



# Economic Outlook

Global Financial Reporting and Valuation Conference

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# Rising tide fails to lift all boats

US economic outlook:  
A jobless boom

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December 9, 2025





# Agenda

1. Trade
2. US Economy
3. International Economy
4. Long-Run Trends





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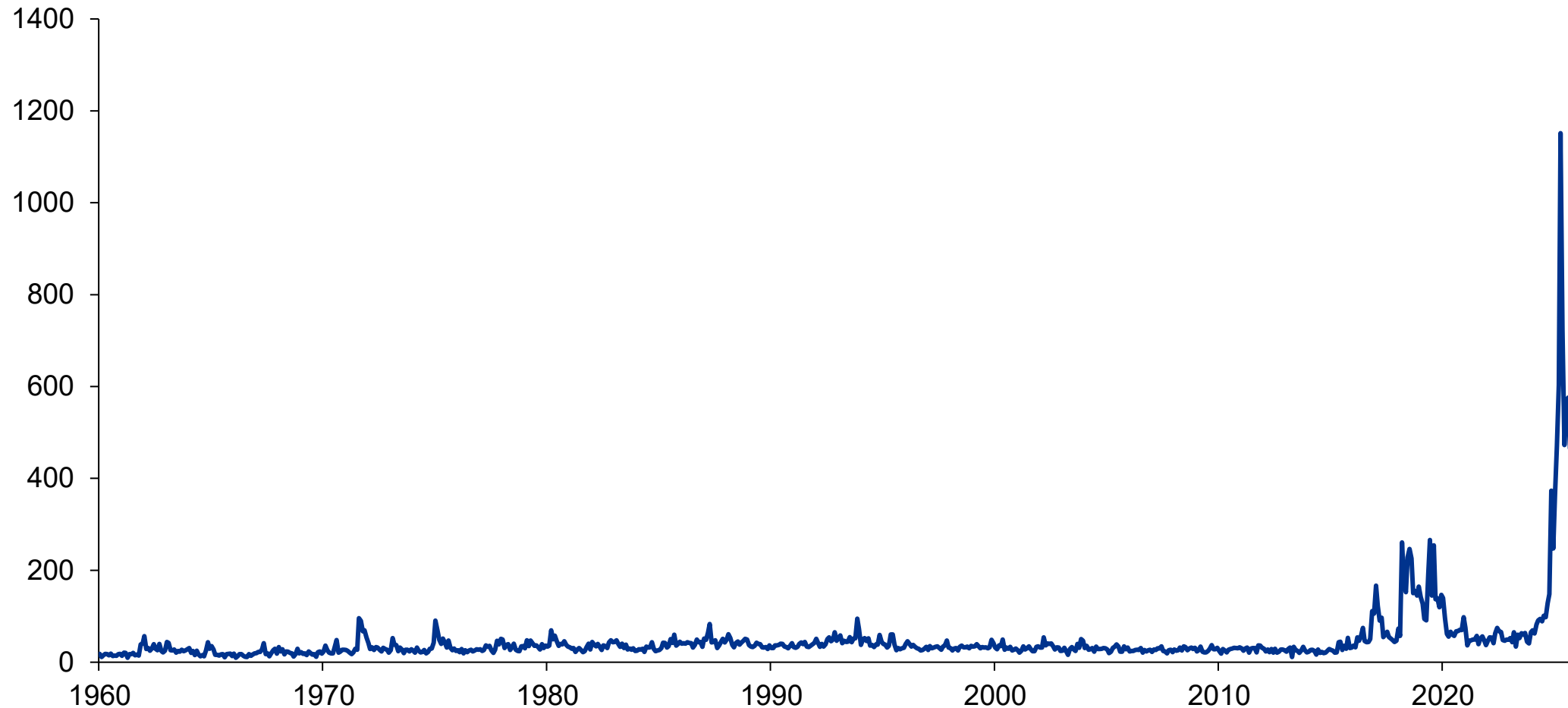
# Trade

