

U.S. Economic Outlook for Jan. 16, 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	4.3	2.1	2.3	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	4.6	2.5	1.8	1.6	2.0	2.0	2.8	2.4	2.6	1.9	
Final Domestic Demand					2.0	3.4	3.8	2.8	1.4	2.4	2.9	0.6	2.2	1.9	2.0	2.0	3.1	2.4	1.9	1.9	
Consumer Spending					1.7	3.9	4.0	3.9	0.6	2.5	3.5	1.5	2.0	1.9	2.1	2.1	2.9	2.6	2.1	2.0	
Durables					-0.9	7.8	8.6	13.0	-3.4	2.3	1.6	0.0	2.0	2.0	2.5	2.5	3.9	3.6	1.7	2.2	
Nondurables					-1.6	4.3	4.8	3.8	2.2	2.2	3.9	2.0	1.8	1.8	2.0	2.0	2.3	3.1	2.2	2.1	
Services					3.2	3.2	3.0	2.5	0.8	2.6	3.7	1.6	2.0	1.9	2.0	2.0	3.0	2.3	2.2	2.0	
Government Spending					2.3	3.3	5.4	3.3	-1.0	-0.1	2.2	-2.3	2.9	0.8	0.8	0.8	3.8	1.3	0.9	0.4	
Business Investment					1.5	2.5	3.5	-3.7	9.5	7.3	2.8	0.8	2.8	2.9	3.1	3.1	2.9	4.0	2.8	2.6	
Non-residential Construction					-5.0	-3.9	-2.2	-8.1	-3.1	-7.5	-6.3	-3.0	1.4	1.4	1.4	1.4	1.1	-5.2	-1.0	1.8	
Equipment					0.5	8.9	8.2	-4.3	21.4	8.5	5.4	1.0	3.0	3.5	4.0	4.0	3.5	8.1	3.6	3.0	
Intellectual Property					6.7	0.7	2.6	-0.6	6.5	15.0	5.4	2.2	3.0	3.0	3.0	3.0	3.5	5.4	3.8	2.6	
Residential Construction					8.2	-2.0	-4.8	4.3	-1.0	-5.1	-5.1	-3.5	1.0	1.5	1.5	1.5	3.2	-2.0	-0.9	1.7	
Exports					4.6	0.7	8.9	-0.9	0.2	-1.8	8.8	1.4	2.5	3.5	3.5	3.5	3.6	1.8	3.2	3.4	
Imports					6.9	8.4	10.1	-0.2	38.0	-29.3	-4.7	-10.5	5.3	5.0	3.4	3.3	5.8	2.1	-2.1	3.0	
Inventory Change					2017\$ blns : a.r.	12.4	75.1	69.4	17.1	172.0	-18.3	-29.6	-55.0	-25.0	2.0	8.0	10.0	43.6	13.9	-1.3	20.0
Contrib. to GDP Growth					ppts : a.r.	-0.8	1.2	-0.1	-0.9	2.6	-3.4	-0.2	-0.4	0.5	0.4	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	-957.2	-847.8	-877.2	-897.8	-904.6	-910.6	-1,032.6	-1,060.9	-897.6	-913.0
Contrib. to GDP Growth					ppts : a.r.	-0.4	-1.0	-0.4	-0.1	-4.7	4.8	1.6	1.8	-0.5	-0.3	-0.1	-0.1	-0.5	-0.1	0.7	-0.1
Nominal GDP					\$ blns : a.r.	28,708	29,147	29,512	29,825	30,042	30,486	31,095	31,489	31,879	32,206	32,549	32,888	29,298	30,778	32,380	33,696
Growth					q/q % chng : a.r.	4.0	6.3	5.1	4.3	2.9	6.0	8.2	5.2	5.1	4.2	4.3	4.2	5.3	5.1	5.2	4.1
Real GDP					y/y % chng	2.9	3.1	2.8	2.4	2.0	2.1	2.3	2.4	3.1	2.7	2.1	2.1				
Inflation					q/q % chng : a.r.																
GDP Price Index					3.1	2.6	1.8	2.4	3.6	2.1	3.8	2.9	2.7	2.1	2.2	2.2	2.5	2.8	2.6	2.1	
Core PCE Deflator					4.0	2.9	2.4	2.7	3.3	2.6	2.9	1.5	2.7	2.5	2.4	1.8	2.9	2.7	2.4	2.0	
CPI All Items					3.7	2.8	1.4	3.0	3.8	1.6	3.1	2.5	2.6	2.2	2.3	1.9	3.0	2.7	2.4	2.1	
Ex. Food and Energy					4.2	3.1	2.4	3.4	3.5	2.1	3.3	1.9	2.7	2.6	2.5	2.0	3.4	2.9	2.5	2.2	
Food Prices					2.4	1.5	2.3	3.2	3.7	2.3	3.0	2.4	2.8	1.2	1.2	1.2	2.3	2.9	2.1	1.7	
Energy Prices					0.5	1.2	-11.0	-1.3	8.4	-4.8	0.8	9.3	1.6	0.2	2.3	2.2	-1.3	0.1	2.3	2.5	
Services					6.4	4.3	3.4	4.0	4.3	3.2	3.5	2.2	3.0	2.6	2.5	2.0	4.9	3.7	2.7	2.2	
CPI All Items					y/y % chng	3.2	3.2	2.7	2.7	2.7	2.5	2.9	2.8	2.5	2.6	2.4	2.3				
Ex. Food and Energy					y/y % chng	3.8	3.4	3.3	3.3	3.1	2.8	3.1	2.7	2.5	2.6	2.4	2.4				
Core PCE Deflator					y/y % chng	3.1	2.8	2.8	3.0	2.8	2.7	2.9	2.6	2.4	2.3	2.3					
