



Birds of a feather no longer flock together:

The Fed splits over timing & size of rate cuts.

Economic outlook

Matthew Nestler, PhD
Senior Economist

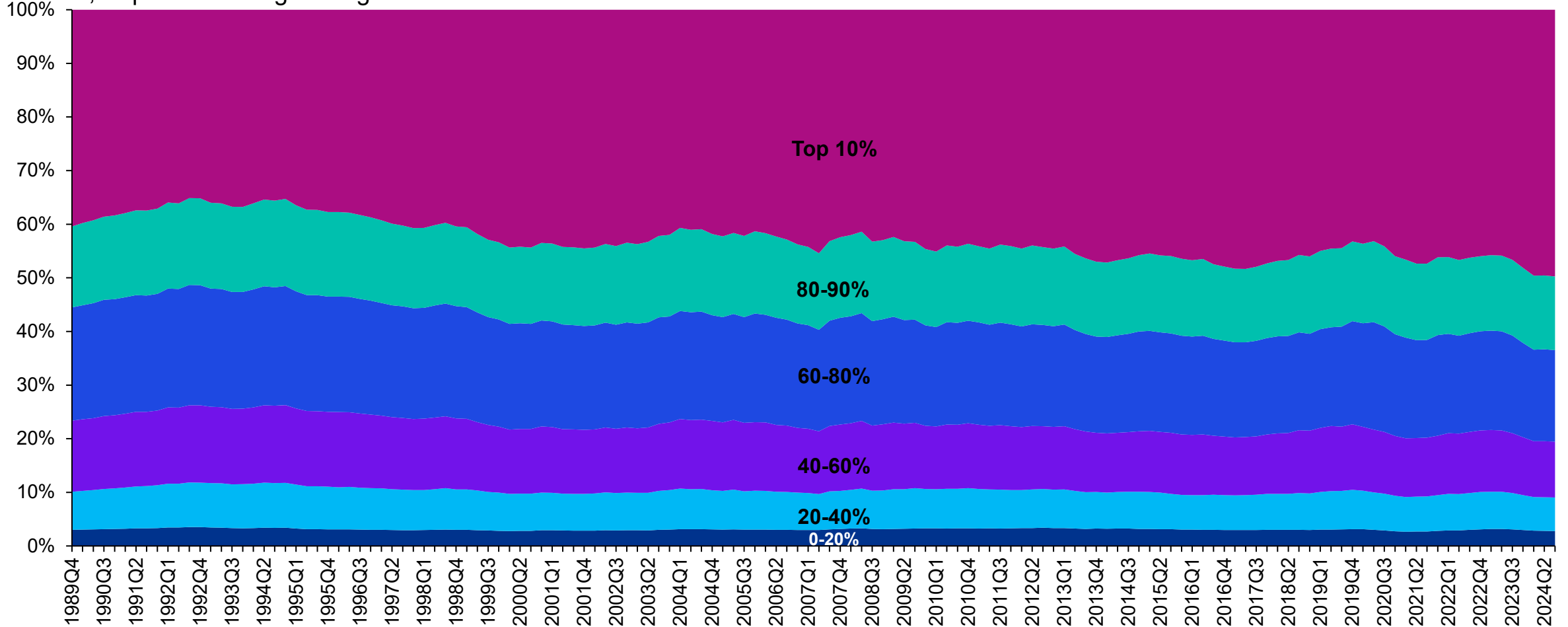
September 23, 2025



Consumption is top-heavy

Top 10% of income earners account for half of all spending

Shares, 4-quarter moving average



Source: KPMG Economics, Moody's Analytics

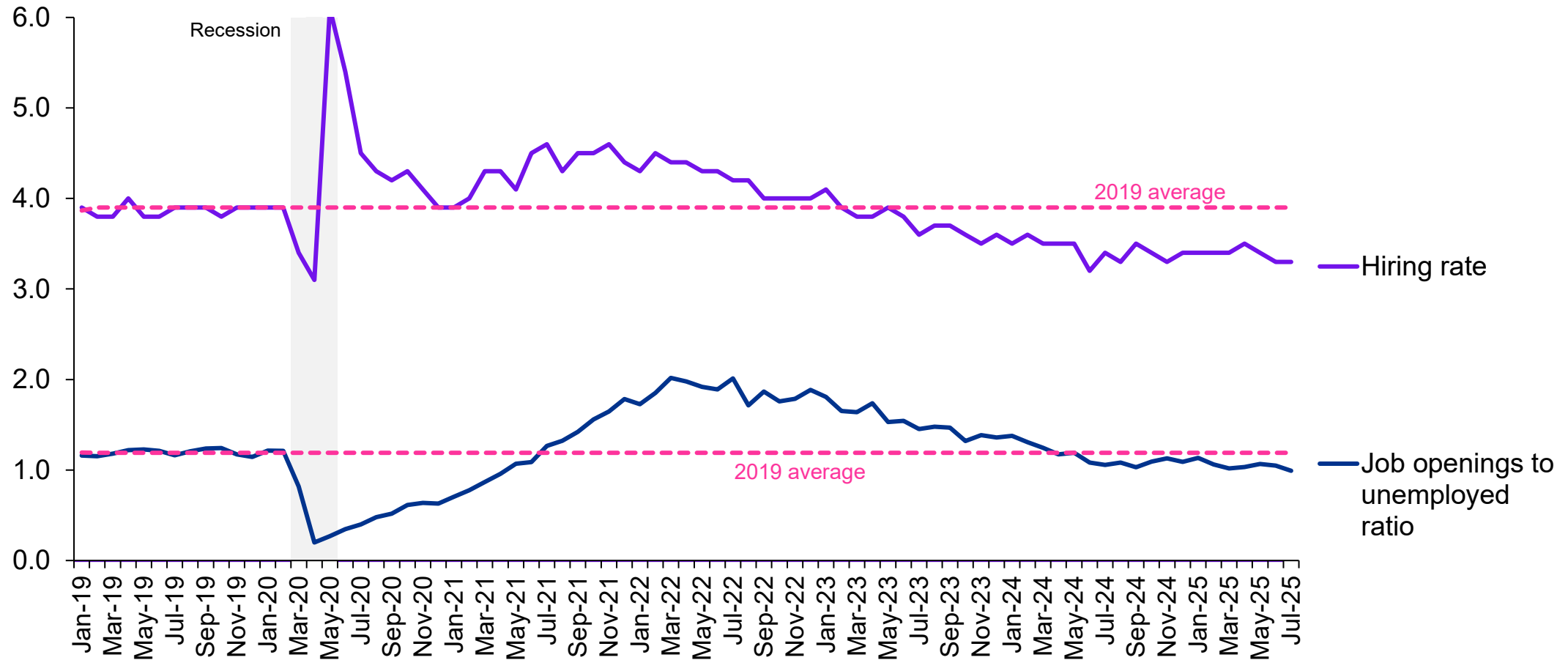


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Labor market showing signs of weakness

