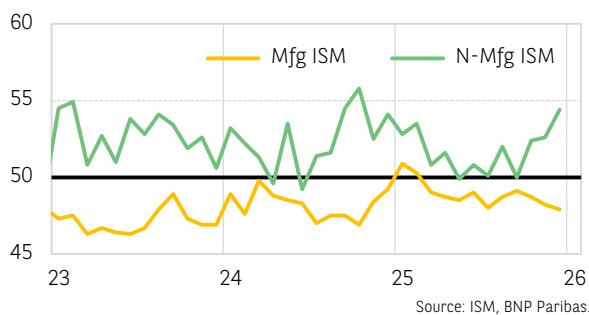


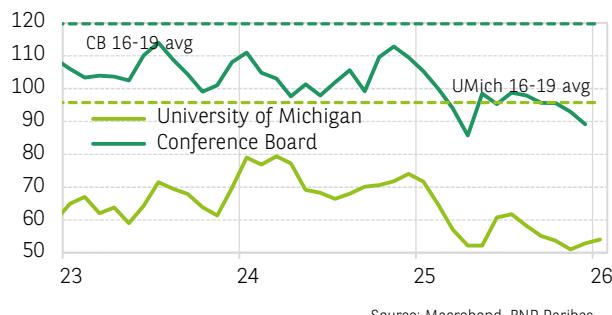
# United States: No-Landing

## Business Climate: ISM



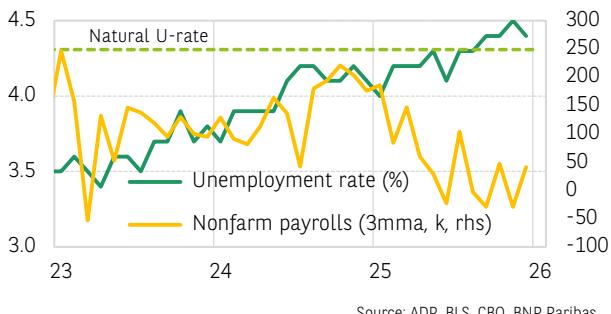
**Business sentiment improved significantly in services.** The ISM Non-Manufacturing Index ended 2025 at a 14-month high of 54.4. Growth was uninterrupted between September and December. The index was buoyed by new orders (55.7) and activity (54.9). The opposite occurred for the ISM Manufacturing Index, (a 14-month low, and down continuously between September and December), due to a reduction in inventories and new orders.

## Household Confidence



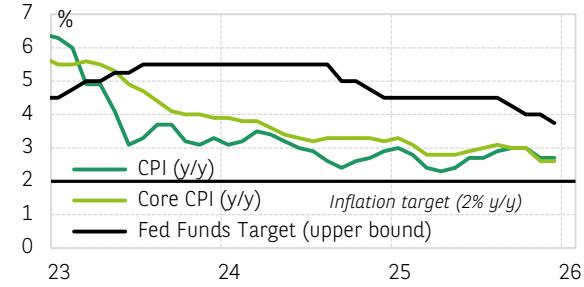
**Household sentiment worsened.** Both the Conference Board (92.5, -4.9 points) and University of Michigan (52.5, -6.8 points) surveys declined in Q4; hurt by the federal government shutdown and employment concerns (the Conference Board's balance between "plentiful" and "hard to find" jobs was at its lowest since 2021). While core retail sales were robust (+0.4% m/m) in October–November, the Fed's Beige Book (January 2026) indicates a divergence between "increased spending" among the highest income groups and "increasingly price-sensitive" stance of low- to middle-income groups.

## Labour market: Unemployment rate and nonfarm payrolls



**The slowdown in job growth continues.** Nonfarm payrolls fell to a -22k monthly average in Q4 2025 (+51k in Q3), dragged down by the federal government shutdown (-174k in November). The private payrolls (excl. government) confirmed the slowing trend, standing at +29k compared to +57k in Q3 and +177k one year earlier. The unemployment rate, between 4.4% and 4.5%, remained low but exceeded the CBO's estimate of its natural level (4.3%), while wage growth was relatively stable (+3.7% y/y, -0.1 pp).

## Inflation and monetary policy



**Moderating inflation and a rate cut.** CPI inflation lowered to +2.7% y/y (-0.2 pp) in Q4 2025. The moderation in non-energy goods brought the Core index to the same level (-0.4 pp), while food and energy prices have been a new issue. Both ISM surveys reported a moderation in the rise in prices paid. The FOMC reduced the Fed Funds target by 25 bp in November and December (not unanimously), bringing it to 3.5%–3.75%. The median projection, subject to disparities, maintained a rate cut in 2026.

## GDP growth q/q: actual, carry-over and forecasts

ACTUAL	OBSERVED				GDP Now	FORECAST (q/q)			ANNUAL FORECASTS (y/y)			
	Q4 2024	Q1 2025	Q2 2025	Q3 2025		Q4 2025	Q4 2025	Q1 2026	2024 (observé)	2025	2026	2027
1.0	-0.2	0.9	1.1	1.3	1.3	0.9	0.7	0.5	2.8	2.3	2.9	1.8

Source: BEA, Atlanta Fed, BNP Paribas

**Strong momentum for growth.** We expect GDP growth to stand at +0.9% q/q (+3.8% annualised) in Q4 2025. While this figure is particularly strong, it implies a slowdown (+1.1% q/q in Q3) which must be viewed in the context of the negative impact on activity of the federal government shutdown (1 October–12 November 2025). Conversely, the decline in the trade deficit and significant productivity gains are pushing the forecast upward, leading the Atlanta Fed's GDP Now to increase to +1.3% q/q (+5.3% annualised).

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