

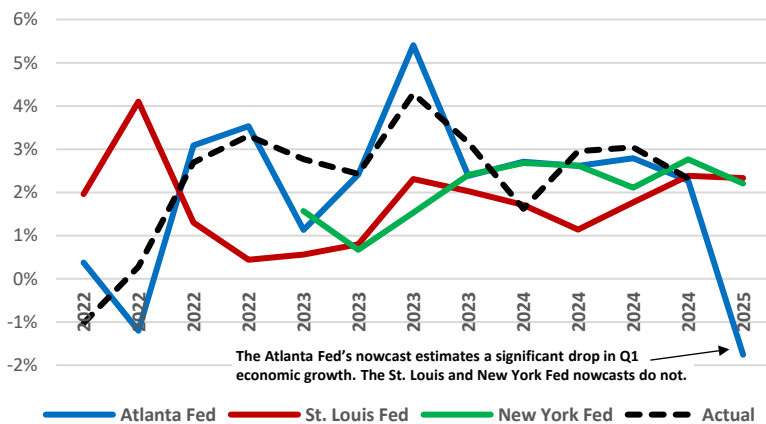
Economic & Market Watch Intelligence Brief

Briefing

- The Atlanta Fed's GDPNow estimates U.S. economic growth for the current quarter. The measure took a nosedive recently, declining into negative territory for the first time since mid-2022 and to its lowest level ever (save for Q2 of 2020). Currently, GDPNow estimates that annualized economic growth for Q1 will be minus 1.8%.
- However, other forecasts and nowcasts indicate a more positive outlook for Q1 (Table 1). For example, the average forecast from the Blue Chip Economic Indicator panel of forecasters was 1.6% growth. Even the pessimistic forecast showed 0% growth (a "pessimistic forecast" is lower than 95% of professional forecasts).
- When GDPNow has underestimated economic growth, it has done so by an average of 1.3 percentage points (Figure 1). Ignoring 2020, GDPNow's largest underestimation was for Q1 2015, where GDPNow estimated 0.1% growth when the actual was 3.7% growth.
- Changes in consumer sentiment attract attention as indicators of shifts in economic growth. However, fluctuations in consumer sentiment have historically been unreliable predictors of shifts in real GDP (Figure 2).

Chart of the Week

Fed Nowcasts of Annualized Real GDP Growth



Commentary

Measuring macroeconomic data like GDP, unemployment and inflation requires collecting, processing and verifying vast quantities of data from numerous sources. Because of the time required to do this, we never know the true state of the economy in real time. Preliminary economic data are typically available within a month and rely on incomplete and extrapolated information. Data are then revised several times over the course of a year. The "final" numbers can be significantly different from the preliminary numbers.

To help get a real-time view of the economy, economists and policymakers rely on "nowcasts." Unlike forecasts, which attempt to predict the future, nowcasts attempt to show the present. The Atlanta Fed's nowcast (GDPNow) simply reports all currently available information, regardless of whether it is complete. The upside is that because no one is adjusting the numbers, GDPNow is free of human bias and can be reported more frequently. The downside is that GDPNow ignores known and estimable missing data. The St. Louis Fed's nowcast (Economic News Index) compares incoming data with expectations to estimate economic changes. The New York Fed's nowcast (NY Fed Staff Nowcast) uses statistical techniques to combine economic indicators and financial market data to estimate current data (Chart of the Week).

Snapshots

Table 1. Comparison of Forecasts for Q1 2025 Real GDP Growth

	Forecast/Nowcast	Date Made
Blue Chip Financial Forecasts (average)	2.2%	March 1
Blue Chip Financial Forecasts (pessimistic)	1.2%	March 1
Blue Chip Economic Indicators (average)	1.6%	March 15
Blue Chip Economic Indicators (pessimistic)	0.0%	March 15
Atlanta Fed	(1.8%)	March 18
St. Louis Fed	2.3%	March 21
New York Fed (average)	2.7%	March 21
New York Fed (pessimistic)	0.0%	March 21
Trading Economics	0.9%	March 24

Figure 1. GDPNow Prediction Error

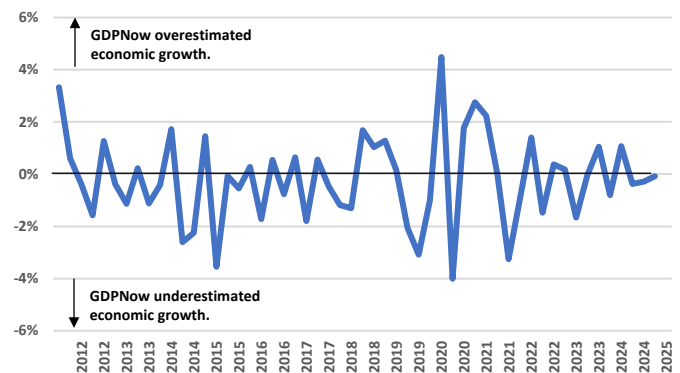
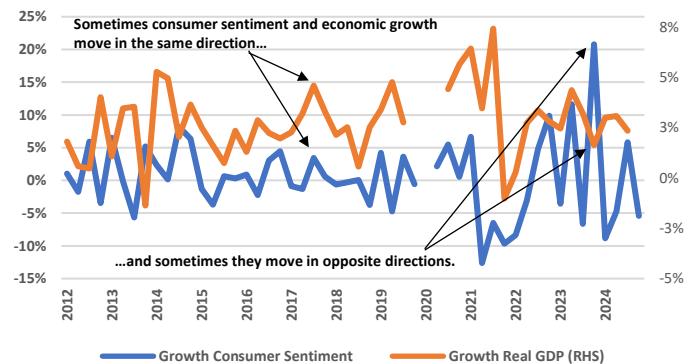


