US Economic Survey: Mid-Year 2025

Forecasts from the SIFMA Economist Roundtable
Assessing the Economic Landscape and Monetary Policy

Published: July 2025

Key Takeaways

- **Monetary Policy:** 75% of our economists expect one or more rate cuts by the end of 2025 for a total decrease of roughly 50bps. The median forecaster looks for the midpoint of the target range to end 2025 at 3.926% (roughly 50 bps in cuts from current rate) and to end 2026 at 3.625% (a total of 75 bps in cuts from the current rate). Nearly 60% of our economists estimate the neutral nominal fed funds rate to be 3.0%-3.5%.
- **Inflation:** The median forecaster looks for core PCE inflation to end 2025 at 3.1% (year-over-year), up 0.7 pps from the last full survey in November 2024 and 0.3 pps higher than the March 2025 flash poll. The top factors influencing forecasts for core inflation estimates are trade policy, inflation expectations, and growth in domestic demand.
- **Economy:** The median economist forecasts real GDP will grow 0.9% in 2025; -1.0 pps from our last full survey in November 2024 and -0.6 pps from the March 2025 flash poll. Over 70% of our economists put the probability of recession from 30% to 50%. The top factors impacting US economic growth are US trade policy, US labor market developments, and US monetary policy. US trade policy also shows up near the top in both upside and downside risks to the economy.
- Also in this report, we include forecast tables and charts for the full survey results, as well as an update on where we are in the economic landscape and a reference guide on historical trends for select economic data.

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Setting the Scene

A Message from Our Co-Chairs

The U.S. economy has taken on a decidedly softer tone since our last Economist Roundtable survey in December when our Chair described the economy's performance in 2024 as "extraordinary". The economy has downshifted sharply since the second half of 2024 when a series of Fed rate cuts and optimism around a change in Administration and the potential for new Federal tax cuts and deregulation policies lifted equity markets, consumer confidence and spending. Big changes in tariffs and trade policy, immigration, and Federal tax and spending policies are taking center stage in the U.S. macroeconomic outlook, while the Federal Reserve and monetary policy takes an unfamiliar backseat.

GDP growth got off to a shaky start in the first quarter of 2025, declining 0.5%, as consumer spending growth stalled on fears that the Administration's new tariff policies could lead to a stagflationary shock of higher prices and higher unemployment. Tariff frontrunning drove a surge in imports that alone subtracted more than 5 percentage points from U.S GDP growth. The Liberation Day reciprocal tariffs announced on April 2nd were nearly twice as large as the consensus expected and saw economists and markets sharply mark down their estimates for U.S. GDP growth and mark up their estimates for inflation for this year. The tariff truce between the U.S. and China and pause in implementing the worst of the announced reciprocal tariffs to allow for bi-lateral trade negotiations has helped to stabilize consumer confidence and purchasing manager indexes but neither have strongly recovered from the Liberation Day shock. Moreover, we are now seeing more signs of softening in the "harder" economic indicators around housing, consumer spending, and even some labor market indicators for May and June even as equity markets have swiftly bounced back to new record highs following a February to April swoon that saw the S&P 500 lose nearly 19% of its value.

The good news is panelists don't believe average tariff rates will return to the heights seen on April 2nd and aren't likely to cause an outright recession this year or next even though recession risks will remain elevated. However, they do expect tariffs to be an important drag on growth and the labor market this year, and a catalyst for higher inflation before year end. Let's call it stagflation "light". GDP growth is expected to slow to around 0.9% Q4/Q4 in 2025 from 2.5% in 2024, before recovering to 1.9% Q4/Q4 2026, according to the median forecast.

U.S. labor market performance through June has remained more resilient than many expected despite the shocks of major tariffs, DOGE spending cuts, and rising economic uncertainty. Nonfarm payroll growth in June at 147k was not far off the 3-month average monthly rate of 150k and the 12-month average of 151k. The unemployment rate even managed to tick down to 4.1% in June from 4.2% where it stood for three consecutive months. But signs of labor market weakening around the edges are growing. Private sector payroll growth was only 74k in June, its weakest performance of the year. The labor force shrank by over 750k over the past two months, helping to keep the unemployment rate down. But this is not a sign of labor market strength. Stepped up immigration enforcement and an aging workforce are weighing more heavily on the supply of labor. At the same time, the demand for labor is ebbing, continuing jobless claims in June reached their highest levels since 2021 as more unemployed workers struggled to find new work. The panel median sees the unemployment rate rising to 4.4% by the end of the year and peaking at around 4.5% in 2026. Nonfarm payroll growth is expected to slow to around an average 60k a month in the second half of 2025.

The inflation outlook is probably the most consequential at the moment as the Fed remains firmly on the sidelines awaiting the impact of tariffs on inflation and inflation expectations before deciding to resume interest rate cuts. Consumer inflation remained surprising cool in the second quarter after opening the year hotter than many expected. Overall CPI inflation was a tame 1.0% annualized over the past three months as inflation in core-services barely increased at all and energy prices dropped. These low inflation prints would normally be good enough to get the Fed off the sidelines and start cutting interest rates again but concerns over unanchored inflation expectations are keeping the FOMC cautious. The University of Michigan's Consumer sentiment measure of inflation expectations at the longer-term 5-to-10-year horizon surged to its highest level since 1991, well above pandemic peaks. Market based measures of inflation expectations at both short and longer-term horizons have been much better behaved and have improved notably since April even at the 2-year and 5-year horizons.

Few economists on the Roundtable panel see inflation remaining as tame as it was last quarter. Core PCE inflation, the Fed's preferred measure of inflation, is forecast to increase to around 3.1% Q4/Q4 in 2025 from 2.8% in 2024. By next year, the tariff driven inflation increases should largely be in the rear-view mirror and weaker growth and more labor market slack should help bring overall Core PCE inflation back down to around 2.5% Q4/Q4 in 2026.

Over the next month or two the Fed should have a better handle on how tariffs are impacting the inflation and labor market outlook. The SIFMA Economist Roundtable largely sees the tariff threat to inflation more as a one and done event, given the softer growth and labor market outlook. This keeps the door open for the Fed to cut the Fed funds rate at least two times this year with the median expectation looking for a roughly quarter-point cut at the September and December meetings. Views on the Roundtable about where the Fed funds rate goes from there is more varied. The median forecast is for one more quarter-point cut in 2026 though the range varies from zero to five cuts.

The passage of the OBBBA will give businesses and households a little more clarity on the tax rates they will face in the coming year. However, a majority of respondents (62.5%) say the net impact on growth from Trump's economic policies will be negative as tariffs outweigh deregulation and tax cuts Moreover, the Roundtable panel voiced their increasing concern about the size and trajectory of the U.S. deficit and debt and the longer-term damage it could do to economic growth and the cost of financing. Asked how concerned are you about the continuation of uncontrolled fiscal spending, the median panel response was 7.5 out of 10 with 10 being the most concerned.

Nearly unprecedented economic policy driven changes in Washington DC and our assumptions around them are having a bigger impact on the Roundtable's macroeconomic forecasts than normal. Until the dust settles a bit, especially on tariff policy and rates, the economic and inflation uncertainty they generate will remain a big part of our economic and financial future.

-- Scott Anderson, Ph.D., Managing Director and Chief U.S. Economist, BMO Capital Markets and Incoming Co-Chair of the SIFMA Economist Roundtable

-- Douglas Porter, Chief Economist at BMO Capital Markets and Incoming Co-Chair of the SIFMA Economist Roundtable

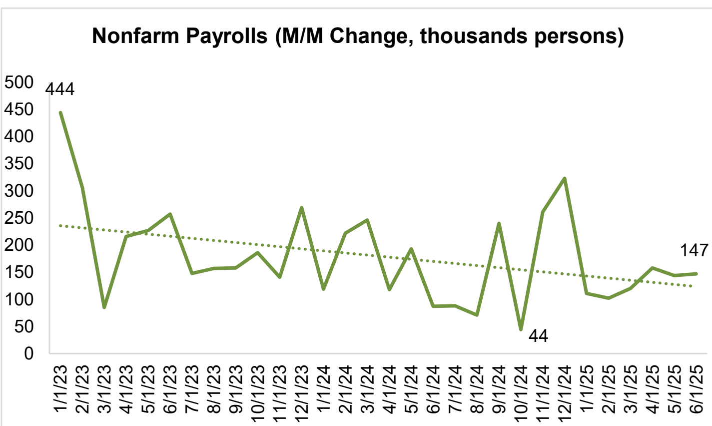
Current Economic Landscape

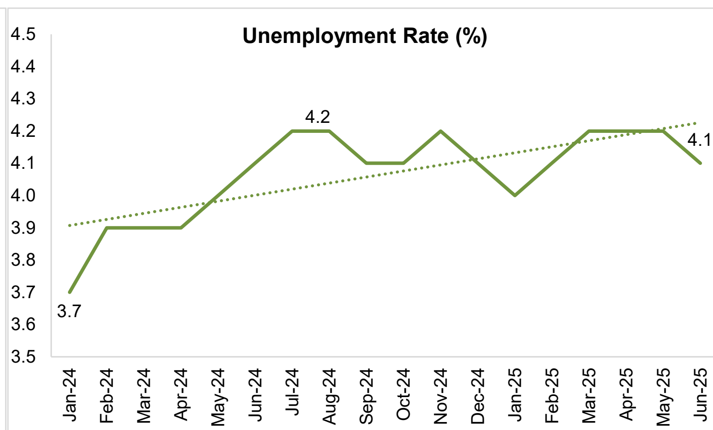
In this section, we analyze some key areas of concern facing the U.S. economy in 2025.

Tariffs and Trade Policy: The ever-changing tariff environment, especially on imports from China, continues to create uncertainty for businesses. This unpredictability makes it difficult for businesses to plan investments, manage supply chains, or price goods effectively. The policy fog also discourages capital investment and hiring. On the consumer side, economists argue that tariffs are essentially a tax on imports, which raises costs for consumers, thereby reducing purchasing power.

In general, tariffs could raise costs, disrupt supply chains, and dampen economic growth. Economists are also concerned tariffs could reignite inflationary pressures. That said, it is not just the tariffs themselves, but rather the unpredictability of the rules of the game that makes economists nervous and increases the difficulty of forecasting.

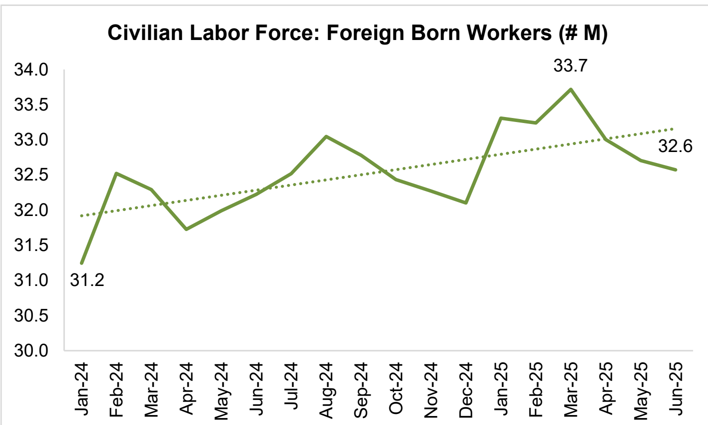
Labor Market: Job creation has remained moderately solid as of late. Total nonfarm payroll employment increased by 147,000 in June, similar to the average monthly gain of 149,000 over the prior 12 months. The unemployment rate ticked down slightly in June to 4.1%, remaining in a narrow range of 4.0%-4.2% since May 2024. Job growth was concentrated in sectors like healthcare, state government, and social assistance.

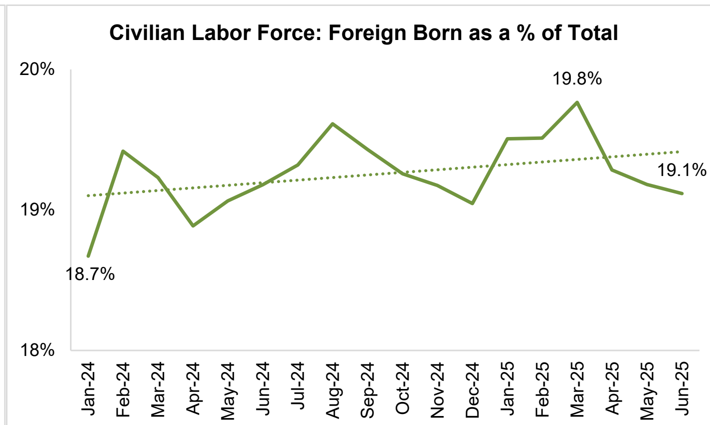




Source: FRED, SIFMA Estimates

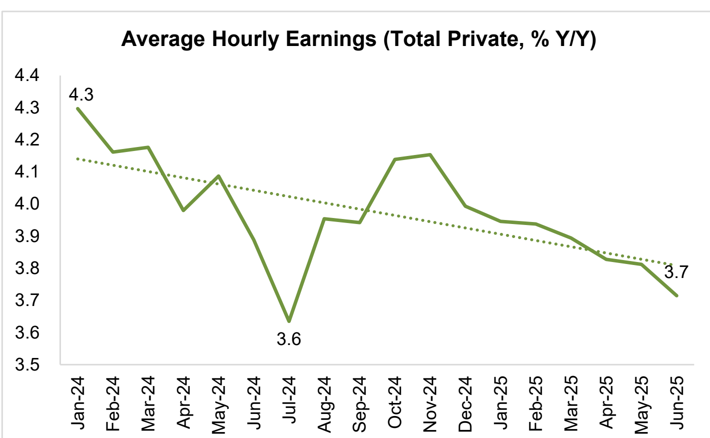
Looking forward, economists are concerned that immigration policies could shrink the labor force and slow down hiring, impacting productivity and growth. This is especially concerning for sectors already facing worker shortages. In June, the number of foreign-born workers declined to 32.6 million (19.1% of the total civilian workforce), though still above where this number tracked in January 2024.





Source: FRED, SIFMA Estimates

With fewer workers available, businesses often raise wages to attract talent. While this is good for workers, it increases operating costs for employers, especially small and mid-sized firms. Some economists warn this could lead to reduced hiring or higher prices for consumers. In June, average hourly earnings grew 3.7% Y/Y, a slight decline from the prior month.

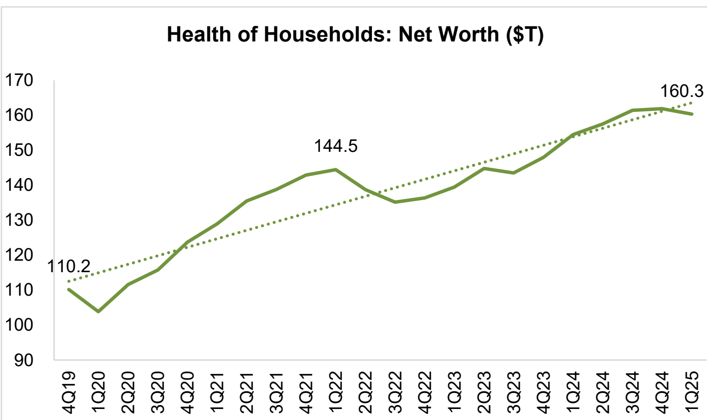


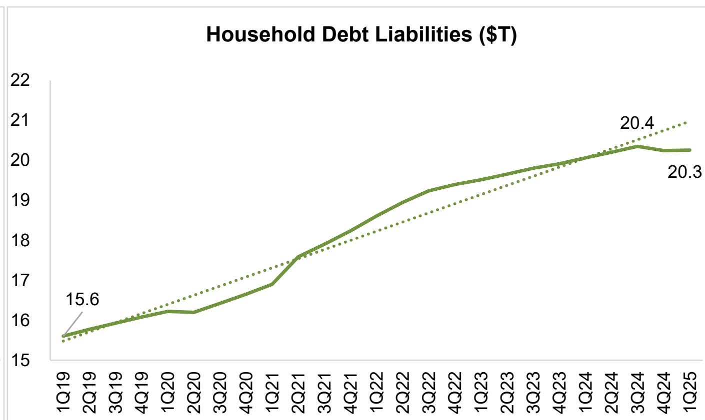
Source: FRED, SIFMA Estimates

In short, while the U.S. labor market remains resilient on paper, some economists are growing concerned that these constraints could limit long-term growth and make the economy more vulnerable to shocks.

The Consumer: Economists see the U.S. consumer as still spending but more selectively, influenced by high interest rates and persistent inflation. There are signs of shifting consumer behavior, with reduced spending on durable goods and more cautious discretionary spending. Services spending remains more stable, but overall sentiment is mixed. May retail sales disappointed at -0.9% – as consumer demand continued slowing after front-loading purchases ahead of tariff implementations – and real personal consumption expenditures dipped to 2.2% from a year ago. Some economists expect a continued moderation in consumption for the second half of 2025, with the potential for recovery in 2026 if inflation eases.

On the other side of this story, U.S. consumer balance sheets and net worth are still considered relatively healthy, even amid economic headwinds. Household net worth did decrease in 1Q25, to $160.3 trillion, but remains historically elevated. Further, the growth rate for household debt has been on the decline since 2022.





