

February 23, 2026

Global Economics

# The Surprisingly Resilient US Economy

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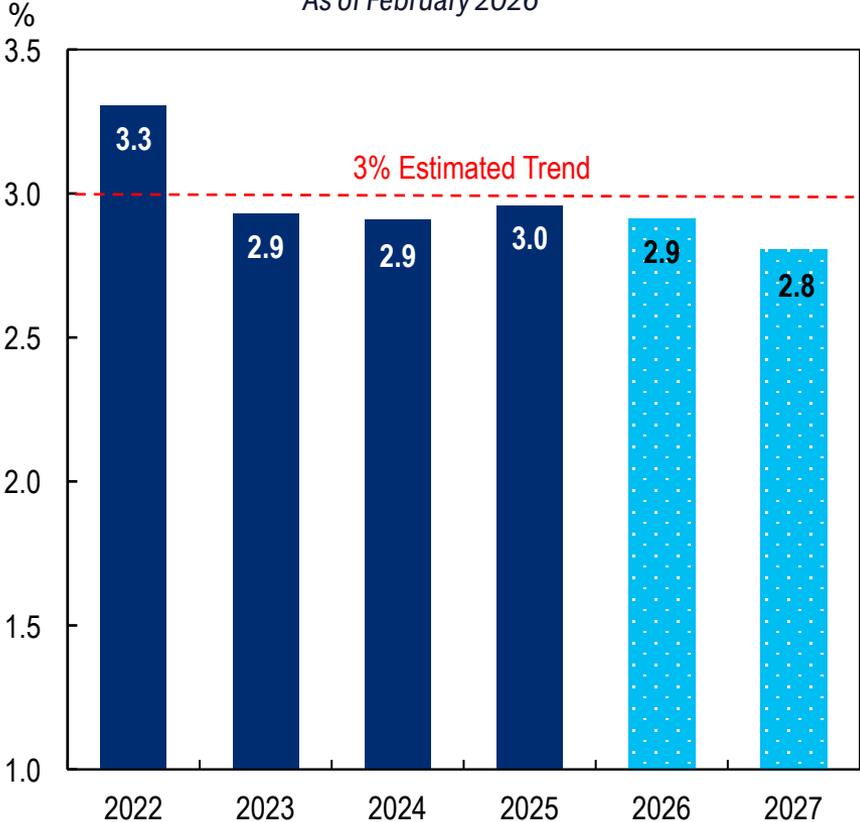
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# Global Economic Performance Has Shown Continued Resilience

## Global Real GDP Growth\*

As of February 2026



## Real GDP Growth: Citi Forecast

As of February 2026

	2025	2026
<b>Developed Markets</b>	<b>1.8</b>	<b>1.9</b>
United States	2.2	2.4
Japan	1.2	0.9
Euro Area	1.5	1.3
Germany	0.3	1.0
Spain	2.8	2.5
United Kingdom	1.4	0.9
<b>Emerging Markets</b>	<b>4.3</b>	<b>4.1</b>
China	5.0	4.7
India	7.7	6.8
Mexico	0.5	1.4

