

U.S. Economic Outlook for July 4, 2025

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

		2024				2025				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	1.6	1.5	1.2	1.6	1.6	1.8	1.7	2.9	2.8	1.5	1.5	
Final Sales		2.1	1.9	3.3	3.3	-3.1	5.5	1.0	1.1	1.2	1.4	1.6	1.7	3.3	2.7	1.6	1.5	
Final Domestic Demand		2.7	2.8	3.7	3.0	1.5	1.4	0.7	1.2	1.2	1.4	1.6	1.7	2.7	3.0	2.0	1.3	
Consumer Spending		1.9	2.8	3.7	4.0	0.5	1.6	1.2	1.2	1.4	1.6	1.9	1.9	2.5	2.8	2.0	1.5	
Durables		-1.8	5.5	7.6	12.4	-3.7	1.0	0.5	0.6	0.5	1.0	1.6	2.0	3.9	3.3	2.8	0.9	
Nondurables		-0.8	1.7	4.6	3.1	2.1	1.5	0.5	1.0	1.1	1.5	1.8	1.8	0.8	1.9	2.2	1.2	
Services		3.4	2.7	2.8	3.0	0.6	1.7	1.5	1.4	1.7	1.8	2.0	1.9	2.9	2.9	1.8	1.7	
Government Spending		1.8	3.1	5.1	3.1	-0.6	2.4	0.5	0.5	-0.3	0.0	0.0	0.5	3.9	3.4	1.8	0.3	
Business Investment		4.5	3.9	4.0	-3.0	10.3	0.7	-1.0	1.7	1.7	1.9	1.9	1.9	6.0	3.6	2.8	1.4	
Non-residential Construction		6.3	0.2	-5.0	2.9	-2.4	-3.0	-1.0	1.0	1.4	1.4	1.4	1.4	10.8	3.5	-1.3	0.7	
Equipment		0.3	9.8	10.8	-8.7	23.7	1.0	-5.0	1.0	2.0	2.0	2.0	2.0	3.5	3.4	5.2	0.9	
Intellectual Property		7.5	0.7	3.1	-0.5	6.0	2.1	2.7	2.7	1.5	2.0	2.0	2.0	5.8	3.9	2.7	2.1	
Residential Construction		13.7	-2.8	-4.3	5.5	-1.3	-4.0	-1.0	1.0	1.5	1.5	1.5	1.5	-8.3	4.2	-0.9	0.7	
Exports		1.9	1.0	9.6	-0.2	0.4	-2.6	-1.0	0.0	3.0	3.0	3.0	3.0	2.8	3.3	0.7	1.6	
Imports		6.1	7.6	10.7	-1.9	38.0	-25.0	-2.5	1.0	2.3	2.3	2.3	2.3	-1.2	5.3	3.9	-0.6	
Inventory Change	2017\$ blns : a.r.	17.7	71.7	57.9	8.9	160.5	-60.0	-30.0	-20.0	0.0	10.0	20.0	20.0	33.1	38.9	12.9	12.5	
Contrib. to GDP Growth	ppts : a.r.	-0.5	1.1	-0.2	-0.8	2.6	-3.7	0.5	0.2	0.3	0.2	0.2	0.0	-0.4	0.0	-0.1	0.0	
Net Exports	2017\$ blns : a.r.	-977.0	-1,035.7	-1,069.2	-1,052.7	-1,359.0	-1,098.4	-1,081.5	-1,090.7	-1,092.4	-1,094.2	-1,095.8	-1,097.5	-932.8	-1,033.6	-1,157.4	-1,095.0	
Contrib. to GDP Growth	ppts : a.r.	-0.6	-0.9	-0.4	0.3	-4.6	4.5	0.3	-0.2	0.0	0.0	0.0	0.0	0.5	-0.4	-0.5	0.3	
Nominal GDP	\$ blns : a.r.	28,624	29,017	29,375	29,724	29,962	30,300	30,691	31,022	31,314	31,621	31,950	32,275	27,721	29,185	30,494	31,790	
Growth	q/q % chng : a.r.	4.7	5.6	5.0	4.8	3.2	4.6	5.3	4.4	3.8	4.0	4.2	4.1	6.6	5.3	4.5	4.3	
Real GDP	y/y % chng	2.9	3.0	2.7	2.5	2.0	1.6	1.3	1.0	1.5	1.5	1.5	1.7					
Inflation	q/q % chng : a.r.																	
GDP Price Index		3.0	2.5	1.9	2.3	3.8	2.9	3.7	3.1	2.2	2.3	2.4	2.4	3.6	2.4	3.0	2.7	
Core PCE Deflator		3.7	2.8	2.2	2.6	3.5	2.3	4.1	3.6	2.8	2.5	2.4	2.4	4.1	2.8	3.0	2.9	
CPI All Items		3.7	2.8	1.4	3.0	3.8	1.8	4.5	3.6	2.4	2.4	2.5	2.5	4.1	3.0	3.0	2.9	
Ex. Food and Energy		4.2	3.1	2.4	3.4	3.5	2.2	4.4	3.9	2.9	2.6	2.5	2.5	4.8	3.4	3.2	3.1	
Food Prices		2.4	1.5	2.3	3.2	3.7	2.4	4.7	3.7	2.8	1.5	2.3	2.4	5.8	2.3	3.2	2.9	
Energy Prices		0.5	1.2	-11.0	-1.3	8.4	-4.1	5.0	0.7	-3.8	2.5	2.9	2.6	-4.9	-1.3	0.2	0.5	
Services		6.4	4.3	3.4	4.0	4.3	3.3	4.5	3.9	2.9	2.6	2.5	2.5	6.0	4.9	3.9	3.2	
