

# The Budget Outlook

*If the economy is slowing, why are surpluses growing?*

- Larger surpluses are projected because productivity growth has led to increases in long-term GDP
- The economy may grow at about 3% over the next 10 years, instead of 2.8% projected last year
- The current cyclical slowdown is not at odds with a long-term potential GDP rate of 3%
- Changes in the near-term forecast illustrate how quickly short and long-term economic projections can change