Macro Roundup Article

Headline: Has the U.S. Economy Transitioned to a Higher Long-Run Real Interest Rate Regime?

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Summary: If the long-run real neutral rate has increased to more than 2% over the past two years, then the question is why. One possibility is that labor productivity (output per hour in the nonfarm business sector) growth has increased. The figure plots the annual (four-quarter) percent change in labor productivity since 2005. Labor productivity growth has exceeded its longer-run average in three of the past five years. Thus, it's possible that there has been a shift to a faster productivity growth regime.

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Primary Topic: Business Cycle

Topics: Business Cycle, GDP, Investment, Op-Ed/Blog Post, Productivity, Weekly

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