

OECD Global Parliamentary Network

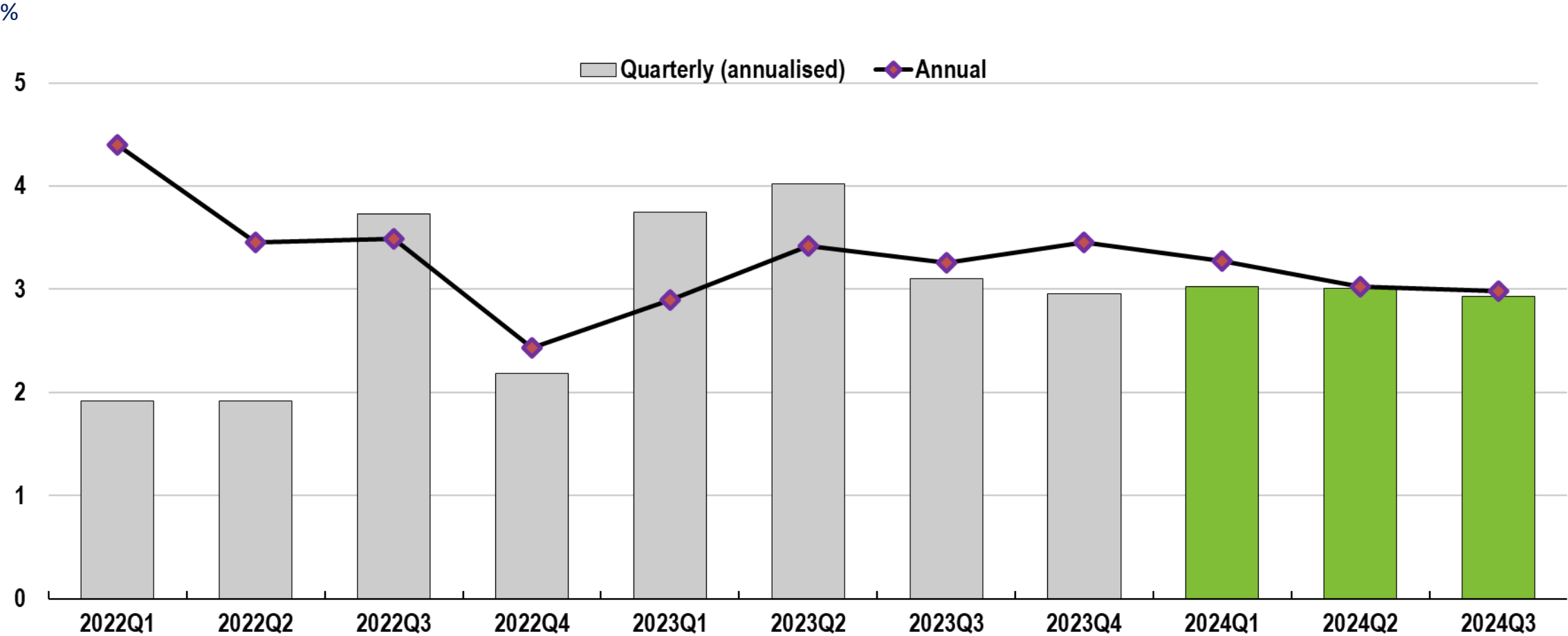
Global economic outlook

Alvaro Pereira, OECD Chief Economist

5 February 2025

Global growth has remained resilient

Global real GDP growth



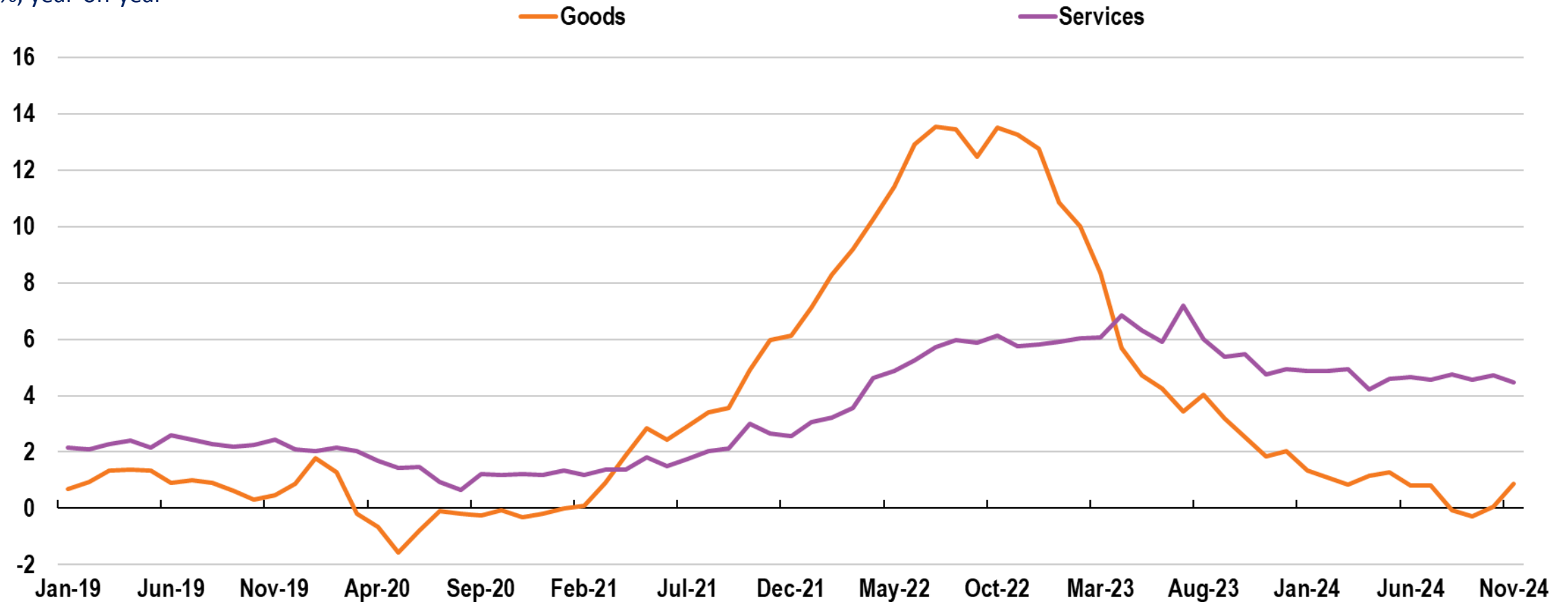
Note: Quarterly growth denotes quarter-on-quarter growth at an annualised rate. Annual growth denotes the year-on-year growth rate.

