



*October 2025*

# Outlook Survey Results

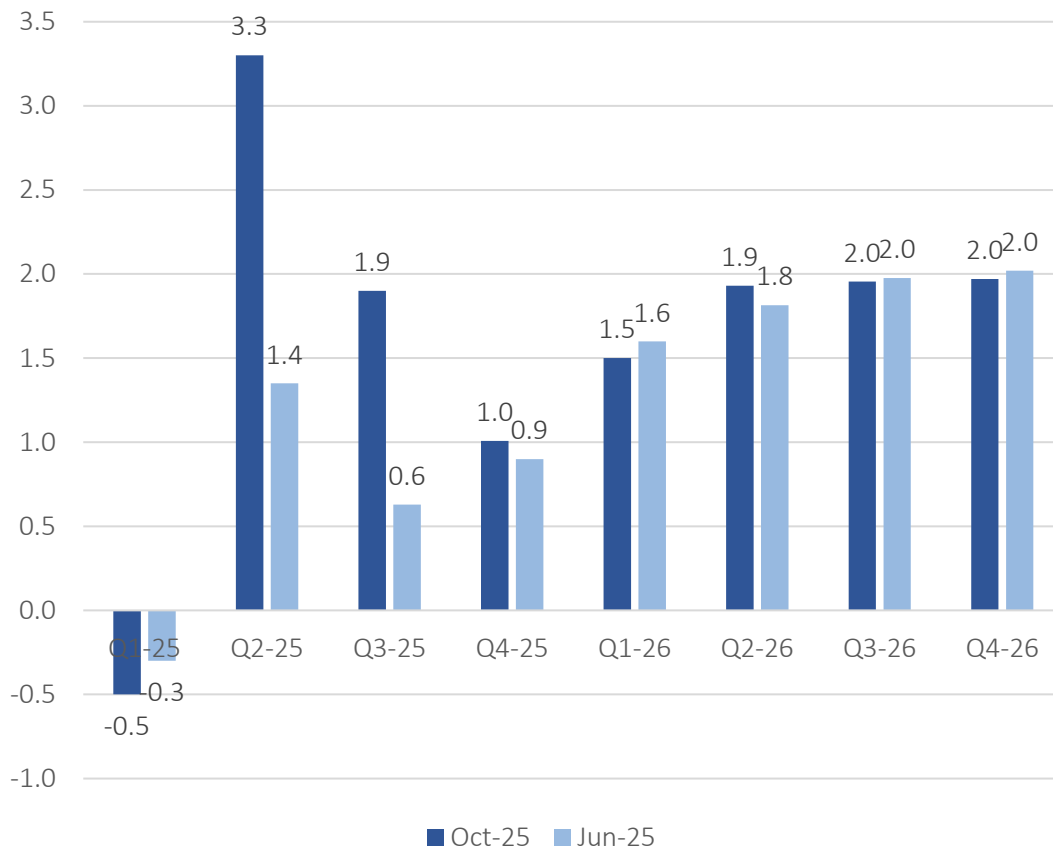
## NABE Panelists Revise Economic Growth Forecasts Higher, While Inflation Forecasts Are Mixed

- The panel consisted of 40 professional forecasters that covered the outlook for 2025/26.
- The survey was conducted September 17-25, 2025.
- The analysis of survey responses was conducted by **Kathy Bostjancic** (chair), Nationwide; **Martin Holdrich**, Woods & Poole Economics, Inc.; **Mervin Jebaraj**, University of Arkansas; **Tendayi Kapfidze**, Wells Fargo; **Jack Kleinhenz**, CBE, National Retail Federation; **Brian Lewandowski**, University of Colorado; **Caitlin Patrick**, National Association for Business Economics; **Rebecca Rockey**, Cushman & Wakefield; and **Ken Simonson**, Associated General Contractors of America. Edited by **Kate Anderson**.
- The NABE Outlook Survey originated in 1965 and is one of three surveys conducted by the National Association for Business Economics (NABE); the others are the NABE Business Conditions Survey and the NABE Economic Policy Survey.

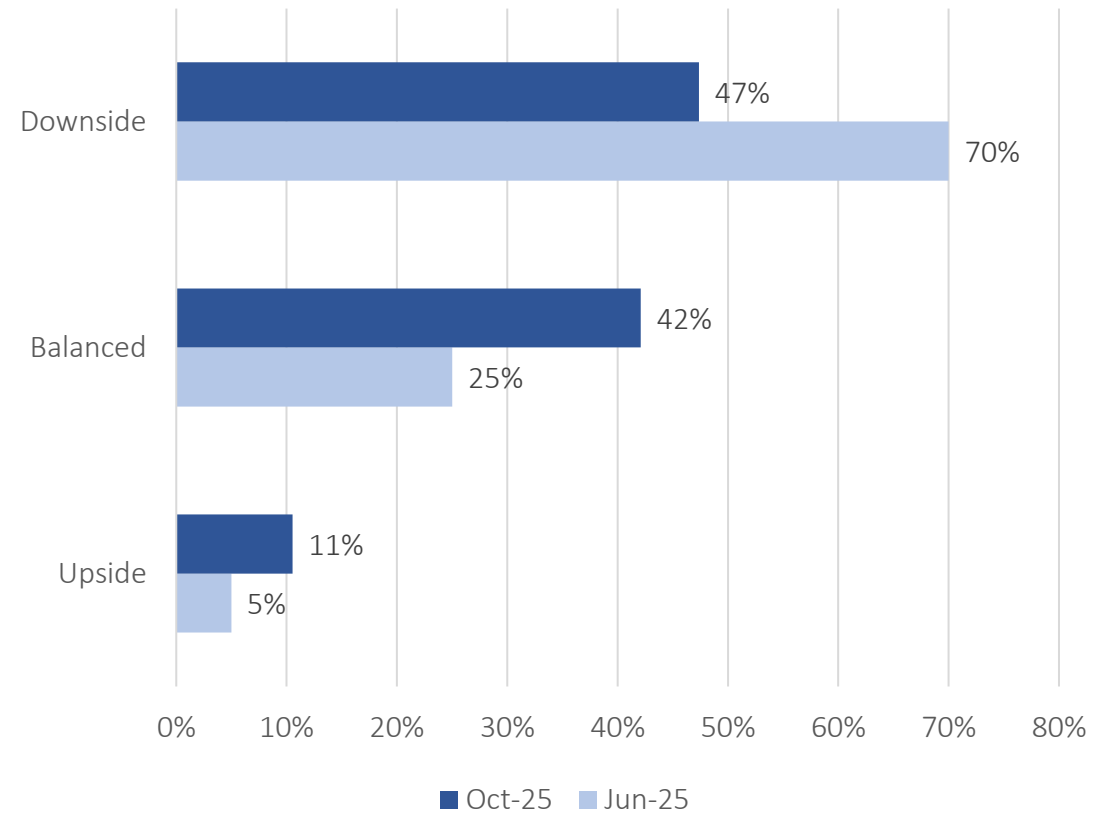
# Panelists reveal more optimism than earlier this year—but in absolute terms, the economic picture is still mixed

