



## RESEARCH

### Economics

# US Economic Survey: End-Year 2025

Forecasts from the SIFMA Economist Roundtable

Assessing the Economic Landscape and Monetary Policy

Published: November 2025

#### Key Takeaways

- **Economic Growth:** The median outlook for real GDP in SIFMA's H2 2025 economic forecast stands at 1.8% for Q4 2025 vs. Q4 2024 and 2.2% for Q4 2026 vs. Q4 2025—both above H1 2025 forecasts. Survey participants saw upside risks to growth from lower tariff impacts, stronger productivity gains and increased consumer spending and cited an equity market pullback, rising inflation and a weaker labor market as downside risks.
- **Inflation:** 90% of respondents saw inflation expectations remaining anchored, even as estimates for core PCE, at 2.9% (Q4 2025 vs. Q4 2024) and 2.5% (Q4 2026 vs. Q4 2025) remain above the Fed's 2% target. The forecast for annual growth in core CPI, at 3.1% (Q4 2025 vs. Q4 2024) is modestly lower than the forecast made earlier in the year, with core CPI expected to decline further to 2.8% by Q4 2026.
- **Monetary Policy:** Following two cuts to the Fed's policy rate year-to-date in 2025, respondents see one additional cut by year-end 2025, with the majority seeing at least two additional cuts by the end of 2026. In comparison to their H1 2025 outlook, forecasters see slightly more easing on a cumulative basis, with a median Fed Funds estimate of 3.25% in Q4 2026.

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## Setting the Scene

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### A Message from Our Co-Chairs

The U.S. economic and inflation outlook has improved since our last Economist Roundtable survey. A third of survey participants noted an improvement in their 2026 outlook while concern over recession risks has also moderated.

The economy has remained somewhat more resilient this past year than feared at the time of 1H 2025 forecast and in the immediate aftermath of the President's April 2<sup>nd</sup> Liberation Day tariff announcements. A number of trade agreements have been reached that lowered the average effective tariff rate in the United States and the lack of retaliation against the United States from the rest of the world helped ratchet-down the tariff impacts on consumer spending and inflation, business investment, and corporate profits from the worst-case scenarios this year.

The lift coming from the AI Investment boom and rising equity prices has also played a notable role in this year's economic outperformance. The AI Investment boom continued unabated and even accelerated this year despite rising uncertainty from tariffs, signs of a softening labor market, and a still restrictive monetary policy. The equity market rally off the April lows has been one for the record books, helping to stoke and sustain higher-income household spending due to the positive wealth effect despite rising consumer prices and fears of higher unemployment ahead. After a shaky start to GDP growth in the first quarter due to weak consumer spending and surging imports, economic growth appears to have rebounded sharply in the second and third quarters as imports dropped and consumer spending returned.

Even so, the new trade and immigration policies have been a measurable headwind on U.S. economic activity this year even as they have driven inflation further away from the Fed's 2.0% target. The Economist Roundtable estimates that GDP growth slowed to a still respectable 1.8% Q4/Q4 in 2025 from 2.4% in 2024 and forecasts a solid 2.2% Q4/Q4 pace of growth in 2026. This is a notable improvement from the estimates made back in the 1H of 2025 of 0.9% for 2025 and 1.9% for 2026. Survey participants saw upside risks to growth from stronger productivity gains and consumer spending but cited rising inflation and a weaker labor market as downside risks. The record 43-day Federal government shutdown will temporarily hold-back government and consumer spending in the fourth quarter, but nearly all that spending should return in the first quarter of 2026, hardly impacting the year/year growth forecasts.

Overall consumer inflation, both CPI and PCE, will likely end the year higher than they started, but on a brighter note, the forecasts for consumer inflation Q4/Q4 for 2025 are also modestly lower than forecast at mid-year as tariff levels have begun to recede and energy prices have retreated. Tariff effects are expected to fade into the background next year as domestic demand and labor market slack become a bigger driver of price pressures. Encouragingly, 90% of Roundtable respondents saw inflation expectations remaining well anchored. Core PCE inflation, the Fed's preferred measure of consumer price inflation, is expected at 2.9% Q4/Q4 in 2025 before gradually easing to around 2.5% by the end of 2026.

Contrary to the sanguine spending environment, U.S. job growth has seriously deteriorated and narrowed across-sectors in 2025. In recent months, health care and leisure and hospitality sectors have provided the bulk of all net new jobs, and the unemployment rate has continued on its gradual rising path. Labor demand has clearly softened even as reduced immigration has put a lid on labor supply. Average monthly net job creation is seen at around 58k a month in 2025, improving to a meager 74k a month in 2026. This is a huge step down from an average 168k jobs a month in 2024 and 380k jobs a month back in 2022. The unemployment rate is expected to average 4.3% in Q4 2025 and 4.4% in Q4 2026—almost a full percentage point above its post-pandemic low, suggesting increasing slack in the labor market.

On the monetary policy outlook, much like the FOMC, the Economist Roundtable appears somewhat divided along their concerns over inflation and labor market risks and what that means for the extent and pace of future rate cuts. In general, there appears to be rising concern among Roundtable participants that the Fed eases too aggressively. 60% of respondents see the Fed cutting more than twice by the end of 2026, though 60% of respondents also think the Fed shouldn't cut by this amount. Most agree with the earlier-than-expected end to the Fed's QT policy with a third of respondents expecting the Fed will need to add further liquidity in 2026 over and above its standing repo facility.

Notable risks to watch: Roundtable participants sounded a note of caution on future market performance with more than half seeing a possibility of a 10% or greater equity market correction before the end of 2026 with a quarter of participants seeing the possibility of a 20% or greater decline in the equity market. The Roundtable median forecast is for somewhat higher 10- and 30-year Treasury bond yields over the coming year despite further Fed rate cuts as higher debt issuance and the unsustainability of interest payments weigh on investors' minds with little prospect that the fiscal deficit as a share of GDP will diminish next year.

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

***-- Douglas Porter, CFA, Managing Director, Chief Economist, BMO Capital Markets and Co-Chair of the SIFMA Economist Roundtable***

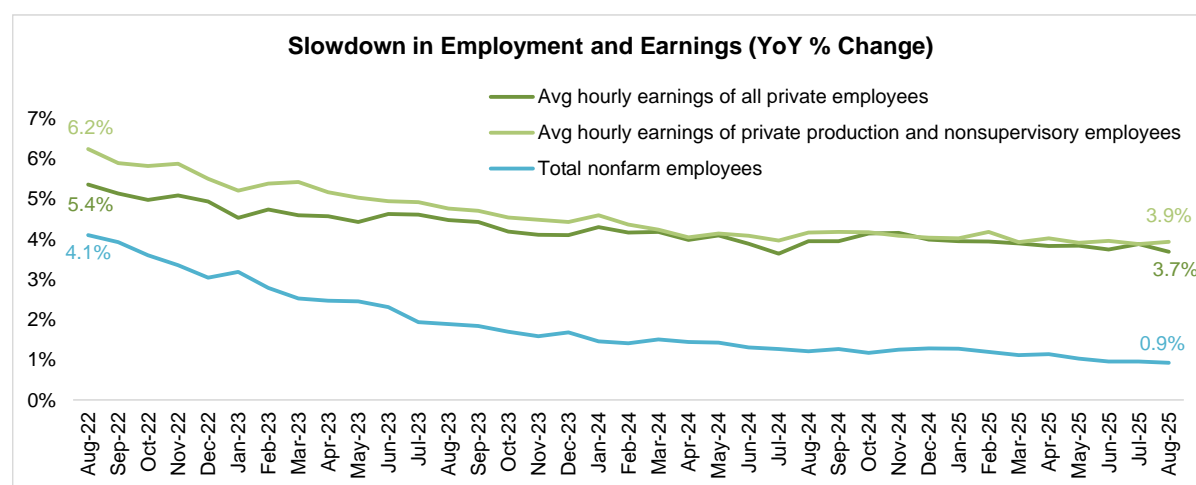
## U.S. Economic Activity: H2 2025 Outlook and Key Developments

The U.S. economy entered the second half of 2025 after a notably uneven first half. Following an annualized first quarter decline in real GDP of 0.6% (Q1 2025 vs. Q4 2024)—the first contraction in three years—GDP rebounded in Q2 2025, leaping by 3.8% on the back of a massive trade-induced contraction in imports. Stockpiling by domestic producers led to a 38% annualized increase in real imports in Q1 2025, only to be followed by a subsequent decline of 29% the next quarter. This decline in imports contributed more than 5 percentage points to GDP in Q2 2025, offsetting weakness in inventory investment and government spending.

Contributions to Change in Real GDP By Quarter (%)						
	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
Personal Consumption	1.17	2.61	2.66	2.61	0.42	1.68
Change in Private Inventories	-0.83	1.17	-0.11	-0.91	2.58	-3.44
Exports	0.49	0.08	0.95	-0.10	0.02	-0.20
Imports	-0.91	-1.11	-1.36	0.03	-4.70	5.03
Other	0.92	0.84	1.20	0.22	1.03	0.77
<b>TOTAL</b>	<b>0.84</b>	<b>3.59</b>	<b>3.34</b>	<b>1.85</b>	<b>-0.65</b>	<b>3.84</b>

Source: BEA, SIFMA estimates

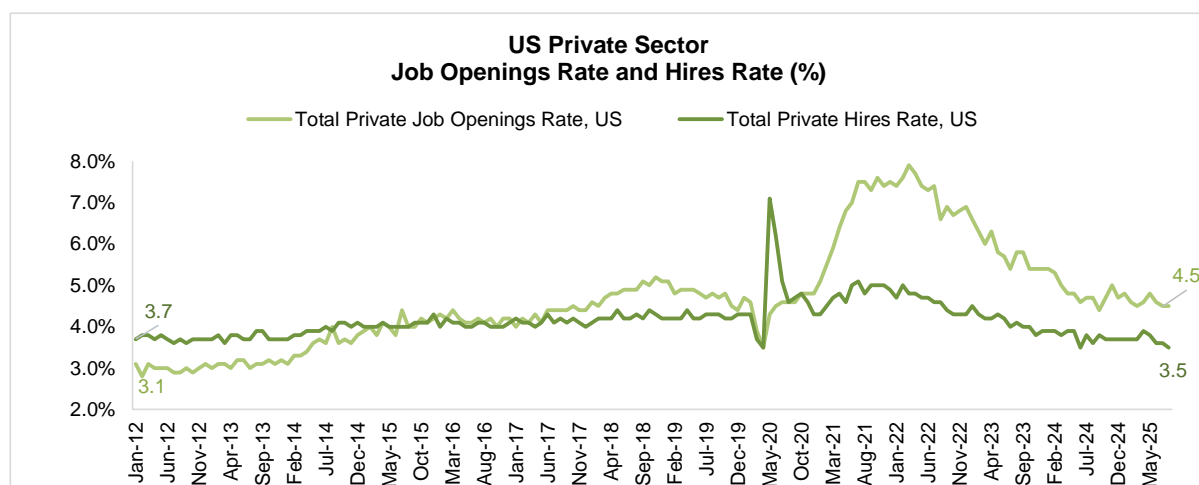
This swing from mild contraction to robust rebound highlights both the economy's underlying momentum and its vulnerability to shocks from trade, fiscal conditions and monetary policy, particularly as it pertains to business investment and hiring. While personal consumption remained firm in Q2, job growth clearly has begun to decelerate, calling into question the extent to which the labor market can continue to underpin the Fed's soft-landing narrative. In addition to the preliminary release of the March 2025 employment benchmark, which now suggests that total nonfarm employment in March 2025 is 0.6% or 911,000 jobs smaller than previously estimated, the recent pace of payroll growth has been slowing. Nonfarm employment growth through August 2025 now stands at the lowest rate since 2021 and in the absence of more timely government data<sup>1</sup>, private sector figures suggest further deterioration.



Source: BEA, SIFMA estimates

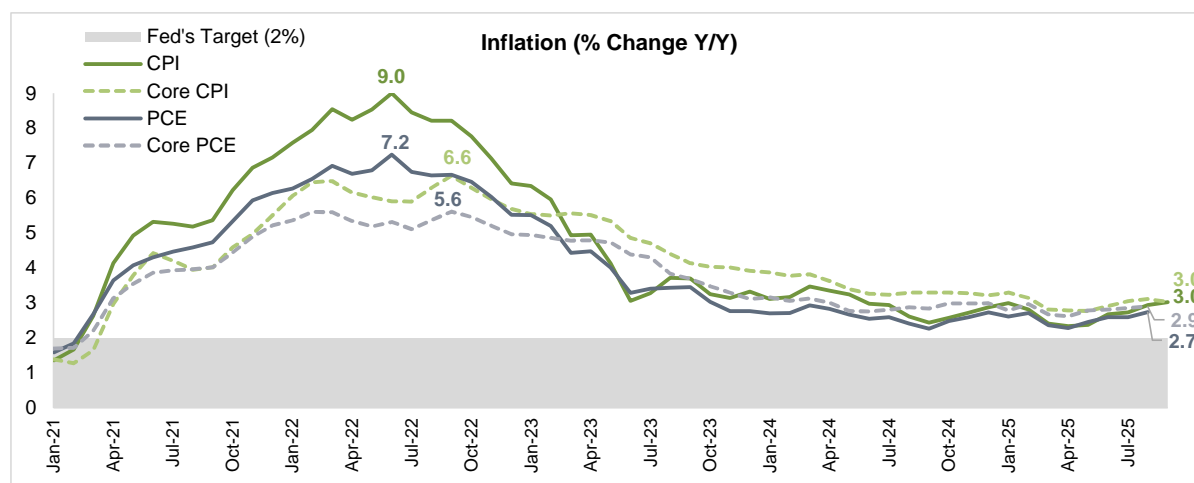
<sup>1</sup> While the government shutdown ended on November 12, most government data have not been published since September 2025.

