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ECONOMIC RESEARCH – SEPTEMBER 2025

INVESTMENT INSIGHT USA

- ✓ Technical rebound in a slowing economy
- ✓ End of US economic resilience in sight

Q4 LOOKS MORE VOLATILE

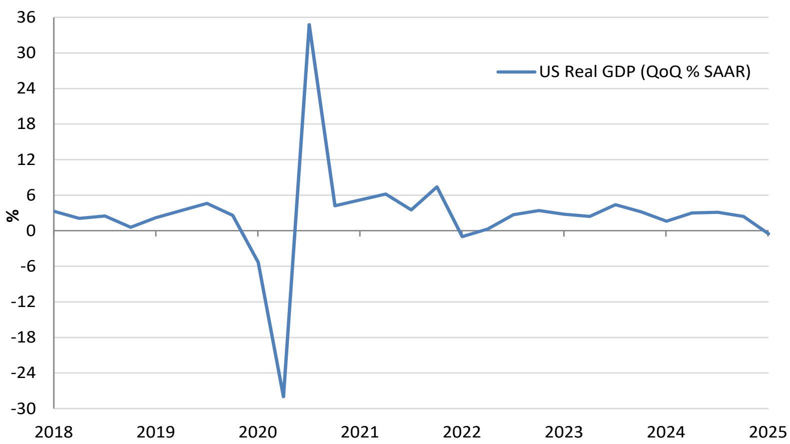
Q2 GDP: A technical rebound masking weakness

According to the final estimate published by the BEA, US gross domestic product (GDP) grew at a strong annualized rate of +3.8% in the second quarter of 2025, marking a significant rebound after the -0.6% contraction observed in the first quarter. However, a detailed analysis reveals that this performance was primarily driven by volatile and technical factors. Specifically, foreign trade was the main propellant, with official data showing a sharp decline in imports which automatically inflated the GDP calculation.

Domestic demand indicators show fragility

Beneath the headline GDP figure, the core components of private demand exhibited clear fragility. Household consumption, the traditional engine of the economy, showed worrying signs of slowing down with only moderate growth. While spending shifted towards services, purchases of goods—which are typically more reliant on available credit—showed clear stagnation. Furthermore, weak non-residential fixed investment reflected mounting economic uncertainty and the measurable impact of higher interest rates on long-term corporate decision-making.

Quarterly GDP growth — United States



Sources : Bloomberg, BBGI Group

Mixed signals from key leading indicators

Monthly data published through September paint an increasingly less dynamic picture, confirming the predicted deceleration following the Q2 technical bounce. Surveys of purchasing managers, namely the ISM PMI indices, continue to reflect a clear sectoral dichotomy. The services sector remains in expansion, though at a noticeably slower pace, indicating resilient, but moderating, domestic activity.

Clear deceleration in the labor market

The labor market, which for months served as the primary pillar of economic resilience, is now showing unambiguous signs of cooling, a necessary prerequisite for inflation control but a serious risk for consumption. September statistics were particularly concerning, revealing net job losses for the first time in several months. This tightening of conditions was accompanied by a rise in the unemployment rate and a measurable slowdown in hourly wage growth.

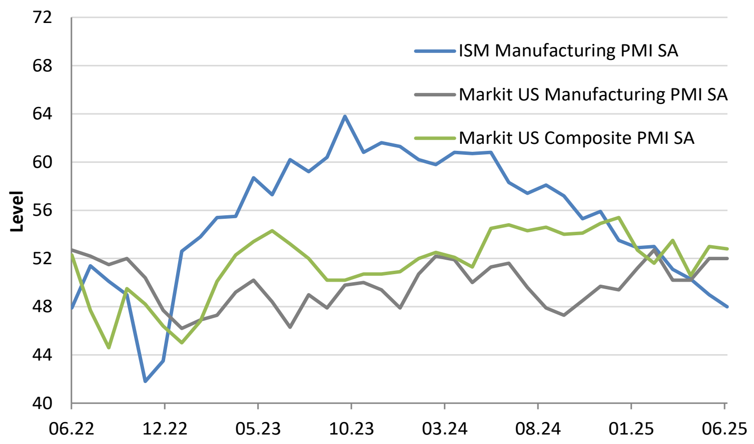
Mounting credit and consumer debt risks

As the economy enters the final quarter, the risk profile is shifting from inflation control toward growth concerns. The consensus among strategists overwhelmingly points toward a significant slowdown in Q4, with our forecast anticipating moderate growth between 0% and +1%. A key risk vector is the financial health of the consumer.

Regime shift and outlook for Q4 2025

The surprisingly resilient era of US economic performance is nearing its conclusion. The technical rebound observed in Q2 is likely to give way to an economic slowdown in Q3 and a clear downward trajectory entering Q4 2025. The delayed, yet powerful, impact of the Federal Reserve's aggressive monetary tightening cycle will now weigh heavily on overall activity and corporate planning. This confluence of internal and external pressures means that Q4 will mark a definitive change in regime, shifting focus from inflation management to growth preservation.

PMI indicators — ISM



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