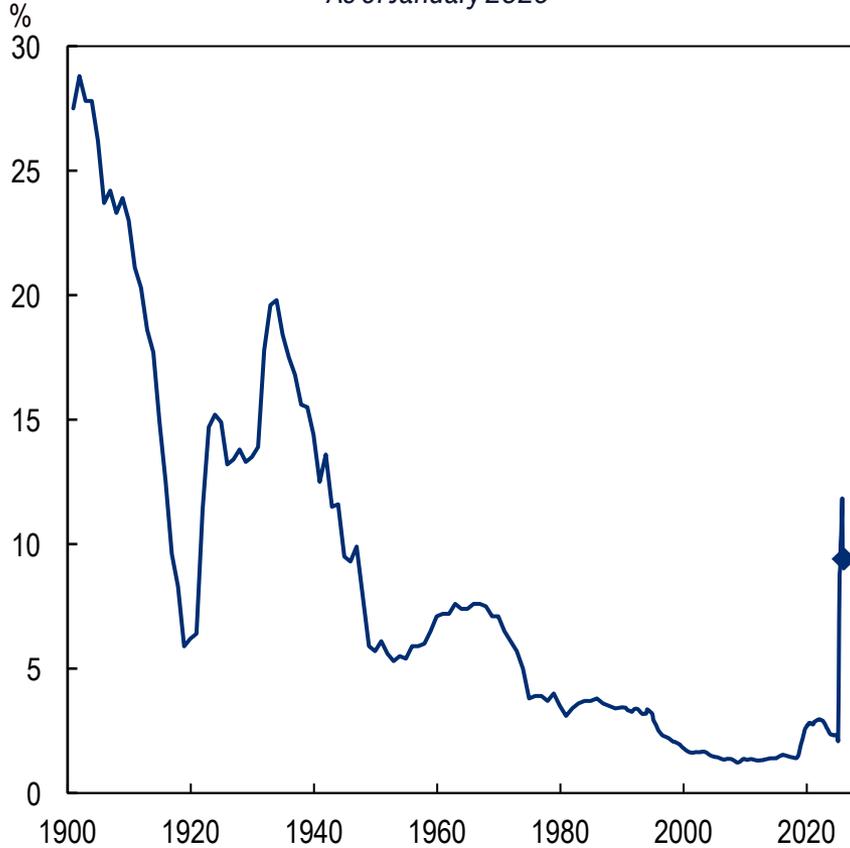


\*Cross hatching indicates Citi forecasts.  
Source: Citi Research

# Tariffs Are Shifting the Contours of Global Trade

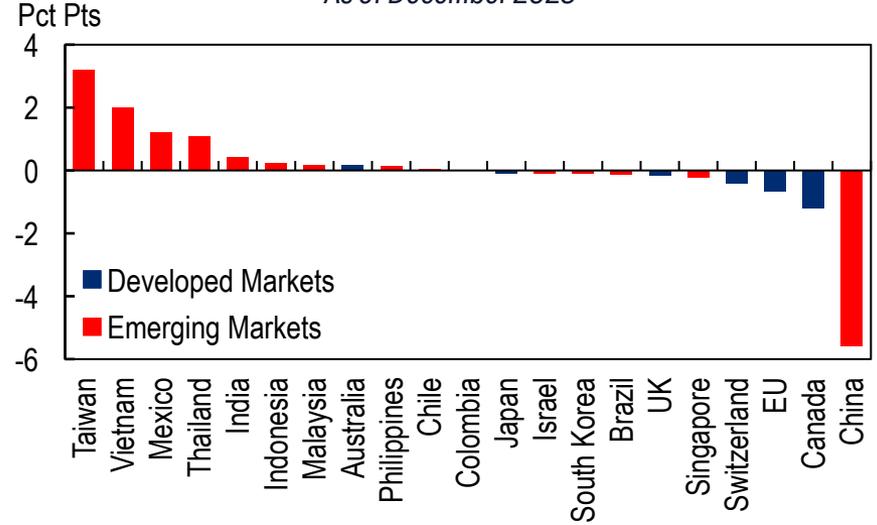
## US Effective Tariff Rate (Collected Revenue)\*

As of January 2026



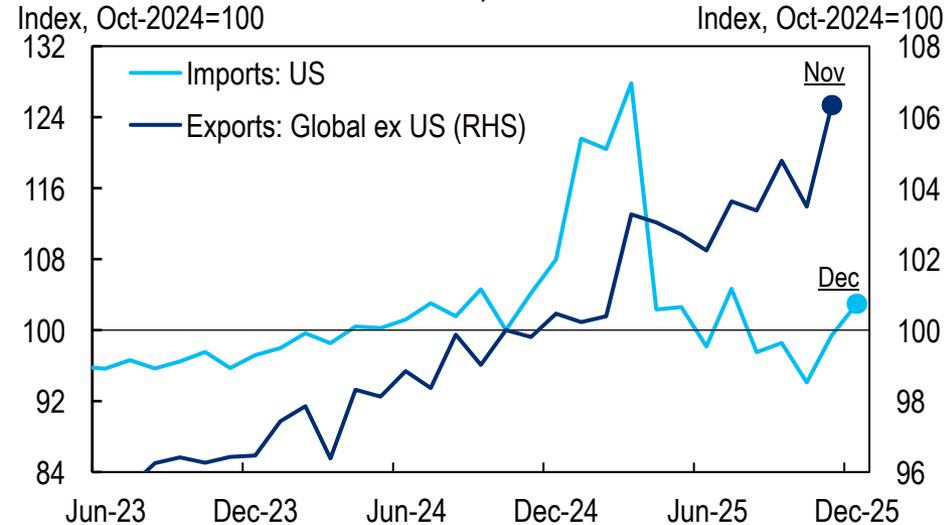
## Change in US Imports Shares: '25 vs '24 (May-Dec)

As of December 2025



## US Imports & Global ex US Exports (Volumes)

As of November/December 2025



\*January is estimate using imports for December 2025.  
Source: Citi Research, Census, CPB, National Statistical Sources, Haver

