

## Talking Points

In this Take Five released on Friday, March 28, 2014 Assistant Vice President and Economist Bill Emmons discussed the long-term growth outlook for the United States.

Signs point towards a more subdued growth outlook based on a number of factors. The Federal Open Market Committee is tapering their securities purchases as well as its growth outlook. While 3% GDP growth was the “old normal” it now appears that GDP is forecasted to grow anywhere from 1.5% - 2.5% in the next ten years based on projections by the Congressional Budget Office (CBO). Consequently, there likely will be little pressure on 30-year nominal mortgage rates to vary much from the 3% - 5% range due to economic-growth trends.

The CBO does see a partial growth rebound within the next few years. However, Robert J. Gordon of Northwestern University is skeptical and projects a lower and flat annualized growth rate of real GDP of around 1.5%. Gordon’s skepticism stems from several variables:

- Slow-growing and aging population
- Little increase in the level of educational attainment which will hold back productivity
- Marginal technological improvements
- Looming fiscal headwinds