

WEEKLY COMMENTARY

US Economy: Finding Our Way Through the Fog

By Francis Généreux, Principal Economist

The monthlong US government shutdown has led to a blackout of critical data that’s interfering with our assessment of US economic conditions. One obvious reason is that indicators usually published by the US federal government haven’t been released, which is also affecting data from other sources. Aside from the consumer price index report for September, which was published specifically for legal reasons related to the Social Security program, the most recent important data released by the federal government was household income and spending for August, which was published at the end of September.

For economists, and everyone who needs to know how the American economy is doing, the lack of data is frustrating. But that’s nothing compared to the shutdown’s wider impact. The direct consequences for many Americans are much more serious—and they’re really starting to bite. Around 900,000 federal employees are going without pay. Unlike previous shutdowns, there’s greater uncertainty about whether furloughed employees will receive retroactive pay. In addition, some public servants are facing the Trump administration’s threat of permanent layoffs. Others are currently required to work without pay, which may be affecting their productivity. The media is reporting increased absenteeism in certain jobs. According to [Reuters](#), around 13,000 air traffic controllers and 50,000 TSA agents have had to continue working without pay, and increased absences delayed more than 8,000 flights in the United States last Sunday. We expect certain federal programs will soon be affected, particularly SNAP benefits (food assistance for low-income families), which will likely run out of funding on November 1.

The shutdown will certainly have direct repercussions on the economy. According to the [Congressional Budget Office \(CBO\)](#), most of them are temporary, but their impact will increase the longer the shutdown lasts. The CBO estimated that a four-week shutdown would shave a full percentage point off annualized real GDP growth in the fourth quarter of 2025. This decline would increase to 1.5 points if the stalemate lasts for six weeks, and 2.0 points if it lasts for eight weeks. However, the CBO’s scenarios suggest economic activity in the first quarter of 2026 could be boosted by a rebound in spending once the shutdown is resolved. It nevertheless pointed out that all of these estimates involve considerable uncertainty.

This uncertainty is compounded by the current murky state of affairs. Fed Chair Jerome Powell described it as “driving in the fog” in this week’s press conference. “What do you do if you’re driving in the fog? You slow down,” he said. The growing lack of clarity around the US economy could prompt investors and businesses to act more cautiously, or even delay key decisions, which may slow growth.

Normally, job creation data for October would be released next Friday, but the official numbers for September still haven’t been published. Third-quarter real GDP also hasn’t been released, and neither were the household income and consumer spending figures for September. Data on orders, sales and private inventory investment is also unavailable. Although analysts and investors have been paying close attention to trade policy, the most recent comprehensive data on imports and exports, including detailed information on tariff inflows, is from July.

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The lack of essential data like this presents a significant challenge. In addition, the shutdown may even prevent the collection of the data used to compile these indicators. The White House has already said that the October consumer price index may not be released.

So that’s what we don’t know about the economy. But what do we know? Other indicators that aren’t produced by the federal government give us some idea of current economic trends.

The Job Market

Monthly job creation data is probably the indicator that’s most closely watched by analysts and the market. While we’ve seen a slowdown in hiring over the past few months, the data blackout has come at a particularly bad time. However, a few alternative sources of data are available. First, there are weekly unemployment claims. The shutdown has prevented the federal government from releasing national data. But we can figure it out by compiling the data for each state. The most recent figures (for the week ending October 18) aren’t far off the average for the period since August (graph 1). Payroll firm ADP has just started releasing a preliminary estimate of its employment indicator on a weekly basis. According to the estimate, 14,250 jobs were created in the four weeks ending October 11. That’s low, but it isn’t a big shift from the monthly loss of 32,000 jobs in September. Data from Indeed.com shows that job openings edged down over the past month, in keeping with the prevailing trend of recent years. All things considered, it looks like the labour market remains sluggish, but it’s not getting much worse. That said, the effects of layoffs early this year and the indirect consequences of the government shutdown could significantly affect October’s employment figures. Furthermore, big businesses have recently announced job cuts, which we’ll need to keep an eye on, especially through indicators such as the Challenger Job Cut Report. The October print of this report will be published next Thursday.

