

U.S. Economic Outlook for July 3, 2026

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

| | 2025 | | | | 2026 | | | | 2027 | | | | 2024 | 2025 | 2026 | 2027 |
|------------------------------|---------------------------|--------|--------|--------|--------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------|--------|---------------|---------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | | | | |
| Production | q/q % chng : a.r. | | | | | | | | | | | | | | | |
| Real GDP (chain-weighted) | -0.6 | 3.8 | 4.4 | 0.5 | 2.1 | 2.1 | 1.9 | 2.0 | 2.0 | 1.8 | 1.8 | 1.9 | 2.8 | 2.1 | 2.1 | 1.9 |
| Final Sales | -3.2 | 7.5 | 4.5 | 0.3 | 1.9 | 1.6 | 1.9 | 2.0 | 1.9 | 1.8 | 1.8 | 1.9 | 2.8 | 2.2 | 2.2 | 1.9 |
| Final Domestic Demand | 1.4 | 2.4 | 2.8 | 0.6 | 2.2 | 2.6 | 1.9 | 2.0 | 1.8 | 1.8 | 1.8 | 1.8 | 3.1 | 2.4 | 2.0 | 1.9 |
| Consumer Spending | 0.6 | 2.5 | 3.5 | 1.9 | 0.5 | 2.1 | 1.8 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.9 | 2.6 | 1.8 | 2.0 |
| Durables | -3.4 | 2.3 | 1.6 | 0.1 | 0.5 | 1.7 | 1.8 | 2.5 | 2.0 | 2.0 | 2.0 | 2.0 | 3.9 | 3.6 | 1.2 | 2.0 |
| Nondurables | 2.2 | 2.2 | 3.9 | 0.4 | 0.6 | 2.0 | 1.0 | 1.7 | 2.0 | 2.0 | 2.0 | 2.3 | 2.3 | 3.0 | 1.4 | 1.8 |
| Services | 0.8 | 2.6 | 3.6 | 2.7 | 0.5 | 2.2 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 1.9 | 3.0 | 2.3 | 2.0 | 2.0 |
| Government Spending | -1.0 | -0.1 | 2.2 | -5.6 | 4.4 | 0.7 | 0.6 | 0.9 | 0.5 | 0.2 | 0.2 | 0.5 | 3.8 | 1.1 | 0.5 | 0.5 |
| Business Investment | 9.5 | 7.3 | 3.2 | 2.4 | 10.6 | 6.7 | 3.9 | 3.1 | 2.3 | 2.3 | 2.3 | 2.3 | 2.9 | 4.1 | 5.9 | 3.0 |
| Non-residential Construction | -3.1 | -7.5 | -5.0 | -6.5 | -4.7 | -3.5 | 1.4 | 1.4 | 2.0 | 2.0 | 2.0 | 2.0 | 1.1 | -5.3 | -3.9 | 1.5 |
| Equipment | 21.4 | 8.5 | 5.3 | 4.3 | 15.8 | 12.0 | 6.0 | 4.0 | 2.5 | 2.5 | 2.5 | 2.5 | 3.5 | 8.3 | 9.1 | 3.8 |
| Intellectual Property | 6.5 | 15.0 | 5.6 | 5.4 | 13.8 | 6.0 | 3.0 | 3.0 | 2.3 | 2.3 | 2.3 | 2.3 | 3.5 | 5.6 | 7.7 | 2.7 |
| Residential Construction | -1.0 | -5.1 | -7.1 | -1.7 | -7.8 | 3.6 | 1.5 | 1.5 | 1.8 | 1.8 | 1.8 | 1.8 | 3.2 | -2.2 | -2.6 | 1.8 |
| Exports | 0.2 | -1.8 | 9.6 | -3.2 | 10.9 | 7.3 | 3.5 | 3.5 | 3.3 | 3.3 | 3.3 | 3.3 | 3.6 | 1.6 | 5.1 | 3.6 |