## Risks to the Outlook

*Retrenchment in AI investment and valuations*

*Geopolitical stresses (e.g., Middle East, Venezuela, etc.)*

*A sharp deterioration in the US labor market*

*A larger than anticipated bite from tariffs*

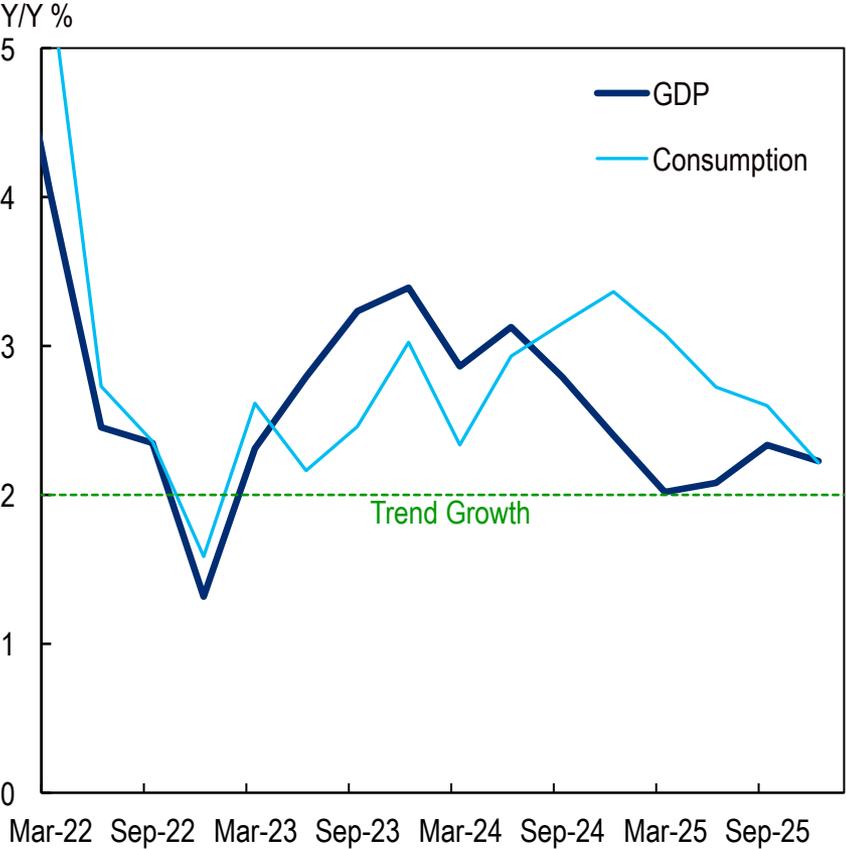
*US midterm elections*

*High public debt levels in many countries*

# US Economic Growth Has Held Up Surprisingly Well

## Real GDP & Consumption Growth

As of 2025Q4