Challenger, Gray & Christmas's most recent survey shows announced job cuts year-to-date through October that have surpassed one million, representing a 44% increase in comparison to all of 2024 and the highest total since 2020. Bellwether sectors such as technology, finance, and real estate have all trimmed hiring, while job openings and quits have declined, with AI adoption accelerating restructuring efforts in many cases.



Source: BLS, SIFMA estimates

The slowing in employment growth presents a challenge for the Fed given its dual mandate to promote full employment and price stability. The core personal consumption expenditures (PCE) index has hovered around 2.8%–2.9% year-on-year in Q3 2025 and has remained above the Fed's 2% target, yet the Fed has opted to prioritize employment over inflation with two rate cuts totaling 50 bps this year. While Fed Chair Powell has always referenced the Committee's data dependence prior to taking any policy action, his most recent remarks during the Q&A session that followed the October meeting seemed to emphasize that an additional interest rate cut in December "is not a foregone conclusion."



Source: FRED, SIFMA estimates

In a further return to policy normalcy, the Federal Reserve also announced an end to its quantitative tightening (QT) policy beginning on December 1st, marking the conclusion of its balance sheet runoff. Following the sizable increase of the Fed's balance sheet during the Covid pandemic to 35% of GDP, the balance sheet stands at 21% of GDP today, with holdings having shrunk from \$8.5T to \$6.25T.

By halting QT while bank reserves remain “ample”—comfortably above the level that risks market stress—the Fed will reinvest maturing Treasuries to keep total holdings roughly stable while redirecting proceeds from Agency mortgage-backed securities into Treasury bills to gradually rebalance its portfolio toward Treasuries. The move is designed to stabilize short-term funding markets, ease emerging liquidity pressures, and prevent volatility in repo and overnight rates, all without reintroducing quantitative easing. Overall, ending QT now signals an effort to preserve smooth money-market functioning and financial stability as the Fed transitions toward a steady-state balance sheet composition. As the economy grows, however, it is likely that the Fed will need to begin to increase its balance sheet once again.

All in all, business sentiment remains cautious, as firms report greater uncertainty about regulation, input costs, and global trade. Small-business optimism has softened, and Conference Board consumer confidence has fallen for the past three months. Default risks remain moderate, even after the bankruptcy of global auto parts manufacturer First Brands Group in late September, following the failure of auto retail/finance company Tricolor Auto Group earlier in the month. For now, these signs of stress remain unique to a handful of highly leveraged, lower-quality borrowers. Long-term yields have trended lower, investment-grade spreads remain contained, and the differential between 3-month bills and 10-year government bond has remained upward sloping, suggesting limited expectations of recession.

Heading into 2026, policymakers face the delicate task of easing policy enough to sustain the expansion without reigniting price pressures. AI-driven investment offers a potential new engine for productivity and growth, but risks weakening the labor market in the short term. Much will depend on whether disinflation continues without a sharp rise in unemployment and whether credit markets remain orderly as financing costs adjust. If productivity gains materialize and consumer demand stabilizes at sustainable levels, the economy could transition into a more balanced, lower-inflation growth path. But with fiscal deficits high and global conditions uncertain, the margin for policy error remains narrow—making 2026 a year that will test the durability of the post-pandemic expansion.

## Survey Highlights

### Economic Growth

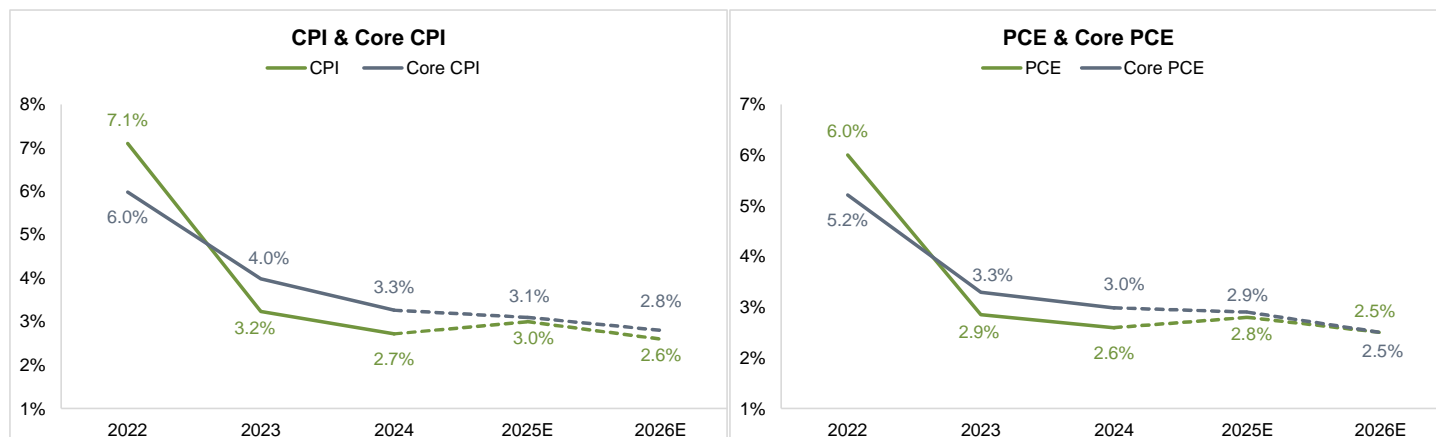
(Forecasts on page 13, survey responses for economic outlook on pages 15-19)

Greater optimism characterized respondents' most recent expectations for economic growth, with 1/3 of survey participants noting an improvement in their 2026 outlook and only half as many reporting a deterioration. Similarly, survey respondents expressed less concern over recession risks in H2 2025 than in H1 2025, with 70% of participants putting 2026 recession risks at 30% or below. (By contrast, in H1 2025, roughly the same fraction of respondents saw recession risks between 30%-50%.) Tariffs now pose less of a threat than they had previously; instead, a weaker labor market rose to the top of forecasters' concerns, including fears over a slowdown in labor force growth led largely by a reduction in immigration.

### Inflation

(Forecasts on page 13, survey responses for inflation estimates on pages 20-24)

Participants' inflation forecasts show a decline from current levels, although at 2.5% for both Q4 2026 vs. Q4 2025 PCE and core PCE, expectations remain above the Fed's target levels. Growth in domestic demand has replaced trade policy as the top factor in the outlook for core inflation, with the majority of respondents (60%) seeing a significant economic slowdown as the reason inflation returns to target.



### Fed Policy

(Forecasts on page 14, survey responses for monetary policy estimates on pages 20-24)

Concerns over a Fed that eases too aggressively colored participants' H2 2025 outlook. While nearly 60% of respondents see the FOMC cutting more than twice between November 2025 and December 2026, 60% of respondents think that the Fed *shouldn't* cut by this amount, and a modest proportion (8%) of survey participants believe that the Fed has already reached neutral. Those who still see more scope for a return to neutral policy have shortened their time horizon: 67% of respondents believe that the policy rate will be at neutral by 2027, up from just 50% in H1 2025.

Most participants agreed with the Fed's somewhat earlier-than-expected decision to end its quantitative tightening policy. In a move designed to ease funding pressures, the FOMC announced plans to roll over all principal repayments from its Treasury holdings and reinvest all principal payments from its Agency holdings in Treasury bills beginning in December 2025. (Previously, only Treasury maturities in excess of \$5B a month were rolled over, and only Agency maturities in excess of \$35B a month were reinvested into Treasuries.) 88% of H2 2025 respondents see the Fed's balance sheet—currently at roughly 21% of GDP—as being appropriate. Even so, 1/3 of survey participants believe that the Fed will need to add further liquidity in 2026 over and above its standing repo facility—with reserve management purchases (or a restart to QE) as the most likely outcome.

### Market Outlook

(Rate forecasts on page 14, survey responses for market risks on pages 30-33)

Despite a modest improvement in the 2025 and 2026 GDP growth forecasts in H2 2025 vs. H1 2025, participants still sounded a note of caution on future market performance. More than half of respondents see a 10% or greater chance of an equity market correction between now and December 2026, with almost a quarter seeing a chance of a 20% or greater decline.

By contrast, expectations for a dramatic sell-off in Treasuries were limited; participants see a gradual increase of 30 bps in 10Y yields through 2026, but somewhat surprisingly, see 30-year mortgage rates falling by 10 bps over the same period. The median forecast for 2Y Treasury rates is largely unchanged from current levels, but the dispersion in estimates is notably wide, with a spread of nearly 120 bps separating the high and low yield estimates for end-2026.

Forecasters were widely aligned in their reasoning for higher Treasury yields in the coming year; 60% of respondents pointed to concern over higher debt issuance and the unsustainability of interest payments as the catalyst for an increase in yields, with just 20% seeing renewed inflationary pressures as the reason for a rise in rates. With 82% of forecasters stating that they were “somewhat doubtful” or “very doubtful” that the fiscal deficit—currently at 6% of GDP—will decline in 2026, an increase in the stock of Treasury debt seems almost all but guaranteed.

### 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.

	June 2025 Last Survey	September 2025 Flash Poll	November 2025 Current Survey
<b>Economic Indicators (Median)</b>	<b>(2025E)</b>	<b>(2025E)</b>	<b>(2025E)</b>
Real GDP (4Q/4Q)	+0.9%	+1.5%	+1.8%
Unemployment Rate (4Q average)	+4.4%	+4.5%	+4.6%
Labor Force Participation Rate (4Q average)	+62.4%	n/a	+62.5%
CPI (4Q/4Q)	+3.2%	+3.2%	+3.0%
Core CPI (4Q/4Q)	+3.4%	+3.3%	+3.1%
PCE (4Q/4Q)	+3.2%	+3.0%	+2.8%
Core PCE (4Q/4Q)	+3.1%	+3.1%	+2.9%
<b>Rates (Median)</b>			
	<b>(Dec FOMC)</b>	<b>(Dec'25E)</b>	<b>(4Q25E)</b>
Federal Funds Rate (midpoint)	3.926%	3.625%	3.625%
	<b>(Dec '25E)</b>	<b>(Dec'25E)</b>	<b>(4Q25E)</b>
2-Year UST Yield (end-of-period)	3.81%	n/a	3.55%
10-Year UST Yield (end-of-period)	4.26%	n/a	4.15%
30-Year Fixed Mortgage (end-of-period)	6.59%	n/a	6.35%

Note: Last survey June 20 – July 10, 2025; Flash poll September 18 – 26, 2025; Current survey November 5 – November 13, 2025. Questions and/or ranges may change across surveys.

	June 2025 Last Survey	November 2025 Current Survey	Change
<b>Macro Environment</b>			
Factors having the greatest impact on US economic growth over the next 12-18 months	1. U.S. trade policy 2. Labor market developments 3. US monetary policy	1. U.S. fiscal policy 2. Labor market developments 3. Household financial conditions	U.S. fiscal policy became the top factor, and household financial conditions became a top 3 factor
Top risks to economic forecasts - <u>upside</u>	1. Trade policy / reduced tariffs, 2. Economy / (no) recession, 3. Economy / productivity gains	1. Trade policy / reduced tariffs 2. Economy / productivity gains 3. Economy / consumer spending	Economy / consumer spending became a top 3 factor
Top risks to economic forecasts - <u>downside</u>	1. Economy / recession 2. Trade policy / tariffs 3. Higher inflation	1. Economy / recession 2. Economy / weaker labor market 3. Higher inflation	Economy / weaker labor market replaced trade policy / tariffs as a top 3 factor
What probability do you assign to real GDP growth falling below 0% in any quarter in 2026?	30% to 50% (71.4% of respondents)	15% to 30% (50% of respondents)	Lower probability of recession
Has your estimate of the long-term growth rate changed in the last 12 months?	No, stayed the same (83.3% of respondents)	No, stayed the same (50% of respondents)	Lower percentage of respondents with an unchanged view
<b>Monetary Policy</b>			
Neutral federal funds rate	3.0% to 3.5% (57.1% of respondents)	3.0% to 3.5% (66.7% of respondents)	Increased consensus
Has your estimate of the neutral nominal federal funds rate changed over the last twelve months?	Yes, somewhat higher (50% of respondents) and No, stayed the same (50% of respondents)	No, stayed the same (72.7% of respondents)	Greater percentage of respondents with an unchanged view
Timing of nominal fed funds rate return to neutral	After H2-2026 (50.0% of respondents)	H2-2026 (41.7% of respondents)	Earlier return to neutral

Note: Last survey June 20 – July 10, 2025; Current survey November 5 – November 13, 2025. Questions and/or ranges may change across surveys.

	June 2025 Last Survey	November 2025 Current Survey	Change
<b>Inflation</b>			
Factors most important in your outlook for core inflation	1. Trade policy 2. Inflation expectations 3. Growth in domestic demand	1. Growth in domestic demand 2. Trade policy including tariffs 3. Wage growth	Wage growth replaced Inflation expectations in top 3
Inflation expectations to become unanchored	No (100% of respondents)	No (90% of respondents)	No longer a unanimous “no”
<b>Market Risks</b>			
Factors having the greatest impact on long-term Treasury yields	1. Inflation / inflationary expectations 2. The rate of U.S. economic activity 3. Outlook for U.S. monetary policy including pace of quantitative tightening	1. The rate of U.S. economic activity 2. Inflation / inflationary expectations 3. Outlook for U.S. monetary policy including pace of quantitative tightening	Rate of U.S. economic activity moved to top place
<b>Labor Market</b>			
Where do you see the LFPR over the next two years	Remaining below 63.0% on a sustained basis (87.5% of respondents)	Remaining between 62.0% and 63.0% over the next two years (80% of respondents)	Essentially no change
What average annual rate of labor force growth do you expect in 2025 and 2026?	0.5% to <1.0% (42.9% of respondents)	0.5% to <1.0% (55.6% of respondents)	Essentially no change
What range of initial jobless claims is consistent with no growth in non-farm payrolls?	Between 275K to 300K (57.1% of respondents)	Between 250K to 275K (77.8% of respondents)	Decrease, stronger majority
What level of the U-3 rate is consistent with a core PCE inflation rate of 2%?	4%-4.5% (71.4% of respondents)	4%-4.5% (55.6% of respondents)	No change in range, weaker majority

Note: Last survey June 20 – July 10, 2025; Current survey November 5 – November 13, 2025. Questions and/or ranges may change across surveys.

