BofA SECURITIES

US Economic Weekly

Mixed data flow should hold the dots steady... but just barely

Weekly viewpoint: inflation beats, all eyes now on the Fed

This week's data flow was mixed. CPI inflation beat expectations, although the details were less concerning than in January. We look for a soft 0.3% print on core PCE inflation. While inflation has hit a bump in the road, the activity data suggest the economy is not overheating. February retail sales were tepid, with large downward revisions to prior months. We think the Fed will still forecast three cuts this year, but it is a very close call.

Week Ahead: if not three cuts, how many?

At the March FOMC meeting, we expect the Fed to revise its outlook in favor of stronger growth and somewhat firmer inflation while leaving unemployment near multi-decade lows. If so, it can guide markets to a cutting cycle that begins in June, but the clear risk is it defers cuts. The Fed will begin discussion about its balance sheet plans. We do not expect details. The near-term focus will be on when and how much to taper Treasury run-off caps while the long-term focus will be on the composition of securities holdings.

Women have helped to unlock US growth potential

This International Women's Day, we examined the role women have played in underpinning the US recovery. More women returning to work post-COVID has been an important part of the labor force rebound, despite elevated childcare costs. Women also play a greater role in household spending decisions than they have in prior decades, fueling spending and supporting economic resilience (see US Economic Viewpoint: Women fuel resilience across the economy).

Exhibit 1: BofA US Economics forecast for the March Summary of Economic Projections
A supply-side bump: More growth, slightly more inflation, low unemployment

	2024	2025	2026	Longer Run
Change in real GDP (% 4Q/4Q)				
March SEP (forecast)	1.8	1.8	1.9	1.8
December SEP	1.4	1.8	1.9	1.8
Unemployment rate (%)				
March SEP (forecast)	4.1	4.1	4.1	4.1
December SEP	4.1	4.1	4.1	4.1
PCE inflation (% 4Q/4Q)				
March SEP (forecast)	2.5	2.2	2.0	2.0
December SEP	2.4	2.1	2.0	2.0
Core PCE inflation (% 4Q/4Q)				
March SEP (forecast)	2.6	2.3	2.0	2.0
December SEP	2.4	2.2	2.0	
Federal funds target rate (midpoint)				
March SEP (forecast)	4.6	3.9	2.9	2.5
December SEP	4.6	3.6	2.9	2.5

Source: BofA Global Research, Federal Reserve Bank

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15 March 2024

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PCE: Personal Consumption Expenditure

CPI: Consumer Price Index

PPI: Producer Price Index

Mixed data flow should hold the dots steady… but just barely

- February inflation was stronger than expected, but with less worrying details than in January. Retail sales were tepid, with large downward revisions.
- At next week's Fed meeting, the median 2024 dot should still show three cuts. It is a close call, but we think it is too early for policymakers to rule out a June cut.
- In our view, the Fed will be eager to start cutting in June because of unfavorable base effects on core inflation in 2H. Three cuts could quickly become zero.

Framing the outlook in terms of supply and demand

Last October, in a speech titled "Something's Got to Give", Fed Governor Waller argued that last year's Goldilocks dynamic of strong growth and disinflation was unlikely to continue, and that eventually either the real economy would cool off or inflation would pick up. Waller was essentially arguing that the positive supply shock from the healing of supply chains and the expansion of labor supply was unlikely to last. Eventually demand would re-assert itself as the main driver of economic activity, either pushing inflation up (if demand were to pick up) or dragging real growth down (if demand were to weaken).

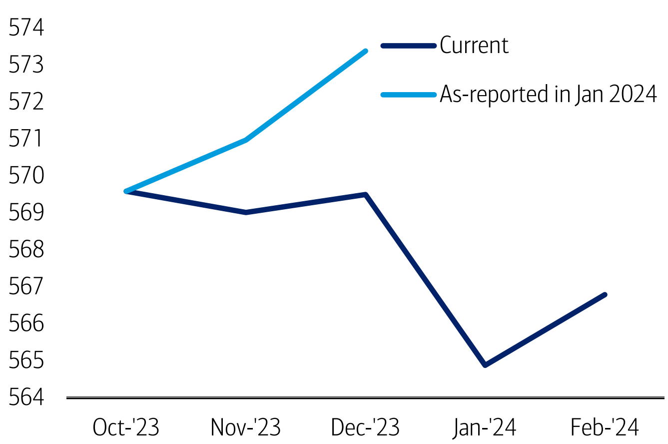
Retail sales revisions reduce overheating risks…

The January data flow raised concerns that the economy was re-accelerating, given the surge in payrolls and inflation (both wages and prices), and the strength in services spending. Upward revisions to 4Q consumer spending and structures investment added fuel to the ostensible fire.

However, the data for February paint a different picture. Nonfarm payroll growth was strong on the month, but there were very large downward revisions to the prior two months' data. Wage inflation was soft, suggesting the January surge was likely weather-related (Exhibit 2; see February US employment: Resilience, but not overheating). Retail sales came in below consensus for February, again with large downward revisions to the December and January data (see Downward revisions tarnish a decent retail sales report). All of this pushes back against concerns that the economy is re-accelerating.

