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Economic Outlook U.S. Q1 2026: Steady As She Goes But On A Narrow Path

Sector **Economic Research, Financial Institutions, U.S. Public Finance, Corporates, Structured Finance**

Region **Americas, EMEA, APAC**

View Analyst Contact Information

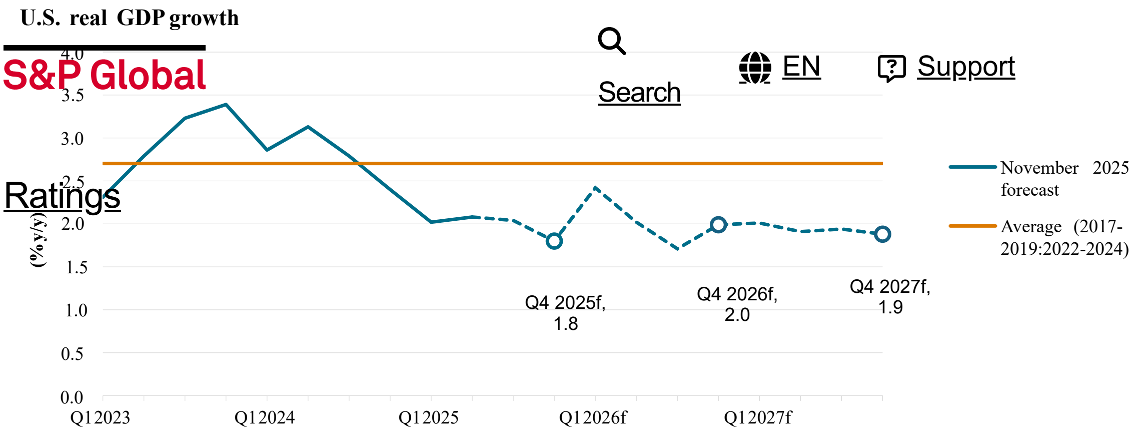
This report does not constitute a rating action.

Key Takeaways

- We forecast U.S. real GDP growth of 2% in 2025 and 2026, modestly up from our September forecast and slightly above near-term potential growth. We project real consumer spending growth will hit a cycle low over the next two years, while AI-related hard and soft infrastructure will likely continue to drive investment growth.
- Low-hire, low-fire is likely to remain the story in the labor market. We predict consumer price inflation will persist near 3% in first half of next year before falling back toward 2%.
- We continue to pencil in a 25-basis-point (bp) fed funds rate cut in December, followed by 50 bps of easing over the second half of 2026. However, a data-dependent Federal Reserve may choose to wait until January to cut instead, due to delays in top-tier data (from the recent government shutdown).

S&P Global Ratings projects U.S. economic growth to slow to 2% in 2025 and 2026 on an annual average basis, from 2.8% in 2024. This represents a modest uptick from our September forecast and is slightly above near-term potential growth.

Chart 1



f--Forecast. Sources: National Income and Production Accounts via DataInsight Desktop and S&P Global Ratings economics.

Behind our GDP forecast, we anticipate that this year's U.S. tax and spending bill, also referred to as the One Big Beautiful Bill Act, will support next year's consumer spending. Nevertheless, we expect consumer spending to hit a cycle low of 1.8% in 2027, conditioned on net immigration growth tracking close to zero. (Since 2012, growth in the working-age population without immigration has fallen below zero, reflecting slowing birth rates and the aging of baby boomers). The budget also has incentives for businesses to spend. In addition, we expect the fiscal impulse from direct government spending (federal and state and local), which was negative in the second half of this year, to turn positive next year.

We also assume AI-related spending will continue to power real private investment next year, but at a slower pace (in growth terms) given supply constraints (such as power, water, and land) and already high levels of spending heading into next year. Finally, we think a lack of affordable housing will leave the housing market stuck, while net exports will likely be slightly positive for growth.

Recent data leaves the Fed in a bind regarding its mandate to balance inflation and employment risks. In addition to slowing--but still relatively resilient--GDP growth, we anticipate the low-hire, low-fire story will persist for the labor market. That means the unemployment rate may not rise much, even as payroll growth stagnates. Meanwhile, goods inflation has creeped up and services disinflation has slowed. We predict core inflation will persist near 3% (year over year) in the first half of next year before moving back down.

We continue to pencil in a 25-bp fed funds rate cut in December. We expect the Fed to sell its next policy easing as another insurance cut against downside risks to employment but emphasize that more cuts are not automatic given elevated inflation and somewhat resilient growth.

Delays in government data due to the shutdown may nudge the Fed's rate-setting committee to wait longer (perhaps until January) to make any changes to monetary policy. Regardless, we assume an additional 50 bps of easing over the second half of 2026.

