

U.S. Economic Outlook for Mar. 6, 2026

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

2024					2025				2026				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)		0.8	3.6	3.3	1.9	-0.6	3.8	4.4	1.4	2.7	2.0	2.1	2.0	2.8	2.2	2.5	1.9					
Final Sales		1.7	2.4	3.5	2.8	-3.2	7.5	4.5	1.2	2.6	1.8	2.0	2.0	2.8	2.3	2.6	1.9					
Final Domestic Demand		2.0	3.4	3.8	2.8	1.4	2.4	2.8	1.1	3.0	2.0	2.0	2.0	3.1	2.4	2.2	1.9					
Consumer Spending		1.7	3.9	4.0	3.9	0.6	2.5	3.5	2.4	2.2	1.9	2.1	2.1	2.9	2.7	2.3	2.0					
Durables		-0.9	7.8	8.6	13.0	-3.4	2.3	1.6	-0.9	2.0	2.0	2.5	2.5	3.9	3.5	1.5	2.2					
Nondurables		-1.6	4.3	4.8	3.8	2.2	2.2	3.9	0.4	1.8	1.8	2.0	2.0	2.3	3.0	1.8	2.1					
Services		3.2	3.2	3.0	2.5	0.8	2.6	3.6	3.4	2.4	1.9	2.0	2.0	3.0	2.4	2.6	2.0					
Government Spending		2.3	3.3	5.4	3.3	-1.0	-0.1	2.2	-5.1	5.9	1.9	0.8	0.8	3.8	1.2	1.2	0.4					
Business Investment		1.5	2.5	3.5	-3.7	9.5	7.3	3.2	3.7	3.6	2.9	3.1	3.1	2.9	4.2	3.6	2.6					
Non-residential Construction		-5.0	-3.9	-2.2	-8.1	-3.1	-7.5	-5.0	-2.4	1.4	1.4	1.4	1.4	1.1	-5.0	-0.7	1.8					
Equipment		0.5	8.9	8.2	-4.3	21.4	8.5	5.3	3.2	3.0	3.5	4.0	4.0	3.5	8.2	3.9	3.0					
Intellectual Property		6.7	0.7	2.6	-0.6	6.5	15.0	5.6	7.4	5.0	3.0	3.0	3.0	3.5	5.8	5.3	2.6					
Residential Construction		8.2	-2.0	-4.8	4.3	-1.0	-5.1	-7.1	-1.5	1.0	1.5	1.5	1.5	3.2	-2.2	-0.7	1.7					
Exports		4.6	0.7	8.9	-0.9	0.2	-1.8	9.6	-0.9	2.5	3.5	3.5	3.5	3.6	1.7	2.8	3.4					
Imports		6.9	8.4	10.1	-0.2	38.0	-29.3	-4.4	-1.3	5.3	5.0	3.4	3.3	5.8	2.7	-0.2	3.0					
Inventory Change		2017\$ blns : a.r.	12.4	75.1	69.4	17.1	172.0	-18.3	-23.9	-13.6	-10.0	2.0	8.0	10.0	43.6	23.6	2.5	20.0				
Contrib. to GDP Growth		ppts : a.r.	-0.8	1.2	-0.1	-0.9	2.6	-3.4	-0.1	0.2	0.1	0.2	0.1	0.0	0.0	-0.1	-0.1	0.1				
Net Exports		2017\$ blns : a.r.	-964.1	-1,032.2	-1,064.9	-1,069.0	-1,380.7	-1,058.0	-955.5	-949.6	-980.0	-1,001.8	-1,009.5	-1,016.3	-1,032.6	-1,086.0	-1,001.9	-1,020.5				
Contrib. to GDP Growth		ppts : a.r.	-0.4	-1.0	-0.4	-0.1	-4.7	4.8	1.6	0.1	-0.5	-0.4	-0.1	-0.1	-0.5	-0.2	0.4	-0.1				
Nominal GDP		\$ blns : a.r.	28,708	29,147	29,512	29,825	30,042	30,486	31,098	31,490	31,980	32,360	32,658	32,996	29,298	30,779	32,499	33,807				
