NOMURA

US Economic Weekly

Global Markets Research
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Economics - North America

Sock Exchange

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- The US-Iran ceasefire was extended indefinitely, and the US naval blockade of the Strait of Hormuz continued. Traffic through the Strait of Hormuz remains low and energy prices elevated, weighing on price pressures and consumer sentiment.
- Fed Chair nominee Kevin Warsh's confirmation hearing appeared to lay the groundwork for future easing. Warsh discussed disinflationary productivity growth and a reconsideration of the Fed's inflation framework, as well as institutional reform while also emphasizing the importance of Fed independence.
- We expect the *April FOMC meeting* will largely reiterate the Fed's wait-and-see approach on rate policy. Forward guidance in the meeting statement will likely continue to show an easing bias, but we expect Powell will acknowledge some pushback within the committee on whether additional cuts are appropriate.
- Growth and inflation data continue to be hawkish. Retail sales surprised on the upside, leading us to upgrade our Q1 GDP forecast to 2.0%. We expect core PCE inflation remained elevated at 0.256% in March, with surveys and commodity prices indicating additional cost pressure in the near term.

Iran war update

President Trump extended the ceasefire this week until a deal is reached with Iran. Earlier media reports suggested the truce had been extended by only 3–5 days, though the White House later denied that. Iran's foreign minister is reportedly traveling to Pakistan, but Iranian media reported that no talks with the US will occur during this trip. The situation seems to be at a standstill, with Trump emphasizing waiting for Iran to make a deal, while Iran says the US naval blockade remains a key obstacle.

While Trump continues to suggest a deal could come soon, the US military buildup has continued. A second aircraft carrier is expected to join the naval blockade next week. Traffic through the Strait remains low and energy prices elevated, with Trump acknowledging in an *interview* that gasoline prices could stay high for some time. Even if the Strait reopens quickly, it could take time to restore damaged energy infrastructure and to remove mines from the Strait.

The US extended the Jones Act shipping waiver by 90 days, which was slated to expire on 17 May, to support smoother transportation and help contain price pressures for energy products and fertilizers.

Warsh confirmation hearing lays the groundwork for future easing

Fed Chair nominee Warsh did not express any urgency for rate cuts in his Senate testimony, but his comments appeared to lay the groundwork for future easing. He reiterated his argument that productivity growth is likely to be disinflationary, implying that this could allow the Fed to cut rates even amid strong growth. Warsh also mentioned a possible reconsideration of the Fed's inflation framework. He hinted this might involve basing policy decisions off of private-sector price data or trimmed-mean measures rather than core PCE. Notably, trimmed-mean PCE is a negative outlier compared to alternative inflation gauges (*Fig. 1*) (with the *Dallas Fed recently flagging* that trimmed-mean PCE may be sending an unreliable signal on inflation trends).

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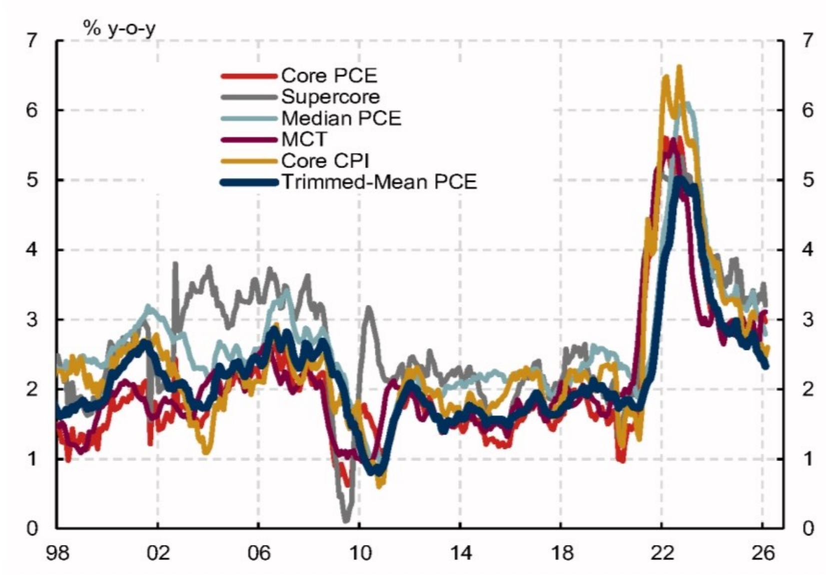
Fig. 1: Warsh suggested monitoring trimmed mean measures, which has been a negative outlier among a range of measures, to gauge the underlying inflation

Measures of underlying inflation



Source: BLS, BEA, Dallas Fed, Cleveland Fed, Dallas Fed, NY Fed, Haver, Nomura

Despite his dovish tone, Warsh emphasized the importance of Fed independence. Warsh pushed back on media reports of the nomination process, claiming that President Trump had never asked him to commit to lower rates.

Warsh advocated for some institutional reforms to the Fed. He repeated his past criticisms of the Fed going outside its remit to engage in political questions such as climate change. Warsh also advocated for reducing the amount of Fedspeak and forward guidance, suggesting that he would prefer decisions to be made at FOMC meetings.

Less forward guidance and Fedspeak would potentially cause more surprises and increase market volatility. Based on past communication shifts at the Fed, we think Warsh would likely have significant influence over the Chair's press conferences but might have more difficulty unilaterally changing the SEP or dot plot.

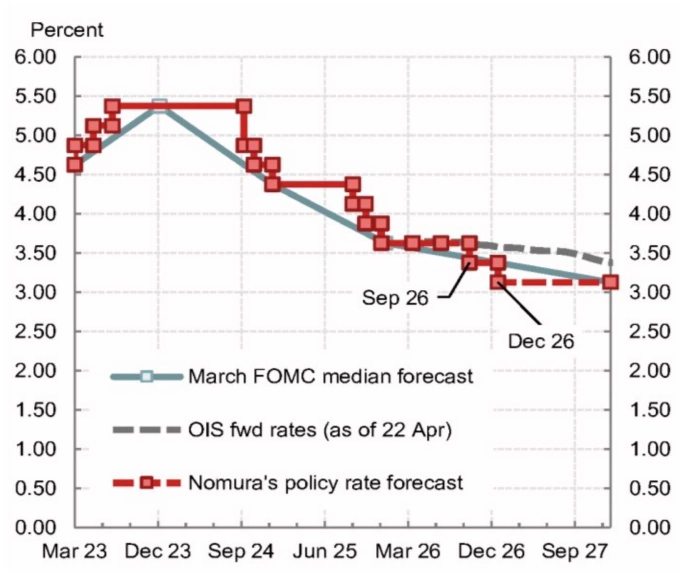
Warsh reiterated his preference for a smaller balance sheet with a shorter-dated treasury-only portfolio. He mentioned that the Fed should work with the Treasury Secretary to shrink the balance sheet "slowly and deliberately."