Source: OECD Economic Outlook database; and OECD calculations.

Headline inflation is now close to central bank targets, but services inflation is proving persistent

OECD median inflation

%, year-on-year



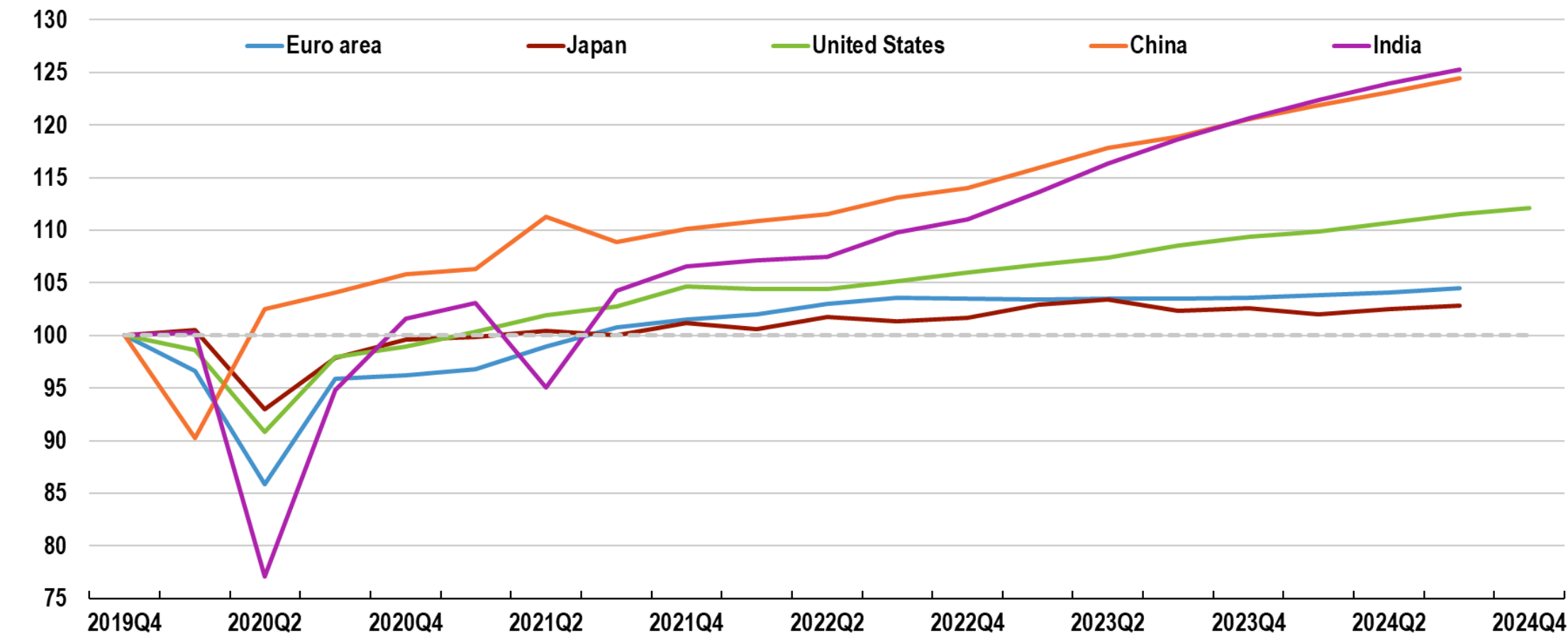
Note: Services inflation are data based on harmonised index of consumer prices by HICP divisions for the euro area member states and GBR, and national consumer price indices by COICOP divisions are used for all other countries. Goods inflation data are based on national consumer price indices by COICOP divisions for all countries. The sample includes AUT, CAN, CHE, CZE, DNK, ESP, FRA, GBR, GRC, HUN, IRL, ISR, ITA, JPN, KOR, LTU, LUX, LVA, NLD, POL, PRT, SVK, SVN, and USA. Latest data point is Nov-24 for all countries.

Source: OECD Consumer Price Indices database; and OECD calculations.

Disparities in economic growth across countries are increasing

Real GDP

Index 2019Q4=100



Source: OECD Economic Outlook 116 database; and OECD calculations.

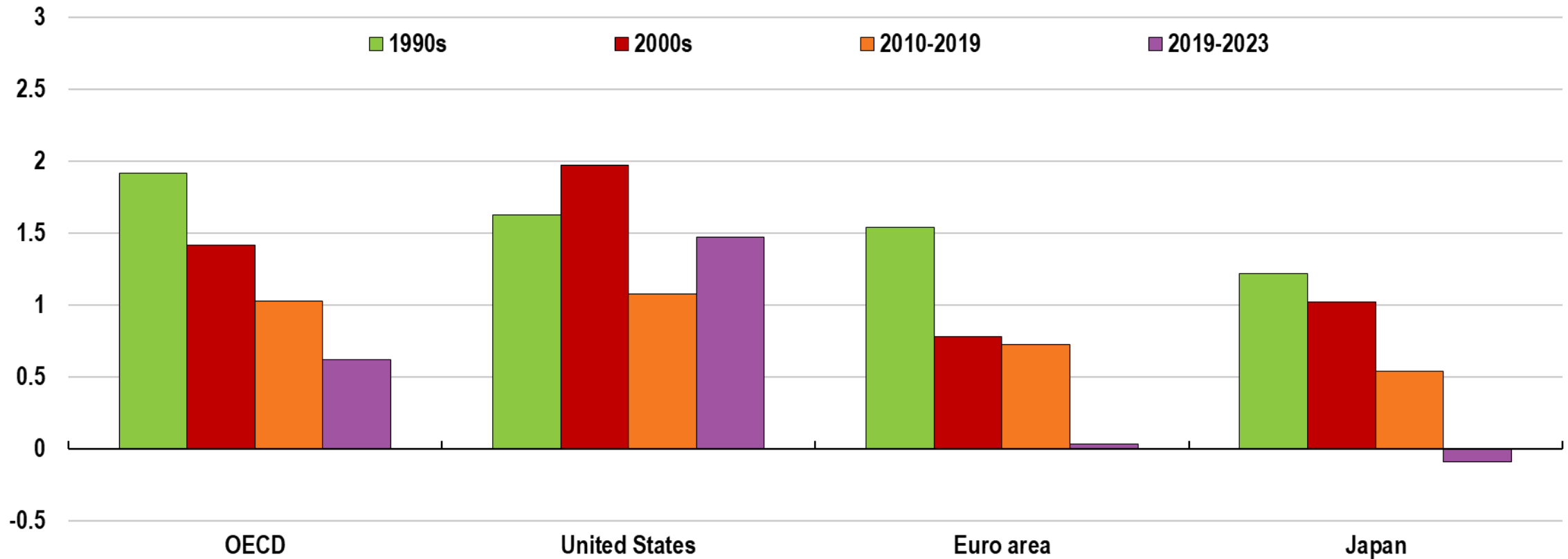
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Medium-term
challenges to
productivity
growth

