

## Economic Summary – Q3 2025

The driving narrative of the third quarter was an abrupt slowdown in job growth, which validated the first Fed rate cut since last December. Whether the long-awaited September easing move will be the first in a series or a limited adjustment is unclear. Fed decisions are data-driven, and the data patterns have been wildly erratic. Further complicating the outlook is a government shutdown that began at midnight on the first day of the new quarter. This suspension of non-essential government services includes several agencies Fed officials rely on for critical data, meaning policymakers could begin the last quarter of this historically challenging year with even less clarity.

Economic growth, despite extreme trade uncertainty, accelerated unexpectedly. The final revision to second quarter GDP boosted growth from +3.3% to +3.8% as both consumption and business investment were revised higher. The first half of the year is difficult to gauge given the muddiness of the tariffs, but the Atlanta Fed's GDPNow estimate of (presumably cleaner) third quarter growth ended the quarter at +3.9%.

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