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ECONOMIC UPDATE

Number 65 • October 2025

EXECUTIVE SUMMARY

ECONOMY: U.S. MANUFACTURING ACTIVITY CONTRACTED AGAIN IN SEPTEMBER, with the ISM Manufacturing PMI at 49.1. **Consumer confidence fell to 94.2 in September from 97.8,** as both the Present Situation Index (125.4) and Expectations Index (73.4) declined. **Manufacturing output rose 0.2% in August** after a revised 0.1% decline in July, **while overall industrial production increased 0.1%.** **Durable goods orders rebounded 2.9% in August** after a 2.6% decline in July, though core capital goods orders excluding aircraft rose 0.6% and shipments slipped 0.3%. **The Conference Board's Leading Economic Index fell 0.5% in August to 98.4,** down 2.8% over the past six months. **The Consumer Price Index rose 0.4% in August** and 2.9% year-over-year, while the **Producer Price Index fell 0.1% in August** and rose 2.6% year-over-year. **Retail sales increased 0.6% in August,** and core sales rose 0.7%, while consumer spending also advanced 0.6%. **Pending home sales climbed 4.0% in August.** Several key releases, including construction spending, nonfarm payrolls, factory orders, and international trade data, were delayed due to the federal government shutdown, though private-sector reports indicated softer hiring and steady unemployment near 4.3%.

STEEL: TARIFF ERA DROVE STRATEGIC RESTRUCTURING, as Russel Metals expanded its U.S. presence with the \$500M acquisition of seven Kloeckner service centers while Gerdau advanced a R\$1.2B expansion in Texas to capture onshoring demand. U.S. Steel approved \$300M in modernization projects at Gary Works and Edgar Thomson under Nippon's "golden share" framework, while the White House invoked that authority to block Granite City idling. Algoma secured C\$500M in aid amid mounting losses, Cleveland-Cliffs weighed options for its idled Steelton rail mill, and Hyundai reaffirmed plans for a \$5.8B auto-steel joint venture in Louisiana despite labor tensions.

AUTOMOTIVE: TARIFF POLICY CONTINUED TO SHAPE INVESTMENT, as the administration weighed tariff-relief credits for U.S.-assembled vehicles while imposing new 25% duties on medium and heavy truck imports beginning in November. Stellantis prepared roughly \$10B in U.S. investments and model relaunches while Malaysia sought zero-tariff access for select exports. The U.K. recorded its strongest September vehicle sales since 2020, while India's manufacturing PMI eased on weaker exports despite solid domestic demand.

ENERGY: POLICY REVERSALS COLLIDED WITH NEW CAPITAL SPENDING, as Algeria outlined a \$60B program for oil, gas, hydrogen, and renewables while U.S. groups filed suit over the cancellation of "Solar for All" community funding. Europe accelerated regional supply-chain development for critical materials, while Pakistan's rapid shift to solar-powered irrigation deepened groundwater stress across Punjab.

MEDICAL: DRUG TARIFFS AND DOMESTIC INCENTIVES SHIFTED HEALTHCARE STRATEGY, as the U.S. implemented 100% duties on branded pharmaceuticals while signaling a 15% cap for EU and Japanese products. The FDA launched a pilot to fast-track U.S.-made generics, while major drugmakers accelerated domestic investment to offset costs. Qualtrics strengthened its healthcare footprint with a \$6.75B acquisition of Press Ganey, while the White House expanded AI-based childhood cancer research with \$50M in new funding.

AEROSPACE: DEFENSE ORDERS STRENGTHENED AS AIR MODERNIZATION LAGGED, with Sikorsky securing an \$11B CH-53K contract while the State Department cleared a \$1.75B HIMARS sale to Canada. GE Aerospace ended a three-week strike through a five-year deal while United gained FAA approval to equip 737-800s with Starlink connectivity. Australia advanced an A\$12B AUKUS submarine yard while U.S. regulators expanded eVTOL pilot corridors, even as the FAA's NextGen program faced rising costs and delays.

COMMODITIES: SUPPLY CHAINS REORGANIZED UNDER NEW TARIFFS, as the U.S. imposed duties of 10%–25% on timber and furniture imports while shrimp prices surged 21% following higher tariffs on India. Washington weighed zero-tariff access for commodities not produced domestically, including cocoa and palm oil, while Europe ramped rare-earth magnet output to reduce dependence on China.

OVERSEAS: TRADE REALIGNMENT ACCELERATED UNDER TARIFF PRESSURE, as the EU advanced plans for up to 50% steel duties while the U.K. industry warned of a deepening crisis. Chinese textile exports to Europe rose sharply as flows shifted from the U.S., while African producers faced major risks with AGOA set to expire. China's chip and autonomous-vehicle firms pushed further into Europe despite tightening controls, while India proposed looser aircraft-leasing rules to ease capacity constraints.

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Russel Metals will acquire seven U.S. Kloeckner Metals service centers in Iowa, North Carolina, Georgia, Texas, and Florida, expanding its geographic footprint and value-added offerings. The facilities generated about \$500M in revenue from January 2023 through June 2025, with the deal expected to lift Russel's U.S. revenue share from ~44% to about 50%. CEO John Reid said the acquisition complements Russel's transactional model with Kloeckner's more contractual approach, supporting continued growth under its hub-and-spoke strategy.

Metallus and the United Steelworkers have extended their labor contract until Oct. 15 while negotiations continue for about 1,200 bargaining employees in Canton, Ohio. Both sides emphasized their commitment to reaching an agreement that balances company performance with fair industry standards. CEO Mike Williams said Metallus remains focused on long-term profitability and safe operations, while USW leaders stressed their dedication to securing equitable terms for members.

The White House has confirmed it used its 'golden share' authority to prevent U.S. Steel from idling operations at Granite City Works in Illinois. The mechanism, established under the Nippon Steel-U.S. Steel partnership, grants the president powers over production and employment decisions. Nippon Steel President Tadashi Imai noted some differences in interpretation with Washington, while U.S. Steel said it continues to have positive discussions with the administration.

