
Tariffs! At The Supreme Court

Sage Economics <basu@substack.com>

Wed, Nov 5, 2025

Tariffs! At The Supreme Court

A Trade War You Can't Sweat Out

ZACK FRITZ AND ANIRBAN BASU

NOV 5



The Supreme Court will start hearing oral arguments on the legality of Trump's tariffs today; [Learning Resources, Inc. v. Trump](#) will decide whether a president can use the [International Emergency Economic Powers Act](#) (IEEPA) to levy tariffs to their heart's content.

We [wrote about this at length](#) a few months ago, but here are a few additional (and more current) thoughts:

1. This is huge (Big!) for the fate of the trade war. Some tariffs, like those on steel/aluminum/copper would remain in place, and there are workarounds to replace some of the IEEPA tariffs, but this would dramatically reduce the pace of tariffing.
2. There were 44 amicus briefs filed for this case, 37 of which were against the tariffs. A majority of the briefs against the tariffs came from conservative groups, and [that's very unusual](#).
3. Learning Resources is a family-owned toy company based in Illinois. It says a lot that the challenges to tariffs have come from smaller

companies and trade groups, but that's who's hurt here. The massive corporations are sucking up in hopes of getting exemptions (with pretty good success so far) while the smaller companies are stuck with the bill.

4. There's no firm timeline on when the Court will make a decision. It could be by the end of the year, or it could well into 2026.
5. If the IEEPA tariffs are overruled, the government will have to refund any revenues collected through them. Notably, those revenues will go to the companies that paid the tariffs, not the consumers who had the costs passed on to them.

The best trade news of the week

Chinese President Xi Jinping and Nvidia were pressuring the U.S. to allow Nvidia to sell China advanced chips. Makes sense. Nvidia would get a massive sales boost, and China would get a massive technological boost.

Makes less sense for the U.S., who would be sacrificing a key technological advantage (as many warned last week).

Thankfully, the Wall Street Journal reported on Monday that Trump Officials Torpedoed Nvidia's Push to Export AI Chips to China.

10% additional Canadian tariffs nowhere to be seen

President Trump, angered by a commercial Ontario put out that showed Reagan criticizing tariffs, announced 10% additional tariffs on Canada. But that was on October 25th, and we've yet to see any implementing orders. It could be that he changed his mind, or it could be that he didn't want to strengthen the argument against his tariffs in this week's IEEPA Supreme Court case.

U.S.-China trade deal

Whatever the point of 2025 tariffs, it's apparently not to decouple with China. The deal announced on Saturday lowers Chinese tariffs to a level that's comparable with (or maybe lower than) tariffs on key trading partners like India, Brazil, or Vietnam. Given Chinese efficiencies and general trade policy unpredictability, you won't see many companies shifting production out of China in the near term.

What's Next?

This week brings us some jobs data (not necessarily the jobs data we *want*), some other private sector releases, and hopefully news on the government reopening. We'll cover all that and more in Week in Review, our every-Friday post that gives you everything you need to know about the economy in a breezy, five-minute read.





Challenged Week in Review

Sage Economics <basu@substack.com>

Fri, Nov 7, 2025

Challenged Week in Review

Job losses, airport shutdowns, & more

ANIRBAN BASU

NOV 7



This week should have brought us a critically important jobs report, new job openings data, and an update on construction spending. Instead, we're worrying about how the shutdown is going to affect air travel starting Friday, how reliable often-ignored but now focal point private indicators are, and how impactful Daylight Savings is. It's an interesting time to be an economist. Let's begin.

Monday

Daylight Saving Time Ends

What does the research say about DST? A few points below:

- DST doesn't really affect energy usage.
- Time changes lead to a decently large increase in workplace injuries, plausibly due to less sleep.

- One study suggests permanent DST would reduce fatal pedestrian accidents around dusk.
- Another study suggests springing forward raises morning car accidents.
- There's some evidence that darker evenings leads to more crime, especially during that hour long period when it would have been light out.
- Anecdotal evidence from Zack suggests that rolling the clocks back "is not super fun" with a toddler. Don't worry, I'm not putting any weight on that.

TSA Checkpoint Travel Numbers

The number of people flying has held up well compared to last year, according to TSA data. But starting today (Friday), the FAA is going to cut travel capacity by up to 10% at forty major airports due to the shutdown, including what many in my family would argue is the nation's most important airport, Baltimore-Washington Thurgood Marshall International.

Indeed, this could be dire for yours truly, who has a flight scheduled for each of the next few days, including a trip to Minneapolis this weekend to watch the suddenly resurgent Baltimore Ravens take on an equally purple but not quite as good Vikings squad (Prince would love to be at this game – and if you understand that reference, you are a child of the 80s – bless you). Tourism economies will also suffer. You can see the list of affected airports here.

Anyone flying for Thanksgiving should pray for a speedy resolution to the shutdown...and then keep praying.

Oil stuff

Gas prices inched down to a relatively low average of \$3.15/gallon, which is great—if all my flights are cancelled, at least I'll save at the pump driving across the country to make my presentations.

Diesel prices rose and are about \$0.20/gallon higher than one year ago.

Tuesday

ISM Manufacturing PMI

The manufacturing sector shrank for an 8th consecutive month in October, according to this survey of industry managers. There's no way to sugarcoat it: tariffs have been disastrous for many manufacturers, and that's widely apparent in the comments from survey respondents. These two provide a nice summation of the situation:

"The unpredictability of the tariff situation continues to cause havoc and uncertainty on future pricing/cost. But even with the tariffs, the cost to import in many cases is still more attractive than sourcing within the U.S. Challenges with tariffs on production equipment necessary for internal production make it difficult to justify expansion of capacity."

"Tariffs continue to be a large impact to our business. The products we import are not readily manufactured in the U.S., so attempts to reshore have been unsuccessful. Overall, prices on all products have gone up, some significantly. We are trying to keep up with the wild fluctuations and pass along what costs we can to our customers."

Senior Loan Officer Opinion Survey on Bank Lending Practices

The SLOOS shows that virtually all banks kept their lending standards unchanged over the past three months (which is to say, *very tight*). That's discouraging given that the Fed cut rates in September (and then again in October). If you want a silver lining, banks reported a very modest increase in demand for nonresidential construction loans (15% of banks reported an increase, while 5% reported a decline).

Wednesday

ADP Employment Report

Private employers added 42,000 jobs in October, according to payroll processing firm ADP. This is where I usually tell you that the ADP estimate is less important than the BLS jobs report, but we're not getting one of those this week, so let's dig into the ADP data.

42,000 represents monthly growth that more than reverses the prior month's decline, but the broader private sector employment picture is still fairly bleak, averaging just 3,000 new private jobs per month since August. Moreover, the

ADP data do not cover public sector employment, which means that the nation's labor market performance is even worse than that 42,000 suggests.

The composition of job growth remains concerning as well. ADP reports that manufacturing, information (think tech and media), professional and business services, and leisure and hospitality all lost jobs for the month. Job losses were concentrated among smaller employers. Businesses with fewer than 250 employees lost 35,000 jobs for the month, while those with more than 250 employees added 77,000.

There are reasons to fret about the state of the labor market, which also threatens firms operating in retail, restaurant, multifamily, lodging, and many other categories.



ISM Services PMI

The services side of the economy grew in October, according to this [survey of industry managers](#). The services sector continues to vastly outperform the manufacturing sector. This is a good sign for overall growth, but the prices component of this measure suggests inflation will continue to reaccelerate.

Of note for many of our readers -- this survey suggests that the [construction industry shrank](#) for the month.

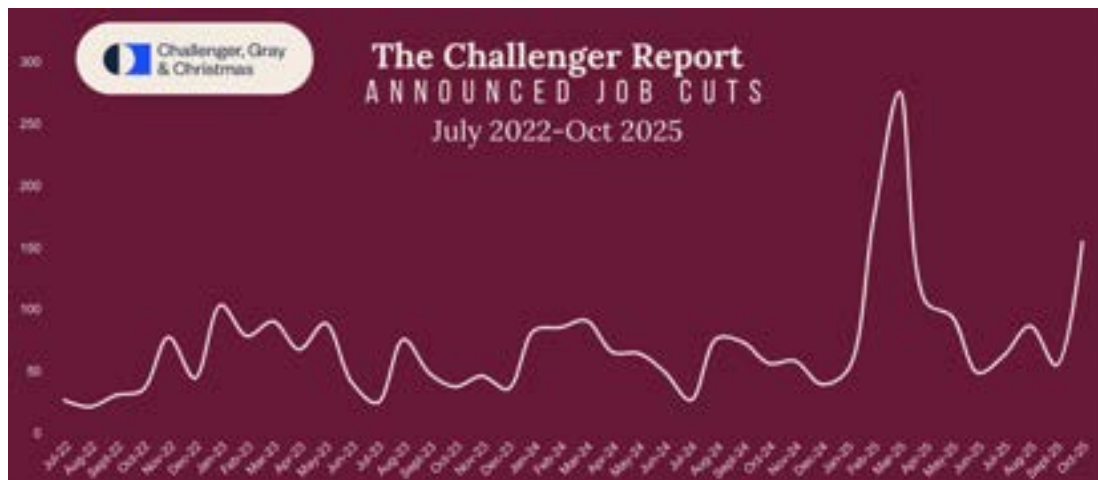
Mortgage Applications

Mortgage applications fell this week, which is not what you'd like to see following a Fed rate cut...Mortgage rates have been falling, but with growing uncertainty regarding the economic outlook and more families suffering difficulty amassing down payments, mortgage applications have responded only weakly to the impetus supplied by easing mortgage rates.

