December 2025

Visa Business and Economic Insights

2026 U.S. Annual Economic Outlook

Key factors to watch:

- Demographic headwinds: The golden years are here
- Disposable income divide to influence consumer spending
- Inflation reaches a crossroads
- The Fed's balancing act gets tougher
- Beyond the AI boom lies productivity gains

A year of divergence: 5 key economic forces shaping 2026

As we prepare to turn the page on this year, we expect 2026 to be characterized by divergence across several key economic trends. Demographic headwinds that once seemed years away have accelerated, exerting an outsized influence on everything from the labor market to consumer spending and even inflation. Slower labor force growth, and therefore slower job growth, will create a challenging dichotomy: persistently firm inflation pressures alongside soft employment gains. This divergence within the Federal Reserve's dual mandate will make the delicate balancing act of keeping inflation in check while supporting the labor market even more challenging.

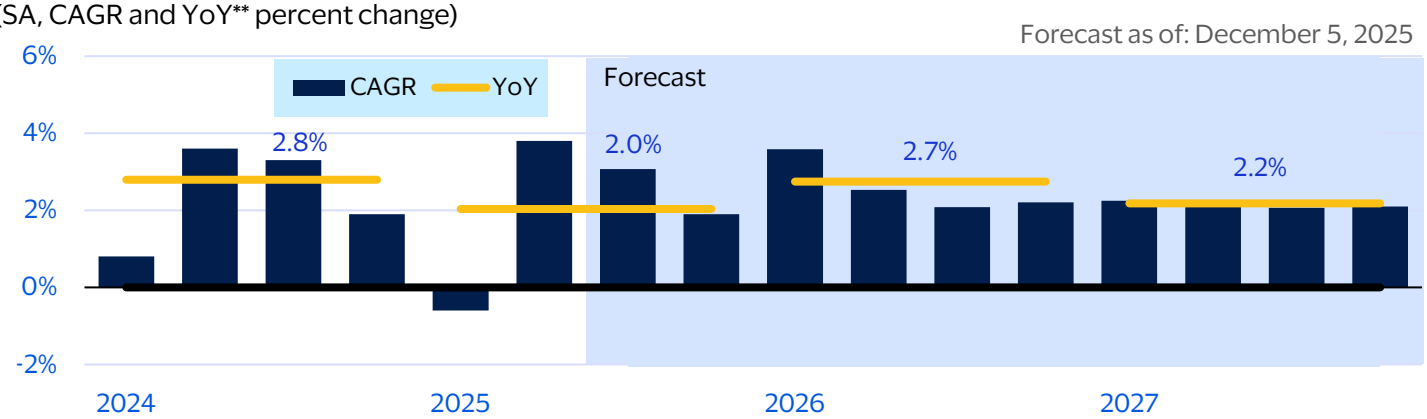
In response, many companies may look for ways to do more with fewer workers, driving continued investment in artificial intelligence. The true potential of AI lies in its ability to unlock productivity gains at scale. In our view, these dynamics will be the key factors that influence growth in the year and possibly the decade ahead. While we expect economic growth to remain stable next year, it will likely mask underlying divergence in several areas.

Economic growth in 2026 is expected to accelerate above this year's pace of growth. While core demand this year remained strong, swings in trade and the pace of inventory building weighed on GDP growth. Next year, we expect less volatility from trade and inventories as more bilateral trade deals are established. GDP growth is expected to rise 2.7 percent year-over-year (YoY) in 2026, up from an estimated 2.0 percent this year (Fig. 1). Peeling away the tariff noise, core demand, as measured by core GDP growth,* is expected to remain steady next year at 2.5 percent.

Consumer spending will likely once again be a key support to growth, with inflation-adjusted spending rising 2.8 percent YoY and nominal spending remaining on par with last year's 5.2 percent growth rate. We expect inflation to remain sticky but slowly ease as the year progresses. Employment gains will likely be modest at best, which along with easing inflation, should allow the Federal Reserve to trim rates three more times next year. With lower rates, the yield curve should steepen and thus begin to kick start greater lending and borrowing once again.

Fig. 1: Real gross domestic product (GDP)

(SA, CAGR and YoY** percent change)



*Core GDP is defined as real final sales to domestic purchasers

**Seasonally adjusted (SA), compound annualized growth rate (CAGR), year-over-year (YoY).

Sources: Visa Business and Economic Insights and U.S. Department of Commerce .

