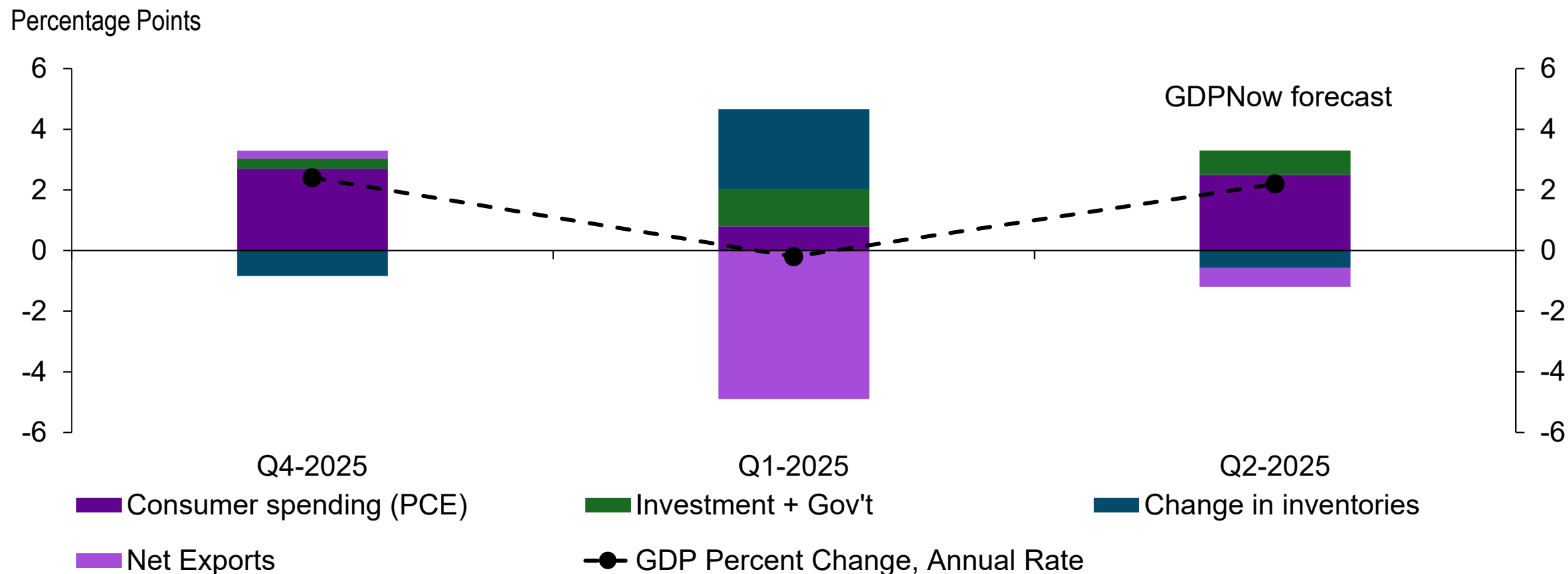


Economic Outlook, June 2025

Resiliency in the Face of Volatility

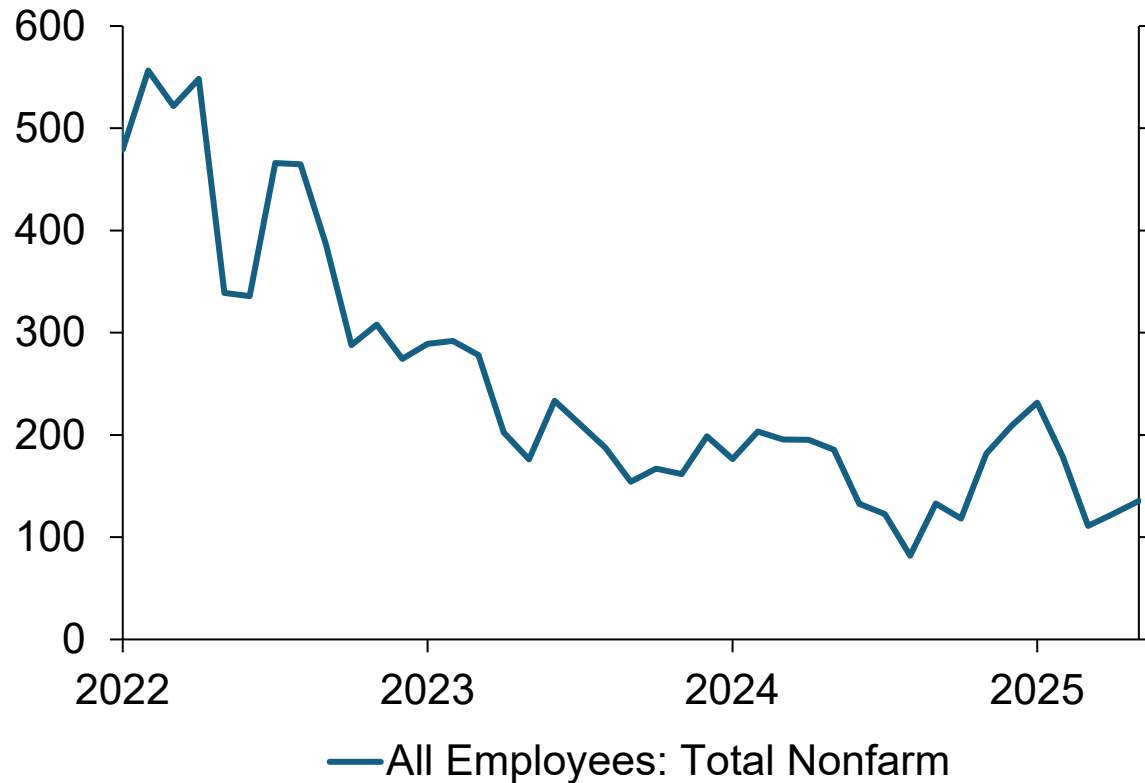
- Output growth was negative in the first quarter, largely due to strong import growth.
- Labor markets remain resilient and are supportive of spending growth.
