Executive Summary

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Forecast overview

Growth revised up for 2026 amid stable labor market, lower inflation

- S&P Global Market Intelligence forecasts 2.1% GDP growth in 2026, followed by 2.3% growth in 2027 and 2028.[1] The forecast for growth in 2026 is 0.1 percentage point above July's forecast, while 2027 and 2028 are unrevised.
- The upward revision to growth in 2026 reflects added strength in the second and third quarters. Second-quarter GDP growth was reported at 1.5% in the BEA's advance estimate. Not only was this 0.2 percentage point above our prior estimate, but it comprised more final sales and less inventory investment than expected, suggesting businesses will need to increase production in coming quarters to restock inventories.
- Improved conditions for consumer spending are also supporting somewhat stronger growth this year. Real disposable personal income declined less in the second quarter than expected, and the S&P 500 is above our prior forecast. Combined with the unexpected spending strength in the second quarter, we raised our forecast for PCE[2] through year-end.
- At the same time, conditions in labor markets appear to have stabilized. At 4.3% in the second quarter, we estimate that the unemployment rate has nearly peaked. In our forecast, the unemployment rate rises only 0.1 percentage point further to 4.4% by the fourth quarter of this year.
- Factors that recently have been responsible for material changes in our inflation forecasts — oil prices and tariffs — were little changed this month. Current spot prices for Brent crude oil are below prior forecasts, though supply conditions are expected to remain tight due to the ongoing hostilities between the US and Iran. Section 122 tariffs expired last month and were replaced with Section 301 tariffs that, combined with existing tariffs, imply roughly a 10% average effective tariff rate. With both factors continuing to moderate, we look for core PCE inflation, on a four-quarter basis, to firm from 2.9% in 2025 to 3.2% in 2026, down 0.2 percentage point from July.

Q2 GDP growth better than it looks

The advance estimate of second-quarter GDP growth was 1.5%, but a soft headline number overshadowed several developments that point to stronger growth ahead. First, underlying demand picked up in the second quarter: final sales to domestic purchasers added 3.2 percentage points to growth. Real PCE rose a robust 3.2%, up from a tepid 0.5% in the first quarter, and stronger-than-expected spending through June added momentum that will likely carry over into the third quarter. Second, real disposable personal income (DPI) declined less than expected, while the rebound in equities continued to bolster household wealth. With energy prices expected to moderate and the labor market soft but stable, we look for real DPI growth to rebound in the third quarter. Third, while final demand rose, inventories continued to be drawn down sharply. Together, this suggests that businesses will need to increase production in coming quarters to restock.

Consumption math little changed

In recent months, we have highlighted how countervailing forces are driving consumer spending. Boosting spending were outsized gains in equity values and the 2026 personal tax cut. Restraining spending were surging energy prices. The net effect was negative, as the drag on consumption from higher energy prices outweighed the boost from the two forces. In August, little has changed. On equities, modest declines in AI-related stock values were offset by modest gains in non-AI equities, leaving our projection for the overall S&P 500 little changed. As a result, the contribution to consumption from the second-quarter's rebound in equity values is little different in this month's forecast.

After rising sharply in July, oil prices have moderated, and the spot price for Brent crude oil is now below prior forecasts. Supply conditions, however, remain tight. In July, escalating hostilities between the US and Iran brought the price above recent baselines. On net, Brent crude oil enters our August forecast at a price roughly in line with what we assumed in our July baseline: an average of $86/b in the third quarter, well below the heights feared when the war began. Partly as a result, the outlook for inflation continues to moderate. On a four-quarter basis, we look for core PCE inflation to firm from 2.9% in 2025 to 3.2% in 2026, down 0.2 percentage point from last month's forecast. The remainder of August's downward revision can be explained by June's softer-than-expected inflation report and little change in our outlook for tariffs. While Section 122 tariffs expired last month, they were replaced with Section 301 tariffs that, when combined with other existing tariffs, imply an average effective tariff rate of roughly 10%, as expected for some time.

1. This forecast was issued on Aug. 5, 2026. 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 (August 2026) 2026:Q3 - 2030: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					
	2026.1	**2026.2**	**2026.3**	**2026.4**	**2027.1**	**2027.2**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2025.4**	**2026.4**	**2027.4**	**2028.4**	**2029.4**	**2030.4**
Key indicators of real activity																		
Real gross domestic product	2.1	1.5	2.3	1.9	2.4	2.8	2.1	2.1	2.3	2.3	2.1	2.0	2.0	2.0	2.6	2.1	2.0	1.9
Contributions to growth (% points):																		
Final sales to domestic purchasers	2.2	3.2	2.5	2.4	2.4	2.3	2.4	2.3	2.4	2.1	2.1	2.2	1.8	2.6	2.3	2.0	2.2	2.2
Net exports of goods & services	-0.4	-1.0	-0.6	-0.6	-0.5	-0.3	-0.2	0.0	-0.5	0.0	0.0	-0.2	0.4	-0.7	-0.2	0.1	-0.1	-0.3
Change in private inventories	0.2	-0.7	0.5	0.2	0.6	0.7	-0.1	-0.2	0.4	0.3	0.0	-0.1	-0.2	0.0	0.5	0.1	-0.1	-0.1
Major components of real GDP																		
Personal consumption expend.	0.5	3.2	2.3	2.1	2.2	2.3	2.6	2.1	2.3	2.3	2.6	2.7	2.1	2.0	2.2	2.4	2.7	2.7
Nonres. fixed investment	10.6	8.4	3.9	4.3	3.9	4.0	4.1	6.2	4.2	2.9	2.5	2.5	5.6	6.8	3.6	2.6	2.5	2.6
Residential investment	-7.8	1.5	-1.2	1.6	4.2	4.2	-2.2	-3.3	2.8	2.8	1.8	1.6	-3.8	-1.5	3.9	2.1	1.8	1.5
Change in private inventories *	-16.7	-50.8	-23.4	-12.1	21.3	63.8	28.5	-25.8	73.0	135.3	127.2	109.1	-15.6	-12.1	115.1	134.8	121.6	101.7
Exports of goods & services	10.9	4.5	-4.6	3.3	4.6	3.0	1.6	3.5	2.7	3.2	2.9	2.6	1.1	3.4	3.9	3.0	2.6	2.6
Imports of goods & services	11.8	11.5	0.8	7.3	7.6	4.5	2.7	2.4	5.5	2.7	2.3	3.7	-1.9	7.8	4.8	2.0	2.9	4.0
Gov't consump. & gross invest.	4.4	-0.8	2.3	1.8	1.1	0.5	1.1	0.5	1.0	0.0	-0.4	-0.2	-1.2	1.9	0.5	-0.2	-0.5	-0.1
Pvt. housing starts (thous. units)	1418	1347	1398	1337	1336	1336	1356	1375	1333	1315	1305	1294	1323	1337	1329	1310	1304	1290
Light vehicle sales (mil. units)	15.5	16.3	15.9	15.5	15.9	16.0	16.2	15.8	16.0	16.2	16.5	16.4	15.7	15.5	16.1	16.3	16.5	16.4
Industrial production, total	1.1	4.0	0.7	1.4	0.1	0.9	1.1	1.2	1.0	1.2	1.3	0.9	1.6	1.8	0.9	1.3	1.2	0.9
Industrial production, mfg	1.4	4.7	0.1	1.0	0.7	2.0	0.8	1.1	1.5	1.8	1.3	0.9	1.3	1.8	1.8	1.6	1.2	0.8
Capacity utilization (mfg, %)	75.0	75.7	75.6	75.6	75.5	75.7	75.4	75.5	75.8	76.2	76.2	75.9	74.9	75.6	76.1	76.3	76.1	75.7
Nonfarm payroll employ. (mil.)	158.6	158.9	159.1	159.2	159.3	159.3	158.4	158.9	159.4	159.9	160.4	161.1	158.4	159.2	159.6	160.1	160.7	161.3
Average monthly chg. (thous.)	73	111	50	31	12	38	10	66	35	40	49	50	-39	31	47	43	53	53
Private nonfarm hours	0.7	1.0	-0.1	-0.3	-0.2	0.1	0.3	0.4	0.0	0.3	0.2	0.3	0.2	0.3	0.1	0.2	0.3	0.3
Civilian unemployment rate (%)	4.3	4.3	4.3	4.4	4.4	4.4	4.3	4.3	4.4	4.3	4.3	4.3	4.5	4.4	4.4	4.3	4.3	4.3
Prices, Productivity, & Costs																		
CPI, all items, all urban	3.6	6.1	-0.1	3.1	2.1	2.0	2.7	3.2	2.2	2.3	2.2	2.1	2.7	3.1	1.9	2.6	2.1	2.1
CPI excl food & energy, all urban	2.8	2.9	1.7	2.3	2.6	2.5	2.9	2.5	2.4	2.3	2.3	2.2	2.7	2.4	2.5	2.3	2.2	2.2
PCE price index	4.6	5.1	1.4	3.1	2.2	2.1	2.6	3.5	2.4	2.1	2.0	2.0	2.8	3.6	2.0	2.2	2.0	2.0
PCE price excl food & energy	4.4	3.4	2.6	2.5	2.4	2.3	2.8	3.2	2.4	2.1	2.0	2.0	2.9	3.2	2.2	2.0	2.0	2.0
PPI finished goods	3.6	18.0	0.2	1.5	1.6	1.3	2.0	5.3	2.2	1.5	1.5	1.4	2.4	5.6	1.1	1.8	1.4	1.4
Compensation per hour	2.1	3.4	4.0	4.6	5.3	5.8	4.5	3.5	5.0	5.7	5.2	4.9	4.3	3.5	5.6	5.6	5.1	4.8
Output per hour	0.9	0.7	2.6	2.5	3.0	3.1	2.3	2.0	2.7	2.4	2.1	1.9	2.5	1.7	2.9	2.2	2.0	1.9
Unit labor cost	1.3	2.7	1.3	2.1	2.2	2.6	2.2	1.4	2.3	3.2	3.0	2.9	1.8	1.8	2.7	3.3	3.0	2.8
Fed Financial Accounts HPI **	0.9	0.3	0.1	0.2	0.3	0.4	1.9	2.3	1.2	2.4	3.3	3.9	1.5	1.5	1.6	2.9	3.6	4.0
Price of WTI crude oil ($/barrel)	71.92	92.69	82.98	82.95	79.25	76.58	65.28	82.63	75.43	74.76	78.25	79.90	59.13	82.95	70.29	77.20	78.88	80.54
Price of Brent crude oil ($/barrel)	77.67	96.80	87.34	88.00	84.33	81.67	68.87	87.45	80.50	78.55	81.88	83.56	63.06	88.00	75.33	80.77	82.52	84.19
Selected Financial Variables																		
Federal funds rate (%)	3.64	3.63	3.62	3.62	3.62	3.57	4.21	3.63	3.47	3.13	3.13	3.12	3.90	3.62	3.31	3.13	3.13	3.12
Yield on 10-Yr Treasury Notes (%)	4.20	4.42	4.64	4.42	4.23	4.10	4.29	4.42	4.08	3.92	3.92	3.95	4.10	4.42	3.97	3.91	3.94	3.96
Baa corporate bond yield (%)	6.05	6.16	6.42	6.30	6.21	6.18	6.07	6.23	6.18	6.14	6.11	6.09	5.92	6.30	6.16	6.13	6.11	6.08
Broad trade-wtd US$ (Jan 2006=100)	119.0	119.3	120.5	119.9	119.5	118.9	122.8	119.7	118.9	118.0	117.0	116.5	120.8	119.9	118.4	117.6	116.6	116.4
S&P 500 stock index, period end	6529	7499	7439	7366	7314	7224	6846	7366	7163	7213	7317	7402	6846	7366	7163	7213	7317	7402
S&P 500 stock index, average	6819	7271	7469	7402	7340	7269	6208	7240	7243	7193	7269	7340	6778	7402	7166	7216	7311	7381
Incomes & Related Measures																		
Corporate profits w/ IVA & CCAdj	7.0	38.9	4.7	8.3	4.0	4.9	7.3	16.8	6.5	1.8	1.5	2.4	9.6	13.9	3.2	1.4	1.7	2.8
Real disposable personal income	0.9	-1.5	2.1	2.1	4.2	4.3	1.7	0.4	3.2	3.8	3.0	2.7	1.0	0.9	4.3	3.3	2.8	2.6
Personal saving rate (%)	3.9	2.8	2.8	2.8	3.3	3.8	4.6	3.1	4.0	5.4	5.8	5.9	3.8	2.8	4.8	5.7	5.8	5.8
Fed. surplus (unified, FY, bil. $)	-2265	-792	-1913	-2312	-2816	-988	-1775	-1845	-2036	-2175	-1943	-2059	-2409	-2312	-2480	-2260	-2344	-2395