Thursday

Challenger Job Cuts Report

Challenger, a company that helps people find jobs, reported a massive increase in job cuts announced in October. If this is actually reflective of what's happening in the labor market, we're in deep trouble.



Many, including Zack, put little weight on Challenger data, insisting that it's reliable only in terms of direction, not magnitude. For instance, Challenger indicates that year-to-date announced job cuts are up 65% through the first 10 months of the year. Is that possible? Maybe, but the more reliable BLS JOLTS data suggests that layoffs are up just 4.6% year-to-date through the first eight months of the year.

I'm less dismissive and suspect this could be a sign of looming layoff activity.

Mortgage Rates

Mortgage rates inched higher, with the average 30-year fixed rising to 6.22%. That ends a streak of four straight weekly decreases but, given the recent Fed rate cut, is hardly encouraging.

Friday

University of Michigan Consumer Sentiment Index

This measure of consumer sentiment fell in early November and is down about 30% over the past year. Sentiment declined for virtually every age, income level, and political affiliation, with one glaring exception: consumers with the largest stock holdings saw a large increase in sentiment. Sounds about right.

Links of the Week

Why I'm Only a Little Worried About Hiring (Guy's Substack)

When is a TD celebration too sexy? (Read Rodge)

How Should We Think About "Labor-Saving" Technology? (Jared's Substack)

Final Thoughts

After this week, my outlook for the economy is: *Worse*

Unlike Zack, I take the Challenger report seriously. Announced layoffs are a leading indicator. The job losses are coming. Combine that with small business pessimism and the fact that small employers have already begun to shed jobs, and I think we have a real labor market challenge in front of us. The young people in your family are already telling you this is a difficult labor market.

This doesn't signify that recession is coming. We've still got the AI infrastructure spending boom, spending by wealthy households, strong corporate earnings, and growing interest in investments in power generation and distribution. But beyond that, not much is driving the economy forward. Federal Reserve officials are aware of this, which is why you can expect more interest rate cuts during the months ahead, especially if some of the inflation-accelerating tariffs are invalidated by the judiciary.

No Economy for Young Adults

Sage Economics <basu@substack.com>

Wed, Nov 12, 2025

No Economy for Young Adults

ZACK FRITZ

NOV 12



Is the economy uniquely bad for young adults? They certainly think so. Consumer sentiment for people between 18 and 34 years old is at the lowest level ever recorded.



Historically, that youngest consumer segment (18-34) has been far more optimistic than the oldest (55+). Not so in 2025. As of September, the gap between 55+ sentiment and 18-34 sentiment is the largest on record.



Consider that 55+ sentiment has only been above 18-34 sentiment in 20 of the 573 months for which we have data, and 10 of those have occurred since November 2024.

High and rising joblessness for young adults explains a lot of this dismal outlook. The unemployment rate for 20–24-year olds has surged recently, while the unemployment rate for all workers has hardly budged.



Many blame AI. I don't.

If AI were to blame, it would largely harm those with college degrees. Instead, the rate for young workers with a college degree has started to edge lower over the past several months while the rate for those without a college degree has continued to rise.



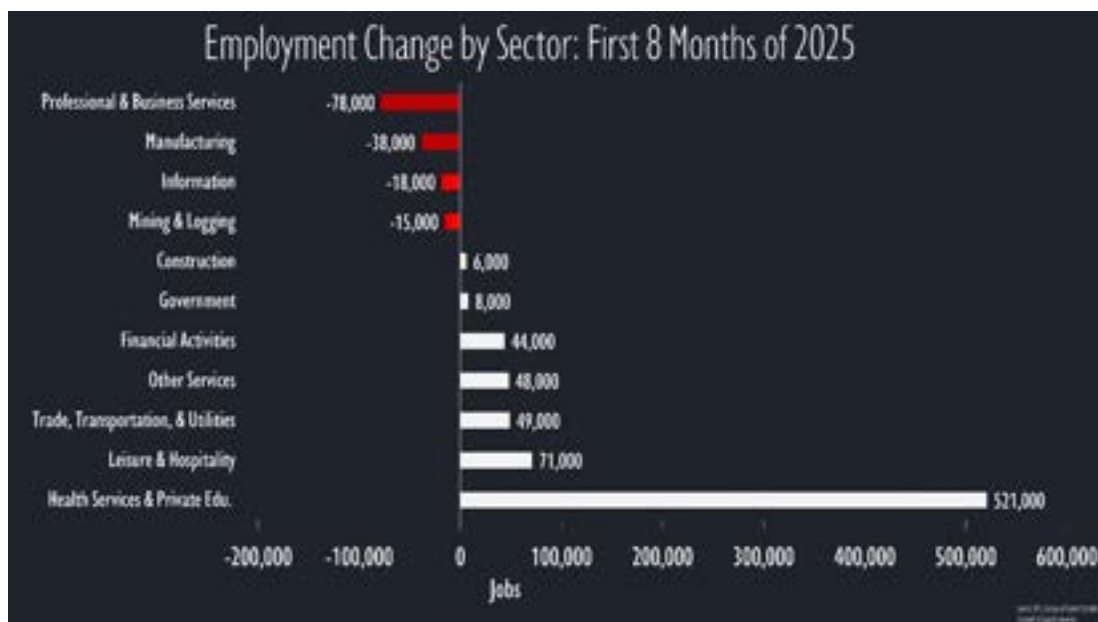
This stems from an urge to blame cyclical trends on newsy subjects like AI (or work from home, or quiet quitting, or guys playing video games, or whatever).

The cyclical—and boring—explanation is that employers, spooked by tariffs and economic uncertainty, are not hiring, and that's particularly rough on new labor market entrants.

Historically, young adult joblessness rises when the hiring rate (hires divided by all jobs in a given month) declines.



Hiring has been particularly weak in industries that tend to hire more workers without a college degree. [Note: the decline in professional and business services employment has been at staffing firms and other blue-collar services; the white-collar part of the segment has grown in 2025.]



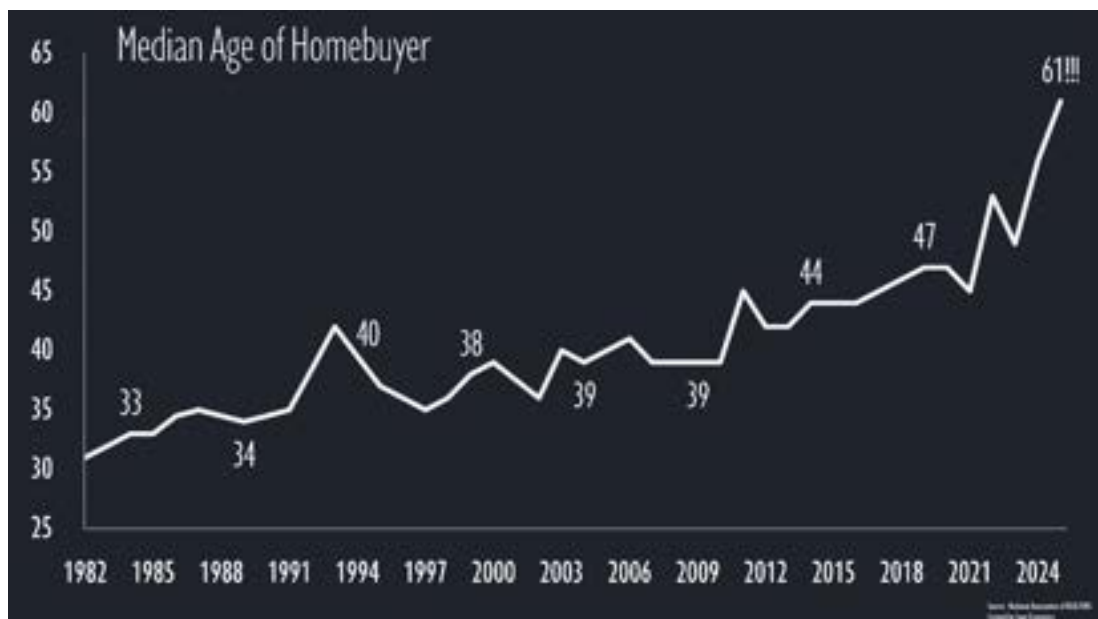
So it's hard for young adults to get a job. That's reason enough for them to feel down about the economy, but it's not their only reason.