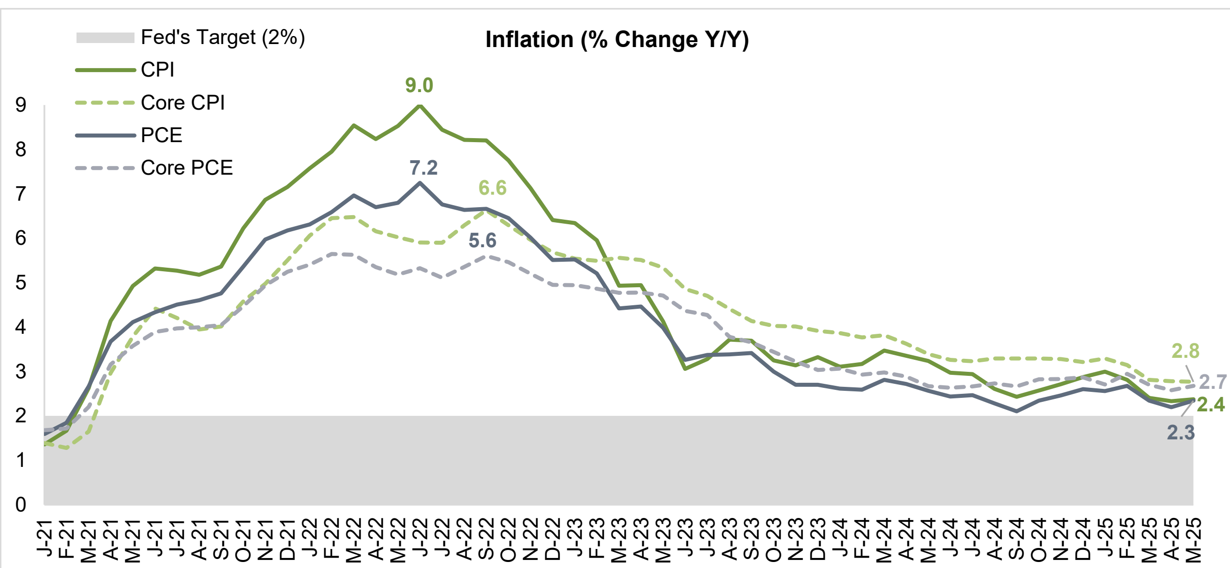
Source: FRED, SIFMA Estimates

Inflation: "Sticky inflation" is a term economists use when prices remain elevated even after the initial causes of inflation have faded. While inflation has cooled from its peak, this stickiness is proving to be a stubborn challenge for the U.S. economy. From global conflicts to domestic policy shifts – and of course tariffs – any disruption to the supply of goods or labor could derail the current economic balance.

Economists worry that core inflation may remain above the Federal Reserve's 2% target, especially if tariffs and potential labor shortages push prices higher. New tariffs on imports, especially from China and the EU, are starting to filter through the economy. While some companies are absorbing these costs, some economists expect price increases to show up more clearly in the second half of 2025, particularly as inventories clear. If that happens, it might force the Fed to pause or even reverse expected rate cuts, unsettling markets.

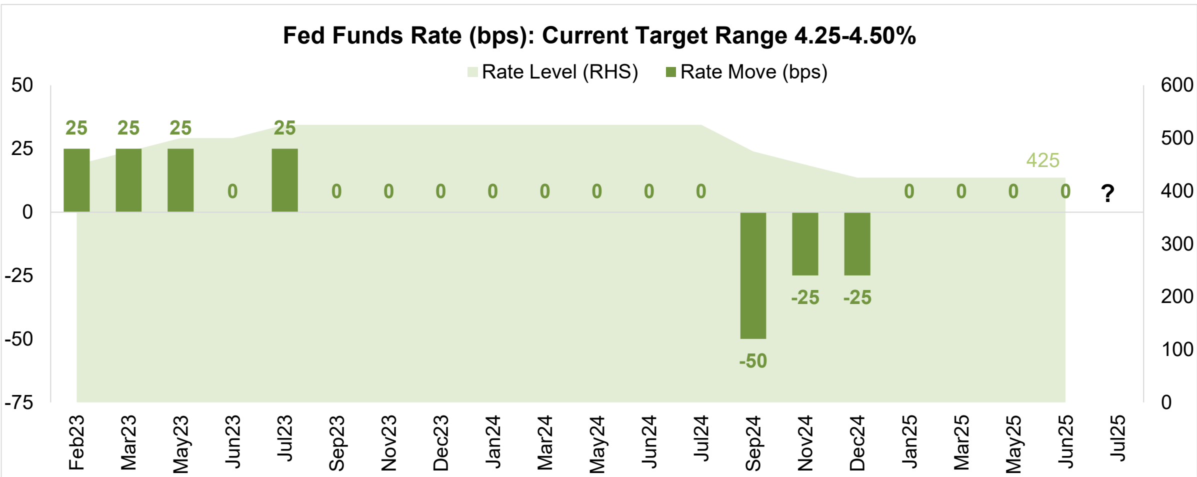
Core PCE stands at 2.68% as of May – we are using an extra decimal place to show the M/M decline, otherwise not visible – down 2.9 pps from the March 2022 peak. However, the last mile of a marathon is always the hardest, with 0.7 pps to go to the 2% target. We highlight the following:

- Core PCE +2.68% (prior month +2.58%)
- PCE +2.34% (prior month +2.20%)
- CPI +2.4% (prior month +2.3%)
- Core CPI +2.8% (prior month +2.8%)



Source: FRED, SIFMA Estimates

Interest Rates: Currently, the Fed Funds rate is at 4.25% to 4.50%, after cutting 100 bps in 2024. The Fed is expected to cut rates, but how far and how fast they will go remains uncertain.



Source: Federal Reserve, SIFMA estimates
Note: FOMC remaining meetings = July 29-30, September 16-17, October 28-29, and December 9-10.

According to market participants – or at least the futures market – the Fed will remain on hold in July. Come the fall, the probability of rate cuts rises, with a 76% probability of a 25 bps cut in September. By December, there is over an 80% chance that the Fed will have cut rates by 50-75 bps. This is quite a difference from how we started this year. At the end of January, market participants were beginning to expect cuts by May, albeit only with a 44% probability.

Comparing CME FedWatch results at the end of January and the end of June – the four remaining meetings beginning in July – we can see the shift in expectations for a cut at the start of the year to the end of the year. Probabilities for a July rate cut of any magnitude shifted from 76% to 19%. While only 20% expected 75 bps of cuts by December, that has moved to just below 50%. Market sentiment has shifted to a later start for cuts, with just under a 50% probability for 75 bps of rate cuts.

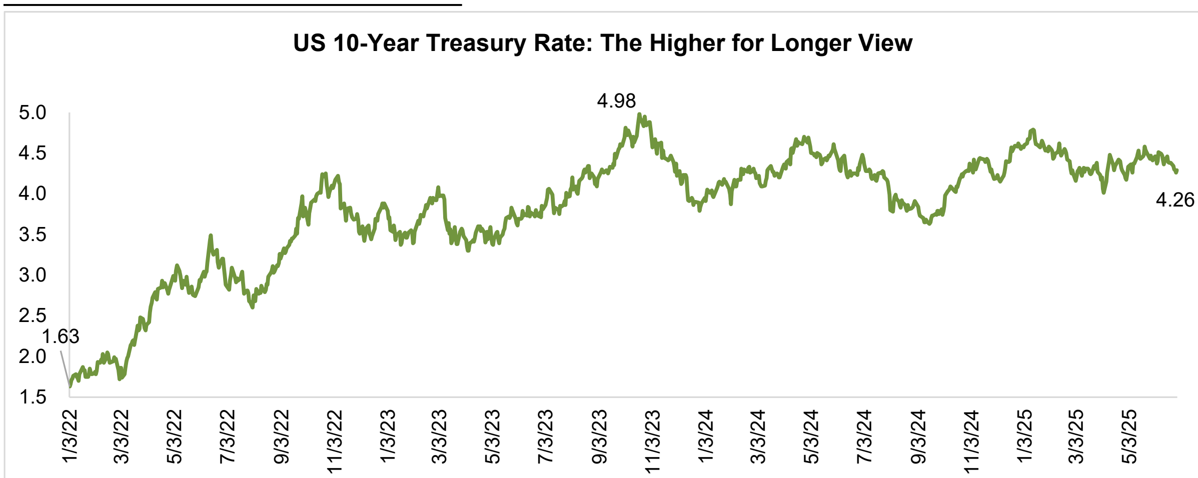
FOMC Meeting	March		May		June		July		September		October		December	
Rate Move	**Jan**	**June**	**Jan**	**June**	**Jan**	**June**	**Jan**	**June**	**Jan**	**June**	**Jan**	**June**	**Jan**	**June**
No Change	82.0%		55.9%		30.5%		23.6%	81.4%	15.8%	6.8%	12.8%	2.2%	10.3%	0.4%
-25 bps	18.0%		38.4%		46.3%		42.7%	18.6%	36.5%	76.1%	32.5%	28.7%	28.7%	7.6%
-50 bps			5.7%		20.6%		26.4%		31.8%	17.0%	32.7%	57.5%	32.6%	34.6%
-75 bps		na		na	2.6%	na	6.7%		13.2%		16.7%	11.7%	19.8%	48.1%
-100 bps							0.6%		2.6%		4.6%		7.0%	9.3%
-125 bps									0.2%		0.7%		1.4%	
-150 bps													0.2%	

Source: CME FedWatch Tool, SIFMA estimates
Note: The CME FedWatch Tool analyzes the probabilities of changes to the Fed Funds rate as implied by 30-Day Fed Funds futures pricing data.

As the market awaits rate cuts, economists monitor the higher for longer rate environment, which can weigh on borrowing and investment. The 10-year U.S. Treasury rate – the benchmark for everything from mortgages to corporate debt – has declined to around 4.25% (at the writing of this report). However, consumers and businesses – as well as markets – had to endure years of elevated interest rates, after over a decade of very low levels. Since 2023, the average annual rate has been around/over 4%. These years saw not just higher maximum rates but also higher minimum levels.

UST 10-Year Rates

Date	Average	Maximum	Minimum
2019	2.14	2.79	1.47
2020	0.89	1.88	0.52
2021	1.45	1.74	0.93
2022	2.95	4.25	1.63
2023	3.96	4.98	3.30
2024	4.21	4.70	3.63
2025	4.41	4.79	4.01



Source: US Treasury, SIFMA estimates

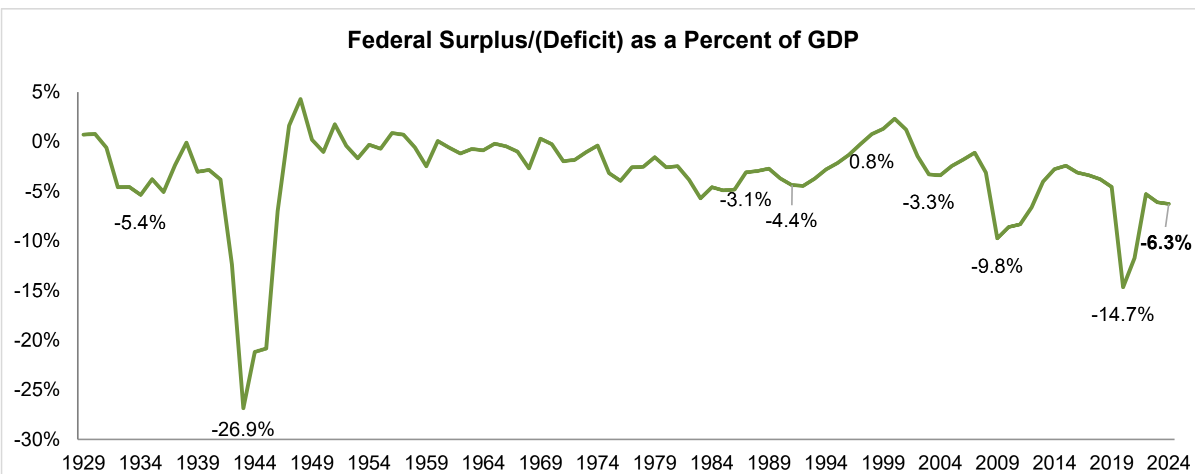
The 10-year rate reflects the tug of war between inflation concerns, trade policies, global dynamics, and fiscal deficits. The recent dip reflects investor doubts around long-term growth prospects and inflation expectations. While inflation remains sticky in the short term, many economists believe the economy could slow in 2026, justifying lower rates. Conversely, if inflation reaccelerates, rates could climb. Tariffs are acting like a tax on consumption, raising prices now but potentially weakening demand later. This creates a timing mismatch: inflation rises first, with growth slowing later.

In the meantime, with other central banks cutting rates, the U.S. is becoming a relatively high-yield destination. That attracts foreign capital, which can suppress long-term rates, but also raises concerns about currency volatility and trade imbalances. Further, with deficits and debt issuance continuing to rise, economists are concerned that higher Treasuries supply could again push up rates. If investor appetite wanes, borrowing costs could rise, further straining the federal budget. Economists worry that the combination of these factors could complicate the Fed’s response.

Federal Debt and Deficits: Concerns continue to grow about the long-term fiscal health of the country, particularly if new policies increase spending without offsetting revenue. U.S. total public debt as a percent of GDP is now slightly over 120%. Federal interest expense on its debt is over $1 trillion per annum. The federal deficit is over 6%, running at levels typically reserved for recessions, wars, or financial crises. Yet, these levels are occurring in non-stress years.

At 6.3%, the federal deficit as a percent of GDP is greater than several stress periods: the Great Depression and stock market crash, -5.4%; Black Monday, -3.1%; the first Gulf war, -4.4%; the Asian Financial Crisis and failure of Long-Term Capital Management, +0.8%; and the dotcom bubble burst, -3.3%. The only time periods where the U.S. held higher deficit levels than today's rate were during World War II (-26.9%), the global financial crisis (-9.8%), and COVID (-14.7%). In dollar terms, at $1.8 trillion, the latest deficit level reported was the second highest recorded, with only COVID posting a higher deficit dollar value.

Looking forward, these deficits are largely structural, i.e. baked into the system due to rising entitlement spending, interest payments, and relatively flat revenue growth. Economists see federal debt not just as a budget issue but also as a potential drag on the economy.



Source: FRED, SIFMA Estimates

Survey Highlights[1]

We begin by highlighting what we view as the most interesting results from the survey. The full survey results can be found at the end of this report.

Tariff Policy

(Survey responses on page 23)

Over half of our economists estimate that the final weighted average tariff rate will be between 14% to 16%. The remaining responses were for less than 14%. Since tariff policy is constantly shifting, we asked our economists to provide estimates of the tariff impact on both GDP and inflation.

For the economy, estimates for the average decrease to GDP ranged from 10 to 75 bps, with the dramatic increase hinging on the level of China tariffs. Our economists estimated the average real GDP growth rate at the end of 2025 at around 1%. While 5% universal/20% China end tariffs would not make a dramatic difference, the 10% universal/145% China could essentially halve all GDP growth for the year.

On inflation, estimates for the average increase ranged from 10 to 50 bps. Our economists' expectation for Core PCE at the end of this year was 3.1%. The worst-case tariff scenario – 10% universal/145% China – would push inflation closer to the 3.5% level, a level which is double the Fed's target rate. The low end of final tariff rates would have minimal impact. This uncertainty is driving the Fed's rate policy conundrum.

End Tariff Rate		GDP Impact (bps, decrease)			Inflation Impact (bps, increase)		
Universal	China	Minimum	Average	Maximum	Minimum	Average	Maximum
10%	145%	40	75	80	25	50	80
10%	30%	10	40	60	5	35	60
10%	20%	0	20	45	0	30	45
5%	20%	0	10	30	0	10	30

Economic Outlook

(Forecasts on page 20, survey responses for economic outlook on pages 22-26)

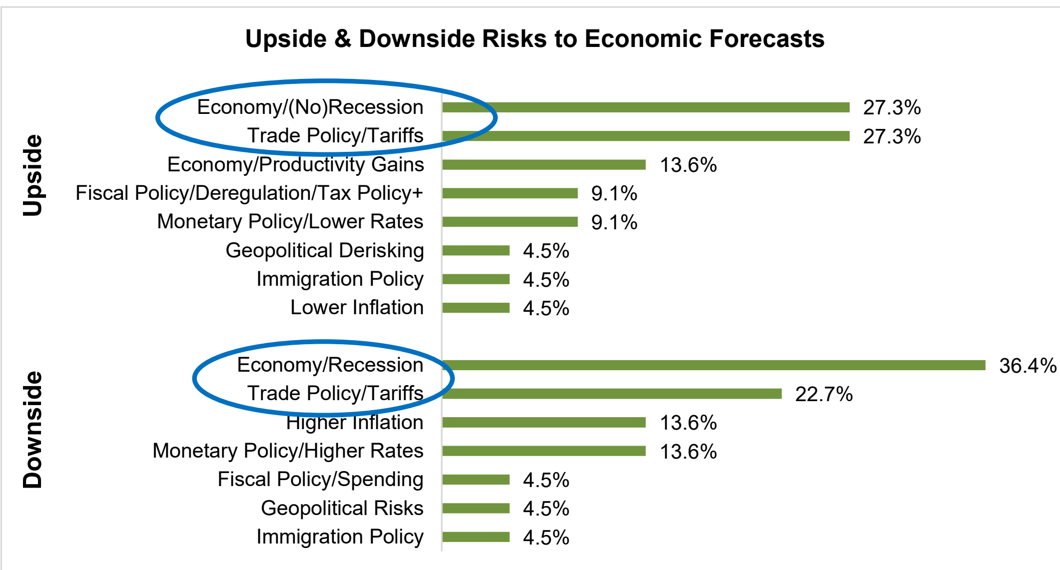
Our economists estimated the average real GDP growth rate (4Q/4Q) to end 2025 will be around 1%. This was down 0.5 pps from the March flash poll and 0.9 pps from the December survey. The estimate for real GDP growth increases to 1.9% for 2026. Almost three-fourths of our economists surveyed placed a 30%-50% probability of a U.S. recession in the next twelve months. This probability range was chosen by only 18% of survey respondents in the December survey.