- Current data suggests progress on inflation remains on track, though short-run inflation expectations are elevated.

Output growth contracted in the first quarter due to strong imports, but appears poised to rebound

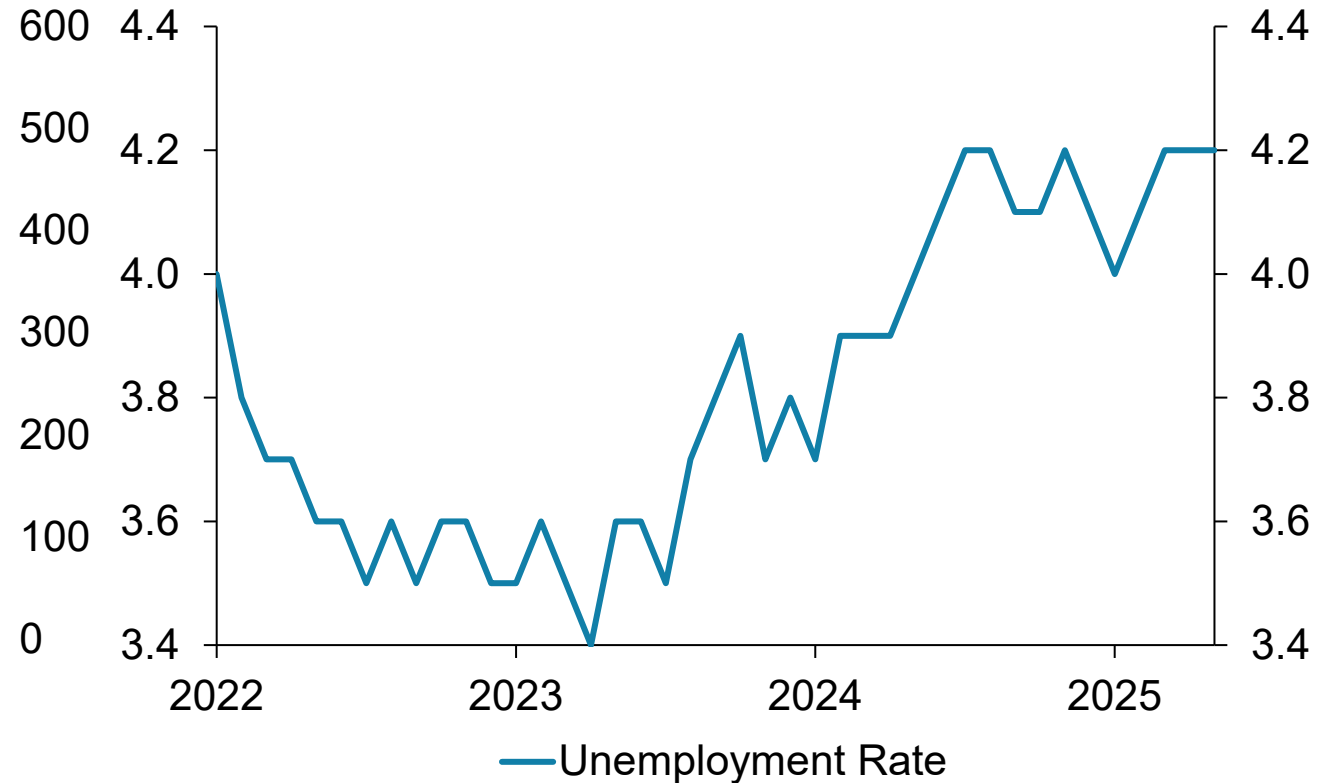


Labor markets remain resilient.

