



FEDERAL RESERVE BANK *of* NEW YORK

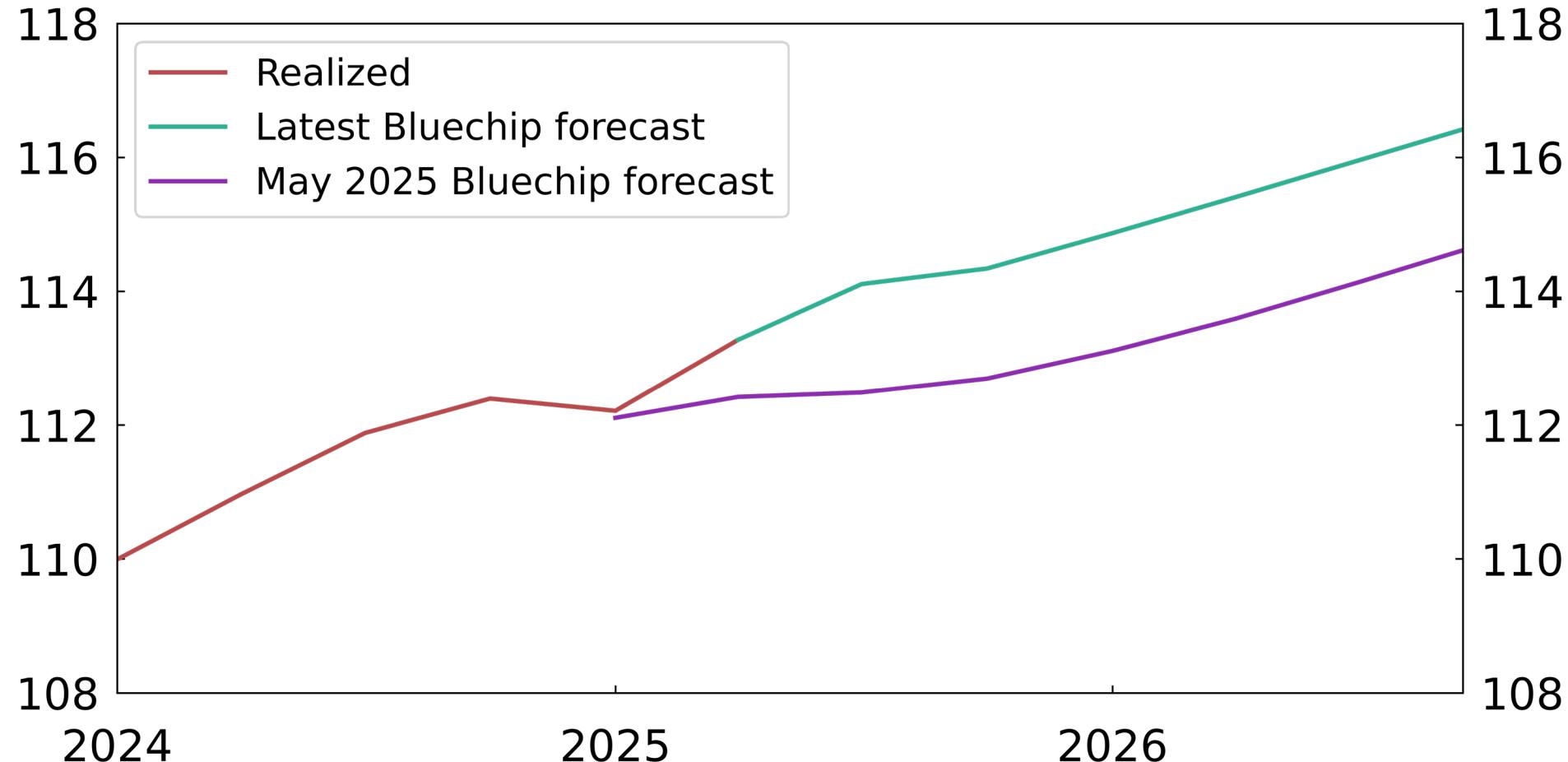
U.S. Economic Conditions

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Overview

- Real GDP growth in 2025H1 slower than in 2024.
 - Still, economic resilience has been evident.
- Labor market conditions have softened over 2025.
 - Unemployment rate has risen gradually in recent months.
- Inflation has remained somewhat elevated.
 - Some apparent effects from higher tariffs.