The DOJ dropped its investigation into Powell on 24 April, increasing the likelihood that Warsh will be confirmed quickly. However, we do not think the risk of a delayed confirmation has fully faded. President Trump said he remains open to "alternative ways" of investigating Powell, while Jeanine Pirro, US Attorney for the District of Columbia, noted that the DOJ would not hesitate to restart the probe if warranted. Moving the investigation from the DOJ to another agency (reportedly the Officer of Inspector General) may not be enough to convince Tillis to proceed with Warsh's confirmation. Even if Tillis relents, Powell could opt to stay on the Board as a governor as long as the investigation continues in some form or the risk of the DOJ restarting the investigation remains.

The FOMC will likely keep rates on hold at the April meeting

We expect the *April FOMC meeting* will largely reiterate the Fed's wait-and-see approach on rate policy. Forward guidance in the meeting statement will likely continue to show an easing bias, but we expect Powell will acknowledge some pushback within the committee on whether additional cuts are appropriate. We maintain our Fed call of two rate cuts later this year under Warsh's chairmanship (in September and December) due to changes in the Committee's dynamics, as well as cooling inflation (*Fig. 2* & *Fig. 3*).

Fig. 2: We expect the FOMC will keep rates on hold at their April meeting



Source: FRB, Bloomberg, Nomura

Fig. 3: We do not expect the meeting statement to reference the recent reduction in the pace of reserve management purchases

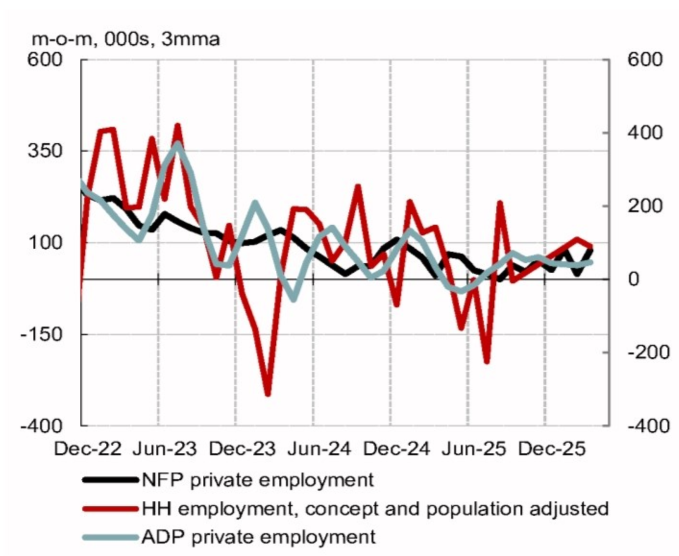
Tool	Key assumptions
Policy rate	
2026	Two 25bp rate cuts in September and December, EOP 3.125%
Terminal	3.00 - 3.25%
Balance sheet policy	
Size	Reserve management purchases of $25bn/month until mid-May 2026, followed by reduction in the pace of monthly purchases to $20bn
Composition	MBS rundown to continue, with proceeds reinvested into Treasuries. Both reinvestments and eventual reserve management purchases will be skewed towards Treasury bills.

Source: select

Data and global developments have been hawkish since the March meeting. A broad range of employment indicators have shown some signs of reacceleration in job gains (*Fig. 4*), and March core PCE inflation likely remained elevated. The continuation of the Iran war will likely keep officials alert for upside inflation risks, as higher crude oil prices and potential second-round price shocks through the global supply chains pose upside risks to the inflation outlook (*Fig. 5*).

Fig. 4: A broad range of employment indicators have shown some signs of reacceleration in job gains

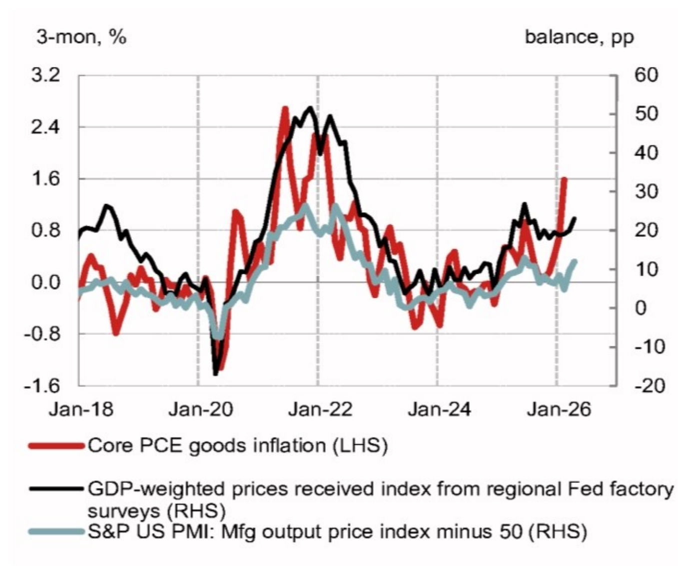
3mma private payrolls



Source: ADP, BLS, Haver, Nomura

Fig. 5: Business surveys point to gradual pass-through of higher input costs to customers

Core PCE goods inflation vs. factory surveys' prices received indices



Source: BEA, S&P, Regional Federal Reserve Banks, Haver, Nomura

The statement language on policy forward guidance will likely remain unchanged, as a majority of FOMC participants maintained their easing bias in the medium term. However, we do see some hawkish risk of an adjustment to the guidance language. The March meeting minutes showed an increasing number of officials pushing back against the easing bias, citing a “strong case for a two-sided description.” Subsequent data likely increased this conviction among FOMC hawks and appear to have led to some doubt among doves and centrists.

