



Santander US Capital Markets LLC

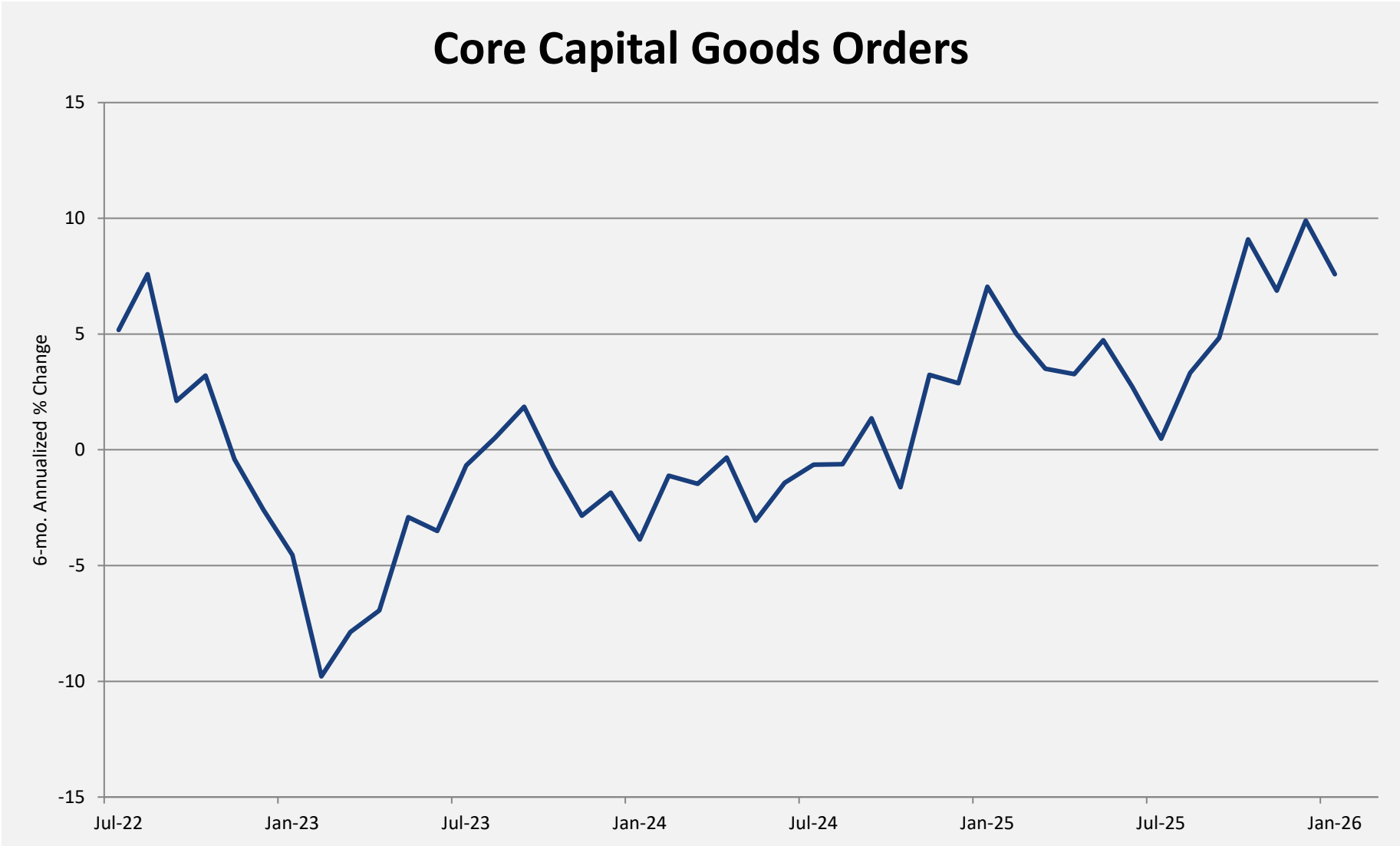
U.S. Economic Briefing April 2026

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SPENDING GROWTH MODERATED IN LINE WITH INCOME GAINS

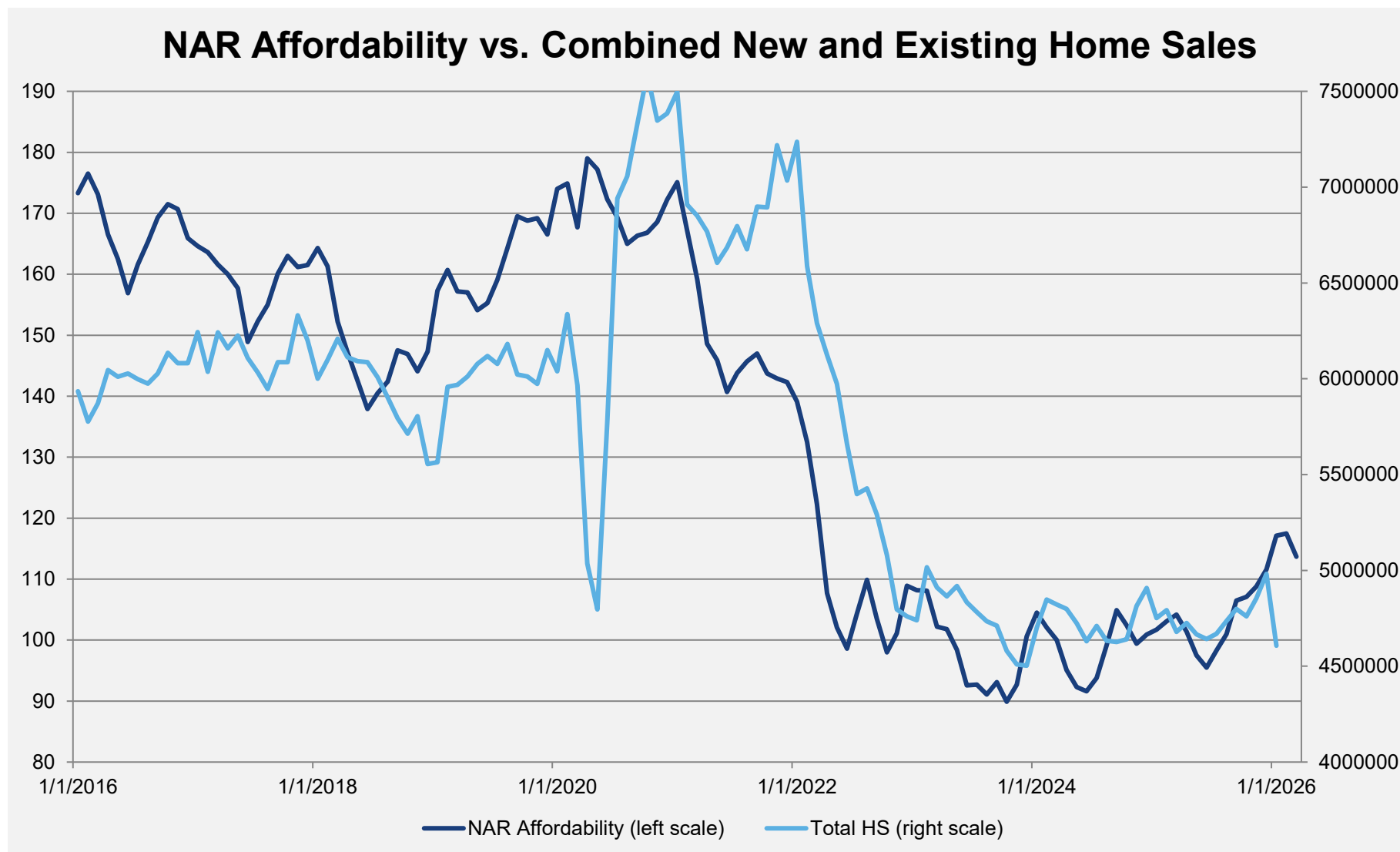
Percent Change, Dec/Dec	Real Disposable Income	Real Consumer Spending
2019	+1.1%	+3.5%
2020	+4.5%	-0.9%
2021	+1.3%	+7.4%
2022	-0.2%	+1.6%
2023	+5.5%	+3.6%
2024	+2.2%	+3.6%
2025	+1.1%	+1.6%

POLICY-RELATED UNCERTAINTY LED BUSINESSES TO HIT THE PAUSE BUTTON ON INVESTMENT BUT THEY WERE RE-ENGAGING BEFORE THE CONFLICT



