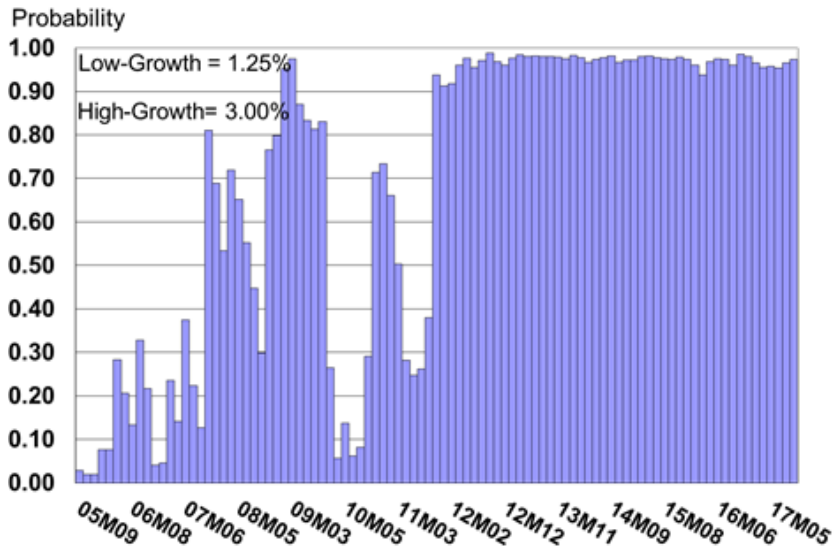
# Productivity Remains in Decade-Long Growth Slump (June 2017)

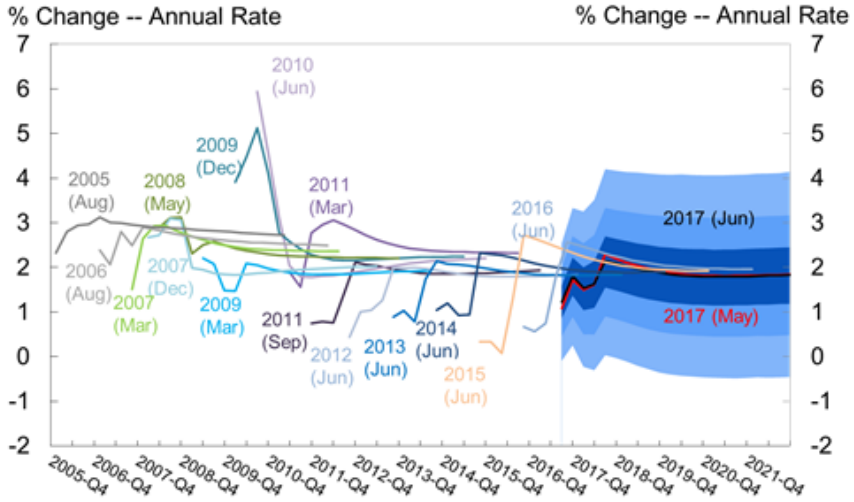
## Low-Growth Regime Probabilities (Chart 1)

Real-Time Assessments for the Most Recent Quarter




## Five-Year Forecasts of Productivity Growth (Chart 2)

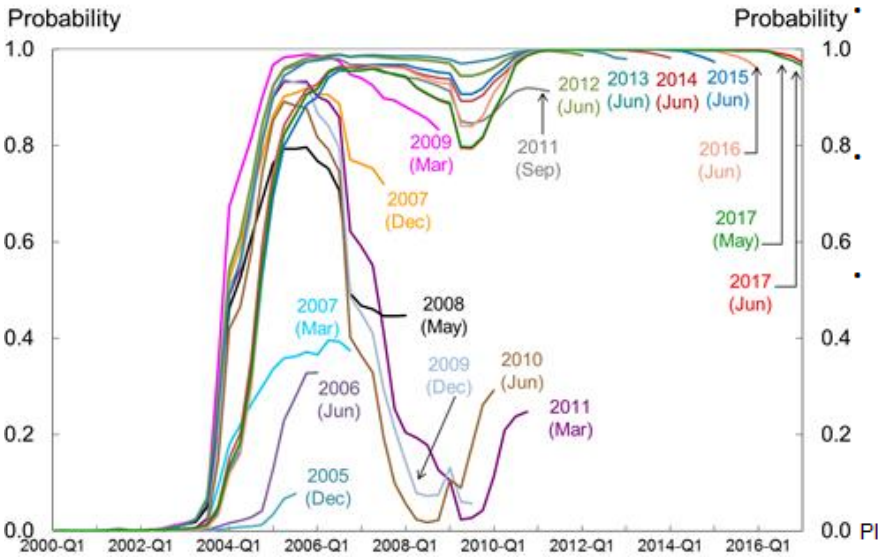
4Q moving average




**Note: The shading represents the 25, 50, and 75% probability bands around the June 2017 forecast.**

## Low-Growth Regime Probabilities (Chart 3)

Retrospective Assessments in Real Time




## Key Points

- Using revised data for 2017Q1, the model finds that productivity remains, with probability 0.97, in a low-growth (1.25% annual rate) regime (Chart 1). The near-term forecast profile is essentially unchanged from our previous forecast based on the preliminary release, with a small chance of a switch back to higher growth and thus a predicted 5-year trend of 1.8% (Chart 2).
- Productivity was unchanged in 2017Q1, an upward revision from the initial estimate of a 0.6% decline (annual rate). With regard to revisions to other series used as model inputs, there was also a notable downward revision to real compensation growth in 2016Q4 from 1.1% (annual rate) to -4.9%.
- This data release continues to support the model's conclusion that productivity has been in a low growth regime since late 2004/early 2005, and that the brief rebound of growth from 2007-10 and exceptional weakness since 2010 were cyclical and transitory in nature (Chart 3). We will continue to monitor future data releases to guide our assessment of trend productivity growth.

Please see our *Current Issues* for more details on the model

Note: Chart 1 tracks the model's estimate of the low-growth probability as of the latest period for which data are available, which is typically as of one quarter earlier. For example, the latest reading ("17M06") is based on 2017:Q1 data. The reading labeled "17M05" reflects the model's estimate as of last May, reflecting data through 2017:Q1. Chart 3 depicts the evolution of the model's assessment of the probabilities going back to 2000:Q1 given data available at the indicated date.