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WEALTH ADVISORS

TRUST MATTERS.

May 2026

Point of View – Economy – Markets

Important Information

The views and opinions expressed are those of the speaker and are subject to change based on factors such as market and economic conditions. These views and opinions are not an offer to buy a particular security and should not be relied upon as investment advice. Past performance cannot guarantee comparable future results.

Important Information

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be higher or lower.

Results shown assume the reinvestment of dividends.

An investment cannot be made directly in an index.

Investments with higher return potential carry greater risk for loss.

Investing in small companies involves greater risks not associated with investing in more established companies, such as business risk, significant stock price fluctuations and illiquidity.

Foreign securities have additional risks, including exchange rate changes, political and economic upheaval, the relative lack of information about these companies, relatively low market liquidity and the potential lack of strict financial and accounting controls and standards.

Investing in emerging markets involves greater risk than investing in more established markets such as risks relating to the relatively smaller size and lesser liquidity of these markets, high inflation rates, adverse political developments and lack of timely information.

Fluctuations in the price of gold and precious metals often dramatically affect the profitability of the companies in the gold and precious metals sector. Changes in political or economic climate for the two largest gold producers, South Africa and the former Soviet Union, may have a direct effect on the price of gold worldwide.

Bullet points for May

- 2.0% Q1 GDP growth
- Strong +4.3% Atlanta Fed Q2 GDP forecast
- PMIs strong
- Strong retail sales
- Jobs recovery
- Household net worth surged
- 3.8% inflation (CPI)
- 2026/2027 earnings estimates surge
- Record high stock prices
- High P/E ratio

Wars and the stock market

THE WALL STREET JOURNAL.

Stock Market Can Endure War

Military expeditions, wars and revolutions typically don't have a lasting impact on U.S. stocks. The average drop across major geopolitical events since 1939 was just 4%, according to Deutsche Bank, and the rebound was quick.

The four great bear markets of the past century—the Great Depression, the 1973-74 oil embargo[1], the dot-com crash and the 2007-09 financial crisis—were much worse for global stocks than either of the world wars, academics Elroy Dimson, Paul March and Mike Staunton point out in a long-term study for UBS.

Source: *The Wall Street Journal*, "The Stock Market Can Endure War", by James Mackintosh, March 30, 2026.
[1] Oil prices tripled from \$3/bbl to nearly \$12/bbl.

Economic outlook

THE WALL STREET JOURNAL.

Stagflation, Recession? Probably Not

It was an ugly week for the economy. Oil prices surged 39%, all but guaranteeing inflation is about to lurch higher. And it came amid emerging signs of jobs weakness, as payrolls fell and unemployment rose in February.

Those with long memories smell stagflation—a troubling mix of stagnant growth and stubborn inflation—or worse, recession. Higher oil prices helped sink the economy in 1973, 1980, 1990 and 2008.

Odds are neither stagflation nor recession will happen. The economy has grown more resilient to oil shocks, and a productivity renaissance is under way, helped by artificial intelligence. Both should help sustain growth and cushion cost pressures.

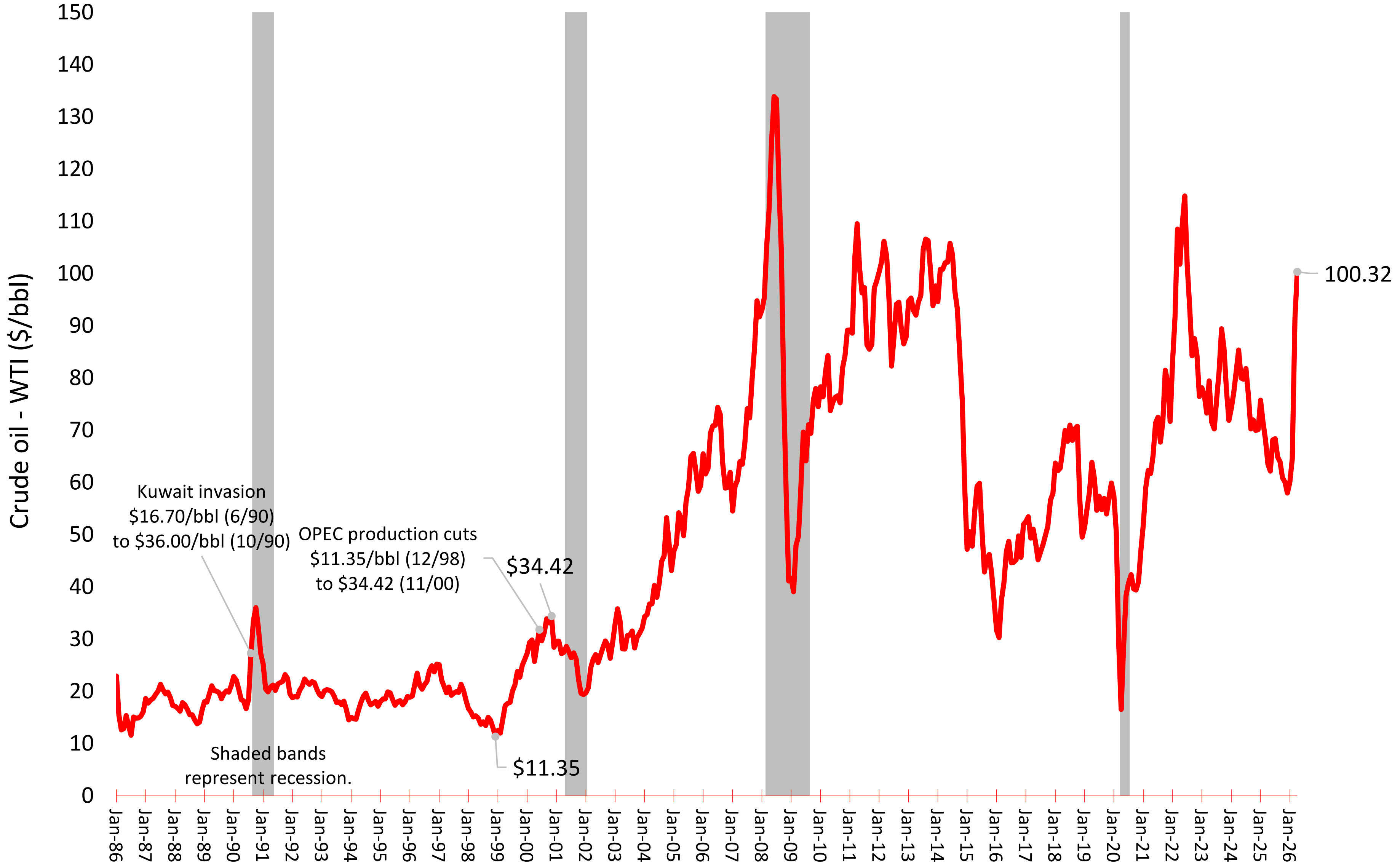
Higher oil prices are like a tax, cutting into household consumption while boosting inflation and interest rates.

But that effect has shrunk as the U.S. became less energy dependent. The U.S. consumed 4% less gasoline in 2025 than in 2007, while producing 42% more goods and services (as measured by gross domestic product, adjusted for inflation). The share of households' consumption of energy, including electricity, natural gas and gasoline, fell from 5.7% in 2007 to 3.7% last year.

Source: *The Wall Street Journal*, "Stagflation, Recession? Probably Not", by Greg Ip, March 9, 2026.

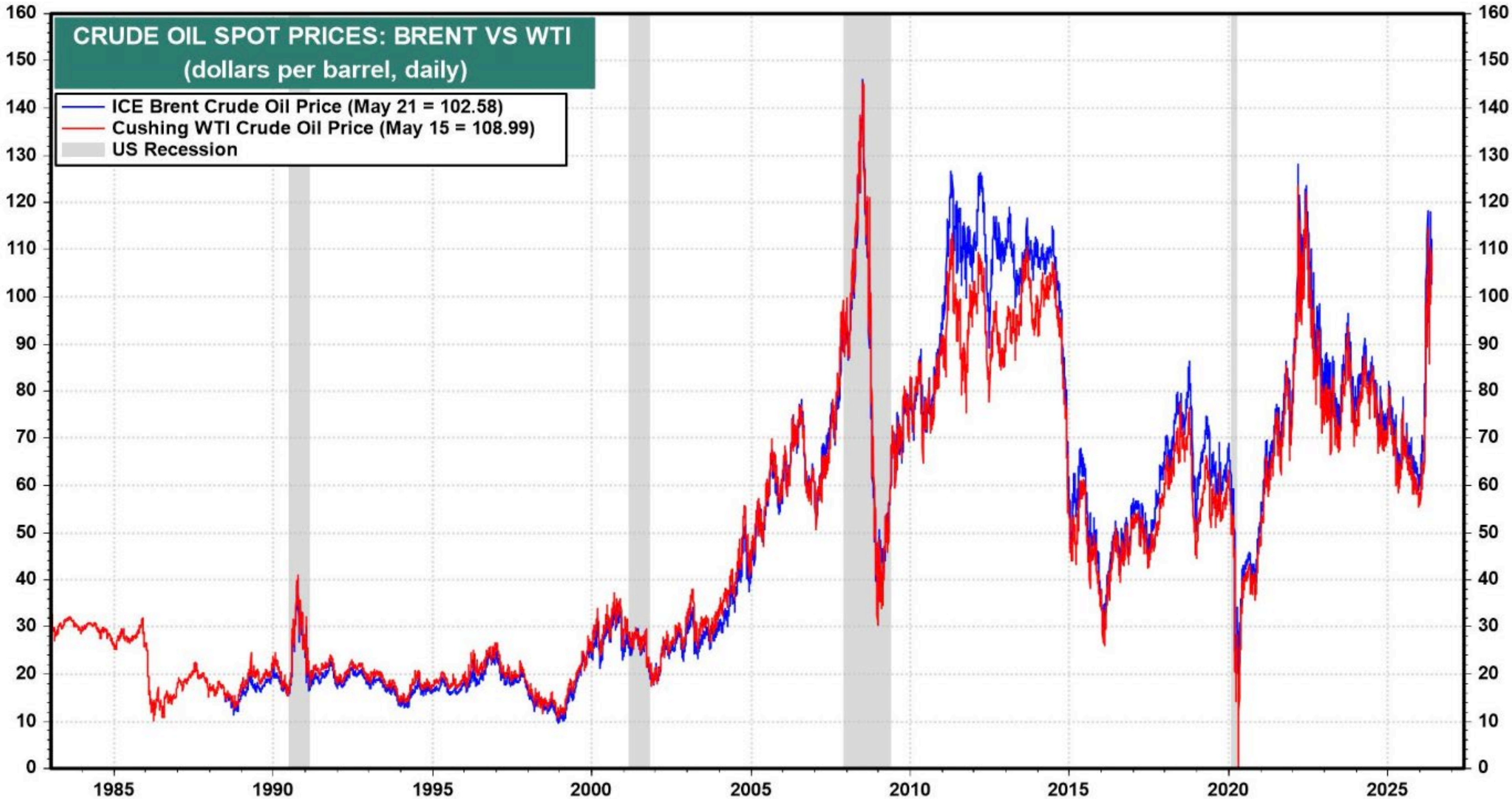
Oil

WTI spot crude oil prices



Source: U.S. Energy Information Agency. Data through April 2026.

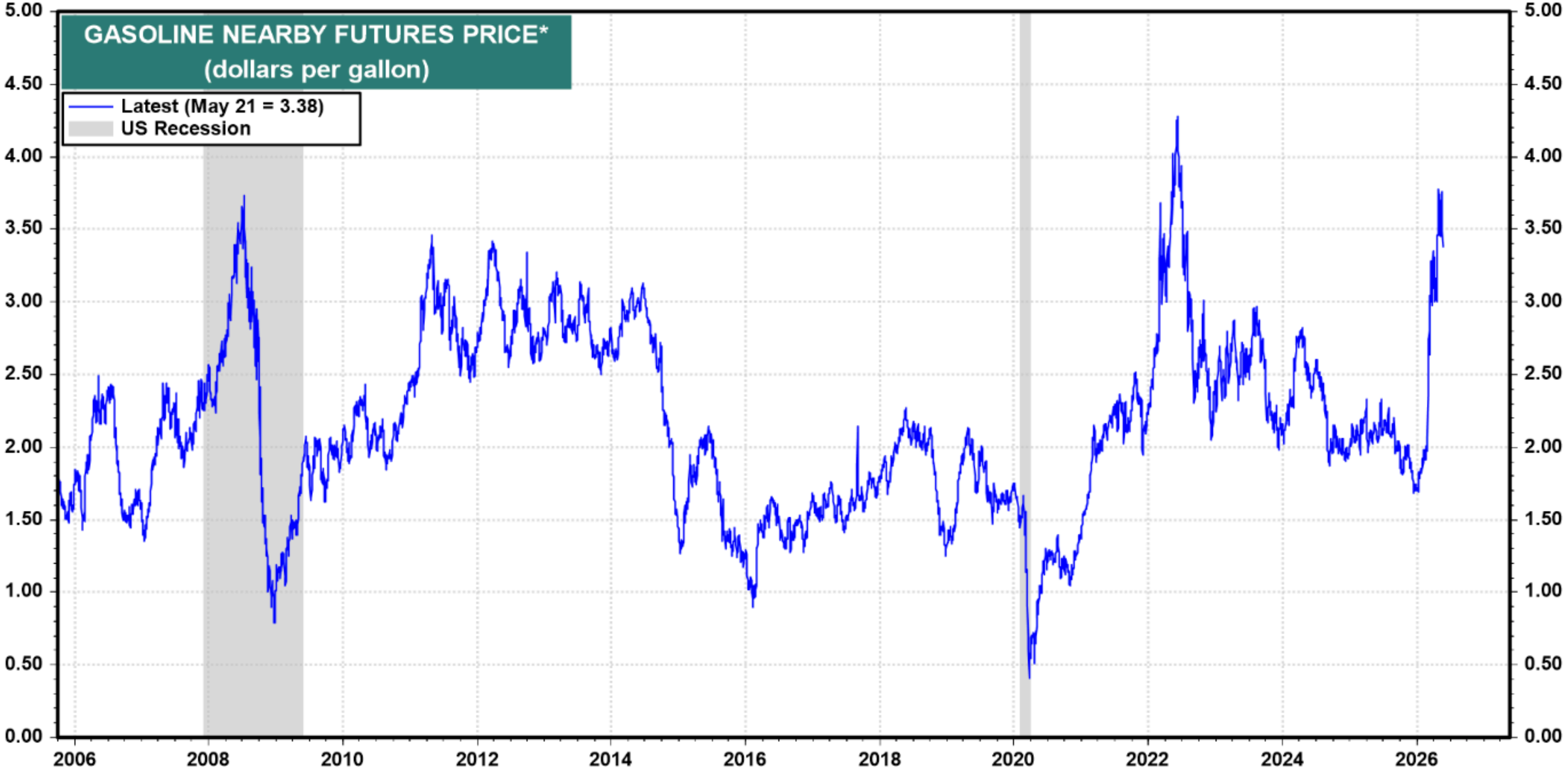
Brent and WTI spot crude oil prices



Source: LSEG Datastream and © Yardeni Research. Intercontinental Exchange, Ice Futures Limited, and Refinitiv.

 Source: Yardeni Research, Inc., with permission, May 22, 2026.

Gasoline prices

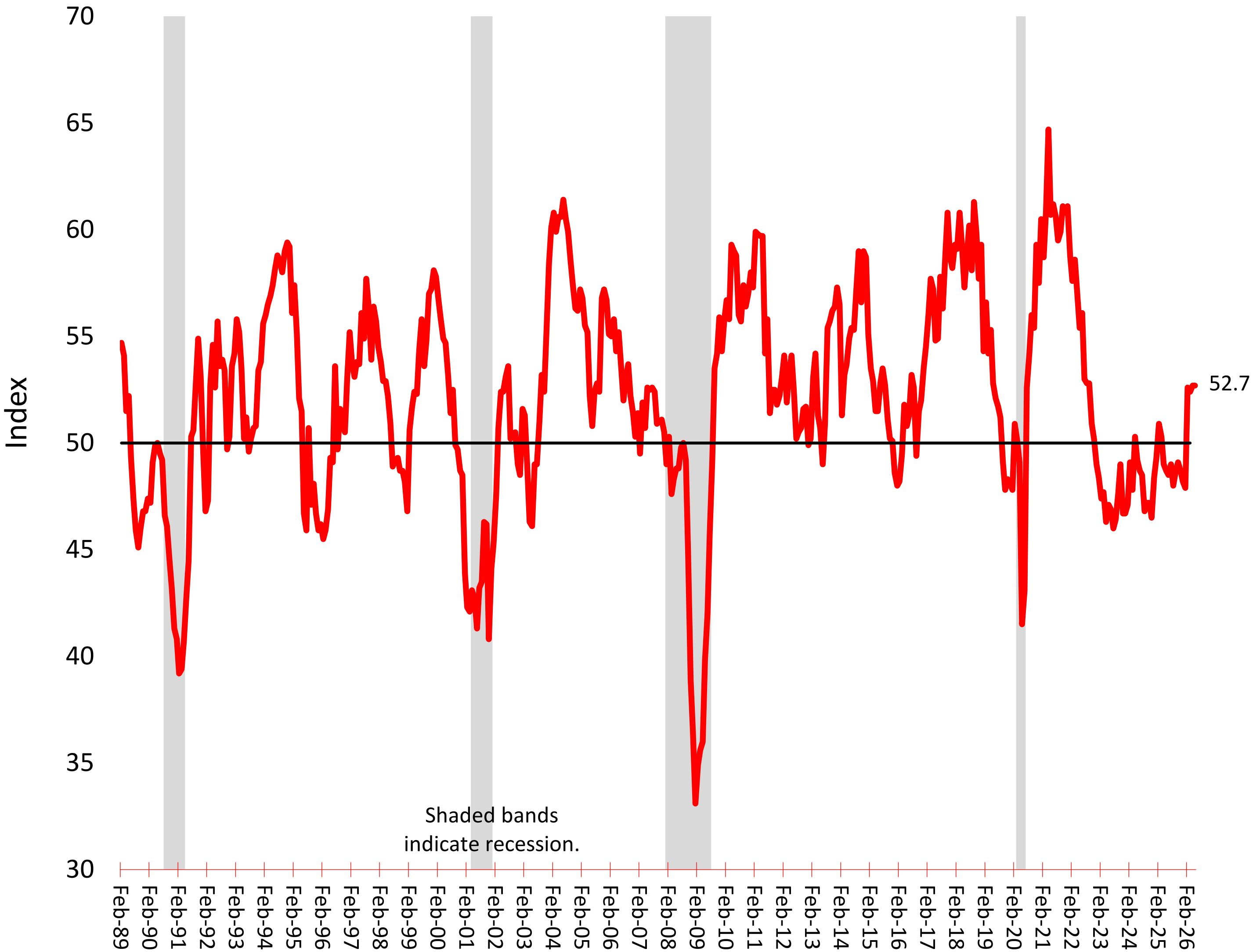


Source: LSEG Datastream and © Yardeni Research. New York Mercantile Exchange.
* NYMEX-RBOB Gasoline.

Source: Yardeni Research, Inc., with permission, May 22, 2026.

Economic data

ISM manufacturing PMI – jumped



April at 52.7.

April new orders 54.1.

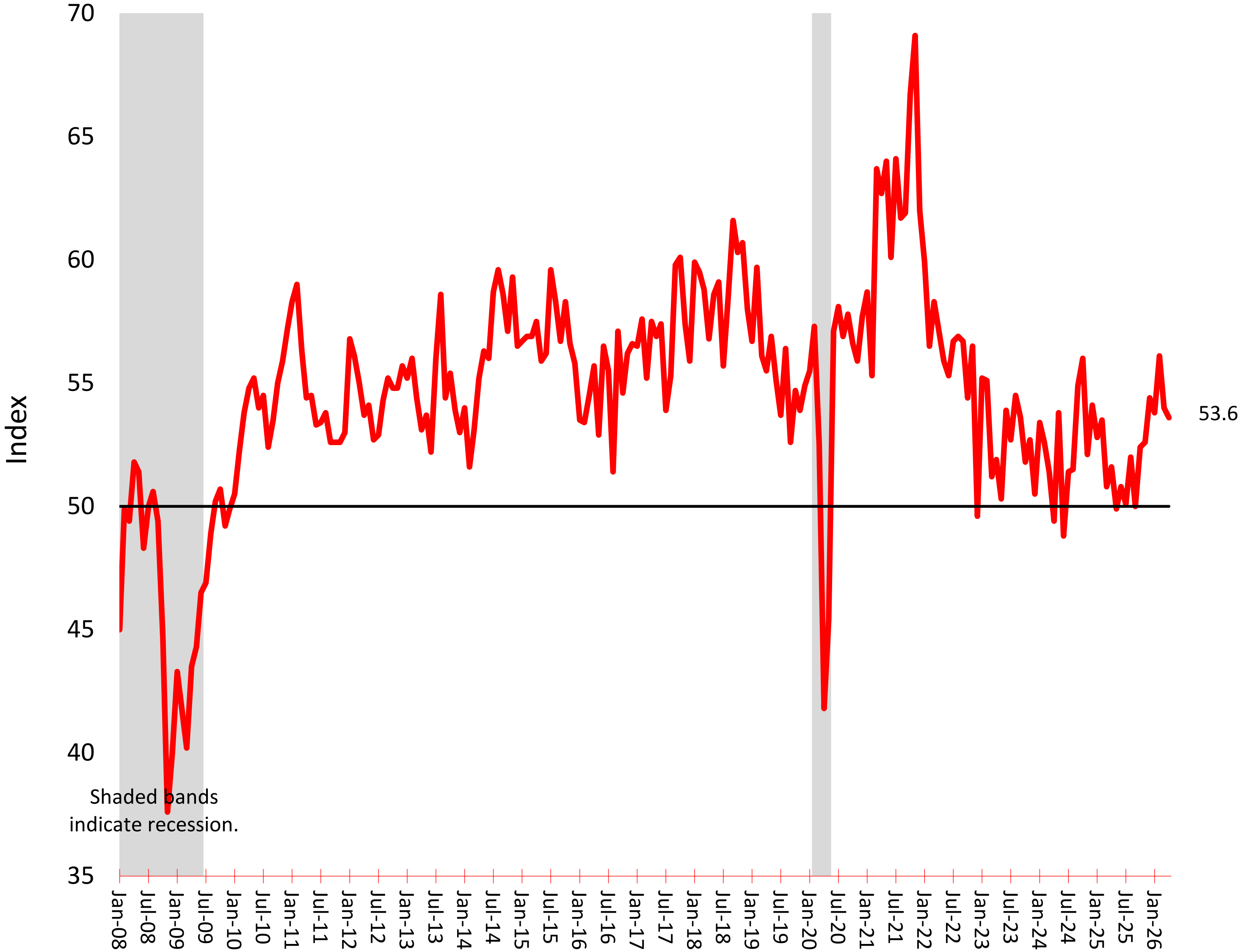
Note the historic volatility in the manufacturing PMI.

Note how this indicator has slumped well below 50 even during periods of strong economic expansion, eg. 1995, 1999, 2003, 2013, 2016.

Source: Copyright 2026, Institute for Supply Management. Data through April 2026.

ISM: "A reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally contracting. A Manufacturing PMI® above 48.7 percent, over a period of time, generally indicates an expansion of the overall economy."

ISM services PMI



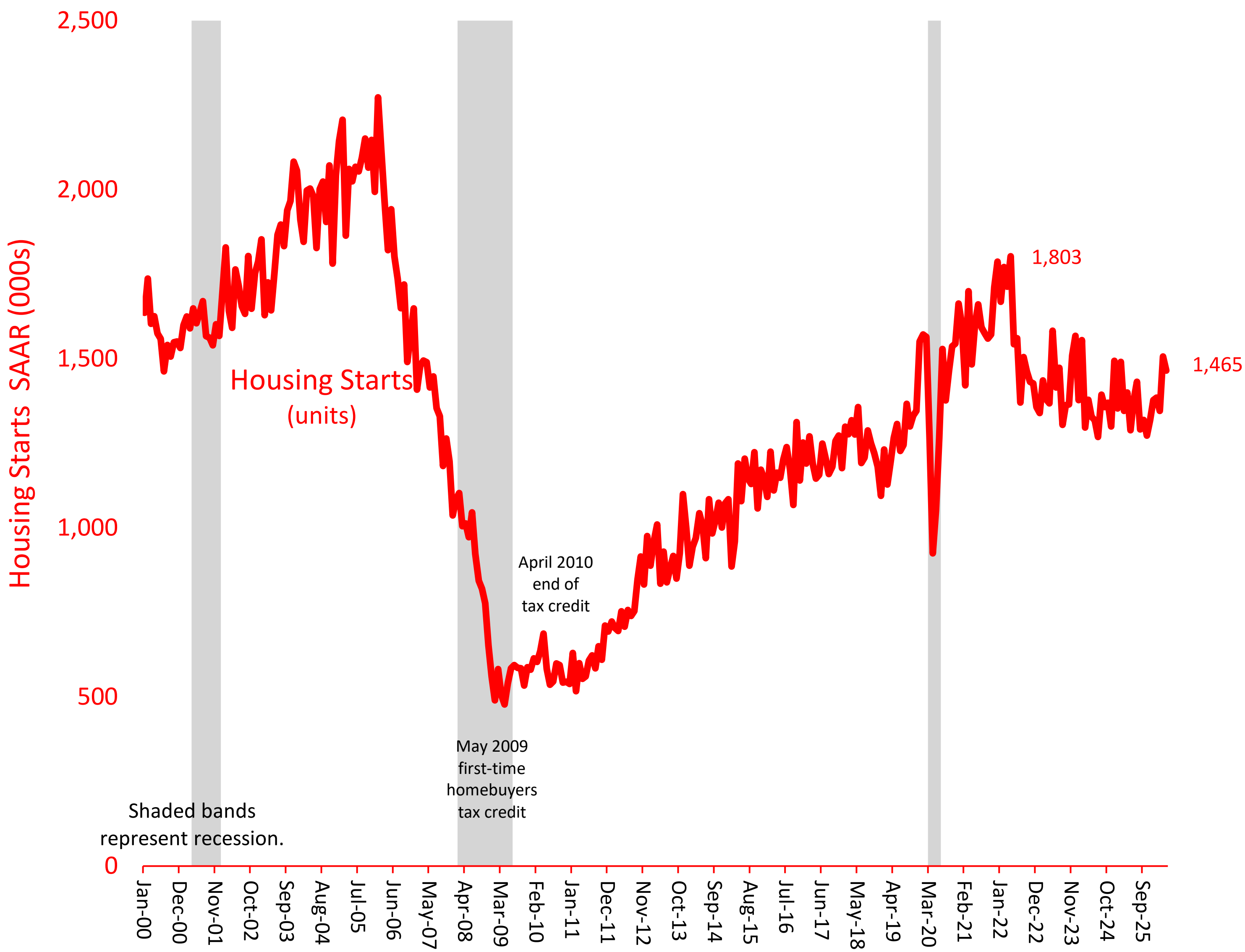
April at 53.6.