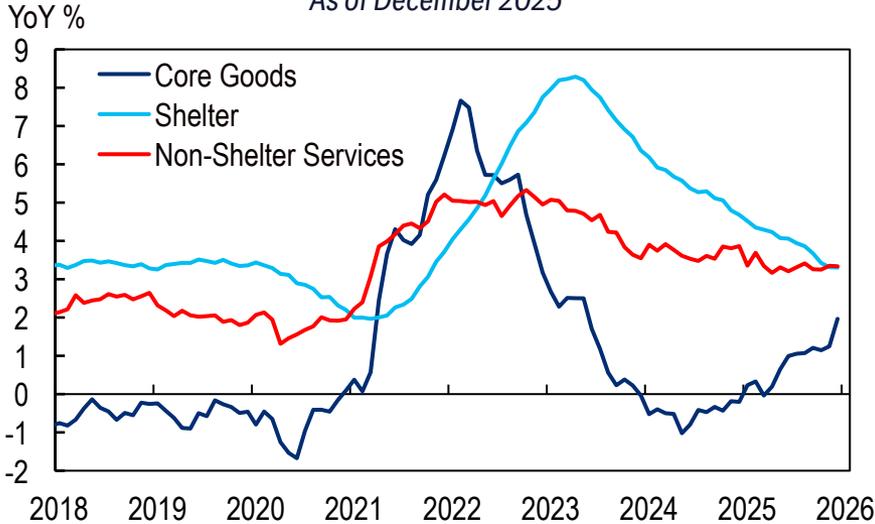
## Core PCE Inflation

As of December 2025



## Core PCE Inflation: Components

As of December 2025

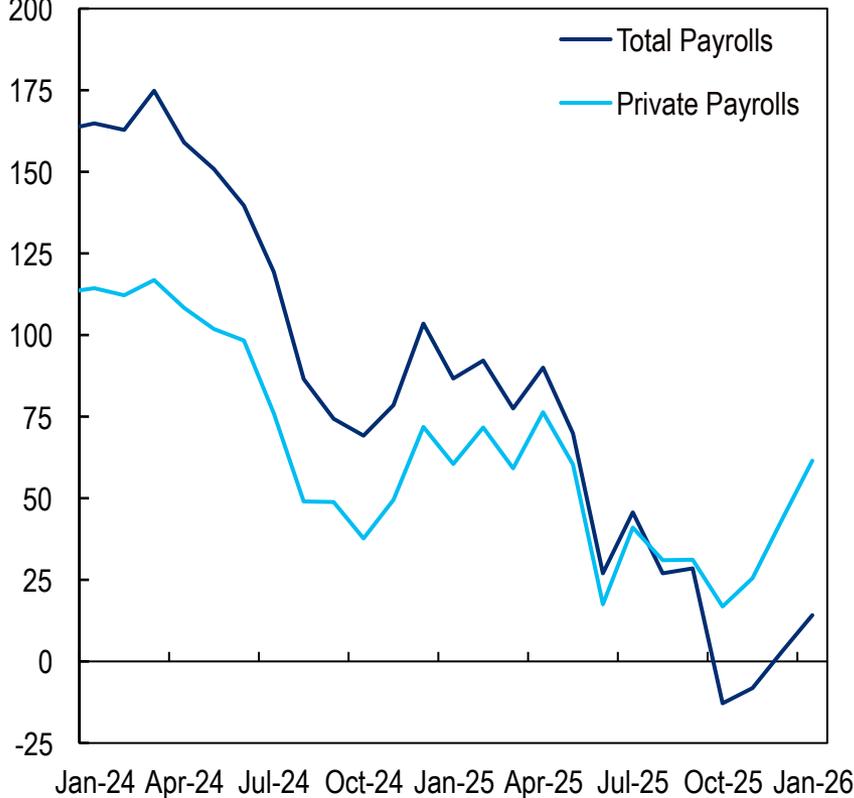


# US Labor Markets Have Softened over the Past Year

## Job Creation (NFP)

As of January 2026

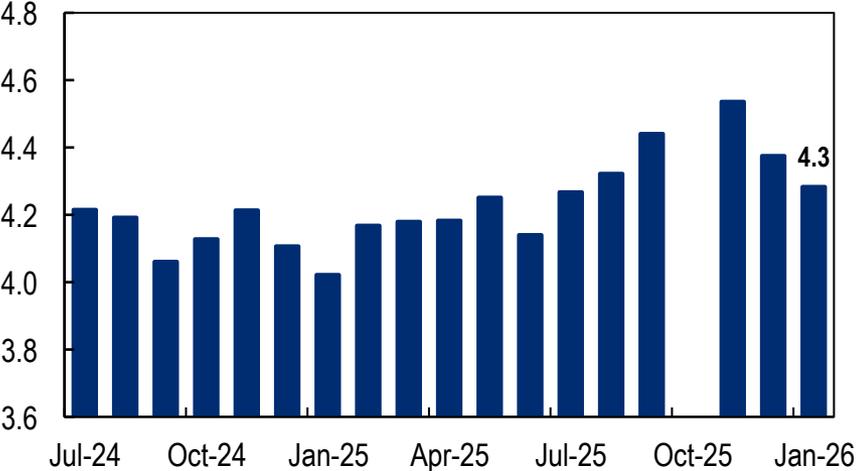
MoM, Thousands (6mma)



