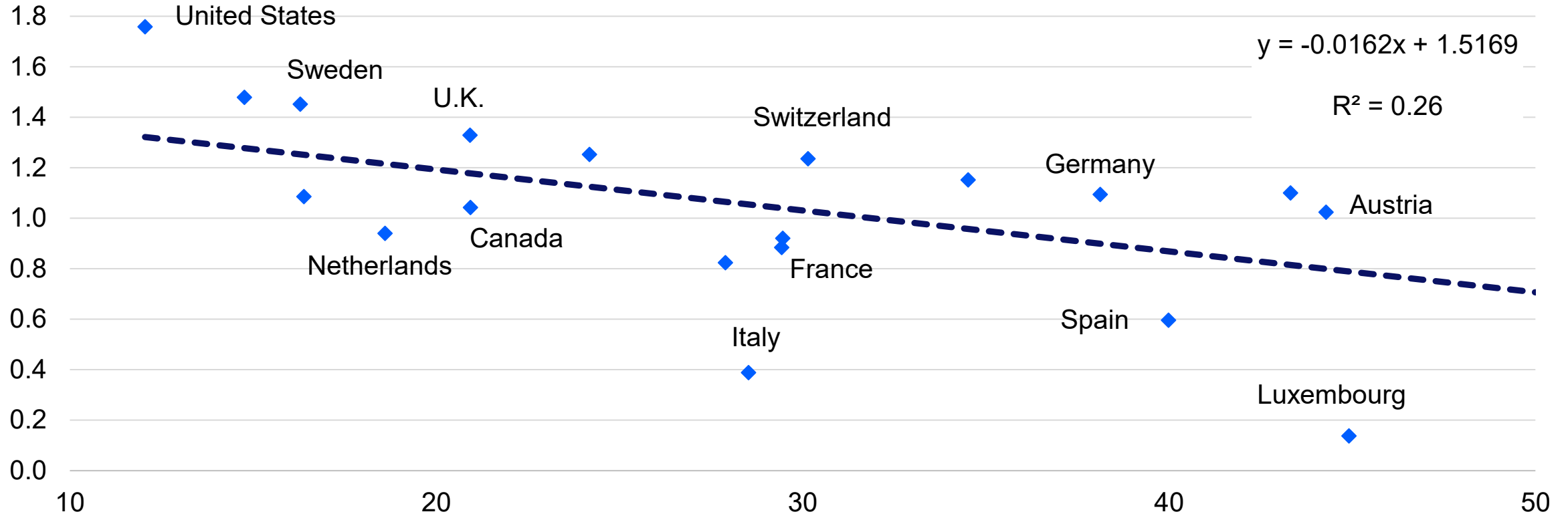
The background features a dark blue field with intricate, overlapping wavy lines in a lighter shade of blue. These lines create a sense of depth and movement, resembling a complex, layered pattern that flows across the frame.

2

**U.S. Productivity Leadership at Risk**

# More Risk-Taking...Stronger Productivity Growth

Y-axis: productivity growth, '95-'24 annualized %; x-axis: deposit share of financial asset, average '95-24, %



Sources: Ramp, BLS, Moody's Analytics

# Will the U.S. Remain a Productivity Leader?

Top 10 reasons for U.S. productivity outperformance, subjectively rank ordered

- Ample and varied sources of risk capital
- Strong foreign immigration
- Well-defined property rights & rule of law
- Entrepreneurship is revered (regulation is viewed skeptically)
- Easy to start a company
- Easy to file for bankruptcy
- Flexible labor market & mobile population
- Free trade & globalized economy
- Large, wealthy market, easier for companies to scale
- Ample energy supply