Month-over-Month Change, Three-month average,
Thousands of Persons

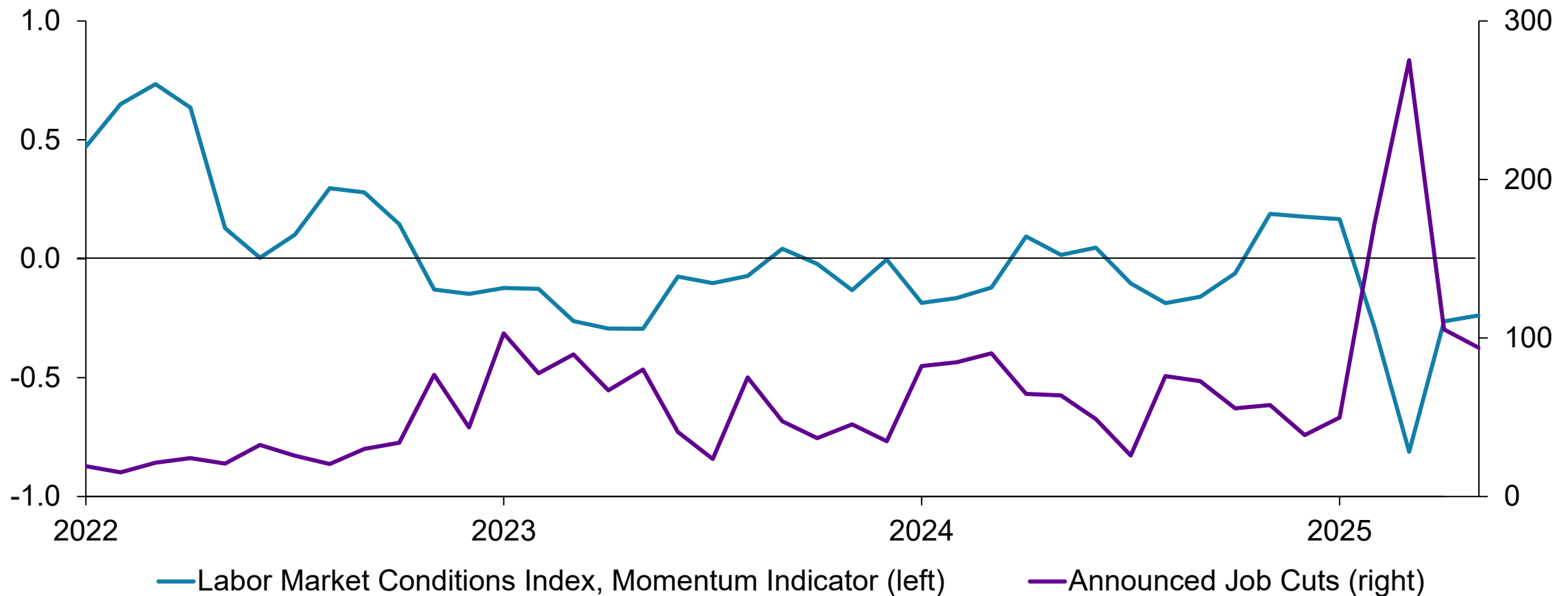


Percent

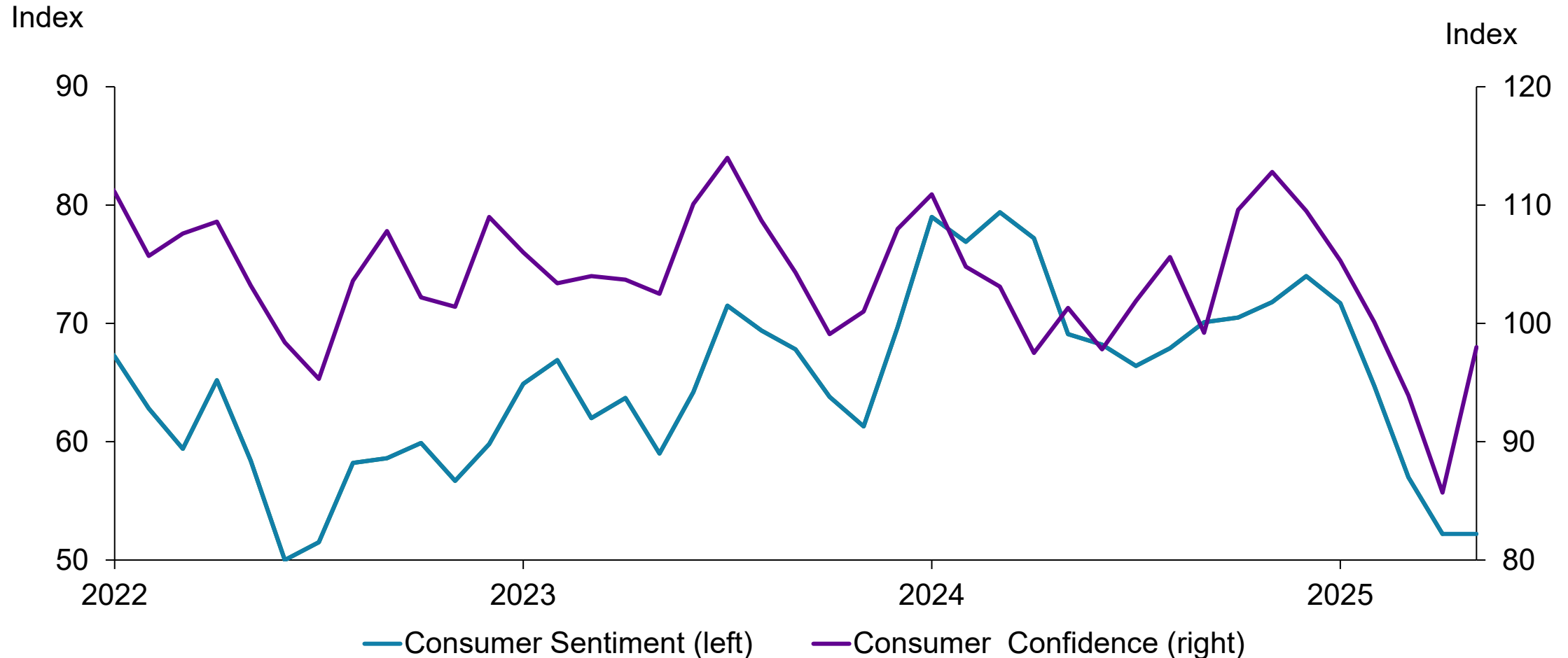


And forward-looking indicators have improved.