Productivity has been on a long-term decline across the OECD

Labour productivity growth

%, annual averages



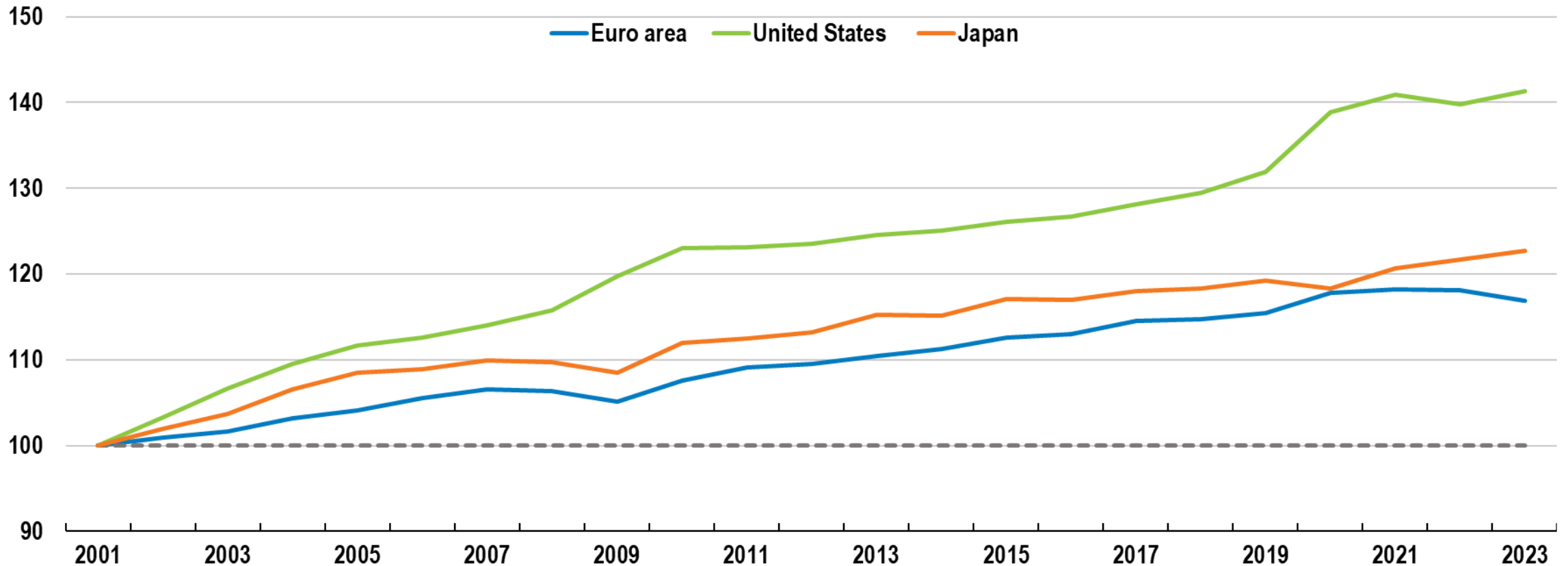
Note: chart shows real GDP per worker.

Source: OECD Economic Outlook 116 database; and OECD calculations.

Productivity growth in Europe lags behind

Labour productivity

Index 2001 = 100



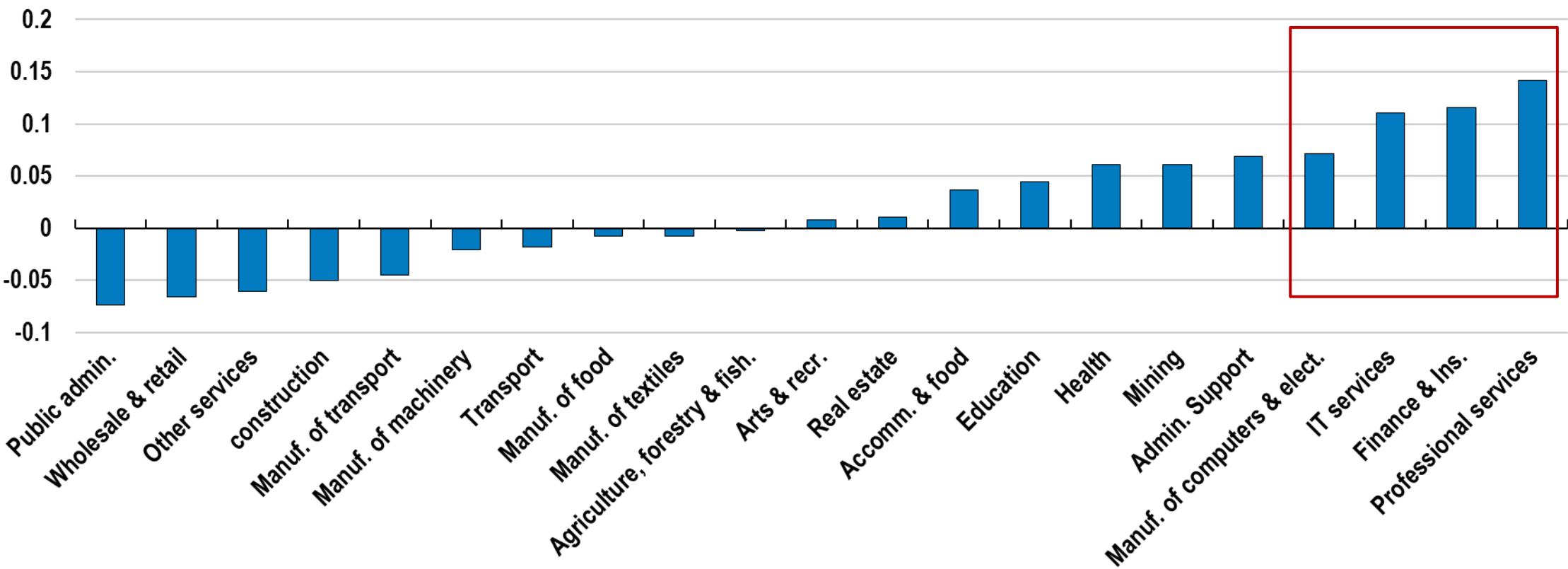
Note: Labour productivity is real GDP per hours worked. Employment data is the National Account basis for the euro area and the United States and measured in National Labour Force Survey for Japan.

