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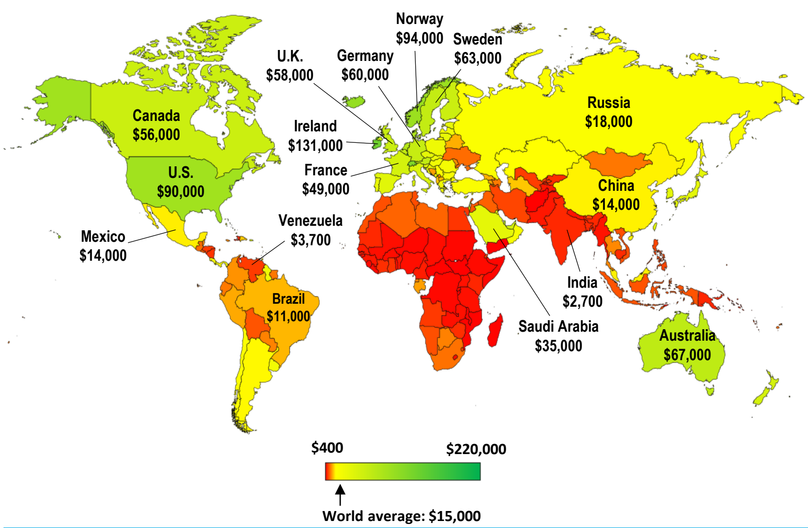
Economic & Market Watch Intelligence Brief

July 27, 2026

Briefing

- Gross domestic product (GDP), one measure of the average standard of living within a country, measures the total value of goods and services produced within a country in a year. Adjusting the numbers for purchasing power parity (PPP) accounts for differences in costs of living across countries. By this measure, China is the world's largest economy at $44.3 trillion. The U.S. is second at $32.4 trillion (**Figure 1**).
- Adjusting GDP for differences in costs of living largely captures markets for goods and services but ignores financial markets. Adjusting GDP for the exchange rate combines the effects of both goods and services (the "real economy") and financial markets (the "financial economy"). By this measure, the U.S. is the world's largest economy at $32.4 trillion, followed by China at $20.9 trillion (**Figure 2**).
- Economic growth can matter as much as the size of an economy. Many developing countries exhibit tremendous growth, yet their numbers are so large because they are building off a very small base. U.S. economic growth stands out as being consistently greater than that of most other developed countries (**Figure 3**).

Chart of the Week: Per-Capita GDP (2025, PPP Adjusted)



Commentary

Comparing economies requires converting countries' GDPs to the same units. There are two conversions and they yield different results. One uses the exchange rate. For example, Japan's 2026 GDP is estimated to be around ¥675 trillion. So far in 2026, the exchange rate averaged ¥160 to one U.S. dollar. Using this conversion, Japan's 2026 GDP is around $4.2 trillion.

But exchange rates don't capture differences in costs of living. PPP accounts for this. In 2026, one dollar spent in the U.S. purchased about the same as ¥92 spent in Japan. Using this conversion, Japan's GDP is $7.3 trillion (measured in terms of U.S. purchasing power). Using the exchange rate, the U.S. economy is more than 55% larger than China's. But using PPP, the U.S. economy is 26% smaller than China's.

Finally, while GDP measures the total output of an economy, GDP per-capita measures the output per person. For example, China's economy is one of the two largest in the world, but its per-capita GDP is 76th. Conversely, Liechtenstein has the highest per-capita GDP in the world (over $225,000 measured in U.S. purchasing power), but Liechtenstein's economy is around three ten-thousandths the size of the U.S. economy (**Chart of the Week**).

Snapshots

Figure 1. GDP Adjusted by PPP (Trillions)

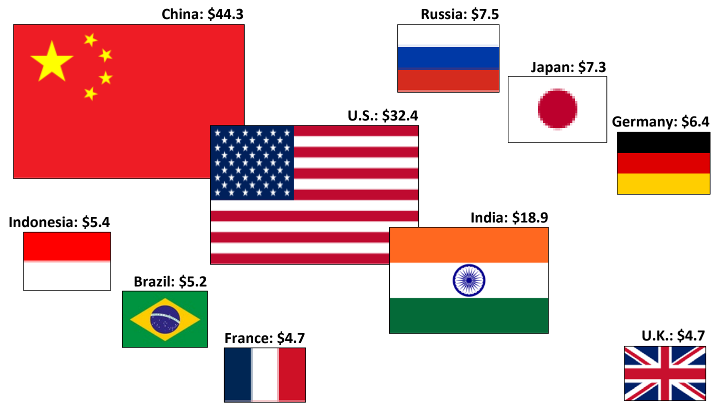


Figure 2. GDP Adjusted by Exchange Rate (Trillions)