S&P Global Ratings' U.S. economic forecast (summary)

November 2025

Key indicator (annual average % change)	2023	2024	2025f	2026f	2027f	2028f
Real GDP	2.9	2.8	2.0	2.0	1.9	1.8
change from September (ppt.)	0.0	0.0	0.1	0.2	0.1	-0.2
Real GDP (Q4/Q4)	3.4	2.4	1.8	2.0	1.9	1.7
change from September (ppt.)	0.2	-0.1	0.3	0.2	0.0	-0.3
Consumer spending	2.6	3.0	2.5	2.0	1.8	2.0
Private nonresidential fixed investment	7.3	2.9	4.0	2.1	2.4	2.6
Private residential investment	-7.8	3.2	-1.8	1.1	2.1	2.5
Government spending	3.5	3.8	1.2	0.4	0.2	-0.5
CPI	4.1	3.0	2.7	2.6	2.4	2.2
Core CPI	4.8	3.4	3.0	2.9	2.4	2.4
Core PCE (Q4/Q4)	3.3	3.0	2.9	2.5	2.2	2.3

Labor Productivity (real GDP/ total employment)	0.7	1.4	1.0	1.7	1.5	1.3
(annual average levels)						
Unemployment rate %	3.6	4.0	4.2	4.5	4.3	4.1
Housing starts (mil.)	1.42	1.37	1.36	1.35	1.38	1.41
Light vehicle sales (mil.)	15.5	15.8	16.1	15.6	15.8	15.9
10-year Treasury %	4.0	4.2	4.3	3.8	3.7	3.7
Federal funds rate %	5.0	5.1	4.2	3.5	3.1	3.1
Federal funds rate % (Q4 average)	5.3	4.6	3.8	3.3	3.1	3.1
All percentages are annual averages, unless otherwise noted. Core CPI is Consumer Price Index excluding energy and food components. Core PCE is personal consumption expenditures price index excluding energy and food. f--Forecast. Sources: Bureau of Economic Analysis, Bureau of Labor Statistics, The Federal Reserve, S&P Global Market Intelligence Global Link Model, and S&P Global Ratings economics forecasts.						

On a fourth quarter over fourth quarter basis, we now expect real GDP growth to be 1.8% and 2% in 2025 and 2026, respectively (see table 1; please refer to table 2 for extended forecasts). This is still down from 2.4% last year, but not as bad as many had feared given the policy crosscurrents during the year.

In 2027 and 2028, we forecast real GDP growth will slow further, averaging 1.8% annually. That slowdown in growth is the net result of several factors, including the lessening of the 2025 reconciliation act's near-term boost to aggregate demand and the drag from slower labor force growth.

Key Themes Heading Into 2026

We raised our GDP forecast despite the government shutdown

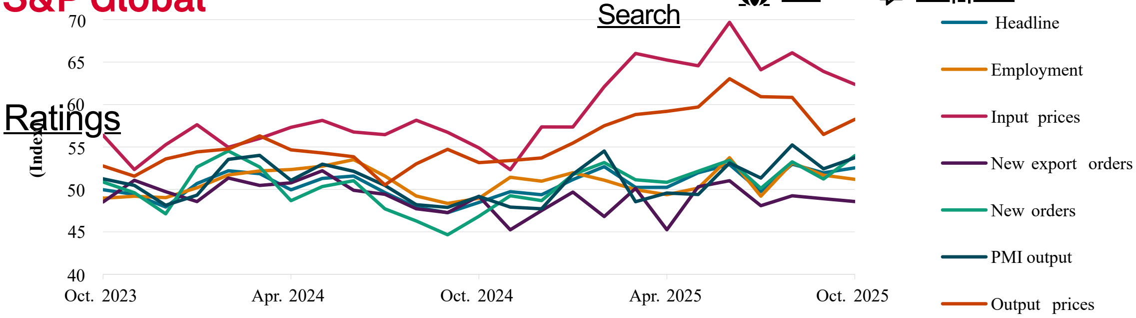
We slightly raised our GDP growth forecast for this year and the next from our September forecasts, despite the federal government shutdown in the fourth quarter. This is because running estimates for third-quarter private sector spending growth have come in stronger than we anticipated, and that momentum appears to have carried over into the fourth quarter.

Real private domestic final purchases (PDFP)--which comprises consumer spending and private fixed investment and often provides a better signal of underlying economic momentum than GDP--as well as net exports continued at a solid pace in the third quarter. The Federal Reserve Bank of Atlanta's running estimate points to PDFP growth of a little over 3%, with most September data not yet out as of Nov. 14.

The third-quarter growth momentum in the private sector appears to have carried over into the fourth quarter despite the government shutdown. Output grew in October at its second-fastest rate of the year across both manufacturing and services in the U.S., according to the S&P Global Market Intelligence PMI. Other high frequency data, including from Open Table and the Chicago Fed's retail sales tracker further corroborate the growth signal from the PMI.

Chart 2

S&P Global Market Intelligence's manufacturing PMI components



Data through October 2025. S&P Global Market Intelligence is a division of S&P Global, as is S&P Global Ratings. Sources: PMI by S&P Global Market Intelligence via Desktop DataInsights and S&P Global Ratings economics.

