

On the Economic, Business & Political Climate

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2026 Financial Institutions Virtual Symposium

forvis mazars

Topic #1

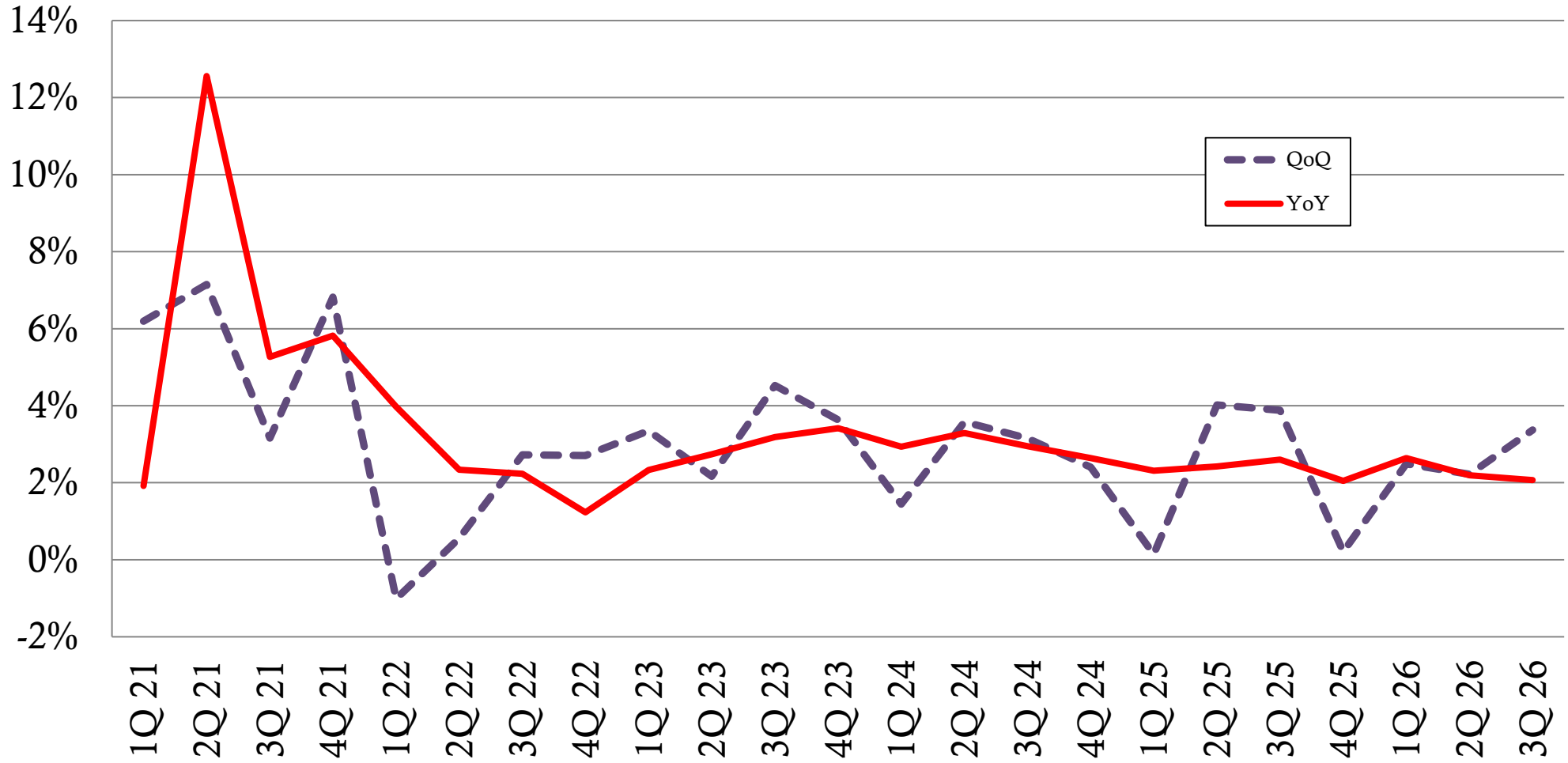
Where do we stand on growth?

Or . . . is a recession hiding around the corner



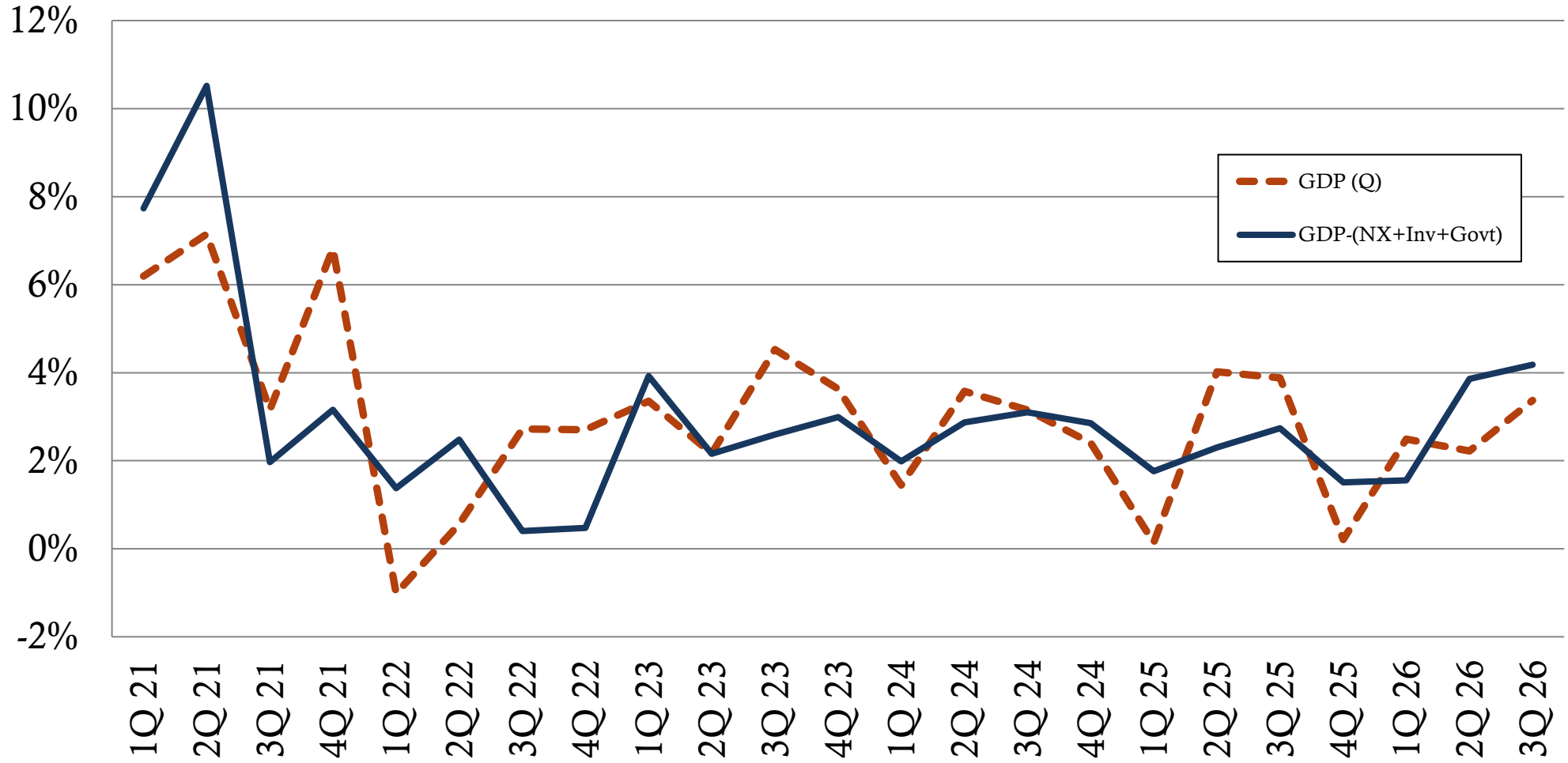
Gross Domestic Product

(source: Department of Commerce)



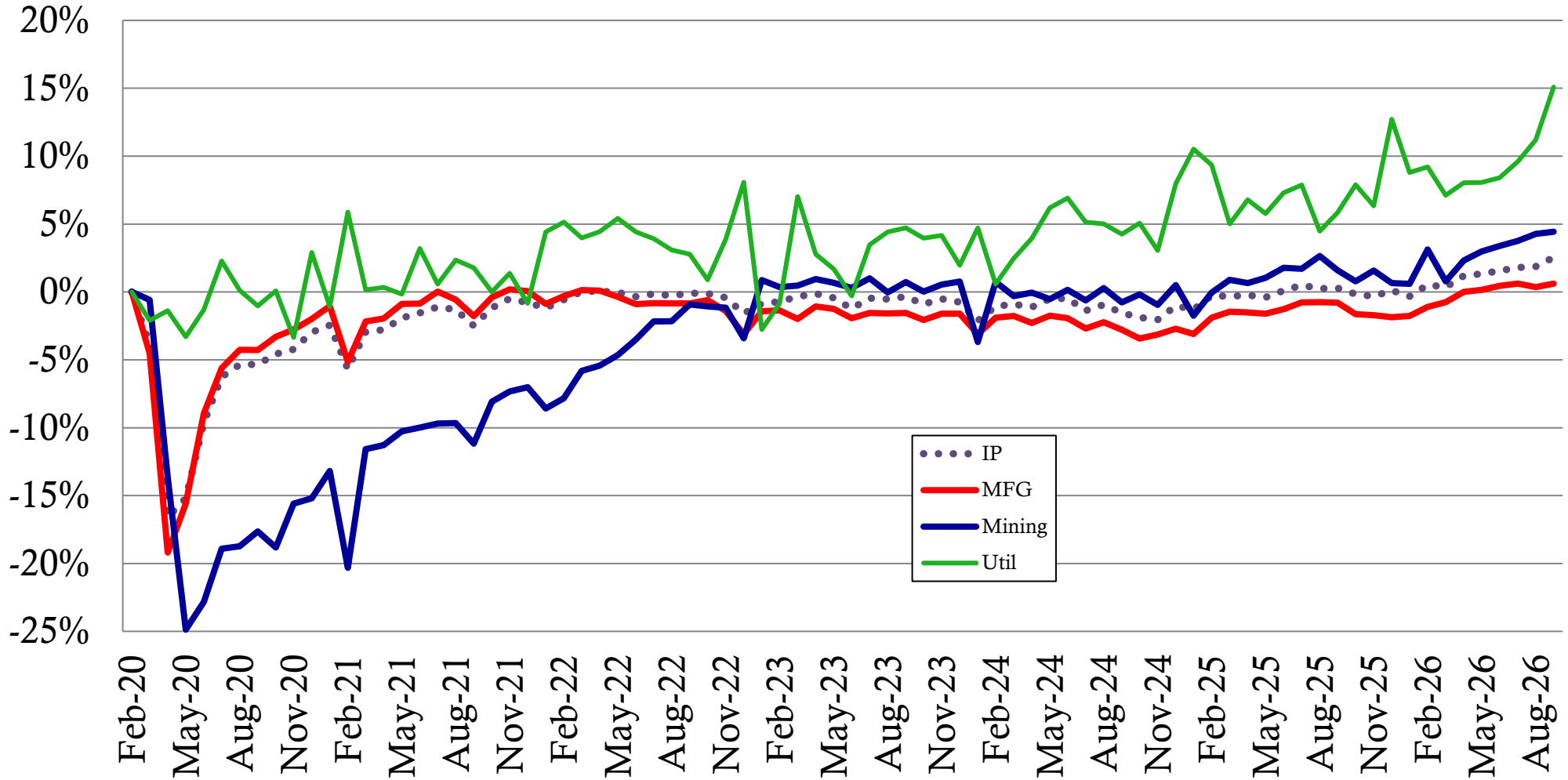
GDP less Trade, Inventory & Government

(source: Department of Commerce)



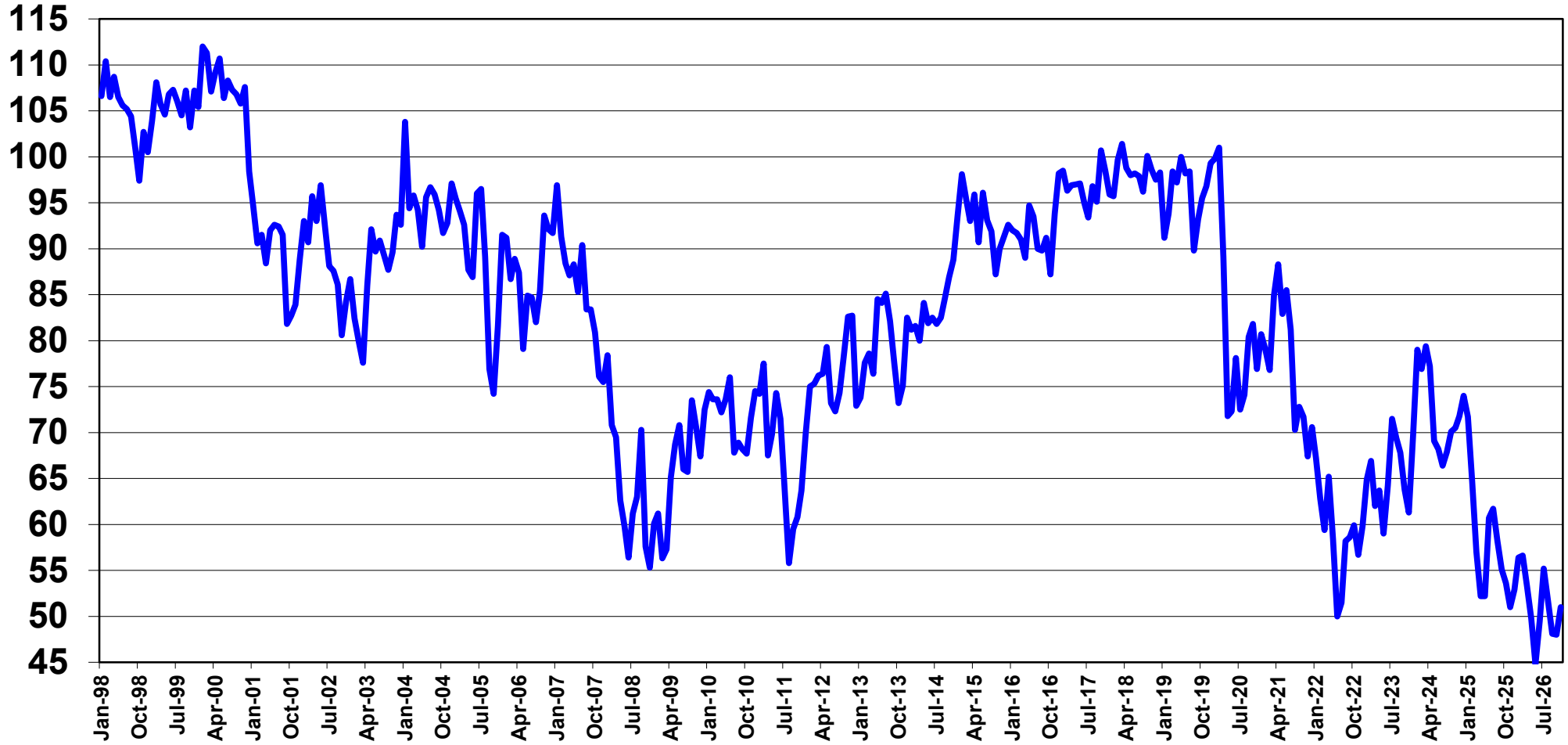
Industrial Production: From 2020 Peak

(source: Board of Governors of Federal Reserve)