April new orders 53.5.

Services comprise 89% of the U.S. economy[1] and 91% of total nonfarm jobs.

Source: Copyright 2026, Institute for Supply Management; data through April 2026. This data series was created in 2008. ISM: “A reading above 50 percent indicates that the services sector economy is generally expanding; below 50 percent indicates that it is generally contracting.” “A Services PMI® above 50.1 percent, over time, generally indicates an expansion of the overall economy.” [1]Value added as a percent of GDP.

Housing starts



1.465 million starts in April.

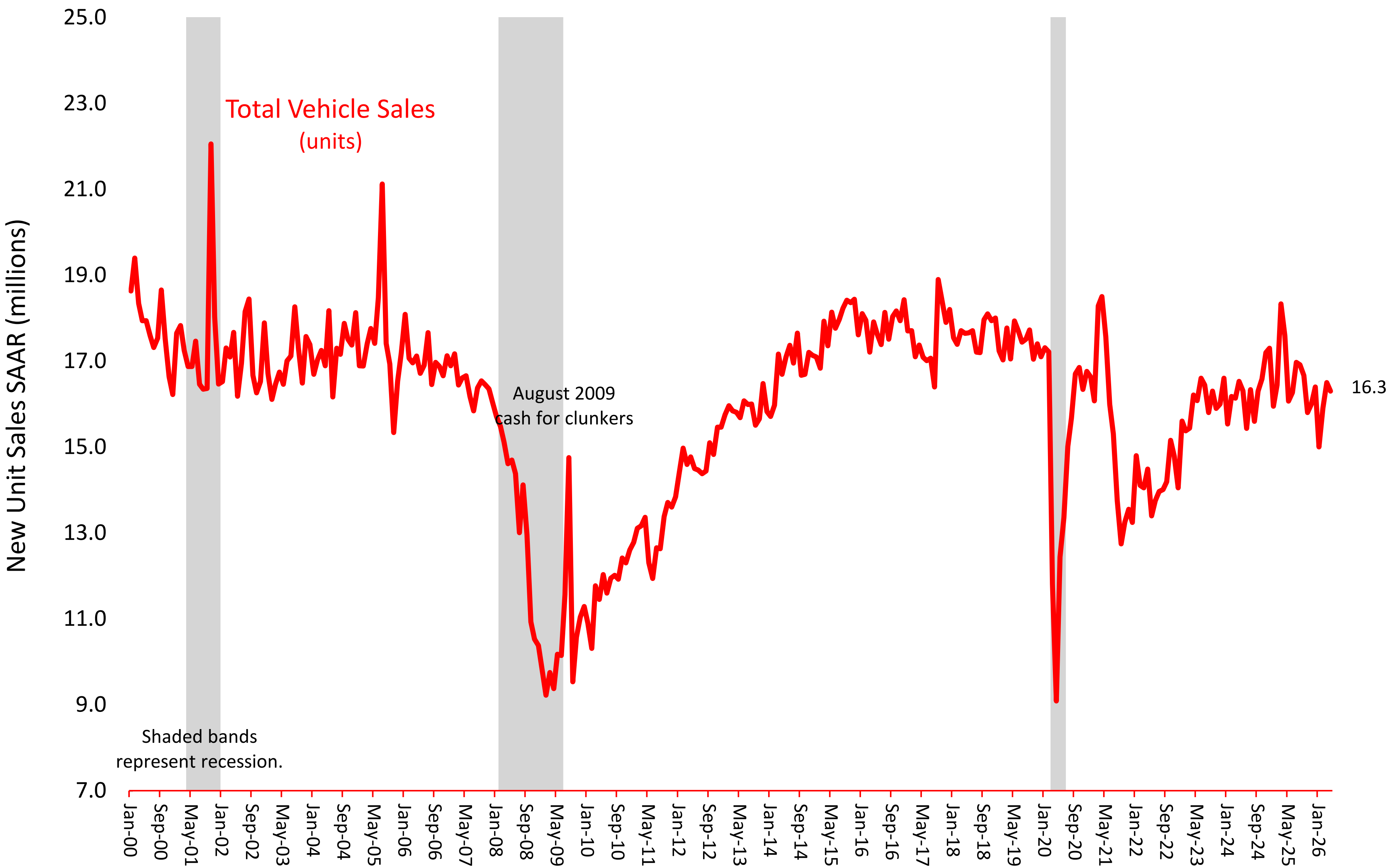
April permits at 1.442 million.

"Housing Supply Gap Exceeds 4 Million Homes in 2025."[1]

Sources: BEA and U.S. Census Bureau. Data through April 2026.

[1] Realtor.com. "Housing Supply Gap Exceeds 4 Million Homes in 2025", by Hannah Jones and Danielle Hale. March 3, 2026.

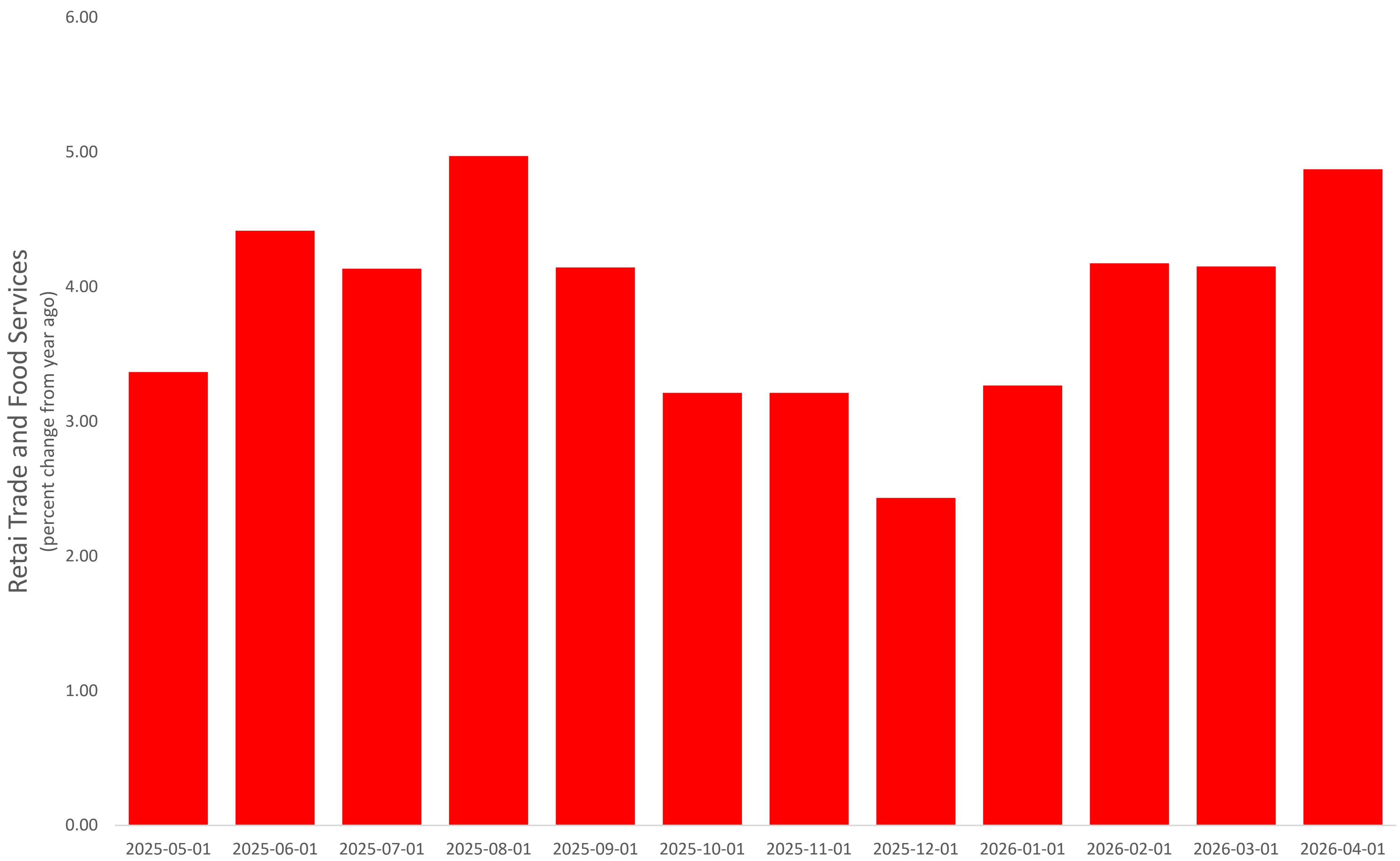
Vehicle sales



Sources: BEA. Data through April 2026.

Economic data

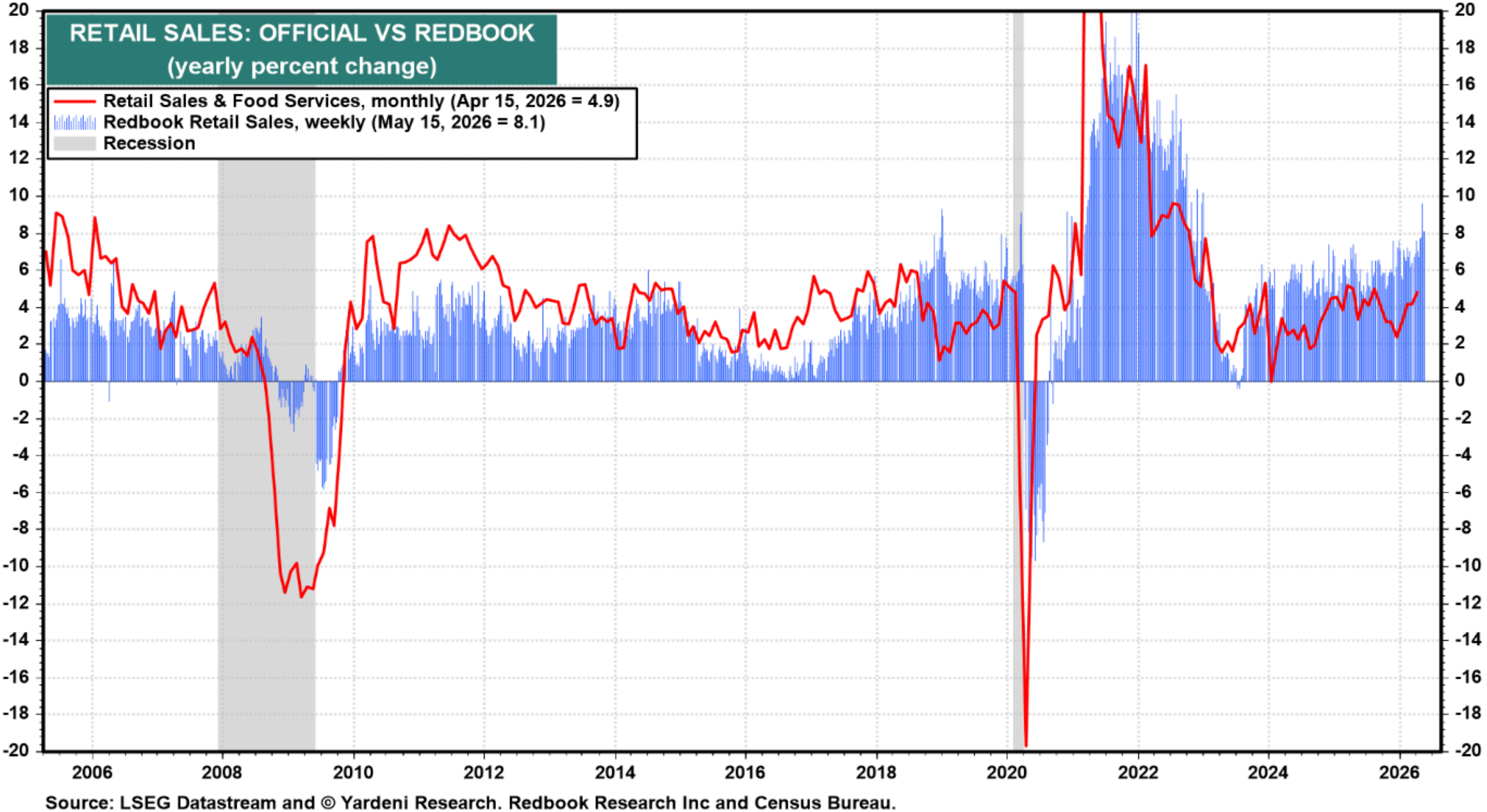
Retail sales



Source: FRBSL, data through April 2026.

Economic data

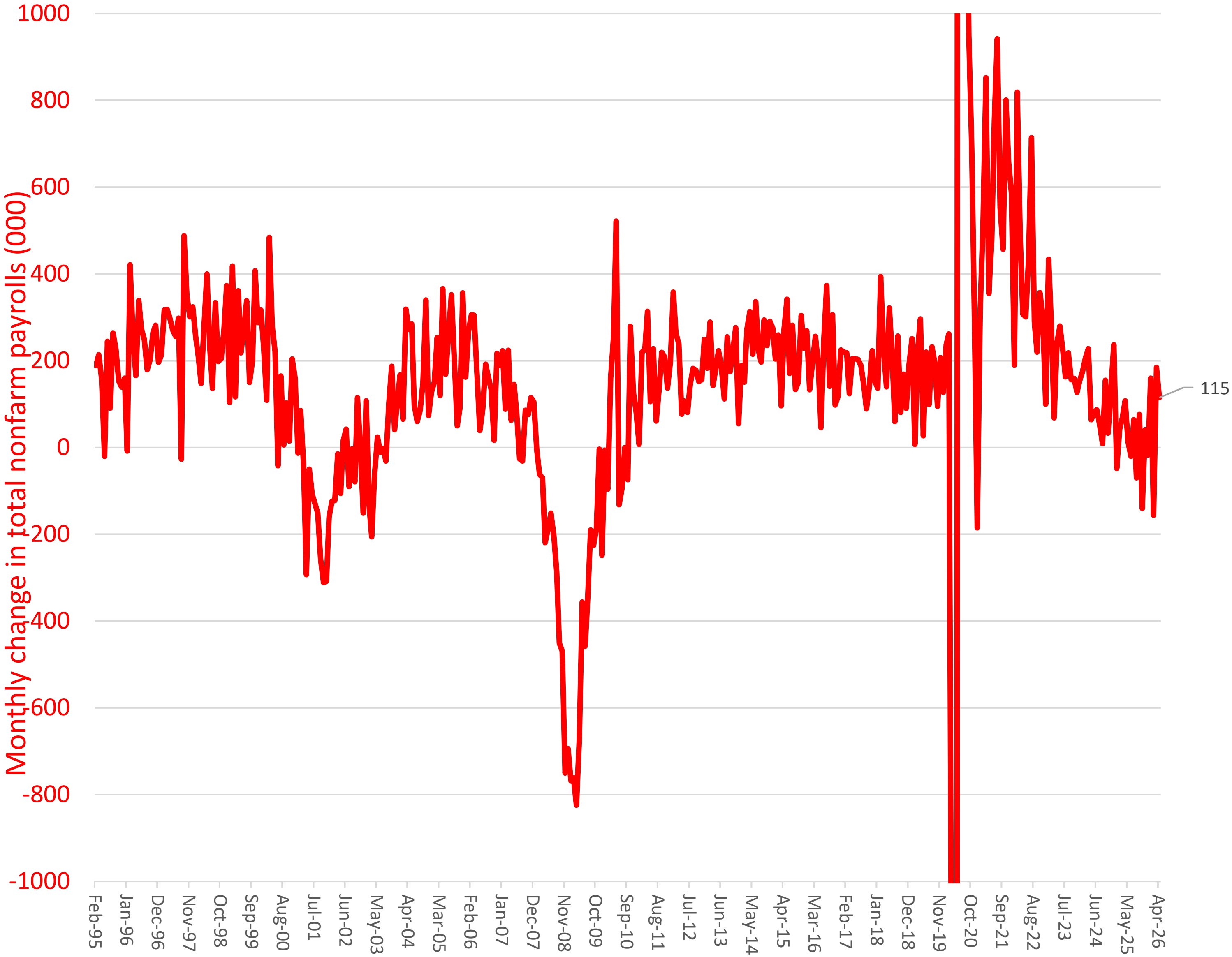
Retail sales & food services – strong



 Source: Yardeni Research, Inc., with permission, May 22, 2026.

Economic data

Net new job formation – March surge



115,000 jobs gained in April on the establishment survey.

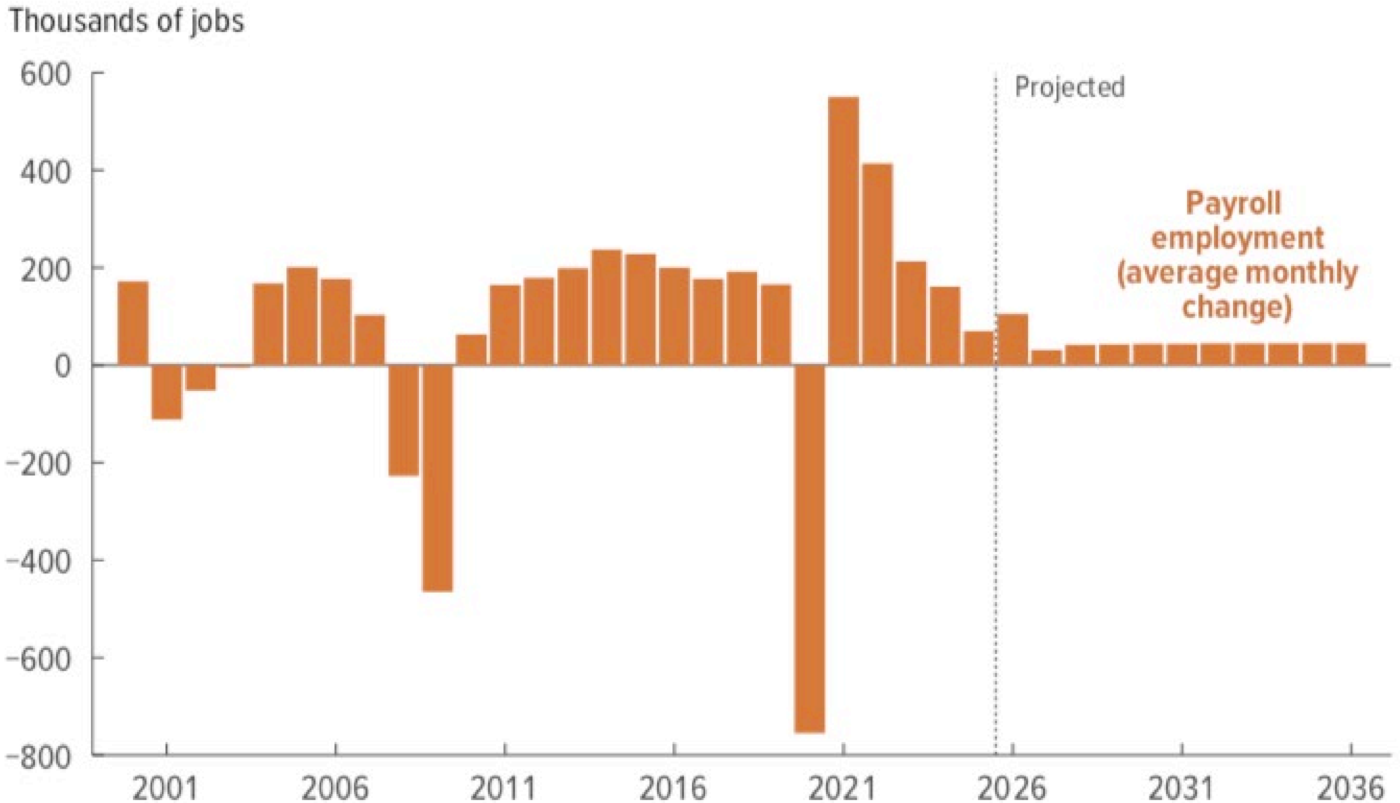
Source: Bureau of Labor Statistics. Data through April 2026.

Net new job formation – much slower ahead

Employment

In 2026, employment growth is projected to rebound as overall economic activity increases. In later years, fewer jobs are added to payrolls per month, on average, in CBO's projections, because of the aging population and weaker demand for labor.

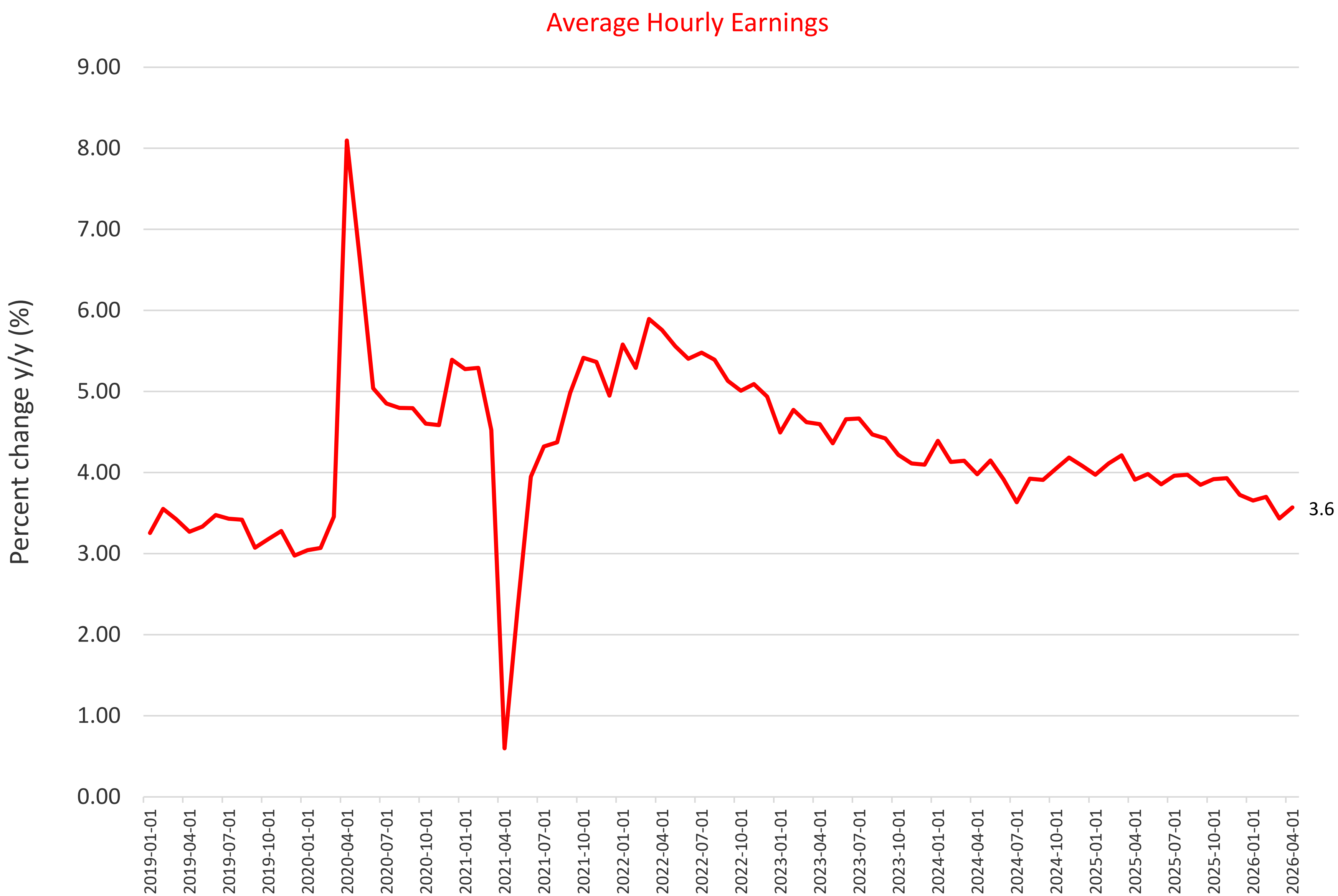
See Figure 2-5 on page 41.



"<u>From 2028 to 2036, payroll employment grows at an average rate of 44,000 jobs per month</u>, which is slower than its growth in recent years."

Source: Congressional Budget Office, *The Budget and Economic Outlook: 2026-2036*, February 2026.

