Fannie Mae™

Economic Forecast: May 2025

	2024				2025				2026						
	24.1	**24.2**	**24.3**	**24.4**	**25.1**	**25.2**	**25.3**	**25.4**	**26.1**	**26.2**	**26.3**	**26.4**	**2024**	**2025**	**2026**
Percent Change: Quarterly SAAR, Annual Q4/Q4															
Gross Domestic Product	1.6	3.0	3.1	2.4	-0.3	1.7	0.4	0.8	1.6	2.0	2.2	2.3	2.5	0.7	2.0
Personal Consumption Expenditures (PCE)	1.9	2.8	3.7	4.0	1.8	1.7	0.6	1.2	1.3	1.6	1.8	2.0	3.1	1.3	1.7
Residential Fixed Investment	13.7	-2.8	-4.3	5.5	1.3	0.6	-4.3	-2.2	-1.2	1.8	4.1	4.8	2.8	-1.2	2.4
Business Fixed Investment	4.5	3.9	4.0	-3.0	9.8	-4.6	-2.6	-2.7	-2.2	0.5	1.1	1.7	2.3	-0.2	0.3
Government Consumption & Investment	1.8	3.1	5.1	3.1	-1.4	0.0	-0.6	-0.3	0.4	0.6	0.7	0.7	3.2	-0.6	0.6
Billions of Chained 2017$															
Net Exports	-977	-1036	-1069	-1053	-1374	-1228	-1140	-1093	-1045	-1017	-1001	-989	-1034	-1209	-1013
Change in Business Inventories	18	72	58	9	140	83	45	35	53	61	79	92	39	76	71
Percent Change: Quarterly YoY, Annual Q4/Q4															
Consumer Price Index	3.2	3.2	2.7	2.7	2.7	3.0	3.5	3.5	3.4	3.0	2.8	2.7	2.7	3.5	2.7
Core Consumer Price Index (ex. Food & Energy)	3.8	3.4	3.3	3.3	3.1	3.7	3.9	3.8	3.6	2.9	2.7	2.6	3.3	3.8	2.6
PCE Chain Price Index	2.7	2.6	2.3	2.5	2.5	3.1	3.4	3.5	3.3	2.7	2.5	2.4	2.5	3.5	2.4
Core PCE Chain Price Index (ex. Food & Energy)	3.0	2.7	2.7	2.8	2.8	3.4	3.6	3.6	3.4	2.6	2.5	2.3	2.8	3.6	2.3
Change: Quarterly Avg Mo. Chg, Thous., Annual Mil.															
Employment, Total Nonfarm	196	133	133	209	133	111	70	62	70	78	83	88	2.0	1.1	1.0
Percent Change: Q4/Q4													*1.2*	*0.9*	*0.6*
Percent: Quarterly Avg, Annual Avg															
Unemployment Rate	3.8	4.0	4.2	4.1	4.1	4.2	4.4	4.6	4.8	4.9	5.0	5.0	4.0	4.3	4.9
Federal Funds Rate	5.3	5.3	5.3	4.7	4.3	4.3	4.3	3.9	3.6	3.5	3.4	3.1	5.1	4.2	3.4
10-Year Treasury Note Yield	4.2	4.4	3.9	4.3	4.5	4.2	4.2	4.2	4.3	4.3	4.4	4.4	4.2	4.3	4.3

May 12, 2025

Note: Interest rate forecasts are based on rates from April 30, 2025; all other forecasts are based on the date above.

Note: Unshaded areas denote actuals. Shaded areas denote forecasts.

Sources: Actuals: Bureau of Economic Analysis, Bureau of Labor Statistics, Federal Reserve Board. Forecasts: Fannie Mae Economic and Strategic Research