* billions of chained 2017 $

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

Source: S&P Global Market Intelligence

Forecast at a glance

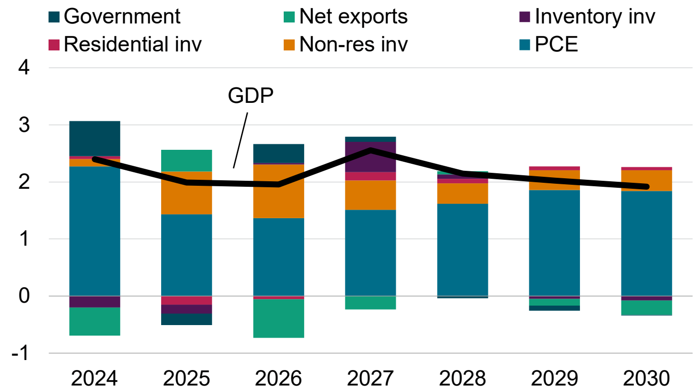
Growth revised higher for 2026

Percent change, annual rate

As of Aug. 5, 2026.
Sources: S&P Global Market Intelligence; BEA; BLS.

Contributions to GDP growth (Q4/Q4)

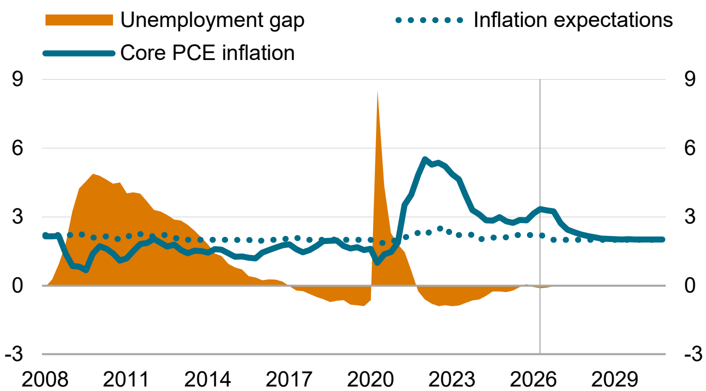
Percentage points



As of Aug. 5, 2026.
Sources: S&P Global Market Intelligence; BEA.

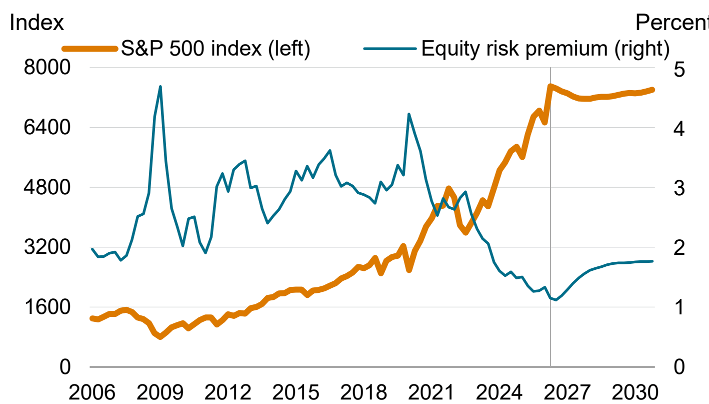
Core PCE inflation firms to 3.2% in 2026

4-quarter percent change Percentage points



As of Aug. 5, 2026.
Sources: S&P Global Market Intelligence; Philly Fed; BEA; BLS.

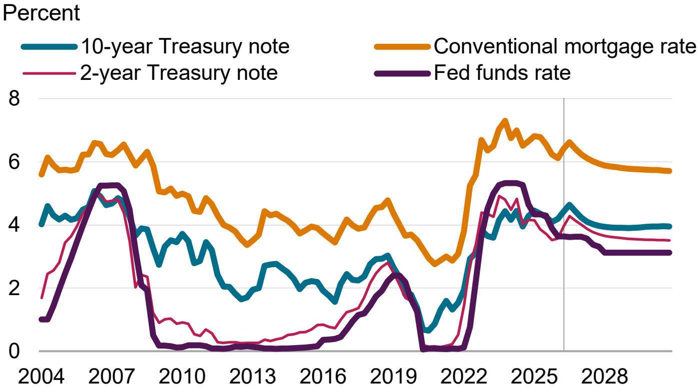
Equities rise 7.6% over 2026, fall 2.8% in 2027, drift higher thereafter



As of Aug. 5, 2026.
Sources: S&P Global Market Intelligence; S&P.

After three cuts to end 2025, Fed pauses until June 2027 as inflation firms due to higher oil prices

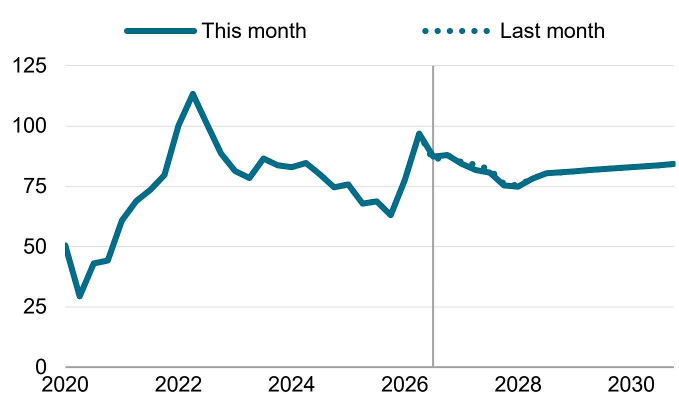
Percent



As of Aug. 5, 2026.
Sources: S&P Global Market Intelligence; FRB.

Price of Brent crude oil

Dollars per barrel



As of Aug. 5, 2026.
Source: S&P Global Market Intelligence.

