



The Week Ahead

September 29 – October 03, 2025

U.S. Labor Market Outlook: Signs of a Slowdown

The U.S. labor market is clearly losing momentum. The unemployment rate has risen to 4.3% in August 2025, up from 4.0% at the start of the year and above its long-term average of 5.67% only because of sustained growth in prior decades. Monthly job creation has been weak and inconsistent since only 22,000 jobs were added in August (lower than any month in last year of Biden Administration), well below expectations and following several months of downward revisions. Broader measures such as the U-6 underemployment rate are climbing toward 8.2%, indicating not just job losses but also an increase in part-time or marginal employment. Slowing business confidence, weaker investment, and immigration restrictions such as the \$100,000 H-1B visa fee are all contributing to this softer trend, particularly in technology, healthcare, and research sectors that have historically fuelled productivity.

Against this backdrop, the Federal Reserve has begun to ease policy after an extended tightening cycle. In September it lowered the federal funds target range by 0.25 percentage points to 4.25% from 4.50%, citing clear labor market softening as the main driver of the move. Market expectations and analyst forecasts suggest that the Fed could deliver one or two additional cuts if unemployment continues to rise above 4.3% and job creation remains subdued. By reducing rates to 4.25% or lower, the Fed aims to support consumption and investment and keep financial conditions from tightening excessively as hiring cools. However, policymakers are trading carefully: inflation remains near 3% and the Fed wants to avoid reigniting price pressures even while acting to stabilise employment.

Financial markets are already reacting to this new mix of weaker labor data and easier policy. Treasury yields have drifted lower in anticipation of further Fed cuts, and the U.S. dollar has softened, as investors expect a narrowing of the interest-rate gap with other major economies. This could provide some relief to U.S. exporters but may also lead to capital outflows toward higher-yielding or faster-growing regions such as Canada and parts of Asia. If the Fed follows through with additional cuts while growth remains weak, the dollar could decline further, affecting global funding costs and investment flows.

EU Economic Sentiment

Economic confidence across the euro area is weak but relatively stable. The Economic Sentiment Indicator (ESI) fell slightly in August 2025 to 95.2, below both market expectations (96) and its long-term average of 100. This modest decline reflects softer confidence in services, construction, and consumers, while retail and industry showed small improvements.

Regionally, Spain saw the sharpest drop (-2.6 points), while Germany and Italy posted mild declines (-1.0), France was flat, and the Netherlands improved significantly (+3.5). Consumer confidence remains deeply negative at -14.9 but has improved slightly compared to earlier in the year, helped by stabilising inflation and a resilient labor market.

McKinsey's latest ConsumerWise survey confirms this mixed but relatively steady picture: most consumers across the EU-5 (France, Germany, Italy, Spain, UK) report cautious optimism, with spending intentions broadly holding steady heading into the holiday season. Inflation remains the top concern, but its impact has softened as eurozone price pressures cool, especially in Germany and France. Younger consumers remain more willing to spend on discretionary categories, while older groups are still focused on essentials and occasional travel or dining. Importantly, "trading down", choosing cheaper brands or smaller quantities remains widespread, suggesting value sensitivity is entrenched even as headline inflation eases.

Economic Calendar

Monday

- CN: Manufacturing PMI
- US: Pending Home Sales (MoM) (Aug)
- EU: Economic Sentiment

Tuesday

- US: CB Consumer Confidence (Sep)
- US: JOLTS Job Openings
- AU: RBA Interest Rate Decision (Sep)

Wednesday

- US: S&P Global manufacturing PMI data
- EU: CPI (YoY) (Sep)

Thursday

- JA: Household Confidence
- US: Initial Jobless Claims
- EU: ECB's De Guindos Speaks
- ES: Spanish Unemployment Change (Sep)

Friday

- EU: Services PMI (Sep)
- US: Unemployment Rate (Sep)
- IN: Foreign Exchange Reserves

Importance Level: Low ● Medium ● High ●

Civilian unemployment rate, seasonally adjusted

Click and drag within the chart to zoom in on time periods





The Week Prior

September 22 – September 26, 2025

The Economic Implications of the \$100,000 H-1B Visa Fee

The recent decision by President Donald Trump to impose a \$100,000 fee on new H-1B visa applications represents a profound shift in United States immigration and labor market policy. The H-1B programme has historically served as a vital channel for highly skilled international workers, particularly in technology, healthcare, and advanced research. Raising the cost of sponsorship nearly tenfold; from approximately \$10,000 to \$100,000 per applicant. This fundamentally alters the economics of talent acquisition. This measure, aimed at encouraging firms to prioritise domestic workers, is likely to generate significant consequences for U.S. competitiveness, innovation capacity, and global talent flows.



