



Rising tide fails to lift all boats

Economic outlook

Yelena Maleyev
Senior Economist

November 6, 2025

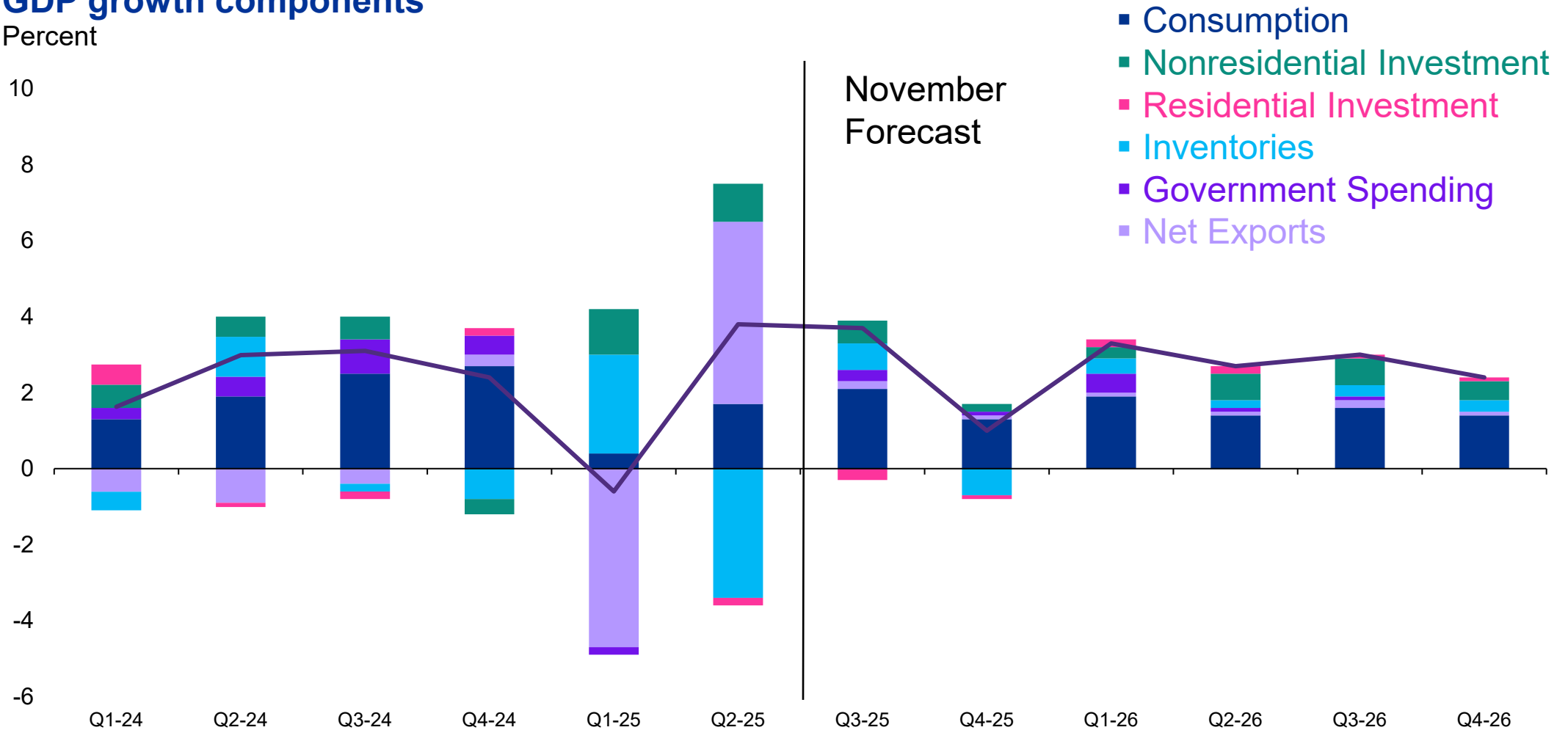


Please note: These slides were presented on November 6th 2025, and the forecast is short-lived.