War weighs on consumers, pushing prices higher; labor markets remain in precarious balance

Consumer markets: Since the war with Iran began, consumers have had to absorb the hit from higher prices by saving less and relying more on credit. Real PCE rose 0.4% in June, which helped second-quarter growth rebound to 3.2%. Falling gasoline prices may have offered consumers some relief, but incomes are struggling to keep pace with inflation, restraining the outlook. Personal income growth of 0.2% in June matched the increase in wages and salaries, up 0.2% on the month and 4.3% higher than a year ago. Personal income rose 3.8% in the second quarter, up from 3.4% growth in the first . Core PCE prices ticked up 0.1% in June, lowering the 12-month percent change to 3.3%. Core inflation slowed to 3.4% in the second quarter, down from 4.4% in the first, the fastest pace in three years. While June's softening was welcomed, it was also expected. Inflation, broadly, remains elevated. Real disposable personal income (DPI) rose 0.3% in June. While growth was positive for a second consecutive month, the level was little changed from a year ago, up just 0.5%, contributing to the sour moods reflected in surveys of consumer well-being. With energy prices falling and PCE growth picking up, there is hope that households' purchasing power will be restored. In our view, less pain does not translate into more spending. Consumers will first use that relief to rebuild savings and pay down debt, keeping real PCE growth positive but subdued this year. In our forecast, core PCE inflation rises to 3.2% in 2026, on a four-quarter basis. Real DPI recovers slowly after falling 1.5% in the second quarter, and real PCE growth falls below trend, rising just 2.1% in 2026 and 2.3% in 2027.

Labor markets: Nonfarm payroll employment fell by 23,000 in July, while the unemployment rate slipped to 4.1%. Negative revisions to initial estimates of payroll gains continued as payroll employment in May and June was revised down a combined 103,000. The participation rate edged lower to 61.4% after falling sharply in June, undercutting the drop in the unemployment rate. Looking beyond the disappointing July report, labor markets appear to be in a precarious balance that is not particularly friendly for workers. Initial claims for unemployment insurance fell to the lowest reading in nearly 50 years in mid-July and have remained near there in the weeks since. The Employment Cost Index report showed compensation increasing at a 3.4% year-over-year rate in June. For workers, this is consistent with a small loss in real compensation, since consumer price inflation increased 3.5% over the same period. July's employment report threw cold water on the upbeat tone of prior employment news but does not indicate a labor market in turmoil.

Business investment: Growth of business fixed investment (BFI) firmed from 2.9% in 2024 to 4.1% in 2025. Aided by surging investment in computers and firming spending on intellectual property products — both AI-related — BFI is expected to accelerate to growth of 6.2% in 2026. BFI then slows, reflecting falling spending on manufacturing structures and a leveling off of investment in computers. After 2029, growth of BFI picks up once more, helped in part by the expensing provisions introduced in last summer's budget bill.

Housing and construction: Existing home sales have been at historically low levels since late 2022, a direct response to the rapid rise in long-term interest rates during 2022. Many homeowners bought or refinanced homes during the period of ultralow interest rates in 2021 and early 2022, and the prospect of swapping those low rates in the current market has dampened the usual flow of market activity. This "locked-in effect" seems likely to persist for several years. In the forecast, existing home sales are projected to rise from 4.08 million in 2025 to 4.12 million in 2026 and 4.49 million in 2027, supported by improving affordability from lower mortgage rates, softer home prices, and rising incomes. Housing starts increase modestly from 1.36 million in 2025 to 1.37 million in 2026, before easing to 1.33 million in 2027. House price growth is expected to decelerate from 2.9% in 2025 to 1.6% in 2026 and 1.1% in 2027. Residential investment is projected to subtract 0.1 percentage point from GDP growth in 2026 before boosting growth by 0.1 percentage point per year through 2030.

International trade: The trade balance has changed little over the past year, despite higher tariffs, as imports and exports have risen by similar amounts. The broad dollar index has been volatile and moving sideways this year; its latest reading is 0.1% higher than at the end of last year. The index is projected to decline from 119.3 in the second quarter of 2026 to 118.4 by late 2027. Net exports subtracted 1.0 percentage point from second-quarter GDP growth. We expect them to subtract 0.6 percentage point from third-quarter growth, add less than 0.1 percentage point from growth for the year 2026, and deduct 0.5 percentage point from growth in 2027. Federal excise tax receipts — including tariff revenues — are projected to rise from $185 billion in 2024 and $368 billion in 2025 to $448 billion in 2026 and $471 billion in 2027. Daily tariff collections have declined from a pace equivalent to $32 billion per month in October 2025 to an estimated $21 billion per month in June 2026, following a Supreme Court ruling that some tariffs were unconstitutional.

Key forecast assumptions

With inflation outlook little changed, we continue to expect a Fed pause until mid-2027

Federal fiscal policy: 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 deductions for tip income and overtime pay, among other personal tax provisions. The OBBBA includes expensing provisions for business capital 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 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: The Fed left the federal funds rate unchanged at the July FOMC meeting, in line with our expectations. With inflation peaking slightly lower, and a marginally improved outlook for labor markets in this month's forecast, we continue to expect the Fed will remain on hold until next June when it makes the first of two cuts in 2027. The Fed reaches our estimate of the long-run "neutral" range of 3.00%-3.25% in December 2027.

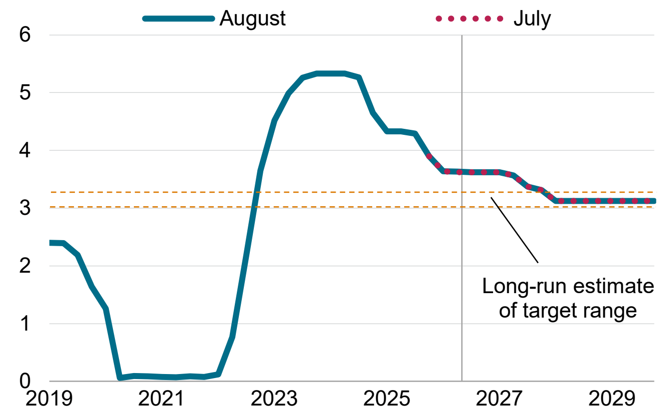
Tariffs and trade: On Feb. 20, 2026, the Supreme Court invalidated the administration's tariffs authorized under the International Emergency Economic Powers Act (IEEPA). Section 122 tariffs, which temporarily replaced IEEPA tariffs, expired last month and have now been replaced with Section 301 tariffs. We still assume that the actual average tariff rate will remain below the effective statutory rate and that new Section 301 tariffs combined with existing tariffs will imply an effective tariff rate that converges to about 10%.

Oil prices: Our oil price assumptions are little changed from last month. We expect the spot price of Brent crude to average $87 per barrel in 2026 and $80 in 2027. This matches last month's forecast for 2026 but is down $2 for the 2027 projection.

Global outlook: Growth of real trade-weighted foreign GDP was estimated at 2.6% in 2025 and is projected to slow to 1.8% in 2026 before rebounding to 2.3% in 2027. Foreign CPI inflation fell from 3.3% in 2024 to 2.4% in 2025 and is forecast to rise to 2.7% in 2026 and 2027 before easing to 2.4% in 2028. Foreign sovereign bond yields average 3.3% over 2026-2027.

Federal funds rate

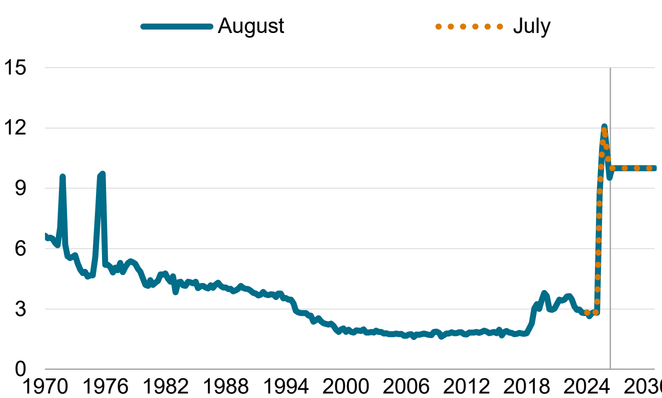
Percent



As of Aug. 5, 2026.
Sources: S&P Global Market Intelligence; Federal Reserve Board.

Average effective tariff rate now

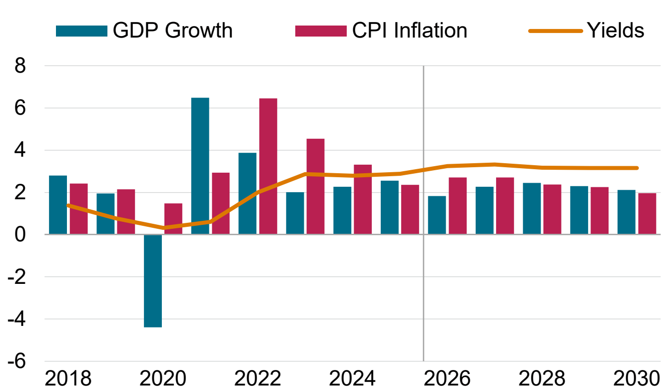
Percent



As of Aug. 5, 2026.
Sources: S&P Global Market Intelligence.

Foreign growth, inflation, long-term govt bond yields

Percent



As of Aug. 5, 2026.
Source: S&P Global Market Intelligence.

