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Economic & Market Watch

# Economic & Market Watch Intelligence Brief

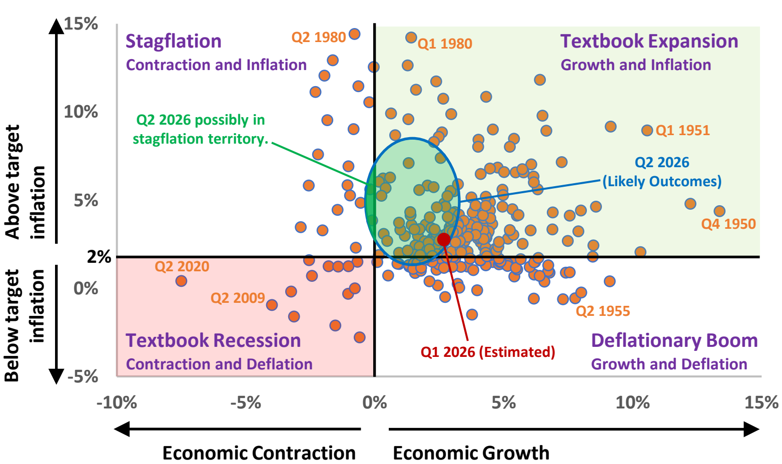
April 20, 2026

## Briefing

- We haven't seen stagflation, the combination of recession and inflation, for some time. Recent forecasts show it to be a possibility (**Chart of the Week**).
- Since 1992, a 10-percentage point (pp) increase in the global price of Brent crude oil has accompanied, in the same month, a 2.4-pp increase in the price of gasoline in the U.S. and by an additional 2.8-pp increase in the price of gas in the following month (**Figure 1**). On average, a 10-pp increase in the price of gasoline adds around one-third of a percentage point to consumer inflation.
- The 2025 tariffs were a major shock to inflation, directly increasing the prices of imported goods, domestic goods that compete with imported goods and domestic goods that use imported goods as inputs. A second was the U.S.-Iran war. To fight inflation, the Federal Reserve raises interest rates which puts upward pressure on mortgage rates, making housing less affordable (**Figure 2**).
- The inflationary effects of the 2025 tariffs and the U.S.-Iran war can be seen in the change in inflation forecasts before versus after each event commenced. In the first month following the tariffs, inflation forecasts jumped 0.5 to 0.9 pp for each of the subsequent four quarters. In the first month following the U.S.-Iran war, inflation forecasts jumped 0.8 pp and 1.7 pp for the subsequent two quarters, indicating that forecasters anticipated the inflationary effects to be sharper than those of the tariffs, but shorter-lived (**Figure 3**).

## Chart of the Week

**Phases of the Economy** (1947–2026, QoQ annualized)




## Commentary

Stagflation typically emerges from negative supply shocks, like a disruption to oil supplies. These put downward pressure on growth and upward pressure on prices. Positive supply shocks, like technological advances and population booms, push the economy toward a deflationary boom, putting upward pressure on economic growth and downward pressure on prices.

Positive demand shocks, like increased immigration, push the economy toward textbook expansion, putting upward pressure on both economic growth and prices, while negative demand shocks push the economy toward textbook recession.

The 1970s oil embargo (a negative supply shock) resulted in stagflation. Technological innovation (a positive supply shock) contributed to the deflationary boom of the mid-1950s. The subprime mortgage crisis (a negative demand shock) led to the Great Recession of 2007–2009.

For the first time since 2022, the range of likely outcomes for the economy over the next few quarters extends into stagflation territory (**Chart of the Week***).

*Data do not exactly match official recession dates because official dates are based on additional information not shown here. The Q2 outcome range covers 95% of professional forecasters.

