

U.S. Economic Outlook for May 23, 2025

A Publication of BMO Capital Markets Economic Research • Douglas Porter, CFA, Chief Economist, BMO Financial Group

		2024				2025				2026				2023	2024	2025	2026
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
Production	q/q % chng : a.r.																
Real GDP (chain-weighted)		1.6	3.0	3.1	2.4	-0.3	1.0	1.0	1.1	1.6	1.6	1.8	1.9	2.9	2.8	1.3	1.4
Final Sales		2.1	1.9	3.3	3.3	-2.5	2.5	1.2	1.2	1.6	1.6	1.8	1.9	3.3	2.7	1.2	1.6
Final Domestic Demand		2.7	2.8	3.7	3.0	2.3	1.0	0.8	1.3	1.6	1.6	1.7	1.8	2.7	3.0	2.1	1.4
Consumer Spending		1.9	2.8	3.7	4.0	1.8	1.7	1.2	1.3	1.7	1.7	1.9	1.9	2.5	2.8	2.4	1.6
Durables		-1.8	5.5	7.6	12.4	-3.4	0.0	0.5	1.0	1.3	1.5	1.6	2.0	3.9	3.3	2.7	1.2
Nondurables		-0.8	1.7	4.6	3.1	2.7	1.0	0.5	1.0	1.3	1.5	1.8	1.8	0.8	1.9	2.2	1.3
Services		3.4	2.7	2.8	3.0	2.4	2.2	1.5	1.4	1.9	1.8	2.0	1.9	2.9	2.9	2.4	1.8
Government Spending		1.8	3.1	5.1	3.1	-1.4	-0.5	0.8	0.9	0.9	0.9	0.9	1.6	3.9	3.4	1.1	0.9
Business Investment		4.5	3.9	4.0	-3.0	9.8	-0.9	-0.7	1.7	1.7	1.9	1.9	1.9	6.0	3.6	2.4	1.3
Non-residential Construction		6.3	0.2	-5.0	2.9	0.4	0.2	0.5	1.0	1.4	1.4	1.4	1.4	10.8	3.5	0.2	1.1
Equipment		0.3	9.8	10.8	-8.7	22.5	-5.0	-5.0	1.0	2.0	2.0	2.0	2.0	3.5	3.4	3.7	0.5
Intellectual Property		7.5	0.7	3.1	-0.5	4.1	2.5	2.7	2.7	1.5	2.0	2.0	2.0	5.8	3.9	2.3	2.1
Residential Construction		13.7	-2.8	-4.3	5.5	1.3	3.5	1.0	1.0	1.5	1.5	1.5	1.5	-8.3	4.2	1.4	1.5
Exports		1.9	1.0	9.6	-0.2	1.8	-1.5	-1.0	0.0	3.0	3.0	3.0	3.0	2.8	3.3	1.2	1.6
Imports		6.1	7.6	10.7	-1.9	41.3	-12.0	-2.5	1.0	2.3	2.3	2.3	2.3	-1.2	5.3	7.6	0.5
Inventory Change	2017\$ blns : a.r.	17.7	71.7	57.9	8.9	140.1	55.0	45.0	40.0	40.0	40.0	40.0	40.0	33.1	38.9	70.2	40.0
Contrib. to GDP Growth	ppts : a.r.	-0.5	1.1	-0.2	-0.8	2.2	-1.4	-0.2	-0.1	0.0	0.0	0.0	0.0	-0.4	0.0	0.1	-0.1
Net Exports	2017\$ blns : a.r.	-977.0	-1,035.7	-1,069.2	-1,052.7	-1,374.3	-1,257.1	-1,239.2	-1,248.8	-1,251.4	-1,254.0	-1,256.6	-1,259.1	-932.8	-1,033.6	-1,279.9	-1,255.3
Contrib. to GDP Growth	ppts : a.r.	-0.6	-0.9	-0.4	0.3	-4.8	2.0	0.3	-0.2	0.0	0.0	0.0	0.0	0.5	-0.4	-1.1	0.1
Nominal GDP	\$ blns : a.r.	28,624	29,017	29,375	29,724	29,978	30,277	30,623	30,964	31,286	31,604	31,938	32,281	27,721	29,185	30,460	31,777
Growth	q/q % chng : a.r.	4.7	5.6	5.0	4.8	3.5	4.1	4.7	4.5	4.2	4.1	4.3	4.4	6.6	5.3	4.4	4.3
Real GDP	y/y % chng	2.9	3.0	2.7	2.5	2.0	1.6	1.0	0.7	1.2	1.3	1.5	1.7				
Inflation	q/q % chng : a.r.																
