

# Economic Update: Driving Through the Fog

Dr. Charlie Hall



**Economy Watch**

THE CONFERENCE BOARD 

# Trends in Consumer & CEO Confidence

November 12, 2025



## Both consumers and CEOs were relatively concerned in October



## In October, slightly improved views of current conditions largely offset weaker expectations

### Present Situation and Expectations Index

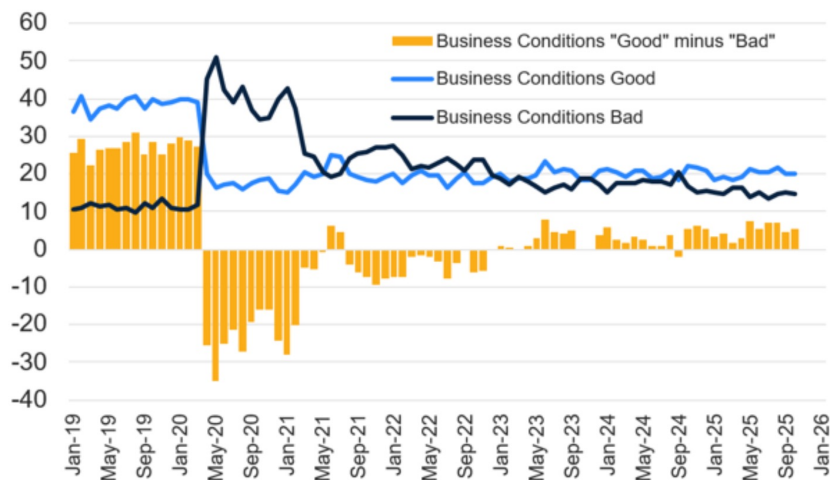




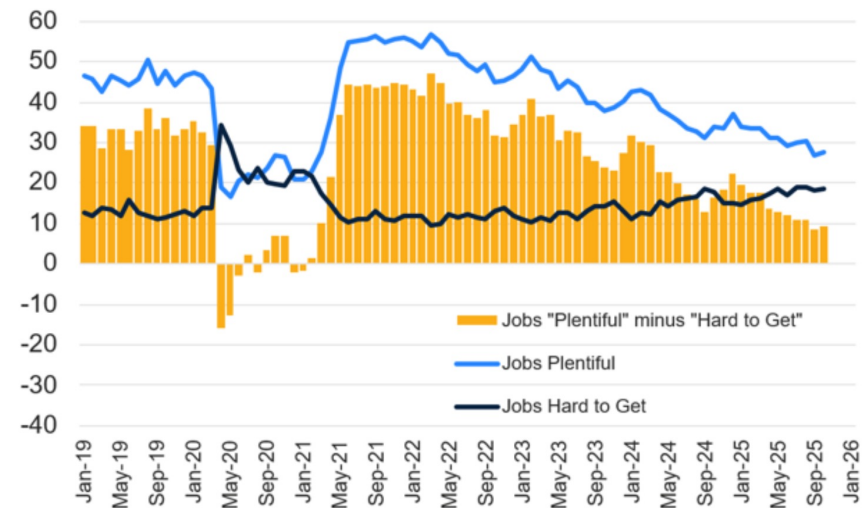
## Components of the Present Situation Index

Consumer appraisals of business conditions and labor market conditions improved slightly

Current Business Conditions

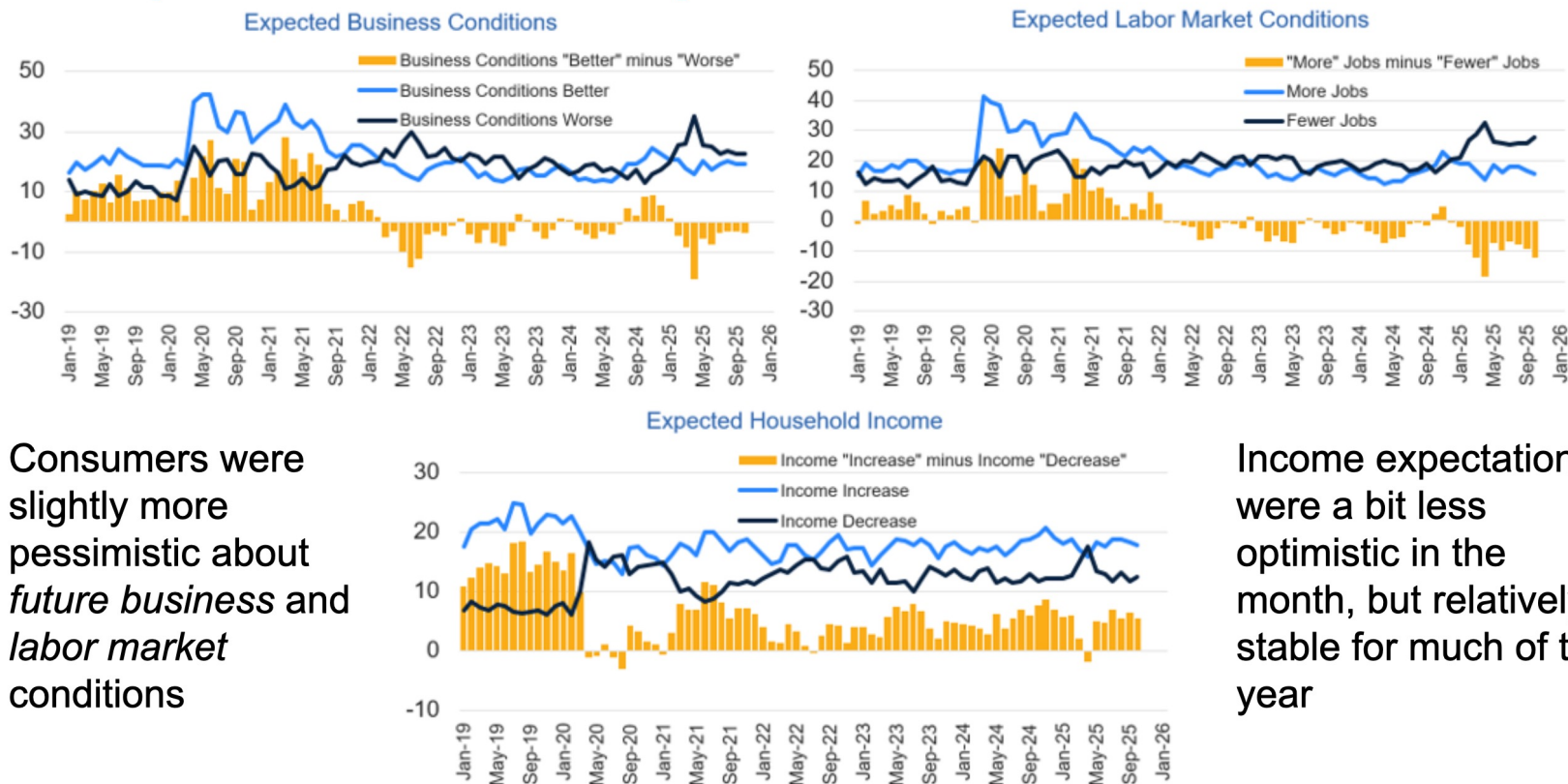


Current Labor Market Conditions



Source: The Conference Board Consumer Confidence Survey®

# Components of the Expectations Index



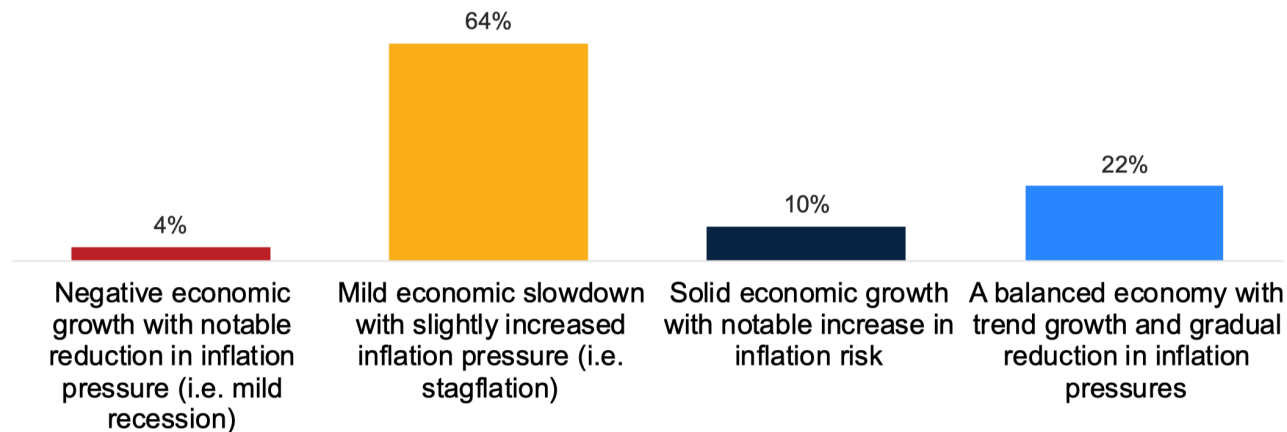
Consumers were slightly more pessimistic about *future business* and *labor market* conditions

Income expectations were a bit less optimistic in the month, but relatively stable for much of the year

Source: The Conference Board Consumer Confidence Survey®

## Looking ahead, most CEOs expected a mild economic slowdown with slightly increased inflation pressure

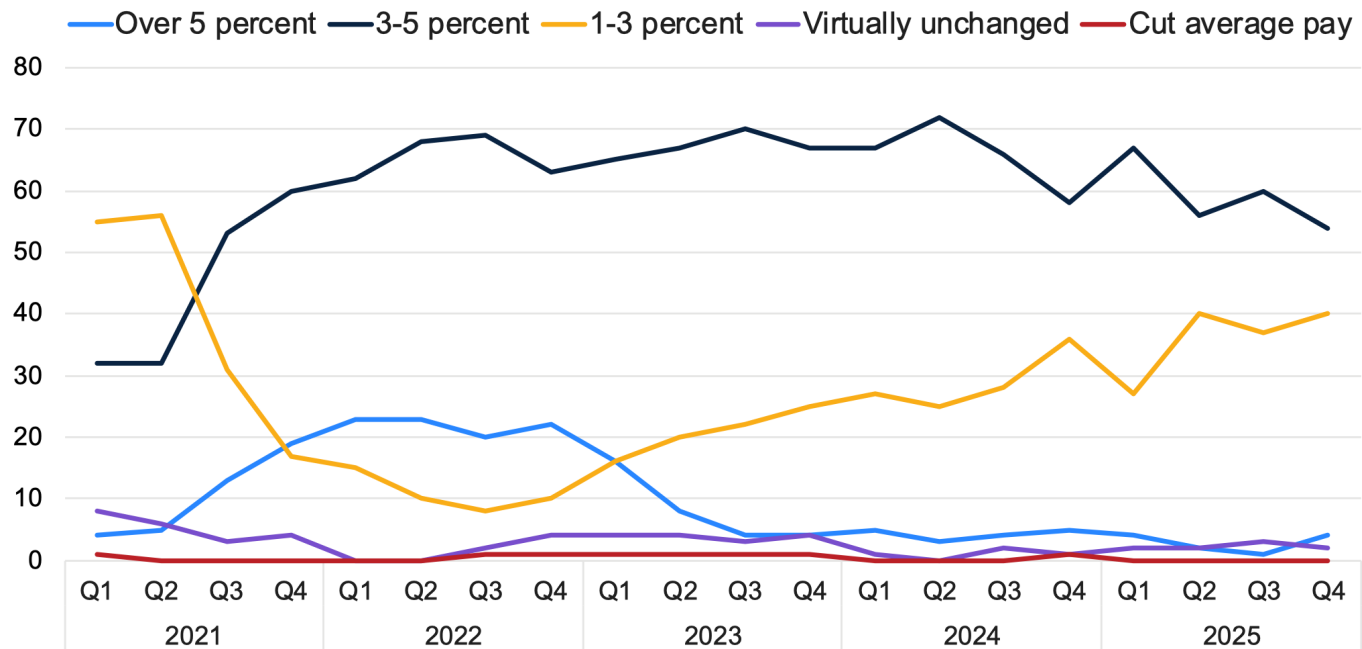
Over the next 12-18 months, are you preparing for:



Source: The Conference Board *Measure of CEO Confidence*™ in collaboration with The Business Council, Q4 2025

## Overall pay plans moderated slightly

Wages: Expected increase in average wages paid to employees in the next 12 months



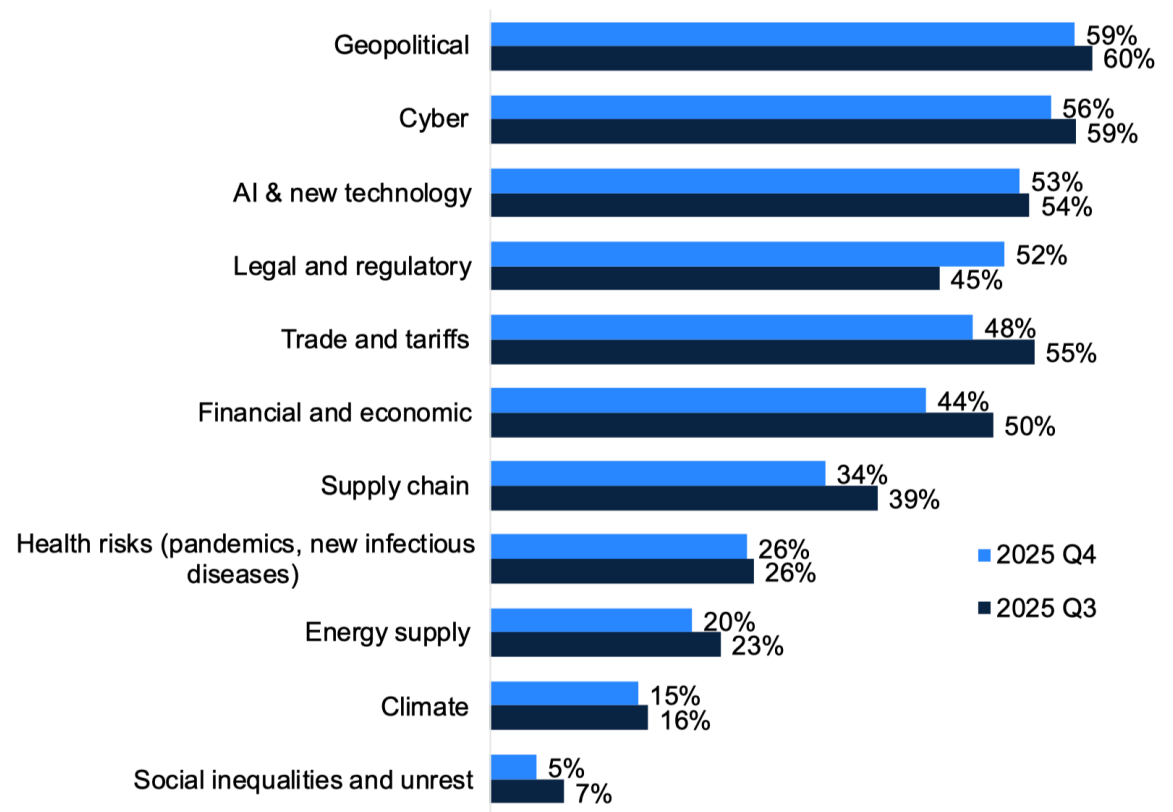
Source: The Conference Board *Measure of CEO Confidence*™ in collaboration with The Business Council



# Impact of Risks

- CEOs ranked geopolitical, cyber, and AI & new technology risks as top concerns for their industry.
- Risks associated with trade and tariffs eased.
- The intensity of risks declined, except for legal and regulatory risks