Housing affordability has collapsed over the past three years. The annual ownership cost of a median priced home was less than 35% of median household income from 2008 to 2022.

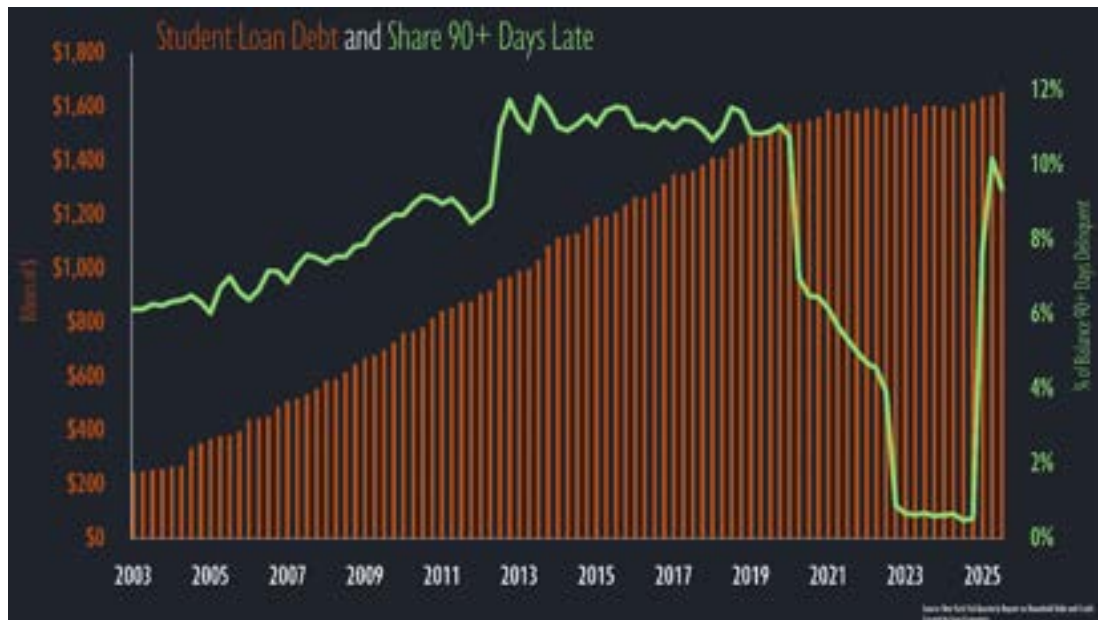
That changed when interest rates started rising in 2022, and it changed rapidly. Homeownership costs have been above 40% of median income since 2023 and above 45% for over a year.



But that's a recent trend, and homeownership has been drifting farther out of reach for young adults—and I'm using a very liberal definition of "young"—for a long time. The median homebuyer age has risen steadily and, as of 2025, stands at a truly absurd 61 years. Just one in five home purchases in 2025 was made by a first-time buyer, the lowest share on record.



The inaccessibility of the housing market—largely a supply issue—is also due to the debt many young adults start their careers with. As of 2003, student loan debt totaled just \$241 billion, or about 3.3% of all outstanding household debt. Student debt has increased about 580% since that time.



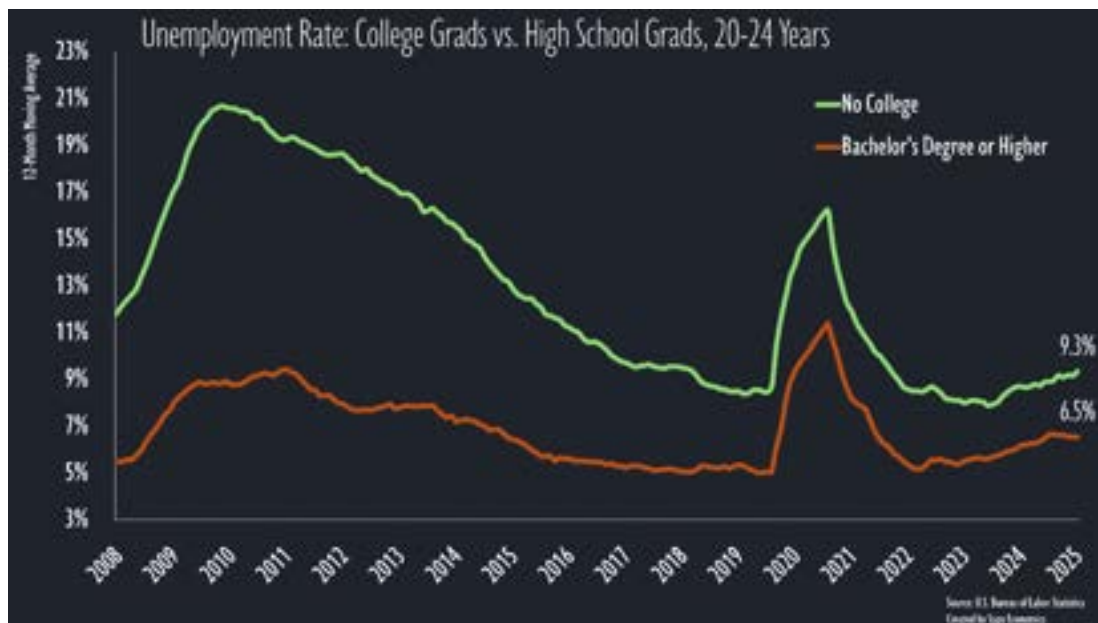
About \$154 billion of that student loan debt is 90+ days past due as of the third quarter of 2025. This can make getting a mortgage more difficult and eat away at the cash that can be used for a monthly housing payment.

Despite all that, the kids will be all right

Current conditions are tough, but—housing aside—that has a lot to do with short-term dynamics. This isn't the first spell of dismal young adult sentiment, nor is it the most justified.

Just ask anyone who entered the workforce from 2008 to 2012, when the 20-24 unemployment rate surged to nauseating heights (just look at this graph from earlier but with the X-axis extended).

Those Millennials won't spare much sympathy for Gen Z, though they might tell them that "hey, things can get better."



The hiring rate will pick up; it's just a question of when, and homebuying conditions should be better, if not great, by the end of 2026. Gen Z is also outperforming in some regards, like accumulating wealth at a faster pace than previous generations (yes, even after adjusting for inflation).

To the extent AI changes the way we work, I expect the generation that used (or you know, abused) it to get through college will also excel at using it in their careers. Just ask a Millennial who's ever helped a Boomer or Gen Xer edit a PDF.

Big picture? It's a tough time to enter the workforce, and like every generation, this one faces some unique economic challenges. Even so, the doom and gloom about the situation is at least a little overblown.

What's Next?

The Senate just passed a measure to reopen the government, and it looks like the House will vote on it this week. We'll cover that, a bunch of private-sector data releases, and more in Week in Review, our every-Friday post that gives you everything you need to know about the economy in a breezy, five-minute read.



Reopened Week in Review

Sage Economics <basu@substack.com>

Fri, Nov 14, 2025

Reopened Week in Review

Tariff checks, 50-year mortgages, & more

ANIRBAN BASU

NOV 1



This week was great for anyone who's dreamed of using a \$2,000 tariff-rebate stimulus check to place a down payment on a 50-year fixed rate mortgage. Best week ever!!

In even better (and more realistic) news, the government reopened. While we're still waiting to hear when public data releases will resume, this week brought us a few updates including on small business optimism, some housing data, and more.

Monday

\$2,000 Tariff Rebates

President Trump suggested [\\$2,000 tariff rebate checks](#) to American households. Don't get your hopes up, because this just isn't going to happen.

Were it to happen, however, it would be really expensive. If the cutoff is people earnings less than \$100,000, as Treasury Secretary Bessent has

suggested, we're looking at \$300 billion in stimulus (estimate from Erica York). That's more than projected annual tariff revenues (even if the IEEPA tariffs aren't overturned by the Supreme Court, and that overturn seems likely at this point).

This stimulus would add to the national debt and would also trigger inflation by adding to the volume of spendable funds.

50-Year Mortgages

President Trump also suggested he was going to make 50-year mortgages a thing. If this were to happen, and I again don't think it will, it would make housing even less affordable. Why? Because it's just another demand-side solution to a supply-side problem.

