



AOR Update: Data Dearth and the Dashboard

November 3, 2025

Key Takeaways

- ▶ While the federal government shutdown has halted most economic data releases, seven ClearBridge Recession Risk Dashboard indicators are not impacted. For the other five, many alternative private sector data sources enable us to monitor current conditions.
- ▶ We are evaluating alternative sources for the five ClearBridge Recession Risk Dashboard indicators impacted by the shutdown: Housing Permits, Jobless Claims, Retail Sales, Wage Growth and Profit Margins. Our analysis suggests a continuation of recent trends for each and a continued overall green signal for the dashboard.
- ▶ With profits and margins continuing to expand, we believe the probability of a pickup in layoffs tipping the economy into a recession remains low. Instead, we remain confident that economic growth will continue to moderate but stay on a healthy trajectory.

Government Shutdown Halts Official Economic Data

The U.S. federal government shutdown has halted most economic data releases over the past month. While the timing is suboptimal given the cooling labor market, this does not mean that investors are “flying blind,” as many alternative private sector data sources are available. Although these datasets often have narrower scope or less depth, we monitor them even when the federal government is open for business to help supplement our understanding of the U.S. economy. At present, we are heavily focused on these alternative data sources, given the disruption to the flow of government data.

Fortunately, seven of the 12 indicators on the ClearBridge Recession Risk Dashboard come from sources not impacted by the shutdown and that continue to be updated. None of these seven indicators experienced a signal change in October.

However, the remaining five indicators — Housing Permits, Jobless Claims, Retail Sales, Wage Growth and Profit Margins — cannot be updated due to the shutdown. When we evaluate the alternative datasets most like these indicators, however, we see a continuation of the recent trend for each. As a result, we believe a signal change for any of these indicators is unlikely at the present time and we can therefore extrapolate a firm green overall reading from the September dashboard despite the dearth of data (Exhibit 1).

Four of the five indicators impacted by the government shutdown focus on the U.S. consumer, which is unfortunate given the outsize role consumption plays in the U.S. economy. However, the silver lining is that, given this importance, an abundance of additional data sources can be utilized to gauge the health of the consumer.

Exhibit 1: U.S. Recession Dashboard

		October 31, 2025	September 30, 2025	June 30, 2025
Consumer	Housing Permits	-	●	↑
	Job Sentiment	✗	✗	✗
	Jobless Claims	-	↑	↑
	Retail Sales	-	↑	↑
	Wage Growth	-	↑	↑
Business Activity	Commodities	↑	↑	↑
	ISM New Orders	●	●	✗
	Profit Margins	-	●	●
	Truck Shipments	↑	↑	↑
Financial	Credit Spreads	↑	↑	↑
	Money Supply	↑	↑	↑
	Yield Curve	●	●	●
Overall Signal		↑	↑	↑

↑ Expansion ● Caution ✗ Recession - Not Available

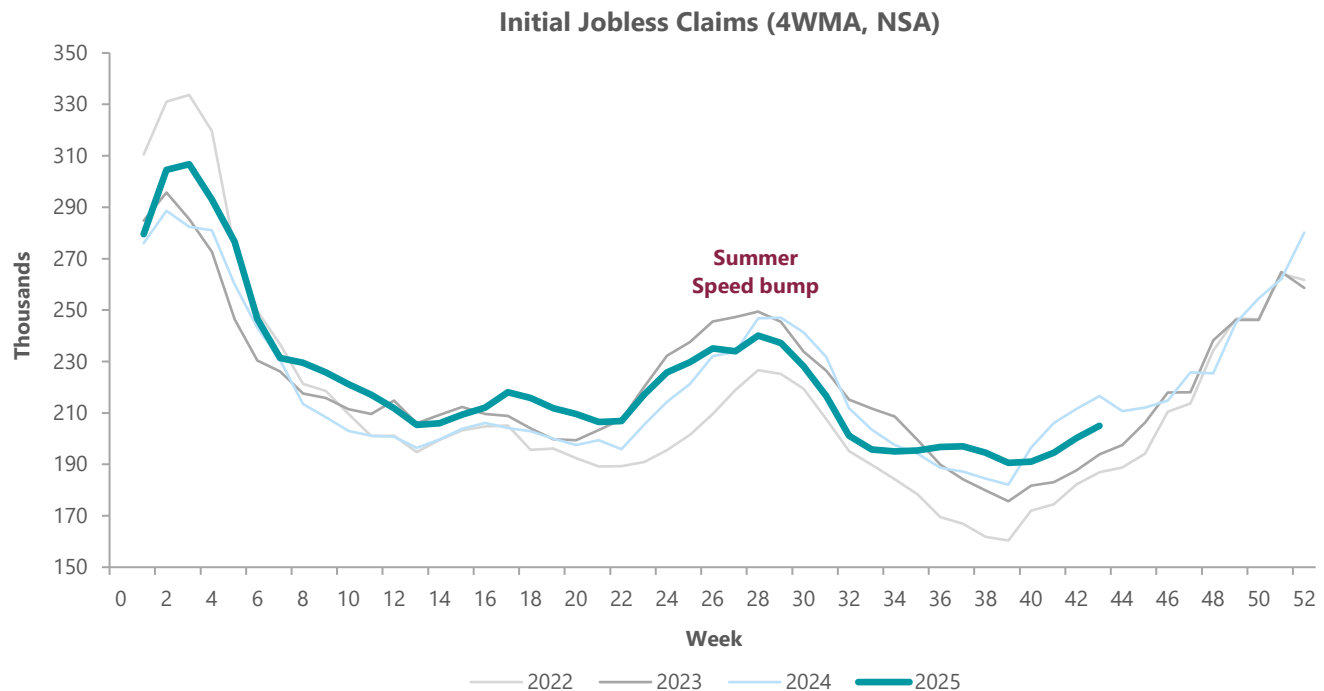
Note: 'Not Available' reflects data that has not been updated due to the government shutdown.

