

US Economic Weekly

Mid-year review: three regimes and three risks

Three regimes and three risks

We have raised our 4Q/4Q 2025 growth forecast from 1.0% to 1.2%, and lowered inflation to ~3%, to reflect the US-China deal. We now think the deficit will be little changed through FY27. A less stagflationary environment should mean less difficult choices for the Fed. But we still don't expect any cuts this year. Key risks to our outlook: i) a sharp weakening in the labor data forces "bad" Fed cuts, ii) tepid inflation allows for "good cuts", iii) the economy re-accelerates next year.

The week ahead: jobs and a soft deadline

Next week the focus will be on the June jobs report. We expect June nonfarm payrolls (NFP) to come in at 95k, lower than consensus expectations of 121k. The u-rate is likely to rise a tenth to 4.3%. ISMs will also bear watching after the preliminary PMI data were better than expected. On the policy front, Republicans are closing in on their self-imposed July 4 deadline to pass the reconciliation bill. We wouldn't be surprised if they fail to meet this deadline, but there is little risk of the bill falling apart in our view.

1Q GDP print revised down in the third print

1Q GDP growth was marked down from -0.2% to -0.5% q/q saar in the third print. The revisions were led by a substantial markdown in services spending, from 1.7% to 0.6%. Within the details, food services, transportation services and recreation services were weak. In other words, discretionary services look a lot softer now. Meanwhile, core PCE was marked up for 1Q from 3.4% to 3.5%.

June payrolls preview: Seasonal fog and structural slog

June NFP are likely to rise by 95k (consensus: 121k, May: 139k). Although the initial claims increase in recent weeks can be attributed to seasonal volatility, continuing claims were also high during the survey week. We also see headwinds from weak college graduates hiring and summer job cuts for education & health workers. Additionally, leisure & hospitality job growth tends to slow in June when Memorial Day falls relatively earlier in the month in May (like this year). We expect the u-rate to rise a tenth to 4.3%.

27 June 2025 Corrected

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Glossary

FOMC: Federal Open Market Committee

CPI: Consumer Price Index

PPI: Producer Price Index

PCE: Personal Consumption Expenditures

NFP: Nonfarm payrolls

SF: Seasonal Factors

Three regimes and three risks

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- We have raised our 4Q/4Q 2025 growth forecast from 1.0% to 1.2%, and lowered inflation to ~3%, to reflect the US-China deal. We now think the deficit will be little changed through FY27.
- A less stagflationary environment should mean less difficult choices for the Fed. But we still don't expect any cuts this year.
- Key risks to our outlook: i) a sharp weakening in the labor data forces "bad" Fed cuts, ii) tepid inflation allows for "good cuts", iii) the economy re-accelerates next year.

Core views unchanged

As we look ahead to the second half of the year, our core views remain unchanged. The US economy is likely to muddle through the next few months. By the fall, however, fiscal stimulus should provide an offset to the headwind from tariffs, pushing growth back up to trend. The labor market might bend under the pressure of immigration restrictions and trade uncertainty, but we don't think it will break. Inflation should increase in 2H as the impact of tariffs sets in. And the Fed will likely be stuck on hold for the rest of the year.

Exhibit 1: We expect a soft patch over the summer, followed by a rebound to moderate growth once fiscal stimulus kicks in

BofA US economic outlook: forecast highlights

	1Q 25	2Q 25	3Q 25	4Q 25	1Q 26	2Q 26	3Q 26	4Q 26	1Q 27	2Q 27	3Q 27	4Q 27
Real GDP (% q/q saar)	-0.5	2.3	1.0	1.6	1.6	1.7	1.7	1.8	2.0	2.0	2.0	2.0
Real GDP (% y/y)	2.1	1.9	1.4	1.2	1.7	1.5	1.7	1.7	1.8	1.9	2.0	2.0
Final domestic sales (% q/q saar)	2.3	0.0	0.6	1.4	1.6	1.6	1.6	1.6	1.8	1.7	1.7	1.7
Private consumption (% q/q saar)	1.2	2.0	1.5	1.8	1.8	1.8	1.8	1.8	2.0	2.0	2.0	2.0
Nonres investment (% q/q saar)	10.4	-7.6	-3.1	0.8	1.7	1.7	1.7	1.7	1.8	1.8	1.8	1.8
Residential investment (% q/q saar)	-0.6	0.0	1.0	1.0	1.5	1.5	2.0	2.0	2.0	2.0	2.0	2.0
Unemployment rate (%)	4.1	4.2	4.3	4.5	4.5	4.6	4.6	4.5	4.4	4.3	4.2	4.2
Nonfarm Payrolls (avg m/m chg, 000s)	111	137	95	40	65	85	65	85	100	100	100	100
PCE inflation (% y/y)	2.5	2.4	2.8	3.0	2.6	2.6	2.3	2.1	2.0	2.0	2.0	2.0
Core PCE inflation (% y/y)	2.8	2.6	3.0	3.1	2.9	2.9	2.5	2.2	2.2	2.2	2.1	2.1
Federal funds target (%)	4.25-4.50	4.25-4.50	4.25-4.50	4.25-4.50	4.25-4.50	4.25-4.50	3.75-4.00	3.25-3.50	3.25-3.50	3.25-3.50	3.25-3.50	3.25-3.50

Source: BofA Global Research

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Tweaking the details

That said, the US-China trade deal was struck after our last forecast update. This, along with the data flow and fiscal developments, warrants a few tweaks to our numbers (Exhibit 1 and Exhibit 2). Briefly, we have raised 4Q/4Q growth in 2025 from 1.0% to 1.2%. 2026 remains unchanged at 1.7%. We also debut our 2027 forecasts. For now, we pencil in trend-like growth (2%) in 2027. We will refine our views as the path forward becomes clearer.

We have raising our job growth projections by roughly 25k per month going forward, to reflect a smaller impact from immigration restrictions than we previously expected. But we still expect immigration restrictions to weigh on nonfarm payrolls over the next few quarters (Exhibit 3). Our unemployment rate forecasts remain unchanged.

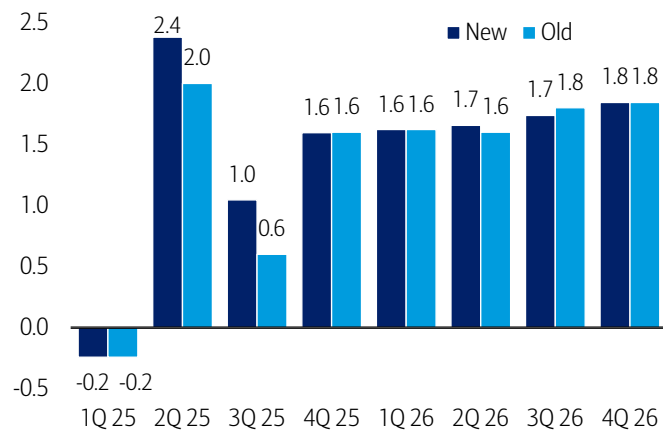
Meanwhile, we have lowered our inflation forecasts in response to the 115pp reduction in tariffs against China, and the benign inflation data over the last three months. We



now expect the core PCE to peak at 3.1% y/y in 4Q 2025 (vs. 3.5% previously), and decline to 2.2% by 4Q 2026 (vs. 2.4% previously).

