



RESEARCH

Economics

Economist Roundtable Flash Poll: 1Q25

Updating SIFMA Economist Roundtable's Forecasts & Monetary Policy Questions

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Key Takeaways

The SIFMA Economist Roundtable regular surveys chief U.S. economists on their estimates for GDP, unemployment, inflation, interest rates, and more, as well as expectations for monetary policy moves following select Federal Open Market Committee meetings. This Flash Poll provides an updated pulse on select questions following our last more detailed semiannual survey, including (for 2025):

- **Real GDP growth rate:** +1.5% Y/Y; -0.4 pps vs. last survey
- **U.S. unemployment rate:** 4.3% estimate; no change vs. last survey
- **Inflation** (Y/Y estimate; vs. last survey)
 - CPI/Core CPI: +3.0%/+3.2%; +0.5 pps/+0.5 pps
 - PCE/Core PCE: +2.7%/+2.8%; +0.4 pps/+0.4 pps
- **Federal Funds (Fed Funds) rate**
 - Number of cuts in 2025: 50% responded 2
 - Expected Fed funds rate at end-2025: 50% responded 3.75%-4.00% (currently 4.25%-4.50%)

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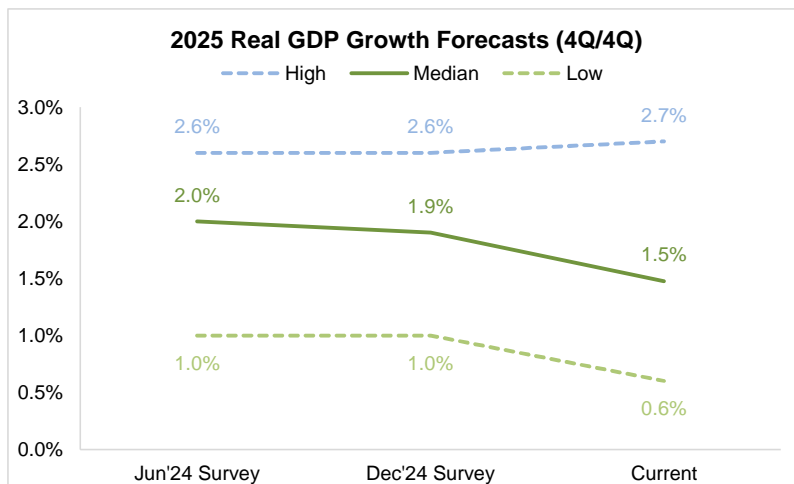
Economist Roundtable Flash Poll

This Flash Poll provides an updated pulse on select questions from the last more detailed semiannual survey of SIFMA’s Economist Roundtable, published in November 2024, and in advance of the next full survey to be published in June 2025.

The Economy

We began by asking about the overall health of the U.S. economy, in terms of GDP growth. 4Q24 real GDP increased at an annual rate of 2.5% (third estimate, released March 27, 2025). This represented no change to the second estimate for 4Q24 real GDP but was down 0.2 pps from 3Q24 real GDP growth of +2.7%. By this measure, the economy decelerated slightly in the fourth quarter.

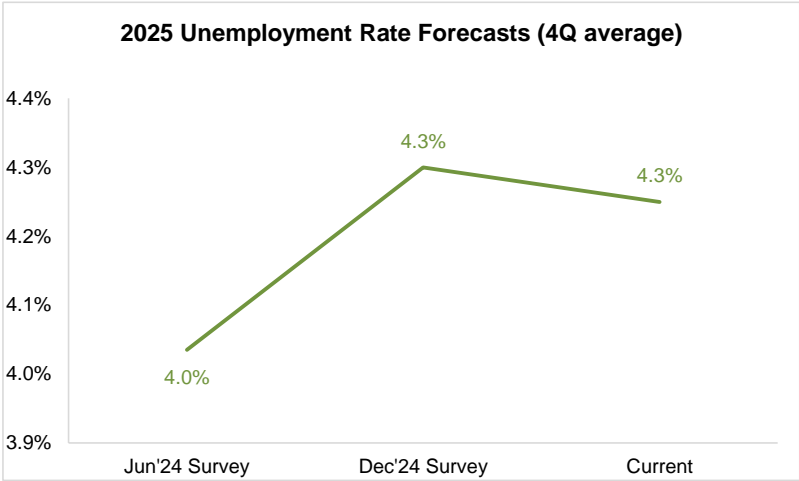
Our Roundtable’s expectations for 2025 real GDP growth have decreased since the last survey. Survey responses showed the following annual real GDP growth (median forecast, 4Q/4Q) forecasts for 2025: Flash poll = +1.5%, -0.4 pps versus the last survey (+1.9%).