Gerdau has outlined a new North American strategy to capture domestic demand as tariffs reshape steel trade across the U.S., Canada, and Mexico. The company said it is rebalancing operations to minimize cross-border shipments, expand value-added offerings, and strengthen positions in sectors tied to onshoring, infrastructure, and renewables. A key part of the plan is a R\$1.2B (\$226M) expansion at its Midlothian, Texas mill, adding 150,000 mt of melt-shop capacity by late 2026. Gerdau expects tariff effects to intensify through year-end and sees data centers, solar, and public spending as major growth drivers for beams, rebar, and SBQ products.

The United Steelworkers has urged Algoma Steel to diversify its product line following news that the Canadian government will provide C\$500M (\$365M) in financing to support the struggling steelmaker. The union welcomed the aid but called for transparency and a long-term plan focused on structural and rail products to meet domestic demand under "Buy Canadian" policies. Algoma said it is prioritizing Canadian markets as U.S. tariffs—now at 50% on imported

steel—have sharply reduced exports and widened third-quarter losses, with adjusted EBITDA expected at C\$-80M to C\$-90M.

U.S. Steel's board has approved \$300M in investments at its Gary Works and Edgar Thomson facilities as part of the \$11B modernization plan tied to its acquisition by Japan-based Nippon Steel. The company will allocate \$200M to upgrade the hot strip mill at Gary Works in Indiana and \$100M for a new slag recycling system at Edgar Thomson near Pittsburgh. The projects aim to cut costs, expand premium steel offerings, and generate new revenue streams from recycled byproducts. The investments mark an early milestone in Nippon's commitment under the U.S. government's "golden share" agreement securing domestic steel production.

The World Trade Organization cut its 2026 global trade growth forecast to 0.5%, down from 1.8% projected in August, citing delayed impacts from U.S. tariffs. Director-General Ngozi Okonjo-Iweala called the outlook "bleaker" but said the multilateral system remains resilient. The WTO raised its 2025 trade growth forecast to 2.4% from 0.9%, driven by front-loaded U.S. imports ahead of tariff hikes and a 20% surge in AI-related goods trade. Asia and Africa are expected to lead export gains this year, while global GDP growth is projected to ease slightly from 2.7% in 2025 to 2.6% in 2026.

President Trump is weighing major tariff relief for U.S. auto manufacturers, a move that could offset billions in costs tied to vehicle and parts imports. Senator Bernie Moreno, (R-Ohio), said the proposed measure would reward automakers conducting final assembly in the United States—such as Ford, Toyota, Honda, Tesla, and GM—by making them largely immune to tariffs. The Commerce Department's current plan includes an import adjustment offset of 3.75% of the vehicle's retail price for U.S.-assembled models through April 2026. The administration is considering extending that credit to five years and expanding it to cover engine production. The proposal follows widespread industry pressure after the White House imposed 25% tariffs on more than \$460 billion in annual auto and parts imports earlier this year. Auto shares rose on the news, with Ford up 3.7%, Stellantis up 3.2%, and GM up 1.3%.

President Trump has announced a 25% tariff on medium and heavy truck imports beginning November 1, expanding his administration's effort to boost domestic vehicle production. The move comes ahead of talks in Washington with Canadian Prime Minister Mark Carney, whose government is seeking relief amid rising trade tensions. The

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White House has not released details on exemptions under USMCA, leaving it unclear whether Canadian and Mexican trucks or components will be affected.

President Trump has announced new tariffs on timber and wood furniture imports, citing national security concerns, with duties of 10% on softwood lumber and 25% on kitchen cabinets and upholstered furniture beginning Oct. 14. The tariffs will rise to 30% and 50% in January unless trading partners reach new agreements with the U.S. Under the plan, the U.K. will face a 10% cap and the EU and Japan will face a 15% cap. The move, applied under Section 232 authority, is expected to hit Canada's \$63B forestry sector particularly hard, with analysts warning of potential sawmill curtailments if market conditions fail to improve.

The U.S. is expected to uphold a 15% tariff cap on pharmaceutical imports from the EU and Japan, easing concerns after President Trump announced a potential 100% levy on branded and patented drugs. The cap aligns with existing trade agreements and spares most generic medications, which make up the majority of U.S. imports. The administration said companies building or expanding U.S. manufacturing facilities may be exempt, prompting several major firms—including AstraZeneca, GSK, Novartis, and Roche—to accelerate investment plans. Analysts said the policy is unlikely to significantly affect large pharmaceutical companies.

President Trump implemented 100% tariffs on branded and patented pharmaceutical imports as of October 1, exempting companies that are building or expanding manufacturing facilities in the U.S. The move does not apply to generic drugs, which account for about 90% of U.S. pharmaceutical imports. The EU said it expects Washington to honor its existing agreement that caps tariffs on European drugs at 15%, while the U.K. and Switzerland, which lack similar deals, called the announcement concerning. Major drugmakers including AstraZeneca, GSK, Novartis, Roche, and Novo Nordisk have recently announced new U.S. investments to offset potential impacts.

The U.S. Food and Drug Administration has launched a pilot program to fast-track reviews of generic drugs manufactured entirely in the United States. The initiative offers accelerated approval for products made and tested domestically using U.S.-sourced ingredients, aiming to boost investment in local pharmaceutical production and reduce dependence on foreign supply chains. Currently, only 9% of active pharmaceutical ingredient producers are U.S.-based, compared to 22% in China and 44% in India. FDA official George Tidmarsh said the effort will strengthen national

security, improve patient access, and lower long-term taxpayer costs.

U.S. economic growth was revised sharply higher in Q2 2025, with GDP expanding at an annualized 3.8%, up from the prior 3.3% estimate. The improvement stemmed from stronger-than-expected consumer spending on services, which offset weaker exports and a smaller drop in imports. The rebound follows a 0.6% contraction in Q1 tied to tariff front-loading, though analysts note much of the Q2 surge reflects reduced imports rather than broad-based momentum. Core GDP—real final sales to domestic purchasers—rose 2.9%, suggesting steady but uneven underlying demand amid ongoing tariff effects.



John Deere has announced plans to lay off more than 140 employees at its Waterloo and Des Moines, Iowa, facilities in October amid weaker demand and higher tariff-related costs. The company said 101 workers will depart Waterloo on Oct. 17 and 41 in Des Moines on Oct. 31 following a downturn in equipment orders. During its August earnings call, John Deere cited a \$600M tariff burden and reduced sales across agriculture, construction, and forestry markets as key pressures on profitability.