Labor market indicators have cooled

Percent and ratio, SA

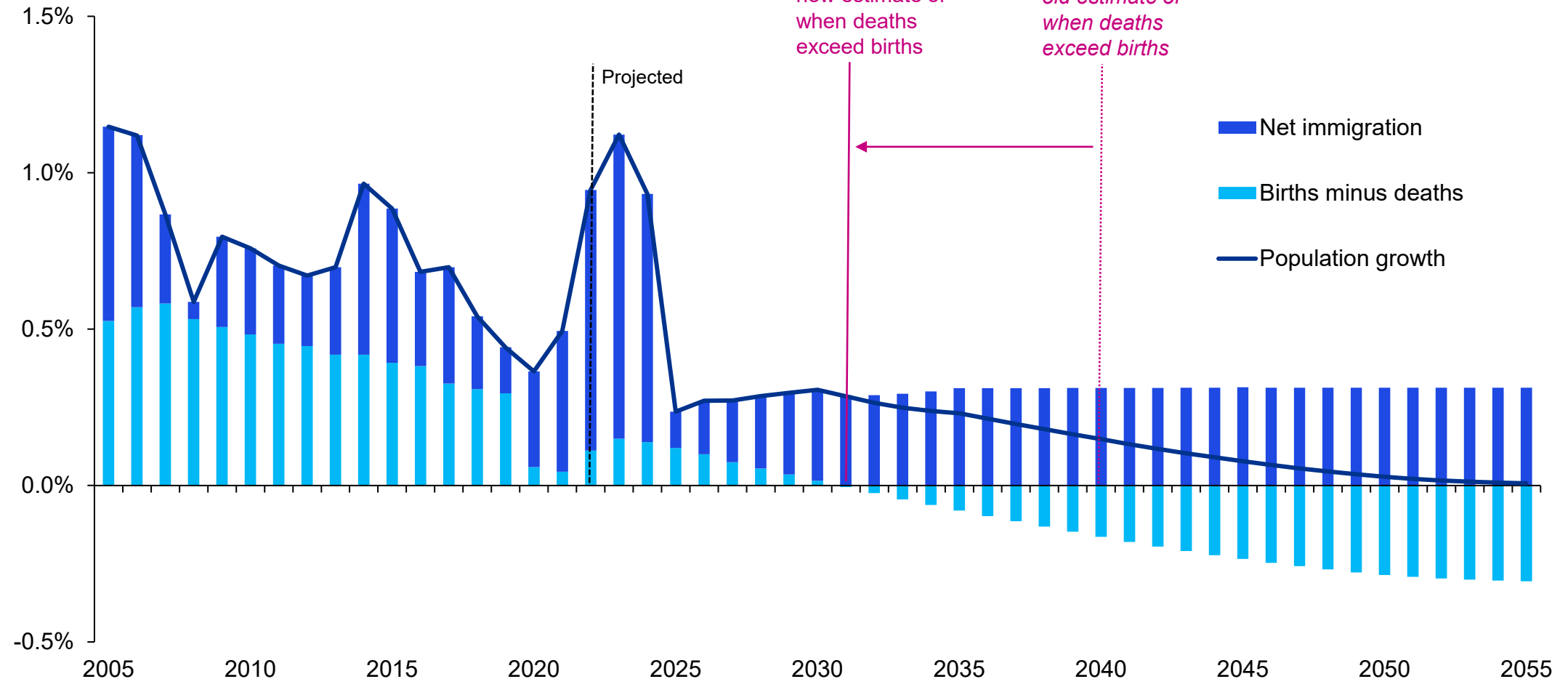


Source: KPMG Economics, Job Openings and Labor Turnover Survey (JOLTS)