GDP Price Index		3.0	2.5	1.9	2.3	3.7	3.0	3.6	3.4	2.6	2.4	2.5	2.4	3.6	2.4	3.0	2.8
Core PCE Deflator		3.7	2.8	2.2	2.6	3.5	3.0	4.4	3.6	2.8	2.5	2.4	2.4	4.1	2.8	3.2	3.0
CPI All Items		3.7	2.8	1.4	3.0	3.8	1.9	4.2	4.0	2.8	2.5	2.6	2.6	4.1	3.0	3.0	3.0
Ex. Food and Energy		4.2	3.1	2.4	3.4	3.5	2.7	4.6	3.9	2.9	2.6	2.5	2.5	4.8	3.4	3.3	3.1
Food Prices		2.4	1.5	2.3	3.2	3.7	2.7	4.9	3.7	2.8	1.5	2.3	2.4	5.8	2.3	3.3	2.9
Energy Prices		0.5	1.2	-11.0	-1.3	8.4	-9.5	-2.1	6.2	2.1	4.1	4.1	3.8	-4.9	-1.3	-1.4	2.3
Services		6.4	4.3	3.4	4.0	4.3	3.6	4.6	3.9	2.9	2.6	2.5	2.5	6.0	4.9	4.0	3.2
CPI All Items	y/y % chng	3.2	3.2	2.7	2.7	2.7	2.5	3.2	3.5	3.2	3.4	3.0	2.6				
Ex. Food and Energy	y/y % chng	3.8	3.4	3.3	3.3	3.1	3.0	3.5	3.7	3.5	3.5	3.0	2.6				
Core PCE Deflator	y/y % chng	3.0	2.7	2.7	2.8	2.8	2.8	3.4	3.6	3.5	3.3	2.8	2.5				
Financial	% : quarterly avg.																
Fed Funds Rate		5.38	5.38	5.21	4.63	4.38	4.38	4.04	3.79	3.38	3.04	2.88	2.88	5.10	5.15	4.15	3.04
90-Day T-Bill		5.45	5.47	5.22	4.58	4.34	4.35	4.20	3.80	3.45	3.15	2.80	2.80	5.28	5.18	4.20	3.05
1-Year T-Bill		4.90	5.14	4.45	4.26	4.15	4.05	3.90	3.60	3.30	3.05	2.90	2.95	5.08	4.69	3.90	3.05
10-Year Bond Yield		4.16	4.44	3.95	4.28	4.45	4.35	4.25	4.05	3.85	3.75	3.80	3.85	3.96	4.21	4.30	3.80
10-Year BBB Corporate Spread	ppts	1.21	1.13	1.20	1.04	1.08	1.37	1.82	1.99	1.99	1.99	1.99	1.99	1.57	1.15	1.56	1.99
Foreign Trade	\$ blns : a.r.																