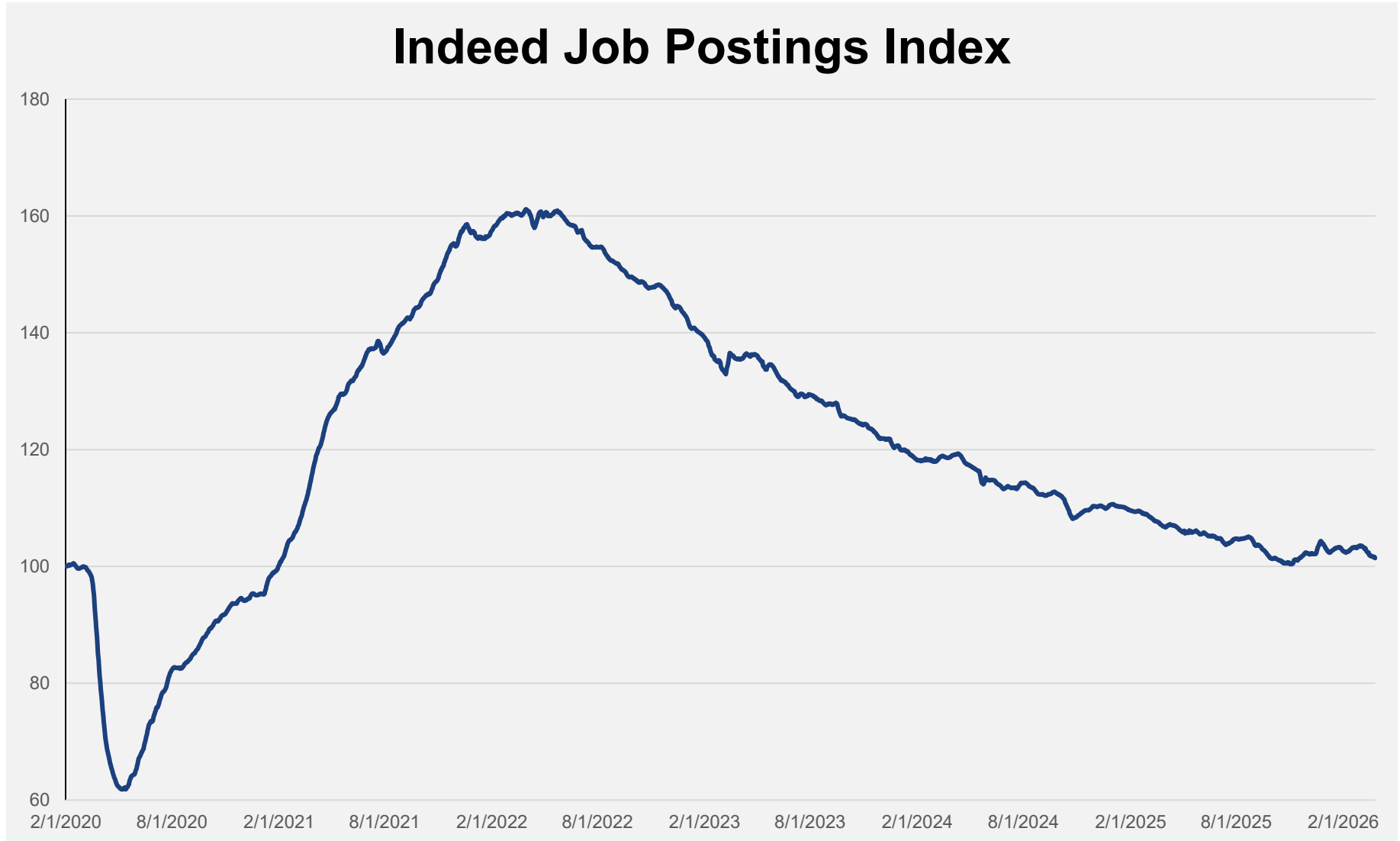
Source: Census Bureau.

HOUSING AFFORDABILITY HAS IMPROVED; HOUSING BOTTOMING?