Homes are effectively sold via auction (you can bid on just about any property you'd like to add to your portfolio). If you give everyone attending an auction the ability to pay over a longer period, reducing the monthly payment, more people at the auction will be able to afford a higher price. That will increase the number of bids and drive the price higher.

Moreover, the extension to 50 years would add to default risk. During the early years, homeowners with such a mortgage would generate very little equity. During a housing market downturn, many owners would quickly find themselves upside down on their mortgage. In those instances, some may simply choose to throw the keys at a banker.

Notably, many at the White House are not happy about this proposal.

TSA Checkpoint Travel Numbers

Travel volumes slipped below year-ago levels over the past week, according to TSA data. We'll see how much of that was due to the now-ended government shutdown once airlines begin flying their full complement of flights.



Gas and Diesel Prices

Gas prices increased to an average of \$3.19/gallon this week. That's the highest level over the past month but still low by recent standards.

Diesel prices rose sharply, however, and are at their highest levels since mid-2024. The rising price is due to lower-than-expected inventory levels for this time of year.

Tuesday

NFIB Small Business Optimism Index

This measure of small business confidence inched lower in October, falling to the lowest level since April. Owners' biggest concern for the month was labor quality, with 32% reporting job openings they couldn't fill. This might have something to do with altered immigration policy.

ADP Pulse Jobs Data

Private employers lost about 45,000 jobs over the four-week period ending October 25, according to this new ADP data series. It's nice that they provided more real time estimates during this public-data-free period, but we have no idea how indicative this is of larger labor market trends. Even so, this is another check in the "weakening labor market" column.

Wednesday

Fed Governors Cast Doubt on December Rate Cut

Four Fed presidents—all voting members of the FOMC—have suggested they're against cutting rates at the December meeting, according to the [Wall Street Journal's chief economic correspondent](#) (more in this paywalled [WSJ article](#)). That makes the data releases that occur between now and that meeting critically important. It's unfortunate that the data will be both partial and hard to interpret. Several weeks ago, the bond market was placing a 95% chance of a Federal Reserve rate cut in December. Now, it's 50-50.

Mortgage Applications

[Mortgage applications](#) inched higher this week and, while still low, are up quite a bit from the same week one year ago. Imagine what would happen if the interest rate on a 30-year fixed (I know, old-fashioned financing) came with a 5- or a 4- handle. But as indicated on the following day . . .

Thursday

Mortgage Rates

[Mortgage rates](#) rose for a second consecutive week, with the average 30-year fixed back up to 6.24%. Despite the increase, average rates are still down about 0.50 percentage points over the past year. The interest rate on a 50-year fixed? I don't know.

Friday

An updated release schedule?

Not yet, but the [BLS says](#) they'll announce release dates as soon as they become available. Stay tuned!

Links of the Week

The Monks in the Casino ([Derek Thompson](#))

I'm afraid the economy isn't improving for everyone ([Erdmann Housing Tracker](#))

Introducing Factory Settings: A new series about how CHIPS succeeded
([Factory Settings](#))

Final Thoughts

After this week, my outlook for the economy is: *Worse*

I've become unnerved by the jitters in U.S. equity markets. Lots of renewed volatility as well as growing concerns of an AI bubble. The labor market looks really weak, and increasingly it's spending by wealthy folk and cash rich corporations driving the economy. Tax benefits from the OBBB are helping, but those are most valuable to the wealthy and corporations. Consumer sentiment has buckled, and one wonders if that means that consumer spending will, too.

In short, the foundation of economic growth has narrowed to only a handful of segments, and that increases risk of recession. Layoff announcements are elevated and hiring is sluggish. Data are both delayed and difficult to interpret. Thankfully, Lamar is back and so are the Ravens, just one game out of first place in the AFC North.

Looking Ahead

Next week will bring us more info about when public data releases will resume, plus some private sector data on existing home sales, consumer sentiment, and more.



Tariff Tuesday

Sage Economics<basu@substack.com>

Tue, Nov 18, 2025

Tariff Tuesday

Pasta policy, grocery prices, & more

ANIRBAN BASU AND ZACK FRITZ

NOV 18



Your regularly scheduled programming, [Construction Trend Tuesday](#), will return next week. For now, it's Tariff Tuesday! Enjoy our musings on the latest trade policy developments.

Grocery Tariffs Rolling Back

The White House is [reducing tariffs on dozens of agricultural products](#) in an effort to lower food prices, which kind of makes you wonder why they were implemented in the first place. Exempted foods will include [bananas](#), [coffee](#), avocados, tomatoes, beef, and coconuts, among several others. You can see the [full list here](#).

As many have noted—now including the White House—several of these foods simply cannot be produced at scale in the U.S.

Grocery prices rose at a far-too-fast 5.6% annualized pace from July to September. That's the largest two-month increase since 2022, though food prices were rising far faster back then.



Protecting America's Noodle Makers

Italian Pasta Is Poised to Disappear From American Grocery Shelves, reports the WSJ. If you're wondering if that has anything to do with tariffs, yes, of course it does.

The Trump administration, based on the preliminary outcome of an investigation, plans to impose 92% anti-dumping tariffs on Italian pasta imports. That brings the total tariff on Italian pasta to 107%, which effectively amounts to a ban.

"Dumping" refers to when a country exports a product at less than cost in order to gain a competitive advantage over time. A traditional example: Country A sells steel at an artificially low price to Country B, and that devastates Country B's domestic steel industry.

Economists are generally skeptical of dumping complaints, but at least with something like steel you can argue it's an important domestic industry. Protectionist policy for U.S. pasta makers is a harder noodle to swallow.

This is not a new fight—U.S. pasta makers regularly file complaints about Italian pasta pricing—but this would be a far more severe response than usual.

That said, hold off on panic-buying your De Cecco. The proposed 92% pasta tariff won't go into effect until January (if at all), as the investigation is still in

the preliminary stages.

Tariffs Reduce Long Run Inflation, But in the Worst Way Possible

A new working paper from the San Francisco Fed suggests that tariffs lower inflation. That may seem like good news—tariff defenders have been quick to celebrate it—but the lower inflation is the result of higher unemployment and slower economic growth.

This analysis is based on a review of 150 years and contradicts the popular theory that tariffs cause higher inflation by raising import prices. In short, the argument is that the reduction in spending caused by new tariffs has a bigger effect on inflation than higher effective import prices do.

Should you buy the argument? It's plausible, but there's plenty of reason for skepticism.

First, sizable changes to tariffs are really rare, even when looking at 150 years of U.S. history. We're talking about five events over a century and a half.

Second, the economy is wildly different than it was during most of those tariff changes. Imports represent a larger share of GDP today, manufacturing a smaller one, and monetary policy is a whole different animal these days.

Third, past tariff shocks have occurred during varying economic environments (just before the Great Depression, post WWII, etc.). The present economy, still in recovery from the worst inflation in forty years, presents its own uniqueness.

The upshot: this is an interesting finding, but we shouldn't assume it has any kind of predictive power.

What's Next?

The BLS will release September jobs data on Thursday and, as always, we'll cover that in its own post. This week also brings us new construction spending data, a consumer confidence update, some housing stats, and more.