## REAL GDP

(% CHANGE, ANNUAL RATE)  
MEDIAN QUARTERLY FORECAST

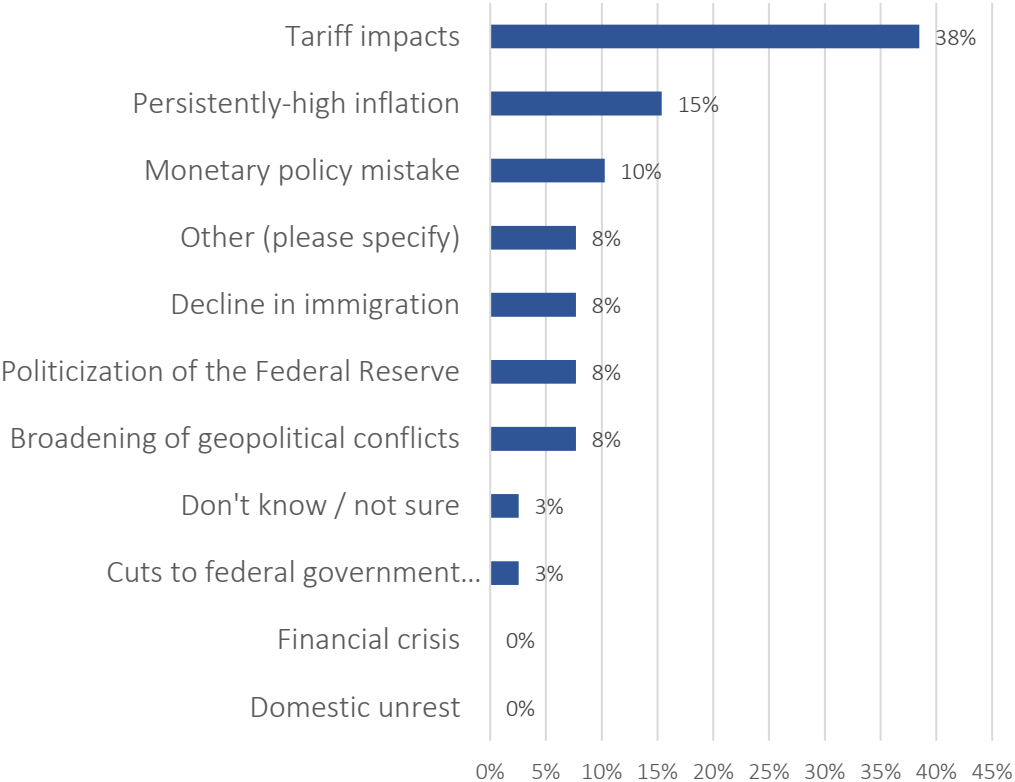


## BALANCE OF RISKS

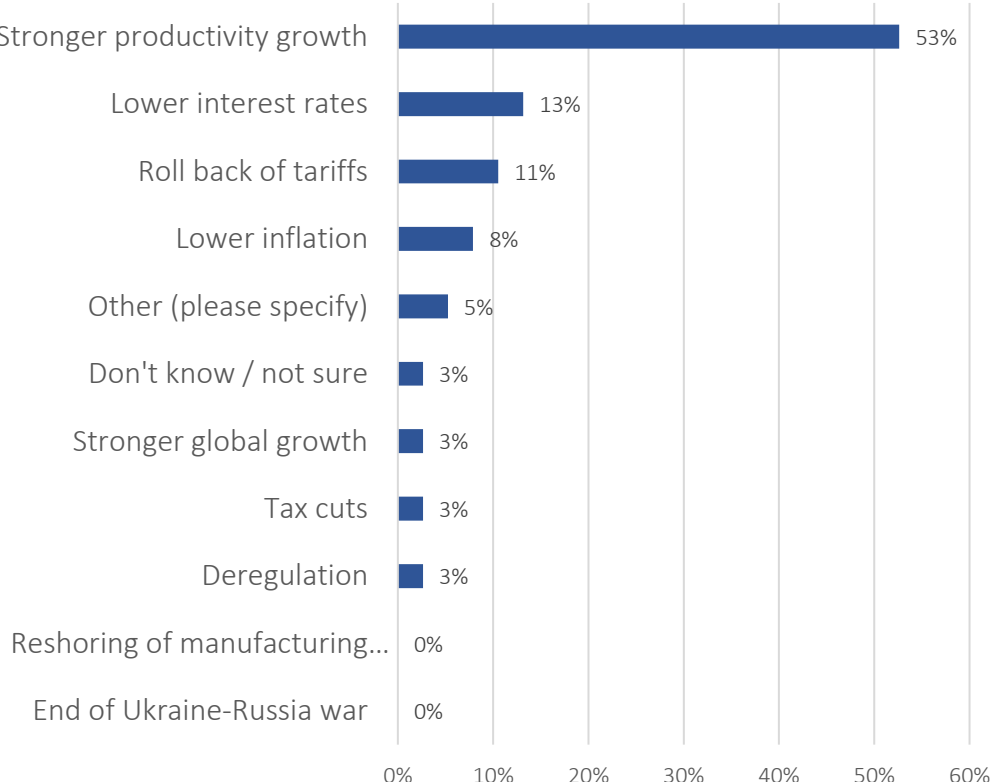


# The greatest downside risk to the US economy over the next 12 months is tariffs while the greatest upside risk is stronger productivity (considering probability of occurrence and potential impact)

