
Low-Growth Regime Probabilities (Chart 1)
Real-Time Assessments for the Most Recent Quarter

Low-Growth = 1.38%
High-Growth = 2.95%

Low-Growth Regime Probabilities (Chart 3)
Retrospective Assessments in Real Time

Five-Year Forecasts of Productivity Growth (Chart 2)
4Q moving average
% Change -- Annual Rate

Key Points
- Based on preliminary data for 2015Q1, the model finds, as it has for nearly four years running, that productivity has been, with very high probability, in a low-growth (1.4% annual rate) regime since 2004 (Chart 1). The model predicts a large but transitory bounce back over the near-term from the low number for Q1 (see point 2 below), with the 5-year trend still remaining below 2% (Chart 2).
- Productivity fell 1.9% (annual rate) in 2015Q1, following a 2.2% decline in 2014Q4. With regard to the model's other inputs in Q1, real compensation growth was solid, while growth in real consumption (relative to hours worked) was weak. Revisions to the series were minor.
- 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 burst of strong productivity growth in 2009 was cyclical and transitory in nature (Chart 3). As a reminder, this latter view resulted from the sizable August 2011 NIPA data revisions and the supportive nature of subsequent data releases (including the comprehensive NIPA data revisions released in July 2013). 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 (“15M05”) is based on 2015:Q1 data. The reading labeled “14M06” reflects the model's estimate as of last June, reflecting data through 2014: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.