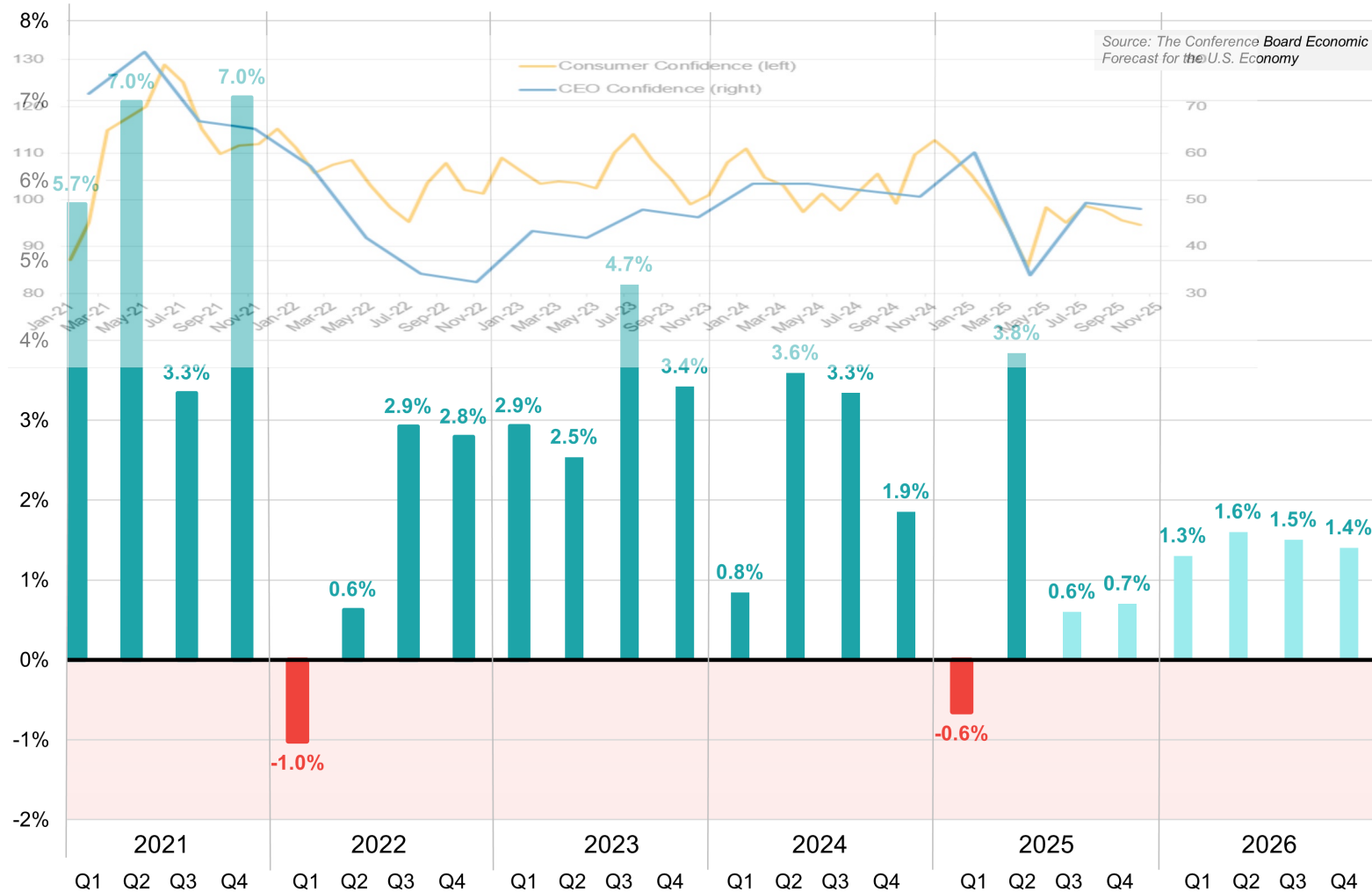
What is the impact of each of the following risks on your industry?  
(based on respondents selecting "High")



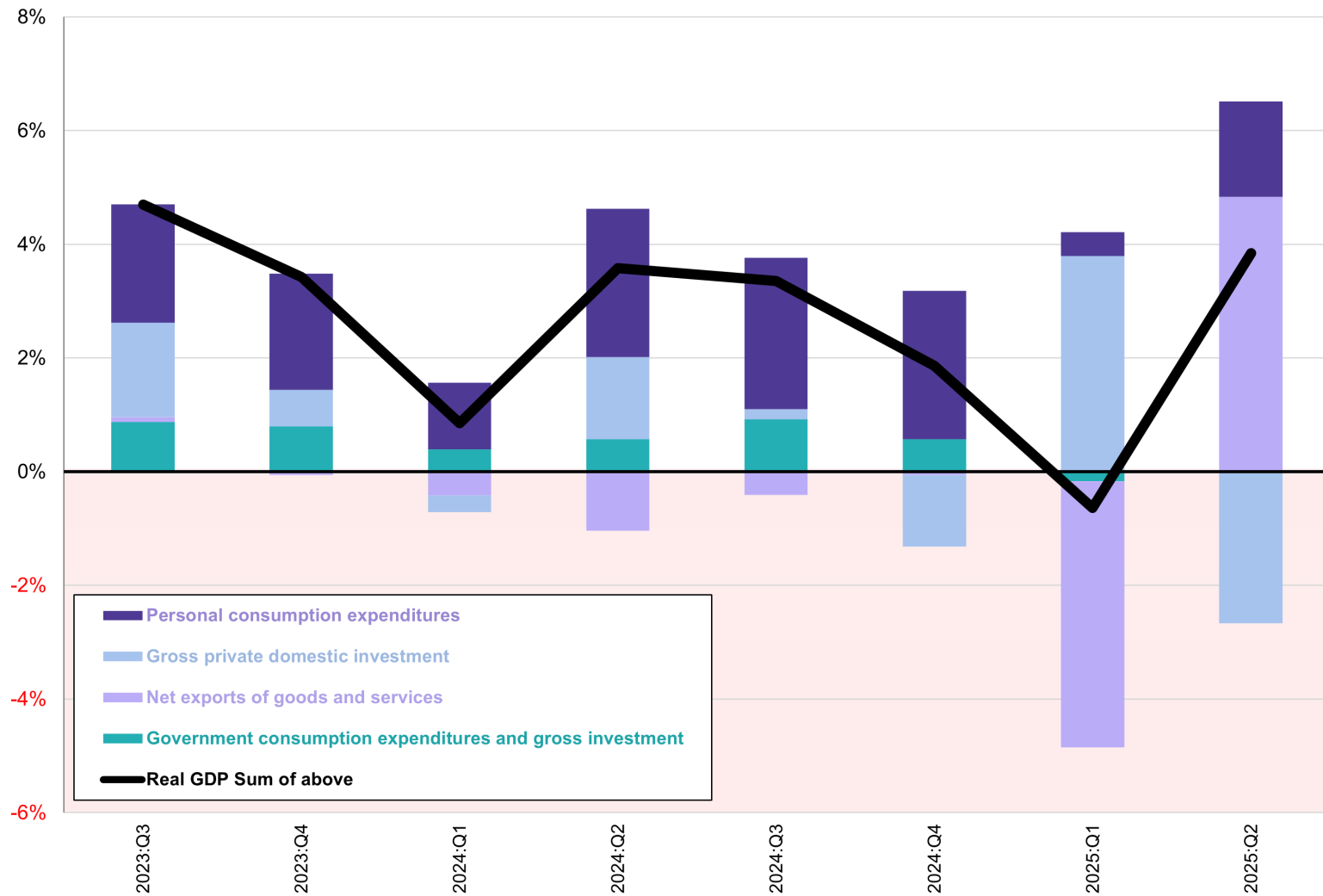
Source: The Conference Board *Measure of CEO Confidence*™ in collaboration with The Business Council



# Gross Domestic Product (GDP)



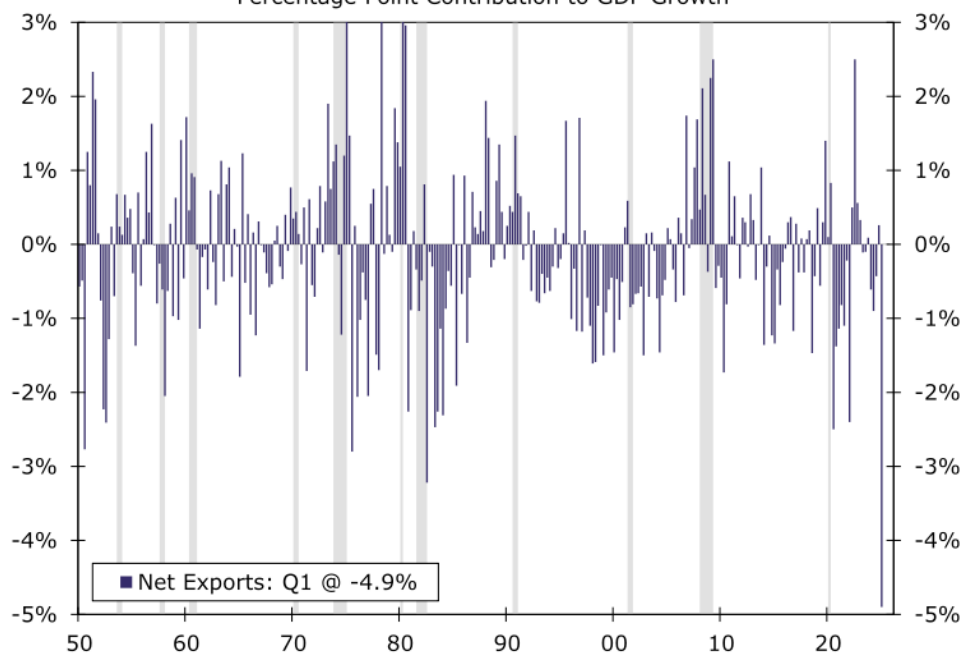
## Contributions to Percent Change in Real GDP





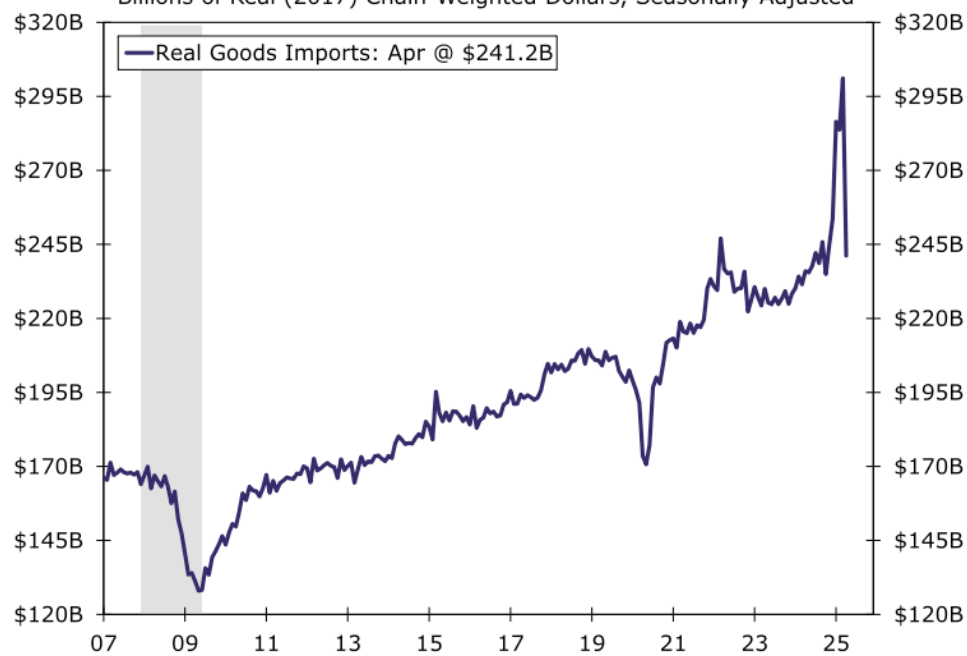
## Real Net Exports

Percentage Point Contribution to GDP Growth



## Real Goods Imports

Billions of Real (2017) Chain-Weighted Dollars, Seasonally Adjusted



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$$\text{GDP} = \text{C} + \text{I} + \text{G} + \text{NX}$$


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<b>GDP</b>	=	<u>C</u> onsumption	+	<u>I</u> nvestment	+	<u>G</u> overnment	+	<u>N</u> et <u>E</u> xports
		Household		Business Spending		Federal		Exports Less
		Consumption		Inventory		State & Local		Imports

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**GDP**

*Less Inventories*

**= Final Sales**

*Less Net Exports*

**= Final Sales to Domestic Purchasers**

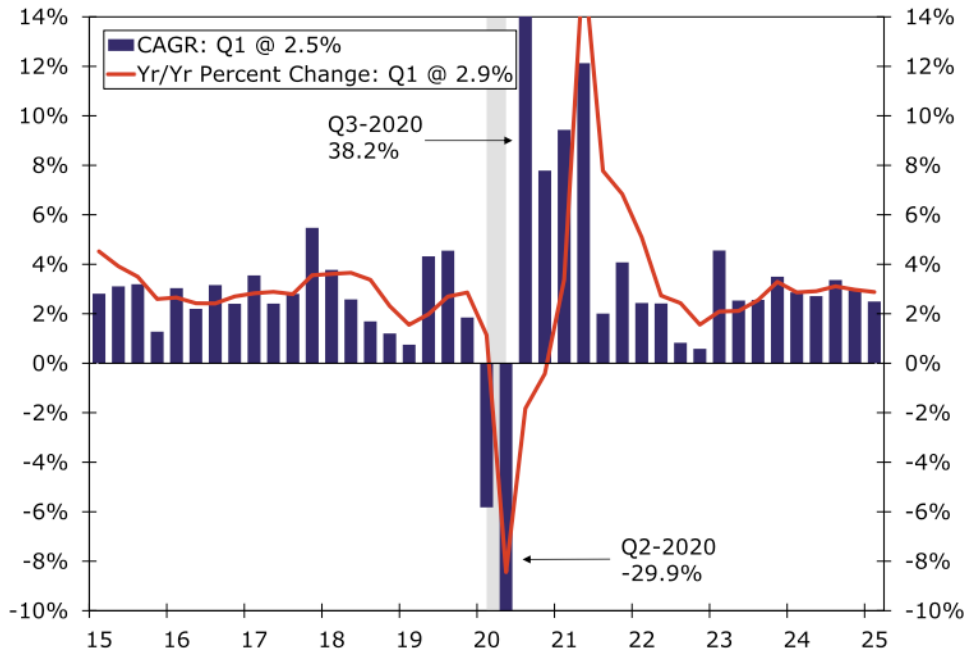
*Less Government Spending*

**= Final Sales to Private Domestic Purchasers (PDFP)**

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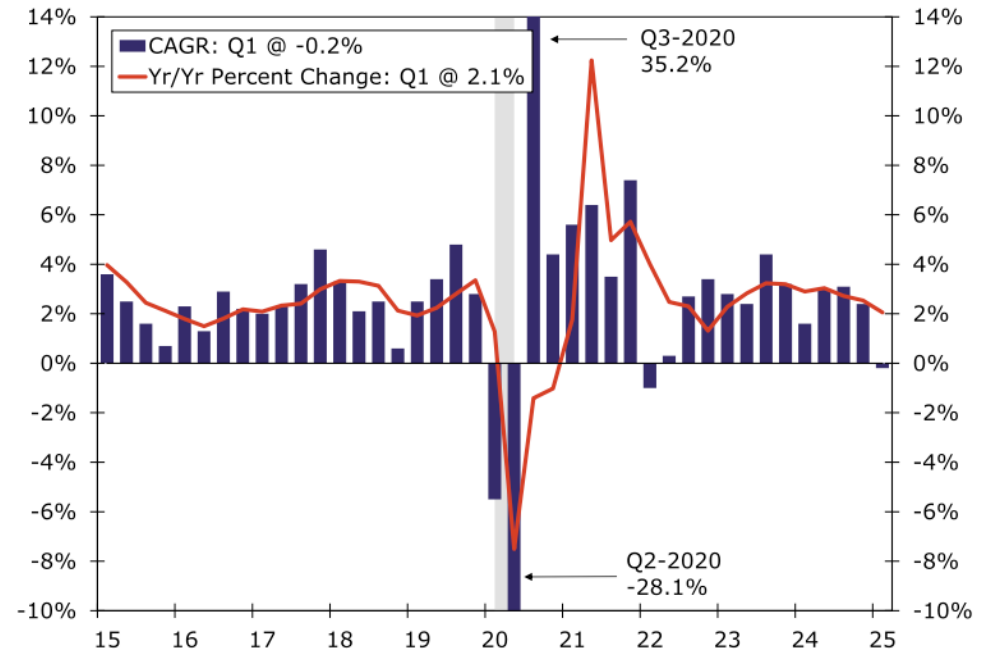
## U.S. Real PDPF Growth

Real Final Sales to Private Domestic Purchasers (PDPF)



Source: U.S. Department of Commerce and Wells Fargo Economics

## U.S. Real GDP Growth



Source: U.S. Department of Commerce and Wells Fargo Economics

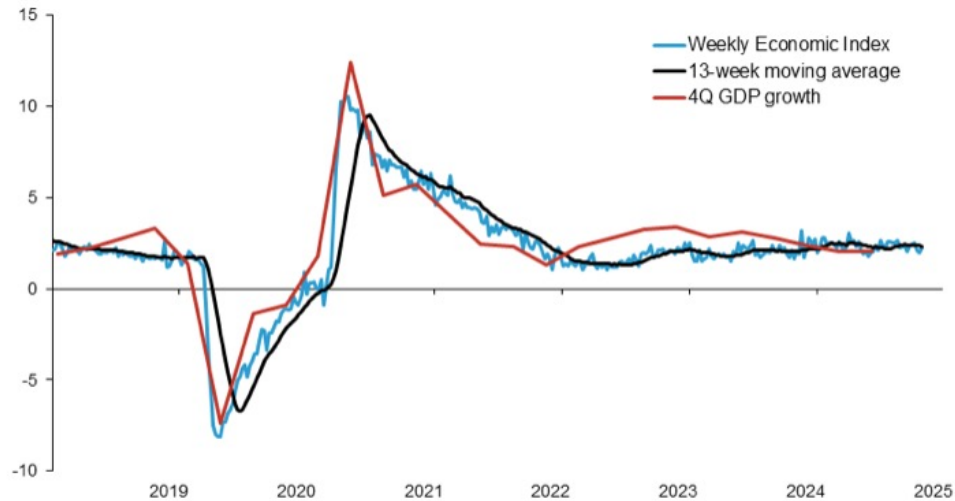
## Other Non-GDP macro indicators

### November 6, 2025: Update

- The WEI is currently 2.22 percent, scaled to four-quarter GDP growth, for the week ended Nov. 1 and 1.99 percent for Oct. 25. The 13-week moving average is 2.33 percent. This is compared with 2.08 percent four-quarter GDP growth through second quarter 2025. Initial claims for unemployment insurance are missing for the week ended Nov. 1 and continuing claims for unemployment insurance are missing for the week ended Oct. 25.

