# Recession warnings are everywhere, except in the data

BY BEN CASSELMAN AND COLBY SMITH
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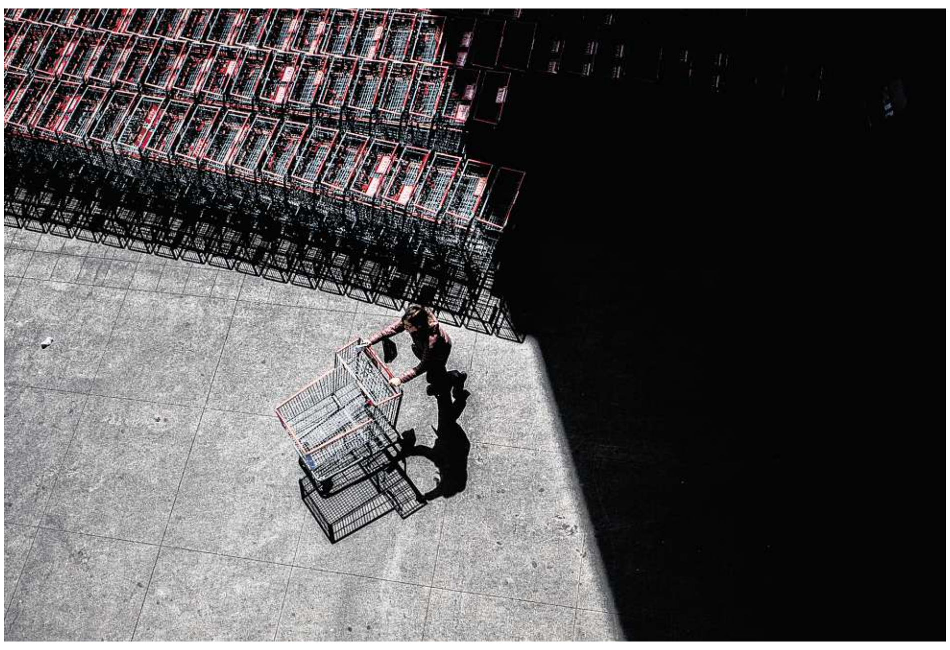

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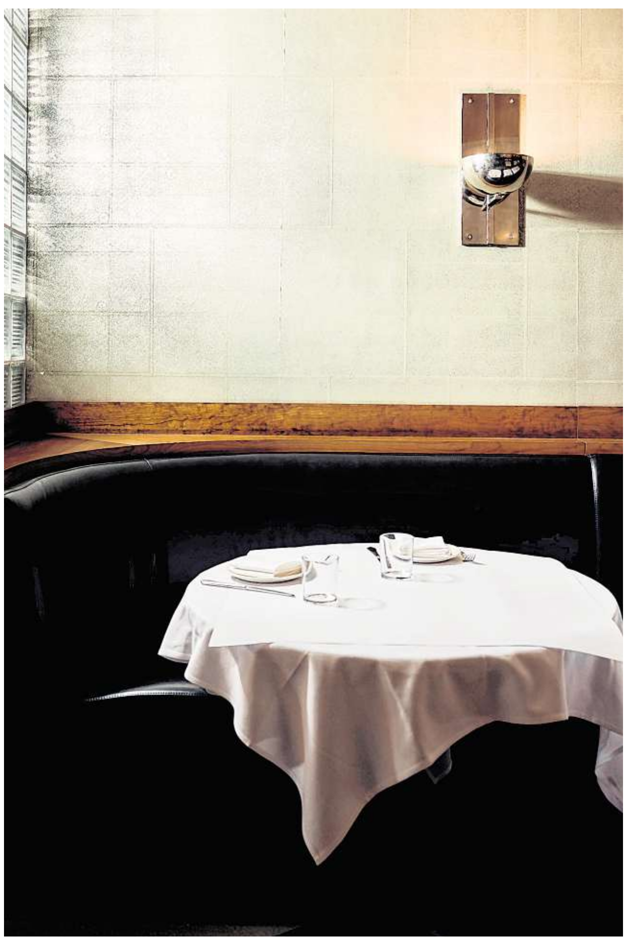
A person pushes a shopping cart outside a Costco on 117th Street in New York, on April 8. Mainstream measures have been slow to detect the impact of tariffs and uncertainty, leaving economists to scour earnings calls and private-sector data sources.