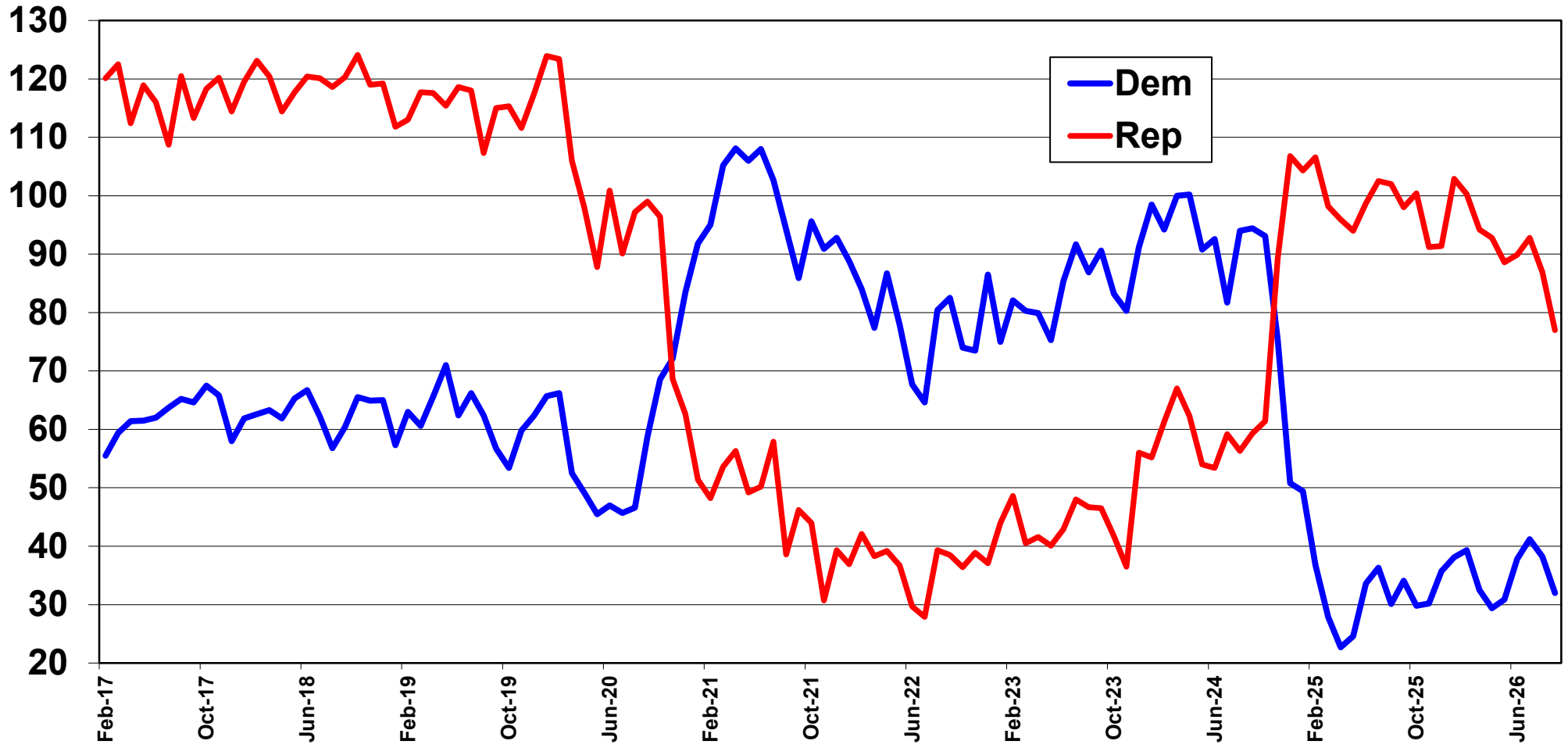
Consumer Sentiment

(source: University of Michigan, Survey Research Center)



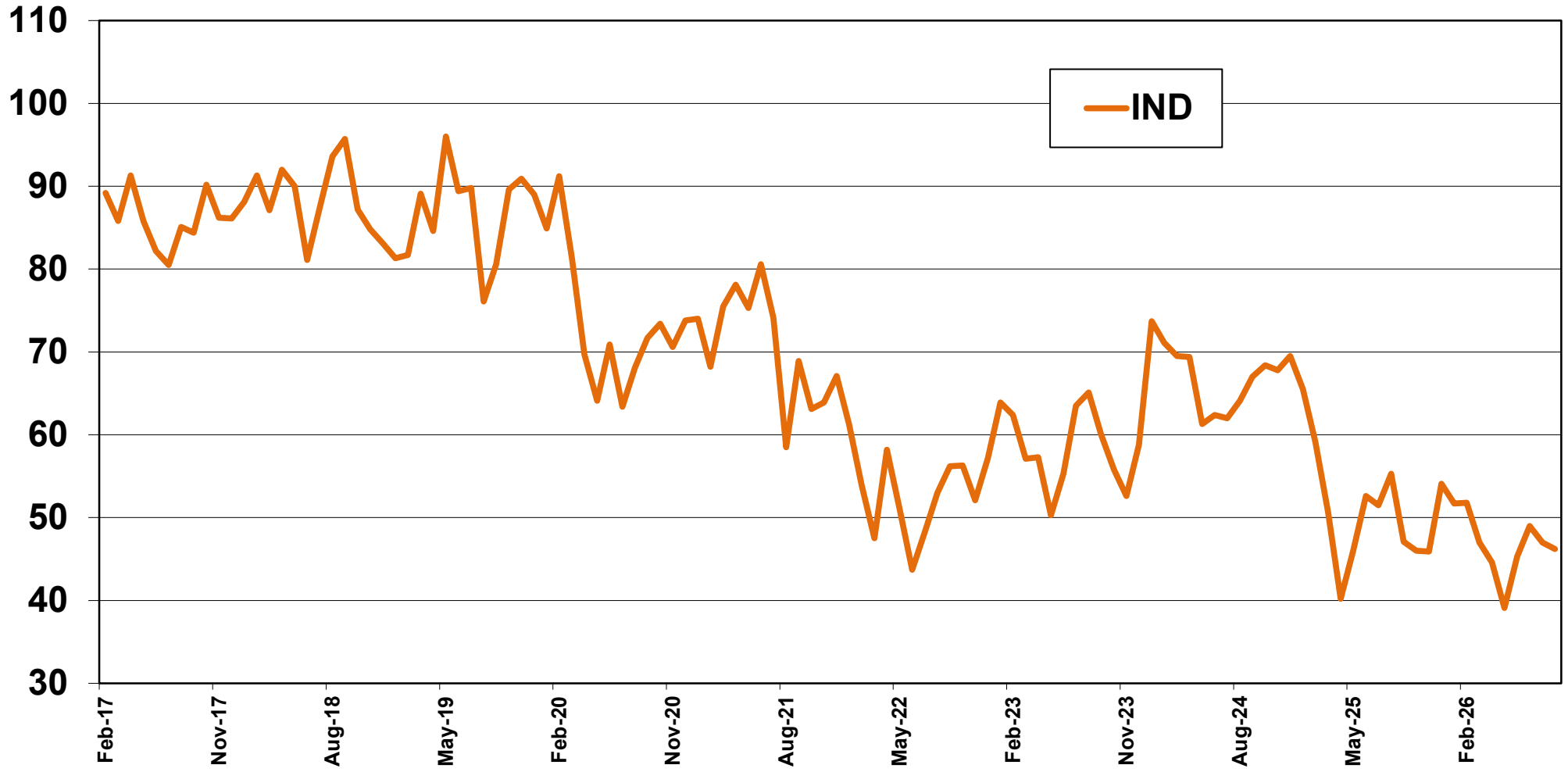
Consumer Expectations: By Party

(source: University of Michigan, Survey Research Center)



Consumer Expectations: Independents

(source: University of Michigan, Survey Research Center)



Leading Economic Indicators

(source: The Conference Board, 6 month change)



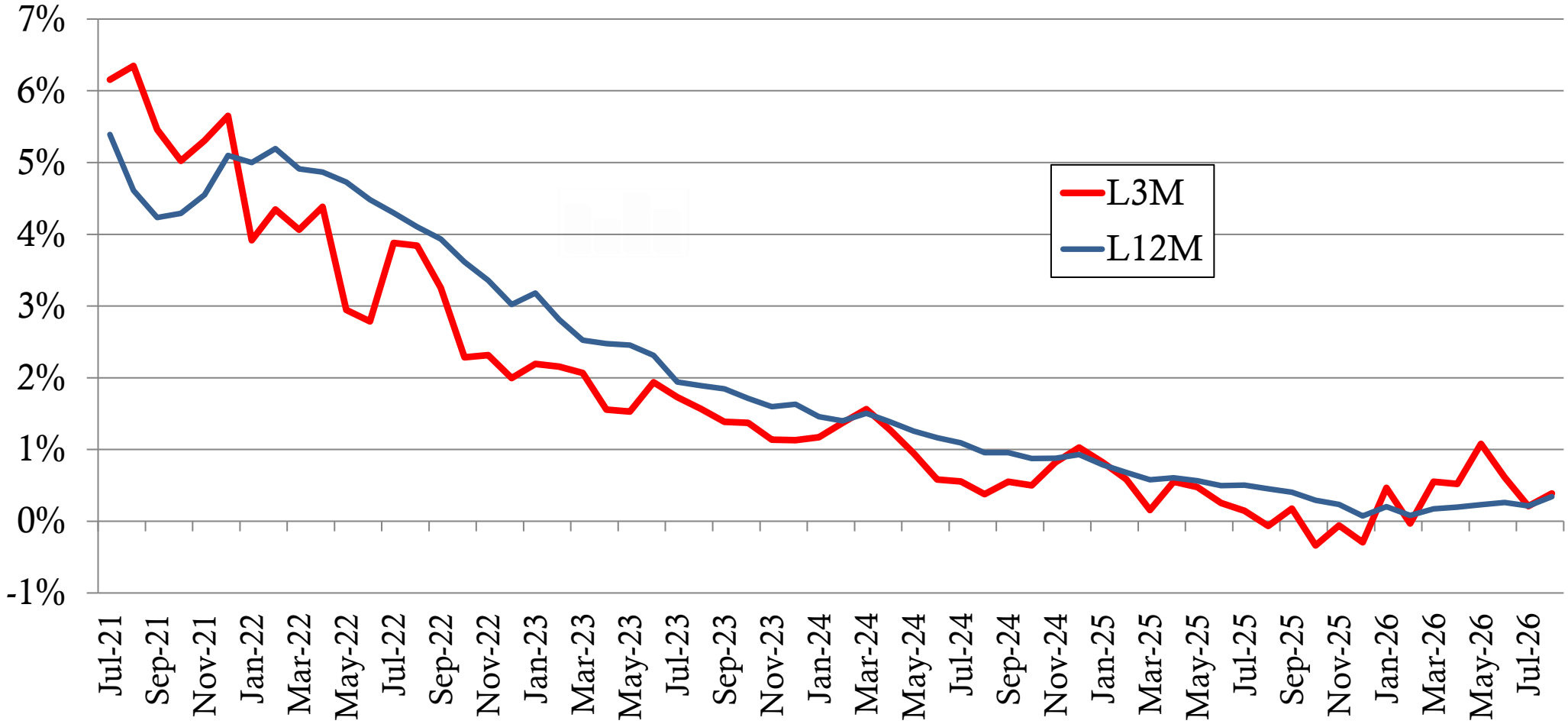
Topic #2

After a decade of tight labor markets, are we now in balance?



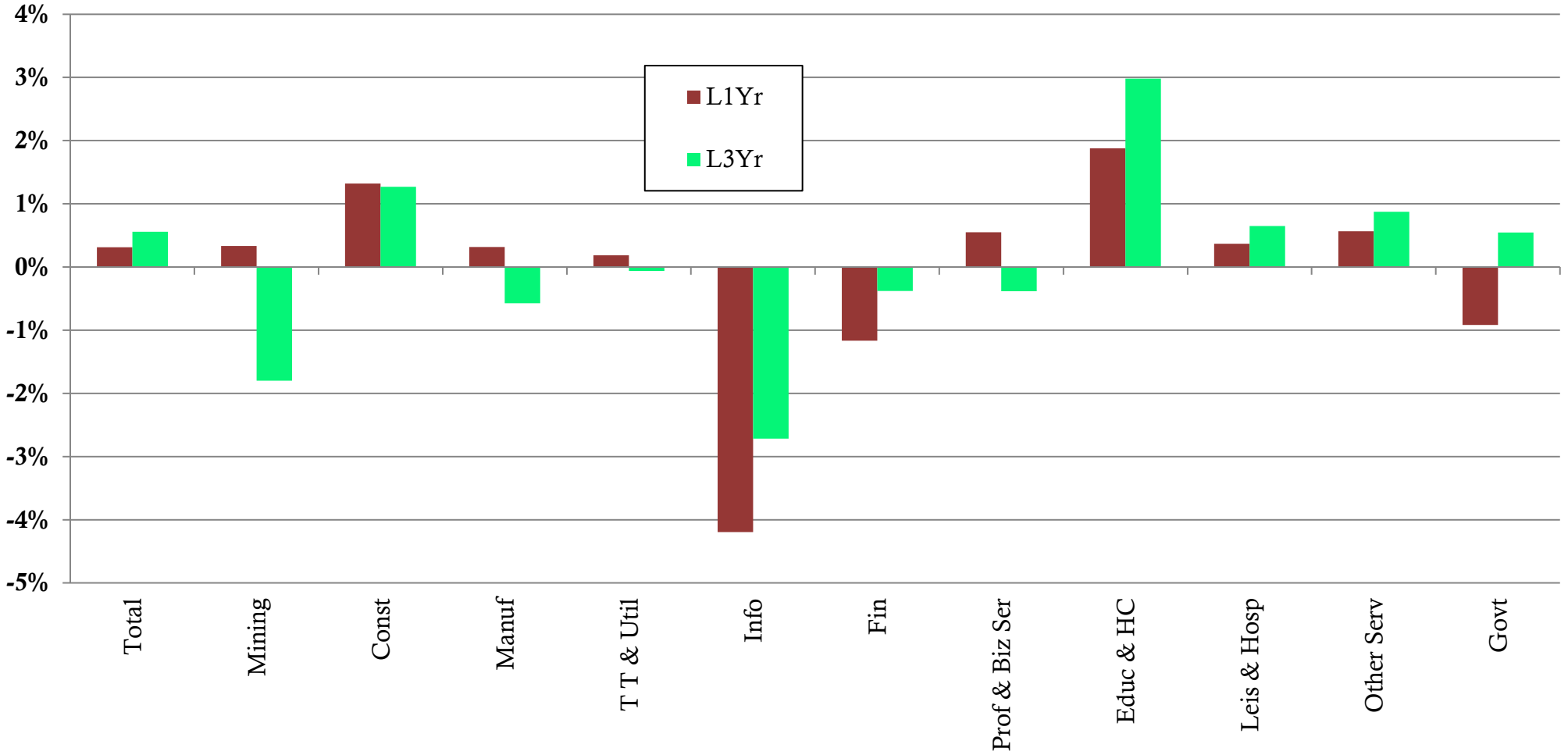
Payrolls Growth

(Source: Bureau of Labor Statistics; 3-month & 12-month growth rate)



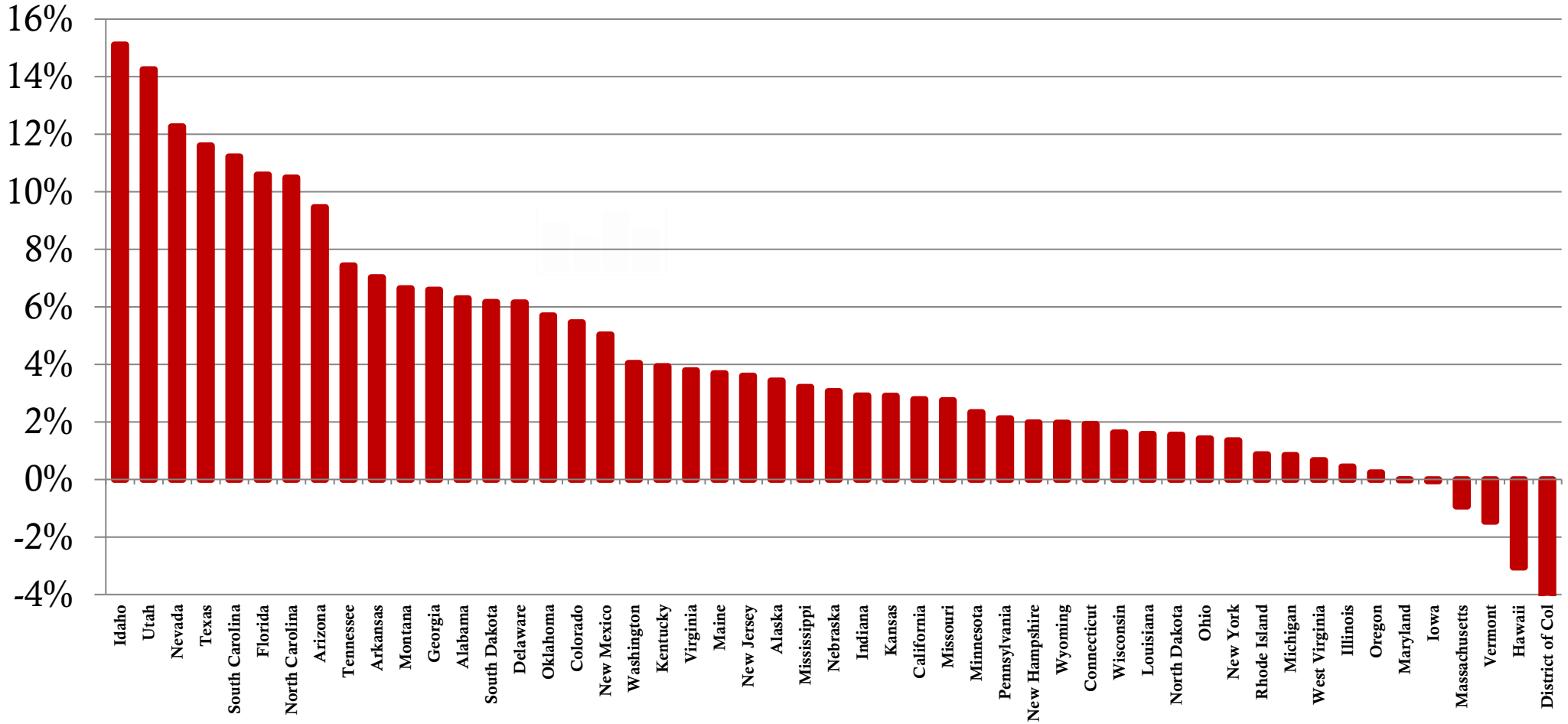
Payroll Growth: by Sectors

(source: Bureau of Labor Statistics, thru September 2026)