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Demographic headwinds: The golden years are here

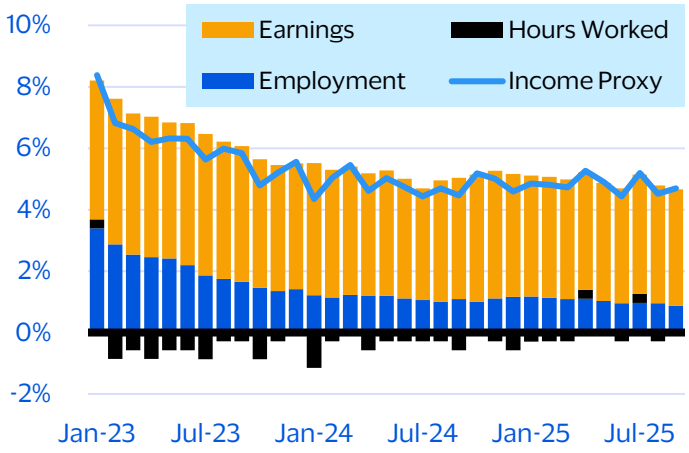
Boomer retirement and slow immigration results in a smaller labor force

Our 2022 report, "The Golden Years: Planning for the changing face of the U.S.," highlighted the demographic challenges looming for the nation and their implications for economic growth. We cautioned that the potential for the economy to expand would be constrained, in part, by the size of our labor force. Looking ahead to 2026, we project job growth to average fewer than 100,000 jobs per month through the end of 2027. However, this pessimism for job growth does not translate into slower economic growth in our view. We expect a divergence between the pace of job growth slowing and somewhat faster consumer spending growth next year.

The current demographic trends of an aging population, coupled with slower population growth, have profound economic implications. As the baby boomer generation retires — currently at a rate of 11,400 per day — downward pressure is mounting on the supply of available labor.[1] A post-pandemic surge in immigration offset the impact of retirements and supported a robust labor market growth. During this period, the foreign-born share of the labor force was a crucial support for both labor market expansion and contributed to robust job growth. However, recent policies enacted to curb immigration have led to a downshift in foreign-born workers entering the U.S., and by extension, a downshift in the workforce. According to the Pew Research Center, the foreign-born share of the population peaked in January and has been steadily declining.[2] Since then, the labor force has grown more slowly, and job growth has moderated.

Fig. 2: Income proxy and its components

(SA, YoY percent change and percentage point contribution)



Source: Visa Business and Economic Insights and U.S. Department of Labor

What does this mean for the labor market? Incorporating the latest revisions, monthly job growth since the start of this year has averaged just 76,000, down sharply from last year's 168,000. Some analysts have sounded the alarm about a potential economic slowdown, citing soft employment prints and downward revisions. Our perspective differs. While job gains have slowed, so too has labor force growth. The unemployment rate, defined as the unemployed as a share of the labor force, can remain stable even with slower hiring, so long as the labor force itself grows more slowly.

As a result of slower labor force growth, the breakeven employment rate, a useful concept for understanding the pace of job growth needed to keep the unemployment rate stable, is now much lower than previous estimates. Using refreshed labor force growth projections from the Congressional Budget Office, we estimate breakeven job growth will be around 40,000 per month in 2026 and just 17,000 in 2027, assuming stable participation rates.[3] Recent data supports this outlook as job gains have averaged just 62,000 per month over the last three months, yet the unemployment rate has remained relatively stable.

The breakeven rate is just an estimate, and monthly employment growth may fluctuate above or below it. But this concept is important for understanding the outlook for the labor market next year. Historically, slower job growth signaled economic weakness. Today, it reflects slower labor force growth, not necessarily a weakening economy. Our forecast calls for job gains to average 66,000 per month in 2026. Even with this slower pace, we expect the economy to continue growing, with only a slight rise in unemployment. Wage growth remains resilient, helping to offset slower employment gains. When we break down a proxy for income growth from the monthly employment report, wage gains have mostly offset the adverse effects of slower employment growth (Fig. 2). As a result, we expect consumer spending — and by extension, economic growth — to continue, albeit at a more modest pace than when labor force and job gains were stronger. The future we anticipated for 2030 in our 2022 report has arrived and is expected to influence the labor market in 2026. In short, America's golden years are now upon us.

Disposable income divide to influence consumer spending

Tax policy changes to play a role in consumer spending early next year

Next year, fiscal policy is poised to influence the consumer side of the economy. Upcoming tax policy shifts are set to push disposable income growth higher next year, and as a result boost consumer spending growth. However, these changes are also likely to drive a divergence in both income and spending across income tiers in 2026.

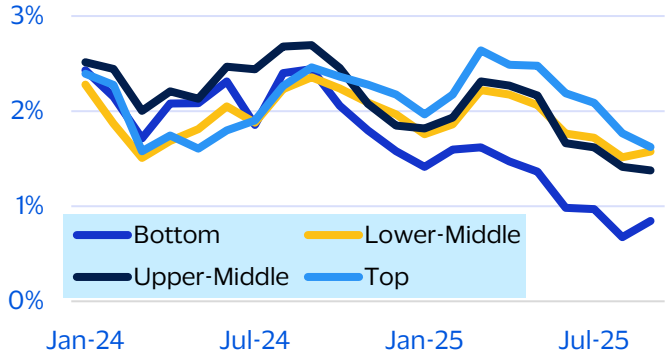
Reforms to the tax code slated for 2026 are expected to reshape take-home pay and, by extension, household spending. The higher cap on the State and Local Tax (SALT) deduction will particularly benefit eligible consumers in high-tax states. Since there is a high concentration of both high tax states in the Northeast region of the U.S., we expect the SALT deduction will likely have the most pronounced impact on the Northeast region.[4] As a result, we expect this region to lead the nation in consumer spending growth through the first half of 2026.

