

# U.S. Economic Outlook for July 26, 2024

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

	2023				2024				2025				2022	2023	2024	2025
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
<b>Production</b>	<b>q/q % chng : a.r.</b>															
Real GDP (chain-weighted)	2.2	2.1	4.9	3.4	1.4	2.8	<b>1.3</b>	<b>1.5</b>	<b>2.0</b>	<b>1.9</b>	<b>2.0</b>	<b>2.0</b>	1.9	2.5	<b>2.5</b>	<b>1.8</b>
Final Sales	4.6	2.1	3.6	3.9	1.8	2.0	<b>1.4</b>	<b>1.6</b>	<b>2.1</b>	<b>1.9</b>	<b>2.0</b>	<b>2.0</b>	1.3	2.9	<b>2.4</b>	<b>1.8</b>
Final Domestic Demand	3.8	2.0	3.5	3.6	2.4	2.7	<b>1.4</b>	<b>1.6</b>	<b>2.1</b>	<b>1.9</b>	<b>2.0</b>	<b>2.0</b>	1.7	2.3	<b>2.6</b>	<b>1.9</b>
Consumer Spending	3.8	0.8	3.1	3.3	1.5	2.3	<b>1.7</b>	<b>1.7</b>	<b>2.1</b>	<b>1.9</b>	<b>2.0</b>	<b>2.1</b>	2.5	2.2	<b>2.2</b>	<b>1.9</b>
Durables	14.0	-0.3	6.7	3.2	-4.5	4.7	<b>1.5</b>	<b>1.6</b>	<b>2.2</b>	<b>2.3</b>	<b>2.5</b>	<b>2.5</b>	-0.3	4.2	<b>1.4</b>	<b>2.2</b>
Nondurables	0.5	0.9	3.9	2.9	-1.1	1.4	<b>1.5</b>	<b>1.6</b>	<b>2.0</b>	<b>2.0</b>	<b>2.2</b>	<b>2.2</b>	0.6	0.8	<b>1.3</b>	<b>1.9</b>
Services	3.1	1.0	2.2	3.4	3.3	2.2	<b>1.8</b>	<b>1.7</b>	<b>2.1</b>	<b>1.8</b>	<b>1.9</b>	<b>2.0</b>	3.7	2.3	<b>2.6</b>	<b>1.9</b>
Government Spending	4.8	3.3	5.8	4.6	1.8	3.1	<b>-1.1</b>	<b>0.4</b>	<b>1.3</b>	<b>1.5</b>	<b>1.4</b>	<b>1.1</b>	-0.9	4.1	<b>2.7</b>	<b>1.0</b>
Business Investment	5.7	7.4	1.4	3.7	4.4	5.2	<b>2.5</b>	<b>2.4</b>	<b>2.6</b>	<b>2.4</b>	<b>2.4</b>	<b>2.4</b>	5.2	4.5	<b>3.9</b>	<b>2.6</b>
Non-residential Construction	30.3	16.1	11.2	10.9	3.4	-3.3	<b>1.5</b>	<b>1.5</b>	<b>1.8</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	-2.1	13.2	<b>4.7</b>	<b>1.5</b>
Equipment	-4.1	7.7	-4.4	-1.1	1.6	11.6	<b>2.0</b>	<b>1.5</b>	<b>1.8</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	5.2	-0.3	<b>2.5</b>	<b>2.4</b>
Intellectual Property	3.8	2.7	1.8	4.3	7.7	4.5	<b>3.4</b>	<b>3.5</b>	<b>3.6</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	9.1	4.5	<b>4.6</b>	<b>3.4</b>
Residential Construction	-5.3	-2.2	6.7	2.8	16.0	-1.4	<b>2.4</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>	<b>2.3</b>	<b>2.2</b>	-9.0	-10.6	<b>5.2</b>	<b>2.2</b>
Exports	6.8	-9.3	5.4	5.1	1.6	2.0	<b>1.5</b>	<b>1.8</b>	<b>2.1</b>	<b>2.3</b>	<b>2.3</b>	<b>2.1</b>	7.0	2.6	<b>2.0</b>	<b>2.0</b>