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 balanced. Downside risks stem from higher energy prices, tighter monetary policy in response to persistently high inflation, lower equity valuations, and a weakening in consumer demand as a result of the conflict in Iran. Posing upside risks are lower energy prices, higher equity valuations, and stronger consumer demand resulting from a definitive resolution of the conflict in Iran. We assign a 50% probability to our base forecast, 25% to the Pessimistic scenario, and 25% to the Optimistic scenario.

Pessimistic Scenario: The conflict in Iran continues pushing energy prices higher and leading to a weakening in consumer demand (25% probability)

The pessimistic scenario is characterized by a tighter energy market due to the continuation of the conflict in Iran and the disruption in global supply of oil and other commodities. Underlying this narrative is the assumption that the tighter energy market leads to elevated energy prices, causing higher inflation. The uncertainty surrounding the conflict leads to a modest worsening in financial conditions and weaker economic activity, which lead to a moderation in consumer and business confidence. As a result, compared with our base forecast, this scenario shows a higher unemployment rate, an initially higher inflation path, lower equity valuations, and lower growth.

GDP growth remains consistently below baseline through mid-2028 due to the weakening in consumer demand caused by higher energy prices and a disruption to global trade. On an annual basis, GDP growth averages 1.8% over 2027-2028, versus 2.3% in the base.

Declining consumer demand and worsening financial conditions lead businesses to reconsider investment plans. Business fixed investment rises at an average rate of 2.5% over 2027-2029, versus 3.2% in the base case.

The unemployment rate rises from 4.3% in the second quarter of 2026 to 5.2% by mid-2028, 0.9 percentage point above baseline, before easing to 4.9% by the end of the forecast horizon, 0.6 percentage point above baseline.

PCE inflation is initially modestly higher than the base due to higher energy prices. It subsequently falls below baseline in mid-2028 and remains below the 2% target through 2030 as a result of additional slack in labor markets. In response to the persistently high inflation, the Fed hikes in September and in December 2026, bringing the funds rate target range to 4.00-4.25%. Once inflation shows clear signs of moderation, the Fed reverses course and begins to gradually ease, bringing the funds rate target range to our estimate of the neutral range of 3.00-3.25% by October 2028.

Optimistic Scenario: The war in Iran comes to definitive end, leading to lower energy prices and stronger consumer demand (25% probability)

The optimistic scenario is characterized by an improved energy market due to a definitive resolution to the conflict in Iran and a well functioning global supply of oil and other commodities. Underlying this narrative is the assumption that the resolution of the war leads to a moderation in energy prices causing lower inflation. The abrupt end of the conflict leads to a modest amelioration in financial conditions and stronger economic activity, which lead to an increase in consumer and business confidence. As a result, compared with our base case, this scenario shows a lower unemployment rate, an initially lower inflation path, higher equity valuations, and stronger growth.

GDP growth remains consistently above baseline through mid-2029 due to strengthening consumer demand caused by lower energy prices and a resolution of the global supply chain disruptions. On an annual basis, GDP growth averages 2.8% over 2027-2028, versus 2.3% in the base.

Rising consumer demand and improving financial conditions lead businesses to ramp up their investment plans. Business fixed investment rises at an average rate of 3.9% over 2027-2029, versus 3.2% in the base case.

The unemployment rate remains at 4.3% through mid-2029, 0.1 percentage point below the peak in the baseline, before easing to 4.2% by the end of the forecast horizon, 0.1 percentage point below baseline.

PCE inflation is initially lower than the base due to lower energy prices. It subsequently rises above baseline in late 2027 and remains just above target through 2030 as a result of reduced slack in labor markets. The small reduction in energy prices and the limited gains in employment give no justification for the Fed to diverge from the baseline easing cycle. Hence, the Fed cuts twice in 2027, in line with the base case, bringing the funds rate target range to 3.00-3.25% in December 2027.

US Macro Forecast Snapshot

	Baseline (50%)	Pessimistic (25%)	Optimistic (25%)
GDP growth	Real GDP rose 2.1% in 2025. Growth comes in at 2.1% in 2026 and 2.3% in 2027.	Real GDP growth comes in at 2.0% in 2026 and falls to 1.6% in 2027, then rebounds to 2.0% in 2028.	Real GDP growth remains at 2.1% in 2026, increases to 2.9% in 2027, and declines to 2.8% in 2028.
Consumer spending	Consumption fell from 2.9% in 2024 to 2.6% in 2025. Growth continues at 2.1% in 2026 and 2.3% in 2027.	Spending growth slows to 1.9% in 2026 and drops to 1.1% in 2027.	Spending comes in at 2.2% in 2026 and 2.9% in 2027.
Business fixed investment	Rose 4.1% in 2025 and jumps 6.2% in 2026, then decelerates to 4.2% in 2027.	Registers at 6.1% in 2026 before growth slows to 3.2% in 2027.	Rises 6.3% in 2026 and decelerates to 4.9% in 2027.
Housing	Housing starts declined from 1.37 million in 2024 to 1.36 million in 2025 then ticks up to 1.37 million in 2026 before falling to 1.33 million in 2027.	Housing starts come in at to 1.36 million in 2026 then fall to 1.29 million in 2027.	Housing starts come in at 1.38 million in 2026 and drop to 1.34 million in 2027.
Exports	Rose 1.6% in 2025; rise 3.5% in 2026 and 2.7% in 2027.	Rise 3.5% in 2026 and 3.0% in 2027.	Rise 3.5% in 2026 and 3.0% in 2027.
Fiscal policy	Personal tax cuts under 2017 TCJA made permanent. Additional personal and corporate tax cuts enacted.	Same average effective tariff rate as in the baseline.	Same average effective tariff rate as in the baseline.
Monetary policy	We expect the Fed to leave rates unchanged until June 2027, with another cut in December 2027, bringing the target range of the federal funds rate to 3.00% to 3.25%.	The Fed hikes the federal funds rate twice in 2026.	The federal funds rate follows the baseline path.
Credit conditions	Loosened in 2025; conditions loosen further as interest rates are trimmed in 2027.	Remain tighter than in baseline.	Remain looser than in baseline.
Productivity growth	Rose 2.2% in 2025, and will rise 2.0% in 2026 and 2.7% in 2027.	Rises 1.9% in 2026 and 2.5% in 2027.	Rises 2.0% in 2026 and 3.3% in 2027.
Consumer confidence	Rises steadily until mid-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 $81/barrel in 2024 to $69 in 2025. It swells to $87 in 2026 and falls to $81 in 2027.	Brent crude oil averages $90 in 2026 and $107 in 2027.	Brent crude oil averages $79 in 2026 and $70 in 2027.
Stock markets	The year-end value of the S&P 500 rose 16.4% over 2025, and increases 7.6% in 2026 before contracting 2.8% over 2027.	The year-end value of the S&P 500 contracts 1.0% in 2026 and 1.1% in 2027.	The year-end value of the S&P 500 rises by 12.0% in 2026 and is unchanged in 2027.
Inflation (PCE)	Core PCE price inflation was 2.8% in 2025, increases to 3.2% in 2026 and drops to 2.4% in 2027.	Core PCE price inflation jumps to 3.4% in 2026 and declines to 3.2% in 2027.	Core PCE price inflation increases to 3.2% in 2026, then falls to 2.3% in 2027.
Foreign growth	Eurozone GDP growth will come in at 0.4% over in 2026, while China's growth decelerates to 4.5% in 2026.	Induced effect from higher energy prices than baseline.	Induced effect from lower energy prices than baseline.
US dollar	The broad real dollar decreases slowly and steadily until the start of 2032, picking up over the rest of the forecast.	Decreases steadily through the start of 2032 and remains above the baseline through the forecast.	Slightly weaker than the baseline over the forecast.