Still, accounting for the drag from the federal government shutdown, the U.S. economy likely expanded at a sub-1% annualized pace in the fourth quarter. The travel industry appears to have suffered, per data on hotel occupancy in October and Transportation Security Administration travel throughput in November. The Congressional Budget Office estimated the six-week federal government shutdown likely slowed annualized quarterly real GDP by 1.5 percentage points.

Most of the fourth quarter's forgone output due to the shutdown (such as fewer services provided by federal workers, lower federal spending on goods and services and Supplemental Nutrition Assistance Program benefits, and lower output in the private sector from reduced aggregate demand) will be recouped by the first quarter of 2026. However, lower output from the time furloughed employees did not work will not be recovered.

Still, the end of the shutdown could be more of a temporary patch than a permanent fix. The deal that ended the shutdown includes full-year funding for only three out of 12 annual spending bills. The parts of the government that rely on the other spending bills are funded only through January, leaving a real risk of a partial shutdown come February (albeit not in our baseline assumption), especially if negotiations over Affordable Care Act subsidies falter.

Aside from the government shutdown's drag on quarterly growth, the economic narrative broadly remains the same for the U.S. economy as in our September forecast.

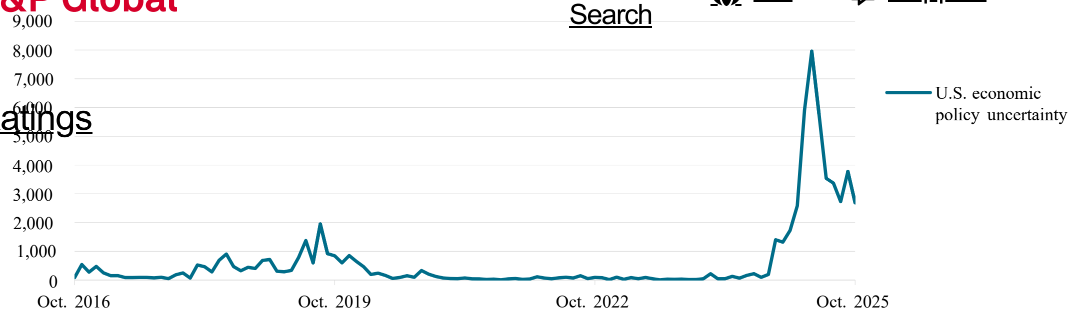
With peak tariff uncertainty behind us, affordability comes center stage

S&P Global Ratings believes there is a high degree of unpredictability around policy implementation by the U.S. administration and possible responses—specifically with regard to tariffs—and the potential effect on economies, supply chains, and credit conditions around the world. As a result, our baseline forecasts carry a significant amount of uncertainty, magnified by ongoing regional geopolitical conflicts. As situations evolve, we will gauge the macro and credit materiality of potential shifts and reassess our guidance accordingly (see our research here: **spglobal.com/ratings**).

Peak tariff-related uncertainty is likely behind us. Uncertainty is a feature of the current policymaking environment. We are likely to see tariff policy continue to bounce around, but the broad uncertainty surrounding bilateral tariff policies likely peaked last spring and summer. We assume the U.S.-Mexico-Canada agreement will be renewed in 2026 (with tweaks around the edges, perhaps). We also assume the overall effective tariff rate based on collection will be limited at a current level of approximately 10%. (The average effective announced tariffs based on 2024 share of imports is currently running at 17%). But with peak uncertainty behind us, the consequences of the tariffs on affordability have come center stage in the political sphere.

Chart 3

U.S. trade policy uncertainty



Data through October 2025. Sources: U.S. Economic Policy Uncertainty, Refinitiv, and S&P Global Ratings economics.

We think we haven't yet seen the full effects of tariffs, so we anticipate core goods inflation to continue climbing. In our projection, a combination of goods inflation and slower services disinflation would keep overall core inflation near 3% through mid-2026, further eroding consumers' purchasing power.

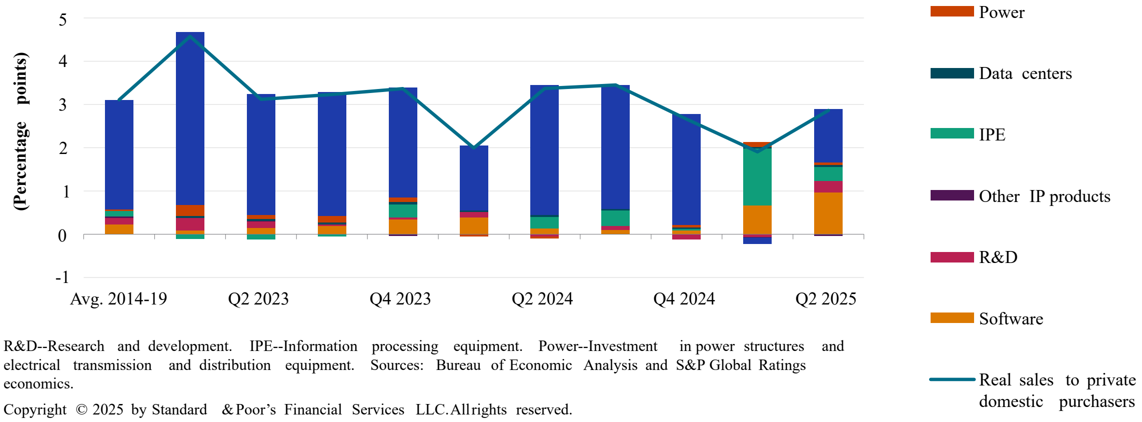
Inflation may have come in below expectations in September, but it remains well above 2%. In September, the headline index was up 3.8% (monthly annualized rate) while core CPI inflation rose 2.8%. In addition, the percent of items in the CPI basket that saw prices increase by over 3% has risen over this year to 60% in September.