Q1 '25 first negative quarter since Q1 '22

GDP growth components

Percent



Source: KPMG Economics, Bureau of Economic Analysis

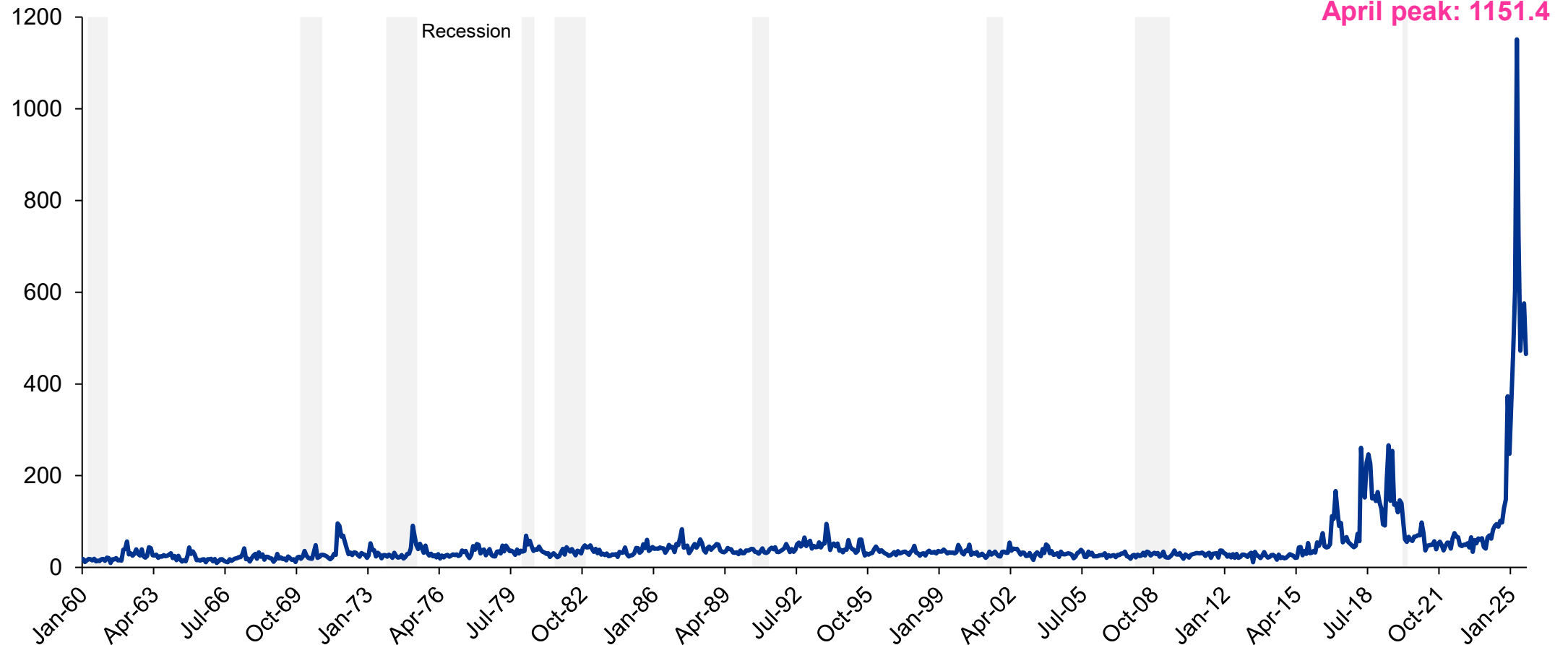


© 2023 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Policy uncertainty weighs on investment

Trade policy uncertainty index surges to record highs

Index, monthly

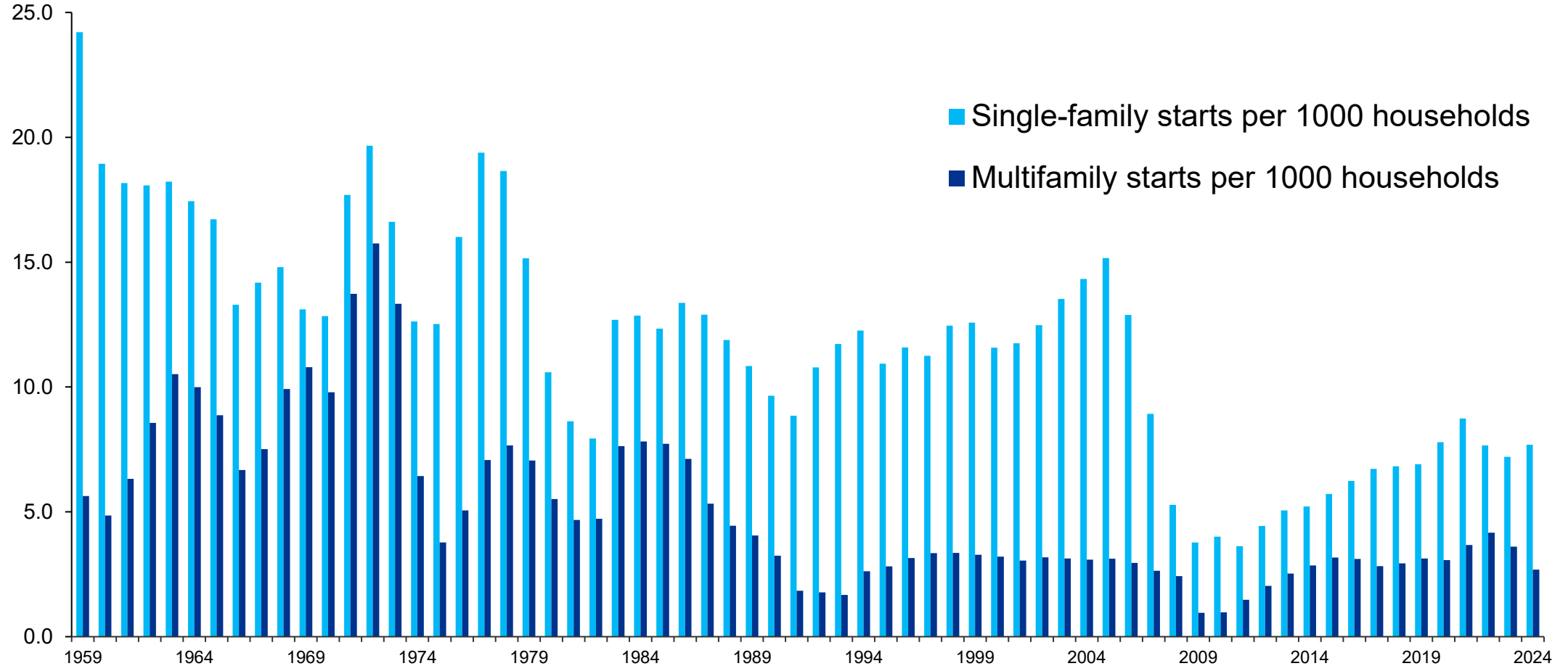


Source: KPMG Economics; Dario Caldara, Matteo Iacoviello, Patrick Molligo, Andrea Prestipino and Andrea Raffo