Alternative Scenarios of the US Economy

	Annual rates						Annual averages						Q4/Q4					
	2026.2	**2026.3**	**2026.4**	**2027.1**	**2027.2**	**2027.3**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Pessimistic Scenario: The conflict in Iran continues pushing energy prices higher and leading to a weakening in consumer demand (Prob. = 25%)																		
Composition of Real GDP, Percent Change																		
Gross Domestic Product	1.5	1.7	1.3	1.4	1.8	1.8	2.1	2.0	1.6	2.0	2.2	2.0	2.0	1.6	1.7	2.1	2.1	2.0
Total Consumption	3.2	1.3	1.3	0.8	0.7	1.1	2.6	1.9	1.1	1.7	2.8	3.0	2.1	1.6	1.0	2.2	3.0	3.0
Nonresidential Fixed Investment	8.4	3.4	3.5	2.7	2.7	2.6	4.1	6.1	3.2	2.3	2.0	2.1	5.6	6.4	2.6	2.1	1.9	2.3
Residential Fixed Investment	1.5	-2.3	-0.8	1.2	2.1	3.1	-2.2	-3.6	0.9	2.4	2.6	2.4	-3.8	-2.4	2.2	2.2	2.8	2.2
Exports	4.5	-4.7	3.8	5.2	3.2	3.8	1.6	3.5	3.0	2.9	2.6	2.4	1.1	3.5	4.1	2.6	2.3	2.5
Imports	11.5	-0.1	6.2	5.3	1.9	1.4	2.7	2.2	3.8	1.2	2.4	4.2	-1.9	7.2	2.5	1.1	3.2	4.7
Federal Government	-4.1	5.2	4.7	2.6	1.0	0.5	-1.2	-1.0	2.1	-0.4	-1.3	-0.9	-6.5	3.7	0.9	-0.7	-1.8	-0.4
State & Local Government	1.1	0.7	0.2	0.3	0.3	0.3	2.5	1.4	0.4	0.2	0.1	0.1	2.1	0.9	0.3	0.0	0.1	0.1
Prices & Wages, Percent Change																		
Consumer Prices	6.1	0.8	4.9	4.5	4.3	2.9	2.7	3.4	3.8	2.3	1.3	1.2	2.7	3.8	3.5	1.8	1.1	1.3
Producer Prices, Finished Goods	18.0	0.9	3.4	4.7	4.4	2.3	2.0	5.5	4.2	1.5	0.2	0.4	2.4	6.2	3.3	0.7	0.2	0.6
Compensation per hour	3.4	4.4	5.2	6.1	7.0	6.6	4.5	3.6	5.8	5.8	4.4	4.0	4.3	3.8	6.4	5.2	4.2	4.0
Other Key Measures, Percent Change																		
Productivity	0.7	2.2	2.1	2.6	3.0	2.9	2.3	1.9	2.5	2.7	2.2	1.8	2.5	1.5	2.9	2.6	1.9	1.8
Total Industrial Production	4.0	0.2	0.8	-0.9	0.0	0.4	1.1	1.1	0.3	1.0	1.4	0.9	1.6	1.5	0.1	1.3	1.2	0.9
Payroll Employment	0.9	0.3	0.1	-0.3	-0.5	-0.5	0.5	0.3	-0.1	-0.2	0.3	0.6	0.2	0.4	-0.4	0.0	0.5	0.6
Incomes, Percent Change																		
Personal Income	3.8	3.9	5.4	6.9	6.5	6.5	4.8	3.7	5.9	5.8	4.7	4.3	4.4	4.1	6.4	5.3	4.4	4.3
After-Tax Profits (Four-qtr.% change)	38.9	3.8	7.0	2.2	3.6	1.0	7.3	16.6	5.3	1.9	1.9	2.0	9.6	13.3	2.1	2.1	1.5	2.5
	Levels						Annual averages						Q4 values					
Other Key Measures																		
Brent Crude, Spot Price ($/bbl)	96.80	89.42	97.00	103.55	108.01	107.79	68.87	90.22	106.62	102.58	95.57	91.24	63.06	97.00	107.12	99.60	93.44	90.39
Nonfarm Inven. Chg. (Bil.2017 $)	-66.5	-32.1	-21.8	12.2	52.3	74.0	5.9	-36.5	58.0	118.8	126.1	111.5	-45.8	-21.8	93.6	124.9	122.2	106.0
Light Vehicle Sales (Mil. units, saar)	16.3	15.8	15.3	15.4	15.2	15.1	16.2	15.7	15.2	15.1	15.6	15.9	15.7	15.3	15.0	15.3	15.8	15.9
Housing Starts (Mil. units, saar)	1.347	1.389	1.304	1.291	1.288	1.283	1.356	1.364	1.285	1.266	1.271	1.273	1.323	1.304	1.279	1.266	1.275	1.272
Unemployment Rate (%)	4.3	4.3	4.5	4.7	4.8	5.0	4.3	4.4	4.9	5.2	5.1	4.9	4.5	4.5	5.1	5.2	5.1	4.9
Federal Surplus (Unified, FY, bil. $)	-791.7	-1917.6	-2321.3	-2836.7	-1019.3	-2070.2	-1666.8	-1823.9	-2115.4	-2235.6	-2098.4	-2207.7	-2409.4	-2321.3	-2535.5	-2387.8	-2487.7	-2535.7
Financial Markets, NSA, Quarter Average																		
Federal Funds Rate (%)	3.63	3.66	3.93	4.13	4.13	4.13	4.21	3.72	4.13	3.57	3.13	3.13	3.90	3.93	4.13	3.19	3.13	3.13
10-Year Treasury Note Yield (%)	4.42	4.76	4.53	4.31	4.15	4.03	4.29	4.48	4.11	3.91	3.92	3.95	4.10	4.53	3.96	3.90	3.94	3.95
	Annual rates						Annual averages						Q4/Q4					
Optimistic Scenario: The war in Iran comes to definitive end, leading to lower energy prices and stronger consumer demand (Prob. = 25%)																		
Composition of Real GDP, Percent Change																		
Gross Domestic Product	1.5	2.5	2.5	3.1	3.4	3.2	2.1	2.1	2.9	2.8	2.2	1.8	2.0	2.1	3.2	2.5	2.0	1.8
Total Consumption	3.2	2.5	2.9	3.1	3.0	2.9	2.6	2.2	2.9	2.9	2.7	2.6	2.1	2.3	3.0	2.8	2.7	2.5
Nonresidential Fixed Investment	8.4	4.0	4.8	4.9	5.0	4.6	4.1	6.3	4.9	3.8	2.8	2.5	5.6	6.9	4.7	3.3	2.7	2.6
Residential Fixed Investment	1.5	-0.9	2.2	4.5	4.2	4.1	-2.2	-3.3	3.0	2.8	1.9	1.6	-3.8	-1.3	4.0	2.2	1.9	1.5
Exports	4.5	-4.5	3.3	5.0	3.6	4.2	1.6	3.5	3.0	3.3	2.9	2.6	1.1	3.4	4.3	3.0	2.6	2.5
Imports	11.5	1.0	8.3	8.9	5.6	4.7	2.7	2.5	6.5	3.4	2.5	3.4	-1.9	8.1	5.8	2.5	2.9	3.7
Federal Government	-4.1	5.2	4.7	2.6	1.0	0.5	-1.2	-1.0	2.1	-0.4	-1.3	-0.9	-6.5	3.7	0.9	-0.7	-1.8	-0.4
State & Local Government	1.1	0.7	0.2	0.3	0.3	0.3	2.5	1.4	0.4	0.1	0.1	0.1	2.1	0.9	0.3	0.0	0.1	0.1
Prices & Wages, Percent Change																		
Consumer Prices	6.1	-2.0	1.9	2.4	2.7	2.0	2.7	2.8	2.0	2.5	2.4	2.3	2.7	2.4	2.3	2.6	2.3	2.2
Producer Prices, Finished Goods	18.0	-1.9	-0.7	1.9	2.6	1.2	2.0	4.9	1.8	1.6	1.8	1.7	2.4	4.5	1.7	1.8	1.8	1.6
Compensation per hour	3.4	3.7	4.3	5.2	5.9	5.8	4.5	3.4	5.0	5.8	5.4	5.1	4.3	3.4	5.6	5.7	5.3	5.0
Other Key Measures, Percent Change																		
Productivity	0.7	2.5	3.0	3.9	3.8	3.4	2.3	2.0	3.3	2.9	2.2	1.8	2.5	1.8	3.6	2.6	2.0	1.8
Total Industrial Production	4.0	0.8	1.9	0.7	1.6	1.8	1.1	1.3	1.5	1.7	1.4	0.8	1.6	1.9	1.5	1.6	1.1	0.8
Payroll Employment	0.9	0.6	0.3	0.0	0.2	0.3	0.5	0.3	0.3	0.3	0.4	0.4	0.2	0.5	0.2	0.3	0.4	0.4
Incomes, Percent Change																		
Personal Income	3.8	3.8	5.4	6.9	6.9	7.1	4.8	3.6	6.0	6.4	5.3	4.8	4.4	4.1	6.9	6.0	5.0	4.7
After-Tax Profits (Four-qtr.% change)	38.9	4.0	10.4	7.3	7.6	4.0	7.3	16.9	8.5	3.1	1.2	1.6	9.6	14.3	5.7	1.9	1.1	2.1
	Levels						Annual averages						Q4 values					
Other Key Measures																		
Brent Crude, Spot Price ($/bbl)	96.80	73.67	69.00	70.00	72.33	70.00	68.87	79.28	69.75	68.94	74.58	79.13	63.06	69.00	66.67	71.31	76.52	80.67
Nonfarm Inven. Chg. (Bil.2017 $)	-66.5	-32.7	-16.3	28.4	79.6	111.8	5.9	-35.2	89.1	156.4	139.6	111.7	-45.8	-16.3	136.7	153.8	130.0	101.9
Light Vehicle Sales (Mil. units, saar)	16.3	15.9	15.7	16.3	16.5	16.6	16.2	15.9	16.5	16.9	17.1	16.9	15.7	15.7	16.7	17.0	17.1	16.7
Housing Starts (Mil. units, saar)	1.347	1.402	1.343	1.344	1.344	1.340	1.356	1.377	1.341	1.324	1.314	1.304	1.323	1.343	1.337	1.320	1.312	1.301
Unemployment Rate (%)	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.2	4.2	4.5	4.3	4.3	4.3	4.2	4.2
Federal Surplus (Unified, FY, bil. $)	-791.7	-1917.8	-2317.0	-2804.0	-965.2	-1995.1	-1666.8	-1822.8	-2051.3	-2065.6	-1896.6	-2005.6	-2409.4	-2317.0	-2440.9	-2199.6	-2274.5	-2328.3
Financial Markets, NSA, Quarter Average																		
Federal Funds Rate (%)	3.63	3.62	3.63	3.63	3.57	3.38	4.21	3.63	3.47	3.13	3.13	3.13	3.90	3.63	3.31	3.13	3.13	3.13
10-Year Treasury Note Yield (%)	4.42	4.65	4.45	4.26	4.14	4.06	4.29	4.43	4.12	3.93	3.91	3.94	4.10	4.45	4.00	3.91	3.92	3.95

