



EUROPEAN CENTRAL BANK

EUROSYSTEM

Benoît Cœuré

Member of the Executive Board

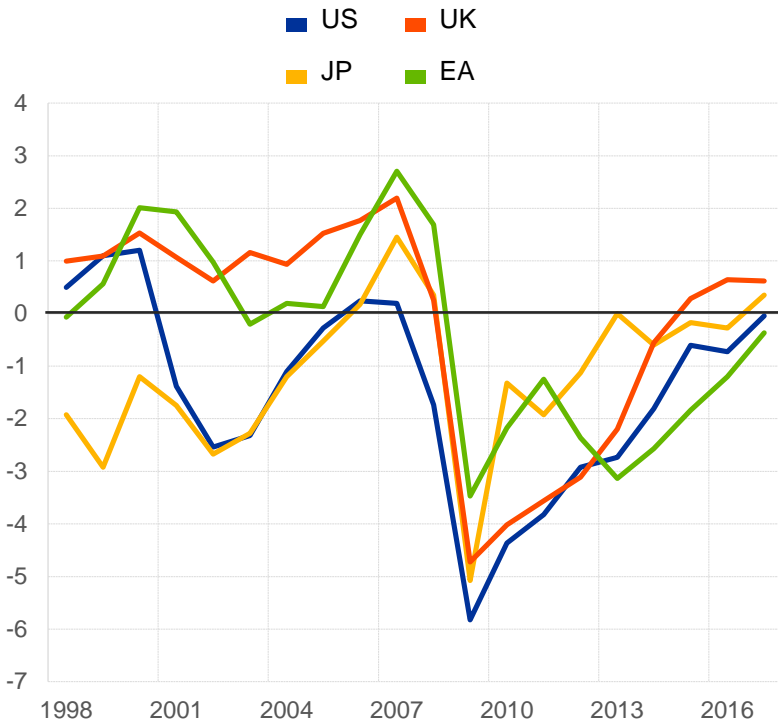
Scars that never were? Potential output and slack after the crisis

Paris, 12 April 2018

Output gaps closing, yet inflation remains subdued

Output gaps for selected economies

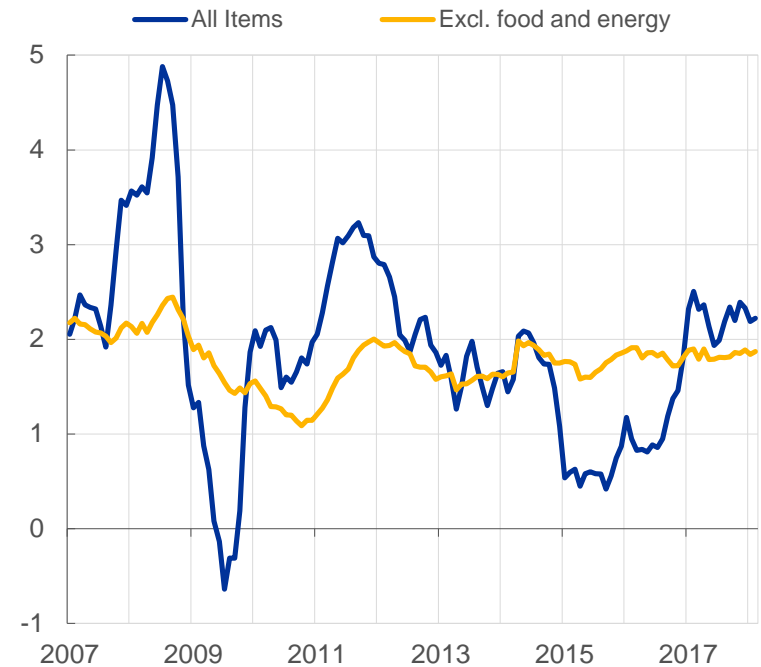
(as a percentage of potential output)



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).