Exhibit 2: Our 4Q/4Q growth forecast for 2025 rises from 1.0% to 1.2%. 2026 remains unchanged at 1.7%.

BofA old vs. new GDP forecasts (q/q % saar)

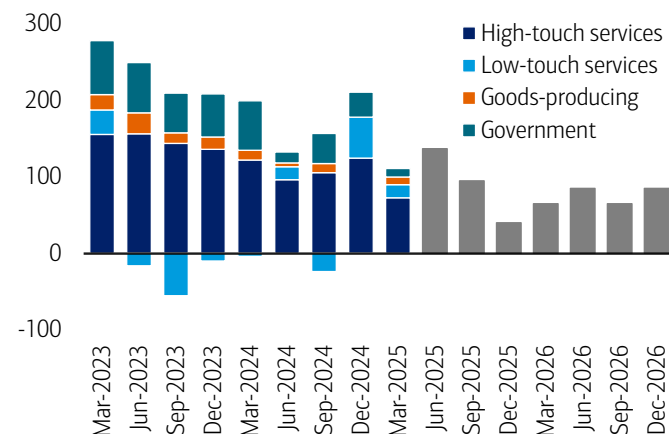


Source: BofA Global Research

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Exhibit 3: We expect immigration restrictions, weaker economic activity due to trade uncertainty and DOGE to weigh on payrolls

Nonfarm payrolls (Average monthly change by quarter, in thous.; forecast in grey)



Source: BLS, Haver Analytics, BofA Global Research

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Finally on the deficit, we have revised down our projections because it now seems that the One Big Beautiful Bill Act will include greater spending cuts than we were previously expecting (Exhibit 4). This mitigates near-term concerns about a bond-buyers' strike at the long end of the yield curve.

Exhibit 4: We now expect tariff revenue will help keep the deficit-to-GDP ratio little changed over the next two fiscal years.

Deficit and its major components as a share of GDP

Fiscal year	Deficit	Primary deficit	Interest	Revenues ex tariffs	New tariff revenue	Outlays ex interest	Debt-to-GDP
FY 25	6.4%	3.1%	3.3%	16.5%	0.5%	20.0%	100%
FY 26	6.4%	3.1%	3.3%	15.9%	0.9%	19.9%	102%
FY 27	6.2%	3.0%	3.2%	15.8%	0.9%	19.7%	104%

Source: BofA Global Research

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For a detailed rundown of our forecast changes, see: [Global Economic Viewpoint: Mid-Year review: Resilient growth in a precarious world.](#)

Where do we go from here?

Three regimes

Broadly, we see three regimes for the US economy and Fed policy in the next several quarters. The first is the current state of play. Economic activity and the labor market remain resilient, and there are upside risks to inflation from tariffs. In this regime, we think the Fed is stuck because neither mandate is making a clear case for rate cuts. This regime would endure if the risks to inflation materialize over the summer.

In the second regime, the labor market holds up or weakens only moderately, and inflation moves back toward 2% (either because the tariff shock is minimal or after it has rolled off the y/y rate). In this scenario, the Fed would opt for "good cuts": a gradual cutting cycle (25-50bp per quarter) to bring policy rates back to around 3%.

The last regime is one in which the labor market collapses and the economy goes into a recession. In this scenario the Fed would cut rates aggressively ("bad cuts"). The terminal rate would probably be sub-2%. But the timing of the cuts might still depend on



inflation. The Fed would be quicker to pull the trigger if inflation remains below 3%. But if inflation is elevated, the Fed would respond slower than usual to signs of economic weakness. As we've argued before, the Fed would rather be late than wrong in a stagflationary world.

Risks to our outlook

Our base case is that the economy will remain in the first regime through 1H 2026. But by the second half of next year, we should transition to "good cuts" because i) inflation will be declining, showing that we are "over the hump" on the tariff impact, and ii) the new Fed Chair is likely to guide policy rates in a more dovish direction.

We see three risks to our outlook. First, we might be wrong on the resilience of the economy. The soft patch that we are projecting in the next few months could turn out to be an outright recession. Weak demand might force firms to absorb the tariffs in their margins. This would weigh on hiring and capex, further weakening demand. In this case the Fed might start "bad cuts" even as soon as September (there are three more jobs reports by then). The cuts in this scenario might well be in increments of more than 25bp per meeting.

Another possibility is that our outlook is correct on the real economy, but the inflation shock from tariffs turns out to be much smaller than expected. In this scenario the Fed would transition to "good cuts" sooner than we are forecasting.

The third risk to our outlook is re-acceleration. Even our relatively sanguine outlook on the economy might prove too pessimistic. The fiscal bill could get passed in short order, and it might turn out to be even more stimulative for consumer spending and business investment than we are expecting. Demand growth could rebound to the 3% pace of 2023-24. Combined with the supply shock from tariffs, this could keep inflation north of 3%.

In this scenario, Fed cuts would likely be off the table, and the conversation would shift to hikes. We think the bar for hikes would be high, particularly under the new Fed Chair. But we wouldn't rule them out. For example, a combination of 3%-plus core PCE inflation, an unemployment rate of 4.0% or below, and signs of unanchoring inflation expectations could force the Fed to raise rates.

US GDP Tracking

2Q tracking down to 2.5%, 1Q (T) down to -0.5%

The third print of 1Q GDP was revised down three-tenths to -0.5% q/q saar. Since our last weekly publication, our 2Q GDP tracking is down one-tenth to +2.5% q/q saar. Here is a rundown of the changes to our tracking estimate.

The third print of 1Q GDP surprised to the downside. We were forecasting a downward revision to PCE due to a lower-than-expected QSS (Quarterly Services Survey) print. But the markdown in 1Q consumer spending was more substantial than expected on account of services spending going down from 1.7% to 0.6%. This led us to shade down our 2Q PCE tracking as well.

May new home sales were weaker than expected, leading to a decline in our 2Q residential investment estimate. Existing home sales came in largely as forecasted.

In the April durable goods report, core capital goods orders and shipments which feed into our GDP tracking were much stronger than expected. This led to an increase in our equipment tracking for 2Q.

May manufacturing and wholesale inventories were weaker than expected while retail inventories were higher. This led to a small decline in our inventories tracking for 2Q.

The advance goods trade deficit for May was slightly higher than expected leading to a small decline in our net exports estimate.

Next week, May construction spending, trade balance and factory orders and June vehicle sales and payrolls will impact 2Q GDP tracking.

