

Executive Summary

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Forecast overview

Not much new data; outlook little revised

- S&P Global Market Intelligence forecasts 2.0% GDP growth in 2025, followed by 2.2% growth in 2026 and 1.8% growth in 2027.¹ Each of these figures is unrevised from last month's forecast.
- Underlying a broadly unrevised forecast is an absence of new government data; the ongoing federal government shutdown has reduced the data flow, leaving only a few avenues for forecast updates. Examples include financial data and energy prices: oil prices are little changed from last month's forecast, while financial indicators are generally more supportive of growth.
- Nonetheless, there were a few notable updates to this month's forecast. First, we raised our estimate of third-quarter GDP growth by 0.4 percentage point in response to risks to our trade assumptions for August and September revealed by an internal statistical model. Second, a longer-than-expected federal government shutdown lowered our forecast of fourth-quarter GDP growth by 0.5 percentage point. Finally, a few developments on tariffs, on balance, led to a somewhat lower average effective tariff rate in the forecast.
- Inflation came in somewhat softer than expected in September. We expect inflation to continue to rise through the first half of 2026, with core PCE inflation reaching 3.3%, as tariffs continue to pass through to consumer prices.²
- The Federal Reserve cut the federal funds rate by 25 basis points in October. We assume another cut at the December meeting, although this call is highly conditional on developments in labor markets and on inflation. Then, as inflation firms through the first half of next year, the Fed again pauses its easing cycle until June 2026, when it resumes easing.

Optimistic outlook for 2026

Our forecast of a growth pickup next year reflects several factors. The recently passed budget bill included a personal tax cut, part of which was retroactive to 2025. So, not only will personal tax withholdings be reduced, but refunds will be elevated in early 2026. These developments will boost disposable personal income and support consumer spending next year. The budget bill also includes new direct federal spending on defense and border security that will boost government consumption expenditures and gross investment. Also, by the end of this year, we expect that aggregate inventories will be underbuilt. In our forecast, businesses pick up production to set inventories (relative to sales) on a rising path. Finally, with imports remaining relatively expensive, we expect some domestic demand to be redirected to domestic producers, where close substitutes and capacity are available.

The role of AI in the outlook

Artificial intelligence (AI) can be thought of as occupying three spaces in the macroeconomic data: the investment spending involved in putting AI capabilities in place, the contribution to overall equity valuations from companies engaged in providing AI services, and the productivity gains that will ultimately result once AI is incorporated broadly into workstreams. On productivity, this will be a gradual process that will not materially impact the near-term outlook. On investment, fixed investment in data centers and computers has been rising rapidly, but the former is still a small share of overall investment, and the latter is

mainly imports; neither have had a material impact on GDP. Investment in intellectual property products, however, rose rapidly in the first half of 2025, contributing an average of 0.6 percentage point per quarter to GDP growth. On equity valuations, of the roughly 40% gain in the S&P 500 since January 2024, roughly one-half was accounted for by a handful of AI related companies. In our forecast, we assume growth of spending on intellectual property products slows, and we assume overall equity values decline roughly 12% over the next two years. This puts the risks to the baseline outlook stemming from AI on both the upside and the downside. Continued rapid growth of investment in intellectual property products would imply faster growth of GDP, while a larger correction in equity values, say, from the bursting of an AI bubble, would imply a weaker growth outlook.

Federal government shutdown

Our forecast assumes a six-week shutdown, the direct impact of which is to reduce fourth-quarter GDP growth by 0.8 percentage point and add the same amount in first-quarter growth. For now, we assume affected federal employees receive backpay once the government reopens, limiting the macroeconomic impact. If they do not, that would imply a weaker near-term outlook for income and consumption than in our forecast.

1. This forecast was issued on November 5, 2025. Unless otherwise noted, all quarterly growth rates are stated as compound annual rates, all expenditure components of GDP are in chained 2017 dollars, and all annual growth rates are full-year over full-year percent changes.

2. PCE is the acronym for personal consumption expenditures.

Forecast at a glance

Base forecast (November 2025) 2025:Q3 - 2029:Q4

	Major economic indicators																	
	% ch. from prior quarter, annual rate						% ch. from prior year, or annual average						% ch. from fourth quarter of prior year, or fourth-quarter average					
	2025.1	2025.2	2025.3	2025.4	2026.1	2026.2	2024	2025	2026	2027	2028	2029	2024.4	2025.4	2026.4	2027.4	2028.4	2029.4
Key indicators of real activity																		
Real gross domestic product	-0.6	3.8	3.2	0.8	2.3	2.4	2.8	2.0	2.2	1.8	1.6	1.8	2.4	1.8	2.3	1.5	1.7	1.8
Contributions to growth (% points):																		
Final sales to domestic purchasers	1.5	2.4	2.3	0.2	2.0	1.9	3.2	2.3	1.6	1.4	1.6	2.0	3.1	1.6	1.7	1.4	1.8	2.1
Net exports of goods & services	-4.7	4.8	0.8	0.2	0.3	0.4	-0.4	-0.3	0.7	0.1	-0.1	-0.2	-0.5	0.3	0.3	0.0	-0.2	-0.3
Change in private inventories	2.6	-3.4	-0.3	0.9	-0.3	0.2	0.0	0.0	0.0	0.3	0.1	0.0	-0.2	0.0	0.2	0.2	0.0	0.0
Major components of real GDP																		
Personal consumption expend.	0.6	2.5	3.1	1.2	2.1	2.2	2.9	2.5	2.1	1.8	2.1	2.4	3.4	1.8	2.1	1.8	2.3	2.4
Nonres. fixed investment	9.5	7.3	2.5	-3.4	-0.5	1.8	2.9	3.6	0.6	1.4	1.5	2.1	0.9	3.9	1.2	1.1	1.8	2.3
Residential investment	-1.0	-5.1	-6.3	-3.3	1.7	1.8	3.2	-2.2	-0.7	1.8	2.0	2.0	1.3	-3.9	1.7	1.8	2.0	2.0
Change in private inventories *	172.0	-18.3	-35.2	13.6	5.3	4.6	43.5	33.0	20.1	74.4	85.7	86.9	17.1	13.6	47.8	82.8	88.4	85.0
Exports of goods & services	0.2	-1.8	0.6	1.3	2.7	5.7	3.6	0.8	3.0	4.7	4.1	3.4	3.3	0.0	4.8	4.2	4.0	3.0
Imports of goods & services	38.0	-29.3	-7.8	-0.6	2.5	1.4	5.8	2.3	-1.9	3.5	4.2	4.4	6.2	-2.7	2.5	3.9	4.4	4.3
Govt consump. & gross invest.	-1.0	-0.1	0.5	-2.7	6.5	0.9	3.8	1.1	1.4	0.3	-0.2	-0.1	3.6	-0.8	2.1	0.0	-0.2	-0.1
Prices, Productivity, & Costs																		
Pvt. housing starts (thous. units)	1401	1354	1345	1311	1310	1301	1371	1353	1302	1298	1304	1315	1387	1311	1298	1301	1308	1321
Light vehicle sales (mil. units)	16.4	16.1	16.4	15.4	15.4	15.6	15.9	16.1	15.7	16.0	16.2	16.4	16.5	15.4	15.9	16.1	16.3	16.4
Industrial production, total	4.1	1.6	0.3	-2.0	-1.2	-0.5	-0.3	1.1	-0.5	0.3	0.4	0.9	-0.3	1.0	0.0	0.1	0.7	0.8
Industrial production, mfg	3.4	1.9	0.9	-2.1	-0.9	0.2	-0.5	0.8	-0.1	0.7	0.3	0.7	-0.5	1.0	0.5	0.3	0.5	0.7
Capacity utilization (mfg, %)	76.6	76.7	76.7	76.1	75.7	75.6	76.8	76.5	75.8	75.7	75.4	75.4	76.2	76.1	75.9	75.6	75.4	75.3
Nonfarm payroll employ. (mil.)	159.2	159.4	159.6	159.6	159.8	160.1	158.0	159.4	160.2	161.0	161.3	161.9	158.6	159.6	160.6	161.1	161.5	162.2
Average monthly chg. (thous.)	111	55	57	18	72	106	168	60	86	38	35	55	209	18	78	17	47	56
Private nonfarm hours	1.2	1.1	-1.0	0.4	0.3	0.7	0.2	0.7	0.4	0.4	0.1	0.4	0.6	0.4	0.6	0.2	0.2	0.4
Civilian unemployment rate (%)	4.1	4.2	4.3	4.4	4.5	4.5	4.0	4.2	4.5	4.5	4.5	4.4	4.2	4.4	4.5	4.5	4.4	4.3
Selected Financial Variables																		
Federal funds rate (%)	4.33	4.33	4.32	3.88	3.61	3.58	5.14	4.21	3.41	3.12	3.13	3.13	4.65	3.88	3.12	3.12	3.13	3.13
Yield on 10-Yr Treasury Notes (%)	4.45	4.36	4.26	4.13	4.05	3.98	4.21	4.30	3.97	3.89	3.91	3.96	4.28	4.13	3.92	3.88	3.93	3.97
Baa corporate bond yield (%)	6.06	6.29	6.03	6.02	6.06	6.15	5.81	6.10	6.16	6.22	6.17	6.12	5.82	6.02	6.23	6.20	6.15	6.11
Broad trade-wtd US\$ (Jan 2006=100)	127.9	122.7	120.7	121.1	120.0	119.6	123.2	123.1	119.4	118.0	117.7	118.1	126.1	121.1	118.8	117.5	117.8	118.3
S&P 500 stock index, period end	5612	6205	6687	6810	6658	6470	5882	6810	6186	6009	6017	6053	5882	6810	6186	6009	6017	6053
S&P 500 stock index, average	5901	5737	6430	6794	6734	6564	5427	6215	6487	6061	6010	6033	5911	6794	6254	6008	6015	6048
Incomes & Related Measures																		
Corporate profits w/ IVA & CCAdj	-4.7	0.7	17.9	-0.2	-11.6	1.6	5.1	5.5	0.5	1.0	0.1	2.5	5.5	3.1	0.0	-1.0	1.3	2.8
Real disposable personal income	2.3	3.1	0.4	0.7	6.6	3.1	2.9	1.9	3.2	3.0	2.6	2.4	2.4	1.6	4.0	2.7	2.5	2.5
Personal saving rate (%)	5.2	5.3	4.7	4.6	5.6	5.8	5.5	4.9	6.0	7.1	7.5	7.6	4.7	4.6	6.4	7.3	7.5	7.6
Fed. surplus (unified, FY, bil. \$)	-2385	-121	-1723	-2053	-2543	-721	-1817	-1768	-1792	-1942	-2116	-1894	-2844	-2053	-2224	-2400	-2231	-2298