We expect Chair Powell will largely echo his rhetoric from the *March press conference* . He will likely indicate officials are comfortable with a "wait-and-see" approach, with policy well positioned to respond to risks on both sides of the dual mandate.

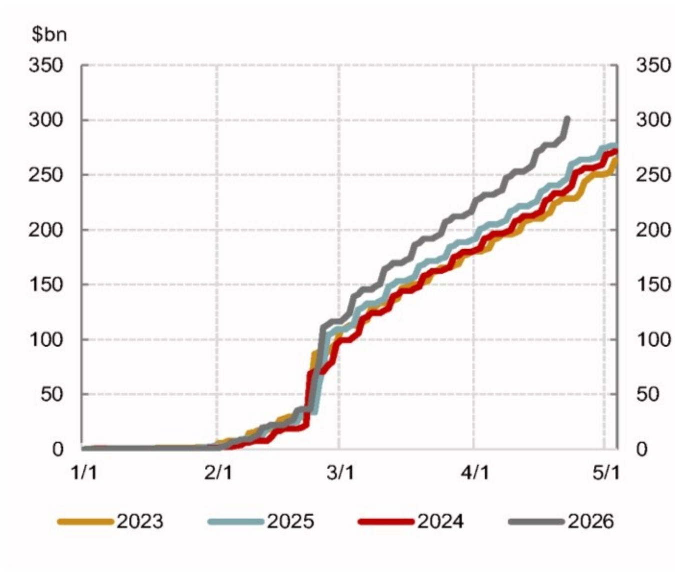
We do not expect the meeting statement to reference the recent reduction in the pace of reserve management purchases. If asked in the press conference, Powell will likely describe this as a technical adjustment, implying there may be more fine-tuning in the future.

Data point to resilient growth and building inflation pressures

Retail sales came in stronger than expected, rising 1.7% m-o-m in March (Nomura: 1.1%, Consensus: 1.4%) coupled with upward revisions to the prior months. Nominal gasoline sales jumped 15.5% m-o-m. Excluding auto and gas, retail sales rose 0.6% m-o-m. Overall, the report suggested that spending is holding up well despite higher energy prices, likely supported by above-average income tax refunds received through March and into April (*Fig. 6*). Pending home sales also edged up in March, despite higher mortgage rates and geopolitical uncertainty. Labor market has shown signs of stabilization, with jobless claims towards the lower end of their recent range and weekly ADP measures signaling reaccelerating job gains (*Fig. 7*).

Fig. 6: Strong tax refunds appeared to more than offset the sentiment and cashflow drag from higher gasoline prices

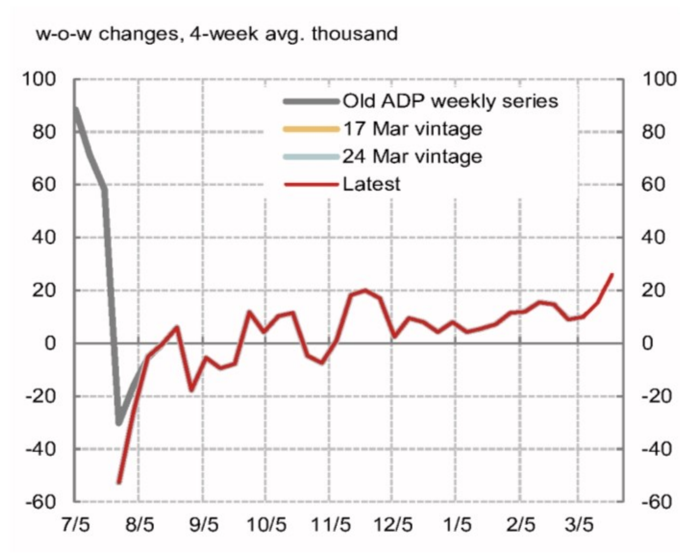
Cumulative daily tax refunds



Source: US Treasury, Bloomberg, Haver, Nomura

Fig. 7: ADP's weekly measure of private job gains points to a reacceleration in job gains

w-o-w changes in ADP private employment



Source: ADP, Haver, Nomura

Survey data released this week also suggest that both manufacturing and service sector activity remained resilient, despite uncertainty stemming from the Iran war. The S&P Manufacturing PMI improved in April, led by an improvement in new orders, output, and supplier deliveries. S&P Services PMI also rose with a higher employment subindex.

We expect next week's data to continue reflecting solid growth. Considering the stronger-than-expected March retail sales, we revised up our Q1 GDP tracking and now expect real GDP growth accelerated to 2.0% q-o-q ar in Q1 from 0.5% in Q4. Real final sales to private domestic purchasers likely rose to 2.2% q-o-q ar from 1.8% previously. Personal consumption growth slowed slightly due to inclement weather, but consumer fundamental remains strong.

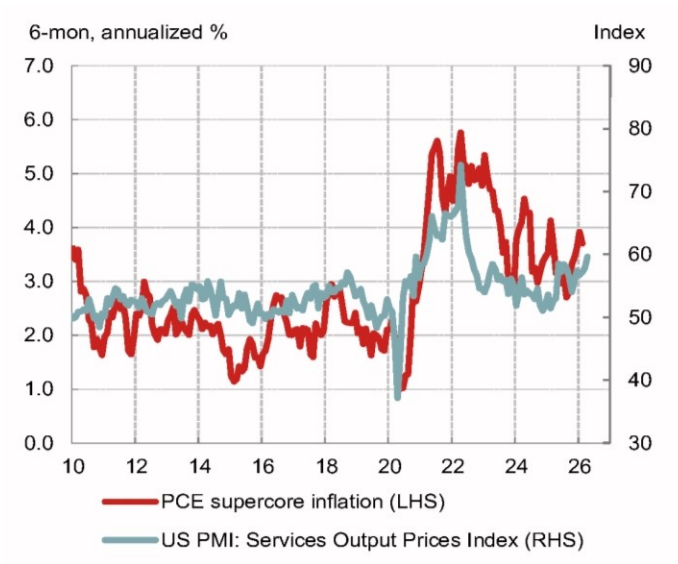
We expect the ISM Manufacturing Index ticked up to 53.2 in April from 52.7 in March. Demand indicators, such as new orders, shipment and unfilled orders, have continued to pick up lately suggesting higher output in the coming months. We expect durable goods orders rose 1.1% m-o-m in March, driven by broad based strength.

