US Economic Weekly

Household net worth surges

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GDP: Gross Domestic Product

CPI: Consumer Price Index

PPI: Producer Price Index

Weekly viewpoint: Household net worth surges

Household net worth jumped by $4.8tn in 4Q 23 and is up a staggering $39.3tn (140% of GDP) since the pandemic. In addition, although households have drawn down on excess saving, there is still room to run. Whether through rising asset prices or excess saving, we find good reason to think household spending can remain resilient.

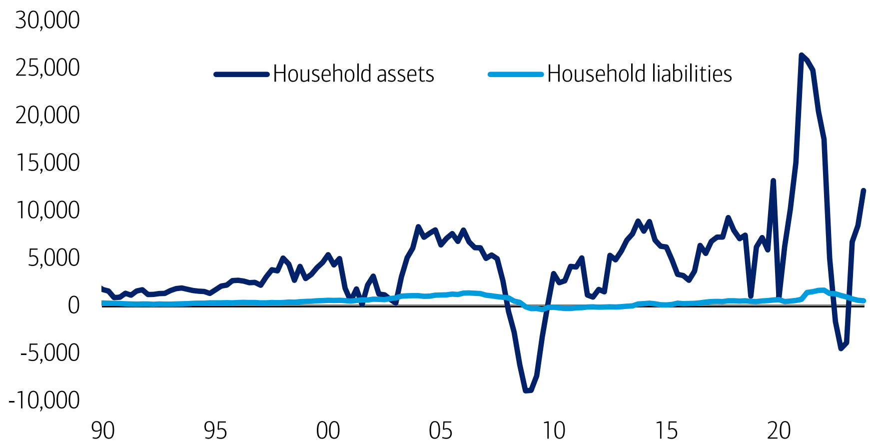
Congress strikes a deal to avert a partial shutdown

The House passed a $460bn spending bill to fund half of the federal government through September 30. We expect the bill to be signed into law ahead of the Friday night deadline to avert a partial shutdown. Negotiations continue over spending bills for the other half of the government, which need to be passed by March 22 to avoid a 1% across the board cut to spending that would kick in on April 30 (see: US Economic Viewpoint: Another fiscal frenzy).

Week Ahead

Next week, the focus will be on the February Consumer Price Index (CPI) report (Mar 12). It should confirm that inflation is on a downward trend, but services inflation remains sticky. We look for headline and core CPI to rise by 0.42% m/m and 0.31%, respectively. This would bring the y/y change for headline and core to 3.1% and 3.7%. The latter would be down two-tenths from January. The Fed's blackout period starts this weekend.

Exhibit 1: Four-quarter change in household assets and liabilities, $bn
Household assets rebounded sharply in 4Q 2023



Source: Federal Reserve, Haver Analytics, BofA Global Research

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Household net worth surges

- Household net worth surged by $4.8tn in 4Q 23, more than reversing its 3Q decline.
- Rising asset prices boost consumption through the wealth effect. The data also suggest households have more room to draw down on excess saving.
- Overall, consumption appears well supported by rising asset prices and still-elevated holdings of liquid assets. A retrenchment in consumption remains unlikely.

Household assets drive spending, not liabilities

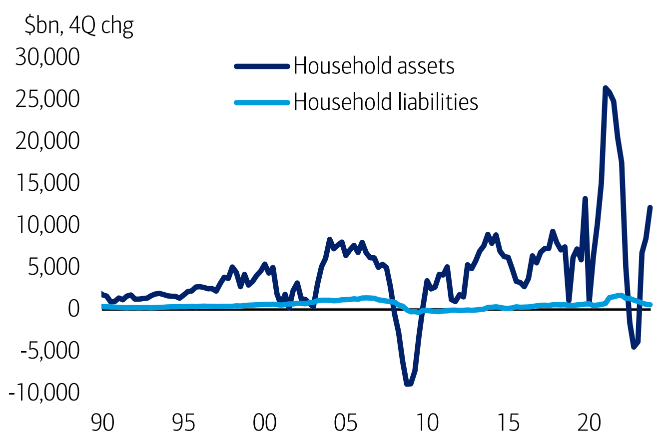
Household net worth jumped by $4.8tn in 4Q 23 as assets rose by $5.0tn and liabilities increased by $170bn. Financial assets were the main driver of the increase in household assets, rising $5.6tn in the quarter. Nonfinancial assets, which include real estate, were down $551bn. On the liabilities side, the increase was driven by growth in residential mortgages ($89.7bn) and consumer credit ($58.8bn). Overall, household net worth is up a staggering $39.3tn (or 140% of GDP) since 4Q 2019, prior to the onset of the pandemic.

In recent months, we have fielded questions on whether the increase in household liabilities and the rise in consumer delinquency rates foreshadow a weak outlook for consumer spending. While we acknowledge higher leverage and delinquency rates pose downside risks, we form our signal about the consumer from changes in income and household assets. As shown in Exhibit 2, changes in household net worth are driven mainly by changes in household assets, not household liabilities. And on that front, there is good reason to think the outlook for consumer spending remains favorable.

Higher net wealth leads households to target higher levels of consumption in the long run, making households more willing to consume out of current income and pushing the saving rate lower. Consumption can be pushed above or below its target level in the short run due to cyclical forces from labor market conditions, monetary policy, and credit conditions, among other factors.

As shown in Exhibit 3, the substantial rise in household net worth kept target consumption elevated during the pandemic even as actual spending retrenched. This kept us comfortable in our thinking that spending would rebound sharply once the economy re-opened. At present, actual consumption is running about in line with its long-run target. The fact that consumption has not overshot suggests the risk of a sharp pull-back in consumer spending remains low.

Exhibit 2: Four-quarter change in household assets & liabilities, $bn
Household assets rebounded sharply in 4Q 23



Source: Federal Reserve, Haver Analytics, BofA Global Research

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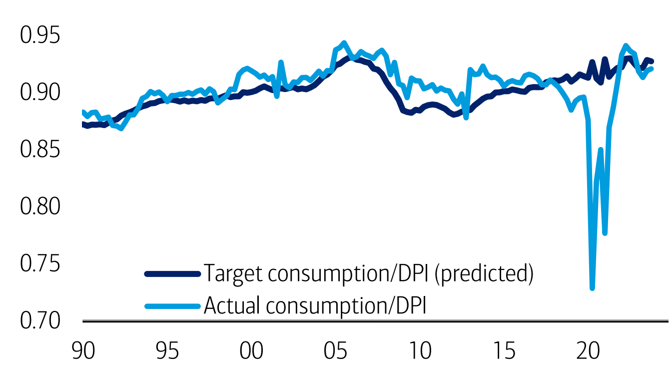
Exhibit 3: Ratio of target and actual consumption to disposable personal income (DPI)
Consumer spending has not overshot its long-run target



Source: BEA, Haver Analytics, BofA Global Research

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Still room for liquid saving to support spending

Economic downturns tend to cause "flight to safety" behavior, consistent with a precautionary saving motive. During recessions, household uncertainty typically rises, leading the average household to respond by increasing saving today. In addition, economic downturns may correspond with lower financial asset prices and increased volatility in financial markets, prompting households to hold a larger percentage of their financial wealth in deposits, or other similar cash-like instruments. Hence, a rise in the share of liquid financial assets in total financial assets is negatively correlated with consumer spending.

In addition to any precautionary motive, household saving was significantly bolstered during the pandemic by government transfers. Additionally, since the pandemic acted like a hidden tax on some forms of face-to-face services spending, households deferred consumption until pandemic risks subsided. In the meantime, saving increased.

As seen in Exhibit 4, the share of liquid financial wealth (checkable deposits and currency, time and saving deposits, money market funds, and foreign deposits) in total household financial wealth surged during the pandemic. Liquid wealth rose by about 3pp between 2019 and 2022, rivaling the shift observed during the global financial crisis and prior recessions. This occurred even though other asset prices – bonds, equities, and real estate – moved substantially higher.