* billions of chained 2017 \$

** % change, not annualized, HPI = house price index

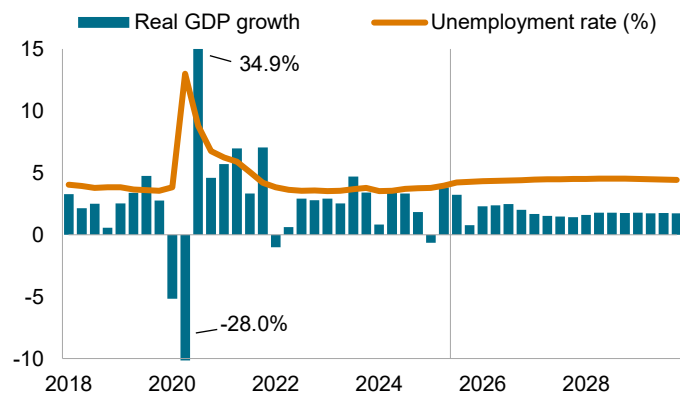
Source: S&P Global Market Intelligence

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Forecast at a glance

Growth rebounded in Q2, averages 2.1% over 2025-26

Percent change, annual rate



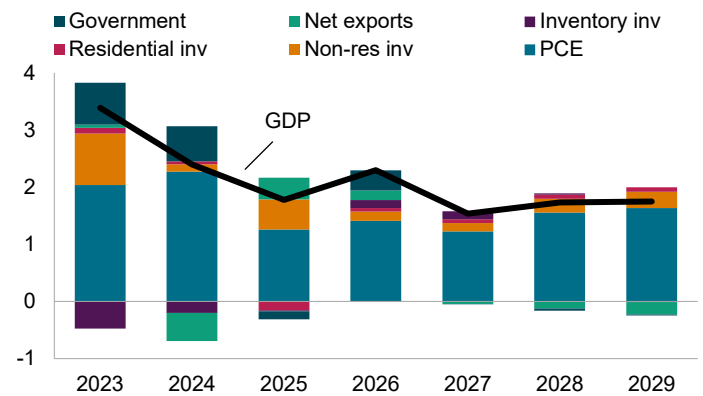
As of Nov. 5, 2025.

Sources: S&P Global Market Intelligence; BEA; BLS.

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Contributions to GDP growth (Q4/Q4)

Percentage points



As of Nov. 5, 2025.

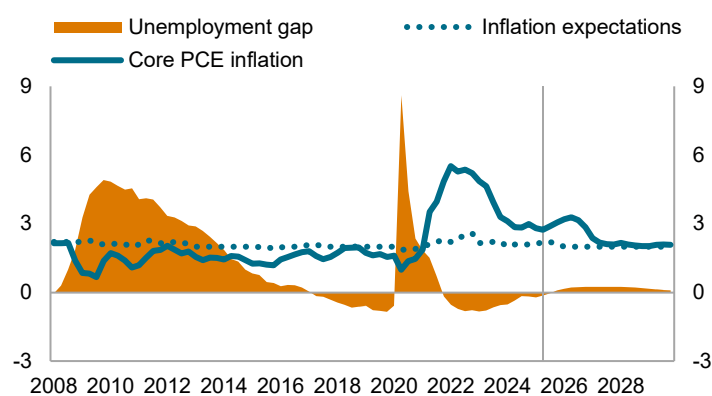
Sources: S&P Global Market Intelligence; BEA.

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Core PCE inflation rises to 3.3% in 2026 due to tariffs

4-quarter percent change

Percentage points



As of Nov. 5, 2025.

Sources: S&P Global Market Intelligence; Philly Fed; BEA; BLS.

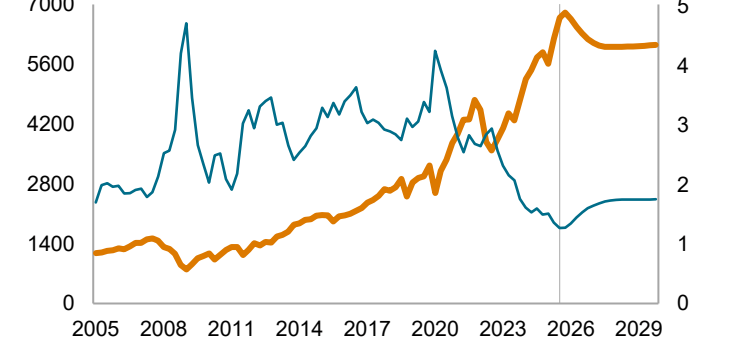
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Following rebound over Q2-Q3, equities decline 12% through 2027, roughly flat thereafter

Index

S&P 500 index (left)

Equity risk premium (right)



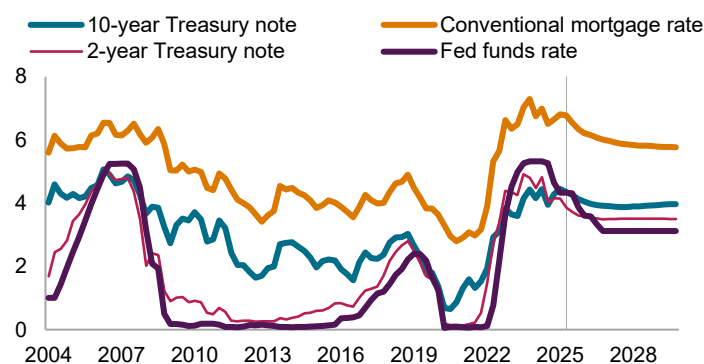
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Fed cuts in December, then pauses until June 2026 as inflation remains sticky into Q2

Percent



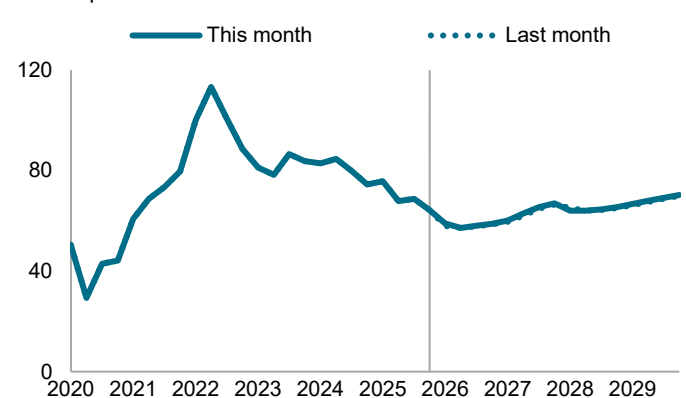
As of Nov. 5, 2025.

Sources: S&P Global Market Intelligence; FRB.

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Price of Brent crude oil

Dollars per barrel



As of Nov. 5, 2025.

Source: S&P Global Market Intelligence.

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Consumers expected to be more cautious as job gains slow, prices rise

Consumer markets: After being whipsawed in the first half of the year, the US economy appears to have entered the fourth quarter on surer footing. Real PCE rose 2.5% in the second quarter, up from 0.6% in the first, and is estimated to have risen 3.1% in the third. Averaged over first two quarters of 2025, growth was a lackluster 1.5%, down from 3.4% over the four quarters of 2024. While spending in recent months was likely boosted by temporary factors, the data we have supports our view that consumers followed their wallets, not their fears, in the third quarter. Still, job gains have slowed, and consumers are expected to be more cautious going forward. At the same time, prices are starting to rise. We estimate PCE prices excluding food and energy (core) firmed 0.3% in September, leaving the 12-month change at 2.9%. On a quarterly (annualized) basis, core inflation is estimated to have firmed to 3.0% in the third quarter, up from 2.6% in the second. In our forecast, core inflation rises to 3.4% in the fourth quarter and rises to 3.1% this year, on a four-quarter basis, as the impact of tariffs has been slow to emerge. The leading edge of those price hikes is visible, as evidenced by a persistent rise in goods inflation, but the impact is expected to spill into next year. Personal income growth through August has been helped by steady gains in wages and salaries. Recent revisions raised the level of personal income by 1.1% through the first quarter of 2025, but did little to alter the profile of growth this year. Personal income growth slowed from 6.4% in the first quarter to 5.5% in the second. Real disposable income growth firmed to 3.1% in the second quarter, up from 2.3% in the first, pushing the saving rate to 5.3%, from 5.2% in the first.