Inflation data continue to show building price pressures. Business surveys and commodity prices show rising input costs (*Fig. 5*). Commodity prices apart from energy have also risen lately and are likely to feed into consumer prices in the coming months. Interestingly, the prices paid indices from service surveys also continued to rise, and the S&P Services PMI's prices received index picked up in April, suggesting gradual pass-through of higher costs into service prices (*Fig. 8*).

The University of Michigan's long-term inflation expectations rose to 3.5% in its final report for April, the highest since last September. This metric is volatile and reacted strongly to higher tariffs last year, while in contrast the New York Fed's 3yr inflation expectations have been stable (*Fig. 9*). The transition to an online survey from a phone-based survey in 2024 might have increased the volatility of the UMich survey. Against this backdrop, policymakers, including Powell, often downplayed sharp increases in the UMich's long-term inflation expectations. It is therefore worth monitoring if the New York Fed's long-term inflation expectations will start rising in its April report, which it will release on 7 May.

Fig. 8: Services business surveys point to sticky service price inflation

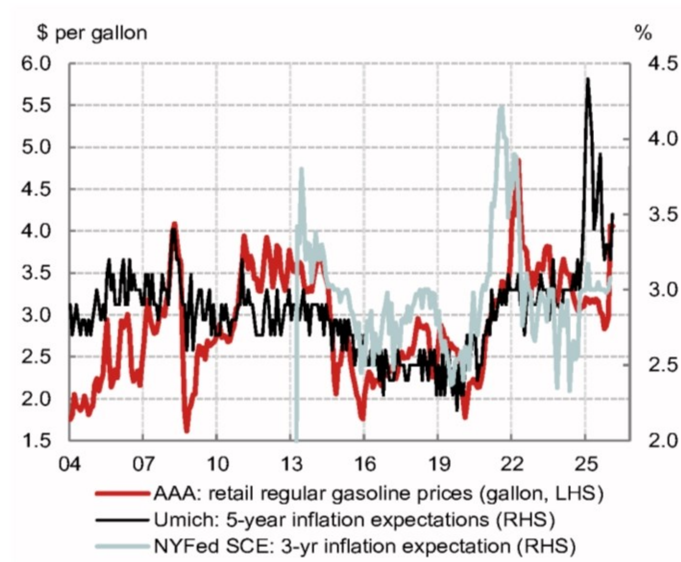
S&P Services PMI's Output Price Index vs. PCE supercore inflation



Source: BEA, S&P, Haver, Nomura

Fig. 9: NY Fed's long-term inflation expectations have remained stable, while the UMich metric has moved up

Regular gasoline prices and the University of Michigan's and NY Fed's long-term inflation expectations



Source: The University of Michigan, NY Fed, AAA, Haver, Nomura

We expect core PCE inflation grew 0.259% m-o-m in March, which translated into 3.153% y-o-y core PCE inflation, significantly above the Fed's target. We expect the employment cost index (ECI), the Fed's preferred wage metric, accelerated to 0.9% q-o-q (0.85%) in Q1, following a 0.7% gain in Q4. This adds to the evidence that wage growth has remained sticky and leveled off around 4% y-o-y, which could keep wage-sensitive components in supercore inflation elevated.

Data Preview

The week ahead

We expect the Fed to keep rates on hold in April while maintaining an easing bias in the meeting statement.

Consumer confidence (Tuesday): We expect the Conference Board Consumer Confidence Index fell to 91.1 in April from 91.8 in March. High frequency data from Morning Consult and the SF Daily News Sentiment Index suggest consumers remained pessimistic. In addition, energy prices rose during the survey reference period. Although high frequency data on labor markets (e.g., ADP weekly private employment) picked up recently, households' perception on job markets might not have improved materially given higher gasoline prices.

Advance goods trade balance (Wednesday): We expect the advance goods trade deficit widened to $89.0bn in March from $83.5bn in February. Data from major trading partners suggest imports rose sharply, while exports edged up only modestly. AI-related imports surged, with imports from Taiwan and South Korea reaching all-time highs.

Durable goods orders (Wednesday): We expect durable goods orders rose 1.1% m-o-m in March following a 1.3% decline in February. Nondefense aircraft orders likely picked up as Boeing net orders increased. Defense orders also rose, more than offsetting a decline in motor vehicle orders.

Excluding volatile transportation equipment, durable goods orders likely remained strong. We forecast an increase of 0.5% m-o-m. Industrial production for durable goods excluding motor vehicles rose, and new order indices of manufacturing surveys rebounded in March. We expect core capital goods shipments, an input into GDP's equipment investment, slowed to 0.3% m-o-m following a 1.0% increase in February.

Housing starts (Wednesday): We expect housing starts averaged 1400k over February and March, down from 1487k in January. We expect single family starts remained steady, while multifamily starts dropped sharply following an upside surprise in January. Lead indicators such as building permits and home sales suggest a slowdown in activity. In addition, severe weather conditions likely weighed on starts in February.

Building permits likely averaged 1400k in February and March, up from 1368k in January.

FOMC meeting (Wednesday): We expect the April FOMC meeting will largely reiterate the Fed's wait-and-see approach on rate policy. Forward guidance in the meeting statement will likely continue to show an easing bias, but we expect Powell will acknowledge some pushback within the committee on whether additional cuts are appropriate.

Data since the March meeting have been hawkish, with inflation likely to remain elevated and the labor market showing tentative signs of reacceleration. We expect modest mark-to-market changes to the meeting statement's economic assessment.

We do not expect the meeting statement to reference the recent reduction in the pace of reserve management purchases. If asked in the press conference, Powell will likely describe this as a technical adjustment, implying there may be more fine-tuning in the future. It's worth watching if Powell maintain his relatively sanguine inflation outlook amid growing concerns over inflation risks stemming from the conflict in the Middle East and global shortages of key components.

