

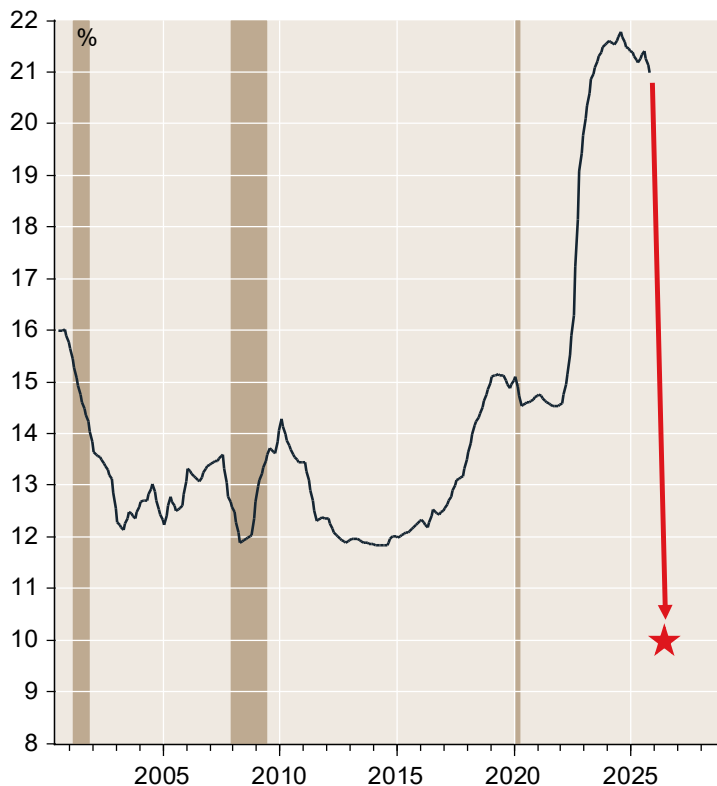
U.S. Watch

By Matthieu Arseneau and Jocelyn Paquet

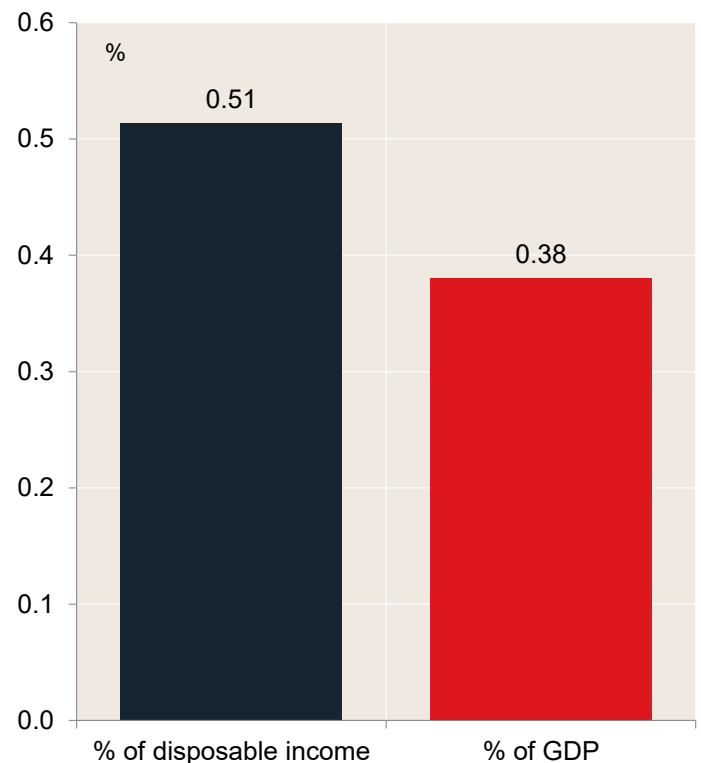
While the Federal Reserve may still be able to identify some areas of weakness in the economy—particularly in the labour market—to justify lowering rates a little further, it may soon run out of arguments for doing so. In a context where financial conditions remain highly accommodative, and knowing that the effects of the One Big Beautiful Bill will soon be felt in the economy, it is not unreasonable to think that the demand for workers could pick up again in 2026. As if that weren't enough, President Trump announced last week his intention to cap credit card interest rates at 10%—down from the current average of 21%—in an effort to give households some breathing room. In today's Hot Chart, we look at the potential impact this 11 percentage points reduction could have on the economy. Limiting our analysis to commercial banks, which account for the overwhelming majority of credit card debt in the United States, our calculations indicate that, if implemented, this measure could free up \$120 billion for American households, equivalent to 0.5% of disposable income or 0.4% of GDP. Our baseline scenario already anticipated a U.S. economy running hot in 2026 ([link](#)), and this announcement is certainly not likely to change our outlook, especially since it comes at a time when other potential aid measures for households appear to be in the pipeline. One example that springs to mind is the purchase of mortgage-backed securities by government agencies Freddie Mac and Fannie Mae, which could potentially help revive one of the only sectors of the economy currently experiencing difficulties, namely residential real estate. We had doubts about inflation returning to its target, and these measures would make that even less likely to happen.

U.S.: Turning down credit card rates, turning up the heat

Commercial bank interest rate on credit card plans



Savings from discount as a % of disposable income and GDP



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