Current Account Balance		-971	-1,107	-1,241	-1,216	-1,458	-1,274	-1,269	-1,281	-1,295	-1,301	-1,307	-1,317	-905	-1,134	-1,320	-1,305
Share of GDP		-3.4	-3.8	-4.2	-4.1	-4.9	-4.2	-4.1	-4.1	-4.1	-4.1	-4.1	-4.1	-3.3	-3.9	-4.3	-4.1
Merchandise Balance		-1,114	-1,195	-1,238	-1,304	-1,560	-1,406	-1,416	-1,432	-1,444	-1,456	-1,467	-1,479	-1,063	-1,213	-1,454	-1,462
Non-Merchandise Balance		143	88	-3	89	102	132	148	151	149	155	160	162	158	79	133	157
Yen	¥/US\$: qtr. avg.	149	156	149	152	152	145	144	142	142	141	141	140	140	151	146	141
Euro	US\$/€ : qtr. avg.	1.09	1.08	1.10	1.07	1.05	1.12	1.13	1.15	1.16	1.16	1.17	1.18	1.08	1.08	1.11	1.17
Pound	US\$/£ : qtr. avg.	1.27	1.26	1.30	1.28	1.26	1.32	1.34	1.35	1.35	1.36	1.36	1.37	1.24	1.28	1.32	1.36
Trade-Wt. Dollar (broad)	Jan. '97 = 100	121.0	122.9	122.9	126.1	127.9	123.3	122.7	122.4	121.8	121.2	120.7	120.1	120.5	123.2	124.1	121.0
WTI Spot	US\$/bbl : qtr. avg.	77.3	81.0	75.8	70.3	71.4	59.1	59.5	62.0	62.0	63.0	66.0	69.0	77.6	76.1	63.0	65.0
Henry Hub Spot	US\$/mmbtu : qtr. avg.	2.1	2.1	2.1	2.4	4.1	3.8	3.5	3.6	3.8	3.3	3.3	3.8	2.5	2.2	3.8	3.5
Incomes	y/y % chng																
Pre-Tax Profits w/IVA,CCA		8.2	10.8	6.0	6.9	9.7	6.9	8.6	4.2	4.4	4.4	4.3	4.3	6.9	7.9	7.3	4.3
Personal Income		5.9	5.5	5.0	5.0	4.3	4.4	4.9	4.7	4.1	4.0	4.0	4.1	5.9	5.4	4.6	4.1
Real Disposable Income		3.4	2.8	2.5	2.2	1.5	1.7	1.7	1.2	0.9	0.8	1.2	1.6	5.1	2.7	1.5	1.1
Savings Rate	% : quarterly avg.	5.4	4.9	4.1	3.7	4.0	4.1	3.8	3.5	3.5	3.5	3.4	3.3	4.7	4.5	3.8	3.4
Other Indicators	quarterly avg.																
Unemployment Rate	percent	3.8	4.0	4.2	4.2	4.1	4.3	4.6	4.8	5.0	5.0	5.0	5.0	3.6	4.0	4.5	5.0
Housing Starts	mlns : a.r.	1.42	1.34	1.34	1.39	1.40	1.38	1.40	1.40	1.41	1.42	1.42	1.43	1.42	1.37	1.40	1.42
Existing Home Sales	mlns : a.r.	4.14	4.02	3.94	4.16	4.13	4.15	4.25	4.53	4.82	4.85	4.87	4.90	4.10	4.07	4.27	4.86
Home Prices (Case-Shiller)	y/y % chng	7.3	6.8	5.2	4.4	4.6	4.0	3.3	2.4	1.7	1.7	2.0	2.1	1.8	5.9	3.5	1.9
Motor Vehicle Sales	mlns : a.r.	15.6	15.9	15.8	16.7	16.5	16.1	14.0	14.4	14.8	15.0	15.2	15.4	15.6	16.0	15.2	15.1
Payroll Employment Growth	q/q % chng : a.r.	1.5	1.3	0.9	1.3	1.4	1.1	0.4	0.4	0.7	1.0	1.1	1.1	2.2	1.3	1.1	0.8
Industrial Production	q/q % chng : a.r.	-1.8	2.4	-0.6	-1.2	5.3	0.5	0.4	1.4	1.6	1.7	1.8	1.8	0.2	-0.3	1.4	1.4
CBO Budget Deficit	% of GDP													-6.2	-6.4	-6.3	-6.1

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