Additional text

# Policy uncertainty weighs on investment

## Trade uncertainty has skyrocketed

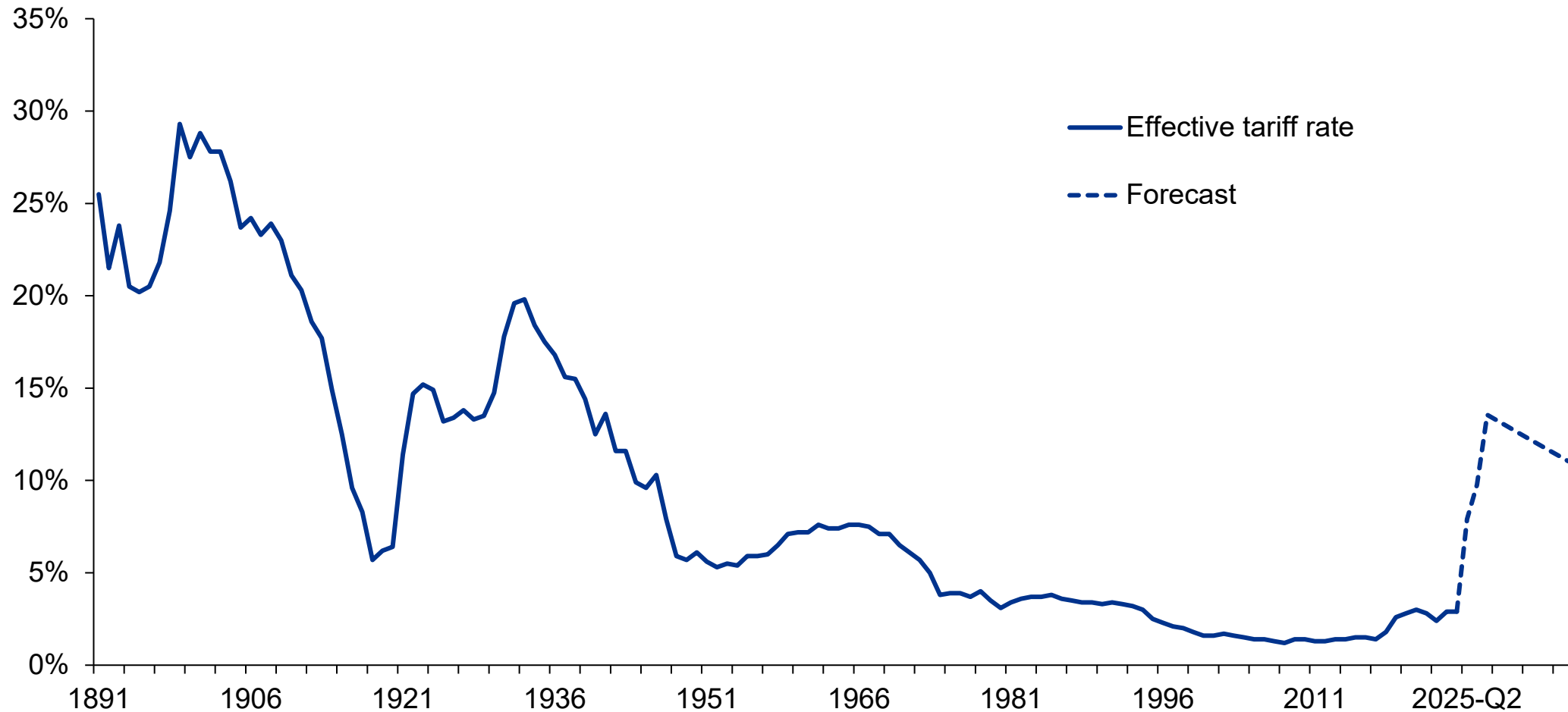
Trade Policy Uncertainty , 100 = 1%



# Tariffs peak at highest level since the 1930s

## Tariffs recede after spike

Effective tariff rate including FTZ adjustment and substitution effects, percent



Source: KPMG Economics, United States Census Bureau



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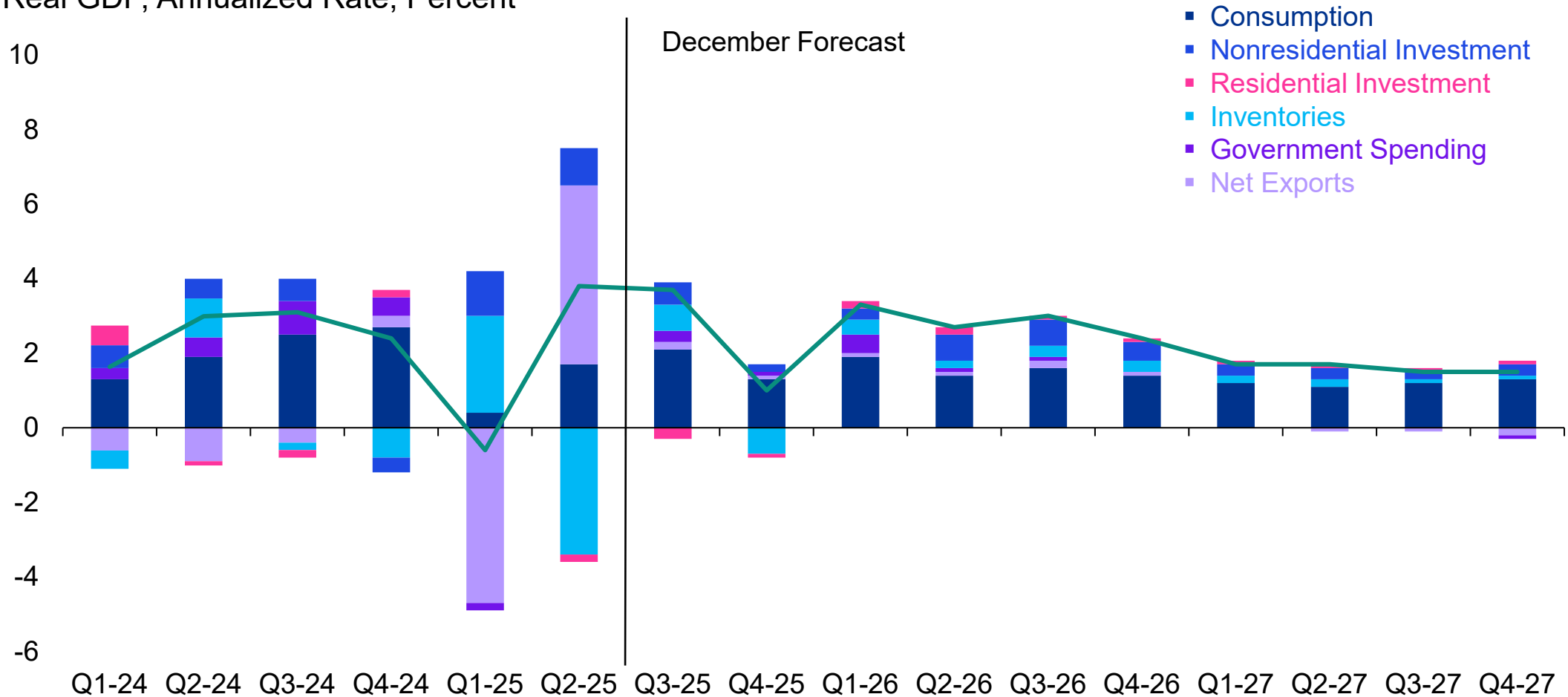
# US Economy

Additional text

# GDP swings on net exports

## GDP growth components

Real GDP, Annualized Rate, Percent



Source: KPMG Economics, Bureau of Economic Analysis



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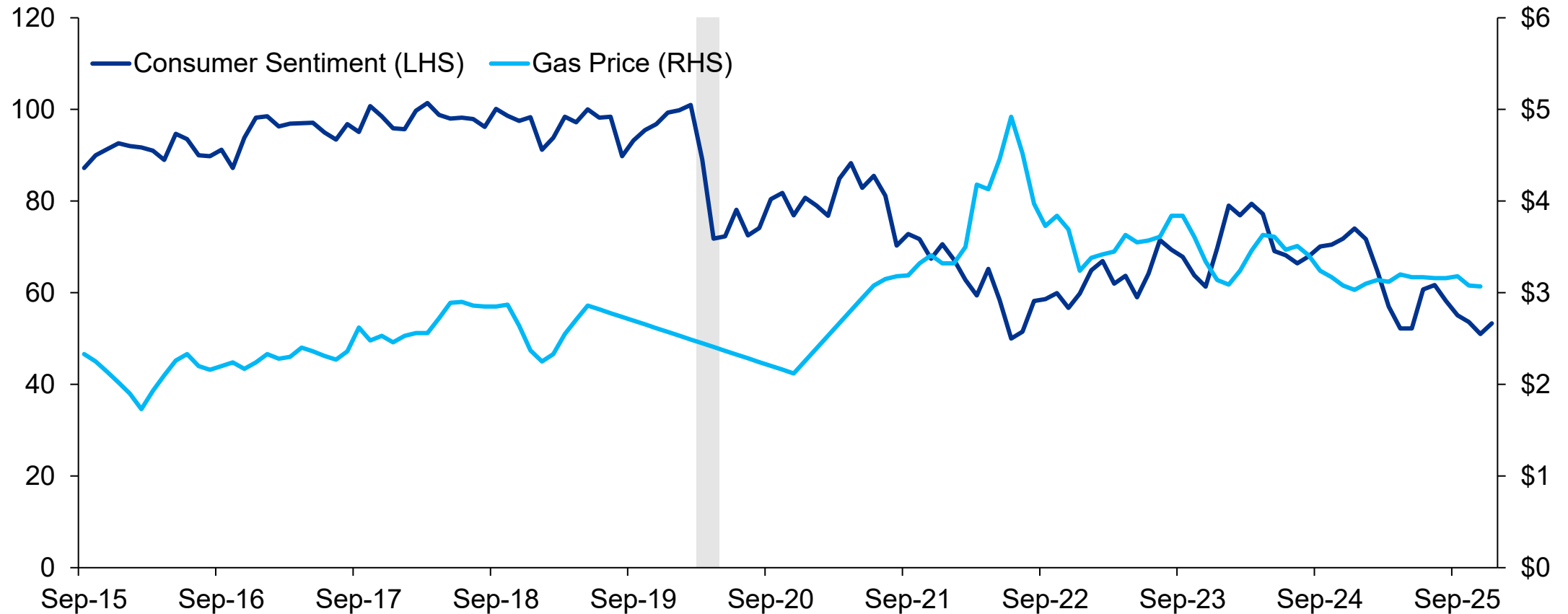


# Price at the pump drives sentiment... less so today

## Inverse relationship between consumer sentiment and gas prices

University of Michigan Consumer Sentiment: 1966 = 100, NSA

Gas: Average price per gallon



Source: KPMG Economics, University of Michigan, Bureau of Labor Statistics, Haver

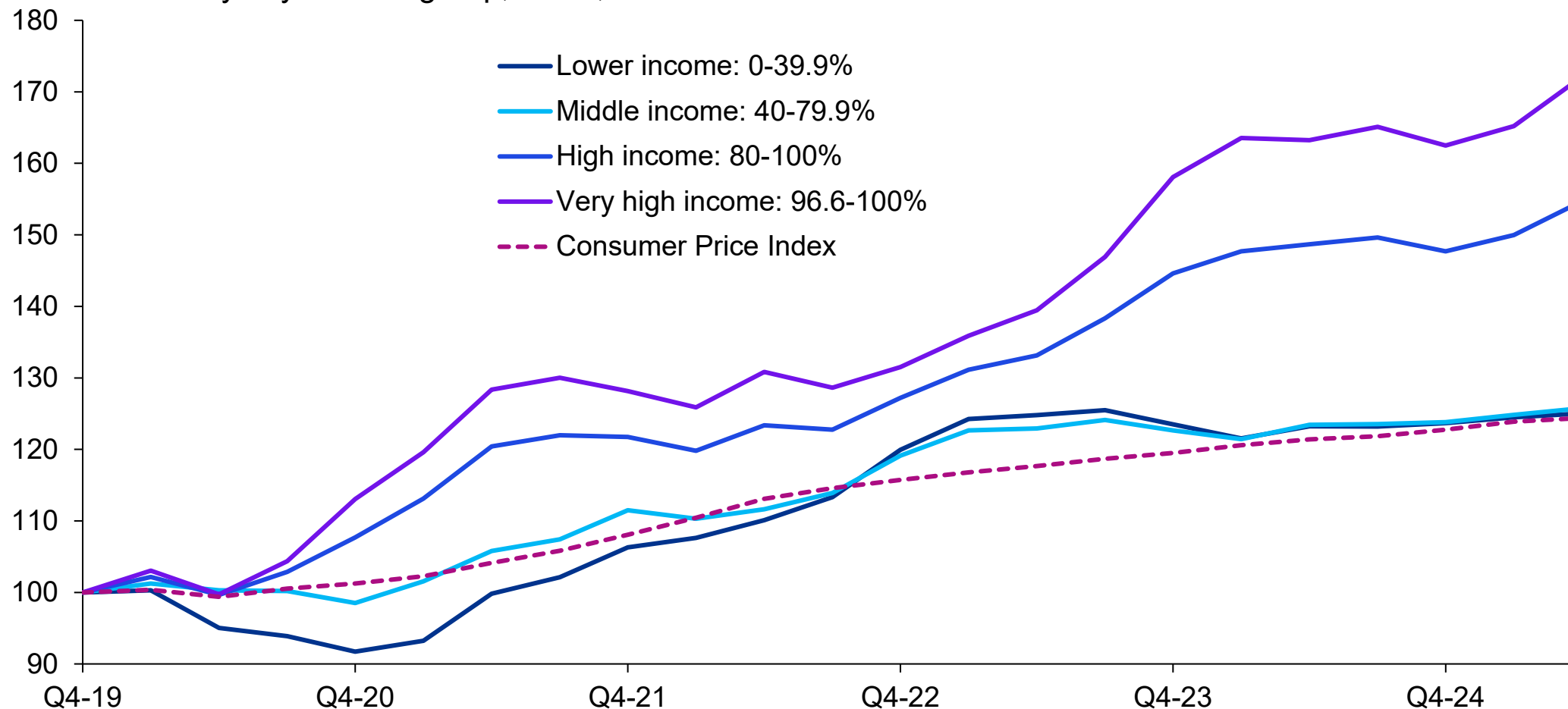


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# Some consumers can absorb inflation

