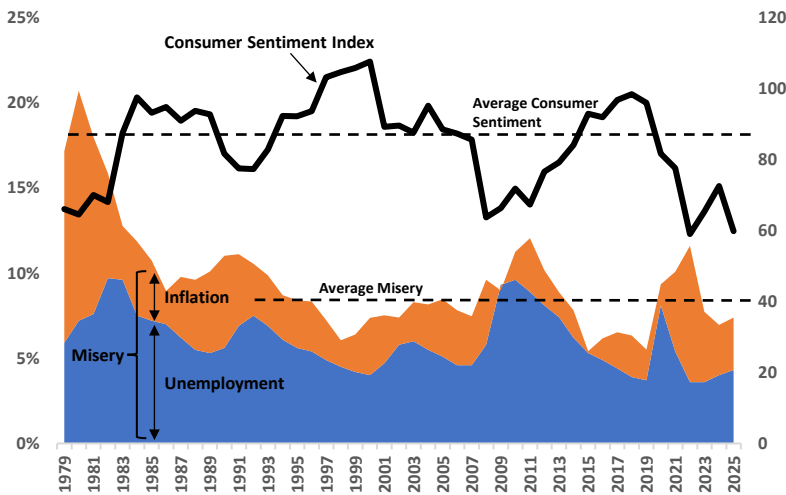


Economic & Market Watch Intelligence Brief

Briefing

- The consensus among the Blue Chip panel of economic forecasters is that unemployment will rise to 4.6% by the end of the year and then decline somewhat in 2026. Pessimists see it rising further but remaining below its pre-COVID average (Figure 1).
- Unemployment rates can be misleading because they only count people who are actively looking for work. Those who have become discouraged and given up looking don't appear in the unemployment numbers. An alternate measure, the employment-population rate, looks at the fraction of the working-age population who are employed (Figure 2).
- Net wealth per household among the bottom 50% of households took a severe nosedive during and after the financial crisis, falling 85% from 2006 to 2011. The bottom 50% have recovered and now have average per-household wealth that's more than 40% greater than in 2005—and that's after adjusting for inflation (Figure 3).
- The average household in the bottom 50% experienced a whopping 65% increase in net wealth from 2019 to 2021. Unfortunately, that growth has since stagnated. The shock of the abrupt slowing in wealth accumulation likely contributes to declining consumer sentiment numbers.

Chart of the Day



Commentary

The Misery Index is an objective measure of households' economic well-being that is the sum of the unemployment and inflation rates. A higher index indicates greater economic distress and reduced quality of life.

During the 1970s, a combination of oil supply shocks and monetary policy errors contributed to significant economic distress. By 1980, unemployment was more than a percentage point lower than in the mid-'70s, but inflation was five percentage points higher, driving misery above 20%.

While the Misery Index is an objective measure, the Consumer Sentiment Index is a subjective measure. Consumers report how confident they feel about their household's finances and the economy's future over the next year.

Since 2023, consumer sentiment has moved to an all-time low, despite the Misery Index being below its long-term average. Today, misery is at the same level as in 1997. But in 1997, consumer sentiment was at the near record high of 103, while today's consumer sentiment is at a near record low of 55. The stark contrast between the objective and subjective measures points to consumers suspecting that something is amiss with the economy that hasn't yet presented in the data.

Snapshots

Figure 1: Unemployment Rate

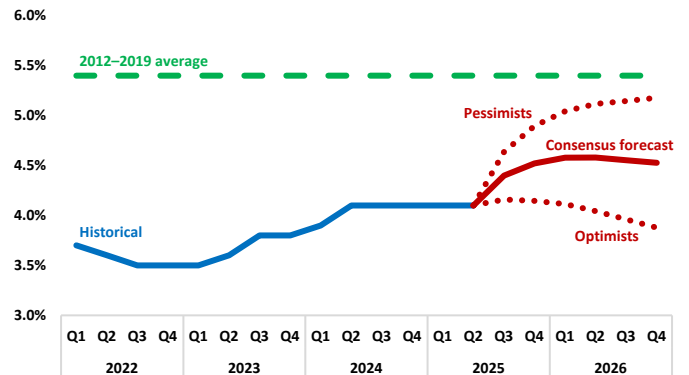


Figure 2: Employment-Population Rate (15–64-year-olds)

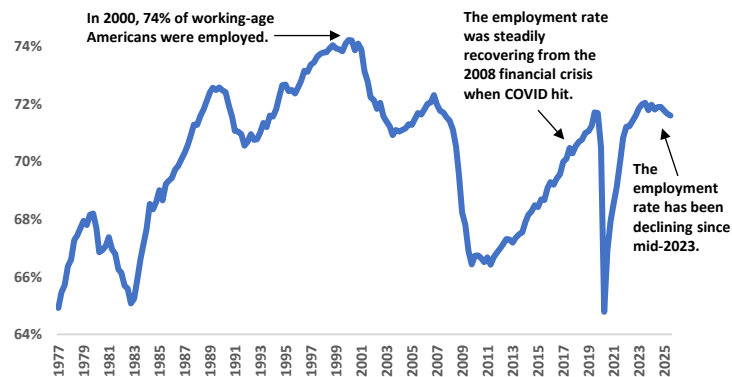
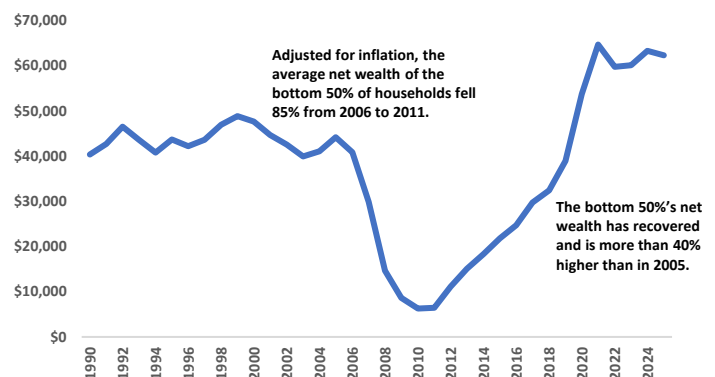