Source: SIFMA Economist Roundtable Quarterly Flash Poll

The Fed continues to monitor the labor piece of the inflation equation closely. The U.S. unemployment rate stood at +4.1% Y/Y in February, staying above the 4% threshold since May 2024. Looking at other labor market metrics, February nonfarm payrolls increased by 151,000 M/M. The M/M change in payrolls averaged 168,000 in 2024 and 216,000 in 2023. Average hourly earnings rose 4.0% Y/Y in February, after dropping to 3.9% in the prior month.

Our Roundtables' expectations for the 2025 unemployment rate have decreased slightly since the November survey. Survey responses showed the following unemployment rate (4Q average) forecasts for 2025: Flash poll = +4.25%, -0.05 pps versus the last survey (+4.30%).

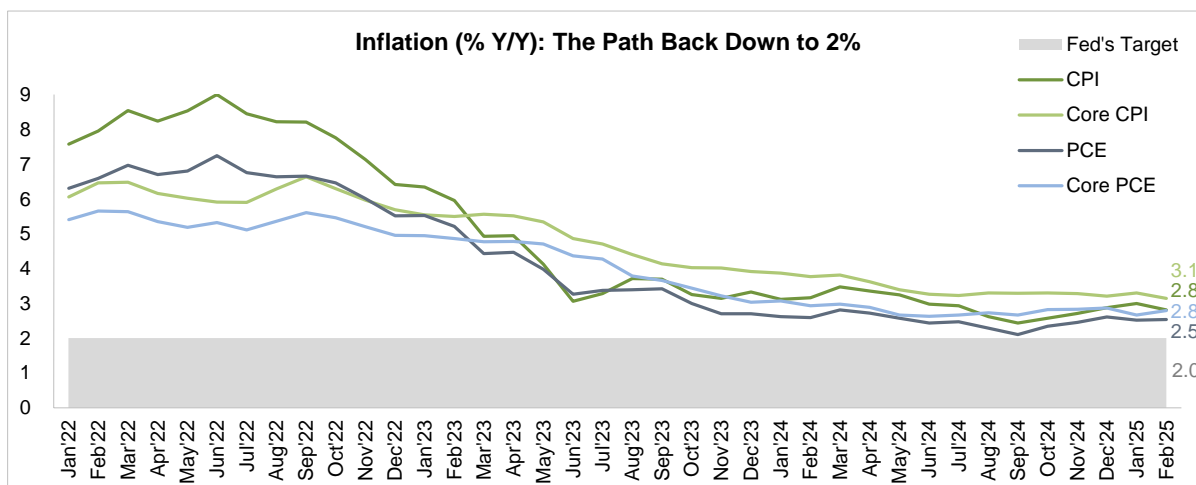


Source: SIFMA Economist Roundtable Quarterly Flash Poll

This section continues with an assessment of the inflation environment, key to the terminal Fed Funds rate. The February inflation data was mixed. CPI decreased 0.2 pps to 2.8% and core CPI decreased 0.2 pps to 3.1%. PCE remained at 2.5% but core PCE rose 0.1 pps to 2.8%. Inflation continues on a downward path, getting closer to the Fed's 2% target.

PCE – the Fed's preferred measure of inflation for setting monetary policy – stood at +2.5% in February, 0.5 pps away from target. February data stood at the following for the various inflation measures (Y/Y change):