Growth		q/q % chng : a.r.	4.0	6.3	5.1	4.3	2.9	6.0	8.3	5.1	6.4	4.8	3.7	4.2	5.3	5.1	5.6	4.0				
Real GDP		y/y % chng	2.9	3.1	2.8	2.4	2.0	2.1	2.3	2.2	3.1	2.6	2.0	2.2								
Inflation		q/q % chng : a.r.																				
GDP Price Index		3.1	2.6	1.8	2.4	3.6	2.1	3.8	3.6	3.6	2.8	1.6	2.1	2.5	2.8	3.0	2.1					
Core PCE Deflator		4.0	2.9	2.4	2.7	3.3	2.6	2.9	2.7	3.2	2.8	2.5	2.0	2.9	2.8	2.8	2.1					
CPI All Items		3.7	2.7	1.3	3.2	3.7	1.7	3.1	2.5	3.5	3.0	1.5	1.8	3.0	2.7	2.7	2.1					
Ex. Food and Energy		4.2	3.2	2.2	3.5	3.4	2.2	3.2	2.0	3.0	2.9	2.6	2.1	3.4	2.9	2.6	2.2					
Food Prices		2.1	1.7	2.4	3.1	3.4	2.6	3.1	2.3	3.0	1.2	1.2	1.2	2.3	2.9	2.2	1.7					
Energy Prices		1.1	-0.9	-10.6	-0.3	8.6	-6.5	1.5	10.3	11.1	7.7	-9.9	-0.1	-1.3	0.1	4.4	0.7					
Services		6.3	4.3	3.3	4.2	4.1	3.3	3.4	2.3	3.6	2.9	2.6	2.1	4.9	3.7	2.9	2.2					
CPI All Items		y/y % chng	3.2	3.2	2.7	2.7	2.7	2.5	2.9	2.7	2.7	3.0	2.7	2.5								
Ex. Food and Energy		y/y % chng	3.8	3.4	3.3	3.3	3.1	2.8	3.1	2.7	2.6	2.8	2.6	2.6								
Core PCE Deflator		y/y % chng	3.1	2.8	2.8	3.0	2.8	2.7	2.9	2.9	2.8	2.9	2.8	2.6								
Financial		% : quarterly avg.																				
Fed Funds Rate		5.38	5.38	5.21	4.63	4.38	4.38	4.29	3.79	3.63	3.54	3.29	3.04	5.15	4.21	3.38	2.90					
90-Day T-Bill		5.45	5.47	5.22	4.58	4.34	4.37	4.26	3.86	3.70	3.65	3.35	3.05	5.18	4.21	3.45	2.85					
1-Year T-Bill		4.90	5.14	4.45	4.26	4.15	4.03	3.88	3.60	3.45	3.40	3.20	3.00	4.69	3.92	3.25	2.95					
10-Year Bond Yield		4.16	4.44	3.95	4.28	4.45	4.36	4.26	4.10	4.15	4.10	4.05	4.00	4.21	4.29	4.05	4.10					
10-Year BBB Corporate Spread		ppts	1.21	1.13	1.20	1.04	1.08	1.26	1.05	1.06	1.04	1.24	1.51	1.78	1.15	1.11	1.39	1.87				
Foreign Trade		\$ blns : a.r.																				
Current Account Balance		-1,043	-1,145	-1,305	-1,248	-1,759	-997	-906	-957	-999	-1,024	-1,034	-1,043	-1,185	-1,155	-1,025	-1,055					
Share of GDP		-3.6	-3.9	-4.4	-4.2	-5.9	-3.3	-2.9	-3.0	-3.1	-3.2	-3.2	-3.2	-4.0	-3.8	-3.2	-3.1					
Merchandise Balance		-1,113	-1,197	-1,237	-1,316	-1,863	-1,082	-1,069	-1,096	-1,130	-1,158	-1,172	-1,187	-1,215	-1,278	-1,162	-1,211					