Figure 3: Wealth per Household for Bottom 50% (2025\$)



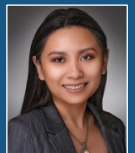
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Economic & Market Watch Dashboard

Key Indicators

INTEREST RATES¹

2025

2026

	Current	Q4	Q1	Q2	Q3	Q4
Fed Funds Target ² (%)	4.25	4.00	3.50	3.50	3.25	3.25
SOFR (%)	4.18	3.62	3.42	3.29	3.20	3.16
2Y UST (%)	3.58	3.41	3.37	3.35	3.33	3.32
5Y UST (%)	3.73	3.63	3.62	3.63	3.63	3.63
10Y UST (%)	4.14	4.10	4.09	4.10	4.10	4.09
30Y UST (%)	4.73	4.65	4.64	4.65	4.64	4.60

ECONOMY

2025

2026

	Current	Q4	Q1	Q2	Q3	Q4
PCE Inflation (YoY %)	2.7	3.0	2.7	2.5	2.4	2.3
CPI Inflation (YoY %)	2.9	3.1	2.9	3.1	2.9	2.6
Real GDP (QoQ %)	3.8	1.3	1.7	2	2	2
Unemployment (%)	4.3	4.5	4.6	4.6	4.5	4.5
Consumer Spending (QoQ %)	2.5	1.2	1.5	1.9	1.9	2
Industrial Production (YoY %)	0.9	1.4	0.9	1.0	1.2	1.5

Equities & Currency

	Current	Year ago
DJIA	46,522	42,353
Nasdaq	22,869	18,138
S&P 500	6,724	5,751
US Dollar Index	\$1,204.35	\$1,238.30

Commodities

	Current	Year ago
Crude Oil (Per Barrel)	\$61.84	\$74.38
Natural Gas (Per MMBtu)	\$3.36	\$2.85
Coal (Per Short Ton)	\$14.40	\$13.90
Gold (Per Ounce)	\$3,940.80	\$2,645.80
Corn (Per Bushel)	\$4.19	\$4.25
Soybean (Per Bushel)	\$10.21	\$10.38

Industry

	Current	Year ago
Natural Gas Storage (Billion Cubic Feet)	3,561	3,630
U.S. Daily Power Consumption (MWh)	10,386,681	10,664,430
World Container Index (Per 40ft)	\$1,669	\$3,489

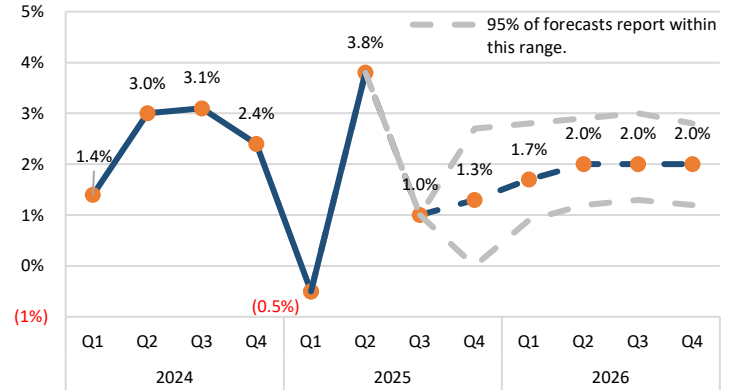
¹ Unless otherwise indicated, forecasts are from the Blue Chip Professional Forecasters.² Target rate forecast is based on futures market contracts.

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.

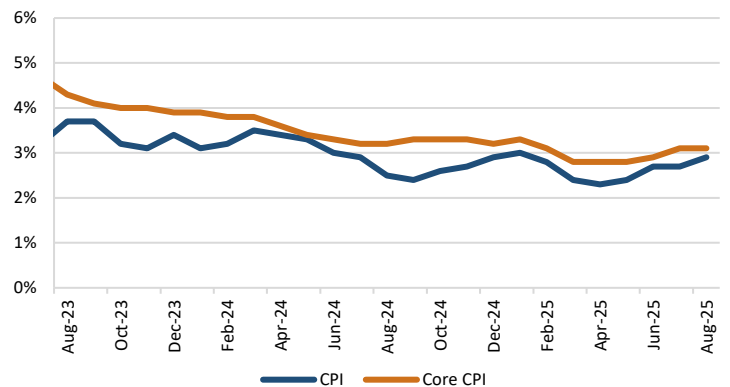
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Forecasts

Real GDP Growth Trend



Headline vs. Core Inflation



10-Year US Treasury vs. Fed Funds Trend