Source: S&P Global Market Intelligence

Monthly Economic Indicators

	Oct. 2025	Nov. 2025	Dec. 2025	Jan. 2026	Feb. 2026	Mar. 2026	Apr. 2026	May. 2026	Jun. 2026	Jul. 2026	2023	2024	2025
Industrial Markets													
Industrial Prod. Total (2017=100.0)	101.5	101.9	101.5	101.0	101.9	101.6	102.4	102.6	102.6		100.8	100.1	101.2
Percent Change	0.5	0.4	0.5	-0.4	0.9	-0.3	0.8	0.1	0.1		-0.2	-0.7	1.1
Percent Change Year Earlier	0.6	1.9	1.2	1.0	0.8	0.6	1.3	1.6	1.1				
Capacity Utilization, Manufacturing (%)	75.6	75.9	74.7	74.7	75.2	75.2	75.7	75.8	75.7		76.8	75.5	75.4
Unemployment Rate (%)	4.1	4.3	4.4	4.3	4.4	4.3	4.3	4.3	4.2		3.6	4.0	
Payroll Employment (Mil.)	158.478	158.542	158.432	158.592	158.436	158.650	158.798	158.927	158.984		155.895	157.694	158.439
Change (Mil.)	0.0	0.1	0.0	0.2	-0.2	0.2	0.1	0.1	0.1		3.3	1.8	0.7
Leading Indicator (2016=1.000)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0		1.1	1.0	1.0
Percent Change	-0.3	0.1	-0.2	-0.1	0.3	-0.6	0.2	0.1	-0.2		-7.6	-4.7	-3.4
New Orders, Mfg. (Bil. $)	611.5	603.6	619.1	619.4	621.3	632.7	665.9	658.8	656.5		590.5	587.3	610.9
Percent Change	-4.8	-1.3	-0.4	0.0	0.3	1.8	5.3	-1.1	-0.3		0.3	-0.5	4.0
Inv. Chg., Mfg. & Trade (Bil. $)	6.6	3.8	-0.4	0.2	9.4	26.6	15.2	8.0			-2.0	47.3	38.3
Merchandise Trade Bal. (Bil. $)	-84.2	-101.3	-100.6	-79.0	-81.7	-85.1	-82.2	-105.3	-101.4		-1054.6	-1200.9	-1234.6
Consumer Markets													
Disposable Income (Bil. 2017$)	17962	18041	18018	18135	18052	18030	17956	18000	18056		17218	17724	18017
Percent Change	0	0.4	-0.1	0.6	-0.5	-0.1	-0.4	0.2	0.3		5.7	2.9	1.7
Personal Income (Bil. $)	25975.68	26150	26483	26611	26598	26740	26757	26939	26994		23585	24906	26100
Percent Change	0.2	0.7	0.2	0.5	0.0	0.5	0.1	0.7	0.2		6.5	5.6	4.8
Personal Saving Rate (%)	4.6	4.5	3.6	4.4	3.8	3.5	3.0	2.8	2.7		5.6	5.4	4.6
Consumer Expenditures (Bil. $)	20868	21007	21446	21479	21611	21815	21931	22119	22184		18833	19896	20955
Percent Change	0.5	0.7	0.4	0.2	0.6	0.9	0.5	0.9	0.3		6.5	5.6	5.3
Retail Sales (Bil. $)	720.2	727.7	734.7	734.5	741.3	754.0	759.1	766.9	768.6		8149.3	8362.5	8695.4
Percent Change	0.8	1.1	0.0	0.0	0.9	1.7	0.7	1.0	0.2		3.5	2.6	4.0
Non-Auto. Retail Sales (Bil. $)	584.4	588.7	596.1	596.9	602.3	614.2	619.8	626.0	625.0		6586.3	6768.7	7037.8
Percent Change	0.8	0.7	0.0	0.1	0.9	2.0	0.9	1.0	-0.2		3.3	2.8	4.0
New Light-Vehicle Sales (Mil.)	15.8	16.6	16.0	14.6	15.5	16.3	16.3	16.3	16.6	16.3	15.5	15.9	16.2
Housing Starts (Mil.)	1.4	1.4	1.4	1.4	1.3	1.5	1.4	1.2	1.4		1.4	1.4	1.4
New Home Sales (Mil.)	0.665	0.648	0.723	0.576	0.630	0.659	0.646	0.618	0.628		0.666	0.684	0.679
Existing Home Sales (Mil.)	3.980	4.030	4.270	4.020	4.130	4.010	4.040	4.190	4.090		4.094	4.053	4.076
Chg. Consumer Install. Credit (Bil. $)	-4.3	12.5	15.2	4.5	7.2	22.8	20.8	-0.2			129.8	-40.2	151.3
Prices and Wages													
CPI, All Urban Consumers	3.214	3.222	3.260	3.266	3.275	3.303	3.324	3.340	3.326		3.047	3.137	
Percent Change Year Earlier	2.680	2.7	2.7	2.4	2.4	3.3	3.8	4.2	3.5		4.1	3.0	
Core Cons. Price Defl. (2017=100.0)	126.1	126.4	127.9	128.5	129.0	129.3	129.7	130.1	130.3		119.3	122.8	126.3
Percent Change Year Earlier	2.8	2.9	3.0	3.1	3.0	3.3	3.3	3.4	3.3		4.2	2.9	2.8
PPI, Finished Goods	2.615	2.626	2.663	2.648	2.672	2.718	2.762	2.827	2.788		2.547	2.577	2.629
Percent Change Year Earlier	1.9	2.0	2.0	0.9	1.6	4.5	6.4	8.6	6.6		1.6	1.2	2.0
PPI, Industrial Commodities (NSA)	2.594	2.615	2.613	2.646	2.702	2.781	2.860	2.947	2.905		2.564	2.549	2.594
Percent Change Year Earlier	1.3	1.4	3.6	3.2	4.9	8.0	11.0	14.4	12.0		-3.6	-0.6	1.8
Avg. Private Hourly Earnings ($)	31.31	31.39	31.83	31.94	32.04	32.12	32.23	32.31	32.38		28.92	30.12	31.34
Percent Change Year Earlier	4.1	4.1	3.8	3.7	3.7	3.5	3.7	3.6	3.4		4.9	4.2	4.0
Brent Crude, Spot Price ($/bbl.)	71.44	71.04	61.61	64.67	69.39	98.94	102.28	103.69	84.45	83.88	82.50	80.50	68.87
Percent Change Year Earlier	-13.1	-13.1	-16.6	-18.4	-7.9	36.0	50.9	61.1	18.2	18.1	-18.1	-2.4	-14.4
Henry Hub Spot Natural Gas ($/mmbtu)	3.02	3.20	4.36	4.10	3.13	3.04	2.68	2.94	3.20	2.94	2.54	2.17	3.61
Percent Change Year Earlier	19.3	54.2	45.2	-0.7	-25.5	-26.2	-21.8	-5.7	5.9	-8.2	-60.5	-14.5	66.6
Financial Markets, Period Average													
Federal Funds Rate (%)	4.33	4.33	3.72	3.64	3.64	3.64	3.64	3.63	3.63	3.63	5.02	5.14	4.21
3-Month T-Bill Rate (%)	4.23	4.25	3.59	3.57	3.60	3.61	3.61	3.60	3.66	3.73	5.07	4.97	4.07
Commercial Bank Prime Rate (%)	7.5	7.50	6.83	6.75	6.75	6.75	6.75	6.75	6.75	6.75	8.19	8.31	7.37
10-Year Treasury Note Yield (%)	4.38	4.39	4.14	4.21	4.13	4.25	4.32	4.48	4.47	4.60	3.96	4.21	4.29
Conv. Mortgage Rate, FHLMC (%)	6.82	6.72	6.20	6.11	6.05	6.18	6.33	6.44	6.49	6.54	6.80	6.72	6.60
M1 Money Supply (Bil. $)	18747	18804	19092	19192	19387	19436	19532	19751	19832		18546	18120	18767
Percent Change	0.5	0.3	0.4	0.5	1.0	0.3	0.5	1.1	0.4		-9.2	-2.3	3.6
M2 Money Supply (Bil. $)	21943	22026	22355	22420	22620	22676	22800	23056	23155		20870	21135	21963
Percent Change	0.5	0.4	0.3	0.3	0.9	0.2	0.5	1.1	0.4		-3.4	1.3	3.9