Housing supply still not meeting demand in many parts of the country

Starts not keeping up with household growth

Housing starts per 1000 households, annual rate

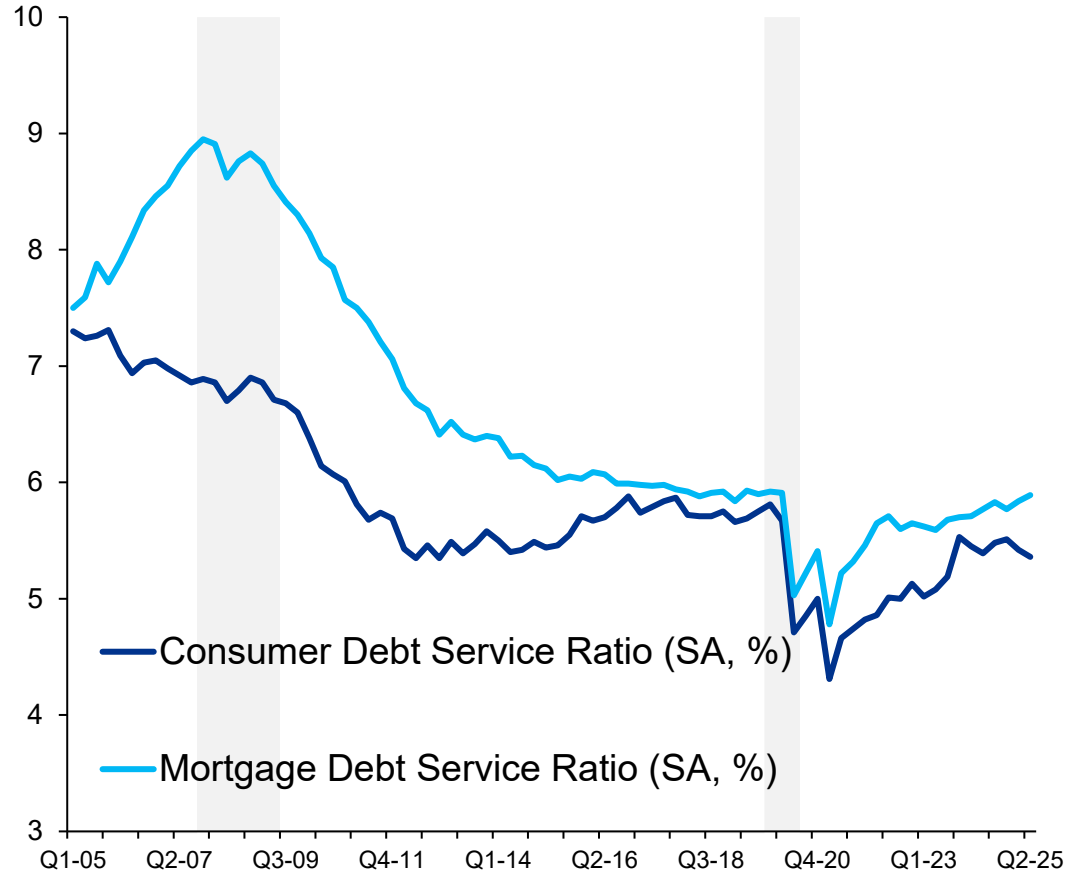


Source: KPMG Economics, Census Bureau

No red flags in overall debt service yet but serious SL delinquencies up

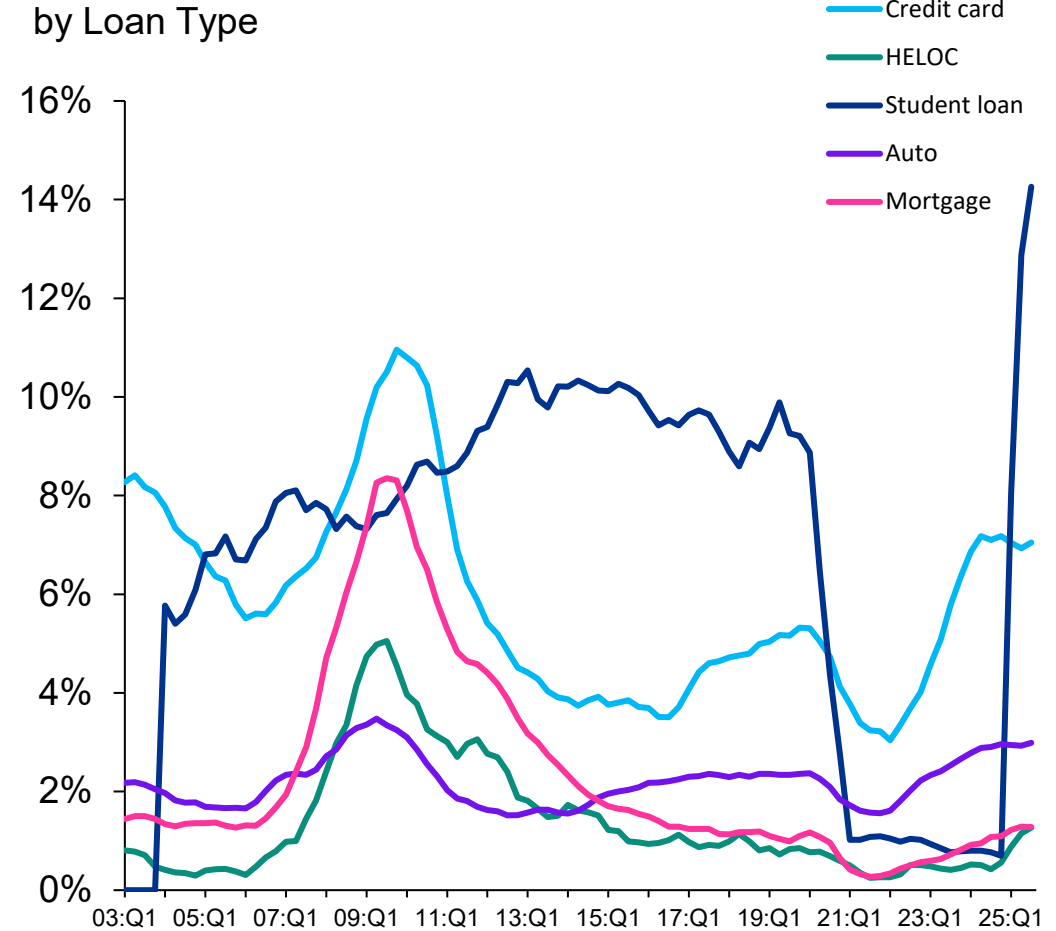
Debt service ratios remain stable

Percent, SA