## High income individuals powering consumer spending

Personal outlays by income group, index, Q4-2019=100

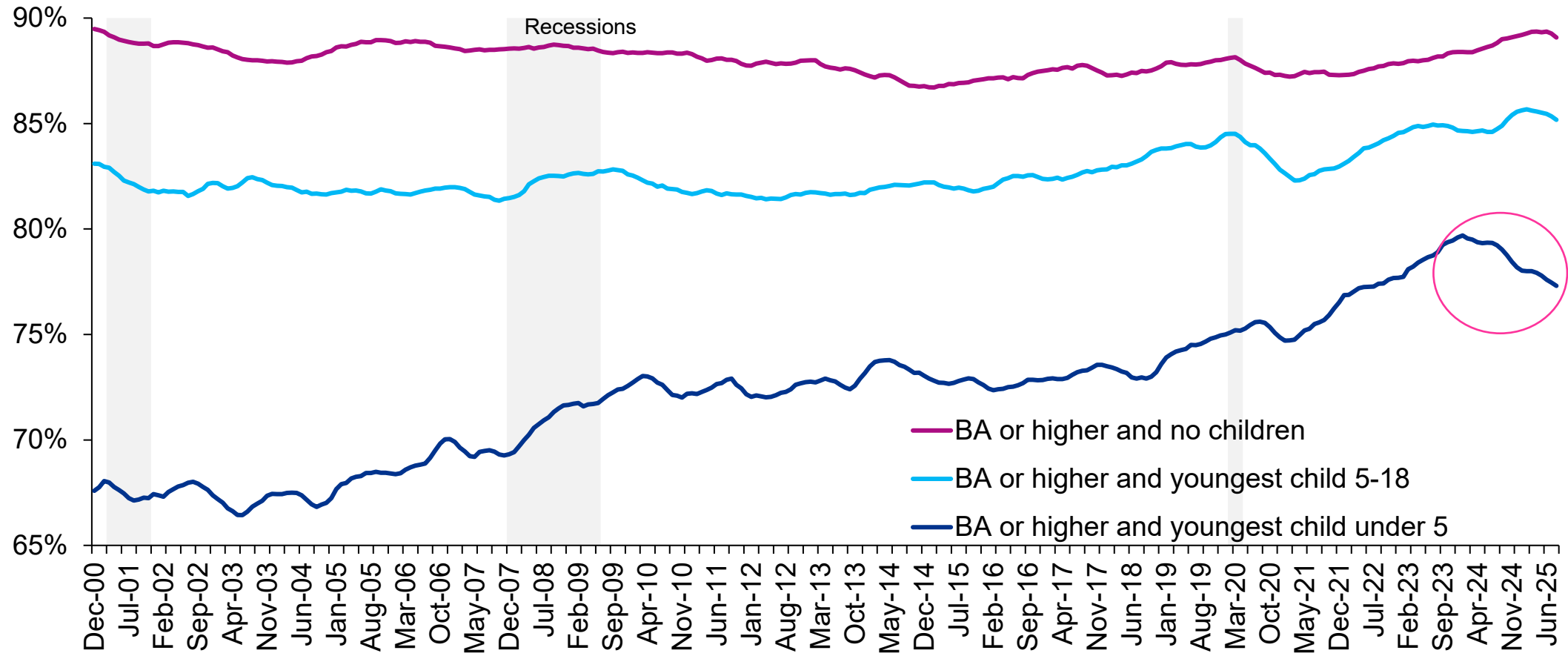


Source: Moody's Analytics

# Childcare crisis adding additional stress to labor supply

Labor force participation rate of prime-age women with a BA or higher by age of youngest child (December 2000 - August 2025)

Percent, 12 month moving average



Source: KPMG Economics, IPUMS CPS

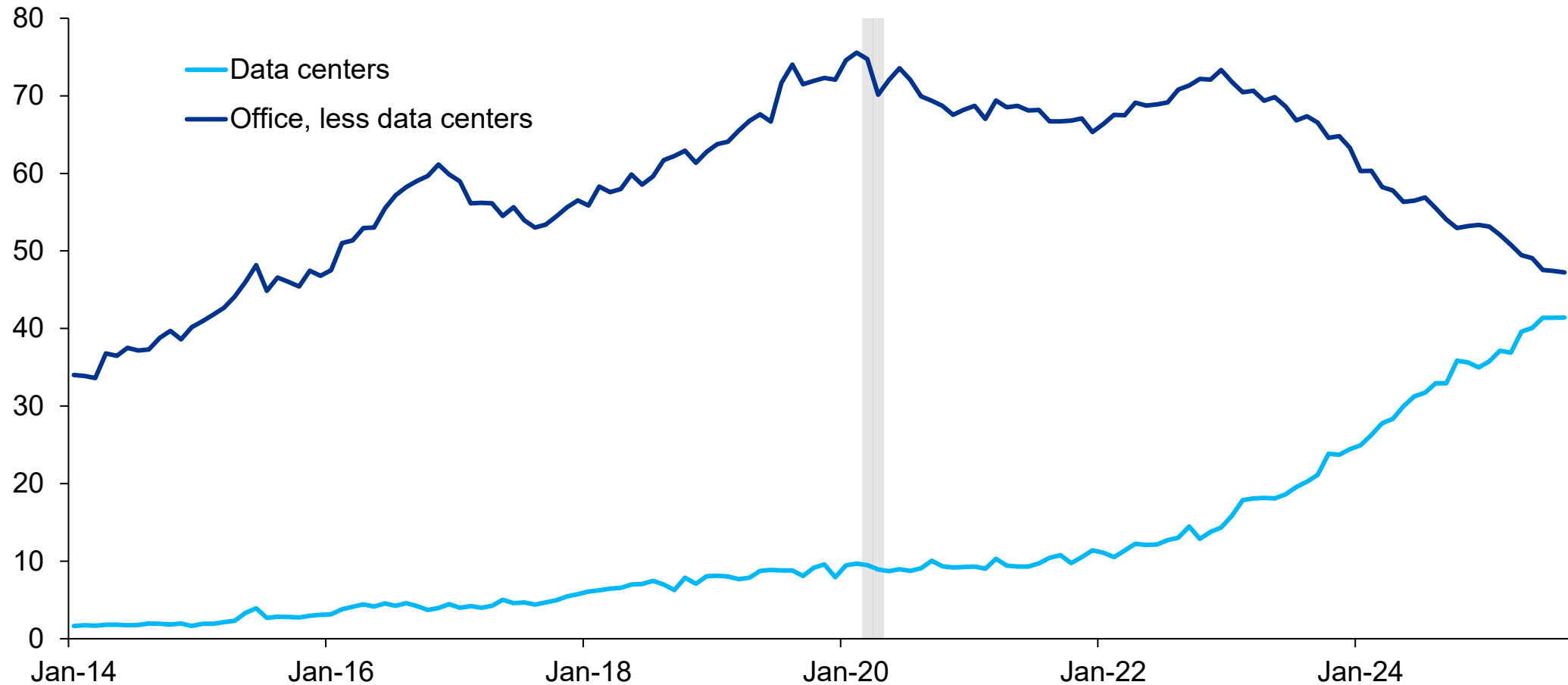


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# Data center constructions drives gains