The stop-and-start rollout of the tariffs, substitution away from highly tariffed Chinese goods, proactive pricing strategies, and logistical maneuvers bought companies--and consumers--some time, but that cushion is shrinking. We foresee cost pressures broadening and increasing over the next 12 months, since we believe it's unrealistic to assume that businesses can absorb the entire tariff cost. U.S. manufacturers can't quickly shift suppliers; those that have large shares of imported intermediate inputs are facing higher levies and are at risk of becoming less competitive.

AI-centric investment is driving GDP growth but has little to show for in job growth

Tech investment will remain a major engine for GDP growth in the next few years. We expect investments in domestically produced software and research and development (R&D), as well as infrastructure investment in data centers (and power). In the first half of the year, nearly 80% of PDFP growth came from this high-tech investment, which includes data centers, information processing hardware, software, and R&D. As a whole, these made up a little over 7% of PDFP (or 6% of GDP)--a truly outsize contribution from a small part of the economy.

Chart 4



R&D--Research and development. IPE--Information processing equipment. Power--Investment in power structures and electrical transmission and distribution equipment. Sources: Bureau of Economic Analysis and S&P Global Ratings economics.

Investment in computer hardware and data centers by themselves increased close to 40% year over year. The growth rates of software and R&D investment have also notably accelerated, albeit modestly in comparison. One notable exception is that nearly all computer hardware is now imported, meaning the boost to GDP from increased hardware investment is offset by higher imports (compared to the '90s tech boom, when most PCs were produced in the U.S.).

Putting aside expenditure-based GDP data, sectoral output-based GDP data (which comes out with a lag) currently has evidence of an AI-centric boost in the information and communications technology sector. Over the next few years, we expect the impact of AI to broaden, as it begins to boost productivity in other service sectors too.

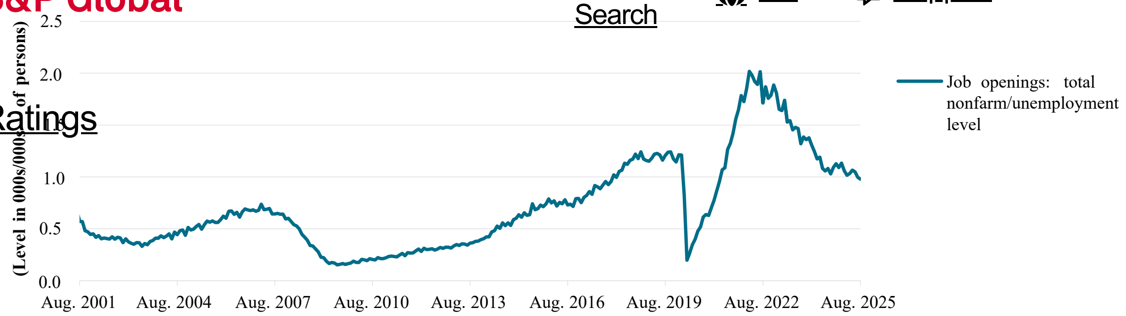
The percentage of firms reporting AI adoption nationwide has doubled to 14% in the last year or so, according to the U.S. Census Bureau's Business Trends and Outlook Survey. An alternative recent survey from the New York Fed showed that 40% of service firms in New York and Northern New Jersey reported using AI this year, up from 25% last year, and 44% expect to use AI over the next six months.

The labor market has softened markedly, with signs that GDP growth hasn't led to job creation over the summer. Low hire, low fire may be the new normal. Payroll growth has slowed to 39,000 per month on average since May, which is sharply below 150,000 in the 12 months through April. We also expect official numbers to be revised down even further early next year as part of the annual benchmark revision.

The number of job openings available per number of unemployed has fallen back to levels last seen in 2017. The breadth of industries adding jobs has now fallen to just above 50% (three-month average of July-September). We've previously only seen the labor market have such narrow growth drivers during past recessions or early recoveries.