OECD inflation

(annual percentage changes)



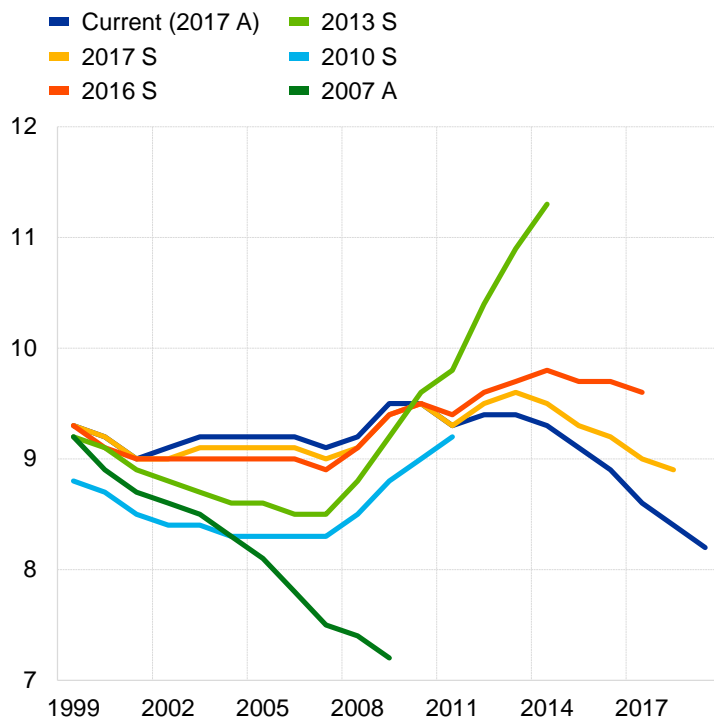
Sources: Haver Analytics and OECD.
Latest observation: February 2018.

Estimates of potential growth are uncertain and tend to be pro-cyclical

Real-time vintages of euro area

NAWRU* estimates

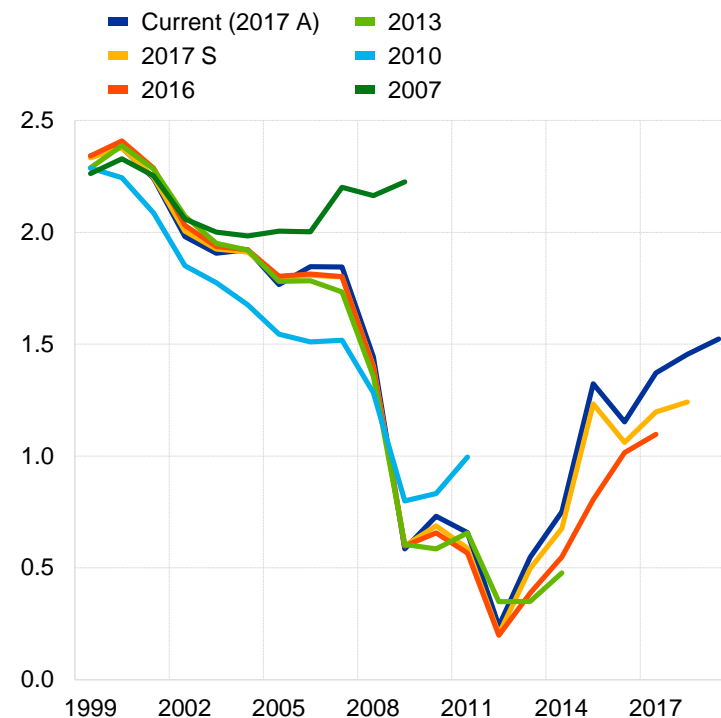
(% of labour force)



Real-time vintages of euro area

potential growth

(% p.a.)



Sources: European Commission and ECB calculations.