Unemployment Hits 4-Year High

Sage Economics <basu@substack.com>

Thu, Nov 20, 2025

Unemployment Hits 4-Year High

September's delayed jobs report a mixed bag

ZACK FRITZ

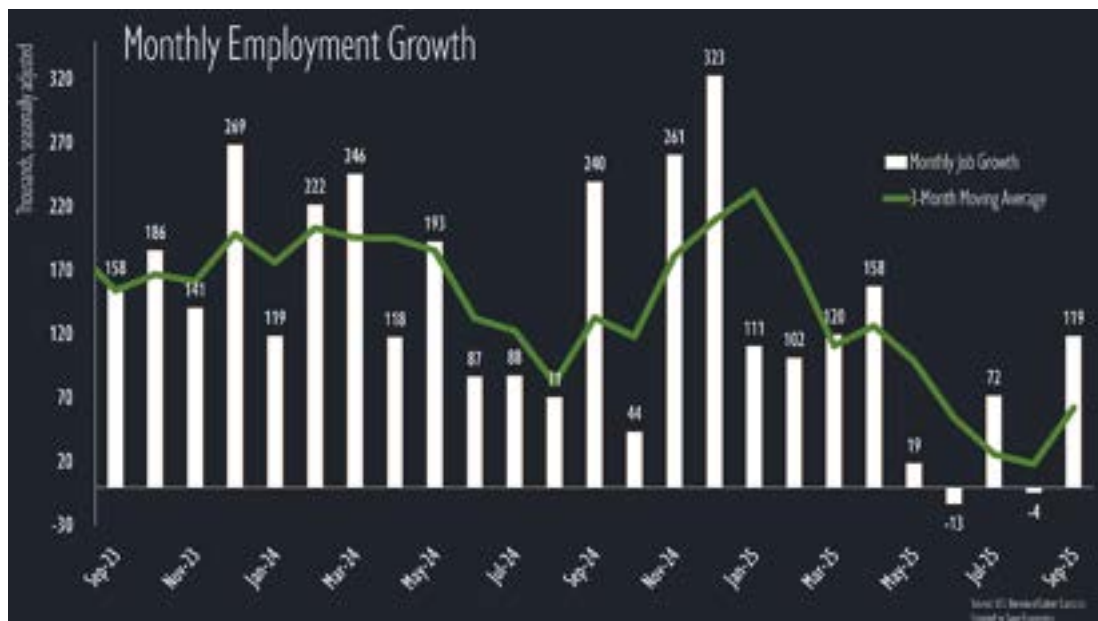
NOV 20



This post is sponsored by KODIAK – Proven Workforce Solutions. I wouldn't accept a sponsor for this newsletter unless they were 1) a company I trust and 2) addressing critical issues like skilled labor shortages in construction. KODIAK, which recently merged with Pivot, checks both those boxes. Their mission is to help construction companies find experienced talent, including engineers and project managers for Direct Hire, as well as skilled craft professionals like welders and electricians for contingent staffing. With over three decades of experience, I encourage contractors struggling to find workers to consider KODIAK.

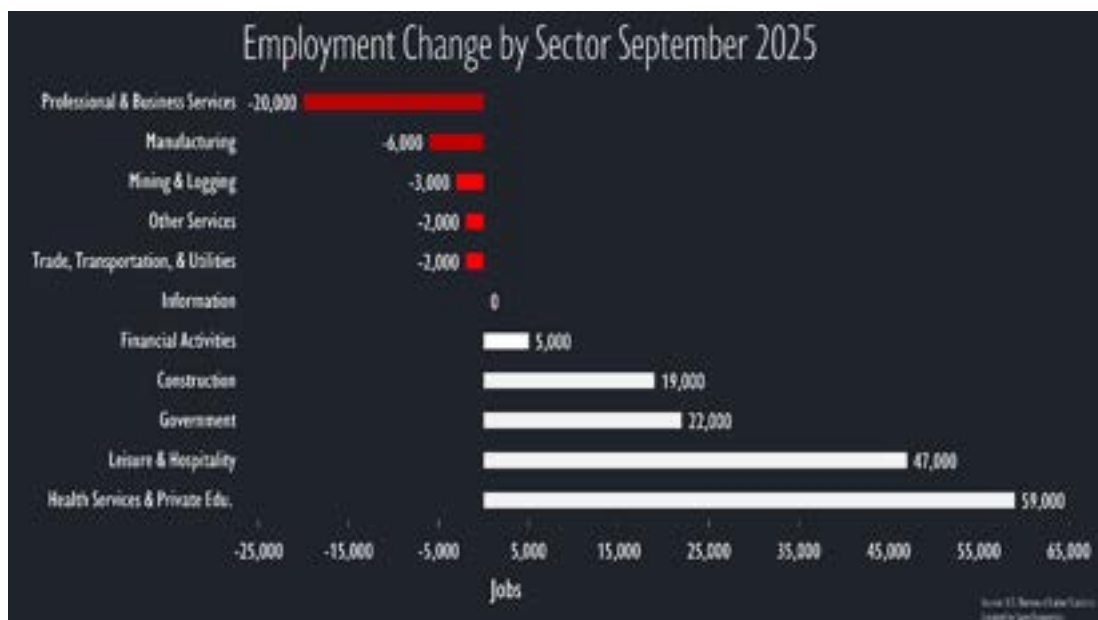
U.S. employers added 119,000 jobs in September, according to today's very delayed release (would have been on October 3rd if not for the government shutdown). That's the fastest job growth since April, but that's not saying all that much. We've averaged fewer than 40,000 jobs per month over that span.

That said, we'll definitely take 119,000, especially given recent trends.



More concerning: the unemployment rate rose to 4.4% in September from 4.3% in August. That's the highest rate since October 2021 and higher than any non-pandemic-affected month since 2017.

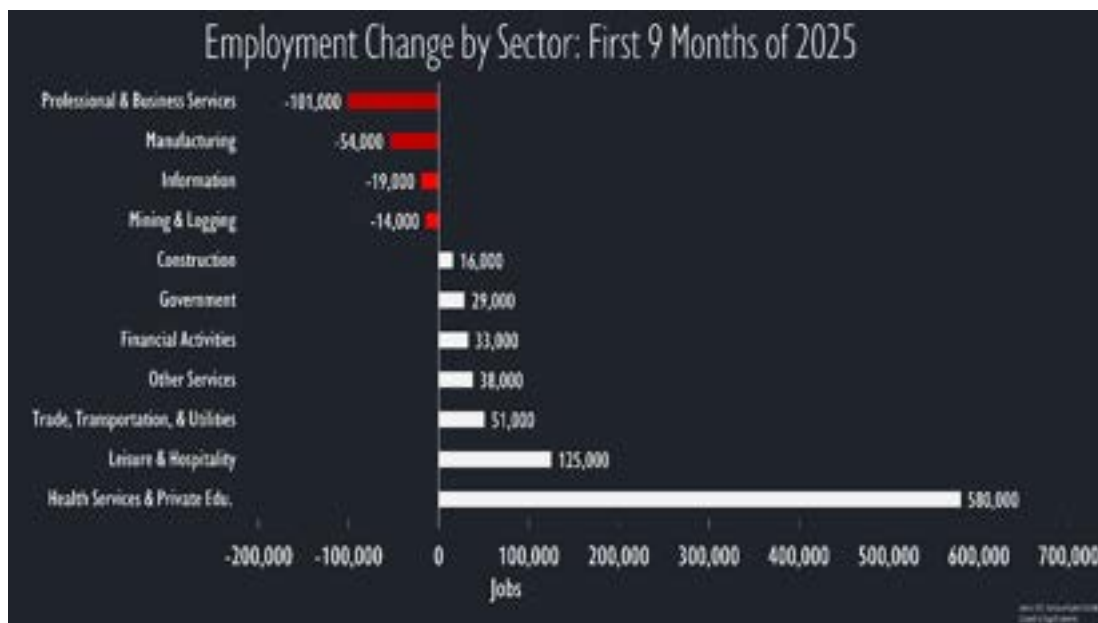
The composition of job growth is also a little worrying. The large decline in professional and business services employment was due to a 19,100 job decline in temporary help services (think staffing firms), although growth was weak in most of the industry's white-collar segments too.



Manufacturing lost jobs for the fifth straight month in September, and employment in the category is down by 58,000 since the Liberation Day tariff

announcements in April. Whatever the intent of our current trade policy, it's hammering domestic manufacturing.

As has been the case, job gains were concentrated in just two segments. Healthcare, which is a noncyclical segment (its performance does not necessarily track with the rest of the economy), has accounted for the vast majority of 2025's employment growth.



Leisure and hospitality (think arts, entertainment, restaurants, and hotels) has also added jobs at a healthy enough pace, with restaurants accounting for most of the industry's employment growth in September.

Ending on a positive: the labor force details in this release were pretty solid. The labor force grew, labor force participation inched higher, and prime age (25-54) labor force participation was unchanged at a pretty elevated rate. So that's all good.

The Upshot

The economy added jobs at a healthy pace in September, though most of those were restaurant or healthcare jobs, and the unemployment rate continues to trend higher, albeit slowly.

But that's September, before the longest government shutdown in history. We won't get an October jobs report (more on that below), and we'll have to wait

until mid-December for November jobs data.

Big picture: nothing in this report is panic-worthy, but on-net it makes me feel just a little worse about the economy.

On Future Data Releases

The BLS isn't going to publish an October employment report, and to be clear, there's no conspiracy here. The BLS couldn't send out surveys during October because of the government shutdown, and even if they could go back and somehow do it retroactively, the data would be stale by the time they finished.

So we'll get November employment data about 10 days later than normal on Tuesday, December 16th. Starting in January, I assume we'll be back to normal.

What's Next

Anirban will cover a week packed with economic data in Week in Review, our every-Friday post that covers everything you need to know about the economy in a breezy, five-minute read.