Exhibit 5: 2Q GDP tracking is down one-tenth to 2.5% q/q saar largely due to weaker than 1Q PCE

BofA US GDP tracking estimate (% q/q saar)

Date	Data release	GDP	Final Sales	PCE	Res. Inv.	Struct	Equip	IPP	Gov.	Exports	Imports	Net exports (level)	CIPI (level)
6/17/25	Retail Sales, Industrial Production, Business Inventories	2.6	0.0	2.1	-2.2	-5.6	-19.5	-1.0	-0.2	-3.6	-27.9	-1070.9	48.1
6/25/25	Existing and New Home Sales	2.6	0.0	2.1	-2.6	-5.6	-19.5	-1.0	-0.2	-3.6	-27.9	-1070.9	48.1
6/26/25	1Q GDP (T), Advance Goods Trade, Durable Goods, Inventories	2.5	0.1	1.8	-2.6	-5.6	-13.5	-1.0	-0.2	-2.6	-26.9	-1076.8	40.9
	GDP tracking	2.5	0.1	1.8	-2.6	-5.6	-13.5	-1.0	-0.2	-2.6	-26.9	-1076.8	40.9
	Contribution to GDP growth (pp)			1.2	-0.1	-0.2	-0.8	-0.1	0.0			4.3	-1.8
	BofA official GDP forecast	2.0	-0.3	1.0	1.0	-4.0	-15.0	-1.0	0.0	0.5	-20.0	-1152.7	80.1

Source: BofA Global Research. Our GDP tracking estimate reflects the mechanical aggregation of incoming data that directly informs the BEA's GDP calculations. The process is distinct from our official published GDP forecast. Boldface cells indicate where data have implications for tracking estimates

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Exhibit 6: ISM manufacturing is expected to tick up in June

ISM manufacturing (mfg) index tracker

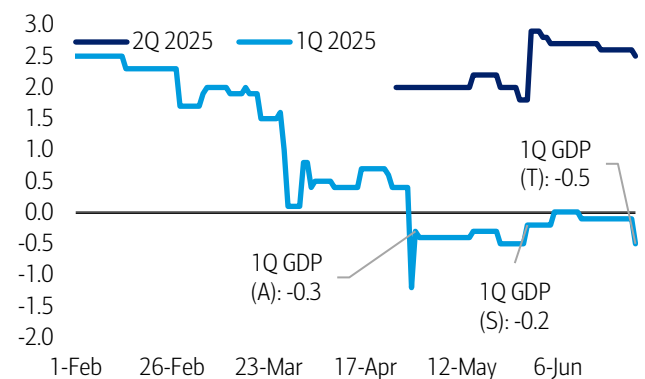
	Print	m/m ch
ISM Manufacturing Index (May)	48.5	
Empire ISM adj.	48.6	-2.5
Phil. ISM adj.	51.4	0.7
Richmond Fed*	43.0	2.0
KC ISM adj.	50.3	1.8
Dallas ISM adj.	49.2	
ISM Manufacturing tracker (June)	49.0	

Source: Haver Analytics, BofA Global research

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Exhibit 7: The third print of 1Q GDP was revised down three-tenths to -0.5% q/q saar. Our 2Q GDP tracking is down one-tenth to +2.5%.

US GDP tracking (% q/q saar)



Source: BofA Global Research

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Data in the past week

This week the focus was on personal income & outlays and PCE

Data in the past week

Date	Time	Indicator	Period	Actual	Consensus	Previous
6/23/25	9:45	S&P Global US Manufacturing PMI	Jun P	52.0	51.0	52.0
6/23/25	9:45	S&P Global US Services PMI	Jun P	53.1	53.0	53.7
6/23/25	10:00	Existing Home Sales	May	4.03m	3.95m	4.00m
6/24/25	8:30	Current Account Balance	1Q	-\$450.2	-\$445.5b	-\$312.0
6/24/25	9:00	Consumer Confidence	99.8	93.0	998	98.4
6/25/25	7:00	MBA Mortgage Applications	Jun 20	1.1%	--	-2.6%
6/25/25	7:52	Building Permits	May F	1394k	1393k	1393k
6/25/25	10:00	New Home Sales	May	623k	693k	722k
6/26/25	8:30	Initial Jobless Claims	Jun 21	236k	243k	246k
6/26/25	8:30	Wholesale Inventories	May P	-0.3	0.2%	0.1%
6/26/25	8:30	GDP (qoq saar)	1Q T	-0.5%	-0.2%	-0.2%
6/26/25	8:30	GDP Price Index (qoq saar)	1Q T	3.8%	3.7%	3.7%
6/26/25	8:30	Core PCE (qoq saar)	1Q T	3.5%	3.4%	3.4%
6/26/25	8:30	Personal consumption (qoq saar)	1Q T	0.5%	1.2%	1.2%
6/26/25	8:30	Advance Goods Trade Balance	May	-\$96.6bn	-\$86.1bn	-\$87.0b
6/26/25	8:30	Durable Goods Orders	May P	16.4%	8.5%	-6.6%
6/26/25	8:30	Durables Ex Transportation	May P	0.5%	0.0%	0.0%
6/26/25	8:30	Core Capital Goods Shipments	May P	0.5%	-0.1%	0.0%
6/26/25	8:30	Core Capital Goods Orders	May P	1.7%	0.1%	-1.4%
6/26/25	10:00	Pending Home Sales	May	1.8%	0.1%	-6.3%
6/27/25	8:30	PCE Core Prices (mom)	May	NR	0.1%	0.1%
6/27/25	8:30	PCE Headline Prices (mom)	May	NR	0.1%	0.1%
6/27/25	8:30	PCE Core Prices (yoy)	May	NR	2.6%	2.5%
6/27/25	8:30	PCE Headline Prices (yoy)	May	NR	2.3%	2.1%
6/27/25	8:30	Personal saving rate	May	NR	—	4.9%
6/27/25	8:30	Personal Spending	May	NR	0.1%	0.2%
6/27/25	8:30	Personal Income	May	NR	0.3%	0.8%
6/27/25	10:00	U. of Michigan Sentiment	Jun F	NR	60.5	60.5

Source: Bloomberg, BofA Global Research

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Data in the week ahead

Next week the focus is on the employment report

Data in the week ahead

Date	Time	Indicator	Period	BofA Estimate	Consensus	Previous
6/30/25	9:45	Chicago Purchasing Managers	Jun	43.0	43.0	40.5
7/01/25	9:45	S&P Global US manufacturing PMI	Jun F	—	52.0	52.0
7/01/25	10:00	Construction Spending (mom)	May	-0.5%	-0.1%	-0.4%
7/01/25	10:00	ISM Manufacturing	Jun	49.0	48.8	48.5
7/01/25	10:00	JOLTS Job Openings	May	—	—	7391k
7/01/25	All day	Total Vehicle Sales	Jun	15.2M	—	15.7M
7/02/25	7:00	MBA Mortgage Applications	Jun 27	—	—	1.1%
7/02/25	8:15	ADP Employment	Jun	—	110k	37k
7/03/25	8:30	Trade Balance	May	-\$70.0b	-\$69.8b	-\$61.6b
7/03/25	8:30	Initial Jobless Claims	Jun 28	239k	—	236k
7/03/25	8:30	Private Payrolls	Jun	90k	115k	140k
7/03/25	8:30	Change in Nonfarm Payrolls	Jun	95k	120k	139k
7/03/25	8:30	Unemployment Rate	Jun	4.3%	4.3%	4.2%
7/03/25	8:30	Participation Rate	Jun	62.5%	--	62.4%
7/03/25	8:30	Average Hourly Earnings mom	Jun	0.3%	0.3%	0.4%
7/03/25	8:30	Average Weekly Hours	Jun	34.3	34.3	34.3
7/03/25	9:45	S&P Global US services PMI	Jun F	—	—	53.1
7/03/25	10:00	Factory Orders	May	—	7.8%	-3.7%
7/03/25	10:00	ISM Services	Jun	50.0	50.8	49.9