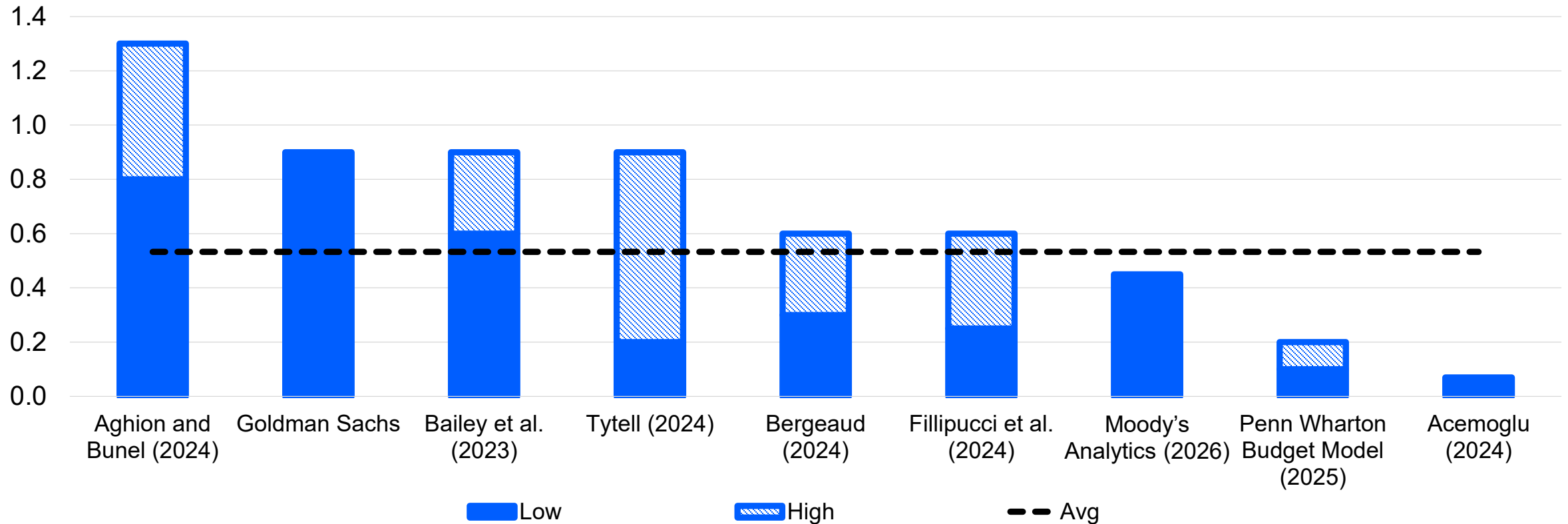
The background is a solid dark blue color. Overlaid on this are several layers of thin, light blue lines that create a complex, wavy, and somewhat chaotic pattern, resembling a digital or data visualization. A large, white, serif number '3' is positioned on the left side of the image.

3

**Is Artificial Intelligence Friend or Foe?**

# Strong Consensus That AI Will Significantly Increase Productivity

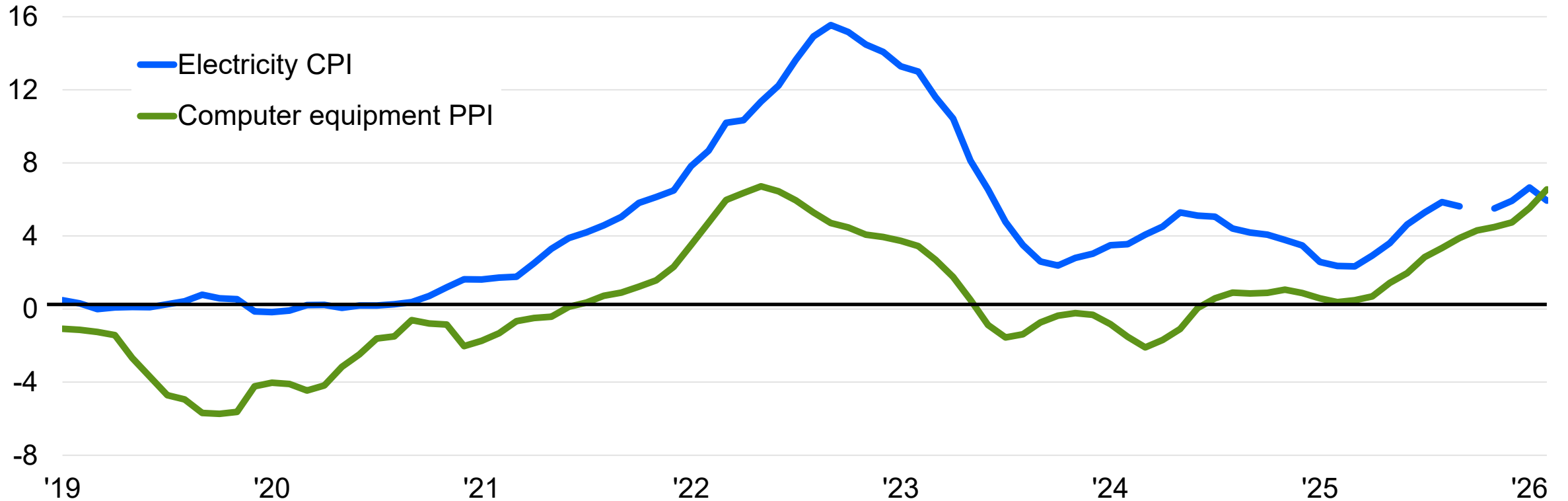
Total factor productivity growth over the next decade due to AI, ppt



