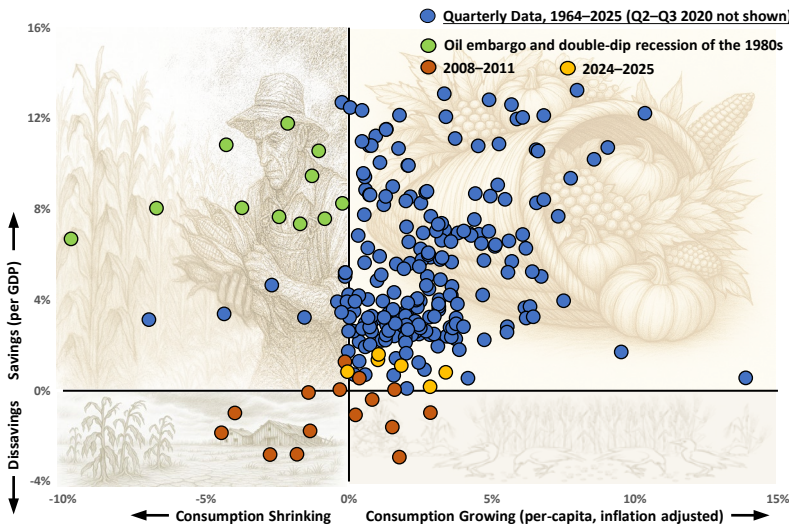


Economic & Market Watch Intelligence Brief

Briefing

- U.S. net national savings have trended downward for the past six decades, slipping from more than 10% of gross domestic product (GDP) in the 1960s to near zero today (**Figure 1, blue line**). Government deficits are driving much of this. Removing government deficits (federal, state and local) leaves private sector savings, which have averaged 8% of GDP since 1985, trending neither up nor down (**Figure 1, red line**). The drop in the (combined) national savings rate suggests that much of today's prosperity is being financed at the expense of tomorrow's.
- Real per-capita consumption, by contrast, has been steadily climbing, even through recessions (**Figure 2**). Even after adjusting for inflation, per-capita consumption is much higher today than in the past—evidence that living standards have been steadily rising despite weaker savings.
- A counter-argument is that **Figure 2** shows the average for the U.S. and that average may be heavily influenced by a small number of rich households. **Figure 3** shows the average inflation-adjusted net worth for the bottom 50% of households. This figure has been rising an average of 1.8% per year since 1990. However, it took almost 10 years for the net worth of these households to recover from the 2008 financial crisis. This underscores how vulnerable lower-income families are to downturns.

Chart of the Week: Four Phases of the Economy



Commentary

Saving shifts consumption from the present to the future. The less we consume now, the more we can save and so the more we can consume later.

Thought of this way, we can describe four economic phases. In the first phase, people are both consuming more and saving (**Chart of the Week, top-right**). This is a phase of plenty. People's current standards of living are increasing and they are saving so that their future standards of living also increase. In the second phase, people anticipate hard times ahead. They cut back on their current consumption but continue to save so that they have something for the future (**top-left**). In the third phase, hard times have arrived. People cut back on their consumption and draw down on their savings (**bottom-left**). These are the three phases in which we most often find ourselves—both as households and as a country.

The fourth phase (**bottom-right**) is the most dangerous. Here, we're "eating the seed corn." Our consumption is rising—not because we are more productive, but because we are drawing down on our savings. If productive times are around the corner, then we're safe. If not, we're creating an even bleaker future. In the graph, most of the dots in this phase are from late 2009 to early 2010, when the economy was about to pick up after the financial crisis.

Snapshots

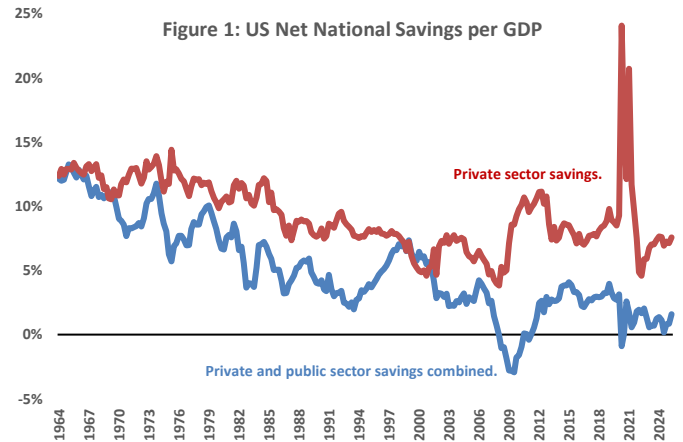


Figure 2: US Real Per-Capita Consumption (2025 Dollars)

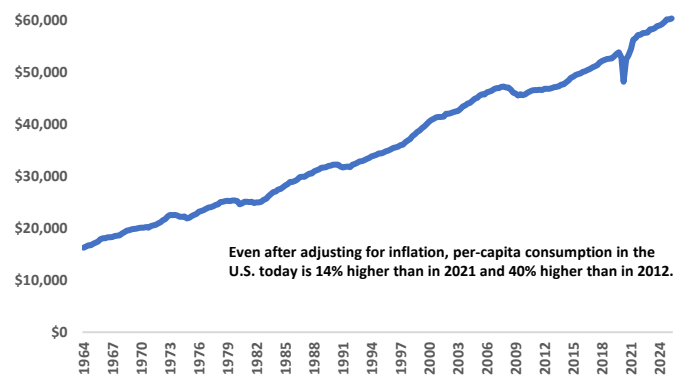
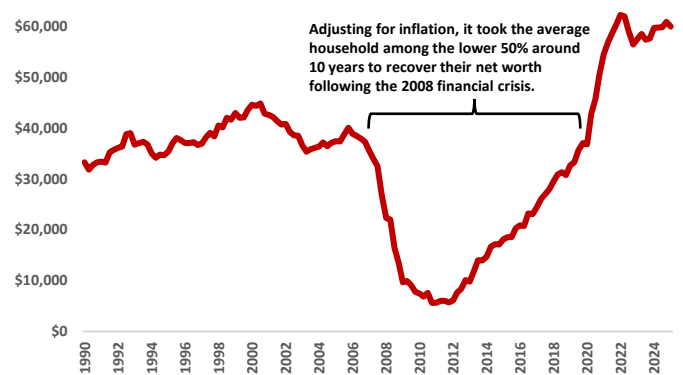