Source: Bloomberg, BofA Global Research

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Federal Reserve Speakers

Exhibit 8: Key speaking engagements

Upcoming policy speakers

Date	Time	Speaker
Jun 30	10:00	Fed's Bostic Speaks on the Economic Outlook
Jun 30	13:00	Fed's Goolsbee Speaks in a Moderated Discussion
Jul 01	9:30	Powell Participates in Panel with Lagarde, Bailey, Ueda
Jul 03	11:00	Fed's Bostic Gives Speech on Monetary Policy

Source: Bloomberg

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Exhibit 9: Below is a summary of key quotes from Fed speakers over the past weeks

Summary of Fed speak in the previous week

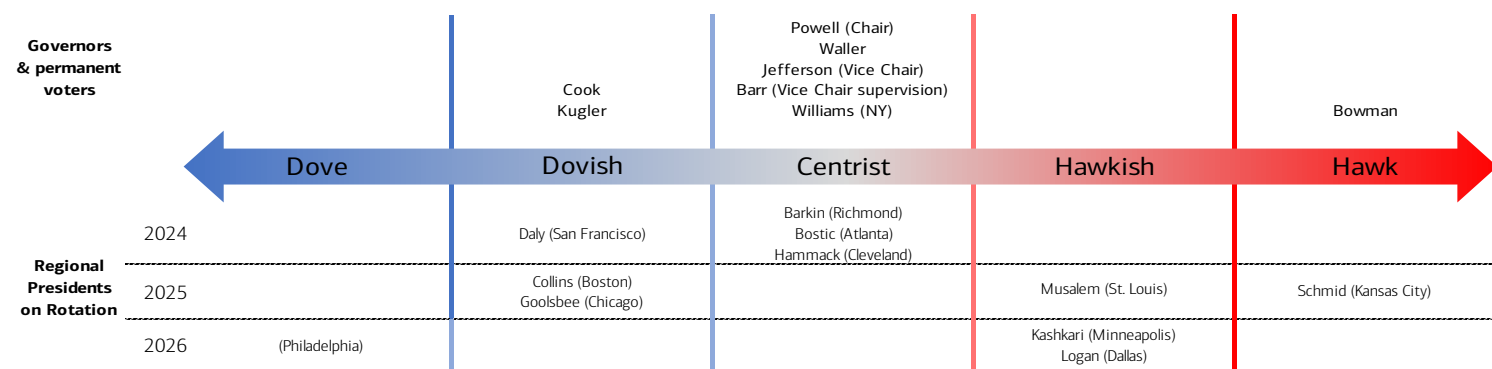
Speaker	Date	Quote
Daly (San Francisco)	26-Jun	There is increasing evidence that tariffs may not lead to a large or sustained inflation surge. "My modal outlook has been for some time that we would begin to be able to adjust the rates in the fall."
Collins (Boston)	26-Jun	July would be too early for the Fed to cut rates. Her baseline outlook is to resume easing later in the year.
Collins (Boston)	25-Jun	An "actively patient" approach to monetary policy is appropriate while assessing the impact of tariffs on the economy.
Powell (Chair)	25-Jun	The Fed is still struggling to determine the impact of tariffs on consumer prices. Officials need not rush to lower rates because of the strong economy and uncertainty over how tariffs will affect inflation.
Hammack (Cleveland)	24-Jun	The Fed still has "some distance to go" before it reaches its inflation target, despite recent progress, and official readings may not fully capture current developments.
Williams (NY)	24-Jun	It's "entirely appropriate" for officials to hold interest rates steady while they analyze the full impact of policy changes on the jobs market and inflation.
Schmid (Kansas City)	24-Jun	"With all this uncertainty, the current posture of monetary policy, which has been characterized as 'wait-and-see,' is appropriate."
Powell (Chair)	24-Jun	"If it turns out that inflation pressures do remain contained, then we will get to a place where we cut rates, sooner rather than later."
Bowman (Governor)	23-Jun	The "time has come" to revisit the key capital buffer. She may also support lowering rates as soon as July, "should inflation pressures remain contained" and to "sustain a healthy labor market."
Goolsbee (Chicago)	23-Jun	"If we do not see inflation resulting from these tariff increases, then, in my mind, we never left what I was calling the golden path" the US economy was on prior to tariffs, he said. "If the dirt is out of the air, then I think we should proceed."
Daly (San Francisco)	22-Jun	The Fed's monetary policy stance is "in a good place" currently, with risks to employment and inflation about equal.
Waller (Governor)	20-Jun	"We've been on pause for six months to wait and see, and so far the data has been fine."
Bowman (Governor)	06-Jun	The Fed will review the "odd mismatch" between big banks' confidential ratings and their financial conditions.
Harker (Philadelphia)	06-Jun	"I could see in the second half of the year, if things resolve themselves, and we start to see more clarity, and we continue to see inflation coming down to 2%."
Kugler (Governor)	05-Jun	Her main focus now is inflation, rather than a potential slowdown in economic growth, due to the impact of tariffs on prices.
Schmid (Kansas City)	05-Jun	The Fed will need to be nimble as they assess how tariffs will impact the economy.
Kashkari (Minneapolis)	04-Jun	The US central bank is well positioned to wait and see how tariff policies impact the economy before adjusting interest rates.

Source: Bloomberg, BofA Global Research

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Exhibit 10: This year the regional presidents voting on the FOMC (Federal Open Market Committee) will be Collins, Goolsbee, Musalem and Schmid

BofA US Economics Dove-Hawk chart



Source: FRB, BofA Global Research

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Weekly spending update

Exhibit 11: Total card spending per HH was down 0.5% y/y in the week ending June 21

Aggregated daily card spending growth per HH by major category, June 14 – 21 (y/y % change of the 7-day moving average of spending levels)

