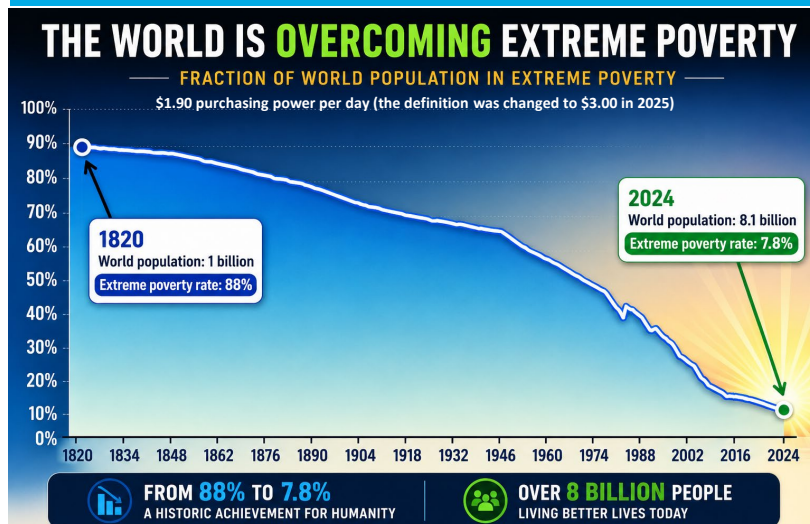


Briefing

- Gross domestic product (GDP) is the market value of all final goods and services produced within a country in a year. People's economic well-being arise from: (1) how hard they must work to produce the GDP, (2) how much of the GDP they consume and (3) how much of the GDP the government uses to generate publicly-provided goods and services.
- Since the 1970s, average hours worked have declined by 15% among foreign countries versus 8% in the U.S. (Figure 1). The difference is partially due to the U.S. having experienced industrialization and related labor-saving gains earlier in its history.
- Government consumption is total government spending (for all levels of government) less transfers (i.e., redistributed money) and less government capital spending. Since 1970, U.S. government consumption has fallen from 18% of GDP to less than 14% (Figure 2). Meanwhile, total government spending (all levels of government) has risen from 31.8% to 35.7% of GDP.
- Outside the U.S., households consume 63% of their countries' GDPs. In the U.S., that fraction rose from 60% in the 1970s to over 68% by 2022 (Figure 3).

Chart of the Week



Commentary

In the late 1700s, the philosopher Thomas Malthus argued that the human population had the potential to grow faster than the food supply, creating recurring pressure on living standards. With 90% of people then living in poverty, Malthus concluded that standards of living would continue to trend down.

The population growth is shocking. It took 300,000 years for the world population to reach 1 billion, 100 years to add the second billion, 30 years for the third and 15 years for the fourth. Until recently, we've been adding another billion people about every 10 years. The population is now expected to peak at around 10 billion in the 2080s.

Malthus' error was underestimating humans' abilities to create new resources. Specific resources are finite, but resources in general are infinite. Coal wasn't a major resource until humans figured out how to extract it. Whale oil wasn't a resource until we figured out how to harvest it. Kerosene, natural gas, oil, nuclear power and solar energy likewise became resources as humans developed ways to harness them. Humans create resources, and that makes human ingenuity the ultimate resource.

As humans created new resources, we cut the world poverty rate by a factor of 10 while increasing our numbers tenfold (Chart of the Week).

Snapshots

Figure 1. Average Hours Worked per Worker per Year

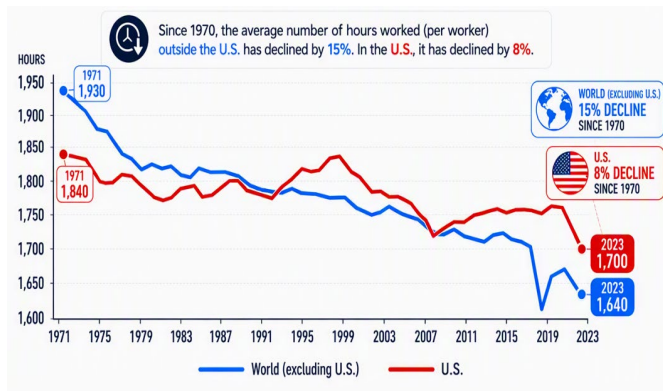


Figure 2. Government Consumption per GDP

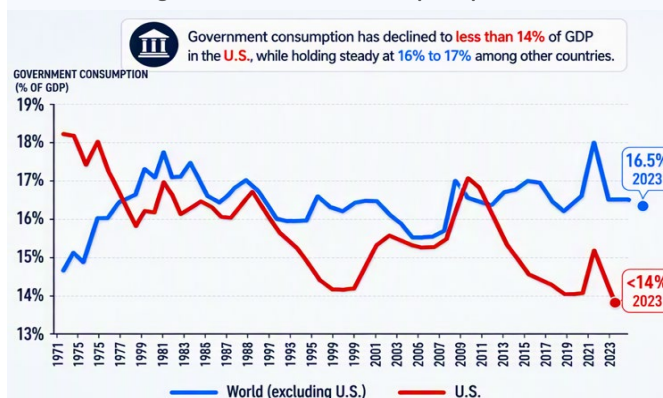
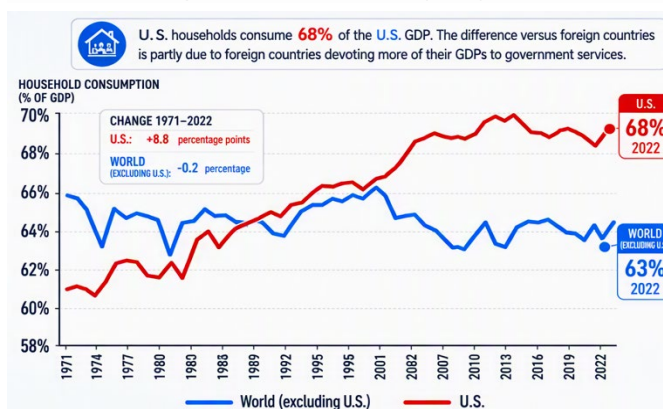