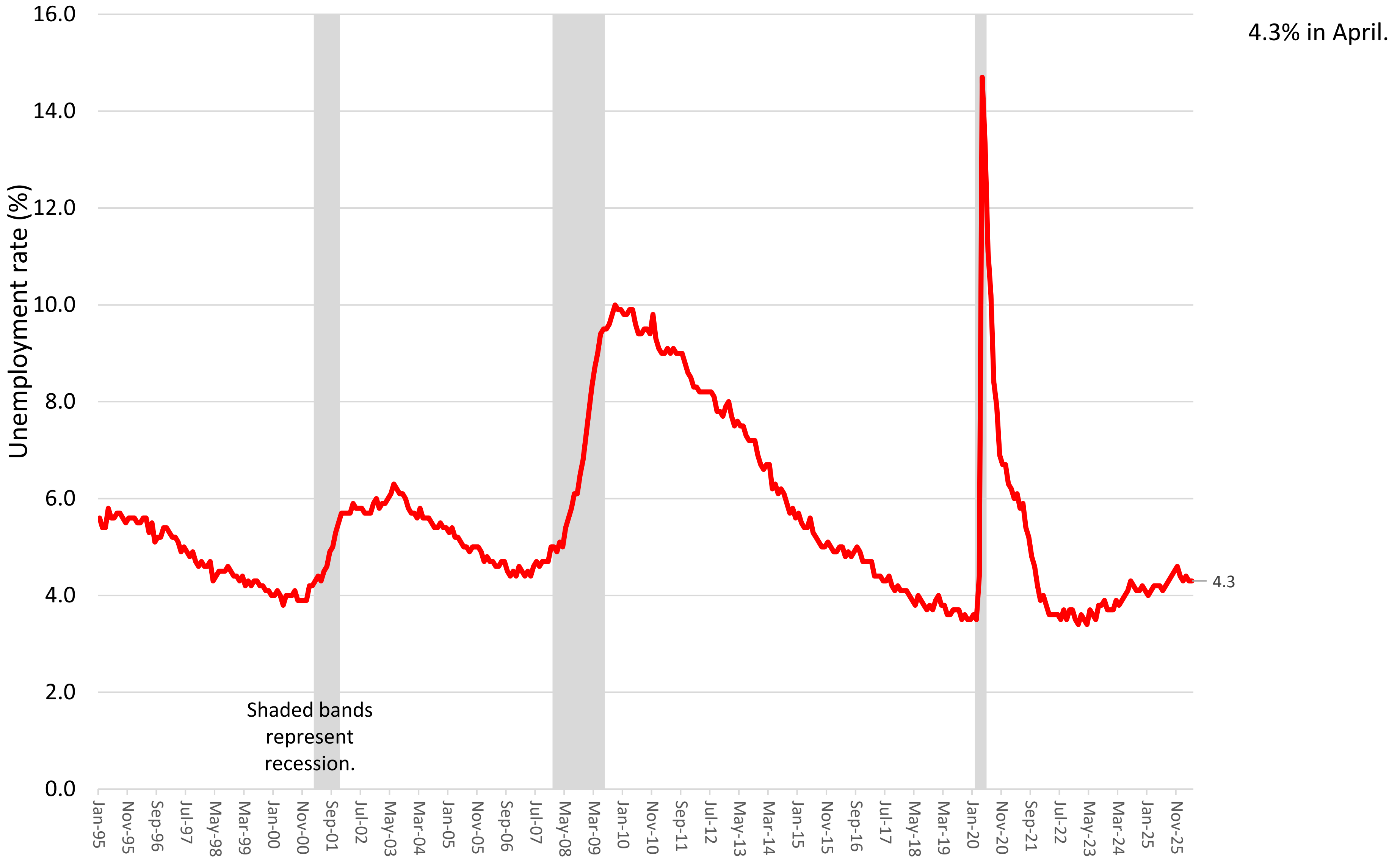
Average hourly earnings – y/y rate of change



Source: Bureau of Labor Statistics. Data through April 2026.

Economic data

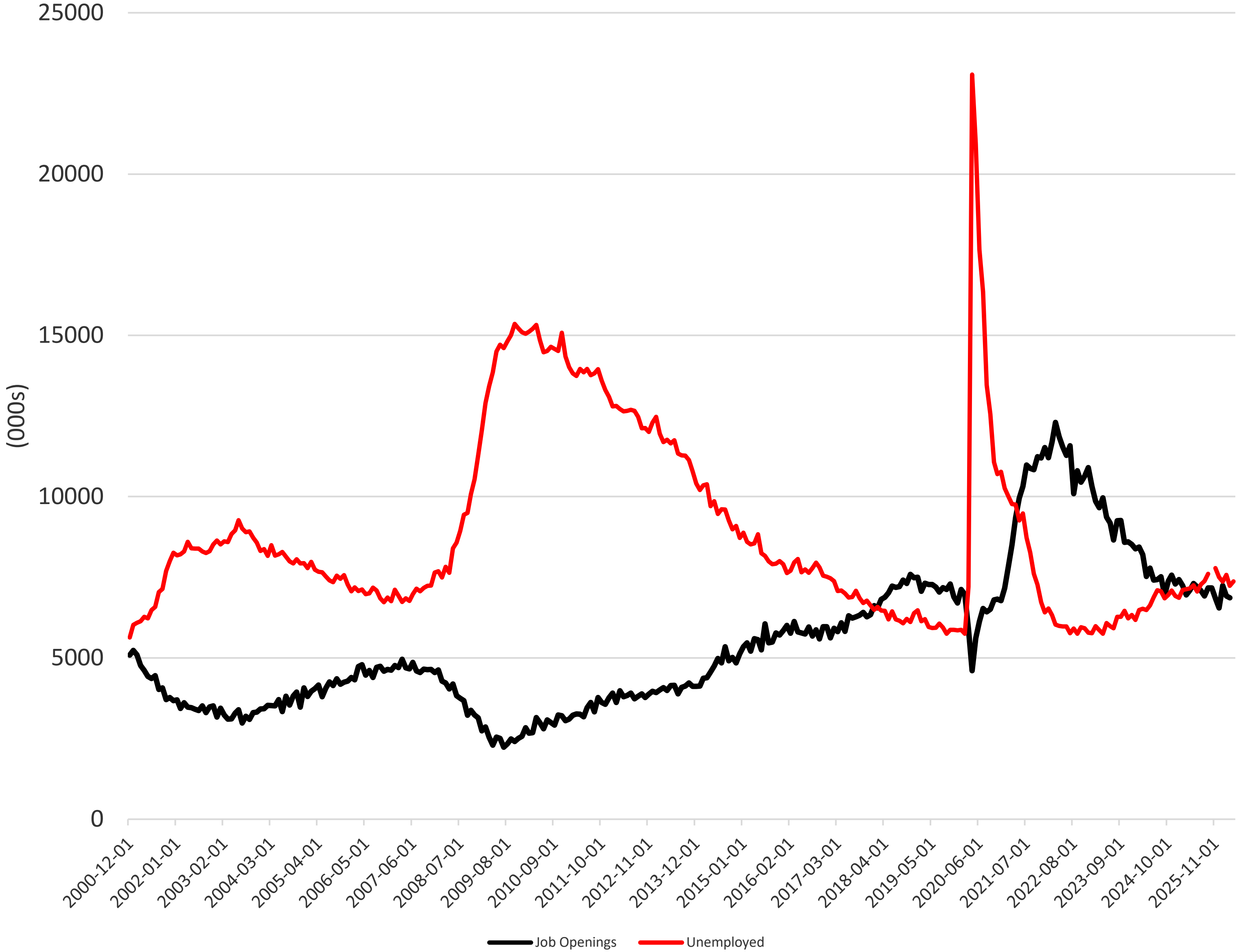
Unemployment rate



Source: Bureau of Labor Statistics. Data through April 2026.

Economic data

Normalizing after “excess demand” for labor

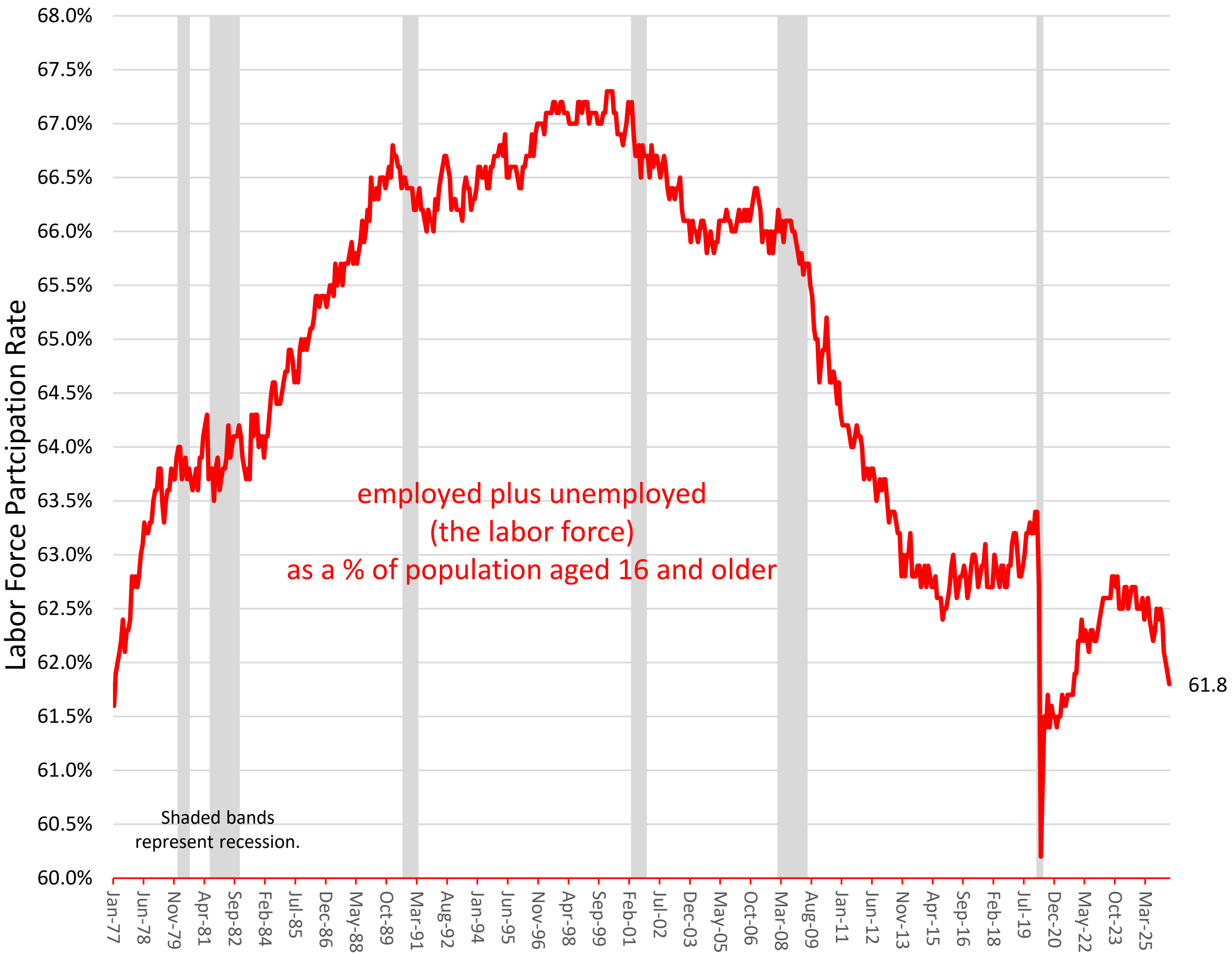


7.4 million job seekers

6.9 million job openings

Source: Bureau of Labor Statistics. Data through March 2026 for job openings, April 2026 for unemployed.

Labor force participation rate[1] – dropping

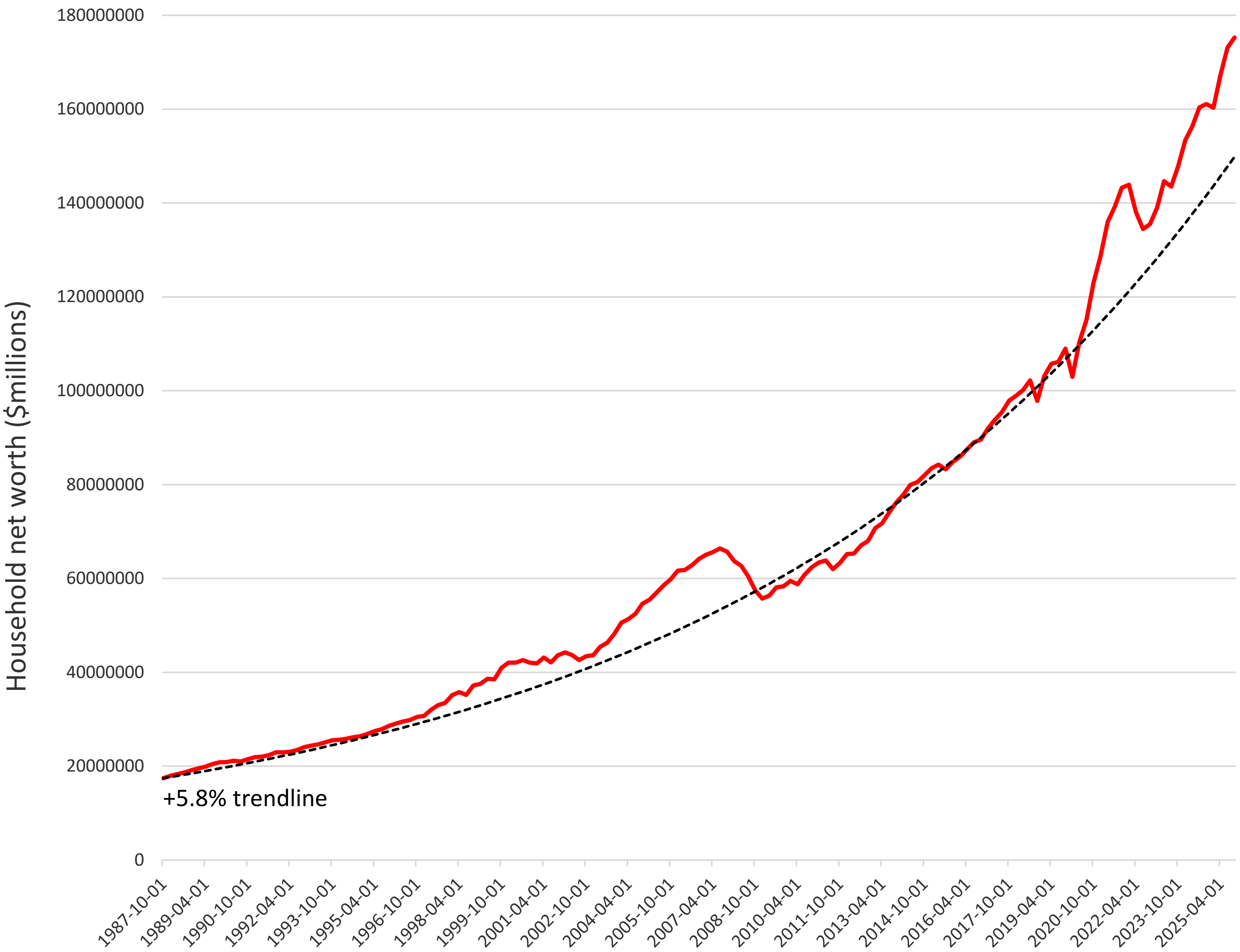


The number of Americans joining and staying in the labor force is declining.

Source: BLS. Data through April 2026.

[1]Labor force participation rate: the proportion of the civilian noninstitutional population 16 years of age and older either at work or actively seeking work.

Household net worth – the wealth effect



Household net worth has surged.

Source: Federal Reserve, FRBSL. Quarterly data through December 2025, released March 2026.

Consumer spending – the wealth effect

THE WALL STREET JOURNAL.

Shareholders Drive Economy, But Everyone Else is Wary

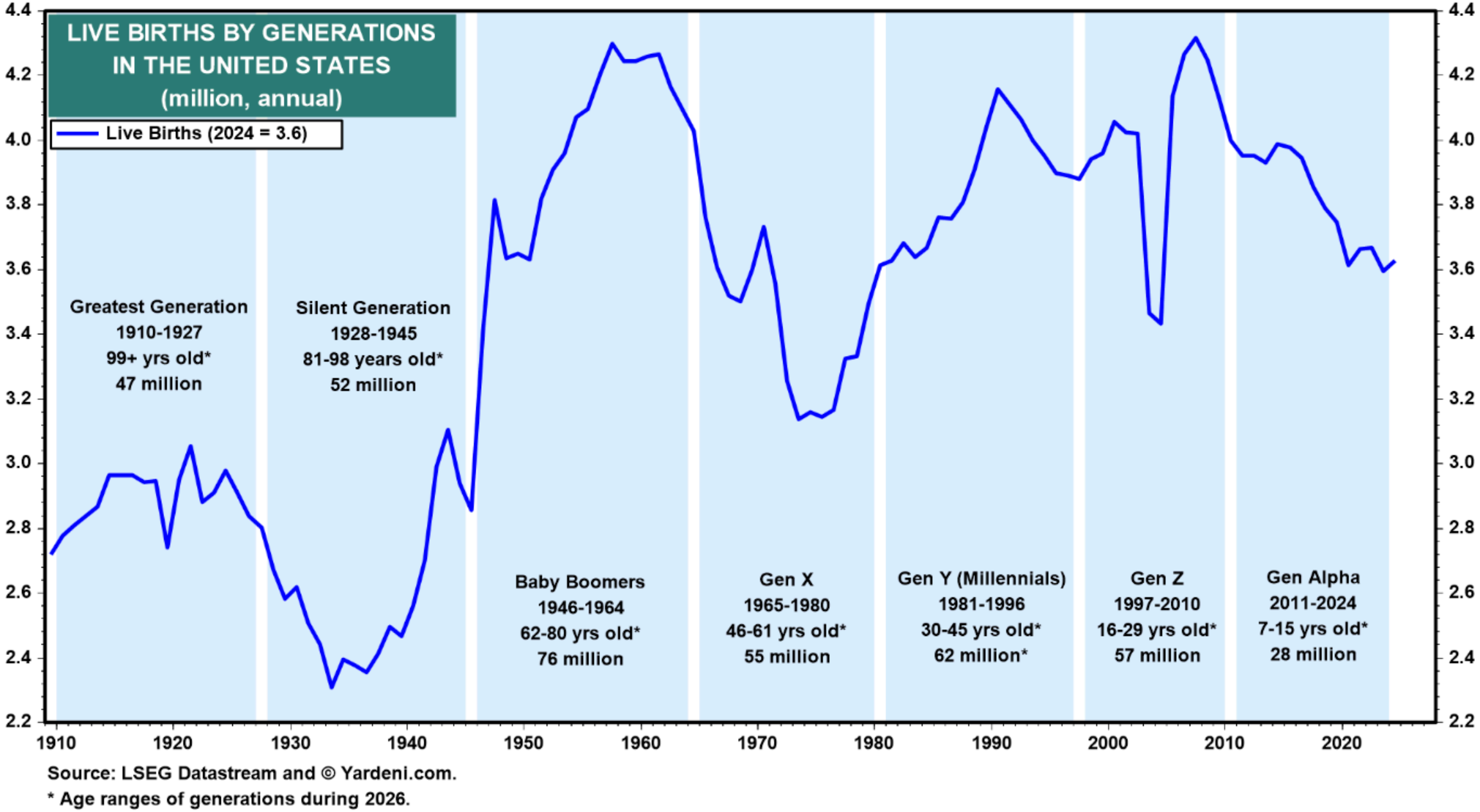
Investors' rosy feelings about having a lot more money—at least on paper—are powering spending on restaurant meals, business-class airline tickets, home improvement and more, keeping the broader economy humming.

It's a very different story for everyone else. Americans with large investment portfolios feel markedly better about the economy than those who don't own stocks, according to the University of Michigan sentiment index.

The phenomenon of people spending more when assets they own go up in value is known as the "wealth effect." Economists have long found that people increase their spending when they gain wealth. For every $1,000 that their stock portfolio goes up, they might spend $35 to $50 more than they would have otherwise, according to research.

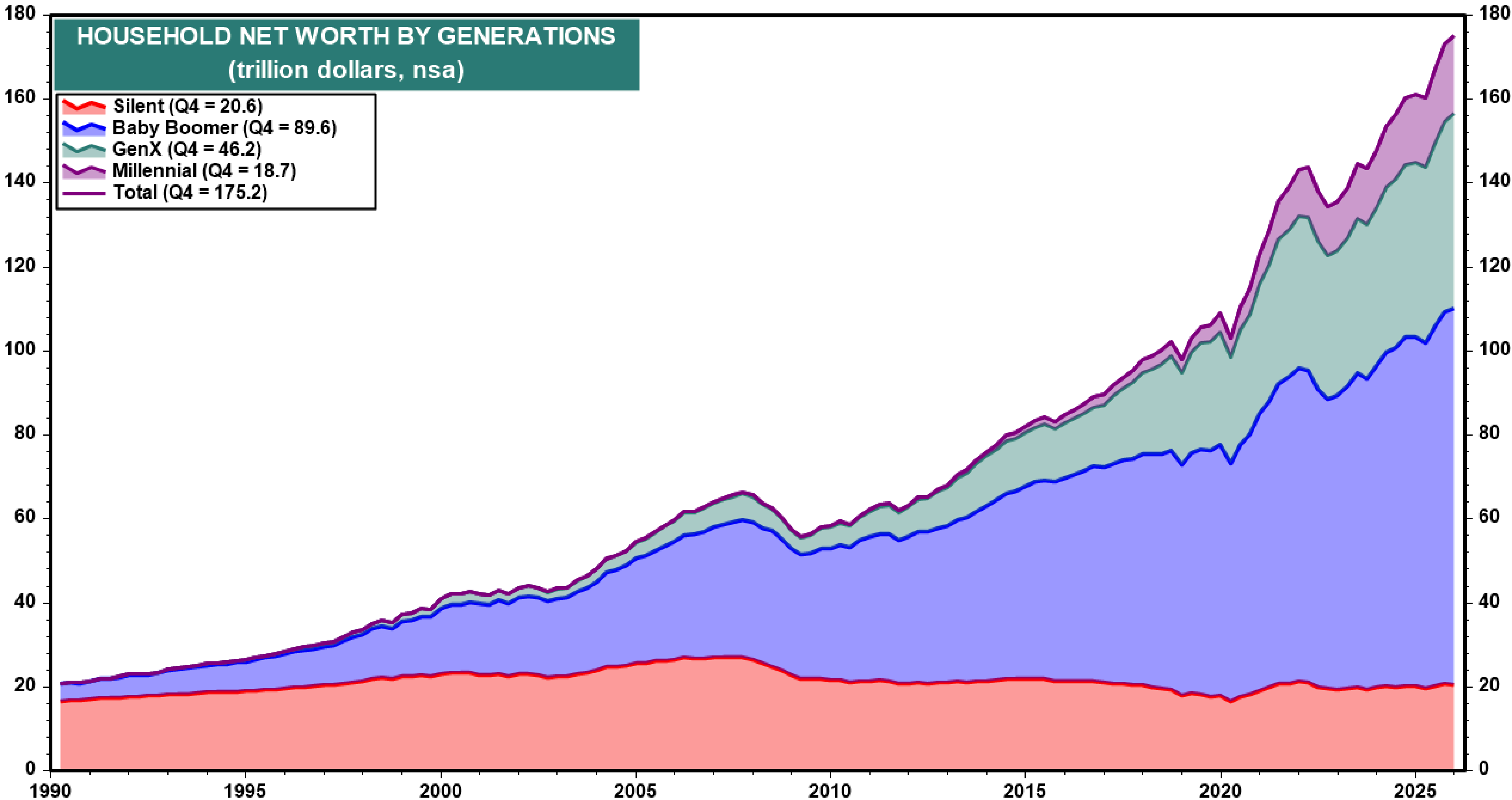
Source: *The Wall Street Journal*, "Shareholders Drive Economy, But Everyone Else Is Wary", by Rachel Louise Ensign and Rachel Wolfe, November 11, 2025.

Live births in the U.S.



Source: Yardeni Research, Inc., with permission, April 8, 2026.

Household net worth



Source: LSEG Datastream and © Yardeni Research. Federal Reserve Board.

Source: Yardeni Research, Inc., with permission, April 8, 2026.

Consumer spending

THE WALL STREET JOURNAL.

The U.S. Economy's Secret Weapon: Seniors With Money to Spend

Why has consumer spending proven so resilient as the Federal Reserve has raised interest rates? An important and little-appreciated reason: Consumers are getting older. In August, 17.7% of the population was 65 or older, according to the Census Bureau, the highest on record going back to 1920 and up sharply from 13% in 2010. The elderly aren't just more numerous: Their finances are relatively healthy, and they have less need to borrow, such as to buy a house, and are less at risk of layoffs than other consumers.

This has made the elderly a spending force to be reckoned with. Americans aged 65 and up accounted for 22% of spending last year, the highest share since records began in 1972 and up from 15% in 2010, according to the Labor Department's survey of consumer expenditures released in September.

"These are the consumers that will matter over the coming year," said Susan Sterne, chief economist at Economic Analysis Associates.

Source: *The Wall Street Journal*, "The U.S. Economy's Secret Weapon: Seniors With Money to Spend", by Gwinn Guilford, October 8, 2023.

Consumer spending

THE WALL STREET JOURNAL.