[Download the data](#) 

Weekly Economic Index, 2019–present  
Percent



2025: Q2  
2.1  
Nov. 6  
2.2

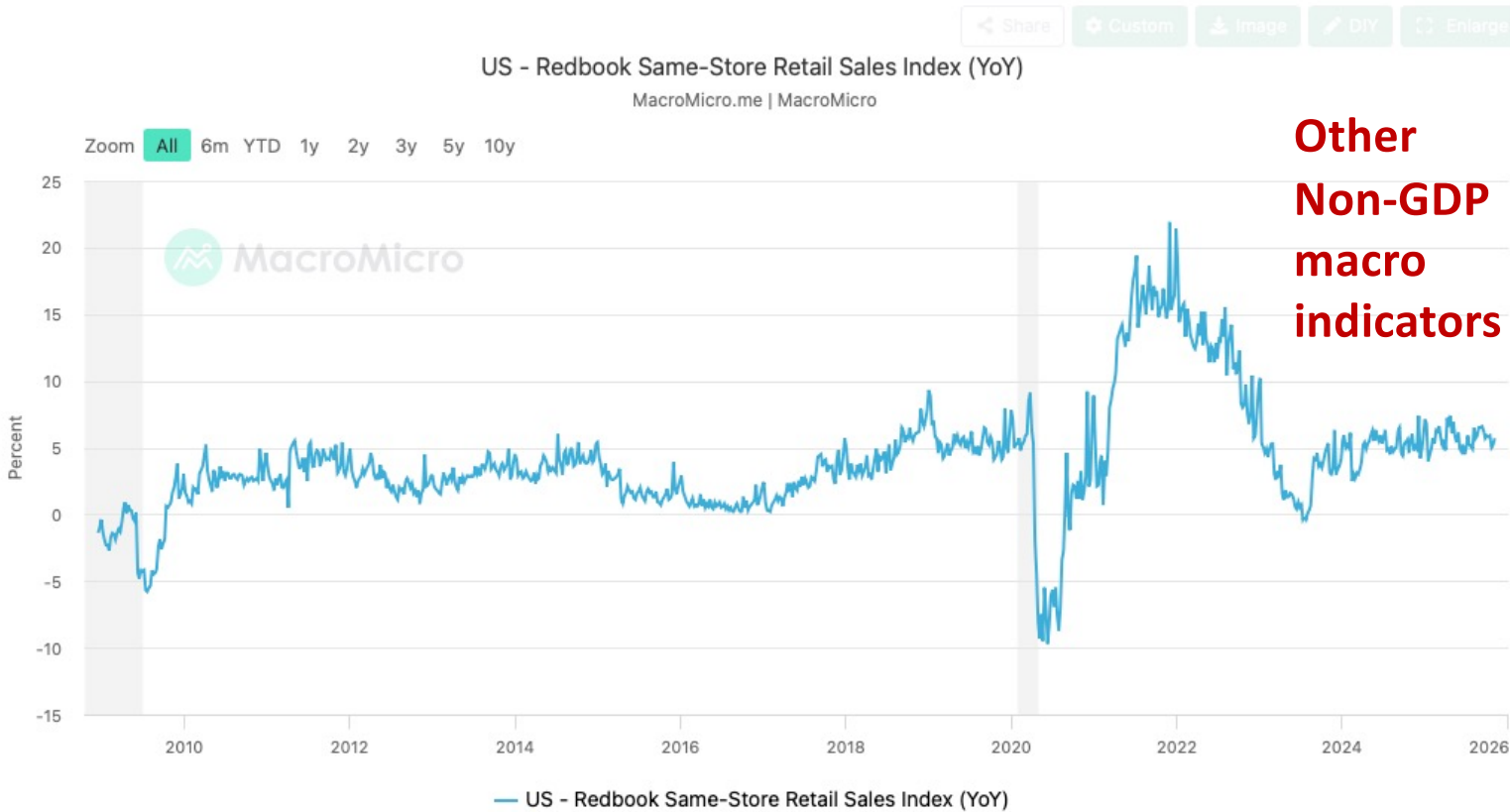
NOTE: Annual real GDP growth (four-quarter moving average) is based on the latest quarterly GDP data release from the Bureau of Economic Analysis.

SOURCES: Authors' calculations based on data from Haver Analytics, Redbook Research, Rasmussen Reports, the Association of American Railroads and Booth Financial Consulting.

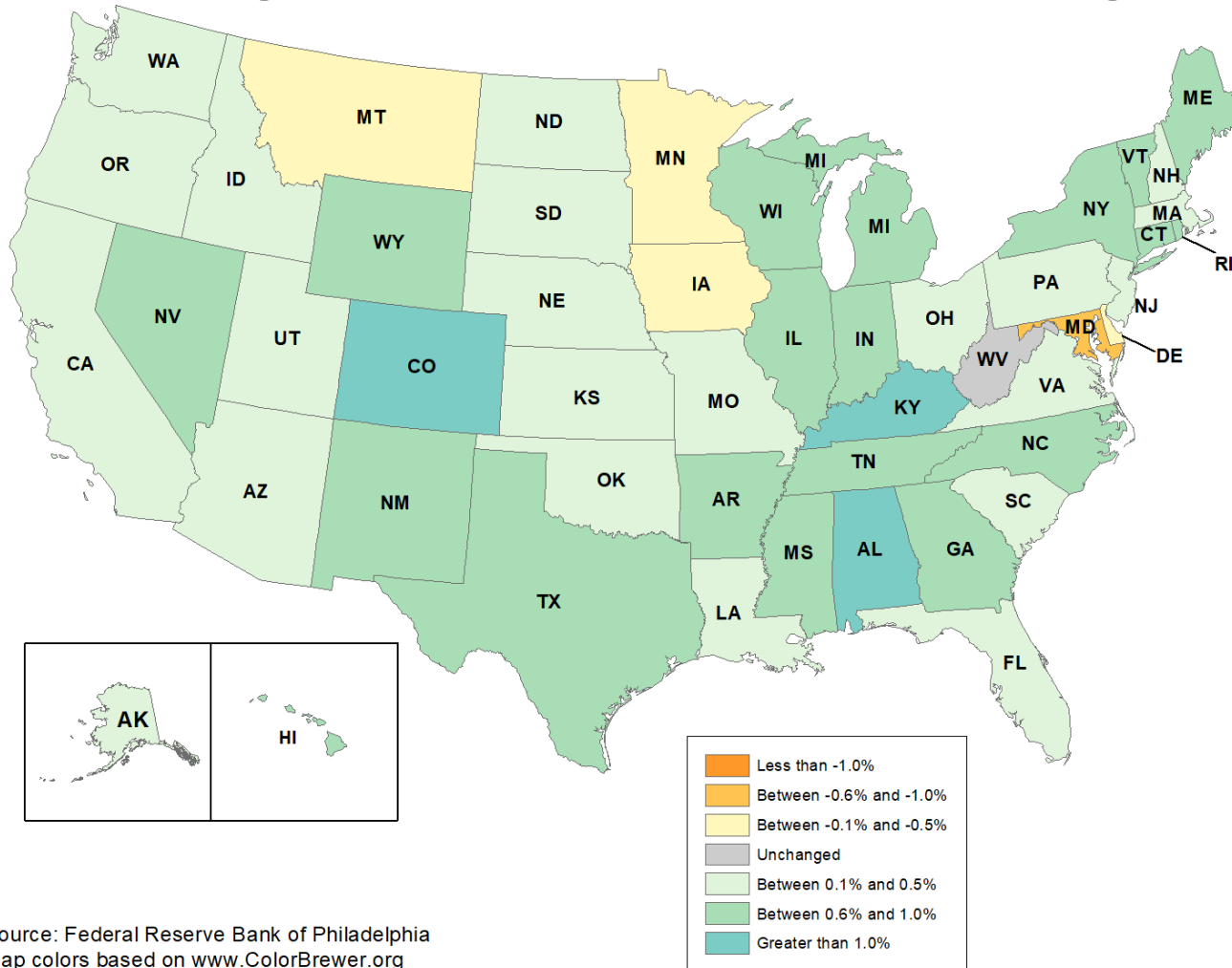
Federal Reserve Bank of Dallas



# US - Redbook Same-Store Retail Sales Index (YoY)



## August 2025 State Coincident Indexes: Three-Month Change



Source: Federal Reserve Bank of Philadelphia  
Map colors based on [www.ColorBrewer.org](http://www.ColorBrewer.org)



# Global Supply Chain Pressure Index (GSCPI)

OVERVIEW

GSCPI

FAQS

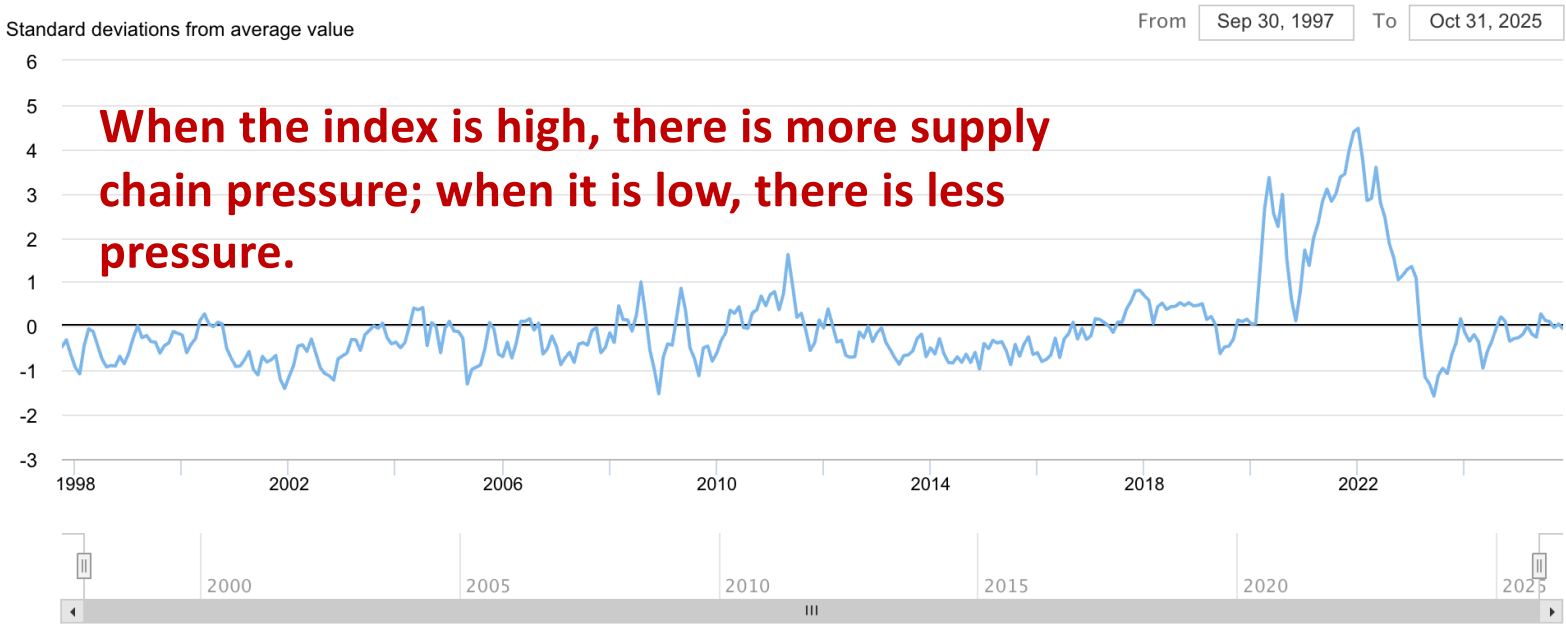
DOWNLOADS

## Estimates for October 2025

- The GSCPI fell to -0.06 in October, down from 0.05 in September (revised up from an initial reading of 0.03). GSCPI readings measure standard deviations from the index’s historical average.
- Due to the government shutdown, four datapoints are missing from the September revision. These are the BLS Air Freight Indexes for Europe and Asia (inbound and outbound).

## Latest Update October 2025

Enter a date range to see monthly estimates or use the slider below to view a specific date range.



Subcomponents include: “**delivery time**,” which captures the extent to which supply chain delays in the economy impact producers; “**backlogs**,” which quantifies the volume of orders that firms have received but have yet to either start working on or complete; and “**purchased stocks**,” which measures the extent of inventory accumulation by firms in the economy.



**Current Tariff Rate:** Consumers face an overall average effective tariff rate of **17.9%**, the highest since 1934. If IEEPA tariffs are invalidated, the rate would be 9.1%.

**Figure 3. U.S Average Effective Tariff Rate Since January 1, 2025**

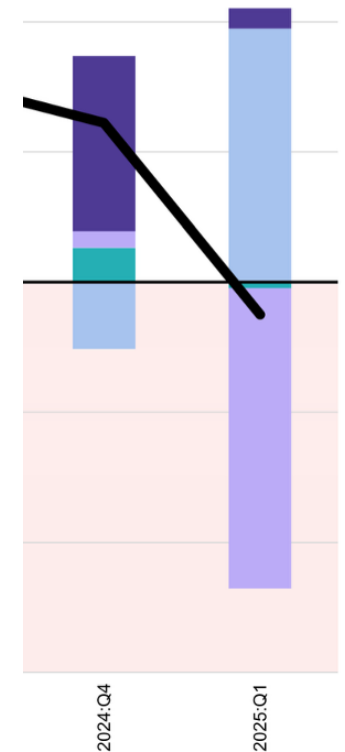
Policy as of October 17, Pre-Substitution  
Percent of goods import



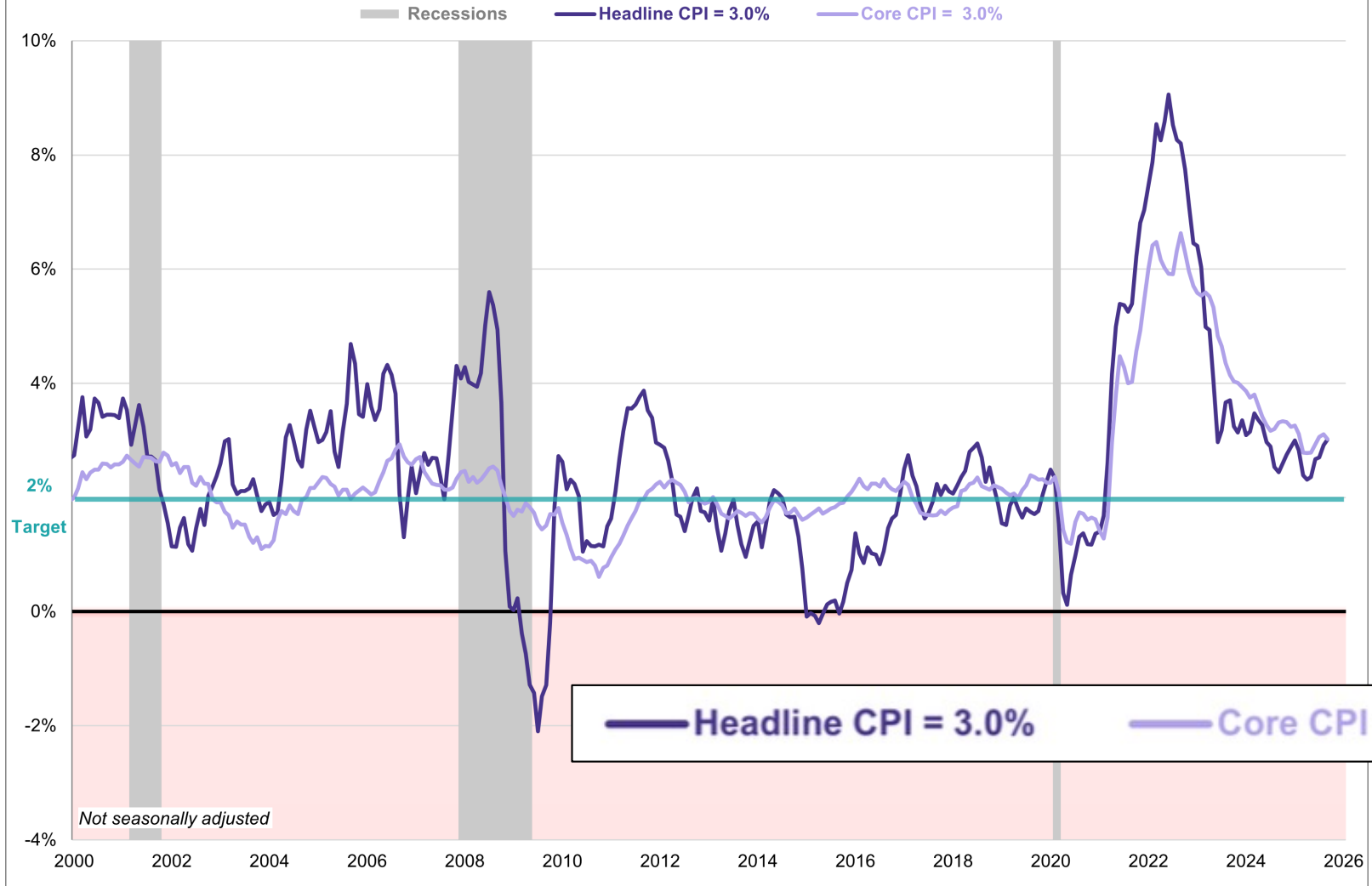
Chart: The Budget Lab • Source: The Budget Lab analysis. • Created with [Datawrapper](#)

