

## Economic & Market Watch Intelligence Brief



### Briefing

- U.S. consumers comprise 70% of the spending that occurs in the U.S., but they spend about 15% of that on things produced outside the U.S. Subtracting their share of imports, U.S. consumers are responsible for around 60% of all spending on U.S.-produced goods and services (**Figure 1**).
- Data show that the bulk of consumer spending is due to a relatively small number of wealthy households. But definitions matter. Is the income pre- or post-tax? Does the income include transfers (e.g., SNAP, WIC, etc.)? Is it only wages or does it include non-wage income (e.g., rent, interest, etc.)?
- The top 20% of households by pre-tax money income (i.e., all sources of cash income and excluding noncash and in-kind benefits) generate 40% of all consumer spending (**Figure 2**).
- Some income inequality is due to differences in the number of workers per household. This suggests that a path to addressing inequality lies in focusing on differences in labor participation and employment (**Figure 3**).
- Just as spreading a portfolio across numerous stocks reduces the portfolio's risk, a flatter income distribution contributes to less spending volatility as spending is spread across a larger number of households.

### Chart of the Week

#### Number of Workers per Household Arranged by Household Income



	Average Income per Household (before taxes)				
	\$15,600	\$40,800	\$71,000	\$117,000	\$265,000
	Average Income per Worker (before taxes)				
	\$42,100	\$44,800	\$53,300	\$67,800	\$129,000

### Commentary

Household-level data are less useful than individual-level data for measuring income disparities. Consider two households: Household A earns twice the income of household B. The income difference may be due to inequalities in earning power. Alternatively, the workers in the two households may earn the same amounts, but household A contains two workers while household B only contains one.

In the U.S., households with higher incomes tend to have a greater number of workers. The average top 20% household contains 2.1 workers. The average bottom 20% household contains 0.4 workers (**Chart of the Week**).

Adjusting for the different number of workers significantly alters the apparent inequalities. While the average household among the top 20% earns 17 times what the average household in the bottom 20% earns, the average worker living in a top 20% household earns only three times what the average worker in a bottom 20% household earns.

These differences may be due to retirees not having enough savings, to lower-income people not having adequate job opportunities or to significant differences in wages. But the data suggest that differences in incomes are more complex than simply "rich" versus "poor."

### Snapshots

Figure 1. Spending on US-Produced Goods & Services (2024)

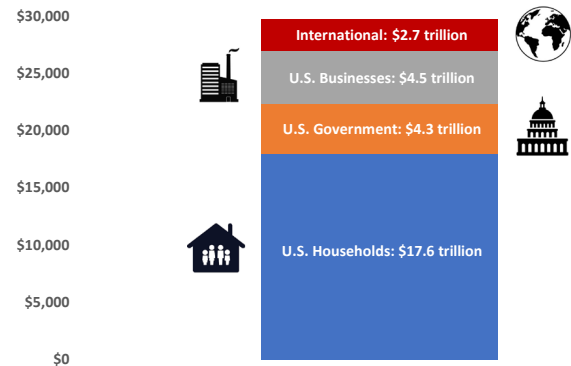


Figure 2. Consumer Spending Arranged by Pre-Tax Household Income (2023)

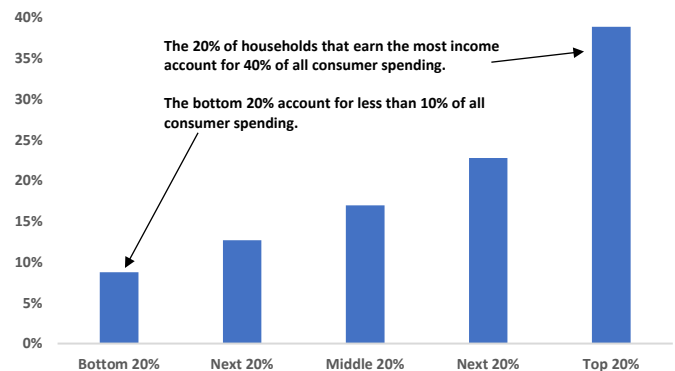
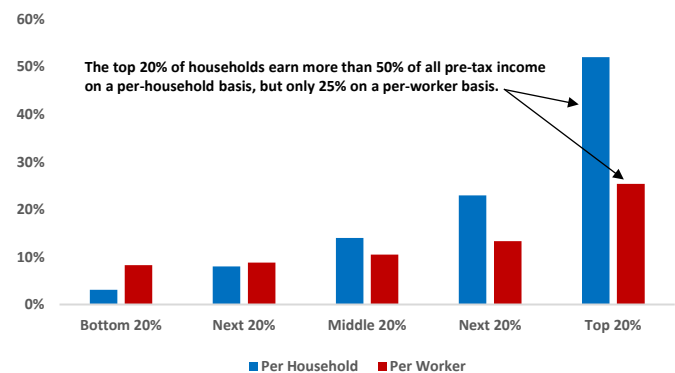