	6/21	6/20	6/19	6/18	6/17	6/16	6/15	6/14
Total card spending	-0.5%	-0.6%	0.0%	-0.5%	-0.3%	-0.2%	-0.5%	0.1%
Retail ex-autos	-1.3%	-0.9%	-0.4%	-0.9%	-0.9%	-0.9%	-0.8%	0.0%
Airlines	-12.4%	-13.1%	-13.8%	-14.8%	-15.7%	-15.1%	-15.5%	-14.5%
Lodging	-2.4%	-4.1%	-4.4%	-5.0%	-5.1%	-5.4%	-5.5%	-5.0%
Entertainment	-18.3%	-20.1%	-19.6%	-18.5%	-15.2%	-15.0%	-13.7%	-11.4%
Restaurants & bars	1.7%	2.0%	2.1%	1.8%	1.8%	2.2%	3.8%	1.8%
Transit	4.3%	4.4%	6.2%	5.7%	6.5%	7.4%	7.1%	9.6%
Gas	-6.9%	-7.6%	-7.5%	-8.2%	-8.0%	-8.0%	-8.1%	-7.7%
Clothing	-4.0%	-2.6%	-1.8%	-2.2%	-2.1%	-1.9%	-1.5%	0.0%
Furniture	-5.6%	-5.9%	-5.0%	-4.9%	-4.8%	-4.7%	-6.2%	-4.8%
Department store	-13.3%	-9.1%	-7.4%	-6.2%	-5.3%	-4.9%	-3.2%	0.7%
Home improvement	-10.0%	-10.4%	-10.8%	-11.3%	-11.8%	-12.1%	-12.5%	-12.3%
Online electronics	0.7%	0.3%	0.9%	0.3%	0.2%	0.6%	0.1%	0.7%
Grocery	-2.2%	-1.4%	-0.7%	-1.2%	-1.0%	-1.1%	-1.2%	0.8%
General Merchandise	-0.9%	-0.1%	0.8%	1.0%	1.0%	1.1%	-0.1%	2.8%
Total B&M retail	-3.2%	-2.8%	-2.4%	-3.0%	-2.9%	-2.8%	-2.7%	-1.8%
Total online retail	4.5%	4.7%	5.5%	4.8%	4.1%	4.0%	4.1%	4.4%
Total card debit	0.4%	0.4%	1.3%	0.4%	0.6%	0.6%	0.4%	1.1%
Total card credit	-1.6%	-1.8%	-1.7%	-1.6%	-1.6%	-1.2%	-1.7%	-1.1%

Source: BAC internal data. Note: The 1-year % change shows the change between the current date at the head of the table column and its comparable date a year ago. Total card spending includes total BAC card activity, which captures retail sales and services that are paid with cards. Does not include ACH payments. B&M (Brick & Mortar) retail means retail purchases at the store. Online electronics and total online retail correspond to purchases in which the card was not present. These are largely online purchases but could include purchases made over the phone. Gas includes some convenience store purchases at gas stations.

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See the report [BofA on USA: Weekly spending update through Jun 21, 26 June 2025](#) for methodology, limitations, and disclaimers related to BAC aggregated credit and debit card data.



Core views

Growth: modest upgrades

- We raise our 2Q 2025 growth forecast from 2.0% to 2.4%. This revision is mostly a mark-to-market to our GDP tracker. Despite soft retail sales in April and May, consumer spending growth should be solid in 2Q due to favorable base effects from March. Overall, the US economy is likely to muddle through the next few months. By the fall, however, fiscal stimulus should provide an offset to the headwind from tariffs, pushing growth back up to trend.

Inflation: a lower peak

- Inflation should climb in the second half as input pressures from tariffs squeeze margins and force businesses to at least partially pass the tariffs through to consumers. We now forecast core PCE will peak at 3.1% in 4Q 2025 (vs. 3.5% previously). For 2026, we continue to expect that tariff-driven inflation will be more temporary than persistent. We therefore expect 4Q 2026 core PCE to fall to 2.2% (vs. 2.4% previously). Then in 2027, we expect core PCE inflation to remain above the Fed's target at 2.1%.

Labor market: slightly higher breakeven job growth

- We raise our job growth projections by roughly 25k per month going forward to reflect a smaller impact from immigration restrictions than we previously expected. We still expect the revocation of CHNV (Cuba, Haiti, Nicaragua and Venezuela) visas and the DOGE (Department of Government Efficiency) buyout to weigh on nonfarm payrolls over the next few quarters. But even accounting for that, payroll growth hasn't slowed as quickly as we previously thought it would (96k in '25 and 75k in '26). Our unemployment rate forecasts remain unchanged, with a peak of 4.6% in 2Q26.

Fed: back-loaded cuts

- The question for the Fed is whether it will look through a tariff-driven spike in inflation. We think it won't. Once inflation has peaked, however, the Fed can feel more confident that i) the tariff shock is working itself out of the y/y rate, and ii) demand-driven disinflation due to labor market weakness is overwhelming supply-driven inflation. Therefore, we now forecast 100bp of cuts next year. With low conviction, we pencil these cuts in for 2H 2026. By then, y/y inflation should be below 3% and there would probably be a new Chair, who might guide the Fed in a more dovish direction.



Economic forecast summary

Exhibit 12: We forecast significant stagflation (softer growth and higher inflation) along with no cuts in 2025 but 100bp in 2H26