Positive = Above Long-run Average

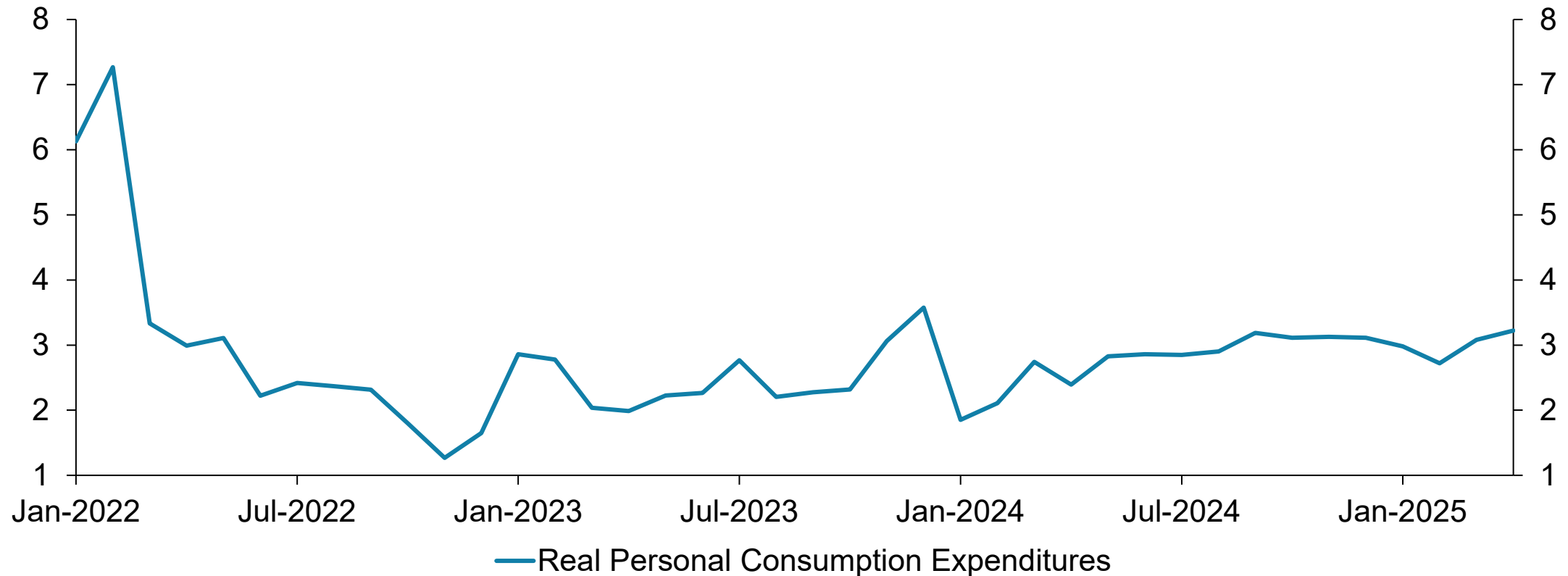


Consumers have soured on