

US quarterly GDP growth and the PMI



Data compiled September 4, 2025.
 * PMI covers manufacturing only prior to 2009 but manufacturing & services thereafter.
 Sources: S&P Global PMI, S&P Global Market Intelligence, BEA.
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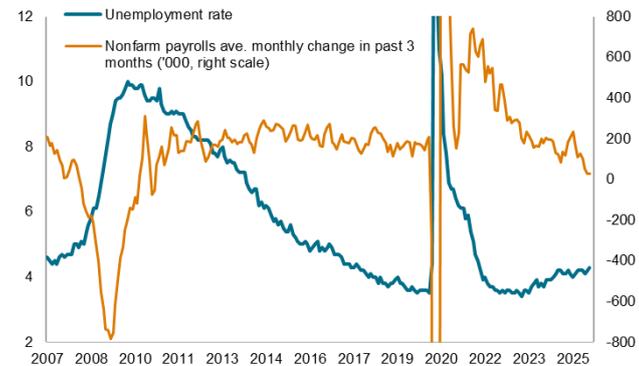
Consumer inflation expectations also remain highly elevated by historical standards, according to surveys such as those compiled by the University of Michigan.

Job market could tame inflation

However, although sustained inflation looks to be on the way, concerns have mounted in relation to the labor market, which will likely keep the door open for the FOMC to cut rates at its policy meeting next week. Inflation doves argue that, even if prices rise sharply in the near-term, the softening labor market trends suggests little scope for inflation to endure.

Nonfarm payroll growth has slowed such that just 27,000 jobs have been added in each of the past four months. Barring the pandemic, this has been the worst spell of jobs growth since 2010. The unemployment rate has meanwhile edged up to 4.3%, its highest for nearly four years.

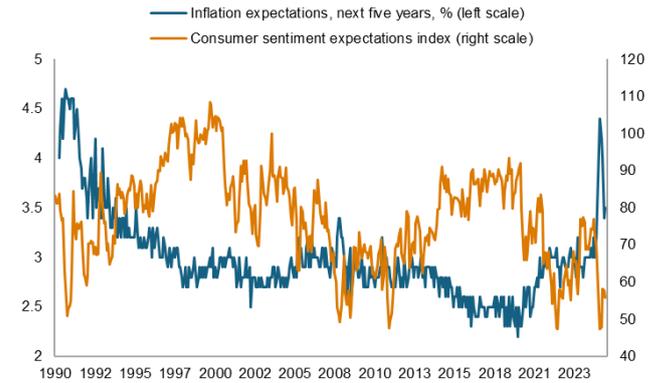
US labour market



As of August 2025
 Axes clipped to cut data extremities during pandemic.
 Source: S&P Global Market Intelligence, BLS.
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Not only is there little chance of a wage-price spiral taking hold in a weakening job market, but consumers will also typically have low tolerance for higher prices amid concerns over job security and incomes, limiting the pass-through of tariff-related cost increases.

US consumer sentiment



As of August 2025.
 Source: S&P Global Market Intelligence, University of Michigan
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Confidence is key

Looking ahead, much will depend on the degree to which current low levels of consumer and business confidence can revive in the coming months, as improved confidence generally induces higher inflation via increased spending and a reviving jobs market. In that respect, September's flash PMI data, published on 23rd September, will provide valuable insights.

US PMI future output expectations



Data compiled September 4, 2025
 PMI 50 = no expected change over next 12 months, covers manufacturing and services.
 Source: S&P Global PMI.
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