BofA US economic outlook

	1Q 25	2Q 25	3Q 25	4Q 25	1Q 26	2Q 26	3Q 26	4Q 26	2025	2026	2027
Real Economic Activity, % SAAR											
Real GDP	-0.5	2.3	1.0	1.6	1.6	1.7	1.7	1.8	1.6	1.6	1.9
% Change, Year Ago	2.0	1.8	1.3	1.1	1.6	1.5	1.7	1.7			
Final Sales	-3.1	4.0	1.4	1.8	1.6	1.6	1.6	1.7	1.4	1.8	1.8
Domestic Demand	1.5	0.3	0.6	1.4	1.6	1.6	1.6	1.6	1.8	1.3	1.7
Consumer Spending	0.5	2.0	1.5	1.8	1.8	1.8	1.8	1.8	2.2	1.8	1.9
Residential Investment	-1.3	0.0	1.0	1.0	1.5	1.5	2.0	2.0	0.1	1.4	2.0
Nonresidential Investment	10.3	-7.6	-3.1	0.8	1.7	1.7	1.7	1.7	0.8	0.3	1.8
Structures	-2.4	-6.0	-4.0	0.0	1.5	1.5	1.5	1.5	-2.3	0.0	1.8
Equipment	23.7	-15.0	-5.0	1.0	1.5	1.5	1.5	1.5	1.9	-0.6	1.8
Intellectual Property	6.0	-1.0	-1.0	1.0	2.0	2.0	2.0	2.0	1.5	1.3	1.7
Government	-0.6	0.0	0.0	0.0	0.4	0.4	0.4	0.4	1.2	0.2	0.4
Exports	0.4	-3.0	0.5	0.5	1.0	2.0	1.0	2.0	0.8	0.8	1.9
Imports	38.0	-25.0	-5.0	-3.0	0.5	1.0	1.0	1.0	3.3	-2.6	1.0
Net Exports (Bil 12\$)	-1359	-1102	-1051	-1020	-1018	-1014	-1016	-1011	-1133	-1015	-999
Contribution to growth (ppts)	-4.6	3.8	0.8	0.5	0.0	0.1	0.0	0.1	-0.4	0.4	0.1
Inventory Accumulation (Bil 12\$)	160.5	55.5	36.5	21.5	21.5	21.5	31.5	41.5	68.5	29.0	66.5
Contribution to growth (ppts)	2.6	-1.8	-0.3	-0.2	0.0	0.0	0.2	0.2	0.1	-0.2	0.1
Nominal GDP (Bil \$, SAAR)	29962	30300	30614	30953	31262	31564	31884	32211	30457	31730	33065
% SAAR	3.2	4.6	4.2	4.5	4.1	3.9	4.1	4.2	4.4	4.2	4.2
Key Indicators											
Fed Funds Rate (midpoint, % EOP)	4.375	4.4	4.4	4.4	4.4	4.4	3.9	3.4	4.375	3.375	3.375
Industrial Production (% SAAR)	4.5	0.5	1.0	1.0	1.5	1.5	1.5	1.5	1.3	1.2	1.3
Capacity Utilization (%)	77.5	77.5	77.5	77.5	78.0	78.0	78.0	78.5	77.6	78.1	78.8
Nonfarm Payrolls (Avg mom ch, 000s)	111	137	95	40	65	85	65	85	96	75	100
Civilian Unemployment Rate (%)	4.1	4.2	4.3	4.5	4.5	4.6	4.6	4.5	4.3	4.5	4.2
Civilian Participation Rate (%)	62.5	62.5	62.4	62.3	62.3	62.3	62.2	62.2	62.4	62.2	62.1
Housing Starts (Thous. SAAR)	1395	1365	1360	1370	1390	1415	1435	1430	1375	1420	1430
Current Account (% of GDP)									-4.2	-3.8	-3.7
US Budget Balance (\$bn, Fiscal Year)									1925	2000	2050
Inflation											
GDP Price Index (% SAAR)	3.8	2.2	3.1	2.9	2.4	2.2	2.3	2.3	2.8	2.5	2.2
% Change, Year Ago	2.6	2.6	2.9	3.0	2.6	2.7	2.5	2.3			
PCE Chain Prices (% SAAR)	3.6	2.1	3.3	2.9	2.2	2.0	2.1	2.1	2.7	2.4	2.0
% Change, Year Ago	2.5	2.4	2.8	3.0	2.6	2.6	2.3	2.1			
Core PCE Chain Prices (% SAAR)	3.4	2.2	3.8	3.2	2.4	2.1	2.3	2.1	2.9	2.6	2.0
% Change, Year Ago	2.8	2.6	3.0	3.1	2.9	2.9	2.5	2.2			
CPI, Consumer Prices (% SAAR)	3.8	1.7	3.4	2.6	2.3	2.2	1.9	2.0	2.8	2.4	2.3
% Change, Year Ago	2.7	2.5	3.0	2.9	2.5	2.6	2.2	2.1			
CPI ex Food & Energy (% SAAR)	3.5	2.2	3.9	3.3	2.3	2.3	2.5	2.7	3.1	2.7	2.6
% Change, Year Ago	3.1	2.8	3.2	3.2	2.9	2.9	2.6	2.4			

Source: BofA Global Research estimates

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Rates and dollar forecast

Exhibit 13: We do not foresee any Fed rate cuts in 2025

Rates and dollar forecast

	25-Jun	25-Sep	25-Dec	26-Mar	26-Jun	26-Sep	26-Dec
Interest rates							
Fed Funds	4.25-4.50	4.25-4.50	4.25-4.50	4.25-4.50	4.25-4.50	3.75-4.00	3.25-3.50
Fed Effective Rate	4.375	4.38	4.4	4.38	4.375	3.88	3.4
2-Year T-Note	3.900	3.80	3.8	3.75	3.750	3.80	3.9
5-Year T-Note	4.000	4.05	4.1	4.15	4.200	4.23	4.3
10-Year T-Note	4.350	4.40	4.5	4.55	4.600	4.68	4.8
30-Year T-Bond	4.750	4.90	5.0	5.03	5.050	5.08	5.1
Dollar							
EUR-USD	1.150	1.16	1.2	1.17	1.180	1.19	1.2
USD-JPY	148.000	152	155.0	152	148.000	148	148.0
USD-CAD	1.380	1.38	1.4	1.35	1.350	1.35	1.4
AUD-USD	0.630	0.66	0.7	0.69	0.690	0.70	0.7
NZD-USD	0.580	0.60	0.6	0.61	0.610	0.62	0.6
GBP-USD	1.370	1.38	1.4	1.43	1.440	1.49	1.5
USD-CHF	0.820	0.82	0.8	0.82	0.820	0.82	0.8
USD-SEK	9.300	9.14	8.9	8.89	8.810	8.74	8.6
USD-NOK	10.170	9.83	9.4	9.40	9.240	9.08	8.9
USD-CNY	7.500	7.40	7.3	7.30	7.200	7.20	7.0
USD-MXN	19.000	19.50	20.0	20.25	20.500	20.75	21.0

Source: BofA Global Research estimates

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Rolling calendar of business indicators

Next week the focus is on the employment report

Key economic data over the next three weeks

Monday	Tuesday	Wednesday	Thursday	Friday
June 23 9:45 am: S&P Global US Manufacturing and Services PMI – Jun (P) 10:00 am: Existing Home Sales – May	June 24 9:00 am: S&P CoreLogic CS HPI – Apr 10:00 am: Conference Board Confidence – Jun	June 25 7:00 am: MBA Mortgage Applications – week ending 06/20/2025 10:00 am: New Home Sales – May	June 26 8:30 am: GDP - 1Q (T) 8:30 am: Initial Jobless Claims – week ending 06/21/2025 8:30 am: Durable Goods Orders – May 8:30 am: Advance Goods Trade Balance – May 10:00 am: Pending Home Sales - May	June 27 8:30 am: Personal Income & Outlays – May 10:00 am: U of Mich Sentiment– Jun (F)
June 30 9:45 am: Chicago PMI – Jun	July 01 9:45 am: S&P Global US Manufacturing PMI – Jun F 10:00 am: ISM manufacturing – Jun 10:00 am: Construction Spending – May 10:00 am: JOLTS – May All Day: Vehicle Sales – Jun	July 02 7:00 am: MBA Mortgage Applications – week ending 06/27/2025 8:15 am: ADP Employment – Jun	July 03 8:30 am: Initial Jobless Claims – week ending 06/28/2025 8:30 am: Employment Report – Jun 8:30 am: Trade Balance – May 9:45 am: S&P Global US Services PMI – Jun F 10:00 am: ISM services– Jun 10:00 am: Factory Orders – May	July 04 U.S. Independence Day
July 07	July 08 6:00 am: NFIB Small Bus. Optimism – Jun 3:00pm: Consumer Credit – May	July 09 7:00 am: MBA Mortgage Applications – week ending 07/04/2025 10:00 am: Wholesale Inventories – May 2:00 pm: FOMC Minutes	July 10 8:30 am: Initial Jobless Claims – week ending 07/05/2025	July 11 2:00 pm: Monthly Budget Statement – Jun

*Projections- subject to revision as additional data become available. P - preliminary reading, S - second reading, T - third reading, F - final reading

Source: Bloomberg

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CPI and PCE Forecast tables

Exhibit 14: We expect a higher peak in inflation in 2025 and then come down more rapidly in 2026