Exhibit 2: Retail sales ex-autos, current vs. as-reported in Jan 2024 (SA, $bn)

Downward revisions to retail sales for Nov, Dec and Jan have significantly lowered the trajectory of retail spending



Source: Census Bureau

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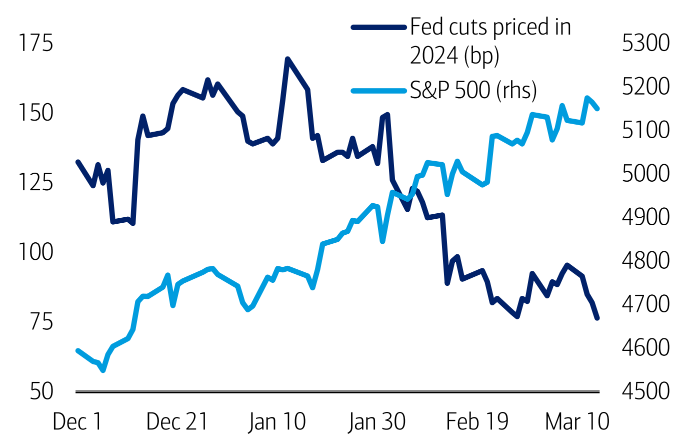
Exhibit 3: Fed cuts priced vs. S&P 500

Risk assets have been virtually unfazed so far by the paring back of Fed cut expectations



Source: Bloomberg

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… but inflation surprised to the upside, again

Meanwhile, CPI inflation once again beat expectations in February. The details of the report were better than in January, with OER moving back toward rental inflation and core services ex housing decelerating (see February CPI Inflation: Services inflation softens, but goods surprise to the upside).

But the Fed will not want to cherry-pick. The broad message from the last two months' inflation data is that the last mile in the push to 2% will probably be the hardest, contrary to growing hopes late last year that we would sprint to the finish line on the back of a sustained tailwind from the supply side. The PPI data were a little better, leaving our core PCE forecast at 0.28% m/m (2.8% y/y).

The pickup in inflation this year suggests that the Goldilocks paradigm has paused, with risk that it has ended. Or perhaps there is residual seasonality in inflation, which tends to boost 1H and weigh on 2H. Either way, the takeaway is that y/y inflation is probably the most appropriate metric. That is still falling, but not as quickly as the Fed would like.

The recent data flow suggests that we are somewhere between the two paths forward that Waller laid out: activity has slowed modestly, but inflation has picked up, or at least is not falling as fast as it was in 2H 2023. One interpretation is that the fading of supply tailwinds is putting upward pressure on inflation and weighing on activity. Another is the perfect data flow has ended and disinflation will be bumpy. More data is needed.

Three reasons for three cuts in the 2024 dot

We will get the Fed's take on the economic trajectory next week, implicitly in the Summary of Economic Projections (SEP) and explicitly in Chair Powell's press conference. The 2024 policy projections, and the dot plot more generally, will be the biggest focus for markets. Our base case is that the median dots for 2024, 2025 and 2026 will remain unchanged from the December SEP. The 2024 median is a particularly close call, with growing investor focus on the risk that it will shift from three cuts to two. We think the Fed will stick to three cuts, for three reasons.

First, there are still three more CPI prints between now and the June decision. The Fed will not want to pre-judge the data. It makes more sense – for now – to preserve the optionality of starting the cutting cycle in June. If the inflation data continue to disappoint, there will be plenty of opportunities in the next three months to take June off the table (including at the May meeting).

Second, while inflation has been uncomfortably elevated, the Fed can take some solace from the weakening activity data, as it lowers the upside risks to services inflation. Re-acceleration of demand would be the worst scenario for rate cut prospects. As discussed above, that seems less likely given the February data.

Third, base effects for core PCE inflation are favorable through May, but unfavorable for six of the next seven months. If the Fed does not start cutting in June, it might not be able to justify rate cuts, at least in terms of inflation, until March 2025. See (March FOMC preview: not giving up on the disinflation trend just yet) for a detailed preview of next week's meeting.

Bimodal outcomes raise the stakes

The "jump risk" from three to potentially zero cuts this year means the stakes are very high for the next three inflation prints. Risk assets have digested remarkably well the shift in 2024 Fed pricing from more than six cuts to around three at the moment, albeit with a big assist from tech stocks (Exhibit 3). We are skeptical that a shift to zero cuts will be as smooth.

If the Fed stays on hold all year, concerns about regional bank balance sheets and debt rollover risk for corporates could resurface. We think the Fed understands this dynamic and is therefore eager to start cutting in June. But the inflation data need to cooperate.

US GDP Tracking

1Q GDP tracking up one-tenth to 2.4%, 4Q up to 3.6%

Since our update last week, 1Q GDP tracking is up one-tenth to 2.4% q/q saar; 4Q tracking is up three-tenths to 3.6% q/q saar. Here is a rundown of changes to our tracking estimate over the past week:

The components of February payrolls that feed into our GDP tracking (state and local government employees, residential remodelers) came in higher than expected, increasing our residential investment and government spending tracking estimate for Q4 and Q1.

