

Economic Update, December 12, 2025

Submitted by Michael Mount

Summary:

The Federal Reserve decreased its interest rate by 0.25 percent as expected, while projecting inflation-adjusted GDP growth of about 2 percent. The Conference Board's leading economic index continues to signal slow economic growth. Private employers shed 32,000 jobs in November, and initial claims for unemployment insurance ticked up. Although small businesses complained about the lack of qualified workers, their optimism improved somewhat. The trade deficit decreased by \$6.4 billion from \$59.3 billion in August.

Federal Government Indicators and Reports:

Bureau of Labor Statistics

Tuesday, [Job Openings and Labor Turnover](#): "The number and rate of job openings were unchanged at 7.7 million and 4.6 percent, respectively, in October. . . . The number and rate of total separations were little changed at 5.1 million and 3.2 percent, respectively."

Wednesday, [Employment Cost](#): "Compensation costs for civilian workers increased 0.8 percent, seasonally adjusted, for the 3-month period ending in September 2025. . . . Wages and salaries increased 0.8 percent and benefit costs increased 0.8 percent from June 2025."

Department of Labor

Thursday, [Initial Claims](#): "In the week ending December 6, the advance figure for seasonally adjusted initial claims was 236,000, an increase of 44,000 from the previous week's revised level."

U.S. Census

Thursday, [International Trade](#): "The goods and services deficit was \$52.8 billion in September, down \$6.4 billion from \$59.3 billion in August, revised."

Economic Indicators and Confidence:

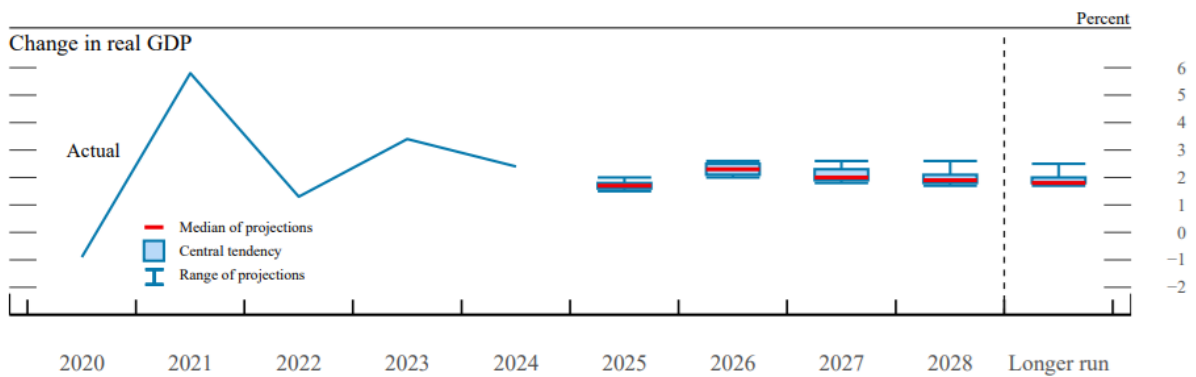
Federal Reserve

Monday, [Inflation Expectations](#): "Median inflation expectations in November remained unchanged at the one-year-ahead horizon (3.2 percent) and remained steady at the three-year and five-year-ahead horizons (3.0 percent)."

Wednesday, [Interest Rate Decision](#): "Available indicators suggest that economic activity has been expanding at a moderate pace. Job gains have slowed this year, and the unemployment rate has edged up through September. . . . The Committee decided to lower the target range for the federal funds rate by 1/4 percentage point to 3-1/2 to 3-3/4 percent."

Wednesday, [Economic Projections](#): Federal Open Market Committee (FOMC) participant project inflation-adjusted GDP growth of about 2 percent in the long run.