Data as of October 31, 2025. Sources: BLS, Federal Reserve, Census Bureau, ISM, BEA, American Chemistry Council, American Trucking Association, Conference Board, Bloomberg, CME, FactSet and Macrobond. The ClearBridge Recession Risk Dashboard was created in January 2016. References to the signals it would have sent in the years prior to January 2016 are based on how the underlying data was reflected in the component indicators at the time.

To monitor future housing activity, we evaluate publicly available datasets such as the Dodge Construction Network's residential building starts, which rose by 3.6% in the latest release. While the dashboard focuses on permits as opposed to starts, the two concepts are closely related. We complement this data with survey data from the National Association of Home Builders (NAHB) as measured by the NAHB/Wells Fargo Housing Market Index, which saw an uptick in sentiment, suggesting construction activity could pick up into 2026. The positive tone from these two datasets is tempered by weekly purchase applications from the Mortgage Bankers Association, which fell in October. Combined, the near-term picture for housing is mixed, consistent with the latest available yellow signal for Housing Permits.

The second dashboard indicator on hold has a more direct substitute. Jobless Claims are normally reported by individual states and then aggregated and adjusted by the Department of Labor. Because the states themselves are not impacted by the federal government shutdown, the underlying jobless claims data still exists — it just needs to be compiled. Several Wall Street banks, research boutiques and economic think tanks have been doing this during the shutdown, and their work clearly shows that the trend in jobless claims has remained steady over the past month. This means the indicator likely remains green. We take comfort from the fact that Fed Chairman Jerome Powell expressed a similar view that "available evidence suggests that both layoffs and hiring remain low" during last week's Federal Reserve Open Market Committee (FOMC) press conference.

Exhibit 2: Dashboard Indicator – Initial Jobless Claims



Note: 4WMA stands for four-week moving average, and NSA stands for non-seasonally adjusted.