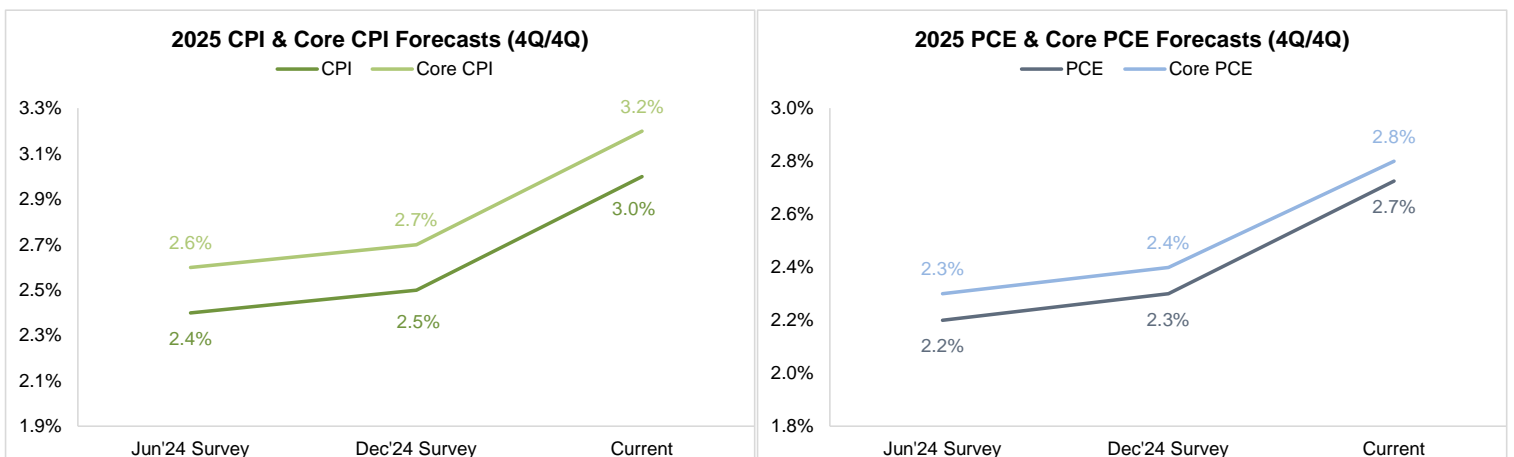
- CPI +2.8%
- Core CPI +3.1%
- PCE +2.5%
- Core PCE +2.8%



Source: FRED, SIFMA estimates

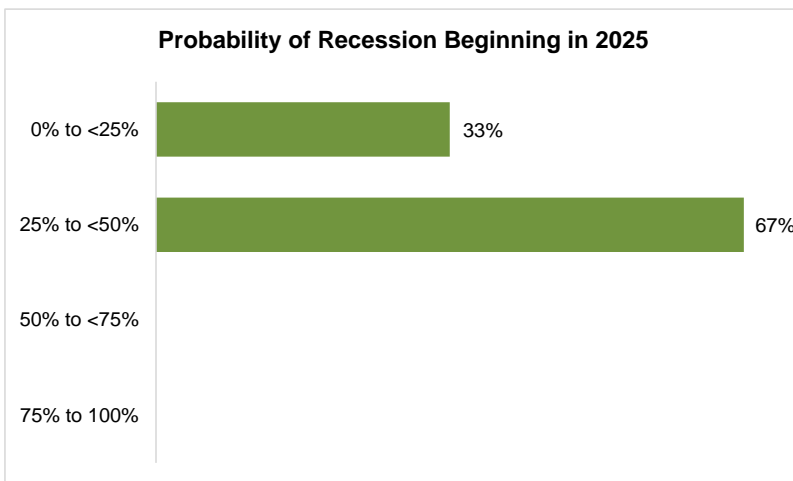
Our Roundtables' expectations for inflation have increased since the last survey. Survey responses showed the following inflation forecasts for 2025:

- CPI: Flash poll = +3.0%, +0.5 pps versus the last survey (+2.5%)
- Core CPI: Flash poll = +3.2%, +0.5 pps versus the last survey (+2.7%)
- PCE: Flash poll = +2.7%, +0.4 pps versus the last survey (+2.3%)
- Core PCE: Flash poll = +2.8%, +0.4 pps versus the last survey (+2.4%)