Chart 5

U.S. job openings to unemployment level ratio

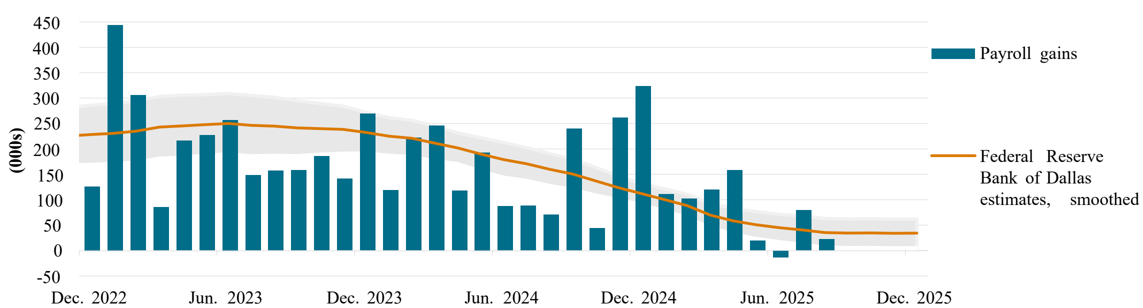


Data as of August 2025. Sources: Bureau of labor Statistics via FRED and S&P Global Ratings economics.

Sharply lower immigration is a major challenge to labor supply, especially with the labor force already structurally slowing from the unavoidable growing share of retirees in the population. It also means that the sustainable employment growth is now likely below 50,000 per month. The unemployment rate therefore may not rise much higher than the current 4.4%, even as employment growth remains tepid.

Chart 6

Breakeven estimate and recent payrolls trend lower



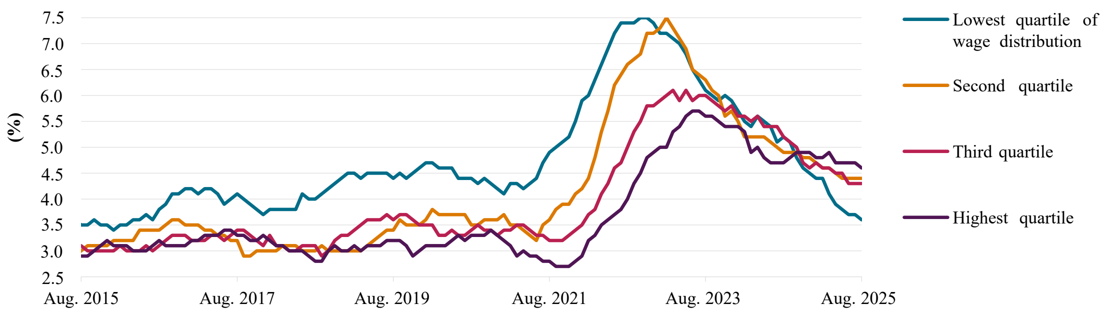
Data through August 2025. Sources: Bureau of Labor Statistics, Federal Reserve Bank of Dallas, and S&P Global Ratings economics.

But it is not just a supply-side issue. Labor demand has also slowed due to cyclical weakness in many sectors, as indicated by wage growth that has fallen back to the pre-pandemic annualized pace. The public sector's efforts to curb positions haven't helped.

Chart 7

Atlanta Fed wage growth tracker by wage level

12-month moving average of median wage growth for each category, hourly data



Data through August 2025. Sources: Current Population Survey, Bureau of Labor Statistics, Federal Reserve Bank of Atlanta, and S&P Global Ratings economics.

If the above-mentioned New York Fed survey indicates what's to come nationwide, firms plan to retrain their workforces to take advantage of AI to enhance productivity, and widespread layoffs will be limited . But survey respondents also report that AI has led firms to scale back hiring, which may be contributing to suppress job creation in the U.S. economy, a concern for many workers--particularly newer entrants to the job market.

Meanwhile, the AI-related spending that has been driving GDP growth has not boosted employment in the tech sector. Rather, the sector has lost so many jobs that the number of jobs is back below the pre-pandemic trend.

Private consumption spending to weaken despite healthy household balance sheets

U.S. real private consumption spending growth is poised to hit a cycle low over the next two years amid softer aggregate real total compensation. This summer's budget legislation will support consumer spending growth in 2026 by benefiting personal disposable income through reduced tax withholdings and a one-time elevated refund during next year's tax filing season.

Still, we forecast real consumer spending growth in the U.S. to moderate to 2.0% in 2026 and 1.7% in 2027. This compares with a 2.7% average for the last three years and a 25-year average of 2.5%. We think a weakening job market, lingering sticker shock from higher inflation, higher bills on student loans, and restrictive immigration policies will limit any upside to spending growth from lower interest rates and tax refunds.

Fewer immigrants mean not only a smaller working-age labor force, but also fewer immigrants to spend money. According to a research note by TD Economics, a combination of the flow effect of immigrants not entering the U.S. (on track to be 2 million people fewer in 2025 than last year) and the larger stock effect of a spending paralysis by undocumented workers already in the country, will likely shave off 0.7 percentage points from consumer spending growth (see "**U.S. Consumer Spending Loses Altitude as Policy Turbulence Spikes**," Bushmeneva, TD Economics, Sept. 16, 2025). If immigration policy holds constant, the level of spending remains permanently lower than the counterfactual, but growth resumes off that new consumer base.