Demographics are a real challenge; more productivity needed

Population growth of the United States

Percent contribution



Source: KPMG Economics, Congressional Budget Office

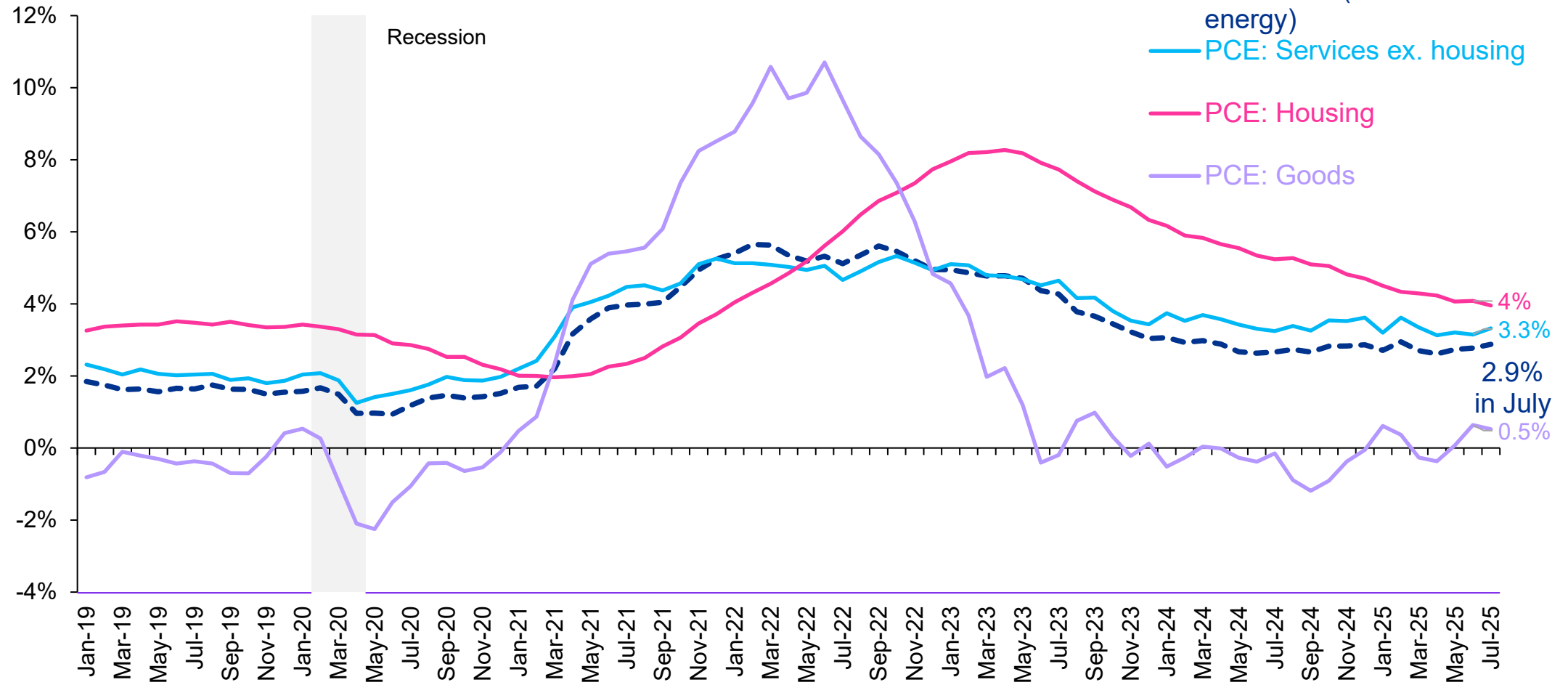


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Goods inflation expected due to tariffs