Figure 1. Medians, central tendencies, and ranges of economic projections, 2025–28 and over the longer run



National Federation of Independent Business

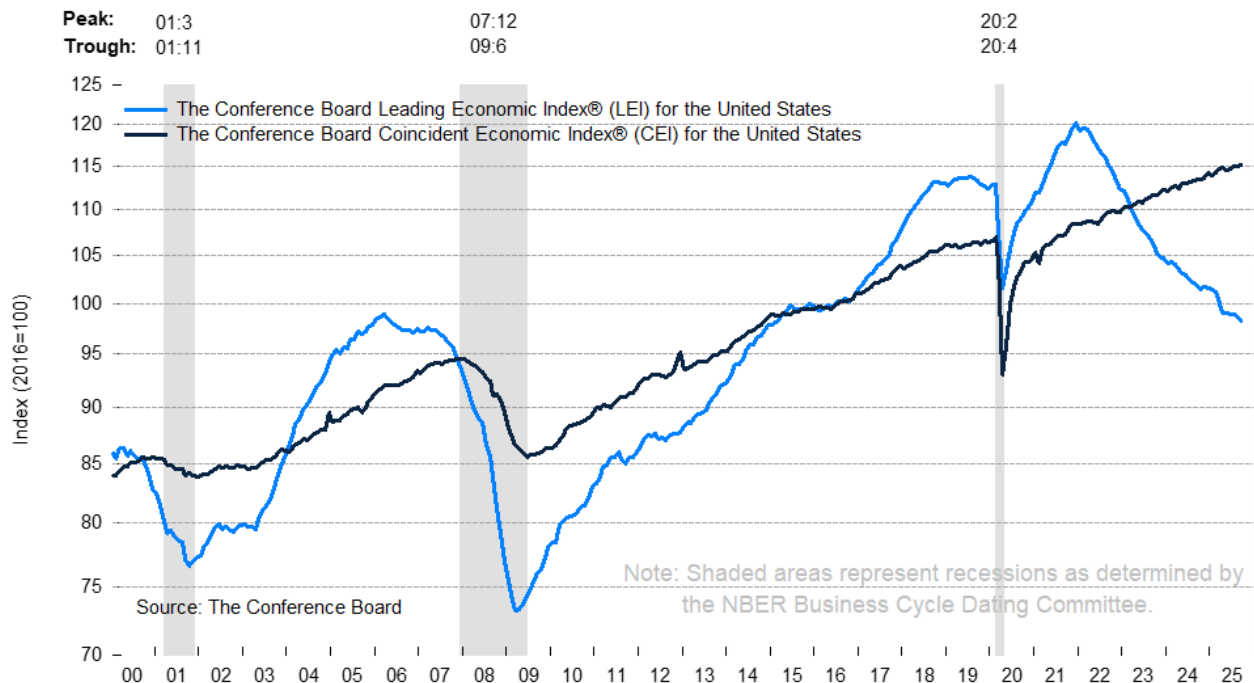
Tuesday, [Small Business Optimism](#): The index “rose 0.8 points in November to 99.0 and remained above its 52-year average of 98. . . . ‘Although optimism increased, small business owners are still frustrated by the lack of qualified workers,’ said National Federation of Independent Business Chief Economist Bill Dunkelberg. ‘Despite this, more firms still plan to create new jobs in the near future.’”

ADP

Tuesday, [Private Employment](#): “Private employers shed 32,000 jobs in November. Job creation has been flat during the second half of 2025 and pay growth has been on a downward trend. November hiring was particularly weak in manufacturing, professional and business services, information, and construction.”

The Conference Board

Tuesday, [Leading Index](#): The index “declined by 0.3 percent in September 2025 to 98.3, after also declining by 0.3 percent in August. . . . ‘Weakening expectations from consumers and businesses led the overall contraction in the Index.’”



University of Michigan

Friday, [Consumer Sentiment](#): “Consumer sentiment lifted 2.3 index points in early December. . . . Overall, while views of current conditions were little changed, expectations improved . . .”

Mortgages and Housing Markets:

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications increased 4.8 percent from one week earlier. . . . The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$806,500 or less) increased to 6.33 percent from 6.32 percent. . . . The average contract interest rate for 15-year fixed-rate mortgages decreased to 5.71 percent from 5.73 percent. . . .”