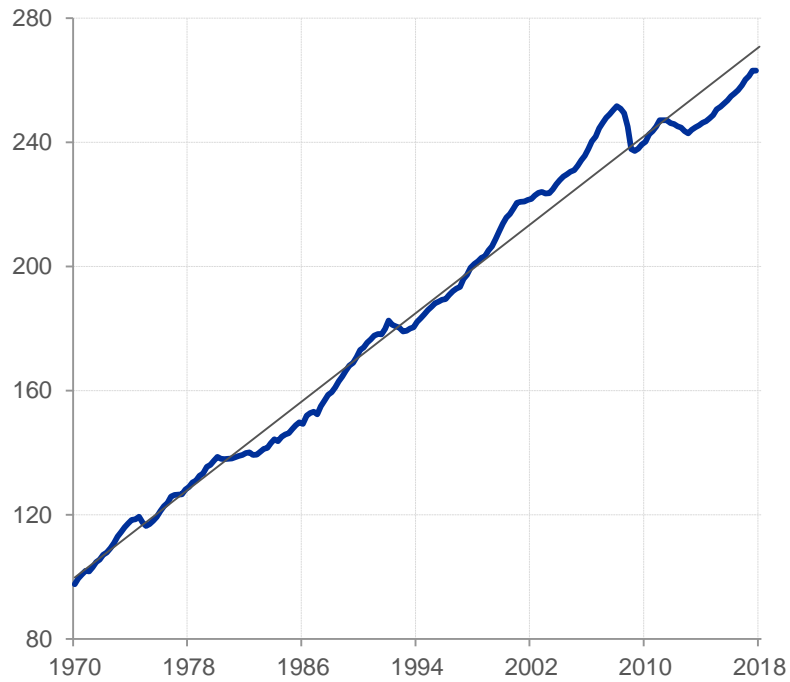
Note: Latest observation from EC Autumn 2017 forecast. S refers to Spring, A refers to Autumn forecast vintages.

* Non-accelerating wage-rate of unemployment

Booms and busts

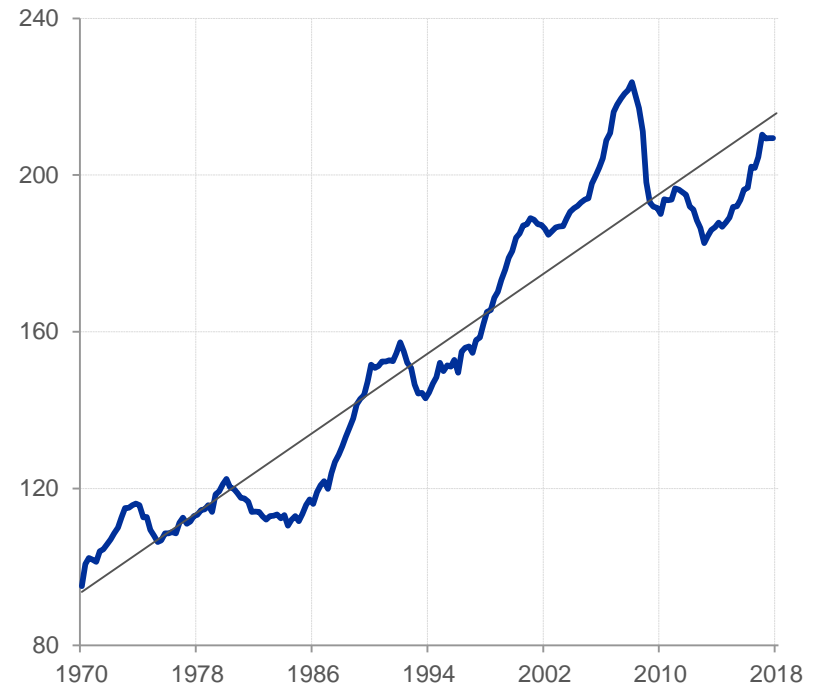
Euro area real GDP

(index: 1970 mean = 100)



Euro area real investment

(index: 1970 mean = 100)

