

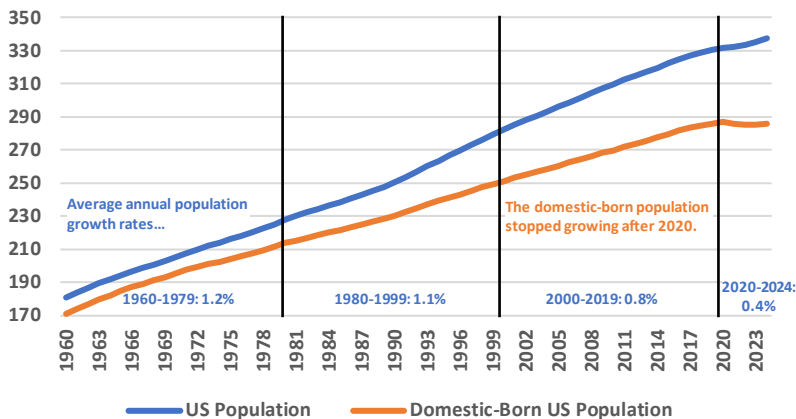
## Economic & Market Watch Intelligence Brief

### Briefing

- Since 1990, a one percentage point (pp) increase in the U.S. labor force growth rate has accompanied a 1.7 pp increase in the growth in real GDP (Figure 1). As population growth slows, labor force growth will also slow, and that will slow economic growth.
- Labor force participation measures the fraction of working-age adults who have jobs or are looking for jobs. People not participating in the labor force include full-time students, stay-at-home parents and early retirees. These people are considered “non-employed” (as they neither have nor seek jobs) and do not count toward the unemployment rate. The labor force participation rate rose from the 1960s through 2000 as more women entered the work force. The participation rate fell from 2000 through 2015 as some baby-boomers took early retirements. The participation rate started to recover before being interrupted by COVID (Figure 2).
- Among states, greater population growth accompanies greater economic growth. On average, a 1 pp increase in population growth accompanies a 1.5 pp increase in economic growth. The causality runs in both directions: increased economic growth attracts people to a state and increased population growth generates more economic activity (Figure 3).

### Chart of the Week

#### US Population (millions)



### Commentary

Economic growth causes an influx of immigrants seeking a better life, but increased population can also cause economic growth, as more people means more labor and consumer demand. For the U.S., population growth numbers become alarming when one separates immigrants from domestic-born people. The U.S. domestic-born population peaked in 2020, such that all U.S. population growth is now due to immigration, and total population growth is closer to zero than at any point in our history.

A large population isn't just important as a source of production and demand, but also of entrepreneurs. Just one Thomas Edison, Henry Ford, Steve Jobs or Elon Musk can change the economic landscape completely. Such uber-entrepreneurs create not just jobs, but entire industries. They create new products and processes that change forever, and for the better, the way we live. But such people are rare and their arrival unpredictable. One way to get more of them is to have a large population. If, for example, an uber-entrepreneur is so rare as to constitute only one out of every 10 million people, then a population of 300 million will give you 30. A population of less than 10 million, like Switzerland's or Denmark's, might not give you any.

### Snapshots

Figure 1. US Labor Force vs. US Economic Growth (1990–2024, quarterly)

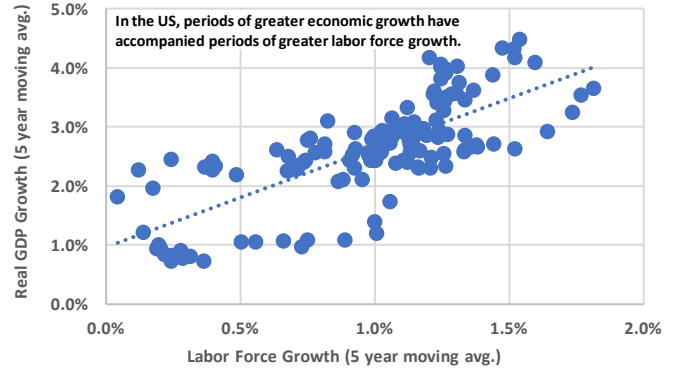


Figure 2. Labor Force Participation Rate

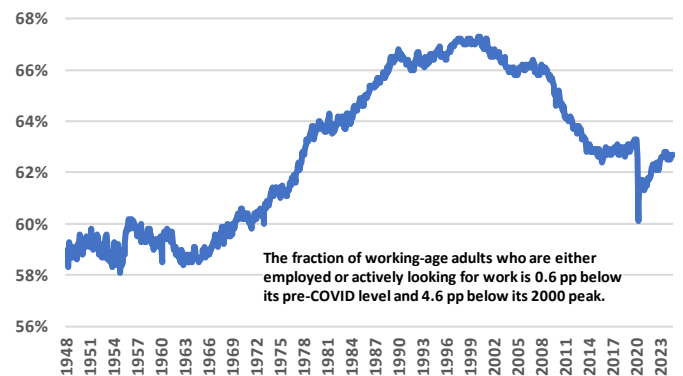
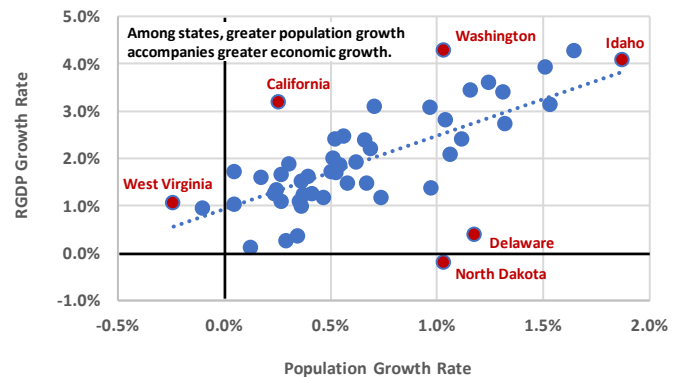