## DOWNSIDE RISKS



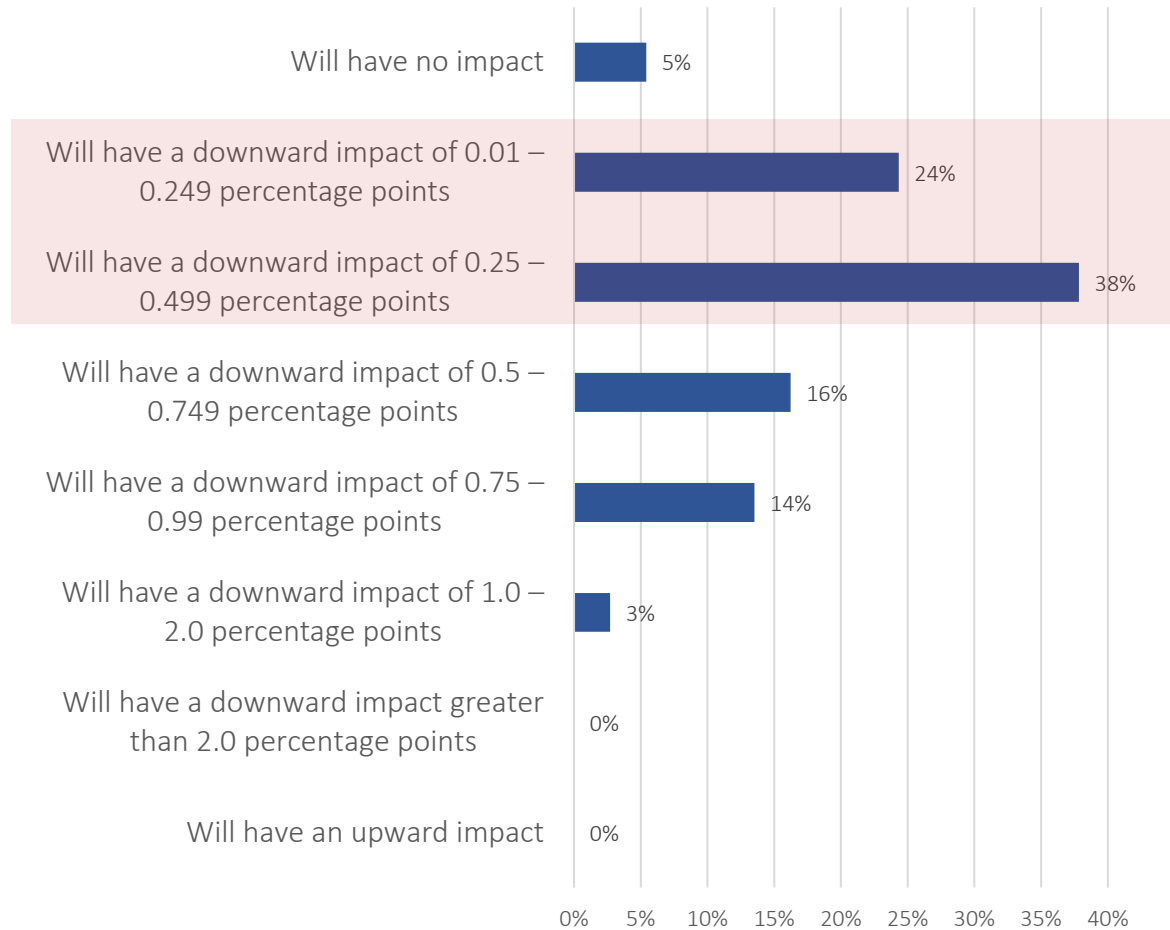
## UPSIDE RISKS



# Two thirds of panelists see tariffs weighing on GDP growth by up to 0.5ppt and lifting inflation by 0.25-0.75ppt

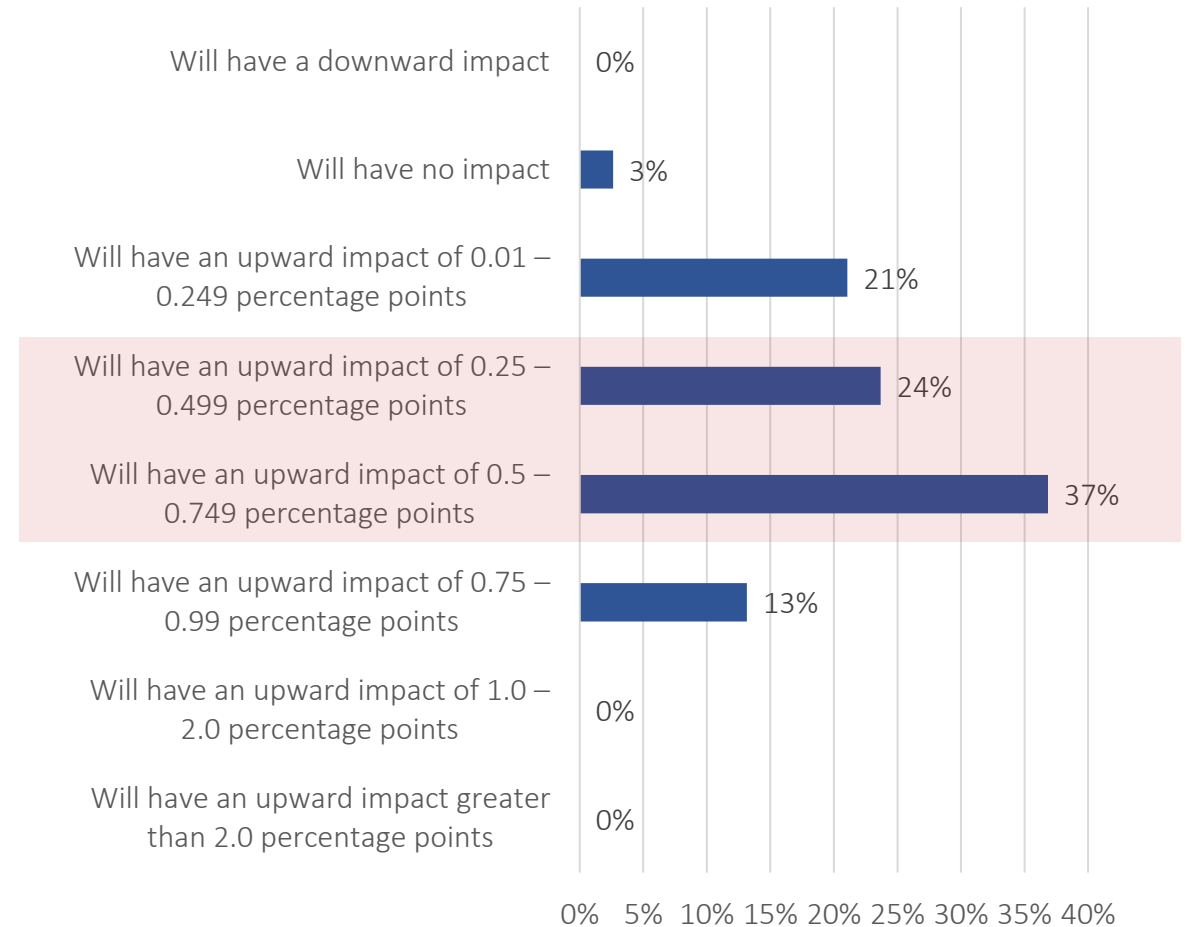
## IMPACT OF TARIFFS ON REAL GDP GROWTH

Q4/Q4 2025