## Unemployment Rate

As of January 2026

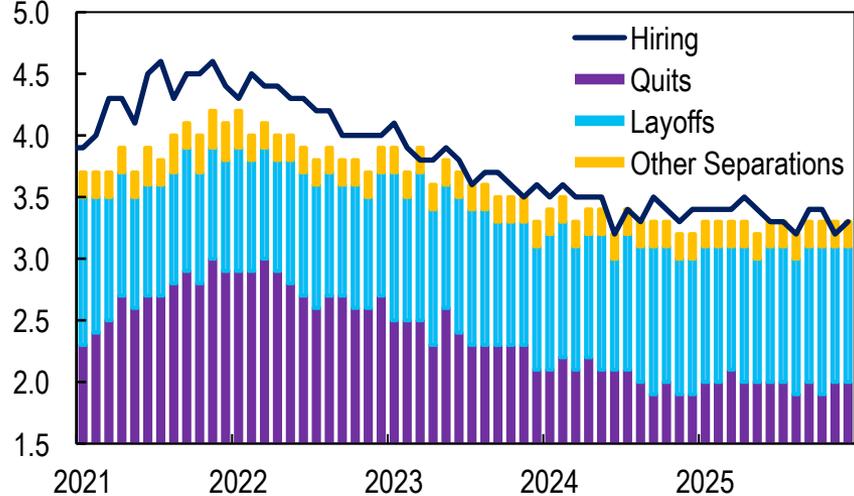
Percent



## Labor Market Performance: "Low Churn"

As of December 2025

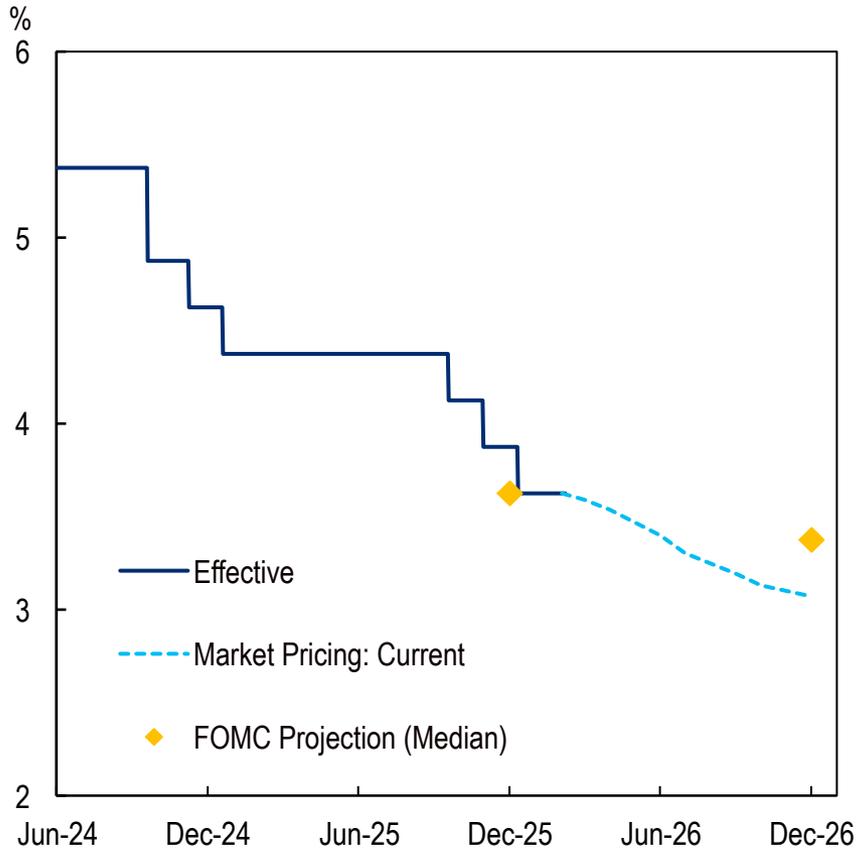
Ratio



# Labor Market Concerns Have Prompted Federal Reserve Easing

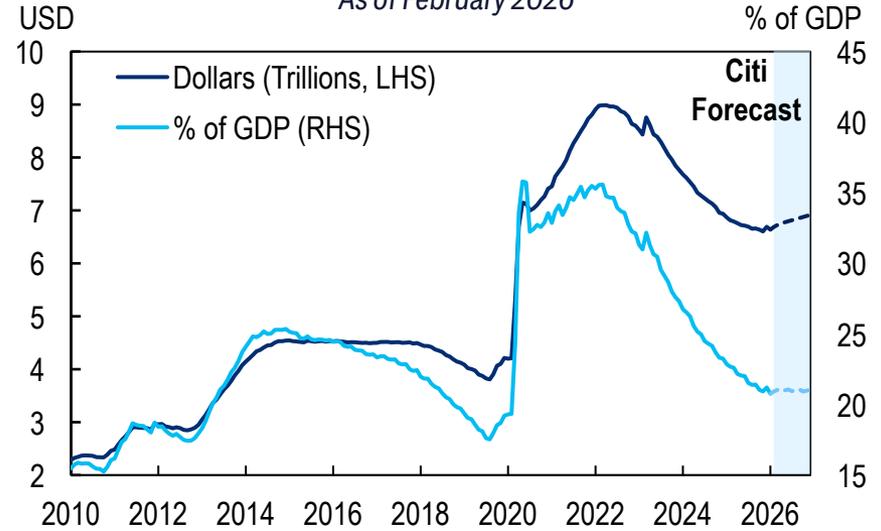
## Fed Funds Market Pricing

As of February 2026



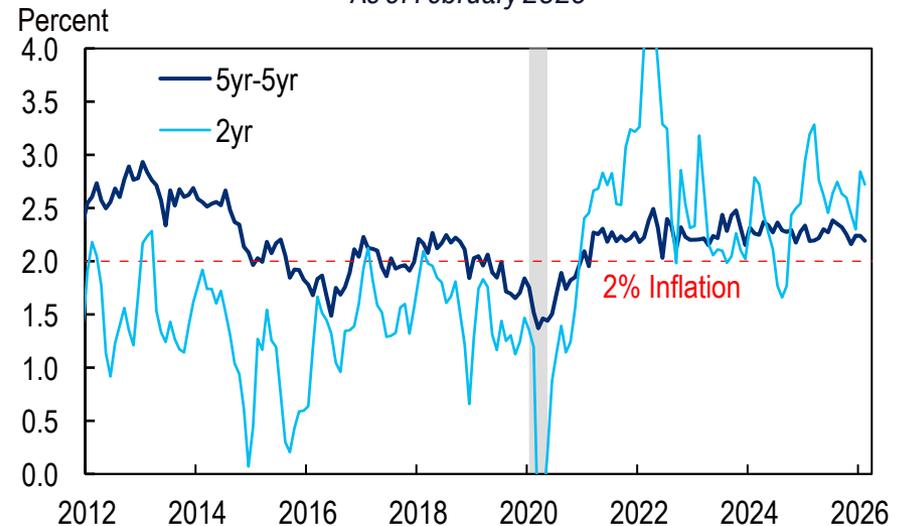
## Fed Balance Sheet Size

As of February 2026



## Inflation Breakeven: 2yr & 5yr-5yr

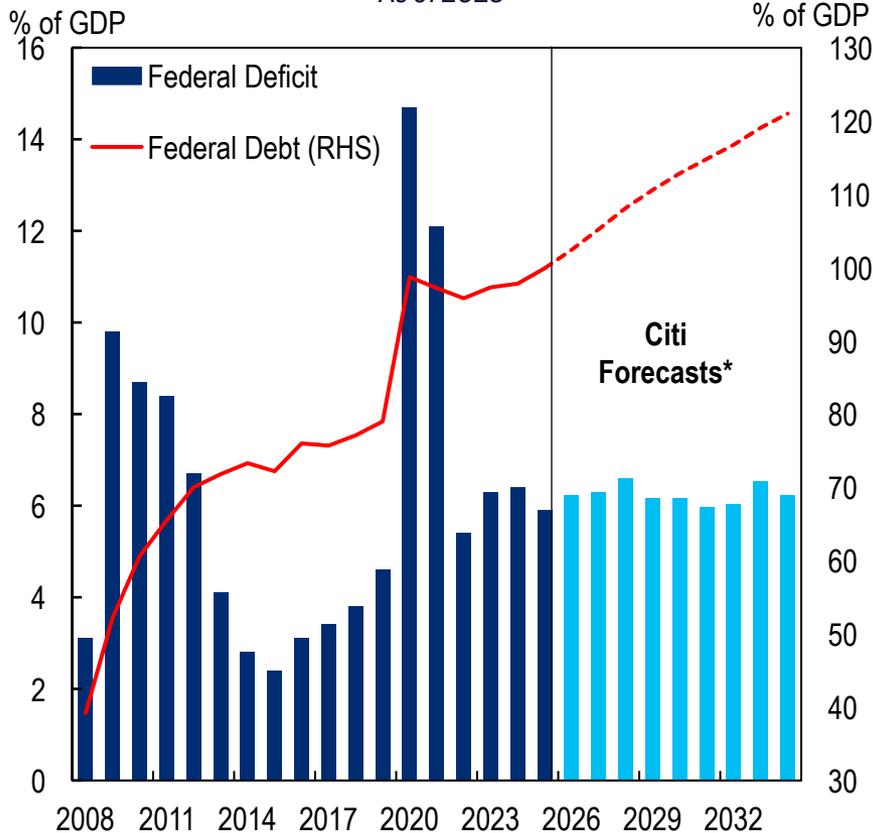