Sources: Filippucci, Gal and Schief (2024); Moody's Analytics

# AI Fuels Inflation as it Lifts Demand More than Supply (so far)

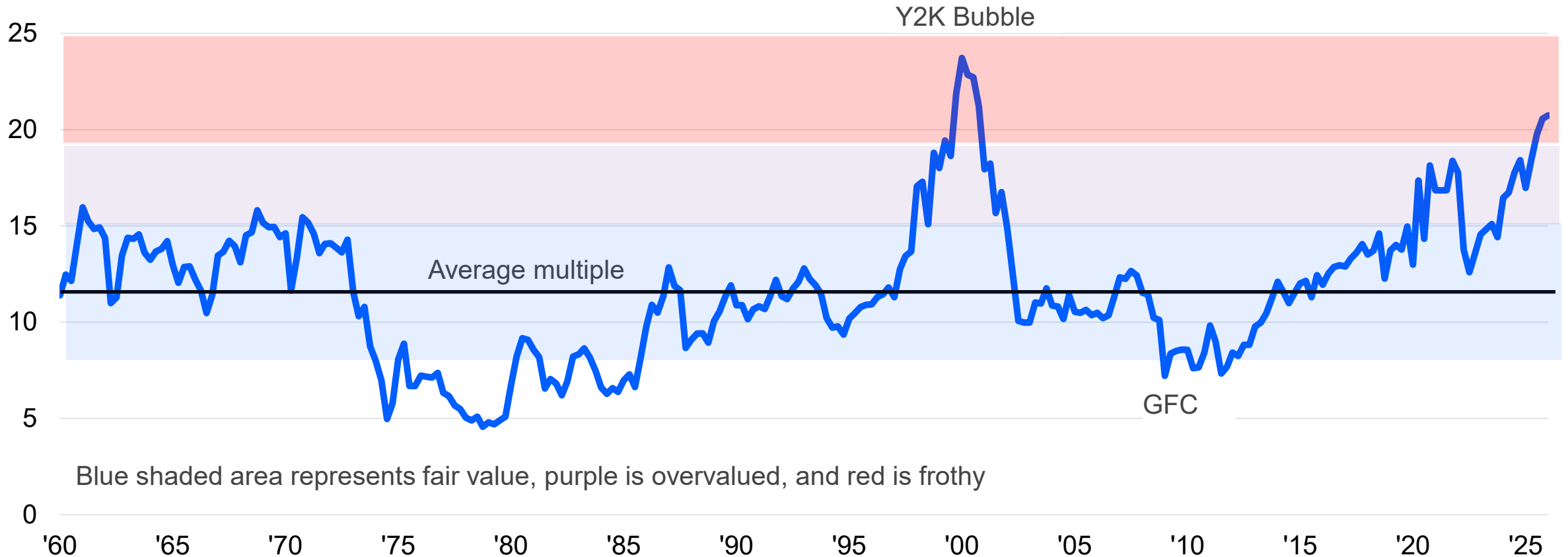
% change year ago, 3-month MA



Sources: BLS, Moody's Analytics

# AI-Powered Stock Market Appears Overvalued (Frothy)

Ratio of Wilshire 500 to NIPA after-tax corporate earnings, %

