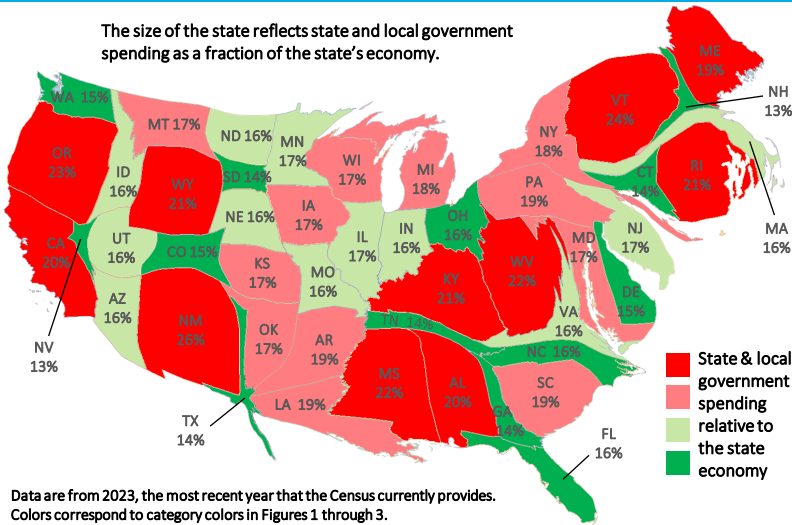


**Briefing**

- The net in-migration rate is the number of people who entered a state minus the number who left it as a fraction of the state’s population. In-migrants include people moving into a state from another state or from abroad. The average net in-migration rate among the half of states with lower state and local government spending, as a share of state gross domestic product (GDP), is 0.5%, versus 0.3% for the half of states with higher spending (Figure 1).
- On average, higher state and local government spending is associated with lower in-migration. Lower in-migration can contribute to slower economic growth. Separately, government spending can support economic growth in the short run, though sustained higher spending can also crowd out private consumption and business investment over the long run. At current levels and on average, higher state and local government spending is associated with slower economic growth (Figure 2).
- If gains from economic growth accrue mostly to the wealthy, or if they are accompanied by upward pressure on local prices, the gains may be less meaningful. A useful check is to compare median household incomes adjusted for cost of living. On average, states with lower government spending also exhibit higher cost-of-living-adjusted median household incomes (Figure 3).

**Chart of the Week: Government Spending**



**Commentary**

U.S. population growth is slowing and is projected to peak around 2080 and to decline thereafter. On average, a 1-percentage-point increase in a state’s population growth rate is associated with a 1.6-percentage-point increase in the growth rate of its economy. As slowing population growth weighs on economic growth, states may increasingly compete to attract people to bolster their economies and tax bases.

Already, people are voting with their feet. They are moving toward states that offer more attractive conditions for living, working and raising families. Some of those conditions, including climate, culture and familial ties, lie beyond the reach of policy. But many do not. Among the conditions at least partially within a state’s control is the size of state and local government. State and local government spending as a fraction of the state’s economy ranges from a low of 12.7% in Nevada to a high of 25.6% in New Mexico (Chart of the Week).

While individual states vary, states with lower state and local government spending as a share of GDP tend, on average, to experience higher net in-migration from other states and from abroad (Figure 1).

**Snapshots**

Figure 1. Net In-Migration Rate (2024–2025)

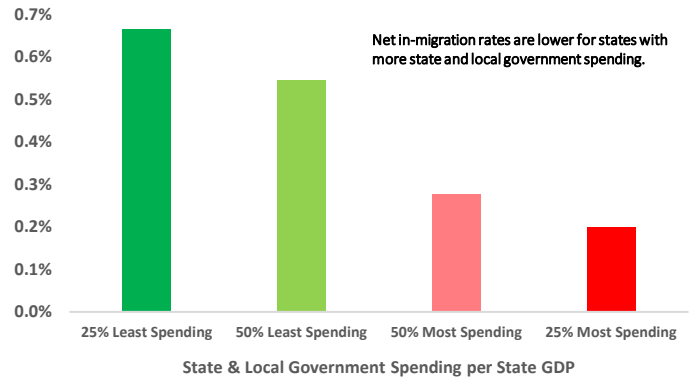


Figure 2. Economic Growth (2024–2025)