Imports	1.3	-7.6	4.2	2.2	6.1	6.9	<b>1.5</b>	<b>2.0</b>	<b>2.0</b>	<b>2.3</b>	<b>2.3</b>	<b>2.2</b>	8.6	-1.7	<b>3.6</b>	<b>2.3</b>
Inventory Change	<b>2017\$ blns : a.r.</b>															
Contrib. to GDP Growth	<b>ppts : a.r.</b>															
Net Exports	<b>2017\$ blns : a.r.</b>															
Contrib. to GDP Growth	<b>ppts : a.r.</b>															
Nominal GDP	<b>\$ blns : a.r.</b>															
Growth	<b>q/q % chng : a.r.</b>															
Real GDP	<b>y/y % chng</b>															
<b>Inflation</b>	<b>q/q % chng : a.r.</b>															
GDP Price Index	3.9	1.7	3.3	1.6	3.1	2.3	<b>2.0</b>	<b>2.1</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	7.1	3.6	<b>2.4</b>	<b>2.0</b>
Core PCE Deflator	5.0	3.7	2.0	2.0	3.7	2.9	<b>2.4</b>	<b>2.3</b>	<b>2.2</b>	<b>2.2</b>	<b>2.0</b>	<b>2.0</b>	5.2	4.1	<b>2.8</b>	<b>2.2</b>
CPI All Items	3.8	3.0	3.4	2.7	3.8	2.8	<b>2.4</b>	<b>2.3</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>	8.0	4.1	<b>3.1</b>	<b>2.3</b>
Ex. Food and Energy	4.9	4.7	3.0	3.4	4.2	3.2	<b>2.6</b>	<b>2.5</b>	<b>2.4</b>	<b>2.4</b>	<b>2.2</b>	<b>2.1</b>	6.2	4.8	<b>3.4</b>	<b>2.4</b>
Food Prices	5.1	1.6	2.4	2.8	2.6	1.1	<b>2.4</b>	<b>1.4</b>	<b>1.4</b>	<b>1.5</b>	<b>2.0</b>	<b>2.3</b>	10.0	5.8	<b>2.1</b>	<b>1.6</b>
Energy Prices	-8.8	-11.6	10.7	-4.4	1.2	2.3	<b>-0.2</b>	<b>2.5</b>	<b>2.1</b>	<b>2.1</b>	<b>2.1</b>	<b>2.1</b>	25.0	-4.9	<b>0.5</b>	<b>1.9</b>
Services	6.6	4.0	4.5	5.1	6.6	4.3	<b>3.0</b>	<b>2.5</b>	<b>2.4</b>	<b>2.4</b>	<b>2.2</b>	<b>2.1</b>	6.2	6.0	<b>4.8</b>	<b>2.6</b>
CPI All Items	<b>y/y % chng</b>															
Ex. Food and Energy	<b>y/y % chng</b>															
Core PCE Deflator	<b>y/y % chng</b>															
<b>Financial</b>	<b>% : quarterly avg.</b>															
Fed Funds Rate	4.63	5.04	5.38	5.38	5.38	5.38	<b>5.29</b>	<b>5.04</b>	<b>4.79</b>	<b>4.54</b>	<b>4.38</b>	<b>4.21</b>	1.90	5.10	<b>5.27</b>	<b>4.48</b>
90-Day T-Bill	4.78	5.27	5.53	5.52	5.45	5.47	<b>5.35</b>	<b>5.10</b>	<b>4.85</b>	<b>4.55</b>	<b>4.35</b>	<b>4.20</b>	2.08	5.28	<b>5.35</b>	<b>4.50</b>
1-Year T-Bill	4.77	4.95	5.39	5.22	4.90	5.14	<b>4.85</b>	<b>4.60</b>	<b>4.40</b>	<b>4.25</b>	<b>4.10</b>	<b>4.00</b>	2.79	5.08	<b>4.85</b>	<b>4.20</b>
