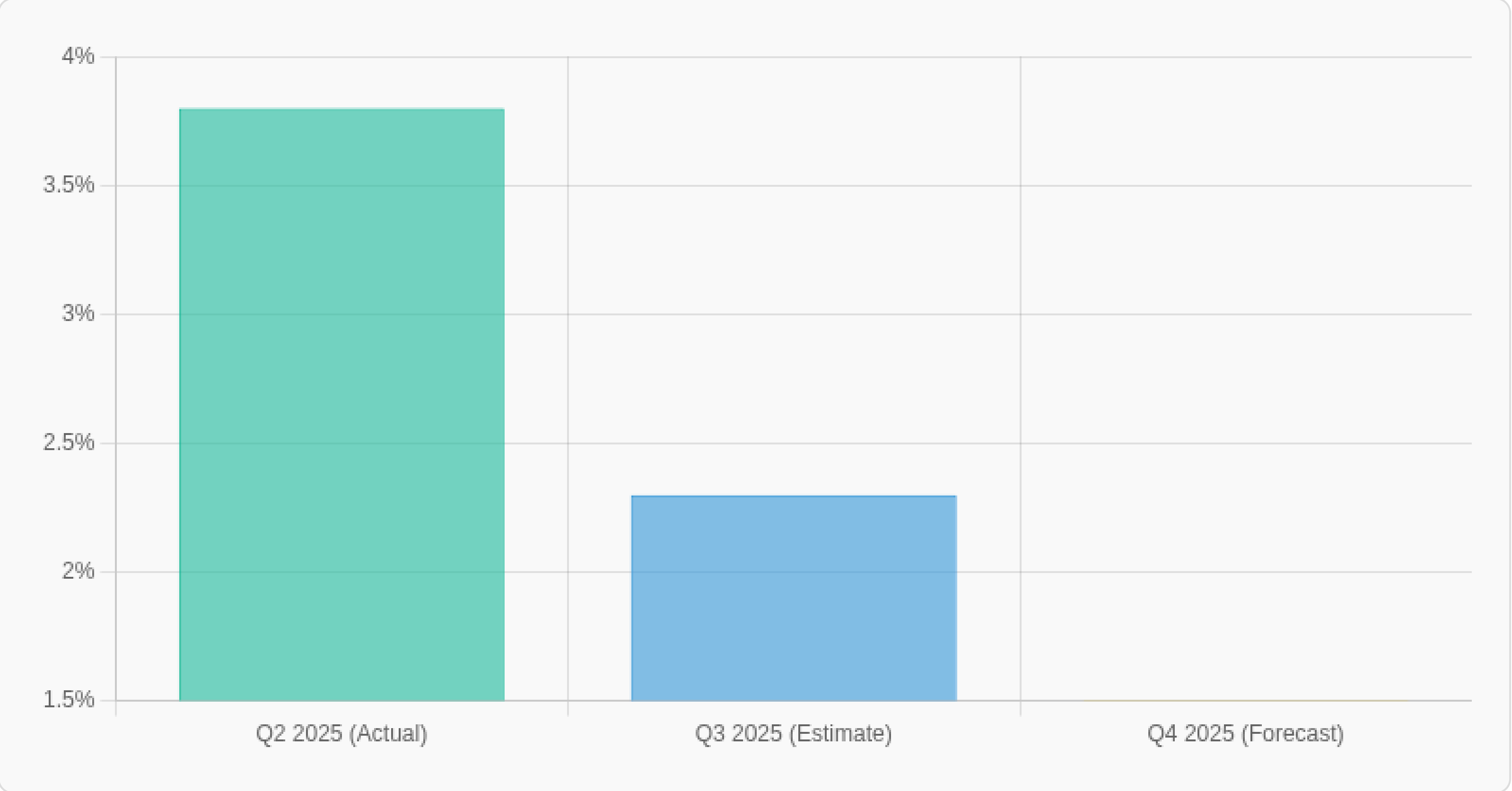
U.S. Economic Outlook for Q4 2025

As the U.S. economy enters its final quarter of 2025, the outlook reflects a period of below-trend growth shaped by a cooling labor market, persistent inflation, and a cautious Federal Reserve. While the base case scenario is a "soft landing" rather than a sharp contraction, significant uncertainties remain. This report summarizes the key indicators driving the forecast.