Divergent American Economy Gets More Divided

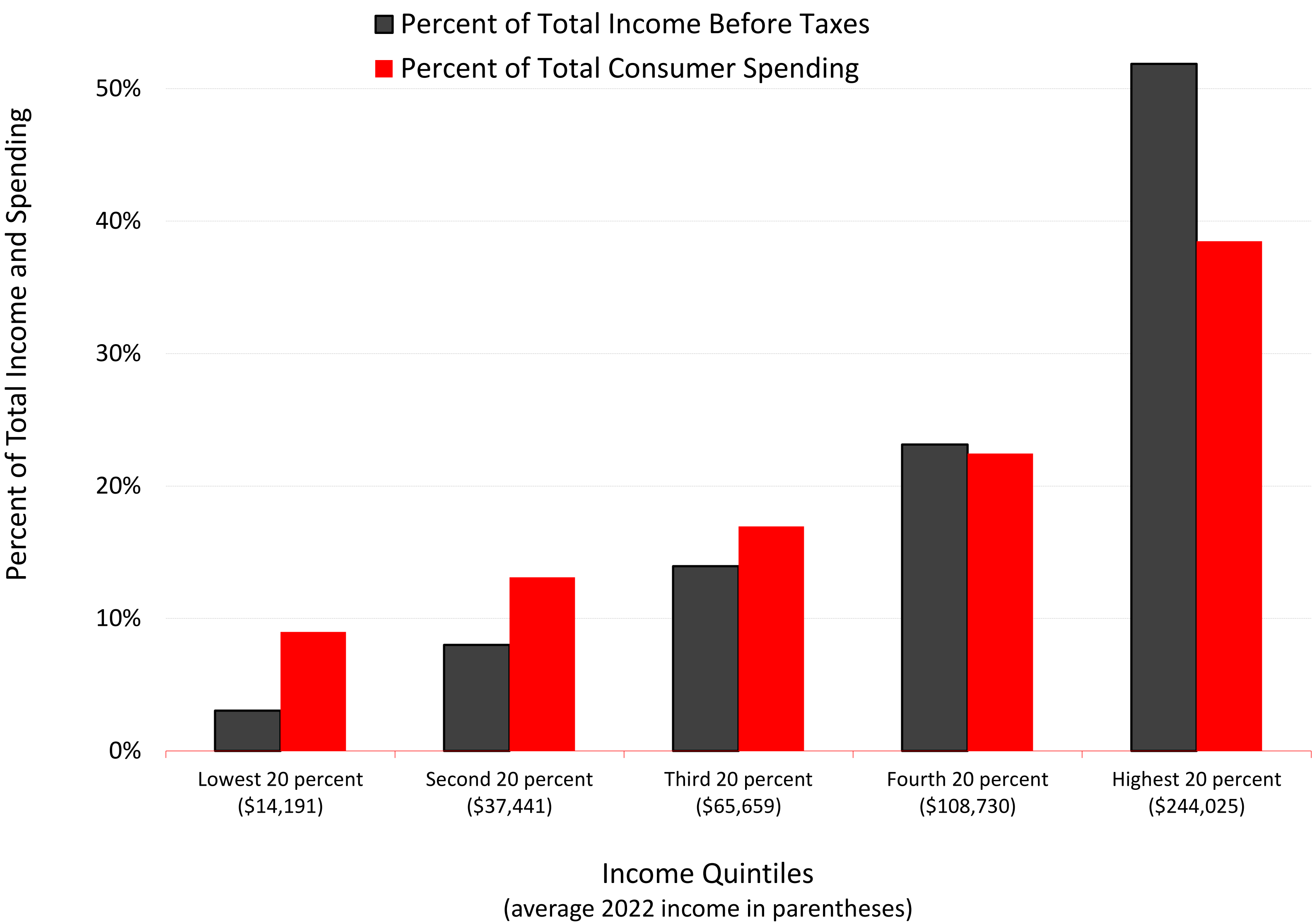
There are two economies in the U.S. right now, and they are moving in different directions.

For high earners and many older people in the U.S., the economy looks robust. They are still spending like gangbusters, and their 401(k) accounts and homes have soared in value. They nabbed 3% mortgages when rates were low. Some might worry about AI eventually coming for their jobs, but for now, their positions look relatively secure.

For many others, momentum has stalled or reversed. The big wage growth experienced by low-income workers during the pandemic has petered out. Those workers are curbing their spending and in some cases are struggling to find jobs.

Source: *The Wall Street Journal*, “Divergent American Economy Gets More Divided”, by Jeanne Whalen, September 18, 2025.

Distribution of consumer income and spending



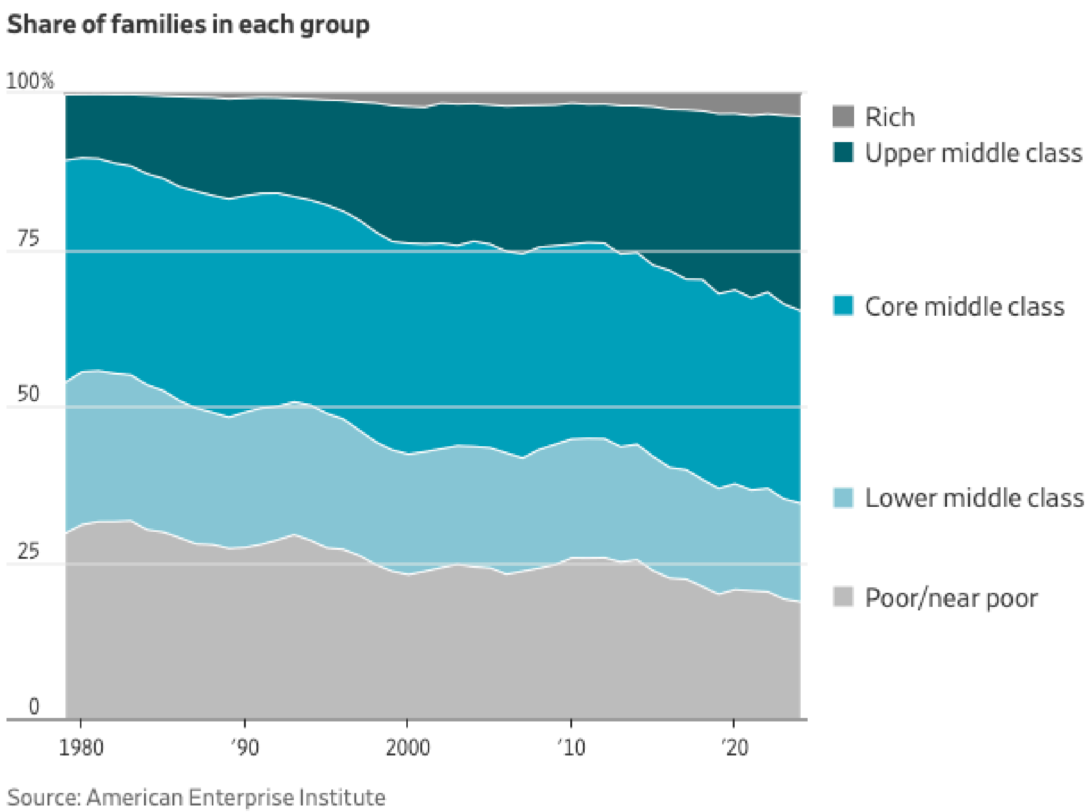
Consumer spending is heavily skewed toward higher income consumers.

Source: BLS, Consumer Expenditure Survey 2022, released September 2023. (Most recent data available as of April 2026).

Middle class is shrinking

THE WALL STREET JOURNAL.

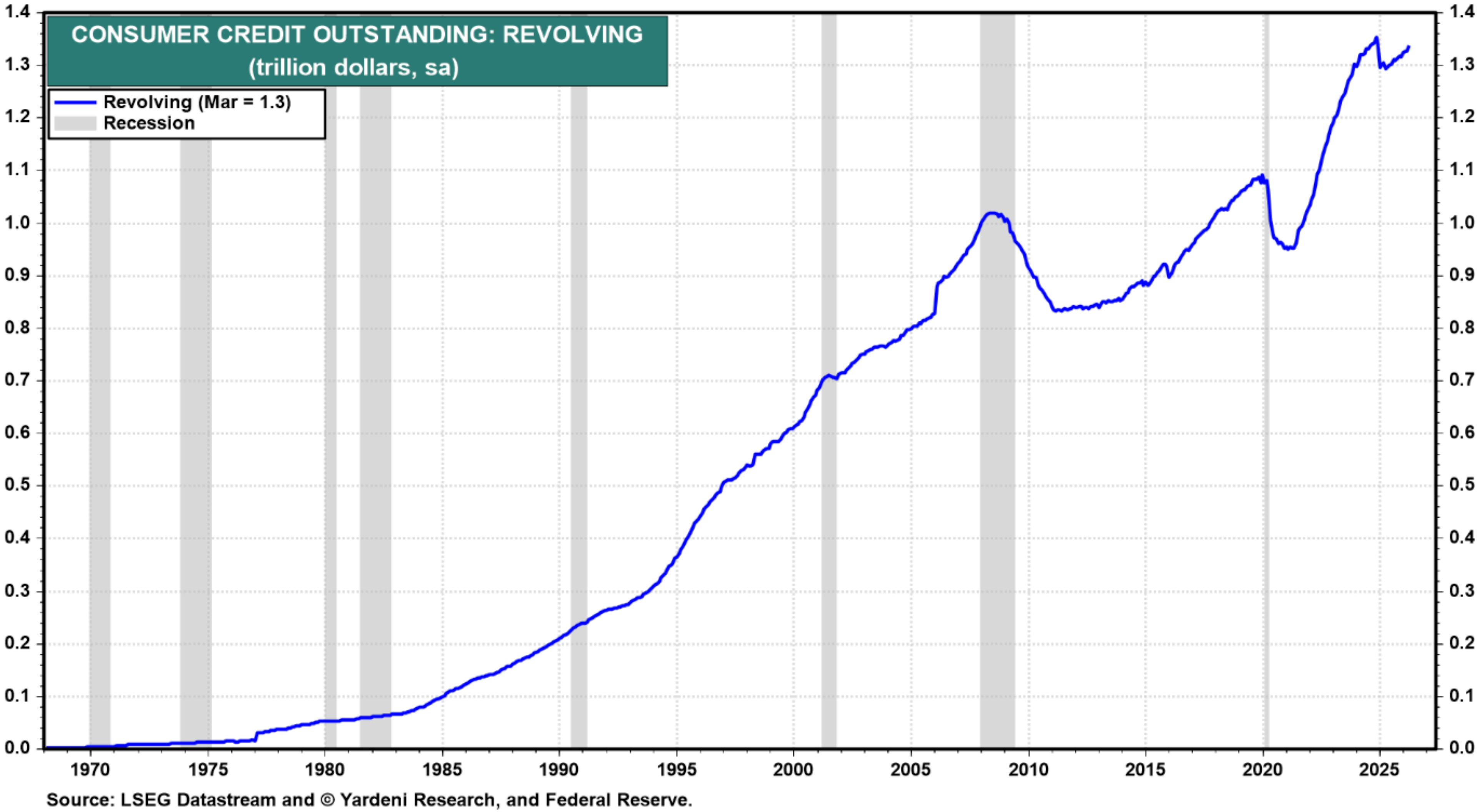
America's middle class is becoming wealthier as more families scale the economic ladder into higher-earning groups. New research shows that the ranks of the affluent have grown markedly over the last 50 years or so, while the lower rungs of the middle class have shrunk.



Source: *The Wall Street Journal*, "More Americans Are Breaking into the Upper Middle Class", by Rachael Louise Ensign, April 4, 2026.

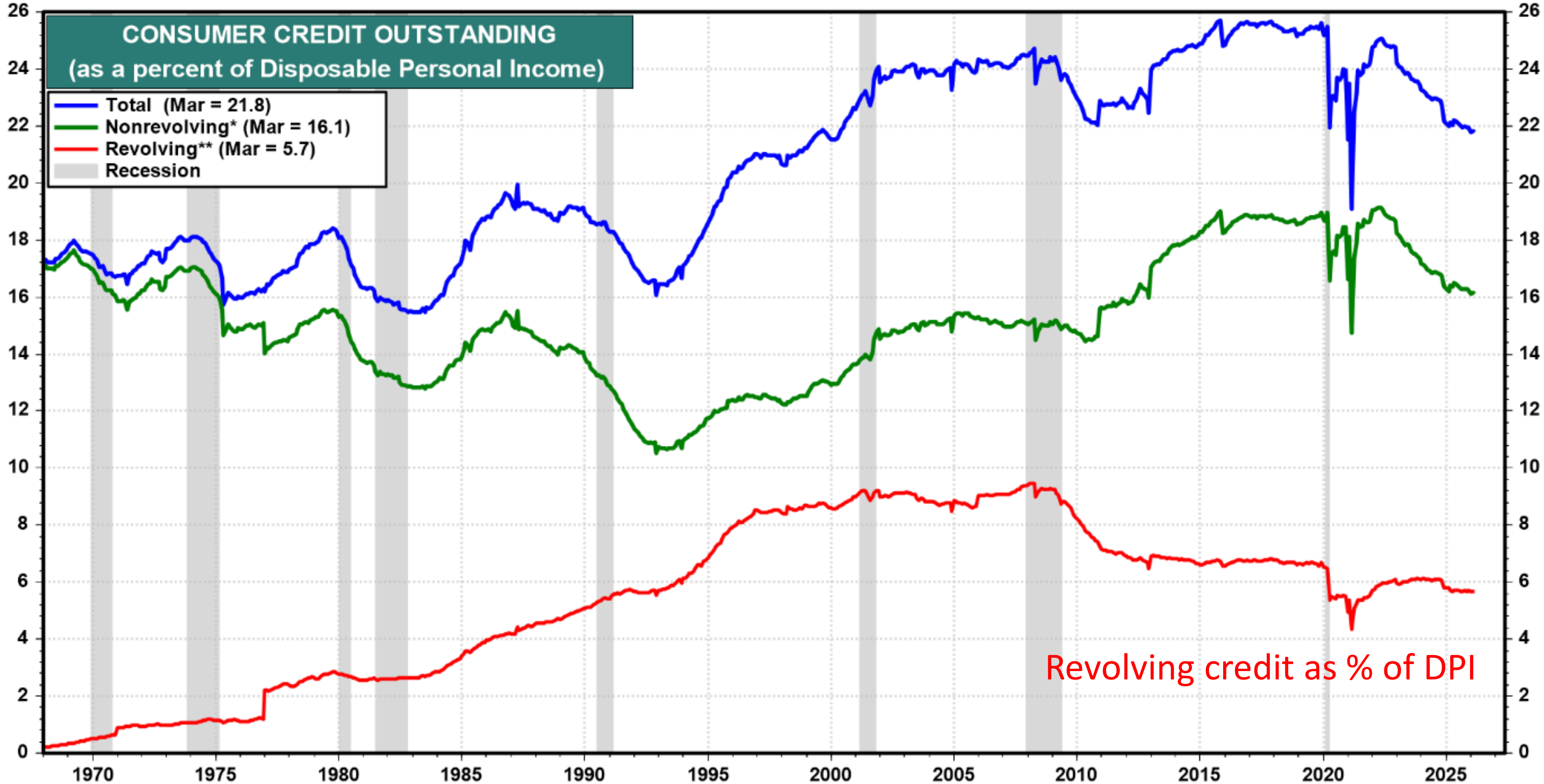
Household balance sheets

Credit card debt



Source: Yardeni Research, Inc., with permission, May 22, 2026.

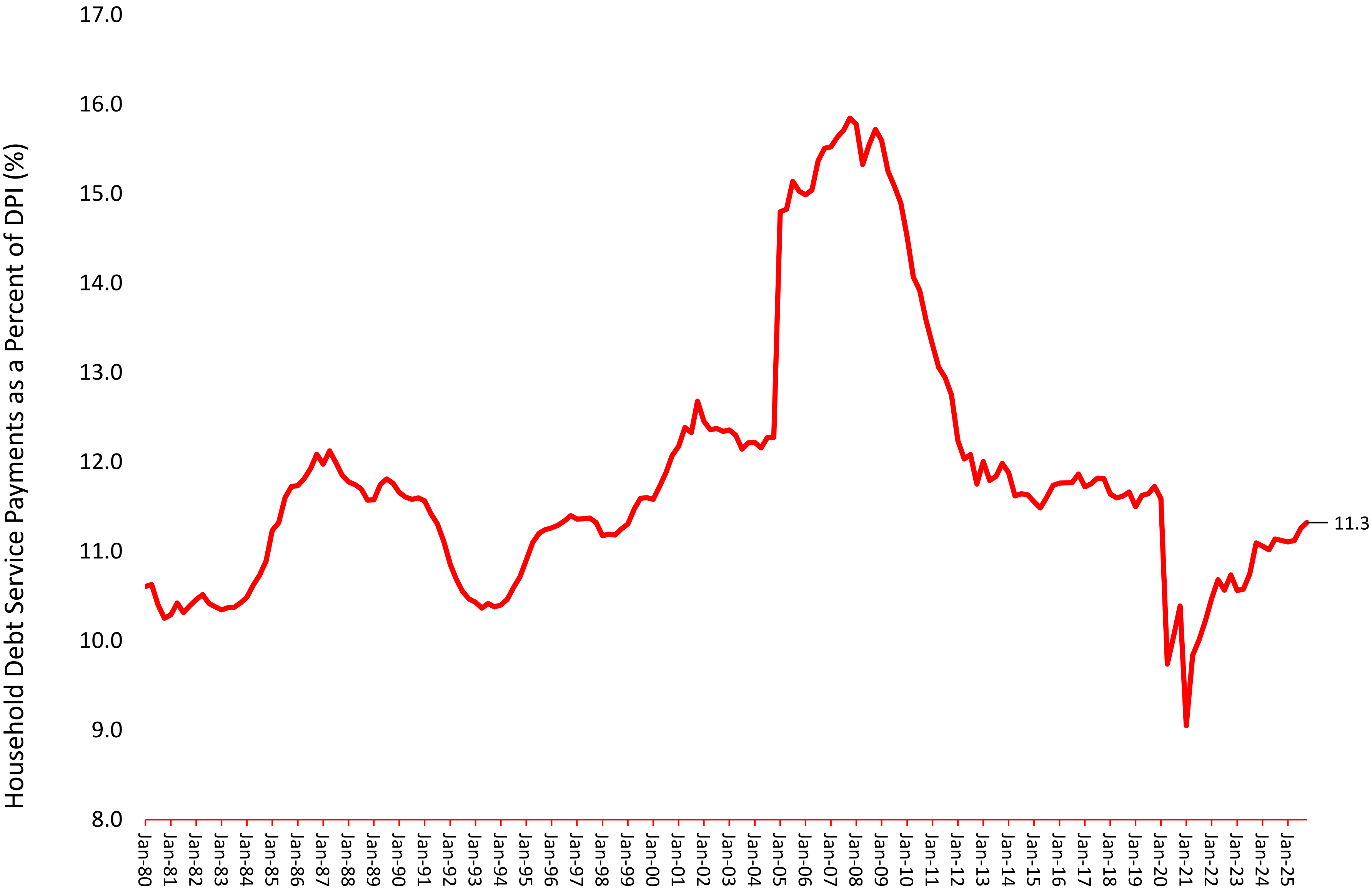
Consumer credit % of DPI



Source: LSEG Datastream and © Yardeni Research, and Federal Reserve.
* Nonrevolving credit includes auto and student loans. ** Credit cards.

Source: Yardeni Research, Inc., with permission, May 22, 2026.

Household debt service payments as a % of DPI



Source: Federal Reserve. Quarterly data through December 2025, released March 2026.

THE WALL STREET JOURNAL.

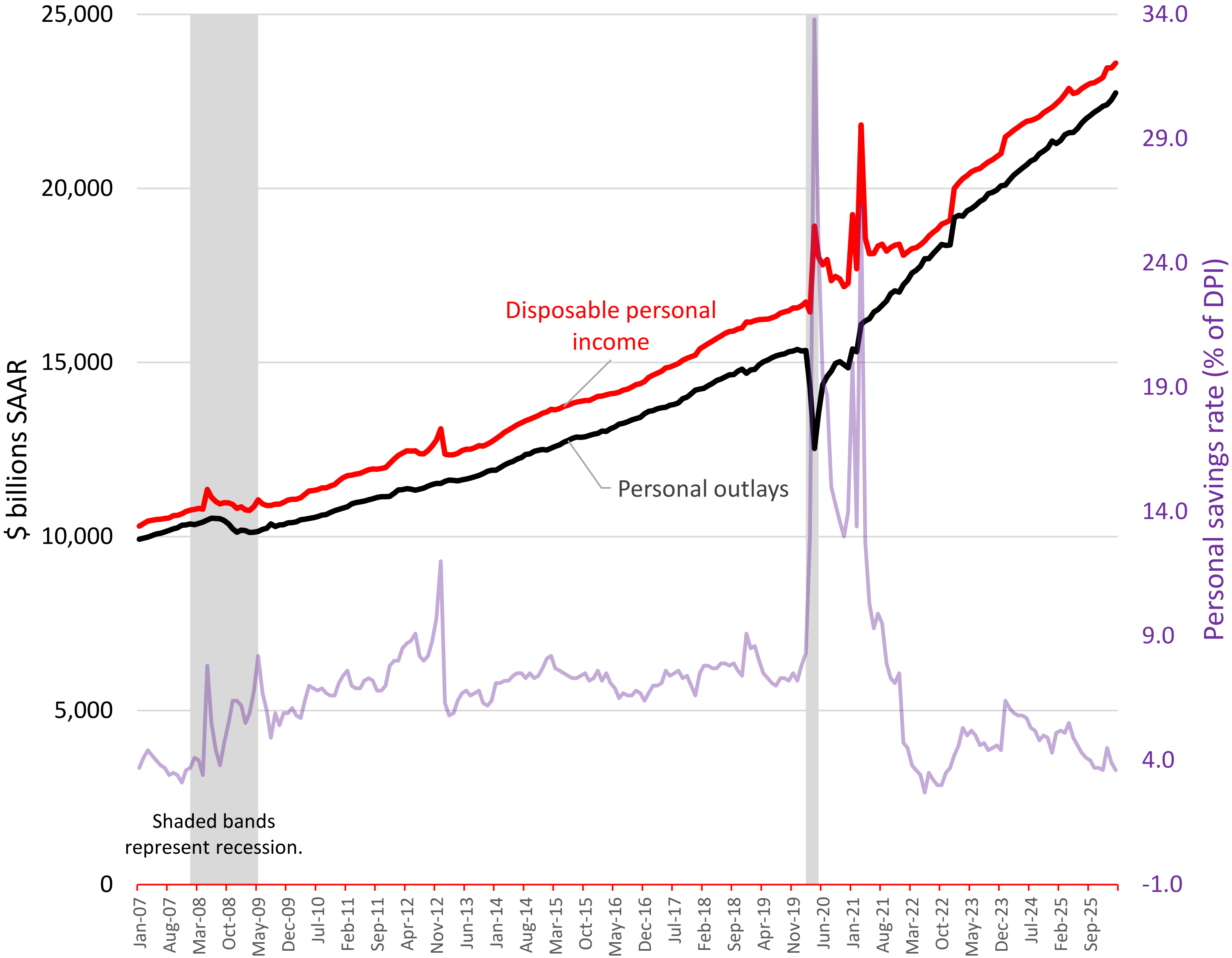
Banks’ Profits Reflect Resilient Consumer Area

“All of the metrics that we can see tell us the consumer remains resilient and in great shape,” Bank of America Chief Financial Officer Alastair Borthwick said on a call with reporters.

Source: *The Wall Street Journal*, “Banks’ Profits Reflect Resilient Consumer Area” by Gina Heeb and Alexander Saeedy, January 15, 2026.

Consumer income

Disposable personal income, spending and saving



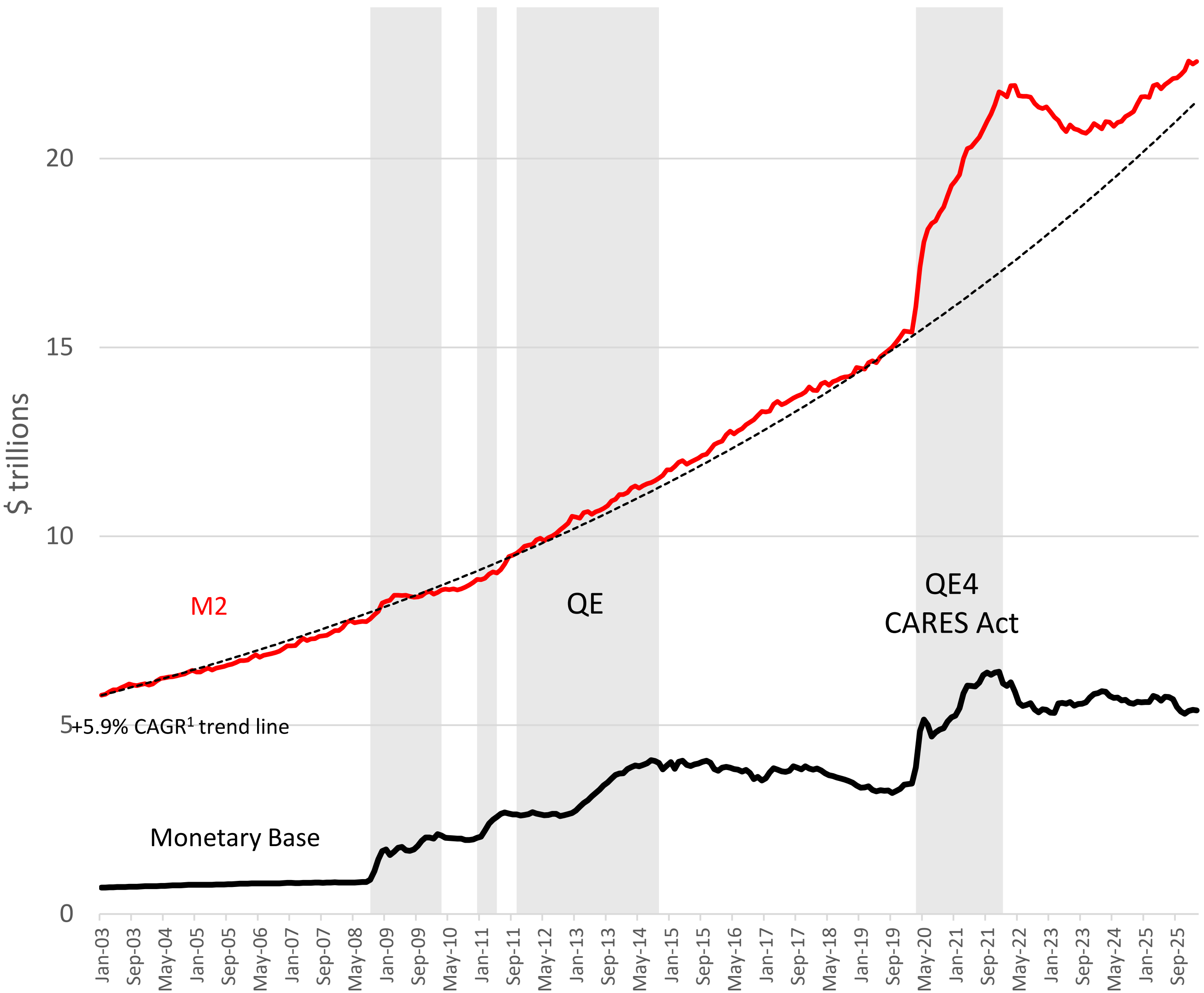
DPI up +4.0% y/y.

