AMCHAM GUATEMALA
AMERICAN CHAMBER OF COMMERCE

USA OUTLOOK

WEEKLY NEWSLETTER

OCTOBER 20 TO OCTOBER 24

OCTOBER 20, 2025

OCTOBER 21, 2025

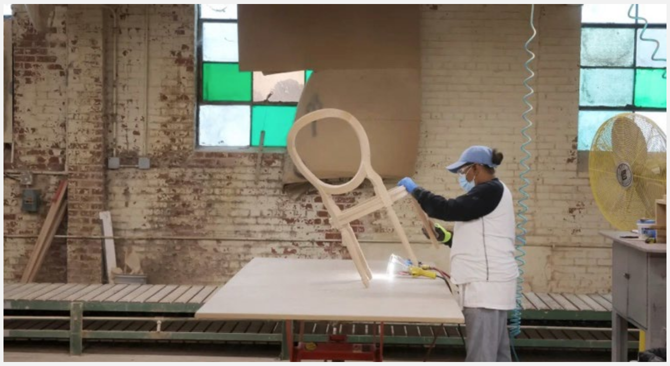

Photo: The New York Times

Oil Prices Dropped 18%, Helping Drivers, but Squeezing the Industry

U.S. oil prices have fallen 18% to below $59 per barrel, as global production continues to outpace demand. The decline has provided relief to consumers, with gasoline prices dropping to about $3.07 per gallon, but it has strained U.S. oil companies, many of which have reduced drilling, laid off workers, and cut spending.

Oil output, which hit a record 13.6 million barrels per day in July, is now expected to level off or decline if prices stay low. Analysts note that the benefits of cheap oil are smaller than in the past, since the U.S. is now a major oil producer and relies heavily on energy-sector jobs in states like Texas and North Dakota.

Adding to the pressure, Trump administration tariffs have increased the cost of materials like steel pipes, making operations more expensive. Experts warn that if prices remain under $60 per barrel, more layoffs and investment cuts are likely by year's end.

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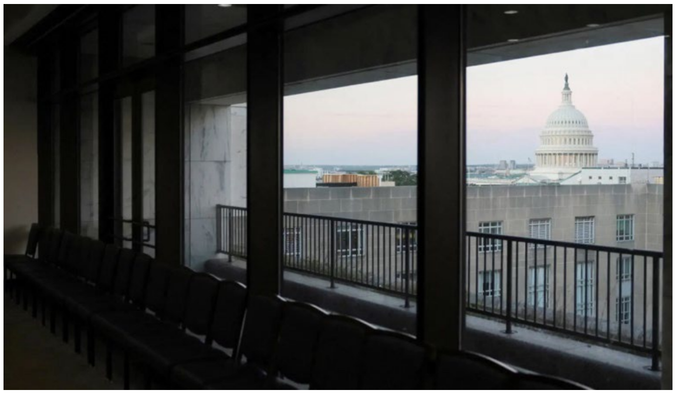
Source:
https://www.nytimes.com/2025/10/22/business/energy-environment/oil-gasoline-prices-change.html

Shutdown With No Clear End Poses New Economic Threat

The current U.S. government shutdown, now entering its fourth week, threatens to become one of the longest in history and may have more serious economic consequences than past closures. Unlike previous shutdowns, no funding bills have been passed, and the White House is attempting to lay off workers and withhold back pay, actions that could deepen the economic impact.

Economists estimate the shutdown could reduce annual GDP growth by 0.1 to 0.2 percentage points per week, equivalent to $7.6–$15.2 billion in lost output weekly. Beyond furloughed federal employees, the effects are spreading to contractors and small businesses, especially those reliant on visa processing, federal loans, and seasonal labor programs. Many firms are cutting hours or laying off workers, with sectors like agriculture, seafood processing, and tourism hit hard.

Critical federal functions, such as loan approvals, flood insurance, and agricultural reports, are suspended, creating uncertainty for farmers, homebuyers, and investors. The absence of official economic and labor data also complicates decision-making for policymakers, businesses, and researchers.