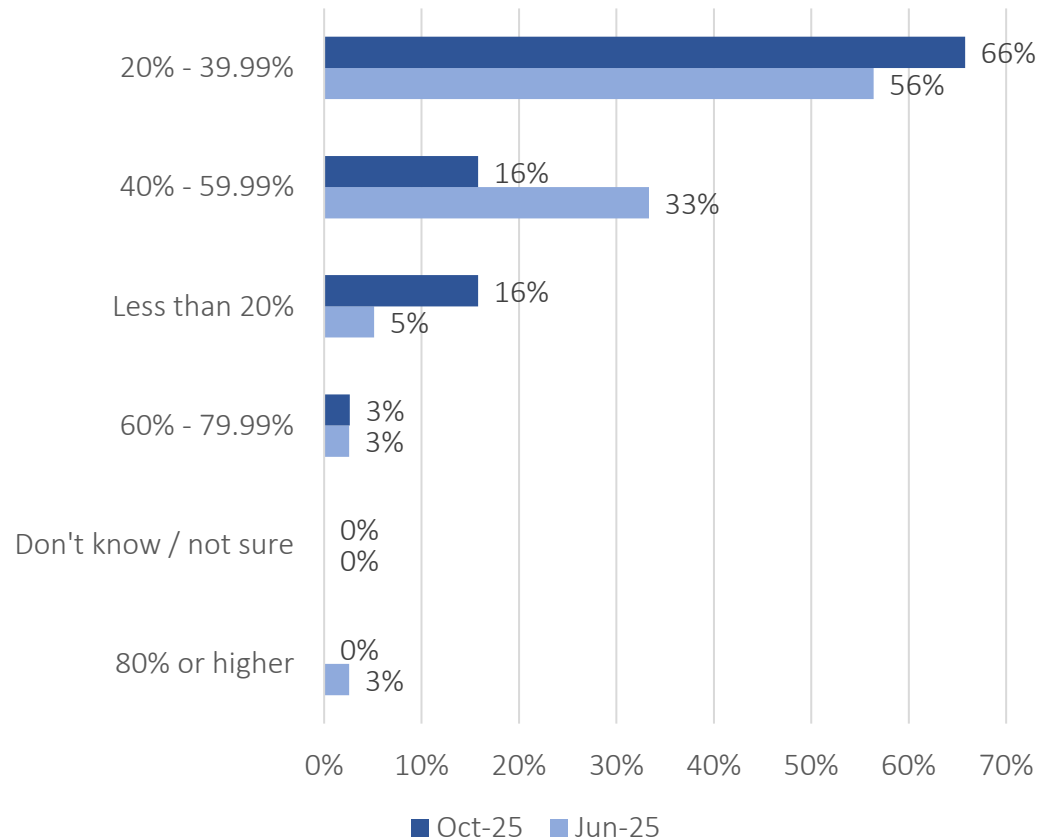
## IMPACT OF TARIFFS ON PCE INFLATION

Q4/Q4 2025

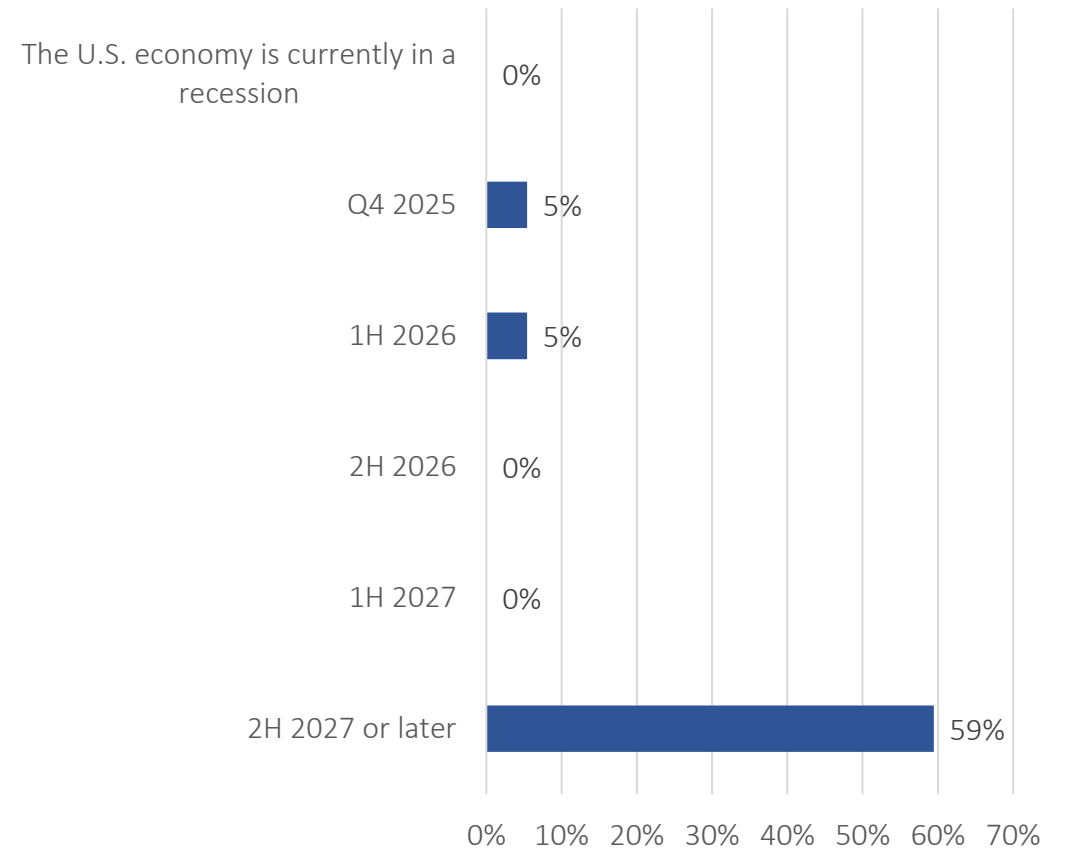


# Two thirds of respondents put recession odds around 20-40% and only 10% foresee an imminent downturn

## RECESSION ODDS OVER