

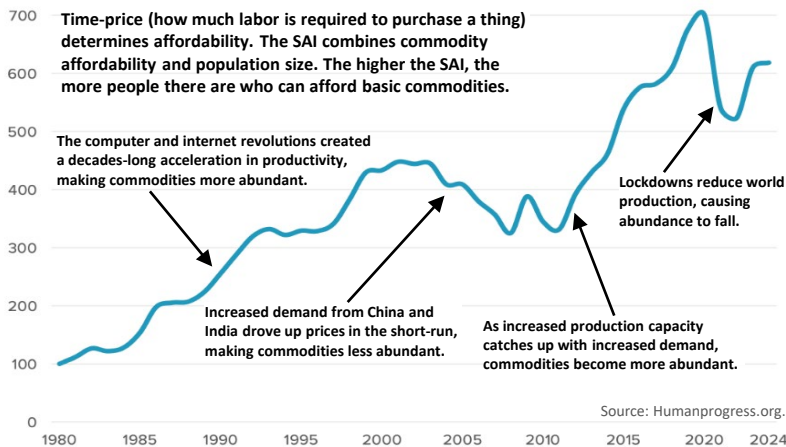
Economic & Market Watch Intelligence Brief

Briefing

- Inflation measures are subject to error because researchers must determine what goods to include, how to measure their prices and how to weight those prices relative to each other. These errors compound when comparing prices across countries and over longer time intervals. For example, a comparison of America's purchasing power in 2024 to 2020 is reliable enough. But, because of significant changes in consumer goods and relative currency values, a comparison of America's purchasing power in 2024 to China's in 1924 is not.
- A better way to measure prices is in time rather than dollars. A time-price is how long a worker must work to afford to purchase a thing. In 1980, the median worker earned \$300 per week and the price of gas averaged \$1.13 (**Figure 1**). The worker had to work eight minutes and 42 seconds to afford a gallon of gas. Over the next 45 years, the price of gas rose 192% but the median wage rose 270%. By 2024, the median worker only had to work six minutes and 48 seconds to afford a gallon of gas—21% less than in 1980.
- Worldwide, the average time-price of commodities has fallen 70% over the past half-century (**Figure 2**). For example, in terms of time-price, aluminum is 78% cheaper today than in 1980 (**red bars**). This means that the typical worker can afford to purchase 355% more aluminum for the same amount of labor as in 1980. This is an increase in abundance (**green bars**).

Chart of the Week

The Simon Abundance Index (SAI)



Commentary

If resources were finite, population growth would lead to scarcity. Our experience is the opposite. As the world population has grown, almost the entire planet has experienced increased abundance (**Chart of the Week**). This is possible because, while specific resources may be finite, human ingenuity creates new resources out of things that weren't resources before.

For example, prior to the 1800s, farmers used manure for fertilizing soil. Manure's low nitrogen content led to low crop yields. In the 1800s, humans discovered that guano—bird droppings—were rich in nitrogen, phosphorus and potassium. Trade in guano boomed and so did farming productivity. In the 1900s, as guano supplies diminished, humans discovered how to extract nitrogen from the air and produce even higher quality fertilizer on an industrial scale. In the mid-1950s, the invention of the shipping container reduced shipping costs by 90%. The creation of new resources enabled the world's population to increase tenfold while poverty rates declined tenfold.

A similar evolution occurred in energy as humans discovered how to make fire, then charcoal, then to mine coal, then to render whale blubber for oil, then to refine petroleum and then to split and fuse atoms. From 1800 to today, the labor required to obtain one lumen of light has fallen 99.9%.

Snapshots

Figure 1. Time Price, Dollar Price & Inflation

Inflation: Consumer prices rose an average of 202% from 1980 to 2024.

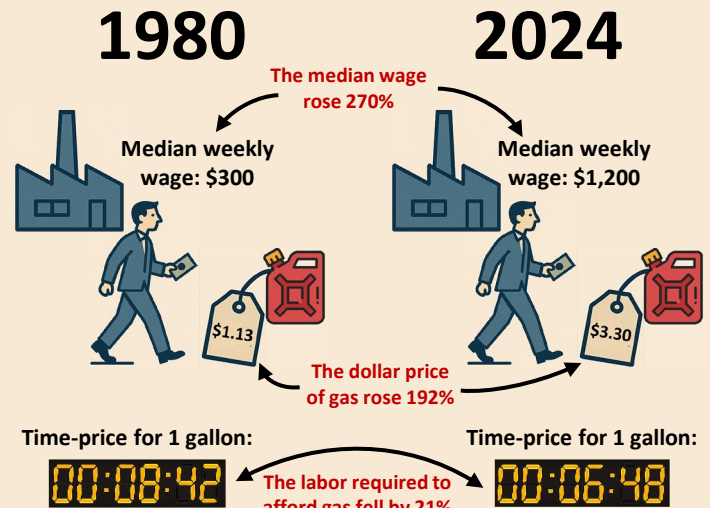


Figure 2. Change in Time-Price and Abundance (1980–2024)

Commodities	Percentage Change in Time Price	Percentage Change in Abundance
Lamb	-85.2%	573.6%
Sugar	-84.1%	527.6%
Cotton	-84.1%	527.3%
Pork	-82.6%	473.4%
Shrimp	-81.6%	444.5%
Salmon	-81.1%	428.9%
Pulpwood	-78.7%	369.7%
Aluminum	-78.0%	355.3%
Hides	-77.9%	352.0%
Logs	-77.3%	341.2%
Average	-70.4%	238.1%
Natural Gas, Europe	-55.3%	123.9%
Coal	-54.7%	120.7%
Fertilizer	-54.6%	120.1%
Cocoa	-51.5%	106.3%
Banana	-43.8%	78.1%
Fish Meal	-42.1%	72.7%
Zinc	-37.3%	59.5%
Iron Ore	-33.0%	49.3%
Gold	-32.5%	48.1%
Copper	-28.0%	38.8%
Orange	-2.9%	2.9%

