

U.S. Economic Outlook for Dec. 12, 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	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)	0.8	3.6	3.3	1.9	-0.6	3.8	2.8	0.3	2.5	1.9	2.0	2.0	2.8	1.9	2.0	1.9
Final Sales	1.7	2.4	3.5	2.8	-3.2	7.5	3.1	-0.1	2.1	1.9	2.0	2.0	2.8	2.0	2.1	1.9
Final Domestic Demand	2.0	3.4	3.8	2.8	1.4	2.4	2.1	0.0	2.1	1.9	2.0	2.0	3.1	2.3	1.7	1.9
Consumer Spending	1.7	3.9	4.0	3.9	0.6	2.5	2.7	1.0	2.0	1.9	2.1	2.1	2.9	2.5	1.9	2.0
Durables	-0.9	7.8	8.6	13.0	-3.4	2.3	-1.0	0.0	2.0	2.0	2.5	2.5	3.9	3.2	1.4	2.2
Nondurables	-1.6	4.3	4.8	3.8	2.2	2.2	3.0	1.0	1.8	1.8	2.0	2.0	2.3	3.0	1.9	2.1
Services	3.2	3.2	3.0	2.5	0.8	2.6	3.2	1.2	2.0	1.9	2.0	2.0	3.0	2.2	2.0	2.0
Government Spending	2.3	3.3	5.4	3.3	-1.0	-0.1	0.3	-2.8	2.3	0.8	0.6	0.8	3.8	1.1	0.3	0.6
Business Investment	1.5	2.5	3.5	-3.7	9.5	7.3	3.4	-0.6	2.7	2.9	3.1	3.1	2.9	3.9	2.6	2.6
Non-residential Construction	-5.0	-3.9	-2.2	-8.1	-3.1	-7.5	-6.5	0.5	1.4	1.4	1.4	1.4	1.1	-5.0	-0.4	1.8
Equipment	0.5	8.9	8.2	-4.3	21.4	8.5	7.5	-4.0	3.0	3.5	4.0	4.0	3.5	8.0	2.8	3.0
Intellectual Property	6.7	0.7	2.6	-0.6	6.5	15.0	4.0	2.0	3.0	3.0	3.0	3.0	3.5	5.2	3.6	2.6
Residential Construction	8.2	-2.0	-4.8	4.3	-1.0	-5.1	-6.0	-3.5	1.0	1.5	1.5	1.5	3.2	-2.2	-1.0	1.7
Exports	4.6	0.7	8.9	-0.9	0.2	-1.8	-0.1	0.0	2.5	2.5	2.5	2.5	3.6	0.6	1.4	3.0
Imports	6.9	8.4	10.1	-0.2	38.0	-29.3	-5.8	1.0	2.3	2.3	2.3	2.3	5.8	2.7	-1.4	2.5
Inventory Change	2017\$ blns : a.r.	12.4	75.1	69.4	17.1	172.0	-18.3	-35.0	-10.0	10.0	10.0	10.0	43.6	25.8	10.0	20.0
Contrib. to GDP Growth	ppts : a.r.	-0.8	1.2	-0.1	-0.9	2.6	-3.4	-0.3	0.4	0.3	0.0	0.0	0.0	-0.1	-0.1	0.0
Net Exports	2017\$ blns : a.r.	-964.1	-1,032.2	-1,064.9	-1,069.0	-1,380.7	-1,058.0	-1,003.6	-1,012.6	-1,017.1	-1,021.5	-1,026.0	-1,032.6	-1,113.7	-1,023.8	-1,035.3
Contrib. to GDP Growth	ppts : a.r.	-0.4	-1.0	-0.4	-0.1	-4.7	4.8	0.9	-0.2	-0.1	-0.1	-0.1	-0.5	-0.3	0.4	0.0
Nominal GDP	\$ blns : a.r.	28,708	29,147	29,512	29,825	30,042	30,486	30,940	31,167	31,536	31,875	32,200	29,298	30,659	32,038	33,354
Growth	q/q % chng : a.r.	4.0	6.3	5.1	4.3	2.9	6.0	6.1	3.0	4.8	4.4	4.1	5.3	4.6	4.5	4.1
Real GDP	y/y % chng	2.9	3.1	2.8	2.4	2.0	2.1	2.0	1.6	2.3	1.9	1.6	2.3			
Inflation	q/q % chng : a.r.															
GDP Price Index	3.1	2.6	1.8	2.4	3.6	2.1	3.1	2.7	2.3	2.5	2.1	2.2	2.5	2.7	2.5	2.1
Core PCE Deflator	4.0	2.9	2.4	2.7	3.3	2.6	2.9	2.8	2.8	2.5	2.4	2.4	2.9	2.8	2.7	2.2
CPI All Items	3.7	2.8	1.4	3.0	3.8	1.6	3.1	3.2	2.2	2.6	2.2	2.3	3.0	2.8	2.6	2.3
Ex. Food and Energy	4.2	3.1	2.4	3.4	3.5	2.1	3.3	3.2	2.8	2.6	2.5	2.5	3.4	3.0	2.8	2.4
Food Prices	2.4	1.5	2.3	3.2	3.7	2.3	3.0	4.1	1.5	1.2	1.2	1.2	2.3	3.0	2.1	1.7
Energy Prices	0.5	1.2	-11.0	-1.3	8.4	-4.8	0.8	1.5	-2.7	6.2	0.1	2.1	-1.3	-0.4	0.7	2.6
Services	6.4	4.3	3.4	4.0	4.3	3.2	3.5	3.1	2.8	2.6	2.5	2.5	4.9	3.8	2.9	2.4
CPI All Items	y/y % chng	3.2	3.2	2.7	2.7	2.7	2.5	2.9	2.5	2.8	2.6	2.3				
Ex. Food and Energy	y/y % chng	3.8	3.4	3.3	3.3	3.1	2.8	3.1	2.8	3.0	2.8	2.6				