## Full Survey Results: Forecast Tables

### Economic Indicators: Annual

(%, unless indicated)	2023	2024	2025E	2026E
Real GDP (annual)	2.9	2.8	2.0	2.1
Real Personal Consumption (annual)	2.6	2.9	2.5	1.8
Nonresidential Fixed Investment (annual)	7.3	2.9	3.9	3.3
Residential Fixed Investment (annual)	-7.8	3.2	-1.9	-0.1
Real Government Spending (annual)	3.5	3.8	1.2	1.1
Non-Farm Payroll Employment (000s, avg monthly change)	216.2	167.7	58.3	74.0
Unemployment Rate (annual average)	3.6	4.0	4.3	4.4
Labor Force Participation Rate (annual average)	62.6	62.6	62.4	62.4
Average Hourly Earnings (4Q/4Q)	4.1	4.1	3.6	3.4
Real Disposable Income (4Q/4Q)	5.4	2.4	1.7	2.3
Personal Savings Rate (annual average)	5.6	5.4	4.7	4.5
CPI (4Q/4Q)	3.2	2.7	3.0	2.6
Core CPI (4Q/4Q)	4.0	3.3	3.1	2.8
PCE (4Q/4Q)	2.9	2.6	2.8	2.5
Core PCE (4Q/4Q)	3.3	3.0	2.9	2.5
Industrial Production Index (4Q/4Q)	-0.1	-0.3	2.9	1.7
Housing Starts (4Q/4Q)	5.7	-5.5	-2.3	0.4
S&P Corelogic Case-Shiller Home Prices (4Q/4Q)	5.2	3.8	1.0	2.5
Federal Budget Surplus/(Deficit) (\$B, FY)	(1,693.7)	(1,832.4)	(1,775.4)	(2,000.6)

### Economic Indicators: Quarterly

(%)	2Q25	3Q25E	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E
Real GDP (Q/Q, annualized)	3.8	3.0	1.0	2.2	2.0	2.2	2.1
Real Personal Consumption (Q/Q, annualized)	2.5	3.0	1.2	1.8	1.8	2.1	1.9
Nonresidential Fixed Investment (Q/Q, annualized)	7.3	4.0	0.6	2.2	3.5	3.7	3.5
Residential Fixed Investment (Q/Q, annualized)	-5.1	-3.4	-2.0	2.8	2.2	3.1	2.7
CPI (Y/Y)	2.5	2.9	3.0	2.9	3.0	2.8	2.6
Core CPI (Y/Y)	2.8	3.1	3.1	3.2	3.3	3.1	2.7
PCE (Y/Y)	2.4	2.7	2.9	2.8	2.8	2.6	2.4
Core PCE (Y/Y)	2.7	2.9	2.9	2.9	2.8	2.6	2.5

**Rates**

(%)	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E
Fed Funds Rate (Midpoint, EOP)	4.375	4.125	3.625	3.625	3.375	3.358	3.250
3-Month UST Bill	4.37	4.26	3.79	3.57	3.33	3.23	3.24
2-Year UST Yield	3.86	3.72	3.55	3.62	3.67	3.67	3.70
10-Year UST Yield	4.36	4.26	4.15	4.18	4.25	4.34	4.45
30-Year UST	4.84	4.84	4.65	4.72	4.76	4.82	4.90
30-Year Fixed Mortgage Rate	6.79	6.57	6.35	6.23	6.22	6.25	6.25

## Full Survey Results: Charts

### US Economic Forecasts

#### Real GDP Growth Estimates



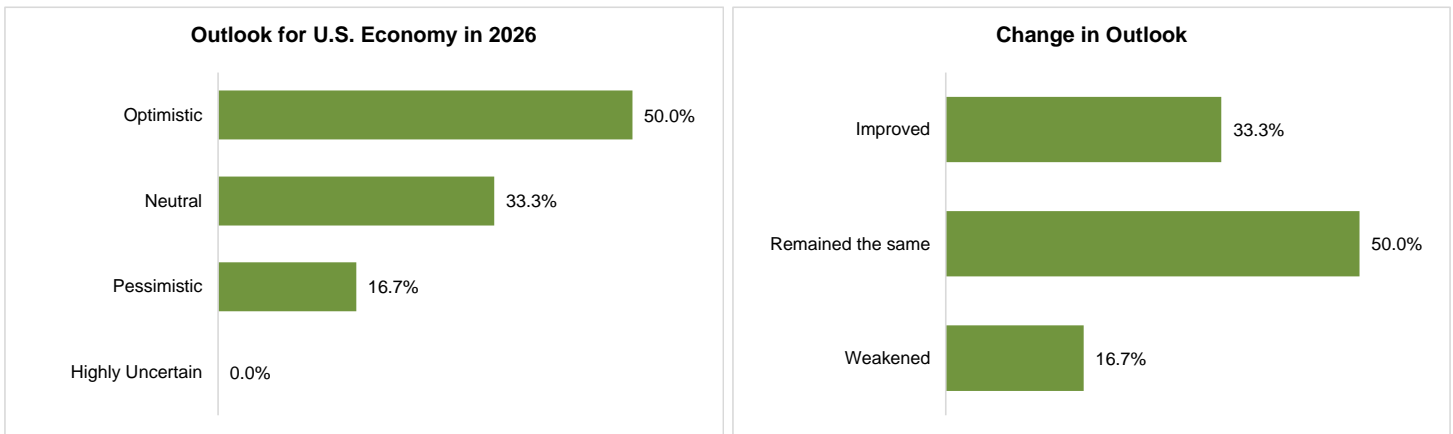
Source: Bureau of Economic Analysis (BEA), SIFMA Economist Roundtable, SIFMA estimates

Note: SAAR = seasonally adjusted annual rate.

## Survey Questions

Q. How would you characterize your outlook for the U.S. economy in 2026?

Q. Has your overall outlook for 2026 economic growth improved or weakened this year?

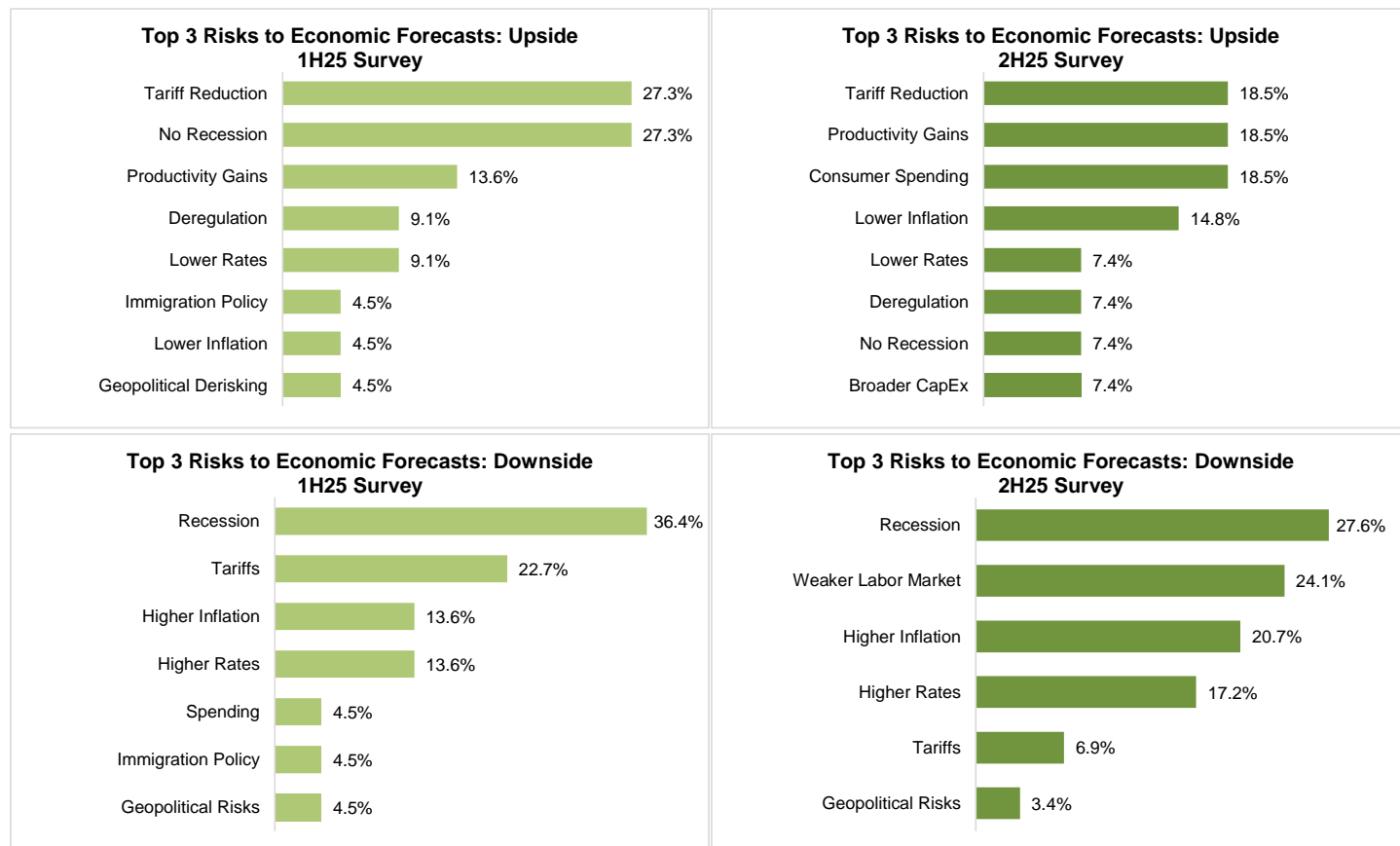


Q. If "Improved" or "Weakened," what has been the largest factor contributing to your changed view?

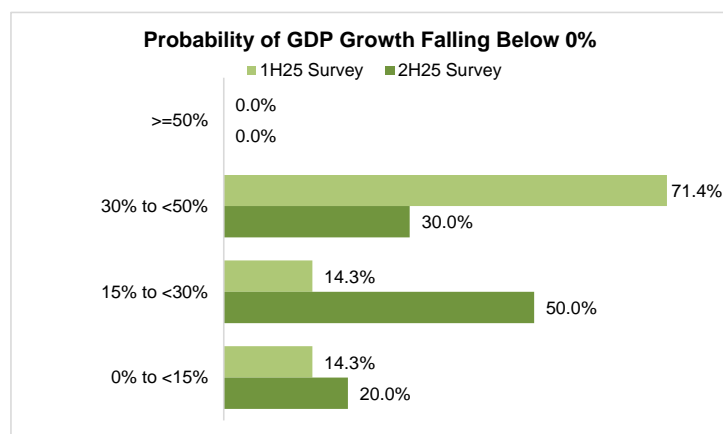
Respondents' improvement factors included: trade deals; tariff reductions; H.R.1 (O.B.B.B) benefits for consumers and private investment.

Respondents' weakening factors included: tariff uncertainty; businesses' slowness to adjust to new cost structures and lack of confidence in demand.

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

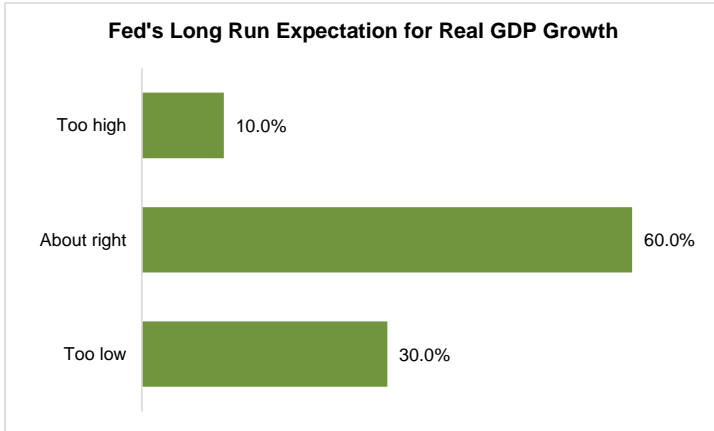


Q. What probability do you assign to real GDP growth falling below 0% in any quarter in 2026?

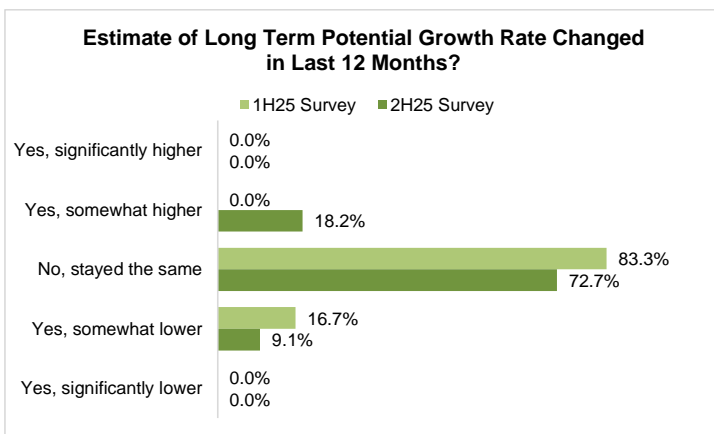


Note: 1H25 Survey question asked: "What is the probability of a U.S. recession in the next twelve months?"

