

U.S. Economic Outlook for August 1, 2025

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

	2024	2024	2024	2024	2025	2025	2025	2025	2026	2026	2026	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	-0.5	3.0	1.1	1.0	1.6	1.6	1.8	1.7	2.9	2.8	1.6	1.5
Final Sales	2.1	1.9	3.3	3.3	-3.1	6.3	0.1	1.2	1.6	1.6	1.6	1.7	3.3	2.7	1.6	1.6
Final Domestic Demand	2.7	2.8	3.7	3.0	1.5	1.1	-0.1	1.3	1.7	1.6	1.6	1.7	2.7	3.0	1.8	1.3
Consumer Spending	1.9	2.8	3.7	4.0	0.5	1.4	0.9	1.1	1.4	1.6	1.9	1.9	2.5	2.8	1.9	1.4
Durables	-1.8	5.5	7.6	12.4	-3.7	3.7	0.0	0.3	0.5	1.0	1.6	2.0	3.9	3.3	3.2	0.9
Nondurables	-0.8	1.7	4.6	3.1	2.1	1.3	0.0	0.6	1.1	1.5	1.8	1.8	0.8	1.9	2.1	1.1
Services	3.4	2.7	2.8	3.0	0.6	1.1	1.3	1.4	1.7	1.8	2.0	1.9	2.9	2.9	1.7	1.6
Government Spending	1.8	3.1	5.1	3.1	-0.6	0.4	0.3	2.4	2.7	1.1	0.4	0.8	3.9	3.4	1.5	1.5
Business Investment	4.5	3.9	4.0	-3.0	10.3	1.9	-3.3	1.3	1.7	1.9	1.9	1.9	6.0	3.6	2.7	1.1
Non-residential Construction	6.3	0.2	-5.0	2.9	-2.4	-10.3	-5.0	0.5	1.4	1.4	1.4	1.4	10.8	3.5	-3.3	-0.4
Equipment	0.3	9.8	10.8	-8.7	23.7	4.8	-8.0	1.0	2.0	2.0	2.0	2.0	3.5	3.4	5.5	0.7
Intellectual Property	7.5	0.7	3.1	-0.5	6.0	6.4	2.0	2.0	1.5	2.0	2.0	2.0	5.8	3.9	3.4	2.1
Residential Construction	13.7	-2.8	-4.3	5.5	-1.3	-4.6	-8.0	0.5	1.0	1.5	1.5	1.5	-8.3	4.2	-1.9	-0.4
Exports	1.9	1.0	9.6	-0.2	0.4	-1.8	-1.5	0.0	2.5	2.5	2.5	2.5	2.8	3.3	0.8	1.3
Imports	6.1	7.6	10.7	-1.9	38.0	-30.3	-2.5	1.0	2.3	2.3	2.3	2.3	-1.2	5.3	2.5	-1.0
Inventory Change	2017\$ blns : a.r.	17.7	71.7	57.9	8.9	160.5	-26.0	30.0	15.0	10.0	10.0	20.0	33.1	38.9	44.8	15.0
Contrib. to GDP Growth	ppts : a.r.	-0.5	1.1	-0.2	-0.8	2.6	-3.2	0.9	-0.3	-0.1	0.0	0.2	-0.4	0.0	0.0	-0.1
Net Exports	2017\$ blns : a.r.	-977.0	-1,035.7	-1,069.2	-1,052.7	-1,359.0	-1,026.3	-1,013.0	-1,022.0	-1,026.6	-1,031.1	-1,035.6	-932.8	-1,033.6	-1,105.1	-1,033.4
Contrib. to GDP Growth	ppts : a.r.	-0.6	-0.9	-0.4	0.3	-4.6	5.0	0.2	-0.2	-0.1	-0.1	-0.1	0.5	-0.4	-0.3	0.3
Nominal GDP	\$ blns : a.r.	28,624	29,017	29,375	29,724	29,962	30,331	30,667	30,988	31,300	31,607	31,935	27,721	29,185	30,487	31,776
Growth	q/q % chng : a.r.	4.7	5.6	5.0	4.8	3.2	5.0	4.5	4.3	4.1	4.0	4.2	6.6	5.3	4.5	4.2
Real GDP	y/y % chng	2.9	3.0	2.7	2.5	2.0	2.0	1.5	1.1	1.6	1.3	1.5	1.7			
Inflation	q/q % chng : a.r.															
GDP Price Index		3.0	2.5	1.9	2.3	3.8	2.0	3.4	3.3	2.5	2.4	2.4	3.6	2.4	2.8	2.7
Core PCE Deflator		3.7	2.8	2.2	2.6	3.5	2.5	3.9	3.6	2.8	2.5	2.4	4.1	2.8	3.0	2.9
CPI All Items		3.7	2.8	1.4	3.0	3.8	1.6	3.9	3.6	2.4	2.4	2.5	4.1	3.0	2.9	2.8
Ex. Food and Energy		4.2	3.1	2.4	3.4	3.5	2.1	3.8	3.9	2.9	2.6	2.5	4.8	3.4	3.1	3.0
Food Prices		2.4	1.5	2.3	3.2	3.7	2.3	4.3	3.7	2.8	1.5	2.3	5.8	2.3	3.1	2.8
Energy Prices		0.5	1.2	-11.0	-1.3	8.4	-4.8	3.6	0.7	-3.8	2.5	2.9	-4.9	-1.3	-0.1	0.3
Services		6.4	4.3	3.4	4.0	4.3	3.2	4.1	3.9	2.9	2.6	2.5	6.0	4.9	3.9	3.1
CPI All Items	y/y % chng	3.2	3.2	2.7	2.7	2.7	2.5	3.1	3.2	2.9	3.1	2.7	2.5			
Ex. Food and Energy	y/y % chng	3.8	3.4	3.3	3.3	3.1	2.8	3.2	3.3	3.2	3.3	3.0	2.6			