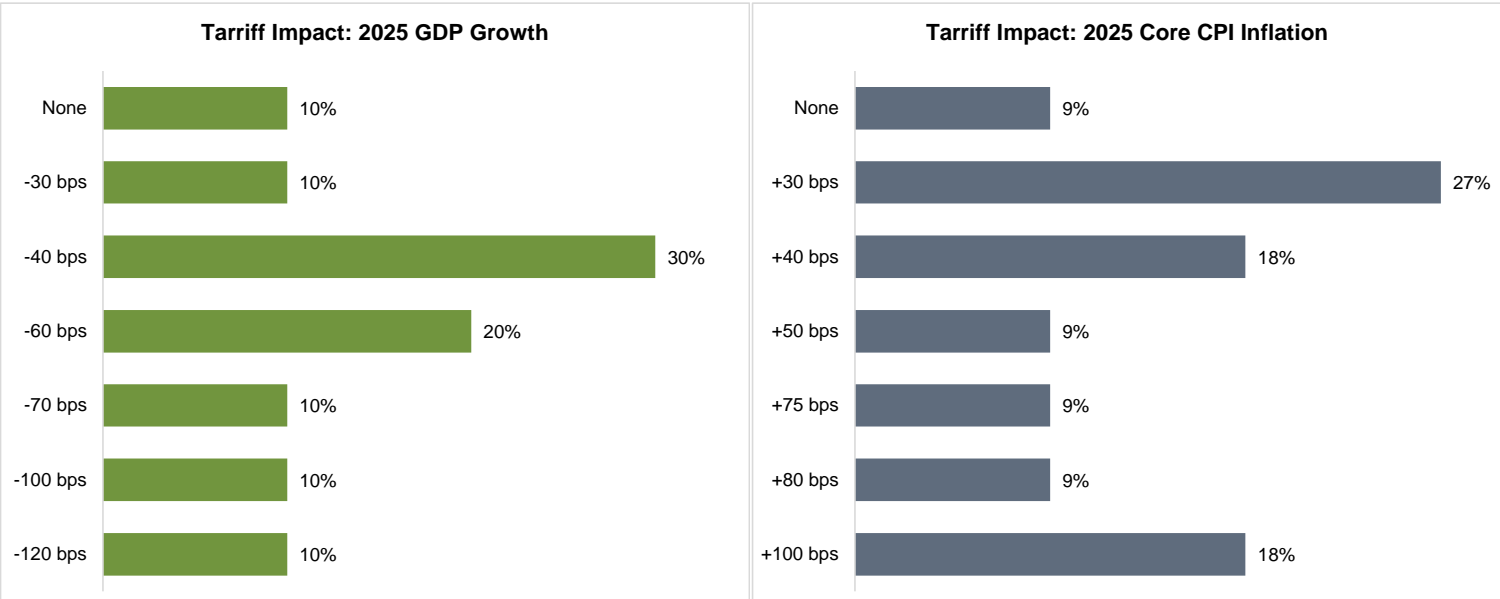
Source: SIFMA Economist Roundtable Quarterly Flash Poll

Our Roundtables' expectations for recession have increased slightly since the last survey. Majority of survey respondents (67%) placed a 25-50% probability of recession beginning in 2025, with the remaining 33% estimating that probability to be 0-25%.



Source: SIFMA Economist Roundtable Quarterly Flash Poll

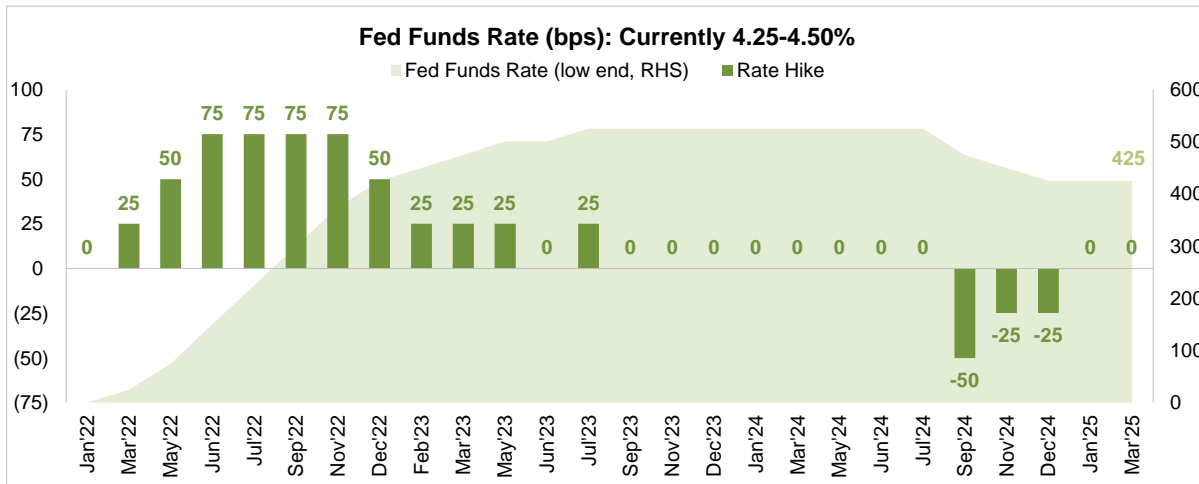
The survey asked whether the economists accounted for the impact of tariffs in their 2025 forecast. While much policy uncertainty exists, the median impact on GDP growth was -50 bps while the median impact on core CPI inflation was +40 bps.