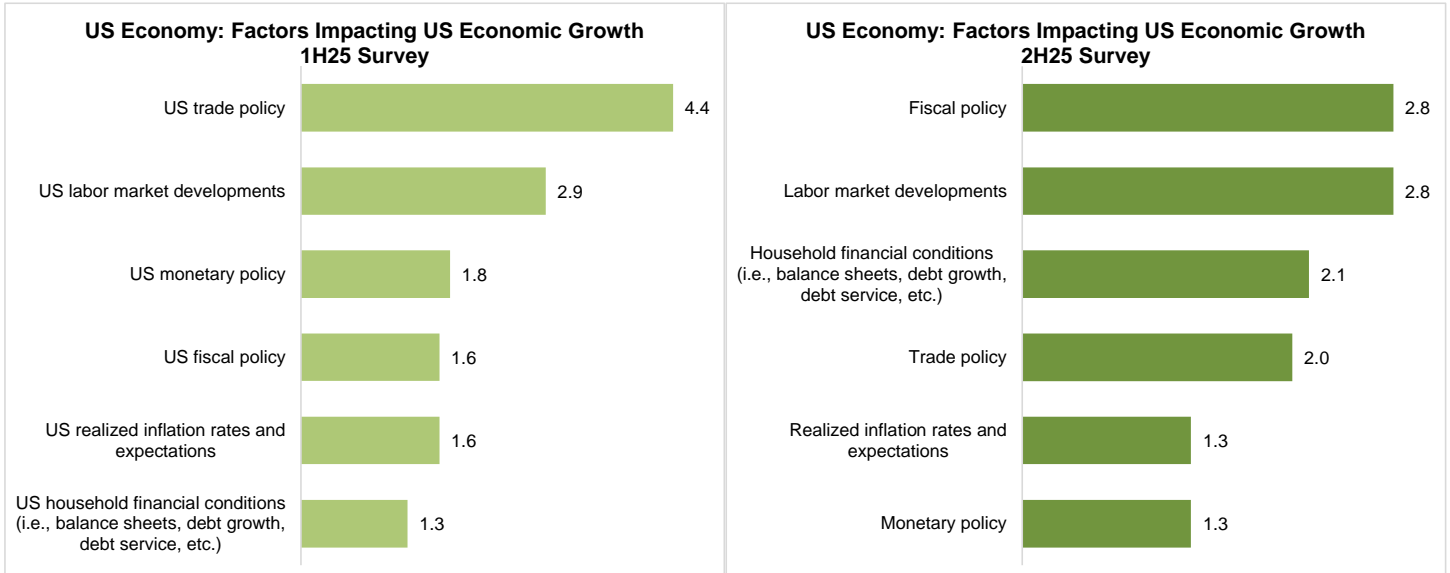
Q. The Fed's longer-run expectation for real GDP growth is 1.8%. Do you think this figure is:



Q. Has your estimate of the long-term potential growth rate of the U.S. economy changed over the last twelve months?

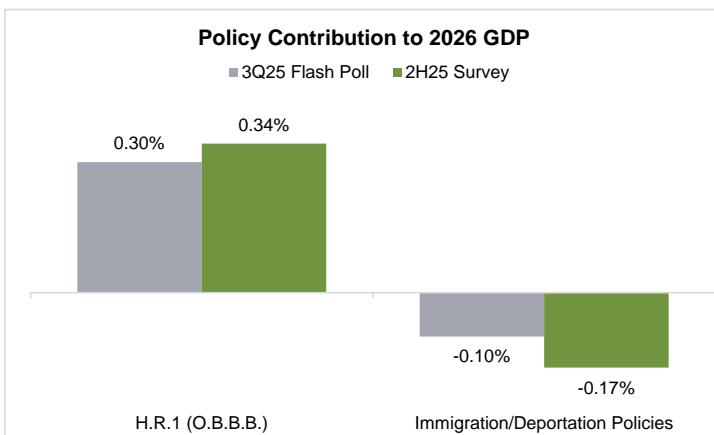


Q. What five factors will have the greatest impact on US economic growth over the next 12-18 months? Please select and rank order your top 5 factors with “5” having the greatest effect and “1” having the smallest effect (among the five factors you chose).



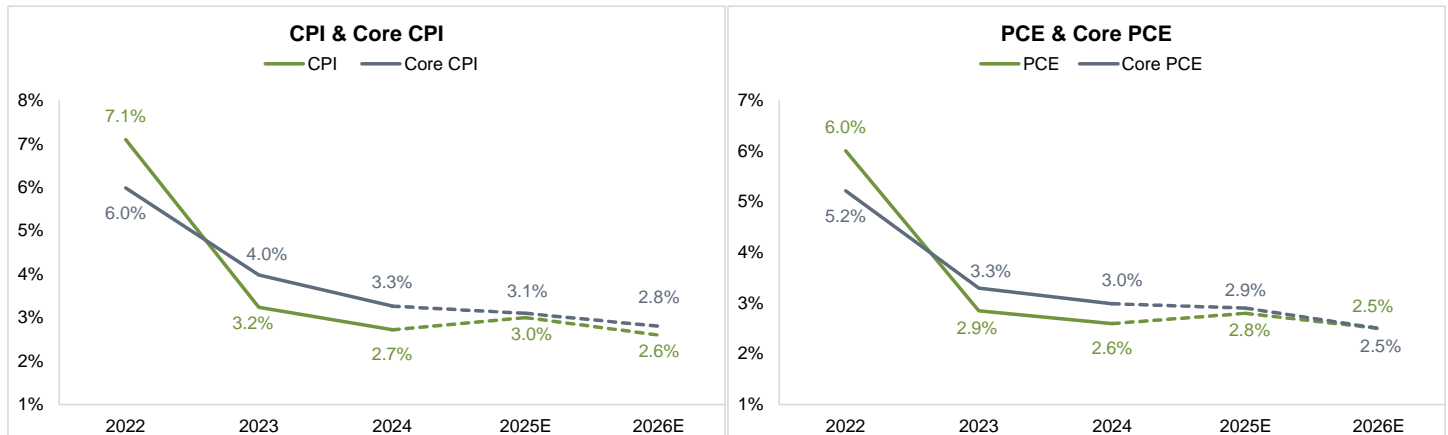
Note: Factors receiving a score of 1 or less were removed from the charts.

Q. What impact do you anticipate from each of the following policies? Please list the contribution to 2026 GDP change from:



## Inflation and Monetary Policy

### Inflation Estimates



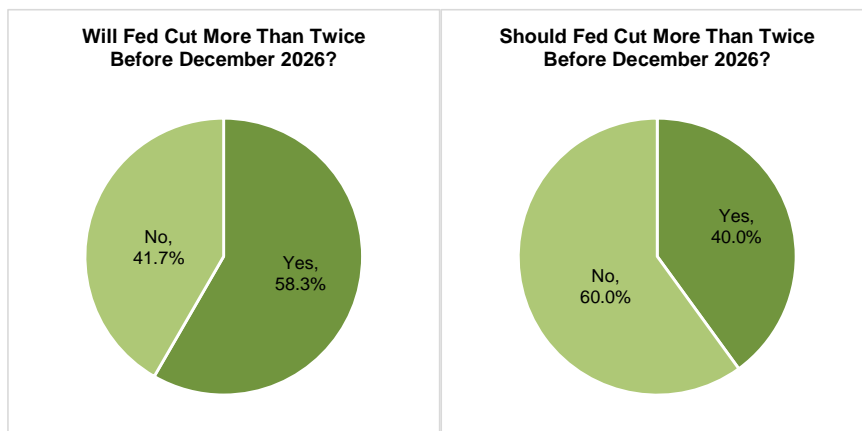
Source: Bureau of Economic Analysis (BEA), SIFMA Economist Roundtable

### Survey Questions

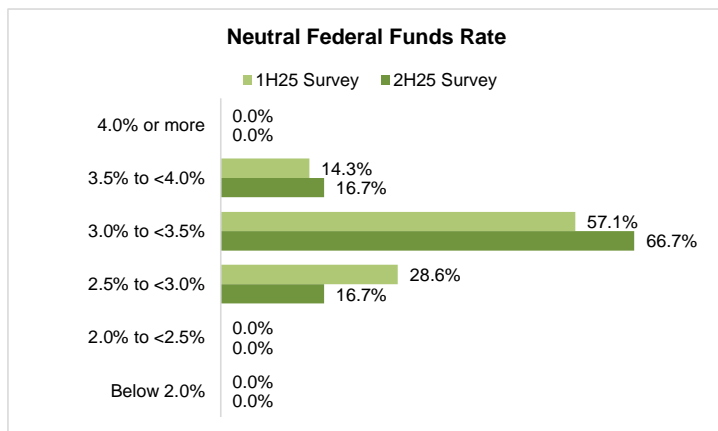
Q. The median forecast for the Fed Funds rate in Q4 2026 is 3.25% - 3.50% based on September's Summary of Economic Projections, which would equate to two more cuts to the target rate between November 2025 and year-end 2026.

Do you think the Fed will cut more than twice between November 2025 and December 2026?

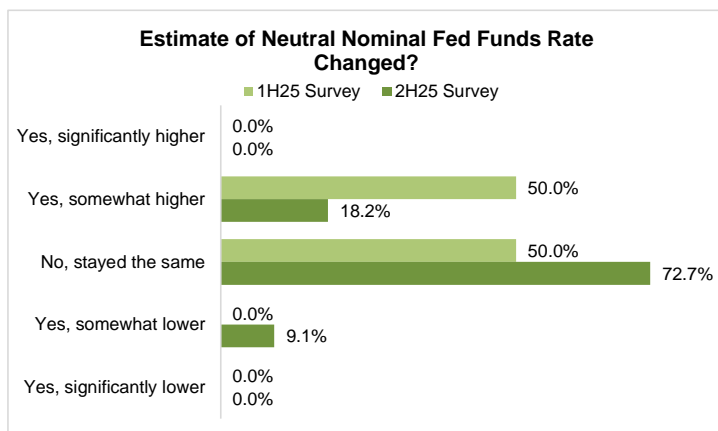
Do you think the Fed should cut more than twice between November 2025 and December 2026?



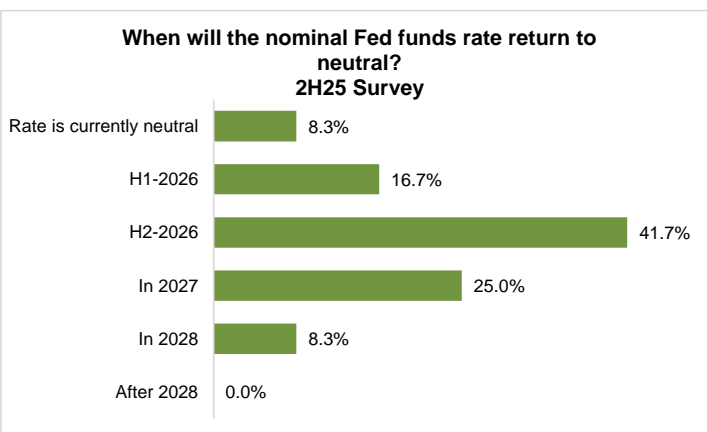
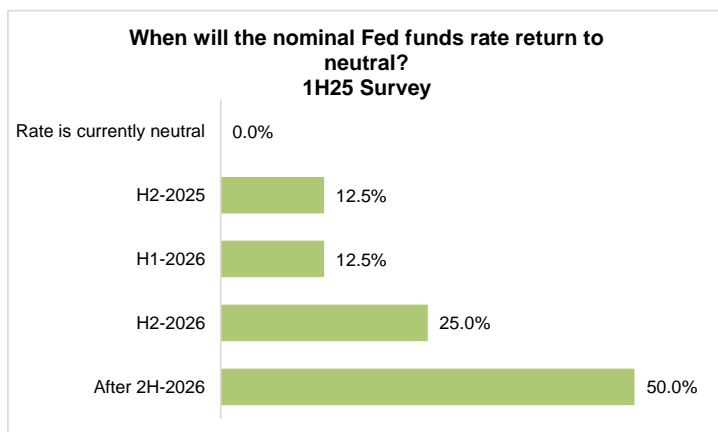
Q. Where do you put the level of the neutral federal funds rate?



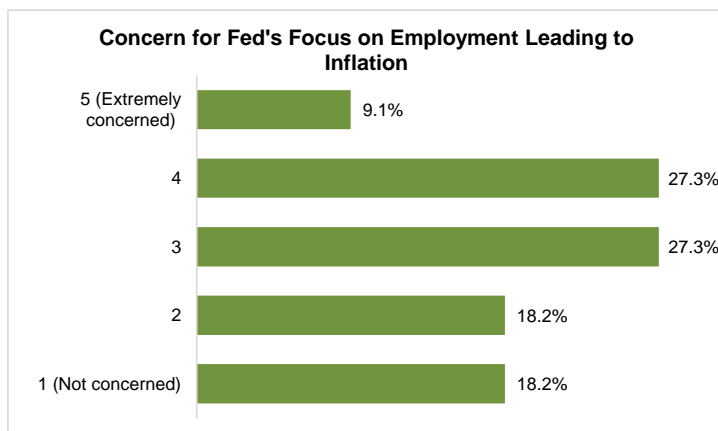
Q. Has your estimate of the neutral nominal federal funds rate changed over the last twelve months?



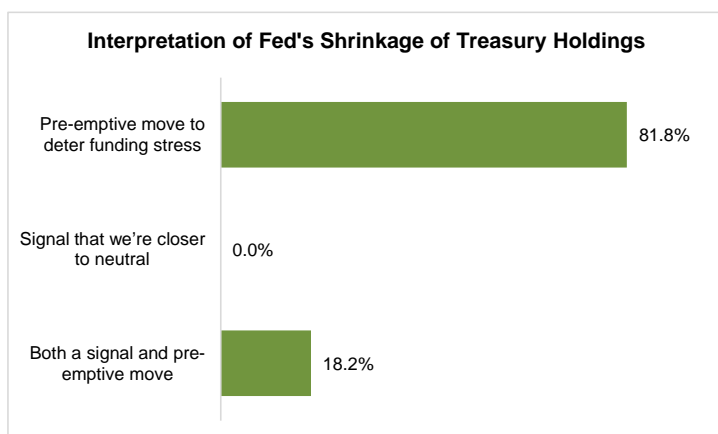
Q. When will the nominal Fed funds rate return to neutral?