the economy...

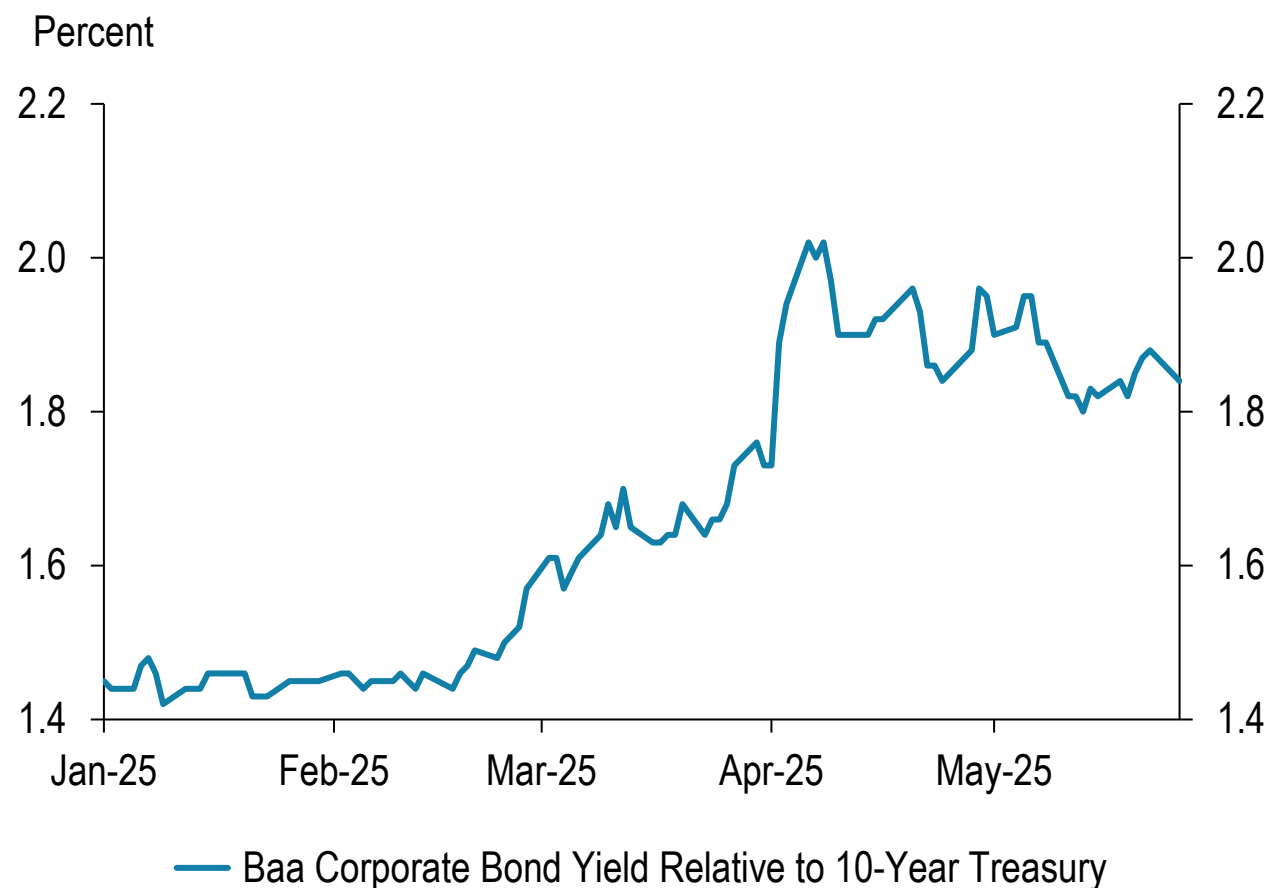


...but haven't pulled backed on spending.

