

## Economic & Market Watch Intelligence Brief

### Briefing

- The Sahm Real-Time Recession Indicator and the Chicago Fed's National Activity Index (NAI) are "now-cast" recession indicators (**Figures 1 and 2**). "Now-cast" estimators ask whether the economy is currently in a recession. Now-casts are needed because delays in collecting data mean that it takes two to four quarters to confirm economic conditions. These estimators draw lines in the sand (0.5 for Sahm and (0.7) for Chicago). If the metric crosses the line, the model reports it likely that the economy is in a recession.
- The Philadelphia Fed's Business Conditions Index (BCI) and the Dallas Fed's Weekly Economic Index (WEI) reflect current economic conditions (**Figures 3 and 4**). These are also now-cast estimators but, unlike Sahm's and Chicago's, these don't draw a line in the sand. Rather, the lower the measures are, the weaker the economy is and so the greater the risk of a recession.
- The New York Fed and Blue Chip (implied) estimators are forecasts rather than now-casts (**Figures 5 and 6**). The New York Fed measure is based on the yield spread and gives the probability of the economy being in a recession 12 months in the future. The Blue Chip measure is an implied metric constructed from the consensus and disagreement among Blue Chip forecasters. It gives the probability of the economy being in a recession at any point over the next 12 months.

### Chart of the Week: Recession Predictors

Metric	Forecast Horizon	Based on	Interpretation
Sahm Real-Time	Now	Unemployment rate	Greater than 0.5 → Recession
Chicago Fed National Activity Index	Now	85 indicators covering income, employment, consumption, inventories	Less than -0.7 → Recession
Philadelphia Fed Business Conditions Index	Now	Unemployment, payroll, production, income, GDP	Persistently lower numbers indicate weaker economic conditions.
Dallas Fed Weekly Economic Index	Now	Sales, consumer sentiment, unemployment, taxes, manufacturing output	Lower numbers indicate weaker economic conditions.
New York Fed Recession Probability	Exactly 12 months from now	Yield spread	Probability economy is in recession 12 months from now.
Blue Chip Recession Probability	Between now and 12 months from now	Implied from consensus and disagreement among forecasters	Probability economy is in recession at any point within next 12 months.

### Commentary

The popular definition of a recession is "two consecutive quarters of negative real GDP growth." The National Bureau of Economic Research officially defines and dates recessions. Historically, the popular and official definitions have aligned most, but not all, of the time.

As of July 2025, the Sahm and Chicago now-casts both say that the economy is not in a recession. Sahm says that the economy moved further away from recession territory since January while Chicago says the economy moved closer. The Philadelphia and Dallas Fed now-casts both say the economy became stronger in July. Dallas says the strengthening has been growing since May, while Philadelphia says since June.

Looking forward, the New York Fed has put the probability of the economy being in a recession 12 months in the future at around 30% since February. The Blue Chip measure puts the probability of the economy falling into a recession at some point over the next 12 months at 45%, down from 70% in May but up from about 0% in January.

Taken together, the metrics indicate that the economy isn't currently in a recession but that it's close enough that more bad news could tip the scales.

### Snapshots

Figure 1: Sahm Real-Time

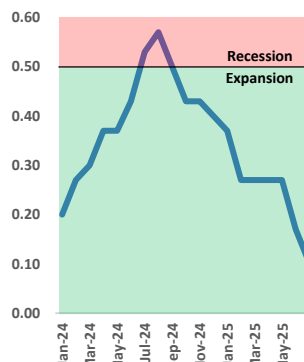


Figure 2: Chicago Fed NAI

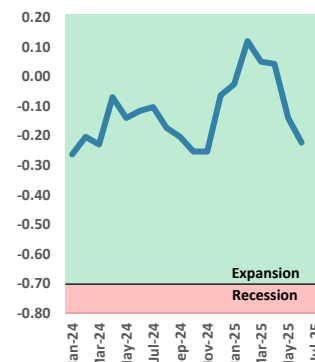


Figure 3: Philadelphia Fed BCI

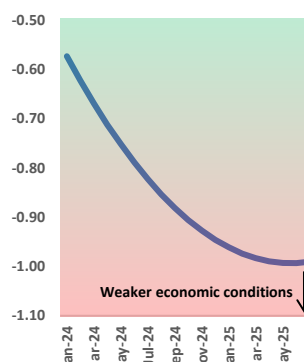


Figure 4: Dallas Fed WEI

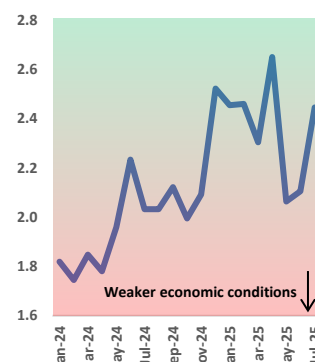


Figure 5: New York Fed

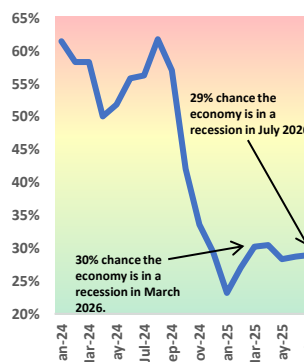
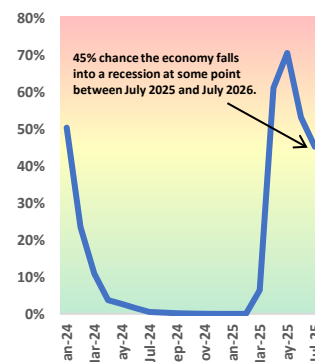