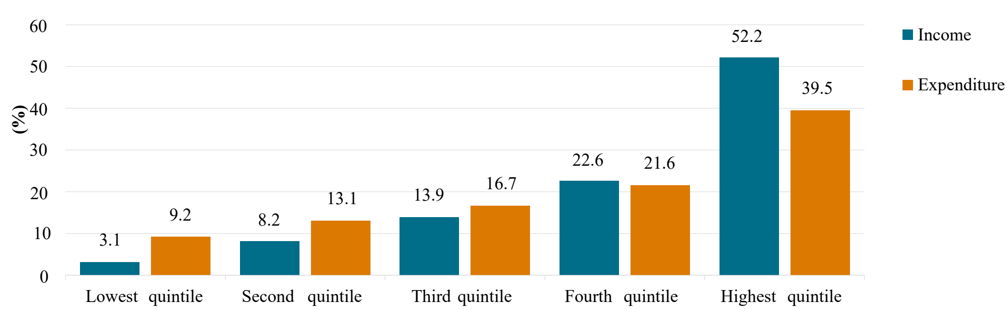
The good news is that U.S. households are sitting on multidecade strong balance sheets, allowing them to smooth out potential disruptions in consumption behavior. We are still in the long shadow of the recovery from the global financial crisis and the height of the pandemic. The great deleveraging that began after 2008, combined with post-pandemic low mortgage rate lock-ins and government transfers, has left all income groups in the U.S. in a much better shape financially than at the turn of the millennium.

But that doesn't mean households are not stressed, Delinquency rates on consumer loans have climbed steeply, and returns to growth are increasingly (again) starting to benefit higher-income folks more than the lower income group. Nominal wage growth for lower-income Americans, which was above the higher-income Americans, has now decelerated to slowest pace in comparison.

Financial asset ownership is also extremely concentrated, with the highest-earning quintile of American households holding about 87% of the stocks, bonds, mutual funds, and exchange-traded funds held by households. It's the lower income households that have higher marginal propensity to spend out of their income (higher income group has a much higher saving rate compared to the average American), so if more and more income is going to the highest income quintile, consumer spending growth will likely suffer at the margin.

Chart 8

U.S. income and expenditure by quintile in 2023



Data as of 2023. Sources: Bureau of Labor Statistics, Census Bureau via Haver, and S&P Global Ratings economics.

S&P Global Ratings' U.S. economic outlook (baseline extended table)	
November 2025	
	--Quarterly average--

	Q1 2025	Q2 2025	Q3 2025f	Q4 2025f	Q1 2026f	Q2 2026f	Q3 2026f
(% change)							
Real GDP	-0.65	3.84	3.16	0.91	1.79	2.25	1.90
Domestic Demand	4.01	-0.71	2.76	0.57	1.94	2.27	1.84
GDP components (in real terms)							
Consumer spending	0.61	2.47	3.16	1.10	2.10	2.40	1.52
Equipment investment	21.36	8.53	7.51	-5.56	2.12	3.09	2.79
Intellectual property investment	6.50	15.01	5.10	2.83	3.53	3.76	2.99
Nonresidential construction investment	-3.07	-7.51	-6.55	-1.41	-0.91	-0.92	-1.00
Residential investment	-0.96	-5.10	-4.16	-1.10	6.56	0.44	2.12
Federal govt. consumption and investment	-5.59	-5.26	0.21	-4.66	6.23	1.70	0.98
State and local govt. consumption and investment	1.91	3.13	-2.66	-2.69	-0.72	-0.40	-0.44
Exports of goods and services	0.16	-1.83	2.51	2.68	2.05	3.43	3.65

Imports of goods and services	38.03	-29.26	-1.31	-0.26	2.69	2.96	2.60
Industrial production	4.20	1.48	0.90	-0.54	0.49	0.28	-0.10
CPI	2.74	2.46	2.90	2.81	2.56	2.78	2.57
Core CPI	3.05	2.83	3.07	2.92	3.00	3.14	2.86
Core PCE	2.81	2.74	2.87	2.89	2.76	2.78	2.66
Labor Productivity (real GDP/total employment)	-1.94	3.11	2.87	0.91	1.35	1.69	1.45
(Levels)							
Unemployment rate (%)	4.10	4.17	4.27	4.36	4.42	4.47	4.46
Payroll employment (mil.)	159.16	159.44	159.56	159.56	159.73	159.95	160.13
Federal funds rate (%)	4.33	4.33	4.29	3.79	3.63	3.63	3.54
10-year Treasury note yield (%)	4.45	4.36	4.26	4.09	3.88	3.84	3.82
Mortgage rate (30-year conventional, %)	6.82	6.79	6.60	6.21	5.94	5.83	5.77
Three-month Treasury bill rate (%)	4.21	4.23	4.10	3.75	3.52	3.51	3.34
Secured overnight financing rate (SOFR, %)	4.33	4.32	4.33	3.77	3.60	3.59	3.48
S&P 500 Index	5,900.73	5,736.79	6,429.82	6,622.63	6,689.11	6,722.14	6,955.76