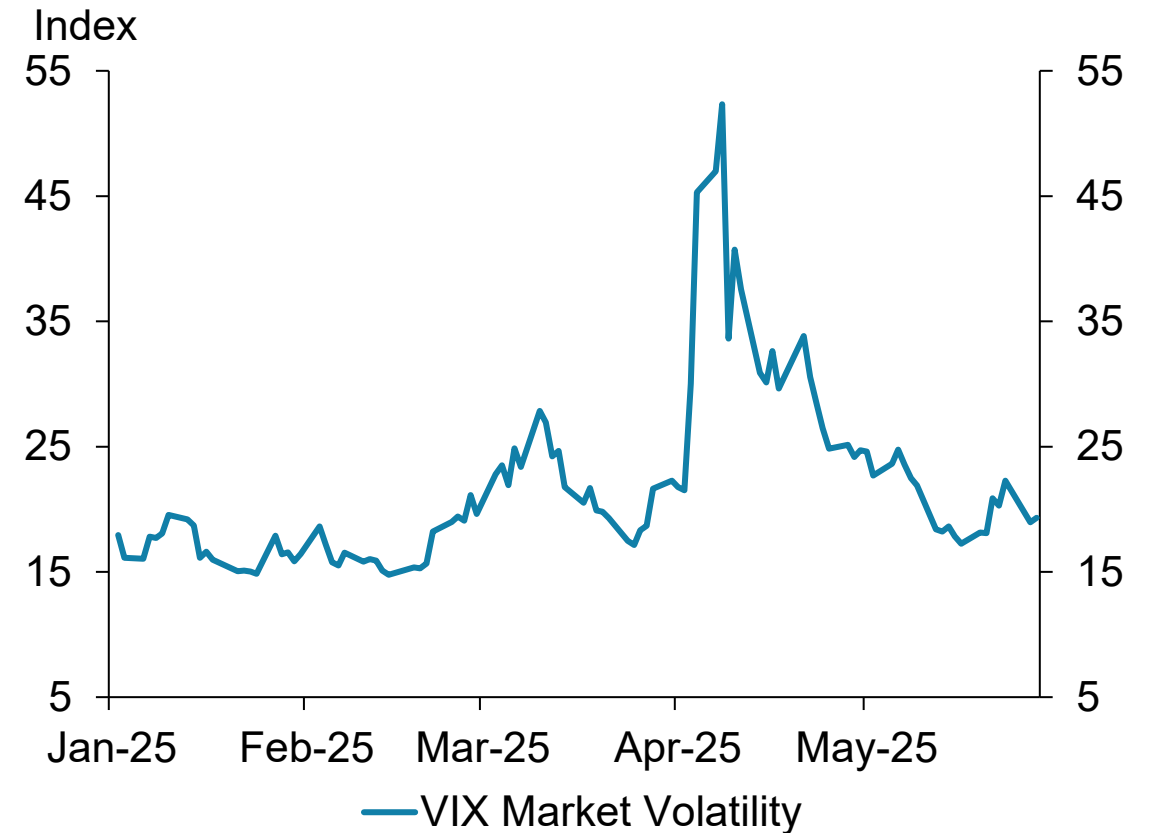
Year-over-year percent change



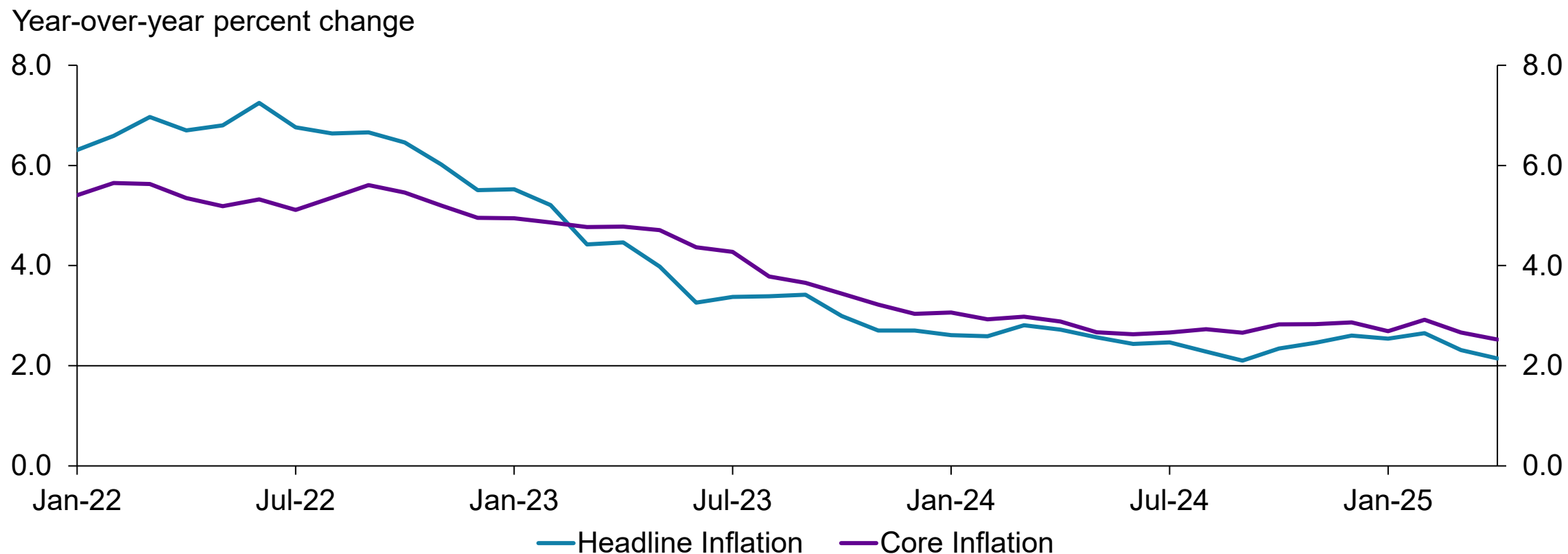
Treasury yields have continued to move with