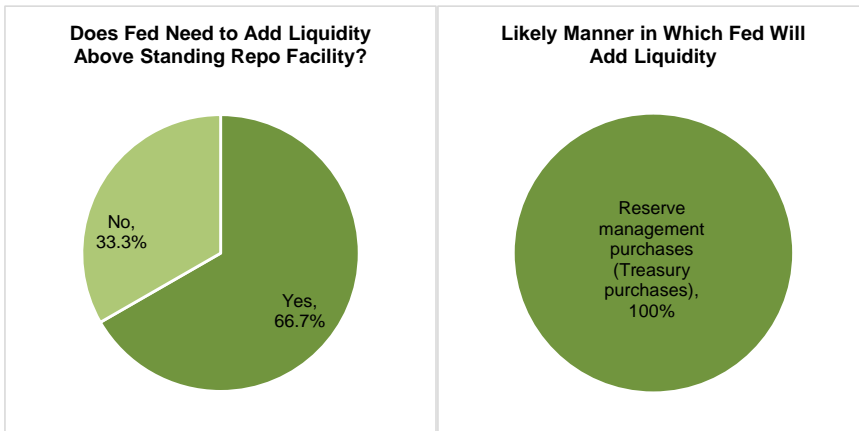
Q. How concerned are you that the Fed's focus on downside risks to employment could lead to a renewed bout of inflation?



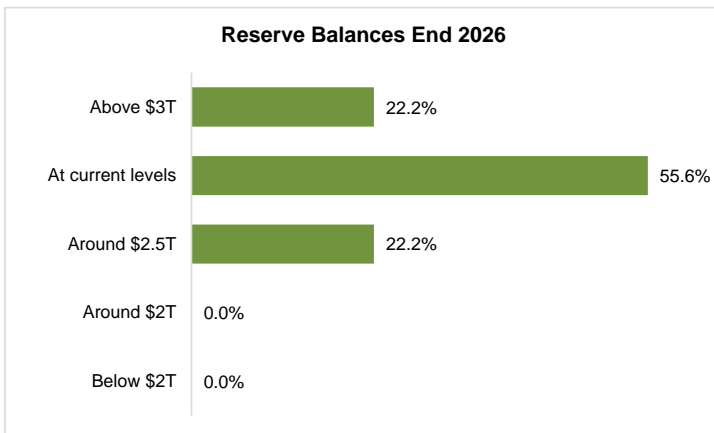
Q. The Fed just announced that it would stop shrinking its Treasury holdings beginning December 1st, 2025 due to a gradual tightening of money market conditions. To what extent was this move a signal that the Fed is close to a neutral policy rate vs. a pre-emptive move to avoid another September 2019 funding stress scenario?



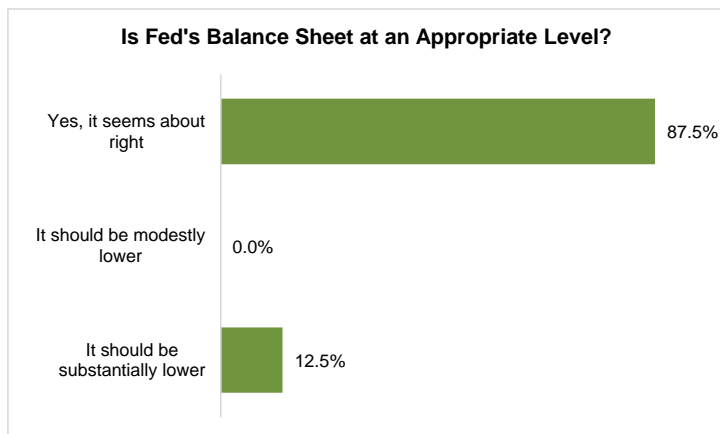
Q. Do you think the Fed will need to add liquidity in 2026 over and above their standing repo facility? If “Yes,” what is the most likely manner in which the Fed will add liquidity to ensure that reserves remain ample?



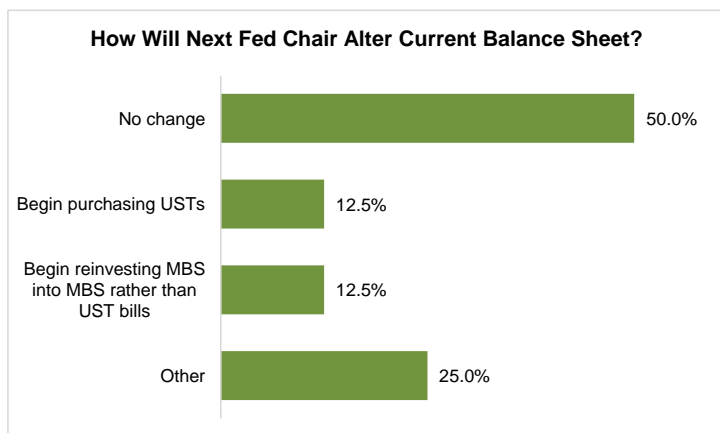
Q. The Fed’s balance sheet totals \$6.6 trillion at present (October 2025) and has fallen from 35% of nominal GDP to 21%. At its most recent meeting, the Fed announced it will hold the size of its balance sheet “steady for a time” with “reserve balances continue to move gradually lower as other non-reserve liabilities such as currency keep growing.” Reserve balances peaked at \$4.3T in 2021 and now stand at \$2.8T. Where will reserve balances end in December 2026?



Q. Is the Fed's balance sheet, at roughly 1/5 of GDP, at an appropriate level for the economy?



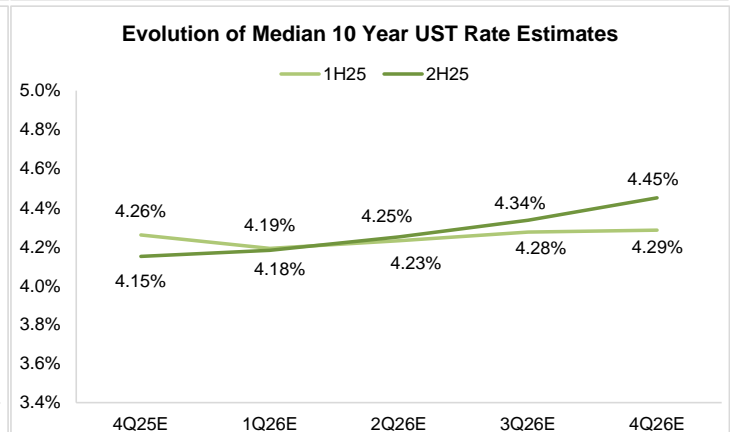
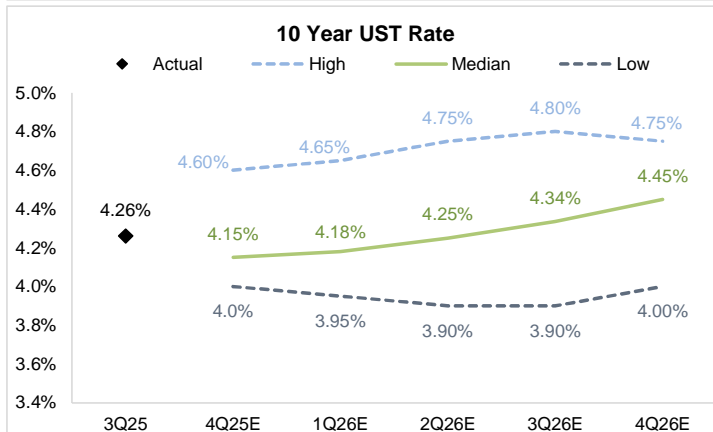
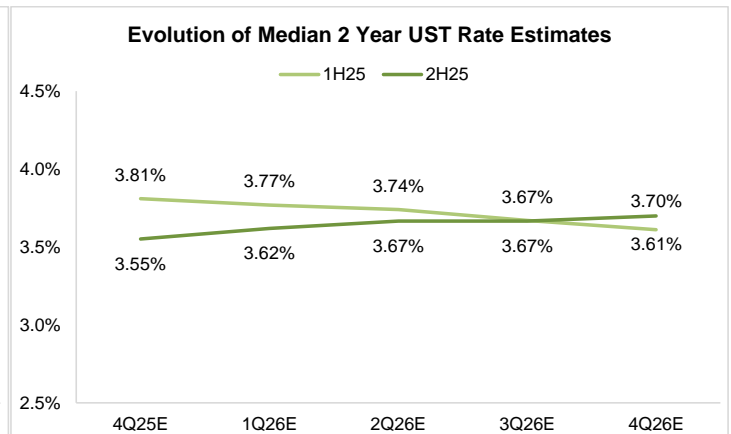
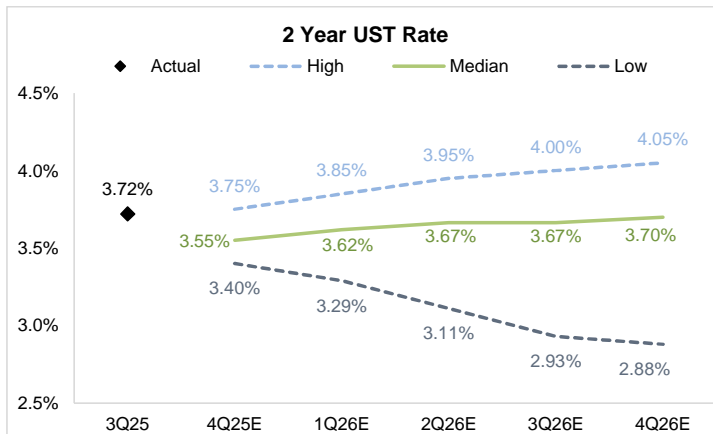
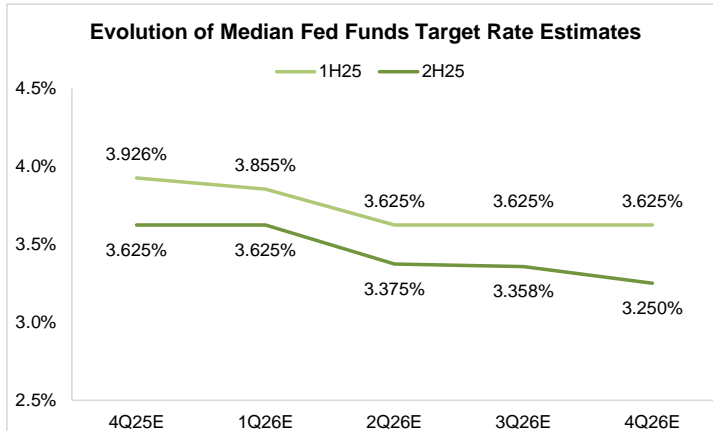
Q. How, if at all, will the next Fed Chair alter the Fed's current balance sheet?

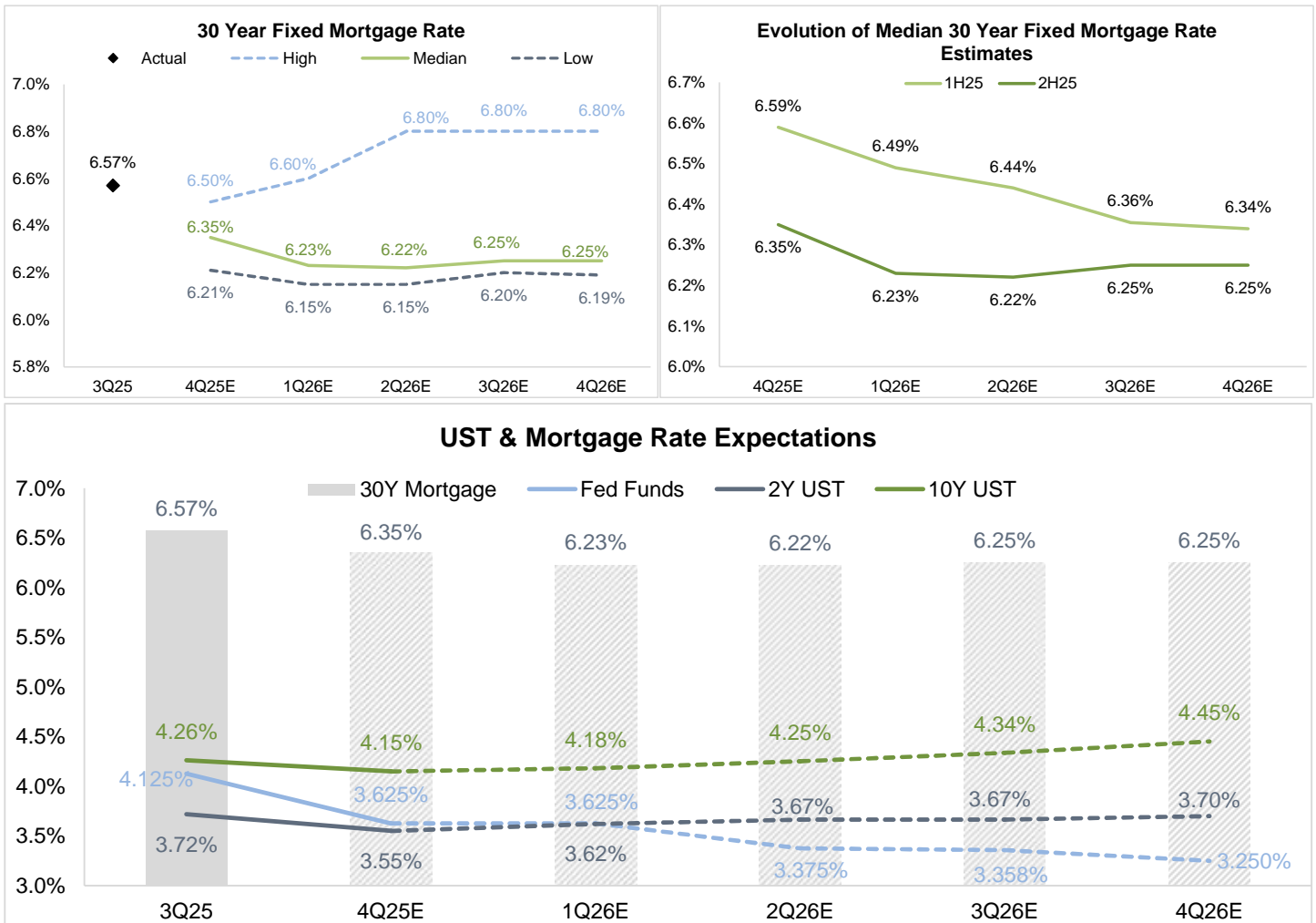


Note: "Other" respondent indicated the answer is dependent on who the next Fed chair is.