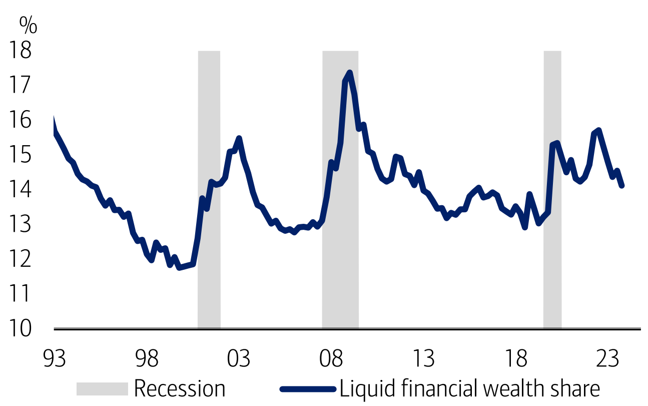
During the re-opening phase of the pandemic, households began to draw down on saving to support consumption. As shown in Exhibit 5, accumulation of liquid financial assets slowed sharply in 2021 and turned negative in 2022 (here we use a 4Q change to smooth through quarterly volatility). All else equal, any decline in the liquid financial share leads to a larger increase in consumption. Put differently, for a given level of financial wealth, drawing down on excess saving enhances the wealth effect.

The liquid financial share has fallen back toward its pre-COVID average but has more room to run. At 14.1% in 4Q, the liquid financial share is down 1.6pp from its peak in 3Q 2022 but remains 0.8pp above its 4Q 2019 value. Therefore, there is still room for households to draw down on excess saving to support spending.

The upshot is that whether through rising asset prices or excess saving, we find good reason to think household spending can remain resilient.

Exhibit 4: Liquid financial wealth in percent of household financial wealth (%)

There is further room for households to draw down on excess saving to support consumption



Source: Federal Reserve, Haver Analytics, BofA Global Research

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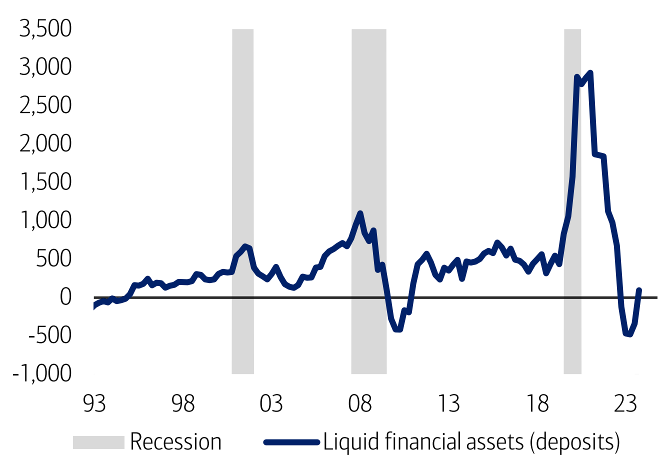
Exhibit 5: Four-quarter change in liquid financial assets ($bn)

The rate of decline in excess saving slowed at year-end



Source: Federal Reserve, Haver Analytics, BofA Global Research

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US GDP Tracking

1Q GDP tracking down two-tenths to 2.3%, 4Q up to 3.3%

Since our update last week, 1Q GDP tracking is down two-tenths to 2.3% q/q saar, and 4Q GDP tracking is up a tenth to 3.3% q/q saar from its second estimate print of 3.2% q/q saar. Here is a rundown of changes to our tracking estimate over the past week:

January construction spending came in weaker than expected, but December was revised higher. On net, the data led to a decline in both our residential and structures investment estimate for 1Q but an increase for 4Q estimates.

Vehicle sales in February beat expectations, increasing our 1Q tracking estimates for personal consumption expenditure (PCE) and equipment investment.

Core goods orders were revised down a tenth in the final January factory orders print, which was offset by the one-tenth upward revision in core goods shipments.

Lower than expected wholesale inventories in January lowered our 1Q inventory estimate.

A wider than expected January trade deficit and downward revisions to December led to a decline in our net exports tracking estimate for 1Q and 4Q.

Next week, February CPI, PPI, retail sales, industrial production, import price index and January business inventories could affect our 1Q and 4Q GDP tracking estimates.

Exhibit 6: BofA US GDP tracking estimate (% q/q saar)

1Q GDP tracking is down two-tenths to 2.3% q/q saar from our official forecast change to 2.5% q/q saar largely due to a wider than expected trade deficit in January along with downward revisions to January wholesale inventories

Date	Data release	GDP	Final Sales	PCE	Res. Inv.	Struct	Equip	IPP	Gov.	Exports	Imports	Net exports (level)	CIPI (level)
2/29/24	Alignment to official forecast change	**2.5**	**2.5**	1.5	**2.5**	**5.0**	3.0	**3.0**	**3.5**	**3.0**	**1.5**	**-911.0**	**71.5**
3/1/24	Construction Spending	**2.4**	**2.2**	1.5	**2.3**	**4.7**	3.0	3.0	**3.6**	3.0	1.5	-909.0	71.5
3/5/24	Factory Orders, Vehicle Sales	**2.5**	**2.3**	**1.7**	2.3	4.7	**3.3**	3.0	3.6	3.0	1.5	-909.0	**70.2**
3/6/24	Wholesale Inventories	**2.4**	2.3	1.7	2.3	4.7	3.3	3.0	3.6	3.0	1.5	-909.0	**65.1**
3/7/24	Trade Balance	**2.3**	2.3	1.7	2.3	4.7	3.3	3.0	3.6	**2.8**	**2.7**	**-923.3**	65.1
	GDP tracking	2.3	2.3	1.7	2.3	4.7	3.3	3.0	3.6	2.8	2.7	-923.3	65.1
	Contribution to GDP growth (pp)			1.1	0.1	0.1	0.2	0.2	0.6			-0.1	0.0
	BofA official GDP forecast	2.5	2.5	1.5	2.5	5.0	3.0	3.0	3.5	3.0	1.5	-911.0	71.5

Source: BofA Global Research. Our GDP tracking estimate reflects the mechanical aggregation of incoming data that directly informs the BEA's GDP calculations. The process is distinct from our official published GDP forecast. Boldface cells indicate where data have implications for tracking estimates.

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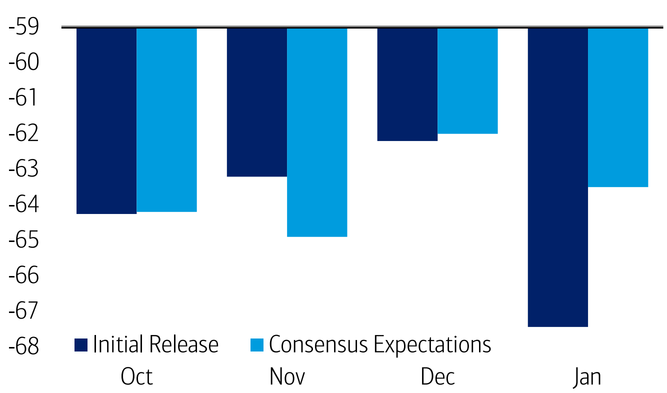
Exhibit 7: Trade Balance (SA, $bn)

January trade deficit came in wider than expected



Source: Bloomberg

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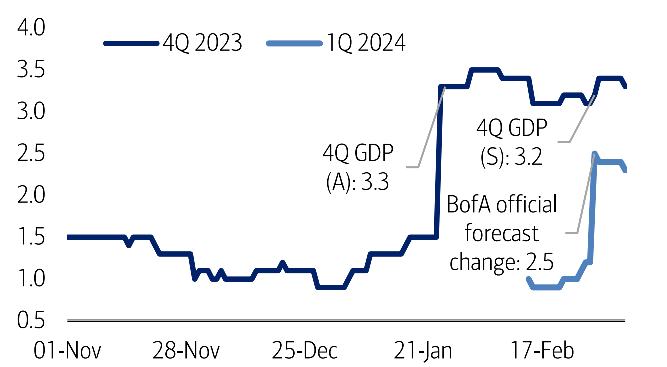
Exhibit 8: GDP tracking evolution (% q/q, SAAR)

1Q GDP tracking is down two-tenths to 2.3% q/q saar from our official forecast change; 4Q tracking is up a tenth to 3.3% from the second estimate