tariff announcements, while spreads have recently eased.



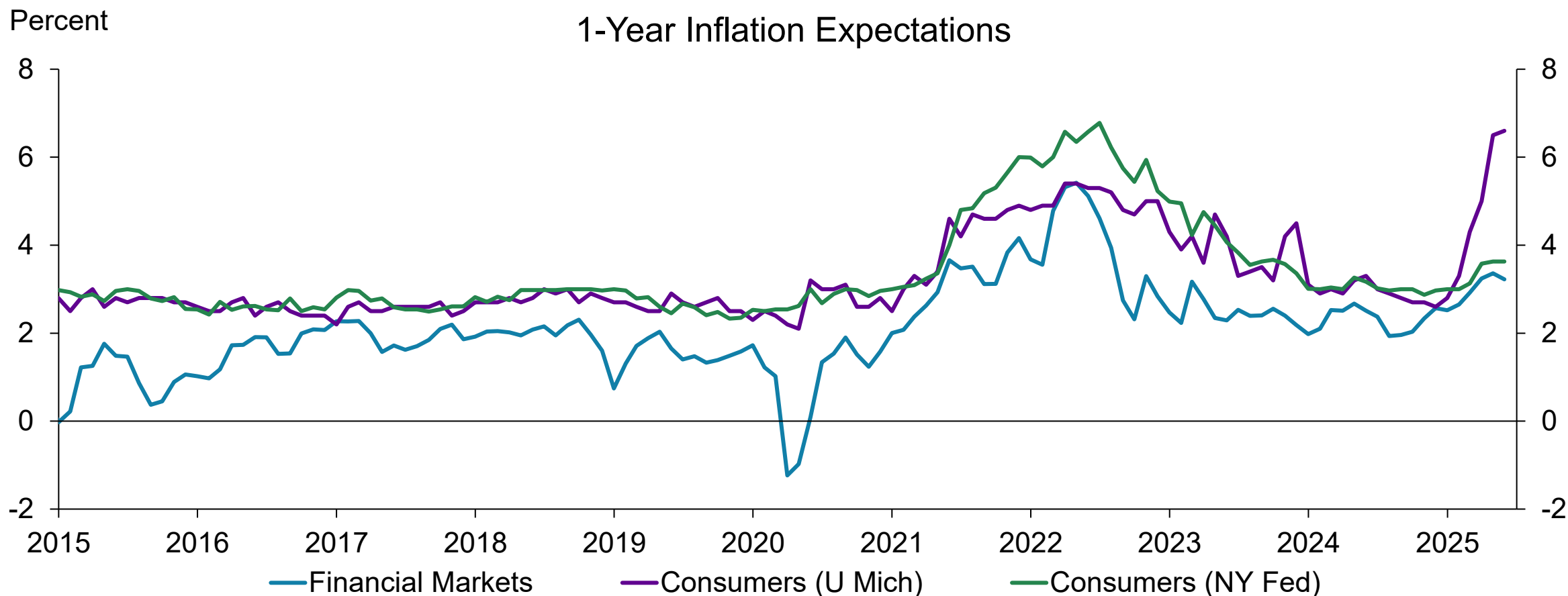
Overall, financial markets have stabilized since April.