Source: SIFMA Economist Roundtable Quarterly Flash Poll

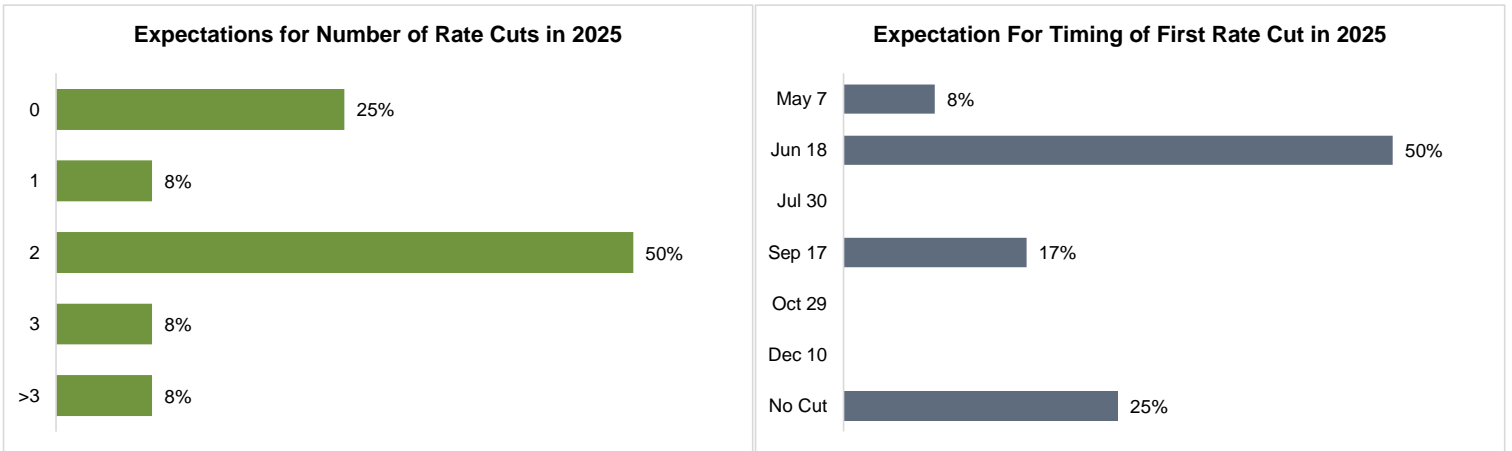
Monetary Policy

Putting all of these economic indicators together, we move on to monetary policy expectations. At the March Federal Open Market Committee (FOMC) meeting, the Fed kept the target range for the Fed Funds rate at 4.25%-4.50%. With no cuts so far this year, markets have turned to modeling out the path of rate cuts for the remainder of the year – for both number and level of cuts – and what will eventually be the terminal Fed Funds rate.



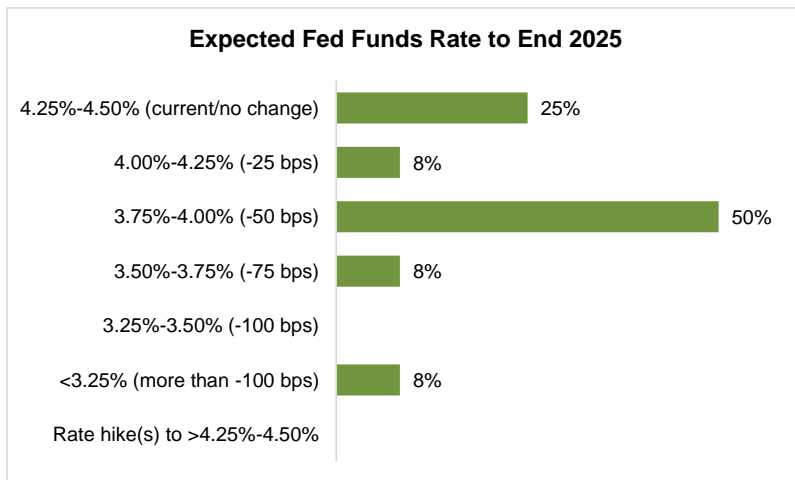
Source: Federal Reserve

Half of our Roundtable economists believe there will be two rate cuts in 2025 (50% of respondents), followed by 25% predicting no rate cuts for the remainder of the year. Half of the economists are expecting the first rate cut to occur at the June 18th FOMC meeting, followed by 17% of respondents not expecting the first cut until September.