Figure 3. Population vs. Economic Growth for the 50 States (2015–2024)



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## Economic & Market Watch Dashboard

### Key Indicators

#### INTEREST RATES<sup>1</sup>

	2024			2025		
	Current	Q4	Q1	Q2	Q3	Q4
Fed Funds Target <sup>2</sup> (%)	5.00	4.50	4.00	3.75	3.75	3.50
SOFR (%)	4.86	4.45	3.95	3.70	3.40	3.25
2Y UST (%)	4.14	3.75	3.65	3.45	3.40	3.35
5Y UST (%)	4.13	3.75	3.65	3.60	3.60	3.60
10Y UST (%)	4.28	3.95	3.90	3.85	3.80	3.80
30Y UST (%)	4.48	4.25	4.20	4.20	4.20	4.20

#### ECONOMY

	2024		2025			
	Current	Q4	Q1	Q2	Q3	Q4
PCE Inflation (%)	2.1	2.0	2.2	2.1	2.0	2.1
CPI Inflation (%)	2.4	2.1	2.2	2.2	2.1	2.1
Real GDP (%)	2.8	1.8	1.7	1.9	2.0	2.1
Unemployment (%)	4.1	4.3	4.3	4.4	4.3	4.3
Consumer Spending (%)	3.7	1.9	2.2	2.1	2.3	2.3
Industrial Production (%)	(0.6)	1.4	1.2	1.4	1.6	1.8

### Equities & Currency

	Current	Year ago
DJIA	41,903	34,096
Nasdaq	18,124	13,519
S&P 500	5,712	4,366
US Dollar Index	\$1,256	\$1,255

### Commodities

	Current	Year ago
Crude Oil (Per Barrel)	\$71.47	\$80.49
Natural Gas (Per MMBtu)	\$2.69	\$3.56
Coal (Per Short Ton)	\$14.40	\$11.69
Gold (Per Ounce)	\$2,742.10	\$1,977.90
Corn (Per Bushel)	\$419.16	\$491.86
Soybean (Per Bushel)	\$994.87	\$1,341.70

### Industry

	Current	Year ago
Natural Gas Storage (Billion Cubic Feet)	3,863	3,756
U.S. Daily Power Consumption (MWh)	10,239,138	10,856,413
World Container Index (Per 40ft)	\$3,213	\$1,406

<sup>1</sup> Unless otherwise indicated, forecasts are from the Blue Chip Professional Forecasters

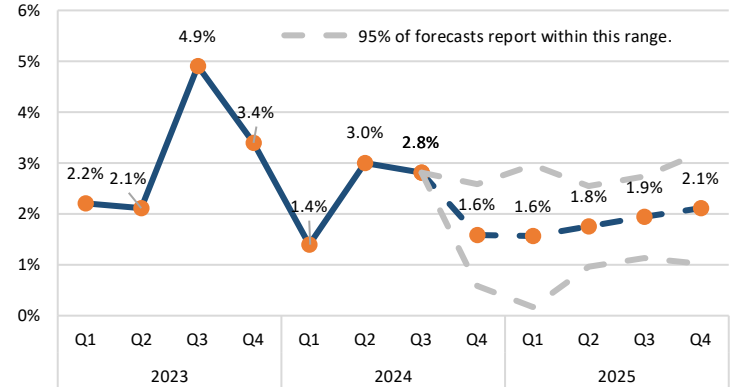
<sup>2</sup> Target rate forecast is based on futures market contracts

Source: Blue Chip Financial Forecasts, Trading Economics, Moody's Analytics, Statista, Trading Economics, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, U.S. Energy Information Administration, U.S. Treasury Department, Federal Reserve Bank of Atlanta, Federal Reserve Bank of New York, Federal Reserve Bank of St. Louis, International Monetary Fund, World Bank, University of Michigan, The Conference Board.

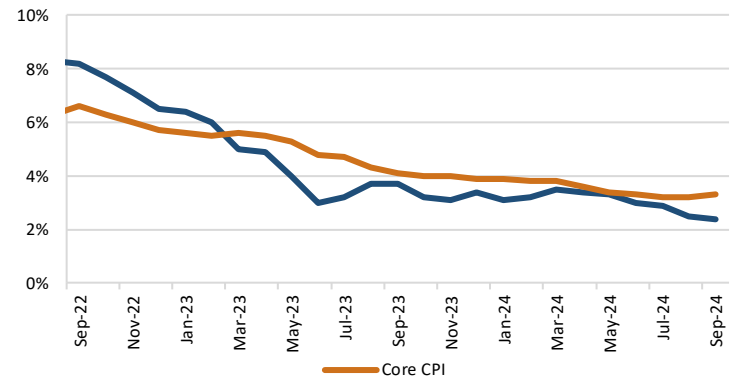
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### Forecasts

#### Real GDP Growth Trend



#### Headline vs. Core Inflation



#### 10-year US Treasury vs. Fed Funds Trend