## Data centers nearly half of all office construction

Private construction spending, SAAR, \$ Billions



Source: KPMG Economics, Census Bureau, Haver Analytics

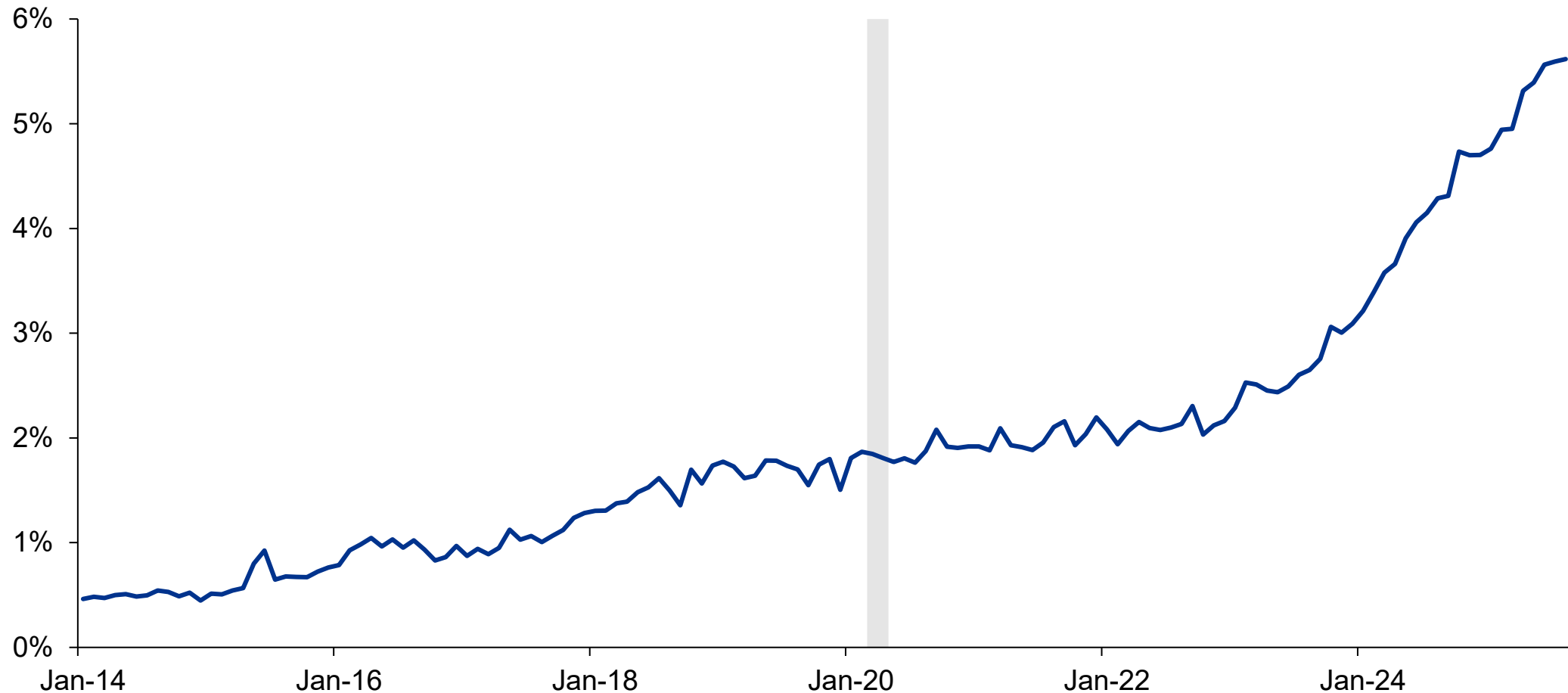


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# Data center constructions drives gains

## Data centers increasing share of construction spending

Data centers as a percentage of private nonres. construction spending, SAAR, Percent



Source: KPMG Economics, Census Bureau, Haver Analytics



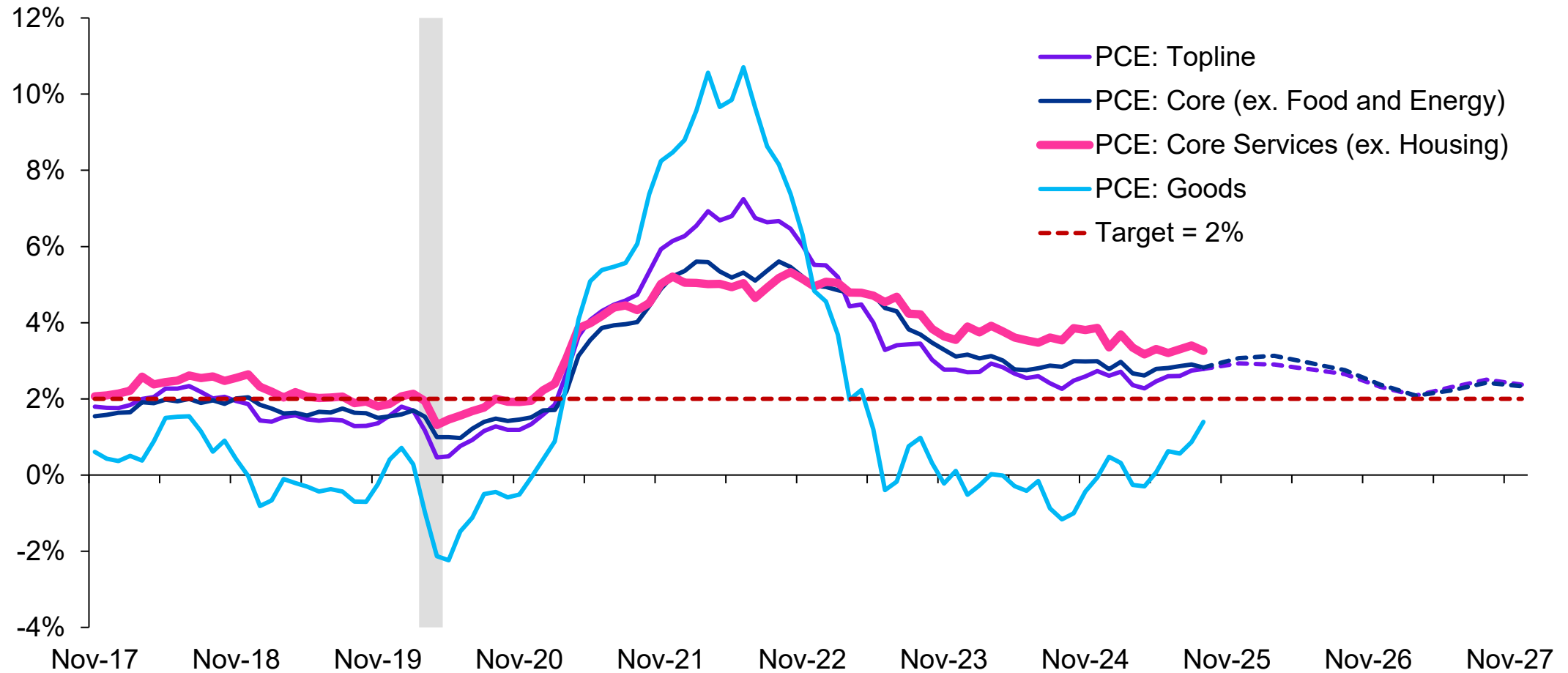
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# Aggregate prices increases in the past; tariffs to elongate

Inflation nears Fed target in early-2027

Percent Change, Year/Year



Source: KPMG Economics, Bureau of Economic Analysis, Haver Analytics

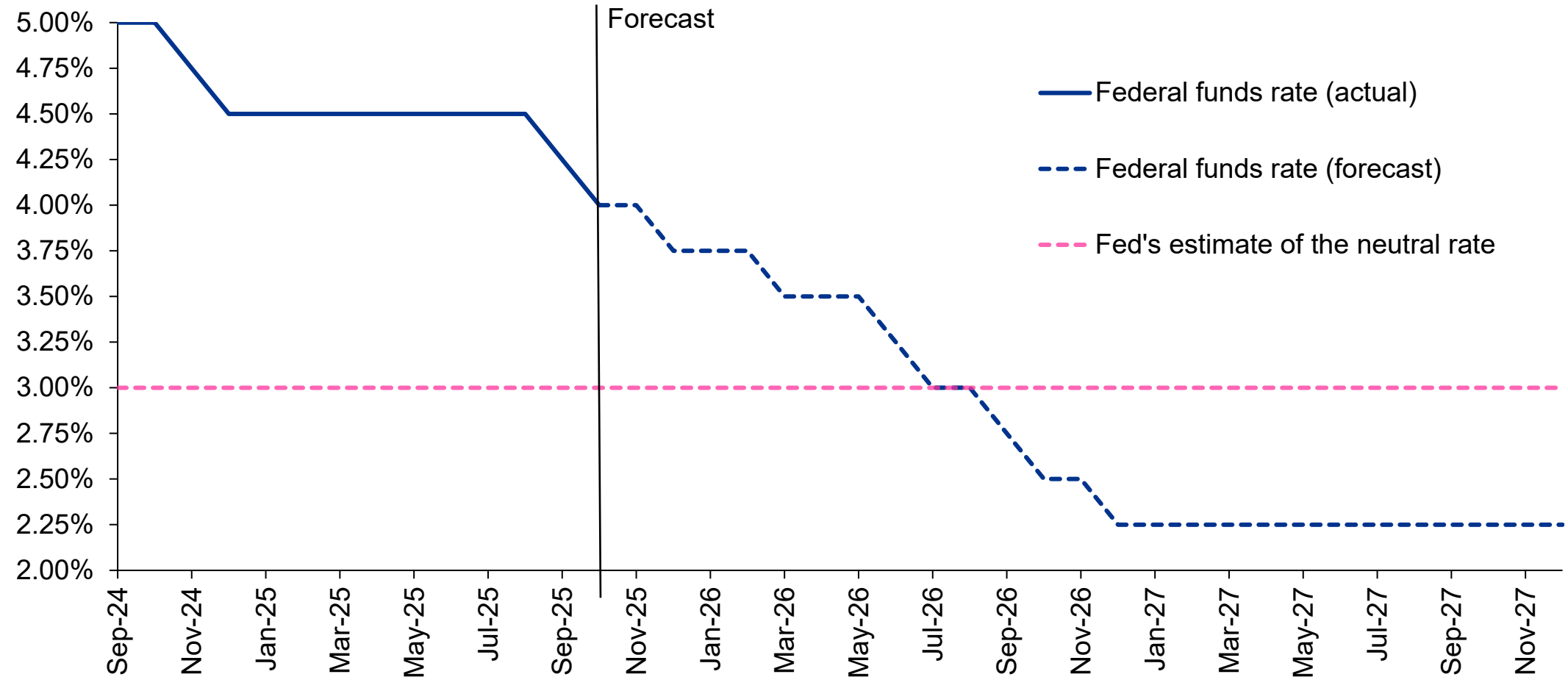


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# Federal Reserve expected to cut again in December?

