

U.S. Economic Outlook for Jan. 23, 2026

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

	2024	Q1	Q2	Q3	Q4	2025	Q1	Q2	Q3	Q4	2026	Q1	Q2	Q3	Q4	2024	2025	2026	2027
Production	q/q % chng : a.r.																		
Real GDP (chain-weighted)		0.8	3.6	3.3	1.9	-0.6	3.8	4.4	2.8		2.3	2.0	2.1	2.0	2.8	2.3	2.6	1.9	
Final Sales		1.7	2.4	3.5	2.8	-3.2	7.5	4.5	2.9		1.9	1.8	2.0	2.0	2.8	2.4	2.7	1.9	
Final Domestic Demand		2.0	3.4	3.8	2.8	1.4	2.4	2.8	1.4		2.4	2.0	2.0	2.0	3.1	2.4	2.1	1.9	
Consumer Spending		1.7	3.9	4.0	3.9	0.6	2.5	3.5	3.1		2.0	1.9	2.1	2.1	2.9	2.7	2.4	2.0	
Durables		-0.9	7.8	8.6	13.0	-3.4	2.3	1.6	2.0		2.0	2.0	2.5	2.5	3.9	3.7	2.1	2.2	
Nondurables		-1.6	4.3	4.8	3.8	2.2	2.2	3.9	4.0		1.8	1.8	2.0	2.0	2.3	3.3	2.5	2.1	
Services		3.2	3.2	3.0	2.5	0.8	2.6	3.6	3.0		2.0	1.9	2.0	2.0	3.0	2.4	2.4	2.0	
Government Spending		2.3	3.3	5.4	3.3	-1.0	-0.1	2.2	-3.5		3.9	1.9	0.8	0.8	3.8	1.3	1.1	0.4	
Business Investment		1.5	2.5	3.5	-3.7	9.5	7.3	3.2	0.6		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	-5.0	-7.0		1.4	1.4	1.4	1.4	1.1	-5.3	-1.6	1.8	
Equipment		0.5	8.9	8.2	-4.3	21.4	8.5	5.3	1.5		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	5.6	3.0		3.0	3.0	3.0	3.0	3.5	5.5	4.0	2.6	
Residential Construction		8.2	-2.0	-4.8	4.3	-1.0	-5.1	-7.1	-5.0		1.0	1.5	1.5	1.5	3.2	-2.4	-1.4	1.7	
Exports		4.6	0.7	8.9	-0.9	0.2	-1.8	9.6	2.0		2.5	3.5	3.5	3.5	3.6	1.9	3.4	3.4	
Imports		6.9	8.4	10.1	-0.2	38.0	-29.3	-4.4	-7.6		5.3	5.0	3.4	3.3	5.8	2.3	-1.5	3.0	
Inventory Change	2017\$ blns : a.r.	12.4	75.1	69.4	17.1	172.0	-18.3	-23.9	-30.0		-10.0	2.0	8.0	10.0	43.6	21.6	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	-0.1		0.3	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	-870.4		-900.2	-921.1	-928.1	-934.2	-1,032.6	-1,066.2	-920.9	-937.0	
Contrib. to GDP Growth	ppts : a.r.	-0.4	-1.0	-0.4	-0.1	-4.7	4.8	1.6	1.4		-0.5	-0.3	-0.1	-0.1	-0.5	-0.1	0.6	-0.1	
Nominal GDP	\$ blns : a.r.	28,708	29,147	29,512	29,825	30,042	30,486	31,098	31,526		31,897	32,232	32,575	32,914	29,298	30,788	32,404	33,723	
Growth	q/q % chng : a.r.	4.0	6.3	5.1	4.3	2.9	6.0	8.3	5.6		4.8	4.3	4.2	4.2	5.3	5.1	5.3	4.1	
Real GDP	y/y % chng	2.9	3.1	2.8	2.4	2.0	2.1	2.3	2.6		3.3	2.9	2.3	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	2.7		2.5	2.3	2.2	2.2	2.5	2.8	2.5	2.1	
Core PCE Deflator		4.0	2.9	2.4	2.7	3.3	2.6	2.9	2.4		2.7	2.5	2.4	1.8	2.9	2.8	2.5	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	2.8		2.6	2.6	2.5	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	-858		-895	-920	-928	-936	-1,185	-1,130	-920	-940	
Share of GDP		-3.6	-3.9	-4.4	-4.2	-5.9	-3.3	-2.9	-2.7		-2.8	-2.9	-2.8	-2.8	-4.0	-3.7	-2.8	-2.8	
Merchandise Balance		-1,113	-1,197	-1,237	-1,316	-1,863	-1,082	-1,069	-1,015		-1,048	-1,075	-1,088	-1,102	-1,215	-1,257	-1,078	-1,123	
Non-Merchandise Balance		69	51	-68	68	104	85	164	157		153	155	160	166	30	127	159	184	
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	119.3	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/IVAs, CCA		4.6	7.4	2.9	5.5	6.4	3.6	9.3	4.8		7.3	8.3	4.7	4.4	5.1	6.0	6.1	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	1.3		1.1	1.2	1.7	1.9	2.9	1.7	1.5	2.1	
Savings Rate	% : quarterly avg.	6.2	5.8	5.1	4.7	5.2	5.0	4.2	3.8		3.6	3.7	3.6	3.7	5.4	4.5	3.7	3.8	
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.				

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