As to the factors having the greatest impact on U.S. economic growth, both trade policy and tariffs and the labor market had the highest rates of response, with 88% of respondents selecting each of these factors. The interesting differential is that while all respondents selecting trade policy and tariffs ranked it as the top factor impacting economic growth, the labor market had a wider range of rankings, from #2 to #5 (out of five). The next key factor selected was U.S. fiscal policy, as concerns remain around the level of government debt and fiscal deficits. Looking

[1] Source: All charts include responses from the SIFMA Economist Roundtable and estimates from SIFMA.

at a survey question on interest expense on federal debt – now over $1 trillion per annum – almost half of survey respondents ranked their concern over this level an eight out of a ten.

We end this section by indicating the top upside and downside risks to economic forecasts. For this survey, the top two responses for both upside and downside risks were the economy and whether or not the U.S. enters a recession and trade policy/tariffs, both of which are inextricably linked. It is interesting to note the differences in weightings of these two categories whether in upside or downside risks. For the upside, the two categories were equally weighted at 27.3% of responses. For the downside, however, economy/recession came in 13.6 pps higher than trade policy/tariffs, as economists look to other economic factors outside of the tariff impact on GDP, such as the health of the consumer and the strength of the labor market.

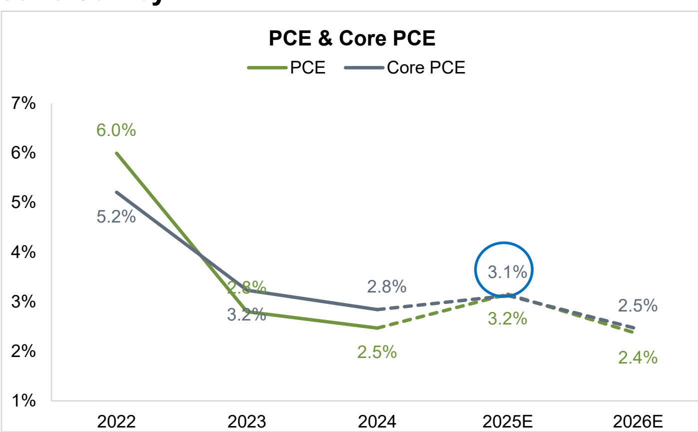


Inflation and Monetary Policy

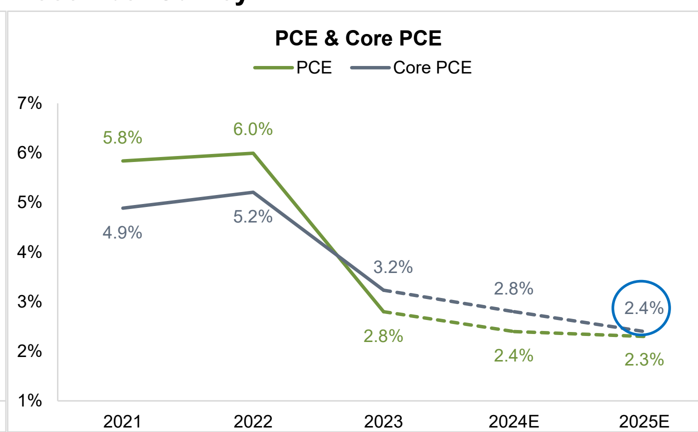
(Forecasts on page 20, survey responses for inflation and monetary policy on pages 30-33, rates markets on pages 34-35)

As noted above, the direction of the U.S. economy is inextricably linked to trade policy and tariffs. One aspect of this is inflation, as tariffs raise prices for consumers, if companies choose to pass through increases in input costs. Our economists surveyed continued to increase their inflation forecasts. Expectations for Core PCE at the end of this year increased to 3.1%. This is up 0.3 pps from the March flash poll and 0.7 pps from the December survey. When asked to list the factors most important to their outlook for core inflation, trade policy came in first. This differs from the December survey, where wage growth was listed first.

June Survey



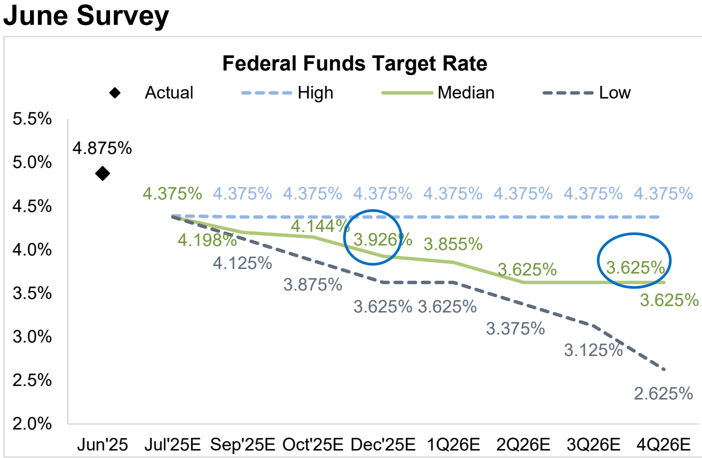
December Survey



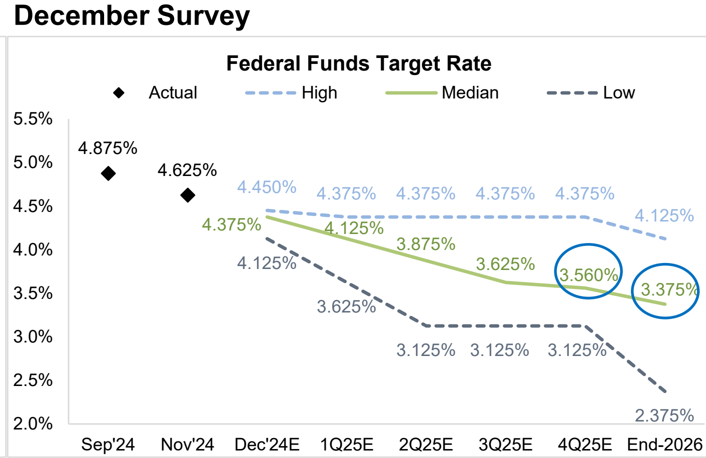
Source: BEA, SIFMA Economist Roundtable

Next, we look at the shift in economists' expectations for monetary policy, based on their increasing inflation forecasts. In short, expectations for rate cuts have cooled somewhat. By the end of this year, economists expect the median Fed Funds rate to be 3.926%, up from 3.560% in the December survey (+0.366 pps). They have pulled back expectations for the rate at the end of next year as well: 3.625% in the June survey versus 3.375% in the December survey (+0.25 pps).

June Survey



December Survey



Source: Bloomberg, SIFMA Economist Roundtable

Comparing Current and Prior Surveys

Below we compare results from the current and prior surveys for questions that were repeated in each survey – we adapt the survey to the current economic environment each time – to gauge changes in estimates of the economic outlook. For questions where responses were ranked, we show the top three answers from each survey.

	Current Survey	Change	Flash Poll	Change	Last Survey
Economic Indicators (annual)	**(2025E)**		**(2025E)**		**(2025E)**
Real GDP (4Q/4Q)	+0.9%	Decrease	+1.5%	Decrease	+1.9%
Unemployment Rate (4Q average)	+4.4%	Increase	+4.3%	No change	+4.3%
Labor Force Participation Rate (4Q average)	+62.4%	Decrease	n/a	n/a	+62.7%
CPI (4Q/4Q)	+3.2%	Increase	+3.0%	Increase	+2.5%
Core CPI (4Q/4Q)	+3.4%	Increase	+3.2%	Increase	+2.7%
PCE (4Q/4Q)	+3.2%	Increase	+2.7%	Increase	+2.3%
Core PCE (4Q/4Q)	+3.1%	Increase	+2.8%	Increase	+2.4%
Rates					
	(Dec FOMC)		**(Dec'25E)**		**(Dec FOMC)**
Federal Funds Rate (midpoint)	3.926%	Increase	3.875%	Decrease	4.375%
	(Dec '25E)		**(Dec'25E)**		**(Dec '25E)**
2-Year UST Yield (end-of-period)	3.81%	Increase	n/a	n/a	3.66%
10-Year UST Yield (end-of-period)	4.26%	Increase	n/a	n/a	4.23%
30-Year Fixed Mortgage (end-of-period)	6.59%	Increase	n/a	n/a	5.83%

Note: Current survey June 20 – July 10, 2025; flash poll March 20-28, 2025; last survey November 8-22, 2024. Questions and/or ranges may change across surveys.

	Current Survey	Change	Last Survey
Economic Outlook			
Factors having the greatest impact on US economic growth over the next 12-18 months	Tighter regulatory environment, US monetary policy, US realized trade policy	Tighter regulatory environment became a top three factor	US labor market developments, US, trade policy, US monetary policy
Estimate of the long-term potential growth rate of the US economy	1.5% to 2% (66.7% of respondents)	Less optimistic	1.5% to 2% and 2% to 2.5% (50.0% of respondents each)
How concerned are you about household financial stress (1 = least, 10 = most)	3 (37.5% of respondents)	Decrease, less concerned	3 and 4 (33.3% of respondents each)
Has your estimate of the long-term growth rate changed in the last 12 months	No, stayed the same (83.3% of respondents)	Fewer revised estimates	Yes, somewhat higher and no, stayed the same (50.0% of respondents each)
US to enter a recession	30% to 50% (71.4%)	Increased probability	0%-15% (45.5% of respondents)
Top risks to economic forecasts - <u>upside</u>	Trade policy/tariffs, Economy/(No) Recession, Economy / Productivity Gains	Economy/ (no) recession became a top 3 factor	Fiscal policy/deregulation/tax policy+, economy/productivity gains, trade policy/tariffs
Top risks to economic forecasts - <u>downside</u>	Economy/recession, trade policy/tariffs, higher inflation	Economy/recession became a top 3 factor	Trade policy/tariffs, higher inflation, monetary policy/higher rates
Labor Market			
Where do you see the LFPR over the next two years	Remaining below 63.0% on a sustained basis (87.5% of respondents)	Decrease	Between 62.5%-63.0% (50.0% of respondents)
What range of initial jobless claims is consistent with no growth in non-farm payrolls	Between 275K to 300K (57.1% of respondents)	Essentially no change	Between 275K-300K (50.0% of respondents)
What level of the U-3 rate is consistent with a core PCE inflation rate of 2%	4%-4.5% (71.4% of respondents)	No change in range, weaker majority	4%-4.5% (80.0% of respondents)
What rate of increase in the ECI is consistent with a core PCE inflation rate of 2%	3.5%-4% (42.9% of respondents)	Increase	3%-3.5% (50.0% of respondents)

Note: Current survey June 20 – July 10, 2025; flash poll March 20-28, 2025; last survey November 8-22, 2024. Questions and/or ranges may change across surveys. Fiscal Policy/Deregulation/Tax Policy+ includes deregulation, tax cuts, or other stimulative policies.

	Current Survey	Change	Last Survey
Inflation			
Factors most important in your outlook for core inflation	Trade policy, inflation expectations, growth in domestic demand	All factors change	Wage growth, growth in domestic demand, monetary policy
Probabilities of annual changes in the rate of core PCE inflation	Below 1.5% (13.1% of respondents) 1.5% - 2.5% (53.8% of respondents) Over 2.5% (20.6% of respondents)	Flatter bell curve	Below 1.5% (9.8% of respondents) 1.5% - 2.5% (61.7% of respondents) Over 2.5% (28.6% of respondents)
Inflation expectations to become unanchored	No (100% of respondents)	No change	No (100% of respondents)
Factors pushing inflation over 2% on a sustained basis	Stickiness of wage increases, sustained higher fiscal deficits, tariffs/reversal of globalization/reshoring	No change	Reversal of globalization/reshoring, sustained higher fiscal deficits, stickiness of wage increases
Monetary Policy			
Is monetary policy restrictive	Yes (87.5% of respondents)	Increase	Yes (83.3% of respondents)
Fed balance sheet size	At end of runoff: $6.0T to $6.5T (57.1% of respondents)	Decrease	At end of runoff: $6.5T to $7.0T (72.7% of respondents)
Interest Rates			
Factors having the greatest impact on long-term Treasury yields	Inflation/inflationary expectations, the rate of US economic activity, outlook for US monetary policy including pace of quantitative tightening	Inflation/inflationary expectations moved to #1 from #3	The rate of US economic activity, outlook for US monetary policy, inflation/inflationary expectations
Equilibrium yield on the 10-year Treasury note at the end of 2029	4.00% to <5.00% (80% of respondents	Increased consensus	4.00% to <5.00% (58.3% of respondents

Note: Current survey June 20 – July 10, 2025; flash poll March 20-28, 2025; last survey November 8-22, 2024. Questions and/or ranges may change across surveys.

Fiscal Policy			
How concerned are you about the current budget deficit and the amount of debt held by the public (1 = least, 10 = most)	7 (37.5% of respondents)	More concerned	5 (25.0% of respondents)
How concerned are you about the projected budget deficit and the amount of debt held by the public in FY'34 (1 = least, 10 = most)	2, 7, and 8 (25% of respondents each)	Less concerned, less consensus	7 and 9 (25.0% of respondents each)
Best options to reduce budget deficit by spending cuts	Medicare, Social Security, and Medicaid	Entitlement spending remains top of mind, though ranks changed	Social Security, Medicare and Medicaid, non-defense discretionary spending
Best options to reduce budget deficit by revenue increases	Individual income taxes (high earners only), corporate income taxes, individual income taxes (all individuals)	Corporate income taxes replaced payroll taxes	Individual income taxes (high earners only), individual income taxes (all individuals), payroll taxes

Note: Current survey June 20 – July 10, 2025; flash poll March 20-28, 2025; last survey November 8-22, 2024. Questions and/or ranges may change across surveys.

Full Survey Results: Forecast Tables

Economic Indicators: Annual

(%, unless indicated)	2022	2023	2024	2025E	2026E
Real GDP (4Q/4Q)	1.3	3.0	3.0	0.9	1.9
Real Personal Consumption (4Q/4Q)	1.6	3.0	3.0	1.1	1.8
Nonresidential Fixed Investment (4Q/4Q)	8.5	5.0	2.0	2.0	2.9
Residential Fixed Investment (4Q/4Q)	-16.4	3.0	3.0	0.0	1.7
Real Government Spending (4Q/4Q)	0.5	4.0	3.0	0.2	0.9
Non-Farm Payroll Employment (K, avg monthly change)	379.6	216.2	167.7	95.0	84.6
Unemployment Rate (4Q average)	3.6	3.8	4.1	4.4	4.5
Labor Force Participation Rate (4Q average)	62.2	62.7	62.5	62.4	62.4
Average Hourly Earnings (4Q/4Q)	5.0	4.1	4.1	3.4	3.1
Real Disposable Income (4Q/4Q)	-0.8	4.6	2.3	2.0	2.3
Personal Savings Rate (annual average)	3.0	4.7	4.6	4.5	4.5
CPI (4Q/4Q)	7.1	3.2	2.7	3.2	2.5
Core CPI (4Q/4Q)	6.0	4.0	3.3	3.4	2.6
PCE (4Q/4Q)	6.0	2.8	2.5	3.2	2.4
Core PCE (4Q/4Q)	5.2	3.2	2.8	3.1	2.5
Industrial Production Index (annual % change)	3.4	0.2	-0.3	0.4	0.8
Housing Starts (K, annual average)	1,551.5	1,420.6	1,370.6	1,343	1,402
S&P Corelogic Case-Shiller Home Prices (Y/Y)	14.8	2.5	5.1	3.0	0.5
Federal Budget Surplus/(Deficit) ($B, FY)	(1,375.9)	(1,693.7)	(1,832.4)	(1,887.3)	(2,020.0)

Economic Indicators: Quarterly

(%)	1Q25	2Q25E	3Q25E	4Q25E	1Q26E	2Q26E
Real GDP (Q/Q, annualized)	-0.5	1.8	1.2	1.2	1.6	1.6
Real Personal Consumption (Q/Q, annualized)	0.5	1.7	0.9	1.2	1.4	1.6
Nonresidential Fixed Investment (Q/Q, annualized)	10.3	-1.3	-1.3	-0.1	1.6	1.8
Residential Fixed Investment (Q/Q, annualized)	-1.3	0.0	0.6	0.5	1.0	1.9
Unemployment Rate	4.1	4.2	4.2	4.3	4.3	4.3
CPI (Y/Y)	2.7	2.6	2.3	2.2	2.4	2.5
Core CPI (Y/Y)	3.3	2.9	3.4	3.4	3.3	3.2
PCE (Y/Y)	2.5	2.4	3.1	3.1	2.8	2.9
Core PCE (Y/Y)	2.8	2.7	3.0	3.2	3.0	3.0

Fed Funds Target Rate

(%)	Jun'25	Jul'25E	Sep'25E	Oct'25E	Dec'25E	1Q26E	2Q26E	3Q26E	4Q26E	4Q27E
Midpoint	4.375	4.375	4.198	4.144	3.926	3.855	3.625	3.625	3.625	3.375

Note: 2025 is listed and estimated by FOMC meeting date. 2026 is by quarter, and 2027 is only year end.