Labor markets: The ongoing government shutdown has now delayed both the September and the October employment reports. In the absence of official numbers for total payrolls, attention has turned to alternative data sources. The payroll processing firm Automatic Data Processing Inc. (ADP) reported that private payrolls expanded by 42,000 in October, after contracting 29,000 in September. The ADP estimate does not include government workers but has tracked the monthly change in total payroll employment fairly well over the last few years. With the spigot of official government economic data turned off, a comprehensive assessment of the current state of the labor market is challenging. However, even with the Department of Labor's weekly insured unemployment data on hold, state-level reports allow us to calculate a preliminary national estimate. Our analysis shows initial claims for unemployment insurance benefits have drifted sideways during the ongoing federal government shutdown. Broadly, our narrative remains unchanged: the labor market has clearly downshifted, but we expect it to bend, not

break. In our forecast, payroll gains slow to an average of 31,000 over the balance of the year and the unemployment rate rises to a peak of 4.5% by early 2026, where it remains for nearly three years.

Business investment: Aided by a surge in imports of capital goods and firming spending on intellectual property products in the first half of 2025, growth of business fixed investment (BFI) is expected to firm from 2.9% in 2024 to 3.6% in 2025 before slowing to 0.6% in 2026. After that, BFI growth firms, helped in part by expensing provisions in the recently passed budget bill. The slowdown in BFI next year, in part, reflects declining spending on manufacturing structures, which was temporarily boosted (through 2024) by tax credits in the Inflation Reduction Act.

Housing and construction: The 30-year mortgage rate has declined to 6.21%, down 106 basis points from an April 2024 peak. In the third quarter, existing home sales totaled 4.02 million (annual rate), the eighth-lowest quarterly reading since 2000. Real home prices are edging down, despite low inventories. After adjusting for consumer price inflation, the FHFA indexes decreased from December in eight of the nine divisions. In the forecast, housing starts are expected to slow from 1.37 million in 2024 to 1.35 million in 2025 and then further to 1.30 million in both 2026 and 2027. Home sales will also struggle this year — we expect existing home sales to decline from 4.07 million in 2024 to 4.06 million in 2025 but then bounce back to 4.50 million in 2026 as homes become more affordable due to lower mortgage rates and lower real home prices.

International trade: US Customs collected \$29.7 billion in tariff revenues in September, \$22.4 billion higher than in September 2024. We estimate that tariff revenues for October will reach \$32 billion. In the first five days of November, revenue is running higher than October's pace. Customs data from China indicate that exports to the US significantly declined in August and October, reaching levels not seen in 20 years. The broad dollar index increased by 7.3% from late September 2024 to early January 2025 but has since reversed course and now stands near its late September 2024 level. In our forecast, broad dollar index decreases from its second-quarter level of 122.7 to 121.1 by late 2025 and further to 118.8 by late 2026. We expect net exports to reduce GDP growth by 0.3 percentage point this year and add 0.7 percentage point in 2026. The current account deficit as a share of GDP averaged 2.3% from 2010 to 2019 and surged to 5.9% in the first quarter. It is expected to decline from 3.9% this year to 1.2% of GDP by 2035, as tariffs generate government revenue while simultaneously reducing imports.

Key forecast assumptions

Fed cuts at the December FOMC meeting then pauses until mid-2026

Federal fiscal policy: Our forecast assumes that the current government shutdown lasts six weeks. The forecast includes provisions in the One Big Beautiful Bill Act (OBBBA). The OBBBA extends indefinitely the cuts to marginal personal tax rates enacted in the 2017 Tax Cuts and Jobs Act and includes new deductions for tip income and overtime pay, among other personal tax provisions. The OBBBA includes new expensing provisions for business capital and new and expanded deductions for corporations, but rescinds most of the clean-energy tax credits previously introduced in the Inflation Reduction Act. The OBBBA includes increased federal direct spending, but reduces outlays for Medicaid, ACA insurance premium tax credits, and SNAP benefits. We assume federal employment falls by 255,000 through October 2025.

State & local fiscal policy: Pandemic-era funds as well as funds authorized under the Infrastructure Investment & Jobs Act eased pressure to reduce state and local spending. While much of the pandemic-era funds have been spent, states generally remain fiscally sound. We assume that in response to reduced federal grants, states take on a larger share of the provision of Medicaid benefits.

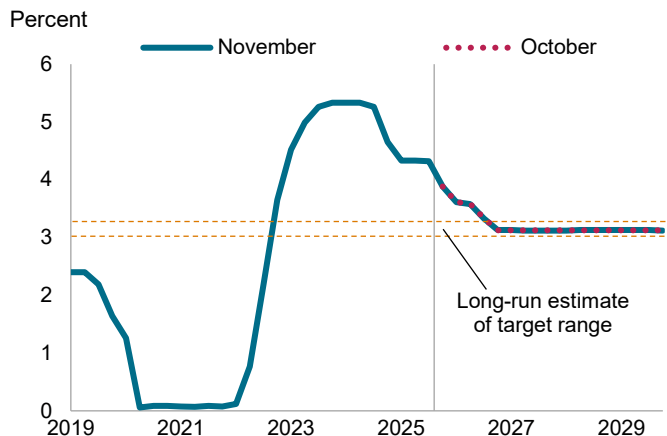
Population: Our net international migration assumptions are 500,000 lower per year, relative to Census projections, for the four years of the Trump presidency.

Monetary policy: We assume that the Fed cuts the federal funds rate by 25 basis points at the December FOMC meeting. The Fed then pauses over the first half of 2026 before resuming rate cuts in June. The Fed reaches our estimate of the long-run “neutral” range of 3.00%-3.25% in September 2026.

Tariffs and trade: In addition to the Section 232 tariffs currently in place, our November forecast assumes new Section 232 tariffs on semiconductors and critical minerals effective in the first quarters of 2026 and 2027, respectively, ranging from 10% to 25%. We include International Emergency Economic Powers Act tariffs tied to fentanyl flows and immigration on imports from China (10%), Canada (45%), and Mexico (25%), the latter two step down to 15% by mid-2026. For “reciprocal” tariffs, this forecast assumes rates that were announced on Aug. 1 or later. “Reciprocal” tariffs range from 10% to 40%.

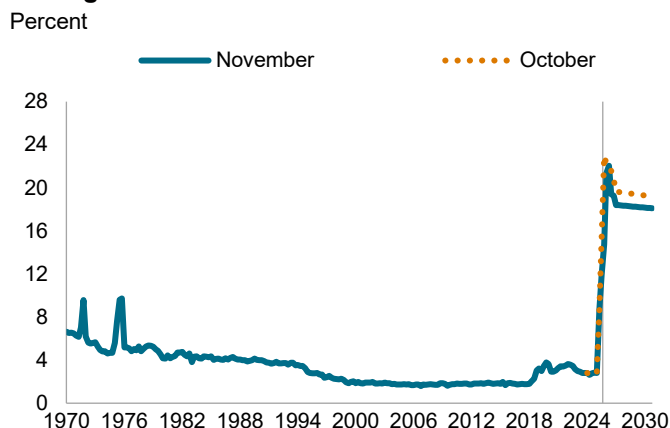
Global outlook: Growth of real trade-weighted foreign GDP was 2.1% in 2024 and remains there in 2025 before slowing to 1.9% in 2026. Foreign CPI inflation eases from 3.2% in 2024 to 2.3% in 2025 and 2026. Foreign sovereign bond yields average 3.0% from 2025–2029.

Federal funds rate



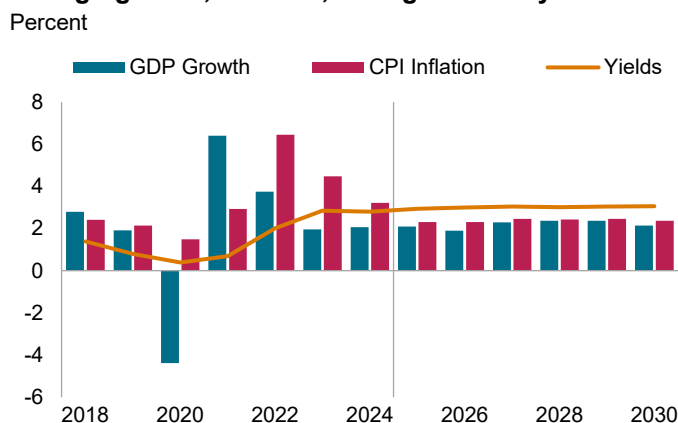
Sources: S&P Global Market Intelligence; Federal Reserve Board.
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Average effective tariff rate



Sources: S&P Global Market Intelligence.
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Foreign growth, inflation, term gov't bond yields



Source: S&P Global Market Intelligence.
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Alternative scenarios

Two alternative outcomes for the US economy

Our assessment of the economic risks around the baseline forecast has not changed from last month. Relative to our base forecast, we continue to view risks as being slightly tilted to the upside. Downside risks stem from tariff-induced inflationary pressures, more restrictions on immigration resulting in more deportations, and a deterioration of financial conditions relative to the baseline. Posing upside risks are favorable financial conditions due to more lenient trade policy along with less restrictions on immigration resulting in less deportations than in the baseline. As a result, we assign a 50% probability to our base forecast, 20% to the Pessimistic scenario, and 30% to the Optimistic scenario.