GDP Growth: Continued Moderation

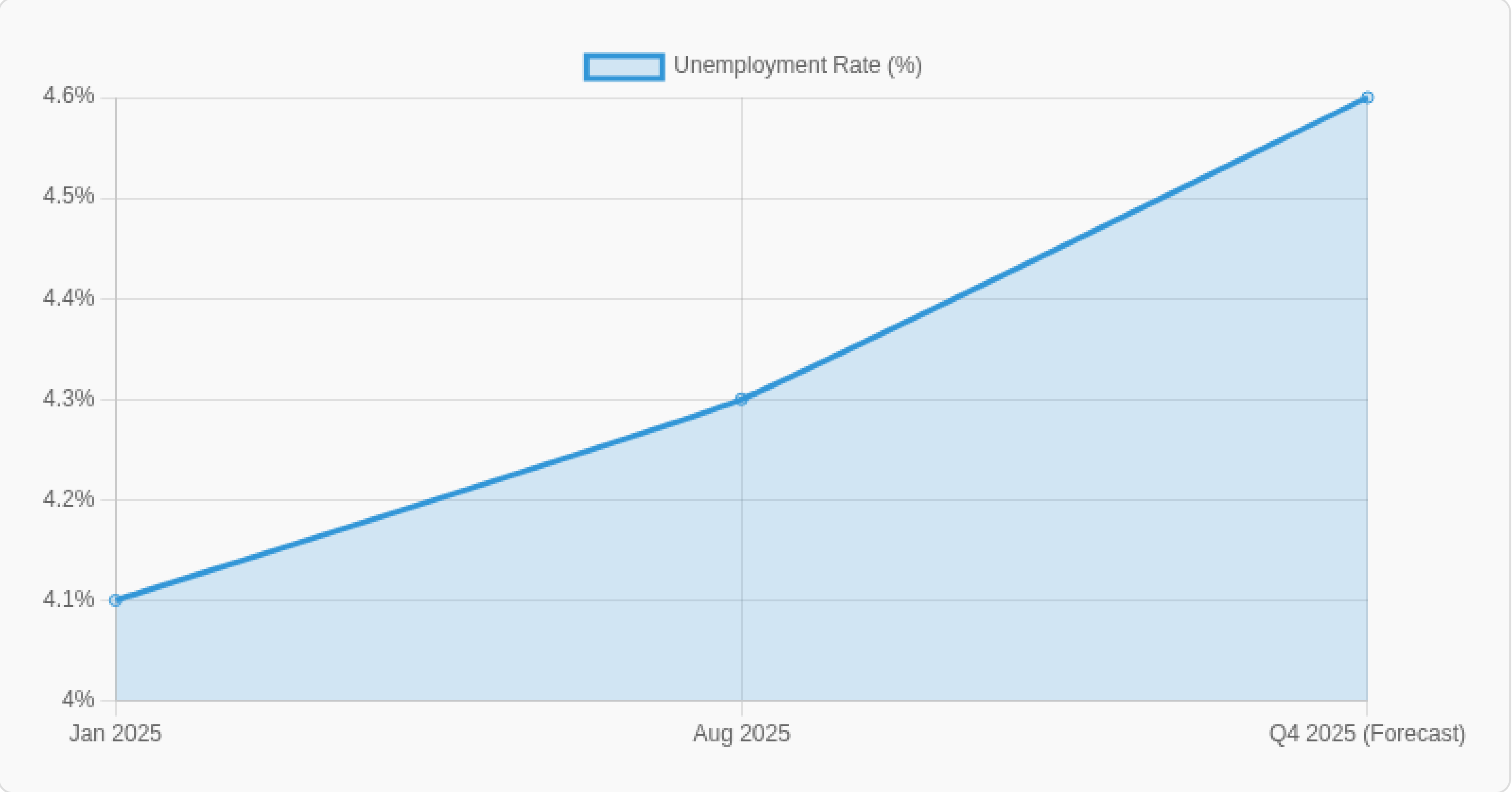
Economic momentum is fading after a stronger-than-expected performance earlier in the year. The slowdown is attributed to weaker consumer spending and the drag from elevated interest rates, though a surge in high-tech investment provides a key backstop.



