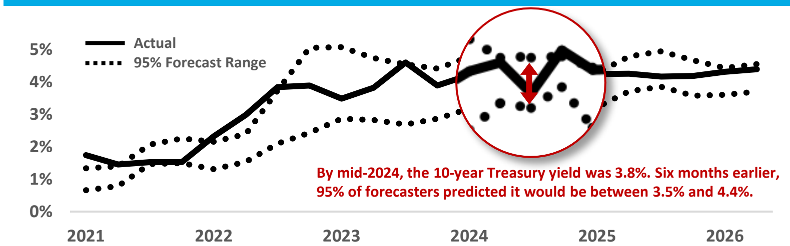
Economic & Market Watch Intelligence Brief

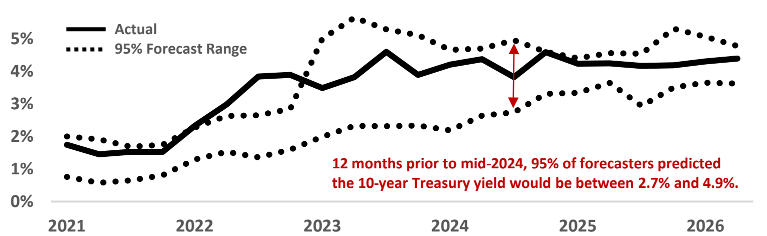
July 6, 2026

Briefing

- Federal funds rate forecasts can be inferred from fed funds futures contracts. The contracts reflect both expectations and market risk premia (**Figure 1, right side**). The Blue Chip consensus forecast is the average of a suite of forecasts (**Figure 1, left side**). Forecasts from 2014 to 2020 anticipated hikes and cuts earlier than they appeared. Forecasts from 2023 to 2024 anticipated cuts sooner than they appeared. Consensus forecasts reflect what economists think the Federal Reserve is likely to do under the prevailing macro narrative. Futures forecasts reflect what markets are pricing right now, including both expectations and risk. The data suggest that futures are better at reacting to short-term information, while the consensus forecast is better at capturing the slower-moving trend.
- Before 2020, economic growth bounced around, but mostly within a range of 2% to 3%. After 2021, the economy was hit by larger one-off shocks (inflation, interest rates, tariffs, war). Consensus forecasts are better indicators of trends rather than short-term movements (**Figure 2**).
- Forecast errors are asymmetric: Consensus forecasts handle gradual change reasonably well. That makes the consensus useful as a long-term measure (**Figure 3**).

Chart of the Week: Forecast Range





Commentary

There is so much noise and unpredictability in economic systems that no forecast can be guaranteed to be correct. The best forecasts are *unbiased* (over time, as wrong on the upside as on the downside) and *efficient* (using all available information). Available information is so vast that no forecast can be perfectly efficient. Each forecaster strives to be more efficient than others.

The Blue Chip survey includes 30 to 50 individual professional forecasts. From these, one can calculate upper and lower forecast bounds. This "forecast range" comprises 95% of forecasters. The **Chart of the Week** compares actual 10-year Treasury yields to the quarterly forecast ranges. For forecasts made six months into the future, the actual Treasury yield fell within the forecast range 70% of the time (**Chart of the Week, upper**). For forecasts made 12 months into the future, the actual Treasury yield fell within the forecast range 80% of the time (**Chart of the Week, lower**).

The forecast range also reveals market uncertainty. The larger the range is, the more uncertainty exists. For example, uncertainty in 10-year Treasury markets increased in early 2023 as it became unclear how high the fed funds rate would go and how long it would stay there.