Cleveland-Cliffs has removed its name from the idled Steelton rail mill in Pennsylvania, fueling speculation about a possible sale. The company declined to comment, though it previously confirmed interest from data center developers in several shuttered sites, including Steelton, Riverdale, Ill., and Conshohocken, Pa. The 150-year-old Steelton facility, capable of producing one million short tons of rail and specialty blooms annually, is one of only three remaining rail mills in the U.S.

Hyundai has reaffirmed plans to build a \$5.8B steel mill in Louisiana despite tensions following a U.S. immigration raid at its Hyundai-LG Energy Solution battery plant in Georgia. The project, a joint venture with South Korea's POSCO, will produce 2.7 million metric tons of automotive steel annually beginning in 2029. Hyundai said it remains committed to its long-term U.S. investment strategy even as South Korean officials call for visa reforms to prevent future disruptions.

Mexican President Claudia Sheinbaum has expressed confidence in reaching favorable trade agreements with the United States and other nations as her administration prepares to unveil new technology initiatives. The plan

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includes domestic projects focused on electric vehicles, semiconductors, satellites, drones, and artificial intelligence. Mexico remains shielded from most U.S. tariffs under the USMCA but has imposed its own duties on non-FTA countries, notably China, amid rising trade tensions driven by Washington's policies.

Spirit Airlines has announced plans to cut 87 aircraft from its fleet as part of its ongoing bankruptcy restructuring. CFO Fred Cromer told creditors the carrier will reject 87 aircraft leases, pending court approval, reducing its 214-plane fleet by almost half. The company cited industry overcapacity, weak demand, and pricing pressure as key factors behind its second Chapter 11 filing this year. Spirit said the downsizing will save hundreds of millions of dollars and help create a smaller, more financially stable airline.

The U.S. State Department has approved a potential \$1.75B sale of M142 rocket systems to Canada, according to the Pentagon. The proposed deal includes High Mobility Artillery Rocket Systems (HIMARS) and related equipment, with Lockheed Martin designated as the principal contractor.

The FAA's \$15B NextGen air traffic modernization program has faced major delays and cost overruns, achieving only about 16% of its expected benefits since launching in 2003, according to a new inspector general report. Many upgrades are now postponed to 2030 or later, with project costs up more than 20% and the number of airport deployments reduced by nearly half. The FAA also faces a shortage of 3,500 controllers, with overtime costs rising 300% since 2013 as flight delays and safety concerns mount.

Lockheed Martin's Sikorsky division has secured an \$11B contract from the U.S. Navy to build up to 99 CH-53K King Stallion helicopters, marking the largest order to date for the aircraft. The five-year agreement covers deliveries between 2029 and 2034 for the Marine Corps and potential international buyers. The heavy-lift helicopters will support transport of troops, supplies, and equipment.

United Airlines has received FAA approval to use Starlink internet on its Boeing 737-800 aircraft, marking its first mainline installation of the SpaceX satellite system. The inaugural commercial flight using Starlink is scheduled for Oct. 15 from the Newark/New York area. United previously gained approval to equip its Embraer 175 regional jets earlier this year.

GE Aerospace reached a five-year labor agreement in September with more than 600 striking UAW workers at its distribution facilities in Ohio and Kentucky, ending

a three-week strike. The deal includes base wage increases of 3% to 5% through 2029 and \$3,500 in cash payments per employee to offset healthcare costs. Operations at the Evendale and Erlanger plants, which support the U.S. Navy and GE's engine production, have since resumed.

The Trump administration has ordered Delta Air Lines and Aeromexico to dissolve their joint venture by January 1, ending a nearly nine-year partnership that allowed the carriers to coordinate schedules, pricing, and capacity for U.S.-Mexico flights. The Transportation Department said the move was necessary to address anticompetitive effects in Mexico City markets, where the two airlines account for about 60% of passenger traffic. Delta will retain its 20% stake in Aeromexico, and both airlines said they plan to maintain their codeshare and frequent flyer agreements while evaluating next steps.

U.S. shrimp prices have surged 21% since the Trump administration imposed tariffs on India, the country's largest seafood supplier. The levies—initially 25% in June and doubled to 50% in August over India's Russian oil purchases—have driven up wholesale prices to \$6.25 per pound. Restaurants and suppliers are now raising menu prices or cutting costs as frozen inventories run low. While U.S. shrimpers welcomed the tariffs, domestic production covers only about 10% of demand, and industry groups warn consumers should expect sustained price increases.

Qualtrics announced a \$6.75 billion acquisition of healthcare analytics firm Press Ganey, expanding its reach in the healthcare technology market. The deal, which includes both cash and stock, will give Qualtrics access to Press Ganey's extensive network of more than 41,000 hospitals, health plans, and life sciences organizations. Press Ganey's patient feedback and clinical data tools will be integrated into Qualtrics' AI-driven experience management platform to enhance patient satisfaction tracking and operational insights. Qualtrics, owned by Silver Lake and the Canada Pension Plan Investment Board, said the acquisition aligns with growing competition among tech companies to secure proprietary datasets for artificial intelligence training.

Stellantis is preparing roughly \$10 billion in new U.S. investments, according to Bloomberg, with announcements expected in the coming weeks. The funds are likely to support plant reopenings, new vehicle models, and expanded hiring in states such as Illinois and Michigan. The move comes as CEO Antonio Filosa works to revive performance following a weak 2024 and offset an estimated €1.5B (\$1.76B) impact from U.S. tariffs this year. Stellantis plans to relaunch the Jeep Cherokee and 8-cylinder RAM trucks, while also exploring new Dodge and Chrysler models. The investments coincide with discussions in Washington about potential tariff relief for U.S. auto production that could ease costs for major carmakers.

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President Donald Trump has signed an executive order to expand the use of artificial intelligence in childhood cancer research, allocating an additional \$50 million in research grants through the National Institutes of Health. The initiative builds on the National Cancer Institute's 10-year, \$500 million Childhood Cancer Data Initiative launched in 2019, which collects and shares data to accelerate breakthroughs. The new funding will support AI-driven efforts to improve diagnoses, treatments, and clinical trial design. Pediatric cancer remains the leading cause of disease-related deaths among U.S. children, with incidence rates rising more than 40% since 1975.