Pessimistic Scenario: Strict trade/immigration policy and mild near-term financial stress lead to economic weakness (20% probability)

The pessimistic scenario is characterized by higher tariffs across the board and more pronounced countermeasures by trading partners. Underlying this narrative is the assumption that higher tariffs cause higher inflation, while financial conditions deteriorate further, hampering economic activity and leading to a decline in consumer and business confidence. Furthermore, the scenario assumes that deportations happen faster and on a larger scale relative to the baseline. As a result, there is a two-quarter recession in this scenario starting in late 2025, with a cumulative, non-annualized decline in GDP of 0.3%.

GDP growth remains consistently below baseline through mid-2028 due to the tariff-induced inflationary pressures, slower population growth, and a negative response in financial markets to the trade and immigration policy assumptions included in this scenario. On an annual basis, GDP growth averages an unimpressive 1.0% over 2025-2027, versus trend-like growth of 2.0% in the base.

Declining consumer demand and deteriorating financial conditions lead businesses to scale back investment plans. Business fixed investment declines at an average rate of 1.6% over 2026-2027, versus average growth of 1.0% in the base case.

The unemployment rate in this scenario rises from 4.3% in August 2025 to 6.7% by early 2028, before easing to 6.3% by the end of the forecast horizon, 2.0 percentage points above the baseline.

PCE inflation is initially higher than the base due to higher tariffs, but subsequently falls below baseline in mid-2026 due to the economic weakness, and remains well below target through 2029 as a result of the additional slack in labor markets. The Fed undertakes an aggressive series of rate cuts due to the economic weakness and takes the funds rate down to a range of 2.00%-2.25% by September 2026. It begins normalization back towards baseline in September 2029 once the unemployment rate and inflation are on a sustainable track towards baseline.

Optimistic Scenario: Lenient trade/immigration policy and improved financial conditions boost growth (30% probability)

The optimistic scenario is characterized by lower tariffs across the board and less pronounced countermeasures by trading partners than in the base. Underlying this narrative is the assumption that lower tariffs lead to faster moderation in inflation and lower the neutral fed funds rate by 25 basis points. Lower interest rates, along with improved financial conditions, are an additional source of strength in the economy. Furthermore, the scenario assumes that deportations happen slower and on a lesser scale than in the base. Looser trade policy implies less downward pressure on imports of goods and pushes net exports lower than in the baseline. The more lenient immigration policy is less of a drag on population growth, and, by extension, economic output.

GDP growth remains consistently above baseline through mid-2028 as a result of the joint effect of favorable financial conditions due to the lower tariffs and faster population growth. On an average annual basis, GDP growth averages an above-trend 2.5% over 2025-2027, versus trend-like growth of 2.0% in the base case.

Modestly stronger consumer demand and improved financial conditions lead businesses to expand investment plans. Business fixed investment rises over 2025-2027 at an average annual growth rate of 2.6%, versus an unimpressive average increase of 1.9% in the base.

The unemployment rate in this scenario peaks at 4.4% in late 2025, 0.1 percentage point below the peak in the baseline, where it remains through mid-2028.

PCE inflation is lower than the baseline early on due to the lower tariffs, but subsequently moves above baseline in mid-2026 and remains above baseline through 2029 as a result of the economic strength and the tightness in labor markets. The Fed continues the current easing cycle at a faster pace than in the baseline, cutting three times in 2026, versus two cuts in the baseline, bringing the funds rate reaches a range of 2.75-3.00% in June 2026, 25 basis points below the baseline range.

US Macro Forecast Snapshot

	Baseline (50%)	Pessimistic (20%)	Optimistic (30%)
GDP growth	Real GDP rose 2.8% in 2024. Growth continues at 2.0% in 2025 and 2.2% in 2026.	Real GDP growth comes in at 1.8% in 2025 and slows to 0.5% in 2026.	Real GDP growth falls to 2.2% in 2025 and rises to 3.2% in 2026.
Consumer spending	Consumption rose from 2.6% in 2023 to 2.9% in 2024. Growth continues at 2.5% in 2025 and 2.1% in 2026.	Spending growth slows to 2.5% in 2025 and is flat in 2026.	Spending comes in at 2.8% in 2025 and firms to 3.4% in 2026.
Business fixed investment	Rose 2.9% in 2024 and rises 3.6% in 2025, then decelerates to 0.6% in 2026.	Rises 3.5% in 2025 before contracting 2.2% in 2026.	Rises 3.8% in 2025 and 2.0% in 2026.
Housing	Housing starts fell from 1.42 million in 2023 to 1.37 million in 2024 then slips to 1.35 million in 2025 before declining to 1.30 million in 2026.	Housing starts will drop to 1.34 million in 2025 and 1.17 million in 2026.	Housing starts will tick down to 1.36 million in 2025 and remain at that level in 2026.
Exports	Rose 3.6% in 2024; rise 0.8% in 2025 and 3.0% in 2026.	Rise 0.7% in 2025 and 1.6% in 2026.	Will rise 0.9% in 2025 and 3.4% in 2026.
Fiscal policy	Personal tax cuts under 2017 TCJA made permanent. Additional personal and corporate tax cuts enacted.	Average effective tariff rate is 22%, roughly 4% higher than in the baseline	Average effective tariff rate is 14%, roughly 4% lower than in the baseline
Monetary policy	We expect the federal funds rate to be cut in December 2025. Two more cuts in 2026 bring the range to 3.00% - 3.25% by September.	The federal funds rate target is lowered more rapidly than in the baseline, reaching a range of 2.00% - 2.25% by late 2026, then picks up in late 2029, reaching 3.00% - 3.25 in 2030.	The federal funds rate target is lowered more rapidly than in the baseline, reaching a range of 2.75% - 3.00% by mid 2026, then remains in that range through the forecast horizon.
Credit conditions	Loosened slightly in 2024; conditions loosen further as interest rates are trimmed in the second half of 2025.	Remain slightly tighter than in baseline.	Remain slightly looser than in baseline.
Productivity growth	Rose 2.7% in 2024, and will rise 1.7% in 2025 and 2.1% in 2026.	Rises 1.6% in 2025 and the same in 2026.	Rises 1.9% in 2025 and 2.9% in 2026.
Consumer confidence	Rises steadily until early-2029, then at a slower clip through the end of the forecast.	Remains consistently below the baseline.	Remains consistently above the baseline.
Oil prices (Dollars/barrel)	Average price of Brent crude oil fell from \$83/barrel in 2023 to \$81 in 2024. It falls to \$69 in 2025 before declining to \$58 in 2026.	Brent crude oil averages \$68 in 2025 and \$54 in 2026.	Brent crude oil averages \$70 in 2025 and \$62 in 2026.
Stock markets	The year-end value of the S&P 500 rose 23.3% over 2024, and rises 15.8% in 2025 before contracting 9.2% over 2026.	The year-end value of the S&P 500 increases 7.3% in 2025 and drops 7.6% in 2026.	The year-end value of the S&P 500 jumps 18.1% in 2025 and contracts 7.0% in 2026.
Inflation (PCE)	Core PCE price inflation was 2.9% in 2024, remains at 2.9% in 2025 and rises to 3.1% in 2026.	Core PCE price inflation remains at 2.9% in 2025 and swells to 3.4% in 2026.	Core PCE price inflation eases to 2.8% in 2025, then firms to 2.9% in 2026.
Foreign growth	Eurozone GDP growth will rise to 1.3% over in 2025, while China's growth will fall from 5.0% in 2024 to 4.8% in 2025.	Induced effect from higher tariffs than baseline	Induced effect from lower tariffs than baseline
US dollar	The broad real dollar decreases slowly and steadily until the middle of 2029, picking up over the rest of the forecast.	Falls below baseline early on but rises above base in mid 2027 and remains above through the rest of the forecast.	Decreases steadily through 2029 and remains below baseline through the forecast.

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Alternative Scenarios of the US Economy