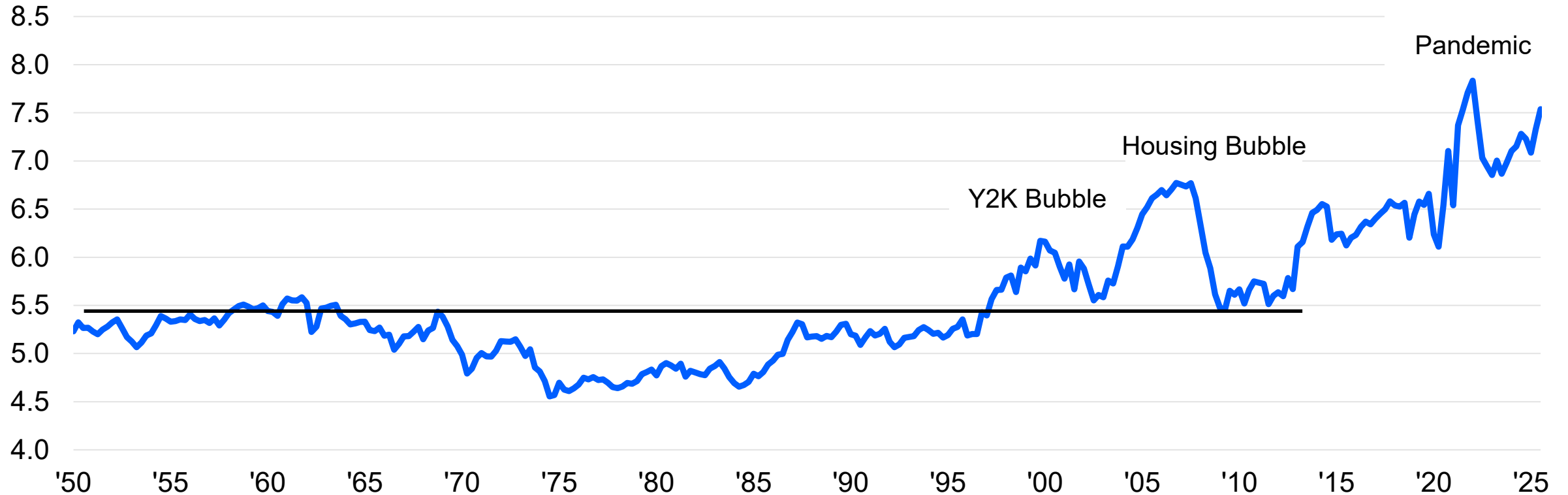


Blue shaded area represents fair value, purple is overvalued, and red is frothy

Sources: Bureau of Economic Analysis, FT, Moody's Analytics

# Wealth Effect Supercharges Consumer Spending

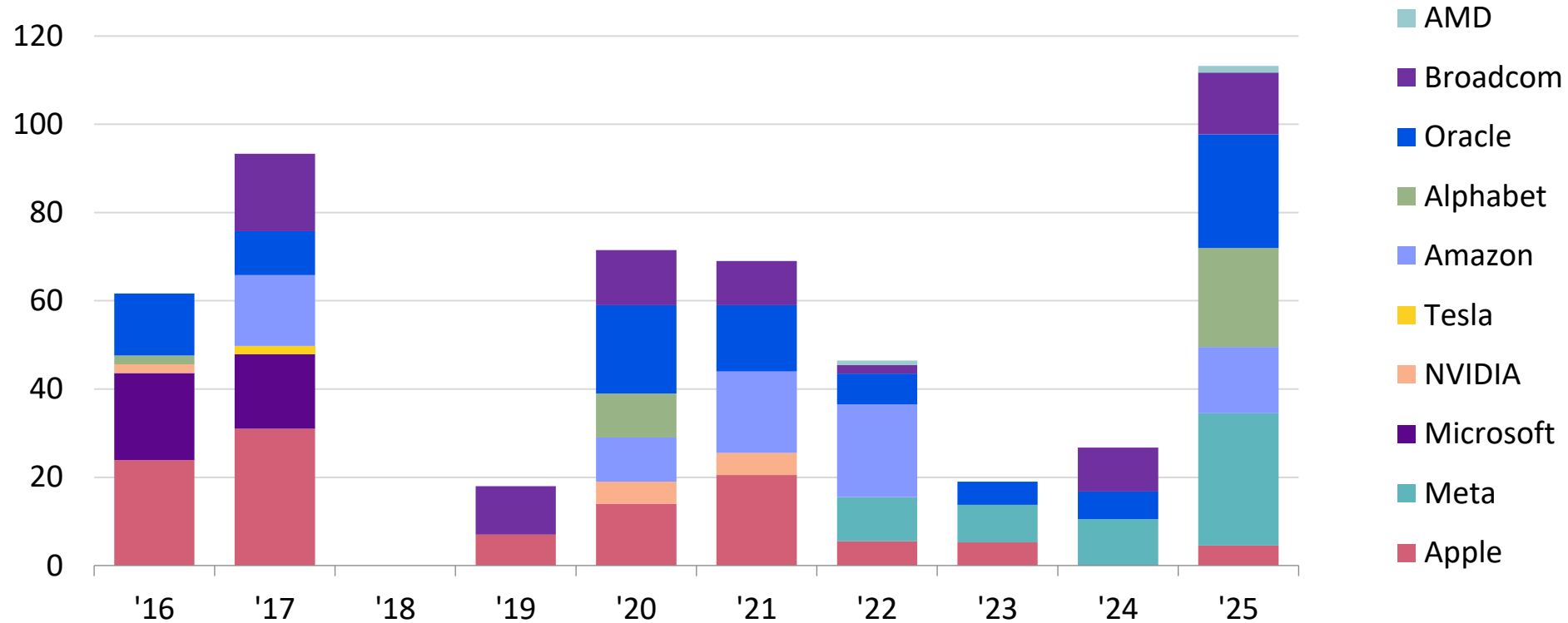
Ratio of household net worth to disposable income



