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September 10, 2015

This recovery's twin themes of false hope and volatility began almost immediately after the recession. In the spring of 2009, observers, including then Fed Chair Ben Bernanke, were seeing "Green Shoots." Of course, these little bursts of optimism were always followed by weak data.

It continues. Weak data over the winter were followed by an outstanding second quarter GDP release, which was itself followed by a disappointing August jobs report.

Forecasting technology does not allow us to forecast this volatility. It just can't be done with any confidence. So, for years our forecasts have anticipated generally slow economic growth, which is, on average, exactly what we've seen. This forecast continues that trend.

We expect slow, and slowly improving, economic growth throughout the forecast horizon.

Uncertainty is part of the reason for a slow recovery, and document some of that in the United States Economy essay.

Low returns on investment, interest rates, are another drag on economic growth. This recovery has seen persistent low investment levels. This hurts economic growth directly, but it also hurts future growth, because the future does not receive the benefit of investments not made.

Policy has also been atrocious. The damages of the pre-recession Sarbanes-Oxley has been added to by Dodd-Frank, the Affordable Care Act, and the decisions of the Fed to pay interest on excess reserves and to keep interest rates too low too long. Combined, these regulations have created negative incentives for job creation, while ensuring that the perverse incentive of Too Big To Fail will persist until we see a major regime change.

The policies have resulted in a playing field heavily tilted against small business and toward big business. Hence the Wall Street versus Main Street character of the recovery. Wall Street has done fine. The small businesses on Main Street, where a high percentage of U.S. jobs are created, have seen virtually no recovery.

As always, we evaluate the risk to the forecast. That is how likely are we to be wrong and in which direction.

There is some upside risk, the risk that the economy does much better than we forecast. We'd love to see that, but we think the probability is low.

Downside risk, the risk that the economy performs much worse than we forecast is a bit higher than the upside risk. All the market volatility and global uncertainty does make the possibility of a truly terrible event, say another financial crisis, uncomfortably high.

It is pretty much certain that volatility will exceed our forecast. It is important to remember that one or two bad quarters, or one or two good quarters, do not establish a trend. Recent volatility will likely continue throughout the forecast.