Source: BofA Global Research

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Data in the past week

March 04 - 08

This week the focus was on the Employment Report and ISM Services

Date	Time	Indicator	Period	Actual	Consensus	Previous
3/05/24	9:45	S&P Global US services PMI	Feb F	52.3	51.4	51.3
3/05/24	10:00	Factory Orders	Jan	-3.6%	-2.9%	-0.3%
3/05/24	10:00	ISM Services	Feb	52.6	53.0	53.4
3/06/24	7:00	MBA Mortgage Applications	Mar 1	9.7%	—	-5.6%
3/06/24	8:15	ADP Employment	Feb	140k	150k	111k
3/06/24	10:00	Wholesale Inventories	Jan F	-0.3%	-0.1%	-0.1%
3/06/24	10:00	JOLTS Job Openings	Jan	8863k	8850k	8889k
3/07/24	8:30	Initial Jobless Claims	Mar 02	217k	216k	217k
3/07/24	8:30	Nonfarm Productivity	4Q F	3.2%	3.1%	3.2%
3/07/24	8:30	Unit Labor Costs	4Q F	0.4%	0.7%	0.5%
3/07/24	8:30	Trade Balance	Jan	-$67.4bn	-$63.5b	-$64.2b
3/08/24	8:30	Change in Nonfarm Payrolls	Feb	NR	200k	353k
3/08/24	8:30	Private Payrolls	Feb	NR	165k	317k
3/08/24	8:30	Unemployment Rate	Feb	NR	3.7%	3.7%
3/08/24	8:30	Average Hourly Earnings mom	Feb	NR	0.2%	0.6%
3/08/24	8:30	Average Weekly Hours	Feb	NR	34.3	34.1
3/08/24	8:30	Labor force participation rate	Feb	NR	62.6%	62.5%

Source: BofA Global Research, Bloomberg. NR: Not Released

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Data in the week ahead

March 11th – 15th

Next week the focus will be on CPI, PPI, and Retail sales

Date	Time	Indicator	Period	BofA Estimate	Consensus	Previous
3/12/24	6:00	NFIB Small Business Optimism	Feb	—	—	89.9
3/12/24	8:30	Consumer Price Index (yoy)	Feb	3.1%	3.1%	3.1%
3/12/24	8:30	CPI Ex Food & Energy (yoy)	Feb	3.7%	3.7%	3.9%
3/12/24	8:30	Consumer Price Index (mom)	Feb	0.4%	0.4%	0.3%
3/12/24	8:30	CPI Ex Food & Energy (mom)	Feb	0.3%	0.3%	0.4%
3/12/24	14:00	Monthly Budget Statement	Feb	-$335bn	—	-$21.9bn
3/13/24	7:00	MBA Mortgage Applications	Mar 8	—	—	9.7%
3/14/24	8:30	Initial Jobless Claims	Mar 09	221k	—	217k
3/14/24	8:30	Advance Retail Sales	Feb	NR	0.8%	-0.8%
3/14/24	8:30	Retail Sales Less Autos	Feb	NR	0.5%	-0.6%
3/14/24	8:30	Retail Sales Less Autos and Gas	Feb	NR	0.2%	-0.5%
3/14/24	8:30	Core Control	Feb	NR	—	-0.4%
3/14/24	8:30	Producer Price Index (mom)	Feb	0.4%	0.3%	0.3%
3/14/24	8:30	PPI Ex Food & Energy (mom)	Feb	0.2%	0.2%	0.5%
3/14/24	8:30	PPI Ex Food, Energy, Trade (mom)	Feb	0.3%	—	0.6%
3/14/24	10:00	Business Inventories	Jan	—	0.3%	0.4%
3/15/24	8:30	Empire Manufacturing	Mar	-8.0	-8.0	-2.4
3/15/24	8:30	Import Price Index (mom)	Feb	0.3%	0.2%	0.8%
3/15/24	8:30	Import Price Index ex Petroleum (mom)	Feb	0.0%	—	0.6%
3/15/24	9:15	Industrial Production	Feb	0.2%	0.0%	-0.1%
3/15/24	9:15	Manufacturing Production	Feb	0.2%	—	-0.5%
3/15/24	9:15	Capacity Utilization	Feb	78.6%	78.4%	78.5%
3/15/24	10:00	U. of Michigan Sentiment	Mar P	78.0	77.0	76.9

Source: BofA Global Research, Bloomberg

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Federal Reserve Speakers

Exhibit 9: Upcoming policy speakers
Key speaking engagements and news events*

Date	Time	Speaker
Mar 11-15	-	Fed blackout period

Source: Bloomberg

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Exhibit 10: Summary of Fed speak in the previous week
Below is a summary of key quotes from Fed speakers over the past weeks

Speaker	Date	Quote
Powell (Chair)	6-Mar	"The committee does not expect that it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward 2%."
Kugler (Governor)	1-Mar	"I am cautiously optimistic that we will see continued progress on disinflation without significant deterioration of the labor market."
Daly (San Francisco)	29-Feb	"It would be appropriate as inflation comes down to bring the nominal rate of interest down to make sure we're not holding on even tighter.";"We want to avoid holding on all the way to 2%, putting policy very tight and then cause an unnecessary downturn."
Collins (Boston)	28-Feb	"It will likely become appropriate to begin easing policy later this year."
Bowman (Governor)	27-Feb	"Should the incoming data continue to indicate that inflation is moving sustainably toward our 2%, it will eventually become appropriate to gradually lower our policy rate to prevent monetary policy from becoming overly restrictive.";"In my view, we are not yet at that point."
Schmid (Kansas)	26-Feb	"I believe that the best course of action is to be patient, continue to watch how the economy responds to the policy tightening that has occurred, and wait for convincing evidence that the inflation fight has been won."
Williams (New York)	23-Feb	"At some point, I think it will be appropriate to pull back on restrictive monetary policy, likely later this year.";"But it's really about reading that data and looking for consistent signs that inflation is not only coming down but is moving towards that 2% longer-run goal."
Waller (Governor)	22-Feb	Urged Patience on Rate Cuts After Jump in Prices
Kashkari (Minneapolis)	22-Feb	"We Still Have Some Work to Do" on Inflation.
Harker (Philadelphia)	22-Feb	"I believe that we may be in the position to see the rate decrease this year.";"But I would caution anyone from looking for it right now and right away. We have time to get this right, as we must."

Source: Bloomberg

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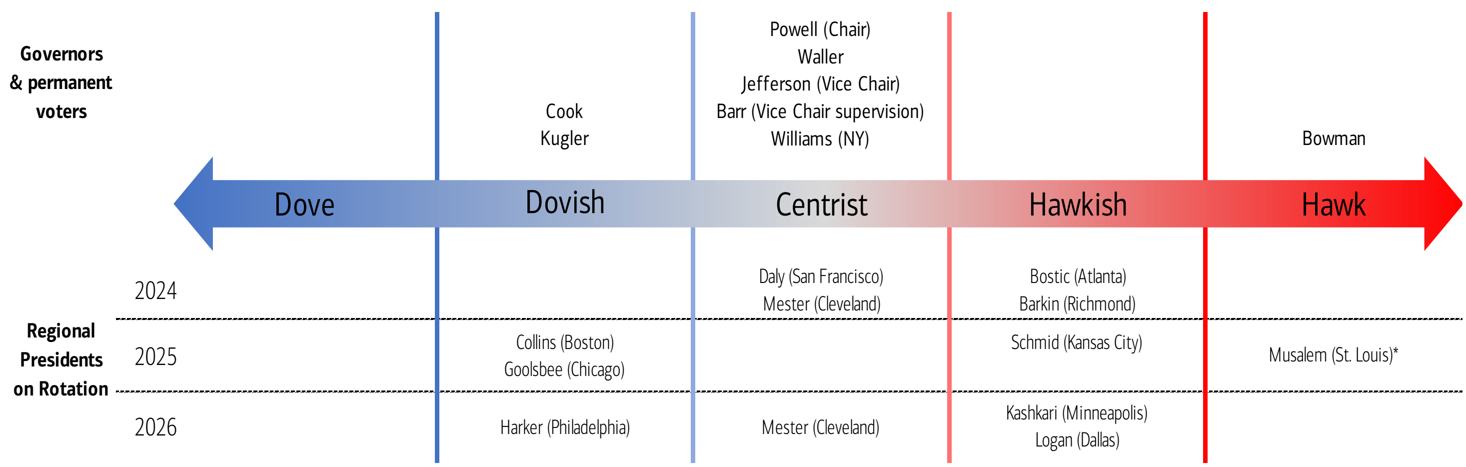
Exhibit 11: BofA US Economics Dove-Hawk chart
This year the regional presidents voting on the FOMC (Federal Open Market Committee) will be Daly, Mester, Bostic and Barkin



Source: BofA Global Research
*Musalem was recently announced as President of the St. Louis Fed. We have yet to hear him comment on monetary policy. Therefore, this is a preliminary placement.