Prices

Due to a legal obligation, the Bureau of Labor Statistics released September consumer price index data despite the lack of funding. It showed that inflation remained above the Fed’s 2% target. The impact of tariffs is increasingly being felt in goods prices, but service prices are slowing. Without data on producer prices and import/export costs, it’s difficult to evaluate how tariffs are influencing inflationary pressures for businesses. In August, the sharp drop in the trade component of producer prices suggested that businesses were still absorbing most of the cost of tariffs rather than passing it on to consumers. It would be especially frustrating if, at this critical juncture, the shutdown prevents comprehensive inflation figures for October from ever being released.

International Trade

Official final data on US exports and the trade balance haven’t been released since July. Preliminary data for August showed a 1.3% drop in goods exports and a 7% plunge in goods imports. So it seems like trade remains highly volatile, as observed in the first half of 2025.

As for tariffs, we don’t have access to detailed data by imported product and by country of origin for tariffed goods after July. That said, the US Treasury reported tariff revenues of US\$30.5B in September—nearly matching August’s US\$30.1B and exceeding the US\$28.4B collected in July. It appears tariff inflows continue to grow, but the pace of acceleration has largely stalled.

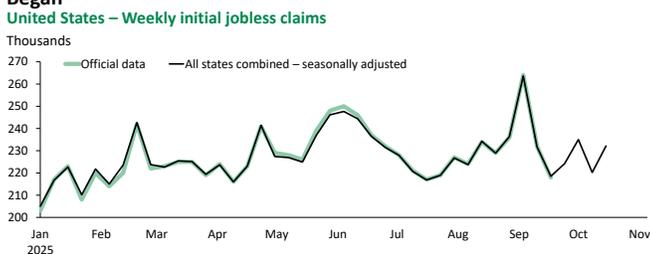
Retail Sales and Consumer Spending

A few indicators can give us an idea of how retail sales have been trending since August, the last time data was released by the Census Bureau. These indicators are generally imperfect and cover only a portion of retail sales transactions. Visa’s Spending Momentum Index, among other indicators, suggests consumer discretionary spending went up slightly in September, but non-discretionary spending went down. The Federal Reserve Bank of Chicago publishes a weekly retail trade summary, which showed fairly strong growth for September (graph 2 on page 2).

Residential Real Estate

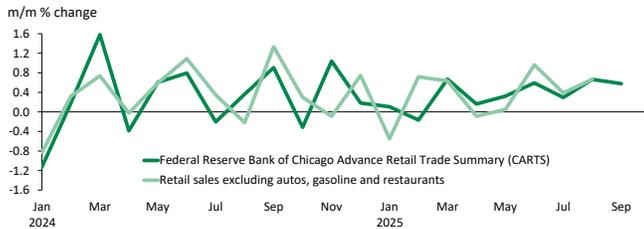
The US housing sector appears to be at a turning point. Existing home sales have struggled for the past few months, while residential investment has trended downwards for several quarters now. Resale prices fell for five consecutive months before rising in August. We don’t have data on housing starts or

Graph 1
Unemployment Claims Haven’t Changed Much Since the Shutdown Began



Employment and Training Administration, Datastream and Desjardins Economic Studies

Graph 2
US Retail Sales Appear to Have Remained Robust in September



Federal Reserve Bank of Chicago, U.S. Census Bureau and Desjardins Economic Studies

new home sales after August. But existing home sales jumped 1.5% in September, extending the seesaw pattern observed since the end of 2024. Mortgage applications have nevertheless slowed in recent weeks. Overall, despite the drop in mortgage rates since the summer, the housing market's direction remains uncertain.

Consumer Confidence and Business Surveys

The major confidence indexes haven't been affected by the shutdown since none of them are produced by the federal government. In general, the October figures show that consumer sentiment has faded slightly. This is in line with our forecast for more subdued increases in real consumer spending after a few months of surprisingly strong growth in the United States. The government shutdown apparently hasn't had much of an impact this time. According to the University of Michigan survey, "There was little evidence this month that consumers connect the federal government shutdown to the economy. Only about 2% spontaneously referenced the shutdown during this month's interviews, compared with the 10% of consumers who did so in January 2019." The report also stated that "inflation and high prices remain at the forefront of consumers' minds."

