

Macro Roundup Article

Headline: [U.S. Business Investment in the Post-COVID Expansion](#)

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Tweet: US business investment is at least \$430B higher than if it had followed the pattern of fixed investment as a share of GDP for all US business cycles since 1971.

Summary: Figure 1 shows business fixed investment as a share of GDP since the COVID business cycle peak (blue), compared with the analogous period in the Great Recession and Recovery (orange), and the average behavior in all U.S. business cycles since 1971 (dotted). Typically, investment tends to fall as a percent of GDP in a recession and to continue to contribute less well into the recovery. This was especially the case in the 2008 Great Recession, when business investment as percent of GDP fell by more than 2 percentage points. In recent years, business investment has bucked that trend, remaining at roughly the same share of GDP since before COVID: a better outcome than after every other recession since 1980. Indeed, in this cycle, American businesses invested \$430 billion more than if overall growth had been the same but investment followed its usual historical pattern. Factory construction has contributed almost one-third of business investment growth since the end of 2021.

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Primary Topic: Investment

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

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