CPI, which is used as deflator for our PCE estimate, came in slightly stronger than expected in February, though our 1Q PCE estimate remained unchanged after rounding. PPI which is used as a deflator for structures and inventories was weaker than expected, increasing our estimates for structures and inventories slightly.

Retail sales in February came in above our below-consensus forecast. However, after taking into account downward revisions to January and December, we lowered our Q4 and Q1 PCE and residential investment estimates.

Methodological assumptions on account of stronger than expected results of 4Q Quarterly Services Survey (QSS), led to an increase in 4Q and 1Q PCE tracking.

Next week, February housing starts and permits could affect our 1Q and 4Q GDP tracking.

Exhibit 4: BofA US GDP tracking estimate (% q/q saar)

1Q GDP tracking is up one-tenth to 2.4% q/q saar largely due the higher than expected February employment report and Q4 QSS print

Date	Data release	GDP	Final Sales	PCE	Res. Inv.	Struct	Equip	IPP	Gov.	Exports	Imports	Net exports (level)	CIPI (level)
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
3/8/24	Employment Report	**2.4**	**2.4**	1.7	**3.7**	4.7	3.3	3.0	**3.9**	2.8	2.7	-923.3	65.1
3/12/24	CPI	2.4	2.4	1.7	3.7	4.7	3.3	3.0	3.9	2.8	2.7	-923.3	65.1
3/14/24	Retail Sales	**2.3**	**2.3**	**1.5**	**3.5**	4.7	3.3	3.0	3.9	2.8	2.7	-923.3	65.1
3/14/24	PPI/Business Inventories	2.3	2.3	1.5	3.5	**4.8**	3.3	3.0	3.9	2.8	2.7	-923.3	**67.4**
3/14/24	Methodological Assumptions (QSS)	**2.4**	**2.4**	**1.7**	3.5	4.8	3.3	3.0	3.9	2.8	2.7	-923.3	67.4
	GDP tracking	2.4	2.4	1.7	3.5	4.8	3.3	3.0	3.9	2.8	2.7	-923.3	67.4
	Contribution to GDP growth (pp)			1.1	0.1	0.1	0.2	0.2	0.7			-0.1	0.1
	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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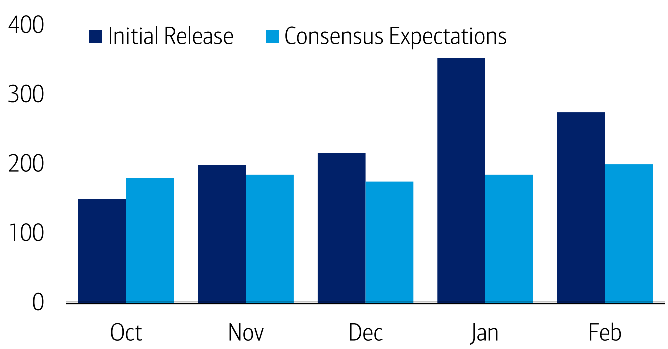
Exhibit 5: Change in non-farm monthly payrolls (SA, thous)

February payrolls came in stronger than expected



Source: Bloomberg

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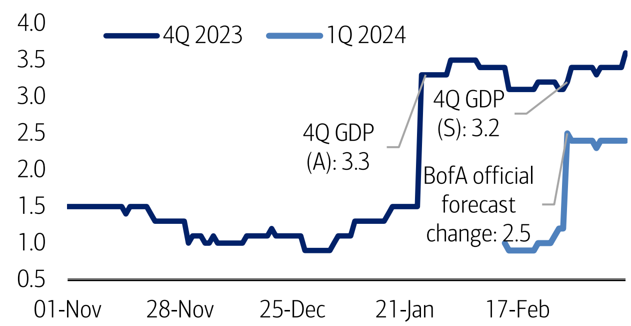
Exhibit 6: GDP tracking evolution (% q/q, SAAR)

1Q GDP tracking is up one-tenth to 2.4% q/q saar; 4Q tracking is up three-tenths to 3.6% q/q saar