MARISSA ALPER NYT
An empty table at Bridges in New York, on April 18, 2025. Mainstream measures have been slow to detect the impact of tariffs and uncertainty, leaving economists to scour earnings calls and private-sector data sources.

Americans are spending less at McDonald's. Fewer container ships are expected at the Port of Los Angeles. Procter & Gamble is raising prices. Mattel is shifting production out of China.

Evidence for the economic impact of President Donald Trump's trade wars is everywhere -- except, for the most part, in economic data itself. Consumer spending hasn't fallen. Layoffs haven't risen. Businesses haven't stopped investing in equipment or buying supplies.

Economists say it is a matter of time before the impact of tariffs and the uncertainty that Trump's on-again, off-again approach to trade policy has created begin to show up in the hard data. But until then, they are left sifting through crumbs of evidence that wouldn't get a second glance in more normal times: customs revenue, hotel bookings in Las Vegas, freight shipments by truck and rail.

It is in some ways a more buttoned-down version of the recent social media trend in which users share gloomy economic omens -- some serious, some humorous -- under the hashtag #recessionindicator.

"The problem is we don't have much to hang onto at this point," said Marc Giannoni, chief U.S. economist for Barclays. "We have to rely on anecdotes, on indicators that are nonconventional."

Among those hunting for tidbits of evidence are officials at the Federal Reserve, who are trying to figure out how to set monetary policy in an environment where tariff policy can shift multiple times between meetings. Policymakers held interest rates steady Wednesday, in part because of that uncertainty. But they will be watching for signs that the economy is changing direction faster than the usual indicators can capture.

The situation is reminiscent of the early days of the coronavirus pandemic, when economists scoured the internet for alternative measures -- restaurant reservations, attendance at Broadway shows, screenings at Transportation Security Agency checkpoints -- that could provide hints of the damage to come. Joe Brusuelas, chief economist at the accounting firm RSM, said he has been getting flashbacks from that period.

During the pandemic, however, economists mostly agreed about where to look for evidence and what the likely effects would be. This time, there is more disagreement. Will the tariffs manifest mostly in higher prices or product shortages? Will consumers pull back spending, leading to layoffs? Or will layoffs come first -- perhaps in manufacturing and shipping -- with spending to follow as workers lose their income?

"In times when there's a lot of volatility in the economy, and you're waiting for the data to catch up with what's actually going on -- because not only does it take time for consumer behavior to change, but also we see this in the data a month or more after it happened -- you want to watch these anecdotes to get a sense of where things might be headed," said Andrew Hollenhorst, chief U.S. economist at Citigroup.

Tariffs have already shown up in the economic data in one way: Consumers and businesses have raced to import goods before new duties take effect. That has led to a surge in the trade deficit, which hit a record $140 billion in March.

But economists disagree about what will happen next. Some argue that as tariffs push up prices, consumers will reduce their purchases, ultimately leading to layoffs and a recession. Others argue that consumers, especially more affluent ones, are in strong enough financial shape that they will be able to keep spending, allowing businesses to pass on their higher costs and pushing up inflation. And of course, it is possible that Trump will roll back tariffs or that they will prove less damaging than many economists expect.

Measures of consumer sentiment have plummeted since Trump took office, suggesting that shoppers are in little mood to stomach higher prices. But economists have grown more skeptical of such measures in recent years after they failed to predict consumer behavior during and after the pandemic.

"What we learned over the pandemic is that vibes can look bad, and yet consumers will still spend," said Ernie Tedeschi, director of economics at the Budget Lab at Yale.

Hence the focus on anecdotes, which forecasters hope might provide an early indication of which direction the economy is headed.

The trouble is that anecdotes, too, are sending mixed messages. Airline executives have been issuing dire warnings. Southwest Airlines' CEO recently said that a recession had already begun in his industry, yet hotel occupancy rates have held up so far. McDonald's and Chipotle reported declining sales last quarter, but Yum Brands -- owner of Pizza Hut, KFC and Taco Bell -- saw sales rise despite what its chief financial officer called a "complex consumer environment." Companies have told varying stories about when and to what extent they will pass on the cost of tariffs to consumers.