## Interest Rates

## Rate Estimates

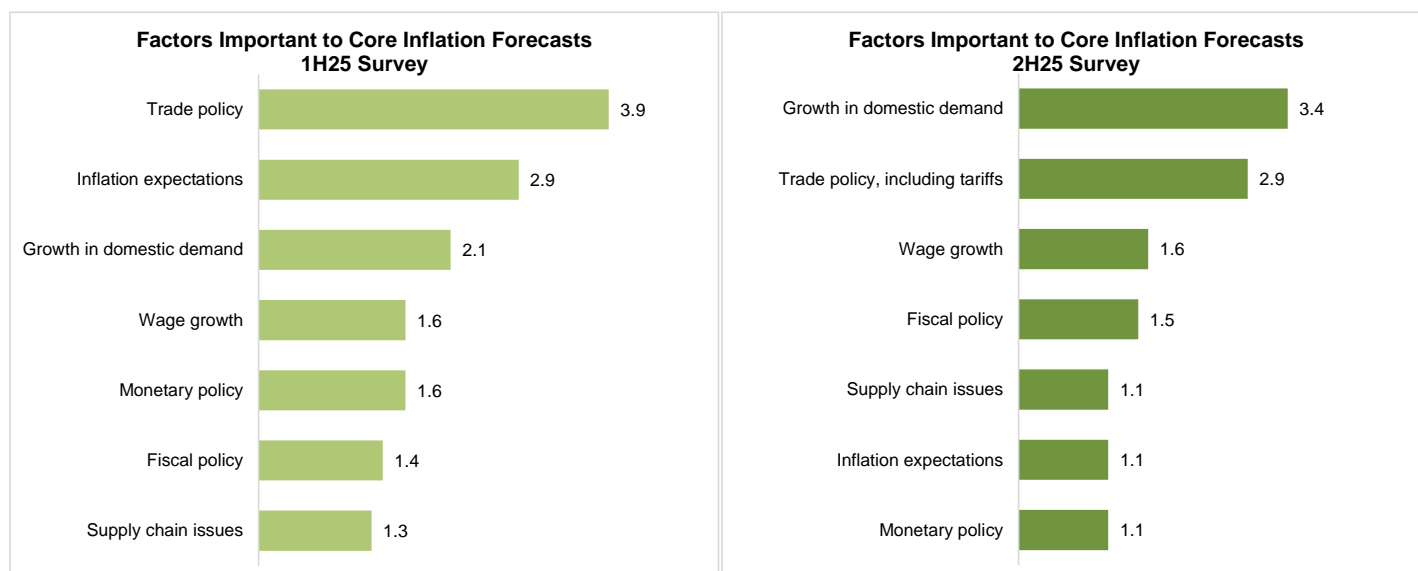




Source: Bloomberg, SIFMA Economist Roundtable

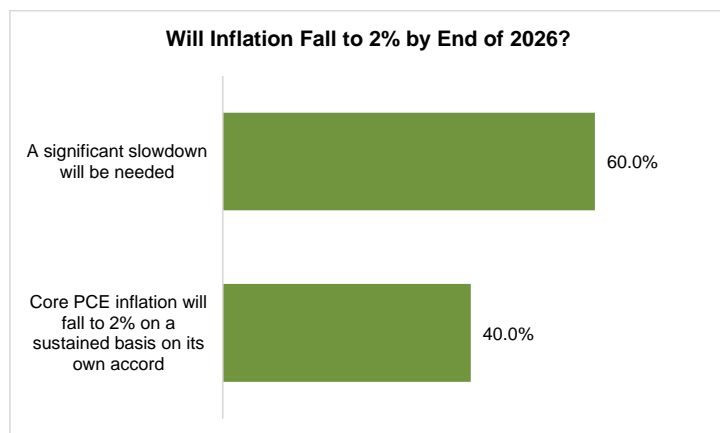
## Survey Questions

Q. What are the five most important factors in your outlook for core inflation? (Please rank order your top five factors with “1” having the greatest effect and “5” having the smallest effect by typing 1-5 in boxes next to selected factors)



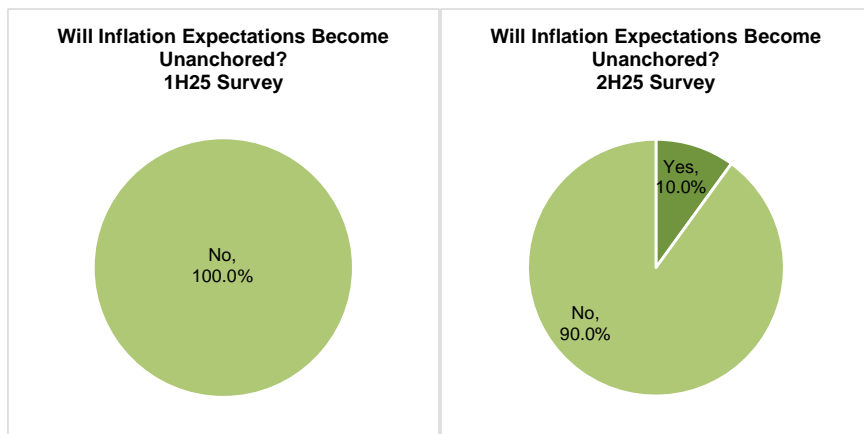
Note: Factors receiving a score of 1 or less were removed from the charts.

Q. The year-over-year rate of core PCE inflation has remained above the Fed's 2% target since 2021. At 2.9% YoY (August 2025), 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%?



Note: All respondents who believe core PCE inflation will fall to 2% on a sustained basis on its own accord indicated they believe it will do so in the second half of 2027.

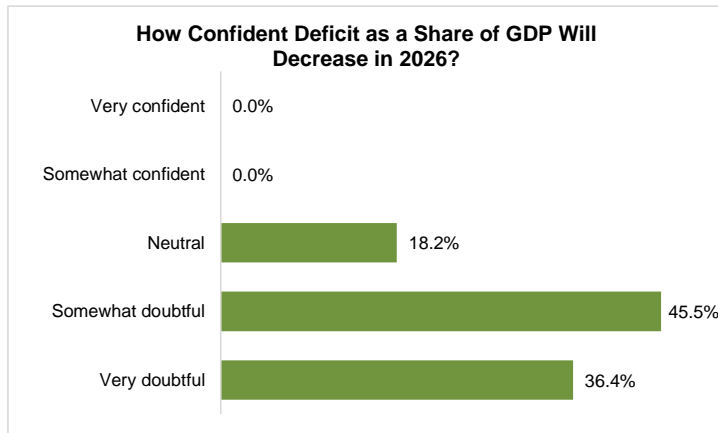
Q. Do you believe inflation expectations will become unanchored in the foreseeable future?



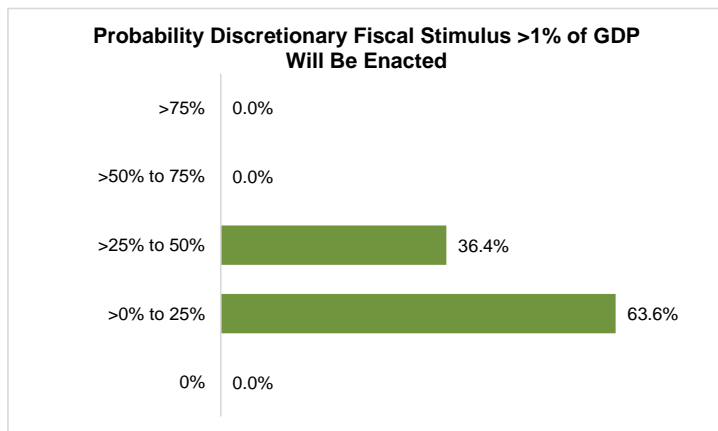
## Fiscal Policy Risks

### Survey Questions

Q. The federal fiscal deficit reached \$1.8T in FY 2025, or approximately 6% of GDP. How confident are you that the deficit as a share of GDP in 2026 will decrease relative to 2025?



Q. What is the probability that discretionary fiscal stimulus exceeding 1% of GDP will be enacted in 2026 in response to slower economic growth?



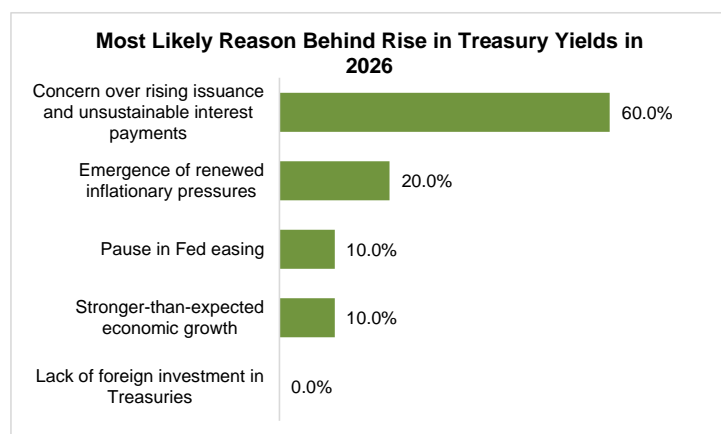
Q. What single fiscal policy recommendation would you make to the current administration to improve the budget outlook?

Responses included: no additional spending; new revenue raising opportunities besides tariff increases; social security reformation; legislation for a 5% value-added tax; increased communication with the public on the importance of a balanced budget; improved fiscal deficit/using tariff revenues to lower the deficit.

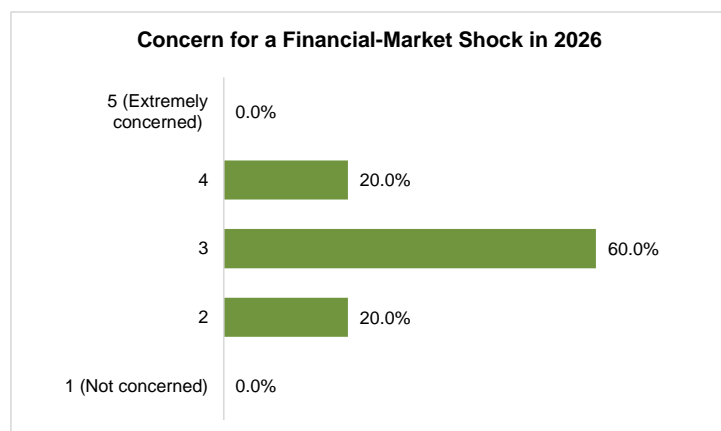
## Market Risks

### Survey Questions

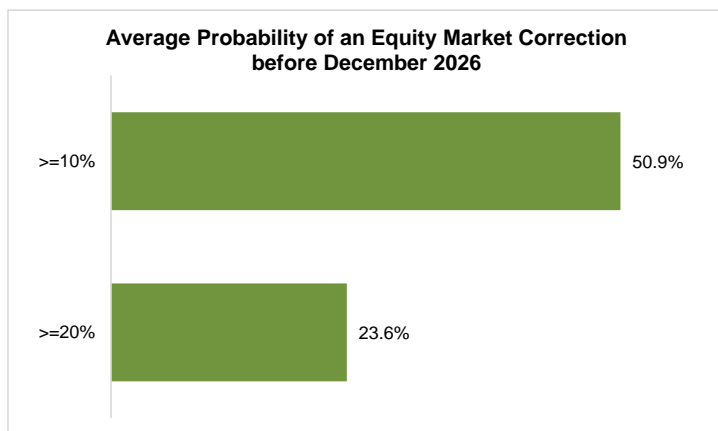
Q. Which of the following would be the most likely reason behind any rise in Treasury yields in 2026?



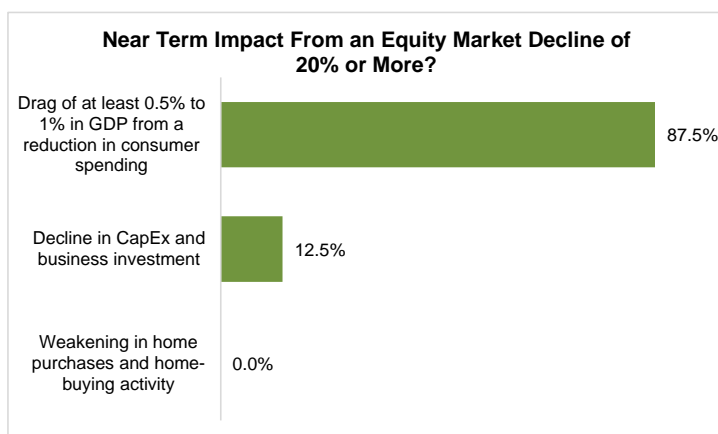
Q. How concerned are you about a financial-market shock (e.g., large drawdown in equities or widening credit spreads) triggering a growth slowdown in 2026?  
(1 = Not concerned; 5 = Extremely concerned)



Q. What probability do you assign to a 10% (or greater) equity market correction between now and December 2026? What about a 20% or greater decline?



