

U.S. Economic Outlook for July 24, 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	2.3	1.9	2.0	2.0	1.8	1.8	1.9	2.8	2.1	2.2	1.9
Final Sales	-3.2	7.5	4.5	0.3	1.9	1.8	1.9	2.0	1.9	1.8	1.8	1.9	2.8	2.2	2.2	1.9
Final Domestic Demand	1.4	2.4	2.8	0.6	2.2	2.9	1.9	2.0	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	2.6	1.8	2.0	2.0	2.0	2.0	2.0	2.9	2.6	1.9	2.0
Durables	-3.4	2.3	1.6	0.1	0.5	3.0	1.8	2.5	2.0	2.0	2.0	2.0	3.9	3.6	1.4	2.1
Nondurables	2.2	2.2	3.9	0.4	0.6	3.0	1.0	1.7	2.0	2.0	2.0	2.3	2.3	3.0	1.6	1.9
Services	0.8	2.6	3.6	2.7	0.5	2.4	2.0	2.0	2.0	2.0	2.0	1.9	3.0	2.3	2.1	2.0
Government Spending	-1.0	-0.1	2.2	-5.6	4.4	0.7	0.7	1.0	0.5	0.2	0.2	0.5	3.8	1.1	0.6	0.5
Business Investment	9.5	7.3	3.2	2.4	10.6	6.7	3.9	3.1	2.3	2.3	2.3	2.3	2.9	4.1	5.9	3.0
Non-residential Construction	-3.1	-7.5	-5.0	-6.5	-4.7	-3.5	1.4	1.4	2.0	2.0	2.0	2.0	1.1	-5.3	-3.9	1.5
Equipment	21.4	8.5	5.3	4.3	15.8	12.0	6.0	4.0	2.5	2.5	2.5	2.5	3.5	8.3	9.1	3.8
Intellectual Property	6.5	15.0	5.6	5.4	13.8	6.0	3.0	3.0	2.3	2.3	2.3	2.3	3.5	5.6	7.7	2.7
Residential Construction	-1.0	-5.1	-7.1	-1.7	-7.8	1.6	1.5	1.5	1.8	1.8	1.8	1.8	3.2	-2.2	-3.0	1.7
Exports	0.2	-1.8	9.6	-3.2	10.9	5.6	3.5	3.5	3.3	3.3	3.3	3.3	3.6	1.6	4.8	3.5
Imports	38.0	-29.3	-4.4	-1.0	11.8	12.5	3.4	3.3	2.6	2.6	2.6	2.6	5.8	2.7	2.7	3.4
Inventory Change	172.0	-18.3	-23.9	-15.6	-16.7	11.0	12.0	12.0	20.0	20.0	20.0	20.0	43.6	23.0	4.0	20.0
Contrib. to GDP Growth	2.6	-3.4	-0.1	0.1	0.2	0.5	0.0	0.0	0.1	0.0	0.0	0.0	0.0	-0.1	-0.1	0.1
Net Exports	-1,380.7	-1,058.0	-955.5	-968.7	-1,001.8	-1,076.1	-1,084.4	-1,091.8	-1,093.9	-1,096.0	-1,098.0	-1,100.0	-1,032.6	-1,090.7	-1,063.5	-1,097.0
Contrib. to GDP Growth	-4.7	4.8	1.6	-0.2	-0.4	-1.2	-0.1	-0.1	0.0	0.0	0.0	0.0	-0.5	-0.2	0.1	-0.1
Nominal GDP	\$ blns : a.r.	30,042	30,486	31,098	31,423	31,866	32,422	32,765	33,468	33,777	34,095	34,420	29,298	30,762	32,543	33,940
Growth	q/q % chng : a.r.	2.9	6.0	8.3	4.2	5.8	7.2	4.3	4.3	3.7	3.8	3.9	5.3	5.0	5.8	4.3
Real GDP	y/y % chng	2.0	2.1	2.3	2.0	2.7	2.3	1.7	2.0	1.9	1.9	1.9				
Inflation	q/q % chng : a.r.															
GDP Price Index	3.6	2.1	3.8	3.7	3.6	4.8	2.4	2.4	2.2	1.9	2.0	2.0	2.5	2.8	3.5	2.3
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	2.0	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	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	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	2.2	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	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	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	3.0	2.0	2.1	2.2				
Ex. Food and Energy	y/y % chng	3.1	2.8	3.1	2.7	2.5	2.7	2.5	2.6	2.4	2.4	2.2				
Core PCE Deflator	y/y % chng	2.8	2.7	2.9	2.9	3.1	3.3	3.3	2.7	2.3	2.2	2.1				
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	3.29	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	3.85	3.45	5.18	4.21	3.80	3.75
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	3.45	4.69	3.92	3.85	3.70
10-Year Bond Yield	4.45	4.36	4.26	4.10	4.20	4.42	4.55	4.50	4.40	4.35	4.25	4.25	4.21	4.29	4.40	4.30
10-Year BBB Corporate Spread	ppts	1.08	1.26	1.05	1.06	1.05	1.01	1.15	1.86	1.86	1.86	1.86	1.15	1.11	1.23	1.86
Foreign Trade	\$ blns : a.r.															
Current Account Balance	-1,753	-1,020	-1,051	-884	-907	-1,165	-1,151	-1,137	-1,141	-1,145	-1,150	-1,162	-1,199	-1,177	-1,090	-1,150
Share of GDP	-5.8	-3.3	-3.4	-2.8	-2.8	-3.6	-3.5	-3.4	-3.4	-3.4	-3.4	-3.4	-4.1	-3.8	-3.3	-3.4
Merchandise Balance	-1,826	-1,060	-1,115	-1,038	-1,003	-1,239	-1,230	-1,220	-1,230	-1,240	-1,250	-1,260	-1,213	-1,260	-1,173	-1,245
Non-Merchandise Balance	73	40	63	153	96	75	79	83	89	94	100	98	14	83	83	95
Yen	¥/US\$: qtr. avg.	152	144	148	154	157	159	161	155	154	153	152	151	150	159	154
Euro	US\$/€ : qtr. avg.	1.05	1.13	1.17	1.16	1.17	1.16	1.14	1.16	1.16	1.17	1.18	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	1.35	1.35	1.36	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	120.6	119.0	118.3	117.5	116.8	122.9	122.8	119.7	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	3.8	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	13.0	9.3	4.2	3.5	4.2	4.1	3.9	5.1	7.3	9.7	3.9
Personal Income	5.1	4.8	5.0	4.4	3.6	3.6	3.5	3.9	4.0	4.1	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	0.3	1.1	1.3	2.0	2.2	2.1	2.9	1.7	0.5	1.9
Savings Rate	% : quarterly avg.	5.2	5.0	4.4	3.8	3.9	3.2	3.2	3.2	3.3	3.3	3.3	5.4	4.6	3.4	3.3
Other Indicators	quarterly avg.															
Unemployment Rate	percent	4.1	4.2	4.3	4.5	4.3	4.3	4.3	4.2	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	1.42	1.43	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	4.26	4.29	4.33	4.37	4.07	4.08	4.14	4.31
Home Prices (Case-Shiller)	y/y % chng	4.4	2.8	1.6	1.4	1.0	1.4	1.9	1.6	2.2	2.4	2.5	5.9	2.5	1.5	2.2
Motor Vehicle Sales	mlns : a.r.	16.5	16.2	16.7	15.9	15.6	16.4	16.4	16.6	16.7	16.8	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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