Source: BofA Global Research

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Data in the past week

March 11th – 15th

This week the focus was on CPI, PPI, and Retail sales

Date	Time	Indicator	Period	Actual	Consensus	Previous
3/12/24	6:00	NFIB Small Business Optimism	Feb	89.4	9.05	89.9
3/12/24	8:30	Consumer Price Index (yoy)	Feb	3.2%	3.1%	3.1%
3/12/24	8:30	CPI Ex Food & Energy (yoy)	Feb	3.8%	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	0.4%	0.3%	0.4%
3/12/24	14:00	Monthly Budget Statement	Feb	-$296.3bn	-$298.5bn	-$21.9bn
3/13/24	7:00	MBA Mortgage Applications	Mar 8	—	—	9.7%
3/14/24	8:30	Initial Jobless Claims	Mar 09	209k	218k	210k
3/14/24	8:30	Advance Retail Sales	Feb	0.6%	0.8%	-1.1%
3/14/24	8:30	Retail Sales Less Autos	Feb	0.3%	0.5%	-0.8%
3/14/24	8:30	Retail Sales Less Autos and Gas	Feb	0.3%	0.3%	-0.8%
3/14/24	8:30	Core Control	Feb	0.0%	0.4%	-0.3%
3/14/24	8:30	Producer Price Index (mom)	Feb	0.6%	0.3%	0.3%
3/14/24	8:30	PPI Ex Food & Energy (mom)	Feb	0.3%	0.2%	0.5%
3/14/24	8:30	PPI Ex Food, Energy, Trade (mom)	Feb	0.4%	0.3%	0.6%
3/14/24	10:00	Business Inventories	Jan	0.0%	0.2%	0.3%
3/15/24	8:30	Empire Manufacturing	Mar	NR	-7.0	-2.4
3/15/24	8:30	Import Price Index (mom)	Feb	NR	0.3%	0.8%
3/15/24	8:30	Import Price Index ex Petroleum (mom)	Feb	NR	-0.2%	0.6%
3/15/24	9:15	Industrial Production	Feb	NR	0.0%	-0.1%
3/15/24	9:15	Manufacturing Production	Feb	NR	0.3%	-0.5%
3/15/24	9:15	Capacity Utilization	Feb	NR	78.5%	78.5%
3/15/24	10:00	U. of Michigan Sentiment	Mar P	NR	77.2	76.9

Source: BofA Global Research, Bloomberg

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Data in the week ahead

March 18th – 22nd

Next week the focus is on the FOMC Rate Decision

Date	Time	Indicator	Period	BofA Estimate	Consensus	Previous
3/18/24	10:00	NAHB Housing Market Index	Mar	50	48	48
3/19/24	8:30	Building Permits	Feb	1500k	1500k	1470k
3/19/24	8:30	Housing Starts	Feb	1400k	1430k	1331k
3/19/24	16:00	Net Long-term TIC Flows	Jan	—	—	$160.2bn
3/20/24	7:00	MBA Mortgage Applications	Mar 15	—	—	7.1%
3/20/24	**14:00**	**FOMC Rate Decision (mid-point)**	**Mar 20**	**5.375%**	**5.375%**	**5.375%**
3/21/24	8:30	Initial Jobless Claims	Mar 16	212k	—	209k
3/21/24	8:30	Philadelphia Fed Business Outlook	Mar	-2.5	-2.5	5.2
3/21/24	8:30	Current Account Balance	4Q	—	-$209.5bn	-$200.3bn
3/21/24	9:45	S&P Global US manufacturing PMI	Mar P	51.2	51.8	52.2
3/21/24	9:45	S&P Global US services PMI	Mar P	52.0	52.0	52.3
3/21/24	10:00	Leading Indicators	Feb	—	-0.2%	-0.4%
3/21/24	10:00	Existing Home Sales	Feb	3.95M	3.92M	4.00M

Source: BofA Global Research, Bloomberg

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Federal Reserve Speakers

Exhibit 7: Upcoming policy speakers
Key speaking engagements and news events*

Date	Time	Speaker
Mar 18-19	-	Fed blackout period
Mar 20	14:00	FOMC Rates Decision
Mar 20	14:30	Fed Chair Powell Holds Post-Meeting Press Conference
Mar 22	16:00	Fed's Bostic (voter) Participates in Moderated Conversation

Source: Bloomberg

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Exhibit 8: 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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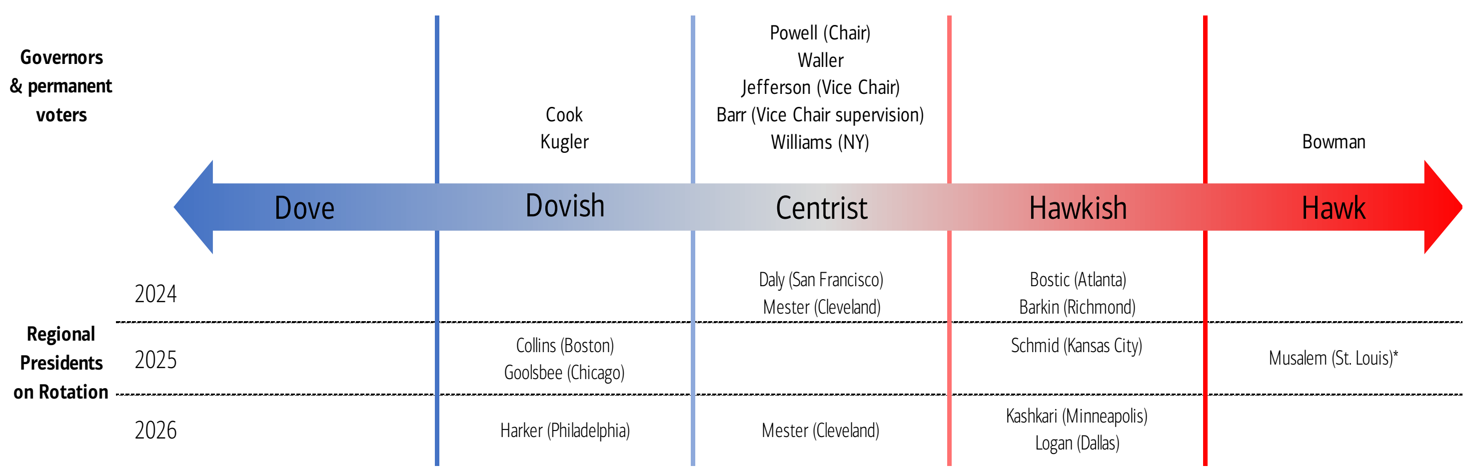
Exhibit 9: BofA US Economics Dove-Hawk chart
This year the regional presidents voting on the FOMC (Federal Open Market Committee) will be Daly, Mester, Bostic and Barkin