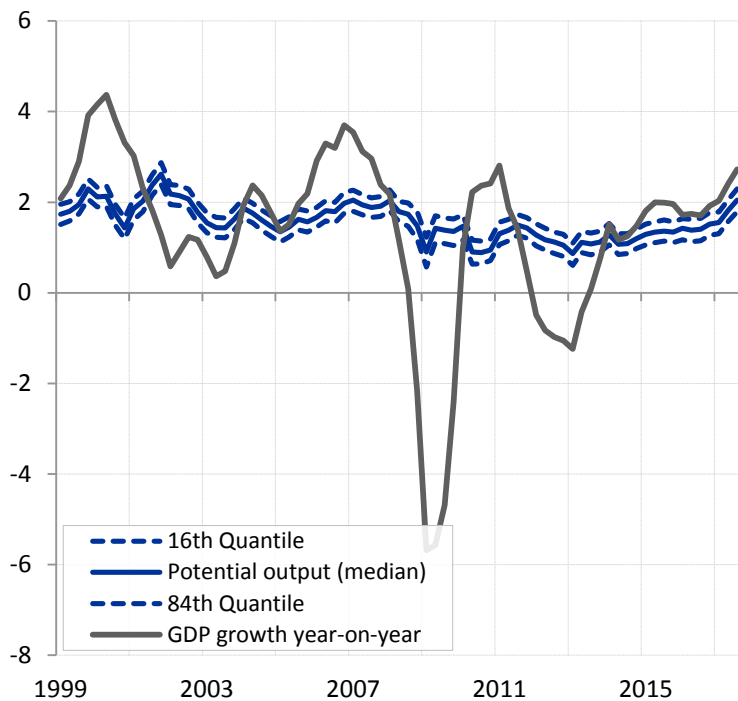


Sources: AWM database and ECB calculations.
Latest observation: 2017Q4.

The rate of potential growth may be less volatile

Euro area GDP and potential output

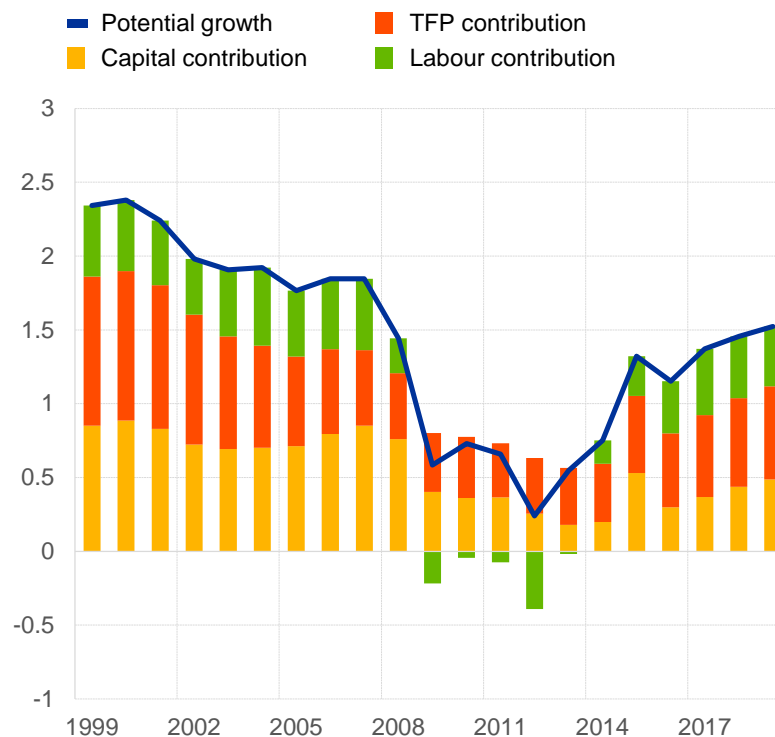
(year-on-year growth rates)



Source: Jarocinski, M. and M. Lenza (2018), "An inflation-predicting measure of the output gap in the euro area", *Journal of Money, Credit and Banking*, forthcoming.

Contributions to euro area potential growth

(annual percentage change; contributions in p.p.)



Sources: European Commission, Autumn 2017 forecast.

Thank you