Source: OECD Economic Outlook 116 database; and OECD calculations.

US-EU productivity divergence has been driven by digital technology intensive sectors

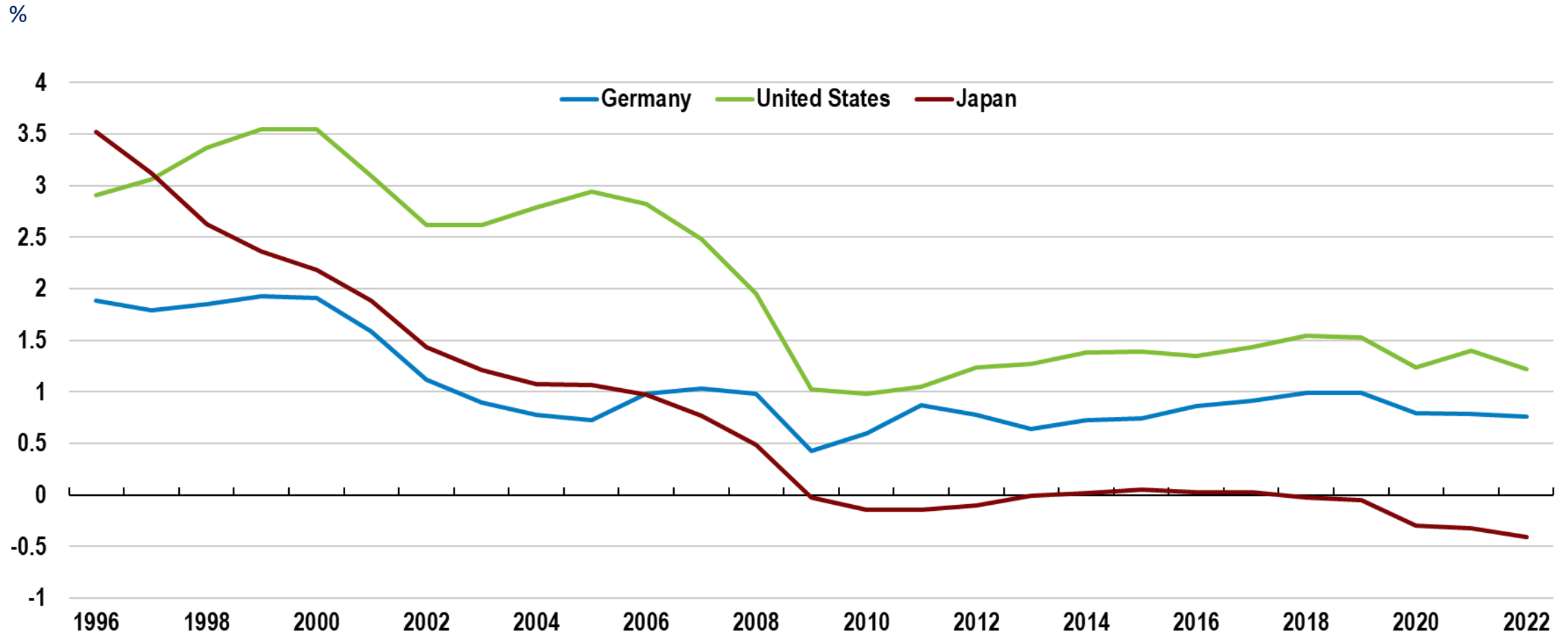
US-EU labour productivity growth gap, by sectors