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 $92.4bn 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 13, the Fed's balance sheet increased by $3.4bn (H.4.1 Exhibit 10). In the past four weeks, the balance sheet has shrunk by $92.4bn. Balance sheet runoff continues to reduce take-up in the overnight reverse repo facility (ON RRP), which has fallen by $50.9bn over the past four weeks.

Regional bank stress remains contained. Lending through the BTFP increased by $3.4bn to $167.5bn. BTFP has officially ended on March 11.

Exhibit 10: 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	13 Mar	7-day chg	4 week chg	Chg since June 1, 2022
Supplying reserve funds (Federal Reserve assets)				
Reserve Bank credit outstanding	7505.4	3.4	-92.4	-1373.2
Securities held outright	7034.4	-2.9	-77.6	-1446.1
US Treasuries	4628.9	-2.9	-63.6	-1141.9
Federal Agency	2.3	0.0	0.0	0.0
Mortgage-backed securities	2403.2	0.0	-14.0	-304.2
Unamortized premiums on securities held outright	272.7	-0.4	-2.4	-64.5
Unamortized discounts on securities held outright	-25.5	0.2	0.0	-1.0
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	172.5	3.4	2.1	151.9
of which:				
Discount window (primary and secondary credit)	2.0	0.0	-0.4	1.1
Paycheck protection program (PPPLF)	3.1	0.0	-0.2	-16.7
Bank Term Funding Program (BTFP)	167.5	3.4	2.7	167.5
Other credit extensions	0.0	0.0	0.0	0.0
Other factors supplying reserve funds	51.3	3.1	-14.5	-13.5
Total factors supplying reserve funds	7592.7	3.5	-91.9	-1371.7
Absorbing reserve funds (Federal Reserve liabilities)				
Currency in circulation	2341.5	2.5	13.3	61.5
Reverse repo agreements	854.7	61.3	-50.9	-1375.9
Foreign official accounts	332.9	-3.6	2.7	67.4
Others	521.7	64.9	-53.6	-1443.3
Treasury cash holdings	0.5	0.0	0.0	0.4
Other deposits with Federal Reserve Banks	920.4	-7.8	-83.7	-108.0
of which:				
Treasury General Account	748.4	-12.2	-83.5	-32.2
Treasury contributions to credit facilities	7.4	0.0	0.0	-10.5
Other Federal Reserve liabilities and capital	-104.9	-5.0	-6.4	-154.9
Factors absorbing reserves, other than reserves	4019.6	51.0	-127.6	-1587.4
Reserve balances with Federal Reserve banks	3573.2	-47.5	35.7	215.8

Source: Federal Reserve, Haver Analytics, BofA Global Research. Note: Quantitative tightening began on June 1, 2022.

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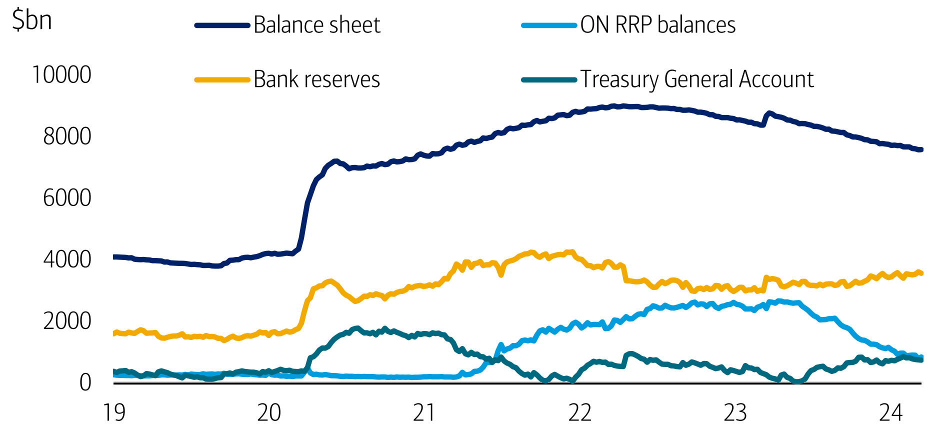
Exhibit 11: The balance sheet, ON RRP balances, bank reserves, and Treasury General Account ($bn)
Nearly all the drain in liquidity from balance sheet runoff has shown up in lower ON RRP balances while bank reserves have been largely stable