Economy displays resilience despite slower growth

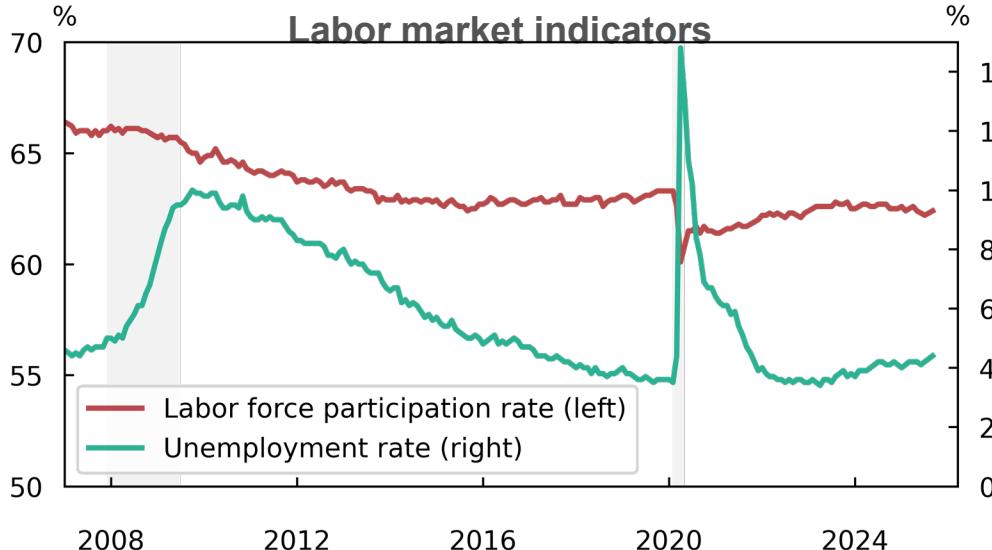


- GDP grew at a 1.6% rate in 2025H1, slower than 2024.
- Data suggest solid Q3 growth; shutdown holds down Q4.
- Private forecasts have moved higher since May.

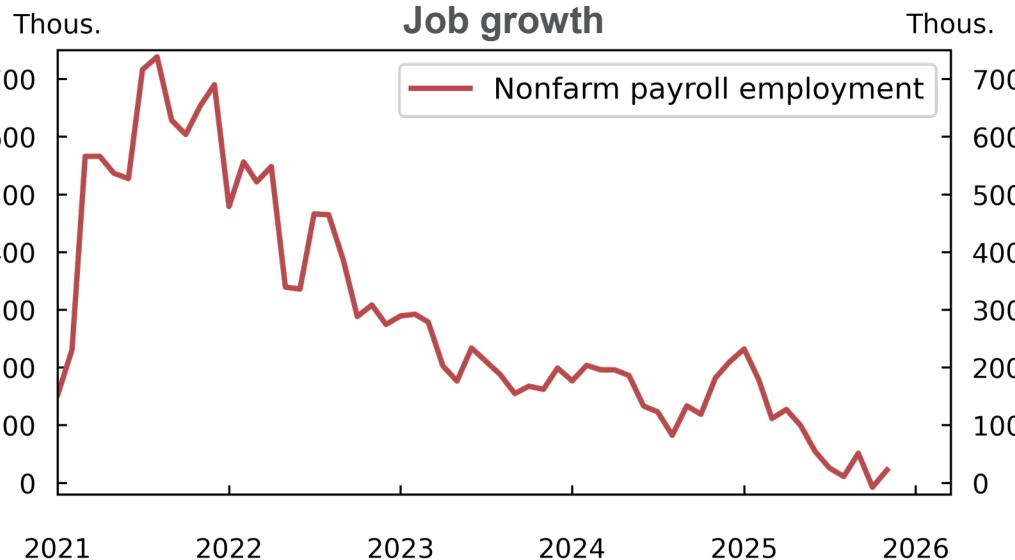
Sources: Bureau of Economic Analysis, Blue Chip Economic Indicators

Notes: GDP and forecasts are % of 2019Q4 real GDP level.

Labor market has cooled in 2025



- The unemployment rate has risen slowly over recent months and was 4.6% in November.
- Labor force participation has fluctuated within a narrow range.