Additional changes, such as the removal of federal income tax on tips, will directly boost take-home pay for workers in the service and hospitality sectors. This influx of disposable income will likely translate into increased spending for everyday purchases, leisure activities and even savings products. Similarly, untaxed overtime wages will reward hourly workers, incentivizing more work hours and resulting in greater disposable income for working families.

While changes in tax policy are likely to benefit consumers across the income spectrum, we expect that the benefits will disproportionately accrue to higher income households. Inflation-adjusted income growth for those in the top 25 percent of income earning households has diverged significantly from the rest of consumers, particularly those in the bottom 25 percent of income earning households (Fig. 3). We expect that this divergence is likely to widen next year, with implications for consumer spending.

Fig. 3: Income divergence has widened

Real income growth by quartile (NSA, YoY percent change)



Source: Visa Business and Economic Insights, U.S. Department of Labor and Federal Reserve Bank of Atlanta

For some higher income consumers, the increased SALT deduction will yield a substantial boost in tax refunds early next year. This influx of resources is expected to lead to a pronounced expansion in discretionary spending such as travel, luxury goods, fine dining as well as advanced wellness and health services. Thus, the spending boost we expect to occur in the first six months of 2026 will be largely driven by higher income consumers in high tax states boosting their spending in big ticket categories.

In contrast, lower income consumers will experience more modest increases in after-tax income. For these consumers, any gains from untaxed overtime or the removal of federal income tax on tips will be vital in supporting basic spending needs rather than discretionary items. Most of their additional income is expected to be allocated toward essential categories, including groceries, utilities, rent or mortgage payments, transportation and out-of-pocket healthcare expenses. While some lower- and middle-income households may use a portion of their increased take-home pay for home improvements, affordable leisure activities or to bolster emergency savings, their capacity for large-scale or aspirational purchases will remain limited. As a result, spending behavior in these segments will continue to be shaped by a focus on budgeting and value seeking.

Just add a little SALT

Among the tax policy changes enacted this year was a lifting of the state and local tax deduction (SALT) cap. While nearly everyone will experience a lower tax burden as a result of the tax legislation, the magnitude varies by income level. Based on an analysis by the Tax Policy Center, the tax law changes are expected to boost income from tax refunds for those in the top 5 percent of income earning households by an average of $5,206. Conversely, those in the bottom 20 percent of income earning households are not expected to see any benefit from the SALT cap change. Middle income consumers, which make up the bulk of the consumer base, could see tax savings between $882 to $1,569.[5] The SALT tax was made retroactive for 2025, meaning that households will begin to see the tax break upon filing their taxes early next year.

Inflation reaches a crossroads

Inflation is poised to ease in 2026, but the story is far from uniform

While inflation remains elevated, diverging factors are expected to influence the inflation outlook in 2026. One of the clearest signs of progress toward lower inflation comes from labor-intensive services, where inflation pressures have softened considerably, especially when viewed through the lens of market-based personal consumption expenditures (PCE). This measure strips out imputations and non-market pricing. This cleaner signal shows that labor services inflation — long the stubborn core of the problem — is well below the Federal Reserve's 2 percent target. Labor services inflation increased 1.3 percent YoY in September, a far cry from an average of 1.6 percent in 2024 and 2.1 percent in 2023 (Fig. 4).

The cooling labor market has contributed to this shift. While retiring baby boomers and slower immigration will pose headwinds for job growth, these structural changes will keep income growth anchored. However, these icy labor market dynamics won't foster the same level of dynamism — or acceleration in wage growth — seen over the past several years. We see the net result as labor services inflation that remains sticky yet stable, neither significantly accelerating nor downshifting.

The picture beyond services is more complicated. Core goods inflation, which had previously been a source of relief, now faces renewed upward pressure. Tariffs have added friction to supply chains, raising import costs and nudging prices higher. Figure 4 shows that core goods are now adding to inflation, after acting as a source of disinflationary pressure for much of the past year.

Energy prices also tell a nuanced story. Lower oil prices should deliver headline relief, easing gasoline costs for households. But this benefit will be partially offset by rising electricity and natural gas prices, driven in part by AI-related infrastructure investment. Net energy inflation will likely continue downshifting, though not as sharply as oil price trends alone might suggest.