As of February 2026



# High US Public Debt Levels Have Triggered Market Concerns

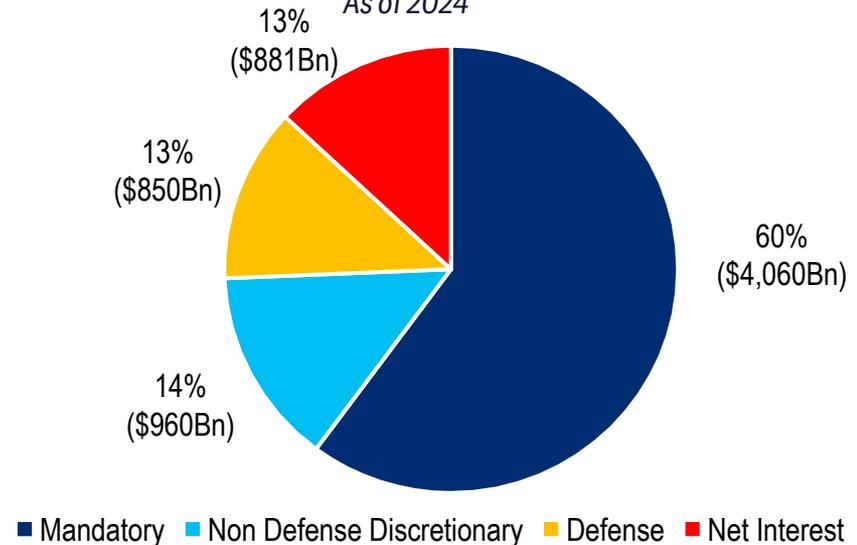
## US Federal Debt & Deficit

As of 2025



## Spending by Category (% of Total)

As of 2024



## US 10-Year Treasury Yield

As of February 2026



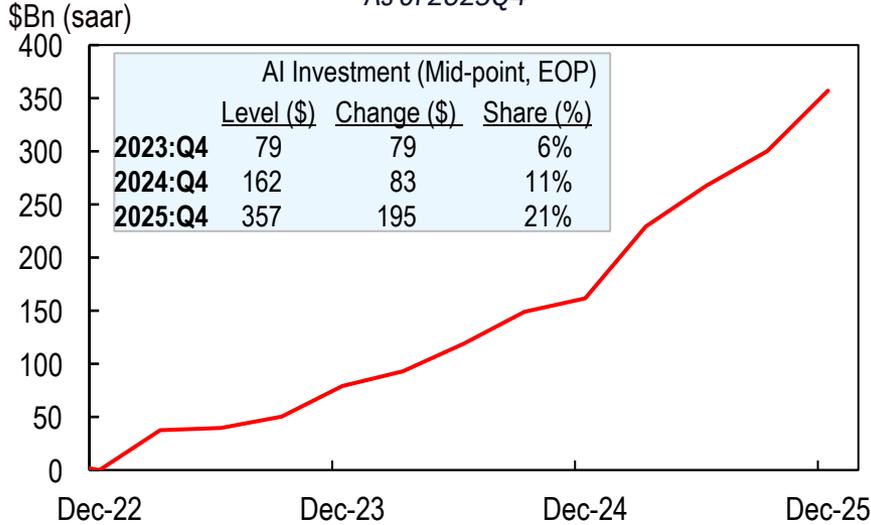
\*Based on CBO's Jan 2025 baseline and adjusted with CBO estimates of the BBB and tariff revenue.

Source: Citi Research, CBO, Haver, Bloomberg