CPI All Items	y/y % chng	3.2	3.2	2.7	2.7	2.7	2.5	3.3	3.4	3.1	3.2	2.7	2.5					
Ex. Food and Energy	y/y % chng	3.8	3.4	3.3	3.3	3.1	2.9	3.4	3.5	3.3	3.4	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	3.04	5.10	5.15	4.27	3.42	
90-Day T-Bill		5.45	5.47	5.22	4.58	4.34	4.37	4.35	4.05	3.85	3.55	3.30	3.00	5.28	5.18	4.30	3.45	
1-Year T-Bill		4.90	5.14	4.45	4.26	4.15	4.03	4.00	3.75	3.60	3.40	3.20	3.00	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	4.25	4.20	4.10	4.05	4.00	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	1.42	1.85	1.99	1.99	1.99	1.99	1.57	1.15	1.40	1.99	
Foreign Trade	\$ blns : a.r.																	
Current Account Balance		-1,043	-1,145	-1,305	-1,248	-1,801	-1,137	-1,137	-1,147	-1,152	-1,155	-1,164	-1,168	-928	-1,185	-1,305	-1,160	
Share of GDP		-3.6	-3.9	-4.4	-4.2	-6.0	-3.8	-3.7	-3.7	-3.7	-3.7	-3.6	-3.6	-3.3	-4.1	-4.3	-3.6	
Merchandise Balance		-1,113	-1,197	-1,237	-1,316	-1,864	-1,261	-1,270	-1,285	-1,295	-1,305	-1,315	-1,326	-1,057	-1,215	-1,420	-1,310	
Non-Merchandise Balance		69	51	-68	68	63	123	133	138	143	150	151	157	129	30	114	150	
Yen	¥/US\$: qtr. avg.	149	156	149	152	152	144	144	142	142	141	141	140	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	1.21	1.08	1.08	1.14	1.20	
Pound	US\$/£ : qtr. avg.	1.27	1.26	1.30	1.28	1.26	1.34	1.36	1.37	1.37	1.38	1.38	1.39	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	120.2	119.5	119.0	118.6	118.1	117.8	120.5	123.2	122.6	118.4	
WTI Spot	US\$/bbl : qtr. avg.	77.3	81.0	75.8	70.3	71.4	63.7	67.8	65.0	62.0	63.0	66.0	69.0	77.6	76.1	67.0	65.0	
Henry Hub Spot	US\$/mmbtu : qtr. avg.	2.1	2.1	2.1	2.4	4.1	3.2	3.8	3.9	3.8	3.3	3.3	3.8	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	3.8	5.5	1.2	4.5	4.4	4.1	4.0	6.9	7.9	4.1	4.3	
Personal Income		5.9	5.5	5.0	5.2	4.5	4.9	5.3	5.0	4.3	4.0	4.1	4.1	5.9	5.4	4.9	4.1	
Real Disposable Income		3.4	2.8	2.5	2.3	1.5	2.1	1.9	1.4	1.3	1.0	1.5	1.8	5.1	2.7	1.7	1.4	
Savings Rate	% : quarterly avg.	5.4	4.9	4.1	3.8	4.3	4.7	4.3	4.2	4.2	4.3	4.2	4.2	4.7	4.5	4.4	4.2	
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	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	1.32	1.35	1.38	1.40	1.41	1.41	1.42	1.42	1.37	1.36	1.41	
Existing Home Sales	mlns : a.r.	4.14	4.02	3.94	4.16	4.13	4.09	4.25	4.53	4.82	4.85	4.87	4.90	4.10	4.07	4.25	4.86	
Home Prices (Case-Shiller)	y/y % chng	7.3	6.8	5.2	4.4	4.5	3.0	2.1	1.3	0.6	1.5	2.0	2.2	1.8	5.9	2.7	1.6	
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	15.7	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	1.1	0.7	0.5	0.8	1.1	1.1	1.2	2.2	1.3	1.1	0.8	
Industrial Production	q/q % chng : a.r.	-1.8	2.4	-0.6	-1.2	4.6	0.4	0.1	1.4	1.6	1.7	1.8	1.8	0.2	-0.3	1.2	1.4	
CBO Budget Deficit	% of GDP													-6.2	-6.4	-6.3	-6.1	

Bolded values represent forecasts

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