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Economic & Market Watch

Economic & Market Watch Intelligence Brief

August 3, 2026

Briefing

- About 61% of Americans are working-age (16 or older). Of those, 81% are in the labor force. Of those, 79% work full time (**Figure 1**). America's full-time workers outnumber Japan's 3-to-1; Germany's, France's and the U.K.'s 5-to-1; Norway's, Finland's and Denmark's more than 60-to-1; and Russia's 2-to-1. China's full-time workers outnumber America's by 3-to-1.
- The labor force participation rate measures the fraction of people age 16 and over who either have jobs or are actively looking for jobs. This number has been declining since 2024 and, even then, was below its pre-COVID average (**Figure 2**).
- The prime labor force participation rate measures the fraction of people age 25 to 64 who are in the labor force. This number captures people who are in their prime earning years. It has been steadily rising and is above its pre-COVID level.
- The consensus among the Blue Chip panel of forecasters is that the unemployment rate will begin to decline toward the end of 2026. Pessimists have it rising through early 2027 and then declining. Even if the unemployment rate follows the pessimists' prognosis, it would still be markedly below its pre-COVID average of 5.4% (**Figure 3**).

Chart of the Week: Unemployment

Category	Description	Current	Range Since 2016
U1	Unemployed for 15+ weeks.	1.8%	1.1%–5.1%
U2	Lost a job.	2.0%	1.5%–13.2%
U3	Headline unemployment.	4.3%	3.4%–14.8%
U4	Unemployed or discouraged.	4.6%	3.7%–15.1%
U5	Unemployed, discouraged or marginally attached.	5.3%	4.2%–16.0%
U6	Unemployed, discouraged, marginally attached or underemployed.	8.2%	6.6%–22.9%

Unemployed	Jobless but actively looking for work.
Discouraged	Jobless, wants a job, but has given up looking.
Marginally Attached	Jobless, wants a job, but can't work due to non-economic reasons.
Underemployed	Jobless, wants a full-time job, but is working part-time.
Not in Labor Force	Jobless, doesn't want a job.

Commentary

There are numerous fine points involved with counting the number of unemployed people. The U.S. Bureau of Labor Statistics maintains the official labor market definitions and classifies unemployment into categories U1 through U6.

Headline unemployment is U3. This category includes those who don't have jobs but are actively looking (i.e., have searched, applied or interviewed for a job within the previous four weeks). U1 includes only those who have been unemployed for at least 15 weeks. U2 excludes people who voluntarily quit or who have newly joined the labor force (**Chart of the Week**).

People who are not actively looking for a job because they believe there are no jobs available are classified as discouraged and included in U4. People not actively looking for non-economic reasons (e.g., health or lack of childcare) are considered marginally attached and included in U5. People who want full-time work but have taken part-time jobs as a fall back are underemployed and included in U6.

People who don't want jobs (e.g., retirees, homemakers, full-time students) are not counted as part of the labor force.

Snapshots

Figure 1. US Population by Labor Status

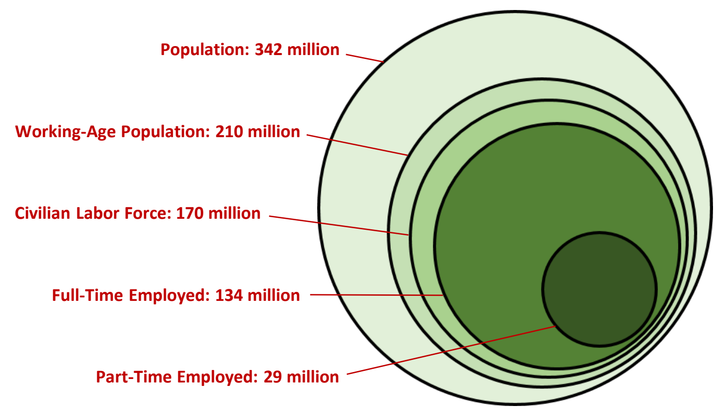


Figure 2. Labor Participation

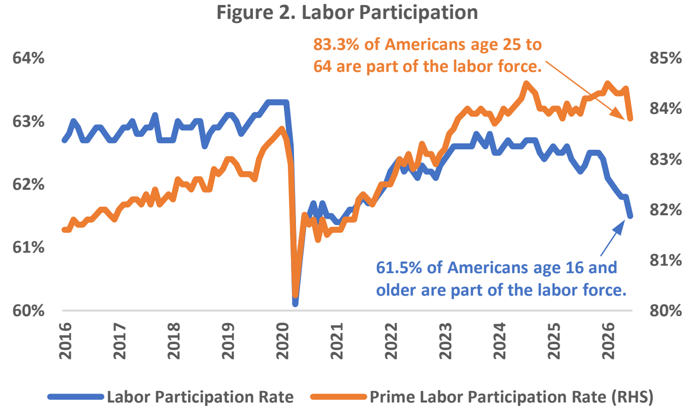
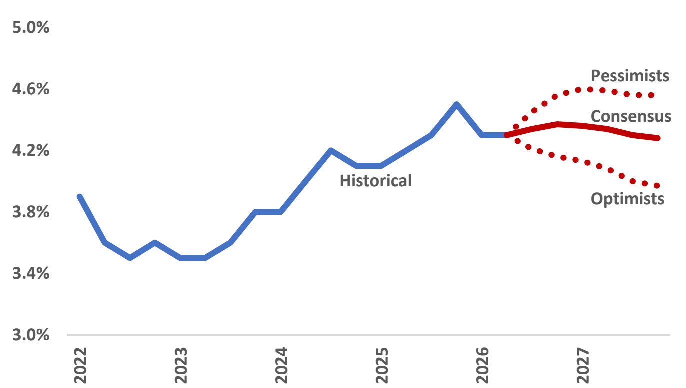


