

U.S. Economic Outlook for July 31, 2026

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

	2025	2025	2025	2025	2026	2026	2026	2026	2027	2027	2027	2027	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)	-0.6	3.8	4.4	0.5	2.1	1.5	2.2	2.0	2.0	2.0	1.8	1.9	2.8	2.1	2.1	2.0
Final Sales	-3.2	7.5	4.5	0.3	1.9	2.2	1.7	1.9	1.9	1.8	1.8	1.9	2.8	2.2	2.3	1.8
Final Domestic Demand	1.4	2.4	2.8	0.6	2.2	3.1	2.1	1.9	1.8	1.8	1.8	1.8	3.1	2.4	2.1	1.9
Consumer Spending	0.6	2.5	3.5	1.9	0.5	3.2	1.8	2.0	2.0	2.0	2.0	2.0	2.9	2.6	2.0	2.0
Durables	-3.4	2.3	1.6	0.1	0.5	6.8	1.8	2.5	2.0	2.0	2.0	2.0	3.9	3.6	2.1	2.4
Nondurables	2.2	2.2	3.9	0.4	0.6	4.4	1.0	1.7	2.0	2.0	2.0	2.3	2.3	3.0	1.9	2.0
Services	0.8	2.6	3.6	2.7	0.5	2.2	2.0	2.0	2.0	2.0	2.0	1.9	3.0	2.3	2.0	2.0
Government Spending	-1.0	-0.1	2.2	-5.6	4.4	-0.8	1.2	0.3	0.5	0.2	0.2	0.5	3.8	1.1	0.3	0.4
Business Investment	9.5	7.3	3.2	2.4	10.6	8.4	4.8	3.2	2.3	2.3	2.3	2.3	2.9	4.1	6.3	3.2
Non-residential Construction	-3.1	-7.5	-5.0	-6.5	-4.7	-5.0	1.4	1.4	2.0	2.0	2.0	2.0	1.1	-5.3	-4.2	1.4
Equipment	21.4	8.5	5.3	4.3	15.8	15.2	6.0	4.0	2.5	2.5	2.5	2.5	3.5	8.3	9.7	3.9
Intellectual Property	6.5	15.0	5.6	5.4	13.8	8.8	4.8	3.0	2.3	2.3	2.3	2.3	3.5	5.6	8.4	3.1
Residential Construction	-1.0	-5.1	-7.1	-1.7	-7.8	1.5	-1.2	1.5	1.8	1.8	1.8	1.8	3.2	-2.2	-3.3	1.4
Exports	0.2	-1.8	9.6	-3.2	10.9	4.5	-4.5	3.5	3.3	3.3	3.3	3.3	3.6	1.6	3.5	2.4
Imports	38.0	-29.3	-4.4	-1.0	11.8	11.5	-0.2	3.3	2.6	2.6	2.6	2.6	5.8	2.7	2.0	2.9
Inventory Change	2017\$ blns : a.r.	172.0	-18.3	-23.9	-15.6	-16.7	-50.8	-19.0	-10.0	0.0	10.0	10.0	43.6	23.0	-25.9	7.5
Contrib. to GDP Growth	ppts : a.r.	2.6	-3.4	-0.1	0.1	0.2	-0.7	0.5	0.1	0.2	0.2	0.0	0.0	-0.1	-0.2	0.1
Net Exports	2017\$ blns : a.r.	-1,380.7	-1,058.0	-955.5	-968.7	-1,001.8	-1,074.7	-1,104.3	-1,111.9	-1,114.2	-1,116.6	-1,118.8	-1,032.6	-1,090.7	-1,073.2	-1,117.7
Contrib. to GDP Growth	ppts : a.r.	-4.7	4.8	1.6	-0.2	-0.4	-1.0	-0.5	-0.1	0.0	0.0	0.0	-0.5	-0.2	0.1	-0.2
Nominal GDP	\$ blns : a.r.	30,042	30,486	31,098	31,423	31,866	32,475	32,844	33,208	33,559	33,879	34,199	29,298	30,762	32,598	34,041
Growth	q/q % chng : a.r.	2.9	6.0	8.3	4.2	5.8	7.9	4.6	4.5	4.3	3.9	3.8	5.3	5.0	6.0	4.4
Real GDP	y/y % chng	2.0	2.1	2.3	2.0	2.7	2.1	1.6	1.9	1.9	2.1	2.0				
Inflation	q/q % chng : a.r.															
GDP Price Index		3.6	2.1	3.8	3.7	3.6	6.2	2.4	2.4	2.2	1.9	2.0	2.5	2.8	3.8	2.4
Core PCE Deflator		3.3	2.6	2.9	2.7	4.4	3.4	2.6	2.4	2.2	2.0	2.0	2.9	2.8	3.2	2.3
CPI All Items		3.7	1.7	3.1	2.5	3.6	6.1	1.8	2.0	2.2	2.2	2.2	3.0	2.7	3.3	2.3
Ex. Food and Energy		3.4	2.2	3.2	2.0	2.8	2.9	2.3	2.7	2.4	2.2	2.2	3.4	2.9	2.6	2.4
Food Prices		3.4	2.6	3.1	2.3	3.6	3.3	2.7	1.3	1.2	1.9	2.2	2.3	2.9	2.9	1.8
Energy Prices		8.6	-6.5	1.5	10.3	12.6	57.2	-4.4	-4.7	2.1	2.1	2.1	-1.3	0.1	13.1	2.6
Services		4.1	3.3	3.4	2.3	3.6	4.1	2.4	2.7	2.4	2.2	2.2	4.9	3.7	3.2	2.5
CPI All Items	y/y % chng	2.7	2.5	2.9	2.7	2.7	3.8	3.5	3.3	3.0	2.0	2.1				
Ex. Food and Energy	y/y % chng	3.1	2.8	3.1	2.7	2.5	2.7	2.5	2.6	2.6	2.4	2.4				