# We are now starting to see the inflationary effects of tariffs in the numbers.

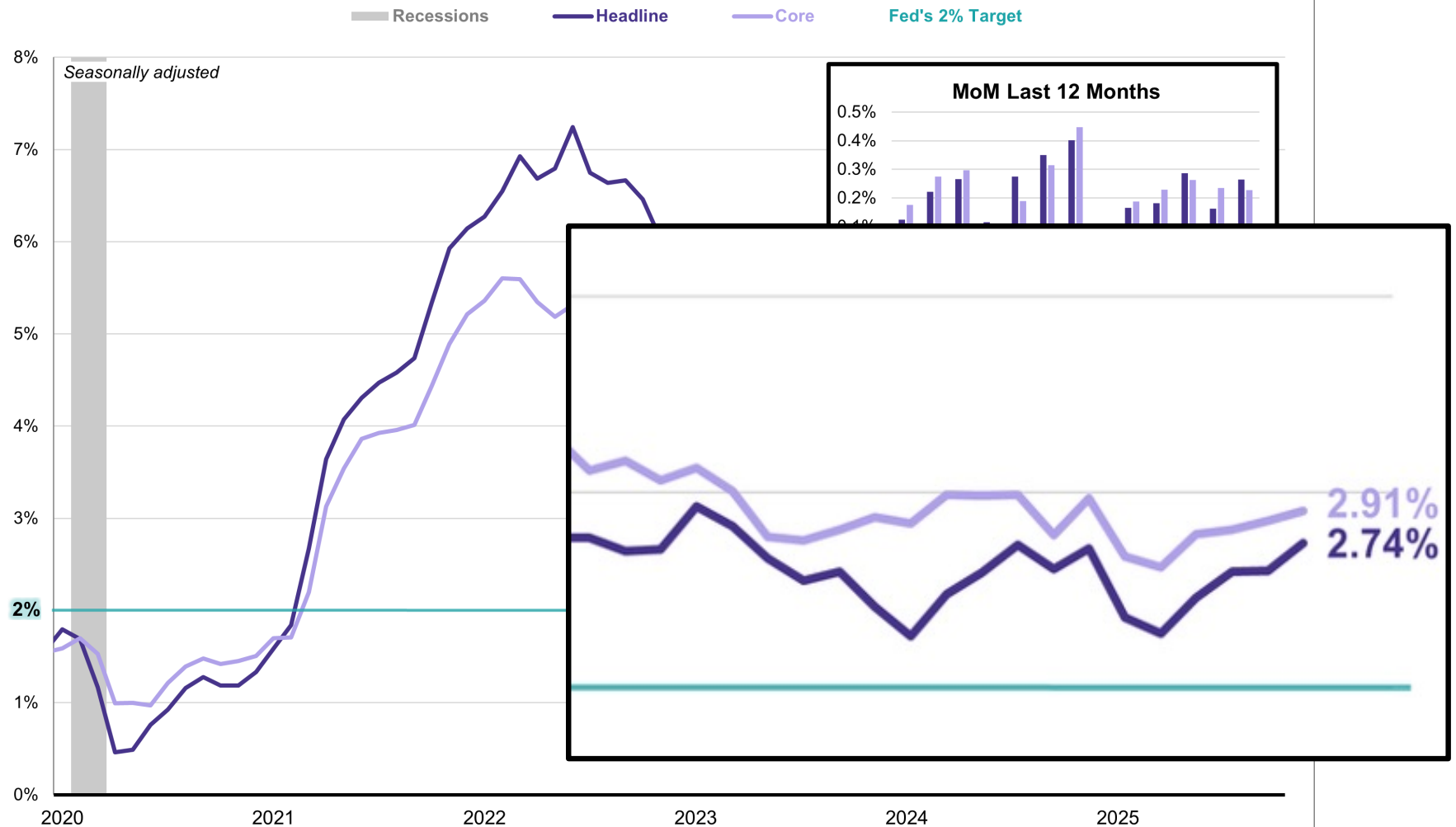
- Remember from earlier when I said that imports that were a drain on GDP in Q1?
- Those less expensive inventories are what were selling at pre-tariff price levels over the first few months since April/August.
- As those inventories continue to be drawn down, even more tariff effects will start showing up in the inflation #'s.



# Consumer Price Index: Year-Over-Year

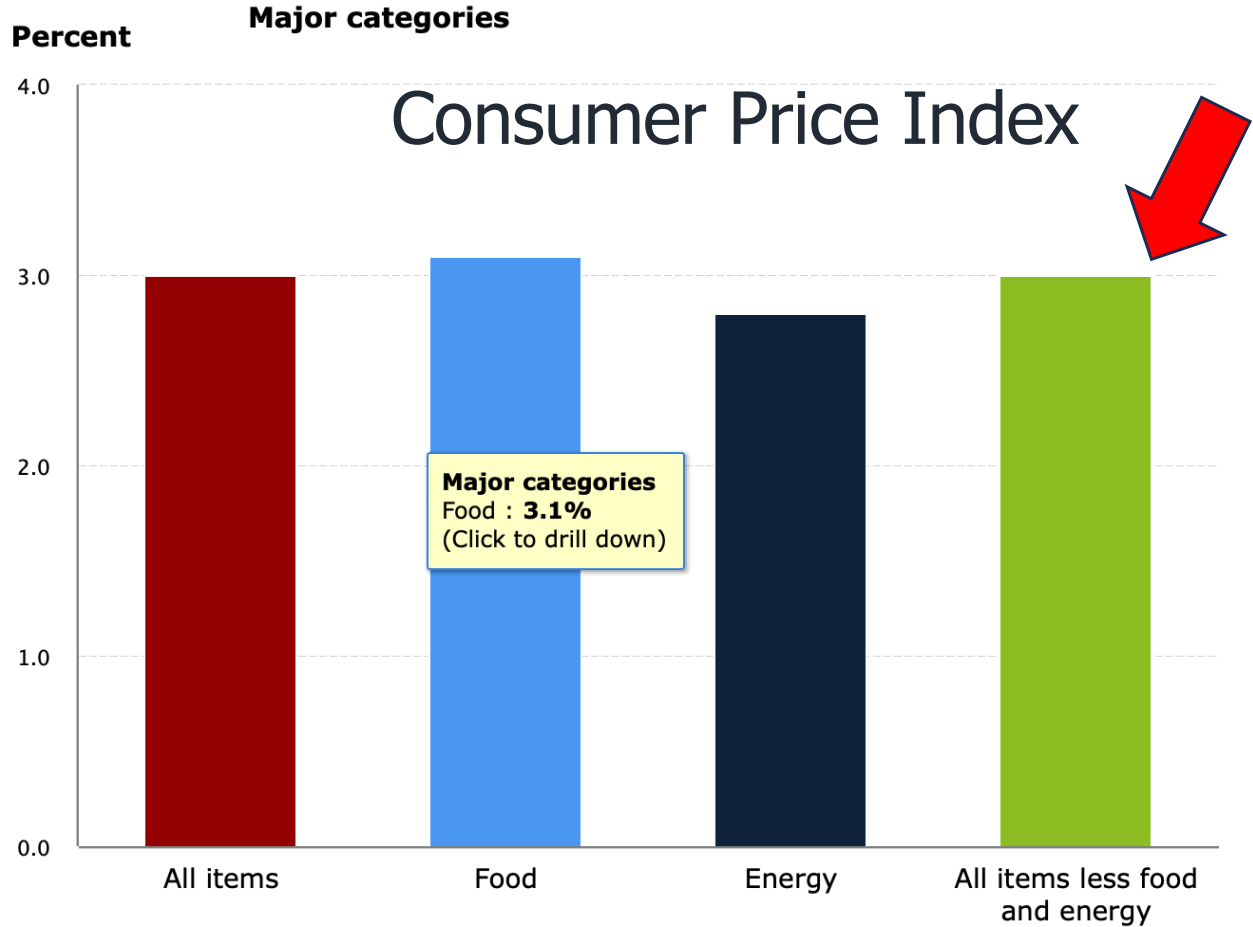


# PCE Price Index



12-month percentage change, Consumer Price Index, selected categories, September 2025, not seasonally adjusted

Click on columns to drill down



Source: U.S. Bureau of Labor Statistics.





### Index of Prices Paid by Growers in the Green Industry (2007=100)

Cost category	Weight	2007	2019	2020	2021	2022	2023	2024	2025f	2026p	2026p
Containers & other plastics	8.90%	100.0	127.3	126.4	143.5	166.8	166.7	167.0	167.8	171.2	186.6
Media (soilless mixes)	4.37%	100.0	120.5	122.0	135.8	140.1	160.1	142.7	145.5	151.4	157.4
Propagative materials	18.97%	100.0	128.3	136.8	142.1	141.8	142.7	161.0	161.8	174.8	188.8
Plant protection products	1.629%	100.0	109.8	107.0	115.1	175.0	154.0	142.3	143.5	150.7	164.2
Fertilizers	1.626%	100.0	109.5	103.5	138.6	225.8	168.4	159.3	160.1	166.5	181.4
Labor	42.99%	100.0	144.2	149.6	158.1	169.8	179.1	185.1	194.8	203.6	203.6
Fuel & energy	4.57%	100.0	93.3	79.3	105.6	152.7	131.7	123.0	123.5	135.8	149.4
Supplies & repairs	2.95%	100.0	127.6	129.6	138.9	154.7	160.5	162.0	166.9	171.9	180.5
Freight & trucking	14.00%	100.0	130.5	124.9	138.9	151.1	136.1	131.8	134.4	142.4	153.8
Weighted index (2007=100)		100.0	132.8	135.2	146.1	160.1	160.9	165.0	170.1	178.9	186.1
YOY increase/decrease		---	3.6%	1.8%	8.1%	9.5%	0.5%	2.5%	3.1%	5.2%	9.4%

f=EOY forecast; p=preliminary with 10% tariffs; p=preliminary with full tariffs included



Cost category	2025f	2026p	2026p
Containers & other plastics	167.8	171.2	186.6
Media (soilless mixes)	145.5	151.4	157.4
Propagative materials	161.8	174.8	188.8
Plant protection products	143.5	150.7	164.2
Fertilizers	160.1	166.5	181.4
Labor	194.8	203.6	203.6
Fuel & energy	123.5	135.8	149.4
Supplies & repairs	166.9	171.9	180.5
Freight & trucking	134.4	142.4	153.8
Weighted index (2007=100)	170.1	178.9	186.1
YOY increase/decrease	3.1%	5.2%	9.4%

~ 3.2 - 3.6%

## **Bottom-line tariff impacts on the green industry**

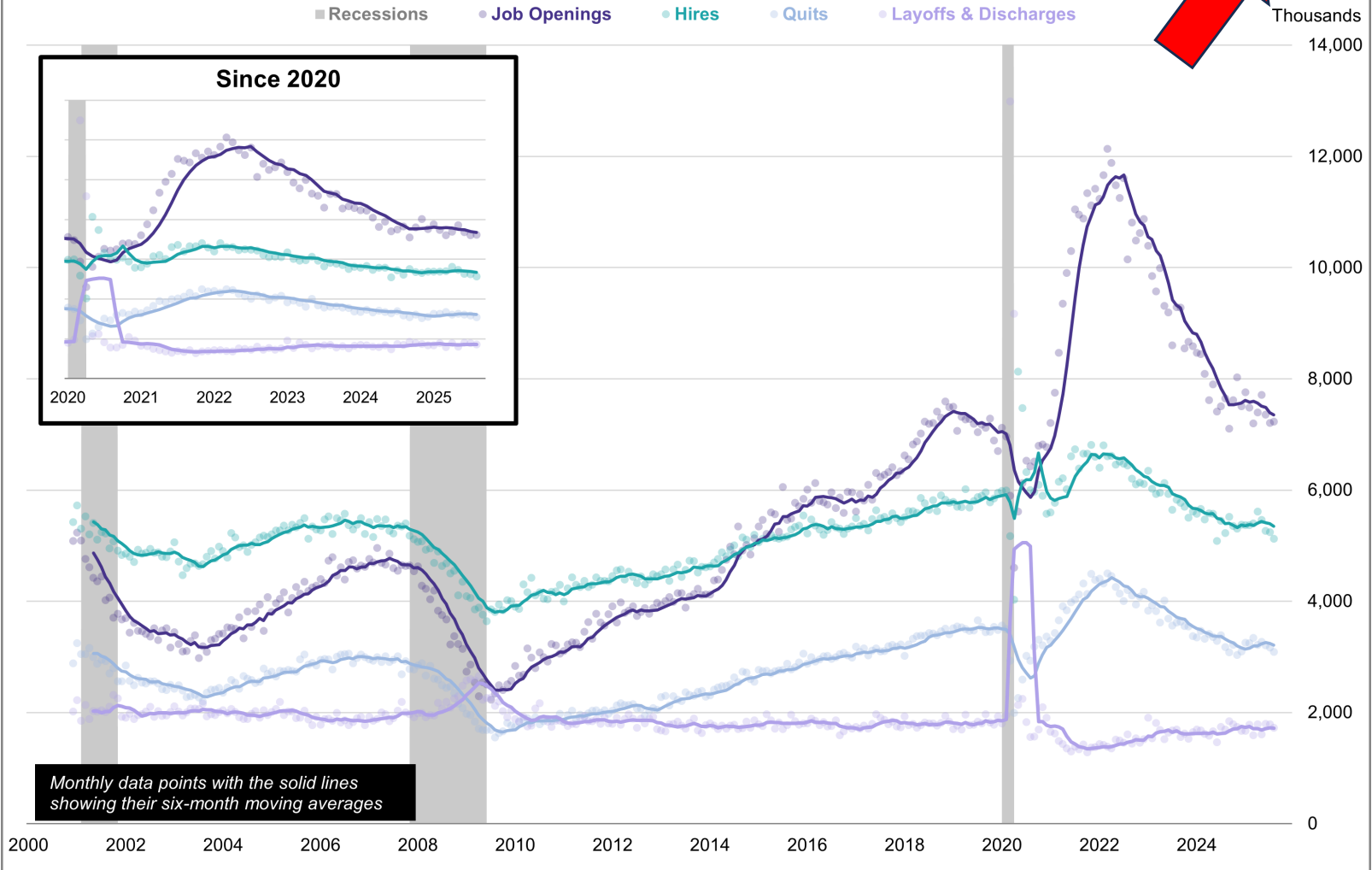
- Profit margin compression for all supply chain participants (no winners in trade wars).
- Inflationary pressures on flowers/plants will continue.
- Importers now bearing the brunt of duties; significant cash flow issues.
- Financing terms and planning windows are adjusting.
- Freight planning issues are resurfacing.
- Scaling domestic production quickly is slow & complex.