Source: KPMG Economics, Federal Reserve Board

Transition into serious delinquency (90+) by Loan Type



Source: New York Fed Consumer Credit Panel/Equifax

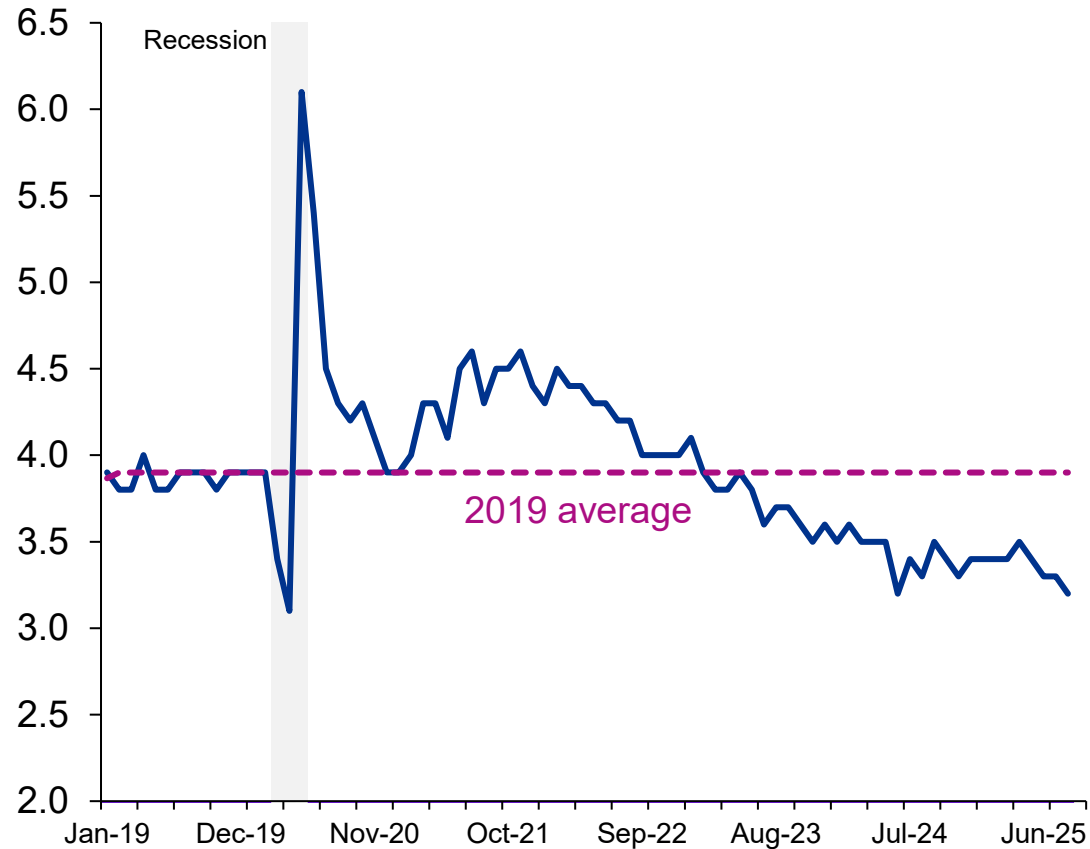


© 2023 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Labor market has cooled

Hiring rate remains below 2019 average

Percent



Source: KPMG Economics, Job Openings and Labor Turnover Survey (JOLTS)

