

Section 22

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§ Our methodology builds up potential GDP from estimates of trend productivity, trend population, trend participation and the NAIRU.

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Going forward, we estimate potential GDP growth from assuming productivity grows at its 30-year average (1.5-1.6 per cent) and trend participation modelled by cohort analysis, which gives declining participation as a higher share of the population moves into the older cohorts with lower participation rates on average. This gives us an estimate of potential GDP growth today of 3.2 per cent slowing to 3.0 per cent by the end of the decade. Section 22

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