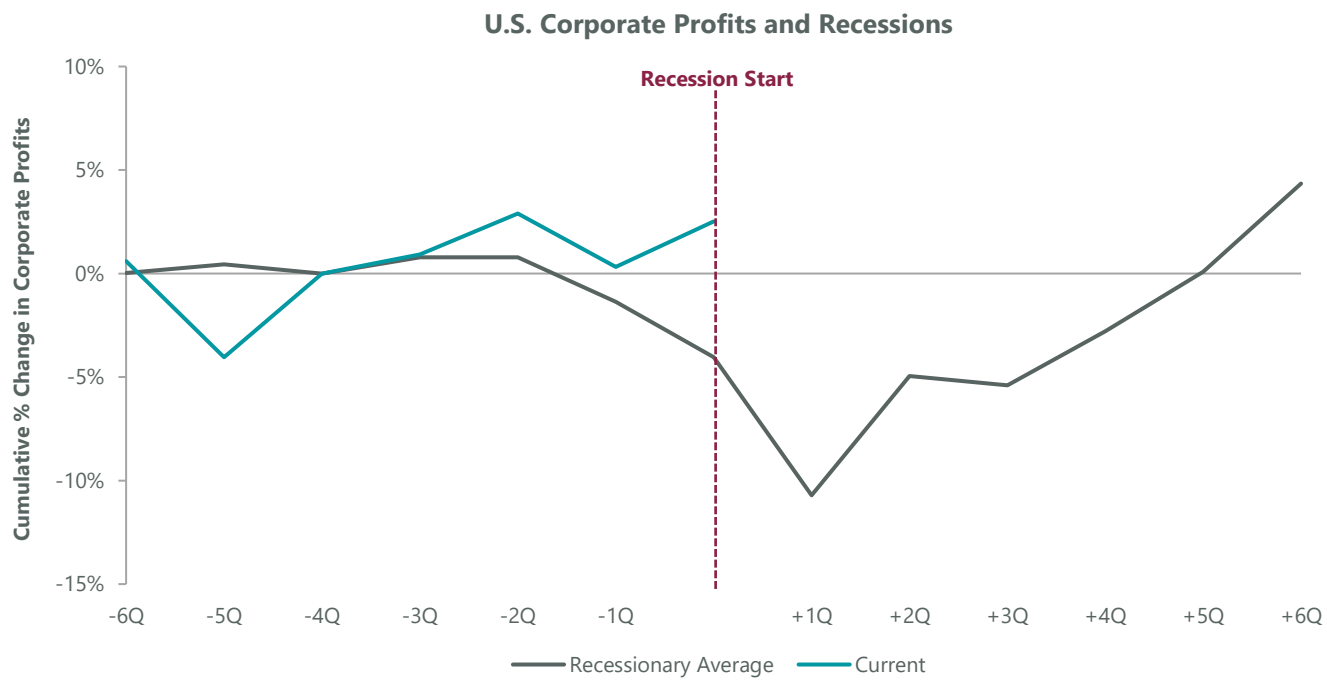
Data as of Oct. 24, 2025, latest available as of Oct. 31, 2025. Sources: U.S. Department of Labor, 22V Research and Bloomberg.

Retail Sales also has a straightforward proxy: the Chicago Fed Advance Retail Trade Summary (CARTS). CARTS is a nowcasting tool similar to the Atlanta Fed's GDPNow tracker, but for retail sales. The CARTS estimate for the latest data is that retail sales ex-autos advanced by +0.3% sequentially and +0.2% when adjusted for inflation. These readings would be consistent with a continued green signal for Retail Sales, as well as other alternative data sources focused on consumer spending, including Johnson Redbook's same-store sales and credit card spending data, both of which suggest consumer spending continues to grow.

Wage Growth is the final consumer indicator impacted by the shutdown. Data from ADP and Indeed.com both point toward wage gains continuing at their recent pace in the latest available data. Further, steady wage trends are consistent with Powell's comments during the FOMC press conference that labor market trends have not meaningfully shifted since the shutdown began.

The fifth and final dashboard indicator impacted by the shutdown is Profit Margins, which comes from the National Income and Product Accounts data, a subcomponent of the quarterly GDP release. As a proxy, we evaluate a narrower slice of corporate profits by aggregating earnings releases from public companies. Public companies that have reported so far continued to see margin expansion during the most recent quarter and sell-side analyst expectations are that on balance this will be the case overall (including unreported companies). We addressed how corporate profits do not look recessionary in [last month's Long View](#), a notion confirmed by the results available so far from the third-quarter reporting season. While this indicator has been moving closer to green territory in recent months, we continue to think of it as yellow out of an abundance of caution given the data dearth.

Exhibit 3: Profits Don't Look Recessionary



Note: Nonfinancial Corporate Profits w/IVA and CC Adj (Gross Value Add), 1965-Present.
Data as of June 30, 2025, latest available as of Sept. 30, 2025. Source: BEA, Bloomberg, NBER.

In all, combining the seven indicators that can be updated with the best available proxies for the other five, we believe the overall dashboard remains firmly in green territory. With profits and margins continuing to expand, we believe the probability of a pickup in layoffs tipping the economy into a recession remains low. State-level initial jobless claims data further suggests that this dynamic is not playing out at present. Combining this with other key economic trends remaining intact — even in the absence of official data — bolsters our confidence that economic growth continues to moderate but remains on a healthy trajectory.

About the Authors



Jeffrey Schulze, CFA

Managing Director, Head of Economic and Market Strategy

- 19 years of investment industry experience
- Joined ClearBridge Investments in 2014
- BS in Finance from Rutgers University



Josh Jamner, CFA

Director, Senior Investment Strategy Analyst

- 15 years of investment industry experience
- Joined ClearBridge Investments in 2017
- BA in Government from Colby College

ClearBridge Investments

One Madison Avenue, New York, NY 10010 | 800 691 6960 | [ClearBridge.com](https://clearbridge.com)

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