# LABOR



# JOLTS Report for Total Nonfarm Employment: *Job Openings and Labor Turnover*

■ Recessions    ● Job Openings    ● Hires    ● Quits    ● Layoffs & Discharges



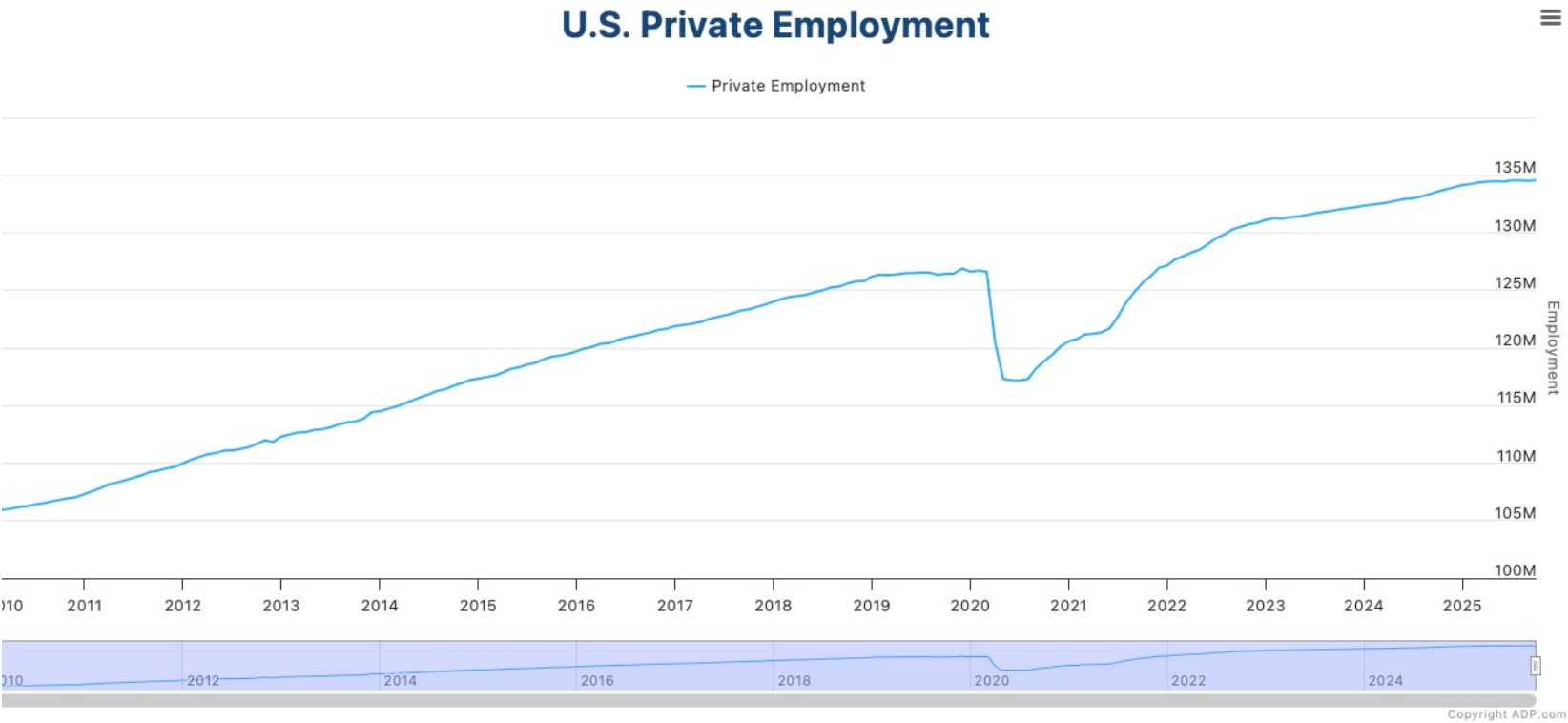
# Change in U.S. Private Employment

National

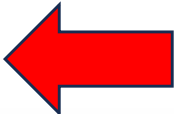
Industry

Establishment Size

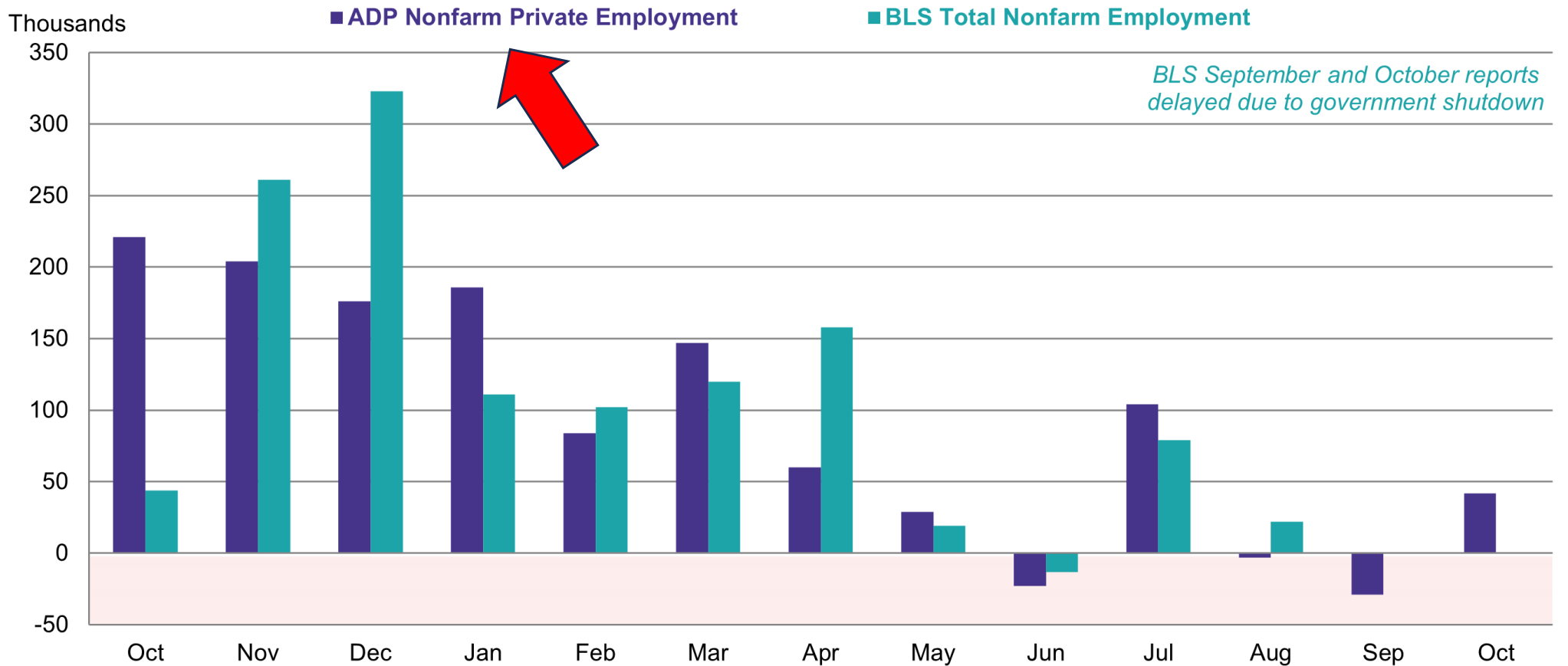
Region



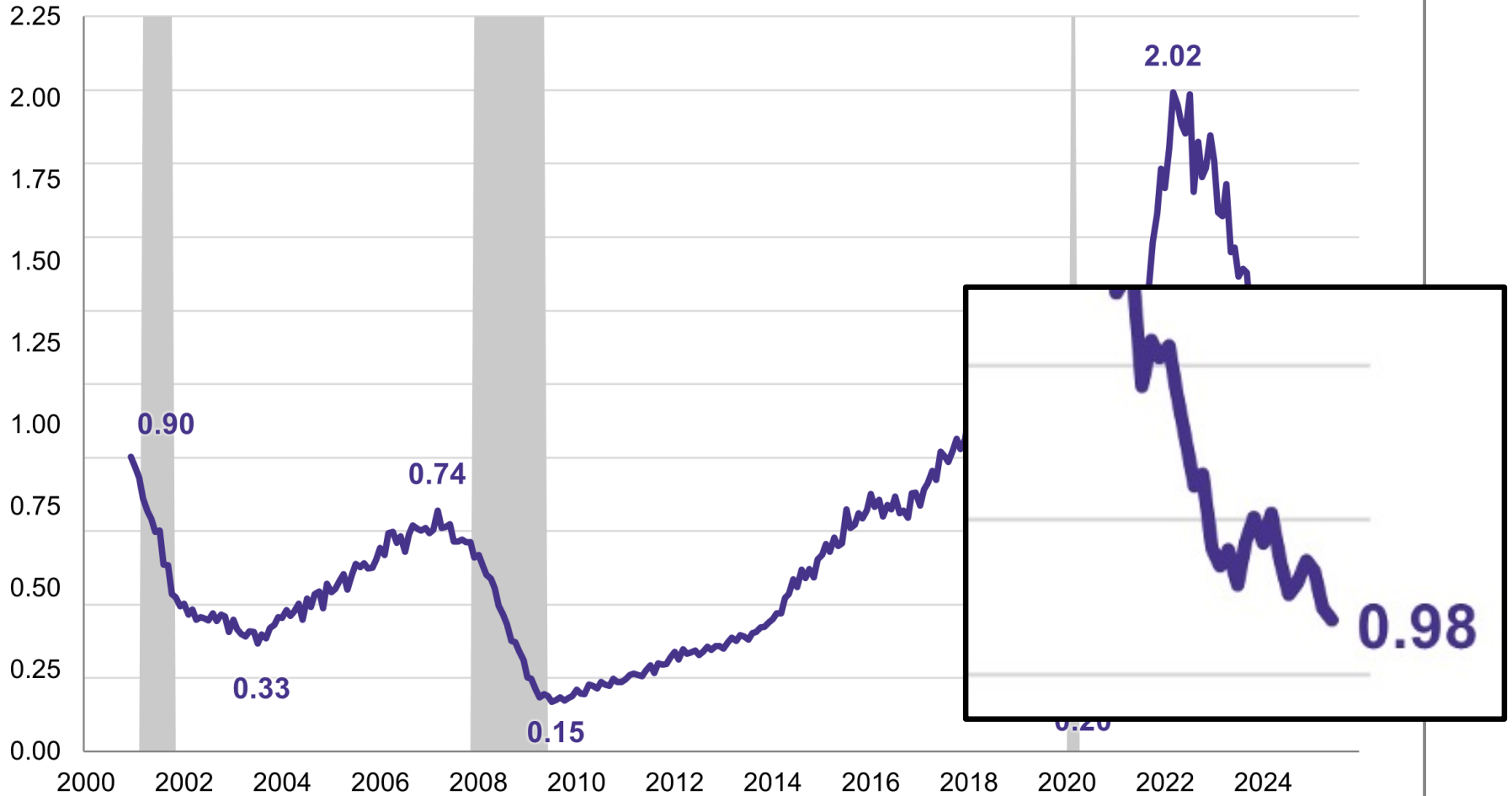
ADP Research  
Source: ADP Research



## Two Views of the Monthly Change in Employment



## Job Openings per Unemployed Worker

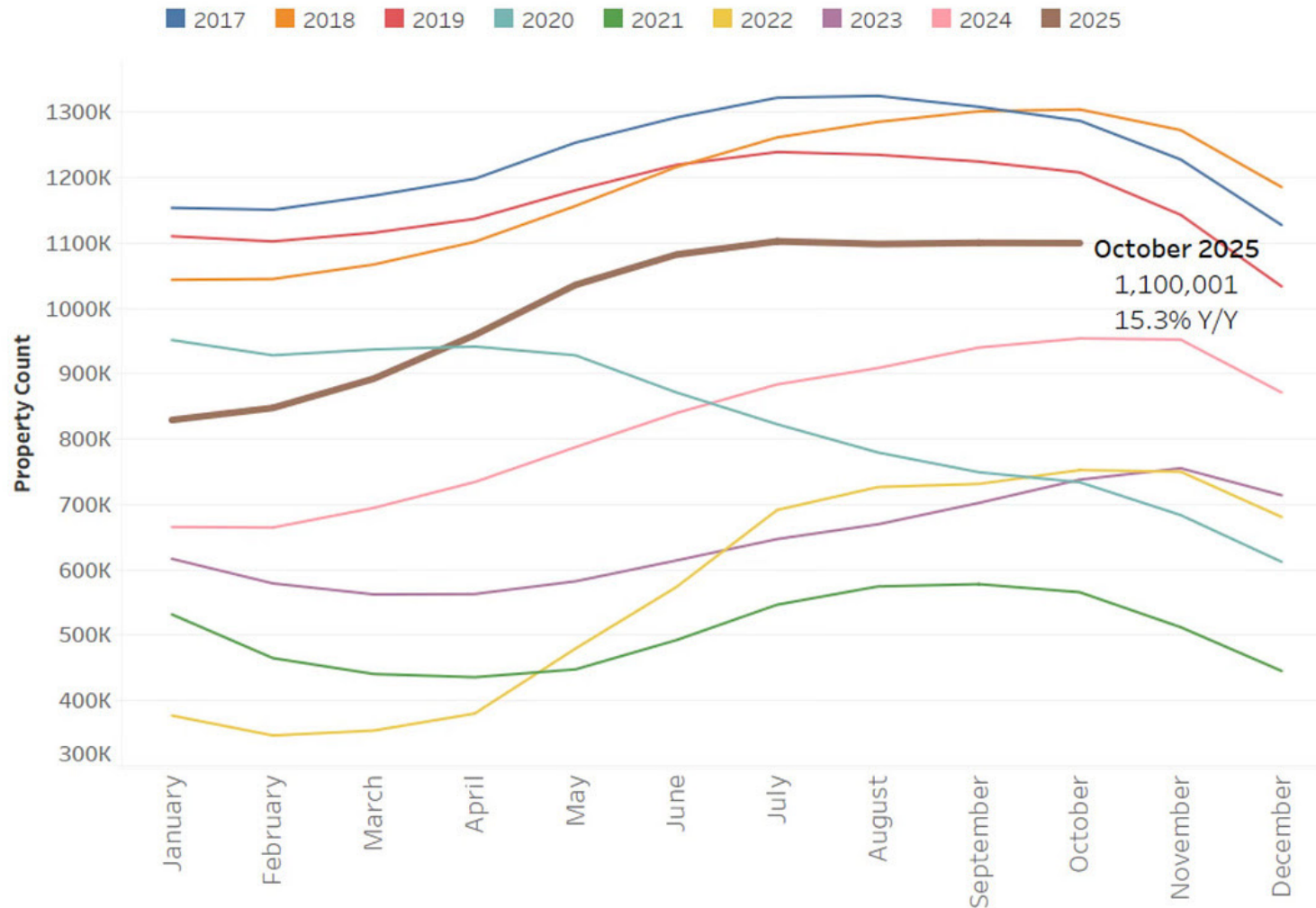






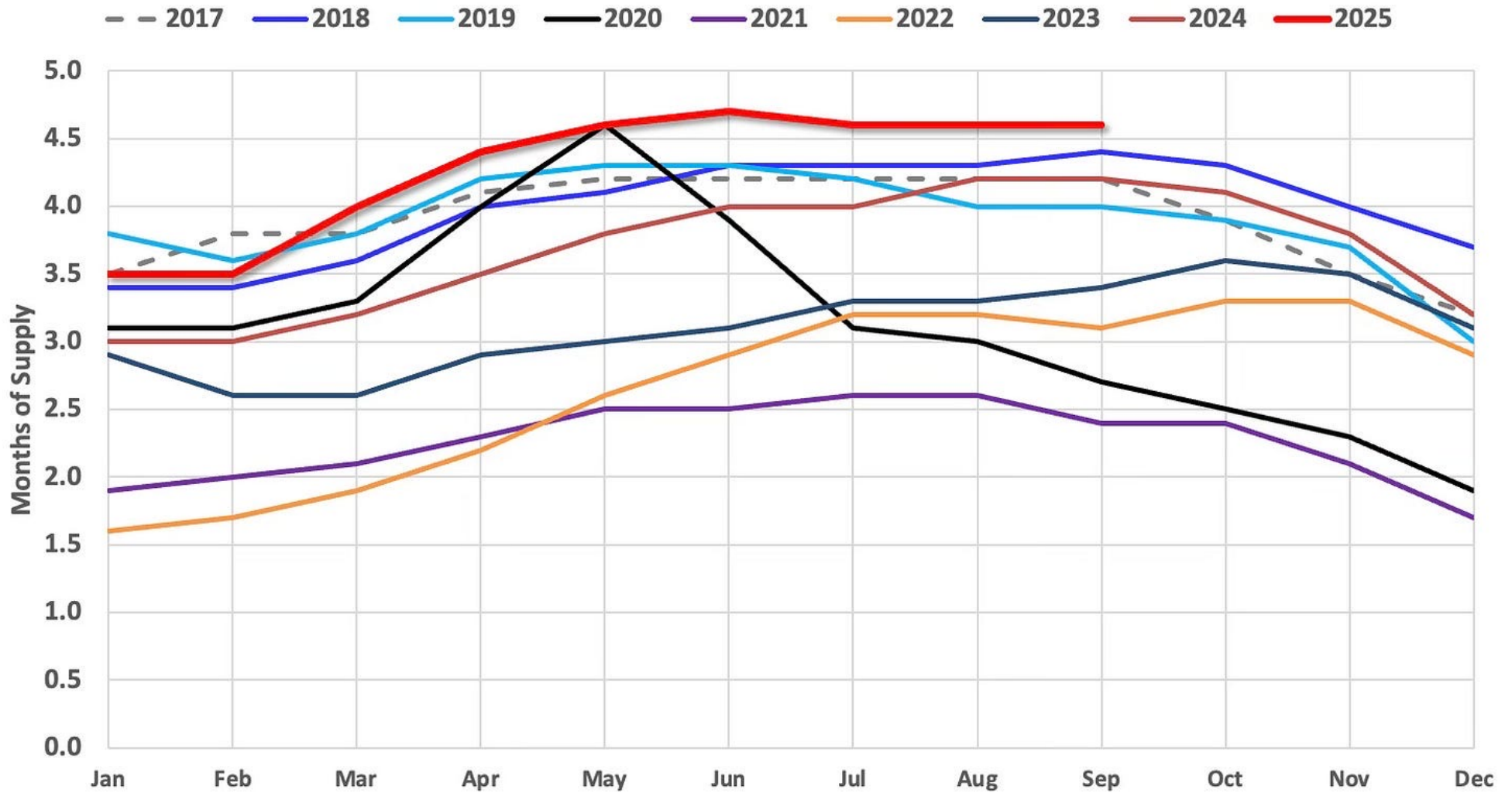
## Active Listing Count

Up 15.3% Y/Y in Oct. 2025, but plateaued since July



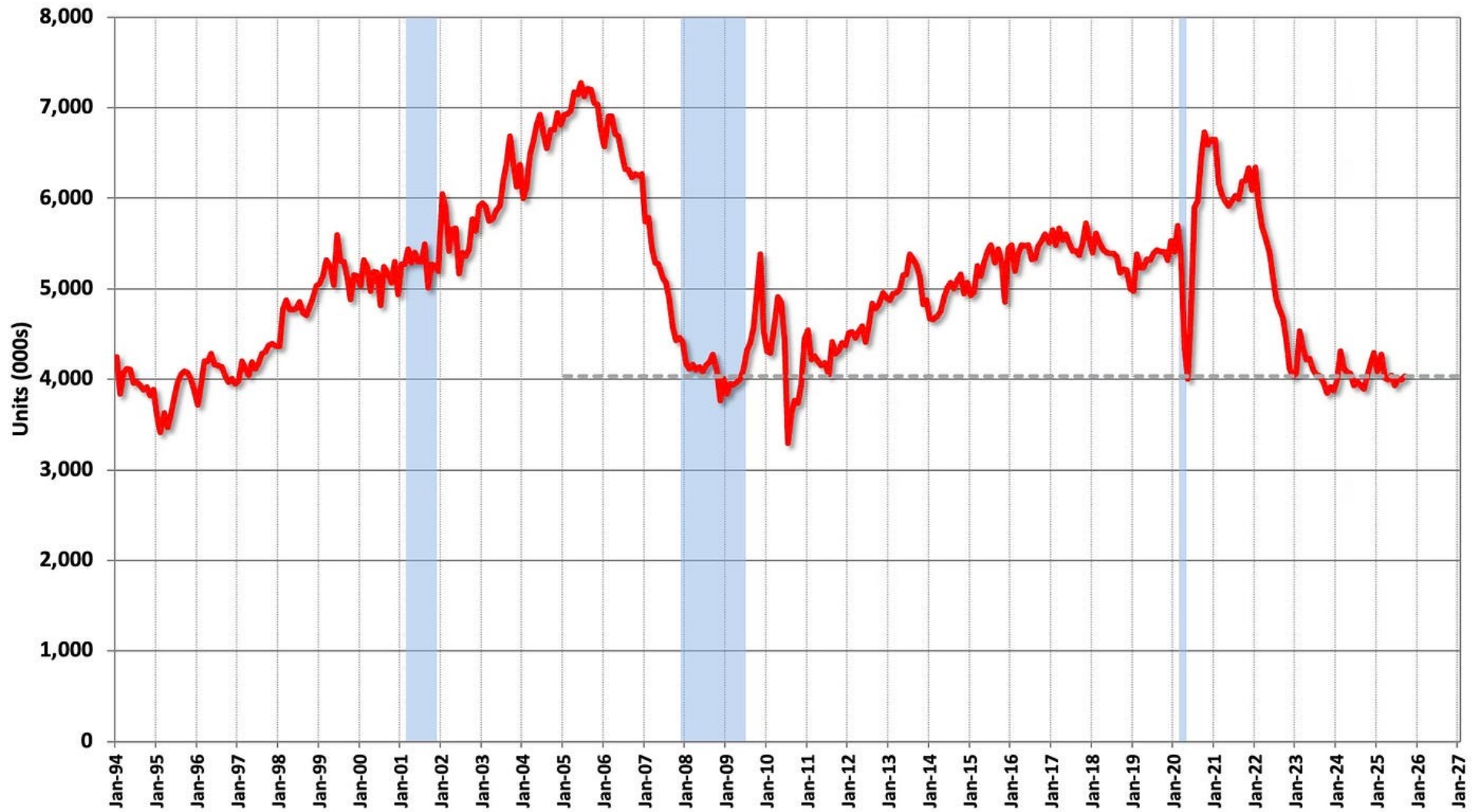
Realtor.com reports in the [October 2025 Monthly Housing Market Trends Report](#) that new listings were up 5.1% year-over-year in October. And active listings were up 15.3% year-over-year. Homebuyers found more options in October, as the number of **actively listed homes rose 15.3%** compared to the same time last year. While this marks the **24th consecutive month** of year-on-year inventory gains, active listing growth has slowed in each of the past five months (down from 17% in September, 20.9% in August, 24.8% in July, 28.9% in June, and 31.5% in May). **The number of homes for sale topped 1 million for the sixth consecutive month**, unchanged since July. Still, nationwide October inventory remains **13.2% below** typical 2017–19 levels, about the same as last month, an indication that the nationwide inventory recovery has stalled.