Openings vs. unemployed dipping

Ratio of job openings to number unemployed



Source: KPMG Economics, Bureau of Labor Statistics

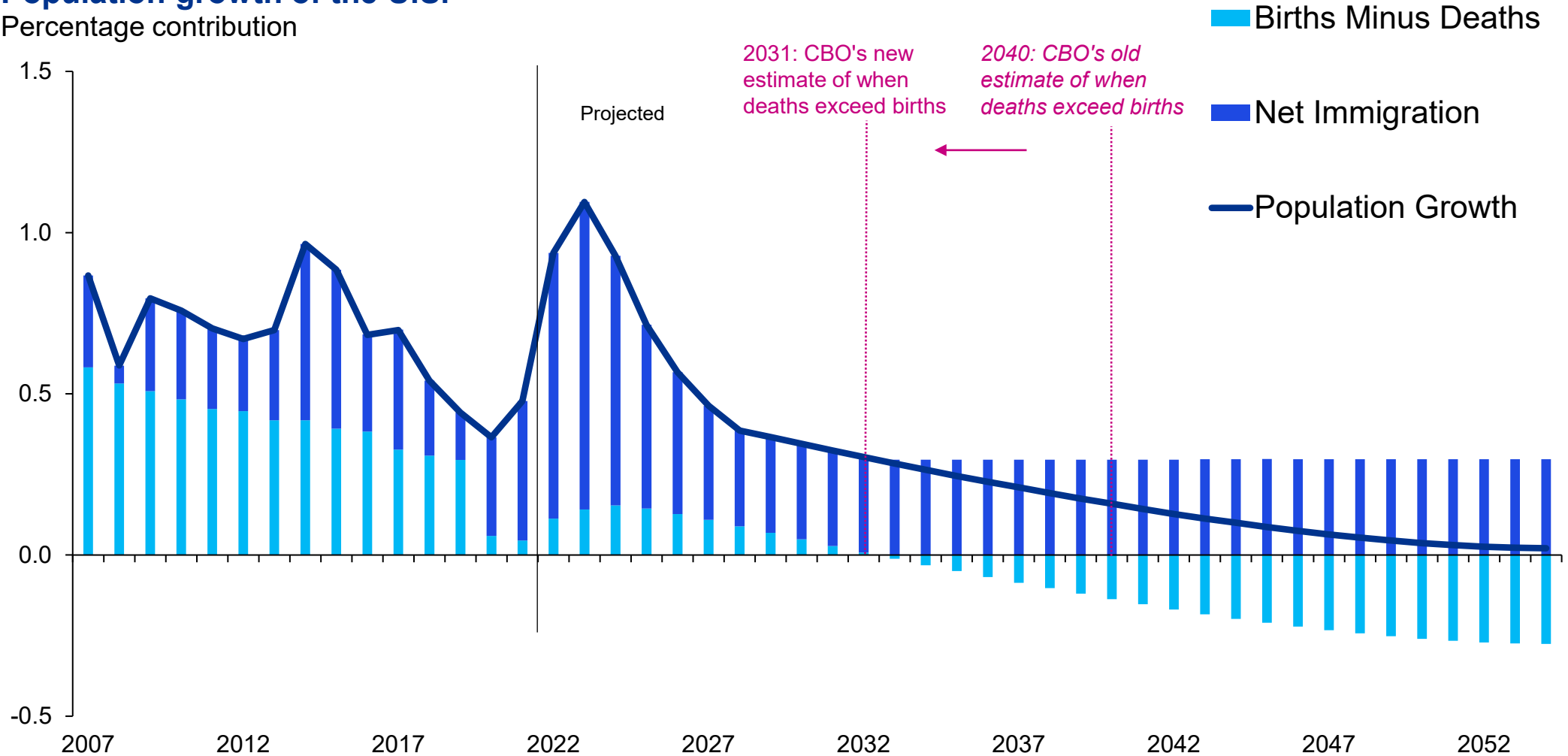


© 2023 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Immigration will be sole source for population growth in 2031

Population growth of the U.S.