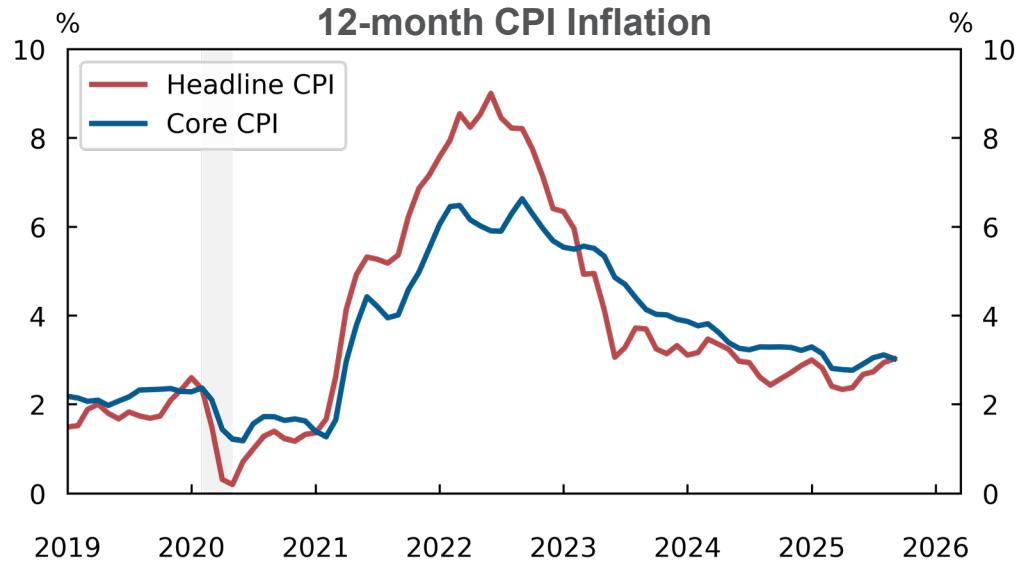


- Job growth has been weak in recent months and has slowed over the course of 2025.
- Overall, labor market conditions have softened notably in recent months.

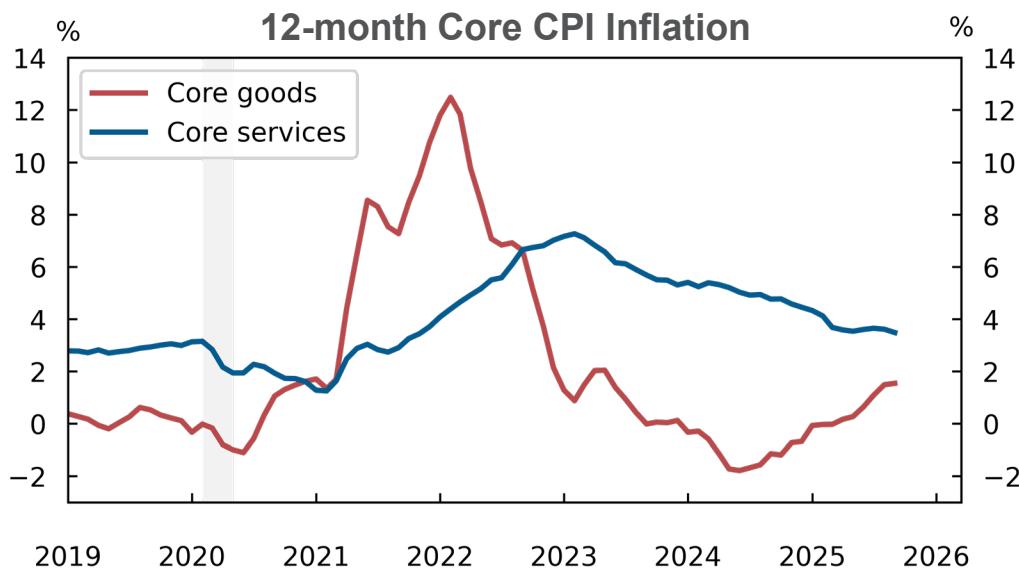
Source: Bureau of Labor Statistics via Haver Analytics.

Note: Shading shows NBER recessions. Nonfarm payroll employment is 3m moving avg. Oct. 2025 UR and LFPR were not released.

Inflation has remained somewhat elevated



- Overall CPI inflation again near January level as food price inflation has risen.
- Core CPI inflation also has changed little over the course of 2025.



- Core goods inflation has risen in 2025, likely reflecting tariff effects in part.
- In contrast, core services inflation has moderated somewhat further.

Concluding observations

- Even though growth has slowed, economic activity has shown resilience amid a shifting environment.
- Still, labor market conditions have softened.
- Inflation has remained above 2 percent, supported by higher goods inflation.
- Significant uncertainty still surrounds the economic outlook.