Figure 2. Consumer Sentiment and Economic Growth



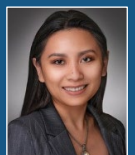
The Economic & Financial Research Team



John Suter, VP



Antony Davies, Director



Sam Kem, Sr. Analyst

Email: EconomicResearch@nrucfc.coop

Economic & Market Watch Dashboard

Key Indicators

INTEREST RATES¹

	Current	2025				2026	
		Q2	Q3	Q4		Q1	Q2
Fed Funds Target ² (%)	4.50	4.25	4.00	4.00		3.75	3.50
SOFR (%)	4.34	4.00	3.90	3.80		3.75	3.75
2Y UST (%)	3.88	3.95	3.90	3.90		3.75	3.75
5Y UST (%)	3.95	4.15	4.10	4.05		4.00	4.00
10Y UST (%)	4.22	4.40	4.40	4.35		4.25	4.25
30Y UST (%)	4.58	4.70	4.70	4.65		4.55	4.55

ECONOMY

	Current	2025				2026	
		Q2	Q3	Q4		Q1	Q2
PCE Inflation (YoY %)	2.5	2.6	2.5	2.5		2.5	2.4
CPI Inflation (YoY %)	2.8	2.7	2.6	2.6		2.8	2.6
Real GDP (QoQ %)	2.4	2.0	1.9	1.9		2.0	2.0
Unemployment (%)	4.1	4.3	4.3	4.3		4.3	4.3
Consumer Spending (QoQ %)	4.2	2.1	2.0	2.0		2.0	2.0
Industrial Production (YoY %)	1.4	0.6	1.3	1.7		1.5	1.6

Equities & Currency

	Current	Year ago
DJIA	41,406	39,567
Nasdaq	16,983	16,397
S&P 500	5,520	5,244
US Dollar Index	\$1,269.84	\$1,246.50

Commodities

	Current	Year ago
Crude Oil (Per Barrel)	\$70.72	\$83.74
Natural Gas (Per MMBtu)	\$4.16	\$1.82
Coal (Per Short Ton)	\$10.35	\$13.18
Gold (Per Ounce)	\$3,113.00	\$2,251.30
Corn (Per Bushel)	\$4.51	\$4.35
Soybean (Per Bushel)	\$10.29	\$11.82

Industry

	Current	Year ago
Natural Gas Storage (Billion Cubic Feet)	1,744	2,301
U.S. Daily Power Consumption (MWh)	9,767,542	9,190,332
World Container Index (Per 40ft)	\$2,168	\$3,162

¹ Unless otherwise indicated, forecasts are from the Blue Chip Professional Forecasters.

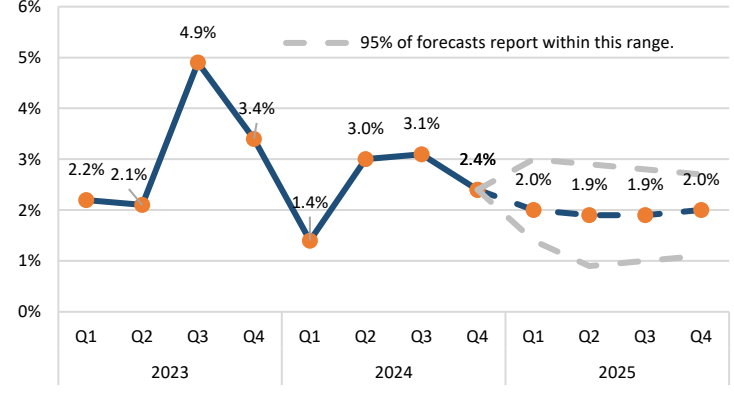
² Target rate forecast is based on futures market contracts.

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.

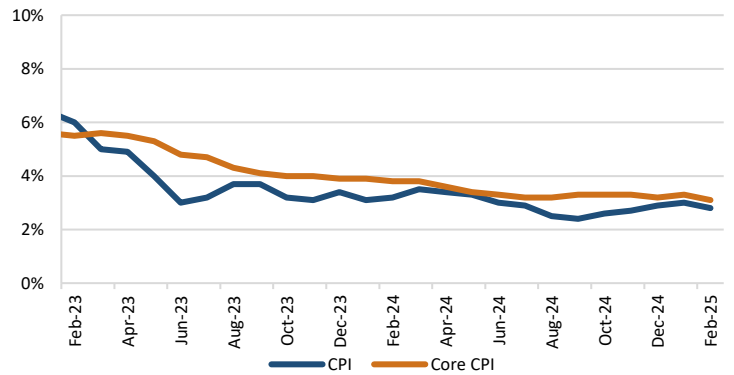
Disclaimer: These materials are being provided to you as a service to our members for informational purposes only, and are not advice or recommendations of any kind. By receiving these materials, you agree not to share the materials outside of you cooperative, that CFC is not providing any representation or warranty regarding the information in these materials, and that CFC is not responsible for the consequences of any decisions made or actions taken in reliance on these materials. SOFR and EFFR are subject to the Terms of Use posted at [newyorkfed.org](https://www.newyorkfed.org). The New York Fed is not responsible for publication of SOFR or EFFR by CFC, does not sanction or endorse any particular republication, and has no liability for your use.

Forecasts

Real GDP Growth Trend



Headline vs. Core Inflation



10-Year US Treasury vs. Fed Funds Trend