NEXT 12-MONTHS

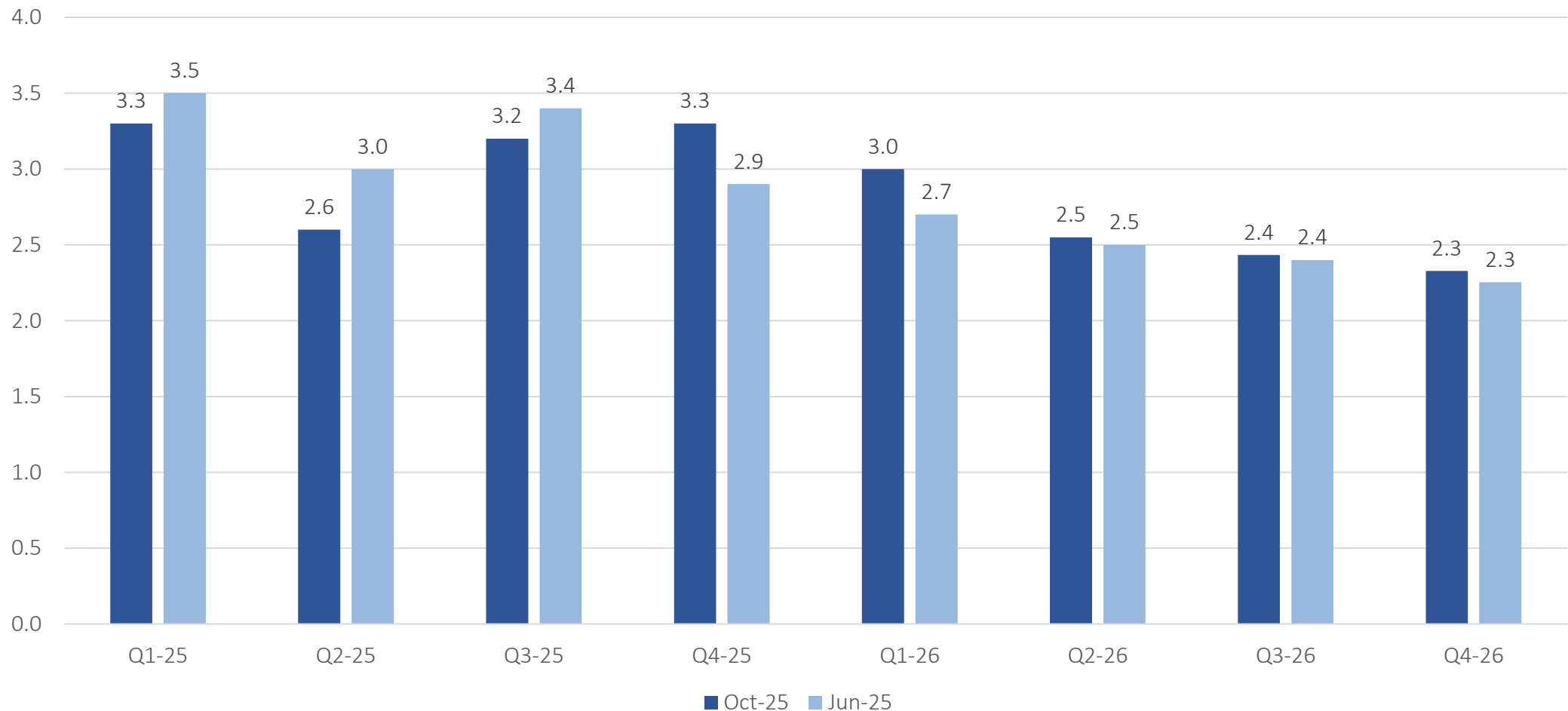


## WHEN WILL NEXT RECESSION BEGIN



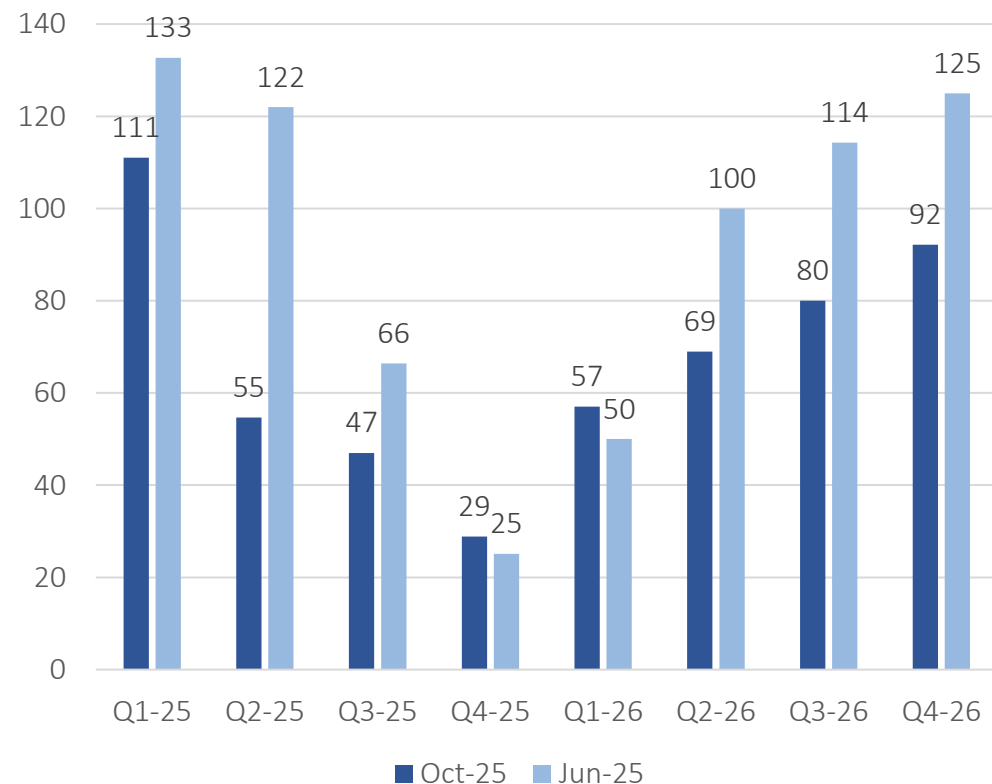
# Panelists anticipate a lower inflation in 2025, but higher inflation in 2026 – still above the Fed’s 2% target by the end of next year