Personal outlays up +5.6% y/y.

The savings rate, at 3.6%, is below pre-Covid levels.

Source: Bureau of Economic Analysis, monthly data through March 2026.

The monetary base and the money supply



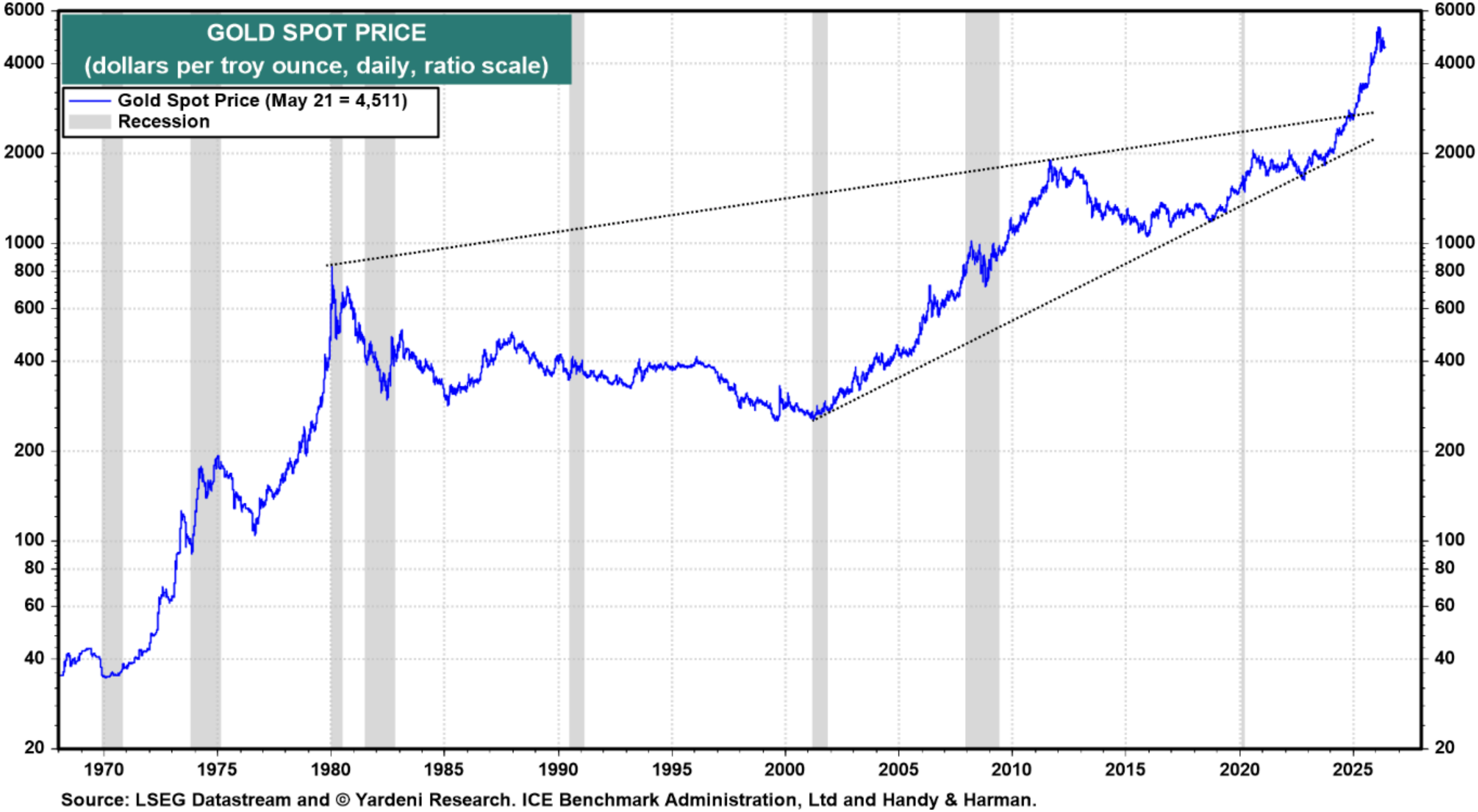
M2: currency held by the public plus checking, savings and money market accounts.

A quadrupling of the monetary base with QE did not affect M2 growth. The CARES Act and subsequent stimulus did … by putting money directly into consumers' and businesses' accounts.

Monetary base: currency in circulation plus reserve balances (deposits held by banks in their accounts at the Federal reserve).

Source: Federal Reserve, statistical release H.6. Data through March 2026.
[1]CAGR = compound annual growth rate.

Gold



Source: Yardeni Research, Inc., with permission, May 22, 2026.

Dollar

Source: Yardeni Research, Inc., with permission, May 22, 2026.

American exceptionalism

THE WALL STREET JOURNAL.

Europe's Firms Fall Far Behind In the Race to Create Big Tech

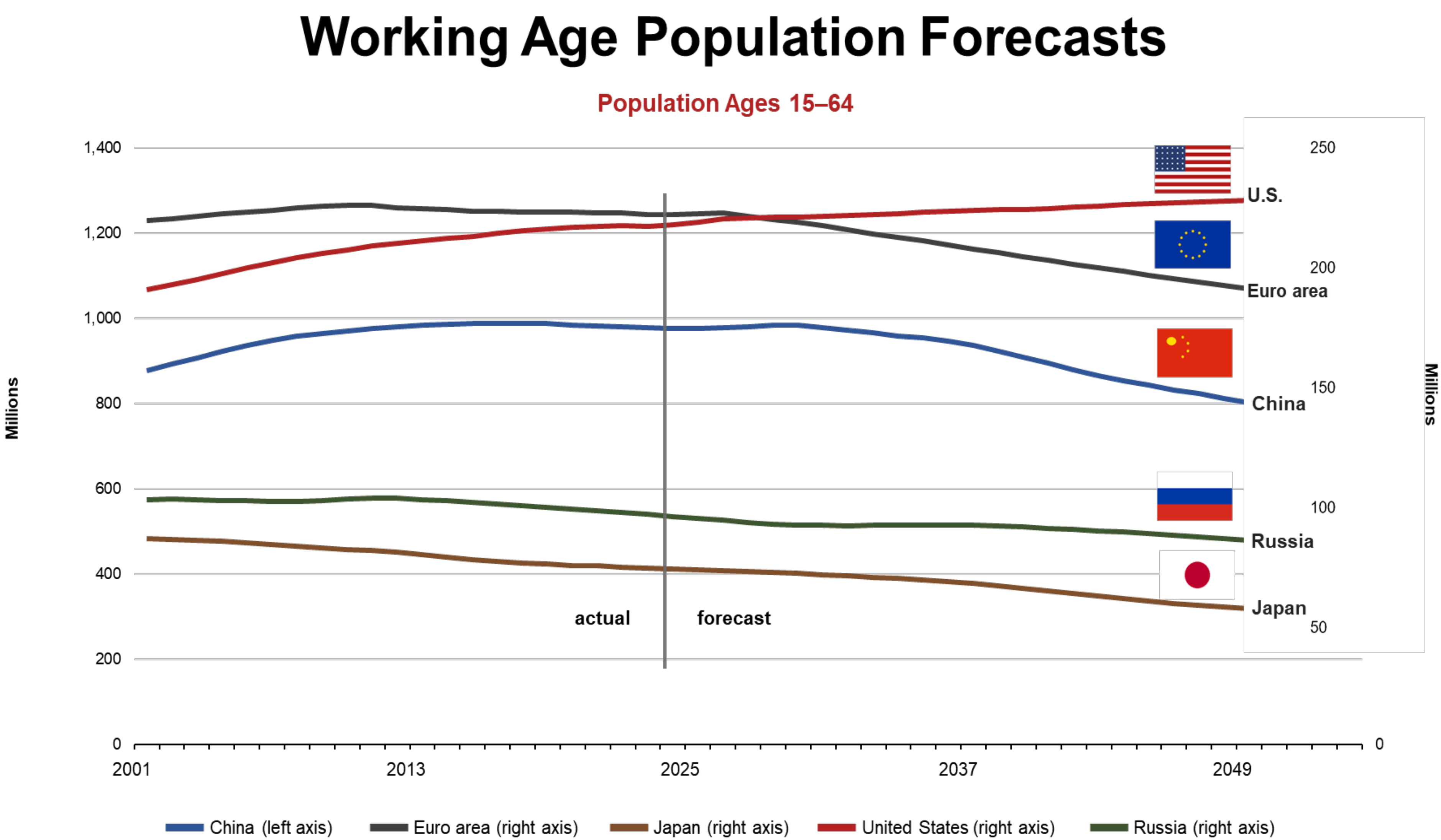
Investors and entrepreneurs say obstacles to tech growth are deeply entrenched: a timid and risk-averse business culture, strict labor laws, suffocating regulations, a smaller pool of venture capital and lackluster economic and demographic growth.

Existential dilemma

Having largely missed out on the first digital revolution, Europe seems poised to miss out on the next wave, too. The U.S. and China, flush with venture capital and government funding, are spending heavily on AI and other technologies that hold the promise of boosting productivity and living standards. In Europe, venture capital tech investment is a fifth of U.S. levels.

Source: *The Wall Street Journal*, "Europe's Firms Fall Far Behind In the Race to Create Big Tech", by Tom Fairless and David Luhnow, May 21, 2025.

Demographics

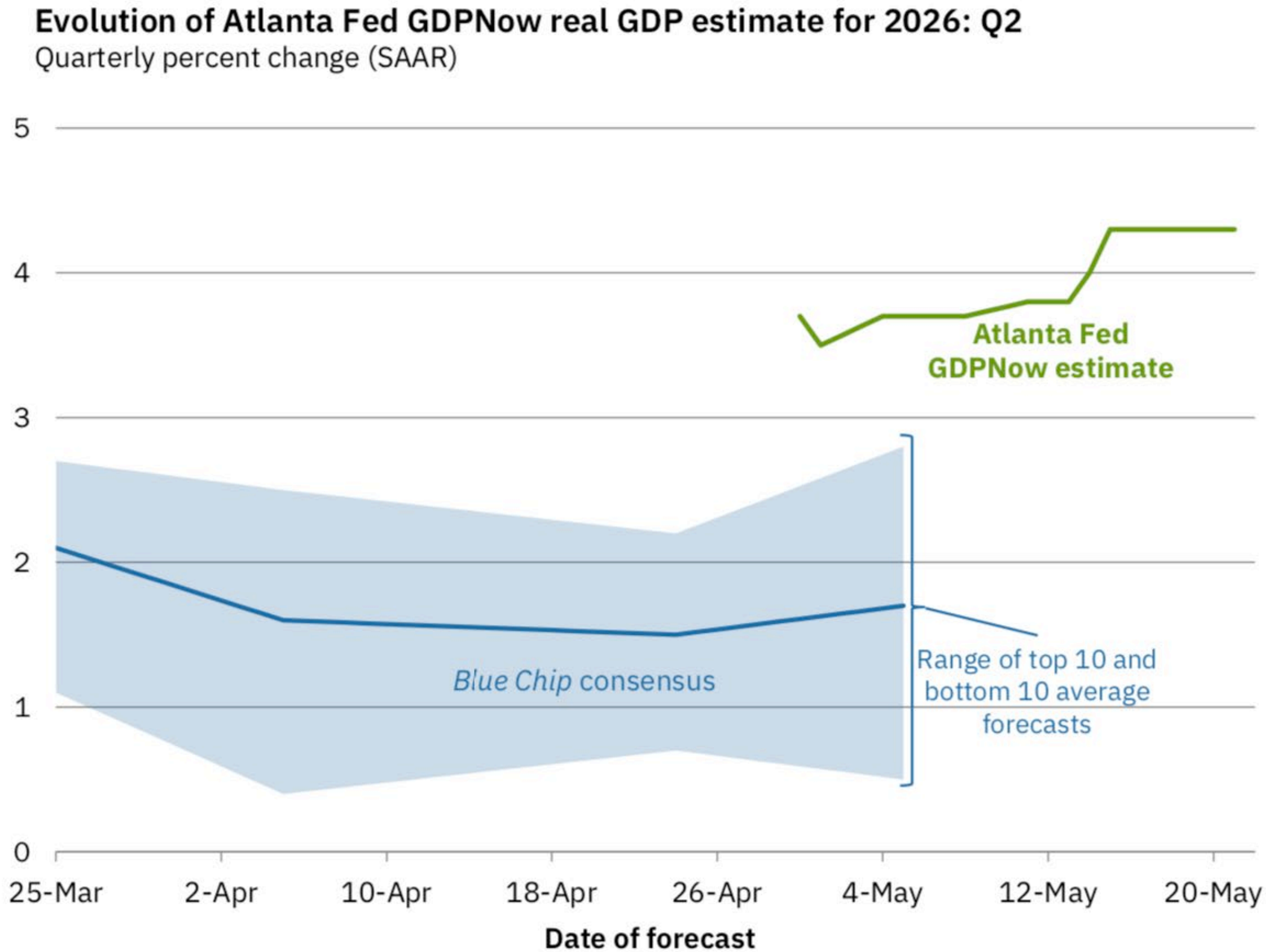


Source: World Bank, World Development Indicators, indicator SP.POP.1564.TO, 2001–2024 actuals; UN DESA Population Division, World Population Prospects 2024, medium-variant projections, 2025–2049. Forecast path rebased to 2024 WDI benchmarks. Euro area: World Bank 20-country aggregate.

Atlanta Fed's GDPNow forecast – 2nd quarter +4.3%

FEDERAL RESERVE BANK of ATLANTA | GDPNow™

GDPNow is not an official forecast of the Atlanta Fed. Rather, it is best viewed as a running estimate of real GDP growth based on available economic data for the current measured quarter. There are no subjective adjustments made to GDPNow—the estimate is based solely on the mathematical results of the model.

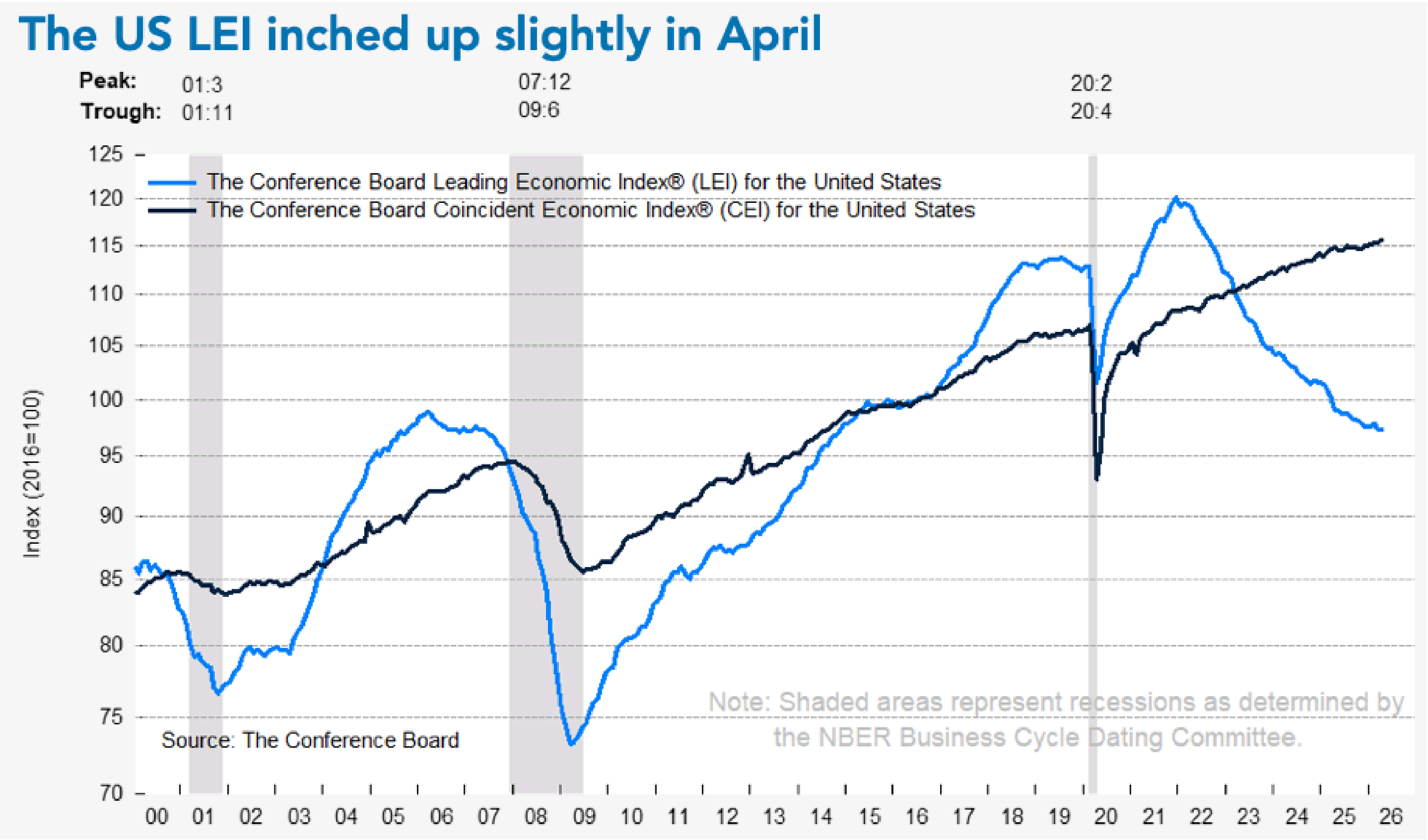


Sources: *Blue Chip Economic Indicators* and *Blue Chip Financial Forecasts*
Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the *Blue Chip* survey.

Source: Federal Reserve Bank of Atlanta April 10, 2026.

GDP forecast

U.S. index of leading economic indicators

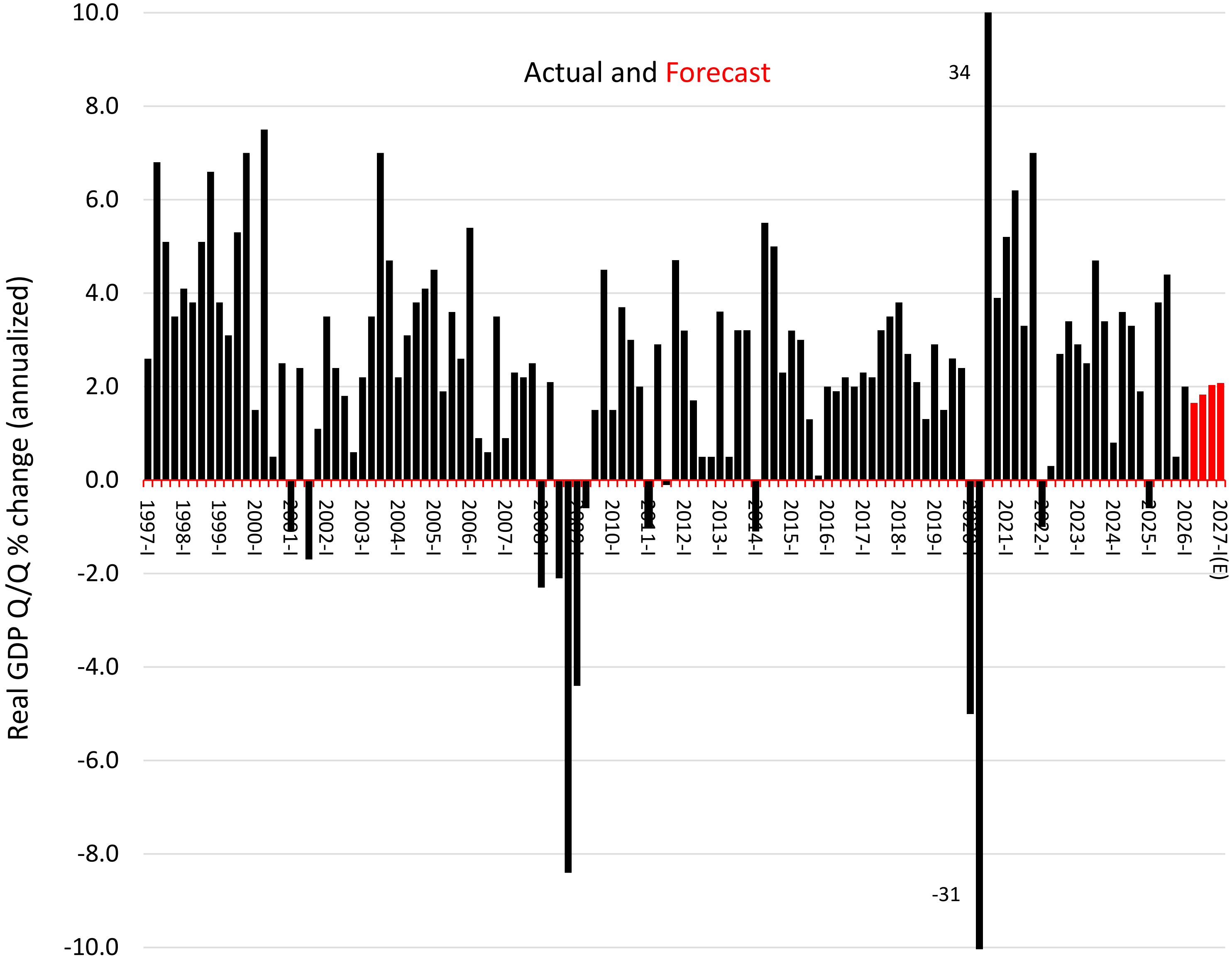


"The Conference Board is currently projecting 1.7% y/y GDP growth in 2026, revised up slightly from last update of 1.6%."

The Conference Board Leading Economic Index® (LEI) components: 1) average weekly hours worked, manufacturing; 2) average weekly initial unemployment claims; 3) manufacturers' new orders – consumer goods and materials; 4) ISM index of new orders; 5) manufacturers' new orders, nondefense capital goods; 6) building permits – new private housing units; 7) stock prices, S&P 500; 8) Leading Credit Index™; 9) interest rate spread; 10-year Treasury minus fed funds; 10) index of consumer expectations.
Source: ©The Conference Board. Data through April, released May 22, 2026.

Consensus GDP forecast

GDP

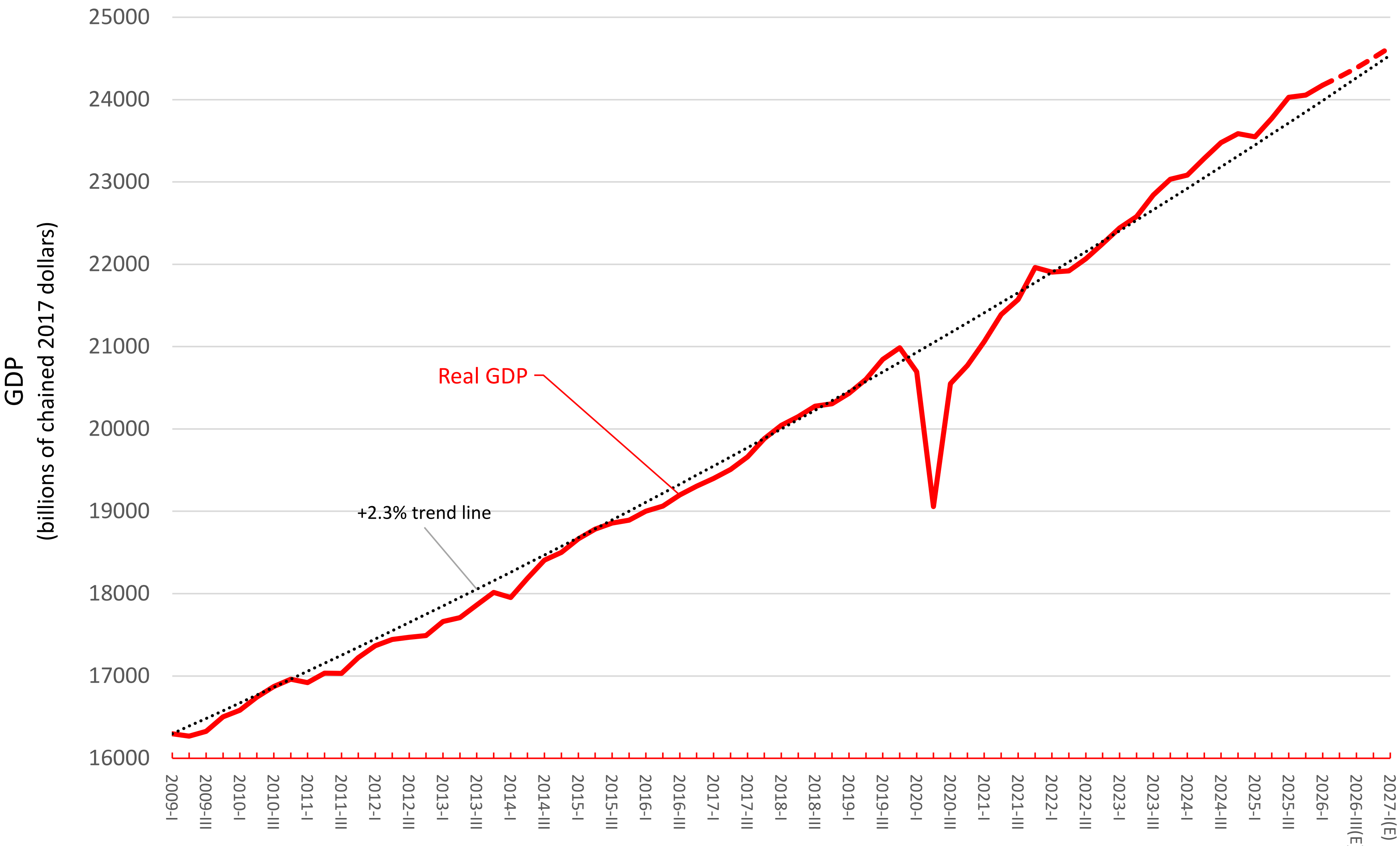


The 68 economists surveyed in April trimmed their forecasts from the January survey and see continued growth ahead.