Percentage contribution



Source: KPMG Economics, Congressional Budget Office

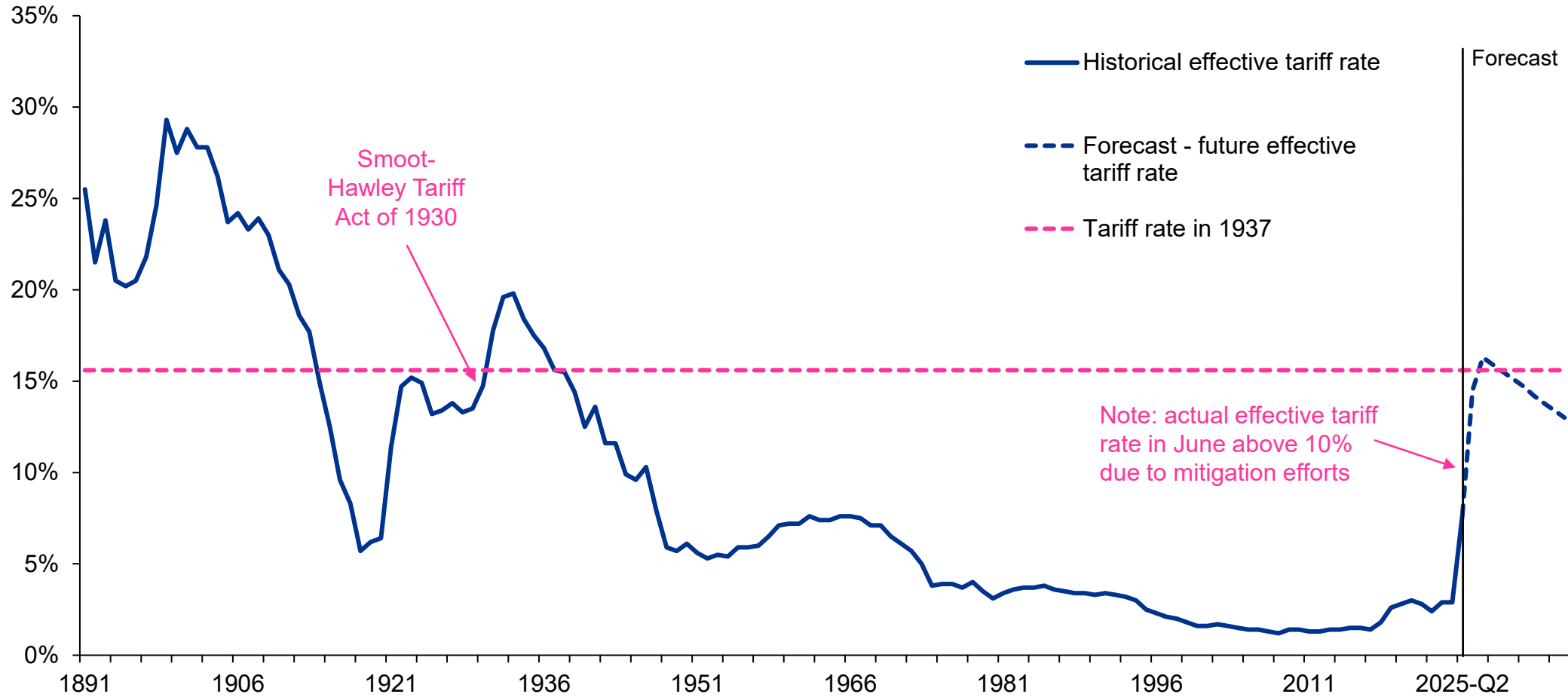


© 2023 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Large increase in tariffs

Tariffs peak at highest level since the Great Depression

Effective tariff rate, percent



Source: KPMG Economics, Census Bureau

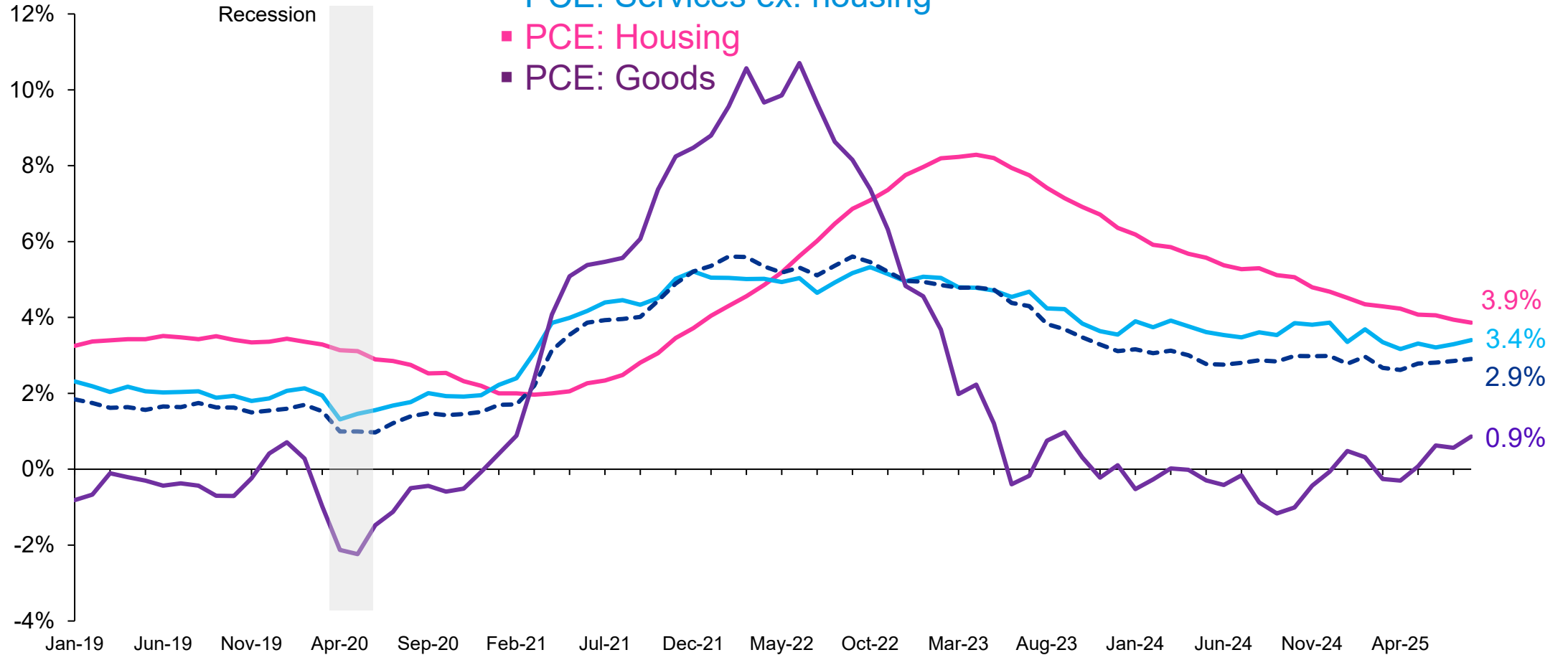


© 2023 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Goods deflation is the wildcard