Sources: Federal Reserve, BEA, Census, Moody's Analytics

# AI Companies Ramp Up Their Borrowing

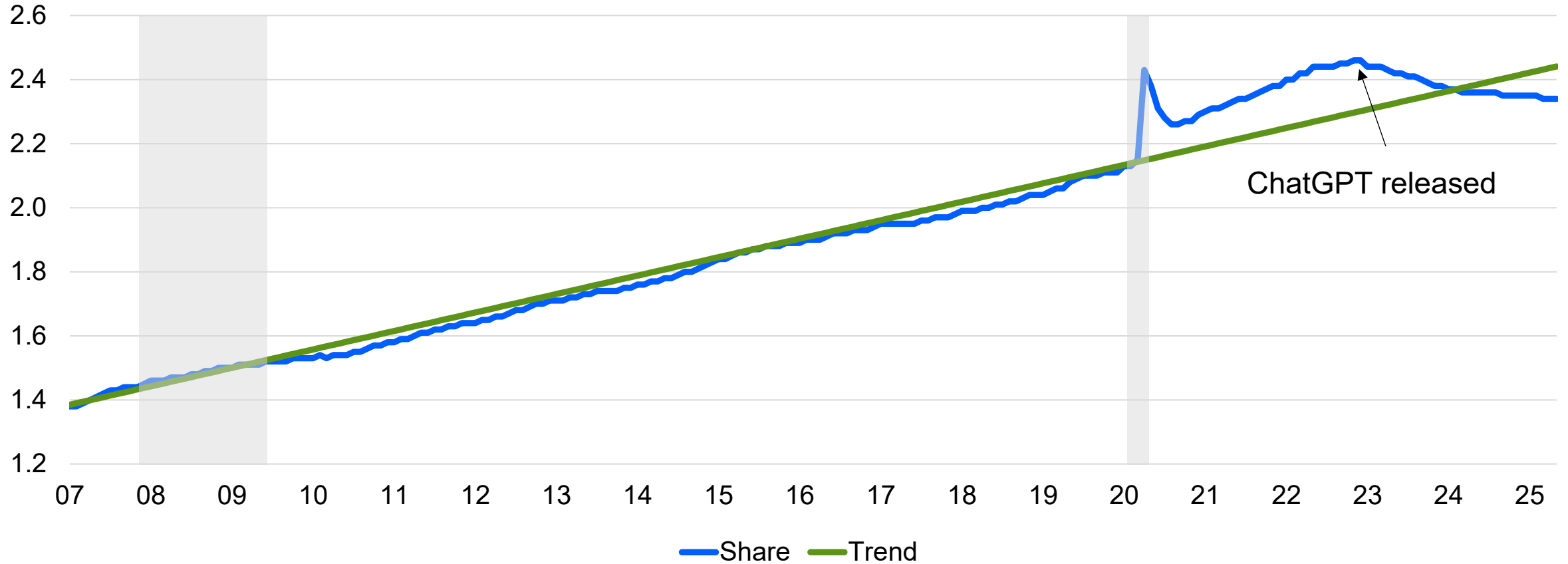
Bond issuance of top 10 technology companies, Billions \$



Source: Moody's

# Are a Lot More AI-related Job Losses Dead Ahead?

Technology share of nonfarm payroll employment, %



Sources: BLS, Moody's Analytics

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### Contact Us

Email	helpeconomy@moodys.com
U.S./Canada	+1.866.275.3266
EMEA	+44.20.7772.5454 (London) +420.234.747.505 (Prague)
Asia/Pacific	+852.3551.3077
All Others	+1.610.235.5299

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