Back at It Week in Review

Sage Economics <basu@substack.com>

Fri, Nov 21, 2025

Back at It Week in Review

Jobs, housing, rate cut odds, & more

ANIRBAN BASU

NOV 21



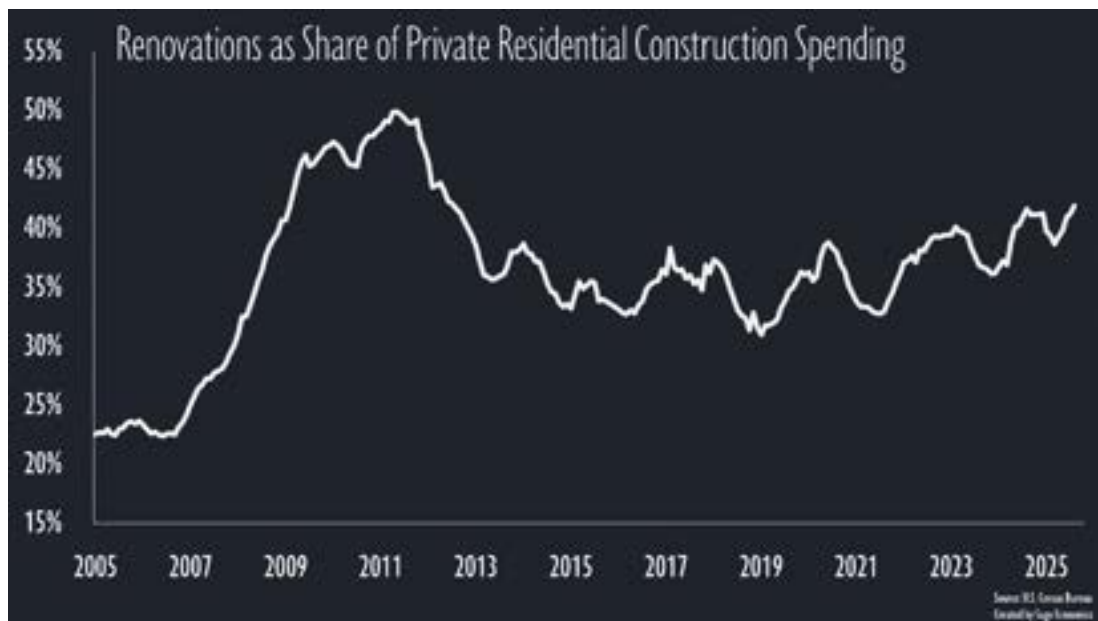
The federal government reopened, data releases are flowing, and Lamar is back at practice. Sometimes life comes up aces.

This week brought us important updates regarding construction spending, the labor market, the prospect of a December rate cut, and a whole lot more.

Monday

Construction Spending

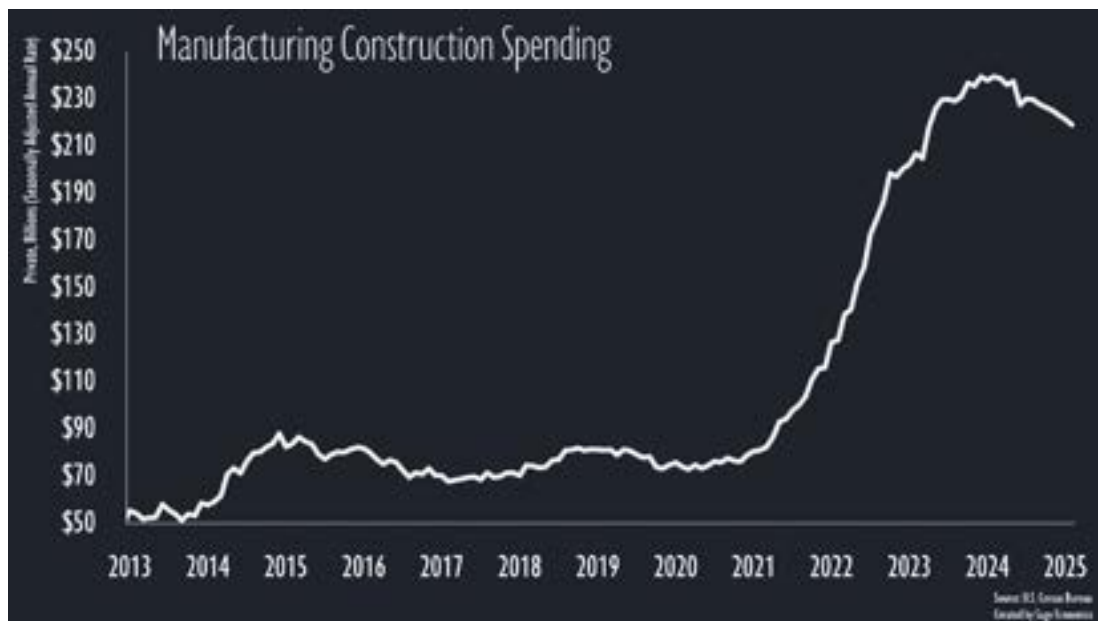
Construction spending increased in August, but that was due to a large (0.8%) increase in residential spending. Residential spending is still down 1.8% year over year, but it has risen for three consecutive months and stands at its highest level of 2025.



The recent rebound has been entirely due to repair/renovation work. New single and multifamily construction continues to contract. It's reasonable to assume that high stock prices have at least partially funded big-ticket renovations among households with portfolios.

Nonresidential spending fell for the month and is now down 1.5% year over year, with private nonresidential activity particularly weak over the past 12 months.

A big story here is the ongoing decline in manufacturing-related construction. While still high relative to the pre-CHIPS Act boom, it's falling fast, down 8.2% over the past year. With tariffs and uncertainty weighing on manufacturing activity and CHIPS megaprojects wrapping up, this trend might stick around for a while. That's not a good sign for those who crave American reindustrialization.



TSA Checkpoint Travel Numbers

Air travel volumes have nosedived and are, according to [TSA data](#), down more than 5% from 2024 levels during the week ending November 18th. Could this be due to the effects of the government shutdown and reduction in permissible flight activity? Definitely. But it's still pretty concerning for those in leisure and hospitality since vacation plans may have changed during the shutdown, with more Americans opting for less expensive drive-to destinations as opposed to more expensive fly-to leisure hotspots.



Please know that we'll be keeping a close eye on how Thanksgiving travel matches up with year-ago levels for those of our readers who hail from the

leisure and hospitality sector.

Oil Stuff

Gas prices stayed at an average of \$3.19/gallon this week. It's hard to over-emphasize how boring gas prices have been lately, hovering between \$3.15 and \$3.19/gallon for over a month. Not that there's anything wrong with boring gas prices. The trajectory of gas prices has helped moderate inflation.

Diesel prices—altogether less boring— rose for a fourth straight week and are up \$0.20/gallon over the past month. Among other things, that implies higher shipping costs during the holiday shopping season. That's inflationary.

Tuesday

NAHB/Wells Fargo Housing Market Index

This measure of homebuilder confidence increased for a second consecutive month in November but remains well below its early-2025 level.

Homebuilders are particularly glum about the traffic of prospective buyers, but pretty upbeat about single family starts over the next six months. There is a belief among many that once 30-year fixed mortgage rates fall below the psychological threshold of 6 percent, the market will take off. That's behavioral economics in action.



Durable Goods Orders

Orders for durable goods (things that last at least 3 years) increased in August, but that was almost entirely due to a sizable increase in airplane orders (very expensive and volatile). Excluding transportation, orders were up just 0.1% for the month and, year to date, have risen only 0.6%. That's not great but, given the broader environment, should be viewed as good news.

ADP Pulse Jobs Data

Private employers lost about 10,000 jobs over the four week period ending November 1st, according to this new ADP data series. First, this is a new data series they started during the latest government shutdown, and we have no idea how good it is. Second, losing jobs isn't great, but this estimate shows job losses slowing from the previous estimate and hires picking up. So, while far from good, another indication that the labor market remained reasonably stable through October.

Big picture, I wouldn't read too much into this one.

Wednesday

FOMC Minutes

The Fed released minutes from its October meeting, a meeting at which they reduced the benchmark interest rate by a quarter point. Briefly, based on these minutes, a December cut looked increasingly unlikely, with odds below 50%. That news roiled the U.S. equity markets. But recent statements by at least one prominent Federal Reserve governor (Williams; New York Fed) have raised that probability back to 50% and perhaps more.

Mortgage Applications

Mortgage applications fell pretty sharply last week. Chalk that up to recent mortgage rate increases.

Thursday

BLS Jobs Report

U.S. employers added 119,000 jobs in September (note this report is about 1.5 months late due to the shutdown), while the unemployment rate rose to 4.4%. Ultimately, this report didn't thrill the market. The headline job growth

number was good enough to reduce the chance of a December rate cut, but not good enough to allay fears of further economic slowing. Unemployment is now at nearly a four-year high.