Inflation fueled by services

Percent change, year/year



Source: KPMG Economics, Bureau of Economic Analysis

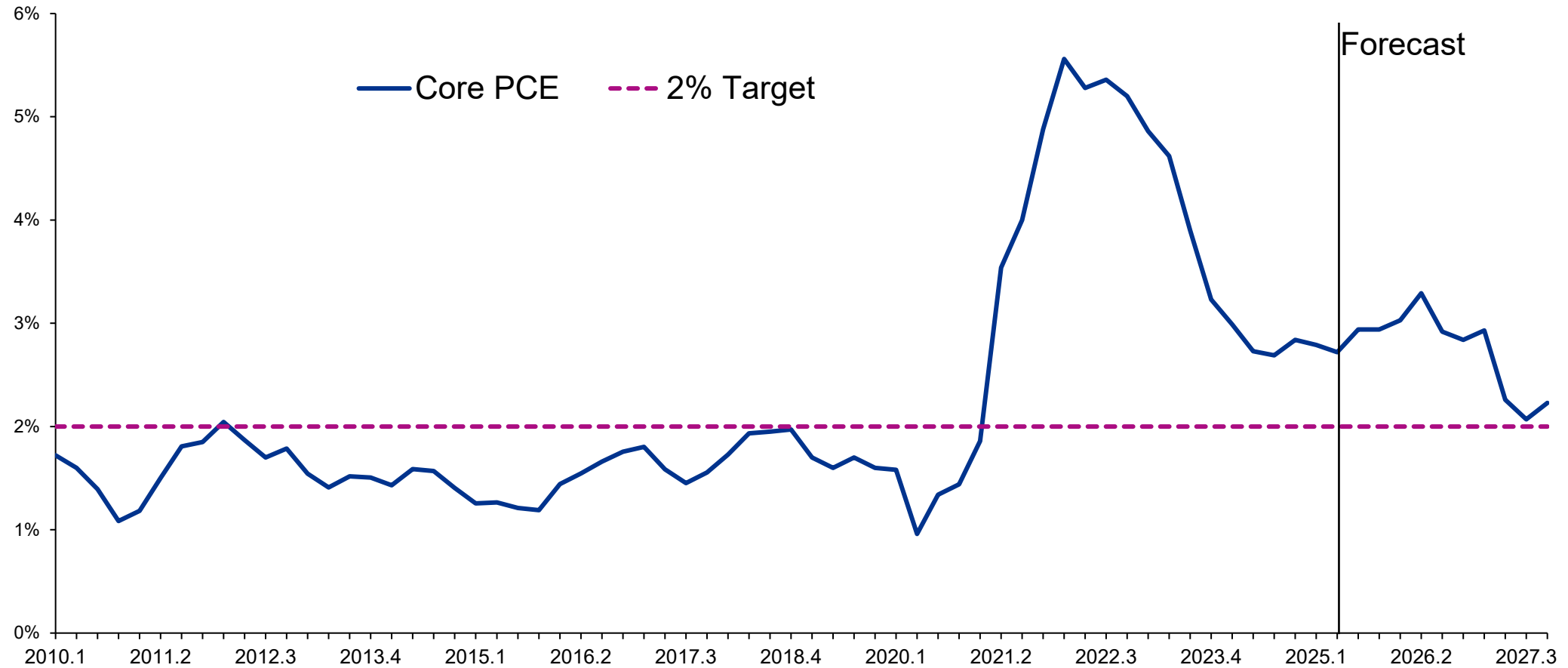


© 2023 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Inflation expected to pick back up