## Existing Home Months of Supply





## Existing Home Sales (SAAR)

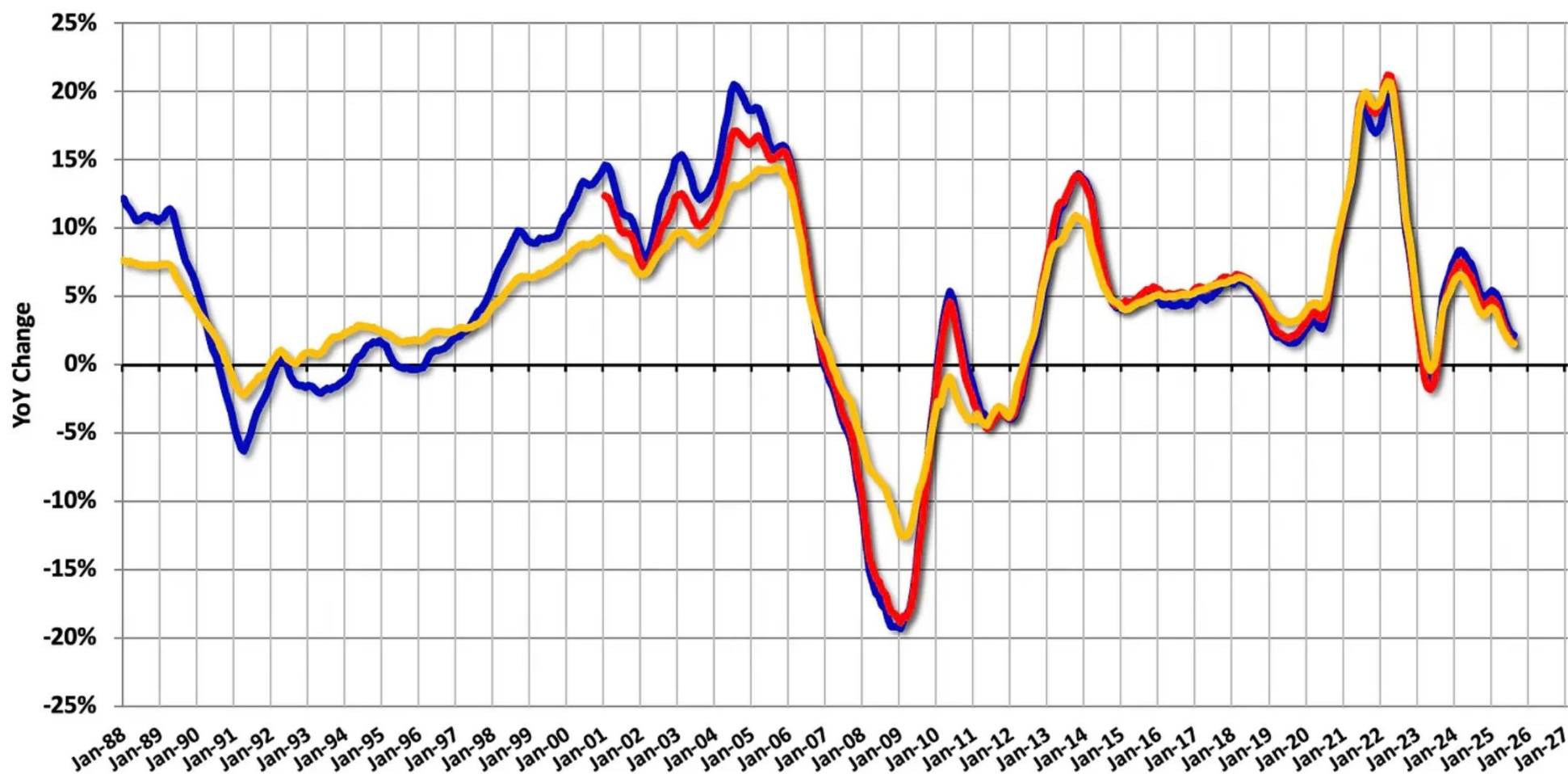


<http://www.calculatedriskblog.com/>

Source: NAR

## Case-Shiller National and Composite Indices SA, Year-over-year Change

Composite 10 Composite 20 National Index



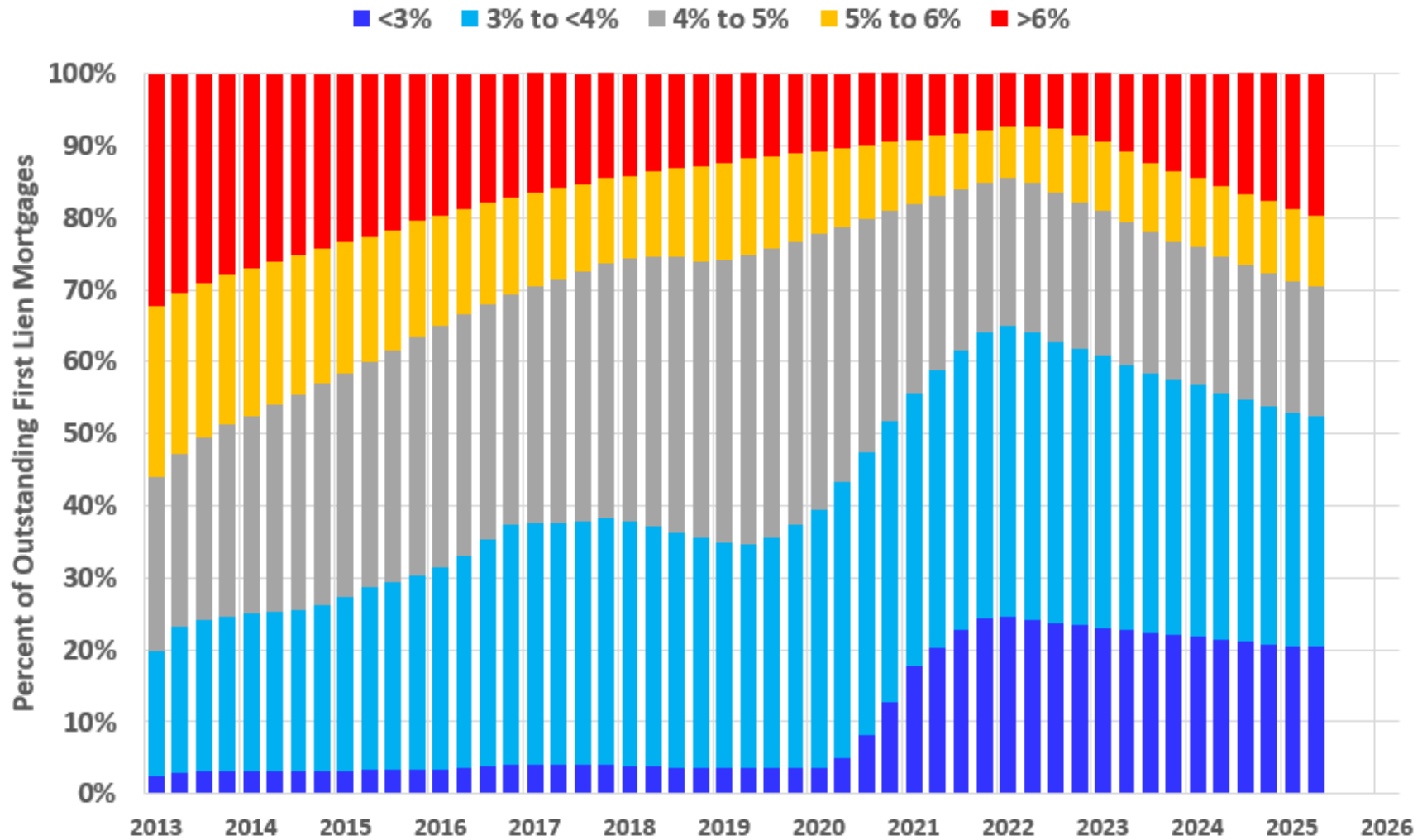
<http://www.calculatedriskblog.com/>

Freddie Mac PMMS, 30 Year Fixed Rates

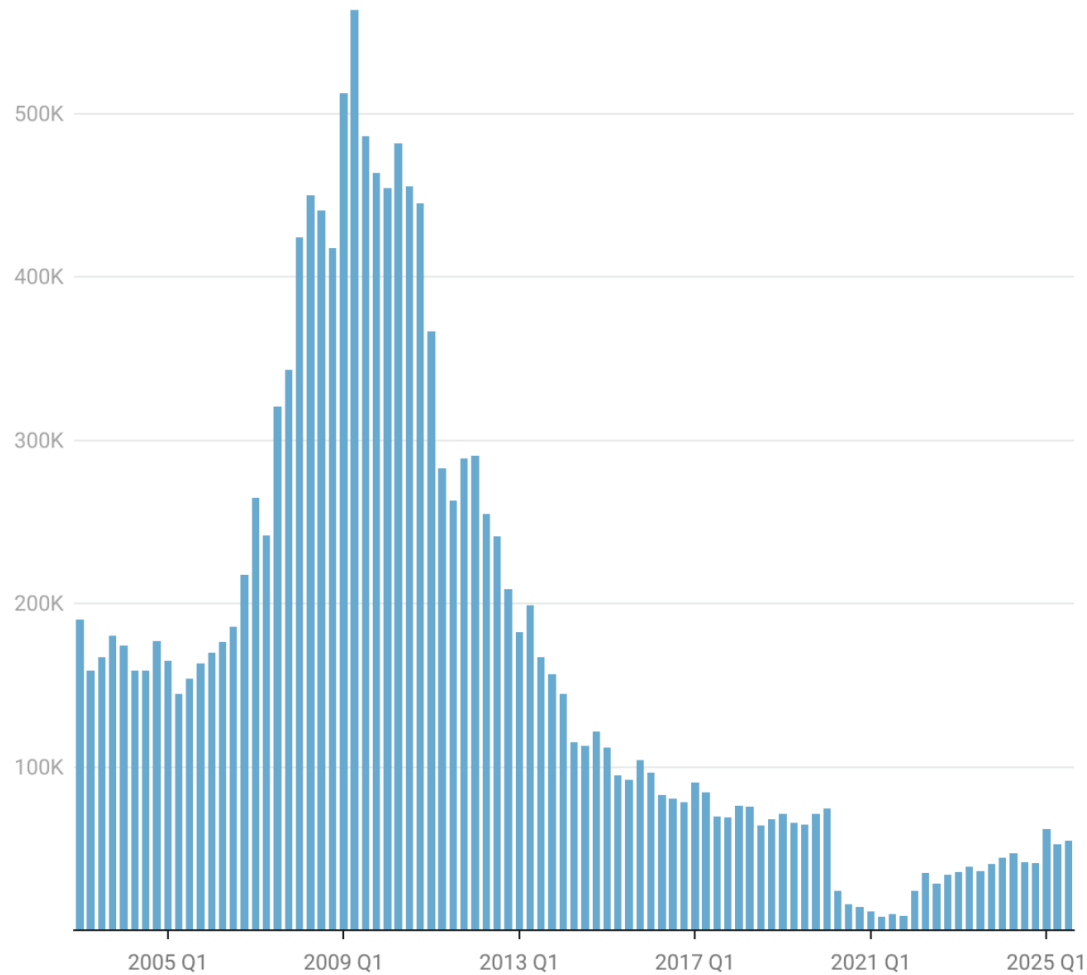




## Percent of Closed-End, First-Lien Mortgages Outstanding by Interest Rate



## U.S. housing foreclosures by quarter

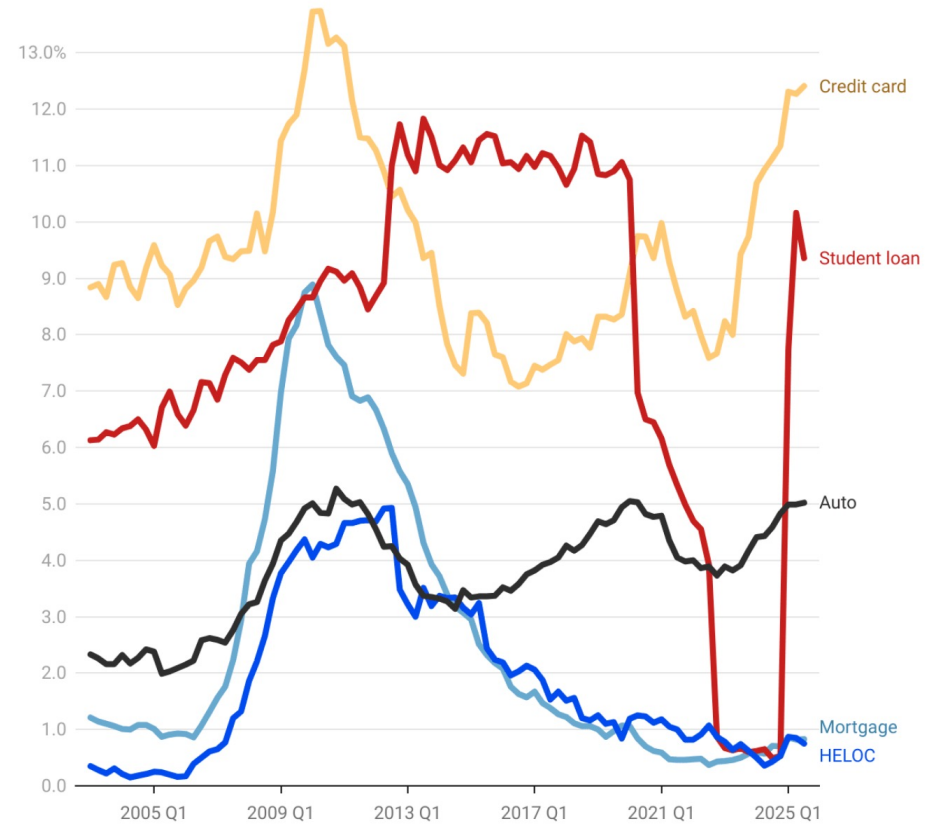


Data through Q3 2025—published on November 5, 2025

Chart: Lance Lambert • Source: New York Fed Consumer Credit Panel/Equifax • Created with Datawrapper



## Percent of loan balances 90+ days delinquent, by loan type



Data through Q3 2025—published on November 5, 2025

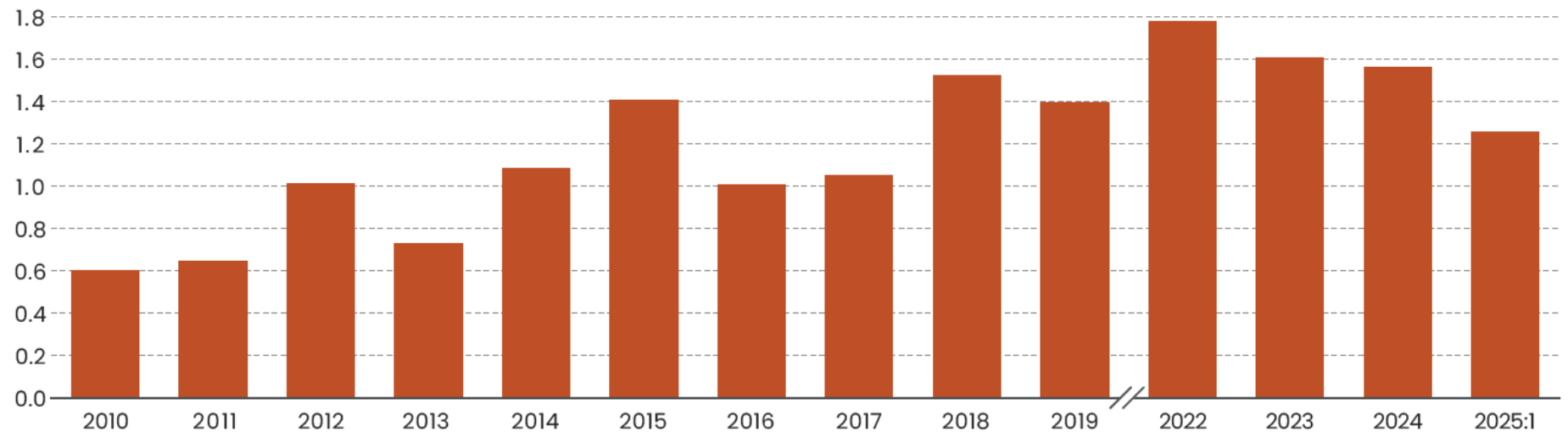
Chart: Lance Lambert • Source: New York Fed Consumer Credit Panel/Equifax • Created with Datawrapper