Source: S&P Global Market Intelligence

Summary of the US Economy

	2026.1	2026.2	2026.3	2026.4	2027.1	2027.2	2027.3	2027.4	2028.1	2028.2	2028.3	2028.4	2029.1
Composition of Real GDP, Percent Change, Annual Rate													
Gross Domestic Product	2.1	1.5	2.3	1.9	2.4	2.8	2.6	2.5	2.3	2.1	2.1	2.2	2.0
Final Sales of Domestic Product	1.9	2.2	1.8	1.7	1.8	2.0	2.1	2.1	2.0	2.0	2.1	2.2	2.0
Gross Domestic Income	1.2	2.1	2.8	2.3	2.7	3.1	2.8	2.7	2.5	2.3	2.2	2.3	2.1
Avg. of GDP and GDI	1.7	1.8	2.6	2.1	2.6	2.9	2.7	2.6	2.4	2.2	2.1	2.2	2.0
Total Consumption	0.5	3.2	2.3	2.1	2.2	2.3	2.2	2.3	2.3	2.4	2.4	2.5	2.4
Durables	0.5	6.8	1.0	1.4	4.0	5.2	5.5	6.0	6.5	6.8	6.7	6.4	6.5
Nondurables	0.6	4.4	2.3	2.4	1.8	1.8	1.7	1.8	1.7	1.6	1.6	1.8	1.7
Services	0.5	2.2	2.5	2.1	2.0	2.0	1.8	1.9	1.9	1.9	2.0	2.1	2.0
Nonresidential Fixed Investment	10.6	8.4	3.9	4.3	3.9	4.0	3.5	3.1	2.8	2.5	2.4	2.5	2.4
Equipment	15.8	15.2	3.0	3.7	3.5	3.6	2.8	2.2	1.7	1.3	1.0	1.3	1.3
Information Processing Equipment	39.9	8.3	-1.5	3.2	-0.6	-1.9	-3.2	-4.2	-5.0	-5.1	-5.2	-4.8	-3.8
Industrial Equipment	4.7	29.0	24.2	9.1	2.0	5.4	7.4	6.3	5.7	4.3	5.9	5.3	5.1
Transportation equipment	-10.7	29.2	-27.7	-8.1	15.8	11.9	7.2	8.6	8.2	8.8	5.6	6.8	4.1
Aircraft	-28.8	13.6	-45.8	3.1	4.7	3.8	5.5	1.5	1.6	1.2	1.1	-0.8	-0.7
Other Equipment	10.9	4.6	30.0	10.1	4.2	6.4	6.6	5.3	5.0	3.9	3.6	3.4	3.8
Intellectual Property Products	13.8	8.8	5.7	5.2	4.2	4.1	3.9	3.9	3.9	3.9	3.8	3.8	3.6
Structures	-4.7	-5.0	2.2	3.5	4.3	4.6	4.2	3.5	2.8	2.3	2.1	2.3	2.3
Commercial & Health Care	3.3	-1.4	-3.9	26.5	20.8	12.5	11.2	-1.3	11.5	7.5	7.7	-0.6	-1.9
Manufacturing	-26.9	-17.2	-14.2	-15.5	-14.7	-18.8	-13.1	-13.0	-14.0	-12.2	-17.6	-8.6	-7.0
Power & Communication	4.8	-2.7	-13.0	-8.3	-10.2	-11.5	-6.2	10.5	9.7	-3.1	16.0	20.1	8.7
Mining & Petroleum	2.5	10.1	115.4	8.8	28.5	55.6	29.3	33.5	1.3	13.8	-4.8	-0.9	11.1
Other	0.8	-5.9	1.0	0.3	-2.1	-1.0	-0.7	-2.4	-2.4	-0.1	3.1	3.3	3.8
Residential Fixed Investment	-7.8	1.5	-1.2	1.5	4.3	4.2	4.0	3.1	2.9	2.0	1.9	1.5	1.8
Exports	10.9	4.5	-4.6	3.3	4.6	3.0	3.9	4.1	2.6	2.5	3.0	3.8	2.8
Imports	11.8	11.5	1.0	7.3	7.6	4.5	3.7	3.3	2.4	2.0	1.7	1.7	2.1
Federal Government	9.4	-4.1	5.3	4.8	2.7	1.0	0.5	-0.5	-0.6	-0.5	-1.0	-0.7	-1.2
State & Local Government	1.6	1.1	1.3	0.2	0.3	0.2	0.3	0.3	0.1	0.1	0.0	-0.1	0.1
Billions of Dollars													
Real GDP	24180.4	24270.6	24410.8	24527.7	24673.6	24842.7	25000.8	25154.4	25296.5	25428.3	25557.6	25694.5	25820.8
Nominal GDP	31865.7	32475.2	32772.3	33183.5	33560.7	33993.2	34383.5	34774.9	35180.9	35561.0	35929.1	36296.5	36651.6
Prices & Wages, Percent Change, Annual Rate													
GDP Deflator	3.6	6.2	1.3	3.1	2.2	2.4	2.1	2.1	2.4	2.2	2.1	2.0	2.0
Consumer Prices	3.6	6.1	-0.1	3.1	2.1	2.0	2.0	1.5	2.4	3.0	2.8	2.0	2.0
Producer Prices, Finished Goods	3.6	18.0	0.2	1.5	1.6	1.3	1.0	0.6	1.6	2.1	2.0	1.3	1.2
Employment Cost Index - Total Comp.	3.5	3.5	3.4	3.5	3.4	4.1	4.0	4.0	3.8	3.7	3.8	4.0	3.7
Other Key Measures													
Brent Crude, Spot Price ($/bbl)	77.7	96.8	87.3	88.0	84.3	81.7	80.7	75.3	74.8	78.2	80.4	80.8	81.2
Productivity (%ch., saar)	0.8	0.7	2.6	2.5	3.0	3.1	2.7	2.6	2.3	2.2	2.2	2.3	2.1
Total Industrial Production (%ch., saar)	1.1	4.0	0.7	1.4	0.1	0.9	1.1	1.4	1.4	1.0	1.2	1.5	1.4
Factory Operating Rate	75.0	75.7	75.6	75.6	75.5	75.7	75.9	76.1	76.2	76.2	76.2	76.3	76.3
Nonfarm Inven. Chg. (Bil. 2017 $)	-25.5	-66.5	-32.1	-16.8	23.0	68.3	96.6	118.8	134.1	139.8	139.5	136.7	134.6
Consumer Sentiment Index	55.4	48.0	52.6	51.9	53.1	55.2	56.8	57.9	59.0	60.3	62.0	65.9	69.9
Light Vehicle Sales (Mil. units, saar)	15.47	16.29	15.91	15.54	15.91	15.98	16.03	16.09	16.16	16.20	16.25	16.33	16.40
Housing Starts (Mil. units, saar)	1.418	1.347	1.398	1.337	1.336	1.336	1.331	1.329	1.320	1.316	1.315	1.310	1.307
Exist. House Sales (Total, Mil. saar)	4.053	4.107	4.128	4.200	4.323	4.498	4.560	4.590	4.675	4.745	4.813	4.857	4.893
Unemployment Rate (%)	4.3	4.3	4.3	4.4	4.4	4.4	4.4	4.4	4.4	4.3	4.3	4.3	4.3
Payroll Employment (%ch., saar)	0.3	0.9	0.4	0.3	0.1	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Federal Surplus (Unified, nsa, bil. $)	-566.2	-197.9	-450.1	-507.4	-582.4	-289.4	-469.9	-514.1	-585.4	-284.6	-466.5	-518.0	-585.5
Current Account Balance (Bil. $)	-907.3	-916.6	-1099.1	-1127.7	-1140.5	-1117.2	-1111.9	-1053.0	-1019.1	-991.7	-961.8	-920.5	-894.4
Financial Markets, NSA, Quarter Average													
Federal Funds Rate (%)	3.64	3.63	3.62	3.63	3.63	3.57	3.38	3.31	3.13	3.13	3.13	3.13	3.13
3-Month Treasury Bill Rate (%)	3.59	3.62	3.83	3.72	3.63	3.50	3.27	3.16	2.96	2.93	2.90	2.88	2.87
10-Year Treasury Note Yield (%)	4.20	4.42	4.64	4.42	4.23	4.10	4.02	3.97	3.94	3.92	3.91	3.91	3.90
30-Year Fixed Mortgage Rate (%)	6.14	6.41	6.62	6.41	6.24	6.11	6.01	5.95	5.88	5.85	5.83	5.80	5.78
S&P 500 Stock Index	6826	7273	7469	7402	7340	7269	7197	7166	7162	7182	7211	7216	7225
(Four-Quarter % change)	15.7	26.8	16.2	9.2	7.5	-0.1	-3.6	-3.2	-2.4	-1.2	0.2	0.7	0.9
Exchange Rate, Broad Index of Partners	1.055	1.057	1.068	1.063	1.059	1.054	1.051	1.049	1.049	1.048	1.045	1.042	1.042
(% change, annual rate)	-5.7	0.9	4.2	-2.0	-1.4	-1.9	-1.1	-0.7	-0.1	-0.4	-1.3	-1.1	0.2
Incomes													
Personal Income (% ch., saar)	3.4	3.8	3.8	5.4	6.9	6.5	6.6	6.1	6.3	5.7	5.3	5.2	5.4
Real Disposable Income (%ch., saar)	0.9	-1.5	2.1	2.1	4.2	4.3	4.4	4.1	4.1	3.2	3.0	3.1	3.4
Saving Rate (%)	3.9	2.8	2.8	2.8	3.3	3.8	4.3	4.8	5.2	5.4	5.5	5.7	5.9
After-Tax Profits (Billions of $)	3951	4307	4296	4347	4372	4414	4426	4434	4463	4473	4479	4482	4639
(Four-quarter % change)	18.4	28.3	19.6	14.6	10.7	2.5	3.0	2.0	2.1	1.3	1.2	1.1	3.9