10-Year Bond Yield	3.65	3.59	4.15	4.44	4.16	4.44	<b>4.25</b>	<b>4.15</b>	<b>4.15</b>	<b>4.10</b>	<b>4.10</b>	<b>4.10</b>	2.95	3.96	<b>4.25</b>	<b>4.10</b>
10-Year BBB Corporate Spread	<b>ppts</b>															
<b>Foreign Trade</b>	<b>\$ blns : a.r.</b>															
Current Account Balance	-921	-930	-883	-887	-951	<b>-1,033</b>	<b>-1,024</b>	<b>-1,034</b>	<b>-1,046</b>	<b>-1,060</b>	<b>-1,069</b>	<b>-1,084</b>	-1,012	-905	<b>-1,010</b>	<b>-1,065</b>
Share of GDP	-3.4	-3.4	-3.2	-3.2	-3.4	<b>-3.6</b>	<b>-3.5</b>	<b>-3.6</b>	<b>-3.6</b>	<b>-3.6</b>	<b>-3.6</b>	<b>-3.6</b>	-3.9	-3.3	<b>-3.5</b>	<b>-3.6</b>
Merchandise Balance	-1,067	-1,096	-1,031	-1,058	-1,111	<b>-1,209</b>	<b>-1,220</b>	<b>-1,233</b>	<b>-1,245</b>	<b>-1,258</b>	<b>-1,272</b>	<b>-1,285</b>	-1,180	-1,063	<b>-1,193</b>	<b>-1,265</b>
Non-Merchandise Balance	146	166	149	171	160	<b>177</b>	<b>196</b>	<b>199</b>	<b>199</b>	<b>198</b>	<b>202</b>	<b>202</b>	168	158	<b>183</b>	<b>200</b>
Yen	<b>¥/US\$ : qtr. avg.</b>															
Euro	<b>US\$/€ : qtr. avg.</b>															
Pound	<b>US\$/£ : qtr. avg.</b>															
Trade-Wt. Dollar (broad)	<b>Jan. '97 = 100</b>															
WTI Spot	<b>US\$/bbl : qtr. avg.</b>															
Henry Hub Spot	<b>US\$/mmbtu : qtr. avg.</b>															
<b>Incomes</b>	<b>y/y % chng</b>															
Pre-Tax Profits w/IVA,CCA	4.6	-2.7	-0.6	5.1	6.4	<b>7.5</b>	<b>4.8</b>	<b>1.6</b>	<b>4.1</b>	<b>3.8</b>	<b>3.9</b>	<b>4.0</b>	9.8	1.5	<b>5.0</b>	<b>3.9</b>
Personal Income	5.8	5.6	4.8	4.4	4.4	4.4	<b>4.4</b>	<b>4.7</b>	<b>4.0</b>	<b>4.1</b>	<b>4.2</b>	<b>4.4</b>	2.0	5.1	<b>4.5</b>	<b>4.2</b>
Real Disposable Income	3.7	4.9	4.1	3.8	1.5	0.9	<b>1.1</b>	<b>1.3</b>	<b>1.5</b>	<b>1.8</b>	<b>2.1</b>	<b>2.3</b>	-6.0	4.1	<b>1.2</b>	<b>1.9</b>
Savings Rate	<b>% : quarterly avg.</b>															
<b>Other Indicators</b>	<b>quarterly avg.</b>															
Unemployment Rate	<b>percent</b>															
Housing Starts	<b>mlns : a.r.</b>															
Existing Home Sales	<b>mlns : a.r.</b>															
Home Prices (Case-Shiller)	<b>y/y % chng</b>															
Motor Vehicle Sales	<b>mlns : a.r.</b>															
Civilian Employment Growth	<b>q/q % chng : a.r.</b>															
Industrial Production	<b>q/q % chng : a.r.</b>															
CBO Budget Deficit	<b>% of GDP</b>															