Jobless claims (Thursday): Initial claims ticked up this week, partly driven by unfavorable seasonal factors. Continuing claims also edged up, but remained towards the lower end of their recent range. Note, the continuing claims print scheduled for release next week refers to the April NFP survey reference week.

Personal income and spending (Thursday): We expect personal income growth picked up to 0.3% m-o-m following a 0.1% decline in February. Private payroll income growth slowed in March, but some idiosyncratic moves in components like personal dividend income and social security transfers (which are volatile in January and February) likely reversed in March.

We expect personal spending edged up to 1.0% m-o-m in March from 0.5% in February. Retail sales data point to a sharp increase in gasoline spending alongside more-modest but broad-based growth in other components.

PCE deflator (Thursday): Incorporating relevant retails from CPI, PPI, and import prices, we expect core PCE inflation decelerated to 0.259% m-o-m in March from 0.368% in February. This translates into 3.153% y-o-y core PCE inflation in March from 2.987% in February.

PCE-relevant components of *CPI* pointed to a moderation in core PCE inflation in March. CPI's computer software and accessories rose strongly while prescription drug prices, admissions to sporting events, and legal services declined sharply. PCE's core goods inflation (which is largely derived from CPI data) likely decelerated. Most major PCE-relevant subcomponents of *PPI data* accelerated in March, suggesting decent increases in PCE's prices for transportation and financial services.

Note it is uncertain whether the BEA uses CPI or PPI data for estimating PCE's legal service prices, which suggests March core PCE inflation could surprise in either direction by as much as 3bp relative to our forecast. We assume the average of CPI and PPI data for PCE's legal services.

GDP Q1 first estimate (Thursday): We expect real GDP growth accelerated to 2.0% q-o-q ar in Q1 from 0.5% in Q4. Real final sales to private domestic purchasers likely rose to 2.2% q-o-q ar from 1.8% previously. Personal consumption growth slowed to 1.6% in the quarter from 1.9% in Q4, partly due to the negative impact from the inclement weather earlier in the quarter. Strength in real GDP growth was driven by fixed investment which accelerated sharply due to robust equipment investment. Net exports' contribution to GDP growth in Q1 likely declined.

We expect a positive contribution from federal government, as the drag from the federal government shutdown in Q4 should largely reverse in Q1 2026. The BEA measures government output through labor inputs, so the six-week furlough in October and November directly reduced hours worked and output, even as nominal compensation remained intact. This drag is likely to reverse in Q1.

Employment cost index (Thursday): We expect the Employment Cost Index, the Fed's preferred wage metric, accelerated to 0.9% q-o-q (0.85%) in Q1, following a 0.7% gain in Q4. Wages for both private employees and state and local government employees edged up to 0.8% q-o-q and 0.9% q-o-q, respectively. For private sector, wage growth in trade, transportation, and utilities accelerated following a sharp decline in Q4. This more than offset some slowdown in leisure and hospitality wages. The benefits subcomponent, which tends to rise in Q1, also picked up to 0.9% q-o-q from 0.7% previously, even after seasonal adjustment. Overall, our ECI forecast suggests wage growth remained sticky and has leveled off around 4% y-o-y, consistent with alternative wage measures.

ISM Manufacturing (Friday): We expect the ISM Manufacturing Index ticked up to 53.2 in April from 52.7 in March. New orders, production and inventory indices likely strengthened, in line with other regional Fed manufacturing surveys released thus far. In addition, the employment index likely ticked up, while supplier delivery times lengthened, reflecting supply chain disruptions due to the Iran war.

Total vehicles sales (Friday): Vehicle sales likely remained strong at 16.1mn in April, down slightly from 16.3mn in March. Higher tax refunds, rising sales incentives from manufacturers, and lower prices and financing costs were tailwinds for sales.

Fig. 10: Forecasts for economic indicators released during the week of 27 April

Monday 27 April		Units	Period	Prev 2	Prev 1	Last	Nomura	Consensus
11.30	2-yr note auction	$bn					69	
11.30	5-yr note auction	$bn					70	
Tuesday 28 April								
9.00	Case-Shiller composite-20	% m-o-m	Feb	0.56	0.50	0.16	n.a.	n.a.
9.00	Case-Shiller composite-20	% y-o-y	Feb	1.44	1.43	1.18	n.a.	n.a.
10.00	Consumer confidence	Index	Apr	89.0	91.0	91.8	91.1	89.5
11.30	2-yr FRN auction	$bn					30	
13.00	7-yr note auction	$bn					44	
Wednesday 29 April								
7.00	Mortgage applications	% w-o-w	24-Apr	-0.8	1.8	7.9	n.a.	n.a.
8.30	Advance goods trade balance	$bn	Mar	-98.5	-80.9	-83.5	-89.0	-86.9
8.30	Wholesale inventories	% m-o-m	Mar-Pre	-0.1	-0.3	0.8	n.a.	n.a.
8.30	Durable goods orders	% m-o-m	Mar	-0.9	-0.4	-1.3	1.1	0.5
8.30	Durable goods orders ex-trans	% m-o-m	Mar	1.2	0.4	0.9	0.5	0.4
8.30	Housing starts	000s	Mar	1387	1487	n.a.	1400	1400
8.30	Housing starts	% m-o-m	Mar	4.8	7.2	n.a.	-5.9	-5.9
8.30	Building permits	000s	Mar	1455	1386	n.a.	1400	1390
8.30	Building permits	% m-o-m	Mar	4.8	-4.7	n.a.	1.0	0.3
14.00	FOMC meeting		Apr					
14.00	FOMC rate decision (upper bound)	%	Apr	4.25	4.00	3.75	3.75	3.75
14.00	FOMC rate decision (lower bound)	%	Apr	4.00	3.75	3.50	3.50	3.50
14.00	FOMC interest on reserves (IOR)	%	Apr	3.90	3.90	3.65	3.65	3.65
Thursday 30 April								
8.30	Initial jobless claims	000s	25-Apr	218	208	214	n.a.	n.a.
8.30	Continuing jobless claims	000s	18-Apr	1787	1809	1821	n.a.	n.a.
8.30	Personal income	% m-o-m	Mar	0.3	0.4	-0.1	0.3	0.4
8.30	Personal spending	% m-o-m	Mar	0.4	0.3	0.5	1.0	0.8
8.30	PCE deflator	% m-o-m	Mar	0.3	0.3	0.4	0.628	0.7
8.30	PCE deflator	% y-o-y	Mar	2.9	2.8	2.8	3.451	3.5
8.30	Core PCE deflator	% m-o-m	Mar	0.3	0.4	0.4	0.259	0.3
8.30	Core PCE deflator	% y-o-y	Mar	3.0	3.1	3.0	3.153	3.2
8.30	GDP	%q-o-q ar	Q1-1st	3.8	4.4	0.5	2.0	1.6
8.30	Core PCE deflator	%q-o-q ar	Q1-1st	2.6	2.9	2.7	4.2	n.a.
8.30	Employment cost index	%q-o-q	Q1-1st	0.9	0.8	0.7	0.9	0.8
9.45	Chicago PMI	Index	Apr	54.0	57.7	52.8	n.a.	n.a.
Friday 1 May								
8.30	ISM manufacturing	Index	Apr	52.6	52.4	52.7	53.2	52.7
	Total vehicle sales	mn saar	Apr	14.9	15.8	16.3	16.1	16.1