# Demographic factors

## Household Growth Is Slowing from Recent Peaks

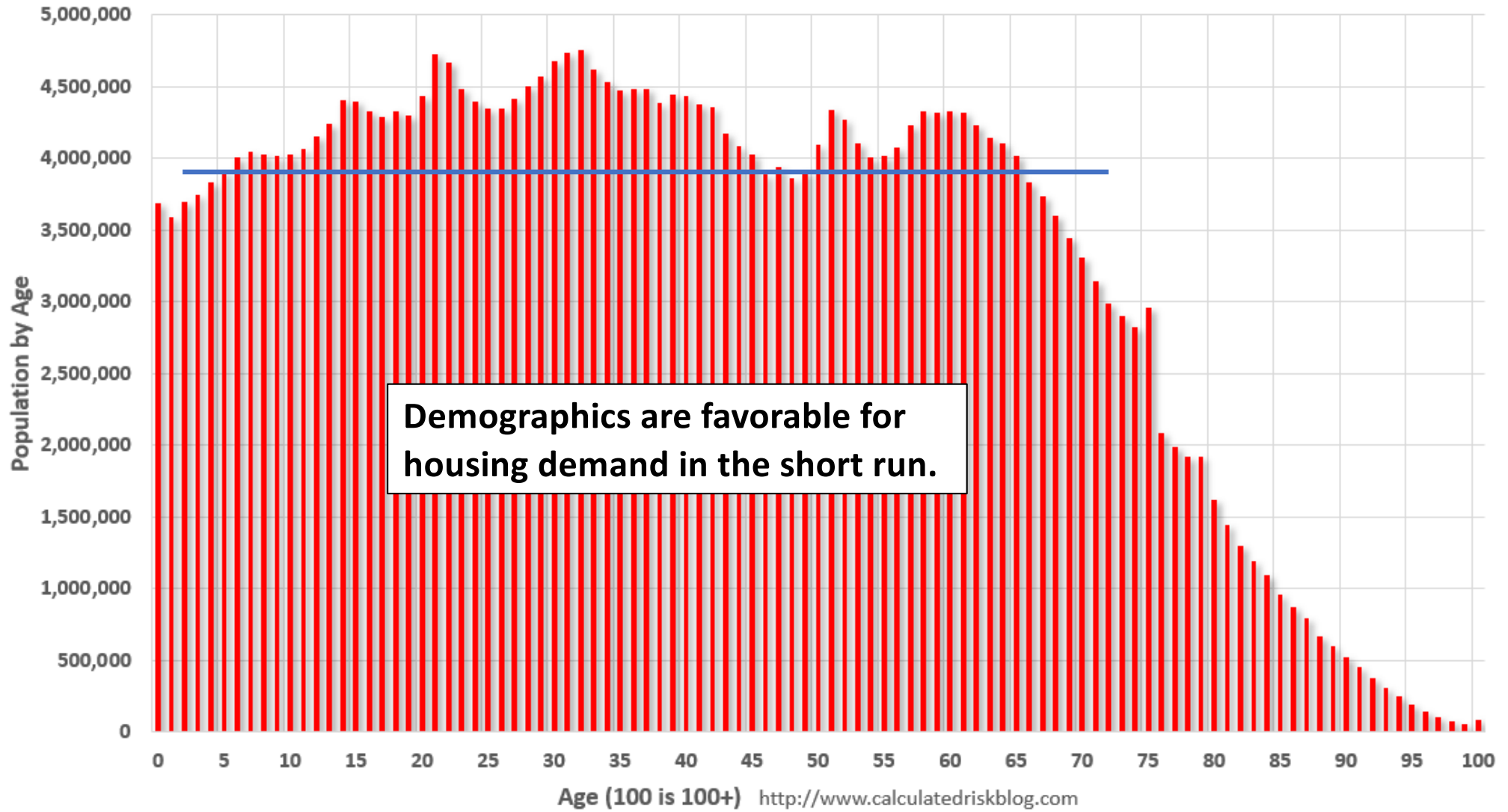
Annual Change in Households (Millions)



*Note: Estimates for 2020 and 2021 are omitted due to data collection issues experienced during the pandemic.*

*Source: JCHS tabulations of US Census Bureau, Housing Vacancy Surveys.*

U.S. Population by Age, 2022 Census Estimate



# Homeownership



## Homebuying Costs Continue to Rise

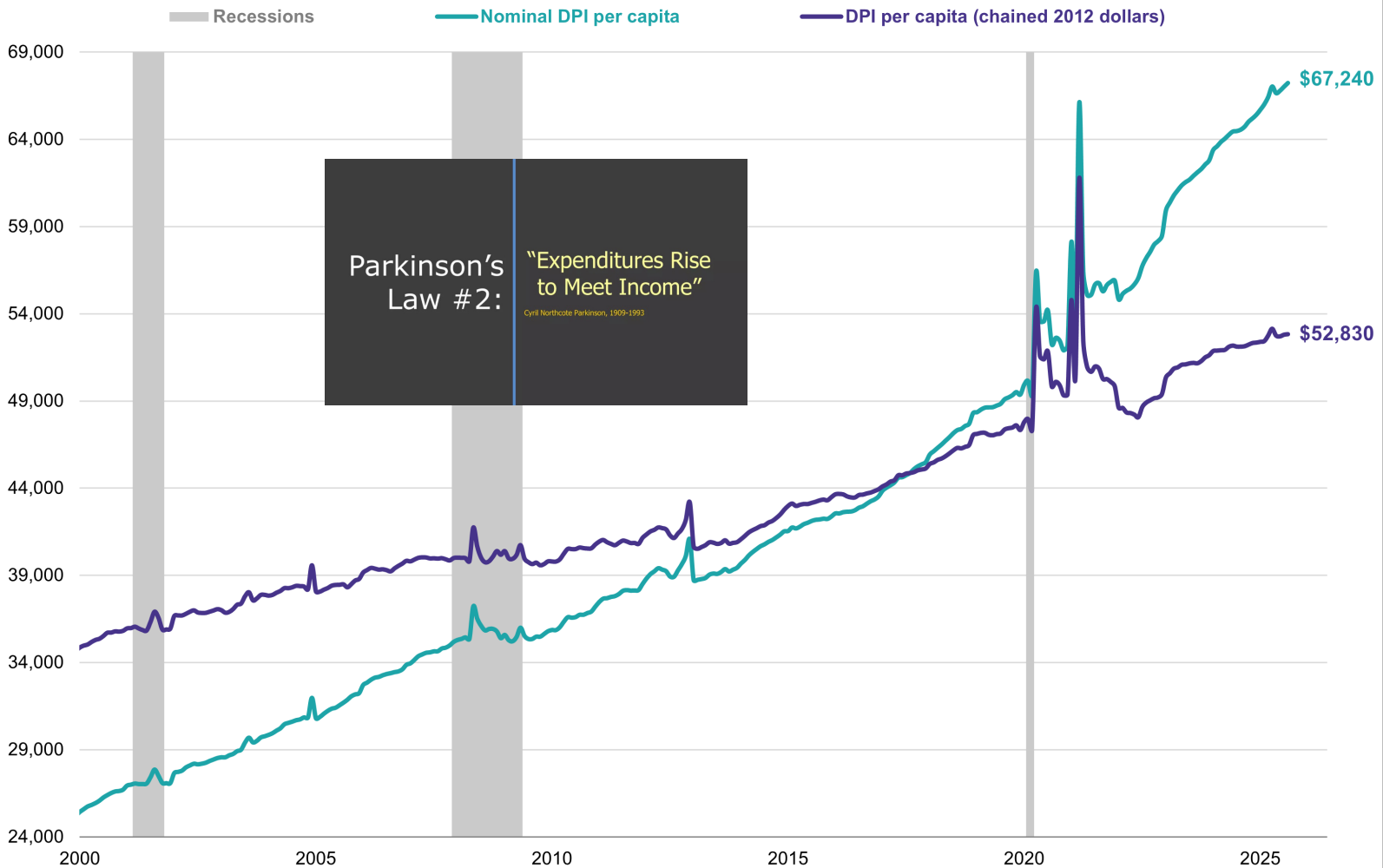
	2021	2023	2024
Interest Rate (Percent)	2.96	6.81	6.72
Median Home Price (Dollars)	357,100	394,100	412,500
Downpayment & Closing Costs	23,210	25,620	26,810
Total Monthly Costs	2,050	3,150	3,270
Mortgage Payment	1,445	2,480	2,570
Other Costs	600	670	700
Required Annual Income	79,330	121,860	126,670

*Notes: Closing costs assume a 3.5% downpayment and 3% additional fees. Mortgage payments are based on a 30-year fixed-rate loan. Other costs include 1.15% property taxes, 0.35% property insurance, and 0.55% mortgage insurance fees. Required annual income assumes a 31% debt-to-income ratio. Source: JCHS tabulations of Freddie Mac, Primary Mortgage Market Surveys; NAR, Existing Home Sales.*





## Disposable Personal Income Per Capita Nominal Versus Real



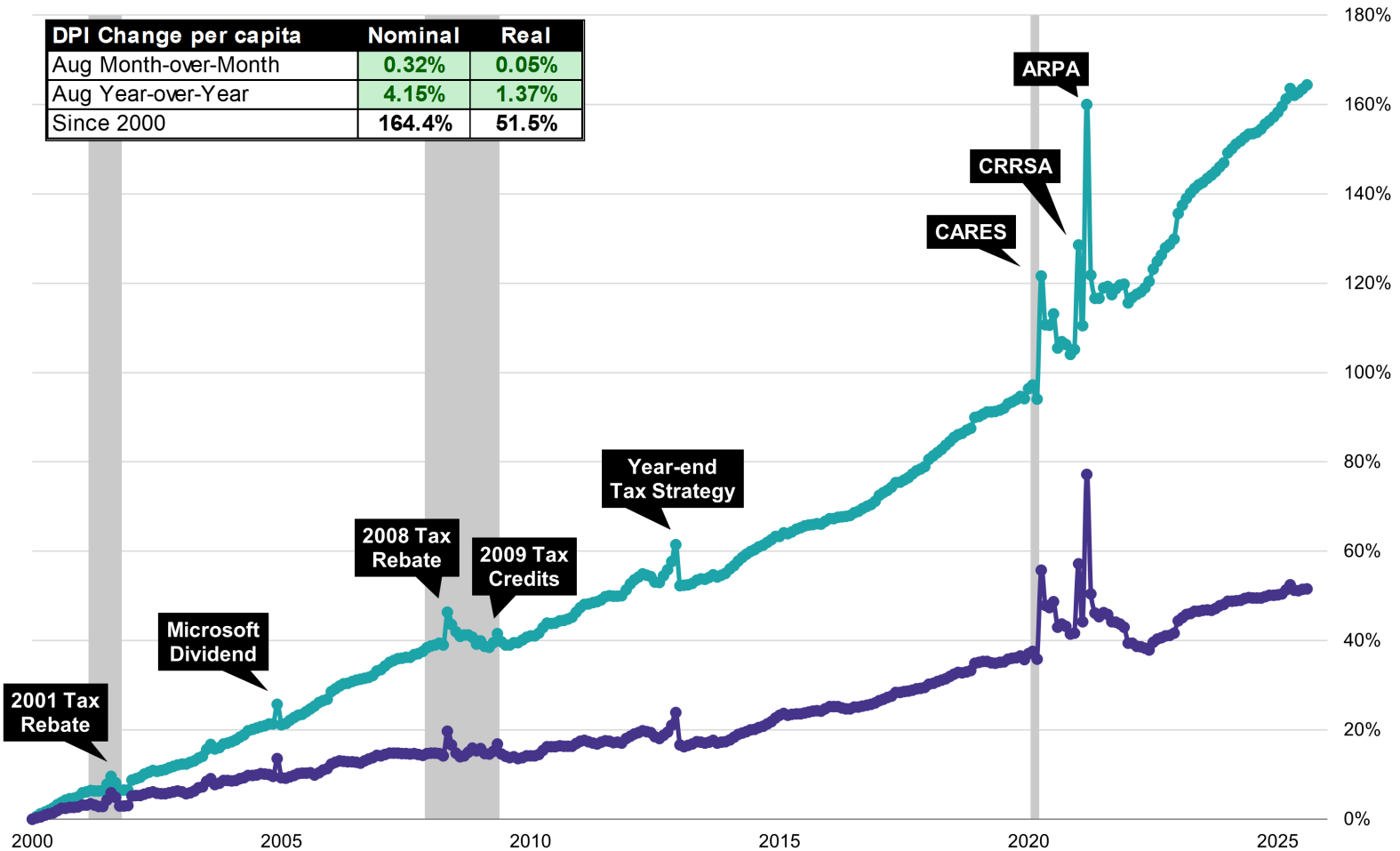
# Disposable Personal Income Per Capita Growth

Recessions

Nominal DPI Per Capita Growth Since 2000

Real DPI Per Capita Growth Since 2000

DPI Change per capita	Nominal	Real
Aug Month-over-Month	0.32%	0.05%
Aug Year-over-Year	4.15%	1.37%
Since 2000	164.4%	51.5%



☆ Real Personal Consumption Expenditures (PCEC96)



Observations ▾

Aug 2025: **16,587.4**  
Updated: Sep 26, 2025 7:43 AM CDT  
Next Release Date: Nov 26, 2025

Units:  
Billions of Chained 2017 Dollars,  
Seasonally Adjusted Annual Rate

Frequency:  
Monthly

1Y | 5Y | 10Y | Max  
2007-01-01 to 2025-08-01

Edit Graph   
Download 

FRED 

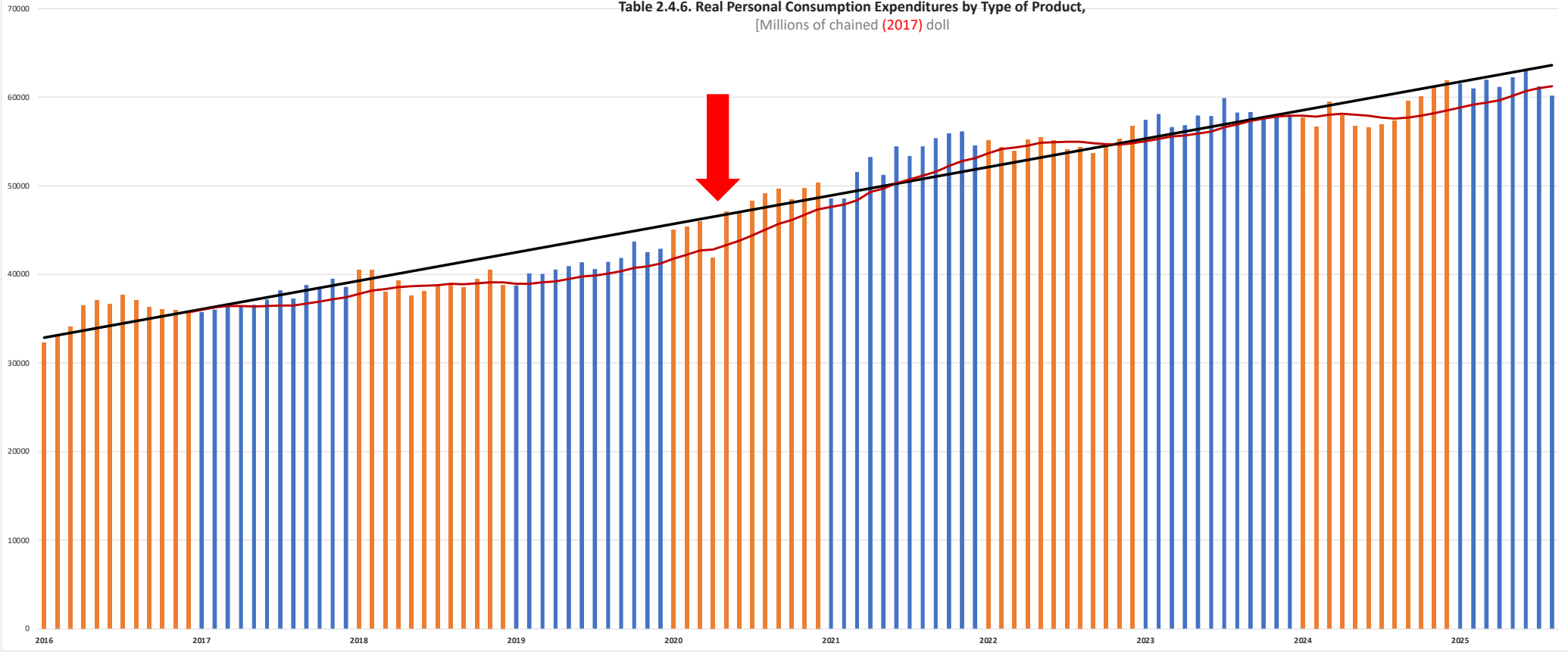
— Real Personal Consumption Expenditures



Source: U.S. Bureau of Economic Analysis via FRED®  
Shaded areas indicate U.S. recessions.