Bolded values represent forecasts



## General Disclosures

BMO Capital Markets is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c., and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Canadian Investment Regulatory Organization and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia. BMO does not represent that this document may be lawfully distributed, or that any financial products may be lawfully offered or dealt with, in compliance with any regulatory requirements in other jurisdictions, or pursuant to an exemption available thereunder. This document is directed only at entities or persons in jurisdictions or countries where access to and use of the information is not contrary to local laws or regulations. Their contents have not been reviewed by any regulatory authority. Bank of Montreal or its subsidiaries ("BMO Financial Group") has lending arrangements with, or provide other remunerated services to, many issuers covered by BMO Capital Markets. The opinions, estimates and projections contained in this report are those of BMO Capital Markets as of the date of this report and are subject to change without notice. BMO Capital Markets endeavours to ensure that the contents have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, BMO Capital Markets makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to BMO Capital Markets or its affiliates that is not reflected in this report. The information in this report is not intended to be used as the primary basis of investment decisions, and because of individual client objectives, should not be construed as advice designed to meet the particular investment needs of any investor. This document is not to be construed as an offer to sell, a solicitation for or an offer to buy, any products or services referenced herein (including, without limitation, any commodities, securities or other financial instruments), nor shall such information be considered as investment advice or as a recommendation to enter into any transaction. Each investor should consider obtaining independent advice before making any financial decisions. This document is provided for general information only and does not take into account any investor's particular needs, financial status or investment objectives. BMO Capital Markets or its affiliates will buy from or sell to customers the securities of issuers mentioned in this report on a principal basis. BMO Capital Markets or its affiliates, officers, directors or employees have a long or short position in many of the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon. The reader should assume that BMO Capital Markets or its affiliates may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein.

### Dissemination of Economic Publications

Our publications are disseminated via email and may also be available via our web site <https://economics.bmo.com>. Please contact your BMO Financial Group Representative for more information.

### Additional Matters

This report is directed only at entities or persons in jurisdictions or countries where access to and use of the information is not contrary to local laws or regulations. Its contents have not been reviewed by any regulatory authority. BMO Capital Markets does not represent that this report may be lawfully distributed or that any financial products may be lawfully offered or dealt with, in compliance with regulatory requirements in other jurisdictions, or pursuant to an exemption available thereunder.

To Australian residents: BMO Capital Markets Limited is exempt from the requirement to hold an Australian financial services licence under the Corporations Act and is regulated by the UK Financial Conduct Authority under UK laws, which differ from Australian laws. This document is only intended for wholesale clients (as defined in the Corporations Act 2001) and Eligible Counterparties or Professional Clients (as defined in Annex II to MiFID II).

To Canadian Residents: BMO Nesbitt Burns Inc. furnishes this report to Canadian residents and accepts responsibility for the contents herein subject to the terms set out above. Any Canadian person wishing to effect transactions in any of the securities included in this report should do so through BMO Nesbitt Burns Inc.

To E.U. Residents: In an E.U. Member State this document is issued and distributed by Bank of Montreal Europe plc which is authorised and regulated in Ireland and operates in the E.U. on a passported basis. This document is only intended for Eligible Counterparties or Professional Clients, as defined in Annex II to "Markets in Financial Instruments Directive" 2014/65/EU ("MiFID II").

To U.K. Residents: In the UK this document is published by BMO Capital Markets Limited which is authorised and regulated by the Financial Conduct Authority. The contents hereof are intended solely for the use of, and may only be issued or passed on to, (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together referred to as "relevant persons"). The contents hereof are not intended for the use of and may not be issued or passed on to retail clients.

To Hong Kong Residents: This document is issued and distributed in Hong Kong by Bank of Montreal ("BMO"). BMO is an authorized institution under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) and a registered institution with the Securities and Futures Commission (CE No. AAK809) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). This material has not been reviewed or approved by any regulatory authority in Hong Kong. Accordingly the material must not be issued, circulated or distributed in Hong Kong other than (1) except for "structured products" as defined in the Securities and Futures Ordinance, in circumstances which do not constitute it as a "Prospectus" as defined in the Companies Ordinance or which do not constitute an offer to the public within the meaning of that Ordinance, or (2) to Professional investors as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules made thereunder. Unless permitted by the securities laws of Hong Kong, no person may issue in Hong Kong, or have in its possession for issue in Hong Kong this material or any other advertisement, invitation or document relating to the products other than to a professional investor as defined the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules.