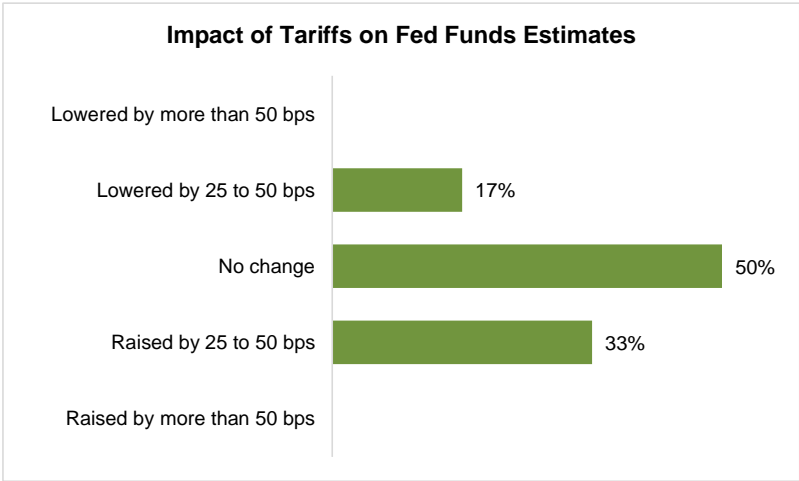
Source: SIFMA Economist Roundtable Quarterly Flash Poll

The survey also showed that half of respondents expect the Fed Funds rate to end 2025 in the 3.75%-4.00% target range (50% of responses), down 50 bps from current rate of 4.25%-4.50%. This is up from the November survey, where the average for the Fed Funds estimate at the end of the year was around 3.6%.



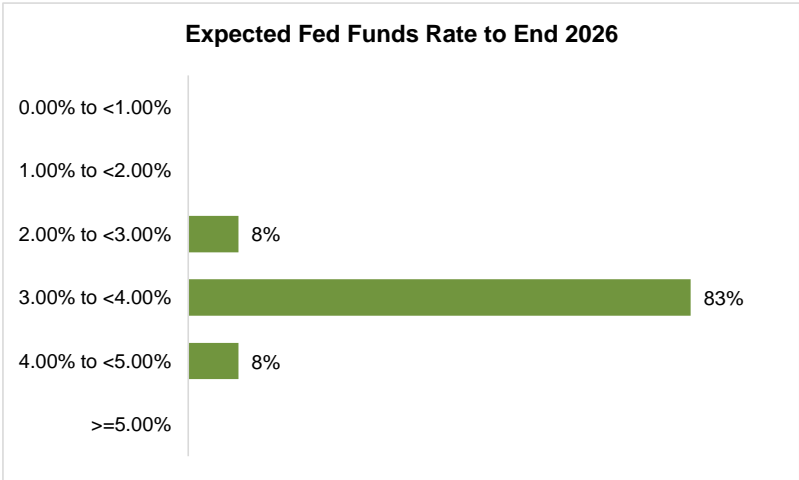
Source: SIFMA Economist Roundtable Quarterly Flash Poll

Asked how the tariffs (as we understand tariff policies today) have impacted the Fed Funds estimates since December 2024, half of the respondents indicated no change to their forecasts, followed by 33% of respondents indicating an impact of +25-50 bps.



Source: SIFMA Economist Roundtable Quarterly Flash Poll

Looking further into 2026, the majority of our economists surveyed expect the Fed Funds rate to end 2026 in the 3.00%-4.00% range (83% of responses). This is similar to the November survey, where 100% of respondents indicated that range.