Meanwhile, business surveys show that the manufacturing sector has stalled, with concerns about the negative impact of tariffs outweighing the potential benefits highlighted by the Trump administration. As for services, the ISM index fell to 50.0 in September, which is exactly the breakeven point between an expansion and contraction of activity.

ISM data for October will be released next week, so we'll see which direction the services sector is heading. The University of Michigan will also be publishing its preliminary November data on consumer sentiment.

Despite the Fog, US Economic Growth Appears to Be Holding Firm

Based on this information, it appears that growth remains stable in the United States. There haven't been any radical shifts. A dramatic collapse in confidence or a steep jump in weekly unemployment claims would be the first signs of a downturn. That said, given the direct impact of the government shutdown, we expect more moderate real GDP growth in the fourth quarter and are maintaining our estimate of around 3% growth in the third quarter. The AI boom, and its role in driving business investment, has clearly been a key contributor to growth so far this year. Whether AI will continue to power both economic growth and the stock market rally—which also appears to be lifting investor and consumer sentiment—remains to be seen.

Even though we're "driving in the fog," the US economy appears to be moving along a straight path—for now.

What to Watch For

MONDAY November 3 - 10:00

October

Consensus 49.4

Desjardins 49.6

September 49.1

WEDNESDAY November 5 - 10:00

October

Consensus 50.7

Desjardins 49.8

September 50.0

FRIDAY November 7 - 10:00

November

Consensus 53.0

Desjardins 53.0

October 53.6

FRIDAY November 7 - 15:30

September US\$B

Consensus 11.000

Desjardins 12.000

August 0.363

UNITED STATES

*** Due to the federal government shutdown in the United States, some indicators may not be released as scheduled.**

ISM Manufacturing index (October) – The ISM Manufacturing index improved slightly in September but remained below 50. Once again, comments published alongside the index repeatedly referred to the disruption caused by the Trump administration’s tariff hikes. The ISM Manufacturing index likely rose again in October. Regional data published to date has been quite mixed, but the picture is positive overall. Look for the ISM Manufacturing index to advance to 49.6. We’ll need to keep a close eye on the different components, especially employment, which has edged up in recent months.

ISM Services index (October) – In September, the ISM Services index fell to exactly 50, the boundary between an expansion and a contraction of non-manufacturing activity. Regional business surveys and consumer confidence indexes point to a further decline in the national index. The government shutdown could also negatively affect some businesses. We therefore expect the index to inch down to 49.8.

University of Michigan consumer sentiment index (November – preliminary) – Consumer sentiment as measured by the University of Michigan index declined again in October. The situation also worsened during the month, with the final print (53.6) coming in lower than the preliminary result (55.0). This can be a sign of a negative reading the following month. The government shutdown appeared to make little impression on October’s print, but the continued deadlock could have a more noticeable impact on November’s reading. That said, consumers likely welcomed the stock market’s strength since mid-October, cheaper gasoline and lower mortgage rates. All told, we expect confidence to dip slightly again in November.

Consumer credit (September) – Consumer credit slowed in August. Growth was affected by a decrease in revolving credit (lines of credit and credit cards), while term credit proved more stable. However, based on weekly banking credit data, consumer credit likely rebounded in September. We also saw an increase in motor vehicle sales during the month, and some data (in the absence of indicators provided by the federal government) are showing solid momentum in other components of consumption. We expect consumer credit to have increased by nearly US\$12B.

FRIDAY November 7 - 8:30

October	
Consensus	-20,000
Desjardins	10,000
September	60,400

CANADA

Net change in employment (October) – Following a strong headline release in September, the ever-volatile Labour Force Survey remains capable of surprising. However, with no clear signals for October, we anticipate a modest expansion in the Canadian labour market, with roughly 10,000 jobs added. Given ongoing trends in population growth and participation rates, this should leave the headline unemployment rate unchanged at 7.1%. September’s report helped ease concerns around the core working-age population (25–54), as the jobless rate in this group ticked down after a late-summer spike. The manufacturing sector also saw a notable rebound, with employment returning to 2024 levels. Wage growth came in slightly hotter last month but remained within a range consistent with normalization toward pre-pandemic levels. We expect this trend to continue as underlying inflationary pressures ease. We’ll be closely monitoring for any signs that the weakness seen in trade-exposed sectors has spread to other parts of the economy. While there were several labour disputes across the country in October, these disruptions are more likely to have impacted hours worked than employment levels.