**CORE PCE INFLATION**  
(% CHANGE, ANNUAL RATE)  
MEDIAN QUARTERLY FORECAST

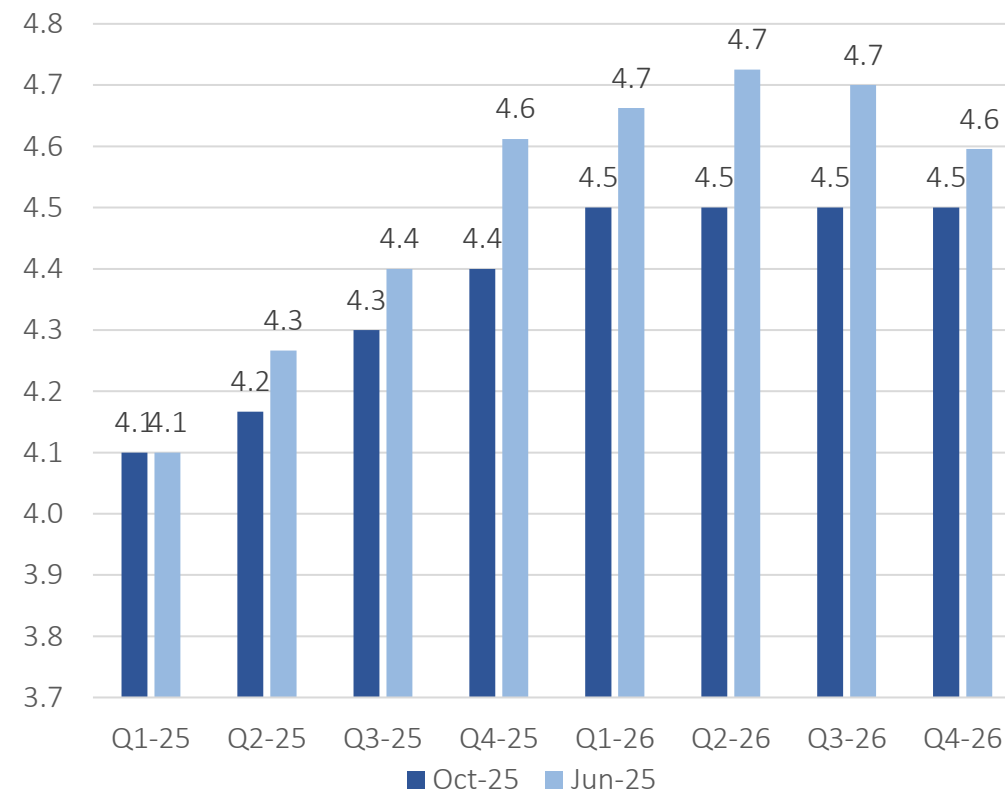


# Panelists expect slower job growth and a lower unemployment rate – a paradox?

**NONFARM EMPLOYMENT**  
(AVERAGE MONTHLY CHANGE, THOUSANDS)  
MEDIAN QUARTERLY FORECAST

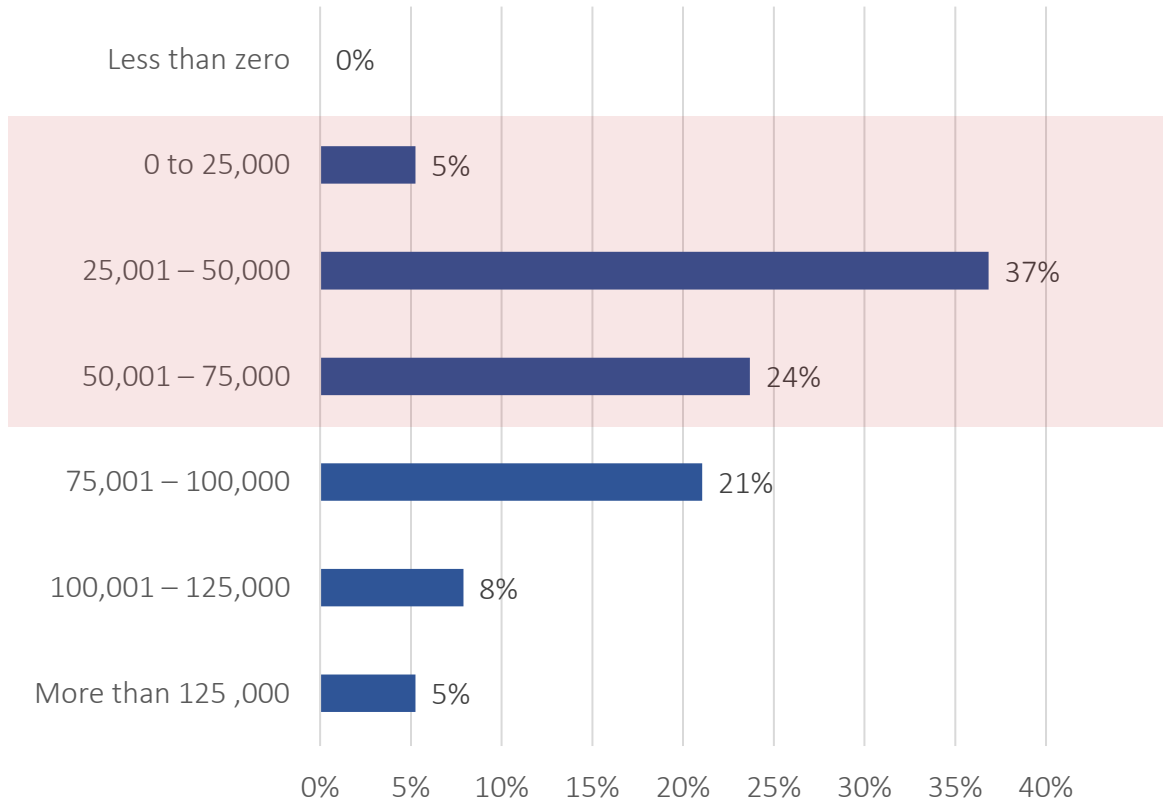


**UNEMPLOYMENT RATE**  
(% QUARTERLY AVERAGE)  
MEDIAN QUARTERLY FORECAST

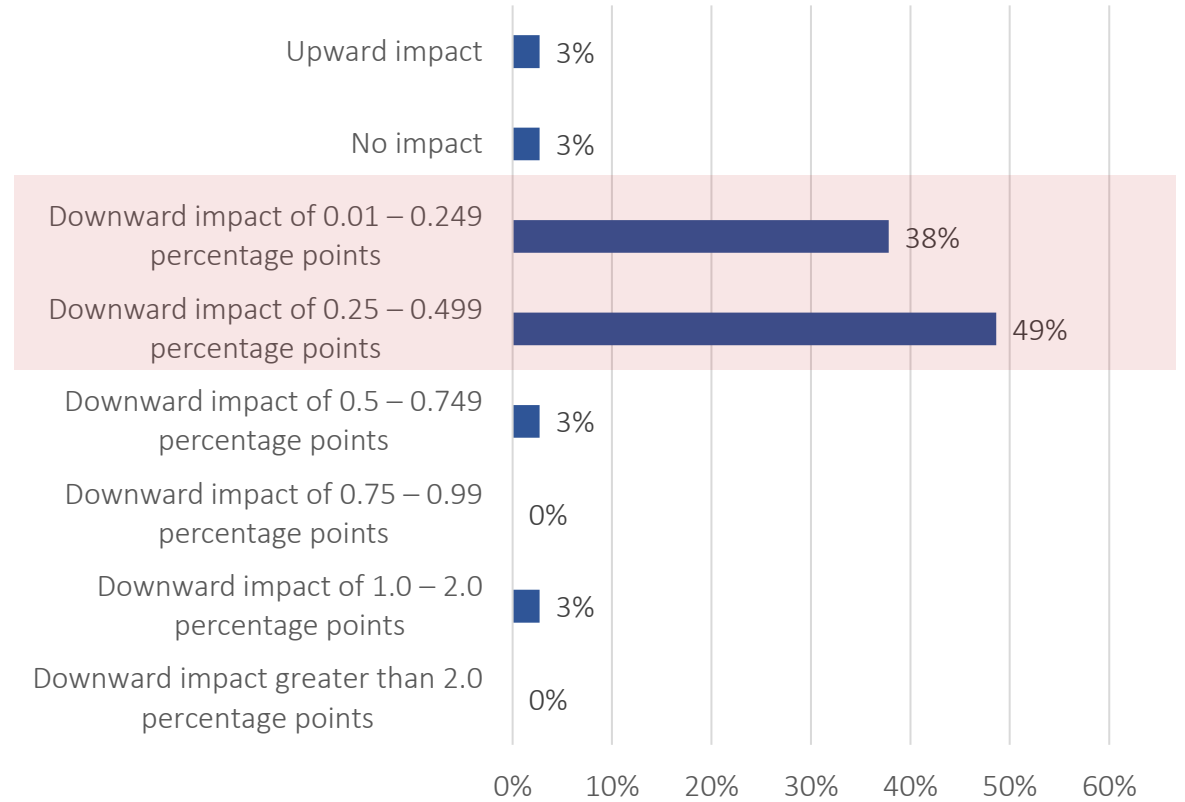


# Not if you assume much lower break-even job growth – as do two thirds of panelists (<75,000) – as a result of lower immigration