Economic Impact on the U.S

The new fee is expected to disproportionately affect small and mid-sized enterprises that depend on access to global talent but lack the resources to absorb substantial additional hiring costs. While large technology companies such as Amazon, Google, and Microsoft are frequent users of the H-1B system, many of their sponsored roles fall below the salary levels necessary to justify the new expenditure. Healthcare providers and educational institutions are already sectors which experiencing skills shortages and cannot sustain these costs, risking further constraints on critical services. Analysts have already revised down U.S. growth forecasts; Berenberg Bank, for instance, has lowered its 2025 GDP outlook from 2% to 1.5%, citing this and other restrictive economic measures. Over time, reduced inflows of skilled migrants threaten to suppress productivity growth and erode the dynamism of the American labor market.

The policy is also expected to accelerate offshoring and global redistribution of research and development functions. Firms unable to economically justify H-1B sponsorship are likely to expand engineering, analytics, and innovation hubs abroad, particularly in countries with more accommodating immigration regimes. Analysis of H-1B salary data shows that fewer than five percent of roles currently pay enough to offset the new costs, making overseas recruitment more viable. Such structural adjustments risk diminishing the United States' technology ecosystem, narrowing its tax base, and weakening long-term competitiveness in high-growth sectors such as artificial intelligence, life sciences, and advanced manufacturing.

International and United Kingdom Implications

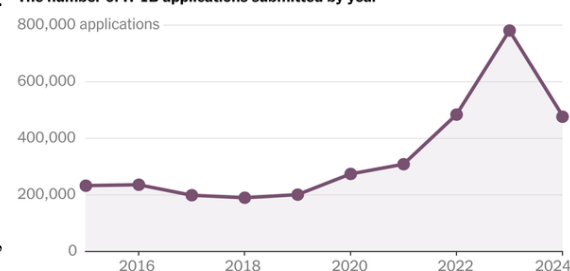
The global repercussions of this policy shift are likely to be significant. Countries with flexible and welcoming visa regimes, notably Canada and the United Kingdom, are well positioned to attract the highly skilled workers who may now bypass the United States. UK Chancellor Rachel Reeves has already pledged to double the annual allocation of high-skilled visas to around 18,000 and to streamline the Global Talent and High Potential Individual routes. This is a deliberate contrast to Washington's tightening stance. These reforms create an opening for Britain to reinforce its position as a leading global hub for technology, finance, and advanced research, while also attracting U.S. firms seeking to relocate talent-intensive operations.

Yet the UK's ability to seize this opportunity is constrained by macroeconomic headwinds. Inflation is forecast to be the highest in the G7 at 3.5% in 2025, with growth expected to slow further, placing upward pressure on borrowing and living costs. Such conditions risk eroding the country's appeal to mobile talent and innovation-driven firms, even as it attempts to capitalize on U.S. immigration barriers. To fully leverage the opening created by U.S. policy, Britain must stabilize prices, maintain predictable financing conditions, and ensure a competitive tax and regulatory environment. Without such action, Canada and parts of the European Union may outcompete the UK in attracting displaced high-skilled workers and investment.

Monetary Policy Implications for the United States

The \$100,000 H-1B fee is set to reshape the U.S. economy and monetary policy. By discouraging skilled migration, it could lower potential growth and cool labor demand in sectors such as technology and healthcare long-time drivers of productivity and wage stability. A weaker innovation pipeline and softer labor market would give the Federal Reserve room to cut interest rates without reigniting inflation; analysts expect policy rates to fall from 4.0–4.25% to 3.25–3.5% by mid-2026 as growth slows and unemployment rises. Yet this monetary easing would come at the cost of reduced entrepreneurship, offshoring of innovation, and a potential erosion of U.S. technological leadership. For the UK, these shifts offer a strategic opening to attract talent and investment, but success will depend on taming inflation, lowering financing costs, and streamlining regulation to stay competitive with Canada and the EU.

The number of H-1B applications submitted by year





Most anticipated earnings release

For the week beginning

SEPTEMBER 29 - OCTOBER 03, 2025

Monday

Tuesday

Wednesday

Thursday

Friday



Cal-Maine Foods



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homestolife



enterprises, inc.

Lifecore Biomedical, Inc.

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