

US Economic Crossroads: Navigating Market Trends, Inflation, and Policy Shifts

US Economy · Answer Key · 12 Questions

1. According to projections, what is the anticipated trend for U.S. GDP growth in 2025, compared to 2024?

- A) Significant acceleration
- B) Moderate deceleration**
- C) Stagnation with negative growth
- D) Consistent high-level growth

2. What is a commonly projected trend for the U.S. unemployment rate through late 2027, according to CBO projections?

- A) A gradual decrease
- B) Stabilization at current low levels
- C) A projected increase**
- D) A sharp decline followed by a rise

3. Which sector is expected to drive significant growth in the U.S. real estate market in 2025, despite broader market uncertainties?

- A) Office buildings
- B) Retail spaces
- C) Data centers**
- D) Residential single-family homes

4. What is a projected impact of potential new tariffs on the U.S. economy in 2025, according to some analyses?

- A) A decrease in inflation and increased consumer spending
- B) Higher inflation and dampening of economic activity**
- C) A boost in export competitiveness and reduced trade deficits
- D) Minimal impact on consumer prices and supply chains

5. How are corporate earnings for the S&P 500 projected to perform in 2025, compared to 2024?

- A) Significant decline due to multiple contractions
- B) Steady decline as market multiples contract
- C) Continued strong growth, driven more by earnings than multiple expansion**
- D) Flat growth as a result of increased regulatory burdens

6. What is a key factor contributing to the projected slowdown in U.S. consumer spending growth in 2025 compared to 2024?

- A) A significant decrease in disposable income
- B) A rapid decline in the labor force participation rate
- C) Cooling labor markets, tariff-induced inflation, and policy uncertainty**
- D) A substantial drop in confidence in the housing market

7. Which of the following is a projected trend for U.S. Treasury yields in 2025, considering factors like inflation and Fed policy?

- A) A consistent and sharp decline across all maturities
- B) Stabilization or a slight decrease, with long-term rates remaining elevated compared to historical lows**
- C) A significant increase driven by reduced government spending
- D) A sharp rise due to anticipated aggressive Fed rate hikes

8. According to projections, what is the expected trajectory for U.S. inflation (PCE price index) in the second half of 2025?

- A) A continued rise above 3.5%
- B) A moderation towards the Federal Reserve's 2.0% goal**
- C) Stabilization around 3.0% with no further decline expected
- D) A significant increase driven by strong consumer demand

9. How is the U.S. housing market expected to perform in 2025, considering factors like mortgage rates and affordability?

- A) A significant boom with rapidly increasing home prices nationwide
- B) A modest recovery, with continued affordability challenges and varied regional performance**
- C) A sharp downturn due to persistently high mortgage rates and declining demand
- D) A surge in new construction that significantly lowers median home prices

10. What is a key takeaway regarding market returns in U.S. midterm election years, based on historical data?

- A) Market returns are typically very strong and consistent.
- B) Market returns tend to be muted in midterm years, with volatility often elevated.**
- C) Midterm elections have no discernible impact on market returns.
- D) Markets consistently decline in the months leading up to midterm elections.

11. Which of the following is a projected trend for U.S. international trade policy in 2025, particularly concerning tariffs?

A) A broad move towards trade liberalization and reduction of tariffs.

B) Increased tariffs and a more transactional, industry-specific approach, especially for China.

C) A focus on multilateral trade agreements with minimal use of tariffs.

D) A significant decrease in tariffs on all imported goods to stimulate domestic consumption.

12. What is the projected impact of potential policy changes, such as increased tariffs, on U.S. GDP growth in 2025, according to some analyses?

A) A significant boost to GDP growth through increased exports.

B) A modest drag on real GDP growth.

C) A neutral effect with tailwinds and headwinds roughly offsetting.

D) A substantial increase in GDP due to higher government spending.