Core PCE Deflator	y/y % chng	2.8	2.7	2.9	2.9	3.1	3.3	3.3	3.2	2.7	2.3	2.2				
Financial	% : quarterly avg.															
Fed Funds Rate		4.38	4.38	4.29	3.79	3.63	3.63	3.63	3.63	3.63	3.63	3.54	5.15	4.21	3.63	3.52
90-Day T-Bill		4.34	4.37	4.26	3.86	3.69	3.73	3.85	3.85	3.85	3.85	3.80	5.18	4.21	3.75	3.70
1-Year T-Bill		4.15	4.03	3.88	3.60	3.55	3.80	4.05	4.00	3.90	3.80	3.70	4.69	3.92	3.85	3.70
10-Year Bond Yield		4.45	4.36	4.26	4.10	4.20	4.42	4.60	4.55	4.45	4.35	4.30	4.21	4.29	4.45	4.35
10-Year BBB Corporate Spread	ppts	1.08	1.26	1.05	1.06	1.05	1.01	1.15	1.68	1.86	1.86	1.86	1.15	1.11	1.22	1.86
Foreign Trade	\$ blns : a.r.															
Current Account Balance		-1,753	-1,020	-1,051	-884	-907	-1,107	-1,129	-1,117	-1,121	-1,125	-1,133	-1,199	-1,177	-1,065	-1,130
Share of GDP		-5.8	-3.3	-3.4	-2.8	-2.8	-3.4	-3.4	-3.4	-3.3	-3.3	-3.3	-4.1	-3.8	-3.3	-3.3
Merchandise Balance		-1,826	-1,060	-1,115	-1,038	-1,003	-1,196	-1,204	-1,194	-1,204	-1,213	-1,223	-1,213	-1,260	-1,150	-1,218
Non-Merchandise Balance		73	40	63	153	96	90	75	77	83	88	90	14	83	85	88
Yen	¥/US\$: qtr. avg.	152	144	148	154	157	159	161	157	155	154	153	151	150	159	154
Euro	US\$/€ : qtr. avg.	1.05	1.13	1.17	1.16	1.17	1.16	1.14	1.15	1.16	1.16	1.17	1.08	1.13	1.16	1.17
Pound	US\$/£ : qtr. avg.	1.26	1.34	1.35	1.33	1.35	1.34	1.34	1.34	1.34	1.35	1.35	1.28	1.32	1.34	1.35
Trade-Wt. Dollar (broad)	Jan. '97 = 100	127.7	122.4	120.2	120.8	119.0	119.3	120.5	119.7	119.0	118.3	117.5	122.9	122.8	119.6	117.9
WTI Spot	US\$/bbl : qtr. avg.	71.4	63.9	65.0	59.1	71.8	92.9	80.3	75.0	75.0	75.0	75.0	76.1	64.8	80.0	75.0
Henry Hub Spot	US\$/mmbtu : qtr. avg.	4.2	3.2	3.0	3.8	4.6	3.0	3.5	3.8	3.8	3.3	3.3	2.2	3.5	3.7	3.5
Incomes	y/y % chng															
Pre-Tax Profits w/IVA,CCA		6.4	3.6	9.3	9.6	12.8	13.1	9.5	4.5	3.8	4.3	4.1	5.1	7.3	9.8	4.1
Personal Income		5.1	4.8	5.0	4.4	3.6	3.5	3.4	3.8	4.0	4.1	4.1	5.6	4.8	3.6	4.1
Real Disposable Income		2.0	1.8	1.8	1.0	0.7	-0.1	0.0	0.8	1.0	2.0	2.2	2.9	1.7	0.3	1.8
Savings Rate	% : quarterly avg.	5.2	5.0	4.4	3.8	3.9	2.8	2.8	2.8	2.8	2.9	2.9	5.4	4.6	3.1	2.9
Other Indicators	quarterly avg.															
Unemployment Rate	percent	4.1	4.2	4.3	4.5	4.3	4.3	4.3	4.3	4.2	4.2	4.2	4.0	4.3	4.3	4.2
Housing Starts	mlns : a.r.	1.40	1.36	1.35	1.32	1.42	1.35	1.40	1.41	1.41	1.42	1.43	1.37	1.36	1.39	1.42
Existing Home Sales	mlns : a.r.	4.09	4.01	4.05	4.16	4.05	4.11	4.19	4.23	4.26	4.29	4.33	4.07	4.08	4.14	4.31
Home Prices (Case-Shiller)	y/y % chng	4.4	2.8	1.6	1.4	1.1	1.6	2.1	1.7	1.7	2.3	2.4	5.9	2.5	1.6	2.2
Motor Vehicle Sales	mlns : a.r.	16.5	16.2	16.7	15.9	15.6	16.4	16.4	16.5	16.6	16.7	16.8	16.0	16.3	16.2	16.7
Payroll Employment Growth	q/q % chng : a.r.	0.5	0.4	0.1	-0.2	0.3	0.9	0.5	0.4	0.4	0.4	0.5	1.2	0.5	0.3	0.5
Industrial Production	q/q % chng : a.r.	4.2	1.8	2.1	-1.9	1.1	4.0	1.6	1.8	1.8	1.8	1.8	-0.7	1.1	1.4	1.9
CBO Budget Deficit	% of GDP												-6.3	-5.8	-6.5	-6.4

Bolded values represent forecasts

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