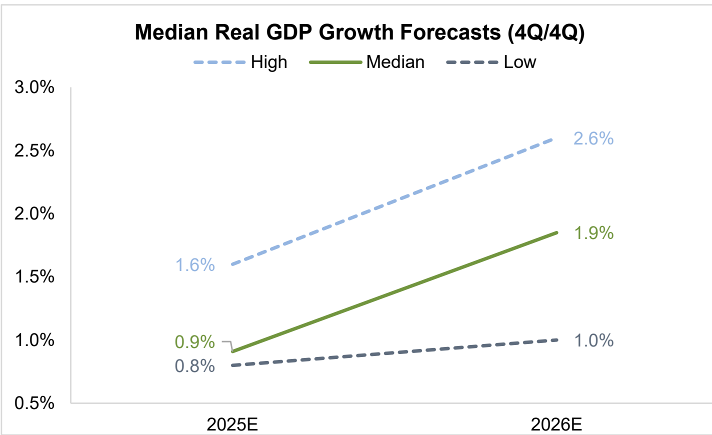
Interest Rates: End-of-Period

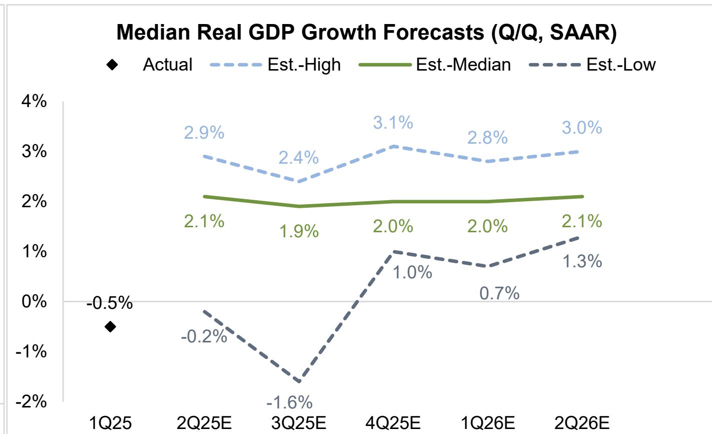
(%, monthly averages)	Mar'25	Jun'25E	Sep'25E	Dec'25E	Mar'26E	Jun'26E	Sep'26E	Dec'26E
2-Year UST Yield	3.97	3.89	3.84	3.81	3.77	3.74	3.67	3.61
10-Year UST Yield	4.28	4.36	4.40	4.26	4.19	4.23	4.28	4.29
30-Year Fixed Mortgage Rate	6.65	6.82	6.71	6.59	6.49	6.44	6.36	6.34

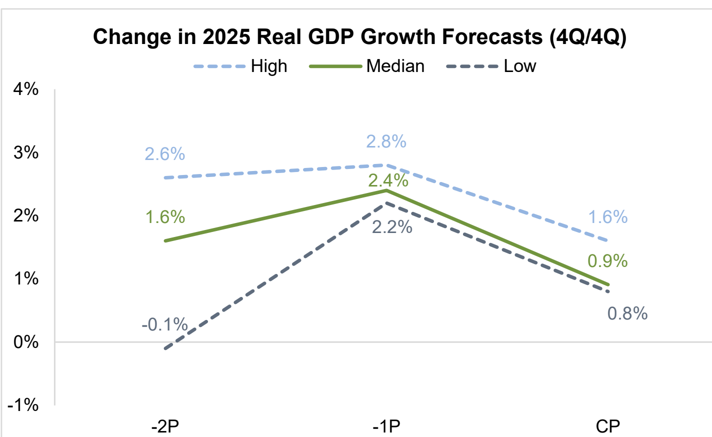
Full Survey Results: Charts[2]

US Economic Outlook

Real GDP Growth Estimates







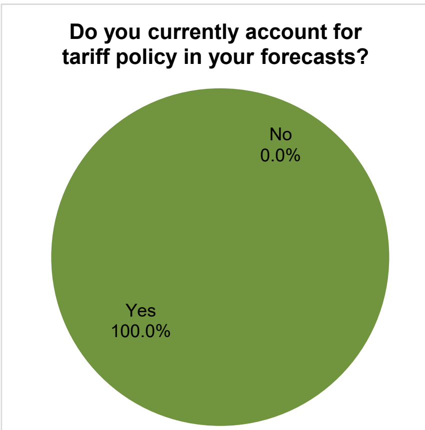
Source: Bureau of Economic Analysis (BEA), SIFMA Economist Roundtable
Note: SAAR = seasonally adjusted annual rate. CP (2H25) = current period's forecast; -1P to -2P = # periods' forecasts prior to CP, periods are semiannual.

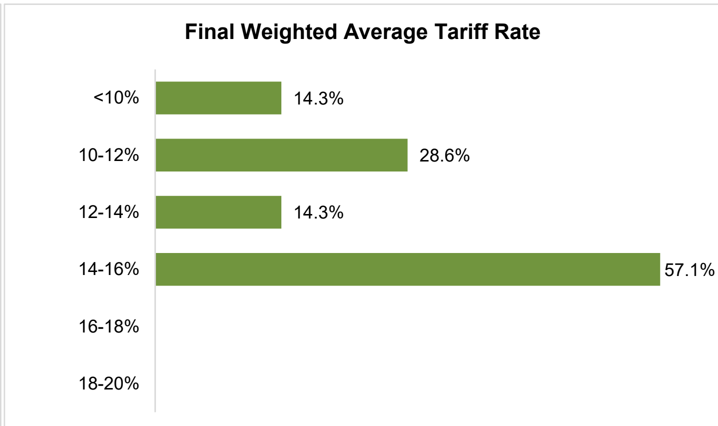
[2] Source: All charts include responses from the SIFMA Economist Roundtable and estimates from SIFMA, all other sources noted as is.

Survey Questions

Q. Do you currently account for tariff policy in your forecasts?

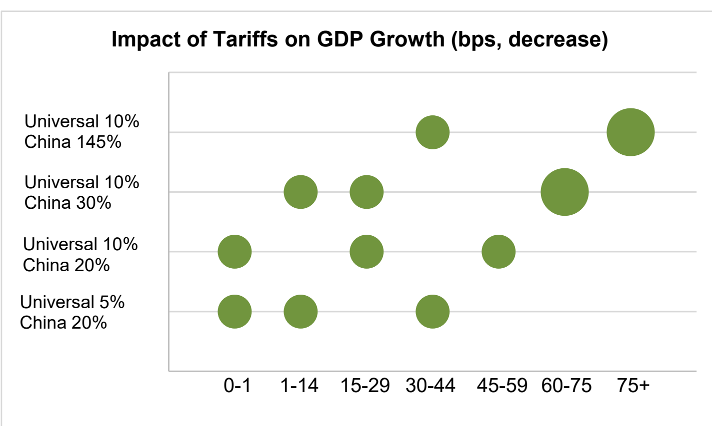
Q. If you answered yes, what is your forecast for the final state of tariffs, i.e. the average overall tariff rate? (please list)

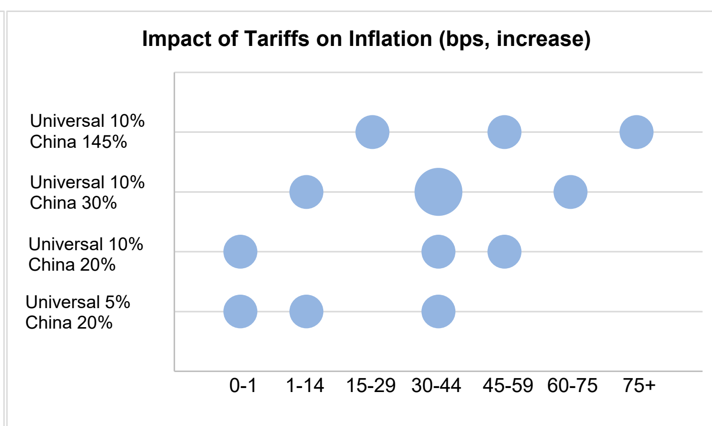




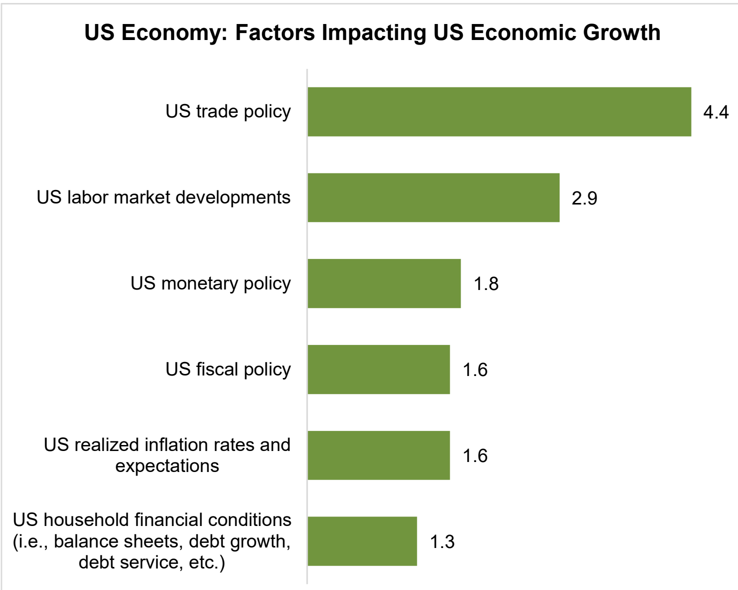
Q. Please indicate your estimates of the impact on GDP growth and inflation for the various scenarios on the final state of tariffs.

End Tariff Rate		GDP Impact (bps, decrease)			Inflation Impact (bps, increase)		
Universal	China	Minimum	Average	Maximum	Minimum	Average	Maximum
10%	145%	40	75	80	25	50	80
10%	30%	10	40	60	5	35	60
10%	20%	0	20	45	0	30	45
5%	20%	0	10	30	0	10	30



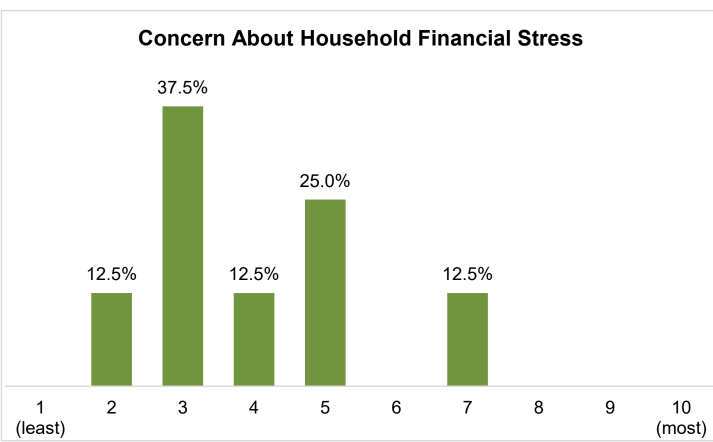


Q. What five factors will have the greatest impact on US economic growth over the next 12-18 months? Please select and rank order your top 5 factors with "5" having the greatest effect and "1" having the smallest effect (among the five factors you chose).



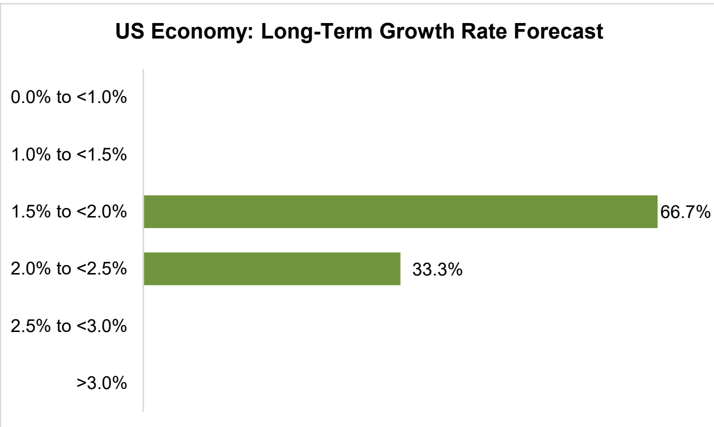
Note: Factors receiving a score of 1 or less were removed from the chart. These included US business financial conditions, lighter regulatory environment, supply chain developments, US credit market conditions, foreign economic and financial developments, a tighter regulatory environment, commodity prices, changes in the value of the US dollar, and supply chain developments.

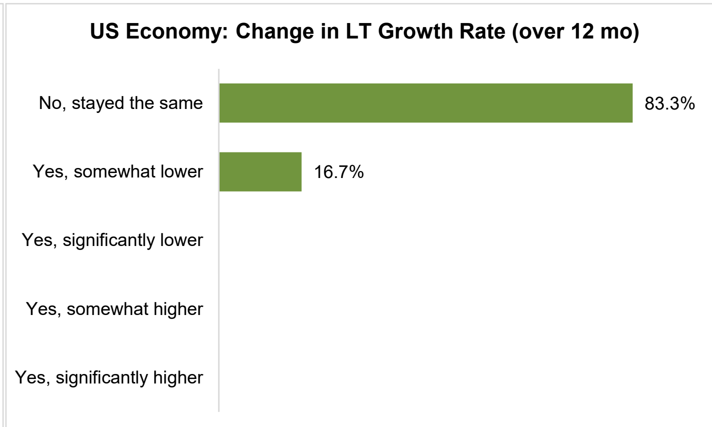
Q. On a scale of "1" (least) to "10" (most), how concerned are you about household financial stress and its implications for the US economic outlook?



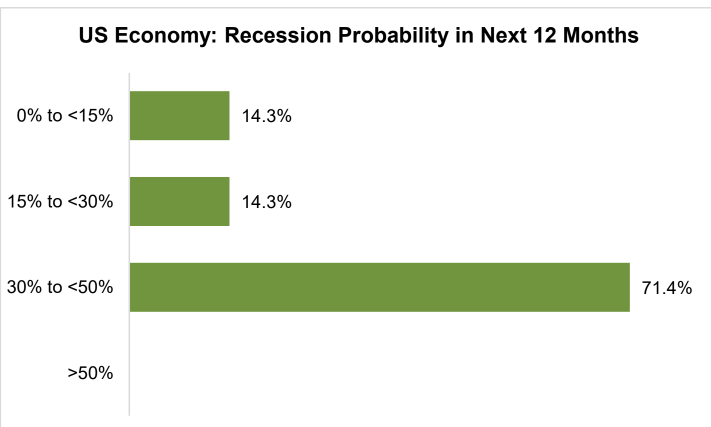
Q. What is your estimate of the potential growth rate of the US economy in the "long run" (5 to 10 years from now)?