Figure 6: Blue Chip (implied)



### The Economic & Financial Research Team



John Suter, VP



Antony Davies, Director



Sam Kem, Sr. Analyst

Email: [EconomicResearch@nrucfc.coop](mailto:EconomicResearch@nrucfc.coop)

## Economic &amp; Market Watch Dashboard

## Key Indicators

INTEREST RATES<sup>1</sup>

	Current	2025			2026		
		Q3	Q4	Q1	Q2	Q3	
Fed Funds Target <sup>2</sup> (%)	4.50	4.25	4.00	3.75	3.50	3.25	
SOFR (%)	4.36	4.06	3.80	3.56	3.37	3.20	
2Y UST (%)	3.75	3.72	3.61	3.53	3.48	3.44	
5Y UST (%)	3.84	3.89	3.83	3.79	3.75	3.71	
10Y UST (%)	4.31	4.30	4.24	4.21	4.19	4.17	
30Y UST (%)	4.92	4.76	4.70	4.67	4.65	4.64	

## ECONOMY

	Current	2025			2026		
		Q3	Q4	Q1	Q2	Q3	
PCE Inflation (YoY %)	2.6	3.5	3.1	2.7	2.4	2.4	
CPI Inflation (YoY %)	2.7	3.6	3.3	2.8	2.6	2.5	
Real GDP (QoQ %)	3.0	0.7	0.8	1.4	1.8	1.9	
Unemployment (%)	4.2	4.4	4.5	4.6	4.6	4.6	
Consumer Spending (QoQ %)	1.4	0.6	0.8	1.4	1.7	1.8	
Industrial Production (YoY %)	1.4	1.0	1.2	0.6	1.0	1.5	

## Equities &amp; Currency

	Current	Year ago
DJIA	44,931	40,660
Nasdaq	21,609	17,632
S&P 500	6,450	5,554
US Dollar Index	\$1,204.70	\$1,238.47

## Commodities

	Current	Year ago
Crude Oil (Per Barrel)	\$62.36	\$76.65
Natural Gas (Per MMBtu)	\$2.86	\$2.12
Coal (Per Short Ton)	\$14.40	\$13.95
Gold (Per Ounce)	\$3,339.50	\$2,498.60
Corn (Per Bushel)	\$3.82	\$3.71
Soybean (Per Bushel)	\$10.19	\$9.39

## Industry

	Current	Year ago
Natural Gas Storage (Billion Cubic Feet)	3,186	3,299
U.S. Daily Power Consumption (MWh)	13,769,388	12,917,405
World Container Index (Per 40ft)	\$2,350	\$5,428

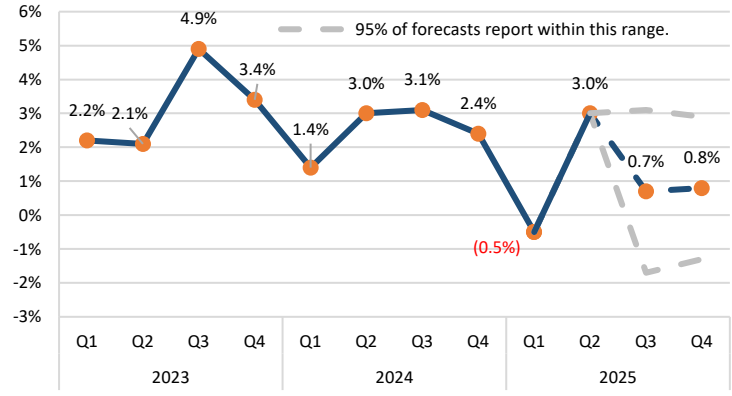
<sup>1</sup> Unless otherwise indicated, forecasts are from the Blue Chip Professional Forecasters.<sup>2</sup> Target rate forecast is based on futures market contracts.

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.

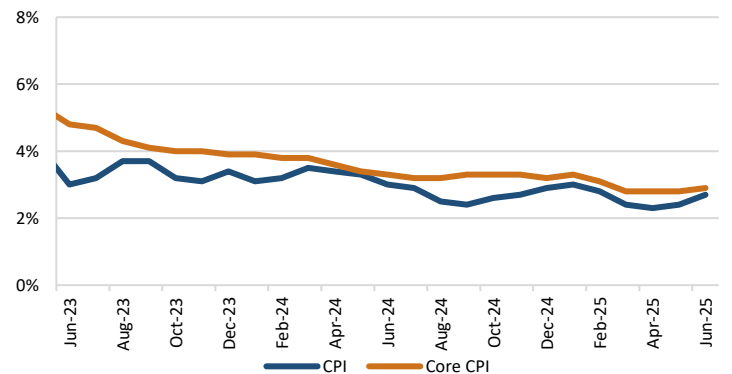
Disclaimer: These materials are being provided to you as a service to our members for informational purposes only, and are not advice or recommendations of any kind. By receiving these materials, you agree not to share the materials outside of you cooperative, that CFC is not providing any representation 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