**What do you estimate is the break-even monthly nonfarm payroll job gain number that keeps the unemployment rate steady?**

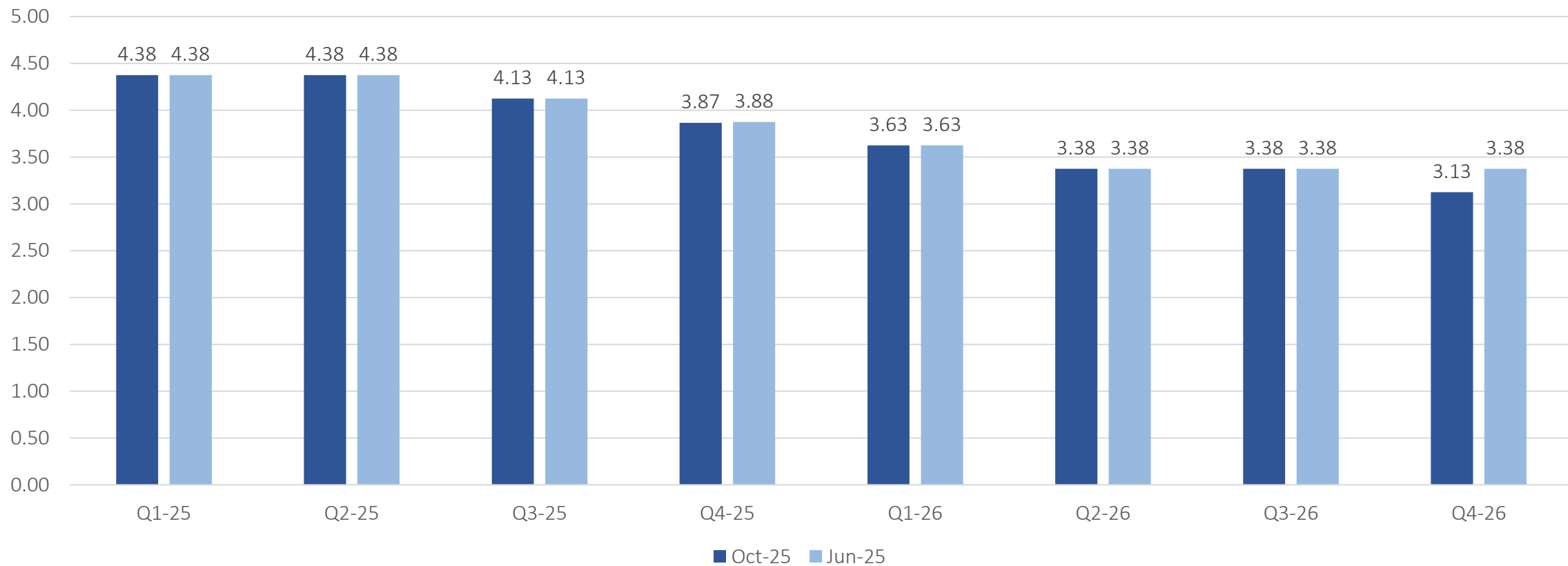


**What do you expect the impact of the more restrictive immigration will be on economic growth over the next 12 months?**



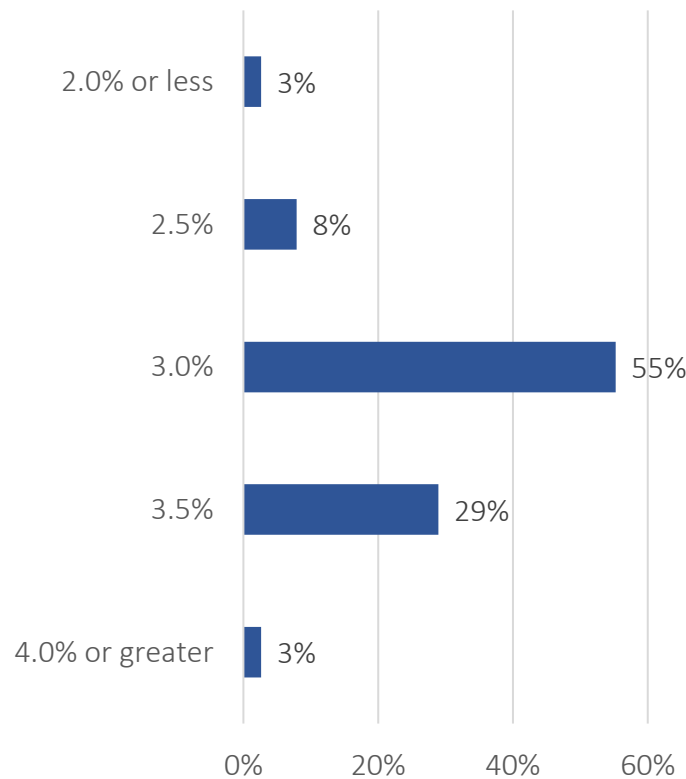
# Panelists foresee a cautious Fed, easing once more in 2025 and a further 75bps by the end of 2026

**FEDERAL FUNDS RATE**  
(% QUARTER END)  
MEDIAN QUARTERLY FORECAST

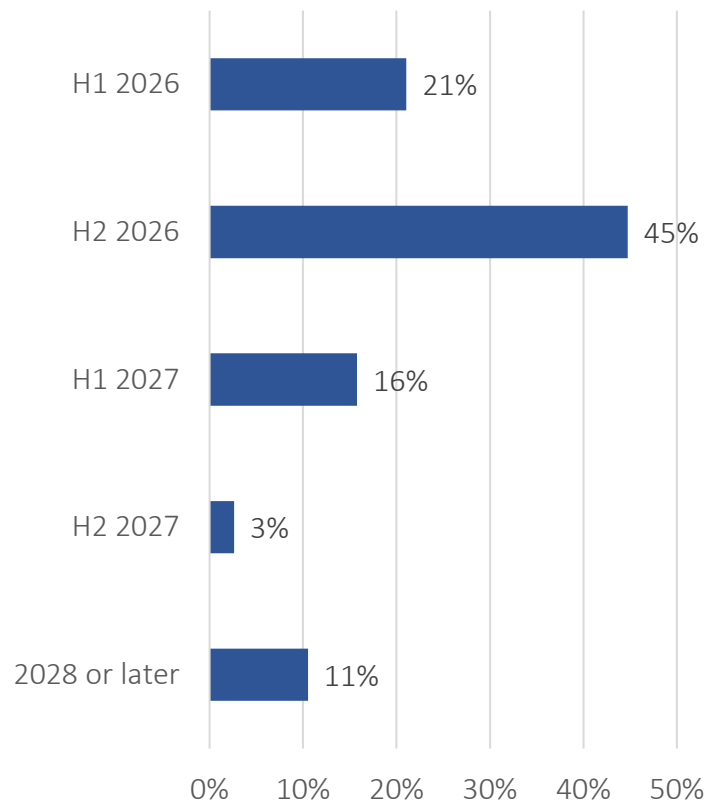


# A majority of panelists see the neutral fed funds rate at 3% and expect the Fed to neutralize policy by H2 2026, with nearly three quarters believing the current policy rate is optimal