Difference in average annual labour productivity growth, 2000-2019



Investment in productive capital stock has also diverged

Growth of real productive capital stock



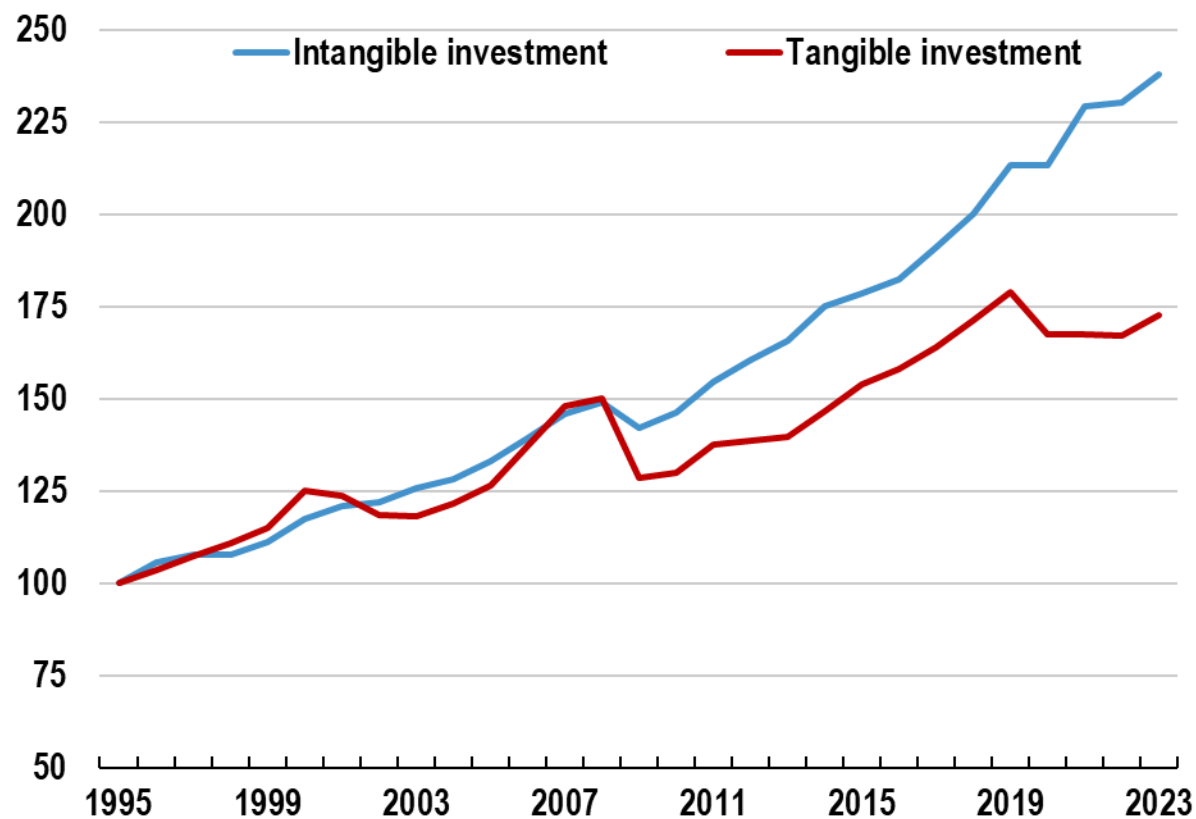
Note: Shaded area indicates the projection period.

Source: OECD Economic Outlook 116 database; and OECD calculations.

The importance of intangible investment has risen

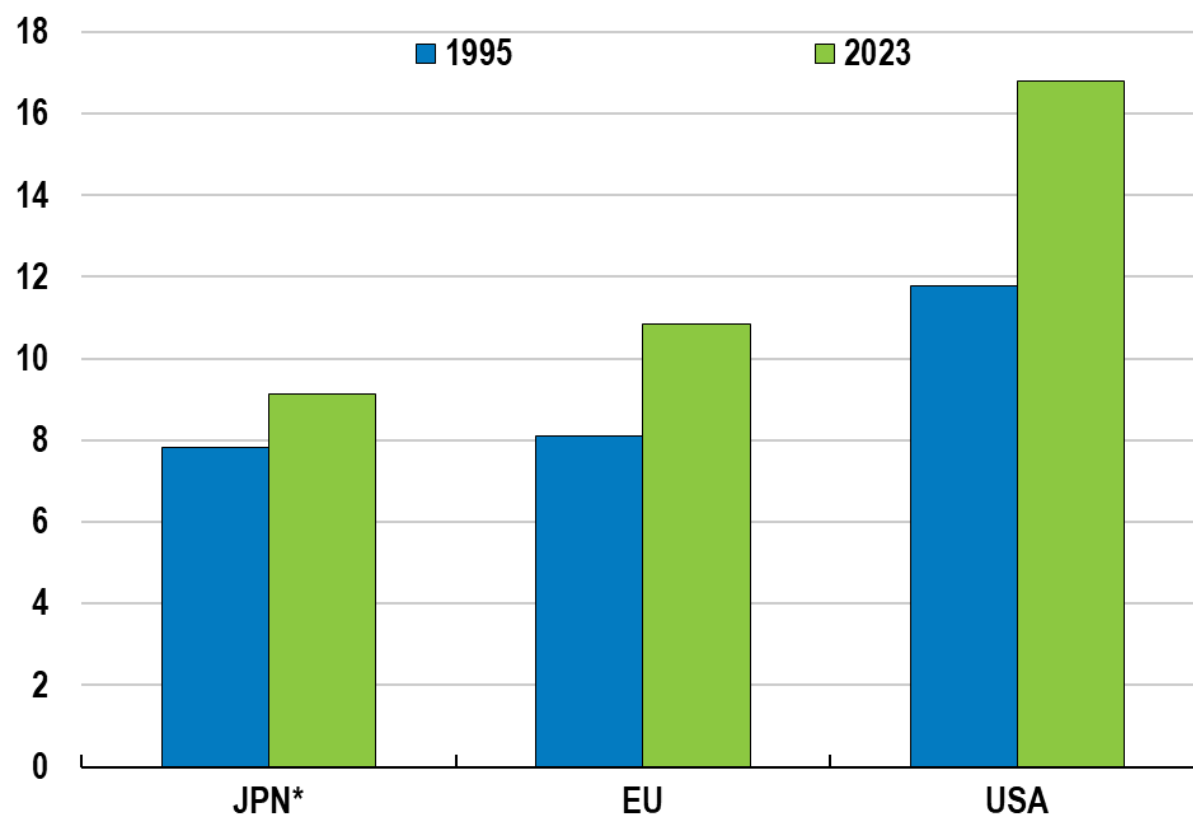
Total intangible and tangible investment