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Federal Reserve Balance Sheet

The balance sheet fell by $93.0bn in the past four weeks

The Fed continues to let up to $60bn of maturing Treasury securities roll off its balance sheet each month, while also reducing holdings of agency mortgage-backed securities by up to $35bn. In the week ending March 6, the Fed's balance sheet decreased by $29.0bn (H.4.1 Exhibit 12). In the past four weeks, the balance sheet has shrunk by $93.0bn. Balance sheet runoff continues to reduce take-up in the overnight reverse repo facility (ON RRP), which has fallen by $96.8bn over the past four weeks.

Regional bank stress remains contained. Lending through the BTFP increased by $0.5bn to $164.0bn. The Fed officially announced the BTFP will end on March 11, in line with our expectations (see BTFP to expire on schedule), and raised the rate for new BTFP loans which will now be equal to the interest rate on reserve balances at the time of the new loan.

Exhibit 12: The balance sheet of the Federal Reserve ($bn, Wednesday, end of period values)
Factors affecting reserve balances of depository institutions (H.4.1 Table 1)

$bn, Wednesday, end of period values	06 Mar	7-day chg	4 week chg	Chg since June 1, 2022
Supplying reserve funds (Federal Reserve assets)				
Reserve Bank credit outstanding	7502.1	-29.0	-93.0	-1376.5
Securities held outright	7037.3	-29.6	-74.8	-1443.3
US Treasuries	4631.7	-29.6	-60.9	-1139.1
Federal Agency	2.3	0.0	0.0	0.0
Mortgage-backed securities	2403.2	0.0	-13.9	-304.2
Unamortized premiums on securities held outright	273.1	-0.5	-2.5	-64.0
Unamortized discounts on securities held outright	-25.7	0.0	-0.2	-1.2
Repurchase agreements	0.0	0.0	0.0	0.0
Foreign official (FIMA repo facility)	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0
Loans	169.2	0.4	-1.3	148.5
of which:				
Discount window (primary and secondary credit)	2.0	-0.1	-0.3	1.1
Paycheck protection program (PPPLF)	3.1	0.0	-0.2	-16.6
Bank Term Funding Program (BTFP)	164.0	0.5	-0.8	164.0
Other credit extensions	0.0	0.0	0.0	0.0
Other factors supplying reserve funds	48.2	0.6	-14.3	-16.5
Total factors supplying reserve funds	7589.3	-28.9	-92.8	-1375.1
Absorbing reserve funds (Federal Reserve liabilities)				
Currency in circulation	2339.0	5.9	11.6	59.0
Reverse repo agreements	793.4	-115.4	-96.8	-1437.1
Foreign official accounts	336.5	-2.4	-0.6	71.0
Others	456.8	-113.0	-96.2	-1508.2
Treasury cash holdings	0.5	0.0	0.1	0.4
Other deposits with Federal Reserve Banks	928.2	-1.9	-65.2	-100.2
of which:				
Treasury General Account	760.6	-7.1	-61.0	-20.0
Treasury contributions to credit facilities	7.4	0.0	0.0	-10.5
Other Federal Reserve liabilities and capital	-99.9	2.8	-7.5	-150.0
Factors absorbing reserves, other than reserves	3968.6	-108.6	-157.8	-1638.4
Reserve balances with Federal Reserve banks	3620.7	79.7	65.0	263.3

Source: Federal Reserve, Haver Analytics, BofA Global Research. Note: Quantitative tightening began on June 1, 2022.
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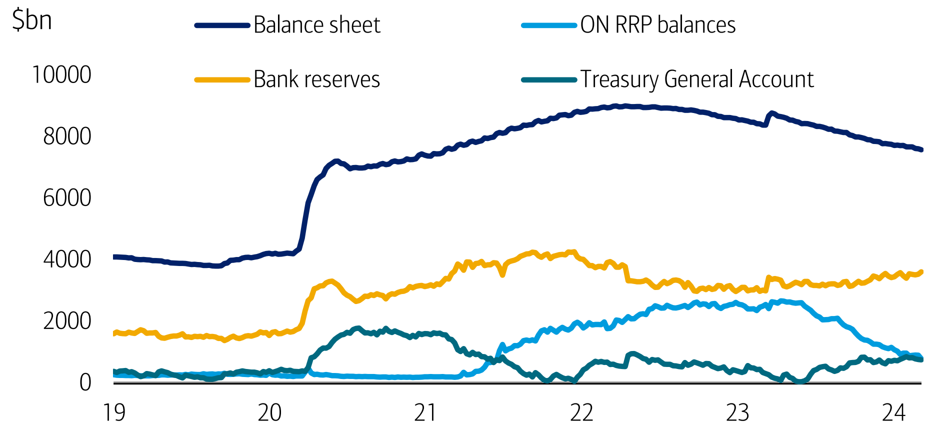
Exhibit 13: The balance sheet, ON RRP balances, bank reserves, and Treasury General Account ($bn)

Nearly all the drain in liquidity from balance sheet runoff has shown up in lower ON RRP balances while bank reserves have been largely stable



Source: Federal Reserve, Haver Analytics, BofA Global Research

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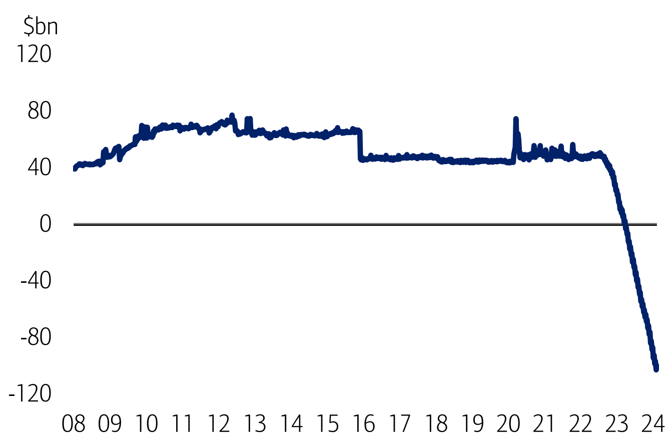
Losses on the Fed's balance sheet. The Fed continues to pay more in interest on reserves than it earns on its securities holdings. Earnings that are retained to cover this loss are booked as a negative liability on the balance sheet under "interest on Federal Reserve Notes due to the US Treasury" in the line item "other Federal Reserve liabilities and capital". The cumulative value of the shortfall in earnings (the "deferred asset") is $99.9bn.

Exhibit 14: Other Federal Reserve Liabilities and Capital ($bn)

Federal Reserve losses are mounting



Source: Federal Reserve, Haver Analytics, BofA Global Research

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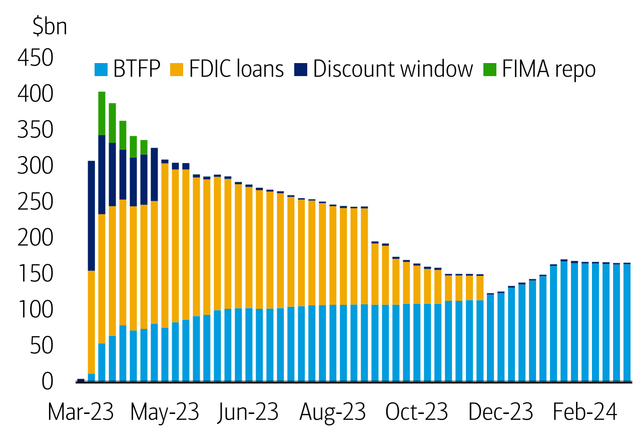
Exhibit 15: Federal Reserve Emergency Lending Facilities ($bn)

Lending through the BTFP has declined recently



Source: Federal Reserve, Haver Analytics, BofA Global Research

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BAC card spending heat map

Exhibit 16: Aggregated daily card spending growth per household (HH) by major category, Feb 18 - 24 (year-over-year (y/y) % change of the 7-day moving average of spending levels)