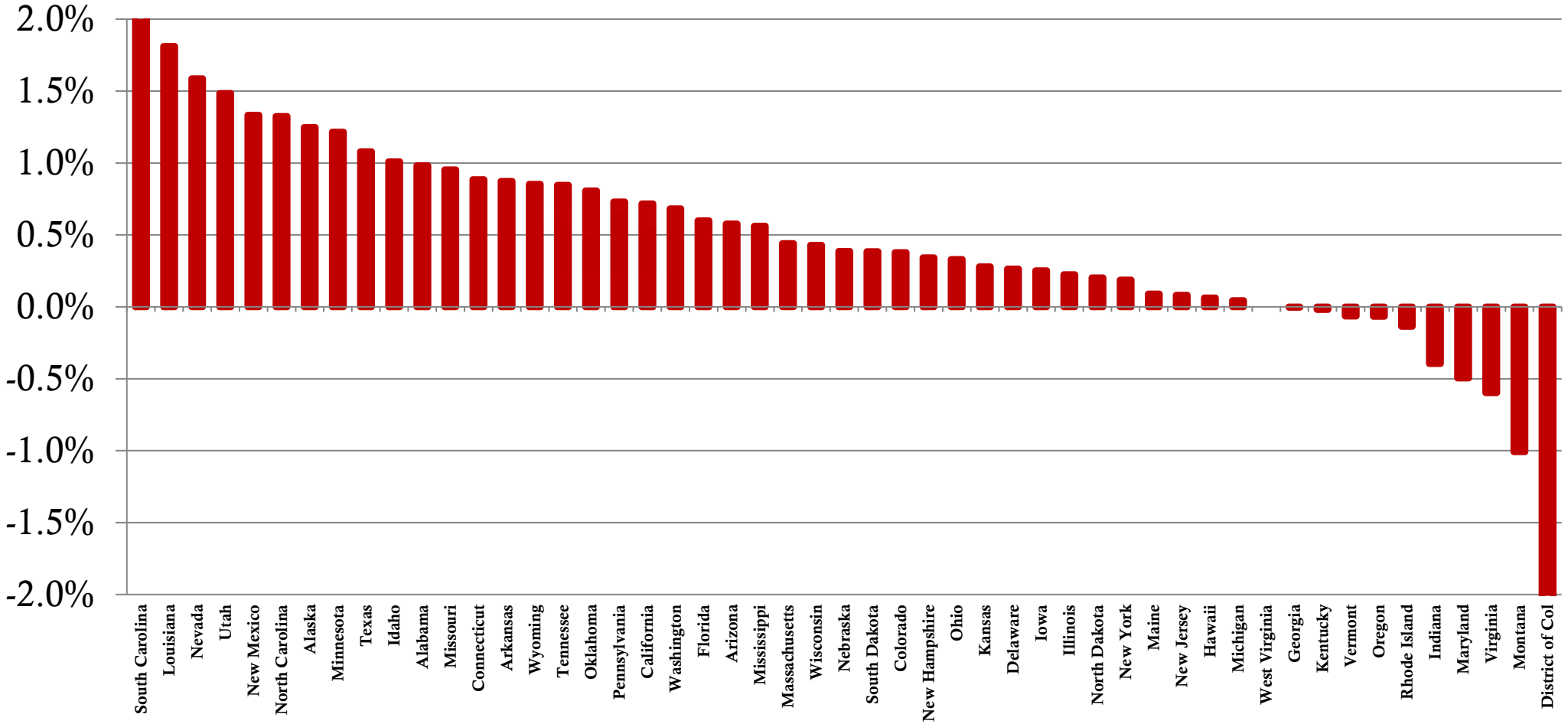
Payrolls: Recovery from Bottom

(Source: Bureau of Labor Statistics; through September 2026)



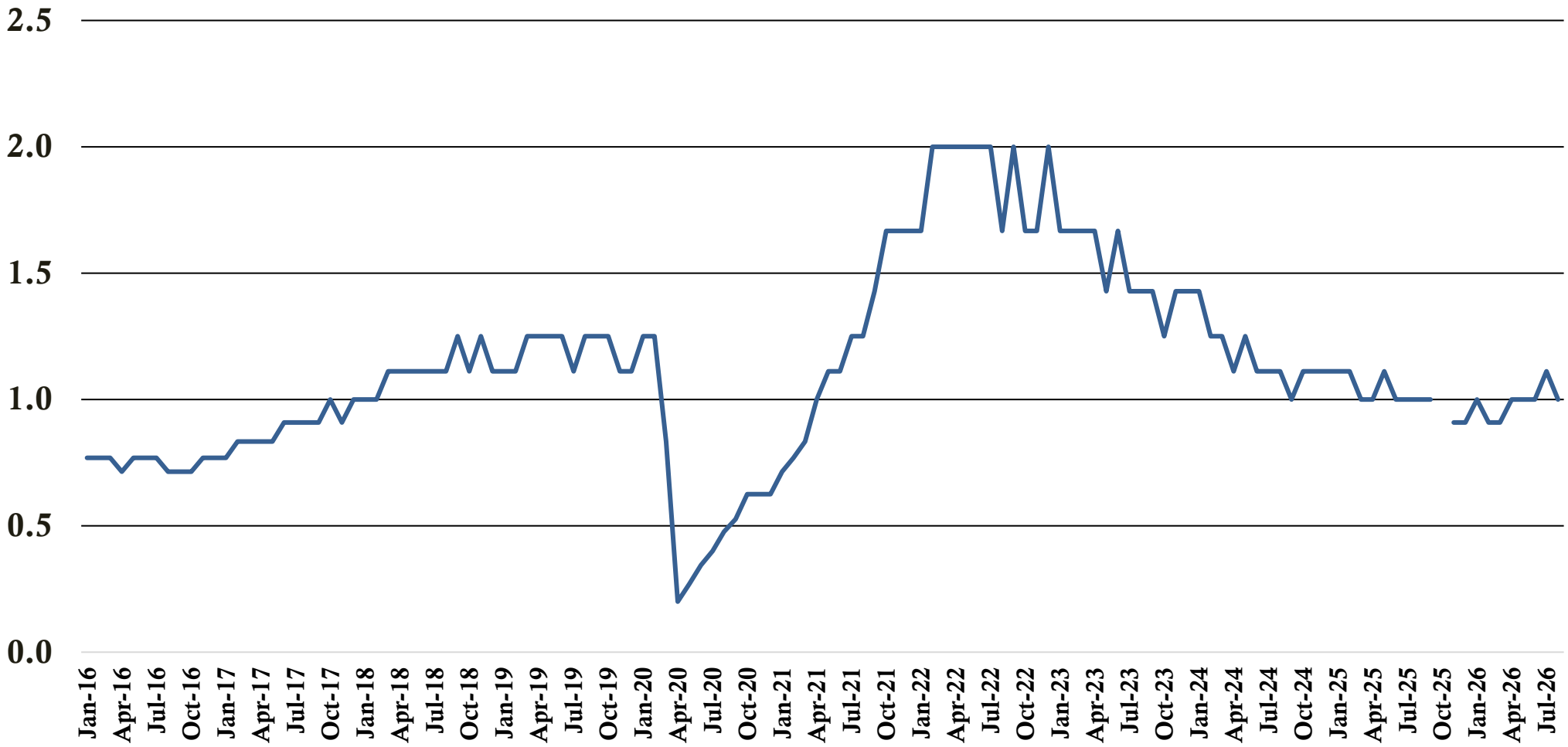
Payrolls: Year over Year Change

(Source: Bureau of Labor Statistics; through September 2026)



JOLTS: Openings/Unemployed

(Source: Bureau of Labor Statistics)



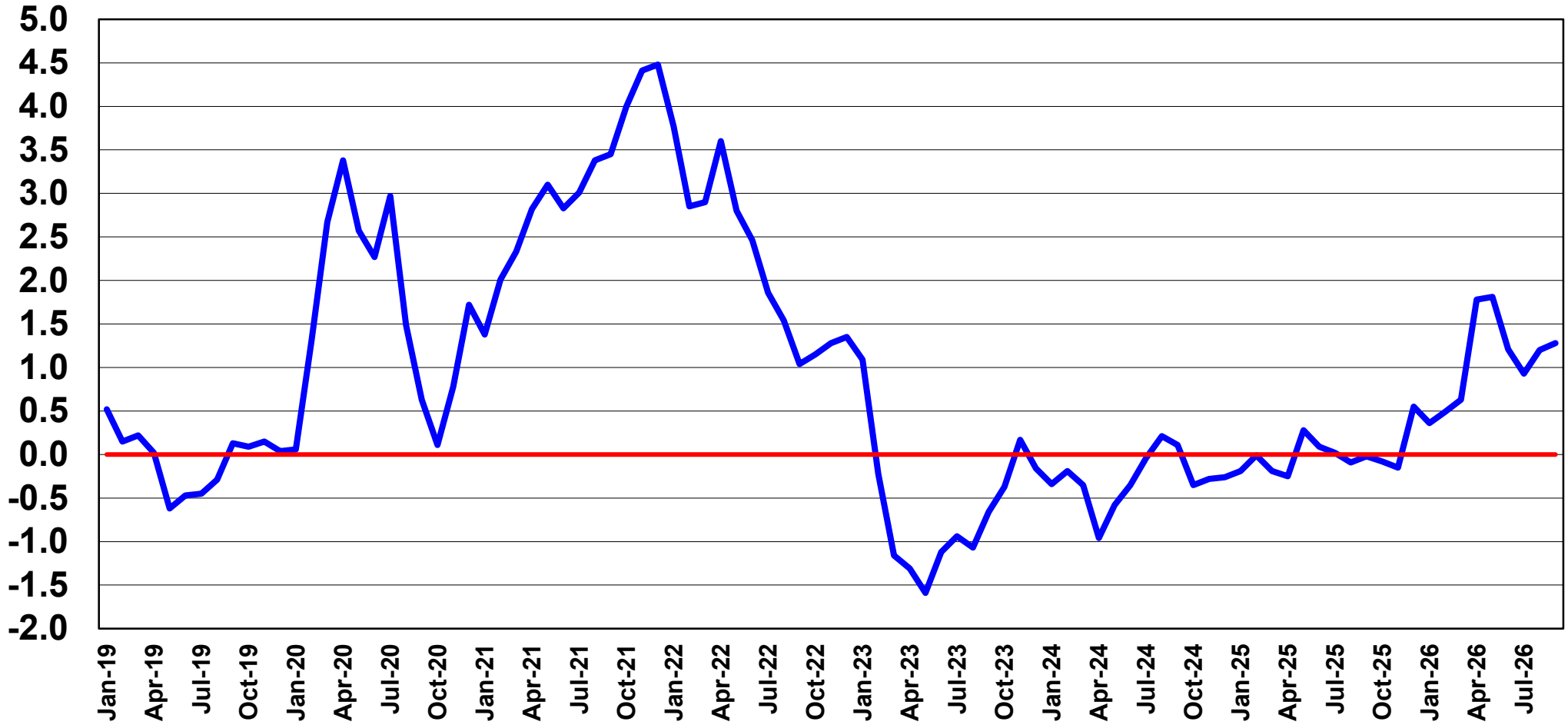
Topic #3

Have global trade fears shifted from supply chain & currencies to tariffs and geopolitics?



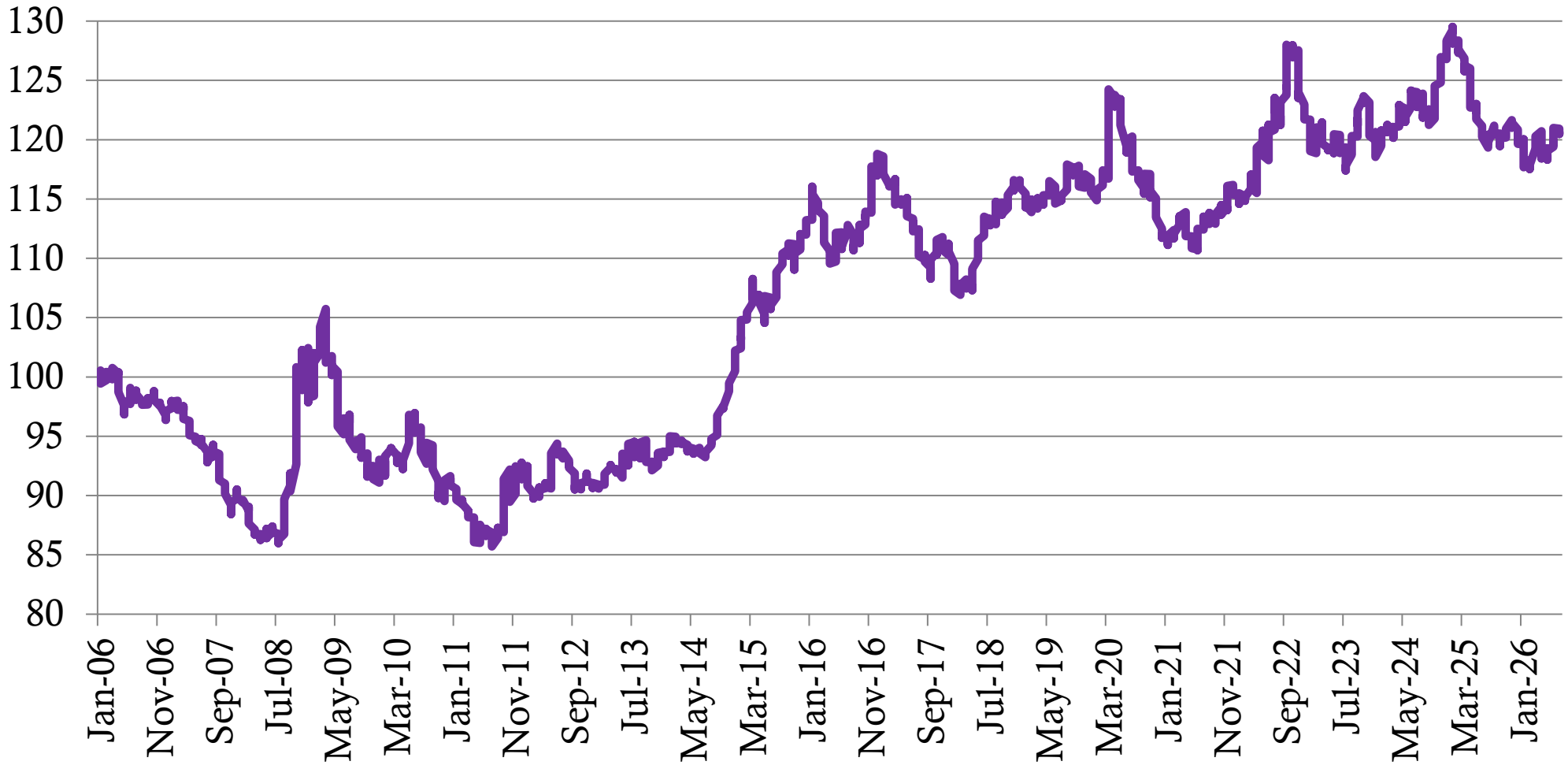
Global Supply Chain Pressure

(Source: Federal Reserve Bank of New York)



Foreign Exchange: Broad Dollar

(source: Board of Governors of Federal Reserve System)



Basis of Tariffs

Congress has constitutional standing.