	Annual rates							Annual averages					Q4/Q4					
	2025.3	2025.4	2026.1	2026.2	2026.3	2026.4	2024	2025	2026	2027	2028	2029	2024	2025	2026	2027	2028	2029
Pessimistic Scenario: Strict trade/immigration policy and mild near-term financial stress lead to economic weakness (Prob. = 20%)																		
Composition of Real GDP, Percent Change																		
Gross Domestic Product	3.1	-1.2	-0.1	0.1	0.5	0.7	2.8	1.8	0.5	0.7	1.4	1.9	2.4	1.3	0.3	0.9	1.6	2.0
Total Consumption	3.1	0.3	-1.5	-0.9	-0.2	0.1	2.9	2.5	0.0	0.4	1.7	2.6	3.4	1.6	-0.6	0.8	2.2	2.8
Nonresidential Fixed Investment	2.4	-5.7	-4.3	-2.4	-1.9	-1.3	2.9	3.5	-2.2	-1.0	0.6	1.9	0.9	3.2	-2.5	-0.4	1.2	2.2
Residential Fixed Investment	-7.0	-4.9	-3.8	-2.3	-2.6	-2.5	3.2	-2.4	-4.0	-1.2	1.3	1.4	1.3	-4.5	-2.8	0.0	1.5	1.4
Exports	0.3	0.0	0.4	3.9	4.5	4.2	3.6	0.7	1.6	4.2	3.8	3.4	3.3	-0.3	3.2	4.1	3.7	3.1
Imports	-7.8	-2.2	-3.2	-4.2	-1.7	0.0	5.8	2.2	-5.4	0.8	3.7	4.8	6.2	-3.1	-2.3	2.3	4.3	4.9
Federal Government	-0.3	-8.8	17.7	2.1	1.5	0.3	3.8	-1.0	2.6	0.3	-0.8	-0.5	4.5	-5.0	5.2	-0.4	-0.7	-0.6
State & Local Government	1.0	1.1	0.3	0.2	0.2	0.4	3.8	2.4	0.7	0.2	0.1	0.1	3.1	1.8	0.3	0.2	0.0	0.2
Prices & Wages, Percent Change																		
Consumer Prices	3.4	2.6	4.1	2.6	2.9	2.1	3.0	2.7	3.0	2.2	1.8	1.9	2.7	2.8	2.9	2.1	1.9	1.8
Producer Prices, Finished Goods	4.5	2.0	4.7	-1.2	1.1	1.1	1.2	1.9	1.9	1.4	1.3	1.5	1.8	2.0	1.4	1.9	1.0	1.6
Compensation per hour	5.2	5.1	8.3	6.3	4.0	4.0	5.2	4.5	5.9	4.0	3.6	3.0	4.5	4.9	5.6	3.8	3.3	2.9
Other Key Measures, Percent Change																		
Productivity	4.8	0.1	-0.1	1.7	2.4	2.6	2.7	1.6	1.6	2.3	2.0	1.5	1.9	1.7	1.6	2.2	1.8	1.3
Total Industrial Production	0.1	-4.2	-3.7	-2.9	-1.4	-0.9	-0.3	0.9	-2.4	-0.9	0.2	1.0	-0.3	0.3	-2.2	-0.4	0.7	1.1
Payroll Employment	0.3	-0.5	-0.5	-0.9	-1.2	-1.2	1.3	0.9	-0.5	-1.0	-0.3	0.5	1.2	0.5	-1.0	-0.8	0.0	0.8
Incomes, Percent Change																		
Personal Income	3.7	3.5	5.6	4.0	3.3	3.4	5.6	5.0	4.2	3.9	3.9	4.2	5.4	4.8	4.1	4.0	4.0	4.4
After-Tax Profits (Four-qr.% change)	17.6	-11.5	-19.9	-5.8	6.1	1.5	5.1	4.6	-5.9	0.9	1.5	3.4	5.5	0.0	-5.1	0.5	2.4	3.6
Levels																		
Annual averages																		
Q4 values																		
Other Key Measures																		
Brent Crude, Spot Price (\$/bbl)	68.77	60.99	55.01	53.37	53.68	53.79	80.50	68.36	53.97	59.85	62.80	68.42	74.53	60.99	53.79	63.70	64.48	70.37
Nonfarm Inven. Chg. (Bil.2017 \$)	-48.1	-51.1	-43.1	-41.3	-31.4	-5.2	43.3	5.5	-30.3	36.9	73.5	90.2	10.9	-51.1	-5.2	57.0	82.8	92.6
Light Vehicle Sales (Mil. units, saar)	16.4	15.2	14.4	14.2	14.1	14.1	15.9	16.0	14.2	14.2	14.8	15.3	16.5	15.2	14.1	14.4	15.0	15.5
Housing Starts (Mil. units, saar)	1.334	1.279	1.240	1.187	1.149	1.121	1.371	1.342	1.174	1.095	1.080	1.073	1.387	1.279	1.121	1.088	1.075	1.077
Unemployment Rate (%)	4.3	4.5	4.9	5.2	5.6	5.9	4.0	4.3	5.4	6.4	6.7	6.4	4.2	4.5	5.9	6.6	6.6	6.3
Federal Surplus (Unified, FY, bil. \$)	-1722.0	-2020.1	-2482.6	-673.8	-1832.1	-2230.8	-2017.8	-1562.0	-1804.8	-2021.8	-2111.2	-1918.4	-2843.8	-2020.1	-2230.8	-2448.7	-2260.9	-2297.3
Financial Markets, NSA, Quarter Average																		
Federal Funds Rate (%)	4.32	3.82	3.15	2.66	2.33	2.13	5.14	4.20	2.57	2.13	2.13	2.22	4.65	3.82	2.13	2.13	2.13	2.45
10-Year Treasury Note Yield (%)	4.26	3.83	3.56	3.46	3.45	3.46	4.21	4.23	3.48	3.51	3.64	3.78	4.28	3.83	3.46	3.55	3.70	3.83
Annual rates																		
Annual averages																		
Q4/Q4																		
Optimistic Scenario: Lenient trade/immigration policy and improved financial conditions boost growth (Prob. = 30%)																		
Composition of Real GDP, Percent Change																		
Gross Domestic Product	4.0	2.5	3.7	3.2	2.8	2.2	2.8	2.2	3.2	2.0	1.8	1.7	2.4	2.4	3.0	1.6	1.9	1.6
Total Consumption	4.3	3.6	3.6	3.2	2.8	2.3	2.9	2.8	3.4	2.2	2.4	2.3	3.4	2.7	3.0	2.1	2.5	2.2
Nonresidential Fixed Investment	3.2	-1.6	1.4	3.3	2.8	2.3	2.9	3.8	2.0	1.9	1.9	2.3	0.9	4.5	2.4	1.5	2.2	2.3
Residential Fixed Investment	-5.9	-1.9	4.0	4.4	4.1	3.4	3.2	-2.0	1.0	3.2	2.5	2.3	1.3	-3.5	4.0	2.7	2.4	2.1
Exports	1.0	1.8	3.5	6.1	6.0	5.0	3.6	0.9	3.4	4.9	4.2	3.4	3.3	0.3	5.2	4.5	4.1	3.0
Imports	-6.9	2.2	5.6	4.0	5.1	5.1	5.8	2.6	0.3	4.9	4.7	4.3	6.2	-1.8	5.0	4.8	4.6	4.1
Federal Government	-0.3	-8.8	17.8	2.1	1.5	0.3	3.8	-1.0	2.6	0.3	-0.8	-0.5	4.5	-5.0	5.2	-0.4	-0.7	-0.6
State & Local Government	1.0	1.1	0.3	0.2	0.2	0.4	3.8	2.4	0.7	0.2	0.1	0.1	3.1	1.8	0.3	0.2	0.0	0.2
Prices & Wages, Percent Change																		
Consumer Prices	2.6	3.1	3.4	2.4	3.8	2.4	3.0	2.7	2.9	3.0	2.4	2.2	2.7	2.8	3.0	3.0	2.3	2.1
Producer Prices, Finished Goods	3.2	1.6	4.7	-1.0	2.3	1.3	1.2	1.7	1.9	2.2	1.9	1.6	1.8	1.6	1.8	2.8	1.4	1.8
Compensation per hour	4.3	3.0	6.5	5.1	4.5	4.8	5.2	4.3	4.8	5.1	4.8	3.9	4.5	4.1	5.2	5.2	4.3	3.8
Other Key Measures, Percent Change																		
Productivity	6.0	2.9	2.0	2.3	2.1	1.8	2.7	1.9	2.9	1.7	1.8	1.6	1.9	2.7	2.1	1.5	1.9	1.5
Total Industrial Production	0.8	-0.5	0.3	0.7	1.4	0.8	-0.3	1.2	0.5	0.4	0.5	0.8	-0.3	1.5	0.8	0.1	0.8	0.7
Payroll Employment	0.3	0.3	0.9	1.1	1.0	0.8	1.3	0.9	0.7	0.6	0.2	0.4	1.2	0.7	0.9	0.4	0.3	0.4
Incomes, Percent Change																		
Personal Income	3.3	4.7	7.7	7.0	7.2	6.3	5.6	5.0	6.2	6.4	5.1	4.6	5.4	5.0	7.0	5.9	4.8	4.5
Corporate profits w/ IVA & CCAdj	20.1	11.1	-5.1	5.4	12.2	-0.2	5.1	6.5	5.5	1.5	0.2	2.0	5.5	6.4	2.9	-0.7	1.5	2.1
Levels																		
Annual averages																		
Q4 values																		
Other Key Measures																		
Brent Crude, Spot Price (\$/bbl)	68.77	66.45	64.12	61.56	61.87	61.71	80.50	69.72	62.31	65.56	65.53	68.65	74.53	66.45	61.71	68.19	66.30	70.37
Nonfarm Inven. Chg. (Bil.2017 \$)	-44.8	16.8	27.3	38.7	57.8	78.8	43.3	23.3	50.6	93.8	97.2	92.0	10.9	16.8	78.8	95.9	99.0	86.6
Light Vehicle Sales (Mil. units, saar)	16.4	15.7	15.9	16.2	16.5	16.5	15.9	16.2	16.3	16.6	16.8	16.9	16.5	15.7	16.5	16.6	16.8	16.9
Housing Starts (Mil. units, saar)	1.356	1.332	1.346	1.354	1.367	1.375	1.371	1.361	1.360	1.384	1.398	1.409	1.387	1.332	1.375	1.390	1.403	1.414
Unemployment Rate (%)	4.3	4.4	4.4	4.4	4.4	4.4	4.0	4.2	4.4	4.4	4.4	4.3	4.2	4.4	4.4	4.4	4.3	4.2
Federal Surplus (Unified, FY, bil. \$)	-1721.0	-2103.0	-2605.8	-798.6	-1924.2	-2285.6	-2017.8	-1582.4	-1903.5	-2022.8	-2090.9	-1919.2	-2843.8	-2103.0	-2285.6	-2421.5	-2240.4	-2305.8
Financial Markets, NSA, Quarter Average																		
Federal Funds Rate (%)	4.32	3.88	3.40	3.08	2.87	2.88	5.14	4.21	3.06	2.87	2.88	2.88	4.65	3.88	2.88	2.87	2.88	2.88
10-Year Treasury Note Yield (%)	4.26	4.03	3.86	3.73	3.66	3.65	4.21	4.28	3.73	3.64	3.67	3.72	4.28	4.03	3.65	3.63	3.69	3.74