Q. Has your estimate of the long-term potential growth rate of the US economy changed over the last 12 months?

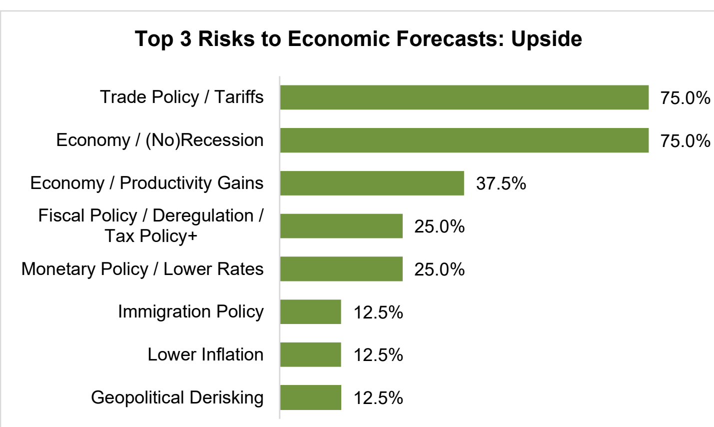


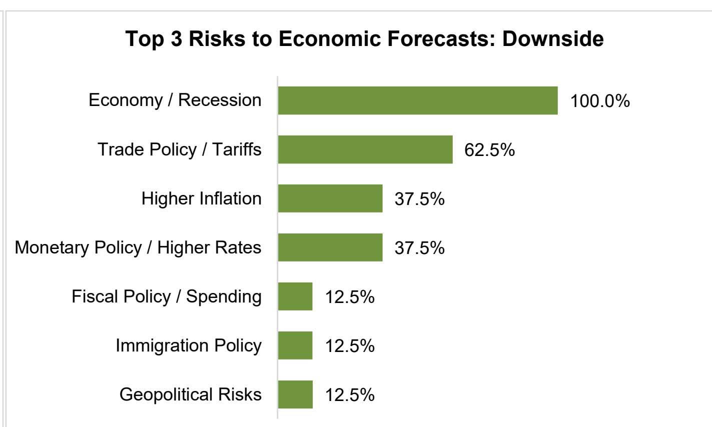


Q. What is the probability of a US recession in the next 12 months?



Q. Please list your top three upside/downside risks to your economic forecasts.

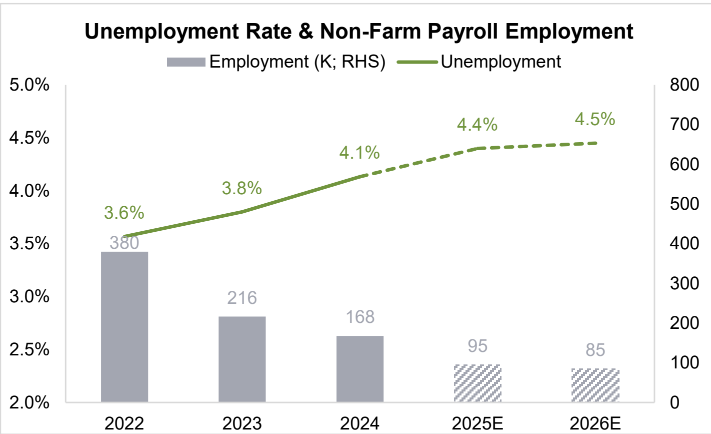


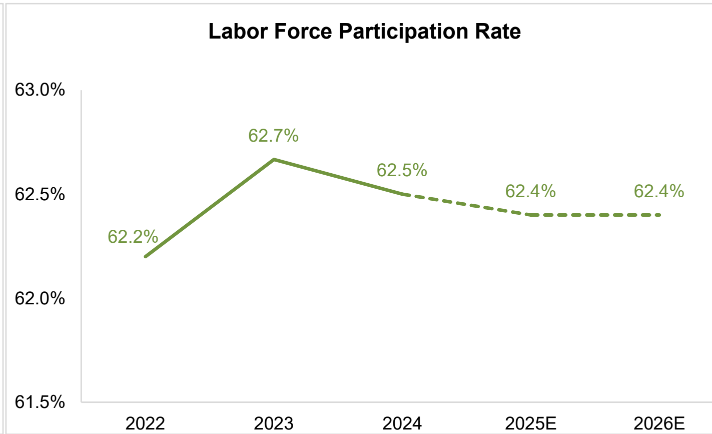


Note: Fiscal Policy/Deregulation/Tax Policy+ includes deregulation, tax cuts, or other stimulative policies..

Labor Market

Labor Market Estimates

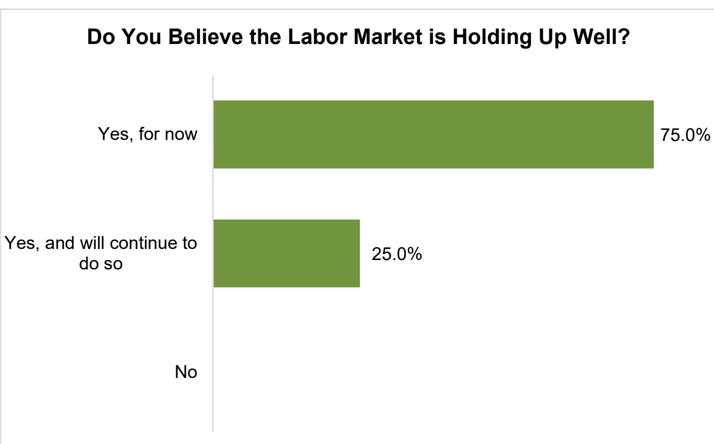




Source: Bureau of Labor Statistics (BLS), SIFMA Economist Roundtable
Note: Average monthly change for non-farm payroll employment, 4Q average for unemployment rate

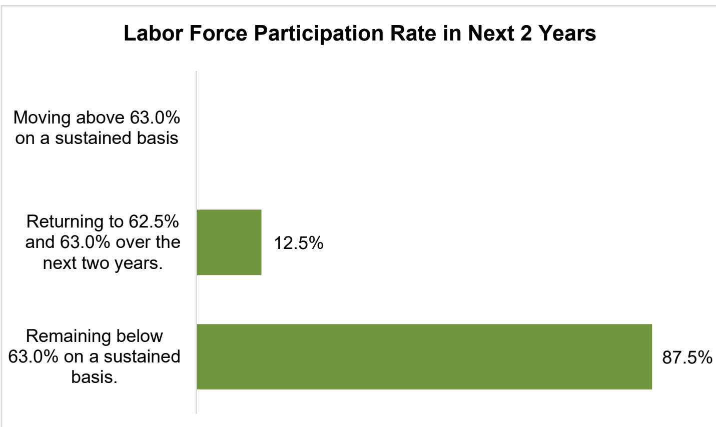
Survey Questions

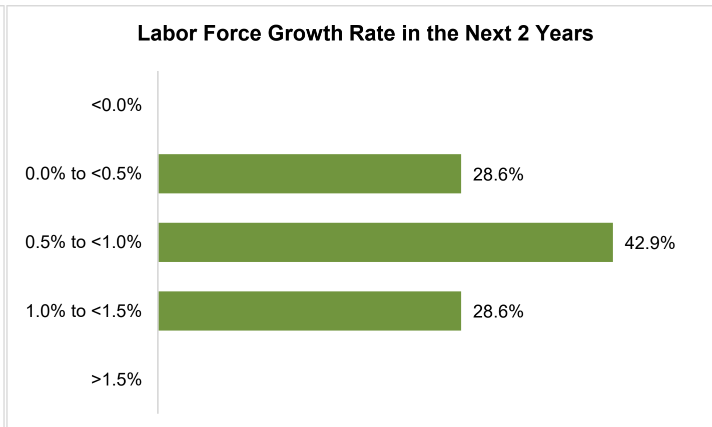
Q. Overall – and despite assumptions around the impact of deportations/immigration policy – do you believe the labor market is holding up well, i.e. healthy?



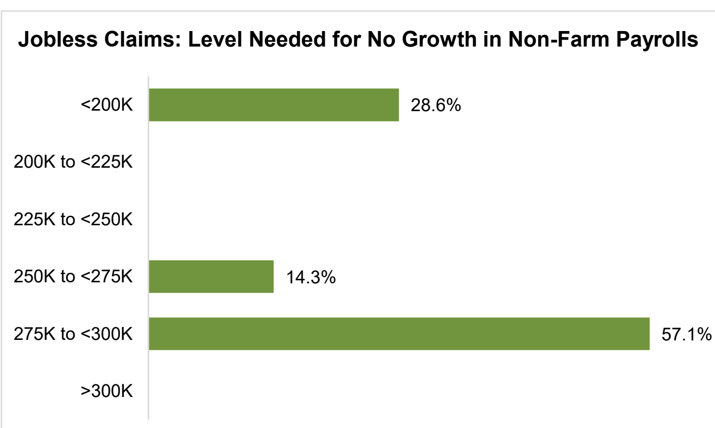
Q. The labor force participation rate (LFPR) stood at 62.4% in May 2025, ticking down after being rangebound between 62.5% and 63.0% since early 2023. Where do you see the LFPR over the next two years?

Q. The U.S. labor force grew roughly 1.5% in both 2022 and 2023, dropping to 0.7% in 2024 (the average per annum growth rate between 2010 and 2019). As of May 2025, growth is averaging 1.2%. What average annual rate of labor force growth do you expect in 2025 and 2026?



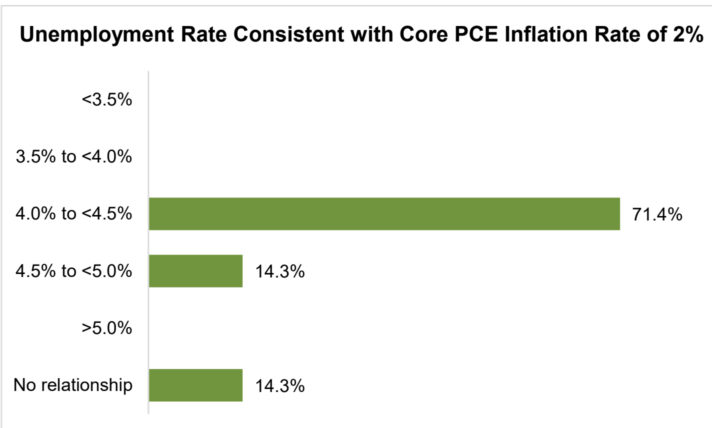


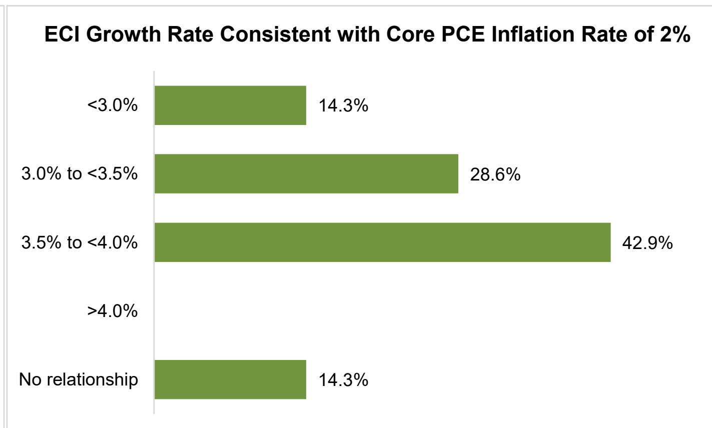
Q. What range in the 4-week moving average of initial jobless claims is consistent with no growth in non-farm payrolls? (241.5K as of June 28)



Q. The U-3 unemployment rate is currently 4.2%. What level of the U-3 rate is consistent with a core PCE inflation rate of 2%?

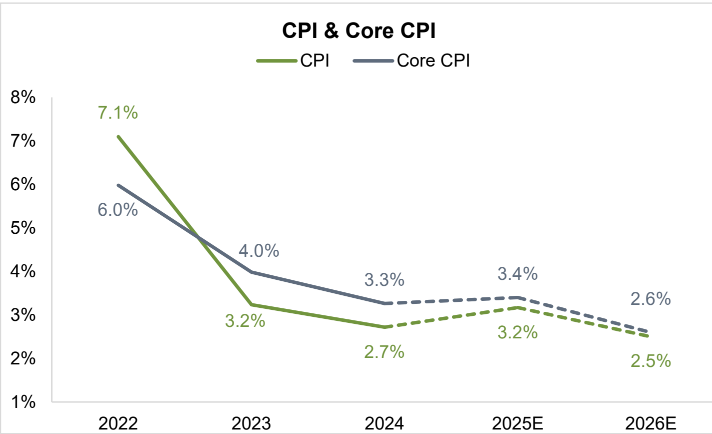
Q. The Employment Cost Index (ECI) for civilian workers was up 3.6% on a year-ago basis in 1Q2025. What rate of increase in the ECI is consistent with a core PCE inflation rate of 2%?

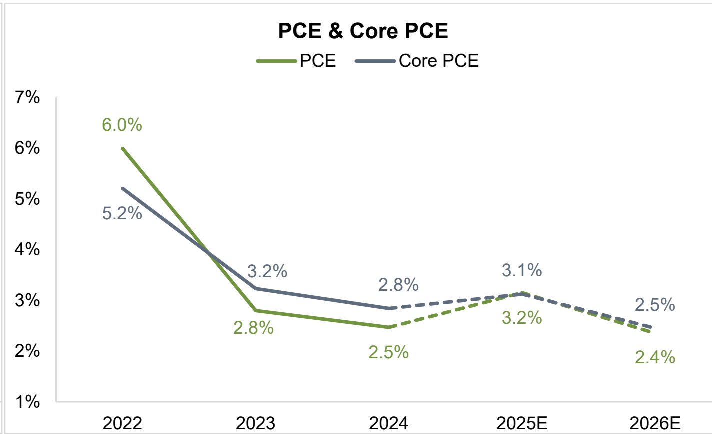




Inflation & Monetary Policy

Inflation Estimates

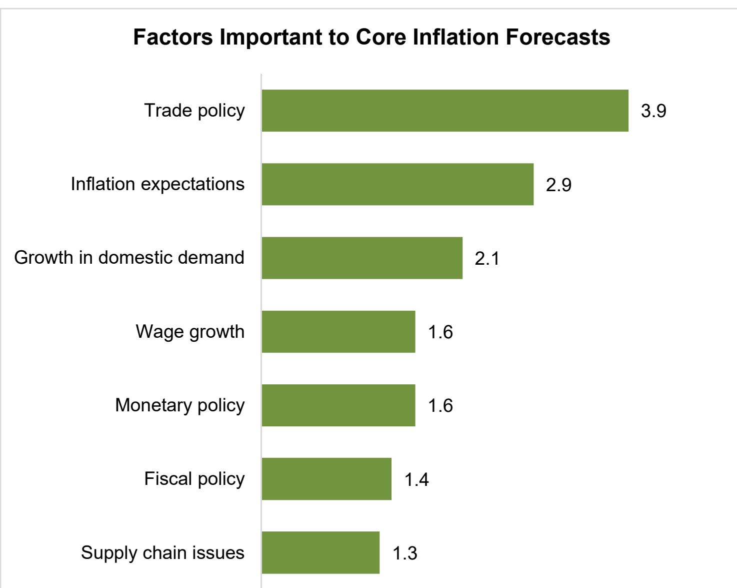




Source: Bureau of Economic Analysis (BEA), SIFMA Economist Roundtable

Survey Questions

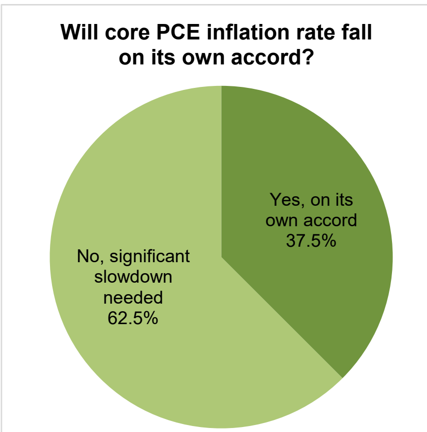
Q. What are the five most important factors in your outlook for core inflation?

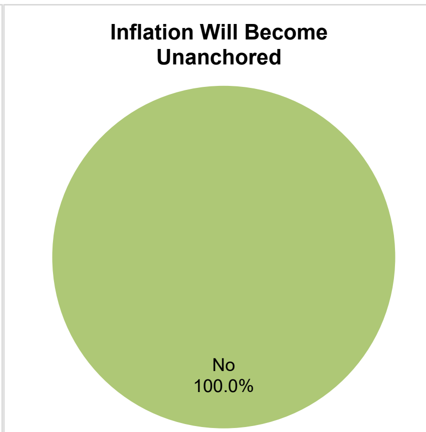


Note: Factors receiving a score of 1 or less were removed from the chart. These included: Changes in the value of the US dollar and global economic conditions.

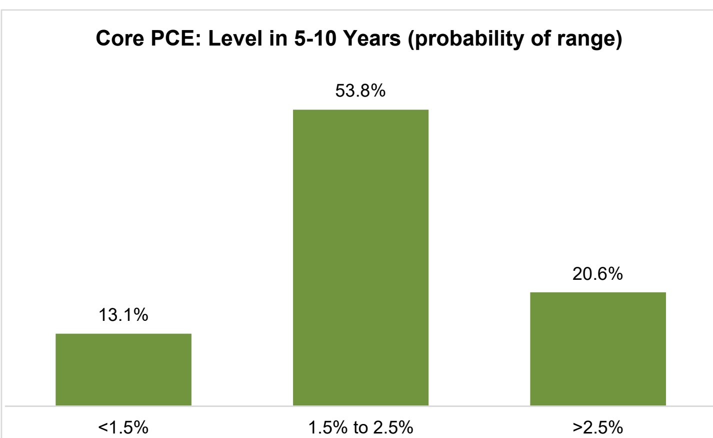
Q. The year-over-year rate of core PCE inflation has yet to return to 2%. That said, it moved down to 2.5% in April. Based on current economic conditions and fiscal policies, will core PCE inflation rate fall to 2% on a sustained basis by the end of 2026 on its own accord, or will a significant economic slowdown be needed to bring inflation down to 2%?