# Advances in AI Are Poised to Raise Productivity in Coming Years

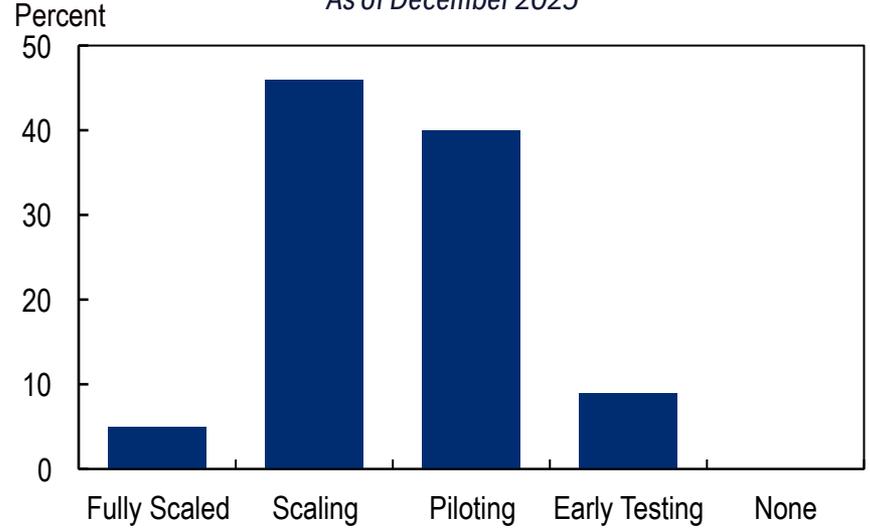
## Citi Measure of AI Investment\*

As of 2025Q4



## Firm Adoption of AI Technologies (Citi Survey)\*\*

As of December 2025



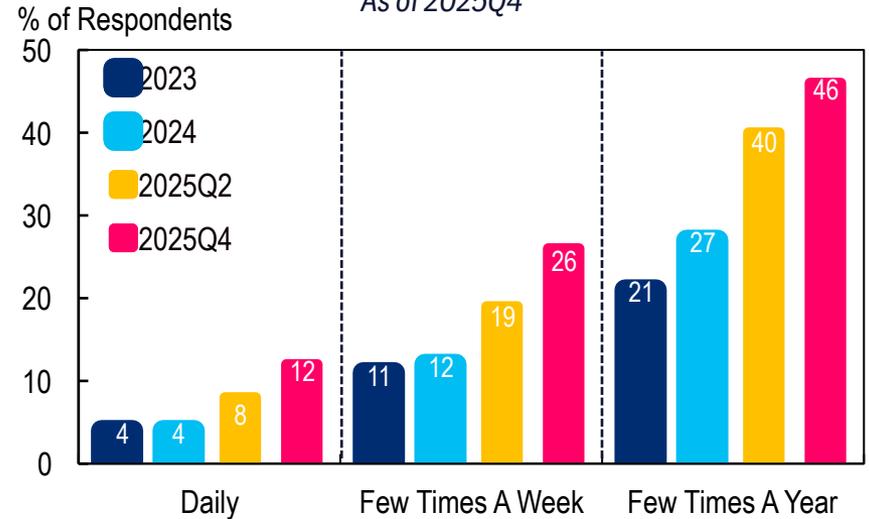
## US Equity Prices

As of February 2026



## Employee Usage of AI (Gallup Survey)\*\*\*\*

As of 2025Q4



\*Classifies 75% of tech-enabling investment since 2022Q4 as AI-related. \*\*200 U.S.-based companies; conducted from Dec 12-22, 2025.