Source: S&P Global Market Intelligence

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Monthly Economic Indicators

	Jan. 2024	Feb. 2024	Mar. 2025	Apr. 2025	May. 2025	Jun. 2025	Jul. 2025	Aug. 2025	Sep. 2025	Oct. 2025	2022	2023	2024
Industrial Markets													
Industrial Prod. Total (2017=100.0)	102.6	102.2	103.5	103.6	103.7	104.2	103.8	103.9			102.7	102.9	102.6
Percent Change	-0.4	-0.4	-0.3	0.1	0.0	0.5	-0.4	0.1			3.4	0.2	-0.3
Percent Change Year Earlier	-0.7	-0.4	1.0	1.2	0.7	0.9	1.3	0.9					
Capacity Utilization, Manufacturing (%)	76.7	76.1	77.0	76.6	76.7	76.8	76.7	76.8			79.4	78.2	76.8
Unemployment Rate (%)	4.1	4.1	4.2	4.2	4.2	4.1	4.2	4.3			3.6	3.6	4.0
Payroll Employment (Mil.)	158.314	158.358	159.275	159.433	159.452	159.439	159.518	159.540			152.536	155.879	157.960
Change (Mil.)	0.2	0.0	0.1	0.2	0.0	0.0	0.1	0.0			6.3	3.3	2.1
Leading Indicator (2016=1.000)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0			1.2	1.1	1.0
Percent Change	-0.4	-0.3	-0.8	-1.3	0.0	-0.3	0.1	-0.5			0.4	-7.5	-4.8
New Orders, Mfg. (Bil. \$)	591.6	591.7	617.4	593.5	642.5	611.5	603.6				588.6	590.5	587.3
Percent Change	0.4	0.0	3.4	-3.9	8.3	-4.8	-1.3				12.2	0.3	-0.5
Inv. Chg., Mfg. & Trade (Bil. \$)	1.6	3.6	2.2	0.4	-0.1	5.0	5.7				327.2	-2.0	48.2
Merchandise Trade Bal. (Bil. \$)	-107.1	-99.4	-162.0	-85.9	-96.2	-84.6	-102.8				-1167.1	-1056.3	-1204.7
Consumer Markets													
Disposable Income (Bil. 2017\$)	17770	17811	18029	18169	18042	18036	18077	18097			16288	17218	17724
Percent Change	0	0.2	0.7	0.8	-0.7	0.0	0.2	0.1			-5.7	5.7	2.9
Personal Income (Bil. \$)	25101.26	25227	25877	26111	26011	26079	26184	26280			22154	23585	24906
Percent Change	0.4	0.5	0.7	0.9	-0.4	0.3	0.4	0.4			3.0	6.5	5.6
Personal Saving Rate (%)	4.8	5.0	5.1	5.7	5.2	5.0	4.8	4.6			3.4	5.6	5.4
Consumer Expenditures (Bil. \$)	20148	20226	20683	20746	20755	20868	20983	21112			17690	18833	19896
Percent Change	0.7	0.4	0.8	0.3	0.0	0.5	0.5	0.6			9.7	6.5	5.6
Retail Sales (Bil. \$)	703.1	707.6	722.6	721.8	716.1	723.0	727.4	732.0			7871.7	8149.3	8362.7
Percent Change	0.8	0.6	1.5	-0.1	-0.8	1.0	0.6	0.6			9.1	3.5	2.6
Non-Auto. Retail Sales (Bil. \$)	570.7	572.6	581.0	581.3	580.9	586.3	588.3	592.3			6375.0	6586.3	6768.2
Percent Change	1.0	0.3	0.6	0.0	-0.1	0.9	0.4	0.7			10.6	3.3	2.8
New Light-Vehicle Sales (Mil.)	15.8	16.1	17.9	17.1	15.6	15.6	16.5	16.4			13.8	15.5	15.9
Housing Starts (Mil.)	1.4	1.4	1.4	1.4	1.3	1.4	1.4	1.3			1.6	1.4	1.4
New Home Sales (Mil.)	0.717	0.621	0.660	0.706	0.627	0.676	0.664	0.800			0.637	0.665	0.685
Existing Home Sales (Mil.)	3.900	4.030	4.020	4.000	4.040	3.930	4.010	4.000	4.060		5.083	4.103	4.067
Chg. Consumer Install. Credit (Bil. \$)	4.0	10.1	64.2	16.8	7.8	-4.7	18.1	0.4			345.7	129.8	-38.3
Prices and Wages													
CPI, All Urban Consumers	3.149	3.156	3.196	3.203	3.206	3.215	3.221	3.234	3.244		2.926	3.047	3.137
Percent Change Year Earlier	2.433	2.6	2.4	2.3	2.4	2.7	2.7	2.9	3.0		8.0	4.1	3.0
Core Cons. Price Defl. (2017=100.0)	123.5	123.8	125.3	125.5	125.8	126.1	126.4	126.7			114.5	119.3	122.8
Percent Change Year Earlier	2.8	3.0	2.7	2.6	2.8	2.8	2.9	2.9			5.3	4.2	2.9
PPI, Finished Goods	2.575	2.574	2.600	2.595	2.602	2.614	2.625	2.627			2.508	2.547	2.578
Percent Change Year Earlier	-0.9	0.9	0.9	0.4	1.3	1.9	2.0	1.9			13.4	1.6	1.2
PPI, Industrial Commodities (NSA)	2.525	2.534	2.574	2.575	2.575	2.596	2.616	2.614			2.659	2.564	2.549
Percent Change Year Earlier	-3.3	-1.4	0.6	-0.2	0.7	1.4	1.4	2.0			16.4	-3.6	-0.6
Avg. Private Hourly Earnings (\$)	30.38	30.49	30.97	31.05	31.14	31.26	31.34	31.46			27.57	28.92	30.13
Percent Change Year Earlier	4.2	4.2	3.9	4.0	3.9	4.0	3.9	3.9			6.4	4.9	4.2
Brent Crude, Spot Price (\$/bbl.)	74.02	75.63	72.73	67.79	64.37	71.44	71.04	67.91	67.37	63.95	100.72	82.50	80.50
Percent Change Year Earlier	-20.9	-20.9	-14.8	-24.5	-21.4	-13.1	-16.6	-15.5	-9.0	-15.5	42.5	-18.1	-2.4
Henry Hub Spot Natural Gas (\$/mmbtu)	2.28	2.20	4.12	3.43	3.12	3.02	3.20	2.91	3.01	3.37	6.42	2.54	2.17
Percent Change Year Earlier	-13.3	-26.5	176.0	114.7	47.1	19.3	54.2	47.0	32.1	53.0	64.2	-60.5	-14.5
Financial Markets, Period Average													
Federal Funds Rate (%)	5.13	4.83	4.33	4.33	4.33	4.33	4.33	4.33	4.22	4.09	1.68	5.02	5.14
3-Month T-Bill Rate (%)	4.72	4.51	4.20	4.21	4.25	4.23	4.25	4.12	3.92	3.82	2.02	5.07	4.97
Commercial Bank Prime Rate (%)	8.3	8.00	7.50	7.50	7.50	7.50	7.50	7.50	7.38	7.23	4.85	8.19	8.31
10-Year Treasury Note Yield (%)	3.72	4.10	4.28	4.28	4.42	4.38	4.39	4.26	4.12	4.06	2.95	3.96	4.21
Conv. Mortgage Rate, FHLMC (%)	2.87	3.06	4.05	4.92	5.23	5.48	5.47	5.22	6.11	6.90	3.94	3.12	2.95
M1 Money Supply (Bil. \$)	18143	18200	18505	18619	18650	18745	18799	18836	18913		20398	18502	18083
Percent Change	0.4	0.3	0.1	0.6	0.2	0.5	0.3	0.2	0.4		5.4	-9.3	-2.3
M2 Money Supply (Bil. \$)	21258	21308	21637	21771	21827	21942	22029	22108	22213		21571	20825	21097
Percent Change	0.4	0.2	0.3	0.6	0.3	0.5	0.4	0.4	0.5		5.1	-3.5	1.3