Note: Eastern Daylight Time (EDT). All Nomura forecasts are modal.
Source: Haver, Bloomberg, Nomura

US Economic Outlook

We now expect cuts in September and December. Diminishing near-term political pressure and price pressures from the Iran war led us to push back the timing of cuts.

Economic activity: Growth momentum has accelerated, supported by easing tariff uncertainty, fiscal stimulus from the One Big Beautiful Bill Act, and the lagged impact of Fed rate cuts amid easy financial conditions. *Business investment appears to be broadening beyond the AI* sector. Consumer spending lost some momentum before the Iran war, and high frequency data suggest spending excluding gasoline remained tepid in March. However, consumer fundamentals remain healthy. Despite some noise in monthly job gains, a broad range of indicators point to resilience and tentative signs of reacceleration in the labor market. We expect the unemployment rate will begin to decline, reaching 4.1% by year-end. We think that the US economy remains relatively insulated from *the crude oil price shock due to the Iran war* given the small share of energy-goods consumption in household spending as well as domestic energy production. Moreover, tax refunds boosted by the One Big Beautiful Bill Act should work as a cushion to absorb higher gasoline costs.

Inflation: Core inflation remains well above the Fed's 2% target, and we believe risks are skewed to the upside. We forecast Q4 2026 core PCE inflation of 3.1% y-o-y. We expect tariff price pressures will diminish in the coming quarters as *we lowered our forecast for the terminal effective tariff rate to 8–9%* from 14% previously. However, supply shortages caused by AI (memory chips, electricity, etc.) along with higher metal prices could exert new inflationary pressures on goods prices. Wage disinflation seems to have leveled off, which is likely to lead to stickiness in supercore service inflation. Rent disinflation will likely continue, but at a very gradual pace. On non-core components, we raised our forecast for gasoline prices and hence headline inflation for this year, but our medium-term inflation outlook has not changed materially since WTI futures suggest that the recent jump in crude oil prices is unlikely to last for a long time.

Policy: We expect no more cuts under Powell's tenure as Fed chair. Owing to the change in Fed leadership and easing inflation concerns, we forecast two cuts in H2 2026. We pushed back the *timing of cuts to September and December though*, primarily on diminishing near-term political pressure – specifically the delayed confirmation of Chair nominee Warsh – and price pressures from the Iran war. Multiple cuts remain likely as FOMC officials (including Powell) maintain an easing bias and have shown an asymmetric response to any sign of labor market weakness. On tariffs, wider Section 122 exemptions, lower tariff rates and greater focus on affordability suggest *limited further escalation* in US trade policy.

Risks: Further escalation of geopolitical risks could lead to tightening of financial conditions and worsening of the fiscal outlook. Increased political pressures on individual FOMC participants could undermine the Fed's credibility, soliciting sharp market reactions. A bust of the AI boom could lead to material corrections in asset valuations. A continued shortage of memory chips, and supply chain disruption due to a protracted Iran war could lead to a second round of goods price increases.