Q. Do you believe inflation expectations will become unanchored in the foreseeable future?

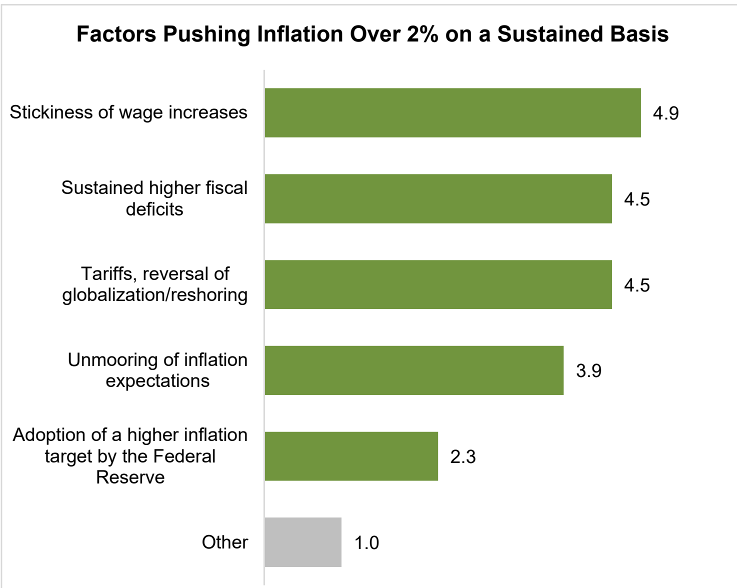




Q. Thinking ahead five to ten years from now, what probabilities would you place on the following average annual changes in the rate of core PCE inflation?



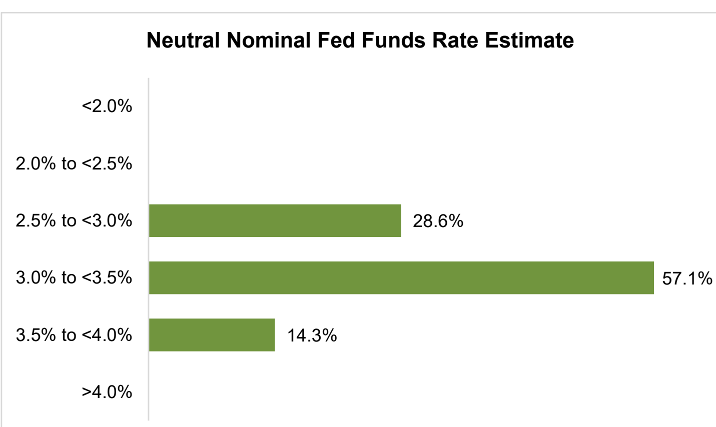
Q. If inflation were to exceed 2% on a sustained basis in coming years, what factors do you believe could cause it to do so? Please rank order your choices from those listed below.

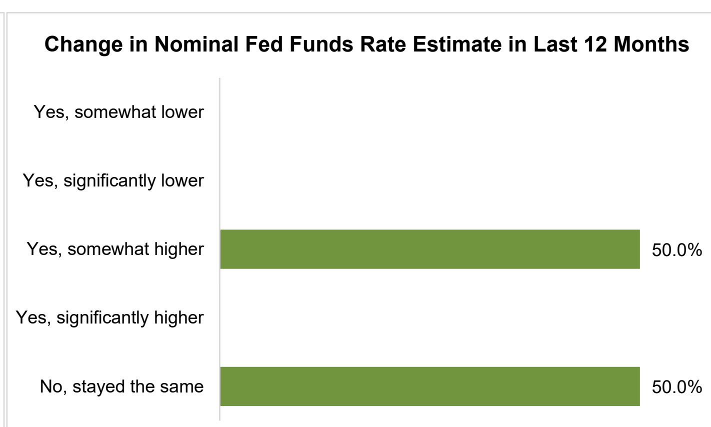


Note: Other = reversal in productivity growth.

Q. Assuming the Fed is successful in the near term in returning inflation to 2% on a sustained basis, what is your estimate of the neutral nominal fed funds rate?

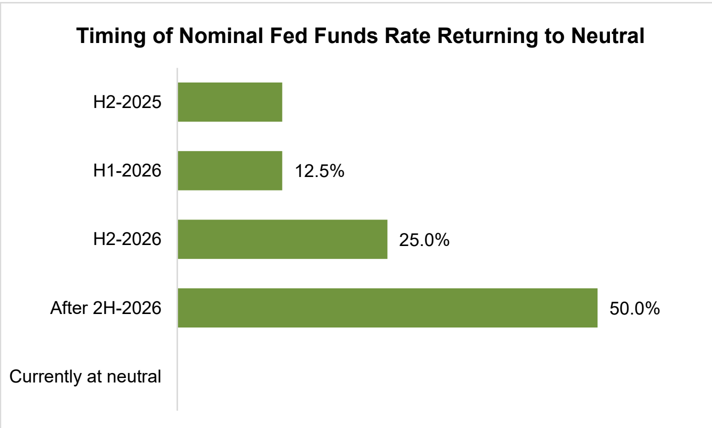
Q. Has your estimate of the neutral nominal fed funds rate changed over the last twelve months?

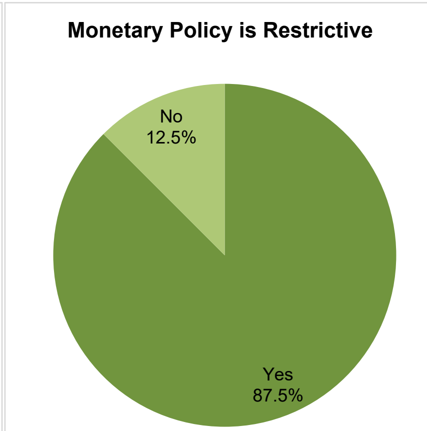




Q. When will the nominal fed funds rate return to neutral?

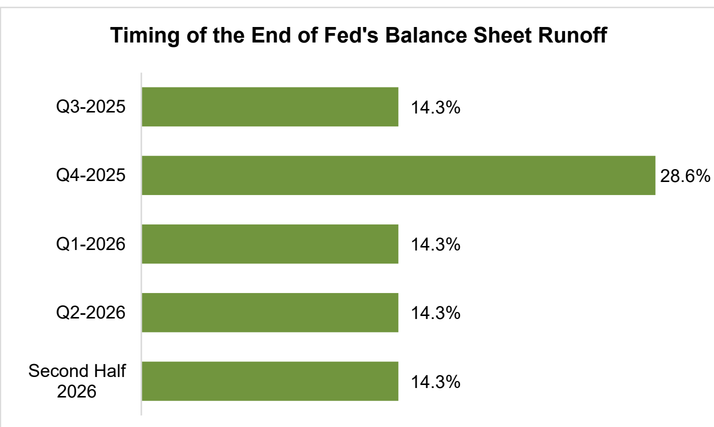
Q. Do you believe the stance of monetary policy today is “restrictive”?

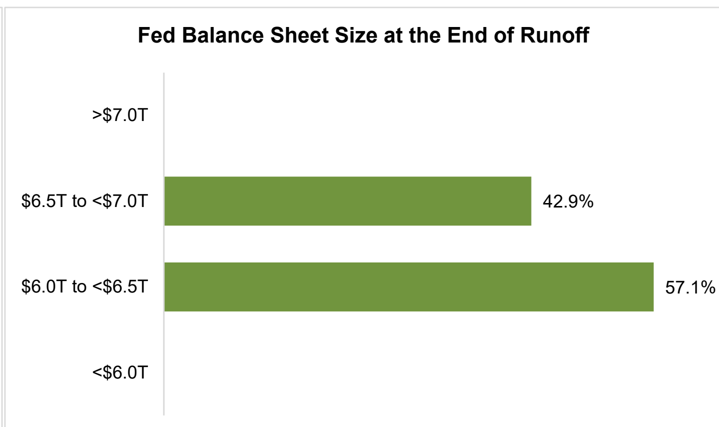




Q. The Fed’s balance sheet has shrunk by roughly $2 trillion over the past two years. When do you believe balance sheet runoff will end?

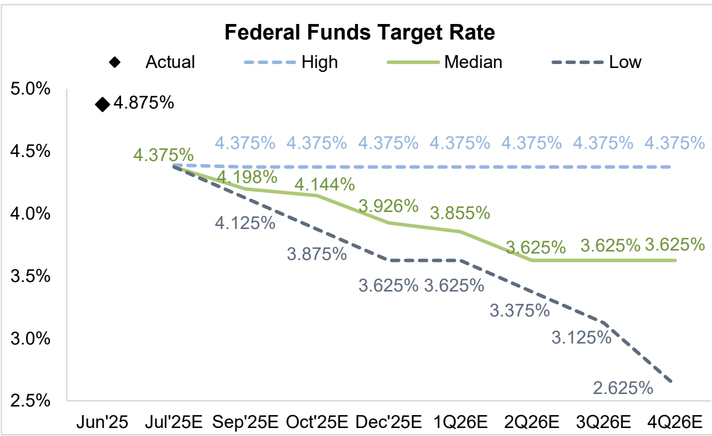
Q. The Fed’s balance sheet totals about $6.7 trillion at present. What will its size be when balance sheet runoff comes to an end?

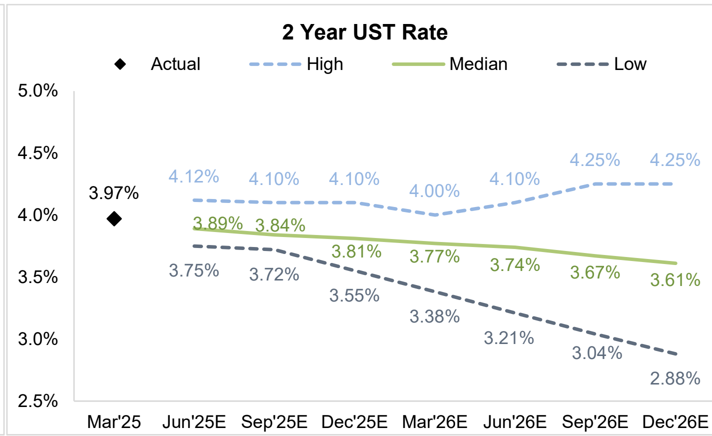


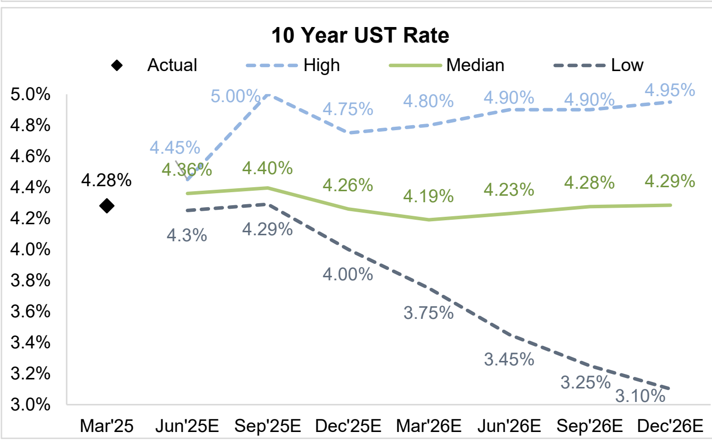


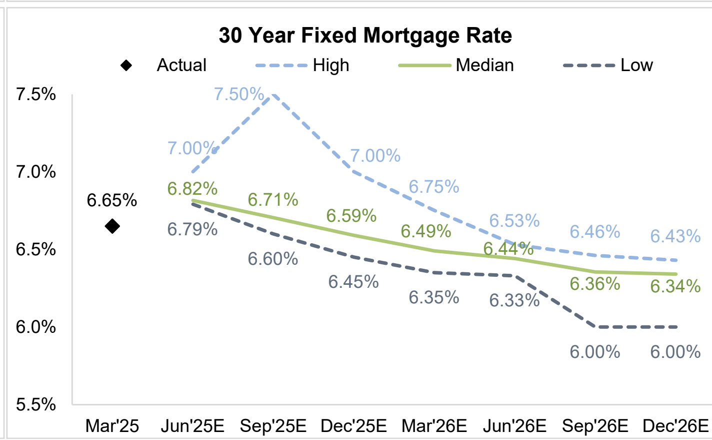
Rates Markets

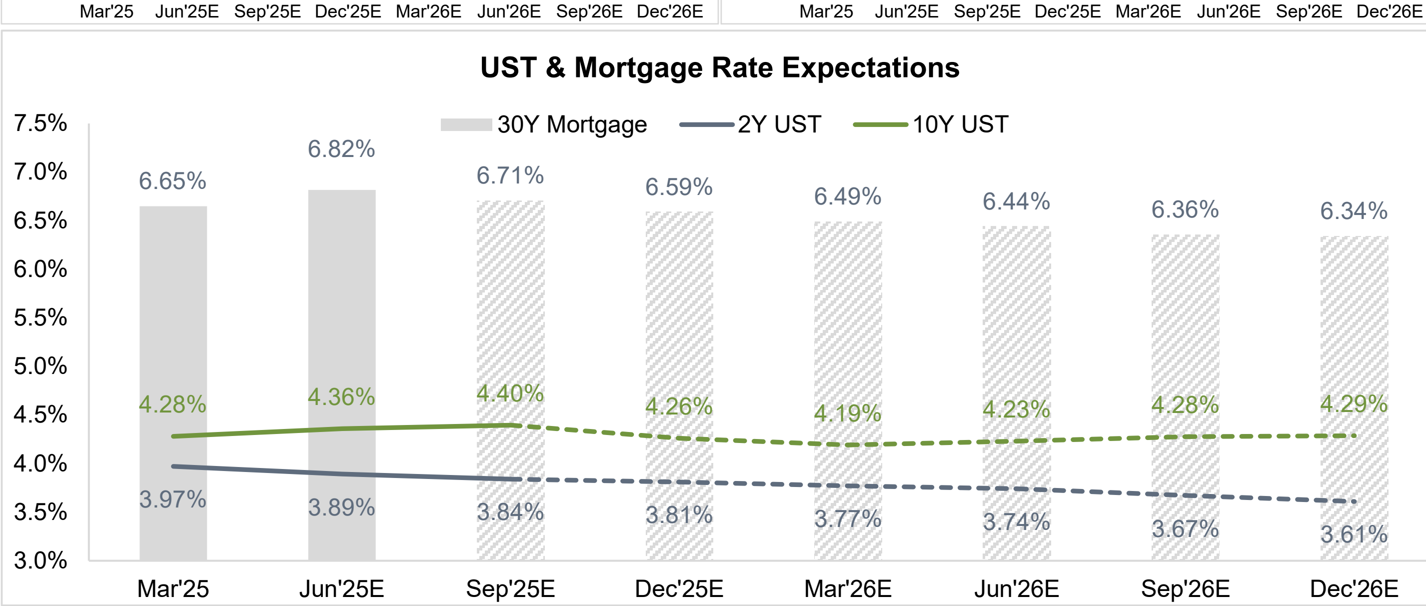
Rate Estimates







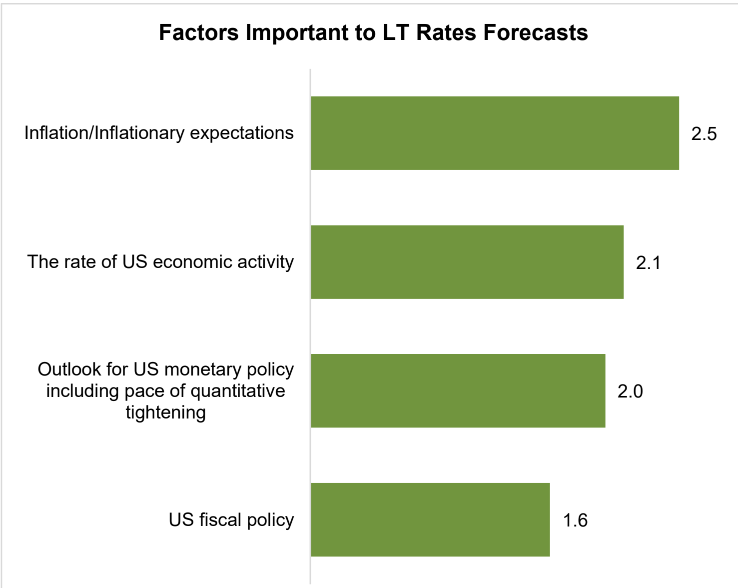




Source: Bloomberg, SIFMA Economist Roundtable

Survey Questions

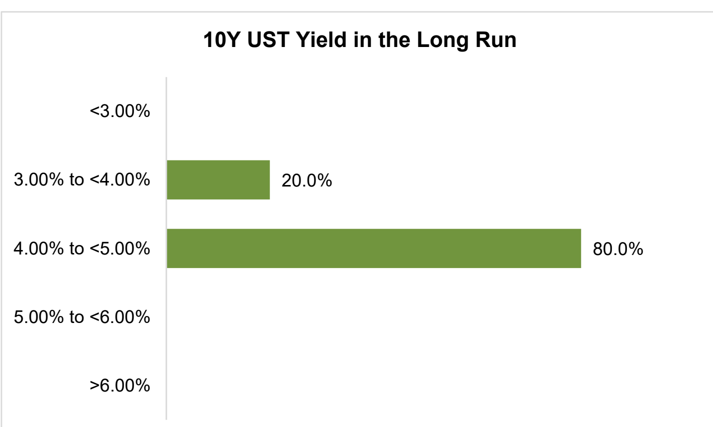
Q. The yield on the 10-year Treasury note is just under 4.5% at present. What are the five most important factors in your outlook for this yield through the end of 2025?