Service sector inflation cooling

Year-over-year percent change



Source: KPMG Economics, Bureau of Economic Analysis

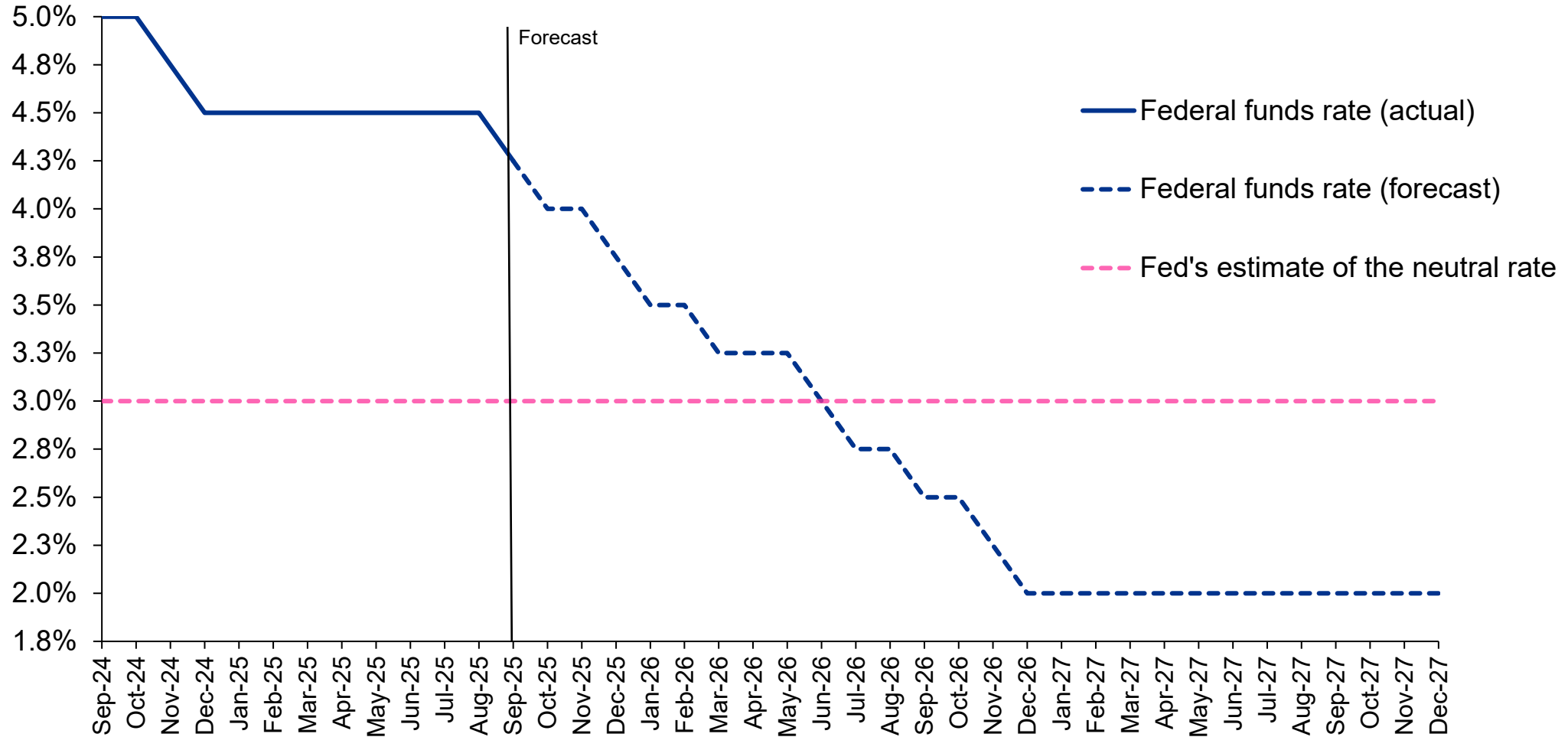


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Federal Reserve set to cut 3x by year-end

