



25

PREDICTIONS FOR

2025

25 Profitable,
Challenging, and
Transformative
Predictions for **2025**.

Dr. Mary Kelly



01.

Economic Growth, Stability, Concern, and Optimism

The U.S. business environment in 2025 is expected will have moderate growth with stable inflation and employment rates. Strategic investments and the ability to adapt to policy changes will be critical for businesses and investors.

02.

U.S. Politics

The uncertainty of the U.S. election outcome is behind us, but questions linger about what the new administration will accomplish. A second Trump presidency should bode well for the stock market through 2025.

03.

Global issues remain highly interconnected with local economies:

- **Ukraine and Russia:** Fighting will escalate before deescalating. Russia, desperate for allies, will rely more on North Korean and other mercenary forces.
- **China:** Aggressive rhetoric regarding Taiwan will slow, though their military is directed to prepare for action by 2027. Skirmishes in the South China Sea with countries like the Philippines and Vietnam will continue.
- **Red Sea Conflict:** This hotspot will impact trade and regional stability, although Houthi attacks on merchant shipping and the US Navy will decline in 2025.
- **Israel:** There will be a cease-fire but no real peace.

04.

Trade Wars and Tariff Changes

Global disagreements over tariffs and free trade policies could disrupt industries and raise costs for businesses. Tariffs count less than most people think, but it will be a hot political topic.

05.

Economic Growth and GDP Projections

The U.S. economy is anticipated to experience moderate growth of 2.8% in 2025. The Congressional Budget Office (CBO) projects real GDP to increase by 2.4%, signaling recovery from previous slowdowns.

06.

Inflation Trends

US Inflation continues to gradually decline, with the CBO projecting the Personal Consumption Expenditures (PCE) price index to grow at 2.2%, aligning with the Federal Reserve's target. However, Americans are feeling the inflation from 2021 and 2022. Optimism about the economy is slow to return.

07.

Monetary Policy Adjustments

The Federal Reserve is expected to lower the federal funds rate to 3.6% by the end of 2025 to support economic activity.

08.

Labor Market Dynamics

The labor market remains stable with slower movement. The unemployment rate is projected to decrease slightly. Workforce trends indicate that workers are staying in jobs longer. Labor force participation rate is still too low. The U.S. still needs 8 million more workers to meet demand.

09.

Stock Market Outlook

- Analysts remain optimistic about the U.S. stock market. Barclays projects the S&P 500 to hit 6,600 by year-end, while Morgan Stanley forecasts a high of 7,400 due to strong earnings growth and favorable monetary policies.
- Risks include over-reliance on the “Magnificent 7” tech companies: Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla.

10.

Technology and AI Integration

The technology sector, particularly artificial intelligence, will see continued growth as businesses invest heavily in AI-driven solutions.

11.

Challenges in Manufacturing

The manufacturing sector faces headwinds due to evolving trade policies and tariff disputes. Manufacturing is the 6th largest employer in the US.

12.

Investment Strategies

Investors focus on smaller-cap companies poised to benefit from rate cuts, foreign stocks, and sectors like U.S. materials and utilities offering solid dividends.

13.

Consumer Spending Trends

- Consumers are becoming more price-conscious, reducing spending on elastic (non-essential) items such as luxury vacations and brand-name products.
- Spending on inelastic (essential) items, like groceries, gas, and electricity, remains steady.

14.

Travel Industry Growth

Domestic and international air travel by Americans will continue to rise, even as low-budget airline Spirit declared bankruptcy.

15.

EV Market Slowdown

Growth in the electric vehicle sector may slow as consumers temper their enthusiasm due to high costs and practical limitations.

16.

U.S. Workforce Composition

Workforce breakdown (BLS data):

- Silent Generation: 1%
- Baby Boomers: 15%
- Generation X: 31%
- Millennials: 36%
- Generation Z: 18%

17.

Succession Planning: The Next Business Crisis

With Generation X retiring earlier (61-65) than Baby Boomers (65+), businesses face a leadership void due to a lack of experienced decision-makers.

18.

Leadership Development Focus

Organizations will need to double down on leadership training programs to bridge the gap between current and future leadership.

19.

Employee Retention Challenges

With a tight labor market, businesses must prioritize competitive compensation, work-life balance, and professional development to retain top talent.

20.

Education and Skill Gaps

Skill gaps will remain a significant challenge as businesses struggle to find qualified workers for emerging technologies and specialized roles.

21.

Cybersecurity Concerns

As AI integration grows, so do cybersecurity threats. Businesses must invest heavily in robust cyber defenses.

22.

Healthcare Industry Evolution

Advances in telemedicine and AI-driven diagnostics will continue to reshape the healthcare sector, improving accessibility and efficiency. Sadly, many organizations have gone back to mandating in-person medical appointments.

23.

Renewable Energy Expansion

The shift to renewable energy will continue, driven by government incentives and corporate sustainability goals.

24.

Supply Chain Recalibration

Businesses will further localize supply chains to mitigate risks from geopolitical tensions and international disruptions.

25.

Optimism Amid Challenges

Despite uncertainties, 2025 holds promise for growth and innovation as businesses adapt to the evolving landscape with resilience and creativity.

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