S&P 500 operating earnings ($bil.)	1,949.32	2,166.04	2,201.63	2,119.7[illegible]	2,148.21	2,110.38	2,111.49
Effective Exchange rate index, Nominal	135.54	130.40	128.15	127.68	126.45	125.98	125.62
Current account ($bil.)	-1,759.29	-1,005.25	-1,094.09	-1,062.78	-1,018.35	-999.67	-984.79
Personal saving rate (%)	5.16	5.30	4.67	4.47	5.36	5.51	5.69
Housing starts (mil.)	1.40	1.35	1.35	1.32	1.34	1.34	1.36
Unit sales of light vehicles (mil.)	16.44	16.11	16.26	15.42	15.58	15.60	15.54
Federal surplus (fiscal year unified, $bil.)	-2,384.74	-120.97	-1,622.76	-1,894.97	-2,488.20	-700.52	-1,759.16

Quarterly percent change represents annualized growth rate; annual percent change represer average during the quarter; annual levels represent average levels during the year. Quarterly l millions. Quarterly levels of CPI, core CPI, and core PCE price index represent year-over-year weighted exchange value of US$ versus major currencies. Domestic demand is real GDP min Global Ratings economics' forecasts and S&P Global Market Intelligence Global Linked Mode

Upside And Downside Scenarios

Risks to our 2026 baseline growth forecasts are nearly balanced. Ordinary upside risk comes from business fixed investment related to intellectual property (such as software and R&D) and equipment being even stronger than we expect over the next several quarters. Ordinary downside risk comes from elevated inflation and from monetary policy hurting private sector spending more than we expect (and policymakers intend).

S&P Global Ratings' U.S. economic outlook (optimistic scenario)						
November 2025						
	--Annual average--					
	2023	2024	2025f	2026f	2027f	2028f
(% change)						
Real GDP	2.93	2.79	2.06	2.47	1.91	1.55
Domestic Demand	2.42	3.07	2.36	2.07	1.86	1.59
GDP components (in real terms)						
Consumer spending	2.57	2.95	2.59	2.44	1.69	1.84
Equipment investment	2.92	3.51	7.92	2.77	2.72	2.37
Intellectual property investment	6.19	3.50	5.42	4.74	3.69	2.90
Nonresidential construction investment	16.69	1.11	-5.15	-1.38	-0.61	0.88
Residential investment	-7.84	3.17	-1.72	1.83	1.87	2.07
Federal govt. consumption and investment	3.32	3.81	-0.63	0.84	0.21	-1.13
State and local govt. consumption and investment	3.58	3.80	1.67	-0.94	-0.18	-0.24
Exports of goods and services	2.81	3.64	1.12	2.73	3.48	3.17
Imports of goods and services	-0.88	5.77	2.97	-0.69	2.74	3.32

Industrial production	0.16	-0.31	1.24	0.88	0.15	0.14
CPI	4.13	2.95	2.73	2.67	2.47	2.15
Core CPI	4.78	3.44	2.97	3.00	2.51	2.35
Core PCE	4.17	2.94	2.82	2.76	2.44	2.22
Labor Productivity (real GDP/total employment)	0.72	1.44	1.12	1.95	1.48	1.08
(Levels)						
Unemployment rate (%)	3.63	4.03	4.22	4.32	4.21	4.04
Payroll employment (mil.)	155.88	157.96	159.43	160.24	160.92	161.67
Federal funds rate (%)	5.02	5.14	4.19	3.64	3.40	3.26
10-year Treasury note yield (%)	3.96	4.21	4.30	3.88	3.76	3.76
Mortgage rate (30-year conventional, %)	6.80	6.72	6.61	5.92	5.62	5.59
Three-month Treasury bill rate (%)	5.07	4.97	4.07	3.43	3.27	3.24
Secured overnight financing rate (SOFR, %)	5.00	5.15	4.19	3.53	3.32	3.27
S&P 500 Index	4,284.25	5,426.71	6,190.00	7,240.14	7,507.77	7,752.60
S&P 500 operating earnings ($bil.)	1,787.36	1,966.53	2,110.07	2,126.54	2,137.50	2,115.46
Effective Exchange rate index, Nominal	128.21	130.89	130.44	125.85	125.15	125.22
Current account ($bil.)	-928.00	-1,185.30	-1,221.96	-980.51	-900.06	-839.38

Personal saving rate (%)	5.59	5.45	4.88	5.31	6.19	6.67
Housing starts (mil.)	1.42	1.37	1.36	1.36	1.38	1.40
Unit sales of light vehicles (mil.)	15.50	15.81	16.10	15.96	16.12	16.18
Federal surplus (fiscal year unified, $bil.)	-1,783.76	-2,033.41	-1,501.52	-1,711.94	-1,851.04	-1,895.58
Quarterly percent change represents annualized growth rate; annual percent change represents average annual growth rate from a year ago. Quarterly levels represent average during the quarter; annual levels represent average levels during the year. Quarterly levels of housing starts and unit sales of light vehicles are in annualized millions. Quarterly levels of CPI, core CPI, and core PCE price index represent year-over-year growth rate during the quarter. Exchange rate represents the nominal trade-weighted exchange value of US$ versus major currencies. Domestic demand is real GDP minus net exports but including change in inventories. f--Forecast. Sources: S&P Global Ratings economics' forecasts and S&P Global Market Intelligence Global Linked Model.						