Financial					% : quarterly avg.																
Fed Funds Rate					5.38	5.38	5.21	4.63	4.38	4.38	4.29	3.79	3.54	3.29	3.04	2.88	5.15	4.21	3.19	2.90	
90-Day T-Bill					5.45	5.47	5.22	4.58	4.34	4.37	4.26	3.86	3.65	3.35	3.05	2.80	5.18	4.21	3.20	2.85	
1-Year T-Bill					4.90	5.14	4.45	4.26	4.15	4.03	3.88	3.60	3.45	3.25	3.00	2.90	4.69	3.92	3.15	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	4.00	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	1.07	1.32	1.56	1.80	1.15	1.11	1.44	1.88
Foreign Trade					\$ blns : a.r.																
Current Account Balance					-1,043	-1,145	-1,305	-1,248	-1,759	-997	-906	-838	-868	-896	-905	-912	-1,185	-1,125	-895	-915	
Share of GDP					-3.6	-3.9	-4.4	-4.2	-5.9	-3.3	-2.9	-2.7	-2.7	-2.8	-2.8	-2.8	-4.0	-3.7	-2.8	-2.7	
Merchandise Balance					-1,113	-1,197	-1,237	-1,316	-1,863	-1,082	-1,069	-998	-1,031	-1,057	-1,071	-1,084	-1,215	-1,253	-1,061	-1,105	
Non-Merchandise Balance					69	51	-68	68	104	85	164	161	163	161	166	172	30	128	165	190	
Yen					¥/US\$: qtr. avg.	149	156	149	152	152	144	148	154	157	155	154	152	151	150	155	148
Euro					US\$/€ : qtr. avg.	1.09	1.08	1.10	1.07	1.05	1.13	1.17	1.16	1.17	1.18	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	1.34	1.35	1.35	1.36	1.28	1.32	1.35	1.37
Trade-Wt. Dollar (broad)					Jan. '97 = 100	121.0	122.9	122.9	126.1	127.9	122.7	120.7	121.2	119.9	119.4	118.8	118.2	123.2	123.1	119.1	117.0
WTI Spot					US\$/bbl : qtr. avg.	77.3	81.1	75.9	70.3	71.4	63.9	65.0	59.1	58.0	59.0	61.0	62.0	76.1	64.8	60.0	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	3.8	3.8	3.5	4.0	2.2	3.5	3.8	3.5
Incomes					y/y % chng																
Pre-Tax Profits w/IVA,CCA					4.6	7.4	2.9	5.5	6.4	3.6	9.1	4.5	7.0	7.9	4.7	4.4	5.1	5.8	6.0	4.1	
Personal Income					5.9	5.7	5.4	5.4	5.1	4.8	4.7	4.5	3.9	3.9	4.1	4.1	5.6	4.8	4.0	4.1	
Real Disposable Income					3.5	3.0	2.8	2.4	2.0	1.8	1.5	1.5	1.3	1.4	1.9	2.0	2.9	1.7	1.6	2.1	
Savings Rate					% : quarterly avg.	6.2	5.8	5.1	4.7	5.2	5.0	4.2	4.2	4.2	4.2	4.2	5.4	4.6	4.2	4.3	
Other Indicators					quarterly avg.																
Unemployment Rate					percent	3.8	4.0	4.2	4.1	4.1	4.2	4.3	4.5	4.6	4.6	4.6	4.6	4.0	4.3	4.6	4.3
Housing Starts					mlns : a.r.	1.42	1.34	1.34	1.39	1.40	1.35	1.34	1.31	1.39	1.40	1.40	1.41	1.37	1.35	1.40	1.42
Existing Home Sales					mlns : a.r.	4.14	4.02	3.94	4.16	4.13	3.99	4.02	4.20	4.21	4.23	4.26	4.29	4.07	4.08	4.25	4.37
Home Prices (Case-Shiller)					y/y % chng	7.3	6.8	5.2	4.4	4.5	2.8	1.6	1.0	0.4	1.5	2.2	2.2	5.9	2.4	1.6	2.4
Motor Vehicle Sales					mlns : a.r.	15.7	16.0	15.9	16.6	16.5	16.2	16.7	15.9	15.9	16.1	16.3	16.4	16.0	16.3	16.2	16.6
Payroll Employment Growth					q/q % chng : a.r.	1.5	1.3	0.9	1.3	1.3	0.7	0.2	-0.1	0.5	0.6	0.7	0.9	1.3	0.9	0.4	1.0
Industrial Production					q/q % chng : a.r.	-2.6	2.7	-2.3	-1.5	4.2	1.8	2.2	0.7	3.2	2.3	1.8	1.8	-0.7	1.3	2.1	1.8
CBO Budget Deficit					% of GDP												-6.2	-5.9	-5.7	-5.8	

Bolded values represent forecasts

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