Core PCE Deflator	y/y % chng	3.0	2.7	2.7	2.8	2.8	2.7	3.1	3.4	3.2	3.2	2.8	2.5			
Financial	% : quarterly avg.															
Fed Funds Rate		5.38	5.38	5.21	4.63	4.38	4.38	4.29	4.04	3.79	3.54	3.29	5.10	5.15	4.27	3.42
90-Day T-Bill		5.45	5.47	5.22	4.58	4.34	4.37	4.40	4.10	3.85	3.60	3.30	5.28	5.18	4.30	3.45
1-Year T-Bill		4.90	5.14	4.45	4.26	4.15	4.03	4.05	3.80	3.60	3.40	3.20	5.08	4.69	4.00	3.30
10-Year Bond Yield		4.16	4.44	3.95	4.28	4.45	4.36	4.35	4.30	4.20	4.15	4.05	3.96	4.21	4.35	4.10
10-Year BBB Corporate Spread	ppts	1.21	1.13	1.20	1.04	1.08	1.26	1.24	1.81	1.99	1.99	1.99	1.57	1.15	1.35	1.99
Foreign Trade	\$ blns : a.r.															
Current Account Balance		-1,043	-1,145	-1,305	-1,248	-1,801	-1,099	-1,104	-1,115	-1,128	-1,136	-1,144	-928	-1,185	-1,280	-1,140
Share of GDP		-3.6	-3.9	-4.4	-4.2	-6.0	-3.6	-3.6	-3.6	-3.6	-3.6	-3.6	-3.3	-4.1	-4.2	-3.6
Merchandise Balance		-1,113	-1,197	-1,237	-1,316	-1,864	-1,183	-1,195	-1,209	-1,221	-1,233	-1,245	-1,057	-1,215	-1,363	-1,239
Non-Merchandise Balance		69	51	-68	68	63	84	90	94	93	97	101	129	30	83	99
Yen	¥/US\$: qtr. avg.	149	156	149	152	152	144	146	143	142	141	141	140	151	146	141
Euro	US\$/€ : qtr. avg.	1.09	1.08	1.10	1.07	1.05	1.13	1.17	1.19	1.19	1.20	1.20	1.08	1.08	1.14	1.20
Pound	US\$/£ : qtr. avg.	1.27	1.26	1.30	1.28	1.26	1.34	1.35	1.37	1.37	1.38	1.38	1.24	1.28	1.33	1.38
Trade-Wt. Dollar (broad)	Jan. '97 = 100	121.0	122.9	122.9	126.1	127.9	122.7	120.1	119.1	118.6	118.2	117.8	120.5	123.2	122.5	118.0
WTI Spot	US\$/bbl : qtr. avg.	77.3	81.0	75.8	70.3	71.4	63.7	67.4	65.0	62.0	63.0	66.0	77.6	76.1	66.9	65.0
Henry Hub Spot	US\$/mmbtu : qtr. avg.	2.1	2.1	2.1	2.4	4.1	3.2	3.6	3.9	3.8	3.3	3.3	2.5	2.2	3.7	3.5
Incomes	y/y % chng															
Pre-Tax Profits w/IVA,CCA		8.2	10.8	6.0	6.9	6.3	3.9	5.4	1.1	4.5	4.2	4.1	6.9	7.9	4.1	4.2
Personal Income		5.9	5.5	5.0	5.2	4.5	4.9	5.3	5.0	4.3	4.0	4.1	5.9	5.4	4.9	4.1
Real Disposable Income		3.4	2.8	2.5	2.3	1.5	2.0	2.0	1.5	1.4	1.1	1.5	5.1	2.7	1.8	1.4
Savings Rate	% : quarterly avg.	5.4	4.9	4.1	3.8	4.3	4.7	4.5	4.4	4.4	4.5	4.4	4.7	4.5	4.5	4.4
Other Indicators	quarterly avg.															
Unemployment Rate	percent	3.8	4.0	4.2	4.2	4.1	4.2	4.3	4.5	4.6	4.6	4.6	3.6	4.0	4.3	4.6
Housing Starts	mlns : a.r.	1.42	1.34	1.34	1.39	1.40	1.33	1.34	1.38	1.40	1.41	1.41	1.42	1.37	1.36	1.41
Existing Home Sales	mlns : a.r.	4.14	4.02	3.94	4.16	4.13	3.99	4.10	4.53	4.82	4.85	4.87	4.10	4.07	4.19	4.86
Home Prices (Case-Shiller)	y/y % chng	7.3	6.8	5.2	4.4	4.5	2.8	1.7	0.9	0.3	1.4	2.0	1.8	5.9	2.5	1.4
Motor Vehicle Sales	mlns : a.r.	15.6	15.9	15.8	16.7	16.5	16.2	15.0	14.8	15.1	15.3	15.5	15.6	16.0	15.6	15.4
Payroll Employment Growth	q/q % chng : a.r.	1.5	1.3	0.9	1.3	1.3	0.7	0.4	0.5	0.8	1.1	1.1	2.2	1.3	1.0	0.8
Industrial Production	q/q % chng : a.r.	-1.8	2.4	-0.6	-1.2	4.3	1.1	1.3	1.4	1.6	1.7	1.8	0.2	-0.3	1.4	1.5
CBO Budget Deficit	% of GDP												-6.2	-6.4	-6.7	-6.7

Bolded values represent forecasts

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