EUROPE, AFRICA, & THE MIDDLE EAST:

Airbus, Thales, and Leonardo are finalizing a framework agreement to form a new European satellite manufacturer, though sources say completion will take several more weeks. Negotiations stalled after Thales and Leonardo requested additional time to resolve workshare divisions among the partners. The proposed venture would combine Thales Alenia Space, Telespazio, and Airbus space units to better compete with U.S. and Chinese rivals, including SpaceX.

The UK steel industry has warned of its “biggest crisis” yet as the EU prepares to impose 50% tariffs on steel imports exceeding 2013 quota levels, a move expected to hit British producers heavily. Roughly 80% of UK steel exports go to Europe, and industry leaders fear the measures could trigger a flood of redirected imports into the UK market. The proposal, still requiring EU approval, follows U.S. tariffs of 25% and adds pressure to a sector already weakened by high energy costs, Chinese oversupply, and ongoing decarbonization expenses.

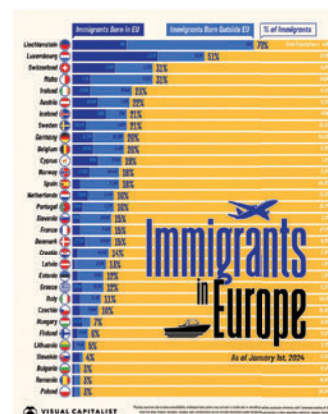
Chinese textile exports to the EU have surged 20% this year as manufacturers redirect goods from the U.S. following higher tariffs, according to industry group Euratex. The increase, valued at roughly €2B (\$2.2B), reflects a sharp rise in low-cost clothing imports that European producers say threaten domestic manufacturers already struggling with high energy costs and weaker demand. The European Commission is considering removing its €150 (\$162) duty-free threshold on small parcels to limit cheap shipments from online retailers such as Shein and Temu.

The EU plans to impose tariffs of up to 50% on foreign steel and cut import quotas nearly in half as part of a new effort to counter cheap Chinese imports and align with U.S. and Canadian trade measures. European Industry Commissioner Stéphane Séjourné said the move is intended to protect

domestic producers and prevent market dumping fueled by subsidies in China. Some EU countries and automakers have warned that restricting low-cost imports could raise prices and hurt competitiveness. The proposal requires approval from the European Parliament and a majority of member states before implementation.

African exporters face major losses as the U.S. African Growth and Opportunity Act (AGOA) approaches expiration, with the 25-year-old trade pact set to lapse if Congress does not renew it. The agreement grants zero-tariff access to 32 African nations and has supported key manufacturing sectors such as apparel, leather, and footwear. The International Trade Centre warned that the lapse, combined with recent U.S. tariffs, could reduce total exports from eligible countries by 8.7% by 2029, with Lesotho's clothing shipments projected to fall 29% and South Africa's auto exports 23%. Analysts said the move underscores waning U.S. engagement with Africa, as China expands its own tariff-free trade programs across the continent.

Immigration patterns across Europe remain uneven, with Western and Northern nations far outpacing the East.



EUROPE, AFRICA, & THE MIDDLE EAST:

60 nonprofit groups, tribes, and states under the Biden-era “Solar For All” initiative. Plaintiffs include the Rhode Island AFL-CIO, Solar United Neighbors, and several solar firms in Georgia and Pennsylvania. The EPA declined to comment on the litigation, while Zeldin previously said he lacked authority to continue the program.

AstraZeneca has announced a deal worth up to \$555 million with U.S.-based Algen Biotechnologies to develop therapies for immune-related disorders using Algen’s AI-driven gene-editing platform, AlgenBrain. Under the agreement, AstraZeneca will receive exclusive rights to develop and commercialize any approved treatments, while Algen will receive upfront and milestone payments. The partnership builds on AstraZeneca’s broader push into AI and cell and gene therapy as it targets \$80 billion in sales by 2030. Algen, spun out from UC Berkeley’s CRISPR research program, is backed by Viking Global and Illumina.

Neo Performance Materials has opened Europe’s first large-scale rare-earth magnet production facility in Estonia, marking a major step toward reducing the region’s reliance on Chinese supply chains. The \$75 million plant, supported by a €18.7 million EU grant and a \$50 million credit line from Export Development Canada, will produce 2,000 tons of magnets annually, ramping up to 5,000 tons. CEO Rahim Suleman said European demand for rare-earth magnets—crucial for EVs and wind turbines—could triple to 60,000 tons over the next decade. The EU currently depends on China for 98% of its supply, a figure Suleman called “untenable.”

Britain’s new-car market recorded its strongest September since 2020, with registrations rising 13.7% year-over-year to 312,887 vehicles, according to preliminary data from the Society of Motor Manufacturers and Traders (SMMT). Electrified models accounted for more than half of all registrations for the first time, helping the industry rebound after a sluggish summer. The performance provides a lift for the UK’s automotive sector as it works toward national electric-vehicle targets amid slowing private-buyer demand. Tesla’s year-on-year growth in the UK market was nearly flat, according to research firm New AutoMotive.

Algeria announced plans on Oct. 6 to invest \$60 billion in energy projects from 2025 to 2029, aiming to expand oil, gas, and hydrogen development. Energy Minister Mohamed Arkab said 80% of the investment will go toward upstream exploration and production, with the rest supporting refining and petrochemical projects. The country is also advancing renewable initiatives, targeting 3,200 megawatts of new capacity and reducing gas flaring to below 1% by 2030.

Algeria’s state energy firm Sonatrach will lead the effort, which includes an afforestation project spanning 520,000 hectares.

ASIA/PACIFIC, JAPAN, AUSTRALIA, & INDIA:

India’s aviation regulator has proposed easing restrictions on aircraft leasing, a move expected to benefit major carriers such as IndiGo. The draft rules would allow airlines to lease planes with crew under normal, not just emergency, conditions, helping address capacity shortages amid limited aircraft availability. The proposal, open for public comment until Oct. 28, could also relax safety-score requirements for lessor countries on a case-by-case basis.

Malaysia has asked the United States to grant zero tariffs on exports of furniture, automotive, and aerospace products, according to the country’s trade ministry. Washington is also considering exemptions for commodities not produced domestically, including cocoa and palm oil, with a decision expected next month. The discussions follow new U.S. tariffs on imported furniture and a 19% levy on Malaysian goods imposed in August, ahead of President Trump’s planned visit to Kuala Lumpur in October.