## Fed begins cutting cycle

Federal funds rate, upper bound

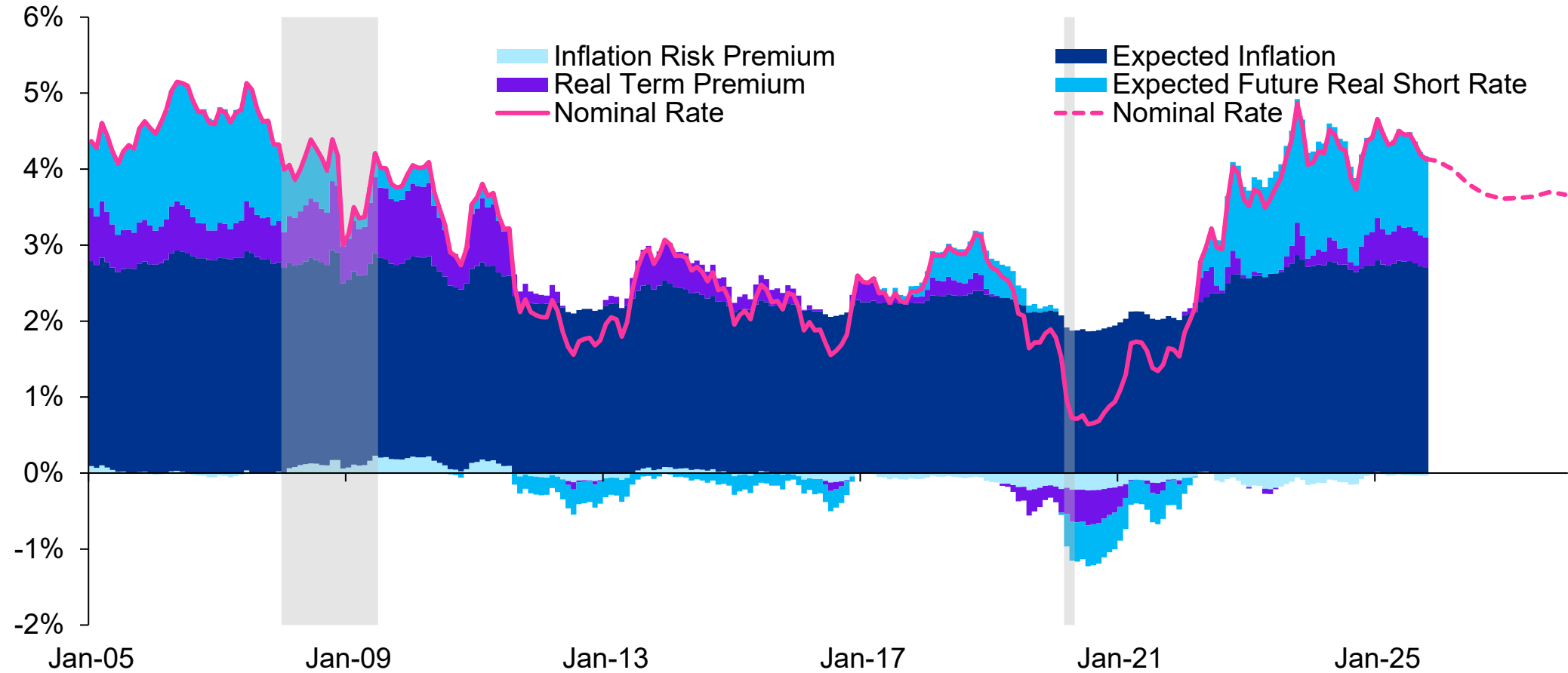


Source: KPMG Economics, Federal Open Market Committee

# Rates have normalized

## Interest Rate Decomposition

10 Year Treasury Yield, Percent

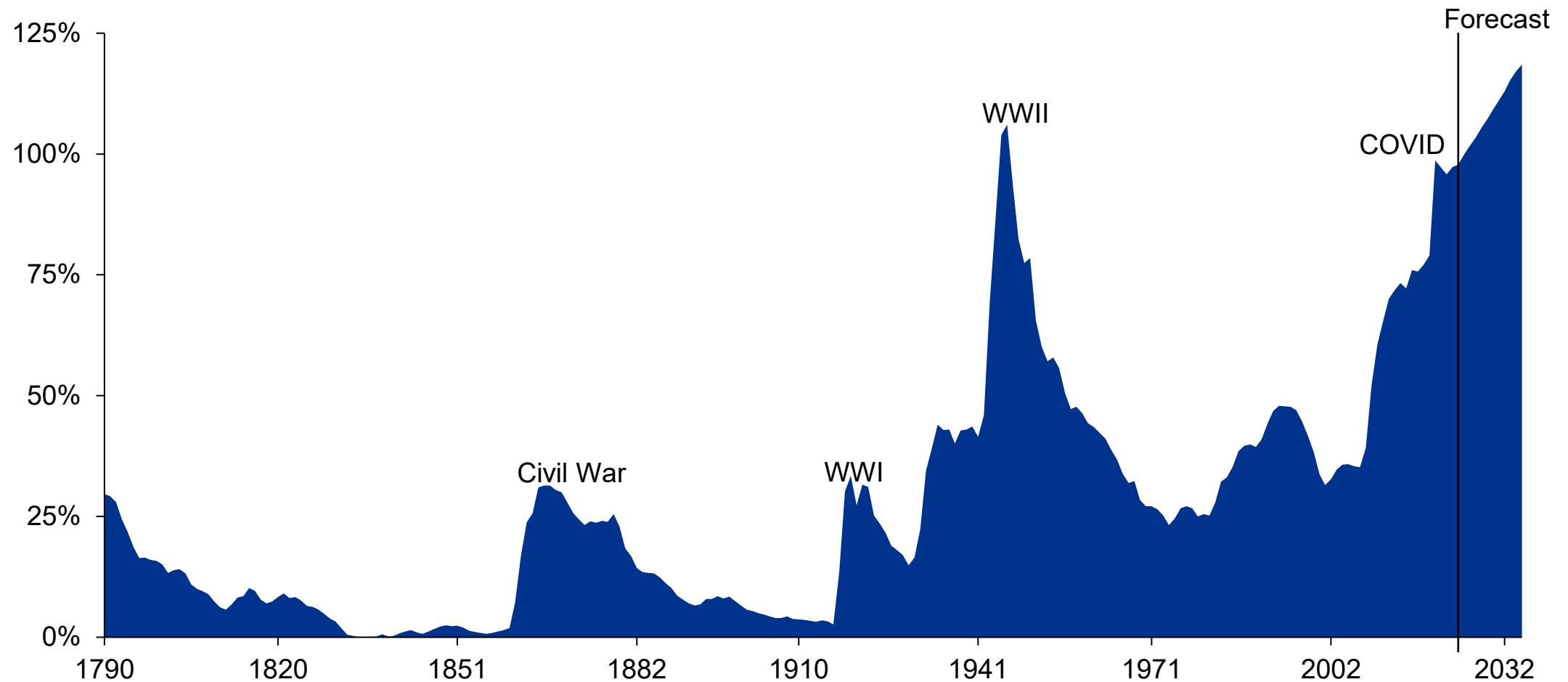


Source: KPMG Economics, D'Amico, Kim and Wei Model, Haver Analytics

# Debt keeps growing

## Federal debt to surpass size of economy next year

Debt held by the public, percent of GDP



Source: KPMG Economics, CBO, Haver Analytics