Source: S&P Global Market Intelligence

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	2.1	2.1	2.3	2.3	2.1	2.0
Final Sales of Domestic Product	2.9	2.5	-1.6	5.9	1.9	3.4	2.8	2.2	2.3	1.9	2.1	2.1	2.0
Gross Domestic Income	3.0	2.6	-2.4	6.6	2.7	1.7	3.0	2.4	2.1	2.7	2.5	2.2	2.0
Avg. of GDP and GDI	3.0	2.6	-2.2	6.4	2.6	2.3	2.9	2.2	2.1	2.5	2.4	2.1	2.0
Total Consumption	2.7	2.1	-2.5	8.8	3.0	2.6	2.9	2.6	2.1	2.3	2.3	2.6	2.7
Durables	6.6	3.3	7.4	16.4	-2.0	3.8	3.9	3.6	2.0	3.8	6.3	6.8	7.0
Nondurables	2.6	3.0	3.3	8.6	0.2	0.6	2.3	3.0	2.1	2.1	1.7	1.8	1.9
Services	2.2	1.7	-5.8	7.6	4.9	3.0	3.0	2.3	2.1	2.0	1.9	2.2	2.3
Nonresidential Fixed Investment	6.9	3.8	-4.6	6.2	6.5	7.3	2.9	4.1	6.2	4.2	2.9	2.5	2.5
Equipment	5.9	1.0	-9.9	7.1	2.8	2.9	3.5	8.3	9.3	4.0	1.8	1.5	2.4
Information Processing Equipment	8.0	2.9	0.8	10.7	6.4	-3.8	5.6	21.9	19.1	-0.3	-4.4	-3.8	-1.1
Industrial Equipment	4.8	1.8	-8.5	6.7	1.4	0.3	1.3	3.0	9.7	8.9	5.7	4.6	3.6
Transportation equipment	6.1	-4.2	-28.2	3.6	-0.1	25.7	5.0	3.6	-7.7	3.1	8.1	5.7	5.7
Aircraft	-2.7	-49.0	33.3	-9.0	-22.6	21.3	19.1	47.2	-5.4	-3.8	1.9	0.9	1.9
Other Equipment	3.5	3.9	-6.2	4.7	0.8	-1.7	1.1	-2.8	8.2	9.0	4.8	3.7	3.9
Intellectual Property Products	8.9	8.2	4.5	10.4	11.7	6.2	3.5	5.6	8.7	4.8	3.9	3.6	3.1
Structures	5.8	2.3	-9.2	-2.7	3.5	16.7	1.1	-5.3	-4.0	3.3	3.0	2.2	1.6
Commercial & Health Care	1.4	1.5	3.2	-3.7	-3.0	5.3	-6.4	-5.9	0.4	12.7	7.0	2.2	3.4
Manufacturing	-1.7	5.6	-9.4	3.2	24.2	51.7	16.6	-7.7	-20.3	-15.4	-13.8	-5.4	3.2
Power & Communication	5.5	8.0	-1.4	-4.7	-6.9	16.4	3.9	3.0	-1.0	-8.3	5.2	10.4	5.2
Mining & Petroleum	27.0	-0.3	-38.7	17.4	21.1	5.3	-5.3	-11.7	11.8	36.6	14.0	-2.1	-12.5
Other	1.2	-0.8	-10.7	-12.0	2.2	14.6	-3.1	-5.0	-0.7	-1.2	-0.7	4.4	5.7
Residential Fixed Investment	-0.7	-0.9	7.4	10.6	-8.1	-7.8	3.2	-2.2	-3.3	2.8	2.8	1.8	1.6
Exports	2.9	0.5	-12.6	6.5	7.6	2.8	3.6	1.6	3.5	2.7	3.2	2.9	2.6
Imports	4.0	1.2	-8.8	14.6	8.5	-0.9	5.8	2.7	2.4	5.6	2.7	2.3	3.6
Federal Government	3.5	3.8	6.3	1.9	-3.3	3.3	3.8	-1.2	-1.0	2.2	-0.4	-1.3	-0.9
State & Local Government	1.1	3.9	1.7	-1.3	0.0	3.6	3.8	2.5	1.5	0.4	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	23850.4	24347.4	24917.8	25494.2	26018.9	26527.0
Nominal GDP	20656.5	21540.0	21375.3	23725.6	26054.6	27811.5	29298.0	30762.1	32574.2	34178.1	35741.9	37220.5	38761.0
Prices & Wages, Percent Change													
GDP Deflator	2.3	1.7	1.4	4.5	7.1	3.7	2.5	2.8	3.7	2.5	2.2	2.0	2.1
Consumer Prices	2.4	1.8	1.3	4.7	8.0	4.1	3.0	2.7	3.2	2.2	2.3	2.2	2.1
Producer Prices, Finished Goods	3.1	0.8	-1.3	8.9	13.4	1.6	1.2	2.0	5.3	2.2	1.5	1.5	1.4
Employment Cost Index - Total Comp.	2.9	2.7	2.6	3.6	5.1	4.4	3.8	3.5	3.4	3.7	3.8	3.8	3.7
Other Key Measures													
Brent Crude, Spot Price ($/bbl)	70.96	64.34	41.77	70.70	100.72	82.50	80.50	68.87	87.45	80.50	78.55	81.88	83.56
Productivity (%ch.)	1.4	2.1	5.3	2.1	-1.5	2.1	2.9	2.3	2.0	2.7	2.4	2.1	1.9
Total Industrial Production (%ch.)	3.2	-0.8	-7.1	4.4	1.7	-0.2	-0.7	1.1	1.2	1.0	1.2	1.3	0.9
Factory Operating Rate	78.8	77.4	73.0	77.3	77.7	76.8	75.5	75.4	75.5	75.8	76.2	76.2	75.9
Nonfarm Inven. Chg. (Bil. 2017 $)	61.6	87.0	-12.9	25.7	154.6	40.5	43.3	5.9	-35.2	76.7	137.5	129.1	111.1
Consumer Sentiment Index	98.4	96.0	81.5	77.6	59.0	65.4	72.5	57.6	52.0	55.7	61.8	73.4	76.7
Light Vehicle Sales (Mil. units)	17.22	16.96	14.47	14.95	13.75	15.50	15.85	16.23	15.80	16.00	16.23	16.50	16.45
Housing Starts (Mil. units)	1.247	1.292	1.394	1.603	1.550	1.421	1.370	1.356	1.375	1.333	1.315	1.305	1.294
Exist. House Sales (Total, Mil. units)	5.334	5.325	5.636	6.133	5.083	4.094	4.053	4.076	4.122	4.493	4.773	4.928	4.997
Unemployment Rate (%)	3.9	3.7	8.1	5.4	3.6	3.6	4.0	4.3	4.3	4.4	4.3	4.3	4.3
Payroll Employment (%ch.)	1.6	1.4	-5.8	2.9	4.3	2.2	1.2	0.5	0.3	0.3	0.3	0.3	0.4
Federal Surplus (Unified, FY, bil. $)	-873.0	-1022.0	-3348.2	-2580.4	-1419.2	-1783.8	-2017.8	-1666.8	-1721.7	-1855.9	-1854.4	-1853.5	-1896.6
Current Account Balance (Bil. $)	-419.4	-404.3	-589.6	-855.2	-972.4	-931.4	-1198.6	-1177.1	-1012.7	-1105.6	-973.3	-872.6	-811.9
Financial Markets, NSA, Quarter Average													
Federal Funds Rate (%)	1.83	2.16	0.38	0.08	1.68	5.02	5.14	4.21	3.63	3.47	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	4.07	3.69	3.39	2.92	2.85	2.82
10-Year Treasury Note Yield (%)	2.91	2.14	0.89	1.44	2.95	3.96	4.21	4.29	4.42	4.08	3.92	3.92	3.95
30-Year Fixed Mortgage Rate (%)	4.55	3.92	3.10	2.96	5.38	6.81	6.72	6.58	6.39	6.08	5.84	5.77	5.73
S&P 500 Stock Index	2745	2912	3219	4267	4101	4284	5427	6211	7243	7243	7193	7269	7340
(Percent change)	12.1	6.1	10.5	32.6	-3.9	4.5	26.7	14.5	16.6	0.0	-0.7	1.1	1.0
Exchange Rate, Broad Index of Partners	0.993	1.026	1.043	1.002	1.070	1.066	1.089	1.088	1.061	1.053	1.046	1.037	1.032
(% change, annual rate)	-0.7	3.3	1.7	-3.9	6.7	-0.4	2.2	-0.1	-2.5	-0.7	-0.7	-0.8	-0.5
Incomes													
Personal Income (% ch.)	5.2	4.8	6.9	9.5	3.0	6.5	5.6	4.8	3.6	5.9	6.0	5.1	4.7
Real Disposable Income (%ch.)	3.6	3.1	6.4	4.0	-5.7	5.7	2.9	1.7	0.4	3.2	3.8	3.0	2.7
Saving Rate (%)	6.4	7.3	15.2	11.4	3.4	5.6	5.5	4.6	3.1	4.0	5.4	5.8	5.8
After-Tax Profits (Billions of $)	2020	2078	2212	2898	3007	3242	3499	3519	4225	4411	4475	4656	4722
(Percent change)	1.1	2.9	6.4	31.0	3.8	7.8	7.9	0.6	20.1	4.4	1.4	4.1	1.4

Source: S&P Global Market Intelligence

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