You can read Zack's longer piece on this data here.

Jobless Claims

Initial jobless claims came in at a perfectly acceptable 220,000 during the week ending November 15. This is far more real time than the jobs report and is reassuring.

Continued claims for unemployment insurance, meanwhile, have risen since we last observed them but still aren't too concerning at the present moment.

Existing Home Sales

Existing home sales rose in October. That's despite the government shutdown and in no small part because of then falling mortgage rates. Over the past year, the market for \$1m+ homes has improved dramatically, while the sales of lower priced homes have climbed at a much slower pace. The rich have gotten much richer.



Mortgage Rates

Mortgage rates rose for a third consecutive week, with the average 30-year fixed back up to 6.26%. So while existing home sales expanded in October,

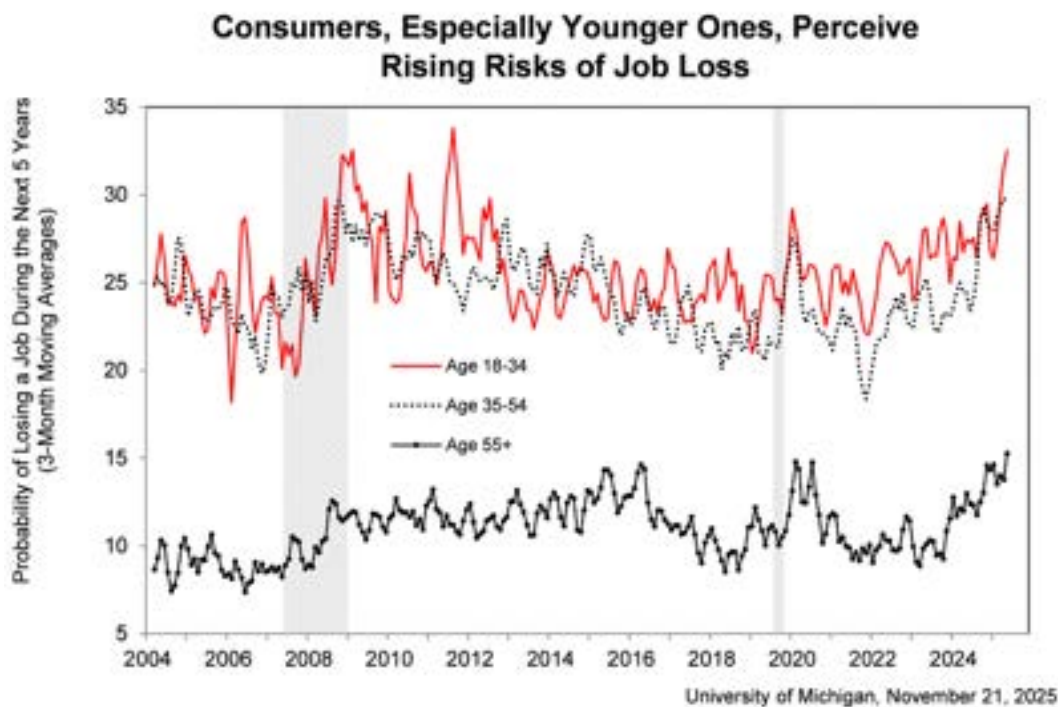
November may turn out to be rather different.

Friday

UM Consumer Sentiment Index

This measure of consumer sentiment fell pretty sharply in November and is down nearly 30% over the past year. While that's not encouraging, it's not exactly surprising, either.

The survey's featured chart for November is exceptionally interesting; consumers' job loss expectations are historically elevated.



Links of the Week

The NFL has entered the Scorigami Era ([Silver Bulletin](#))

What Is A Production Process? ([Construction Physics](#)) This is the first chapter of Brian Potter's new book

This is What a Data Center Looks and Sounds Like ([Bloomberg video on YouTube](#)) This is a short video of Jaime Lannister (the actor who plays him, anyway) touring a data center

Final Thoughts

After this week, my outlook for the economy is: *Worse*

I've been unnerved by a recent spate of layoff announcements, including this week's Verizon announcement. Even before these announcements, this had become a much tougher employment market for jobseekers, including recent college graduates. I'm also observing more stress in state and local government budgets, growing worries about private credit, and lingering concern regarding whether we are in an AI bubble. We've lived through some consequential declines in equity prices in recent days, an indication of economic and financial fragility.

Looking Ahead

Next week brings us producer price index data, some housing stats, and possibly a whole lot more (the government is still figuring out a revised release schedule...).



Nonresidential Construction's Steady Decline

Sage Economics <basu@substack.com>

Tue, Nov 25, 2025

Nonresidential Construction's Steady Decline

Construction Trend Tuesday (#29)

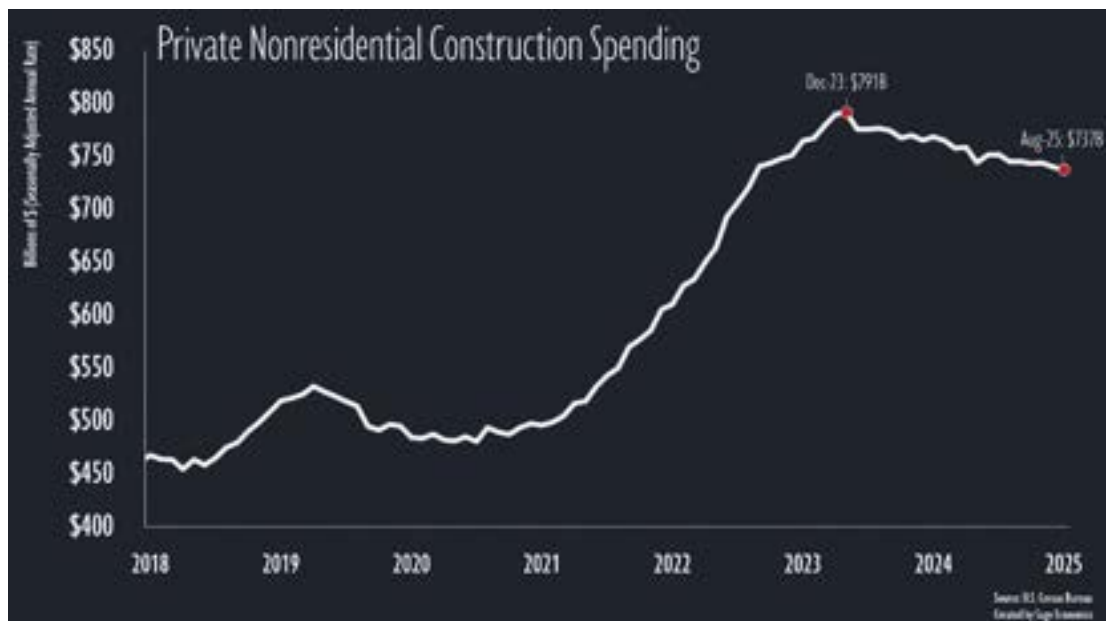
ZACK FRITZ AND ANIRBAN BASU

NOV 25



Construction Trend Tuesday covers one (hopefully) interesting industry trend in a quick, two minute read. You can access the archive of [CTT posts here](#).

Private nonresidential construction spending has steadily fallen since peaking in December 2023.

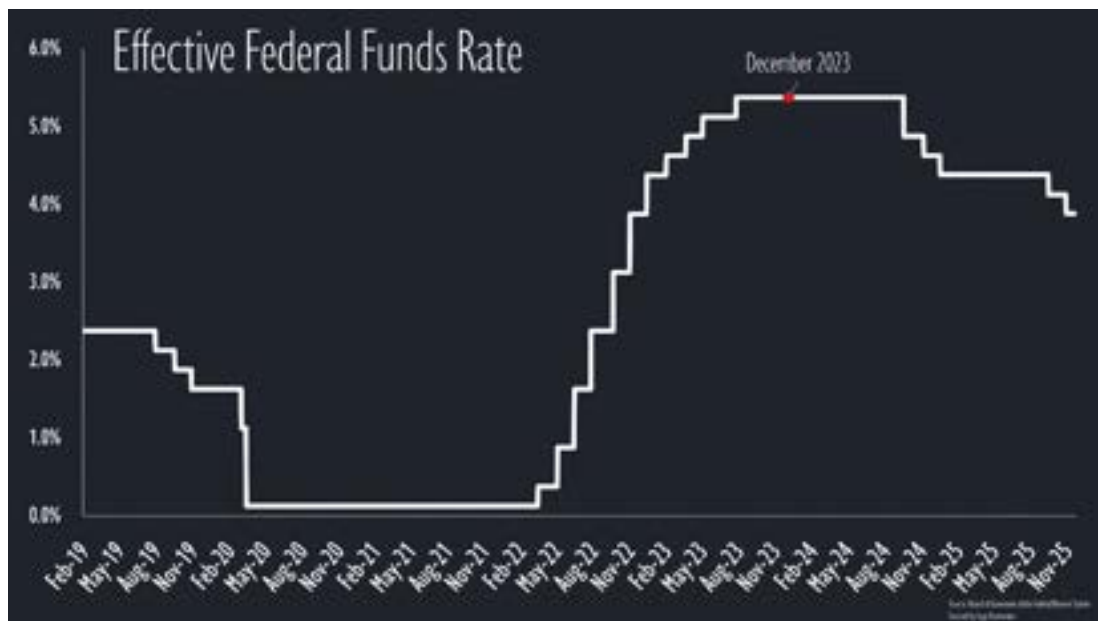


Declines have been widespread, with all but two segments down over that 20-month period.