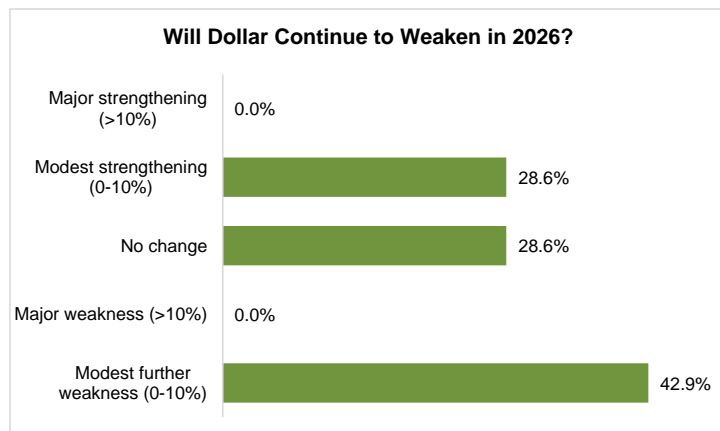
Q. What would be the most likely near-term impact on the economy from an equity market decline of 20% or more?



Q. The dollar (as measured vs. the DXY) has weakened by 8% YTD in 2025. What has been the biggest effect from dollar weakness?

Responses included: decline in foreign demand for U.S. financial assets including treasuries; increasing attractiveness of international equities; effects have been minimal so far.

Q. Will the dollar continue to weaken in 2026?



Q. What has been the biggest impact on the economy from the run-up in gold and silver prices in 2025?

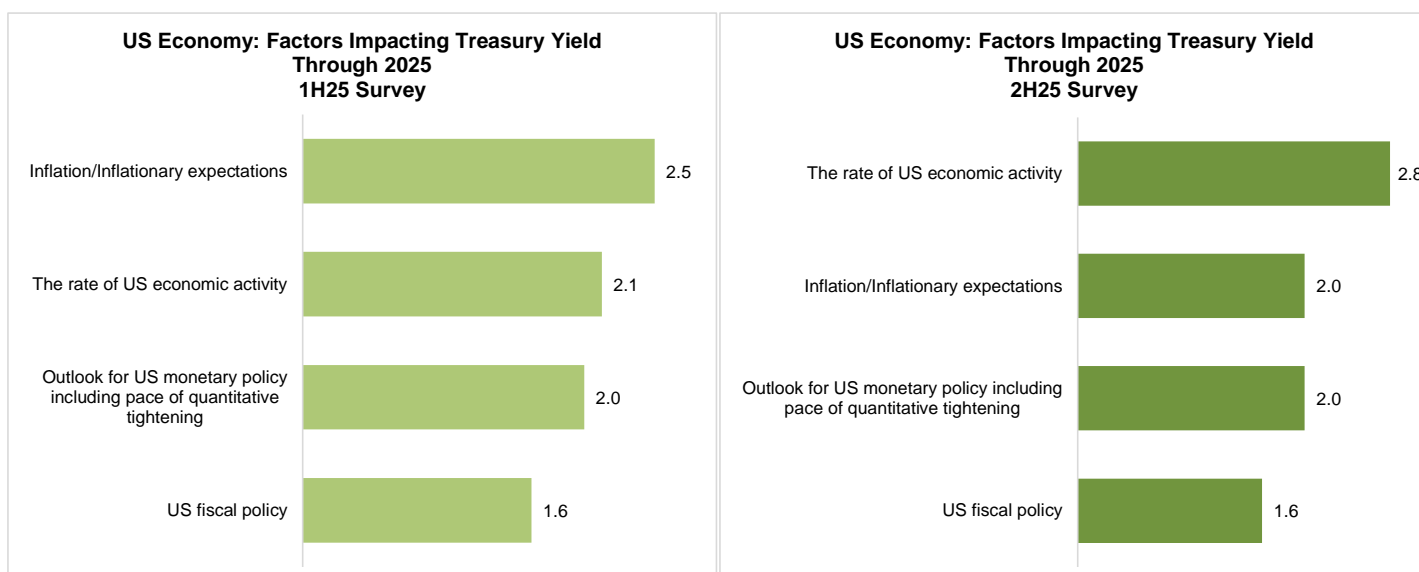
Responses included: a hedge for economic and trade uncertainty, dollar weakness, and higher prices; reinforced concerns about the dollar and U.S. exceptionalism; signals of heightened risk aversion and inflation hedging with limited direct impact on macro, but notable sentiment effects.

Q. Will this run-up continue into 2026? Why or why not?

Responses included: valuations are expected to remain rich by historical standards, but further appreciation should be limited; slower growth as demand from foreign reserve managers wanes; run-up will continue if central banks continue to purchase gold; speculation will settle but central bank buying will provide a floor; likely to stabilize or rise modestly if real rates remain low and geopolitical uncertainty persists; sharp gains less probable without renewed inflation fear.

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?

Please rank order the top 5 factors with “1” having the greatest effect and “5” having the smallest effect (among the five factors you chose).

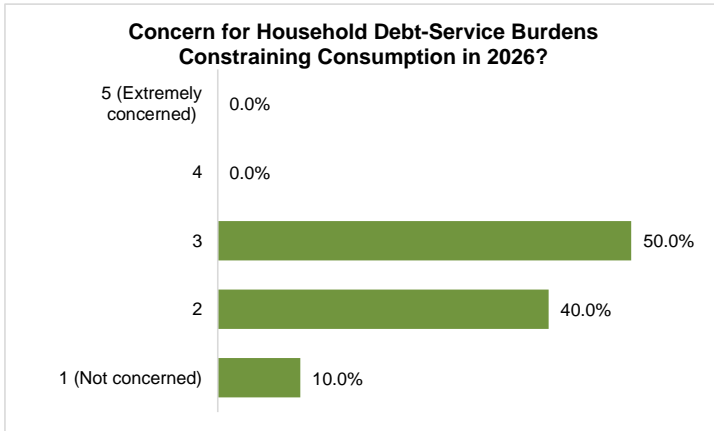


Note: Factors receiving a score of 1 or less were removed from the charts.

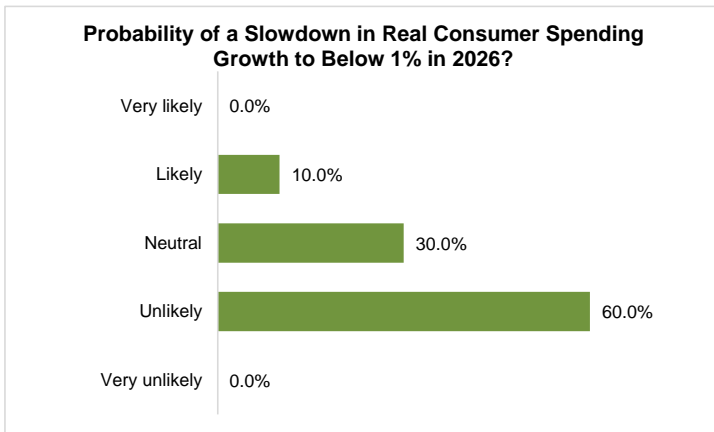
## Consumer Sector

### Survey Questions

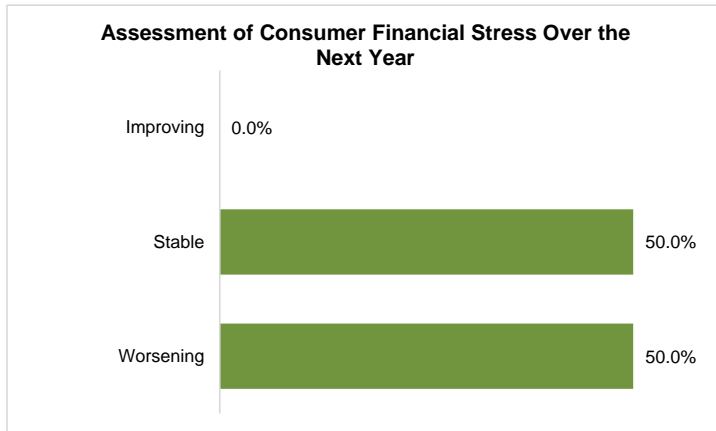
Q. How concerned are you that household debt-service burdens will meaningfully constrain consumption in 2026?  
(1 = Not concerned; 5 = Extremely concerned)



Q. How likely is a slowdown in real consumer spending growth to below 1% in any quarter of 2026?



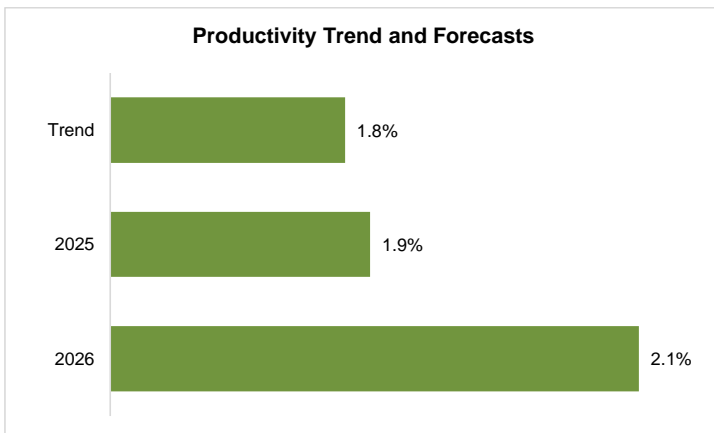
Q. What is your assessment of consumer financial stress (delinquencies, rising credit card utilization, savings drawdowns, etc.) over the next year?



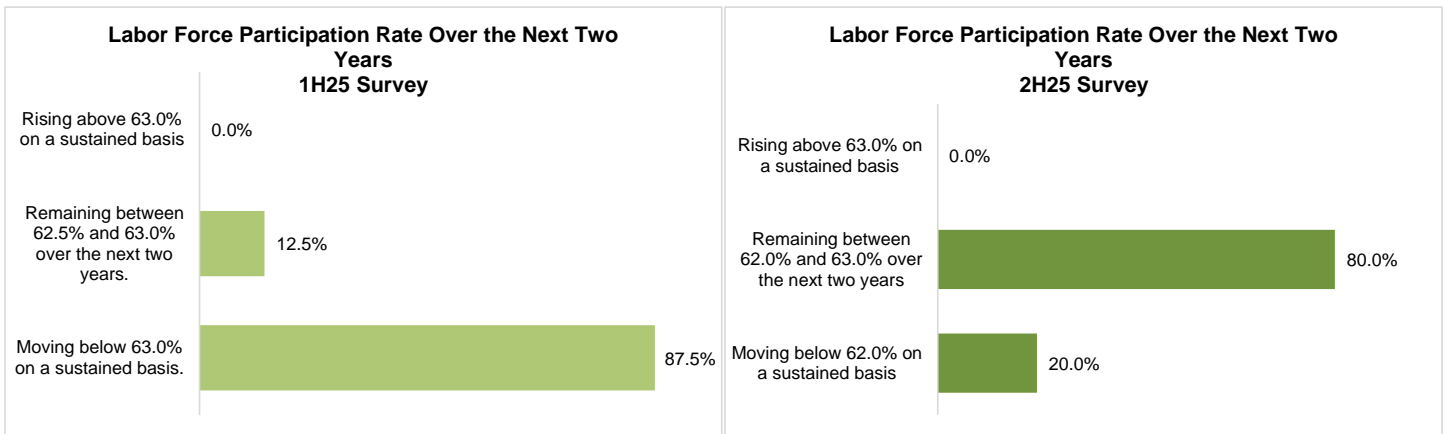
## Labor Market

### Survey Questions

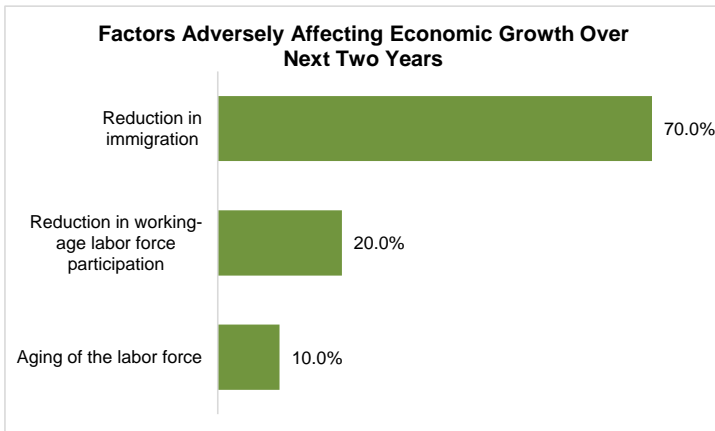
Q. Nonfarm business sector labor productivity increased 3.3 percent in Q2 2025 (QoQ, annualized)—the largest increase since 2023. What is trend productivity going forward, and what is your forecast for productivity for all of 2025 and 2026?



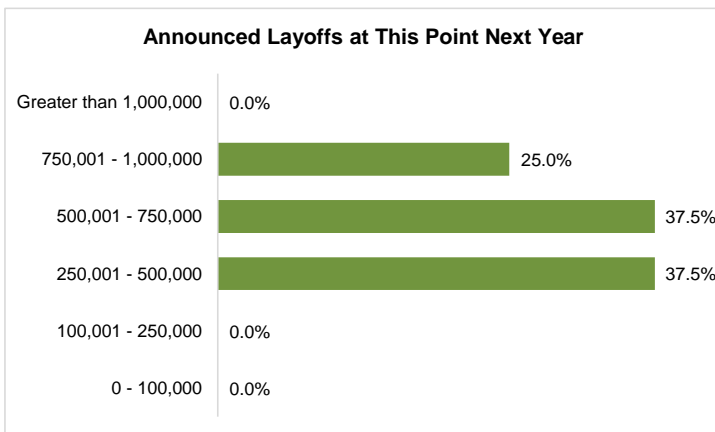
Q. The labor force participation rate (LFPR) stood at 62.3% in August 2025. Where do you see the LFPR over the next two years?