\*\*\*\*Gallup survey of ~23,000 employed US adult employees; conducted in 2025Q4.

Source: Citi Research, BEA, Gallup, Haver

## *Reshaping the global order in favor of the United States*

- *Resurgence of US manufacturing*
  - *Increased foreign investment*
  - *Boosting employment*
- *Reduced US dependence on China*
- *Enhanced US economic security*
- *Rebalancing of defense spending*

# Some Longer-Term Forces Shaping Economic Performance

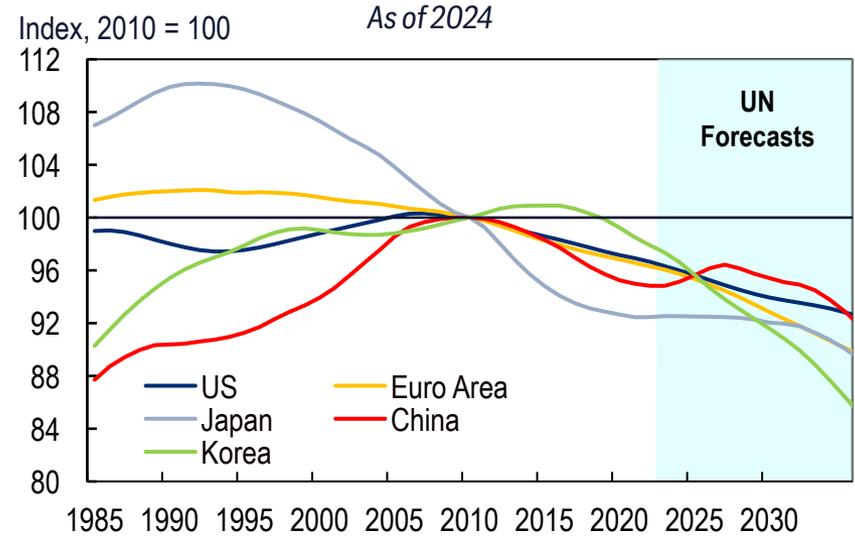
## Pre-Pandemic Factors

- Aging demographics
- High public debt levels

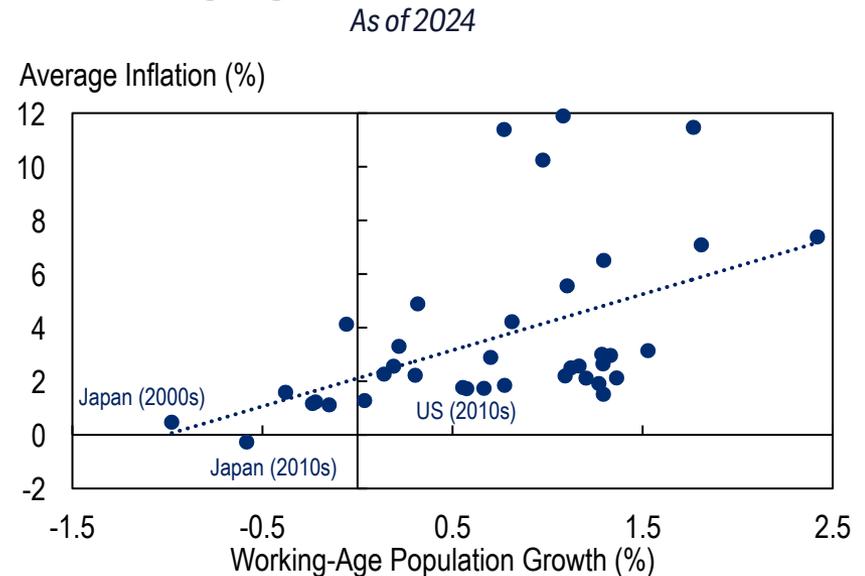
## Potential Post-Pandemic Drivers

- Emergence of AI
- Innovation/productivity
- De-globalization?
- Geopolitical Realignment
- Long-run effects of tariffs

## Working-Age Population Share (15-64)



## Working-Age Population and Inflation\*



# Related Research

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## Links:

- [Global Economic Outlook & Strategy: Global Growth—More Resilient than Ever](#)
- [The Still-Rising U.S. Public Debt: Twelve Questions & Answers](#)
- [Productivity & the AI Revolution: Implications for the Economy and Markets](#)