

**Goldman Sachs**  
**Jan Hatzius, Goldman Sachs' chief economist, on 2025**  
**US Outlook**  
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**Jan Hatzius:** We see several strong tailwinds pointing to solid US growth in 2025, but with one key risk. Our baseline forecast is 2.5% growth – well above consensus. We expect the Fed to continue cutting rates in 2025. Core inflation has fallen from almost 6% to under 3%, and is probably on its way toward 2% over the next couple of years. The biggest risk to our outlook is just how much of a tariff increase the Trump administration will impose. We're expecting, with a fairly high degree of confidence, a substantial increase in tariffs on China. We're also expecting auto tariffs on Europe and on Mexico. The questions that people are asking are: Is there going to be a broader across-the-board tariff? In our baseline, tariffs will delay the disinflation back to 2% moderately. But in our risk case of a 10% across-the-board tariff, we'll actually get a reacceleration in inflation to 3%-plus, at least for a period of time. We also think it would have a more significant impact on growth, of something like a percentage point. Again, this is our risk case. We see the US economy continuing to grow solidly in 2025.

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