Source: SIFMA Economist Roundtable Quarterly Flash Poll

Appendix: Terms to Know

- **Statistical analysis**
 - M/M – month-over-month change
 - Q/Q – quarter-over-quarter change
 - Y/Y – year-over-year change
 - Bps – basis points
 - Pps – percentage points

- **Gross Domestic Product (GDP):** A comprehensive measure of U.S. economic activity, indicating the value of the final goods and services produced without double counting the intermediate goods and services used up to produce them. GDP data are seasonally adjusted to remove the effects of yearly patterns – winter weather, holidays, or factory production schedules – to reflect true patterns in economic activity. The Bureau of Economic Analysis (BEA) releases new statistics every month, as it estimates GDP three times:
 - Advance estimate – This comes out around one month after the quarter's end, an early look based on the best information available at that time
 - Second estimate – Incorporates additional source data that were not available the month before, improving accuracy
 - Third estimate – Incorporates even more source data that were not available the month before, considered the most accurate estimate

- **Federal Funds Rate (Fed Funds):** The interest rate at which banks and other depository institutions lend money to each other, typically on an overnight basis. An important monetary policy tool is the Fed's open market operations, consisting of buying and selling U.S. Treasury securities on the open market, with the aim of aligning the actual Fed Funds rate with the Federal Open Market Committee's (FOMC) target rate.

- **Unemployment:** The unemployment rate represents the number of unemployed people as a percentage of the labor force, which is the sum of the employed and unemployed: $(\text{Unemployed} \div \text{Labor Force}) \times 100$. According to the Bureau of Labor Statistics Current Population Survey, people are classified as not in the labor force if: (a) they were not employed during the survey reference week; and (b) they had not actively looked for work (or been on temporary layoff) in the last 4 weeks. People not in the labor force are those who do not meet the criteria to be classified as either employed or unemployed as defined above and can be classified into several subgroups: (a) people who want a job now; (b) people marginally attached to the labor force (not in the labor force but currently want a job); and (c) discouraged workers (not actively searched for work in the last four weeks).

- **Inflation:** It is reflected quantitatively by an increase in the average price level of a basket of selected goods and services in an economy and represents the rate of decline of purchasing power of a given currency over some period of time. There are multiple components that go into the inflation equation. Pressure points can be bucketed as: supply side, demand side, and the labor component.
 - Consumer Price Index (CPI) – headline inflation; measures the change in direct expenditures for all urban households for a defined basket of goods and services (three largest components are housing, transportation, and food/beverages)
 - Personal Consumption Expenditures (PCE) – the metric the Fed monitors for monetary policy – measures the change in the prices of goods and services consumed by all households and nonprofit institutions serving households
 - Core CPI or PCE – makes adjustments to remove the source of the noise in the price data, i.e. food and energy, to get a measure of the underlying component of inflation
 - Differences between CPI and PCE include (among others): Basket composition – CPI based on household purchases (includes imports) versus PCE based on what businesses are selling (includes capital goods); calculation methodologies – expenditure weights assigned to categories of basket items (housing a main difference); accounting for basket changes (PCE allows substitution, CPI is always the same basket); CPI covers only out-of-pocket expenditures, PCE includes expenses paid by employers and federal programs; seasonal adjustment differences; PCE includes rural and urban consumers, CPI only urban; PCE includes expenditures from non-profit institutions serving households, CPI households only

Appendix: SIFMA Economist Roundtable Members

The SIFMA Economist Roundtable brings together chief U.S. economists from around 20 global and regional financial institutions. SIFMA Research undergoes a semiannual U.S. Economic Survey with this group, analyzing the median economic forecasts of Roundtable members, published after Federal Open Market Committee (FOMC) meetings in June and November. In those reports, we analyze the Roundtable’s estimates for: GDP, unemployment, inflation, interest rates, etc. We also review expectations for policy moves at the following FOMC meetings and discuss key macroeconomic topics and how these factors impact monetary policy. The most recent survey can be found here: <https://www.sifma.org/resources/research/economics/us-economic-survey-end-year-2024/>.

The Flash Polls update key Roundtable Economists’ forecasts and select monetary policy questions on the off quarters from the survey. The next full survey will be published in June 2025.

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This survey was conducted between March 20-31, 2025.

Disclaimer: This document is intended for general informational purposes only and is not intended to serve as investment advice to any individual or entity. The information in the survey was provided for information purposes only to gauge an estimate of respondents' opinions on future events. It should not be relied upon and can change at any time without notice. The views in this report and interpretation of the data are that of SIFMA, not necessarily its member firms.

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