Snapshots

Figure 1. Fed Funds Rate vs. Forecasts

Blue Chip Consensus (left) and Implied Futures Forecasts (right)

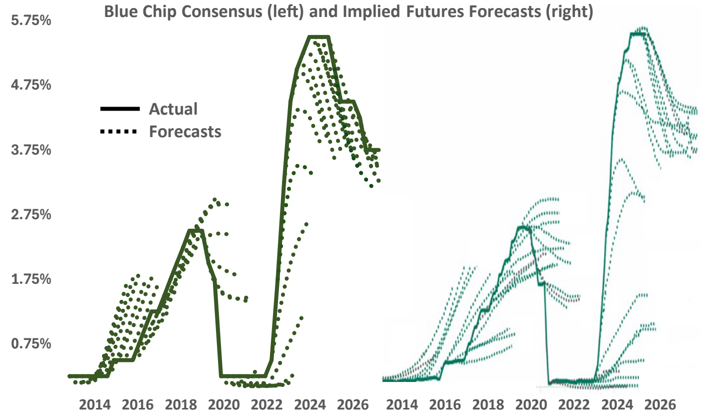


Figure 2. Real GDP Growth vs. Blue Chip Forecasts

(excluding 2020-2021)

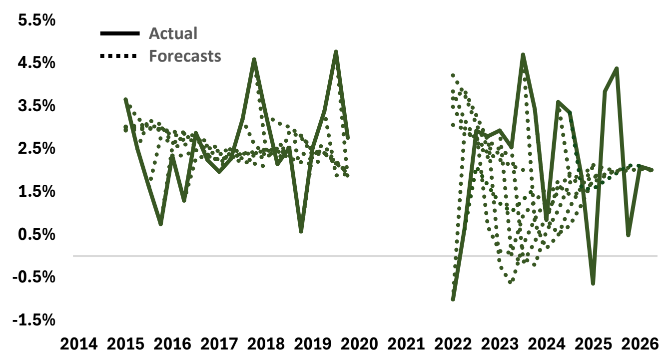
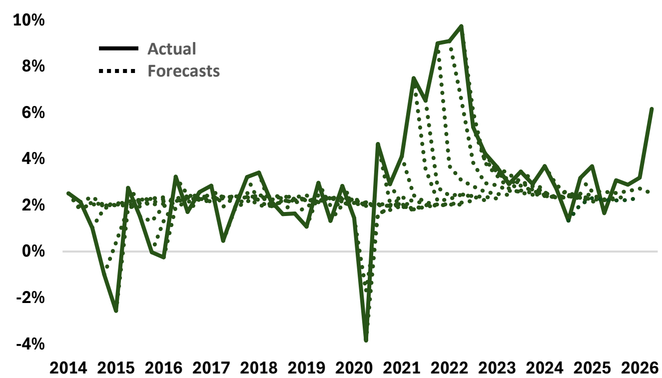


Figure 3. CPI Inflation vs. Blue Chip Forecasts



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Economic & Market Watch Dashboard

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Key Indicators

INTEREST RATES[1]

	Current	2026 Q3	2026 Q4	2027 Q1	2027 Q2	2027 Q3
Fed Funds Target[2] (%)	3.75	4.00	4.00	4.00	4.00	4.00
SOFR (%)	3.64	3.64	3.64	3.59	3.50	3.42
2Y UST (%)	4.13	3.98	3.89	3.80	3.74	3.68
5Y UST (%)	4.22	4.08	4.02	3.97	3.93	3.90
10Y UST (%)	4.48	4.44	4.39	4.35	4.33	4.32
30Y UST (%)	4.99	4.94	4.86	4.87	4.86	4.85

ECONOMY

	Current	2026 Q3	2026 Q4	2027 Q1	2027 Q2	2027 Q3
PCE Inflation (YoY %)	3.8	2.8	2.5	2.5	2.3	2.1
CPI Inflation (YoY %)	4.2	2.9	2.5	2.4	2.3	2.2
Real GDP (QoQ %)	2.1	1.8	1.9	2.0	2.0	2.1
Unemployment (%)	4.2	4.4	4.4	4.4	4.4	4.4
Consumer Spending (QoQ %)	1.4	1.7	1.9	1.9	2.0	2.0
Industrial Production (YoY %)	1.7	1.4	1.2	1.6	1.7	1.7