Fig. 11: United States: Details of the forecast

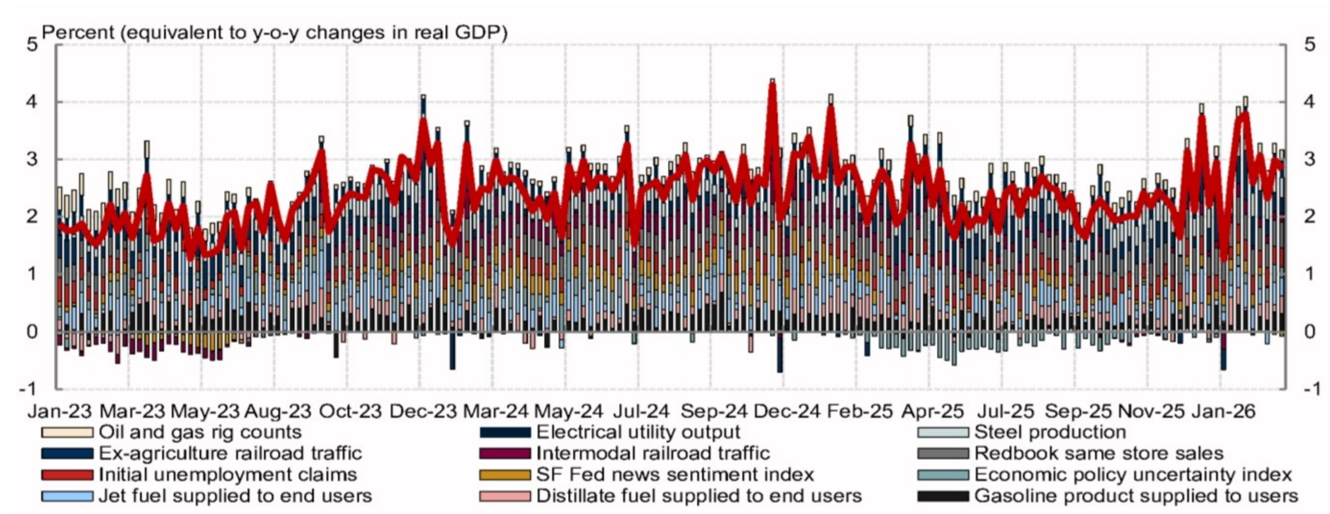
														% y-o-y			% Q4/Q4		
%		1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26	1Q27	2Q27	3Q27	4Q27	2025	2026	2027	2025	2026	2027
	q-o-q																		
Real GDP	(%, a.r.)	**-0.6**	**3.8**	**4.4**	**0.5**	2.0	2.4	2.1	1.9	1.9	1.8	1.6	1.6	**2.1**	2.2	1.9	**2.0**	2.1	1.7
	(%)	**-0.2**	**0.9**	**1.1**	**0.1**	0.5	0.6	0.5	0.5	0.5	0.5	0.4	0.4						
Personal consumption	(%, a.r.)	**0.6**	**2.5**	**3.5**	**1.9**	1.6	1.9	1.9	1.8	1.7	1.7	1.5	1.5	**2.6**	2.0	1.7	**2.1**	1.8	1.8
Nonresidential fixed invest	(%, a.r.)	**9.5**	**7.3**	**3.2**	**2.4**	10.3	6.4	4.5	3.6	3.4	3.1	2.5	2.5	**4.1**	5.8	3.5	**5.6**	6.2	4.5
Residential fixed invest	(%, a.r.)	**-1.0**	**-5.1**	**-7.1**	**-1.7**	-4.4	2.5	3.2	3.0	2.8	2.8	2.5	2.5	**-2.2**	-1.7	2.8	**-3.8**	1.0	2.9
Government expenditure	(%, a.r.)	**-1.0**	**-0.1**	**2.2**	**-5.6**	6.5	0.9	0.9	0.9	0.9	0.9	0.9	0.9	**1.1**	1.1	0.9	**-1.2**	2.3	0.9
Exports	(%, a.r.)	**0.2**	**-1.8**	**9.6**	**-3.2**	12.4	2.1	2.3	2.3	2.3	2.3	2.2	2.1	**1.6**	4.2	2.2	**1.1**	4.7	2.2
Imports	(%, a.r.)	**38.0**	**-29.3**	**-4.4**	**-1.0**	21.9	3.5	3.5	3.3	2.8	2.5	2.3	2.0	**2.7**	3.3	2.8	**-1.9**	7.8	3.3
Contributions to GDP:																			
Final sales	(pp., a.r.)	**-3.2**	**7.3**	**4.5**	**0.4**	1.9	2.2	2.0	1.8	1.8	1.8	1.5	1.6	**2.2**	2.3	1.8	**2.1**	2.0	1.7
Net trade	(pp., a.r.)	**-4.7**	**4.8**	**1.6**	**-0.2**	-1.4	-0.2	-0.2	-0.2	-0.1	-0.1	-0.1	0.0	**-0.2**	0.0	-0.1	**0.4**	-0.5	-0.1
Inventories	(pp., a.r.)	**2.6**	**-3.4**	**-0.1**	**0.1**	0.1	0.2	0.2	0.1	0.1	0.1	0.0	0.0	**-0.1**	-0.1	0.1	**-0.1**	0.1	0.1
	As noted																		
Unemployment rate	(%)	**4.1**	**4.2**	**4.3**	**4.5**	**4.3**	4.3	4.2	4.1	4.0	3.9	3.9	3.9	**4.3**	4.2	3.9			
Nonfarm payrolls	(000s)	**20**	**34**	**23**	**-39**	**68**	75	90	120	100	90	90	90	**10**	88	90			
Housing starts	(000s, a.r.)	**1401**	**1354**	**1346**	**1328**	1390	1410	1430	1420	1400	1390	1390	1380	**1357**	1413	1390			
Consumer prices	(%, y-o-y)	**2.7**	**2.5**	**2.9**	**2.7**	**2.7**	4.0	3.7	3.7	3.3	2.0	1.9	2.0	**2.7**	3.5	2.3			
Core CPI	(%, y-o-y)	**3.1**	**2.8**	**3.1**	**2.7**	**2.5**	2.8	2.7	2.9	2.9	2.6	2.5	2.4	**2.9**	2.7	2.6			
PCE Deflator	(%, y-o-y)	**2.6**	**2.4**	**2.7**	**2.8**	3.0	3.8	3.7	3.6	3.0	2.2	2.2	2.2	**2.6**	3.5	2.4			
Core PCE	(%, y-o-y)	**2.8**	**2.7**	**2.9**	**2.9**	3.1	3.3	3.2	3.2	2.8	2.6	2.5	2.4	**2.8**	3.2	2.6			
Federal budget	(% GDP)													**-5.8**	-6.4	-6.4			
Current account balance	(% GDP)													**-3.7**	-3.5	-3.5			
Fed securities portfolio	($trn)	**6.32**	**6.24**	**6.19**	**6.15**	**6.27**	6.36	6.42	6.48	6.54	6.60	6.66	6.72	**6.15**	6.48	6.72			
Fed funds target midpoint	(%)	**4.375**	**4.375**	**4.125**	**3.625**	**3.625**	3.625	3.375	3.125	3.125	3.125	3.125	3.125	**3.625**	3.125	3.125			
TSY 2-year note	(%)	**3.89**	**3.72**	**3.60**	**3.47**	**3.79**	3.85	3.60	3.45	3.40	3.50	3.50	3.50	**3.47**	3.45	3.50			
TSY 5-year note	(%)	**3.96**	**3.79**	**3.74**	**3.73**	**3.92**	4.00	3.80	3.55	3.60	3.70	3.80	3.80	**3.73**	3.55	3.80			
TSY 10-year note	(%)	**4.23**	**4.24**	**4.16**	**4.18**	**4.30**	4.40	4.30	4.25	4.25	4.25	4.30	4.30	**4.18**	4.25	4.30			

Note: The unemployment rate is a quarterly average as a percentage of the labor force. Nonfarm payrolls are average monthly changes during the period. Inflation measures and calendar year GDP are year-over-year percent changes. The GDP measures in the last column refer to Q4/Q4. The Fed securities portfolio is end-of-period. The annual interest rate forecasts are end-of-period. Housing starts are period averages. Numbers in bold are actual values. Table reflects data available as of 24 April 2026. All Nomura forecasts are modal.

