Scars that never were?
Potential output and slack after the crisis

Paris, 12 April 2018
**OECD inflation**
(annual percentage changes)

Sources: Haver Analytics and OECD.

**Output gaps for selected economies**
(as a percentage of potential output)

Sources: Haver Analytics, US Congressional Budget Office, Japan Cabinet Office and European Commission.
Latest observations: 2017Q4 (Japan and US) and 2017 (UK and euro area).

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**Output gaps closing, yet inflation remains subdued**
Estimates of potential growth are uncertain and tend to be pro-cyclical

Real-time vintages of euro area NAWRU* estimates (% of labour force)

Real-time vintages of euro area potential growth (% p.a.)

Sources: European Commission and ECB calculations.
Note: Latest observation from EC Autumn 2017 forecast. S refers to Spring, A refers to Autumn forecast vintages.
* Non-accelerating wage-rate of unemployment
Booms and busts

Euro area real GDP
(index: 1970 mean = 100)

Sources: AWM database and ECB calculations.

Euro area real investment
(index: 1970 mean = 100)
The rate of potential growth may be less volatile

**Euro area GDP and potential output**
(year-on-year growth rates)

**Contributions to euro area potential growth**
(annual percentage change; contributions in p.p.)


Sources: European Commission, Autumn 2017 forecast.
Thank you