Section 232 (1962): certain circumstances allows the president to impose tariffs based on the recommendation from the Secretary of Commerce if "an article is being imported into the United States in such quantities or under such circumstances as to threaten or impair the national security."

Section 201 & 301 (1974): designed to eliminate unfair foreign trade practices that adversely affect U.S. trade and investment in both goods and services.

International Emergency Economic Powers Act of 1977.
Struck down by SCOTUS on February 20, 2026

Impact of Tariffs

- ISM-PMI surged to 52.6 in January; now above 50 for 10 consecutive months.
- Domestic impact is a product of
  - Tariff rate
  - Margin compression for producers
  - Change in FX
  - Percentage of final good subject to tariff
  - Ability of final consumer to substitute
- Level shifts versus uptick in inflation.
  - Lags in system
  - Feedback on retaliatory tariffs

Open questions:

Will we build redundant supply chains or “reshore”?

What does it mean for capital flows?

Topic #4

Inflation returned in 2022, then was falling toward the 2% target – but have tariffs and energy reversed the progress?



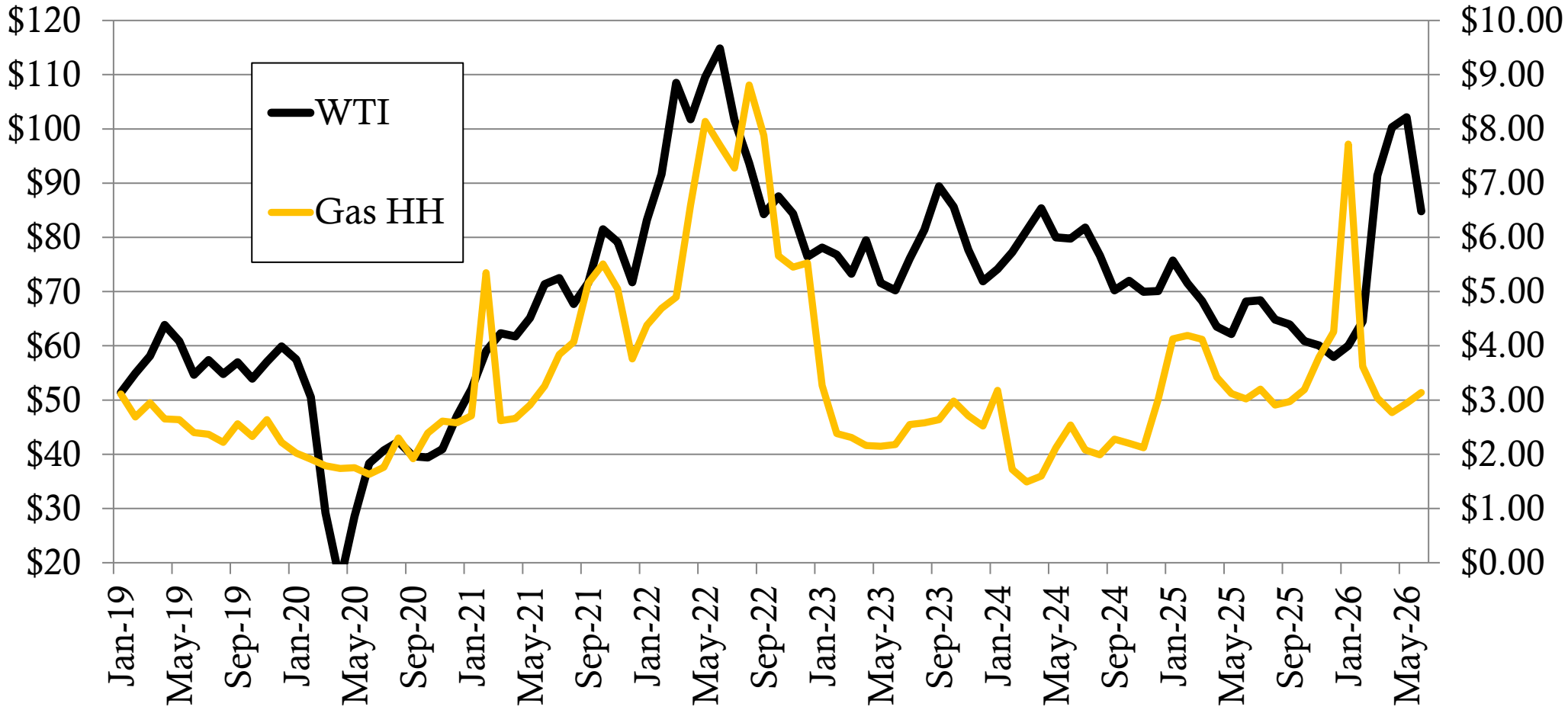
Inflation: Transitory or Persistent?

(source: Bureau of Labor Statistics)

- CPI up 0.6% in September. Overall CPI was up 3.7% over last 12 months.
- Core CPI was up 0.3% in September. Core up 2.6% over last year.
- Energy component was up 5.2% and 2.1% in September and August. The energy component is up 20.4% over the last 12 months.
- PCE up 3.6% for 12 months ending in September, core PCE up 3.1% over the same period.

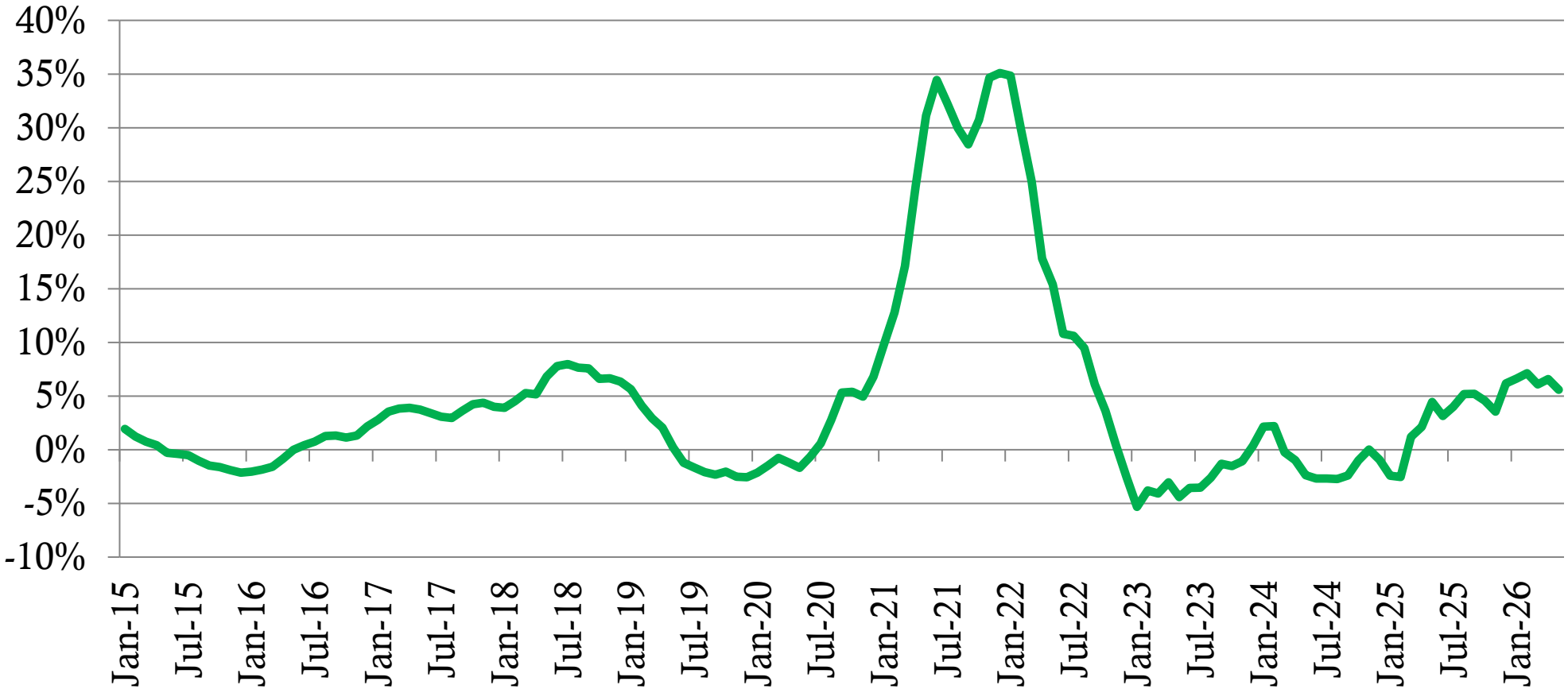
Energy Cost: Oil & Natural Gas

(source: U.S. Energy Information Administration)



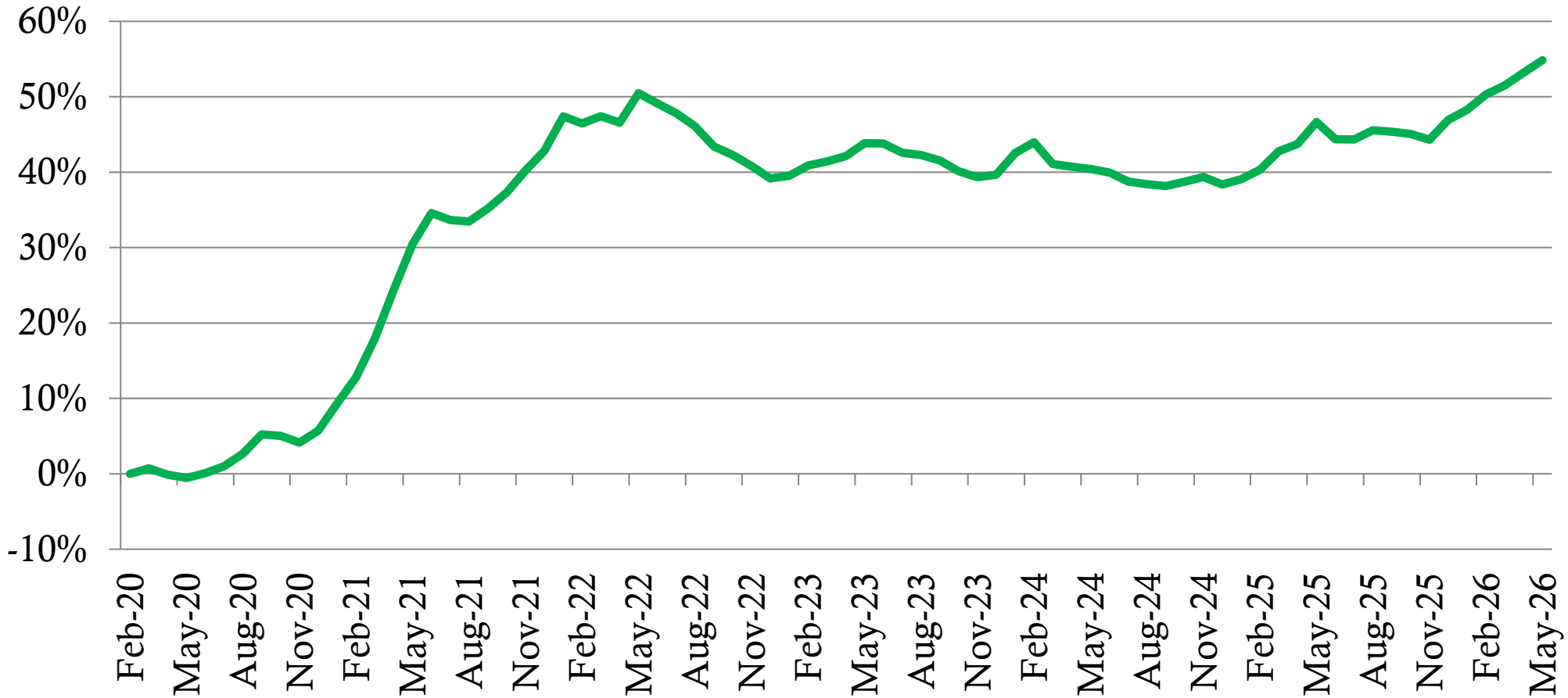
Producer Price Index: Construction Materials

(Change L12M, source: Bureau of Labor Statistics)



Cumulative PPI: Construction Materials

(Cumulative since Feb 2020, source: Bureau of Labor Statistics)



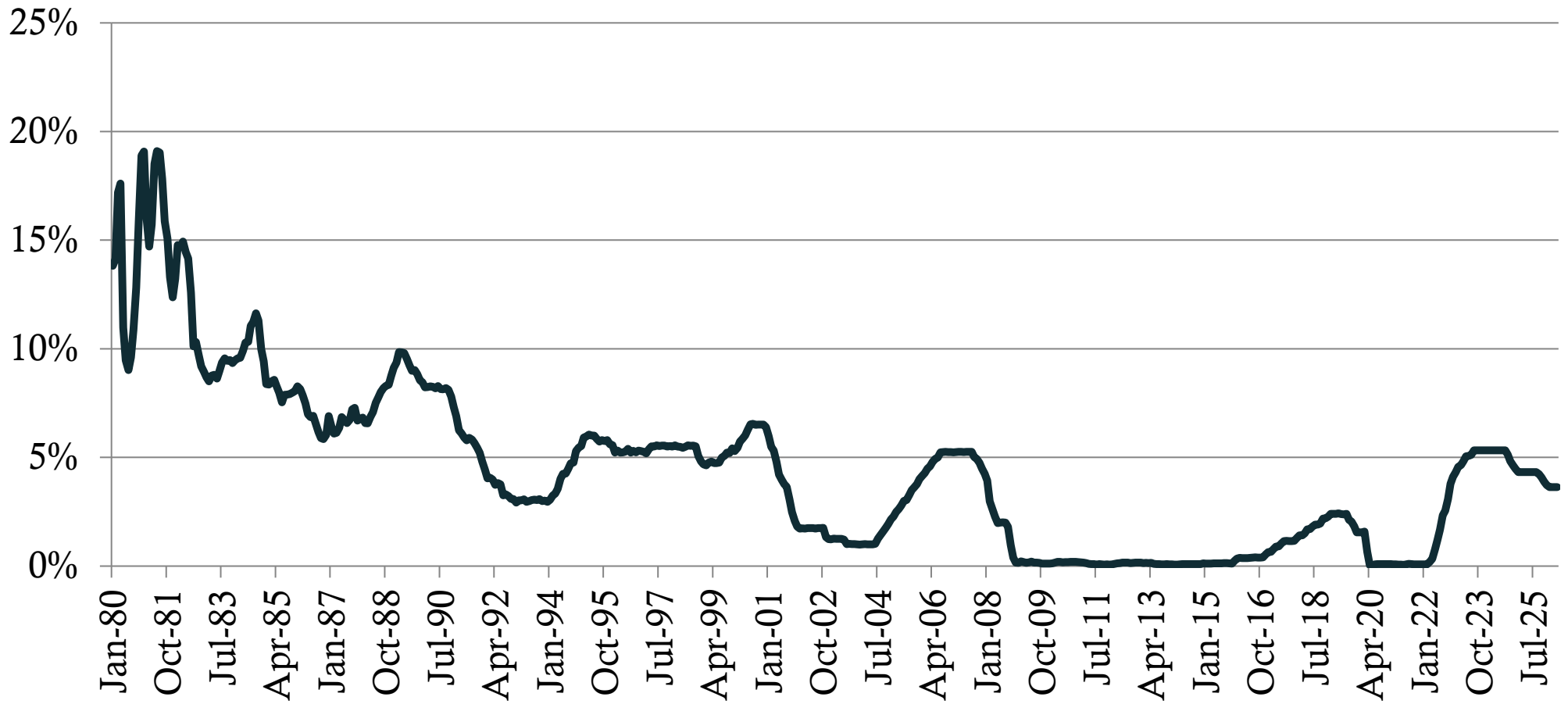
Topic #5

Fed signaled “peak rates” in early 2024. Six rate cuts into the cycle . . . we reversed? And when will mortgage rates reach “normal?