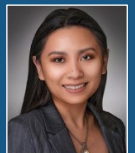
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Economic & Market Watch Dashboard

Key Indicators

INTEREST RATES¹

	Current	2025			2026		
		Q3	Q4	Q1	Q2	Q3	
Fed Funds Target ² (%)	4.50	4.25	4.00	3.75	3.50	3.50	
SOFR (%)	4.30	4.07	3.83	3.60	3.42	3.20	
2Y UST (%)	3.86	3.71	3.58	3.50	3.45	3.42	
5Y UST (%)	3.92	3.91	3.82	3.77	3.74	3.71	
10Y UST (%)	4.38	4.29	4.23	4.20	4.18	4.16	
30Y UST (%)	4.94	4.75	4.69	4.66	4.62	4.60	

ECONOMY

	Current	2025			2026		
		Q3	Q4	Q1	Q2	Q3	
PCE Inflation (YoY %)	2.3	3.6	3.0	2.8	2.4	2.3	
CPI Inflation (YoY %)	2.7	3.7	3.2	2.9	2.6	2.5	
Real GDP (QoQ %)	(0.5)	0.5	0.8	1.4	1.7	1.9	
Unemployment (%)	4.1	4.4	4.6	4.7	4.7	4.7	
Consumer Spending (QoQ %)	0.5	0.7	0.8	1.5	1.7	1.8	
Industrial Production (YoY %)	0.7	0.9	0.8	1.1	0.6	0.7	

Equities & Currency

	Current	Year ago
DJIA	44,411	40,288
Nasdaq	20,994	17,727
S&P 500	6,297	5,505
US Dollar Index	\$1,202.48	\$1,256.32

Commodities

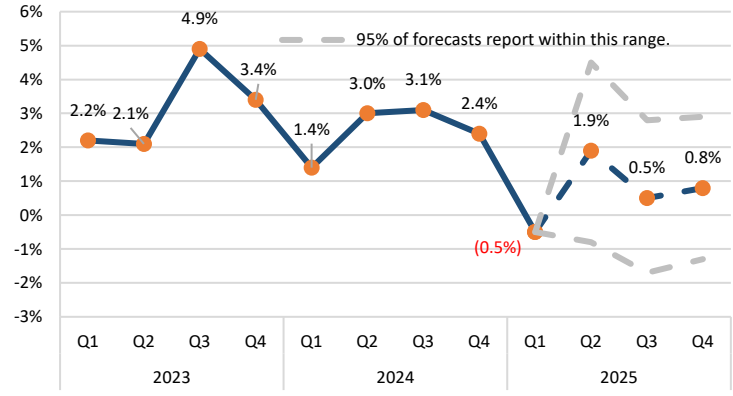
	Current	Year ago
Crude Oil (Per Barrel)	\$66.99	\$80.13
Natural Gas (Per MMBtu)	\$3.39	\$2.13
Coal (Per Short Ton)	\$14.30	\$13.90
Gold (Per Ounce)	\$3,395.20	\$2,399.10
Corn (Per Bushel)	\$4.07	\$3.91
Soybean (Per Bushel)	\$10.20	\$10.97

Industry

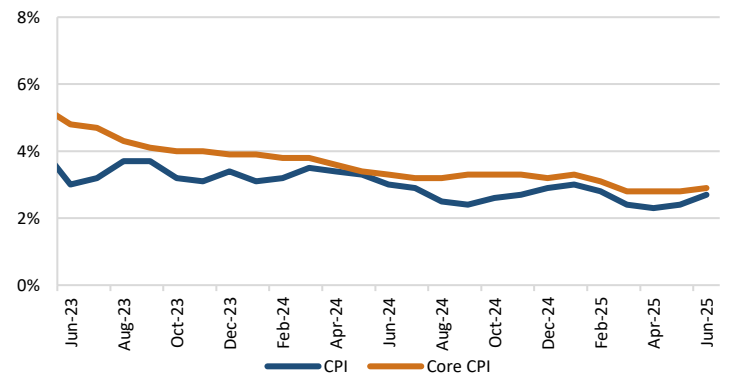
	Current	Year ago
Natural Gas Storage (Billion Cubic Feet)	3,052	3,231
U.S. Daily Power Consumption (MWh)	13,650,928	12,664,136
World Container Index (Per 40ft)	\$2,602	\$5,937

Forecasts

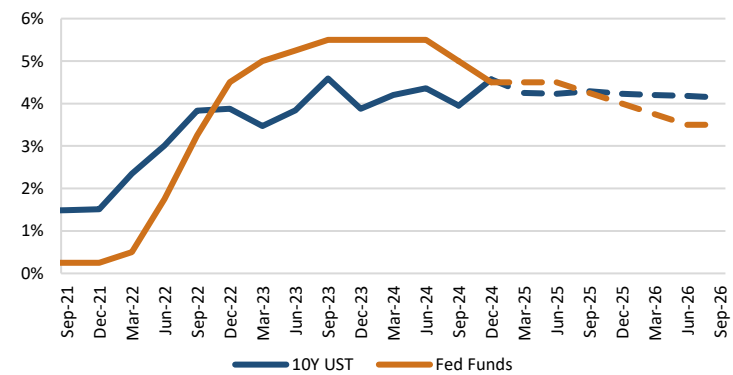
Real GDP Growth Trend



Headline vs. Core Inflation



10-Year US Treasury vs. Fed Funds Trend

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.

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