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Summary of the US Economy

	2025.1	2025.2	2025.3	2025.4	2026.1	2026.2	2026.3	2026.4	2027.1	2027.2	2027.3	2027.4	2028.1
Composition of Real GDP, Percent Change, Annual Rate													
Gross Domestic Product	-0.6	3.8	3.2	0.8	2.3	2.4	2.5	2.0	1.7	1.5	1.5	1.4	1.6
Final Sales of Domestic Product	-3.2	7.5	3.5	0.0	2.4	2.4	2.2	1.6	1.5	1.4	1.4	1.4	1.6
Gross Domestic Income	1.0	3.8	3.5	1.0	2.5	2.6	2.6	2.2	1.8	1.6	1.6	1.5	1.7
Avg. of GDP and GDI	0.2	3.8	3.4	0.9	2.4	2.5	2.6	2.1	1.8	1.6	1.5	1.5	1.6
Total Consumption	0.6	2.5	3.1	1.2	2.1	2.3	2.2	1.7	1.7	1.8	1.8	1.9	2.1
Durables	-3.4	2.3	5.8	-3.3	2.7	6.1	9.3	5.8	6.2	5.7	5.6	5.7	5.8
Nondurables	2.2	2.2	3.9	2.0	1.4	1.4	1.0	0.8	0.7	0.8	0.9	0.9	1.2
Services	0.8	2.6	2.5	1.7	2.2	1.9	1.5	1.4	1.3	1.5	1.5	1.6	1.8
Nonresidential Fixed Investment	9.5	7.3	2.5	-3.4	-0.5	1.8	1.9	1.7	1.1	1.0	1.1	1.2	1.5
Equipment	21.4	8.5	6.9	-9.1	-1.4	3.2	3.8	3.5	2.2	2.1	1.8	1.6	2.0
Information Processing Equipment	62.7	11.7	9.3	-15.2	-5.0	-0.6	-1.2	-1.7	-2.3	-2.3	-2.4	-2.3	-1.9
Industrial Equipment	4.3	6.5	3.1	10.0	6.1	2.5	8.2	4.0	5.2	4.5	3.5	3.3	2.5
Transportation equipment	4.9	25.3	11.9	-31.7	-5.5	10.8	3.9	7.1	1.8	1.8	4.2	3.4	5.2
Aircraft	64.1	242.1	53.0	-24.0	-51.8	1.3	2.0	3.8	4.6	3.8	5.6	1.8	2.4
Other Equipment	0.1	-10.7	0.8	17.1	1.6	3.1	7.9	8.4	7.6	7.4	4.4	4.5	4.3
Intellectual Property Products	6.5	15.0	4.0	3.0	1.1	1.8	1.6	1.3	1.2	1.0	1.0	1.0	1.0
Structures	-3.1	-7.5	-7.8	-4.1	-2.1	-1.1	-0.9	-1.1	-1.1	-0.8	-0.1	0.8	1.6
Commercial & Health Care	-5.9	-1.4	-18.9	-13.9	9.9	4.4	11.9	15.2	16.7	12.2	9.9	3.6	11.5
Manufacturing	-8.7	-8.0	-0.5	-3.5	-21.6	-18.2	-20.5	-27.1	-28.0	-20.3	-13.9	-13.5	-10.8
Power & Communication	12.5	-1.4	-4.2	-9.8	-11.5	-4.6	-6.0	-4.4	-6.6	-13.3	-1.9	12.0	1.9
Mining & Petroleum	2.2	-37.3	-5.1	42.1	31.3	31.5	15.6	18.4	9.5	6.2	-4.3	13.3	-0.5
Other	-7.9	-3.1	-3.5	-2.2	4.6	1.5	1.7	-0.5	1.2	5.6	0.0	-7.7	-4.8
Residential Fixed Investment	-1.0	-5.1	-6.3	-3.3	1.6	1.8	1.7	1.6	1.8	2.0	1.5	2.1	2.0
Exports	0.2	-1.8	0.6	1.3	2.7	5.7	5.9	4.7	4.9	3.9	4.3	3.8	4.6
Imports	38.0	-29.3	-7.9	-0.6	2.5	1.4	2.9	3.3	3.5	4.1	4.0	3.9	4.3
Federal Government	-5.6	-5.3	-0.3	-8.8	17.7	2.1	1.5	0.3	0.3	-0.1	-0.6	-1.2	-1.2
State & Local Government	1.9	3.1	1.0	1.1	0.3	0.2	0.2	0.4	0.2	0.2	0.2	0.2	0.1
Billions of Dollars													
Real GDP	23548.2	23771.0	23960.1	24006.6	24143.5	24286.5	24435.7	24558.2	24661.9	24756.3	24847.4	24935.7	25035.5
Nominal GDP	30042.1	30485.7	30975.9	31298.8	31733.8	32123.1	32498.1	32869.6	33174.4	33510.2	33813.8	34131.2	34476.9
Prices & Wages, Percent Change, Annual Rate													
GDP Deflator	3.6	2.1	3.2	3.4	3.3	2.5	2.2	2.6	2.0	2.5	2.2	2.3	2.5
Consumer Prices	3.8	1.6	3.1	3.0	3.2	2.8	3.0	2.6	2.1	2.7	2.6	2.2	1.9
Producer Prices, Finished Goods	4.2	-2.6	3.9	1.5	4.2	-0.9	1.5	1.7	1.6	2.7	2.2	2.3	1.5
Employment Cost Index - Total Comp.	3.4	3.9	3.0	2.3	4.4	3.7	3.5	3.0	2.9	3.2	3.5	3.3	3.1
Other Key Measures													
Brent Crude, Spot Price (\$/bbl)	75.8	67.9	68.8	64.4	59.0	57.3	58.2	58.9	60.2	63.0	65.5	67.0	64.1
Productivity (%ch., saar)	-2.1	4.1	5.0	1.4	1.1	2.0	2.1	1.7	1.5	1.4	1.5	1.5	1.8
Total Industrial Production (%ch., saar)	4.1	1.6	0.3	-2.0	-1.2	-0.5	0.9	0.7	0.5	-0.2	0.0	0.1	0.4
Factory Operating Rate	76.6	76.7	76.7	76.1	75.7	75.6	75.8	75.9	75.9	75.8	75.7	75.6	75.5
Nonfarm Inven. Chg. (Bil. 2017 \$)	164.1	-43.0	-45.2	13.4	7.4	7.4	26.2	52.7	66.8	78.7	85.8	88.1	88.7
Consumer Sentiment Index	64.5	55.0	58.4	57.6	58.9	61.0	61.9	61.9	61.7	61.4	62.2	65.4	66.2
Light Vehicle Sales (Mil. units, saar)	16.45	16.11	16.42	15.43	15.37	15.63	15.85	15.92	15.93	15.96	15.99	16.05	16.12
Housing Starts (Mil. units, saar)	1.401	1.354	1.345	1.311	1.310	1.301	1.298	1.298	1.298	1.297	1.298	1.301	1.299
Exist. House Sales (Total, Mil. saar)	4.127	3.990	4.021	4.121	4.302	4.486	4.576	4.654	4.725	4.859	4.874	4.857	4.904
Unemployment Rate (%)	4.1	4.2	4.3	4.4	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Payroll Employment (%ch., saar)	1.3	0.7	0.3	0.1	0.5	0.7	0.7	0.6	0.5	0.4	0.2	0.1	0.1
Federal Surplus (Unified, nsa, bil. \$)	-596.2	-30.2	-417.8	-451.3	-527.3	-227.0	-435.0	-485.7	-557.8	-265.0	-447.1	-493.6	-568.8
Current Account Balance (Bil. \$)	-1759.3	-1005.2	-1039.5	-1013.2	-948.3	-883.6	-848.1	-815.4	-784.5	-766.7	-753.8	-739.7	-707.2
Financial Markets, NSA, Quarter Average													
Federal Funds Rate (%)	4.33	4.33	4.32	3.88	3.61	3.58	3.33	3.13	3.13	3.13	3.13	3.13	3.13
3-Month Treasury Bill Rate (%)	4.21	4.23	4.17	3.77	3.47	3.39	3.13	2.91	2.89	2.88	2.86	2.85	2.84
10-Year Treasury Note Yield (%)	4.45	4.36	4.26	4.13	4.05	3.98	3.94	3.92	3.91	3.89	3.88	3.88	3.90
30-Year Fixed Mortgage Rate (%)	6.79	6.79	6.55	6.34	6.21	6.15	6.07	6.01	5.97	5.92	5.89	5.86	5.85
S&P 500 Stock Index	5901	5737	6430	6794	6734	6564	6397	6254	6142	6070	6024	6008	6010
(Four-Quarter % change)	18.1	9.2	15.9	14.9	14.1	14.4	-0.5	-7.9	-8.8	-7.5	-5.8	-3.9	-2.2
Exchange Rate, Broad Index of Partners	1.133	1.087	1.069	1.073	1.063	1.060	1.056	1.053	1.050	1.047	1.043	1.041	1.041
(% change, annual rate)	5.9	-15.2	-6.5	1.5	-3.7	-1.1	-1.7	-1.2	-0.9	-1.4	-1.3	-0.8	-0.2
Incomes													
Personal Income (% ch., saar)	6.4	5.5	3.4	4.0	6.8	6.0	5.8	5.6	6.1	5.2	4.8	4.4	5.0
Real Disposable Income (%ch., saar)	2.3	3.1	0.4	0.7	6.6	3.1	3.2	3.2	3.3	2.8	2.5	2.3	3.0
Saving Rate (%)	5.2	5.3	4.7	4.6	5.6	5.8	6.1	6.4	6.8	7.0	7.2	7.3	7.5
After-Tax Profits (Billions of \$)	3336	3356	3551	3542	3472	3439	3505	3524	3516	3519	3495	3489	3486
(Four-quarter % change)	-1.7	-3.3	3.1	-4.0	4.1	2.5	-1.3	-0.5	1.3	2.3	-0.3	-1.0	-0.8