Total card spending per HH was down 1.0% y/y in the week ending Mar 2nd

	3/2	3/1	2/28	2/27	2/26	2/25	2/24
Total card spending	-1.0%	-0.8%	-2.4%	-0.4%	0.3%	0.8%	0.4%
Retail ex auto	-1.4%	-1.2%	-1.2%	-0.6%	-1.6%	0.0%	-0.6%
Airlines	-6.6%	-6.7%	-5.5%	-4.2%	-3.8%	-1.5%	-1.3%
Lodging	-8.7%	-8.1%	-7.9%	-8.2%	-9.1%	-4.8%	-4.7%
Entertainment	0.4%	-0.7%	1.2%	2.8%	-0.1%	-0.1%	-2.6%
Restaurants & bars	-0.2%	0.4%	1.3%	1.1%	-0.8%	0.4%	-0.1%
Transit	10.1%	10.0%	9.9%	10.1%	10.4%	8.3%	6.1%
Gas	-2.6%	-2.0%	-2.3%	-2.0%	-2.2%	-1.8%	-3.3%
Clothing	-7.3%	-7.7%	-7.6%	-7.2%	-8.7%	-6.1%	-6.1%
Furniture	-13.4%	-13.3%	-12.9%	-13.0%	-18.4%	-14.0%	-13.5%
Department store	-7.1%	-7.2%	-6.4%	-5.5%	-7.9%	-4.1%	-4.2%
Home improvement	-6.2%	-5.3%	-4.4%	-2.8%	-4.8%	-6.0%	-7.1%
Online electronics	-8.3%	-7.5%	-8.9%	-5.6%	-3.8%	-5.5%	-5.6%
Grocery	0.4%	0.4%	-0.6%	-0.1%	-0.4%	2.5%	1.6%
General Merchandise	-2.5%	-3.2%	-1.8%	-0.9%	-2.6%	0.7%	0.1%
Total B&M retail	-2.4%	-2.0%	-1.6%	-1.2%	-2.9%	-0.9%	-1.8%
Total online retail	1.0%	1.0%	-0.2%	0.9%	1.8%	1.9%	2.5%
Total card debit	0.3%	-0.5%	-1.9%	0.4%	0.8%	1.3%	0.8%
Total card credit	-4.1%	-3.3%	-3.1%	-1.4%	-0.5%	0.1%	-0.2%

Source: BAC internal data. Note: The 1-yr % change shows the change between the current date at the head of the table column and its comparable date a year ago. Total card spending includes total BAC card activity, which captures retail sales and services that are paid with cards. Does not include ACH payments. B&M (Brick & Mortar) retail means retail purchases at the store. Online electronics and total online retail correspond to purchases in which the card was not present. These are largely online purchases but could include purchases made over the phone. Y/y growth in General Merchandise spending jumped in late Dec 2023. This was because of a change in Merchant Category Codes (MCC) for a significant portion of transactions from a major retail merchant. We have adjusted for the recategorization for the daily data from Feb 4 onwards.

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See the report BofA on USA: Weekly spending update through Mar 2 for methodology, limitations, and disclaimers related to BAC card data.

Core views

Growth: Frontloaded into 2024 on the back of supply side resilience

- We revised our US outlook in the direction of faster growth in 2024 and slower growth in 2025. Stronger growth this year should be supported by improvement in supply-side factors, particularly the labor force rebound. We expect real GDP growth of 2.5% saar growth in 1Q 2024 and 2.0% saar growth in the remaining three quarters of the year, for a 4Q/4Q change of 2.1%. The latter is 0.9pp higher than we had previously. Growth slows to 1.7% in 2025 (See report: US Economic Viewpoint: US outlook: Supply-side resilience).

Inflation: Moving in the right direction, but slightly firmer inflation

- Disinflation should continue this year but at a more gradual pace owing to sticky services inflation. We now expect headline and core PCE inflation to fall to 2.6% 4Q/4Q in 2024 and 2.3% in 2025. Both figures are one-tenth higher than in our prior outlook (See report: US Economic Viewpoint: US outlook: Supply-side resilience).

Inflation: Confidence to cut depends on underlying inflation

- Underlying inflation is the rate of inflation that should prevail when the economy is functioning normally, with output equal to potential and unemployment equal to the natural rate. We form estimates of underlying inflation using data on actual prices and inflation expectations. We find underlying PCE inflation fell to 2.8% at end-2023 and trends support a first rate cut in June. A more forward-looking Fed might put more weight on low inflation expectations and cut sooner, but this Fed is data dependent and wants to avoid backtracking after it starts (See report: US Economic Viewpoint: What lies beneath: underlying inflation and the confidence to cut).

Inflation: Rent inflation to moderate but regional differences persist

- Overall inflation has made significant progress towards the Fed's 2% target, but rent inflation has remained sticky. We think differences in supply and demand across regions help explain sticky-high rent inflation. That said, rent inflation should cool gradually this year helping to pull overall inflation lower. (See the report: US Viewpoint: Rent inflation to moderate but regional differences persist).

Federal Reserve policy rates: Need for "greater confidence" to start easing

- The Fed is seeking "greater confidence" on inflation before it starts normalizing its policy stance. We expect progress on inflation in coming months will give the Fed enough confidence to begin a gradual cutting cycle in June. We expect the Fed to reduce rates by 75bp this year and 100bp next. Our upgrade to the growth outlook does not alter our monetary policy outlook. (See report: US Watch: January FOMC: March is no longer the base case).

Federal Reserve balance sheet: May start of taper

- We expect the Fed to adjust its pace of Balance sheet runoff at its May meeting. We now expect a reduction in the Treasury redemption cap from \$60b/m to \$30b/m and for this to remain open-ended. Our view is that it can remain at this level through yearend if not later. (See report: US Watch: January FOMC: March is no longer the base case).

Structurally higher US interest rates? Think again.

- Our estimate of the neutral real policy rate is hovering around 40bp. During the decade following the global financial crisis, our estimate of the real neutral rate was negative or close to zero. If the post-pandemic surge in participation proves short lived and productivity does not accelerate, then any rise in the neutral rate of interest in the US economy is likely to be modest at best and could prove temporary. This would mean the zero lower bound remains a constraint on monetary policy and the terminal rate in any easing cycle could be lower than we expect (See report: Structurally higher US interest rates? Think again).

Labor markets: More employment and lower and later peak unemployment

- We think strong employment growth in laggard industries can persist this year leading us to revise higher our job growth forecast. We now expect payrolls to increase by an average of 150k per month in 2024, versus 107k previously. Job growth should then slow to an average of 100k in 2025. We also expect the participation rate to be rangebound at 62.6-62.7% across our forecast horizon. As a result, we see a slightly lower path for the unemployment rate. We now have the peak unemployment rate at 4.1% in 4Q 2025. Previously our peak unemployment rate was 4.2% reached in 4Q 24 through 2Q 25 (See report: US Economic Viewpoint: US outlook: Supply-side resilience).

Inventories: Ongoing normalization, but there is room for upside

- Inventory accumulation surprised to the upside in the second half of last year, raising talk of another restocking cycle. In our view, inventories are likely well aligned with final sales and we do not expect wide swings. But strong consumer demand, the Red Sea conflict uncertainty & autos tailwind could support further inventory accumulation (See report: US Economic Viewpoint: Inventories have normalized, but there is room for upside).

Fiscal policy: Caution: drag ahead

- Federal fiscal policy bills and other idiosyncratic factors contributed to resiliency of the economy in 2023. The CHIPS act and IRA continues to help crowd-in private investment. This year, the primary deficit is likely to decline, suggesting that the Federal fiscal impulse should be less of a tailwind. (See report: Fiscal impulse: running out of steam).