Index 1995=100, aggregate for 26 countries



Intangible investment

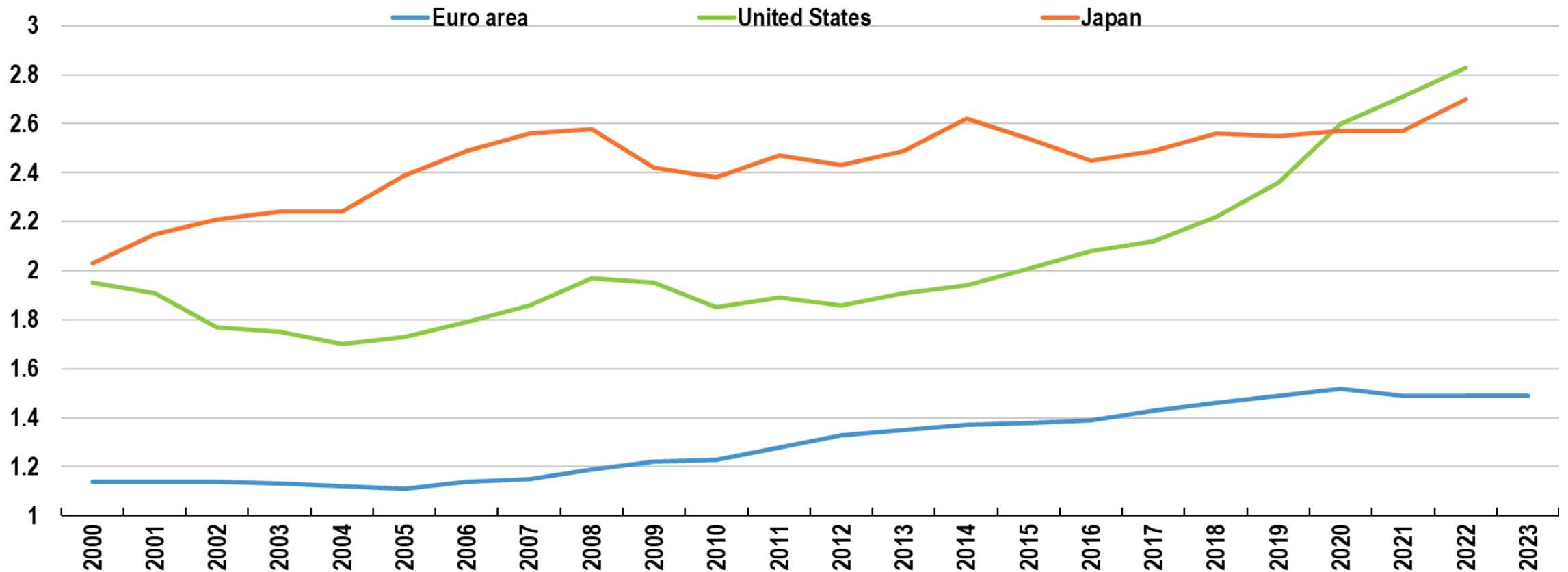
% of GDP, by country



Business R&D investment has increased strongly in the United States

Business sector R&D expenditure

% of GDP



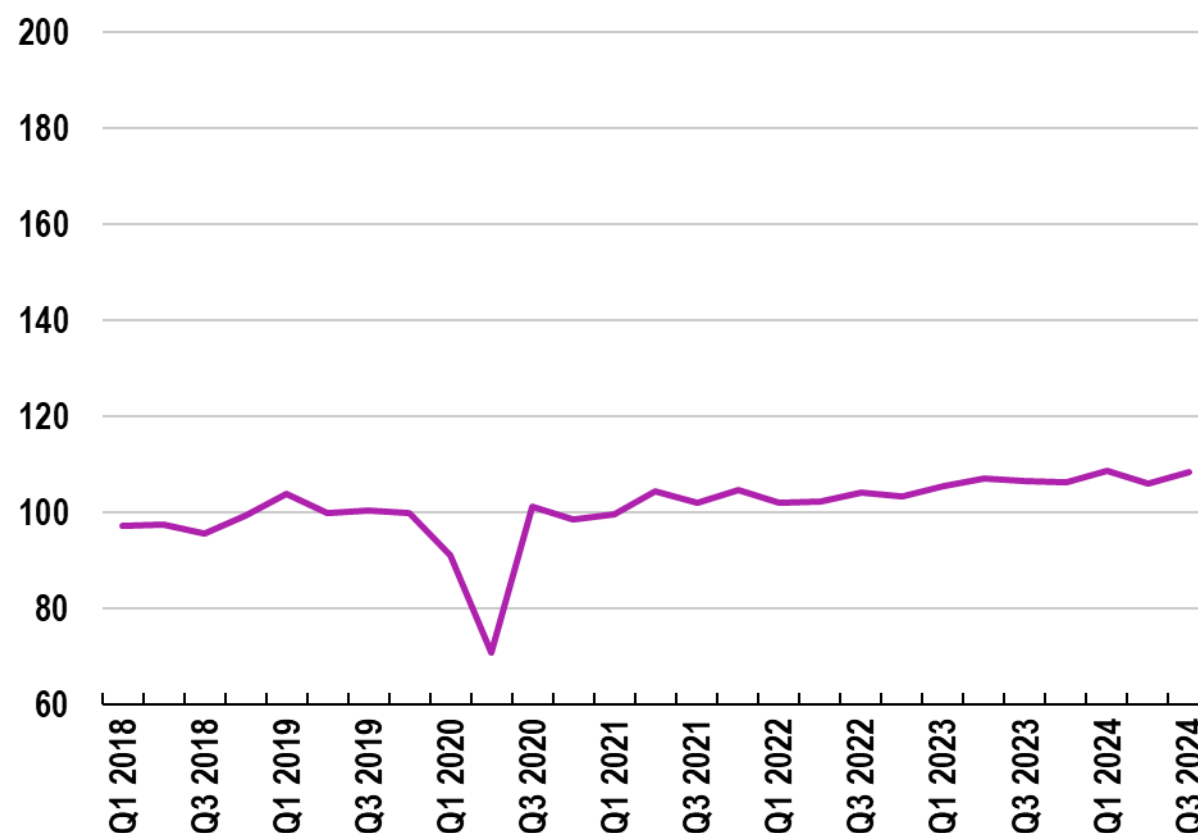
Note: R&D comprise creative and systematic work undertaken in order to increase the stock of knowledge – including knowledge of humankind, culture and society – and to devise new applications of available knowledge.

Source: Eurostat.