Federal Funds Rate

(source: Board of Governors of the Federal Reserve System)



Market's Expectation for Federal Funds Rate:

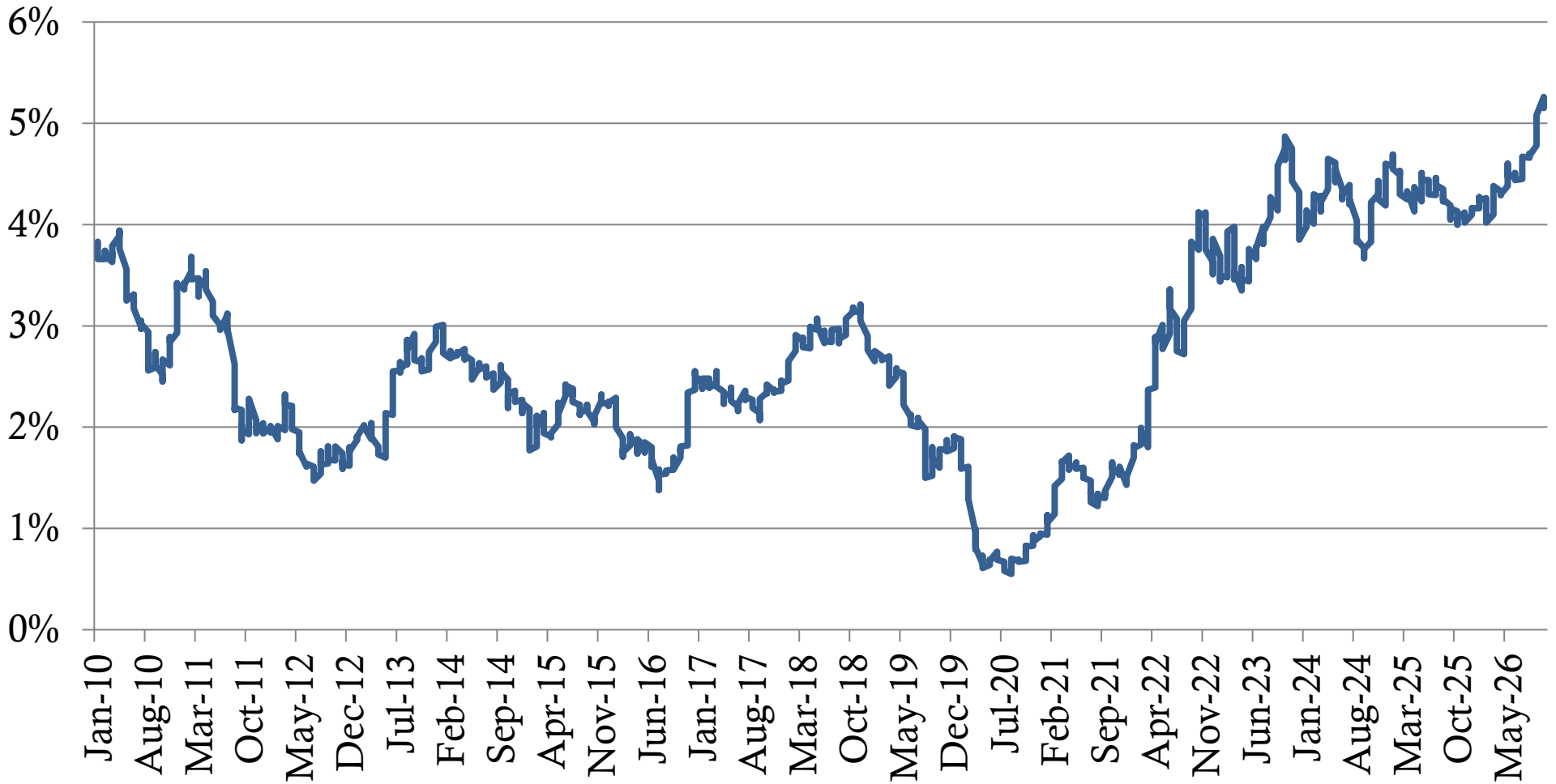
November 6, 2026

(Source: CME Group)

MEETING DATE	350-375	375-400	400-425	425-450	450-475	475-500	500-525
12/9/2026	0.0%	23.2%	76.8%	0.0%	0.0%	0.0%	0.0%
1/27/2027	0.0%	18.4%	65.7%	15.9%	0.0%	0.0%	0.0%
3/17/2027	0.0%	11.4%	47.8%	34.8%	6.0%	0.0%	0.0%
4/28/2027	0.0%	9.6%	41.9%	36.9%	10.6%	1.0%	0.0%
6/9/2027	0.0%	7.3%	34.3%	38.1%	16.8%	3.2%	0.2%
7/28/2027	0.0%	6.9%	32.8%	37.9%	18.0%	4.0%	0.4%
9/15/2027	0.0%	6.5%	31.3%	37.6%	19.2%	4.8%	0.6%
10/27/2027	0.1%	6.8%	31.3%	37.3%	19.0%	4.8%	0.6%
12/8/2027	0.5%	8.4%	31.7%	36.1%	18.1%	4.5%	0.6%

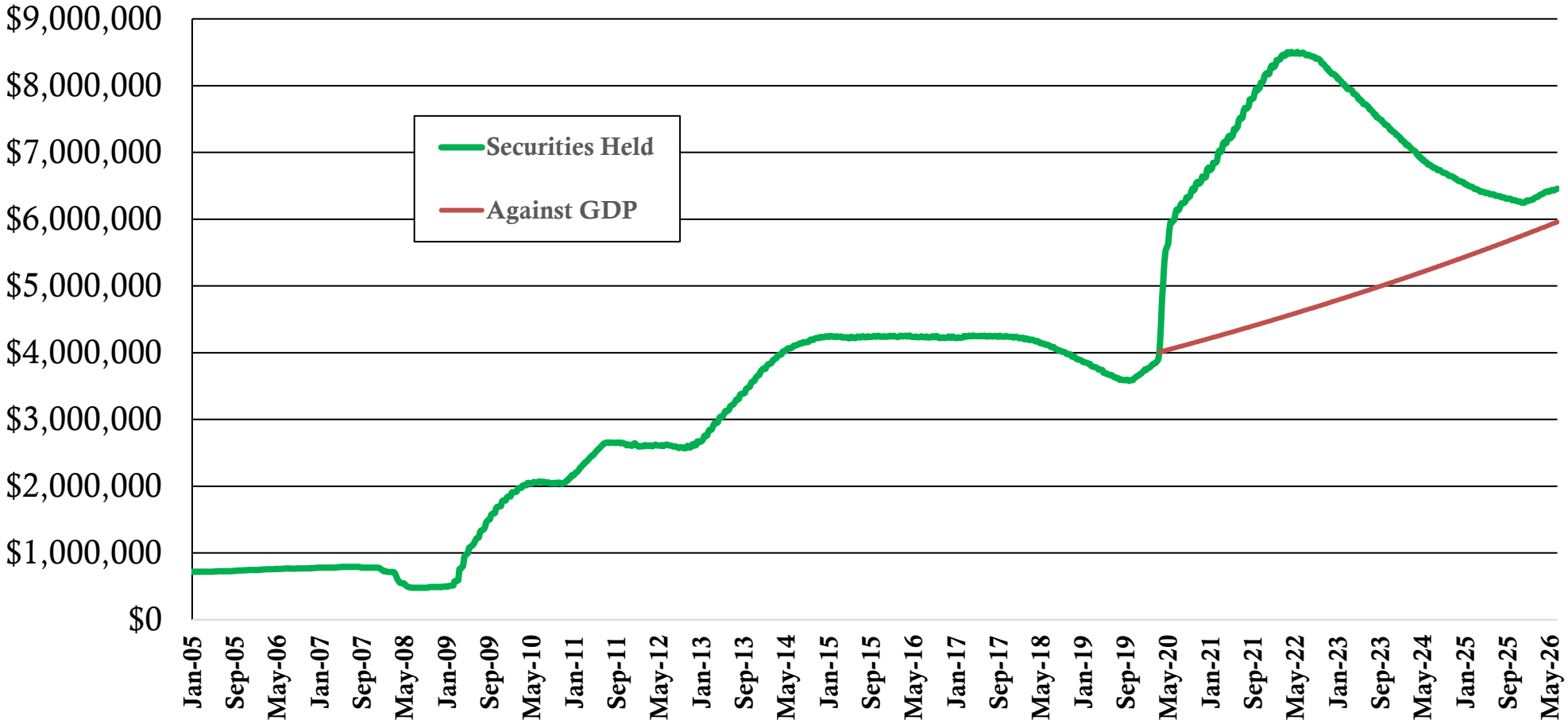
10-Year Treasury Bonds

(source: Board of Governors of Federal Reserve System)



Fed: Securities Held Outright

(in millions, source: Board of Governors of Federal Reserve System, Department of Commerce)



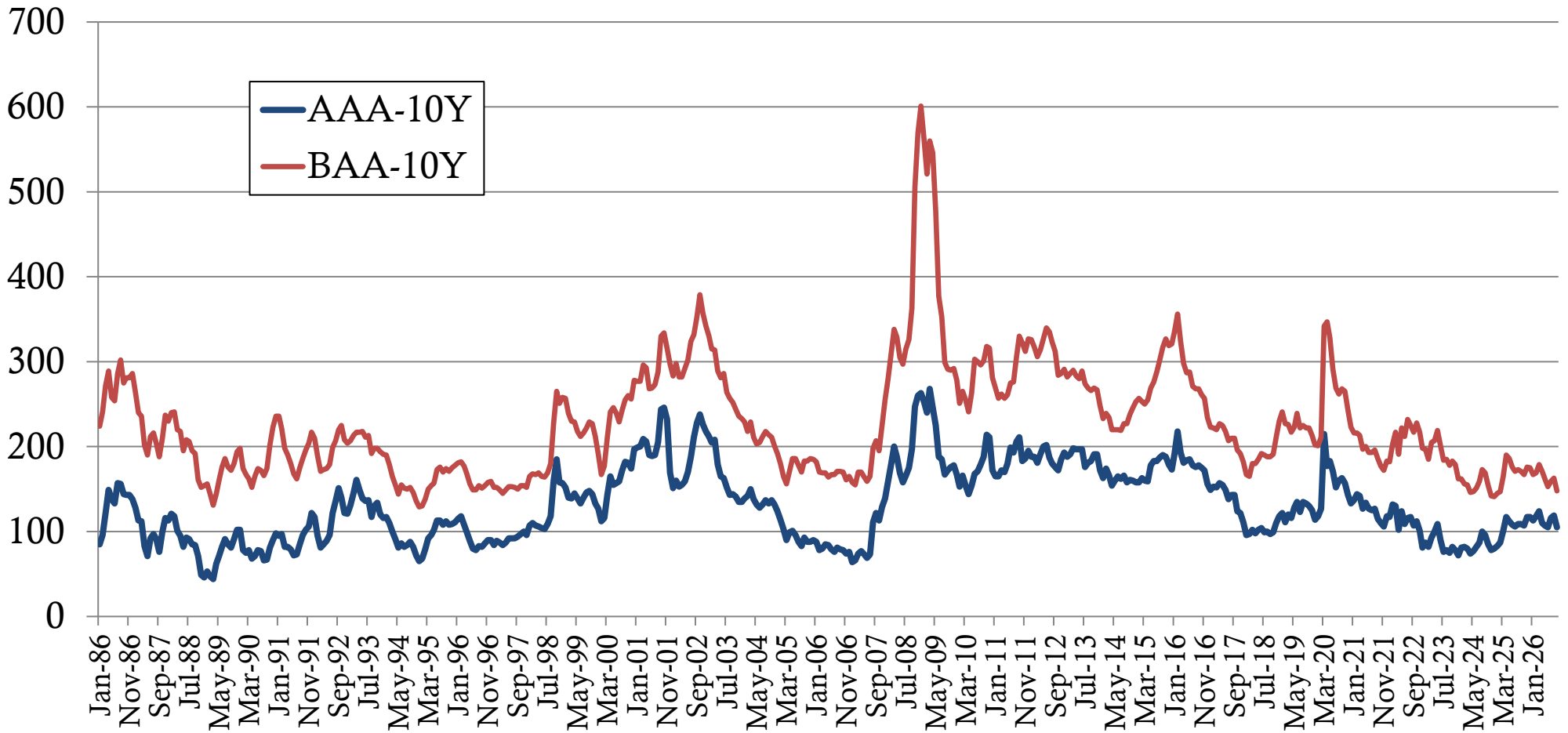
Mortgages vs 10-Year T-Bonds

(source: Board of Governors of Federal Reserve System)



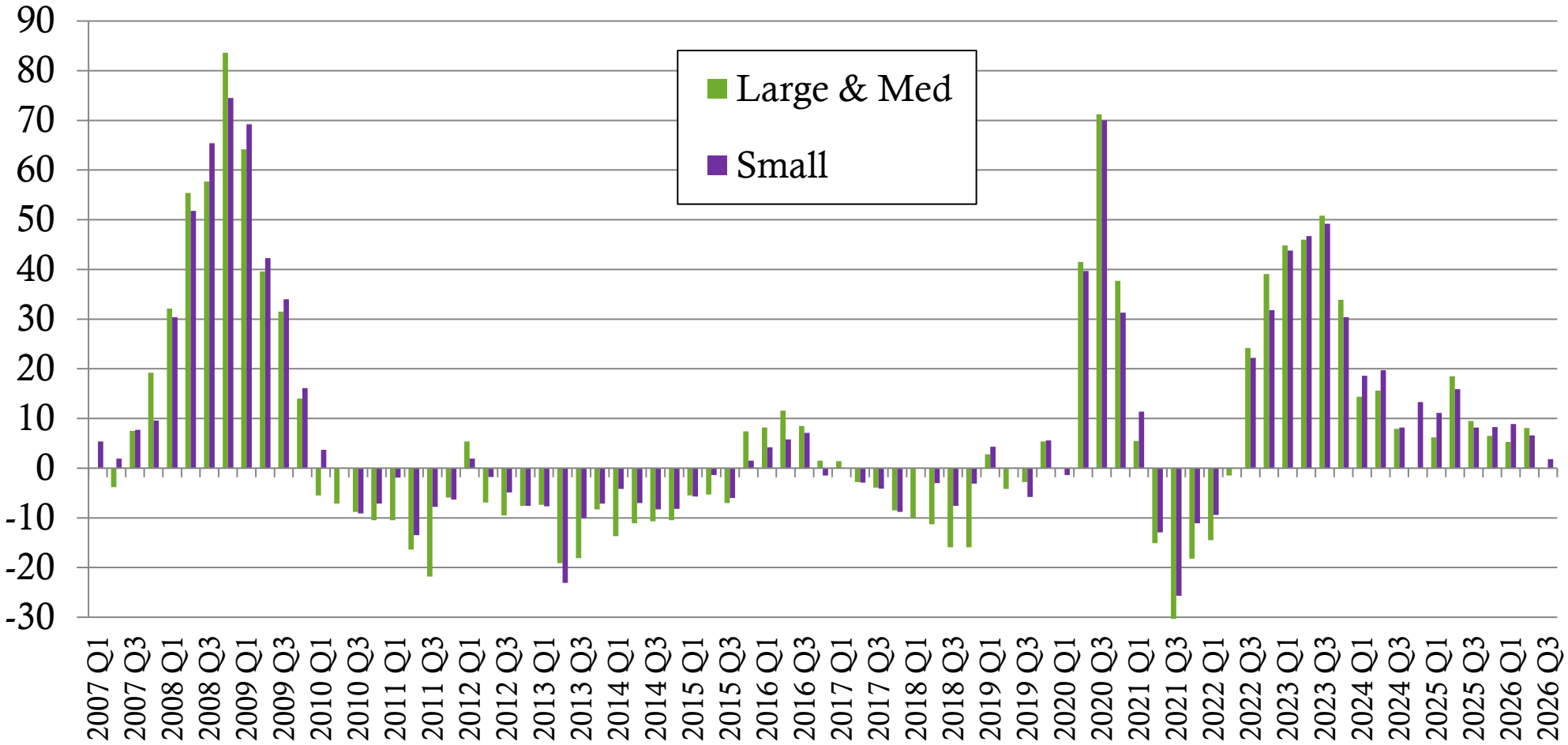
Corporate Credit Spreads

(source: Board of Governors of Federal Reserve System, Moody's)