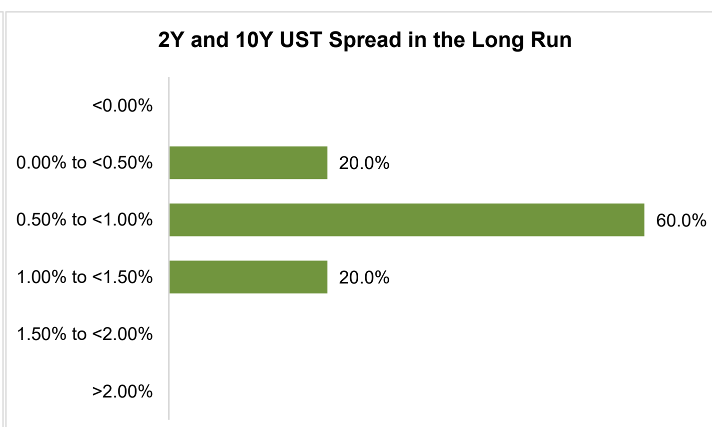


Note: Factors receiving a score of 1 or less were removed from the chart. These included: Geopolitical risks, including risk aversion/flight to quality, monetary and economic developments in foreign economies, and the exchange value of the US dollar.

Q. Thinking well into the future and knowing what you know now, what do you expect the “equilibrium” yield on the 10-year Treasury note to be at the end of 2029?

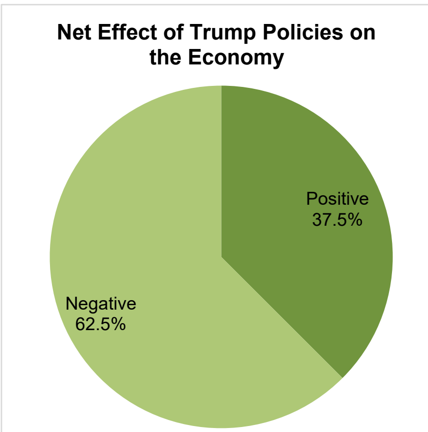
Q. Thinking well into the future and knowing what you know now, what do you expect the spread between the 2-year note and the 10-year note to be at the end of 2029?



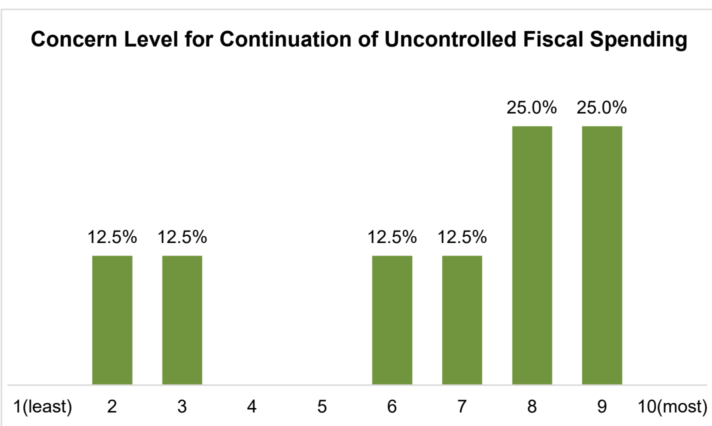


Fiscal Policy

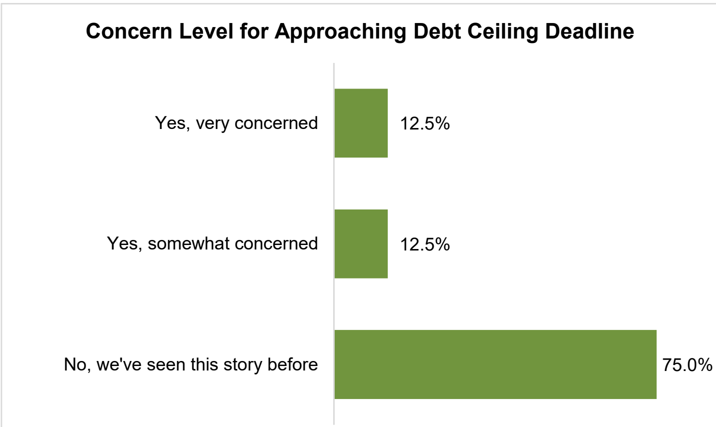
Q. There are many moving pieces from the Trump administration, with various factors rolling through to the economy at different times. What do you believe will be the net effect of policies on the economy?



Q. As it stood at the writing of the survey questions, the Big Beautiful Bill passed the House and was being debated by the Senate. The CBO estimates that the Bill could increase the federal deficit by $2.4 trillion over the next decade – or up to $3 trillion when factoring in interest expense – while other estimates have the increase closer to $5 trillion, depending on whether temporary provisions are extended. On a scale of “1” (least) to “10” (most), how concerned are you about the continuation of uncontrolled fiscal spending?

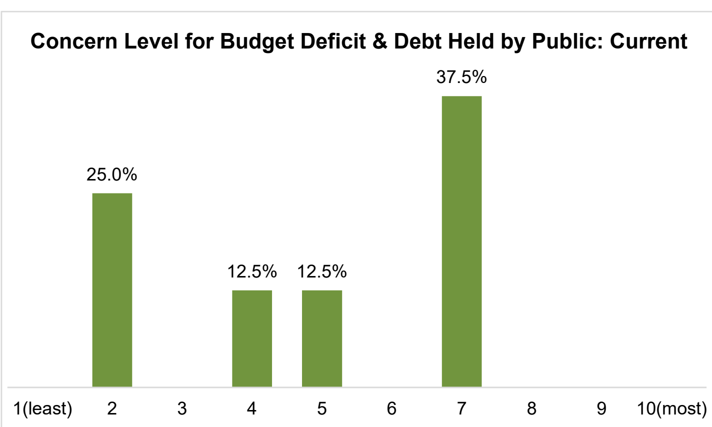


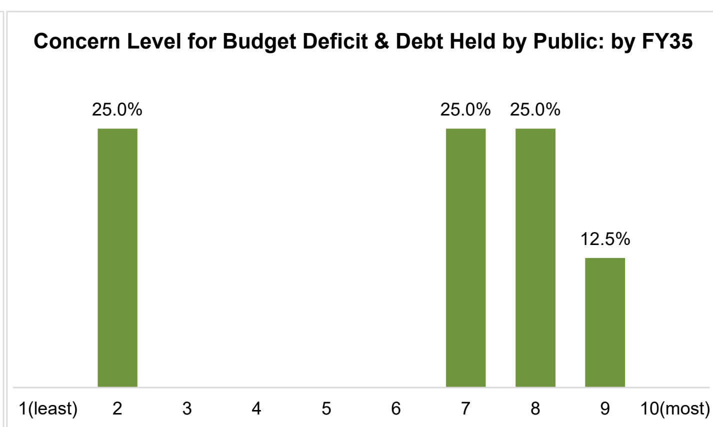
Q. Are you concerned about the approaching end of summer/fall debt ceiling deadline (current extraordinary measures expected to be exhausted by August or September)?



Q. The budget deficit of the federal government totaled $1.8 trillion in the fiscal year that ended on September 30, 2024. The amount of publicly held debt currently stands at $28.9 trillion (96.5% of GDP). On a scale of “1” (least) to “10” (most), how concerned are you about the current budget deficit and the amount of debt held by the public?

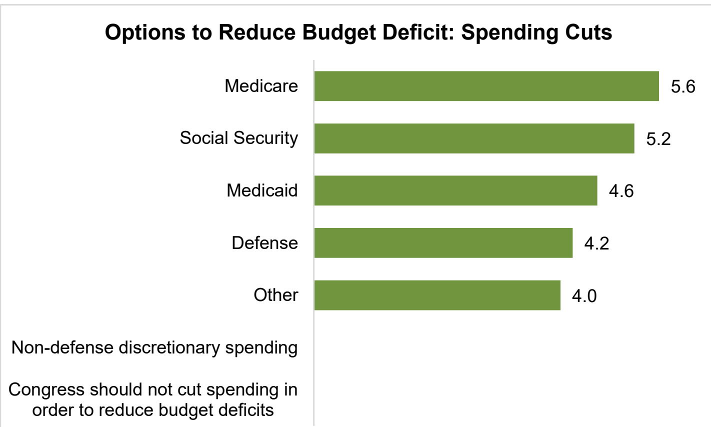
Q. CBO projected in June 2024 that *under current legislation* the budget deficit of federal government in FY 2034 would total about $2.8 trillion with debt held by the public totaling $50.7 trillion (122% of GDP). On a scale of “1” (least) to “10” (most), how concerned are you about the projected budget deficit and the amount of debt held by the public in FY 2034?

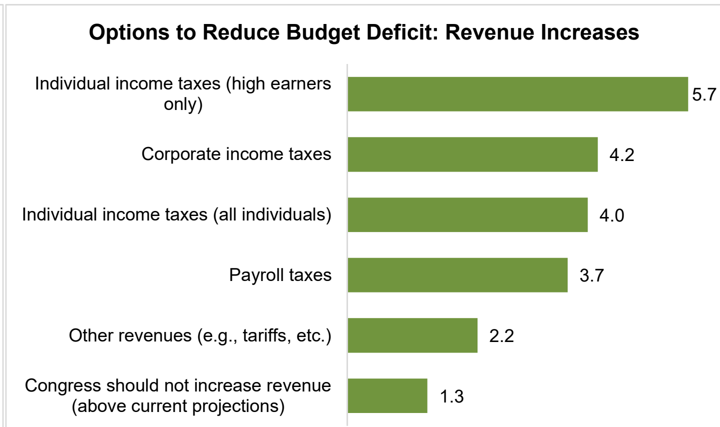




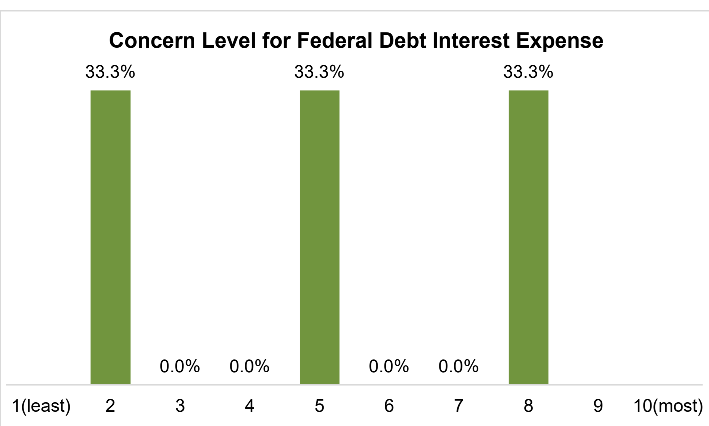
Q. If Congress wants to reduce the size of budget deficits, rank order the spending programs on which lawmakers should focus budget cuts if they want to reduce growth of federal spending with “5” the most important. Please rank order your choices from those listed below.

Q. If Congress wants to reduce the size of budget deficits, rank order the revenue programs on which lawmakers should focus revenue increases (above current projections) if they want to reduce the growth of federal spending with “6” the most important. Please rank order your choices from those listed below.



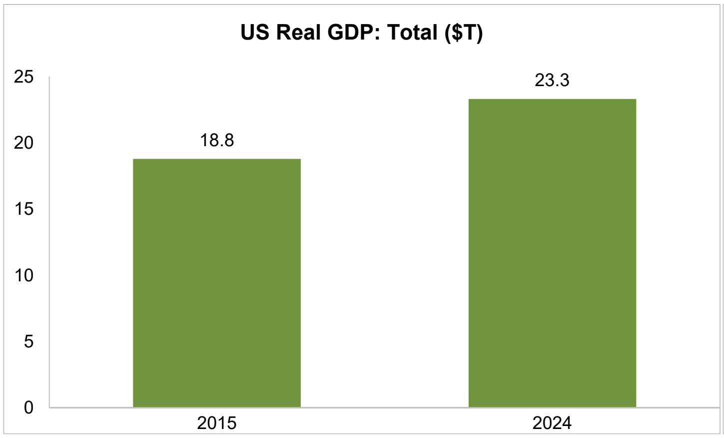


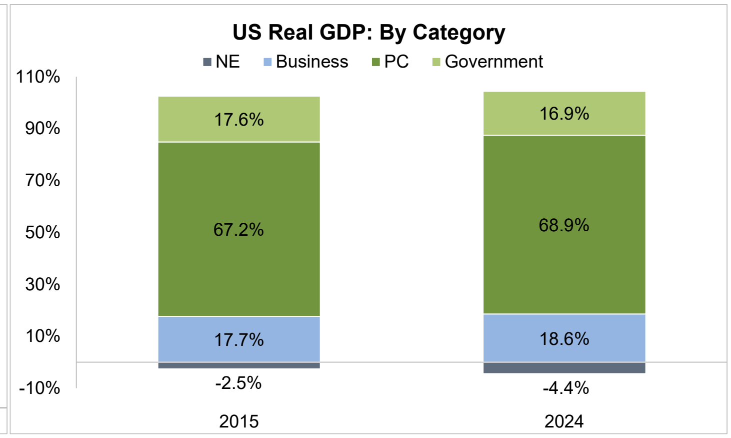
Q. At the end of 2023, interest expense on federal debt crossed the $1 trillion mark ($1.1 trillion as of 1Q25). CBO projections put this level at $1.8 trillion per annum by 2035. On a scale of “1” (least) to “10” (most), how concerned are you about the level of interest expense?