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Summary of the US Economy

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Composition of Real GDP, Percent Change													
Gross Domestic Product	3.0	2.6	-2.1	6.2	2.5	2.9	2.8	2.0	2.2	1.8	1.6	1.8	1.7
Final Sales of Domestic Product	2.9	2.5	-1.6	5.9	1.9	3.4	2.8	2.1	2.3	1.6	1.6	1.8	1.7
Gross Domestic Income	3.0	2.6	-2.4	6.6	2.7	1.7	3.0	2.6	2.4	1.9	1.7	1.8	1.7
Avg. of GDP and GDI	3.0	2.6	-2.2	6.4	2.6	2.3	2.9	2.3	2.4	1.9	1.6	1.8	1.7
Total Consumption	2.7	2.1	-2.5	8.8	3.0	2.6	2.9	2.5	2.1	1.8	2.1	2.4	2.3
Durables	6.6	3.3	7.4	16.4	-2.0	3.8	3.9	3.9	3.5	6.3	6.0	6.3	6.0
Nondurables	2.6	3.0	3.3	8.6	0.2	0.6	2.3	3.1	1.8	0.8	1.1	1.4	1.3
Services	2.2	1.7	-5.8	7.6	4.9	3.0	3.0	2.1	2.0	1.5	1.8	2.0	2.0
Nonresidential Fixed Investment	6.9	3.8	-4.6	6.2	6.5	7.3	2.9	3.6	0.6	1.4	1.5	2.1	2.3
Equipment	5.9	1.0	-9.9	7.1	2.8	2.9	3.5	7.6	0.5	2.6	2.1	2.9	3.3
Information Processing Equipment	8.0	2.9	0.8	10.7	6.4	-3.8	5.6	18.3	-2.9	-2.0	-1.6	0.9	2.8
Industrial Equipment	4.8	1.8	-8.5	6.7	1.4	0.3	1.3	4.0	5.9	4.7	2.9	2.0	2.3
Transportation equipment	6.1	-4.2	-28.2	3.6	-0.1	25.7	5.0	5.3	-2.9	4.0	4.4	5.2	4.9
Aircraft	-2.7	-49.0	33.3	-9.0	-22.6	21.3	19.1	58.2	-10.3	3.7	2.6	2.2	3.0
Other Equipment	3.5	3.9	-6.2	4.7	0.8	-1.7	1.1	-3.1	4.9	6.8	4.9	4.4	3.3
Intellectual Property Products	8.9	8.2	4.5	10.4	11.7	6.2	3.5	5.3	2.8	1.2	1.0	1.3	1.5
Structures	5.8	2.3	-9.2	-2.7	3.5	16.7	1.1	-5.5	-3.2	-0.8	1.3	2.3	2.1
Commercial & Health Care	1.4	1.5	3.2	-3.7	-3.0	5.3	-6.4	-8.7	-0.1	12.5	7.8	1.8	3.9
Manufacturing	-1.7	5.6	-9.4	3.2	24.2	51.7	16.6	-4.4	-14.5	-22.4	-11.9	-4.7	0.5
Power & Communication	5.5	8.0	-1.4	-4.7	-6.9	16.4	3.9	1.8	-7.3	-5.7	3.6	8.9	3.1
Mining & Petroleum	27.0	-0.3	-38.7	17.4	21.1	5.3	-5.3	-10.0	19.5	10.7	2.2	0.9	-6.1
Other	1.2	-0.8	-10.7	-12.0	2.2	14.6	-3.1	-5.8	0.5	1.0	-1.7	3.8	3.6
Residential Fixed Investment	-0.7	-0.9	7.4	10.6	-8.1	-7.8	3.2	-2.2	-0.7	1.8	2.0	2.0	1.9
Exports	2.9	0.5	-12.6	6.5	7.6	2.8	3.6	0.8	3.0	4.7	4.1	3.4	2.6
Imports	4.0	1.2	-8.8	14.6	8.5	-0.9	5.8	2.3	-1.9	3.5	4.2	4.4	4.0
Federal Government	3.5	3.8	6.3	1.9	-3.3	3.3	3.8	-1.0	2.6	0.3	-0.8	-0.5	-0.4
State & Local Government	1.1	3.9	1.7	-1.3	0.0	3.6	3.8	2.4	0.7	0.2	0.1	0.1	0.1
Billions of Dollars													
Real GDP	20193.9	20715.7	20284.5	21532.4	22075.9	22723.7	23358.4	23821.5	24356.0	24800.3	25201.9	25646.0	26083.9
Nominal GDP	20656.5	21540.0	21375.3	23725.6	26054.6	27811.5	29298.0	30700.6	32306.1	33657.4	34980.5	36388.1	37852.8
Prices & Wages, Percent Change													
GDP Deflator	2.3	1.7	1.4	4.5	7.1	3.7	2.5	2.8	2.9	2.3	2.3	2.2	2.3
Consumer Prices	2.4	1.8	1.3	4.7	8.0	4.1	3.0	2.7	2.9	2.5	2.2	2.2	2.3
Producer Prices, Finished Goods	3.1	0.8	-1.3	8.9	13.4	1.6	1.2	1.7	1.8	1.8	1.7	1.6	1.9
Employment Cost Index - Total Comp.	2.9	2.7	2.6	3.6	5.1	4.4	3.8	3.4	3.4	3.2	3.2	2.9	2.6
Other Key Measures													
Brent Crude, Spot Price (\$/bbl)	70.96	64.34	41.77	70.70	100.72	82.50	80.50	69.21	58.33	63.92	64.58	68.56	73.19
Productivity (%ch.)	1.4	2.1	5.3	2.1	-1.5	2.1	2.7	1.7	2.1	1.6	1.7	1.6	1.5
Total Industrial Production (%ch.)	3.2	-0.7	-7.1	4.4	3.4	0.2	-0.3	1.1	-0.5	0.3	0.4	0.9	0.8
Factory Operating Rate	78.4	77.2	72.7	77.2	79.4	78.2	76.8	76.5	75.8	75.7	75.4	75.4	75.3
Nonfarm Inven. Chg. (Bil. 2017 \$)	61.6	87.0	-12.9	25.7	154.6	40.5	43.3	22.3	23.4	79.9	90.5	91.0	84.1
Consumer Sentiment Index	98.4	96.0	81.5	77.6	59.0	65.4	72.5	58.9	60.9	62.7	68.0	71.2	72.1
Light Vehicle Sales (Mil. units)	17.22	16.96	14.47	14.95	13.75	15.50	15.86	16.10	15.69	15.98	16.20	16.39	16.32
Housing Starts (Mil. units)	1,247	1,292	1,394	1,603	1,552	1,421	1,371	1,353	1,302	1,298	1,304	1,315	1,322
Exist. House Sales (Total, Mil. units)	5,334	5,325	5,636	6,133	5,083	4,103	4,067	4,065	4,504	4,829	4,966	5,064	5,113
Unemployment Rate (%)	3.9	3.7	8.1	5.4	3.6	3.6	4.0	4.2	4.5	4.5	4.5	4.4	4.3
Payroll Employment (%ch.)	1.6	1.4	-5.8	2.9	4.3	2.2	1.3	0.9	0.5	0.5	0.2	0.4	0.4
Federal Surplus (Unified, FY, bil. \$)	-873.0	-1022.0	-3348.2	-2580.4	-1419.2	-1783.8	-2017.8	-1495.5	-1675.1	-1763.5	-1805.8	-1794.3	-1865.7
Current Account Balance (Bil. \$)	-439.0	-442.0	-593.5	-858.6	-993.1	-928.0	-1185.3	-1204.3	-873.9	-761.2	-688.8	-651.6	-617.0
Financial Markets, NSA, Quarter Average													
Federal Funds Rate (%)	1.83	2.16	0.38	0.08	1.68	5.02	5.14	4.21	3.41	3.13	3.13	3.13	3.1
3-Month Treasury Bill Rate (%)	1.94	2.06	0.37	0.04	2.02	5.07	4.97	4.10	3.23	2.87	2.83	2.81	2.81
10-Year Treasury Note Yield (%)	2.91	2.14	0.89	1.44	2.95	3.96	4.21	4.30	3.97	3.89	3.91	3.96	3.97
30-Year Fixed Mortgage Rate (%)	4.65	4.07	3.16	3.04	5.43	6.81	6.72	6.62	6.11	5.91	5.82	5.78	5.73
S&P 500 Stock Index	2745	2912	3219	4267	4101	4284	5427	6215	6487	6061	6010	6033	6097
(Percent change)	12.1	6.1	10.5	32.6	-3.9	4.5	26.7	14.5	4.4	-6.6	-0.8	0.4	1.1
Exchange Rate, Broad Index of Partners	0.993	1.026	1.043	1.002	1.070	1.068	1.092	1.091	1.058	1.045	1.043	1.047	1.052
(% change, annual rate)	-0.7	3.3	1.7	-3.9	6.7	-0.2	2.3	-0.1	-3.0	-1.2	-0.2	0.4	0.5
Incomes													
Personal Income (% ch.)	5.2	4.8	6.9	9.5	3.0	6.5	5.6	5.0	5.4	5.5	4.7	4.5	4.5
Real Disposable Income (%ch.)	3.6	3.1	6.4	4.0	-5.7	5.7	2.9	1.9	3.2	3.0	2.6	2.4	2.4
Saving Rate (%)	6.4	7.3	15.2	11.4	3.4	5.6	5.5	4.9	6.0	7.1	7.5	7.6	7.7
After-Tax Profits (Billions of \$)	2020	2078	2212	2898	3007	3242	3499	3446	3485	3505	3488	3736	3819
(Percent change)	1.1	2.9	6.4	31.0	3.8	7.8	7.9	-1.5	1.1	0.6	-0.5	7.1	2.2

Source: S&P Global Market Intelligence

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