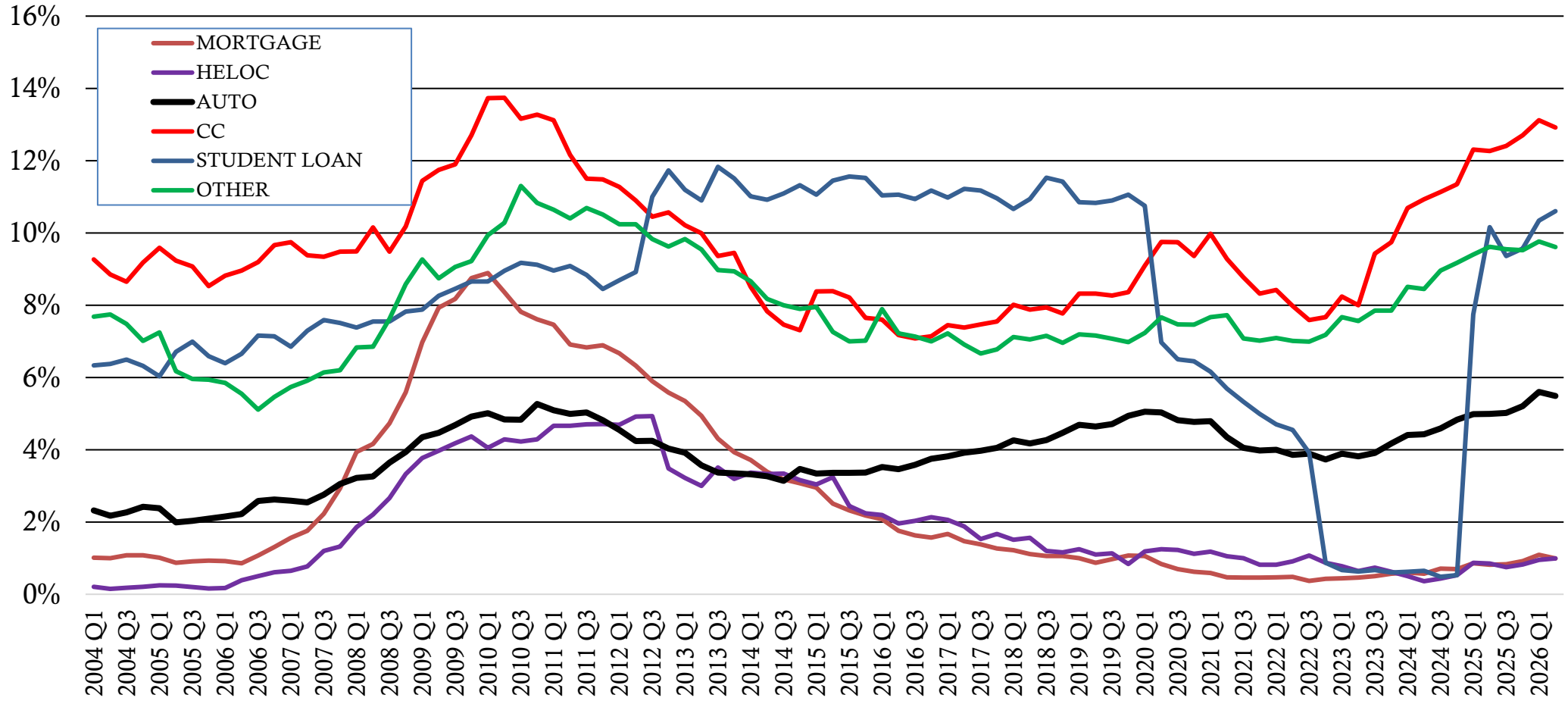
C&I Loan Standards: Net Tightening

(Source: Federal Reserve System, Senior Officers Lending Survey)



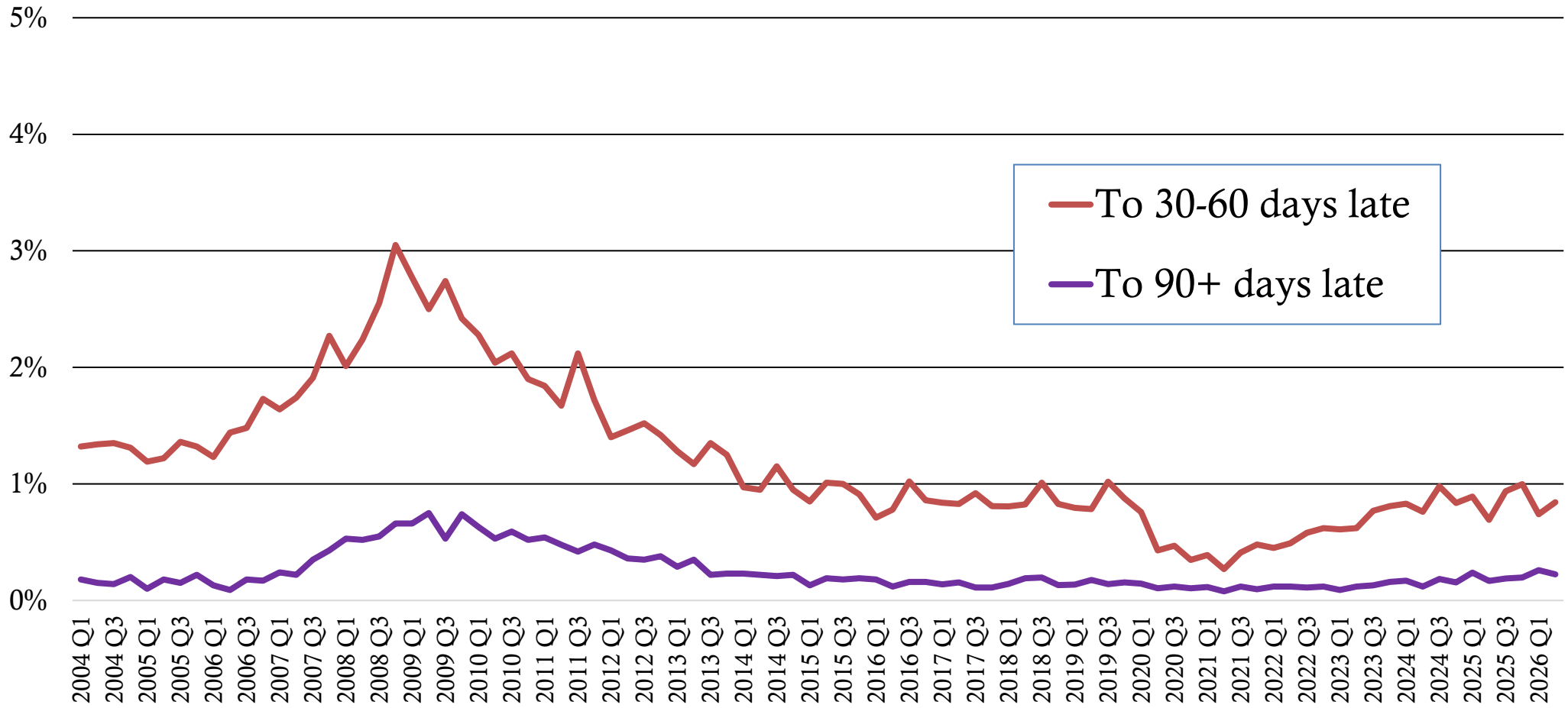
90+ Days Delinquent by Loan Type

(source: Federal Reserve Bank of New York Credit Panel/Equifax)



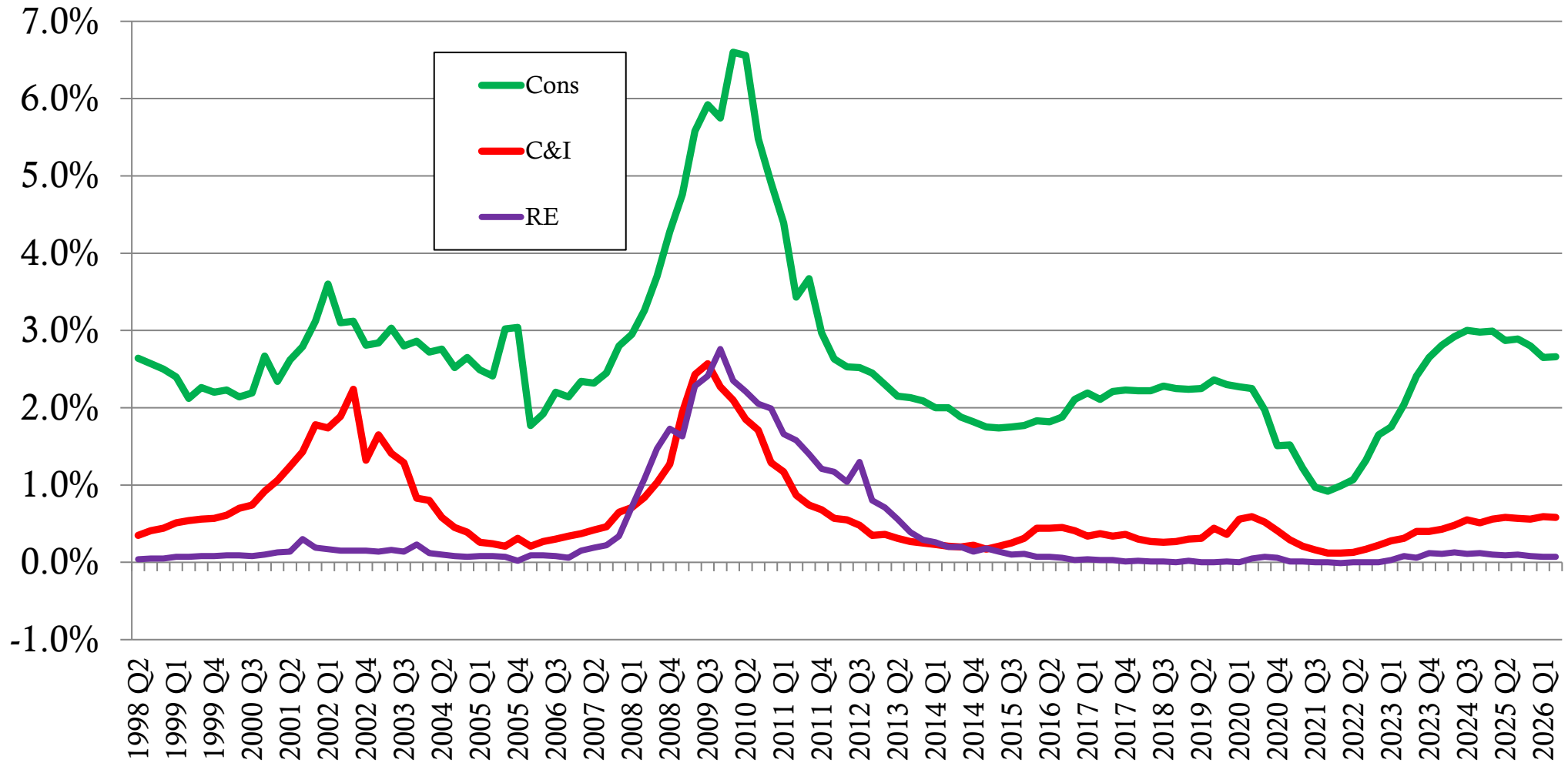
Mortgage Transition Rates

(source: Federal Reserve Bank of New York Credit Panel/Equifax)



Charge Off Rates at Banks

(source: Board of Governors of the Federal Reserve System)



Comments on Risk & Capital Markets

- Did we accurately assess the impact of rising rates (2022 to 2024) on credit risk? Did cuts in 2024 and 2025 provide relief?
- Did tighter underwriting restrict the ability to refinance/refund debt markets? Credit tightening is as much about leverage as rates.
- Is there risk in liquidation of assets that support credits?
- Will the rise in private debt market continue volatility?
- When will PE exit before fluid?

Topic #6

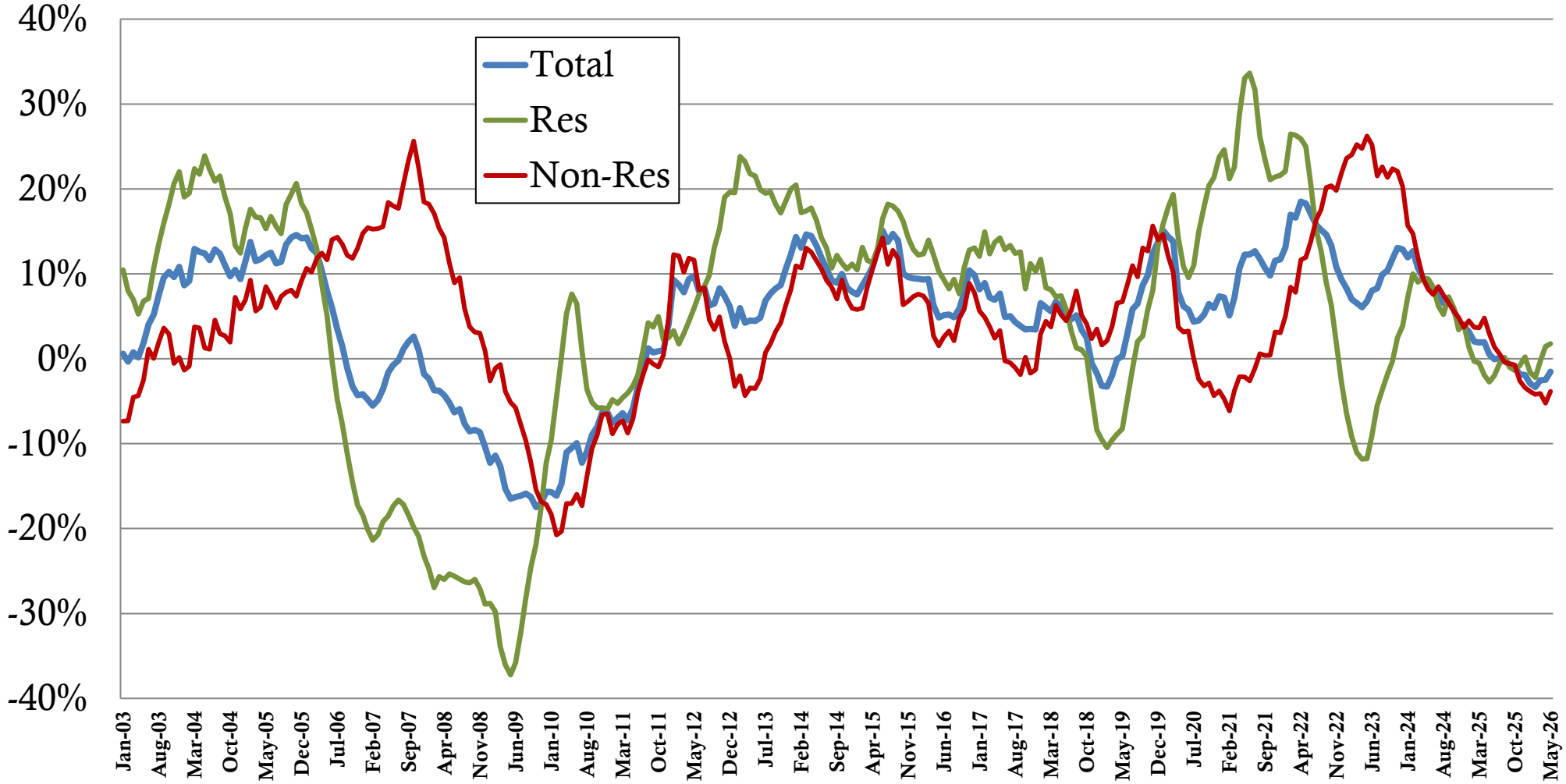
Did Covid signal the death of “big box” and office?

And with “affordability” being the new buzzword, have housing prices peaked?