Non-Merchandise Balance		69	51	-68	68	104	85	164	139	131	134	138	144	30	123	137	156					
Yen		¥/US\$: qtr. avg.	149	156	149	152	152	144	148	154	156	154	153	152	151	150	154	148				
Euro		US\$/€ : qtr. avg.	1.09	1.08	1.10	1.07	1.05	1.13	1.17	1.16	1.18	1.19	1.19	1.20	1.08	1.13	1.19	1.21				
Pound		US\$/£ : qtr. avg.	1.27	1.26	1.30	1.28	1.26	1.34	1.35	1.33	1.36	1.36	1.36	1.36	1.28	1.32	1.36	1.37				
Trade-Wt. Dollar (broad)		Jan. '97 = 100	120.7	122.6	122.6	125.8	127.7	122.4	120.2	120.8	118.3	117.5	117.1	116.7	122.9	122.8	117.4	115.4				
WTI Spot		US\$/bbl : qtr. avg.	77.3	81.1	75.9	70.3	71.4	63.9	65.0	59.1	70.5	75.5	65.2	64.1	76.1	64.8	68.8	65.0				
Henry Hub Spot		US\$/mmbtu : qtr. avg.	2.2	2.1	2.1	2.5	4.2	3.2	3.0	3.8	4.8	3.5	3.5	4.0	2.2	3.5	3.9	3.5				
Incomes		y/y % chng																				
Pre-Tax Profits w/IVA,CCA		4.6	7.4	2.9	5.5	6.4	3.6	9.3	4.7	7.6	8.7	5.0	4.8	5.1	6.0	6.5	4.0					
Personal Income		5.9	5.7	5.4	5.4	5.1	4.8	4.7	4.3	3.7	3.6	3.8	3.9	5.6	4.7	3.8	4.1					
Real Disposable Income		3.5	3.0	2.8	2.4	2.0	1.8	1.5	1.0	0.8	0.7	1.4	2.0	2.9	1.6	1.2	2.2					
Savings Rate		% : quarterly avg.	6.2	5.8	5.1	4.7	5.2	5.0	4.2	3.6	3.5	3.4	3.5	3.6	5.4	4.5	3.5	3.7				
Other Indicators		quarterly avg.																				
Unemployment Rate		percent	3.8	4.0	4.2	4.1	4.1	4.2	4.3	4.5	4.4	4.5	4.5	4.5	4.0	4.3	4.5	4.3				
Housing Starts		mlns : a.r.	1.42	1.34	1.34	1.39	1.40	1.35	1.35	1.33	1.39	1.40	1.40	1.41	1.37	1.36	1.40	1.42				
Existing Home Sales		mlns : a.r.	4.14	4.02	3.94	4.16	4.09	4.01	4.05	4.16	4.05	4.19	4.22	4.24	4.07	4.08	4.18	4.33				
Home Prices (Case-Shiller)		y/y % chng	7.3	6.8	5.2	4.4	4.5	2.8	1.6	1.4	1.2	2.2	3.0	2.5	5.9	2.5	2.2	2.4				
Motor Vehicle Sales		mlns : a.r.	15.7	16.0	15.9	16.6	16.5	16.2	16.7	15.9	15.5	16.1	16.2	16.4	16.0	16.3	16.0	16.6				
Payroll Employment Growth		q/q % chng : a.r.	1.4	0.9	0.5	0.8	0.5	0.4	0.1	-0.2	0.2	0.2	0.3	0.3	1.2	0.5	0.1	0.4				
Industrial Production		q/q % chng : a.r.	-2.6	2.7	-2.3	-1.5	4.2	1.8	2.2	-1.3	4.2	2.1	1.8	1.8	-0.7	1.2	1.9	1.8				
CBO Budget Deficit		% of GDP												-6.3	-5.8	-5.9	-5.7					

Bolded values represent forecasts

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