Sources: Bureau of Economic Analysis, actual quarterly data through March 2026. *The Wall Street Journal* survey released April 2026.

GDP forecast

2.3% trend rate of growth



Sources: Bureau of Economic Analysis, actual quarterly data through March 2026. Dotted line represents the forecast from *The Wall Street Journal* survey released April 2026.

GDP forecast

CBO – continued growth expected

The Economic Outlook, by Calendar Year

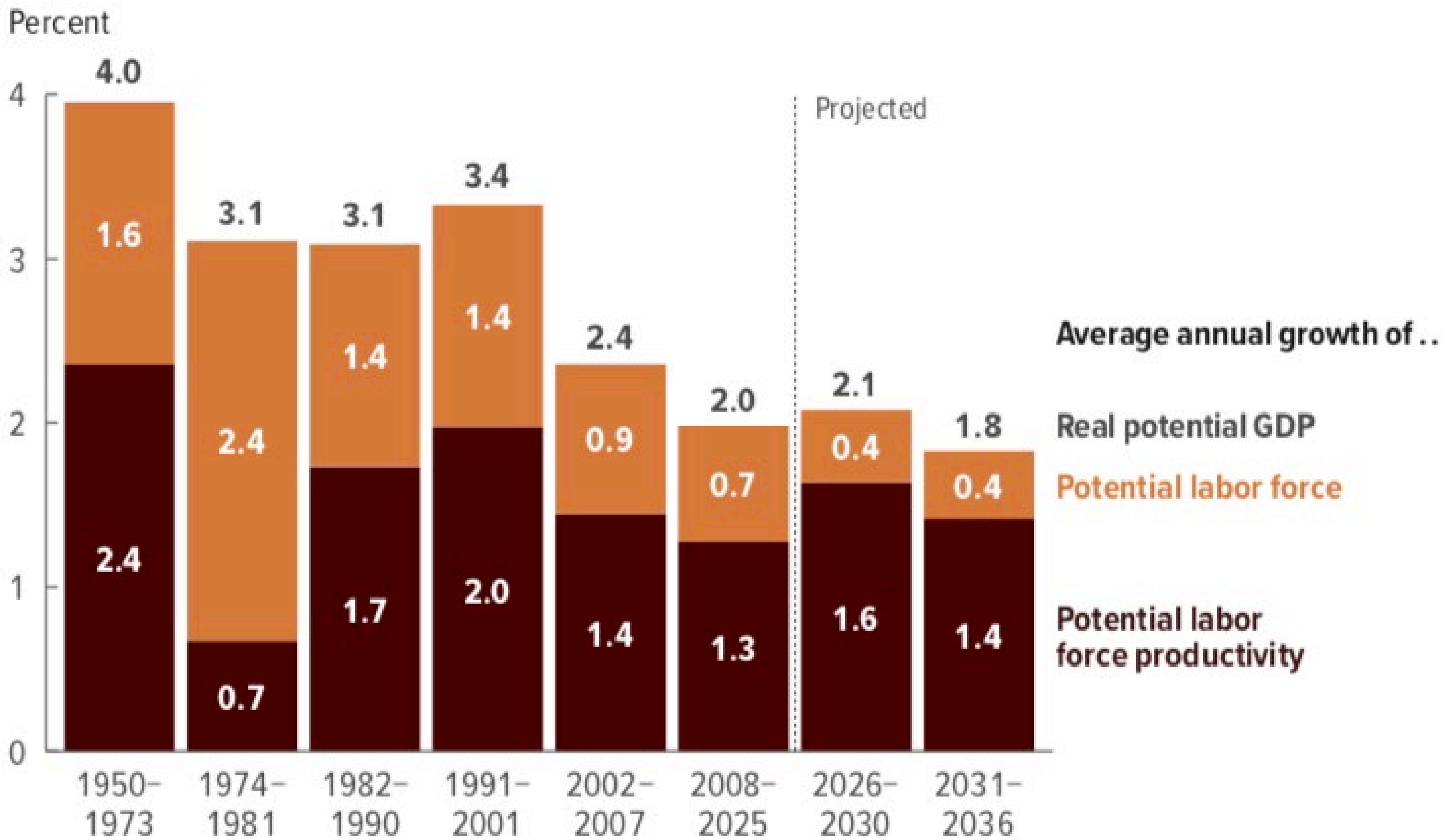
	Estimated, 2025	2026	2027	2028	Annual average 2029–2030	Annual average 2031–2036
	Change from fourth quarter to fourth quarter (percent)					
Real (inflation-adjusted) GDP	1.9	2.2	1.8	1.8	1.8	1.8
Inflation						
PCE price index	2.8	2.7	2.3	2.1	2.0	2.0
Consumer price index	3.0	2.8	2.4	2.3	2.3	2.3
Payroll employment (average monthly change, in thousands)	70	105	31	42	43	45
	Annual average (percent)					
Unemployment rate	4.3	4.6	4.5	4.5	4.3	4.2
Interest rates						
Effective federal funds rate	4.2	3.5	3.4	3.4	3.4	3.4
3-month Treasury bills	4.1	3.3	3.2	3.2	3.2	3.1
10-year Treasury notes	4.3	4.1	4.3	4.3	4.3	4.4
Tax bases (percentage of GDP)						
Wages and salaries	42.3	42.0	42.0	42.1	42.1	42.1
Domestic corporate profits	11.3	11.1	10.8	10.4	10.0	10.0

See Chapter 2 and Appendix D. Payroll employment and interest rates show actual values for 2025. PCE = personal consumption expenditures.

Source: Congressional Budget Office, *The Budget and Economic Outlook: 2026-2036*, February 2026.

GDP growth potential = Δ productivity + Δ labor force

CBO's potential growth calculations



Source: Congressional Budget Office, *The Budget and Economic Outlook: 2026 to 2036,* released February 2026.

THE WALL STREET JOURNAL.

Companies Bet They Can Grow Without Hiring

It's the corporate gamble of the moment: Can you run a company, increasing sales and juicing profits, without adding people?

American employers are increasingly making the calculation that they can keep the size of their teams flat—or shrink through layoffs—without harming their businesses. Part of that thinking is the belief that artificial intelligence will be used to pick up some of the slack and automate more processes.

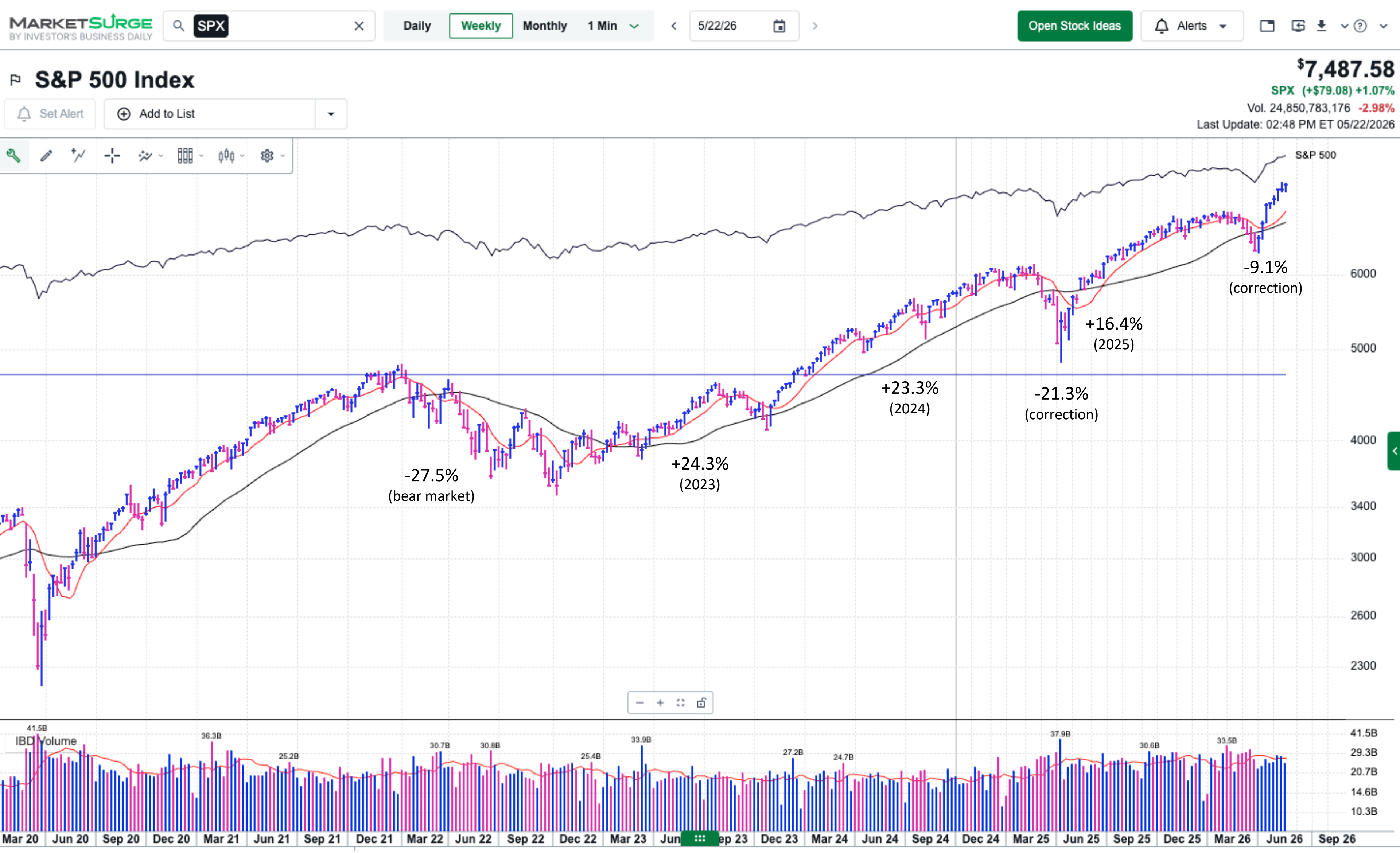
Walmart, the nation's largest private employer, also said it plans to keep its head count roughly flat over the next three years, even as its sales grow.

Source: *The Wall Street Journal.* "Companies Bet They Can Grow Without Hiring", by Chip Cutter, October 27, 2025.

Stock Market

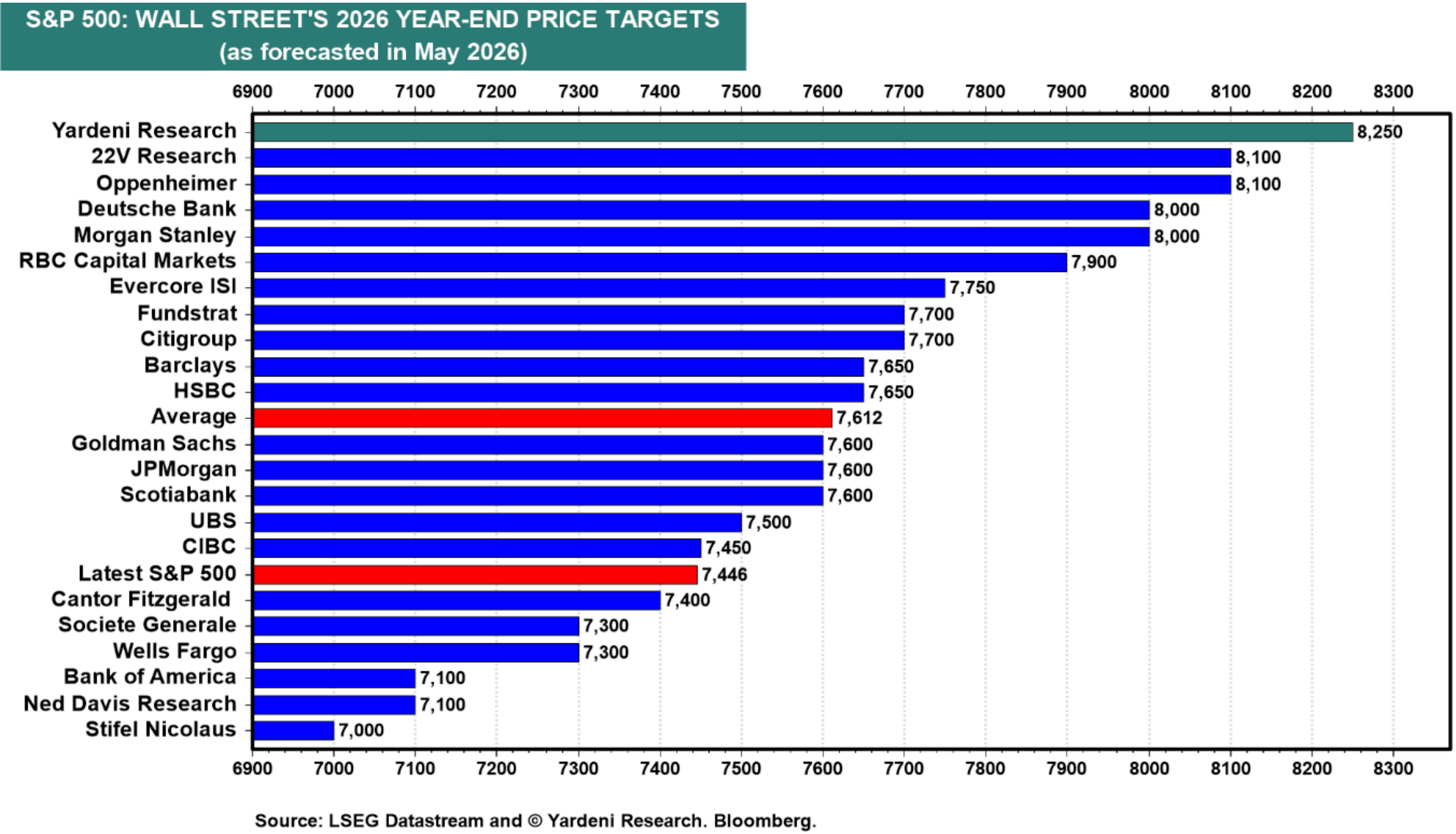
- Record highs following Iran sell-off
- Stocks vs. recessions
- “Parabolic” is normal
- 2026/2027 earnings estimates
- P/E multiple

Stock market
S&P 500



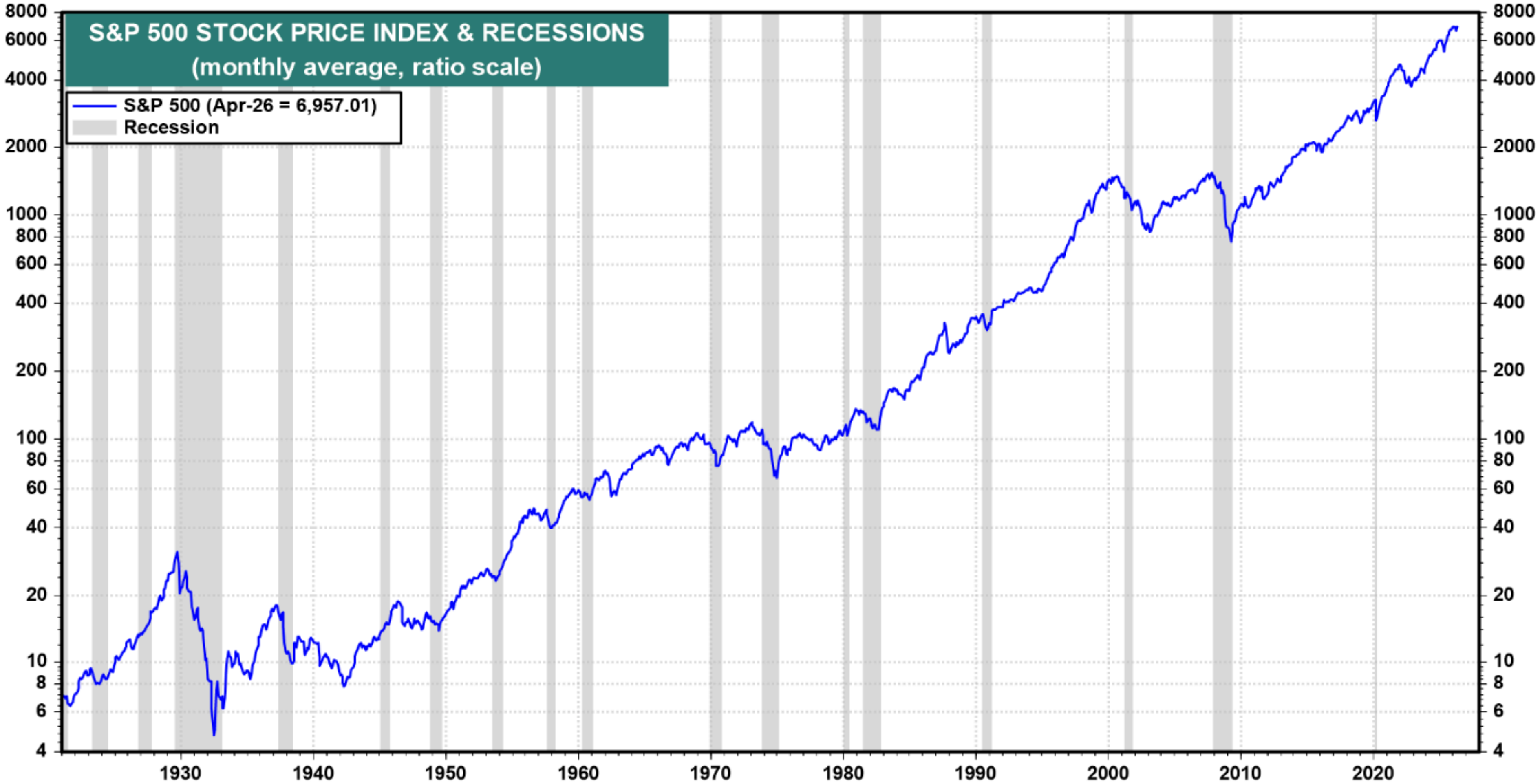
Source: Standard & Poor's and Investor's Business Daily. Data through May 22, 2026.

S&P 500 – strategists 2026 targets



Source: Yardeni Research, Inc., with permission, May 22, 2026.

S&P 500 vs. recessions



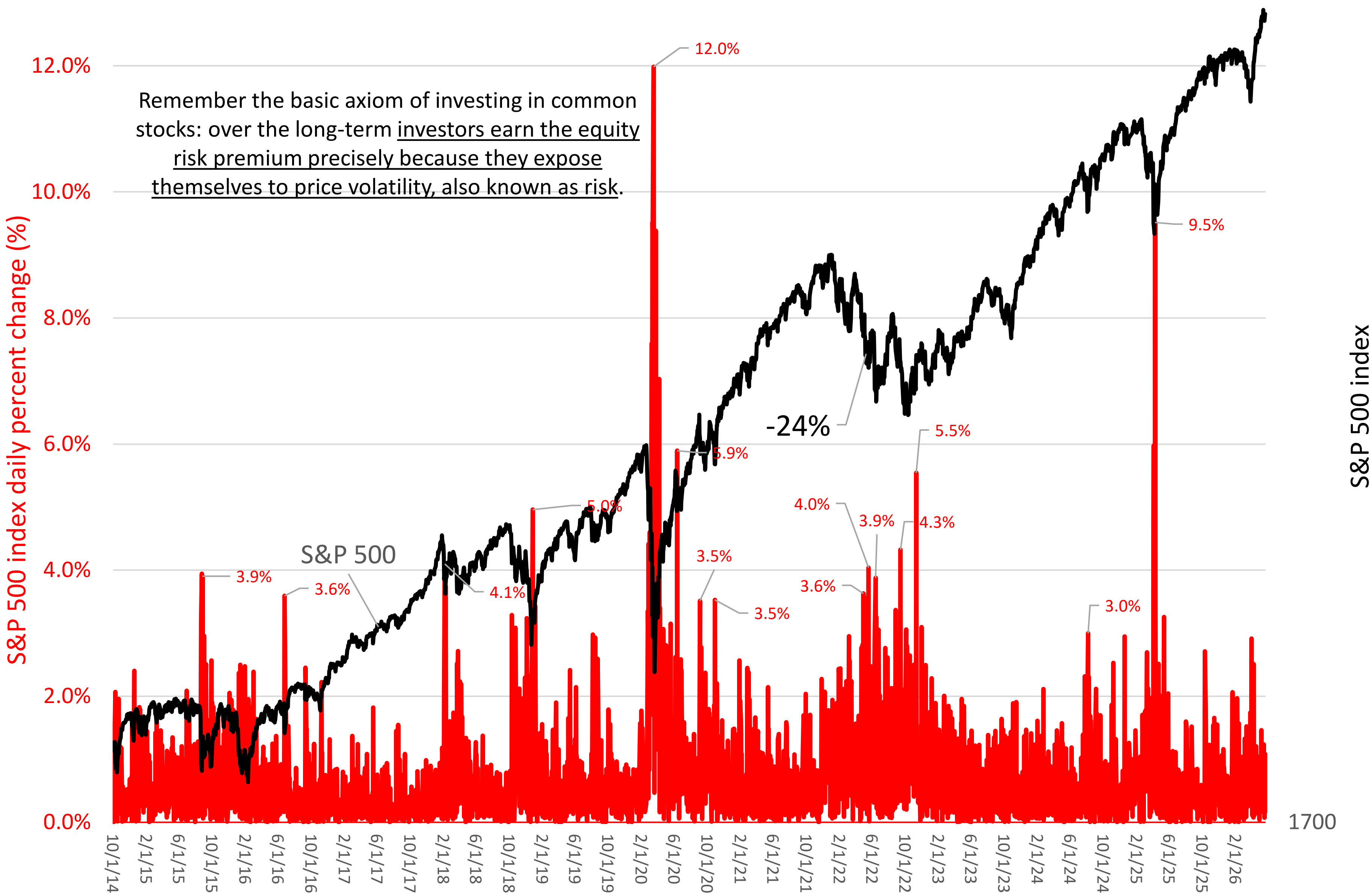
Source: LSEG Datastream and © Yardeni Research. Standard & Poor's.
*Monthly through 1964, weekly after

Source: Yardeni Research, Inc., with permission, May 22, 2026.

S&P 500 and crises

Source: Standard and Poor's. Data through March 2026. [1] Compound annual growth rate.

S&P 500 volatility



Source: Standard & Poor's, data through May 21, 2026.

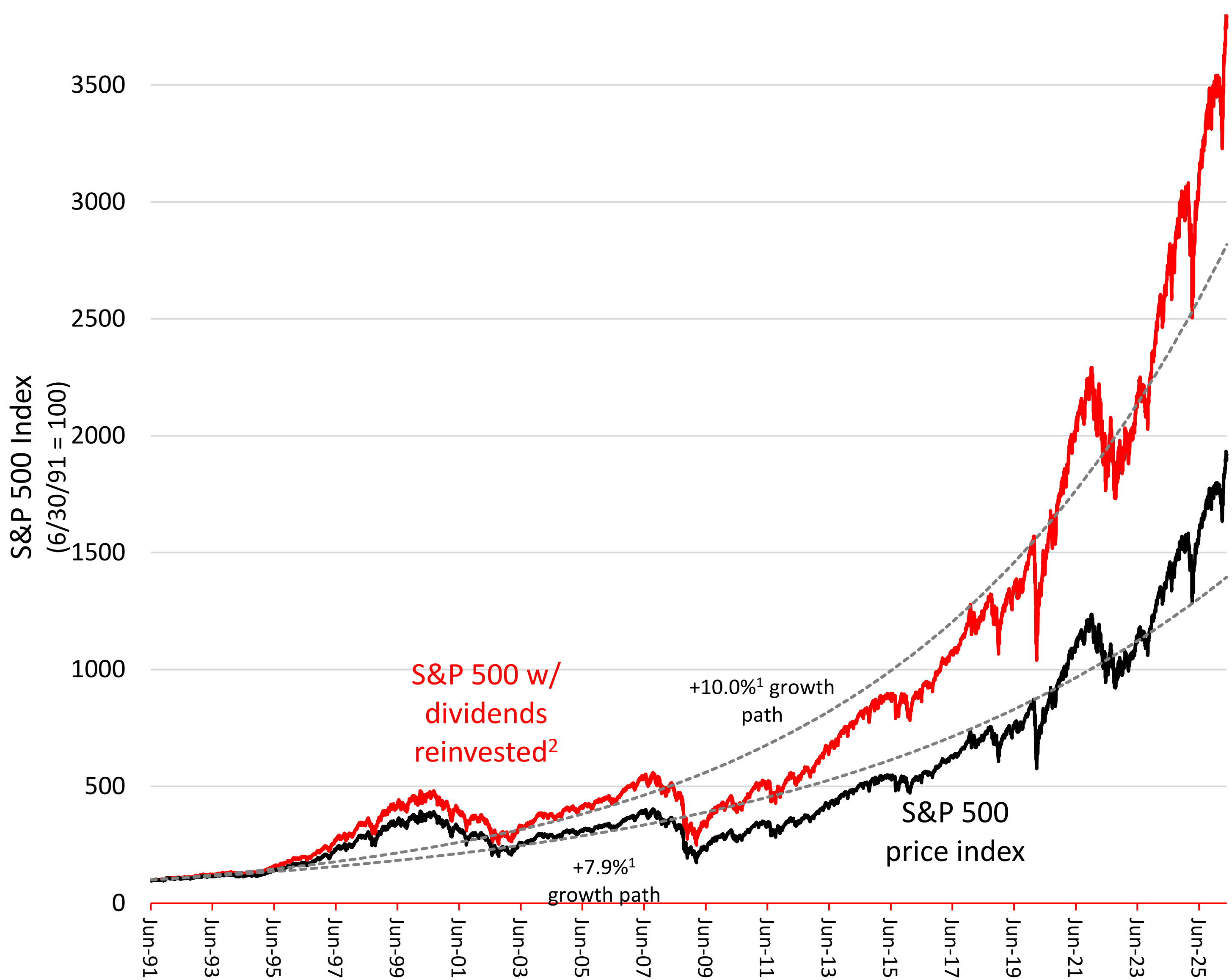
S&P 500 – parabolic

THE WALL STREET JOURNAL.