S&P Global Ratings' U.S. economic outlook (pessimistic scenario)						
November 2025						
	--Annual average--					
	2023	**2024**	**2025f**	**2026f**	**2027f**	**2028f**
(% change)						
Real GDP	2.93	2.79	1.94	1.72	1.66	1.71
Domestic Demand	2.42	3.07	2.26	1.34	1.58	1.71
GDP components (in real terms)						
Consumer spending	2.57	2.95	2.49	1.81	1.69	1.93
Equipment investment	2.92	3.51	7.85	1.26	1.95	3.05

Intellectual property investment	6.19	3.50	5.41	4.03	3.13	3.10
Nonresidential construction investment	16.69	1.11	-5.18	-2.55	-0.65	1.34
Residential investment	-7.84	3.17	-1.79	-0.26	1.90	2.64
Federal govt. consumption and investment	3.32	3.81	-0.81	0.54	0.14	-1.11
State and local govt. consumption and investment	3.58	3.80	1.58	-1.09	-0.23	-0.24
Exports of goods and services	2.81	3.64	1.11	2.15	3.15	3.22
Imports of goods and services	-0.88	5.77	3.10	-1.20	2.24	3.18
Industrial production	0.16	-0.31	1.19	-0.12	-0.12	0.22
CPI	4.13	2.95	2.74	2.64	2.40	2.20
Core CPI	4.78	3.44	2.99	2.95	2.43	2.41
Core PCE	4.17	2.94	2.84	2.70	2.27	2.25
Labor Productivity (real GDP/total employment)	0.72	1.44	1.01	1.44	1.28	1.23
(Levels)						
Unemployment rate (%)	3.63	4.03	4.23	4.55	4.48	4.28
Payroll employment (mil.)	155.88	157.96	159.41	159.86	160.47	161.24
Federal funds rate (%)	5.02	5.14	4.19	3.53	2.62	2.38

10-year Treasury note yield (%)	3.96	4.21	4.29	3.83	3.59	3.53
Mortgage rate (30-year conventional, %)	6.80	6.72	6.60	5.78	5.38	5.29
Three-month Treasury bill rate (%)	5.07	4.97	4.07	3.38	2.72	2.40
Secured overnight financing rate (SOFR, %)	5.00	5.15	4.19	3.50	2.81	2.45
S&P 500 Index	4,284.25	5,426.71	6,166.99	6,513.84	6,736.27	7,060.
S&P 500 operating earnings ($bil.)	1,787.36	1,966.53	2,108.93	2,111.81	2,111.02	2,090.
Effective Exchange rate index, Nominal	128.21	130.89	130.44	125.84	125.13	125.16
Current account ($bil.)	-928.00	-1,185.30	-1,227.86	-983.04	-868.09	-754.3
Personal saving rate (%)	5.59	5.45	4.92	5.86	6.74	7.11
Housing starts (mil.)	1.42	1.37	1.35	1.30	1.27	1.30
Unit sales of light vehicles (mil.)	15.50	15.81	16.04	15.49	15.64	15.77
Federal surplus (fiscal year unified, $bil.)	-1,783.76	-2,033.41	-1,506.48	-1,805.63	-1,934.75	-1,944

Quarterly percent change represents annualized growth rate; annual percent change represents average annual growth rate from a year ago. Quarterly levels represent avera during the quarter; annual levels represent average levels during the year. Quarterly leve of housing starts and unit sales of light vehicles are in annualized millions. Quarterly leve of CPI, core CPI, and core PCE price index represent year-over-year growth rate during t quarter. Exchange rate represents the nominal trade-weighted exchange value of US$ versus major currencies. Domestic demand is real GDP minus net exports but including change in inventories. f--Forecast. Sources: S&P Global Ratings economics' forecasts ar S&P Global Market Intelligence Global Linked Model.

Related Research

External Research

- **U.S. Consumer Spending Loses Altitude as Policy Turbulence Spikes**, Bushmeneva, Ksenia, TD Economics, Sept. 16, 2025

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Contact the analysts:

Satyam Panday
Chief Economist, U.S. and Canada, San Francisco

P. **1-212-438-6009**

E. **satyam.panday@spglobal.com**

Gurleen Miglani
Secondary Contact, New York

P.

E. **gurleen.miglani@spglobal.com**

Anusha Biswas
Research Contributors, CRISIL Global Analytical Center, an S&P Global Ratings affiliate, Pune

P.

E.

Amrita Bhattacharya
Research Contributors, CRISIL Global Analytical Center, an S&P Global Ratings affiliate, Pune

P.

E.