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# International Economy

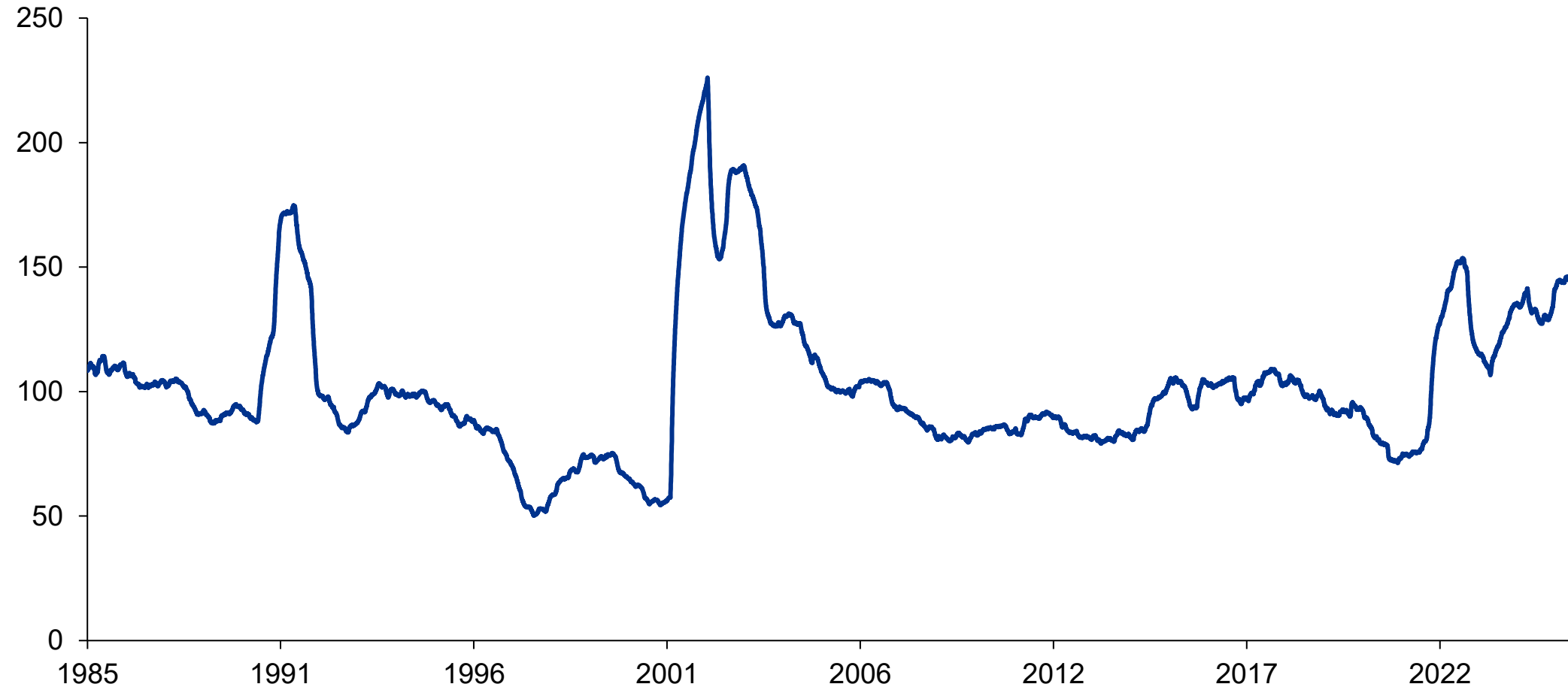
Additional text



# Geopolitical risk remains elevated

## World Geopolitical Risk Index

Index, 365-day MA, 1985-2019=100



Source: KPMG Economics, Caldara and Iacoviello, Haver Analytics

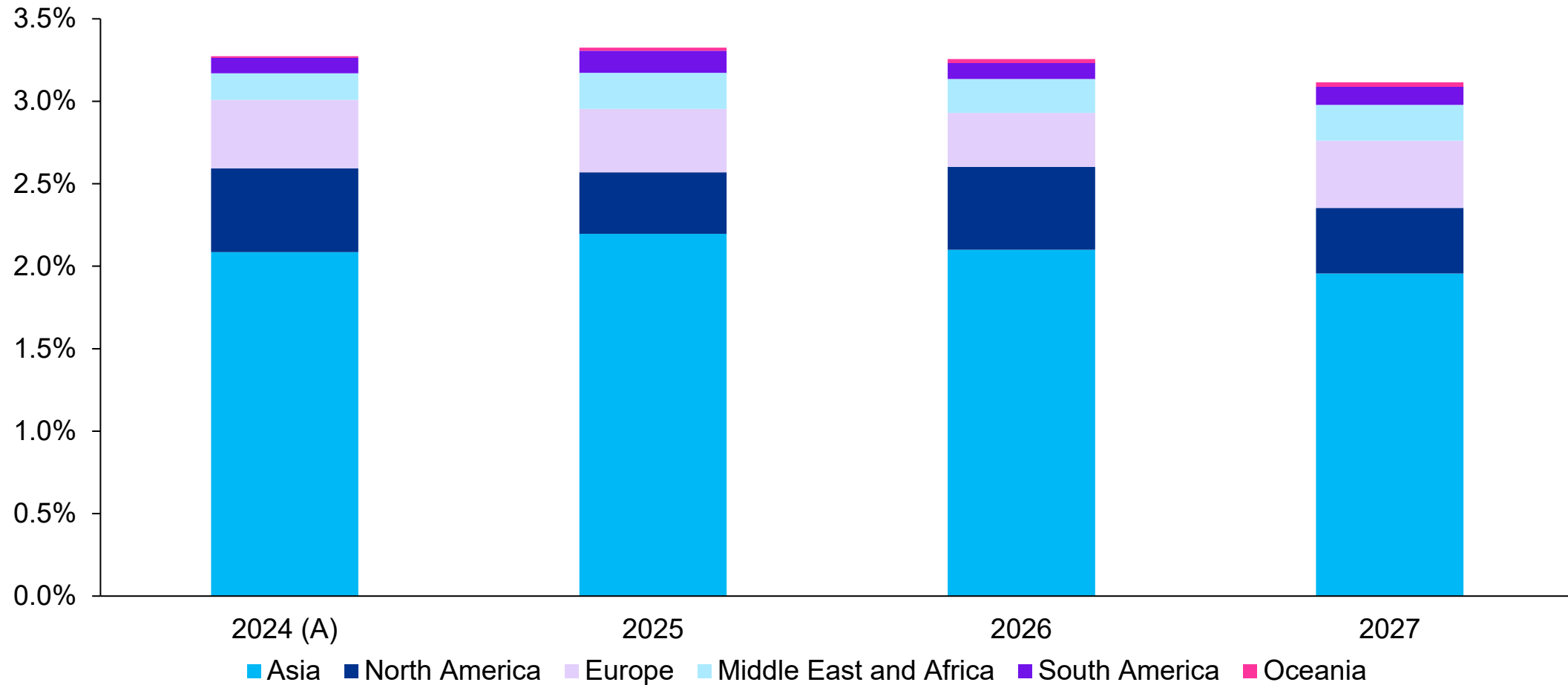


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# Resilient global growth with downside risk

## Contributions to Global Economic Growth

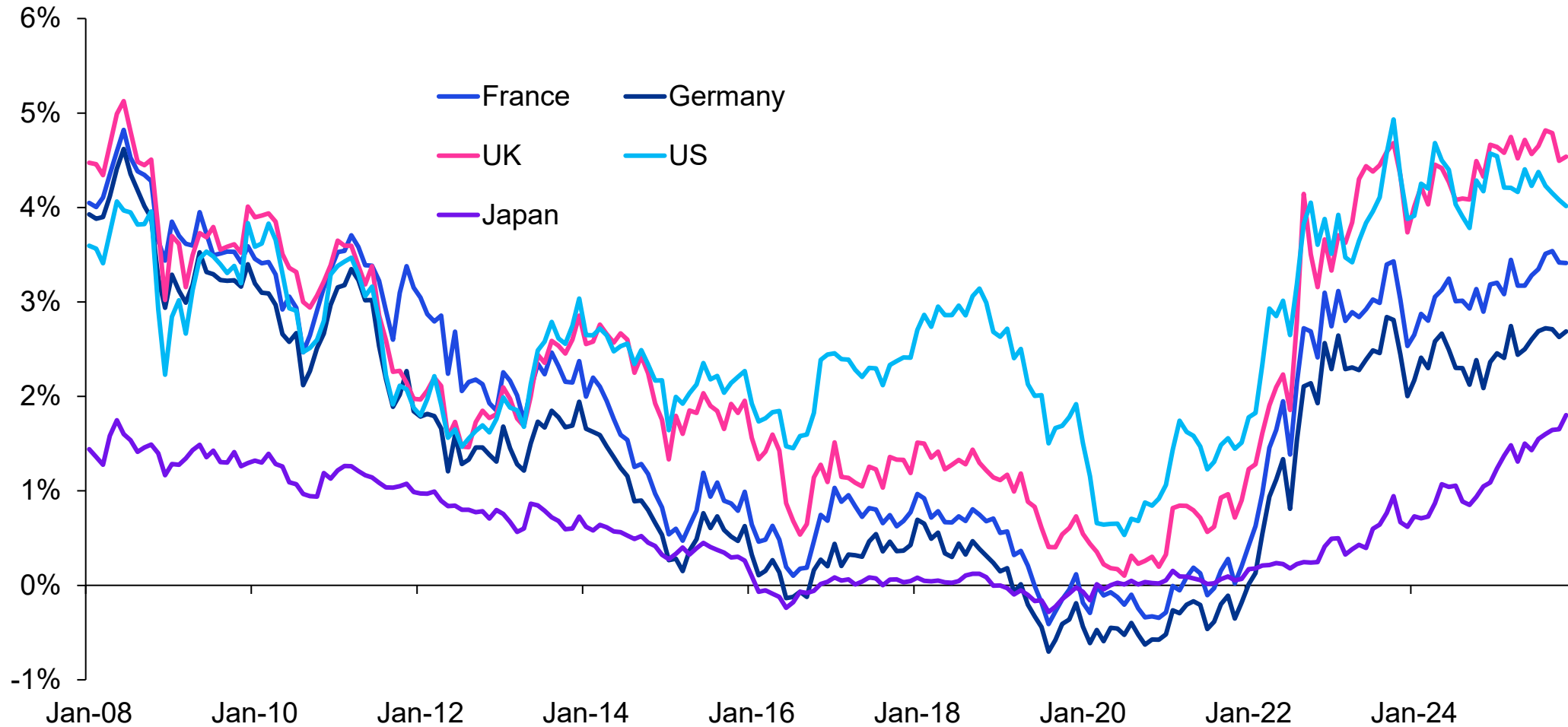
Real GDP, PPP, 2017\$, Average annual growth rate, Percent



