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Weekly Market Commentary



NABE 2025 Recap: What's on Economists' Minds

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Earlier this month, we attended the annual meeting for the National Association for Business Economics (NABE). The conference offered perspectives from a variety of speakers, including corporate executives, professional economists, and central bankers, most notably Federal Reserve Chair, Jerome Powell, and Federal Reserve Bank of Philadelphia President and CEO, Anna Paulson. The agenda covered a wide array of macroeconomic topics, ranging from the impact of tariffs to the state of the labor market to the federal budget. Below, we offer some key takeaways from the event:

On tariffs: The overwhelming consensus from conference participants was that the projected impact of tariffs on inflation has largely been overblown, conveying estimates of a modest ($< 0.5\%$) one-time increase to inflation rather than a larger or more structural increase. Participants noted that businesses have many links in their supply chains where tariffs can be absorbed or deflected, and that many firms may ultimately choose to squeeze their own profits or those of their suppliers rather than pass along full price increases to consumers. This view was reiterated in remarks from Powell and Paulson when providing context to the Fed's current pursuit of monetary easing, noting that monetary policy should "look through" the current inflationary impact of tariffs and that projections for long-run inflation are consistent with the central bank's long-term goal.

The bigger issue with tariffs, from the participants' perspective, is the uncertainty with which the current administration conducts its trade policy. It was noted that many estimates of business uncertainty are at historical highs, as the lack of forward guidance around corporations' operating environment has led to delayed business investment and has likely contributed to the current "low hire/low fire" dynamic of the labor market.

On the labor market (and immigration): The topic of labor market conditions made its way into several of the conversations held during the conference, with a particular focus on the incremental weakening of conditions over recent months. In addition to the effect of tariffs (noted above), the impact of the immigration policy was frequently mentioned as a significant contributor to the sharp decline in labor force growth. In particular, Chair Powell commented that current immigration policy is "more restrictive than expected", and that the economy is only beginning to see the full impact of the policy. To that end, he and Paulson commented that the breakeven rate of job growth moving forward is likely to be much lower than the 70k to 100k rate observed prior to the pandemic. This, of course, is likely to influence economic growth, with NABE economists projecting a drag on GDP of 0-0.5% due to reduced immigration.

On the federal budget: Unsurprisingly, discussions around the federal budget were largely pessimistic in nature. Participants cited demographic trends (specifically an aging population) and higher interest rates as factors likely to contribute to an increasing fiscal deficit moving forward and noted a pervasive unwillingness in Congress to take action to address the budget. [We have previously written about many of these topics.](#) Participants were also skeptical that the impact of artificial intelligence will allow the US to "grow its way" out of this problem, instead predicting that it will take an economic or market crisis to force Washington's hand to address the deficit.

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