Australia has announced an A\$12B (\$8B) investment to develop a nuclear submarine shipyard in Western Australia as part of the AUKUS defense pact with the U.S. and Britain. The new facilities near Perth will support construction and maintenance of nuclear-powered submarines, create around 10,000 jobs, and expand local shipbuilding capacity. The project follows an initial A\$127M (\$84M) investment in 2024 and comes as the U.S. administration conducts a formal review of the AUKUS agreement.

The U.S. has launched a pilot program to accelerate the deployment of electric air taxis, with the FAA selecting at least five public-private projects to advance safe operations for eVTOL aircraft. Companies including Joby Aviation and Archer Aviation will participate, enabling limited operations ahead of full certification. The initiative, directed by President Trump through a June executive order, aims to prepare for commercial air taxi service as early as next year.

Chinese self-driving technology firms are accelerating their expansion into Europe as U.S. restrictions continue to block access to the American market. Companies including QCraft, Momenta, and DeepRoute.ai are establishing European headquarters, building data centers, and launching pilot projects in Germany and other countries. Beijing is promoting global leadership in autonomous mobility, and more than half of all new vehicles sold in China now feature some form of self-driving capability. European automakers

ASIA/PACIFIC, JAPAN, AUSTRALIA, & INDIA:

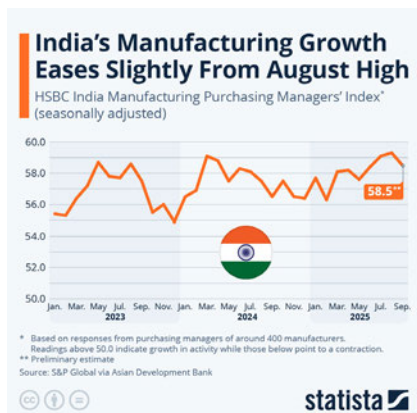
and startups have raised concerns about the competitive threat, citing calls for fair regulation and protection against subsidized competition. The European Commission is moving to unify fragmented testing and safety rules across the bloc, aiming to help domestic players compete as the race for autonomous vehicle dominance intensifies.

The 2025 Nobel Prize in Physiology or Medicine was awarded to U.S. scientists Mary Brunkow and Fred Ramsdell and Japan's Shimon Sakaguchi for groundbreaking discoveries on how the immune system avoids attacking the body's own cells. Their work identified the FOXP3 gene and regulatory T cells—key components in preventing autoimmune disease—laying the foundation for potential treatments in cancer and inflammatory disorders. More than 200 human trials based on their research are now underway. Sakaguchi, a professor at Osaka University, said he believes “the time will come when cancer is no longer a scary disease, but a curable one.” The trio will share the SEK 11 million (\$1.2 million) prize.

India's manufacturing activity slowed slightly in September, with the HSBC Manufacturing PMI easing to 58.5 from August's 17-year high of 59.3. Despite the dip, output remains firmly in expansion territory. Economists attribute the moderation to U.S. tariffs on Indian goods, which dampened export growth, though stronger domestic demand, supported by lower goods and services tax rates, helped offset the impact. The sector has maintained robust momentum, with PMI readings staying above 55 for most of the past two years.

Pakistan's rapid shift to solar-powered irrigation is worsening groundwater depletion in Punjab, the country's main agricultural region. Farmers are increasingly using cheap Chinese-made solar panels to run tube wells, allowing them to irrigate rice paddies more frequently and expand cultivation of water-intensive crops. According to official data reviewed by Reuters, the water table has fallen below critical levels across 6.6% of the province, up 25% since 2020. While solar pumps have reduced fuel costs and boosted incomes, officials warn they are also driving unsustainable water use in one of the world's most water-stressed nations.

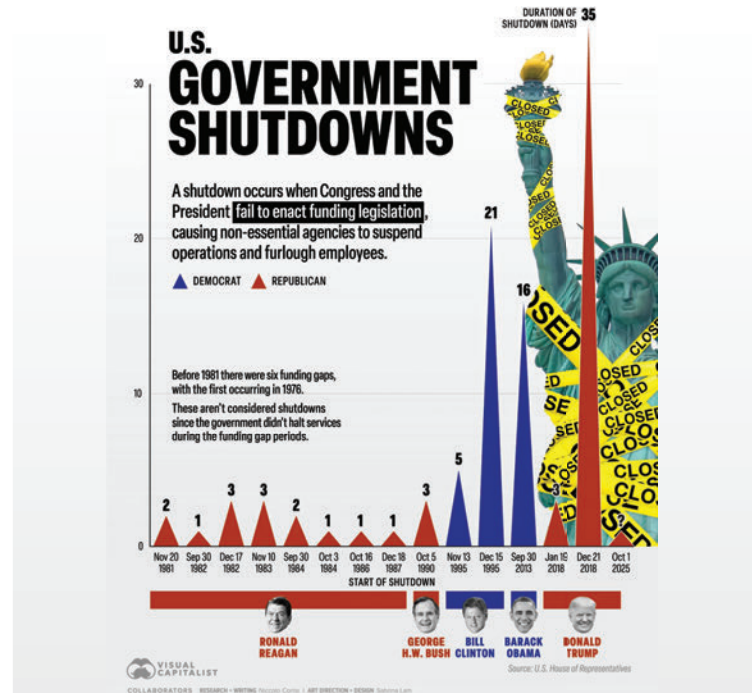
China's chipmakers purchased \$38 billion worth of U.S. and allied semiconductor tools last year, according to a bipartisan U.S. congressional investigation that found gaps in export control coordination among the U.S., Japan, and the Netherlands. The report said the purchases, up 66% from 2022, accounted for nearly 39% of total sales by the five leading toolmakers: Applied Materials, Lam Research, KLA, ASML, and Tokyo Electron. Lawmakers warned that inconsistent policies are allowing China to strengthen its chip manufacturing capacity despite national security restrictions. Industry leaders, including Tokyo Electron's U.S. president, said sales to China have begun to decline this year as new regulations take effect.