Figure 3. Pre-Tax Money Income Arranged by Household Income (2023)



### 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 (%)	3.73	3.72	3.61	3.53	3.48	3.44	
5Y UST (%)	3.79	3.89	3.83	3.79	3.75	3.71	
10Y UST (%)	4.28	4.30	4.24	4.21	4.19	4.17	
30Y UST (%)	4.91	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	45,515	41,175
Nasdaq	21,442	17,878
S&P 500	6,453	5,635
US Dollar Index	\$1,201.85	\$1,223.14

## Commodities

	Current	Year ago
Crude Oil (Per Barrel)	\$64.45	\$74.83
Natural Gas (Per MMBtu)	\$2.67	\$2.02
Coal (Per Short Ton)	\$14.40	\$13.95
Gold (Per Ounce)	\$3,368.00	\$2,508.40
Corn (Per Bushel)	\$3.93	\$3.68
Soybean (Per Bushel)	\$10.30	\$9.52

## Industry

	Current	Year ago
Natural Gas Storage (Billion Cubic Feet)	3,199	3,334
U.S. Daily Power Consumption (MWh)	13,439,028	12,420,686
World Container Index (Per 40ft)	\$2,250	\$5,319

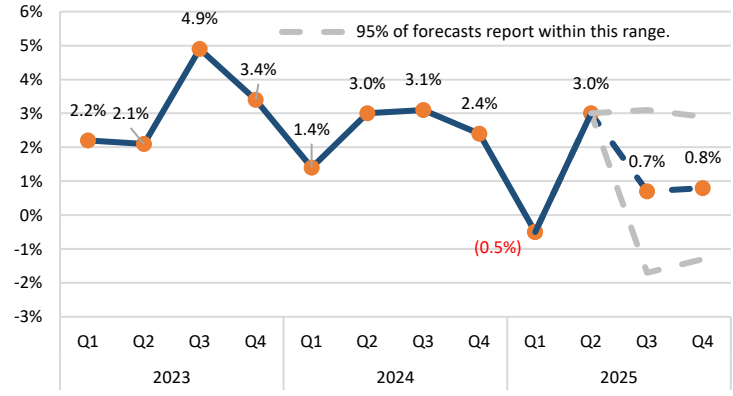
<sup>1</sup> Unless otherwise indicated, forecasts are from the Blue Chip Professional Forecasters.<sup>2</sup> Target rate forecast is based on futures market contracts.

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.

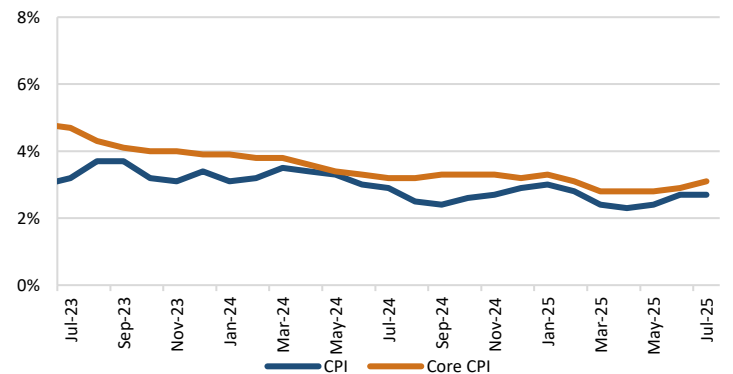
Disclaimer: These materials are being provided to you as a service to our members for informational purposes only, and are not advice or recommendations of any kind. By receiving these materials, you agree not to share the materials outside of you cooperative, that CFC is not providing any representation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