Economic forecast summary

Exhibit 17: BofA US economic outlook

We revised our US outlook in the direction of faster growth in 2024 supported by improvement in supply side factors and slower growth in 2025

	1Q 23	2Q 23	3Q 23	4Q 23	1Q 24	2Q 24	3Q 24	4Q 24	1Q 25	2Q 25	3Q 25	4Q 25	2022	2023	2024	2025
Real Economic Activity, % SAAR																
Real GDP	2.2	2.1	4.9	3.2	2.5	2.0	2.0	2.0	2.0	2.0	1.5	1.5	1.9	2.5	2.7	1.9
% Change, Year Ago	1.7	2.4	2.9	3.1	3.2	3.1	2.4	2.1	2.0	2.0	1.9	1.7				
Final Sales	4.6	2.1	3.6	3.5	2.5	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.3	2.9	2.6	1.8
Domestic Demand	3.8	2.0	3.5	3.1	2.5	2.0	2.0	2.0	2.0	2.0	1.5	1.5	1.7	2.2	2.5	1.8
Consumer Spending	3.8	0.8	3.1	3.0	1.5	2.0	2.0	2.0	2.0	2.0	1.5	1.5	2.5	2.2	2.1	1.8
Residential Investment	-5.3	-2.2	6.7	2.9	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	-9.0	-10.6	2.7	2.4
Nonresidential Investment	5.7	7.4	1.5	2.4	3.5	2.5	2.0	2.0	2.0	2.0	1.5	1.5	5.2	4.4	2.8	1.9
Structures	30.3	16.1	11.2	7.6	5.0	3.0	2.0	2.0	1.5	1.5	1.5	1.5	-2.1	13.0	5.9	1.6
Equipment	-4.1	7.7	-4.4	-1.7	3.0	2.0	2.0	2.0	1.5	1.5	1.0	1.0	5.2	-0.3	1.0	1.5
Intellectual Property	3.8	2.7	1.8	3.3	3.0	3.0	2.5	2.5	2.5	2.0	2.0	2.0	9.1	4.4	2.7	2.3
Government	4.8	3.3	5.8	4.2	3.5	3.0	2.0	2.0	1.0	1.0	1.0	1.0	-0.9	4.0	3.5	1.4
Exports	6.8	-9.3	5.4	6.4	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0	7.0	2.7	3.0	2.3
Imports	1.3	-7.6	4.2	2.7	1.5	2.0	2.0	2.0	2.0	2.0	1.5	1.5	8.6	-1.6	1.8	2.0
Net Exports (Bil 12$)	-935	-928	-931	-915	-911	-912	-911	-912	-917	-921	-924	-927	-1051	-927	-911	-922
Contribution to growth (ppts)	0.6	0.0	0.0	0.3	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	-0.5	0.5	0.1	0.0
Inventory Accumulation (Bil 12$)	27.2	14.9	77.8	66.3	71.5	64.5	61.5	68.5	77.5	86.5	101.5	116.5	128.1	46.6	66.3	95.3
Contribution to growth (ppts)	-2.2	0.0	1.3	-0.3	0.1	-0.1	-0.1	0.1	0.2	0.2	0.2	0.2	0.6	-0.4	0.1	0.1
Nominal GDP (Bil $, SAAR)	26814	27063	27610	27945	28316	28646	28970	29272	29600	29926	30212	30498	25744	27358	28801	30059
% SAAR	6.2	3.8	8.4	4.9	5.4	4.8	4.6	4.2	4.6	4.5	3.9	3.8	9.1	6.3	5.3	4.4
Key Indicators																
Fed Funds Rate (midpoint, % EOP)	4.875	5.125	5.375	5.375	5.375	5.125	4.875	4.625	4.375	4.125	3.875	3.625	4.375	5.375	4.625	3.625
Industrial Production (% SAAR)	-0.3	0.8	1.7	-2.9	1.0	2.5	1.5	1.5	1.5	1.5	1.5	1.5	3.4	0.2	0.7	1.4
Capacity Utilization (%)	79.5	79.4	79.5	78.6	78.5	79.0	79.0	79.5	79.5	79.5	80.0	80.0	80.3	79.3	79.0	79.7
Nonfarm Payrolls (Avg mom ch, 000s)	305	274	213	227	175	150	125	125	100	100	100	100	377	255	144	100
Civilian Unemployment Rate (%)	3.5	3.6	3.7	3.8	3.8	3.8	3.9	3.9	4.0	4.0	4.0	4.1	3.6	3.6	3.9	4.0
Civilian Participation Rate (%)	62.5	62.6	62.7	62.6	62.6	62.7	62.7	62.7	62.6	62.6	62.6	62.6	62.2	62.6	62.6	62.6
Productivity (% SAAR)	-0.6	3.0	4.5	3.0	1.5	2.0	2.0	2.0	1.5	1.5	1.0	0.5	-1.9	2.5	1.9	1.1
Personal Saving Rate (%)	4.8	5.1	4.2	4.0	4.4	4.6	4.7	4.9	5.1	5.2	5.4	5.6	3.5	4.5	4.7	5.3
Light Vehicle Sales (Millions SAAR)	15.0	15.8	15.7	15.7	15.5	16.0	16.1	16.3	16.6	16.9	17.2	17.7	13.8	15.5	16.0	17.1
Housing Starts (Thous. SAAR)	1385	1450	1370	1485	1385	1470	1580	1635	1640	1660	1670	1680	1551	1425	1520	1665
Current Account (% of GDP)													-3.7	-3.6	-3.4	-3.3
US Budget Balance ($bn, Fiscal Year)													-1375	-1695	-1750	-1800
Inflation																
GDP Price Index (% SAAR)	3.9	1.7	3.3	1.6	2.8	2.7	2.5	2.2	2.5	2.4	2.3	2.3	7.1	3.6	2.5	2.4
% Change, Year Ago	5.3	3.5	3.2	2.6	2.4	2.6	2.4	2.6	2.5	2.4	2.4	2.4				
PCE Chain Prices (% SAAR)	4.2	2.5	2.6	1.8	2.8	2.7	2.1	1.8	2.3	2.2	2.0	2.0	6.5	3.7	2.4	2.1
% Change, Year Ago	5.0	3.9	3.3	2.8	2.4	2.5	2.3	2.3	2.2	2.1	2.1	2.1				
Core PCE Chain Prices (% SAAR)	5.0	3.7	2.0	2.1	3.1	2.6	2.4	2.2	2.3	2.3	2.3	2.2	5.2	4.1	2.6	2.3
% Change, Year Ago	4.8	4.6	3.8	3.2	2.7	2.5	2.6	2.6	2.4	2.3	2.3	2.3				
CPI, Consumer Prices (% SAAR)	3.8	2.7	3.4	2.7	3.8	3.5	2.4	1.9	2.6	2.5	2.6	2.4	8.0	4.1	3.2	2.5
% Change, Year Ago	5.8	4.0	3.6	3.2	3.2	3.4	3.1	2.9	2.6	2.4	2.4	2.5				
CPI ex Food & Energy (% SAAR)	5.0	4.7	3.0	3.4	4.0	3.3	3.0	2.8	2.7	2.6	2.6	2.5	6.2	4.8	3.5	2.8
% Change, Year Ago	5.6	5.2	4.4	4.0	3.8	3.4	3.4	3.3	3.0	2.8	2.7	2.6				

Source: BofA Global Research

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Rates and dollar forecast

Table 1: Rates and dollar forecast

We think the Fed is done hiking and will start cutting in June

	Spot	24-Mar	24-Jun	24-Sep	24-Dec	25-Mar	25-Jun	25-Sep	25-Dec
Interest rates									
Fed Funds	5.33	5.25-5.50	5.00-5.25	4.75-5.00	4.50-4.75	4.25-4.50	4.00-4.25	3.75-4.00	3.50-3.75
Fed Effective Rate	5.33	5.38	5.13	4.88	4.63	4.38	4.13	3.88	3.63
2-Year T-Note	4.50	4.75	4.50	4.25	4.00	-	-	-	3.75
5-Year T-Note	4.07	4.50	4.40	4.25	4.15	-	-	-	4.00
10-Year T-Note	4.08	4.40	4.30	4.25	4.25	-	-	-	4.25
30-Year T-Bond	4.24	4.70	4.65	4.65	4.75	-	-	-	4.75
Dollar									
EUR-USD	1.09	1.07	1.10	1.12	1.15	1.16	1.17	1.18	1.20
USD-JPY	148	145	143	142	142	140	138	136	136
USD-CAD	1.35	1.35	1.34	1.32	1.30	1.30	1.30	1.30	1.30
AUD-USD	0.66	0.66	0.68	0.71	0.71	0.71	0.71	0.71	0.71
NZD-USD	0.62	0.61	0.62	0.63	0.63	0.63	0.63	0.63	0.63
GBP-USD	1.28	1.26	1.31	1.33	1.37	1.36	1.38	1.39	1.41
USD-CHF	0.88	0.90	0.87	0.87	0.84	0.84	0.85	0.85	0.83
USD-SEK	10.23	10.65	10.36	10.00	9.65	9.57	9.40	9.24	9.00
USD-NOK	10.40	10.65	10.27	9.82	9.48	9.40	9.23	9.07	8.83
USD-CNY	7.19	7.45	7.40	7.10	6.90	6.90	6.80	6.80	6.70
USD-MXN	16.88	17.80	18.00	18.30	18.50	18.70	18.90	19.10	19.50