| Imports | 38.0 | -29.3 | -4.4 | -1.0 | 11.8 | 13.0 | 3.4 | 3.3 | 2.6 | 2.6 | 2.6 | 2.6 | 5.8 | 2.7 | 2.8 | 3.4 |
| Inventory Change | 2017\$ blns : a.r. | | | | | | | | | | | | | | | |
| Contrib. to GDP Growth | ppts : a.r. | | | | | | | | | | | | | | | |
| Net Exports | 2017\$ blns : a.r. | | | | | | | | | | | | | | | |
| Contrib. to GDP Growth | ppts : a.r. | | | | | | | | | | | | | | | |
| Nominal GDP | \$ blns : a.r. | | | | | | | | | | | | | | | |
| Growth | q/q % chng : a.r. | | | | | | | | | | | | | | | |
| Real GDP | y/y % chng | | | | | | | | | | | | | | | |
| Inflation | q/q % chng : a.r. | | | | | | | | | | | | | | | |
| GDP Price Index | 3.6 | 2.1 | 3.8 | 3.7 | 3.6 | 5.3 | 2.2 | 2.3 | 2.2 | 1.9 | 2.0 | 2.0 | 2.5 | 2.8 | 3.6 | 2.3 |
| Core PCE Deflator | 3.3 | 2.6 | 2.9 | 2.7 | 4.4 | 3.6 | 2.9 | 2.4 | 2.2 | 2.0 | 2.0 | 2.0 | 2.9 | 2.8 | 3.3 | 2.4 |
| CPI All Items | 3.7 | 1.7 | 3.1 | 2.5 | 3.6 | 6.8 | 1.6 | 1.9 | 2.2 | 2.2 | 2.2 | 2.2 | 3.0 | 2.7 | 3.4 | 2.3 |
| Ex. Food and Energy | 3.4 | 2.2 | 3.2 | 2.0 | 2.8 | 3.3 | 3.0 | 2.7 | 2.4 | 2.2 | 2.2 | 2.2 | 3.4 | 2.9 | 2.8 | 2.5 |
| Food Prices | 3.4 | 2.6 | 3.1 | 2.3 | 3.6 | 3.4 | 1.8 | 1.2 | 1.2 | 1.9 | 2.2 | 2.2 | 2.3 | 2.9 | 2.8 | 1.7 |
| Energy Prices | 8.6 | -6.5 | 1.5 | 10.3 | 12.6 | 63.2 | -14.3 | -5.8 | 2.1 | 2.1 | 2.1 | 2.1 | -1.3 | 0.1 | 12.2 | 1.2 |
| Services | 4.1 | 3.3 | 3.4 | 2.3 | 3.6 | 4.4 | 3.1 | 2.7 | 2.4 | 2.2 | 2.2 | 2.2 | 4.9 | 3.7 | 3.3 | 2.6 |
| CPI All Items | y/y % chng | | | | | | | | | | | | | | | |
| Ex. Food and Energy | y/y % chng | | | | | | | | | | | | | | | |
| Core PCE Deflator | y/y % chng | | | | | | | | | | | | | | | |
| Financial | % : quarterly avg. | | | | | | | | | | | | | | | |
| Fed Funds Rate | 4.38 | 4.38 | 4.29 | 3.79 | 3.63 | 3.63 | 3.63 | 3.63 | 3.63 | 3.63 | 3.54 | 3.29 | 5.15 | 4.21 | 3.63 | 3.52 |
| 90-Day T-Bill | 4.34 | 4.37 | 4.26 | 3.86 | 3.69 | 3.73 | 3.85 | 3.85 | 3.85 | 3.85 | 3.80 | 3.45 | 5.18 | 4.21 | 3.75 | 3.70 |
| 1-Year T-Bill | 4.15 | 4.03 | 3.88 | 3.60 | 3.55 | 3.80 | 3.90 | 3.85 | 3.80 | 3.70 | 3.65 | 3.40 | 4.69 | 3.92 | 3.75 | 3.65 |
| 10-Year Bond Yield | 4.45 | 4.36 | 4.26 | 4.10 | 4.20 | 4.42 | 4.50 | 4.45 | 4.40 | 4.35 | 4.25 | 4.25 | 4.21 | 4.29 | 4.40 | 4.30 |
| 10-Year BBB Corporate Spread | ppts | | | | | | | | | | | | | | | |