There are several factors at play here. Materials prices surged during 2022 and 2023. The warehouse boom started to slow. Labor shortages didn't help.

Most of the blame goes to interest rates, though, which started rising in early 2022 and, by December 2023, had attained a multi-decade high.



Even with the Fed cutting rates a few times since Q3 2024, borrowing costs remain too high. Tariffs and uncertainty aren't helping. Which is to say, it could be a while before private nonresidential activity rebounds.

What's Next

We get a new Producer Price Index release this morning, and that will provide a much-needed update on materials prices. We'll cover that and a whole lot more in Week in Review, our every-Friday post that covers all the economic news and data in a breezy, five-minute read.

Cold Turkey Week in Review

Sage Economics <basu@substack.com>

Wed, Nov 26, 2025

Cold Turkey Week in Review

The housing market, consumer confidence, & more

ZACK FRITZ

NOV 26



The past three days have been stuffed with economic updates, and I'm thankful for that after the shutdown had us going cold turkey on government data releases.

Housing market indicators are the week's main course—they might leave a fowl taste in your mouth—and our sides include updates on consumer confidence, inflation, Chicago's dire financial situation, and more.

Because of the holiday, this review is rolling out a few days early and is free to all subscribers. In the unlikely event something important happens with the economy tomorrow or Friday, we'll cover it next week—like they say, butter late than never (sorry, I promise that's the last pun).

Monday

Chicago's Nightmare Fiscal Situation

Should the Feds Bail Out Chicago? I'd usually include this kind of thing under Links of the Week, but it gives such a vivid picture of Chicago's dire financial situation—including factoids like “No major US city has a worse credit rating than Chicago. It's got more pension debt than 43 US states”—that it gets its own header.

In a related story, Goldman couldn't sell Chicago's debt last week. Pretty bleak.

TSA Checkpoint Travel Numbers

Air travel volumes rebounded after last week's nauseating decline, according to TSA data, but are still trending just slightly below year-ago levels.

Optimistically, this is a lingering effect of the shutdown, and air travel will post a strong Thanksgiving weekend.



Oil stuff

Gas prices were unchanged at a very low \$3.19/gallon and remain in great shape. Diesel prices inched lower for the week but are still up \$0.29/gallon over the past year. Not too much to see here.

Tuesday

Conference Board Consumer Confidence Index

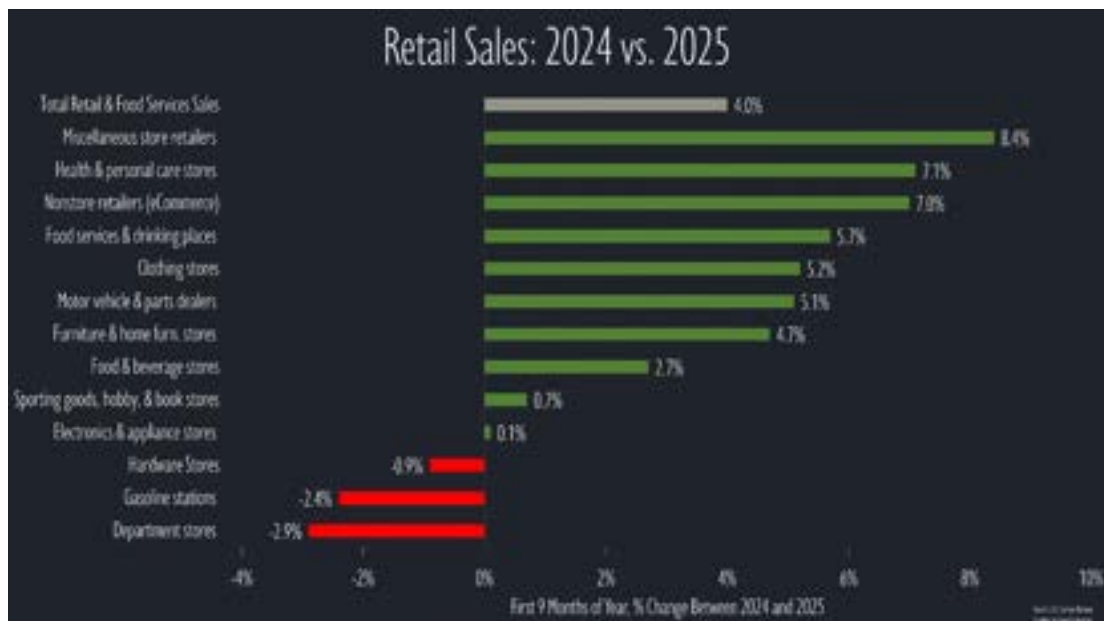
Consumer confidence fell sharply in November and is down to its lowest level since April. While the government shutdown probably has something to do with November's dip, confidence just hasn't come close to recovering from the April 2025 dip. That's almost certainly the result of the Liberation Day tariff announcements and the 50+ announced tariff changes that have happened since then.



Retail Sales

Retail spending grew in September, but at a much slower pace than expected. That growth was largely due to more spending on gas, and if we exclude gas station sales, retail sales were flat for the month.

A lot of people—Anirban included—see this release as a bad sign. I'm less convinced. Retail sales were up 4.3% year-over-year in September and are up a healthy enough 4.0% year-to-date through the first 9 months of 2025.



Given poor sentiment and some other signs of weakness, the Holiday season will be the next big test for consumers. That said, the biggest lesson of the past few years is that you should never doubt U.S. consumers' willingness to spend.

Producer Price Index

This measure of inflation, which looks at the change in prices received by U.S. producers, increased 0.3% in September. Goods prices rose really quickly for the month, but that had a lot to do with noncore goods (i.e., food and energy), which makes it a little less worrisome.

Overall, not much to see here. This is a relatively less important measure of inflation, and the data pertains to September, so it's pretty stale.

You can see what Anirban had to say about the construction implications of this release [here](#).

Pending Home Sales

Pending home sales, which are supposed to show us what actual home sales will look like a month or two down the road, increased in October, rising to the highest level since November 2024. That's the good news.

The bad news is that pending sales were still lower than one year earlier, and there's reason to think that home selling has slowed since October.

S&P Cotality Case-Shiller Home Price Indices

Home prices fell in September, according to [this measure](#), and are up just 1.3% over the past year. That represents the fourth consecutive month in which year-over-year inflation outpaced the year-over-year increase in home prices.

Redfin Home Delisting Data

[Redfin reports](#) that demand for homebuying is so bad that 5.5% of all listings were delisted in September, making that the worst September since 2017. This is the result of falling home prices, and so it's no surprise that delistings were most common in Florida (where the housing market is particularly weak at the moment) and with sellers who bought their house within the past five years. Not great!

Wednesday

Jobless Claims

[Initial jobless claims](#) fell to 216,000 during the week ending Nov. 22nd. This is very low—no sign of rising layoff activity.

[Continued claims for unemployment insurance](#) rose slightly and continue to trend higher, but at a not-concerning pace.

This is good news. Feel good about it!

Mortgage Applications

[Mortgage applications](#) inched higher this week but are still pretty low. Not to beat a dead market, but mortgage rates need to fall if we're going to see any kind of meaningful rebound.

Links of the Week

Americans giving up on homeownership ([Erdman Housing Tracker](#))

Why Are Latter-day Saints So Libertarian? ([Connor The Capitalist](#))

Sunday Robotics introduces the first household robot that 1) I want and 2) doesn't evoke the terminator movies ([YouTube Video](#))

Final Thoughts

After this week, my outlook for the economy is: *Better*

Most of the data we're getting is pretty stale, and the housing market is still in tough shape, but I'm reassured that unemployment claims—our most real-time labor market indicator—remain really low. Until those start rising, there's no reason to panic.

Happy Thanksgiving!

Looking Ahead

Next week brings us some private sector data, including an ADP jobs report, December consumer sentiment, some inflation data for September, and more.