Source: Federal Reserve, Haver Analytics, BofA Global Research

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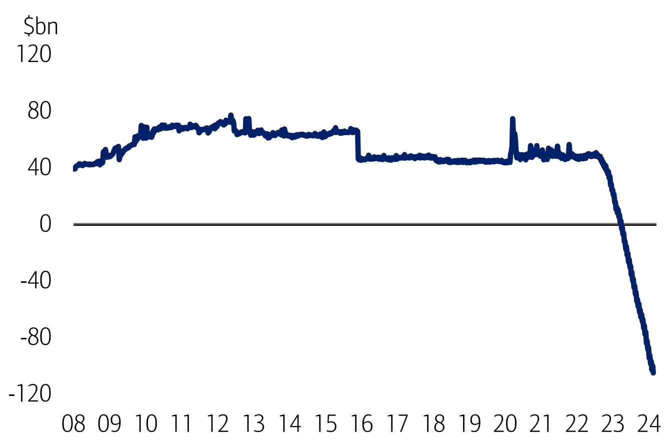
Losses on the Fed's balance sheet. The Fed continues to pay more in interest on reserves than it earns on its securities holdings. Earnings that are retained to cover this loss are booked as a negative liability on the balance sheet under "interest on Federal Reserve Notes due to the US Treasury" in the line item "other Federal Reserve liabilities and capital". The cumulative value of the shortfall in earnings (the "deferred asset") is $104.9bn.

Exhibit 12: Other Federal Reserve Liabilities and Capital ($bn)
Federal Reserve losses are mounting



Source: Federal Reserve, Haver Analytics, BofA Global Research

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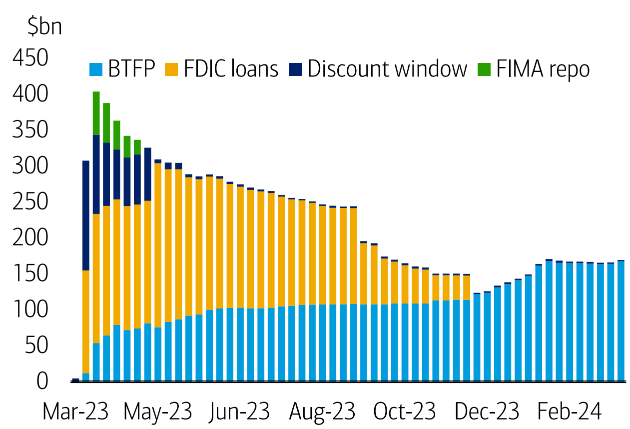
Exhibit 13: Federal Reserve Emergency Lending Facilities ($bn)
Lending through the BTFP has declined recently



Source: Federal Reserve, Haver Analytics, BofA Global Research

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BAC card spending heat map

Exhibit 14: Aggregated daily card spending growth per household (HH) by major category, Mar 3 - 9 (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 9th

	3/9	3/8	3/7	3/6	3/5	3/4	3/3
Total card spending	0.1%	-0.2%	-0.3%	-0.7%	-0.7%	-1.6%	-1.9%
Retail ex auto	-1.0%	-1.2%	-1.4%	-1.5%	-1.6%	-2.0%	-1.9%
Airlines	-3.6%	-3.9%	-3.8%	-4.9%	-5.7%	-6.9%	-7.1%
Lodging	-4.0%	-4.6%	-5.0%	-5.8%	-6.3%	-7.3%	-8.4%
Entertainment	3.2%	2.0%	1.5%	3.5%	5.1%	1.5%	1.6%
Restaurants & bars	-0.1%	-0.4%	-0.7%	-0.9%	-0.9%	-0.9%	-0.4%
Transit	7.4%	8.1%	8.2%	8.1%	8.8%	8.6%	10.0%
Gas	-2.6%	-2.9%	-3.1%	-2.9%	-3.1%	-3.5%	-3.1%
Clothing	-5.0%	-5.7%	-6.3%	-6.7%	-6.6%	-7.1%	-6.5%
Furniture	-11.6%	-12.5%	-12.7%	-13.0%	-13.4%	-13.9%	-13.7%
Department store	-7.8%	-8.3%	-8.3%	-8.9%	-8.5%	-8.8%	-7.7%
Home improvement	-6.7%	-7.8%	-9.0%	-9.0%	-8.0%	-8.2%	-7.4%
Online electronics	-4.4%	-5.7%	-5.9%	-8.4%	-8.4%	-7.5%	-8.9%
Grocery	0.4%	0.4%	0.7%	0.8%	0.5%	-0.2%	-0.5%
General Merchandise	-0.1%	0.1%	-0.3%	-1.1%	-1.5%	-2.5%	-2.6%
Total B&M retail	-2.1%	-2.4%	-2.6%	-2.6%	-2.8%	-3.1%	-2.8%
Total online retail	2.0%	1.9%	1.7%	1.2%	1.2%	0.7%	0.5%
Total card debit	0.4%	0.3%	0.6%	0.4%	0.6%	-0.4%	-0.7%
Total card credit	-0.3%	-1.0%	-1.6%	-2.3%	-2.4%	-3.4%	-3.6%