Fed begins cutting cycle

Federal funds rate, upper bound



Source: KPMG Economics, Federal Open Market Committee

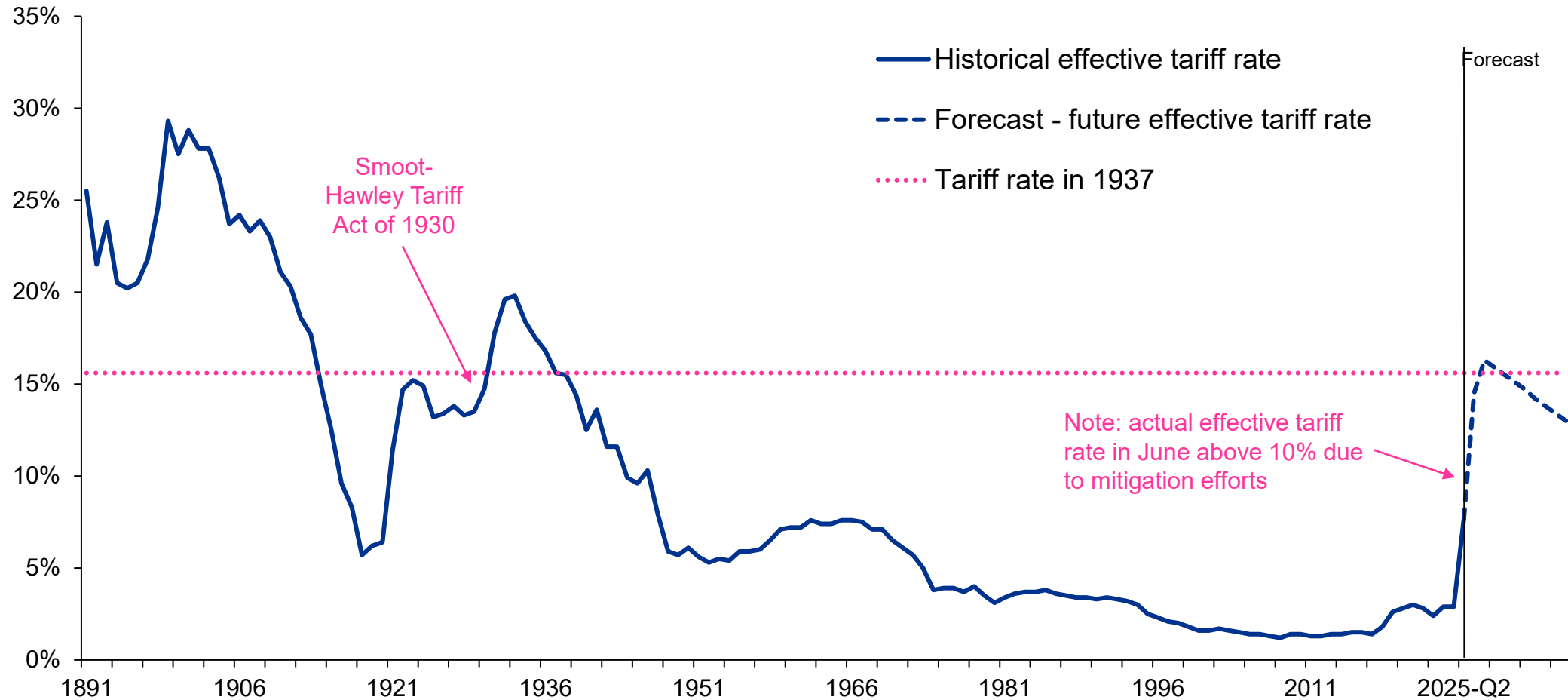


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Large increase in tariffs

Tariffs taper off after peaking at highest rate since Great Depression

Effective tariff rate, percent



Source: KPMG Economics, United States Census Bureau