Source: BofA Global Research

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Rolling calendar of business indicators

Key economic data over the next three weeks

Next week the focus will be on CPI, PPI, and retail sales

Monday	Tuesday	Wednesday	Thursday	Friday
Mar 11	**Mar 12**	**Mar 13**	**Mar 14**	**Mar 15**
	6:00 am: NFIB Small Bus. Optimism – Feb 8:30 am: Consumer Price Index – Feb 2:00 pm: Monthly Budget Statement - Feb	7:00 am: MBA Mortgage Applications – week ending 03/08/2024	8:30 am: Initial Jobless Claims – week ending 03/09/2024 8:30 am: Advance Retail Sales – Feb 8:30 am: Producer Price Index – Feb 10:00 am: Business Inventories - - Jan	8:30 am: Import Price Index – Feb 8:30 am: Empire Manufacturing – Mar 9:15 am: Industrial Production – Feb 10:00 am: U. of Mich Sentiment – Mar (P)
Mar 18	**Mar 19**	**Mar 20**	**Mar 21**	**Mar 22**
10:00 am: NAHB Housing Index – Mar	8:30 am: Housing Starts & Permits – Feb	7:00 am: MBA Mortgage Applications – week ending 03/15/2024 **2:00 pm: FOMC Rates Decision**	8:30 am: Initial Jobless Claims – week ending 03/16/2024 8:30 am: Philly Fed – Mar 9:45 am: S&P Global US Manufacturing and Services PMI – Mar (P)	
Mar 25	**Mar 26**	**Mar 27**	**Mar 28**	**Mar 29**
10:00 am: New Home Sales –Feb	8:30 am: Durable Goods Orders – Feb (P) 9:00 am: S&P CoreLogic CS HPI – Jan 10:00 am: Conference Board Confidence –Mar	7:00 am: MBA Mortgage Applications – week ending 03/22/2024	8:30 am: Initial Jobless Claims – week ending 03/23/2024 8:30 am: GDP - 4Q (T) 10:00 am: U. of Mich Sentiment – Mar (F) 10:00 am: Pending Home Sales - Feb	Good Friday 8:30 am: Advance Goods Trade Balance – Feb 9:45 am: Chicago PMI – Mar 8:30 am: Personal Income & Outlays – Feb

*Projections- subject to revision as additional data become available. P - preliminary reading , S - second reading, T - third reading, F - final reading

Source: Bloomberg

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CPI and PCE Forecast tables

Exhibit 18: CPI monthly forecast table

We expect CPI inflation to moderate over the course of our forecast horizon

	Non-seasonally Adjusted						Seasonally Adjusted									
	Headline CPI			Energy			Headline CPI					Core CPI				
	Level	m/m	y/y	Level	m/m	y/y	Level	m/m	y/y	q/q saar	y/y (quarterly)	Level	m/m	y/y	q/q saar	y/y (quarterly)
2022: Jan	281.15	0.8	7.5	260.65	1.7	27.0	282.39	0.6	7.6			286.81	0.6	6.1		
2022: Feb	283.72	0.9	7.9	267.77	2.7	25.6	284.54	0.8	7.9			288.29	0.5	6.5		
2022: Mar	287.50	1.3	8.5	298.25	11.4	32.0	287.55	1.1	8.5	9.1	8.0	289.04	0.3	6.5	6.7	6.3
2022: Apr	289.11	0.6	8.3	298.47	0.1	30.3	288.76	0.4	8.3			290.52	0.5	6.2		
2022: May	292.30	1.1	8.6	316.76	6.1	34.6	291.36	0.9	8.5			292.07	0.5	6.0		
2022: Jun	296.31	1.4	9.1	340.92	7.6	41.6	295.00	1.2	9.0	10.0	8.6	293.97	0.7	5.9	5.9	6.0
2022: Jul	296.28	0.0	8.5	325.41	-4.5	32.9	294.98	0.0	8.4			295.06	0.4	5.9		
2022: Aug	296.17	0.0	8.3	305.37	-6.2	23.8	295.21	0.1	8.2			296.57	0.5	6.3		
2022: Sep	296.81	0.2	8.2	297.34	-2.6	19.8	296.34	0.4	8.2	5.3	8.3	298.28	0.6	6.6	6.2	6.3
2022: Oct	298.01	0.4	7.7	300.36	1.0	17.6	297.86	0.5	7.8			299.35	0.4	6.3		
2022: Nov	297.71	-0.1	7.1	292.95	-2.5	13.1	298.65	0.3	7.1			300.29	0.3	6.0		
2022: Dec	296.80	-0.3	6.5	274.94	-6.1	7.3	298.81	0.1	6.4	4.0	7.1	301.42	0.4	5.7	5.1	6.0
2023: Jan	299.17	0.8	6.4	283.33	3.1	8.7	300.36	0.5	6.4			302.71	0.4	5.5		
2023: Feb	300.84	0.6	6.0	281.67	-0.6	5.2	301.51	0.4	6.0			304.12	0.5	5.5		
2023: Mar	301.84	0.3	5.0	279.08	-0.9	-6.4	301.74	0.1	4.9	3.8	5.7	305.11	0.3	5.6	4.9	5.5
2023: Apr	303.36	0.5	4.9	283.35	1.5	-5.1	303.03	0.4	4.9			306.54	0.5	5.5		
2023: May	304.13	0.3	4.0	279.82	-1.2	-11.7	303.37	0.1	4.1			307.65	0.4	5.3		
2023: Jun	305.11	0.3	3.0	283.85	1.4	-16.7	304.00	0.2	3.1	3.0	4.0	308.25	0.2	4.9	4.7	5.2
2023: Jul	305.69	0.2	3.2	284.83	0.3	-12.5	304.63	0.2	3.3			308.95	0.2	4.7		
2023: Aug	307.03	0.4	3.7	294.33	3.3	-3.6	306.19	0.5	3.7			309.66	0.2	4.4		
2023: Sep	307.79	0.2	3.7	296.00	0.6	-0.5	307.29	0.4	3.7	3.4	3.6	310.64	0.3	4.1	3.0	4.4
2023: Oct	307.67	0.0	3.2	286.75	-3.1	-4.5	307.53	0.1	3.2			311.39	0.2	4.0		
2023: Nov	307.05	-0.2	3.1	277.03	-3.4	-5.4	308.02	0.2	3.1			312.35	0.3	4.0		
2023: Dec	306.75	-0.1	3.4	269.38	-2.8	-2.0	308.74	0.2	3.3	2.7	3.2	313.21	0.3	3.9	3.4	4.0
2024: Jan	308.42	0.5	3.1	270.42	0.4	-4.6	309.69	0.3	3.1			314.44	0.4	3.9		
2024: Feb	310.31	0.6	3.1	276.41	2.2	-1.9	311.03	0.4	3.2			315.41	0.3	3.7		
2024: Mar	312.23	0.6	3.4	285.22	3.2	2.2	312.23	0.4	3.5	3.8	3.2	316.36	0.3	3.7	4.0	3.8
2024: Apr	313.39	0.4	3.3	289.33	1.4	2.1	313.00	0.2	3.3			317.18	0.3	3.5		
2024: May	314.43	0.3	3.4	292.68	1.2	4.6	313.53	0.2	3.3			318.00	0.3	3.4		
2024: Jun	315.83	0.4	3.5	299.51	2.3	5.5	314.57	0.3	3.5	3.5	3.4	318.82	0.3	3.4	3.3	3.4
2024: Jul	316.14	0.1	3.4	295.57	-1.3	3.8	314.95	0.1	3.4			319.64	0.3	3.5		
2024: Aug	316.73	0.2	3.2	295.45	0.0	0.4	315.81	0.3	3.1			320.38	0.2	3.5		
2024: Sep	316.54	-0.1	2.8	288.65	-2.3	-2.5	316.03	0.1	2.8	2.4	3.1	321.12	0.2	3.4	3.0	3.4
2024: Oct	316.53	0.0	2.9	282.55	-2.1	-1.5	316.33	0.1	2.9			321.85	0.2	3.4		
2024: Nov	316.18	-0.1	3.0	279.56	-1.1	0.9	317.11	0.2	2.9			322.58	0.2	3.3		
2024: Dec	315.84	-0.1	3.0	274.84	-1.7	2.0	317.91	0.3	3.0	1.9	2.9	323.30	0.2	3.2	2.8	3.3
2025: Jan	317.19	0.4	2.8	277.96	1.1	2.8	318.42	0.2	2.8			324.02	0.2	3.0		
2025: Feb	318.34	0.4	2.6	277.99	0.0	0.6	319.07	0.2	2.6			324.73	0.2	3.0		
2025: Mar	319.92	0.5	2.5	285.20	2.6	0.0	319.88	0.3	2.4	2.6	2.6	325.45	0.2	2.9	2.7	3.0
2025: Apr	320.88	0.3	2.4	288.78	1.3	-0.2	320.47	0.2	2.4			326.15	0.2	2.8		
2025: May	321.80	0.3	2.3	292.26	1.2	-0.1	320.87	0.1	2.3			326.86	0.2	2.8		
2025: Jun	323.19	0.4	2.3	300.56	2.8	0.4	321.90	0.3	2.3	2.5	2.4	327.56	0.2	2.7	2.6	2.8
2025: Jul	323.55	0.1	2.3	299.37	-0.4	1.3	322.31	0.1	2.3			328.25	0.2	2.7		
2025: Aug	324.33	0.2	2.4	302.90	1.2	2.5	323.36	0.3	2.4			328.94	0.2	2.7		
2025: Sep	324.28	0.0	2.4	299.26	-1.2	3.7	323.73	0.1	2.4	2.6	2.4	329.63	0.2	2.6	2.6	2.7
2025: Oct	324.38	0.0	2.5	295.62	-1.2	4.6	324.16	0.1	2.5			330.31	0.2	2.6		
2025: Nov	324.12	-0.1	2.5	294.92	-0.2	5.5	325.07	0.3	2.5			330.99	0.2	2.6		
2025: Dec	323.86	-0.1	2.5	291.87	-1.0	6.2	325.95	0.3	2.5	2.4	2.5	331.67	0.2	2.6	2.5	2.6