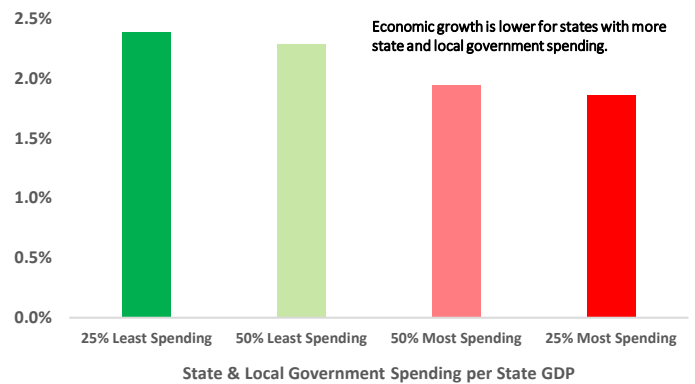
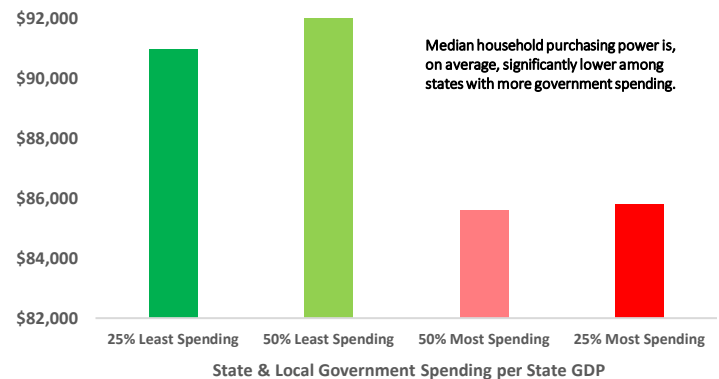


Figure 3. Median Income (Cost of Living Adjusted, 2025)



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**Key Indicators**

INTEREST RATES <sup>1</sup>	2026				2027	
	Current	Q2	Q3	Q4	Q1	Q2
Fed Funds Target <sup>2</sup> (%)	3.75	3.75	3.75	4.00	4.00	4.00
SOFR (%)	3.63	3.58	3.55	3.50	3.43	3.35
2Y UST (%)	4.14	3.84	3.77	3.71	3.66	3.63
5Y UST (%)	4.26	4.01	3.96	3.92	3.88	3.86
10Y UST (%)	4.53	4.40	4.36	4.31	4.28	4.26
30Y UST (%)	5.00	4.97	4.93	4.89	4.85	4.83

ECONOMY	2026				2027	
	Current	Q2	Q3	Q4	Q1	Q2
PCE Inflation (YoY %)	3.8	4.6	2.4	2.5	2.5	2.3
CPI Inflation (YoY %)	3.8	5.6	2.3	2.3	2.4	2.3
Real GDP (QoQ %)	1.6	1.5	1.7	1.9	2.1	2.1
Unemployment (%)	4.3	4.4	4.5	4.5	4.5	4.4
Consumer Spending (QoQ %)	1.4	1.5	1.7	1.9	1.9	2.0
Industrial Production (YoY %)	1.4	1.1	1.2	1.4	1.6	1.7

**Equities & Currency**

	Current	Year ago	YoY Δ
DJIA	50,997	42,762	19.3%
Nasdaq	26,006	19,591	32.7%
S&P 500	7,442	6,006	23.9%
US Dollar Index	\$1,209.94	\$1,209.26	-

**Commodities**

	Current	Year ago	YoY Δ
Crude Oil (Per Barrel)	\$91.19	\$65.29	39.7%
Natural Gas (Per MMBtu)	\$3.14	\$3.64	(13.6%)
Coal (Per Short Ton)	\$14.88	\$10.53	41.9%
Gold (Per Ounce)	\$4,328.5	\$3,325.70	30.1%
Corn (Per Bushel)	\$4.16	\$4.34	(4.1%)
Soybean (Per Bushel)	\$11.16	\$10.56	5.6%

**Industry**

	Current	Year ago	YoY Δ
Natural Gas Storage (Billion Cubic Feet)	2,578	2,581	(0.1%)
U.S. Daily Power Consumption (MWh)	9,906,163	11,798,786	(16.0%)
World Container Index (Per 40ft)	\$3,433	\$3,527	(2.7%)

<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.

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.

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**Forecasts**