Business dynamics have been more subdued in Europe

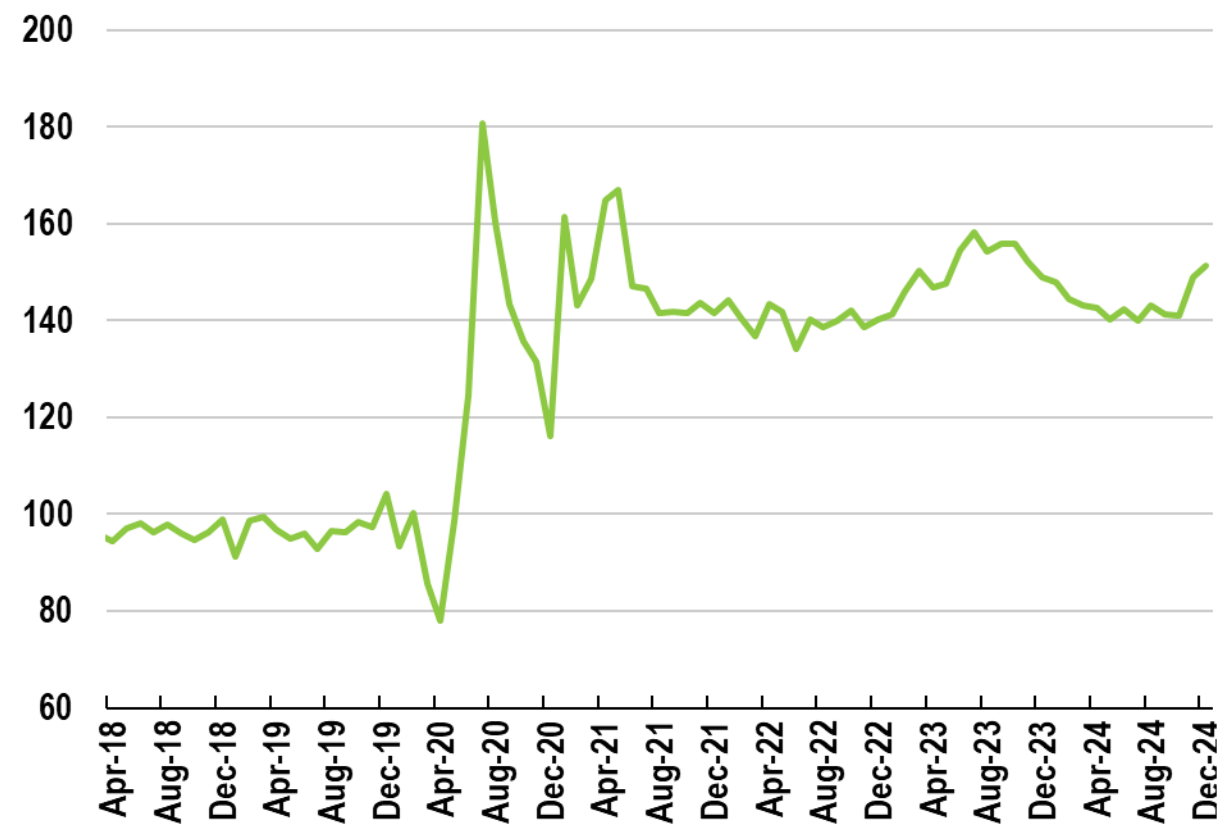
EU new businesses registrations

Index 2019Q4=100



US business applications

Index 2019Q4=100



Note: seasonally adjusted data, based on absolute number of registrations.

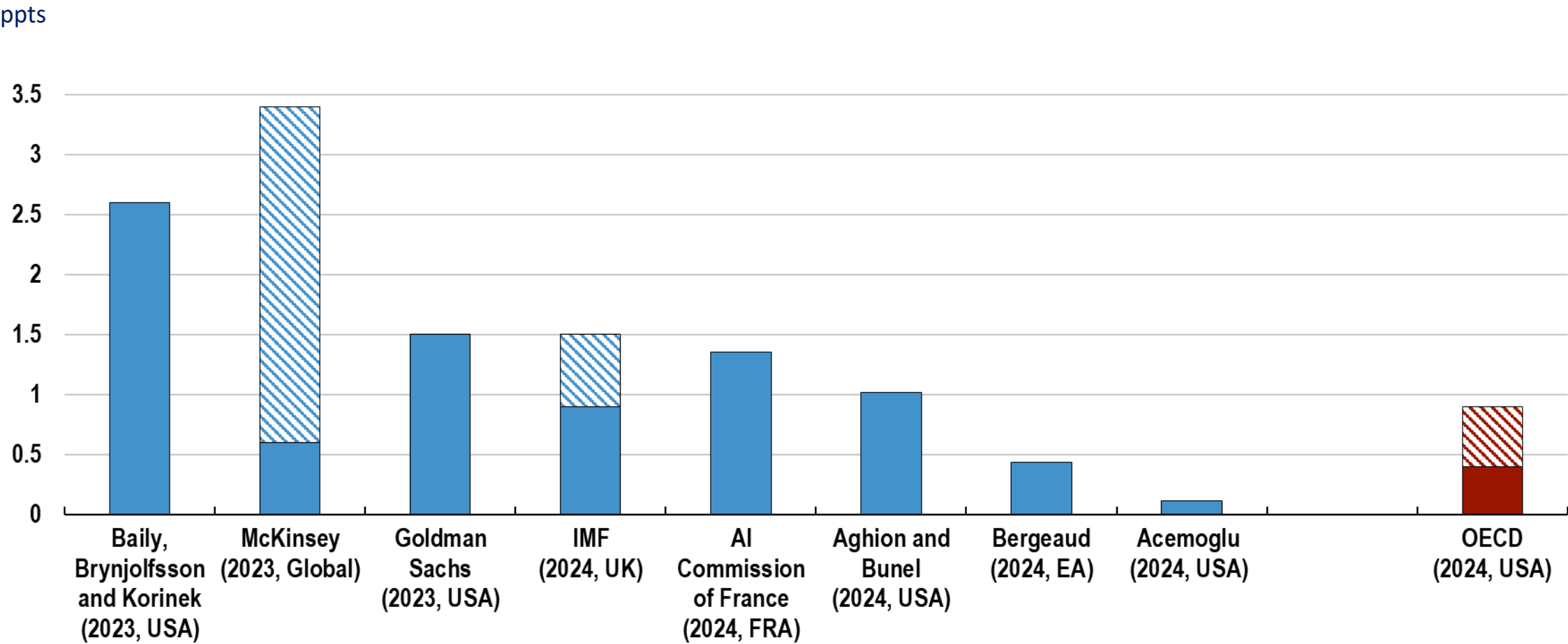
Source: Eurostat.

Note: seasonally adjusted data, based on number of business applications.

Source: US Census Bureau, Business Formation Statistics.