Q. Which of the labor market factors below is most likely to adversely affect economic growth over the next two years?



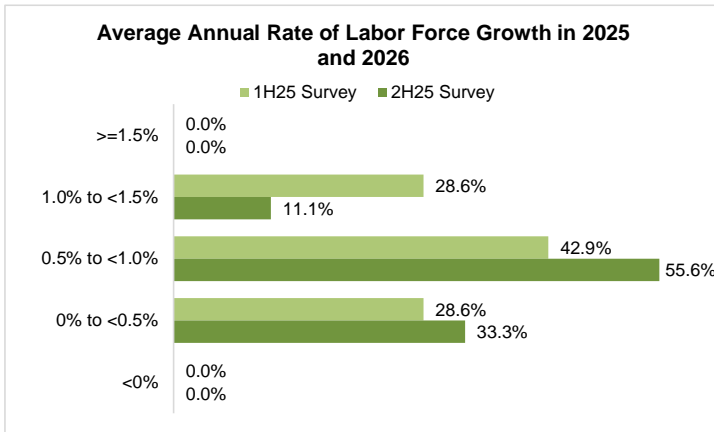
Q. Announced layoffs YTD through October 2025 stand in excess of 1,000,000 (Challenger, Gray & Christmas)—the highest level since 2020, reflecting declines in government and tech firm employment. Where do you see announced layoffs standing at this point next year?



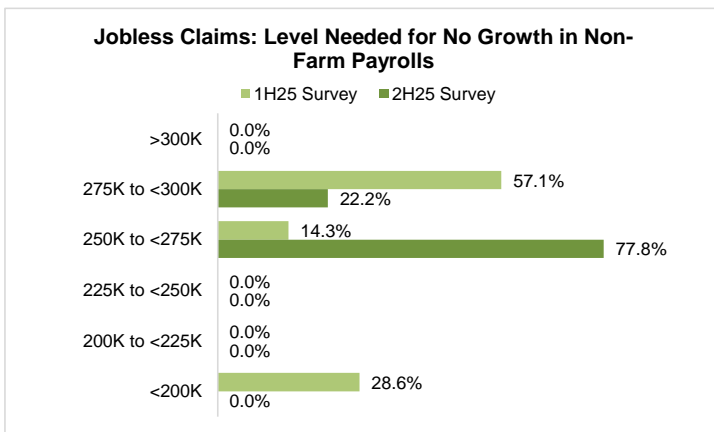
Q. What fraction of the announced layoffs in 2026 do you think will specifically mention AI?

Responses ranged from 16% to 85% with an average of 49%.

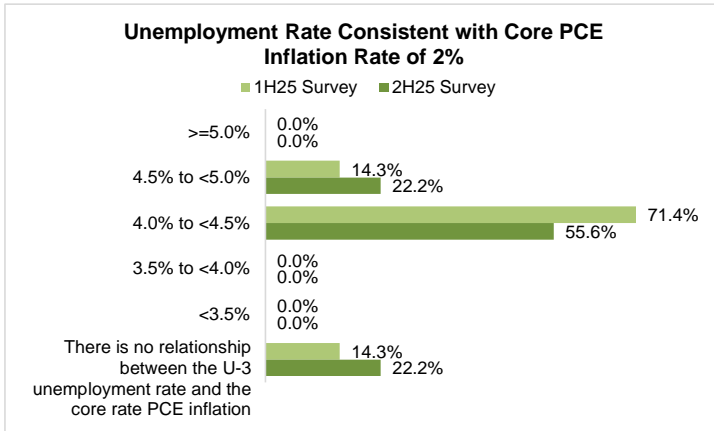
Q. The U.S. labor force grew roughly 1.5% in both 2022 and 2023, dropping to 0.7% in 2024 (the average per annum growth rate between 2010 and 2019). As of August 2025, growth stood at 1.3%. What average annual rate of labor force growth do you expect in 2025 and 2026?



Q. What range in the 4-week moving average of initial jobless claims is consistent with no growth in non-farm payrolls?



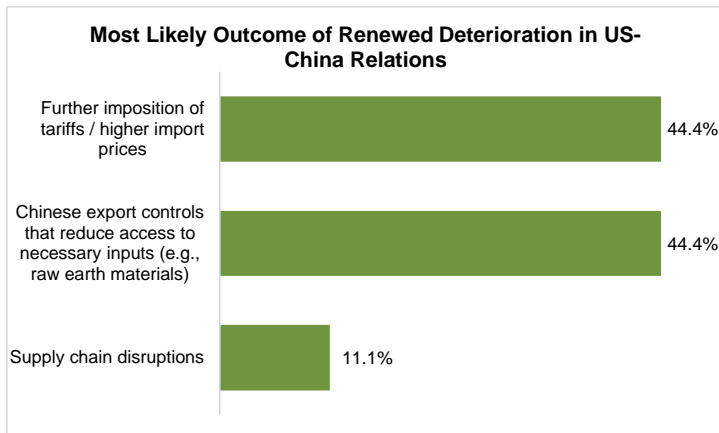
Q. The U-3 unemployment rate is currently 4.3% (August 2025). What level of the U-3 rate is consistent with a core PCE inflation rate of 2%?



## Geopolitical

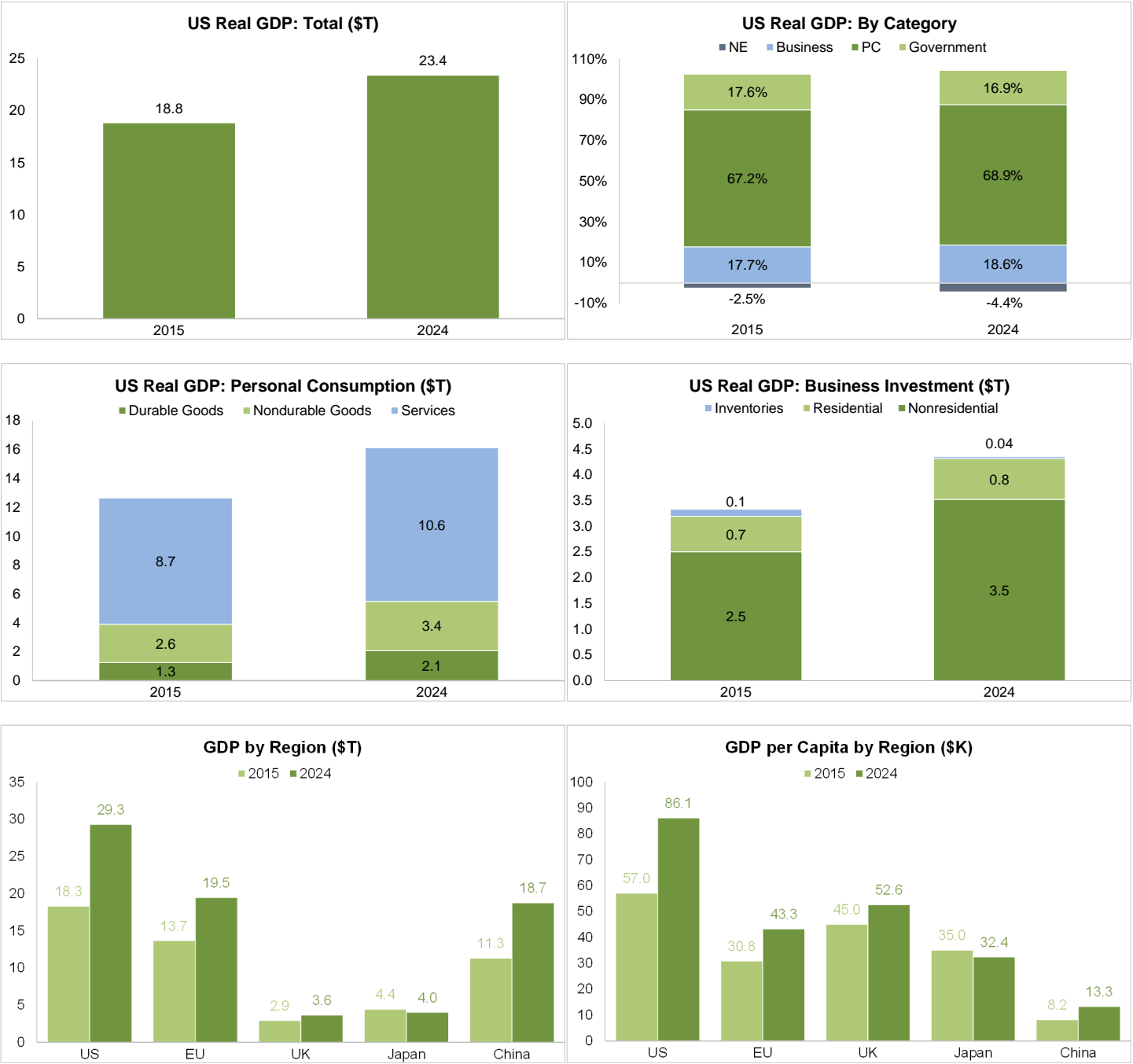
### Survey Questions

Q. What would be the most likely outcome of renewed deterioration in US-China relations?



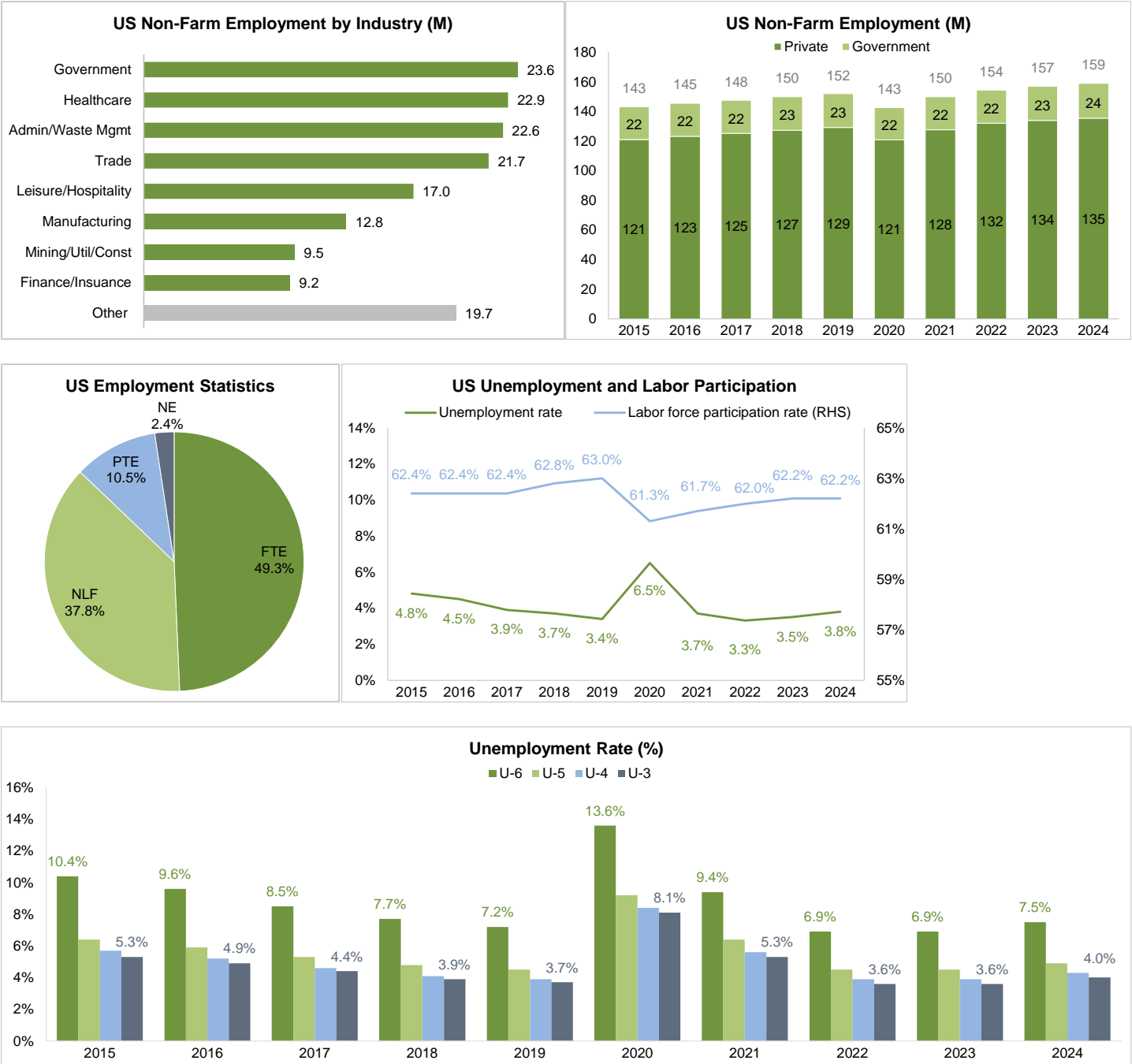
Reference Guide: Economic Landscape

Real GDP Breakout



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

Employment Breakout (2024)



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 = 6/1/2022-11/19/2025.

## Appendix: Terms to Know

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- **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 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 Interest on Reserve Balances (IORB), which sets a floor on the Fed Funds rate under the Fed's "ample reserves" regime.
- **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:  $(\text{Unemployed} \div \text{Labor Force}) \times 100$ . 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 influenced by supply side, demand side, and labor-driven factors.
  - 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 November 5 and November 13, 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

#### Co-Chairs

**Scott Anderson**

**Douglas Porter**

BMO Capital Markets

#### Members

**Aditya Bhawe**

Bank of America

**Marc Giannoni**

Barclays Capital

**Nathaniel Karp**

BBVA Compass

**Andrew Hollenhorst**

Citigroup

**Nicholas Van Ness**

Credit Agricole

**Lawrence Werther**

Daiwa

**Matt Luzzetti**

Deutsche Bank Securities

**Christopher Low**

FHN Financial

**Jan Hatzius**

Goldman Sachs

**Michael Feroli**

J.P. Morgan

**Thomas Simons**

Jefferies

**Mark Zandi**

Moody's Analytics

**Michael Gapen**

Morgan Stanley

**Kevin Cummins**

NatWest

**Aichi Amemiya**

Nomura

**Carl Tannenbaum**

Northern Trust

**Augustine Faucher**

PNC Financial

**Eugenio Alemán**

Raymond James

**Stephen Gallagher**

Société Générale

**Lindsey Piegza, Ph.D.**

Stifel Financial

**Jay Bryson, Ph.D.**

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