# Purchases of flowers, seeds, and potted plants by end consumers

Jan 2016-July 2025, Bureau of Economic Analysis, National Income and Product Accounts,  
Table 2.4.6. Real Personal Consumption Expenditures by Type of Product,  
[Millions of chained (2017) doll



★ Real Gross Private Domestic Investment: Fixed Investment: Residential (A011RL1Q225SBEA)

Observations ▾

Q2 2025: -5.1  
Updated: Sep 25, 2025 7:48 AM CDT  
Next Release Date: Nov 26, 2025

Units:  
Percent Change from Preceding Period,  
Seasonally Adjusted Annual Rate

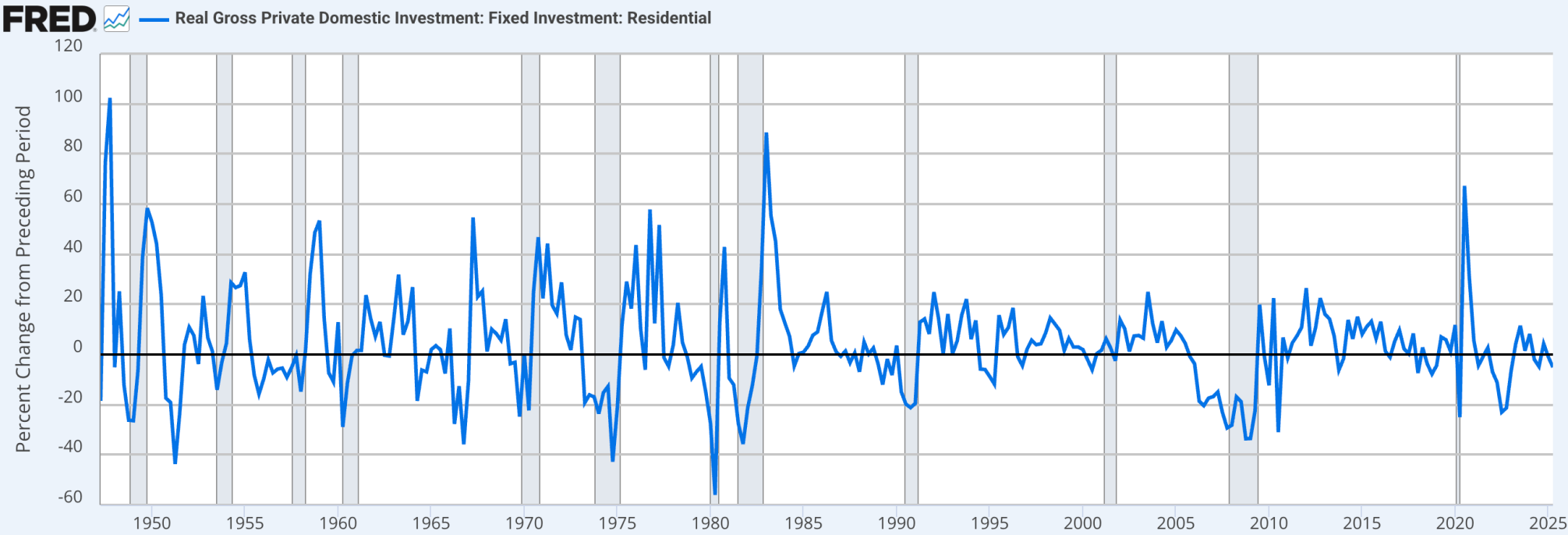
Frequency:  
Quarterly

1Y | 5Y | 10Y | **Max**

1947-04-01 to 2025-04-01

Edit Graph

Download



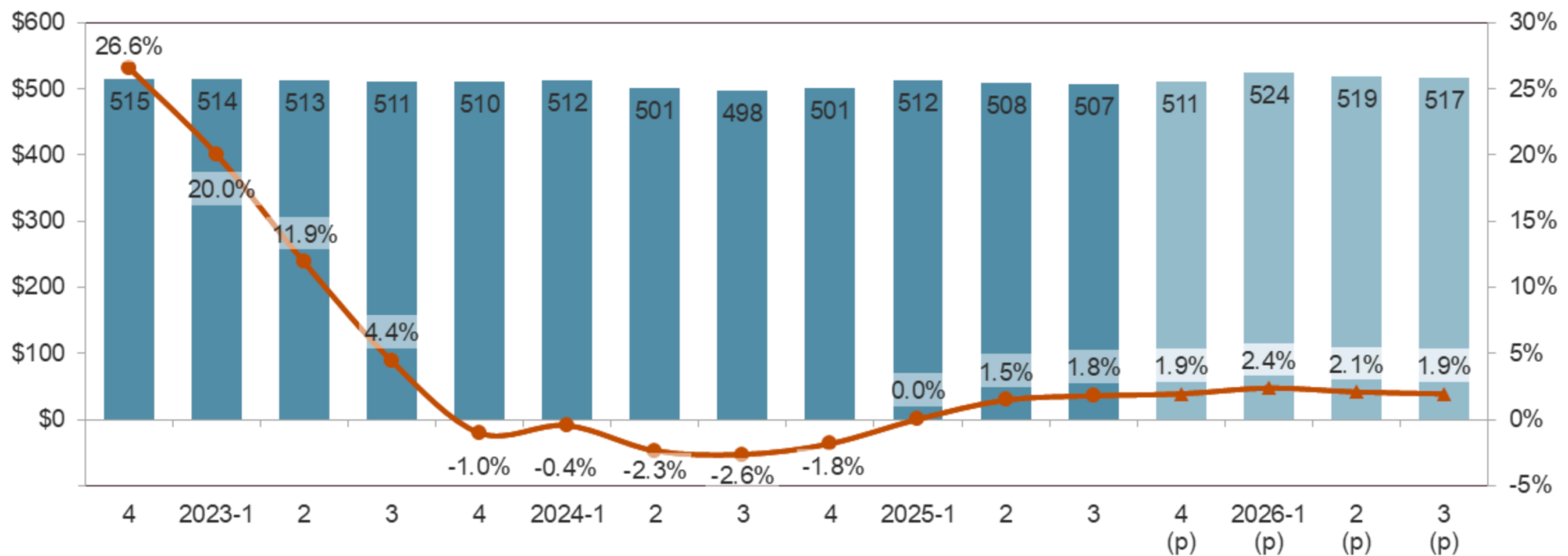
Source: U.S. Bureau of Economic Analysis via FRED®  
Shaded areas indicate U.S. recessions.

# Leading Indicator of Remodeling Activity – Third Quarter 2025

**Homeowner Improvements & Repairs  
Four-Quarter Moving Totals (Billions)**

● Historical Estimates    ▲ LIRA Projections

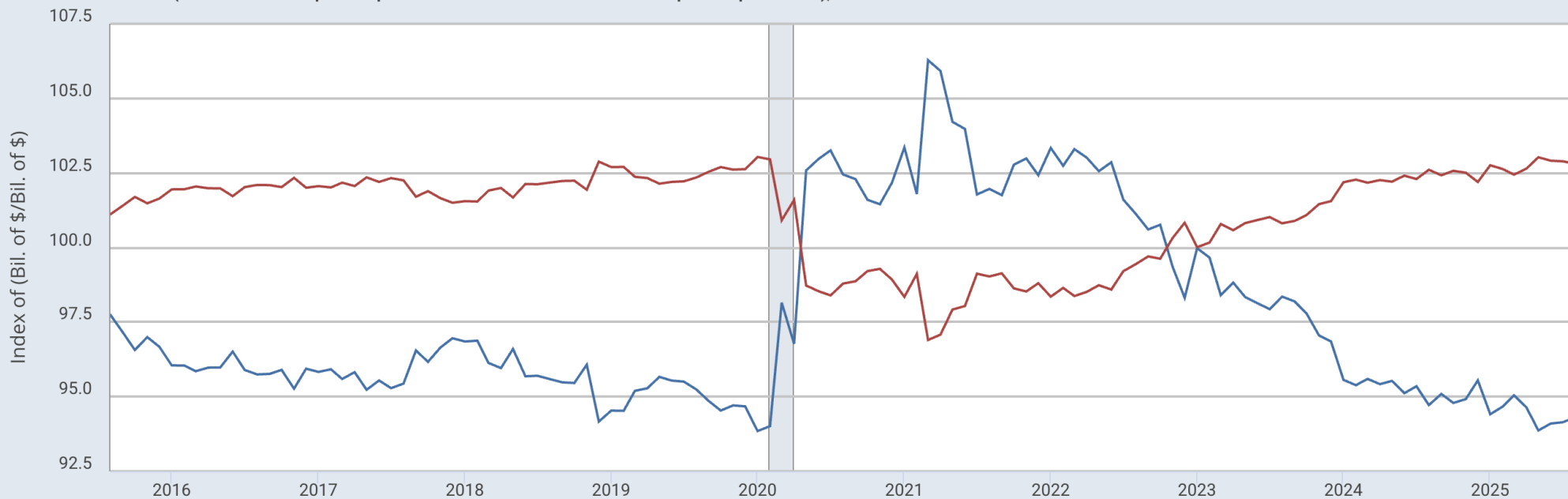
**Four-Quarter Moving  
Rate of Change**



Notes: Improvements include remodels, replacements, additions, and structural alterations that increase the value of homes. Routine maintenance and repairs preserve the current quality of homes. Historical estimates since 2023 are produced using the LIRA model until American Housing Survey benchmark data become available.



— (Personal Consumption Expenditures: Goods/Personal Consumption Expenditures), Jan 2012=100  
— (Personal Consumption Expenditures: Services/Personal Consumption Expenditures), Jan 2012=100

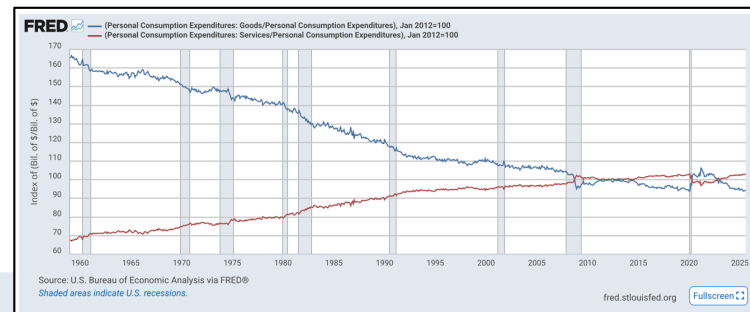


Source: U.S. Bureau of Economic Analysis via FRED®

Shaded areas indicate U.S. recessions.

fred.stlouisfed.org

Fullscreen





**recession?**



## Key Economic Challenges

**Tariff Impacts:** With effective US tariff rates, businesses face difficult choices: absorb costs (squeezing margins and reducing hiring) or pass them through (raising consumer prices). Both paths weaken employment and economic momentum.

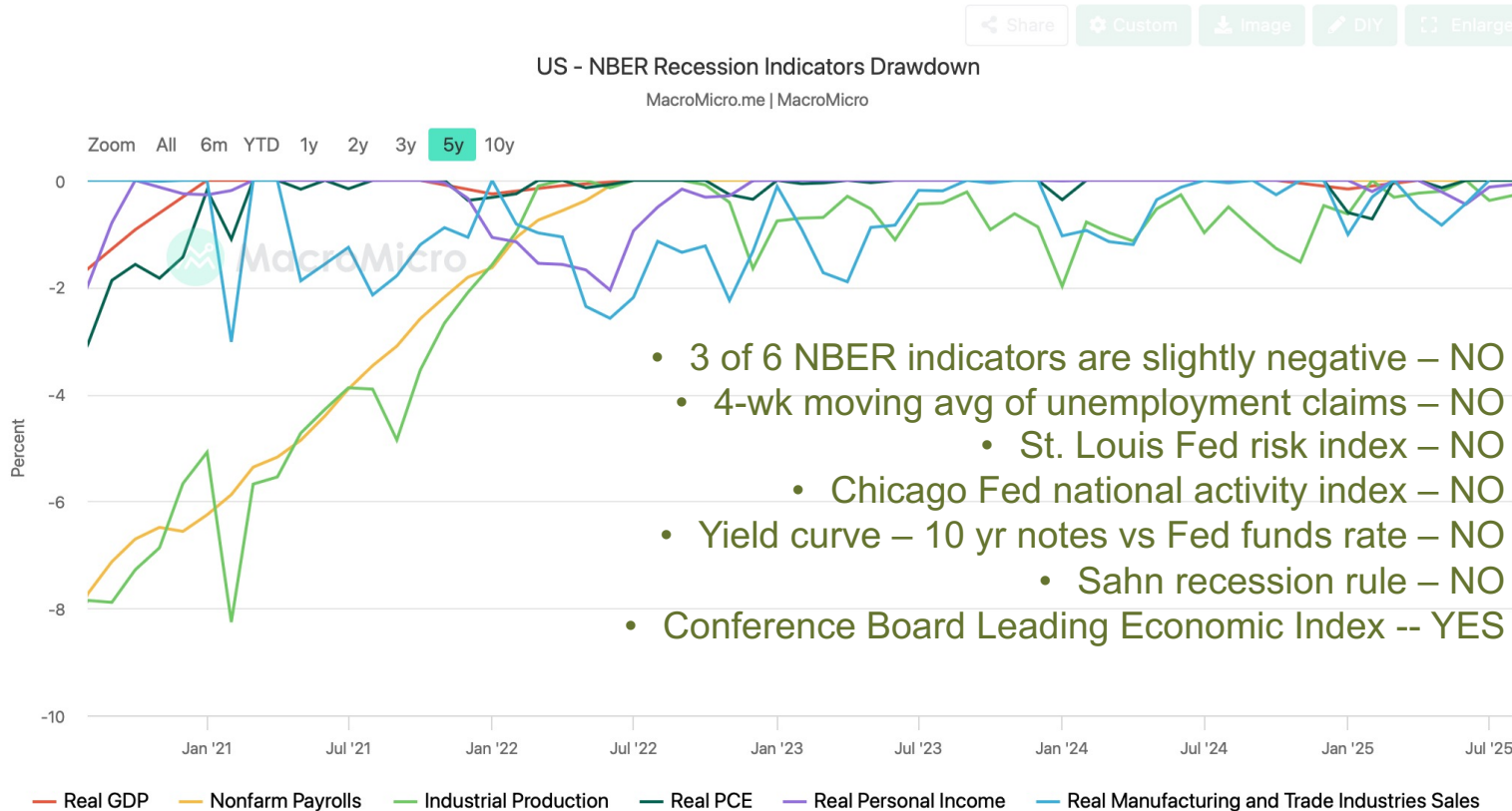
**Labor Market Softening:** Beyond headline job numbers, deeper weakness appears in falling job openings, declining manufacturing employment, and particular weakness in leisure/hospitality - sectors that signal consumer health.

**Shutdown Economic Drag:** Estimates suggest the shutdown cost \$15 billion in permanent losses (1 to 2% in 4<sup>th</sup> qtr. GDP). Flight disruptions, SNAP benefit reductions, and federal worker uncertainty compounded the impact.

# Is a recession imminent?

**25% - 40% likelihood**

## US - NBER Recession Indicators Drawdown



☐ AI Definitions

Bookmark

The National Bureau of Economic Research (NBER) Business Cycle Dating Committee, the official recession scorekeeper, assesses whether the U.S. economy has entered a recession by tracking various variables, including real GDP, real personal income minus government transfers, employment, various forms of real consumer spending, and industrial production.

When more indicators experience sustained declines or drop significantly, there's a greater chance that the U.S. economy is entering a recession.

The chart shows the 3-year drawdown of each indicator. Zero means the indicator has continued to hit new highs or remained at the same level as its peak over the past three years, while a negative value means that the indicator has fallen from its highest point in the last three years.

## **Common Themes Across Forecasts:**

1. Growth will remain well below the 2.5-3.0% historical trend.
2. Tariffs will continue pressuring inflation and business investment.
3. Labor market weakness will persist into 2026.
4. Fed will likely continue gradual rate cuts (consensus around 3.0-3.5% by end of 2026).
5. AI-related investment remains a bright spot supporting business equipment spending, but...there will be a market correction.
6. Consumer spending will weaken as real wage growth stagnates.

**Be nimble.**

**Sharpen your pencil.**

**Manage relationships.**

# 1. “Plan for ‘okay but not great’ — and make money anyway.”

- Build your 2026 budget assuming **modest top-line growth** and **no miracle in input costs**.
- Protect margins through intelligent pricing and mix, not wishful thinking about cheaper inputs.



## 2 “Work your balance sheet as hard as your P&L.”

- In a slow-growth, higher-for-longer rate environment, **working capital management is an important value lever.**
- Inventory days, receivables days, and payables discipline will do more for your value than squinting at GDP forecasts.

### 3. “Differentiate on value, not on price.”

- With tariffs and inflation keeping some pressure on consumer wallets, **commodity players get squeezed the hardest.**
- Messaging the *functional* benefits of plants (well-being, ecosystem services, property values) matters even more when growth is modest.

#### 4. **“Don’t let 2026 scare you out of strategic moves.”**

- A slow-growth year is often a good time to:
  - Clean up product lines
  - Tighten cost accounting and profitability analysis
  - Make selective investments in efficiency and talent.