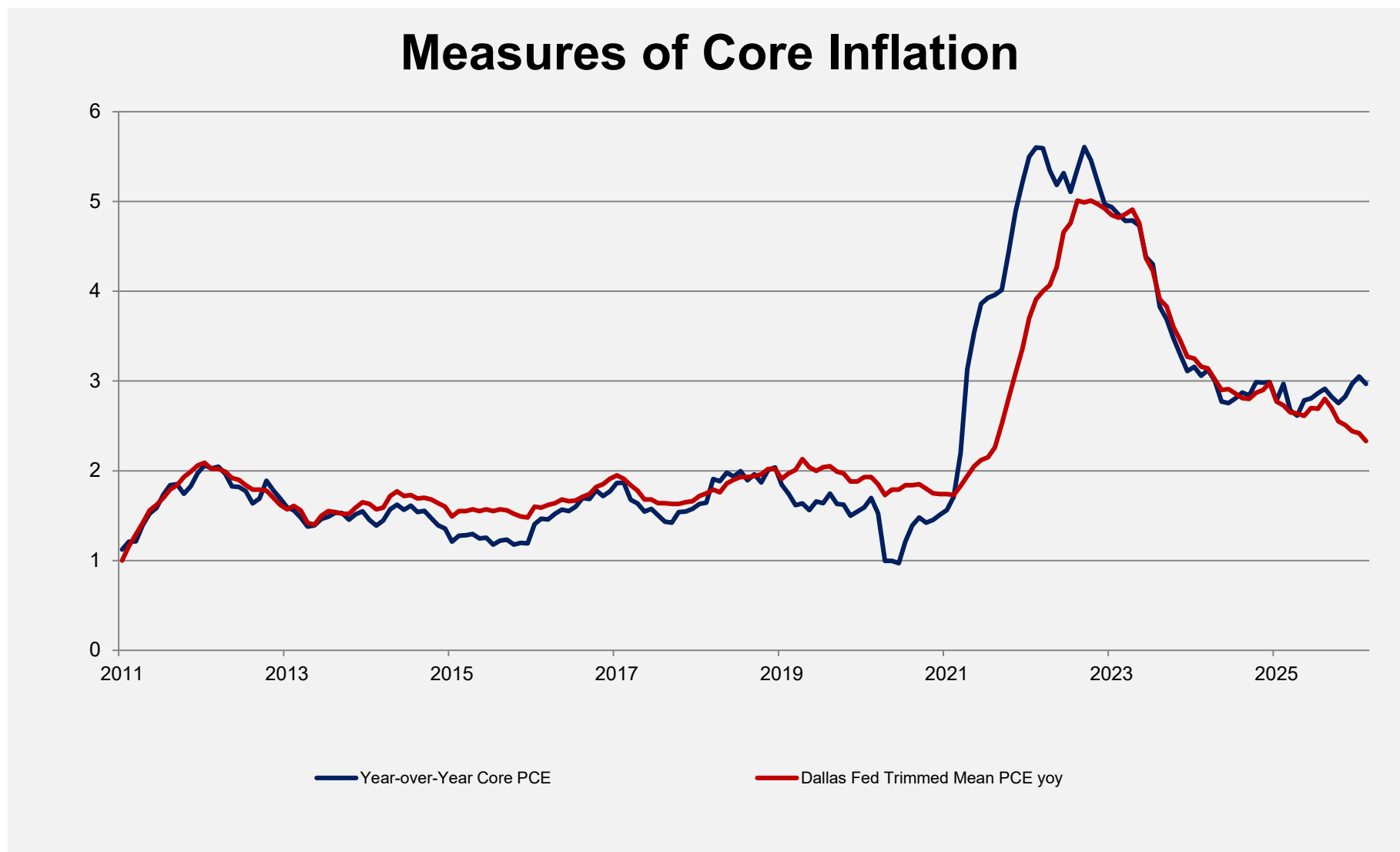
Source: National Association of Realtors, Census Bureau.

LABOR DEMAND HAS FIRMED MARGINALLY SINCE THE FALL; “NO HIRE, NO FIRE”



Source: Indeed.

CORE INFLATION STUBBORNLY HIGH BUT UNDERLYING PROGRESS?



Source: BEA, Dallas Fed.

- **Wide Range of Views.** Hawks and doves have divergent views on the state of the labor market, inflation, and the level of neutral. The last dot projections for longer-run neutral spanned from 2 5/8% to 3 7/8%.
- **Resistance Is Building Toward Further Cuts.** The fed funds rate target is now within that range of neutrality. Unless the labor market weakens further and/or inflation moderates noticeably, any further easing is likely to run into increasing resistance. Patience is running out on above-trend inflation, with tariff passthrough and now an energy price shock. The January and March FOMC minutes revealed that “several” officials believe the next move could be in either direction. The energy price spike has further pushed officials to the sideline.
- **Fed On Hold in 2026.** My projection for above-trend growth, a falling unemployment rate, and stubbornly high inflation in 2026 is a recipe for the FOMC remaining somewhat restrictive. The FOMC has currently paused with an intention to revisit later in the year, but I look for the Fed to hold policy steady for all of 2026.