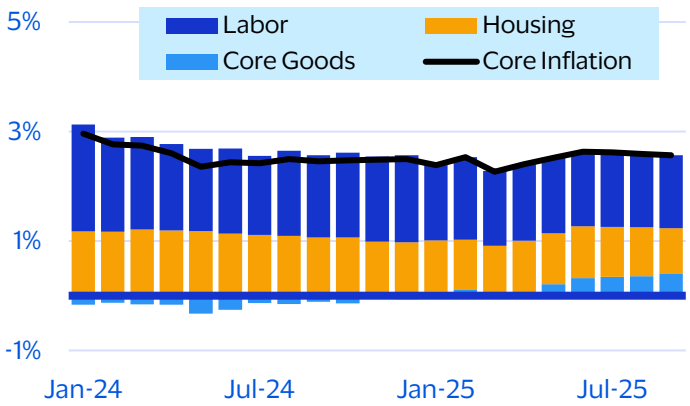
Food inflation has also re-emerged as a concern, with weather-related crop issues, livestock shortages and higher input costs driving recent growth. The Consumer Price Index for food increased 3.1 percent YoY in September, a sharp jump from 2.5 percent growth at the beginning of the year.

We expect housing inflation to continue to slowly ease. Elevated mortgage rates are keeping home sales depressed and rental costs are subsiding after a deluge of newly built multifamily housing hit the market over the past year. However, price adjustments take time to show up in the data, and we expect housing to remain a sizable contributor to inflation well into 2026.

Our forecast calls for headline and core inflation, as measured by the PCE deflator, to average YoY growth of 2.3 and 2.4 percent in Q4-2026, respectively (Fig. 5). Upside risks remain, particularly from stronger tariff pass-through effects. We suspect that the bulk of the tariff impact to prices is now behind us but there is a risk that tariffs could lift inflation expectations. On the downside, a deeper labor market slowdown and weaker income growth could push down labor services inflation. We see the balance of risks to inflation next year as two-sided.

Fig. 4: Contributions to the core PCE deflator

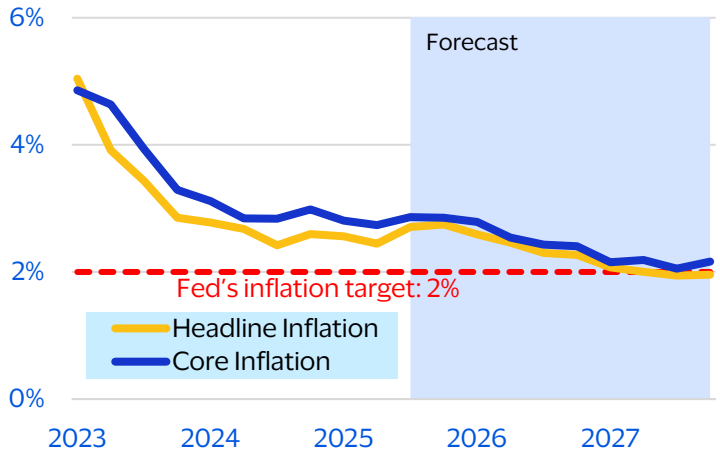
(Market-based PCE, SA, YoY percent growth)



Sources: Visa Business and Economic Insights and U.S. Department of Commerce

Fig. 5: PCE and core PCE deflator forecast

(SA, YoY percent change)



Sources: Visa Business and Economic Insights and U.S. Department of Commerce

The Fed's balancing act gets tougher

Interest rates are expected to ease in 2026, but the road won't be smooth

The Federal Reserve's dual mandate — maximum employment and price stability — remains at the center of policy decisions. In recent years, the Fed prioritized bringing down inflation through higher interest rates, but the slower pace of job growth is now complicating the picture.

In 2026, the Fed faces a difficult balancing act navigating divergent trends in its dual mandate. Inflation is expected to stay above their 2 percent target while job growth remains weak. The challenge will be easing policy enough to support job growth without reigniting inflation. Recent speeches and Fed meeting minutes suggest policymakers are leaning toward supporting the labor market. As a result, we anticipate three 25 bps cuts in 2026 reaching an upper bound of 3 percent by the end of the year in 2026 (Fig. 6). The Fed funds rate is likely to stay above pre-pandemic levels throughout the expansion, driven by sticky inflation that remains above target.

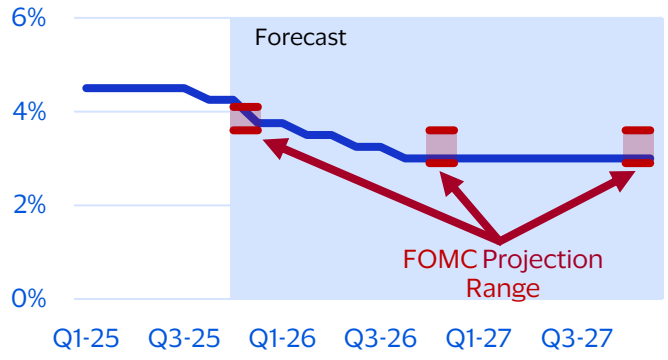
The Fed has also ended its policy of allowing maturing assets to roll off its balance sheet, which was effectively tightening financial conditions. While the Fed primarily influences short-term rates, financial operations, such as controlling the run-off of assets off its balance sheet, have a more direct impact on long-term rates. Holding their balance sheet stable should support greater liquidity in the financial system and help stimulate credit demand, though the impact will be uneven across sectors. Industries such as banking, consumer credit and corporate borrowers with floating rate debt tend to be sensitive to short-term rates and are therefore more likely to experience a boost next year.