To Israeli residents: BMO Capital Markets is not licensed under the Israeli Law for the Regulation of Investment Advice, Investment Marketing and Portfolio Management of 1995 (the "Advice Law") nor does it carry insurance as required thereunder. This document is to be distributed solely to persons that are qualified clients (as defined under the Advice Law) and qualified investors under the Israeli Securities Law of 1968. This document represents the analysis of the analyst but there is no assurance that any assumption or estimation will materialize.

To Korean Residents: This material is not provided to make a recommendation for specific Korean residents to enter into a contract for trading financial investment instruments, for investment advising, for discretionary investment, or for a trust, nor does it constitute advertisement of any financial business or financial investment instruments towards Korean residents. The material is not provided as advice on the value of financial investment instruments or any investment decision for specific Korean residents. The provision of the material does not constitute engaging in the foreign exchange business or foreign exchange brokerage business regulated under the Foreign Exchange Transactions Act of Korea.

To PRC Residents: This material does not constitute an offer to sell or the solicitation of an offer to buy any financial products in the People's Republic of China (excluding Hong Kong, Macau and Taiwan, the "PRC"). BMO and its affiliates do not represent that this material may be lawfully distributed, or that any financial products may be lawfully offered, in compliance with any applicable registration or other requirements in the PRC, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. This material may not be distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations.

Singapore Residents: This document has not been registered as a prospectus with the Monetary Authority of Singapore and the material does not constitute an offer or sale, solicitation or invitation for subscription or purchase of any shares or financial products in Singapore. Accordingly, BMO and its affiliates do not represent that this document and any other materials produced in connection therewith may lawfully be circulated or distributed, whether directly or indirectly, to persons in Singapore. This document and the material do not and are not intended to constitute the provision of financial advisory services, whether directly or indirectly, to persons in Singapore. This document and any information contained in this report shall not be disclosed to any other person. If you are not an accredited investor, please disregard this report. BMO Singapore Branch does not accept legal responsibility for the contents of the report. In Asia, Bank of Montreal is licensed to conduct banking and financial services in Hong Kong and Singapore. Certain products and services referred to in this document are designed specifically for certain categories of investors in a number of different countries and regions. Such products and services would only be offered to these investors in those countries and regions in accordance with applicable laws and regulations. The information is directed only at persons in jurisdictions where access to and use of such information is lawful.

To Thai Residents: The contents hereof are intended solely for the use of persons qualified as Institutional Investors according to Notification of the Securities and Exchange Commission No. GorKor. 11/2547 Re: Characteristics of Advice which are not deemed as Conducting Derivatives Advisory Services dated 23 January 2004 (as amended). BMO and its affiliates do not represent that the material may be lawfully distributed, or that any financial products may be lawfully offered, in compliance with any regulatory requirements in Thailand, or pursuant to an exemption available under any applicable laws and regulations.

To U.S. Residents: BMO Capital Markets Corp. furnishes this report to U.S. residents and accepts responsibility for the contents herein, except to the extent that it refers to securities of Bank of Montreal.

These documents are provided to you on the express understanding that they must be held in complete confidence and not republished, retransmitted, distributed, disclosed, or otherwise made available, in whole or in part, directly or indirectly, in hard or soft copy, through any means, to any person, except with the prior written consent of BMO Capital Markets.

### ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST

BMO Financial Group (NYSE, TSX: BMO) is an integrated financial services provider offering a range of retail banking, wealth management, and investment and corporate banking products. BMO serves Canadian retail clients through BMO Bank of Montreal and BMO Nesbitt Burns. In the United States, personal and commercial banking clients are served by BMO Bank N.A., (Member FDIC). Investment and corporate banking services are provided in Canada and the US through BMO Capital Markets.

© Registered trademark of Bank of Montreal in the United States, Canada and elsewhere.

™ Trademark Bank of Montreal in the United States and Canada.

© COPYRIGHT 2024 BMO CAPITAL MARKETS CORP.

A member of BMO Financial Group