CPI monthly forecast table

	Non-seasonally Adjusted						Seasonally Adjusted									
	Headline CPI			Energy			Headline CPI					Core CPI				
	Level	m/m	y/y	Level	m/m	y/y	Level	m/m	y/y	q/q saar	y/y (quarterly)	Level	m/m	y/y	q/q saar	y/y (quarterly)
2024: Jan	308.42	0.54	3.1	270.42	0.39	-4.6	309.79	0.34	3.1			314.39	0.37	3.9		
2024: Feb	310.33	0.62	3.2	276.33	2.19	-1.9	311.02	0.40	3.2			315.56	0.37	3.8		
2024: Mar	312.33	0.65	3.5	285.00	3.14	2.1	312.11	0.35	3.5	3.7	3.2	316.76	0.38	3.8	4.2	3.8
2024: Apr	313.55	0.39	3.4	290.76	2.02	2.6	313.02	0.29	3.4			317.60	0.26	3.6		
2024: May	314.07	0.17	3.3	290.14	-0.21	3.7	313.14	0.04	3.2			318.05	0.14	3.4		
2024: Jun	314.18	0.03	3.0	286.68	-1.19	1.0	313.13	0.00	3.0	2.8	3.2	318.34	0.09	3.3	3.1	3.4
2024: Jul	314.54	0.12	2.9	287.87	0.42	1.1	313.57	0.14	2.9			318.93	0.19	3.2		
2024: Aug	314.80	0.08	2.5	282.61	-1.83	-4.0	314.13	0.18	2.6			319.84	0.28	3.3		
2024: Sep	315.30	0.16	2.4	275.74	-2.43	-6.8	314.85	0.23	2.4	1.4	2.7	320.84	0.31	3.3	2.4	3.3
2024: Oct	315.66	0.12	2.6	272.81	-1.06	-4.9	315.56	0.23	2.6			321.69	0.27	3.3		
2024: Nov	315.49	-0.05	2.7	268.21	-1.68	-3.2	316.45	0.28	2.7			322.62	0.29	3.3		
2024: Dec	315.61	0.04	2.9	267.96	-0.09	-0.5	317.60	0.36	2.9	3.0	2.7	323.30	0.21	3.2	3.4	3.3
2025: Jan	317.67	0.65	3.0	273.05	1.90	1.0	319.09	0.47	3.0			324.74	0.45	3.3		
2025: Feb	319.08	0.44	2.8	275.87	1.03	-0.2	319.78	0.22	2.8			325.48	0.23	3.1		
2025: Mar	319.80	0.22	2.4	275.73	-0.05	-3.3	319.62	-0.05	2.4	3.8	2.7	325.66	0.06	2.8	3.5	3.1
2025: Apr	320.80	0.31	2.3	279.89	1.51	-3.7	320.32	0.22	2.3			326.43	0.24	2.8		
2025: May	321.47	0.21	2.4	280.10	0.07	-3.5	320.58	0.08	2.4			326.85	0.13	2.8		
2025: Jun	322.69	0.38	2.7	284.36	1.52	-0.8	321.61	0.32	2.7	1.7	2.5	327.86	0.31	3.0	2.2	2.8
2025: Jul	323.69	0.31	2.9	285.91	0.54	-0.7	322.57	0.30	2.9			329.04	0.36	3.2		
2025: Aug	324.57	0.27	3.1	284.97	-0.33	0.8	323.73	0.36	3.1			330.25	0.37	3.3		
2025: Sep	324.78	0.06	3.0	278.24	-2.36	0.9	324.39	0.20	3.0			331.29	0.31	3.3		
2025: Oct	325.00	0.07	3.0	273.00	-1.88	0.1	324.99	0.19	3.0			332.28	0.30	3.3		
2025: Nov	324.43	-0.18	2.8	267.95	-1.85	-0.1	325.53	0.17	2.9			332.90	0.19	3.2		
2025: Dec	324.28	-0.04	2.8	265.91	-0.76	-0.8	326.47	0.29	2.8			333.51	0.19	3.2		
2026: Jan	325.50	0.37	2.5	267.37	0.55	-2.1	327.01	0.17	2.5			334.15	0.19	2.9		
2026: Feb	326.59	0.34	2.4	267.13	-0.09	-3.2	327.38	0.11	2.4			334.79	0.19	2.9		
2026: Mar	328.27	0.51	2.6	275.75	3.23	0.0	328.10	0.22	2.7			335.39	0.18	3.0		
2026: Apr	329.24	0.29	2.6	279.59	1.39	-0.1	328.73	0.19	2.6			336.03	0.19	2.9		
2026: May	329.97	0.22	2.6	280.20	0.22	0.0	329.05	0.10	2.6			336.67	0.19	3.0		
2026: Jun	331.15	0.36	2.6	286.87	2.38	0.9	330.05	0.30	2.6			337.35	0.20	2.9		
2026: Jul	331.34	0.06	2.4	283.94	-1.02	-0.7	330.22	0.05	2.4			338.06	0.21	2.7		
2026: Aug	331.76	0.13	2.2	282.71	-0.43	-0.8	330.92	0.21	2.2			338.78	0.21	2.6		
2026: Sep	331.73	-0.01	2.1	276.09	-2.34	-0.8	331.29	0.11	2.1			339.49	0.21	2.5		
2026: Oct	331.73	0.00	2.1	271.17	-1.78	-0.7	331.69	0.12	2.1			340.25	0.22	2.4		
2026: Nov	331.21	-0.16	2.1	266.39	-1.77	-0.6	332.32	0.19	2.1			341.01	0.22	2.4		
2026: Dec	331.16	-0.02	2.1	264.79	-0.60	-0.4	333.38	0.32	2.1			341.77	0.22	2.5		

Source: BEA, BofA Global Research estimates

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Exhibit 15: We expect a higher peak in inflation in 2025

PCE inflation monthly forecast table (Seasonally adjusted)