Importantly, the Fed plans to adjust its portfolio toward a greater share of U.S. Treasuries. As a result, mortgage rates should begin to slowly come down next year.

We also anticipate a steeper yield curve in 2026, as short-term rates fall more sharply than long-term rates. While a steeper yield curve supports broader credit access, certain sectors are likely to benefit more than others. Lower short-term rates will reduce borrowing costs for businesses, encouraging investment and potentially supporting broader economic activity. However, persistently elevated long-term rates are likely to limit mortgage affordability for homebuyers, raise discount rates for asset valuations and constrain capital-intensive projects.

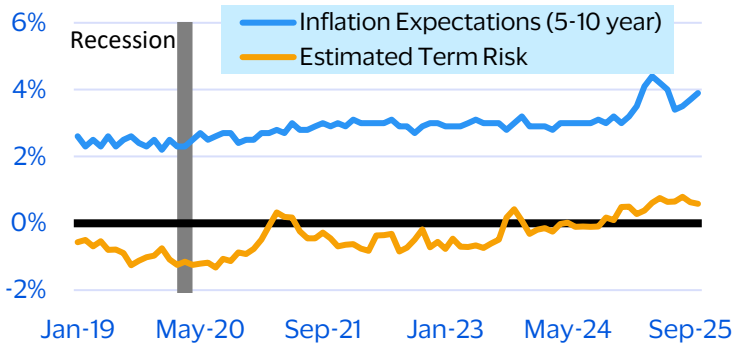
Even as the Fed moves toward more normal policy, long-term interest rates could still rise if inflation fears persist and uncertainty about government finances pushes markets to demand higher returns. Figure 7 shows that consumers now expect inflation over the next five to 10 years to reach 3.7 percent, up from 2.7 percent before the pandemic. Tariffs are partly driving these higher expectations. Additional upward pressure could come from investor risk concerns (term risk), as large government deficits and political uncertainty could push interest rates higher. If these expectations stick, borrowing costs for consumer and business loans could climb, making auto loans and major investments more expensive. While this scenario is not our base case, such dynamics are important risk factors to watch in 2026.

Fig. 6: Federal funds rate forecast
(percent)



Source: Visa Business and Economic Insights, Federal Reserve Board

Fig. 7: Consumer inflation expectations and term premia
(percent)



Sources: Visa Business and Economic Insights, University of Michigan, Federal Reserve Bank of New York

Beyond the AI boom lies productivity gains

From AI automation to acceleration

Economic growth has been heavily shaped by the boom in AI investment this past year, and we expect that trend to continue into 2026. Our outlook for next year includes a large role for AI in shaping business investment, the labor market and productivity gains. Despite some possible risks, we anticipate 2026 to be a year where AI once again is a dominant force in the economy.

Business investment in AI is projected to accelerate in 2026, driven by the promise of competitive advantage and operational efficiencies. Growth in business investment was heavily skewed toward the tech sector this year, which was itself significantly driven by AI-related investments. This investment trend has been spurred by increased spending on AI, which worldwide is likely to reach $1.5 trillion by the end of this year and pass $2 trillion next year (Fig. 8). Venture capital funding and corporate spending on AI technologies are likely to drive further investment as companies increasingly prioritize AI in their digital transformation strategies. Additionally, they are increasingly using AI to target improvements in customer experience, supply chain management and product development. Due to these trends, we expect further divergence between tech and non-tech business investment in 2026.

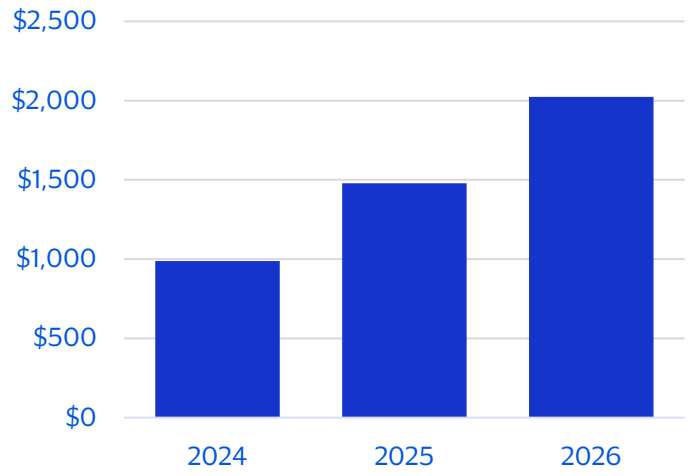
AI is also expected to drive major divergences in the job market next year. We expect AI automation to reduce entry-level jobs in the knowledge economy that were classically more labor intensive such as paralegal work and entry-level coding. However, AI is also expected to create new employment opportunities in areas such as AI system development, data analysis, chip production, data center construction and ethical oversight. Despite new opportunities, the transition is likely to be disruptive. Substantial workforce reskilling and adaptation to new roles is almost certain to be a slow process and will likely lead to sustained unemployment for many current workers and future job seekers whose skills will be replaced by automation.