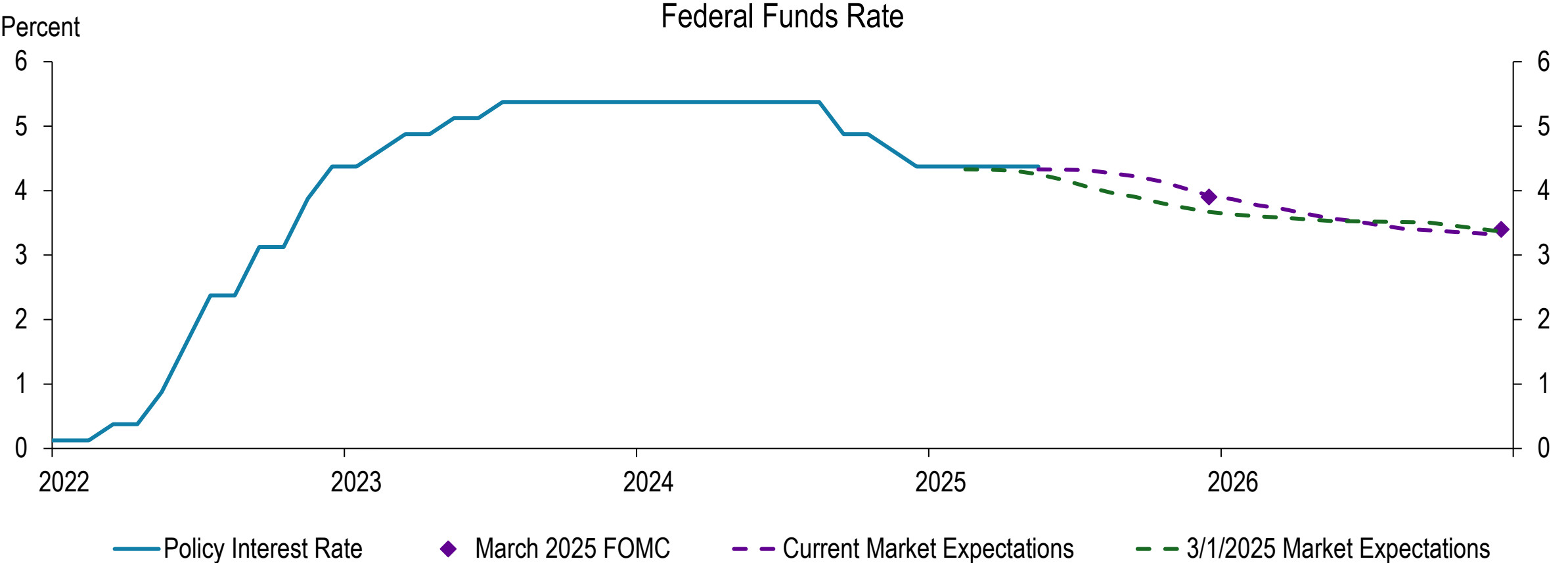
The most recent data suggests inflation is on track to hit target...



...but both market and household inflation expectations remain elevated.



Rate path expectations remain stable.



Sources: Federal Reserve Board, Chicago Board of Trade, Haver Analytics

Thank you!

KC Fed Research



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Resources from the Kansas City Fed's Economic Research Department

- [Charting the Economy](#)
Timely economic content curated by research staff at the Federal Reserve Bank of Kansas City.
- [Labor Market Conditions Indicators](#)
Two monthly measures of labor market conditions based on 24 labor market variables.
- [Kansas City Financial Stress Index](#)
A monthly measure of stress in the U.S. financial system based on 11 financial market variables.

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