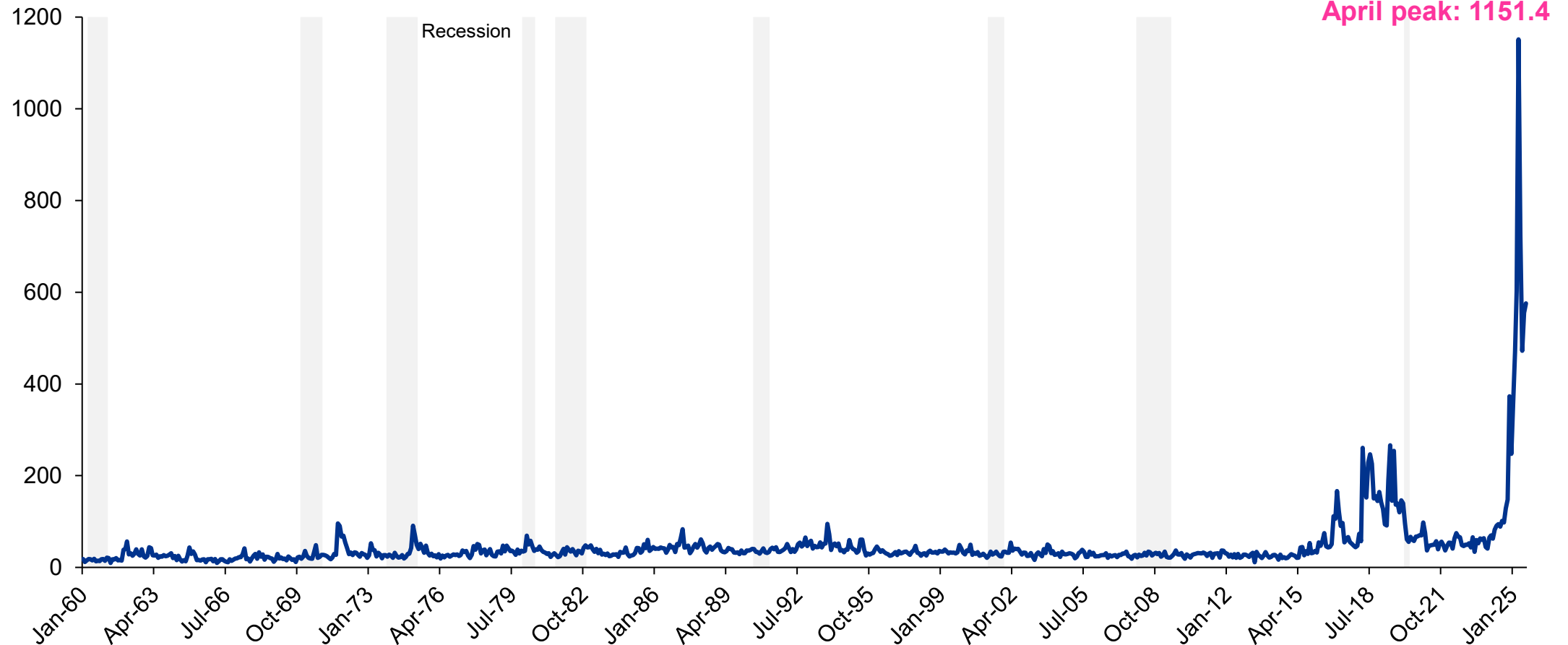


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Policy uncertainty weighs on investment

Trade policy uncertainty index surges to record highs

Index, monthly



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

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Matthew Nestler, PhD
KPMG Senior Economist





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