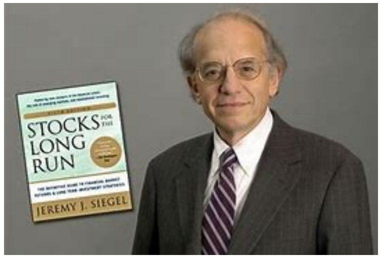
Source: *The Wall Street Journal*, "New Buy-the-Dip Investors Prop Up Market", by Gunjan Banerji, August 12, 2025.

Stock market arithmetic

Total return = 7.9% earnings-driven price + 2.1% dividends reinvested



+10% per year S&P 500 total return over the last 30 years is in line with the stock market's long-term returns going back to 1926, or back even further to 1871.[3]

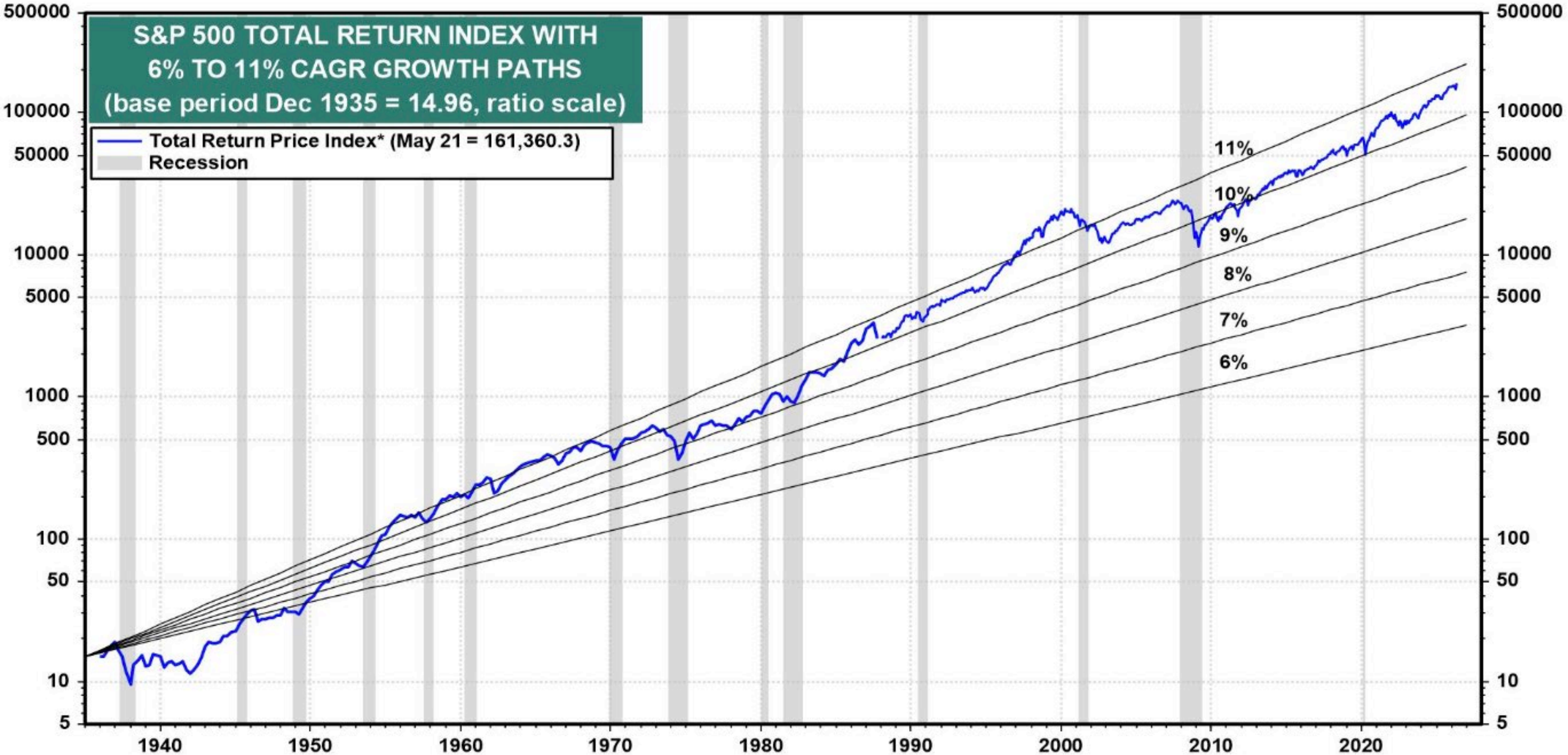


Source: Standard and Poor's. Data through May 21, 2026.[1] Compound annual growth rate. [2] S&P 500 total return index.
[3] per Professor Jeremy Siegel's seminal *Stocks for the Long Run*, first published in 1994.

Total return = 7.9% earnings-driven price + 2.1% dividends reinvested

Source: Standard and Poor's. Data through May 21, 2026. [1] Compound annual growth rate. [2] S&P 500 total return index.

S&P 500 total return

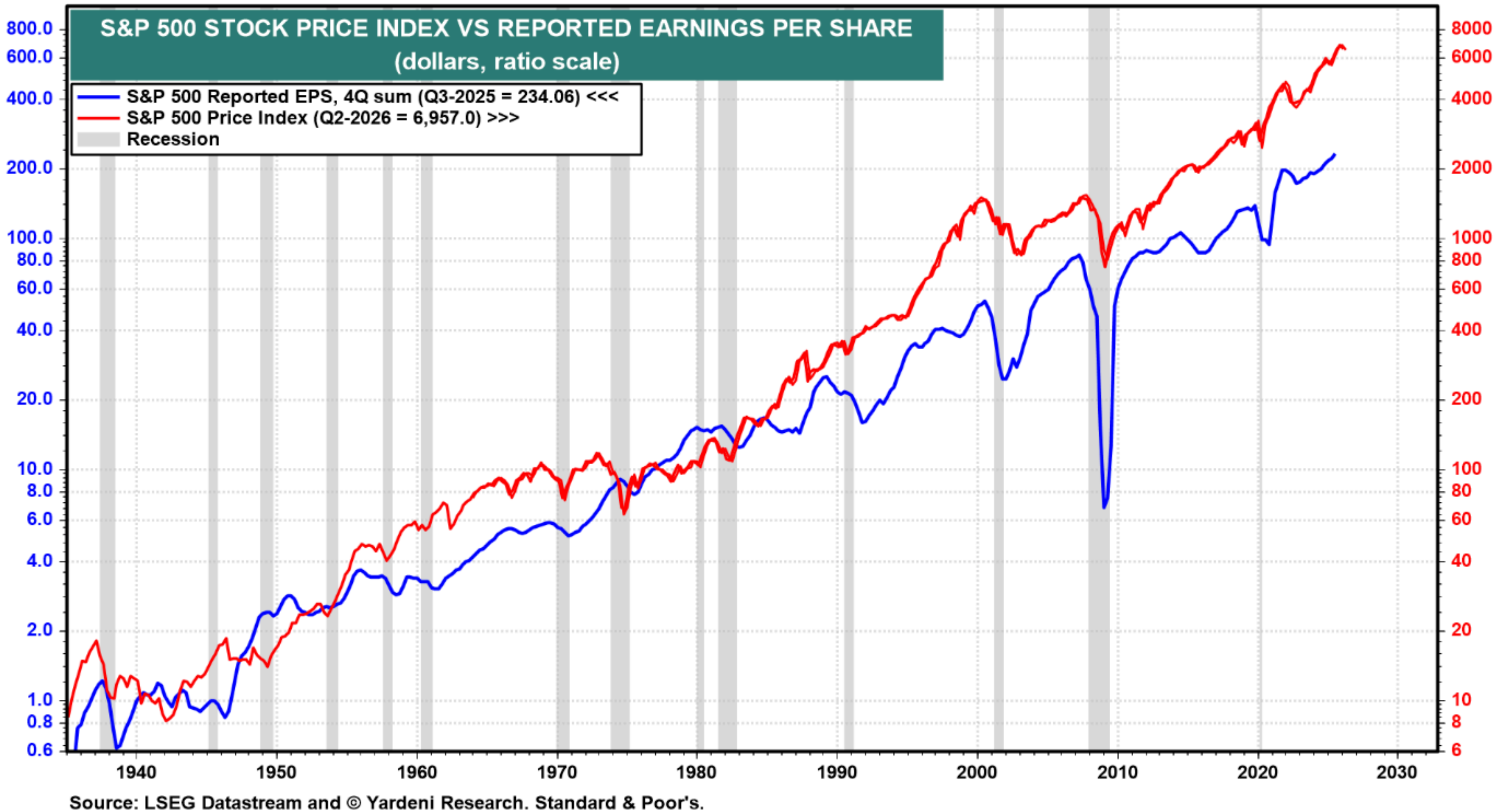


Source: LSEG Datastream and © Yardeni Research. Standard & Poor's.
* Includes reinvested dividends.
** Using last month of quarter CPI. Compounded monthly using base value.

Source: Yardeni Research, Inc., with permission.

Stock market arithmetic

90 years of S&P 500 earnings growth

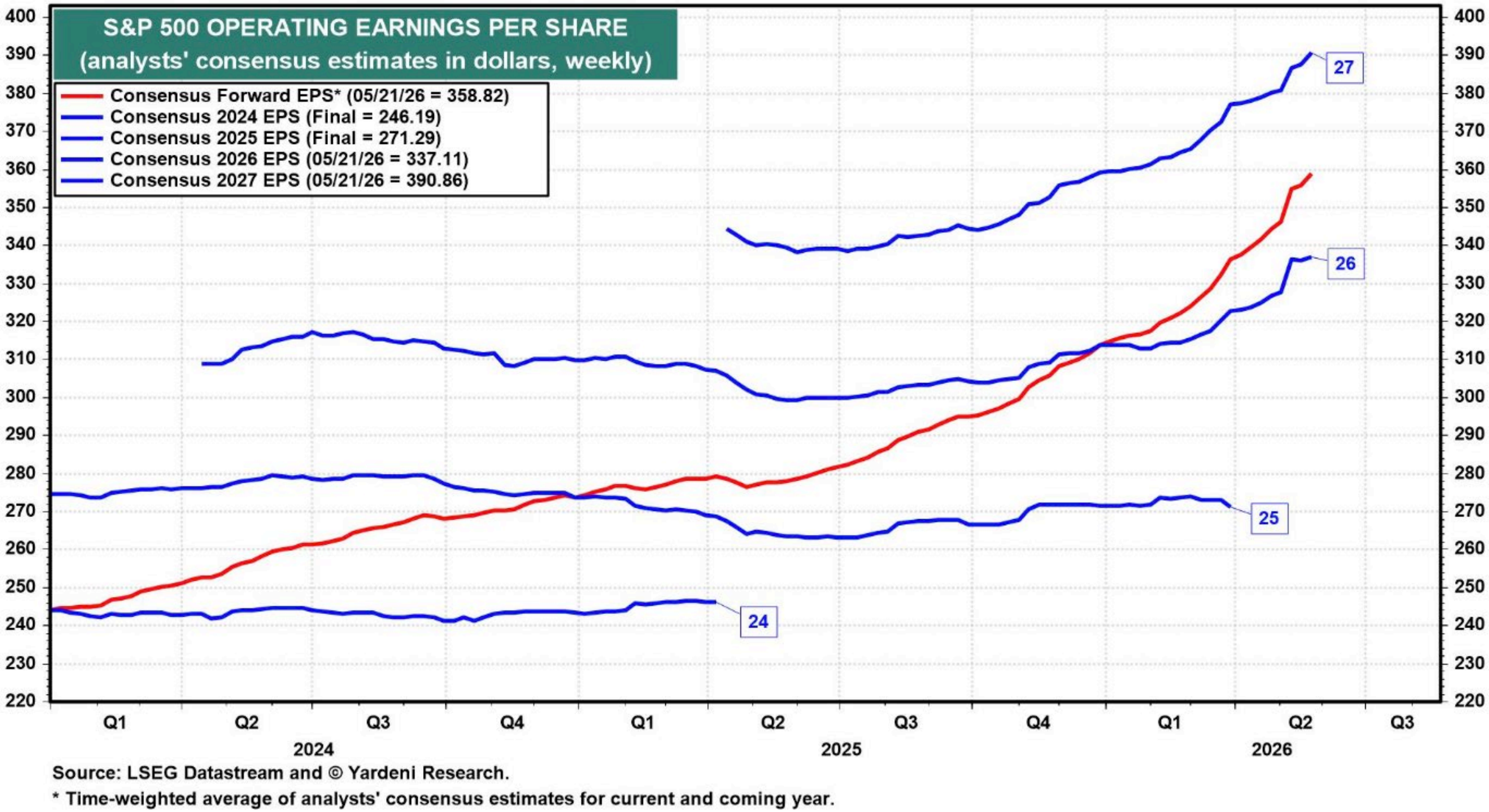


Source: Yardeni Research, Inc. with permission.

S&P 500 earnings – actual and I/B/E/S estimates

2024 (actual), 2025 (actual), 2026 (estimated) and 2027 (estimated) bottom-up S&P 500 operating earnings per share as of April 2, 2026: for 2024(a), $246.19; for 2025(a), $271.29; for 2026(e), $323.03; for 2027(e), $377.32. Sources: Yardeni Research, Inc. and Thomson Reuters I/B/E/S for actual and estimated operating earnings from 2015. Standard and Poor's for actual operating earnings data through 2014.

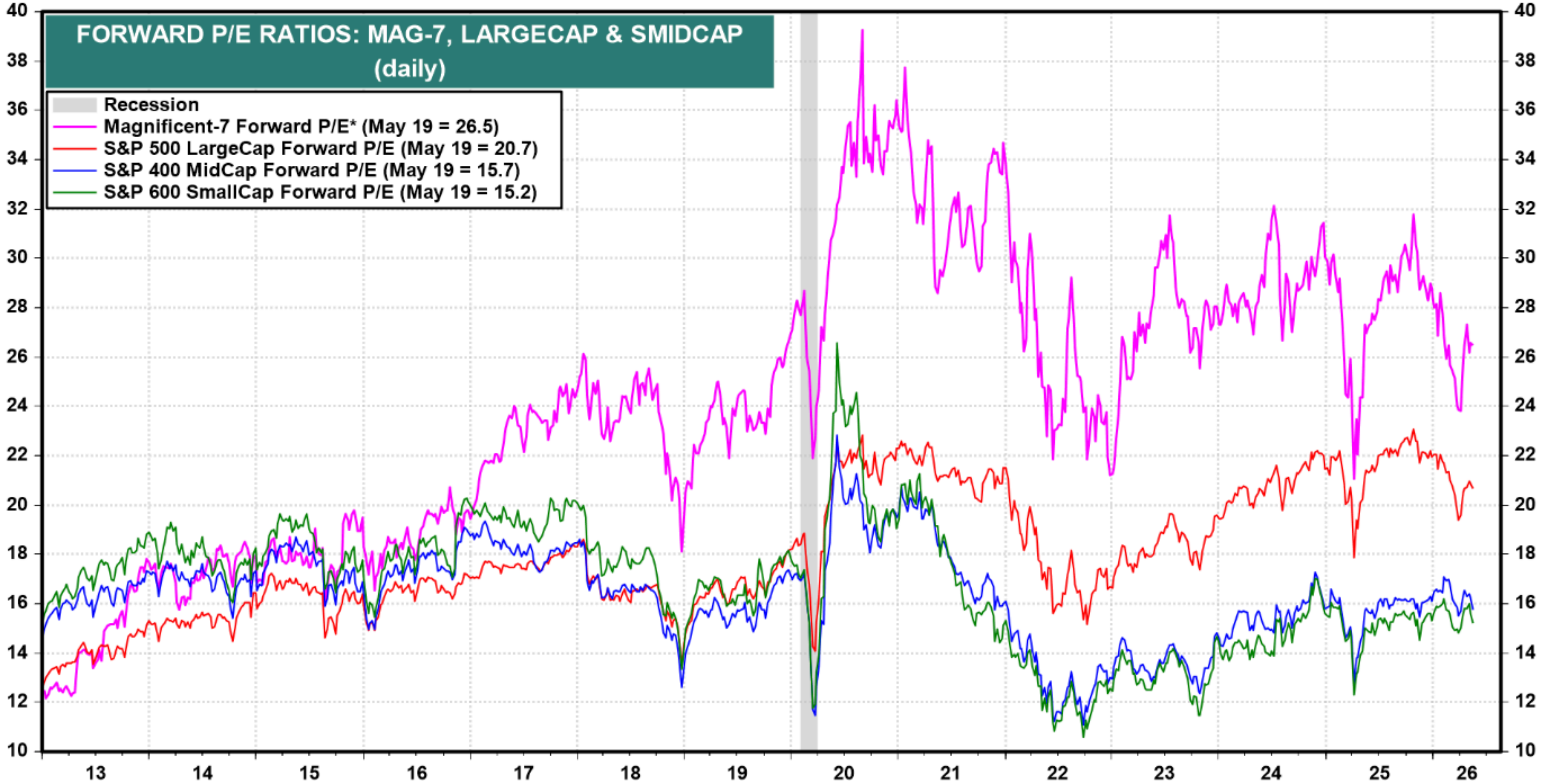
S&P 500 earnings – trend in analysts' estimates



 Source: Yardeni Research, Inc., with permission, May 22, 2026.

Valuation

S&P 500 index forward P/E ratio



Source: LSEG Datastream and © Yardeni Research, and Standard & Poor's.
* Magnificent-7 stocks include Alphabet (Google), Amazon, Apple, Meta (Facebook), Microsoft, NVIDIA, and Tesla. Both classes of Alphabet are included.

Source: Yardeni Research, Inc., with permission, May 22, 2026.

S&P 500 index forward P/E ratio

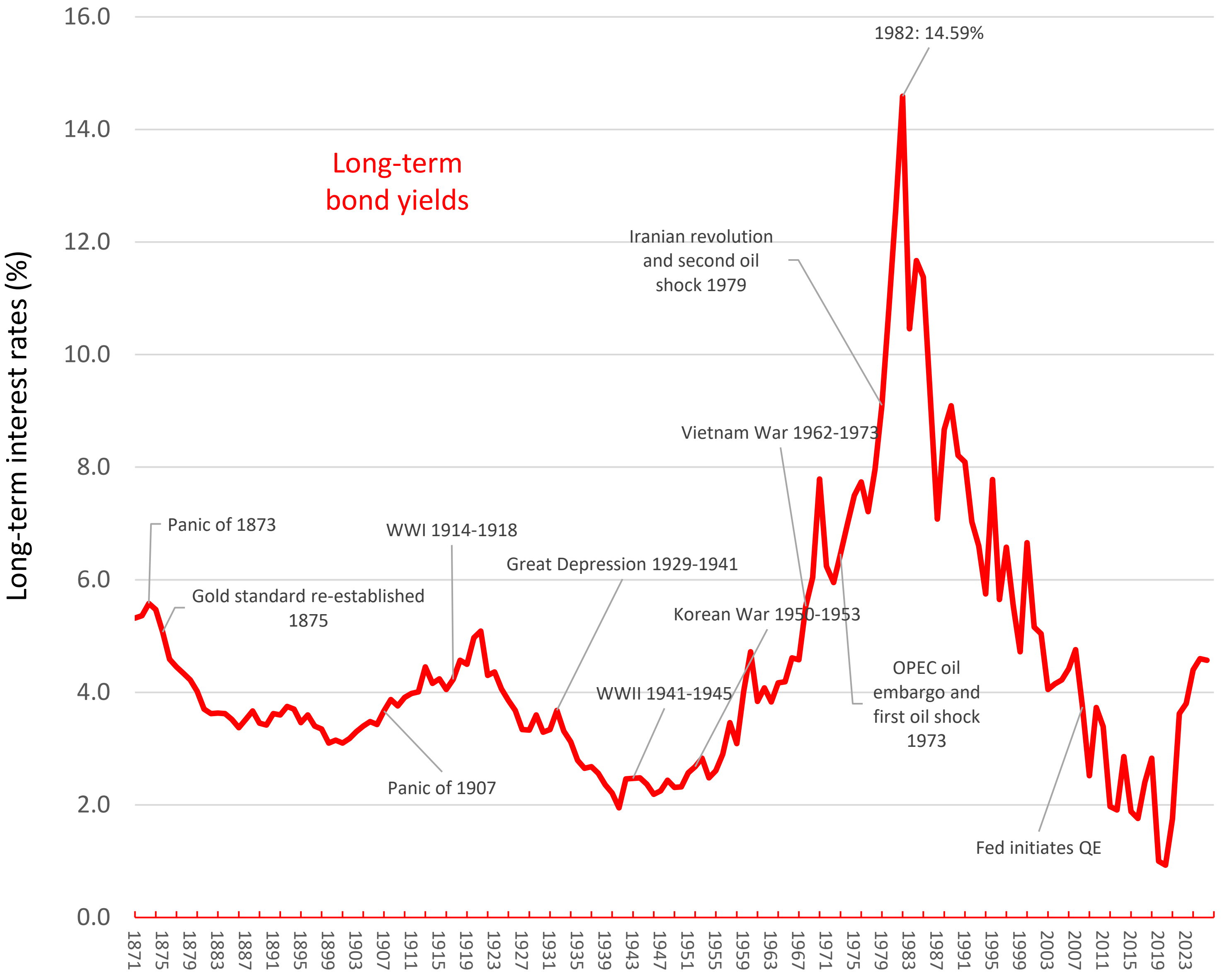
Source: LSEG Datastream and © Yardeni Research and Standard & Poor's.
* Price divided by 52-week forward consensus expected operating earnings per share.

Source: Yardeni Research, Inc., with permission, May 22, 2026.

Bond Yields

- Normal yields by historic comparison

U.S. Treasury bond yields



Back to normal from the lowest long-term interest rates in U.S. history.

Source: Online Data Robert Shiller, data through 2016; 10-year U.S. Treasury bond yield data from 2017; data through May 20, 2026.

Federal Reserve

- Held rates steady in March and April
- Raised its inflation forecast
- Raised its GDP growth forecast
- Dot plot points to 3-1/4% terminal rate
- Dis-inverting yield curve

Federal Reserve

Central tendency forecasts

For release at 2:00 p.m., EDT, March 18, 2026

Table 1. Economic projections of Federal Reserve Board members and Federal Reserve Bank presidents, under their individual assumptions of projected appropriate monetary policy, March 2026

Percent

Variable	Median[1]				Central Tendency[2]				Range[3]			
	2026	2027	2028	Longer run	2026	2027	2028	Longer run	2026	2027	2028	Longer run
Change in real GDP	2.4	2.3	2.1	2.0	2.2–2.5	2.0–2.4	2.0–2.3	1.8–2.0	2.1–2.7	2.0–2.7	1.8–2.7	1.7–2.5
December projection	2.3	2.0	1.9	1.8	2.1–2.5	1.9–2.3	1.8–2.1	1.8–2.0	2.0–2.6	1.8–2.6	1.7–2.6	1.7–2.5
Unemployment rate	4.4	4.3	4.2	4.2	4.3–4.5	4.2–4.4	4.0–4.4	4.0–4.3	4.3–4.6	4.0–4.5	4.0–4.5	3.8–4.5
December projection	4.4	4.2	4.2	4.2	4.3–4.4	4.2–4.3	4.0–4.3	4.0–4.3	4.2–4.6	4.0–4.5	4.0–4.5	3.8–4.5
PCE inflation	2.7	2.2	2.0	2.0	2.6–3.1	2.0–2.3	2.0	2.0	2.3–3.3	1.8–2.4	1.9–2.2	2.0
December projection	2.4	2.1	2.0	2.0	2.3–2.5	2.0–2.2	2.0	2.0	2.2–2.7	2.0–2.3	2.0	2.0
Core PCE inflation[4]	2.7	2.2	2.0		2.5–2.8	2.0–2.4	2.0		2.2–3.0	2.0–2.5	2.0–2.2	
December projection	2.5	2.1	2.0		2.4–2.6	2.0–2.2	2.0		2.2–2.7	2.0–2.5	2.0	
Memo: Projected appropriate policy path												
Federal funds rate	3.4	3.1	3.1	3.1	3.1–3.6	2.9–3.6	2.9–3.6	2.9–3.5	2.6–3.6	2.4–3.9	2.6–3.9	2.6–3.9
December projection	3.4	3.1	3.1	3.0	2.9–3.6	2.9–3.6	2.8–3.6	2.8–3.5	2.1–3.9	2.4–3.9	2.6–3.9	2.6–3.9

boosted GDP growth forecast

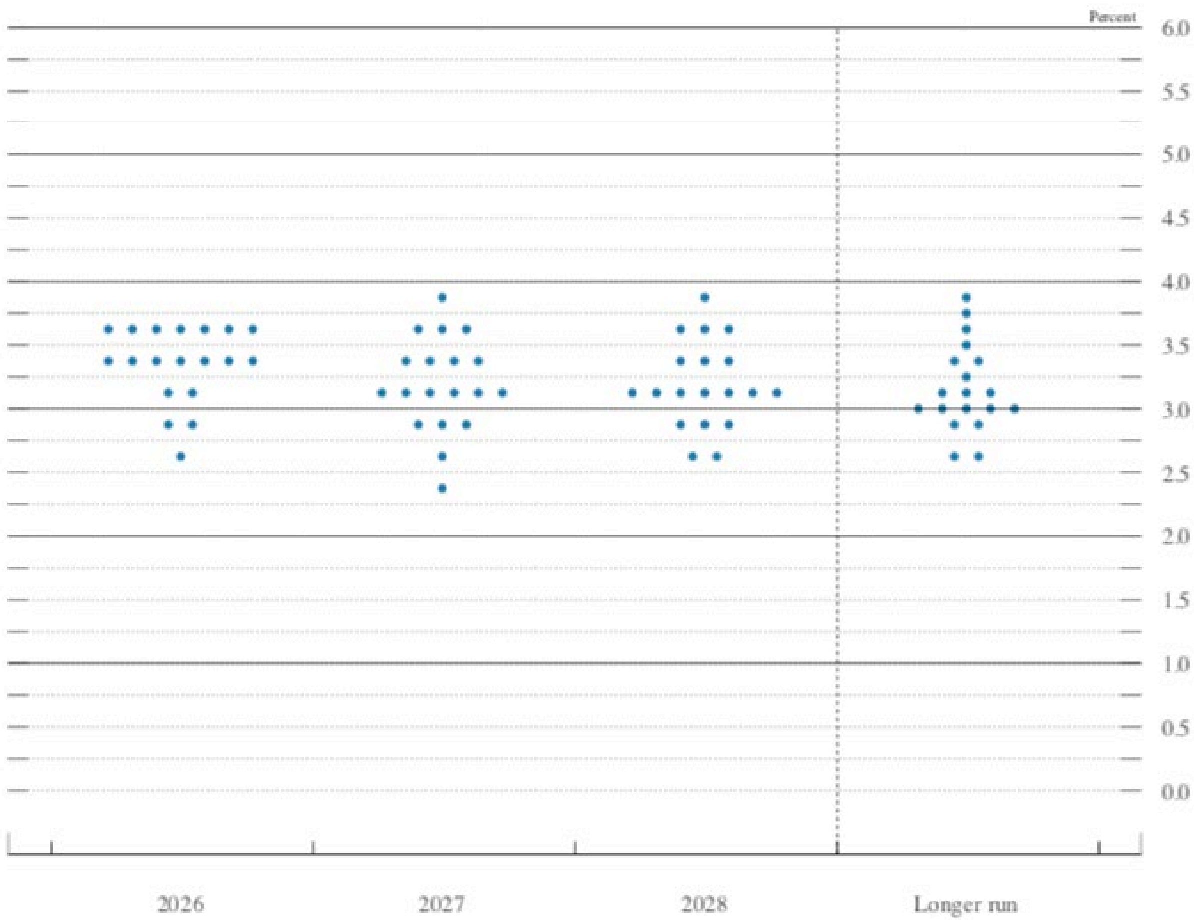
boosted inflation forecast

Source: Federal Reserve, March 18, 2026.