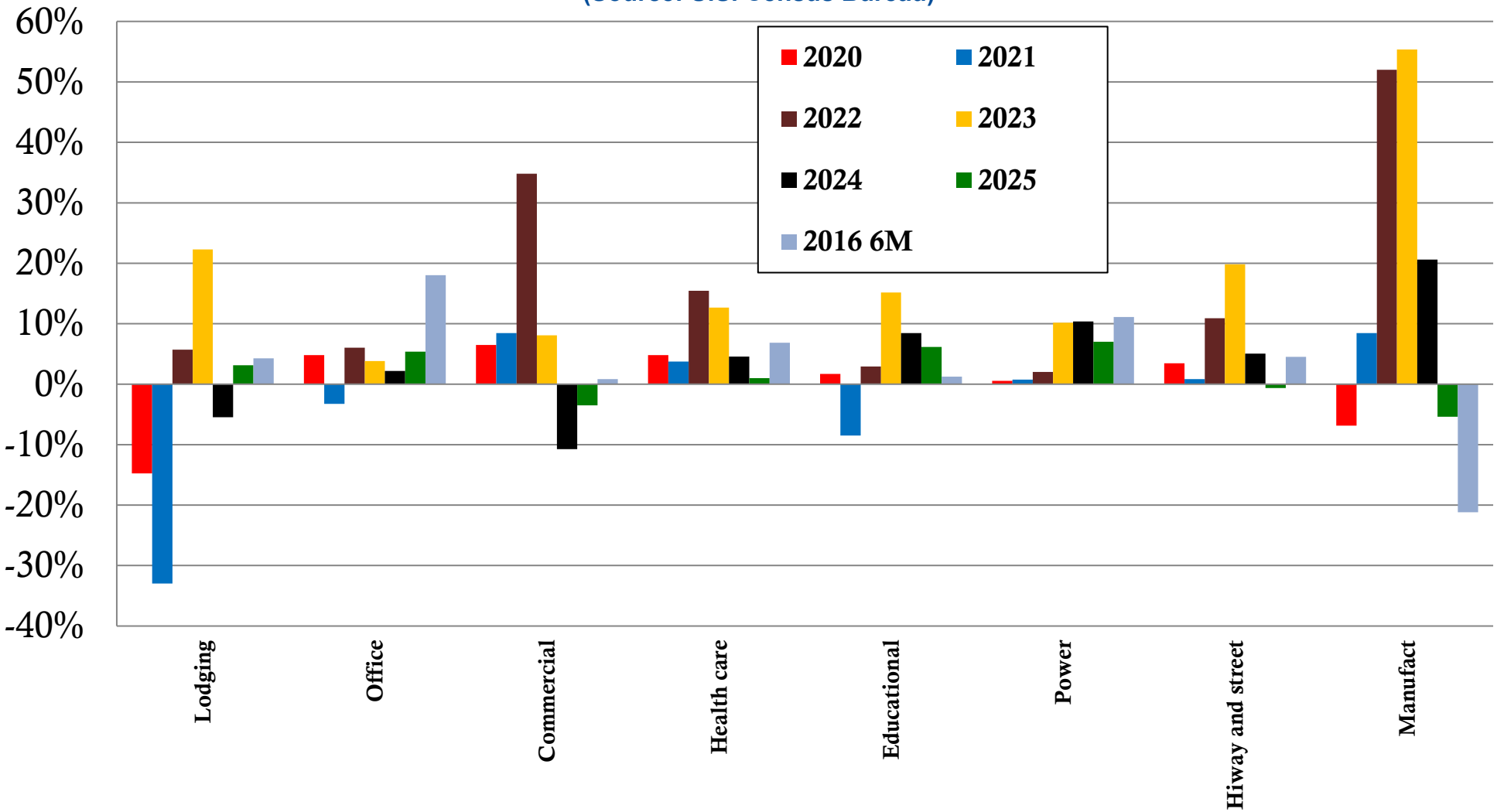
Construction Spending: Annual Change

(Source: U.S. Census Bureau)



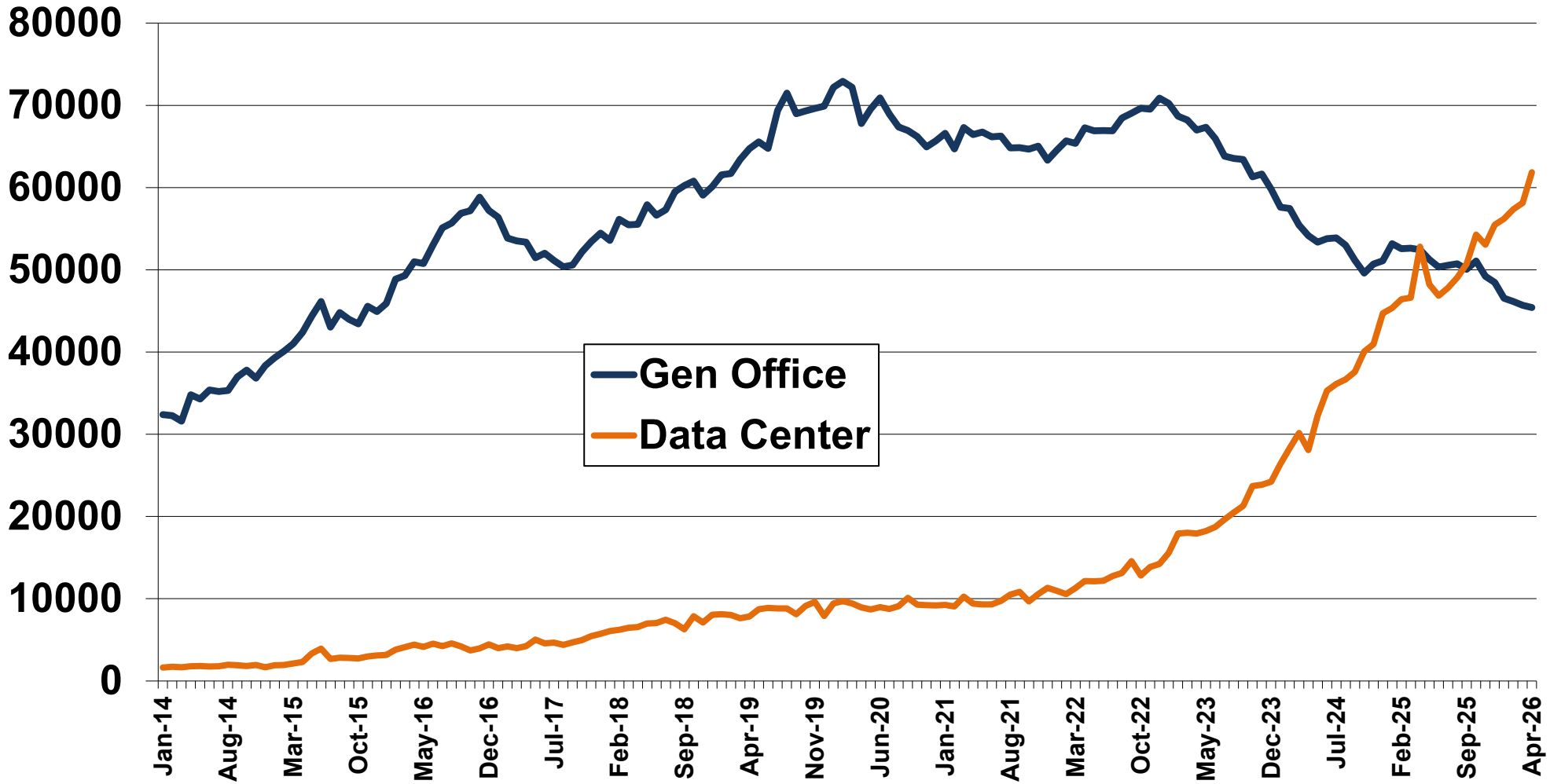
Non-Residential Construction

(Source: U.S. Census Bureau)



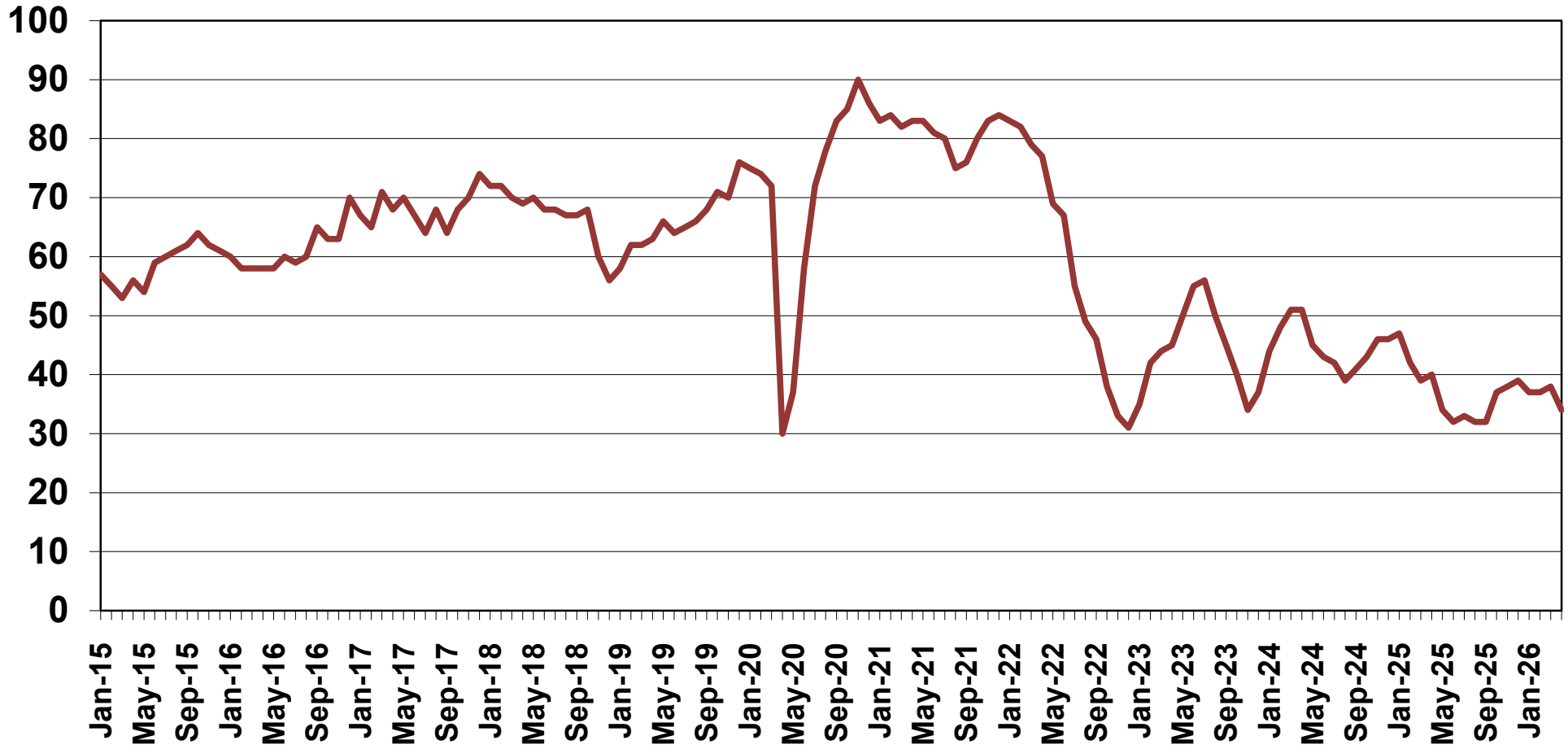
Office & Data Centers

(Source: US Census)



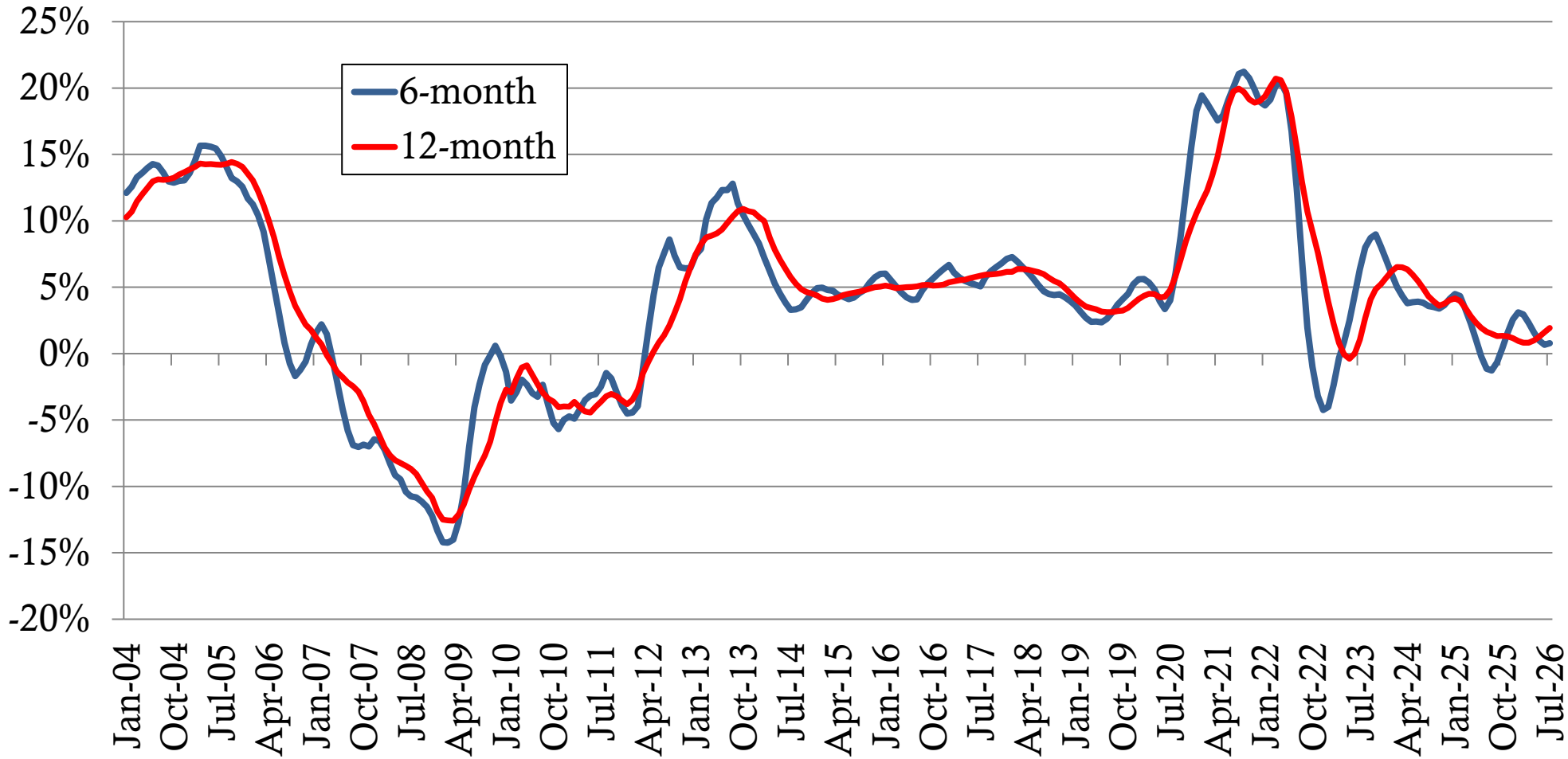
Housing Market Index

(source: NAHB/Wells Fargo)



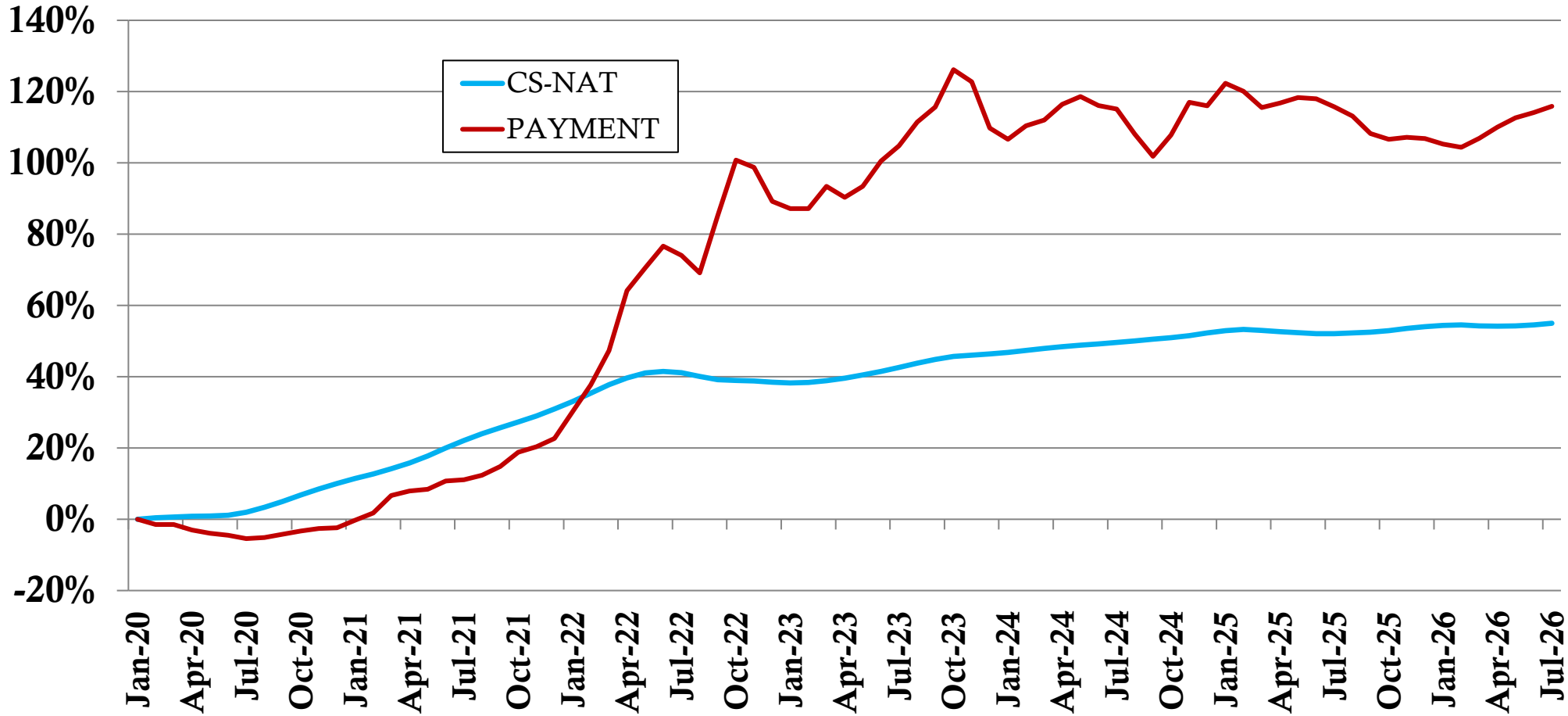
Home Price Appreciation

(source: S&P Case-Shiller)



Housing Affordability: Rate Effect

(source: S&P Case-Shiller, Freddie Mac)



Topic #7

2025 reintroduced one-party rule? But midterms reversed that power?

