

Macro Roundup Article

Headline: [World Economic Outlook Steady but Slow: Resilience Amid Divergence](#)

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Summary: In OECD economies, business investment—the bulk of total investment—tumbled after 2008, and in 2021 it fell by about 40% of its pre-global-financial-crisis trend. For every 1pp decline in output growth that is not triggered by a contraction in business investment, there is a corresponding 2pp decrease in investment growth. This estimated output-investment relationship is used to calculate the investment shortfall from the growth slowdown following the global financial crisis. Comparing with the precrisis trend, Figure 3.8 suggests that as of 2021, about half of the shortfall in business investment since 2008 can be linked to weaker economic activity. [In a separate firm-level analysis of investments by public companies,] since 2008, Tobin's q, an indicator of firms' future productivity and profitability expectations, has decreased by 10 to 30% on average, contributing to the bulk of the explained decline in investment in both advanced and emerging market economies.

Related Articles: [US Manufacturers to Temper Investment Pace After Vibrant 2023 and Electricity 2024](#) and [The Productivity Slowdown in Advanced Economies: Common Shocks or Common Trends?](#)

Primary Topic: Growth

Topics: Database, GDP, Growth, Investment, Other Source, Productivity

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