SATURDAY November 9 - 20:30

October	y/y
Consensus	n/a
September	-0.3%

OVERSEAS

China: Consumer price index (October) – Inflation in China could remain in negative territory in October. Ongoing weakness in food prices—especially pork—continues to drag down the headline index. The stimulus measures enacted by the authorities, including lower interest rates, support for the property sector and consumer incentives, have yet to generate a sharp recovery in prices and domestic demand. In this environment, China continues to face deflationary pressure, which could prompt the government to step up its efforts to stabilize growth and avoid a prolonged slump. The potential new trade deal between China and the United States, announced this week, could also boost growth in the coming quarters.

Economic Indicators

Week of November 3 to 7, 2025

Day	Time	Indicator	Period	Consensus		Previous reading
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UNITED STATES

* Due to the federal government shutdown in the United States, some indicators may not be released as scheduled.

MONDAY 3	10:00	Construction spending (m/m)	Sep.	n/a	n/a	n/a
	10:00	ISM Manufacturing index	Oct.	49.4	49.6	49.1
	14:00	Speech by Federal Reserve Governor L. Cook				
	---	Total vehicle sales (ann. rate)	Oct.	15,500,000	15,250,000	16,390,000
TUESDAY 4	6:35	Speech by Federal Reserve Vice Chair M. Bowman				
	8:30	Trade balance – Goods and services (US\$B)	Sep.	n/a	n/a	n/a
	10:00	Factory orders (m/m)	Sep.	n/a	n/a	n/a
WEDNESDAY 5	10:00	ISM Services index	Oct.	50.7	49.8	50.0
THURSDAY 6	8:30	Initial unemployment claims	Oct. 27–31	225,000	n/a	n/a
	8:30	Nonfarm productivity – preliminary (ann. rate)	Q3	4.0%	n/a	3.3%
	8:30	Unit labor costs – preliminary (ann. rate)	Q3	0.8%	n/a	1.0%
	10:00	Wholesale inventories – final (m/m)	Sep.	n/a	n/a	n/a
	11:00	Speech by Federal Reserve Vice Chair M. Barr				
	12:00	Speech by Federal Reserve Bank of Cleveland President B. Hammack				
	15:30	Speech by Federal Reserve Governor C. Waller				
17:30	Speech by Federal Reserve Bank of St. Louis President A. Musalem					
FRIDAY 7	8:30	Change in nonfarm payrolls	Oct.	n/a	n/a	n/a
	8:30	Unemployment rate	Oct.	n/a	n/a	n/a
	8:30	Average weekly hours	Oct.	n/a	n/a	n/a
	8:30	Average hourly earnings (m/m)	Oct.	n/a	n/a	n/a
	10:00	University of Michigan consumer sentiment index – prel.	Nov.	53.0	53.0	53.6
	15:00	Speech by Federal Reserve Governor S. Miran				
	15:00	Consumer credit (US\$B)	Sep.	11.000	12.000	0.363

CANADA

* Due to the federal government shutdown in the United States, some indicators may not be released as scheduled.

MONDAY 3	13:30	Speech by Bank of Canada Governor T. Macklem				
TUESDAY 4	8:30	International trade (\$B)	Sep.	n/a	n/a	-6.32
	---	2025 Federal Budget				
WEDNESDAY 5	---	---				
THURSDAY 6	---	Government of Ontario's 2025 Economic and Fiscal Update				
FRIDAY 7	8:30	Net change in employment	Oct.	-20,000	10,000	60,400
	8:30	Unemployment rate	Oct.	7.2%	7.1%	7.1%

Note: Each week, Desjardins Economic Studies takes part in the Bloomberg survey for Canada and the United States. Approximately 15 economists are consulted for the Canadian survey and a hundred or so for the United States. The abbreviations m/m, q/q and y/y correspond to month-over-month, quarter-over-quarter and year-over-year change respectively. Following the quarter, the abbreviations f, s and t correspond to first estimate, second estimate and third estimate respectively. Times shown are Eastern Standard Time (GMT -5 hours).  Desjardins Economic Studies forecast.