Artificial intelligence is also expected to drive significant gains in productivity across various sectors in 2026. AI adoption is most likely to have the largest impact on labor productivity in the professional and business services, finance, healthcare and information sectors where current labor-intensive job functions are most ripe for AI-driven automation. As a result, we expect these sectors to contribute the most to GDP growth next year (Fig. 9). The automation of routine tasks will allow workers in these sectors to focus on higher-value activities, potentially leading to greater efficiency. It will likely also create a divergence in output between sectors that more rapidly implement AI and those that are less able to harness AI for productivity gains.

Despite the optimism, there is growing concern about the risk of an AI investment bubble. Rapid inflows of capital investments have caused a surge in valuations of many tech firms, which has led some to worry that current growth is unsustainable. If investors pull back on investments in tech firms driving the AI boom, a sharp correction in technology markets is likely to follow. This scenario would slow overall economic growth in 2026, as it is unlikely businesses and investors would replace that level of investment in other sectors.

Fig. 8: AI spending is projected to surge next year

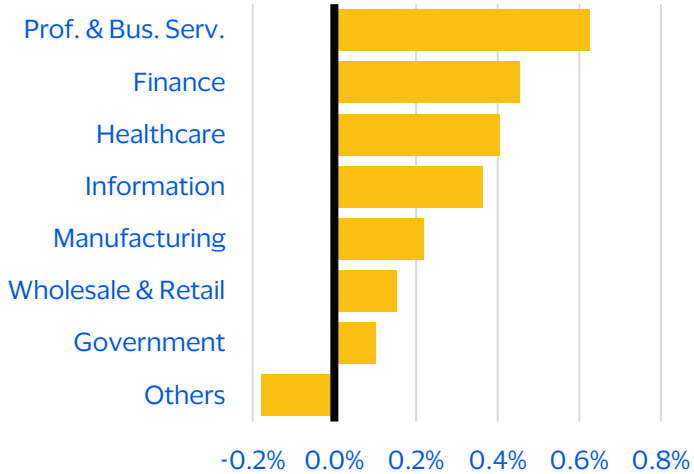
AI spending in IT markets (millions of US $)