Source: KPMG Economics, Various

# Global bonds are worrisome

## 10 Government Bond Yields



Sources: KPMG Economics, Tullett Prebon Information, Haver Analytics

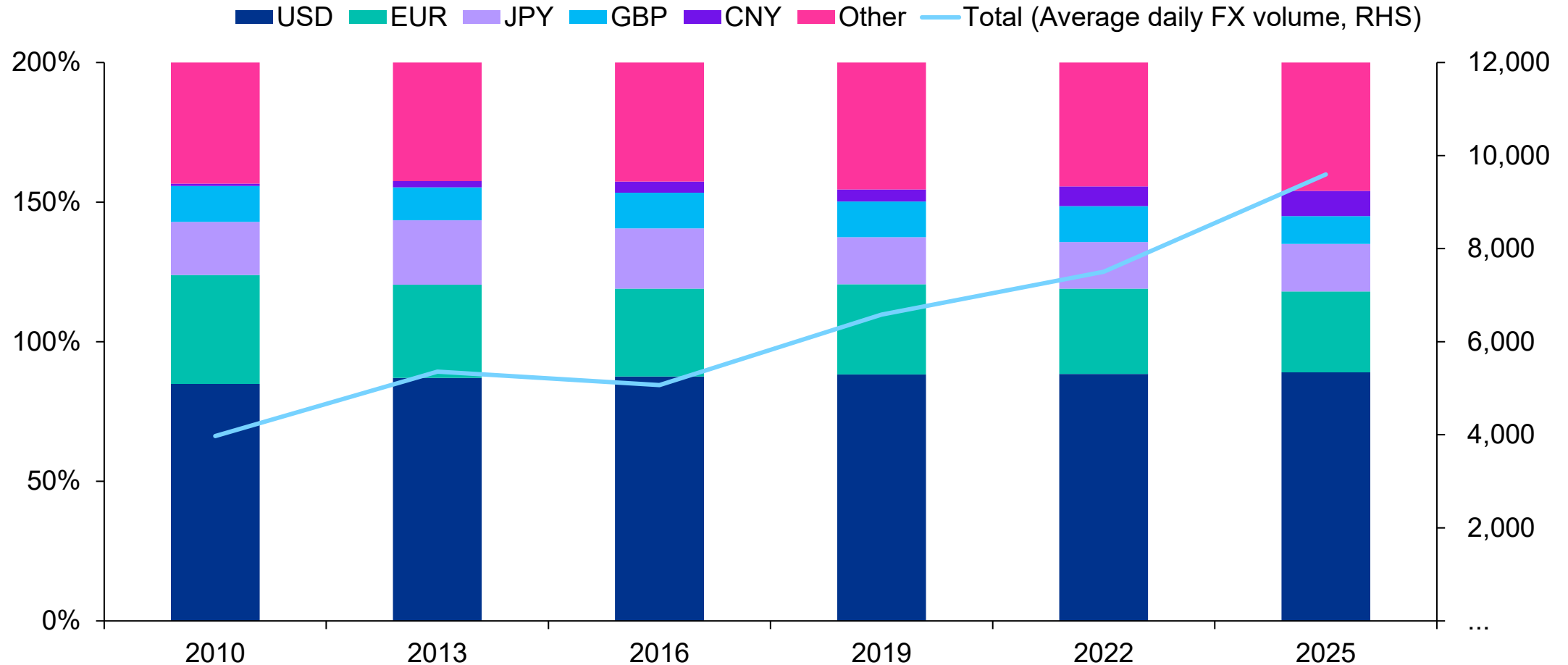


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# The end of the dollar?