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 09 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 do 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 15: 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 $, SAAR)	26814	27063	27610	27945	28338	28683	29006	29304	29632	29958	30246	30532	25744	27358	28833	30092
% SAAR	6.2	3.8	8.4	4.9	5.7	5.0	4.6	4.2	4.6	4.5	3.9	3.8	9.1	6.3	5.4	4.4
Key Indicators																
Fed Funds Rate (midpoint, % EOP)	4.875	5.125	5.375	5.375	5.375	5.125	4.875	4.625	4.375	4.125	3.875	3.625	4.375	5.375	4.625	3.625
Industrial Production (% SAAR)	-0.3	0.8	1.7	-2.9	1.0	2.5	1.5	1.5	1.5	1.5	1.5	1.5	3.4	0.2	0.7	1.4
Capacity Utilization (%)	79.5	79.4	79.5	78.6	78.5	79.0	79.0	79.5	79.5	79.5	80.0	80.0	80.3	79.3	79.0	79.7
Nonfarm Payrolls (Avg mom ch, 000s)	305	274	213	227	175	150	125	125	100	100	100	100	377	255	144	100
Civilian Unemployment Rate (%)	3.5	3.6	3.7	3.8	3.8	3.8	3.9	3.9	4.0	4.0	4.0	4.1	3.6	3.6	3.9	4.0
Civilian Participation Rate (%)	62.5	62.6	62.7	62.6	62.6	62.7	62.7	62.7	62.6	62.6	62.6	62.6	62.2	62.6	62.6	62.6
Productivity (% SAAR)	-0.6	3.0	4.5	3.0	1.5	2.0	2.0	2.0	1.5	1.5	1.0	0.5	-1.9	2.5	1.9	1.1
Personal Saving Rate (%)	4.8	5.1	4.2	4.0	4.4	4.6	4.7	4.9	5.1	5.2	5.4	5.6	3.5	4.5	4.7	5.3
Light Vehicle Sales (Millions SAAR)	15.0	15.8	15.7	15.7	15.5	16.0	16.1	16.3	16.6	16.9	17.2	17.7	13.8	15.5	16.0	17.1
Housing Starts (Thous. SAAR)	1385	1450	1370	1485	1385	1470	1580	1635	1640	1660	1670	1680	1551	1425	1520	1665
Current Account (% of GDP)													-3.7	-3.6	-3.4	-3.3
US Budget Balance ($bn, Fiscal Year)													-1375	-1695	-1750	-1800
Inflation																
GDP Price Index (% SAAR)	3.9	1.7	3.3	1.6	3.2	2.9	2.5	2.1	2.5	2.4	2.4	2.3	7.1	3.6	2.6	2.4
% Change, Year Ago	5.3	3.5	3.2	2.6	2.5	2.8	2.6	2.7	2.5	2.4	2.4	2.4				
PCE Chain Prices (% SAAR)	4.2	2.5	2.6	1.8	3.3	3.0	2.1	1.7	2.3	2.2	2.0	2.0	6.5	3.7	2.6	2.1
% Change, Year Ago	5.0	3.9	3.3	2.8	2.5	2.7	2.5	2.5	2.3	2.1	2.0	2.1				
Core PCE Chain Prices (% SAAR)	5.0	3.7	2.0	2.1	3.4	2.7	2.4	2.1	2.3	2.4	2.3	2.2	5.2	4.1	2.6	2.3
% Change, Year Ago	4.8	4.6	3.8	3.2	2.8	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	3.7	2.4	1.9	2.5	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	3.2	3.0	2.6	2.3	2.4	2.5				
CPI ex Food & Energy (% SAAR)	5.0	4.7	3.0	3.4	4.2	3.4	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	3.5	3.5	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	4.69	4.75	4.50	4.25	4.00	-	-	-	3.75
5-Year T-Note	4.29	4.50	4.40	4.25	4.15	-	-	-	4.00
10-Year T-Note	4.29	4.40	4.30	4.25	4.25	-	-	-	4.25
30-Year T-Bond	4.44	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	0.61	0.61	0.62	0.63	0.63	0.63	0.63	0.63	0.63
GBP-USD	1.27	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	10.35	10.65	10.36	10.00	9.65	9.57	9.40	9.24	9.00
USD-NOK	10.58	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	16.72	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 FOMC rates decision, housing starts and permits and S&P global PMIs

Monday	Tuesday	Wednesday	Thursday	Friday
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
Apr 1	**Apr 2**	**Apr 3**	**Apr 4**	**Apr 5**
9:45 am: S&P Global US Manufacturing PMI – Mar F 10:00 am: Construction Spending – Feb 10:00 am: ISM manufacturing – Mar	10:00 am: Factory orders – Feb All Day: Wards Auto Sales - Mar	7:00 am: MBA Mortgage Applications – week ending 03/29/2024 8:15 am: ADP Employment – Mar 9:45 am: S&P Global US Services PMI – Mar F 10:00 am: ISM services– Mar	8:30 am: Initial Jobless Claims – week ending 03/30/2024 8:30 am: Trade Balance – Feb	8:30 am: Employment Report – Mar