Figure 3: Inflation-Adjusted Net Worth per Household (Bottom 50%)



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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	3.75	3.50	3.25	3.00	
SOFR (%)	4.42	4.06	3.80	3.56	3.37	3.20	
2Y UST (%)	3.49	3.72	3.61	3.53	3.48	3.44	
5Y UST (%)	3.56	3.89	3.83	3.79	3.75	3.71	
10Y UST (%)	4.06	4.30	4.24	4.21	4.19	4.17	
30Y UST (%)	4.72	4.76	4.70	4.67	4.65	4.64	

ECONOMY

	Current	2025			2026		
		Q3	Q4	Q1	Q2	Q3	
PCE Inflation (YoY %)	2.6	3.2	2.8	2.5	2.3	2.2	
CPI Inflation (YoY %)	2.7	3.6	3.3	2.8	2.6	2.5	
Real GDP (QoQ %)	3.3	0.8	1.3	1.8	2.0	2.9	
Unemployment (%)	4.3	4.4	4.6	4.7	4.7	4.7	
Consumer Spending (QoQ %)	1.6	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 & Currency

	Current	Year ago
DJIA	45,297	40,345
Nasdaq	21,846	16,691
S&P 500	6,493	5,408
US Dollar Index	\$1,199.44	\$1,231.86

Commodities

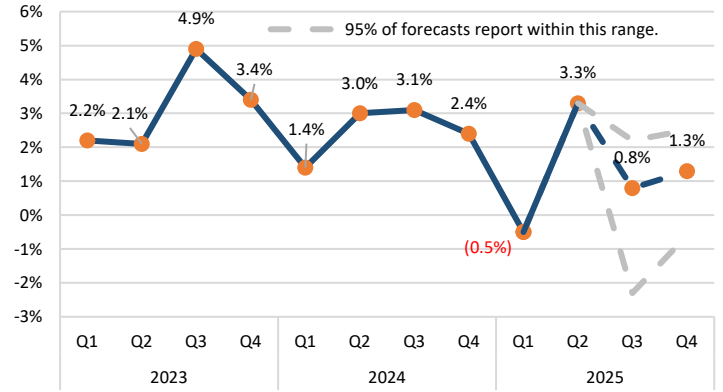
	Current	Year ago
Crude Oil (Per Barrel)	\$62.58	\$67.67
Natural Gas (Per MMBtu)	\$3.14	\$2.28
Coal (Per Short Ton)	\$14.40	\$13.90
Gold (Per Ounce)	\$3,635.30	\$2,501.50
Corn (Per Bushel)	\$3.95	\$3.84
Soybean (Per Bushel)	\$10.08	\$9.89

Industry

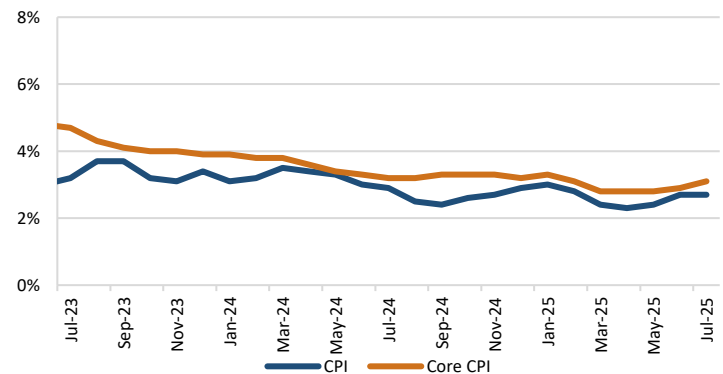
	Current	Year ago
Natural Gas Storage (Billion Cubic Feet)	3,272	3,387
U.S. Daily Power Consumption (MWh)	12,345,154	12,148,507
World Container Index (Per 40ft)	\$2,104	\$4,775

Forecasts

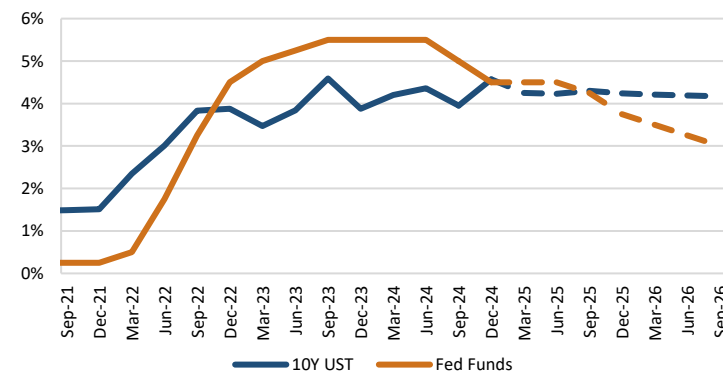
Real GDP Growth Trend



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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