And what do demographic and migration trends show?



Comments on the New Regime

- General Paradigm
  - Shift in regulation
  - M&A activity
  - Tariffs as a tool
  - Digital Currencies

- Cabinet Picks
  - Treasury: Scott Bessent (Key Square)
  - Commerce: Howard Lutnick (Cantor Fitz)
  - Energy: Chris Wright (Liberty Energy)
  - Justice: ~~Pam Bondi (R-Fl.)~~
  - Labor: ~~Lori Chavez-DeRemer (R-Ore.)~~

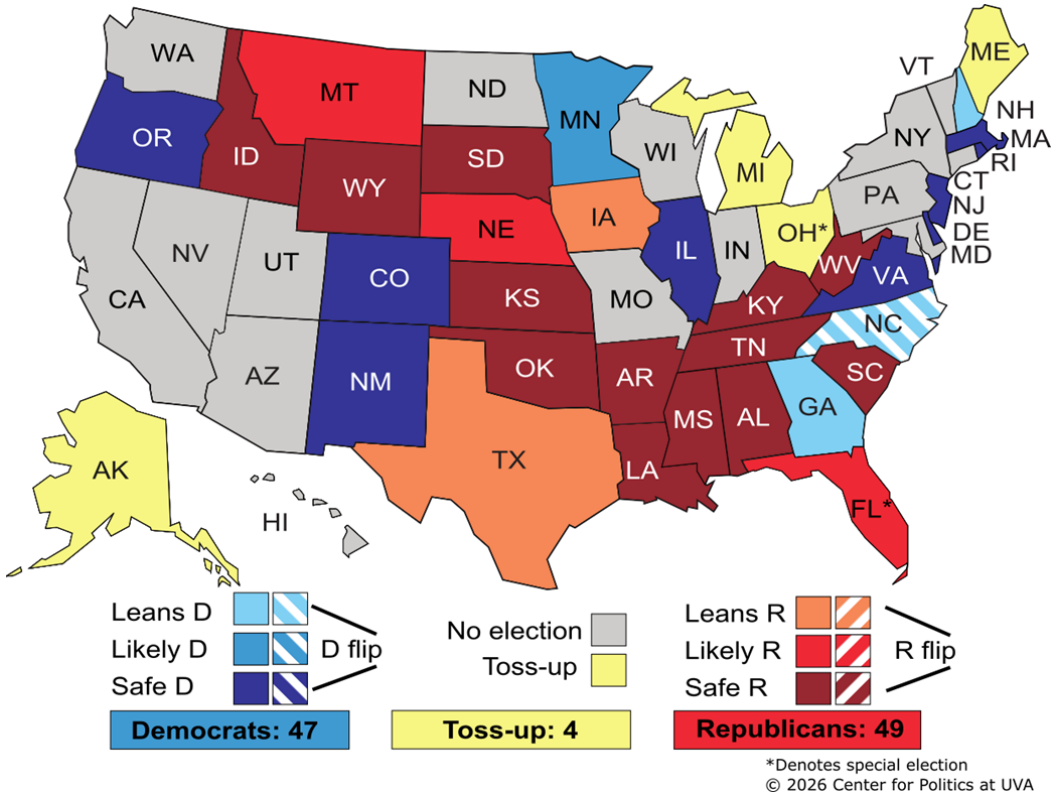
- New Congressional Leadership for Trump 2.5

Comments on Shifting Fiscal Policy

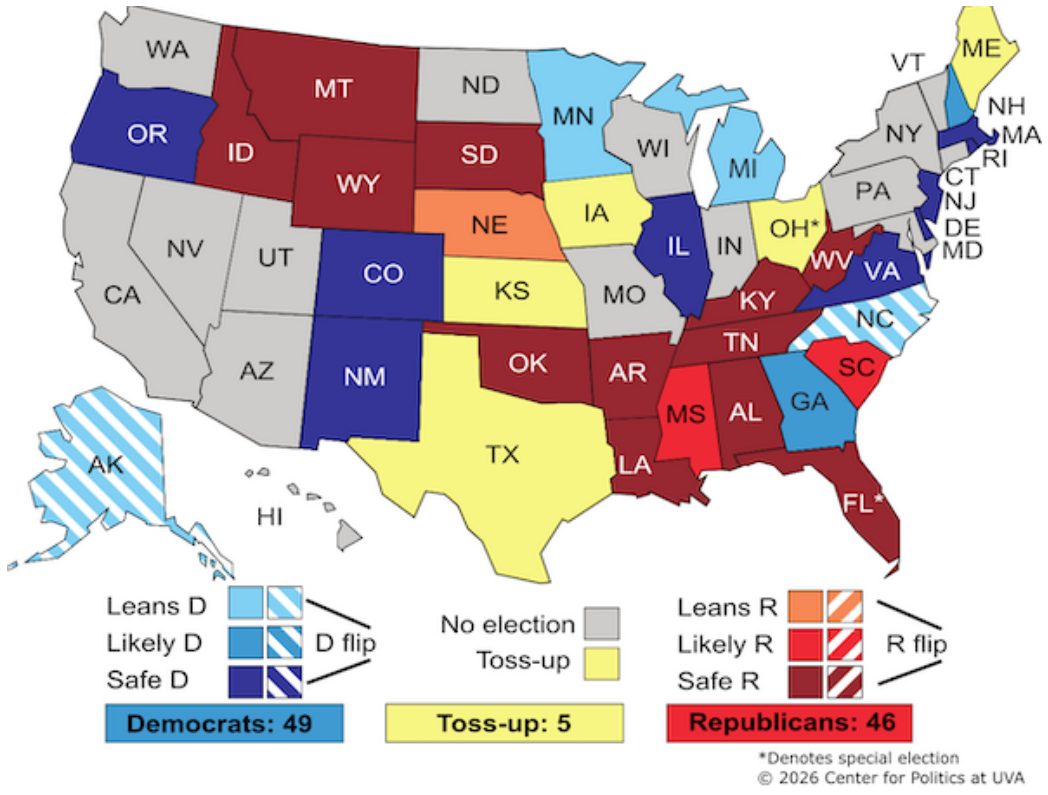
- Extend 2017 TCJA (Tax Cuts and Jobs Act)
  - Corporate Tax Rate
    - Shifted to flat 21%; Global & Territorial Tax regimes
    - Changes in Depreciation & Net Loss Carryback
  - Individual Tax Rates (made permanent)
    - Cut in marginal tax rates
    - Treatment for Pass-Through Entities
    - Tax on tips & overtime; SSI
    - “SALT” Deduction; Estate Tax
  - 2026 Federal Refunds

Senate Election 2026

(source: Sabato's Crystal Ball)



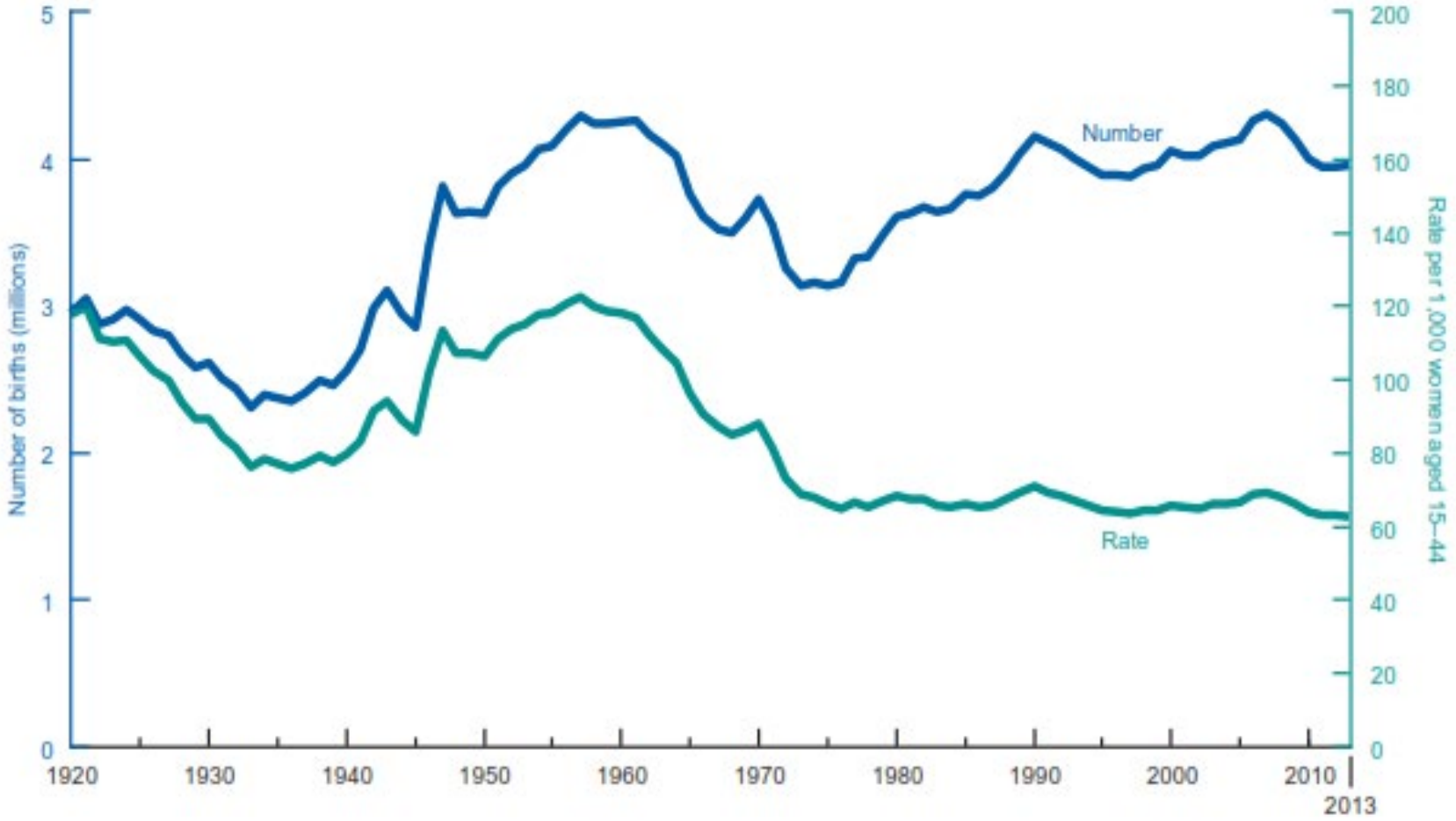
July 10, 2026



October 23, 2026

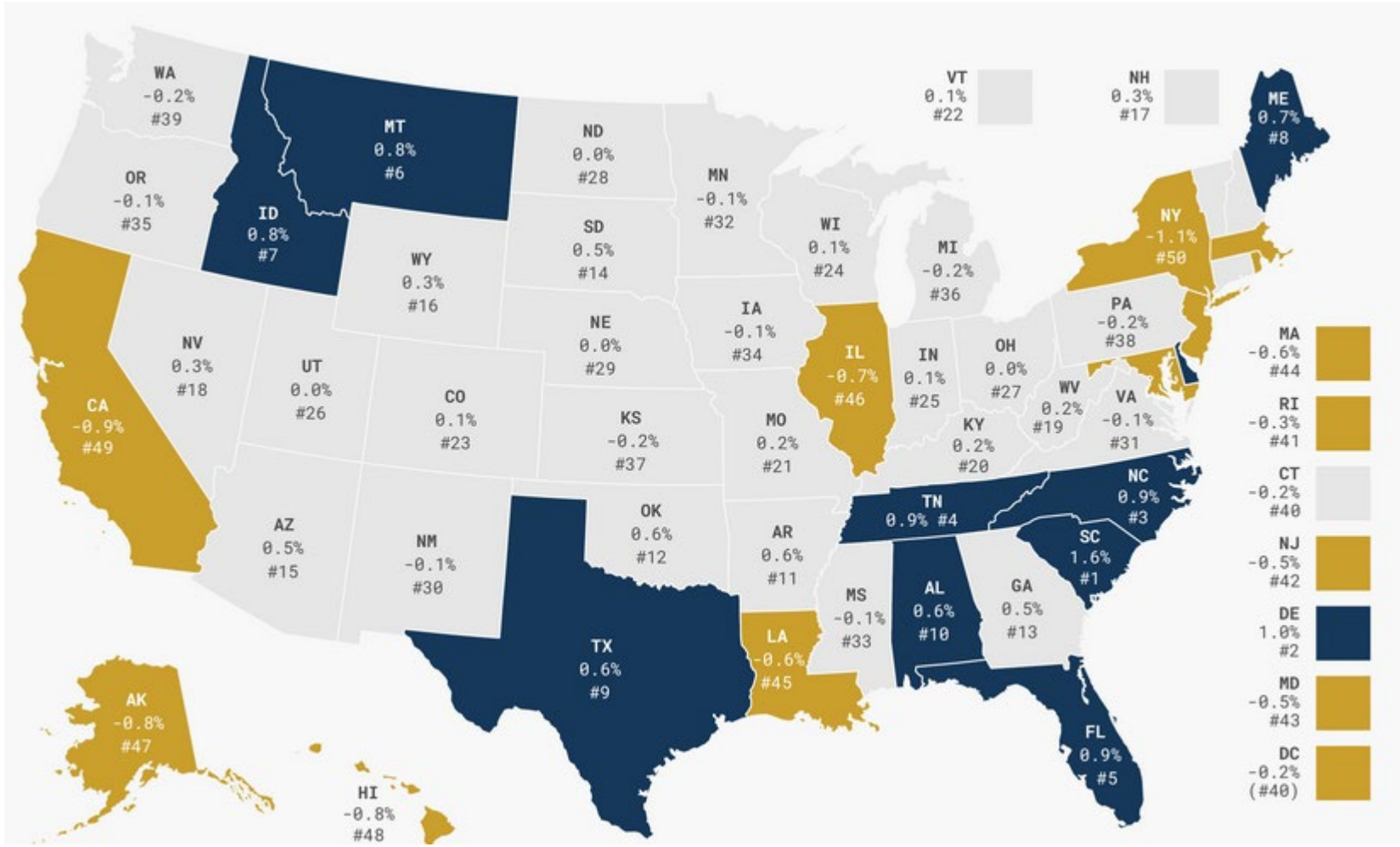
The Demographics: Boom & Bust

(source: U.S. Census Bureau)



Internal Migration

(source: Tax Foundation)



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