	%y/y				% m/m			
	Headline	Core	Core goods	Core services	Headline	Core	Core goods	Core services
2023: Jan	5.5%	4.9%	2.7%	5.8%	0.51%	0.47%	0.42%	0.49%
2023: Feb	5.2%	4.9%	2.3%	5.8%	0.33%	0.37%	0.18%	0.44%
2023: Mar	4.4%	4.8%	2.5%	5.6%	0.13%	0.29%	0.20%	0.32%
2023: Apr	4.5%	4.8%	2.5%	5.6%	0.35%	0.35%	0.11%	0.43%
2023: May	4.0%	4.7%	2.5%	5.5%	0.14%	0.29%	0.28%	0.30%
2023: Jun	3.3%	4.4%	1.7%	5.3%	0.25%	0.26%	-0.15%	0.40%
2023: Jul	3.4%	4.3%	1.2%	5.4%	0.14%	0.14%	-0.43%	0.33%
2023: Aug	3.4%	3.8%	0.6%	4.9%	0.30%	0.10%	-0.08%	0.16%
2023: Sep	3.4%	3.7%	0.2%	4.9%	0.35%	0.32%	-0.02%	0.43%
2023: Oct	3.0%	3.4%	0.4%	4.5%	0.03%	0.13%	0.04%	0.17%
2023: Nov	2.7%	3.2%	0.2%	4.3%	0.00%	0.09%	-0.34%	0.24%
2023: Dec	2.7%	3.0%	0.0%	4.1%	0.15%	0.18%	-0.26%	0.33%
2024: Jan	2.6%	3.1%	-0.5%	4.3%	0.42%	0.50%	-0.05%	0.68%
2024: Feb	2.6%	2.9%	-0.4%	4.1%	0.31%	0.24%	0.29%	0.22%
2024: Mar	2.8%	3.0%	-0.5%	4.2%	0.34%	0.34%	0.07%	0.43%
2024: Apr	2.7%	2.9%	-0.5%	4.1%	0.26%	0.26%	0.11%	0.30%
2024: May	2.6%	2.7%	-1.0%	3.9%	-0.01%	0.08%	-0.17%	0.16%
2024: Jun	2.4%	2.6%	-0.7%	3.8%	0.12%	0.22%	0.10%	0.26%
2024: Jul	2.5%	2.7%	-0.4%	3.7%	0.17%	0.17%	-0.10%	0.26%
2024: Aug	2.3%	2.7%	-0.5%	3.8%	0.12%	0.17%	-0.17%	0.28%
2024: Sep	2.1%	2.7%	-0.4%	3.7%	0.17%	0.25%	0.11%	0.30%
2024: Oct	2.3%	2.8%	-0.4%	3.9%	0.26%	0.29%	0.06%	0.37%
2024: Nov	2.5%	2.8%	-0.1%	3.8%	0.11%	0.10%	-0.12%	0.17%
2024: Dec	2.6%	2.9%	-0.2%	3.9%	0.30%	0.21%	-0.28%	0.38%
2025: Jan	2.5%	2.7%	0.3%	3.5%	0.36%	0.33%	0.41%	0.30%
2025: Feb	2.6%	2.9%	0.4%	3.7%	0.42%	0.46%	0.41%	0.48%
2025: Mar	2.3%	2.7%	0.1%	3.5%	0.01%	0.09%	-0.27%	0.21%
2025: Apr	2.1%	2.5%	0.2%	3.3%	0.10%	0.12%	0.27%	0.06%
2025: May	2.3%	2.6%	0.4%	3.3%	0.13%	0.16%	0.00%	0.21%
2025: Jun	2.5%	2.7%	0.8%	3.3%	0.30%	0.29%	0.48%	0.23%
2025: Jul	2.6%	2.8%	1.6%	3.2%	0.31%	0.34%	0.73%	0.22%
2025: Aug	2.9%	3.0%	2.6%	3.2%	0.35%	0.35%	0.74%	0.23%
2025: Sep	2.9%	3.1%	3.0%	3.1%	0.24%	0.30%	0.50%	0.24%
2025: Oct	2.9%	3.1%	3.4%	3.0%	0.24%	0.30%	0.49%	0.24%
2025: Nov	3.0%	3.2%	3.5%	3.1%	0.17%	0.18%	0.00%	0.24%
2025: Dec	2.9%	3.1%	3.8%	2.9%	0.23%	0.18%	0.00%	0.24%
2026: Jan	2.8%	3.1%	3.3%	3.0%	0.22%	0.24%	-0.05%	0.33%
2026: Feb	2.5%	2.8%	2.9%	2.7%	0.14%	0.18%	-0.05%	0.26%
2026: Mar	2.7%	2.8%	3.1%	2.8%	0.19%	0.16%	-0.05%	0.23%
2026: Apr	2.7%	2.9%	2.8%	2.9%	0.18%	0.18%	0.00%	0.23%
2026: May	2.7%	2.9%	2.8%	3.0%	0.13%	0.18%	0.00%	0.23%
2026: Jun	2.7%	2.8%	2.3%	3.0%	0.24%	0.18%	0.00%	0.24%
2026: Jul	2.5%	2.7%	1.6%	3.0%	0.12%	0.20%	0.00%	0.26%
2026: Aug	2.3%	2.5%	0.8%	3.1%	0.20%	0.20%	0.00%	0.26%
2026: Sep	2.2%	2.4%	0.3%	3.0%	0.13%	0.18%	0.00%	0.23%
2026: Oct	2.1%	2.2%	-0.1%	3.0%	0.12%	0.17%	0.05%	0.21%
2026: Nov	2.1%	2.2%	-0.1%	3.0%	0.16%	0.17%	0.05%	0.21%
2026: Dec	2.1%	2.2%	0.0%	3.0%	0.22%	0.17%	0.05%	0.21%

Source: BEA, BofA Global Research estimates

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Federal Reserve Balance Sheet

Exhibit 16: Factors affecting reserve balances of depository institutions (H.4.1 Table 1)

The balance sheet of the Federal Reserve (\$bn, Wednesday, end of period values)

	18 Jun	7-day chg	4 week chg	Chg since June 1, 2022
Supplying reserve funds (Federal Reserve assets)				
Reserve Bank credit outstanding	6633.5	3.9	-7.9	-2245.2
Securities held outright	6370.8	-0.1	-14.3	-2109.8
US Treasuries	4212.3	-0.1	-1.2	-1558.5
Federal Agency	2.3	0.0	0.0	0.0
Mortgage-backed securities	2156.2	0.0	-13.1	-551.3
Unamortized premiums on securities held outright	237.8	-0.5	-1.9	-99.3
Unamortized discounts on securities held outright	237.8	-0.5	-1.9	-99.3
Repurchase agreements	0.0	0.0	0.0	0.0
Foreign official (FIMA repo facility)	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0
Loans	7.1	1.4	3.5	-13.5
of which:				
Discount window (primary and secondary credit)	5.4	1.4	3.5	4.5
Paycheck protection program (PPPLF)	1.7	0.0	-0.1	-18.1
Bank Term Funding Program (BTFP)	0.0	0.0	0.0	0.0
Other credit extensions	0.0	0.0	0.0	0.0
Other factors supplying reserve funds	-220.1	3.5	6.7	76.7
Total factors supplying reserve funds	6732.3	3.9	-7.7	-2232.1
Absorbing reserve funds (Federal Reserve liabilities)				
Currency in circulation	2394.0	4.2	7.5	114.0
Reverse repo agreements	577.2	1.1	43.0	-1653.4
Foreign official accounts	372.1	0.7	0.8	106.6
Others (ON RRP)	205.1	0.4	42.2	-1760.0
Treasury cash holdings	0.5	0.0	-0.1	0.4
Other deposits with Federal Reserve Banks	614.5	108.4	-93.8	-413.9
of which:				
Treasury General Account	383.9	106.8	-92.0	-396.7
Treasury contributions to credit facilities	2.0	0.0	-1.4	-15.9
Other Federal Reserve liabilities and capital	-178.9	-3.1	-2.2	-228.9
Factors absorbing reserves, other than reserves	3409.3	110.6	-46.9	-2197.7
Reserve balances with Federal Reserve banks	3323.0	-106.7	39.2	-34.4

Source: Federal Reserve, Haver Analytics, BofA Global Research. Note: Quantitative tightening began on June 1, 2022.

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