Equities & Currency

	Current	Year ago	YoY Δ
DJIA	52,747	44,406	18.8%
Nasdaq	26,071	20,413	27.8%
S&P 500	7,515	6,230	20.6%
US Dollar Index	$1,221.66	$1,196.51	2.6%

Commodities

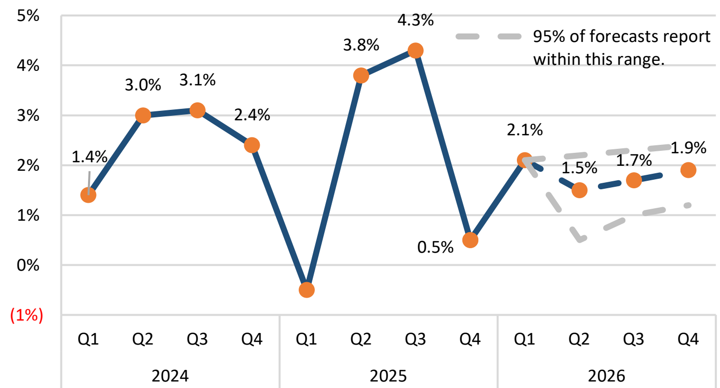
	Current	Year ago	YoY Δ
Crude Oil (Per Barrel)	$68.70	$67.93	1.2%
Natural Gas (Per MMBtu)	$3.22	$3.41	(5.6%)
Coal (Per Short Ton)	$12.88	$10.95	17.1%
Gold (Per Ounce)	$4,141.30	$3,337.10	24.2%
Corn (Per Bushel)	$4.39	$4.18	5.3%
Soybean (Per Bushel)	$11.70	$10.32	13.4%

Industry

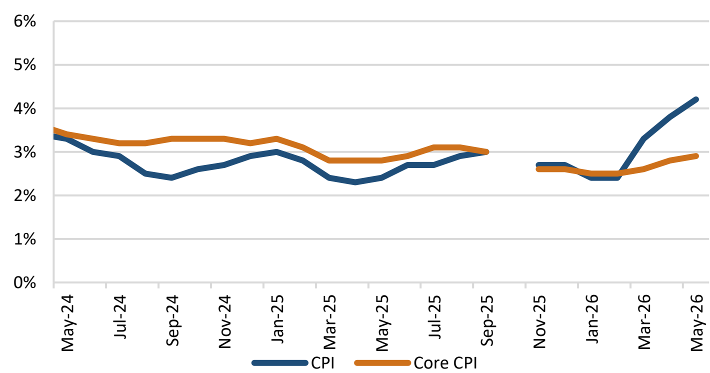
	Current	Year ago	YoY Δ
Natural Gas Storage (Billion Cubic Feet)	2,922	2,945	(0.8%)
U.S. Daily Power Consumption (MWh)	13,330,982	13,112,837	1.7%
World Container Index (Per 40ft)	$4,530	$2,812	61.1%

Forecasts

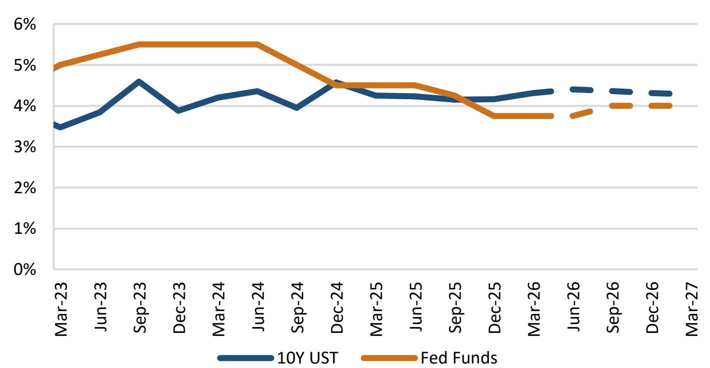
Real GDP Growth Trend



Headline vs. Core Inflation



10-Year U.S. 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: © 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.