Economic Forecasts

4/21/2026

	Seasonally Adjusted at Annualized Rate								2024	2025	2026
	2025				2026						
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Real GDP	-0.6	3.8	4.4	0.5	<i>3.1</i>	<i>2.2</i>	<i>3.4</i>	<i>2.7</i>	<i>2.4</i>	<i>2.0</i>	<i>2.9</i>
Personal Consumption Expenditures	0.6	2.5	3.5	1.9	<i>1.0</i>	<i>1.4</i>	<i>2.5</i>	<i>2.2</i>	3.4	2.1	<i>1.8</i>
Nonresidential Investment	9.5	7.3	3.2	2.4	<i>5.0</i>	<i>4.9</i>	<i>8.0</i>	<i>7.1</i>	1.0	5.6	<i>6.2</i>
Equipment and Software	21.4	8.5	5.2	4.3	<i>6.0</i>	<i>5.0</i>	<i>10.0</i>	<i>8.0</i>	3.3	9.9	<i>7.3</i>
Structures	-3.1	-7.5	-5.0	-6.5	<i>-1.0</i>	<i>2.0</i>	<i>3.0</i>	<i>3.5</i>	-4.8	-5.5	<i>1.9</i>
Residential Investment	-1.0	-5.1	-7.1	-1.7	<i>-3.0</i>	<i>3.0</i>	<i>2.0</i>	<i>2.0</i>	1.4	-3.7	<i>1.0</i>
Chg in Business Inventories (\$ billions)	\$172.0	-\$18.3	-\$23.9	-\$15.6	<i>30.0</i>	<i>50.0</i>	<i>70.0</i>	<i>70.0</i>	-44.8	28.5	<i>55.0</i>
Net Exports (\$ billions)	-\$1,380.7	-\$1,058.0	-\$955.5	-\$968.7	<i>-970.9</i>	<i>-975.6</i>	<i>-979.6</i>	<i>-983.7</i>	-1032.6	-1090.7	<i>-977.4</i>
Government Spending	-1.0	-0.1	2.2	-5.6	<i>6.3</i>	<i>0.9</i>	<i>1.1</i>	<i>1.1</i>	3.6	-1.1	<i>2.3</i>
Real Final Sales (of Domestic Product)	-3.2	7.5	4.5	0.3	<i>2.3</i>	<i>1.9</i>	<i>3.1</i>	<i>2.8</i>	2.6	2.3	<i>2.5</i>
Real Final Sales to Domestic Purchasers	1.4	2.4	2.8	0.6	<i>2.3</i>	<i>1.9</i>	<i>3.0</i>	<i>2.7</i>	3.0	1.8	<i>2.5</i>
Nominal GDP	2.9	6.0	8.3	4.2	<i>5.6</i>	<i>4.9</i>	<i>5.9</i>	<i>5.2</i>	4.9	5.4	<i>5.4</i>
GDP Chain-Weighted Price Index	3.6	2.1	3.8	3.7	<i>2.6</i>	<i>2.9</i>	<i>2.2</i>	<i>2.3</i>	2.5	3.3	<i>2.5</i>
Core PCE Deflator	<i>3.3</i>	<i>2.6</i>	<i>2.9</i>	<i>2.7</i>	<i>4.1</i>	<i>3.3</i>	<i>2.4</i>	<i>2.3</i>	<i>3.0</i>	<i>2.9</i>	<i>3.0</i>
Consumer Price Index	3.7	1.7	3.1	2.3	3.7	<i>5.2</i>	<i>0.3</i>	<i>2.5</i>	2.7	2.7	<i>2.9</i>
Core Consumer Price Index	3.4	2.2	3.2	1.8	2.9	<i>3.2</i>	<i>2.7</i>	<i>2.7</i>	3.3	2.7	<i>2.9</i>
Unemployment Rate (quarter average)	<i>4.1</i>	<i>4.2</i>	<i>4.3</i>	<i>4.4</i>	<i>4.3</i>	<i>4.3</i>	<i>4.3</i>	<i>4.2</i>	4.0	4.3	<i>4.3</i>
Fed Funds Target Rate (end of period)	<i>4.25-4.50</i>	<i>4.25-4.50</i>	<i>4.00-4.25</i>	<i>3.50-3.75</i>	<i>3.50-3.75</i>	<i>3.50-3.75</i>	<i>3.50-3.75</i>	<i>3.50-3.75</i>	4.25-4.50	3.50-3.75	<i>3.50-3.75</i>

*Annual figures for the change in business inventories represent the Q4/Q4 changes in the pace of inventory accumulation. Annual data shown for the unemployment rate and the fed funds rate are average and end-of-period figures, respectively.

Note: Forecasts shown in italics.

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