*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 16: 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	310.33	0.7	3.2	276.33	2.2	-1.9	311.05	0.4	3.2			315.57	0.3	3.8		
2024: Mar	312.20	0.6	3.4	284.73	3.0	2.0	312.22	0.4	3.5	3.8	3.2	316.52	0.3	3.7	4.1	3.8
2024: Apr	313.49	0.4	3.3	290.58	2.1	2.6	313.13	0.3	3.3			317.33	0.3	3.5		
2024: May	314.54	0.3	3.4	293.97	1.2	5.1	313.66	0.2	3.4			318.15	0.3	3.4		
2024: Jun	315.94	0.4	3.5	300.91	2.4	6.0	314.71	0.3	3.5	3.7	3.4	318.98	0.3	3.5	3.4	3.5
2024: Jul	316.25	0.1	3.5	296.98	-1.3	4.3	315.09	0.1	3.4			319.79	0.3	3.5		
2024: Aug	316.84	0.2	3.2	296.75	-0.1	0.8	315.94	0.3	3.2			320.53	0.2	3.5		
2024: Sep	316.63	-0.1	2.9	289.62	-2.4	-2.2	316.14	0.1	2.9	2.4	3.2	321.28	0.2	3.4	3.0	3.5
2024: Oct	316.59	0.0	2.9	283.32	-2.2	-1.2	316.42	0.1	2.9			322.00	0.2	3.4		
2024: Nov	316.24	-0.1	3.0	280.17	-1.1	1.1	317.19	0.2	3.0			322.73	0.2	3.3		
2024: Dec	315.88	-0.1	3.0	275.24	-1.8	2.2	317.97	0.2	3.0	1.9	3.0	323.46	0.2	3.3	2.8	3.3
2025: Jan	317.21	0.4	2.9	278.19	1.1	2.9	318.48	0.2	2.8			324.17	0.2	3.1		
2025: Feb	318.36	0.4	2.6	278.17	0.0	0.7	319.11	0.2	2.6			324.89	0.2	3.0		
2025: Mar	319.97	0.5	2.5	285.77	2.7	0.4	319.95	0.3	2.5	2.5	2.6	325.61	0.2	2.9	2.7	3.0
2025: Apr	320.95	0.3	2.4	289.64	1.4	-0.3	320.57	0.2	2.4			326.31	0.2	2.8		
2025: May	321.86	0.3	2.3	293.04	1.2	-0.3	320.96	0.1	2.3			327.02	0.2	2.8		
2025: Jun	323.25	0.4	2.3	301.24	2.8	0.1	321.98	0.3	2.3	2.5	2.3	327.72	0.2	2.7	2.6	2.8
2025: Jul	323.60	0.1	2.3	299.96	-0.4	1.0	322.39	0.1	2.3			328.41	0.2	2.7		
2025: Aug	324.38	0.2	2.4	303.49	1.2	2.3	323.44	0.3	2.4			329.10	0.2	2.7		
2025: Sep	324.33	0.0	2.4	299.86	-1.2	3.5	323.81	0.1	2.4	2.6	2.4	329.79	0.2	2.6	2.6	2.7
2025: Oct	324.43	0.0	2.5	296.24	-1.2	4.6	324.25	0.1	2.5			330.47	0.2	2.6		
2025: Nov	324.18	-0.1	2.5	295.60	-0.2	5.5	325.16	0.3	2.5			331.15	0.2	2.6		
2025: Dec	323.92	-0.1	2.5	292.56	-1.0	6.3	326.04	0.3	2.5	2.4	2.5	331.83	0.2	2.6	2.5	2.6

Source: Bureau of Labor Statistics, BofA Global Research

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Exhibit 17: 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	2.65%	2.79%	-0.63%	4.03%	0.38%	0.30%	0.06%	0.39%
2024: Mar	2.57%	2.72%	-0.94%	4.03%	0.31%	0.26%	-0.06%	0.37%
2024: Apr	2.45%	2.60%	-1.11%	3.93%	0.22%	0.20%	-0.05%	0.28%
2024: May	2.34%	2.51%	-1.51%	3.95%	0.15%	0.20%	-0.05%	0.28%
2024: Jun	2.37%	2.53%	-1.40%	3.94%	0.25%	0.20%	-0.05%	0.28%
2024: Jul	2.47%	2.61%	-0.93%	3.87%	0.13%	0.20%	0.00%	0.27%
2024: Aug	2.56%	2.71%	-0.90%	3.98%	0.22%	0.19%	0.00%	0.25%
2024: Sep	2.43%	2.56%	-0.78%	3.74%	0.10%	0.19%	0.00%	0.25%
2024: Oct	2.44%	2.58%	-0.80%	3.77%	0.10%	0.17%	0.00%	0.23%
2024: Nov	2.53%	2.66%	-0.46%	3.76%	0.19%	0.17%	0.00%	0.23%
2024: Dec	2.57%	2.69%	-0.19%	3.69%	0.19%	0.17%	0.00%	0.23%
2025: Jan	2.36%	2.47%	-0.12%	3.36%	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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