Dot plot

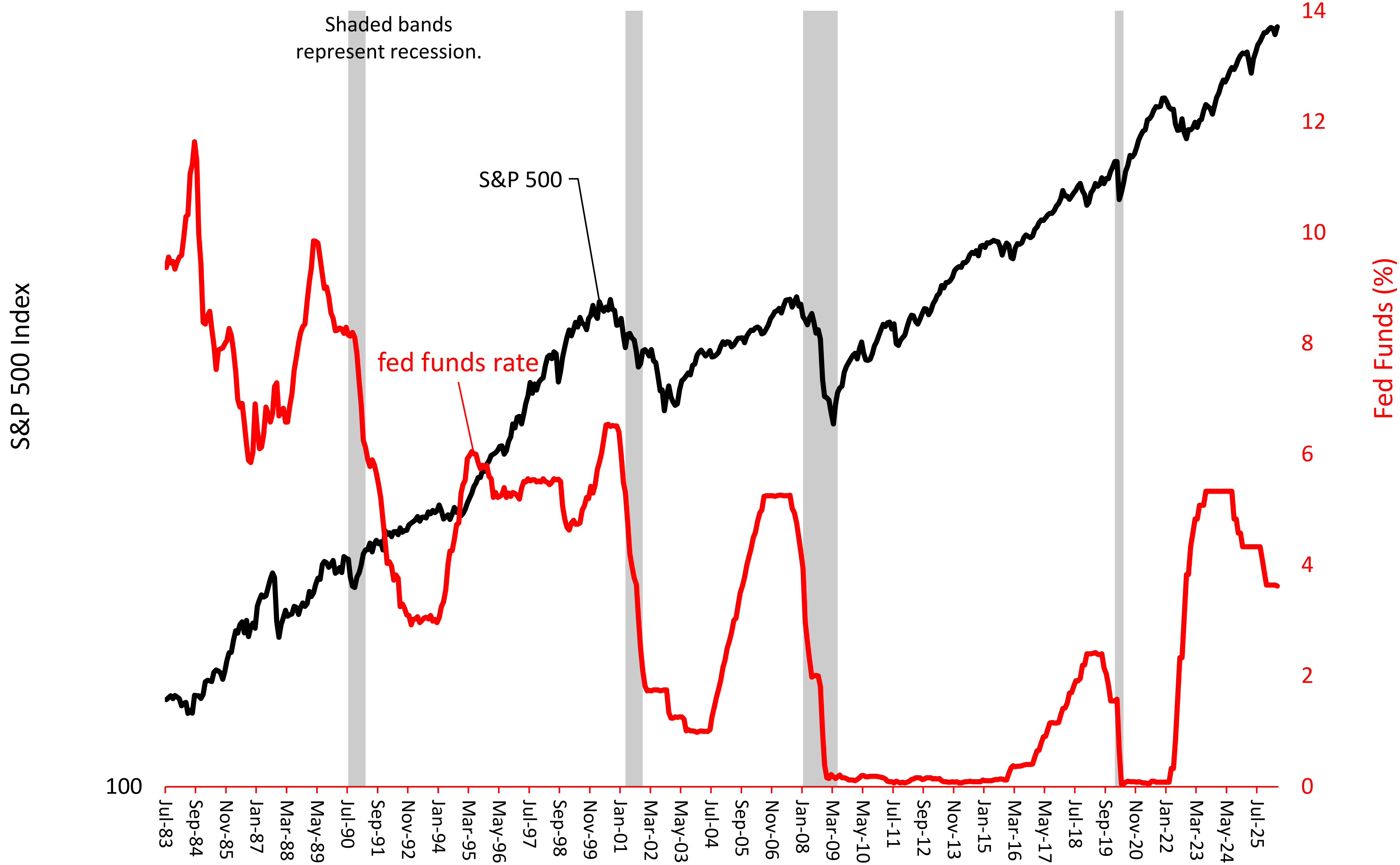
For release at 2:00 p.m., EDT, March 18, 2026

Figure 2. FOMC participants' assessments of appropriate monetary policy: Midpoint of target range or target level for the federal funds rate



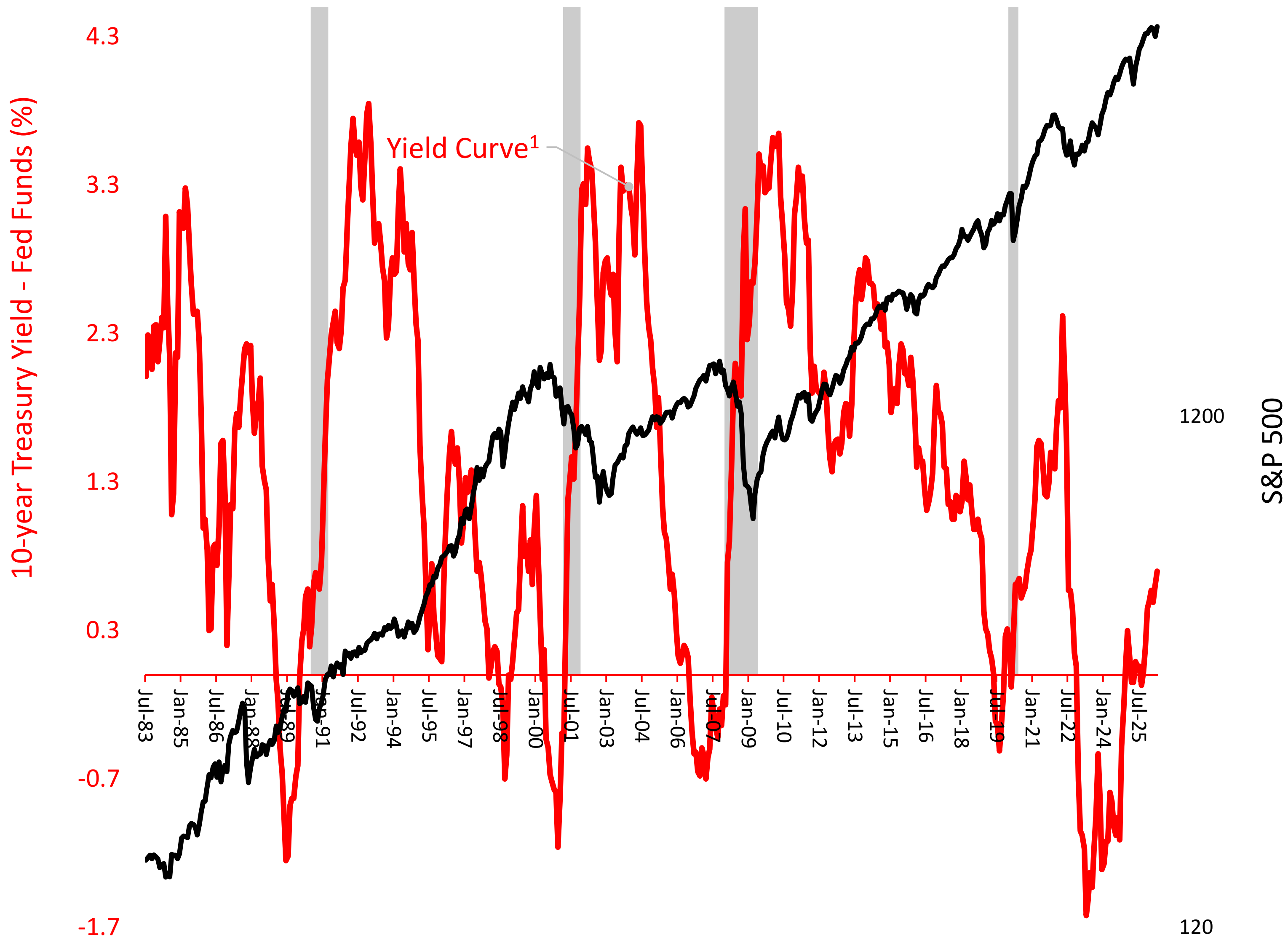
Source: Federal Reserve, March 18, 2026.

S&P 500 vs. fed funds rate



Sources: Federal Reserve, Standard & Poor's. Data through April 2026.

Yield curve vs. the S&P 500



When the yield curve has inverted the economy has usually turned down into recession with a lag of a year or more.

<u>Today, the yield curve is dis-inverting</u>.

Sources: NBER, Federal Reserve and Standard & Poor's. Data through April 2026.
[1]The interest rate on the 10-year Treasury bond (long term) minus the fed funds rate (short term).

Inflation

- Year-over-year headline CPI +3.8%
- Year-over-year headline PCED +3.5%
- Inflation expectations (TIPS spread)

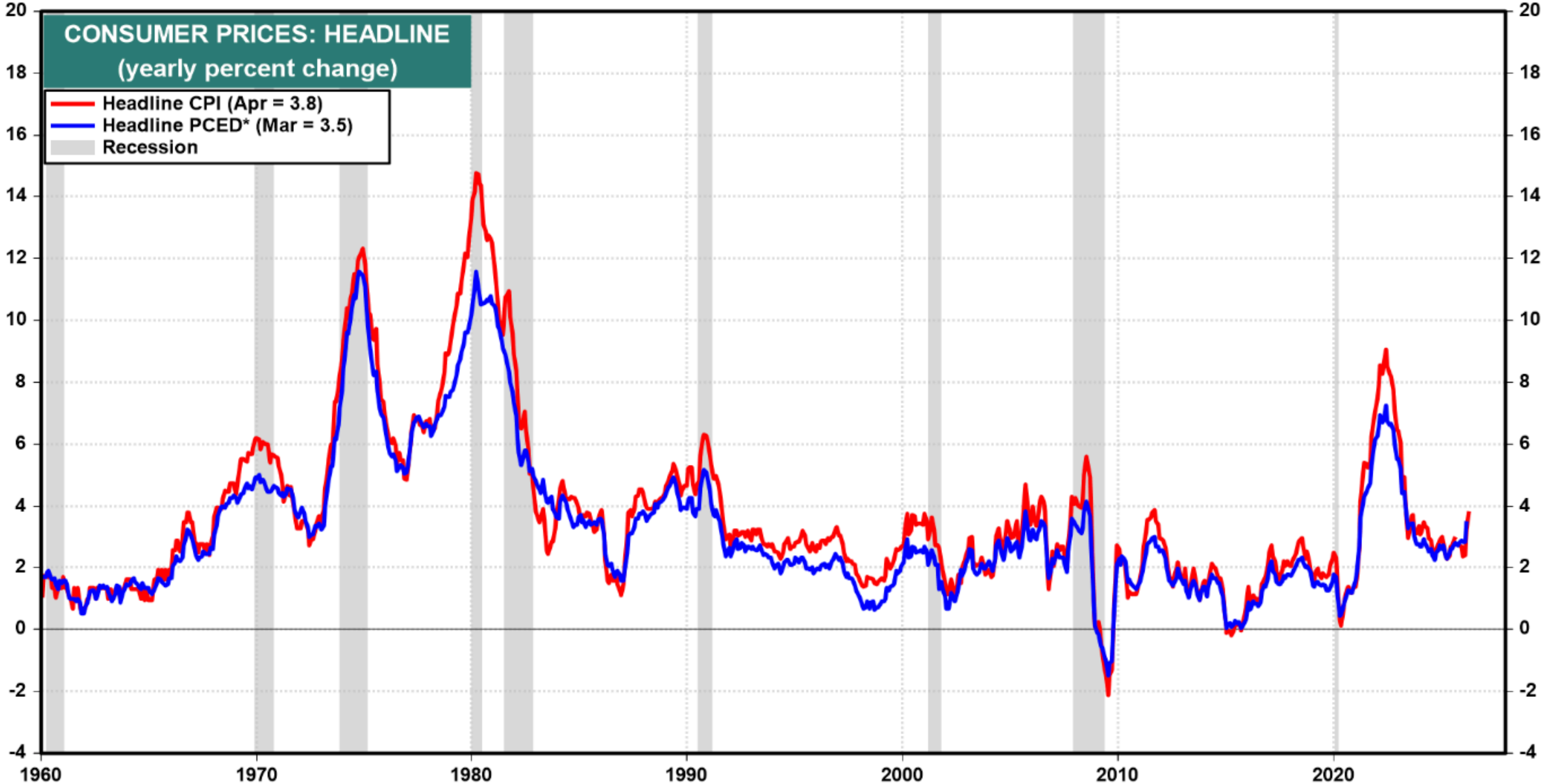
BARRON'S

The Surge in Oil Prices Could Send Inflation to 4%

The surge in oil prices since the Feb. 28 start of the Iran war is set to drive headline inflation back up to 4% in coming months. Even if oil retreats to well below $100 a barrel and tariff effects moderate, rising input costs due to growing demand for artificial intelligence, <u>firmer labor costs, and other factors will keep inflation above the Federal Reserve's 2% target for several years</u>.

Source: *Barron's*, "The Surge in Oil Prices Could Send Inflation to 4%", by Megan Leonhardt, March 30, 2026.

CPI and PCED

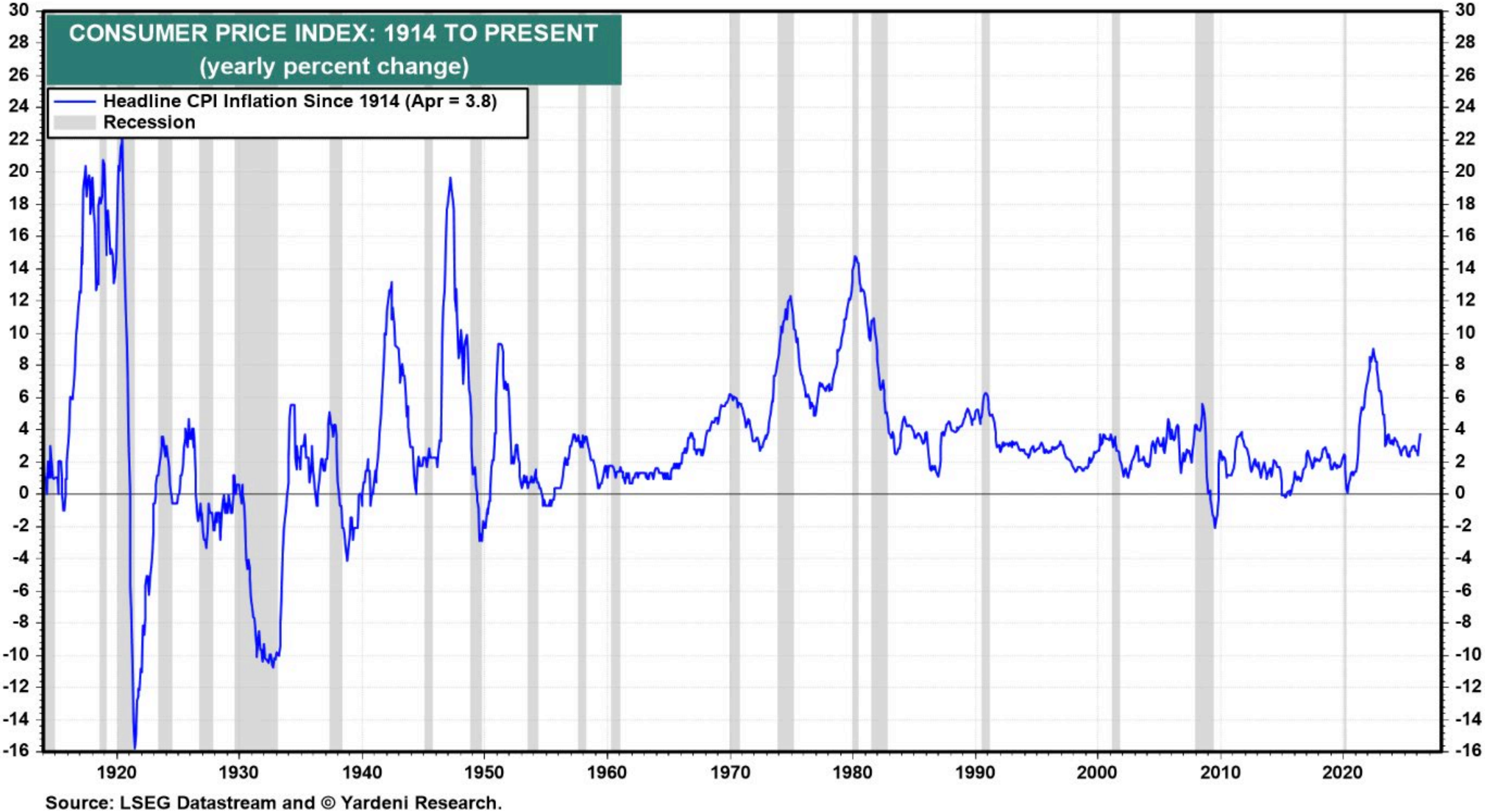


Source: LSEG Datastream and © Yardeni Research. Bureau of Economic Analysis and Bureau of Labor Statistics.
* Personal consumption expenditures deflator.

Source: Yardeni Research, Inc., with permission. May 22, 2026.

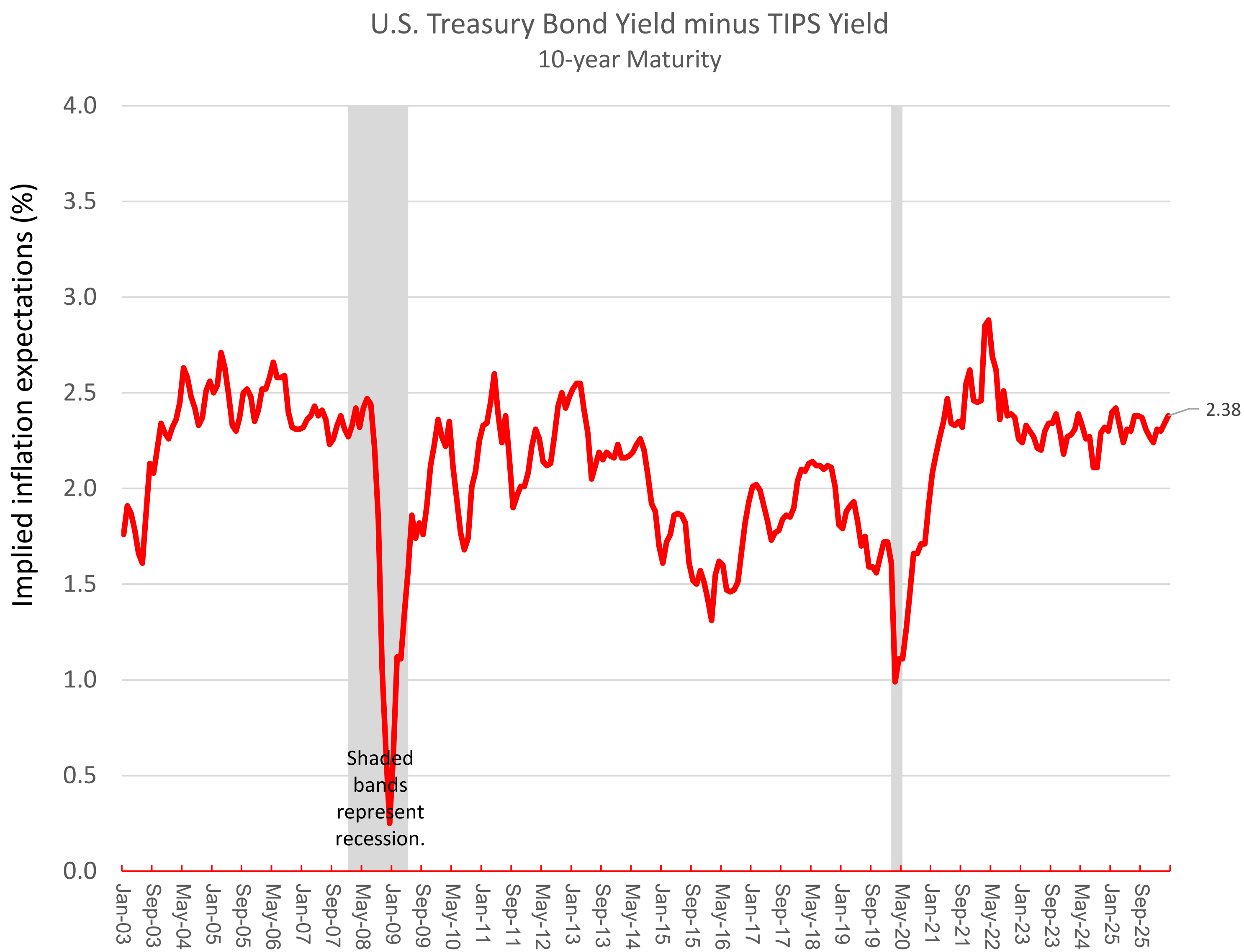
Inflation

CPI



Source: Yardeni Research, Inc., with permission. May 22, 2026.

Inflation expectations



The difference between the nominal 10-year Treasury bond yield and the TIPS yield gives the market's opinion for a 10-year inflation forecast.

Source: Federal Reserve. Data through April 2026.

Active vs. passive

SPIVA U.S. Scorecard Year-End 2025

Reports

Report 1a: Percentage of U.S. Equity Funds Underperforming Their Benchmarks (Based on Absolute Return)

Fund Category	Comparison Index	1-Year (%)	3-Year (%)	5-Year (%)	10-Year (%)	15-Year (%)	20-Year (%)
All Domestic Funds	S&P Composite 1500®	79.83	80.40	91.47	90.43	93.15	95.01
All Large-Cap Funds	S&P 500	78.78	66.84	88.96	85.59	89.93	92.89
All Mid-Cap Funds	S&P MidCap 400	55.41	62.93	72.32	81.14	84.49	89.74
All Small-Cap Funds	S&P SmallCap 600	40.65	42.18	62.67	75.95	89.90	90.28
All Multi-Cap Funds	S&P Composite 1500	68.03	80.20	90.03	89.13	92.25	93.64
Large-Cap Growth Funds	S&P 500 Growth	95.51	56.33	95.26	91.67	97.82	99.55
Large-Cap Core Funds	S&P 500	82.51	83.12	85.33	93.40	96.52	94.81
Large-Cap Value Funds	S&P 500 Value	41.30	80.51	83.03	88.45	93.29	87.01
Mid-Cap Growth Funds	S&P MidCap 400 Growth	65.12	58.14	86.23	65.79	75.66	86.76
Mid-Cap Core Funds	S&P MidCap 400	46.02	72.48	59.79	92.74	90.00	94.35
Mid-Cap Value Funds	S&P MidCap 400 Value	50.00	67.86	64.81	84.48	92.86	90.11
Small-Cap Growth Funds	S&P SmallCap 600 Growth	34.08	38.46	79.70	65.84	87.91	90.09
Small-Cap Core Funds	S&P SmallCap 600	42.57	49.03	50.00	80.47	91.58	93.07
Small-Cap Value Funds	S&P SmallCap 600 Value	44.90	38.98	47.30	80.00	95.28	93.14
Multi-Cap Growth Funds	S&P Composite 1500 Growth	85.04	70.13	93.55	93.64	93.75	94.61
Multi-Cap Core Funds	S&P Composite 1500	72.46	84.00	89.77	95.88	96.05	94.92
Multi-Cap Value Funds	S&P Composite 1500 Value	30.18	72.35	74.59	88.33	94.07	91.76
Real Estate Funds	S&P United States REIT	83.58	88.61	97.44	84.04	90.10	91.14

Source: S&P Dow Jones Indices LLC, CRSP. Data as of Dec. 31, 2025. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

"SPIVA" stands for S&P Indices vs. Active

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