| Foreign Trade | \$ blns : a.r. | | | | | | | | | | | | | | | |
| Current Account Balance | -1,753 | -1,020 | -1,051 | -884 | -907 | -1,143 | -1,142 | -1,127 | -1,132 | -1,136 | -1,140 | -1,152 | -1,199 | -1,177 | -1,080 | -1,140 |
| Share of GDP | -5.8 | -3.3 | -3.4 | -2.8 | -2.8 | -3.5 | -3.5 | -3.4 | -3.4 | -3.4 | -3.3 | -3.3 | -4.1 | -3.8 | -3.3 | -3.4 |
| Merchandise Balance | -1,826 | -1,060 | -1,115 | -1,038 | -1,003 | -1,234 | -1,225 | -1,214 | -1,224 | -1,234 | -1,244 | -1,254 | -1,213 | -1,260 | -1,169 | -1,239 |
| Non-Merchandise Balance | 73 | 40 | 63 | 153 | 96 | 91 | 83 | 87 | 93 | 99 | 104 | 102 | 14 | 83 | 89 | 99 |
| Yen | ¥/US\$: qtr. avg. | | | | | | | | | | | | | | | |
| Euro | US\$/€ : qtr. avg. | | | | | | | | | | | | | | | |
| Pound | US\$/£ : qtr. avg. | | | | | | | | | | | | | | | |
| Trade-Wt. Dollar (broad) | Jan. '97 = 100 | | | | | | | | | | | | | | | |
| WTI Spot | US\$/bbl : qtr. avg. | | | | | | | | | | | | | | | |
| Henry Hub Spot | US\$/mmbtu : qtr. avg. | | | | | | | | | | | | | | | |
| Incomes | y/y % chng | | | | | | | | | | | | | | | |
| Pre-Tax Profits w/IVA,CCA | 6.4 | 3.6 | 9.3 | 9.6 | 12.8 | 13.0 | 9.3 | 4.2 | 3.5 | 4.1 | 4.0 | 3.9 | 5.1 | 7.3 | 9.7 | 3.9 |
| Personal Income | 5.1 | 4.8 | 5.0 | 4.4 | 3.6 | 3.6 | 3.5 | 3.9 | 4.0 | 4.1 | 4.1 | 4.1 | 5.6 | 4.8 | 3.6 | 4.1 |
| Real Disposable Income | 2.0 | 1.8 | 1.8 | 1.0 | 0.7 | 0.0 | 0.2 | 1.0 | 1.2 | 2.1 | 2.2 | 2.1 | 2.9 | 1.7 | 0.5 | 1.9 |
| Savings Rate | % : quarterly avg. | | | | | | | | | | | | | | | |
| Other Indicators | quarterly avg. | | | | | | | | | | | | | | | |
| Unemployment Rate | percent | | | | | | | | | | | | | | | |
| Housing Starts | mlns : a.r. | | | | | | | | | | | | | | | |
| Existing Home Sales | mlns : a.r. | | | | | | | | | | | | | | | |
| Home Prices (Case-Shiller) | y/y % chng | | | | | | | | | | | | | | | |
| Motor Vehicle Sales | mlns : a.r. | | | | | | | | | | | | | | | |
| Payroll Employment Growth | q/q % chng : a.r. | | | | | | | | | | | | | | | |
| Industrial Production | q/q % chng : a.r. | | | | | | | | | | | | | | | |
| CBO Budget Deficit | % of GDP | | | | | | | | | | | | | | | |

Bolded values represent forecasts



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