Source:
https://www.nytimes.com/2025/10/21/business/economy/government-shutdown-economic-effects.html

OCTOBER 22, 2025

OCTOBER 23, 2025

Photo: NYTIMES

Trump Says He's Cutting Off Trade Negotiations With Canada

President Trump announced he was terminating trade negotiations with Canada over tariffs on steel, auto parts, and other exports. He cited a Canadian government-funded ad featuring former President Ronald Reagan criticizing tariffs, claiming it was "fake" and intended to influence the U.S. Supreme Court's consideration of his tariffs.

Prime Minister Mark Carney of Canada responded calmly, stating that Canada is ready to resume talks when the U.S. is prepared. The ad, paid for by Ontario, used selective audio and video from Reagan's 1987 radio address, highlighting the economic harms of tariffs while misrepresenting some context.

Trump's move escalates tensions between the two countries, which already face strained relations due to 35% U.S. tariffs on Canadian goods. U.S. Senate Democrats, led by Chuck Schumer, have criticized the decision, vowing to push votes to reverse the tariffs. Canada, meanwhile, aims to diversify its exports beyond the U.S. in response to the ongoing trade friction.

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Source:

_https:/
https://www.nytimes.com/2025/10/23/us/politics/trump-trade-negotiation-canada.html

Trump's Sanctions on Russian Oil Sector Ratchet Up Economic War

President Trump escalated economic pressure on Russia by blacklisting its two largest oil companies, Lukoil and Rosneft, cutting them off from the global financial system. The move marks a shift from his previous restraint and targets a critical source of Russia's revenue, potentially reducing its oil earnings by billions and straining its already fragile economy.

The sanctions come amid continued violence in Ukraine and the cancellation of a planned Trump-Putin summit, signaling U.S. frustration with Russia. Analysts note that Lukoil and Rosneft account for roughly half of Russia's crude production, and enforcement could force Russia's central bank to intervene and further stretch its budget.

The Trump administration's action is coordinated with allies, including the U.K. and the EU, and may be reinforced with secondary sanctions against banks and companies that facilitate transactions with the targeted firms. While Trump has historically preferred tariffs over sanctions, experts say sanctions are more effective globally due to the dollar's dominant role in international finance. The success of the measure depends on Trump's willingness to penalize third-party actors, including Chinese and Indian entities, who continue trading with the sanctioned companies.

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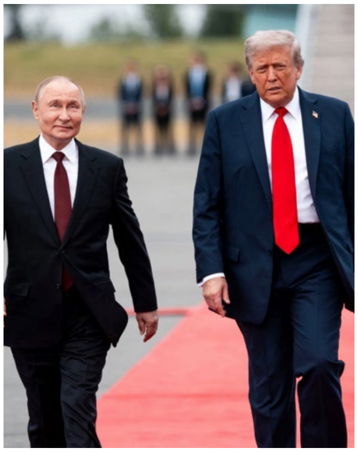

Photo: NYTIMES

Source:

https://www.nytimes.com/2025/10/23/us/politics/trump-sanctions-russian-oil.html

OCTOBER 24, 2025

Photo: REUTERS

Fed seen headed for more rate cuts as inflation undershoots expectations

On October 24, 2025, traders increased their bets that the Federal Reserve will make three consecutive quarter-point interest rate cuts, beginning at its next meeting. The move followed data showing the Consumer Price Index (CPI) rose 3.0% in September year over year — slightly below economists' expectations of 3.1%.

The softer inflation reading strengthened confidence that the Fed can continue lowering borrowing costs without reigniting inflation. Futures markets now indicate near 100% certainty of a rate cut next week to 3.75%-4.00%, a 95% chance of another cut in December, and a 55% likelihood of a further reduction in January.

Analysts say the central bank appears comfortable with inflation staying around 3% in the coming months as it focuses on supporting economic growth and the labor market. The shift marks a continuation of the Fed's gradual pivot toward monetary easing after more than two years of battling high inflation.

Source:
https://www.reuters.com/business/fed-rate-cut-bets-rise-after-inflation-rose-less-than-expected-september-2025-10-24/