ECONOMIC UPDATE: APPENDIX TO THE OCTOBER 2025 ISSUE

ECONOMY: U.S. ENTERS 15TH GOVERNMENT SHUTDOWN IN HISTORY

The U.S. began its 15th government shutdown on October 1, 2025, under President Donald Trump, continuing a decades-long trend of funding lapses dating back to 1981. According to data from the U.S. House of Representatives, shutdowns have now totaled 97 days across administrations, with durations ranging from one day to a record 35 days in 2018–2019. The latest shutdown follows stalled budget negotiations in Congress, leading to furloughs for hundreds of thousands of federal employees and suspended non-essential operations. Past shutdowns, including the 21-day lapse under Bill Clinton in 1995 and the 16-day closure under Barack Obama in 2013, have carried measurable economic costs; the Congressional Budget Office estimated \$3 billion in permanent GDP losses from the 2018–2019 event. The current impasse raises questions about how long this shutdown will last and how severely it may affect the U.S. economy.



AEROSPACE: ATLANTA RETAINS TITLE AS WORLD'S BUSIEST AIRPORT IN 2024, GLOBAL TRAFFIC EXCEEDS PRE-PANDEMIC LEVELS

The World's Busiest Airports

Airports with the highest total passenger traffic in 2024*

		Change vs. 2019 (in %)
	Atlanta Hartsfield-Jackson (ATL)	108.1M ▼ -2.2
	Dubai International Airport (DXB)	92.3M ▲ +6.9
	Dallas-Fort Worth (DFW)	87.8M ▲ +17.0
	Haneda Airport (HND)	85.9M ▲ +0.5
	London Heathrow (LHR)	83.9M ▲ +3.7
	Denver (DEN)	82.4M ▲ +19.3
	Istanbul (IST)	80.1M ▲ +53.4
	Chicago O'Hare (ORD)	80.0M ▼ -5.4

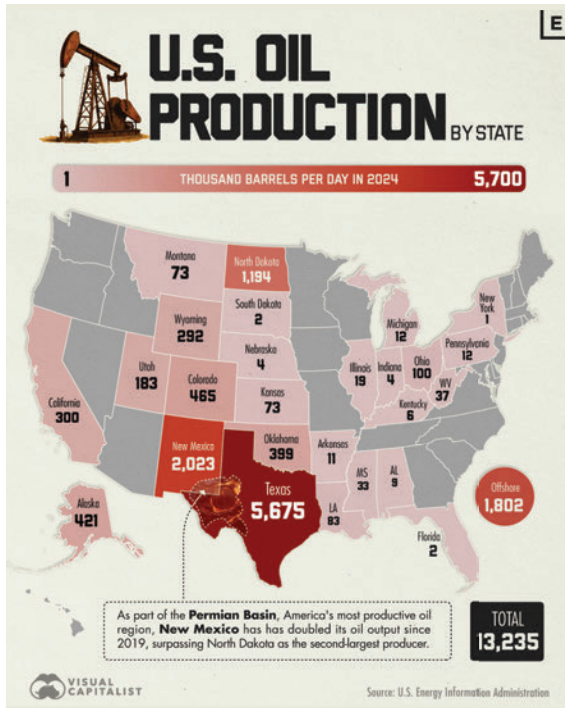
* Passengers enplaned and deplaned, passengers in transit counted once
Source: Airports Council International



statista

Global passenger traffic surpassed pre-pandemic levels in 2024, reaching 9.4 billion travelers, up 2.7% from 2019, according to Airports Council International (ACI). Atlanta Hartsfield-Jackson once again ranked first worldwide with 108.1 million passengers, even as volume dipped slightly (-2.2%) compared to 2019. Four of the top eight airports were in the U.S., including Dallas-Fort Worth (87.8M; +17%), Denver (82.4M; +19%), and Chicago O'Hare (80.0M; -5%). Dubai International Airport (92.3M; +6.9%) and Tokyo Haneda (85.9M; +0.5%) rounded out the top five, while Istanbul saw the sharpest gain—up 53% to 80.1M passengers—driven by expanded routes and infrastructure upgrades. India's Delhi Airport entered the top ten with 77.8M travelers (+13.6%), underscoring Asia's ongoing recovery.

ENERGY: TEXAS AND NEW MEXICO DRIVE RECORD U.S. OIL OUTPUT IN 2024



The U.S. reached a record 13.2 million barrels of crude oil per day in 2024, according to the U.S. Energy Information Administration. Texas remained the dominant producer with 5.7 million barrels per day, while New Mexico surged to second place at 2 million, doubling output since 2019 through rapid development in the Delaware sub-basin of the Permian. Together, the two states accounted for nearly 60% of national production, surpassing the combined total of all other states. Offshore fields, primarily in the Gulf of Mexico, ranked third at 1.8 million barrels per day, followed by North Dakota at 1.2 million. Output in Colorado, Alaska, and Oklahoma remained steady, while California and Wyoming continued to decline amid tighter regulations and aging wells.

TECHNOLOGY: NEW STUDY REVEALS HOW PEOPLE ACTUALLY USE CHATGPT

A new OpenAI study analyzing 1.1 million user messages found that more than half of ChatGPT interactions focus on learning and productivity. The top use case was seeking specific information (18.3%), followed by editing or critiquing text (10.6%), tutoring or teaching (10.2%), and how-to advice (8.5%). Writing tasks such as personal communication (8%) and translation (4.5%) also ranked high, alongside technical and creative applications like programming (4.2%) and image generation (4.2%). Despite growing professional adoption, 90% of users still rely on the free version. The findings underscore ChatGPT's role as a digital tutor and productivity tool, helping users research, write, and problem-solve efficiently across diverse fields.