## Share of OTC FX Transactions

Net-net basis

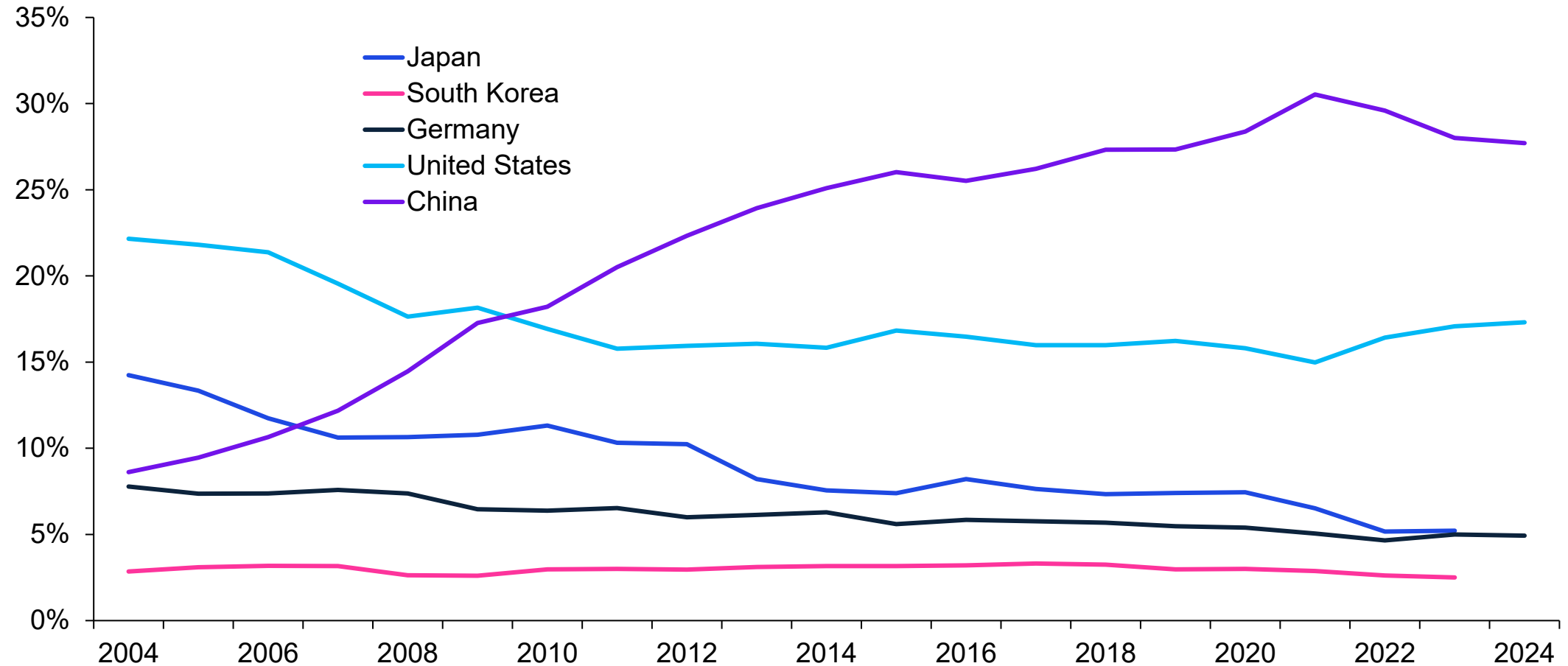


Source: KPMG Economics, Bank of International Settlements

# China leads global manufacturing

## Global manufacturing is being eaten by China

Share of global manufacturing output



Source: KPMG Economics, World Bank, Haver Analytics





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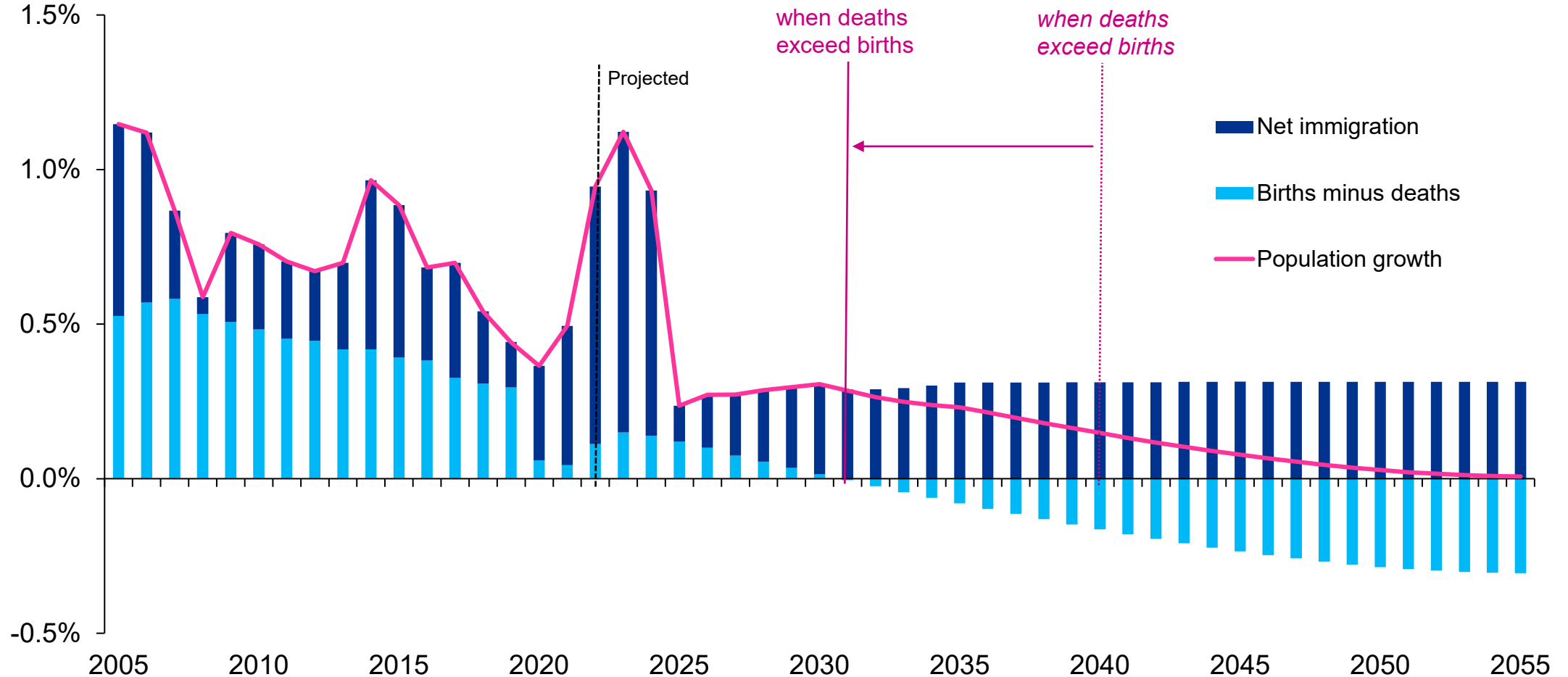
# Long-Run Trends

Additional text

# Immigration sole driver of US population growth in 20 years

## Population growth of the United States

Percent contribution

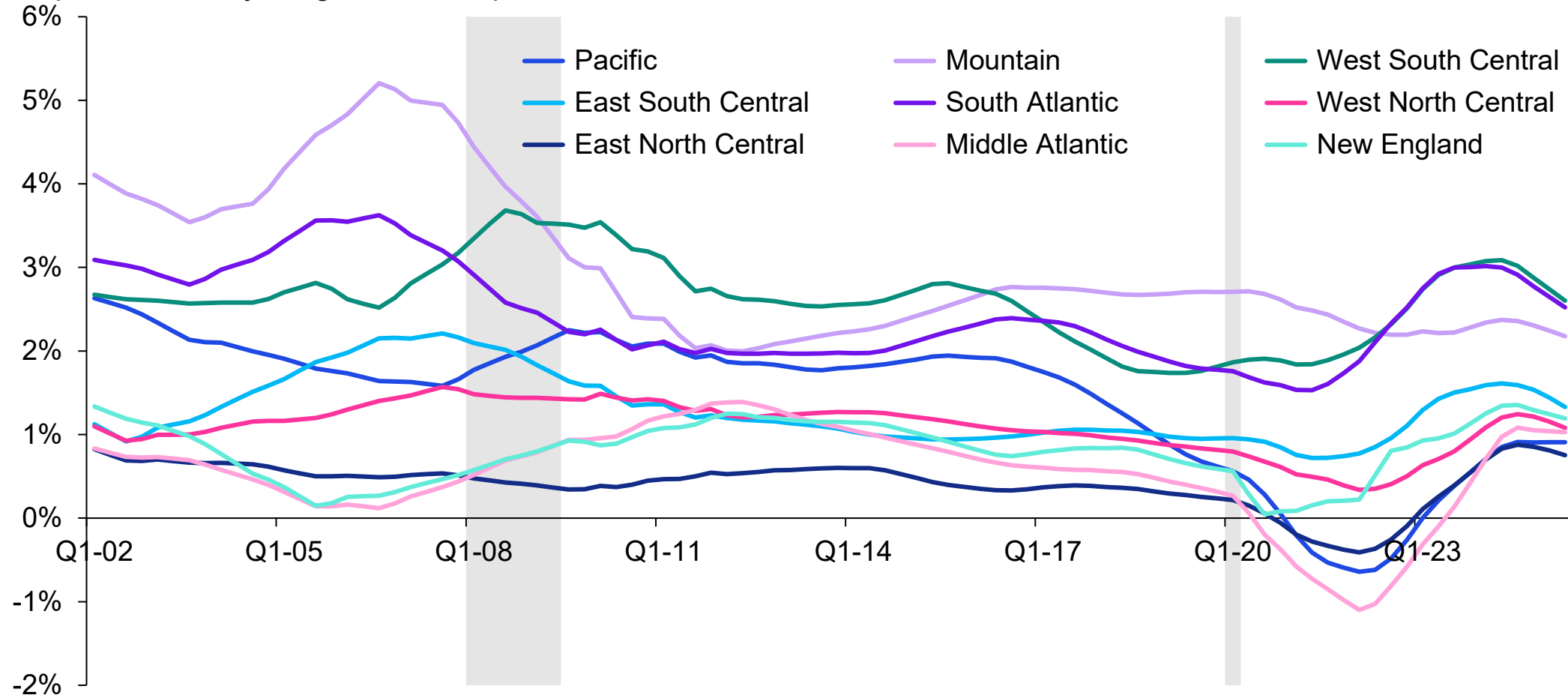


Source: KPMG Economics, Congressional Budget Office

# Population growth slowing across country

## Middle Atlantic and Pacific holding population growth

Population, two year growth rate, percent



Source: KPMG Economics, Bureau of Economic Analysis, Haver Analytics

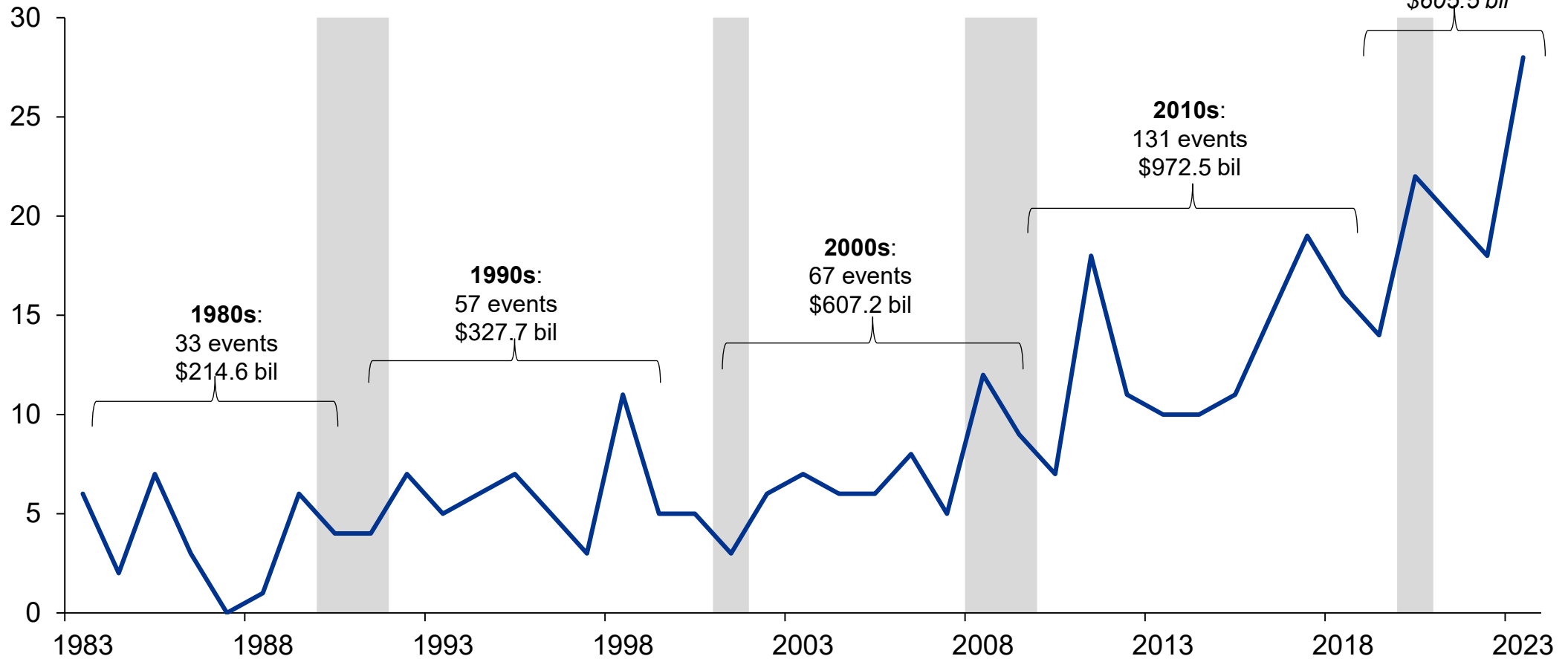


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# Risks to supply chains are costly

## Disasters getting more frequent

Number of (inflation-adjusted) billion dollar disasters



Source: KPMG Economics, NOAA

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