Source: Bureau of Labor Statistics, BofA Global Research

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Exhibit 19: PCE inflation monthly forecast table (Seasonally adjusted)

We expect PCE inflation to moderate over the course of our forecast horizon

	%y/y				% m/m			
	Headline	Core	Core goods	Core services	Headline	Core	Core goods	Core services
2022: Jan	6.30%	5.37%	6.92%	4.80%	0.52%	0.47%	0.94%	0.30%
2022: Feb	6.55%	5.57%	7.64%	4.82%	0.59%	0.41%	0.51%	0.38%
2022: Mar	6.89%	5.55%	7.46%	4.84%	0.84%	0.39%	0.00%	0.54%
2022: Apr	6.62%	5.25%	6.32%	4.87%	0.30%	0.33%	0.12%	0.40%
2022: May	6.69%	5.07%	5.68%	4.86%	0.57%	0.36%	0.36%	0.36%
2022: Jun	7.12%	5.19%	5.66%	5.02%	0.91%	0.56%	0.62%	0.54%
2022: Jul	6.62%	4.96%	5.43%	4.79%	0.01%	0.21%	0.05%	0.26%
2022: Aug	6.52%	5.21%	5.55%	5.09%	0.33%	0.54%	0.61%	0.52%
2022: Sep	6.56%	5.47%	5.71%	5.39%	0.36%	0.46%	0.19%	0.55%
2022: Oct	6.35%	5.33%	4.62%	5.59%	0.45%	0.35%	-0.10%	0.51%
2022: Nov	5.93%	5.09%	3.84%	5.55%	0.22%	0.28%	-0.24%	0.47%
2022: Dec	5.44%	4.87%	3.11%	5.51%	0.21%	0.39%	-0.01%	0.53%
2023: Jan	5.48%	4.90%	2.59%	5.75%	0.56%	0.51%	0.44%	0.53%
2023: Feb	5.19%	4.84%	2.20%	5.82%	0.32%	0.36%	0.13%	0.44%
2023: Mar	4.44%	4.78%	2.45%	5.64%	0.12%	0.34%	0.24%	0.37%
2023: Apr	4.45%	4.76%	2.45%	5.61%	0.30%	0.31%	0.13%	0.37%
2023: May	3.96%	4.69%	2.45%	5.51%	0.11%	0.29%	0.36%	0.26%
2023: Jun	3.20%	4.28%	1.66%	5.24%	0.17%	0.17%	-0.15%	0.29%
2023: Jul	3.31%	4.19%	1.11%	5.31%	0.13%	0.12%	-0.48%	0.33%
2023: Aug	3.35%	3.73%	0.47%	4.92%	0.36%	0.10%	-0.03%	0.14%
2023: Sep	3.37%	3.59%	0.15%	4.85%	0.38%	0.33%	-0.12%	0.49%
2023: Oct	2.95%	3.39%	0.28%	4.52%	0.04%	0.15%	0.03%	0.20%
2023: Nov	2.71%	3.19%	0.18%	4.29%	-0.01%	0.09%	-0.34%	0.24%
2023: Dec	2.62%	2.94%	-0.08%	4.04%	0.12%	0.14%	-0.28%	0.29%
2024: Jan	2.40%	2.85%	-0.57%	4.08%	0.34%	0.42%	-0.05%	0.58%
2024: Feb	2.60%	2.75%	-0.81%	4.03%	0.34%	0.26%	-0.12%	0.39%
2024: Mar	2.52%	2.67%	-1.11%	4.03%	0.31%	0.26%	-0.06%	0.37%
2024: Apr	2.40%	2.56%	-1.29%	3.94%	0.22%	0.20%	-0.05%	0.28%
2024: May	2.30%	2.47%	-1.68%	3.95%	0.15%	0.20%	-0.05%	0.28%
2024: Jun	2.32%	2.49%	-1.58%	3.95%	0.25%	0.20%	-0.05%	0.28%
2024: Jul	2.42%	2.57%	-1.10%	3.88%	0.13%	0.20%	0.00%	0.27%
2024: Aug	2.51%	2.66%	-1.08%	3.99%	0.22%	0.19%	0.00%	0.25%
2024: Sep	2.38%	2.52%	-0.95%	3.75%	0.10%	0.19%	0.00%	0.25%
2024: Oct	2.39%	2.54%	-0.98%	3.78%	0.10%	0.17%	0.00%	0.23%
2024: Nov	2.48%	2.62%	-0.64%	3.76%	0.19%	0.17%	0.00%	0.23%
2024: Dec	2.52%	2.64%	-0.37%	3.70%	0.19%	0.17%	0.00%	0.23%
2025: Jan	2.31%	2.42%	-0.30%	3.37%	0.17%	0.20%	0.02%	0.26%
2025: Feb	2.26%	2.36%	-0.16%	3.23%	0.19%	0.20%	0.02%	0.26%
2025: Mar	2.20%	2.30%	-0.08%	3.12%	0.23%	0.20%	0.02%	0.26%
2025: Apr	2.20%	2.29%	-0.01%	3.09%	0.18%	0.19%	0.02%	0.25%
2025: May	2.20%	2.29%	0.06%	3.06%	0.14%	0.19%	0.02%	0.25%
2025: Jun	2.19%	2.28%	0.12%	3.03%	0.25%	0.19%	0.02%	0.25%
2025: Jul	2.19%	2.27%	0.14%	3.01%	0.15%	0.19%	0.02%	0.25%
2025: Aug	2.19%	2.28%	0.17%	3.01%	0.26%	0.19%	0.02%	0.25%
2025: Sep	2.19%	2.28%	0.19%	3.00%	0.14%	0.19%	0.02%	0.25%
2025: Oct	2.20%	2.28%	0.21%	3.00%	0.14%	0.17%	0.02%	0.22%
2025: Nov	2.20%	2.28%	0.23%	3.00%	0.22%	0.17%	0.02%	0.22%
2025: Dec	2.20%	2.29%	0.25%	2.99%	0.22%	0.17%	0.02%	0.22%

Source: BEA, BofA Global Research

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