Source: Visa Business and Economic Insights and Gartner

Fig. 9: Output growth strongest among AI adopting sectors

Contribution to 2026 YoY GDP growth by sector



Sources: Visa Business and Economic Insights and U.S. Department of Commerce

Resources

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	2024				2025				2026				2027				2024	2025	2026	2027
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
Gross Domestic Product (CAGR)	0.8	3.6	3.3	1.9	-0.6	3.8	3.1	1.9	3.6	2.5	2.1	2.2	2.2	2.1	2.1	2.1	2.8	2.0	2.7	2.2
Personal Consumption	1.7	3.9	4.0	3.9	0.6	2.5	2.7	2.6	3.4	2.8	2.2	2.2	2.1	2.0	1.9	1.9	2.9	2.6	2.8	2.1
Business Fixed Investment	1.5	2.5	3.5	-3.7	9.5	7.3	3.5	2.2	2.6	3.1	3.9	4.1	4.1	3.9	3.7	3.7	2.9	4.1	3.3	3.9
Equipment	0.5	8.9	8.2	-4.3	21.4	8.5	6.0	2.9	3.0	3.1	3.6	3.9	4.0	4.1	4.2	4.3	3.5	8.3	3.8	3.9
Intellectual Property Products	6.7	0.7	2.6	-0.6	6.5	15.0	4.6	4.9	5.0	5.2	5.5	5.6	5.3	4.8	4.2	4.0	3.5	5.5	5.7	5.1
Structures	-5.0	-3.9	-2.2	-8.1	-3.1	-7.5	-9.0	-6.0	-4.2	-2.0	0.4	0.8	1.0	1.2	1.3	1.4	1.1	-5.7	-4.1	0.8
Residential Construction	8.2	-2.0	-4.8	4.3	-1.0	-5.1	-5.0	-3.0	-1.0	-0.2	0.4	0.9	1.4	1.9	2.4	2.7	3.2	-2.0	-1.7	1.4
Government Purchases	2.3	3.3	5.4	3.3	-1.0	-0.1	-0.1	-2.5	4.6	-0.6	0.1	0.4	1.1	1.1	1.1	1.4	3.8	1.0	0.5	0.8
Exports	4.6	0.7	8.9	-0.9	0.2	-1.8	-3.3	1.0	2.2	2.4	2.6	2.7	2.7	2.5	2.8	2.8	3.6	0.3	1.1	2.7
Imports	6.9	8.4	10.1	-0.2	38.0	-29.3	-4.0	1.5	2.0	2.3	2.5	2.6	2.7	2.7	2.8	2.8	5.8	2.9	-1.1	2.7
Net Exports	-964.1	-1,032.2	-1,064.9	-1,069.0	-1,380.7	-1,058.0	-1,042.5	-1,049.7	-1,053.6	-1,058.9	-1,064.8	-1,071.0	-1,078.2	-1,086.7	-1,094.3	-1,101.8	-1,032.6	-1,132.7	-1,062.1	-1,090.3
Contribution to Growth (%)	-0.4	-1.0	-0.4	-0.1	-4.7	4.8	0.3	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.4	-0.4	0.3	-0.1
Inventory Change	12.4	75.1	69.4	17.1	172.0	-18.3	-30.0	-5.0	5.0	24.0	26.0	29.0	32.0	33.0	35.0	36.0	43.5	29.7	21.0	34.0
Contribution to Growth (%)	-0.8	1.2	-0.1	-0.9	2.6	-3.4	-0.2	0.4	0.2	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	0.1
Nominal GDP (CAGR)	4.0	6.3	5.1	4.3	2.9	6.0	5.8	4.6	6.4	4.1	4.2	4.7	4.3	3.5	4.0	4.7	5.3	4.7	5.2	4.2
Real Final Sales to Domestic Purchasers (CAGR)	2.0	3.4	3.8	2.8	1.4	2.4	3.3	1.5	3.3	2.2	2.1	2.2	2.2	2.1	2.1	2.1	3.1	2.5	2.5	2.2
Nominal Personal Consumption (Yr/Yr % Chg.	5.2	5.7	5.6	6.0	5.7	5.2	5.2	4.9	5.5	5.4	5.1	5.0	4.4	4.2	4.0	4.0	5.6	5.3	5.2	4.2
Real Personal Consumption (Yr/Yr % Chg.)	2.3	2.9	3.2	3.4	3.1	2.7	2.4	2.1	2.8	2.9	2.7	2.6	2.3	2.1	2.0	2.0	2.9	2.6	2.8	2.1
Retail Sales (Yr/Yr % Chg.)	1.8	2.5	2.3	3.9	4.5	4.3	4.5	3.5	4.0	4.3	3.7	3.8	3.7	3.3	3.2	3.0	2.6	4.2	4.0	3.3
Retail Sales Ex-Autos (Yr/Yr % Chg.)	2.0	3.2	2.6	3.3	4.3	3.9	4.3	4.2	4.3	4.2	3.5	3.2	3.2	3.1	3.0	2.9	2.8	4.2	3.8	3.1
Consumer Confidence	106.3	98.9	102.2	110.6	99.8	93.1	97.4	92.1	95.7	100.2	103.0	106.0	109.0	112.0	115.0	118.0	104.5	95.6	101.2	113.5
Light Vehicle Sales (Mil. Units, SAAR)	15.5	15.7	15.7	16.5	16.4	16.2	16.4	15.6	15.8	16.0	16.0	16.0	16.1	16.1	16.0	16.0	15.9	16.2	15.9	16.1
Inflation (Yr/Yr % Chg.)																				
PCE Deflator	2.8	2.7	2.4	2.6	2.6	2.4	2.7	2.7	2.6	2.5	2.3	2.3	2.1	2.0	1.9	2.0	2.6	2.6	2.4	2.0
Core PCE Deflator	3.1	2.8	2.8	3.0	2.8	2.7	2.9	2.9	2.8	2.5	2.4	2.4	2.2	2.2	2.1	2.2	2.9	2.8	2.5	2.1