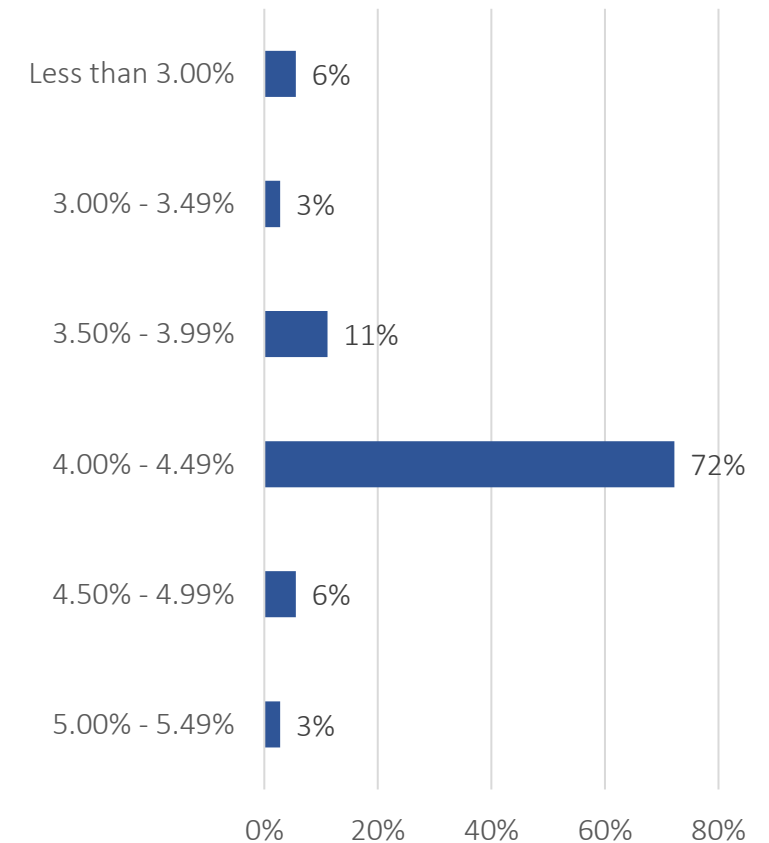
## What do you think is the longer run neutral federal funds target rate?



## When do you expect the FOMC will reach its estimated 3% neutral funds rate

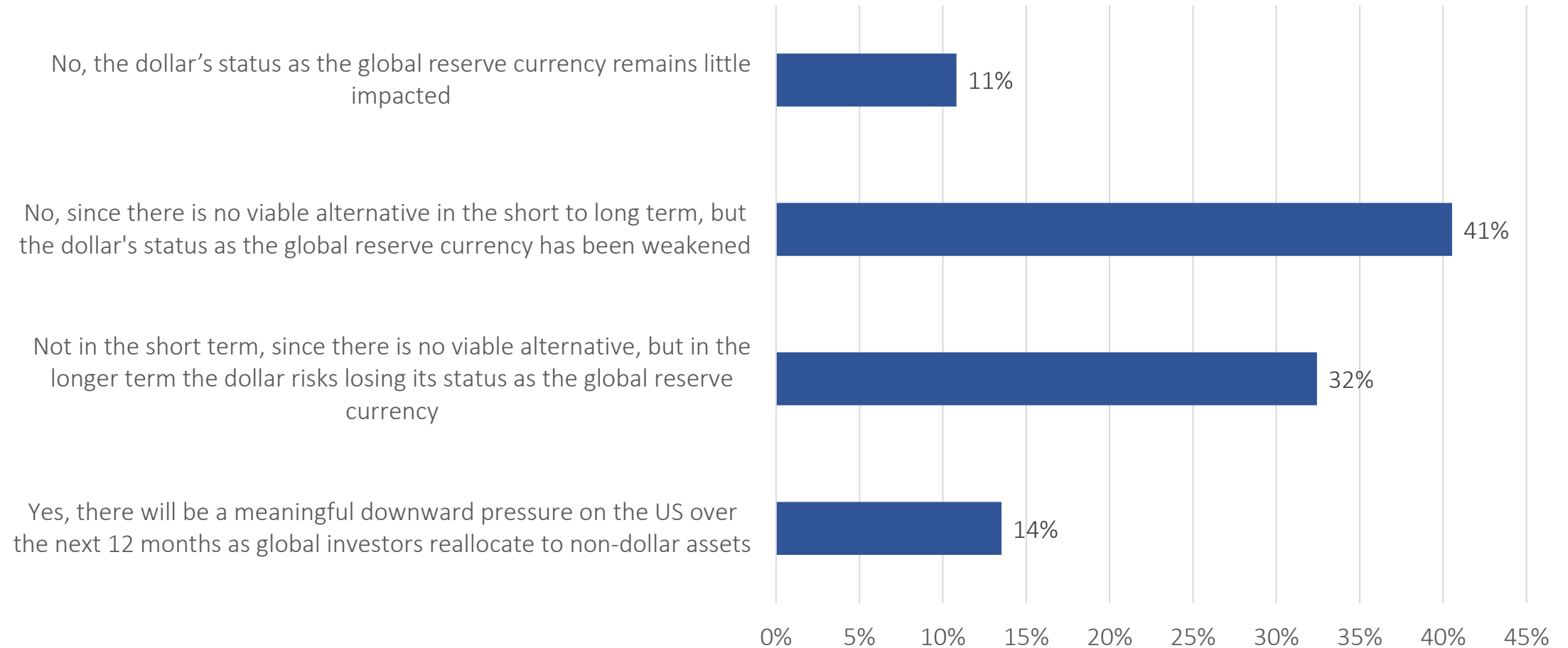


## What should the federal funds rate be?



## While a majority don't see the US dollar losing its reserve currency status, nearly three quarters of panelists see either a weakening of its status (41%) or a risk of losing its status (32%)

**Do you believe that recent U.S. policy shifts put the U.S. dollar at risk of losing its status as the global reserve currency?**



Thank you!