AI has potential for large productivity gains

Predicted increase in annual labour productivity growth over a 10-year horizon due to AI



Note: When the source presents a range of estimates as the main result, the lower and upper bounds are indicated by striped areas. In cases where modelling predictions primarily focus on TFP, labour productivity is obtained using simple assumptions about the aggregate capital multiplier (Acemoglu, 2024; Aghion and Bunel, 2024; Bergeaud, 2024; our paper). The estimates refer to the countries shown in brackets. Sources: See Filippucci et al. (2024); for Goldman Sachs (2023), the underlying reference is Briggs and Kodnani (2023); for IMF (2024) the underlying reference is Rockall, Pizzinelli and Tavares (2024); for OECD, the range from this paper's main scenarios are shown (Table 2 last row in Section 3.1).

Thank you!

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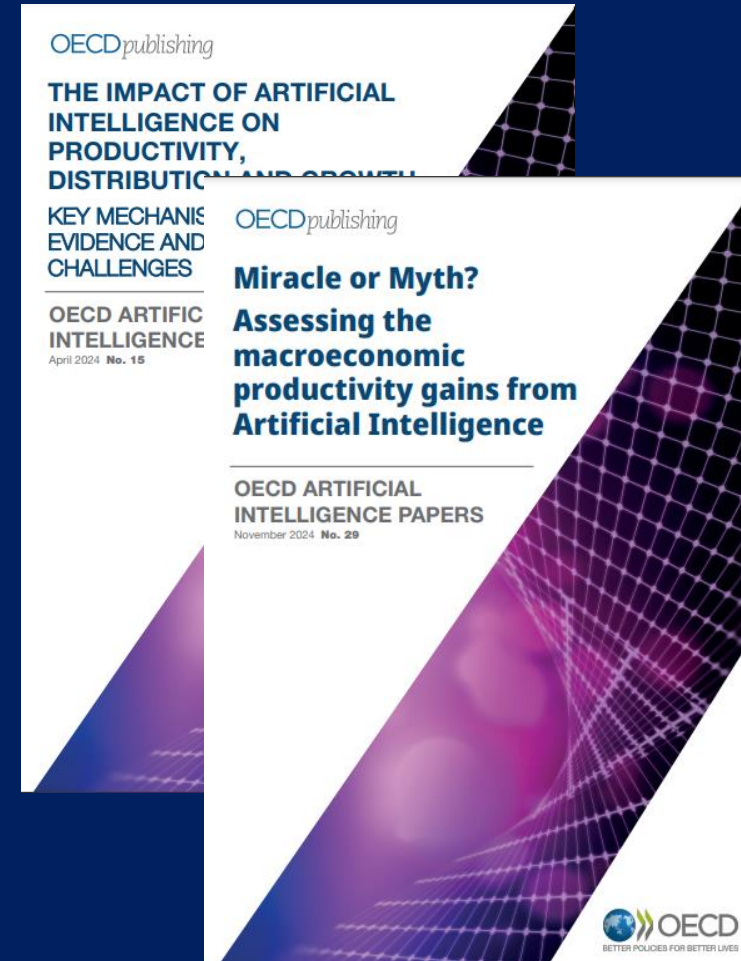
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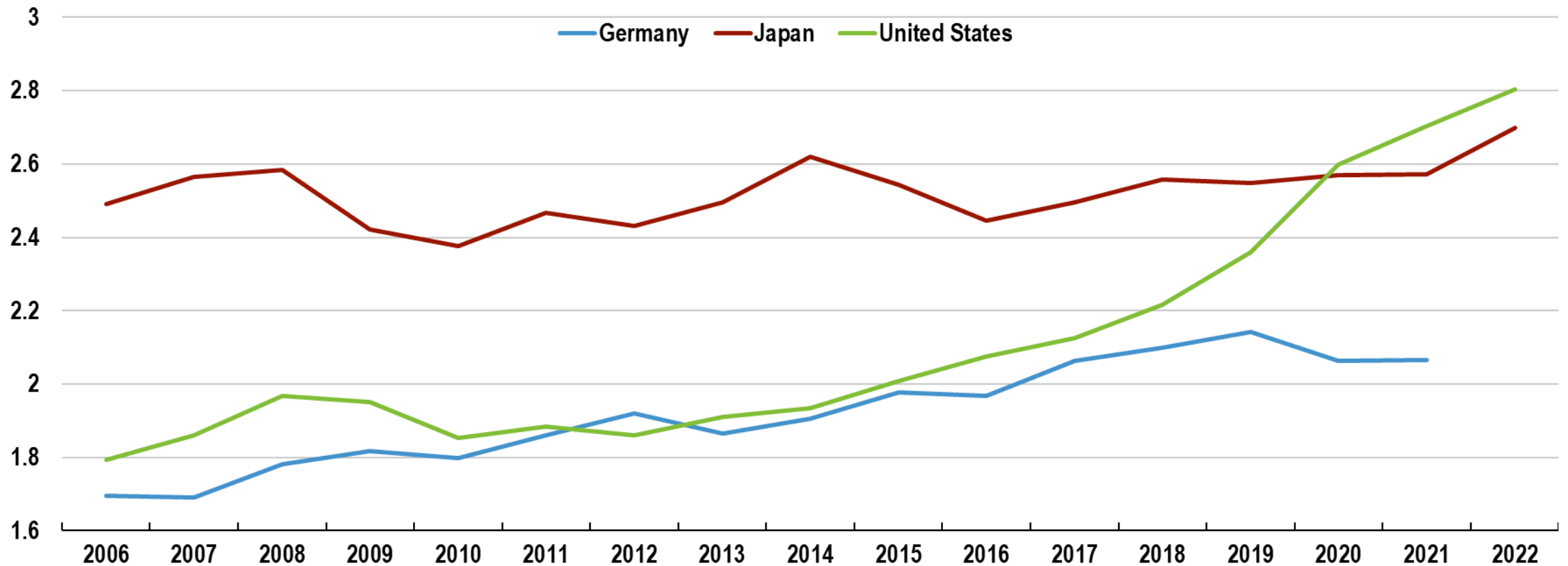
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Business R&D investment has increased strongly in the United States

Business sector R&D expenditure

% of GDP



Source: OECD Productivity Database; OECD Economic Outlook 116 database; and OECD calculations.