Consumer Price Index	3.2	3.2	2.6	2.7	2.7	2.4	2.9	3.4	3.1	2.8	2.6	2.5	2.2	2.2	2.1	2.1	2.9	2.9	2.7	2.1
Core Consumer Price Index	3.8	3.4	3.2	3.3	3.1	2.8	3.1	3.3	3.3	3.0	2.9	2.6	2.3	2.3	2.2	2.2	3.4	3.1	2.9	2.2
Brent Crude Spot Price ($)	81.76	85.03	78.71	74.01	74.98	66.71	68.17	64.00	61.00	60.00	62.00	61.00	62.00	64.00	64.00	65.00	79.86	68.46	61.00	63.75
Income Measures (Yr/Yr % Chg.)																				
Nominal Personal Income	5.9	5.7	5.4	5.4	5.1	5.1	5.1	4.9	4.4	4.1	4.3	4.3	4.1	4.1	3.9	4.1	5.6	5.0	4.3	4.1
Nominal Disposable Income	6.4	5.8	5.3	5.1	4.6	4.6	4.7	4.3	4.7	5.1	5.4	5.5	4.7	3.9	3.8	3.9	5.6	4.6	5.2	4.1
Real Disposable Income	3.5	3.0	2.8	2.4	2.0	2.2	2.0	1.5	2.1	2.6	3.0	3.2	2.6	1.8	1.9	1.9	2.9	1.9	2.7	2.0
Labor Market (Averages)																				
Nonfarm Payroll (1,000s)	196	133	133	209	111	55	62	28	55	67	70	72	75	77	80	82	168	64	66	78
Unemployment Rate (%)	3.8	4.0	4.2	4.1	4.1	4.2	4.3	4.5	4.4	4.3	4.2	4.2	4.1	4.1	4.0	4.0	4.0	4.3	4.3	4.1
Housing Market (Mil. Units)																				
Housing Starts (Annualized)	1.42	1.34	1.34	1.39	1.40	1.35	1.34	1.29	1.29	1.29	1.29	1.31	1.33	1.35	1.37	1.38	1.37	1.35	1.30	1.36
Existing Home Sales (Annualized)	4.14	4.02	3.94	4.16	4.13	3.99	4.02	4.07	4.07	4.13	4.18	4.26	4.35	4.44	4.48	4.52	4.06	4.04	4.16	4.55
Corporate Profits Before Taxes (Yr/Yr % Chg.)	4.6	7.4	2.9	5.5	6.4	3.6	4.4	4.5	4.6	4.7	5.8	5.8	4.8	4.5	4.3	4.2	5.10	4.71	5.23	4.45
Corporate Profits After Taxes (Yr/Yr % Chg.)	3.8	6.1	1.4	4.4	7.5	4.8	4.2	4.4	4.8	4.9	6.0	6.0	4.7	4.4	4.2	4.1	3.90	5.19	5.43	4.35
Federal Budget Balance (Bil. of $, Fiscal Years)	-555	-209	-544	-711	-596	-30	-438	-587	-695	-185	-731	-608	-719	-191	-756	-653	-1,817	-1,775	-2,198	-2,275
Fed. Reserve Trade Weighted Dollar Index [1]	116.49	117.88	112.81	121.45	117.97	110.00	111.36	113.00	113.50	114.00	114.50	114.50	114.50	114.50	114.50	114.50	117.16	113.08	114.13	114.50
Interest Rates (Quarter End)																				
Federal Funds Rate (Upper Bound)	5.50	5.50	5.00	4.50	4.50	4.50	4.25	3.75	3.50	3.25	3.00	3.00	3.00	3.00	3.00	3.00	5.13	4.25	3.19	3.00
Prime Rate	8.50	8.50	8.00	7.50	7.50	7.50	7.25	6.75	6.50	6.25	6.00	6.00	6.00	6.00	6.00	6.00	8.31	7.25	6.19	6.00
3-Month T-Bill Rate	5.46	5.48	4.73	4.37	4.32	4.41	4.02	3.66	3.28	2.90	2.52	2.49	2.46	2.43	2.40	2.37	5.18	4.10	2.80	2.42
2-Year Treasury Note	4.59	4.71	3.66	4.25	3.89	3.72	3.60	3.51	3.39	3.27	3.15	3.11	3.07	3.03	2.99	2.95	4.37	3.68	3.23	3.01
10-Year Treasury Yield	4.20	4.36	3.81	4.58	4.23	4.24	4.16	4.10	4.00	3.92	3.84	3.80	3.76	3.74	3.72	3.70	4.21	4.18	3.89	3.73
30-Year Fixed Mortgage Rate [2]	6.82	6.92	6.18	6.72	6.65	6.82	6.35	6.14	5.91	5.70	5.49	5.42	5.35	5.30	5.25	5.20	6.72	6.49	5.63	5.28
3M/10Y Spread	-1.26	-1.12	-0.92	0.21	-0.09	-0.17	0.14	0.44	0.72	1.02	1.32	1.31	1.30	1.31	1.32	1.33	-0.97	0.08	1.09	1.32
2Y/10Y Spread	-0.39	-0.35	0.15	0.33	0.34	0.52	0.56	0.59	0.61	0.65	0.69	0.69	0.69	0.71	0.73	0.75	-0.16	0.50	0.66	0.72

Forecast as of: December 5, 2025

Note: Annual numbers represent year-over-year percent changes and annual averages

(1) For Advanced Foreign Economies

(2) Freddie Mac Primary Mortgage Market Survey

Sources: Visa Business and Economic Insights, U.S. Department of Commerce, U.S. Department of Labor and Federal Reserve Board .

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