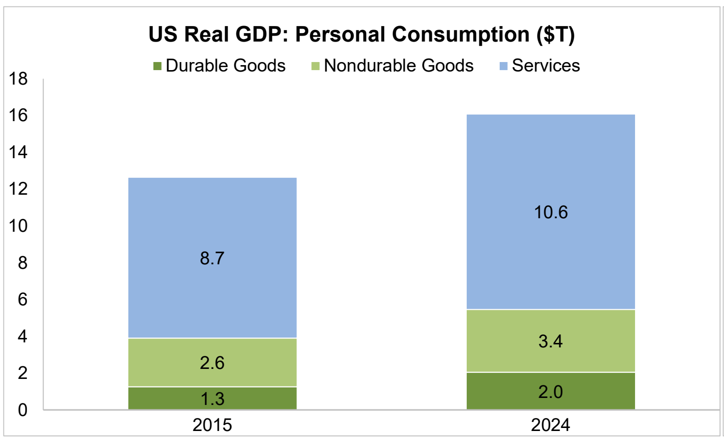


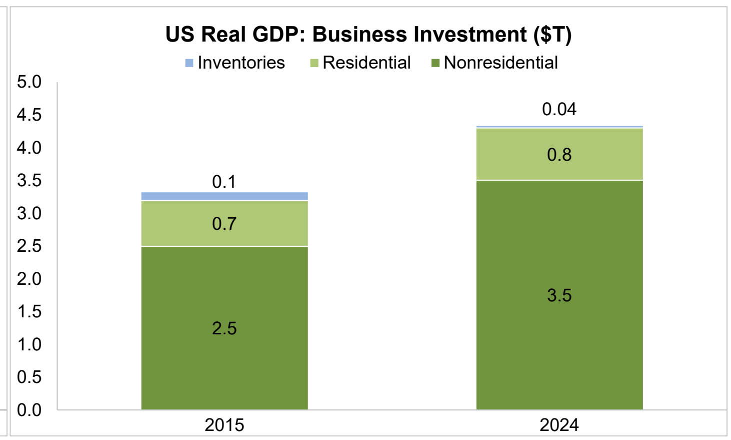
Reference Guide: Economic Landscape

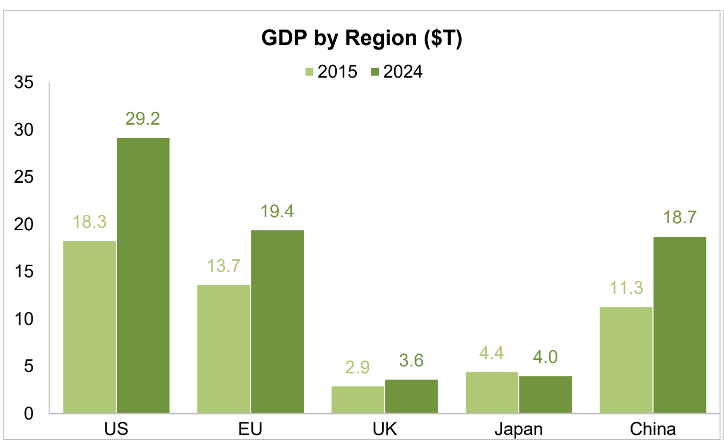
Real GDP Breakout

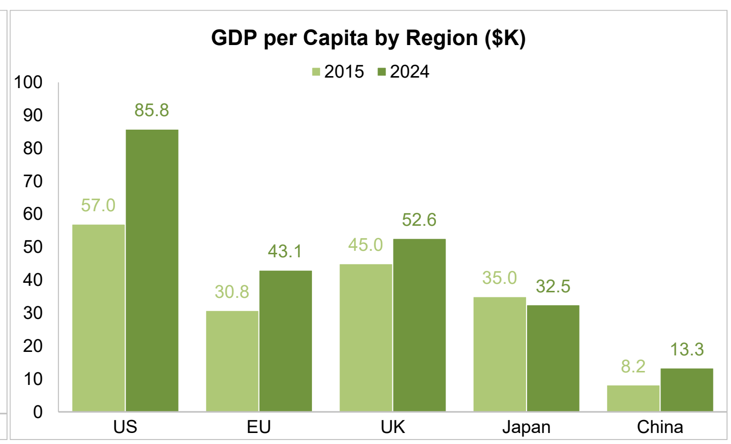






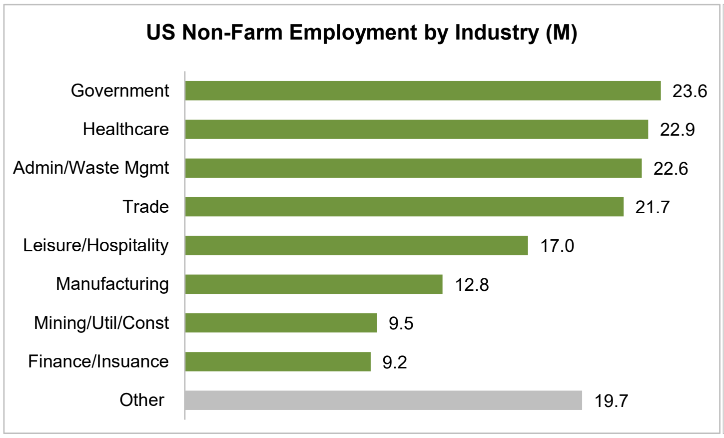


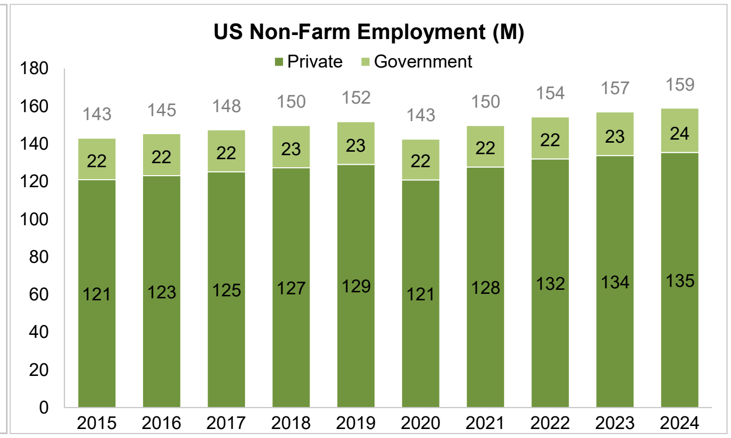


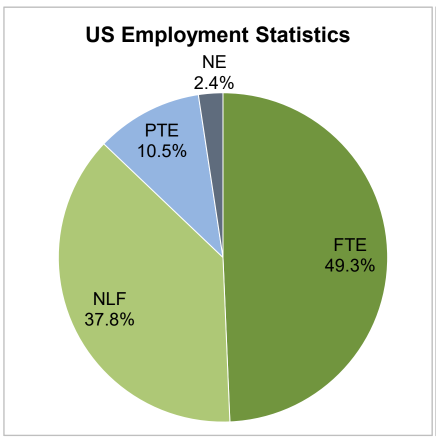


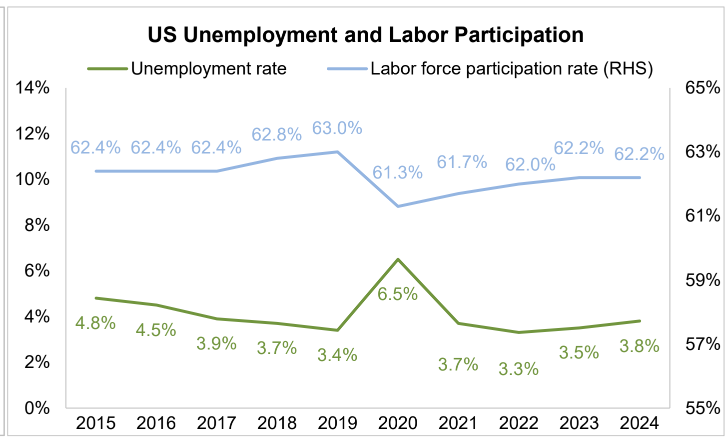
Source: Bureau of Economic Analysis (BEA), International Monetary Fund (IMF), SIFMA estimates

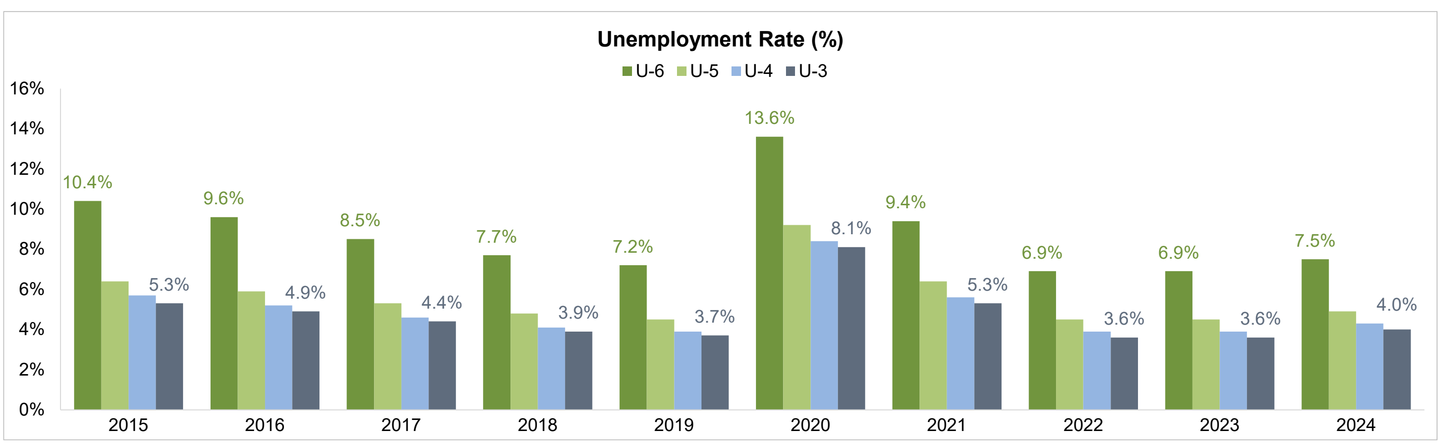
Employment Breakout





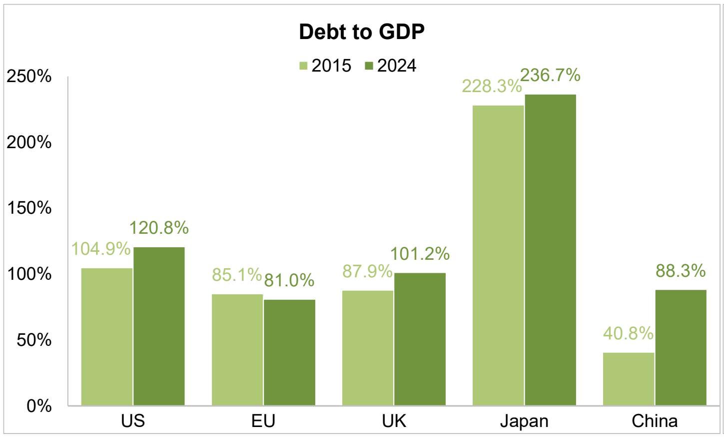


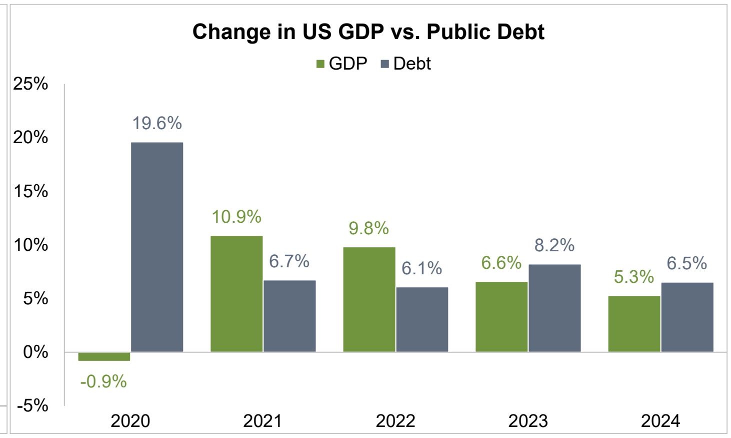


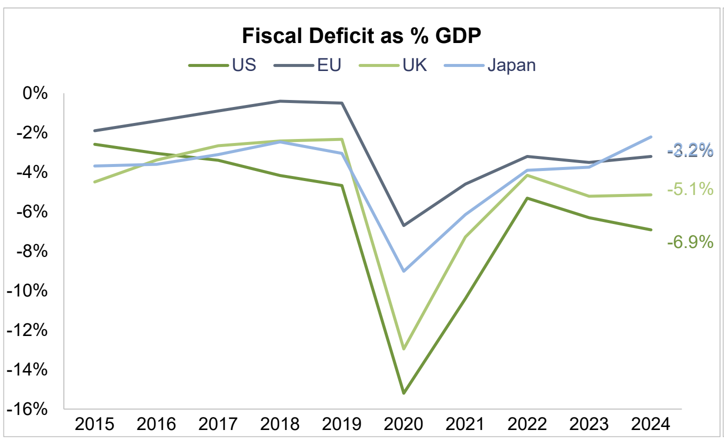


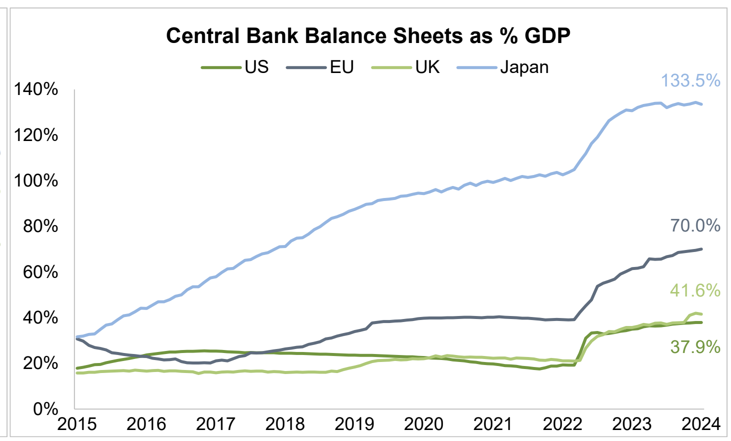
Source: US Bureau of Labor Statistics (BLS), SIFMA estimates
Note: US non-farm employment by industry as of 2024. Other = transportation and warehousing, information, educational services and other services.

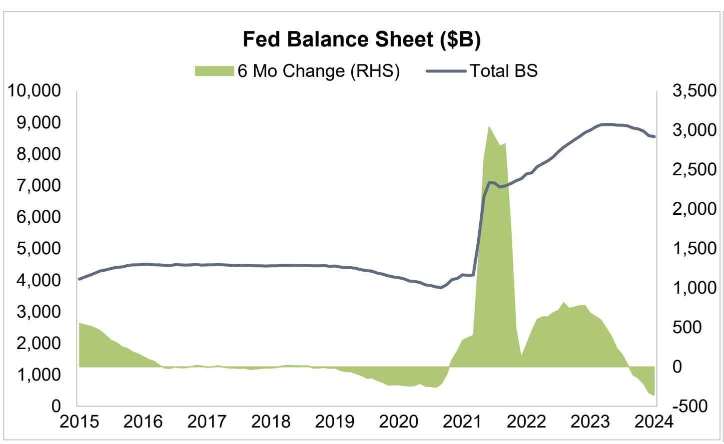
Federal Debt and Central Bank Balance Sheets

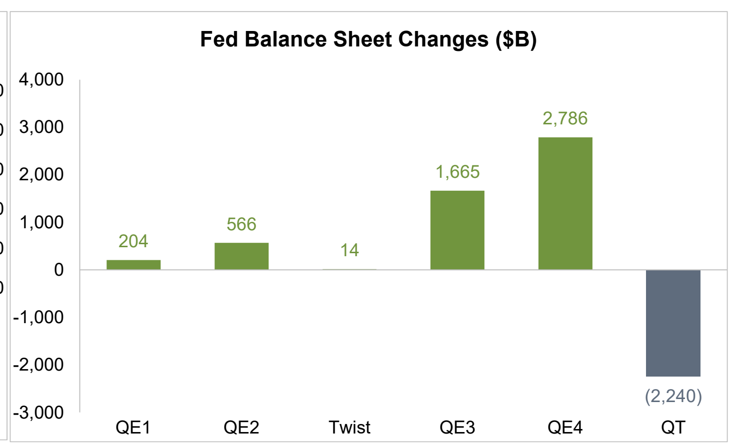












Source: Bloomberg, Bureau of Economic Analysis (BEA), Eurostat, The Federal Reserve, SIFMA estimates
Note: QE1 = 11/26/2008-3/31/2010; QE2 = 11/3/2010-6/29/2011; Twist = 9/21/2011-6/20/2012; QE3 = 9/12/2012-10/29/2014; QE4 = 3/11/2020-5/27/2020; and QT = 6/1/2022-ongoing (as of 6/30/2025).

Appendix: Terms to Know

- **Statistical analysis**
  - M/M – month-over-month change
  - Q/Q – quarter-over-quarter change
  - Y/Y – year-over-year change
  - Bps – basis points
  - Pps – percentage points

- **Gross Domestic Product (GDP)**: A comprehensive measure of US economic activity, indicating the value of the final goods and services produced without double counting the intermediate goods and services used up to produce them. GDP data are seasonally adjusted to remove the effects of yearly patterns – winter weather, holidays, or factory production schedules – to reflect true patterns in economic activity. The Bureau of Economic Analysis (BEA) releases new statistics every month, as it estimates GDP three times:
  - Advance estimate – This comes out around one month after the quarter's end, an early look based on the best information available at that time
  - Second estimate – Incorporates additional source data that were not available the month before, improving accuracy
  - Third estimate – Incorporates even more source data that were not available the month before, considered the most accurate estimate

- **Federal Funds Rate (Fed Funds)**: The interest rate at which banks and other depository institutions lend money to each other, typically on an overnight basis. An important monetary policy tool is the Fed's open market operations, consisting of buying and selling US Treasury securities on the open market, with the aim of aligning the actual Fed Funds rate with the Federal Open Market Committee's (FOMC) target rate.

- **Unemployment**: The unemployment rate represents the number of unemployed people as a percentage of the labor force, which is the sum of the employed and unemployed: (Unemployed ÷ Labor Force) x 100. According to the Bureau of Labor Statistics Current Population Survey, people are classified as not in the labor force if: (a) they were not employed during the survey reference week; and (b) they had not actively looked for work (or been on temporary layoff) in the last 4 weeks. People not in the labor force are those who do not meet the criteria to be classified as either employed or unemployed as defined above and can be classified into several subgroups: (a) people who want a job now; (b) people marginally attached to the labor force (not in the labor force but currently want a job); and (c) discouraged workers (not actively searched for work in the last four weeks).

- **Inflation**: It is reflected quantitatively by an increase in the average price level of a basket of selected goods and services in an economy and represents the rate of decline of purchasing power of a given currency over some period of time. There are multiple components that go into the inflation equation. Pressure points can be bucketed as: supply side, demand side, and the labor component.
  - Consumer Price Index (CPI) – headline inflation; measures the change in direct expenditures for all urban households for a defined basket of goods and services (three largest components are housing, transportation, and food/beverages)
  - Personal Consumption Expenditures (PCE) – the metric the Fed monitors for monetary policy – measures the change in the prices of goods and services consumed by all households and nonprofit institutions serving households
  - Core CPI or PCE – makes adjustments to remove the source of the noise in the price data, i.e. food and energy, to get a measure of the underlying component of inflation
  - Differences between CPI and PCE include (among others): Basket composition – CPI based on household purchases (includes imports) versus PCE based on what businesses are selling (includes capital goods); calculation methodologies – expenditure weights assigned to categories of basket items (housing a main difference); accounting for basket changes (PCE allows substitution, CPI is always the same basket); CPI covers only out-of-pocket expenditures, PCE includes expenses paid by employers and federal programs; seasonal adjustment differences; PCE includes rural and urban consumers, CPI only urban; PCE includes expenditures from non-profit institutions serving households, CPI households only

Appendix: The SIFMA Economist Roundtable

About the Group

The SIFMA Economist Roundtable brings together chief US economists from around 20 global and regional financial institutions. SIFMA Research undergoes a semiannual US Economic Survey with this group after the June and November Federal Open Market Committee (FOMC) meetings. In those reports, we review the Economist Roundtable's forecasts for: GDP and factors impacting economic growth, unemployment and other labor market components, inflation, interest rates, and more. We also analyze how these expectations for macroeconomic factors could impact future monetary policy moves.

This survey was conducted between June 20 and July 10, 2025.

SIFMA Research also produces Quarterly Flash Polls after the March and September FOMC meetings to update key Economist Roundtable forecasts and select monetary policy questions on the off quarters from the main survey. The latest flash poll can be found here: https://www.sifma.org/resources/research/economics/economist-roundtable-flash-poll/.

Members

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Matt Luzzetti
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Christopher Low
FHN Financial

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Michael Feroli
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