Output gap

1

Output gap is the difference (in %) between the actual gross domestic product (GDP) and the potential GDP.

2

The following formula can be used to calculate this gap:

$$\frac{(\text{Actual GDP - potential GDP}) * 100}{\text{Potential GDP}}$$

3

A positive output gap is also called 'inflationary gap' because such a gap occurs in times of booms with inflationary tendencies. A negative output gap, also called 'deflationary gap', can be observed in times of recessions with deflationary tendencies.

4

The OECD[1] has published the following output gaps (in %):

	2008	2009	2010
United States	- 0.5	- 4.9	- 5.4
United Kingdom	0.4	- 5.4	- 6.4
Japan	1.3	- 6.1	- 6.1
Germany	1.9	- 5.4	- 5.7
total OECD	0.3	- 5.3	- 5.8

1 OECD Economic Outlook 85 database (→ 2483806.xls)