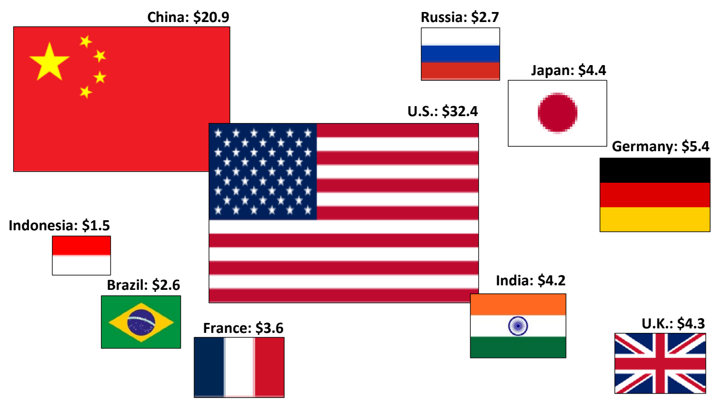
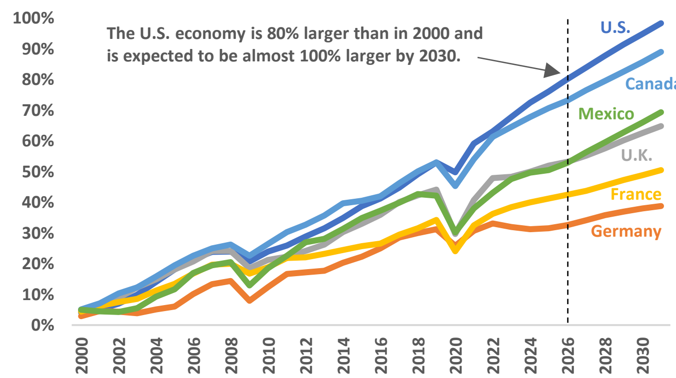


Figure 3. Cumulative Actual & Projected Economic Growth



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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	4.25	4.25	4.25	4.25
SOFR (%)	3.64	3.64	3.64	3.59	3.50	3.42
2Y UST (%)	4.32	3.98	3.89	3.80	3.74	3.68
5Y UST (%)	4.40	4.08	4.02	3.97	3.93	3.90
10Y UST (%)	4.65	4.44	4.39	4.35	4.33	4.32
30Y UST (%)	5.13	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 %)	4.1	2.8	2.5	2.5	2.3	2.1
CPI Inflation (YoY %)	3.5	2.9	2.5	2.4	2.3	2.2
Real GDP (QoQ %)	2.1	1.9	1.9	2.0	2.1	2.1
Unemployment (%)	4.2	4.3	4.3	4.3	4.3	4.3
Consumer Spending (QoQ %)	0.5	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	52,520	44,838	17.1%
Nasdaq	25,144	21,179	18.7%
S&P 500	7,462	6,390	16.8%
US Dollar Index	$1,221.27	$1,208.12	1.9%

Commodities

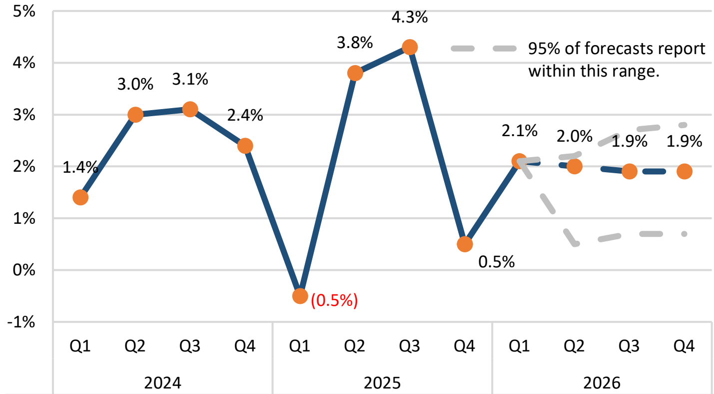
	Current	Year ago	YoY Δ
Crude Oil (Per Barrel)	$83.75	$66.71	25.8%
Natural Gas (Per MMBtu)	$2.77	$3.07	(9.5%)
Coal (Per Short Ton)	$13.06	$11.55	14.8%
Gold (Per Ounce)	$4,088.40	$3,314.79	23.3%
Corn (Per Bushel)	$4.52	$3.94	14.7%
Soybean (Per Bushel)	$12.09	$9.89	22.2%

Industry

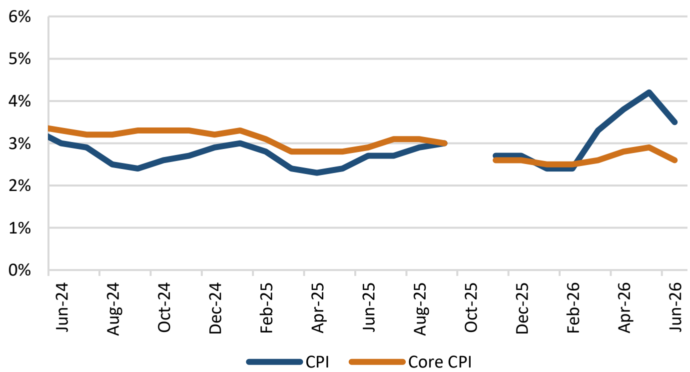
	Current	Year ago	YoY Δ
Natural Gas Storage (Billion Cubic Feet)	3,056	3,072	(0.5%)
U.S. Daily Power Consumption (MWh)	13,905,482	14,045,227	(1.0%)
World Container Index (Per 40ft)	$4,374	$2,517	73.8%

Forecasts

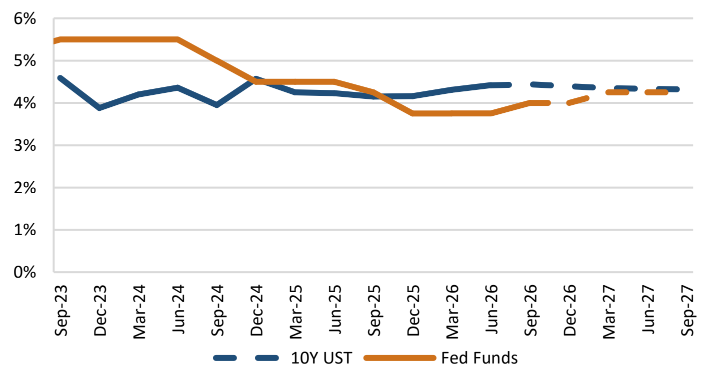
Real GDP Growth Trend



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.