Figure 3. Unemployment Rate (U3)



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Key Indicators

INTEREST RATES[1]	2026			2027		
	Current	Q3	Q4	Q1	Q2	Q3
Fed Funds Target[2] (%)	3.75	4.00	4.00	4.25	4.25	4.25
SOFR (%)	3.66	3.64	3.64	3.59	3.50	3.42
2Y UST (%)	4.25	3.98	3.89	3.80	3.74	3.68
5Y UST (%)	4.41	4.08	4.02	3.97	3.93	3.90
10Y UST (%)	4.69	4.44	4.39	4.35	4.33	4.32
30Y UST (%)	5.23	4.94	4.86	4.87	4.86	4.85

ECONOMY	2026			2027		
	Current	Q3	Q4	Q1	Q2	Q3
PCE Inflation (YoY %)	3.7	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 %)	1.5	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 %)	1.1	1.4	1.2	1.6	1.7	1.7

Equities & Currency

	Current	Year ago	YoY Δ
DJIA	53,060	44,174	20.1%
Nasdaq	25,604	21,054	21.6%
S&P 500	7,541	6,330	19.1%
US Dollar Index	$1,204.68	$1,210.64	(0.5%)

Commodities

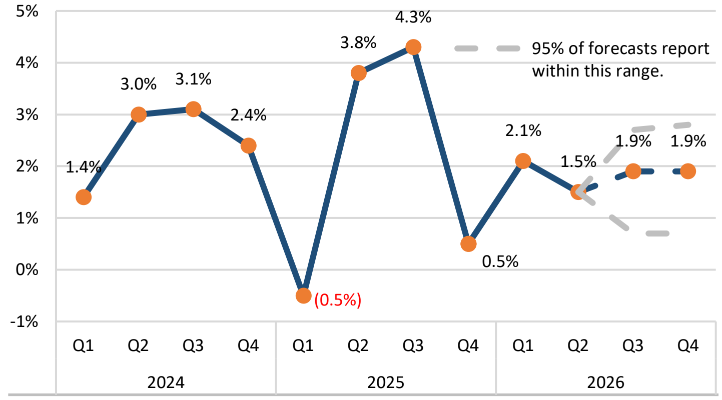
	Current	Year ago	YoY Δ
Crude Oil (Per Barrel)	$78.60	$66.29	18.4%
Natural Gas (Per MMBtu)	$2.75	$2.93	(6.1%)
Coal (Per Short Ton)	$13.40	$11.50	16.6%
Gold (Per Ounce)	$4,029.70	$3,374.30	19.4%
Corn (Per Bushel)	$4.41	$3.87	13.8%
Soybean (Per Bushel)	$11.66	$9.69	20.4%

Industry

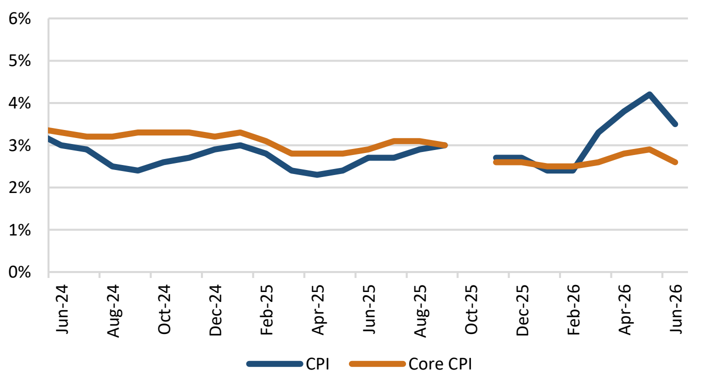
	Current	Year ago	YoY Δ
Natural Gas Storage (Billion Cubic Feet)	3,084	3,116	(1.0%)
U.S. Daily Power Consumption (MWh)	13,395,654	11,995,019	11.7%
World Container Index (Per 40ft)	$4,255	$2,499	70.3%

Forecasts

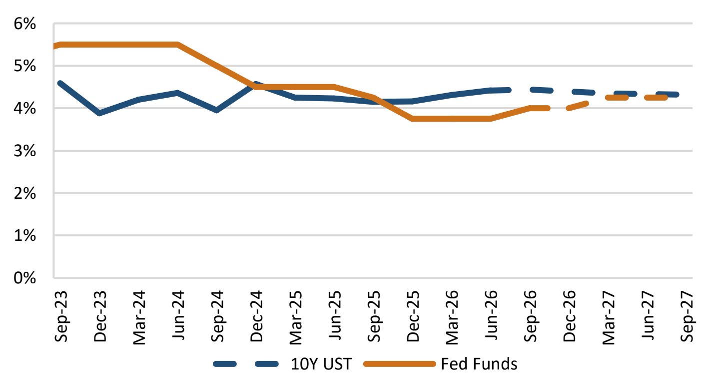
Real GDP Growth Trend



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.