Source: BEA, BLS, Census Bureau, FRB, Haver, Nomura

Week in Review

Fig. 12: Weekly data tracker and its decomposition



Note: We estimate a latent factor that contributes the most to the total variance of 13 daily and weekly US indicators covering industrial and consumer sectors via principal component analysis (i.e., the first principal component). We calibrate this factor to track four-quarter changes in real GDP.
Source: AAR, Baker Hughes, DOL, EIA, EEI, MBA, PolicyUncertainty, Redbook Research, SF Fed, Haver Analytics, Nomura

Policy Watch - April FOMC Preview

Fig. 13: Economic Data Calendar

Previous, Nomura, Consensus

	Mon 27 April	Tue 28 April	Wed 29 April	Thu 30 April	Fri 1 May
North America	**US** **No key indicators released**	**US** **Consumer confidence (Apr)** Index 91.8, 91.1, 89.5	**US** **FOMC rate decision (upper)** (Apr) % 3.75, 3.75, 3.75 **US** **Advance goods trade balance** (Mar) $bn -83.5, -89.0, -86.9 **CAN** **BoC rate decision** (Apr) % 2.25, 2.25, 2.25	**US** **Core PCE deflator (Mar)** % m-o-m 0.4, 0.259, 0.3 **US** **GDP (Q1-1st)** % q-o-q ar 1.9, 2.0, n.a. **US** **Employment cost index** % q-o-q ar 0.7, 0.9, 0.8	**US** **ISM manufacturing (Apr)** %m-o-m 52.7, 53.2, 52.7 **US** **Total vehicle sales (Apr)** % m-o-m 16.3, 16.1, 16.1
Europe (ex-UK)	**GER Consumer conf. (May)** Index -28.0, -32.5, n.a. **Euro area SAFE survey**	**ECB CES 3y inflation expect. (Mar)** % y-o-y 2.5, n.a., n.a. **ECB Bank Lending Survey** **ITA Producer prices (Mar)** % m-o-m -0.8, n.a., n.a.	**SPA HICP (Apr P)** % y-o-y 3.4, 3.8, n.a. **GER HICP (Apr P)** % y-o-y 2.8, 3.1, n.a. **ECB M3 money supply (Mar)** % y-o-y 3.0, n.a., n.a. **EUR Economic conf. (Apr)** Index 96.6, n.a., n.a. **SWE Econ. Tende. Survey (Apr)** Index 99.9, n.a., n.a.	**ECB Depo. Rate (Apr)** % 2.00, 2.00, n.a. **EUR HICP (Apr P)** % y-o-y 2.6, 3.0, n.a. **FRA HICP (Apr P)** % y-o-y 2.0, 2.6, n.a. **ITA HICP (Apr P)** % y-o-y 1.6, 2.6, n.a. **EUR GDP (1Q A)** % q-o-q 0.2, 0.2, n.a.	
United Kingdom	**CBI Retail Sales (Apr)** Index -52, n.a., n.a.	**BRC Shop Price (Apr)** % y-o-y 1.2, 1.0, n.a.		**BoE Bank Rate (Apr)** % 3.75, 3.75, n.a. **Lloyds Biz Baro. (Apr)** Index 55, n.a., n.a.	**Mortgage Lending (Mar)** GBP bn 4.8, 4.2, n.a. **Mortgage Approvals (Mar)** k 62.6, 59.5, n.a. **Net Consumer Credit (Mar)** GBP bn 1.9, 1.8, n.a.
CEEMEA		**Hungary** **Rate Decision** % 6.25, n.a., 6.25	**Türkiye** **Unemployment rate** % 8.5, n.a., n.a.	**Hungary** **GDP 1Q P** %y-o-y 0.8, n.a., n.a. **Czech R.** **GDP 1Q A** %y-o-y 2.7, n.a., n.a. **Türkiye** **Trade Balance** USDbn, -9.0, -11.2, n.a. **Poland** **CPI (Mar P)** %y-o-y 3.0, n.a., n.a. **S. Africa** **Budget balance (Mar)** ZARbn 27.3, n.a., n.a.	
Japan		**BOJ policy meeting (27-28 Apr), BOJ governor's regular press conference** **Publication of Outlook Report (The Bank's View)** **Unemployment rate (Mar)** % 2.6, 2.6, n.a.	**Holiday -Markets closed**	**Industrial production (Mar)** % m-o-m -2.0, 1.5, n.a. **Retail sales (Mar)** % y-o-y -0.1, 1.1, n.a. **Housing starts (Mar)** % y-o-y -4.9, -28.2, n.a.	**Tokyo-area Core CPI (Apr)** % y-o-y 1.7, 1.9, n.a.
Asia ex-Japan	**Singapore** **Industrial production (Mar)** % y-o-y -0.1, 8.9, 6.2	**India** **Industrial production (Mar)** % y-o-y 5.2, 2.6, 3.1	**Australia** **CPI (Mar)** % y-o-y 3.7, 4.8, 4.8 **Thailand** **BOT policy meeting (Apr)** % 1.00, 1.00, 1.00	**S. Korea** **Industrial production (Mar)** % y-o-y -2.2, 1.2, 4.0 **Philippines** **Exports (Mar)** % y-o-y 8.0, 17.0, 9.1 **China** **Official manufacturing PMI (Apr)** Index 50.4, 50.1, 50.1 **China** **RatingDog manufacturing PMI (Apr)** Index 50.8, 51.5, 51.0 **Thailand** **Manufacturing production (Mar)** % y-o-y 0.0, -2.0, -0.4 **Thailand** **Current account balance (Mar)** USD bn 2.1, 2.7, n.a. **Taiwan** **Advance Real GDP estimates (Q1)** % y-o-y 12.7, 12.0, 11.0	**S. Korea** **Exports (Apr)** % y-o-y 49.2, 44.7, 46.7

Source: Bloomberg, Reuters, Nomura.

Appendix A-1

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