Inflation to hit Fed's 2% target later than anticipated

Percent change, year/year

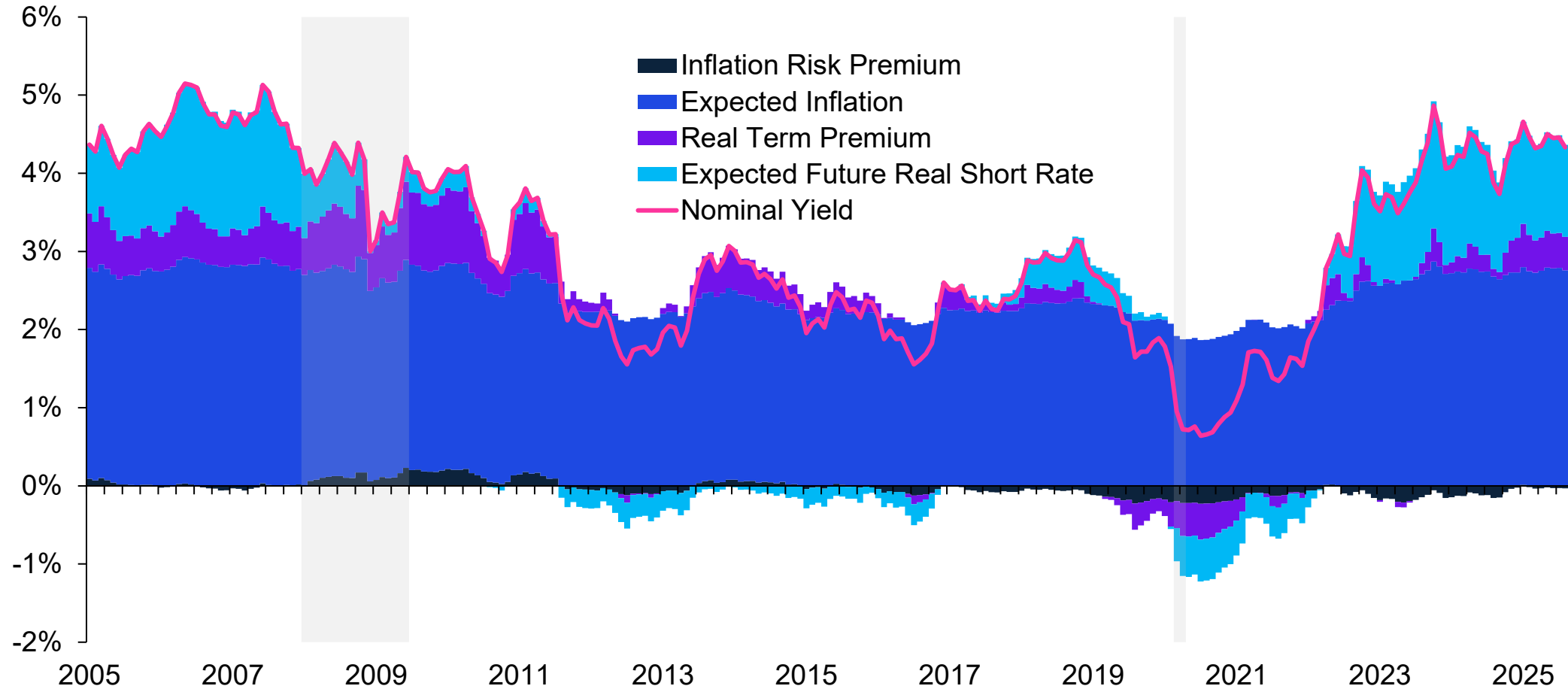


Source: KPMG Economics, Bureau of Economic Analysis, Bureau of Labor Statistics

Rates are structurally higher than in the era of “free money”

Interest rate decomposition

10-Year Treasury note yield, percent

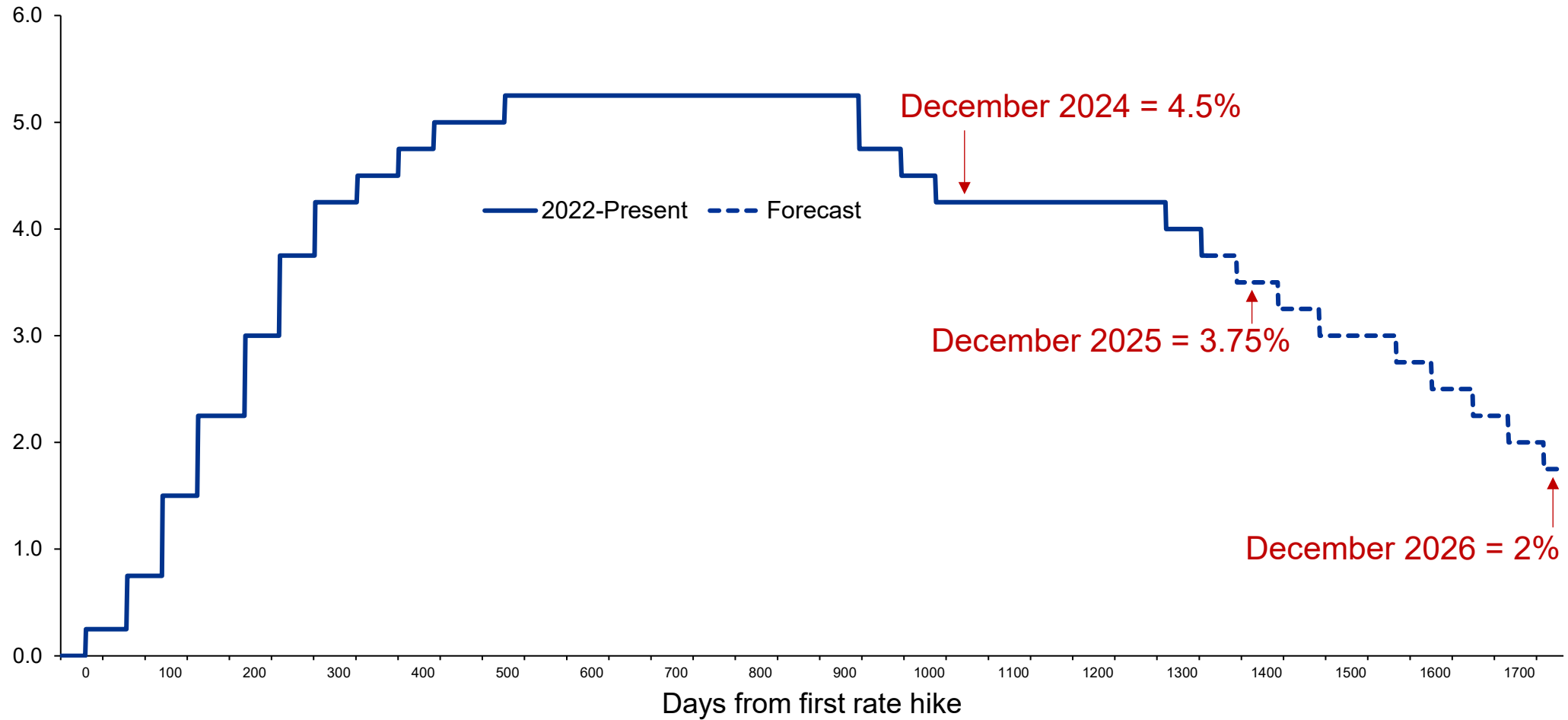


Source: KPMG Economics, D'Amico, Kim and Wei Model, Federal Reserve Board, Haver

Federal Reserve set to cut 3x by year-end

Fed cuts in Q4

Percentage point change in fed funds rate from first rate hike



Source: KPMG Economics, FOMC



© 2023 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

For more KPMG Economics Insights, visit our website!



[KPMG Economic Insights](#)



Follow me on LinkedIn:

[Yelena Maleyev, KPMG Senior
Economist](#)





Thank you

For more information, please see KPMG Economics Website:
[KPMG Economics](#)

[Subscribe to insights from KPMG Economics](#)





kpmg.com/socialmedia

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2025 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.