- **Q3 2025 (Estimate):** ~2.3% (NY Fed Nowcast)
- **Q4 2025 (Forecast):** 1.0% – 1.5%

Labor Market: Cooling but Resilient

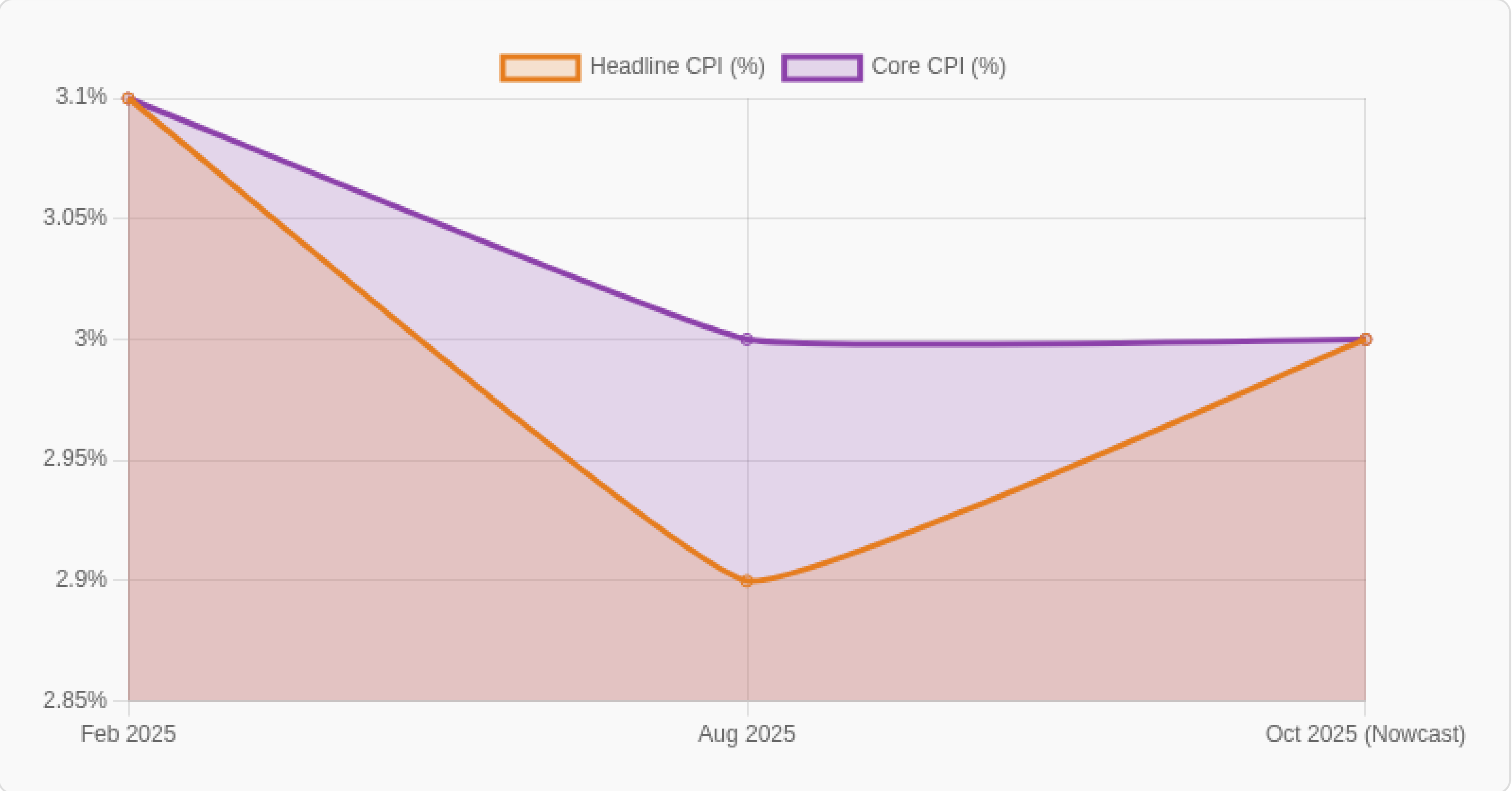
The labor market has reached an inflection point, with job creation slowing significantly. While the market is softening, it is not collapsing, providing a cushion against a more severe downturn.



- **August 2025 Rate:** 4.3%
- **End of 2025 Forecast:** 4.5% – 4.8%

Inflation: Sticky and Reaccelerating

Inflation is proving harder to contain than anticipated, complicated by rising tariff costs. This stickiness remains a primary concern for the Federal Reserve and continues to impact consumer confidence.



- **August 2025 CPI (Annual):** 2.9%
- **October 2025 CPI (Nowcast):** ~3.0%
- **Tariff Impact:** The effective U.S. tariff rate has climbed from 2.3% to approximately 17%, adding to price pressures.

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