Core PCE Deflator	y/y % chng	3.1	2.8	2.8	3.0	2.8	2.7	2.9	2.8	2.7	2.6	2.5				
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	3.02
90-Day T-Bill	5.45	5.47	5.22	4.58	4.34	4.37	4.26	3.85	3.60	3.35	3.05	2.80	5.18	4.20	3.20	2.95
1-Year T-Bill	4.90	5.14	4.45	4.26	4.15	4.03	3.88	3.60	3.50	3.25	3.05	2.90	4.69	3.90	3.15	3.05
10-Year Bond Yield	4.16	4.44	3.95	4.28	4.45	4.36	4.26	4.10	4.10	4.05	4.00	4.00	4.21	4.30	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	1.18	1.39	1.60	1.15	1.11	1.50	1.88
Foreign Trade	\$ blns : a.r.															
Current Account Balance	-1,043	-1,145	-1,305	-1,248	-1,759	-1,005	-1,086	-1,088	-1,096	-1,102	-1,108	-1,116	-1,185	-1,235	-1,105	-1,115
Share of GDP	-3.6	-3.9	-4.4	-4.2	-5.9	-3.3	-3.5	-3.5	-3.5	-3.5	-3.4	-3.4	-4.0	-4.0	-3.4	-3.3
Merchandise Balance	-1,113	-1,197	-1,237	-1,316	-1,863	-1,080	-1,164	-1,173	-1,184	-1,196	-1,208	-1,219	-1,215	-1,320	-1,202	-1,245
Non-Merchandise Balance	69	51	-68	68	104	75	78	85	88	94	100	104	30	85	97	130
Yen	¥/US\$: qtr. avg.	149	156	149	152	152	144	148	152	151	150	149	151	149	151	147
Euro	US\$/€ : qtr. avg.	1.09	1.08	1.10	1.07	1.05	1.13	1.17	1.18	1.19	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	1.32	1.32	1.33	1.33	1.28	1.32	1.33	1.35
Trade-Wt. Dollar (broad)	Jan. '97 = 100	121.0	122.9	122.9	126.1	127.9	122.7	120.7	121.1	120.0	119.6	119.1	123.2	123.1	119.3	117.4
WTI Spot	US\$/bbl : qtr. avg.	77.3	81.0	75.8	70.3	71.4	63.7	64.9	59.9	59.0	62.0	63.0	76.1	65.0	62.0	68.0
Henry Hub Spot	US\$/mmbtu : qtr. avg.	2.1	2.1	2.1	2.4	4.1	3.2	3.0	4.0	4.0	3.5	3.5	2.2	3.6	3.8	3.5
Incomes	y/y % chng															
Pre-Tax Profits w/IVA,CCA	4.6	7.4	2.9	5.5	6.4	3.6	6.2	1.2	3.6	4.6	4.1	4.4	5.1	4.3	4.2	4.1
Personal Income	5.9	5.7	5.4	5.4	5.1	5.1	5.2	5.0	4.4	4.0	4.1	4.1	5.6	5.1	4.2	4.1
Real Disposable Income	3.5	3.0	2.8	2.4	2.0	2.2	2.1	1.9	1.9	1.5	1.7	1.9	2.9	2.0	1.8	2.0
Savings Rate	% : quarterly avg.	6.2	5.8	5.1	4.7	5.2	5.3	5.0	5.0	5.0	5.0	4.9	5.4	5.1	5.0	4.9
Other Indicators	quarterly avg.															
Unemployment Rate	percent	3.8	4.0	4.2	4.2	4.1	4.2	4.3	4.6	4.7	4.7	4.7	4.0	4.3	4.7	4.4
Housing Starts	mlns : a.r.	1.42	1.34	1.34	1.39	1.40	1.35	1.35	1.35	1.40	1.41	1.41	1.37	1.36	1.41	1.43
Existing Home Sales	mlns : a.r.	4.14	4.02	3.94	4.16	4.13	3.99	4.02	4.14	4.25	4.36	4.39	4.07	4.07	4.35	4.48
Home Prices (Case-Shiller)	y/y % chng	7.3	6.8	5.2	4.4	4.5	2.8	1.6	0.8	0.2	1.3	2.0	5.9	2.4	1.4	2.4
Motor Vehicle Sales	mlns : a.r.	15.7	16.0	15.9	16.6	16.5	16.2	16.7	15.7	15.8	16.0	16.2	16.0	16.3	16.1	16.6
Payroll Employment Growth	q/q % chng : a.r.	1.5	1.3	0.9	1.3	1.3	0.7	0.3	0.3	0.4	0.5	0.6	1.3	0.9	0.5	0.9
Industrial Production	q/q % chng : a.r.	-2.6	2.7	-2.3	-1.5	4.2	1.8	1.1	-0.2	2.3	2.3	1.8	-0.7	1.1	1.5	1.8
CBO Budget Deficit	% of GDP												-6.2	-5.9	-5.7	-5.8

Bolded values represent forecasts

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