

Apr 04, 23:37

Harriet Clarfelt in New York

JPMorgan expects US to contract in 2025 in reversal of previous growth forecast

JPMorgan expects the US economy to contract this year, in an abrupt reversal of their previous forecast for growth, after Donald Trump announced further tariffs in an effort to upend the international trading order.

The bank's economists on Friday afternoon said they expected "real" GDP — adjusted for inflation — to "contract under the weight of the tariffs", falling 0.3 per cent this year. They had previously forecast growth of 1.3 per cent.

The economists also warned of a sharp rise in the unemployment rate to 5.3 per cent. Data on Friday from the Bureau of Labor Statistics put the rate in March at 4.2 per cent.