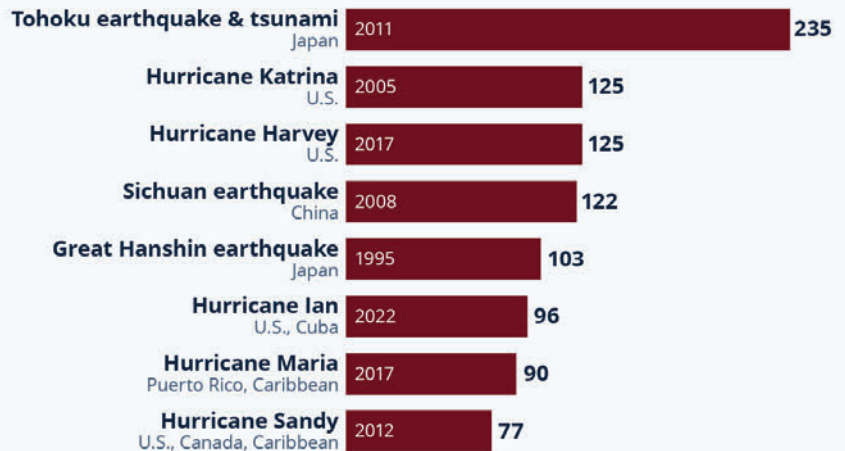


ECONOMY: THE WORLD'S COSTLIEST NATURAL DISASTERS ON RECORD

Natural disasters have not only taken devastating human tolls but have also caused immense financial losses. According to risk consulting firm Aon, the 2011 Tōhoku earthquake and tsunami in Japan remains the costliest event in history, resulting in \$235 billion in damages and triggering the Fukushima nuclear disaster. Hurricanes Katrina (2005) and Harvey (2017) follow at \$125 billion each, while China's 2008 Sichuan earthquake caused \$122 billion in losses. Other major events include Japan's 1995 Great Hanshin earthquake (\$103B), Hurricane Ian (2022; \$96B), and Hurricane Maria (2017; \$90B). The data underscores how densely populated and industrialized regions face exponentially higher economic risks when natural disasters strike.

The Economic Impact of Natural Disasters

Costliest natural disasters worldwide from 1900 to 2024, by economic loss (in billion U.S. dollars)

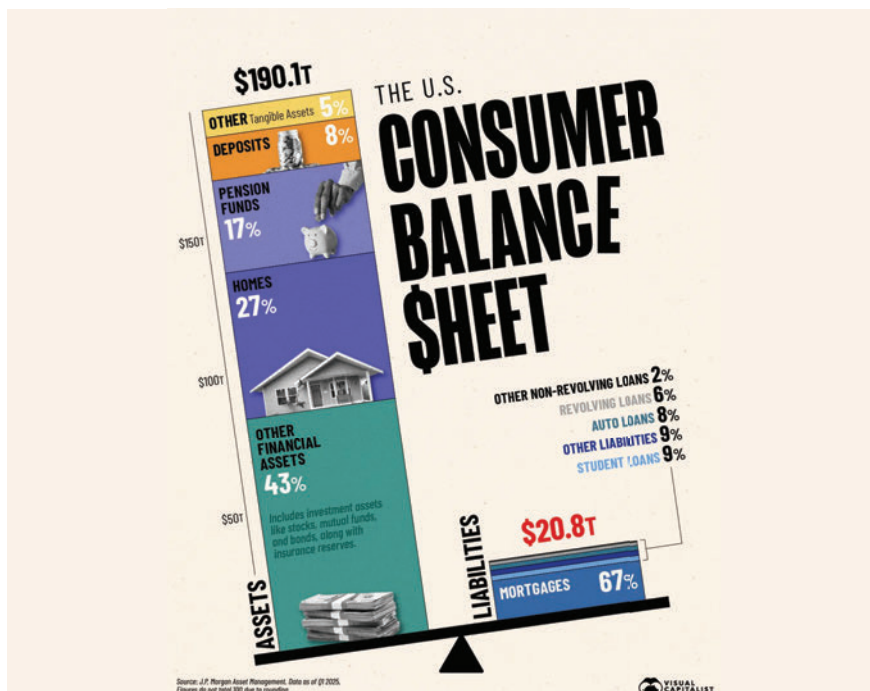


Source: Aon



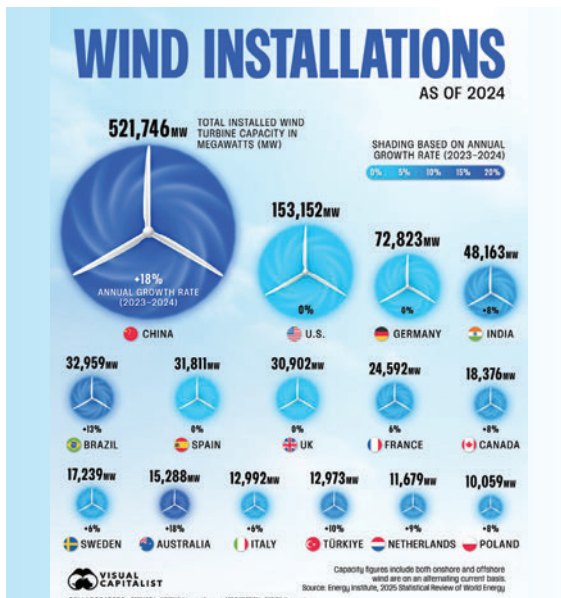
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ECONOMY: U.S. HOUSEHOLD BALANCE SHEETS REACH \$190 TRILLION IN ASSETS



American households held a combined \$190.1 trillion in assets and \$20.8 trillion in debt in the first quarter of 2025, according to J.P. Morgan Asset Management. Financial assets, including stocks, bonds, and mutual funds, made up the largest share at 43%, followed by homes (27%) and pension funds (17%). Deposits and other tangible assets accounted for the remaining 13%. On the liabilities side, mortgages dominated at 67%, with student loans and other liabilities each representing 9%. Rising auto loan delinquencies, now at 5%, reflect growing consumer strain from inflation and higher borrowing costs. Still, record stock ownership and elevated home values continue to underpin overall household wealth and resilience.

ENERGY: CHINA LEADS GLOBAL WIND POWER WITH RECORD INSTALLATIONS



China continues to dominate the global wind energy market, reaching 521,746 megawatts (MW) of installed capacity in 2024, an 18% increase from the previous year, according to the Energy Institute's 2025 Statistical Review of World Energy. The U.S. ranked second at 153,152 MW, while Germany held third at 72,823 MW, though both saw flat growth. Among emerging leaders, Brazil (+13%), Australia (+18%), and Türkiye (+10%) achieved double-digit gains. China's rapid expansion has already met its 2030 wind and solar goal six years early, driven by national funding and turbine efficiency gains. In contrast, U.S. growth stalled amid supply chain challenges and weaker wind conditions, underscoring the shifting dynamics of global renewable development.