## Snapshots

**Figure 1. Growth Rates (YoY) in Oil and Gasoline Prices**

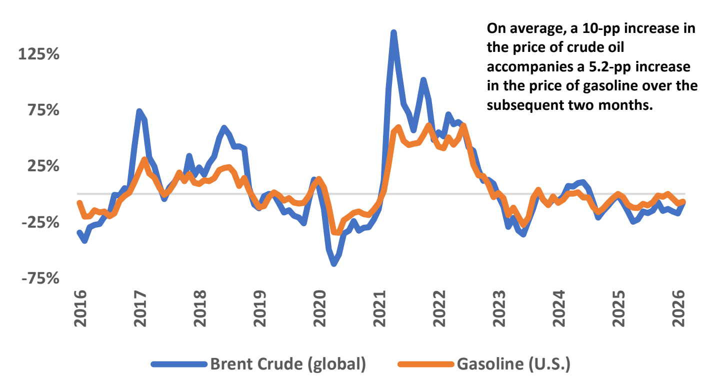



**Figure 2. Median Mortgage Payment as Fraction of Wage**

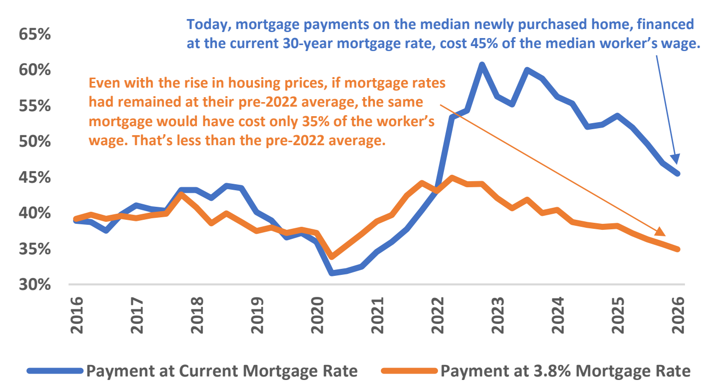
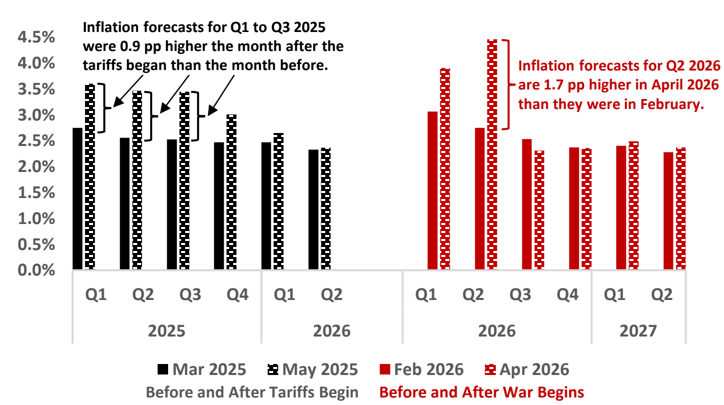



**Figure 3. Effects of Tariffs and War on Inflation Forecasts**

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# Economic & Market Watch Dashboard

**April 20, 2026**

## Key Indicators

### INTEREST RATES[1]

| | Current | 2026 Q2 | 2026 Q3 | 2026 Q4 | 2027 Q1 | 2027 Q2 |
|---|---|---|---|---|---|---|
| **Fed Funds Target[2] (%)** | 3.75 | 3.75 | 3.75 | 3.75 | 3.75 | 3.75 |
| **SOFR (%)** | 3.65 | 3.52 | 3.42 | 3.36 | 3.32 | 3.26 |
| **2Y UST (%)** | 3.73 | 3.63 | 3.58 | 3.56 | 3.53 | 3.51 |
| **5Y UST (%)** | 3.87 | 3.83 | 3.80 | 3.79 | 3.79 | 3.80 |
| **10Y UST (%)** | 4.27 | 4.28 | 4.24 | 4.23 | 4.22 | 4.23 |
| **30Y UST (%)** | 4.90 | 4.86 | 4.83 | 4.81 | 4.79 | 4.79 |

### ECONOMY

| | Current | 2026 Q2 | 2026 Q3 | 2026 Q4 | 2027 Q1 | 2027 Q2 |
|---|---|---|---|---|---|---|
| **PCE Inflation (YoY %)** | 2.8 | 3.9 | 2.3 | 2.4 | 2.4 | 2.2 |
| **CPI Inflation (YoY %)** | 3.3 | 4.7 | 2.2 | 2.5 | 2.5 | 2.2 |
| **Real GDP (QoQ %)** | 0.5 | 1.8 | 1.8 | 2.0 | 2.1 | 2.1 |
| **Unemployment (%)** | 4.3 | 4.5 | 4.5 | 4.4 | 4.4 | 4.4 |
| **Consumer Spending (QoQ %)** | 1.9 | 1.5 | 1.7 | 1.8 | 2.0 | 2.0 |
| **Industrial Production (YoY %)** | 1.4 | 1.2 | 1.1 | 1.9 | 1.8 | 1.8 |