Economic Indicators

Week of November 3 to 7, 2025

Country	Time	Indicator	Period	Consensus		Previous reading		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
OVERSEAS								
DURING THE WEEK								
China	---	Trade balance (US\$B)	Oct.	95.60		90.45		
MONDAY 3								
Italy	3:45	Manufacturing PMI	Oct.	49.3		49.0		
France	3:50	Manufacturing PMI – final	Oct.	48.3		48.3		
Germany	3:55	Manufacturing PMI – final	Oct.	49.6		49.6		
Eurozone	4:00	Manufacturing PMI – final	Oct.	50.0		50.0		
United Kingdom	4:30	Manufacturing PMI – final	Oct.	49.6		49.6		
Australia	22:30	Reserve Bank of Australia meeting	Nov.	3.60%		3.60%		
TUESDAY 4								
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WEDNESDAY 5								
Germany	2:00	Factory orders	Sep.	1.0%	-3.9%	-0.8%	1.5%	
France	2:45	Industrial production	Sep.	0.1%	0.7%	-0.7%	0.4%	
Sweden	3:30	Bank of Sweden meeting	Nov.	1.75%		1.75%		
Italy	3:45	Composite PMI	Oct.	52.2		51.7		
Italy	3:45	Services PMI	Oct.	53.0		52.5		
France	3:50	Composite PMI – final	Oct.	46.8		46.8		
France	3:50	Services PMI – final	Oct.	47.1		47.1		
Germany	3:55	Composite PMI – final	Oct.	53.8		53.8		
Germany	3:55	Services PMI – final	Oct.	54.5		54.5		
Eurozone	4:00	Composite PMI – final	Oct.	52.2		52.2		
Eurozone	4:00	Services PMI – final	Oct.	52.6		52.6		
Italy	4:00	Retail sales	Sep.	n/a	n/a	-0.1%	0.5%	
United Kingdom	4:30	Composite PMI – final	Oct.	51.1		51.1		
United Kingdom	4:30	Services PMI – final	Oct.	51.1		51.1		
Eurozone	5:00	Producer price index	Sep.	-0.1%	-0.2%	-0.3%	-0.6%	
Brazil	16:30	Central Bank of Brazil meeting	Nov.	15.00%		15.00%		
THURSDAY 6								
Germany	2:00	Industrial production	Sep.	3.0%	0.1%	-4.3%	-3.9%	
Norway	4:00	Bank of Norway meeting	Nov.	4.00%		4.00%		
Eurozone	5:00	Retail sales	Sep.	0.2%	1.0%	0.1%	1.0%	
United Kingdom	7:00	Bank of England meeting	Nov.	4.00%		4.00%		
Mexico	14:00	Bank of Mexico meeting	Nov.	7.25%		7.50%		
FRIDAY 7								
Germany	2:00	Trade balance (€B)	Sep.	16.9		17.2		
France	2:45	Trade balance (€M)	Sep.	n/a		-5,529		
France	2:45	Current account (€B)	Sep.	n/a		1.5		
France	2:45	Wages – preliminary	Q3	n/a		0.5%		
SATURDAY 8								
China	20:30	Consumer price index	Oct.		n/a		-0.3%	
China	20:30	Producer price index	Oct.		n/a		-2.3%	

Note: Unlike release times for US and Canadian economic data, release times for overseas economic data are approximate. Publication dates are provided for information only. The abbreviations m/m, q/q and y/y correspond to month-over-month, quarter-over-quarter and year-over-year change respectively. Following the quarter, the abbreviations f, s and t correspond to first estimate, second estimate and third estimate respectively. Times shown are Eastern Standard Time (GMT -5 hours).