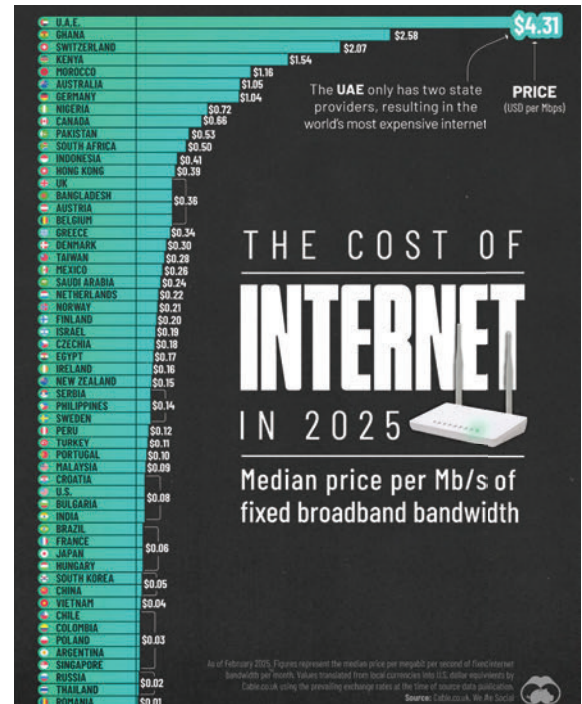
COMMODITIES: RHODIUM AND NIOBIUM TOP U.S. SUPPLY CHAIN RISK LIST

According to new data from the U.S. Geological Survey (USGS), rhodium poses the highest economic risk to the U.S. if trade disruptions occur, with potential GDP losses exceeding \$64 billion. Sourced primarily from South Africa, rhodium is essential for catalytic converters and chemical catalysts. Niobium ranks second at \$10 billion, used in aerospace and high-strength steel alloys, followed by samarium (\$4.5B) and potash (\$2.5B). Overall, the U.S. relies on imports for dozens of critical minerals across sectors like clean energy, electronics, and defense. China remains the top supplier, accounting for 46 of the 84 critical materials identified, underscoring the nation's central role in rare earth processing and the vulnerability of global supply chains.

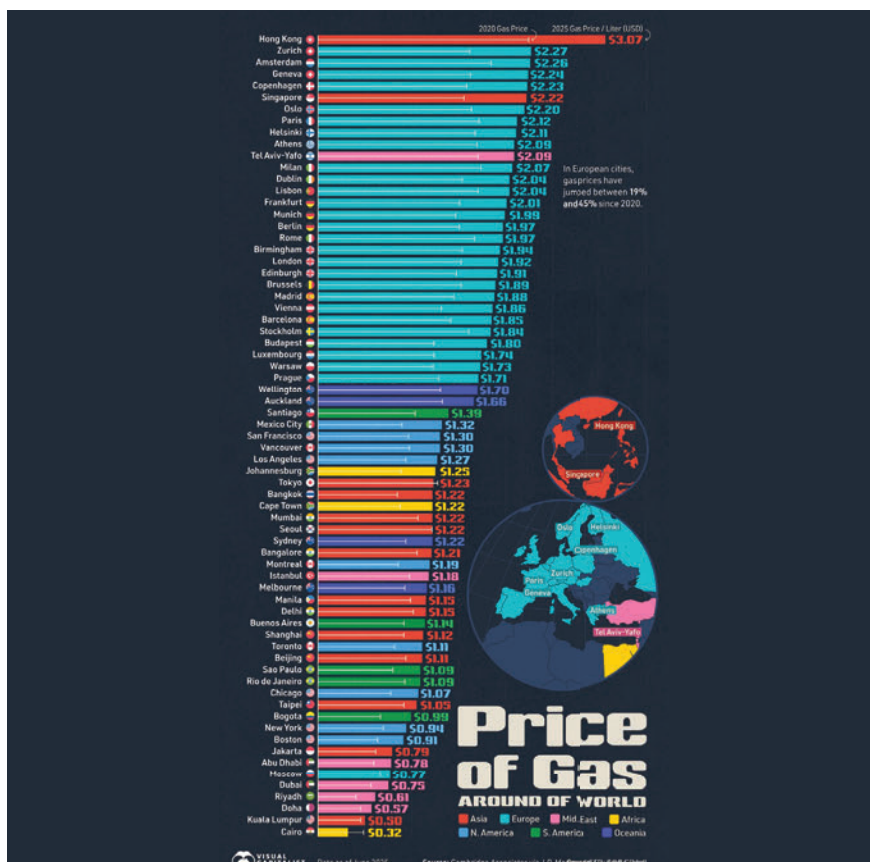


TECHNOLOGY: UAE RANKS AS THE WORLD'S MOST EXPENSIVE INTERNET MARKET

Global broadband costs vary sharply, with the United Arab Emirates topping the list at \$4.31 per Mbps—nearly double Ghana's \$2.58, according to 2025 data from We Are Social. Limited competition and regulatory constraints contribute to the UAE's high rates, while Switzerland (\$2.07), Kenya (\$1.54), and Morocco (\$1.16) also rank among the priciest. In contrast, Romania offers the cheapest broadband globally at just \$0.01 per Mbps, followed by Russia (\$0.02) and Poland (\$0.03), reflecting strong regional infrastructure and competition. The U.S. sits on the affordable end at \$0.08 per Mbps, below the global average of \$0.42, alongside other developed nations like Japan and France. The report underscores how digital access costs continue to mirror economic and regulatory divides across regions.



ENERGY: HONG KONG TOPS GLOBAL GAS PRICES AT \$3.07 PER LITER



Gas prices vary dramatically worldwide, with Hong Kong ranking as the most expensive city at \$3.07 per liter in 2025, according to Deutsche Bank. European cities dominate the upper tier of prices—Zurich (\$2.27), Amsterdam (\$2.26), and Geneva (\$2.24)—driven by energy supply shocks stemming from the war in Ukraine and broader geopolitical tensions. Meanwhile, Riyadh recorded the fastest price surge since 2020, climbing nearly 49%, while Cairo remains the cheapest market globally at just \$0.32 per liter, supported by government subsidies and domestic production. Across 69 cities analyzed, most have seen double-digit fuel price increases since 2020, underscoring how global instability continues to shape the cost of energy at the pump.

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