

## Macro Roundup Article

**Headline:** Fed's 'Golden Path' to Soft Landing Aided by Productivity Boom

**Article Link:** <https://www.bloomberg.com/news/articles/2024-02-20/fed-s-golden-path-to-soft-landing-aided-by-productivity-boom?srnd=economics-v2&sref;=U3dOGIDF>

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**Tweet:** US productivity growth has averaged 3.9% over the past three quarters, over 3X the 2009-2019 rate. The Fed's long-term base case productivity growth remains at 1.5%.

**Summary:** Productivity growth has averaged 3.9% the last three quarters, more than triple the rate seen in the decade prior to the pandemic. When workers are more efficient, firms can generate more money to raise wages without charging higher prices, so monetary policy can be a bit less concerned about inflation. While Wall Street has been focused on how artificial intelligence and innovations such as ChatGPT will drive efficiencies, lifting technology stocks to record highs, the 2023 boom has resulted from more mundane factors. One of those is simply an economy at full employment, with workers gaining experience and skills. The AI potential is "massive," said Rebecca Patterson, former chief investment strategist at Bridgewater Associates. That could "double productivity growth in the US, which would be a major lift for GDP." Related: It Wasn't AI: How Fiscal Supports, Supply Chain Healing, and Full Employment Explain Exceptional Productivity In 2023 and Labor Productivity Is Popping and Productivity in the World Economy During and After the Pandemic

**Primary Topic:** Investment

**Topics:** Business Cycle, Database, GDP, Investment, News article, Productivity, Weekly

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