## Equities & Currency

| | Current | Year ago | YoY Δ |
|---|---|---|---|
| **DJIA** | 49,424 | 38,170 | 29.5% |
| **Nasdaq** | 24,372 | 15,871 | 53.6% |
| **S&P 500** | 7,113 | 5,158 | 37.8% |
| **US Dollar Index** | $1,193.67 | $1,216.14 | (2.6%) |

## Commodities

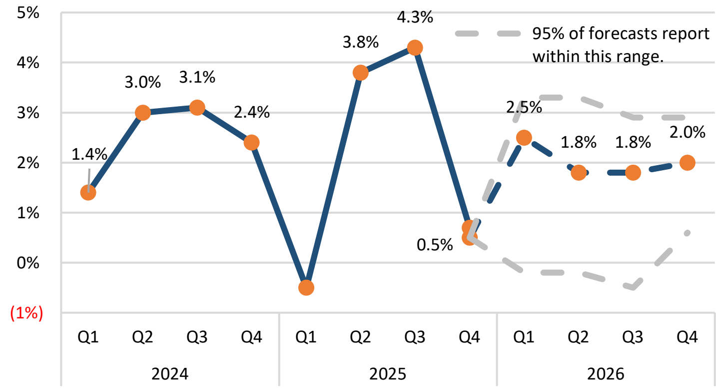
| | Current | Year ago | YoY Δ |
|---|---|---|---|
| **Crude Oil (Per Barrel)** | $87.74 | $61.41 | 40.6% |
| **Natural Gas (Per MMBtu)** | $2.68 | $3.02 | (11.2%) |
| **Coal (Per Short Ton)** | $13.23 | $9.05 | 39.2% |
| **Gold (Per Ounce)** | $4,822.70 | $3,434.40 | 40.4% |
| **Corn (Per Bushel)** | $4.50 | $4.82 | (6.6%) |
| **Soybean (Per Bushel)** | $11.63 | $10.30 | 13.0% |

## Industry

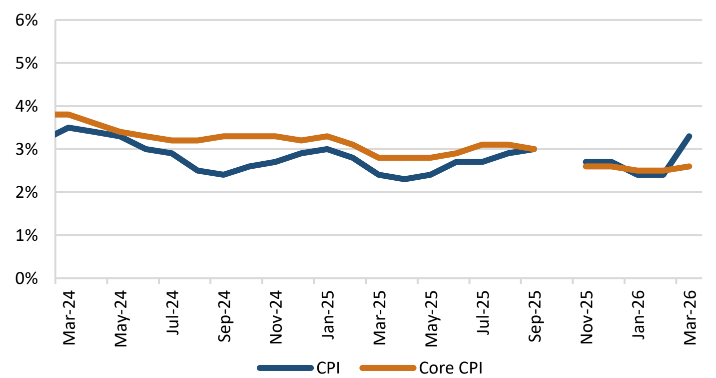
| | Current | Year ago | YoY Δ |
|---|---|---|---|
| **Natural Gas Storage (Billion Cubic Feet)** | 1,970 | 1,844 | 6.8% |
| **U.S. Daily Power Consumption (MWh)** | 9,589,587 | 9,666,608 | (0.8%) |
| **World Container Index (Per 40ft)** | $2,246 | $2,192 | 2.5% |

## Forecasts

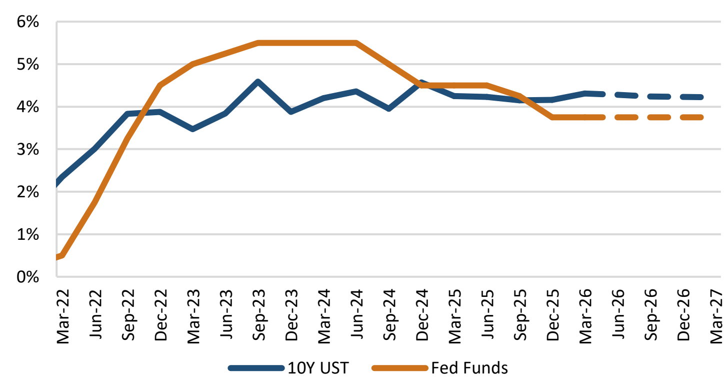
**Real GDP Growth Trend**




**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.*

*Sources: © Oxford Economics, Blue Chip Financial Forecasts, Trading Economics, Moody's Analytics, Statista, Oxford 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.*