Figure 3. Household Consumption per GDP



The Economic & Financial Research Team



John Suter, VP



Antony Davies, Director



Sam Kem, Sr. Analyst

Email: EconomicResearch@nrucfc.coop

Key Indicators

INTEREST RATES¹

	2026			2027		
	Current	Q4	Q1	Q2	Q3	Q4
Fed Funds Target ² (%)	4.00	4.25	4.50	4.75	4.75	4.75
SOFR (%)	3.88	3.69	3.71	3.66	3.58	3.49
2Y UST (%)	4.82	4.05	3.98	3.90	3.82	3.75
5Y UST (%)	5.05	4.19	4.14	4.09	4.04	4.00
10Y UST (%)	5.29	4.52	4.47	4.43	4.39	4.36
30Y UST (%)	5.56	5.07	5.02	4.98	4.94	4.90

ECONOMY

	2026			2027		
	Current	Q4	Q1	Q2	Q3	Q4
PCE Inflation (YoY %)	3.4	2.9	2.7	2.4	2.2	2.3
CPI Inflation (YoY %)	3.4	2.7	2.5	2.4	2.1	2.3
Real GDP (QoQ %)	2.2	2.0	2.0	2.0	2.1	2.1
Unemployment (%)	4.2	4.3	4.3	4.3	4.3	4.2
Consumer Spending (QoQ %)	3.8	1.7	1.7	1.9	1.9	2.0
Industrial Production (QoQ %)	2.0	1.5	1.4	1.6	1.7	1.8

Equities & Currency

	Current	Year ago	YoY Δ
DJIA	51,055	46,695	9.3%
Nasdaq	27,354	22,942	19.2%
S&P 500	7,749	6,740	15.0%
US Dollar Index	\$1,224.64	\$1,204.27	2.0%

Commodities

	Current	Year ago	YoY Δ
Crude Oil (Per Barrel)	\$89.80	\$61.69	45.6%
Natural Gas (Per MMBtu)	\$3.03	\$3.36	(9.8%)
Coal (Per Short Ton)	\$14.90	\$10.48	41.9%
Gold (Per Ounce)	\$4,140.00	\$3,962.60	4.5%
Corn (Per Bushel)	\$4.98	\$4.22	18.0%
Soybean (Per Bushel)	\$12.84	\$10.18	26.2%

Industry

	Current	Year ago	YoY Δ
Natural Gas Storage (Billion Cubic Feet)	3,415	3,553	(3.9%)
U.S. Daily Power Consumption (MWh)	11,010,505	11,870,537	(7.2%)
World Container Index (Per 40ft)	\$4,434	\$1,669	165.7%

¹ Unless otherwise indicated, forecasts are from the Blue Chip Professional Forecasters.

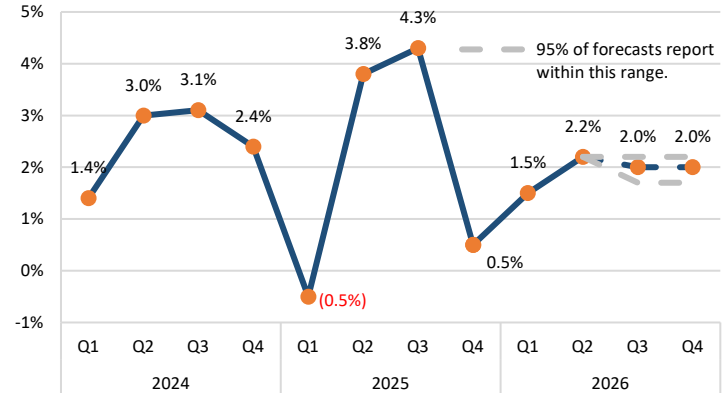
² Target rate forecast is based on futures market contracts.

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.

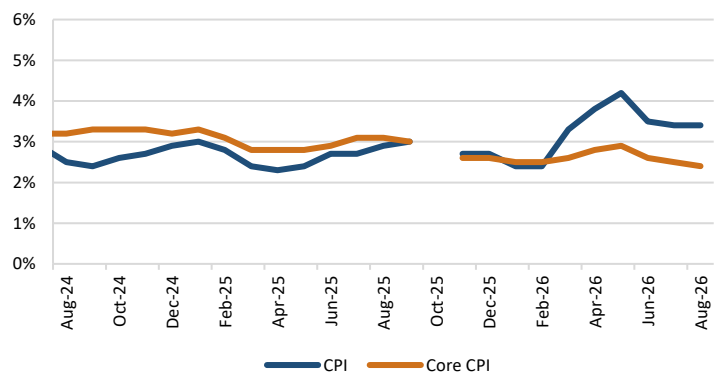
Disclaimer: These materials are being provided to you as a service to our members for informational purposes only, and are not advice or recommendations of any kind. By receiving these materials, you agree not to share the materials outside of you cooperative, that CFC is not providing any representation or warranty regarding the information in these materials, and that CFC is not responsible for the consequences of any decisions made or actions taken in reliance on these materials. SOFR and EFFR are subject to the Terms of Use posted at newyorkfed.org. The New York Fed is not responsible for publication of SOFR or EFFR by CFC, does not sanction or endorse any particular republication, and has no liability for your use.

Forecasts

Real GDP Growth Trend



Headline vs. Core Inflation



10-Year US Treasury vs. Fed Funds Trend

